

Disclosure of UniCredit Bank AG's Remuneration Policy

Disclosure report pursuant to (EU)
Regulation 575/2013 as at
31 December 2019

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1 INTRODUCTION AND BRIEF OVERVIEW OF REGULATORY DEVELOPMENT

1.1 Introduction

UniCredit Bank AG is obliged to publish information on its remuneration policy, remuneration systems as well as remuneration paid to Risk Takers in accordance with Article 450 of the Capital Requirements Regulation (CRR), read in conjunction with Section 16 of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung/IVV).

The remuneration policy of UniCredit Bank AG is influenced by national and international regulatory requirements and laws. In addition, the interests of customers and the shareholder rank first and foremost regarding all actions and determine the orientation of the remuneration systems. Employee remuneration is geared to fair payment in conformity with market conditions and performance factors. In the process, flexibility of personnel expenses must be ensured in order to avoid risks regarding the Bank's financial situation.

Being a fully consolidated subsidiary of UniCredit S.p.A. (UniCredit), UniCredit Bank AG applies the remuneration principles (Group Compensation Policy) applicable to UniCredit and all its subordinated companies (UniCredit Group). UniCredit Bank AG has adopted these principles subject to adjustments in the light of the applicable local regulatory and statutory requirements.

1.2 Disclosure obligations

The disclosure obligations on remuneration policy pursuant to Section 16 (1) of the Remuneration Ordinance for Institutions (IVV) for UniCredit Bank AG as a CRR credit institution are exclusively governed by Article 450 of (EU) Regulation No. 575/2013 (CRR). **Qualitative disclosure** comprises the following points (Article 450 (1) a) - f) CRR) for categories of employees whose activities have a material impact on the risk profile (Risk Takers):

- Information on the decision-making process that leads to the definition of remuneration policy as well as on the number of meetings held by the main body responsible for remuneration supervision during the financial year, if applicable including information on the membership and mandate of a remuneration committee, on the external consultant whose services were utilized in defining remuneration policy, and on the role of the decisive stakeholders,
- Information on the correlation between remuneration and success,
- the key structural features of the remuneration system, including information on the criteria of performance assessment and risk exposure; strategy for accruals of remuneration payments; definition of entitlement criteria,
- the values defined pursuant to Article 94 para. 1 letter g of Regulation 2013/36/EU for the ratio between the fixed and variable remuneration component,
- Information on the success criteria according to which decisions are made concerning the entitlement to shares, options or variable remuneration components,
- the key parameters and justifications for systems providing for variable components and other non-cash benefits in kind.

Quantitative disclosure comprises the following points:

- summarized quantitative statements on remuneration for all employees, broken down into business segments,
- summarized quantitative statements on remuneration, broken down into management bodies and employees whose activities exert a material influence on the risk profile of the institution, including the following:
 - (i) the remuneration amounts for the financial year, broken down into fixed and variable remuneration, as well as the number of recipients,
 - (ii) the amounts and forms of variable remuneration, broken down into cash, shares, share-related and other types of instruments,
 - (iii) the amounts of the outstanding remuneration deferred, broken down into vested and not yet vested entitlements,
 - (iv) the amounts of remuneration withheld that were granted, disbursed or reduced on account of performance adjustments during the financial year,
 - (v) new recruitment bonuses and severance pay disbursed during the financial year as well as the number of recipients of such payments,
 - (vi) the amounts of severance pay granted during the financial year, the number of recipients and the highest such amount awarded to an individual person,

- the number of persons whose remuneration in the financial year amounts to € 1 million or more, broken down into remuneration stages of € 500,000 in the case of remuneration payments ranging from € 1 million to € 5 million and broken down into remuneration stages of € 1 million for remuneration payments of € 5 million and more,
- if requested by the member state or the competent public authority, the total remuneration of each member of the management body.

1.3 Overview of regulatory developments

Owing to the financial markets crisis, the subject of remuneration has moved to center stage in the financial services industry. Based on the development of standards in 2009 by the Financial Stability Board (FSB) on remuneration practices in the finance industry, the second amendment directive of the Capital Requirements Directive (CRD III) was adopted in the year 2010. In parallel, the Committee of European Banking Supervisors prepared what are termed CEBS Guidelines for the establishment of risk-adequate remuneration systems.

In October 2010, the law concerning the regulatory requirements of the Remuneration Ordinance for Institutions (IVV) took account of the international regulation standards of the FSB as well as the parameters laid down in CRD III and was implemented in Germany for the first time.

The banking regulatory parameters for remuneration systems of institutions were additionally tightened in 2013 with the adoption of the CRD IV package, consisting of a CRR directive to be directly implemented (575/2013) and a CRD IV directive also to be transposed into national law (EU Directive 2013/36/EU). The main section of the remuneration directives is part of CRD IV, implemented by means of the CRD IV Implementation Act into the German Banking Act (KWG), followed by implementation into German law as at 01 January 2014 with the amendment of the Remuneration Ordinance for Institutions. In particular, this version of the Remuneration Ordinance for Institutions contained additional parameters on Section 25a of the German Banking Act (KWG).

In order to standardize regulatory practice, CRD IV gave the European Banking Authority (EBA) the mandate to address certain requirements relating to remuneration systems using regulatory technical standards (EBA RTS), which are currently regulated in the Commission Delegated Regulation 604/2014. These are legally binding and have the status of directly applicable law within the EU (cf. *Section 5* of this report).

Moreover, the EBA published "Guidelines on sound remuneration policies under Articles 74(39) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013" (**EBA/GL/2015/22**) on 21 December 2015. These replaced the previously valid CEBS guidelines. The EBA guidelines have been transposed into national law by BaFin on 25 July 2017 by an ordinance amending the IVV. This was followed by an adaptation and extension of the supplementing Guideline to the IVV, issued on 15 February 2018 and the updated ordinance on 15 April 2019.

Through the Brexit Tax Accompanying Act (Brexit-StBG) on tax and other regulations accompanying the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union, that came into force on 29 March 2019, an amendment was made to the German Banking Act (KWG). In this context, the definitions contained in Sections 17 and 18 (2) of the IVV were transferred to Section 25a KWG.

The European Banking Authority (EBA) published on 18 June 2020 its final draft Regulatory Technical Standards (RTS) on the criteria to identify all categories of staff whose professional activities have a material impact on the institution's risk profile (so called "risk takers"). The Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards shall be repealed for credit institutions, with effect from 28 December 2020.

2 2019 REMUNERATION POLICY AT UNICREDIT BANK AG

As UniCredit Bank AG is an affiliate of UniCredit, its remuneration policy is based to a decisive degree on the parameters laid down within the UniCredit Group. The remuneration principles are defined Group-wide in the Group Compensation Policy. Observance of local statutory/regulatory requirements (Remuneration Ordinance for Institutions etc.) of relevance for UniCredit Bank AG and its relevant subsidiaries is safeguarded by means of appropriate adjustments included in UniCredit Bank AG's Group Compensation Policy. Each year, the Management Board of UniCredit Bank AG approves this Group-wide remuneration strategy as a basis for remuneration within UniCredit Bank AG and all subsidiaries (HVB Group). The Group Compensation Policy was adopted by the Management Board on 2 July 2019 (and by the Supervisory Board on 1 August 2019), after which it was rolled out at the foreign branches and relevant subsidiaries.

