2016 Group Compensation Policy

Welcome to UniCredit

Contents

Letter from the Chairman

> “Our purpose is to continue to seek effective and competitive compensation solutions that will allow us to attract new talents and retain and reward our best performers. Of course this must be accomplished in accordance with the expectations of our shareholders and in compliance with all European and national regulatory requirements.”
>
> **Alessandro Caltagirone**
> CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholders,

I am grateful to my predecessor, Giuseppe Vita, for his expert guidance of the Remuneration Committee, and I was proud to succeed him as its chairman in May 2015, having served as a committee member since 2012.

In the complex and uncertain macro-economic and financial environment in which the bank still operates, a balanced and incentive compensation policy is even more important to recognize the contributions necessary to achieve the challenging goals of our Plan.

This kind of approach, which achieved a broad consensus at the last Shareholders’ Meeting, is a fundamental part of that effort. It contributes significantly to our ability to create sustainable value and maintain a sound and prudent approach to risk management.

Our purpose is to continue to seek effective and competitive compensation solutions that will allow us to attract new talent retain and reward our best performers. Of course this must be accomplished in accordance with the expectations of our Shareholders and in compliance with all European and national regulatory requirements.

In 2016 we will proceed on the same path that UniCredit has followed for the past several years. That means that we will retain our balanced compensation structure, which is aligned with best market practices and relies on strong links between compensation, risk and sustainable performance.

To strengthen this position futher, the Long Term Incentive Plan was launched last year and it provides a powerful way to maintain alignment between the interests of Top Management and those of our Shareholders, and it creates the conditions for our Group to grow in a sustainable manner.

This year we have continued our commitment to improving communication by publishing the Compensation Policy complete with upgraded graphics and enhanced content. This document discloses our compensation strategy and practices completely and transparently, and enables us to keep the market fully informed in a manner that is both clear and timely.

On behalf of my fellow members of the Remuneration Committee, I would like to thank investors for the time they have devoted in the past year to engage with us on these extremely important topics. Our discussions have always been constructive, timely and relevant. The close involvement has enabled us to develop a compensation system that is increasingly responsive to the interests of all of our Stakeholders.

Sincerely,

Alessandro Caltagirone
Chairman of the
Remuneration Committee

SECTION I
Executive Summary

Our Compensation Policy

The implementation of the principles set in our Group Compensation Policy provides the framework for the design of reward programs across the Group.

Policy standards ensure that compensation is aligned to business objectives, market reality and shareholders' long term interests.

UniCredit's compensation approach has been consolidated over time under our Group governance to be compliant with the most recent national and international regulatory requirements. Our approach is connected to performance, market awareness and aligned with business strategy and shareholder interests.

The key pillars of our Group Compensation Policy (Section II) reflect the most recent regulations in terms of remuneration and incentive policies and practices, in order to build, year-by-year, (in the interest of all stakeholders), remuneration systems aligned with long-term strategies and goals. These are linked with company results and adequately adjusted in order to take into account all risk, consistent with capital and liquidity levels needed to support all activities and to avoid distorted incentives that could lead to a breach of law or to excessive risk taking.

Elements of our compensation approach and key results of 2015

1. Key Pillars

Key elements

- Clear and transparent governance
- Compliance with regulatory requirements and principles of good business conduct
- Continuous monitoring of market trends and practices
- Sustainable pay for sustainable performance
- Motivation and retention of all employees, with particular focus on talents and mission-critical resources

Details
Section II

Description and references

- **The key pillars of our Group Compensation Policy** ensure a correct definition of competitive compensation levels, internal equity and transparency.
- Group Compensation Policy is aligned to the latest national and international regulatory requirements[1].Full compliance of compensation policies and processes is assured through **involvement of Company Control Functions** such as Compliance, Audit and Risk Management that also guarantee the coherence with the Risk Appetite Framework, in line with sector regulations.

2. Compensation Benchmarking and policy target

Key elements

- Update of the peer group for compensation benchmarking, performed by the independent advisor of the Remuneration Committee.
- Definition of specific peer group at Country/Division level to assure competitive alignment with the market of reference.

Details
Section III
Paragraph 3

Description and references

- With specific reference to Group Executive population, the Remuneration Committee defines, supported by an independent external advisor, a list of selected competitors that represent our **Group-level peers** (disclosed on chapter 3, Compensation Report). Compensation benchmarking analysis is performed in comparison to this peer group. As a policy target, Identified Staff's total compensation is set on the market median as reference, with the possibility to increase (e.g. market upper quartile) 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.

1. i.e. Capital Requirement Directive IV (CRD IV); EBA Regulatory Technical Standards (RTS); Bank of Italy "Disposizioni di vigilanza per le Banche", 7th update to the Circular n. 285 of 17th December 2013

3. Identified staff definition

Key elements

Application of qualitative and quantitative criteria which are common at European level defined by EBA RTS.

Details
Section III
Paragraph 5.1

Description and references

- **Identified Staff population** has been updated ensuring full compliance with current regulations. The identification has followed a structured evaluation process both at Group and local level, based on the application of qualitative and quantitative criteria common at European level. The result of the evaluation process for the definition of Identified Staff has led to the identification of ca. **1,100 resources for 2016**

4. Ratio between variable and fixed compensation

Key elements

In Compliance with the regulatory requirements, the 2:1 ratio represents the maximum limit to the ratio between variable and fixed components of the remuneration for all employees belonging to business functions including Identified Staff.

Details
Section II
Paragraph 3.1

Description and references

- In compliance with applicable regulations, it is not changed - for the **personnel belonging to the business functions - the adoption of a maximum ratio[2] between variable and fixed remuneration of 2:1.**
- **For the rest of the staff** it is **a maximum ratio between the components of remuneration equal to 1:1**, **is usually adopted except for the staff of the Company Control Functions**, for which it is expected that fixed remuneration is predominant component of total remuneration and incentive mechanisms are consistent with the assigned tasks as well as being independent of results from areas under their control.
- For these functions, in particular, the maximum weight of the variable component will take into account the differences between national rules and regulations in application of Directive 2013/36/EU in the various countries in which the Group operates, in order to ensure equal operating conditions in the market and the ability to attract and retain individuals with professionalism and capacity adapted to the needs of the Group.
- The adoption of a ratio of 2:1 between variable and fixed compensation must not have any implications on the bank's capacity to continue to respect all prudential rules, in particular capital requirement.
- This approach allows UniCredit to maintain a strong link between pay and performance, as well as competitiveness in the market. Our main peers have also taken the same approach in order to limit the effects of the uneven playing field in markets where the cap is not present, to avoid the rigidity of the cost structure derived from a possible increase of fixed costs and to guarantee the alignment with multi-year performance, through deferring a relevant component of the variable compensation.

2. As approved by the Annual General Meeting of May, 13th 2014.

5. Incentive system linked to the annual performance

Key elements

- The Group Incentive System 2016, that confirms the "bonus pool" approach introduced in 2014, provides for a strong link between remuneration, risk and sustainable profitability.
- Such system provides for an overall performance assessment both at individual level and at Group/Country/Division level.

Details
Section III
Paragraph 5.3

Description and references

- **12 bonus pools** whose size is linked to the profitability of each Country/Division.
- **Entry conditions:** a mechanism that determines the possible application of malus clause (Zero Factor), on the basis of performance indicators in terms of profitability, capital and liquidity defined at both Group and Country/Division level.
- **Adjustments to the bonus pools** driven by the evaluation of the economic and risk sustainability for each Country/Division (alignment to the Group Risk Appetite Framework and to UniCredit Strategic Plan).
- **Bonus allocation:** the incentive is allocated managerially, taking into consideration the available bonus pool, the individual performance evaluation based on risk-adjusted indicators and specific reference value for each position.
- **Payout**: individual bonus composed of 50% cash and 50% shares paying out over a period up to 6 years, ensuring the alignment with shareholders' interests and subject to malus and clawback conditions, as legally enforceable.

6. Performance measurement

Key elements

Review of the "KPI Bluebook" supports manager and incumbent to define the Performance Screen that refers to the annual Incentive System for the Identified Staff.

Details
Section III
Paragraph 5.4

Description and references

- **The KPI Bluebook** supports the definition of Performance Screens providing **a set of performance indicators and guidelines**. The categories of the main indicators of financial and non-financial Group performance, annually defined within the KPI Bluebook, are certified with the involvement of Human Resources, Planning, Strategy & Finance, Risk Management, Compliance, Group Sustainability, Group Stakeholder and Service Intelligence and Internal Audit functions, which reflect the Group's core operating profitability and risk profile.

7. 2015-2018 Long Term Incentive System

Key elements

In 2015 a Long Term Incentive Plan was introduced, aimed at strengthening the link between variable remuneration and long-term Company results and further aligning Top Management and Shareholders' interests.

Details
Section III
Paragraph 4

Description and references

- The Plan provides for the allocation of incentives 100% based on Phantom Shares, subject to the achievement of **specific performance conditions** aligned to the UniCredit Strategic Plan.
- The Plan is structured around a 4-year performance period, consistent with the UniCredit Strategic Plan, and provides for the allocation of **2 possible awards** in 2017 and 2019.
- Each award is subject to a **3-year deferral period** subject to the application of a **cumulative Zero Factor**, providing for the respect of minimum conditions of profitability, liquidity and capital position.
- In line with regulatory requirements an additional **holding period of 1 year** is applied at the end of the deferral period.

8. Group Employee Share Ownership Plan

Key elements

UniCredit values employee share ownership as an effective instrument to enhance engagement, sense of belonging and alignment of interests among shareholders, Management and the general employee population.

Details
Section III
Paragraph 6

Description and references

- Also for 2016, the Employee Share Ownership Plan ("Let's Share for 2017") was submitted for approval at the Shareholders' Meeting, carrying the same features as the previous edition:
  - one or two election windows during the year, according to UniCredit discretionary evaluation;
  - **25% discount** on shares purchased on the market, guaranteed through the appointment of free shares restricted from selling for 1 year. Ownership of free shares is subject to checks on the existence of specific conditions;
  - **Maximum investment is set at € 6,000**, allowing for a sustainable investment and limited risk for colleagues;
  - "Let's Share for 2017" Plan provides for shares to be purchased on the market, thereby **avoiding any dilution effect** on the share capital of UniCredit.

9. Severance payouts

Key elements

- Continuous alignment with regulations / contract timely in force.
- Severance payouts take into consideration long-term performance, in terms of shareholder added-value, do not reward failures or abuses and shall not exceed in general **24 months of total compensation** (in case of lack of law / National Labor agreement provisions locally applicable).

Details
Section II
Paragraph 3.3

Descrizione e riferimenti

- **A specific policy on payments to be agreed in case of early termination of a contract** (so called severance) was approved at the 2015 Annual General Meeting, according to the regulatory requirements issued by Bank of Italy in "Disposizioni di vigilanza per le banche" (Circolare n.285 of 17th December 2013, 7th update of 18th November 2014).

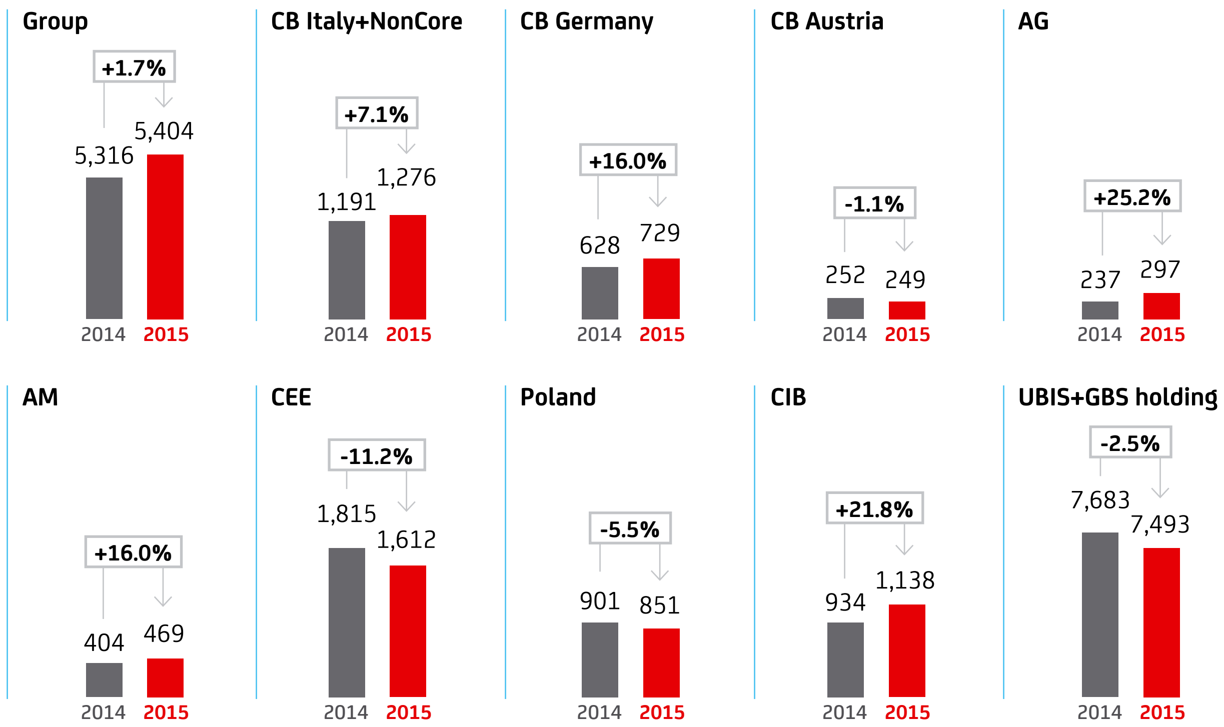
10. 2015 results and compensation decisions

2015 results

In 2015 the actions taken by management have allowed us to confirm the payment of 12 cents in the form of scrip dividend (42% payout ratio), despite the prevailing unfavorable macroeconomic environment. Despite the extraordinary costs of the forced conversion of CHF mortgage loans in Croatia, the Net Operating Profit increased, thanks to the stability of costs and the decrease of Loans Loss Provisions which offset the decline in revenues. With reference to CEE Division, excluding the aforementioned extraordinary charge on mortgage loans, the NOP would have remained stable compared to 2014. In Poland, the decrease of NOP is largely attributable to the decrease in net interest income caused by the decline in market rates.

Details
Section III
Paragraph 5.2

Bonus pool performance metrics (pre bonus)



Bonus pool performance metrics pre bonus: Net Operating Profit (Commercial Banking Italy+NonCore, Commercial Banking Germany, Commercial Banking Austria, Poland, CEE); Net Operating Profit Group; Net Operating Profit Group Core (UBIS+GBS Holding); Gross Operating Profit (AM); Profit Before Tax (AG); GOP-EL-Ke (CIB).

The retail and corporate banking franchise is strong with new medium-long term loan origination exceeding 50 billion in the year and increasing market share in our core geographies.

We have a growing client base of over 32 million clients, with almost one million new customers acquired in 2015.

Cost reduction remains central to our strategy. FTEs decreased by 3,500 in 2015 and the restructuring costs booked in Q4 will lead to more than 6,100 incentivised leavers by 2018.

Moreover, in 2015 we refurbished 385 branches and we closed almost 600. Including the rationalization of headquarters, we have achieved an overall reduction of 140,000 square meters out of the 270,000 planned which will translate into total real estate cost saving in excess of 160 million by 2018.

Focus on the reduction of complexity and extraction of synergies from our network remains strong. We signed a binding agreement for the sale of the Ukraine subsidiary and the transfer to UniCredit SpA of our CEE subsidiaries with the elimination of Bank Austria sub-holding activity is well on track.

Cross divisional synergies between CIB and the commercial banks are delivering strong results with significant gains in market share across CIB products. UniCredit ranks number one in Loans & Bonds league tables in all our core markets.

CEE remains one of our main growth drivers and a key contributor to Group revenues. This will be increasingly so as we continue to capitalise on our leadership position in the region.

Another significant driver for growth are fees and commissions which continue to increase on the back of higher TFAs which have grown more than expected in the Plan.

Our digital transformation is speeding up. We are launching a new landmark initiative aimed at investing in FinTech solutions that best fit our industrial strategy. In partnership with Anthemis, a leading venture capitalist specialising in FinTech, UniCredit will invest up to 200 million, placing our Group in a leading position among the most innovative global banks.

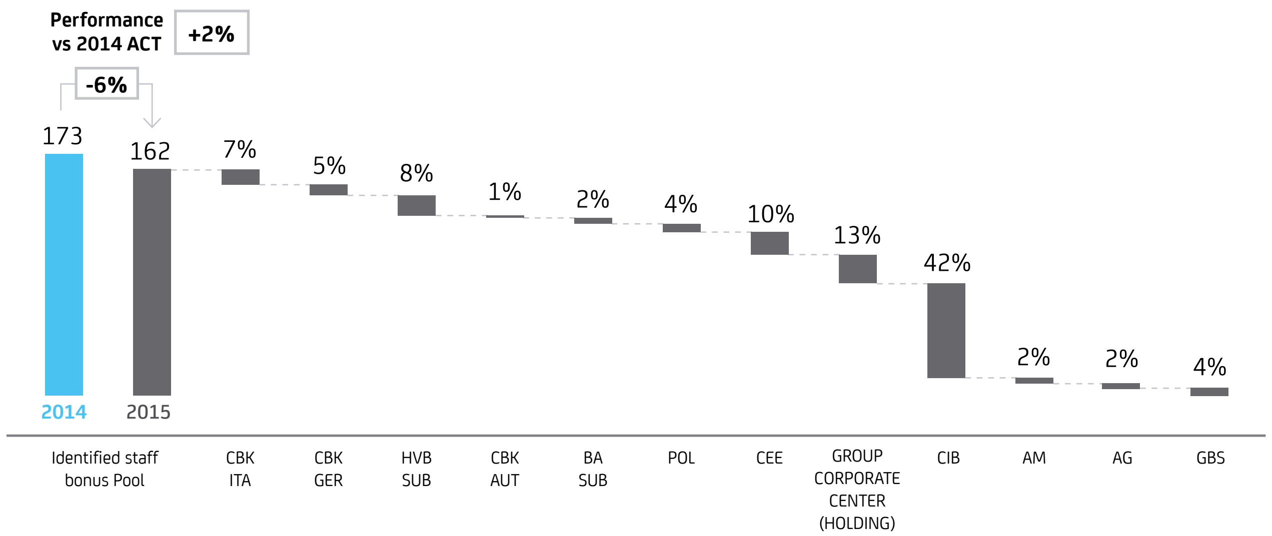
Internal capital generation has been remarkable, moving us closer to our 11.5% target level of CET1, and asset quality continues to improve, with a steady reduction of impaired loans over time and a coverage ratio which remains firmly above 50%.

Compensation decisions

With reference to 2015, the Board of Directors of UniCredit has taken into consideration the evaluations of the Remuneration Committee and the guidelines of the regulatory authorities on variable remuneration.

The evaluation regarding compensation decisions, as done also in the previous years, was supported by a rigorous Group governance process in order to guarantee coherence and transparency for all involved actors.

The Board of Directors approved the following distribution of the bonus to Identified Staff population (ca. 1,100 resources):



Our Compensation Disclosure

The Annual Compensation Report (Section III) provides the description of our compensation practices and the implementation outcomes of Group Incentive Systems, as well as remuneration data with a focus on non-executive directors and the Identified Staff, defined in line with regulatory requirements.

Full disclosure on compensation payout amounts, deferrals and ratio between variable and fixed components of remuneration for the Identified staff is provided in the Annual Compensation Report (Section III - paragraph 7.1), including data regarding Directors, General Managers and other Key Management Personnel categories.

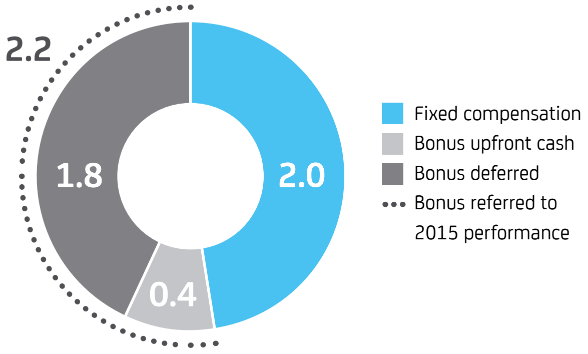
Data pursuant sect. 84-quarter Consob Issuers Regulation Nr. 11971, Compensation report – Section II, as well as the information on incentive systems under 114-bis of legislative decree 58/1998 ("Testo Unico della Finanza" – "TUF") are included in the attachments to the 2016 Group Compensation Policy, published on UniCredit's internet website, in the section dedicated to 2016 Shareholders' Meeting.

