



# **Ordinary and Extraordinary Shareholders' Meeting 11<sup>th</sup> May 2012**

- **Directors' Reports and proposals concerning the items on the agenda**

# AGENDA

## Ordinary Part

1. Approval of the UniCredit S.p.A. financial statement as at December 31 2011, accompanied by the Reports of the Directors and of the Auditing Company; Board of Statutory Auditors Report. Presentation of the consolidated financial statement;
2. Allocation of the UniCredit S.p.A. operating result of the year;
3. Approval of the UniCredit Real Estate S.c.p.A. financial statement as at December 31 2011;
4. Allotment of the UniCredit Real Estate S.c.p.A. active management surplus;
5. Approval of the Medioinvest S.r.l. financial statement as at December 31 2011;
6. Deferment to a new financial year of the Medioinvest S.r.l. loss;
7. Appointment of the Directors, after deciding their number, together with the determination on the length of their office;
8. Authorization for competing activities pursuant to sec. 2390 of the Italian Civil Code;
9. Determination, in accordance with clause 26 of the Articles of Association, of the remuneration due to the Directors for the activities they carry out within the Board of Directors, the Board Committees and other bodies in existence within the Company, for each year in office;
10. Insurance policy to counteract the civil liability of the UniCredit Directors and Statutory Auditors; inherent and consequent resolutions;
11. Assignment of the audit services mandate required by law for UniCredit S.p.A. financial statements for fiscal years 2013-2021;
12. 2012 Group Compensation Policy;
13. 2012 Group Incentive System;
14. 2012 UniCredit Group Employee Share Ownership Plan;

## Extraordinary part

1. Amendments to clauses 20, 29 and 30 of the Articles of Association;
2. Delegation to the Board of Directors, under the provisions of sec. 2443 of the Italian Civil Code, of the authority to resolve, on one or more occasions for a maximum period of five years starting from the date of the shareholders' resolution, to carry out a free capital increase, as allowed by sec. 2349 of the Italian Civil Code, for a maximum amount of € 202,603,978.15 corresponding to up to 59,700,000 UniCredit ordinary shares, to be granted to the personnel of the Holding Company and of Group banks and companies, who hold positions of particular importance for the purposes of achieving the Group's overall objectives; consequent amendments to the Articles of Association.

### Nota:

- The documentation relating to the financial statement as at December 31, 2011, of UniCredit S.p.A., UniCredit Real Estate S.c.p.A. and Medioinvest S.r.l., the consolidated financial statement and the Report on Corporate Governance and ownership structures of UniCredit concerning the 2011 financial year, drawn up as envisaged by article 123-bis of Legislative Decree no. 58/98, will be available by April 19th 2012.
- Point 12: document is seen also "Group Compensation Policy 2012"

## DIRECTORS' REPORT

- a) **Appointment of the Directors, after deciding their number, together with the determination on the length of their office**
- b) **Authorisation for competing activities pursuant to Section 2390 of the Italian Civil Code**
- c) **Determination, in accordance with clause 26 of the Articles of Association, of the remuneration due to the Directors for the activities they carry out within the Board of Directors, the Board Committees and other bodies in existence within the Company, for each year in office**

Dear Shareholders,

One of the reasons for calling this Ordinary Shareholders' Meeting of UniCredit S.p.A. (the "**Company**" or "**UniCredit**") was so that you can decide on which Directors to appoint, once the number of Board members has been set, and the duration of their term in office. Moreover, you are also being asked to authorise, pursuant to Section 2390 of the Italian Civil Code, the Directors to engage in competing activities and to define the remuneration due to the Directors, including for the work they do on the Board committees and other Company bodies.

The sections below provide details of the proposals that you are being asked to approve.

- a) **Appointment of the Directors, after deciding their number, together with the determination on the length of their office**

Since the current term in office for the Board of Directors ends with the approval of the 2011 financial statements, you are being asked to approve the appointment of the new Board of Directors.

Clause 20 of the Articles of Association establishes that UniCredit's Board of Directors shall be composed of between 9 (nine) and 24 (twenty four) members and the term in office shall be three operating years, except where a shorter term is decided upon at the time of appointment.

Furthermore, in accordance with the self-same Clause 20 of the Articles of Association and in compliance with current laws and regulations, the appointment of the Board of Directors is done on the basis of lists submitted by legitimate parties that represent, either individually or collectively, at least 0.5% of the share capital in the form of ordinary shares with voting rights at Ordinary Shareholders' Meetings. Each legitimate party may submit or contribute to the submission of only one list, and similarly, each candidate may only be included on one list, on penalty of ineligibility.

These lists must, under penalty of invalidation, be filed at UniCredit S.p.A.'s registered office or head office no later than the twenty-fifth day prior to the date of the Shareholders' Meeting, together with the other information and documents required pursuant to the laws in force and the Articles of Association.

The Board of Directors, with the support of the Corporate Governance, HR & Nomination Committee, has also defined both the qualitative and quantitative profile that the Directors of UniCredit should ideally meet, in addition to the current requirements established by law and regulation, to ensure the proper functioning of the Board. Moreover, the drafting of this profile is in line with what is set out in the Corporate

Governance Code issued by Borsa Italiana and the supervisory provisions issued by the Bank of Italy on the corporate governance and organisation of banks as well as the subsequent implementing provisions on corporate governance and organisation issued on 11 January 2012.

As you are no doubt aware, on March 20 2012 UniCredit made public and, more specifically, informed shareholders about the above, by means of the publication on the Company's internet site of the document "Qualitative and quantitative composition of the UniCredit S.p.A. Board of Directors", also enclosed to this Report. In such way the Shareholders have been allowed to chose the candidates to propose in time, taking into account the optimal composition of the Board, as determined by the same, and the required professional competences, giving the reasons for possible discrepancies vis-à-vis the analyses carried out by the Board .In the same vein, while the laws governing gender equality on the corporate bodies of listed companies (Law no. 120 of 12 July 2011, the so-called "gender-equality laws") and the provisions on the independence of directors in the Corporate Governance Code for Listed Companies (as updated in December 2011) shall only come into force after the appointment of the Board of Directors has been approved by today's Meeting, the Board believed that it was advisable to already take them into account when defining the qualitative and quantitative profile for the Board of your Company.

Finally, in compliance with the aforementioned regulations, UniCredit's Board of Directors has also defined the number of offices in supervisory, managerial and controlling bodies that UniCredit Directors can hold in companies not belonging to the UniCredit Group.

**b) Authorisation for competing activities pursuant to Section 2390 of the Italian Civil Code**

Since today's Shareholders' Meeting is appointing the Directors, it also needs to decide on whether the Directors of UniCredit S.p.A. can undertake competing activities pursuant to Section 2390 of the Italian Civil Code.

The law in question sets out that Directors may not become partners with unlimited liability in competitor companies, carry out competing activities on their own account or that of third parties or take up the office of director or general manager in competitor companies, unless they have been so authorised by the Shareholders' Meeting. Failure to comply with this law can result in the Director being removed from office and being liable for any damages. In accordance with the Corporate Governance Code for Listed Companies, the Board of Directors - in cases where the Shareholders' Meeting has granted general, prior approval for exceptions to the ban on competing activities established by the aforementioned legislation - must examine any problematic cases that might arise following appointment, informing the Shareholders' Meeting of any critical issues.

This does not change the application of Article 36 of Decree Law no. 201 of 6 December 2011, as amended and ratified by Law no. 214 of 22 December 2011, which bans those people who hold office in managerial, supervisory or controlling bodies and executives at companies or groups operating in the credit, insurance and financial markets from holding or performing similar roles in competing companies or groups. This does not change the right of such people to choose, within 90 days of appointment, which office to hold.

**c) Determination, in accordance with clause 26 of the Articles of Association, of the remuneration due to the Directors for the activities they carry out within the Board of Directors, the Board Committees and other bodies in existence within the Company, for each year in office**

Since this Ordinary Shareholders' Meeting is deciding on the appointment of the Board of Directors, it has also been called to determine the remuneration due to the Directors, including for the work they do on the Board committees and other Company bodies.

It should be recalled that the Ordinary Shareholders' Meeting on 29 April 2009 resolved, for the term of the office that has just finished, to grant that Board of Directors, following its appointment in equivalent circumstances, a total of € 3,200,000 for each year in office, including € 1,315,000 for members of Board Committees in addition to an attendance fee of € 400 for every Board or Committee meeting attended. At that time, the Meeting also set the remuneration for the Chairman of the Supervisory Body pursuant to Legislative Decree no. 231/01 at € 25,000, although this amount was later increased to € 40,000 with a resolution passed by the Ordinary Shareholders' Meeting on 22 April 2010.

At the Ordinary Shareholders' Meeting on 29 April 2011, it was decided, given the changes that had been made to the composition of the Board Committees and other Company bodies, to increase the total remuneration for Directors on the aforementioned Board Committees and other Company bodies to € 1,600,000. The amounts paid to the individual Directors were to be determined by a Board resolution and the attendance fee of € 400 was left untouched. Consequently, the total amount granted to the Board of Directors was € 3,485,000.

Moreover, we would also like to remind you that a proposal was also presented to today's Shareholders' Meeting to review the terms of the insurance policy covering the members of the Boards of Directors and Statutory Auditors of your Company for civil liability. The liability limit - for event and for year - is € 160 million and the annual premium concerning the UniCredit Corporate Officers is € 165,000. This proposal, if approved, needs to be taken into account when determining the remuneration for Directors.

**d) Resolutions submitted to the Ordinary Shareholders' Meeting**

Dear Shareholders,

If you agree with the contents and arguments presented in the Directors' Report above and having taken into account what is established by the Articles of Association regarding the composition and methods for appointing the Board of Directors as well as the indications presented in the document entitled "Qualitative and quantitative profile for UniCredit S.p.A. Board of Directors", then we ask you to approve the following resolutions:

1. set the number of members of the Board of Directors;
2. appoint the directors, setting their term in office;
3. authorise them to perform competing activities pursuant to Section 2390 of the Italian Civil Code;
4. set the remuneration due, for each year in office, to the Directors for the activities they undertake in relation to the Board of Directors, the Board Committees and other Company bodies.



**QUALITATIVE AND QUANTITATIVE  
PROFILE OF THE UNICREDIT S.P.A.  
BOARD OF DIRECTORS**

**Milan, 20<sup>th</sup> March, 2012**

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1. **Premises**
2. **Assessment by the Board of Directors concerning its own qualitative composition**
3. **Assessment by the Board of Directors concerning its own quantitative composition**

## 1. PREMISES

In compliance with the provisions issued by the Bank of Italy on January 11, 2012 concerning the “*Application of the Supervisory Regulations on the organisation and governance of banks*” dated March 2008, Board of Directors (or Supervisory and Management Board) are required to identify their own optimal qualitative and quantitative composition in order to achieve the goal of correctly fulfilling their functions as corporate bodies that undertake strategic oversight and managerial functions. This demands that their members:

- be fully aware of the powers and obligations inherent to the functions that each of them are called upon to perform (supervision or managerial; executive or non-executive; independent members, etc.);
- possess professional skills appropriate to the role they are required to fulfil, including on any internal board committees, tailored to the bank’s operational characteristics and size;
- possess, among them, a variety of appropriately diversified competencies in order to ensure that on the committees on which they sit and as part of collegial decision-making, each member may effectively contribute to and ensure the effective governance of risk across all areas of the bank;
- dedicate appropriate time and resources to the complex nature of their role.

The above mentioned provisions call for focus covering all members, including non-executive members, who are joint participants in decisions taken by the Board as a whole, and who are called upon to carry out an important dialectic and monitoring role of decisions undertaken by executive members. Such members must be appropriately authoritative and professional to fulfil these tasks, which are increasingly key to sound and prudent bank management. It is therefore vital for non-executive directors to possess and express adequate knowledge about the banking business, economic and financial system dynamics, financial regulation and, most important of all, risk management and control methodologies. Such knowledge is essential to the effective performance of the tasks required of them.

The purpose of these provisions is to ensure that subsequent to the appointments process in which multiple bodies and functions take part (a Nomination Committee, where applicable, the Board and the Shareholders’ Meeting) and over the long term, senior bodies are composed of members who are capable of ensuring that their assigned role is performed effectively. In order to accomplish this, the professional skills required to achieve this must be clearly defined ex ante and reviewed as required over time in order to take into account any critical issues that may arise. Candidate selection and the appointments process must also take these indications into account.



Therefore, corporate bodies that undertake strategic oversight and management functions must firstly identify the theoretical profile (including professional and, if necessary, independence characteristics) of candidates, bearing in mind that their authority and professionalism must be well suited to the tasks that directors are called upon to perform on such corporate bodies (and within their committees, if any) and taking into consideration the size and complexity of the companies and groups they belong to.

Shareholders must be apprised in good time of the results of the analysis carried out by the above mentioned corporate bodies, so that they can take them into due account when choosing candidates.

## **2. ASSESSMENT BY THE BOARD OF DIRECTORS CONCERNING ITS OWN QUALITATIVE COMPOSITION**

Pursuant to the requirements of the Supervisory Authorities, the UniCredit Board of Directors (hereinafter also the “Board”) has drafted this document, which includes the recommendation urging shareholders who present lists of candidates to devote adequate attention to the professional skills and competencies deemed necessary to ensure the optimal composition of the Board. For this reason, the names of candidates proposed by shareholders should be accompanied by a CV so as to identify which theoretical requirements each one might fulfil. Shareholders obviously retain the right to make their own assessments of what constitutes an optimal Board composition and to present candidate lists accordingly, justifying any differences with regard to the analysis undertaken by the Board.

The last time the Board was renewed, the Board of Directors established the requirements that directors shall possess, in addition to the requirements as set forth by the current laws and regulations, in order to ensure the good functioning of the Board of Directors as well as the threshold of the number of offices in supervisory, managerial and controlling bodies that directors can hold, inviting the shareholders that intended to present lists to take into consideration such indications. The relevant resolution, the contents of which constitute Annex A and Annex B of the Board Charter, was adopted “*with due consideration to the size of the UniCredit Group, the complexity and specific nature of the sector in which it operates, and the international scope of its business activities*”

The Board believes it is necessary to confirm the indications already contained in the aforesaid Annexes A and B to the Board Charter also in order to comply with the Code of Corporate Governance, adding a few suggestions based on the analyses conducted into the qualifications of bank governing bodies laid down by the Basel Committee on Banking Supervision (“*Principles for enhancing corporate governance*”, October 2010), the EBA (“*Guidelines on Internal Governance*”, September 27, 2011) and the European Commission (“*Green Paper on the EU corporate governance framework*”, April 5, 2011).

### **a) Professional experience requirements**

The Board believes that candidates to the Board of UniCredit should possess adequate knowledge of and experience in preferably two or more of the following areas of competency:

- **FAMILIARITY WITH THE BANKING BUSINESS AND WITH TECHNIQUES FOR ASSESSING AND MANAGING THE RISKS ASSOCIATED WITH THE BANKING BUSINESS:** gained through several years of experience as a director, manager or statutory auditor in the financial services sector;
- **EXPERIENCE IN MANAGING AND ORGANISING A LARGE CORPORATION:** gained through several years of experience as a director, manager or auditor in large scale corporations or groups;
- **THE ABILITY TO READ AND INTERPRET THE FINANCIAL STATEMENTS OF A FINANCIAL INSTITUTION:** gained through several years of experience as a director, manager or auditor of companies in the financial services sector or in performing professional activities or as university lecturer;
- **CORPORATE SKILLS (AUDIT, COMPLIANCE, LEGAL, ETC.):** gained through several years of experience in auditing or management control with large scale companies or in performing professional activities or as a university lecturer;
- **AN UNDERSTANDING OF THE REGULATION OF FINANCIAL ACTIVITIES:** gained through several years of specific experience in financial services companies or supervisory bodies, or in performing professional activities, or as a university lecturer;
- **INTERNATIONAL EXPOSURE AND FAMILIARITY WITH INTERNATIONAL MARKETS:** gained by performing the duties of an entrepreneur or professional over several years in international institutions or agencies, corporations or groups that operate in an international arena;
- **AN UNDERSTANDING OF GLOBAL TRENDS IN THE ECONOMIC-FINANCIAL SYSTEM:** gained through significant experience acquired in research bodies, corporate or international think tanks or supervisory authorities;
- **FAMILIARITY WITH THE SOCIO-POLITICAL SITUATIONS AND STOCK MARKETS OF THE COUNTRIES IN WHICH UNICREDIT GROUP HAS A STRATEGIC PRESENCE:** gained through activities spanning several years in public or private companies or institutions or through research or studies conducted at research centres.

The Board recommends that all of the aforementioned skill sets be sought among the members of the Board of Directors, since the presence of a diversified range of skills and experiences ensures that all the necessary professional profiles are covered and fosters dialogue and the efficient functioning of the Board.

The above remaining firm, the Board recommends that at least one candidate for each list – qualifiable as independent according to letter c) that follows – possesses a qualified experience to chair Supervisory Bodies or Internal Control & Risks Committees of banking, financial or insurance companies in order to effectively contribute to the

management of the risks which the Bank is exposed to, a task that the Bank of Italy singles out in its Instructions among the most relevant required from the company bodies.

#### **b) Integrity requirements**

The Board deems that the requirements set forth in Annex A of the Board Charter do not need changing. Annex A states that:

1. considering the importance of integrity requirements from the reputational standpoint, the Board of Directors recommends that candidates appointed as UniCredit directors, in addition to possessing the integrity requirements envisaged by both Min. Decree nr. 161 dated 18/03/1998 and Min. Decree nr. 162 dated 30/03/2000, should not be in any situation that might determine a discontinuance of their functions as a director pursuant to section 6 of Min. Decree nr. 161 dated 18/03/1998, and
2. should not have displayed behaviour which, while not constituting a crime, does not appear to be compatible with the office of a bank director or might seriously jeopardise the reputation of the bank.

#### **c) Independence**

In order to comply with the principles laid down by the Corporate Governance Code and to ensure the correct and efficient functioning of Board committees, the Board recommends that candidate lists be drawn up in such a way as to guarantee that at least one third of the members of the Board of Directors be independent, as specified in article 3 of the aforesaid Corporate Governance Code.

Whilst the cases of incompatibility envisaged by current law stand firm, the Board also believes that, in order for the independency of judgment of the members of the Company managerial body to be fully safeguarded, the candidates must not hold – or take on – elective or governmental offices, at national and/or local level, or offices in political organizations' promoting committees or managerial bodies.

#### **d) Gender quotas**

Italian law nr. 120 of 12 July 2011 introduces gender quotas for the composition of corporate bodies in listed companies. The law amends article 147/ter of the Consolidated Finance Act (TUF) and introduces a new article, 1/ter, which requires companies to adopt gender parity on their board of directors, under which the least represented gender should be given at least one third of the available seats. However, the implementation of the law will be gradual: starting from the first Board renewal the number of members belonging to the least represented gender shall constitute at least one fifth of the total membership.

When UniCredit next renews its Board of Directors on 11 May 2012, law nr. 120/2011 will not yet have become effective (the law goes into effect on 12/08/2012) therefore there will be no legal obligation to comply with gender quotas.

However, since the Board will be renewed shortly before the law goes into effect, the Board of Directors believes it is advisable that shareholders be recommended to spontaneously abide by the law when drafting their candidate lists; in other words, they should envisage a Board composed by at least one fifth of members belonging to the least represented gender..

**e) Incompatibility**

In compliance with Article 36 of the Law 214/11, regarding “*partecipazioni personali incrociate nei mercati del credito e finanziari*” which provides that “holders of a seat in managerial, supervisory and control bodies, as well as officers charged with managerial duties in companies or group of companies active in banking, insurance and financial markets are forbidden to hold, or to exercise, similar offices in competing companies or group of companies”, the Board of Directors recommends to the shareholders that in the lists to be presented for the appointment of the new managerial body be included candidates following the performance of a preliminary check in order to verify the not occurrence of reasons for their incompatibility under the above mentioned provision.

### **3. ASSESSMENT BY THE BOARD OF DIRECTORS CONCERNING ITS OWN QUANTITATIVE COMPOSITION**

The above mentioned provisions issued by the Bank of Italy on January 11, 2012 require the corporate bodies undertaking strategic oversight and management functions to express their opinion also regarding their ideal quantitative composition.

Article 20 of UniCredit's Articles of Association requires the Board to be comprised of a minimum of 9 up to a maximum of 24 members. When the current Board was nominated, the AGM decided to set the number of Board members at 23, which dropped to 22 when the April 29, 2011 shareholders general meeting decided not to replace a Director who had stepped down, thus bringing the number of Directors down to 22.

Currently, following resignations handed in for reasons of incompatibility and one co-optation, there were 20 Board members.

Following the self-assessment process – carried out by the Board in compliance with the provisions issued by the Bank of Italy and the provisions set forth by the Corporate Governance Code that UniCredit adheres to - it clearly emerged that the composition decided by the AGM at the previous Board elections was too high, and that therefore it would be advisable for the size of the Board to be reduced.

Based on the outcome of the discussions that have taken place both in the Corporate Governance HR and Nomination Committee and in the Board on the magnitude of the reduction and the ideal size, the Board believes that any assessment of the quantitative composition must take various criteria into account, along with different needs arising from the unique characteristics of UniCredit, in an effort to strike a balanced arrangement.

The principal criteria that have been identified are:

- the international nature of the UniCredit Group that suggests the advisedness of retaining and possibly increasing the presence of representatives from the core countries in which the Group operates;
- the direct responsibility of the Italian bank, demanding the presence of Italian entrepreneurs and professionals capable of significantly contributing towards defining strategies for managing the Italian business;
- the need for the right number of Directors to ensure the efficient functioning of the various Board Committees;
- the need for a Board of the right size to foster greater dialogue and a more efficient collegial interaction.

It is also necessary to take into account that normally the Board reflects the shareholders' pattern in particular with regard to the long-term investors.

Based upon these criteria and on the opinions that had largely emerged from the Board's discussions, the Board deemed it inadvisable to drastically reduce the number of Directors and suggests that shareholders, who are responsible for deciding on the composition of the Board, opt for a number that would enable the aforesaid criteria to be balanced and met; the Board believes that this number should be equal to 19.

In addition to this suggestion, it is also recommended that in both the quantitative and qualitative definition, due consideration be given to all of the aforementioned criteria, so as to ensure a balanced composition.

## **DIRECTORS' REPORT**

### **INSURANCE POLICY TO COUNTERACT THE CIVIL LIABILITY OF THE UNICREDIT DIRECTORS AND STATUTORY AUDITORS; INHERENT AND CONSEQUENT RESOLUTIONS**

Dear Shareholders,

We convened to this meeting to submit you the revision of the conditions of Directors and Officers Liability Insurance Policy to cover financial responsibilities in which the Group Boards Members (Management and Statutory Auditors Boards) and the Top Management may incur (towards third parties, hereby included the Group Legal Entities), because of non fraudulent legal violations happened in the practice of their functions; this insurance is drawn up also in the interest of UniCredit's Boards members..

