



Ordinary and Extraordinary Shareholders' Meeting 13th May 2014

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

AGENDA

Ordinary Session

1. Approval of the UniCredit S.p.A. individual financial statements as at December 31, 2013, accompanied by the Reports of the Directors and of the Auditing Company; Board of Statutory Auditors Report. Presentation of the consolidated financial statements;
2. Allocation of the UniCredit S.p.A. 2013 operating result of the year; distribution of a dividend from Company profits reserves in the form of a scrip dividend; increase of the legal reserve by using the share premium reserve;
3. Appointment of a Substitute Statutory Auditor;
4. UniCredit taking on of the cost of the remuneration due to the Common Representative of the savings shareholders;
5. Approval of the ratio between the variable and fixed components of the personnel compensation;
6. 2014 Group Compensation Policy;
7. 2014 Group Incentive System;
8. UniCredit Group Employee Share Ownership Plan 2014 (Plan "Let's Share for 2015");

Extraordinary Session

1. Capital increase for no consideration pursuant to Article 2442 of the Italian Civil Code to service the payment of a dividend from profit reserves, with value of Euro 570,332,795.10, in the form of a scrip dividend, to be implemented through the issue of ordinary shares and savings shares; consequent amendments to the Articles of Association;
2. Amendments to Clause 8 of the Articles of Association regarding the competence of the Shareholders' Meeting on remuneration and incentive policies and practices;
3. Delegation to the Board of Directors, under the provisions of Article 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 Article 2349 of the Italian Civil Code, for a maximum amount of Euro 98,294,742.05 corresponding to up to 28,964,197 UniCredit ordinary shares, to be granted to the Personnel of the Holding Company and of Group banks and companies in carrying out the 2014 Group Incentive System; consequent amendments to the Articles of Association.

Notes:

The documentation relating to the UniCredit individual financial statements as at December 31, 2013 and the consolidated financial statements as well as to the UniCredit Report on Corporate Governance and ownership structures concerning the 2013 financial year, drawn up as envisaged by Section 123-bis of Legislative Decree no. 58/98, will be made available according to the terms provided for by rules of law and regulations.

ORDINARY SESSION

Item no. 2 on the Agenda

BOARD OF DIRECTORS' REPORT

ALLOCATION OF THE UNICREDIT S.P.A. 2013 OPERATING RESULT OF THE YEAR

DISTRIBUTION OF A DIVIDEND FROM COMPANY PROFITS RESERVES IN THE FORM OF A SCRIP DIVIDEND

INCREASE OF THE LEGAL RESERVE BY USING THE SHARE PREMIUM RESERVE

Dear Shareholders,

You have been called to an Ordinary Shareholders' Meeting of the Company in order to approve the allocation of the Company 2013 operating result of the year the distribution of a dividend from profits reserves in the form of a scrip dividend (hereinafter the "**dividend**"), through issue of the ordinary shares and savings shares to be assigned, respectively, to the holders of Company ordinary shares and to the holders of Company savings shares, who have not previously waived their right to such assignment as well as the increase of the legal reserve.

ALLOCATION OF THE UNICREDIT S.P.A. OPERATING RESULT OF THE YEAR

In the financial year 2013, the Company recorded losses, on an individual basis, equal to Euro 11,601,110,636, which was primarily the consequence of a significant increase of writhe-downs of no performing loans, impairment on equity investments in subsidiaries and of goodwill.

The Board of Directors proposes that the 2013 losses be made up by use, for an amount of Euro 3,818,208,503, of the reserve related to aggregations of companies within the Group and, for an amount of Euro 7,782,902,133, of the "Share Premium" reserve.

DISTRIBUTION OF A DIVIDEND FROM COMPANY PROFITS RESERVES IN THE FORM OF A SCRIP DIVIDEND

The Board of Directors intends to propose the payment of a dividend from profits reserves for an aggregate amount of Euro 570,332,795.10 and, therefore, taking into account the ensuing redistribution of the treasury shares owned by the Company and of the ordinary shares servicing the so-called Cashes financial instruments, equal to Euro

0.10 per share (savings and ordinary). The payment of this dividend would be implemented in the form of a scrip dividend, a concept widely known within the international financial markets, which allows the payment of the dividend either with shares or with cash, at the choice of the shareholders.

The envisaged terms and conditions, which appear in line with the best international practices UniCredit, due to its features, tends towards, specifically involve the distribution to the shareholders of the new shares issued by way of capital increase for no consideration - whose proposed resolution will be submitted to the Extraordinary Shareholders' Meeting - without prejudice to the right of any shareholder to ask that the dividend be paid for in cash, rather than with shares: this mechanism ensures in each case adequate compensation of the invested capital in accordance with the cash equivalent principle, and allows to pursue the objective of preserving UniCredit Group's capital, while at the same time guaranteeing that the shareholders who so request will be paid in cash.

If the right to receive the dividend in cash, rather than with shares, is not exercised, those entitled to do so will receive, on the payment date, which is expected to be 6 June 2014 (the “**Dividend Payment Date**”), newly-issued shares on the basis of the assignment ratio described in the relevant Report of the Board of Directors for the Extraordinary Shareholders' Meeting.

A shareholder entitled to receive the payment of the scrip dividend who, to the contrary, wishes to receive the scrip dividend in cash shall inform the Company of this choice, through its intermediary depositary, starting from the so-called record date of 21/05/2014 and until 30/05/2014 (which term may be extended with specific notice by the Company): in such case, on the Dividend Payment Date, the shareholder will receive the scrip dividend in cash, and this choice will also constitute its waiver of the right of be assigned shares resulting from the capital increase for no consideration.

To service the capital increase for no consideration, it will be used a portion of the “Reserves for distribution of profits to shareholders through the issue of new shares for no consideration”, which is available to be imputed to capital in connection with and as a result of the issue of ordinary shares and savings shares for no consideration, pursuant to Art. 2442 of the Italian Civil Code and available to be distributed in the form of cash payments.

It is understood that the dividend will be paid exclusively with cash, if it is not possible for any reason to implement the capital increase described in the Report of the Board of Directors for the Extraordinary Shareholders' Meeting.

The ordinary shares and savings shares issued in implementation of the capital increase will have the same characteristics, and enjoy similar rights as, of their corresponding outstanding shares (*godimento regolare*).

It is proposed, therefore, that the distribution be made in accordance with all applicable laws and regulations, such that the shares go ex-dividend on 19 May 2014 and the payment on 6 June 2014.

Under Article 83-*terdecies* of Legislative Decree 58/1998 (the Consolidated Financial Act), therefore, persons who, on the basis of the Company's records, are Shareholders at the end of the accounting day on 21 May 2014 will be entitled to receive distribution of the profits Reserves.

INCREASE OF THE LEGAL RESERVE BY USING THE SHARE PREMIUM RESERVE

Regarding the free capital increase, it is proposed to approve the increase of the legal reserve for an amount of Euro 119,695,259 by use of the share premium reserve. In case of approval will be respected the threshold of the Art. 2430, 1° Sub-Sec. of the Italian Civil Code, also in case of a capital increase equal to the total amount of the dividend proposed of Euro 570,332,795.10: when the increase will be carried out, the amount of the legal reserve will be equal to Euro 4,050,666,499.