11. Chief Executive Officer variable and fixed compensation data

Key elements

- Performance evaluation of the Chief Executive Officer's individual goals has been in line with expectations, on the basis of elements reported in section III – paragraph 5.2 and evaluated by the Board of Directors on February 9th, 2016
- The incidence of the Chief Executive Officer's variable pay on overall results has been maintained on the same levels as of 2015 and is aligned with market practices.
- The evaluation of the 2015 performance year has resulted in the definition of the following compensation structure:

Chief Excecutive Officer[1]
Euro Mio



Details
Section III
Paragraph 5.2

1. During 2016, the CEO will receive 284,091 shares under the LTI Plan 2013-2015.

CHIEF EXECUTIVE OFFICER - 2015 BONUS PAYOUT STRUCTURE

2015	2016	2017	2018	2019	2020	2021
PERFORMANCE YEAR	€ 440.000 upfront cash	€ 220.000 deferred cash	€ 440.000 upfront shares	€ 220.000 deferred shares	€ 220.000 deferred shares	€ 440.000 deferred cash € 220.000 deferred shares

12. Ex ante disclosure of the Chief Executive Officer's goals

Key elements

Looking forward to 2016, the goals for the CEO defined and approved by UniCredit Board of Directors as the core drivers of performance are:

Details
Section III
Paragraph 5.4

All goals carry the same weight for evaluation purposes.

CEO

#	GOAL	PERIMETER	TARGET	LINK WITH 5 FUNDAMENTALS	
1	Economic Profit (EVA) RISK ADJUSTED	Group	delta y/y VS. delta on budget	People & Business Development	SD
2	Stay within Risk Appetite Framework RISK ADJUSTED	Group	VS. RAF target	Risk Management	SD
3	Common Equity Tier 1 ratio fully loaded RISK ADJUSTED	Group	VS. budget	Execution & Discipline	SD
4	GOP / RWA RISK ADJUSTED	Group	VS. budget	People & Business Development	SD
5	Stakeholder Value: • Customer satisfaction (TRI*M external) • People Engagement • Reputation	Group	VS. qualitative assessment based on ad hoc reports	Client Obsession	SD
6	Execution of strategic plan	Group	VS. qualitative assessment with a specific focus on: • Group simplification (inorganic actions) • Group revenues increase & cost reduction initiatives • Digital Agenda	Execution & Discipline	SD
7	Tone from the top on conduct and compliance culture, also coherent with FSB guidelines	Group	VS. qualitative assessment, considering: • initiatives aimed at promoting staff integrity towards internal/external conduct principles • the overall status of findings or proceedings in place (internal or external) considering the trend, type, severity and the timely completion of the related remediation actions	Risk Management	SD

Note: Figures for reference target indicates as "vs budget" should be meant as the yearly target ambition that will be approved by the Board time by time.

SD *Sustainability Drivers.*

SECTION II Group Compensation Policy

1. Introduction

Our set of values is based on integrity as a sustainable condition to transform profit into value for our stakeholders.

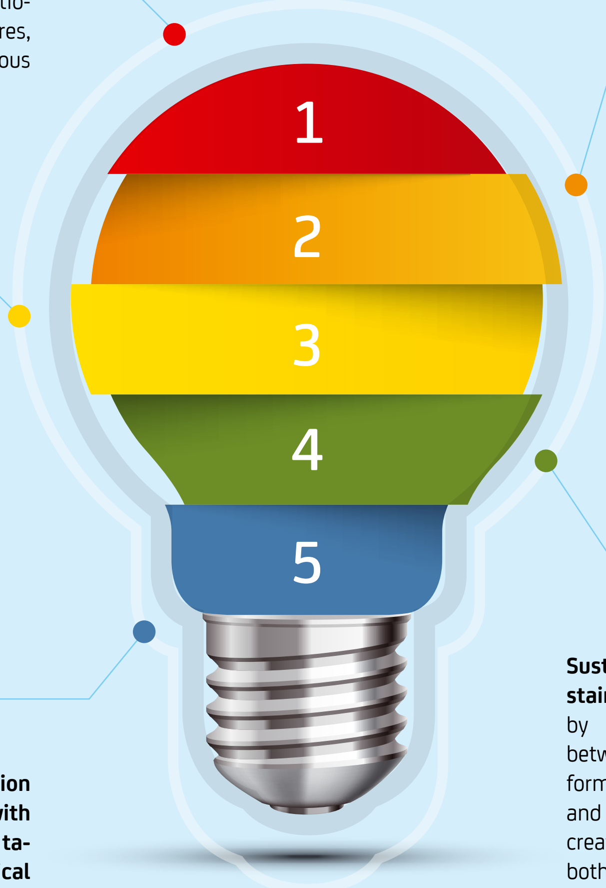
By upholding the standards of sustainability behaviors and values which drive our Group mission, compensation strategy represents a key enabler to enhance and protect our reputation and to create long-term value for all Group stakeholders.

Through appropriate compensation mechanisms, we aim to create a work environment which is comprehensive in its diversity, and which fostering and unlocking individual potential in order to attract, retain and motivate a highly qualified global workforce capable of creating a competitive advantage. We also aim to reward those who reflect our standards of ethical behavior in conducting business in sustainable way.

Relying on our governance model, our Group Compensation Policy sets the framework for a coherent and consistent design, implementation and monitoring of compensation practices across our entire organization.

Within this common policy framework, guidelines are defined to implement compensation programs and plans that reinforce sound risk management policies and our long-term strategy. In doing so, we most effectively meet the specific and evolving needs of our different businesses, market contexts and employee populations, and ensure that business and people strategies are always appropriately aligned with our remuneration approach.

To ensure the competitiveness and effectiveness of remuneration as well as transparency and internal equity, the principles of sustainable conduct and performance define the key pillars of our Group Compensation Policy:



Clear and transparent governance, through efficient corporate and organizational governance structures, as well as clear and rigorous governance and rules.

Compliance with regulatory requirements and principles of good business conduct, by protecting and enhancing our company reputation, as well as avoiding or managing conflicts of interest between roles within the Group or vis-à-vis customers.

Continuous monitoring of market trends and practices and awareness of international practices, aimed at sound formulation of competitive compensation as well as at transparency and internal equity.

Sustainable pay for sustainable performance, by maintaining consistency between remuneration and performance, and between rewards and long-term stakeholder value creation, as well as enhancing both the actual result achieved and the means by which they are achieved.

Motivation and retention of all employees, with particular focus on talents and mission-critical resources, with the aim to attract, motivate and retain the best resources capable of achieving our company mission in adherence to our Group values.

2. Governance

Our compensation governance model aims to assure control of Group-wide remuneration practices by ensuring that decisions are made in an independent, informed and timely manner at appropriate levels, avoiding conflicts of interest and guaranteeing appropriate disclosure in full respect of the general principles defined by Regulators.

2.1 Role of the Remuneration Committee

The Board of Directors has established a "Delegation of Powers" system to appropriately regulate effective decision-making processes throughout the organization.

In particular, The Remuneration Committee is vested with the role of providing advice, opinions and proposals submitted to the Board of Directors with regard to the Group remuneration strategy, also availing itself of the support of Group Risk and Group Compliance functions, as well as of an independent external advisor, where deemed important and appropriate (e.g. regarding the remuneration policy for corporate officers - members of the Board of Directors, Board of Statutory Auditors and of Supervisory Board of Group Companies).

The main topics discussed by the Committee are also submitted to the attention of the Board of Statutory Auditors, in advance over their submission to the Board of Directors.

The Remuneration Committee, instituted in 2000, consists of 5 non-executive members, the majority of whom are independent. The Chairman of the Board of Directors is member by right.

2.2 Market Benchmark

At Group level, we analyze the overall compensation trends of the market through a continuous benchmarking activity (comparison), in order to make informed decisions about our compensation approach and to adopt competitive reward structures for effective retention and motivation of our critical resources.

With specific reference to the Group Executive population, an independent external advisor supports the definition of a list of selected competitors that represent our international Group-level peers (peer group) with regards to whom compensation benchmarking analysis is performed on market trends, practices and compensation levels.

The Peer Group is defined by the Remuneration Committee considering our main European competitors in terms of market capitalization, total assets, business scope and dimension.

At Country/Division level and as appropriate throughout the organization, benchmarking and trends analysis may be conducted considering relevant peer groups to assure competitive alignment with the market of reference.

2.3 Definition of the Group Compensation Policy

On an annual basis, the Group Compensation Policy, as proposed by the Remuneration Committee, is defined by the Board of Directors, and then presented to the shareholders' Annual General Meeting for approval, in line with regulatory requirements.

In particular, the Group Compensation Policy is drawn up by the Group HR function with the involvement of the Group Risk function and is validated by the Group Compliance function for all compliance-related aspects, before being submitted to the Remuneration Committee.

Once approved at the UniCredit Annual General Meeting, the Policy is formally adopted by competent bodies in the relevant Legal Entities across the Group, in accordance with applicable local legal and regulatory requirements.

The principles of the Group Compensation Policy apply across the entire organization and shall be reflected in all remuneration practices applying to all employee categories across all businesses, including staff belonging to external distribution networks, considering their remuneration specifics.

With specific reference to the Identified Staff, Group HR function establishes guidelines and coordinates a centralized and consistent management of compensation and incentive systems. Regarding other employees, as relevant and appropriate for each category, each Division, Competence Line and Country are accountable for the compliance to the Group Policy.

2.4 Role of Compliance function

The Compliance function operates in close co-ordination with the Human Resources function, in order to support the design and the definition of compensation policy and processes and to evaluate them for the profiles in scope.

In particular, Compliance function (through its structures) evaluates, for all aspects that fall within its perimeter, the Group Compensation Policy and, referring to local Regulations, the incentive systems for Group personnel as drawn up by HR function and provides input, as far as it is concerned, for the design – by HR functions – of compliant incentive systems.

The Group Incentive System for *Identified Staff*[1] is defined by Group Human Resources function, with the involvement and collaboration of Group Risk Management and Group Strategy & Finance functions, for the overall qualitative assessment of economic sustainability and of risk, and Compliance function. This is to ensure the consistency with the goal of complying with regulations, articles of association and any other code of ethics or other standards of conduct applicable to the bank, so that legal and reputational risks mostly embedded in the relationship with customers are duly contained (ref. Bank of Italy).

In accordance with the regulatory framework and our governance, the guidelines for the definition of the incentive systems for non-Identified Staff population are arranged on an annual basis by Group HR function, in collaboration with Group Compliance function. At local level, the HR structures define the detailed features of incentive systems and submit them to the reference Compliance structures.

2.5 Role of the Risk Management function

UniCredit ensures the alignment between remuneration and risk through policies that support risk management, rigorous governance processes based on informed decisions taken by corporate bodies and the definition of compensation plans that include the strategic risk appetite defined by the Risk Appetite Framework, the time horizon and the individual behaviors.

The Risk Management function is constantly involved in the definition of the remuneration policy, the incentive system and compensation processes as well as in the identification of objectives and in the performance appraisal.

This involvement implies explicit link between the Group incentive mechanisms, selected metrics of the Risk Appetite Framework, the validation of performance and pay, so that the assumption of risk is properly bound to incentives related to risk management.

1. Identified Staff population (i.e. those categories of staff whose professional activities have a material impact on an institution's risk profile) is yearly defined on the basis of a structured and formalized assessment process both at Group and local level, according to the regulatory requirements defined by CRD IV and the application of qualitative and quantitative criteria set by Regulatory Technical Standards issued by EBA. This process is internally defined through specific guidelines issued by Group HR function, with the involvement of Group Risk Management and Group Compliance, in order to guarantee a common standard approach at Group level.

3. Fundamentals

3.1 Ratio between variable and fixed compensation

- In compliance with applicable regulations[2], the adoption of a maximum ratio between variable and fixed remuneration of 2:1 has not changed for the personnel belonging to the business functions.
- For the rest of the staff a maximum ratio between the components of remuneration equal to 1:1 is usually adopted, except for the staff of the Company Control Functions[3], for which it is expected that the fixed remuneration is predominant component of total remuneration and incentive mechanisms are consistent with the assigned tasks as well as independent of results from areas under their control. For these functions in particular, the maximum weight of the variable component will take into account the differences between national rules and regulations in application of Directive 2013/36/EU in the various countries in which the Group operates. This helps to ensure equal operating conditions in the market and the ability to attract and retain individuals with professionalism and capacity adapted to the needs of the Group.
- The Holding Company will provide specific guidelines to the Legal Entities about the application of the ratio between variable and fixed remuneration for different segments of the population[4].
- The adoption of a ratio of 2:1 between variable and fixed compensation must not have any implication on bank's capacity to continue to respect all prudential rules, in particular capital requirements.

3.2 Sustainability of the variable compensation

- 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").

3.2.1 Definition of performance targets

- Consider the customer as the central focus of our Mission, placing customer satisfaction in the forefront of all incentive systems, at all levels, both internally and externally.
- Design forward-looking incentive plans which balance internal key value driver achievement with external measures of value creation relative to the market.
- Use both absolute and relative performance achievement metrics as appropriate and relevant, where relative performance-based measures are based on comparison of achieved results to those of market peers.
- Consider performance on the basis of annual achievements and their impact over time.
- Include reflection of the impact of individual's/business units' return on the overall value of related business groups and organization as a whole.
- Maintain an adequate mix of financial goals with non-financial (quantitative and qualitative) objectives, considering also other performance measures as appropriate, for example risk management, adherence to Group values or other behaviors.
- It is crucial to avoid measures linked to economic results for Company Control Functions (Internal Audit, Risk Management[5], Compliance, and HR).
- The approach for Company Control Functions is also recommended where possible conflicts may arise due to function's activities. In particular, this is the case of functions (if any) performing only control activities pursuant to internal/external regulations such as some structures in Accounting/Tax structures[6].
- Assure independence between front and back office functions in order to guarantee the effectiveness of cross-checks and avoid conflict of interest, with a particular focus on trading activities, as well as ensuring the appropriate independence levels for the functions performing control activities.
- An appropriate mix between short and long-term variable compensation is set, as applicable, and relevant on the basis of market and business specifics and line of sight, and in line with Group long term interests.

2 For employees belonging to Asset Management business, not defined as Identified Staff, taking into consideration the actual overall regulatory framework, it is deemed applicable the relevant sector legislation, which is not providing for a cap to the variable component of the compensation.

3 Meaning Internal Audit, Risk Management, Compliance and Human Resources functions. Human Resources function is considered Company Control Function, as far as remuneration and incentive policies and practices are concerned, pursuant to Bank of Italy Circular nr. 285 of 17 December 2013.

4 The Legal Entities will inform the Holding about the ratio adopted according to the relevant local regulation

5 Where CRO roles cover both Underwriting and Risk Management functions, goals assigned must not represent a source of conflict of interest between Risk Management and Underwriting activities

6 Where CFO roles cover also Financial Statements preparation, possible economic measures have to be chosen in a conflict-avoidance perspective

3.2.2 Performance appraisal

- Base performance evaluation upon profitability, financial solidity and sustainability, and other drivers of sustainable business practice with particular reference to risk, cost of capital and efficiency.
- Design flexible incentive systems such as to manage payout levels in consideration of overall Group, Country/Division performance results and individual achievements, adopting a meritocratic approach to selective performance-based reward.
- Design incentive systems to set minimum performance thresholds below which zero bonus will be paid. With regard to the Company Control Functions and in order to maintain the adequate independence level and, provide a maximum threshold for the progressive reduction of the bonus pool, which can be phased out to zero only in presence of an exceptionally negative situation[7] within an approval process including a governance step in the Board of Directors.
- Guarantee that evaluations and appraisals linked to compensation are, as far as possible, available for the scrutiny of independent checks and controls.
- Evaluate all incentive systems, programs and plans taking into consideration how they enhance our overall company reputation.

3.2.3 Payment of the variable compensation

- As foreseen by regulatory requirements, defer performance-based incentive payout to coincide with the risk timeframe of such performance by subjecting the payout of any deferred component of performance-based compensation to the actual sustainable performance demonstrated and maintained over the deferral timeframe, so that the variable remuneration takes into account the time trend of the risks assumed by the bank (i.e. malus mechanisms).
- Consider claw-back actions as legally enforceable on any performance-based incentive paid out on the basis of a pretext subsequently proven to be erroneous.
- Include clauses for zero bonus in circumstances of non-compliant behavior or qualified disciplinary action, subjecting payout to the absence of any proceeding undertaken by the company for irregular activities or misconduct of the employee with particular reference to risk underwriting, sales processes of banking and financial products and services, internal code of conduct or values breach.
- Employees are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

Focus on clawback

The Group reserves the right to activate claw-back mechanisms, namely the return of any form of variable compensation already paid (both the immediate and deferred element, to the extent of 100% of the amount awarded) within, generally, the deferral period applied to the payment structure of the variable award unless different provisions by local regulations are in force. This applies in the case of verification of behaviors adopted in the reference period, for which the employee:

- contributed with fraudulent behavior or gross negligence to the Group incurring significant financial losses, or by his/her conduct had a negative impact on the risk profile or on other regulatory requirements at Group or Country/Division level,
- engaged in misconduct and/or fails to take expected actions which contributed to significant reputational harm to the Group or to the Country/Division, or which were subject to disciplinary measures by the Authority,
- is the subject of disciplinary measures and initiatives envisaged in respect of fraudulent behavior or characterized by gross negligence during the reference period,
- infringed the requirements set out by articles 26 TUB and 53 TUB, where applicable, or the obligations regarding the remuneration and incentive system.

The claw-back mechanisms can be activated also after the employee's contract termination and/or the end of the appointment and take into account the relative legal, contribution and fiscal profiles and the time limits prescribed by local regulations and applicable practices.

7 E.g. Common Equity Tier 1 Ratio Transitional dropping under the minimum regulatory requirement, in a persistent "recession" scenario

3.3 Severance

- According to the regulatory requirements issued by Bank of Italy in "Disposizioni di vigilanza per le banche" (Circolare n.285 of 17th December 2013, 7th update of 18th November 2014), a specific Policy on payments to be agreed in case of early termination of a contract (so called severance) was submitted for approval to the 2015 Annual General Meeting. For details on criteria, limits and authorization processes, reference is made in the above mentioned Policy.
- Generally speaking, the calculation of any severance payouts prescribed or suggested by the specific market of reference takes into consideration the long-term performance in terms of shareholder added-value as well as any local legal requirements, collective/individual contractual provisions, and any individual circumstances, including the reason for termination.

Any severance provision exceeding the ones provided by the Law/National Labor agreement which are locally applicable have been avoided. In cases where there is a of lack of such regulations, any severance beyond the notice period don't exceed, as a rule, 24 months of total compensation and are scaled according to the length of employment.

- As a rule, discretionary pension benefits are not granted and, in any case, even if they may be provided in the context of local practices and/or, exceptionally, within individual agreements, they are paid consistently with the specific and applicable laws and regulations.
- Individual contracts should not contain clauses envisaging the payment of indemnities, or the right to keep post-retirement benefits, in the event of resignations or dismissal/revocation without just cause or if the employment relationship is terminated following a public purchase offer. In case of early termination of the mandate, the ordinary law provisions would therefore apply.

3.4 Non-standard compensation

- Non standard compensation are those compensation elements not usually provided under our Group Compensation Policy and are considered exceptions (for instance, welcome bonus, guaranteed bonus, special award, retention bonus, allowances).
- Such awards are limited only to specific situations as appropriate, to hiring phases, launch of special projects, achievement of extraordinary results, and high risk of leaving for Group Executives and mission critical roles.
- Moreover, awards must in any case be in accordance with regulations in force from time to time (e.g. cap on the ratio between variable and fixed remuneration; technical features fixed by regulation for bonus payout, if applicable) and subject to UniCredit governance processes, periodically monitored and disclosed for regulatory requirements, as well as subject to malus conditions and claw-back actions, as legally enforceable.

3.5 Share Ownership Guidelines

1 times

- Share ownership guidelines set minimum levels for company share ownership by covered Executives, aiming to align managerial interests to those of shareholders by assuring appropriate levels of personal investment in UniCredit shares over time. As part of our total compensation approach, we offer equity incentives that provide for opportunities of share ownership.
- The ownership of UniCredit shares by our Group leaders is a meaningful and visible way to show our investors, the public and our people that we believe in our Company.
- The Board approved at the end of 2011 the currently applicable share ownership guidelines which, in light of the share retention requirements of Bank of Italy, apply to the Chief Executive Officer and Deputy General Managers as shown in the following table:

SHARE OWNERSHIP LEVELS

Guidelines set the following minimum level:

2 times	the annual base salary	for **Group Chief Executive Officer**
1 times	the annual base salary	for **Deputy General Managers**

- The established levels should be reached, as a rule, within 5 years from first actual share grant and they should be maintained for the entire duration of the role covered. Involved Executives are also expected to refrain from entering into schemes or arrangements that specifically protect the unvested value of equity granted under incentive plans.
- Such clauses are contained in all relevant incentive plan rules and apply to all beneficiaries, since involvement in such schemes undermines the purpose of the incentive at risk. Any form of hedging transaction shall be considered in breach of Group compliance policies with such consequences as provided for under enforceable rules, provisions and procedures.

