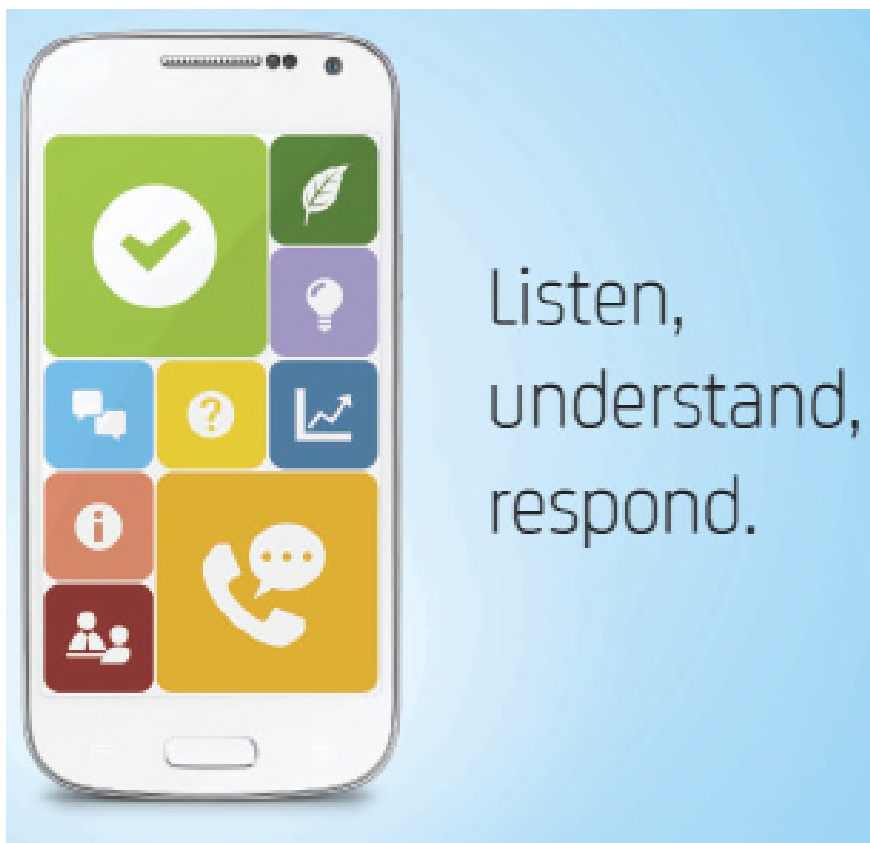


REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

pursuant to Section 123/*bis* of the TUF

(so-called traditional management and control system)



Name of the Issuer:
UniCredit S.p.A.

Website: www.unicreditgroup.eu

Reference Period:
January 1, 2013/December 31, 2013

Report approved on:
March, 11 2014

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1. PROFILE OF THE ISSUER

Foreward

The overall corporate governance framework of UniCredit S.p.A. (hereinafter also “UniCredit”, the “Company” or the “Bank”) has been defined in the light of current provisions and of the recommendations contained in the Corporate Governance Code for listed companies (hereinafter also the “Code”)¹.

Moreover, UniCredit is subject to the provisions contained in the Supervisory Regulations issued by Banca d’Italia and, in detail, with regards to the corporate governance issues, to the “Supervisory Regulations on banks’ organization and corporate governance” issued in 2008 and by the further application criteria of the Supervisory Regulations on banks’ organization and corporate governance issued in January 2012.

UniCredit, as issuer of shares also listed on the Frankfurt and Warsaw regulated markets, also fulfils the legal and regulatory obligations related to listings on said markets as well as the provisions on corporate governance contained in the Polish Corporate Governance Code issued by the Warsaw Stock Exchange. Notwithstanding that, the UniCredit corporate governance structure is not influenced by non-Italian legal provisions.

The Corporate Governance Code

The Code, according to the major international markets’ experience, identifies the corporate governance best practices for listed companies recommended by the Corporate Governance Committee, to be applied according to the “comply or explain” principle that requires the explanation of the reasons of failure to comply with one or more recommendations contained in its principles or criteria.

UniCredit has adopted the Code since 2001; on December 16, 2011 the Board of Directors of the Company resolved to adopt the new version of the Code published in December 2011.

The Code is available to the public on the Borsa Italiana website (www.borsaitaliana.it).

The Report on corporate governance and ownership structures

UniCredit yearly draws up a Report meant for its shareholders, for institutional and non-institutional investors and Borsa Italiana. The Report supplies suitable information on UniCredit’s own corporate governance system.

Consistently with the relevant legal and regulatory obligations, as well as in line with the provisions of the Code, this UniCredit Report on corporate governance and ownership structures (hereinafter also the “**Report**”) has been drafted in accordance with Section 123/*bis* of the TUF².

The Report describes the corporate governance practice applied by UniCredit, also apart from provisions of a legal and regulatory nature, such as, *inter alia*, the possessing of the independence requirements provided for by Clause 20 of the Articles of Association for taking on the role of Director of the Company (see Section 4.1 “Appointment and replacement” of the Board of Directors members) and the establishment of Committees within the Board further to those envisaged by the Code and/or with further roles *vis-à-vis* those envisaged by the Code itself (see Section 5 “Board of Directors internal Committees”).

The English version of the Report is accompanied by an Appendix addressed to the Polish Market in which the differences between the two legal frameworks are explained as well as the reasons for such differences.

The Report approved by the Company’s Board of Directors on March 11, 2014 is published at the

¹ The Corporate Governance Code for listed companies approved by the Corporate Governance Committee and issued by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria – version in being as at December 2011

² TUF: the Legislative Decree no. 58 dated February 24, 1998

same time as the Report on Operations on the Issuer's website³.

The information contained in the Report, unless otherwise specified, refers to the date of its approval by the Board of Directors. Please note, furthermore, that the Report on Operations of the Consolidated Reports and Accounts contains the chapter "Corporate Governance" in which the UniCredit corporate governance system is described in short.

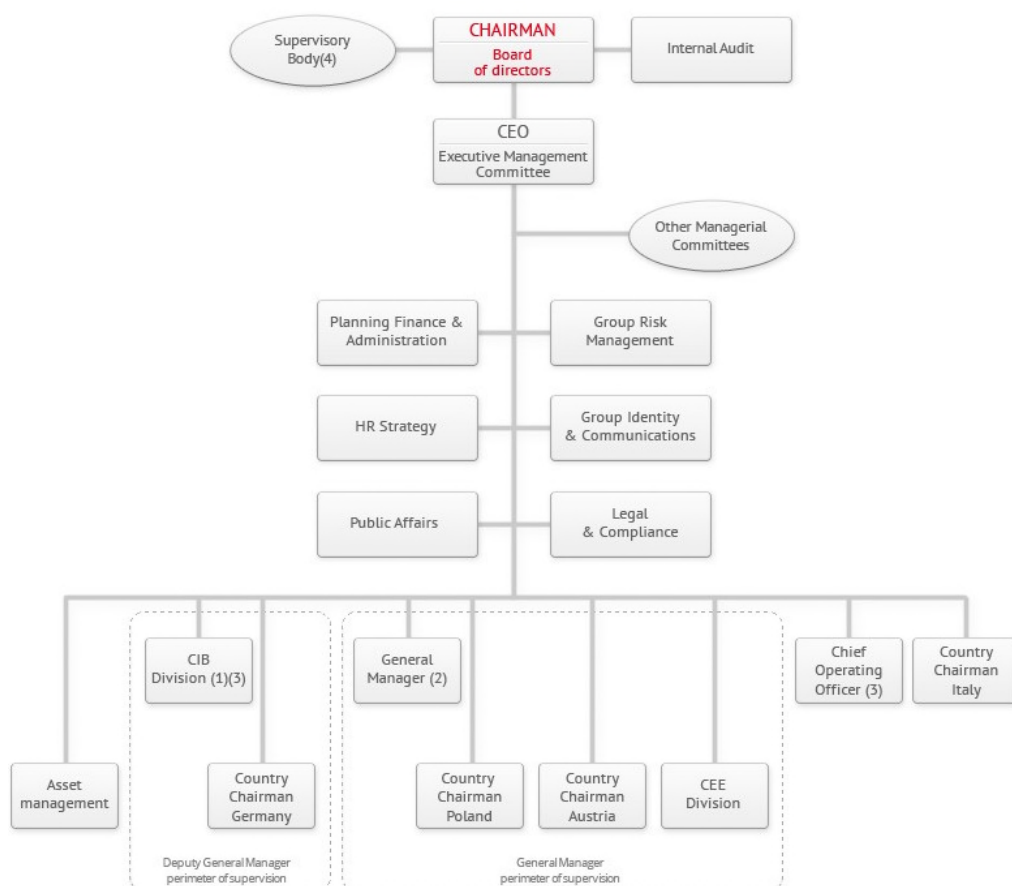
Profile and structure

The UniCredit Group is a leading global financial group with roots in 18 countries, on site with representative offices and branches in 50 international markets, 8.954 branches and about 147,800 employees.

The UniCredit Group organization reflects an organizational and business model which maintains a divisional structure for the government of the Corporate Investment Banking business/products and the business in the CEE Countries, as well as a global control over the Global Banking Services functions, while ensuring the autonomy of the Countries/ Banks on specific activities, in order to guarantee increased proximity to the client and more efficient decision processes.

UniCredit is a Company with shares listed on the Milan, Frankfurt and Warsaw regulated markets and as a bank, parent company of the UniCredit banking Group, carries out, in addition to banking activities, organic policy, governance and control functions vis-à-vis its subsidiary banking, financial and instrumental companies pursuant to the provisions of Section 61 of the TUB⁴.

The Company is not subject to guidance and coordination by other legal entities.



1. The supervision of Germany is granted by the CEO to the Deputy General Manager in charge of the CIB Division.
2. The supervision of Austria, Poland and CEE Division is granted by the CEO to the General Manager.
3. Role taken up by the Deputy General Manager.
4. Set up according to Legislative Decree no. 231 dated June 8, 2001

³ The address of the UniCredit website where the Report on corporate governance and ownership structure is available is as follows:
<https://www.unicreditgroup.eu/en/governance/system-policies/corporate-governance-report.html>

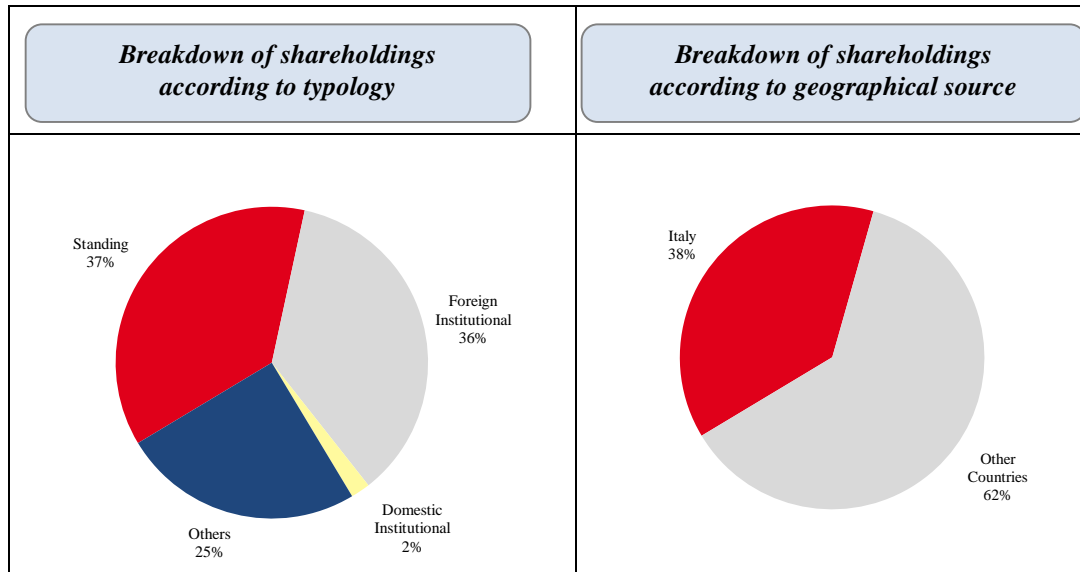
⁴ **TUB**: Legislative Decree no. 385 dated September 1, 1993

Shareholder structure

The UniCredit share capital as at December 31, 2013 amounted to Euro 19,654,856,199.43, divided into 5,791,633,617 shares with no nominal value, of which 5,789,209,719 ordinary shares and 2,423,898 savings shares. The ordinary and the savings shares are issued in a dematerialized form and are indivisible as well as freely transferable.

As at December 31, 2013, the shareholders were about 465,000; 82% of the ordinary share capital appeared to be owned by entities and the remaining 18% by physical persons⁵.

Hereafter you may find the splitting up of the UniCredit shareholding according to typology and geographical origin:



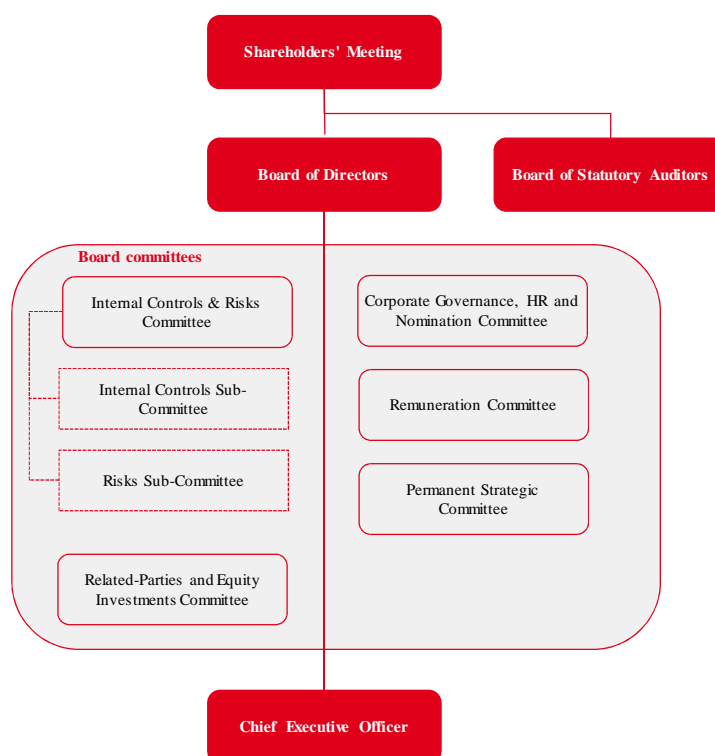
Corporate governance model

UniCredit has adopted the so-called traditional management and control system, which is based on the existence of 2 bodies appointed by the Shareholders’ Meeting: the Board of Directors, responsible for the strategic supervision and management of the concern, and the Board of Statutory Auditors, responsible for the supervising of the management. Legal accounting supervision is entrusted to an external audit firm, according to current provisions.

Traditional system

⁵ The above UniCredit shareholders' composition stems from analyses relying on heterogeneous sources, such as the shareholders' register, participation to General Meetings, communications to CONSOB, public filings available on the market.

The heterogeneity of sources, the different dates of updating of the sources and the dealings in UniCredit shares, are such that the representation provided is the best estimate of the UniCredit shareholders base, but the above sources are not such as to ensure that the composition represented corresponds to the actual shareholders base at any given time.



Shareholders' Meeting

The Shareholders' Meeting is empowered to resolve both in ordinary and extraordinary session, with different constitutive and resolving quorums, depending on the specific topics to be discussed.

The Ordinary Shareholders' Meeting approves, *inter alia*, the financial statements and the resolution concerning the allocation of net profits, the appointment of the directors and statutory auditors and the assignment of the mandate for the external audit to the audit firm, resolving on the connected fees. Furthermore, it resolves on the remuneration and incentive policies and practices provided for by current provisions.

Ordinary Shareholders' Meeting

The Extraordinary Shareholders' Meeting is empowered to resolve on the amendments to the Articles of Association, on increases in share capital, on mergers and de-mergers.

Extraordinary Shareholder' Meeting

The holders of voting rights for whom notification has been received by the Company from the broker holding their accounts, within the time period established under law (i.e. the "record date", falling 7 market trading days before the date established for the Shareholders' Meeting) are entitled to attend the Shareholders' Meeting.

Record date

For more information on the Shareholders' Meeting, please see Section no. 3

Board of Directors

The Board of Directors of UniCredit may be comprised of between a minimum of 9 up to a maximum of 24 members. As at March 11, 2014, the number of Directors is 19 and their term of office will expire on the date of the Shareholders' Meeting called upon to approve the 2014 financial statements.

Members number

The Board's composition shall ensure the balance between genders envisaged by Law no. 120/2011. Currently, 21% of the Board members are Directors belonging to the less represented gender.

Gender diversity

The Board members shall be appointed on the basis of a proportional representation mechanism (*voto di lista*) so that at least one Director shall be taken from the minority slate

Appointment

receiving the highest votes, without any connection with the shareholders who, even jointly, filed or voted the slate receiving the highest votes.

Pursuant to current provisions, in the appointment process shareholders are invited to take into account the qualitative and quantitative composition that the Board deemed optimal for achieving the correct performance of the Board of Directors' functions, as well as the opinion expressed by the Board itself concerning the maximum number of offices in supervisory, managerial and controlling bodies that UniCredit Directors may hold in companies not belonging to the UniCredit Group, according to current provisions and Supervisory regulations.

*Qualitative-
quantitative
composition*

The Board members meet the professional experience, integrity and independence requirements envisaged by current laws and regulatory provisions.

Requirements

Pursuant to the provisions of the Articles of Association, the Board of Directors has appointed a Chief Executive Officer to whom it has entrusted the management of the Company within the terms and limits set forth by the Board itself.

CEO

For more information on the Board of Directors, please see Section no. 4

Board Committees

The Board of Directors has created, within the Board itself, five committees with the authority to provide advice and make proposals: the Permanent Strategic Committee, the Internal Controls & Risks Committee, the Corporate Governance, HR and Nomination Committee, the Remuneration Committee and the Related-Parties and Equity Investments Committee. The Board Committees' composition and jurisdiction are set forth in the Board of Directors Rules and Regulations.

For more information on the Board Committees, please see Section no. 5

Board of Statutory Auditors

Pursuant to the UniCredit Articles of Association the Ordinary Shareholders' Meeting appoints five permanent Statutory Auditors, among whom the Chairman, and 4 stand-in Statutory Auditors. As at March 11, 2014 the Board of Statutory Auditors is comprised of five permanent members. Their term of office will expire on the date of the Shareholders' Meeting called upon to approve the 2015 financial statements

*Statutory
Auditors
appointment*

The UniCredit Articles of Association set forth that 2 permanent Statutory Auditors and 2 stand-in Statutory Auditors shall be appointed by the minorities. The Chairman of the Board of Statutory Auditors shall be appointed by the Shareholders' Meeting among the Auditors elected by the minority.

*Statutory
Auditors
appointed by the
minorities*

The Board of Statutory Auditors' composition shall ensure the balance between genders envisaged by Law no. 120/2011. Currently, 20% of the Board of Statutory Auditors members are Auditors belonging to the less represented gender.