2.1 Correlation between remuneration and success

Ethical behavior and sustained performance are basic principles and main pillars of UniCredit Group's Group Compensation Policy, serving to ensure both competitiveness and effectiveness of remuneration as well as transparency and internal fairness. Those principles contain the following aspects:

- 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

The principle of sustainable remuneration for sustainable performance is an incentive to set conclusive standards for the mechanisms by means of which their remuneration levels and disbursements are defined (sustainable remuneration). The same applies to results and modes of conduct for which incentives are to be offered (sustainable performance). The incentive systems at all organizational levels contributed towards sustainability of UniCredit Group by adjusting individual objectives and modes of conduct to the common, long-term mission statement.

Remuneration is considered sustainable in particular if there is direct correlation between remuneration and performance and if rewards are consistent with long-term stakeholder value creation. The mechanisms by which compensation levels and disbursements are determined within the UniCredit Group are based on the **following principles**:

- **Well-balanced overall remuneration structure:** in line with the applicable regulations, particular attention is paid avoiding disequilibrium towards variable compensation which may induce forms of behavior not aligned with UniCredit Group's sustainable business results and risk tolerance;
- **Direct correlation between pay and performance:** adjustment of the payout level to the risk and capital cost related profitability of the Company as a whole and establishment of a flexible incentive system such as management of payout levels, taking account of UniCredit Group as a whole, country/division results and individual work performance. This enables a performance-oriented approach to be followed with variable compensation geared to results;
- **Perception of performance across a number of years:** care is taken to ensure that pay-outs develop in the same direction as sustainable profitability in the course of time: the disbursement of performance-oriented incentives in accordance with regulatory requirements is simultaneously split up in such a manner as to ensure that they correlate as far as possible with the timeframe of the risks of this success. In the process, claw-back actions are considered to be legally enforceable on any performance-based incentive paid out on the basis of assumptions subsequently proved to be erroneous;
- **Incentive systems correspond to organizational procedures as well as behavior and appearance for which a bonus is granted:** incorporation of contractual regulations on the forfeiture or appropriate reduction of bonuses in the event of inappropriate behaviors or disciplinary measures. The initiation of steps due to unlawful behavior or misconduct of the employee, in particular in connection with taking risks, sales processes of bank or finance products and services or breach of an internal code of conduct or values are taken into account at the time of disbursement and may lead to a corresponding reduction or complete forfeiture of the bonus.

Performance is considered sustainable to the extent that it contributes to the achievement of UniCredit Group's mission over time, to the creation of long-term value for all stakeholders and to the enhancement of the Group's reputation, in adherence to the Integrity Charter Values. Sustainable performance refers to actual results achieved (the "what" of performance) and the means by which they are achieved (the "how" of performance):

- **Measurement of performance adjusted to the interests of shareholders and company-wide risk-adjusted profitability:** creation of a correlation between annual goals set and sustainable, risk-adjusted value added as well as perception of performance based on annual results and under the aspect of their longer-term consequences; inclusion of perceptions regarding the effects of the return of the individual / the business unit to the total value of the business groups used and the organization as a whole;
- **Solid risk management practices:** the incentive systems may not in any way result in risks being taken beyond UniCredit Group's strategic risk tolerance. In particular, these are in conformity with the Risk Appetite Framework ("RAF"); the performance appraisal takes account of the risk-adjusted yield or return;
- **Multi-perspective view of sustainable performance results and quality:** maintenance of an adequate mix of financial and non-financial (quantitative as well as qualitative) performance goals. Absolute and relative benchmarks for performance achievement are used if suitable and of relevance.

2.2 Derivation of goals from the business strategy and the risk strategy

The remuneration systems including the parameters and remuneration strategy are geared to the achievement of the objectives enshrined in the business and risk strategies of UniCredit Bank AG. In this context, the remuneration parameters are geared to the strategies and support the achievement of the strategic objectives (Section 4 of the Remuneration Ordinance for Institutions).

The strategy comprises the definition of medium- and long-term goals of the company, its business policy and guidelines as well as the means of achieving these objectives. Taking account of AT 4.2. item 4 of MaRisk, the management has set up a strategy process that extends above all to include the process stages of planning, implementation, assessment and adjustment of the business strategy and risk strategy.

The management has also defined a sustainable business strategy and a risk strategy that is consistent with this and the resulting risks (AT 4.2. items 1 and 2 of MaRisk). In fixing and adjusting the business strategy, both external and internal influential factors were taken into consideration (AT 4.2 item 1 of MaRisk). This business strategy is regularly reviewed and, if necessary, adjusted.

Competitive remuneration and remuneration systems are a key element of strategic HR work for UniCredit Bank AG. The remuneration paid by UniCredit Bank AG is embedded in UniCredit Group's remuneration strategy and is also implemented within the UniCredit Bank AG subsidiaries. It is structured as a management instrument to support the strategic objectives and their achievement:

- **The business strategy and risk strategy of UniCredit Bank AG** are operationalised by the strategic KPI set (key performance indicators, KPI) as well as the "HVB Group Risk Appetite Framework" (RAF). Individual goals are defined on the basis of the parameters included in the strategic KPI set as well as other KPIs that are determined and published annually at the UniCredit Group level and included in the "KPI Bluebook". In the process, specific KPIs are defined for each business division. At least half of the goals defined should be based on sustainability objectives.

In addition, the "**5 Fundamentals**" (**Customers First, People Development, Cooperation & Synergies, Risk Management, Execution & Discipline**) from the UniCredit Competency Model are used as a guide for defining goals and assessing performance and potential. The 5 Fundamentals are relevant for assessing employees' strengths and fields of development within the UPM population (UniCredit Performance Management). The strengths and development fields are assigned to the 5 Fundamentals. In the case of the EDP population (Executive Development Plan), each goal defined must be assigned to one of the 5 Fundamentals. For this purpose, the fundamental that is to be expanded for this employee with the corresponding goal is selected. Accordingly, the incentive effect in the remuneration system contributes towards achieving the business strategy as well as the risk strategy goals.

- The "**HVB Group Risk Appetite Framework**" defines parameters for the following categories: "Pillar I KPIs", "Managerial KPIs", and "Specific Risk KPIs". Targets, triggers and limits are defined for these parameters in line with the business strategy.
- **Multi-year planning with regard to the risk-bearing capacity of UniCredit Bank AG** extends across a multi-year period in line with the time horizon defined for the yearly bankwide planning and budgeting process. This also corresponds to the deferral period as part of the remuneration process for the Management Board as well as for Risk Takers who are part of Senior Management (Senior Vice Presidents & Executive Vice Presidents (SVPs & EVPs)) in direct reporting line to the Management Board.

The **business strategy and the risk strategy** are reviewed and, if necessary, revised during the annual planning process. If any changes are made to the strategies over the previous year, a check is performed to determine whether they necessitate any adjustments to the remuneration strategy.

The extent of the total amount of variable remuneration (the "bonus pool") is essentially determined by "Entry Conditions" that need to be met as a minimum requirement in terms of profitability, capital and liquidity. For 2019, these particularly include Net Operating Profit adjusted, Net Profit, Common Equity Tier 1 Ratio Fully Loaded, Liquidity Coverage Ratio and Net Stable Funding Ratio of UniCredit Group and HVB Group. This ensures observance of Section 7 of the Remuneration Ordinance for Institutions (cf. *Section 4*). To supplement this, further results are also taken into account from the risk dashboards in the determination of the bonus pool.