3.6 Compliance drivers

To support the design of remuneration and incentive systems, and with particular reference to network roles and Governance Functions, the following "compliance drivers" have been defined:

• maintenance of an adequate ratio between economic and non-economic goals (depending on the role, but in general at least one goal should be non-economic)	• qualitative measures must be accompanied by an ex ante indication of objective parameters to be considered in the evaluation, the descriptions of expected performance and the person in charge for the evaluation
• non economic quantitative measures should be related to an area for which the employee perceives a direct link between her/his performance and the trend of the indicator	• among the non-financial goals (quantitative and qualitative), include, where relevant, goals related to Risk as well as to Compliance (e.g. credit quality, operational risks, application of MIFID principles, products sales quality, respect of the customer, Anti Money Laundering requirements fulfillment)
• set and communicate ex-ante clear and pre-defined parameters as drivers of individual performance	• avoidance of incentives with excessively short timeframes (e.g. less than three months)
• promotion of a customer-centric approach which places customer needs and satisfaction at the forefront and which will not constitute an incentive to sell unsuitable products to clients	• take into account, even in remuneration systems of the external networks (financial advisors), the principles of fairness in relation with customers, management of legal and reputational risks, protection and loyalty of customers, compliance with the provisions of law, regulatory requirements, and applicable self-regulations

3.6 Compliance drivers

• create incentives that are appropriate in avoiding potential conflicts of interest with customers, considering fairness in dealing with customers and the endorsement of appropriate business conduct	• Economic goals must be avoided for Company Control Functions[8] and individual goals set for employees in these functions shall reflect primarily the performance of their own function and be independent of results of monitored areas, in order to avoid conflict of interest
• define incentives that are not only based on financial parameters for personnel providing investment services and activities, taking into account the qualitative aspects of the performance; this in order to avoid potential conflicts of interest in the relationship with customers[9]	• The approach for control functions is also recommended where possible conflicts may arise due to function's activities. This is the case in particular of functions of the Company (if any) performing only control activities pursuant to internal/external regulations[10]
• avoidance of incentives on a single product/financial instrument or specific categories of financial instruments, as well as single banking product	• for the purpose of granting incentives, any disciplinary sanctions and/or sanctions by regulatory authorities imposed on the resource must be taken into account. In the presence of these measures, the possible allocation of the incentive will require a written explanation, which will make a case-by-case verification of the managerial decisions possible
• for Commercial Network Roles, goals shall be defined including drivers on quality/riskiness/sustainability of the products sold, in line with client risk profile. Particular attention shall be paid to the provision of non-economics goals for customer facing roles selling products covered by MiFID Directive; for those Employees, incentives must be set in order to avoid potential conflict of interest with customers	• all rewarding system communication and reporting phases shall clearly indicate that the final evaluation of the Employee achievements will also rely, according to local requirements on qualitative criteria such as: - compliance to external (i.e. laws/regulations) and internal rules (i.e. policies); - mandatory training completion; - existence of disciplinary procedures officially activated and/or disciplinary sanctions actually applied.
• maintenance of adequate balance of fixed and variable compensation elements also with due regard to the role and the nature of the business performed. The fixed portion is maintained sufficiently high in order to allow the variable part to decrease, and in some extreme cases to drop down to zero	• the entire evaluation process must be conveniently put in writing and documented
• in cases where individual performance evaluation systems are fully or partially focused on a managerial discretional approach, the evaluation parameters should be defined ex-ante. These parameters should be clear and documented to the manager in due time for the evaluation period. Such parameters should reflect all applicable regulation requirements[11] (including the balance between quantitative and qualitative parameters). The results of managerial discretional evaluation should be formalized for the adequate and predefined monitoring process by the proper functions and an appropriate repository should be created and maintained (e.g. of inspections/request from the Authorities).	

8. Meaning Internal Audit, Risk Management, Compliance and Human Resources functions. Human Resources function is considered Company Control Function, as far as remuneration and incentive policies and practices are concerned, pursuant to Bank of Italy Circular nr. 285 of 17 December 2013. Where CRO roles cover both Underwriting and Risk Management functions, goals assigned must not represent a source of conflict of interest between Risk Management and Underwriting activities.
9. As for example: ESMA requirements, with reference to MIFID remuneration policies and practices; Technical Advice ESMA on MiFid II (Final Report 2014/1569); MiFid II specific articles regarding remuneration/incentives for relevant subjects.
10. E.g. Accounting/Tax structures. Where CFO roles cover also Financial Statements preparation, possible economic measures have to be chosen in a conflict-avoidance perspective.
11. Also in line with the regulation references reported in the note above.

Within network roles incentive system, particular attention is put on 'Commercial Campaigns'.

Such Campaigns may be organized after the evaluation and authorization of the competent Product Committee. They represent business actions aimed at providing guidance to the sales network towards the achievement of the period's commercial targets (also intermediate, for instance on a half-year basis) and with a direct impact on the budget and related incentive systems.

Among the distinctive features of commercial campaigns, there is the expectation of the award - in cash or non-monetary reward. Commercial Campaigns can also help the function to accelerate the achievement of certain objectives of the incentive system. The grant of awards related to a Campaign will be subordinated to behaviours compliant with the external and internal regulations.

Under no circumstances may the system of remuneration and evaluation of the sales network employees constitute an incentive to sell products unsuitable to the financial needs of the clients.

In particular the following "compliance drivers" have been defined:

- setting-up of the incentive mechanisms using criteria which are consistent with the best interest of the client, and which avoid in any case conditions of potential conflicts of interest with customers, and coherently with relevant regulatory provisions (e.g. MiFID)
- ensuring consistency between a Campaign's objectives with the objectives set when defining the budget and when assigning targets to the sales network
- avoidance of Commercial campaigns on a single financial or banking product/financial instrument
- inclusion of clauses for zero bonus payment in case of relevant non-compliant behavior or qualified disciplinary actions
- avoidance of campaigns which – not being grounded on objective and customer interests related basis – may directly or indirectly lead to breaching the rules of conduct regarding clients
- avoidance of campaigns lacking a clear indication of the targets and of the maximum level of incentive to be granted for achieving those targets
- avoidance in general of campaigns that link incentives not only to the targets assigned to specific roles/structures (e.g. advisors, agencies) but also to higher hierarchical levels or to the budget of the higher territorial structure.

4. Compensation structure

Within the framework provided by the "Group Compensation Policy", UniCredit is committed to ensure fair treatment in terms of compensation and benefits regardless of age, race, culture, gender, disability, sexual orientation, religion, political belief and marital status.

Our total compensation approach provides for a balanced package of fixed and variable, monetary and non-monetary elements, each designed to impact in a specific manner the motivation and retention of employees.

In line with the applicable regulations, particular attention is paid to avoid incentive elements in variable compensation which may induce behaviors not aligned with the company's sustainable business results and risk appetite.

As policy target, Identified Staff total compensation is set on the market median as reference, with the possibility to reach higher levels (e.g. market upper quartile) for key people, with individual positioning being defined on the basis of specific performance, potential and people strategy decisions, as well as UniCredit performance over time.

With particular reference to the Group Executive population, the Remuneration Committee establishes the compensation structure for top positions, defining the mix of fixed and variable compensation elements, consistently with market trends and internal analyses performed.

Moreover, the Board of Directors annually approves the criteria and features of the incentive plans for Identified Staff, ensuring the appropriate balance of variable reward opportunities within the pay-mix structure.

4.1 Fixed Compensation

Definition	Objective	Features
The Base Salary remunerates the role covered and the scope of responsibilities, reflecting the experience and skills required for each position, as well as the level of excellence demonstrated and the overall quality of the contribution to business results.	Base salary is appropriate in the specific market for the business in which an individual works and for the talents, skills and competencies that the individual brings to the Group. The relevance of fixed compensation weight is sufficient to reward the activity rendered even if the variable part of the remuneration package were not paid due to non-achievement of performance goals such as to reduce the risk of excessively risk-oriented behaviors, to discourage initiatives focused on short-term results and to allow a flexible bonus approach.	Specific pay-mix guidelines for the weight of fixed versus variable compensation are defined with respect to each target employee population. With particular reference to the Group Executive population, the Remuneration Committee establishes: • the criteria and guidelines to perform market benchmarking analysis for each position in terms of compensation levels and pay-mix structure, including the definition of specific peer groups at Group, Country/Divisional level and the list of preferred external "executive compensation providers" • the positioning in terms of compensation, in line with relevant market's competitive levels, defining operational guidelines to perform single compensation reviews as necessary

4.2 Variable compensation

Definition	Objective	Features
The variable compensation includes payments depending on performance, independently from how it is measured (profitability/revenues/other goals) or on other parameters (e.g. length of service).	Variable compensation aims to remunerate achievements by directly linking pay to performance outcomes in the short, medium and long term, and risk adjusted. To strengthen the alignment of shareholders' interest and the interests of management and employees, performance measurement reflects the actual results of the Company overall, the business unit of reference and the individual. As such, variable compensation constitutes a mechanism of meritocratic differentiation and selectivity.	Adequate range and managerial flexibility in performance-based payouts are an inherent characteristic of well-managed, accountable and sustainable variable compensation, which may be awarded via mechanisms differing by time horizon and typology of reward. Incentives remunerate the achievement of performance objectives, both quantitative and qualitative, by providing for a variable bonus payment. An appropriately balanced performance-based compensation element is encouraged for all employee categories as a key driver of motivation and alignment with organizational goals, and is set as a policy requirement for all business roles. The design features, including performance measures and pay mechanisms, must avoid an excessive short-term focus by reflecting the principles of this policy, focusing on parameters linked to profitability and sound risk management, in order to guarantee sustainable performance in the medium and long term. In alignment with our overall mission, the characteristics of incentive systems also reflect the requirements of specialized businesses.

Focus

Group common guidelines on the key elements of Executive contracts ensure alignment with regulatory requirements and also with Internal Audit recommendations, in particular regarding contract elements with specific regulatory provisions, such as variable compensation and severance provisions.

Group guidelines provide for the eligibility to variable compensation to be mentioned in the Executive contracts, as well as the reference to separate communication providing details of variable compensation plans. Amounts related to variable pay and any technical details of payments (vehicles used, payment structure, and time schedule) are included in separate communication and are managed in strict adherence to governance and delegation of authority rules.

More details on the design of remuneration and incentive systems, with particular reference to network roles and governance functions, are reported in the section "Compliance Drivers".

With particular reference to trading roles and activities, organizational governance and processes as well as risk-management practices provide the structure for a compliant and sound approach, whereby levels of risk assumed are defined (using specific indicators, for example Value at Risk) and monitored centrally by the relevant Group functions. This structure reinforces our consistent remuneration approach which adopts performance measures based on profitability rather than revenues, and risk-adjusted rather than absolute indicators.

4.2.1 Short Term Incentive System

Short term incentive systems aim to attract, motivate and retain strategic resources and maintain full alignment with the latest national and international regulatory requirements and with best market practices.

- Payout is based on a bonus pool approach providing for a comprehensive performance measurement at individual and at Group/Country/Division level
- Reward is directly linked to performance, which is evaluated on the basis of results achieved and on the alignment with our leadership model and values.
- The Executive Development Plan (EDP) as the Group-wide framework for Identified Staff performance management is a cornerstone of fair and coherent appraisal across the organization
- The payout is phased to coincide with an appropriate risk time horizon. The design features of incentive plans for Identified Staff are aligned with shareholder interests and long-term, firm-wide profitability, providing for an appropriate allocation of a performance related incentive in cash and in shares, upfront and deferred
- Each year, detailed information about our compensation governance, key figures and the features of Group incentive systems is fully disclosed in the Annual Compensation Report

4.2.2 Long term incentive system

Long Term Incentive Systems aim to strengthen the link between variable compensation and Company results and further align the interest of Top Management and Shareholders.

The Plan provides for:

- the allocation – subject to the achievement of specific performance conditions – for future incentives based on shares or other instruments reflecting the trend of the share
- a structure aligned with UniCredit strategic targets
- performance conditions based on a comprehensive scorecard including, for example, financial and sustainability targets plus an overarching board assessment
- multi-year deferral with the application of a cumulated Zero factor condition, which provides for minimum requirements related to profitability, liquidity and capital
- the application of an holding period of the actual awards after the deferral period
- awards subject to clawback conditions, as legally enforceable

4.3 Benefit

Definition	Objective	Features
Benefits include welfare benefits that are supplementary to social security plans, healthcare and life balance benefits and are intended to provide substantial guarantees for the well-being of staff and their family members during their active career as well as their retirement. In addition, special terms and conditions of access to various banking products and other services may be offered to employees in order to support them during different stages of their lives.	From a total compensation perspective, benefits aim to reflect internal equity and overall coherence of our remuneration systems, meeting the needs of different categories as appropriate and relevant.	• In coherence with our governance framework and Global Job Model, benefits are aligned applying general common criteria for each employee category, while benefits plans are established on the basis of local regulations and practices. • UniCredit affirms the value of share ownership as a valuable tool for enabling the engagement, affiliation and alignment of interests among shareholders, management and the overall employee population. The Employee Share Ownership Plan rewards the continuous support and commitment of our people who can contribute to our success with day by day decisions, actions and behaviors. The possibility is therefore considered, from time to time and as appropriate in light of local legal and tax requirements, to offer employees the opportunity to invest and participate in the future achievements of the Group through share-based Plans whereby employees can purchase UniCredit shares at favorable conditions.

SECTION III
Annual Compensation Report

1. Introduction

The Annual Compensation Report discloses all relevant Group compensation-related information and methodologies with the aim of increasing stakeholders' awareness of our compensation policies, practices and outcomes, demonstrating their coherence with business strategy and performance, responsible remuneration and sound risk management.

The report provides ex post information on 2015 outcomes, as well as ex ante disclosure for the 2016 approach, covering both our Identified Staff population and corporate bodies' members.

Remuneration solutions implemented in 2015 provided for:
- compliance of incentive structures with all relevant regulations, including deferred and equity incentives based on financial instruments
- comprehensive performance measurement to foster sound behaviors aligned with different types of risk.

Over the year we constantly remained abreast of ongoing changes in national and international regulations, both in Italy and in other countries where the Group operates. Among most recent innovations in the regulatory framework, the following is a highlight: on January 1, 2014 the Capital Requirements Directive (CRD IV) entered into force, providing for a cap on variable remuneration for Identified Staff and requesting local regulators to issue regulations for local implementation; the European Banking Authority (EBA) published on December 16, 2013 the Regulatory Technical Standards, qualitative and quantitative criteria which are common at European level to define Identified Staff population; to introduce CRD IV requisites, Bank of Italy issued on November 18, 2014 the final regulations which replace the "Disposizioni in materia di politiche e prassi di remunerazione e incentivazione nelle banche e nei gruppi bancari" issued in 2011.

Finally it should be noted that EBA published on December, 21st 2015 the consultation document "*Guidelines on sound remuneration policy*[1]". Such guidelines would be applied starting from January, 1st 2017.

In 2015 we participated in the European Banking Authority's ("EBA") remuneration benchmarking exercise and data collection of high earners, reporting through Bank of Italy information regarding remuneration for 2014 of all staff and Identified Staff, including the number of individuals in pay brackets of at least 1 million Euros.

In 2015 and in the first months of 2016 we continued our annual structured dialogue with international investors and proxy advisors, receiving valuable feedback on our compensation approach and specific inputs for an effective compensation disclosure, considering Italian specifics and international standards.

The Annual Report, a document providing complete and comprehensive information on compensation, includes also in this year details referring to Members of Administrative and Auditing bodies, General Managers and Key Management Personnel.

In particular, data pursuant sect. 84-quarter Consob Issuers Regulation Nr. 11971, Compensation report – Section II, as well as the information on incentive systems under 114-bis[2] are included in the attachments to the 2016 Group Compensation Policy, published on UniCredit website, in the section dedicated to 2016 Shareholders' Meeting.

1 *Draft Guidelines on sound remuneration policies under Article 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013*
2 *Legislative decree no. 58 of February 24th 1998 as well as to the provisions of the issuer "Regulations" adopted by CONSOB with resolution no. 11971 of May 14th 1999 regarding the information to be disclosed to the market in relation to the granting of awarding plans based on financial instruments*

2. Governance e compliance

2.1 Remuneration Committee

Role of the Remuneration Committee and changes in organizational set-up

The Remuneration Committee performs an integral role in supporting Board oversight of Group Compensation Policy and plan design. As established in the Board's Charter, the Remuneration Committee consists of 5 non-executive members, the majority of whom are independent in accordance with the Articles of Association. The Chairman of the Board of Directors is a member of the Committee by right. The activities are coordinated by the Chairman, chosen among independent members.

The Remuneration Committee, chosen based upon their expertise and willingness to accept the office, was appointed on May 13, 2015, further to the confirmation of the Board of Directors resolved by the Shareholders' Meeting of the same date. The Remuneration Committee is composed of independent members: Mr. Alessandro Caltagirone (Chairman), Mrs. Henryka Bochniarz and Mr. Alexander Wolfgring and of non-executive members Mr. Giuseppe Vita and Mr. Anthony Wyand.

All members of the Committee in its current composition are independent according to the 'TUF' and the majority of the members (3 out of 5) meet the requirements of independence described in the 'Codice di Autodisciplina', which coincide with the ones given in the Articles of Association. All members meet the requirements of professionalism, in accordance with current normative and regulatory dispositions. Some members have specific technical know-how on the matters overseen by the Committee, some of them in particular have developed experience in the accounting and finance areas.

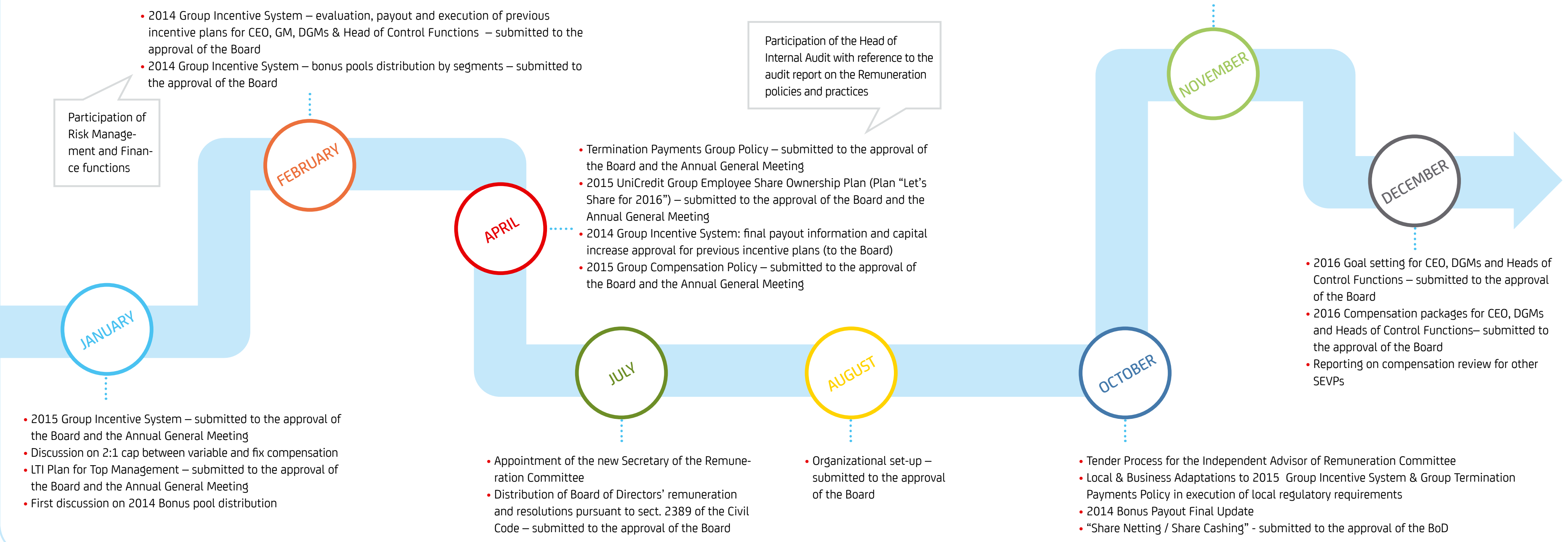
The connection with risk issues is ensured by the presence in the Remuneration Committee of three members of the Internal Control & Risk Committee, including the current Chairman and the previous Chairman of the same Committee.

The Chairman of the Board of Directors is a member of all Board Committees, including the Remuneration Committee. This approach has been evaluated as a sign of sound governance, given that it guarantees that the Chairman is informed in a timely and proper manner on all topics submitted to the Board of Directors. It is also noted that the Chairman of the Board of Directors has a role of strategic representation within the Group and towards the Regulator as well, with constant and full-time commitment. He does not hold an executive role and has not received any operational delegation of power. His remuneration is set in line with the complexity of the role and reflects the dimensions and the scope of the Group.

In the table at the end of the chapter, details on the independence of the members of the Committee are provided, in accordance with the 'Codice di Autodisciplina delle società quotate' ('Codice') and the Articles of Association, and with the art. 148, comm. 3, of the 'Decreto Legislativo n.58/98' (Testo Unico della Finanza – 'TUF').

