


2020 Group Remuneration and Report

Key Highlights

AGM Season 2020

UniCredit S.p.A. - Public

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Key Notable Elements

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- **2019 Bonus pool in line with previous year** (no annual bonus for the CEO)

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- **2017-19 Long Term Incentive Plan** award at **93,3%** based on KPI achievements

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- New **2020-2023 Long Term Incentive Plan**, supporting Team 23 Strategic Plan achievement

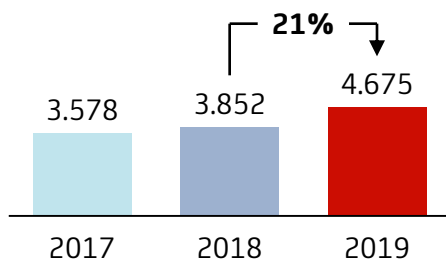


Underlying FY19 net profit¹ 4.7bn delivered leading to 2019 bonus award

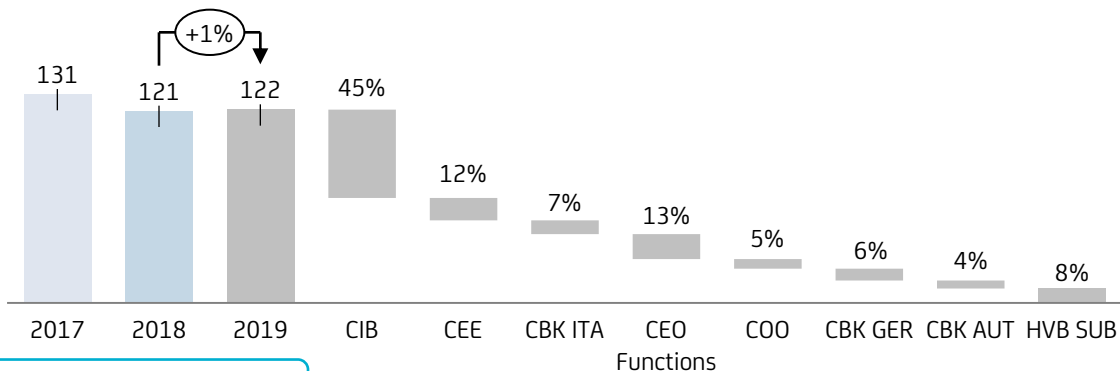
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EUR million

Underlying Net Profit



Bonus pool distribution for Group Identified Staff population



of 2019 Group Identified Staff 1,020

Positive results and achieved capital, liquidity and risk conditions allow for the **2019 bonus award**



2017-19 LTI Plan award at 93,3% based on KPI achievements

2

All Entry Conditions are met	KPI	PERIMETER	WEIGHT	TARGET	ASSESSMENT CRITERIA		2019 RESULTS	SCORE
					Threshold	Payout		
					Value Creation	ROAC		
Industrial Sustainability	C/I	GROUP	25%	MYP	<div style="background-color: green; color: white; padding: 2px;">≤ 52%</div> <div style="background-color: yellow; color: black; padding: 2px;">55% - 52%</div> <div style="background-color: red; color: white; padding: 2px;">> 55%</div>	<div style="background-color: green; color: white; padding: 2px;">100%</div> <div style="background-color: yellow; color: black; padding: 2px;">0 - 100%²</div> <div style="background-color: red; color: white; padding: 2px;">0%</div>	• ACT: 52.8%	18.3%
Risk	NET ¹ NPE	GROUP	25%	MYP	<div style="background-color: green; color: white; padding: 2px;">≤ 20,2 bn</div> <div style="background-color: yellow; color: black; padding: 2px;">22 - 20,2 bn</div> <div style="background-color: red; color: white; padding: 2px;">> 22 bn</div>	<div style="background-color: green; color: white; padding: 2px;">100%</div> <div style="background-color: yellow; color: black; padding: 2px;">0 - 100%²</div> <div style="background-color: red; color: white; padding: 2px;">0%</div>	• ACT: 9.8 bn	25%
Total								93.3%

The **93.3%** achievement equals to ~ **4,650 K shares** for **262 beneficiaries**.
The shares **will be allocated** over a 3-year deferral period subject to **malus and claw-back** conditions.

