

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 UniCredit Group Remuneration Policy and plan design. The Remuneration Committee consists of the following 5 members:

- the Chairman of the Supervisory Board – who covers the office of Chairman of the Remuneration Committee
- the Deputy Chairman
- one voted member of the Supervisory Board
- two representatives of the employees' council.

Furthermore, the Financial Markets Authority delegates state commissioners to the meetings of the Committee.

The Remuneration Committee's tasks comprise:

- (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 regularly controlling the remuneration of the senior management.

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 2020, the Remuneration Committee met once and passed further decisions in the form of circular votes.

During 2020, the key activities of the Remuneration Committee included:

- final evaluation of the sustainability of UniCredit Group performance parameters and its risk-reward alignment, as legally required by BWG provisions (*Bankwesengesetz*, Austrian Banking Act)
- 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 2020 Remuneration Policy, supported by Human Capital, Compliance, CRO Risk Management and CFO Finance
- updating the Group Incentive System for the Material Risk Takers in line with regulatory requirements
- monitoring the coherent implementation of the remuneration related 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 per the legal requirements by 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 2, 2021.

2. GROUP COMPENSATION SYSTEMS

2.1 TARGET POPULATION

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

The assessment process for the definition of Material Risk Takers followed the criteria defined in the European Banking Authority Regulatory Technical Standards (RTS).

2.2 RATIO BETWEEN VARIABLE AND FIXED COMPENSATION

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

2.3 2020 INCENTIVE SYSTEM IMPLEMENTATION AND OUTCOMES

The 2020 System, approved by UniCredit Board of Directors on January 14, 2020, and consequently by UniCredit Bank Austria AG's Remuneration Committee, provides for a 'bonus pool' approach directly linking bonuses to 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 distributed over a period of 6 years.

Bonus pool funding

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 according to the actual trend of performance of the respective segment.

2020 Entry conditions at Group and local level

In order to align to regulatory requirements, specific indicators measuring annual profitability, capital and liquidity results had been set at both local and Group level as Entry Conditions. In particular, risk metrics and thresholds for the 2020 Group Incentive System as defined within the Entry Conditions that confirm, reduce or cancel upfront and deferred payouts include:

GROUP	LOCAL
- Underlying NOP > 0	- Underlying NOP > 0
- Underlying Net Profit > 0	- Underlying Net Profit > 0
- Pillar 1 capital ratios ≥ Minimum regulatory targets	- Pillar 1 capital ratios ≥ Minimum regulatory targets
- Liquidity Coverage Ratio > 2020 RAF "limit" (110%)	- Liquidity Coverage Ratio > 2020 RAF "limit" (107%)
- Net Stable Funding Ratio > 2020 RAF "limit" (101.5%)	- Net Stable Funding Ratio > 2020 RAF "limit" (101.5%)

- **Underlying Net Operating Profit (NOP)** to measure profitability, Net Operating Profit adjusted excluding any extraordinary item as considered appropriate by the Board of Directors.
- **Underlying Net Profit** to measure profitability, considering the results stated in the Financial Statement excluding any extraordinary item as considered appropriate by the Board of Directors.
- **Pillar 1 Capital Ratios** (CET1 ratio & Tier 1 ratio & Total Capital ratio & Leverage ratio & TLAC ratio) the Minimum Regulatory Targets are the levels of capital set following the SREP process (Supervisory Review and Evaluation Process) coordinated by the European Central Bank. These levels include, in addition to Pillar 1 and Pillar 2 requirements, the combined buffer requirement applicable and the Pillar 2 Guidance. The Pillar 2 Guidance is set above the level of binding capital requirements (MDA Trigger) and a failure to meet this

threshold does not result in automatic actions by Authorities but will be used in fine-tuned measures based on the individual situation of the bank

- **Liquidity Coverage Ratio (LCR)**, to ensure that bank maintains an adequate level of unencumbered "High Quality Liquid Assets" in a sufficient quantity to cover the overall 'Net Cash Outflows', over a period of thirty days, under gravely stressed conditions specified by Supervisors.
- **Net Stable Funding Ratio (NSFR)**, is defined as the amount of available stable funding relative to the amount of required stable funding and measures, under a long-term perspective, the sustainability terms of maturities between assets and liabilities.

