

One Bank One UniCredit

Annex 2 to 2017 Group Compensation Policy
2017 Compensation systems based on financial
instruments for UniCredit Group Employees

UniCredit Shareholders' Meeting - April 2017

Welcome to
 **UniCredit**

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1. INTRODUCTION

Pursuant to the provisions set forth in Article 114-bis of legislative decree no. 58 of February 24 1998 as well as to the provisions for the issuers adopted by CONSOB under resolution no. 11971 of May 14 1999 (the “Issuers Regulations”) regarding the information to be disclosed to the market in relation to the granting of awarding plans based on financial instruments, the Board of Directors of UniCredit (the Board of Directors) prepared this informative memorandum (“Informative Memorandum”) which will be reported to the Ordinary General Shareholders Meeting of UniCredit on April, 20 2017 which is called to resolve, *inter alia*, upon the **approval** for 2017 of the following new incentive plan:

- “**2017 Group Incentive System**” which provides for the allocation to a selected beneficiaries of Group employees that cover key positions of an incentive in cash and/or UniCredit free ordinary shares, over a multi-year period upon specific ways described hereafter and subject to the achievement of specific performance conditions;
- “**2017-2019 LTI Plan**” which provides for the allocation to a selected beneficiaries of Group employees that cover key positions of an incentive in UniCredit free ordinary shares, over a multi-year period upon specific modalities described hereafter and subject to the achievement of specific performance conditions linked to the 2017-2019 Multi-Year Plan.

This Informative Memorandum - prepared in compliance with Scheme 7 of Annex 3A to the Issuers Regulation – has also been prepared for the purpose of giving information concerning the **execution** of the following plans already approved by the General Shareholders Meeting of April 14 2016, May 13 2015, May 13 2014, May 11 2013, May 11 2012:

- “**2015 Share Ownership Plan for the Employees of UniCredit Group (“Let’s Share for 2016”)**” aiming at offering to employees of the Group the possibility to invest in UniCredit shares at favorable conditions;
- “**Group Compensation Systems**” providing for the grant of free shares to a selected number of Group employees, according to the modality described below and subject to the achievement of specific performance conditions:
 - o 2016 Group Incentive System
 - o 2015 Group Incentive System
 - o 2014 Group Incentive System
 - o 2013 Group Incentive System
 - o 2012 Group Incentive System (“Group Executive Plan”)

2016 Share Ownership Plan for the Employees of UniCredit Group (“Let’s Share for 2017”), approved by the Shareholders’ Meeting on April 14 2016, will be executed in accordance with the terms provided in the relative Meeting’s resolution. Information on the execution will be provided in accordance with, and for the effects of current normative and regulatory provisions.

Pursuant to the definition set forth in Article 84-*bis* of the Issuers Regulation, the above mentioned incentive plans, in consideration of their beneficiaries, have the nature of “relevant plans”.

2. 2017 GROUP INCENTIVE SYSTEM

In compliance with Bank of Italy provisions set forth in Circular 285, December 17 2013 (Section Disposizioni di vigilanza per le Banche”) - 7th update of November 18 2014, First Part, Title IV, Chapter 2, implementing the Capital Requirements Directive 2013/36/EU (CRD 4) for the section concerning remuneration policies and in line with the guidelines issued by European Banking Authority (EBA), UniCredit defined compensation systems based on financial instruments in order to align shareholder and management interests, reward long term value creation, share price appreciation and motivate and retain key Group resources. For this purpose it has been proposed the adoption of the Plan “**2017 Group Incentive System**” (hereinafter also the “2017 System”), which provides for the allocation of an incentive - in cash and/or free UniCredit ordinary shares - to be granted in a multi-year period, subject to the achievement of specific performance objectives.

2.1 BENEFICIARIES OF THE PLAN

The employees of UniCredit and of its parent companies or subsidiaries that benefit from the 2017 Group Incentive System are about 900, including Group Executives and other selected roles whose activities have impacts on Bank’s risks as specified in section 2.1.2.

On the basis of the criteria established by Shareholders Meeting, the Board of Directors will be delegated to identify the actual beneficiaries belonging to the categories described in this section 2.1.

2.1.1 Indication of the name of beneficiaries who are members of the board of directors of UniCredit and of the companies directly or indirectly controlled by UniCredit

Mr. Jean Pierre Mustier, CEO of UniCredit, is not among the beneficiaries of the 2017 Group Incentive System.

It is worth mentioning that certain potential beneficiaries of the 2017 Group Incentive System, in addition to the exercise of the managing powers connected to their offices, held offices in Management Bodies of companies, directly or indirectly controlled by UniCredit. Since these individuals are amongst the beneficiaries of the 2017 Group Incentive System as employees of UniCredit Group, no information as to their name is provided hereto and reference shall be made to the information provided below.

2.1.2 The categories of employees or collaborators of UniCredit and companies controlling or controlled by this issuer

The employees of UniCredit and of its parent companies or subsidiaries that are defined as Identified Staff and benefit from the 2017 Group Incentive System are defined based on criteria provided by European Banking Authority (EBA) regulatory technical standards issued on 2014, as follows:

- Chief Executive Officer (CEO) and General Manager (GM), Senior Executive Vice Presidents (SEVP), Executive Vice Presidents (EVP), Senior Vice Presidents (SVP), Board members of relevant and identified Group Legal Entities
- Employees of the Group with total remuneration higher than Euro 500,000 in 2016
- Employees included within 0.3% of staff with the highest remuneration at Group level
- Employees whose remuneration is within the remuneration bracket of senior management and other risk takers at Group level
- Other selected roles of the Group (defined also during possible future hiring processes)

2.1.3 Individuals who benefit from the Plan belonging to the following groups:

a) General Managers of UniCredit

Mr. Gianni Franco Papa, General Manager of UniCredit, is not among the beneficiaries of the 2017 Group Incentive System.

b) other executives with strategic responsibilities of the financial instrument issuer (not classed as "small", in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010), if they have, during the course of the year, received total compensation (obtained by adding the monetary compensation to the financial instrument-based compensation) in excess of the highest total compensation assigned to the members of the board of directors or management board, and to the general managers of the financial instrument issuer

None of UniCredit Executives meets the description; therefore no information is provided in connection thereto.

c) natural persons controlling UniCredit, who are employee or collaborator of UniCredit

No natural or legal individual controls UniCredit and, therefore, no information is provided in connection thereto.

2.1.4 Description and numerical indication, broken down according to category:

a) Executives with strategic responsibilities other than those specified under lett. b) of paragraph 2.1.3

Amongst the beneficiaries of the 2017 Group Incentive System there are no. 8 Executives of UniCredit who have regular access to privileged information and are authorized to take resolutions capable of influencing the development and prospects of UniCredit:

- the Co-Chief Operating Officer, Mr. Ranieri de Marchis and Mr. Francesco Giordano
- the Head of Strategy, Business Development and M&A, Mrs. Marina Natale
- the Group Chief Risk Officer, Mr. Massimiliano Fossati
- the Head of Group Human Capital, Mr. Paolo Cornetta
- the Group Compliance Officer, Mr. Carlo Appetiti
- the Head of Group Legal, Mr. Gianpaolo Alessandro
- the Head of Internal Audit, Mrs. Serenella De Candia

b) in the case of "small" companies, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, the indication for the aggregate of all executives with strategic responsibilities of the financial instrument issuer

This provision is not applicable.

c) other categories of employees or collaborators for which different characteristics are envisaged for the plan (e.g. executives, middle management, employees etc.)

There are no categories of employees to which different characteristics of the 2017 Group Incentive Systems apply.

2.2 THE REASONS FOR THE ADOPTION OF THE PLAN

2.2.1 The targets which the parties intend to reach through the adoption of the plan

The 2017 Group Incentive System aims to attract, retain and motivate Group beneficiaries in compliance with national and international regulatory requirements with the aim to define - in the interest of all stakeholders - incentive systems in line with long term company strategies and goals, linked to Group results, adjusted in order to consider all risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid misleading incentives that could drive to regulatory breaches or to assume excessive risks for the bank and the system in its whole.

The 2017 Group Incentive System is compliant with Group compensation policy and with the most recent national and international regulatory requirements providing for:

- allocation of a variable incentive based on available bonus pool, individual performance evaluation of the beneficiary, internal benchmark for specific roles/markets and bonus cap as set by the Ordinary Shareholder's meeting;
- definition of a balanced structure of upfront (done at the moment of performance evaluation) and deferred payments, in cash and in shares;
- distributions of share payments with share retention periods (a retention period on upfront shares of 2 years and of 1 year for deferred shares);
- risk adjusted metrics in order to guarantee long-term sustainability with respect to company's financial position and to ensure compliance with regulatory expectations;
- a *malus* condition (Zero Factor) that will be applied in case specific thresholds (profitability, capital & liquidity) are not met both at Group and Country/Division levels. In particular, the Bonus Pool of 2017 will be zeroed, while

previous systems deferrals could be reduced from 50% to 100% of their value, based on final effective results and dashboard assessments done by the Chief Risk Officer function.

2.2.2 Principal factors of variation and performance indexes taken into account for the assignment of plans based on financial instruments

Individual bonuses will be allocated managerially based on available bonus pool, individual performance evaluation of the beneficiary and internal benchmarking for specific roles/markets.

Individual performance appraisal is based on specific goals, linked to the UniCredit Five Fundamentals of Competency Model: *“Customers First”, “People Development”, “Cooperation and Synergies”, “Risk Management”, “Execution and Discipline”*.

Incentive payouts shall be made over a multi-year period, subject to continuous employment at each date of payment and as follows:

- in 2018 the first installment of the overall incentive will be paid in cash and/or shares in absence of any individual values/compliance breach, considering also the gravity of any internal/external findings (i.e. Audit, Bank of Italy, Consob and/or analogous local authorities);
- the remainder of the overall incentive will be paid in several installments in cash and/or UniCredit free ordinary shares during the period
 - 2019-2023 for Executive Vice President and above and other Identified staff with bonus equal or higher than Euro 500,000;
 - 2019-2022 for Senior Vice President and other Identified staff with bonus lower than Euro 500,000.
- each tranche will be subject to the application of the Zero Factor for the year of allocation and in absence of any individual/values compliance breach, considering also the gravity of any internal/external findings (i.e. Audit, Bank of Italy, Consob and/or analogous local authorities).

2.2.3 The factors assumed as basis for the determination of the compensation based upon financial instruments, or the criteria for the determination of the aforesaid compensation

In 2017 System the link between profitability, risk and reward is assured by linking directly bonus pools with company results (at Group and Country/Division level) cost of capital and risk profiles relevant for the Group as stated in the Group Risk Appetite Framework.

At this stage, the 2017 Group Incentive System does not contain an exact indication of the value of free shares to be actually allocated to the beneficiaries, rather it merely fixes the maximum number of free shares to be issued with reference to the Plan. In any case, there is the indication of the criteria to be followed by the Board of Directors for the determination of the actual number of beneficiaries and the number of free shares to be granted in the resolutions that after the Annual Shareholders' Meeting approval will execute the Plans.

The 2017 Group Incentive System provides that in 2018 it will be formulated the promise to pay the incentive in cash and shares. The percentages of the payments in cash and shares are linked to the beneficiaries' categories as described in the following points of this document. The final evaluation of sustainable performance parameters and risk-reward alignment will be reviewed by the Remuneration Committee and the Board of Directors of UniCredit.

2.2.4 The reasons justifying the decision to assign compensation plans based on financial instruments not issued by UniCredit, such as financial instruments issued by its subsidiaries, its parent companies or third parties; in the event the aforesaid financial instruments are not negotiated on regulated markets, the issuer shall provide information as to the criteria adopted for the calculation of the value attributable to such financial instruments

The 2017 Group Incentive System does not contemplate the allocation of similar financial instruments. Nevertheless it is foreseen the possibility for the Countries to submit to the Holding Company non-binding opinion requests, in order to localize the System on the bases of the local law and regulatory requirements that could imply the adoption of financial instruments issued by the single company and different from UniCredit shares.

2.2.5 The evaluations, with respect to the relevant tax and accounting implications, taken into account in the definition of the plans

The 2017 Group Incentive System definition has not been influenced by significant tax or accounting consideration. In particular, the tax and social securities regime applied to the free shares allocated will be consistent with legislation in place in the countries where the beneficiary is fiscally resident.

2.2.6 The indication as to whether the plan enjoys any support from the special fund for encouraging worker participation in the companies, as provided for under Article 4, paragraph 112, of Law December, 24 2003 n. 350

The 2017 Group Incentive System is not currently supported by the special fund for encouraging worker participation in the companies, as provided for under sect. 4, paragraph 112, of Law December 24, 2003 n. 350.

2.3 PROCEDURE FOR THE ADOPTION OF THE PLAN AND TIMEFRAME FOR THE ASSIGNMENT OF THE FINANCIAL INSTRUMENTS

2.3.1 Powers delegated to the board of directors by the shareholders' meeting for the implementation of the plan

The best solution identified to execute the 2017 Group Incentive System is to delegate to the Board of Directors, pursuant to Article 2443 of the Civil Code, the faculty to increase share capital as described in the Director's Report presented to the Extraordinary Shareholders' Meeting called for on April 20, 2017 (in single call).

In force of this delegation, the Board of Directors could resolve on one or more occasions for a maximum period of five years - to carry out a free capital increase, as allowed by Article 2349 of the Italian Civil Code, for a maximum nominal amount of 15,500,000 UniCredit ordinary shares, to be granted to the pre-selected employees of the Holding Company and of Group banks and companies. Such an increase in capital shall be carried out using the special reserve known as "Provisions Linked to the Medium Term Incentive System for Group Personnel" set up for this purpose and reinstated or increased each year or in accordance with other methods dictated by applicable laws and regulations.

Related to Article 2443 of Civil Code that provides that the Directors can exercise the right to carry out a free capital increase for a maximum period of five years starting from the date when the Shareholders' meeting resolution providing the delegation of power has been registered and therefore - regarding the date of the AGM resolution - until 2022, in order to assign last share installment provided for 2023 it will be necessary to submit to a future AGM approval a proposal aimed at integrating the delegation of power already provided to the Board of Directors so that the implementation of 2017 System can be completed.

The number of shares to be allocated in the respective installments (as described in § 2.4.1.) shall be defined in 2018, on the basis of the arithmetic mean of the official market closing price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates 2017 performance achievements. The allocation of a maximum number of 16,000,000 UniCredit ordinary shares is proposed, representing about 0.72% of UniCredit share capital, of which maximum no. of 3,700,000 UniCredit ordinary shares devoted to the payment of so called bonus "buy-out" and to the severance payments. In case the amount of the "Provisions Linked to the Medium Term Incentive System for Group Personnel" does not allow the issuance (full or partial) of UniCredit ordinary shares to service the 2017 System, an equivalent amount in cash will be allocated to the beneficiaries, determined in base of arithmetic mean of the official market closing price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates 2017 performance achievements.

2.3.2 Indication of the individuals in charge of the management of the plan, their powers authority

The Organizational Unit "*Reward & Benefits*" of the Holding is in charge for the management of the 2017 Group Incentive System.

2.3.3 Procedures for the amendment of the plans, if any, also in connection with potential variation of the original targets

No specific procedures for the amendment of the 2017 Group Incentive System are provided for, other than the power of attorney that is provided by the Shareholders' Meeting to the Chairman and the Chief Executive Officer, also separately, to possibly make changes to the 2017 System.

