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REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE OF UBI BANCA SPA

in accordance with Art.123-bis
of the Consolidated Finance Act

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Glossary

Code/Corporate Governance Code: the Corporate Governance Code for listed companies approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., the Italian Banking Association, Ania (national insurance association), Assogestioni (national association of asset management companies), Assonime (association of joint stock companies) and Confindustria (Confederation of Italian Industry).

Civil Code/C.C.: the Italian Civil Code.

Issuer/Company/Bank: the issuer of the shares to which this report relates.

Financial year: the financial year to which this report relates.

Consob Issuers' Regulations: the regulations issued by the Consob (Italian securities market authority) with Resolution No. 11971 of 1999 (as subsequently amended) for issuers.

Consob Markets Regulations: the regulations issued by the Consob (Italian securities market authority) with Resolution No. 16191 in 2007 (as subsequently amended) for markets.

Consob related-party regulations: the regulations issued by the Consob with Resolution No. 17221 of 12th March 2010 (as subsequently amended) concerning transactions with related parties.

Regulations concerning risk assets and conflicts of interest with connected parties: Bank of Italy Circular No. 263 of 27th December 2006 - 9th amendment of 12th December 2011.

Report: this report on corporate governance and ownership structure which companies are required to prepare pursuant to Art. 123-bis of the Consolidated Finance Act.

Consolidated Finance Act: Legislative Decree No. 58 of 24th February 1998.

The Consolidated Banking Act: Legislative Decree No. 385 of 1st September 1993.

Introduction

The transformation of UBI Banca from a joint stock co-operative company into an ordinary joint stock company

Art. 1 of Decree Law No. 3 of 24th January 2015 converted into Law No. 33 of 24th March 2015 amended some of the provisions of the Consolidated Banking Act (Legislative Decree No. 385/93, Consolidated Banking Act) on the question of “popular” co-operative banks. The reform of the law governing “popular” banks reserves the ability to adopt a “popular” co-operative bank model solely to banks with assets that do not exceed €8 billion.

In compliance with the provisions of the regulations to implement the law issued by the Bank of Italy, having verified that the Bank exceeded the capital threshold, on 10th October 2015 a shareholders’ meeting was held in second call the extraordinary session of which approved a proposal to transform UBI Banca into an ordinary joint stock company, with the consequent adoption of new Articles of Association. Subsequently an ordinary session of the shareholders’ meeting approved related amendments to the Regulations for Shareholders’ Meetings.

The transformation of UBI Banca into a joint stock companies took effect on 12th October 2015 when the resolution of the extraordinary shareholders’ meeting was filed with the Company Registrar of Bergamo.

The new Articles of Association of UBI Banca Spa

In 2015 UBI Banca made a series of amendments, as did its subsidiary banks, to its Articles of Association designed to implement provisions issued by the Bank of Italy (updates No. 1 and No. 7 of Circular No. 285 of 17th December 2013) in order to implement the provisions of the CRD IV Directive in national legislation.

The new text submitted to the Shareholders’ Meeting of 10th October 2015 was therefore drawn up following an approach that focuses specifically on the provisions no longer compatible with the new status of a joint stock company and on other changes that are in any case related to, connected with and a consequence of the amendments mentioned.

The main questions subject to amendment concerned the following:

- **the acceptance as a shareholder:** all the provisions relating to acceptance as a Shareholder were repealed because not compatible with the form of a joint stock company, where the figure of the registered shareholder is precisely the same as that of any other shareholder. In a joint stock company the mere ownership of shares normally automatically grants the bearer both financial rights and corporate management rights;
- **the provision of a limit on voting rights:** as is permitted in the transition period by Law No. 33 of 24th March 2015, a limit is inserted on voting rights equal to 5% of the share capital for 24 months from the date of entry into force of the aforementioned law (until 26th March 2017);
- **the convening of a shareholders’ meeting:** in accordance with Art. 2369 of the Italian Civil Code, unless the Articles of Association make other provision, the shareholders meetings of companies that are not co-operative companies, which make recourse to the market for risk capital are held in one single session; in this respect the Management Board may issue a single notice to convene in one session, but being able as an alternative to convene a second session and, limited to extraordinary shareholders’ meetings, a third session;
- **the proxy to participate in shareholders meetings:** because of the change in the form of company, the status of Shareholder as a requirement to be held by persons holding proxies to participate in shareholders meetings no longer exists, nor does the limit on the number

of proxies that may be conferred on the same person exist any more. Consequently, the new Articles of Association no longer contain the relative provisions;

- the **composition of the Management Board and the Supervisory Board**: in compliance with and in observance of the provisions of the Bank of Italy on the question of corporate governance, the number of members of the Management Board is set at 7 and the number of members of the Supervisory Board at 15 (supervisory regulations state that the total number of members of the Management Board and the Supervisory Board must not be greater than 22);
- the **secret ballot for shareholders' meeting resolutions to appoint company officers**: this was repealed because it constitutes a specific feature of co-operative companies, where a secret ballot, if it is provided for by the Articles of Association, is considered legitimate in virtue of the particular features of the company and the interests of worker-members and customer-members to a cast a vote that is free from potential conditioning;
- the **quorums for shareholders' meeting resolutions**: because in accordance with articles 2368 and 2369 of the Italian Civil Code, the extraordinary shareholders' meetings of joint-stock companies which make recourse to risk capital markets vote on resolutions in first session with the presence of at least one half of the share capital (if the Articles of Association do not provide for a higher majority) and with a vote in favour of at least two thirds of the share capital represented in the shareholders meetings and in second session with the participation of over one third of the share capital and with the vote in favour of at least two thirds of the share capital present, the increased quorum for resolutions previously provided for by article 28, paragraphs 3 and 4 of the Articles of Association were repealed;
- ***simul stabunt simul cadent***: a "*simul stabunt simul cadent*" (together they stand, together they fall) clause was introduced also for the Supervisory Board (already present for the Management Board) stating that if the positions of more than half of the members of the Supervisory Board originally elected are vacated then the entire board is retired;
- the **criterion for the appointment of the Supervisory Board**: the percentage of the share capital needed to submit a list for the election of the Supervisory Board has been set at 1%. This threshold takes account of the provisions of Art. 144-*quater* of Consob Resolution No. 11971/1999 (Issuers' Regulations) (applicable also to the Supervisory Board in accordance with the combined provisions of articles 144-*ter*, paragraph 2 and 144-*sexies*, paragraph 2 of the Issuers' Regulations), on the basis of the capitalisation of UBI Banca. The possibility of the Supervisory Board submitting a list was eliminated. The current criterion by which board members are drawn from lists, was maintained adapting it to percentages of the share capital (only two lists, those with a majority vote; assignment to the minority list of the number of board members determined on the basis of the percentage in favour obtained in Shareholders' Meetings; elimination of the provision relating to a share capital "premium", because it is no longer consistent in the context of a joint stock company). Therefore, continuing with the same guiding criteria provided by the previous Articles of Association, the new text of the articles provides for the assignment to the list that obtained the second highest numbers of votes of a number of Supervisory Board members varying from 1 to 3 on the basis of the percentage of votes received in the Shareholders' Meeting.
- the **internal committees of the Supervisory Board**: the provisions of the Articles of Association on the subject of internal committees of the Supervisory Board were standardised;
- the **composition of the Appointments Committee**: the number of members of the Appointments Committee (previously six) was reduced, providing for a minimum of three and a maximum of five members and this is in line with the Bank of Italy provisions on corporate governance;
- the **transition measures**: two transition regulations were introduced designed to maintain the composition of the Management Board and the Appointments Committee until the next renewal of company officers; furthermore, for all the remaining transition regulations, the reference to the date of the shareholders meeting was updated, replacing the date of 10th May 2014 with that of the date of 10th October 2015.

1) Profile of the Issuer

The Bank is listed on the *Mercato Telematico Azionario* (Electronic Stock Exchange) organised and managed by Borsa Italiana Spa.

The purpose of this report is to provide shareholders and the market with an analysis of the system of corporate governance adopted by Unione di Banche Italiane S.p.A. (hereinafter UBI Banca), a system which takes account of the provisions and principles contained:

- in the regulations governing listed issuers set out in the Consolidated Finance Act and in the related rules to implement them adopted by the Consob (Italian securities market authority);
- in the regulations governing banks set out in the Consolidated Banking Act;
- in the Corporate Governance Code for listed companies.

UBI Banca has adopted a two tier system of management and supervision, which is considered better suited to the governance requirements of the Parent, UBI Banca, and at the same time as providing stronger protection for shareholders, especially through the activity of the Supervisory Board, a body appointed directly by the shareholders and representing them.

The distinguishing features of the two tier system lie in the distinction between:

- the policy, strategic supervision and control functions, assigned to the Supervisory Board, which combines some of powers assigned by traditional systems to Shareholders' Meetings (approval of financial statements, appointment of the members of the management body and determination of the relative fees) and to boards of statutory auditors and assumes some "senior management" responsibilities, insofar as it is called upon to take decisions on proposals submitted to it by the Management Board, to which it can submit prior guidelines, on the business and/or financial plans and budgets of the Bank and the Group and also on strategic operations indicated in the Articles of Association (Art. 38 of the Articles of Association – available in the Corporate Governance – Corporate Documents section of www.ubibanca.it);
- corporate management functions, assigned to the Management Board, which has exclusive authority to perform all ordinary and extraordinary operations necessary to the pursuit of the company objects, in compliance with the general guidelines and strategic policies approved by the Supervisory Board (article 28 of the Articles of Association).

This division of functions identifies distinct features of the operational life of the Bank and assigns them to the corporate bodies just mentioned which, with their respective roles and responsibilities, give rise to a corporate governance model that is more appropriate to the structure of the Bank and the Group in the context of a single business design, characterised by continuous dialogue and inter-functional co-operation.

* * *

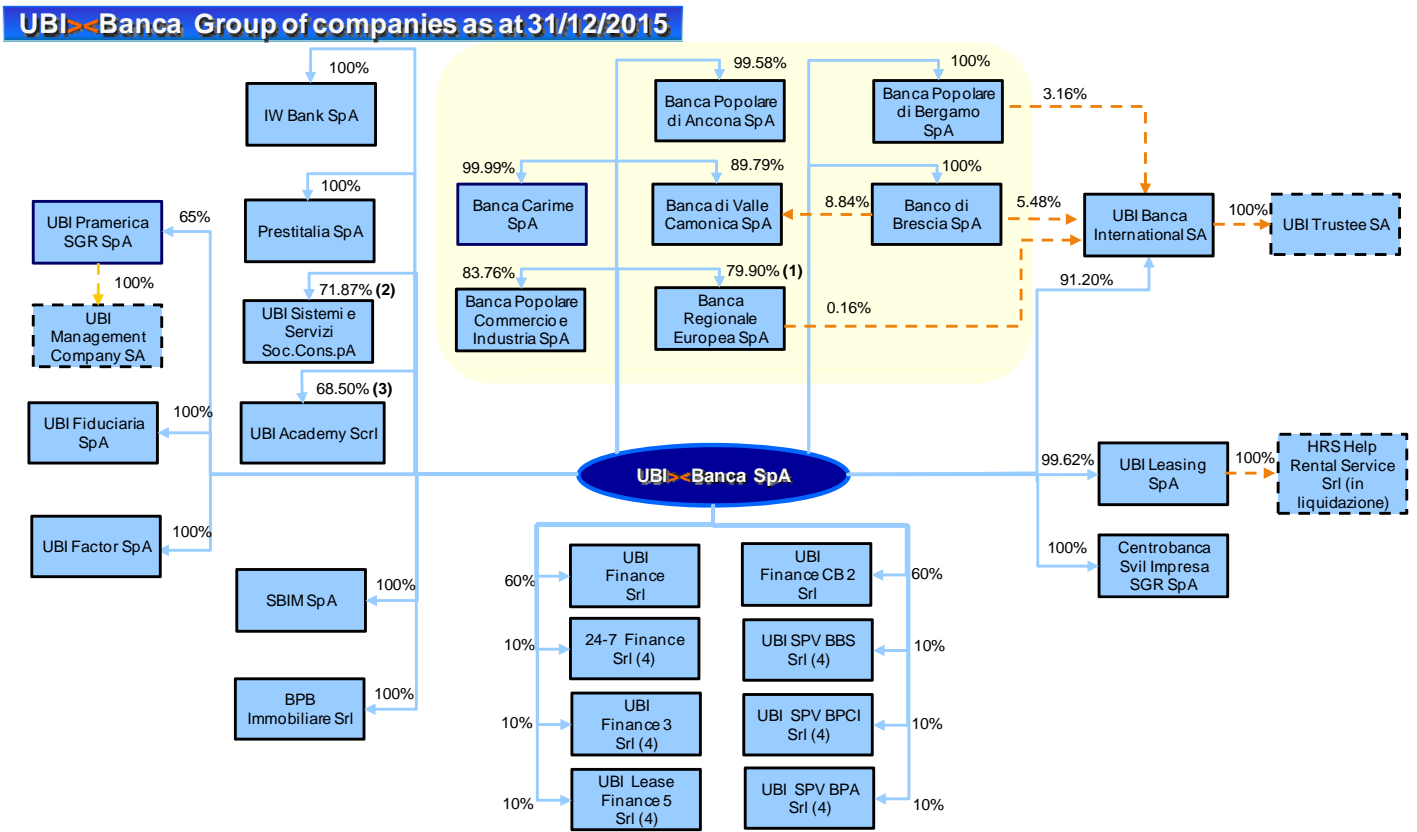
UBI Banca is the Parent of the Unione di Banche Italiane Group, organised according to a federal, multi-functional model, integrated with its listed Parent, which sets strategic policies and performs functions of co-ordination and control over all the organisational units and companies in the Group.

In implementing its management and co-ordination activities in compliance with both specific regulations laid down by the Supervisory Authority and civil law, UBI Banca sets the strategic objectives of the Group. Moreover, without prejudice to the Articles of Association and operational independence of each company in the Group, it also defines the strategic lines of development for each of them, just as they are called upon on the one hand to achieve those objectives in terms of a single business plan and on the other to benefit from the overall results of the management and co-ordination activities.

UBI Banca pursues its business mission while at the same time maintaining that strong sense of social responsibility that is typical of banks which are deeply rooted in their local

communities. This philosophy is strengthened by the adoption of specific instruments which include the Charter of Values, Code of Ethics and the Social Report.

The following chart illustrates the composition of the UBI Banca Group as at 31st December 2015:



(1) Relative percentage of the ordinary share capital

(2) The Group also holds 26.69% as follows: IW Bank (4.32%), BPA(2.88%), BPCI (2.88%), BBS (2.88%), Banca Carime (2.88%), BPB (2.88%), BRE (4.32%), BVC (1.44%), UBI Pramerica (1.44%), UBI Factor (0.72%), Prestitalia (0.07%), UBI Academy (0.01%).

(3) The Group also holds the remaining 31.5% as follows: BPA(3%), BPCI (3%), BBS (3%), Banca Carime (3%), BPB (3%), BRE (3%) UBISS (3%), IW Bank (3%), BVC (1.5%), UBI Pramerica (1.5%), UBI Factor (1.5%), UBI Leasing (1.5%), Prestitalia (1.5%)

(4) Companies subject to control in the form of the dominating influence

On 30th April 2015 the Company UBI Fiduciaria SpA disposed of its fiduciary activity operations.

2) Information on the ownership structure (pursuant to Art. 123-bis, paragraph 1 of the Consolidated Finance Act) as of 10th February 2016

a) Structure of the share capital (pursuant to Art. 123-bis, paragraph 1, letter a) of the Consolidated Finance Act)

The share capital of UBI Banca Spa is composed entirely of ordinary shares traded on the *Mercato Telematico Azionario* (electronic stock exchange) managed by Borsa Italiana.

* * *

The share capital of UBI Banca Spa as at 31st December 2015 amounted to €2,254,371,430.00 divided into no. 901,748,572 shares with no nominal value and it had not changed at the date of this report.

There are no share investment programmes for employees at UBI Banca which exclude the direct exercise of voting rights.

Sub-section i) below of this section may be consulted in relation to treasury shares.

b) Restrictions on transfer of securities (pursuant to Art. 123-bis, paragraph 1, letter b) of the Consolidated Finance Act)

No restrictions on the transfer of shares exist, since the shares are transferable in accordance with the law (article 7 of the Articles of Association).

c) Significant investments in the share capital (pursuant to Art. 123-bis, paragraph 1, letter c) of the Consolidated Finance Act)

On the basis of communications made in accordance with Art. 120 of the Consolidated Finance Act the following investors possessed shareholdings greater than 2%:

- Silchester International Investors LLP: 5.123%
- BlackRock Incorporated (indirect - assets under management): 4.998%
- Fondazione Cassa di Risparmio di Cuneo: 2.230% (*)

(*) *Investment calculated on the basis of the current share capital (the original investment reported was 2.278%, generated as a result of the merger of Banca Lombarda e Piemontese in April 2007).*

d) Instruments which grant special rights (pursuant to Art. 123-bis, paragraph 1, letter d) of the Consolidated Finance Act)

No shares exist which confer special controlling rights over UBI Banca.

e) Employee shareholdings: mechanism for exercising voting rights (pursuant to Art. 123-bis, paragraph 1, letter e) of the Consolidated Finance Act)

No mechanisms exist for the exercise of voting rights which regard employee shareholdings.

f) Restrictions on voting rights (pursuant to Art. 123-bis, paragraph 1, letter f) of the Consolidated Finance Act)

In accordance with Art. 10 of the Articles of Association, until 26th March 2017 no party with the right to vote may exercise it, for any reason, with a quantity of shares greater than 5% of the share capital with voting rights.

For this purpose, votes are considered that are cast in relation to shares possessed directly and indirectly, through subsidiary companies, trust companies or nominees and those cast in any other case in which the right to vote is attributed, for any reason, to a party other than the owner of the shares; shares held by Italian or foreign collective investment undertakings are never counted for the purposes of this limit. Control exists in those cases specified by article 23 of the consolidated text of legislative decree No. 385 of 1st September 1993 and subsequent amendments. In cases of violation of the provisions of this paragraph, any shareholders' meeting resolution that is passed may be annulled in accordance with article 2377 of the Italian Civil Code, if the required majority would not have been reached without that violation. Shares for which the right to vote cannot be exercised are not counted for the purposes of the proper convening of meetings.

g) Shareholders' agreements known to UBI Banca in accordance with Art. 122 of the Consolidated Finance Act (pursuant to Art. 123-bis, paragraph 1, letter g) of the Consolidated Finance Act)

UBI Banca received a communication in relation to the constitution, on 28th May 2007, of an unofficial association named "[Associazione Banca Lombarda e Piemontese](#)" located in Brescia. An abstract of an updated version of the main clauses of the relative Articles of Association was published in the daily newspaper "Il Giornale" on 24th January 2012.

While the members do not consider the association as qualifying as a shareholders' agreement pursuant to Article 122 of Legislative Decree No. 58/1998, they have nevertheless fulfilled public disclosure obligations as required by the law in relation to some of the clauses of their Articles of Association, insofar as it may be necessary, in view of the legally binding nature of the decree mentioned and the consequences of failure to comply with it.

UBI Banca also received a letter on 21st November 2011 entitled "Communication pursuant to Art. 20, paragraph 2 of Legislative Decree No. 385/93 and to Art. 122 of Legislative Decree No. 58/98" in relation to the establishment of the association named "[FuturoUBI](#)", located in Milan on 22nd September 2011. In that letter, the association declared that "*while it does not consider the association as qualifying as a shareholders' agreement pursuant to the above legislation, it has nevertheless fulfilled public disclosure obligations by publishing its Articles of Association on the website www.futuroubi.it*".

The following communications were also received:

- the constitution, on 23rd November 2007, of the association named "[Gli Amici di UBI Banca](#)", located in Bergamo, and report of compliance with disclosure obligations. On 5th February 2016 the president of that association communicated that the Governing Board had passed a resolution in a meeting of 1st February 2016 to convene an Extraordinary General Meeting of its members (23rd-24th March 2016), with the dissolution of the association itself and the appointment of a receiver on the agenda;
- the constitution on 24th January 2011 of an association called "[Tradizione in UBI Banca](#)", located in Cuneo;
- in a letter of 19th June 2012, the constitution of an association called "[Amici della Banca Regionale Europea e del Gruppo UBI](#)", located at Cuneo;
- the constitution, on 29th October 2012 of an association called "[Insieme per UBI Banca](#)", located in Milan;
- in a letter of 27th February 2013 the constitution of an association called "[Associazione Soci UBI Centro-Sud](#)", located in Rome;
- in a letter of 28th February 2013 the constitution of an association called "[Associazione Soci Lombardi UBI Banca](#)" also known as "[ASSOLUBI](#)", located in Brescia;

- on 15th March 2013 the constitution on 7th October 2011 of the association called “Associazione Azionisti Banche Popolari 2011”.

On 26th July 2013 an application for admission to registered shareholder status (under the previous co-operative company governance rules) was received from an association called “UBI Banca Popolare!” located in Bergamo and constituted on 8th May 2013.

The Bank has also received notifications from the “Associazione Azionisti UBI Banca”, located in Bergamo.

The Bank learned from:

- a press release of the constitution on 10th November 2011 of the association called “Associazione dei cittadini e dipendenti soci di UBI Banca” located in Brescia;
- from news in the press of the constitution of the association called “Associazione Prealpina Azionisti di UBI Banca”.

On 1st February 2016 UBI Banca received a communication regarding the constitution on 27th January 2016 of a Shareholders’ Pact between the shareholders of UBI Banca Spa named “Patto dei Mille” (Pact of the Thousand) together with an abstract of the text of the Pact (published in the daily newspaper MF on 2nd February 2016), which in accordance with legislation and regulations was published on the corporate website of the Bank.

On that same date the Bank received the relative “Essential Information” pursuant to Art. 130 of the Issuers’ Regulations which it published on the corporate website of the Bank, again in accordance with the legislation and regulations in force.

From the aforementioned information received, the Pact governs prior consultation by the holders of syndicated shares, the exercise of voting rights attaching to the syndicated shares and some limits on the circulation of these shares.

The Pact is open in nature so that other shareholders of the bank who agree with the reasons for its constitution may adhere to it.

On 1st February 2016, 65 shareholders had adhered to it and a total of 20,500,412 ordinary shares were bound by the Pact accounting for 2.273% of the total voting rights representing the share capital of UBI Banca.

There is no limit on the life of the Pact. Holders of the syndicated shares have the right to withdraw from the Pact with notice of six months for the first year of membership of the Pact and three months for the subsequent period.

The Pact was filed with the office of the Bergamo Company Registrar on 1st February 2016.

h) Change of control clauses (pursuant to Art. 123-bis, paragraph 1, letter h) of the Consolidated Finance Act) and Articles of Association provisions concerning public tender offers to purchase (pursuant to Art. 104, paragraph 1-ter of the Consolidated Finance Act)

The shareholders' agreement currently in force signed by UBI Banca and Prudential USA concerning the joint venture, UBI Pramerica SGR Spa (“SGR”) grants rights to purchase to the parties (call options) if certain predetermined events occur.

More specifically, in the event of a “change of control” of UBI Banca (this being understood as any operation whereby i) an entity directly or indirectly purchases more than 30% of the share capital with voting rights of UBI Banca; ii) UBI Banca merges or performs another extraordinary operation with another legal entity and as a consequence UBI Banca ceases to exist or the legal entity, party to the operation, holds more than 30% of the share capital with voting rights subsequent to the operation; iii) the sale, rent, transfer or other analogous operation by which UBI Banca transfers all or a substantial part of its business to another legal entity), Prudential USA has the right to make a communication to UBI Banca which allows the latter to exercise a call option on the entire investment held by Prudential USA in the SGR.

If that option is not exercised, Prudential USA has, as an alternative, the right i) to purchase the entire interest held in the SGR by the UBI Banca Group, or an interest which allows it to hold 65% of the share capital of the SGR; ii) to give a mandate to an investment bank to sell the entire share capital of the SGR to a third party.

The Articles of Association make no provision with regard to Art. 104, paragraph 1-*ter* of the Consolidated Finance Act.

i) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to Art. 123-bis, paragraph 1, letter m) of the Consolidated Finance Act)

No authorisations exist as at the date of this report for increases in the share capital or for the issue of convertible debt instruments.

As concerns the purchase of treasury shares:

1) The shareholders meeting held on 30th April 2011 authorised the Management Board and the Chairman, Deputy Chairman and Chief Executive Officer, individually on its behalf to repurchase, by 30th September 2011, a maximum of 1,200,000 treasury shares, to be assigned to the “Top Management” of the Group (now “Key Personnel”) as part of an incentive scheme for a total maximum amount of €5,500,000 at a price per share of not less than the nominal value and not more than 5% higher than the official price quoted in the market session prior to each individual purchase transaction.

In compliance with that resolution, a total of 1,200,000 ordinary shares of UBI Banca were purchased in the period running from 12th July 2011 until 13th July 2011.

Those shares were purchased at an average price of €3.6419 per share;

2) the Shareholders’ Meeting held on 28th April 2012 authorised the Management Board and the Chairman, Deputy Chairman and Chief Executive Officer, individually on its behalf, to proceed with the purchase, to be carried out by the date of the Shareholders’ Meeting called upon to vote in accordance with Art 2364-*bis* No. 4 of the Italian Civil Code on the allocation of profit for the year ended 31st December 2012, of a maximum of 500,000 treasury shares to be granted to the “Top Management” of the Group (now “Key Personnel”) as part of the Group incentive schemes, for a total maximum value of €1,750,000, at a price per share of not less than the nominal value of the shares and not more than 5% higher than the official price quoted in the market session prior to each individual purchase transaction.

A total of 500,000 ordinary shares of UBI Banca were purchased on 28th February 2013 in implementation of that shareholders’ meeting resolution.

Those shares were purchased at an average price of €3.4911 per share. The purchase transactions were performed on the regulated market in compliance with the limits set in the shareholders’ meeting authorisation, by the provisions of the law and EC Regulation 2273/2003 and by admissible market practices;

3) the Shareholders’ Meeting held on 25th April 2015 authorised the Management Board and the Chairman, Deputy Chairman and Chief Executive Officer, individually on its behalf, to proceed with the purchase, (to be carried out by the date of the Shareholders’ Meeting called upon to vote in accordance with Art 2364-*bis* No. 4 of the Italian Civil Code on the allocation of profit for the year ended 31st December 2015, of a maximum of 1,000,000 treasury shares to cover the long-term incentive scheme destined to the “Top Key Personnel” category, for a total maximum value of €6,000,000 at a price per share of not less than €2.50 and not more than 5% higher than the official price quoted in the market session prior to each individual purchase transaction.

With regard to the aforementioned shareholders’ meeting resolution, and with account taken of bonuses earned in previous years and the consequent sufficient availability of shares to cover the long-term incentive scheme, it was not necessary to proceed to the purchase of ordinary UBI Banca shares.

Furthermore, with the purchase of 1,700,000 UBI Banca shares as mentioned above and following the grant of:

- 216,808 treasury shares to 39 staff in 2014 under the 2011 incentive scheme,
- 51,363 treasury shares to 15 staff in 2015 under the 2012 incentive scheme,

at the date of this report UBI Banca holds 1,431,829 UBI Banca shares, representing 0.16% of the share capital.

1) Management and co-ordination activities (pursuant to Art. 2497 et seq. of the Italian Civil Code)

The issuer is not subject to management and co-ordination activities within the meaning of article 2497 *et seq* of the Italian Civil Code.

* * *

As concerns possible further information:

- information required by Art. 123-bis, paragraph 1, letter i) of the Consolidated Banking Act is given in the section of this report on the remuneration of board members;
- information required by Art. 123-bis, paragraph 1, letter l) of the Consolidated Banking Act is given in the section of this report on the Supervisory Board and shareholders' meetings.

3) Compliance (pursuant to Art. 123-bis, paragraph 2, letter a) of the Consolidated Finance Act)

UBI Banca has adopted the Corporate Governance Code (available on the website of the Corporate Governance Committee at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015engclean.en.pdf>), a document intended mainly for listed companies that have adopted a traditional governance model. Article 10 of the code states that if a single or two tier system of administration and control is adopted “the preceding articles apply only insofar as they are compatible, by adapting the individual provisions to the particular system adopted, in compliance with the objectives of good corporate governance, transparent reporting and the protection of investors and the market pursued by the Corporate Governance Code and in the light of the application criteria set in this article”.

The objective of this report, which has been prepared in accordance with Art. 123-bis of Legislative Decree No. 58/1998, is to furnish details of the manner in which the Code itself is applied in the Bank, with an account also given of those principles subject to full compliance and those which the Bank has decided not to comply with (sometimes only partially) on a “comply or explain” basis. This is partly because the Bank must consider its status as a bank which, as such, demands strict compliance with regulations contained in the Consolidated Banking Act and with the consequent supervisory instructions issued by Bank of Italy.

* * *

Neither the issuer nor its strategic subsidiaries are subject to foreign laws that influence the corporate governance structure of the issuer.

Details of corporate governance practices are given in the various sections of this report.

4) Supervisory Board

4.1. Appointment and replacement (pursuant to Art. 123-bis, paragraph 1, letter l) of the Consolidated Finance Act)

The Supervisory Board is composed of 23 members, including a Chairman and a Senior Deputy Chairman, appointed by a Shareholders' Meeting in compliance with Art. 37 of the Articles of Association and two Deputy Chairmen chosen by the Supervisory Board itself from

among its members. The members of the Supervisory Board shall remain in office for three financial years and they shall retire from office on the date of the Shareholders' Meeting convened in compliance with paragraph two of Art. 2364-*bis* of the Italian Civil Code.

The Supervisory Board may appoint one or two Deputy Chairmen from among its members.

The members of the Supervisory Board must be in possession of the requirements of integrity, professionalism and independence prescribed by the regulations currently in force. At least 15 of the Members of the Supervisory Board must be in possession of the requirements of professionalism required by the legislation currently in force for persons who perform the functions of directors of banks.

Furthermore, as resolved by the Extraordinary Shareholders' Meeting held on 10th October 2015, for the next time that the Supervisory Board is renewed, it shall be composed of 15 members, including a Chairman and a Senior Deputy Chairman appointed by a Shareholders' Meeting in compliance with Art. 37 of the Articles of Association.

Moreover, when the Supervisory Board is next renewed all members of the Supervisory Board, in addition to being in possession of the requirements of integrity and professionalism as well as those of independence in accordance with the regulations in force from time to time, must not yet have reached 75 years of age at the time of appointment and they must have acquired overall experience – through holding the office in Italy or abroad – of at least three years as chairman or at least five years of working in:

- senior management and/or strategic supervision
- management

or

- control

in

- banks, finance companies, asset management companies or insurance companies;
- independent public authorities;
- companies which carry out manufacturing and/or trade in goods or services;
- companies with shares traded on an Italian or foreign regulated market.

Candidates can also be elected who have not acquired that career experience provided they:

- are or have been tenured university professors for at least five years in the subjects of law, economics, mathematics, statistics, or management engineering;
- are or have been members of the professional associations of accountants, notaries or lawyers for at least ten years.

Persons who have occupied the position of Chairman or Senior Deputy Chairman for the three preceding terms of office may not be appointed to the relative position.

At least three members of the Supervisory Board must be chosen from amongst persons enrolled in the register of external statutory auditors who have exercised statutory auditing activities for a period of not less than three years.

Furthermore, the composition of the Supervisory Board must ensure, in compliance with the provisions of Law No. 120 of 12th July 2011, that a balance is maintained between genders for the period provided for by that law and at least the majority of the members of the Supervisory Board must not have occupied the position of member of the Supervisory Board and/or member of the Management Board of the Bank continuously for the three previous terms of office.

While mandatory regulations of the law, the Supervisory Authority or other regulations must be complied with, persons already holding the office of full statutory auditor, or who are members of other supervisory bodies in more than five listed companies and/or their parent companies or subsidiaries, cannot hold office as a member of the Supervisory Board.

Members of the Supervisory Board are elected by a shareholders' meeting on the basis of lists in accordance with the provisions of the law and the Articles of Associations.

In compliance with the new provisions of the Articles of Association approved by an Shareholders' Meeting on 10th October 2015, when the Supervisory Board is next renewed, for the purpose of the election of members of the Supervisory Board, one or more Shareholders who represent at least 1% of the share capital, or a different percentage established by the regulations in force, may present one list of candidates ordered consecutively by number, containing between a minimum of two and a maximum of 15 names.

Each Shareholder may participate in the presentation of one list only: if this rule is not observed, the Shareholder's signature is not counted as valid for any list.

Each candidate may be included in one list only on penalty of ineligibility.

Lists presented that fail to observe the procedures indicated in Art. 37 of the Articles of Association are considered as not presented.

Each Shareholder may vote for one list only.

The election of the Supervisory Board shall be performed as follows:

- a) if one or more lists are submitted, the first two which received the greatest number of votes cast by the Shareholders and which are not connected within the meaning of the regulations in force are considered;
- b.1) if the list which received the second greatest number of votes received less than 15% of votes cast in the Shareholders' Meeting, then 14 members of the Supervisory Board are taken from the list that obtained the majority of the votes and one member of the Supervisory Board is taken from the list which received the second greatest number of votes;
- b.2) if the list which received the second greatest number of votes, received at least 15% and less than 30% of the votes cast in the Shareholders' Meeting, then thirteen members of the Supervisory Board shall be taken from the list which received the majority of the votes and two members of the Supervisory Board shall be taken from the list which received the second greatest number of votes;
- b.3) if the list which received the second greatest number of votes, received at least 30% of the votes cast in the Shareholders' Meeting, then twelve members of the Supervisory Board shall be taken from the list which received the majority of the votes and three members of the Supervisory Board shall be taken from the list which received the second greatest number of votes.

If, after identifying the candidates to be taken from the two lists which received the majority of the votes on the basis of the order in which they are indicated on the lists to which they belong, the gender proportions required under Law No. 120 of 12th July 2011 or the additional proportion specified in paragraph 8 of Article 36 of the Articles of Association are not complied with, then those members of the Supervisory Board taken last from the aforementioned lists whose appointment would violate the said legislation and regulations are considered not elected.

In this event the number of those Board Members indicated on the same list to which they belong shall be appointed which allows compliance with the composition requirements for the Supervisory Board in accordance with Law No. 120 of 12th July 2011 and with the Articles of Association, again proceeding in the order in which those persons are indicated on the list to which they belong. In particular, in this circumstance, the candidates to be appointed belonging to the gender that is less represented on the basis of the results of the vote or which allow compliance with the additional proportion specified in paragraph 8 of article 36 of the Articles of Association shall be taken from each list in proportion to the total number of candidates elected on each list according to the results of the voting. In this event, if the minority list has not complied with the gender proportions established by Law No. 120 of 12th July 2011, or do not allow compliance with the additional proportion specified in paragraph 8 of Article 36 of the Articles of Association, the candidates to be appointed shall be taken from the list that obtained the greatest number of votes only.

If only one list is validly proposed and this obtained the majority required for an ordinary Shareholders' Meeting, then all 15 members of the Supervisory Board shall be taken from that list.

The Shareholders' Meeting shall proceed by a relative majority vote to appoint those members of the Supervisory Board, who for any reason whatsoever could not be elected by means of the procedures mentioned in the preceding paragraphs or if no list at all is submitted, again in compliance with the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12th July 2011 and to the Articles of Association; in the event of a tied vote the candidate more senior by age is elected.

If two or more lists obtain an equal number of votes, those lists must be voted on again until they no longer receive an equal number of votes.

The positions of Chairman and Senior Deputy Chairman of the Board are reserved to the first and second members respectively on the list that obtains a majority of votes, or on the only list presented or to the members appointed as such by the Shareholders' Meeting if no list is presented at all.

If, during the course of the financial year, the Board lacks one or more members, where it is a case of replacing members elected in the majority list, the first candidate not elected on that list shall be appointed who guarantees compliance with the requirements for the composition of the Supervisory Board provided for by Law No. 120 of 12th July 2011 and the Articles of Association. In the absence of such a candidate, the appointment shall be by a relative majority vote with no list obligation.

If the positions of Chairman of the Supervisory Board and/or the Senior Deputy Chairman of the Supervisory Board should become vacant, an Ordinary Shareholders' Meeting shall proceed without delay to restore the membership of the Board and to appoint a Chairman and/or a Senior Deputy Chairman not by using in this case the replacement procedure just mentioned.

* * *

Until the date of the appointment of the Supervisory Board that will replace that currently in office, should it be necessary to replace board members belonging to the minority list, then the following procedures shall apply:

- if only one Board Member has been appointed from the minority list, then the first candidate not elected on the list from which the member to be replaced was drawn shall be appointed, or, in the absence of such a candidate, the first candidate on any other minority lists there may be shall be taken on the basis of the number of votes received in descending order. Should this not be possible or, if application of the above criterion means that the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12th July 2011 and the Articles of Association are not met, then the Shareholders' Meeting shall make the replacement in compliance with the principle of the necessary representation of minorities;
- if a further 2 (two) or 4 (four) Board Members have been elected from the minority list, on the basis of the votes cast by the Shareholders, the relative replacements shall be taken from the list from which the member to be replaced was drawn or in the absence of such a candidate from any other minority lists there may be, identified on the basis of the number of votes received in descending order and which have received, according to the case, 15% or 30% of the votes cast by the Shareholders' Meeting. In the absence of such candidates, the board members shall be drawn from the majority list or in the absence again of such candidates, or, if application of the above criterion means that the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12th July 2011 and the Articles of Association are not met, the Shareholders' Meeting shall proceed to decide by relative majority vote;
- if two or four board members belonging to the minority list have already been replaced, in accordance with the preceding clause, by drawing them from the majority list or by a relative majority vote of the Shareholders' Meeting to appoint them, as just described, the replacement of a further minority board member is by the first candidate named on

any other minority lists there may be, on the basis of the descending number of votes received by these. Should this not be possible or, if application of the above criterion means that the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12th July 2011 and the Articles of Association are not met, the Shareholders' Meeting shall make the replacement in compliance with the principle of the necessary representation of minorities.

Furthermore, as resolved by the Extraordinary Shareholders' Meeting held on 10th October 2015, with effect from the date when the next Supervisory Board is appointed, if, on the other hand, board members belonging to the minority list must be replaced the following procedure is employed:

- if only one Board Member has been appointed from the minority list, then the first candidate not elected on the list from which the member to be replaced was drawn shall be appointed, or, in the absence of such a candidate, the first candidate on any other minority lists there may be shall be taken on the basis of the number of votes received in descending order. Should this not be possible or, if application of the above criterion means that the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12th July 2011 and the Articles of Association are not met, then the Shareholders' Meeting shall make the replacement in compliance with the principle of the necessary representation of minorities;
- if further Board Members have been elected from the minority list, the relative replacements shall be taken from the list from which the members to be replaced were drawn or in the absence of such a candidate from any other minority lists there may be, identified on the basis of the number of votes received in descending order and which have received the majorities in the Shareholders' Meeting specified in paragraph 11 of this Article. In the absence of such candidates, the Board Members shall be drawn from the majority list or in the absence again of such candidates, or, if application of the above criterion means that the requirements for the composition of the Supervisory board pursuant to Law No. 120 of 12th July 2011 and the Articles of Association are not met, the Shareholders' Meeting shall proceed to decide by relative majority vote.

* * *

The replacement candidates, identified in accordance with the provisions of article 37, must confirm that they accept their appointment and also make declarations that no cause for ineligibility and incompatibility exists and that they possess the requirements prescribed by law and by these Articles of Association for the office.

A member of the Supervisory Board called upon to replace a previous member remains in office until the original term of office of the replaced member expires.

If for any reason the positions of the majority of the members originally appointed become vacant, then the entire Supervisory Board is considered as removed from office from the date of the appointment of new members. A Shareholders' Meeting is convened without delay to appoint a new Supervisory Board.

4.2. Composition and role (pursuant to Art. 123- bis, paragraph 2, letter d) of the Consolidated Finance Act)

The Supervisory Board, within the scope of its responsibilities, performs policy, strategic supervision and control functions. Without prejudice to the responsibilities assigned by law and regulations to its internal committees, the functions of the Supervisory Board are set out in Art. 38 of the Articles of Association, on the basis of which the same Board:

- a) on the basis of proposals from the Appointments Committee, shall appoint and remove all or part of the members of the Management Board and its Chairman and Deputy Chairman, in compliance with the provisions of article 21, paragraph two of the Articles of Association, determining their remuneration, in compliance with Art. 13, paragraph two, letter b) of the Articles of Association, after consulting with the Remuneration Committee.

It also determines, after consulting with the Remuneration Committee and in compliance with Art. 13, paragraph two, letter b) of the Articles of Association, the remuneration of the members of the Management Board vested with special functions, duties or powers or assigned to committees. Without prejudice to the provisions of article 23, paragraph two of the Articles of Association, and in any case without effect for the replacement of members of the Management Board who have vacated their positions, the Supervisory Board appoints the members of the Management Board in the first meeting following its own appointment by a Shareholders' Meeting;

- b) on the basis of proposals from the Management Board, shall set the general plans and strategic policies of the Bank and of the Group and shall also be able to make recommendations to the management;
- c) approves the separate financial statements and the consolidated financial statements prepared by the Management Board;
- d) authorises the Management Board to exercise the authority to increase the share capital or to issue convertible bonds that may have been granted by a Shareholders' Meeting pursuant to article 2443 and/or to article 2420-ter of the Italian Civil Code;
- e) with regard to its control function, performs supervisory functions in compliance with Art. 149, paragraphs one and three of Legislative Decree No. 58 of 24th February 1998;
- f) initiates liability actions against members of the Management Board;
- g) submits the statement to Bank of Italy pursuant to Article 70, paragraph 7 of Legislative Decree No. 385 of 1st September 1993;
- h) reports in writing to the Shareholders' Meeting called pursuant to Article 2364- bis of the Italian Civil Code on the supervisory activity performed, on omissions and irregularities observed as well as, in any other ordinary or extraordinary Shareholders' Meeting called, on matters considered to fall within its authority;
- i) informs the Bank of Italy without delay of all events or facts it may learn of in the performance of its duties, which might constitute a management irregularity or an infringement of banking regulations;
- l) expresses a binding opinion concerning the person in charge of preparing the corporate accounts pursuant to article 154-bis of Legislative Decree No. 58 dated 24th February 1998;
- m) on the basis of proposals submitted by the Management Board, to which it may formulate possible policies, decides on business and/or financial plans and budgets for the Bank and the Group prepared by the Management Board and on the strategic operations listed here below, but nevertheless without prejudice to the responsibility of the Management Board for its actions and while the aforementioned decision of the Supervisory Board shall not be necessary for the operations considered in points (iii), (iv), (v), (vi) and (vii), where these are operations for which the main elements have already been defined in business plans already approved by the Supervisory Board itself:
 - (i) transactions on the share capital, the issuance of convertible bonds and bonds cum warrants in shares of the Bank, mergers and demergers;
 - (ii) amendments to the Articles of Association, for which purpose it may make specific recommendations to the Management Board;
 - (iii) operations specified in Art. 27, paragraph two, letter b of the Articles of Association;
 - (iv) purchases by the Bank and by its subsidiaries of controlling interests in companies and transactions involving a reduction in directly or indirectly held investments in subsidiaries;
 - v) purchases or disposals by the Bank and its subsidiaries of companies, business en bloc, business units, spin-offs, and investments or disinvestments which involve commitments where the amount for each transaction is greater than 4% of the regulatory capital eligible for the purposes of calculating the consolidated core tier one capital or affects the core tier one ratio by more than 50 basis points as stated in the latest report to the Bank of Italy in accordance with the regulations in force;
 - (vi) purchases or disposals by the Bank and its subsidiaries of investments in companies that are not controlled, the amount of which for each transaction is greater than 1% of the regulatory capital eligible for calculating the consolidated core tier one capital as stated in the latest report to the Bank of Italy in accordance with the regulations in force, or which are significant from an institutional viewpoint or that of the system;
 - (vii) stipulation of strategically important trade, co-operation and corporate agreements, with account taken of the activities and/or volumes involved and/or of the nature of

the partners and in relation to programmes and objectives contained in the Business Plan approved;

- n) expresses a non-binding opinion with a vote in favour of at least two thirds of its members on the candidates proposed by the Management Board to the position of Board Member and Statutory Auditor of the subsidiary undertakings listed in article 27, paragraph two, letter b) of the Articles of Association;
- o) sets, on the basis of proposals from the Management Board, strategic guidelines and policies for the management and control of risks, constantly verifying that they are adequate and implemented by the Management Board;
- p) on the basis of proposals from the Management Board, sets policies for the management of compliance risk and makes decisions for the creation of a regulatory compliance function;
- q) formulates its considerations concerning the basic elements of the general architecture of the internal control system; assesses, with regard to those aspects that concern it, the efficiency and adequacy of the internal control system, with particular regard to risk management, to the functioning of the internal audit and the accounting reporting system; it also verifies that the strategic management control activities carried out by the Bank on Group member companies are properly performed; on the basis of a proposal from the Risk Committee and in consultation with the Internal Control Committee, it appoints and removes the heads of compliance, risk management and internal audit functions;
- r) approves and periodically verifies the corporate governance, organisational and administrative structure and the accounting and reporting systems of the Bank, determined by the Management Board;
- s) approves corporate regulations concerning its functioning and, in co-operation with the Management Board, approves reporting systems between corporate bodies as well as those with the internal control system;
- t) approves remuneration policies for employees or associate workers not linked to the Bank by regular employee contracts;
- u) decides, on the basis of a proposal by the Chairman of the Supervisory Board, drafted in compliance with article 39, paragraph two letter h) of the Articles of Association, sets policies and takes decisions on projects for cultural and charitable initiatives and for the image of the Bank and the Group, with special reference to the enhancement of historical and artistic heritage, while it verifies that initiatives planned coincide with the objectives set; supervises the public disclosure process and the Bank's communication process; ensures, through the Chairman of the Supervisory Board, that there is effective discussion with the management function and with the managers of the principal corporate functions and verifies on an ongoing basis the decisions that they take.
- v) decides on mergers and demergers pursuant to articles 2505 and 2505-*bis* of the Italian Civil Code;
- z) exercises any other powers conferred by the legislation and regulations currently in force or by the Articles of Association.

The Supervisory Board also has exclusive powers, in compliance with article 2436 of the Italian Civil Code, for decisions concerning:

- a) the opening and closing of secondary offices;
- b) the decrease in the share capital in the event of a Shareholder's withdrawal;
- c) amendments to the Articles of Association to comply with legislation and regulations, subject to consultation with the Management Board.

The Supervisory Board and its members exercise the powers set forth in Article 151- *bis* of Legislative Decree No. 58 dated 24th February 1998, pursuant to the terms and conditions provided therein. For the purpose of a more effective and functional exercise of powers to acquire information pursuant to Art. 151-*bis*, paragraph one of Legislative Decree No. 58 of 24th February 1998, normally the relative requests are addressed to the Chairman of the Management Board and to the Chief Executive Officer via the Chairman of the Supervisory Board. The information is distributed to all Members of the Supervisory Board.

* * *

The UBI Banca Shareholders' Meeting of 20th April 2013 first appointed the Supervisory Board for 2013-2014-2015, and then proceeded to appoint Andrea Moltrasio as Chairman and Mario Cera as Senior Deputy Chairman.

The Shareholders' Meeting appointed the above members of the Supervisory Board, Chairman and Senior Deputy Chairman based on three lists presented as required by Article 45 of the Articles of Association:

- the list proposed by the Supervisory Board on 22nd March 2013. This list had the support of 865 Shareholders representing 76,227,494 shares accounting for 8.45% of the share capital of UBI Banca and contained the following candidates:

1	Andrea	Moltrasio	Chairman
2	Mario	Cera	Senior Deputy Chairman
3	Armando	Santus	Member
4	Gian Luigi	Gola	Member
5	Lorenzo Renato	Guerini	Member
6	Alberto	Folonari	Member
7	Alfredo	Gusmini	Member
8	Sergio	Pivato	Member
9	Mario	Mazzoleni	Member
10	Federico	Manzoni	Member
11	Marina	Brogi	Member
12	Enrico	Minelli	Member
13	Antonella	Bardoni	Member
14	Pierpaolo	Camadini	Member
15	Ester	Faia	Member
16	Alessandra	Del Boca	Member
17	Carlo	Garavaglia	Member
18	Letizia	Bellini Cavalletti	Member
19	Mario	Comana	Member
20	Franco	Bossoni	Member
21	Giacomino	Maurini	Member
22	Stefano	Gianotti	Member
23	Graziano	Caldiani	Member

- the “UBI BANCA-CI SIAMO” list filed on 25th March 2013 by Mr Giorgio Jannone. That list had the support of 601 Shareholders representing 7,327,268 shares accounting for 0.82% of the share capital of UBI Banca and contained the following candidates:

1	Giorgio	Jannone	Chairman
2	Piero	Bertolotto	Senior Deputy Chairman
3	Adele	Timo	Member
4	Valerio Renato	Gastoldi	Member
5	Paola	Corniani	Member
6	Vincenzo	Mascolo	Member
7	Giovanni	Soncini Soncini	Member
8	Annamaria	Minervini	Member
9	Vittorio	Dotti	Member
10	Giulio	Zonda	Member
11	Antonio	Porteri	Member
12	Zanzi	Ambrogini	Member
13	Roberto	Bolpagni	Member
14	Alberto	Facella	Member
15	Luciano	Franceschetto	Member
16	Angiolino	Legrenzi	Member
17	Stefano	Vedovato	Member
18	Marcello	Rosti	Member
19	Luca	Pizio	Member
20	Elena	Tosana	Member
21	Luigi	De Rossi	Member
22	Dario	Alfero	Member
23	Giuseppina Carla	Maria Nelli	Member

- the “UBI, banca popolare!” list filed on 25th March 2013 by Mr Marco Giacinto Gallarati. That list had the support of 700 registered shareholders representing 619,441 shares accounting for 0.07% of the share capital of UBI Banca and contained the following candidates:

1	Andrea Cesare	Resti	Chairman
2	Marco Giacinto	Gallarati	Senior Deputy Chairman
3	Maurizio	Zucchi	Member
4	Dorino Mario	Agliardi	Member
5	Luca Vittorio	Cividini	Member
6	Laura	Bertulesi	Member
7	Emilio	Gramano	Member
8	Marco	Balzarini	Member
9	Anna Loredana	Cassina	Member
10	Ignazio	Deleuse Bonomi	Member
11	Marco	Pesenti	Member
12	Simonetta	Mangili	Member
13	Giangiacomo	Alborghetti	Member
14	Stefano	Franchini	Member
15	Daniele	Bonetti	Member
16	Beatrice	Mascheretti	Member
17	Luciano	Pezzoli	Member
18	Marco	Leali	Member

Votes:

- 7,318 votes in favour of the list presented by the Supervisory Board, being 53.5% of the votes cast at the Shareholders’ Meeting;
- 4,693 votes in favour of the “UBI, banca popolare!” list, being 34.3% of the votes cast at the Shareholders’ Meeting.
- 1,548 votes in favour of the “UBI BANCA – CI SIAMO” list, being 11.3% of the votes cast at the Shareholders’ Meeting.

In accordance with Art. 45 of the Articles of Association, 18 Board Members from the “ list presented by the Supervisory Board” and five Board Members from the “UBI, banca popolare!” list were thus elected.

Again in accordance with the Articles of Association Andrea Moltrasio was elected Chairman of the Supervisory Board and Mario Cera Senior Deputy Chairman of the Supervisory Board, having been in first and second place respectively on the list that received most votes.

At the meeting held on 23rd April 2013 the Supervisory Board appointed *Dott.* Alberto Folonari and Notary *Dott.* Armando Santus as Deputy Chairmen and Board Member *Dott.* Alfredo Gusmini as Secretary.

The members of the Supervisory Board for 2013/2014/2015 are thus as follows:

1	Andrea	Moltrasio	Chairman
2	Mario	Cera	Senior Deputy Chairman
3	Alberto	Folonari	Deputy Chairman
4	Armando	Santus	Deputy Chairman
5	Alfredo	Gusmini	Member and Secretary
6	Dorino Mario	Agliardi	Member
7	Antonella	Bardoni	Member
8	Letizia	Bellini Cavalletti	Member
9	Marina	Brogi	Member
10	Pierpaolo	Camadini	Member
11	Luca Vittorio	Cividini	Member
12	Alessandra	Del Boca	Member
13	Ester	Faia	Member
14	Marco Giacinto	Gallarati	Member
15	Carlo	Garavaglia	Member
16	Gian Luigi	Gola	Member
17	Lorenzo Renato	Guerini	Member
18	Federico	Manzoni	Member
19	Mario	Mazzoleni	Member
20	Enrico	Minelli	Member
21	Sergio	Pivato	Member

22	Andrea Cesare	Resti	Member
23	Maurizio	Zucchi	Member

The curricula vitae of the members of the Supervisory Board are available on the website of UBI Banca.

Attachment A) lists the offices held by all members of the Supervisory Board in companies listed on regulated markets, including foreign regulated markets, and in finance, banking, insurance or large companies.

On 18th July 2013 *Dott.* Giorgio Jannone and other Shareholders served a writ of summons on UBI Banca, which, briefly, asked it to declare: (i) that the only valid list for the appointment of members of the Supervisory Board of the Bank is the list presented by, among others, the same Shareholder Jannone, following the ascertainment of irregularities in the other two lists which received the majority of the votes at the Shareholders' Meeting of 20th April 2013; or alternatively (ii) the invalidity of the shareholders' resolution relating to the appointment of company officers; or secondarily (iii) the invalidity of some votes made during a particular period of time while the Shareholders' Meeting was being held (at the stage when the votes commenced).

The Bank considers that the procedures preliminary to the shareholders meeting to check the lists presented were carried out correctly and that the proceedings of the shareholders' meeting were also carried out properly. It therefore judges the claims made in that summons to be without foundation.

UBI Banca made a preliminary objection that the claim was inadmissible, in so far as it was brought by a number of Shareholders that fails to reach the quorum of one per thousand of those who had been recorded in the shareholders register for at least 90 days, as required by the combined provisions of Art. 2377 of the Italian Civil Code and Art. 135 of the Consolidated Finance Act.

* * *

Special regulations govern the functioning of the Supervisory Board concerning:

- its calendar of meetings;
- its agenda for meetings and how it is convened;
- prior delivery to members of the Supervisory Board of documents relating to items on the agenda;
- minutes and records of decision making processes;
- disclosures concerning the decisions taken;
- internal committees of the Supervisory Board.

A special section of those regulations deals with reporting systems.

As concerns the prior delivery to Members of the Supervisory Board of material relating to items on the agenda, the aforementioned regulations underline the fundamental requirement for members of the Supervisory Board to be able to act in an informed manner. They state that following proper notice to convene, the Chairman of the Supervisory Board shall take steps to deliver adequate documentation, with levels of detail and in a manner consistent with the importance and complexity of the items to be dealt with, in good time with regard to the date set for the board meeting (normally at least two days before). The material sent shall be decided from time to time by the Chairman on the basis of the items on the agenda, with account taken of the purposes of the advance information and it is made available through a digital environment accessible by board members using special customised identification software, in compliance with the Bank's regulations for proper management of confidential information. The time limit set by the regulations is normally complied with and usually where possible documents arrive even earlier, except in special cases due to the nature of the resolutions to be considered. Where it was not possible in specific cases to provide preliminary information by the aforementioned deadline, the Chairman took steps to provide adequate detailed information during the Board meetings themselves. The documentation provided at board meetings is filed with the minutes and each board member may consult documents on all meetings of the Supervisory Board and its internal committees by means of a dedicated IT Portal.

The Supervisory Board must meet at least every 60 days. The location of the meetings alternates between the cities of Bergamo and Brescia and the meeting is held around once a year in the city of Milan.

It is convened by registered letter, telegram, fax, email or other means which leaves a record of the receipt of the notification.

Notices to convene meetings shall contain a list of the items on the agenda and these are sent at least four days prior to the date set for the meeting, except in urgent circumstances, when the time limit may be reduced to one day.

The meetings shall be deemed as validly convened when they are attended by the majority of the Board Members in office.

The Board passes resolutions with a vote in favour of the absolute majority of the Board Members present for the vote.

The Supervisory Board shall pass resolutions with the vote in favour of at least two thirds of its members for proposals to amend the Articles of Association and for resolutions concerning proposals pursuant to article 27, paragraph two, letter b) of the Articles of Association.

The members of the Supervisory Board shall report all interests which, either directly or through third parties, they may have in a determined transaction of the Bank or the Group, stating the nature, the terms, origin and extent. The relative resolution of the Supervisory Board must give adequate reasons, explaining the reasons and the interest of the Bank in the transaction, without prejudice to other provisions of the law or regulations which may apply.

Remote participation in meetings of the Supervisory Board is permitted subject to the limitations and conditions contained in the last paragraph of article 25 of the Articles of Association.

The Board may appoint a secretary who need not be a member of the Board and may be permanent.

During 2015 the Supervisory Board met 20 times and the average length of meetings was four hours.

We also report that the Supervisory Board has planned its meetings for 2016 up to the date of the Shareholders' Meeting, with five meetings programmed of which two already held.

The Internal Control Committee has had ongoing meetings with the independent auditors, Deloitte & Touche SpA and reported on these to the Supervisory Board.

Details of further engagements of Deloitte & Touche and other companies in its network are given in a special report attached to the consolidated and separate annual reports.

* * *

Following its appointment, in accordance with the relevant regulations in force, the Supervisory Board successfully ascertained that the requirements for integrity, professionalism and independence were met by all its members.

Before approving this Report, the Supervisory Board verified that it satisfied the requirement of independence. In this context, in compliance with, among other things, the Bank of Italy instructions concerning corporate governance, an analysis of the lending relationships between each board member and the Group was carried out. In this regard it should be noted that all the members of the Supervisory Board - on the basis of a declaration made by each of them and the information available to the Bank - satisfy the requirements of independence pursuant to Art. 148, paragraph 3 of the Consolidated Finance Act and the Bank of Italy supervisory provisions concerning corporate governance in force (Circular No 285).

With regard to the requirements set by the Corporate Governance Code and also in consideration of the specific nature of the Supervisory Board under a two tier governance system, 20 members of the Supervisory Board out of 23 were found to be independent with regard also to the requirements of the aforementioned code.

With reference to the principles and criteria referred to in Art. 3.C.1. at point b) of the Corporate Governance Code, Board Members Andrea Moltrasio, Mario Cera e Lorenzo Renato Guerini are not independent since for the previous three years they were senior officers in subsidiaries of UBI Banca.

In 2015 the Supervisory Board carried out a self assessment, relating to the year 2014, of the size, composition and functioning of the board itself and its internal committees, as part of a self-assessment process programmed for the years 2013, 2014 and 2015 (the duration of the Board's term of office), with support from the firm Egon Zehnder.

The self-assessment process was carried out by means of an analysis performed at a meeting, on the basis of the results of a specific self-assessment questionnaire filled in by each board member, followed by individual interviews carried out by the consultant. The quantitative and qualitative composition of the Board and its Committees was also examined, including consideration of how representative it is in terms of age and gender, the professional skills of board members in relation to the size of the Group and its activities, the level of diversity among the Board members in terms of professional, managerial and business experience.

More specifically, the self-assessment was conducted on, amongst other things, the following factors: the quality and completeness of skills, experience and expertise within the Board and its internal committees; sufficient number of board members; the degree of effectiveness of the functioning of the Board and each of the internal committees; the quality of Board and internal committee meetings; the quality and promptness of reporting and presentations to the Board; the effectiveness and efficiency of decision-making processes within the Board; the clarity, agreement and satisfaction with regard to policies, performance and risk objectives and the results achieved; relations with the Management Board and Senior Management. The assessment also focused on developments concerning points for consideration that had arisen in the self-assessment conducted the year before.

On conclusion of the examinations and assessments, it was shown that, taken as a whole, the proceedings of Board and committee meetings, in terms of organisation, the level of diversity in terms of experience and the expertise of Board members, the level of analysis of the issues, the clarity and efficacy of the presentations and the timeliness of the receipt of information are key elements for the appropriate performance of the functions assigned to the Supervisory Board and its internal Committees.