The use of the control instruments specified above (cf. strategic KPI set) safeguards the correlation between the strategy of UniCredit Bank AG and the goals for employees. The link between the business strategy and the risk strategy on the one hand and the remuneration strategy on the other has been implemented by HR through the close integration of the CEO, CFO and CRO units and is controlled by HR annually.

3 CONTROL BODIES FOR REMUNERATION AT UNICREDIT BANK AG

3.1 Remuneration Officer

Pursuant to Sections 23 and 24 of the Remuneration Ordinance for Institutions of 16 December 2013, major institutions must ensure appropriate, permanent and effective monitoring of the remuneration of their employees. To this end, a **Remuneration Officer and a qualified delegate** are to be appointed. Effective as of 1 April 2014, UniCredit Bank AG appointed a Remuneration Officer and, effective as of 1 June 2014, a deputy Remuneration Officer.

3.2 Remuneration Control Committee

UniCredit Bank AG has set up a Remuneration Control Committee in accordance with Section 25d (12) of the German Banking Act (KWG), read in conjunction with Section 25d (7) KWG. The Supervisory Board of UniCredit Bank AG has elected from its own number the members of the Remuneration Control Committee in accordance with Section 25d (7) Sentence 1. The Remuneration Control Committee met a total of four times in 2019 in addition to a joint meeting with the Risk Committee.

The **Remuneration Control Committee (RCC)** of UniCredit Bank AG:

- **monitors** the appropriate structure of the remuneration systems for the Management Board and employees and in particular the appropriate structure of the remuneration of the head of the risk controlling function (= CRO at UniCredit Bank AG) and the head of the compliance function as well as employees with a material influence on the overall risk profile of the institution ("Risk Taker"). The RCC supports the Supervisory Board in monitoring the appropriate structure of the remuneration system for the Management Board and for employees; in doing so, it must consider the effects of the remuneration systems on risk, capital and liquidity management;
- **prepares the resolutions** of the Supervisory Board on the remuneration of the Management Board; in doing so, it particularly takes account of the impacts of the resolutions on the Bank's risks and risk management. The long-term interests of the shareholder, investors, other stakeholders and the general public must be duly taken into consideration;
- **supports** the Supervisory Board in monitoring the proper inclusion of the internal control department and all other relevant areas in the planning of the remuneration systems.

3.3 Remuneration Round Table (RRT)

To institutionalize the integration and coordination processes between all control and relevant Corporate Center Units, a "Remuneration Round Table" has been initiated. It is composed of members of the Human Resources organizational units, the Remuneration Officer, the control functions as well as other relevant areas like Legal Function or Corporate Strategy.

The RRT is held at regular intervals or on an ad-hoc basis and discusses current remuneration-relevant processes, such as remuneration strategy, the Group Incentive System, Risk Taker Analysis, the KPI set as well as business strategy and risk strategy, the bonus pool process, performance management, procedures in response to breaches, etc.

4 BONUS PROCESS AT UNICREDIT BANK AG

The total amount of variable remuneration at UniCredit Bank AG is based on sustainable, risk-adjusted corporate success. As a first step, assumptions for a total bonus budget on achieving the quantitative and qualitative corporate objectives are already made and adopted at the time of preparing the annual planning activities. This total bonus budget also includes the subsidiaries.

In the process, the total amount of variable remuneration is initially based on a ratio to a defined earnings dimension. At the same time, the following regulatory requirements are taken into consideration:

- The parameters according to which the total amount is determined are based on the business strategy geared to sustainable development of the institution and the risk strategies derived from this business strategy (cf. Section 4 of the Remuneration Ordinance for Institutions);
- At the same time, the following regulatory requirements of Section 7 of Remuneration Ordinance for Institutions are observed: risk-bearing capacity, multi-year capital planning and performance of the institution, the permanent maintenance of appropriate equity and liquidity resources and permanent maintenance of the capital buffer in accordance with Section 10 i of the German Banking Act.

During the year, the expected size of the bonus pool is reviewed as part of the forecast process depending on trends in the relevant income, financial and risk parameters.

The basis for forming provisions is the bonus structure of the various compensation plans, taking into account deferred compensation elements and their respective maturities. Under IFRS 2, share-based payments must be included in the annual financial statements as of the date on which they were granted. In this connection, each individual bonus instalment is deferred on a pro-rated basis over the vesting period.

Accordingly, as further requirements for the extent of the bonus pool, specific criteria are defined as "Entry Conditions" and supplementary additional KPIs are included in the assessment as part of the "Performance & Risk Dashboard". This takes place both at the time of the budget fixing and when the final bonus pool is defined. The following minimum Entry Conditions must be met as at 31 December 2019 with regard to profitability, capital and liquidity:

- Net Operating Profit Adjusted ≥ 0 , and
- Net Profit ≥ 0 , and
- Common Equity Tier 1 Ratio Fully Loaded $> 11.05\%$, and
- Liquidity Coverage Ratio > 2019 RAF "limit" (101%), and
- Net Stable Funding Ratio > 2019 RAF "limit" (96%).

The total amount of variable remuneration is determined as a next step for the three main segments. For the individual **sub-pools** arising in the process, bonus values are proposed in accordance with the differentiated development of results of the respective segments. In this way, possible differences in the development of results of sub-segments are duly taken into account. In the process, the following three sub-segments were analysed:

- Commercial Banking
- Corporate & Investment Banking
- Corporate Functions (Management Board, Group Corporate Centre, Global Banking Services)

A decision on the final bonus budget distribution to the segments specified above is made by the full Management Board, depending on the success achieved, and the final bonus budget distribution is subsequently discussed by the Committee on Economic Affairs (Wirtschaftsausschuss). The decisions on the pools of the subsidiaries are implemented via the respective regulatory bodies.

In accordance with regulatory governance parameters, final approval is ultimately obtained by other bodies on the total amount of the variable remuneration. In this connection, the RCC and also the Supervisory Board of UniCredit Bank AG particularly determine the appropriateness of the total amount of variable remuneration pursuant to Section 15 of the Remuneration Ordinance for Institutions, read in conjunction with Section 25d of the German Banking Act.

Next, the individual bonus is fixed based, on the one hand, on the individual performance appraisal and, on the other, on the extent of the reference bonus defined.

5 ANALYSIS OF RISK TAKER (“IDENTIFIED STAFF”) 2019

On 6 June 2014 the European Commission published a technical regulation standard (Delegated Regulation (EU) No. 604/2014) on the identification of **Risk Takers (Identified Staff)**, which came into force on 26 June 2014. This applies to employees who, based on defined quantitative and qualitative criteria of Commission Delegated Regulation 604/2014 and on account of their activities, exert a substantial influence on the overall risk profile of the institution. The **qualitative criteria** depend on the function of the Risk Taker, whereas the **quantitative criteria** refer to the total remuneration.

After carrying out a risk analysis to determine the material Risk Takers (“Identified Staff”) for 2019, a total of 466¹ material Risk Takers (2018: 524 Risk Takers) were identified at UniCredit Bank AG (including subsidiaries).

Due to organizational adjustments as well as changes at the employee level, the number of intra-year Risk Takers may vary. In principle, identification as a Risk Taker applies for a full year, even if the underlying criterion for identification ceases to apply in the course of the year.