Gender diversity

The Board of Statutory Auditors members are enrolled with the Rolls of Auditors and meet the professional experience, integrity and independence requirements envisaged by current laws and regulatory provisions.

Requirements

For more information on the Board of Statutory Auditors, please see Sections no.s 10 and 11

* * *

For further information on the UniCredit *corporate governance* structure, please see, apart from the specific Sections contained in this Report, the website of the Company where the same are available together with information of an economic/financial nature, data and documents of interest for the shareholders in general.

2. INFORMATION CONCERNING THE OWNERSHIP STRUCTURE

2.1. SHARE CAPITAL STRUCTURE

As at 31 December 2013 the fully subscribed and paid up UniCredit share capital amounted to Euro 19,654,856,199.43, divided into 5,791,633,617 shares with no nominal value, of which 5,789,209,719 ordinary shares (equal to 99.96% of the share capital) and 2,423,898 savings shares (equal to 0.04% of the share capital).

The ordinary shares are listed on the Milan, Frankfurt and Warsaw regulated markets, respectively on the Borsa Italiana S.p.A. MTA (Electronic Share Market), on the Frankfurt Stock Exchange and on the Warsaw Stock Exchange. The shares traded on these markets have the same characteristics and confer the same rights on the holder. The savings shares are only listed on the Milan regulated market.

No other types of shares, equity instruments or convertible or exchangeable bonds have been issued.

As at March 11, 2014 the fully subscribed and paid up UniCredit share capital amounts to Euro 19,654,856,199.43, divided into 5,791,633,617 shares, of which 5,789,209,719 ordinary shares and 2,423,898 savings shares.

Rights and obligations

Ordinary shares give holders all the administrative and economic rights and obligations envisaged by law.

Savings shares do not bear any voting rights. A reduction of share capital due to losses does not have any effect on savings shares, other than for the portion of any loss that eventually exceeds the overall amount of the capital represented by other shares; in the event of the Bank being wound up, savings shares enjoy the right of pre-emption in respect of the redemption of capital, up to Euro 6.3 per share.

In case of capital transactions which modify the ratio between the amount of share capital and the number of shares outstanding, the above fixed numerical reference could be amended consequently. In the event of reserves being distributed, savings shares bear the same rights as other shares.

Whenever the company's savings shares are barred from trading, the holder of savings shares may ask for its shares to be converted into company's ordinary shares, in accordance with the procedures resolved upon by the Special Meeting of Shareholders, convened as and when the need arises within two months from shares being barred from trading.

Savings shares, when fully paid-up, are bearer shares, unless provided for otherwise by law. At the request and expense of the Shareholder, they may be transformed into registered savings shares and vice versa.

No stocks granting special controlling rights or special powers have been issued.

Other financial instruments granting the right to subscribe new shares

	LISTED / NOT LISTED	NUMBER OF OUTSTANDING INSTRUMENTS	CATEGORY OF SHARES SERVING THE CONVERSION/EXERCISE	NUMBER OF SHARES SERVING THE CONVERSION/EXERCISE
Convertible bonds	=	=	=	=
Warrant	Not listed	221,964,861	Ordinary shares	45,010,872

Since 2000, UniCredit has set up equity based incentive plans for the Top Management (therefore including also the CEO and the executives with strategic responsibilities). The exercise of the warrants issued to service UniCredit Group executive and employee incentive plans grants the right to subscribe new ordinary shares. In that regard, please refer to “Part I – Share-based payments” of the notes to the consolidated financial statements⁶, to the information documents⁷ prepared in compliance with Section 84/*bis* of the CONSOB Issuers Rules⁸ and to the report on remuneration⁹ prepared in compliance with Section 123/*ter* of the TUF and Section 84/*quater* of the CONSOB Issuers Rules.

Please also be informed that, with regard to the capital increase approved by the Extraordinary Shareholders’ Meeting of UniCredit S.p.A. on November 14, 2008, no. 967,564,061 ordinary shares, subscribed by Mediobanca pursuant to the guarantee agreement stipulated with UniCredit S.p.A., have been used to service the issue of, and are underlying, *Convertible and Subordinated Hybrid Equity-linked Securities* (“Cashes”) financial instruments. The Cashes too have been subscribed in full by institutional investors. Mediobanca gave the right of *usufrutto* over such shares to UniCredit maintaining the mere ownership (*nuda proprietà* - ownership deprived of the rights belonging to the holder of the right of *usufrutto*) of the shares. By way of the reverse split of the shares carried out in December 2011, at the date of the Report approval the number of the aforesaid shares is equal to 96,756,406.

2.2. RESTRICTIONS ON STOCK TRANSFERS

At the date of the Report approval there are no restrictions on stock transfers, taking into account the no. 96,756,406 ordinary shares used to service the Cashes of which Mediobanca holds the *nuda proprietà* (see previous paragraph on the *Share capital structure*).

2.3. RELEVANT EQUITY HOLDINGS

On the basis of the evidence of the Shareholders Register, completed with the communications received according to Section 120 of the TUF, and of other information known to the Company, hereafter you may find the relevant equity holdings, direct and indirect, as at December 31, 2013. The schedule does not show the parties exempted from the obligation to provide the communications envisaged by Section 119/*bis* of the CONSOB Issuers Rules.

Declarant	Direct Shareholder	% of ordinary capital	% of voting capital
International Petroleum Investment Company	Aabar Luxembourg S.a.r.l.	5.089%	5.089%
Pamplona Capital Management LLP	PGFF Luxembourg S.a.r.l.	5.009%	5.009%
Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona	Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona	3.533%	3.533%
Del Vecchio Leonardo	Delfin S.a.r.l.	3.000%	3.000%
Central Bank of Libya		2.911%	2.911%

⁶ The address of the UniCredit website where the Company financial statement is available is as follows: <http://www.unicreditgroup.eu/en/investors/financial-reports.html>

⁷ The address of the UniCredit website where the information documents are available is as follows: <http://www.unicreditgroup.eu/en/governance/compensation/incentive-programs.html>

⁸ **CONSOB Issuers Rules:** the Rules issued by CONSOB with resolution no. 11971 dated 1999 (and subsequent amendments) concerning issuers

⁹ The address of the UniCredit web site where the report on remuneration is available is as follows: <http://www.unicreditgroup.eu/en/governance/shareholders-meeting.html>; <http://www.unicreditgroup.eu/en/governance/compensation/directors-auditors.html>

	<i>Central Bank of Libya</i>	2.630%	2.630%
	<i>Libyan Foreign Bank</i>	0.281%	0.281%
Capital Research and Management Company <i>right of vote for discretionary asset management</i>	Capital Research and Management Company	2.731%	2.731%
Fondazione Cassa di Risparmio di Torino	Fondazione Cassa di Risparmio di Torino	2.506%	2.506%
- which is lender for:		0.365%	0.365%
Carimonte Holding S.p.A.	Carimonte Holding S.p.A.	2.267%	2.267%
Allianz SE (*)		2.185%	2.185%

(*) The *datum* refers to a series of companies ascribable to the Allianz Group.

There is no employee equity holding system in place whereby voting rights can be exercised by employee representatives.

2.4. RESTRICTIONS ON VOTING RIGHTS

Clause 5 of the Articles of Association state that no one entitled to vote may vote, for any reason whatsoever, for a number of the Company's shares exceeding 5 per cent of the share capital bearing voting rights. For the purposes of computing such share ownership percentage, the global stake held by the controlling party (be it a private individual, legal entity or company), by all subsidiaries - both direct and indirect - and affiliates must be taken into consideration; those shares held through trustee companies and/or third parties and/or those shares whose voting rights are attributed for any purpose or reason to a party other than their owner has been also taken into consideration; on the other hand, those shareholdings included in the portfolios of mutual funds managed by subsidiaries or affiliates must not be taken into consideration. In the event of breaches of the foregoing provisions, any resolution taken by the Shareholders' Meeting may be challenged as per Article 2377 of the Italian Civil Code, if the required majority could not have been reached without said breach. The shares for which voting rights cannot be exercised are in any event computed for the purposes of validly constituting the Shareholders' Meeting.

The voting right of the no. 96,756,406 UniCredit ordinary shares, subscribed by Mediobanca pursuant to the guarantee agreement stipulated with UniCredit S.p.A. and used to service the CASHES, in relation to which the aforementioned has created the usufruct right in favour of UniCredit, is suspended (see previous paragraph on the *Share capital structure*).

The Company knows of no shareholders' agreements among relevant shareholders as defined by Section 122 of the TUF.

2.5. CHANGE OF CONTROL CLAUSES AND BY-LAWS PROVISIONS ON PUBLIC PURCHASE OFFERS

Taking into account that UniCredit S.p.A. is not a Company controlled by any shareholder or subject to any shareholder agreement, please note that the Company entered into the following agreement to be considered relevant pursuant to Sec. 123/*bis* of the TUF: agreement among shareholders of Mediobanca S.p.A.. The agreement is a block shareholders' agreement aimed at preserving a stable shareholder base as well as the representativeness of the governing bodies in order to ensure consistent management objectives.

Art. 5 of the agreement provides that "*If the Chairman of the Steering Committee receives notification of major changes in the ownership structure of any one Party, he shall request information on such changes from said Party. The Committee shall then examine such information, and decide whether or not to ask the Party concerned – who under the terms of*

the Agreement is bound to comply with such request – to sell its entire syndicated interest pro-rata to the other Parties belonging to the same Group, without prejudice to the ownership restrictions as previously described. For Shares not placed the procedure shall be as provided under the foregoing Article 4.”

No UniCredit’ subsidiaries executed agreements to be considered relevant pursuant to Section 123/bis of the TUF.

* * *

UniCredit Articles of Association do not envisage exceptions to the provisions on the passivity rule envisaged by Sec. 104, paragraphs 1 and 2, of the TUF, save for the indication given in the previous paragraph on *Restrictions on voting rights*.

The Articles of Association do not envisage the application of the counteracting rules envisaged by Sec. 104/bis, paragraphs 2 and 3, of the TUF.

2.6. DELEGATION OF POWER TO INCREASE SHARE CAPITAL AND AUTHORISATIONS TO PURCHASE OWN SHARES

The Board of Directors has been empowered by the Shareholders’ Meeting to execute share capital increases, with the exclusion of option rights, both free and by way of contribution in cash, in order to service Incentive Plans for UniCredit Group employees (see Clause 6 of the Articles of Association). The Board of Directors has not been granted any authority to issue other equity instruments.

As at March 11, 2014 the Shareholders’ Meeting of UniCredit has not authorized the purchase of own shares. At the end of the financial year to which the Report refers (the “**Period**”) the amount of own shares held was equal to no. 47,600.

3. SHAREHOLDERS’ MEETING

In compliance with the current provisions, the Articles of Association envisage that the Ordinary Shareholders’ Meeting is convened at least once a year within 180 days of the end of the financial year, in order to resolve upon the issues that current laws and the Articles of Association make it responsible for. An Extraordinary Shareholders’ Meeting is convened, instead, whenever it is necessary to resolve upon any of the matters that are exclusively attributed to its jurisdiction by current laws.

Shareholders’ Meetings are held in a single call in accordance with the provisions of law, but the Articles of Association, in order to maintain an adequate organizational flexibility, keep the possibility for the Board, for single meetings, to provide more than one call.

The Shareholders’ Meeting is convened, in accordance with legal requirements, via a notice published on the Company’s website, as well as through other channels provided for under prevailing laws and regulatory provisions, including the publication in extract form in the daily newspapers. The Agenda of the Shareholders’ Meeting is established in accordance with legal requirements and the Articles of Association by whoever exercises the power to call a meeting.

Within the deadline for the publication of the Shareholders' Meeting call notice provided for each item on the Agenda – or within any other time limits envisaged by other legal provisions, the Board of Directors shall make a report on each of the items on the Agenda publicly available.

The right to ask for the integration of the Agenda may be exercised, according to the cases, methods, terms and conditions outlined in the current provisions, by shareholders who individually or jointly represent at least 0.50% of the share capital. Shareholders requesting

additions to the Agenda shall prepare a report stating the reason for their resolution proposals on the new matters they propose for discussion. Shareholders may also submit further resolution proposals on items already on the Agenda, stating the reasons therefore.

The Shareholders' Meeting takes place at the Company's Registered Office, at its Head Office or in another location within Italy, as indicated in the Meeting call notice, and it resolves with the majorities envisaged by current laws.

The Articles of Association do not provide for particular quorums and in order for a Shareholders' Meeting, along with the resolutions taken therein, to be valid, the relevant legal provisions must be complied with, except for the provision in Clause 5 of the Articles of Association, quoted in previous Section 2, in the paragraph on *Restrictions on voting right*, of this Report.

Clause 23 of the Articles of Association, in compliance with the provisions set forth by the Article 2365 of the Italian Civil Code, grants to the authority of the Board of Directors the resolutions regarding the following:

- the adjustments made to the Articles of Association to comply with legal requirements;
- the merger by incorporation of companies in the situations envisaged by Articles 2505 and 2505/*bis* of the Italian Civil Code;
- the de-merger of companies in the situations envisaged by Article 2506/*ter* of the Italian Civil Code;
- the reduction of share capital in the event of a shareholder withdrawing;
- decisions as to which Directors, in addition to those indicated in these Articles of Association, may represent the Company.

In compliance with the Articles of Association, and pursuant to the current provisions issued by Banca d'Italia concerning the remuneration and incentive policies and practices for banks and banking groups, the Ordinary Shareholders' Meeting, in addition to establishing the compensation payable to the bodies appointed by the same, approves: (i) the remuneration policies for the Directors, employees or collaborators not linked to the Company by a subordinate working relationship; (ii) equity based plans. In accordance with Section 123/*ter* of the TUF the Shareholders' Meeting resolves in favour or against the section of the report on remuneration explaining the Company's policy on the remuneration of the Board of Directors members, of the General Manager and of the executives with strategic responsibilities as well as the procedures used to adopt and implement this policy. Such resolution is not binding.

Information to the Shareholders' Meeting on the ways in which the Remuneration Committee may exercise its functions is available in the "Annual Report on Remuneration" published within the Group Compensation Policy that is yearly submitted to its approval.

Legitimation, how to attend and voting rights

Pursuant to current provisions it is the holders of voting rights for whom notification has been received by the Company from the broker holding their accounts, within the time period established under law, who are entitled to attend the Shareholders' Meeting. Those who hold voting rights may arrange to be represented in the Shareholders' Meeting via proxy.

The UniCredit Articles of Association provide for the possibility for shareholders to participate remotely in Shareholder's Meetings via telecommunication means and to exercise their voting rights by using electronic means, referring the decision on the activation of said instruments to the Board of Directors with regard to single meetings.

As a rule, all Directors attend the Shareholders' Meeting.

The Board reports to the Shareholders' Meeting on the activities performed and planned within the framework of the management report. Furthermore, it makes every effort to ensure adequate information on all the relevant items so as to enable the shareholders to take informed decisions on matters within the scope of their competence, in particular by ensuring

that the Directors' report and any additional information has been supplied within the time frame established by the law and by regulatory provisions in force.

Shareholders' Meetings conduct

Since 1998 the Shareholders' Meeting laid down rules aimed at ensuring the orderly and effective conduct of ordinary and extraordinary meetings. The Regulations governing general meetings, lastly approved in April 2011, can be accessed online at the UniCredit S.p.A. website on the *Governance/Shareholders' Meeting Section*¹⁰.

Clause 8 of the Regulations on general meetings state that those entitled to attend the Shareholders' Meeting are entitled to take the floor on each of the topics up for discussion. Those intending to exercise such latter right must ask the Chairman for permission, by presenting a written request indicating the topic which the question refers, after the Chairman has read out the items on the agenda, and before he has declared closed discussions on the topic which the question refers to. The Chairman may allow shareholders to raise their hand to indicate a desire to take the floor; in which case the Chairman gives shareholders the floor by surname in alphabetical order.

* * *

The market capitalization of UniCredit increased by ca. 9.7 bn during 2013, reflecting investors' enhanced interest towards European banks' shares, and in particular towards those banks active in the Euro-zone peripheral countries, following the easing of the Sovereign debt crisis.

Regarding the changes affecting the shareholder structure, no changes worth mentioning appear to have taken place during 2013.

No proposals were put to the Shareholders' Meeting to change the Articles of Association in regard to the percentages established for exercising the rights and prerogatives for safeguarding minorities.

4. BOARD OF DIRECTORS

4.1. APPOINTMENT AND REPLACEMENT

The UniCredit Directors shall be appointed, according to the current provisions, on the basis of a proportional representation mechanism (*voto di lista*) abiding by the membership criteria concerning minority and independent Directors, apart from abiding by the rules on the balance between genders envisaged by Law no. 120/2011 (to that regard, please see the procedures specified in Clause 20 of the Articles of Association available on the UniCredit website¹¹).

In addition to the provisions of current laws, UniCredit decided that at least three Directors must meet the independence requirements established for the Statutory Auditors by the TUF and a number of Directors equal to the one provided for by the Corporate Governance Code for listed companies must possess the independence requirements established by the Code itself. The independence requirements established by the TUF and those envisaged by the Corporate Governance Code may be cumulative for the same person.

Furthermore, UniCredit has established that the slates of candidates to the position as Director should be filed at the Registered Office or the Head Office, as per the provisions of Section 147/ter of the TUF, no later than the twenty-fifth day prior to the date of the Shareholders' Meeting called to resolve upon the appointment of the members of the Board. The slates must

¹⁰ The address of the UniCredit website where the Regulations governing general meetings are available is as follows:

<http://www.unicreditgroup.eu/en/governance/shareholders-meeting/regulations.html>

¹¹ The address of the UniCredit website where the Articles of Association are available is as follows:

<http://www.unicreditgroup.eu/en/governance/system-policies/articles-of-association.html>

be made available to the public at the Registered Office, on the Company's website and through other channels provided for under prevailing laws, at least twenty-one days prior to the date of the Shareholders' Meeting. Instead, as far as concerns, to the percentage of share capital needed to submit the slate, Clause 20, para. 6 of the Articles of Association specifies that the amount is 0.5% of the share capital, pursuant to the provisions of Section 144/*quater*, letter a), of the CONSOB Issuers Rules.

Other than those set out by law, no particular rules apply to amendments to the Articles of Association.

Moreover, in accordance with the application criteria of the Supervisory Regulations on banks' organization and corporate governance issued by Banca d'Italia on January 11, 2012 and in line with the Code provisions, the Board of Directors also established its qualitative and quantitative composition deemed to be optimal for the correct performance of the Board of Directors' functions.

As regards the qualitative and quantitative composition of the Board of Directors and the profile for candidates to the position of Director, reference is made to the document¹² "Qualitative and Quantitative Profile of UniCredit S.p.A. Board of Directors" published on the Company's website as well as to the information provided in Section 4.3 "Role of the Board of Directors".