Again in 2015, in order to implement Supervisory Regulations on the subject of corporate governance (Bank of Italy Circular No. 285 – Part One – Title IV – Chapter 1), steps were taken, assisted by the Appointments Committee, to draw up an internal set of regulations entitled “Self-assessment Process for Governing Bodies of the UBI Banca Group”, which formally sets out the self-assessment process for Governing Bodies and interprets the supervisory authority requirements in terms of the UBI Group according to criteria of proportionality. The document also includes guidelines for the organisation of training activities for members of Governing Bodies.

With regard to the self-assessment for 2015, the end-of-term-of-office “board evaluation”, to be carried out at the beginning of 2016 on the basis of the aforementioned “Self-assessment Process for Governing Bodies of the UBI Banca Group” is also used to prepare a document on the qualitative and quantitative composition considered optimal for the purposes of renewing the Board.

In this context, in December 2015 the Supervisory Board, assisted by the Appointments Committee, commenced activities in preparation for the renewal of the governing bodies whose terms of office end in 2016. It did this by preparing a document entitled “Guidelines for the appointments process for the Supervisory Board and for the selection of the members of the Management Board”, as part of which activities were defined in view of the renewal of the governing bodies of UBI Banca, also in compliance with the requirements of the already mentioned supervisory provisions concerning corporate governance (Bank of Italy Circular No. 285 – Part One – Title IV – Chapter 1). The process will come to a close in 2016 with the identification of the optimal quantitative and qualitative composition.

On conclusion of this, as part of the process to verify the requirements for suitability, the new Supervisory Board appointed also ascertains the absence of causes for incompatibility pertaining to board members as well as verifying that the qualitative and quantitative composition considered optimal does in fact correspond to the actual result of the appointments process.

In accordance with the Corporate Governance Code the independent board members must meet at least once a year in the absence of the other board members. On the date when this Report was approved, the independent board members had not felt the need to hold the said meeting, among other things, because of the composition of the Board.

The Chairman, both at Board meetings and by means of specific induction sessions, ensures that the board members increase their knowledge of the regulatory and self-regulatory framework and of the situation and dynamics of the Bank and the Group, in order to ensure that they have a full and adequate awareness of the banking business, the economic and financial system, the system of controls and the methods for managing and monitoring risk.

Following the renewal of the terms of office of corporate bodies in 2013, a programme that involved holding two training meetings for officers of UBI Banca started in 2013. In this respect, in 2014 the Management Board and Supervisory Board approved a two-year programme of meetings to be held in 2014 and 2015, identifying specific topics to be covered. Two meetings were held in 2014: on 26th February 2014, on “The governance of management risks and strategic actions”, and on 27th November 2014, on “The system of controls”. Finally, on 26th September 2015 a further training meeting was held on the subject of “The organisation of the structure of the IT system”.

Furthermore, board members may participate individually in an induction session designed to examine specific subjects.

4.3. Chairman of the Supervisory Board

The Chairman of the Supervisory Board convenes on his own initiative and, in any event, in the cases prescribed by Law or the Articles of Association and chairs and co-ordinates the meetings of the Board itself, setting the agendas, taking account of the proposals formulated by the Senior Deputy Chairman and the other Deputy Chairmen, if appointed, and ensuring that adequate information on the items contained on the agenda are provided to all the members of the Supervisory Board.

The duties of the Chairman of the Supervisory Board are listed in article 39 of the Articles of Association.

5) Internal Committees of the Supervisory Board (pursuant to Art. 123-bis, paragraph 2, letter d) of the Consolidated Finance Act)

While it acknowledges the principle of collegial responsibility in the performance of its duties, the Supervisory Board - in relation to its responsibilities, its composition and the characteristics of its members - decided to establish internal committees as follows:

- specific committees with proposal making, consultative and fact finding functions in compliance with Bank of Italy regulations, the recommendations of the Borsa Italiana Corporate Governance Code and supervisory authority instructions. These committees were established to allow the Supervisory Board to work more efficiently and effectively, and they are composed - as recommended by the Corporate Governance Code - of more than three members.

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|---|----------------------------|--|
| - | Appointments Committee | 6 members |
| - | Remuneration Committee | 5 members |
| - | Internal Control Committee | 5 members |
| - | Risk Committee | 4 members (created on 15 th September 2015) |

- a Related and Connected Parties Committee composed of three members, in compliance with the provisions of: (i) "Regulations for UBI Banca related-party transactions" adopted in implementation of Art. 2391-bis of the Italian Civil Code and Consob requirements with respect to related parties adopted with Resolution No. 17221/2010 and subsequent amendments; (ii) “Regulations for operations with parties connected to the UBI Banca Group”, adopted in implementation of Title V, Chapter 5 of Bank of Italy Circular No. 263 of 27th December 2006 - 9th amendment of 12th December 2011, “New regulations for the prudential

supervision of banks”, containing measures concerning “risk assets and conflicts of interest with connected parties”.

Until 15th September 2015 an Accounts Committee had also existed, further details of which are given later in this report.

A Risk Committee was formed in 2015 to implement Supervisory Regulations on corporate governance (Bank of Italy Circular No. 285 – Part One – Title IV – Chapter 1) which states that with two-tiered governance a Risk Committee must be created, that is separate from the Internal Control Committee.

The following actions have been taken with the objective of achieving an efficient overall set of internal committees as a result of the compulsory formation of a new Risk Committee to avoid overlaps of responsibilities with already existing internal committees with a view to continuity and the purpose at the same time of ensuring that the Supervisory Board receives the different types of support from the internal committees indicated in Supervisory Regulations and also in compliance with the recommendations of the Corporate Governance Code:

- the constitution of a new Risk Committee to provide support functions to the Supervisory Board in carrying out its responsibilities in its capacity as the body responsible for strategic supervision on matters concerning risks and internal controls and drawing up the relative operational regulations;
- the related revision of the Regulations for the Internal Control Committee;
- the elimination of the Accounts Committee, whose activities are now carried out by the new Risk Committee and the Internal Control Committee.

In order to exploit the expertise and knowledge acquired, former members of the Accounts Committee were appointed to the new Risk Committee, being in possession of the necessary skills and experience to manage the start-up stage of the new Committee.

The operational regulations of the Risk Committee and the Internal Control Committee include provisions governing specific procedures for co-ordination and mutual exchange of information between the two committees.

The meetings of these committees are properly minuted. In the performance of their functions the committees may have access to the information and corporate functions necessary for the performance of their duties and make use of external consultants under the terms and conditions set by the Supervisory Board.

The committees are governed by special regulations which determine its responsibilities and functioning.

The regulations governing the committees are published in the Corporate Governance/Supervisory Board section of the Bank’s website.

6) Appointments Committee

The Appointments Committee (members of which pursuant to the Articles of Association include the Chairman of the Supervisory Board, with the functions of chairman, and the Senior Deputy Chairman) is composed of the following members of the Supervisory Board:

- Andrea Moltrasio Chairman of the Supervisory Board
- Mario Cera Senior Deputy Chairman of the Supervisory Board
- Alberto Folonari
- Mario Mazzoleni
- Enrico Minelli
- Armando Santus

A majority of the members of the Appointments Committee are independent board members, in accordance with the Corporate Governance Code.

The Committee is governed by special regulations – published on the Bank’s website in the Corporate Governance/Supervisory Board section – which determine its responsibilities and its functioning. The Appointments Committee must have adequate resources available to it for carrying out its functions and be able to make use of outside experts, bringing in, where necessary, the competent corporate functions.

The Appointments Committee, in carrying out its proposal making functions, as applicable:

- a) carries out fact-finding functions to establish official qualitative and quantitative career profiles for appointments to the Supervisory Board. It proposes the candidates to the Supervisory Board to the position of Deputy Chairman of the Supervisory Board where this is to be appointed;
- b) carries out fact-finding functions to establish qualitative and quantitative career profiles for appointments to the Management Board. It proposes candidates for appointment by the Supervisory Board to the position of Member of the Management Board at the Parent Bank, inclusive of candidates to the positions of Chairman and Deputy Chairman of the Management Board;
- c) it puts forward a name for the formulation of a non-binding proposal to be submitted by the Supervisory Board to the Management Board for the appointment of the Chief Executive Officer;
- d) it assesses, including during the functioning of the bodies, the adequacy of the succession plans at senior management level for the Management Board and for Senior Management as well as career profiles and requirements for senior managers in office and potential succession candidates;
- e) it defines processes to assess the work of the Management Board and Senior Management;
- f) it carries out support functions for the purposes of the self-assessment of the Supervisory Board and the Management Board, and also for setting the criteria for carrying out the self-assessment process by the governing bodies of Group banks;
- g) it supports the Management Board and the Supervisory Board in verification of the conditions provided for in article 26 of the Consolidated Banking Act;
- h) it supports the Risk Committee in the formulation of proposals to Supervisory Board to appoint and remove the heads of the Internal Control Committee, in compliance also with the responsibilities of the Internal Control Committee;
- i) it carries out fact-finding activities for the purposes of issuing a non-binding opinion that the Supervisory Board pursuant to Art. 38, paragraph 1, letter n) of the Articles of Association is responsible for expressing on the candidates proposed by the Management Board to the position of Director and Statutory Auditor of the subsidiaries listed by Art. 27, paragraph 2, letter b) of the Articles of Association and that is: Banco di Brescia S.p.A., Banca Regionale Europea S.p.A., Banca Popolare di Bergamo S.p.A., Banca Popolare Commercio e Industria S.p.A., Banca Popolare di Ancona S.p.A. and Banca Carime S.p.A.;
- j) it formulates opinions and proposals on the corporate governance and regulatory policies of the Parent Bank and the Group which fall within the exclusive scope of the remit of the Supervisory Board;
- k) it oversees the update of corporate governance rules and principles of conduct which may be adopted by the Parent Bank and its subsidiaries, even with regard to developments on the matter at national and transnational level;
- l) it assesses the adequacy of commitments made on issues of corporate social responsibility;
- m) it supervises matters of sustainability connected with running a company and with the development of interactions with stakeholders.

In 2015 the Appointments Committee met five times. The average length of meetings, all properly minuted, was over one hour.

In 2015, the Appointments Committee worked together with the Supervisory Board to update the regulations for its proceedings in order to bring these into line with the new Articles of Association when UBI Banca transformed from a joint stock co-operative company into an ordinary joint stock company with a resolution of an Extraordinary Shareholders’ Meeting dated 10th October 2015. In this respect, we report that the new provisions of the Articles of Association, (Art. 41.6) state that the Appointments Committee shall be composed of between three and five Supervisory Board members. That rule takes effect from the date of the appointment of the Supervisory Board that will replace that in office on the date on which the resolution for the transformation into a joint stock company took effect.

In 2015, the Appointments Committee performed its duties with regard to fact finding activity for the issue of a non-binding opinion by the Supervisory Board for appointments to corporate bodies of banks in the Group pursuant to Art. 27 of the Articles of Association. Furthermore, it also carried out fact-finding information for the purposes of proposing candidates for the office of member of the Board of Arbitrators of UBI Banca for the three-year period 2015-2017, submitted to an ordinary Shareholders' Meeting on 25th April 2015.

In 2015, the Committee also collaborated with the Supervisory Board:

- on the annual self-assessment process for Governing Bodies and on the formulation of the relative internal regulations, as also described in Sub-section 4.2 of this report;
- on the definition of guidelines for the renewal of the Governing Bodies of UBI Banca, whose term of office expires in 2016, as also described in Sub-section 4.2 of this report;
- on the assessment of succession plans, assisted for that purpose with support from an independent outside company selected by the Committee itself;
- on social responsibility issues with a specific focus on the definition of action programmes for charitable donations required by the Articles of Association, together with an examination of the contents of the 2014 Social Report.

In this context, the Appointments Committee supported the Supervisory Board in launching activities in preparation for the renewal of the Governing Bodies, whose term of office ends with the 2016 Ordinary Annual General Meeting, by preparing a document entitled "Guidelines for the process of appointing the Supervisory Board and selecting members of the Management Board", as described in Sub-section 4.2 of this report. At the end of that process, the new Supervisory Board appointed shall proceed to the appointment of a new Appointments Committee (in its new configuration indicated above in accordance with Art. 41.6 of the current Articles of Association of UBI Banca S.p.A.), whose first duty will be to formulate a proposal to the Supervisory Board for the designation of members of the Management Board, consistent with the results of the analysis conducted. The Committee will also be given the duty of supporting the new Governing Bodies, with regard to the process of verifying requirements for suitability, in ascertaining the absence of causes for incompatibility on the part of board members as well as verifying that the qualitative and quantitative composition considered optimal does in fact correspond to the actual result of the appointments process.

At the date of this report a meeting has been programmed for February 2016.

7) Remuneration Committee

The Remuneration Committee is composed of the following members of the Supervisory Board:

- Mario Cera as the Chairman
- Marina Brogi
- Alessandra Del Boca
- Andrea Cesare Resti
- Armando Santus

Compliance of the composition of the Remuneration Committee with the provisions of the Borsa Italiana Corporate Governance Code.

The composition of the Remuneration Committee reflects an adequate level of experience and expertise in relation to bank governance, law, finance and remuneration policies.

With reference to the appointment of the Senior Deputy Chairman, Mario Cera (who for the previous three years had performed a senior role in a strategically significant subsidiary) to the position of Chairman of the Remuneration Committee, as already described in the 2015 Report, with a view to the efficient operational continuity of the Bank it was considered appropriate not to comply, for this specific point only, with the requirements of Art. 6.P.3 of the Borsa Italiana Corporate Governance Code in order to ensure that the Committee continues to function in a full and efficient manner. It is precisely the professional experience

and knowledge of the Group that Mario Cera has acquired that, together with his substantial and well-known independence of judgment, were and are a suitable guarantee of the better and appropriate functioning of the Committee. The other four members of the Committee are in possession of the requirements of independence required by the Code.

The committee is governed by special regulations – published on the Bank’s website in the Corporate Governance/Supervisory Board section – which determine its responsibilities and its functioning. These regulations were revised in 2015 for compliance with Supervisory Regulations for Banks on Corporate Governance (Circular No. 285 – Part One – Title IV – Chapter 2). The Committee shall have access in carrying out its duties to corporate information relevant to that purpose and it shall have sufficient funds to ensure its operational independence. The Committee shall make use of outside consultants at the Bank’s expense for carrying out its activities and shall assess in advance whether such consultants are in a situation that compromises the independence of their judgement. As provided for by the regulations for its proceedings, the chiefs of the human resources, strategic planning, risk management, compliance and internal audit functions, as well as other senior managers of internal units and functions of the Bank whose presence is considered useful by the Committee itself shall be invited to participate in meetings of the Committee for matters involving their respective areas of responsibility.

The Committee provides advisory, proposal making and fact-finding activities for the Supervisory Board, making use of outside independent consultants and involving the competent corporate functions. In this context, the Committee carries out those duties assigned to it by the provisions of the Supervisory Authority with regard to the remuneration and incentive policies and practices of banks and banking groups.

In detail, the Committee formulates proposals and opinions:

- for decisions that the Supervisory Board will submit for approval to a shareholders meeting;
- for the remuneration of Governing Bodies;
- for setting Remuneration Policies.

The Committee also formulates opinions for the purpose of verifying whether the following are compliant with remuneration and incentive policies approved by the Supervisory Board:

- possible remuneration and/or incentive schemes based on financial instruments;
- the remuneration of subsidiaries.

The Committee has in any event the duty to make proposals for the remuneration of the General Manager and the Senior Deputy General Manager as well as for any specific remuneration paid to them and for the remuneration of additional personnel for which the methods of remuneration and incentivisation are decided by the Supervisory Board in accordance with the provisions of Circular No. 285 as interpreted in UBI Group’s remuneration and incentive policies. It also provides consultation in relation to determining the criteria for the remuneration of all Key Personnel.

It informs the Supervisory Board appropriately in its verifications on at least an annual basis concerning the proper implementation of remuneration and incentive policies.

The Committee also:

- collaborates with other internal committees of the Supervisory Board, co-ordinating in particular with the Risk Committee, which is responsible for ensuring that the incentives underlying remuneration and incentive schemes are consistent with the RAF;
- ensures, in accordance with regulations in force, that the competent corporate functions are involved in the process of drawing up and monitoring remuneration and incentive policies and practices;
- gives an opinion, assisted by information received from the competent corporate functions, on the achievement of the performance objectives to which incentive schemes are linked and on the satisfaction of other conditions set for the payout of remuneration;
- periodically assesses the appropriateness, overall consistency and concrete implementation of the general policy pursued for the remuneration of senior managers and Key Personnel of the UBI Banca Group;

- directly oversees the remuneration of the managers of corporate supervisory functions in close co-operation with the Supervisory Board;
- sees to the preparation of the documentation to be submitted to the Supervisory Board for taking the relative decisions;
- makes adequate reports on its activities to corporate bodies, including Shareholders' Meetings;
- gives advance assessments to the Supervisory Board on any individual agreements regarding employment termination benefits, in the context of criteria set by Shareholders, relating to Key Personnel.

The Remuneration Committee met 13 times in 2013 (the average length of the meetings, all properly minuted was approximately one hour forty minutes), concentrating mainly on the following areas:

- examination of the new provisions and recommendations received from the Supervisory Authorities;
- examination of the results of the inspection conducted by the Bank of Italy between 6th October and 19th December 2014 on the subject of "remuneration and incentive policies and practices" and a preliminary examination of the reply provided by the Bank on 10th April 2015;
- examination of information to be provided to the Supervisory Authority on remuneration matters;
- activities on behalf of the Supervisory Board for the revision of the regulations of the Committee in implementation of the new Supervisory Regulations for Banks;
- activities on behalf of the Supervisory Board for the approval of remuneration policies regarding members of the Supervisory Board and the Management Board subject to the approval of a Shareholders' Meeting;
- activities on behalf of the Supervisory Board for verifying that amounts indicated by the Management Board for the boards of directors and senior managers of subsidiaries is compliant with the Group Remuneration Policy;
- activities on behalf of the Supervisory Board for the approval of Incentive and Remuneration Policies that regard employees and associate workers not bound to companies by employee contracts;
- activities on behalf of the Supervisory Board for verifying compliance with Group Policy of the remuneration scheme based on financial instruments (shares of the listed Parent, UBI Banca) resolved by the Management Board and submitted to a Shareholders' Meeting for approval;
- activities on behalf of the Supervisory Board for the approval of the Remuneration Report submitted to a Shareholders' Meeting for approval;
- activities on behalf of the Supervisory Board for defining the criteria for determining remuneration in the event of the early termination of an employment relationship or position, submitted to a Shareholders' Meeting for approval;
- verification of the trigger conditions and the performance objectives for the 2014 incentive scheme;
- examination and formulation of a proposal for the revision of the remuneration and incentives policies for 2016;
- activities on behalf of the Supervisory Board for the approval of the incentive scheme for "Key Personnel";
- verification that remuneration changes for specific management positions categorised as "Top Management" and "Highest Management Levels of the Control Functions" comply with remuneration and incentive policies;
- specific assessment of the Incentives Schemes of the subsidiaries UBI Pramerica SGR and IW Bank, in relation to the particular fields in which these subsidiaries operate.

The Chairman of the Committee had a meeting with the inspectors of the ECB Joint Supervisory Team, during which a full examination was made of fundamental questions regarding the current operational and regulatory framework and those which specifically regarded UBI's situation. The Chairman reported to the Committee on that meeting and on its contents.

The Committee commenced activities to support the Supervisory Board formulating a proposal to submit to the 2016 Annual General Meeting to set the remuneration for the Supervisory Board when that Board itself is renewed. The newly appointed Supervisory Board will have to appoint a new Remuneration Committee, whose first duty will be to formulate a proposal for the allocation by the Supervisory Board of the overall amount established by the Shareholders' Meeting in order to set the remuneration of the Chairman, Senior Deputy Chairman and Deputy Chairmen, if appointed, of the Supervisory Board as well as those members of that Board to whom specific offices, powers or functions have been assigned by the Articles of Association or by the Supervisory Board itself. This allocation shall, amongst other things, take account of any possible assignment of Supervisory Body functions pursuant to Legislative Decree No 231/2001, in compliance with the criteria set by the Articles Association. The new Committee must also formulate a proposal to the Supervisory Board for the remuneration of members of the newly appointed Management Board, as well as for the remuneration of the Chairman and Deputy Chairman of the Management Board, the Chief Executive Officer and Members of the Management Board who have been assigned particular or specific offices, duties or powers.

At the date of this report a meeting has been programmed for February 2016.

8) Remuneration and Succession Planning

Information concerning remuneration policies is given in the Remuneration Report prepared in accordance with Art. 123 *ter* of the Consolidated Finance Act, which may be consulted.

Supervisory Board

Shareholders set the remuneration of Supervisory Board members in addition to total remuneration for individuals with certain specific responsibilities, powers and functions. This amount is subsequently allocated by setting the remuneration of the Chairman, the Senior Deputy Chairman, the Deputy Chairmen, if appointed, and other members of the Supervisory Board with certain specific responsibilities, powers and functions pursuant to the Articles of Association or in accordance with Supervisory Board decisions requiring, amongst other things, participation in committees and the potential assignment of the functions of Supervisory Body pursuant to Legislative Decree 231/2001.

Management Board

Pursuant to the Articles of Association, the Supervisory Board sets, after consulting with the Remuneration Committee, the remuneration of the Management Board and of its members vested with special offices, duties or powers.

As provided for by Remuneration Policies for members of the Management Board, the maximum total fee payable to each member of the Management Board, with the exception of those relating to the "special assignments" of the Chairman, the Deputy Chairman of the Board and the Chief Executive Officer, for membership of the Management Board and where relevant the Governing Bodies of Group banks and companies, is equal to the amount due for the position of member of the Management Board (currently €120,000 per year), plus 2/3 (and therefore a potential maximum amount of €200,000 per year).

Any exceptions for exceptional reasons are in any event subject to the prior approval of the Supervisory Board.

The Chief Executive Officer and members of the Management Board classified as senior management of UBI Banca, included within the "Material Risk Takers" perimeter, are eligible for forms of variable remuneration linked to results.

No attendance payments exist. There are no guaranteed bonuses (without prejudice to exceptions allowed by legislation and regulations, limited to the first year of employment, for board members classified as senior management) or leaving bonuses for members of the Management Board. No member of the Management Board may unilaterally waive their right to part or all of their remuneration.

Indemnities for Board Members in the event of resignation, dismissal or termination of contract following a public tender offer to purchase [pursuant to Art. 123 - bis, paragraph 1, letter i) of the Consolidated Finance Act]

The Bank is under no contractual obligation to pay sums to Management Board and Supervisory Board members in the event of dismissal without cause or termination of employment as a result of a takeover.

The Remuneration Report, as required by Art. 123 *ter* of the Consolidated Finance Act, may be consulted for details of remuneration and incentives schemes in place in the UBI Banca Group.

Succession Planning

In 2011 UBI Banca put a structured process in place entitled “senior leadership succession”, designed to select and assess managers within the Group for consideration by the Appointments Committee, the Supervisory Board and the Management Board as potential candidates for senior executive positions and for those of Chief Executive Officer and General Manager in particular.

In order to update this, in 2015 a new management succession process (“Leadership & Succession”) was commenced with assistance from a leading independent specialist firm, again designed to ensure future continuity for management and avoid negative, operational and reputational repercussions, by following a succession planning approach based on continuity.

The process identified above involves structured assessment of senior management staff that fill roles of responsibility in the Group (skills and adequacy for the position occupied and market benchmarking).

Each manager is assessed individually through in-depth interviews, together with the acquisition of a very full set of references, conducted by external specialist firms. The assessment therefore provides an indication of strengths and areas for improvement as well as providing a summary assessment to identify possible candidates to succeed to the roles of Chief Executive Officer and General Manager.

Each manager receives feedback on their strengths to be consolidated and areas for improvement to be developed. This feedback forms part of individual development plans designed to strengthen managerial quality at UBI Banca.

In cases of early or unexpected substitution of the General Manager and/or Chief Executive Officer, the results of the structured assessment therefore represent a point of reference for decisions relating to new appointments and for the assessment of potential candidates.

The results of the assessment are discussed and validated by the Appointments Committee, which is responsible for evaluating, even during the term of the boards, the adequacy of succession plans at the level of the senior positions on the Management Board and Senior Management, and the professional profiles and requirements of those currently holding office and any candidates there may be to succeed them.

These results are submitted to the Supervisory Board and Management Board, for consideration within the limits of their remits.

As part of the above process, the periodic structured assessment carried out in 2015 involved senior management including executives that sit on the Management Board in accordance with the Articles of Association.

UBI Banca has also put a structured “management appraisal” process in place since 2009, designed to enhance the leadership development of Group managers and to enable the selection of successors in the short and medium-term for the key positions and/or for managers who report directly to the Chief Executive Officer and the General Manager.

The methodology, output and procedures of the “management appraisal” process are similar to the process described above and they are carried out with advisory support from a leading specialised firm. The results of the “management appraisal” process are validated by the Chief Executive Officer and by the General Manager and they are discussed with the Chairman and Deputy Chairman of the Management Board and with the Chairman and Senior Deputy Chairman of the Supervisory Board.

The succession plans are updated periodically in accordance with the procedures and methods described above.

9) Internal Control Committee

The Internal Control Committee is composed of the following Supervisory Board Members:

- Sergio Pivato as the Chairman (*)
- Pierpaolo Camadini
- Carlo Garavaglia (*)
- Gian Luigi Gola (*)
- Alfredo Gusmini (*)

(*) Enrolled on the Register of External Statutory Auditors.

The activities of the Committee are governed by special regulations – published on the Bank’s website in the Corporate Governance/Supervisory Board section – which determine its responsibilities and functioning. These regulations were updated in September in relation to the creation at that time of a Risk Committee and the elimination of the Accounts Committee. According to the contents of those, the purpose of the Committee is to support the Supervisory Board with fact-finding, advisory and proposal making functions in those areas overseen by the Board in its capacity as the supervisory body in accordance with regulatory requirements as may be in force from time to time, in order to increase its effectiveness.

The Committee's duties also include supporting the Supervisory Board with its supervisory functions pursuant to Art. 149, paragraphs one and three, of Legislative Decree No. 58 of 24th February 1998, having regard to the internal control system and other activities connected with the functions of the Supervisory Body and the following activities in particular:

Internal control system

- it oversees the functioning of the internal control system as a whole and ascertains the effectiveness of the units and functions involved in the system itself and that they are properly co-ordinated, initiating corrective action for shortcomings and irregularities where they are found;
- assessment of the basic elements of the general architecture of the internal control system (powers, responsibilities, resources, information and management of conflicts of interest);
- it oversees the completeness, adequacy, functionality and reliability of the RAF;
- it oversees the process for calculating internal capital (inclusive of the ICAAP process) and the completeness, adequacy, functionality and reliability of internal risk measurement systems for calculating capital requirements and that they comply with regulatory requirements;
- it provides an opinion on the appointment and removal of the heads of the compliance, risk management and internal audit functions and the senior officer responsible for preparing

the corporate accounting documents pursuant to article 154-*bis* of Legislative Decree No. 58 of 24th February 1998, by submitting its assessment of the candidates to the Risk Committee;

- it examines periodic reports on the activities carried out by control functions and also the results of the self-assessment of internal Group adequacy in terms of the principles of the Supervisory Review and Evaluation Process (SREP) of the competent Supervisory Authorities;
- verification of the proper performance of strategic control and management activities by the Parent in relation to Group member companies;
- it oversees compliance with laws, regulations and the Articles of Association, the proper performance of management activities and the adequacy of the Bank's organisational structure and its accounting systems;
- communication to the Bank of Italy of events or facts which might constitute a management irregularity or an infringement of banking regulations pursuant to article 52 of the Consolidated Banking Act. Should the Committee become aware in the course of its activities of circumstances that may be relevant pursuant to article 52 of the Consolidated Banking Act, it shall inform the Supervisory Board and Management Board of the shortcomings and irregularities found, and it shall request corrective action to be taken and monitor its effectiveness over time;
- verification and study of the causes and remedies for management irregularities, performance problems and shortcomings in organisational structures and accounting systems, with particular attention paid to regulations concerning conflicts of interest and infringements of rules governing the provision of investment services;
- assessment of proposals formulated by the independent auditors for their engagement;
- assessment of reports for Shareholders' Meetings called in accordance with article 2364-*bis* of the Italian Civil Code, and also for any other Shareholders' Meetings, ordinary or extraordinary, on its supervisory activities carried out, on omissions and on irregularities observed.

Furthermore, the Committee performs its internal control and audit functions in accordance with Art. 19 of Legislative Decree No. 39 of 27th January 2010, specifically including the following:

- the financial reporting process;
- effectiveness of the system of internal control, internal audit and risk management;
- the external statutory audit of separate and consolidated accounts;
- the independence of auditors particularly with respect to the provision of non-audit services.

The Committee supports the Supervisory Board with its duties connected with assessing the adequacy and functionality of the accounting and tax systems, inclusive of IT systems, in order to ensure accurate recording of corporate events and facts.

The members of the Internal Control Committee are also members of the Supervisory Body of UBI Banca pursuant to Legislative Decree No. 231/2001, which met nine times in 2015. Detailed information relating to Supervisory Body and model of organisation, management and control pursuant to Legislative Decree No. 231/2001 is given in the relevant section of this report.

The Committee normally performs its duties using the information provided to the Supervisory Board in compliance with the relevant regulations and information provided by corporate internal control units and functions and the results of activities carried out by the Supervisory Body pursuant to Legislative Decree No. 231/2001. In order to acquire constant information on the principal management events, at least one member of the Committee attends meetings of the Management Board and reports to the Committee and through its Chairman to the Supervisory Board on matters of major importance that are dealt with.

Furthermore, in order to carry out its activities to support the Supervisory Board in exercising the supervisory duties assigned to it by Circular No. 285 issued by the Bank of Italy, the Committee co-ordinates with the Risk Committee. More specifically, the regulations require that the Committee and the Risk Committee exchange all information of mutual interest and in order to ensure as much co-ordination as possible, a member of the Internal Control Committee attends meetings of the Risk Committee and they also hold joint meetings.

The Committee, by employing the services of the appropriate organisational units of the Bank, can proceed to inspections and controls at any time and exchange information with the control bodies of the companies of the Group with regard to the management and control systems and to corporate activity. In particular, the Committee, when it considers it necessary, asks the Internal Audit Function to perform checks on specific areas. In accordance with Art. 43 of the Articles of Association, the Committee also activates the Internal Audit Function in response to extraordinary requests for inspections and/or investigations made by the Chief Executive Officer. The Committee reports on the activities and investigations it has carried out, including the tasks assigned to the Internal Audit Function, at meetings of the Supervisory Board. In order to carry out its activities, the committee may also identify and make use of external consultants, at the Bank's expense.

The Internal Control Committee met 27 times in 2015, the average length of each meeting was approximately two hours and all the meetings were properly minuted. The attendance of each member was as follows: *prof.* S. Pivato, 27 meetings; *dott.* A. Gusmini, 27 meetings; *avv.* P. Camadini, 27 meetings; *dott.* C. Garavaglia, 24 meetings; *dott.* G. Gola, 26 meetings. Members who were unable to attend a meeting gave reasons for their absence.

The Chief Risk Officer and the Chief Audit Executive attend the meetings of the Committee on a regular basis. The regulations of the Committee provide that *"if it is apparent from the matters on the agenda for discussion that this is advisable, the Chairman of the Supervisory Board may participate in the work of the Committee at his request or by invitation of the Chairman"*. This provision was not applied in 2015. In relation to the matters discussed under specific items on the agenda, and at the request of the Chairman of the committee, representatives of UBI Banca and other Group companies, as well as outside professionals attending as consultants and representatives of the independent auditors have attended meetings as needed during the year.

The Committee submits special six-monthly reports on the activities performed to the Supervisory Board, in which it gives its opinion on the adequacy of the internal control system of the Bank and its strategic subsidiaries. The Chairman of the committee also notifies the Supervisory Board (normally as part of the examination of the quarterly reports made by the corporate control functions and also from time to time in relation to investigations made in relation to specific matters) of areas that have been observed requiring improvement or attention, requesting the adoption of appropriate measures to strengthen internal controls and assessing their effectiveness over time, by providing relevant information to support the work of the Supervisory Board.

In 2015 the Internal Control Committee focused mainly on the following activities:

- the most important issues concerning the internal control system of the Bank, for the purpose of evaluating the adequacy of the same, and the legislative framework, as follows:
 - the main legislative and regulatory changes in areas relevant to the general architecture of the Group's system of internal controls, including the supervisory review and evaluation process (SREP), in relation to the Single Supervisory Mechanism and the regulations resulting from the implementation of Directive 2014/59/EU (BRRD);
 - the completion of "Project 263", with the purpose of updating the overall framework to implement the new regulations for prudential supervision pursuant to the 15th update to Bank of Italy Circular 263/06, in terms of the revision of the organisational units and the internal system of regulations (Policy and Regulations);
 - the management of conflicts of interest and in particular situations when the limits on the accumulation of positions are exceeded in the network banks, with reference to the subject of interlocking directorships, annual verification that no causes of incompatibility exist in relation to the members of the Management Board and the Senior Officer responsible for the preparation of corporate accounting documents;
 - the organisation and structure of the Bank and its subsidiaries, including reference to changes in the number of Group Companies and the information relating to the senior management of the Bank and its subsidiaries. The operation to transform UBI Banca from a joint stock co-operative company into an ordinary joint-stock company

- was of particular importance in this respect and the Internal Control Committee studied this matter in detail;
- matters relating to the system of powers, the definition and attribution of responsibilities and the management of resources, such as the remuneration and incentive schemes, changes in staff costs, the training activity carried out by UBI Academy and projects and initiatives regarding human resources;
 - reporting lines, with particular regard to reporting from the control functions to senior management and the frequency of reporting required by the organisational units responsible for controls, also including the co-ordination of corporate control functions;
 - the activities of the Supervisory Bodies of the Group member companies, including by means of specific meetings;
 - matters regarding the IT system, with reference to which it oversaw the creation of a Chief Information Officer position and the implementation of the organisational units to manage IT risk and it examined the 2016-2018 strategic policy document for the IT system;
 - assessment of the adequacy of the organisational structure and accounting systems of the Bank, taking into account information provided by the independent auditors and reports made by the Chief Financial Officer;
 - matters relating to anti-money laundering, with a particular focus on the “Anti-money laundering - appropriate verification of customers and keeping of the AUI [single financial transactions database]” project, intended to ensure the compliance of procedures and internal systems with the regulations in force;
 - compliance (using, among other things, the reports produced) to monitor the progress of the initiatives relating to the relative organisational and regulatory framework, especially with regard to the structuring and progressive co-ordination or specialist compliance units, and those designed to generally strengthen compliance processes;
 - transparency, usury, privacy and the question of compounding of interest;
 - matters concerning the complaints management process;
 - activities to prepare for the UBI Banca Shareholders’ Meeting;
- the supervision of the adequacy of the risk management and control system and of the regulatory compliance of the Internal Capital Adequacy Assessment Process (ICAAP), monitoring in particular activities to roll out the use of advanced methods in Group member companies, developments in the methodology of internal models and the new requirements for the Group to submit periodic reports;
 - the evaluation of the activities plan of the corporate control functions and of their periodic reports on the activities carried out (Internal Audit, Corporate Anti-Money Laundering Officer, Compliance, Risk Management and Complaints), also with reference to those that concern the assessment of the internal control and risk management system;
 - the policy-setting and co-ordination activities of the Parent, with particular attention to its subsidiaries;
 - the provision of investment services;
 - areas relating to covered bonds, analysing the results of internal audits carried out by the Internal Audit Function on the programme for issuing them, the securitisations, and transactions with related parties - significant intragroup and “atypical” transactions;
 - aspects affected by legislation concerning external statutory audits of annual separate and consolidated financial statements, including specific meetings with the “Senior officer responsible for the preparation of corporate accounting documents” and with members of independent auditors;
 - periodic reporting and specific reporting on the results of analyses conducted by the Internal Audit Function;
 - relations with Supervisory Authorities, with specific regard to requests for self-analysis concerning specific operations and inspections carried out by the European Central Bank and the Bank of Italy at the Bank and at subsidiaries;
 - an examination of the underlying causes of the main damaging events in the Group;
 - changes to Internal Audit, in terms of the structure, staff numbers and projects in progress on the operational tools of the function, also for the purpose of monitoring its autonomy, adequacy, efficacy and efficiency;

As concerns our activities in 2016 we report that, at the date of this report, the Internal Control Committee has set the dates of its meetings until 31st March, planning to hold six meetings, two of which have already been held.

10) Accounts Committee

The Accounts Committee was in office until 15th September 2015 and was composed of the following members of the Supervisory Board:

- Lorenzo Renato Guerini as the Chairman
- Dorino Mario Agliardi
- Marina Brogi
- Federico Manzoni

The Committee supported the Supervisory Board with fact-finding, advisory and proposal making functions in carrying out the Board's responsibilities as defined by the regulations in force from time to time, relating to the approval of the financial statements and the examination of periodic reports, providing an opinion, where necessary, in order to allow the Board itself to make decisions in a knowledgeable and informed manner.

More specifically, as part of those duties the Committee satisfies the Supervisory Board's requirements in terms of facts and analysis by carrying out fact-finding activities on the accounts prior to the preparation of annual separate and consolidated financial statements or interim reports, overseeing the preparation of accounting documents on the basis of an examination of the figures as they are progressively recorded and the relative information as and when it becomes available. In order to do this the Committee:

- examined accounting issues common to Group companies across the Group and as regards single Group companies;
- acquired detailed knowledge of issues concerning the measurement and representation of items in the accounts;
- studied issues concerning supervisory regulations for banks, acquiring knowledge of technical and operational aspects.

The Supervisory Board also asked the Committee to study specific issues within the scope of its responsibilities.

The Committee performed its duties using the information provided to the Supervisory Board in compliance with the relative regulations and any additional information provided by the Senior Officer Responsible for the preparation of corporate accounting documents.

The Accounts Committee met seven times in 2015. The average length of each meeting was longer than two and a half hours.

The Accounts Committee focused on an examination of matters concerning the annual separate and consolidated financial statements of the Parent, the half year financial report and the quarterly report to the end of March. In this context, the committee acquired detailed information, overseeing the preparation of the aforementioned documents on the basis of information furnished by the Officer Responsible for the Preparation of Corporate Accounting Documents, with a focus mainly on technical aspects of the accounts for which it was considered the involvement of the committee itself was appropriate. Particular attention was paid to the following:

- the most important accounting matters and their impact on the financial statements of the Group and its main legal entities;
- the process and method used for the recognition of impairment losses on intangible assets, and in particular on goodwill, finite useful life intangible assets and equity investments;
- the loan loss rate, deteriorated loans and receivables and the trends of the related coverage rates, with a particular focus on the most significant positions and on impairment losses on loans, calculated either singly or collectively, including comparisons between Group companies and comparisons with the main market competitors;

- the recognition of contributions or quotas relating to the Interbank Deposit Protection Fund, the Deposit Guarantee Scheme and the Single Supervisory Mechanism;
- the procedures for the identification, classification and measurement of forborne loans;
- regulatory updates relating to the IFRS 9 accounting standard and the related project work;
- the valuation of the own securities and equity investment portfolios;
- verification of the existence of contingent assets as defined by IAS 37;
- the state of the Group's tax litigation and an examination of the legal opinions provided on the most significant cases;
- deferred taxation and the regulatory developments in this regard, with particular reference to examination of the recoverability of deferred tax assets and the current and future tax treatment of impairment losses on loans;
- the accounting effects of the introduction of new regulations and tax legislation;
- the disclosure of the main aspects of financial statements and periodic financial reports;
- examination of responses to information requests made by the authorities in relation to accounting and financial statements;
- legislative and regulatory changes, including those at the consultation stage, concerning supervisory reporting and financial statements;
- the accounting and financial reporting aspects of the integration process resulting from the merger of IW Bank into UBI Banca Private Investment;
- methodological aspects relating to audit activity pursuant to Law No. 262/2005, the outcomes of those audits conducted at the times of the annual and half year reports and the consequent process and procedural initiatives undertaken;

11) Risk Committee

In implementation of Supervisory Regulations concerning corporate governance, the Supervisory Board passed a resolution on 15th September 2015 to create a Risk Committee.

The Risk Committee is composed of the following members of the Supervisory Board:

- Lorenzo Renato Guerini as the Chairman
- Dorino Mario Agliardi
- Marina Brogi
- Federico Manzoni

The purpose of the Committee, whose activities are governed by special regulations published on the Bank's website in the Corporate Governance/Supervisory Board section, is to support the Supervisory Board with fact-finding, advisory and proposal-making functions, in those areas overseen by the Board in its capacity as the strategic supervisory body in accordance with regulatory requirements as may be in force from time to time, on the following matters: risk and the internal control system inclusive of determination of the "Risk appetite framework" (RAF) and risk management policies, the approval of the proposed separate and consolidated financial reports and the examination of the half-year financial report and the quarterly financial reports.

More specifically the Committee:

- having first consulted with the Control Committee and received advice from the Appointments Committee, makes proposals for the appointment and removal of the heads of the compliance, risk management and internal audit functions and the senior officer responsible for preparing the corporate accounting documents pursuant to Art. 154-*bis* of Legislative Decree No. 58 of 24th February 1998;
- carries out a prior examination of programmes and activities (including an audit plan) and annual reports prepared by corporate control functions for submission to the Supervisory Board;
- submits assessments and opinions to the Supervisory Board on compliance with the standard principles of the internal control system and corporate organisation and with the requirements that must be observed by corporate control functions, bringing any weaknesses there may be to the attention of the Supervisory Board together with the

consequent corrective action to be taken. For this purpose it assesses proposals made by the Management Board;

- assists, by means of assessments and opinions, with Group policy-setting for the outsourcing of corporate control functions;
- verifies that corporate control functions comply properly with Supervisory Board recommendations and guidelines and it assists the latter in the preparation of the coordination document required by Circular No. 285, Title IV, Chapter 3;
- assesses the proper use of accounting policies for the preparation of separate and consolidated financial reports and to this end it co-ordinates with the Senior Officer responsible for the preparation of corporate accounting documents and with the Internal Control Committee.

Since its creation the Committee has also performed functions to support the Supervisory Board, with particular reference to duties concerning risk management and control, on the following: i) the setting and approval of strategic guidelines and risk management policies; ii) monitoring the proper implementation of strategies, risk governance policies and the RAF; iii) the assessment of periodic reports; iv) the assessment of internal capital adequacy and liquidity assessment processes; v) the assessment of documents that the Group prepares and submits to the competent authorities relating to changes to validated internal systems; vi) the assessment of the process for the development and validation of internal systems used to measure risks not used for regulatory purposes; vii) the assessment of non-viability risk in the context of the “Recovery plan”; viii) setting policies and defining assessment processes for corporate activities. In this context, amongst other things, the Committee supports the Supervisory Board in ensuring that the strategic plan, the RAF, the “Internal Capital Adequacy Assessment Process” (ICAAP), the “Internal Liquidity Adequacy Assessment Process” (ILAAP), the budget and the internal control system are all compatible with each other.

With regard to the approval of accounting policies and proposed separate and consolidated financial reports and the examination of the half yearly and quarterly financial reports, the Committee supports the Supervisory Board with fact-finding, advisory and proposal making functions in carrying out its duties as defined by the regulations in force from time to time, furnishing an opinion on the relative matters in order to allow the Board itself to make decisions in a knowledgeable and informed manner. The Committee periodically, and normally at least once each quarter, conducts an examination with the Senior officer responsible for preparing the corporate accounting documents, consulting also with the independent auditors, and in particular it examines Group accounting matters and those of individual companies and looks into issues connected with supervisory regulations and the related supervisory reporting process.

The Committee met three times in 2015. The average length of each meeting was around three and a half hours.

The Committee directed its activities mainly towards its duties to support the Supervisory Board in the setting and approval of strategic guidelines and risk management policies, in verification of the proper implementation of strategies, risk governance policies and the RAF, in the assessment of periodic reports on risk management and control, in the formulation of opinions on compliance with the principles on which the internal control system and corporate organisation must be uniformly based and the requirements to be met by corporate control functions and towards an examination of the third quarter financial report, an examination of UBI Banca Group accounting policies, an examination of the regulatory update on accounting and an initial examination of accounting matters relating to the 2015 Annual report. More specifically, the following main subject areas were analysed and examined:

- the 2016 risk appetite proposal;
- an update of the documents “Risk Appetite Framework – The risks in the UBI Banca Group” and “Guidelines for carrying out stress tests”;
- Integrated Risk and Mitigation Action reporting;
- periodic reporting on risks and the Pillar 3 Public Disclosures as at 30th September;
- the report on the second level credit control activities;

- update of the “Policy for trading in, the placement and subscription of financial products” and the related “Implementation regulations” and “Details of operational limits” documents;
- update of the “Regulations for funds transfer pricing”;
- update of the “Policy for the outsourcing of corporate functions in the Group”;
- update of the “Compliance policy”;
- the “Group policy on product development and management”;
- proposals concerning limits and caps as exceptions to the Credit Risk Management Policy of the UBI Banca Group;
- update of the validation procedure for the roll out of the use of internal AIRB/IRB methods for the calculation of capital requirements for credit risk at UBI Leasing.

Finally, the following were analysed and examined with regard to accounting and financial reporting policies:

- the disclosure of the main aspects of financial statements and periodic financial reports;
- the loan loss rate, deteriorated loans and receivables and the trends of the related coverage rates, with a particular focus on the most significant positions and on impairment losses on loans, calculated either singly or collectively, including comparisons between Group companies and comparisons with the main market competitors;
- the impacts on the accounts of loan disposal transactions;
- the state of the Group’s tax litigation and an examination of the legal opinions provided on the most significant cases;
- the accounting effects of the introduction of new regulations and tax legislation;
- updates to the Group Accounting and Reporting Manual and the newsletters issued on the main changes relating to accounting;
- regulatory updates regarding the IFRS 9 accounting standard and the initial results of the related project work;
- accounting aspects of the National Resolution Fund and the Interbank Deposit Protection Fund.

The Risk Committee has met twice in 2016.

12) Related and Connected Parties Committee

The Related and Connected Parties Committee is composed of the following Members of the Supervisory Board:

- Marco Giacinto Gallarati as the Chairman;
- Antonella Bardoni
- Enrico Minelli.

The Related and Connected Parties Committee is required to perform the tasks allocated to it:

- (i) by the "Regulations for UBI Banca Spa Related Party Transactions" adopted in implementation of Art. 2391 *bis* of the Italian Civil Code and Consob requirements with respect to related parties adopted with Resolution No. 17221/2010 and subsequent amendments;
- (ii) by the “Regulations for transactions with parties connected to the UBI Group”, adopted in implementation of Title V, Chapter 5 of Bank of Italy Circular No. 263 of 27th December 2006 - 9th amendment of 12th December 2011, and subsequent updates, “New regulations for the prudential supervision of banks”, containing measures concerning “risk assets and conflicts of interest with connected parties”.

The committee's procedures are governed by the regulations mentioned above, available in the Corporate Governance/Supervisory Board section of the Bank’s website.

The “Regulations for UBI Banca Spa related-party transactions” govern rules relating to the identification, approval and implementation of related-party transactions performed by Unione

di Banche Italiane Spa, either directly or through its subsidiaries, in order to ensure their substantive and procedural fairness.

The Supervisory Board oversees compliance of the Regulations with the principles recommended in the Consob Regulation and also observance of the procedural and substantive rules contained in them and it reports in this respect to shareholders in accordance with Art. 153 of Legislative Decree No. 58 of 24th February 1998 (the “Consolidated Finance Act”). To achieve this, the Management Board provides the Supervisory Board, at least every quarter, with a list of all the related-party transactions completed in the preceding quarter, including those not subject to a prior opinion from the Committee in accordance with these regulations.

The “Regulations for operations with parties connected to the UBI Banca Group” govern procedures for maintaining the integrity of decision-making processes in transactions with connected parties performed by Unione di Banche Italiane Spa, and by the members (banking or non-banking) of the banking group controlled by it.

The corporate bodies of UBI Banca Group member companies that perform a strategic supervisory function supervise the proper application of the provisions of these regulations by the respective companies on a separate company basis, with the support of the relevant functions. To achieve this, each of these bodies updates, at least every quarter, the list of all the connected-party transactions completed in the preceding quarter, including those not subject to a prior opinion from the Committee in accordance with these regulations.

In order, amongst other things, to enable the Parent to maintain constant compliance with the consolidated limit on Risk Assets, the Supervisory Board oversees compliance of these Regulations with the principles recommended in the Supervisory Provisions and also observance, at consolidated level, of the procedural and substantive rules contained in them and it reports to shareholders in accordance with Art. 153 of the Consolidated Finance Act. To achieve this the corporate bodies that perform a strategic supervisory function for the other UBI Banca Group member companies send the Supervisory Board of the Parent the lists of all the connected-party transactions completed in the preceding quarter, including those not subject to a prior opinion from the Committee in accordance with these regulations, on a quarterly basis.

The Committee met eleven times in 2015 (the average length of the meetings was approximately one hour), focusing its activities mainly on the following areas:

- reading and examination of reports pursuant to Art. 14 (Decision-making procedures for transactions of lesser importance) of the regulations for Transactions with connected parties of the UBI Group;
- reading and examination of reports pursuant to Art. 15 of the Regulations for transactions with connected parties of the UBI Group / Regulations for transactions with related parties of UBI Banca (Decision-making procedures for transactions with connected parties/related parties subject to the provisions of Art. 136 of the Consolidated Banking Act);
- opinions on the existence of an advantage for UBI Banca in entering into contracts with related parties/connected parties and on the advantages and fairness of the relative conditions;
- opinions on the existence of an advantage for a subsidiary company in entering into contracts with connected parties, and on the advantages and substantial fairness of the relative conditions;
- examination and acknowledgement of the periodic receipt of the list of all the connected-party transactions performed, including those not subject to a prior opinion from the Related and Connected Parties Committee;
- examination and acknowledgement of the periodic receipt of the list of all the connected-party transactions performed, including those not subject to a prior opinion from the Related and Connected Parties Committee;
- compliance testing of the completeness and correctness of the survey of connected parties in the Group customer database, with reference to those categorised as Corporate Executives;
- examination and reading of the report on the Related and Connected Parties Committee pursuant to Art. 123-bis, paragraph 2, letter d) of the Consolidated Finance Act (“Internal Board Committees”);
- examination and reading of the periodic financial report on related party transactions in the annual and interim management reports;

- opinion on the “Policy on internal controls to manage risk assets and conflicts of interest with regard to connected parties”.

The Related and Connected Parties Committee has already held one meeting in 2016.

The Committee submits regular special reports to the Supervisory Board on the activities performed.

13) Management Board

13.1. Appointment and replacement (pursuant to Art. 123-bis, paragraph 1, letter l) of the Consolidated Finance Act)

The Management Board shall be composed of between a minimum of seven and a maximum of nine members, inclusive of a Chairman, a Deputy Chairman and a Chief Executive Officer. The members of the Management Board are appointed by the Supervisory Board, on the basis of a proposal from the Appointments Committee, after determining their number, according to a criterion which, in compliance with Law No. 120 of 12th July 2011, ensures a balance between genders for the period provided for by that law.

Furthermore, as resolved by the Extraordinary Shareholders' Meeting held on 10th October 2015, the next time the Management Board is renewed, it shall be composed of seven members.

Without prejudice to legal obligations, two members of the Management Board shall be selected from among the senior management of the Bank. The Board Member nominated as the Chief Executive Officer in accordance with article 33 of the Articles of Association is not counted in that number even if he is a senior manager of the Bank at the time of his appointment or is appointed to that position subsequently.

The members of the Management Board shall remain in office for three financial years. Their term of office shall expire on the date of the Supervisory Board meeting convened to approve the financial statements relating to their last year in office. They nevertheless shall remain in office until a new Management Board is appointed in accordance with article 38, letter a) and they may be re-appointed. Members of the Management Board who also hold positions as senior managers of the Bank shall vacate their office as Board Members immediately, the moment they leave their positions as senior managers, no matter what the reason.

If the positions of one or more members of the Management Board become vacant, the Supervisory Board replaces them without delay, again on the basis of a proposal submitted by the Appointments Committee in compliance with the proportions established by Law No. 120 of 12th July 2011 for the purposes of ensuring balance between genders. The term of office of members appointed in this manner shall expire at the same time as that of those in office when they were appointed.

If for any reason positions of the majority of the members originally appointed by the Supervisory Board become vacant, then the entire Management Board is considered as removed from office from the date of the appointment of new members. The latter shall remain in office for the remaining term of office that the original Board would have served.

The Chief Risk Officer attends meetings of the Management Board in a consultative capacity only, unless supervisory regulations provide otherwise.

Persons who are ineligible or debarred within the meaning of Art. 2382 of the Italian Civil Code, or who do not satisfy the requirements of integrity, professionalism or any other requirement contained in the relevant legislation and regulations, also with regard to the limits on the accumulation of positions imposed by internal regulations, may not be appointed as

members of the Management Board. However: i) at least one member of the Management Board must possess the requirements of independence set forth in Art. 148, paragraph three of Legislative Decree No. 58 of 24th February 1998; ii) at least the majority must have a total of at least three years experience in professional and/or management activities in financial and/or investment and/or banking and/or insurance companies in Italy or abroad.

In accordance with a resolution of the Ordinary Shareholders' Meeting held on 10th October 2015, when the Supervisory Board is next renewed it is confirmed in the Articles of Association that persons who are ineligible or debarred within the meaning of Art. 2382 of the Italian Civil Code, and that is who do not satisfy the requirements of integrity, professionalism or any other requirement contained in the relevant legislation and regulations, also with regard to the limits on the accumulation of positions imposed by internal regulations, may not be appointed as members of the Management Board. However, at least one member of the Management Board must possess the requirements of independence set forth in Art. 148, paragraph three of Legislative Decree No. 58 of 24th February 1998.

Furthermore, when the Management Board is next renewed, it is laid down in the Articles of the Association that members of the Management Board must nevertheless not yet have reached 70 years of age at the time of appointment and they must have acquired overall experience – through holding the office in Italy or abroad – of at least three years as chairman or at least five years of working in:

- senior management and/or strategic supervision

or

- management

in

- banks, finance companies, asset management companies or insurance companies;

- independent public authorities;

- companies which carry out manufacturing and/or trade in goods or services;

- companies with shares traded on an Italian or foreign regulated market.

Candidates can also be elected who have not acquired that career experience provided they are or have been members of the professional associations of accountants, notaries or lawyers for at least ten years.

The members of the Supervisory Board cannot be appointed as members of the Management Board as long as they continue to hold that office.

The members of the Management Board are actively involved in the management of the Bank in compliance with policies approved by the Supervisory Board and submitted to it by the Management Board itself, which as specifically required by the Articles of Association performs its main activities exclusively on a collegial basis with no powers to delegate authority.

13.2. Composition (pursuant to Art. 123-bis, paragraph 2, letter d) of the Consolidated Finance Act)

On 23rd April 2013 the Supervisory Board set the number of members at nine, appointing *Rag.* Franco Poletti as Chairman and *Dott.* Giorgio Frigeri as Deputy Chairman, designating *Dott.* Victor Massiah as Chief Executive Officer, who was then appointed by the Management Board at their meeting on 23rd April 2013.

Following the resignation of *dott.* Francesco Iorio with effect from 31st May 2015, in a meeting of 14th July 2015 the Supervisory Board appointed *dott.* Ettore Giuseppe Medda (Deputy General Manager) to the Management Board.

The Management Board is currently composed of the following members, in office for three financial years:

Franco Polotti	Chairman
Giorgio Frigeri	Deputy Chairman
Victor Massiah	Chief Executive Officer

Silvia Fidanza	Member
Luciana Gattinoni	Member
Italo Lucchini	Member
Ettore Giuseppe Medda	Member
Flavio Pizzini	Member
Elvio Sonnino	Member

The curricula vitae of the members of the Management Board in office are available on the website of UBI Banca, while attachment A) lists the positions held by all the board members in companies listed in regulated markets, including foreign markets, and in financial, banking, insurance or large companies.

As a general rule and with the exception of resolutions that must be passed by a qualified majority, the attendance of more than half the members in office is required for meetings of the Management Board to be valid.

The provisions of the "Internal regulations on the limits to the accumulation of positions by company personnel" adopted by the Parent in June 2009, subsequently modified by decisions taken by the Supervisory Board on 18th July 2012, and implemented by the banks in the Group, apply to the Management Board.

These regulations apply to members of the Management Board and the Supervisory Board of the Parent, to the board members and statutory auditors of the banks in the Group, without prejudice to compliance with mandatory legislation and regulations and the provisions of the supervisory authority, including regulations concerning the limits on the accumulation of positions by members of the supervisory bodies of listed issuers and companies with publicly distributed financial instruments, which the Group's regulations extend to cover all the statutory auditors of all the banks in the Group.

Those regulations state that not only are board members not permitted to accept more than five appointments in issuer companies that are not Group members, but also they may not accept other appointments as board members in companies in the Group and external to it, above a maximum limit of a total of six points, resulting from the application of a system of calculation that assigns weights to different types of position dependent on the class of company.

With regard to Groups of companies, for persons belonging to subsidiaries who also perform the same function in the Parent, the regulations allow a reduction by fifty percent of the weighting for the position occupied in the subsidiary company, in consideration of the synergies resulting from a knowledge of the facts and conditions that concern the entire group to which they belong and which therefore reduce, other conditions remaining the same, the commitment involved compared to that required for activities performed in other similar, but independent companies. Similarly, the regulations allow a reduction of thirty percent in the weighting for positions occupied by members of the Management Board of UBI Banca in companies in which the UBI Group holds a strategic investment, or in associates. There are also specific rules for the directors and statutory auditors designated by authorities and partners of the Group by virtue of shareholders' agreements and those who hold posts in the Parent company and subsidiaries of a group other than the UBI Banca Group, for which positions held in the subsidiaries of the said outside group are exempt.

At the date of this report, an analysis of the accumulation of positions held by members of the Management Board of UBI Banca found a situation compliant with the contents of the regulations.

The Governing Bodies of UBI Banca launched the Self-Assessment Process for the years linked to the duration of their mandate, with an indication of the actions to be taken and the related schedule, and for the provision and implementation of a peer review system and process in the second and third years of their mandate, assisted for that purpose by the consultancy support of Egon Zehnder International.

In this context, again in 2015 the Management Board carried out a self-assessment relating to its size, composition and functioning in 2014, with the assistance of the appointed consultant. The self-assessment of the Management Board was specifically addressed in the board meeting of 10th March 2015, at which it examined the results of a specific self-assessment questionnaire filled in by each board member, followed by individual interviews carried out by the consultant.

The self-assessment was conducted with particular reference to the following factors: (i) the quality and completeness of skills, experience and expertise within the Board as a whole; (ii) sufficient number of board members; (iii) the quality of Board meetings; (iv) the quality and promptness of reporting and presentations to the Board; (v) the effectiveness and efficiency of decision-making processes within the Board; (vi) the clarity, agreement and satisfaction with regard to policies, performance and risk objectives and the results achieved. As part of the self-assessment process, the results in line with that which had been found in previous years and the differences were examined. The assessment also focused on developments carried out on the basis of points for consideration that had arisen in the self-assessment conducted the year before.

On conclusion of the process, the Board assessed the adequacy of its composition, size and functioning positively, considering that the overall performance of board proceedings in terms of organisation, examination of the arguments, participation of board members at meetings and in discussion constituted adequate guarantees of the sound and prudent management of the Bank and the Group. More specifically, against a background that was already considered positive the previous year, the Board expressed its appreciation for the significant improvements found in the both the questionnaires and the interviews at an overall level, obtained following the previous self assessment, with specific reference to determined strengths. The Board also acknowledged the appreciable improvements recorded in relation to determined areas for improvement that had emerged the previous year, agreeing in that respect on the need to review and implement the plan for the improvement of the effectiveness of the Management Board.

