

ORDINARY SHAREHOLDERS' MEETING

DIRECTORS' REPORT

2012 GROUP COMPENSATION POLICY

Dear Shareholders,

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

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

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

Group Compensation Policy

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

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

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

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

Annual Compensation Report

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

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

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Dear Shareholders,

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

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

RESOLVES

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

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