* * *

Dear Shareholders,

Further to the above, we invite you to make the following resolutions:

“The Ordinary Shareholders' Meeting of UniCredit, having referred to the determinations made in approving the Financial Statements as at and for the year ended 31 December 2013, and on the basis of the composition of the shareholders' equity resulting from those determinations,

resolves:

- (i) to make up the losses from the 2013 financial year through the use, for an amount of Euro 3,818,208,503, of the reserve related to aggregations of companies within the Group and, for an amount of Euro 7,782,902,133, of the "Share Premium" reserve;*
- (ii) to distribute to the shareholders a dividend from profits reserves equal to Euro 570,332,795.10 in the form of a scrip dividend, as detailed and in accordance with the terms and conditions under this Report, by using a portion of the “Reserves for distribution of profits to shareholders through the issue of new shares for no consideration”. It is understood that the dividend will be paid exclusively with cash, if it is not possible for any reason to implement the capital increase described in the Report of the Board of Directors for the Extraordinary Shareholders' Meeting;*
- (iii) to increase the legal reserve for an amount of Euro 119,695,259 by use of the share premium reserve.”*

ORDINARY SESSION

Item no. 3 on the Agenda

BOARD OF DIRECTORS' REPORT

APPOINTMENT OF A SUBSTITUTE STATUTORY AUDITOR

Dear Shareholders,

you are convened in this Ordinary Shareholders' Meeting to resolve, *inter alia*, on the appointment of a Substitute Statutory Auditor, following the resignation as UniCredit S.p.A. Substitute Auditor of Mr. Marco Lacchini with effect from 7 June 2013.

We recall that the Ordinary Shareholders' Meeting held on 11 May 2013 appointed for the financial years 2013, 2014 and 2015 (i.e. until the Shareholders' Meeting called for the approval of the 2015 Financial Statements):

- as Permanent Statutory Auditors, Mr. Maurizio Lauri (Chairman), Mr. Giovanni Battista Alberti, Mr. Cesare Bisoni, Mr. Enrico Laghi and Ms. Maria Enrica Spinardi
- as Substitute Statutory Auditors, Ms. Federica Bonato, Mr. Paolo Domenico Sfameni, Mr. Marco Lacchini and Ms. Beatrice Lombardini.

In that regard, we remind you that Mr. Lacchini was appointed as Substitute Statutory Auditor, from the list voted by the minority Shareholders, presented jointly by a plurality of Shareholders.

Even if the number of the Substitute Statutory Auditors in office is higher than the minimum established by sec. 148 of the Legislative Decree 58/98 (“... *number, not less than two ...*”), it is deemed advisable to propose the appointment of a Substitute Statutory Auditor, having in mind that according to clause 30 of the Articles of Association 5 Permanent and 4 Substitute Statutory Auditors have to be appointed.

The Ordinary Shareholders' Meeting will be called upon to resolve according to the majorities required by law, without applying the list vote system, in any case abiding by the

principles of the minority representation and gender balance required by current provisions, also of a regulatory nature. The Statutory Auditor appointed shall remain in office until the end of term of the current Board of Statutory Auditors.

We remind you that the permanent and substitute members of the Board of Statutory Auditors must possess the requirements provided for by law and by clause 30 of the Articles of Association

Dear Shareholders,

in consideration of the above, you are invited to resolve on the appointment of the Substitute Statutory Auditor who shall remain in office until the Shareholders' Meeting upon called to approve the 2015 financial statements.

ORDINARY SESSION

Item no. 4 on the Agenda

BOARD OF DIRECTORS' REPORT

UNICREDIT TAKING ON THE COST OF THE REMUNERATION DUE TO THE COMMON REPRESENTATIVE OF THE SAVINGS SHAREHOLDERS

Dear Shareholders,

in relation to the appointment of Representative of the savings shareholders for the three-year period 2014-2016 by the special shareholders Meeting as well as to the annual emolument to be paid the same, we recalls that up until now the ordinary shareholders' Meeting always authorized such annual remuneration established by the special Meeting, be taken on by the Company.

Bearing in mind that the smooth operation of all its corporate bodies is in the Company's general best interest, in line with the practice followed so far by the Company we propose that you authorize that annual remuneration to be taken on by the Company for the amount of Euro 25,000 (equal to the compensation paid yearly to the Representative over the last 3 years).

ORDINARY SESSION

Item no. 5 on the Agenda

BOARD OF DIRECTORS' REPORT

APPROVAL OF THE RATIO BETWEEN THE VARIABLE AND FIXED COMPONENTS OF THE PERSONNEL COMPENSATION

Dear Shareholders,

We have called this Ordinary Meeting to request your approval of the ratio between variable and fixed compensation higher than 1:1 ratio. This proposal has been formulated in compliance with the consultation document published by Bank of Italy in December 2013 regarding remuneration and incentive policies and practices, which reflects also the provisions of Capital Requirements Directive (CRD IV).

In light of the above, it has been submitted to today's Extraordinary shareholders' meeting the proposal for the amendment of Clause 8 of the Articles of Association in order to assign to the Ordinary Meeting the faculty to set a higher ratio between the variable component of the individual compensation and the fixed one, still within the limit of 200% (2:1 ratio), or the lower ratio fixed by law or regulation from time to time in force.

THE RATIO BETWEEN VARIABLE AND FIXED COMPENSATION

Although the Bank of Italy has not issued the text of the new regulation at the date of publication of this Directors' Report, it is considered proper to propose hereafter the adoption of a ratio between the variable and the fixed remuneration higher than 1:1, provided that this ratio does not exceed in any case the ratio of 2:1 or, if lower, the maximum ratio permitted by law or regulation in force.

The proposal refers to the overall employee population, except for the ones listed below.

For the company control functions the proposed approach is more conservative, providing for a 1:1 bonus cap, or anyhow a stringent approach if introduced by Bank of Italy.

In addition, in Asset Management considering the presence of industry-specific regulation that does not provide for a cap on variable compensation, only the employees recognized as identified staff will be subject to the cap.

The main rationales for supporting the proposal to set a ratio higher than 1:1 aim to safeguard the Group presence in specific markets, including as follows:

- i. ensures a large portion of total compensation is linked to performance
- ii. allows to maintain competitiveness in the market, being also the direction in which the main peers are expected to move
- iii. limits the “unlevel playing field” in the markets where the cap is not present
- iv. provides flexibility to the cost structure
- v. guarantees the alignment with multi-year performance avoiding the decrease of deferred compensation

The adoption of a ratio of 2:1 between variable and fixed compensation would have no implications on bank’s capacity to continue to respect all prudential rules, in particular capital requirements. This point is confirmed by the total maximum compensation of the Executive population, which has decreased following this year’s compensation review. In addition, no significant changes in the compensation of non-Executive population are expected as effect of the application of the mentioned ratio.

The proposal will be considered approved by the Ordinary Shareholders’ meeting according to the majority provided for by Bank of Italy provisions, taking also into account any exclusion or restriction of the right to vote.