Succession plans

With reference to the recommendations contained in the CONSOB Resolution no. DEM/11012984 dated February 24, 2011 and to what is provided for in Criterion 5.C.2. of the Corporate Governance Code, please be informed that:

- regarding the existence of a structured process for the succession of the executive Directors, UniCredit has in place a structured process to manage and develop Group Executives since 2006, i.e. Executive Development Plan. It relates to all Group Executives, including the position of CEO. In particular, the Executive Development Plan is an annual appraisal process of potential and performance, based on the Group competency model, aimed at fostering the Group Leaders professional growth and at ensuring its sustainability through the identification of short and medium term successors to all key managerial positions. In the last edition (2013), 4,761 executives were involved in the Executive Development Plan: their appraisals and succession plans were discussed and validated by the Group Top Management through dedicated meetings. In case of anticipated or unforeseen replacement of Executives, including the CEO, the Executive Development Plan results are the reference point for the decisions related to new appointments and for the evaluation of possible candidates;
- as far as concerns the persons/bodies involved in the preparation of the succession plan and respective roles, the Executive Development Plan is a bottom up process involving, at local level, the Top Management of the different Divisions and Countries of which the Group is made of, to identify successors in key managerial positions through sessions with Heads of the different structures and business areas. In the last edition, more than 300 local appraisal and discussion sessions took place.

For the positions of senior Executives (representing approximately the first 600 Executives of the Group), successors are validated and their career plans defined by the Group Top Management (CEO, General Manager, Deputy General Managers) supported by the Group Head of HR. The synthesis of results, including possible successors for the Top Executive positions (Senior Executive Vice President, General Manager, Deputy General Manager and CEO), were brought to the attention of the Corporate Governance, HR and Nomination Committee and of the Board of Directors;

¹² The address of the UniCredit website where the document "Qualitative and Quantitative Profile of UniCredit S.p.A. Board of Directors" is available is as follows:
<http://www.unicreditgroup.eu/en/governance/board-of-directors/directors--qualitative---quantitative-profile.html>

- lastly, with regard to the review modalities and timing, the update of the succession plans is on an yearly basis: at the end of each edition of the process, the summary of the results is discussed by the Board of Directors or by its Committees that are specifically dedicated to corporate governance and/or strategic topics (Corporate Governance, HR and Nomination Committee, Permanent Strategic Committee).

4.2. COMPOSITION

Pursuant to the Articles of Association, the UniCredit Board of Directors may be comprised of between a minimum of 9 up to a maximum of 24 members. As at March 11, 2014, the number of Directors is 19.

Their term in office is three financial years, unless a shorter term is established at the time they are appointed, and ends on the date of the Shareholders' Meeting called upon to approve the financial statements relating to the latest year in which they were in office.

The Board in office has been appointed by the Ordinary Shareholders' Meeting on May 11, 2012 for the financial years 2012, 2013 and 2014 and will expire on the date of the Shareholders' Meeting called upon to approve the 2014 financial statements.

According to Clause 20 of the Articles of Association and pursuant to the applicable laws and regulations, the Board had proposed to the aforesaid Ordinary Shareholders' Meeting of May 11, 2012 the appointment of the Directors, after determining their number. The Board, in such circumstance, recommended that shareholders, in submitting lists of candidates, should take into account *i)* both the document¹³ containing the qualitative and quantitative composition deemed optimal, and *ii)* the opinion expressed by the Board itself, again pursuant to the provisions issued by Banca d'Italia concerning the supervisory regulations on banks' organization and corporate governance as well as to the Corporate Governance Code provisions, concerning the maximum number of offices in supervisory, managerial and controlling bodies¹⁴ that UniCredit Directors may hold in companies not belonging to the UniCredit Group.

Furthermore, the Corporate Governance, HR and Nomination Committee, with regard to the chairmanship of the Company, on the basis of the criteria approved by the Board of Directors, carried out a selection process to identify the candidate for such role. At the end of such process the Committee recommended shareholders, in submitting the lists, to evaluate the advisability of taking into account the indication of Mr. Giuseppe Vita, as the candidate that best satisfies the profile and requirements needed for such role.

Two slates were submitted, filed and published according to the deadline and in the terms provided for by current provisions and by the Articles of Association:

- Slate no. 1 submitted by Shareholders: Fondazione Cassa di Risparmio di Torino, Fondazione Cassa di Risparmio di Verona, Vicenza, Belluno e Ancona, Fondazione Cassa di Risparmio di Modena and Fondazione Monte di Bologna e Ravenna, with an overall shareholding equal to 6.331% of the share capital:
 - (1) Mr. Khadem Adbualla Al Qubaisi; (2) Mr. Manfred Bischoff; (3) Ms. Henryka Bochniarz; (4) Mr. Vincenzo Calandra Buonauro; (5) Mr. Alessandro Caltagirone; (6) Mr. Luca Cordero di Montezemolo; (7) Mr. Candido Fois; (8) Mr. Federico Ghizzoni; (9) Mr. Francesco Giacomini; (10) Ms. Helga Jung; (11) Mr. Friedrich Kadroska; (12) Ms. Marianna li Calzi; (13) Mr. Luigi Maramotti; (14) Mr. Antonio Maria Marocco; (15) Mr. Fabrizio Palenzona; (16) Mr. Lorenzo Sassoli de Bianchi; (17) Mr. Giuseppe Vita; (18) Mr. Anthony Wyand and (19) Mr. Giovanni Belluzzi;

¹³ The address of the UniCredit website where the document "Qualitative and Quantitative Profile of UniCredit S.p.A. Board of Directors" is available is as follows:
<http://www.unicreditgroup.eu/en/governance/board-of-directors/directors--qualitative---quantitative-profile.html>

¹⁴ The address of the UniCredit website where such opinions are available:
<http://www.unicreditgroup.eu/en/governance/board-of-directors/board-charter.html>

- Slate no. 2 submitted by Shareholders: Aletti Gestielle S.G.R., Allianz Global Investors Italia SGR S.p.A., Anima SGR S.p.A., APG Algemene Pensioen Groep N.V., Arca SGR S.p.A., Az Fund Management S.A., BNP Paribas Investment Partners SGR S.p.A., Ersel Asset Management SGR S.p.A., Eurizon Capital SGR S.p.A., Eurizon Capital SA, FIL Investments International, Fideuram Investimenti SGR S.p.A., Fideuram Gestions SA, Interfund Sicav, Mediolanum International Funds Limited - Challenge Funds, Mediolanum Gestione Fondi SGR p.A., Pioneer Investment Management SGRpA and Pioneer Asset Management SA., with an overall shareholding equal to 1.121% of the share capital:

Ms. Lucrezia Reichlin.

Together with each slate the Shareholders submitted and filed the following documentation:

1. a statement of each candidate irrevocably accepting his/her candidature and his/her possible appointment as Director and also attesting the inexistence of any reason for their ineligibility or incompatibility, and their meeting the professional experience and integrity requirements envisaged by current laws and regulatory provisions, with:
 - *curriculum vitae* of each candidate containing information on his/her personal and professional characteristics;
 - list of the supervisory, managerial and controlling offices held in other companies by each candidate;
2. a statement by each candidate certifying that the independence requirements prescribed by the Code and by Section 148, paragraph 3, of the TUF, had been met.

The Shareholders submitting Slate no. 2 declared the inexistence of the connection - provided for by Section 144-quinquies of the CONSOB Issuers Rules - with other shareholders who held, also jointly, a control or relative majority shareholding in UniCredit.

Information on the personal and professional characteristics of each candidate, shown in their *curricula*, as well as the statements provided for by current laws and by the UniCredit Articles of Association, and, more specifically, the statements certifying their meeting or not the independence requirements prescribed by law and by the Code were made available on the UniCredit website (<http://www.unicreditgroup.eu/en/governance/shareholders-meeting.html>).

The Shareholders' Meeting on May 11, 2012, after having resolved that the members of the Board of Directors should be 19, appointed the Directors as follows:

- by Slate no. 1, obtaining the relative majority of the Shareholders' votes, equal to 62.195% of the share capital represented at the Shareholders' Meeting, corresponding to 28.005% of the ordinary share capital, the following 18 Directors were appointed:
Mr. Al Qubaisi, Mr. Bischoff, Ms. Bochniarz, Mr. Calandra Buonauro, Mr. Caltagirone, Mr. Cordero di Montezemolo, Mr. Fois, Mr. Ghizzoni, Mr. Giacomini, Ms. Jung, Mr. Kadrnoska, Ms. Li Calzi, Mr. Maramotti, Mr. Marocco, Mr. Palenzona, Mr. Sassoli de Bianchi, Mr. Vita and Mr. Wyand;
- by Slate no. 2, obtaining the 36.645% of the share capital represented at the Shareholders' Meeting, corresponding to 16.501% of the ordinary share capital, Ms. Lucrezia Reichlin was appointed as Director.

After the resignation of Vice Chairman Mr. Al Qubaisi as from October 3, 2012, the UniCredit Board, on October 18, 2012, replaced him co-opting Mr. Mohamed Ali Al Fahim as Director of the Company and appointing the Director Cordero di Montezemolo as Vice Chairman.

Mr. Marocco resigned as Director of UniCredit as from December 3, 2012. The UniCredit Board of Directors, in its meeting held on December 18, 2012, co-opted Mr. Giovanni Quaglia as Company Director.

On March 15, 2013, the Board took note of the resignation of Mr. Kadrnoska, given on March 6, 2013 with effect as from the end of the Shareholders' Meeting of May 11, 2013.

The UniCredit Shareholders' Meeting held on May 11, 2013 made the appointments for the integration of the Board of Directors, confirming the position of the Directors already co-opted - i.e. Mr. Ali Al Fahim and Mr. Quaglia - and appointing Mr. Alexander Wolfgring.

The composition of the Board in office at the approval date of the Report is given at the end of this Section.

The Board of Directors members meet the professional experience and integrity requirements envisaged by current laws and regulatory provisions. As regards the personal and professional characteristics of each Director, reference is made to the information published on the UniCredit website¹⁵. With regard to the professional experience that UniCredit Directors must meet, in addition to those required by current laws and regulatory provisions, reference is made to the document¹⁶ "Qualitative and Quantitative Profile of UniCredit S.p.A. Board of Directors" published on the Company's website.

The following chart shows the seniority in office since their first appointment of the current Directors as at the approval date of this Report:

Directors	First appointment date	Directors	First appointment date
Al Fahim Mohamed Ali	October-12	Li Calzi Marianna	May-08
Bischoff Manfred	January-06	Maramotti Luigi	January-05
Bochniarz Henryka	May-12	Palenzona Fabrizio	January-99
Calandra Buonauro Vincenzo	May-02	Quaglia Giovanni	December-12
Caltagirone Alessandro	May-12	Reichlin Lucrezia	April-09
Cordero di Montezemolo Luca	May-12	Sassoli de Bianchi Lorenzo	May-12
Fois Candido	May-12 *	Vita Giuseppe	May-12
Ghizzoni Federico	September-10	Wolfgring Alexander	May-13
Giacomin Francesco	October-00	Wyand Anthony	January-99
Jung Helga	January-12		

* Mr. Fois had already been a Director of the Company from November 1999 to May 2002

Maximum number of offices held in other companies

In its meeting held on December 18, 2008, the Board of Directors of the Company - according to the provisions of the Code and to the supervisory regulations on banks' organization and corporate governance issued by Banca d'Italia - established general criteria to determine the maximum number of offices in supervisory, managerial and controlling bodies that UniCredit Directors may hold in companies not belonging to the UniCredit Group, that may be considered compatible with the effective performance of a Director's duties, as well as the procedure to be followed in case of appointment and whenever the threshold is exceeded.

In particular, the Board identified different thresholds in relation to the office held (Chief Executive Officer, Chairman, Non-executive Director), envisaging the extension of the aforesaid thresholds also to the Directors of companies which are controlled by (or associated with) UniCredit. At the time of the appointment and before accepting the office as member of supervisory, managerial or controlling bodies in other companies that are subject to limits on the maximum number of offices to be held, the person concerned must inform the Board of Directors which, if the limit is exceeded, invites the Director to take the consequent decisions.

¹⁵ The address of the UniCredit web site where the information concerning the Directors is available is as follows:
<http://www.unicreditgroup.eu/en/governance/board-of-directors.html>

¹⁶ The address of the UniCredit website where the document "Qualitative and Quantitative Profile of UniCredit S.p.A. Board of Directors" is available is as follows:
<http://www.unicreditgroup.eu/en/governance/board-of-directors/directors--qualitative---quantitative-profile.html>

The Board of Directors' resolutions regarding the maximum number of offices are contained in the Board of Directors' Rules and Regulations available on the UniCredit website¹⁷.

Moreover, Directors must take into account the provisions of Section 36 of Law no. 214/2011 which establishes that holders of a seat in managerial, supervisory and controlling bodies, as well as top management officers in companies or groups of companies active in banking, insurance and financial markets are forbidden to hold similar offices, or to exercise similar duties, in competing companies or groups of companies.

Induction initiatives and recurring training

During the Period the initiatives undertaken in 2012, as regards the knowledge of the macro-economic scenarios, of the markets' developments and of the sector's regulatory framework continued, also based on the output coming from the directors during their self-evaluation. Furthermore, strategic, regulatory and business topics have been the object of training sessions and were examined in detail, in order to ensure knowledge and awareness of the Group risk profile.

4.3. ROLE OF THE BOARD OF DIRECTORS

Meetings and functioning

During the last Period the Board of Directors met 13 times, each meeting with an average length of about 3 hours and 15 minutes. For the 2014 financial year, 12 meetings have been scheduled, of which 3 already held as at March 11, 2014.

The planning of the Board's workload is left to the Chairman, in relation to the items scheduled on the agenda, based on input from the Chief Executive Officer. Furthermore, the Chairman ensures that the necessary time is allowed for an effective discussion of the items on the Agenda, encouraging the Directors - during the meetings - to give their contribution.

The General Manager, the Deputy General Managers, the CEO Office members and the Head of the Internal Audit attend Board meetings, without voting rights; furthermore, members of the Group's Management may attend Board meetings, again without voting rights, also to report on specific issues as well as to assist the Chief Executive Officer in the introductions to the Board itself.

The UniCredit Board of Directors' Rules and Regulations establish a 48 hour term prior to the meeting as the shortest term for sending the pre-meeting documentation to the Directors and Auditors, in order to enable them to express their views advisedly on the matters requiring their decision. Such term was generally abided by and sometimes moved up, except for particular cases due to the nature of the resolution to be taken.

Duties

Pursuant to Clause 23 of the Articles of Association, the **matters reserved to the competence** of the Board of Directors include the resolutions concerning the general guidelines and the adoption and amendment of business, strategic and financial plans for the Company.

Moreover, in compliance with the Board of Directors' Rules and Regulations, the Board shall have the sole authority for:

- defining the general guidelines for the management of the Group development policies with a view to drafting long term strategic, business and financial plans and yearly budgets for the Company and the Group, as well as for adopting and amending the plans and supervising their proper implementation;

¹⁷ The address of the UniCredit web site where the Board of Directors' Rules and Regulations are available is as follows:

<http://www.unicreditgroup.eu/en/governance/board-of-directors/board-charter.html>

- examining and approving the UniCredit corporate governance system, the corporate structure and governance models/guidelines of the Group;
- examining and approving the transactions performed by the Company and the companies belonging to the Group that are of particular strategic, economic, equity-related and financial relevance.

The Board has defined criteria for identifying the transactions of strategic, economic, equity-related and financial relevance for UniCredit S.p.A., for the purpose of informing about the same the Board of Statutory Auditors of the Company pursuant to the applicable regulatory provisions. In detail, all the transactions of a critical or relevant nature must be reported to the Board of Statutory Auditors, and in any case those concerning:

- entry/consolidation of the position in a strategic sector/market;
- definition/modification of shareholding structures with third party partners with whom governance-related agreements are executed;
- decisions impacting strategic equity holdings;
- decisions significantly impacting the organisational structure of the company or the Group;
- situations in which economic/equity-related/financial thresholds (as defined by the Board) are exceeded in relation to the type of transactions involved;
- modifications to the company's share capital structure;
- new legal proceedings and developments in existing ones determining potential liabilities in excess of a certain threshold defined as per the decision of the Board, or potentially at risk of becoming relevant for the company's sector ("pilot proceedings").

Pursuant to Section 136 of the TUB, the obligations of any kind or the purchase or sale agreements implemented by UniCredit, directly or indirectly, with its own officers fall within the exclusive responsibility of the Board of Directors.

* * *

The Board of Directors:

- continuously monitors the general management performance - also by analysing the information received from the delegated bodies and periodically comparing results achieved versus targets – and assesses the adequacy of the organisational, administrative and accounting structure, in particular as regards the internal control system and the management of conflicts of interest;
- ensures that all principal corporate risks are being correctly identified and adequately measured, managed and monitored, determining criteria for ensuring the compatibility of such risks with the sound and proper management of the Company;
- assesses the adequacy of the organisational, administrative and accounting structure of all strategically relevant subsidiaries, with particular reference to the internal control and the risk management system, also by issuing policies and guidelines.

In particular, the Board identified the following controlled companies as having strategic relevance: UniCredit Bank AG (former HVB), UniCredit Bank Austria and Bank Pekao.

Self-evaluation

On March 11, 2014 the Board of Directors undertook the yearly self-evaluation – as required by the Code - on the size, composition and running of the Board itself and of its Committees, also according to the application of the Supervisory regulations on banks' organization and corporate governance issued by Banca d'Italia in January 2012. For the performance of its evaluation process, UniCredit made use of the Egon Zehnder company as independent expert to which the Company had not given other tasks of the same kind.

Competitive businesses

Subject to Article 2390 of the Italian Civil Code, the Shareholders' Meetings on May 11, 2012 and on May 11, 2013 allowed members of the Board of Directors to enter into competitive businesses. While it is up to each Director to report any such situation arising pursuant to Article 2390 of the Italian Civil Code, the Board of Directors was not required to assess the merits of any new situations during the Period.

4.4. DELEGATED BODIES

Chief Executive Officers

The awarding (and revoking) of the authorities to the Directors is up to the Board, that sets out their subject matter, their limits and the ways according to which they made be done.

The only Board member with management powers is Mr. Federico Ghizzoni, Chief Executive Officer of the Company, to whom the Board of Directors has granted powers, within pre-defined limits, and also the authority to sub-delegate powers, across all sectors of the Bank's business. Detailed information on such powers is contained in the Annex "Managerial powers" to this Report.

The Chief Executive Officer is responsible for the management of the Company and, as far as he is concerned, the *interlocking directorates* situation envisaged by the Code does not occur.

Chairman of the Board of Directors

The Chairman has not been granted managerial authorities and therefore does not have any executive role. The Chairman does not hold a relevant share of the Company equity.

The Chairman contributes towards drafting corporate strategies to be approved by the Board as member of the Board Committee named "Permanent Strategic Committee".

Other executive Directors

None of the Directors sitting on the UniCredit Board of Directors – besides the Chief Executive Officer – can be defined as executive pursuant to the Criterion 2.C.1. of the Code.

Reporting to the Board

In compliance with the existing laws and supervisory regulations, the delegated bodies have supplied the Board with a report on the activities carried out in the exercise of the delegations according to the ways and deadlines established by the same. Detailed information on such powers is contained in the Annex "Managerial powers" to this Report.