Activities of the Committee in 2015

In 2015 the Remuneration Committee met 8 times. The meetings had an average duration of about one hour. From January 2016 to March 2016, 3 meetings of the Committee have been held. Each meeting of the Remuneration Committee is placed on record by the Secretary designated by Committee itself.
During 2015 the key activities of the Remuneration Committee included:



Focus

Within the scope of its responsibilities, the Remuneration Committee:

- Formulates proposals to the Board on remuneration of members of the Board of Directors, the General Manager, Deputy General Managers, the Heads of Internal Control Functions and the personnel whose remuneration and incentive systems are decided upon by the Board
- With regard to the CEO's earnings, serves in an advisory capacity in terms of setting the performance targets associated with the variable portion of the CEO's remuneration
- Acts in an advisory capacity on setting criteria for remunerating the most significant employees, as identified pursuant to applicable Bank of Italy provisions
- Issues opinions to the Board of Directors on the remuneration policy for Senior Executive Vice Presidents, the Group Management Team (Executive Vice Presidents) and the Leadership Team (Senior Vice Presidents)
- Issues opinions to the Board of Directors on the Group incentive schemes based on financial instruments proposed by the Board
- Issues opinions to the Board of Directors on the remuneration policy for corporate officers (members of Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) at Group companies
- Directly supervises the correct application of rules regarding the remuneration of the Heads of internal control functions, working closely with the Board of Statutory Auditors
- Works with the other committees, particularly the Internal Controls & Risks Committee in relation to the tasks assigned to the same with regard to the verification that the incentive contained in the compensation and incentive schemes are consistent to the Risk Appetite Framework (RAF), ensuring the involvement of the corporate functions responsible for drawing up and controlling remuneration and incentive policies and practices
- Provides appropriate feedback on its operations to the Board of Directors, Board of Statutory Auditors and the Shareholders' Meeting
- Where necessary drawing on information received from relevant corporate functions, expresses an opinion on the achievement of the performance targets associated with incentive schemes, and on the checking of the other conditions set for bonus payments

Members of the Committee regarding whom the Committee is called upon to express its opinion on their remuneration as a result of their specific assignments shall not attend meetings at which the proposal for such remuneration is calculated.

The main topics discussed by the Committee are also submitted to the attention of the Board of Statutory Auditors, in advance over their submission to the Board of Directors.

Members of the Group's top management team, and among them - as per Bank of Italy request - the Heads of the Risk (Chief Risk Officer) and Internal Audit, may be invited to attend Committee meetings with regard to specific issues. In 2015 the Group Head of HR always attended the meetings as a guest.

The Remuneration Committee has access to all the information and corporate functions as required for performing its duties, and for this purpose relies on the support of the corporate head office structures.

In 2015 the Remuneration Committee has availed itself with the services of Mercer, for the period from January to October, and of PricewaterhouseCoopers (PwC) since November, managing the transition of the role as an external independent advisor, who provides advice on compensation practices and trends, as well as up-to-date remuneration benchmarking studies. It has been evaluated in advance that such an advisor is not in any position which might impair its independence. Mercer has collaborated with the Committee since 2007 and has been its independent advisor until the conferment of the appointment to PwC. The representatives of these advisors were regularly invited to attend meetings to discuss specific items on the Committee's agenda.

During the year, the spending requirements of the Committee are met by its own specific budget, which may be supplemented to meet specific needs. In particular in 2015, by means of its budget, the Remuneration Committee was able to get the advice of independent advisors to gather the updated information needed for the decisional processes.

The following table summarizes the composition of the Committee in 2015 and, in addition to the information on the independence of the members, provides details regarding their attendance to the meetings that have been called during the year.

REMUNERATION COMMITTEE (YEAR 01/01/2015 - 31/12/2015)

OFFICE	NAME	INDEPENDENCY ACCORDING TO CODE	NOT EXECUTIVE	OFFICE COVERED (C =Chairman, M = Member)	NR. OF MEETINGS ATTENDED	% OF PARTICIPATION
MEMBERS IN OFFICE						
Chairman	Caltagirone Alessandro	X	X	C (1)	6	75,0%
Chairman of the BoD	Vita Giuseppe		X	M (2)	7	87,5%
Director	Bochniarz Henryka	X	X	M	8	100,0%
Director	Wolfgring Alexander	X	X	M	8	100,0%
Director	Wyand Anthony		X	M (3)	5	100,0%
MEMBERS NO LONGER IN OFFICE						
Deputy Vice Chairman	Fois Candido		X	M (4)	2	66,7%

(1) Chairman of the Remuneration Committee since May 13, 2015
(2) Chairman of the Remuneration Committee until May 12, 2015
(3) Office held since May 13, 2015
(4) Office held until May 12, 2015

2.2 The role of company control functions: Compliance, Risk Management and Audit

Group Compliance function's key contributions in 2015 included:

- validation of the 2015 Group Compensation Policy submitted to the Board of Directors for subsequent approval at the Annual General Meeting on May 13, 2015
- validation of the 2015 Group Incentive System for Identified Staff
- preparation – in collaboration with Human Resources function – and distribution of Group guidelines for the development and management of 2015 incentive systems for below Executive population
- participation in specific initiatives of Human Resources function (for instance: review of KPI Bluebook; review of definition of Identified Staff for the application of Group Incentive System)
- analysis of specific non-standard compensation within the 2015 cycle.

In 2016, the Compliance function will continue to operate in close co-ordination with the Human Resources function to support in the validation and in the design and definition of compensation policy and processes and perform the validation for profiles in scope.

The link between compensation and risk has been maintained also in 2015 with the involvement of the Risk Management function in compensation design and the definition of an explicit framework to base remuneration within an overarching Group Risk Appetite Framework, so that incentives to take risk are appropriately constrained by incentives to manage risk. In particular, the Board of Directors and Remuneration Committee draw upon the input of involved functions to define the link between profitability, risk and reward within Group incentive systems.

Internal Audit report on the Remuneration policies and practices

Group Audit Department performed the annual audit on the Group variable remuneration system as requested by Bank of Italy.

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 payment and deferral phase of previous year incentive system was included into the scope of our assessment, as well as the process of bonus pool definition and distribution, the procedures to respect the 2:1 variable/fixed remuneration cap (1:1 for company control functions), approved by UniCredit Shareholders in the Annual General Meeting held on 13th May 2014. In addition, a follow-up of previous audit and regulatory inspection recommendations was performed.

The results of the audit were presented to the Remuneration Committee on 3rd March 2016.

The population within the audit scope included Group Identified Staff as defined by HR function based on the assessment performed both at Group and local level.

The Internal Audit satisfactory evaluation was based on the overall correct implementation of the bonus pool approach, as defined by 2015 Group Incentive System and UniCredit Remuneration Committee/Board of Directors relevant decisions. The bonus pool determination and distribution process resulted correctly structured and the compensation process for entire Identified Staff population was supported by an IT tool ensuring control activities and data traceability.

A point of attention was identified related to the distribution and monitoring of the Global Rules issued by HR function for reinforcing governance aspects of the compensation process. We recommended to perform a complete mapping of Group LEs to which policies have to be applied and set up an adequate monitoring of rules implementation.

In line with Internal Audit recommendations and with corrective actions planned, additional enhancements in the compensation process are ongoing and their finalization is expected in time for showing effects on next compensation cycle.

Within the scope of the Termination Payments Group Policy approved by 2015 Shareholders' Annual General Meeting, in December 2015 detailed severance guidelines were issued and distributed to HR Competence line. Within the audit, the substantial alignment of severances paid in 2015 with Group rules was verified.

3. Continuous monitoring of market trends and practices

Key highlights of total compensation policy defined this year with the support of continuing external benchmarking and trends analysis provided by the independent external advisor to the Remuneration Committee include:

- the definition of Identified Staff compensation policy, with particular reference to the design of the Group incentive systems for 2016
- the recommendations on remuneration based on specific benchmarking analysis versus our defined peer group to inform any decision.

The peer group is subject to annual review to assure its continuing relevance.

For 2015, the European peer group has been confirmed from the previous year, defined on grounds of similarity in terms of:

2015 UNICREDIT PEER GROUP

Banco Santander	Deutsche Bank
Banque Populaire CE	HSBC
Barclays	Intesa Sanpaolo
Banco Bilbao Vizcaya Argentaria	Nordea Bank
BNP Paribas	Royal Bank of Scotland
Credit Agricole	Société Générale
Credit Suisse	UBS

4. Compensation to directors, statutory auditors and executives with strategic responsibilities

The remuneration for members of the administrative and auditing bodies of UniCredit is represented only by a fixed component, determined on the basis of the importance of the position and the time required for the performance of the tasks assigned. This policy applies to non-Executive Directors as well as Statutory Auditors and the Supervisory Body members. The compensation paid to non-Executive Directors and Statutory Auditors is not linked to the economic results achieved by UniCredit and they do not take part in any incentive plans based on stock options or, generally, based on financial instruments.

BENEFICIARY	REMUNERATION COMPONENT	APPROVED BY	AMOUNT (€)	REMARKS
Non- Executive Directors	Only fixed compensation	Shareholders' Meeting May 13, 2015[1] Board of Directors of July 9, 2015, pursuant to sect. 2389 of the Civil Code par. 3 and Articles of Association, heard the opinion of Statutory Auditors	• € 2,675,000 of which € 1,110,000 for the participation to Board Committees • € 400 attendance fee for participating to each meeting[2]: - Board of Directors - Board Committees - other Bank Internal Bodies • € 2,158,000 for each year of activity, split between: - Board Chairman - Board Vice Chairmen	The compensation is determined on the basis of the importance of the position and the time required for the performance of the tasks assigned. The remuneration is not linked to the economic results achieved by UniCredit, non-executive directors and statutory auditors do not take part in any incentive plans based on stock options or, generally, based on financial instruments.
Statutory Auditors	Only fixed compensation	Shareholders' Meeting May 11, 2013	Compensation for each year of activity[3]: • for the Chairman of Board of Statutory Auditors: € 140,000 • for each Standing Auditor: € 100,000 € 400 attendance fee for participating to each meeting	
Executives with Strategic Responsibilities[4]	Fixed and variable compensation	Board of Directors	2015 Compensation level: • for the CEO: €2,000,000 fixed + €2,200,000 2015 bonus + 284.091 shares under LTI plan 2013-2015 • for the 3 Deputy General Managers: € 3,404,000 fixed + € 2,800,000 variable • for the other Executives with Strategic Responsibilities: €2,799,000 fixed + €2,040,000 variable	For 2015, the maximum ratio between variable and fixed compensation is: • 200% for the CEO and the DGMs responsible of business lines • 100% for the other Executives with Strategic Responsibilities

1 For the compensation referred to the period between January 1, 2015 to May 12, 2015, refer to the disclosure of 2015 Compensation Policy – Section III
2 Even if these meeting held in the same day
3 Alternate Auditors do not receive any compensation unless they are actually asked to join the Board of Statutory Auditors in substitution of a standing member.
4 As for Board of Directors resolutions, "Executives with strategic responsibilities" – to the ends of the application of all statutory and regulatory instructions – are the Chief Executive Officer, the General Manager (position deleted with effective date October 1, 2015, as a consequence of the Organizational set-up adopted by the Group), the Deputy General Managers and the other members of the 'CEO Office' (Chief Risk Officer and Group Head of HR) as well as the Group Compliance Officer and the Head of Internal Audit of UniCredit

Further details on Executives with Strategic Responsibilities

For 2015, according to Group Compensation Policy, in line with regulatory provisions, the maximum ratio between variable and fixed compensation has been defined ex ante for the CEO (the sole executive director sitting on the Board of Directors and employee of the Company) and the other Executives with strategic responsibilities. The balance between variable and fixed components has been defined considering also the company's strategic goals, risk management policies and other elements influencing the business of the company.

With reference to the above table, for Executives with Strategic Responsibilities it is specified that:
- the fixed component is defined taking into consideration market information and in such a way to be sufficient to reward the activity rendered even if the variable part of the remuneration package were not paid due to non-achievement of performance goals
- in line with the latest regulatory requirements, the Chief Executive Officer as well as the other Executives with strategic responsibilities have a balanced part of their remuneration linked to the economic results of UniCredit, taking into consideration the overall profitability, weighted by risk and cost of capital, as well as sustainability goals (based on capital and liquidity ratios).

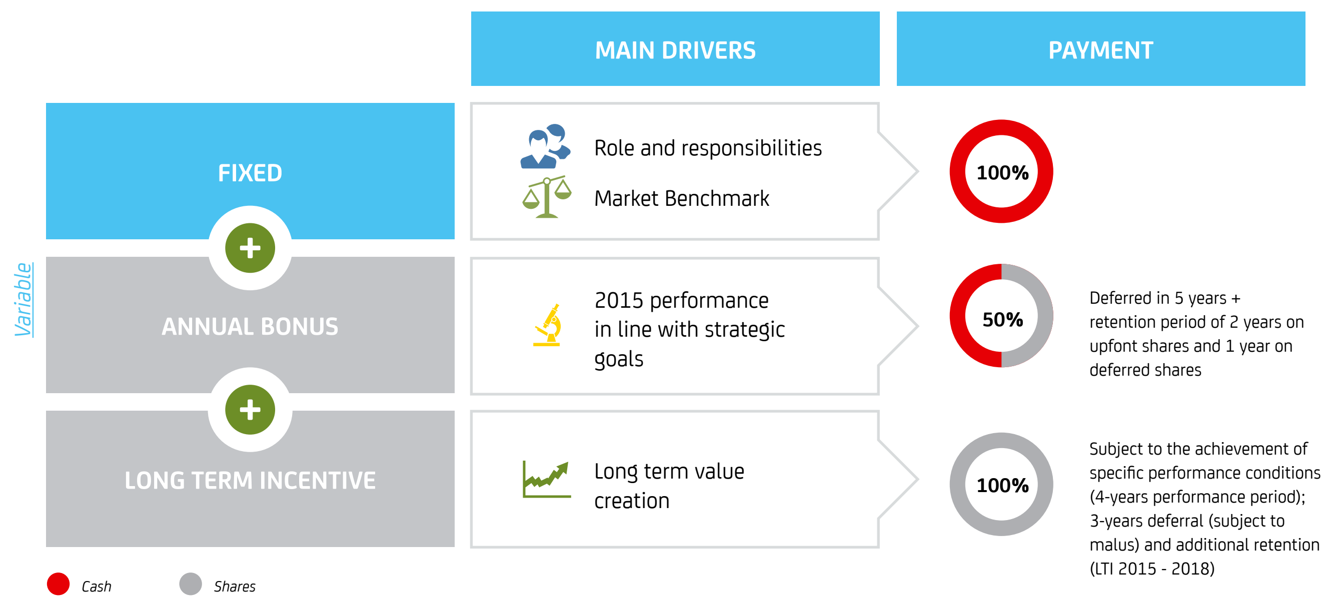
Variable compensation takes into consideration the achievement of specific goals which were previously approved by the Board upon proposal of the Remuneration Committee and the opinion of the Board of Statutory Auditors, as appropriate.

In particular, metrics defined ex ante that reflect categories of our Group Risk Appetite Framework align Executives' remuneration to sustainable performance and value creation for the shareholders in a medium/long term perspective.

Such coherence is annually verified by the Internal Control & Risk Committee. Specific individual goals are set out taking into consideration the market practices and the role assigned within the Group, through the systematic use of specific indicators aimed at strengthening the sustainability of business, such as the satisfaction of both external and internal customers, risk and financial sustainability indicators and capital measures.

> Further details regarding our performance management and evaluation are provided further in paragraph 5.4.

FOCUS ON CEO PAY STRUCTURE - COMBINATION OF INSTRUMENTS AND DRIVERS



It is also foreseen the deferral in 5 years in cash and shares of 80% of the incentive, including 20% of upfront shares with payout subject to the achievement of future performance conditions over the following financial years.

All the installments are subject to the application of malus and / or claw-back conditions, as legally enforceable.

The 50% of the overall incentive is paid in UniCredit shares, whose number is defined considering the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board to which 2015 bonuses are submitted.

The measure and duration of the deferral are aligned with the provisions set by regulators and are consistent with the characteristics of the business and with the company's risk profiles.

> Further information regarding the 2015 incentive plans implementation and outcomes is provided in paragraph 5.2.

For the Heads of the Company Control Functions, pursuant to the provisions of Bank of Italy, the goals are established by the Board of Directors in line with the tasks assigned to them and avoiding, unless good reasons exist, goals linked to Bank's performance. In the decision making process related to Company Control Functions, the Board of Statutory Auditors and the Internal Controls and Risks Committee are also involved as far as they respectively concerned.

In particular, for 2015, the individual goals of the Heads of the Internal Audit and Legal & Compliance functions are not connected to the Company's performance. For the Heads of the Risk Management function and the Manager in charge of preparing the company's financial reports, the Board of Directors has verified the existence of valid reasons to insert goals linked to the performance results of UniCredit only in a very limited measure.

Focus

Since 2000, UniCredit has launched equity based incentive plans for the Top Management, therefore including also the CEO and the Executives with strategic responsibilities.

In 2013, with reference to the Share Plan resolved by the Shareholders' Meeting of April 29, 2011, an allocation for the Chief Executive Officer of 568,181 shares in two tranches of 284,090 and 284,091 shares was set aside for 2015 and 2016, respectively.
As included in 2015 Compensation Policy, on February 11, 2015, the Board of Directors resolved to grant the first tranche of 248,090 shares during 2015, in light of verified achievements of 2014 entry conditions and the respective targets.
With reference to the last tranche, the Board of Directors of February, 9 2016 resolved to proceed with the actual allocation of 248,091 shares during 2016, considering the verification of achievement of 2015 entry conditions and the targets linked to the 4 Pillars of 2012 – 2015 Strategic Plan. In particular:

- **Balance Sheet Structure:** e.g. Loan to direct funding ratio: 81%, -8pp vs. budget 2015 (89%); Commercial funding gap: -9.8bn; +48.7bn vs. budget 2015 (-58.4 bn); Deposits 454.8 bn, 11.6% above budget 2015 (407.7bn); Liquidity coverage ratio (LCR): 163% as of Sept 2015, higher than minimum requirement for 2015 (60%); Net stable funding ratio (NSFR): 113% as of Sept 2015, above the threshold of 100%; CET1 Transitional 10.59%, higher than the threshold (10%); RWA 401.8bn, -6.3% below budget 2015 (428.8 bn) and -3.0% y/y (409.2 bn).
- **Italy Turnaround:** e.g. Revenues CBK Italy: 8.6 bn, 1.8% below budget 2015 (8.7 bn); Reduction of Gross Impaired Loans: -3.0 bn (UC Italy), -4.7% y/y (65.1 bn as of 2014); Cost of Risk 91 bp, 6.6% above budget 2015 (85bp); Launch of "Credit Revolution", first release / quick wins already implemented in 2015
- **Business Refocusing:** e.g. CIB RWA: 65.4 bn, -15.8% vs budget 2015 (77.7 bn); CIB RACE clients Italy: 4.8% FY 2015, above threshold (3.0%) and +0.5 pp vs FY 2014; Significant M&A transactions finalized / launched to accelerate business refocusing (Closing of UCCMB, Closing of Combination of Pioneer & SAM, Signing of disposal of Ukrsotsbank. Initiation of disposal of Bank of Italy stake).
- **Simplification and Cost Management:** e.g. Operating Cost: 13.6 bn, 0.9% below budget 2015 (13.7 bn) and #FTE: 125.5k at Group level, -1.7% vs budget 2015; FTE reduction: -3.5K, -2.7% y/y.

According to the regulatory provisions, these shares are subject to claw-back conditions and a retention period of 1 year.

More information is reported at Table 3A, as per Consob issuer Regulations, of the document attached to 2016 Group Compensation Policy, published on the UniCredit website, in the section dedicated to 2016 Shareholders' Meeting.

With reference to the Performance Stock Option Plan, resolved by 2011 Shareholders' Meeting and grant within the 2011 Group Incentive System to Executive Vice President and above population, the Board of Directors of March, 10 2016 has verified that the condition for the vesting have not been achieved.

In particular, in the performance period 2012 – 2015, UniCredit had a Σ Economic Profit (EP) Actual vs Budget equal to 27% and a relative Total Shareholder Return (r TRS) equal to 6.47% (with a ranking of 18 out of 23 peers).

Σ EP ACT VS EP BDG

rTSR	< 90%	90% ≥ < 100%	100% ≥ < 110%	≥ 110%
≥ Q3	50%	75%	125%	150%
≥ MED	25%	50%	100%	125%
< MED	0%	25%	75%	100%
≤ Q1	0%	0%	50%	75%

In 2015, a long-term incentive plan was introduced for the Chief Executive Officer, General Manager and Deputy General Managers, with the following features:

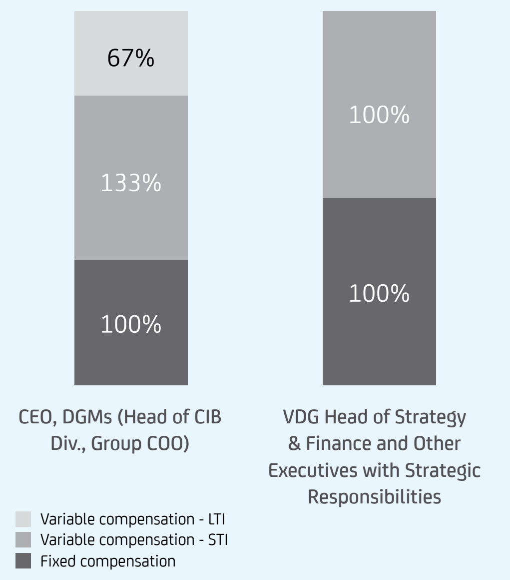
- allocation of incentives based on Phantom Shares, subject to the achievement of specific performance conditions linked to the UniCredit Strategic Plan
- a four-year performance period, in line with the UniCredit Strategic Plan
- allocation of two possible awards in 2017 and 2019, in line with the disclosure of the Plan
- each award has a three-year deferral period, subject to the application of a cumulative Zero Factor linked to minimum levels of profitability, liquidity and capital position
- in line with regulatory requirements, an additional holding period of one year is applied at the end of deferral period.