13.3. Role of the Management Board (pursuant to Art. 123-bis, paragraph 2, letter d) of the Consolidated Finance Act)

The Management Board meets at least once a month, as well as each time the Chairman thinks it fit to call a meeting or when a request is submitted by at least half of the members in office.

Meetings are held alternating between the city of Bergamo and the city of Brescia and around once a year in the city of Milan.

The Management Board met 30 times in 2015 and the average length of meetings was approximately 4.5 hours.

Remote participation in meetings of the Management Board is admissible by means of appropriate audio-video conference and/or teleconference systems on condition that all those with the right may participate and be identified and that they are able to follow the meeting and intervene in the matters dealt with in real time as well as receive, transmit or view documents, examining them and deciding on resolutions simultaneously with other members. In these cases, the meeting of the Management Board shall be considered as being held in the place where the person chairing the meeting and the secretary are located.

The resolutions of the Management Board are taken by open ballot, with the vote in favour of the majority of members present, unless a resolution must be passed by means of a qualified quorum (Art. 27.2 of the Articles Association).

In compliance with Borsa Italiana regulations, in January UBI Banca announced its calendar of corporate events for 2016 to the market (and published it on its website), with the dates of board meetings for the approval of operating and financial results.

In this respect we report that the Management Board has planned meetings for 2016 up to the date of the Shareholders' Meeting, and it has scheduled meetings for examinations of periodic operating and financial figures, with nine meetings planned, three of which already held.

At least one member of the Internal Control Committee shall attend meetings of the Management Board in compliance with regulations in force.

The Chairman, after consulting with the Chief Executive Officer or on his request, may invite senior managers of the Group and/or external consultants to meetings to report on specific matters, or officers of Group member companies to report on matters in subsidiaries.

The functions of the Management Board are given in Art. 28 of the Articles of Association, according to which the Management Board is responsible for managing the Bank in compliance with the general guidelines and strategic policies approved by the Supervisory Board, with account taken of the proposals made in relation to this by the Management Board itself. To achieve this, it performs all the operations necessary, useful or in any case advisable to implement the company objects, whether of an ordinary or extraordinary operating nature.

In addition to those matters that cannot be delegated by law and to those pursuant to the last paragraph of Article 27, the Management Board has exclusive responsibility for the following:

- a) the formulation of the strategic policies and plans of the Bank and the Group, on the basis of proposals from the Chief Executive Officer, to be submitted to Supervisory Board for approval with account also taken of recommendations concerning them made by the Supervisory Board;
- b) granting and revoking the powers of the Chief Executive Officer. The selection of the member of the Management Board to whom powers are granted must be performed on the basis of a non binding proposal from the Supervisory Board, decided in turn, subject to a proposal by the Appointments Committee. If this proposal has not been made by the Appointments Committee with the quorum required by the relative regulations, the proposal submitted by the Supervisory Board to the Management Board shall be decided with the vote in favour of at least two thirds of the members of the Supervisory Board. The revocation of the powers is decided by the Management Board with the vote in favour of all the members of the Management Board, except for the person concerned, after consultation with the Supervisory Board;
- c) the formulation, on the basis of proposals from the Chief Executive Officer, of the business and/or financial plans and the budgets of the Bank and the Group to be submitted to the Supervisory Board for approval pursuant to Art. 2409-*terdecies* of the Italian Civil Code;
- d) setting of risk management guidelines and policies including those relating to non-compliance with internal regulations and controls, to be submitted to the approval of the Supervisory Board
- e) conferring, modifying or revoking authorisations and powers and assigning specific functions or authorisations to one or more Board Members;
- f) the appointment and removal of the General Manager and other members of General Management, defining their functions and responsibilities and also the appointment of the senior management of the Bank and companies in the Group;
- g) the designation of members of the Board of Directors and of the Board of Statutory Auditors of the companies belonging to the Group, without prejudice to the provisions of the preceding article 27, paragraph two, letter c);
- h) proposals concerning the acquisition or disposal of controlling investments in companies and the acquisition or disposal of non-controlling investments where the amount is greater than 0.01% of the regulatory capital eligible for calculating the consolidated Core Tier one capital as stated in the latest report to the Bank of Italy in accordance with the regulations in force;
- i) opening and closing down of branches and agencies;
- l) determination of the organisational, administrative and accounting structure of the Bank, to be submitted to the Supervisory Board for approval, and, without prejudice to the exclusive powers of the Supervisory Board pursuant to article 41 of the Articles of Association, the creation of committees or commissions with advisory, investigative, controlling or co-ordinating functions, without prejudice to article 33, paragraph two;
- m) the approval and amendment of the regulations of the Bank and the Group, with exception

- made for the responsibilities and powers of the Supervisory Board pursuant to article 38, paragraph one, letter s) of these Articles of Association;
- n) determination of the criteria for the co-ordination and management of Group member companies and also the criteria for implementing instructions issued by the Bank of Italy;
 - o) subject to the mandatory opinion of the Supervisory Board, the appointment and removal of the Senior Officer Responsible for the corporate accounting documents, pursuant to article 154-*bis* of Legislative Decree No. 58 of 24th February 1998, and determination of the relative remuneration. In addition to the requirements of integrity prescribed by the current regulations in force for persons performing administrative and management functions, the Senior Officer Responsible for preparing financial reporting documents officer must also possess requirements of professionalism with specific administrative and accounting expertise in the banking, finance, investment or insurance fields. This expertise, to be verified by the Management Board, must have been acquired through experience in positions of appropriate levels of responsibility for a reasonable period of time and in comparable companies;
 - p) the appointment and removal, in agreement with the Supervisory Board, of the Anti Money-Laundering Officer;
 - q) the preparation of separate financial statements and consolidated financial statements proposed for approval;
 - r) the exercise of powers to increase the share capital granted pursuant to Art. 2443 of the Italian Civil Code and also to issue convertible bonds pursuant to Art. 2420-*ter* of the Italian Civil Code, subject to authorisation by the Supervisory Board;
 - s) obligations of the Management Board pursuant to articles 2446 and 2447 of the Italian Civil Code;
 - t) formulation of merger or demerger plans;
 - u) proposals for strategic transactions pursuant to Art. 38, paragraph one, letter m) to submit to the Supervisory Board for approval;
 - v) definition of criteria to identify related-party transactions for which responsibility will lie with the board itself.

The Management Board carries out periodic evaluations of the performance of operations, especially in the light of information provided by the Chief Executive Officer, which may coincide with the presentation of the income statement figures of the Bank and the Group, and periodic comparisons of results with budget figures.

Special regulations govern the functioning of the Management Board concerning:

- the general organisation of the work of the Management Board;
- the preparation of agendas for meetings;
- procedures, timing and contents of documentation to be sent to members of the Management Board;
- holding meetings;
- minutes and records of decision making processes;
- reporting on the decisions taken.

A special section of those regulations deals with reporting systems.

In compliance with the Articles of Association, after first consulting with the Remuneration Committee, the Supervisory Board sets the remuneration of the Management Board and of its members to whom special offices, duties or powers have been assigned.

The relative amounts are reported in detail in the Remuneration Report prepared in accordance with Art. 123 *ter* of the Consolidated Finance Act, which may be consulted.

Following the renewal of the terms of office of corporate bodies in 2013, a programme that involved holding two training meetings for officers of UBI Banca started in 2013. In this respect, in 2014 the Management Board and Supervisory Board approved a two-year programme of meetings to be held in 2014 and 2015, identifying specific topics to be covered. Two meetings were held in 2014: on 26th February 2014, on “The governance of management risks and strategic actions”, and on 27th November 2014, on “The system of controls”. Finally, on 26th September 2015 a further training meeting was held on the subject of “The organisation of the structure of the IT system”.

Furthermore, Board Members may participate individually in an induction session designed to examine specific subjects.

13.4. Executive officers

Chief Executive Officer and General Manager

The Management Board appointed *dott.* Victor Massiah as Chief Executive Officer, with prime responsibility for the management of the bank and as General Manager.

The Management Board, in compliance with the Articles of Association, has conferred the following powers on the Chief Executive Officer:

- to supervise the management of the Bank and of the Group;
- to supervise the strategic co-ordination and the operational control of the Bank and the Group;
- to supervise the implementation of the organisational, administrative and accounting structure decided by the Management Board and approved by the Supervisory Board;
- to determine working directives for the General Management;
- to oversee the integration of the Group;
- to submit proposals to the Management Board for the formulation of the general programmes and strategic policies of the Bank and the Group and to draw up the business and/or financial plans and budgets of the Bank and the Group to be submitted for the approval of the Supervisory Board and to supervise implementation through the general management;
- to propose budgetary policy and policies on the optimisation of the use and enhancement of human resources and to submit financial statements and periodic financial reports to the Management Board for approval;
- to propose appointments to the senior operational and executive management of the Bank and Group member companies to the Management Board, in agreement with the Chairman and Deputy Chairman of the Management Board and after consultation with the General Manager (where the two positions are not filled by the same person);
- to promote integrated risk management;
- to make extraordinary requests for inspections and investigations to the internal control function through the Internal Control Committee.

In accordance with the Articles of Association, the Chief Executive Officer reports quarterly to the Management Board on foreseeable developments and on the most important transactions performed by the Bank and its subsidiaries. The Chief Executive Officer reports monthly to the Management Board on the results of the Bank and the main subsidiaries of the Group as a whole.

On 23rd April 2013, the Chief Executive Officer was assigned duties pursuant to Art. 35 *bis* of the Articles of Association on the subject of internal controls.

Finally, the Management Board, consistent with the organisational and management responsibilities assigned to the Chief Executive Officer, granted him specific operating powers, within set limits.

13.5. Chairman of the Management Board

The duties of the Chairman of the Management Board are listed in article 30 of the Articles of Association. More specifically, the Chairman of the Management Board, who acts as the Bank's legally authorised representative and authorised signatory, performs the tasks that are typically carried out by the Chairman of a company's management body, which he performs by liaising with the other Article of Association regulated bodies where appropriate.

13.6. Other Executive Board Members

The Management Board consists mainly of executive members, consistent with the function of strategic supervision assigned to the Supervisory Board (see the details provided in summary

table No. 3).

The members of the Management Board are actively involved in the management of the Bank in compliance with policies approved by the Supervisory Board and submitted to it by the Management Board itself, which as specifically required by the Articles of Association performs its main activities exclusively on a collegial basis with no powers to delegate authority.

In addition to the Chief Executive Officer, the Articles of Association (article 30) also assign powers and functions to the Chairman and the Deputy Chairman which underline their involvement in the management of the Bank.

The management commitments and responsibilities of the Board Members apply not only to the sphere of the Management Board, but also at Group level by appointments to positions in the management bodies of the subsidiaries of UBI Banca, which actively helps to ensure that the various member companies of the Group comply with instructions issued by the Parent in the exercise of its management and co-ordination activities.

13.7. Independent board members

In accordance with the Articles of Association, at least one member of the Management Board must possess the requirements of independence pursuant to Art. 148, paragraph 3 of Legislative Decree No. 58 of 24th February 1998, in compliance with Art. 147 *quater* of the Consolidated Finance Act.

The Management Board verified the independence of the individual board members when they were appointed and then verifies this annually; the last verification of this carried out by the Management Board before the approval of this report established that board members *dott.ssa* Silvia Fidanza and *dott.* Italo Lucchini meet the above requirements. In this context, in compliance with, among other things, the Bank of Italy instructions concerning corporate governance, an analysis of the lending relationships between each board member and the Group was carried out.

The members of the Management Board are not required to meet the requisites of independence in the Corporate Governance Code, due, amongst other things, to the decision made by UBI Banca to form internal committees within the Supervisory Board provided for by that code for which those requisites are required.

14) The Board of Arbitrators

The Board of Arbitrators is composed of a Chairman, two full members and two alternate members elected by a Shareholders' Meeting. The arbitrators remain in office for three years and may be re-elected.

They provide their services free of charge, except for the reimbursement of expenses. Justifiable grounds must be given for their removal.

If a Full Arbitrator vacates his position during his three year period of office, he is replaced by the most senior alternate member by age. If the Chairman of the Arbitrators vacates his position, the chairmanship is taken by the most senior Full Arbitrator by age for the remainder of the three year period. If as a result of replacements, the number of the remaining alternate members falls to one, then a Shareholders' Meeting shall elect the Arbitrator required to make up the total number.

The election of the arbitrators takes place on the basis of individual candidates submitted by Shareholders and/or by the Supervisory Board, where the maximum number is that of the number of Arbitrators to be elected. The candidature, signed by the person or persons submitting it, must indicate the name of the candidate to the office of Arbitrator, with no distinction made between full and alternate, and it must be deposited at the registered offices within the time limit set by the regulations in force for the submission of lists of candidates for election to the Supervisory Board. It must be accompanied: (i) by information on the identity of

the Shareholder or Shareholders submitting it, with an indication of the number of shares and therefore the percentage totally held, to be certified when the candidature is deposited according to the procedures set by the regulations in force; (ii) by exhaustive information on the personal and professional characteristics of the candidate and (iii) by the declaration with which the candidate accepts their candidature. The signature of each Shareholder submitting a list must be duly authenticated in accordance with the law by employees of either the Bank or its subsidiaries specifically authorised by the Management Board. Candidatures submitted that fail to observe the procedures reported above are considered as not submitted. If no candidatures are submitted within the time limit set, the Shareholders' Meeting votes on candidatures submitted during the meeting by the Shareholders present. Each person with the right to vote may vote for a maximum number of candidates equal to that of the Arbitrators to be elected. The candidates are ranked in decreasing order on the basis of the number of votes obtained. The first three candidates voted are elected as Full Arbitrators and the next two candidates voted are elected as Alternate Arbitrators. In the event of a tied vote between candidates, the Shareholders' Meeting votes by ballot in order to establish the rank order. The candidate who receives the majority of the votes is elected Chairman.

Appeal may be made to the Board of Arbitrators to settle any disputes that may arise between the Bank and/or Shareholders over the interpretation or application of the Articles of Association and over any other resolutions or decisions taken by the governing bodies of the Bank concerning its business. It decides as a friendly arbiter by absolute majority vote.

Without prejudice to the legislation and regulations currently in force, application to the Board of Arbitrators is not compulsory. Its decisions are not binding on the parties and do not constitute a hindrance to taking disputes before the courts or any other any authority with jurisdiction for settlement.

The Board of Arbitrators regulates its own proceedings as it deems appropriate without being bound by procedural formalities.

The Management Board and the General Manager or an employee designated by him shall be required to provide the arbitrators with all the information that they may request concerning disputes to be settled.

The service address of the Board of Arbitrators for all purposes shall be the registered address of the Bank.

On 25th April 2015 a Shareholders' Meeting appointed the following Board of Arbitrators for the three-year period 2015-2017:

<i>Prof. Rodolfo Luzzana</i>	- Chairman
<i>Avv. Giampiero Donati</i>	- Full arbitrator
<i>Avv. Attilio Rota</i>	- Full arbitrator
<i>Avv. Giuseppe Onofri</i>	- Alternate arbitrator
<i>Avv. Pierluigi Tirale</i>	- Alternate arbitrator

15) General Management

Following the resignation of the General Manager *dott. Francesco Iorio* effective from 31st May 2015, Management Board resolved to appoint *dott. Victor Massiah*, the Chief Executive Officer, to the position of General Manager from 1st June 2015, with duration not later than the expiry of the Management Board's term of office (2016 Annual General Meeting).

The Management Board appointed *dott. Elvio Sonnino* as Senior Deputy General Manager and *dott.ssa Rossella Leidi* and *dott. Ettore Giuseppe Medda* as Deputy General Managers who have been assigned various responsibilities in the Group.

16) Internal control and risk management system

Introduction

The Supervisory Board, through, amongst other things, the Internal Control Committee and other internal Board committees, assessed and oversaw, within the scope of its responsibilities, the adequacy of the organisational, management and accounting structure of the Group with particular reference to the internal control and risk management system.

Internal controls

The UBI Banca Group, in compliance with Bank of Italy provisions and in line with the principles required by the Corporate Governance Code and the Articles of Association, defines its internal control system as the set of rules, procedures and organisational units designed, in accordance with sound and prudent management, to ensure the achievement of the following aims:

- verifying that company strategies and policies are implemented;
- containment of risk within the limits set in the reference framework for determining the risk appetite of the Bank (Risk Appetite Framework - RAF);
- safeguarding the value of assets and protecting against losses;
- effectiveness and efficiency of company processes;
- reliability and security of company records and IT procedures;
- preventing the risk of the Bank being involved, even involuntarily, in illicit activities (with particular reference to those associated with money-laundering, usury and the financing of terrorism);
- compliance of operations with the law and supervisory regulations and also with internal policies, regulations and procedures (*Bank of Italy Circular No. 285 of 17th December 2013: Title IV, Chapter 3 “The system of internal controls”, Section I, Par. 6 “General Principles”*).

The process of assessing the internal control system and verifying its completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability form part of the responsibilities of the corporate bodies which fulfil strategic supervision, control and management functions, supported by the control functions. In order to accomplish this, the Supervisory Board makes use of the Internal Control Committee which it forms directly itself (the composition, powers and functioning of the Internal Control Committee have already been examined in this report in the section specifically on that Committee).

UBI Banca Group Internal Control System Policy

In the context of the modifications required by the Supervisory Regulations concerning the “System of internal controls” (Bank of Italy Circular No. 285 of 17th December 2013: Title IV, Chapter 3 “The system of internal controls”) on 1st July 2014 the Supervisory Board approved the “UBI Group Internal Control System Policy” which is the reference document for the definition and implementation of all the components of the Group’s internal control system.

In particular, the UBI Banca Group internal control system policy:

- is essential knowledge for the corporate bodies, making them fully aware of the current position of the Bank;
- ensures effective management of corporate risks and the relationships between them;
- guides changes in the Bank’s strategies and policies;
- makes it possible to adapt the organisational context in which the Group operates in a consistent manner;
- oversees the functionality of management systems and compliance with prudential supervision obligations;
- promotes the development of a positive culture in relation to risk, legality and corporate values.

In the light of these statements, it follows that the UBI Banca Group Internal Control System:

- is of strategic importance and, more generally, that the “control culture” has widespread approval, with a prominent position in the Group’s hierarchy of values, and does not concern solely the corporate control functions, but also the entire business organisation of

the Parent and the Group member companies (e.g. corporate bodies, units, management hierarchy and staff);

- it represents an essential part of the corporate governance system of the Parent and Group member companies and assumes a role of fundamental importance in the identification, mitigation and management of significant risks, contributing to the protection of shareholders' investments and the assets of the entire Group as well as protecting its customers and the integrity of the markets in which it operates.

The guiding principles of UBI Banca Group's internal control system are characterised by a scope of application that extends to all Group member companies. They are key to the definition and implementation of all the components of the internal control system. In this context the application of the internal control system by all the Group member companies is an important factor enabling the achievement of a single business model.

The principles described accordingly highlight the importance of:

- an integrated vision designed to achieve high levels of effectiveness and efficiency, at the same time avoiding overlaps and/or potential gaps in governance control, risk management and the valuation processes and methods used for corporate activities, including those used for accounting purposes;
- consistency in the organisational process of the Bank and the Group which, based on the Group's mission, identifies values, defines objectives, immediately pinpoints risks that hinder their achievement and implements appropriate corrective measures;
- compliance with the general organisational principles that ensure the formalisation of the functions assigned to staff, the unambiguous identification of tasks and responsibilities and the separation of the operating and control functions for the prevention of conflicts of interest;
- compliance with legislation and regulations, even before they become compulsory, as a distinguishing feature and key factor of success for enhancing customer relations and, ultimately, creating value for all stakeholders;
- reinforcement of the capacity of the Bank to manage corporate risk in compliance with the RAF, ensuring sound and prudent management and financial stability.

With reference to the implementation of the internal control system, it should be noted that control activity is not the exclusive responsibility of the corporate control functions or bodies, but involves the entire business organisation (bodies, units, management hierarchy and staff) in developing and applying logical and systematic methods to identify, measure, communicate and manage the intrinsic risks of transactions, according to their different levels of responsibility.

Given the above, the internal control system of the Group is divided, in compliance with the provisions of the supervisory instructions, into the following levels of control:

- *line controls (first level controls)*: designed to ensure the proper performance of operations. These controls are carried out by the operating units themselves (e.g. hierarchical, systematic and sample controls), and may also be carried out by units with control duties only who report to the managers responsible for the operating units (or they are carried out as part of back office activities) and, where possible, they are incorporated into IT procedures. With this approach the operating units are the first with responsibility in the risk management process, indeed, in the course of day-to-day operations these units are called upon to identify, measure or evaluate, monitor, mitigate and report the risks resulting from ordinary business activities in accordance with the risk management process. These units also have to comply with the operating limits assigned to them in accordance with the risk targets and the procedures that constitute the risk management process;
- *risk and compliance controls (second level controls)*: designed to ensure compliance with the operating limits assigned to the various functions, the correct implementation of the risk management process and the compliance of business operations with regulations, including self-regulation. In compliance with regulatory requirements, the functions responsible for second level controls are separate from the operational functions. In detail these functions are:
 - the Risk Management function;
 - the Compliance function;

- o other corporate control functions (Anti Money-Laundering functions and Validation functions).

The second level control activities are also similar to those of the Senior Officer Responsible for the preparation of corporate accounting documents.

- *internal audit (third level controls) - assigned to the Internal Audit Function*: designed to identify violations of the procedures and regulations and periodically evaluate the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the internal control system and IT system (ICT audit), with a frequency set on the basis of the nature and intensity of risks.

The first two types of control (first and second level), not only satisfy the requirements for reporting to the corporate body responsible for control, but are also closely related on a practical level to the daily exercise of their responsibilities in relation to internal controls by the management body and the general management.

More specifically, those responsible for second level controls are required to continuously identify, prevent and measure risk situations by adopting appropriate valuation models and to assist in the formulation of risk assumption and management policies with regard, amongst other things, to the maximum limits on exposure to them. Adequate reporting is provided to the Supervisory Board, the Management Board and the General Management on current and future exposure to risk which also includes a special progress chart useful, amongst other things, for monitoring and assessing the system of internal controls.

With specific reference to second level corporate control functions, the current organisation chart includes the presence of a Chief Risk Officer (CRO), a position held by *Dott. Mauro Senati*, bringing together in one sphere the Credit Risk Management Area, the Capital & Liquidity Risk Management Area, the Risk Governance Area, which also oversees the Internal Validation function, the Anti-Money Laundering & Claims Area and, a direct report to the CRO, the Data Risk Management Service as a specific unit to manage data governance under the CRO.

The same organisational configuration includes a Compliance Area, currently headed by *Ing. Maria Martinelli*, reporting directly to the Chief Executive Officer, divided into Banking Services Compliance, Investment Services Compliance, and Group member companies compliance co-ordination.

The roles and units mentioned are assigned the following functions with respect to the [General regulations of the Bank](#):

- **The Chief Risk Officer**: is responsible for implementation of governance policies and the risk management system, performing the control function and providing the corporate bodies with an overview of the various risks (credit, market, operational, liquidity, reputational, money-laundering etc.). He co-ordinates the process of defining and managing the Risk Appetite Framework (RAF) in order to ensure that the risk appetite reported in the RAF and the risk-taking policies and procedures adopted by the Group are consistent with the prudent person approach. Again with regard to the process of defining and managing the RAF, amongst other things he proposes the risk capacity and risk tolerance levels and also validates the risk appetite proposed by the Chief Financial Officer in order to ensure that they are consistent with the RAF and with adequate levels of prudence within current and future risk targets. He proposes the allocation of internal capital by type of risk, consistently with the process of assessing internal capital (ICAAP). Together with the Chief Financial Officer, he proposes the risk appetite to the Chief Executive Officer, with a view to its subsequent approval by the corporate bodies, and verifies that the risk appetite is consistent with the requirements of the Group and the expectations of the Supervisory Authorities. He also proposes the risk limits and co-ordinates the consolidation process for the risk appetite document for purposes including the internal authorisation procedure, while also verifying the overall adequacy of the RAF. He supports the corporate bodies and senior management in the creation and maintenance of an effective and efficient System of Internal Controls and the formulation of risk and limits management policy proposals. More specifically, he supports the Chief Executive Officer, who is responsible for promoting integrated risk control, among other things by providing regular reports and communications. He provides independent information to the governing body responsible for strategic supervision, partly by attending Internal Control Committee and Risk Committee meetings, sending reports and intervening directly. He ensures the measurement and control of the exposure of the Group to different types of risk. In this

respect he ensures the supervision and implementation of activities concerning risk management, partly by means of activities carried out by its own units. He is responsible for the development, validation and maintenance of the risk measurement and control systems, supervises the Group credit rating process and coordinates the units involved in the overall data entry and data quality process of the credit risk management system. He is responsible for defining and applying the IT risk analysis methodology together with the related process of evaluation and data processing. He is responsible for giving prior opinions on the compliance of transactions of major significance with the RAF and carry out second level verifications of credit exposures. He supervises the process for evaluating capital adequacy in relation to the risks taken, the public disclosure process, the process for evaluating the structural balance of the Group in terms of liquidity, and the process of evaluating short-term liquidity in stress conditions and in general the risk evaluation process for the purposes of the Supervisory Review and Evaluation Process (SREP) used by the supervisory authorities. He defines the reference framework in relation to the internal trigger rules in the event of a shortfall of capital, in compliance with regulatory principles, as a basis for the subsequent definition of a capital plan activated by the units reporting to the Chief Financial Officer. He works alongside and co-ordinates with the other control functions for the purpose of developing a shared view on operational and methodological aspects and the actions to be taken if significant or critical events occur in order to identify possible synergies and avoid potential overlaps and duplications of activity. He contributes to the spread and development of an internal control culture within the Group. He supervises the activities of the units reporting to him in the context of preventing money-laundering and the financing of terrorism and also with regard to the management and monitoring of complaints and Alternative Dispute Resolution (ADR). The Chief Risk Officer, under the overall supervision of senior management and within the fields for which he has specific responsibility, performs the co-ordination function for Group member companies;

- **Compliance:** it is responsible for circulating the directives provided for in the “Policies for the management of compliance risk” issued by the Supervisory Board on the basis of a proposal from the Management Board of the Parent, overseeing their implementation within the Group and reporting on this to those same bodies. It uses “trace back to unit” to ensure that compliance risk is managed efficiently and effectively, in accordance with a risk-based approach, verifying for that purpose that the internal procedures and the entire regulatory system are consistent with the objective of preventing the violation of any regulation applicable to the Bank in relation to all the different activities performed, whether they are of a generic external nature (laws and regulations issued by Italian supervisory authorities such as the Bank of Italy, Consob (Italian securities market authority), or IVASS (Insurance Supervisory Authority), and at the international level (EBA, ESMA, European Directives, etc.) or a self-regulatory nature (codes of conduct, policies, internal regulations etc.), while communicating independently with the management and supervisory bodies by sending reports and intervening directly, as appropriate. It co-ordinates activities carried out by the directly managed units of the Bank and UBI.S that are involved in the process, and the professional contributions made by each unit, for the purpose of managing compliance risk and the definition of an adequate regulatory and operational system. It provides its own advice and assessments, suggesting appropriate and effective organisational solutions for achieving the aims of the oversight and control of compliance risk. It integrates the facts showing areas for improvement, detected directly or by specialist compliance units, in a single summary table (map of non-compliances) and the related Compliance Plan, together with the planned actions to solve and monitor them. It works together with the functions forming part of the internal control system in order to ensure the compliance of the existing regulatory, operational and procedural system. Where possible it carries out the activities for which it has responsibility verifying the level of efficacy of the existing compliance procedures independently or with the support of the specialist units. It employs a preventive approach to ensure substantial compliance with regulations by corporate processes and therefore appropriate conduct by all personnel, ensuring that the interests of clients and investors are protected and it co-operates in the policy to establish relations of trust with all stakeholders. It performs a policy setting, co-ordination and control role for the subsidiaries, forming direct relationships with local compliance managers and contacts, where present, and with their General Management teams. It operates as a service provider to the Network Banks of the Group and its subsidiaries that have conferred the appropriate powers upon it, ensuring the oversight of risk and non-compliance with regulations. In

order to carry out its duties effectively, the regulatory compliance function has access to all the Bank's activities, whether central or local, and to any information that is relevant for that purpose, which may also be obtained by speaking with staff directly. It works alongside and co-ordinates with the other control functions for the purpose of developing a shared view on operational and methodological aspects and the actions to be taken if significant or critical events occur in order to identify possible synergies and avoid potential overlaps and duplications of activity. The Compliance Area, under the overall supervision of senior management and within the fields for which it has specific responsibility, performs the co-ordination function for Group member companies.

In December 2015 the governing bodies approved modifications to "Compliance risk management policies" made necessary following the publication of a "clarification note" by the Bank of Italy on the procedures for modifying internal controls to comply with supervisory regulations issued with Circular No. 263 and implemented in Circular No. 285. In view of these clarifications the UBI and Group compliance model was completely overhauled. Extremely briefly the modifications regarded the following: (i) a new configuration for specialist controls (identified in the new model in "Tax Compliance", "Prevention and Safety at the workplace", "Privacy"); (ii) the redesign of specialist controls no longer admissible because they have been assigned to the control of the whole compliance process and created under non-primary regulations (e.g. Supervisory Reporting, CSR – non-financial reporting, etc.) in the role of "Support Units"; (iii) the elimination of specialist controls identified at UBIS to oversee ICT compliance and the transfer of the areas assigned to the latter to compliance at the Parent. These modifications will necessarily involve a revision of the compliance organisational and operational model which will be implemented in the first months of 2016 and will therefore be reported on in the next corporate governance report.

The purpose of internal auditing (third level), which is performed by the Internal Audit Function detailed in sub-section 16.2 below, is to make an independent assessment, in support of the Supervisory Board and Management Board, intended on the one hand to check, with a view to third level checks, including on-site inspections, that its functioning and changes in risks are in accordance with the rules, and on the other to evaluate the completeness, adequacy, functionality and reliability of the organisational structure and the other components of the internal control system, reporting to the aforementioned corporate bodies on potential improvements that could be made, with particular reference to risk management policies and tools for risk measurement and control.

The "principal characteristics of the risk and internal control management systems in relation to financial reporting" pursuant to Art. 123-bis paragraph 2, letter b) of the Consolidated Finance Act are illustrated in attachment 1 to this report.

Regulations for the Risk Appetite Framework of the UBI Banca Group

Again as part of the changes required by Supervisory regulations for banks on the question of the "internal control system" (Bank of Italy Circular No. 285 of 17th December 2013: Title IV, Chapter 3 "The system of internal controls"), on 1st July 2014 the Supervisory Board approved "Regulations for the Risk Appetite Framework of the UBI Banca Group" which define the principles and rules of the process for the management of the Risk Appetite Framework, describing the following:

- the main roles and responsibilities assigned to the main macro units involved in activities to define, implement and monitor the RAF;
- the RAF formation and approval macro processes, consistent with the Group budget and with the definition of risk-return, monitoring, reporting and internal audit objectives;
- the main lines of reporting between the Group macro units involved, on the basis of a management model consistent with the operations and complexity of the Group and developed in observance of the principal proportionality defined on the basis of the size of the exposure and the materiality of the risks.

In relation to the Risk Appetite framework, the UBI Group has adopted a risk management framework consistent with definition of Group regulations and strategies which have developed over the years consistent in turn with developments in the regulatory framework. The main parts of the current framework regard the following:

- definition of risk appetite;
- definition of risk management policies;
- interpretation and management of the RAF in Group companies;
- monitoring current and future risks.

Group policy on internal systems for reporting violations or “whistleblowing”

In 2015, the Governing Bodies approved a Group policy on internal systems for reporting violations or “whistleblowing”, effective from 1st January 2016. The objective is to provide staff in the companies of the banking Group with guidelines to follow for reporting actions and facts which may constitute a violation of the regulations governing banking and financial activities during the performance of their professional duties in order to contribute to the uncovering and prevention of risks and situations harmful to companies to which they belong and, as a consequence, in the interests of the entire UBI Group and, more generally, all its stakeholders. Reports by staff are facilitated and incentivised through the adoption by the UBI Group of measures which guarantee the reserved and confidential nature of the information given, the protection of the personal data of the person making the report and of the person reported and also the protection of the whistleblower from being the victim of possible retaliatory, discriminatory or in any case unfair treatment as a consequence of making the report.

16.1 Executive board member responsible for the internal control and risk management system

On 23rd April 2013, the Management Board, in compliance with the Articles of Association, conferred the following powers relating to internal controls on the Chief Executive Officer, *Dott.* Victor Massiah:

- promotion of integrated risk management;
- the power to make extraordinary requests for inspections and investigations to the internal control function through the Internal Control Committee.

Also, in accordance with Art. 35 of the Articles of Association, the Management Board has assigned duties to the Chief Executive Officer, exclusively in support of the Management Board, with organisational, proposal-making and reporting functions on internal control matters, to be performed in close co-operation and agreement with the General Manager, in observance of the responsibilities of the Supervisory Board on those matters and decisions made by it, for which he may also make use of the support of the second level corporate control functions.

For this purpose, in relation to Internal Audit activities and the integration of what is stated in the three-monthly reports, the Chief Executive Officer receives periodic reports concerning the auditing activities that are in progress or have been completed in the period in question, and also meets the Chief Audit Executive on a periodic basis to discuss specific aspects, including the results of these reports.

16.2 Chief of the Internal Audit Function

The mission of the Internal Audit is set out in the “Audit Mandate”, a document that, in compliance with the provisions of the International Standards for the Professional Practice of Internal Auditing, formalises internal auditing activities and clarifies their spheres of competence, tasks, independence, authority, responsibilities and interactions with other corporate functions as well as defining the procedures for the periodic approval and revision of the Mandate itself by the Supervisory Board. The function is headed by the Chief Audit Executive, who is appointed by and reports to the Supervisory Board and has direct access to all the information required for its work and has no responsibility for any operational unit. The position of Chief Audit Executive is assigned to *dott.* Stefano Maria Tortelotti.

In application of the supervisory regulations of the Bank of Italy with regard to the remuneration and incentive policies and practices of banks and banking groups, the Remuneration Committee, internal to the Supervisory Board, has provided advisory functions and made recommendations with regard to the remuneration of the Chief of the Internal Audit Function and directly oversees the correct application of the rules relating to his remuneration. In compliance with supervisory regulations and the Articles of Association, the

Supervisory Board also verifies that the Chief Audit Executive has adequate resources to fulfil his duties.

The Internal Audit Function conducts auditing activities on UBI Banca and on subsidiaries which have delegated internal auditing to the Parent, and more generally on all the companies in the Group as the Parent. In short, the Internal Audit Function acts on a third level basis, providing an opinion that is independent from the second level operational and control stage, concerning the overall reliability and effectiveness of the internal control and risk management system, and also considers the ability of that system to identify errors and irregularities, operating on the basis of an activity plan extending over a number of years. A process-oriented and risk-based approach is used to define the drivers to be prioritised for auditing activity from a long-term perspective and the annual audit activity plan has been drawn up on the basis, amongst other things, of the most significant changes affecting the corporate environment.

The activities plan is submitted to the Management and Control bodies of the subsidiaries and, at a consolidated level, by the Management and Control bodies of the Parent. To perform the activities provided for in this plan the Internal Audit Function makes use of internal resources and also of outside consultants for work of an extraordinary nature, whose work has also been guaranteed for 2015 by the allocation of a specific budget.

The performance of the various audit activities makes it possible to appraise the capacity of the first and second level specialist functions to supervise risks in an adequate manner, and thereby makes it possible to evaluate the principal corporate processes, in part with a view to contributing to an increase in their degree of reliability and, as a consequence, that of the overall internal control system. The methodological approach and the analysis and assessment procedures employed in Internal Audit activities are being progressively modified to comply with the SREP framework in line with European Supervisory requirements.

In 2015, in compliance with the policies set and the relative regulations, the Internal Audit Function audited the proper functioning of risks and changes in them and it assessed the general functioning of the Group internal control system reporting to corporate bodies and to senior management on potential improvements that could be made to risk management policies and to measurement instruments and procedures.

More specifically, in consideration of the need to support the Supervisory Board in the performance of its duties under legislation and regulations, and also to assist the Management Board, it focused particular attention on organisational units and processes affected by the impact of regulations concerning risk management (business, operational and compliance risk) and it also gave advisory support to project activities in progress with an impact on the internal control system.

It also used specific system analyses to verify the reliability of IT systems, including those used for bookkeeping.

In addition to the specific report submitted following the conclusion of the analysis to senior management and, as applicable, the Audit Contact of the company concerned, the results of auditing activities have been the object of regular reports to the Boards of Directors and Boards of Statutory Auditors of the subsidiaries, presented on a cumulative basis to the Internal Controls Committee and the Management and Supervisory Boards of the Parent. This reporting also provides a summary of the main situations that have emerged from the audit activities and the state of progress of the actions taken to remedy them. In the event of particularly significant circumstances it has immediately provided appropriate information sent to the Management and Supervisory bodies and the executive Board Member responsible for the internal control system.

Finally, in March 2015 the Internal Audit Function obtained Quality Certification from a consulting company in terms of the “general compliance” (which corresponds to the highest level of judgement on the scale of values applied) of the effective application of the organisational design of internal audit activities and the procedures defined for carrying these out with professional internal auditing practice standards and the Ethical Code of the Profession in force at the time of carrying out the activities.

16.3 The organisational model pursuant to Legislative Decree No. 231/2001

UBI Banca has adopted its own “model of organisation, management and control” (hereinafter the “Model”), which complies with Legislative Decree No. 231/2001 and the relative legislation and regulations that apply and is based on principles that are already rooted in its governance culture and on the recommendations contained in the guidelines of the major trade and professional associations.

The Model is presented in the "Document describing the organisational, management and control model of UBI Banca" approved by the Management Board and Supervisory Board of UBI Banca. It is divided into two parts which contain the following:

- in the general part a description of:
 - the legislative framework;
 - the reality of the company (system of governance and organisational structure of UBI Banca);
 - the structure of the Model and the methodology chosen to define and update it;
 - identification and appointment of the supervisory body of UBI Banca, with specification of the relative powers, tasks and reporting systems;
 - the functioning of the disciplinary system and the relative penalties;
 - the training and communication plan to be adopted to ensure that people have a knowledge of the measures and regulations of the model;
 - criteria for updating the Model;
- in the special part, a description of:
 - the types of crime (and administrative violations) relevant for the purposes of the administrative liability of entities which the Bank had decided to take into consideration in view of the nature of its business;
 - sensitive processes/activities and the relative control procedures.

The types of violations (crimes and administrative violations) covered by the special part of the UBI Banca Model are as follows:

- crimes against public administrations;
- crimes consisting of forgery of coins, public credit notes, duty stamps, identification instruments and distinctive signs;
- corporate crimes, including the crime of corruption between natural persons (Art. 2635 of the Italian Civil Code);
- crimes of terrorism and subversion of democratic law;
- crimes against the person of individuals;
- the crime of market manipulation and those covered by “market abuse” regulations;
- transnational crimes;
- crimes relating to health and safety at the workplace;
- crimes consisting of the receipt, laundering and use of money, goods or benefits of illicit origin and also self-laundering;
- computer crimes and illicit processing of data;
- crimes relating to organised crime;
- crimes against industry and commerce;
- crimes concerning the violation of copyright;
- environmental crimes;
- the crime of employing citizens of third party countries whose stay documents are irregular.

In application of changes in regulations and provisions for the supervision of banks that require functional compatibility between control bodies and the Supervisory Body, the Governing Bodies of UBI Banca decided to appoint the members of the Internal Control Committee to perform the function of the Supervisory Body.

The Supervisory Body reports to Governing Bodies on the adoption and effective implementation of the Model, on the oversight of its functioning and on the supervision of updates to it. It employs two separate lines of reporting to achieve this. The first is on a continuous basis directly to the Chief Executive Officer and the General Manager and the second consists of periodic reporting to the Management Board and the Supervisory Board.

UBI Banca, as the Parent, informs subsidiaries of the policies it has set in relation to trends in the development of the relevant regulations, suggesting the general criteria which subsidiaries may follow.

An abstract of the UBI Banca Model entitled "Summary of the document describing the organisational, management and control model of UBI Banca" is available on the website of the Bank.

16.4 Independent Auditors

On 30th April 2011, on the basis of a reasoned proposal submitted by the Supervisory Board, and having received a favourable opinion from the Internal Control and Audit Committee, a Shareholders' Meeting appointed the independent auditors DELOITTE & TOUCHE Spa, with registered address at 25 Via Tortona, Milan. They have been engaged to perform the statutory audits of the separate company financial statements of UBI Banca and the consolidated financial statements of the UBI Banca Group, to verify that the corporate accounts are properly kept and that operating events are accurately recorded in those accounts, and also to perform a limited audit of the condensed interim consolidated financial statements of the UBI Banca Group for the years running from 2012 until 2020, setting the fees and the criteria for adjusting them during the period of the appointment.

Deloitte & Touche Spa is enrolled with the Milan Company Registrar under No 03049560166, Milan R.E.A. (Administrative and Economic Reg.) No 1720239 and is a member of ASSIREVI (Italian association of auditors).

16.5 Financial Reporting Officer appointed to prepare the corporate accounting documents

The Management Board appointed *dr.ssa* Elisabetta Stegher, with the favourable opinion of the Supervisory Board. She is the current Chief Financial Officer and Senior Officer Responsible for the preparation of corporate accounting documents pursuant to Article 154-*bis* of the Consolidated Finance Act, in possession of the requirements of professionalism required by the Articles of Association which, in addition to the requirements of integrity prescribed by the current regulations in force for persons performing administrative and management functions, also require qualities of professionalism with specific administrative and accounting expertise in the banking, finance, investment and insurance fields.

The following responsibilities are conferred on that senior officer;

- to certify that market disclosures together with the related financial reports, including interim reports, are reliably based on the records contained in corporate documents and accounting records;
- to put adequate administrative and accounting procedures in place for the preparation of financial reports and all other financial disclosures;
- to certify – jointly with the Chief Executive Officer, by means of a specific report, attached to the separate financial statements, to the consolidated financial statements and to interim financial reports – the adequacy and effective application in the relative period of the procedures just mentioned and that the disclosures correspond to the records contained in the corporate accounting documents and records and provide a true and fair view of the capital, operating and financial position of UBI Banca and the Group.

The Senior Officer Responsible is also required to make special reports to the Chief Executive Officer, the Management Board, the Supervisory Board, the Risk Committee and the Internal Control Committee. The periodic reports must allow these bodies and officers to assess the adequacy and effective application of the administrative and accounting procedures of the Group and to verify that the powers and means conferred on this Senior Officer are appropriate.

The certifications signed by the Chief Executive Officer and the Senior Officer Responsible in accordance with Art. 154-*bis* of the Consolidated Finance Act are included in the Annual

Report (one for the consolidated report and one for the separate company report) and they are disclosed to the public according to the provisions laid down by Consob regulations (Attachment 3c-ter of the Issuers' Regulations).

For the purposes of concrete implementation of the aforementioned legislation, the Senior Officer Responsible must be able to:

- gain direct access to all the information needed to produce accounting data. The Officer may access all sources of corporate information without the need for authorisation;
- rely on internal channels of communication which ensure accurate and proper access to intercompany information;
- define her own office and organisational unit independently, with regard to both personnel and technical means (material resources, hardware, software, etc.);
- define the administrative and accounting procedures of the Bank autonomously, also being able to benefit from the co-operation of all the offices involved in the supply of significant information;
- have powers to propose, evaluate, or veto all "sensitive" procedures within the Bank and the Group;
- participate in board meetings in which matters concerning the functions of the officer are discussed;
- make use of external consultants, where particular requirements of the Bank make this necessary;
- establish reporting systems with other roles responsible for control (independent auditors, General Manager, Internal Control Officer, Chief Risk Officer, Compliance Officer, etc.) and reports and information flows which ensure constant mapping of risk and processes and adequate monitoring of the proper functioning of procedures, partly by means of specific co-ordination sessions held with the corporate control functions including operational and methodological issues.

With regard to the provisions introduced by Law No. 262/2005, a System of Administrative and Financial Governance has been created for subsidiaries of UBI Banca which, amongst other things, regulates internal controls for financial reports produced for listed issuers.

This "system" provides proper management of the various risks connected with financial reporting and it also confers adequate powers and means on the Senior Officer Responsible through a hierarchical system of certifications.

That same certification obligation applies to the executive officers of Group companies subject to full consolidation.

Certifications issued by subsidiaries are brought to the attention of the Board of Directors in the meeting that approves the proposed annual or half yearly financial report and they are sent to the Parent prior to the meeting of the Management Board which approves the separate annual report of the Parent and the consolidated annual report or the half yearly financial report.

The System of Administrative and Financial Governance of UBI Group also includes a specific specialist staff unit under the Senior Officer Responsible, for the overall co-ordination of Group activities, and the definition and performance of assessments in support of certifications.

16.6 Co-ordination between those involved in the internal control and risk management system

Within the UBI Banca Group, in compliance with the provisions of the supervisory provisions and in direct continuity with actions taken in the recent past, a model of co-ordination and co-operation between the corporate bodies and the control functions is in operation, divided in relation to the following three components:

- processes and methods;
- co-ordination tools;
- reporting lines.

The “model of co-ordination” adopted by the Group is completed through the co-ordination provided by the Parent at Group level, in the context of its own management and co-ordination activities.

As concerns co-ordination tools, they provide for the definition of tools intended to promote an immediate practicality that are simple to operate and organise so as to promote active co-operation and liaison between the control functions and between them and the corporate bodies, without prejudice to the responsibilities assigned by law and without altering, even in substance, the primary responsibility of the corporate bodies for the internal control system.

In particular, the following tools have been defined at Group level:

- co-ordination activities between the control functions;
- the Internal Control System Calendar (ICS Calendar);
- committees with consultative, informative and proposal-making roles in the context of the matters within their remit.

The co-ordination activities typically include periodic meetings of the chiefs of the corporate control functions and the Senior Officer Responsible and exchanges of information between them.

In compliance with regulatory requirements, this co-ordination also relates to the sharing of operational aspects (e.g. activity programmes), methodological aspects (e.g. procedures for assessing risks and controls) and the actions to be taken if significant or critical events occur in order to identify possible synergies and avoid potential overlaps and duplications of activity.

Information about these co-ordination activities is reported to the Internal Control Committee on a quarterly basis by the Chief of the Group Internal Audit Function.

The Internal Control System Calendar (ICS Calendar) identifies, in accordance with the diary of meetings of the Governing Bodies, the deadlines for the corporate control functions and the Senior Officer Responsible to hold regular discussions of subjects connected with the internal control system (e.g. the activity plan, periodic reports etc.)

A series of co-ordination activities connected with the internal control system take place as part of the usual activities of committees with consultative, informational and proposal-making roles in the context of the matters within the remit of the Parent and, when they are present, the subsidiaries.

The UBI Banca committees with consultative, informational and proposal-making roles in the context of the matters within their remit are the:

- Management Committee;
- Credit Committee;
- Asset and Liability Committee (ALCO);
- Finance Committee;
- Group Risk Committee;
- Operational Risk Committee.

With reference to the co-ordination between those involved in the internal control and risk management systems, the Supervisory Board, the Management Board and Senior Management also currently benefit from an integrated overall outline of risks considered significant, identified by the control functions responsible for monitoring them and furnished using a tool developed from 2011 by the units reporting to the Chief Risk Officer. The progressive development of this integrated reporting tool (“Integrated reporting on risks and mitigation action”) has been in progress since 2015 in order to constitute a self assessment of the Group situation with respect to the recommendations given in the European Banking Authority (EBA) guidelines relating to the Supervisory Review and Evaluation Process (SREP) and those present in the annual “SREP Decision” on the UBI Group.

17 Interests of Board Members and related-party transactions

Transactions with senior officers of the Bank, with senior officers of Group member companies and with companies controlled by them – all of whom may qualify as related parties – are conducted under normal market conditions and for transactions relating to the senior officers of banks, the provisions of Article 136 of Legislative Decree No. 385/1993 (Consolidated Banking Act) are carefully complied with.

Special IT procedures have been introduced in this respect which, on the basis of declarations issued by senior officers of companies, make it possible to identify in advance the potential assumption of a direct or indirect obligation of a senior officer and consequently subject the transaction to the procedures required by the aforementioned Art. 136 of the Consolidated Banking Act.

The Bank pays particular attention when performing transactions with related parties to ensure they are carried out properly both in form and substance.

Consob Resolution No. 17221 of 12th March 2010, subsequently amended by Resolution No. 17389 of 23rd June 2010, has approved regulations in this connection (Consob Regulations). The new requirements regulate procedures for the approval of transactions entered into by listed companies and issuers with a broad shareholder base with parties that could create a conflict of interest. Such parties include major and controlling shareholders, members of administrative and controlling bodies and senior management and their immediate family members.

The key points of the new requirements are:

- a) they strengthen the role of independent board members at all stages of the decision-making process concerning related-party transactions;
- b) a regime of transparency;
- c) the introduction of detailed corporate governance regulations containing rules designed to ensure substantial and procedural integrity in related-party transactions (a special regime for companies which adopt a two tier system of governance).

The regulations in question apply, within the context of the UBI Banca Group, to UBI Banca as an issuer of listed shares.

As a result of the above, the competent bodies of the Bank have approved a set of regulations concerning related party transactions, available on corporate website, within the set time limits. Internal processes have also been developed to assure compliance with the new rules.

In implementation of Art. 53, paragraphs 4 et seq. of the Consolidated Banking Act and Inter-Ministerial Credit Committee Resolution No. 277 of 29th July 2008, on 12th December 2011 the Bank of Italy issued new regulatory measures regarding risk assets and conflicts of interest concerning parties connected to banks or banking groups (including, amongst others, officers of UBI Banca and all the banks in the Group, the officers of UBI Leasing, and parties connected to those officers according to the definition given in the rules).

The main purpose of the regulations is to contain the risk that the closeness of some “connected parties” to the decision-making centres of the Bank might compromise the objectivity and impartiality of decisions concerning the grant of loans to, or other transactions that in any way relate to, those parties; to oversee these risks, UBI Group, in compliance with Bank of Italy provisions:

- monitors and ensures compliance with the specific prudential limits set by the supervisory regulations concerning risk assets undertaken towards connected parties by the Parent and Subsidiaries; in this regard a specific “Policy concerning internal controls on risk assets and conflicts of interest with related parties” has been approved, according to the procedures set out in the Bank of Italy provisions referred to above, and is attached to this Report (Attachment 2);
- employs special decision-making procedures that guarantee the integrity of decision-making processes in connected-party transactions, preventing any abuses that may be intrinsic to transactions with the said parties where there is a potential conflict of interest; these procedures have been implemented by special regulations, applicable to all the Group member companies and available on the website of the Bank.

Generally, in a similar manner to the provisions laid down for the Management Board by Art. 2391 of the Italian Civil Code, the Articles of Association also require the members of the Supervisory Board to report all interests which, either directly or through third parties, they may have in a determined transaction, stating the nature, the terms, origin and extent. The relative resolution of the Supervisory Board must give adequate reasons, explaining the interest of the Bank in the transaction, without prejudice to other provisions of the law or regulations which may apply.

In relation to the legislation in force which implements the EC MiFID Directive No. 2004/39/EC, an internal “policy for the management of personal transactions” has been adopted which provides detailed regulation of obligations concerning personal transactions in financial instruments performed by significant parties, as identified in the legislation mentioned.

18 Treatment of corporate information

In order to avoid the risk of improper disclosure of reserved information, the Management Board has approved procedures for managing privileged information to be disclosed to the public and for managing the register of persons with access to privileged information. A procedure has been developed for that purpose, to draw up security measures to be adopted, designed to guarantee maximum confidentiality of information and to define the procedures for handling and disclosing privileged information.

More specifically, these procedures govern how privileged information that relates directly to the Bank or its subsidiaries is disclosed to the public and at the same time it issues instructions to subsidiaries for them to promptly provide the Bank with the information required to fulfil disclosure obligations required by law.

In compliance with article 115-*bis* of the Consolidated Finance Act, the Bank has set up a register of persons who, on a permanent or occasional basis, have access to privileged information directly concerning UBI Banca.

This register is managed in the name of and on behalf of the Group member companies that have delegated the responsibility for keeping and maintaining their register to the Parent.

If, due to working or professional activities or the functions they perform, UBI Banca and/or a Group member company becomes aware of information concerning an external listed issuer, classified by the same as privileged, in accordance with applicable regulations, UBI Banca and/or the Group member companies will be listed in the register provided by that external listed issuer.

Whether or not UBI Banca and/or the other Group member companies are listed in the register of the external listed issuer, they will also be listed in the register held by UBI Banca.

19 Relations with shareholders

UBI Banca pays particular attention to the continuous management of relations with shareholders, institutional investors and the national and international financial community and it guarantees systematic disclosure of reliable, exhaustive and timely information on the Group's activities, results and strategies.

The “Shareholder Relations Service” (Manager *dott.* Giuseppe Sciarrotta) for retail shareholders is provided for this purpose together with the “Investor and Media Relations Area” (Manager *dott.ssa* Laura Ferraris), which is responsible for relations with institutional investors and with the media, as well as for events and sponsorships. Information of significant importance to shareholders is also provided in special sections of the corporate website of the Bank (www.ubibanca.it).

The “Shareholder Relations Service”, as part of the Corporate Affairs, Participation and Relations with the Authorities Area oversees relations with shareholders and coordinates preparations for the Shareholders’ Meetings of the Bank and manages all the related activities.

The Investor and Media Relations Area, which reports directly to the Chief Executive Officer, is responsible for interactions with international financial markets, (the UBI Group share is currently followed by 23 brokerage houses and approximately 500 institutional investors were met during 2015) managing media relations, the planning and organisation of UBI Banca institutional events, UBI Banca’s sponsorships and also for co-ordinating and supporting the communication activities of Group companies. As part of its institutional duties the Investor and Media Relations Area is also responsible for the direct management of the Investor Relations and Press Section of the Bank’s website and the supervision of the ubibanca.it website as a whole.

20 Shareholders' meetings (pursuant to Art. 123-bis, paragraph 2, letter c) of the Consolidated Finance Act)

Shareholders’ Meetings are either ordinary or extraordinary.

The relative laws and regulations apply for the validity of a Shareholders’ Meeting that has been convened and also for the validity of the relative resolutions, except for the provisions of Article 19, paragraph one of the Articles of Association on the question of the individual remuneration of key personnel and Article 37 of the Articles of Association on the question of the election of the Supervisory Board.

In accordance with the Articles of Association, an Ordinary Shareholders’ Meeting:

- a) appoints and removes members of the Supervisory Board and sets the fees of the members of the Supervisory Board, as well as an additional total sum for the remuneration for those assigned particular offices, powers or functions, which is allocated in accordance with article 36. It elects the Chairman and the Senior Deputy Chairman of the Supervisory Board according to the procedures set out in article 37. Proper grounds must be given for the removal of members of the Supervisory Board;
- b) approves:
 - remuneration and incentive policies for members of the Supervisory Board and members of the Management Board;
 - remuneration and/or incentive schemes based on financial instruments;
 - criteria and limits for the determination of remuneration to be agreed in the event of the early termination of an employment relationship or early retirement from corporate office, inclusive therein of the limits set to said remuneration in terms of years of fixed remuneration and the maximum amount resulting from their application;
 - on the basis of a proposal from the Supervisory Board, a higher ratio than that of 1:1 between the individual variable and the fixed remuneration of key personnel, but nevertheless not higher than the maximum limit set by the regulations in force from time to time”;
- c) decides on the liability of the members of the Supervisory Board and, pursuant to Art. 2393 and Art. 2409-*decies* of the Italian Civil Code, on the liability of the members of the Management Board, without prejudice to the concurrent liability of the Supervisory Board;
- d) decides on the distribution of profits, subject to the presentation of the financial statements and of the consolidated financial statements approved pursuant to Art. 2409-*terdecies* of the Italian Civil Code;
- e) appoints and dismisses the external statutory auditors responsible for auditing the accounts;
- f) approves the separate financial statements if the Supervisory Board fails to approve them or if this is requested by at least two thirds of the members of the Supervisory Board;
- g) approves and amends the regulations for Shareholders’ Meetings;

- h) appoints the Board of Arbitrators;
- i) decides on the other matters that fall within its competence either by law or by these Articles of Association.

An Extraordinary Shareholders' Meeting makes amendments to the Articles of Association, decides the appointment, removal, replacement and powers of receivers and all other matters for which it is responsible by law.

If a Shareholders' Meeting, whether in ordinary or extraordinary session, is called upon to consider a proposal concerning a transaction with related parties, where the committee formed in compliance with Consob Regulation No. 17221 of 12th March 2010 and subsequent amendments has expressed an opinion against the transaction and if the Shareholders' Meeting has approved that proposal with the quorum for resolutions required by these Articles of Association, the conclusion of that transaction shall be forbidden if a number of non-related party shareholders who represent at least 5% of the share capital is present in the Shareholders' Meeting and the majority of those non-related party shareholders have voted against the transaction.

For resolutions to be passed upon request of the Banking Supervisory Authority in relation to amendments to legal regulations, both ordinary and extraordinary shareholders' meetings shall pass resolutions by an absolute majority vote. In these cases, the provisions of article 40, paragraph five of the Articles of Association apply for resolutions for which the Supervisory Board is responsible.

Shareholders' Meetings shall be held in all the cases provided for by law and by these Articles of Association and they are convened by the Management Board, or, pursuant to Art. 151-*bis* of Legislative Decree No. 58 of 24th February 1998, by the Supervisory Board or by at least two of its members, without prejudice to the other powers to convene provided for by law.

Ordinary shareholders meetings are convened in any event at least once a year within 120 days of the end of each financial year to pass resolutions on matters for which it holds responsibility by Law or in accordance with the Articles of Association.

Ordinary and Extraordinary Shareholders' Meetings may be convened by Shareholders who represent at least one twentieth of the share capital and shall be held without delay following the presentation of the request, giving the grounds and the agenda.

In compliance with the procedures, according to the terms and within the time limits set by law, Shareholders who, even jointly, represent at least one fortieth of the share capital, may make an application in writing for additions to be made to the agenda to be dealt with in the Shareholders' Meeting, as it results from the notice convening the Shareholders' Meeting, with the indication in the request of the additional items proposed by them and they may also submit proposals for resolutions on matters already on the agenda. Legitimation to exercise the right is given by filing a copy of the communication issued by the intermediary in accordance with the law and regulations in force.

A Shareholders' Meeting is also validly held when remote connection systems are used that ensure the identification of Shareholders with a legitimate right to participate, the possibility for them to take part in the proceedings of the meetings and to vote on deliberations and, if expressly provided for by the notice of call, the possibility to take part in the discussion of the items dealt with. However, the Chairman and the Secretary must be present in the place indicated in the notice of call where it is considered that the meeting is taking place. The Management Board, in agreement with the Chairman of the Supervisory Board, identifies, from time to time, the locations connected by means of remote systems for each call, taking account in particular of the composition of the Shareholders. The Regulations for Shareholders' Meetings establish the criteria and procedures for holding Shareholders' Meetings by means of the use of remote connection systems.

Those with the right to vote for whom the Bank has received a communication from the authorised intermediary certifying their legitimate right may take part in Shareholders'

Meetings.

Each ordinary share gives the right to one vote, exception being made for the provisions of article 10 of the Articles of Association.

Those with the right to vote may have themselves represented in Shareholders' Meetings in compliance with the provisions of the law. Notification of the proxy may be performed electronically by means of electronic mail according to the procedures contained in the notice to convene or using other procedures chosen from among those provided for by the laws and also the regulations in force.

The Management Board has the right, reporting this information in the notice to convene, to designate one or more parties to whom those with the right to vote may grant, following the procedures provided for by the applicable legislation and regulations, a proxy with voting instructions on all or some of the items on the agenda. The proxy is valid solely with regard to those proposals for which voting instructions have been given.

Without prejudice to the provisions of Article 2372, paragraph 2, of the Italian Civil Code, the proxy may be granted for a single Meeting only, effective also for subsequent calls, but may not be granted without specifying the name of the representative.

Voting by mail is not permitted.