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1. Net Non Performing Exposure (after provisions)
2. Linear progression (eg. 50% payout for ROAC at 8,5%)



2020-23 Long Term Incentive Plan in a nutshell

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Instruments

- **100% Equity Plan** based on **UniCredit free ordinary shares**
- **Maximum** number of shares equal to **9.4 mln shares** (estimated impact on capital 0.42%)
- Share **conversion price** equals to **€ 13.305**

Performance period

- **4 years** aligned to UniCredit Strategic Plan *Team 23*

Reference amount at stake

- **100%** of total max variable remuneration for **Group CEO¹**
- **Up to 50%** of variable remuneration for **SEVPs**
- Up to 30% of variable remuneration for **EVPs**

Max opportunity on LTIP

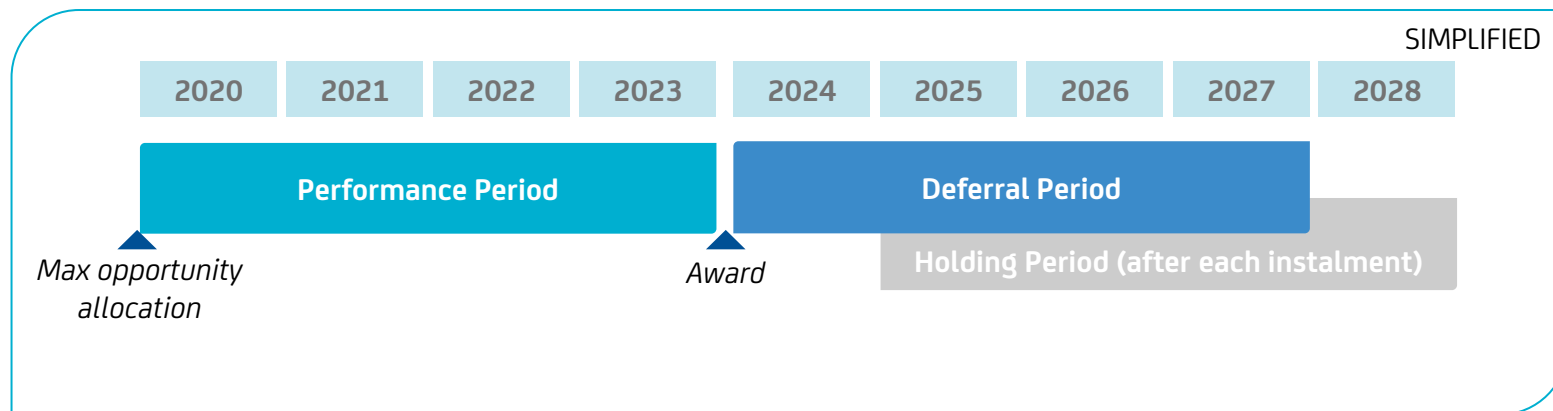
- **LTI opportunity** defined **upfront** at the beginning of the Plan in shares, considering the variable compensation allocated to LTIP for next 4 years

¹ 20% of the yearly performance of the CEO is based on the evaluation of the annual status progress of the economic goals of the LTI Plan and other non-economic goals defined based on the yearly priority



LTI following Team 23 Plan horizon and regulatory requirements

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- **Ratable vesting¹** for CEO, SEVP and EVP, starting from 2024
- **CEO** weighted average duration of **7 years** (*alike for Transform 2019 LTI Plan*)
- **Termination clauses** apply to performance and deferred period for Good Leavers on a **pro-rata temporis basis** (e.g. beneficiary leaving the Company as of December 31, 2021 is entitled to 24 out of 48 months of LTI Plan)²
- **No interest/dividends is paid** during deferral period, as per Bank of Italy regulation
- **4 years deferral** subject to "**malus**" conditions based on profitability, liquidity and capital position as well as individual breaches
- **Claw-back** rules apply **5 years** after each installment, regardless of the vesting scenario