For further information on the Plan, refer to the 2015 Group Compensation Policy – Section III, paragraph 5.5.

For the CEO as well as for the Deputy General Managers, share ownership guidelines in place are detailed further in Section II - paragraph 3.5.

According to the incentive system currently in place, the maximum compensation pay-mix for the Executive with strategic responsibilities is the following:

MAXIMUM 2015 COMPENSATION PAY-MIX FOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES



COMPENSATION PAID TO MEMBERS OF THE ADMINISTRATIVE AND AUDITING BODIES, TO GENERAL MANAGERS AND TO OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Disclosure consistent to Consob Issuers Regulation nr. 11971

Members of Board of Directors Name and Surname	Internal Controls & Risks Committee	Remuneration Committee	Corporate Governance, Hr and Nomination Committee	Related-parties and equity Investments Committee	Total fixed comp. *	Variable Non-Equity Compensation - Bonuses And Other Incentives	Non-Monetary Benefits	Other Remuneration	Total	Fair value of equity comp. **	Severance indemnity for end of office or termination of employment
Giuseppe Vita	M	M(1)	M(1)		1,558,000		12,906	10,792	1,581,698		
Vincenzo Calandra Buonaura	M(2)		M		335,690		7,114		342,804		
Luca Cordero di Montezemolo			C(3)		310,140				310,140		
Fabrizio Palenzona	M(2)		M		334,890				334,890		
Federico Ghizzoni(4) - AMMINISTRATORE DELEGATO					2,083,430	770,000	347,317	30,111	3,230,858	1,918,772	
Mohamed Hamad Al Mehairi					19,633				19,633		
Manfred Bischoff					106,603				106,603		
Cesare Bisoni	M(2)			C(2)	125,304				125,304		
Henryka Bochniarz		M			135,337				135,337		
Alessandro Caltagirone		C(3)	M		179,874				179,874		
Helga Jung					93,184				93,184		
Lucrezia Reichlin	M			M(2)	196,570				196,570		
Clara Streit	M(2)		M(2)		117,321				117,321		
Paola Vezzani	M(2)			M(2)	118,921				118,921		
Alexander Wolfgring(1)	P(3)	M			250,510		7,114		257,623		
Anthony Wyand(4)	M(1)	M			230,121				230,121		
Elena Zambon			M(2)		89,386				89,386		
Members that left off during the Period											
Candido Fois	M(5)	M(5)			132,984		2,551		135,534		
Mohamed Ali Al Fahim					32,751				32,751		
Mohamed Hamed Badawy Al-Husseiny					39,819				39,819		
Francesco Giacomin	M(5)				47,868				47,868		
Marianna Li Calzi	M(5)			C(5)	64,586		2,551		67,137		
Luigi Maramotti	M(5)		M(5)		74,904				74,904		
Giovanni Quaglia			M(5)	M(5)	73,726				73,726		
Lorenzo Sassoli de Bianchi	M(5)			M(5)	63,386				63,386		
TOTAL BOARD OF DIRECTORS					6,814,937	770,000	379,552	40,903	8,005,391	1,918,772	

Statutory Auditors name and Surname	Role	Total Fixed comp. *	Variable non-equity compensation - bonuses and other incentives	Non-monetary benefits	Other remuneration	Total	Fair value of equity comp. **	Severance indemnity for end of office or termination of employment
Maurizio Lauri	Chairman	156,400		7,113		163,513		
Giovanni Battista Alberti	Standing Auditor	99,753		5,776		105,528		
Cesare Bisoni	Standing Auditor	35,693		1,995		37,688		
Federica Bonato	Standing Auditor	24,319		1,127		25,446		
Angelo Rocco Bonissoni	Standing Auditor	73,435		4,582		78,017		
Enrico Laghi	Standing Auditor	111,200		7,113		118,313		
Beatrice Lombardini	Standing Auditor	0		0		0		
Paolo Domenico Sfameni	Standing Auditor	0		0		0		
Pierpaolo Singer	Standing Auditor	7,501		452		7,953		
Maria Enrica Spinardi	Standing Auditor	116,800		7,113		123,913		
TOTAL STATUTORY AUDITORS		625,101		35,270		660,371		

Executives with strategic responsibilities Name and surname	Total fixed comp.	Variable non-equity compensation - bonuses and other incentives	Non-monetary benefits	Altri compensi	Total	Fair value of equity comp. **	Severance indemnity for end of office or termination of employment
Roberto Nicastro (General Manager)	1,076,820	350,000	224,650	143,718	1,795,188	959,099	5,393,691[6]
Other Executives with strategic responsibilities (Total 7 people on yearly basis)	6,407,551	2,049,625	961,644	373,498	9,792,317	3,115,276	3,774,550[7]

C = Chairman
M = Member
** Included compensation for committee participation and attendance tokens*
(1) Chairman until May 12, 2015
(2) Office held since May 13, 2015
(3) Chairman since May 13, 2015
(4) Since May 12, 2015 the Director no longer holds the office of member of the Corporate Governance HR, and Nomination Committee
(5) Office held until May 12, 2015
(6) Overall amount of the payments related to the employment resolution. As already disclosed with Press Release of 5th August 2015, the amount of € 2,716,192.00 gross (corresponding to the cost of the indemnity in lieu of notice and to 20% of the severance) has been paid upon termination, while for the remaining quota of the severance of € 2,677,499.00 gross it is foreseen the deferred disbursement over further 5 years, in cash and shares, conditional to maitainment of adequate capitalization and liquidity requirements by the Bank and subject to malus and clawback clauses.
(7) Overall amount of the payments related to the employment resolution of one executive with strategic responsibilities. The amount of € 1,845,550.00 euro gross (corresponding to the cost of the indemnity in lieu of notice and to 20% of the severance) has been paid upon termination, while for the remaining quota of the severance of € 1,929,000.00 gross it is foreseen the deferred disbursement over further 5 years, in cash and shares, conditional to maitainment of adequate capitalization and liquidity requirements by the Bank and subject to malus and clawback clauses.

***The "Fair value of equity compensation" does not represent a value actually paid to/gained by the beneficiaries of equity plans, being instead the cost that the Company is booking - on an accrual basis and during the vesting period - in consideration of the provision of the incentives based on financial instruments.*

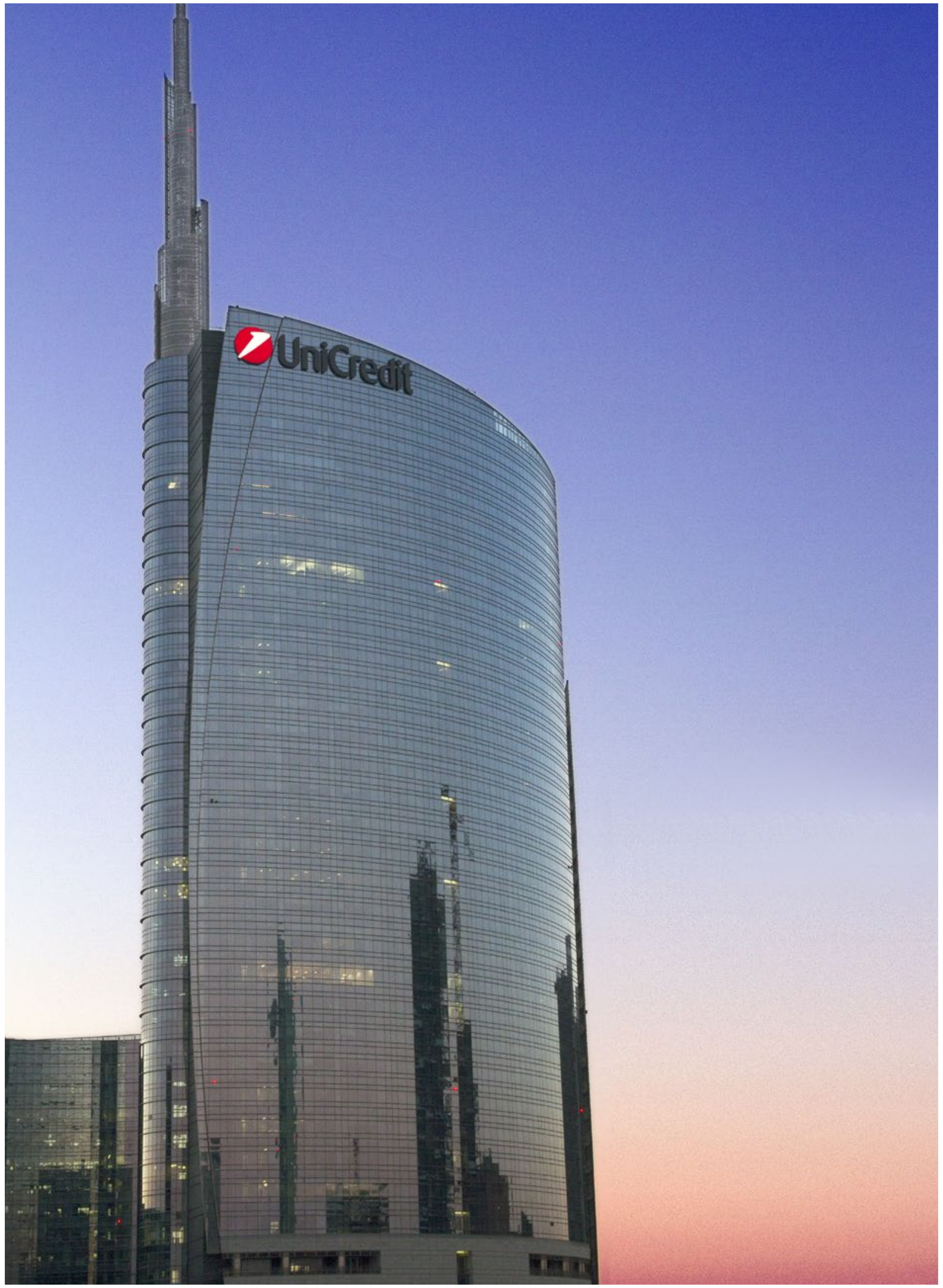
For further details, refer to the document attached to the 2016 Group Compensation Policy, published on the UniCreditwebsite, in the section dedicate to 2016 Shareholders' Meeting.

Indemnities to directors in the event of resignations, dismissal or termination of employment following a public purchase offer (as per Sect. 123/bis, paragraph 1, letter i), of TUF):

None of the Directors have contracts containing clauses envisaging the payment of indemnities, or the right to keep post-retirement benefits, in the event of resignations or dismissal/revocation without just cause or if the employment relationship is terminated following a public purchase offer. In case of early termination of the mandate, the ordinary law provisions would therefore apply.

The individual employment, as Executive, of the Chief Executive Officer, Mr. Federico Ghizzoni, is today governed - also with regards to the event of resignations, dismissal/revocation or termination - by the ordinary provisions of the law and National Labor Agreement for Banking Industry Executives dated February 29, 2012. In such context, the annual remuneration used to define the possible indemnity due in the above mentioned instances would include the fix remuneration, any other continuative compensation and the average of the variable pay (inclusive of the components paid in equity - such as for example free shares, restricted shares, performance shares - with the only exclusion of the valorisation of the stock options potentially assigned within long term incentive plans) received in the last three years prior to the termination. The actual amount of such indemnity – in terms of months of compensation considered – is then bound to vary depending on the events which led to the termination and on the relationship's duration.

Non-executive Directors do not receive, within incentive plans, UniCredit subscription rights. For the Chief Executive Officer no specific provisions are provided with reference to the right to keep, in case of termination, the options received and the plans' provisions apply.
For Directors currently in office, provisions do not exist regarding the establishment of advisory contracts for a term following the termination of the directorship, nor the right to keep post retirement perks. No agreements exist either providing compensation for non-competition undertakings.



5. Group compensation systems

5.1 Target population

Starting as early as 2010, UniCredit 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.

Starting from 2014 the assessment process for the definition of Identified Staff followed the criteria defined in the Regulatory Technical Standard of European Banking Authority (RTS)[3].

In particular, it is pointed out that the assessment process provides for the inclusion within the Identified Staff population of the employees with banding equal or higher than "Senior Vice President", as defined in the Global Job Model - the classification system of roles adopted by Group.

For 2015, the assessment process documented into 2015 Compensation Policy, brought to the identification of ca. 1,100 resources. Throughout the full year 2015, the list of the Group Identified Staff has been subject to continuous update, taking into account the resource turnover and the banding review process.

With regard to the 2016 process, Identified Staff population has been reviewed on March 2016 guaranteeing the full compliance with the regulatory requirements[4].

Also for this year, the definition of Identified Staff followed a structured and formalized assessment process both at Group and local level, internally inflected on the basis of specific guidelines provided by Group Human Resources function, with the involvement of Group Risk Management and Group Compliance, in order to guarantee a common standard approach at Group level.
At process level, the control functions mentioned above have been appropriately involved both at local and central level for their respective areas of competence.

The recognition of employees with significant impact on the Group's risk has taken into account the role, the decision-making power related to the managerial responsibility and, in addition, the total compensation level.

PROCESS TO DEFINE GROUP'S IDENTIFIED STAFF POPULATION

1. Involvement and validation of the approach at Group level by Group Compliance & Group Risk Management functions
2. Application of EBA criteria and formalized assessment at Group/Country/Division level
   Local assessment supported by Risk Management functions and valued by Compliance local functions
3. Data harmonization, consolidation and overall outcome at Group level
4. Overall result submitted to the evaluation of an independent advisor ✔

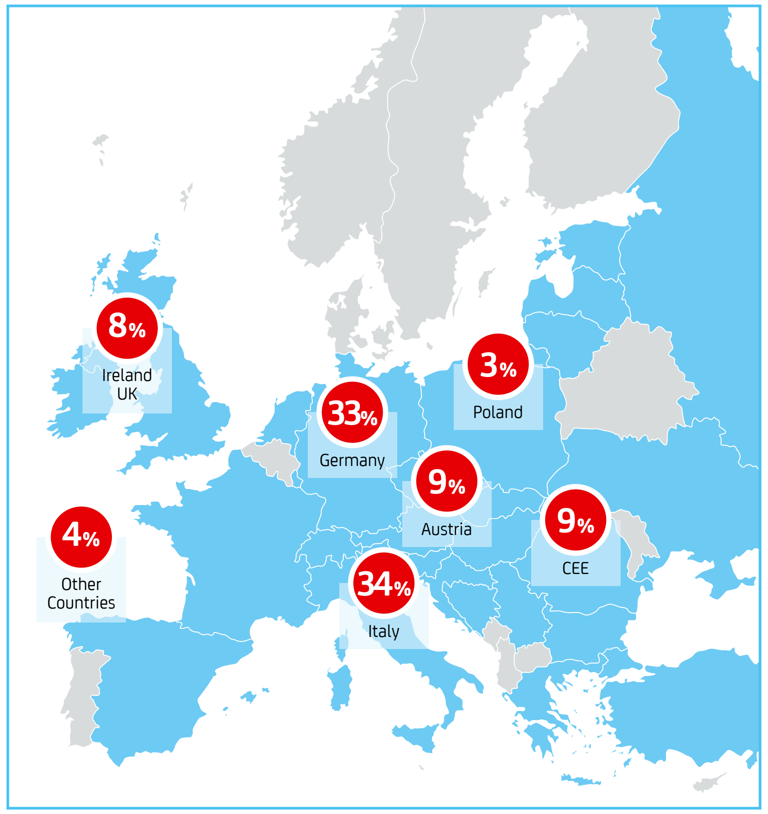
In March 2016 the assessment process for the definition of Identified Staff population, evaluated by an external independent advisor, brought to the identification of a total number of approximately 1,100 resources.

As a result of the analysis and as approved by the Board of Directors, upon Remuneration Committee proposal, the following categories of staff have been reconfirmed for 2016 as Identified Staff: Group CEO, Group Executives responsible for day-to-day management (Deputy General Managers, Senior Executive Vice Presidents and Executive Vice Presidents), executive positions in Company Control Functions (Audit, Risk Management, Compliance and Human Resources) and executive positions in Strategy & Finance, as they are responsible at Group level for strategic decisions which may have a relevant impact on the Bank's risk profile. Furthermore, Senior Vice President (SVP) population, Board Members, Senior Management and other specific roles in Group's Legal Entities have been included in the definition of Identified Staff, as per the current regulatory criteria.

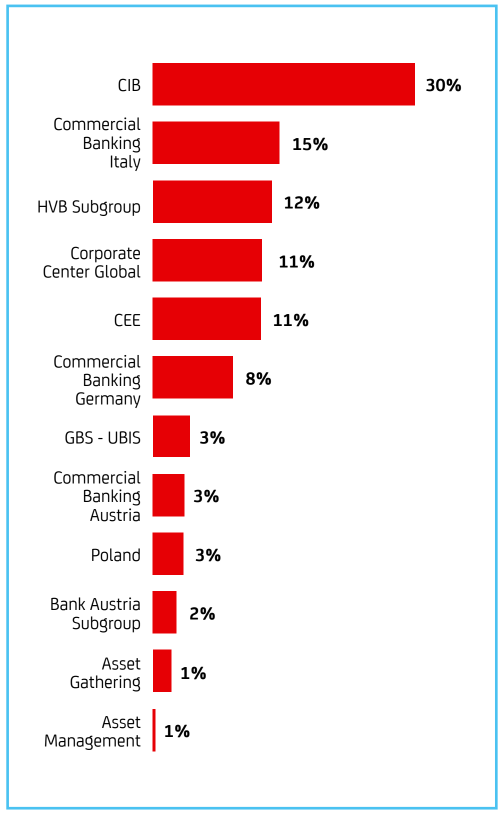
Target population represents approximately ca. 0.8% of the Group employee population, with this outcome being in line with the results of 2015 process.

Compensation data and vehicles used for the target population in 2015 are disclosed in chapter 7 of this Report.

GEOGRAPHICAL DISTRIBUTION OF IDENTIFIED STAFF



BREAKDOWN BY BUSINESS



TOTAL NUMBER OF IDENTIFIED STAFF: ~1.100

Note: Identified Staff data refer to the population as at March 2016, providing for an ex-ante definition in line with Regulatory requirements.

3. *European Banking Authority (EBA) Regulatory Technical Standards on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile under Article 94 (2) of Directive 2013/36/EU*
4. *It should be noted the last EU Decision 2015/2218 of the European Central Bank at 20th November 2015, regarding the exclusion procedure for the staff members who may have a significant impact on the risk profile of a supervised credit institution (ECB / 2015/38)*

5.2 2015 Incentive system implementation and outcomes

The 2015 System, approved by UniCredit Board of Directors on January 20, 2015, provides for a 'bonus pool' approach that directly links bonuses with company results at Group and Country/Division level and ensure a strong connection between profitability, risk and reward.

Such a 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 pool sizing

The bonus pools dimension for each of the 12 clusters is related to the actual profitability measures multiplied for 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

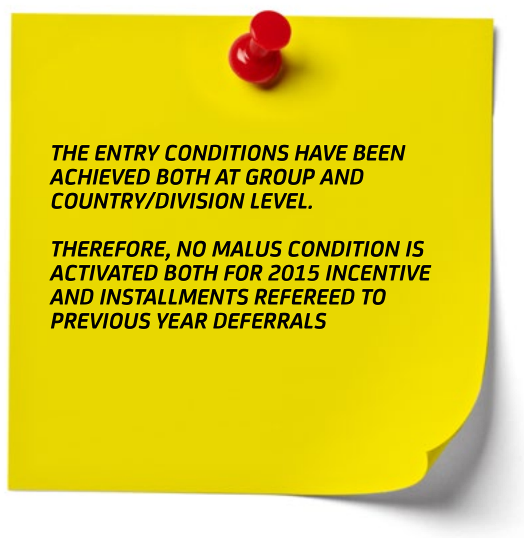
In order to align to regulatory requirements, specific indicators measuring annual profitability, solidity and liquidity results had been set at both local and Group level as Entry Conditions. In particular, risk metrics and thresholds for the 2015 Group Incentive System as defined within the Entry Conditions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

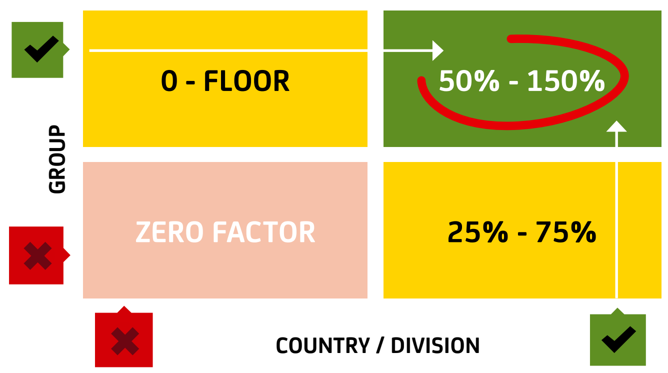
ENTRY CONDITIONS OF 2015 INCENTIVE SYSTEM

GROUP	LOCAL
• NOP adjusted ≥ 0 and • Net Profit ≥ 0 and • CET1 ratio transitional ≥ 7%; and • Cash Horizon ≥ 90 days	• NOP adjusted ≥ 0 and • Net Profit ≥ 0

- **NOP adjusted** to measure profitability, Net Operating Profit adjusted excluding income from buy-back of own debt and from the fair value accounting of own liabilities.
- **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, verified and approved by the Board of Directors on February, 9 2016, the relevant entry conditions have been achieved both at Group and Country/Division level. 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.