2.3.4 Description of the modalities for the determination of the availability and assignment of the financial instruments contemplated by the plan

The best solution identified to execute the 2017 Group Incentive System is to delegate the Board of Directors, pursuant to Article 2443 of the Civil Code, the faculty to increase share capital as described in the Director's Report presented to the Extraordinary Shareholders' Meeting called for on April 20, 2017 (in single call).

In force of this delegation, the Board of Directors could resolve on one or more occasions - for a maximum period of five years - to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum nominal amount of 15,500,000 UniCredit ordinary shares, to be granted to pre-selected employees of the Holding Company and of Group banks and companies. Such an increase in capital shall be carried out using the special reserve known as "Provisions Linked to the Medium Term Incentive System for Group Personnel" set up for this purpose and reinstated or increased each year or in accordance with other methods dictated by applicable laws and regulations.

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The number of shares to be allocated in the respective installments (as described in § 2.4.1.) shall be defined in 2018, on the basis of the arithmetic mean of the official market closing price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates 2017 performance achievements. The allocation of a maximum number of 16,000,000 UniCredit ordinary shares is proposed, representing about 0.72% of UniCredit share capital, of which maximum no. of 3,700,000 UniCredit ordinary shares devoted to the payment of so called bonus "buy out" and to the severance payments.

Over the period 2019-2023 each tranche of UniCredit ordinary shares will be subject to the application of the Zero Factor for the year of allocation and in absence of any individual/values compliance breach, considering also the gravity of any internal/external findings (i.e. Audit, Bank of Italy, Consob and/or analogous local authorities).

Payouts in shares comply with the applicable regulatory provisions in terms of holding period.

2.3.5 The influence exercised by each director in the determination of the characteristics of the plans; the potential conflict of interest which may trigger the obligation for the relevant director to abstain from exercising his vote in the relevant resolution

In the determination of the essential characteristics of the 2017 Group Incentive System proposed to the Shareholders' Meeting, the Board of Directors followed the guidelines and criteria elaborated by the Remuneration Committee of UniCredit.

Even if the CEO of UniCredit is not among the beneficiaries of the 2017 Group Incentive System, he abstained from participating in the definition of the 2017 Group Incentive System.

2.3.6 The date on which the board of directors resolved upon the assignment of the financial instruments contemplated by the plan

The Board of Directors, on January 10, 2017 approved the proposal related to the 2017 Group Incentive System to be submitted to UniCredit Shareholders' Meeting.

Furthermore, in exercising the delegation received by the Shareholders' Meeting, as described in point 2.3.1, the Board of Directors will resolve in one or more occasions to allocate the financial instruments related to the 2017 Group Incentive System.

2.3.7 The date on which the remuneration committee resolved upon the Plan of UniCredit

The Remuneration Committee of UniCredit on January 9, 2017 positively resolved upon the criteria and the methodology elaborated for the definition of the 2017 Group Incentive System, sharing the reasons and motivations thereof.

2.3.8 The market price of UniCredit ordinary shares, on the dates mentioned in points 2.3.6 and 2.3.7

The market price of UniCredit ordinary shares, registered on the date of Board of Directors approval of 2017 Group Incentive Systems proposal (January 10, 2017) and on the date of the decision made by the Remuneration Committee of UniCredit (January 9, 2017), resulted equal to € 2.68 and to € 2.674.

2.3.9 In which terms and modalities UniCredit takes into account, in the determination of the timeframe for the assignment of the plans, of the possible time-coincidence between:

- i) such assignment or the decision, if any, adopted thereon by the Remuneration Committee, and
- ii) the dissemination of relevant information, if any, pursuant to sect. 114, paragraph 1 of Legislative Decree 58/98; for instance, in cases in which such information is:
 - a) not already public and capable to positively affect the market quotation, or
 - b) already published and capable to negatively affect the market quotation

In relation to the foregoing it is clarified that the resolution of the Board of Directors which approved the proposal to be submitted to the Shareholders' Meeting has been communicated to the markets, in compliance with the current regulations. It is also clarified that analogous information to the market, if required, will be made available upon any other following resolution adopted by the Board of Directors of the 2017 Group Incentive System.

It is worthwhile clarifying that, although all the resolutions adopted by the Board of Directors are subject to the prior positive opinion of the Remuneration Committee of UniCredit, the information to the market - where due - is given only after the relevant resolution of the Board of Directors.

2.4. THE CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS ASSIGNED

2.4.1 Description of the compensation plan

The individual bonuses will be assigned on the basis of defined bonus pool, of the individual performance evaluation of the beneficiary, of internal benchmark for specific roles/markets.

Individual performance appraisal is based on specific goals, linked to the UniCredit Five Fundamentals of Competency Model: "Customers First", "People Development", "Cooperation and Synergies", "Risk Management", "Execution and Discipline".

The achievement of Group performance parameters and risk-reward alignment will be reviewed by the Remuneration Committee and the Board of Directors of UniCredit.

The 2017 Group Incentive System provides that in 2018 the Board of Directors - once verified the achievement of the goals defined for 2017 - will define the percentage of payments in cash and shares established for each category of beneficiaries, as illustrated in the table below:

	2018	2019	2020	2021	2022	2023
EVP & above & other Identified staff with bonus $\geq 500k$ ¹	20% cash	10% cash	20% shares	10% shares	10% shares	20% cash + 10% shares
SVP & other Identified staff with bonus <500k	30% cash	10% cash	30% shares	10% cash + 10% shares	10% shares	-

¹ Including direct reports to strategic supervisory, management and control bodies and other Identified staff as required by local regulation

The number of shares to be allocated in the respective installments shall be defined in 2018, on the basis of the arithmetic mean of the official market closing prices of UniCredit ordinary shares during the month preceding Board resolution that evaluates 2017 performance achievements. The maximum number of shares to service the 2017 System is estimated at 16,000,000 representing about 0.72% of UniCredit share capital, of which maximum no. of 3,700,000 UniCredit ordinary shares devoted to the payment of so called bonus “buy-out” and to the severance payments.

Payouts in shares comply with the applicable regulatory provisions in terms of holding period.

2.4.2 Indication of the time period for the implementation of the plan also indicating different cycles, if any, of its implementation

Incentive payouts shall be made over a multi-year period (2018-2023) in a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and in shares, subject to continuous employment at each date of payment. The free shares related to the 2017 Group Incentive System will be allocated in multiple installments (as shown in the table above) subject to the Board assessment in 2018 Board resolution that evaluates 2017 performance achievements.

2.4.3 The termination date of the plan

The 2017 Group Incentive System will lapse by July 2023.

2.4.4 The overall maximum number of financial instruments, also in the form of options, assigned over any fiscal years with respect to the beneficiaries namely identified or identified by categories, as the case may be

The maximum number of shares to service the 2017 System is estimated at 16,000,000 representing about 0.72% of UniCredit share capital, of which maximum no. of 3,700,000 UniCredit ordinary shares devoted to the payment of so called bonus “buy-out” and to the severance payments.

For the assignment of the last installment of shares planned for 2023 it will be submitted to one of the future Shareholders’ meetings the proposed integration of the power of attorney, already provided to the Board of Directors, so that the implementation of 2017 System can be completed.

At this stage it is not possible to indicate the maximum number of free shares allocated in each fiscal year during the life of the 2017 Group Incentive System, since the actual definition will be done by the Board of Directors on the basis of the criteria approved by the Shareholders’ Meeting.

2.4.5 The procedures and clauses for the implementation of the plan, specifying whether the assignment of the financial instruments is subject to the satisfaction of certain specific conditions and, in particular, to the achievement of specific results, including performance targets; a description of the aforesaid conditions and results

Bonus Pools are set as a percentage of specific funding KPI (i.e. NOP pre-bonus) at Countries/Divisions level and considering the “Entry Condition” criteria assessment (based on the evaluation of both Group and Country/Division risk-adjusted forecasted results) and local risk and performance assessment.

The “Entry Condition” is the mechanism that determines the possible application of the *malus* condition (Zero Factor) based on profitability, capital and liquidity KPIs set at Group and Country/Division level. In particular, the Bonus Pool of 2017 will be zeroed, while previous systems deferrals could be reduced from 50% to 100% of their value, based on final effective results and dashboard assessments done by the Chief Risk Officer function.

In order to align to regulatory requirements, in case level set KPIs are not met both at Group and Country/Division, a Zero Factor will apply to the Executives/Identified Staff population whereas for below-Executives, a significant reduction will be applied. In case Zero Factor is not activated, Bonus Pool adjustments will be applied within pre-set ranges based on the assessment of local & Group performance and risk factors.

In case Country/Division is in a *malus* condition and Group not, a floor will be defined for retention purposes and in order to maintain the minimum pay levels needed to play in the market.

2.4.6 Indication of the restrictions on the availability of the financial instruments allocated under the plan or of the financial instruments relating to the exercise of the options, with particular reference to the time limits within which the subsequent transfer of the stocks to the issuer or third parties is permitted or prohibited

The Board of Directors of UniCredit could establish to assign - for the 2017 Group Incentive System - free UniCredit ordinary shares that will be freely transferable at the end of the shares retention period, or in the year of the assignment, but subject to restrictions on the transfer for the foreseen shares retention period (a retention period on upfront shares of 2 years and of 1 year for deferred shares).

2.4.7 Description of any condition subsequent to the plan in connection with the execution, by the beneficiaries, of hedging transactions aimed at preventing the effects of potential limits to the transfer of the financial instruments assigned there under, also in the form of options, as well as to the transfer of the financial instruments relating to the exercise of the aforesaid options

In accordance with national and international regulatory guidelines and the Group Compensation Policy, beneficiaries are required not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements. Involvement in any form of hedging transaction shall be considered in breach of Group compliance policies and therefore the relevant rights under the Plan shall automatically expire.

2.4.8 Description of the consequences deriving from the termination of the employment or working relationship

The 2017 Group Incentive System provides that the Board of Directors will have the faculty to identify, in the resolution that will execute the 2017 System, the termination of the beneficiary with the relevant Group employing Company, as a cause for the expiring of the right to receive the free shares.

2.4.9 The indication of any other provisions which may trigger the cancellation of the plan

The 2017 Group Incentive System does not provide for any provision which may trigger its cancellation.

2.4.10 The reasons justifying the redemption, pursuant to sect. 2357 and followings of the Italian Civil Code, by UniCredit, of the financial instruments contemplated by the plan; the beneficiaries of such redemption, indicating whether the same is limited only to certain categories of employees; the consequences of the termination of the employment relationship with respect to such redemption rights

The 2017 Group Incentive System does not provide for the redemption by UniCredit or by another Group company with reference to the free shares.

2.4.11 The loans or other special terms that may be granted for the purchase of stocks pursuant to sect. 2358, paragraph 3, of the Italian Civil Code

The 2017 Group Incentive System does not provide for a loan or other special terms for the purchase of the shares.

2.4.12 The evaluation of the economic burden for UniCredit at date of the assignment of the plan, as determined on the basis of the terms and conditions already defined, with respect to the aggregate overall amount as well as with respect to each financial instrument contemplated by the plan

The estimation of the overall cost expected by UniCredit in relation to the 2017 Group Incentive System at the grant date of the free shares, has been made on the basis of IAS principles, considering the accounting assumptions on the foreseeable beneficiaries exits before the allocation of the free shares and on the probability to achieve the performance targets related to the allocation of the free shares.

On the basis of these estimations, the overall expected cost for UniCredit at the grant date of the target number of free shares is equal to Euro 160 mio to be split in 6 years.

Depending on actual performance achievements, actual IAS cost of the Plan will vary from Euro 0 to a maximum of Euro 160 mio.

At this stage it is not possible to define the exact cost in each year of life of the 2017 Group Incentive System, since the definition of the actual number of the free shares to be allocated is subject to the Board of Directors resolution.

2.4.13 The indication of any dilution on the corporate capital of the issuer resulting from the compensation plan, if any

The maximum impact of the 2017 System on UniCredit share capital shall be approx. 0.72% in case of the potential allocation of all free shares to employees.

2.4.14 Any limitation to the voting and to the economic rights

At this stage, the 2017 Group Incentive System does not provide for any limitation to the voting or economic rights for the shares allocated.

2.4.15 In the event the stocks are not negotiated on a regulated market, any and all information necessary for a complete evaluation of the value attributable to them

The 2017 Group Incentive System provides only for the assignment of shares negotiated on regulated markets.

2.4.16 The number of financial instruments belonging to each option

The 2017 Group Incentive System does not provide for options.

2.4.17 The termination date of the options

The 2017 Group Incentive System does not provide for options.

2.4.18 The modalities, time limits and clauses for the exercise of the options

The 2017 Group Incentive System does not provide for options.

2.4.19 The strike price of the options or the criteria and modalities for its determination, with respect in particular to:

- a) the formula for the calculation of the exercise price in connection with the fair market value, and to
- b) the modalities for the calculation of the market price assumed as basis for the calculation of the exercise price

The 2017 Group Incentive System does not provide for options.

2.4.20 In case the strike price is different from the fair market value as determined pursuant to point 2.4.19.b, the indication of the reasons for such difference

The 2017 Group Incentive System does not provide for options.

2.4.21 The criteria justifying differences in the exercise prices between the relevant beneficiaries or class of beneficiaries

The 2017 Group Incentive System does not provide for options.

2.4.22 In the event the financial instruments underlying granted options are not negotiated on a regulated market, the indication of the value attributable to the same or of the criteria for its determination

The 2017 Group Incentive System does not provide for options.

2.4.23 The criteria for the adjustments required in connection with any extraordinary transaction involving the corporate capital of the issuer as well as in connection with transaction triggering a variation in the number of the financial instruments underlying granted options

After the full implementation of the share capital increase approved by the General Shareholders' Meeting on January 12 2017, the 2017 Group Incentive System has been modified taking into account the impact of the resulting reverse stock split and the application of AIAF adjustment factor ("K Factor").

3. "2017-2019 LTI PLAN"

The 2017-2019 LTI Plan (hereinafter also the "LTI Plan") is aimed at aligning Top and Senior Management interests to the long term value creation for the shareholder, to share price and Group performance appreciation and sustaining a sound and prudent risk management orienting the performance management measurement on a multi-year horizon.

The LTI Plan has also the characteristic to be qualified as a "retention" tool in order to retain key Group people for the achievement of the mid-long term Group Strategy.

3.1 BENEFICIARIES OF THE PLAN

The beneficiaries of the LTI Plan are the Chief Executive Officer and the General Manager of UniCredit, the Senior Executive Vice Presidents (SEVP) of UniCredit, the Executive Vice Presidents (EVP) of UniCredit including also employees of the Legal Entities of the Group, other key roles of the Group up to 200 beneficiaries, including selected Talents not belonging to the aforementioned clusters. Personnel of Company Control Functions is not included in the Plan.

3.1.1 Indication of the name of beneficiaries who are members of the board of directors of UniCredit and of the companies directly or indirectly controlled by UniCredit

Mr. Jean Pierre Mustier, CEO of UniCredit, is among the beneficiaries of the LTI Plan.

It is worth mentioning that certain potential beneficiaries of the LTI Plan, in addition to the exercise of their managing powers connected to their offices, held offices in Management Bodies of companies, directly or indirectly controlled by UniCredit. In light of the fact that such individuals are amongst the beneficiaries of the LTI Plan in their capacity as employees of UniCredit Group, no information as to their name is provided hereto and reference shall be made to the information provided below.

