



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

Milan, 20th March, 2012

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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.