Economic and Risk sustainability

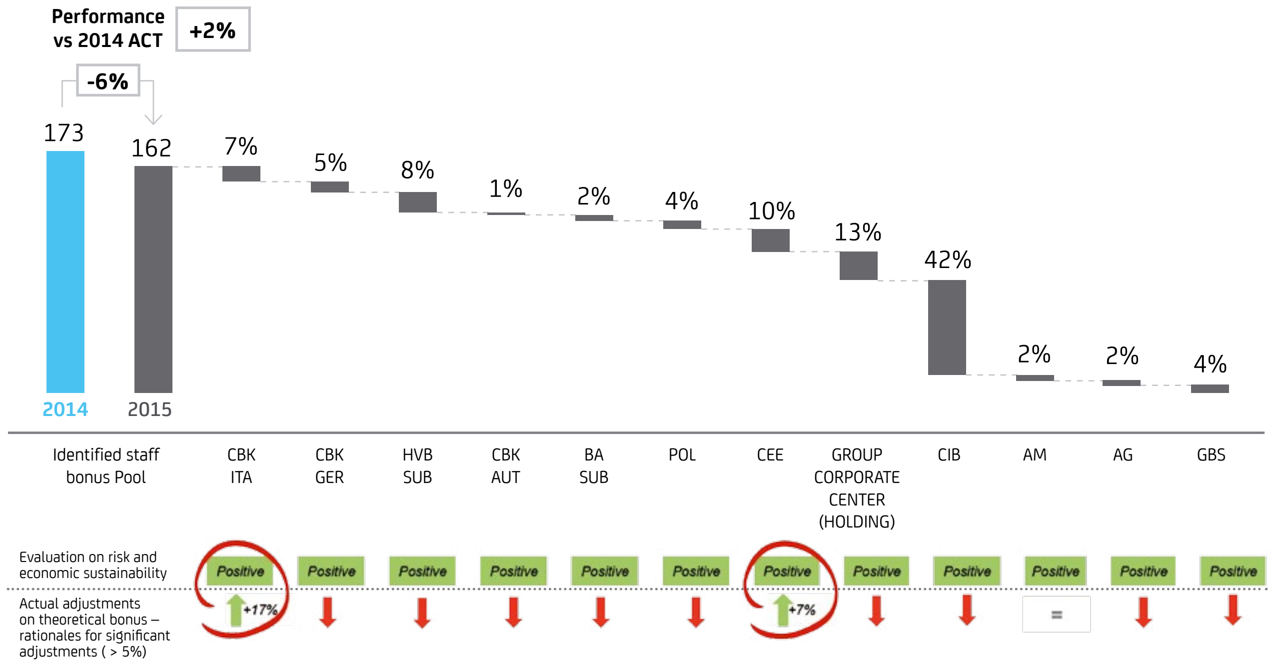
After the verification of the Entry Conditions achievement, the actual bonus pool of each Country/Division had been adjusted within respective ranges, based on the assessment of the overall economic and risk sustainability evaluated by Group CRO and CFO through dashboards, including respectively:

- 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 divisions/countries.

Bonus pool distribution by segments

The results of the abovementioned steps has brought to the following adjustments for each segment and the respective bonus pool distribution for the Identified Staff population (ca. 1.100 resources). The Board of Directors resolved an adjustment higher than 5% with respect to the theoretical bonus pool only in two cases:



RATIONALES FOR THE ADJUSTMENTS TO BONUS POOL

COMMERCIAL BANKING ITALY: Italy Commercial Banking (Core + Non Core) 2015 NOP stands at 1.2bn, +3% compared to 2014, mainly due to LLP improvement and costs substantially flat.

Notwithstanding the adverse rate scenario, revenues substantially aligned to previous year, offsetting the net interest margin contraction with a remarkable growth in fees (+3% YoY), mainly supported by the increasing weight in Assets under Management.

From a volume perspective, the activation of several initiatives on the lending side – including the usage of the TLTRO funds – leading to an increase in Core loan volumes, while Non-Core shown a remarkable decrease in gross loans, with lower and more stable LLP and net loss reduction Y/Y.

Retail on track in term of clients, nr of branches and profitability; Private on track with all the commercial target, with growing client base, net sales above budget and higher profitability. Performance improved vs 2014, but weaker than budget, mainly due to lower revenues. The bonus pool proposed, consequently, has been adjusted in order to be slightly higher than 2014, but lower than budget.

CENTRAL EASTERN EUROPE (CEE): Business performance in line with budget, but lower than 2014, also as effect of one-offs (e.g. CHF conversion in Croatia, ~ 200 mio). Therefore bonus pool proposed is lower than 2014 but slight higher than budget, considering the one-off impacts.

In general, for the various business segments, even in the presence of a positive assessment on the economic and risk sustainability, the Board of Directors has approved a reduction of the bonus pool proposal, compared to the theoretical value, in order to limit the variable payments, taking into account a challenging general context, the targets of Multi Year Plan and considerations on prudent risk management. The reduction on the overall pool at Group level was 8% compared to the theoretical bonus

For 2015, UniCredit Board of Directors has taken into consideration the Remuneration Committee's proposals and regulatory guidelines regarding variable remuneration.

The assessment related to remuneration decisions, as already happened in past years, has been supported by a strict Group governance process in order to guarantee consistency and transparency to all parties involved in the decision-making process.

The total amount of variable compensation for the Identified Staff, detailed in chapter 7.1, is sustainable given the bank's financial position and does not limit bank's ability to hold an adequate level of capital and liquidity.

Upon the assessment of achievement level for goals defined for 2015 and subsequent governance step in the Board of March, 10th 2016 it was promised the allocation of ca. 20.2 million UniCredit ordinary shares to ca. 660 Identified Staff to be done in 2018, 2019, 2020 and 2021. The actual allocation of the last three installments is subject to the application of Zero Factor for 2018, 2019 and 2020 respectively. Therefore, the 2015 Group Incentive System would entail an expected impact on UniCredit share capital of approximately 0.3%, assuming the achievement of Group performance thresholds based on Zero Factor.

> For further details on the execution of the 2015 Group Incentive System and the deferrals of previous years' Plans, refer to Chapter 7 and to the attachment to 2016 Group Compensation Policy, published on the UniCredit website, in the section dedicated to 2016 Shareholder's Meeting.

Evaluation and payout for Chief Executive Officer

In line with Group governance, 2015 evaluations and payouts for Chief Executive Officer and the other members of the CEO Office have been reviewed by the Remuneration Committee and approved by the Board of Directors, heard the Statutory Auditors and Internal Controls and Risks Committee, as relevant.

The reference amount for CEO 2015 bonus had been defined, according to the following process:

- comparing the average of bonus paid in 2009 – 2010 (as reference of pre-crisis "normal" values) and in 2014, as well as comparing personal track records and external benchmarking. Such value, has been put in relation with Group Net Operating Profit to determine the appropriate "*Share of Profit*" to be used.
- The "Share of Profit" had been also benchmarked vs UniCredit peers (details below). Such analysis showed that the % of CEO bonus vs Net Operating Profit is aligned to market practice.
- applying the average Share of Profit % to the 2015 Net Operating Profit, a specific "Reference Amount" and a Variable/Fixed ratio for the CEO had been defined.

The same methodology was followed for the other members of the CEO Office, except for the benchmarking analysis where data was not public.

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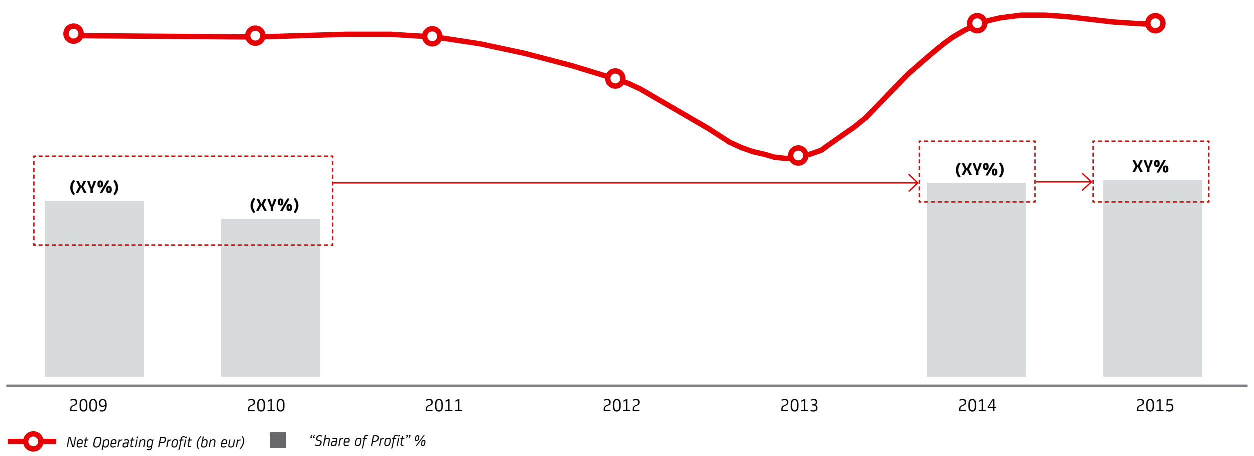
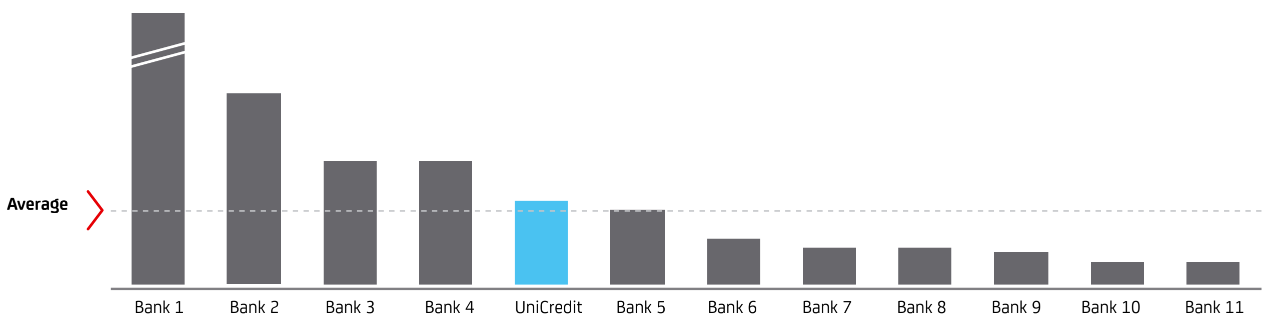




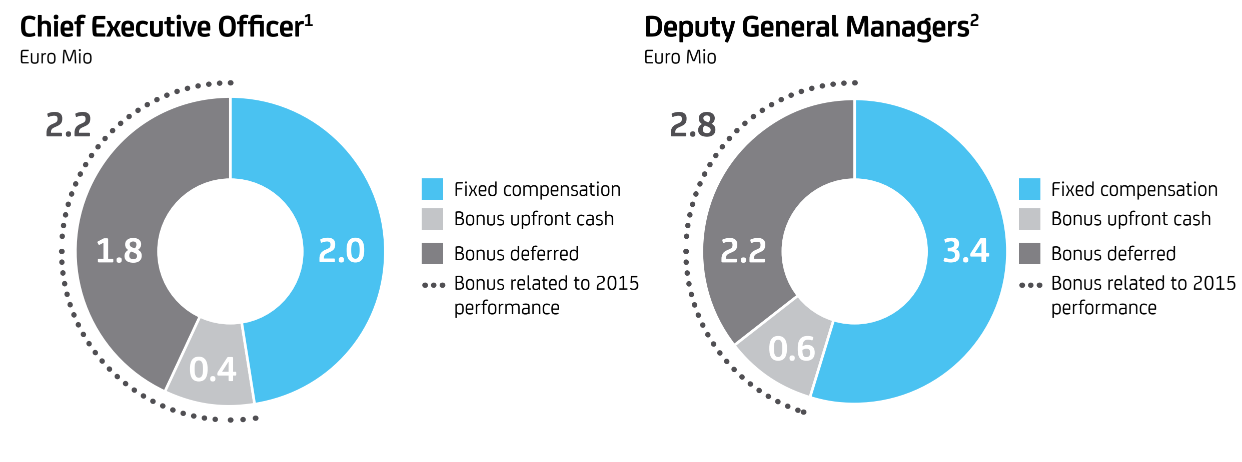
Market data referred to 2014 "actual"

The Board of Directors, upon the positive opinion of Remuneration Committee, assessed the 2015 Performance Screen of CEO as "Meets Expectations" on the basis of the following elements:

	GOAL	RESULT	ASSESSMENT: Below	Almost meets	Meets	Exceeds	Greatly exceeds
1	**Economic Profit (EVA) – vs budget**	Economic Profit in line with budget (Budget: € -2.8 Bn; Actual: € -2.8 Bn)					
2	**Risk Management Goal (EL % + Coverage Ratio ITA, DE, AU, CIB; Average PD of managerial portfolio CEE & Poland)** - vs qualitative assessment based on CRO report	Group 2015 results evolved overall in line with RAF guidelines, with a consolidation of positive trend (vis-à-vis 2014) of a safe asset quality (increasing Coverage on Impaired Loans at 51.2% and Gross Impaired Loans Ratio down at 15.4%) and an improving capital position (CET1r Fully Loaded at 10.94% with 92 bps of capital generation in 2015). The Cost of Risk at Group level is equal to 86 bps (better than target at 92 bps). In addition, a safe liquidity position has been maintained with all the liquidity ratios well above the regulatory requirements.					
3	**Common Equity Tier 1 ratio transitional** - vs budget (%)	Target: 10%; Result: 10.59%					
4	**Execution of Group strategic vision with focus on growth, capital reallocation and efficiency** - vs qualitative assessment	Strategic Plan revised in 2015 to better reflect the macroeconomic environment characterized by sluggish growth and zero/negative rates (additional strategic and commercial initiatives to generate further benefits in terms of growth and efficiency). The Plan aims to build on the good results that have already been achieved in 2015 following implementation of the original plan. In particular: **Growth:** core revenues aligned to previous year despite macro scenario, growing of lending new business, resilience of deposits form customers confirmed; asset under management increased to 300bn, remarkable operating performance in CEE Countries and Market shares further increased, Group overall client base increased by 932k in the year; **Capital reallocation:** CET1 ratio FY at 10.59%; increase in regulatory capital (54 bps); non core segment reduction, capital light business growth; **Efficiency:** restructuring initiatives in western countries; restructuring plan for CBK Austria, re-commissioning activities proceeding.					
5	**Stakeholder Value: Customer satisfaction (TRI*M external); People Engagement, Reputation** - vs qualitative assessment based on ad hoc reports	Solid performance on customer satisfaction, reputation and people engagement with 2015 results in line or improved vs the respective targets in almost all the countries subject of the analysis. All main perimeters (Italy, Germany, Austria, Poland and 6 CEE countries) assessed as "meeting expectations" In particular: • the Group People Engagement index is 77, well above the "meet" threshold of 61, • Customer Satisfaction index: 5 out of 10 countries subject of the analysis exceeding expectations, all the other countries meet expectations • Reputation: 8 out of 10 Countries subject of the analysis meet the expectations (overall in line both vs Peers and previous year)					
6	**Development of a strong and sustainable Group risk culture, ensuring a successful transition of Group's standings towards new European regulatory architecture** - vs qualitative assessment	The overall assessment is positive, and in line with expectations. The results of the annual survey on risk culture show that 75% of colleagues believe that in the Group we have a common risk culture. Such outcome is broadly in line with previous year. The improvements have been registered on all dimensions of risk culture, in particular on Governance of risk processes and on communication.					

All goals carry the same weight for evaluation purposes.

2015 variable and fixed compensation for CEO and the Deputy General Managers



(1) During 2016, the CEO will receive 284,091 shares under the LTI Plan 2013 - 2015
(2) As for the creation of a new Deputy General Manager position effective from October, 1st 2015, the executives holding this role are 3

Local coordination and specific programs

The elements of the Group incentive system are fully applied across the entire Identified Staff population, with local adaptations based on specific regulations and / or business specifics, consistent with the overall Group approach.

Being fully compliant with the principles of the incentive plans, local adaptations allow the achievement of the same results if the implementation of the Group plan should have some adverse effects (legal, tax or other) for the Group companies and/or beneficiaries residing in countries where the Group is present. Implementation approach of Group incentive plans for Identified Staff fully complies with Bank of Italy requirements and European guidelines, and at the same time considers:

- local needs to adopt alternative solutions as necessary according to local regulators
- annual Audit, in each jurisdiction, on the implementation of the incentive systems
- further needs to introduce corrective measures to address local specificities, with focus on the reconciliation of local differences and home/host regulatory roles.

In this regard, a specific authorization had been granted to the Chairman and the Chief Executive Officer to make appropriate changes for the implementation of the Plan, that do not alter the substance of the resolution of the Board of Directors and the Shareholders' Meeting.

The main adjustments authorized by the shareholders regarding the implementation of the Group System concerned the use of financial instruments different than the UniCredit shares, for Zagrebacka Banka in Croatia, for Bank Pekao in Poland and Fineco-Bank in Italy. These changes were implemented considering specific requests formulated by local regulators (such as the Croatian National Bank for Croatia or the Financial Supervision Authority in Poland).

In addition to these changes, and consistent with the exercise of the powers granted to the Chairman and the Chief Executive Officer, were subsequently authorized adjustments which impacted primarily threshold limits for deferral and the percentage of payments distribution, which are, in any case, more restrictive than those of the Group and the use of local instruments and performance indicators rather than Group ones, in line with specific recommendation received from the local Authorities.

For the general employee population, specific systems are implemented, considering market local practices.