Adjustments based on sustainability and risk

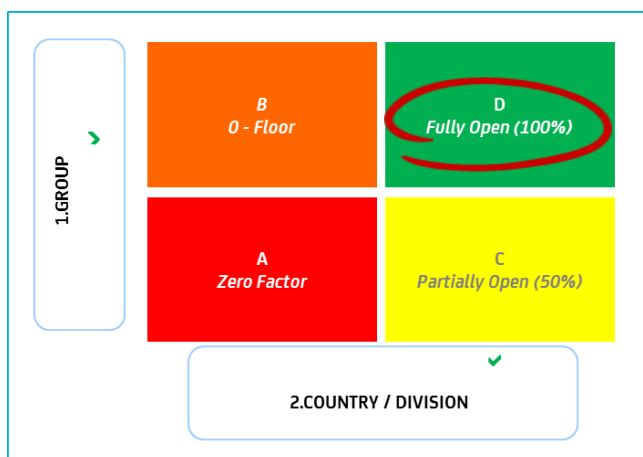
In order to ensure consistency with the Group Risk Appetite Framework and the economic sustainability of the Group's and country/division results over time, the bonus pool may be revised up/downwards, on the basis of the overall "quality of performance". The methodology envisages the assessment performed by Group CRO based on specific dashboards (covering all relevant risks) at group and local level. The overall appraisal of Risk sustainability will lead to the application of 5 possible multipliers in the range of 50% - 120%. Furthermore, a discretionary adjustment of up to 20% may be applied by the Board of Directors of UniCredit while there is no limit to a downward discretionary adjustment of the bonus pool.

Outcome

According to the actual results for 2020 at UniCredit Group level, the relevant conditions have been fully fulfilled. On the local level, the relevant conditions have been fully achieved. Based on the different scenarios deriving from the assessment of entry conditions, the 2020 Group Incentive System rules had been applied.

2020 was a challenging year, where profitability, performance and results were strongly impacted by the extraordinary pandemic context, which led to a reduced bonus pool for 2020.

In light of the Bonus Pool scenario and in alignment with ECB recommendations on moderation when awarding variable remuneration for 2020 and also with the aim to reward the wider workforce for the extra effort during the pandemic crisis, a proportional approach was applied, with a higher reduction for senior executives and Group Material Risk Takers while preserving the reward for more junior non-Material Risk Taker roles.



2.4 COMPREHENSIVE PERFORMANCE MANAGEMENT

Individual performance appraisal was based on 5-8 goals, of which 4-6 were selected from the catalogue of main Key Performance Indicators (KPI BlueBook) based on the UniCredit Five Fundamentals and Bank Austria priorities and annual strategies. At least half of them concern sustainability and at least 1 goal had to be Risk adjusted or Risk related. The goals were assessed within the Performance Management processes. Competencies and behaviors considered as relevant were taken into account by the manager for the overall performance appraisal.

The **goal appraisal system** was based on a 1-5 rating scale with a descriptive outcome:

PERFORMANCE RATING

E - Inadequate Performance	D - Inconsistent Performance	C - Solid Performance	B - Strong Performance	A - Outstanding Performance
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The managerial bonus allocation was done based on the available bonus pool, individual performance appraisal and internal benchmarks for specific roles and markets.

2.5 2020 BONUS PAYOUT ILLUSTRATION for Group Material Risk Takers

Deferral Scheme for Group Material Risk Takers

	up front	N+1	N+2	N+3	N+4	N+5
<i>cash</i>	20%	12%				12%
<i>share</i>	20%		12%	12%	12%	

2.6 SUSTAINABILITY

The employees' goals are linked to our Five Fundamentals and evaluated from a Risk & Sustainability point of view. Around half of the goals for Group Material Risk Takers are related to sustainability and the long-term interest of the Group and its stakeholders.