The utilization of a third party's liability insurance for the Corporate Officers and the Top Management is a standard market practice in the developed Countries, where the needs for the above mentioned persons to realize their own activities and to take the relevant decisions, in a context of increasing complexity (operative and regulatory) are constantly raising.

In this way, in August 1998, the Shareholders Meeting of your Company decided to draw up an insurance contract to cover the Boards Members liabilities against third party's claims (creditors, shareholders, liquidators and generally third parties), provided that events due to intentionally dishonest or fraudulent acts in the practice of their functions remains uncovered and excluded. At that time the annual premium was Lit 135million and the policy limit Lit. 20billion.

In order to assure the same level of protection to all the Group Corporate Officers, it appeared appropriate to extend this insurance to all the Subsidiaries too, granting the insurance coverage to all their Corporate Officers, allocating to these Entities a share of the premium.



UniCredit – also on behalf of the Group adhering Entities – drew up and constantly renewed – updating time by time premiums and limits – the Group Directors and Officers Liability Policy - inclusive of Defense Costs – in each and every instance judgment, in front of any Authority excluding the liability protection coming from criminal acts and of fines and penalties inflicted by any Authority, according to Laws and By-Laws.

In the light of the modified context in which the Group is active and taking into consideration that the Corporate Officers of UniCredit – and your company itself - in consequence of the new role of operative bank undertaken after the company re-organization and the intervened organizational changes in November 2010, are exposed to wider and wider responsibilities, it seems appropriate to realize a revision of terms and conditions of this insurance, as below reported:

- Insured persons: Management Board Members, Statutory Auditor's Board Members, General Managers and the Top Management of UniCredit and Subsidiaries, hereby included persons with similar responsibilities in other bodies; Members appointed in third parties' Boards;
- Coverage extension: UniCredit S.p.A. and all direct or indirect subsidiaries (newly acquired Entities included) and KFS Group, because of the importance of this investment and the important presence of Group Members in the Boards;
- Limit per event and per year: Euro 160million
- duration: annual
- economic conditions: with reference to the period 2012 – 2013, the overall Group premium is foreseen in region of Euro 7,5million, including insurance taxes; it is also foreseen the possibility to adjust such premium, in occasion of the next renewals within a maximum of 15% of the global premium. Boards members and Statutory Auditors Board Members will be charged of the tax incidence only, on the specific share of the premium of this insurance; the premium allocated to each Legal Entity will remain at expenses of the company itself;
- premium allocation criterion to Group Legal Entities: the premium is allocated inside the Group on the number of Employees in each Company; for the Italian Companies only, the global premium for the Country is then re-distributed based on the number of the insured persons and the type of activity of each Company.

Taking into consideration what above shown and that the authority for the signature of insurances to the benefit of the Boards Members of a company is in the faculties of the Shareholders meetings, hereby it is submitted for the approval of this Meeting the Directors and Officers Liability Insurance, included into the above mentioned Group policy; it is also agreed that the premium share for UniCredit (hereby included Members appointed in third parties' companies Boards) is Euro 870.000, of which around Euro 165.000 only as real benefit for the Management Board and Statutory Auditors Board Members of UniCredit, based on the attribution insurers calculated for the direct coverage in favour of the mentioned Board Members; the balance to Euro 870.000 to be referred to direct protection for the legal Entity, the General Manager, the Top Management and the persons appointed by UniCredit in third parties Boards. It is also proposed to the Meeting to empower the Chief Executive Officer, with faculty to proxi Executives of the Head Office, to define, at the further natural expiring of this insurance, the renewal conditions at the market best and anyway within a maximum of 15% of the annual premium charged to UniCredit.

Dear Shareholders,

with reference of the above matter, we invite you to take the following decisions:

1. to authorize the review of the insurance terms of the Directors and Officers Liability Insurance policy of UniCredit S.p.A., covering third parties' claims and Defense Costs, due to non dishonest or fraudulent acts arising from unintentional violations of Laws and By-Laws, excluding criminal acts as well as fines and penalties, with a Group policy limit Euro 160million and an annual premium share, referred to the UniCredit S.p.A. Management Board and Statutory Auditors Board Members, Euro 165.000;
2. to empower the Chief Executive Officer, with faculty to proxi Executives of the Head Office, with each and necessary power to realize the decision taken by today's Meeting and to define, at the further natural expiring of this insurance, the renewal conditions at the market best and anyway within a maximum of 15% of the annual premium charged to UniCredit S.p.A., as defined in today's Meeting.

*English translation of the Italian original document*

To the Shareholders in Ordinary Meeting under Agenda Item XX

## **Audit of Financial Statements**

### Proposal for the Appointment of the External Auditors for the Financial Statements 2013-2021

Dear Shareholders,

The external audit mandate for the period 2007-2012<sup>1</sup> conferred on KPMG SpA (“KPMG”) by the Shareholders’ Meeting of UniCredit SpA (“UniCredit”) held on 10 May 2007 expires on approval of the 2012 Financial Statements.

KPMG’s nine-year mandate cannot be extended under § 17 Law 39/2010.

Under §§ 13.1, 16 and 19 Law 39/2010, the Shareholders’ Meeting is required to appoint the external auditors on the basis of a detailed proposal of the Board of Statutory Auditors and set their fees for the entire engagement, as well as the criteria, if any, whereby such fees may be adjusted during the engagement.

Considering the size and complexity of UniCredit Group, the UniCredit’s Board of Statutory Auditors (the “Board of Statutory Auditors” or “Statutory Auditors”) started the audit firm selection process for the period 2013-2021 a year in advance, in order to present its proposal during the Shareholders’ Meeting to be held on 11 May 2012. Thanks to this *modus operandi* – adopted by the main listed companies – all Group Companies will be able to select the same new external auditors, without prejudice to any mandate deadline discrepancies due to contractual and/or regulatory restrictions.

In addition, this procedure offers the new audit firm a transitional period before starting its engagement, to become familiar with the UniCredit Group and close any advisory activities currently underway.

The sections below describe:

- The main features of the audit firm selection process.
- The selection criteria.
- How the audit firm was selected and its main characteristics.
- Details of the offer for UniCredit SpA and the entire Group.

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<sup>1</sup> The previous mandate conferred by the Shareholders’ Meeting on 4 May 2004 for the period 2004-2006 was extended.

### **Main Features of the Audit Firm Selection Process**

In order to ensure that the auditing process in the UniCredit Group is efficient, the Board of Statutory Auditors followed the Group “One Audit Firm” principle.

As a result, the Board of Statutory Auditors requested the three main international audit firms – Deloitte & Touche SpA, PricewaterhouseCoopers SpA and Reconta Ernst & Young SpA – to submit an offer for the provision of audit services also to all the UniCredit Group subsidiaries currently included in the audit scope.

The offer request was defined on the basis of market benchmarks and required a high level of detail in the information both for the Group as a whole and for the 628 companies included in consolidation. Thanks to this procedure, it is possible to define in advance at Group level the terms of reference of the contract for each company of the Group to be included in each agreement after the appointment.

The offer request, which was sent on 25 November 2011, covered:

- the terms and conditions of the offer, with particular reference to legal matters and costs;
- a list of the information required on the audit firm’s governance, coordination mechanisms, independence and conflicts of interest, the technical competence of the team, its presence in the countries in which UniCredit operates, and costs. In particular, the audit firms were asked to provide, according to a predefined and detailed report, the main quantitative information (such as turnover, presence in the countries in which the Group operates, number of professionals, main customers in the banking industry, advisory projects indicating amounts and expire dates, and details – for each company – of the fees and hours to be greater than those actually indicated by the current external auditors);
- the description of the audit services to be included in the offer;
- the audit scope<sup>2</sup>, which includes 628 companies in 35 countries, UniCredit foreign branches and some subsidiaries, investment funds and special purpose vehicles.

In order to maintain audit quality and professionalism, the Board of Statutory Auditors explicitly requested that the number of hours contained for each company in scope should be no lower than the hours worked by the current external auditors. In addition, the percentage of Partners’ and Managers’ hours – compared to the total hours of the audit team – should not, respectively, be lower than 11% and 25% for the audit of the company financial statements, and 18% and 36% for the audit of the consolidated financial statements, and no lower than 9% and 20% for the audit of the financial statements of other UniCredit Group companies.

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<sup>2</sup> The audit scope refers to the data submitted to Consob by UniCredit in June 2011, pursuant to article 147 of Regulation No. 11971, as amended on 25 November 2011.

During the process, the transparency and traceability of the related activities and decisions were ensured and each stage was characterized by the highest level of confidentiality. To this end, the process comprised:

- The use of the I-Faber platform – since I-Faber is a Group company with well-established expertise in the market, also for public tenders – for the submission and receipt of offers, in order to ensure the security, transparency and traceability of all stages, from the publication of the request for offers to their receipt.
- Details of the qualitative and quantitative selection criteria, which were set before the receipt and opening of the offers, in order to ensure that the criteria were set regardless of the offer contents.
- The use of a work group composed of identified staff from UniCredit internal structures (viz., the Organisation and Audit departments) to manage the process.
- 13 meetings of the Board of Statutory Auditors held for the assessment and evaluation of the information received.

The process also included a report to UniCredit's Internal Control & Risk Committee and to the competent corporate bodies of the Italian and non-Italian subsidiaries.

### **The Selection Criteria**

When defining the selection criteria the Board of Statutory Auditors pursued a uniform approach combining control quality, control of the economic value and the characteristics of the UniCredit Group, thus choosing the offer which best met the needs of each Group company as well as of the needs of the whole Group.

The qualitative and quantitative criteria for the selection were divided into 4 macro-categories; these were subdivided into 9 categories to which appropriate weights were attributed. According to the model, a score from 1 to 5 was assigned to each of the 9 categories.

The following 4 macro-categories were identified:

- **Organisation and expertise of the audit firm in the main countries and sectors**, focusing on its governance and coordination mechanisms among local and international structures, its presence in markets that are important for UniCredit Group in terms of revenues, as well as its expertise in the banking industry in the main countries in which the Group operates, i.e. Italy, Germany, Austria and Poland.
- **Technical competence of the team** which will audit UniCredit companies in Italy, Germany, Austria and Poland, with particular reference to the expertise of Partners, Managers and Experts including expertise in risk management, IT audit, Internal Control Systems, and tax, legal and compliance matters.

- **Audit strategy** in terms of the ability of the audit plan and strategy to meet the UniCredit Group's needs, focusing on the main risks to which the Group is exposed.
- **Value of the offer** from both a qualitative (number of hours and people involved) and economic point of view (total cost and calculation criteria for non-audit services provided by the regulations in force).

### **How the Audit Firm was Selected and its Main Characteristics**

The Board of Statutory Auditors closely examined the offers received by the three audit firms on 9 January 2012, as required by the offer request. This analysis took into account the information received from the three audit firms during a meeting held on 16 February 2012 with the Board of Statutory Auditors, the Chief Financial Officer of UniCredit and the work group.

At the end of this process, the Board of Statutory Auditors unanimously chose Deloitte & Touche SpA ("Deloitte") during a meeting held on 19 March 2012. On 26 and 27 March the Board of Statutory Auditors communicated its choice to UniCredit's Internal Control & Risk Committee and Board of Directors, respectively.

On the basis of the key features highlighted below, the Statutory Auditors considered that Deloitte's offer best met UniCredit's needs. For the purpose of supporting and confirming its choice, the Statutory Auditors performed a stress analysis in order to test the soundness of the assessment model.

**Organization and expertise of the audit firm in the main countries and sectors** – The expertise in the main countries in which UniCredit operates and with European banking groups with similar size and complexity levels, was a key element for assessing the ability of the firm to perform the audit activity in a large international group such as UniCredit. The assessments revealed an effective coordination system in the Deloitte network as well as among the related technical structures, which would ensure uniform assessment of accounting matters throughout the Group companies. This system is also supported by the role and responsibilities assigned to the Partner in charge of auditing the Company and consolidated financial statements, namely the Global Audit Engagement Partner.

**Technical competences of the team** – The dedicated audit team which will audit UniCredit companies in Italy, Austria, Germany and Poland is composed of 160 Partners and 238 Managers; many of them have already cooperated in important Group projects in Italy and abroad (in over 600 UniCredit Group projects completed in the last three years), developing consolidated knowledge of and expertise in the Group, or worked

with other financial institutions.

The Global Audit Engagement Partner is Riccardo Motta, head of the Global Financial Services Division in Italy and member of the Board of Partners for the Financial Division of Deloitte's network worldwide. Riccardo Motta will be supported by Steve Almond, current President of Deloitte's global network, which has well-established expertise in auditing large banking groups, who will act as advisory partner, providing the necessary support in terms of competences and network resources.

Franco Riccomagno, Assirevi's partner responsible for the International Financial Reporting Standard (IFRS) team and Laurence Rivat, current member of the International Financial Reporting Interpretation Committee (IFRIC) will provide continuous advisory support to the audit team.

**Audit strategy** – Considering the complexity and large scope of the audit engagement, the audit strategy described in the offer was considered appropriate to meet UniCredit Group's needs and its risk profile. The audit strategy focused on the identification and management of risks, including an exhaustive assessment of all the aspects which could entail potential risks (from credit risk to market and operational risks, including IT risk).

**Value of the offer** – The value of the offer was considered fit for the purpose of ensuring high quality levels and cost control. The offer contains a higher number of working hours and a greater variety of audit team resources than those provided by the current audit firm, not least in light of the more complex market situation. The high qualitative standards described in the offer are combined with better economic conditions, thanks to the reduction of the per-hour cost of each auditor and the investment made by Deloitte in light of the strategic position held by UniCredit as a global international client. Specifically: the number of working hours offered by Deloitte is 7% higher than the quantity calculated by the current audit firm; and the 15% extra hours for UniCredit SpA take account of current market conditions.

As regards the mix of professional competencies, the offer contains a higher proportion of partners' and managers' hours than those recommended by CONSOB in its Communication 96003556 dated 18 April 1996.

In light of the lower costs per hour, the offer was 35% lower (32% for UniCredit SpA) than the current audit firm's fee. In addition, it should be noted that such reduction in the per-hour cost is substantially in line with the cost for nine-year auditing engagements defined by a number of listed companies in recent years.

### **Offer for UniCredit SpA**

The offer for UniCredit SpA, as at 9 January 2012<sup>3</sup>, provides for the payment of a fee for each financial year from 2013 to 2021, in compliance with applicable laws, and net of the increases announced by ISTAT (the Italian National Institute for Statistics), out-of-pocket expenses, VAT and expenses for CONSOB supervisory contributions. This fee is composed as follows:

<b>“Auditing service” fee for UniCredit S.p.A.</b>	<b>Hours</b>	<b>Fees</b>
Full audit of separated financial statements of UniCredit SpA and the verification of the correct book-keeping	17,200	€ 1,100,000
Full audit of the consolidated financial statements	7,700	€ 600,000
Limited review of the condensed consolidated semi-annual stand alone and consolidated financial statements of UniCredit SpA	6,000	€ 400,000
Limited audit of the internal financial statements of foreign branches	1,200	€ 106,600
<b>Total</b>	<b>32,100</b>	<b>€ 2,206,600</b>

Additionally, for UniCredit S.p.A. the offer includes the following services linked to the auditing engagement:

<b>Fees for other services linked to the audit of UniCredit S.p.A.</b>	<b>Hours</b>	<b>Fees</b>
Verification of Tax Returns	600	€ 40,000
Verification of translations of the statutory and consolidated financial statements as well as the condensed interim financial statements in English and German version (cost per assessment)	100	€ 7,000
<b>Total</b>	<b>700</b>	<b>€ 47,000</b>

The tables below show, as required by applicable laws, the time and fees calculated by Deloitte (net of ISTAT adjustments, supervisory contributions, out-of-pocket expenses and VAT) for the period 2013-2021, detailing the working hours, the mix of professional competencies, the cost per hour and the fee for each professional category:

#### **UniCredit S.p.A. – Full Audit of separate financial statements of UniCredit SpA <sup>4</sup>**

<b>Professional category</b>	<b>No. expected hours</b>	<b>Mix (%)</b>	<b>Cost per hour</b>	<b>Amount (€)</b>
Partners	2,064	12	144	297,216
Managers	4,300	25	85	365,500

<sup>3</sup> The offer estimates presented on 9 January 2012 were consistently included in the proposal dated 30 March 2012, which was received by the Board of Statutory Auditors and is currently available to the Shareholders

<sup>4</sup> Including checking that accounting records are properly maintained and accurately reflect operations, checking the consistency of the information in the Directors' Report and in the report on Corporate Governance and proprietary structures with the separate financial statements.

Translation of the Italian original



Senior Auditors	6,020	35	58	349,160
Assistants	4,816	28	45	216,720
<b>Total</b>	<b>17.200</b>	<b>100</b>		<b>1,228,596</b>
<b>Proposed fee</b>				<b>1,100,000</b>

**UniCredit S.p.A. – Full Audit of the consolidated financial statements**

Professional category	No. expected hours	Mix (%)	Cost per hour	Amount (€)
Partners	1,386	18	144	199,584
Managers	2,772	36	85	235,620
Seniors	1,925	25	58	111,650
Assistants	1,617	21	45	72,765
<b>Total</b>	<b>7,700</b>	<b>100</b>		<b>619,619</b>
<b>Proposed fee</b>				<b>600,000</b>

**UniCredit S.p.A. – Limited review of the condensed consolidated semi-annual stand alone and consolidated financial statements of UniCredit SpA**

Professional category	No. expected hours	Mix (%)	Cost per hour	Amount (€)
Partners	1,080	18	144	155,520
Managers	2,160	36	85	183,600
Seniors	1,500	25	58	87,000
Assistants	1,260	21	45	56,700
<b>Total</b>	<b>6,000</b>	<b>100</b>		<b>482,820</b>
<b>Proposed fee</b>				<b>400,000</b>

**UniCredit S.p.A. – Limited review of the internal financial statements of foreign branches – London**

Professional category	No. expected hours	Mix (%)	Cost per hour	Amount (€)
Partners	36	12	185	6,660
Managers	75	25	125	9,375
Seniors	105	35	72	7,560
Assistants	84	28	52	4,368
<b>Total</b>	<b>300</b>	<b>100</b>		<b>27,963</b>
<b>Proposed fee</b>				<b>27,900</b>

**UniCredit S.p.A. – Limited audit of the internal financial statements of foreign branches - New York**

Professional category	No. expected hours	Mix (%)	Cost per hour	Amount (€)
Partners	48	12	168	8,064
Managers	100	25	116	11,600
Seniors	140	35	71	9,940
Assistants	112	28	50	5,600
<b>Total</b>	<b>400</b>	<b>100</b>		<b>35,204</b>
<b>Proposed fee</b>				<b>35,200</b>

**UniCredit S.p.A. – Limited audit of the internal financial statements of foreign branches – Munich**

Professional category	No. expected hours	Mix (%)	Cost per hour	Amount (€)
Partners	48	12	178	8,544
Managers	100	25	124	12,400
Seniors	140	35	77	10,780
Assistants	112	28	51	5,712
<b>Total</b>	<b>400</b>	<b>100</b>		<b>37,436</b>
<b>Proposed fee</b>				<b>37,400</b>

**UniCredit S.p.A. - Limited audit of the internal financial statements of foreign branches – Shanghai**

Professional category	No. expected hours	Mix (%)	Cost per hour	Amount (€)
Partners	12	12	150	1,800
Managers	25	25	91	2,275
Seniors	35	35	37	1,295
Assistants	28	28	27	756
<b>Total</b>	<b>100</b>	<b>100</b>		<b>6,126</b>
<b>Proposed fee</b>				<b>6,100</b>

**UniCredit S.p.A. – Verification of Tax Returns**

Professional category	No. expected hours	Mix (%)	Cost per hour	Amount (€)
Partners	72	12	144	10,368
Managers	150	25	85	12,750
Seniors	210	35	58	12,180
Assistants	168	28	45	7,560
<b>Total</b>	<b>600</b>	<b>100</b>		<b>42,858</b>
<b>Proposed fee</b>				<b>40,000</b>

**UniCredit S.p.A. - Verification of translations of the statutory and consolidated financial statements as well as the condensed interim financial statements in English and German version**

<b>Professional category</b>	<b>No. expected hours</b>	<b>Mix (%)</b>	<b>Cost per hour</b>	<b>Amount (€)</b>
Partners	12	12	144	1,728
Managers	25	25	85	2,125
Seniors	35	35	58	2,030
Assistants	28	28	45	1,260
<b>Total</b>	<b>100</b>	<b>100</b>		<b>7,143</b>
<b>Proposed fee</b>				<b>7,000</b>

**Further details of the offer for UniCredit SpA**

The fee adjustments over time will be based on the following criteria:

- The annual adjustment will correspond to ISTAT's cost-of-living index percentage change (based on June 2012) applied starting from the audit of the 2013 consolidated and Company financial statements and the half-year financial statements, as well as of the book-keeping activity for the year 2013.
- A fee adjustment will occur only in case of exceptional circumstances that would result in a significant increase of time e.g. changes to the Company and/or Group structure and size; changes in the regulations, accounting and/or auditing principles; the performance of complex transactions by UniCredit and/or Group companies; the implementation of further auditing procedures and duties relating to the performance of the audit engagement, such as the request for information and documents by the Supervisory Authorities which would result in a significant increase in the estimated hours; and any further activities to be carried out, if necessary, in relation to companies assessed by other external auditors.

The amount of the fee adjustment will be agreed and defined on the basis of the time actually dedicated to the performance of the audit engagement, applying the same cost per hour used for the calculation of the audit services' cost.

**Offer for UniCredit Group**

Deloitte's offer as examined by the Statutory Auditors related not only to UniCredit SpA and its foreign branches (as described in paragraph 3), but also to the 628 subsidiaries included in consolidation, as well as their foreign branches. As regards the engagement activities, Deloitte's offer contained the following total fees (before any adjustments):

Company	No. expected Hours	Amount (€)
UniCredit S.p.A. <sup>5</sup>	32,800	2,253,600
Italy	26,290	1,801,900
Abroad <sup>6</sup>	201,485	14,588,300
<b>Total</b>	<b>260,575</b>	<b>18,643,800</b>

Following the Shareholders' approval, the name of the selected audit firm will be communicated to the competent proposing bodies of UniCredit Group companies. In compliance with the already mentioned "One Audit Firm" principle, appointment of the audit firm chosen by UniCredit SpA will be recommended, without prejudice to specific local regulatory requirements or to any unavoidable contract expiry differences. It should be noted in fact that most of KPMG's and other external auditors' mandates conferred by Group companies will expire in 2012, while a limited number of engagements relating to Italian subsidiaries will expire after 2012.