* * *

Dear Shareholders,

if you agree with the above proposal, you are invited to approve it by adopting the following resolution, considering that at today's Shareholders' Meeting in extraordinary session it is submitted the amendment of Art. 8 of the Articles of Association in the terms described the respective proposal:

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

RESOLVES

1. *to set the ratio between variable and fixed compensation for the specified population at 2:1, or, if lower, at the maximum level permitted by law or regulation in force."*

ORDINARY SESSION

Item no. 6 on the Agenda

BOARD OF DIRECTORS' REPORT

2014 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 approves, amongst other items, the remuneration policy for directors, employees and external collaborators as well as according to section 123-ter of the Legislative Decree 58/1998 (TUF). 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 as required by regulators, 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 May 11, 2013 (*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 May 11, 2013.

Group Compensation Policy

The key principles of the *Group Compensation Policy*, which are confirmed with respect to those approved by the Ordinary Shareholders' Meeting on May 11, 2013, are fully described in the 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.

In addition, in line with the new regulatory requirements provided by European Banking Authority (EBA), UniCredit performed the yearly assessment of categories of staff whose professional activities have a material impact on an institution's risk profile. The self-assessment was performed at local & Group level, as requested by Bank of Italy, and is fully documented in the 2014 Group Compensation Policy. The number of Identified Staff in 2014 is ca. 900.

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 make some updates including in particular:

- I. the adoption of 2:1 ratio (or, the lower ratio fixed by law or regulation from time to time in force) between variable and fixed compensation for the overall employee population¹ as per the proposal submitted to today's Ordinary Shareholders' Meeting, whose objectives and criteria for implementation are set out in the relative Directors' report submitted to shareholders' approval;
- II. full documentation of the new 2014 Group Incentive System, based on bonus pool approach;
- III. further details regarding the definition of Identified Staff population;
- IV. information about Remuneration Committee role and activities in 2013, as well as role of Compliance, Internal Audit and Risk functions;

¹ For the company control functions the proposed approach is more conservative, providing for a 1:1 bonus cap, or anyhow a stringent approach if introduced by Bank of Italy. In addition, in Asset Management considering the presence of industry-specific regulation that does not provide for a cap on variable compensation, only the employees recognized as identified staff will be subject to the cap.

- V. focus & updates on international & national regulatory framework as well as the updated list of peer group for compensation & performance benchmarking;
- VI. continued disclosure of all information requested by national & international regulations (Bank of Italy, Consob, CRD IV);

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 2013, as well as demonstration of the coherence of the underlying logic of Group incentive systems with our compensation policy and with specific regulatory requests, are described in the *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 identified staff, in compliance in particular with Bank of Italy circular no. 263 / March 30, 2011.

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 the resolution no. 18049 / December 23rd, 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.

* * *

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."*

ORDINARY SESSION

Item no. 7 on the Agenda

BOARD OF DIRECTORS' REPORT

2014 GROUP INCENTIVE SYSTEM

Dear Shareholders,

We have called this ordinary meeting to request your approval of the 2014 Group incentive system, providing for the allocation of an incentive in cash and/or in free ordinary shares, to be granted in a multi-year period to a selected group of Group employees, according to the modalities described below and 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 and reference is made to detailed description of the incentive system described in this report.

In line with Group Compensation Policy and considering the indications issued by Bank of Italy and the direction set by the European Directive CRD IV (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 at the same time motivate and retain key Group resources.

1. 2014 GROUP INCENTIVE SYSTEM

GOALS

The 2014 Group Incentive System (the "2014 System") aims to attract, motivate and retain Group beneficiaries, in compliance with national and international regulatory requirements with the aim to define – in the interest of all stakeholders – incentive systems aligned 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 excessive risk taking for the bank and the system in its whole.

BENEFICIARIES

The potential beneficiaries of the 2014 System, as provided by the criteria issued by European Banking Authority (EBA) regulatory technical standards on the 16th of December 2013 - to be approved by the European Commission - are:

- Chief Executive Officer (CEO), General Manager (GM), Deputy General Managers (DGMs), Senior Executive Vice Presidents, Executive Vice Presidents (EVP), Senior Vice Presidents, Board members of relevant Group Legal Entities
- Employees with total remuneration greater than 500,000 in the last year
- Employees included within 0,3% of staff with the highest remuneration
- Employees whose remuneration is within the remuneration bracket of senior management and other risk takers
- Other selected roles

The total estimated number of beneficiaries is ca. 1,000.

ELEMENTS OF 2014 SYSTEM

- (a) 2014 System provides for a different approach for determining and allocating variable remuneration to be paid in 2015 compared with the past, based on the “bonus pool approach”.
- (b) Within the new approach the link between profitability, risk and reward is assured by linking directly bonus pools with company results – at Group and local level – cost of capital and risk profiles relevant for the Group as stated in the Group Risk Appetite Framework.
- (c) Bonus pools will be defined based on Country/Division and Group performance and allocated to employees according to individual performance, differently from the current system that considers the bonus opportunity set for each individual as the starting point.
- (d) In addition, the 2014 System aims to attract, retain and motivate Group beneficiaries and to align UniCredit incentive system to the most recent national and international regulatory requirements and provides for:
 - allocation of a variable incentive defined based on available bonus pool, individual performance evaluation, bonus reference for specific roles/markets and bonus cap as set by Regulators and approved at the Ordinary Shareholder’s meeting;
 - definition of a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and in shares;

- distributions of share payments which take into account the applicable regulatory requirements regarding the application of share retention periods. In particular, the payment structure defined requires a retention period on upfront shares of 3 years and of 1 year for deferred shares;
 - risk adjusted metrics in order to guarantee long-term sustainability with respect to company's financial position and to ensure compliance with regulatory expectations;
 - malus condition (Zero Factor) applies in case specific thresholds (profitability, capital & liquidity) are not met at both local and Group levels.
- (e) Individual performance appraisal is based on 4 – 8 goals, other target as options and behaviors which as relevant, could be considered by the manager for the overall performance appraisal;
- (f) Incentive payouts shall be made over a multi-year period (2015-2020) 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 payment and as follows:
- in 2015 the first installment of the overall incentive will be payable in cash (1st installment) 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 2016-2020 the remainder of the overall incentive will be payable in installments in cash and/or UniCredit free ordinary shares, further subject to the application of the Zero Factor for the year previous to the year of payment 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);
 - distributions of share payments takes into account the applicable regulatory requirements regarding the application of share retention periods;
- (g) The final evaluation of Group sustainable performance parameters and risk-reward alignment will be reviewed by the Remuneration Committee and defined under the responsibility and governance of the Board of Directors.
- (h) The percentages of payments in cash and shares are defined considering beneficiary categories, as described in the following table:

	2015	2016	2017	2018	2019	2020
	CASH	CASH	CASH	SHARES	SHARES	SHARES
EVP & above & other identified staff with bonus >500k	20%	15%	15%	20%	15%	15%
SVP & other identified staff with bonus <500k	30%	10%	10%	30%	10%	10%

- (i) Furthermore, it is provided the introduction of a specific minimum threshold below which deferral mechanism would not apply.
- (j) The number of shares to be allocated in the respective installments shall be defined in 2015, on the basis of the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates 2014 performance achievements;
- (k) The allocation of a maximum number of 38,464,197 UniCredit ordinary shares is proposed, representing about 0.66% of UniCredit share capital. The free UniCredit ordinary shares to be allocated will be freely transferable with the exception of any indications later described.