5.3 2016 GROUP INCENTIVE SYSTEM

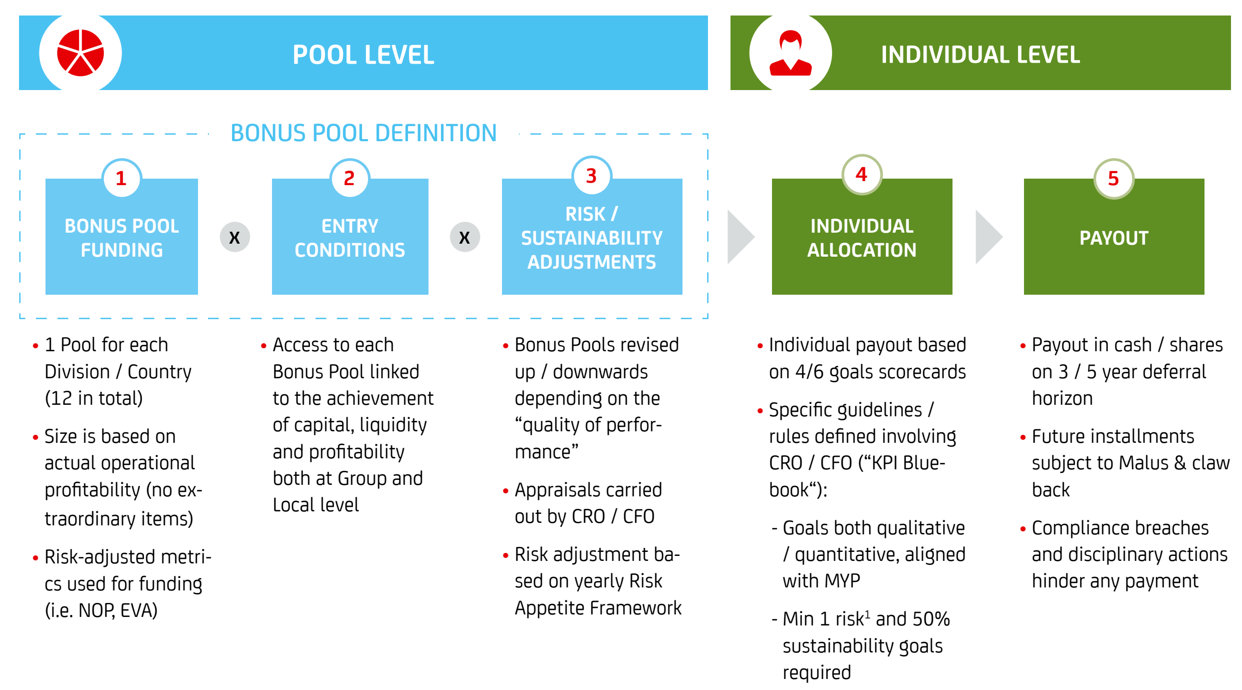
Coherently with the past years, the 2016 Group Incentive System, as approved by UniCredit Board of Directors on January 13, 2016, is based on a bonus pool approach which takes into consideration most recent national and international regulatory requirements and links bonuses with company results at Group and Country/Division level, ensuring a strong connection between profitability, risk and reward. In particular, the system provides for:

- the definition of 12 bonus pools for each Country/Division (the following table), whose size depends on actual profitability
- allocation of a variable incentive defined on the basis of the determined bonus pool
- a malus clause (Zero Factor) which applies in case specific thresholds of profitability, capital and liquidity are not met at both Group and Country/Division level
- risk adjusted measures in order to guarantee long term sustainability, regarding company financial position and to ensure compliance with regulations
- definition of a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and/or shares, to be paid over a period of up to 6 years
- distributions of share payments which take into account the applicable regulatory requirements regarding the application of share retention periods

2016 BONUS POOL CLUSTERS	
Asset Gathering	Commercial Banking Germany
Asset Management	Commercial Banking Italy[(1)]
Corporate Center Global	Poland
CEE Division	UBIS e GBS Holding
CIB	Bank Austria Subgroup
Commercial Banking Austria	UniCredit Bank AG Subgroup

(1) Including both Core and non-Core businesses

The 2016 Incentive System is based on the following methodology:



1 Risk adjusted or Risk related

1 BONUS POOL FUNDING

- Bonus pool is set for each Country/Division following external segment reporting structure and/or subgroups. Bonus pools are initially set in the budget phase for each Country/Division as a percentage of the respective funding KPI (e.g. Net Operating Profit), on the basis of the approved budget that considers several elements such as business contest and perspectives, previous years amount and forecasts of profitability.
- The quarterly accruals are based on actual results with adjustments being made throughout the year with Q1, Q2 and Q3 forecast being affected by performance trends.
- Bonus pools are based on Countries/Divisions risk-adjusted results and are aligned with the overall performance at Group level, considering the economic and risk sustainability assessment at Group and local level.

2. ENTRY CONDITIONS

Specific Entry Conditions set at both Group and Country/Division level.

The combined evaluation of the entry conditions at Group and local level define 4 possible scenarios that allows the confirmation to increase, reduce or cancel the bonus pool for each cluster (table below).

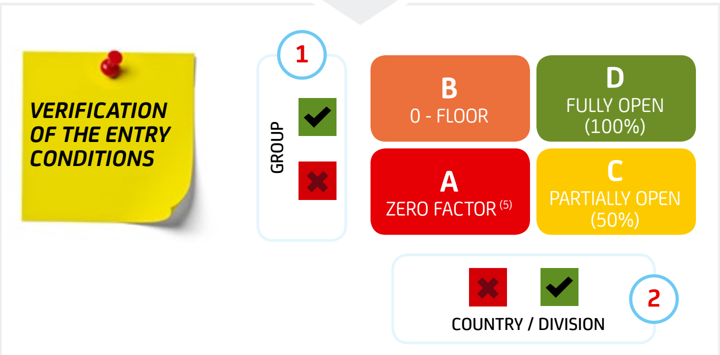
The malus condition (Zero Factor) will apply in case the specific metrics on profitability, capital and liquidity are not achieved both at Group and local level (box A of the matrix included in the scheme "Entry Conditions definition"). Specifically, the Zero Factor is applied to the Identified Staff population[5], whereas for non-Identified Staff population, a significant reduction will be applied.

Moreover, at individual level it will be also considered the respect of provisions of law, Group's compliance rules, Company policies or integrity values, Code of Conduct and the application of claw-back clauses, as legally enforceable.

In case the Entry Conditions are not met at Country/Division level, but at Group level they are met (box B of the matrix included in the scheme "Entry Conditions definition"), a floor might be defined for retention purposes and in order to maintain the minimum pay levels needed to play in the market.

ENTRY CONDITIONS DEFINITION

1 GROUP	LOCAL * 2
• NOP adjusted (1) ≥ 0 e • Net Profit (2) ≥ 0 e • Common Equity Tier 1 Ratio Transitional (3) ≥ 10% e • Liquidity Coverage Ratio (4) ≥ 75%	• NOP adjusted (1) ≥ 0 and • Net Profit (2) ≥ 0



A In case the Entry Conditions are not met at both Group and local levels, the **malus condition** is activated, triggering the application of **Zero Factor**(5).

B In case the Entry Conditions are not met only at Country/Division level, a **floor** might be defined for retention purposes and in order to maintain the minimum pay levels needed to play in the market.

C In case the Entry Conditions are not met only at Group level, the gate is **"partially open"**, meaning the possibility to pay a lowered Bonus Pool.

D In case the Entry Conditions are met both at Group and Country/Division level, the gate is **"fully open"**, meaning the Bonus Pools may be fully confirmed.

(1) NOP adjusted: Net Operating Profit (NOP) excluding income from buy-back of own debt and from the fair value accounting of own liabilities.

(2) Net Profit: Net Profit stated in the Balance Sheet, excluding any extraordinary items as considered appropriate by the Board of Directors upon Remuneration Committee proposal.

(3) CET1 Ratio transitional: the level of CET1 Ratio transitional ensure the alignment with the threshold set as the outcome of the SREP process (Supervisory Review and Evaluation Process) coordinated by the European Central Bank. The level of 10% includes also the 0,25% buffer set for systemically relevant banks for 2016.

(4) Liquidity Coverage Ratio: it aims to ensure that banks maintain an adequate level of not restricted "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.

(3) and (4) In case of issues with capital and/or liquidity requirements at Legal Entity level, the related Bonus Pool size could be impacted, even if the Entry Conditions at Group level are fully satisfied

(5) For Executive & Identified Staff population. For the other employees, a significant reduction will be applied. In any case, the Board of Directors can provide the CEO the possibility to allocate a separate and discretional pool for retention purposes only, subject to local relevant governance bodies' decision, eventually including a positive feedback from ECB, if required (e.g. in a scenario of CET1r < threshold, in a context of a capital contingency plan defined with ECB).

** In case a division/segment, which is part of a Legal Entity with positive net profit and adequate capital ratios, has a budget less than 0, the local entry conditions would refer to this value.*

5 The Bonus Pool of 2015 will be zeroed (for Identified Staff), while deferrals of previous year systems could be reduced from 50% to 100% of their value, based on the entity of loss both at Group & Local level and CRO/CFO assessment based on positioning vs. RAF and CFO "sustainability dashboard" (next paragraph – Adjustments based on Economic and Risk sustainability)

3. ADJUSTMENTS BASED ON ECONOMIC AND RISK SUSTAINABILITY

In order to ensure consistency with the Risk Appetite Framework Group and the economic sustainability of the Group's and Country / Division results over time defined on the basis of performance analysis carried out by the CFO, the bonus pool may be revised up / downwards, on the basis of the overall "quality of performance".

The Group and local risk dashboards include indicators covering all relevant risks, such as credit, market and liquidity and the risk position assumed, the adherence to regulatory requirements and the relationship between risk and profitability. The specific metrics are measured with reference to the respective relevant thresholds (limit, trigger and target), established in line to the Group Risk Appetite Framework.

The Group and local financial dashboards include the key performance and sustainability indicators linked to the Strategic Plan in order to measure its implementation from an industrial and commercial point of view (e.g. customer acquisition, internationalization & synergies, market share, customer satisfaction, commercial effectiveness, customer digitalization, international business, etc.).

By way of example, the standard structures of Risk dashboard and CFO dashboard are shown below:

Illustrative

CRO DASHBOARD

DIMENSION	METRIC	OVERALL ASSESSMENT	APPRAISAL
Risk ownership and positioning	Max % RWA of MKT Risk (%)		
Regulatory Requirements	Common Equity Tier 1 Ratio (%)		
	Total Capital ratio (%)		
Liquidity Risk	Comm. Funding Gap (€/bn)		
Credit Risk	Max EL% (%)		
	Min Coverage on Impaired (%)		
	Cost of Risk (%)		
Market Risk	Trading Book VaR mn/€		
Profitability and Risk	NOP/RWA (Bps)		

Adequate · Warning · Critical · limit breach: below limit

Illustrative

Illustrative

CFO SCORECARD

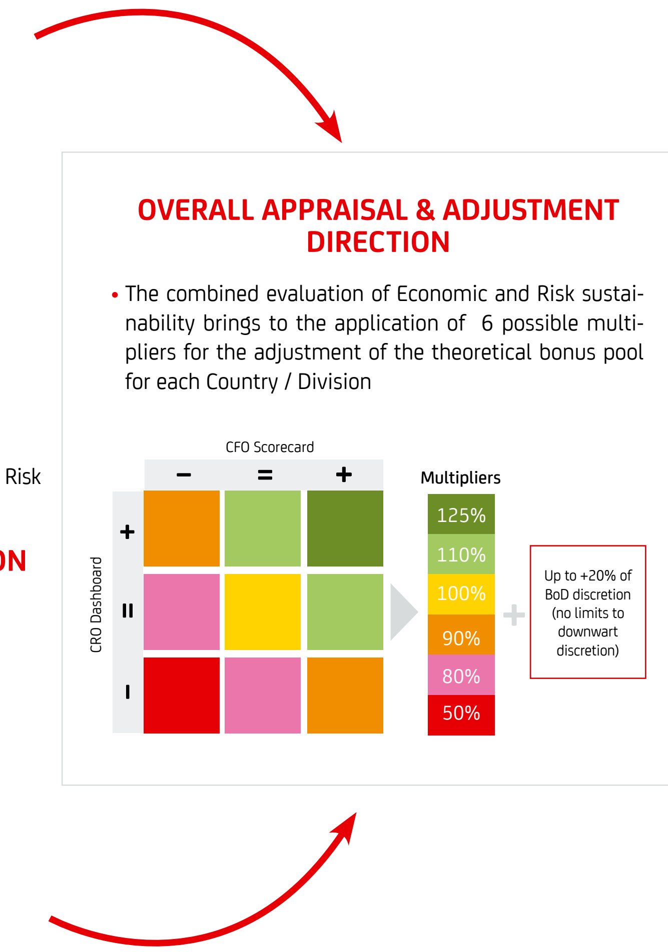
Market penetration & CLIENT perceptions	Measure	Reference
Market shares Loans / Depos	%	TREND
TRI*M	%	TARGET
Other metrics...	*XXX*	*XXX*
Retail Business	**Measure**	**Reference**
Acquired clients	#	TARGET
Loans new production	mn	TARGET
AUM / Total TFA	%	TARGET
Other metrics...	*XXX*	*XXX*
Digital		
Online users	#	TARGET
Digital Sales	#	TARGET
Other metrics...	*XXX*	*XXX*
Card & Payments		
New issued cards	#	TARGET
Digital Sales	mn	TARGET
Other metrics...	*XXX*	*XXX*
Private Business	**Measure**	**Reference**
Nuclei	#	TARGET
AUM / Total TFA	%	TARGET
Net Sales	mn	TARGET
Other metrics...	*XXX*	*XXX*
Corporate Business	**Measure**	**Reference**
Acquired clients	#	TARGET
Loans / RM	mn	TARGET
Other metrics...	XXX	XXX
International Business		
International Clients	#	TARGET
Revenues	mn	TARGET
Other metrics...	XXX	XXX

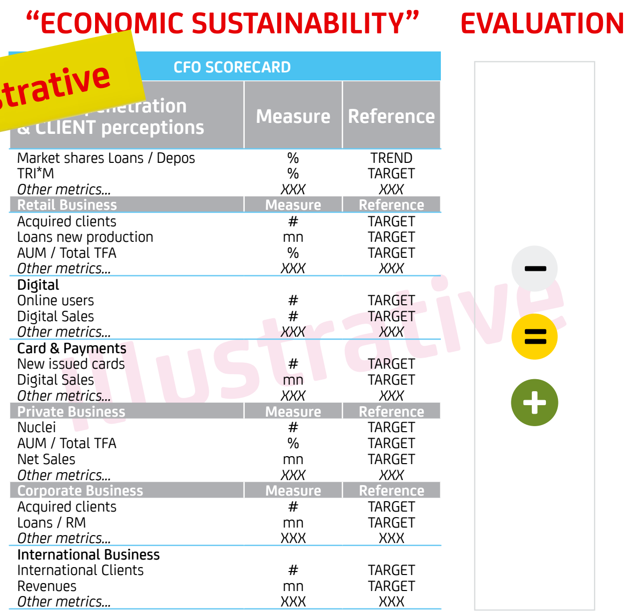
For each bonus pool cluster, the CRO and CFO Group functions provide an overall assessment on the dashboards and the combined evaluation brings to the definition of a 'multiplier' to be applied to entry condition in order to define the maximum adjustment to each bonus pool.

The application of a further discretional range up to +20% in the faculty of Board of Directors is foreseen with respect to the theoretical value, while there is no limit to a downward discretionary adjustment of the bonus pool.

BONUS POOLS ADJUSTMENT BASED ON ECONOMIC AND RISK SUSTAINABILITY

• Indicators covering all relevant risks set in alignment with Group Risk Appetite Framework





• Performance indicators set in the Multi Year Plan at Group and local level

In case the Entry Conditions are not met only at Group level, the gate is "partially open", with the possibility to payout a reduced Bonus Pool (minimum reduction of 25%[6]).

In case the Entry Conditions are met both at Group and Country/ Division level, the gate is "fully open", meaning the Bonus Pools may be fully confirmed or even increased (up to max 150%[6]), in case of a positive performance on the Risk and Financial sustainability dashboard.

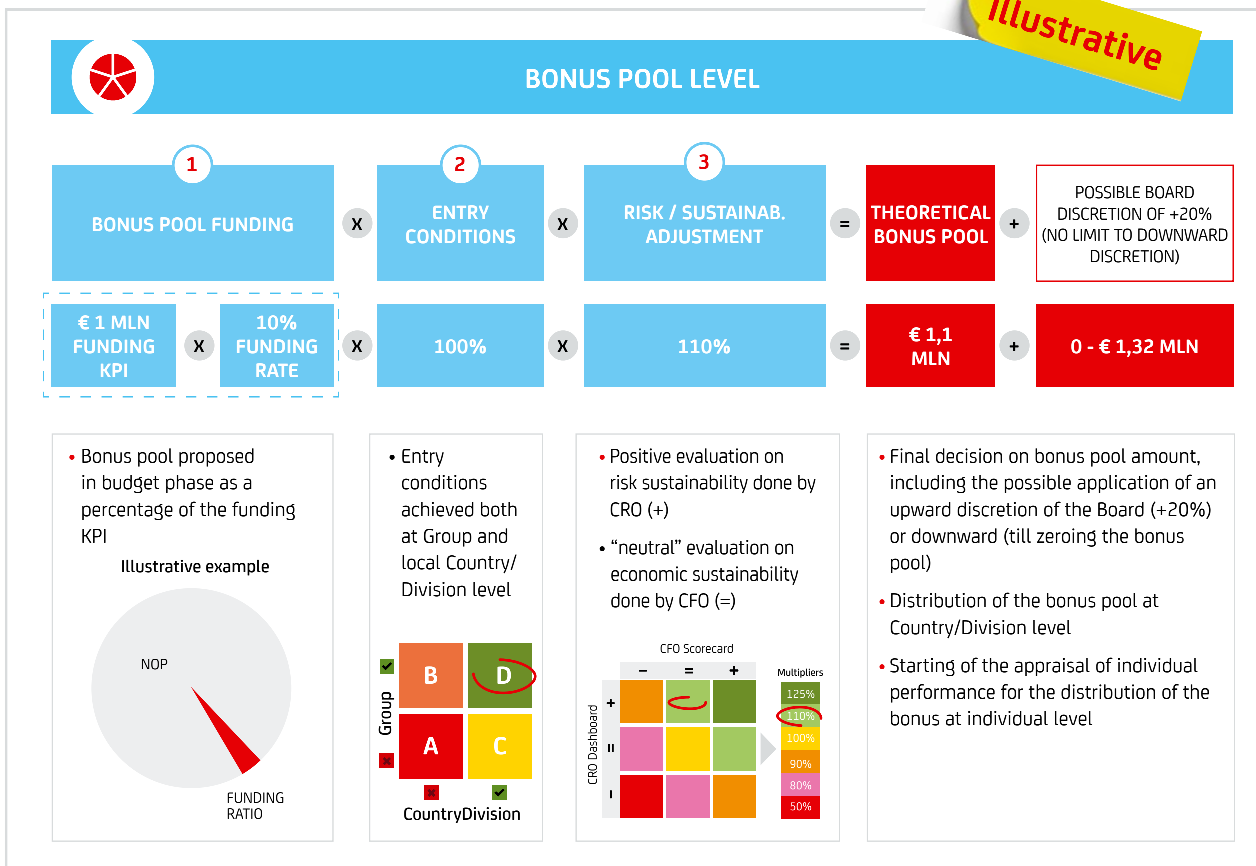
In any case, as requested by regulations as per Bank of Italy "Disposizioni", the final evaluation of Group sustainable performance parameters and the alignment between risk and remuneration will be assessed by the Remuneration Committee and defined under the governance and accountability of the Board of Directors.

The Board of Directors have the possibility to not take into account, when deciding bonus, balance sheet extraordinary items which do not impact operational performance, regulatory capital and liquidity (e.g. goodwill impairment).

Moreover, following potential changes in current regulations and/or in relation to potential extraordinary and/or unpredictable contingencies which can impact the Group, the company or the market in which it operates, the Board of Directors, having heard the opinion of the Remuneration Committee, maintains the right to amend the system and relevant rules, consistently with the overall setup approved by the Annual General Meeting.

It should be noted that since the introduction of the system based on the logic of the bonus pool, this power has never effectively been exercised.

EXAMPLE ON BONUS POOL DEFINITION



6 Maximum scenario achievable in case of positive CFO/CRO assessment and using all the Board of Directors' discretion to approve a bonus pool max +20% of the Theoretical one.

4. INDIVIDUAL ALLOCATION

- For each position of Identified staff population a specific "Reference Value" is defined which considers the internal and/or external benchmarking analysis on similar roles, the seniority, the maximum ratio between variable and fixed compensation as approved by Annual General Meeting. Such value is adjusted according the actual available bonus pool and represents the starting point for the individual bonus allocation.
- Individual bonus will be allocated managerially, considering the individual performance appraisal and the abovementioned Reference Value.
- Individual performance appraisal is based on 2016 performance screen: 4 individual goals (suggested max. 6) assigned during the performance year, selected from our catalogue of main key performance indicators (KPI Bluebook) and based on the UniCredit 5 Fundamentals of Group Competency Model[7]. All goals carry the same weight for evaluation purposes.
- Competencies and behaviors considered as relevant are taken into account by the manager for the overall performance appraisal. Further details in Paragraph 5.4.
- The goals appraisal system is based on a 1-5 rating scale with a descriptive outcome.

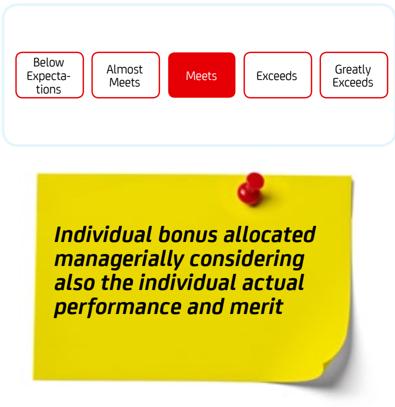
EXAMPLE OF 2016 PERFORMANCE SCREEN

#	CORE GOALS	PERIMETER	TARGET	LINK TO 5 FUNDAMENTALS
1	Goal 1 RISK ADJUSTED	Group	vs. budget	People & Business Development SD
2	Goal 2 RISK ADJUSTED	Group	vs.Risk Appetite Framework parameters	Risk Management SD
3	Goal 3	Group	vs qualitative assessment	Execution & Discipline SD
4	Goal 4	Group	vs. qualitative assessment	Client Obsession SD
5	Goal 5	Group	vs. budget	Cooperation & Synergies SD

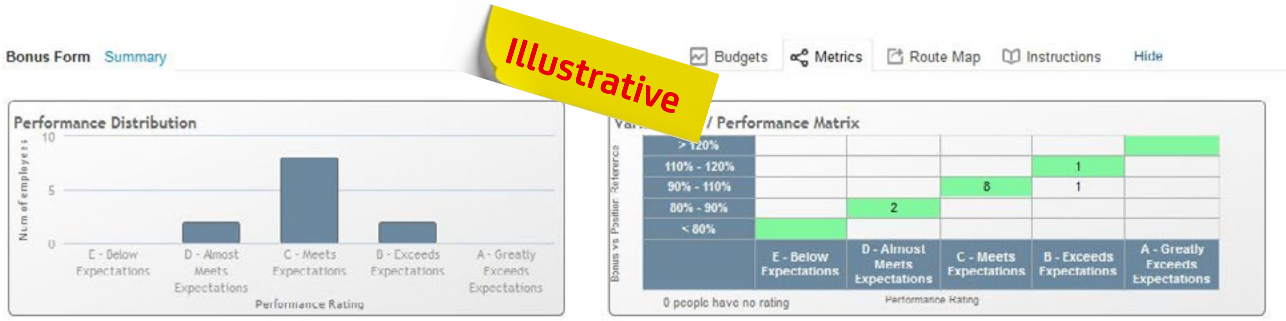
SD *sustainability drivers*

RISK ADJUSTED

EXAMPLE OF 2016 APPRAISAL



Particular attention is dedicated to the level of correlation between bonus proposed and actual performance both at the bonus proposal step and consolidation phase.