Therefore, UniCredit and Deloitte will sign an agreement for the performance of the audit engagement and related activities, as well as a "framework agreement", in compliance with the offer received on 9 January 2012. This agreement will contain the rules which UniCredit companies and the audit firm's companies and staff shall be required to comply with when entering into individual agreements, without prejudice to the fact that the company bodies shall have the right to define different rules in compliance with specific local regulations.

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<sup>5</sup> With the exception of the sustainability report included in the offer of 9 January 2012 (3,400 hours for a total cost of €153,000), for which a separate offer will be presented.

<sup>6</sup> Amount calculated on the basis of the official exchange rate as at 31 October 2011.

Dear Shareholders,

\* \* \*

We ask you to approve our proposal to appoint Deloitte & Touche SpA as provider of the above-detailed “auditing services” to UniCredit SpA for the period 2013-2021, in compliance with the contents, terms and conditions proposed by the Board of Statutory Auditors, pursuant to § 13.1 Law 39/2010 and to CONSOB Communication 97001574 dated 20 February 1997, against the payment of annual fees (before ISTAT adjustments, out-of-pocket expenses, VAT and the supervisory contributions) of:

- €1,100,000 for 17,200 working hours of auditing activities relating to the separate financial statements of UniCredit SpA
- €600,000 for 7,700 working hours for auditing activities relating to the consolidated financial statements
- €400,000 for 6,000 working hours of auditing activities relating to condensed semi-annual stand alone and consolidated financial statements
- €106,600 for 1,200 working hours of auditing activities relating to internal financial statements of the London, New York, Munich and Shanghai branches
- €7,000 for 100 working hours to be carried out for the verification of translations of the statutory and consolidated financial statements as well as the condensed interim financial statements in English and German version
- €40,000 for 600 working hours to be performed in relation to UniCredit Tax Returns.

Milan, 10 April 2012

On behalf of the Board of Statutory Auditors  
Maurizio Lauri

*PROPOSAL FOR  
PROFESSIONAL SERVICES*

**UNICREDIT S.p.A.**

This letter has been translated into the English language solely for convenience of international readers.  
The Italian original remains the definitive version.

March 30, 2012

**UNICREDIT S.p.A.**  
Via San Protaso, 3  
20121 MILANO (MI)

*To the kind attention of Mr. Maurizio Lauri, Chairman of the Board of Statutory Auditors*

*To the kind attention of Mr. Dieter Rampl, Chairman of the Board of Directors and  
of Mr. Federico Ghizzoni, Chief Executive Officer*

Dear Sirs,

Pursuant to previous correspondence and in particular referred to our “Proposal for the audit services mandate required by law of UniCredit Group” of January 9, 2012 we are pleased to submit our proposal for the audit of the statutory financial statements of **UNICREDIT S.p.A.** (“the Company”) and of the consolidated financial statements of the **UNICREDIT** Group (“the Group”), in accordance with Legislative Decree 27 January 2010, n. 39 – for the enactment of the EU Directive 2006/43/CE regarding the statutory audit of annual accounts and consolidated accounts (“the Decree”), and the limited review of the condensed six monthly (interim) stand alone and consolidated financial statements, based on the methods and main conditions set out below (hereafter also “the engagement”).

The engagement is for a period of nine years (2013 – 2021) as provided for by Article 17(1) of the Decree.

## **1. NATURE OF THE ENGAGEMENT**

The proposed engagement will result in carrying out audit procedures contained in article 14 (1) of the Decree. In particular:

- a) we will express an opinion on the year end statutory and consolidated financial statements;
- b) during the year, we will verify that the accounting records are properly maintained and operations are correctly reflected in the accounting records.

March 30, 2012  
**UNICREDIT S.p.A.**

We will also verify the consistency of the information in the Directors' Report and in the report on corporate governance and proprietary structures, published in the "Governance" section of the UniCredit website, with the separate and consolidated financial statements, solely with regard to information under Article 123-bis (1)(c), (d), (f), (l) and (m) and Article 123-bis (2)(b) of Legislative Decree 58/98.

Moreover we will perform the limited review of the condensed six monthly (interim) stand alone and consolidated financial statements of the company in accordance with article 154-ter (2) of Legislative decree no. 58 of February 24, 1998.

Furthermore, we will perform certain procedures that will enable us to sign Tax Returns (Modelli Unico, IRAP, National and Worldwide Consolidated Return, 770 Simplified and 770 Ordinary) based on Article 1(5) of D.P.R. no 322 of 22 July 1998 and the statements of the substitute tax based on Article 20 D.P.R. no. 601 of 29 september,1973.

Finally, we will perform the limited audit of the financial statements of the branches in London, New York, Munich and Shanghai, and will review the accuracy of translations of the statutory and consolidated financial statements and condensed six monthly (interim) stand alone and consolidated financial statements into English and German versions.

#### **Audit of the statutory and consolidated Financial Statements**

The audit of the statutory and consolidated financial statements will be performed in accordance with generally accepted auditing and ethical standards and will consist of testing of procedures and of accounting entries as well as other verifications, as considered necessary in the circumstances in order to express an opinion on the statutory financial statements of the UniCredit S.p.A. and on the consolidated financial statements of the Group UniCredit pursuant to article 14 of the Decree.

This proposal does not include the audit of the financial statements of subsidiary companies that, in terms of Article 43(2) of the Decree and Article 165 of Legislative Decree no 58/1998, are subject to a full audit (as they fall within the parameters laid down by Article 151 of CONSOB Resolution no 11971 of 14 May 1999) as these audit engagements are covered by separate proposals and are autonomously conferred by the respective General Meetings.

For the purpose of evaluating the investments in the statutory financial statements of the Company and and expressing an opinion on the consolidated financial statements of the Group, we will place reliance, as described later, on the results of the audits of the financial statements of the subsidiaries. We will also test the consolidation process.

We will conduct our engagement in accordance with the auditing standards defined in article 11 of the Decree.

The audit work will be planned and performed in order to obtain reasonable assurance that the statutory and consolidated financial statements are free from material misstatements which would alter the true and fair view of the financial position and results of operations of the Company and of the Group. The audit will consist of, among other things, the testing on a sample basis of supporting documentation of the balances and disclosures in the financial statements, as well as the evaluation of the appropriateness of the accounting principles applied, the reasonableness of the main accounting estimates made by the Directors and the evaluation of the overall presentation of the statutory and consolidated financial statements.



The principal aspects that will be taken into consideration in designing the general audit plan and in its subsequent execution are the knowledge of the business, the understanding of the accounting systems and internal controls, the assessment of risks of material misstatements (“Risks”) and the identification of the significant areas for the audit work, the nature, the timing and scope of the audit procedures, as well as the coordination, supervision and review of the work.

The verification of documents on a sample basis, in the significant areas of audit work, will be determined taking into account the results from the understanding of internal control relevant to the audit, including control activities relevant to Risks that require a special audit consideration (“Significant Risks”), and on the other Risks for which we will evaluate to adopt a control reliance approach. In particular, this understanding will be focused on the controls in place to mitigate the Risks that have a direct or indirect impact on the financial statements, and to ensure the accuracy and completeness of the accounting entries and the representation in the financial statements of the economic and financial events of the business. The aim of this analysis is not, however, to highlight any weaknesses in the business’s accounting systems and internal controls and, as a result, the conclusions reached by the audit firm should not be considered as an evaluation of the accounting systems and internal controls as a whole.

An audit performed in accordance with auditing standards is designed to provide reasonable assurance that the financial statements are free from material misstatements. The audit is however subject to inherent limitations affecting the ability of the auditor to identify material misstatements: these limitations may derive from factors such as use of sample testing procedures, the inherent limitations which may exist in any accounting and internal control system and the persuasive rather than conclusive nature of much audit evidences.

Our engagement requires us to have access to the accounting records of the companies of the Group and all other information considered necessary for the performance of our work and to perform verifications, inspections and controls.

In the course of our audit, depending on the complexity and unusual nature of the issues identified, we may consider it necessary to involve external consultants with specialized expertise, for example experts in information technology, lawyers and tax advisors, bound by confidentiality clauses.

Our audit of the consolidated financial statements, the statutory financial statements and a condensed six monthly (interim) stand alone and consolidated financial statements at June 30 will be carried out on financial statements prepared in accordance with International Financial Reporting Standards.

#### **Verification About Consistency of the Report on Operations with the Financial Statements**

The verification of the consistency of the Report on Operations with the statutory and consolidated financial statements will be performed in accordance with Auditing Standard n. 001 issued by the Italian Accounting Profession (“Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili”) and recommended by CONSOB.

### **Verification that Accounting Records are Properly Maintained and Accurately Reflect Operations**

In compliance with the provisions of article 14, paragraph 1, letter b) of the Decree, starting from the date of our appointment and for the nine years period above identified, we will perform periodic checks to ensure that the Company's accounting records are being properly maintained and that they accurately reflect operating events, normally on a quarterly basis, unless specific circumstances require more frequent verifications.

These periodic verifications will be made in accordance with standards provided by CONSOB in Communication n. 99023932 of March 29, 1999.

These periodical tests are subject to the same limitations inherent in any audit procedure. Among these, we highlight the inherent limitations relating to the application of sampling methods and those connected to any accounting-administrative system and internal control system. Therefore, it cannot be excluded that errors and irregularities, even of a significant nature, may not be identified.

Details of the work planned for each quarterly check are provided in the following paragraph "Audit approach".

### **Limited review of the condensed six monthly (interim) financial statements and consolidated financial statements**

The limited review of the condensed six monthly (interim) financial statements and consolidated financial statements will be performed with reference to the auditing standard on audits/reviews of the six monthly reports of listed companies, as recommended by CONSOB in its Resolution no 10867 of 31 July 1997.

The objective of the limited review of the condensed six monthly (interim) financial statements is to provide the auditor with the basis to state that they have not become aware of any significant adjustments or additions that should be made to the condensed six monthly (interim) financial statements to render them compliant with the applicable International Accounting Standard on Interim Financial Reporting (IAS 34) as adopted by the European Union.

The objective of the limited review of the condensed six monthly (interim) financial statements differs significantly from the objective of a full audit of financial statements i.e. to provide the basis to express an opinion that the financial statements as a whole provide a true and fair view of the balance sheet and financial position of a company and of its result for the year.

The scope of the work involved in a limited review is significantly less than that involved in a full audit as it does not include detailed substantive testing and excludes many of the procedures usually performed as part of a full audit.

A limited review as defined above may bring significant issues regarding the condensed six monthly (interim) financial statements to the auditor's attention but it does not provide any assurance that the auditor will become aware of all of the issues that might have emerged from a full audit. Accordingly, the reports that will be issued upon completion of our work will not express a professional audit opinion on the condensed stand alone and consolidated financial statements.

The limited review will only cover the accounting information contained in the semiannual financial report. We will only examine the operating information contained therein insofar as necessary to check its consistency with the condensed six monthly (interim) financial statements.

### **Directors' Responsibility and Representations**

The preparation of the statutory financial statements, consolidated financial statements, condensed six-monthly (interim) separate financial statements, condensed six-monthly consolidated financial statements and the information contained therein, as well as the adequacy of the internal control system and the integrity of the company's assets are the responsibility of the Company's Directors.

The responsibility of the auditor is to express an opinion on the financial statements, as a whole, on the basis of an audit performed in conformity with auditing standards as referred to in the previous paragraph "Audit of the statutory and consolidated financial statements."

Article 154-*bis* of Legislative Decree 58/98 requires the appointment of a manager responsible for preparation of corporate accounting documents. This manager will be responsible for the adoption of adequate administrative and accounting procedures for use in preparing the separate financial statements, the consolidated financial statements and any other financial communications. Therefore, the representation letters that we will ask you for in accordance with Document 580 of the applicable auditing principles and as indicated in the model contained in the Assirevi Research Paper on the matter, will have to be signed not only by the legal representatives of the Company, in the name and on behalf of the Board of Directors, but also by the said manager as appointed in accordance with the said legislation. The documentary evidence prepared by the relevant administrative bodies and by the manager responsible in accordance with Article 154-*bis* (5) must be made available – along with any updates – in good time for us to perform our work. It is also agreed and understood that we will not express an opinion on the reports prepared by the relevant administrative bodies and by the manager responsible for preparation of corporate accounting documents, in terms of Article 154-*bis* (5) of Legislative Decree 58/98.

Furthermore the Directors of the Company have the responsibility to inform the auditors about subsequent events that could require adjustment of the financial statements occurring between the date of the auditor's report and the date of approval of the financial statements.

Given the importance that the information and the representations, provided to us by the Directors and Management of the Company and of the Group, have on the carrying out of the audit, it is understood that your Company must keep our company and personnel immune from any damages that may arise as a consequence of the professional services subject to this proposal following false information and representations provided to us by your Directors, employees, consultants and collaborators in general.

## 2. AUDIT APPROACH

### Audit Methodology

In accordance with auditing standards, the key features of audit procedures are the knowledge of the company's business, the concept of audit materiality, Risks assessment and evaluation of the system of internal control and the gathering of audit evidence.

The approach that will be applied in the performance of this engagement reflects the Deloitte methodology, based on the development of a general strategy and a detailed audit plan focused on the evaluation of Risks and on the identification of the significant areas for the audit work, as well as the timely and efficient execution of the audit work itself.

Overall, our audit plan has the objective of acquiring a reasonable assurance that the financial statements as a whole are free of material misstatements. This reasonable assurance is achieved by acquiring sufficient and appropriate evidence through an adequate combination of tests of controls and substantive procedures. The choice of the audit evidence considered necessary in the circumstances takes into account a number of different factors, including the evaluation of Risks at the financial statements level and of Risks at the assertion level for single material classes of transactions, account balances and disclosures, the capability of the accounting and internal control systems to cope with these Risks, the significance of the balances or operations examined and the results of the other audit procedures, as well as the sources and reliability of information available.

We would, however, like to stress the fact that during our work, our procedures are planned in detail and carefully in order to:

- inform you well in advance about phases of the audit work requiring assistance from your personnel or your co-ordination of the verification procedures;
- identify in the planning phases of the audit work, matters that could prove problematic and require thorough investigation;
- assign priorities in terms of timing and resources with regard to the performance of the audit work in the areas considered most significant.

It should be noted that Deloitte's audit methodology involves a widespread use of innovative technological tools, mainly consisting of databases that enable us to perform detailed analysis of a number of different matters which may potentially arise during the audit work.

### Audit Procedures

Our work will be organised in two phases, *preliminary and final*, respectively, before and after the year-end.

The *preliminary* phase will be mainly dedicated to the planning of the audit work, during which the following aspects will be performed:

- (a) the knowledge of the company's activity;

- (b) the understanding of the accounting system and of the control environment;
- (c) the assessment of Risks, including Significant Risks;
- (d) the definition of the materiality level for audit purposes;
- (e) the development of the audit plan on the basis of assessment of Risks and results expected from test of controls and substantive procedures;
- (f) the identification of significant or particularly complex accounting areas, including those involving discretionary accounting estimates, or transactions with “related parties”, for which specific audit procedures will be applied.

During this phase we will also determine the method, scope and timing of our compliance and substantive testing as well as the co-operation expected from your personnel, the composition of the audit team and the involvement of other auditors and/or external consultants.

Another matter of particular importance in the *preliminary* phase of the audit work involves defining the method and timing in obtaining evidence based on external confirmations, in accordance with the applicable auditing procedures.

In particular, audit evidence will be obtained for specific accounting balances and information through:

1. the request of information from your lawyers on open claims, litigations and legal actions;
2. the verification of the existence of equity investments and financial instruments, including derivatives, in accordance with the criteria established in the specific audit procedures;
3. the request of other external confirmations (e.g. customers, suppliers, credit institutions, tax advisors).

In addition, we will define the method considered appropriate for the selection of the accounts to be examined through representative and non representative sampling, in order to obtain the evidence necessary for the performance of the audit procedures.

Upon completion of the *preliminary* phase, we plan to participate in the test counts on physical inventory scheduled at year-end or on other dates as shall be communicated to us in advance.

The *final* phase of the audit will be dedicated to the execution of the audit plan defined during the preliminary phase with particular reference to the following aspects:

- (a) updating and completion of gathering audit evidences, with reference to the test of controls and substantive procedures and in particular to the responses obtained from the external confirmations;
- (b) evaluation of results of sample testing;

- (c) reviewing the accuracy of valuations and information about equity investments, also by means of review of results of audit work done on the financial statements of such companies;
- (d) gathering of sufficient and appropriate audit evidences supporting the reasonableness of the accounting estimates included in the financial statements;
- (e) examination of transactions with “related parties” through critical analysis of information provided by management and of other documentation about existence, valuation, correct accounting treatment and classification in the financial statements of these transactions;
- (f) conclusive analysis of the financial statements through the examination of the notes to the financial statements and the report on operations in order to verify the correctness and completeness of the information, in accordance with the Italian Law governing financial statements;
- (g) subsequent events review.

**Verification the consistency of the information in the Directors’ Report and in the report on corporate governance and proprietary structures with the Financial Statements**

In order to express an opinion on the consistency of the information contained in the report on corporate governance and the proprietary structures with the statutory and consolidated financial statements as required by Article 14, paragraph 1, letter b) of the Decree and Article 123-*bis* (4) of Legislative Decree 58/98, we will perform the test procedures indicated by Auditing Standard no 001 as issued by the Italian Accounting Profession (“*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*”) and recommended by CONSOB.

Specifically, we will check that the financial information provided is consistent with the financial statements by comparing it with the statutory financial statements and the consolidated financial statements, the details used to prepare the said information, the general ledger accounting system and the underlying accounting entries. Our procedures on the other information contained in the report on corporate governance and the proprietary structures will be limited to reading the said information based on the information acquired in the course of our audit work. With regard to the information required by Article 123-*bis*(2)(b) of Legislative Decree 58/1998 on the key features of the risk management and internal control systems in relation to the process of financial reporting, we will refer to the information obtained during our audit of the statutory financial statements and the consolidated financial statements to understand the risk management system and the related internal control system.

**Verification that Accounting Records are Properly Maintained and Accurately Reflect Operations**

The work that will be performed in each periodic verification in accordance with article 14, paragraph 1, letter b) of the Decree, will consist of the activities listed below as indicated by CONSOB in communication n. 99023932 of March 29, 1999.

Except for modifications and changes made necessary by specific circumstances, the activities that will be carried out in each of the quarterly verifications are the following:

- Gather information on significant changes in the internal control system in the period and assess their impact on the proper maintenance of accounting records and on the accurate recording of operational activities in the underlying accounting entries. Collect information on the procedures in place at the Company with regard to keeping of compulsory books, compliance with tax and social security requirements and timely updating of the accounting records.
- Examine the compulsory accounting books.
- Verify the existence of formal documentation regarding tax and social security requirements, and verification, through sample testing, of the documents proving payment of the relevant charges.
- Perform compliance tests, through the use of adequate samples, to ensure that the operational activities are correctly reflected in the underlying accounting records in accordance with accounting-administrative procedures and the relevant internal control system. Perform compliance tests, through the use of adequate samples, to ensure that operations relating to tax and social security requirements are correctly recorded in the accounting records and in the statutory books.
- Verify the correction of any irregularities noted in prior verifications.
- Verify cash and cash equivalents as well as securities owned by the Company, through tests of controls using samples considered appropriate in the circumstances.
- Read the minutes in the statutory books.
- Obtain the latest accounting information available for the current fiscal year, and perform analytical review identifying main differences compared to the previous period, to the same period in the previous year and to the budget, as well as any financial ratio considered useful in the circumstances.
- Hold meetings with Company's management, using the differences mentioned above, in order to obtain information about ongoing operations and about significant events that have taken place in the period.
- Hold meetings with the Board of Statutory Auditors in order to obtain data and information relevant for the performance of our respective duties.
- Obtain supporting documentation for particularly significant transactions or transactions involving significant risks, if any.

The timing of some of the periodic verifications may partially coincide with the phases of the audit procedures on the financial statements. As a consequence, some information and some data may be used for both the quarterly verifications and the audit procedures on the year-end financial statements.

**Limited review of the condensed six monthly (interim) separate and consolidated financial statements**

The limited review of the condensed six monthly (interim) financial statements will involve performance of the test procedures contained in the auditing standard recommended by CONSOB. The actual application of these procedures will be determined based on the results of the periodical reviews under the previous section “Verification that Accounting Records are properly maintained and accurately reflected operations” and evaluations made during the annual planning process.

The limited review will also involve performance of audit procedures on the six monthly accounts of the subsidiary companies as prepared for consolidation purposes. The scope of these procedures will be as considered necessary for the purposes of our engagement.

If, in the course of our work, we identify material errors or items subject to uncertainty, we may decide to perform additional or more extensive test procedures (e.g. substantive testing) insofar as necessary to enable us to investigate the problems identified.

If these additional or more extensive procedures render the work significantly different from that proposed, we will inform the Directors and the Board of Statutory Auditors about these procedures and the reasons making them necessary.

At this point, with regard to our limited review of the condensed six monthly (interim) financial statements, it is worth stressing that, for us to perform our review properly in accordance with the auditing principles recommended by CONSOB, it is essential that the manager responsible, or another company body entrusted with the task, sends us the draft condensed six monthly (interim) financial statements a reasonable amount of time before (to be agreed) their scheduled approval by the Board of Directors. Moreover, the six-monthly financial report should be made available in good time for us to carry out the necessary audit procedures, also enabling us to publish our audit report by the legally required deadline.

If the six-monthly (interim) financial report is not available in a reasonable amount of time for us to perform our audit procedures, this could constitute a limitation on performance of our audit procedures with consequent effects on the conclusions reached in our audit report.

**Audit of the financial statements of subsidiaries and of the consolidated financial statements**

As required by Articles 165 of Legislative Decree no 58/1998 and the Implementation Regulations of the said Legislative Decree, contained in CONSOB Resolution no 11971 of 14 May 1999, the statutory and consolidated financial statements of the subsidiary companies, except for those that are not material for consolidation purposes based on the parameters set out in the above CONSOB Resolution, are subject to audit with a separate audit opinion issued thereon.

These audit engagements are covered by separate proposals and are autonomously conferred by the respective General Meetings.



In the Proposal of 9 January 2012 was presented the audit plan of the Group, stating the Italian and foreign subsidiaries whose financial statements or financial statements prepared for consolidation purposes are subject to verification, and an indication of the extension of the work.

We will use the results of the above audit work on the financial statements of the Group companies with the dual objective of confirming the correctness of the valuation of equity investments for the purposes of our opinion on the stand alone statutory financial statements and expressing our opinion on the consolidated financial statements of the Group as a whole.

Our audit work on the consolidated financial statements will also include:

- planning the audit work performed by Deloitte network firms in other countries and by other auditors;
- examining the consolidation schedules of each company included in the consolidation area;
- examining the audit reports received from other auditors;
- testing the completeness and accuracy of the consolidation entries and the underlying consolidation process;
- testing that the consolidated financial statements provide a fair representation of the Group's balance sheet and financial position as a whole and contain the necessary disclosures.

