

The background of the top half of the page is a complex financial data visualization. It features a world map composed of blue dots, overlaid with various charts including a candlestick chart with orange bars, a line graph with a yellow line, and a bar chart with orange bars. A price change of '+11,00.00' is visible in the upper left quadrant. The overall color palette is dominated by teal, orange, and blue.

2022 GROUP REMUNERATION POLICY & REPORT

Overview

March 2022

Group Remuneration Policy & Report

Key changes and highlights

- **Redesign of the Group Incentive System** as a **Sustainable Performance Plan**, in alignment with the Group new strategic direction, including, among others, the incorporation of long-term performance conditions, targets consistent with the new Strategic Plan and bonus pool framework improvement
- **Review of the 2020-2023 Long-Term Incentive Plan** in light of the new Strategic Plan announcement and the launch of the new Group Incentive System **to avoid overlap between incentive plans**
- Ex-post and ex-ante enhanced **disclosure on CEO compensation**, including the detailed 2022 scorecard
- **Peer Group update** for compensation benchmarking
- **2021 Bonus Pool distribution** for Group Material Risk Takers



Reasons for redesign

Reasons why for the change

- Increase the effectiveness of the current compensation arrangements in a time of **extreme volatility / uncertainty**
- Have a system that would best support the new **UniCredit Unlocked Plan**
 - **Deliver on the promise** to the market, **every year**
 - While making sure delivery is **sustainable over time**, given the significant transformational effort of the plan
- Refresh approach and be recognized by the market in order to **recruit and retain the talents needed to deliver the new strategic plan**



Variable Remuneration Framework

Highlights

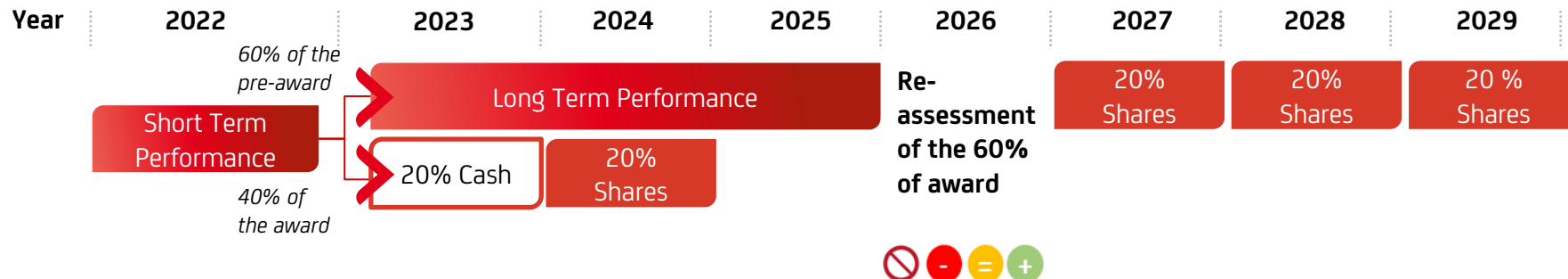
	Main Features	Rationale
STRUCTURE	<ul style="list-style-type: none">● Single incentive plan combining ST goals with additional LT conditions● Rolling plan, launched every year	<ul style="list-style-type: none">● Increase the effectiveness of the comp arrangements in a time of extreme volatility / uncertainty● Focus on the sustainability of results
PARTICIPANTS	<ul style="list-style-type: none">● ca. 120 top executives, comprising:<ul style="list-style-type: none">– CEO and GEC members– GEC-1	<ul style="list-style-type: none">● Stronger individual impact of this population on Group LT KPIs● Alignment to market practice
VARIABLE PAY COMPONENT (CEO & GEC)	<ul style="list-style-type: none">● 80% shares and 20% cash	<ul style="list-style-type: none">● Strong attention to alignment of interests
AMOUNT	<ul style="list-style-type: none">● Target bonus set individually, on the basis of market data, role, seniority, var/fix regulatory cap as well as personal and company performance	<ul style="list-style-type: none">● Transparency and full alignment to regulatory provisions
DURATION	<ul style="list-style-type: none">● 8 years in total¹	<ul style="list-style-type: none">● Optimize plan's duration, without over accelerating vesting