Performance is evaluated in terms of risk-adjusted profitability and risk-weighted systems and mechanisms are provided.

Incentive systems must not in any way induce risk-taking behaviors in excess of the group's strategic risk appetite; in particular they should be coherent to the Risk Appetite Framework ("RAF"). In case of compliance breach, the Malus and Claw-Back mechanisms can be activated which results in the reduction or cancellation of all or part of the variable remuneration.

Our remuneration and risk policies favour long-term sustainable outcomes.

The Group's approach seeks to retain and motivate Employees by providing incentives which aim to reward contributions to the long-term growth, profitability and financial success of UniCredit. A special focus is on reputation and overall sustainability which contributes to business mission achievement on long-term.

QUANTITATIVE DISCLOSURE

Information on remuneration for all staff									
Total employees	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 employees (Headcount)	67	28							95
Total number of employees (in FTE)			372	2,698	447	829	486	382	5,215
Total net profit (in EUR)									15,033,000
Total remuneration (in EUR)	565,244	11,871,753	56,187,397	252,909,096	48,548,529	101,765,965	51,897,147	87,206,870	610,952,000
thereof: total variable remuneration	4,200	3,164,817	5,135,349	3,890,249	1,857,476	2,783,881	1,004,271	93,756	17,934,000
Information on remuneration of staff identified under § 39b BWG									
Number of identified staff under §39 BWG (headcounts)	34	27	-	-	-	-	-	-	61
Number of identified staff §39 BWG (FTEs)			25	50	29	33	82	3	222
Number of identified staff in senior management positions (FTE)			5	13	9	19	64	3	113
Total amount of fixed remuneration (incl. Benefit in kind)	542,876	7,225,397	4,538,438	7,043,303	3,983,736	4,572,235	4,115,632	492,206	32,513,824
thereof: cash	542,876	8,102,016	4,538,438	7,624,197	3,983,736	4,572,235	5,972,315	492,206	35,828,020
thereof: shares and share-linked instruments	-	-	-	-	-	-	-	-	-
thereof: other non-cash instruments	-	-	-	-	-	-	-	-	-
Total variable remuneration	4,200	3,164,817	1,951,592	1,001,429	504,744	865,307	380,837	20,250	7,893,176
thereof: cash	4,200	616,620	868,690	832,330	460,224	435,226	331,557	20,250	3,569,097
thereof: shares and share-linked instruments	-	2,548,197	1,082,902	169,099	44,520	430,081	49,280	-	4,324,079
thereof: other non-cash instruments	-	-	-	-	-	-	-	-	-
Total amount of variable deferred remuneration	-	596,400	1,198,800	81,600	63,600	127,835	82,400	-	2,150,635
thereof: cash	-	178,920	359,640	24,480	19,080	48,763	33,120	-	664,003
thereof: shares and share-linked instruments	-	417,480	839,160	57,120	44,520	79,072	49,280	-	1,486,632
thereof: other non-cash instruments	-	-	-	-	-	-	-	-	-
Additional information regarding the amount of total variable remuneration									
Total amount of outstanding deferred variable remuneration, granted in the previous years	-	7,414,908	2,932,137	1,380,755	408,829	1,206,585	752,715	-	14,095,931
Total amount of explicit ex post performance adjustment (reduction) for previously awarded remuneration	-	-	-	-	-	-	-	-	-
Number of beneficiaries of guaranteed variable remuneration (new sign-on payments)	-	-	-	-	-	-	-	-	-
Total amount of guaranteed variable remuneration (new sign-on payments)	-	-	-	-	-	-	-	-	-
Number of beneficiaries of severance payments	-	1	-	6	1	1	1	-	10
Total amount of severance payments	-	968,201	-	315,286	3,953	54,111	41,016	-	1,382,568
Highest severance payment to a single person	-	968,201	-	90,000	3,953	54,111	41,016	-	1,157,282
Number of beneficiaries of contributions to discretionary pension benefits	-	-	-	-	-	-	-	-	-
Total amount of contributions to discretionary pension benefits	-	-	-	-	-	-	-	-	-
Total amount of variable remuneration awarded for multi-year periods under programmes which are not revolved annually	-	2,130,717	243,742	111,979	-	351,009	-	-	2,837,447