4.5. INDEPENDENT DIRECTORS

The Corporate Governance, HR and Nomination Committee and the Board of Directors, the latter on March 11, 2014, carried out the assessment of the Directors' independence requirements based on the statements made by those concerned. In that regard, the professional, commercial and financial relationships entertained by them (the credit relationships included too) have been taken into account. Such relationships have been examined taking also into account the following criteria: i) the nature and the characteristics of the relationship, ii) the amount of the transactions both generally and relatively speaking, iii) the subjective profile of the relationship.

Furthermore, in the circumstances given the Committee and the Board acknowledged that Director Maramotti has been in office for more than 9 years; however, considering how the Director carried out - and goes on carrying out - his role, the Board's view, supported by the

Corporate Governance, HR and Nomination Committee's positive opinion, is that his behaviour of continuous stimulus and support within the Board shows that his intellectual independence has not ceased due to the mere passing of time.

As a result of such assessment, the number of the independent Directors according to the provisions of the Code is equal to 12. The outcome disclosed to the market through a press release was the following:

"INDEPENDENT" DIRECTORS PURSUANT TO THE CRITERIA ENVISAGED BY THE CODE:

Mr. Cordero di Montezemolo, Mr. Al Fahim, Mr. Bischoff, Ms. Bochniarz, Mr. Caltagirone, Ms. Li Calzi, Mr. Maramotti, Mr. Quaglia, Ms. Reichlin, Mr. Sassoli de Bianchi, Mr. Wolfgring and Mr. Wyand.

* * *

Moreover, the Board of Directors in the aforesaid meeting on March 11, 2014 also ascertained - pursuant to the rules and regulations on listed issuers contained in the TUF - that the independence requirements in accordance with Section 148 of the TUF too were met. The outcome of the evaluation, also notified to the market, was the following:

"Independent" Directors pursuant to Section 148 of the TUF: Mr. Vita, Mr. Fois, Mr. Calandra Buonauro, Mr. Cordero di Montezemolo, Mr. Palenzona, Mr. Al Fahim, Mr. Bischoff, Ms. Bochniarz, Mr. Caltagirone, Mr. Giacomini, Ms. Li Calzi, Mr. Maramotti, Mr. Quaglia, Ms. Reichlin, Mr. Sassoli de Bianchi, Mr. Wolfgring and Mr. Wyand.

On April 8, 2014 the Board of Statutory Auditors verified, with a positive outcome, the proper application of the criteria and procedures adopted by the Board of Directors to assess the independence of its own members.

Independent Directors' meeting

The meeting of the independent Directors pursuant to the Criterion 3.C.6 of the Code scheduled for the 2013 financial year was held, for organizational reasons, on February 13, 2014.

The independent Directors met, pursuant to the Code provisions, with none of the other Directors in attendance, for an exchange of views concerning corporate governance topics.

During the meeting, remarks were made on the self-assessment of the Board and of the Committees and the aspects connected to the rules for the management of transactions with related parties as well as with associated persons were examined closely, dwelling in particular on the Related-Parties and Equity Investments Committee activities.

4.6. LEAD INDEPENDENT DIRECTOR

As the conditions envisaged by the Code for such an office do not exist, the Board of Directors has not appointed any independent Director as Lead Independent Director.

Position	Members	In office		Slate (M/m) *	Executive	Non-executive	Independent as per Code	Independent as per TUF	Board meetings attendance % **	Number of other positions ***
		since	until							
Chairman	Vita Giuseppe	11-05-2012	Approval of 2014 financial statements	M		X		X	100	2
Senior Vice Chairman	Fois Candido	11-05-2012	Approval of 2014 financial statements	M		X		X	100	3
Vice Chairman	Calandra Buonauro Vincenzo	11-05-2012	Approval of 2014 financial statements	M		X		X	84.62	
Vice Chairman	Cordero di Montezemolo Luca	11-05-2012 ⁽¹⁾	Approval of 2014 financial statements	M		X	X	X	84.62	9
Vice Chairman	Palenzona Fabrizio	11-05-2012	Approval of 2014 financial statements	M		X		X	100	4
CEO	Ghizzoni Federico	11-05-2012	Approval of 2014 financial statements	M	X				100	1
Director	Al Fahim Mohamed Ali	18-10-2012 ⁽²⁾	Approval of 2014 financial statements	--		X	X	X	92.31	6
Director	Bischoff Manfred	11-05-2012	Approval of 2014 financial statements	M		X	X	X	76.92	3
Director	Bochniarz Henryka	11-05-2012	Approval of 2014 financial statements	M		X	X	X	84.62	2
Director	Caltagirone Alessandro	11-05-2012	Approval of 2014 financial statements	M		X	X	X	84.62	6
Director	Giacomin Francesco	11-05-2012	Approval of 2014 financial statements	M		X		X	100	1
Director	Jung Helga	11-05-2012	Approval of 2014 financial statements	M		X			84.62	4
Director	Li Calzi Marianna	11-05-2012	Approval of 2014 financial statements	M		X	X	X	100	1
Director	Maramotti Luigi	11-05-2012	Approval of 2014 financial statements	M		X	X	X	92.31	6
Director	Quaglia Giovanni	18-12-2012 ⁽³⁾	Approval of 2014 financial statements	--		X	X	X	100	6
Director	Reichlin Lucrezia	11-05-2012	Approval of 2014 financial statements	m		X	X	X	84.62	3
Director	Sassoli de Bianchi Lorenzo	11-05-2012	Approval of 2014 financial statements	M		X	X	X	92.31	1
Director	Wolfgang Alexander	11-05-2013 ⁽⁴⁾	Approval of 2014 financial statements	--		X	X	X	100	3
Director	Wyand Anthony	11-05-2012	Approval of 2014 financial statements	M		X	X	X	100	3

----- Directors that left off during the Period -----

Director	Kadnoska Friedrich	11-05-2012	11-05-2013 ⁽⁵⁾	M		X	X	X	33.33	5
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Quorum required for the submission of the slates on the latest appointment: 0.5%

NOTE:

* M = Member elected from the slate that obtained the relative majority of the Shareholders' votes

m = Member elected from the slate voted by the minority

** Number of attendances / number of meetings held during the concerned party's term of office with regard to the Period)

*** Number of positions as Director or Auditor held in other companies listed on regulated markets (both in Italy and abroad), including financial services companies, banks, insurance companies or other large companies. There is a list of such companies for each Director attached to the Report

(1) Appointed as Vice Chairman on October 18, 2012

(2) Co-opted on October 18, 2012 and confirmed by the Shareholders' Meeting on May 11, 2013

(3) Co-opted on December 18, 2012 and confirmed by the Shareholders' Meeting on May 11, 2013

(4) Appointed by the Shareholders' Meeting on May 11, 2013 in place of the Director Mr. Friedrich Kadnoska, who resigned effective as from the end of the same Shareholders' Meeting

(5) Resigned effective as from the end of the Shareholders' Meeting of May 11, 2013

5. BOARD OF DIRECTORS INTERNAL COMMITTEES

In order to ensure an efficient system that allows the effective assessment of the Board of Directors on specific matters falling within its competence, the following five committees have been created with the power to provide advice and make proposals and focus on separate issues: Permanent Strategic Committee, Internal Controls & Risks Committee, Corporate Governance, HR and Nomination Committee, Remuneration Committee and Related-Parties and Equity Investments Committee.

The Permanent Strategic Committee has been voluntarily set up; the Internal Controls & Risks Committee, the Corporate Governance, HR and Nomination Committee and the Remuneration Committee have been set up pursuant to the Code while the Related-Parties and Equity Investments Committee has been set up in compliance with the CONSOB regulatory provisions and the Banca d'Italia Supervisory Regulations.

As regards the Committees set up pursuant to the Code, none of the functions of one or more Board Committees envisaged by the Code has been reserved to the Board of Directors. Moreover, none of the abovementioned Committees, per se, performs the multiple functions of two or more committees as envisaged by the Code.

The Committees may operate according to procedures considered appropriate and may, inter alia, be split into Sub-Committees.

Committees' composition as at the approval date of this Report

				IC&RC ◊ (attendance in plenary session)		Remuneration Committee		CGHR&N Committee		Related-Parties and Equity Investments Committee (●)		Permanent Strategic Committee	
				(°)									
Members	Exec.	Non exec.	Indep. as per Code	*	**	*	**	*	**	*	**	*	**
Vita Giuseppe		X		M	100%	C	100%	C	100%			C	100%
Fois Candido		X		M	100%	M	85.71%					M	77.78%
Calandra Buonauro Vincenzo		X						M	90.91%			M	88.89%
Cordero di Montezemolo Luca		X	X					M	54.55%			M	77.78%
Palenzona Fabrizio		X						M	90.91%			M	88.89%
Ghizzoni Federico	X							M	100%			M	100%
Al Fahim Mohamed Ali		X	X										
Bischoff Manfred		X	X									M	55.56%
Bochniarz Henryka		X	X			M	85.71%						
Caltagirone Alessandro		X	X			M	71.43%	M	90.91%				
Giacomin Francesco		X		M	100%								
Jung Helga		X											
Li Calzi Marianna		X	X	M	100%					C	100%		
Maramotti Luigi		X	X	M	100%			M	100%			M	100%
Quaglia Giovanni		X	X					M	100%	M	100%		
Reichlin Lucrezia		X	X	M	100%							M	77.78%
Sassoli de Bianchi Lorenzo		X	X	M	80%					M	100%		
Wolfring Alexander ⁽¹⁾		X	X	M ⁽²⁾	100%	M ⁽²⁾	100%						
Wyand Anthony		X	X	C	100%			M	72.73%				
----- Members that left off during the Period -----													

Kadroska Friedrich ⁽³⁾		X	X	M ⁽⁴⁾	0%	M ⁽⁴⁾	50%					
<i>No. of meetings held during the Period</i>				<i>IC&RC: 5^o</i> <i>(see for details the "NOTE")</i>		<i>RC: 7</i>		<i>CGHR&NC: 11</i>		<i>RP&EIC:10</i> <i>(see for details the "NOTE")</i>		<i>PSC: 9</i>
NOTE:												
<p>◇ The Internal Controls & Risks Committee carries out its duties either in plenary session or through (i) the Internal Controls Sub-Committee, (ii) the Risks Sub-Committee. The Committee held no. 5 plenary sessions, 4 meetings of its Internal Controls Sub-Committee and 5 meetings of its Risks Sub-Committee.</p> <p>(°) The percentage of the Directors' attendance of the meetings of the Internal Controls and Risks Sub-Committees during the Period was respectively as follows:</p> <ul style="list-style-type: none"> - Internal Controls Sub-Committee: Mr. Wyand (C) 100%, Mr. Vita 100%, Mr. Fois 100%, Mr. Giacomini 100%, Ms. Li Calzi 100%, Mr. Sassoli de Bianchi 100%; - Risks Sub-Committee: Mr. Wyand (C) 100%; Mr. Vita 100%; Mr. Fois 80%; Mr. Maramotti 100%; Ms. Reichlin 100%; Mr. Wolfgring (100%) (the attendance percentage of Mr. Kadroska, member no more in office after the Shareholders' Meeting of May 11, 2013 was 0%). <p>(●) The Board of Directors on February 19, 2013 approved the suppression of the Related-Parties and Equity Investments Sub-Committee and the establishment of the Related-Parties and Equity Investments Committee, confirming duties and responsibilities already assigned to the suppressed Sub-Committee. The Related-Parties and Equity Investments Sub-Committee, comprised of Ms. Li Calzi (C), Mr. Reichlin and Mr. Sassoli de Bianchi held no. 2 meetings up to February 19, 2013. The percentage of the members' attendance to said Sub-Committee respectively was: Ms. Li Calzi (100%); Ms. Reichlin (0%); Mr. Sassoli de Bianchi (100%).</p> <p>* A "C" (Chairman) or an "M" (Member) in this column shows that the member of the Board of Directors belongs to the Committee and also indicates his/her position</p> <p>** Percentage attendance to the meetings (number of attendances / number of meetings during the concerned party's term of office with regard to the Period)</p> <p>(1) Appointed by the Shareholders' Meeting on May 11, 2013 in place of the Director Mr. Friedrich Kadroska, who resigned effective as from the end of the same Shareholders' Meeting</p> <p>(2) Position held since May 11, 2013</p> <p>(3) Resigned effective as from the end of the Shareholders' Meeting of May 11, 2013</p> <p>(4) Position held until May 11, 2013</p>												

During the Period, the spending requirements of the Board Committees were met by the Top Management's budget. Since all the Board Committees may have their own budget, it may be supplemented to meet specific needs.

5.1. PERMANENT STRATEGIC COMMITTEE

The Committee provides the Board - with opinions concerning the proposals submitted by the Chairman/CEO - to the Board itself concerning:

- a) the Group 3 Year Plan;
- b) the Group yearly budget;
- c) the Group yearly Capital Allocation;
- d) the Group yearly strategy related to transactions involving shareholdings (M&A/reorganisations);
- e) the approval of transactions on shareholdings above a certain limit (300 Million Euro for transactions in high-risk countries, and 500 Million Euro for transactions in low-risk countries);
- f) extraordinary capital allocations and dividend policy, both for the Holding Company and the Group Companies, unless already included in the annual general Capital Allocation guidelines indicated under para. c) above;
- g) other transactions/initiatives of strategic relevance to the Group, such as: decisions to enter new geographical and business markets, high-profile joint ventures with business and/or financial Groups.

During the Period the Committee met 9 times.

5.2. INTERNAL CONTROLS & RISKS COMMITTEE

The current “Internal Controls & Risks Committee” (hereafter also “the Committee”) was established in June 2000 under the name of “Audit Committee”. Its name and tasks have changed over the years, in line with the evolution of the regulatory framework as well as with the best practices.

Composition

The Committee holds meetings either in plenary session or in its two Sub-Committee narrower sessions which focus on topics relating to:

- internal controls (Internal Controls Sub-Committee);
- risks (Risks Sub-Committee).

Until February 19, 2013 the Committee performed its duties also as Related-Parties and Equity Investments Sub-Committee (see the following Section 5.5 for the relevant information).

The Committee is composed of 9 non-executive Directors. The Chairman and the Senior Vice Chairman of the Board of Directors are members by right. The Chairman of the Committee is elected from among the members other than those that are members by right and is responsible for coordinating the activities of the Committee itself.

The Internal Controls and Risks Sub-Committees have 6 members each and are chaired by the Chairman of the Committee, who is a member by right of both the Internal Controls and Risks Sub-Committees, as are the Chairman of the Board of Directors and the Senior Vice Chairman.

Regardless of their appointment as members of one of the two Sub-Committees, all members of the Committee can participate in the meetings of both Sub-Committees.

The Internal Controls & Risks Committee is composed as follows: Mr. Anthony Wyand (Chairman), Mr. Giuseppe Vita, Mr. Candido Fois, Mr. Francesco Giacomini, Mr. Friedrich Kadroska (until 11 May 2013), Ms. Marianna Li Calzi, Mr. Luigi Maramotti, Ms. Lucrezia Reichlin, Mr. Lorenzo Sassoli de Bianchi and Mr. Alexander Wolfgring (from 11 May 2013).

The Internal Controls and the Risks Sub-Committees are composed as follows:

Internal Controls Sub-Committee: Mr. Anthony Wyand (Chairman), Mr. Giuseppe Vita, Mr. Candido Fois, Mr. Francesco Giacomini, Ms. Marianna Li Calzi, and Mr. Lorenzo Sassoli de Bianchi.

Risks Sub-Committee: Mr. Anthony Wyand (Chairman), Mr. Giuseppe Vita, Mr. Candido Fois, Mr. Luigi Maramotti, Ms. Lucrezia Reichlin and Mr. Alexander Wolfgring.

All members of the Internal Controls & Risks Committee, in its current composition, are independent pursuant to Section 148, paragraph 3, of Legislative Decree No. 58 dated 24 February 1998. The majority of the members (6 out of 9) also meet the independence requirements prescribed by the Corporate Governance Code. The Chairman of the Committee is independent pursuant to Section 148, paragraph 3, of Legislative Decree No. 58 dated 24 February 1998 and to the Corporate Governance Code.

All the members of the Committee possess the professional standing required by current legal and regulatory provisions and each member possesses specific technical knowledge in certain matters falling within the Committee’s competence; some of them in particular have specific experience in accounting, fiscal, financial and risk-related areas.

Functions

The Committee meetings are generally called once a month, on the basis of an annual planning. At least two meetings per year are plenary sessions. The Internal Controls and Risks Sub-Committees meet as a rule in alternate months. In any event meetings are called whenever it is necessary to discuss matters within the Committee’s sphere of competence.

In 2013 the Committee held 14 meetings: 5 plenary sessions, 4 meetings of the Internal Controls Sub-Committee and 5 meetings of the Risks Sub-Committee.

The Committee meetings lasted approx. 4 hours each.

For 2014, 12 Committee meetings have been planned. As at March 11, 2014, 3 meetings were held.

The meetings of the Internal Controls & Risks Committee were minuted by the Secretary of the Committee.

The CEO, the General Manager, the Head of the Internal Audit Function, the Head of Compliance, the Group Chief Risk Officer and the Chief Financial Officer participate in both the plenary Committee meetings, as well as in the Internal Controls and Risk Sub-Committees meetings, as permanent guests.

In 2013 upon Chairman's invitation, some external auditors and other Group managers attended the meetings of the Committee for the discussion of relevant agenda items.

The Chairman of the Board of Statutory Auditors (or a Statutory Auditor duly delegated by him) always participated in the Committee meeting, with the exception of one only occasion. In addition to the Chairman of the Board of Statutory Auditors, all other members of the Board of Statutory Auditors – appointed during the Shareholders' Meeting of May 11, 2013 – participated in almost all the meetings held by the Committee in the second half of 2013.

In 2013 the Internal Controls & Risks Committee held two meetings with the Board of Statutory Auditors (all members of the latter were present): the Internal Controls Sub-Committee meeting of July 4 and the Risks Sub-Committee meeting of December 17. These meetings were aimed at discussing together shared topics, in compliance with the respective areas of competence and responsibilities.

For the fulfilment of its duties, the Committee can rely upon the support provided by the Head Office functions and the external consultants. Additionally, in the performance of its duties, adequate tools and information flows (also detailed ones) are made available to the Committee by the competent functions; these enable the Committee, in all its forms, to make the relevant evaluations.

Roles and Responsibilities

The Internal Controls & Risks Committee supports the Board of Directors providing advice and making proposals.

The Committee supports the Board of Directors in the drawing up of guidelines for the internal control system, as well as in the periodical review of its adequacy, efficiency and effectiveness while ensuring that the main enterprise risks are properly identified, measured, managed and monitored. It also examines the annual budget guidelines and supports the Board of Directors in the formalisation of risk management policies and in the definition of criteria for ensuring the compatibility of corporate risks with the sound and proper management of the Company (risk appetite).

In order to support the Board of Directors in the performance of its duties, the Committee is also charged with:

- analysing the Group audit guidelines and checking the adequacy of the annual audit plan prepared by the Head of the Internal Audit function;
- assessing the work done by the external auditor firm(s) of the Group and the results contained in the report(s) and in any recommendation letter(s);
- providing its opinion on the appointment or substitution of the Head of the Internal Audit function and the Head of the Compliance function, as well as on the variable part of their remuneration.