Article 14(6) of the Decree states that persons/entities appointed to carry out the audit of consolidated financial statements are wholly responsible for expressing an opinion thereon. Accordingly, as indicated in the stated legislative provision and with the scope of accepting the responsibility requested by it, we will be called upon to perform the audit procedures required by Document 600 letter A) of the auditing standards (Use of the work of other auditors). In particular, we will have to be provided, among other things, with the audit documents of the parties appointed to audit the subsidiary companies. Moreover, we may obtain from those parties or from the Directors of the subsidiary companies additional documents and information useful for audit purposes and may proceed, directly, with testing and reviews of documents and deeds of those companies.

**Audit of the financial statements of subsidiary companies whose registered offices are in countries that do not guarantee corporate transparency (Art. 165-quater (4) of Legislative Decree no. 58/1998)**

Article 165-*quater* of Legislative Decree 58/98 provides that Italian companies with shares listed on regulated markets in Italy or in other EU countries and Italian companies issuing financial instruments held by the public to a significant degree which have subsidiary companies whose registered offices are in countries that do not guarantee corporate transparency – as defined by a Decree of the Ministry of Justice together with the Ministry for the Economy and Finance – shall have the financial statements of such subsidiaries audited by the firm appointed to audit their own financial statements. Accordingly, we will make such

additions to this engagement letter as are required in respect of further work needed to satisfy this requirement.

### **Filing of tax returns**

The following procedures will be performed in order to complete the tax return filing process:

#### *Tax returns (Unico, Irap, Consolidato Nazionale e Mondiale)*

- Verification of the correspondence between the journal entries and the data included in the tax returns;
- Analysis of the reconciliation between the statutory and fiscal figures as well as comparison of the figures with the prior year;
- The request of a specific letter of representation.

#### *770 Simplified and Ordinary*

- Verification of the correspondence with the accounting records, for items chosen on a sample basis, of the data included in 770;
- Analysis of the reconciliation between the accounting records and 770;
- The request of a specific letter of representation.

#### *Substitute tax*

- Verification of the correspondence between the journal entries and the data included in the tax returns;
- The request of a specific letter of representation.

In connection with the nature of the engagement we will not issue any specific opinion, and the engagement will be concluded with the sign-off of the tax returns.

In no way are such filings an expression of an opinion on the merits on the correctness and the completeness of such tax returns or the compliance with tax law. Such evaluations remain under the competence and under the responsibility of the Company. In particular, in case of inspections performed by the tax authorities, we do not have any responsibility for such returns of your Company, Shareholders or the Board of Directors.

Please note that this proposal does not include the verifications for the sign off on VAT returns for the purposes of offsetting the related receivables.

### **Communication with the Board of Statutory Auditors and Management**

The continuous attention to the improvement of business processes, of the accounting-administrative system, and of the internal control system of the Company being audited and the will to meet its expectations in this regard are all part of the Deloitte operative philosophy. This philosophy involves a continuous relationship with Company's management in order to provide suggestions and proposals with a view to improve business processes and systems.

It will therefore be our commitment to inform management promptly about any consideration, comment or observation on the accounting-administrative system, on the information technology system, on internal controls and on other aspects of the Company's activities which may arise during the audit procedures, including matters of interest for the corporate governance.

Article 150 of Legislative Decree no 58/1998 provides for an exchange between ourselves and the Board of Statutory Auditors of significant data and information acquired in the course of our respective work so that we can both fulfill our respective duties. Furthermore, for entities of public interest, Article 19 of the Decree gives the Board of Statutory Auditors the role of Internal Control and Audit Committee and requires the external auditors to provide the said committee with a report on the key issues arising during the audit, especially with regard to significant weaknesses identified in the internal control system in relation to the financial reporting process.

If any significant matters worth reporting emerge in the course of our work, in accordance with Article 155(2) of Legislative Decree no 58 of 24 February 1998, we will, without delay, inform CONSOB and the Board of Statutory Auditors.

In order to maintain an adequate level of communication, it is our intention to periodically meet with Company's management in order to:

- identify management expectations and discuss the annual audit plan, identifying the areas where greatest attention should be dedicated during the work;
- discuss information on important accounting and managerial issues which can have an impact on the activities of the Company;
- communicate the results of our audit work, present suggestions for improvement of the processes and controls and matters relevant to the corporate governance.

### **3. FINAL DOCUMENTS**

Upon completion of our audit, we will issue, for each year, an audit report on the statutory financial statements of the Company and a report on the consolidated financial statements of the Group pursuant to article 14 of the Decree.

Moreover, we will issue a report upon completion of our limited review of the condensed separate six-monthly financial statements and the condensed consolidated six-monthly financial statements. If our limited audit procedures have not identified any material issues, the report will state that we have not identified any material adjustments or significant additions that should be made to the condensed separate six-monthly financial statements and the condensed

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consolidated six monthly (interim) financial statements to make them compliant with the international accounting standard on Interim Financial Reporting (IAS 34) as adopted by the European Union. These reports will state that the limited review involved significantly less extensive work than would have been performed during a full audit in accordance with generally accepted auditing principles and that, accordingly, we are unable to express our professional audit opinion on the condensed six monthly (interim) financial statements and on the condensed consolidated six-monthly (interim) financial statements.

The reproduction or publication of the financial statements of your Company, accompanied by our auditor's report, shall be authorised by us in advance and is subject to verification of a draft version for our quality control.

Any translation of our auditor's report in other languages shall be made directly by us.

#### **4. PERSONNEL, TIME, AUDIT FEES AND OTHER EXPENSES**

##### **Personnel**

Having regard to the characteristics and the size of the Group, as well as the related requirements for the execution of the engagement, supervision and direction of the audit team, we believe that the professional team that will perform the audit engagement of your Group should be composed of three partners, six managers expert, some expert auditors (seniors) and assistants. The partner responsible for the work will be Mr. Riccardo Motta, whose *curriculum vitae* is set out in Annex III.

Pursuant to Article 17(4) of the Decree, the legally required audit of the same entity of public interest cannot be performed by the same person for a period of more than seven financial years nor can the same person take on the engagement to audit the financial statements of the same company again unless at least two years have passed since the end of their previous period of appointment. In order to comply with this requirement, before the partner in charge of the audit reaches the limit of seven financial years, we shall inform you and provide CONSOB with appropriate information with regard to their substitution.

Our operating office for the performance of the present assignment is that of Milan.

During our audit procedures we could make use of specialists in our network.

##### **Time and Fees**

The determination of our fees for the completion of the engagement in relation to this proposal is performed in accordance with general criteria fixed by Consob and is based on an estimate of time expected to be spent by each professional category and the relative fee rates.

In estimating the time necessary, we have utilized in general terms the information relating to the principal activities and organization of your Company and Group including the internal control, acquired during the process of preparation of the proposal. In particular, this estimate results from an analytical forecast of the commitment required in the various phases of the assignment (understanding of the business, identification of the processes of the control risk etc.), divided between the various professional personnel categories. The applicable hourly fee

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rates have been applied to the estimated time by category, rates which vary for each category in relation to the level of experience.

The summary of the estimates of the fees for the full audit of the separate financial statements of UniCredit S.p.A. and for the consolidated financial statements of the Group, for the periodical review of proper maintenance of accounting records, for the limited review of condensed semi-annual financial statements of UniCredit S.p.A. and consolidated semi-annual financial report of the Group, and the procedures that will enable us to sign Tax Returns and the activity of translations of the statutory and consolidated financial statements and condensed six monthly (interim) financial statements into English and German versions, are as follows:

	<b>Hours</b>	<b>Fees (Euro)</b>
Full audit of separated financial statements of UniCredit S.p.A. (Legislative Decree 39/10, Legislative Decree 58/98), including verification that accounting records are properly maintained and accurately reflect operations, verification the consistency of the information in the Directors' Report and in the report on Corporate Governance and proprietary structures with the separate financial statements	17.200	1.100.000
Full audit of consolidated financial statements (Legislative Decree 39/10, Legislative Decree 58/98) including coordination of other auditors, testing of the consolidation process and the testing of the consistency of the information included in the Corporate Governance and proprietary structures report with the consolidated financial statements	7.700	600.000
Limited review of the condensed semi-annual stand alone and consolidated financial statements of UniCredit S.p.A.	6.000	400.000
Verification of tax returns	600	40.000
The verification of translations of the statutory and consolidated financial statements and condensed six monthly (interim) financial statements into English and German versions	100	7.000
	<b>31.600</b>	<b>2.147.000</b>

The summary of estimates of work time and related fees for the activities of a limited audit of internal financial statements of branches of UniCredit S.p.A. is as follows:

	<b>Hours</b>	<b>Fees (Euro)</b>
London branch	300	27.900
New York branch	400	35.200
Munich branch	400	37.400
Shanghai branch	100	6.100
	<b>1.200</b>	<b>106.600</b>

The hours and the fees above indicated are for each year of our appointment.

The above figures do not include hours and fees relating to the Italian and foreign companies whose engagements to audit these companies are conferred autonomously by them. In particular, based on our estimate made during the preparation of the Proposal submitted on January 9, 2012, the fees would be distributed as follows (taking into the account the exchange rate as at 31 October, 2011 and excluding investment funds and securitization vehicles).

	<b>Hours</b>	<b>Fees (Euro)</b>
Italian companies	26.290	1.801.900
Foreign companies	201.485	14.588.300
	<b>227.775</b>	<b>16.390.200</b>

Based on information currently available, based on findings of the consolidated financial statements at December 31, 2010, the Italian and foreign companies included in the Proposal of January 9, 2012 would represent approximately 96% of total assets and total revenues of the Group.

The time for the work was estimated on the assumption that we can rely on the collaboration of the personnel of the Group for the availability of information and documents and the elaborations necessary in order to perform the audit on the financial statements, for the limited review of condensed semi-annual financial statements and inspections during the year.

The Attachment n. 1 shows the detail of hours and fees by professional personnel category for each audit work described in this proposal.

### **Other Expenses**

In addition to the fees indicated above, we will recharge expenses incurred in performance of our work, as the travel and subsistence costs, technology related incidental charges (databases, software, etc) and secretarial and communications services charged in a flat rate at 8% of our fees. We will also charge the regulatory contribution due to CONSOB under Article 40 of Law no 724 of 23 December 1994 as subsequently amended and VAT.

### **Invoicing**

In accordance with our usual practice, the fees for the audit of the statutory financial statements shall be billed as follows: 40% at the beginning of audit activities (preliminary phase of the audit), 50% at the beginning of the final phase and 10% at the issuance of our audit report.

The fees for the audit of the limited review of separated and condensed semi-annual financial statements shall be billed as subsequently agreed.

The fees for the procedures that will enable us to sign Tax Returns shall be billed as September 30 of each year of our appointment.

The fees for the activity of translations of the statutory and consolidated financial statements and condensed six monthly (interim) financial statements in English and German version shall be billed as May 31 of each year of our appointment.

Fees for verifications that the accounting records are properly maintained will be billed upon completion of each verification.

Payment of our invoices shall be due at receipt.

## **5. FEES ADJUSTMENT**

There are no adjustments to the fee except for the occurrence of extraordinary circumstances that would result in a significant increase of time estimated in the Proposal as of January 9, 2012. Extraordinary circumstances may include changes in the Company's activities, size and structure, in internal control system, in legal requirements, in applicable accounting or auditing standards or complex transactions carried out by the Company which require additional audit procedures or other requests as the demand for documents and information from regulatory bodies or any additional activities carried out in relation to companies audited by other auditors, which would result in a significant increase of estimated time.

In these extraordinary circumstances, we will agree with you the methodology for determining the additional hours for each level of professionals in order to agree an integration of the fees.

The cost of the additional activities would be determined on the basis of time actually spent for the execution of such activities at the same base rates used for the determination of the audit services cost. Please, remind that audit services, being recurring for a nine years period, benefited of a significant discount from the base rates.

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Moreover, the fees stated above shall be updated to take account of inflation. The annual adjustment will be equal to the change in the ISTAT cost of living index (base June 2012) and will apply starting from the limited review of the condensed six monthly (interim) stand alone and consolidated financial statements as of June 2013 and the audit of the financial statement as of December 31, 2013.

## **6. OTHER ASPECTS**

### **Duties not Assigned to the Independent Auditors**

It is understood that any other activities, which in the new regulatory framework we may be required to carry out, with reference to extraordinary transactions in which your Company may be involved (e.g. mergers, spin-offs, shareholder withdrawals) or to additional requirements as provided for by specific regulations (such as sign off on the Company's tax returns), or other opinions, attest of other reports that could be requested to our company as auditor, are not included in this engagement letter and will be subject to a separate proposal for each individual request, referring to the general criterion for the services "audit related" indicated in the Proposal of January 9, 2012.

### **Partners, Directors and Statutory Auditors of Deloitte & Touche S.p.A.**

We believe it is useful to provide you, in Attachment II, with the names of the partners of Deloitte & Touche S.p.A., some of whom are also members of the Board of Directors of our company, and the names of our Statutory Auditors.

This Letter is a confirmation of our approach and of the main conditions to which we are available to comply in rendering the services. Therefore, this letter does not represent a legal contract. All contractual terms, including a General Agreement to which both UniCredit Group companies and Deloitte Network entities shall comply in stipulating all contracts, will be stipulated after, and taking into consideration, the decision of Shareholders' Meeting of your Bank.

\* \* \* \*



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We wish to express our gratitude for the opportunity offered to us and reassert our professional commitment for this assignment, which we will perform with due care.

Yours sincerely,

DELOITTE & TOUCHE S.p.A.

*Signed by*  
Riccardo Motta  
Partner

**DETAIL OF HOURS AND FEES BY PROFESSIONAL PERSONNEL CATEGORY  
FOR EACH AUDIT WORK AND FOR EACH YEAR DESCRIBED IN THIS  
PROPOSAL**

The detail of hours and fees by professional personnel category for the audit of the statutory financial statements of UniCredit, including verification that accounting records are properly maintained and accurately reflect operations, verification the consistency of the information in the Directors' Report and in the report on Corporate Governance and proprietary structures with the separate financial statements is the following:

Professional personnel category	<b>Euro</b>			
	N. of hours	Mix	Fees per Hour	Amount
Partner	2.064	12%	144	297.216
Manager	4.300	25%	85	365.500
Senior Auditor	6.020	35%	58	349.160
Assistant	4.816	28%	45	216.720
<b>Total</b>	<u>17.200</u>			<u>1.228.596</u>
Rounded				<u><b>1.100.000</b></u>

The detail of hours and fees by professional personnel category for the audit of the consolidated financial statements of UniCredit including coordination of other auditors, testing of the consolidation process and the testing of the consistency of the information included in the Directors' Report and in the Corporate Governance and proprietary structures report with the consolidated financial statements is the following:

Professional personnel category	<b>Euro</b>			
	N. of hours	Mix	Fees per Hour	Amount
Partner	1.386	18%	144	199.584
Manager	2.772	36%	85	235.620
Senior Auditor	1.925	25%	58	111.650
Assistant	1.617	21%	45	72.765
<b>Total</b>	<u>7.700</u>			<u>619.619</u>
Rounded				<u><b>600.000</b></u>

The detail of hours and fees by professional personnel category for the limited audit of the condensed six monthly (interim) stand alone and consolidated financial statements is the following:

Professional personnel category	<b>Euro</b>			
	N. of hours	Mix	Fees per Hour	Amount
Partner	1.080	18%	144	155.520
Manager	2.160	36%	85	183.600
Senior Auditor	1.500	25%	58	87.000
Assistant	1.260	21%	45	56.700
<b>Total</b>	<u>6.000</u>	100%		<u>482.820</u>
Rounded				<u><b>400.000</b></u>

The detail of hours and fees by professional personnel category for the verification of tax returns of UniCredit is the following:

Professional personnel category	<b>Euro</b>			
	N. of hours	Mix	Fees per hour	Amount
Partner	72	12%	144	10.368
Manager	150	25%	85	12.750
Senior Auditor	210	35%	58	12.180
Assistant	168	28%	45	7.560
<b>Total</b>	<u>600</u>			<u>42.858</u>
Rounded				<u><b>40.000</b></u>

The detail of hours and fees by professional personnel category for the verification of translations of the statutory and consolidated financial statements and condensed six monthly (interim) financial statements into English and German versions is the following:

Professional personnel category	<b>Euro</b>			
	N. of hours	Mix	Fees per hour	Amount
Partner	12	12%	144	1.728
Manager	25	25%	85	2.125
Senior Auditor	35	35%	58	2.030
Assistant	28	28%	45	1.260
<b>Total</b>	<u>100</u>	100%		<u>7.143</u>
Rounded				<u><b>7.000</b></u>

The detail of hours and fees by professional personnel category for the activity of a limited audit of internal financial statements of London branch, is as follows:

Professional personnel category	<b>Euro</b>			
	N. of hours	Mix	Fees per hour	Amount
Partner	36	12%	185	6.600
Manager	75	25%	125	9.375
Senior Auditor	105	35%	72	7.560
Assistant	84	28%	52	4.368
<b>Total</b>	<u>300</u>	100%		<u>27.963</u>
Rounded				<u><b>27.900</b></u>

The detail of hours and fees by professional personnel category for the activity of a limited audit of internal financial statements of New York branch, is as follows:

Professional personnel category	<b>Euro</b>			
	N. of hours	Mix	Fees per hour	Amount
Partner	48	12%	168	8.064
Manager	100	25%	116	11.600
Senior Auditor	140	35%	71	9.940
Assistant	112	28%	50	5.600
<b>Total</b>	<u>400</u>	100%		<u>35.204</u>
Rounded				<u><b>35.200</b></u>

The detail of hours and fees by professional personnel category for the activity of a limited audit of internal financial statements of Munich branch, is as follows:

Professional personnel category	<b>Euro</b>			
	N. of hours	Mix	Fees per hour	Amount
Partner	48	12%	178	8.544
Manager	100	25%	124	12.400
Senior Auditor	140	35%	77	10.780
Assistant	112	28%	51	5.712
<b>Total</b>	<u>400</u>	100%		<u>37.436</u>
Rounded				<u><b>37.400</b></u>

The detail of hours and fees by professional personnel category for the activity of a limited audit of internal financial statements of Shanghai branch, is as follows:

Professional personnel category	<b>Euro</b>			
	N. of hours	Mix	Fees per hour	Amount
Partner	12	12%	150	1.800
Manager	25	25%	91	2.275
Senior Auditor	35	35%	37	1.295
Assistant	28	28%	27	756
<b>Total</b>	<u>100</u>	100%		<u>6.126</u>
Rounded				<b><u>6.100</u></b>

**SHAREHOLDERS, BOARD OF DIRECTORS AND STATUTORY AUDITORS OF  
DELOITTE & TOUCHE S.P.A.*****SHAREHOLDERS AND BOARD OF DIRECTORS***

ADAMI GIANNA  
Cittadella (PD) 17/06/1957

ARIENTI PATRIZIA (\*)  
Milano 07/06/1960

AZZONI PIER VALTER  
Casalmaggiore (CR) 22/04/1966

BARBIERI GIORGIO  
Torino 24/09/1967

BECIANI CARLO  
Sassoferrato (AN) 16/03/1953

BELLIA GIACOMO  
Roma 26/04/1966

BENINI MARCO  
Rimini 14/09/1970

BERARDELLI CARLO  
Roma 06/07/1964

BIZIOLI PIERGIULIO  
Bergamo 26/06/1959

BONATTO EZIO  
Pont Canavese (TO) 18/09/1956

BRAMBILLA VALERIA  
Parma 06/11/1970

BRUNO MARIANO  
Napoli 15/03/1966

CHERUBINI GIOVANNI  
Avezzano (AQ) 01/04/1962

CHIAVAZZA FRANCO  
Torino 14/11/1968

CIAI ENRICO  
Roma 16/01/1957

COCCO ANTONIO  
Abbasanta (OR) 29/01/1953

COPPOLA PAOLO  
Roma 21/11/1957

CORDESCHI ADRIANO  
Roma 28/11/1958

CRESCENTINO GIANMARIO  
Genova 14/09/1961

DE PONTI MARCO  
Desio (MB) 13/12/1966

DELL'ORTO STEFANO  
Milano 24/12/1963

DI BARTOLOMEO MAURO  
Teramo 06/07/1965

DI CARLUCCIO CIRO  
Rieti 10/04/1961

FACCENDA GIORGIO  
Torino 07/06/1969

FAGNOLA FABRIZIO (\*)  
Genova 12/03/1957

FALCONE DOMENICO  
Roma 12/11/1962

FARIOLI DOMENICO  
Reggio Emilia 02/03/1961

FERRERO MAURIZIO  
Torino 21/05/1969

FONTANA RAFFAELE  
Roma 21/11/1962

FRIGERIO VITTORIO (\*)  
Milano 22/01/1959

GASPERINI GIOVANNI  
Piacenza 05/01/1970

GIBELLO RIBATTO PAOLO (\*)  
Trivero (BI) 09/02/1960

GOZZETTI MARIO  
Fermo 25/07/1969

GUERZONI ALBERTO  
Bologna 19/08/1964

GUGLIELMETTI PAOLO  
Piacenza 23/11/1952

JOHNSTON COLIN  
Singapore 05/11/1954

LAGANA' CARLO  
Genova 20/02/1965

LANZILLO ERNESTO  
Genova 28/02/1966

LOLATO ROBERTO  
Tripoli (Libia) 07/02/1956

LUSA CLAUDIO  
Taranto 27/06/1975

MASINI MICHELE  
Parma 18/01/1960

MICCOLI MARCO  
Roma 31/05/1970

MONTANARI STEFANO  
Reggio Emilia 24/04/1971

MORETTO GIORGIO  
Mestre (VE) 02/12/1958

MOTTA RICCARDO  
Milano 26/05/1961

NISOLI LUIGI  
Treviglio (BG) 25/07/1964

PAIOLA ANDREA  
Monselice (PD) 19/07/1968

PEDONE GIUSEPPE (\*)  
Trani 12/07/1958

PERGOLARI CARLO  
Roma 01/06/1961

PETTERLE ADRIANO  
Vittorio Veneto (TV) 18/03/1960

PIETRARELLI ENRICO  
Roma 23/08/1968

POMPEI FABIO  
Roma 13/02/1962

RAFFO RICCARDO  
Milano 27/01/1968

RESELLI ANDREA  
Monza 10/09/1969

RICCOMAGNO FRANCO  
Torino 21/11/1950

RIGHETTI DARIO  
Lecco 03/07/1957

RIZZO SANTO  
Torino 10/06/1963

ROLLI PAOLA MARIA TERESA  
Brindisi 30/05/1968

ROSSI LORENZO  
Busto Arsizio (VA) 17/08/1973

SCAGLIOLA LUCA  
Canelli (AT) 04/06/1964

TOSCANO CORRADO  
Genova 29/07/1954

ZANON FAUSTO  
Marmirolo (MN) 31/05/1958

ZANONE ROBERTO ERALDO  
Port Harcourt (Nigeria) 16/11/1964

(\*) Board of Directors



The Shareholder Gibello Ribatto Paolo is the Chairman and legal representative. The Shareholder Pedone Giuseppe is the Chief Executive Officer and legal representative. There is no General Manager.