5. PAYOUT

- As approved by the Board of Directors of January, 13th 2016, with reference to payout structure, the Identified Staff population will be differentiated into two clusters, using a combined approach of banding and compensation:

1. for Executive Vice President (EVPs) and High Earner (with a bonus >= 500k) a deferral scheme of 5 years is applied, consisting in a payout structure of 6 years in total[8]
2. for Senior Vice President (SVPs) and other Identified Staff (with a bonus < 500k) a deferral scheme of 3 years is applied, consisting in a payout structure of 5 years in total.

- The payout of incentives will be done through upfront and deferred installments, in cash or in UniCredit ordinary shares, up to a 6-year period:
- in 2017 the first installment of the total incentive will be paid in cash in absence of any individual values / compliance breach[9]
- over the period 2018-2022 the remaining part of the overall incentive will be paid in cash and/or UniCredit ordinary shares; each further tranche will be subject to the application of the Zero Factor for the year of reference and in absence of any individual/values compliance breach[9].

Focus

REGULATORY REQUIREMENTS

- The payment structure of 2016 incentive system has been defined in line with the provisions included in the "Disposizioni" of Bank of Italy issued on November 2014:
  - 5-year deferral period maintained only for Top Management and specific key senior roles. In general a deferral period from 3 to 5 years is required, and the request for 5 years is limited to "high earners", Top Management and Heads of key business lines
  - minimum 50% of bonus to be allocated in shares or other financial instruments
  - minimum 40% of bonus to be paid out under a deferral period (minimum 60% for specific positions and particularly high amounts).
  - 2 years minimum retention period for the upfront shares and shorter retention period (1 year) for the deferred shares.

7 The Group Competency Model represents the framework in which the Executives are assessed within the Executive Development Plan process. The 5 Fundamental are: Client Obsession, Execution & Discipline, Cooperation and Synergies, Risk management, People and Business Development.

8 Including other direct reports to strategic supervisory, management and control bodies and other Identified staff as required by local regulation.
9 Considering also the gravity of any internal/external findings (i.e. Audit, Bank of Italy, Consob and/or analogous local authorities).

	2016	2017	2018	2019	2020	2021	2022
EVP & ABOVE & OTHER IDENTIFIED STAFF WITH BONUS >=500K	PERFORMANCE YEAR	20% UPFRONT CASH	10% DEFERRED CASH	20% UPFRONT SHARES	10% DEFERRED SHARES	10% DEFERRED SHARES	20% DEFERRED CASH 10% DEFERRED SHARES
SVP & OTHER IDENTIFIED STAFF WITH BONUS <500K	PERFORMANCE YEAR	30% UPFRONT CASH	10% DEFERRED CASH	30% UPFRONT SHARES	10% DEFERRED CASH 10% DEFERRED SHARES	10% DEFERRED SHARES	

- All the installments are subject to the application of claw-back conditions, as legally enforceable
- The number of shares to be allocated in the respective installments shall be defined in 2017, on the basis of the arithmetic mean of the official closing market price of UniCredit ordinary shares during the month preceding the Board to which the bonuses are submitted
- The payment structure has been defined in line with Bank of Italy provisions requiring a share retention period for upfront and deferred shares. In particular, the implementation of the share retention periods may be performed in line with the fiscal framework, as applicable at the relevant time in countries where the Group is present, either via the allocation of restricted shares or the promise of shares that will subsequently be allocated at the end of the intended retention period
- In line with national market practices, a minimum threshold will be introduced, below which no deferral mechanisms will be applied, accordingly with relevant regulatory indications
- 2016 Group incentive system provides for an expected impact on UniCredit share capital of approximately 0.41%, assuming that all free shares for employees have been distributed. The overall dilution for all other current outstanding Group equity-based plans equals 1.28%
- The beneficiaries cannot activate programs or agreements that specifically protect the value of unavailable financial instruments assigned within the incentive plans. Any form of coverage will be considered a violation of compliance rules and imply the consequences set out in the regulations, rules and procedures.

5.4 Comprehensive performance management

The 2016 Group Incentive System, described in the *paragraph 5.3*, is supported by an annual performance measurement framework assuring coherence, consistency and clarity of performance objectives with business strategy, while encouraging and rewarding desired behaviours and risk orientation.

Our performance management process ensures all Identified Staff know what is expected of them and includes a rigorous review of their goals achievements.

Starting from 2010, a specific process is performed annually with the involvement of key relevant functions (Human Resources, Strategy & Finance, Risk Management, Compliance, Group Sustainability, Audit, Group Stakeholder and Service Intelligence) to review the so-called KPI Bluebook.

The KPI Bluebook serves as the framework for the definition of KPI aligned to business strategy, compliant with regulatory requirements and consistent with UniCredit corporate values and Group Competency model. Therefore it supports the employees and their managers in the definition of individual Performance Screen.

KPI Bluebook includes a list of indicators certified at Group level, as well as specific guidelines related to:

- the use of risk-adjusted goal (e.g. select at least one KPI belonging to "Risk category" or related to risk management / risk – adjusted profitability)
- the use of sustainability objectives (e.g. at least half of the goals should be related to sustainability)
- the definition of the target of reference, in case objectives not included in certified list are selected(e.g . use clear and pre-defined parameters for future evaluation of performance)
- the selection of goals for the Company Control Functions, in order to ensure their independence (e.g. avoid KPI linked to economic measure).

The KPI Bluebook maps 4 categories of core drivers that include a list of goals (KPI Dashboard):

THE 4 CATEGORIES OF CORE DRIVERS

EXAMPLE OF KPIs UNDER EACH CATEGORY

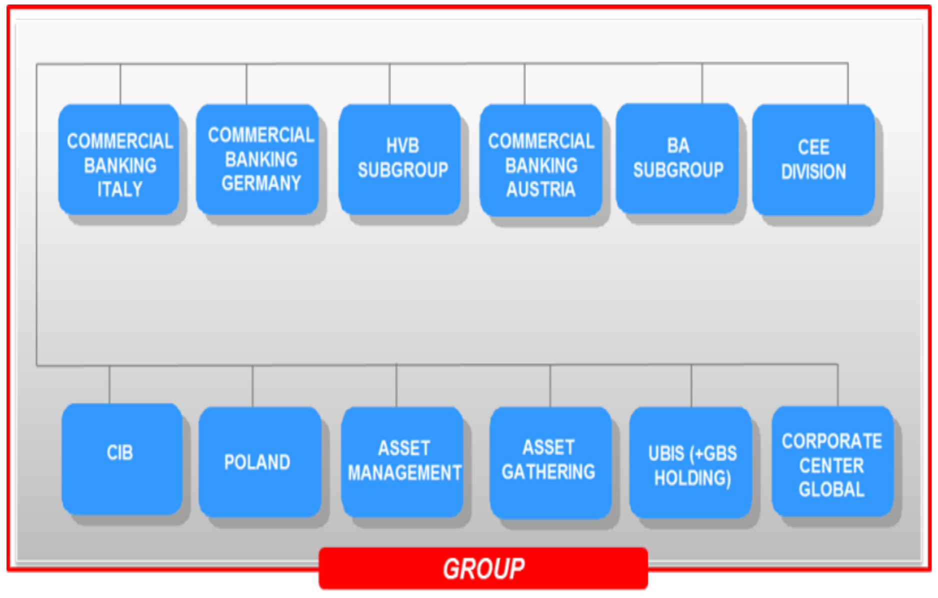
FINANCIAL & ECONOMICS
- Economic Profit
- Net Operating Profit
- Total Direct Cost

RISK
- Expected Loss%
- Coverage on impaired
- Reputation Risk Management effectiveness

CONTROLS (AUDIT & COMPLIANCE)
- Compliance Risk Assessment Completed
- Enhance Risk & Control Culture via Audit effectiveness
- Process performance and control - Critical / Major findings issued on own processes

OPERATIONAL & CLIENTS
Internal Service Quality Index
Reputation Index
People Engagement Index

The 4 categories represent financial and non-financial performance and are mapped into 12 clusters of business to help identifying the most relevant standardized KPIs (all certified by relevant functions) for each business, with specific focus on risk-adjusted, sustainability-driven metrics and economic measure.



Dict

Sustainability KPI are the goals that meet current needs without compromising the ability of the Company to generate profit in the future and which have an impact on the creation of medium / long-term value for one or more Stakeholders.

Focus on Stakeholder Value and KPI

The KPI Bluebook includes in the category "Operational & Clients" also sustainability indicators aiming at measuring client satisfaction, employees' engagement level, UniCredit reputation level and Succession Planning Index (further details on Reputation, External Customer Satisfaction and Internal Service Quality are included in the Sustainability Report published on UniCredit website).

REPUTATION

- **Definition:** analysis of UniCredit reputation and image, in order to understand the overall perception by the stakeholders Customers and Prospects, together with the drivers of awareness, familiarity, preference and brand advocacy
- **Listening methodology:** the assessment is run in the main Countries where the Group is operating, through a survey on both Retail and Corporate segments. Respondents are Customers of UniCredit Banks and of the main local competitors
- **Used indexes:** Reputation Index and Advocacy Index, evaluated against Peers and previous year
- **Supplier:** is Ipsos, an external research institute

CUSTOMER SATISFACTION

- **Definition:** analysis of perceived satisfaction by UniCredit Customers, in order to verify service levels provided by the Group Banks and the drivers of their satisfaction, even with regards to service levels provided by main competitors
- **Listening methodology:** the assessment is run in the main Countries where the Group operates, by phone and web interviews for the different Segments the Group services
- **Used indexes:** Customer Satisfaction Index, according to TRI*M methodology developed by TNS, evaluated against Peers and on locally defined thresholds
- **Supplier:** is TNS, an external research institute, together with local agencies, when necessary

INTERNAL SERVICE QUALITY

- **Definition:** analysis of perceived satisfaction by the Internal Customer, with regards to cooperation and service levels as provided by internal suppliers (internal functions and product factories), with the aim of simplifying and improving process effectiveness
- **Listening methodology:** the assessment is run in the main Group geographies, through a regular web survey on Employees who have used the services included in the survey scope
- **Used indexes:** Internal Customer Satisfaction Index, by TRI*M methodology, developed by TNS and evaluated against locally defined thresholds
- **Supplier** is TNS, an external research institute, together with local agencies, when necessary

PEOPLE ENGAGEMENT

- **Definition:** analysis of the company "climate" and of the "People engagement" (i.e. for the stakeholder Employee), in order to identify the drivers of motivation and satisfaction vis-à-vis the Company
- **Listening methodology:** the research is run for all Employees, and for all the Group companies, trough a recurring web survey
- **Used indexes:** Engagement Index, by a methodology in line with international best in class standards, and measured against Group-wide defined thresholds
- **Supplier:** of the technical platform is IBM, while the survey is run internally by the People Insight function

SUCCESSION PLANNING INDEX

Definition: The succession planning coverage ratio allowing to calculate the percentage of about. 125 Top Management Group positions for which a successor pipeline has been identified. The aim is to assure a sustainable leadership pipeline.

Methodology: The succession plan analysis follows a structured process based on Executive Development Plan (EDP) outcomes Provider: Internal. The Coverage Ratio is yearly shared with the Board of Directors at the end of the process

With reference to 2015, as shared with the Board of Directors, 92% of the strategic positions presents a formalized succession plan.

EDP AT A GLANCE

EDP is the Group Management Review process which allows to plan, manage and develop the Group Leadership pipeline:

- ~ **5.000** Executives involved
- **Local EDP sessions** to discuss all the position in EDP
- **The Top Management positions** subject to the discussion with the Chief Executive Officer

2016 Performance Screen for Chief Executive Officer

2016 goals defined and approved by UniCredit Board of Directors as the core drivers of performance for UniCredit CEO include objectives linked to Group profitability, with particular focus on risk, consistency with Risk Appetite Framework and sustainability. For 2016 a specific KPI has been introduced, with reference to "Tone from the top" related to integrity towards conduct principles and spread of compliance culture among the organization.

All goals carry the same weight for evaluation purposes.

CEO

#	OBIETTIVO	PERIMETRO	TARGET	LINK CON I 5 FUNDAMENTALS	
1	Economic Profit (EVA) RISK ADJUSTED	Group	delta y/y VS. delta on budget	People & Business Development	SD
2	Stay within Risk Appetite Framework RISK ADJUSTED	Group	VS. RAF target	Risk Management	SD
3	Common Equity Tier 1 ratio fully loaded RISK ADJUSTED	Group	VS. budget	Execution & Discipline	SD
4	GOP / RWA RISK ADJUSTED	Group	VS. budget	People & Business Development	SD
5	Stakeholder Value: • Customer satisfaction (TRI*M external) • People Engagement • Reputation	Group	VS. qualitative assessment based on ad hoc reports	Client Obsession	SD
6	Execution of strategic plan	Group	VS. qualitative assessment with a specific focus on: • Group simplification (inorganic actions) • Group revenues increase & cost reduction initiatives • Digital Agenda	Execution & Discipline	SD
7	Tone from the top on conduct and compliance culture, also coherent with FSB guidelines	Group	VS. qualitative assessment, considering: • initiatives aimed at promoting staff integrity towards internal/external conduct principles • the overall status of findings or proceedings in place (internal or external) considering the trend, type, severity and the timely completion of the related remediation actions	Risk Management	SD

Note: Figures for reference target indicates as "vs budget" should be meant as the yearly target ambition that will be approved by the Board time by time.

SD Sustainability Drivers.

Figures for reference target indicated as "vs budget" should be meant as the yearly target ambition that will be approved by the Board of Directors from time to time.

For the rest of Group Top and Senior Management, KPI representing profitability and risk management are reflected also in their Performance Screens, with differences given by the perimeter of reference and the relevant activities.

6. Group employee share ownership plan

UniCredit affirms the value of share ownership as a valuable tool for enabling the engagement, affiliation and alignment of interests among shareholders, management and the overall employee population.

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. So far, more than 10,000 individuals have participated in “Let’s Share” from 14 countries overall: Austria, Bulgaria, Czech Republic, France, Germany, Hong Kong, Hungary, Italy, Luxembourg, Poland, Romania, Serbia, Slovakia and the United Kingdom.

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.

Subject to Annual General Meeting approval, we continue to seek possibilities for increasing the number of participating countries, taking into account any local legal, fiscal and operational constraints.

7. Compensation data

7.1 Remuneration outcomes

Population (as at 31/12/2015)	Num.	Fix	Variable 2015				Deferred Variable from previous exercises				Variable paid in 2015 from previous exercises	
			Upfront		Deferred		Vested in 2015		Un-Vested			
			€	Shares	€	Shares(1)	€	Shares	€	Shares	€	Shares
CEO	1	2,000	440	0	660	1,100	330	934	330	577	440	1,781
Other executive Directors	0	0	0	0	0	0	0	0	0	0	0	0
Non executive Directors	24	4,732	0	0	0	0	0	0	0	0	0	0
General Manager	1	1,301	200	0	300	500	150	0	150	262	200	0
Deputy General Manager & SEVP	15	13,155	2,585	0	3,878	6,463	2,697	2,568	2,539	5,823	4,093	3,510
EVP	116	46,551	9,819	0	11,660	19,697	8,875	13,369	7,666	20,985	15,262	14,399
SVP	464	99,569	18,384	0	14,804	27,432	8,594	18,321	7,833	25,283	30,963	19,643
Other relavant staff	462	87,474	17,911	0	8,505	20,884	4,394	8,705	4,079	14,141	22,514	8,869

The vested component 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 2012, 2014 and, if present, to other forms of variable remuneration.
- The vested components in shares refer to Group Incentive Systems 2012, 2013 and, if present, to other forms of variable remuneration.

The unvested component 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 2013, 2014 and, if present, to other forms of variable remuneration.
- The unvested components in shares refer to Group Incentive Systems 2012, 2013, 2014 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 capital increase on share-based plan execution on March 2, 2016.

Variable remuneration paid in 2015 from previous exercises includes payouts based on demonstrated multi-year performance achievements related to Group Incentive Systems plans and, if present, to other forms of variable remuneration.

All stock options granted under existing Group LTI plans represent zero gain for the beneficiaries as long as the entry conditions will not allow the exercise.

(1) 2015 deferred variable in shares does not include the LTI Plan 2015-2018 for the Top Management that provides, in alignment with the UniCredit Strategic Plan, a 4-year performance period and 2 possible awards in 2017 and 2019

During 2015, it was awarded to 44 beneficiaries a total remuneration equal to or greater than 1 million Euros. In particular:

Mln, €

TOTAL COMPENSATION (TC)	N° IDENTIFIED STAFF
1 ≤ TC < 1,5 Mln	25
1,5 ≤ TC < 2 Mln	7
2 ≤ TC < 2,5 Mln	5
2,5 ≤ TC < 3 Mln	5
3 ≤ TC < 3,5 Mln	1
3,5 ≤ TC < 4 Mln	-
4 ≤ TC < 4,5 Mln	1
4,5 ≤ TC < 5 Mln	-
TC ≥ 5 Mln	-

Severance and sign-on payments paid during the financial year to 36 Identified Staff amounted to Euro 27,541,709 (the highest severance paid to a single person was equal to Euro 5,393,691). The payments were determined in line with Group Policy guidelines and relevant legal and contractual framework.

The total compensation costs at Group level amounted at Euro 8,339 million in 2015, out of which the variable compensation pool amounted Euro 732 million.

7.2 Remuneration policy

GROUP EMPLOYEE POPULATION	COMPENSATION PAY-MIX	
	FIXED AND OTHER NON-PERFORMANCE RELATED PAY	VARIABLE PERFORMANCE-RELATED PAY
NON-EXECUTIVE DIRECTORS		
Chairman and Vice-Chairmen	100%	
Directors	100%	
Statutory Auditors	100%	
GROUP EMPLOYEE POPULATION		
Business Areas(1)	88%	12%
Corporate center / Support functions(2)	90%	10%
Overall Group Total	88%	12%

(1) Commercial Banking Italy (excluding the local Corporate Centre), Commercial Banking Germany (excluding the local Corporate Centre), Commercial Banking Austria (excluding the local Corporate Centre), Poland (excluding the local Corporate Centre), Corporate & Investment Banking (excluding the governance functions), Asset Management, Asset Gathering, CEE Division, Non-Core
(2) Corporate Center Global, Global banking Services, the governance functions in CIB and the local Corporate Centres in Italy, Germany, Austria and Poland

Total compensation policy for non-Executive Directors, Group Identified Staff and for the overall Group employee population demonstrates in particular how:

- remuneration of the non-Executive Directors, as approved by the AGM, does not include variable performance-related pay
- variable remuneration for Group Identified Staff is in line with their strategic role, regulatory requirements and our *pay for performance* culture
- the general employee population is offered a balanced pay-mix in line with the role, scope and business or market context of reference.

In line with Capital Requirements Directive (CRD IV) a specific limit to the ratio of the variable and fix component of the compensation has been established.

7.3 Benefit data

Our employees enjoy welfare, healthcare and life balance benefits that supplement social security plans with minimum contractual requirements. These benefits are intended to provide substantial guarantees for the well-being of staff and their family members during their active careers as well as in retirement.

In Italy, among the complementary pension plans, there are both defined performance funds (whose performances, which come to fruition once the retirement requirements are reached, are known in advance as they are set by the fund statute) and defined contribution plans (whose performances depend on the results of the asset management).

Complementary pension plans can also be classified as external or internal pension funds, where external funds are legally autonomous from the Group, while internal funds are accounting items entered into UniCredit S.p.A.'s balance sheet, whose creditor counterparts are the employees enrolled (both active and retired).
Both these categories are closed and, as such, they do not allow new subscriptions. The only exception is represented by the individual capitalization section of the *"Fondo Pensione per il Personale delle Aziende del Gruppo UniCredit"*. Within this section (which confirmed approximately 35.000 enrolled active employees in 2015 – for details please refer to the Fund Annual Report) subscribers can distribute their contribution - depending on their own risk appetite - among four investment lines (Insurance, Short, Medium and Long Term) characterized by different risk/yield ratios. In addition, the enrolled employees may open complementary pension plan positions for their family members for tax purposes.

Moreover, in most countries where UniCredit is present, retirement plans are available for the employees.
More details and information can be found in our Sustainability Report and the relevant Supplement.