3.1.2 The categories of employees or collaborators of UniCredit and companies controlling or controlled by this issuer

The employees of UniCredit and of its parent companies or subsidiaries that benefit from the LTI Plan are:

- UniCredit Chief Executive Officer (CEO)
- UniCredit General Manager (GM)
- Senior Executive Vice Presidents (SEVP) of UniCredit
- Executive Vice Presidents (EVP) of UniCredit including also employees of the Legal Entities of the Group
- other Key roles of the Group up to 200 beneficiaries, including selected Talents not belonging to the aforementioned clusters

Personnel of Company Control Functions is not included in the Plan.

3.1.3 Individuals who benefit from the Plan belonging to the following groups:

a) General Managers of UniCredit

Mr. Gianni Franco Papa, General Manager of UniCredit, is among the beneficiaries of the LTI Plan.

b) other executives with strategic responsibilities of the financial instrument issuer (not classed as "small", in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010), if they have, during the

course of the year, received total compensation (obtained by adding the monetary compensation to the financial instrument-based compensation) in excess of the highest total compensation assigned to the members of the board of directors or management board, and to the general managers of the financial instrument issuer

None of UniCredit Executives meets the description; therefore no information is provided in connection thereto.

c) **natural persons controlling UniCredit, who are employee or collaborator of UniCredit**

No natural or legal person controls UniCredit and, therefore, no information is provided in connection thereto.

3.1.4 Description and numerical indication, broken down according to category:

a) **Executives with strategic responsibilities other than those specified under lett. B) of paragraph 2.1.3**

Amongst the beneficiaries of the LTI Plan, along with the CEO and the General Manager, there are n. 3 Executives of UniCredit who have regular access to privileged information and are authorized to take resolutions capable of influencing the development and prospects of UniCredit:

- the Head of Strategy, Business Development and M&A, Mrs. Marina Natale
- the Co-Chief Operating Officer, Mr. Ranieri de Marchis
- the Head of Group Legal, Mr. Gianpaolo Alessandro

b) **in the case of "small" companies, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, the indication for the aggregate of all executives with strategic responsibilities of the financial instrument issuer**

This provision is not applicable and, therefore, no information is provided in connection thereto.

c) **other categories of employees or collaborators for which different characteristics are envisaged for the plan (e.g. executives, middle management, employees etc.)**

There are no classes of employees to which different characteristics of the LTI Plan apply.

3.2 THE REASONS FOR THE ADOPTION OF THE PLAN

3.2.1 The targets which the parties intend to reach through the adoption of the plan

The LTI Plan is aimed at aligning Top and Senior Management interests to the long term value creation for the shareholder, to share price and Group performance appreciation and sustaining a sound and prudent risk management orienting the performance management measurement on a multi-year horizon.

The LTI Plan has also the characteristic to be qualified as a "retention" tool in order to retain key Group people for the achievement of the mid-long term Group Strategy.

3.2.2 Principal factors of variation and performance indexes taken into account for the assignment of plans based on financial instruments

The LTI Plan provides for the allocation of UniCredit free ordinary shares, in several installments and over a multi-year period, subject to the achievement of specific performance conditions linked to the 2017-2019 Multi-Year Plan.

The overall number of shares to be allocated has been defined on the basis of the arithmetic mean of the official price of UniCredit ordinary shares on the electronic stock market managed by Borsa Italiana S.p.A. during the 30 days preceding the Board resolution that has approved the proposal submitted to the General Shareholders' Meeting. Different percentages of payments in shares, starting from 2020, are defined on the basis of the beneficiary categories.

Performance indicators of the LTI Plan to be evaluated for the definition of the numbers of shares are the following:

- *Return On Allocated Capital* (weight - 50%): this KPI will be measured on the basis of its value at the end of the 2017-2019 Multi-Year Plan, coherently with Plan targets (i.e. 100% of achievement if its value is equal or higher than 9%);
- *Cost/Income Ratio* (weight - 25%): this KPI will be measured on the basis of its value at the end of the 2017-2019 Multi-Year Plan, coherently with Plan targets (i.e. 100% of achievement if its value is equal or higher than 52%);

- *NET Non Performing Exposure* (weight - 25%): this KPI will be measured on the basis of its value at the end of the 2017-2019 Multi-Year Plan, coherently with Plan targets (i.e. 100% of achievement if its value is equal or higher than 20,2 Euro bio).

3.2.3 The factors assumed as basis for the determination of the compensation based upon financial instruments, or the criteria for the determination of the aforesaid compensation

The overall number of shares to be allocated has been defined on the basis of the arithmetic mean of the official price of UniCredit ordinary shares on the electronic stock market managed by Borsa Italiana S.p.A during the 30 days preceding the Board resolution that has approved the proposal submitted to the General Shareholders' Meeting. Different percentages of payments in shares, starting from 2020, are defined on the basis of the beneficiary categories.

The assigned shares will be subject to a three-year deferral period from the date of approval of the LTI Plan, as required by law. The overall final amount will be defined on the basis of the achievement of specific performance conditions linked to the 2017-2019 Multi-Year Plan, subject to continuous employment at each date of payment. Moreover, the shares will be assigned only on the basis of the respect of the minimum conditions of Company assets, capital and liquidity ("*malus* condition"), as well as in terms of a conduct compliant with respect to the law, Company and Group compliance rules, Company Policy and to the integrity values mentioned in the Code of Conduct (including claw-back clauses).

It is foreseen also a qualitative assessment made by Remuneration Committee and Board of Directors on the basis of non-purely formulistic elements, to keep into consideration the value creation for shareholders (i.e. Total Shareholder Return), the achievement of further managerial KPIs included in the 2017-2019 Multi-Year Plan (i.e. cross selling, funding gap, etc.), the market context, the remuneration trends, etc., that could decrease up to 0 or increase up to maximum 20% the payments of the Plan. However the overall final value of the assignments of the LTI Plan could not exceed the 100% of the original assignment.

Once the achievement of the performance indicators has been verified, the Board will grant the assignments of the shares on the basis of the percentages of payments in shares and the installments foreseen for the different beneficiary categories.

3.2.4 The reasons justifying the decision to assign compensation plans based on financial instruments not issued by UniCredit, such as financial instruments issued by its subsidiaries, its parent companies or third parties; in the event the aforesaid financial instruments are not negotiated on regulated markets, the issuer shall provide information as to the criteria adopted for the calculation of the value attributable to such financial instruments

The LTI Plan does not contemplate the allocation of similar financial instruments.

3.2.5 The evaluations, with respect to the relevant tax and accounting implications, taken into account in the definition of the plans

The LTI Plan definition has not been influenced by significant tax or accounting consideration. In particular, the tax and social securities regime applied to the free shares allocated will be consistent with legislation in place in the countries where the beneficiary is fiscally resident.

3.2.6 The indication as to whether the plan enjoys any support from the special fund for encouraging worker participation in the companies, as provided for under Article 4, paragraph 112, of Law December, 24 2003 n. 350

The LTI Plan is not currently supported by the special fund for encouraging worker participation in the companies, as provided under sect. 4, paragraph 112, of Law December 24, 2003 n. 350.

3.3 PROCEDURE FOR THE ADOPTION OF THE PLAN AND TIMEFRAME FOR THE ASSIGNMENT OF THE FINANCIAL INSTRUMENTS

3.3.1 Powers delegated to the board of directors by the shareholders' meeting for the implementation of the plan

The best solution identified to execute the LTI Plan is to delegate the Board of Directors, pursuant to Article 2443 of the Civil Code, the faculty to increase share capital as described in the Director's Report presented to the Extraordinary Shareholders' Meeting called for on April 20, 2017 (in single call).

In force of this delegation, the Board of Directors could resolve

on one or more occasions - for a maximum period of five years - to carry out a free capital increase, as allowed by Article 2349 of the Italian Civil Code, for a maximum nominal amount of 4,500,000 UniCredit ordinary shares, to be granted to pre-selected employees of the Holding Company and of Group banks and companies. Such an increase in capital shall be carried out using the special reserve known as "Provisions Linked to the Medium Term Incentive System for Group Personnel" set up for this purpose and reinstated or increased each year or in accordance with other methods dictated by applicable laws and regulations.

Related to Article 2443 of Civil Code that provides that the Directors can exercise the right to carry out a free capital increase for a maximum period of five years starting from the date when the Shareholders' meeting resolution providing the delegation of power has been registered and therefore - regarding the date of the AGM resolution - until 2022, in order to assign last share installment provided for 2023 it will be necessary to submit to a future AGM approval a proposal aimed at integrating the delegation of power already provided to the Board of Directors so that the implementation of the LTI Plan can be completed.

The overall number of shares to be allocated has been defined on the basis of the arithmetic mean of the official price of UniCredit ordinary shares on the electronic stock market managed by Borsa Italiana S.p.A during the 30 days preceding the Board resolution that has approved the proposal submitted to the General Shareholders' Meeting. The allocation of a maximum number of 7,000,000 UniCredit ordinary shares is estimated, representing about 0.31% of UniCredit share capital, of which maximum no. of 1,200,000 UniCredit ordinary shares devoted to potential new hires. In case the amount of the "Provisions Linked to the Medium Term Incentive System for Group Personnel" does not allow the issuance (full or partial) of UniCredit ordinary shares to service the LTI Plan, an equivalent amount in cash will be allocated to the beneficiaries, determined in base of arithmetic mean of the official market closing price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates 2017 performance achievements.

As required by law, distribution of share payments foresees share retention periods (a retention period on upfront shares of 2 years and of 1 year for deferred shares).

The Board of Directors of UniCredit could establish to assign free UniCredit ordinary shares that will be freely transferable at the end of the shares retention period, or in the year of the assignment, but subject to restrictions on the transfer for the foreseen shares retention period (a retention period on upfront shares of 2 years and of 1 year for deferred shares).

3.3.2 Indication of the individuals in charge of the management of the plan, their powers authority

The Organizational Unit "*Reward & Benefits*" of the Holding is in charge for the management of the LTI Plan.

3.3.3 Procedures for the amendment of the plans, if any, also in connection with potential variation of the original targets

No specific procedures for the amendment of the LTI Plan are provided for, other than the power of attorney that is provided by the Shareholders' Meeting to the Chairman and the Chief Executive Officer, also separately, to possibly make changes to the LTI Plan.

3.3.4 Description of the modalities for the determination of the availability and assignment of the financial instruments contemplated by the plan

To this regard, please refer to the foregoing points § 3.2.2; 3.2.3.

3.3.5 The influence exercised by each director in the determination of the characteristics of the plans; the potential conflict of interest which may trigger the obligation for the relevant director to abstain from exercising his vote in the relevant resolution

In the determination of the essential characteristics of the LTI Plan proposed to the Shareholders' Meeting, the Board of Directors followed the guidelines and criteria elaborated by the Remuneration Committee of UniCredit.

Since the CEO of UniCredit is among the beneficiaries of the LTI Plan, the latter has abstained from participating in the definition of the LTI Plan.

3.3.6 The date on which the board of directors resolved upon the assignment of the financial instruments contemplated by the plan

The Board of Directors, on January 10, 2017 approved the proposal related to the LTI Plan to be submitted to UniCredit Shareholders' Meeting.

Furthermore, in exercising the delegation received by the Shareholders' Meeting, as described in point 3.3.1, the Board of Directors will resolve in one or more occasions to allocate the financial instruments related to the LTI Plan.

3.3.7 The date on which the remuneration committee resolved upon the Plan of UniCredit

The Remuneration Committee on January 9, 2017 positively resolved upon the criteria and the methodology elaborated for the definition of the LTI Plan, sharing the reasons and motivations thereof.

3.3.8 The market price of UniCredit ordinary shares, on the dates mentioned in points 3.3.6 and 3.3.7

The market price of UniCredit ordinary shares, registered on the date of Board of Directors approval of the LTI Plan proposal (January 10, 2017) and on the date of the decision made by the Remuneration Committee of UniCredit (January 9, 2017), resulted equal to Euro 2.68 and to Euro 2.674.

3.3.9 In which terms and modalities UniCredit takes into account, in the determination of the timeframe for the assignment of the plans, of the possible time-coincidence between:

- i) such assignment or the decision, if any, adopted thereon by the Remuneration Committee, and
- ii) the dissemination of relevant information, if any, pursuant to sect. 114, paragraph 1 of Legislative Decree 58/98; for instance, in cases in which such information is:
 - a) not already public and capable to positively affect the market quotation, or
 - b) already published and capable to negatively affect the market quotation

In relation to the foregoing it is clarified that the resolution of the Board of Directors which approved the proposal to be submitted to the Shareholders' Meeting, has been communicated to the markets, in compliance with the current regulations. It is also clarified that analogous information to the market, if required, will be made available upon any other following resolution adopted by the Board of Directors on the LTI Plan.

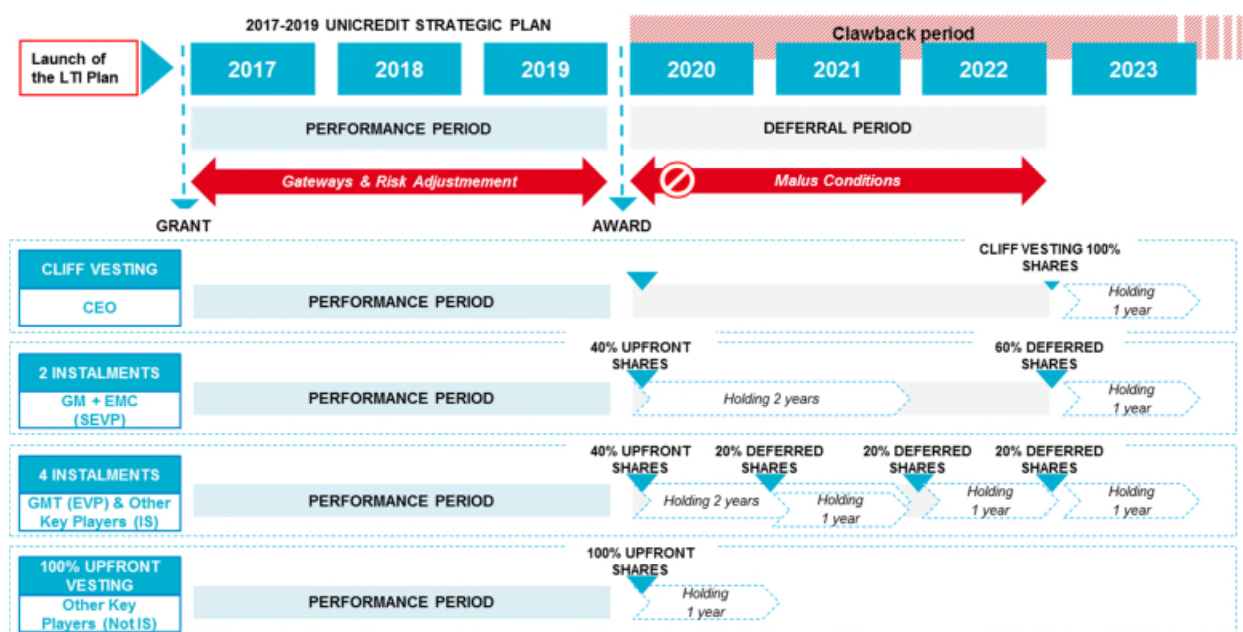
It is worthwhile clarifying that, although all the resolutions adopted by the Board of Directors are subject to the prior positive opinion of the Remuneration Committee of UniCredit, the information to the market - where due - is given only after the relevant resolution of the Board of Directors.