¹ 100% upfront vesting for Key Players not Identified Staff

² See Annex for details



LTI Plan Scorecard aligned with Team 23 strategic priorities, incl. ESG

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Lever and KPIs	Weight	Type	Target	Tolerance
Profitability RoTE ¹ with CET 1 underpin ²	60%	• Absolute	8.1% average 20-23	~10% vs. target
Asset Quality NPE ratio "Core" Expected Loss (new biz flow ³)	↑ 20%	• Absolute	3.8% average 20-23	~10% vs. target
	↓	• Absolute	0.39% average 20-23	~10% vs. target
Industrial OpEx	10%	• Absolute	10.2 bln end of 23	~2,5% vs. target
Sustainability ESG rating (Sustainalytics) Customer Satisfaction People Engagement	↑	• Relative	3 rd in ranking end of 23	5 th in ranking
	10%	• Relative	+3 pts vs. competition end of 23	+1 pt vs. competition
	↓	• Absolute	73 pts twice in Plan	71 pts

Goals within the lever are equally weighted; over-performance (KPI result above MYP target) can be used, proportionally to their weight, to compensate those KPIs that reach at least their minimum threshold level (in most KPIs, 90% of target), still within the maximum 100% opportunity of the LTI Plan

1. Based on Underlying Net Profit
2. Bonus gate for CET1 at least 200 bps above minimum regulatory target
3. Without model impact



CEO fixed remuneration unchanged and variable based on Long Term performance

1

2

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Fixed Remuneration

- Effective January 1, 2017, the fixed remuneration was reduced by 40%
- For **2019**, the CEO received a fixed remuneration of **€ 1.2 mln (no compensation review foreseen)**

Bonus 2019

- **No annual bonus** foreseen for the CEO (along the whole *Transform 2019* as well as for *Team 23*)

Variable Remuneration

2017-19 LTI Plan outcome

- **100%** of the **variable remuneration** for the CEO
- The **LTIP** reached a final outcome of **93.3%**, leading to **486,391 shares** to be awarded in 2024 and subject to malus and claw-back conditions

2020-23 LTI Plan

- **100%** of the **variable remuneration** for the CEO along the new Plan¹
- The **maximum opportunity** of the CEO under the new Plan is **712,514 shares**.

Severance Payments

- **Zero severance** or notice payment, for any reason of separation from the bank.

¹ 20% of the yearly LTIP opportunity can be forfeited by the Board in case of miss on the yearly targets of the plan



ANNEX



2020-23 LTI Plan Rules of the System - Focus on Termination clauses

Leaving Employment

(extract from 2020-23 LTI Rules approved by the Board of Directors)

In case of termination of the employment relationship, the Beneficiary shall keep all rights under the Plan provided that he/she qualifies as a Good Leaver.

Specifically, in case of Good Leaver, if this occurs during the performance period, the Beneficiary will be entitled to a pro-rata temporis award of the shares, subject to the achievement of relevant performance conditions at the end of the performance period and according to the deferred payout scheme and all other terms and conditions under the Rules.

For the purpose of the Rules, a “Good Leaver” is exclusively a Beneficiary who ceases to be an Employee of the Company during the Plan due to the following reasons:

- termination of the employment relationship due to any physical impediment including ill-health, injury or permanent disability, as established by applicable laws;*
- retirement, also in case of agreement with the Company and/or enrolment into early retirement or redundancy plans;*
- the company employing the Beneficiary ceases to be a member of the Group;*
- a transfer of the undertaking, or the part of the undertaking, in which the Beneficiary works to a person or legal entity which is not a member of the Group.*



2020-23 LTIP - Reference pay-mix of the Executives with Strategic Responsibilities