Members of the Management Board and similarly members of the Supervisory Board may not vote on resolutions concerning their areas of responsibility

Shareholders' Meetings shall be held, alternately, in the city or province of Bergamo and in the city or province of Brescia.

As concerns proceedings in Shareholders' Meetings, the Bank has (by means of a shareholders' resolution) adopted Regulations, designed to govern the ordered and efficient functioning of these meetings and in particular to regulate the procedures for Shareholders to speak and reply.

These Regulations have been published on the Bank's website in the shareholders' section.

Shareholders' Meetings were held twice in 2015 (both in ordinary and extraordinary session):

- on 25th April 2015 (all members of the Management Board attended and 22 out of 23 members of the Supervisory Board attended);
- on 10th October 2015 (all members of the Management Board attended and 21 out of 23) members of the Supervisory Board attended).

Equity markets were highly volatile in 2015. Share indices improved overall, despite the effects of worldwide geopolitical tensions, the weakness and evenness of the recovery in Europe, uncertainties over growth in the United States economy and, especially in the second half of the year, concerns over prospects for the Chinese economy and falling oil prices.

The UBI Banca share ended the trading day on 30th December 2015 with an official price of €6.246 an increase of 4.7% over 12 months. The minimum and maximum prices for the year were €5.180 and €7.880 respectively.

The stock market capitalisation of UBI Banca on 30th December 2015 (based on the official price) had risen to €5.6 billion from €5.4 billion at the end of 2014, which placed UBI Banca in third place amongst listed Italian commercial banking groups (fourth place amongst all the listed Italian banking groups).

At European level, the UBI Banca Group was again amongst the first 40 institutions by stock market capitalisation in the classification drawn up by the Italian Banking Association in its European Banking Report, which includes the countries of the European Monetary Union plus Switzerland.

Attachment A

Positions held by the members Supervisory Board of UBI Banca in other companies listed in regulated markets including foreign markets(*), in financial, banking, insurance or large companies.

Name	Position held in the issuer	Positions held in other listed companies or in banking, financial, insurance or large companies
Andrea MOLTRASIO	Chairman of the Supervisory Board	Chairman of the Board of Directors: - Icro Didonè Spa - Clinica Castelli Spa Director: - Icro Coatings Spa - Italian Banking Association - Banca Popolare di Bergamo Onlus Foundation - BergamoScienza Association
Mario CERA	Senior Deputy Chairman of the Supervisory Board	= =
Alberto FOLONARI	Deputy Chairman of the Supervisory Board	Chairman of the Board of Directors: - Fingiamia Spa - Mercury Spa Director: - Editoriale Bresciana Spa - Centro Stampa Quotidiani Spa
Armando SANTUS	Deputy Chairman of the Supervisory Board	= =
Dorino Mario AGLIARDI	Member of the Supervisory Board	= =
Antonella BARDONI	Member of the Supervisory Board	= =
Letizia BELLINI CAVALLETTI	Member of the Supervisory Board	= =
Marina BROGI	Member of the Supervisory Board	Director: - Luxottica Group Spa (*) - Salini Impregilo Spa Chairman of the Board of Statutory Auditors: - Fratelli Branca Distillerie Srl Chairman of the Supervisory Committee: - Cape Natixis SGR Spa in LCA - Credito Cooperativo Fiorentino in LCA Member of the Supervisory Committee: - IMEL.EU
Pierpaolo CAMADINI	Member of the Supervisory Board	Director: - Finanziaria di Valle Camonica Spa - Gold Line Spa - Editoriale Bresciana Spa - ANSA – Agenzia Nazionale Stampa Associata Soc. Coop.
Luca CIVIDINI	Member of the Supervisory Board	Deputy Chairman and General Manager: - G.F.C. Spa Director: - Malpaga Spa
Alessandra DEL BOCA	Member of the Supervisory Board	= =
Ester FAIA	Member of the Supervisory Board	= =
Marco Giacinto GALLARATI	Member of the Supervisory Board	Chairman of the Board of Directors - CoinService Spa - CoinService Nord Spa Sole Director - EVA-Efficienza Valore Analisi Spa Director:

Name	Position held in the issuer	Positions held in other listed companies or in banking, financial, insurance or large companies
		<ul style="list-style-type: none"> - Venpay Spa - CRS Holding Spa - Cialdamia Srl - Rheingold Srl
Carlo GARAVAGLIA	Member of the Supervisory Board	<p>Chairman of the Board of Directors:</p> <ul style="list-style-type: none"> - Eunomia Spa <p>Director:</p> <ul style="list-style-type: none"> - De Longhi Spa (*) - Del Clima Spa (*) - O.R.I. Martin Spa - Cordifin Spa
Gian Luigi GOLA	Member of the Supervisory Board	<p>Chairman of the Board of Statutory Auditors:</p> <ul style="list-style-type: none"> - Aferpi SpA <p>Full Statutory Auditor:</p> <ul style="list-style-type: none"> - 2I Rete Gas Spa - Sigit Spa - 2B Energia Spa <p>Chairman of the Supervisory Committee:</p> <ul style="list-style-type: none"> - Ial Cisl Piedmont in extraordinary administration
Lorenzo Renato GUERINI	Member of the Supervisory Board	<p>Chairman of the Board of Directors:</p> <ul style="list-style-type: none"> - 035 investimenti Spa - Quenza Srl <p>Deputy Chairman of the Board of Directors</p> <ul style="list-style-type: none"> - Italcementi Spa (*)
Alfredo GUSMINI	Member of the Supervisory Board	= =
Federico MANZONI	Member of the Supervisory Board	<p>Chairman of the Board of Directors and Managing Director:</p> <ul style="list-style-type: none"> - Mittel Investimenti Immobiliari Srl <p>Chairman of the Board of Statutory Auditors:</p> <ul style="list-style-type: none"> - Mesgo Spa <p>Full Statutory Auditor:</p> <ul style="list-style-type: none"> - Barabino & Partners Spa - Fidelitas Spa - FGH Spa - Terme di Sirmione Spa - Castello SGR Spa - Iniziative Bresciane Spa - Enercom Srl - G.E.I. Gestione Energetica Impianti Spa
Mario MAZZOLENI	Member of the Supervisory Board	= =
Enrico MINELLI	Member of the Supervisory Board	= =
Sergio PIVATO	Member of the Supervisory Board	<p>Chairman of the Board of Statutory Auditors:</p> <ul style="list-style-type: none"> - SMA Spa - Società Editoriale Vita Spa <p>Full Statutory Auditor:</p> <ul style="list-style-type: none"> - Brembo Spa (*) - Auchan Spa
Andrea RESTI	Member of the Supervisory Board	= =
Maurizio ZUCCHI	Member of the Supervisory Board	= =

Positions held by the members of the Management Board of UBI Banca in other companies listed in regulated markets including foreign markets (*), in financial, banking, insurance or large companies.

(**) Companies belonging to the UBI Banca Group

Name	Position held in the issuer	Positions held in other listed companies or in banking, financial, insurance or large companies
Franco POLOTTI	Chairman of the Management Board	<p>Chairman of the Board of Directors: - O.R.I. Martin Spa</p> <p>Deputy Chairman of the Board of Directors and Executive Director: - Mar.Bea. Srl</p> <p>Executive Director: - Trafilati Martin Spa</p> <p>General Partner: F.B.G. di Polotti Franco e C. Snc</p> <p>Director: - Italian Banking Association - Banca San Paolo di Brescia Foundation - Opera per l'Educazione Cristiana - Arte e Spiritualità - Eco Fortis Srl - C.M. Srl</p> <p>Member of the Governing Council - Brescia Industrial Association</p> <p>Member of the Governing Council: - Federacciai</p>
Giorgio FRIGERI	Deputy Chairman of the Management Board	<p>Chairman of the Board of Directors: - Banca Popolare di Bergamo Spa (**)</p> <p>Chairman: - Istituto Diocesano per il Sostentamento del Clero di Bergamo</p>
Victor MASSIAH	Chief Executive Officer/General Manager	<p>Board Member: - Italian Banking Association - Interbank Deposit Protection Fund. - <i>Federazione delle Banche, delle Assicurazioni e della Finanza</i> (Federation of Banks, Insurance Companies and Finance Companies)</p>
Silvia FIDANZA	Member of the Management Board	<p>Executive Officer - Condor Trade Srl</p> <p>Chairman of the Supervisory Board: - Befado Sp. Z.o.o. (Poland)</p>
Luciana GATTINONI	Member of the Management Board	<p>Chair of the Board of Directors: - BPB Immobiliare srl with a sole shareholder (**)</p> <p>Deputy Chair of the Board of Directors: - Misericordia Maggiore MIA Foundation</p> <p>Director: - Valle d'Astino srl</p> <p>Full Statutory Auditor: - Italcementi Spa Bergamo (*) - Angelo Canevisio Spa - Ganart Srl - Trafilerie Assi Spa - Metalmauri Trafilerie Spa</p> <p>Substitute Auditor: - Immobililegno Spa - Proposte Spa - Anita Srl</p>
Italo LUCCHINI	Member of the Management Board	<p>Chairman of the Board of Directors - Azienda Agricola Lodoletta Srl.</p> <p>Deputy Chairman of the Board of Directors: - Italmobiliare Spa (*)</p> <p>Executive Director: - Foundation for the Economic and Social history of Bergamo – Studies and Research Institute - Famiglia Legler Foundation</p> <p>Director: - Italcementi Spa Bergamo (*) - Italcementi Cav. WD. Carlo Pesenti Foundation - A.J. Zaninoni Foundation - Banca Popolare di Bergamo Onlus Foundation - Bergamo nella Storia Onlus Foundation</p> <p>Chairman of the Board of Statutory Auditors:</p>

Name	Position held in the issuer	Positions held in other listed companies or in banking, financial, insurance or large companies
		<ul style="list-style-type: none"> - Almag Spa - Immobileffe Spa Substitute Auditor: - Fonderia di Torbole Spa
Ettore Giuseppe MEDDA	Member of the Management Board / Deputy General Manager	<p>Director:</p> <ul style="list-style-type: none"> - Banca Regionale Europea SpA (**) – Executive Committee member - Banca di Valle Camonica S.p.A. (**)
Flavio PIZZINI	Member of the Management Board	<p>Chair of the Board of Directors:</p> <ul style="list-style-type: none"> - Borghesi Buroni Foundation <p>Deputy Chairman of the Board of Directors:</p> <ul style="list-style-type: none"> - UBI Sistemi e Servizi Scpa (**) <p>Board Member:</p> <ul style="list-style-type: none"> - Immobiliare Due Febbraio Srl - Lambriana Foundation <p>Chairman of the Board of Statutory Auditors:</p> <ul style="list-style-type: none"> - Impresa Tecnoeditoriale Lombarda Srl - Opere Sociali Foundation - Housing Sociale Foundation - EBIS Foundation - Brevivet S.p.A. - Achille e Giulia Boroli Foundation <p>Sole Statutory Auditor</p> <ul style="list-style-type: none"> - Novaradio Srl <p>Receiver:</p> <ul style="list-style-type: none"> - Bosa Srl in liquidation <p>Member of the Board of Statutory Auditors:</p> <ul style="list-style-type: none"> - Fondazione E4Impact
Elvio SONNINO	Member of the Management Board / Senior Deputy General Manager	<p>Deputy Chairman of the Board of Directors:</p> <ul style="list-style-type: none"> - IW Bank Spa (**) <p>Director:</p> <ul style="list-style-type: none"> - UBI Academy SCRL (**) - UBI Sistemi e Servizi SCpa (**) (and acting General Manager) - UBI Banca International Sa (**) <p>Chairman of the Governing Board:</p> <ul style="list-style-type: none"> - <i>Centro Studi Nazionale per il Controllo e la Gestione dei Rischi Aziendali</i> (National Study Centre for the Control and Management of Corporate Risk)

SUMMARY TABLES

TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURE (as at 31st December 2015)

STRUCTURE OF THE SHARE CAPITAL

	Number of shares	percentage of share capital	Listed (indicate markets) / unlisted	Rights and obligations
Ordinary shares	901,748,572	100 %	Milan – FTSE MIB	
Shares with multiple voting rights	==	==	==	
Shares with limited voting rights	= =	= =	= =	
Shares with no voting rights	= =	= =	= =	
Other	==	==	==	

SIGNIFICANT INVESTMENTS IN THE SHARE CAPITAL

Declarant	Direct shareholder	Percentage (%) of ordinary share capital	Percentage (%) of voting share capital
Silchester International Investor Llp	No	5.123%	5.123%
Blackrock Incorporated (indirect - asset management)	No	5.055%	5.055%
Fondazione Cassa di Risparmio di Cuneo	Yes	2.230%	2.230%

TABLE 2: SUPERVISORY BOARD (appointed by the Shareholders' Meeting of 20th April 2013 for the three-year period 2013/2014/2015) AND COMMITTEES (appointed by the Shareholders' Meetings of 23rd April 2013 and 15th September 2015)

Supervisory Board											Appoint-ments Committee		Remuneration Committee		The internal control committee		Accounts Committee (until 15/9/2015)		Risk Committee (from 15/9/2015)		Related and Connected Parties Committee	
Position	Members	Year of birth	Date first appointed	In office since	In office until	List (*)	Independent as per Corporate Governance Code	Supervisory Board (****)	Management Board (****)	No. of appointments (**)	(***)	(****)	(***)	(****)	(***)	(****)	(***)	(****)	(***)	(****)	(***)	(****)
Chairman	Andrea MOLTRASIO	1956	from 1/04/2007 to 24/04/2010 since 20/04/2013	20/04/2013	AGM 2016	M/SB		20/20		6	C	5/5										
Senior Deputy Chairman	Mario CERA	1953	20/04/2013	20/04/2013	AGM 2016	M/SB		20/20		= =	M	5/5	C	13/13								
Deputy Chairman	Alberto FOLONARI	1937	5/5/2007 (appointed DP on 10/5/2007)	20/04/2013 (appointed DC on 23/4/2013)	AGM 2016	M/SB	X	16/20		4	M	4/5										
Deputy Chairman	Armando SANTUS	1969	28/04/2012	20/04/2013 (appointed DC on 23/4/2013)	AGM 2016	M/SB	X	19/20		= =	M	5/5	M	7/13								
Board Member	Dorino Mario AGLIARDI	1954	20/04/2013	20/04/2013	AGM 2016	m	X	20/20		= =						M	7/7	M	3/3			
Board Member	Antonella BARDONI	1963	20/04/2013	20/04/2013	AGM 2016	M/SB	X	20/20		= =										M	11/11	
Board Member	Letizia BELLINI CAVALLETTI	1962	20/04/2013	20/04/2013	AGM 2016	M/SB	X	20/20		= =												
Board Member	Marina BROGI	1967	20/04/2013	20/04/2013	AGM 2016	M/SB	X	20/20		6			M	12/13			M	7/7	M	3/3		
Board Member	Pierpaolo CAMADINI	1963	20/04/2013	20/04/2013	AGM 2016	M/SB	X	20/20	12/30(§)	4				M	27/27							
Board Member	Luca Vittorio CIVIDINI	1961	20/04/2013	20/04/2013	AGM 2016	m	X	19/20		2												
Board Member	Alessandra DEL BOCA	1947	20/04/2013	20/04/2013	AGM 2016	M/SB	X	20/20		= =			M	13/13								
Board Member	Ester FAIA	1973	20/04/2013	20/04/2013	AGM 2016	M/SB	X	20/20		= =												
Board Member	Marco Giacinto GALLARATI	1963	20/04/2013	20/04/2013	AGM 2016	m	X	19/20		7										C	11/11	

continued TABLE 2: SUPERVISORY BOARD AND COMMITTEES

Supervisory Board											Appoint-ments Committee		Remuneration Committee		Internal Control Committee		Accounts Committee		Risk Committee		Related and Connected Parties Committee	
Position	Members	Year of birth	Date first appointed	In office since	In office until	List (*)	Independent as per Corporate Governance Code	Supervisory Board (****)	Management Board (****)	No. of appointments (**)	(***)	(****)	(***)	(****)	(***)	(****)	(***)	(****)	(***)	(****)	(***)	(****)
Board Member	Carlo GARAVAGLIA (*)	1943	1/04/2007	20/04/2013	AGM 2016	M/SB	X	18/20	2/30 (§)	5					M	24/27						
Board Member	Gian Luigi GOLA(*)	1964	20/04/2013	20/04/2013	AGM 2016	M/SB	X	20/20	3/30 (§)	5					M	26/27						
Board Member	Lorenzo Renato GUERINI (*)	1949	20/04/2013	20/04/2013	AGM 2016	M/SB		20/20		3						C	7/7	C	3/3			
Board Member Secretary	Alfredo GUSMINI (*)	1944	24/04/2010	20/04/2013	AGM 2016	M/SB	X	20/20	12/30 (§)	= =					M	27/27						
Board Member	Federico MANZONI (*)	1949	1/04/2007	20/04/2013	AGM 2016	M/SB	X	20/20		10						M	6/7	M	3/3			
Board Member	Mario MAZZOLENI	1943	1/04/2007	20/04/2013	AGM 2016	M/SB	X	19/20		= =	M	5/5										
Board Member	Enrico MINELLI	1965	28/04/2012	20/04/2013	AGM 2016	M/SB	X	20/20		= =	M	5/5									M	11/11
Board Member	Sergio PIVATO (*)	1945	1/04/2007	20/04/2013	AGM 2016	M/SB	X	20/20	1/30 (§)	4					C	27/27						
Board Member	Andrea Cesare RESTI	1965	20/04/2013	20/04/2013	AGM 2016	m	X	20/20		= =			M	13/13								
Board Member	Maurizio ZUCCHI	1954	20/04/2013	20/04/2013	AGM 2016	m	X	20/20		= =												
<p>Quorum currently required for the presentation of lists by Shareholders: For the purpose of the election of members of the Supervisory Board, one or more Shareholders who represent at least 1% of the share capital, or a different percentage established by the regulations in force, may present one list of candidates ordered consecutively by number, containing between a minimum of 2 (two) and a maximum of 15 (fifteen) names.</p>																						
Number of meetings held during 2015			Supervisory Board: 20			Appointments Committee: 5		Remuneration Committee: 13			Internal Control Committee: 27 (a)			Accounts Committee: 7		Risk Committee: 3		Related and Connected Parties Committee: 11				

(a) The members of the Internal Control Committee are also members of the Supervisory Body of UBI Banca pursuant to Legislative Decree No. 231/2001, which met nine times in 2015

NOTES

(*) Enrolled in the Register of External Statutory Auditors

(§) As a member of the Internal Control Committee

(*) "M/SB" or "m" depending on whether the Board Member has been elected from the "majority list presented by the Supervisory Board (M/SB) or from the "minority list (m)".

(**) Number of directorships or appointments as statutory auditor (or equivalent positions) held in other companies listed on regulated markets including foreign markets, in financial, banking or insurance

(***) This column shows the position of the Member of the Supervisory Board within the Committee ("C" Chairman; "M" Member).

(****) This column shows the number of meetings attended by the member in relation to the total number of meetings he/she could have attended.

TABLE 3 MANAGEMENT BOARD

Position	Members	Year of birth	Date first appointed	In office since	In office until	Independent (in accordance with Art. 147 quater of the Consolidated Finance Act) (**)	Executive	Attendance at meetings of the Management Board	Number of other positions (***)
Chairman	Franco POLOTTI	1954	10/05/2008	23/04/2013 (appointed Chairman on 23/4/2013)	(*)		X	30/30	12
Deputy Chairman	Giorgio FRIGERI	1941	2/04/2007	23/04/2013 (appointed Deputy Chairman on 23/4/2013)	(*)		X	28/30	2
Chief Executive Officer/General Manager	Victor MASSIAH (1)	1959	27/11/2008 (appointed Chief Executive Officer on 27/11/08 with effect from 1/12/2008)	23/04/2013 (appointed Chief Executive Officer on 23/4/2013)	(*)		X	30/30	3
Board Member	Silvia FIDANZA	1974	23/04/2013	23/04/2013	(*)	X		30/30	2
Board Member	Luciana GATTINONI	1950	23/04/2013	23/04/2013	(*)		X	29/30	11
Board member /Deputy General Manager	Ettore Giuseppe MEDDA	1953	14/07/2015	14/07/2015	(*)		X	12/12 (a)	2
Board Member	Italo LUCCHINI	1943	23/04/2013	23/04/2013	(*)	X		29/30	12
Board Member	Flavio PIZZINI	1955	2/04/2007	23/04/2013	(*)		X	30/30	13
Board member /Senior Deputy General Manager	Elvio SONNINO	1960	23/04/2013	23/04/2013	(*)		X	30/30	5

MANAGEMENT BOARD MEMBERS RETIRED IN 2015

Board Member	Francesco IORIO	1968	23/04/2013	23/04/2013	31/05/2015		X	12/14 (a)	NA
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(a) *Number of attendances as a ratio of the number of meetings held in the period in office.*

In the 2015 30 meetings of the Management Board were held.

NOTES

(1) The Chief Executive Officer to whom duties have been assigned pursuant to Art. 35 of the Articles of Association, in relation to internal control systems.

* The members of the Management Board shall remain in office for three financial years (2013-2014-2015). Their term of office shall expire on the date of the Supervisory Board meeting convened to approve the financial statements relating to their last year in office. They remain in office in any event until a new Management Board is appointed in accordance with article 46, letter a) of the Articles of Association and they may be re-appointed.

** The members of the Management Board are not required to meet the requisites of independence in the Corporate Governance Code, due, amongst other things, to the decision made by UBI Banca to form internal committees within the Supervisory Board provided for by that code for which those requisites are required.

*** Number of positions as management or supervisory/auditor board member held in other companies listed on regulated markets including foreign markets, in financial, banking or insurance companies or companies of significant dimensions. This report contains full details of the appointments (Attachment A).

Attachment 1

Principal characteristics of the existing risk and internal control management systems in relation to the financial reporting process.

1) Introduction

The existing risk and internal control management system in relation to the financial reporting process of the UBI Banca Group consists of a set of corporate rules and procedures adopted by various operational units, designed to ensure the reliability, accuracy and promptness of financial reporting.

In this respect of Law No. 262 of 28th December 2005 (and subsequent amendments) “Measures for the protection of savings and to regulate financial markets”, inserted Art. 154 *bis* into the Consolidated Finance Act which introduced the role of the Senior Officer Responsible for the preparation of corporate accounting documents (hereinafter the “Senior Officer Responsible) into the corporate organisation of listed companies in Italy, who is held responsible for the preparation of corporate accounting documents.

The UBI Banca Group responded to the legislation designed to strengthen the system of internal controls in relation to the financial reports produced by listed issuers by adopting an organisational and methodological system (administrative and financial model of governance), which, in a context of integrated compliance, makes it possible to continuously regulate activities concerning the adequacy and effective application of the management of financial reporting risk and consequently to be able to make an accurate assessment of the internal control system in question.

The model developed was approved by the Management Board and the Supervisory Board on 15th January 2008 and 6th February 2008 respectively and then officially implemented in a specific set of regulations, issued with Group Communication No. 166 of 8th August 2008. This Group Communication also includes the “Methodological manual for compliance risk assessment pursuant to Law No. 262/2005”, the most recent update of which was approved by the Management Board on 15th December 2015, with the aim of further maximising the effectiveness of audit activity conducted by the Senior Officer Responsible on the areas considered most critical on the basis of the degree of risk assigned to the various significant processes pursuant to Law No. 262/2005 (a “risk-driven” process).

The model adopted, the efficacy of which is the subject of constant monitoring, is based on the main reference frameworks recognised nationally and internationally for the development of adequate systems of internal controls for financial reporting, the COSO Framework¹ and the COBIT Framework², and it involves different areas described in detail in the section that follows.

2) Description of the main characteristics of risk and internal control management system in relation to financial reporting processes.

The system of controls for financial reporting is based on three fundamental pillars:

- the existence of an adequate internal control system at company level designed to reduce the risk of errors and improper conduct for the purposes of accounting and financial reporting, by verifying on an ongoing basis that adequate systems of governance and standards of conduct and adequate risk management processes are in place and that there

¹ COSO (Committee of Sponsoring Organizations of the Treadway Commission) is a private voluntary organisation for the improvement of the quality of financial reporting through the use of ethical principles in business, internal controls and an adequate system of corporate governance.

² COBIT (Control Objectives for IT and related technology Framework) was drawn up by the IT Governance Institute, a United States body which has the objective of defining and improving corporate standards in the IT sector. More specifically, the UBI Group has adopted the Framework IT Control Objectives for Sarbanes Oxley, defined specifically to control financial information.

are effective organisational structures, clear reporting systems and adequate IT and communication systems. Verification at company level, conducted by the Parent Audit Governance & Methodologies Area, is performed by using a special tool known as “Company Level Control (CLC) Assessment”, which is based on the qualitative assessment of a series of risk factors considered essential for the soundness and reliability of an administrative and financial governance system;

- the development, maintenance and formalisation of adequate processes to control the production of accounts and financial reports and subsequent verification annually that they are adequate and actually applied. This includes administrative and accounting procedures that guarantee reasonable certainty of the reliability of financial reporting, whether it relates to financial reporting processes in the strict sense of the term or to business and support processes considered nevertheless significant for the purposes of financial reporting;
- the development of controls on the management of technological infrastructures and software applications which regard financial and administrative processes and subsequent verification annually that they are adequate and actually applied.

The adequacy and effective application of administrative and accounting procedures, forming part of the broader system of financial reporting controls, is also subject to specific verification by an external independent consultant, who reports on the activities carried out in a special report issued for each Group company included as part of the investigation pursuant to Law No. 262/2005, defined annually on the basis of significant quantitative or qualitative indicators.

a) Stages of the risk and internal control management system in relation to financial reporting processes

With regard to the development, maintenance and formalisation of adequate processes of control over the production of accounts and financial reports and the development of controls over the management of technological infrastructures, the framework adopted involves the following stages of analysis and investigation:

- identification of the **relevant scope of application** consisting of the companies in Group, the items on the financial statements and the processes considered significant on the basis of both quantitative parameters, in relation to operating and capital amounts in the consolidated financial statements, and qualitative parameters, in relation to the complexity of the business and the type or implicit risks. The method adopted by UBI Banca Group for the definition of the relevant scope of application requires the identification of significant variables derived, in consecutive order, from:
 - selection of the significant companies;
 - selection of the significant items in the financial statements at Group level;
 - selection of the significant items in the financial statements at single company level;
 - tracing the significant items in the financial statements to significant processes/contexts;
- definition of the **area of investigation** for the year in question, approved annually by the Management Board, by planning annual audit activities over the course of the whole year, in application of the risk-driven Model referred to above, involving the assignment of a risk ranking to processes. On the basis of that Model, differentiated analysis approaches are defined, while always ensuring an appropriate level of supervision of the most significant processes, partly on the basis of qualitative elements inferred from:
 - anomalies found in previous analyses;
 - level of stability of the processes;
 - the analysis of anomalies found by other monitoring functions; and
 - information acquired through special interviews of the Chief Risk Officer, Chief Audit Executive and Chief Operating Officer;
- formalisation of the relevant processes and risks connected with financial reporting and related supervisory controls prioritised on the basis of an analysis of external regulations, self-regulation and interviews of the relative process owners. This activity is designed to assess and document the processes identified as significant for the purposes of Law No. 262/2005 and also the risks connected with financial reporting and the relative controls set

in place to oversee them. The production of these documents constitutes a preliminary condition for the subsequent verification of the adequacy of the internal control system;

- definition of the regular frequency of assessment processes, on the basis of the degree of risk assigned to the process, giving priority to processes that are considered to be at high risk but in any event ensuring, over the three year period, that all significant process are assessed, even if they are considered to be at low risk;
- risk measurement and the adequacy of the controls. The objective of that activity is to verify the adequacy and effective application of the administrative and accounting procedures employed in the preparation of financial statements and in all other financial reporting, as well as how efficiently the controls have been designed and implemented. The activity consists of the following steps:
 - verification of the adequacy of the administrative and accounting procedures employed in the preparation of financial statements and in all other financial reporting. This activity, known as “**risk and control assessment**”, is carried out by monitoring the risks associated with financial reporting procedures intrinsic to the life cycle of financial data, attributable to observance of “financial assertions” which international standards define as the requirements which financial reports must meet for compliance with legal obligations. “Financial assertions” therefore perform the function of an operational tool which guides the identification and assessment of the principal controls, the absence or ineffectiveness of which can prejudice the achievement of veracity and accuracy in the representation of the capital, operating and financial position of the Group;
 - valuation of the key controls for mitigation of financial reporting risks, identified and defined at the “risk and control assessment” stage. This activity, known as “**test of design**”, is intended to define the requirements of the key controls for mitigation of the risks of failure to comply with “financial assertions”. This activity may bring to light concerns which require the preparation of appropriate corrective action plans;
 - verification of the effective and continuous application of controls. This stage, which consists of “effectiveness tests”, is designed to assess the effective application, in the accounting period, of administrative and accounting procedures employed in the preparation of financial statements and in all other financial reporting. In this stage, verification is performed of the implementation of the controls provided for by the system of documentation put in place during the stage when processes and procedures were formulated and introduced. This activity may bring to light concerns which require the preparation of appropriate corrective action plans;
- definition and monitoring of corrective action to be undertaken as a result of the verifications performed. The methodology involves the initiation, on the basis of the corrective action plans just mentioned, of a structured course of action which by means of specific monitoring action, leads to effective reinforcement of controls by the involvement and empowerment of the relative process owners and the consequent modification of the related internal system of regulations. The corrective action plans are communicated by means of a special report to the Management Board and the Boards of Directors of subsidiaries responsible for the consequent decisions;
- a brief assessment, on completion of the stages described above, of the overall degree of adequacy of the internal control system put in place to oversee financial reports produced relating to the reporting period for oversight activities. The final assessment, which considers the significance of any points found requiring attention, is formalised in a special report, drawn up for each significant company in the Group and submitted to the attention of the Management Board of the Parent and the Boards of Directors of subsidiaries;
- a “Cascade-like certification system” is put in place with the issue of certifications, the content of which is substantially similar to that required by law, by the Governing Bodies of Group companies subject to full consolidation, addressed to the Chief Executive Officer and the Senior Officer Responsible of the Parent.

b) Roles and functions involved

The operational stages described above are conducted by the specialist structure within the Parent, in staff units under the Senior Officer Responsible, and also with the support of various other corporate roles involved for various reasons in compliance with the specific requirements of Law No. 262/2005.

The following are involved:

- the Chief Operating Officer through the units reporting to him. the Organisation Area of UBI and of UBI Sistemi e Servizi spa are involved in the organisation and maintenance of document systems, designed to meet the requirements of assessing the adequacy and effectiveness of procedures that impact financial reporting;
- the other internal control functions (relating in particular to the Chief Audit Executive e Chief Risk Officer), in order to create organisational synergies and consistency in assessment across the various units concerned.

The roles and responsibilities of the stakeholders involved in the specific activities required by Law No 262/2005, as well as the relations between the Senior Officer Responsible and the various company personnel involved, with particular reference to the exchange of information between them, are defined by the specific Organisational Regulation which serves as follows:

- to clearly state the tasks and operational responsibilities of the Senior Officer Responsible and those of the other persons involved in the processes/activities for compliance with Law No 262/2005;
- to define the necessary reporting to the Senior Officer Responsible, and identify the units responsible for providing them, and their frequency and deadlines;
- to provide for the Senior Officer Responsible to have a functional role within the corporate governance of the Group

The interactions of the Senior Officer Responsible with the other control functions are also regulated by the “UBI Banca Group Internal Control System Policy” approved by the Supervisory Board on the basis of proposals submitted by the Management Board on 1st July 2014. It formalises the co-ordination activity that normally takes the form of periodic meetings of the Chiefs of the corporate control functions and the Senior Officer Responsible with the aim of promoting the constant exchange of information. This co-ordination also relates to the sharing of operational aspects (e.g. activity programmes), methodological aspects (e.g. procedures for assessing risks and controls) and any actions to be taken. Information on these co-ordination activities is reported periodically to the competent Governing Bodies at meetings which are also attended by the Senior Officer Responsible.

The administrative and financial governance model also employs the aforementioned cascade-like certification system whereby in addition to the competent bodies of the individual Group companies subject to full consolidation, the General Manager and first line staff of UBI Banca, provide the Chief Executive Officer and the Senior Officer Responsible of the Parent with special internal certifications.

Attachment 2

Policy on internal controls to manage risk assets and conflicts of interest with regard to connected parties – December 2015

- 1 Introduction
- 2 Identification of sectors of activity and types of economic relationships
 - Criteria for the identification of sectors of activity and types of economic relationships
 - Mechanisms for the identification of sectors of activity and types of economic relationships
- 3 Risk appetite
 - Consolidated and individual quantitative limits
 - Qualitative controls
- 4 Guidelines for the establishment and governance of organisational processes to identify and acquire information on connected parties and to identify and quantify transactions with them at all stages of the relationship
 - Introduction
 - Organisational roles
 - IT systems and procedures
- 5 Guidelines for the establishment and governance of control processes for the correct measurement and management of risks assumed, and monitoring the design and implementation of internal policies;
- 6 Powers and responsibilities
 - Attachment 1 – glossary

1 Introduction

External regulatory framework

The Bank of Italy published guidelines on “Risk assets and conflicts of interest with regard to connected parties”(1) which require authorised banks in Italy to adopt appropriate organisational structures and internal control systems.

Connected counterparty risk arises from the fact that “the closeness of persons to the decision-making centres of a bank might compromise the objectivity and impartiality of decisions concerning the grant of loans to, and other transactions with, those persons, which may result in possible distortions in the resource allocation process, the exposure of the bank to inadequately measured or monitored risks, and potential harm to depositors and shareholders”(2).

Supervisory regulations identify two types of controls against such risk:

- limits on Own Funds designed to contain risk asset exposures (3) to connected parties, differentiated according to their specific type(4);
- procedures that ensure the integrity of decision-making processes in transactions with connected parties, safeguarding resource allocation and protecting third parties from expropriation practices (5).

In this context, connected parties are defined in general terms as:

- related parties;
- parties connected with them (6).

Furthermore, in order to take account of potential risks of conflicts of interest caused by counterparties that do not, strictly speaking, fall under the definition of connected parties but whose work could in any case have a significant impact on the risk profile of individual banks or companies (“Material Risk Takers” or “Key personnel”(7)), the legislation states that each banking group must adopt (in line with provisions on connected counterparties) appropriate processes to manage transactions in which such parties could have a direct or indirect interest, personally or otherwise.

Specifically, internal procedures must require the relevant personnel to declare their interests in individual transactions and for the management of such relationships to be assigned to a hierarchically superior level.

For those transactions in which counterparties are involved that fall within the “Material Risk Taker” or “Key Personnel” category and at the same time are classified as connected parties according to the definition contained in the “Regulations governing transactions with

¹ Cf. “New regulations for the prudential supervision of banks” Circular No. 285 of 17th December 2013 - 12th update of 15th September 2015 - Part One - Title IV - Chapter 1 - Section III, Par. 2.2. sub (i) which makes reference on the subject of managing risk assets and conflicts of interest with regard to connected parties to the “New regulations for the prudential supervision of banks” Circular No. 263 of 27th December 2006 Title V - Chapter 5 - 9th update.

² Cf. “New regulations for the prudential supervision of banks” Circular No. 263 of 27th December 2006 - 9th update Title V - Chapter 5 – Section I.

³ Risk assets are considered net exposures as defined for the purposes of the regulations on concentration of risk, Circular No. 263 of 27th December 2006, Title V, Chapter 1, Section II, Par. 2 and the “Instructions for compiling reports on own funds and capital ratios” (Circular No 155 of 18th December 1991 and subsequent updates), Section 5.

⁴ Cf. “New Regulations for the Prudential Supervision of banks” Circular No. 263 of 27th December 2006 - 9th update - Title V – Chapter 5 Section II Limits on risk assets.

⁵ Cf. “New Regulations for the Prudential Supervision of banks” Circular No. 263 of 27th December 2006 - 9th update – Title V – Chapter 5 Section III Decision-making procedures.

⁶ Cf. “New Regulations for the Prudential Supervision of banks” Circular No. 263 of 27th December 2006 - 9th update - Title V – Chapter 5 Section I paragraph 3.

⁷ Cf. Par. 4 “Group remuneration and incentives policies” currently in force.

Connected Parties of the UBI Group” the decision-making procedure laid down in those regulations is applied.

Internal regulatory framework

In order to implement the regulations on controls (8), the UBI Group has adopted a “Policy on internal controls on risk assets and conflicts of interest with regard to connected parties”. This sets out the guidelines and rules for the adoption – by the Group as a whole and the individual banks and companies within it – of adequate organisational structures, internal control systems and specific policies to monitor these risks in the two areas defined above (prudential limits and decision-making processes).

The purpose of the guidelines and rules is to give the UBI Group effective control mechanisms and to identify the responsibilities of company bodies, the duties of the corporate functions and reporting regarding the prevention, correct management, mitigation and monitoring of potential conflicts of interest resulting from all relationships with connected parties, with a particular focus on recording them and monitoring changes in exposures to and transactions with them.

Regarding the definition of “connected parties”, the UBI Group has a Rule Book and “Regulations for transactions with UBI Group connected parties” in which it sets out, in detail, the scope of what is meant by related parties and connected parties.

Finally, in order to take account of potential risks of conflicts of interest caused by counterparties that do not, strictly speaking, fall under the definition of connected parties but whose work could in any case have a significant impact on the bank’s risk profile (e.g. “Material Risk Takers” or “Key Personnel”) the UBI Group has adopted (in line with provisions on connected counterparties) appropriate processes to manage transactions in which such parties could have a direct or indirect interest, personally or otherwise. Specifically, internal procedures must require the relevant personnel to declare their interests in individual transactions and for the management of such relationships to be assigned to a hierarchically superior level.

As concerns the definition of significant personnel, those who fall within the “Material Risk Taker” or “Key Personnel” perimeter are classified in this area, as defined in the document “UBI Group remuneration and incentive policies” currently in force, approved by the Supervisory Board. With regard to the aforementioned persons, the guidelines, systems and criteria set out in this document must also be properly applied following the minimum standards set forth in supervisory documents (9).

The actual practical implementation of the legislation and regulations, and of the guidelines set forth in the policy, must be adapted to the characteristics and strategies of the Group as a whole and of each bank and company within the Group, in accordance with the principle of proportionality, while ensuring precise compliance with the supervisory regulations.

In this context, the Parent approves and reviews internal policies on risk assets and conflicts of interest with regard to connected parties at least once every three years. The relative decisions are adopted following the procedures set forth in legislation and regulations (10) and

⁸ Cf. “New Regulations for the Prudential Supervision of banks” Circular No. 263 of 27th December 2006 - 9th update - Title V – Chapter 5 Section IV.

⁹ The regulations (cf. “New Regulations for the Prudential Supervision of banks” Circular No. 263 of 27th December 2006 - 9th update - Title V – Chapter 5 Section IV) require that banks and banking groups’ own rules must at least require personnel to declare their interests in transactions and for the management of such relationships (e.g granting credit, entering credit litigation) to be assigned to a hierarchically superior level.

¹⁰ Cf. “New Regulations for the Prudential Supervision of banks” Circular No. 263 of 27th December 2006 - 9th update - Title V – Chapter 5 Section III. “The bank’s management body, supervisory body and independent directors must be closely involved in drafting, amending and substantially adding to the procedures, and the main corporate functions affected must also have an input. More precisely:

– procedures are approved by the body responsible for strategic supervision;

the various documents setting out internal control policies are communicated to shareholders via a specific report and kept available in case requested by the Bank of Italy.

The governing bodies of Group entities must have a knowledge of the risk profile and the risk management policies set by the senior management of the Parent. To this end, they must implement the contents of internal policies, company regulations and, in general, legislation and regulations, and they must contribute to its implementation, each according to their responsibilities, consistent with the reality of their companies and with the risk management strategies and policies decided by the senior management of the Parent.

Content and structure of the policy

In accordance with the regulations on internal controls on risk assets and conflicts of interest with regard to connected parties, the policy comprises the following sections (11):

- identification of sectors of activity and types of economic relationships, which, in line with the Group's operating characteristics and strategies, sets out the rules and guidelines for identifying the sectors of activity and types of economic relationships where conflicts of interest could arise;
- risk appetite, which establishes the maximum total acceptable risk asset exposure to all connected parties considered an acceptable and the related organisational structures to effectively monitor compliance – ex ante and ex post – with this limit.
- Guidelines for the establishment and governance of organisational processes to identify and collect information on connected parties and to identify and quantify transactions with them at all stages of the relationship, which sets out specific and separate rules and guidelines for organisational roles and IT systems;
- guidelines for the establishment and governance of organisational control processes for the correct measurement and management of risks assumed, and monitoring the design and implementation of internal policies;
- powers and responsibilities, which sets out the principles that the Management Board must follow when enforcing the risk assumption limits defined in this policy.

2 Identification of sectors of activity and types of economic relationships

Criteria for the identification of sectors of activity and types of economic relationships

With reference to the sectors of activity and types of economic relationships, transactions with connected parties can cover any transaction involving the assumption of risk asset exposures (12), transfers of resources, services or obligations, regardless of whether or not consideration is due in return.

-
- the independent directors and the body with the supervisory function provide a detailed and reasoned opinion on the overall suitability of the procedures to meet the objectives of the current policy; the opinions of the independent directors (identified at UBI Banca as the Related and Connected Parties Committee) and supervisory body are binding for the decision of the body responsible for strategic supervision;
 - the relevant internal units perform a thorough investigation, each in their own areas of responsibility, to check that the proposed solutions meet the various requirements of this policy.

The procedure described above is also followed for proposals, to be submitted to the shareholders' meeting, to amend the Articles of Association if it is necessary to alter these provisions."

¹¹ Cf. "New Regulations for the Prudential Supervision of banks" Circular No. 263 of 27th December 2006 - 9th update - Title V – Chapter 5 Section IV.

¹² Risk assets are considered net exposures as defined for the purposes of the regulations on concentration of risk, Circular No. 263 of 27th December 2006, 9th update, Title V, Chapter 1, Section II, Par. 2 and the "Instructions for compiling reports on own funds and capital ratios" (Circular No 155 of 18th December 1991 and subsequent updates), Section 5.

The Group has a Rule Book and “Regulations on transactions with UBI Group connected parties” which set out in detail:

- the definition of connected-party transactions;
- the distinctions between connected parties according to their greater or lesser significance and the size of the amount, and the identification of the quantitative and qualitative parameters used to classify the various types of transactions (e.g. quantitative indicators include the relevance indicator of the amount of the transaction and the own funds (13) and the relevance indicator of the asset; qualitative indicators include organisational rules that determine which bodies take decisions over specific transactions);
- cases of exclusion (14).

Mechanisms for the identification of sectors of activity and types of economic relationships

Under the criteria set out in the preceding paragraph, the notion of transactions with connected parties could potentially cover all transactions and all kinds of economic relationships pertaining to sectors of activity – including those that do not imply risk asset exposures – that could give rise to conflicts of interest and can be carried out both by the Parent and by the individual banks and companies in the Group.

In this sense, given the variety and high number of transactions that fall within the scope of connected-party transactions, in order to monitor this risk thoroughly the Group must adopt procedures (15), processes, mechanisms and internal policies to ensure that any operator who enters into contact with a potential connected party – following a request to carry out any kind of transaction and prior to its execution – checks whether the counterparty is designated as a connected party in the Group database and, if the counterparty is a connected party, checks whether the transaction is covered by one of the exclusions.

The guidelines for the identification process are set out in section four.

In order to more accurately identify the areas where the guidelines are to be implemented in practice, the transactions that could generate conflicts of interest in relation to the Group’s operations and strategies can be split into ordinary banking activities (in the narrow sense) and extraordinary transactions (in the broad sense).

The ordinary operations defined as UBI Group banking activities (in the narrow sense) include, for example:

- granting credit (16);

¹³ For the relevance indicator of the amount, the amount may be the sum paid to/from the counterparty if cash was used, the fair value if financial instruments were used, or the maximum amount disburseable in the case of loans. Qualitative/organisational rules set by the Supervisory Board on the basis of the provisions of the Articles of Association or other legislation and regulations (the Civil Code, the supervisory code etc.) are deemed to be more significant.

¹⁴ In accordance with supervisory regulations (cf. Circular No. 263 del 27 December 2006 -9th update Title V – Chapter 5 – Section I) the following are not considered to be connected-party transactions:

- transactions between members of a banking group if they are connected by a relationship of total control, including jointly;
- fees paid to the corporate officers, providing these are in line with the supervisory provisions on incentive and remuneration schemes in banks;
- transactions to be performed on the basis of instructions for the purposes of stability issued by the Bank of Italy, or on the basis of instructions issued by the Parent of the Group to carry out instructions issued by the Bank of Italy in the interests of the stability of the Group;
- furthermore, intragroup transfers of funds or of collateral carried out as part of procedures to manage liquidity risk at consolidated level are not considered to be connected-party transactions.

Transactions connected with covered bonds, securitisations and similar are considered as comprised within intragroup transfers carried out as part of the system to manage consolidated liquidity risk.

¹⁵ This activity also covers updating existing procedures, processes and mechanisms that widen the definition of connected parties (e.g. key personnel).

¹⁶ See the specific instructions on conflicts of interest between granting credit and investing in equities, as set out in the regulation on what shares banks may hold.

- funding activities;
- investment and ancillary services for financial and non-financial assets (17);
- advisory services and assistance for customers and other counterparties;
- collection, payment and fund transfer services;
- opening typical banking relationships (e.g. current accounts) and applying and changing their economic conditions;
- operations relating to remuneration and incentives systems;
- ordinary activities relating to managing the acquisition and disposal of goods and services.

The extraordinary operations defined as UBI Group banking activities (in the broad sense) include, for example:

- extraordinary activities relating to managing purchases and disposals of goods and services, including the purchase, sale and leasing of real property;
- extraordinary transactions (e.g. buying equities, corporate transactions such as mergers, demergers by acquisition or demergers in the strict non-proportional sense, increases in share capital, etc.).

While this list is merely for illustrative purposes and cannot be considered an exhaustive illustration of the preceding paragraph, the internal regulations governing each of the areas indicated must be supplemented and amended in order to transpose the provisions of the supervisory regulations and the criteria and guidelines set out in this policy and the regulation on transactions with connected parties.

In particular, the processes, procedures and IT systems that govern management of individual transactions/relationships with connected parties at all stages of the relationship (e.g. initial decision, management, monitoring, etc.) must be identified and made official in the internal regulations on the subject.

3 Risk appetite

Consolidated and individual quantitative limits

The UBI Group and each bank and company in the Group intend to comply with the prudential limits on risk asset exposures to connected parties set forth in supervisory regulations (18). To that end, they have adopted mechanisms designed to ensure ongoing compliance with said limits. Risk assets are weighted using factors that take account of the risks connected with the nature of the counterparty and any forms of credit protection there may be. The weighting factors and conditions for the admissibility of techniques to mitigate risk are stable in the context of risk concentration regulations. (19)

The consolidated regulatory limits are reported in the table below.

¹⁷ See the specific instructions on conflicts of interest in investment and ancillary services, as set out in the joint Bank of Italy-Consob regulation.

¹⁸ Cf. “New Regulations for the Prudential Supervision of banks” Circular No. 263 of 27th December 2006 - 9th update - Title V – Chapter 5 Section I and II.

The “connected parties” perimeter is defined by virtue of the relationships they hold with UBI Banca and with other banks or Supervised Intermediaries belonging to the UBI Group. Nevertheless, companies belonging to the UBI Group not defined as banks or supervised intermediaries also contribute to the definition of risk asset exposures to connected parties. Supervised Intermediaries are defined as follows: Italian and foreign investment companies and asset management companies, electronic money institutions (EMIs), financial intermediaries enrolled in the register according to article 106 of the Consolidated Banking Act, the payment institutions which form part of the a banking Group and have individual own funds of greater than 2% of the consolidated regulatory capital of the Group to which they belong.

¹⁹ Cf. “New Regulations for the Prudential Supervision of banks” Circular No. 263 of 27th December 2006 - 9th update - Title V – Chapter 5 Section II.

Prudential limits on risk asset exposures to connected parties (The limits related to the consolidated regulatory capital)			
Senior managers	Investors with control or able to exercise considerable influence	Other investors and parties who are not investors	Parties subject to control or considerable influence
5%	Non-financial related parties		
	5%	7,50%	15%
	Other related parties		
	7,50%	10%	20%

At the individual level, each bank belonging to the UBI Group may have risk asset exposures to connected parties totalling less than 20% of its individual own funds, regardless of the financial or non-financial nature of the connected party.

In order to calculate the individual limit, banks belonging to a banking group consider their risk asset exposures to all connected parties across the group.

Risk appetite – maximum limit of all exposures to all connected parties

In accordance with the supervisory regulations, UBI Group establishes its risk appetite on an annual basis, which is made official via a specific internal regulation applying to the units responsible.

Given the specific nature of the matter considered, in accordance with the provisions of the document entitled “RAF - Risk appetite framework” the UBI Group sets risk appetite⁽²⁰⁾ towards connected parties in terms of:

- the maximum authorised credit towards all connected parties as a ratio of the total authorised credit to ordinary customers and of that drawn on by institutional customers;
- an early warning threshold and an absorbed capital limit at consolidated level with respect to the total consolidated Available Financial Resources, first and second tier (21).

The values can be summarised as follows:

Description of levels		Value
Authorised credit limit (nominal amount)	Total authorised credit for connected parties / total authorised credit* * Authorised credit = credit authorised for ordinary customers + credit drawn on by institutional customers	≤ 2.75%
Early warning threshold for allocated capital	Internal capital absorbed / available financial resources (1 st and 2 nd tier)	≤ 1.75%
Allocated capital limit	Internal capital absorbed / available financial resources (1 st and 2 nd tier)	≤ 2.0%

²⁰ Cf. “Attachment 1 – glossary” in this document.

²¹ For the definition of Available Financial Resources, see “RAF - Risk appetite framework”. The values attributed to the Available Financial Assets are not to be added to the amounts given in the “Credit risk management policy”, of which they are simply a component.

Final levels of authorised credit and internal capital absorbed are measured on a quarterly basis, at the same time as supervisory reports are produced.

The Management Board is responsible for verifying the figure set out in this document and must report to the Supervisory Board regarding maintaining the indicator within below the established value.

Lastly, the Group assesses legal, reputational and conflict-of-interest risks related to dealing with connected parties, where relevant to business operations, as part of the Internal Capital Adequacy Assessment Process (ICAAP); specifically, if prudential limits are exceeded, as well as the initiatives described in the recovery schedule it also takes account of excesses in the process to determine total internal capital.

Qualitative controls

In order to ensure proper management and adequate monitoring of risk assets, the Group has adopted suitable controls which cover the following subjects:

- procedures to accurately identify connected parties, to record their details in Group IT software, taking account of overlaps with IFRS connected parties, regulations on connected parties pursuant to Consob resolution 17221/2010 and Art. 136 of the Consolidated Banking Act regarding the proper storage of information and its amendment in the event of changes in connected parties;
- rules to determine the amount of exposure subject to limit checks in the event of the existence of risk mitigation guarantees (e.g. personal guarantees, guarantees with security, etc.);
- rules to identify cases in which the assumption of additional risk assets should be accompanied by specific risk attenuation techniques provided by persons independent from the connected parties and whose value is not positively correlated with the creditworthiness of the borrower. The identification of such cases must be general in scope and refer to the amount of risk assets as a ratio of own funds, transaction frequency and the nature of the relationship between the connected party and the bank/company or banking group;
- processes to ensure effective management of limits on risk exposure to connected parties, to be evaluated both ex ante (when a new loan is under consideration or being amended) and ex post (during the monitoring phase);
- rules on first level and second level monitoring and on periodic reporting, clearly identifying the organisational structures responsible. Regulations must also be drawn up on processes regarding prompt notification of the bodies responsible in the event that the defined limits are exceeded;
- the establishment of a process to ensure that risk asset exposures to connected counterparties are restored to within the limits if they are exceeded (22) according to the rules set out in legislation and regulations (23).

²² For example, if it became a connected party after the relationship was established.

²³ Cf. “New Regulations for the Prudential Supervision of banks” Circular No. 263 of 27th December 2006 - 9th update - Title V – Chapter 5 - Section II: “the Parent will prepare, within 45 days of the limit being exceeded, a recovery plan put forward by the management body and approved by the body responsible for strategic oversight, having consulted the body responsible for control. The recovery plan is sent to the Bank of Italy within 20 days of its approval, together with the documents containing the resolutions of the corporate bodies.”

4 Guidelines for the establishment and governance of organisational processes to identify and acquire information on connected parties and to identify and quantify transactions with them at all stages of the relationship

Introduction

In order to comply with supervisory regulations on identifying and recording information about parties and identifying and quantifying transactions, the UBI Group has devised and adopted specific organisational processes to:

- identify connected parties, to record their complete details in Group IT applications, taking account of overlaps with IFRS connected parties, regulations on connected parties pursuant to Consob resolution 17221/2010 and art. 136 of the Consolidated Banking Act regarding the correct storage of information and its amendment in the event of changes;
- identify and quantify transactions with connected parties at all stages of the relationship, from the time that the transaction is requested and prior to its execution.

The rules and guidelines that the Group intends to follow in terms of organisational roles and IT systems and procedures are set out below.

Organisational roles

The responsibility for identifying existing relationships between counterparties – and between counterparties and the bank, or between the Parent and the Group companies – where the counterparty can be defined as a related or connected party, lies with the corporate function assigned to monitor business groups in order to assess major risks, as defined in the supervisory regulations.

To this end, the function responsible for identifying the counterparty as a connected party and the connected relationships must use all information available both internally (e.g. company databases and archives) and externally (the “*Centrale rischi*” central credit register, the “*Centrale bilanci*” central register of financial statements, etc), integrating and comparing them in order to ensure it has a complete overview of the business groups.

The activities relating to identifying a counterparty as a connected party must be carried out on an ongoing basis and ensure that information is up to date.

The function must also adopt suitable procedures for collecting, conserving and updating information on connected parties, and must make these procedures official by way of a specific internal regulation.

Lastly, particular attention is required in cases of relationships with business groups that use complex corporate structures or do not ensure total transparency with regard to their ownership and organisation structures (e.g. if they include offshore companies or use company vehicles or legal schemes that can obstruct the reconstruction of ownership or control structures).

IT systems and procedures

The Group has adopted IT systems that are in use across the entire banking group and accessible to all units, which make it possible to:

- record information about connected parties from the moment they are defined as such pursuant to the “Regulation on transactions with UBI Group connected parties”;

- provide all banks and companies in the Group with up-to-date information about Group connected parties;
- to record changes to them;
- to monitor – ex ante and ex post – the total amount of and changes in the associated risk assets, also considering the current value of any existing risk mitigation techniques.

Specifically, the Parent uses IT systems that make it possible to verify, at all times, compliance with the consolidated and individual limits on risk asset exposures to connected parties.

5 Guidelines for the establishment and governance of control processes for the correct measurement and management of risks assumed, and monitoring the design and implementation of internal policies;

In order to ensure that it has a system of controls that are in line with legislation and regulations, the UBI Group designs and adopts appropriate multi-level organisational control processes in accordance with the Group governance policy.

Three different levels of control units are responsible for ensuring correct measurement and management of risk exposures to connected parties and good design and implementation of internal policies, each according to the responsibilities assigned to them under corporate procedures, as indicated the relevant internal Group documentation, which must be updated and expanded to take account of the supervisory regulations and the rules and guidelines set forth in the policy.

Group controls are structured as follows:

- first level controls (i.e. line controls) designed to ensure the proper performance of the activities relating to their mission at different hierarchical levels. These are carried out by the unit managers (hierarchical controls), incorporated into procedures (procedural controls) or performed as part of back-office and/or staff activities; they are integrated into the processes to which they belong/pertain;
- second level controls, performed by specialist functions tasked with the ongoing identification, prevention and measurement of business risks, and providing periodic and specific reports, as a necessary basis for monitoring and assessing the system of internal controls;
- third level controls, performed by the internal audit function and leading to an objective judgment on the setup and functioning of the internal control system or parts thereof and, in particular, on the adequacy of risk controls assigned to specialist functions.

Specifically, the legislation and regulations require that:

- the risk management function is responsible for measuring the risks – including market risks – underlying relationships with connected parties, checking compliance with the limits attributed to the various structures and operating units, and monitoring each of their compliance with the risk appetite levels set out in internal policies;
- the compliance function verifies the ongoing existence and robustness of procedures and systems capable of ensuring compliance with all external and internal regulatory obligations;
- the internal audit function checks that internal policies are being followed, immediately reporting any failures to the supervisory body and the bank’s senior management; it also provides periodic reports to corporate bodies regarding the overall exposure of the bank or banking group to risks deriving from transactions with connected parties and other conflicts of interest, where necessary proposing amendments to internal policies and organisational and control structures to improve monitoring of such risks;

- the independent board members of the Parent provide assessments, support and proposals on organisational matters and the performance of internal controls on all activities involving the assumption and management of risk exposures to connected parties and also perform general checks on the compliance of the activities with strategic and management guidelines. The Supervisory Board assigns the functions described in this paragraph to the current Consob Related Parties Committee, which is to be renamed the Related and Connected Parties Committee.

The processes, mechanisms and IT systems relative to the controls at every level – both procedural and hierarchical/functional – are identified and described for each business sector, naming the units responsible, and made official in the internal regulations governing the management and performance of the operations.

6 Powers and responsibilities

The Supervisory Board is responsible for defining and adopting Group-wide strategies on risk exposures to connected counterparties and approving the Management Board's proposed methods for identifying and assessing risk, qualitative risk management indicators and quantitative information.

The Parent approves and reviews internal policies on risk assets and conflicts of interest with regard to connected parties at least once every three years. The documents setting out internal control policies are communicated to shareholders via a specific report and kept available in case requested by the Bank of Italy.

The Supervisory Board is responsible for amending and updating the policy, while the Management Board is responsible for the practical implementation of the individual rules and regulations.

Without prejudice to the boundaries set out above, the Management Board is responsible for the practical implementation of rules and limits established in internal regulations.

In order to ensure the very fullest information, any proposals to amend this policy document submitted to the Supervisory Board for its approval must be accompanied by the documents referred to above, noting any changes necessary for the practical implementation of the new version of the policy document.

In the event of changes to the regulations implementing the rules and policy guidelines adopted by the Management Board, the new version of the regulations must be submitted to the Supervisory Board for information purposes; the new provisions will take effect 15 days after the Management Board sends the document to the Supervisory Board.

The Management Board is responsible for the full implementation of this policy.

Attachment 1 – glossary

Limit: the maximum/minimum value of a quantifiable risk indicator, which is established by the Supervisory Board and binding on the actions of the Management Board. Generally speaking, if the policy does not provide any further specific rules, in the event that this limit is exceeded then the Supervisory Board must be promptly informed and an automatic ban enforced on assuming new risk positions or increasing existing risk positions. The Management Board may only take corrective action with the prior approval of the Supervisory Board or, in urgent cases, of its Chairman.

Early warning threshold: the maximum/minimum value of a quantifiable risk indicator, which is established by the Supervisory Board and, if exceeded, must be reported to the Supervisory Board or its Chairman by the Management Board, which retains complete operating independence.

This English version is a courtesy translation from the Italian original document which remains the definitive version.

REPORT OF THE SUPERVISORY BOARD TO THE SHAREHOLDERS' MEETING

in compliance with

**Art. 153, paragraph 1 of Legislative Decree No. 58 of 24th February 1998
and Art. 38, paragraph 1, letter h) of the Articles of Association**

Dear shareholders,

This report to the Shareholders' Meeting has been prepared in accordance with Art. 153 of Legislative Decree No. 58 of 24th February 1998 (Consolidated Finance Act) and Art. 38 paragraph 1, letter h) of the Articles of Association, in compliance with which, the Board is required to report to shareholders' meeting on the supervisory activities performed, on omissions and reprehensible actions observed, and in relation to matters within the scope of its responsibilities relating to the financial year ended 31st December 2015.