CHANGES TO THE 2014 SYSTEM

Considering regulatory and legal dispositions (also in fiscal area) in the countries where the Group is present, in line with the practice of previous years, it is considered to provide for the employees of Zagrebačka Banka (Croatia) and Bank Pekao (Poland) several adaptations for the implementation of 2014 System, providing for the use of local company shares instead of UniCredit shares.

Moreover, as done also last year, for Group Executives in Pioneer Global Asset Management S.p.A., a share-based incentive plan based on Pioneer shares may be offered in addition to the standard Group system, ensuring full compliance with regulator recommendations for increased autonomy of Asset Management businesses in banking groups.

In addition, in case of completing the process of listing FinecoBank S.p.A. – already communicated to the market - the employees and the financial advisors of the latter will be offered an incentive plan based on shares of the subsidiary, in full compliance with the regulatory provisions applicable to the same.

In order to guarantee the compliance with regulatory and legal dispositions (also in fiscal area) in the countries where the Group is present, to ensure that the implementation of 2014 system will not have any adverse effects (legal, tax or other) on Group Companies and / or beneficiaries residing in countries where the Group operates, as well as to ensure consistency with the organizational structure and

governance from time to time in force the Chairman and the Chief Executive Officer, is granted every opportune power to implement, exercisable also separately, some adaptations to the 2014 System that do not change substantially the content of resolutions of Board today and General Shareholders' Meeting, also via alternative solutions that fully comply with the principles of 2014 System and allow achievement of the same results (for example: 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 Entry condition that may incorporate profitability, solidity and liquidity results of local Group companies; extension of 2014 System application to other beneficiaries considered as equivalent to identified staff; using a trust company or the allocation of shares or other instruments of the UniCredit Group local companies where the beneficiary is employed; paying an equivalent amount in cash in lieu of granting shares, to be determined on the basis of the market value of UniCredit shares, considering the arithmetic mean of the official market price of ordinary shares during the month preceding each Board resolution to execute the actual grant).

It is understood that these amendments will be adopted in any case in accordance with the applicable provisions and in particular as provided by the Regulation "Regulations on remuneration and incentive policies and practices of banks and banking groups."

Information will be provided to the relevant governance bodies regarding the adaptations to the 2014 System by the Chairman and the Chief Executive Officer, also separately.

2. SHARES REQUESTED FOR THE 2014 GROUP INCENTIVE SYSTEM

The issue of UniCredit free ordinary shares necessary for the execution of the 2014 System, as in the past, will be performed in compliance with sect. 2349 of the Civil Code and will 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 related power of attorney.

For the issuance of UniCredit Ordinary shares to service the 2014 System the proposal will be submitted to the Extraordinary Shareholders' Meeting to transfer the powers of attorney to the Board of Directors as allowed by section 2443 of the Italian Civil Code, to proceed with the capital increase in accordance with the provisions of art. 2349 of the Civil Code for a maximum nominal amount of € 98,294,742.05 corresponding to up to 28,964,197 UniCredit ordinary shares to be granted to employees of the Holding Company and of Group banks and companies.

Related to section 2443 of Civil Code that provides that the Directors can exercise the right to carry out a free capital increase for a maximum period of five years starting from the date when the Shareholders' meeting resolution providing the delegation of power has been registered and therefore - regarding the date of the

AGM resolution - until 2019, in order to assign last share installment provided for 2020 it will be necessary to submit to a future AGM approval a proposal aimed at integrating the delegation of power already provided to the Board of Directors so that the implementation of 2014 System can be completed.

The allocation of free ordinary shares needed for the execution of 2014 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 2014 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.

3. AMENDMENTS TO THE ARTICLES OF ASSOCIATION ACCORDING TO BANK OF ITALY PROVISIONS

In December 2013, Bank of Italy submitted to public consultation some changes to its provisions of 30 March 2011 that regard the policies and practices on remuneration and incentive ("Regulations on remuneration and incentive policies and practices of banks and banking groups"), with the aim of incorporating the changes introduced by the new guidelines contained in the Directive 2013/36/EU (known as CRD IV).

In line with the consultation document, it is submitted for the approval of the shareholders – in the extraordinary meeting – the proposal to change the Articles of Association in order to provide Shareholders ordinary meeting with the power to fix, when approving remuneration policies, a ratio between variable and fixed component of individual remuneration, higher than 1:1 but in any case not exceeding 2:1 ratio, or the lower ratio fixed by law or regulation from time to time in force

In this context, finally, it would be proposed a slight change in the Articles of Association in order to better align the definition of the Shareholders' power regarding remuneration policies to the above mentioned Disposizioni issued by Bank of Italy.

Dear Shareholders,

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

“UniCredit’s ordinary shareholders’ meeting, having heard the Board of Directors proposal,

RESOLVES

- 1. to adopt the 2014 Group Incentive System which provides for the allocation of an incentive in cash and/or UniCredit free ordinary shares, to be performed by May 2020, to selected UniCredit Group employees in the manner and terms described above;*
- 2. to confer to the Chairman and to the Chief Executive Officer, also separately, every opportune power of attorney to implement the present resolution and the documents which represent part of it, also rendering any amendments and/or integrations which should be necessary to enact the present deliberations of today’s Shareholders’ Meeting (not changing substantially the content of the resolutions) in order to comply with any provision of rules and regulations in countries where Group companies are located.”*

ORDINARY SESSION

ITEM NO. 8 ON THE AGENDA

BOARD OF DIRECTORS' REPORT

UNICREDIT GROUP EMPLOYEE SHARE OWNERSHIP PLAN 2014 (PLAN "LET'S SHARE FOR 2015")

Dear Shareholders,

We have called this Ordinary Meeting to request your approval of the "UniCredit Group Employee Share Ownership Plan 2014" (Plan "Let's Share for 2015") 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 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 and in compliance with the provisions of the Supervisory Authority regarding policies and practices for compensation and incentives within banks, it is proposed that this Shareholders' Meeting approves a new share ownership plan offered to employees, the Plan Let's Share for 2015, 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 Let's Share for 2015 aims at reinforcing employees' sense of belonging and commitment to achieve corporate goals.

BENEFICIARIES

Considering that the Plan Let's Share for 2015 is addressed to the employees of the UniCredit Group, the potential Participants would be circa 150,000.