3.4. THE CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS ASSIGNED

3.4.1 Description of the compensation plan

The LTI Plan provides for the allocation of UniCredit free ordinary shares, in several installments and over a multi-year period, subject to the achievement of specific performance conditions linked to the 2017-2019 Multi-Year Plan.

The overall number of shares to be allocated has been defined on the basis of the arithmetic mean of the official price of UniCredit ordinary shares on the electronic stock market managed by Borsa Italiana S.p.A during the 30 days preceding the Board resolution that has approved the proposal submitted to the General Shareholders' Meeting. Different percentages of payments in shares, starting from 2020, are defined on the basis of the beneficiary categories, as illustrated here below:



The allocation of a maximum number of 7,000,000 UniCredit ordinary shares is proposed, representing about 0.31% of UniCredit share capital, of which maximum no. of 1,200,000 UniCredit ordinary shares devoted to potential new hires.

As required by law, distribution of share payments foresees share retention periods (a retention period on upfront shares of 2 years and of 1 year for deferred shares).

The Board of Directors of UniCredit could establish to assign free UniCredit ordinary shares that will be freely transferable at the end of the shares retention period, or in the year of the assignment, but subject to restrictions on the transfer for the foreseen shares retention period (a retention period on upfront shares of 2 years and of 1 year for deferred shares).

3.4.2 Indication of the time period for the implementation of the plan also indicating different cycles, if any, of its implementation

Overall incentive payment will be made over a multi-year period (2020-2023). The assigned shares will be subject to a three-year deferral period from the date of approval of the LTI Plan, as required by law. The overall final amount will be defined on the basis of the achievement of specific performance conditions linked to the 2017-2019 Multi-Year Plan, subject to continuous employment at each date of payment. Moreover, the shares will be assigned only on the basis of the respect of the minimum conditions of Company assets, capital and liquidity (“malus condition”), as well as in terms of a conduct compliant with respect to the law, Company and Group compliance rules, Company Policy and to the integrity values mentioned in the Code of Conduct (including claw-back clauses).

3.4.3 The termination date of the plan

Taking into account the foregoing, the LTI Plan will expire by 2023.

3.4.4 The overall maximum number of financial instruments, also in the form of options, assigned over any fiscal years with respect to the beneficiaries namely identified or identified by categories, as the case may be

The maximum number of shares is estimated at 7,000,000 representing about 0.31% of UniCredit share capital, of which maximum no. of 1,200,000 UniCredit ordinary shares devoted to potential new hires.

For the assignment of the last installment of shares planned for 2023 it will be submitted to one of the future Shareholders’ meetings the proposed integration of the power of attorney, already provided to the Board of Directors, so that the implementation of the LTI Plan can be completed.

At this stage it is not possible to indicate the maximum number of free shares allocated in each fiscal year during the life of the LTI Plan, since the actual definition will be done by the Board of Directors on the basis of the criteria approved by the Shareholders' Meeting.

3.4.5 The procedures and clauses for the implementation of the plan, specifying whether the assignment of the financial instruments is subject to the satisfaction of certain specific conditions and, in particular, to the achievement of specific results, including performance targets; a description of the aforesaid conditions and results

To this regard, please refer to the foregoing points § 3.2.2; 3.2.3.

3.4.6 Indication of the restrictions on the availability of the financial instruments allocated under the plan or of the financial instruments relating to the exercise of the options, with particular reference to the time limits within which the subsequent transfer of the stocks to the issuer or third parties is permitted or prohibited

The Board of Directors of UniCredit could establish to assign free UniCredit ordinary shares that will be freely transferable at the end of the shares retention period, or in the year of the assignment, but subject to restrictions on the transfer for the foreseen shares retention period (a retention period on upfront shares of 2 years and of 1 year for deferred shares).

3.4.7 Description of any condition subsequent to the plan in connection with the execution, by the beneficiaries, of hedging transactions aimed at preventing the effects of potential limits to the transfer of the financial instruments assigned there under, also in the form of options, as well as to the transfer of the financial instruments relating to the exercise of the aforesaid options

In accordance with national and international regulatory guidelines and the Group Compensation Policy, beneficiaries are required not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements. Involvement in any form of hedging transaction shall be considered in breach of Group compliance policies and therefore the relevant rights under the Plan shall automatically expire.

3.4.8 Description of the consequences deriving from the termination of the employment or working relationship

The LTI Plan provides that the Board of Directors will have the faculty to identify, in the resolution that will execute the LTI Plan, the termination of the beneficiary with the relevant Group employing Company, as a cause for the expiring of the right to receive the free shares.

3.4.9 The indication of any other provisions which may trigger the cancellation of the plan

The LTI Plan does not provide for any provision which may trigger its cancellation.

3.4.10 The reasons justifying the redemption, pursuant to sect. 2357 and followings of the Italian Civil Code, by UniCredit, of the financial instruments contemplated by the plan; the beneficiaries of such redemption, indicating whether the same is limited only to certain categories of employees; the consequences of the termination of the employment relationship with respect to such redemption rights

The LTI Plan does not provide for the redemption by UniCredit or by another Group company with reference to the free shares.

3.4.11 The loans or other special terms that may be granted for the purchase of stocks pursuant to sect. 2358, paragraph 3, of the Italian Civil Code

The LTI Plan does not provide for a loan or other special terms for the purchase of the shares.

3.4.12 The evaluation of the economic burden for UniCredit at date of the assignment of the plan, as determined on the basis of the terms and conditions already defined, with respect to the aggregate overall amount as well as with respect to each financial instrument contemplated by the plan

The estimation of the overall cost expected by UniCredit in relation to the LTI Plan at the grant date of the free shares, has been made on the basis of the IAS principles, considering the accounting assumptions on the foreseeable beneficiaries exits before the allocation of the free shares and on the probability to achieve the performance targets related to the allocation of the free shares.

On the basis of these estimations, the overall expected cost for UniCredit at the grant date of the target number of free shares is equal to Euro 66 mio to be split in 6 years.

Depending on actual performance achievements, actual IAS cost of the Plan will vary from Euro 0 to a maximum of Euro 66 mio.

At this stage it is not possible to define the exact cost in each year of life of the LTI Plan, since the definition of the actual number of the free shares to be allocated is subject to the Board of Directors resolution.

3.4.13 The indication of any dilution on the corporate capital of the issuer resulting from the compensation plan, if any

The maximum impact of the LTI Plan on UniCredit share capital shall be approx. 0.31% in case of the potential allocation of all free shares to employees.

3.4.14 Any limitation to the voting and to the economic rights

At this stage, the LTI Plan does not provide for any limitation to the voting or economic rights for the shares allocated.

3.4.15 In the event the stocks are not negotiated on a regulated market, any and all information necessary for a complete evaluation of the value attributable to them

The LTI Plan provides only for the use of shares negotiated on regulated markets.

3.4.16 The number of financial instruments belonging to each option

The LTI Plan does not provide for options.

3.4.17 The termination date of the options

The LTI Plan does not provide for options.

3.4.18 The modalities, time limits and clauses for the exercise of the options

The LTI Plan does not provide for options.

3.4.19 The strike price of the options or the criteria and modalities for its determination, with respect in particular to:

- a) the formula for the calculation of the exercise price in connection with the fair market value, and to
- b) the modalities for the calculation of the market price assumed as basis for the calculation of the exercise price

The LTI Plan does not provide for options.

3.4.20 In case the strike price is different from the fair market value as determined pursuant to point 3.4.19.b, the indication of the reasons for such difference

The LTI Plan does not provide for options.

3.4.21 The criteria justifying differences in the exercise prices between the relevant beneficiaries or class of beneficiaries

The LTI Plan does not provide for options.

3.4.22 In the event the financial instruments underlying granted options are not negotiated on a regulated market, the indication of the value attributable to the same or of the criteria for its determination

The LTI Plan does not provide for options.

3.4.23 The criteria for the adjustments required in connection with any extraordinary transaction involving the corporate capital of the issuer as well as in connection with transaction triggering a variation in the number of the financial instruments underlying granted options

After the full implementation of the share capital increase approved by the General Shareholders' Meeting on January 12 2017, the 2017-2019 LTI Plan has been modified taking into account the impact of the resulting reverse stock split and the application of AIAF adjustment factor ("K Factor").

4. EXECUTION OF THE "GROUP COMPENSATION SYSTEMS"

4.1 BENEFICIARIES OF THE PLAN

With reference to the UniCredit Board of Directors resolutions of

- March 13, 2017
- February 9, 2016 and March 10, 2016
- February 11, 2015 and April 9, 2015
- March 11, 2014
- March 15, 2013 and April 11, 2013

to execute the **2016 Group Incentive System**, the **2015 Group Incentive System**, the **2014 Group Incentive System**, the **2013 Group Incentive System** and the **2012 Group Incentive System** (hereinafter also the "Group Compensation Systems" or the "Plans"), approved by the Ordinary Shareholders Meeting on April 14, 2016, May 13, 2015, May 13, 2014, May 11, 2013, May 11, 2012; the following beneficiaries have been identified for the relevant plans:

- the **2016 Group Incentive System**, that provides for the grant of an incentive - in cash and/or free ordinary shares - to be allocated to Group Identified Staff in a multi-year period (2017-2022), subject to the achievement of specific performance objectives;
- the **2015 Group Incentive System**, that provides for the grant of an incentive - in cash and/or free ordinary shares - to be allocated to Group Identified Staff in a multi-year period (2016-2021), subject to the achievement of specific performance objectives. Therefore it provides for the allocation of the second tranche of cash promised in 2016, following the verification of the achievement of the Zero Factor provided by the system for the deferral payments;
- the **2014 Group Incentive System**, that provides for the grant of an incentive - in cash and/or free ordinary shares - to be allocated to Group Identified Staff in a multi-year period (2015-2020), subject to the achievement of specific performance objectives. Therefore it provides for the allocation of the third tranche of cash and of the first tranche in shares promised in 2015, following the verification of the achievement of the Zero Factor provided by the system for the deferral payments. This Plan provides, inter alia, the allocation of the fourth tranche of the shares promised in 2014, following the verification of the achievement of the Zero Factor provided by the system for the deferral payments to selected resources belonging to the Corporate & Investment Banking Division, also with reference to the 2013 performance (Sustainable Performance Plan 2013);
- the **2013 Group Incentive System**, that provides for the grant of an incentive - in cash and/or free ordinary shares - to be allocated to Group Executives and other selected roles in a multi-year period (2014-2018) subject to the achievement of specific performance objectives. Therefore it provides for the allocation of the second tranche of shares promised in 2014, following the verification of the achievement of the Zero Factor provided by the system for the deferral payments. This Plan provides, inter alia, the allocation of the third tranche of the shares promised in 2013, following the verification of the achievement of the Zero Factor provided by the system for the deferral payments to selected resources belonging to the Corporate &

Investment Banking Division, also with reference to the 2012 performance (Sustainable Performance Plan 2012);

- the **2012 Group Incentive System**, that provides for the grant of an incentive - in cash and/or free ordinary shares - to be allocated to Group Executives and other selected roles in a multi-year period (2013-2017) subject to the achievement of specific performance objectives. Therefore it provides for the allocation of the third tranche of shares promised in 2013, following the verification of achievement of the Zero Factor provided by the system for the deferral payments.

4.1.1 Indication of the name of beneficiaries who are members of the board of directors of UniCredit and of the companies directly or indirectly controlled by UniCredit

The employment relationship with the former Chief Executive Officer, Mr. Ghizzoni, terminated on September, 30 2016. In the context of consensual resolution, the maintenance of rights relative to Group Incentive Systems beginning from 2008 has been provided. The current Chief Executive Officer, Mr. Mustier, does not benefit from the Group Compensation Systems. It is worth mentioning that certain potential beneficiaries of the aforementioned Plans, in addition to the exercise of their managing powers connected to their offices, held offices in Management Bodies of companies, directly or indirectly controlled by UniCredit. In light of the fact that such individuals are amongst the beneficiaries of the Plans in their capacity as employees of UniCredit Group, no information as to their name is provided hereto and reference shall be made to the information provided below.

4.1.2 Categories of employees of UniCredit and companies controlling or controlled by this issuer

The employees of UniCredit and of its parent companies or subsidiaries that benefit from the Group Compensation Systems are:

for the **2016 Group Incentive System**:

- General Manager, Senior Executive Vice Presidents, Executive Vice Presidents, Senior Vice Presidents, Board members of relevant Group Legal Entities;
- Employees with total remuneration greater than Euro 500,000 in the last year
- Employees included within 0.3% of staff with the highest remuneration
- Employees whose remuneration is within the remuneration bracket of senior management and other risk takers
- Other selected roles

for the **2015 Group Incentive System**:

- General Manager, Senior Executive Vice Presidents, Executive Vice Presidents, Senior Vice Presidents, Board members of relevant Group Legal Entities
- Employees with total remuneration greater than Euro 500,000 in the last year
- Employees included within 0.3% of staff with the highest remuneration
- Employees whose remuneration is within the remuneration bracket of senior management and other risk takers
- Other selected roles

for the **2014 Group Incentive System**:

- General Manager, Senior Executive Vice Presidents, Executive Vice Presidents, Senior Vice Presidents, Board members of relevant Group Legal Entities
- Employees with total remuneration greater than Euro 500,000 in the last year
- Employees included within 0.3% of staff with the highest remuneration
- Employees whose remuneration is within the remuneration bracket of senior management and other risk takers
- Other selected roles

for the **2013 Group Incentive System**:

- General Manager, Senior Executive Vice Presidents, Executive Vice Presidents and other risk takers²
- Senior Vice Presidents and other selected roles impacting market, credit, liquidity risks with incentive exceeding Euro 100,000

for the **2012 Group Incentive System**:

- General Manager, Senior Executive Vice Presidents, Executive Vice Presidents and other risk takers³;
- Senior Vice Presidents and other selected roles impacting market, credit, liquidity risks with incentive exceeding Euro 100,000

4.1.3 Individuals who benefit from the Plan belonging to the following groups:

a) General Managers of UniCredit

Mr. Gianni Franco Papa, General Manager of UniCredit, is among the beneficiaries of 2016 Group Incentive System, 2015 Group Incentive System, 2014 Group Incentive System, 2013 Group Incentive System and 2012 Group Incentive System.

b) other executives with strategic responsibilities of the financial instrument issuer (not classed as "small", in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of March 12 2010), if they have, during the course of the year, received total compensation (obtained by adding the monetary compensation to the financial instrument-based compensation) in excess of the highest total compensation assigned to the members of the board of directors or management board, and to the general managers of the financial instrument issuer

None of UniCredit executives meet the description; therefore no information is provided in connection thereto.

c) natural persons controlling UniCredit, who are employee or collaborator of UniCredit

No natural or legal person controls UniCredit and, therefore, no information is provided in connection thereto.

4.1.4 Description and numerical indication, broken down according to category:

a) Executives with strategic responsibilities other than those specified under lett. b) of paragraph 4.1.3

Amongst the beneficiaries of the Group Compensation Systems, there are no. 8 executives of UniCredit who have regular access to privileged information and are authorized to take resolutions capable of influencing the development and prospects of UniCredit:

- the Co-Chief Operating Officer, Mr. Ranieri de Marchis and Mr. Francesco Giordano
- the Head of Strategy, Business Development and M&A, Mrs. Marina Natale
- the Group Chief Risk Officer, Mr. Massimiliano Fossati
- the Head of Group Human Capital, Mr. Paolo Cornetta
- the Group Compliance Officer, Mr. Carlo Appetiti
- the Head of Group Legal, Mr. Gianpaolo Alessandro
- the Head of Internal Audit, Mrs. Serenella De Candia

b) in the case of "small" companies, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of March 12 2010, the indication for the aggregate of all executives with strategic responsibilities of the financial instrument issuer

This provision is not applicable and therefore no information is provided in connection thereto.

c) other categories of employees or collaborators for which different characteristics are envisaged for the plan (e.g. executives, middle management, employees etc.)