***BOARD OF STATUTORY AUDITORS***

NECCHI SILVIO Milano 31/07/1954	Chairman
CAPPONAGO DEL MONTE MARIAGLORIA Milano 25/06/1956	Standing Auditor
MAZZOTTA GIOVANNI Bari 09/02/1953	Standing Auditor
CIANI MICHELA Milano 17/11/1979	Alternate Auditor
SPITALE FRANCESCA Torino 24/09/1980	Alternate Auditor

# Curriculum Vitae



## **Riccardo Motta**

### **Professional background**

He is Partner in the Bank and Finance division of Deloitte & Touche, where he audits financial statements of both banks and other financial institutions and he is the Country Leader in Italy for the Deloitte Global Financial Services Industry ("GFSI"), being also a member of Deloitte GFSI Board of Partners from 2005.

After a short professional experience in a Group operating in the services industry (Fininvest), he joined the Arthur Andersen Organization in 1996 where he was appointed to Manager in 1991 and Partner in 1998.

In 1991 he used to work six months in Chicago (USA) at the Arthur Andersen Headquarter on a project relating to the development of a new audit methodology then adopted in the whole Arthur Andersen Network. He gained, initially, significant experiences in the Industrial sector with a few of the major Italian industrial groups among which, particularly, the Olivetti Group, where he worked for six years, being appointed as audit manager in 1991.

In 1991 he joined the Banking and Finance Division where, as a Partner, has audited and still audits prestigious clients financial statements.

When auditing the Banca Commerciale Italiana (then merged into Intesa SanPaolo) financial statements he gained a significant experience in managing the audit work of a financial institution with significant presence abroad. Particularly, he worked as Advisory Partner in the Audit of banks in South America (particularly in Brasil and Perù), France (Banque Sudameris), Croatia (Privedna Banka Zagreb) and Hungary (CIB).

In addition, from 1990 on, he has been in charge of coordinating acquisition due diligence works in foreign countries for Italian financial institutions, in particular for the UniCredit Group. Among others: Croatia: Splitska Banka; Zagrebacka Banka; Privedna Banka; Riecka Banka; Croatia Banka; Czech Republic: Komerčni Banka; IPB Banka; Slovak Republic: W.U.B.; Turkey: Garanti Bank; Yapi Kredi Bank; Switzerland: Banca del Gottardo; Spain: Banco Atlantico; Lithuania: Agricultural Bank; Poland: Bank Zachodni WBK; Russia: Ural Bank for Reconstruction and Development; Italy: Capitalia; Germany: HVB/Bank Austria.

In many transactions he has been appointed by the Presidents of different Courts to draw up reports and assessments of business contributions and he has written fairness opinions in connection with mergers (among others: the incorporation of Banca Commerciale Italiana into Banca Intesa; the incorporation of Banca San Paolo di Brescia into Credito Agrario Bresciano), Banco Popolare.

He has managed consulting works, both in Italy and abroad, related in particular to the conversion of financial institutions financial statements to IAS/IFRS (among which UBI Banca, Banca Carige, Banco Popolare) to the drafting of banking groups accounting manuals (among which Intesa SanPaolo, Carige, UBI Banca) and to the implementation of processes and procedures in compliance with Law 262/2005 (Intesa SanPaolo, UBI Banca)

He has made public speeches at various conventions on issues relating to financial institutions financial statements (especially regarding the valuation of complex financial instruments) and auditing.

### Professional qualifications

- Chartered Italian Accountant.
- Chartered Italian Auditor.

### Major Clients

Banks:

- UniCredit Group (Cassa di Risparmio di Verona, Cassa di Risparmio di Trieste, Cassamarca)
- Intesa San Paolo Group (Banca Commerciale Italiana, Biverbanca)
- UBI Banca Group (Banca Lombarda, Banco di Brescia, Banco di Genova e San Giorgio, BreBanca,
- Banca della Valle d'Aosta, Cassa di Risparmio di Tortona
- Banco Popolare Group (Banca Popolare Italiana, Cassa di Risparmio di Lucca, Cassa di Risparmio di Pisa, Cassa di Risparmio di Livorno, Banca Aletti, Banca di Mantova, Banca Popolare di Crema, Banca Popolare di Cremona, Banca Mercantile Italiana, Efibanca)
- Banca Carige Group (Banca Carige, Banca Cesare Ponti)
- Biper Group (Meliorbanca)
- Credem Group (Abaxbank)
- BPM Group (Banca Akros)
- Banca Popolare di Sondrio
- Banco di Desio e della Brianza
- Banca Leonardo

Foreign banks' Italian Branches :

- Santander
- BBVA
- Crédit Agricole
- BNP Paribas

Near banking companies:

- UniCredit Group (UniCredit Gestione Crediti, Cordusio Fiduciaria)
- UBI Banca Group (SBS Leasing, Lombarda Sistemi e Servizi, Solofid, Solosert Riscossione Tributi, Capitalgest)
- Banco Popolare Group (Leasimpresa, Ducato)
- Intesa SanPaolo Group (Cariplo Esatri, Comit Factoring, Intesa Riscossione Tributi)
- Montepaschi Group (Intermonte Sim)

Other Industrial and Services sectors companies:

- Carlo De Benedetti Group (Cir, Cofide)
- FIAT Group (Fiat Finance, Fiat Fidis)
- SIA – Società Interbancaria per l'automazione
- Fondo per l'Ambiente Italiano (Not for profit organisation )
- Société Générale Group (Fiditalia – Consumer loans business).

## ORDINARY SHAREHOLDERS' MEETING

### DIRECTORS' REPORT

#### 2012 GROUP COMPENSATION POLICY

Dear Shareholders,

We have called this Ordinary Meeting to request your approval of the *Group Compensation Policy*, set out in the attached document which forms an integral part of the present Report, in compliance with the provisions set by the "Supervisory Provisions concerning Banks Organization and Corporate Governance" issued by Bank of Italy which prescribe that the Shareholders' Meeting approve, amongst other items, the remuneration policy for directors, employees and external collaborators. The approval of remuneration policy and incentive systems must evidence their conformity with prudent risk management and the company's long-term objectives; they must also ensure an appropriate balance between the fixed and variable components, including in the case of the latter, risk-weighting systems and mechanisms designed to ensure that compensation is linked to effective and lasting results.

Furthermore, and again in compliance with indications of the regulators, information is provided on the implementation of remuneration policy approved by the Shareholder's Meeting of April 29, 2011 ("*Annual Compensation Report*").

It is therefore proposed that this Shareholders' Meeting approves the annual revision of the *Group Compensation Policy* which defines the principles and standards which UniCredit applies to and are reflected in the design, implementation and monitoring of compensation policy and systems across the entire UniCredit organization. This proposal was drawn up by the Human Resources function considering the contribution of Compliance, Risk and Finance functions on the topics under their scope. Shareholders are also invited to consult the information regarding the implementation of remuneration policies approved by the Shareholders' Meeting on 29 April 2011.

#### ***Group Compensation Policy***

The key principles of the *Group Compensation Policy* (the "Policy"), which are confirmed with respect to those approved by the Board of Directors on March 22, 2011 and by the Ordinary Shareholders' Meeting on April 29, 2011, are fully described in the "*Section II - Group Compensation Policy*" that has been made available to shareholders and the market and that is summarized here below:

- (a) the UniCredit compensation approach is performance oriented, market aware and aligned with business strategy and stakeholder interests, ensuring remuneration competitiveness & effectiveness as well as internal and external equity & transparency by driving sustainable behaviors and performance.

- (b) within UniCredit's governance structure, rules and processes for delegation of authority and for compliance have been defined with the aim of assuring adequate control, coherence and compliance of remuneration framework across the Group
- (c) the key pillars of the Group Compensation Policy are:
- "clear and transparent governance;"
  - "compliance with regulatory requirements & principles of conduct;"
  - "continuous monitoring of market trends & practices;"
  - "sustainable pay for sustainable performance and"
  - "motivation & retention of all employees, with particular focus on talents and mission-critical resources."
- (d) on the basis of these principles, the Group Compensation Policy establishes the framework for a consistent approach and a homogeneous implementation of sustainable remuneration in UniCredit, with particular reference to the Executive population.

Furthermore, in line with the indications of national and international regulators, it is deemed appropriate within the annual review of policy and incentive systems to introduce some updates including in particular: description of 2012 Group incentive system as approved by the Board in January 2012; specific compensation and pay-mix policy for control functions; further disclosure regarding the definition of risk takers population; updated information on share ownership guidelines; further details on performance conditions and metrics by introduction of a chapter on comprehensive performance measurement (KPI Bluebook); information regarding compensation target positioning against peer group; coordination of business & local adaptations to Group system implementation; further guidelines on executive contracts focusing on severance and variable compensation; updates of compliance drivers for incentive systems.

### ***Annual Compensation Report***

In line with national and international disclosure standards, the key implementation features and outcomes of Group Compensation Policy and Incentive Systems in 2011, as well as demonstration of the coherence of the underlying logic of the 2012 Group Incentive System with our compensation policy and with specific regulatory requests, are described in the "*Section III - Annual Compensation Report*" that has been made available for information to shareholders and the market. The Annual Compensation Report provides a description of compensation practices adopted in UniCredit and the implementation of Group Incentive Systems, as well as Remuneration Tables with a focus on Non-Executive Directors, Senior Executives and other material risk takers, in compliance in particular with Bank of Italy circular no. 263 / March 30, 2011. Starting this year the Report provides also the disclosure as per sect. 84-quarter of the Italian National Commission for Listed Companies (Consob) issuers regulation no. 11971 as amended by delibera no. 18049 / December 23, 2011, referring to Directors, Statutory Auditors, General Managers and other key management personnel. Moreover, in the Annex of

the document it is disclosed specific information on equity plans approval and execution, as requested by art 114-bis of legislative decree 58/1998 TUF ("Testo Unico Finanza").

\* \* \*

Dear Shareholders,

If you agree with the above proposal, you are invited to approve it by adopting the following resolution:

"The ordinary Shareholders' Meeting of UniCredit S.p.A., having heard the directors' proposal,

### **RESOLVES**

1. to approve the *Group Compensation Policy* as contained in the attached document which forms an integral part of the present Report, in order to define the principles and standards which UniCredit shall apply and reflect in its design, implementation and monitoring of compensation practices across the entire organization."

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## **ORDINARY SHAREHOLDERS' MEETING**

### **DIRECTORS' REPORT**

#### **2012 GROUP INCENTIVE SYSTEM**

Dear Shareholders,

We have called this ordinary meeting to request your approval of the 2012 Group incentive system, providing for the grant of free shares to a selected group of Group employees, according to the modalities described below subject to the achievement of specific performance conditions.

This proposal has been formulated in compliance with the provisions of section 114-bis of Decree 58 dated February 24 1998, and in accordance with the provisions set forth by Consob with reference to incentive plans based on financial instruments assigned to corporate officers, employees and collaborators; for this purpose, a document describing the details of the incentive systems has been prepared pursuant to Section 84-bis of the Consob Regulation no. 11971/99 and subsequent amendments, and has been made available to the public under the terms of law.

Considering the indications recently issued by Bank of Italy and the direction set by the European Directive CRD III (Capital Requirements Directive) and by EBA (European Banking Authority) guidelines, it is deemed appropriate to submit to the approval of this Shareholders' meeting the implementation of incentive system based on financial instruments in order to align shareholder and management interests, reward long term value creation, share price appreciation and motivate and retain key Group resources.

Therefore, the 2012 Group Incentive System, which provides for the allocation of an incentive - in cash or free ordinary shares - to be granted in a multi-year period, subject to the achievement of specific performance objectives, is submitted for the approval of this Shareholders' meeting.

#### **1. 2012 GROUP INCENTIVE SYSTEM**

##### **GOALS**

The 2012 Group Incentive System (the "2012 System") aims to attract, motivate and retain group beneficiaries and to keep UniCredit incentive system aligned with the latest national and international regulatory requirements with the aim to define - in the interest of all stakeholders - incentive systems in line with long term company strategies and goals, linked to Group results, adjusted in order to consider all risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid

misleading incentives that could drive to regulatory breaches or to assume excessive risks for the bank and the system in its whole.

## **BENEFICIARIES**

2012 System beneficiaries are:

- Chief Executive Officer (CEO), General Manager (GM), Deputy General Manager (DGM), Senior Executive Vice Presidents (SEVP) (currently 20 people), Executive Vice Presidents (EVP) and other risk takers<sup>1</sup> (currently circa 130 people);
- Senior Vice Presidents (SVP) (currently circa 450 people) and other selected roles<sup>2</sup> (currently circa 480 people).

## **ELEMENTS OF THE 2012 SYSTEM**

- (a) Beneficiaries included in the 2012 System, upon the achievement of goals defined for 2012 and considering individual performance, as well as results at business level and, as relevant, at country and/or Group level, shall receive an overall incentive defined using a multi-perspective Performance Screen assessment of operational & sustainability drivers;
- (b) incentive payouts shall be made over a multi-year period (2013-2017) in a balanced structure of upfront (following the moment of performance evaluation) and deferred payments - in cash and in shares - subject to continuous employment at each date of grant and as follows:
  - in 2013 the first installment of the overall incentive will be payable in cash, subject to the application of an overall risk/sustainability factor (“Group Gate”), related to 2012 Group profitability, solidity and liquidity results and in absence of any individual values / compliance breach, considering also the gravity of any internal/external findings i.e. Audit, Bank of Italy, Consob and/or analogous local authorities;
  - over the period 2014 - 2017, the remainder of the overall incentive will be payable in installments in cash and/or UniCredit shares, subject to the application of a Zero Factor in each year and in absence of any individual /values compliance breach, considering also the gravity of any internal/external findings i.e. Audit, Bank of Italy, Consob and/or analogous local authorities;
  - the distribution of share payments takes into account the applicable regulatory requirements regarding the application of share retention periods. In particular, the payment structure has been defined in line with Bank of Italy provisions requiring a share retention period of 2 years for upfront shares and of 1 year for deferred shares;

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<sup>1</sup> Employees materially impacting market, credit, liquidity risk at Group level and with an incentive higher than € 500,000

<sup>2</sup> Employees impacting market, credit, liquidity risks with incentive exceeding €100,000



- (c) the percentages of payments in cash and shares are defined considering beneficiary categories, as described in the following table:

	2013	2014	2015	2016		2017
	(1st installment)	(2nd installment)	(3rd installment)	(4th installment)	(4th installment)	(5th installment)
	Cash	Cash	Shares	Shares	Cash	Shares
CEO, GM, DGM, SEVP, EVP and other “material risk takers”	20%	20%	20%	20%	10%	10%
SVP	40%	20%	20%	20%	-	-

- (d) Regarding beneficiaries categories defined as “material risk takers” and “other selected roles”, it is highlighted that:
- the “material risk takers” and the other selected roles have been identified on the basis of an ex-ante definition of potential “risk-taker” including a functional mapping of job families under Markets & Investment Banking area, impacting credit, market and liquidity risks;
  - the payment modalities provided for by the 2012 System shall be consistently applied also to bonuses defined for such categories in Corporate and Investment Banking Division (CIB), based on remuneration criteria. Complete alignment to regulatory requirements will be applied to the “material risk takers” with bonuses above €500,000 while deferral in cash and/or shares will apply to “other selected roles” with bonuses starting from €100,000 following a scaling approach;
- (e) the number of shares to be allocated in the respective installments is defined in 2013, considering the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates 2012 performance achievements;
- (f) allocations of a maximum number of 59,700,000 UniCredit ordinary shares are foreseen, representing about 1.03% of UniCredit share capital, while the estimated impact in case of target performance shall be approx 0.69%. The free UniCredit ordinary shares to be allocated will be freely transferable with the exception of any indications later described;
- (g) in order to guarantee the compliance with regulatory and legal dispositions (also in fiscal area) in the countries where the Group is present, adaptations may be made for 2012 System implementation, that do not change substantially the content of resolutions of Board today and General Shareholders’ Meeting. Such adaptations may include in particular: a different percentage distribution of the various installments of payments; a different period of deferral; a retention period on granted shares; allocation of local company shares instead of Group shares; application of Group Gate and Zero Factor that may incorporate profitability, solidity and liquidity results of local Group companies; extension of 2012 System application to other beneficiaries considered as equivalent to risk takers or other selected roles;

- (h) if the implementation of 2012 system should have any adverse effects (legal, tax or other) on Group Companies and / or beneficiaries residing in countries where the Group is present, the Board of Directors may be provide alternative solutions, that fully comply with the principles of 2012 System and allow achievement of the same results (for example also using a trust company or the allocation of shares or other instruments of the UniCredit Group local companies where the beneficiary is employed). In particular, the implementation of a share retention period, in case requested by regulators, may be carried out, in line with the fiscal framework as applicable at the relevant time in countries where the Group in present, either via the allocation of restricted shares or the promise of shares that shall subsequently be allocated at the end of the intended retention period.

## **2. SHARES REQUESTED FOR THE 2012 GROUP INCENTIVE SYSTEM**

The issue of UniCredit free ordinary shares necessary for the execution of the 2012 System , as in the past, shall be object of a delegation of power of attorney to the Board of Directors, in compliance with sect. 2443 of the Civil Code.

Accordingly, the extraordinary session of today's shareholders' meeting will be asked to approve the proposal to delegate to the Board of Directors the power of attorney to resolve, on one or more occasions for a maximum period of five years, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum nominal amount of 59,700,000 UniCredit ordinary shares, to be granted to employees of the Holding Company and of Group banks and companies.

The allocation of free ordinary shares needed for the execution of 2012 System shall be done using the special reserve known as “Provisions Linked to the Medium Term Incentive System for Group Personnel”, which, if case, may be restored or increased via allocation of profits or a portion of available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance. In case the amount of the “Provisions Linked to the Medium Term Incentive System for Group Personnel” does not allow the issuance (full or partial) of UniCredit ordinary shares to service the 2012 System, an equivalent amount in cash will be allocated to the beneficiaries, determined in base of arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates performance achievements.

Dear Shareholders,

If you agree with the above proposal, you are invited to approve it by adopting the following resolution:

"The ordinary shareholders' meeting of UniCredit S.p.A., having heard the Directors' proposal,

RESOLVES

1. to adopt the 2012 Group Incentive System which provides for UniCredit free ordinary shares allocations, by May 2017, to selected UniCredit Group employees in the manner and terms described above;
2. to confer to the Chairman and/or to the Chief Executive Officer, respectively, every opportune power of attorney to implement the present resolution, to render any amendments and additions to the proposals, to be submitted to the Shareholders' Meeting (not changing substantially the content of the resolutions) which should be necessary to enact the present deliberations, resulting from changes in legislation or regulations, or even required by regulatory authorities and in order to comply with any provision of rules and regulations in countries where Group companies are located.

## **ORDINARY SHAREHOLDERS' MEETING**

### **DIRECTORS' REPORT**

#### **UNICREDIT GROUP EMPLOYEE SHARE OWNERSHIP PLAN 2012 (LET'S SHARE 2012)**

Dear Shareholders,

We have called this Ordinary Meeting to request your approval of the “UniCredit Group Employee Share Ownership Plan 2012” aimed at offering to employees of the Group the possibility to invest in UniCredit shares at favourable conditions, in compliance with the provisions of sect. 114-bis of Decree 58 dated 24 February 1998 and with “Supervisory Provisions concerning Organization and Corporate Governance of Banks” issued by Bank of Italy, and according to the provisions set forth by Consob referring to incentive plans based on financial instruments assigned to corporate officers, employees and collaborators.

With this aim, a document has been drawn up pursuant to Section 84-bis of the Consob Regulation no. 11971/99 that has been made available to the public within the timeframe legally required.

As you will recall, your company was one of the first in Italy to understand that the reinforcement of a sense of employees’ belonging and commitment to achieve corporate goals is a relevant factor to maximize corporate value. In this regard, starting from 2008 the UniCredit Shareholders’ Meeting has approved share ownership plans aiming at offering employees of the Group the possibility to invest in UniCredit shares at favourable conditions.

As in the past, it is proposed that this Shareholders’ Meeting approves for the year 2012 a new share ownership plan offered to employees, the “UniCredit Group Employee Share Ownership Plan 2012” (“Let’s Share 2012 Plan”), whose execution modalities and features are substantially in line with the employee share ownership plans adopted by your Company in recent years.

#### **GOALS**

The Plan aims at reinforcing employees’ sense of belonging and commitment to achieve corporate goals.

#### **BENEFICIARIES**

Considering that the Let’s Share 2012 Plan is addressed to the employees of the UniCredit Group, the potential Participants would be circa 160,000.

## PLAN ELEMENTS

(a) Election Period: there are two main election windows:

- 1<sup>st</sup> election window: from 1<sup>st</sup> December 2012 to 15<sup>th</sup> January 2013;
- 2<sup>nd</sup> election window: from 1<sup>st</sup> June 2013 to 15<sup>th</sup> July 2013;

Such timing and modalities for eligible employees to make their election may be modified in the Regulations of the Plan 2012 that will be submitted to the Board of Directors for information at the moment of the launch of the Plan 2012.

During the election windows, employees participating to the Plan 2012 (“Participants”), will choose the overall amount that they want to invest, up to a maximum contribution of € 6,000 per annum. The minimum annual contribution amount is defined considering the peculiarities of each participating country;

(b) Enrolment Period: from January 2013 to December 2013 the Participants will have the opportunity to buy shares by means of monthly debits on their current account (“monthly” modality) or by payments in one or two instalments made in the months of January or July (“one-off” modality). In case during the Holding Period a Participant leaves the Plan 2012, he/she will lose the Free Shares allocated to him/her in accordance with the below point c);

(c) “Free Shares”: at the beginning of the Enrolment Period (January or July 2013), the Participant will receive an immediate discount equal to 25% on the purchase price in the form of Free Shares;

The Free Shares will be subject to lock-up during 1 year and the Participant will lose the entitlement to the Free Shares if, during the 1-year Holding Period, he/she will no longer be an employee of a UniCredit Group Company, unless the employment has been terminated for one of the specific reasons stated in the Rules of the Plan 2012. In some countries, for fiscal reasons, it will not be possible to grant the Free Shares at the beginning of the Enrolment Period: in that case an alternative structure is offered that provides (at the beginning of the Enrolment Period) to the Participants of those countries the right to receive the Free Shares at the end of the Holding Period (“Alternative” Structure).

(d) Holding Period: during the 1-year Holding Period (from January/July 2013 to January/July 2014), the Participants can sell the purchased shares at any moment, but by doing so they will lose the Free Shares in respect of the number of shares sold.