PLAN ELEMENTS

- (a) Election Period: there are two main election windows:
- 1st election window: from 27th November 2014 to 15th January 2015;
 - 2nd election window: from 27th May 2015 to 15th July 2015;

During the election windows, employees participating in the Plan Let's Share for 2015 ("Participants"), will choose the overall amount that they want to invest in purchasing UniCredit ordinary shares (the "Shares"), up to a maximum contribution of € 6,000 per annum. The minimum annual contribution amount is defined considering the peculiarities of each country where participants are resident;

- (b) Enrolment Period: from January 2015 to December 2015 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 Let's Share for 2015, 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 2015), the Participant will receive an immediate discount equal to 25% on the Shares' purchase price in the form of allocation of UniCredit free shares ("Free Share");

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 Let's Share for 2015. In some countries where the Group companies are present, 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 2015 to January/July 2016), 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) Execution modalities: the Plan Let's Share for 2015 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, Participants will have to give a mandate to a broker (internal or external to UniCredit Group) to purchase the Shares and the Free Shares to be deposited in an account opened in their name.
- (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).

In case of substantial changes in the scenario of reference or if the actual participation rate would be higher than the expected one assumed in the definition of the Plan Let's Share for 2015 or for any unforeseen circumstances due to operational or legal constraints, the operational modalities presented might be no more adequate: consequently, during the execution phase, it may be required to make changes/integrations, asking, in the case, for the relevant authorizations needed, keeping anyway the assumptions according to which the Plan Let's Share for 2015 is defined by the Shareholders' Meeting.

An evaluation process is ongoing on the possibility, subject to an agreement with the Unions, that the Italian Participants could contribute to the Plan Let's Share for 2015 investing a portion of the company bonus (VAP). If confirmed, the modalities and the timing to make the contribution from the Italian Participants could be changed accordingly but respecting the logic of the Plan Let's Share for 2015 as presented to the today's Shareholders' Meeting.

* * *

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 2014" (Plan Let's Share for 2015) 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 (not changing substantially the content of the resolution) to the "UniCredit Group Employee Share Ownership Plan 2014" (Plan Let's Share for 2015) which should be necessary to carry out what was resolved, also in order to comply with every legal and regulatory provisions applied from time to time in the participating countries in which the Group companies are based."*

EXTRAORDINARY SESSION

Item no. 1 on the Agenda

BOARD OF DIRECTORS' REPORT

Capital increase for no consideration pursuant to Article 2442 of the Italian Civil Code to service the payment of a dividend from profit reserves, with value of Euro 570,332,795.10, in the form of a scrip dividend, to be implemented through the issue of ordinary shares and savings shares to be assigned, respectively, to the holders of ordinary shares and the holders of savings shares of the Company, without prejudice to any request for payment in cash; consequent amendments to the Articles of Association.

Dear Shareholders,

You are hereby invited to participate in the Extraordinary Shareholders' Meeting to resolve upon the following: (i) proposal of a capital increase for no consideration, pursuant to art. 2442 of the Italian Civil Code, to service the payment of a dividend from profit reserves of Euro 570,332,795.10, in the form of a scrip dividend (hereinafter, also "**dividend**"), to be implemented through the issue of ordinary shares and savings shares to be assigned, respectively, to the holders of ordinary shares and the holders of savings shares of the Company who have not previously waived their right to such assignment; (ii) the ensuing amendments to the Company By-laws.

This report means to explain the reasons for such transactions and for the proposals on the agenda, in accordance with art. 72 and Schedule 3A of the Regulations for Issuers, approved with Consob Resolution no. 11971 of 14 May 1999, as subsequently amended and integrated.

1. DESCRIPTION OF THE TRANSACTIONS AND THE REASONS THEREFOR

1.1 Reasons underlying the proposed transaction

As you know, the Board of Directors asked the ordinary Shareholders' Meeting to consider the proposal for the payment of a dividend from profit reserves of an aggregate value of Euro 570,332,795.10 and therefore, taking into account the ensuing redistribution of the treasury shares owned by the Company and of the ordinary shares servicing the so-called Cashes financial instruments, equal to Euro 0.10 per share (savings and ordinary) to be issued as a scrip dividend, a concept widely known within the international financial markets, which allows the payment of the dividend either with shares or with cash, at the choice of the shareholders.

The envisaged terms and conditions of the proposed scrip dividend involve the distribution to the shareholders of the new shares issued by way of capital increase for no consideration, without prejudice to the right of any shareholder to ask that the dividend be paid for in cash, rather than with shares: this mechanism ensures in each case adequate compensation of the invested capital in accordance with the cash equivalent principle, and allows to pursue the objective of preserving UniCredit Group's capital, while at the same time guaranteeing that the shareholders who so request will be paid in cash.

1.2 The capital increase transaction

To implement the scrip dividend, the Board of Directors had proposed to the Ordinary Shareholders' Meeting the use a portion of the "Reserves for distribution of profits to shareholders through the issue of new shares for no consideration", which is available to be imputed to capital in connection with and as a result of the issue of ordinary shares and savings shares for no consideration, pursuant to art. 2442 of the Italian Civil Code and available to be distributed in the form of cash payments.

Specifically in relation to the implementation of the scrip dividend through newly-issued shares for no consideration, these must be assigned in accordance with the cash equivalent principle. Therefore, the proposal is that the capital increase for no consideration, keeping such objective in mind, be implemented through the issue of a maximum number of ordinary shares and savings shares determined on the basis of a market valuation of such shares. More precisely, the shares would be assigned pursuant to a ratio (the "**Assignment Ratio**"), different for the two classes of shares, calculated on the basis of the volume-weighted average of the official market prices of UniCredit S.p.A. shares – respectively ordinary shares and savings shares – recorded on the Mercato Telematico Azionario of Borsa Italiana S.p.A. during the 20 stock-exchange trading days prior to the date of the Shareholders' Meeting called to vote on this proposal (*i.e.*, 13 May 2014), discounted by 5% and taking into account for the valuation the theoretical dilution effects on the market price of both ordinary and savings shares resulting from the increase in the number of outstanding shares and, correspondingly, any payment of the dividend in cash (the "**Assignment Value**").

The Assignment Ratio will also take into account the shares in relation to which no dividend is due (neither in cash nor through the assignment of shares): *i.e.*, no. 47,600 ordinary shares that are owned by the Company as treasury shares and no. 96,756,406 ordinary shares subscribed for by Mediobanca - Banca di Credito Finanziario S.p.A. on 23 February 2009 used to service the issue of the "CASHES" instruments.

Merely for the purposes of the resolution set out below, and thus only as an example, note that, taking into account the reference period of 20 stock-exchange trading days before the date of the meeting of the Board of Directors that approved this Report (*i.e.*, 11 March 2014), the volume-weighted average of official market prices recorded on the Mercato Telematico Azionario of Borsa Italiana S.p.A. is Euro 5.83 for ordinary shares and Euro 8.57 for savings shares. Consequently, to ensure the shares to be issued meet the cash equivalent principle with respect to the amount of the dividend from profit reserves approved for distribution by the Ordinary Shareholders' Meeting (equal to Euro 570,332,795.10 in the aggregate), the maximum number of ordinary shares to be issued would be 103,652,800 and the maximum number of savings shares to be issued would

be 29,924, which correspond to a maximum theoretical value of the capital increase for no consideration of Euro 351,847,323.89 calculated on the basis of the per share implicit nominal value of Euro 3.3935 as on the date of this report that will be confirmed as at the date of implementation.