Variable Remuneration Framework Designed as Sustainable Performance Plan

Short term goals combined with additional long-term conditions consistent with the Strategic Plan and aimed at ensuring the delivery of **sustainable results over time**

SIMPLIFIED VERSION FOR CEO & GEC

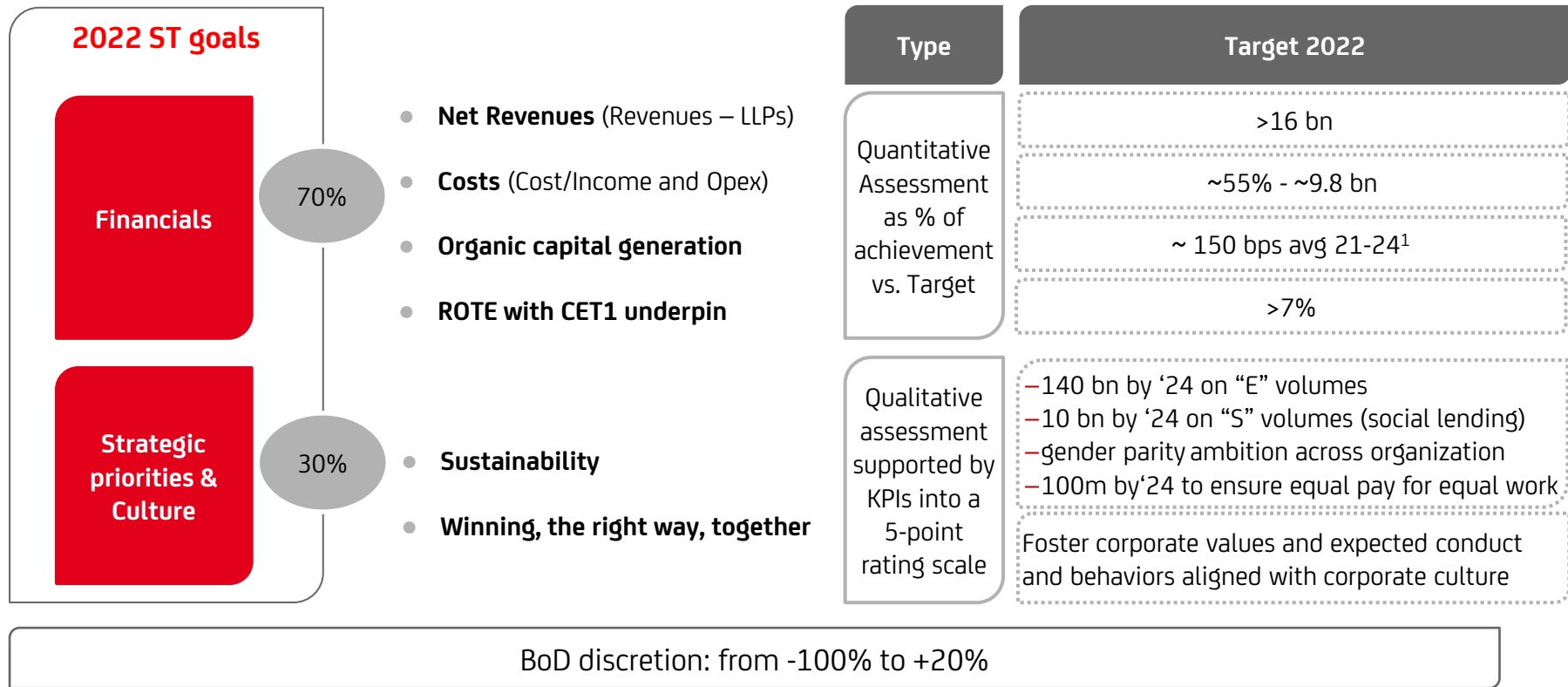


- Full variable opportunity paid-out **only upon achievement of ST and LT performance conditions**
- **Share conversion price** defined at the **beginning of the performance period (month preceding the AGM approval of Incentive System)** to further align management and shareholders' interests