The Committee is charged with examining the financial statements including the First Half Report and the Company and Consolidated Annual Reports and Accounts on the basis of the

reports provided by the Manager responsible for drawing up the financial statements, also as regards the correct application of the accounting principles and their uniformity for the purposes of consolidation. It also assesses the quarterly reports.

The Committee is responsible for examining the risk assessment at Group level. It supports the Board of Directors by monitoring the effectiveness of the risk control and management system in compliance with the legal and regulatory provisions, as well as by formalising and periodically assessing the risk management policies in order to ensure their effectiveness over time. Additionally, the Committee sees to it that the Compliance function applies the non-compliance risk management policies laid down by the Board, as well as their adoption and implementation.

The Committee is charged with reviewing the periodic reports drawn up by the Internal Audit function and by other control functions (Risk Management and Compliance). It also examines any findings arising from reports drawn up by the Internal Audit and Compliance functions and may request the performance of specific audits.

The Internal Controls & Risks Committee is also responsible for reviewing the reports on the activities of the managerial Internal Controls Coordination Committee (ICCC).

The Committee is charged with checking the adequacy, from a qualitative and quantitative perspective, of the organizational structures of the Internal Audit and Compliance functions, requesting the Head of the Internal Audit function – with regard to the proposals relating to the Internal Audit function – to propose changes to be implemented in its organisation.

The Committee reports on its activities to the Board of Directors after each Committee meeting and at least twice a year, on approval of the first-half and year-end accounts, on the adequacy of the internal control system.

Activities performed

In 2013 the Internal Controls & Risks Committee performed the duties assigned to it by the Board of Directors, performing advisory functions and making proposals on matters relating to the internal control and risk management system.

In the same year the Chairman of the Committee sponsored a number of initiatives, taken and consolidated during the year, with the aim to coordinate and effectively contribute to the Group risk culture. In this respect, the Group Audit Committee Chairmen Council held two meetings (in Rome in May and in Vienna in October), with the aim to maximise the contribution offered by Non-Executive Directors at Group level in terms of professional skills and expertise, as well as to share important cross-functional matters regarding the internal control system and risk management. The meetings of the Council - composed by the Chairman of the Internal Controls & Risks Committee of UniCredit and the Chairmen of the corresponding committees established in the main Group Legal Entities - are attended also by the Chairman of the Board of Directors and of the Board of Statutory Auditors of UniCredit, as well as by the General Manager and the Head of the Internal Audit function of UniCredit.

Furthermore, in 2013 the annual meeting of the Internal Controls & Risks Committee of UniCredit with the Country Chairmen and the CEOs of the main Group Legal Entities was held.

5.3. CORPORATE GOVERNANCE, HR AND NOMINATION COMMITTEE

Since June 2000, the Board of Directors has established the Nomination Committee, subsequently renamed Corporate Governance, HR and Nomination Committee.

Composition

The Corporate Governance, HR and Nomination Committee consists of 9 members, the majority of whom are non-executive and independent Directors. The Chairman of the Board and the Chief Executive Officer are members by right. The other members were chosen based

upon their expertise and willingness to accept the appointment. The Chairman of the Committee is the Chairman of the Board of Directors. The proceedings are coordinated by the Chairman.

Function

As a rule, the Board Committees meet monthly. In particular, no. 11 meetings were held in 2013, each one with an average length of 45 minutes. As at March 11, 2014, 2 meetings of the Committee have been held.

The Senior Vice Chairman is invited to attend the Corporate Governance, HR and Nomination Committee meetings on a permanent basis. Whilst members of the Group's Management may be called upon to attend Committee meetings with regard to specific issues, during the Period Managers of the Company were invited to attend the Corporate Governance, HR and Nomination Committee meetings to discuss specific items on the agenda; since June 2013 the Executive Assistant of the Chairman of the Board has always attended the meetings, whilst up to 1 May 2013 the Head of Group Corporate Bodies attended.

The meetings of the Corporate Governance, HR and Nomination Committee were ordinarily transcribed and placed on record by the secretary designated by said Committee.

Roles and Responsibilities

The Corporate Governance, HR and Nomination Committee provides its opinion on the definition of policies for appointing UniCredit Directors, and policies for the evaluation that the Board of Directors must undertake at least once a year on the size, composition and functioning of the Board itself and its Committees.

Moreover, the Corporate Governance, HR and Nomination Committee shall also provide its advice on the compatibility of the appointment of a Director of UniCredit as member of supervisory, managerial and controlling bodies in a banking, insurance or financial company (outside UniCredit Group) with his/her office held in UniCredit, as well as when the maximum number of offices established by the Board of Directors is exceeded.

Furthermore, the Committee provides the Board with its opinion - concerning proposals formulated by the Chairman/CEO to the Board itself - concerning the designation of candidates to the position of Director of UniCredit in the event of co-optation, and candidates to the position of independent Director to be submitted to the approval of the UniCredit Shareholders' Meeting, also keeping account of any recommendations received from shareholders.

Besides the abovementioned functions, the Committee also provides the Board with opinions in relation to:

- defining the UniCredit corporate governance system, the Group's corporate structure and governance models/guidelines;
- appointing the CEO, the General Manager, the Deputy General Managers and the other Directors holding strategic responsibilities, the Senior Executive Vice Presidents, as well as the other Heads of Department reporting directly to the CEO;
- defining policies concerning the appointment and succession planning of the CEO, the General Manager, the Deputy General Managers and the other Managers holding strategic responsibilities, the Senior Executive Vice Presidents, the Group Management Team (Executive Vice Presidents) and the Leadership Team (Senior Vice Presidents);
- defining policies for appointing bank corporate officers (members of the Boards of Directors, Boards of Statutory Auditors, and Supervisory Boards of Group companies);
- appointing bank corporate officers (members of the Boards of Directors, Boards of Statutory Auditors, and Supervisory Boards) of the Main Companies;
- appointing members of the UniCredit Board Committees, upon the proposal of the Chairman.

Activities performed

The Corporate Governance, HR and Nomination Committee has expressed its views concerning the designation of members of the corporate bodies of the companies belonging to the Group and the appointments and movements of Group Top Management members.

The Corporate Governance, HR and Nomination Committee has been able, through its Chairman, to access all the information and corporate functions as required for performing its duties, and for this purpose relied on the support of the Company's head office structures as well as, when deemed, of outside consultants.

5.4 REMUNERATION COMMITTEE

For the information requested with regards to the set-up, tasks and functioning of the Remuneration Committee, please refer to the Chapter "Remuneration Committee" of the "Annual Compensation Report" published, within the "2014 Group Compensation Policy", according to Section 123/ter of the TUF, to Section 84/quarter of the CONSOB Issuers Rules (lastly modified by resolution no. 18214 of May 9, 2012) and to the provisions set forth at Title IV, Chapter 1, Table 15 of Banca d'Italia Circular 263.

5.5. RELATED-PARTIES AND EQUITY INVESTMENTS COMMITTEE

In order to manage all matters relating to related-party transactions pursuant to law and regulatory provisions¹⁸, on September 30, 2010 the Board of Directors established a "Related-Parties Transactions Sub-Committee" within the Internal Controls & Risks Committee.

Additionally, during its May 10 and June 25, 2012 meetings the Board of Directors assigned to the Related-Parties Transactions Sub-Committee the responsibility for the duties – which pursuant to the "New regulations for the prudential supervision of banks"¹⁹ the independent directors were entrusted with – relating to the following matters:

- risk activities and conflicts of interest involving parties related to the Bank or to the Group;
- equity investments that may be held by banks and banking groups.

Based on the new duties assigned, on June 25, 2012 the Board renamed the Related-Parties Transactions Sub-Committee, which became the "Related-Parties and Equity Investments Sub-Committee".

Taking into consideration extension, complexity and relevance of the duties assigned to the Related-Parties and Equity Investments Sub-Committee compared to the duties assigned at the time of its establishment, on February 19, 2013 the Board of Directors approved the establishment of an ad hoc Committee, the "Related-Parties and Equity Investments Committee" (hereafter also "the Committee"), confirming duties and responsibilities already assigned to the Sub-Committee and the composition from a quantitative (three members) and qualitative perspective (the independence requirement of the members in compliance with the current Corporate Governance Code for listed companies), with the consequent suppression of the Sub-Committee.

Composition

Until February 19, 2013 the Related-Parties and Equity Investments Sub-Committee was composed of the following members: Ms. Marianna Li Calzi (Chairman), Ms. Lucrezia Reichlin and Mr. Lorenzo Sassoli de Bianchi.

¹⁸ see the "Regulations containing provisions relating to transactions with related parties", pursuant to CONSOB Resolution no. 17221 dated March 12, 2010 and subsequent amendments

¹⁹ see 9th revision of Bank of Italy Circular no. 263 dated December 27, 2006

During its February 19, 2013 meeting, the Board of Directors designed as members of the newly-established Related-Parties and Equity Investments Committee Ms. Marianna Li Calzi and Mr. Lorenzo Sassoli de Bianchi, already members of the Sub-Committee, and appointed Mr. Giovanni Quaglia, in place of Ms. Lucrezia Reichlin, who resigned on January 29, 2013 as member of the Sub-Committee with effect from the first Board of Directors meeting useful for her replacing.

Therefore, since February 19, 2013 the composition of the Related-Parties and Equity Investments Committee, is the following: Ms. Marianna Li Calzi (Chairman), Mr. Giovanni Quaglia and Mr. Lorenzo Sassoli de Bianchi.

Functions

In 2013 the Related-Parties and Equity Investments Sub-Committee held no. 2 meetings (which lasted 40 minutes on average) and, since February 19, 2013, no. 10 meetings of the Related-Parties and Equity Investments Committee (which lasted 42 minutes on average) were held.

The meetings of the Related-Parties and Equity Investments Sub-Committee and of the Related-Parties and Equity Investments Committee were called based on the annual plan in order to discuss foreseeable activities, as well as whenever it was deemed appropriate to discuss issues falling within their areas of competence.

All meetings were minuted by the Secretary.

The Committee has a specific charter governing its operating procedures and organization. The Committee shall be supported by independent experts. Adequate tools and information flows (also detailed ones) are made available to the Committee by the competent functions, such as to allow it the performance of its duties.

Roles and Responsibilities

The Related-Parties and Equity Investments Committee's role is to support the Board of Directors providing advice and making proposals. As far as the related parties and connected subjects transactions are concerned, the Committee, in particular:

- provides preventive opinions (as the case may be, binding opinions) on procedures whereby related parties and/or connected subjects transactions are identified and managed in UniCredit and in the Group Companies as well as on the relevant changes thereof;
- provides preventive and grounded opinions, when explicitly required, also on the interest of UniCredit and/or Group Companies to carry out the transaction with related parties and/or connected subjects, as well as on their profitability and the intrinsic correctness of their terms and conditions;
- when there are transactions of a greater relevance with related parties and/or connected subjects, is involved - if deemed advisable by the Committee itself, through one or more members appointed for the task - during the negotiation and the preliminary phase by receiving a complete and timely information flow, with the option to request information and express comments to the delegated bodies and to the persons charged with carrying on the negotiations or the preliminary investigations.

A continuous monitoring of the procedures whereby related parties and/or connected subjects transactions are identified and managed must be ensured to the Committee also in order for it to propose possible corrective actions.

As far as the non-financial equity investments are concerned the Committee performs the role of assessing, supporting and advising on organization matters and on the exercise of internal controls on the whole activity of acquiring and managing shareholdings in non-financial companies, as well as general verification that the activities carried out within the framework for such shareholdings comply with the strategic and management directives.

Activities performed

In 2013 the Related-Parties and Equity Investments Committee issued opinions with regard to related parties and/or connected subjects transactions. Additionally, the Committee and the Sub-Committee (until February 19, 2013) examined the reports on related parties and/or connected subjects transactions also falling within the scope of Section 136 of the TUB, as well as the quarterly reports drawn up by the competent structures of the Bank on matters falling within their area of competence.

The Committee also sponsored the drawing up of the Combined Global Policy for the management of transactions with persons in conflict of interest (see Section 7 below).

12 meetings of the Related-Parties and Equity Investments Committee are planned for 2014. As at March 11, 2014, the Related-Parties and Equity Investments Committee has held 4 meetings.

6. REMUNERATION OF THE DIRECTORS

For the information requested with regards to the compensation for the Executive Directors, the Non-Executive Directors and the Key Management Personnel and for those concerning the Indemnities to Directors in the event of resignation, dismissal or termination of employment following a public purchase offer (as per Section 123/*bis*, paragraph 1, letter i), of the TUF), please refer to the Chapters “Non-Executive Directors Compensation” and “Compensation of Executives with Strategic Responsibilities” of the “Annual Compensation Report” published - within the “Group Compensation Policy 2014” - according to Section 123/*ter* of the TUF, to Section 84/*quater* of the CONSOB Issuers Rules (lastly modified by resolution no. 18214 of May 9, 2012) and to the provisions set forth at Title IV, Chapter 1, Table 15 of Banca d’Italia Circular 263.

7. DIRECTORS’ INTERESTS AND RELATED-PARTIES TRANSACTIONS

In compliance with the Regulation issued by CONSOB, with its Resolution no. 17221 dated March 12, 2010 and subsequent updates, setting out provisions concerning related-parties transactions (hereinafter the “**Related-Parties Transactions Regulation**”), on November 9, 2010, the Board of Directors of UniCredit adopted, with the unanimous positive opinion of the Committee of Independent Directors for related-parties transactions set up under the perimeter of the Internal Controls & Risks Committee (the “Sub-Committee Related-Parties Transactions”), specific procedures to manage all related parties transactions implemented directly or through subsidiaries (“Procedures for the management of related-parties transactions”).

In compliance with the provisions of the Related-Parties Transactions Regulation the above procedures must identify:

- a) the perimeter of the UniCredit related parties;
- b) the most significant transactions with related parties;
- c) the exemption and exclusion cases the Company intends to apply;
- d) the requirements that the directors must meet to be qualified as independent;
- e) the methods by which the related-parties transactions are set up and approved as well as the rules with regards to the cases in which the company examines and approves transactions, implemented by Italian or foreign subsidiaries, with its related parties;
- f) the terms and conditions whereby the independent directors, as well as the management and controlling bodies, are provided with the information on transactions with related

parties, along with all relevant documentation, prior to their resolution, during and after their implementation;

- g) the choices made by the Company with regards to the options, other than those specified in the list above, submitted to the evaluation of the Company.

The “Procedures for the management of related-parties transactions” came fully into force on January 1, 2011, it remaining firm that the transparency rules established by the CONSOB Regulation are in force since December 1, 2010.

On January 31, 2012 the UniCredit Board of Directors resolved, following the assessment of the adequacy of the “Procedures for the management of related-parties transactions” to be carried out yearly - with the unanimous positive opinion of the Related-Parties Transactions Sub-Committee - the update of the aforesaid procedures (effective from March 1, 2012) taking into account, inter alia, the efficacy demonstrated in their practical application.

Furthermore, on June 25, 2012 and on December 18, 2012, the UniCredit Board of Directors resolved to approve respectively the “Procedures for the management of risk activities and conflicts of interest with associated persons” - with the unanimous positive opinions of Related Parties and Equity Investments Sub-Committee and of the Board of Statutory Auditors of UniCredit - and the “Internal controls policy” pursuant to the new provisions for the prudential supervision of banks issued by Banca d’Italia and which entered into force from December 31, 2012.

On February 19, 2013, the UniCredit Board of Directors resolved the establishment of the Related Parties and Equity Investments Committee, replacing the above mentioned Sub-Committee, leaving unchanged duties and responsibilities already assigned to the same.

Considering the various areas of affinity between the CONSOB provisions and the Banca d’Italia Regulations, on September 24, 2013 the UniCredit Board of Directors, with the unanimous positive opinions of Related Parties and Equity Investments Committee and of the UniCredit Board of Statutory Auditors, approved a single Global Policy for the management of the transactions with parties in a conflict of interest position that are related parties pursuant to the CONSOB Related-Parties Regulation, that are associated persons pursuant to Banca d’Italia Circular no. 263/2006, and that are bank corporate officers pursuant to Section 136 of the Legislative Decree no. 385/1993 (“TUB”).

The Policy - that has completely replaced the procedures for managing transactions with related-parties and for the management of risk activities and conflicts of interest with associated persons - systematically defines the rules and principles to comply with for the control of risk arising from situations of possible conflict of interest pursuant to the mentioned regulations, unifying in a single document, in particular, the provisions of the CONSOB Regulation and of the Banca d’Italia Circular.

The Policy, in the version at the time in force, is available on the UniCredit website.²⁰

* * *

The compliance with the principle set out in Article 2391 of the Italian Civil Code concerning the interests of company Directors being unaffected, the Company also has to comply with Section 136 of the Legislative Decree no. 385/93 concerning obligations of banks’ corporate officers, according to which such officers cannot take on any obligation, directly or indirectly, with the bank they manage, direct or control, unless it is approved unanimously by the management body and with the favourable vote of the members of the controlling body, the requirements of the Italian Civil Code regarding the interests of company Directors remaining firm. Accordingly, corporate officers are required to report the names of individuals or companies with whom their entering into relations might constitute an indirect obligation substantially referable to the corporate officers.

²⁰ The address of the UniCredit website where the single Global Policy for the management of the transactions with parties in a conflict of interest is available is as follows:
<https://www.unicreditgroup.eu/en/governance/transactions-with-related-parties.html>

In the event of a transaction executed with a Related Party, being also a bank officer or a party related to such, the same falls under the provisions of Section 136 of Legislative Decree no. 385/93. As such, the Board of Directors of UniCredit must unanimously approve the transaction, with the positive opinion of the members of the Board of Statutory Auditors, specifying in the minutes the reasons with regards to the company's interest and to the completion of the transaction, as well as the suitability and the substantive correctness of the relevant conditions. The Related Parties and Equity Investments Committee must be assured a timely and complete flow of information with regards to the transaction falling under the provision according to the methods envisaged for greater or lesser relevance transactions.

8. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal controls system is an essential element of the overall governance system of banks. It plays a central role in their organization and can ensure an effective risk management in order to ensure that the banks activities will be in line with the corporate strategies and policies as well as founded on healthy and prudent management principles.

An effective and efficient internal controls system is, in fact, a prerequisite for the creation of value in the medium-long term, for safeguarding the quality of the activities, for a correct risk perception and for an appropriate allocation of capital.

The UniCredit Group internal controls system is based on:

- control bodies and functions, involving, each one within its respective competence, the Board of Directors, the Internal Controls & Risks Committee, the Officer in charge of the internal controls and risks management system, the Board of Statutory Auditors, as well as the corporate functions with specific tasks to that regard;
- coordination procedures among the parties involved in the internal controls and risks management system;
- Group Governance mechanisms.

8.1. BODIES AND FUNCTIONS

The Board of Directors and the Internal Controls & Risks Committee

The guidelines of the internal controls and risks management system are defined by the Board of Directors. In that way, the Board can guarantee that the main risks of the Group are identified, measured, managed and monitored in the appropriate manner.