In relation to the foregoing, the maximum number of ordinary and savings shares to be issued will be determined as on the date of the Extraordinary Shareholders' Meeting called to resolve upon this proposal. The maximum amount of the share capital increase is to be calculated on the basis of the per share implicit nominal value as on the date of implementation, subject to such value not being greater than the dividend approved for distribution by the Ordinary Shareholders' Meeting, *i.e.* Euro 570,332,795.10. Therefore, if the amount resulting from the number of shares to be issued on the basis of the Assignment Value multiplied by the per share implicit nominal value as on the date of implementation were greater than Euro 570,332,795.10, the per share nominal value of the shares to be issued would be adjusted accordingly.

Given the uncontested right of the shareholders to request payment of the scrip dividend in cash – which right may be exercised during the term described below at Paragraph 1.3 (the “**Exercise Period**”) – the capital increase will be implemented for the aggregate amount calculated on the basis of the actual number of shares to be issued, taking into account any exercise by the shareholders of their right to receive the scrip dividend in cash, by imputing to share capital the corresponding portion of the “Reserves for distribution of profits to shareholders through the issue of new shares for no consideration”, determined as described above.

The capital increase is to be implemented on or around the date on which the dividend is paid, which is expected to be 6 June 2014, and in any event not later than 30 June 2014.

In the light of the above, as far as concerns the effects on assets, it must be kept in mind that, should none of those entitled require the payment of the *scrip dividend* in cash, the overall amount of the UniCredit net assets will not undergo any changes. On the contrary, should the option for the payment in cash be exercised, the above assets will suffer a proportional decrease corresponding to the portion of the “Reserves for distribution of profits to shareholders through the issue of new shares for no consideration” utilised for the distribution concerned, up to a theoretical maximum - should all those entitled exercise such option - of Euro 570,332,795.10.

1.3 Terms for the implementation of the scrip dividend

As anticipated, the terms to implement the proposed scrip dividend state that a priority assignment of profits to the shareholders will be made by way of assignment of new shares resulting from the capital increase for no consideration (as described above in Paragraph 1.2), without prejudice to the right of any shareholder to request a dividend in cash in lieu of being assigned shares.

If the right to receive the dividend in cash is not exercised, those entitled to do so will receive, on the payment date, which is expected to be 6 June 2014 (the “**Dividend Payment Date**”), newly-issued shares on the basis of the Assignment Ratio. Any rights

to fractions of shares will be paid in cash on the basis of the Assignment Value; for this purpose an authorised intermediary (the “**Authorised Intermediary**”) will be given mandate to liquidate such fractions of shares, without charging expenses, commissions, or other fees to the shareholders.

A shareholder that, to the contrary, wishes to receive the scrip dividend in cash shall inform the Company of this choice, through its intermediary depository, starting from the so-called record date of 21/05/2014 and until 30/05/2014 (which term may be extended with specific notice by the Company): in such case, on the Dividend Payment Date, the shareholder will receive the scrip dividend in cash, and this choice will also constitute its waiver of the right of be assigned shares resulting from the capital increase for no consideration.

So as not to prolong excessively the implementation of the capital increase, with consequently increased and deferred uncertainty as to the number of shares to be issued, those securities that are classified as "irregular" will - in any case - receive the dividend in cash, where "irregular" securities means those shares in relation to which, in the past or in relation to the scrip dividend, a "deferral" has been requested for collection of the dividend or which are subject to dividends being put aside on the basis of contractual agreements (as are, for example, the restricted securities issued pursuant to stock option plans for the employees of the UniCredit Group).

The ordinary shares and savings shares issued in implementation of the capital increase will have the same characteristics, and enjoy similar rights as, of their corresponding outstanding shares (*godimento regolare*).

The scrip dividend transaction described in this Report will be supported by an illustrative information document pursuant to art. 34-ter, paragraph 1, letter l), of the Regulation for Issuers (CONSOB Resolution no. 11971 of 14 May 1999, as amended).

It is agreed that the dividend will be paid exclusively with cash, if it is not possible for any reason to implement the capital increase described in this Report.

1.4 Tax considerations for the assignment of the shares and payment of the dividend in cash

The new shares to be assigned for no consideration are not taxable income for any type of shareholder (pursuant to art. 47, paragraph 6, of the Consolidated Act on Income Taxes) TUIR). Nevertheless, this does not mean that if the dividend is paid to a foreign shareholder it will be subject to the same "not taxable" tax treatment in the foreign state as under Italian law. As the capital increase is implemented by imputing to capital profits reserves, the shares to be assigned will be taxed as dividend at the time of the reduction (if any) of the redundant capital. In case of partial redemption, the securities issued in the context of the capital increase for no consideration will have priority following the imputation to capital if the profits reserves, starting from the less recent.

The dividend paid in cash to resident physical persons, who hold a non-qualifying participation, constitutes taxable income, and will be subject to withholding tax at a rate of 20%. In case of shareholders who are resident physical persons exercise the option for the application of the *risparmio gestito*, the dividend is not subject to withholding tax,

but it's included in the taxable base of the "risparmio gestito" liable to a substitute tax at a rate of 20%. In case of non-resident shareholders, other than savings shareholders, the withholding tax will be applied at a rate not higher than 20%, which could be reduced pursuant to the Conventions against the double impositions (customarily, a rate of 15% or sometimes of 10%). The non-resident shareholders who suffered the withholding tax of 20% are anyway entitled to the reimbursement (up to ¼ of the withholding tax) of the tax which they prove to have definitely been paid abroad on the same profits, upon condition that they provide the competent Italian tax authorities, in advance, with the relevant certification issued by the tax office of the foreign State.

In case of entities subject to a corporate income tax in EU States, the withholding tax is applied at a rate of 1.375%; this withholding tax is applied at a rate of 11% for EU pension funds.

In any case, it is understood that the tax provisions in force at the time of the transaction being executed will be enforced.

2. AMENDMENT TO THE COMPANY BY-LAWS OF UNICREDIT

Because, as explained in Paragraph 1.2, implementation of this capital increase will be deferred, albeit only for a short time, it seems suitable in the medium term to include an express reference to this transaction in the Company By-laws. To this end, it is proposed that the following wording be added as the last paragraph of art. 6: *"The Extraordinary Shareholders' Meeting of 13 May 2014 approved a capital increase for no consideration, pursuant to art. 2442 of the Italian Civil Code, to service the payment of a dividend from profit reserves of Euro 570,332,795.10, in the form of a scrip dividend, to be implemented through the issue of ordinary shares and savings shares without any nominal value, to be assigned respectively to the holders of Company ordinary shares and the holders of Company savings shares, unless payment in cash is requested. The Extraordinary Shareholders' Meeting approved the issue of, respectively, a maximum of no. [...] ordinary shares and a maximum of no. [...] savings shares. The capital increase must be implemented within 30 June 2014 using a portion of the "Reserves for distribution of profits to shareholders through the issue of new shares for no consideration" for a maximum amount of Euro 570,332,795.10.*

This proposal to amend the By-laws does not constitute one of the circumstances that grant the right of withdrawal to the holders of ordinary shares and savings shares pursuant to art. 2437 of the Italian Civil Code.