Financial year 2015 saw important changes in legislation, particularly in terms of the reforms of the banking industry with regard to "popular" co-operative banks. The new legislation (Decree Law No. 3 of 24th January 2015, converted into Law No. 33 of 25th March 2015) introduced a limit of €8 billion on the assets of "popular" co-operative banks and introduced the obligation, in the event of surpassing this limit, to call a Shareholders Meeting in order to transform the organisation into an ordinary joint-stock company (*società per azioni*). As the reader will be aware, UBI Banca decided to commence without delay the process to implement the provisions of the new legislation in order to immediately ensure the stability of the Bank and also with a view to prudent management.

In terms of regulations, 2015 was the first financial year of full implementation of the Single Supervisory Mechanism (introduced on 4th November 2014) by which, in accordance with Regulation EU No. 1024/2013, the European Central Bank took on specific duties of prudential supervision of banks in co-operation with the local authorities of the participating Member States. Also in 2015, legislative measures were introduced that transpose into Italian law the Single Resolution Mechanism of European Directive 2014/59/EU (the Bank Recovery and Resolution Directive, or BRRD), which came into full effect during the current financial year.

In the introduction to this Report, we provide both a summary of the composition of the Supervisory Board and of the steps taken to renew it which this Shareholders' Meeting is called upon to do, together with a number of facts that characterized the year 2015, particularly as concern:

- the European Single Supervisory Mechanism;
- the transformation of the organisation into a joint-stock company and the exercising of withdrawal rights;
- remuneration and incentive policies;
- the system of internal controls, the reporting system, and business continuity.

We then provide information that specifically concerns the supervisory activities carried out in 2015 in accordance with Art. 149, paragraph 1, of the Consolidated Finance Act and with the Articles of Association, the execution of which takes account of relevant CONSOB recommendations and of Communication no. 1025564 of 6th April 2001 and subsequent updates in particular.

UBI Banca has adopted a two tier system of management and control, which is considered better suited to the governance requirements of the Parent, UBI Banca.

The distinguishing features of the two tier system lie in the distinction between:

- the **strategic supervision and control functions**, assigned to the Supervisory Board, which combines some of the powers assigned by traditional systems to shareholders' meetings (approval of financial statements, appointment of the members of the management body and determination of the relative fees) and to boards of statutory auditors and assumes some "senior management" responsibilities, insofar as it is called upon to take decisions on proposals submitted to it by the Management Board on the business and/or financial plans and budgets of the Bank and the Group and also on strategic operations indicated in the Articles of Association;
- the corporate **management functions**, assigned to the Management Board, which has exclusive authority to perform all ordinary and extraordinary operations necessary to the pursuit of the company objects, in compliance with the general guidelines and strategic policies approved by the Supervisory Board.

This division of functions identifies distinct features of the operational life of the Bank and assigns them to the corporate bodies just mentioned which, with their respective roles and responsibilities, give rise to a corporate governance model that is more appropriate to the structure of the Bank and the Group in the context of a single business design, characterised by continuous dialogue and inter-functional co-operation.

The annual report on the Corporate Governance and Ownership Structure of UBI Banca S.p.A. - attached to the 2015 Annual Report - provides detailed information on the system of corporate governance adopted.

* * *

The Supervisory Board is composed of 23 members, including a Chairman and a Senior Deputy Chairman, appointed by a Shareholders' Meeting in compliance with the Articles of Association and two Deputy Chairmen chosen by the Supervisory Board itself from among its members. The three-year term of office of the Supervisory Board, which was appointed at the Shareholders Meeting of 23rd April 2013, comes to a close at this Shareholders Meeting, which has been convened in accordance with Art. 2364-*bis*, paragraph 2, of the Italian civil code.

Furthermore, as per the Articles of Association approved at the Extraordinary Shareholders Meeting of 10th October 2015, in conjunction with the renewal of the Supervisory Board, it was established that the board is to consist of 15 members, including a Chairman and Senior Deputy Chairman, as appointed by the shareholders' meeting in accordance with Article 37 of the Articles of Association.

Following its appointment and in accordance with the relevant regulations in force, the Supervisory Board successfully ascertained that possession of the requirements for integrity, professionalism and independence were met by all its members.

As specifically concerns the procedures for evaluating the requirement of independence, it should be noted that, prior to the approval of this report, the Supervisory Board conducted a revised verification of the requirement of independence, while also assessing, in compliance with Bank of Italy provisions on corporate governance, the lending positions held with the Group by each Member. All of the Members of the Board – based on declarations by each and on the information available to the Bank – have met the requirements of independence as defined by Art. 148, paragraph 3, of the Consolidated Finance Act.

As concerns the requirements of the Code of Corporate Governance, 20 of the 23 Members of the Supervisory Board are independent. Specifically, Members Andrea Moltrasio, Mario Cera and Lorenzo Renato Guerini are not independent, given that they were senior officers of subsidiaries of UBI Banca during the previous three financial years.

In 2015, in order to implement Supervisory Regulations on the subject of corporate governance (Bank of Italy Circular No. 285 – Part One – Title IV – Chapter 1), the Board took steps, assisted by the Appointments Committee, to draw up an internal set of regulations entitled “Self-assessment Process for Governing Bodies of the UBI Banca Group”, which formally sets out the self-assessment process for Governing Bodies and interprets the supervisory authority requirements in terms of the UBI Group according to criteria of proportionality. The document also includes guidelines for the organisation of training activities for members of Governing Bodies.

During the year, the Board also conducted a self-assessment of its size, composition and functioning, as well as of the committees established within it as part of the scheduled self-assessment process for 2013, 2014 and 2015. This was done with the help of Egon Zehnder International, a leading advisory firm specialised in corporate governance. On conclusion of the examinations and assessments, it was shown that, taken as a whole, the proceedings of Board and committee meetings, in terms of organisation, the level of diversity in terms of experience and the expertise of Board members, the level of analysis of the issues, the clarity and efficacy of the presentations and the timeliness of the receipt of information are key elements for the appropriate performance of the functions assigned to the Supervisory Board and its internal Committees.

With regard to the self-assessment for 2015, the end-of-term-of-office “board evaluation” carried out at the beginning of 2016 was also designed for the preparation of the document on the qualitative and quantitative composition considered optimal for the purposes of renewing the Board.

The process came to a close in February 2016 with the identification of the optimal quantitative and qualitative composition. This document has been made available to

shareholders and to the public on the website www.ubibanca.it, at the same time as this Shareholders' Meeting was called, so that the choice of candidates and their appointment to the position of member of the Supervisory Board may take account of the theoretical profiles described therein.

While it acknowledges the principle of collegial responsibility in performance of its duties, the Supervisory Board - in relation to its responsibilities, its composition and the characteristics of its members - established specific internal committees with the functions of fact finding and submitting proposals and advice.

More specifically, in implementation of supervisory regulations concerning the corporate governance of banks and in compliance with the provisions of the Articles of Association, in a meeting of 15th September 2015, the Supervisory Board of UBI Banca formed an internal Risk Committee, composed of four members, and drew up regulations for its proceedings.

The duty of the committee is to provide support to the Supervisory Board in carrying out its responsibilities in its capacity as the body responsible for strategic supervision on matters concerning risks and internal controls.

The Supervisory Board also passed resolutions revising the Regulations for the Internal Control Committee and eliminating the Accounts Committee, whose activities are now carried out by the new Risk Committee and the Internal Control Committee.

As concerns the composition of the Supervisory Board and the organisation and activities of the board's internal committees, see the report on the Corporate Governance and Ownership Structure of the Bank.

It should also be noted here that the Board has again assigned the supervisory functions specified under Art. 19 (regarding internal control and audit committee) of Legislative Decree No. 39 of 27th January 2010 to its Internal Control Committee. The Board has also again assigned the functions of a Supervisory Body in accordance with Legislative Decree 231/01 concerning the "administrative liability of entities" to this committee.

* * *

The European Single Supervisory Mechanism

Specific capital requirements called for by the ECB

On 25th February 2015, upon completion of the first Supervisory Review and Evaluation Process (SREP) conducted by the Supervisory Authority following an in-depth analysis of the financials of the leading banks of the euro area, UBI Banca was given the consolidated capital requirements to meet for 2015, and specifically a Common Equity Tier 1 capital ratio of 9.5% and a total capital ratio of 11%.

On 27th November, the ECB issued its decision for the SREP 2015 financial year concerning the capital requirements to be met beginning on 1st January 2016, thereby lowering the common equity tier-1 capital ratio for the Group to 9.25% from the previous 9.50%.

Thematic review of governance and risk appetite

Following procedures already tried and tested with other national competitors as part of a "THEMATIC REVIEW OF RISK GOVERNANCE AND RISK APPETITE", in the period from 15th to 19th June 2015 senior managers from the ECB and the Bank of Italy Joint Supervisory Team visited UBI Banca to attend a meeting of the Supervisory Board and to meet senior managers of the Bank, members of the governing bodies and managers of organisational units.

Additional information was gathered by the Authorities on 25th and 26th November 2015 by way of meetings with senior management of the Bank.

On 13th January 2016, the ECB provided a specific communication with the subject "Thematic review on risk governance and appetite", which highlights a number of areas for improvement and concerning which the Supervisory Board conducted an in-depth assessment and replied with its own observations and a specification of the actions planned.

Further actions and meetings with the Supervisory Authority are mentioned in the specific section of the Management Report.

On 6th January, the ECB Banking Supervision unit published the priorities for 2016 regarding major credit institutions in the euro area. It identified the following five areas for attention:

business model and profitability risk; credit risk; capital adequacy; data governance risk and data quality; liquidity.

* * *

The transformation into an Ordinary Joint-Stock Company and the right of withdrawal

Art. 1 of Decree Law No. 3 of 24th January 2015 converted into Law No. 33 of 24th March 2015 amended some of the provisions of the Consolidated Banking Act (Legislative Decree No. 385/93, TUB) on the question of “popular” co-operative banks.

The reform of the law governing “popular” banks reserves the ability to adopt a “popular” co-operative bank model solely to banks with assets that do not exceed €8 billion.

In compliance with the provisions of the regulations to implement the law issued by the Bank of Italy, having verified that the Bank exceeded the capital threshold, on 10th October 2015 a shareholders’ meeting was held in second call, the extraordinary session of which approved a proposal to transform UBI Banca into an ordinary “joint stock company, with the consequent adoption of new articles of association. The new text submitted to an Extraordinary Shareholders’ Meeting for approval was drawn up following an approach that focuses specifically on the provisions no longer compatible with the new status of a joint stock company and on other changes that are in any case related to, connected with and a consequence of those amendments. In particular, as is permitted in the transition period by Law No. 33 of 24th March 2015, a limit is inserted on voting rights equal to 5% of the share capital for 24 months from the date of entry into force of the aforementioned law (until 26th March 2017).

The transformation of UBI Banca into a joint stock company took effect on 12th October 2015 when the resolution of the extraordinary shareholders’ meeting was filed with the Company Registrar of Bergamo.

In accordance with article 2437, paragraph 1 of the Italian Civil Code, the transformation involves the right of withdrawal from the company for shareholders who did not approve the resolution.

The right of withdrawal following the transformation of UBI Banca into a joint-stock company was validly exercised by the ultimate deadline of 27th October 2015 in relation to 35,409,477 shares of UBI Banca (approximately 3.927% of the current share capital subscribed and paid in to UBI Banca) for a total value of €258,064,268.38 at a settlement value of €7.2880 per share, which was set in accordance with Art. 2437-ter, paragraph 3, of the Italian civil code.

From 12th November 2015 until 12th January 2016, the shares were offered as an option right in accordance with Art. 2437-quater of the Italian Civil Code., at the price of €7.2880 per share and with a ratio of one share for every 24.4259 rights held. At the end of the period applications had been received under the option and pre-emption rights to purchase 58,322 UBI Banca shares at a price per share of €7.2880 for a total of €425,050.74.

In consideration of the results of the option and pre-emption right offering, UBI Banca took steps to offer the 35,351,155 shares subject to withdrawal not taken up under option and pre-emption rights on the *Mercato Telematico Azionario* (electronic stock exchange) organised and managed by Borsa Italiana S.p.A. (“MTA”) on the single day of 28th January 2016 at a price per share of €7.2880 (rounded up to €7.290 in compliance with the rules set by Borsa Italiana S.p.A.). On conclusion of the offering on the MTA, none of the above mentioned 35,351,155 UBI Banca shares had been purchased.

On 3rd February 2016 settlement of the sale and purchase of the 58,322 UBI Banca shares subject to the exercise of option and pre-emption rights took place on the basis of a share out of that number of shares among the withdrawing shareholders in proportion to the number of shares subject to withdrawal.

With regard to the 35,351,155 shares not purchased following the offer in option and pre-emption and the offering on the MTA procedures, the Supervisory Board had already decided that it wished, should it be the case, to exercise its right to limit the redemption of those shares on the basis of the criterion already illustrated in the Illustrative Report to the Shareholders’ Meeting published on 9th September 2015, which involves a threshold below which the “fully loaded” Common Equity Tier 1 ratio (“CET1 ratio”) must not fall as a consequence of the redemption of the shares subject to withdrawal. That threshold is the arithmetic average between (i) the CET1 ratio required of the UBI Group by the ECB on the

basis of the latest decision taken on the matter (known as the “SREP decision”), plus 150 b.p. and (ii) the latest CET1 ratio available recorded by the ECB as at 31st December 2014 with reference to banks subject to single European supervision.

The fully loaded CET1 threshold is 11.62%, calculated as follows:

$[(9.25\% \text{ (November 2015 SREP decision)} + 1.50\%) + 12.48\%]/2 = 11.62\%$

That threshold must be compared with a fully loaded CET1 ratio as at 31st December 2015 of 11.64%, down compared with the fully loaded CET1 ratio of 12.56% as at 30th September 2015, due primarily to the update of the credit-risk parameters included in the internal rating model up to the end of the whole of 2014 and the impact of the loan and extraordinary contributions to the Resolution Fund.

At its session of 18th February 2016, based on a proposal of the Management Board and the opinion of the Internal Control Committee, the Supervisory Board approved the redemption of 1,807,217 shares, rounded up to 1,807,220 shares in order to ensure equal treatment of the withdrawing shareholders with the same number of shares involved in the withdrawal, subject to receipt of the necessary authorisation by the competent Supervisory Authority – in accordance with the provisions of Articles 77 and 78 of Regulation (EU) No. 575/2013 and Section 2 of the European Commission Delegated Regulation (EU) No. 241/2014 – to reduce capital.

Based on the settlement price of €7.288 per share, the total value of the 1,807,220 shares to be redeemed is €13,171,019.36. The total number of shares subject to settlement (the 58,322 shares subject to option and pre-emptive rights plus the 1,807,220 shares to be redeemed) is 5.268% of the total shares subject to withdrawal and 0.207% of the total number of shares that make up share capital. The amount of the share redemption commitment has already been incorporated in the phased-in CET1 ratio and in the fully loaded CET1 ratio as at 31st December 2015.

As mentioned in the illustrative report presented at the Shareholders Meeting of 10th October 2015, upon completion of this process, the excess shares beyond the amount available are to be released from the restriction of unavailability and so will again be available for sale by the their holder.

* * *

Remuneration and incentives policies

In the meeting of 18th February 2016, as proposed by the Management Board and having heard the opinion of the Remuneration Committee, the Supervisory Board approved the update to the remuneration and incentives policies of the UBI Group for 2016 and the related update to the scope of application of “key personnel”.

The 2016 Policies have been based on the supervisory measures for banks with regard to remuneration and incentives policies and practices issued by the Bank of Italy in November 2014 in transposition of Directive 2013/36/EU of the European Parliament and of the Council of 26th June 2013 (also known as “CRD IV”) on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms. The Policies further take account of the new remuneration guidelines issued by the European Banking Authority (EBA) on 21st December 2015. As proposed by the Remuneration Committee, the Supervisory Board also moved to submit the remuneration and incentives policies for the new members of the Supervisory Board, in accordance with Art. 13, paragraph 2, letter a), of the Articles of Association, as well as the adoption of remuneration and incentives policies for the members of the Supervisory and Management Boards to the shareholders’ meeting for approval.

Based on the proposals of the Management Board and the observations of the Remuneration Committee, the Supervisory Board has also moved to submit the following for shareholders’ meeting approval:

- the employee stock-ownership plans as part of both the 2016 Incentive Scheme for “Key Personnel” and “Other Personnel” and the 2015 and 2016 Company Bonus;
- the criteria for the determination of remuneration to be agreed in the event of the early termination of an employment relationship or early retirement from corporate office;
- increasing the limit in the ratio of variable to fixed remuneration to no more than 2:1, which, in line with previous years, will concern only five positions of responsibility within the Investment Area of UBI Pramerica S.p.A., so as to ensure flexible,

competitive, merit-based management that meets the specific needs of both the Italian and European marketplace.

As part of action taken nationally, on 3rd October 2014 the Bank of Italy notified the Group of the start of inspections designed to assess remuneration and incentive practices and policies in place in the UBI Banca Group. On 11th March 2015, the Bank of Italy issued its observations in favour of these practices and policies given the *“overall ability of the system to align the conduct of management with the company’s risk-adjusted targets and to avoid distorted incentives”*, while also noting potential areas for improvement. A letter of 10th April 2015 addressed to the supervisory authority contained details of specific initiatives programmed to implement the refinements desired.

The Supervisory Board verified the outcome of the work of the Internal Audit function regarding the consistency of remuneration and incentives practice with the policies approved by the Bank and with applicable laws and regulations related to 2015 as required by prevailing supervisory provisions. This audit has shown that operating procedures and practices are in line with the approved remuneration and incentives policies and that the control mechanisms adopted by those involved in the process are suited to covering the main risks inherent in the activities conducted.

* * *

The system of internal controls, the reporting system and business continuity

The document “Report on the Corporate Governance and Ownership Structure of UBI Banca Spa” may be consulted for a description of the architecture, rules and organisational units of the system of internal controls. It also gives specific information required under article 123-*bis*, paragraph 2(b) of the Consolidated Finance Act (Legislative Decree No. 58/1998) concerning the risk management and internal control systems that govern the financial reporting process.

Of particular note during the year was the continuation of the actions needed to implement the new measures issued by the Bank of Italy on 2nd July 2013, effective as of 1st July 2014, concerning systems of internal controls, information systems and business continuity (Supervisory Regulations of Banks – Circular no. 263 of 27th December 2006 – update no. 15). These provisions, which were subsequently incorporated in Circular No. 285 of 17th December 2013 by means of the 11th update of 21st July 2015, introduced important changes with regard to the current regulatory framework in order to furnish banks with a complete, adequate, functional and reliable system of internal controls, by regulating, amongst other things, the following: the role of corporate bodies within the internal control system; the role of corporate control functions, the outsourcing of corporate functions, the IT system and operational continuity.

As noted in the previous report, in accordance with the first deadline set (1st July 2014), changes for compliance were made in 2014 relating to the internal control system, to the outsourcing of corporate functions, to the “Risk Appetite Framework” (RAF), to the co-ordination of control functions and to business continuity and the relative action needed to ensure operational implementation was taken.

Subsequently, the Group completed the required changes to its internal regulations regarding the IT system, with effect from 1st February 2015, with particular reference to:

- the IT function: formalisation of decision-making and authorisation processes designed to ensure strategic and operational control of the IT system;
- IT compliance: specification of roles, process responsibilities and lines of reporting to ensure compliance with IT regulations relating to the governance and organisation of the IT system;
- IT risk: identification of the methodological, organisational and procedural framework to employ for the analysis and management of IT risk and the definition of the relative levels of risk appetite;
- Logical security: update of the principles, the organisational model and the security requirements and measures needed to protect the Group’s tangible and intellectual assets and the security of its information and its IT resources;

- Data governance: formalisation of the principles, the components and the logical functioning of the data processing system with the identification of the roles and responsibilities and functions involved in the use and processing of data for operational and management purposes;
- Change and incident management: identification of users responsible for IT resources and formalisation of procedures designed to guarantee control over changes, replacements or technological upgrades. Detailed procedures for identifying and responding promptly and effectively to IT incidents or malfunctions.

Following these regulatory changes the specific action plans were launched for the relative operational implementation.

In the second quarter of 2015 the UBI Banca Group received an on-site inspection visit conducted by a team of senior managers from the Bank of Italy and the ECB into the question of **IT RISK**. On 18th November 2015, UBI Banca received the related report, which featured a highly satisfactory assessment of overall coverage of IT risk within the Group, although it also noted potential areas for refinement and improvement (e.g. with regard to service continuity and combating cyber attacks and computer fraud). In 2015, the Bank had already provided our preliminary feedback based on the observations received, and a more detailed reply was prepared in February 2016 containing indications of the plan to implement the measures requested and related timeframe for such implementation.

The 11th update to Circular No. 285 of 17th December 2013 also introduced internal systems for reporting violations (i.e. “whistleblowing”) and specific controls for risks connected with the degree of a bank’s asset encumbrance to be implemented by the end of 2015.

In line with the aforementioned provisions, UBI Banca has prepared the Group’s policies concerning our internal whistleblowing system with the goal of informing employees of Group companies of the steps to be taken in order to report facts or events that could be in violation of laws and regulations applicable to the financial services industry, as well as of facilitating the identification and prevention of risks and other situations that could compromise the company and the broader interests of all stakeholders.

Also in accordance with the provisions of Circular No. 285, the risk related to asset encumbrance has been included among the risks subject to assessment within the scope of the Risk Appetite Framework (RAF), which describes the process of defining the Group’s scope of risks to be assessed, the related drivers and identification procedures, and the techniques for measuring and assessing risk and of quantifying current/future internal capital for the measurable risks. More specifically, management of the adequacy of financial equilibrium also includes the assessment of risk related to asset encumbrance.

The Supervisory Board oversees issues concerning the overall system of internal controls and does so, in part, by way of the board’s internal committees.

* * *

In compliance with **Consob Communication No. 1025564** of 6th April 2001 and subsequent amendments to it, specific information is given below on the supervisory activities performed by the Supervisory Board in 2015 in the order of presentation recommended in that Consob communication.

1. This Supervisory Board participated in all the meetings of the Management Board, authorising members of the Internal Control Committee to do so also individually on its behalf.

Within the scope of our activities, having noted the resignation of the General Manager, Francesco Iorio, and his consequent removal from the Management Board and having heard the opinion of the Appointments Committee, the Supervisory Board appointed the Deputy General Manager, Ettore Giuseppe Medda, to replace the outgoing board member in accordance with the Articles of Association, which require there to be two representatives of senior management on the Bank’s Board (not including the Chief Executive Officer).

The Supervisory Board supervised compliance with the law, the Articles of Association and proper management practices and acquired information on the activities of the

Bank and its subsidiaries and also on major capital, financial and operating transactions.

Transactions of economic, financial and capital significance concluded by the Bank and its subsidiaries during the year were performed in compliance with law, the Articles of Association and exclusively and fully in the interests of the respective company. On the basis of information obtained by the Management Board pursuant to Art. 150 of the Consolidated Finance Act, those transactions were neither manifestly imprudent, risky, in conflict of interest, contrary to Shareholders' Meeting resolutions or such as to compromise the integrity of the Bank's assets.

For a more thorough analysis of the most significant operations for the year, including those described in the foreword to this report concerning the transformation of UBI Banca from a joint-stock co-operative company to an ordinary joint-stock company, see the Management Report accompanying the 2015 consolidated financial statements.

Of note among the significant events for the 2015 financial year was the completion of a series of activities aimed at simplifying and rationalising the Group's structure and business and at gradually freeing the Group from activities no longer strictly of strategic importance. The most important of these actions, which were, where applicable, approved by the UBI Banca Supervisory Board, may be summarised as follows:

- the sale, on 12th January 2015, to Corporate Family Office (CFO) SIM of 100% of the share capital of [UBI Gestioni Fiduciarie SIM Spa](#), a “dynamic” fiduciary company, a leader in its business segment, indirectly controlled by UBI Banca through UBI Fiduciaria Spa. Under the sale, the UBI Banca Group maintained all its commercial agreements in the “fiduciary asset management” sector;
- the conclusion, on 30th April, of the transfer to [Unione Fiduciaria Spa](#) of the UBI Fiduciaria Spa (a company 100% controlled by UBI Banca) line of business dedicated to the management of fiduciary services for Group customers. The transaction involved maintaining commercial arrangements with the acquirer for the provision of these services through the Group's distribution networks;
- the conclusion, on 25th May 2015, of the merger of [IW Bank](#) (the Group's internet bank) into [UBI Banca Private Investment](#) (the network of financial advisors). The resulting banking entity, headquartered in Milan, maintained the name [IW Bank](#), which is a recognised, well-received brand in the marketplace. In terms of the organisation, the model already in place within UBI Banca Private Investment has been adopted, thereby confirming the functions of governance (i.e. planning, fiscal and financial matters, and management control), control (i.e. risk management, anti-money laundering, and compliance), and auditing within the Parent;
- the completion, on 23rd October 2015, of the merger of [SOLIMM Srl](#) into [S.B.I.M. Spa](#). The company objects of both companies, 100% controlled by UBI Banca and both with headquarters in Brescia, are to carry out property transactions, necessary for the operations of the Group itself.

During the year, changes were also made to the Group's organisational model – on the back of numerous changes made in previous years, which concerned the Group's branch network – given the need to find new solutions aimed at simplifying and rationalising operating processes in order to promote further efficiency gains and to reduce costs.

2./3. The Consob approved a regulation regarding related-party transactions with Resolution No. 17221 of 12th March 2010 and subsequent amendments.

The requirement relates to the procedures to be followed for the approval of transactions concluded by listed companies with parties that could create a conflict of interest.

In implementation of article 53, paragraphs 4 *et seq.* of the Consolidated Banking Act and Inter-Ministerial Credit Committee Resolution No. 277 of 29th July 2008, the Bank of Italy also, on 12/12/2011, issued the ninth update of the New Regulations for the Prudential Supervision of Banks regarding risk assets and conflicts of interest concerning parties related to banks or banking groups. The purpose of these

measures was to limit the risk that the proximity of certain “related parties” to a bank’s decision-making powers could compromise the objectivity and impartiality of decisions concerning the granting of financing or other transactions.

In implementation of such measures, the rules governing transactions with UBI Banca SpA related parties and those governing transactions of the UBI Group with related parties have been issued. It should be noted that both regulations – which are published on the Bank’s web site in the Corporate Governance section – are to be updated in early 2016 in relation to the changes in the Bank’s organisational structure and for other refinements based on past experience.

In this regard, the Related and Connected Parties Committee, established within the Supervisory Board, is called upon to express opinions on transactions to be conducted with the various types of related and connected parties.

The Supervisory Board oversees compliance with applicable laws and regulations and reports to the Shareholders’ Meeting in accordance with article 153 of Legislative Decree No. 58 of 24th February 1998 (the Consolidated Finance Act).

- Related Parties

The Supervisory Board periodically reviewed lists of all the related party transactions concluded in the preceding quarter, contained in reports received from the Management Board. They included those not subject to a prior opinion from the Committee in accordance with the regulation adopted, with specification of the related party, the type of transaction and the amount and, if the transaction was not subject to prior examination by the Committee, the underlying grounds for the exemption.

With regard to transactions between companies in the Group and all of its related parties, no atypical and/or unusual transactions were performed during the year (as defined by Consob Communication No. DEM/1025564 of 6-4-2001 and subsequent amendments). Furthermore, no transactions of that type were even performed with counterparties that were not related parties.

Normal commercial and financial intragroup and related party transactions have been properly disclosed by the Management Board in Part H of the notes to the UBI Banca separate and consolidated financial statements.

The Management Report provides information pursuant to article 5, paragraph 8 of Consob Regulation No. 17221 of 12th March 2010.

The information provided by the Management Board in its report has been found to be sufficient.

- Connected Parties

During the year, as concerns transactions with “connected parties”, the Supervisory Board has periodically examined the list – as provided by the Management Board – of all transactions executed within the Group, including those not subject to the prior opinion of the committee in accordance with the rules.

Specific information in this regard is provided in the Management Report.

In 2015, the UBI Banca Group always remained within the limits specified under supervisory regulations. In December 2015, in accordance with applicable provisions, the policies concerning internal control over risk assets and conflicts of interest with related parties were updated, as is required to be done every three years. These policies establish the guidelines and criteria for adoption, by the Group as a whole and by the individual banks and companies belonging to it, of organisational structures, control systems, and internal policies for managing specific risks within the two areas specified under supervisory regulations, namely limits on own funds aimed at limiting risk asset exposures towards related parties, differentiated on the base of their specific type and procedures to ensure the integrity of decision-making processes in transactions with connected parties in order to safeguard third parties and the allocation of funds from expropriation.

The Report on Corporate Governance and the Ownership Structure describes the main contents of the monitoring, reporting and decision-making regulations adopted for the performance of related party transactions by the Bank.

The transactions with senior managers of the bank, with senior managers of Group member companies, and with companies controlled by said parties are conducted under normal market conditions and the provisions of article 136 of the Consolidated

Banking Act are carefully complied with for those transactions. The Supervisory Board has also overseen the adequacy of the system for ensuring compliance with Art. 136 of the Consolidated Banking Act.

All the transactions performed by Group companies with their related and connected parties were carried out in compliance with correct principles both in substance and form under conditions analogous to those applied for transactions with independent parties and are considered as being consistent with and responding to the interests of the company. They were performed in accordance with the organisational structure adopted.

Finally, it should be noted that:

- on 13th May 2015, the Supervisory Board (in accordance with article 38 of the UBI Banca Articles of Association) approved the overall agreements with the Cassa di Risparmio di Cuneo Foundation relating to the stake held in Banca Regionale Europea, as resolved by the Management Board on 12th May 2015, and it also acknowledged the opinion in favour given by the Related and Connected Parties Committee of UBI Banca in a meeting of 13th May 2015 regarding the renewal of the agreements in question, which positively assessed the existence of an interest in concluding the operation and the substantially proper nature of the relative conditions;

- on 7th August 2015, the Supervisory Board (in accordance with article 38 of the UBI Banca Articles of Association) approved the overall agreements with the Banca del Monte di Lombardia Foundation relating to the stake held in Banca Popolare Commercio e Industria, as resolved by the Management Board on 7th August 2015, and it also acknowledged the opinion in favour given by the Related and Connected Parties Committee of UBI Banca in a meeting of 7th August 2015 regarding the renewal of the agreements in question, which positively assessed the existence of an interest in concluding the operation and the substantially proper nature of the relative conditions.

4. On 30th April 2011, the Shareholders' Meeting, as duly proposed by the Supervisory Board and based on the favourable opinion of the Internal Control Committee, approved the engagement of the auditing firm Deloitte & Touche S.p.A. for the statutory audits of the UBI Banca separate and consolidated financial statements and corporate accounts for the financial years from 2012 to 2020 and for the audit of the proper recognition of transactions in said accounts, as well as for the limited audit of the half-year interim consolidated financial statements of the UBI Group, while also establishing the related fees to be paid in accordance with the proposal of the Supervisory Board and in compliance with article 13 of Legislative Decree 39/2010.

The independent statutory auditor, Deloitte & Touche S.p.A, with which the Supervisory Board had ongoing meetings, through internal committees, issued its reports on the 2015 separate and consolidated financial statements on 2nd March 2016. They contained the unqualified opinion with respect to the conformity of the accounting records and the consistency of the management report with the financial statements.

5./6. In 2015, the Supervisory Board received no expressly qualified reports from the shareholders such as those envisaged under Article 2408 of the Italian civil code.

Having said that, on 18th July 2013, UBI Banca was served a writ of summons by Giorgio Jannone and other Shareholders demanding, essentially, that it be declared that (i) the only valid list for the appointment of members of the Bank's Supervisory Board be the one presented by Mr. Jannone himself after verifying the irregularity of the other two lists which received a greater number of votes at the meeting of 20th April 2013 and (ii) the shareholders' meeting resolution concerning the appointment of the corporate bodies be deemed invalid, or, subordinately, (iii) certain votes submitted within a particular period of time at the meeting of shareholders (i.e. upon opening the vote) be deemed invalid. The Bank has taken legal action in the belief that proper procedures were followed in preparing for the Shareholders' Meeting in order to verify all of the lists presented and that the Shareholders' Meeting itself was properly conducted. As such, the claims made in the summons are deemed to be without foundation. The dispute came to a conclusion with a definitive ruling filed on

20th February 2016 by the Business Division of the Court of Brescia, ruling against the action brought by Giorgio Jannone and other shareholders to render null and void the resolution of 20th April 2013 appointing the Supervisory Board. With that same ruling, the Court of Brescia ruled against the claim for damages brought by the claimants and ordered them to pay the court costs of the defendant, UBI Banca.

The Supervisory Board has received no complaints or other notifications directly. The companies of the Group have received complaints from customers concerning the services provided. The strategic orientation of the Group, which sees the management of disputes as an essential means of pursuing the goal of ongoing improvement in the level of customer satisfaction, has been further consolidated. In 2015, work continued to solidify a constructive, proactive approach to managing complaints, including constant commitment to preventing disputes and to guiding and coordinating the efforts of the Parent as concern the network banks and product companies. No significant omissions or other irregularities in the overall process of claims management have emerged.

For the sake of completeness, it should also be noted that, during the year, a number of requests were received from the Consob in accordance with article 115, paragraph 1, of the Consolidated Finance Act, and replies to such requests have been provided in a timely manner.

With a letter of 30th April 2014, the **Consob** (Italian securities market authority) launched proceedings in accordance with article 195 of the Consolidated Finance Act relating to Members of the Supervisory Board – in office from 2009 until 30th April 2014, but excluding the Members Agliardi, Cividini, Gallarati, Resti and Zucchi – concerning a possible violation of article 149 of the Consolidated Finance Act in relation to aspects concerning information disclosed in the Corporate Governance Report. The relative defence documents, to which all the Supervisory Board members in receipt of the notification adhered, were submitted to the Consob within the time limits set.

In 2015 the Consob Administrative Penalties Office then delivered its report containing a reasoned proposal for penalties (the “Report”) to the senior officers of the Bank involved in the penalty procedure and to the Bank, as jointly and severally liable.

On conclusion of the procedure, in October 2015, Consob decided to impose administrative fines – in an amount equal to or close in percentage terms to the minimum penalty allowed – for only those members of the Supervisory Board who were in office from 2009 to April 2013 or who were appointed to the Supervisory Board in subsequent years and also from April 2013, if they had already been members of the Management Board in the year 2009.

The measure was based on an alleged omission of information and consequent failure to audit the Corporate Governance Report published from 2009 onward with regard to a change in the regulations of the Appointments Committee in 2009, which was in compliance with what were then the new provisions on corporate governance issued by the Bank of Italy in 2008.

It should be noted that this reasoning is entirely different from that which formed the basis for the complaint filed by the minority members of the Supervisory Board (i.e. Agliardi, Cividini, Gallarati, Resti, and Zucchi) as shown in the Consob ruling, which had led to the investigation and penalty proceedings.

An appeal seeking to have this ruling overturned has been filed both by the Bank, as the party obligated to pay the fines, and, together with the bank, by most of the parties involved, while a number of other parties have filed separate appeals.

The related proceedings remain pending with the Brescia Court of Appeals.

We report at the same time that, when the Consob made this ruling, it approved an application for non-publication (article 195, paragraph 3 of the Consolidated Finance Act) because it considered the relative conditions were satisfied.

As concerns investigations, commenced in 2014 by the Public Prosecutor’s Office of Bergamo, in the absence of new developments on the matter, full information is given in the 2014 Annual Report, which may be consulted. These relate in particular to

activities initiated and still in progress as a result of different reports made at the time (2012 and 2013 respectively) relating to alleged matters concerning UBI Leasing and UBI Factor and a supposed failure to communicate shareholders' agreements to the competent authorities and presumed influence exerted on the proceedings of shareholders' meetings in 2013. The Group had already provided answers and clarifications at the time to the competent supervisory authorities on the matters contained in the reports and no new events have occurred to report, nor is there any additional news. To the Bank's knowledge, the proceedings remain pending.

7. The fees shown below were paid to the independent statutory auditors Deloitte & Touche Spa for the financial year 2015, in accordance with the law.

Type of service (figures in thousands of euro)	Deloitte & Touche Spa	
	UBI Banca Spa	Other UBI Banca Group companies
Audit services	1,118	1,160
Certification services	881	30
Other services	-	-
Total	1,999	1,190

The fees shown include any index-based charges and do not include out-of-pocket expenses, security fees or VAT.

8. The fees reported below were paid to companies belonging to the network of the independent statutory auditors, Deloitte & Touche S.p.A, for financial year 2015, in accordance with the law.

Type of service (figures in thousands of euro)	Companies belonging to the same network as Deloitte & Touche Spa	
	UBI Banca Spa	Other UBI Banca Group companies
Audit services	-	330
Certification services	-	-
Other services	566	120
<i>Methodological support with the Recovery & Resolution Plan Directive</i>	500	-
<i>Methodological support for the development of a remote rating system for the commercial network</i>	-	120
<i>other</i>	66	-
Total	566	450

The fees shown include any index-based charges and do not include out-of-pocket expenses, security fees or VAT. Details of these fees are also given in an attachment to the financial reports as required by Art. 149-*duodecies* of the Issuers' Regulations.

The independent statutory auditors, Deloitte & Touche Spa, furnished the Internal Control Committee – which, in accordance with Art. 41 of the Articles of Association, performs supervisory functions pursuant to Art. 19 of Legislative Decree No. 39/2010 – with annual confirmation of its independence pursuant to article 17 of Legislative Decree No. 39/2010. No critical issues or risks regarding the statutory auditor's independence have come to light from contacts and discussions with the Committee.

9. The Supervisory Board, acting on a recommendation of the Appointments Committee, as required by Art 38 letter n) of the Articles of Association, expressed an opinion in favour of the Management Board's nominations for the positions of Board Member and Statutory Auditor of the subsidiaries listed under letter b) of Article 27 of the Articles of Association.

The Supervisory Board also examined the Management Board's proposed fees to be paid to the Boards of Directors and Statutory Auditors of Group companies that had

been requested to set remuneration at the next Shareholders' Meetings. In agreement with the Remuneration Committee in that regard, the Supervisory Board verified the consistency of the Management Board's proposals with Group remuneration policies. The Board also verified compliance of the conditions for termination of employment of a member of "Key Personnel" of a subsidiary with the Group's remuneration policies. With regard to the internal "*Regulations on limits to the number of positions held by senior officers of the bank*", the Supervisory Board has issued an opinion as to whether one representative of a Group company has surpassed these limits. The accumulation of positions within the Parent is in line with regulations. Finally, the Supervisory Board has expressed approval of a share trade by a senior officer of the company and concluded by the Bank in accordance with article 136 of the Consolidated Banking Act.

10. The Supervisory Board met 20 times in 2015. The Chief Executive Officer and the Senior Officer Responsible for the preparation of corporate accounting documents (the "Senior Officer Responsible") were invited to attend meetings where operating and financial results were reviewed and, within the scope of their responsibilities, and, in compliance with Art. 29 of the Articles of Association, the Chief Executive Officer reported on activities performed and on transactions of major operating, financial and capital importance carried out by the Parent and its subsidiaries. While observing the principle of collegial responsibility in the performance of its duties, the Supervisory Board - in relation to its responsibilities, its composition and the characteristics of its members - in compliance with supervisory regulations, with the provisions of the Articles of Association and with the recommendations contained in the Corporate Governance Code of Borsa Italiana, decided to create specific committees with the functions of submitting proposals and advice and performing assessments: an Appointments Committee, a Remuneration Committee, an Internal Control Committee and a Risk Committee (created on 15th September 2015). In addition, in accordance with the provisions of Consob regulations concerning related parties and in implementing the new prudential supervisory provisions, a Related and Connected Parties Committee has been established. The Accounts Committee was also active until 15th September 2015. These Committees performed their activities as provided for by the Articles of Association and their respective regulations, reporting on their work to the Supervisory Board. The Report on Corporate Governance and Ownership Structure may be consulted for details of the issues addressed by these Committees. In 2015, the Appointments Committee met 5 times; the Remuneration Committee, 13 times; the Internal Control Committee, 27 times; the Risk Committee, 3 times; the Accounts Committee, 7 times; and the Related and Connected Parties Committee met 11 times. In order to provide constant reporting on operating events and as required by Art. 41 of the Articles of Association, at least one member of the Internal Control Committee attended meetings of the Management Board in compliance with regulations in force. The Management Board met 30 times in 2015.
11. Within the scope of its responsibilities, the Supervisory Board acquired information on and oversaw the adequacy of the organisational structure of the Bank and compliance with the law and proper principles of management through channels which included the Internal Control Committee, the Risk Committee, and the now-defunct Accounts Committee. This was performed by making direct observations, by acquiring information from the Senior Accounting Officer Responsible for preparing the corporate accounting documents and by holding periodic meetings with those functions in the Bank involved in the system of internal controls and with the independent auditors, during the course of regular exchanges of information. Based on these meetings, we feel that the principles of proper management have been consistently applied and respected.
12. The Supervisory Board acquired information through channels which included the Internal Control Committee and it oversaw, within the scope of its responsibilities, the adequacy of the organisational structure of the Bank, the functioning of which is

governed by the regulations approved by the Board. As concerns the structure of the control functions in particular, the following are the latest changes to have been made:

- The new organisational structure of units under the Chief Risk Officer came into effect from 1st November 2015. The new configuration, considered advisable in view of international best practices and to comply with supervisory provisions, has a new unit to supervise “data governance” activities in order to ensure an efficient process to aggregate these and to manage the reference framework for the production of reports. This unit has been placed directly on the staff of the Chief Risk Officer and has been named **Data Risk Management Service**. The Risk Governance Service, previously a staff unit, has been reallocated as a line function with the status of an area unit.

This action was accompanied by a renaming of all units in the English language in order to bring them into line with the terminology adopted by European supervisory authorities.

- On 1st February 2016 the organisation of the Compliance Area at the Parent was revised with the creation of a Compliance Operations Service into which all the activities previously carried out by the Compliance Sector at UBI.S were moved and that sector was discontinued.

The new configuration – designed to comply with the update to the “UBI Group compliance risk management policy” and with the revision of the compliance organisational model – complies with supervisory regulations on internal controls which make it compulsory to assign responsibility for IT compliance to the Compliance Function.

The Supervisory Board, by way of the Internal Control Committee, has also monitored the Internal Audit Function with regard to its structure, workforce and operating mechanisms. In 2015, a quality assurance review of the Internal Audit Function, conducted by PricewaterhouseCoopers Advisory, was completed, and the function was found to be generally compliant, thereby achieving the highest score in a three-tier scoring system. This audit verified compliance with international standards for the industry, the adoption of adequate rules and procedures, and the level of efficacy and efficiency of the Internal Audit Function.

13. The assessment of the adequacy of the system of internal controls is conducted by the Board based on the opinion of the Internal Control Committee and on the Internal Audit reports prepared, while also taking account of the observations of the other control functions of the various companies.

With regard to internal controls, the Supervisory Board has also made decisions concerning implementation of the measures of the Bank of Italy (see Circular 263/2006, 15th update, subsequently replaced by Circular 285/2013 by way of the 11th update of 21st July 2015) regarding systems of internal controls, information systems, and business continuity, as explained in the first section of this report.

The Board has also examined the outcome of the inspections of the Bank and its subsidiaries called for by the Supervisory Authority and has assessed the related plans for improvement.

With the support of its internal committees, the Supervisory Board has examined the periodic reports of the second and third-level internal control units, including on the basis of the presentations submitted directly by the heads of the single units, and has assessed the main points of focus that have emerged.

In addition, the Supervisory Board is a recipient of the annual report of the Supervisory Body pursuant to Legislative Decree 231/2001 for the year 2015.

When assessing the overall system of internal controls, the Supervisory Board was supported, in particular, by the Board’s Internal Control Committee.

The following are the primary activities conducted by this Committee in 2015 in support of the Supervisory Board and regarding the most significant issues concerning the Bank’s system of internal controls, which sought to assess the adequacy of this system and the related regulatory context, including:

- the main legislative and regulatory changes in areas relevant to the general architecture of the Group’s system of internal controls, including the supervisory review and evaluation process (SREP), in relation to the Single Supervisory

Mechanism and the regulations resulting from the implementation of Directive 2014/59/EU (BRRD);

- the completion of “Project 263”, with the purpose of updating the overall framework to implement the new regulations for prudential supervision pursuant to the 15th update to Bank of Italy Circular 263/06, in terms of the revision of the organisational units and the internal system of regulations (policy and regulations);
- the management of conflicts of interest and in particular situations when the limits on the accumulation of positions are exceeded in the network banks, with reference to the subject of interlocking directorships, annual verification that no causes of incompatibility exist in relation to the members of the Management Board and the Senior Officer responsible for the preparation of corporate accounting documents;
- the organisation and structure of the Bank and its subsidiaries, including reference to changes in the number of Group Companies and the information relating to the senior management of the Bank and its subsidiaries. The operation to transform UBI Banca from a joint stock co-operative company into an ordinary joint-stock company was of particular importance in this respect and the Internal Control Committee studied this matter in detail;
- matters relating to the system of powers, the definition and attribution of responsibilities and the management of resources, such as the remuneration and incentive schemes, changes in staff costs, the training activity carried out by UBI Academy and projects and initiatives regarding human resources;
- reporting flows, with particular regard to reporting from the control functions to senior management and the frequency of reporting required by the organisational units responsible for controls, also including the co-ordination of corporate control functions;
- the activities of the Supervisory Bodies of the Group member companies, including by means of specific meetings;
- matters regarding the IT system, with reference to which it oversaw the creation of a Chief Information Officer position and the implementation of the organisational units to manage IT risk and it examined the 2016-2018 strategic policy document for the IT system;
- matters relating to anti-money laundering, with a particular focus on the “Anti-money laundering - appropriate verification of customers and keeping of the AUI [single financial transactions database]” project, intended to ensure the compliance of procedures and internal systems with the regulations in force;
- compliance (using, among other things, the reports produced) to monitor the progress of the initiatives relating to the relative organisational and regulatory framework, especially with regard to the structuring and progressive co-ordination or specialist compliance units, and those designed to generally strengthen compliance processes;
- transparency, usury, privacy and the question of compounding of interest;
- matters concerning the complaints management process;
- activities to prepare for the UBI Banca Shareholders’ Meeting.

The Internal Control Committee also supported the Board in activities concerning:

- the supervision of the adequacy of the risk management and control system and of the regulatory compliance of the Internal Capital Adequacy Assessment Process (ICAAP), monitoring in particular activities to roll out the use of advanced methods in Group member companies, developments in the methodology of internal models and the new requirements for the Group to submit periodic reports;
- the evaluation of the activities plan of the corporate control functions and of their periodic reports on the activities carried out (Internal Audit, Corporate Anti-Money Laundering Officer, Compliance, Risk Management and Complaints), also with reference to those that concern the assessment of the internal control and risk management system;
- the policy-setting and co-ordination activities of the Parent, with particular attention to its subsidiaries;
- areas relating to covered bonds, analysing the results of internal audits carried out by the Internal Audit Function on the programme for issuing them, the

securitisations, and transactions with related parties - significant intragroup and “atypical” transactions;

- on aspects affected by legislation concerning external statutory audits of annual separate and consolidated financial statements, including specific meetings with the “Senior officer responsible for the preparation of corporate accounting documents” and with members of independent auditors;
- on relations with Supervisory Authorities, with specific regard to requests for self-analysis concerning specific operations and inspections carried out by the European Central Bank and the Bank of Italy at the Bank and at subsidiaries;
- an examination of the underlying causes of the main damaging events in the Group;
- changes to Internal Audit, in terms of the structure, staff numbers and projects in progress on the operational tools of the function, also for the purpose of monitoring its autonomy, adequacy, efficacy and efficiency.

14. The Supervisory Board assessed and oversaw the adequacy and efficiency of the administration and accounting system and its reliability in recording operating events faithfully, partly by means of internal committees of the Board. This was performed by holding specific meetings with the functions in the Bank involved in the internal control system and with the independent auditors, by acquiring adequate reports from other corporate bodies of the bank and from the heads of the respective functions, by examining corporate documents and by analysing the results of the work performed by those persons. Within the scope of evaluating the system of internal controls and based in part on the information provided by the Risk Committee and the previous Accounts Committee and the independent auditors, the Internal Control Committee has evaluated the adequacy of the systems of accounting and administration and has found them to be generally appropriate to the size and characteristics of the Group’s business.

The adequacy and effective application of administrative and accounting procedures, forming part of the broader system of financial reporting controls, is also subject to specific verification by an external independent consultant, who reports on the activities carried out in a special report issued for each Group company included as part of the investigation pursuant to Law No. 262/2005, defined annually on the basis of significant quantitative or qualitative indicators.

As required by Art. 19, paragraph 3, of Legislative Decree No. 39/2010, the Supervisory Board was informed by the Internal Control Committee that it had received a report on fundamental issues found during the independent statutory audit and significant shortcomings of the system of internal controls relating to the financial reporting process. The conclusion of the report on the separate financial statements for UBI Banca and the consolidated financial statements for the UBI Group for the year ended 31st December 2015 was that no significant shortcomings in the system of internal accounting controls were found.

The Chief Executive Officer and the Senior Officer Responsible for preparing the corporate accounting documents have issued a declaration pursuant to Art.154-*bis* of the Consolidated Finance Act concerning the information contained in the separate and consolidated financial statements for 2015.

15. The Supervisory Board worked, both directly and through its internal committees and the corporate functions involved in the system of internal controls, to ensure that the conduct of subsidiaries was consistent with the objectives set by the Parent. No shortcomings were found concerning the adequacy of instructions given by the Parent to its subsidiaries pursuant to Art. 114, paragraph 2 of the Consolidated Finance Act nor on the reporting performed by subsidiaries to the Parent in order to comply with disclosure obligations required by law. The Supervisory Board, assisted by the Internal Control Committee, exchanged information with the corresponding bodies of the subsidiaries concerning the systems of control and accounting administration and the general performance of the companies.

16. No significant issues requiring specific investigation emerged from the periodic exchanges of information that occurred through the Risk Committee and the previous Accounts Committee and Internal Control Committee with the independent statutory auditors, Deloitte & Touche S.p.A, pursuant to paragraphs 3 and 5 of article 150 of the Consolidated Finance Act.
- The Risks Committee and the Internal Control Committee also held meetings between the end of 2015 and the first months of 2016 with the independent auditors and with the Senior Accounting Officer in preparation for approval by the Supervisory Board of the separate and consolidated financial statements as at and for the year ended 31st December 2015.
17. UBI Banca Spa complies with the Corporate Governance Code for listed companies of Borsa Italiana and it has prepared a Report on the Corporate Governance and Ownership Structure of UBI Banca Spa which is attached to the Annual Report. That report was prepared in compliance with Art. 123-*bis* of the Consolidated Finance Act and its purpose is to furnish Shareholders and the market with an analysis of the system of corporate governance adopted by UBI Banca Spa. It gives details of the procedures by which the Code itself has been complied with by the Bank and also provides an account of those principles with which the Bank has complied in full and those that it has chosen not to observe, even only partly, on the basis of the principle of either “comply or explain”, including in relation to the necessary respect of the specific characteristics of banks, which must strictly comply with the provisions of the Consolidated Banking Act and applicable supervisory provisions.
- In this regard, it should be noted that the current chairman of the Remuneration Committee is not independent as defined by the Code of Corporate Governance, given that, in previous years, he has been a senior officer of a subsidiary of strategic importance, although he has no personal interest in or relations of any kind with other senior officers of the organisation. With reference to the motives for this decision, as described in detail in the Report on Corporate Governance and Ownership Structure, it should be noted that it has been deemed appropriate to deviate, on this specific point alone, from the recommendations of the Code of Corporate Governance in order to ensure full and effective continuity in the Bank’s operations. Nonetheless, it should be underscored that the remaining four members of the committee are independent as defined by the Code.
18. In conclusion, we would refer the reader back to the information provided above for details of the supervisory activities carried out by the Supervisory Board. We can also confirm that no omissions, reprehensible actions or irregularities requiring mention to Shareholders emerged, other than as reported under points 5 and 6 above.
- For a full description of the litigation and inspections involving the Group during the year, see the Management Report for the 2015 Consolidated Financial Statements.
- Furthermore, the Supervisory Board did not use its powers to convene a Shareholders’ Meeting or a meeting of the Management Board.

* * *

Finally, the Supervisory Board informs the Shareholders’ Meeting that in a meeting held on 8th March 2016, having verified that they complied with the provisions of the law and having taken note of the documentation provided, it has approved the following resolutions:

- the consolidated financial statements and the separate financial statements as at and for the year ended 31st December 2015 of Unione di Banche Italiane Spa, composed of the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements;
- the proposal for the allocation of profit;
- the proposal to the Shareholders’ Meeting to distribute a dividend of €0.11 on each of the ordinary shares outstanding, excluding treasury shares held.

8th March 2016

The Supervisory Board

This English version is a courtesy translation from the Italian original document which remains the definitive version.

REPORTS ON THE OTHER ITEMS ON THE AGENDA OF THE SHAREHOLDERS' MEETING

- *Appointment of the members of the Supervisory Board, the Chairman and the Senior Deputy Chairman for the years 2016-2017-2018*
- *Determination of the remuneration of the members of the Supervisory Board in accordance with Art. 13, paragraph 2, letter a) of the Articles of Association*
- *Remuneration Report – 2016 Shareholders' Meeting*
- *Proposal for setting remuneration and incentive policies for members of the Supervisory Board and members of the Management Board in accordance with the regulations and legislation in force*
- *Remuneration scheme based on financial instruments, proposal to set a portion of the variable remuneration of "Key Personnel" by assigning ordinary shares of the Parent, UBI Banca, and a proposal to purchase own shares to service the incentive scheme*
- *Remuneration scheme based on financial instruments: proposal to set amounts for the 2016 Incentive Scheme for Employees – excluding "Key Personnel" – by assigning ordinary shares of the Parent, UBI Banca, and a proposal to purchase own shares to service the incentive scheme*
- *Remuneration scheme based on financial instruments: proposal to set amounts for the productivity bonus (the "Company Bonus") relating to the years 2015 and 2016 by assigning ordinary shares of the Parent, UBI Banca, and a proposal to purchase own shares to service the Company Bonus.*
- *Proposal to the Shareholders' Meeting regarding the criteria and limits for determining remuneration to be agreed in the event of the early termination of an employment relationship or early retirement from corporate office*
- *Proposal to the Shareholders' Meeting to increase the ratio of the variable to the fixed components of remuneration up to a limit of 2:1*

UBI BANCA SPA

Appointment of the members of the Supervisory Board, the Chairman and the Senior Deputy Chairman for the years 2016-2017-2018.

Dear Shareholders,

On the date of this Shareholders' Meeting, the term of office of the members of the Supervisory Board of UBI Banca expires and you are therefore called upon in this meeting to appoint new members along with the Chairman and Senior Deputy Chairman for the financial years 2016-2017-2018.

In accordance with Art. 37 of the Articles of Association, a Shareholders' Meeting proceeds to the election of members of the Supervisory Board on the basis of lists submitted by shareholders.

In accordance with Art. 36 of the Articles of Association, the Supervisory Board is composed of 15 members.

The members of the Supervisory Board must be in possession of the requirements of integrity, professionalism and independence prescribed by the regulations currently in force. All the members of the Supervisory Board must not yet have reached 75 years of age at the time of appointment and they must have acquired overall experience – through holding the office in Italy or abroad – of at least three years as chairman or at least five years of working in:

senior management and/or strategic supervision

management

or

control

in

banks, finance companies, asset management companies or insurance companies;

independent public authorities;

companies which carry out manufacturing and/or trade in goods or services;

companies with shares traded on an Italian or foreign regulated market.

Candidates can also be elected who have not acquired that career experience provided they:

- are or have been tenured university professors for at least five years in the subjects of law, economics, mathematics, statistics, or management engineering;

- are or have been members of the professional associations of accountants, notaries or lawyers for at least ten years.

Persons who have occupied the position of Chairman or Senior Deputy Chairman for the three preceding terms of office may not be appointed to the relative position.

At least three members of the Supervisory Board must be chosen from amongst persons enrolled in the register of external statutory auditors who have exercised statutory auditing activities for a period of not less than three years.

Furthermore, the composition of the Supervisory Board must ensure, in compliance with the provisions of Law No. 120 of 12th July 2011, that a balance is maintained between genders for the period provided for by that law and at least the majority of the members of the Supervisory Board must not have occupied the position of member of the Supervisory Board and/or member of the Management Board of the Bank continuously for the three previous terms of office.

While mandatory regulations of the law, the Supervisory Authority or other regulations must be complied with, persons already holding the office of full statutory auditor, or who are members of other supervisory bodies in more than five listed companies and/or their parent companies or subsidiaries, cannot hold office as a member of the Supervisory Board.

Furthermore, under the Regulations for the Supervision of Banks issued by the Bank of Italy on corporate governance, the supervisory authority stated that in order to be able to carry out their functions properly, bodies with strategic supervision functions must include persons:

- who are fully aware of the powers and obligations concerning the functions that each of them is called upon to carry out;
- who possess professionalism commensurate to the positions they fill, inclusive of positions in internal Board committees, and appropriate to the bank's operating characteristics and its size;
- with expertise present among all members and appropriately diversified, in order to allow each of the members, both in the internal committees to which they belong and also in collegial decision-making, to make a concrete contribution, amongst other things, to the identification and pursuit of appropriate policies and to ensuring effective risk management in all areas of the bank;
- who dedicate time and resources appropriate to the complexity of their position;
- who direct their attention to the pursuit of the overall interests of the Bank, independently of the shareholders who voted for them or the list from which they were taken; they operate with independence of judgement.

In compliance with the aforementioned provisions of the Bank of Italy, on 18th February 2016 the Supervisory Board, with the support of the Appointments Committee, approved a document entitled “Qualitative and quantitative composition of the Board” in which it identified in advance the qualitative and quantitative composition considered optimal in relation to the objectives listed above, identifying and giving reasons for the theoretical profile of the candidates (inclusive of the professional characteristics) considered appropriate for these purposes. This document was published on the same date as that of its approval on the website www.ubibanca.it.

The provisions of the Articles of Association relating to the submission of lists by shareholders and procedures for the election are reported in the notice to convene the Shareholders’ Meeting published in accordance with the law.

THE SUPERVISORY BOARD

18th February 2016

UBI BANCA S.p.A.

Determination of the remuneration of the members of the Supervisory Board in accordance with Art. 13, paragraph 2, letter a) of the Articles of Association.

Dear Shareholders,

Today's Shareholders' Meeting is called upon to determine the remuneration of Supervisory Board members in addition to total remuneration for individuals with certain specific responsibilities, powers and functions. This amount will be then allocated by the Supervisory Board in accordance with Art. 36 of the Articles of Association, having considered, amongst other things, participation in internal committees of the Supervisory Board itself and the assignment of the functions of the Supervisory Body pursuant to Legislative Decree 231/2001.

The proposal illustrated below has been formulated in compliance with the Supervisory Regulations issued by the Bank of Italy (Circular No. 285 – Part one – Title IV – Chapter 2) on the remuneration and incentive policies and practices of banks and banking groups and it was defined on the basis of the UBI Banca Group Remuneration and incentive policies (approved by the Supervisory Board meeting on 18th February 2016 on the basis of a proposal from the Management Board and after prior consultation with the Remuneration Committee), which are submitted to today's Shareholders' Meeting for the relative resolutions.

This same proposal – with a view to continuity – is based on an approach that is designed to attract the best expertise and skills and is at the same time designed to pursue the objective of containing governance costs. Account is also taken of the time necessary and the overall expertise required of Board Members in general and more specifically of the Articles of Association-related duties required of Members of the Supervisory Board assigned particular responsibilities, powers and functions, as well as of members of committees, with consideration given in this respect also to Supervisory Authority recommendations. The proposal itself was assessed on the basis of a benchmark analysis carried out with the support of an independent advisor.

In this context, the proposal considers confirming the annual remuneration for the position of Member of the Supervisory Board amounting to €80,000.00, for a total of €1,200,000.00 per annum.