There are no classes of employees to which different characteristics of the relevant plans apply.

² Employees materially impacting market, credit, liquidity risk at Group level and with an incentive higher than Euro 500,000

³ Employees materially impacting market, credit, liquidity risk at Group level and with an incentive higher than Euro 500,000

4.2 REASONS FOR THE ADOPTION OF THE PLAN

4.2.1 The targets which the parties intend to reach through the adoption of the plan

The **2016 Group Incentive System** aims to attract, retain and motivate Group beneficiaries and is aligned to the national and international regulatory requirements on variable compensation. It provides for:

- allocation of a variable incentive defined based on available bonus pool, individual performance evaluation, internal benchmark for specific roles/markets and bonus cap as set by the Ordinary Shareholder's meeting;
- definition of a balanced structure of upfront (done at the moment of performance evaluation) and deferred payments, in cash and in shares;
- distributions of share payments, coherently with the applicable regulatory requirements regarding the application of share retention periods. The payment structure defined according to Bank of Italy disposals requires a retention period on upfront shares of 2 years and of 1 year for deferred shares;
- risk adjusted metrics in order to guarantee long-term sustainability with respect to company's financial position and to ensure compliance with regulatory expectations;
- *malus* condition (Zero Factor) which applies in case specific thresholds (profitability, capital & liquidity) are not met at both Group and Country/Division levels.

The **2015 Group Incentive System** aims to attract, retain and motivate Group beneficiaries and is aligned to the national and international regulatory requirements on variable compensation. It provides for:

- allocation of a variable incentive defined on available bonus pool, individual performance evaluation, internal benchmark for specific roles/markets and bonus cap as set by the Ordinary Shareholder's meeting;
- definition of a balanced structure of upfront (done at the moment of performance evaluation) and deferred payments, in cash and in shares;
- distributions of share payments, coherently with the applicable regulatory requirements regarding the application of share retention periods. The payment structure defined according to Bank of Italy disposals requires a retention period on upfront shares of 2 years and of 1 year for deferred shares;
- risk adjusted metrics in order to guarantee long-term sustainability with respect to company's financial position and to ensure compliance with regulatory expectations;
- *malus* condition (Zero Factor) which applies in case specific thresholds (profitability, capital & liquidity) are not met at both Group and Country/Division levels.

The **2014 Group Incentive System** aims to attract, retain and motivate Group beneficiaries and is aligned to the national and international regulatory requirements on variable compensation. It provides for:

- allocation of a variable incentive defined on available bonus pool, individual performance evaluation, internal benchmark for specific roles/markets and bonus cap as set by the Ordinary Shareholder's meeting;
- definition of a balanced structure of upfront (done at the moment of performance evaluation) and deferred payments, in cash and in shares;
- distributions of share payments, coherently with the applicable regulatory requirements regarding the application of share retention periods;
- risk adjusted metrics in order to guarantee long-term sustainability with respect to company's financial position and to ensure compliance with regulatory expectations;
- *malus* condition (Zero Factor) which applies in case specific thresholds (profitability, capital & liquidity) are not met at both Group and Country/Division levels.

The **2013 Group Incentive System** aims to attract, retain and motivate Group beneficiaries and is aligned to the national and international regulatory requirements on variable compensation. It provides for:

- allocation of a variable incentive related to 2013 defined on the basis of individual performance, as well as results at business level and, as relevant, at Country and/or Group level;
- definition of a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and in shares;

- distributions of share payments which take into account the applicable regulatory requirements regarding the application of share retention periods;
- application of an overall risk/sustainability factor, related to annual Group profitability, solidity and liquidity results ("Group Gate") as well as a Zero Factor related to future Group profitability, solidity and liquidity results.

The **2012 Group Incentive System** aims to attract, retain and motivate Group beneficiaries and is aligned to national and international regulatory requirements on variable compensation. It aims to define - in the interest of all stakeholders - incentive systems in line with long term company strategies and goals, linked to Group results, adjusted in order to consider all risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid misleading incentives that could drive to regulatory breaches or to assume excessive risks for the bank and the system in its whole.

4.2.2 Principal factors of variation and performance indexes taken into account for the assignment of plans based on financial instruments

The **2016 Group Incentive System** provides an individual performance appraisal based on the achievement of specific goals, linked to the five key elements of the UniCredit model of competencies: "*Client obsession*"; "*Execution and Discipline*"; "*Cooperation and Synergies*"; "*Risk Management*"; "*People and Business Development*".

Incentive payouts shall be made over a multi-year period (2017-2022) in a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and in shares, subject to continuous employment at each date of payment.

The **2015 Group Incentive System** provides an individual performance appraisal based on the achievement of specific goals, linked to the five key elements of the UniCredit model of competencies: "*Client obsession*"; "*Execution and Discipline*"; "*Cooperation and Synergies*"; "*Risk Management*"; "*People and Business Development*".

Incentive payouts shall be made over a multi-year period (2016-2021) in a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and in shares, subject to continuous employment at each date of payment.

The **2014 Group Incentive System** provides an Individual performance appraisal based on 4 - 8 goals; other target such as relevant options and behaviors, could be considered by the manager for the overall performance appraisal.

The **2013 Group Incentive System** establishes that the achievement of goals defined for 2013 shall be verified using a multi-perspective balanced approach to evaluate the achieved level of performance on operational & sustainability objectives set within an individual evaluation card ("Performance Screen") and also on other additional goals, where relevant.

The **2012 Group Incentive System** provides that goals set for 2012 will be verified in 2013, using a balanced multi-prospective approach to evaluate the performance achieved, with particular reference to operational and sustainability goals defined within a individual evaluation card ("Performance Screen") and also considering other goals, if relevant.

4.2.3 The factors assumed as basis for the determination of the compensation based upon financial instruments, or the criteria for the determination of the aforesaid compensation

The following are the general criteria that the Board of Directors has followed, in the resolutions that after the Annual Shareholders' Meeting approval has executed the Plan, to define the actual number of beneficiaries and the number of free shares or performance stock options to be granted.

The **2016 Group Incentive System** provides that in 2017 the Board of Directors - once verified the conditions for 2016 - defines the percentages of the payments in cash and shares for the beneficiaries categories.

The **2015 Group Incentive System** provides that in 2016 the Board of Directors - once verified the conditions for 2015 - defines the percentages of the payments in cash and shares for the beneficiaries categories.

The **2014 Group Incentive System** provides that in 2015 the Board of Directors - once verified the conditions for 2014 - defines the percentages of the payments in cash and shares for the beneficiaries categories.

The **2013 Group Incentive System** provides that in 2014 the Board of Directors - once verified the conditions for 2013 - defines the percentages of the payments in cash and shares for the beneficiaries categories.

The **2012 Group Incentive System** provides that in 2013 the Board of Directors - once verified the conditions for 2012 - defines the percentages of the payments in cash and shares for the beneficiaries categories.

4.2.4 The reasons justifying the decision to assign compensation plans based on financial instruments not issued by UniCredit, such as financial instruments issued by its subsidiaries, its parent companies or third parties; in the event the aforesaid financial instruments are not negotiated on regulated markets, the issuer shall provide information as to the criteria adopted for the calculation of the value attributable to such financial instruments

The Group Compensation Systems do not contemplate the allocation of similar financial instruments.

4.2.5 The evaluations, with respect to relevant tax and accounting implications, taken into account in the definition of the plans

The Group Compensation Systems have not been influenced by significant tax or accounting considerations.

Furthermore, the tax regime and social security contribution applied to the free shares allocated, will be compliant with the current regulations in the country where the beneficiary is fiscally resident.

4.2.6 The indication as to whether the plan enjoys any support from the special fund for encouraging worker participation in the companies, as provided for under Article 4, paragraph 112, of Law December, 24 2003 n. 350

The Group Compensation Systems are not currently supported by the special fund for encouraging worker participation in the companies, as provided for under sect. 4, paragraph 112, of Law December, 24 2003 n. 350.

4.3 PROCEDURE FOR THE ADOPTION OF THE PLAN AND TIMEFRAME FOR THE ASSIGNMENT OF THE FINANCIAL INSTRUMENTS

4.3.1 Powers delegated to the board of directors by the shareholders' meeting for the implementation of the plan

The best solution identified to execute the Group Compensation Systems is to delegate the Board of Directors, pursuant to Article 2443 of the Civil Code, the faculty to increase share capital on one or more occasions as described in the Director's Report presented to the Extraordinary Shareholders' Meeting of April 14, 2016, for the **2016 Group Incentive System**, to the Extraordinary Shareholders' Meeting of May 13, 2015, for the **2015 Group Incentive System**, to the Extraordinary Shareholders' Meeting of May 13, 2014, for the **2014 Group Incentive System**, to the Extraordinary Shareholders' Meeting of May 11, 2013, for the **2013 Group Incentive System**, to the Extraordinary Shareholders' Meeting of May 11, 2012, for the **2012 Group Incentive System**, in accordance with the following provisions:

- with reference to the **2016 Group Incentive System**, the BoD could resolve, within a maximum period of five years, in one or more instances, a free share capital under art. 2349 of the Civil Code, of maximum no. 22,800,000 UniCredit ordinary shares (this number has been re-calculated to no. 4,549,758 ordinary shares after the grouping procedure that took place on January 23, 2017 and the application of the "K Factor" adjustment recommended by Italian Society of Financial Analysts - AIAF, after capital transactions carried out by UniCredit);
- with reference to the **2015 Group Incentive System**, the BoD could resolve, within a maximum period of five years, in one or more instances, a free share capital under art. 2349 of the Civil Code, of maximum no. 29,490,000 UniCredit ordinary shares. In addition, maximum no. 2,010,000 ordinary shares could be resolved by the BoD to finalize the execution of the 2015 Group Incentive System (this number has been re-calculated to no. 4,362,056 ordinary shares after the grouping procedure that took place on January 23, 2017 and the application of the "K Factor" adjustment recommended by Italian Society of Financial Analysts - AIAF, after capital transactions carried out by UniCredit);
- with reference to the **2014 Group Incentive System**, the BoD could resolve, within a maximum period of five years, in one or more instances, a free share capital under art. 2349 of the Civil Code, of maximum no. 28,964,197 UniCredit ordinary shares. In addition, maximum no. 9,500,000 ordinary shares could be resolved by the BoD to finalize the execution of the 2014 Group Incentive System (this number has been re-calculated to no. 3,846,419 ordinary shares after the grouping procedure that took place on January 23, 2017);
- with reference to the **2013 Group Incentive System**, the BoD could resolve, within a maximum period of five years, in one or more instances, a free share capital under art. 2349 of the Civil Code, of maximum no. 42,200,000 UniCredit ordinary shares (this number has been re-calculated to no. 4,220,000 ordinary shares after the grouping procedure that took place on January 23, 2017);

- with reference to the **2012 Group Incentive System**, the BoD could resolve, within a maximum period of five years, in one or more instances, a free share capital under art. 2349 of the Civil Code, of maximum no. 59,700,000 UniCredit ordinary shares (this number has been re-calculated to no. 5,970,000 ordinary shares after the grouping procedure that took place on January 23, 2017).

4.3.2 Indication of the individuals in charge of the management of the plan, their powers authority

The Organizational Unit “*Reward & Benefits*” of the Holding is in charge for the management of the Group Compensation Systems.

4.3.3 Procedures for the amendment of the plans, if any, also in connection with potential variation of the original targets

No specific procedures for the amendment of the Group Compensation Systems are provided for.

4.3.4 Description of the modalities for the determination of the availability and assignment of the financial instruments contemplated by the plan

In order to execute the plans in accordance with the delegation provided by the Shareholders’ Meeting on April 14, 2016, on May 13, 2015, on May 13, 2014, on May 11, 2013 and on May 11, 2012, the Board of Directors could resolve to approve a free share capital increase:

- for the 2016 Group Incentive System, within a maximum period of five years, in one or more instances, of maximum no. 22,800,000 UniCredit ordinary shares (this number has been re-calculated to no. 4,549,758 ordinary shares after the grouping procedure that took place on January 23, 2017 and the application of the “K Factor” adjustment recommended by Italian Society of Financial Analysts - AIAF, after capital transactions carried out by UniCredit);
- for the 2015 Group Incentive System, within a maximum period of five years, in one or more instances, of maximum no. 29,490,000 UniCredit ordinary shares. In addition, maximum no. 2,010,000 ordinary shares could be resolved by the BoD to finalize the execution of the 2015 Group Incentive System (this number has been re-calculated to no. 4,362,056 ordinary shares after the grouping procedure that took place on January 23, 2017 and the application of the “K Factor” adjustment recommended by Italian Society of Financial Analysts - AIAF, after capital transactions carried out by UniCredit);
- for the 2014 Group Incentive System, within a maximum period of five years, in one or more instances, of maximum no. 28,964,197 UniCredit ordinary shares. In addition, maximum no. 9,500,000 ordinary shares could be resolved by the BoD to finalize the execution of the 2014 Group Incentive System (this number has been re-calculated after the grouping procedure that took place on January 23, 2017);
- for the 2013 Group Incentive System, within a maximum period of five years, in one or more instances, of maximum no. 42,200,000 UniCredit ordinary shares (this number has been re-calculated after the grouping procedure that took place on January 23, 2017);
- for the 2012 Group Incentive System, within a maximum period of five years, in one or more instances, of maximum no. 59,700,000 UniCredit ordinary shares (this number has been re-calculated after the grouping procedure that took place on January 23, 2017).

4.3.5 The influence exercised by each director in the determination of the characteristics of the plans; the potential conflict of interest which may trigger the obligation for the relevant director to abstain from exercising his vote in the relevant resolution

In the determination of the essential characteristics of the Group Compensation Systems and of the relevant criteria for the identification of the instruments under the Plan, the Board of Directors followed the guidelines and criteria elaborated by the Remuneration Committee of UniCredit.

Even if the CEO of UniCredit is not among the beneficiaries of the Plans, the latter has abstained from participating in the definition of the Plans.

4.3.6 The date on which the board of directors resolved upon the assignment of the financial instruments contemplated by the plan

In accordance with the delegation received by the Shareholders' Meeting, as described in point 5.3.1, the Board of Directors on March 13, 2017 resolved to execute the Group Compensation Systems.

4.3.7 The date on which the remuneration committee resolved upon the Plan of UniCredit

The Remuneration Committee, on March 9, 2017 positively resolved upon the conditions to be applied at the execution of the Group Compensation Systems.

4.3.8 The market price of UniCredit ordinary shares, on the dates mentioned in points 5.3.6 e 5.3.7

The market price of UniCredit ordinary shares, registered on the dates of Board of Directors approval of the Group Compensation Systems execution (March 13, 2017) and on the date of the positive opinion by the Remuneration Committee of UniCredit (March 9, 2017) resulted equal to Euro 14,23 and to Euro 13,83.