(e) Diluting impact on Holding Company share capital: the Let’s Share 2012 Plan provides for the use of shares to be purchased on the market, therefore it will not have any diluting impact on Holding Company share capital. To that end, Group employees who decide to accept to join the Let’s Share 2012 Plan will give a mandate to a broker, internal or external to UniCredit Group, to purchase the shares and to deposit them in an account opened in their name. In case of substantial changes in the scenario of reference or if the

actual participation rate would be higher than expected, it may be required to change this implementation modality by asking, in the case, for the relevant authorizations needed.

- (f) *Fiscal and social contribution*: The fiscal and social contributions schemes applied will be in line with the applicable law in the country in which each Participant is fiscally resident (with the exception of expatriated employees for whom the “tax equalisation” principle will be applied by which the employee taxation and the social security contributions applied will be the same of the reference home country).

An evaluation process is ongoing on the possibility, subject to an agreement with the Unions, that the Italian participants could contribute to the Let’s Share 2012 Plan investing a portion of the company bonus (VAP). The modalities and the timing to make this contribution will be defined in the Regulations of the Let’s Share 2012 Plan that will be submitted to the Board of Directors for information at the moment of the launch of the Let’s Share 2012 Plan.

\* \* \*

Dear Shareholders,

If you agree with the above proposal, you are invited to approve it by adopting the following resolution:

“The ordinary Shareholders' Meeting of UniCredit S.p.A., having heard the directors' proposal,

RESOLVES

1. to adopt the “UniCredit Group Employee Share Ownership Plan 2012” aiming at offering to all employees of the Group the possibility to invest in UniCredit shares at favourable conditions;
2. to give to the Chairman and/or to the Chief Executive Officer, respectively, any relevant power of attorney to enact today’s resolution and to make all possible changes and integrations to the “UniCredit Group Employee Share Ownership Plan 2012” (not changing substantially the content of the resolution) which should be necessary to carry out what was resolved, also in order to comply with every legal and regulatory provision of the countries in which the Group companies are based.

**REPORT OF THE BOARD OF DIRECTORS**  
**AMENDMENTS TO CLAUSES**  
**20, 29 AND 30 OF THE ARTICLES OF ASSOCIATION**

Shareholders,

We have convened this Extraordinary Shareholders' Meeting to deliberate the proposal to amend several provisions of the existing Articles of Association of UniCredit.

The purpose of the amendments is to give effect to the measures introduced by Law no. 120 dated 12 July 2011 (the "*Amendments to the Consolidated Law on Financial Intermediation, brought by Legislative Decree no. 58 of 24 February 1998 relating to equality of access to the administrative and control bodies of companies listed in regulated markets*"), which introduced into Italian law the principle of gender equality in the administrative and control bodies of listed companies, and to align the current Articles of Association of UniCredit with the Code on Corporate Governance for Listed Companies (as updated in December 2011) in relation to the number of independent directors.

We are also using the opportunity of this Extraordinary Meeting to submit for your approval some additional amendments relating to the procedures for the appointment and replacement of members of the Board of Directors and members of the Board of Statutory Auditors, as well as the power of attorney ("*legale rappresentanza*") of the Company.

Other proposed changes refer to the elimination of outdated provisions, and, more generally, to textual modifications to impart greater precision, rationality, intelligibility and clarity to the wording of the Articles of Association.

This is the premise for the proposed amendments to Clauses 20, 29 and 30 of the Articles of Association that we illustrate below and submit for your approval.

**1. AMENDMENTS TO ARTICLES OF ASSOCIATION**

**1.1. Amendments referring to Law 120/11**

Law no. 120 dated 12 July 2011 (the "Law"), also known as the "Gender Quota Law", contains several measures aimed at ensuring the presence of an adequate number of persons of the less represented gender on the administrative and control bodies of listed companies. To that end, the Law, by modifying articles 147 ter and 148 of Legislative Decree 58/1998 (the "*Consolidated Law on Financial Intermediation*"), decrees that the Articles of Association of listed companies must include a provision to the effect that for three consecutive mandates appointments shall be apportioned so that the less represented gender obtains at least one fifth (for the first mandate) or one third (for the successive two mandates) of selected members of the Board of Directors and of effective members of the Board of Statutory Auditors.

Failure to configure membership in the manner described above within four months of receiving an infraction notice to this effect from CONSOB is sanctioned by a financial administrative penalty, whereupon the Company is given a further three months to remedy its position and, in the event of continued non-compliance, the elected members shall be removed from office.

The Law assigns CONSOB responsibility for issuing regulations relating to infractions, and for applying and enforcing observance of the subject rules. On the basis of the delegate powers assigned to it by Resolution no. 18098 dated 8 February 2012, CONSOB amended its Regulation for Issuers (adopted under CONSOB Resolution 11971/99 as amended), adding a new article (144-*undecies*) addressing the matter. The new Regulation establishes, among other things, that the Articles of Association of listed companies shall "*regulate... the manner in which lists are drawn up, as well as additional criteria for the selection of individual members of administrative bodies in order to ensure that the elections result in a gender balance*" and that Articles "*cannot envisage compliance with gender quotas in lists with less than three candidates.*" Further, the Articles of Association must ensure that the criterion of gender balance is respected also when a replacement is being made for a member of a body who has left office during his or her mandate. Another important provision states that if the application of the quota rules for board memberships results in a number that is not whole, then the number shall be rounded up in favour of the less represented gender.

The new regulations are set to take effect at the first renewal of corporate bodies after 12 August 2012. For UniCredit, this means that the regulations will take effect upon the renewal of the Board of Statutory Auditors in 2013 (at the same time as the Ordinary Shareholders' Meeting will be convened to approve the financial results for 2012). However, we believe it is appropriate to proceed immediately with the amendment of the Articles of Association also relating to the Board of Directors: accordingly, as of the above-mentioned date in August 2012, the Articles of Association of UniCredit shall be fully aligned to the Law.

The proposed amendments consequently refer to Clauses 20 and 30 of the Articles of Association and invoke the principle of gender balance in the corporate bodies in question, both at the original appointment stage and in the event of a member being replaced in the course of a mandate.

For the election of both bodies, in particular, each list of candidates must include a sufficient number of persons from the less represented gender to ensure that the gender balance fulfils at least the minimum legal requirement. In case of failure to elect the requisite number of persons belonging to the less represented gender, in general unelected candidates of that gender shall be appointed from the majority list, and subsequently, from the most voted minority lists in which are comprised the elected candidates. It is understood that the recourse to the vote of Shareholders is envisaged in case the adoption of the supplementary mechanism doesn't consent to achieve the goal fixed by the Law.

The new provisions in the Articles of Association that are being submitted for your approval set out the principle of gender balance in cases of the co-option of Directors or in cases where stand-in Statutory Auditors take office

## **1.2. Amendments referring to the Code on Corporate Governance for Listed Companies**

Last December the Code on Corporate Governance for Listed Companies (the "Code") was published and UniCredit confirmed its observance thereof. Among the innovations of the Code, the 3.C.3 "application criterion", in line with international governance best practice, now requires issuers listed on the FTSE-Mib index to reserve at least one third of



the seats of the Board of Directors (rounded down to the nearest whole number) for Directors qualifiable as independent under the terms of the Code itself. In any case, the independent Directors shall be no fewer than two. The obligation comes into effect from the first renewal of the Board of Directors "*following the end of the financial year beginning 2012*", which in practice means as of the first renewal of the Board in 2013.

Currently, the UniCredit Articles of Association declare that "*at least five directors*" must fulfil the independence requirements of the Code: therefore, we would take the opportunity to modify the Articles of Association, introducing a cross-reference to the provisions time to time envisaged by the Code in order that, also pursuant to the Articles of Association, such provisions come into effect at the time mentioned above (from the first renewal of the Board of Directors following the end of the financial year beginning 2012).

### **1.3. Other amendments referring to the Board of Directors, the Board of Statutory Auditors and legal representation**

The present moment also provides the occasion to propose some further amendments of the regulations concerning appointments and replacements in the administrative and control bodies of the Company in order to facilitate (given the number of lists and candidates effectively presented, which constitutes an objective limit) the compliance with the various regulatory and statutory obligations on the quantitative and qualitative composition of the Board of Directors and Board of Statutory Auditors. The number of such obligations governing both the appointment and the replacement of members of corporate bodies has now increased.

This objective is also one of the reasons for proposing an increase in the number of stand-in Statutory Auditors (from 2 to 4), which would benefit the procedure for the replacement of the members of the Board of Statutory Auditors respecting the principles of the representation of the minorities and of the gender balance.

As the occasion arises we also believe it expedient to use the occasion to better detail the current system for the election of the Board of Statutory Auditors in order to avoid the possibility – as a matter of fact completely residual but, nonetheless, possible - that the majority of the members of the Board of Statutory Auditors could come from the minority lists (a possibility that could come about if the minority lists obtained a number of votes not too far below the number obtained by the majority list). The present mechanism for the appointment of the Statutory Auditors, ensures that the Shareholders' meeting minority elects its own representatives as both Statutory Auditors and alternate Statutory Auditors.

Other proposed changes refer to the elimination of outdated provisions, and, more generally, to textual modifications to impart greater precision, rationality, intelligibility and clarity to the wording of the Articles of Association.

With regard to the power of attorney ("*legale rappresentanza*") of the Company, we remind that such power, pursuant to Clause 29 of the Articles of Association, is assigned to the Chairman, the Deputy Chairmen, the Chief Executive Officer, the General Manager and Deputy General Managers.

In light of the rarity with which the power of attorney was effectively exercised by the Deputy Chairmen, it is proposed to remove the Deputy Chairmen's power of attorney except as far as concerns the Deputy Vice Chairman maintaining said power instead in

favour of the other parties named in Clause 29 of the Articles of Association: in this way, the operational requirements of the Company can continue to be met.

#### 1.4. Information concerning the right of withdrawal and other aspects

The present proposal to make amendments to the Articles of Association does not reference any circumstances that, pursuant to article 2437 of the Italian Civil Code, might give holders of ordinary and savings shares grounds to exercise their rights of withdrawal. Further, the proposal is not subject to the approval of a Special Meeting of Savings Shareholders as provided for by article 146, paragraph 1, letter b) of Legislative Decree 58 of 24 February 1998, inasmuch as it does not prejudice the rights of this category of shareholder.

The proposed amendments to the Articles of Association are subject to authorization of the Bank of Italy, in accordance with article 56 of Legislative Decree 385/93.

## 2. PROPOSALS FOR THE AMENDMENT OF UNICREDIT'S ARTICLES OF ASSOCIATION

The amendments to the Company's Articles of Association which are proposed to the today Shareholders' Meeting are detailed in the table below.

CURRENT WORDING	DRAFT AMENDMENT
<p style="text-align: center;"><b>SECTION V</b> <b>Regarding the Board of Directors</b></p>	<p style="text-align: center;"><b>SECTION V</b> <b>Regarding the Board of Directors</b></p>
<p style="text-align: center;">Clause 20</p> <p>1. The Board of Directors is composed of between nine and twenty-four members.</p> <p>2. Members of the Board of Directors must meet the experience and integrity requirements laid down by prevailing regulations and other laws.</p> <p>3. In addition, at least three directors must meet the independence requirements established for statutory auditors by Legislative Decree No. 58 of February 24, 1998, and at least five directors must meet the additional independence requirements indicated by the Code on Corporate Governance for Listed Companies issued by Borsa Italiana S.p.A.. The independence requirements established by</p>	<p style="text-align: center;">Clause 20</p> <p>1. The Board of Directors is composed of between <b>a minimum of nine and a maximum of</b> twenty-four members. <b>The composition of the Board of Directors must ensure the balance between the genders.</b></p> <p>2. <b>The</b> <del>Members</del> members of the Board of Directors must meet the experience and integrity requirements laid down by prevailing regulations and other laws.</p> <p>3. In addition, at least three <del>directors</del> <b>directors</b> must meet the independence requirements established for statutory auditors by Legislative Decree No. 58 of February 24, 1998, and <b>a number of at least five</b> <del>directors</del> <b>directors equal to the one provided for</b> <del>must meet the additional independence requirements indicated</del> by the Code on Corporate Governance for Listed Companies <b>must possess the independence</b></p>

<p>Legislative Decree No. 58 of February 24, 1998 and those specified by the Code on Corporate Governance for Listed Companies issued by Borsa Italiana S.p.A. may be cumulative for the same person.</p> <p>4. The directors term in office spans three operating years, except where a shorter term is established at the time they are appointed, and ends on the date of the meeting convened for the approval of the accounts relating to the last operating year in which they were in office.</p> <p>5. In particular, directors are appointed by the Meeting on the basis of lists submitted by shareholders in which candidates must be listed using a progressive number.</p> <p>6. In order to be valid, the lists submitted by legitimate parties must be filed at the Registered Office or the Head Office no later than the twenty-fifth day prior to the date of the Meeting and be made available to the public at the Registered Office, on the Company's web site and through other channels provided for under prevailing laws at least twenty-one days prior to the date of the Meeting. Each legitimate party may submit or contribute to the submission of only one list, and similarly, each candidate may only be included on one list, on penalty of ineligibility. Only those legitimate parties who individually or collectively with others represent at least 0.5% of share capital in the form of ordinary shares with voting rights at ordinary Meetings are entitled to submit lists.</p> <p>7. The ownership of the minimum number of shares required for filing lists is calculated with regard to the shares registered to each individual shareholder, or to multiple shareholders combined, on the day on which the lists are submitted to the Company. Ownership of the number of shares necessary for filing lists must be proven pursuant to the prevailing laws; such proof can even be submitted to the Company during or after the time when the lists are</p>	<p><del>requirements established by the Code itself issued by Borsa Italiana S.p.A.</del> The independence requirements established by Legislative Decree No. 58 of February 24, 1998 and those specified by the Code on Corporate Governance for Listed Companies <del>issued by Borsa Italiana S.p.A.</del> may be cumulative for the same person.</p> <p>4. The <del>directors'</del> <b>Directors'</b> term in office spans three operating years, except where a shorter term is established at the time they are appointed, and ends on the date of the <b>Shareholders'</b> <del>Meeting</del> convened for the approval of the accounts relating to the last operating year in which they were in office.</p> <p>5. <del>In particular, The</del> <b>The</b> <del>directors</del> <b>Directors</b> are appointed by the <b>Shareholders'</b> Meeting on the basis of lists submitted by <del>shareholders</del> <b>legitimate parties</b> in which candidates must be listed using a progressive number. <b>Each list must introduce a number of candidates belonging to the least represented gender such as to ensure abundance by the balance between genders at least in the minimum quantity required by the provisions, also of a regulatory nature, in being.</b></p> <p>6. In order to be valid, the lists <del>submitted by legitimate parties</del> must be filed at the Registered Office or the Head Office no later than the twenty-fifth day prior to the date of the <b>Shareholders'</b> Meeting and <b>must</b> be made available to the public at the Registered Office, on the Company's web site and through other channels provided for under prevailing laws at least twenty-one days prior to the date of the <b>Shareholders'</b> Meeting. Each legitimate party may submit or contribute to the submission of only one list, and, similarly, each candidate may only be included on one list, on penalty of ineligibility. <del>Only</del> <b>Those</b> legitimate parties who individually or collectively with others represent at least 0.5% of share capital in the form of ordinary shares with voting rights at ordinary <b>Shareholders'</b> Meetings are entitled to submit lists.</p> <p>7. <i>Unvaried</i></p>
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filed provided that this occurs prior to the deadline for when the Company must make the lists public.

8. By the deadline indicated above, legitimate parties who filed lists must file the following together with each list:

- the information on those who filed lists with information on the total percentage of equity investment held;
- information on the personal and professional characteristics of the candidates indicated on the list;
- a statement whereby the individual candidates irrevocably accept the position (subject to their appointment) and attest, under their responsibility, that there are no reasons for their ineligibility or incompatibility, and that they meet the experience and integrity requirements provided for by current regulatory and other provisions;
- a statement that the independence requirements dictated by these Articles of Association, have been met.

Any list that does not meet the above requirements shall be deemed to have not been filed.

9. All those entitled to vote may only vote for one list.

10. The election of Members of the Board of Directors shall proceed as follows:

- a) from the list obtaining the majority of votes cast shall be taken - in the consecutive order in which they are shown on the list – as much directors as to be appointed, decreased of one director – if the Board of Directors consists in a number lower or equal to 20 members – or decreased of two directors - if the Board of Directors consists in a number higher than 20 members. The remaining directors shall be taken - in the consecutive order in which they are shown on the list – from the minority list receiving the highest votes;
- b) if the majority list doesn't reach a sufficient number of candidates for the election of the number of directors to be appointed – following the mechanism pointed out under the previous lett. a) –

8. By the deadline indicated in paragraph 6 above, legitimate parties who filed lists must file the following together with each list **any such further document and declaration required by provisions, also of a regulatory nature, in being at the time as well as:**

- the information on those who filed lists with information on the total percentage of equity investment held;
- information on the personal and professional characteristics of the candidates indicated on the list;
- a statement whereby the individual candidates irrevocably accept the position (subject to their appointment) and attest, under their responsibility, that there are no reasons for their ineligibility or incompatibility **respect to candidacy**, and that they meet the experience and integrity requirements provided for by current regulatory and other provisions;
- a statement that the independence requirements dictated by these Articles of Association, have been met.

Any list that does not meet the above requirements shall be deemed to have not been filed.

9. *Unvaried*

10. The election of Members of the Board of Directors shall proceed as follows:

- a) from the list obtaining the majority of votes cast shall be taken - in the consecutive order in which they are shown on the list – as much ~~e~~Directors as to be appointed, decreased of one ~~e~~Director – if the Board of Directors consists in a number lower or equal to 20 members – or decreased of two ~~e~~Directors - if the Board of Directors consists in a number higher than 20 members. The remaining ~~e~~Directors shall be taken - in the consecutive order in which they are shown on the list – from the minority list receiving the highest votes;
- b) if the majority list doesn't reach a sufficient number of candidates for the election of the number of ~~e~~Directors to be appointed – following the mechanism pointed out under the previous lett. a) –

all the candidates from the majority list shall be appointed and the remaining directors shall be taken from the minority list receiving the highest votes, in the consecutive order in which they are shown on the such list. If the minority list receiving the highest votes doesn't reach a sufficient number of candidates for the election of the number of directors to be appointed – following the previous mechanism – the remaining directors shall be taken in succession from the further minorities lists receiving the highest votes, always in the order in which they are shown on the lists;

c) if the number of candidates included on the majority as well as minorities lists submitted is less than the number of the directors to be elected, the remaining directors shall be elected by a resolution passed by the Meeting by a relative majority. If there is a tie vote between several candidates, a run-off will be held between these candidates by means of another vote at the Meeting;

d) if in accordance with the deadlines and procedures specified in the above paragraphs only one list or no list is filed, the Meeting shall deliberate in accordance with the procedures set forth in item c) above;

e) if the criterion set forth in this paragraph is followed and the minimum necessary number of independent directors is not elected, the directors who have in each list the highest consecutive number and do not meet the requirements in question shall be replaced by the subsequent candidates, who meet the necessary requirements, taken from the same list. If the replacement of the directors who do not meet the requirements in question with the subsequent candidates taken from the same list is not possible, they shall be replaced by the candidates who meet the necessary requirements taken in succession from minorities lists receiving the highest votes, in the order in which they are shown on the lists.

all the candidates from the majority list shall be appointed and the remaining ~~€~~Directors shall be taken from the minority list receiving the highest votes, in the consecutive order in which they are shown on the such list~~;~~;

c) ~~if~~ if the minority list receiving the highest votes doesn't reach a sufficient number of candidates for the election of the number of ~~€~~Directors to be appointed – ~~following the previous mechanism~~ – the remaining ~~€~~Directors shall be taken in succession from the further minorities lists receiving the highest votes, always in the order in which they are shown on the lists;

~~€~~d) if the number of candidates included on the majority as well as minorities lists submitted is less than the number of the ~~€~~Directors to be elected, the remaining ~~€~~Directors shall be elected by a resolution passed by the **Shareholders'** Meeting by a relative majority **ensuring the abidance by the independence and balance between genders principles established by the provisions, also of a regulatory nature, in being**. If there is a tie vote between several candidates, a run-off will be held between these candidates by means of another vote at the **Shareholders'** Meeting;

~~€~~e) ~~if in accordance with the deadlines and procedures specified in the above paragraphs only one list or no list is filed, the~~ **Shareholders'** Meeting shall deliberate in accordance with the procedures set forth in item ~~€~~d) above;

~~€~~f) ~~if the criterion set forth in this paragraph is followed and the minimum necessary number of independent~~ ~~€~~Directors **and/or of Directors belonging to the least represented gender** is not elected, the ~~€~~Directors **of the most voted list** who have ~~in each list~~ the highest consecutive number and do not meet the requirements in question shall be replaced by the subsequent candidates, who meet the necessary **requirement or** requirements, taken from the same list. **Should it prove impossible, even applying said criterion, if the replacement of the directors who do not to single out Directors possessing said meet the requirements, the above substitution criterion will apply in question with the subsequent candidates taken from the same list is not possible, they shall be replaced by the candidates who meet the necessary requirements taken in succession from to the** minorities lists receiving the highest votes~~;~~, **from which the candidates elected have been**

<p>11. In the event of a director dying, leaving office or failing to hold it for any other reason or where his term in office is lapse or losing for any other reason the experience or integrity requirements, the Board of Directors can take steps to co-opt a director, taking into proper account the right of minority interests to be represented. Should for any reason the number of independent directors fall below the level established in these Articles of Association, the Board of Directors shall make a replacement according to the criteria established in the above paragraph 10, lett. e).</p> <p>12. For the appointment of directors that need to be added to the Board of Directors, resolutions of the Meeting of Shareholders shall be by relative majority.</p>	<p><del>taken in the order in which they are shown on the lists;</del></p> <p>g) if, even applying the substitution criteria given in the previous lett. f), suitable substitutions have not been found, the Shareholders' Meeting shall resolve by a relative majority. In such circumstances the substitutions shall be effected beginning from the progressively most voted lists and from the candidates bearing the highest progressive number.</p> <p>11. In the event of a <del>e</del>Director dying, leaving office or failing to hold it for any other reason or where his term in office is lapsed or losing for any other reason the experience or integrity requirements, the Board of Directors can take steps to co-opt a <del>e</del>Director, taking into proper account the right of minority interests to be represented. <del>In the above cases, S</del>should for any reason the minimum number of independent <del>e</del>Directors fall below the level established <del>in</del> by these <del>o</del> Articles of Association <del>and/or should the number of Directors belonging to the least represented gender fall below the level established by law,</del> the Board of Directors shall <del>make provide for their a</del> replacement <del>according to the criteria established in the above paragraph 10, lett. e).</del></p> <p>12. For the appointment of <del>e</del>Directors that need to be added to the Board of Directors, resolutions of the Meeting of Shareholders shall be by relative majority, ensuring abidance by the criteria of independence and balance between genders established by the provisions, also of a regulatory nature, in being.</p>
<p style="text-align: center;"><b>SECTION VII</b> <b>Regarding representation and signing powers</b></p>	<p style="text-align: center;"><b>SECTION VII</b> <b>Regarding representation and signing powers</b></p>
<p style="text-align: center;">Clause 29</p> <p>1. Representation of the Bank (including procedural representation) and signing on behalf of the Bank are responsibilities assumed separately by the Chairman of the Board of Directors, the Deputy Chairmen, the Managing Director, the General Managers, and the Deputy General Managers, with said individuals vested with the ability to designate, be it a continuous basis or otherwise, employees of the Bank and persons on secondment to the Bank, as well as outside third parties, as representatives</p>	<p style="text-align: center;">Clause 29</p> <p>1. Representation of the Bank (including procedural representation) and signing on behalf of the Bank are responsibilities assumed <del>separately</del> by the Chairman of the Board of Directors <del>and, should he be absent or prevented,</del> the Deputy Vice-Chairman, <del>as well as – separately –</del> by the Managing Director, the General Managers, and the Deputy General Managers, with said individuals vested with the ability to designate, be it a continuous basis or otherwise, employees of the</p>

and special agents for the undertaking of single actions and operations or specific types of actions and operations and to appoint lawyers, technical consultants and arbiters, assigning to them the appropriate powers and authorities.

