

Disclosure pursuant Article 450 CRR (Remuneration and incentive systems and practices)

QUALITATIVE DISCLOSURE

1. REMUNERATION COMMITTEE

The Remuneration Committee performs an integral role in supporting the Supervisory Board oversight of Group Compensation Policy and plan design. The Remuneration Committee consists of 5 members. These are: the Chairman of the Supervisory Board – who covers the office of Chairman of the Remuneration Committee – the Stand-in Chairman, as well as one voted member of the Supervisory Board, furthermore two employee representatives. The Financial Market Authority delegates state commissioners to the meetings of the Committee.

The Committee assumes the following remuneration-related tasks:

- (a) *Passing of resolutions regarding remuneration, including resolutions that have an effect on the risk and the risk management of the Company and the approval of general principles of the remuneration policy,*
- (b) *Monitoring the remuneration policy, remuneration practices and remuneration-related incentive schemes,*
- (c) *Controlling the general principles of the remuneration policy and controlling the remuneration of the senior management in the risk management department and with Compliance positions on a regular basis.*

In doing so, the Committee shall take into consideration the long-term interests of shareholders, investors and employees of the Company and the economic interests in an efficient banking industry and financial market stability.

In 2015 the Remuneration Committee met once and passed one decision as circular vote.

During 2015 the key activities of the Remuneration Committee included:

- final evaluation of Group sustainable performance parameters and risk-reward alignment, as required by law under BWG provisions
- monitoring and analyzing the remuneration system evolution in relation to the change of the reference scenario and to the recommendations and provisions as set out by Supervisory Authorities and main international institutions
- evaluation of the 2015 Group Compensation Policy, supported by Human Resources, Compliance, Risk Management and Planning, Finance and Administration Group functions
- updating the Group Incentive System for the Identified Staff in line with regulatory requirements
- monitoring the coherent implementation of the policies and systems as well as the execution of the delegated powers

Audit department performed the annual audit on the Group variable remuneration system as requested by law under BWG provisions. The audit aimed at verifying the design, implementation and effects of the remuneration process, as well as its compliance with relevant regulatory requirements and rules approved by the Group. The results of the audit were presented to the Remuneration Committee on March 7, 2016.

2. GROUP COMPENSATION SYSTEMS

2.1 TARGET POPULATION

Starting as early as 2010, UniCredit Bank Austria AG conducted every year, in alignment with specific regulation, the self-evaluation process to define Group's Identified Staff population to whom, according to internal/external regulation, specific criteria for remuneration/incentive aspects are adopted.

The assessment process for the definition of Identified Staff followed the criteria defined in the European Banking Authority Regulatory Technical Standard (RTS).

2.2 RATIO BETWEEN VARIABLE AND FIXED COMPENSATION

For a selected number of functions the AGM of UniCredit Bank Austria AG approved the increased bonus cap of 2:1 (bonus vs fixed pay).

2.3 2015 INCENTIVE SYSTEM IMPLEMENTATION AND OUTCOMES

The 2015 System, approved by UniCredit Board of Directors on January 20, 2015 and consequently by UniCredit Bank Austria AG's Remuneration Committee, provides for a 'bonus pool' approach directly linking bonuses with company results at Group and Country/Division level, and further ensuring the connection between profitability, risk and reward.

The System, implemented within the framework of our policy and governance, provides for the allocation of a performance related bonus in cash and/or free ordinary shares over 6 years.

Bonus pools sizing

The bonus pool dimension for each of the relevant clusters is related to the actual profitability measures multiplied with the bonus pool funding rate defined in the budgeting phase.

This calculation determines the so called "theoretical bonus pool" for each cluster that is adjusted accordingly to the actual trend of performance of the respective segment.