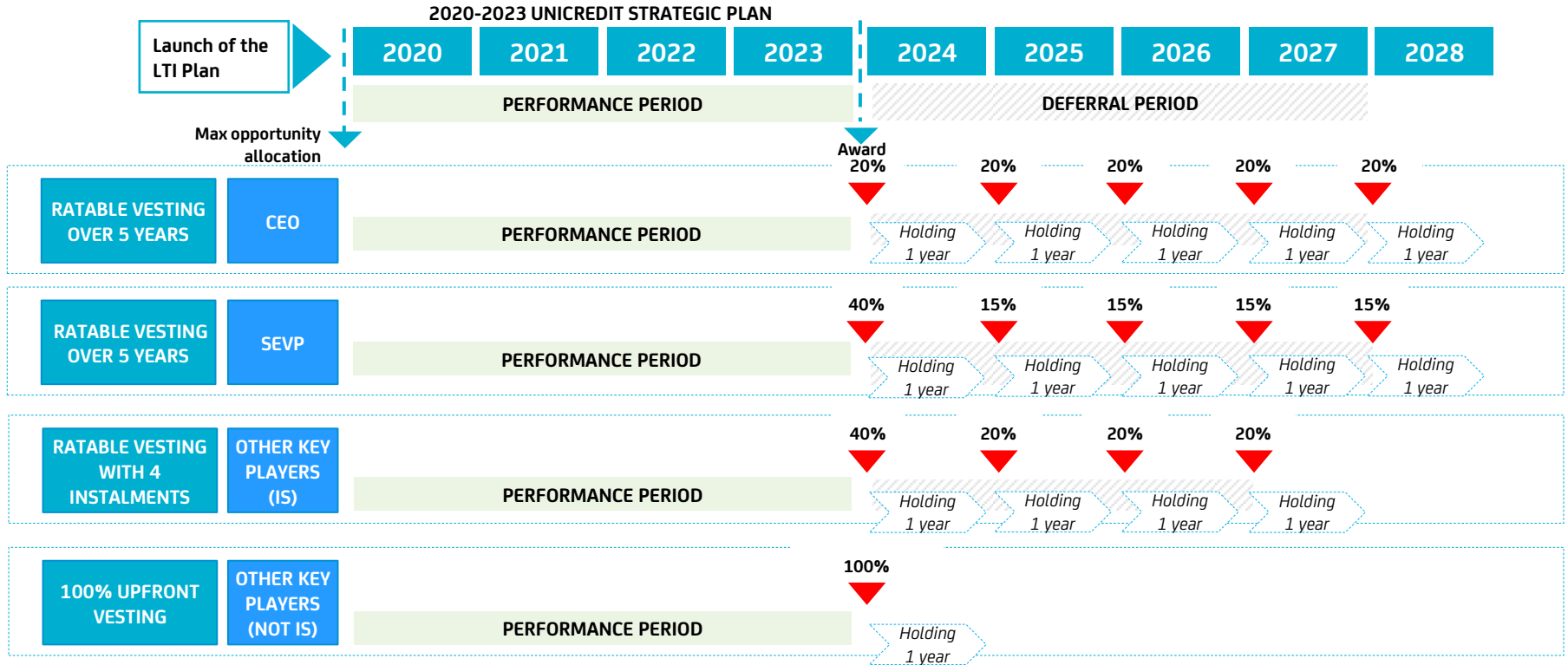
		Max ratio between variable and fixed remuneration	2020 reference pay-mix considering the maximum achievement of variable compensation
Executive with Strategic Responsibilities	CEO	200%	
	Business Functions	200%	
	Corporate Control Functions	33%	
	Others ¹	100%	

- Fixed compensation
- Long-Term Incentive
- Short-Term Incentive

¹ For Human Capital function the fixed remuneration is expected to be predominant in respect to the variable one and long-term variable remuneration is not foreseen.



CEO and SEVP longer ratable vesting in the new LTI Plan



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