2. Procedural representation comprises, for example, the ability to initiate and support any action and measure to protect the Bank's rights and interests, which may involve applying for warnings, precautionary measures and emergency actions, and exercising enforceable actions, the exercising, remission and waiver of the right to proceed with a lawsuit, as well as the institution and the revocation of a civil action, within every place of judicial, administrative, arbitration and appeasement proceedings, before any authority and in any state, and at any level of the law, with all the powers needed for such purposes, including the power to confer the necessary relative powers of attorney for litigation proceedings, including general ones, to do the interrogation due pursuant to the law, and with every ability foreseen by law to appease, to reach agreements and to settle by compromise in arbitration proceedings, which may include friendly settlement arrangements as well as to waive acts and actions.

3. The following persons also have the ability to sign, pursuant to the preceding paragraphs, including for procedural representation, in the name of UniCredit S.p.A.:

a) for the Head Office and for all secondary offices, branches, however named, and representative offices: the Directors with strategic responsibilities for the Bank if different from those representatives indicated in the paragraph 1 and the other parties, included seconded persons, to whom this power has been granted;

b) for the Head Office Unit only: Managers and grade 2, 3 and 4 Assistant Managers assigned to the Head Office, as well as seconded subjects vested with this ability;

c) for individual secondary offices, branches, however named, and representative offices: Managers and grade 2, 3 and 4 Assistant Managers assigned to them, as well as seconded subjects vested with this ability.

In order to be binding, documents issued for the

Bank and persons on secondment to the Bank, as well as outside third parties, as representatives and special agents for the undertaking of single actions and operations or specific types of actions and operations and to appoint lawyers, technical consultants and arbiters, assigning to them the appropriate powers and authorities.

2. *Unvaried*

3. *Unvaried*



<p>Bank by representatives who have been authorised pursuant to the provisions of this paragraph must be signed jointly by two of the persons indicated, with the restriction however that grade 2 and 3 Assistant Managers may only sign with a grade 4 Assistant Manager or a Manager.</p> <p>4. In order to facilitate the smooth running of operations, the Board of Directors may however authorise the signature of Company staff and persons on secondment to the Company itself, including for procedural representation, jointly, but potentially singularly, for the types of documents that shall be determined by the Board itself.</p>	<p>4. <i>Unvaried</i></p>
<p style="text-align: center;"><b>SECTION VIII</b> <b>Regarding the Statutory Board of Auditors</b></p>	<p style="text-align: center;"><b>SECTION VIII</b> <b>Regarding the Statutory Board of Auditors</b></p>
<p style="text-align: center;">Clause 30</p> <p>1. The General Meeting of Shareholders appoints five permanent Statutory Auditors, from whom it also appoints the Chairman. Moreover it appoints two stand-in Statutory Auditors.</p> <p>2. Permanent and stand-in Statutory Auditors may be re-elected.</p> <p>3. Pursuant to the provisions of prevailing legislation, at least two permanent auditors and one stand-in auditor must have been listed for at least three years in the Rolls of Accountants and have undertaken the legal auditing of accounts for a period of no less than three years. Any auditors who are not listed in the Rolls of Accountants must have gained at least three years' total experience:</p> <p>a) undertaking professional activities as a business accountant or lawyer, undertaken primarily in the banking, insurance and financial sectors;</p> <p>b) teaching, at University level, subjects concerning - in the field of law – banking, commercial and/or fiscal law, as well as the running of financial markets and – in the field of business/finance – banking operations, business economics, accountancy, the running of the securities markets, the running of the financial and international markets and corporate finance;</p>	<p style="text-align: center;">Clause 30</p> <p>1. The General Meeting of Shareholders appoints five permanent Statutory Auditors, from whom <del>it also appoints</del> the Chairman. Moreover it appoints <del>two</del> <b>four</b> stand-in Statutory Auditors. <b>The membership of the Board of Statutory Auditors must ensure the balance between genders.</b></p> <p>2. <i>Unvaried</i></p> <p>3. Pursuant to the provisions of prevailing legislation, at least two permanent <del>a</del><b>Auditors</b> and one stand-in <del>a</del><b>Auditor</b> must have been listed for at least three years in the Rolls of <del>Accountants</del> <b>Auditors</b> and have undertaken the legal auditing of accounts for a period of no less than three years. Any <del>a</del><b>Auditors</b> who are not listed in the Rolls of <del>Accountants</del> <b>Auditors</b> must have gained at least three years' total experience:</p> <p>a) undertaking professional activities as a business accountant or lawyer, undertaken primarily in the banking, insurance and financial sectors;</p> <p>b) teaching, at University level, subjects concerning - in the field of law – banking, commercial and/or fiscal law, as well as the running of financial markets and – in the field of business/finance – banking operations, business economics, accountancy, the running of the securities markets, the running of the financial and international markets and corporate finance;</p>



c) performing managerial/executive duties within public organisations or offices of the Public Administration, as well as in the credit, financial or insurance sector, and the investment services sector and collective investment-management sector, both of which are defined in Legislative Decree no. 58 of February 24, 1998.

4. Permanent and stand-in members of the Statutory Board of Auditors are appointed in keeping with lists in which candidates are listed by being given a progressive number; at least the first two candidates from each list for the position of permanent auditor and at least the first candidate from each list for the position of stand-in auditor must be listed in the Rolls of Accountants. No candidate may appear in more than one list, or shall otherwise be disqualified.

5. The lists presented by legitimate parties, bearing the names of the candidates and who are to be listed with a progressive number, must be submitted to the Registered Office or the Head Office no later than on the twenty-fifth day prior to the date of the Meeting, and be made available to the public at the Registered Office, on the Company's web site and through other channels provided for under prevailing laws, at least twenty-one days prior to the date of the Meeting, by sufficient legitimate parties to represent, at the time the lists are presented, at least 0.5% of ordinary share capital bearing voting rights for the General Meeting of Shareholders. Minority shareholders who have no connecting relationship with the shareholders concerned shall continue to have the option to take advantage of an extension in the deadline to present lists in those instances and using those procedures specified by

c) performing managerial/executive duties within public organisations or offices of the Public Administration, as well as in the credit, financial or insurance sector, and the investment services sector and collective investment-management sector, both of which are defined in Legislative Decree no. 58 of February 24, 1998.

4. Permanent and stand-in members of the Statutory Board of Auditors are appointed in keeping with lists **submitted by legitimate parties** in which candidates ~~are must be~~ listed by ~~being given~~ a progressive number; **Lists must divided in two directories, containing respectively up to five candidates for the seat as permanent Auditor and up to four candidates for the seat as stand-in Auditor.** ~~At least the first two candidates for the seat from each list for the position of permanent~~ **permanent** ~~Auditor and at least the first candidate for the seat as from each list for the position of~~ stand-in ~~Auditor~~ **given in the respective directories** must be listed in the Rolls of ~~Accountants~~ **Auditors** and must have carried out the activity as Statutory accounting Auditor as envisaged by paragraph 3. Each directory for the appointment as permanent Auditor and stand-in Auditor must present a number of candidates belonging to the least represented gender such as to ensure, within the directory itself, the abidance by the balance of genders at least in the minimum quantity established by the provisions, also of a regulatory nature, in being. No candidate may appear in more than one list, or shall otherwise be disqualified.

5. The lists ~~presented by legitimate parties, bearing the names of the candidates and who are to be listed with a progressive number,~~ must, **under penalty of forfeiture,** be submitted to the Registered Office or the Head Office no later than on the twenty-fifth day prior to the date of the **Shareholders'** Meeting, and ~~be are~~ made available to the public at the Registered Office, on the Company's web site and through other channels provided for under prevailing laws, at least twenty-one days prior to the date of the **Shareholders'** Meeting; **The right to deposit the lists lies with by sufficient** legitimate parties **that, by themselves or together with others,** ~~to represent, at the time the lists are presented,~~ at least 0.5% of ordinary share capital bearing voting rights for the General Meeting of Shareholders. Minority shareholders who have no connecting relationship with the shareholders

<p>current regulatory and other provisions</p> <p>6. The ownership of the minimum number of shares required for filing lists is calculated with regard to the shares registered to each individual shareholder, or to multiple shareholders combined, on the day on which the lists are submitted to the Company. Ownership of the number of shares necessary for filing lists must be proven in accordance with the prevailing laws; such proof can even be submitted to the Company during or after the time when the lists are filed provided that this occurs prior to the deadline for when the Company must make the lists public.</p> <p>7. Along with the lists presented by legitimate parties, the latter must also submit the following within the deadline indicated in paragraph 5 above:</p> <ul style="list-style-type: none"> <li>- the information regarding those that presented the list, indicating the percentage of the total equity investment held;</li> <li>- complete information on the personal and professional characteristics of the candidates indicated on the list;</li> <li>- statements whereby the individual candidates irrevocably accept the position (subject to their appointment) and attest, under their responsibility, that there are no reasons for their ineligibility and incompatibility, and that they meet the experience, integrity and independence requirements provided for by current regulatory and other provisions and by these Articles of Association.</li> </ul> <p>Any list that does not meet the above requirements shall be deemed to have not been filed.</p> <p>8. The lists for the appointment of members of the Statutory Board of Auditors are split into two sub-lists, which contain respectively up to five candidates for the position of permanent auditor and up to two candidates for the position of stand-in auditor.</p> <p>9. Every person entitled to vote may vote in respect of one list only.</p>	<p>concerned shall continue to have the option to take advantage of an extension in the deadline to present lists in those instances and using those procedures specified by current regulatory and other provisions</p> <p>6. <i>Unvaried</i></p> <p>7. Along with the lists presented by legitimate parties, the latter must also submit, <b>the following within the deadline indicated in paragraph 5 above, any further document or declaration required by the provisions, also of a regulatory nature, from time to time in being.</b></p> <p><del>the information regarding those that presented the list, indicating the percentage of the total equity investment held;</del></p> <p><del>complete information on the personal and professional characteristics of the candidates indicated on the list;</del></p> <p><del>statements whereby the individual candidates irrevocably accept the position (subject to their appointment) and attest, under their responsibility, that there are no reasons for their ineligibility and incompatibility, and that they meet the experience, integrity and independence requirements provided for by current regulatory and other provisions and by these Articles of Association.</del></p> <p>Any list that does not meet the above requirements shall be deemed to have not been filed.</p> <p><del>8. The lists for the appointment of members of the Statutory Board of Auditors are split into two sub-lists, which contain respectively up to five candidates for the position of permanent auditor and up to two candidates for the position of stand-in auditor.</del></p> <p>98. Every person entitled to vote may vote in respect of one list only.</p>
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10. With regard to the appointment of permanent auditors, the votes obtained by each list are subsequently divided by one, two, three, four and five. The ratios thus obtained are allocated progressively to the candidates in the first sub-list of each list in the order foreseen by the list concerned, and are arranged in just the one schedule in descending order. Except where provided for otherwise in the next paragraph, those obtaining the highest ratios are elected as permanent auditors.

11. Given the above, whenever four or more candidates obtaining the highest ratios belong to the same list, the first three shall be elected, while the fourth and fifth shall be those who obtain the highest ratios out of those belonging to the lists of minority.

12. The candidate who has obtained the highest share of votes among the candidates belonging to the list that obtained the highest number of votes among the minority lists, as defined by the current provisions (also regulatory) in force, shall be elected by the Shareholders' Meeting as Chairman of the Board of Statutory Auditors. In case of a tie between lists, the candidate from the list presented by the legitimate parties with a larger stake or, subordinately, by the higher number of parties, shall be elected Chairman of the Board of Statutory Auditors. In case of a further tie, the more senior candidate in terms of age shall be appointed Chairman. If the Chairman has not been elected on the basis of the above mentioned criteria, the Shareholders' Meeting shall appoint directly with relative majority.

13. With regard to the appointment of stand-in auditors, the votes obtained by each list are subsequently divided by one and two. The ratios thus obtained are allocated progressively to the candidates in the first sub-list of each list in the order foreseen by the list concerned, and are arranged in just the one schedule in descending order. Except where provided for otherwise in the next paragraph, those obtaining the highest ratios are elected.

14. Whenever the two candidates to obtain the highest ratios belong to the same list, the one with

~~10~~9. With regard to the appointment of permanent auditors, the votes obtained by each list are subsequently divided by one, two, three, four and five. The ratios thus obtained are allocated progressively to the candidates in the first sub-list of each list in the order foreseen by the list concerned, and are arranged in just the one schedule in descending order. Except where provided for otherwise in the next paragraph, those obtaining the highest ratios are elected as permanent ~~a~~Auditors.

~~10~~4. Given the above, **the first three candidates of the list obtaining the majority of the votes are in any case elected. whenever** Should four or more candidates **from one list** obtaining the highest ratios ~~belong to the same list~~, **only** the first three **however** shall be elected. **In any case** ~~while~~ the fourth and fifth **elected persons** shall be those who obtain the highest ratios out of those belonging to the lists of minority.

~~11~~2. The candidate who has obtained the highest share of votes among the candidates belonging to the list that obtained the highest number of votes among the minority lists, as defined by the current provisions (also regulatory) in force, shall be elected by the Shareholders' Meeting as Chairman of the Board of Statutory Auditors. In case of a tie between lists, the candidate from the list presented by the legitimate parties with a larger stake or, subordinately, by the higher number of parties, shall be elected Chairman of the Board of Statutory Auditors. In case of a further tie, the more senior candidate in terms of age shall be appointed Chairman. If the Chairman has not been elected on the basis of the above mentioned criteria, the Shareholders' Meeting shall appoint directly with relative majority.

~~12~~3. With regard to the appointment of stand-in ~~a~~Auditors, the votes obtained by each list are subsequently divided by one, ~~and two~~, **three and four**. The ratios thus obtained are allocated progressively to the candidates in the ~~first~~ **second** sub-list of each list in the order foreseen by the list concerned, and are arranged in just the one schedule in descending order. Except where provided for otherwise in the next paragraph, those obtaining the highest ratios are elected **as stand-in Auditors**.

~~13~~4. **The above remaining firm**, ~~Whenever~~ the first two candidates ~~to~~ **of the list that has obtained the**

the highest ratio shall be elected, while the second one shall be the candidate who obtains the highest ratio out of those belonging to the other lists.

15. In the event of two or more ratios being level for the position of the last permanent auditor and/or the last stand-in auditor, the candidate from the list that has obtained the highest number of votes shall take priority – and if the number of votes are equal, the oldest candidate shall then take priority – unless this list has already indicated three permanent auditors or the other stand-in auditor; in the event of this happening, the candidate from the list bearing the next lowest number of votes shall take priority.

16. If in accordance with the deadlines and procedures set forth in the previous paragraphs only one list, or no list, has been presented, or the lists do not contain the required number of candidates to be elected, the Meeting shall pass a resolution for appointment or addition by relative majority. If there is a tie vote between several candidates, a run-off

majority of the votes are in any case elected. Should three or more candidates of one list obtain the highest ratios ~~belong to the same list~~, the first two of them ~~one with the highest ratio~~ shall in any case be elected. In whatever case the third and fourth elected persons shall be those who, amongst the persons belonging to the minority lists, have obtained ~~while the second one shall be the candidate who obtains the highest ratios~~ out of those ~~belonging to the other lists~~.

~~15.~~ In the event of two or more ratios amongst candidates as being level for the position of the last permanent Auditor and/or the last stand-in Auditor being level, the candidate from the list that has obtained the highest number of votes shall take priority – and if the number of votes are is equal, the oldest candidate shall then take priority – unless this list has already indicated three permanent auditors or the other stand-in auditor; in the event of this happening, the candidate from the list bearing the next lowest number of votes shall take priority.

15. Should the minimum number of permanent Auditors or of stand-in Auditors necessary, belonging to the least represented gender, not be elected, the Auditor of the most voted list with the highest progressive number and belonging to the most represented gender is substituted by the following candidate belonging to the least represented gender coming from the same list. Notwithstanding the above, should the minimum number of Auditors belonging to the least represented gender continue to lack, the substitution criterion will apply, if possible, to the minority lists progressively most voted from which elected candidates have been drawn, or will again apply to the most voted list. If, notwithstanding everything, the minimum number of Auditors belonging to the less represented gender continues to be missing, the Shareholders' Meeting will resolve by a relative majority. In such case the substitutions will be effected beginning from the progressively most voted lists and from the candidates having the lowest ratio.

16. If in accordance with the deadlines and procedures set forth in the previous paragraphs only one list, or no list, has been presented, or the lists do not contain the required number of candidates to be elected, the Shareholders' Meeting shall pass a resolution for appointment or addition by relative majority. If there is a tie vote

<p>election shall be held between them with a further vote of the Meeting.</p> <p>17. In the event of a permanent auditor dying or leaving office or where his term in office is lapsed or he is not available for any other reason, he shall be replaced by the stand-in auditor on the same list indicated by the outgoing auditor. If this is not possible, the departing auditor shall be replaced by the candidate who eventually obtains the highest ratio of those not elected from the list indicated by the outgoing auditor or, in the event of an auditor appointed by the minorities departing, from the minority lists receiving the highest votes. Where auditors are not appointed by the list-based system, the stand-in auditor provided for by legal provisions shall take over. Where the appointment of this auditor to the position of permanent auditor is not confirmed by the next Meeting, he shall return to his position of stand-in auditor.</p> <p>18. For issues relating to the duties, powers and authorities assigned to Statutory Auditors, the determination of their remuneration and the length of their term in office, the prevailing laws shall apply.</p> <p>19. In order to properly perform its tasks, and in particular to fulfill its obligation to promptly inform the Bank of Italy, and where provided, other supervisory authorities of irregularities in the management of the bank or violations of the law, the Statutory Board of</p>	<p>between several candidates, a run-off election shall be held between them with a further vote of the Shareholders' Meeting. The Shareholders' Meeting must in any case ensure the balance between the genders envisaged by the provisions - also of a regulatory nature - in being.</p> <p>17. In the event of a permanent <del>a</del>Auditor dying or leaving office or where his term in office is lapsed or he is not available for any other reason, he shall be replaced by the stand-in <del>a</del>Auditor on the same list indicated by the outgoing <del>a</del>Auditor according to the progressive order of the list, in abidance by the requirement concerning the minimum number of members registered in the Rolls of Auditors having undertaken the legal auditing of accounts according to paragraph 3 and by the principle of balance between the genders. If this is not possible, the departing <del>a</del>Auditor shall be replaced by the stand-in Auditor having the required characteristics coming progressively from the most voted of the minority lists, according to the progressive order of listing <del>candidate who eventually obtains the highest ratio of those not elected from the list indicated by the outgoing auditor or, in the event of an auditor appointed by the minorities departing, from the minority lists receiving the highest votes.</del> Where <del>a</del>Auditors are not appointed by the list-based system, the stand-in <del>a</del>Auditor provided for by legal provisions shall take over. Whenever the Chairman is substituted, the stand-in Auditor taking his place also takes on the Chairman's seat. The Shareholders' Meeting envisaged by art. 2401, sub-sec. 1, of the Italian Civil Code, nominates or provides for the substitution of the Statutory Auditors abiding by the principle regarding the compulsory presence of the minorities and the balance between the genders. Where the appointment of <del>this the stand-in a</del>Auditor <del>to the position in lieu of the permanent a</del>Auditor is not confirmed by the <del>next</del> Shareholders' Meeting, he shall return to his position <del>of as</del> stand-in <del>a</del>Auditor.</p> <p>18. <i>Unvaried</i></p> <p>19. <i>Unvaried</i></p>
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<p>Auditors is vested with all the powers provided for by prevailing laws and regulations.</p>	
<p>20. The Statutory Board of Auditors performs the roles and functions required of it by the prevailing laws. In particular, it oversees compliance with laws, regulations and Articles of Association, the proper management and the adequacy of the organisational and accounting set-up of the Bank and of the risk management and control, as well as the functionality of the total internal audit system, of the external auditing of the accounts and the consolidated accounts, of the independence of the external audit firm and on the information process regarding to financial data.</p>	<p>20. <i>Unvaried.</i></p>
<p>21. Statutory Auditors may assume administration and control positions within other Companies within the limits established by regulatory and other provisions.</p>	<p>21. <i>Unvaried</i></p>
<p>22. The Statutory Board of Auditors is properly formed when the majority of Statutory Auditors are present, with resolutions being carried as per the outright majority of votes cast by those present. In the event of a tie, the vote of the Chairman shall prevail.</p>	<p>22. <i>Unvaried</i></p>
<p>23. Whenever the Chairman of Statutory Board of Auditors deems it opportune, meetings of the Statutory Board of Auditors may be held by using means of telecommunication, providing that each of the attendees may be identified by all the others and that each of the attendees is in a position to intervene real time during the discussion of the topics being examined, as well as receive, transmit and view documents. Once the fulfilment of these prerequisites has been verified, the meeting of the Statutory Board of Auditors is considered held in the place where the Chairman is located.</p>	<p>23. <i>Unvaried</i></p>

### 3. RESOLUTIONS PUT TO THE EXTRAORDINARY SHAREHOLDERS' MEETING

Shareholders,

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

"The Extraordinary Shareholders' Meeting, having heard the proposal of Board of Directors,

DOES HEREBY RESOLVE



1. to approve the following amendments to the Articles of Association:

- amendment of Clause 20 with the following new text:

*“1. The Board of Directors is composed of between a minimum of nine and a maximum of twenty-four members. The composition of the Board of Directors must ensure the balance between the genders.*

*2. The members of the Board of Directors must meet the experience and integrity requirements laid down by prevailing regulations and other laws.*

*3. In addition, at least three Directors must meet the independence requirements established for statutory auditors by Legislative Decree No. 58 of February 24, 1998, and a number of Directors equal to the one provided for by the Code on Corporate Governance for Listed Companies must possess the independence requirements established by the Code itself. The independence requirements established by Legislative Decree No. 58 of February 24, 1998 and those specified by the Code on Corporate Governance for Listed Companies may be cumulative for the same person.*

*4. The Directors’ term in office spans three operating years, except where a shorter term is established at the time they are appointed, and ends on the date of the Shareholders’ Meeting convened for the approval of the accounts relating to the last operating year in which they were in office.*

*5. The Directors are appointed by the Shareholders’ Meeting on the basis of lists submitted by legitimate parties in which candidates must be listed using a progressive number. Each list must introduce a number of candidates belonging to the least represented gender such as to ensure abidance by the balance between genders at least in the minimum quantity required by the provisions, also of a regulatory nature, in being.*

*6. In order to be valid, the lists must be filed at the Registered Office or the Head Office no later than the twenty-fifth day prior to the date of the Shareholders’ Meeting and must be made available to the public at the Registered Office, on the Company’s web site and through other channels provided for under prevailing laws at least twenty-one days prior to the date of the Shareholders’ Meeting. Each legitimate party may submit or contribute to the submission of only one list and, similarly, each candidate may only be included on one list, on penalty of ineligibility. Those legitimate parties who individually or collectively with others represent at least 0.5% of share capital in the form of ordinary shares with voting rights at ordinary Shareholders’ Meetings are entitled to submit lists.*

*7. The ownership of the minimum number of shares required for filing lists is calculated with regard to the shares registered to each individual shareholder, or to multiple shareholders combined, on the day on which the lists are submitted to the Company. Ownership of the number of shares necessary for filing lists must be proven pursuant to the prevailing laws; such proof can even be submitted to the Company during or after the time when the lists are filed provided that this occurs prior to the deadline for when the Company must make the lists public.*

*8. By the deadline indicated in paragraph 6 above, legitimate parties who filed lists must file the following together with each list any such further document and declaration required by provisions, also of a regulatory nature, in being at the time as well as:*

- *the information on those who filed lists with information on the total percentage of equity investment held;*
- *information on the personal and professional characteristics of the candidates indicated on the list;*

- a statement whereby the individual candidates irrevocably accept the position (subject to their appointment) and attest, under their responsibility, that there are no reasons for their ineligibility or incompatibility respect to candidacy, and that they meet the experience and integrity requirements provided for by current regulatory and other provisions;

- a statement that the independence requirements dictated by these Articles of Association have been met.