6 REMUNERATION SYSTEMS IN 2019 AND OUTLOOK FOR 2020

The remuneration systems at UniCredit Bank AG are essentially based on the system “13+1”. For by far the majority of employees, this means that 13 monthly salaries are fixed, with a variable salary component being paid depending on the corporate success and the personal level of goal achievement. The reference value for this variable salary component is one month's salary in principle. Employees in the Corporate & Investment Banking (CIB) division as well as managers at the level of First Vice President and higher are predominantly remunerated differently from this system using a “12+x approach”. For this purpose, 12 fixed monthly salary payments are made. The variable salary component for these employees also depends on the success of UniCredit Bank AG, the performance of the employee and the relevant market benchmarks.

6.1 Management Board and Top Management 2019

The remuneration system for Top Management (Senior Executive Vice President („SEVP“), Executive Vice President, “EVP” / Senior Vice President, “SVP”), fundamentally also consists of a fixed salary (12 gross monthly salary payments per year) and variable remuneration.

Variable remuneration

The variable remuneration can amount up to a maximum of double the annual fixed compensation for Executives in business functions. For Management Board Members responsible for CFO, CRO and COO, the annual variable remuneration cannot exceed 100% of the annual fixed compensation. For non-business functions, a maximum ratio between the components of remuneration equal to 1:1 is usually adopted. Other rules apply to employees in control functions (cf. *Section 6.6*).

In general, the variable compensation comprises a Short Term Incentive (STI) and – additionally starting from 2017 – a Long Term Incentive (LTI):

6.1.1 Short Term Incentive (STI)

All Management Board members and members of Top Management are entitled to receive a Short Term Incentive for the financial year 2019 that has been approved in 2020.

The STI bonus amount determined each year is based on the relevant market benchmarks in the respective working environment, and depends on the results of the HVB Group, the UniCredit Group, the individual reference value of the Management Board Member / senior manager in question and the individual performance achieved in the period under review. The variable remuneration for the **Management Board** is determined by the **Supervisory Board** of UniCredit Bank AG subject to prior consultation with the Remuneration Control Committee and the variable remuneration for **Top Management** by the **Management Board** of UniCredit Bank AG. The determination of the variable remuneration for the members of the Management Board is predominantly based on a multi-year assessment period.

Individual performance is measured and assessed annually through a formal appraisal process. The individual bonus is also reassessed each year on the basis of this appraisal and may therefore vary from year to year. The achievement of goals is measured on the basis of at around 6 goals (min 5 – max 8), around half of which are sustainable goals.

¹ As of 15 January 2019

The **Entry Conditions** apply to the grant of a bonus as well as of deferred bonus components that were approved in the past:

UniCredit Group 2019	HVB Group 2019
Net Operating Profit (NOP) adjusted ² >= 0, and	Net Operating Profit (NOP) adjusted ² >= 0, and
Net Profit ² ≥ 0, and	Net Profit ² ≥ 0, and
Common Equity Tier 1 Fully Loaded > 11.10%, and	Common Equity Tier 1 Ratio Fully Loaded > 11,05%, and
Liquidity Coverage Ratio > 2019 RAF "limit" (101 %), and	Liquidity Coverage Ratio > 2019 RAF "limit" (101 %), and
Net Stable Funding Ratio > 2019 RAF "limit" (101 %)	Net Stable Funding Ratio > 2019 RAF "limit" (96 %)

In connection with the Entry Conditions (NOP, Net Profit), it should be noted that for SVPs/EVPs the relevant result of the Commercial Banking segment is decisive; for SVPs/EVPs in the CIB Division, the result of the latter is decisive. Moreover, the total amount of the variable remuneration is determined by additional risk indicators that also relate to the capital base of the institution.

Bonus grant

The annual bonus is payable in cash and in shares (stock of "UniCredit S.p.A." – no stock options) in six tranches distributed over six years. The shares are granted in the years 1, 3, 4 and 5 and are subject in each case to a retention period. The retention period is one year for all the tranches. The number of shares is calculated by taking the arithmetic mean of the official price of UniCredit ordinary shares in the month preceding the Board resolution of UniCredit Group to approve the aggregate bonus pool for 2019. This duly takes account of the statutory deferral and retention periods.

Annual bonus amounts are presented as shown in the following overview over a six-year period and differentiated and spread according to cash and shares, beginning in 2020:

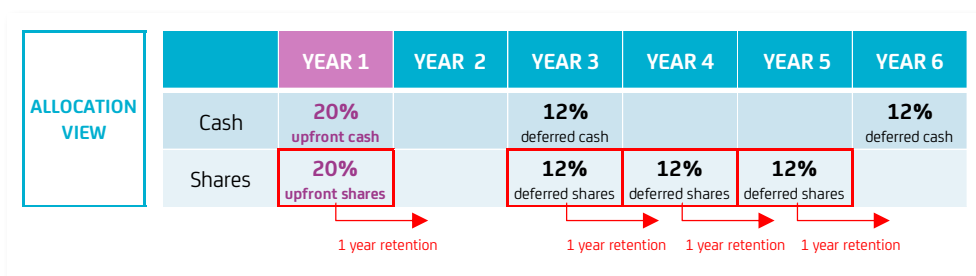


Figure 1: Management Board members and Top Management directly reporting to the Management Board of UniCredit Bank AG

All payments are subject to "malus regulations". For this purpose, the Entry Conditions described above are first taken into account each year. If these are not achieved both at the HVB Group level and at the UniCredit Group level, the "Zero Factor" is applied. Accordingly, when applying the Zero Factor, the deferred bonus components from previous years are reduced by at least 50% or are forfeited altogether.

Further information on the rules on negative performance contributions and "clawback" arrangements can be found in Section 6.7.

6.1.2 Long Term Incentive (LTI)

Besides the Short Term Incentive (STI), a Long Term Incentive (LTI) was introduced in 2017 as an additional element of the remuneration system for UniCredit Group Executive Vice Presidents and above as well as for selected key players. The LTI Plan has a 3-year Performance Period followed by a 3-year Deferral Period and an additional, obligatory Retention Period. Performance criteria are based on so called Gateway-Conditions (entry conditions) taking into account profitability, liquidity, capital and risk positions as well as the achievement of the main performance targets of the UniCredit Group Multi-Year-Plan.