During 2020, a total remuneration equal to or greater than 1 million Euros was awarded to 3 beneficiaries (thereof 2 Non-Group Material Risk Takers). In particular:

Total Compensation or (TC)	Material Risk Takers
1 M ≤ TC < 1.5 M	0
1.5 M ≤ TC < 2 M	1
2 M ≤ TC < 2.5 M	0
3.5 M ≤ TC < 4 M	0
4 M ≤ TC < 4.5 M	0

Information on remuneration of staff identified under § 39 b BWG (UniCredit Bank Austria AG)

Identified Staff Bank Austria as of 31.12.2020	Num.	Fix Compensation	Variable Compensation 2020				Deferred Variable from previous years				Variable paid in 2020 from previous years	
			Upfront		Deferred		Vested in 2020		Unvested		in cash	in shares
			in cash	in shares	in cash	in shares	in cash	in shares	in cash	in shares		
Supervisory Board	7	0	0	0	0	0	0	0	0	0	0	0
Board members	8	5,189,048	129,000	0	154,800	361,200	544,400	655,541	1,279,200	4,617,314	732,230	400,130
SVP	23	4,848,403	321,840	0	183,408	427,952	461,805	522,663	1,385,700	2,832,908	747,900	239,160
Other identified staff	106	14,961,110	1,429,316	0	301,675	641,200	418,790	275,784	1,147,300	1,126,214	1,069,450	168,242

The vested component from previous years refers to cash and equity awards to which the right has been matured as the performance conditions have been achieved:

- the vested components in cash refer to Group Incentive System 2015, 2017, 2018 and 2019, if present, to other forms of variable remuneration;
- the vested components in shares refer to Group Incentive Systems 2015, 2016, 2017, 2018, if present, to other forms of variable remuneration.

The unvested component from previous years refers to cash and equity awards to which the right has not yet matured and for which any potential future gain has not been yet realized and remains subject to future performance:

- the unvested components in cash refer to Group Incentive Systems 2016, 2017, 2018 and 2019 and, if present, to other forms of variable remuneration;
- the unvested components in shares refer to Group Incentive Systems 2016, 2017, 2018 and 2019 and, if present, to other forms of variable remuneration.

The value of the shares shown as unvested equity is calculated considering the arithmetic mean of the official market closing price of UniCredit ordinary shares during the month preceding the Board resolution that evaluated the performance achievements of each of the relevant Group Incentive Systems 2015, 2016, 2017, 2018, and 2019.

Variable remuneration paid with reference to 2020 from previous years includes payouts based on demonstrated multi-year performance achievements related to Group Incentive Systems plans and, if present, to other forms of variable remuneration.

Declaration pursuant to the EBA Guidelines 2016/11 on disclosure requirements under Part Eight of Regulation (EU) No 575/2013

The undersigned Georgiana Lazar O'Callaghan (as Manager charged with preparing the report of remuneration and incentive systems and practices) and Robert Zadrazil (as Chief Executive Officer of UniCredit Bank Austria AG)

CERTIFY

that, pursuant to the EBA Guidelines 2016/11 on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 ("CRR"), paragraph 4.2 – section C, disclosures provided according to the aforementioned Part Eight have been prepared in accordance with the internal control processes agreed upon at management body level.

Vienna, August 31, 2021



Robert Zadrazil
Chief Executive Officer



Georgiana Lazar O'Callaghan
Human Capital