

4. Determination of the remuneration of Directors

Directors' Report

Ordinary and Extraordinary Shareholders' Meeting

Milan, April 12, 2018

Determination of the remuneration of Directors

Dear Shareholders,

in relation to the appointment of the new Board of Directors presented to today's Ordinary Shareholders' Meeting, you have been convened to the Ordinary Shareholders' Meeting of UniCredit S.p.A. (the "**Company**" or "**UniCredit**") to make a resolution regarding the definition of the remuneration due to the Directors, inclusive of the activities to be carried out in the Board Committees.

In such regard, with reference to the Directors whose term of office has just expired, it is recalled that the Ordinary Shareholders' Meeting of May 13, 2015, resolved to grant the Board of Directors a total amount of Euro 2,675,000 (in addition to an attendance fee of Euro 400 for each Board, Committee and company body meeting attended).

Moreover, we remind you that the Shareholders' Meeting held on May 11, 2012, resolved to renew the terms of the insurance policy covering the members of the Boards of Directors and Statutory Auditors of your Company for civil liability and that such insurance covering will extend also to the Directors today appointed¹.

In such regard, referring to the submission by the Board of Directors of its own list of candidates, we inform you that the outgoing Board has also consistently resolved to propose to today's Shareholders' Meeting to grant to the members of the new Board and its Committees an overall annual compensation of Euro 1,760,000 (one million seven hundred and sixty thousand), of which Euro 1,125,000 (one million one hundred and twenty five thousand) aimed at remunerating the members of the Board and Euro 635,000 (six hundred and thirty five thousand) at the remuneration of the members of the Board's Committees.

It is also proposed the granting of an attendance fee for the participation to each Board / Committee meeting, differentiated as below reported:

- Board of Directors and Internal Controls & Risks Committee: Euro 1,000 in case of physical presence of the Director, Euro 400 if the participation occurs through remote communication means;
- Other Board Committees: Euro 800 in case of physical presence of the Director, Euro 400 if the participation occurs through remote communication means.

The above proposal has been formulated taking into consideration, inter alia, the following elements:

- the proposal for the reduction of the number of the Directors to 15 members and the related foreseen decrease of the members of the Board Committees (from the present 5-9 members to 3-5 members);
- the market reference data (benchmark) - provided by Mercer, a primary independent consultant - related to the remuneration of the members of the administrative body and board committees of the major companies of FTSE MIB and UniCredit's peer group². Such data show, inter alia, that the positioning of the compensation proposed for the members of the Board falls under the median of UniCredit's peer group;
- the different commitment requested in relation to the activities of the single Committees³, in terms both of time commitment (average length of the meetings) and span of the activities falling within their area of competence;
- the incentive to a physical participation to the meetings to facilitate the Board discussions, in line also with the recommendations of the Regulators;
- an opportune alignment to the drivers - among which the moderation of the costs also with reference to compensation matters - of the Transform 2019 Strategic Plan.

¹ The actual annual total economic benefit of the insurance policy in favor of all the Directors and Statutory Auditors is currently around Euro 153,000.

² See the "2018 Annual Compensation Report", section 3, chapter 3 "Continuous Monitoring of Market Trends and Practices", published in relation to point 6 of today's Ordinary Shareholders Meeting Agenda.

³ For detailed information, reference is made to the document "Report on corporate governance and ownership structure", section 5 "Board of Directors internal Committees", published on the Company's website in the Governance section.

The above overall compensation will be split by the new Board, that – in compliance with Clause 26 of the Articles of Association – will also have the faculty to define the remuneration of Directors vested with particular offices pursuant Art. 2389, 3rd paragraph, of the Italian Civil Code (such as for example the Chairmen of the Board of Directors and Board Committees and the Chief Executive Officer).

In light of the above, the proposal defined by the Board of Directors envisages a reduction of 34% versus the annual compensation resolved by the 2015 Annual General Meeting. For a more complete information, it is pointed out that such proposal – even net of the effect of the reduction in the number of Directors (from 17 to 15) and Committee members (from 9-5 to 5-3) and considering the shift of the additional remuneration for the Committees' chairpersons from "amount defined by the Shareholders' Meeting" to "compensation pursuant Art. 2389 of the Italian Civil Code" – entails a contraction by approx. 11% in the annual compensation defined by the Annual General Meeting .

Resolutions submitted to the Ordinary Shareholders' Meeting

Dear Shareholders,

In the light of what above mentioned, without prejudice to the insurance policy covering the members of the Boards of Directors and Statutory Auditors of your Company for civil liability, we ask you to approve the following resolution:

- set the remuneration due, for each year in office, to the Directors for the activities they perform in relation to the Board of Directors and the Board Committees

and, if you agree with the contents and the argumentations of the proposal formulated by the Board of Directors illustrated in this Report, we ask you to approve the following resolution:

- set in Euro 1,760,000 (one million seven hundred and sixty thousand) the remuneration due for each year in office, to the Directors for the activities they perform in relation to the Board of Directors and the Board Committees
- set an attendance fee for each single Board and Committee meeting attended in the following measures:
 - Euro 1,000 for physical presence at the Board of Directors and Internal Control and Risks Committee
 - Euro 800 for physical presence at the other Committees
 - Euro 400 for attendance by remote participation means.