Any list that does not meet the above requirements shall be deemed to have not been filed.

9. All those entitled to vote may only vote for one list.

10. The election of Members of the Board of Directors shall proceed as follows:

a) from the list obtaining the majority of votes cast shall be taken - in the consecutive order in which they are shown on the list – as much Directors as to be appointed, decreased of one Director – if the Board of Directors consists in a number lower or equal to 20 members – or decreased of two Directors - if the Board of Directors consists in a number higher than 20 members. The remaining Directors shall be taken - in the consecutive order in which they are shown on the list – from the minority list receiving the highest votes;

b) if the majority list doesn't reach a sufficient number of candidates for the election of the number of Directors to be appointed – following the mechanism pointed out under the previous lett. a) – all the candidates from the majority list shall be appointed and the remaining Directors shall be taken from the minority list receiving the highest votes, in the consecutive order in which they are shown on the such list;

c) if the minority list receiving the highest votes doesn't reach a sufficient number of candidates for the election of the number of Directors to be appointed the remaining Directors shall be taken in succession from the further minorities lists receiving the highest votes, always in the order in which they are shown on the lists;

d) if the number of candidates included on the majority as well as minorities lists submitted is less than the number of the Directors to be elected, the remaining Directors shall be elected by a resolution passed by the Shareholders' Meeting by a relative majority ensuring the abidance by the independence and balance between genders principles established by the provisions, also of a regulatory nature, in being. If there is a tie vote between several candidates, a run-off will be held between these candidates by means of another vote at the Shareholders' Meeting;

e) if only one list or no list is filed, the Shareholders' Meeting shall deliberate in accordance with the procedures set forth in item d) above;

f) if the minimum necessary number of independent Directors and/or of Directors belonging to the least represented gender is not elected, the Directors of the most voted list who have the highest consecutive number and do not meet the requirements in question shall be replaced by the subsequent candidates, who meet the necessary requirement or requirements, taken from the same list. Should it prove impossible, even applying said criterion, to single out Directors possessing said requirements, the above substitution criterion will apply to the minorities lists receiving the highest votes from which the candidates elected have been taken;

g) if, even applying the substitution criteria given in the previous lett. f), suitable substitutions have not been found, the Shareholders' Meeting shall resolve by a relative majority. In such circumstances the substitutions shall be effected beginning from the progressively most voted lists and from the candidates bearing the highest progressive number.



11. In the event of a Director dying, leaving office or failing to hold it for any other reason or where his term in office is lapsed or losing for any other reason the experience or integrity requirements, the Board of Directors can take steps to co-opt a Director, taking into proper account the right of minority interests to be represented. In the above cases, should the minimum number of independent Directors fall below the level established by the Articles of Association and/or should the number of Directors belonging to the least represented gender fall below the level established by law, the Board of Directors shall provide for their replacement.

12. For the appointment of Directors that need to be added to the Board of Directors, resolutions of the Meeting of Shareholders shall be by relative majority, ensuring abidance by the criteria of independence and balance between genders established by the provisions, also of a regulatory nature, in being.”

- amendment of paragraph 1 of Clause 29 with the following new text:

“1. Representation of the Bank (including procedural representation) and signing on behalf of the Bank are responsibilities assumed by the Chairman of the Board of Directors and, should he be absent or prevented, the Deputy Vice-Chairman, as well as – separately – by the Managing Director, the General Managers, and the Deputy General Managers, with said individuals vested with the ability to designate, be it a continuous basis or otherwise, employees of the Bank and persons on secondment to the Bank, as well as outside third parties, as representatives and special agents for the undertaking of single actions and operations or specific types of actions and operations and to appoint lawyers, technical consultants and arbiters, assigning to them the appropriate powers and authorities.”

- amendment of Clause 30 with the following new text:

“1. The General Meeting of Shareholders appoints five permanent Statutory Auditors, from whom the Chairman. Moreover it appoints four stand-in Statutory Auditors. The membership of the Board of Statutory Auditors must ensure the balance between genders.

2. Permanent and stand-in Statutory Auditors may be re-elected.

3. Pursuant to the provisions of prevailing legislation, at least two permanent Auditors and one stand-in Auditor must have been listed for at least three years in the Rolls of Auditors and have undertaken the legal auditing of accounts for a period of no less than three years. Any Auditors who are not listed in the Rolls of Auditors must have gained at least three years’ total experience:

a) undertaking professional activities as a business accountant or lawyer, undertaken primarily in the banking, insurance and financial sectors;

b) teaching, at University level, subjects concerning - in the field of law – banking, commercial and/or fiscal law, as well as the running of financial markets and – in the field of business/finance – banking operations, business economics, accountancy, the running of the securities markets, the running of the financial and international markets and corporate finance;

c) performing managerial/executive duties within public organisations or offices of the Public Administration, as well as in the credit, financial or insurance sector, and the investment services sector and collective investment-management sector, both of which are defined in Legislative Decree no. 58 of February 24, 1998.

4. Permanent and stand-in members of the Statutory Board of Auditors are appointed in keeping with lists submitted by legitimate parties in which candidates must be listed by a progressive number. Lists must be divided in two directories, containing respectively up to five candidates for the seat as permanent Auditor and up to four candidates for the seat as stand-in Auditor. At least the first two candidates for the seat as permanent Auditor and at least the first candidate for the seat as stand-in Auditor given in the respective directories must be listed in the Rolls of Auditors and must have carried out the activity as Statutory accounting Auditor as envisaged by paragraph 3. Each directory for the appointment as permanent Auditor and stand-in Auditor must present a number of candidates belonging to the least represented gender such as to ensure, within the directory itself, the abidance by the balance of genders at least in the minimum quantity established by the provisions, also of a regulatory nature, in being. No candidate may appear in more than one list, or shall otherwise be disqualified.

5. The lists must, under penalty of forfeiture, be submitted to the Registered Office or the Head Office no later than on the twenty-fifth day prior to the date of the Shareholders' Meeting, and are made available to the public at the Registered Office, on the Company's web site and through other channels provided for under prevailing laws, at least twenty-one days prior to the date of the Shareholders' Meeting. The right to deposit the lists lies with legitimate parties that, by themselves or together with others, represent, at least 0.5% of ordinary share capital bearing voting rights for the General Meeting of Shareholders. Minority shareholders who have no connecting relationship with the shareholders concerned shall continue to have the option to take advantage of an extension in the deadline to present lists in those instances and using those procedures specified by current regulatory and other provisions

6. The ownership of the minimum number of shares required for filing lists is calculated with regard to the shares registered to each individual shareholder, or to multiple shareholders combined, on the day on which the lists are submitted to the Company. Ownership of the number of shares necessary for filing lists must be proven in accordance with the prevailing laws; such proof can even be submitted to the Company during or after the time when the lists are filed provided that this occurs prior to the deadline for when the Company must make the lists public.

7. Along with the lists presented by legitimate parties, the latter must also submit, within the deadline indicated in paragraph 5 above, any further document or declaration required by the provisions, also of a regulatory nature, from time to time in being.

Any list that does not meet the above requirements shall be deemed to have not been filed.

8. Every person entitled to vote may vote in respect of one list only.

9. With regard to the appointment of permanent auditors, the votes obtained by each list are subsequently divided by one, two, three, four and five. The ratios thus obtained are allocated progressively to the candidates in the first sub-list of each list in the order foreseen by the list concerned, and are arranged in just the one schedule in descending order. Except where provided for otherwise in the next paragraph, those obtaining the highest ratios are elected as permanent Auditors.

10. Given the above, the first three candidates of the list obtaining the majority of the votes are in any case elected. Should four or more candidates from one list obtain the highest ratios, only the first three however shall be elected. In any case the fourth and fifth elected persons shall be those who obtain the highest ratios out of those belonging to the lists of minority.

11. The candidate who has obtained the highest share of votes among the candidates belonging to the list that obtained the highest number of votes among the minority lists, as defined by the current provisions (also regulatory) in force, shall be elected by the Shareholders' Meeting as Chairman of the Board of Statutory Auditors. In case of a tie between lists, the candidate from the list presented by the legitimate parties with a larger stake or, subordinately, by the higher number of parties, shall be elected Chairman of the Board of Statutory Auditors. In case of a further tie, the more senior candidate in terms of age shall be appointed Chairman. If the Chairman has not been elected on the basis of the above mentioned criteria, the Shareholders' Meeting shall appoint directly with relative majority.

12. With regard to the appointment of stand-in Auditors, the votes obtained by each list are subsequently divided by one, two, three and four. The ratios thus obtained are allocated progressively to the candidates in the second sub-list of each list in the order foreseen by the list concerned, and are arranged in just the one schedule in descending order. Except where provided for otherwise in the next paragraph, those obtaining the highest ratios are elected as stand-in Auditors.

13. The above remaining firm, the first two candidates of the list that has obtained the majority of the votes are in any case elected. Should three or more candidates of one list obtain the highest ratios, the first two of them shall in any case be elected. In whatever case the third and fourth elected persons shall be those who, amongst the persons belonging to the minority lists, have obtained the highest ratios.

14. In the event of two or more ratios amongst candidates as permanent Auditor and/or stand-in Auditor being level, the candidate from the list that has obtained the highest number of votes shall take priority – and if the number votes is equal, the oldest candidate shall then take priority.

15. Should the minimum number of permanent Auditors or of stand-in Auditors necessary, belonging to the least represented gender, not be elected, the Auditor of the most voted list with the highest progressive number and belonging to the most represented gender is substituted by the following candidate belonging to the least represented gender coming from the same list. Notwithstanding the above, should the minimum number of Auditors belonging to the least represented gender continue to lack, the substitution criterion will apply, if possible, to the minority lists progressively most voted from which elected candidates have been drawn, or will again apply to the most voted list. If, notwithstanding everything, the minimum number of Auditors belonging to the less represented gender continues to be missing, the Shareholders' Meeting will resolve by a relative majority. In such case the substitutions will be effected beginning from the progressively most voted lists and from the candidates having the lowest ratio.

16. If in accordance with the deadlines and procedures set forth in the previous paragraphs only one list, or no list, has been presented, or the lists do not contain the required number of candidates to be elected, the Shareholders' Meeting shall pass a resolution for appointment or addition by relative majority. If there is a tie vote between several candidates, a run-off election shall be held between them with a further vote of the Shareholders' Meeting. The Shareholders' Meeting must in any case ensure the balance between the genders envisaged by the provisions - also of a regulatory nature - in being.

17. In the event of a permanent Auditor dying or leaving office or where his term in office is lapsed or he is not available for any other reason, he shall be replaced by the stand-in Auditor on the same list indicated by the outgoing Auditor according to the progressive order of the list, in abidance by the requirement concerning the minimum number of members registered in the Rolls of Auditors having undertaken the legal auditing of accounts according to paragraph 3 and by the principle of balance between the genders. If this is not possible, the

*departing Auditor shall be replaced by the stand-in Auditor having the required characteristics coming progressively from the most voted of the minority lists, according to the progressive order of listing. Where Auditors are not appointed by the list-based system, the stand-in Auditor provided for by legal provisions shall take over. Whenever the Chairman is substituted, the stand-in Auditor taking his place also takes on the Chairman's seat. The Shareholders' Meeting envisaged by art. 2401, sub-sec. 1, of the Italian Civil Code, nominates or provides for the substitution of the Statutory Auditors abiding by the principle regarding the compulsory presence of the minorities and the balance between the genders. Where the appointment of the stand-in Auditor in lieu of the Auditor is not confirmed by the Shareholders' Meeting, he shall return to his position as stand-in Auditor.*

*18. For issues relating to the duties, powers and authorities assigned to Statutory Auditors, the determination of their remuneration and the length of their term in office, the prevailing laws shall apply.*

*19. In order to properly perform its tasks, and in particular to fulfill its obligation to promptly inform the Bank of Italy, and where provided, other supervisory authorities of irregularities in the management of the bank or violations of the law, the Statutory Board of Auditors is vested with all the powers provided for by prevailing laws and regulations.*

*20. The Statutory Board of Auditors performs the roles and functions required of it by the prevailing laws. In particular, it oversees compliance with laws, regulations and Articles of Association, the proper management and the adequacy of the organisational and accounting set-up of the Bank and of the risk management and control, as well as the functionality of the total internal audit system, of the external auditing of the accounts and the consolidated accounts, of the independence of the external audit firm and on the information process regarding to financial data.*

*21. Statutory Auditors may assume administration and control positions within other Companies within the limits established by regulatory and other provisions.*

*22. The Statutory Board of Auditors is properly formed when the majority of Statutory Auditors are present, with resolutions being carried as per the outright majority of votes cast by those present. In the event of a tie, the vote of the Chairman shall prevail.*

*23. Whenever the Chairman of Statutory Board of Auditors deems it opportune, meetings of the Statutory Board of Auditors may be held by using means of telecommunication, providing that each of the attendees may be identified by all the others and that each of the attendees is in a position to intervene real time during the discussion of the topics being examined, as well as receive, transmit and view documents. Once the fulfilment of these prerequisites has been verified, the meeting of the Statutory Board of Auditors is considered held in the place where the Chairman is located."*

2. to assign jointly and severally the Chairman and Chief Executive Officer all necessary delegate powers, including the power to subdelegate to management personnel, to act within the law to give effect to the resolutions above, proceed with the deposit and registration of the same in accordance with the law, and do whatever else may be necessary for the implementation of the above resolutions, which shall have explicitly been declared approved and ratified;

3. to grant joint and several authorization to the Chairman and Chief Executive Officer to deposit the text of the Articles of Association, amended in the manner show above, in the *Registro delle Imprese* (Register of Companies). "

## EXTRAORDINARY SHAREHOLDERS' MEETING

### DIRECTORS' REPORT

#### 2012 GROUP INCENTIVE SYSTEM

- **Delegation to the Board of Directors, under the provisions of section 2443 of the Italian Civil Code, of the authority to resolve, on one or more occasions for a maximum period of five years starting from the date of the shareholders' resolution, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of € 202,603,978.15 corresponding to up to 59,700,000 UniCredit ordinary shares, to be granted to the Personnel of the Holding Company and of Group banks and companies, who hold positions of particular importance for the purposes of achieving the Group's overall objectives; consequent amendments to the articles of association.**

Dear Shareholders,

We have called you in extraordinary session to submit for your approval the proposal to delegate authority to the Board of Directors, pursuant to section 2443 of the Italian Civil Code, to increase the share capital under section 2349 of the Civil Code (granting of free shares to employees of UniCredit Group) in implementation of the 2012 Group Incentive System (the "2012 System") submitted to the approval of today's ordinary session of the shareholders' meeting. We are also submitting for your approval the consequent amendments required to the articles of association.

Considering the indications recently issued by Bank of Italy and the direction set by the European Directive CRD III (Capital Requirements Directive) and by EBA (European Banking Authority) guidelines, it is deemed appropriate to implement compensation systems based on financial instruments in order to align shareholder and management interests, reward long term value creation, share price appreciation and motivate and retain key Group resources.

In this context, the 2012 Group Incentive System has been submitted to the approval of today's ordinary session of the shareholders' meeting as summarised below, the purpose and implementation criteria of which are described in the directors' report on the Plan approved by today's shareholders' meeting in ordinary session. Please also note that for information purposes a document set up pursuant to Section 84-bis of the Consob Regulation no. 11971/99 and subsequent amendments has been published according to the terms of law.

The 2012 System aims to incentive, motivate and retain Group employees, including the Chief Executive Officer (CEO), General Manager (GM), Deputy General Manager (DGM), Senior Executive Vice Presidents (SEVP) (currently 20 people), Executive Vice Presidents (EVP) and other material risk takers<sup>1</sup> (currently circa 130 people), Senior Vice Presidents (SVP) (currently circa 450 people) and other selected roles<sup>2</sup> (currently ca 480).

Beneficiaries included in the 2012 System, upon the achievement of goals defined for 2012 and considering individual performance, as well as results at business level and, as relevant, at country and/or Group level, shall receive an overall incentive defined using a multi-perspective Performance Screen assessment of operational & sustainability drivers. Incentive payouts shall be made over a multi-year period (2013-2017) in a balanced structure of upfront (following the moment of performance evaluation) and deferred payments - in cash and in shares - subject to continuous employment at each date of grant and as follows:

	<b>2013 (1st installment)</b>	<b>2014 (2nd installment)</b>	<b>2015 (3rd installment)</b>	<b>2016 (4th installment)</b>		<b>2017 (5th installment)</b>
	Cash	Cash	Shares	Shares	Cash	Shares
CEO, GM, DGM, SEVP, EVP and other material risk takers	20%	20%	20%	20%	10%	10%
SVP	40%	20%	20%	20%	-	-

The number of shares to be allocated in the respective installments shall be defined in 2013, considering the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates 2012 performance achievements.

In order to guarantee the compliance with regulatory and legal dispositions (also in fiscal area) in the countries where the Group is present and to ensure that no negative effects (legal, fiscal or other) versus Group companies and/or beneficiaries resident in countries where the Group is present, adaptations may be made for 2012 System implementation by the Board of Directors that fully comply with the principles of 2012 System and allow achievement of the same results.

Considering the number of beneficiaries and the total number of financial instruments to be allocated, the optimal method identified to service the Group Incentive System is the deliberation - on one or more occasions - by the Board of Directors upon power of attorney delegated by this shareholders' meeting under

<sup>1</sup> Employees materially impacting credit, market, liquidity risks at Group level and with an incentive higher than €500,000

<sup>2</sup> Employees impacting credit, market, liquidity risks with incentive exceeding €100,000

section 2443 of the Italian Civil Code, of a free capital increase, as allowed by section 2349 of the Italian Civil Code, within five years of the date of the shareholders' resolution, for a maximum amount of € 202,603,978.15 corresponding to up to 59,700,000 UniCredit ordinary shares, to be granted to employees of the Holding Company and of Group banks and companies.

Such an increase in capital would be carried out using the special reserve known as "Provisions Linked to the Medium Term Incentive System for Group Employees" set up for this purpose which, if case, may be restored or increased via allocation of profits or a portion of available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance.

In case the amount of the "Provisions Linked to the Medium Term Incentive System for Group Personnel" does not allow the issuance (full or partial) of UniCredit ordinary shares to service the 2012 System, an equivalent amount in cash will be allocated to the beneficiaries, determined in base of arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates performance achievements.

Should the aforementioned delegation of power of attorney be exercised to its maximum amount, the newly issued shares would represent 1.03% of existing share capital, while the estimated impact in case of target performance shall be approx. 0.69%.

Dear Shareholders,

In relation to the above, considering as approved by today's ordinary shareholders' meeting the adoption of the 2012 Group Incentive System, you are invited to approve the following resolutions:

Having heard the directors' report, the extraordinary shareholders' meeting of UniCredit S.p.A.

#### RESOLVES

1. to grant the Board of Directors, under the provisions of section 2443 of the Italian Civil Code, the authority to resolve - on one or more occasions for a maximum period of five years - to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of € 202,603,978.15 corresponding to up to 59,700,000 ordinary shares, to be granted to employees of UniCredit S.p.A. and of Group banks and companies, who hold positions of particular importance for the purposes of achieving the Group's overall objectives in execution of the 2012 System for UniCredit Group employees approved by today's Ordinary Meeting. Such an increase in capital shall be carried out using the special

reserve known as "Provisions Linked to the Medium Term Incentive System for Group Employees" set up for this purpose which, if case, may be restored or increased via allocation of profits or a portion of available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance;

2. further to the resolution passed in paragraph 1, to insert the following paragraph as the new paragraph 18 of article 6 of the articles of association:

*"18. The Board of Directors has the power, under the provisions of section 2443 of the Italian Civil Code, to resolve, on one or more occasions for a maximum period of five years starting from the shareholders' resolution dated \_\_\_\_\_ 2012, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of € 202,603,978.15 corresponding to up to 59,700,000 ordinary shares, to be granted to employees of UniCredit S.p.A. and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives."*

3. to delegate to the Board of Directors all the necessary powers for issuing the new shares, and for making the related amendments to article 5 of the articles of association relating to the new amount of share capital;
4. give to the Chairman and/or to the Chief Executive Officer, respectively, every opportune powers of attorney to:
  - (i) provide for implementing the above resolutions under terms of law;
  - (ii) accept or adopt all amendments and additions (not changing substantially the content of the resolutions) which should be necessary for registration at the Register of Companies;
  - (iii) proceed with the deposit and registration, under terms of law, with explicit and advanced approval and ratification