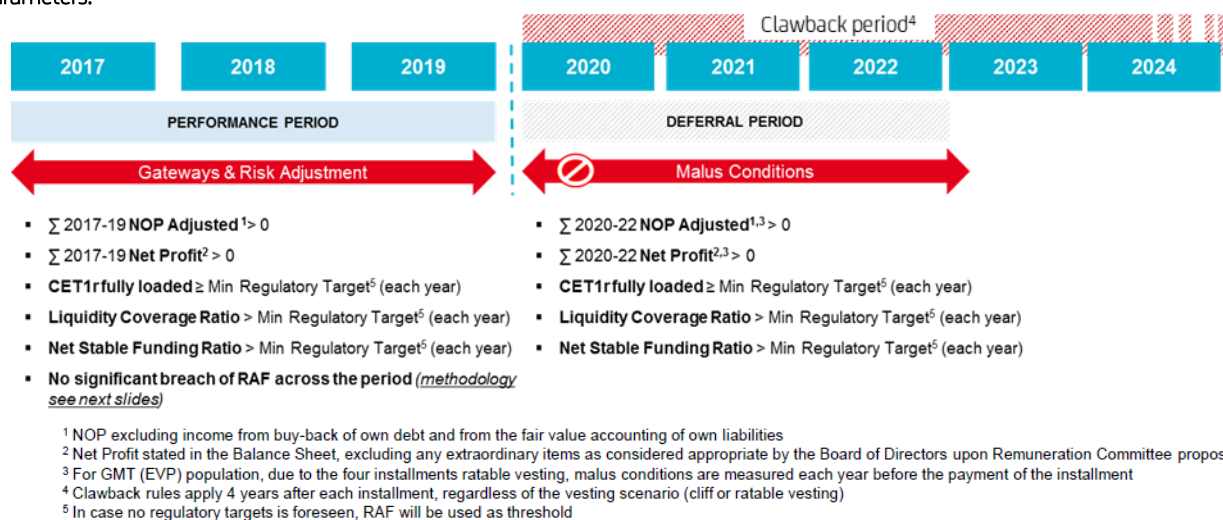
The LTI replaces 50% of the initial STI Reference Value for Senior Executive Vice Presidents, and basically 30% for Executive Vice Presidents, respectively³. For SVP the amount is determined individually and the STI opportunity is not reduced.

² For Identified Staff in the Commercial Banking Segment (CBK) the relevant results of the CBK Segment will apply. For Identified Staff in the CIB Division the results of the CIB Division will apply; for all other Identified Staff HVB Group results will apply.

³ Different rules apply to new entrants in 2018 and 2019.

The LTI grant is based on 100% of UniCredit shares. Each tranche is subject to malus and clawback conditions, whereupon a clawback is possible for up to 4 years after vesting of each tranche.

The Gateway-Conditions during the Performance Period as well as malus conditions during the Deferral Period provide for the following parameters:



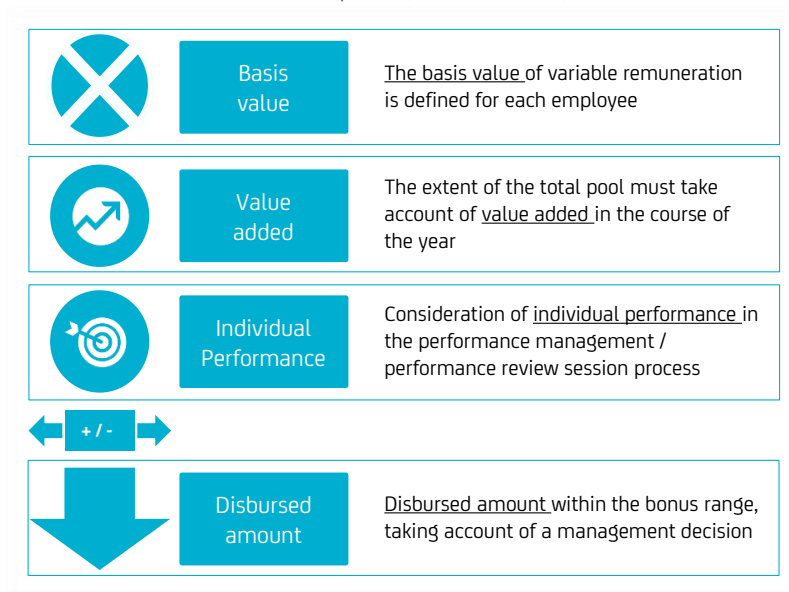
Following legal or regulatory provisions, the payout of variable compensation elements can be limited or even prohibited by responsible authorities.

6.2 First Vice President “FVP” 2019

The remuneration system for First Vice Presidents (FVP), who are generally on the hierarchy level below the Top Management, consists of a fixed salary (12 gross monthly salary payments per year) and a variable remuneration, regardless of whether they work in a sales or non-sales segment. Exceptions apply only to employees whose contract does not include any incentive opportunity clause, particularly in Corporate & Investment Banking. The remuneration system applicable to these employees is described in Section 6.3.

All FVPs are entitled to a bonus for the 2019 financial year that has been granted in 2020. The bonus assessment is based on an **individual bonus base value** (“target bonus” or “incentive opportunity”). In combination with the rules for granting bonuses, this value is set so that the bonus payment in the Commercial Banking and Corporate & Investment Banking segments cannot exceed double the annual fixed compensation. For employees in central units, variable compensation are limited to the maximum amount of the annual fixed compensation. Other rules apply to employees in control functions (cf. Section 6.6).

The calculation of variable remuneration rests on four main pillars (see chart below):



For FVPs, the Total Compensation approach is applicable, i.e. the value of the additional company benefits is included in the fixed salary.

Variable remuneration

The **bonus amount** is determined by the **bonus base value (target bonus / incentive opportunity)** and the individual goal achievement of the First Vice President and on the basis of the available bonus pool defined by the Management Board depending on the success of the HVB Group and the UniCredit Group. For all employees, the bonus payment can amount to a maximum of double the annual fixed compensation. Other rules apply to employees in control functions (cf. *Section 6.6*).

For the bonus, budgets are set aside annually for the individual segments. The bonus budgets of the sales divisions are determined on the basis of the performance of the segments over the last financial year. The bonus budgets for the Chief Operating Officer (COO) and Group Corporate Centre (GCC) segments are based on the average of the sales segments (without taking into account positive and negative non-recurring effects), and therefore are based on the success of HVB Group.

To calculate the annual budget, the Management Board determines a success factor for each segment on the basis of the business success of the HVB Group in the year in question, taking sustainability factors into account (risks incurred, capital and liquidity costs). The **success factor** amounts to at least 0.5 unless the HVB Group shows a loss in its financial statements. The maximum success factor is 1.5. The Management Board thus decides, based on how well the various segments have achieved their goals, on how the overall bonus budget will be allocated to them.

Within each segment, the responsible Management Board member allocates the budget following a cascading process, taking into account respective business performance and value contribution, to the next reporting line. The budget allocation to First Vice Presidents is oriented on the respective budget unit in line with the guidelines for payscale and non-payscale employees.

At the beginning of each year FVPs and their managers define a set of goals, from five to eight. These must also include targets to reflect sustainable business success (e.g. customer satisfaction). The goals take into account the individual requirements of the segment in question as well as the segment-specific strategies and objectives. With reference to quantitative and qualitative goal-setting, statutory and regulatory requirements need to be taken into account; this also applies to control functions of UniCredit Bank AG, in which the primary focus must be on qualitative goals.

Individual performance and success are measured in the annual goal achievement review on a five-point scale (below expectations, almost meets expectations, meets expectations, exceeds expectations, greatly exceeds expectations). The **manager** determines the **individual bonus level** within the applicable bonus range, taking into account the available budget. To summarize, the amount to be paid is calculated in a preliminary step by multiplying the bonus base value by the applicable success factor. This value is now multiplied by the percentage set by the manager – on the basis of the assessment in the performance review – within the bonus ranges, depending on the employee's level of goal achievement.

Additional rules set out in Section 6.5 apply to employees who have been identified as Risk Taker (Identified Staff). Further information on the rules on negative performance contributions and "clawback" arrangements can be found in *Section 6.7*.

Following legal or regulatory provisions, the payout of variable compensation elements can be limited or even prohibited by responsible authorities.