4.3.9 In which terms and modalities UniCredit takes into account, in the determination of the timeframe for the assignment of the plans, of the possible time-coincidence between:

- i) such assignment or the decision, if any, adopted thereon by the Remuneration Committee, and
- ii) the spread of relevant information, if any, pursuant to sect. 114, paragraph 1 of Legislative Decree 58/98; for instance, in cases in which such information is:
 - a) not already public and capable to positively affect the market quotation, or
 - b) already published and capable to negatively affect the market quotation

In relation to the foregoing it is clarified that the resolution of the General Shareholders' Meeting has been communicated to the market in compliance with the current regulations. It is also clarified that analogous information to the market is made available upon the resolution adopted by the UniCredit Board of Directors in execution of the Group Compensation Systems.

It is worthwhile clarifying that, although all the resolutions on share based plans adopted by the Board of Directors are subject to the prior positive opinion of the Remuneration Committee of UniCredit, the information to the market, where due, is given only after the relevant resolution of the Board of Directors.

4.4. THE CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS ASSIGNED

4.4.1 Description of the compensation plan

The **2016 Group Incentive System** provides for the grant of an incentive - in cash and/or free UniCredit ordinary shares - to be allocated to Group Executives and other Identified Staff in a multi-year period (2017-2022) subject to the achievement of specific performance objectives.

The **2015 Group Incentive System** provides for the grant of an incentive - in cash and/or free UniCredit ordinary shares - to be allocated to Group Executives and other Identified Staff in a multi-year period (2016-2021) subject to the achievement of specific performance objectives.

The **2014 Group Incentive System** provides for the grant of an incentive - in cash and/or free UniCredit ordinary shares - to be allocated to Group Executives and other Identified Staff in a multi-year period (2015-2020) subject to the achievement of specific performance objectives.

The **2013 Group Incentive System** provides for the grant of an incentive - in cash and/or free UniCredit ordinary shares - to be allocated to Group Executives and other Identified Staff in a multi-year period (2014-2018) subject to the achievement of specific performance objectives.

The **2012 Group Incentive System** provides for the grant of an incentive - in cash and/or free UniCredit ordinary shares - to be allocated in a multi-year period (2013-2017) subject to the achievement of specific performance objectives.

4.4.2 Indication of the time period for the implementation of the plan also indicating different cycles, if any, of its implementation

The free shares related to the **2016 Group Incentive System** will be allocated by UniCredit in multiple installments (in the period 2019-2022) subject to the Board assessment in 2017 of the achievement of the goals set for 2016.

The free shares related to the **2015 Group Incentive System** will be allocated by UniCredit in multiple installments (in the period 2018-2021) subject to the Board assessment in 2016 of the achievement of the goals set for 2015.

The free shares related to the **2014 Group Incentive System** will be allocated by UniCredit in multiple installments (in the period 2017-2020) subject to the Board assessment in 2015 of the achievement of the goals set for 2014.

The free shares related to the **2013 Group Incentive System** will be allocated by UniCredit in multiple installments (in the period 2016-2018) subject to the Board assessment in 2014 of the achievement of the goals set for 2013.

The free shares related to the **2012 Group Incentive System** will be allocated by UniCredit in multiple installments (in the period 2015-2017) subject to the Board assessment in 2013 of achievement of the goals set for 2012.

4.4.3 The termination date of the plan

The **2016 Group Incentive System** will lapse by May 2022.

The **2015 Group Incentive System** will lapse by May 2021.

The **2014 Group Incentive System** will lapse by May 2020.

The **2013 Group Incentive System** will lapse by May 2018.

The **2012 Group Incentive System** will lapse by May 2017.

4.4.4 The overall maximum number of financial instruments, also in the form of options, assigned over any fiscal year with respect to the beneficiaries namely identified or identified by categories, as the case may be

The maximum number of free shares that the Board of Directors is authorized to allocate for the **2016 Group Incentive System** within the power of the delegation received by UniCredit Shareholders' Meeting is equal to 4,549,758.

The maximum number of free shares that the Board of Directors is authorized to allocate for the **2015 Group Incentive System** within the power of the delegation received by UniCredit Shareholders' Meeting is equal to 4,362,056.

The maximum number of free shares that the Board of Directors is authorized to allocate for the **2014 Group Incentive System** within the power of the delegation received by UniCredit Shareholders' Meeting is equal to 3.846.419.

The maximum number of free shares that the Board of Directors is authorized to allocate for the **2013 Group Incentive System** within the power of the delegation received by UniCredit Shareholders' Meeting is equal to 4.220.000.

The maximum number of free shares that the Board of Directors is authorized to allocate for the **2012 Group Incentive System** within the power of the delegation received by UniCredit Shareholders' Meeting is equal to 5.970.000.

At this stage it is not possible to indicate the maximum number of free shares allocated in each fiscal year during the life of the Group Compensation Systems, since the actual definition will be done by the Board of Directors on the basis of the criteria approved by the Shareholders' Meeting.

4.4.5 The procedures and clauses for the implementation of the plan, specifying whether the assignment of the financial instruments is subject to the satisfaction of certain specific conditions and, in particular, to the achievement of specific results, including performance targets; description of the aforesaid conditions and results

Considering the criteria described in the point 5.2.2, the allocation and the exercise of the free shares is subject to the achievement of the performance targets set by the Board of Directors. The assessment of the goals achievement should be done by the Board of Directors at the end of the performance period described in point 5.4.2.

4.4.6 Indication of the restrictions on the availability of the financial instruments allocated under the plan or of the financial instruments relating to the exercise of the options, with particular reference to the time limits within which the subsequent transfer of the stocks to the issuer or third parties is permitted or prohibited

The Group Compensation Systems provide that the free shares to be allocated are free from restrictions and, hence, freely transferable as from the date of their issue and with the same rights as the ones already in circulation.

4.4.7 Description of any condition subsequent to the plan in connection with the execution, by the beneficiaries, of hedging transactions aimed at preventing the effects of potential limits to the transfer of the financial instruments assigned there under, also in the form of options, as well as to the transfer of the financial instruments relating to the exercise of the aforesaid options

In accordance with national and international regulatory guidelines and the Group Compensation Policy, beneficiaries are required not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements. Involvement in any form of hedging transaction shall be considered in breach of Group compliance policies and therefore the rights to receive shares shall automatically expire.

4.4.8 Description of the consequences deriving from the termination of the employment or working relationship

With the exception of the “good leavers” cases as provided by the Rules, in case the beneficiary exits from the Group or in the event that the beneficiary is subject to disciplinary actions by the employer for irregular activities with reference to processes and rules related to i) risk underwriting ii) sales processes of banking and financial services iii) internal code of conduct, the beneficiary will lose the right to receive the free shares; the above unless the Board of Directors, with reference to each single case, decides otherwise.

4.4.9 The indication of any other provisions which may trigger the cancellation of the plan

The Group Compensation Systems do not provide for any provision which may trigger its cancellation.

4.4.10 The reasons justifying the redemption, pursuant to sect. 2357 and followings of the Italian Civil Code, by UniCredit, of the financial instruments contemplated by the plan; the beneficiaries of such redemption, indicating whether the same is limited only to certain categories of employees; the consequences of the termination of the employment relationship with respect to such redemption rights

The Group Compensation Systems do not provide for the redemption by UniCredit or by another Group company with reference to the free shares.

4.4.11 Loans or other special terms that may be granted for the purchase of stocks pursuant to sect. 2358, paragraph 3, of the Italian Civil Code

The Group Compensation Systems do not provide for loans or other special terms for the purchase of the shares.

4.4.12 The evaluation of the economic burden for UniCredit at date of the assignment of the plan, as determined on the basis of the terms and conditions already defined, with respect to the aggregate overall amount as well as with respect to each financial instrument contemplated by the plan

The estimation of the overall cost expected by UniCredit in relation to the Group Compensation Systems at the date of promise to grant the free shares, has been made on the basis of the IAS principles, considering the accounting assumptions on the foreseeable beneficiaries exits before the allocation of the free shares and on the probability to achieve the performance targets related to the allocation of the free shares.

On the basis of these estimations, the overall expected cost for UniCredit at the date of promise to grant the target number of free shares is equal to Euro 1,174.62 mio:

- Euro 180 mio for the **2016 Group Incentive System**;
- Euro 238 mio for the **2015 Group Incentive System**;
- Euro 316,32 mio for the **2014 Group Incentive System**;
- Euro 218 mio for the **2013 Group Incentive System**;
- Euro 222,3 mio for the **2012 Group Incentive System**.

4.4.13 Indication of any dilution on the corporate capital of the issuer resulting from the compensation plan, if any

The maximum dilution impact of the Group Compensation Systems is amounting to approximately 1.75%.

4.4.14 Any limitation to the voting and to the economic rights

At this stage, the 2016, 2015, 2014, 2013 and 2012 Group Incentive System do not provide for any limitation to the voting or economic rights for the shares allocated.

4.4.15 In the event the stocks are not negotiated on a regulated market, any and all information necessary for a complete evaluation of the value attributable to them

The Group Compensation Systems provide only for the use of shares negotiated on regulated markets.

4.4.16 Number of financial instruments belonging to each option

The Group Compensation Systems do not provide for options.

4.4.17 The termination date of the options

The Group Compensation Systems do not provide for options.

4.4.18 The modalities, time limits and clauses for the exercise of the options

The Group Compensation Systems do not provide for options.

4.4.19 The strike price of the options or the criteria and modalities for its determination, with respect in particular to:

- a) the formula for the calculation of the exercise price in connection with the fair market value, and to
- b) the modalities for the calculation of the market price assumed as basis for the calculation of the exercise price

The Group Compensation Systems do not provide for options.

4.4.20 In case the strike price is different from the fair market value as determined pursuant to point 5.4.19.b, the indication of the reasons for such difference

The Group Compensation Systems do not provide for options.

4.4.21 The criteria justifying differences in the exercise prices between the relevant beneficiaries or class of beneficiaries

The Group Compensation Systems do not provide for options.

4.4.22 In the event the financial instruments underlying granted options are not negotiated on a regulated market, the indication of the value attributable to the same or of the criteria for its determination

The Group Compensation Systems do not provide for options.

4.4.23 The criteria for the adjustments required in connection with any extraordinary transaction involving the corporate capital of the issuer as well as in connection with transaction triggering a variation in the number of the financial instruments underlying granted options

After the full implementation of the share capital increase approved by the General Shareholders' Meeting on January 12 2017, the Group Compensation Systems have been modified taking into account the impact of the resulting reverse stock split and the application of AIAF adjustment factor ("K Factor").

5. EXECUTION OF THE 2015 EMPLOYEE SHARE OWNERSHIP PLAN OF UNICREDIT GROUP

5.1 BENEFICIARIES OF THE PLAN

The 2015 Employee Share Ownership Plan ("Let's Share for 2016") has been addressed to the employees of the companies of UniCredit Group in the 12 countries that have participated in the Plan (Austria, Bulgaria, France, Germany, Italy, Luxembourg, Poland, United Kingdom, Czech Rep, Slovakia, Serbia, Hungary), covering in total about 80% of the overall Group population.

The Plan Let's Share for 2016 did not provide for the participation of employees of the companies operating in the other countries in which the Group is operating, since for legal, fiscal, operational or organizational reasons it is not possible to implement the Plan Let's Share for 2016 in the terms approved and defined by UniCredit S.p.A.

5.1.1 Indication of the name of beneficiaries who are members of the board of directors of UniCredit and of the companies directly or indirectly controlled by UniCredit

Mr. Jean Pierre Mustier, CEO of UniCredit, was not among the Plan Let's Share for 2016 potential participants.

It is worth mentioning that certain potential beneficiaries of the Plan Let's Share for 2016 - employees of the UniCredit Group - in addition to the exercise of their managing powers connected to their offices, held offices in Management Bodies of companies, directly or indirectly, controlled by UniCredit. In light of the fact that such individuals are amongst the beneficiaries of the Plan Let's Share for 2016 in their capacity as employees of UniCredit Group, no information as to their names is provided hereto and reference shall be made to the information provided below.

5.1.2 The categories of employees or collaborators of UniCredit and companies controlling or controlled by this issuer.

The Plan Let's Share for 2016 has been applied also to the following classes of employees of UniCredit and of the main banks and companies of the Group in the participating countries:

- General Managers & Deputy General Managers (or similar categories in the different jurisdictions in which the Group operates) of UniCredit and of the main banks and companies of the Group in the above mentioned countries;
- Executives (or similar categories in the different jurisdictions in which the Group operates) of UniCredit and of main banks and the companies of the Group in the above mentioned countries;
- Middle Managers (or similar categories in the different jurisdictions in which the Group operates) of UniCredit and of main banks and the companies of the Group in the above mentioned countries;
- Employees (or similar categories in the different jurisdictions in which the Group operates) of UniCredit and of main banks and the companies of the Group in the above mentioned countries;

5.1.3 Individuals who benefit from the Plan belonging to the following groups:

a) General Managers of UniCredit

Among the potential beneficiaries of the Plan Let's Share for 2016 there is the General Manager, Mr. Gianni Franco Papa, who currently carries out management activities of UniCredit or anyway has regular access to privileged information and is authorized to take resolutions capable of influencing the development and prospects of UniCredit in any case.

b) other executives with strategic responsibilities of the financial instrument issuer (not classed as "small", in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010), if they have, during the course of the year, received total compensation (obtained by adding the monetary compensation to the financial instrument-based compensation) in excess of the highest total compensation assigned to the members of the board of directors or management board, and to the general managers of the financial instrument issuer;

None of UniCredit executives meets the description; therefore no information is provided in connection thereto.

c) natural persons controlling UniCredit, who are employee or collaborator of UniCredit.

No natural or legal person controls UniCredit and, therefore, no information is provided in connection thereto.

5.1.4 Description and numerical indication, broken down according to category :

a) Executives with strategic responsibilities other than those specified under lett. b) of paragraph 5.1.3;

Amongst the beneficiaries of the Plan Let's Share for 2016, along with the General Manager mentioned above, there are n. 8 executives of UniCredit who have regular access to privileged information and are authorized to take resolutions capable of influencing the development and prospects of UniCredit:

- the two Co-Chief Operating Officer, Mr. Ranieri de Marchis and Mr. Francesco Giordano
- the Head of Strategy, Business Development and M&A, Mrs. Marina Natale
- the Group Chief Risk Officer, Mr. Massimiliano Fossati
- the Head of Group Human Capital, Mr. Paolo Cornetta
- the Group Compliance Officer, Mr. Carlo Appetiti
- the Head of Group Legal, Mr. Gianpaolo Alessandro
- the Head of Internal Audit, Mrs. Serenella De Candia

b) in the case of "small" companies, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, the indication for the aggregate of all executives with strategic responsibilities of the financial instrument issuer;

This provision is not applicable and, therefore, no information is provided in connection thereto.

c) other categories of employees or collaborators for which different characteristics are envisaged for the plan (e.g. executives, middle management, employees etc.);

There are no classes of employees to which different characteristics of the Plan Let's Share for 2016 apply.

5.2 THE REASONS FOR THE ADOPTION OF THE PLAN

5.2.1 The targets which the parties intend to reach through the adoption of the plan

Through the Plan Let's Share for 2016, UniCredit aims at fostering the sense of belonging to the Group and the commitment of the employees to achieve the corporate goals.

In particular, the Plan Let's Share for 2016 aims at offering to the employees of the companies of the Group participating in the Plan, the possibility to buy UniCredit ordinary shares at favourable conditions.