Sustainable Performance Plan

CEO Short-Term goal-card



1. Yearly target consistent with the average delivery of ~150bps organic capital generation per annum in the period 21-24. Further details will be provided in the ex-post scorecard disclosure



Additional LT performance conditions

LEVERS AND KPIs		TYPE	TIMING OF MEASUREMENT	OUTCOME
ABSOLUTE PROFITABILITY	70% • RoTE with CET 1 underpin	Absolute	AVERAGE 23-25 VS. TARGET 22	>120% Tgt: 130%
				80-120% Tgt: 100%
RELATIVE RETURNS	30% • Relative TSR vs Peers ^A	Relative	PERIOD 23-25	<80% Tgt : 70%
				Top quartile: 130%
				Central quartiles: 100%
				Low quartile: 70%

BoD discretion: from -100% to +20%
Malus conditions for 2023-25 LT performance period (profitability², capital and liquidity³)

1. As defined by UCG as peer group in UniCredit Remuneration Policy - 2022 Compensation peer Group including: Santander, Barclays, Commerzbank, Credite Agricole, Deutsche Bank, ING, Intesa Sanpaolo, Nordea, Societ  Generale, UBS, Erste, BBVA. Potential extraordinary events that might impact the Peer Group in asymmetric ways as well as other specific events (e.g. negative or low absolute TSR performance, etc.) may be duly taken into consideration via Board of Directors Discretion. 2. RoTE average 2023-25 below 33% vs. Target 22 3. Capital and liquidity conditions as defined for annual performance (for each year from 2023 to 2025)



Management of the switch from LTIP 2020-2023



- With the introduction of the new 2022 System beneficiaries of the 2020 – 2023 Long Term Incentive Plan (“LTIP”) will be offered a **switch to the new 2022 System for the LTIP 2022 and 2023 quotas**, to minimize the overlap between incentive plans
- Such initiative implies the following:
 - **Cancelling the 2022 and 2023 quotas**, while increasing the bonus opportunity under the new 2022 System
 - **Keeping the LTIP in place** for what concerns the **2020 and 2021 quotas, with the same structure, KPIs, targets and features** as approved by Shareholders’ Meeting on April 9, 2020
- The switch is strictly **linked to the launch of the new 2022 System**, to ensure the **full alignment between incentive systems and corporate strategy**, and is subject to the consent of the LTIP beneficiaries



CEO Remuneration Overview

- The structure of the current CEO package as well as the regulatory cap on variable to fix compensation, inevitably results in an asymmetrical pay curve, where no reward can be assigned for over-performance
- Because of this and In light of the strong performance achieved in 2021 under his leadership, the Board has reviewed Mr. Orcel's remuneration package, in particular the potential of raising fixed pay to create headroom that incentivizes the achievement of overperformance within the EU cap
- Mr. Orcel has separately indicated his preference to the Board that his fixed compensation remain the same, and that the variable remuneration awarded to him be strictly linked to the delivery of the performance targets outlined in the Strategic Plan
- The Board has taken this into account, and is in agreement with this position, believing that this approach is fully aligned with the interests of shareholders, reflecting the commitment to earned meritocracy that is central to UniCredit and its people
- The Board is confident in Mr. Orcel's ability to deliver long-term sustainable performance and improved shareholder returns, and will review Mr. Orcel's remuneration in advance of the AGM in 2023, in light of the results delivered and progress made in 2021 and 2022