With regard to the total annual amount for the remuneration of Members of the Supervisory Board “assigned particular responsibilities, powers or functions” the proposal considers setting this amount at €1,650,000.00 in view of assessments conducted over whether to revise the remuneration for members of the Appointments Committee and of the Remuneration Committee – with account taken in this respect of the commitment required to implement provisions of the Regulatory Authority – and also members of the Supervisory Body (an internal committee of the Internal Control Committee), while the overall allocation of that amount must be subsequently decided by the newly elected Supervisory Board on the basis of a proposal from the newly appointed Remuneration Committee.

In relation to the foregoing, the Supervisory Board, on the basis of an analogous proposal from the Remuneration Committee proposes:

- to set the fixed remuneration of the Members of the Supervisory Board at €80,000.00 each, for a total therefore of €1,200,000.00;

- to set the total remuneration of those Members of the Supervisory Board assigned particular responsibilities, powers or functions at €1,650,000.00, without regard to the specific allocation of this which is delegated to the next Supervisory Board.

The amounts proposed above are inclusive of “attendance tokens”.

With account taken of the above, this proposal, if approved, would reduce the total remuneration paid to the Supervisory Board by approximately 15%, which is in addition to the reduction of 14% already made when the Board was last renewed in 2013.

18th February 2016

THE SUPERVISORY BOARD

Remuneration Report
2016 Shareholders' Meeting



*This English version is a courtesy translation from the Italian original document
which remains the definitive version.*

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INTRODUCTION

This report has been prepared for the purpose of public disclosure in accordance with the current relevant legislation. It is composed of two sections.

The first section illustrates the Group Remuneration and incentive policies for 2016, providing a reference framework for the main decision-making processes, characteristics and procedures used to ensure that remuneration is linked to results, the main performance indicators employed, the reasons behind the choice of variable remuneration schemes and the other non-monetary schemes.

The second section is divided into two parts.

The first part summarises the main decision-making processes in 2015, the results of implementing the remuneration policies, information on wage agreements concerning the start and end of employment relationships, as well as the contents of the main items of wages in the quantitative tables.

The second part gives aggregate quantitative information by area of activity and category of personnel with remuneration by name for the members of the management and supervisory bodies, the Chief Executive Officer, General Manager, Senior Deputy General Manager and Deputy General Managers of UBI Banca, and totals for the remuneration of key management personnel.

Shareholders vote to approve or reject the first section of the report. That vote is not binding. The result of the vote is disclosed to the public in accordance with Art. 125-*quater*, paragraph 2 of Legislative Decree No. 58 of 24th February 1998.

SECTION I - GROUP REMUNERATION AND INCENTIVE POLICIES FOR 2016

“Executive Summary”

Principles and aims

Remuneration and incentive policies are a key tool that serves to support the medium and long-term strategies of the Group.

They are designed with the objective of creating value over time and pursuing sustainable growth for shareholders, employees and customers.

Their purpose is to attract, motivate and retain staff, creating a sense of identity and developing a culture linked to performance and merit.

The key principles are:

- fairness, understood as consistency in the remuneration of comparable roles and responsibilities, offering the same career opportunities to all;
- attention to risk and compliance, to ensure the sustainable growth of the Bank over time;
- prudence, as a fundamental criterion of banking that is crucial to the introduction of rules and processes intended to avoid behaviour and phenomena that conflict with the interests of the Bank or may lead to moral hazard;
- competitiveness, defined as continuous comparison with best practices and market trends;
- rewarding merit, understood as the recognition of the results, skill sets, behaviours, and values in the actions of each individual that are made available to develop team spirit and a sense of belonging to the Group.

(see Section I - Chapter I)

Main developments compared with 2015

With a view to continuous improvement, also in light of best practices and market trends, with account taken of continuous changes to the relative regulatory framework²⁶ and recent corporate ownership modifications in the Group, changes have been introduced for 2016 and some refinements have been made to previous policies which could have further effects during the year.

- The perimeter of Material Risk Takers (MRT) or Key Personnel (KP) has been updated on the basis of organisational and company ownership developments according to qualitative and quantitative criteria set in the Delegated Regulation (EU) No. 604²⁷, with the identification of a total of 204 positions, based on the effective ability of individual company figures to impact on the Group’s risk profile *(see Sect. I - Chapter IV)*.
- The use of financial instruments has been extended to include the whole of the “Key Personnel” perimeter, except for “Members of Governing Bodies”, in application of the principles contained in the new EBA guidelines *(see Sect. I - Chapter VI, Par. 2)*.
- The three-year (2015-2017) long-term incentive scheme (“LTIS”) commenced last year remains in force. This scheme is designed to bring the interests of management increasingly into line with those of shareholders in the medium to long-term and to increase the performance-based variable component of remuneration. The system concerns a small number of senior managers amongst the Key Personnel, on the basis of the key position occupied in policy terms over the governance of the Group and their impact on the main business areas. In consideration of the existing scheme, no plan exists to introduce a new long-term incentive scheme. *(see Sect. I - Chapter VI – Par. 2)*.
- The range and flexible use of welfare components – goods and services offered to employees – has been increased to involve amongst other things the possibility of using financial

²⁶ EBA guidelines published on 21st December 2015.

²⁷ Adopted on 4th March 2014 pursuant to Art. 94 (2) of CRD IV on the basis of a proposal from the EBA.

instruments as a means of paying variable remuneration for all personnel. *(see Sect. I - Chapter VI)*

- The criteria and procedures for managing the remuneration of associate workers who are not employees are more detailed, especially with regard to financial advisors and agents. *(see Sect. I - Chapter VI – Par. 6)*

Ten pillars

1. Regulatory context

The Group updates its policies and practices continually on the basis of the regulatory framework, which has been subject to further changes in 2015.

The policies for 2016 are designed to comply with the most recent regulatory changes made by the Supervisory Authorities and Government at Italian and European level.

(see Sect. I - Chapters I and II)

2. Benchmarking

The Group has set itself the target of improving its capacity to attract, motivate and retain staff, among other things by means of continuous comparison with best practices and market trends.

In order to have an appropriate comparison also in terms of remuneration benchmarking, a peer group has been identified consisting of ten Italian banks, with characteristics that are considered to be the most comparable with our Group.

(see Sect. I - Chapter II)

3. Risk appetite

The Risk Appetite Framework (RAF) contained in the document “Risk appetite and value creation in the UBI Banca Group” defines strategic Group orientations in relation to the evaluation of current and future capital adequacy, and risk assumption and management policies.

In the pursuit of sustainable growth and the creation of value, these orientations have been translated into principles and guidelines that are a source of inspiration for the policies and remuneration and incentive policies of the Group.

(see Sect. I - Chapters I and VI - Par. 2)

4. Governance

Governance systems and rules have the purpose of ensuring clarity, transparency and effectiveness in the definition and management of the remuneration and incentive policies of the Group.

The main stakeholders in the process:

- the UBI Shareholders’ Meeting
- the Supervisory Board
- the Remuneration Committee
- the Risk Committee
- the Management Board
- the Shareholders’ Meetings of the Italian subsidiary banks
- the Boards of Directors and Boards of Statutory Auditors of the banks and subsidiaries
- Strategic Planning and Capital Management

- Human resources²⁸, Risk Management, Compliance and Internal Audit as corporate control functions

operate in accordance with their specific powers and responsibilities.

(see Sect. I - Chapter III)

5. Persons to whom the policies apply

The policies apply to the following categories of staff:

- Material Risk Takers (MRT) or Key Personnel (KP) identified in accordance with the qualitative and quantitative criteria provided for in Delegated Regulation (EU) No. 604, in which more specific categories with differing characteristics and treatments are defined, and that is the Members of Governing Bodies who are not linked to the Group by a regular employee contract, the Top Key Personnel (Top KP) and the Other Key Personnel (Other KP)²⁹;
- Other Group Personnel;
- Associate Workers not linked to the Group by a regular employee contract.

In 2016 a total of 204 positions have been defined in the Material Risk Taker perimeter, accounting for around 1% of the entire population of the Group, inclusive of Members of Governing Bodies, who numbered 114.

Identification of that perimeter was carried out on the basis of the results of assessments conducted by each Bank, subsequently consolidated at Group level, including all companies in the analysis and therefore also those not subject to the CRD IV Directive. Consideration was taken of the specific characteristics of the current federal model of organisation, in which the Parent focuses on the functions of the strategic management, coordination and control of the subsidiaries, which operate within defined areas of autonomy, taking into account the type of activity performed and the associated risk profiles.

(see Sect. I - Chapter IV)

6. Comparative remuneration and pay mix

Distinct and competitive remuneration packages are defined on the basis of the category of personnel, in terms of fixed and variable components.

The objective is to position Group remuneration in line with the market, partly with a view to retention, with the aim of assigning the highest pay bands of the remuneration benchmarks to the highest performing staff, those with the most potential, and those who are in strategic positions and at market risk.

Along the same lines as previous years, the ratio of variable to fixed remuneration is set at up to a maximum of 2:1 for five key positions in the Investment Area of the asset management company, UBI Pramerica S.p.A., in consideration of the specific nature of this employment market and the need to maintain competitive salary levels and to motivate staff.

²⁸ For the sole purposes of remuneration regulations in accordance with Bank of Italy Supervisory Regulations published on 18th November 2014.

²⁹ Other KP include ten financial advisors of the company IW Bank S.p.A.

The following table shows the average theoretical pay mix, divided between the various categories of Material Risk Takers and calculated as the total for each aspect of remuneration (fixed or variable with long and short-term targets) as a percentage of total remuneration.

“Material Risk Takers” Perimeter	Number	Fixed remuneration	Variable short-term	Variable long-term
“Governing bodies”	114	100%	-	-
“UBI CEO”	1	50%	30%	20%
“Top”	20	62%	25%	13%
“Other KP” ³⁰	59	80%	20%	-

The ratio between the variable and fixed component for the Control Functions does not exceed the limit of one third, in accordance with regulations.

(see Sect. I - Chapter IV)

7. Performance measurement

The variable component of remuneration is based on performance measurement, on both an annual and long-term basis.

The objective is to involve and motivate staff to achieve medium and long-term strategies and also to recognise team and individual contributions.

The measurement is related to income statement and balance sheet indicators corrected for risk, internal and external customer satisfaction levels, strategic projects and assessments of the effectiveness of their behaviour.

To ensure a more direct correlation between results and rewards, a bonus pool has been budgeted, to which access is gradual and subject to the satisfaction of trigger conditions (“gates”) by the Group and the achievement of risk-adjusted profit targets set at the level of both the Group and the individual business entity.

The following indicators are identified as trigger conditions (“gates”), set out by implementation scheme:

- Common Equity Tier 1 (CET 1)
- Net Stable Funding Ratio (“NSFR”);
- Liquidity Coverage Ratio (“LCR”);
- Leverage Ratio (“LR”).

The indicators used to evaluate performance vary according to the time horizon of the incentive scheme in question. In particular:

A) Annual incentive scheme

The 2016 indicators are:

- RORAC³¹, at Group level;
- Adjusted normalised net profit³², at the level of the individual business entity.

B) Three-year incentive scheme (for Top Key Personnel).

The indicators for the existing scheme are calculated over the three-year period 2015-2017 as follows:

³⁰ Financial advisors are excluded from the calculation of the pay mix in consideration of the specific nature of their remuneration, usually entirely variable on the basis of the nature of their employment contract.

³¹ That indicator is also applied for the Parent, the company UBI Servizi e Sistemi and the company UBI Academy.

³² Normalised net profit, adjusted for the cost delta between absorbed capital and allocated capital. Where that indicator is not available it is replaced with the normalised net profit indicator.

- RORAC, at Group level;
- performance of the UBI share³³ relative to a peer group benchmark.

With reference to the Material Risk Taker category, both incentive schemes have adequate mechanisms for the deferral of bonuses earned, in accordance with principles of proportionality, on the basis of the key level of the role and the impact on risks.

(see Sect. I - Chapter VI, Par 2)

8. Clawback and malus conditions

On the basis of the performances of the Group and the individual company, the bonus pool may be increased or reduced, even to zero, by ex post adjustment (malus).

Provision has also been made for the repayment of bonuses that have already been disbursed, using clawback mechanisms that take individual behaviours into account, as set out in the regulatory framework, whether or not there are compensation or disciplinary issues.

Specifically for Key Personnel, a proportion of the variable component of remuneration is subject to deferred payment and ex post adjustment mechanisms (malus): 60% for the Chief Executive Officer of UBI, 50% for the Top Key Personnel, and 40% for Other Key Personnel.

(see Sect. I - Chapter VI, Par. 2)

9. Other retention and attraction tools

The other tools designed to attract and retain staff include:

- staff awards such as promotions, increases in the fixed component of pay and also one-off variable component bonuses related to career paths and professional development;
- as part of variable remuneration, the company productivity bonus or alternatively, the result premium, as defined by the national trade union agreement, the conditions and criteria for which may be set annually in the context of supplementary trade union negotiations;
- as part of the variable component of remuneration, the commercial contest schemes geared to periodic objectives and aimed at directing the distribution network towards supporting business and targets;
- job-security agreements, for which the amount has been agreed or granted during the same employment relationship by means of periodic or continuous indemnity items (only in exceptional circumstances can this occur at the time of termination of the employment relationship, in accordance with criteria set out by the Shareholders' Meeting) to retain professionals in high demand within the labour market and to protect the financial profiles of the Bank;
- any indemnities associated with specific positions within the governance and control structures that are functionally linked to the role occupied;
- benefits which, in addition to the provisions of the national trade union agreement, are awarded in order to protect the health and welfare of staff, such as discounts on products and services provided by the Bank, and to support requirements for the performance of assignments, geographical mobility and personnel management;
- the Bank may make use of specific non-competition agreements, when they are required or advisable for the protection of commercial and customer goodwill. The necessary payments will be agreed within the limits set in article 2125 of the Italian Civil Code and in line with Bank of Italy Supervisory Regulations, legal interpretations and market practices, with specific reference to Key Personnel in compliance with the criteria and limits approved by the Shareholders' Meeting.

(see Sect. I - Chapter VI, Par. 1, 2, 3 and 4)

³³ Defined with the indicator total shareholder return (TSR).

10. Post-employment benefits

The criteria for determining extraordinary remuneration, in addition to what is required by law or under the national trade union agreement, in the event of the early termination of the employment relationship or of the position held, are set by the Shareholders' Meeting and reported in the annual financial reports.

No special payments (golden parachutes) are generally provided for the early termination of the employment relationship or the position held.

Any individual agreements, on an exceptional basis, will be managed in the context of the criteria set by the Shareholders' Meeting, up to a maximum of 24 months of fixed individual remuneration, subject to deferment and retention conditions for the component paid in financial instruments and to ex post adjustment mechanisms (malus and clawback) and they must reflect performance achieved over time.

This is without prejudice to payments and disbursements that are required by law or under the national trade union agreement, or on the basis of transactions performed within the context and limits of these obligations and in order to avoid objectively justified litigation risks.

The said payments and disbursements do not form part of the pay mix and will be set in relation to the specific circumstances and in strict compliance with the regulations in force from time to time, while they will comply with prevailing provisions of the law and supervisory regulations.

A structured approval process is followed for decisions regarding Key Personnel. More specifically, the Management Board, supported by the competent internal functions of the Bank, submits the measures adopted and the relative reasons, within the bounds of the aforementioned criteria and limits approved by a Shareholders' Meeting, to the Supervisory Board for appropriate verification of compliance, after prior consultation with the Remuneration Committee.

(see Sect. I - Chapter VI, Par. 5)

Principles and aims

Remuneration and Incentive Policies are a key tool that serves to support the medium and long-term strategies of the Group.

They are designed with the objective of creating value over time and pursuing sustainable growth for shareholders, employees and customers.

Their purpose is to attract, motivate and retain staff, creating a sense of identity and developing a culture linked to performance and merit.

The key principles, in line with the usual practices for the management and development of resources, are:

- fairness,
- attention to risk and compliance,
- prudence,
- competitiveness,
- rewarding merit.

These principles are applied throughout the organisation and reflected at the level of each business area in relation to all personnel including the staff of the external distribution networks, without affecting the specific characteristics of their remuneration.

Fairness

Fairness is understood as the principle of consistency in the remuneration of comparable roles and responsibilities, offering the same development and career opportunities to all.

This principle is guaranteed by using tools to analyse and assess the positions in the organisation which enable the regular evaluation of internal remuneration levels and their consistency on the basis of the complexity and strategic function of the role within the Group.

At the same time the performance level of the functions of each role are continuously monitored, using tools for the assessment of performance, skills and potential to ensure that the most deserving staff are assigned to the highest remuneration bands.

This principle is also applicable in structured processes based on management tools present within the Group. These include the process (Merit Plan), usually on an annual basis, for the purpose of formulating staff award proposals, connected with professional development programmes and regulated by the Parent by means of guidelines issued to each Group member company.

Attention to risk and compliance

The Group is attentive to risk and constantly seeks compliance with regulatory requirements, to ensure the sustainable growth of the Bank over time.

The Risk Appetite Framework (RAF) contained in the document “Risk appetite and value creation in the UBI Banca Group”³⁴ is an important source of inspiration for policies.

It is used to determine the preliminary trigger conditions (“gates”) of the incentive schemes and to define conditions and limits, so that the total amount of variable remuneration is such that it does not limit adequate levels of capitalisation for the risks taken, providing for significant reductions or even the elimination of the variable components of remuneration in the event of below forecast or negative performance levels.

The economic and financial indicators are completed by other parameters such as customer satisfaction, the quality of work and the results of the audit, which are critical for the management of compliant behaviours and supervising the sustainability of results in the medium to long term.

Prudence

³⁴ That internal document sets out strategic Group guidelines in relation to the measurement of current and future capital adequacy and its risk-taking and risk management policies.

Prudence is a fundamental criterion of banking that is crucial to the introduction of rules and processes intended to avoid behaviour and phenomena that conflict with the interests of the Bank or may lead to moral hazard.

The remuneration and incentive schemes of the Group are defined in accordance with policies for the prudent management of risk and comply with the provisions defined in the context of the process of prudential monitoring..

They are also intended to lead to motivations and behaviours based on sobriety and ethical conduct in business, transparency and integrity in relations within the business and with customers, dialogue and the development a climate of trust with all our stakeholders.

Competitiveness

Competitiveness is defined as continuous comparison with best practices and market trends and analysis of the comparative remuneration of each role in relation to the relevant benchmark.

The attention paid to market trends stems from the conviction that by including comparisons with the external context it is possible to improve the ability of the Group to attract, motivate and retain staff.

For this purpose a peer group has been identified to serve as a benchmark, consisting of ten Italian banks, while setting aside the specific characteristics of businesses such as asset management, for which targeted market surveys are performed.

The objective is to position Group remuneration in line with the market, with the aim of assigning the highest pay bands of the remuneration benchmarks to the highest performing staff, those with the most potential, and those who are in strategic positions and at market risk.

Rewarding merit

Merit is rewarded by means of the recognition of the results, skill sets, behaviours, and values in the actions of each individual, measured on several levels using structured analysis and evaluation processes.

Among these, incentive schemes are a key lever for recognising merit and continuing the commitment to bring variable remuneration into line with the results that have actually been achieved.

The policies are designed to recognise individual merit, and at the same time consolidate team spirit and a sense of belonging, relating the objectives and results of each employee to their own business unit, bank or company and to the Group.

Regulatory context and market practices

The Group updates its policies and practices continually on the basis of the regulatory framework, which has been subject to further changes in 2015 at both Italian and European levels.

They have been defined with consideration taken of the EBA guidelines issued on 21st December 2015, which will come into force in 2017, and they have been brought into line with the most recent directives issued by the Supervisory Authority, in the pursuit of compliance as a key tool for the sustainable growth of the Bank, and in particular:

- the Bank of Italy Supervisory Regulations published on 18th November 2014 which implement Directive 2013/36/EU of the European Parliament (CRD IV) in force since 1st January 2014;
- the Commission Delegated Regulation (EU) No. 604 of 4th March 2014, for the identification of "Material Risk Takers" (MRT) and "Key Personnel" (KP);
- the joint Consob-Bank of Italy communication of 29th January 2014, implementing the ESMA guidelines on remuneration policies and practices.

In developing the policies, account was also taken of the guidelines and procedures adopted by the other banking groups with the objective of achieving consistency with the best practices

and market trends and continuously improving the ability of the Group to attract, motivate and retain staff.

In order to obtain a benchmark which is also relevant to remuneration, the peer group consists of ten Italian banks, with characteristics that are considered to be the most comparable with our Group in terms of their size, geographical location, complexity and the regulatory context.

<i>“Peer Group”</i>
Banca Nazionale del Lavoro
Banca Popolare dell’Emilia Romagna
Banca Popolare di Milano
Banco Popolare
Carige
Credito Emiliano
Credito Valtellinese
Intesa San Paolo
Monte dei Paschi di Siena
Unicredit

The remuneration trends of the overall banking market in Italy and best practice, both internationally and across other sectors, are also monitored on a regular basis with the support of specialised consultancy firms, with the objective of keeping up to date and taking consistent, competitive decisions to motivate and retain the key resources of the Group.

Governance process and principal stakeholders

Governance systems and rules have been defined with the aim of ensuring clarity, transparency and effectiveness in the definition and management of the remuneration and incentive policies of the Group.

The main protagonists in the process are:

- the UBI Shareholders’ Meeting;
- the Supervisory Board;
- the Remuneration Committee;
- the Risk Committee;
- the Management Board;
- the Shareholders’ Meetings of the Italian subsidiary banks;
- the Boards of Directors and Boards of Statutory Auditors of the banks and subsidiaries;
- Strategic Planning and Capital Management;
- Human Resources³⁵, Risk Management, Compliance and Internal Audit, as corporate control functions.

As well as determining the total remuneration for the members of the Supervisory Board, the UBI Shareholders’ Meeting approves the remuneration policies of the Supervisory Board and Management Board, the incentive component based on financial instruments, and the criteria and limits for determining remuneration in the event of the early termination of the employment relationship or of the position held.

³⁵ For the sole purposes of remuneration regulations in accordance with the provisions of Bank of Italy Supervisory Regulations on remuneration policies and practices.

The Supervisory Board, on the basis of a proposal from the Management Board within the scope of its remit³⁶, and after prior consultation with the Remuneration Committee, - which involves the competent corporate functions -, and with the Risk Committee for verification of compliance with the “Risk Appetite Framework” sets and reviews the remuneration and incentive policies of the Group on at least an annual basis and approves the Report on Remuneration, Section I of which is subject to a non-binding vote by the Shareholders’ Meeting.

The policies are then submitted for approval by the Shareholders’ Meetings of the Italian banks and the Boards of Directors of foreign banks and companies, except for the incentive component based on financial instruments, which is subject to approval by the UBI Shareholders’ Meeting. Information is also provided to the above bodies by means of the annual Report on Remuneration within the Group.

The Management Board, having incorporated any general recommendations made by the Remuneration Committee, formulates – with support from the competent functions – a proposal, within the scope of its remit, for Remuneration and Incentive Policies and the relative tools to implement them which is submitted to the Supervisory Board for its approval after prior consultation with the Remuneration Committee. That same Management Board and the Boards of Directors of the banks and subsidiaries, in accordance with the policies set, approve the relative means to implement them and, with the support of Human Resources and the other competent functions, direct choices concerning the management and remuneration of staff.

The Management Board, having taken account of any proposals from the Remuneration Committee in those cases where it is required by the regulations in force, determines the remuneration of Senior Management at UBI and indicates the amount of the remuneration for Senior Management and Personnel belonging to the Material Risk Taker perimeter of subsidiary companies to be submitted to the Boards of Directors of those companies.

The foregoing is submitted to the Supervisory Board for verification of compliance, after prior consultation with the Remuneration Committee.

With the exception of matters reserved to the Shareholders’ Meeting, the Management Board submits any exceptions to the policies for an opinion from the Remuneration Committee and the consequent resolutions of the Supervisory Board.

The corporate control functions are involved ex ante, working together to ensure the adequacy and regulatory compliance of the policies and practices adopted, and carry out ex post monitoring of their proper functioning and application.

The role of the main stakeholders involved in the process of defining, approving, implementing and auditing the policies is set out below.

General Meeting of UBI Shareholders

The Ordinary Shareholders’ Meeting is responsible for:

- approving Remuneration policies for Members of the Supervisory Board and determining their remuneration, in addition to other total amounts for the remuneration of those members to whom particular offices, powers or functions have been assigned;
- approving remuneration policies for members of the Management Board;
- approving remuneration and/or incentive schemes based on financial instruments;
- the criteria and limits for determining remuneration in the event of the early termination of the employment relationship or of the position held;
- increasing the ratio of the variable to fixed components of remuneration up to a maximum of 2:1.

The Shareholders’ Meeting also takes a non-binding vote on Section I of the annual Report on Remuneration.

³⁶ Policies for the remuneration of governing bodies do not fall within the remit of the Management Board.

Supervisory Board

The Supervisory Board, after prior consultation with the Remuneration Committee, submits proposals to the Shareholders' Meeting to set:

- the remuneration of Members of the Supervisory Board and also further total amounts for the remuneration of those members to whom particular offices, powers or functions have been assigned;
- Remuneration Policies for members of the Management and Supervisory Boards;
- remuneration and/or incentive schemes based on financial instruments;
- the criteria for determining remuneration in the event of the early termination of the employment relationship or of the position held;
- an increase in the ratio of the variable to fixed components of remuneration up to a maximum of 2:1.

It also, after prior consultation with the Remuneration Committee:

- allocates the remuneration set by a Shareholders' Meeting for members of the Supervisory Board, setting the remuneration for the Chairman, the Senior Deputy Chairman, the Deputy Chairmen if appointed and those members of the Supervisory Board to whom specific offices, powers or duties have been assigned;
- determines the remuneration for members of the Management Board, in accordance with the remuneration policies approved by the Shareholders' Meeting for members of the Management Board;
- approves the remuneration policies and the annual Report on Remuneration;
- decides on the regulations to implement the remuneration and incentive schemes for Material Risk Takers, ensuring that they are consistent with overall choices of the bank in terms of risk-taking, strategies, long-term objectives, corporate governance structure and internal controls;
- decides, following an annual appraisal of the conditions and performance indicators, on the triggering of short and long-term incentive schemes and management of the relative bonus pool.

The Supervisory Board also, on the basis of a proposal from the Remuneration Committee, sets the remuneration policies for the Governing Bodies of subsidiaries.

Finally, with the support of the Remuneration Committee, it carries out checks at least once a year to see that the policies are being implemented correctly.

Remuneration Committee

The Remuneration Committee is formed of members of the Supervisory Board and governed by special regulations³⁷, published in the "Corporate Governance/Supervisory Board" section of the Bank's website, which determine its responsibilities and functioning.

The Committee carries out consultation activities, submits proposals and performs fact finding activities for the Supervisory Board, making use of external independent consultants, assessing in advance whether these are in situations that might compromise the independence of their judgement, and involving the competent corporate functions.

The Committee has access in carrying out its duties to corporate information relevant to that purpose and it shall have sufficient funds to ensure its operational independence.

In detail, it formulates proposals and opinions:

- for the decisions that the Supervisory Board submits to a Shareholders' Meeting for approval;
- for the remuneration of Governing Bodies;

³⁷ These regulations were revised in 2015 for compliance with Supervisory Regulations for Banks on Corporate Governance (Circular No. 285 – Part One – Title IV – Chapter 2).

- for Remuneration Policies;
- for the implementation of schemes for Material Risk Takers.

For the purpose of verification of compliance with Group remuneration policies, it provides opinions:

- on remuneration and/or incentive schemes based on financial instruments;
- on recommendations made by the Management Board to the Boards of Directors of the subsidiaries in relation to the proposals that they will submit to their respective Shareholders' Meetings for setting the remuneration of the Boards of Directors and any remuneration and/or incentive schemes based on financial instruments.

The Committee also:

- furnishes opinions and has proposal making duties in those cases where required by the regulations in force, on the amount of the remuneration for the Senior Management of UBI Banca and of subsidiaries and for Material Risk Takers;
- directly oversees the proper application of rules relating to the remuneration of the "Managers of Corporate Supervisory Functions" in close co-operation with the Supervisory Board;
- works with other internal committees of the Supervisory Board, co-ordinating in particular with the Risk Committee, which is responsible for ensuring that the incentives underlying remuneration and incentive schemes are consistent with the Risk Appetite Framework;
- provides opinions to the Supervisory Board about whether the trigger conditions and performance objectives of the incentive schemes have been achieved, inclusive of the impacts on the management of the bonus pool;
- periodically assesses the appropriateness, overall consistency and concrete application of policies pursued for the remuneration of senior managers and Key Personnel of the Group;
- gives advance assessments to the Supervisory Board on any individual agreements, in the context of criteria set by a Shareholders' Meeting, regarding post employment benefits for Key Personnel.
- sees to the preparation of the documentation to be submitted to the Supervisory Board for taking the relative decisions;
- provides the Supervisory Board and Shareholders' Meeting with adequate information about the activities performed.

The Remuneration Committee is composed³⁸ of the following members of the Supervisory Board:

- Mario Cera, as the Chairman;
- Marina Brogi;
- Alessandra Del Boca;
- Andrea Cesare Resti;
- Armando Santus.

In compliance with the provisions of the Borsa Italiana Corporate Governance Code, the composition of the Remuneration Committee reflects an adequate level of experience and expertise in relation to bank governance, law, finance and remuneration policies.

With reference to the appointment of the Senior Deputy Chairman, Mario Cera (who for the previous three years had performed a senior role in a strategically significant subsidiary) to the position of Chairman of the Remuneration Committee, as already described in the 2015 Report, with a view to the efficient operational continuity of the Bank it was considered appropriate not to comply, for this specific point only, with the requirements of Art. 6.P.3 of the Borsa Italiana Corporate Governance Code in order to ensure that the Committee continues to function in a full and efficient manner. It is precisely the professional experience and knowledge of the Group that Mario Cera has acquired that, together with his substantial

³⁸ Its term of office expires at the time of the 2016 General Meeting.

and well-known independence of judgment, were and are a suitable guarantee of the better and appropriate functioning of the Committee. The other four members of the Committee are in possession of the requirements of independence required by the Code.

In 2015 the Remuneration Committee met 13 times. The average length of meetings was approximately 1.4 hour and its activities are reported in detail in the Report on Corporate Governance and ownership structure contained in the 2015 Annual Report.

One meeting has been held in 2016.

Risk Committee

Without prejudice to the responsibilities of the Remuneration Committee, the Risk Committee checks that the mechanisms underlying incentives in remuneration and incentive schemes are consistent with the Group's Risk Appetite Framework.

Management Board

The Management Board is responsible for:

- the formulation, with support from the competent functions, of a proposal, within the scope of its remit, for Remuneration and Incentive Policies to be submitted to the Supervisory Board for its approval after prior consultation with the Remuneration Committee;
- the formulation of proposals to be made to the Supervisory Board for subsequent submission to the Shareholders' Meeting, for remuneration and/or incentive schemes based on financial instruments, the criteria and limits for determining remuneration in the event of the early termination of an employment relationship or of the position held, an increase in the ratio of variable to fixed remuneration above the limit of 1:1 and Section II of the annual Report on Remuneration;
- approving the means for implementing the policies and, with the support of Human Resources and the other competent functions, directing choices concerning the management and remuneration of staff;
- the approval, and having taken account of any proposals from the Remuneration Committee in those cases where it is required by the regulations in force, of the remuneration of Senior Management at UBI and its subsidiaries and more generally of Personnel belonging to the Material Risk Taker perimeter to be submitted to the Supervisory Board for an opinion, after prior consultation with the Remuneration Committee;
- making recommendations to the Boards of Directors of the subsidiaries in relation to the proposals that they will submit to their respective Shareholders' Meetings for setting the remuneration of the Board of Directors and any remuneration and/or incentive schemes based on financial instruments;
- the proposal for triggering short and long-term incentive schemes and the relative management of the bonus pool.

Shareholders' Meetings of the Italian subsidiary banks

The Shareholders' Meetings of the Italian subsidiary banks are responsible for approving the remuneration policies and setting the remuneration for their respective Governing Bodies, on the basis of proposals made by the Board of Directors, in accordance with the recommendations of the competent bodies of the Parent.

They are also responsible for approving remuneration and/or incentive schemes based on financial instruments relating to their business, for increasing the ratio of variable to fixed remuneration above the limit of 1:1 and for the criteria and limits set for determining remuneration to be agreed in the event of the early termination of the employment relationship or of the position held, subject to the approval of the UBI Shareholders' Meeting.

The Shareholders' Meetings also adopt the annual Report on Remuneration submitted by the competent bodies of the Parent.

The Boards of Directors and Boards of Statutory Auditors of Banks and Companies

The Boards of Directors and of banks and companies receive from the competent bodies of the Parent and approve the following:

- the Group Remuneration and Incentive Policies³⁹, except for the incentive component based on financial instruments, which is subject to approval by a UBI Shareholders' Meeting;
- the means for implementing the policies.

With particular reference to banks, the Boards of Directors adopt and submit for the approval of their Shareholders' Meetings Remuneration Policies, proposals for setting the remuneration of the Governing Bodies, the increase of the ratio of variable to fixed remuneration above the limit of 1:1 and criteria and limits set for determining remuneration to be agreed in the event of the early termination of the employment relationship or of the position held.

They also adopt the annual Report on Remuneration from the competent bodies of the Parent and, on the basis of the guidelines issued by the Parent and with the support of Human Resources and the other competent corporate functions, direct choices relating to the management and remuneration of staff, including recommendations relating to the remuneration of their Key Personnel.

The Boards of Statutory Auditors operate as supervisory functions in the context of the general powers assigned to them.

Corporate and control functions

The following corporate and control functions, according to their respective responsibilities, are involved and work together with one another and with the Remuneration Committee to ensure the adequacy, regulatory compliance and proper functioning of the remuneration policies and practices adopted.

Strategic Planning and Capital Management

Strategic Planning and Capital Management work together with Human Resources to define Group Remuneration and Incentive Policies and ensure that information is provided for the prompt reporting of the means for implementing policies, with particular reference to Group and company performance indicators.

Human Resources Function

The Human Resources Function, included among the corporate control functions for the sole purpose of Bank of Italy regulations on remuneration, works with the Remuneration Committee with all information necessary and appropriate to its proper functioning and is responsible for the correct and adequate implementation of schemes to implement Remuneration and Incentive Policies.

Human Resources make use of other specialist functions and units within the Group, such as Strategic Planning, Capital Management, Management Control, Legal Affairs, Administration and the other Control Functions, collecting and co-ordinating their contributions, with a view to both making proposals and the prompt reporting of the means for implementing policies.

Compliance

The Compliance Function is involved to ensure the adequacy and compliance with the provisions of the policies and the means for implementing them, expressing the appropriate compliance assessments.

It verifies, amongst other things, that the corporate incentive schemes meet the objectives of compliance with the legislation and regulations, the Articles of Association and any ethical codes or other standards of conduct applicable to the Bank or company, in order to ensure appropriate mitigation of legal and reputational risks, which are primarily linked to relations with customers.

³⁹ That responsibility is specific to foreign banks, because responsibility lies with the Shareholders' Meetings of the individual companies for Italian banks.

It reports to the bodies responsible on the outcomes of the verifications performed, indicating any areas for improvement or corrective measures.

Risk Management

It participates in the process of defining remuneration Policies in order to provide support in assessing their consistency with the objective of the long and short-term risk containment of each legal entity and Group overall, and with the maintenance of capital and liquidity requirements.

It helps to ensure that the incentive schemes are adequately calibrated to take account of all the risks taken by each legal entity in accordance with the methods in use in the Group.

It reports to the bodies responsible on any areas for improvement, with proposals for the adoption of corrective measures.

Internal Audit

At least once a year, the Internal Audit Function verifies that the implementation schemes and remuneration practices comply with approved policies and the applicable legislation and regulations, and it reports its findings and any irregularities to the relevant Governing Bodies and functions for the adoption of any necessary corrective measures.

The results of the verifications conducted are reported annually to the Shareholders' Meeting.

Persons concerned, comparative remuneration and pay mix

Beneficiaries

Three categories to which these remuneration Policies apply have been identified:

- Material Risk Takers (MRT) or Key Personnel (KP) identified in accordance with Delegated Regulation (EU) No. 604, in which more specific categories with differing characteristics and treatments are defined: Members of the Governing Bodies, Top Key Personnel (Top KP) and Other Key Personnel (Other KP);
- Other Group Personnel;
- Associate Workers not linked to the Group by a regular employee contract.

In 2016 a total of 204⁴⁰ positions have been defined in the Material Risk Taker perimeter, accounting for around 1% of the entire population of the Group. In detail these consisted of:

- 114 Members of Governing Bodies, not linked to the Group by a regular employee contract;
- 21 in the category of Top Key Personnel, including the Chief Executive Officer and General Manager of UBI, the highest levels of the functions of the Parent (with the exclusion of the Control Functions) and the Senior Management of the main legal entities in the Group;
- 69 in the Other Key Personnel category, inclusive of 10 Financial Advisors with no regular employee contract, whose activities may have significant impacts on the risk profile of the Bank or cover top tier control functions in the organisation chart of the Parent.

Identification of that perimeter was carried out on the basis of the results of the assessments conducted by individual Banks and subsequently consolidated at Group level, including all companies in the analysis and therefore also those not subject to the CRD IV Directive. Consideration was taken of the specific characteristics of the current federal model of organisation, in which the Parent performs the functions of the strategic management, coordination and control of the subsidiaries, which operate within defined areas of autonomy, taking into account the type of activity performed and the associated risk profiles.

Comparative remuneration

The Group sets itself the objective of positioning itself at remuneration levels that are in line with the market, partly with a view to retention and taking results into account, with the aim of assigning the highest pay bands of the remuneration benchmarks to the highest performing

⁴⁰ That perimeter may be subject to revisions during the year approved by the competent Governing Bodies.

staff, those with the most potential, and those who are in strategic positions and at market risk.

Comparative remuneration is monitored by comparison with the peer group and the general market, as well as by paying attention to the specific characteristics of each business and role. Through this comparison, the Group intends to improve the competitiveness of remuneration and thus its capacity to attract, motivate and retain staff.

Distinct and competitive remuneration packages have been defined on the basis of the category of personnel, in terms of fixed and variable components and benefits.

Pay mix

The Group aims to achieve a balanced ratio between fixed and variable components of remuneration, with balanced levels of pay mix.

Variable remuneration does not exceed the fixed component, except for key positions in the Investment Area of the asset management company for which the ratio is set at up to a maximum 2:1, in consideration of the specific nature of that employment market.

The table below shows the average theoretical pay mix, calculated as a percentage of total remuneration, taking into account the fixed and variable long and short-term components, divided between the various categories of Material Risk Takers identified.

“Material Risk Takers” Perimeter	Number	Fixed remuneration	Variable short-term	Variable long-term
“Governing bodies”	114	100%	-	-
“UBI CEO”	1	50%	30%	20%
“Top”	20	62%	25%	13%
“ Other KP” ⁴¹	59	80%	20%	-

The ratio between the variable and fixed component for the control functions does not exceed the limit of one third.

Remuneration Policies for Governing Bodies

The remuneration of the Governing Bodies of the Group is defined in compliance with the current regulatory framework and in accordance with the Articles of Association, based on best practice, Italian guidelines and future European policies.

The purpose of the Policies is to attract the best skill sets; they are based on principles of both fair remuneration for similar roles and differentiation between roles on the basis of the levels of responsibility and risk involved. They also take account of the professional skills required, the time and commitment employed, and market competitiveness.

In detail, the fees of members of the Governing bodies of the UBI Banca Group are structured with a cap set by that of the Chairman of the Management Board which is set at the same level as that of the Chairman of the Supervisory Board, and is lower than the fixed remuneration of the Chief Executive Officer.

No “attendance token” payments exist for meetings of the Governing Bodies.

Members of the Governing Bodies classified as senior management may receive forms of remuneration linked to results, while all the other members of the Governing Bodies of the Group receive no variable remuneration.

No member of the Governing Bodies may unilaterally decide to waive their right to part or all of their remuneration and no guaranteed bonuses⁴² or leaving bonuses exist.

⁴¹ Financial advisors are excluded from the calculation of the pay mix in consideration of the specific nature of their remuneration, usually entirely variable on the basis of the nature of their employment contract.

Supervisory Board

The board members' fees approved by the Shareholders' Meeting on the basis of a proposal from the Supervisory Board, for the period of office, are decided by the Supervisory Board on the basis of a proposal from the Remuneration Committee and related to their period of tenure in the role.

Most members of the Supervisory Board receive remuneration for the specific positions held by them as Chairman, Deputy Chairmen, Secretary, Chairmen and members of internal committees of the Board and the Supervisory Body, as part of the total amount of remuneration resolved by the Shareholders' Meeting.

Management Board

If the Chairman of the Management Board takes up positions in other Group banks or companies, he may receive total further remuneration of not more than 30% of the remuneration set for the position of Chairman of the Supervisory Board.

The fee of the Chairman of the Management Board is set at the same level as that of the Chairman of the Supervisory Board;

The maximum total fee payable to each member of the Management Board, with the exception of those relating to the "special assignments" of the Chairman, the Deputy Chairman of the Board and the Chief Executive Officer, for membership of the Management Board and where relevant the Governing Bodies of the Group banks and companies, is equal to the amount due for the position of member of the Management Board plus 2/3.

Any exemptions for exceptional reasons are in any event subject to the prior approval of the Supervisory Board, following consultation with the Remuneration Committee.

The Chief Executive Officer and members of the Management Board classified as senior management of UBI Banca, included within the "Material Risk Takers" perimeter, are eligible for forms of variable remuneration linked to results.

Boards of Directors of Group companies

For those who are not members of the Management Board of the Parent and are members of the Management Boards of the Group banks and companies, on the basis of principles of proportionality, the cap on remuneration is equal to the amount due for the position of Member of the Management Board plus 1/3. In this case too, any exemptions for exceptional reasons are in any event subject to the prior approval of the Supervisory Board, following consultation with the Remuneration Committee.

The remuneration for positions held in the banks and companies in the Group is decided on the basis of the importance of the bracket they are in, defined in an internal classification for this purpose and are consistent, in accordance with principles of proportionality, with those of the Supervisory Board and Management Board.

The fixed fee set for the positions of Chairman and Deputy Chairman includes remuneration for attendance at meetings of the Board of Directors and the Executive Committee. The fee paid to the Chairman may not exceed the fixed remuneration paid to the top and senior management (Chief Executive Officer or General Manager).

Payments due to senior managers employed by businesses within the Group for positions held on the boards of Group banks and companies are paid back to the company concerned. Payment has, however, been made, given the extensive commitment and responsibilities taken, for the payment to those concerned of a special allowance limited to a maximum sum of €20,000, related to the positions occupied and subject to specific regulations, as a distinct element of remuneration. The payment of this allowance ceases at the time when the position is no longer held. Its amount is calculated to reflect the cumulative remuneration due to the senior manager/employee for the positions held, within the above maximum sum and in accordance with principles of proportionality, which takes account of the importance, type of activity and risk of the company in question.

⁴² Without prejudice to exceptions allowed by legislation and regulations, limited to the first year of employment, for board members classified as senior management.

Boards of Statutory Auditors

The remuneration paid to Boards of Statutory Auditors is set at fixed levels, including the remuneration to be paid to members of the Board of Statutory Auditors if they are acting as a Supervisory Body pursuant to Legislative Decree No. 231/2001, on the basis of bands to which the Group member companies belong, defined in an internal classification for this purpose, in accordance with principles of proportionality.

An increase of approximately 50% of remuneration is payable for the positions of Chairmen.

Remuneration and incentive policies for staff and associate workers

The remuneration package made available to staff by the Group is targeted at the achievement of long to medium to long-term objectives, and balanced depending on the relevant category, on the basis of the following components:

- fixed remuneration;
- variable remuneration based on performance measurement, with a time horizon that distinguishes between short-term (annual) objectives and, for Top Key Personnel, long-term (three year) objectives;
- other retention and attraction tools, which depending on the type, are classified as either fixed or variable remuneration;
- benefits, normally associated with the fixed component of remuneration⁴³.

A ban is placed on personal hedging or insurance strategies applied to remuneration or other aspects which might alter or impair the effects of alignment with the risk involved in these policies.

Fixed remuneration

The fixed component of remuneration is structured in an amount that allows the variable component to contract appreciably or fall to zero in relation to the results adjusted for risks that have actually been achieved.

It includes remuneration earned for positions in the Governing Bodies, allowances for roles associated with specific positions within the corporate structure, retention tools, contributions to supplementary pension funds, insurance and health policies as provided for in contractual agreements, and any allowances associated with geographical mobility.

It is defined on the basis of the position occupied and on the basis of the principles of rewarding merit. In particular, the following parameters are taken into consideration:

- the objectives and responsibilities assigned to the role occupied, including the levels of exposure to risk;
- the reference benchmarks for remuneration, with particular attention to professional skills at the greatest market risk, the business and the operating context;
- the proper performance by the person of the functions of the role, in terms of performance and skill levels;
- the growth potential for the professional skills that are most relevant and most difficult to find on the labour market;
- the experience acquired and career path followed.

There is a regular process for the assessment of positions for the purposes of comparing positions within the organisation with the external market, which determines the assignment of a value (grade) to each role, representing the complexity of the position.

⁴³ Except for possible pension benefits recognised on a discretionary basis, not normally provided, which would be classified as variable remuneration and, with regard to Key Personnel, would be subject to the rules set by the legislation and regulations in force.

Regular monitoring processes are also in place for the evaluation of the proper performance of the functions of the role, potential and experience, by means of current staff management and evaluation tools, particularly:

- the annual professional evaluation process;
- performance in terms of the main objectives of the incentive schemes;
- evaluation of managerial performance⁴⁴;
- assessment of potential⁴⁵.

These principles are applied as part of the Merit Plan, a process regulated by the Parent by means of guidelines issued to each Group member company, with the purpose of formulating staff award proposals, usually on an annual basis.

Variable remuneration based on performance

The variable component of remuneration is mainly based on performance measurement, on both an annual and long-term basis.

The objective is to involve and motivate staff to achieve medium and long-term strategies and also to recognise team and individual contributions.

To ensure a more direct correlation between results and rewards a bonus pool has been set, to which access is gradual on the basis of the satisfaction of preliminary trigger conditions (“gates”) by the Group and the achievement of risk-adjusted profit targets set at the level of both the Group and the individual business entity.

The measurement is related to income statement and balance sheet indicators corrected for risk, internal and external customer satisfaction levels, strategic projects and assessments of the effectiveness of their behaviour.

Performance based variable remuneration consists of:

- short-term incentive schemes (annual);
- long-term incentive schemes (three yearly);
- the company productivity bonus (or alternatively, a Result Bonus, as defined by the current National Trade Union Agreement);
- commercial “contests”.

To complete the variable component of remuneration, it is also possible to pay one-off bonuses, for outstanding performance and with a view to motivation and retention. Once the access trigger (“gate”) conditions have been verified together with the main Group and company performance indicators, these are defined in the Merit Plan in accordance with the guidelines issued by the Parent, the costs set in the budget and criteria of selectivity and merit.

Bonus pool

Each year, if the capital stability, liquidity and risk-adjusted profit conditions are met at Group level, a budget is provided for a bonus pool to be used for the incentives schemes.

This provision is divided at the level of the Group and each company, taking into consideration the expected profitability, the number and type of personnel, the relative theoretical bonus levels, the type of business or context and in any event the capacity of the Company to remunerate the capital.

If significant revisions to the budget are made during the year in question, the “bonus pool” may be subject to changes by the Supervisory Board, after prior consultation with the Remuneration Committee on the basis of a proposal from the Management Board.

At the final figure stage, on the basis of the performance in relation to the budget approved each year by the Management and Supervisory Boards (calculated at Group level using

⁴⁴ Through the use of management appraisal tools, a structured assessment method involving individual interviews.

⁴⁵ Through the use of assessment tools, a structured assessment method involving group meetings.

RORAC and at the level of the individual legal entity using normalised net profit adjusted for the “delta (change) cost” between allocated and absorbed capital⁴⁶⁾ the bonus pool may be increased, without prejudice to the correct remuneration of capital and liquidity, up to a predetermined maximum, or reduced as far as zero (malus), both at the overall level and at the level of each legal entity, in accordance with the criteria set out in the implementation regulations. An example of how this works is given below, on the basis of which the bonus pool may vary once given RORAC results relative to budget have been taken into consideration.

Group RORAC (% achievement of objective)	Change in bonus pool
> 150%	Up to 200%
110%-150%	Up to 150%
80%-110%	Up to 100%
50%-80%	Up to 60%
0%-50%	Up to 30%
<0%	0%

The bonus pool may also be reduced to zero in the event of failure to achieve the trigger conditions (“gates”) if the financial statements show a loss on normalised amounts.

If the available allocation is exceeded, criteria have been set for the bonuses to be redistributed, until the capacity of this allocation is reached.

In order to also be able to manage unforeseeable and non-determinable exogenous variables, the Management Board may reserve a reduced portion of the bonus pool, up to a maximum of 15%, to action of a discretionary nature based on qualitative assessments of performance, subject for verification to the approval of the Supervisory Board, after prior consultation with the Remuneration Committee.

Entry conditions (“gates”)

The incentive schemes are triggered upon satisfaction of the conditions (“gates”) set at Group level to ensure capital stability and liquidity as defined in the “Risk appetite in the UBI Banca Group” policy and the “Policy to Manage Financial Risks of the UBI Banca Group”; more specifically the indicators identified (set in accordance with the relevant implementation documents) are:

- *Common Equity Tier 1 (CET 1) Ratio;*
- *Net Stable Funding Ratio (NSFR);*
- *Liquidity Coverage Ratio (LCR);*
- *Leverage Ratio (LR).*

The values of these indicators are verified at the end of the period, on 31st December of each year for the short-term incentives scheme and on 31st December of the three-year period in question for the long-term scheme.

The incentive schemes are not, however, triggered if the financial statements show a loss on normalised amounts.

Short-term incentive schemes

The short-term incentive schemes are intended to achieve the annual objectives, and support value generation over time by Group companies, rewarding the achievement of risk-adjusted objectives, while maintaining adequate capital levels and liquidity and ensuring that incentives are not in conflict with the interests of the Bank, its shareholders and its customers.

⁴⁶ For a limited number of companies with low capital absorption the indicator used is normalised net profit (i.e. net of non recurring items).

The indicators used to evaluate performance at the level of the Group and single legal entities in 2016 are:

- RORAC⁴⁷, at Group level;
- Adjusted Normalised Net Profit⁴⁸ at the level of individual companies.

At the individual and business unit level, the parameters used for incentives schemes are mainly quantitative and measurable, providing for qualitative aspects for performance measurement and normally also related to levels of customer satisfaction.

The indicators, particularly for staff who sell financial products and instruments do not consider direct connections with single services or products, but relate more generally to areas or sectors of activity and are defined with the intention to pursue and safeguard proper relationships with customers and comply with regulations and legislation in force, with particular reference to compliance with the obligations concerning behaviour and conflicts of interest, and those pursuant to the MIFID directive, in accordance with the guidelines issued by ESMA.

The calculation methods are designed to allow graduated payment of bonuses, depending on the degree to which objectives are attained and also to prevent conduct that places the Bank at risk.

Bonuses are related to the complexity of the role and the results achieved at individual, team, company and Group level.

There are no guaranteed bonuses, without prejudice to exceptions allowed by legislation and regulations limited to the first year of employment.

Access to bonuses is withdrawn if company regulations or instructions are violated, as ascertained by the imposition of disciplinary penalties, or following adverse findings made by the Internal Audit Function, as set out in the corporate implementation regulations.

Incentive Scheme for Material Risk-Takers

Material Risk Takers, with the sole exception of the control functions, for which there are no indicators linked to financial and operating objectives, are subject to further indicators in addition to the Group and company objectives referred to above, as follows:

- profit on continuing operations before tax (POCBT) normalised at Group level;
- core income at legal entity level;
- customer satisfaction.

Exclusively for the most senior positions at the Parent⁴⁹, a share of the bonus may be adjusted on the basis of the position of the UBI share compared with the listed banks used for the benchmark.

In line with the principles expressed in the legislation and regulations, for the whole of the Key Personnel perimeter the structure of the bonus payout is such that 50% of the bonus is converted into ordinary shares of UBI Banca, subject to retention clauses that align the incentives with the Bank's long-term interests.

The percentage of the deferment of bonuses and the relative timing, however, the vary as a function of the role, in the target variable and the category to which they belong:

- for the Chief Executive Officer of UBI Banca, 60% is deferred for five years, in consideration of the size of the variable target, which is over €500,000;
- for positions belonging to the Top perimeter, 50% of the bonus is deferred for three years;
- for Other Key Personnel, 40% of the bonus is deferred for three years.

⁴⁷ That indicator is also applied for the Parent, the company UBI Servizi e Sistemi and the company UBI Academy.

⁴⁸ Normalised net profit, adjusted for the cost "delta" (change) between absorbed capital and allocated capital. Where that indicator is not available it is replaced with the normalised net profit indicator.

⁴⁹ Chief Executive Officer, General Manager and Senior Deputy General Manager of UBI.

The same percentage is used for the amount in financial instruments for both the deferred and upfront variable components.

There is a two-year retention period for financial instruments that are paid upfront, while there is a one year period for the deferred components.

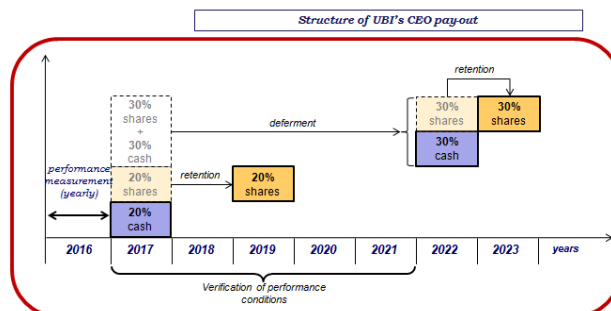
In order to ensure capital stability, liquidity and the capability to generate risk-adjusted profit over time, consistently with the long-term strategic objectives of the Bank or company, the deferred portion is paid on condition that adequate levels of capital stability (Common Equity Tier 1 Ratio), liquidity (Net Stable Funding Ratio) and risk-adjusted profit (RORAC) are maintained at Group level, as set out in the corporate implementation regulations approved by the Supervisory Board. The deferred portion of the bonus will not be paid if these conditions are not met (a malus).

No interest or dividends are paid on deferred portions of the bonus.

Examples of the payout procedures for Material Risk Takers, differentiated on the basis of the type of role, are given below.

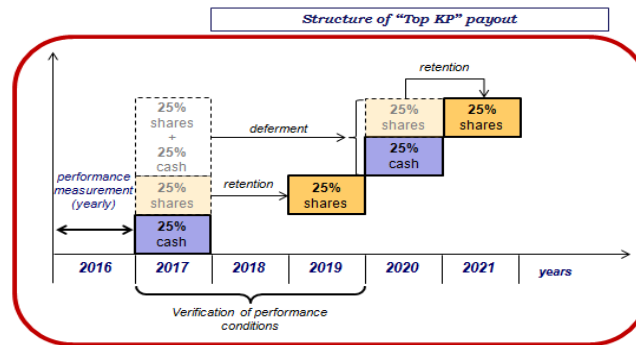
In detail the Chief Executive Officer of UBI Banca receives 40% upfront and 60% deferred, more specifically:

- 20% is paid upfront in cash at the end of the performance measurement period;
- 20% is paid upfront in shares at the end of the performance measurement period and is subject to a further two-year retention period;
- 30% in cash is deferred for five years and subject to further performance monitoring conditions;
- 30% in shares is deferred for five years subject to further performance monitoring conditions and is subject to a further one-year retention period.



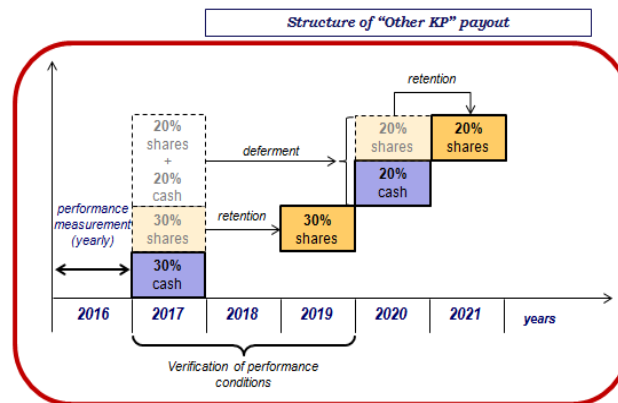
For the Top perimeter, 50% is received upfront and 50% is deferred, more specifically:

- 25% is paid upfront in cash at the end of the performance measurement period;
- 25% is paid upfront in shares at the end of the performance measurement period and is subject to a further two-year retention period;
- 25% in cash is deferred for three years and subject to further performance monitoring conditions;
- 25% in shares is deferred for three years subject to further performance monitoring conditions and is subject to a further one-year retention period.



Other Key Personnel receive 60% upfront and the remaining 40% is deferred, as follows:

- 30% is paid upfront in cash at the end of the performance measurement period;
- 30% is paid upfront in shares at the end of the performance measurement period and is subject to a further two-year retention period;
- 20% in cash is deferred for three years and subject to further performance monitoring conditions;
- 20% in shares is deferred for three years subject to further performance monitoring conditions and is subject to a further one-year retention period.



The payment mechanisms set out above are always applied, in accordance with the relevant category, if the variable amount earned by the individual exceeds €50,000 gross or 15% of individual fixed remuneration.

If the bonus earned is below that threshold and if the bonus earned individually is less than 15% of fixed remuneration, the payment is made entirely upfront, of which 50% being paid in cash at the time when the conditions are met and the remaining 50% as ordinary shares of UBI Banca with a two-year retention period.

Unless expressly indicated otherwise, participants in the incentive schemes who terminate their employment contracts before the bonus payment dates set out for each model, partly with a view to retention, will lose all rights to bonuses earned.

The beneficiaries of incentive schemes belonging to the Material Risk Taker perimeter are required to sign a special internal regulation agreeing not to use personal hedging or insurance strategies applied to remuneration or other aspects which might alter or impair the effects of alignment with the risk involved in these Policies.

Long-term incentive schemes

A long-term incentive scheme (LTIS) for the three-year period 2015-2017 is in force, with the objective of bringing the interests of management increasingly into line with those of shareholders, in a perspective of creating value in the long-term as well as the short-term, in compliance with legislation and regulations in force and best market practices.

This scheme is intended, amongst other things, to make remuneration target levels more competitive, attributing greater value to the variable component and directing the pay mix towards performance, amongst other things by encouraging the loyalty of key personnel.

The incentive scheme concerns a small number of Top Key Personnel, on the basis of the strategic position occupied in policy terms over the governance of the Group and their impact on the main business areas, including the Chief Executive Officer, General Manager and Senior Deputy General Manager of UBI Banca.

The bonuses will be paid in UBI shares (performance shares), which are considered the most appropriate instruments for aligning the interests of shareholders with those of management.

In order to finance the long-term incentive scheme an additional amount is allocated to the bonus pool created for the short-term incentive scheme.

While the preliminary trigger conditions (“gates”) are not affected, value creation objectives have been set, taking into account the difficulties of the current context and evaluated on the basis of a performance matrix with two indicators:

- Group RORAC, calculated at the end of the three-year period and based on the average return on three-year BTPs over the period in question;
- Total Shareholder Return (TSR), which measures the performance of the UBI Banca share, compared in terms of quartile positioning with the listed banks in the reference peer group.

The performance matrix according to which, on the basis of the levels of achievement of the goals set in the context of the relevant implementation regulations, a percentage of the bonus in question is earned is shown below:

- if the performance of UBI shares is between the lower quartile and the median of the reference benchmark, 50% of the bonus is earned if the RORAC target objective is achieved, or 60% if the RORAC maximum target (the cap) is achieved;
- if the performance of UBI shares is between the median and the upper quartile of the reference benchmark, 60% of the bonus is earned if the RORAC target objective is achieved, or 70% if the RORAC maximum target (the cap) is achieved;
- if the performance of UBI share is above the upper quartile of the reference benchmark, 70% of the bonus is earned if the RORAC target objective is achieved, or 80% if the RORAC maximum target (the cap) is achieved.