6.3 Corporate & Investment Banking 2019

The classic remuneration system for Investment Banking (Markets, Financing & Advisory, Financial Institutions Group and Multinational Corporates) comprises a fixed salary and variable remuneration. In this case, the employment contract does not include any incentive opportunity clause. The fixed salary comprises 12 gross monthly salary payments. The total compensation approach applies, i.e. the value of the additional company benefits is included in the fixed salary.

Variable remuneration

All employees are entitled to receive a bonus for the financial year 2019, which has been granted in 2020. For the personnel belonging to the business functions the variable remuneration can amount to a maximum of double the annual fixed compensation. For the rest of the staff, the maximum ratio between the components of remuneration is equal to 1:1, except for the staff of the Corporate Control Functions, for whom the fixed remuneration is the predominant component of the total remuneration.

The bonus fixed on an annual basis depends on the relevant comparative benchmarks of the market in the respective working environment and depends on the results of the Group, of Corporate & Investment Banking (CIB), of HVB Group and the performance of the segment in which the employee is engaged as well as on the individually achieved performance in the period under review. Special contributions to profit or loss or the risk behavior of employees are also taken into account in the process.

The bonus budget of the CIB business segment is determined by qualitative and quantitative risk-adjusted performance parameters. In addition to the performance of the CIB business segment in Germany, factors such as market trends and changes in competition as well as key sustainability parameters (such as customer satisfaction and the relation of risk to gross contribution) also determine the bonus budget. The budget is approved by the Management Board of UniCredit Bank AG. The Management Board member of UniCredit Bank AG responsible for CIB jointly decides on the distribution of the overall budget together with the responsible personnel of the Global Product Lines, taking account of the performance of CIB sub-segments.

Individual performance is measured and assessed annually through a formal appraisal process. The individual bonus is also reassessed each year on the basis of this appraisal and may therefore vary from year to year.

The Entry Conditions apply to the grant of a bonus as well as deferred bonus components that were approved in the past in accordance with *Section 6.1 Variable Remuneration*. The corresponding result of the CIB segment is decisive for the employees of this segment.

Additional rules set out in *Section 6.5* apply to employees who have been identified as Risk Taker (Identified Staff). Further information on the rules on negative performance contributions and "clawback" arrangements can be found in *Section 6.7*.

Following legal or regulatory provisions, the payout of variable compensation elements can be limited or even prohibited by responsible authorities.

6.4 Pay-scale and non-pay-scale employees 2019

The remuneration system for pay-scale and non-pay-scale employees is based on "13+1" and, for the purposes of variable remuneration, rests on four main pillars (target bonus, success factor, individual assessment, amount paid) that are equally applicable to all pay-scale and non-pay-scale employees of UniCredit Bank AG, regardless of the segment in which they work, in accordance with *Section 6.2* (chart). Remuneration for vocational training is governed in a comparable manner.

The purpose is to reward the employees' performance and contribution to the Bank's success with an attractive bonus. This applies both to pay-scale and non-pay-scale employees.

Exceptions apply to employees with Total Compensation contracts and those who fall under a separate works agreement for remuneration in the Corporate & Investment Banking business segment (cf. *Section 6.3*). As part of a total compensation concept, these employees receive a total annual salary comprising a fixed salary and a bonus. The extent of the variable remuneration is determined annually by UniCredit Bank AG, taking account of the performance of the employee in the financial year ended, the level of team orientation, the assessed contribution to the business unit Corporates and Markets and the business results of HVB Group.

„13+1“ as a basis

All pay-scale and non-pay-scale employees of UniCredit Bank AG – regardless of whether they work for sales or non-sales segments – receive an annual salary consisting of 12 monthly gross salary payments per year, a special payment (one gross monthly salary payment) and a bonus which is also based as a rule on one gross monthly salary ("**target bonus**"). The bonus is determined annually for the previous year and the extent of the bonus depends on the base value and the employee's individual goal achievement as well as on the bonus budget available owing to the success of the HVB Group. Budgets for the bonus are set aside annually for the individual segments (cf. *Section 6.2 Variable Remuneration*).

The employees and their managers define goals at the beginning of each financial year within the scope of a performance review session. During the annual performance management session, individual performance and success are evaluated in accordance with the five-point scale described in *Section 6.2* (below expectations, almost meets expectations, meets expectations, exceeds expectations, greatly exceeds expectations) by means of which the bonus is determined within the bonus measurement ranges.

Additional rules set out in *Section 6.5* apply to employees who have been identified as Risk Taker (Identified Staff). Further information on the rules on negative performance contributions and "clawback" arrangements can be found in *Section 6.7*.

Following legal or regulatory provisions, the payout of variable compensation elements can be limited or even prohibited by responsible authorities.

In line with the regulatory requirements concerning variable remuneration, there is no significant dependency on variable remuneration. Accordingly the remuneration system as a whole is appropriately designed in this sense.

6.5 Identified Staff 2019 (Risk Taker)

For employees with a material impact on the overall risk profile of UniCredit Bank AG/HVB Group ("Risk Takers" or "Identified Staff"), special conditions apply to variable remuneration with regard to claims, deferral and disbursement. For instance, in certain circumstances, bonus amounts may be deferred for a number of years and also be payable in some other form, e.g. in equities. The bonus payment for 2019 is disbursed in 2020. Moreover, the entitlement to variable remuneration is subject to additional conditions. The employees affected by these special regulations are informed accordingly by UniCredit Bank AG.

For Management Board members and FVP and Above who are directly reporting to the Management Board of UniCredit Bank AG the deferral scheme described in *Section 6.1* applies

Bonus grant for "Other Identified Staff":

- In the case of a bonus amount agreed is below or equal to € 50,000, the payout will not be made in tranches (in accordance with the threshold value stated in regulatory provisions). In this case, the amount is paid out fully in cash in the year in which the bonus is agreed
- For bonus amounts **greater than € 430,000**, the following deferral system is applied:

ALLOCATION VIEW		YEAR 1	YEAR 2	YEAR 3	YEAR 4
	Cash	20% upfront cash	5% deferred cash	5% deferred cash	20% deferred cash
Shares	20% upfront shares	15% deferred shares	15% deferred shares		

→ 1 year retention
→ 1 year retention
→ 1 year retention

Figure 2: Other Identified Staff (SVP & below) not directly reporting to the Management Board with variable Remuneration > 430K€

- If the bonus amount agreed is greater than € 50,000, but equal to or below € 430,000, the following deferral system is applied:

ALLOCATION VIEW		YEAR 1	YEAR 2	YEAR 3	YEAR 4
	Cash	30% upfront cash			
Shares	30% upfront shares	10% deferred shares	10% deferred shares		

→ 1 year retention
→ 1 year retention
→ 1 year retention

Figure 3: Other Identified (SVP & below) not directly reporting to the Management Board with variable Remuneration ≤ 430K€

Bonus grants are made in four tranches in cash and UniCredit S.p.A shares (no stock options). The shares granted in the years 1, 2 and 3 are each subject to a one year retention period. The number of shares is calculated by taking the arithmetic mean of the official closing price of UniCredit ordinary shares in the month preceding the Board resolution of UniCredit Group to approve the aggregate bonus pool for 2019.