The decision to propose the adoption of the Plan Let's Share for 2016 has been taken on the basis of the consideration that, from a financial point of view, plans based on financial instruments reserved to employees, as the Plan Let's Share for 2015, are currently an advantage both for the company that adopts the Plan and for the beneficiaries.

The Plan Let's Share for 2016 does not provide for alternative allocation criteria amongst the beneficiaries of the Plan, since the criteria specified in section 5.2.3 will regularly apply to all the beneficiaries described in section 5.1. except for the "Alternative structure" to be presented in the next paragraphs. For fiscal reasons, in some foreign countries the "Alternative structure" is providing to the beneficiaries a different timetable for the allocation activities.

5.2.2 Principal factors of variation and performance indices taken into account for the assignment of plans based on financial instruments

Considering the goals of the Plan Let's Share for 2016, no key variables and performance indicators have been considered to grant the free shares as detailed below.

5.2.3 The factors assumed as basis for the determination of the compensation based upon financial instruments, or the criteria for the determination of the aforesaid compensation

The Plan Let's Share for 2016 does not contain an exact indication of the amount based on *free shares* to be allocated to the beneficiaries, rather it merely fixes the maximum and minimum amount they can invest.

The purpose of UniCredit to adopt the Plan Let's Share for 2016 is in line with the strategy adopted in recent years by the Group for maximizing the corporate value and for fostering employees' sense of belonging and the commitment to achieve the corporate goals.

5.2.4 The reasons justifying the decision to assign compensation plans based on financial instruments not issued by UniCredit, such as financial instruments issued by its subsidiaries, its parent companies or third parties; in the event the aforesaid financial instruments are not negotiated on regulated markets, the issuer shall provide information as to the criteria adopted for the calculation of the value attributable to such financial instruments

The Plan Let's Share for 2016 does not contemplate the allocation of similar financial instruments.

5.2.5 The evaluations, with respect to the relevant tax and accounting implications, taken into account in the definition of the plans

The Plan Let's Share for 2016 has not been influenced by significant tax or accounting consideration. In particular, it is specified that it will be taken into account the income tax treatment applicable from time to time in the country where each participant has his/her residency. In Italy, the Plan Let's Share for 2016 structure is qualified for the current favourable tax treatment provided for all employees share ownership plans (Section 51 TUIR) provided that certain conditions are met.

5.2.6 The indication as to whether the plan enjoys any support from the special fund for encouraging worker participation in the companies, as provided for under Article 4, paragraph 112, of Law December, 24 2003 n. 350

The Plan Let's Share for 2016 is not supported by the special fund for encouraging worker participation in the companies, as provided for under Article. 4, paragraph 112, of Law December 24, 2003 n. 350.

5.3 PROCEDURE FOR THE ADOPTION OF THE PLAN AND TIMEFRAME FOR THE ASSIGNMENT OF THE FINANCIAL INSTRUMENTS

5.3.1 Powers delegated to the board of directors by the shareholders' meeting for the implementation of the plan

In occasion of the approval of the Plan Let's Share for 2016, the Shareholders' Meeting – Ordinary session of UniCredit has not given any specific powers and functions to the Board of Directors for the execution of the Plan Let's Share for 2016, but has given to the Chairman and/or to the Chief Executive Officer, respectively, every opportune powers of attorney to enact the Shareholders resolution, making the appropriate changes/integrations to the Plan Let's Share for 2016, also in order to be compliant with the laws and regulations in all the different countries in which the Group's companies operate.

5.3.2 Indication of the individuals in charge of the management of the plan, their powers authority

The Organizational Unit "Reward & Benefits" of the Holding is in charge for the management of the Plan Let's Share for 2016.

The Plan Let's Share for 2016 is managed and administered with the support of a specialized provider external to the Group.

5.3.3 Procedures for the amendment of the plans, if any, also in connection with potential variation of the original targets

No specific procedures for the amendment of the Plan Let's Share for 2016 are provided for.

5.3.4 Description of the modalities for the determination of the availability and assignment of the financial instruments contemplated by the plan

The employees of the Group companies who joined the Plan Let's Share for 2016 ("Participants"), have communicated, in the period from May 27 2016 to July 15 2016 the amount to invest for the purchasing of the UniCredit ordinary shares ("Investment Shares"). The Participants have submitted an order to the relevant Bank of the Group to buy - on a

monthly basis, from July 2016 to December 2016, or one-off basis (in July 2016) (“Enrolment Period”) - UniCredit ordinary shares. The purchase has been made on the market by FinecoBank – the Group company, with registered office in Italy, appointed as unique broker for the Plan Let’s Share for 2016 – and all the purchased shares are sub-deposited in an account opened in the name of each participant in Société Générale Securities Services (SGSS) as Custodian Bank for the Plan Let’s Share for 2016.

At the beginning of the Enrolment Period (July 2016), each participant received an immediate discount of 25% on the purchase price in the form of free shares (“Free Share”). The “Free Shares” are locked up for one year (from the end of July 2016 to the end of July 2017). After this 1-year Holding Period, the participants can freely dispose of all the shares. “Free Shares” are subject to forfeiture if the participants sell their “Investment Shares”, or if they leave employment with the Group, before the end of the 1 year lock-up period, except in the case of termination of employment for special reasons provided by the Plan Let’s Share for 2016.

To Plan’s participants resident in countries where, for fiscal reasons, it will not be possible to grant the “Free Shares” at the beginning of the enrolment period, the right to receive the “Free Shares” will be offered at the end of the Holding Period (“Alternative” structure).

5.3.5 The influence exercised by each director in the determination of the characteristics of the plans; the potential conflict of interest which may trigger the obligation for the relevant director to abstain from exercising his vote in the relevant resolution

While defining the essential features of the Plan Let’s Share for 2016, submitted to the General Meeting on May 13, 2015, the Board of Directors followed the guidelines and criteria elaborated by the Remuneration Committee of UniCredit.

In the implementation of the Plan Let’s Share for 2016 also the CEO of UniCredit followed the guidelines and criteria elaborated by the Board of Directors and Remuneration Committee of UniCredit.

5.3.6 The date on which the board of directors resolved upon the assignment of the financial instruments contemplated by the plan

The Board of Directors on April 9 2015 resolved upon the Plan Let’s Share for 2016 approved by the Shareholders’ Meeting – Ordinary session of UniCredit on May 13 2015.

5.3.7 The date on which the remuneration committee resolved upon the Plan of UniCredit

The Remuneration Committee, on April 1, 2015, positively resolved upon the criteria and the methodology elaborated for the definition of the Plan Let’s Share for 2016, sharing the reasons and motivations thereof.

5.3.8 The market price of UniCredit ordinary shares, on the dates mentioned in points 5.3.6 and 5.3.7

The market price of UniCredit ordinary shares, registered on the date of Board of Directors (April 9 2015) approval of Plan Let’s Share for 2016 proposal and on the date of positive opinion expressed by the Remuneration Committee of UniCredit (April 1 2015), amounted to Euro 6.41 and Euro 6.40.

On May 27 2016 – date in which the employees of the Group have been invited to the Plan Let’s Share for 2016 – the market price of UniCredit ordinary shares was equal to € 2.986.

5.3.9 In which terms and modalities UniCredit takes into account, in the determination of the timeframe for the assignment of the plans, of the possible time-coincidence between:

- i) such assignment or the decision, if any, adopted thereon by the Remuneration Committee, and
- ii) the spread of relevant information, if any, pursuant to Article. 114, paragraph 1 of Legislative Decree 58/98; for instance, in cases in which such information is:
 - a. not already public and capable of positively affecting the market quotation, or
 - b. already published and capable of negatively affecting the market quotation

It is worthwhile clarifying that, although all the resolutions concerning share-based incentive plans adopted by the Board of Directors are subject to the prior positive opinion of the Remuneration Committee of UniCredit, the information to the market is given only after the relevant resolution of the Board of Directors.

Therefore, with reference to the resolution of the Board of Directors of April 9 2015 related to the Plan Let's Share for 2016, communication has been given to the markets, in compliance with the current regulations.

With reference to the execution of the Plan Let's Share for 2016, similar information to the market, as required by the regulations, is made available.

5.4 THE CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS ASSIGNED

5.4.1 Description of the compensation plan

The Plan Let's Share for 2016 provides for offering to Group employees the possibility to invest in UniCredit shares at favourable conditions, by granting a 25% discount on shares purchased on the market within the Plan. The discount is granted in the form of free shares ("Free Shares") whose ownership by Participants will be subject to the employment status of the employee with a UniCredit Group company until the expiry of a 1-year restriction period, with the exception of termination for reasons specifically provided for by the Rules of the Plan Let's Share for 2016.

5.4.2 Indication of the time period for the implementation of the plan also indicating different cycles, if any, of its implementation

The phases to implement the Plan Let's Share for 2016 are:

- a) Election Period: during the election window, from May 27 2016 to July 15 2016, employees participating to the Plan Let's Share for 2016 ("Participants"), chose the overall amount that they wanted to invest, up to a maximum contribution of € 6,000 per annum. The minimum annual contribution amount has been defined considering the peculiarities of each participating country;
- b) Enrolment Period: from July 2016 to December 2016 the Participants had the opportunity to buy shares by means of monthly debits on their current account ("monthly" modality) or by payments in one instalment made in July 2016 ("one-off" modality). In case during the Holding Period a Participant leaves the Plan Let's Share for 2016, he/she will lose the Free Shares allocated to him/her in accordance with the below point c);
- c) "Free Shares": at the beginning of the Enrolment Period (July 2016), the Participant received an immediate discount equal to 25% on the purchase price in the form of Free Shares; the Free Shares are subject to lock-up during 1 year and the Participant will lose the entitlement to the Free Shares if, during the 1-year Holding Period, he/she will no longer be an employee of a UniCredit Group Company, unless the employment has been terminated for one of the specific reasons stated in the Rules of the Plan Let's Share for 2016. In some countries, for fiscal reasons, it is not possible to grant the "Free Shares" at the beginning of the Enrolment Period: in that case an alternative structure is offered that provides to the Participants of those countries the right to receive the Free Shares at the end of the Holding Period ("Alternative Structure");
- d) Holding Period: during the 1-year Holding Period (from July 2016 to July 2017), the Participants can sell the purchased shares at any moment, but by doing so they will lose the Free Shares in respect of the number of shares sold.

5.4.3 The termination date of the plan

The Plan Let's Share for 2016 will last until July 2017.

5.4.4 The overall maximum number of financial instruments, also in the form of options, assigned over any fiscal years with respect to the beneficiaries namely identified or identified by categories, as the case may be

The Plan Let's Share for 2016 does not contain an exact indication of the amount based on *free shares* to be allocated to the beneficiaries, rather it merely fixes the maximum and minimum amount they can invest.

For the Plan Let's Share for 2016 the total investment has been equal to € 9 million. The IFRS2 cost for the offer of the free shares received by participants to the Plan Let's Share 2016 is about € 3 million.

5.4.5 The procedures and clauses for the implementation of the plan, specifying whether the assignment of the financial instruments is subject to the satisfaction of certain specific conditions and, in particular, to the achievement of specific results, including performance targets; a description of the aforesaid conditions and results

The Plan Let's Share for 2016 features and implementation clauses are described in the sections 5.3.4 and 5.4.2 above. The execution of the Plan Let's Share for 2016 is not conditioned to the achievement of any result/performance.

5.4.6 Indication of the restrictions on the availability of the financial instruments allocated under the plan or of the financial instruments relating to the exercise of the options, with particular reference to the time limits within which the subsequent transfer of the stocks to the issuer or third parties is permitted or prohibited

All the free shares acquired through the Plan Let's Share for 2016 ("Free Shares") are locked-up for one year, during which the dividends would be accrued in favour of the Participants; in particular any dividends and other distributions arising from the "Free Shares" would be locked during the Holding Period and released (in cash and/or in kind) only at the end of this period.

The participant will lose the ownership of the "Free Share" if, during the 1-year restriction period, he/she will no longer be an employee of a UniCredit Group Company, unless the employment has been terminated for one of the specific reasons stated by the Rules of the Plan Let's Share for 2016.

5.4.7 Description of any condition subsequent to the plan in connection with the execution, by the beneficiaries, of hedging transactions aimed at preventing the effects of potential limits to the transfer of the financial instruments assigned there under, also in the form of options, as well as to the transfer of the financial instruments relating to the exercise of the aforesaid options

The Plan Let's Share for 2016 does not provide for conditions subsequent of the type described above.

5.4.8 Description of the consequences deriving from the termination of the employment or working relationship

- a) Leaving employment before the start of the Enrolment Period: if a Participant leaves employment with any company of UniCredit Group before the start of the Enrolment Period, she/he is not entitled to participate in the Plan Let's Share for 2016.
- b) Leaving employment during the Enrolment Period: If a Participant leaves employment with any company of UniCredit Group during the Enrolment Period, the Investment Shares already acquired shall not be affected but no more Investment Shares are bought for her/ him and the Free Shares allocated to her/him under the Plan will lapse. The above mentioned provision will not apply in the event of one of the exceptions set out below. In these circumstances no more Investment Shares will be bought for her/him but her/his right in relation to Investment Shares already acquired shall not be affected. In particular, the entitlement to receive all the Free Shares and to dispose of them as soon as practicable could be maintained upon the explicit agreement with the Company and subject to the Rules of the Plan.
- c) Leaving employment after the Enrolment Period but before the Vesting Date: if a Participant leaves employment with any company of UniCredit Group after the end of the Enrolment Period but before the Vesting Date, her/his Free Shares will lapse but her/his rights in respect of Investment Shares shall not be affected. The above mentioned provision will not apply in the event of one of the exceptions set out below. In particular, the entitlement to receive all the Free Shares and to dispose of them as soon as practicable could be maintained upon the explicit agreement with the Company and subject to the Rules of the Plan.

The above mentioned provision will not apply if the Participant dies or leaves employment for any of the following reasons provided by the Rules of the Plan Let's Share for 2016:

1. ill-health, injury or disability, as established by the Company or the Participant's employing company;
2. the Participant's employing company ceasing to be a Subsidiary;
3. a transfer (total or partial) of the undertaking in which the Participant works to a legal entity which is not a company of UniCredit Group;

4. retirement with the agreement of the Participant's employing company;
5. re-employment of the Participant in another country with a Member of UniCredit Group that is not participating in the Plan Let's Share for 2016;
6. any other reason agreed upon by the Company in the context of a mutual agreement on termination of the Participant's employment relationship.

The Company must exercise any discretion provided for in this Rule within 90 calendar days after the termination date and the Free Shares will be deemed to have lapsed or not (as appropriate) on the termination date.

5.4.9 Indication of any other provisions which may trigger the cancellation of the plan

The Plan Let's Share for 2016 does not provide for any provision which may trigger its cancellation.

5.4.10 Reasons justifying the redemption, pursuant to sect. 2357 and followings of the Italian Civil Code, by UniCredit, of the financial instruments contemplated by the plan; the beneficiaries of such redemption, indicating whether the same is limited only to certain categories of employees; the consequences of the termination of the employment relationship with respect to such redemption rights

The Plan Let's Share for 2016 does not provide for the redemption by UniCredit or by another Group company.

5.4.11 Loans or other special terms that may be granted for the purchase of stocks pursuant to sect. 2358, paragraph 3, of the Italian Civil Code

The Plan Let's Share for 2016 does not provide for loans or other special terms for the purchase of the shares.