In that context, on an yearly basis the Board of Directors reviews and updates, consistently with the timeline of the Budget process and the definition of the financial plan, the Group Risk Appetite Framework, in order to guarantee that the business develops within the appropriate risk profile and in accordance with national and international regulations.

The Group Risk Appetite Framework in being in 2013 states the Group risk profile with regards to three dimensions (capital adequacy, profitability and risk, funding and liquidity), defining reference metrics for each dimension.

In 2013, the Board has approved the new Group Risk Appetite Framework for 2014, improved on in order to make it an efficient managerial tool for forecasting objectives. The definition process has been revised in order to guarantee its consistency with the budget, while the KPIs (Key Performance Indicators) have been revised in order to include some simple and comparable metrics. Therefore, the Risk Appetite Framework for 2014 has defined different options for risk and profitability within the Group, based on alternative scenarios and stress hypotheses, which might simultaneously impact the Group risk profile (Credit, Market, Liquidity), economic and regulatory capital and the corresponding profitability.

The Group Risk Appetite Framework has to be consistently implemented in the relevant Group Legal Entities. The Risk Appetite Framework includes not only the list of the relevant

metrics but also the relevant targets, triggers and limits: i) the *targets* represent the amount of risk the Group is willing to take on to achieve the budget goals and sets the boundaries for the development of the business, ii) the *triggers* represent a warning system that activates the analysis of possible contingency plans and provide for an information process to the Group Risk Committee; iii) the *limits* are hard points that should not be trespassed, should it happen, the Board of Directors has to be informed.

The UniCredit Board of Directors, within its competencies, approved the constitution of the control functions, defining relative roles and responsibilities, and has given mandate to the CEO to establish - through definition, management and monitoring - the internal controls and risks management system.

The Board is engaged in the global supervision of the main firm risks, through the **Internal Controls and Risks Committee**, to which the CEO and the General Manager participate as permanent guests.

With specific regard to the non-conformity risk, the Board of Directors, based on the opinion of the Board of Statutory Auditors, approves the policies to manage such risk; at least once in a year, with the technical support of the Internal Controls and Risks Committee, assesses the adequacy of the organizational structure and the quantity and quality of the Compliance function resources, as well as analyses the reports concerning the checks implemented by this function within the management of the non-conformity risk.

Moreover, the Board of Directors approves the definition of the following strategies.

Credit Strategies

Within the Basel Second Pillar, the Group Credit Risk Strategies represent an advanced credit risk management instrument, aiming at the consistency between budget targets and the Risk Appetite Framework. Considering the macroeconomic and credit scenario, the managerial initiatives and the industry expert view, the Credit Strategies provide a set of guidelines and operative targets by Countries and business segments in which the Group operates, aiming to identify the desired risk profile and the business lines positioning, in order to allow a growth consistent with the Group Risk Appetite Framework and to minimize the overall credit risk impact without precluding profitable business opportunities.

Market Risk Strategies

The UniCredit “Market Risk Management” function directs the overall setting of Market Risk operative limits at Group level, ensuring its consistency with the Group Risk Appetite.

To that end, the Holding Company “Market Risk Management” function acts in strict coordination with:

- the Legal Entities’ Market Risk functions, entitled, in accordance with the Group business model, to take on exposures to the market risk either in the trading or in the banking book. The relationship among the Market Risk functions within the overall process of negotiating operational limits together with the business functions, is aimed at ensuring consistency of the mentioned limits with the assigned budget, with regard to the dynamics related to risk indicators, based on historically observed realizations, to expected market developments and proposed business initiatives, within the defined overall business model;
- the Holding Company “Capital Management” and “Credit Risk Strategies and Risk Appetite” functions with the aim of verifying the limits impact on Regulatory and Economic Capital within an iterative process finalized to ensure the limits consistency with the capital allocation approved at Group level, taking into consideration the income goals defined in the annual and strategic plans.

The UniCredit Board evaluates, *inter alia*, at least once a year, the adequacy, running and effectiveness of the internal controls system, with the assistance of the Internal Controls & Risks Committee activities, on the basis of the:

- reports by the corporate Control functions Heads: the Compliance function, the risk control function (Risk Management) and the internal audit function (Internal Audit);
- information by the Manager charged with preparing the company financial reports concerning the proper application of the accounting principles and their uniformity for the purposes of preparing the consolidated financial statements;
- useful information related to the monitoring of the overall Company risks provided by the relevant Company structures and / or the by the firm charged with the statutory accounting supervision.

Officer in charge of the internal controls and risks management system

The Chief Executive Officer, as director appointed by the Board, manages the internal controls and risks management system:

- (i) identifies the Company's main risks, submitting them to the Board of Directors;
- (ii) realizes the Board's recommendations by planning, managing and monitoring the internal controls and risks management system with the support of the competent functions. When supervising those activities, the Chief Executive Officer is supported by the General Manager; the latter chairs the ICCC - Internal Control Coordination Committee, where issues regarding the internal controls system as well as the remedial plans associated with them are dealt with.

With specific regard to the risk of non-compliance, the Chief Executive Officer ensures the effective management of the mentioned risk, also providing appropriate policies and procedures for compliance with local regulations to be abided by the Bank, ensuring, in the case of violations, that the necessary remedies have been put in place and outlining information flows to ensure the competent corporate bodies of the Bank a full awareness on how to manage the risk of non-compliance. With the support of the Compliance function, the Chief Executive Officer identifies and evaluates, at least once a year, the main compliance risks to which the Bank is exposed and plans the associated management measures, as well as reports, at least once a year, to the Board of Directors and the Statutory Auditors on the adequacy of the non-compliance risk management.

The Chief Executive Officer and the General Manager take part, as permanent guests, in the Internal Controls & Risks Committee meetings, either plenary or restricted, within the Internal Controls Sub-Committee and the Risks Sub-Committee. As part of these meetings, they report to the Committee on issues pertaining to items on the agenda, including clarifications when necessary and following up on any requests for close examination by the Committee itself.

As for the third-level controls carried out by the Internal Audit function, the Chief Executive Officer may request a specific audit intervention, not included in the annual plan.

Board of Statutory Auditors

The UniCredit Board of Statutory Auditors is assigned the overseeing of the effectiveness of the internal controls and risks management system in line with the provisions of the Corporate Governance Code.

With specific regard to the assignment to the Board of Statutory Auditors also of the Supervisory Body functions pursuant to Legislative Decree no. 231/2001²¹, it should be noted that UniCredit has maintained the current set-up, which provides that these functions be entrusted to a specially constituted body (see below).

The Board of Statutory Auditors, *inter alia*, takes care of the establishment of appropriate functional links with the Internal Controls & Risks Committee for the conduct of joint activities of the two bodies, in accordance with their specific skills.

²¹ As required by the Banca d'Italia Circular no. 263/2006 - 15th update of the July 2, 2013

Control Functions

The types of control in UniCredit - in compliance with current law and drawing inspiration from the international best practices - are structured on three levels:

- line controls (so-called **first-level controls**), in charge of the corporate functions responsible for business / operational activities, as well as by a dedicated structure (Internal Controls Italy), which supports the Country Chairman Italy as head of the first level operational controls system, including those under "special laws" regime, with regard to the related structures / activities;
- risk and compliance controls (so-called **second-level controls**), in charge of the Compliance and Risk Management functions, each one for matters of their respective competence;
- internal audit (so-called **third-level controls**), in charge of the Internal Audit function.

The Compliance, Risk Management²² and Internal Audit functions are separated and hierarchically independent from the corporate functions that carry out the activities subject to their controls.

The Compliance function

The Compliance function assists / supports the Bank and the Group's companies, the Management and the employees in their activities for the compliance risk management²³ also overseeing the proper conduct of business activities in order to ensure the compliance with local regulations, internal procedures and applicable best practices.

The Compliance function of the Bank and of the Group's companies must be independent, with human and technological resources qualitatively and quantitatively adequate to the task, who can freely relate with the Senior Management and the Corporate Bodies, who has access to each resource and corporate information and that is able, when necessary, to submit any problems directly to the higher hierarchical levels.

The Compliance function role and requirements are regulated in specific Global Rules issued by UniCredit, which are also adopted by the Group companies.

The UniCredit Compliance function in relation to the assigned responsibilities²⁴:

- defines guidelines, promotes a culture characterized by the compliance with local regulations, external and internal, and international best practices, defining global standards of conduct applicable to all the Group companies so as to ensure that similar issues are handled in a uniform manner within the various regulatory systems in which the Group operates (e.g., through the Global Compliance Rules) or through training and counseling;
- identifies the risk of non-compliance for the regulations falling within the scope of its competence, monitors and assesses the above risk, identifies and plans mitigation actions;
- together with other relevant functions, relates to the Authority (e.g., takes part in consultations, provides assistance in preparing comments on proposed legislation, is

²² Regarding the lending activities carried out by the Risk Management function, please note that an adequate organizational separation is granted between structures depending on whether they are devoted to the management or the control of the credit process.

²³ The *Non-compliance risk* can be defined as the risk of incurring legal or administrative sanctions, financial losses or reputational damage as a result of non-compliance with mandatory rules regarding financial and banking regulations, as well as regulatory provisions, codes of conduct and good practice standards.

²⁴ The Compliance function is responsible for the regulations concerning banking matters (e.g., Anti-money laundering, Transparency, Privacy), financial (e.g., Market Abuse, investment services and accessories), the Banca d'Italia and CONSOB regulations that impact more on the external client and that have a high reputational risk. The Global Compliance Department responsibility does not extend to regulatory tax, employment (including the Legislative Decree no. 81/2008), the financial statements (including the Law no. 262/05), Basel II, Basel III and the Business Continuity, since they fall under other functions responsibility; the scope of responsibility, however, is being updated as a result of recent regulatory changes.

the link between the Authority and the structures of the bank as a result of specific requests and inspections);

- provides the UniCredit Senior Management a general overview on the trend of current consistent compliance risks in the Group (through the consolidation of the data contained in the reports on the risk of non-compliance received from Subsidiaries).

The Group Compliance function consists in an organization that is:

- global (UniCredit Global Compliance department), and
- local (within the Group Companies, with the task of supervising the risk of non-compliance locally).

It is, in any case, possible to have the presence of the Compliance function at country level (instead of at single company level). Level and extent of the Compliance supervision in each Group company are, indeed, determined by factors such as the type and complexity of its business or the services offered as well as the size of the company itself.

The UniCredit Group Compliance Officer is Ms. Nadine Faruque who has been appointed by the UniCredit Board of Directors, after the opinion of the Board of Statutory Auditors, and is endowed with the necessary autonomy, independence from the operating structures, as required by current regulations.

The Risk Management function

In particular, the mission of the Risk Management function, i.e. the Group Risk Management Department, is to:

- optimise the quality of the Group's assets, minimizing the cost of risk in accordance with the risk/profitability goals set for the business areas;
- ensure the strategic steering and definition of the Group's risk management policies;
- define, and supply Heads of the Divisions, Business Units and Legal Entities with, criteria for assessing, managing, measuring, monitoring and communicating risks. It also ensures that the procedures and systems designed to control risk at Group and at individual Entity level are consistent;
- help to build a risk culture across the Group by training and developing highly qualified staff, in conjunction with the competent Chief Operating Officer functions;
- help to find ways to rectify asset imbalances, where needed in conjunction with Planning, Finance and Administration;
- help the Divisions / Business Units achieve their goals, *inter alia*, including by assisting in the development of products and businesses (e.g., innovation of credit products, competitive opportunities linked to Basel accords).

The UniCredit Chief Risk Officer is Mr. Alessandro Decio.

The Internal Audit function

The UniCredit Internal Audit function – structured as a Department – steers, coordinates and monitors the Group's Internal Audit activities performed by the competent structures of the various Legal Entities. It also performs third level control activities as well as on-site inspections on the Parent Company and on the Group's Legal Entities which outsourced the internal audit activities to UniCredit ("in-service company"). In addition, the Department can conduct on-site visits on any Legal Entity, as Group Internal Audit function.

The Internal Audit Department acts in compliance with the Audit Charter – whose revision was approved by the Board of Directors on October 29, 2013 – which defines its mission, responsibility, organisational structure, independency, tasks and powers.

In particular, pursuant to the abovementioned Audit Charter, the Internal Audit is an independent function and is an integral part of the internal control system. It performs independent and objective assurance and consultancy activities in order to assess, bring added

value and contribute to, the improvement of the internal control system of UniCredit and of the Group.

It supports the Parent Company and the in-service Legal Entities in achieving their corporate objectives, providing a systematic and professional approach in order to assess and improve the adequacy of the activities carried out through the assessment and the improvement of the effectiveness of governance, risk management and control processes.

In the framework of assurance activities, the Internal Audit Department – through an objective analysis of the circumstances identified during its control activities – aims at providing an independent assessment on the adequacy of the internal control system of the Company, also through the assessment of the completeness and correctness of the design and functioning of key controls.

The Internal Audit can also provide consultancy services which aim at bringing added value and support the Company in achieving its objectives – though not compromising its independency – by offering consultancy support regarding the design, the functioning and the improvement of the internal control system.

The Internal Audit realizes its mission and performs its activities in compliance with the Internal Audit Group Standards, which include the Ethic Code, approved by the competent governing bodies of the Company. The Standards are based on the International Standards for the Professional Practice of Internal Auditing.

The Officer in charge of the Internal Audit function

The Board of Directors has exclusive competence – after the opinion expressed by the Internal Controls & Risks Committee, as well as after hearing the Board of Statutory Auditors – for the appointment and the revocation of the officer in charge of the Internal Audit Department.

The Head of the Internal Audit Department is Mr. Ranieri de Marchis, who reports, directly or through the Internal Controls & Risks Committee, to the Board of Directors.

The Head of the Internal Audit function is charged with no operational areas and reports hierarchically to the Board of Directors.

In addition, the Board of Directors has exclusive competence - after the opinion expressed by the Internal Controls & Risks Committee - for determining the variable part of the remuneration of the Head of the Internal Audit function, based on criteria and parameters not connected to the performance of the Bank.

With regard to the tasks assigned to the Head of the Internal Audit function, the Group Audit Charter also clarifies that on an annual basis the Head of the Internal Audit function provides an assessment of the adequacy and effectiveness of the risks management and control process of the Company in the areas included in its mission and in its competence area, with the aim of assessing, bringing added value and contributing to improve the Company's internal controls system.

In that regard, the Head of the Internal Audit function:

- develops a flexible annual audit plan through an adequate risk assessment, submitted to the Board of Directors for approval;
- implements the annual audit plan – as approved – including the engagements or special projects requested by Management and/or by the Internal Controls & Risks Committee;
- performs special investigations on operational events;
- informs the corporate bodies, summarizing the results of the audits performed and the implementation status of the Management action plans.

In particular, in order to provide the corporate bodies and the Senior Management with an overall assessment of the internal controls system, the Head of the Internal Audit function arranges a quarterly report, called “Internal Audit Activities and Results (IAAR)”. IAAR includes not only an assessment of the internal controls system, but also summary information

on the activities performed, on the main risks arisen and on the implementation status of Management action plans. An update on the progress status of the annual plan is also provided on a regular basis.

Furthermore, the Head of the Internal Audit function forwards the Audit Reports rated “critical” directly to the Board of Statutory Auditors; in any case he can send to the Internal Controls & Risks Committee and to the Board of Statutory Auditors further Audit Reports which – regardless of their overall rating – include significant deficiencies.

With specific regard to the planning of activities, the Head of the Internal Audit function arranged:

- Group Audit Plans, based on the Risk Assessment results, in compliance with the Group Audit guidelines. Group Audit Plans also consider the requests made by Regulators and corporate bodies;
- the UniCredit Audit Plan as part of the Multi-year Audit Plan (5-year plan) based on the mandatory audits and risk assessment of the Audit Universe (“AU”) of UniCredit. The Multi-year Audit Plan – revised annually based on risk assessment – enables an efficient and effective coverage of the AU in line with the risks of the Bank. The abovementioned Plans include IT auditing activities.

The Internal Audit function is allowed unlimited access to all the corporate functions, records, ownership and staff of the Company by the Board of Directors.

The Head of the Internal Audit function has at its disposal an appropriate annual budget submitted for approval to the competent corporate bodies.

In 2013 the Head of the Internal Audit function, pursuant to the guidelines approved by the Board of Directors, performed controls both on the central structure of the Parent Company and on the Subsidiaries, in line with the methodology provided by the Group Audit Standards. The results were promptly reported to the competent bodies.

The Head of the Internal Audit function also played his steering, coordination and control role, ruling, coordinating and monitoring the audit activities carried out by the Group’s Legal Entities Audit functions and continued updating the existing standards and policies in order to better support the audit process in the carrying out, reporting and monitoring phases, as well as the revision of the Group Audit Charter.

Since March 1, 2013 UniCredit has no total or partial outsourcing agreement of the Internal Audit function.

The Manager charged with preparing the company financial reports and others company roles and positions

The Manager charged with preparing the company financial reports is Ms. Marina Natale, Chief Financial Officer of UniCredit.

In compliance with Clause 34 of the UniCredit Articles of Association, the Manager charged with preparing the company financial reports is appointed by the Board of Directors - subject to the mandatory favourable opinion of the Board of Statutory Auditors, and for a maximum term of three years; this person is chosen from among company executives possessing all of the following professional qualifications:

- a) degree (or equivalent) in economics, business administration or finance, earned in Italy or abroad;
- b) at least three years’ experience as head of an internal structure devoted to the preparation of the financial statements, or as the Chief Financial Officer of a listed Italian or overseas joint stock company (or equivalent) (including UniCredit and its subsidiaries);
- c) employment rank at the time of appointment as an executive or higher.

In performing her duties, the Manager charged with preparing the company financial reports may rely on the cooperation of all the UniCredit Group structures.

The Board of Directors ensures that the Manager charged with preparing the company financial reports is granted the powers and resources required to perform the duties attributed as per current legislation, and respects all the relevant administrative and accounting procedures.

8.2. FINANCIAL REPORTING PROCESS, ALSO ON A CONSOLIDATED BASIS

As for the main features of the system of risk management and internal control involved in relation to the financial reporting process, including consolidated, under the provisions of Sec. 154/*bis* of the TUF, the Manager charged with preparing the company financial reports of UniCredit has the responsibility to provide, and to give enforcement, adequate administrative and accounting procedures to produce financial statements, as well as all other financial communications towards the Market.

The Manager charged with preparing the company financial reports must also certify jointly to the CEO, with a special report on the Annual and Half Year Financial Statements and Consolidated Financial Statements:

- the adequate and effective implementation of administrative and accounting procedures;
- compliance with recognized international accounting standards applicable in the European Community under Regulation (EC) no. 1606/2002;
- correspondence with the issues of books and records;
- the suitability to provide a true and fair view of financial position, financial and economic, of both Holding and all the Subsidiaries included in the consolidation;
- inclusion in the annual report of a fair review of the development and the outcome of management, and the environment of both Holding and all the Subsidiaries included in consolidation, describing also the principal risks and uncertainties faced.