Fixed remuneration

Fixed annual compensation confirmed for 2022 at **€2.5m, unchanged** from 2021

Variable remuneration

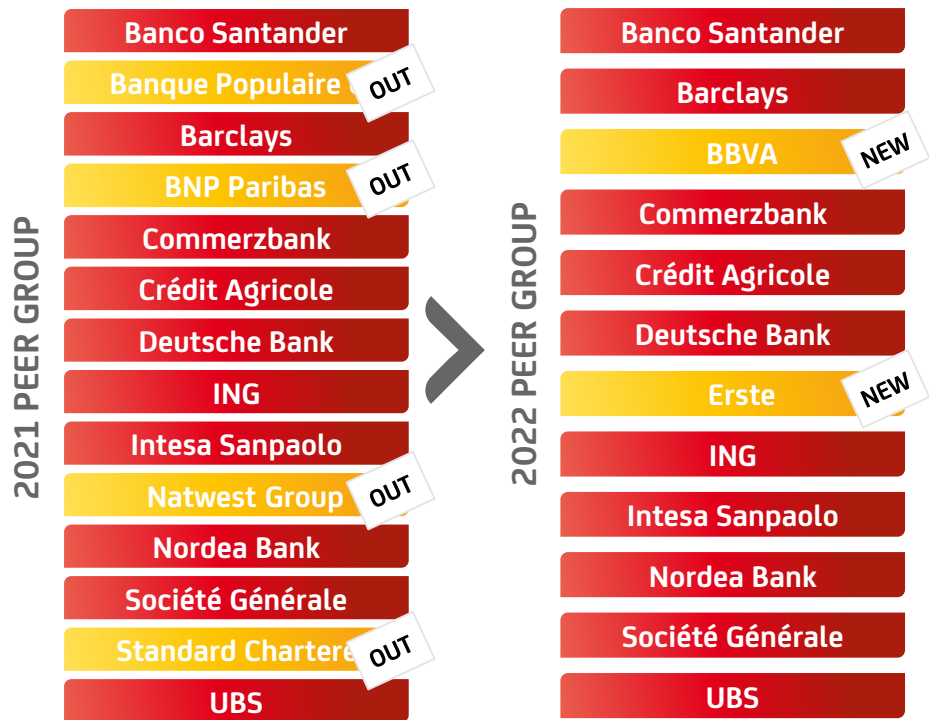
2022 Variable compensation to be determined **based on the new Sustainable Performance Program**, up to the regulatory variable to fix cap (200% i.e. €5m)

Total Compensation

2022 Total compensation set at **€7.5m** at **100% scorecard achievement**



Peer Group update for compensation benchmarking



As a policy target, Material Risk Takers total compensation is set on the market median as reference, with the possibility to increase especially for key people, with individual positioning being defined on the basis of specific performance, potential and people strategy decisions, as well as UniCredit's performance over time.