The proposal is also not subject to approval by the Special Meeting of the Savings Shareholders pursuant to art. 146, paragraph 1, letter b), of Legislative Decree no. 58 of 24 February 1998, because it does not imply any prejudice for such class of shareholders.

The proposed amendments to the By-laws are being reviewed by the Bank of Italy (*Banca d'Italia*) in accordance with art. 56 of Legislative Decree No. 385 of 1993.

3. RESOLUTIONS PROPOSED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING

Dear Shareholders,

If you agree with the contents and explanations in this Report of the Board of Directors, we invite you to approve the following resolutions:

“The Extraordinary Shareholders' Meeting of UniCredit S.p.A., agreeing with the contents and explanations set forth in the Report of the Board of Directors

RESOLVES

- *To approve a capital increase for no consideration, pursuant art. 2442 of the Italian Civil Code, to service the payment of a dividend from profit reserves of Euro 570,332,795.10, in the form of a scrip dividend, to be implemented through the issue of ordinary shares and savings shares without any nominal value per share and with rights identical to the outstanding shares of the same class (godimento regolare), to be assigned, respectively, to the shareholders who have the right to receive the dividend in relation to the ordinary shares and the holders of savings shares of the Company, who have not exercised their right to request payment of the dividend in cash, and more specifically:*
 - a. *To approve the assignment of ordinary shares and savings shares on the basis of the Assignment Ratio as defined in the Report of the Board of Directors and thus the assignment (i) to holders of ordinary shares entitled to receive the dividend, of a maximum of 103,652,800 ordinary shares, at the ratio of no. 1 new share for every 55 ordinary shares held;¹ and (ii) to holders of savings shares entitled to receive the dividend, of a maximum of 29,924 savings shares, at the ratio of no. 1 new share for every 81 savings shares held¹;*
 - b. *To impute to capital, pursuant to art. 2442 of the Civil Code and in the context of the assignment described above at (a), an amount from the “Reserves for distribution of profits to shareholders through the issue of new shares for no consideration” equal to the number of shares assigned multiplied by the implicit nominal value of the shares (pre-existing or adjusted on the basis of the criteria set forth in the Report of the Board of Directors), and therefore, given the foregoing, for a maximum of Euro 570,332,795.10 keeping not used amount in the same reserve*
 - c. *To determine that the rights to fractions of shares resulting from the assignment of newly-issued shares for no consideration will be paid in cash on the basis of the Assignment Value as defined in this Report; for this purpose an authorised intermediary will be given mandate to liquidate*

¹ These numbers will be updated on the date of the Extraordinary Shareholders' Meeting on the basis of the criteria set forth in the Report of the Board of Directors.

such fractions of shares, without charging expenses, commissions, or other fees to the shareholders;

- d. To set 30 June 2014 as the last day of the term within which the above capital increase for no consideration must be implemented;*
- e. To amend the Company By-laws to include, as the last paragraph of art. 6, wording of this type and tenor:*

“The Extraordinary Shareholders' Meeting of 13 May 2014 approved a capital increase for no consideration, pursuant to art. 2442 of the Italian Civil Code, to service the payment of a dividend from profit reserves of Euro 570,332,795.10, in the form of a scrip dividend, to be implemented through the issue of ordinary shares and savings shares without any nominal value, to be assigned, respectively, to the holders of Company ordinary shares and the holders of Company savings shares, unless payment in cash is requested. The Extraordinary Shareholders' Meeting approved the issue of, respectively, a maximum of no. [...] ordinary shares and a maximum of no. [...] savings shares. The capital increase must be implemented on or before 30 June 2014 using a portion of the “Reserves for distribution of profits to shareholders through the issue of new shares for no consideration” for a maximum amount of Euro 570,332,795.10.

- To grant to the Chairman and the Managing Director, jointly or severally, all powers necessary to implement the above resolutions in accordance with the law;*
- To grant to the Chairman and the Managing Director, jointly or severally, all powers necessary to file and register the resolutions approved today in accordance with the law and to amend the Company By-laws as necessary because of the implementation of the approved share capital increase for no consideration, expressly stating that all is approved and ratified in advance and to perform all else is necessary to implement these resolutions;*
- To authorise the Chairman and the Managing Director, jointly or severally, to file the updated Company By-laws, amended as described above, with the Register of Companies.”*

EXTRAORDINARY SESSION

Items no.s 2 and 3 on the Agenda

BOARD OF DIRECTORS' REPORT

- 1. Amendments to Clause 8 of the Articles of Association regarding the competence of the Shareholders' Meeting on remuneration and incentive policies and practices**
- 2. Delegation to the Board of Directors, under the provisions of Article 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 Article 2349 of the Italian Civil Code, for a maximum amount of Euro 98,294,742.05 corresponding to up to 28,964,197 UniCredit ordinary shares, to be granted to the Personnel of the Holding Company and of Group banks and companies in carrying out the 2014 Group Incentive System; consequent amendments to the Articles of Association**

Dear Shareholders,

we have called you in Extraordinary Shareholders' Meeting to submit for your approval the proposals to change the clause 8 of the UniCredit's Articles of Association in order to confer to the Ordinary Shareholders' meeting the faculty to set the limit between variable and fixed compensation of employees.

Furthermore, 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 Civil Code, to increase the share capital under section 2349 of the Civil Code (granting of ordinary shares to employees of UniCredit Group) in implementation of the 2014 Group Incentive System (the "2014 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.

1. CHANGES OF THE CLAUSE 8 OF ARTICLES OF ASSOCIATION

In December 2013, Bank of Italy submitted to public consultation some changes to its provisions of 30 March 2011 that regard the policies and practices on remuneration and incentive ("Regulations on remuneration and incentive policies and practices of banks and banking groups"), with the aim of incorporating the changes introduced by the new guidelines contained in the Directive 2013/36/EU (known as CRD IV).

In the mentioned updates - while maintaining unchanged the structure and the key principles of the previous legislation – it is established, *inter alia*, that the impact of the variable part of the individual remuneration on the fixed part may not exceed 100% (1:1 ratio); only if provided by the Articles of Association, the Shareholders' Ordinary Meeting may fix a higher ratio, but still within the limit of 200% (2:1 ratio).

Although the Bank of Italy has not issued the text of the new rules at the date of publication of this Directors' Report, it is considered proper to propose hereafter the changes to the clause 8 of the Articles of Association in order to attribute to the Ordinary Shareholders' meeting the faculty to set a higher ratio between variable and fixed remuneration of employees in order to allow the company to align to the practice of the competitors in the field. The above is also taking into consideration the fact that the CRD IV expressly provides for the faculty to set a ratio between variable and fixed remuneration higher than 1:1, but in any case not higher than 2:1.

On this occasion, it will be made also a small modification of the current definition of the competence of the General Meeting in relation to remuneration policies. The changes subject to the approval of Shareholders are illustrated in the table below.