In order to fully comply with the provisions of law, the Board of Directors has approved a specific Policy on the “Internal Control System on Financial Reporting”, in which they were supplied to the general criteria and the operational arrangements for implementing, as well as defined the responsibilities and relationships between the Holding, the Sub-Holding and the Subsidiary’s assessment of the status of the Internal Control System on Financial Reporting.

The Policy seeks to ensure the accuracy and completeness of financial reporting through:

- reinforce and enhance related Corporate Governance:
 - wide-spreading executive responsibility,
 - ensuring a coherent “tone at the top” of Companies;
- reach a larger awareness at the operational level of the risks associated to Financial Reporting production;
- systematically put law relevant risks under control in order to keep them at an acceptable level.

The Internal Control System of Financial Reporting activity adopted includes the application of a common methodological framework, based on:

- relying on a homogeneous central defined model, consistent with the “*Internal Control – Integrated Framework (CoSO)*” and with the “*Control Objective for IT and Related Technologies (Cobit)*”, that represent the reference standard for the systems of internal control, for financial reporting in particular, internationally accepted;
- operational mechanisms which ensure constant updating of the model, assigning specific responsibilities to the owners;
- spread of the model through training programs.

The Policy also defines parameters for the detection of Subsidiaries that have to implement the Internal Control System on Financial Reporting.

The operational implementation of the Policy is based on the identification, both for the Holding and the Subsidiaries involved, of accounting and administrative, business, management and support processes that have significant impact on balance sheet items, according to predefined quantitative parameters.

Have therefore been identified criteria for the definition of materiality thresholds for the detection of balance sheet items to be considered significant, both for the Holding and the Subsidiaries, and related macroprocesses below, to which is then evaluated the relative riskness to prevent errors.

For the processes identified in this manner, existing controls and the owners in charge for them are detected; the owners have to be first evaluated the effectiveness of the controls, pointing out any possible action to be implemented to reduce the associated level of risk, and checks have to be confirmed periodically.

For Sub-Holding and the Subsidiaries, it is also defined a flow of claims relating to the Internal Control System on Financial Reporting activated, in analogy to the approach taken by the Holding. As foreseen in fact:

- the responsibility of corporate bodies of the Sub-Holding and the Subsidiary for the certification on adequacy and effective application of both the administrative and accounting procedures and controls, in respect of Information System; in particular it is the responsibility of the Sub-Holding Bodies to certify towards the Holding for all the Subsidiaries included in their scope of consolidation;
- the definition of the roles of Sub-Holding and Subsidiary Manager charged with preparing a company's financial reports and CEO, assigning them the responsibility of systematically reporting to their Governing Bodies the status of the Internal Control System on Financial Reporting;
- the involvement of the Executive Management Committee (or equivalent body) of the Sub-Holding and of the Subsidiary in order to ensure the adequate support to the Manager charged with preparing the company financial reports and the CEO in applying the model and implementing the remediation plan;
- validation of documentation and confirmation of the implementation of the first level control managerial responsibility of each Subsidiary and technology organization. For this purpose it is required that each procedure and each control have to be documented, assessed, tested and validated, taking into consideration that there must be a unique owner in charge for those activities.

The Policy provides, finally, the involvement of the Holding governing bodies. In particular:

- the Board of Directors: in occasion of Annual and Half Year Financial Statement and Annual and Half Year Consolidated Report and Accounts presentation, the CEO and the Manager charged with preparing the company financial reports provide a report regarding both the Internal Control System on Financial Reporting and the format to be signed for comply with the law requirements;
- the Internal Controls and Risks Committee: in occasion of Annual and Half Year Financial Statements presentation, the Manager charged with preparing a company's financial reports provides a report on the results of the Internal Control System on Financial Reporting that synthesizes the status provided by Subsidiaries and Sub-Holding involved in the scoping. In addition, in occasion of the 1st and the 3rd quarter Financial Statements presentation, the Manager charged with preparing the company financial reports provides an update on the status of remediation actions identified;
- the Executive Management Committee (EMC): it is meeting (at least) quarterly to share the status of activities.

The Holding too has to validate the documentation and confirm the implementation of the first level control managerial responsibility of the operations. For this purpose it is required that each procedure and each control have to be documented, assessed, tested and validated, taking into consideration that there must be a unique owner in charge for those activities.

The implemented system of internal controls provides for a reasonable assurance about the reliability of the accounting and financial information. However we highlight that any internal control system, although aligned with the international best practices (such as the COSO Framework mentioned above) cannot totally avoid the risk of frauds, errors, malfunction or omissions, that may finally affect the produced financial information.

8.3 GROUP INTERNAL CONTROL SYSTEM INITIATIVES

In order to further strengthen the Top Management's supervision over the Group internal controls system, specific initiatives on control topics have been launched and are currently ongoing, under the supervision of a dedicated Group governance function called Group Internal Control System Initiatives.

Some of the structural interventions are illustrated below:

- the Internal Control Committees, representing an interaction point on control topics between Business Divisions and Control Functions, have been progressively extended to the majority of the Group Countries. Final aim is to guarantee a prompt and effective steering of the criticalities or of the interventions on potential areas of weakness, also through the checking of managerial action plans and/or remediation initiatives set out by the relevant functions.
- A structured process of managerial internal controls system assessment has been defined and activated at Group level.
- Further managerial solutions aimed to strengthen the risk and compliance culture at Group level have been set-up, in particular within the Human Resources- and Compliance- related processes and initiatives.

8.4. COORDINATION PROCEDURES AMONG THE PARTIES INVOLVED IN THE INTERNAL CONTROLS AND RISKS MANAGEMENT SYSTEM

The interactions among functions and corporate bodies involved in the internal controls and risks management system have been designed to avoid as much as possible overlapping or gaps, as well as the alteration of the primary responsibility of the corporate bodies on the internal controls and risks management system.

In particular, UniCredit has significantly strengthened the cooperation and coordination among control functions, through both the formalization of the mutual information flow exchange in internal regulations and the set-up of managerial committees dedicated to control-related topics.

In addition, the interactions between 2nd and 3rd level control functions are part of the overall coordination framework mostly formalized in specific internal regulations and are performed through the functions':

- participation in the definition and/or update of the internal regulation on risk and control matters;
- mutual exchange of information flows (documents or data) and the control functions' access to any internal resource or corporate information in line with their specific control needs;
- participation to Board and Management Committees (systematically or on demand);
- participation on an ad-hoc basis to Working Groups set up on risk and control topics.

The improvement of the interactions among control functions and their constant update to the governing bodies about the activities carried out have the ultimate goal of building over time a

corporate governance able to guarantee the safe and sound corporate management also through a more efficient supervision of the risks at all company levels.

8.5. GROUP GOVERNANCE MECHANISMS

An effective internal controls system is also based on appropriate governance mechanisms through which UniCredit, as Holding Company, carries out the management and the coordination of the Group Companies, in accordance with law and the regulations in force²⁵.

In particular, UniCredit acts through:

- the indication of "trusted persons" in the corporate bodies (the Board of Directors members of companies with traditional system or the Supervisory Boards members) and in the key management positions of the Group Companies;
- a management / functional system (the "Group Managerial Golden Rules", so-called "GMGR") that defines the mechanisms for the coordination of the Group management, assigning to the heads of the UniCredit functions specific responsibilities for the corresponding functions of the Group Companies as described below;
- the definition, the enactment and the monitoring of the Group rules adoption (the "Global Rules") by the Companies;
- the spreading of best practices, methodologies, procedures and the development of IT systems in order to standardize the operating procedures within the Group and reach the most effective risk management plus a wider operational efficiency.

In particular, the Group managerial and functional system operates crosswise with respect to the existing corporate structures: such as, by way of example, the Competence Lines²⁶ that create a strong functional link between the structures of the Holding Company and the corresponding structures of the Companies, in accordance with the responsibilities assigned by local law and regulations to the members of the corporate bodies and to the employees, as well as any hierarchical relationship within each company.

On the basis of the abovementioned managerial and functional system, the heads of the Competence Lines (as well as the heads of the business / service functions for the respective areas of expertise) have specific powers in relation to budget issues, definition of policies as well as guidelines / competence models definition, ensuring the monitoring of the Global Rules adoption by the Group Companies.

More specifically, the Global Rules are issued by UniCredit - in accordance with the guidelines established by the GMGR – in order to regulate, *inter alia*, relevant activities for the compliance with law and / or for the risk management, in respect of the Group stability and in order to ensure a unique approach to the corporate plan and the overall efficiency.

8.6. ORGANIZATION MODEL AS PER LEGISLATIVE DECREE NO. 231/2001

Since May 2004 the UniCredit Board of Directors has approved an "Organization Model", for the last time updated on January 21, 2014.

Currently the Model consists of:

- a document – the "UniCredit S.p.A. Organization and Management Model" – divided into seven chapters describing its purpose and perimeter, the regulatory framework, its features, the Supervisory Body working principles, the disciplinary and sanctioning system, dissemination and training, the keeping up to date of the Model;

²⁵ Specifically, Section 61 of the CBA and the "Supervisory Instructions for Banks" issued by Banca d'Italia.

²⁶ The Competence Lines are represented by structures / functions, operating crosswise between the Holding Company and the Group, are aimed at directing, coordinating and controlling the activities and the risks of the Group overall and of individual companies (Planning, Finance & Administration, Risk Management, Legal & Compliance, Internal Audit and Human Resources, Group Identity & Communications, Organization).

- an attachment to the Model containing the “reference law and regulatory framework”, inclusive of a brief description of the cases that involve banking activity in general;
- a second attachment containing the “Rules of conduct pursuant to the Legislative Decree no. 231/01”;
- the “decision-making protocols” containing the rules to be complied with in performing activities “at risk”, for each of the Organization Structures of the company where the risk of committing crimes was detected;
- the “Spending regulations” identifying the procedures for managing financial resources in such a way as to prevent criminal activities.

While employees who perform activities “at risk” are required to respect a specific set of rules as per the decision-making protocols, the “UniCredit S.p.A. Organisation and Management Model” addresses all members of UniCredit bodies, employees and, as far as concerns the activities performed fulfilling a contract/agreement with UniCredit, the external parties.

All employees are therefore required to abide by the principles contained in the organisation model and in particular to report to the 231 Supervisory Body²⁷ any information concerning a breach of the rules of the Model or relating to criminal activities.

8.7. AUDITING FIRM

The Shareholders’ Meeting on May 11, 2012 decided to assign to the audit firm Deloitte & Touche S.p.A., for the financial years 2013-2021, the statutory accounting supervision of the UniCredit financial statements and consolidated financial statements, the limited review of the condensed six monthly (interim) stand alone and consolidated financial statements as well as the assignment to check that the Company accounting is kept properly and that the accounting entries accurately reflect operations.

The report of the external auditing firm also contains the opinion expressed by the same pursuant to Section 123/*bis* of the TUF.

9. TREATMENT OF CORPORATE INFORMATION

The Board of Directors’ Rules and Regulations assign responsibility to the management body for defining procedures for the internal management and the public disclosure of documents and information concerning the Company, also including inside information.

In particular, since 2002, the Board of Directors has adopted the following procedure for the evaluation, management and disclosure of inside information to the market.

To date the procedure provides as follows:

- a) attribution of responsibility for assessing the inside nature of information to the Planning, Finance and Administration Department, also in view of a possible disclosure to the public, with the support, where required, of the Group Investor Relation Department and of the Legal & Compliance Department, according to their respective perimeters.

The procedure establishes in particular that anyone who believes to be in possession of inside information on the UniCredit Group is obliged to promptly report the fact to the Head of the Planning, Finance and Administration in order to allow him/her to carry out the assessment of the inside nature of information transmitted and to take all steps

²⁷ **231 Supervisory Body:** a collective body made up by seven members, of whom two non-executive and independent Directors, amongst whom the Chairman is chosen, and five executives in “apical” positions with guidance, support and control functions, with the task of overseeing the functioning of and compliance with the model, and of keeping it up to date)

necessary for the proper management of said information, including its possible timely disclosure to the market;

- b) the need, until the inside information is disclosed to the public, that appropriate and effective organizational measures exist to ensure its confidentiality.

To that end, the Chief Executive Officer, on the basis of the authority delegated to him by the Board of Directors in accordance with legal provisions in force, went ahead and determined the criteria for the identification of inside information and who can have access, on a regular or occasional basis, to inside information, by setting up the "Register of persons with access to inside information" in accordance with law requirements. At the same time, a process has been designed to feed, upgrade and maintain the Register.

- c) approval by the Board of Directors of the press release or, when such disclosures concern delegated transactions, by the Chairman, by the Chief Executive Officer, by the General Manager or one of the Deputy General Managers within their respective perimeters; said bodies shall ensure that the press release is complete and contains any suitable element for the complete and correct assessment of the events and circumstances reported, such that it allows a proper assessment of the actual influence of the information on the price of the financial instruments, as well as any references to and comparisons with the content of previous press releases;
- d) disclosure of the press release to the market by the Media Relations and Executive Communications Department, through the "S.D.I.R.-N.I.S." system, to Borsa Italiana and CONSOB. Press agencies will have access to the system directly.

The procedure provides that if the press release relates to events of major importance, the Head of Media Relations and Executive Communications, with the support of Legal & Compliance, announces to CONSOB and Borsa Italiana its submission in advance.

Press releases are published on the Company' website within the opening time of the market on the day after their disclosure.

Press releases are available on the UniCredit website for at least five years after their disclosure.

Since UniCredit is a company listed also on the Frankfurt and Warsaw Stock Exchanges, in order to ensure harmonized information, public disclosure of inside information is made – according to the procedure – in a synchronized manner to all categories of investors and in all Member States where UniCredit shares have been admitted to trading;

- e) a system of reporting to UniCredit, by their non-listed controlled companies, of information related to said companies that might have an impact on the price of financial instruments issued by UniCredit. Again, rules are provided for the evaluation and management of possible inside information.

The Directors are required to keep all documents and information acquired in the course of their duties as confidential.

Since 2006, from this perspective, a procedure was introduced that is based on an IT platform, for monitoring and ensuring the correct internal management of documentation that is distributed to Board members and Statutory Auditors prior to Board meetings.

The procedure ensures not only greater speed in sharing the contents of proposals submitted to the Board's approval, but also faster delivery to Directors, the traceability of individuals participating in the drafting of proposals submitted to the Board's approval, and confidential document delivery via a system of personal, protected passwords awarded to each Director.

10. APPOINTMENT OF THE STATUTORY AUDITORS

Pursuant to current provisions, the permanent and stand-in members of the UniCredit Board of Statutory Auditors are appointed on the basis of slates submitted by legitimate parties in abidance by the composition criteria regarding the appointment of the Chairman of the Board by the minority shareholders and according to the rules on the balance of genders envisaged by Law no. 120/2011 (in that regard, please refer to Clause 30 of the Articles of the Association available on the UniCredit website)²⁸. At least two candidates for the seat as permanent Auditor and at least one candidate for the seat as stand-in Auditor must be listed in the Rolls of Auditors and must have undertaken the legal auditing of accounts for a period of no less than three years.

Furthermore, UniCredit has established that the slates of candidates to the position as Statutory Auditor, containing the names of the candidates listed with a progressive number, should be filed at the Registered Office or the Head Office pursuant to the provisions of Section 147/ter of the TUF, no later than the twenty-fifth day prior to the date of the Shareholders' Meeting called to resolve upon the appointment of the members of the Board of Statutory Auditors. The slates must be made available to the public at the Registered Office, on the Company's website and through other channels provided for under prevailing laws, at least twenty-one days prior to the date of the Shareholders' Meeting. Instead, as far as concerns the percentage of share capital needed to submit the slate, Clause 30 of the Articles of Association specifies that the amount is 0.5% of the ordinary share capital bearing voting rights at the Ordinary Shareholders' Meeting.

Pursuant to the current provisions, at least one permanent Statutory Auditor must be appointed by the minority shareholders not connected, not even indirectly, with the shareholders filing or voting for the majority slate. The UniCredit Articles of Association provide that 2 permanent Statutory Auditors and 2 stand-in Statutory Auditors must be appointed by the minorities.

11. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

Pursuant to Clause 30 of the UniCredit Articles of Association the Ordinary Shareholders' Meeting appoints five permanent Statutory Auditors, among whom the Chairman, and 4 stand-in Statutory Auditors.

The Board of Statutory Auditors' members in office as at the approval date of this Report were appointed by the Ordinary Shareholders' Meeting of May 11, 2013 for the financial years 2013 - 2015 and will expire on the date of the Shareholders' Meeting called to approve the 2015 financial statements.

Their appointment took place according to Clause 30 of the Articles of Association and pursuant to the current law and regulatory provisions.

In that regard, two slates were submitted, filed and published according to the deadline and in the terms provided for by the current provisions and the Articles of Association, i.e.:

- Slate no. 1 submitted by Shareholder Fondazione Cassa di Risparmio di Verona, Vicenza, Belluno e Ancona, holder of no. 204,508,472 ordinary shares, equal to 3.533% of the ordinary share capital:

permanent Auditors (1) Mr. Giovanni Battista Alberti, (2) Mr. Cesare Bisoni, (3) Mr. Enrico Laghi, (4) Ms. Maria Rosaria De Simone and (5) Mr. Alessandro Trotter

²⁸ The address of the UniCredit website where the Articles of Association are available is as follows: <http://www.unicreditgroup.eu/en/governance/system-policies/articles-of-association.html>

stand-in Auditors (1) Ms. Federica Bonato, (2) Mr. Paolo Domenico Sfameni, (3) Mr. Guido Paolucci and (4) Mr. Franco Luciano Tutino

- Slate no. 2 jointly submitted by Shareholders: Allianz Global Investors Italia SGR S.p.A.; Anima SGR S.p.A.; APG Algemene Pensioen Groep NV; Arca SGR S.p.A.; BancoPosta Fondi S.p.A. SGR; BNP Paribas Investment Partners SGR S.p.A.; Ersel Asset Management SGR S.p.A.; Eurizon Capital SGR S.p.A.; Eurizon Capital SA; FIL Investments International; Fideuram Gestions SA; Fideuram Investimenti SGR S.p.A.; Interfund Sicav; Kairos Partners SGR S.p.A.; Mediolanum Gestioni Fondi SGRp.A.; Mediolanum International Funds Limited; Pioneer Asset Management SA; Pioneer Investment Management SGRp.A, with an overall shareholding held equal to no. 64,828,623 ordinary shares, equal to 1.12% of the ordinary share capital:

permanent Auditors (1) Mr. Maurizio Lauri and (2) Ms. Maria Enrica Spinardi

stand-in Auditors (1) Mr. Marco Lacchini and (2) Ms. Beatrice Lombardini.

Together with each slate the Shareholders also submitted and filed, according to the deadline and in the terms envisaged by current provisions and by Clause 30 of the Articles of Association, as well as taking into account the CONSOB Resolution no. DEM/9017893 dated February 26, 2009, the following documentation:

1. a statement of each candidate irrevocably accepting his/her candidacy and his/her possible appointment as permanent Statutory Auditor or stand-in Statutory Auditor and also attesting that there was no reason for his/her ineligibility, forfeiture and incompatibility, as well as their meeting the professional experience, integrity and independence requirements envisaged by current laws and regulatory provisions, with:
 - *curriculum vitae* of each candidate containing a complete information on his/her personal and professional characteristics;
 - the list of the supervisory and controlling offices held in other companies by each candidate.