Performance Matrix		
TSR	Group RORAC plus 3-year BTP	
	"Target"	"Cap"
>Q3	70%	80%
Med	60%	70%
>Q1	50%	60%

Assessments of managerial effectiveness and the degree to which any strategic projects in the reference period have been achieved may act as complementary “correction factors”, increasing the bonus earned by up to a further 20% on the basis of value creation parameters. If the value creation parameters are not activated, the correction factor does not apply.

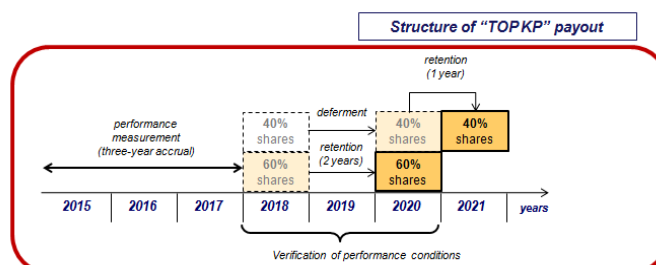
The degree to which objectives have been achieved is subject to overall assessment at the end of the three-year period by the Supervisory Board, following consultation with the Remuneration Committee and with the involvement of the other relevant committees, on the basis of evidence provided by the Management Board.

Given the current uncertainty of the financial and economic environment, the Supervisory Board, on the basis of proposals submitted by the Management Board and in consultation with the Remuneration Committee, reserves the right to evaluate revisions of the three-year objective during the reference period.

The structure of the bonus payout provides for the following payments:

- 60% is paid upfront in shares at the end of the three-year performance measurement period (accrual) with a two-year retention period;
- 40% is paid in shares, deferred by two years and with a one-year retention period. With a view to compliance with legislation and regulations in force, the portion is awarded before the end of the deferral period, but subject to a further year of retention to verify that the conditions for the payment effectively exist.

Examples of the payout procedures are given below.



In order to ensure capital stability and liquidity over time, consistent with long-term strategic objectives, the deferred portion is paid on condition that adequate levels of capital stability (Common Equity Tier 1 Ratio) and liquidity (Net Stable Funding Ratio) are maintained at the end of the deferral period, as set out in the corporate implementation regulations. The deferred portion of the bonus will not be paid if these conditions are not met (a malus).

Taking into consideration the high volatility of current scenarios and in order to promote greater flexibility enabling the continuous alignment of performance over the long term, a rolling mechanism has been set in place, with a consequent adjustment of new long-term incentive plans on the basis of changing internal and market conditions.

The frequency for the activation of each incentive plan is decided each year by the Supervisory Board, following consultation with the Remuneration Committee, without prejudice to the approval of the share component by the Shareholders' Meeting.

In consideration of the existing 2015-2017 scheme, no plan exists to introduce a new long-term incentive scheme.

Clawback clause

The variable component of remuneration is subject to clawback mechanisms for the repayment of bonuses that have already been disbursed.

Clawback has a particular impact on incentives earned by and/or paid to staff who have caused or played a role in:

- behaviours leading to a significant loss for the Bank;
- violations of the requirements imposed under article 26 or, when the subject is an interested party, article 53, subsections 4 *et seq.* of the Consolidated Banking Act or requirements relating to remuneration and incentives;
- violations of the provisions of the Consolidated Finance Act with regard to obligations laid down by article 6, paragraphs 2-*septies*, 2-*octies* and 2-*novies*, or article 13, or obligations concerning remuneration and incentives according to Art. 190-*bis*;
- fraudulent behaviour or gross negligence that could damage the Bank.

These provisions are independent of any compensation or disciplinary issues.

The clawback may take place for bonuses paid up to a maximum period of five years prior to the date on which the charge of misconduct indicated above was brought.

Other retention and attraction tools

Other tools for attracting and retaining staff include awards such as promotions, pay increases for the fixed component and one-off variable-component bonuses related to career paths and professional development and managed as part of the Merit Plan, usually on an annual basis.

There may also be a Company Bonus as part of variable remuneration or alternatively a Result Premium, as defined by the National Trade Union Agreement, the conditions and criteria for which are set annually in the context of supplementary trade union negotiations. The bonus may be disbursed either in cash or in the form of other specific services, including for example those connected with the Group's welfare system or in the form of financial instruments.

It is possible to implement specific commercial "contests" aimed at directing the distribution network towards supporting business plans and targets. These initiatives are developed as part of the variable components of the remuneration in line with targets set during budget preparation, ensuring the prevention of conflicts of interest and behaviours that may lead to moral hazard.

These commercial initiatives are marginal and supplementary compared with the actual incentive schemes, with particular reference to the objectives, costs, impacts on staff motivation and effects at the level of risk assumption.

It is also possible to grant indemnities associated with specific positions within the governance and control structures that are functionally linked to the role occupied.

Finally, there are tools for the attraction and retention of professionals in demand within the labour market. These include the use of:

- job-security agreements, for which the amount is agreed or granted during the same employment relationship by means of periodic or continuous indemnity items (only in exceptional circumstances can this occur at the time of termination of the employment relationship, in accordance with criteria set out by the Shareholders' Meeting) to retain professionals in high demand within the labour market and to protect the financial profiles of the Bank;
- schemes to enhance the commercial contribution made by personnel from the external market, making it possible to provide economic rewards (e.g. for the acquisition of new customers or assets), in compliance with regulations in force.

Lastly, the Bank may make use of specific non-competition agreements, when they are required or advisable for the protection of commercial and customer goodwill. The necessary payments will be agreed within the limits set in article 2125 of the Italian Civil Code and in line with Bank of Italy Supervisory Regulations, legal interpretations and market practices, with specific reference to Key Personnel in compliance with the criteria and limits approved by the Shareholders' Meeting.

Benefits

In addition to what is already required under the National Trade Union Agreement, wage packets paid to staff may provide for the granting of benefits awarded on the basis of internal fairness and external competitiveness, consistent with the need to meet the demands of the various categories of employees and in compliance with tax and social security legislation.

In particular, specially regulated supplementary collective pension⁵⁰, health and insurance plans, infancy welfare services and canteen services serving meals, sports and recreational activities and discounts on products and services provided by the Bank and its subsidiaries are provided to protect the health and welfare of staff.

The provision of company cars for business and personal use and guest accommodation to meet requirements for geographical mobility and personnel management in the Group has also been established and regulated.

⁵⁰ Normally, pension benefits are not normally paid on a discretionary basis. Should they be paid then the rules set by the legislation and regulations in force will apply.

Post-employment benefits

The criteria for determining extraordinary remuneration, in addition to what is required by law or under the national trade union agreement, in the event of the early termination of the employment relationship or of the position held, including the limits set in terms of years of fixed remuneration and the maximum amount resulting from their application, are set by the Shareholders' Meeting.

No special payments (golden parachutes) are generally provided for the early termination of the employment relationship or the position held.

Any individual agreements, on an exceptional basis, will be managed in the context of the criteria set by the Shareholders' Meeting, up to a maximum of 24 months of fixed individual remuneration, subject to deferment and retention conditions for the component paid in financial instruments and to ex post adjustment mechanisms (malus and clawback) and they must reflect performance achieved over time.

This is without prejudice to payments and disbursements that are required by law or under the national trade union agreement, or on the basis of transactions performed within the context and limits of these obligations and in order to avoid objectively justified litigation risks.

The said payments and disbursements do not form part of the pay mix and will be set in relation to the specific circumstances and in strict compliance with the regulations in force from time to time, while they will comply with prevailing provisions of the law and supervisory regulations.

A structured approval process is followed for decisions regarding Key Personnel. More specifically, the Management Board, supported by the competent internal functions of the Bank, submits the measures adopted and the relative reasons, within the bounds of the aforementioned criteria and limits approved by a Shareholders' Meeting, to the Supervisory Board for appropriate verification of compliance, after prior consultation with the Remuneration Committee.

Associate workers not linked to the Group by regular employee contracts

Any variable remuneration due to associate workers not employed under regular employee contracts is governed by the criteria and guidelines contained in this document, appropriately adjusted to take account of the characteristics of the specific business.

Financial advisors and financial agents are particularly important with regard to associate workers not bound by regular employee contracts.

Financial advisors work in the company IW Bank Private Investment, while financial agents, who specialise in salary and pension-backed loans, work in the company Prestitalia.

The remuneration of Financial Advisors, which is usually entirely variable on the basis of the nature of their employment contract, can be divided into the following:

- a recurring component, commissions, that constitute the more stable and regular element of remuneration and are the real fee for the advisory activity;
- a “non-recurring” component, which has an incentive value because it is subject, for example, to the achievement of specific results, such as increasing total net inflows of funds.

The non-recurring component is subject to prior triggering of the bonus pool (“gates”) and subsequent “correction factors”, taking into account operational risk indicators, that promote proper behaviour and the link with the legal and reputational risks to which the Bank is exposed, in addition to compliance with the rules for protecting customers and gaining their loyalty.

The following are typically considered with regard to the “non-recurring” component:

- collective incentive schemes, designed to stimulate the activity of all advisors and to reward excellence on the basis of specific objectives;
- individual incentive schemes which, on the basis of individual agreements, reward the achievement of performance targets, inclusive of any extraordinary and non-repeatable

inflows of funds, and in any case not attributable to building the portfolio at the entry stage.

When a new Financial Advisor is recruited by the bank, activity to acquire new assets – up to a predetermined maximum period needed to build a basic portfolio – is considered as a “recurring” component of remuneration.

For those financial advisors who may be included within the Material Risk Taker perimeter, the more stringent rules set for Other Key Personnel apply and remuneration is again composed of a “recurring” and a “non-recurring part, once the period needed to build a basic portfolio has ended.

The remuneration of Financial Agents, which is also entirely variable due to the nature of their employment contract, is composed exclusively of “recurring” components which are commissions.

In order to reduce and guard against significant risks, the consultancy contracts entered into provide for specific reports and control procedures, to ensure compliance with the provisions of the law and the internal regulations in force, inclusive of the clawback mechanisms applied to all other personnel.

Attachments

Description of the indicators used

Common Equity Tier 1 (“CET1”) Ratio - In terms of own funds, this indicator represents the highest quality core capital (composed of the total ordinary shares issued by the Bank that satisfy the regulatory classification criteria, share premium reserves, retained profits, valuation reserves and other reserves recognised) net of the deductions required by the regulations as a ratio to Risk Weighted Assets (RWA).

Customer Satisfaction is surveyed as part of the Consultation Project; appropriate adjustments to take market performance into account may be made at the time when actual performance is calculated, in order to mitigate any possible distortions associated with particular external events.

The Leverage Ratio (“LR”) – Leverage calculated as the ratio of the Tier I capital (capital measurement) to the total exposure of the Group (exposure measurement) which includes all the assets and off-balance sheet items not deducted to calculate the capital measurement according to the provisions of the CRR - Art. 429 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26/06/2013 as amended by the Delegated Act (EU) No. 62/2015 .

Liquidity Coverage Ratio (“LCR”) - Indicator designed to ensure that a Bank maintains sufficient high quality liquid assets available which can be converted into cash to meet liquidity commitments over a period of 30 days in a stress scenario defined by the Supervisory Authority. It is defined as the ratio of the stock of “available high quality liquid assets” and the sum of “net cash outflows over a time horizon of 30 days, estimated in a context of normal business and supplemented by situations of stress”.

Net Stable Funding Ratio (“NSFR”) - Indicator of structural balance designed to monitor and contain risk associated with the transformation of maturities within a tolerance threshold considered acceptable by the Group. It is the ratio of funding (liabilities) to weighted lending (assets), which takes account of the stability of the liabilities and the degree of liquidity of the assets.

Total Shareholder Return (TSR) – The increase in the value of the share, calculated as a percentage difference between the daily average in December 2016 (for the annual incentives scheme) or 2017 (for the three-year incentives scheme) and the daily average in December 2015, including the value of any dividends paid (excluding the possibility that they could be reinvested). They are compared with banks in the reference benchmark listed on regulated markets, on the basis of the quartile positioning of the UBI Group. The method provides for normalisations in the event of exceptional circumstances (e.g. increases in capital).

Return On Risk-Adjusted Capital (RORAC) - The profitability in percentage terms of capital at risk calculated as the ratio between NOPAT (net operating profit after tax) and average allocated (budgeted) capital or average absorbed (actual) capital.

NOPAT is obtained by adjusting the consolidated net profit (attributable to the Group and to non-controlling interests) - net of non-recurring extraordinary items and the cost relating to incentive schemes - to notional interest (net of taxes) calculated using the following formula:

at the time of budgeting/final figures: (average adjusted tangible equity⁵¹- average capital allocated/absorbed) x average yield of three-year BTPs expected for year budgeted

The capital allocated/absorbed is calculated as the sum of the following:

- a) the total Risk Weighted Assets (RWA for credit risk, RWA for market risk and RWA for operational risk) multiplied by the Group’s Target Common Equity Tier 1 Ratio (assuming no AT1 issuances: Common Equity Tier 1 Target Ratio = Tier 1 Target Ratio);
- b) 100% of the shortfall of provisions to expected losses (“fully-loaded shortfall”);
- c) hedge funds, any equity investments, subordinated assets deducted from own funds;

⁵¹ Adjusted tangible equity: equity recognised + expected self financing + non-controlling interests – available-for-sale and cash flow hedge fair value reserves – intangible assets.

d) value of the AFS reserve for government securities if negative + the value of the AFS reserve for other debt securities and equity securities if negative;

e) the value of the capital allocated in compliance with Pillar II, to cover the banking book AFS portfolio⁵².

Core Income refers to the income indicator, net of the finance result: net interest income (excluding the effects of PPA⁵³) + net fee and commission income (using normalised data).

Profit on continuing operations before tax (POCBT) is considered net of extraordinary and non-recurring items.

Normalised net profit (NNP) is considered net of non-recurring extraordinary items and the cost relating to incentive schemes.

Normalised net profit, adjusted for the cost of capital "delta"(change) - Calculated as the algebraic sum of the net profit in the income statement - net of non-recurring extraordinary items and the cost relating to incentive schemes - and of the (positive or negative) difference between the absorbed and allocated capital, measured on the basis of the cost of capital.

CET1 and the NSFR are defined in accordance with the regulations currently in force and are recognised as in the "Risk appetite" document, the "Policy to Manage Financial Risks" and the related regulations for their implementation.

All the accounting and financial data (including any related normalisations) are shown in the financial statements and/or by evidence provided by the Senior Officer Responsible, the Strategic Planning Area and the Risk Management Area.

For Finance, the objectives take account of the "Policy to Manage Financial Risks" and the related regulation for its implementation; particular use is made of risk-adjusted indicators (RORAC).

In the context of incentives schemes, in addition to or instead of the indicators shown above, specific quantitative and qualitative objectives are normally used, identified in accordance with the activities for which each position is responsible.

⁵² The part of the capital which includes the VaR stress and the stop loss capital buffer is deducted from the value of Group capital allocated, with account taken of the portion attributable to the CET1 capital in relation to the composition of 2016 budgeted available financial resources (AFR) and the tax relief is considered that would arise in the event of an effective loss (tax rate: IRES+IRAP).

⁵³ "Purchase Price Allocation" - in the context of the "purchase method" accounting treatment, this is the recognition in the accounts of acquirer on the acquisition date of the fair value of the net assets of the companies acquired, even if not previously recognised in the books of those companies, and any surplus (or deficit) arising between the cost of purchase and the fair value of the net assets acquired, recognised in the books of the acquirer as goodwill.

Description of terms, acronyms and abbreviations

Bonus pool: total allocated budget for incentive schemes.

Cap: maximum achievable level for an objective.

Cash: cash component of variable remuneration.

Clawback: mechanism that provides for the repayment of a bonus that has already been paid out.

CRD IV: Capital Requirements Directive IV - Directive 2013/36/EU of the European Parliament in force since 1st January 2014 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

EBA: European Banking Authority supervising the banking sector.

ESMA: European Securities and Markets Authority - the European authority for financial instruments and markets, supervising the securities market.

“Gate”: condition required to trigger incentive schemes, related to Group capital stability and liquidity indicators.

Golden parachute: special payments, in addition to what is required by law or under the national trade union agreement, relating to the early termination of the employment relationship or of the position held.

LTIS: Long-Term Incentive Scheme.

Malus: ex post adjustment mechanisms on the basis of which the bonus pool and/or the bonuses earned may be reduced, even to zero.

MIFID: Markets in Financial Instruments Directive, the European Directive for the protection of savers and the efficiency and integrity of the financial markets.

MRT: Material Risk Takers or Key Personnel, defined in Commission Delegated Regulation (EU) No. 604/2014, which supplements CRD IV and provides the qualitative and quantitative criteria for the identification of members of staff whose activities have a material impact on the Bank's risk profile. Within the UBI Group, MRTs have been divided into three groups, with different treatments, in accordance with principles of proportionality, with particular regard to procedures for the payment of the bonuses earned.

Pay mix: percentage of the various components of remuneration (fixed and variable) represented by total remuneration.

Pay out: structure and procedures for the payment of bonuses.

Peer group: sample of banks used for reference to serve as a remuneration benchmark.

Performance share: UBI Banca shares linked to performance intended for the payment of a portion of the bonuses earned by Key Personnel, pursuant to legislation and regulations in force.

Accrual period: performance measurement period.

Retention period: period during which shares earned by individuals on the basis of performance must be kept and cannot be sold.

KP: Key Personnel or Material Risk Takers. See MRT above.

RAF: Risk Appetite Framework, the reference framework for determining the risk appetite of UBI Group.

Upfront: procedure for the payment of bonuses linked to the relative performance and not subject to deferral conditions.

Positions categorised as Material Risk Takers

The total figures⁵⁴ divided on the basis of EBA criteria and the various categories of Key Personnel are given below. The positions are set out in detail in the implementation regulations approved by the Supervisory Board, on the basis of a proposal from the Remuneration Committee.

<i>EBA Criteria - Regulation 604</i>	<i>Governing bodies</i>	<i>"Top" perimeter</i>	<i>"Other KP" perimeter</i>	<i>Total number</i>
<i>3.1 / 3.2 - Management bodies in their management function and in their supervisory function</i>	29			29
<i>3.3 - Member of senior management</i>		3		3
<i>3.4 - Responsible for control functions</i>			4	4
<i>3.5 - "Material business unit"</i>		15		15
<i>3.7 - Managerial responsible for control functions</i>			10	10
<i>3.8 - Managerial responsible for a "material business unit"</i>		1	10	11
<i>3.9 - Responsible for legal affairs, finance, taxation, budgeting, human resources, IT and economic analysis.</i>		1	17	18
<i>3.11 - Credit responsibility</i>	85	1	12	98
<i>3.12 - Financial risk responsibility</i>			2	2
<i>4.1 - Remuneration > €500,000</i>			10	10
<i>4.2 - 0.3% of Group with higher remuneration</i>			4	4
Total number	114	21	69	204

⁵⁴ That perimeter may be subject to revisions during the year approved by the competent Governing Bodies.

SECTION II - IMPLEMENTATION OF 2015 REMUNERATION AND INCENTIVE POLICIES

Part one

Decision-making process

In a meeting of 3rd February 2015 on the basis of a proposal submitted by the Remuneration Committee, the Supervisory Board approved the document “Remuneration and Incentive Policies” for the UBI Banca Group for 2015 and the relative perimeter for Key Personnel.

Subsequently, the Management Board, without prejudice to the responsibilities of the Shareholders’ Meeting in relation to (i) remuneration policies for members of the Supervisory and Management Boards, (ii) the incentive scheme based on financial instruments reserved to Key Personnel and (iii) the criteria and limits for determining remuneration to be agreed in the event of the early vacation of a position, adopted the update of the 2015 Remuneration and Incentive Policies.

The 2015 Policies were subsequently approved by the Shareholders’ Meetings of the Italian subsidiary banks and the Boards of Directors of the remaining Group companies and banks (subject to the approval of the UBI Banca Shareholders’ Meeting for the component of the incentives scheme that is paid in financial instruments).

During the Shareholders’ Meeting of UBI Banca held on 25th April 2015, in his report on the item on the agenda, the Chairman of the Supervisory Board provided shareholders with the required information on remuneration and incentive systems and practices, summarising the main contents of the Report on Remuneration.

The Shareholders’ Meeting also approved (i) a Supervisory Board proposal to set remuneration and incentive policies for members of the Supervisory Board and of the Management Board, (ii) to pay a percentage of the variable component of remuneration for Key Personnel in financial instruments, by granting ordinary shares of the Parent, UBI Banca, in relation to short and long-term (annual and three-year) incentive schemes and (iii) to set the criteria and limits for determining remuneration to be agreed in the event of the early termination of an employment relationship or early vacation of a position.

Following this, the Supervisory Board, on the basis of a proposal from the Remuneration Committee, the Management Board and the Boards of Directors of the Banks and Group companies approved the implementation schemes for Key Personnel, in order that staff could be informed of them as appropriate.

In a meeting of 16th June 2015, after prior consultation with the Remuneration Committee, the Supervisory Board approved the update of the Key Personnel perimeter following modifications to the organisational and company ownership structure of the Group and the more recent clarifications on the matter furnished by the Supervisory Authorities, with particular reference to a reply from the Bank of Italy to Assoreti (national stockbrokers’ association) on Financial Advisors, dated 6th May 2015. The perimeter was increased from 209 to 236 positions.

At the end of 2014 the Bank of Italy conducted inspections into the adequacy of remuneration and incentive policies and practices. The results of these, which were “mainly favourable”, in consideration of the “overall ability of the system to align the behaviours of management with corporate objectives adjusted for risk and to prevent distorted incentives”, were presented in a meeting of the Supervisory Board dated 11th March 2015, to which members of the Management Board were invited to participate.

The Supervisory Board and the Remuneration Committee were assisted for the above by Mercer, an independent consulting firm that is part of the Marsh & McLennan Companies group, by the Gatti Pavesi Bianchi law firm and by the following corporate functions: Human Resources, Strategic Planning and Capital Management, Compliance, as well as by the Chief Operating Officer, the Chief Risk Officer and the Chief Financial Officer.

The main policy changes made in 2015

The 2015 Policies were revised substantially with the objective of aligning them with best practices and market trends and also for compliance with the new Supervisory Regulations for

Banks on the subject of “Remuneration and incentive policies and practices” issued by the Bank of Italy in November 2014 to implement Directive 2013/36/EU of the European Parliament and Council of 26th June 2013 (“CRD IV”). The main changes introduced are as follows:

- changes made, on the basis of the new qualitative and quantitative criteria set by Commission Delegated Regulation (EU) No. 604, to the Key Personnel perimeter – initially set at 209 positions and subsequently updated to 236 positions following, amongst other things, the inclusion of the Financial Advisors of the company IW Bank. That perimeter, which accounts for approximately 1.1% of the total Group population, includes 137 “Members of the Governing Bodies”. The definition of the perimeter has been identified taking into account the outcomes of the assessments conducted by individual Group banks, co-ordinated by the Parent, which has ensured the overall consistency of the process and its final results. This perimeter has been identified by applying a criterion of proportionality that considered the specific characteristics of the current federal model of organisation, in which the Parent performs the functions of strategic management, coordination and control of the subsidiaries, which operate within defined areas of autonomy, taking into account the type of activity performed and the associated risk profiles. More specific categories were identified on the basis of the proportionality principle within this perimeter with differing characteristics and treatments as follows: the “Members of the Governing Bodies”, “Top Key Personnel” (“Top KP”), “Core Key Personnel” (“Core KP”) and “Other Key Personnel” (“Other KP”);
- the introduction of a long-term incentive scheme (LTIS) on a three yearly basis, intended to bring the interests of management increasingly into line with those of shareholders in the medium to long-term. The beneficiaries of the scheme are 15 “Top Managers”, drawn from among the Top Key Personnel, on the basis of the strategic position occupied in policy terms over the governance of the Group and their impact on the main business areas. The bonuses will be paid in UBI shares, which are considered among the most appropriate instruments for aligning the interests of shareholders with those of management;
- the identification of two further trigger conditions (“gates”) to which the incentive schemes are linked in the long and short-terms, in compliance with the Risk Appetite Framework (RAF) of the Group:
 - Liquidity Coverage Ratio (LCR) using eligible reserves net of haircuts > €8 billion;
 - Leverage Ratio (LR) >4%;
 in addition to those already in place:
 - Common Equity Tier 1 (CET1) Ratio >9.5%;
 - Net Stable Funding Ratio (NSFR) >1;
- the identification of a peer group for benchmarking, consisting of ten listed Italian banks⁵⁵ that are considered to be the most comparable in terms of characteristics, size and geographical location;
- more precise specifications governing clawback clauses, staff retention and postemployment benefits in order to implement the new Supervisory Regulations for Banks on remuneration and incentive policies and practices.

The main results for 2015

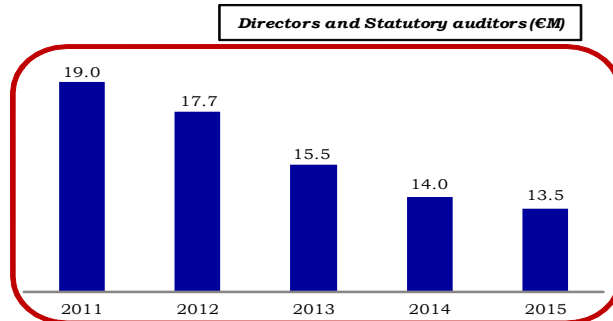
Details are given below of expenses relating to the various categories of personnel and in particular to directors and statutory auditors, employees and other personnel with consulting contracts (financial advisors and financial agents).

Expenses for Directors and Statutory Auditors

Expenses incurred for the remuneration of directors and statutory auditors amounted to approximately €13.5 million, (down compared with the €14 million reported in the previous year) accounting for a little less than 1% of total staff costs. This reduction also results from a

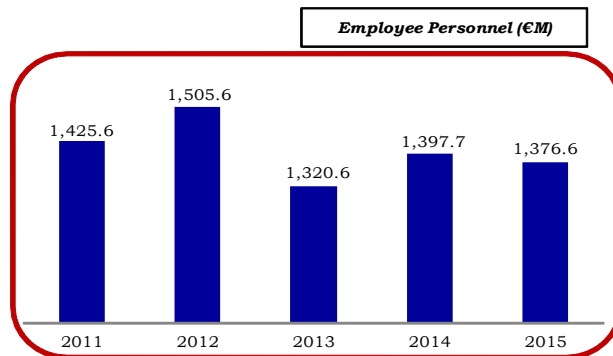
⁵⁵ Banca Popolare dell’Emilia Romagna, Banca Popolare di Milano, Banca Popolare di Sondrio, Banco Popolare, Carige, Credito Emiliano, Credito Valtellinese, Intesa San Paolo, Monte di Paschi di Siena, Unicredit.

decision taken by the Supervisory Board on 4th March 2014, following a proposal submitted by the Management Board, which made it possible to reduce costs for the remuneration of the Management Bodies of subsidiaries that were renewed from that date onwards and to achieve the objective of reducing total governance expenses that the Group set itself in 2012. If all the actions taken since 2012 are taken into consideration, governance expenses have been reduced overall by approximately 29%, to give a total of around €5.5 million.



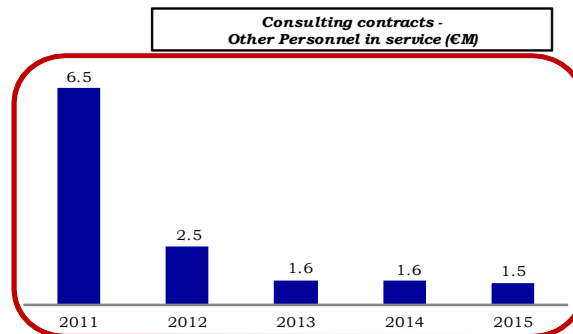
Expenses for employees

Total expenses incurred for employee personnel came to approximately €1,376 million. Inclusive of expenses relating to redundancy schemes, that amount has fallen in the last five years by approximately 3.4%, following action taken to contain labour costs and reduce Group staff numbers.



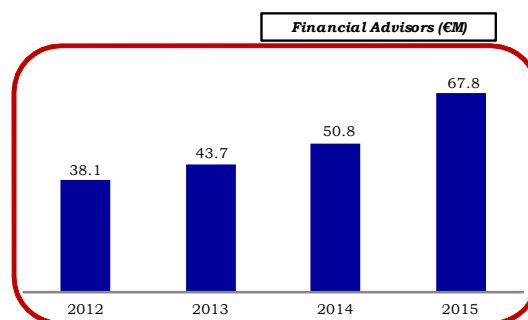
Expenses for consulting contracts – Other Personnel in service

Expenses incurred for consulting contracts with Other Personnel in service came to approximately €1.5 million. That amount has fallen by approximately €5 million in the last five years.



Expenses for Financial Advisors and Financial Agents

With specific reference to Financial Advisors and Financial Agents not bound to companies by employee contracts the total amount incurred is approximately €67.8 million, of which approximately €1.1 million resulting from non-recurring remuneration. Approximately 20% of the recurring expenses and around 38% of the non-recurring expenses are attributable to Key Personnel identified in this category. In the last four years costs have increased overall by 78%, with account taken, amongst other things, of the increase in the numbers of Financial Advisors and Financial agents.



Positions with the remuneration of over €1 million

Positions in the Group with remuneration of over €1 million in 2015 were the Chief Executive Officer of UBI and a Financial Advisor in the company IW Bank S.p.A.

Action taken on fixed remuneration

As part of the Merit Plan, changes were made in 2015 to reward merit, with the exclusion of those required by automatic contract clause increases, for around 8.5% of staff, with a total impact of approximately 0.6% of the total salaries paid.

Estimate of the results of 2015 incentive schemes

On the basis of the first available evidence, the trigger conditions (“gates”) were satisfied and Group RORAC performance was between 80% and 110% of the budgeted figure. Consequently the total theoretical allocation forecast in the budget of €20 million was confirmed. Nevertheless, with account taken of the projections for individual companies, the total estimated expense is €18.7 million, of which €2.5 million relating to Key Personnel.

Group RORAC (% achievement of objective)	Theoretical bonus pool	Estimate of total expense	Estimate of KP expense
> 150%			
110%-150%			
80%-110%	20 million	18.7 million	2.5 million
50%-80%			
0%-50%			
<0%			

With regard to individual companies, on the basis of the first projections, subject to changes at the final verification stage for the qualitative and quantitative indicators, 14 Group companies would have access to incentive schemes, although with varying spending capacity on the basis of their results, in particular:

- an increase in the bonus pool initially allocated for one company (UBI Pramerica SGR), following performances over 110% of the budget;
- confirmation of the bonus pool for six companies (Banca Popolare di Bergamo, Banca Popolare Commerce Industry, Banca Popolare di Ancona, UBI Banca, UBI Servizi e Sistemi and UBI Academy), following the performances of between 80% and 110% of the budget;
- a reduction in the bonus pool, in consideration of company results, possibly down to zero in the event of a loss for the year, for nine companies (Banca Regionale Europea, Banca di Valle Camonica, IW Bank, Banco di Brescia, UBI Factor, UBI Leasing, Prestitalia, Banca Carime and UBI Banca International).

On the basis of the initial projections given above, a total of 65% of Key Personnel will receive a bonus, including the senior management of the Parent (Chief Executive Officer, Senior Deputy General Manager and Deputy General Managers), details of which, subject to revision on the basis of the final figures, are given by name in the second part of this report (Issuers' Regulations Tables).

Incentive schemes in previous years

With reference to the 2014 incentive scheme, when the final consolidated figures were compiled, a reduction of 2% in bonuses was recorded compared with the estimate made in last year's report, down by approximately €326,000 gross.

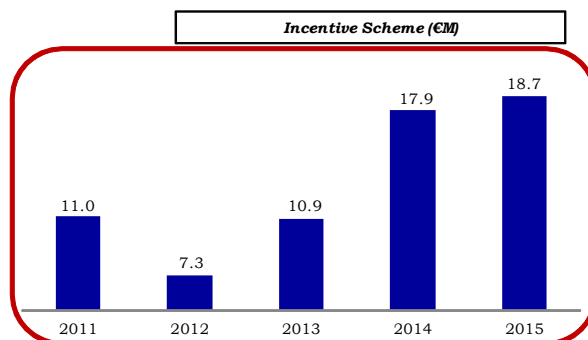
With specific reference to "Key personnel", the improvement in the performance of some indicators with respect to forecasts, and for Group RORAC in particular, resulted in an increase in bonuses of approximately €1 million gross.

This increase had no impact on the bonus levels for the Chief Executive Officer, who waived his right to the potential extra bonus, confirming the amount stated in the previous Remuneration Report.

As concerns deferred components of the 2011 Incentive Scheme, approximately €314,000 was paid gross in 2015 to 38 staff belonging to the Key Personnel perimeter, having verified that the deferment conditions had been satisfied for the three-year period 2012-2014.

Again in 2015, with reference to the 2012 Incentive Scheme, once the two-year retention period was over, 51,363 UBI Banca shares were granted from the upfront component earned by 15 staff in the Key Personnel perimeter.

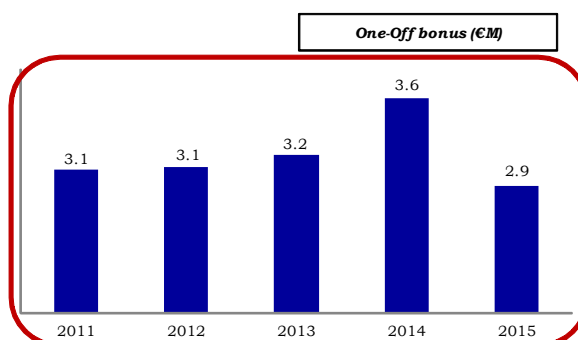
The chart below shows the total cost of incentives schemes for Employee Personnel over the last five years.



Other variable items

As part of the Merit Plan, in 2015 one-off bonuses amounting to approximately €2.9 million were granted to Employee Personnel for services provided in 2014, accounting for around 8.4% of total Group staff. For the period concerned, these bonuses did not involve staff occupying Key Personnel positions.

The chart below shows the total cost of one-off bonuses over the last five years.



Again in 2015, the Company Bonus for the year 2014 was paid either in cash or in the form of specific benefits linked to the Group's welfare system, including in particular expenses incurred for children's nurseries, school education and summer camps or additional contributions to their supplementary pension. Payment of the company bonus in the form of "welfare" involved approximately 32% of employee personnel.

Start and end of employment relationships

In 2015 one newly recruited person, included within the Key Personnel perimeter from 2016, was awarded a recruitment bonus, limited to the first year and in compliance with Supervisory Regulations on remuneration and incentives, amounting to approximately €80,000 gross, to compensate for losing variable remuneration from the previous employer.

During the year seven employee staff belonging to the 2015 Key Personnel category left the Group, details of which are given below.

- The General Manager of UBI Banca, two General Managers of Group companies and two UBI Area Managers handed in their resignations and received the payments due for the end of the employment relationship (end of year bonus pro rata and post employment benefits accruing on the date of leaving) for a total of approximately €263,000 gross, inclusive of the recovery of notice not provided for one person. In compliance with internal company regulations, the persons concerned lost their right to receive portions of bonuses earned relating to prior year incentive schemes that had not yet been paid.
- For the Deputy General Manager of UBI, with the position of Operational Chairman at UBI Sistemi e Servizi, the employment relationship was terminated by mutual consent in a "protected place" (before a judge, at a provincial office of employment or in the presence of trade union representative) with an upfront payment of approximately €732,000 gross corresponding to twelve months salary relating to the notice due by law and under the national trade union agreement and eleven months salary on the basis of the criteria and

limits for determining remuneration to be agreed in the event of the early termination of an employment relationship or the early vacation of a position, approved by a Shareholders' Meeting on 25th April 2015. These amounts were subjected to clawback clauses in compliance with the Supervisory Regulations currently in force. The foregoing was in addition to post employment benefits due on the termination date amounting to approximately €328,000 gross and approximately €27,000 relating to the upfront cash portion of the bonus earned under the 2014 incentive scheme – as reported in the previous Remuneration Report – without prejudice to rights over the remaining portions of the bonus under the provisions of Group Remuneration and Incentive Policies.

- Finally, the employment relationship for one position was terminated with access to funds from the “credit solidarity fund” under Interministerial Decree No. 83486 of 28th July 2014 and in accordance with agreements signed with trade unions. Therefore total payments of approximately €130,000 gross were paid for end of the employment relationship and approximately €51,000 gross for bringing supplementary pension contributions up-to-date. Under the provisions of the Framework Agreement, the person concerned will receive approximately €5,500 gross monthly during the period covered by the “solidarity fund”.

As part of programmes for the progressive recovery of efficiency and productivity, on 23rd December 2015 the UBI Group signed a Framework Agreement as a continuation of the redundancy scheme commenced with the Agreement of 26th November 2014, which provided for access to extraordinary funds from the “Credit Personnel Solidarity Fund” for around 330 employees whose applications had been surplus under the preceding agreement to which a further 70 staff are added who may apply, again on a voluntary basis. The necessary provisions to cover this agreement were made in the 2015 accounts.

A non-competition obligation remuneration agreement with a specific periodic indemnity clause exists with the Chief Executive Officer.

Furthermore, in compliance with Supervisory Regulations, job security agreements still in place stipulated in the interest of the Group for staff in the Key Personnel perimeter were reviewed in December to bring them into line with current regulations, with the application of the criteria set by Group Remuneration and Incentive Policies.

Incentive schemes based on financial instruments

Information on incentive schemes based on financial instruments, pursuant to 114-*bis* of the Consolidated Finance Act is contained in the proposal submitted to the Shareholders' Meeting to pay parts of the variable component of the remuneration in the form of financial instruments through the grant of ordinary shares of the Parent, UBI Banca.

Items of remuneration

Reference is made to the tables in part two to report below on the main items of remuneration. With regard to the tables included in item 1) Quantitative information by area of activity and category of personnel, the following is reported:

- fixed remuneration, defined as annualised remuneration paid to 31st December 2015, payment of which is guaranteed. This includes amounts specified by contract (salary, normal increases, various indemnities, amounts above trade union rates, staff retention agreements during the employment relationship, significant contributions to pension funds made by the company, etc.) and any other sum, however it may be guaranteed, different from that provided for by the national trade union agreement. Overtime is excluded;
- performance-related variable remuneration with particular reference to the 2015 incentive schemes, calculated on an accruals basis on figures that are not final and not yet paid. This figure is subject to changes when the final accounts are published;
- the procedures for the payment of Key Personnel, on the basis of the results of the incentive schemes mentioned in the preceding point, divided between up-front payments in cash and shares (payment of which is not subject to deferral conditions) and deferred quotas in cash and shares;
- the amounts of deferred remuneration over previous years, that have not yet been granted on the basis of the deferral procedures.

The following information is given in table 1 of the tables contained in item 2) Quantitative information on management and supervisory bodies and the Chief Executive Officer, General Manager, Senior Deputy General Manager and Deputy General Managers of UBI Banca:

- fixed remuneration for the position (column 1);
- remuneration for attendance on committees (column 2);
- variable non-equity remuneration (cash) divided into “bonuses and other incentives”, which include 2015 incentive scheme payments estimated on an accruals basis on preliminary figures and not yet paid relating to the upfront component, any one-off payments, company bonuses and “share of profits”, the latter not paid (column 3);
- non-monetary benefits which include insurance policies, pension funds and any other benefits such as cars, guest accommodation, according to the taxable income criterion (column 4);
- other remuneration, such as staff retention and non-competition agreements paid during the employment relationship, provisions made for deferred remuneration, length of service bonuses and other residual items (column 5);
- the total for the above items (column 6);
- the fair value of remuneration in shares (column 7);
- end of term of office or of employment relationship indemnities (column 8) falling due in 2015.

Table 2 (as required under Consob Resolution No. 18049 of 23rd December 2011) is not included, since there are currently no stock option plans within the Group.

Table 3A contains information relating to schemes based on financial instruments other than stock options. More specifically, it shows:

- the relative incentive scheme (column 1);
- the number of shares accrued in 2012, 2013, 2014 and 2015, that have yet to be paid because they are subject to retention and deferral mechanisms and the relative vesting period (columns 2 and 3);
- the fair value for the year (column 12).

Table 3B, as above, contains information relating to monetary incentive schemes (column 3C). Amounts have also been entered in column 4 for “other bonuses” in which bonuses for the year not explicitly included in schemes defined beforehand are reported.

Part two

Part two contains the following:

1. aggregated quantitative information by area of activity and category of personnel, with a distinction between the fixed component of remuneration and the variable performance-related component;
2. quantitative information by name is given for the management and supervisory functions and also for the Chief Executive Officer, General Manager, Senior Deputy General Manager and Deputy General Managers of UBI Banca. Because there is no total remuneration for other key management personnel that is greater than the highest remuneration paid to the Chief Executive Officer and the General Manager of UBI, aggregate information is given, with the number of persons given in place of the names.
3. finally, the last table of this document gives shares held in UBI Banca and its subsidiaries by members of the management and supervisory bodies and by the Chief Executive Officer, General Manager, Senior Deputy General Manager and Deputy General Manager and other key management personnel of UBI Banca (pursuant to Art. 84 *quater* of Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments).

Quantitative aggregated information by area of activity and category of employee personnel

Fixed remuneration

The table below gives the total fixed remuneration at Group level by type of personnel and macro area of activity.

Group fixed remuneration ⁽¹⁾ (employee personnel as at 31/12)

Figures in thousands of euro	CRR Art.450 cluster	Group		UBI Banca		Banks ⁽²⁾		Other companies ⁽³⁾	
		Number of persons	31.12.2015	Number of persons	31.12.2015	Number of persons	31.12.2015	Number of persons	31.12.2015
UBI Chief Executive Officer		1	1,488	1	1,488	-	-	-	-
Senior Deputy General Manager UBI ⁽⁴⁾	Senior Management	1	689	1	689	-	-	-	-
Other Executive Board Members and General Managers		15	4,146	-	-	10	2,949	5	1,197
UBI Deputy General Managers		2	919	2	919	-	-	-	-
Managers of main lines of business	Material risk-takers	34	6,941	17	3,827	7	1,307	10	1,808
Managers of highest level of control functions		13	2,376	13	2,376	-	-	-	-
Other senior managers	-	271	34,068	106	13,676	114	13,926	51	6,466
Other employees	-	17,380	825,239	1,589	85,349	13,144	616,935	2,647	122,955
TOTAL		17,717	875,866	1,729	108,324	13,275	635,117	2,713	132,426

(1) Company costs and other expense items not considered a part of fixed remuneration are excluded (e.g. overtime, travelling allowances and expense refunds, etc.).

(2) Banca Popolare di Bergamo Spa, Banco di Brescia Spa, Banca Popolare Commercio e Industria Spa, Banca Regionale Europea Spa, Banca Popolare di Ancona Spa, Banca Carime Spa, Banca di Valle Camonica Spa, IV Bank Spa, UBI Banca International Sa.

(3) UBI Sistemi e Servizi SCpA, UBI Leasing Spa, UBI Factor Spa, UBI Pramerica SGR Spa, Prestitalia Spa, UBI Fiduciaria Spa, BPB Immobiliare Srl, S.B.I.M Spa, UBI Academy, UBI Management Company Sa, UBI Trustee Sa.

(4) Part of the cost is incurred by the company in which he occupies the position of General Manager.

The table below gives the total fixed remuneration by type of personnel and macro area of activity specifically for the Parent, UBI Banca.

UBI Banca fixed remuneration ⁽¹⁾

(employee personnel as at 31/12)

Figures in thousands of euro	General Management		Business		Lending		Other Functions ⁽²⁾	
	Number of persons	31.12.2015	Number of persons	31.12.2015	Number of persons	31.12.2015	Number of persons	31.12.2015
UBI Chief Executive Officer	1	1,488	-	-	-	-	-	-
Senior Deputy General Manager UBI ⁽³⁾	1	689	-	-	-	-	-	-
UBI Deputy General Managers	2	919	-	-	-	-	-	-
Managers of main lines of business	-	-	5	1,223	3	730	9	1,874
Managers of highest level of control functions	-	-	-	-	-	-	13	2,376
Other senior managers	-	-	51	6,865	11	1,319	44	5,492
Other employees	-	-	395	23,654	335	16,606	859	45,089
TOTAL	4	3,096	451	31,742	349	18,655	925	54,831

(1) Company costs and other expense items not considered a part of fixed remuneration are excluded (e.g. overtime, travelling allowances and expense refunds, etc.).

(2) Chief Financial Officer, Chief of General Affairs and Subsidiaries, Chief Audit Executive, Chief Risk Officer, Compliance, Investor and Media Relations, Customer Care, Chief Operating Officer and Support to the Supervisory Board.

(3) Part of the cost is incurred by the company in which he occupies the position of General Manager.

2015 Incentive Schemes – Estimates for Key Personnel

The table below gives an estimate of the number of beneficiaries (approximately 65%) and the amount or performance-related remuneration paid through incentive schemes, divided by type of personnel and areas of activity. It is calculated on the basis of preliminary figures and is subject to possible modifications.

2015 Incentive Scheme Estimate ⁽¹⁾:

(employee personnel)

Figures in thousands of euro	Group		UBI Banca		Banks ⁽²⁾		Other companies ⁽³⁾	
	Number of beneficiaries	31.12.2015	Number of beneficiaries	31.12.2015	Number of beneficiaries	31.12.2015	Number of beneficiaries	31.12.2015
UBI Chief Executive Officer	1	454	1	454	-	-	-	-
UBI Senior Deputy General Manager	1	126	1	126	-	-	-	-
UBI Deputy General Managers	2	144	2	144	-	-	-	-
Other Executive Board Members and General Managers	5	374	-	-	3	264	2	110
Managers of main lines of business	21	911	14	389	2	52	5	470
Managers of highest level of control functions	13	289	13	289	-	-	-	-
TOTAL	43	2,297	31	1,402	5	316	7	580

(1) Company costs are excluded.

(2) Banca Popolare di Bergamo Spa, Banca Popolare Commercio e Industria Spa

(3) UBI Sistemi e Servizi SCpA, UBI Pramerica SGR Spa

The tables below give the means of payment for bonuses earned by Key Personnel according to the relative procedures in terms of financial instruments and deferral in the first table and in terms of upfront payments (because they are less than €50,000 gross and less than 15% of fixed remuneration for staff belonging to the Top and Core perimeter and less than 10% for Other Personnel) in the second table.

2015 Incentive Scheme Estimate ⁽¹⁾: : upfront and deferred bonuses

Figures in thousands of euro	Number of beneficiaries	Up-front portion		Deferred portion	
		Cash 2016 (UBI CEO 20% - Top, Core 30% - Other KP 70%)	Shares 2018 (UBI CEO 20% - Top, Core 30%)	Cash (UBI CEO 30% 2021- Top, Core 20% 2019- Other KP 30% 2018)	Shares (UBI CEO 30% 2022- Top, Core 20% 2020)
UBI Chief Executive Officer	1	91	91	136	136
UBI Senior Deputy General Manager	1	38	38	25	25
UBI Deputy General Managers	2	43	43	29	29
Executive Board Members and General Managers of the Group	4	106	106	66	66
UBI Managers of main lines of business	2	35	17	19	12
Managers of main lines of business of the Group	4	173	118	102	79
UBI Managers of highest level of control functions	2	33	17	18	11
TOTAL	16	519	430	395	358

(1) Company costs are excluded

2015 Incentive Scheme Estimate⁽¹⁾: upfront bonuses

Figures in thousands of euro	Number of beneficiaries	Upfront portion	
		Cash 2016 (Top, Core 50% - other KP 100%)	Shares 2018 (Top, Core 50%)
UBI Chief Executive Officer	-	-	-
UBI Senior Deputy General Manager	-	-	-
UBI Deputy General Managers	-	-	-
Executive Board Members and General Managers of the Group	1	15	15
UBI Managers of main lines of business	12	153	153
Managers of main lines of business of the Group	3	50	-
UBI Managers of highest level of control functions	11	113	97
TOTAL	27	331	265

(1) Company costs are excluded

The table below gives a summary of deferred remuneration in previous years and the dates when it will be due for payment in the future, once the necessary stability, liquidity and risk-adjusted profit conditions have been verified.

Prior year deferred remuneration: key personnel⁽¹⁾

Figures in thousands of euro	2011 scheme		2012 scheme		2013 Scheme			2014 Scheme			
	Number of beneficiaries	Shares (2016)	Number of beneficiaries	Cash (2016)	Shares (2017)	Number of beneficiaries	Cash (2017)	Shares (2018)	Number of beneficiaries	Cash (2018)	Shares (2019)
UBI Chief Executive Officer	-	-	-	-	-	-	-	-	1	177	177
UBI Senior Deputy General Manager	-	-	-	-	-	1	19	19	1	58	58
UBI Deputy General Managers	-	-	-	-	-	1	13	13	3	100	100
Executive Board Members and General Managers of the Group	4	48	5	38	38	3	52	52	5	101	101
UBI Managers of main lines of business	1	11	-	-	-	-	-	-	11	166	166
Managers of main lines of business of the Group	31	248	10	99	99	1	59	59	3	100	100
Managers of highest level of control functions	2	7	-	-	-	-	-	-	1	12	12
TOTAL	38	314	15	137	137	6	143	143	25	714	714

(1) Company costs are excluded

2014 incentive schemes - final data

In order to provide full information, the final figures relating to the amounts for the 2014 incentive scheme payments is given below. Compared with the estimates provided in the previous Remuneration Report, they have reduced by approximately 2% overall, down by approximately €326,000 gross.

2014 Incentive Scheme Actual Figures⁽¹⁾:

(employee personnel)

Figures in thousands of euro	Group		UBI Banca		Banks ⁽²⁾		Other companies ⁽³⁾	
	Number of beneficiaries	31.12.2014	Number of beneficiaries	31.12.2014	Number of beneficiaries	31.12.2014	Number of beneficiaries	31.12.2014
UBI Chief Executive Officer	1	590	1	590	-	-	-	-
UBI Senior Deputy General Manager	1	288	1	288	-	-	-	-
UBI Deputy General Managers	3	498	3	498	-	-	-	-
Other Executive Board Members and General Managers	10	618	-	-	6	458	4	160
Managers of main lines of business	28	1,647	18	969	5	160	5	518
Managers of highest level of control functions	4	186	4	186	-	-	-	-
Other senior managers	155	1,312	67	544	56	361	32	407
Other employees	6,391	10,160	831	1,307	4,507	5,658	1,053	3,195
TOTAL	6,593	15,299	925	4,382	4,574	6,637	1,094	4,280

(1) Company costs are excluded.

(2) Banca Popolare di Bergamo Spa, Banco di Brescia Spa, Banca Regionale Europea Spa, Banca Popolare Commercio e Industria Spa, Banca Popolare di Ancona Spa, Banca Carime Spa, Banca di Valle Camonica Spa, UBI Banca Private Investment Spa, IW Bank Spa.

(3) UBI Sistemi e Servizi Scpa, UBI Factor Spa, UBI Pramerica SGR Spa, Prestitalia Spa, UBI Academy and UBI Leasing Spa (in view of the loss incurred by the latter, the discretionary mechanism permitted was used for management and motivational purposes to allow a payout of approximately €25,000 gross).

With specific reference to Key Personnel, the improvement in the performance of some indicators with respect to forecasts, and for Group RORAC in particular, resulted in an increase in bonuses of approximately €1 million gross.

This increase had no impact on the bonus levels for the Chief Executive Officer, who waived his right to the potential extra bonus, confirming the amount stated in the previous Remuneration Report.

The following tables, divided between bonuses earned by Key Personnel of over €50,000 and bonuses of less than that amount, summarise their composition in terms of deferral and financial instruments.

2014 incentive Schemes⁽¹⁾: means of payment
Key Personnel – bonus greater than €50,000

Figures in thousands of euro	Number of beneficiaries	Upfront portion		Deferred portion	
		Cash 2015 (30%, while for UBI CEO 20%)	Shares 2017 (30%, while for UBI CEO 20%)	Cash 2018 (20%, while for UBI CEO 30%)	Shares 2019 (20%, while for UBI CEO 30%)
UBI Chief Executive Officer	1	118	118	177	177
UBI Senior Deputy General Manager	1	86	86	58	58
UBI Deputy General Managers	3	149	149	100	100
Executive Board Members and General Managers of the Group	5	150	150	101	101
UBI Managers of main lines of business	11	254	249	166	166
Managers of main lines of business of the Group	3	150	150	100	100
UBI Managers of highest level of control functions	1	18	18	12	12
TOTAL	25	925	920	714	714

(1) Company costs are excluded

2014 Incentive Schemes⁽¹⁾: means of payment
Key Personnel – bonus less than €50,000

Figures in thousands of euro	Number of beneficiaries	Upfront portion	
		Cash 2015 (50%)	Shares 2017 (50%)
UBI Chief Executive Officer	-	-	-
UBI Senior Deputy General Manager	-	-	-
UBI Deputy General Managers	-	-	-
Executive Board Members and General Managers of the Group	5	58	58
UBI Managers of main lines of business	7	67	67
Managers of main lines of business of the Group	7	89	89
UBI Managers of highest level of control functions	3	63	63
TOTAL	22	277	277

(1) Company costs are excluded

Quantitative information on the management and control bodies and on the Chief Executive Officer, General Manager, Senior Deputy General Manager, Deputy General Managers and other Senior Managers of UBI Banca with strategic responsibilities

The tables below give detailed information relating to 2014 and more specifically they consist of Table 1 and Table 3A and 3B pursuant to Art. 84 *quater* of the Issuers' Regulations adopted with Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments.