CURRENT WORDING	DRAFT AMENDMENT
SECTION IV Regarding Meetings of Shareholders	
<p><u>Clause 8</u></p> <p>1. A General Meeting of Shareholders is convened at least once a year within 180 days of the end of the financial year, in order to resolve upon the issues that the prevailing laws and the Articles of Association make it responsible for.</p> <p>2. In particular, the Meeting of Shareholders, besides establishing the remuneration of members of the bodies it has appointed, approve: (i) the remuneration policies for directors, employees and external collaborators, and (ii) equity-based compensation schemes. An adequate information shall be provide to the Shareholders about the enforcement of the remuneration policies.</p>	<p><u>Clause 8</u></p> <p>1. <i>unchanged text</i></p> <p>2. In particular, the Meeting of Shareholders, besides establishing the remuneration of members of the bodies it has appointed, approves: (i) the remuneration policies for supervisory, management and control bodies as well as for employees; (ii) equity-based compensation schemes. An adequate information shall be provide to the Shareholders about the enforcement of the remuneration policies.</p> <p>Furthermore, the Ordinary Shareholders' Meeting can exercise, on the occasion of the remuneration policies' approval, the faculty to determine a ratio of variable to fixed remuneration of employees higher</p>

<p>3. A Special Meeting of Shareholders is convened whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by the prevailing laws.</p>	<p>than 1:1, but in any case not exceeding the ratio of 2:1 or the lower ratio fixed by law or regulation from time to time in force.</p> <p>3. <i>unchanged text</i></p>
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The proposed amendments to the Articles of Association do not give rise to the right of ordinary and savings shareholders to withdraw pursuant to Article 2437 of the Italian Civil Code. The proposal also does not require the approval of a Special Meeting of savings shareholders since its does not prejudice the rights of this category.

2. DELEGATION FOR CAPITAL INCREASE IN EXECUTION OF THE 2014 GROUP INCENTIVE SYSTEM

In line with Group Compensation Policy and considering the indications provided by Bank of Italy and the direction set by the European Directive CRD IV and by EBA (European Banking Authority) guidelines, it is deemed appropriate to submit for the approval of today's meeting the implementation of incentive systems based on financial instruments in order to align shareholders' and management interests, reward long term value creation, share price appreciation and motivate and retain key Group resources.

The 2014 System aims to incentive in a multi-year period the following Group employees: Chief Executive Officer (CEO), General Manager (GM), Deputy General Managers (DGMs), Senior Executive Vice Presidents (SEVP), Executive Vice Presidents (EVP), Senior Vice Presidents (SVP), members of the Management bodies of relevant Group Legal Entities, employees with total remuneration greater than 500,000 in the last year, employees included within 0,3% of staff with the highest remuneration, employees whose remuneration is within the remuneration bracket of senior management and other risk takers, and other selected roles. The total estimated number of beneficiaries is ca. 1,000.

Individual bonuses will be allocated to the Beneficiaries of 2014 System based on available bonus pool, individual performance evaluation, bonus reference for specific roles/markets and bonus cap as defined by the Ordinary Shareholder's meeting.

Individual performance appraisal is based on 4 – 8 goals. Other optional targets and behaviors, as relevant, could be considered for the overall performance appraisal.

Overall incentive payout shall be done over a multi-year period (2015-2020) 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 payment and as follows:

	2015	2016	2017	2018	2019	2020
	CASH	CASH	CASH	SHARES	SHARES	SHARES
EVP & above & other identified staff with bonus >500k	20%	15%	15%	20%	15%	15%
SVP & other identified staff with bonus <500k	30%	10%	10%	30%	10%	10%

The number of shares to be allocated in the respective installments shall be defined in 2015, on the basis of the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates 2014 performance achievements (the maximum number of shares to service the 2014 System is 38,464,197).

Considering the number of beneficiaries and the total number of financial instruments to be allocated, the optimal method identified to service the 2014 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 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 €98,294,742.05 corresponding to up to 28,964,197 UniCredit ordinary shares, to be granted to employees of the Holding Company and of Group banks and companies. In compliance with sect. 2349 of the Civil Code, the consequent amendments to the Articles of Association are submitted to today’s Shareholders’ Meeting.

For the assignment of the last installment of shares planned for 2020, it will be submitted to one of the future Shareholders’ meetings the proposed integration of the power of attorney to the Board of Directors for capital increase to service the above mentioned 2014 System through the allocation of a maximum overall number of 9,500,000 of UniCredit ordinary shares corresponding to a capital increase of a maximum €32,239,804.21.

The capital increase will 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 2014 System, an equivalent amount in cash will be allocated to the beneficiaries, determined on base of arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates results achieved in 2014.

Should the aforementioned delegation of power of attorney be exercised to its maximum amount, the newly issued shares would represent 0.50% of existing share capital (0.66% considering the maximum number of shares equal to 38,464,197 which include also the 9,500,000 shares for the allocation of the last installments in shares in 2020).

It should be noted that the effectiveness of the amendments to the Articles of Association of UniCredit submitted to the approval of shareholders is subject to issuing the measure of examination by the Bank of Italy pursuant to the provisions of art. 56 of Legislative Decree no. 385/93.

Dear Shareholders,

in relation to the above, you are invited to approve the following resolution:

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

RESOLVES

1. *to approve the amendments of the paragraph 2 of the clause 8 of the Articles of Association according to the following text:*

“2. In particular, the Meeting of Shareholders, besides establishing the remuneration of members of the bodies it has appointed, approves: (i) the remuneration policies for supervisory, management and control bodies as well as for employees; (ii) equity-based compensation schemes. An adequate information shall be provide to the Shareholders about the enforcement of the remuneration policies.

Furthermore, the Ordinary Shareholders' Meeting can exercise, on the occasion of the remuneration policies' approval, the faculty to determine a ratio of variable to fixed remuneration of employees higher than 1:1, but in any case not exceeding the ratio of 2:1 or the lower ratio fixed by law or regulation from time to time in force.”
2. *to grant the Board of Directors, under the provisions of section 2443 of the Italian Civil Code – with the assumption that today's Ordinary Shareholders' Meeting has approved the adoption of the 2014 Group Incentive System, the authority to resolve - on one or more occasions for a maximum period of five years from the date of shareholders' resolution - to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of €98,294,742.05 corresponding to up to 28,964,197 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 2014 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;*

3. *further to the resolution passed in point 2, to insert a new paragraph in clause 6 of the Articles of Association with the following text:*

"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 _____ 2014, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of Euro € 98,294,742.05 corresponding to up to 28,964,197 ordinary shares, to be granted to employees of UniCredit S.p.A. and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives in execution of 2014 Group Incentive System."

4. *to delegate to the Board of Directors all the necessary powers for issuing the new shares;*
5. *give to the Chairman and/or to the Chief Executive Officer, also separately, 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 or for the implementation of the laws and regulations;*
 - (iii) proceed with the deposit and registration, under terms of law, with explicit and advanced approval and ratification*
 - (iv) make the necessary adjustments of a formal nature to the new paragraph 2 of clause 8 of the Articles of Association approved in accordance with paragraph 1 above, in case the statutory provision are not aligned with the new "Regulations on remuneration and incentive policies and practices of banks and banking groups" issued by the regulator, make the consequent amendments to clause 5 of the Articles of Association relating to the new amount of share capital in the phase of 2014 System implementation, as well as to count the new paragraph of clause 6 of the Articles of Association passed in point 3 above".*