5.4.12 Evaluation of the economic burden for UniCredit at the date of the assignment of the plan, as determined on the basis of the terms and conditions already defined, with respect to the aggregate overall amount as well as with respect to each financial instrument contemplated by the plan

The IFRS2 cost for the offer of the free shares received by participants is about € 3 million, based on participation rate of Group employees equal to 3%, with an employees' contribution at average amount of € 3,200 and Company matching equal to a 25% discount. The cost doesn't include management and administration costs of the Plan that are about € 0.2 million.

5.4.13 Indication of any dilution on the corporate capital of the issuer resulting from the compensation plan, if any.

Considering the use of shares to be purchased on the market, the adoption of the Plan Let's Share for 2016 doesn't have any diluting impact on UniCredit share capital.

5.4.14 Any limitation to the voting and to the economic rights

The Plan Let's Share for 2016 does not provide for any limitation to the voting or economic rights for the "Investment Shares". The economic rights are suspended for the "Free Shares", because the participants will receive the dividends of those shares only at the end of the 1-year lock-up period if, during this period, he/she will remain an employee of a UniCredit Group Company, unless the employment has been terminated for one of the specific reasons stated by the Plan Let's Share for 2016.

5.4.15 In the event the stocks are not negotiated on a regulated market, any and all information necessary for a complete evaluation of the value attributable to them

The Plan Let's Share for 2016 provides only for the use of shares negotiated on regulated markets.

5.4.16 Number of financial instruments belonging to each option

The Plan Let's Share for 2016 does not provide for options.

5.4.17 Termination date of the options

The Plan Let's Share for 2016 does not provide for options.

5.4.18 Modalities, time limits and clauses for the exercise of the options

The Plan Let's Share for 2016 does not provide for options.

5.4.19 The strike price of the options or the criteria and modalities for its determination, with respect in particular to:

- a) the formula for the calculation of the exercise price in connection with the fair market value; and to
- b) the modalities for the calculation of the market price assumed as basis for the calculation of the exercise price

The Plan Let's Share for 2016 does not provide for options.

5.4.20 In case the strike price is different from the fair market value as determined pursuant to point 5.4.19.b, the indication of the reasons for such difference

The Plan Let's Share for 2016 does not provide for options.

5.4.21 The criteria justifying differences in the exercise prices between the relevant beneficiaries or class of beneficiaries

The Plan Let's Share for 2016 does not provide for options.

5.4.22 In the event the financial instruments underlying granted options are not negotiated on a regulated market, the indication of the value attributable to the same or of the criteria for its determination

The Plan Let's Share for 2016 does not provide for options.

5.4.23 The criteria for the adjustments required in connection with any extraordinary transaction involving the corporate capital of the issuer as well as in connection with transaction triggering a variation in the number of the financial instruments underlying granted options.

After the full implementation of share capital increase and reverse stock split approved by the General Shareholders' Meeting on January 12 2017, the Plan Let's Share for 2016 has been modified taking into account the impact of the resulting reverse stock split and the application of AIAF adjustment factor ("K Factor").

INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS
Table no. 1 of scheme 7 of Annex 3A Regulation no. 11971/1999

Name or Category (1)	Capacity	Box 1 Financial instruments other than Stock Options (8)						
		Section 1 Instruments related to outstanding plans, approved by previous shareholders meetings' resolutions						
		Date of shareholders meeting resolution	Type of financial instruments (12)	Number of financial instruments (11)	Assignment date (10)	Purchase price of financial instruments, if any	Market price at the assignment date	Vesting period (14)
Gianni Franco Papa	GM	11/05/12	UniCredit ord.	26,633	11/04/2013 cpr 11/04/2013 cda/oc	0	3.52	11/04/2013 31/12/2016
Gianni Franco Papa	GM	11/05/13	UniCredit ord.	46,635	11/03/2014 cpr 11/03/2014 cda/oc	0	5.862	11/03/2014 31/12/2017
Gianni Franco Papa	GM	13/05/14	UniCredit ord.	79,757	01/04/2015 cpr 09/04/2015 cda/oc	0	6.269	09/04/2015 31/12/2019
Gianni Franco Papa	GM	13/05/15	UniCredit ord.	146,581	03/03/2016 cpr 10/03/2016 cda/oc	0	3.411	10/03/2016 31/12/2019
2 Key Management Personnel		11/05/12	UniCredit ord.	24,999	11/04/2013 cpr 11/04/2013 cda/oc	0	3.52	11/04/2013 31/12/2016
4 Key Management Personnel		11/05/13	UniCredit ord.	24,154	11/03/2014 cpr 11/03/2014 cda/oc	0	5.862	11/03/2014 31/12/2017
8 Key Management Personnel		13/05/14	UniCredit ord.	257,604	01/04/2015 cpr 09/04/2015 cda/oc	0	6.269	09/04/2015 31/12/2019
8 Key Management Personnel		13/05/15	UniCredit ord.	543,811	03/03/2016 cpr 10/03/2016 cda/oc	0	3.411	10/03/2016 31/12/2019
Category of other employees: Managers		11/05/12	UniCredit ord.	1,879,642	11/04/2013 cpr 11/04/2013 cda/oc	0	3.52	11/04/2013 31/12/2016
Category of other employees: Managers		11/05/13	UniCredit ord.	5,076,901	11/03/2014 cpr 11/03/2014 cda/oc	0	5.862	11/03/2014 31/12/2017
Category of other employees: Managers		13/05/14	UniCredit ord.	11,634,749	01/04/2015 cpr 09/04/2015 cda/oc	0	6.269	09/04/2015 31/12/2019
Category of other employees: Managers		13/05/15	UniCredit ord.	19,441,225	03/03/2016 cpr 10/03/2016 cda/oc	0	3.411	10/03/2016 31/12/2019
Category of other employees: Severance		13/05/15	UniCredit ord.	1,678,414	03/03/2016 cpr 10/03/2016 cda/oc	0	3.411	
Category of other employees: Severance		13/05/15	UniCredit ord.	1,103,581	30/06/2016 cpr 30/06/2016 cda/oc	0	2.445	
Category of other employees: Severance		13/05/15	UniCredit ord.	203,741	30/06/2016 cpr 30/06/2016 cda/oc	0	2.127	
Category of other employees: Severance		13/05/15	UniCredit ord.	503,356	03/08/2016 cpr 03/08/2016 cda/oc	0	2.063	
(a) The data don't reflect the effects of the capital operations resolved by AGM on January, 12 2017								
Name or Category (1)	Capacity	Box 1 Financial instruments other than Stock Options						

		Section 2 Financial instruments to be assigned on the basis of the decision of: - BoD, as to be proposed to shareholders meeting - competent Body to implement shareholders meeting resolution (9)						
		Date of shareholders meeting resolution	Type of financial instruments (12)	Number of financial instruments	Assignment date (10)	Purchase price of financial instruments, if any	Market price at the assignment date	Vesting period (14)
Jean Pierre Mustier	CEO	N.A.	UniCredit ord.	N.A.	N.A.	N.A.	N.A.	N.A.
Gianni Franco Papa	GM	N.A.	UniCredit ord.	N.A.	N.A.	N.A.	N.A.	N.A.
Key Management Personnel		N.A.	UniCredit ord.	N.A.	N.A.	N.A.	N.A.	N.A.
Category of other employees: Managers		N.A.	UniCredit ord.	N.A.	N.A.	N.A.	N.A.	N.A.

Name or Category (1)	Capacity	Box 2 Stock Options							
		Section 1 Options relating to outstanding plans approved on the basis of previous shareholders meetings' resolutions (8)							
		Date of shareholders meeting resolution	Instrument description (12)	Financial instruments underlying the option held at the end of previous year (11) (a)	Financial instruments underlying the options exercised (13) (a)	Assignment date (10)	Exercise price	Market price of underlying shares at the assignment date (b)	Period of possible exercise (from..to)
Gianni Franco Papa	CEO	04/05/04	UniCredit	1,881	-	29/06/2004 cpr 22/07/2004 cda/oc	22.419	3.945	03/09/2008 31/12/2017
Gianni Franco Papa	CEO	04/05/04	UniCredit	7,168	-	10/11/2005 cpr 18/11/2005 cda/oc	26.877	5.266	18/11/2009 31/12/2018
Gianni Franco Papa	CEO	12/05/06	UniCredit	5,394	-	07/06/2006 cpr 13/06/2006 cda/oc	33.205	5.626	13/06/2010 31/12/2019
Gianni Franco Papa	CEO	10/05/07	UniCredit	8,420	-	07/06/2007 cpr 12/06/2007 cda/oc	39.582	37.126	15/07/2011 15/07/2017
Gianni Franco Papa	CEO	08/05/08	UniCredit	21,052	-	17/06/2008 cpr 25/06/2008 cda/oc	23.351	22.893	09/07/2012 09/07/2018
4 Key Management Personnel		04/05/04	UniCredit	65,592	-	29/06/2004 cpr 22/07/2004 bod/oc	22.419	3.945	03/09/2008 31/12/2017
4 Key Management Personnel		04/05/04	UniCredit	126,527	-	10/11/2005 cpr 18/11/2005 bod/oc	26.877	5.266	18/11/2009 31/12/2018
4 Key Management Personnel		12/05/06	UniCredit	121,85	-	07/06/2006 cpr 13/06/2006 bod/oc	33.205	5.626	13/06/2010 31/12/2019
5 Key Management Personnel		10/05/07	UniCredit	150,532	-	07/06/2007 cpr 12/06/2007 bod/oc	39.582	37.126	15/07/2011 15/07/2017
5 Key Management Personnel		08/05/08	UniCredit	452,065	-	17/06/2008 cpr 25/06/2008 bod/oc	23.351	22.893	09/07/2012 09/07/2018
Category of other employees: Managers		04/05/04	UniCredit	1,463,805	-	29/06/2004 cpr 22/07/2004 bod/oc	22.419	3.945	03/09/2008 31/12/2017
Category of other employees: Managers		04/05/04	UniCredit	3,827,037	-	10/11/2005 cpr 18/11/2005 bod/oc	26.877	5.266	18/11/2009 31/12/2018
Category of other employees: Managers		12/05/06	UniCredit	2,958,430	-	07/06/2006 cpr 13/06/2006 bod/oc	33.205	5.626	13/06/2010 31/12/2019
Category of other employees: Managers		10/05/07	UniCredit	2,499,910	-	07/06/2007 cpr 12/06/2007 bod/oc	39.582	37.126	15/07/2011 15/07/2017
Category of other employees: Managers		08/05/08	UniCredit	9,779,117	-	17/06/2008 cpr 25/06/2008 bod/oc	23.351	22.893	09/07/2012 09/07/2018

(a) The data are referred to the number of Financial instruments underlying the options assigned and not forfeited accordingly to the long term incentive plans as at December, 31 2016 and have been adjusted because of the capital operation resolved by UniCredit General Meeting on 29, April 2009 (script dividend), on 15, November 2009 and on 16, December 2011. The data don't reflect the effects of Capital operation resolved by General Meeting on January, 12 2017, following December 31 2016..

b) The market price of the financial instruments at the assignment date for plan 2004, 2005 and 2006 has not been adjusted because of the capital operation. The data don't reflect the effects of Capital operation resolved by General Meeting on January, 12 2017.

Name or Category (1)	Capacity	Box 2 Stock Options						
		Section 2 Options to be assigned on the basis of the decision of: - BoD, as to be proposed to shareholders meeting X competent Body to implement shareholders meeting resolution (9)						
		Date of shareholders meeting resolution	Instrument description (12)	Number of options	Assignment date (10)	Exercise price	Market price of underlying shares at the assignment date	Period of possible exercise (from..to)
Jean Pierre Mustier	CEO	N.A.	UniCredit ord.	N.A.	N.A.	N.A.	N.A.	N.A.
Gianni Franco Papa	GM	N.A.	UniCredit ord.	N.A.	N.A.	N.A.	N.A.	N.A.
Key Management Personnel		N.A.	UniCredit	N.A.	N.A.	N.A.	N.A.	N.A.
Category of other employees: Managers		N.A.	UniCredit	N.A.	N.A.	N.A.	N.A.	N.A.

Footnotes to the table

- (1) The issuer shall fill-in a line for each beneficiary namely identified as well as for each category contemplated by the plan; for each individual or category shall be indicated a specific line for: i) each type of financial instrument or option granted (e.g., different exercise prices and/or exercise dates imply different type of options); ii) each plan approved by different shareholders' meetings.
- (2) Indicate the name of the members of the board of directors or management body of the issuer and of its subsidiaries or parent companies.
- (3) Indicate the name of the General Manager of the shares issuer.
- (4) Indicate the name of the individuals controlling the issuer of stocks, who are employee or who render their services to the issuer of stock without being employee of the same.
- (5) Indicate the name of other executives with strategic responsibilities of the shares issuer not classed as "small", in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, if they have, during the course of the year, received total compensation (obtained by adding the monetary compensation to the financial instrument-based compensation) in excess of the highest total compensation assigned to the members of the board of directors or management board, and to the general managers of the financial instrument issuer
- (6) Indicate the category of executives with strategic responsibilities for whom there is an indication by category is
- (7) Indicate the category of other employees and the category of collaborators not employed by the issuer. The issuer shall fill-in different lines in connection with the categories of employees or collaborators for which the plan provides for different characteristics (e.g., managers, officers, employees).
- (8) The relevant data shall refer to financial instruments relating to plans approved by means of:
 - i) shareholders' resolutions adopted prior to the date on which the competent corporate body approves the proposal to the shareholders' meeting and/or
 - ii) shareholders' resolutions adopted prior to the date on which the competent corporate body implements the shareholders' resolution;
therefore the table shall indicate:

- in the event under i) above, data adjourned as at the date of the competent body's proposal to the shareholders' meeting (in which case the table is attached to the information document prepared for the shareholders' meeting called to approve the plan);
 - in the event under ii) above, data adjourned as at the date of the competent body's resolution implementing the plan, (in which case the table is attached to the information documents to be published following the competent body's resolution implementing the plan);
- (9) The data may refer to:
- a. the resolution of the board of directors preceding the shareholders' meeting, as to the table attached to the information document submitted to the same; in such event the table shall indicate only the characteristics already defined by the board of directors;
 - b. the resolution of the corporate body which resolves upon the implementation of the plan following the approval by the shareholders' meeting, in the event the table is attached to the press release to be issued following such last resolution implementing the plan.
- In both the aforesaid cases the issuer shall cross out the corresponding box relating to this footnote No. 9. For the data not available the issuer shall indicate in the corresponding box the code "N.A." (Not available).
- (10) In case the date of the assignment is different from the date on which the remuneration body (*comitato per la remunerazione*), if any, makes the proposal relating to such assignment, the issuer shall indicate also the date of such proposal highlighting the date of the board of directors or the competent corporate body's resolution with the code "cda/oc" (for the board of directors/competent body) and the date of the proposal of the remuneration body (*comitato per la remunerazione*) with the code "cpr" (for the remuneration body).
- (11) The number of options held at the end year, preceding the date in which the shareholder's meeting is called resolve the new allocation.
- (12) Indicate for example, in box 1: i) stock of issuer X, ii) financial instrument indexed to issuer Y stock value, and in box 2: iii) option on issuer W stock with physical settlement; iv) option on issuer Z stock with cash settlement, etc..
- (13) The number of option exercised from the beginning of the plan until the end year, preceding the date in which the shareholder's meeting is called to resolve a new stock option plan.
- (14) Vesting period means the period between the moment in which the right to participate to the incentive system is granted and the moment in which the right may be exercised.

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