The Entry Conditions in accordance with *Section 6.1 Variable Remuneration* (NOP, Net Profit, Common Equity Tier 1 Ratio Fully loaded, Liquidity Coverage Ratio, Net Stable Funding Ratio) apply to the grant of deferred bonus components. For employees in Commercial Banking, the relevant result of the Commercial Banking segment is decisive; for employees of CIB, the result of the latter is key.

All payments in subsequent years are subject to "malus regulations". For this purpose, the Entry Conditions described above are first taken into account each year. If they are not achieved both at UniCredit Group and at HVB Group level, the "Zero Factor" is applied. Accordingly, when applying the Zero Factor, the deferred bonus components from previous years are reduced by at least 50% or are forfeited altogether. Further information on the rules on negative performance contributions and "clawback" arrangements can be found in *Section 6.7*.

6.6 Special regulations for Control Functions

For employees engaged in control functions, the focus is on fixed compensation. For the variable remuneration for employees in monitoring functions – Compliance, Audit Management, Risk Management and Human Capital – the following difference applies as an exception to the regulations described above in order to avoid any conflict of interests between the control units and the central units: **No remuneration parameters parallel** to those applied to the monitored units are defined for determining the amount of the variable remuneration. Moreover, the focus is on qualitative goals in the control and central units.

In addition, with regard to UniCredit Bank AG Management Board decisions, the bonus pool for this group of employees is not determined by the results of a single division, but rather by the average of all sales divisions. As a result, there is no danger of a potential conflict of interest.

6.7 Negative performance contributions and clawback rules

Any disbursement within the scope of the remuneration systems described above presupposes a review of compliance-conformant and proper behavior as contemplated by the organization directives of UniCredit Bank AG.

If, for regulatory reasons, the entitlement of a Risk Taker to variable remuneration only arises pro rata temporis (several annual partial entitlements), the variable remuneration is subject, to the extent legally permissible, to a clawback. The clawback mechanisms can be activated also after notice and/or termination of employment in accordance with local legal requirements, to the extent permitted by law. The right to such clawback generally expires five years after each instalment; in cases where a longer deferral period is necessary due to regulatory requirements an extended clawback period is applicable.

A negative deviation of (i) the employee's performance or (ii) the performance of the employee's organizational unit from the set goals and (iii) a negative deviation of the Bank's respectively HVB Subgroup's overall performance from the set goals lead to a reduction of the variable remuneration, or may even lead to a complete forfeiture. This applies especially in the following cases:

- in cases of non-achievement of goal settings (quantitative and qualitative goals), especially when KPIs related to remuneration components have not been reached or
- in cases of employee behavior which is contrary to duty and/or immoral, especially compliance breaches and other breaches against contractual obligations.

This applies both to the respective determination of the variable remuneration and - in the case of Risk Takers - to the subsequent performance evaluation, which may lead to a reduction or to a complete forfeiture of the variable remuneration retained from preceding evaluated assessment periods. If an initially positive performance contribution was taken into account during the determination of the bonus, but with course of time becomes significantly negative, the respective retained remuneration for Risk Takers has to be reduced or may forfeit completely. In particular, in cases where a breach of obligation resulted to be very serious and led to the termination of the employment relationship, a complete forfeiture of the variable remuneration/ deferral may occur. Moreover, in case negative performance contributions are at hand, variable remuneration components for Risk Takers referring to the year, in which the relevant behavior occurred, have to forfeit completely. Negative performance contributions are at hand in the following cases:

- The employee is involved in or responsible to a decisive degree for any behavior that leads to a substantial loss being sustained by the Bank or a significant regulatory sanction being imposed on UniCredit Bank AG or the Employee.
- The Employee violates any external or internal regulations regarding suitability and behavior to a serious degree.

6.8 Non-cash benefits in kind / non-financial benefits

Employees of UniCredit Bank AG receive additional financial and non-financial benefits, depending on the remuneration system. These comprise e.g. company retirement benefits, asset formation benefits, reduced prices of Bank products, family service, social counselling service, sport and leisure offerings.

6.9 Changes to the remuneration system of UniCredit Bank AG starting in financial year 2020

The Management Board of UniCredit Bank AG has decided to retain the remuneration systems at UniCredit Bank AG for financial year 2020. Smaller changes primarily concern the Entry Conditions for the assessment of the variable compensation's total amount as well as the disbursement of deferred compensation from prior years.

After expiration of the LTIP 2017-2019 a new LTIP 2020-2023 has been launched fundamentally mirroring the previous LTIP 2017-2019.

6.10 Overview of all remuneration systems starting in the financial year 2020

For all remuneration systems of UniCredit Bank AG mentioned above for financial year 2020, a further, more detailed description is available on the homepage of UniCredit Bank AG.

The need for more specific information in this report has been dispensed with, and explanatory notes on the individual systems are available at any time from the following website:

<https://www.hypovereinsbank.de/hvb/ueber-uns/investor-relations-en/corporate-governance-en>

7 MAXIMUM LIMIT OF VARIABLE REMUNERATION

In accordance with Section 25a (5) of the German Banking Act (KWG), banks must lay down an appropriate ratio of variable to fixed annual remuneration. In principle, the maximum amount of variable remuneration has been set at 100% of the fixed remuneration since 1 January 2014. With the approval of the shareholders, this upper limit may be increased to a maximum of 200%.

At the Shareholders Meeting in June 2014, UniCredit Bank AG adopted a resolution to raise the upper limit for variable compensation in relation to fixed remuneration to 2:1 for all employees of UniCredit Bank AG apart from employees in Control Units in accordance with Section 2 (11) of the Remuneration Ordinance for Institutions (IVV). For employees in the Control Units as contemplated by Section 9 (2) IVV, the Bank is still required to ensure that fixed remuneration is the main component. The amount of the variable remuneration in the control functions is limited to a maximum of 50% of the fixed remuneration.

For the Management Board, the bonus payment can likewise amount to a maximum of double the annual fixed compensation with the exception of the Management Board Members with CFO, CRO and COO responsibility, for whom the annual variable component may not exceed 100% of the annual fixed remuneration.

The main reason for the adjustment to the upper limit is to retain the existing flexibility regarding the institution's overall costs and, in particular, to have the option of adjusting the variable remuneration or dispensing with it altogether when results turn out poorer.

Based on the model used at UniCredit Bank AG to calculate total variable remuneration on a risk-adjusted basis (bonus pool model) and the fact that the overall bonus pool is relatively small compared to profit, a possible increase in the variable remuneration ratio would not be expected to pose any potential risk to the Bank's capital or liquidity position.

In practice the current Compensation Policy in place provides a more prudent approach, limiting the maximum of 2:1 only for business functions.

8 REMUNERATION INFORMATION 2019

The following table shows the amount and structure of the remuneration of HVB Group according to Article 450 CRR in connection with Section 16 (1) of the Remuneration Ordinance for Institutions.