Furthermore, the Shareholders submitting Slate no. 2 contextually declared the inexistence of any connection, also indirect, as well as significant relationship with any other shareholders who, also jointly, held a control or relative majority shareholding in UniCredit.

Information on the personal and professional characteristics of each candidate, shown in their curricula, as well as the list of supervisory and controlling offices held in other companies have been made available on the UniCredit website (<http://www.unicreditgroup.eu/en/governance/shareholders-meeting.html>).

The Shareholders' Meeting held on May 11, 2013 appointed the new Board of Statutory Auditors, comprised of five permanent Statutory Auditors, and four stand-in Statutory Auditors, as follows:

- from Slate no. 1, that obtained the relative majority of the Shareholders' votes, equal to 56.043% of the share capital represented at the Shareholders' Meeting, corresponding to 29.584% of the ordinary share capital, as permanent Statutory Auditors Mr. Giovanni Battista Alberti, Mr. Cesare Bisoni and Mr. Enrico Laghi and as stand-in Statutory Auditors Ms. Federica Bonato and Mr. Paolo Domenico Sfameni were appointed;
- from Slate no. 2, that obtained the 42.542% of the share capital represented at the Shareholders' Meeting, corresponding to 22.457% of the ordinary share capital, as permanent Statutory Auditors Mr. Maurizio Lauri (Chairman) and Ms. Maria Enrica Spinardi and stand-in Statutory Auditors Mr. Marco Lacchini and Ms. Beatrice Lombardini were appointed.

Mr. Marco Lacchini resigned from his office as stand-in Statutory Auditor as of June 7, 2013.

As at March 11, 2014 the Board of Statutory Auditors has the following composition.

Position	Members	In office		Slate (M/m) *	Independent as per Code	%	Number of others positions ***
		since	until				
Chairman	Lauri Maurizio	11-5-2013	Approval of 2015 financial statements	m	X	100%	
Statutory Auditor	Alberti Giovanni Battista	11-5-2013	Approval of 2015 financial statements	M	X	100%	
Statutory Auditor	Bisoni Cesare	11-5-2013	Approval of 2015 financial statements	M	X	100%	
Statutory Auditor	Laghi Enrico	11-5-2013	Approval of 2015 financial statements	M	X	97.92%	4
Statutory Auditor	Spinardi Maria Enrica	11-5-2013	Approval of 2015 financial statements	m	X	100%	
Statutory Auditor	Bonato Federica	11-5-2013	Approval of 2015 financial statements	M	--		
Stand-in Statutory Auditor	Sfameni Paolo Domenico	11-5-2013	Approval of 2015 financial statements	M	--		1
Stand-in Statutory Auditor	Lombardini Beatrice	11-5-2013	Approval of 2015 financial statements	m	--		
----- Auditors that left off during the Period -----							
Statutory Auditor	Nicastro Vincenzo	22-4-2010	11-5-2013	M	X	100%	
Statutory Auditor	Rutigliano Michele	22-4-2010	11-5-2013	M	X	94.74%	1
Statutory Auditor	Ventoruzzo Marco	22-4-2010	11-5-2013	m	X	100%	
Stand-in Statutory Auditor	Livatino Massimo	22-4-2010	11-5-2013	m	--		
Stand-in Statutory Auditor	Lacchini Marco	11-5-2013	7-6-2013 ⁽¹⁾	m	--		
Quorum required for the presentation of the slates on the latest appointment: 0.5%							
NOTE							
* M = Member elected from the slate obtaining the relative majority of the Shareholders' votes m = Member elected from the slate voted by a minority							
** Meetings' attendance percentage (number of attendances / number of meetings during the concerned party's term of office with regard to the Period)							
*** Number of positions as Director or Auditor held by the interested party pursuant to Section 148/bis of the TUF. A complete list of such positions is published by the CONSOB on its website pursuant to Section 144/quinquiesdecies of the CONSOB Issuers Rules.							
(1) Resigning as from June 7, 2013							

The Board of Statutory Auditors members meet the requirements set forth by current laws and regulatory provisions. As regards the personal and professional characteristics of each Statutory Auditor, reference is made to the information published on the UniCredit website²⁹.

During the Period the Board of Statutory Auditors met 48 times.

The Board of Statutory Auditors meetings lasted for an average of 5 hours.

As regards the current year, 42 meetings of the Board of Statutory Auditors have been scheduled. As at March 11, 2014, 10 meetings have been held.

* * *

Following its appointment, the Board of Statutory Auditors verified the existence of the independence requirements of each of its members provided for by Section 3 of the Corporate Governance Code and the related Enforcement Criteria and also evaluated the existence of the requirements set out by the TUF. Since the assessment pursuant to the provisions of said Code must be carried out vis-à-vis both the Directors and the Statutory Auditors, the Board of Statutory Auditors, for the last time on February 5, 2014, keeping in mind the above

²⁹ The address of the UniCredit website where the information concerning the Auditors is available is as follows: <http://www.unicreditgroup.eu/en/governance/board-of-Statutory-auditors.html>

provisions of the Code, confirmed the existence of the independence requirements of its members

No further criteria were applied to the evaluation of the existence of the independence requirements in addition to those established by Section 148, paragraph 3, of the TUF and by the Code.

* * *

The Board of Statutory Auditors attends regular meetings with the Chairman of the Board of Directors and with the Chief Executive Officer for a mutual exchange of information.

In performing its duties, the Board of Statutory Auditors coordinated with the Internal Audit function and the Internal Controls & Risks Committee, through an on-going dialogue and the exchange of information, as well as the attendance of its Chairman to the meetings of the aforesaid Committee.

* * *

The special authorization procedure set out in Section 136 of the TUB applies to obligations of any kind or to purchase or sale agreements executed, directly or indirectly, by the Board of Statutory Auditors members with the bank for which they perform their duties.

12. RELATIONS WITH SHAREHOLDERS

In order to foster the dialogue with the institutional and private investors, the analysts and the rating agencies, as well as maintaining a constant flow of information towards the market, UniCredit has devoted special, readily recognizable and easy to access sections of its website (Governance and Investors), in order to provide information on its governance structure and on the internal organization of the Company, in order to ensure shareholders an informed exercise of their rights, as well as economic-financial information, data and up-to-date documents of interest to the generality of shareholders.

All documents and information are supplied in both Italian and English.

The business Unit **Group Investor Relations**, allocated in the Planning, Finance and Administration Department, is in charge of managing institutional investor relations. The Head of Group Investors Relations is Mr. Andrea Maffezzoni.

Shareholders can also communicate with the Company through its website, albeit not in real time.

For matters related to corporate governance topics, Group Investor Relations involves the Corporate Law Department. To that regard, please note that Corporate Law, during the course of 2013, started up a schedule of contacts with the institutional investors, in order to establish a lasting and constructive dialogue on corporate governance topics.

* * *

Specific business structures were set up some time ago to manage shareholder relations in general, and investor relations in particular, in accordance with regulatory requirements and internal rules concerning corporate communications.

More specifically, the unit that manages non-institutional shareholder relations can be contacted as follows:

Toll free number 800 307 307
(only for calls within Italy)

E – mail azionisti@unicredit.eu

Fax +39 02 4953.6941

Annex 1

POSITIONS HELD BY THE DIRECTORS OF UNICREDIT IN OTHER COMPANIES LISTED ON REGULATED MARKETS (BOTH IN ITALY AND ABROAD), AS WELL AS FINANCIAL SERVICES COMPANIES, BANKS, INSURANCE COMPANIES OR OTHER LARGE COMPANIES

	POSITIONS HELD	COMPANY BELONGING TO THE UNICREDIT GROUP	
		YES	NO
Mr. GIUSEPPE VITA Chairman	Chairman of the Supervisory Board of Axel Springer SE		X
	Honorary Chairman of Deutsche Bank S.p.A.		X
Mr. CANDIDO FOIS Senior Vice Chairman	Chairman of UniCredit Credit Management Bank S.p.A.	X	
	Member of the Board of Directors of Telecom Italia Media S.p.A.		X
	Chairman of Faeda S.p.A.		X
Mr. VINCENZO CALANDRA BUONAURA Vice Chairman		--	--
Mr. LUCA CORDERO DI MONTEZEMOLO Vice Chairman	Chairman of Ferrari S.p.A.		X
	Chairman of Charme Management S.r.l.		X
	Member of the Board of Directors of FIAT S.p.A.		X
	Member of the Board of Directors of Nuovo Trasporto Viaggiatori S.p.A.		X
	Member of the Board of Directors of Editrice La Stampa		X
	Member of the Board of Directors of Kering		X
	Member of the Board of Directors of Tod's S.p.A.		X
	Member of the Board of Directors of Poltrona Frau S.p.A.		X
	Member of the Board of Directors of Montezemolo & Partners SGR		X
Mr. FABRIZIO PALENZONA Vice Chairman	Chairman of ADR S.p.A.		X
	Chairman of ASSAEROPORTI S.p.A.– Associazione Italiana Gestori Aeroporti		X
	Chairman of AISCAT Servizi S.r.l.		X
	Chairman of FAISERVICE SCARL		X
Mr. FEDERICO GHIZZONI Chief Executive Officer	Chairman of the Supervisory Board of UniCredit Bank AG	X	
Mr. MOHAMED ALI AL FAHIM Director	General and Supervisory Board Member of Energias de Portugal, S.A.		X
	Member of the Board of Directors of Aabar Investments PJS		X
	Member of the Board of Directors of Arabtec Holdings PJSC		X
	Member of the Board of Directors of First Energy Bank		X
	Member of the Board of Directors of Alizz Islamic Bank		X
	Member of the Board of Directors of Depa Limited		X
Mr. MANFRED BISCHOFF Director	Chairman of the Supervisory Board of Daimler AG		X
	Chairman of the Supervisory Board of Voith GmbH		X
	Member of the Board of Directors of EADS N.V.		X

Ms. HENRIKA BOCHNIARZ Director	Chairman of Boeing Central & Eastern Europe		X
	Member of the Supervisory Board of Telekomunikacja Polska SA		X
Mr. ALESSANDRO CALTAGIRONE Director	Member of the Board of Directors and of the Executive Committee of Vianini Lavori S.p.A.		X
	Chairman of Vianini Industria S.p.A.		X
	Member of the Board of Directors of Cementir Holding S.p.A.		X
	Member of the Board of Directors of Caltagirone S.p.A.		X
	Member of the Board of Directors of Caltagirone Editore S.p.A.		X
	Member of the Board of Directors of Cimentas A.S.		X
Mr. FRANCESCO GIACOMIN Director	Chairman of Industrial Park AD – Sofia		X
Ms. HELGA JUNG Director	Member of the Board of Directors of Allianz Seguros, Spain		X
	Non-Executive Member of the Board of Directors of Companhia de Seguros Allianz Portugal S.A.		X
	Member of the Management Board of Allianz SE - Responsibilities: Insurance Spain, Portugal, Latin America (incl. Mexico), Group Legal & Compliance, Group Mergers & Acquisitions, Strategic Participations		X
	Member of the Supervisory Board of Allianz Global Corporate & Speciality SE		X
Ms. MARIANNA LI CALZI Director	Member of the Board of Directors of Civita Sicilia S.r.l.		X
Mr. LUIGI MARAMOTTI Director	Chairman of Max Mara S.r.l.		X
	Vice Chairman of Max Mara Fashion Group S.r.l.		X
	Member of the Board of Directors of COFIMAR		X
	Vice Chairman of Max Mara Finance S.r.l.		X
	Vice Chairman of Marina Rinaldi S.r.l.		X
	Chairman of Maxima S.r.l.		X
Mr. GIOVANNI QUAGLIA Director	Chairman of Autostrada Torino-Savona S.p.A.		X
	Chairman of Co.Ge.Tech S.p.A.		X
	Chairman of Co.Ge.Mat S.p.A.		X
	Chairman of the Board of Statutory Auditors of Perseo S.p.A.		X
	Chairman of OGR-CRT S.c.p.a.		X
	Member of the Board of Directors of SIAS S.p.A.		X
Ms. LUCREZIA REICHLIN Director	Member of the Board of Directors of AGEAS SA/NV		X
	Member of the Board of Directors of Messaggerie Italiane S.p.A.		X
	Co-Founder and Director of Casting Economics Limited		X
Mr. LORENZO SASSOLI DE BIANCHI Director	Chairman of Valsoia S.p.A.		X

Mr. ALEXANDER WOLFGRING Director	Member of the Board of Directors of AVZ Gmbh		X
	Member of the Board of Directors of AVZ Holding Gmbh		X
	Member of the Supervisory Board of Österreichisches Verkehrsbüro AG		X
Mr. ANTHONY WYAND Director	Member of the Board of Directors of AVIVA France		X
	Member of the Board of Directors of Société Foncière Lyonnaise SA		X
	Vice Chairman of Société Générale		X

MANAGERIAL POWERS

Remaining the Board of Directors competent for the authorities assigned to it by laws and by the Articles of Association, the Board has granted the Chief Executive Officer powers, within pre-defined limits and also with the authority to sub-delegate, across all sectors of the Bank's business, specifically:

- credit activities and country limits setting for cross border credit transactions, according to the methods and weightings established by the Board of Directors;
- appointment of Group representatives in the governing bodies of companies and entities as well as the awarding of the related compensation, in particular (i) the appointment of the Group representatives in the management and controlling bodies of companies and entities classified as “Relevant Legal Entities”³⁰ and “Others”³¹, excluding the “Main Legal Entities”³²; (ii) the proposals concerning compensation for the representatives in the governing bodies of the Group companies within fixed limits;
- management of shareholdings, concerning in particular (i) transactions related to shareholdings already held or to be acquired, the authorization of said transactions within fixed thresholds; (ii) the exercise of voting rights by UniCredit in the Shareholders' Meetings of companies in which UniCredit holds a direct interest, the instructions for the exercise of voting rights in the Shareholders' Meetings (both ordinary and extraordinary) of its directly, controlled or non-controlled, shareholdings; (iii) the execution and/or the amendment of shareholders' agreements related to the directly and indirectly, controlled or not controlled, companies, the approval or the issue of the Holding Company's non-binding opinion on the execution and/or the amendment of shareholders' agreements related to the directly or indirectly already held shareholdings, within fixed thresholds;
- liquidity management activities for positions arising from UniCredit liquidity exposures and from the liquidity exposures of Group Companies managed by UniCredit itself, in Euro and in other currencies;
- management of trading and banking positions within the structural book and the strategic book, in Euro and in other currencies;
- activities connected to the marketing of products and services and to the identification of conditions;
- powers to authorise expenses and investments needed for the management of the Bank, with reference to the strategies authorised by the Board of Directors, up to 250 Million Euro for single expenditure posting, within the annual expense budget approved by the Board, and taking into account that the following may be authorized i) contributions and donations to social institutions and organizations of public interest up to 5 Million Euro for single expenditure posting, ii) legal consultancy services related to accidents and disputes (litigation) up to 20 Million Euro for single expenditure posting, (iii) all the other types of consultancy services up to 10 Million Euro for single expenditure posting, iv) the entering into real/non real-estate leasing agreements, as well as the exercise of the relating option rights, up to a maximum overall amount per individual contract of 5 Million Euro;
- powers for managing the staff on the basis of the results of preliminary investigations carried out by members of the Company staff;

³⁰ Relevant Legal Entities: (i) other direct or indirect controlled companies (in respect of those indicated in footnote no. 32), ii) direct or indirect joint-controlled companies (also including their controlled/joint controlled companies).

³¹ Minority shareholdings directly or indirectly held, and other entities, further to those indicated in the previous footnote no. 30

³² UniCredit Bank AG, UniCredit Bank Austria, Bank Pekao, Mediobanca, Associazione Bancaria Italiana, UniCredit Foundation and UniCredit & Universities.

- definition and amendments of the organizational structures and of the relevant organizational book, only the Board remaining competent for i) changing the roles and responsibilities of the structures belonging to the first reporting line to the Board itself and to the Chief Executive Officer; ii) setting up/changing/cancelling the Managerial Committees of which the Chief Executive Officer is an effective member;
- decision-taking on the subject of “restructuring” files, of exposures at “default”, not in “restructuring”, as well as on the subject of debt to equity transactions, of transactions related to direct or indirect equity participations deriving from debt to equity transactions, of exercise of voting rights by UniCredit in the Shareholders’ Meetings of companies in which it holds a direct interest deriving from debt to equity transactions and the stipulation and/or the amendment of shareholders’ agreements related to the directly or indirectly, controlled or not controlled, shareholdings deriving from debt to equity transactions;
- decision-taking on the subject of expected losses and releases of capital and/or capitalized interests, disbursements and settlement offers, with regard to cases originating from operational mishaps, claims and judicial or extrajudicial litigation, including those fiscal related, active and passive (including mediation / conciliation matters);
- selling/alienating and managing of (i) real-estate properties of the Bank and execution of contracts for bailment, agreements with institutions, museums, exhibitions, etc., up to the limit of 20 Million Euro for single item or transaction; (ii) other assets of the Bank (movables) - art works included - up to the limit of 1 Million Euro for single item or transaction; conceding for public use (*dicatio ad Patriam*) of properties or parts of properties, on a temporary or permanent basis;
- execution, amendment or termination of tenancy agreements having any duration and value when UniCredit is the lessor (so called “active” tenancies) and execution, amendment or termination of tenancy agreements having any duration up to the limit of 250 Million Euro for single expenditure posting, within the annual expense budget approved by the Board of Directors, when UniCredit is the lessee (so called “passive” tenancies);
- deciding the limits with regard to the activities related to the debt capital markets on the trading book, both in Euro and in other currencies, to be assigned for each counterpart (single issuer / economic group), for the nominal value, based on the creditworthiness of the counterpart and the characteristics of the transaction, according to the methods established by the Board of Directors;
- deciding the limits with regard to the total single issuer exposure on the trading book (single counterpart / economic group), both in Euro and in other currencies, regardless of the type of instruments on the trading book, based on the creditworthiness of the counterpart and on the characteristics of the transaction;
- activities referring to principal investments and funds transactions of any kind, for instance private equity (venture capital included), hedge funds, real estate funds and funds in securities, both pertaining to the Group companies and to third parties within fixed thresholds;
- decision-taking on the subject of equity capital markets transactions in which UniCredit takes an underwriting risk based on possible different legal typologies (e.g. underwriting agreements, sub-underwriting agreements, backstopped block trades, firm underwritings) with a hard underwriting risk up to and including 1,500 Million Euro (or, if applicable, its equivalent in other currencies).

* * *

The **delegated bodies** have supplied the Board of Directors, in the ways and within the deadlines established by the Board itself, with a report on the activities carried out in the exercise of the delegations as assigned to them, and in particular according to the powers delegated *i*) at the first possible Board meeting or quarterly, in single and only form, *ii*) on a half-yearly basis, in an aggregate form, *iii*) an annual report on actions taken, globally and per kind of operation.