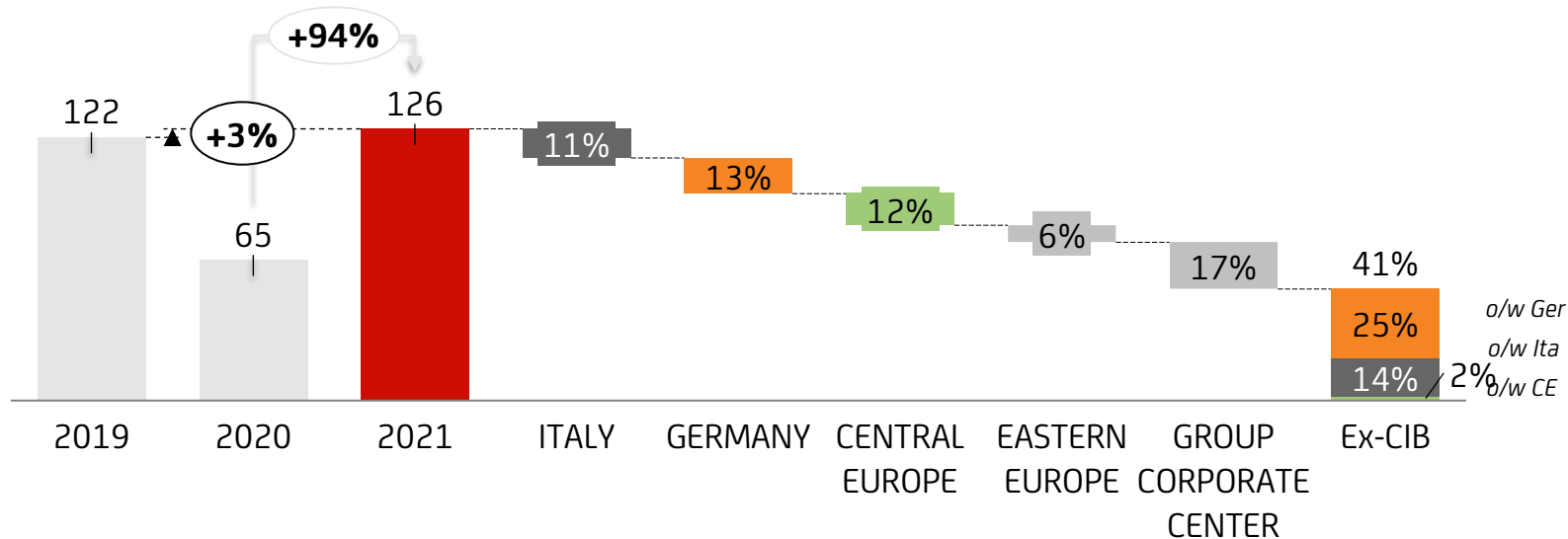


2021 bonus distribution for Group Material Risk Takers

€ Mio

2021 results and annual bonus decision

Bonus awarded



- **2021 bonus for 1.121 Material Risk Takers** amounts **126 mln EUR** (+94% vs.2020 and +3% vs. 2019)
- This figure is **fully consistent with company performance in terms of Underlying NOP** (+129% vs.2020 and +7% vs. 2019)



Engagement with shareholders and proxy advisors

- UniCredit has a **long-standing engagement process with institutional investors and proxy advisors** which aims to share and constructively exchange views on Policy changes
- Over the years, this dialogue has enabled us to **receive valuable feedback** on the compensation approach as well as allowing us to **verify the alignment with international best practices and investors' expectations**
- In the last quarter of 2021 and first quarter of 2022, UniCredit has **proactively intensified its engagement with institutional investors and proxy advisors**, with multiple rounds of meetings focused on the new incentive system and on the CEO compensation framework, with the aim of **gathering feedback ahead of the new remuneration Policy definition**

Remuneration Policy design phase

>25%

Reached out to this % of share capital outstanding

14

Ad-hoc meetings with investors and proxy advisors

Overall engagement

~55%

Reached out to this % of share capital outstanding

~50

Investors reached out to



Remuneration voting items

	2022 topics	Comments
ORDINARY SESSION	<ul style="list-style-type: none"> • 2022 Group Incentive System • 2022 Group Remuneration Policy (<i>binding vote</i>) • Remuneration Report (<i>advisory vote</i>) 	<ul style="list-style-type: none"> • "Every year" items • 2022 Group Incentive System includes the optionality to be given to LTIP 2020-2023 beneficiaries to switch 2022 and 2023 annual quota into the new Group Incentive System
	<ul style="list-style-type: none"> • Amendment to Group incentive systems based on financial instruments 	<ul style="list-style-type: none"> • Introduction of share buy-back as alternative method to fund the shares needed for incentive purposes
EXTRAORDINARY SESSION	<ul style="list-style-type: none"> • Authorization to mandatory amendments to the Articles of Association 	<ul style="list-style-type: none"> • Ancillary item to the ordinary session, required by the Italian law to "clean-up" the paragraphs of Articles of Association



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