Remuneration information 2019 pursuant to Section 16 (1) of Remuneration Ordinance for Institutions (IVV) and Art. 450 CRR: all employees

	SUPERVISORY FUNCTION	MANAGEMENT BODY ¹	INVESTMENT BANKING	COMMERCIAL BANKING	ASSET MANAGEMENT	CENTRAL FUNCTIONS ²	CONTROL FUNCTIONS ³	TOTAL
Number of staff members (Headcount)	13	17	2.144	7.526	0	2.889	2.264	14.853
Total number of staff in FTE ⁴	-	16	1.920	6.170	0	2.337	1.876	12.318
Remuneration (€ millions)								
Total amount	0,8	15,8	353,7	539,3	-	208,4	197,0	1.315,0
of which:								
Fixed remuneration ⁵	0,8	7,7	247,1	478,9	-	183,4	170,4	1.088,3
Variable remuneration ⁶	-	8,1	106,6	60,4	-	25,0	26,6	226,7
of which:								
performance related	-	4,0	93,1	41,9	-	18,0	15,8	172,7
other variable remuneration ^{7,8,9}	-	-	-	-	-	-	-	15,1
severance payments ^{9,10}	-	-	-	-	-	-	-	38,8

1 UCB AG Management Board and Managing Directors of subsidiaries within consolidation scope.

2 Central functions and settlement units without control functions.

3 Independent control functions: Compliance, Audit, Risk Management and HR.

4 Employees shown as full-time equivalents; supervisory board members not included in overall total.

5 Fixed remuneration according to §2 IVV.

6 Variable remuneration according to §2 IVV.

7 Includes in particular non standard compensation e.g. sign-on bonuses, bonus buy-outs etc.

8 Incl. LTIP 2017-19.

9 For reasons of confidentiality and against the background of the small number of beneficiaries, the values are only shown in total.

10 Entitlement in FY 2019 - Payout might be deferred.

Note: Sums may differ due to rounding

Proportion of variable remuneration in total remuneration⁴:

- Variable remuneration accounts for a total of 17.2% of total remuneration.
- For the members of the management body, the share of variable compensation amounts to 51.1% of total remuneration.
- In Corporate & Investment Banking, the share of variable remuneration payments amounts to 30.1%.
- In Commercial Banking, variable remuneration amounts accounts for 11.2%.
- Within the central segments and control functions, the share of variable remuneration stands at 12.7%.

Generally speaking, the ratio of variable remuneration to total remuneration is appropriate.

⁴ Compensation within the meaning of §2 IVV comprises all fixed and variable compensation components, including benefits in kind and pension contributions.

Remuneration information 2019 pursuant to Art. 450 CRR, read in conjunction with Section 16 (1) of Remuneration Ordinance for Institutions (IVV): all Risk Takers

	SUPERVISORY FUNCTION	MANAGEMENT BODY ²	INVESTMENT BANKING	COMMERCIAL BANKING	ASSET MANAGEMENT	CENTRAL FUNCTIONS ²	CONTROL FUNCTIONS ³	TOTAL
Number of identified staff (Headcount)	13	15	220	100	-	38	71	457
Number of identified staff in FTE	-	15	216	95	-	36	70	431
of which:								
in senior management positions	-	7,0	15,9	28,8	-	17,9	13,7	83,2
Fixed remuneration (€ millions)								
Total amount	0,8	7,5	55,7	20,1	-	9,0	13,6	106,7
of which:								
cash	0,8	7,5	55,7	20,1	-	9,0	13,6	106,7
shares & share-linked instruments	-	-	-	-	-	-	-	-
other instruments	-	-	-	-	-	-	-	-
Variable remuneration⁴ (€ millions)								
Total amount	-	8,0	43,5	12,8	-	6,5	3,6	74,4
of which:								
cash	-	3,0	20,6	8,2	-	3,6	2,6	37,9
shares & share-linked instruments	-	5,1	22,9	4,6	-	2,9	1,0	36,5
other instruments	-	-	-	-	-	-	-	-
of which:								
disbursed	-	2,0	12,9	7,0	-	2,9	2,2	27,0
retained	-	6,0	30,6	5,8	-	3,6	1,4	47,4
of which:								
cash	-	1,0	7,7	1,2	-	0,7	0,4	10,9
shares & share-linked instruments	-	5,1	22,9	4,6	-	2,9	1,0	36,5
other instruments	-	-	-	-	-	-	-	-
Art. 450 para. 1 lit. h subparagraph. (iii) CRR in conjunction with Art. 450 para. 1 lit. h subpara. (iv) CRR on retained variable remuneration from previous years and explicit risk adjustment (€ millions)								
Outstanding at the beginning of the year ⁵	-	6,1	65,5	11,1	-	7,0	3,5	93,3
of which:								
vested ⁶	-	2,3	32,7	4,3	-	2,5	1,5	43,4
of which:								
disbursed	-	1,6	24,1	3,1	-	1,9	1,1	31,9
retained at the end of the year ⁷	-	4,5	41,4	8,0	-	5,1	2,4	61,5
Explicit ex post performance adjustment in	-	-	-	-	-	-	-	-
Art. 450 para. 1 lit. h subparagraph. (v) CRR on the sign-on bonuses pursuant to section 5(5) of the InstitutsVergV								
Number of beneficiaries (Headcount) ⁸								3
Total amount (€ millions) ⁸								0,5
Art. 450 para. 1 lit. h subparagraph. (v) and (vi) CRR on the severance payments pursuant to § 2 para. 5 in connection with § 5 Section (6) of the InstitutsVergV (€ millions)								
Total amount granted in 2019 ⁸								8,8
Number of beneficiaries (Headcount) ⁸								17
Highest amount granted to a single person ⁸								1,0
Total amount paid in 2019 ⁸								2,6
Number of beneficiaries (Headcount) ⁸								8

1 UCB AG Management Board and Managing Directors of subsidiaries within consolidation scope.

2 Central functions and settlement units without control functions.

3 Independent control functions: Compliance, Audit, Risk Management and HR.

4 Incl. LTP 2017-19.

5 Adjusted for lapsed entitlements in case of resignations.

6 Incl. shares under retention.

7 Payment as of 2020. As a matter of principle, retained variable remuneration components are only granted if defined financial key figures are achieved.

8 For reasons of confidentiality and against the background of the small number of beneficiaries, the values are only shown in total.

Note: Sums may differ due to rounding

Remuneration information 2019 pursuant to Art. 450 CRR, read in conjunction with Section 16 (1) of the Remuneration Ordinance for Institutions (IVV)

TOTAL REMUNERATION ¹	EMPLOYEES
1,000,000 € to below 1,500,000 €	22
1,500,000 € to below 2,000,000 €	4
2,000,000 € to below 2,500,000 €	-
2,500,000 € to below 3,000,000 €	-
3,000,000 € to below 3,500,000 €	1

1 Incl. LTP 2017-19 and other fixed and variable payments.

Disclaimer

The purpose of this disclosure report is solely to meet the applicable disclosure requirements. The contents of this disclosure report relate to 31 December 2019 as the reporting date.

The contents of this disclosure report are based – unless explicitly stated otherwise – on the existing legal situation as of the reporting date. The interpretation of the legal situation may be subject to changes in the future or be further concretized by regulatory requirements (regulatory standards, etc.). Therefore, future disclosure reports may be structured differently, have different contents and/or be based on other data and are hence not comparable with previous publications. This report contains forward-looking statements, which are based upon current forecasts, expectations as well as estimates and for which UniCredit Bank AG assumes no responsibility. Future developments are naturally subject to a variety of factors on which UniCredit Bank AG does not bear any influence and which may therefore differ substantially from the projected forecasts, expectations and assessments in this report. UniCredit Bank AG undertakes no obligation – apart from the existing regulatory requirements -- to update the contents of this disclosure report or to provide additional publications.