2015 Entry conditions at Group and local level

In order to align to regulatory requirements, specific indicators measuring annual profitability, solidity and liquidity results had been set at both local and Group level as Entry Conditions. In particular, risk metrics and thresholds for the 2015 Group Incentive System as defined within the Entry Conditions that confirms, reduces or cancels upfront and deferred payouts include:

ENTRY CONDITIONS OF 2015 INCENTIVE SYSTEM	
GROUP	LOCAL
<ul style="list-style-type: none"> - NOP adjusted ≥ 0 and - Net Profit ≥ 0 and - CET1 ratio transitional $\geq 7\%$ and - Cash Horizon ≥ 90 days 	<ul style="list-style-type: none"> - NOP adjusted ≥ 0 and - Net Profit ≥ 0

- **Net Operating Profit adjusted** (NOP excluding income from buy-back of own debt and from the fair value accounting of own liabilities) to measure profitability.
- **Net Profit** to measure profitability considering the results stated in the balance sheet excluding any extraordinary item as considered appropriate by the Board of Directors upon the Remuneration Committee's proposal.

- **Common Equity Tier 1 ratio transitional** to measure the bank’s solidity in terms of highest quality common equity introduced by Basel 3, consistent with regulatory limits and conservation buffers.
- **Cash Horizon** to measure the bank’s capacity to face up to its liquidity obligations consistent with Basel 3 Horizon Liquidity Coverage. The threshold is set at 90 days.

According to the actual results for 2015 all Countries/Divisions and the Group achieved the relevant entry conditions. As a consequence, all the 12 bonus pools fall in a range between 50% and 150% of the theoretical bonus pool value, calculated applying the funding rate percentage to the actual profitability results:



The Entry Conditions have been achieved both at Group and Country/ Division level. Therefore, no malus condition is activated both for 2015 incentive and installment referred to previous year deferrals

Economic and Risk sustainability

After the verification of the Entry Conditions achievement, the actual bonus pool of each Country/Division had been adjusted within respective ranges, based on the assessment of the overall economic and risk sustainability evaluated by Group CRO and CFO through dashboards, including respectively:

- risk indicators linked to Group Risk Appetite Framework, to evaluate the risk sustainability at Group and Country/Division level
- performance indicators connected with the Strategic Plan, to evaluate the economic sustainability over the time.

The combined evaluation of the CRO and CFO metrics resulted in a positive assessment on economic and risk sustainability for all division/countries.

2.4 COMPREHENSIVE PERFORMANCE MANAGEMENT

Individual performance appraisal was based on 4-8 goals, of which at least half sustainability, and was assessed within the Executive Development Plan processes. Additional targets may have been defined on top of the 4-8 goals, to be taken into consideration within the overall performance assessment.

Competencies and behaviors considered as relevant were taken into account by the manager for the overall performance appraisal.

The goals appraisal system was based on a 1-5 rating scale with a descriptive outcome.



The managerial bonus allocation was done on the basis of available bonus pool, individual performance appraisal and internal benchmarks for specific roles and markets.

2.5 2015 BONUS PAYOUT ILLUSTRATION

BONUS STRUCTURE						
2015	2016	2017	2018	2019	2020	2021
Performance Year	20% Upfront Cash	10% Deferred Cash	20% Upfront Shares	10% Deferred Shares	10% Deferred Shares	20% Deferred Cash
						10% Deferred Shares

3. Group Employee Share Ownership Plan

In 2008 the UniCredit Group Employee Share Ownership Plan “Let’s Share” (The Plan) was launched for the first time, offering to employees the possibility to invest in UniCredit ordinary shares at favourable conditions.

The Plan offers to participants the opportunity to purchase UniCredit shares, receiving a 25% discount in the form of free shares granted by the Company, subject to a 1-year holding period. The Plan provides for the shares to be purchased on the market with no diluting impact on share capital.

QUANTITATIVE DISCLOSURE

Information on remuneration for all staff 2015									
Description	Members of the Supervisory Board	Members of the Executive Board	Investment Banking	Retail Banking	Asset Management	Corporate Functions	Independent Control Functions	All other	Total
Number of members (Headcount)	16	104							270
Total number of staff (in FTE)			1.397	16.295	529	4.945	2.626	9.737	35.529
Total net profit (in EUR)									1.231.955.000
Total remuneration (in EUR)	1.198.978	41.495.961	111.205.143	629.294.815	48.806.715	255.279.639	144.997.754	324.944.075	1.557.223.080
of which: variable remuneration	213.694	16.170.602	15.064.550	24.035.364	4.038.971	11.834.639	8.321.996	13.765.184	93.445.000
Information on remuneration of staff identified under § 39 BWG									
Description	Members of the Supervisory Board	Members of the Executive Board	Investment Banking	Retail Banking	Asset Management	Corporate Functions	Independent Control Functions	All other	Total
Number of identified staff under § 39 BWG (Headcount)	34	80							114
Number of identified staff (in FTE)			22	18	19	42	67	27	195
Number of identified staff in senior management positions (FTE)			9	12	4	33	25	15	98
Total amount of fixed remuneration	603.868	20.037.490	3.899.977	2.925.872	2.195.208	6.607.050	8.405.482	5.093.626	49.768.573
of which: fixed in cash	603.868	20.037.490	3.899.977	2.925.872	2.195.208	6.607.050	8.405.482	5.093.626	49.768.573
of which: fixed in shares and share-linked	0	0	0	0	0	0	0	0	0
of which: fixed in other types instruments	0	0	0	0	0	0	0	0	0
Total variable remuneration	29.500	15.302.607	2.517.116	1.133.550	544.201	2.280.999	1.603.847	2.760.000	26.171.820
of which: variable in cash	29.500	7.924.402	1.296.808	667.406	440.279	1.342.810	1.141.497	1.497.000	14.339.702
of which: variable in shares and share-linked instruments	0	6.549.486	1.220.308	391.144	103.922	897.020	462.350	1.263.000	10.887.230
of which: variable in other types instruments	0	828.719	0	75.000	0	41.169	0	0	944.888
Total amount of variable remuneration which has been deferred	0	11.314.727	1.886.731	725.801	206.000	1.442.164	715.740	2.075.800	18.366.963
of which: deferred variable in cash	0	3.936.522	666.423	259.657	133.500	503.975	253.390	812.800	6.566.267
of which: deferred variable in shares and share-linked instruments	0	6.549.486	1.220.308	391.144	72.500	897.020	462.350	1.263.000	10.855.808
of which: deferred variable in other types instruments	0	828.719	0	75.000	0	41.169	0	0	944.888
Additional information regarding the amount of total variable remuneration									
Description	Members of the Supervisory Board	Members of the Executive Board	Investment Banking	Retail Banking	Asset Management	Corporate Functions	Independent Control Functions	All other	Total
Article 45b (iii) CRR - total amount of outstanding deferred variable remuneration awarded in previous periods	0	20.575.038	2.367.019	1513.379	315.200	11.856.840	1.348.192	3.023.850	40.999.608
Total amount of explicit ex post performance adjustment for previously awarded remuneration	0	0	0	0	0	0	0	0	0
Number of beneficiaries of guaranteed variable remuneration (new sign-on payments)	0	0	0	0	0	0	1	0	1
Total amount of guaranteed variable remuneration (new sign-on payments)	0	0	0	0	0	0	48.000	0	48.000
Number of beneficiaries of severance payments	0	1	2	2	0	0	0	3	8
Total amount of severance payments	0	559.163	415.660	143.140	0	0	0	1.476.736	2.594.699
Article 45b (iv) - highest severance payment to a single person	0	559.163	270.660	140.000	0	0	0	834.472	1.804.295
Number of beneficiaries of contributions to discretionary pension benefits	0	3	1	0	0	1	1	1	7
Total amount of contributions to discretionary pension benefits	0	8.325	23.000	0	0	665	888	135.000	167.878
Total amount of variable remuneration awarded for multi-year periods under programmes which are not revoked annually	0	0	0	0	0	0	0	0	0

During 2015, a total remuneration equal to or greater than 1 million Euros was awarded to 7 beneficiaries. In particular:

TOTAL COMPENSATION (TC)	IDENTIFIED STAFF NR.
1 ≤ TC < 1,5 Mln	3
1,5 ≤ TC < 2 Mln	4