Table 1 pursuant to Attachment 3 of the Issuers' Regulations

Remuneration paid to members of the management and control bodies and to general management and other Senior Managers with strategic responsibilities (Art. 84 quater of Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments)

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
						Bonuses and other incentives	Share of profits					
Moltrasio Andrea	UBI BANCA:											
	- Chairman of the Supervisory Board	01.01/31.12	AGM 2016	375,000.00						375,000.00		
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Chairman of Appointments Committee	01.01/31.12	AGM 2016									
	TOTAL			455,000.00						455,000.00		
Cera Mario	UBI BANCA:											
	- Senior Deputy Chairman of the Supervisory Board	01.01/31.12	AGM 2016	250,000.00						250,000.00		
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Appointments Committee	01.01/31.12	AGM 2016									
	- Chairman of the Remuneration Committee	01.01/31.12	AGM 2016									
	TOTAL			330,000.00						330,000.00		
Folonari Alberto	UBI BANCA:											
	- Deputy Chairman of the Supervisory Board	01.01/31.12	AGM 2016	40,000.00						40,000.00		
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Appointments Committee	01.01/31.12	AGM 2016									
	TOTAL			120,000.00						120,000.00		
Santus Armando	UBI BANCA:											
	- Deputy Chairman of the Supervisory Board	01.01/31.12	AGM 2016	40,000.00						40,000.00		
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Appointments Committee	01.01/31.12	AGM 2016									
	- Member of the Remuneration Committee	01.01/31.12	AGM 2016		17,500.00					17,500.00		
	Total UBI Banca remuneration			120,000.00	17,500.00					137,500.00		
	BANCA POPOLARE DI BERGAMO: other remuneration (notary services)								3,060.00	3,060.00		
	BANCA POPOLARE COMMERCIO INDUSTRIA: other remuneration (notary services)								2,895.00	2,895.00		
	BANCA POPOLARE DI ANCONA: other remuneration (notary services)								540.00	540.00		
	BANCA REGIONALE EUROPEA: other remuneration (notary services)								1,200.00	1,200.00		
	BANCO DI BRESCIA: other remuneration (notary services)								1,440.00	1,440.00		
	BANCA CARIME: other remuneration (notary services)								450.00	450.00		
	BPB IMMOBILIARE: other remuneration (notary services)								865.00	865.00		
	CORALIS RENT : other remuneration (notary services)								350.00	350.00		
	UBI ACADEMY: other remuneration (notary services)								65.00	65.00		
	UBI FINANCE: other remuneration (notary services)								450.00	450.00		
	CENTROBANCA SVILUPPO IMPRESA: other remuneration (notary services)								65.00	65.00		
	UBI LEASING: other remuneration (notary services)								39,661.60	39,661.60		
	TOTAL			120,000.00	17,500.00				51,041.60	188,541.60		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
						Bonuses and other incentives	Share of profits					
Agliardi Dorino Mario	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Accounts Committee	01.01/15.09	15/09/2015		28,369.57					28,369.57		
	- Member of the Risk Committee	16.09/31.12	AGM 2016		11,630.43					11,630.43		
	TOTAL			80,000.00	40,000.00					120,000.00		
Bardoni Antonella	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Related and Connected Parties Committee	01.01/31.12	AGM 2016		20,000.00					20,000.00		
	TOTAL			80,000.00	20,000.00					100,000.00		
Bellini Cavalletti Letizia	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	TOTAL			80,000.00						80,000.00		
Brogi Marina	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Accounts Committee	01.01/15.09	15/09/2015		28,369.57					28,369.57		
	- Member of the Risk Committee	16.09/31.12	AGM 2016		11,630.43					11,630.43		
	- Member of the Remuneration Committee	01.01/31.12	AGM 2016		17,500.00					17,500.00		
	TOTAL			80,000.00	57,500.00					137,500.00		
Camadini Pierpaolo	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Internal Control Committee	01.01/31.12	AGM 2016		60,000.00					60,000.00		
	- Member of the Supervisory Body	01.01/31.12	AGM 2016		9,000.00					9,000.00		
	TOTAL			80,000.00	69,000.00					149,000.00		
Cividini Luca Vittorio	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	TOTAL			80,000.00						80,000.00		
Del Boca Alessandra	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Remuneration Committee	01.01/31.12	AGM 2016		17,500.00					17,500.00		
	TOTAL			80,000.00	17,500.00					97,500.00		
Faia Ester	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	TOTAL			80,000.00						80,000.00		
Gallarati Marco Giacinto	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Chairman of Related and Connected Parties Committee	01.01/31.12	AGM 2016		45,000.00					45,000.00		
	TOTAL			80,000.00	45,000.00					125,000.00		
Garavaglia Carlo	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Internal Control Committee	01.01/31.12	AGM 2016		60,000.00					60,000.00		
	- Member of the Supervisory Body	01.01/31.12	AGM 2016		9,000.00					9,000.00		
	TOTAL			80,000.00	69,000.00					149,000.00		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
						Bonuses and other incentives	Share of profits					
Gola Gian Luigi	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Internal Control Committee	01.01/31.12	AGM 2016		60,000.00					60,000.00		
	- Member of the Supervisory Body	01.01/31.12	AGM 2016		9,000.00					9,000.00		
	TOTAL			80,000.00	69,000.00					149,000.00		
Guerini Lorenzo Renato	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Chairman of the Accounts Committee	01.01/15.09	15/09/2015		56,739.13					56,739.13		
	- Chairman Risk Committee	16.09/31.12	AGM 2016		23,260.87					23,260.87		
	TOTAL			80,000.00	80,000.00					160,000.00		
Gusmini Alfredo	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Secretary of the Supervisory Board	01.01/31.12	AGM 2016	40,000.00						40,000.00		
	- Member of the Internal Control Committee	01.01/31.12	AGM 2016		60,000.00					60,000.00		
	TOTAL			120,000.00	69,000.00					189,000.00		
Manzoni Federico	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Accounts Committee	01.01/15.09	15/09/2015		28,369.57					28,369.57		
	- Member of the Risk Committee	16.09/31.12	AGM 2016		11,630.43					11,630.43		
	TOTAL			80,000.00	40,000.00					120,000.00		
Mazzoleni Mario	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Appointments Committee	01.01/31.12	AGM 2016									
	TOTAL			80,000.00						80,000.00		
Minelli Enrico	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Related and Connected Parties Committee	01.01/31.12	AGM 2016		20,000.00					20,000.00		
	- Member of the Appointments Committee	01.01/31.12	AGM 2016									
	TOTAL			80,000.00	20,000.00					100,000.00		
Pivato Sergio	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Chairman of the Internal Control Committee	01.01/31.12	AGM 2016		100,000.00					100,000.00		
	- Chairman of the Supervisory Body	01.01/31.12	AGM 2016		15,000.00					15,000.00		
	TOTAL			80,000.00	115,000.00					195,000.00		
Resti Andrea Cesare	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	- Member of the Remuneration Committee	01.01/31.12	AGM 2016		17,500.00					17,500.00		
	TOTAL			80,000.00	17,500.00					97,500.00		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
						Bonuses and other incentives	Share of profits					
Zucchi Maurizio	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	80,000.00						80,000.00		
	TOTAL			80,000.00						80,000.00		
Polotti Franco	UBI BANCA:											
	- Chairman of the Management Board	01.01/31.12	AGM 2016	375,000.00						375,000.00		
	- Member of the Management Board	01.01/31.12	AGM 2016	120,000.00						120,000.00		
	TOTAL			495,000.00						495,000.00		
Frigeri Giorgio	UBI BANCA:											
	- Deputy Chairman of the Management Board	01.01/31.12	AGM 2016	100,000.00						100,000.00		
	- Member of the Management Board	01.01/31.12	AGM 2016	65,000.00						65,000.00		
	Total UBI Banca remuneration			165,000.00						165,000.00		
	BANCA POPOLARE DI BERGAMO											
	- Chairman of the Board of Directors	01.01/31.12	AGM 2017	89,000.00						89,000.00		
	- Director	01.01/31.12	AGM 2017	36,000.00						36,000.00		
	- Executive Committee	01.01/31.12	AGM 2017		10,000.00					10,000.00		
	Total Banca Popolare di Bergamo remuneration			125,000.00	10,000.00					135,000.00		
	TOTAL			290,000.00	10,000.00					300,000.00		
Massiah Victor	UBI BANCA:											
	- Senior manager	01.01/31.12	the position has no termination date	652,431.81		92,062.56		114,992.52	(*) 100,287.08	959,773.97	88,412.58	
	- General Manager	01.06/31.12	AGM 2016									
	- Chief Executive Officer	01.01/31.12	AGM 2016	500,000.00						500,000.00		
	- Member of the Management Board	01.01/31.12	AGM 2016	120,000.00						120,000.00		
	TOTAL			1,272,431.81		92,062.56		114,992.52	100,287.08	1,579,773.97	88,412.58	
Fidanza Silvia	UBI BANCA:											
	- Member of the Management Board	01.01/31.12	AGM 2016	120,000.00						120,000.00		
	TOTAL			120,000.00						120,000.00		
Gattinoni Luciana	UBI BANCA:											
	- Member of the Management Board	01.01/31.12	AGM 2016	120,000.00						120,000.00		
	Total UBI Banca remuneration			120,000.00						120,000.00		
	BPB IMMOBILIARE:											
	- Chairman of the Board of Directors	01.01/31.12	AGM 2017	10,000.00						10,000.00		
	- Senior manager	01.01/31.12	AGM 2017	5,000.00						5,000.00		
	Total BPB Immobiliare remuneration			15,000.00						15,000.00		
	TOTAL			135,000.00						135,000.00		
Lucchini Italo	UBI BANCA:											
	- Member of the Management Board	01.01/31.12	AGM 2016	120,000.00						120,000.00		
	TOTAL			120,000.00						120,000.00		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
						Bonuses and other incentives	Share of profits					
Medda Ettore	UBI BANCA:											
	- Deputy General Manager	01.01/31.12	the position has no termination date	340,379.91		30,271.50		78,386.38	20,086.04	469,123.83	34,771.00	
	- Member of the Management Board	14.07/31.12	AGM 2016	56,219.18						56,219.18		
	Total UBI Banca remuneration			396,599.09		30,271.50		78,386.38	20,086.04	525,343.01	34,771.00	
(*)	BANCA REGIONALE EUROPEA											
	- Director	01.01/31.12	AGM 2017									
	- Executive Committee	01.01/31.12	AGM 2017									
	Total Banca Regionale Europea Remuneration											
(*)	BANCA VALLE CAMONICA:											
	- Director	01.01/31.12	AGM 2017									
	Total Banca Valle Camonica remuneration											
	TOTAL			396,599.09		30,271.50		78,386.38	20,086.04	525,343.01	34,771.00	
Pizzini Flavio	UBI BANCA:											
	- Member of the Management Board	01.01/31.12	AGM 2016	120,000.00						120,000.00		
	Total UBI Banca remuneration			120,000.00						120,000.00		
	UBI SISTEMI E SERVIZI:											
	- Deputy Chairman of the Board of Directors	01.01/31.12	AGM 2016	45,000.00						45,000.00		
	- Director	01.01/31.12	AGM 2016	5,000.00						5,000.00		
	Total UBI Sistemi e Servizi remuneration			50,000.00						50,000.00		
	TOTAL			170,000.00						170,000.00		
Sonnino Elvio (**)	UBI BANCA:											
	- Senior Deputy General Manager	01.01/31.12	the position has no termination date	466,461.67		39,209.06		81,953.32	20,130.74	607,754.79	48,577.11	
	- Member of the Management Board	01.01/31.12	AGM 2016	120,000.00						120,000.00		
	Total UBI Banca remuneration			586,461.67		39,209.06		81,953.32	20,130.74	727,754.79	48,577.11	
(*)	UBI BANCA INTERNATIONAL:											
	- Director	01.01/31.12	AGM 2016									
	Total UBI Banca International remuneration											
(*)	UBI SISTEMI E SERVIZI:											
	- Director	01.01/31.12	AGM 2016									
	- General Manager	09.02/31.12	the position has no termination date									
	Total UBI Sistemi e Servizi remuneration											
(*)	UBI ACADEMY:											
	- Director	01.01/31.12	AGM 2018									
	Total UBI Academy remuneration											
(*)	IW BANK											
	- Director (co-opted)	10.06/31.12	AGM 2016									
	- Deputy Chairman	10.06/31.12	AGM 2016									
	Total IW Bank remuneration											
	TOTAL			586,461.67		39,209.06		81,953.32	20,130.74	727,754.79	48,577.11	

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	
Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship	
						Bonuses and other incentives	Share of profits						
Leidi Rossella	UBI BANCA:												
	- Deputy General Manager	01.01/31.12	the position has no termination date	380,255.85		17,268.86		23,653.86	20,193.54	441,372.11	24,201.39		
	Total UBI Banca remuneration			380,255.85		17,268.86		23,653.86	20,193.54	441,372.11	24,201.39		
	(°) UBI ACADEMY:												
	- Director	01.01/31.12	AGM 2018										
	Total UBI Academy remuneration												
	(°) UBI PRAMERICA SGR:												
- Director (co-opted)	30.06/31.12	AGM 2016											
Total UBI Pramerica SGR remuneration													
(°) PRESTITALIA:													
- Director (co-opted)	24.09/31.12	AGM 2016											
Total Prestitalia remuneration													
TOTAL				380,255.85		17,268.86		23,653.86	20,193.54	441,372.11	24,201.39		
Iorio Francesco	UBI BANCA:												
	- General Manager	01.01/31.05	31/05/2015	250,620.09		(**) -1,661.74		11,025.09	4,223.32	264,206.76			
	- Member of the Management Board	01.01/31.05	31/05/2015	49,643.84						49,643.84			
	Total UBI Banca remuneration			300,263.93		-1,661.74		11,025.09	4,223.32	313,850.60	0.00		
	(°) UBI SISTEMI E SERVIZI:												
	- Director	01.01/22.05	22/05/2015										
	Total UBI Sistemi e Servizi remuneration												
	(°) UBI BANCA PRIVATE BANKING INVESTMENT (now IW Bank)												
	- Director	10.03/22.05	22/05/2015										
	- Deputy Chairman	10.03/22.05	22/05/2015										
Total UBI Banca Private Investment (now IW Bank) remuneration													
TOTAL				300,263.93		-1,661.74		11,025.09	4,223.32	313,850.60	0.00		
Rigamonti Pierangelo	UBI BANCA:												
	- Deputy General Manager	01.01/30.04	30/04/2015	121,647.31		(**) -1,661.74		10,744.14	7,477.60	138,207.31	11,821.10	732,000.00	
	Total UBI Banca remuneration			121,647.31		-1,661.74		10,744.14	7,477.60	138,207.31	11,821.10	732,000.00	
	(°) UBI SISTEMI E SERVIZI:												
	- Chairman	01.01/31.12	AGM 2016										
	- Director	01.01/31.12	AGM 2016										
	Total UBI Sistemi e Servizi remuneration												
TOTAL				121,647.31		-1,661.74		10,744.14	7,477.60	138,207.31	11,821.10	732,000.00	
Five key management personnel (*)		01.01/31.12	The positions have no termination date	1,146,814.91		97,524.70		97,891.93	(***) 61,405.47	1,403,637.01	71,388.80		

(*) The remuneration relating to dott. Victor Massiah, dott. Sonnino, dott. Medda, dott.ssa Leidi, dott. Iorio and dott. Rigamonti and to key management personnel does not include that relating to any posts held by them in other companies in the Group because this is either waived or paid directly to UBI Banca and it is shown on a pro rata basis with respect to the period in which they occupied the position.

(**) Part of the cost of the fees is incurred by the company in which he occupies the position of General Manager with the assignment of the relative functions and powers.

(*) of which €100,000.08 for a non-competition agreement

(**) Recovery of 2015 company bonus for which provision had been made

(***) of which approximately €55,385 for job security agreements

Table 3A pursuant to Attachment three of the Issuers' Regulations.

Incentive schemes based on financial instruments other than stock options, for members of the management body and for general management and other key management personnel (Art. 84 *quater* of Consob Resolution No. 11971 of 14th May 1999, and subsequent amendments)

			Financial instruments granted in prior years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not granted	Financial instruments vested during the year and granted		Financial instruments relating to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and Surname	Position	Scheme	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on the grant date	Vesting period	Grant date	Market price when granted	Number and type of financial instruments	Number and type of financial instruments	Value on the vesting date	Fair value
Massiah Victor	- Chief Executive Officer	2015 (**)			12,267 UBI Banca shares	7.014	3	2016	4.9478				24,583.07
		2015 (**)			18,400 UBI Banca shares	6.286	7	2021	4.9478				15,421.65
		2014 (*)	16,055 UBI Banca shares	3									25,582.50
		2014 (*)	24,082 UBI Banca shares	5									22,825.36
		2013											
		2012											
		2011											
		TOTAL	40,137 UBI Banca shares		30,667 UBI Banca shares								88,412.58
Sonnino Elvio	- Senior Deputy General Manager of UBI Banca	2015 (**)			5,129 UBI Banca shares	7.014	3	2016	4.9478				10,278.52
		2015 (**)			3,419 UBI Banca shares	6.630	5	2019	4.9478				4,121.45
		2014 (*)	11,724 UBI Banca shares	3									18,681.36
		2014 (*)	7,816 UBI Banca shares	5									7,408.15
		2013 (*)	4,355 UBI Banca shares	3									5,792.15
		2013 (*)	2,903 UBI Banca shares	5									2,295.48
		2012											
		TOTAL	26,798 UBI Banca shares		8,548 UBI Banca shares								48,577.11
Leidi Rossella	- Deputy General Manager of UBI Banca	2015 (**)			2,166 UBI Banca shares	7.014	3	2016	4.9478				4,340.66
		2015 (**)			1,444 UBI Banca shares	6.630	5	2019	4.9478				1,740.68
		2014 (*)	8,143 UBI Banca shares	3									12,975.29
		2014 (*)	5,428 UBI Banca shares	5									5,144.76
		2013											
		TOTAL	13,571 UBI Banca shares		3,610 UBI Banca shares								24,201.39

			Financial instruments granted in prior years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not granted	Financial instruments vested during the year and granted		Financial instruments relating to the year	
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Name and Surname	Position	Scheme	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on the grant date	Vesting period	Grant date	Market price when granted	Number and type of financial instruments	Number and type of financial instruments	Value on the vesting date	Fair value	
Medda Ettore Giuseppe	- Deputy General Manager of UBI Banca	2015 (**)			3,698 UBI Banca shares	7.014	3	2016	4.9478				7,410.79	
		2015 (**)			2,465 UBI Banca shares	6.630	5	2019	4.9478				2,971.45	
		2014 (*)	8,457 UBI Banca shares	3										13,475.63
		2014 (*)	5,638 UBI Banca shares	5										5,343.80
		2013 (*)	2,999 UBI Banca shares	3										3,988.67
		2013 (*)	1,999 UBI Banca shares	5										1,580.66
		2012												
		2011												
	TOTAL		19,093 UBI Banca shares		6,163 UBI Banca shares								34,771.00	
Rigamonti Pierangelo (***)	- Deputy General Manager of UBI Banca and Operational Chairman of UBI Sistemi e Servizi	2015												
		2014 (*)	3,715 UBI Banca shares	3									5,919.59	
		2014 (*)	2,477 UBI Banca shares	5									2,347.75	
		2013 (*)	2,672 UBI Banca shares	3									3,553.76	
		2012												
		2011												
	TOTAL		8,864 UBI Banca shares		0 UBI Banca shares								11,821.10	
Five key management personnel		2015 (**)			10,956 UBI Banca shares	7.014	3	2016	4.9478				21,955.82	
		2015 (**)			3,084 UBI Banca shares	6.630	5	2019	4.9478				3,717.62	
		2014 (*)	15,555 UBI Banca shares	3									24,785.78	
		2014 (*)	5,225 UBI Banca shares	5									4,952.35	
		2013 (*)	9,853 UBI Banca shares	3									13,104.49	
		2012									959 UBI Banca shares	7,34535	463.88	
		2012 (*)	640 UBI Banca shares	5									368.29	
		2011 (*)	4,282 UBI Banca shares	5									2,040.57	
	TOTAL		35,555 UBI Banca shares		14,040 UBI Banca shares					959 UBI Banca shares	7.34535	71,388.80		

(*) These instruments have been promised, but not yet granted.

(**) Estimate calculated on the basis of preliminary figures which may be modified. The market price is calculated on the average market value of UBI Banca shares from 04/01/2016 until 04/02/2016. These instruments will be promised, but not granted.

(***) The cost of the financial instruments is borne by a company in which he holds another position.

Table 3B pursuant to Attachment 3 of the Issuers' Regulations.

Cash incentive schemes for members of the management bodies and for general management and other key management personnel (Art. 84 quater of Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments)

A Name and Surname	B Position	(1) Scheme	(2) Bonus for the year			(3) Prior year bonuses			(4) Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
Massiah Victor	- Chief Executive Officer	2015	90,832.00 (*)	136,248.00 (*)	6				1,230.56
		2014						177,244.00	
		2013							
		2012							
		2011							
Sonnino Elvio	- Senior Deputy General Manager of UBI Banca	2015	37,978.50 (*)	25,319.00 (*)	4				1,230.56
		2014						57,527.00	
		2013						18,710.00	
		2012							
		2011							
Leidi Rossella	- Deputy General Manager of UBI Banca	2015	16,038.30 (*)	10,692.20 (*)	4				1,230.56
		2014						39,952.00	
		2013							
		2012							
		2011							

A Name and Surname	B Position	(1) Scheme	(2) Bonus for the year			(3) Prior year bonuses			(4) Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
Medda Ettore Giuseppe	- Deputy General Manager of UBI Banca	2015	27,379.20 (*)	18,252.80 (*)	4				2,892.30
		2014						41,495.00	
		2013						12,883.00	
		2012							
		2011							
Rigamonti Pierangelo (**)	- Deputy General Manager of UBI Banca and Operational Chairman of UBI Sistemi e Servizi	2015							(***) -1,661.74
		2014						18,227.00	
		2013							
		2012							
		2011							
Five key management personnel		2015	81,126.90 (*)	22,834.60 (*)	4				6,152.80
		2014						38,450.00	
		2013							
		2012						2,546.00	
		2011						10,245.00	
	TOTAL		253,354.90	213,346.60			10,245.00	407,034.00	11,075.04

(*) Estimate made on the basis of preliminary figures and subject to possible change

(**) The cost of the bonus for one person in this group was incurred by the company in which he is employed.

(***) Recovery of 2015 company bonus for which provision had been made

Shares held in UBI Banca and in subsidiaries by members of the management and supervisory bodies and by the Chief Executive Officer, General Manager, Senior Deputy General Manager, Deputy General Managers and other key management personnel of UBI Banca (pursuant to Art. 84 quater of Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments)

Surname and first name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2014	Number of shares purchased in the 2015	Number of shares sold in the 2015	Number of shares owned as at 31/12/2015
Moltrasio Andrea	Chairman of the Supervisory Board	UBI	direct	full ownership	22,000	78,000		100,000
		UBI	spouse (directly)	full ownership	12,000			12,000
Cera Mario	Senior Deputy Chairman of the Supervisory Board	UBI	direct	full ownership	50,007			50,007
Folonari Alberto	Deputy Chairman of the Supervisory Board	UBI	direct	full ownership	1,784,759			1,784,759
		UBI	direct	usufruct	686,693			686,693
		UBI	indirect	full ownership	500			500
		UBI	spouse (directly)	full ownership	513,595			513,595
Santus Armando	Deputy Chairman of the Supervisory Board	UBI	direct	full ownership	263,614	20,000		283,614
Agliardi Dorino Mario	Member of the Supervisory Board	UBI	direct	full ownership	300			300
		UBI	spouse (directly)	full ownership	250			250
Bardoni Antonella	Member of the Supervisory Board	UBI	direct	full ownership	2,250			2,250
		UBI	spouse (directly)	full ownership	253			253
Bellini Cavalletti Letizia	Member of the Supervisory Board	UBI	direct	full ownership	8,965			8,965
		UBI	direct	legal title only	128,357			128,357
		UBI	spouse (directly)	full ownership	6,000			6,000
		UBI	children - minors (directly)	full ownership	500			500
Brogi Marina	Member of the Supervisory Board	UBI	direct	full ownership	10,272			10,272
		UBI	spouse (directly)	full ownership				
		UBI	children - minors (directly)	full ownership	500			250 (*)
Camadini Pierpaolo	Member of the Supervisory Board	UBI	direct	full ownership	253,795	13,526		267,321
		UBI	spouse (directly)	full ownership	1,000			1,000
		UBI	children - minors (directly)	full ownership	3,000			3,000
		BANCA DI VALLE CAMONICA	direct	full ownership	2,401			2,401
Cividini Luca Vittorio	Member of the Supervisory Board	UBI	direct	full ownership	112,996			112,996
		UBI	spouse (directly)	full ownership	250			250
Del Boca Alessandra	Member of the Supervisory Board	UBI	direct	full ownership	250			250
Faia Ester	Member of the Supervisory Board	UBI	direct	full ownership	250			250
Gallarati Marco Giacinto	Member of the Supervisory Board	UBI	direct	full ownership	750			750
		UBI	spouse (directly)	full ownership	251			251
Garavaglia Carlo	Member of the Supervisory Board	UBI	direct	full ownership	386			386
Gola Gian Luigi	Member of the Supervisory Board	UBI	direct	full ownership	338	200		538
		UBI	indirect	full ownership	250			250
Guerini Lorenzo Renato	Member of the Supervisory Board	UBI	direct	full ownership	5,000			5,000
		UBI	spouse (directly)	full ownership	105,000			105,000
Gusmini Alfredo	Member of the Supervisory Board	UBI	direct	full ownership	125,000	25,000		150,000
		UBI	spouse (directly)	full ownership	125,000	25,000		150,000
Manzoni Federico	Member of the Supervisory Board	UBI	direct	full ownership	24,300			24,300
		UBI	spouse (directly)	full ownership	1,000			1,000
Mazzoleni Mario	Member of the Supervisory Board	UBI	direct	full ownership	15,876			15,876

Surname and first name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2014	Number of shares purchased in the 2015	Number of shares sold in the 2015	Number of shares owned as at 31/12/2015
Minelli Enrico	Member of the Supervisory Board	UBI	direct	full ownership	198,010	17,243 (**)		215,253
		UBI	direct	legal title only	134,152		38,200 (***)	95,952
		UBI	spouse (directly)	full ownership	1,250	6,750		8,000
		BANCA DI VALLE CAMONICA	direct	full ownership	116			116
Pivato Sergio	Member of the Supervisory Board	UBI	direct	full ownership	346			346
Resti Andrea Cesare	Member of the Supervisory Board	UBI	direct	full ownership	250			250
Zucchi Maurizio	Member of the Supervisory Board	UBI	direct	full ownership	1,366			1,366
		UBI	spouse (directly)	full ownership	1,688			1,688
Polotti Franco	Chairman of the Management Board	UBI	direct	full ownership	3,000			3,000
		UBI	indirect	full ownership	3,151,735			3,151,735
		UBI	spouse (directly)	full ownership	80,000			80,000
Frigeri Giorgio	Deputy Chairman of the Management Board	UBI	direct	full ownership	16,822			16,822
		UBI	spouse (directly)	full ownership	11,438			11,438
Massiah Victor	Chief Executive Officer / General Manager (since 1/6/2015)	UBI	direct	full ownership	410,000	40,000		450,000
Fidanza Silvia	Member of the Management Board	UBI	direct	full ownership	8,133			8,133
		UBI	spouse (directly)	full ownership	1,408			1,408
		UBI	children - minors (directly)	full ownership	500			500
Gattinoni Luciana	Member of the Management Board	UBI	direct	full ownership	9,872	15,128		25,000
		UBI	spouse (directly)	full ownership	300	700		1,000
Lucchini Italo	Member of the Management Board	UBI	direct	full ownership	49,603			49,603
		UBI	spouse (directly)	full ownership	90,696			90,696
Medda Ettore Giuseppe	Member of the Management Board (since 14/7/2015) / Deputy General Manager	UBI	direct	full ownership	4,309			4,309
		UBI	spouse (directly)	full ownership	486			486
Pizzini Flavio	Member of the Management Board	UBI	direct	full ownership	12,832			12,832
		UBI	spouse (directly)	full ownership	1,000			1,000
Sonnino Elvio	Member of the Management Board /Senior Deputy General Manager	UBI	direct	full ownership	1,691			1,691
		UBI	spouse (directly)	full ownership	300			300
Leidi Rossella	Deputy General Manager	UBI	direct	full ownership	3,088			3,088
		UBI	spouse (directly)	full ownership	1			1
		UBI	children - minors (directly)	full ownership	692			692
Iorio Francesco	Member of the Management Board and General Manager (until 31/05/2015)	UBI	direct	full ownership	43,813			43,813
		UBI	spouse (directly)	full ownership	250			250
Rigamonti Pierangelo	Deputy General Manager (until 30/04/2015)	UBI	direct	full ownership	7,049			7,049
		UBI	spouse (directly)	full ownership	6,298			6,298
Five key management personnel		UBI	direct	full ownership	21,777	959 (****)		22,736

(*) THE CHANGE IS BECAUSE ONE OF THE CHILDREN CAME OF AGE IN 2015
(**) FOLLOWING AN INHERITANCE
(***) TRANSFER OF LEGAL TITLE ONLY
(****) SHARES GRANTED BY UBI BANCA UNDER THE 2012 INCENTIVE SCHEME

Report on the verification of compliance of remuneration and incentive practices with policies approved by the Bank and with the regulatory framework

Supervisory regulations require the Internal Audit Function to verify *“on at least an annual basis that remuneration practices comply with the policies approved”* and with the regulatory framework. *“The findings and any irregularities are reported to the competent governing bodies and functions for the adoption of any corrective measures required and the latter assess their importance for the purposes of prompt disclosure to the Bank of Italy. The results of the audits conducted are reported annually to Shareholders’ Meetings.”*

In relation to the above, the Internal Audit Function took action which involved the following areas: *i) the activation of the 2014 incentive scheme paid in 2015; ii) remuneration practices implemented in 2015; iii) the consistency of the public disclosures present in the various reports made in compliance with regulatory provisions; iv) the operational use of the IRB Credit Risk System for the purposes of remuneration and incentive policies in compliance with the “integrity” requirement laid down by Supervisory Regulations; v) the achievement of improvements in the areas described in the Internal Audit Report relating to the previous year, with account also taken of changes to rules and regulations that have occurred in the meantime; vi) monitoring of intervention programmed following the on site inspection by the Bank of Italy in October and December 2014.*

It carried out its audit analyses with due account taken of the principles and recommendations reported in the “SREP – Supervisory Review and Evaluation Process” guidelines that relate to the aspects dealt with under sub-section 5.5 “Remuneration policies and practices”.

The general findings were that the operating procedures and practices audited complied with the remuneration and incentive policies approved and that the control procedures reported by the corporate units involved in the process were properly formulated to manage the main risks inherent in the activities carried out.

More specifically, the findings were as follows: *i) proper implementation by Group Companies in 2015 of the policy approved by the Parent; ii) the proper application of procedures relating to the satisfaction of the conditions necessary to trigger the 2014 incentive scheme and the procedures for the calculation and assignment of variable remuneration for Key Personnel, including with regard to the procedures for the management of “retained” and “deferred” bonuses; iii) compliance with the rules laid down by the 2015 Policy relating to fees set for members of the Governing Bodies of the Group, to the procedures for calculating performance indicators and, although with some room for improvement, to the identification of Key Personnel or Material Risk Takers.*

At the same time, with regard to the process as a whole, the findings already given in previous audit reports concerning the formalisation of the activities carried out, the traceability and documentation of the underlying reasons adopted for decision-making and strengthening the related operational controls still remain. In this context, the overall favourable assessment takes a positive view of the fact that the areas mentioned are addressed in the “Action Plan” drawn up by UBI Banca following the inspection completed by Bank of Italy in December 2014. In detail:

- regulation of the main operational processes is planned by means of the preparation of a set of regulations by the first quarter of 2016 and the subsequent publication of the relative Rule Book;
- the relative focus groups have completed their work on, amongst other things, the following: *i) calculation of the RORAC performance indicator; ii) the treatment of changes to budgets; iii) the management of the components of bonuses for retention purposes; iv) procedures for measurement of the achievement of objectives assigned to the Finance Area and to UBIS.*

The remarks of the Internal Audit Function were shared with the competent owners of corporate units, in order to improve procedures employed in the remuneration and incentive process.

UBI BANCA S.p.A.

Proposal for setting remuneration and incentive policies for members of the Supervisory Board and members of the Management Board in accordance with the regulations and legislation in force.

Dear shareholders,

The Parent, UBI Banca, has set Remuneration and incentive policies for the UBI Banca Group as a fundamental tool for supporting the medium to long-term strategies of the Group itself, with the objective of creating value over time and pursuing sustainable growth in the interest of all stakeholders. To achieve this it has designed a remuneration structure linked to company results, appropriately adjusted to take account of all risks, consistent with the capital and liquidity levels needed to perform the activities undertaken.

Regulatory framework

The Group updates its policies and practices continually on the basis of the regulatory framework, which has been subject to further changes in 2015 at both Italian and European levels.

They have been defined with consideration taken of the EBA guidelines issued on 21st December 2015, which will come into force in 2017, and they have been brought into line with the most recent directives issued by the Supervisory Authority, in the pursuit of compliance as a key tool for the sustainable growth of the Bank, and in particular:

- the Bank of Italy Supervisory Regulations published on 18th November 2014 which implement Directive 2013/36/EU of the European Parliament (CRD IV) in force since 1st January 2014;
- the Commission Delegated Regulation (EU) No. 604 of 4th March 2014, for the identification of "Material Risk Takers" (MRT) and "Key Personnel" (KP);
- the joint Consob-Bank of Italy communication of 29th January 2014, implementing the ESMA guidelines on remuneration policies and practices.

REMUNERATION POLICIES FOR GOVERNING BODIES

The remuneration of the Governing Bodies of the Group is defined in compliance with the current regulatory framework and in accordance with the Articles of Association, based on best practice, Italian guidelines and future European policies.

The purpose of the policies is to attract the best skill sets; they are based on principles of both fair remuneration for similar roles and differentiation between roles on the basis of the levels of responsibility and risk involved. They also take account of the professional skills required, the time and commitment employed, and market competitiveness.

In detail, the fees of members of the Governing bodies of the UBI Banca Group are structured with a ceiling set by that of the Chairman of the Management Board which is set at the same level as that of the Chairman of the Supervisory Board, and is lower than the fixed remuneration of the Chief Executive Officer.

No "attendance token" payments exist for meetings of the Governing Bodies.

Members of the Governing Bodies classified as senior management may receive forms of remuneration linked to results, while all the other members of the Governing Bodies of the Group receive no variable remuneration.

No member of the Governing Bodies may unilaterally decide to waive their right to part or all of their remuneration and no guaranteed bonuses⁵⁶ or leaving bonuses exist.

Dear shareholders,

consistent with the principles illustrated above, and in compliance with Bank of Italy Supervisory Regulations, we submit the following proposal for your approval:

“The Shareholders’ Meeting of Unione di Banche Italiane S.p.A., having considered the proposal of the Supervisory Board,

RESOLVES

to adopt remuneration and incentive policies for members of the Supervisory Board and members of the Management Board as follows:

remuneration policies for members of the Supervisory Board

- *The board members’ fees approved by the Shareholders’ Meeting on the basis of a proposal from the Supervisory Board, for the period of office, are decided by the Supervisory Board on the basis of a proposal from the Remuneration Committee and related to their period of tenure in the role.*
- *Most members of the Supervisory Board receive remuneration for the specific positions held by them as Chairman, Deputy Chairmen, Secretary and Chairmen and members of internal committees of the Board and the Supervisory Body, as part of the total amount of remuneration resolved by the Shareholders’ Meeting.*

remuneration policies for members of the Management Board

- *If the Chairman of the Management Board takes up positions in other Group banks or companies, he may receive total further remuneration of not more than 30% of the remuneration set for the position of Chairman of the Supervisory Board.*
- *The fee of the Chairman of the Management Board is set at the same level as that of the Chairman of the Supervisory Board;*
- *The maximum total fee payable to each member of the Management Board, with the exception of those relating to the “special assignments” of the Chairman, the Deputy Chairman of the Board and the Chief Executive Officer, for membership of the Management Board and where relevant the Governing Bodies of the Group banks and companies, is equal to the amount due for the position of member of the Management Board plus 2/3.*
- *Any exemptions for exceptional reasons are in any event subject to the prior approval of the Supervisory Board, following consultation with the Remuneration Committee.*
- *The Chief Executive Officer and members of the Management Board classified as senior management of UBI Banca, included within the “Material Risk Takers” perimeter, are eligible for forms of variable remuneration linked to results.*

18th February 2016

THE SUPERVISORY BOARD

⁵⁶ Without prejudice to exceptions allowed by legislation and regulations limited to the first year of employment, for board members classified as senior management.

UBI BANCA SPA

Remuneration scheme based on financial instruments, proposal to set a portion of the variable remuneration of “Key Personnel” by assigning ordinary shares of the Parent, UBI Banca, and a proposal to purchase own shares to service the incentive scheme

Dear shareholders,

As described in Section I of the Remuneration Report, the Parent has reviewed and updated its 2016 Remuneration and incentive policies.

With particular reference to Key Personnel, the new perimeter has been redefined on the basis of the criteria introduced by Delegated Regulation (EU) No. 604 of 4th March 2014, divided into two categories, “Top” and “Other KP”.

A short-term incentive scheme exists for all personnel with a variable remuneration structure which provides for the following in line with the principles of the Supervisory Regulations on the matter:

- the deferral of payment of a portion of between 40% and 60% of the variable component of remuneration linked to incentive schemes;
- the grant of financial instruments for a portion equal to at least 50% of variable remuneration, setting an adequate period of personnel retention for this (from 3 to 5 years), in order to align the incentives with the Bank's medium to long-term interests.

The mechanism that has been identified for granting financial instruments is the grant of treasury shares held by the Parent (with the cost charged to the single companies in which the employee in receipt of the shares works).

In consideration of theoretical estimates of the requirement for the 2016 incentive scheme to cover the short-term variable component for Key Personnel in financial instruments amounting to €3,500,000.00, the grant of authorisation to the Management Board to purchase a maximum of 1,200,000 ordinary shares of UBI Banca for maximum total consideration of €3,500,000.00 is submitted to today's Shareholders' Meeting for approval.

The following is underlined in relation to the above amount:

- on the basis of paragraph 33 of IAS 32 "Financial instruments: disclosure and presentation", treasury shares that are purchased must be deducted, in the accounts, from equity;
- in accordance with the provisions of articles 2357 and following of the Italian Civil Code, purchases must be made within the limits of the distributable profits and of the available reserves reported in the last duly approved financial statements. A separate profit reserve shall be created within equity for this purpose.

Following the purchase of the treasury shares, the amount in question shall be deducted from the separate reserve created.

Furthermore, the UBI Banca shares will be purchased in the manner specified in paragraph 1, letter b) of Art. 144 of the Issuers' Regulations - issued in

implementation of paragraph 1 of Art. 132 of the Consolidated Finance Act - namely, by the purchase on regulated markets following operational procedures that ensure equal treatment of shareholders and do not allow a direct link in trading of proposals to purchase with predetermined proposals to sell.

The purchases must be made, in any event, within 18 months of the date of authorisation – at a price of not less than €2.50 per share (the share capital divided by the number of shares issued) and not greater than 5% of the official price quoted in the market session prior to each individual purchase transaction.

Dear shareholders,

In relation to the above, the Supervisory Board therefore proposes that the Ordinary Shareholders' Meeting approves the following resolution:

*“The Shareholders' Meeting of Unione di Banche Italiane Spa,
- having considered the proposal of the Supervisory Board;
- having taken account of the provisions of the law, of the Articles of Association and of the regulations issued by the Commissione Nazionale per le Società e la Borsa (Consob - Italian securities market authority) concerning the purchase of treasury shares;*

RESOLVES

- a) *to approve the incentive scheme for 2016 based on financial instruments, with payment of the variable component of remuneration through the grant of ordinary shares of the Parent, UBI Banca, to the categories of “Key Personnel”, as previously described.*
- b) *to authorise the Management Board and the Chairman, Deputy Chairman and Chief Executive Officer, individually, on its behalf, to proceed with one or more transactions, to be carried out within 18 months of the date of the Shareholders' Meeting authorisation, in the manner specified in paragraph 1, letter b), of Art. 144-bis of the Issuers' Regulations, namely the purchase on regulated markets following operational procedures that guarantee equal treatment of shareholders and do not allow proposals to purchase to be directly linked to predetermined proposals to sell, to the purchase of a maximum of 1,200,000 treasury shares, for total maximum consideration of €3,500,000.00, at a price per share of not less than €2.50 and not greater than 5% of the official price quoted in the market session prior to each individual purchase transaction.*
- c) *to grant the Management Board and on its behalf the Chairman, Deputy Chairman and Chief Executive Officer, individually, all the necessary powers required to implement the resolution in compliance with the applicable regulations of the authorities concerned.”*

18th February 2016

THE SUPERVISORY BOARD

Information document pursuant to Art. 84-bis of the Issuers' Regulations. - Annual incentive scheme for Key Personnel

Introduction

In compliance with the requirements of Art. 114-bis of Legislative Decree No. 58 of 24th February 1998 (the "Consolidated Finance Act") and the requirements of the Issuers' Regulations adopted by Consob Resolution No. 11971 of 14th May 1999 (the "**Issuers' Regulations**") concerning the information to be disclosed to the market in relation to remuneration schemes based on financial instruments, this information document (the "**Information Document**") has been prepared to provide details of the implementation of the annual incentive scheme which provides for the payment of a portion of the variable component of communication for "*Key Personnel*" of the UBI Banca Group identified in accordance with criteria of Delegated Regulation (EU) No 604 of 4th March 2014, through the grant of ordinary shares of the Parent UBI Banca.

This Information Document - prepared in accordance with Schedule 7 of Annex 3A of the Issuers' Regulations - provides information to the public on the conditions established for the implementation of the Scheme.

According to the definition contained in Art. 84-bis of the Issuers' Regulations, the Scheme qualifies as a "significant scheme", due to the nature of its beneficiaries.

DEFINITIONS

The meaning of some terms used in the information document is given below.

Shareholders' Meeting - The Shareholders' Meeting of UBI Banca that will approve the Scheme.

Beneficiaries - Personnel of the UBI Banca Group belonging to the "*Key Personnel*" perimeter with the exclusion of the Governing Bodies in accordance with the provisions of the 2016 Group Remuneration and incentives policy.

Bonus pool - Allocated budget linked to incentive schemes.

Clawback - Mechanism that provides for the repayment of a bonus that has already been paid out.

Remuneration Committee - The committee required by the Bank of Italy Regulations and by the Corporate Governance Code, the composition and functions of which are described in the Corporate Governance Report pursuant to Art. 123-bis of the Consolidated Finance Act and in the Report on Remuneration prepared in accordance with Art. 123-bis of the Consolidated Finance Act and Art. 84-*quater* of the Issuers' Regulations.

Common Equity Tier 1 ("CET1") ratio - In terms of own funds, this indicator represents the highest quality core capital (composed of the total ordinary shares issued by the Bank that satisfy the regulatory classification criteria, share premium reserves, retained profits, valuation reserves and other reserves recognised) net of the deductions required by the regulations as a ratio to Risk Weighted Assets (RWA).

"Gate" Condition required to trigger incentive schemes, related to Group capital stability and liquidity indicators.

The Leverage Ratio ("LR") - Leverage calculated as the ratio of the Tier I capital (capital measurement) to the total exposure of the Group (exposure measurement) which includes all the assets and off-balance sheet items not deducted to calculate the capital measurement according to the provisions of the CRR - Art. 429 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26/06/2013 as amended by the Delegated Act (EU) No. 62/2015 .

Liquidity Coverage Ratio (“LCR”) – Indicator designed to ensure that a Bank maintains sufficient high quality liquid assets available which can be converted into cash to meet liquidity commitments over a period of 30 days in a stress scenario defined by the Supervisory Authority. It is defined as the ratio of the stock of “available high quality liquid assets” and the sum of “net cash outflows over a time horizon of 30 days, estimated in a context of normal business and supplemented by situations of stress”.

Targets - Performance indicators defined in the 2016 Group Remuneration and incentive policies and detailed in the regulations of each beneficiary, the achievement of which (subject to the triggering of entry thresholds or “gates”) is a condition for the financial instruments to be granted.

Net Stable Funding Ratio (“NSFR”) – indicator of structural balance designed to monitor and contain risk associated with the transformation of maturities within a tolerance threshold considered acceptable by the Group. It is the ratio of funding (liabilities) to weighted lending (assets), which takes account of the stability of the liabilities and the degree of liquidity of the assets.

Top Key Personnel – “Key Personnel” contains a specific “Top” category which includes the the highest levels of the functions of the Parent (with the exclusion of the Control Functions) and the senior management of the main legal entities in the Group;

Key Personnel “Other KP” – “Key Personnel” contains a specific “Other Personnel” category which includes the Control Functions, the Areas of the Parent and roles in banks and companies which have a greater impact on the Group’s risk profile.

Total Shareholder Return (TSR) – The increase in the value of the share, calculated for the purpose of the incentive scheme, as the percentage difference between the daily average in December 2016 and the daily average in December 2015, including the value of any dividends paid (excluding the possibility that they could be reinvested). They are compared with banks in the reference benchmark listed on regulated markets, on the basis of the quartile positioning of the UBI Group. The method provides for normalisations in the event of exceptional circumstances (e.g. increases in capital).

Return On Risk-Adjusted Capital (RORAC) – The profitability in percentage terms of capital at risk calculated as the ratio between NOPAT (net operating profit after tax) and average allocated (budgeted) capital or average absorbed (actual) capital.

Profit on continuing operations before tax (POCBT) is considered net of extraordinary and non-recurring items.

Normalised net profit, adjusted for the cost of capital “delta” (change) - Calculated as the algebraic sum of the net profit in the income statement - net of non-recurring extraordinary items and the cost relating to incentive schemes - and of the (positive or negative) difference between the absorbed and allocated capital, measured on the basis of the cost of capital.

Normalised net profit (NNP) is considered net of non-recurring extraordinary items and the cost relating to incentive schemes.

1. BENEFICIARIES

The potential beneficiaries of the Scheme are the personnel of UBI Banca and its major subsidiaries classified as Key Personnel in the UBI Group, consisting of 90 positions in 2016.

1.1 The names of the beneficiaries who are members of the Board of Directors or the Management Board of the issuer of the financial instruments, of the companies controlling the issuer, and of the companies controlled, directly or indirectly, by the issuer.

The Chief Executive Officer of UBI Banca, *Dott.* Victor Massiah, the Senior Deputy General Manager, *Dott.* Elvio Sonnino and the Deputy General Manager *Dott.* Ettore Giuseppe Medda, are among the potential beneficiaries of the Scheme.

Some of the potential beneficiaries of the Scheme - who are employees of the UBI Banca Group - in addition to carrying out managerial duties related to the role performed by them, also hold positions within the managing bodies of the companies directly or indirectly controlled by UBI Banca. Given that these persons qualify as potential beneficiaries of the Scheme in their capacity as employees of the UBI Banca Group, they are not named in this section, but the information provided below refers to them.

1.2 The categories of employees or associate workers of the issuer of the financial instruments and of the companies controlling or controlled by the issuer.

The Scheme also covers the following categories of employees of UBI Banca and certain of the Group companies within the “*Key Personnel*” perimeter:

- the “Top” category, which not only includes those indicated in sub-section 1.1, but also the highest levels of the functions of the Parent (with the exclusion of the Control Functions) and the senior management of the main legal entities in the Group;
- the category “*Other Key Personnel*”, which includes the Control Functions, the Areas of the Parent and some roles in banks and companies which have a greater impact on the Group as defined in the 2016 Remuneration and incentive policies.

The companies in the UBI Banca Group involved in the scheme are as follows: Banca Popolare di Bergamo S.p.A., Banco di Brescia S.p.A., Banca Popolare Commercio e Industria S.p.A., Banca Regionale Europea S.p.A., Banca Popolare di Ancona S.p.A., Banca Carime S.p.A., Banca di Valle Camonica S.p.A., UBI Sistemi e Servizi Soc.Cons.p.A., UBI Academy Soc.Cons.r.l., UBI Pramerica SGR S.p.A., UBI Leasing S.p.A., UBI Factor S.p.A., IW Bank S.p.A., Prestitalia, UBI International.

1.3 The names of the persons who benefit from the plan belonging to the following groups:

- a) general managers of the issuer of financial instruments;**
- b) other key management personnel of the issuer of financial instruments which is not of “small dimensions”, pursuant to article 3, paragraph 1, letter f) of Regulation No. 17221 of 12th March 2010, where they have received total remuneration during the financial year (obtained by summing cash remuneration and remuneration based on financial instruments) that is higher than the total highest remuneration paid to members of the Board of Directors, or to the Management Board and to the General Managers of the issuer of financial instruments;**
- c) the natural persons controlling the issuer of shares, who are employees or work on contract within the issuer of shares.**

Dottor. Victor Massiah, Chief Executive Officer and ad interim General Manager of UBI Banca, is one of the potential beneficiaries of the Scheme.

1.4 Description and number, by category:

a) of key management personnel other than those indicated in letter b) of paragraph 1.3;

b) for companies of “small dimensions”, pursuant to article 3, paragraph 1, letter f) of Regulation No. 17221 of 12th March 2010, information by total for all key management personnel of the issuer of financial instruments;

c) of any other category of employee or associate worker subject to different treatment under the Scheme (for example, executives, middle managers, office staff, etc.).

a) In addition to the members of the Management Board, the Deputy General Manager - Chief Business Officer, the Chief Audit Executive, the Chief Risk Officer, the Chief Financial Officer, the Chief Lending Officer and the Manager of the Compliance Risk Area, to give nine beneficiaries.

c) The Scheme establishes different treatment for potential beneficiaries who belong to the highest management level of the corporate control functions.

2. THE REASONS FOR ADOPTION OF THE SCHEME

Details of the reasons underlying the adoption of the Scheme are given in the Remuneration Report prepared in accordance with article 123-*ter* of the Consolidated Finance Act and article 84-*quater* of the Issuers' Regulations, which may be consulted.

3. APPROVAL PROCESS AND TIMING OF GRANTS OF THE INSTRUMENTS

3.1 Scope of the powers and functions assigned by Shareholders' Meeting to the Management Board for the purposes of the implementation of the Scheme.

The Remuneration and incentive policies of the UBI Banca Group were approved by the Supervisory Board in a meeting held on 18th February 2016.

3.2 Names of the parties assigned to administer the scheme and their function and responsibilities.

The Human Resources Area of UBI Banca is responsible for the administration of the Scheme.

The Bank of Italy Supervisory Regulations also assign the Remuneration Committee the task, in close collaboration with the body responsible for the control function, of overseeing the implementation of the rules governing the remuneration of the chiefs of the corporate internal control functions, and the task of providing an opinion, also with the aid of information received from the relevant corporate functions, on the achievement of the performance objectives linked to the incentive schemes and the satisfaction of the other conditions established for the payment of the remuneration.

3.3 Any existing procedures for the revision of the Scheme, with respect, amongst other things, to changes in the key objectives

If significant revisions to the budget are made during the year in question, the “bonus pool” may be subject to changes by the Supervisory Board, after prior consultation with the Remuneration Committee on the basis of a proposal from the Management Board.

3.4 Description of the methods used to determine the availability and the grant of the financial instruments on which the Scheme is based.

The mechanism provides for the use of a number of treasury shares held by the Parent (with the cost charged to the individual companies in which the beneficiaries of the shares work),

corresponding to the maximum amount of the bonuses to be paid. The shares will be "promised" to the beneficiaries by means of specific notification until they are actually granted at the end of each retention period. Under this mechanism the value of the bonus paid may vary according to the performance of the share price.

3.5 The role filled by each board member in determining the features of the Scheme and any situations of conflict of interest for the directors involved.

The Management Board submitted to the Supervisory Board a resolution on the adoption of the Incentive Scheme to implement the 2016 Remuneration and incentive policies for submission to a Shareholders' Meeting. Verification of compliance of the scheme with those same policies was carried out by the Supervisory Board on the basis of an opinion from the Remuneration Committee.

No senior managers of the UBI Banca Group are involved in the resolutions passed by the Supervisory Board and by the Remuneration Committee.

Some members (currently three out of nine) of the Management Board, who hold positions as Senior Managers of the Bank, are also potential beneficiaries of the Scheme, as provided for by the Remuneration and incentive policies for members of the Supervisory Board and the Management Board submitted for approval to a Shareholders' Meeting.

3.6 For the purposes of the requirements of article 84-bis, paragraph 1, the date of the decision made by the body responsible for proposing the approval of the schemes to the Shareholders' Meeting and the proposal by the Remuneration Committee, if present.

On 18th February 2016 the Supervisory Board approved the proposal for the Scheme to be submitted to the Ordinary Shareholders' Meeting of UBI Banca, called for 2nd April 2016, after prior consultation with the Remuneration Committee, on the basis of a proposal approved by the Management Board on 16th February 2016.

3.7 For the purposes of the requirements of article 84-bis, paragraph 5, letter a), the date of the decision made by the body responsible for the grant of the instruments and any proposal to the aforementioned body made by the Remuneration Committee, if present.

The Supervisory Board made a decision concerning the 2016 Remuneration and Incentive Policies and the Scheme on 18th February 2016.

3.8 The market price, recorded on the aforesaid dates, for the financial instruments on which the plans are based, if traded on regulated markets.

The official market price of the ordinary shares of UBI Banca recorded on the aforesaid date of the meeting of the Supervisory Board (18th February 2016) was €3.354.

3.9 For plans based on financial instruments traded on regulated markets, what are the terms and procedures adopted by the issuer in determining the timing of the grant of the financial instruments to take account of coincidences in the timing of:

i) the aforementioned grant or any related decisions taken by the Remuneration Committee, and

ii) the disclosure of any relevant information pursuant to Article 114, paragraph 1; for example, when the information is:

a. not already public and capable of positively influencing the market prices, or

b. already published and capable of negatively influencing the market prices.

During approval and implementation of the Scheme, information shall be disclosed to markets as required by the laws and regulations in force from time to time.

4. THE CHARACTERISTICS OF THE INSTRUMENTS GRANTED

4.1 Description of the structure of the remuneration schemes based on financial instruments.

The Scheme provides for 50% of the variable remuneration linked to the incentive scheme to be paid in the form of ordinary shares of UBI Banca, subject to retention and deferral clauses.

4.2 Specification of the Scheme's effective period of implementation, also with reference to any cycles established.

On the basis that, unless amended, the Scheme will be renewed annually, the implementation period for the Scheme will start in 2016 and end in 2021 (2023 for the Chief Executive Officer), according to the following schedule:

a) 2017: during the first four months of 2017, the Human Resources Area shall assess the individual performance of the Scheme's beneficiaries in 2016 and submit the results to the competent bodies of the Group.

If the conditions for triggering the Scheme are met and the individual performance objectives are achieved, 50% of the variable component of the remuneration shall be converted into shares and shall be subject to retention and deferral clauses that align the incentives to the Bank's long-term interests:

- 60% (50% for "Top Key Personnel" and 40% for the Chief Executive Officer) of the variable component will vest immediately and be subject to a retention clause until 2019;

- the remaining 40% (50% for "Top Key Personnel" and 60% for the Chief Executive Officer) of the variable remuneration in shares will be deferred and subject to performance conditions over the period 2017-2019 (deferral is extended to 2021 for the Chief Executive Officer of UBI Banca);

b) 2019: at the end of the retention period, the relative percentages shall be granted to the potential beneficiaries;

c) 2020: verification of the performance conditions (excluding the Chief Executive Officer of UBI Banca) over the period 2017-2019 and, if they are exceeded, the relative deferred percentages shall be subject to a further retention period until 2021;

d) 2021: at the end of the retention period, the relative deferred percentages shall be granted to the potential beneficiaries;

e) 2022: with specific reference to the Chief Executive Officer of UBI Banca, verification of the performance conditions over the period 2017-2021 and, if they are exceeded, the relative deferred percentages shall be subject to a further retention period until 2023;

f) 2023: at the end of the retention period the relative deferred percentage shall be granted to the Chief Executive Officer of UBI Banca.

If variable remuneration for the incentives schemes vests amounting to both less than €50,000 and less than 15% of fixed remuneration, then an up-front payment is made, 50% of which is in shares with a two-year retention period.

4.3 End of the Scheme.

The 2016 Scheme will end in 2023 with regard to the Chief Executive Officer of UBI Banca and in 2021 for the remaining "Key Personnel" as defined above.

4.4 The maximum number of financial instruments, including those in the form of options, granted in each tax year in relation to the persons identified by name or the categories listed.

Taking as a reference the official price on 11th February 2016 (€2.937) and in consideration of the remuneration that can be paid against the triggering of the incentive schemes and the related performances, the maximum number of shares that may potentially be granted is 1,200,000 shares.

4.5 Trigger procedures and clauses for the Scheme, specifying whether the grant of instruments is subject to conditions being met or the achievement of determined results, including performance related results; a description of those conditions and results

Triggering of the Scheme is strictly linked to the satisfaction of conditions (entry thresholds or “gates”) that guarantee the capital stability and liquidity of the Group, based in particular on the following indicators: the “Common Equity Tier 1 Ratio”, the “Net Stable Funding Ratio”, the “Liquidity Coverage Ratio” and “Leverage Ratio”. The incentive scheme is not, however, triggered if the financial statements show a loss on normalised amounts.

In addition to Group entry thresholds or “gates”, there are performance indicators at Group and company level, particularly RORAC at Group level, which are also effective with reference to the Parent and to the companies UBI Sistemi e Servizi Soc. Cons.p.A and UBI Academy Soc. Cons.r.l, and adjusted net profit for the delta cost of capital (and normalised net profit where this is not available) at the level of individual companies.

Finally, further result objectives are set for individual positions, including normalised PCOBT at Group level, core income at legal entity level and customer satisfaction.

Exclusively for the Chief Executive Officer, the General Manager and the Senior Deputy General Manager, a share of the bonus may be adjusted on the basis of the position of the UBI share (“total shareholder return” – “TSA”) compared with the listed banks used for the benchmark.

In order to ensure capital stability, liquidity and the ability to generate risk-adjusted profit over time, consistently with the long-term strategic objectives of the bank or company, the deferred portion is paid on condition that adequate levels of the “Common Equity Tier 1 Ratio”, the “Net Stable Funding Ratio” and RORAC are maintained at Group level. The deferred portion of the bonus will not be paid if these conditions are not met (termed a “*malus*”).

4.6 Details of any restrictions on the availability of the shares, with particular reference to the periods within which the subsequent transfer to the company or to third parties is permitted or prohibited.

The portion of shares that vests immediately is subject to a two-year retention period, while the deferred portion of shares is subject to a one-year retention period.

4.7 Description of any termination conditions for grants under the Scheme if the beneficiaries conduct hedging transactions that neutralise any restrictions on the sale of the financial instruments granted, including those in the form of options, or the financial instruments resulting from the exercise of those options.

The Scheme does not have any termination conditions of this kind.

4.8 Description of the effects of the termination of the employment relationship.

All rights to deferred bonuses are lost under the Scheme if the employment relationship is terminated during the period considered, with the sole exception of cases of termination of the relationship because retirement requirements have been met for which rights on

amounts vested but not yet paid are normally maintained. This also applies in the event of the death of the beneficiary, to the benefit of the legitimate heirs.

4.9 Details of any other reasons for the cancellation of the Scheme.

The Scheme does not have any cancellation clauses, with the exception of the application of clawback mechanisms in the event of fraudulent conduct or gross negligence.

4.10 The reasons for the provision of any "buy-back" by UBI Banca of the shares involved in the Scheme, pursuant to Articles 2357 and following of the Italian Civil Code; the beneficiaries of the buy-back, specifying whether it only applies to particular categories of employees; and the effects of the termination of the employment relationship on the redemption.

The Scheme does not provide for the buy-back by UBI Banca or other companies of the Group of the shares involved in the Scheme.

4.11 Any loans or concessions to be granted for the purchase of the shares pursuant to Article 2358, paragraph 3, of the Italian Civil Code.

The Scheme does not provide for loans or concessions for the purchase of the shares involved in the Scheme.

4.12 Details of the estimates of the expected cost for the company as at the grant date, as determinable on the basis of the terms and conditions already defined, by overall amount and for each instrument of the Scheme.

The Scheme provides for the use of a number of treasury shares held by the Parent corresponding to the maximum value of the bonuses payable in shares (with subsequent reimbursement by the individual Group companies for which the beneficiaries of the shares work).

A maximum theoretical requirement of 1,200,000 shares is estimated, although it is not possible to quantify the expected cost exactly, because its determination is subject to meeting Group and company conditions and also to the achievement of individual objectives.

4.13 Specification of any dilution effect on share capital resulting from the grant of the shares.

Since the Scheme will be serviced by the use of treasury shares held by the Parent, its adoption will not have any dilution effect on UBI Banca's share capital.

4.14 Any limits set on the exercise of voting rights and on the assignment of economic rights.

No limits have been set on the exercise of voting rights or on the assignment of economic rights.

4.15 If the shares are not traded on regulated markets, any other information needed to properly measure the value attributable to them.

The Scheme will only use shares traded on regulated markets.

REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS
Table No. 1 of scheme 7 of Annex 3A of Regulation No. 11971/1999

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 1 Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions Key personnel: short term incentive scheme 2011, 2012, 2013, 2014 and 2015 and long term incentive scheme 2015-2017						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date (*)	Purchase price of instruments, if applicable	Market price when granted (*)	Vesting period
Massiah Victor	- Chief Executive Officer	30/04/2011						
		28/04/2012						
		20/04/2013						
		10/05/2014	Ordinary shares of UBI Banca	16,055	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	24,082	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015 (***)	Ordinary shares of UBI Banca	12,267	2016	3.6419	4,9478	3
		25/04/2015 (***)	Ordinary shares of UBI Banca	18,400	2021	3.6419	4,9478	7
	TOTAL			70,804				
Sonnino Elvio	- Senior Deputy General Manager of UBI Banca	30/04/2011						
		28/04/2012						
		20/04/2013	Ordinary shares of UBI Banca	4,355	2014	3.6419	6.4440	3
		20/04/2013	Ordinary shares of UBI Banca	2,903	2017	3.6419	6.4440	5
		10/05/2014	Ordinary shares of UBI Banca	11,724	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	7,816	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015 (***)	Ordinary shares of UBI Banca	5,129	2016	3.6419	4,9478	3
	TOTAL			35,346				
Leidi Rossella	- Deputy General Manager of UBI Banca	30/04/2011						
		28/04/2012						
		20/04/2013						
		10/05/2014	Ordinary shares of UBI Banca	8,143	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	5,428	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015 (***)	Ordinary shares of UBI Banca	2,166	2016	3.6419	4,9478	3
		25/04/2015 (***)	Ordinary shares of UBI Banca	1,444	2019	3.6419	4,9478	5
	TOTAL			17,181				
Medda Ettore Giuseppe	- Deputy General Manager of UBI Banca	30/04/2011						
		28/04/2012						
		20/04/2013	Ordinary shares of UBI Banca	2,999	2014	3.6419	6.4440	3
		20/04/2013	Ordinary shares of UBI Banca	1,999	2017	3.6419	6.4440	5
		10/05/2014	Ordinary shares of UBI Banca	8,457	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	5,638	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015 (***)	Ordinary shares of UBI Banca	3,698	2016	3.6419	4,9478	3
	TOTAL			25,256				

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 1 Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions Key personnel: short term incentive scheme 2011, 2012, 2013, 2014 and 2015 and long term incentive scheme 2015-2017						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date (*)	Purchase price of instruments, if applicable	Market price when granted (*)	Vesting period
Rigamonti Pierangelo	- Deputy General Manager of UBI Banca	30/04/2011						
		28/04/2012						
		20/04/2013	Ordinary shares of UBI Banca	2,672	2014	3.6419	6.4440	3
		10/05/2014	Ordinary shares of UBI Banca	3,715	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	2,477	2018	3.6419	7.3599	5
		25/04/2015 (***)	Ordinary shares of UBI Banca					
	TOTAL			8,864				
Senior Management: Executive board members and general managers of Group companies		30/04/2011 (****)	Ordinary shares of UBI Banca	30,333	2012	3.6419	2.3924	3
		30/04/2011	Ordinary shares of UBI Banca	20,222	2015	3.6419	2.3924	5
		28/04/2012 (****)	Ordinary shares of UBI Banca	14,176	2013	3.6419	3.9811	3
		28/04/2012	Ordinary shares of UBI Banca	9,451	2016	3.6419	3.9811	5
		20/04/2013	Ordinary shares of UBI Banca	16,765	2014	3.6419	6.4440	3
		20/04/2013	Ordinary shares of UBI Banca	8,087	2017	3.6419	6.4440	5
		10/05/2014	Ordinary shares of UBI Banca	28,322	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	13,672	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015 (****)	Ordinary shares of UBI Banca	16,277	2016	3.6419	4,9478	3
		25/04/2015 (****)	Ordinary shares of UBI Banca	8,845	2019	3.6419	4,9478	5
	TOTAL			166,150				
Material risk-takers: Managers of the main lines of UBI business		30/04/2011 (****)	Ordinary shares of UBI Banca	6,583	2012	3.6419	2.3923	3
		30/04/2011	Ordinary shares of UBI Banca	4,389	2015	3.6419	2.3923	5
		28/04/2012						
		20/04/2013	Ordinary shares of UBI Banca	14,571	2014	3.6419	6.4440	3
		10/05/2014	Ordinary shares of UBI Banca	42,934	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	22,548	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015 (****)	Ordinary shares of UBI Banca	22,977	2016	3.6419	4,9478	3
		25/04/2015 (****)	Ordinary shares of UBI Banca	1,556	2019	3.6419	4,9478	5
	TOTAL			115,558				

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 1 Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions Key personnel: short term incentive scheme 2011, 2012, 2013, 2014 and 2015 and long term incentive scheme 2015-2017						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date (*)	Purchase price of instruments, if applicable	Market price when granted (*)	Vesting period
Material risk-takers: Managers of the main lines of Group company business		30/04/2011 (****)	Ordinary shares of UBI Banca	155,313	2012	3.6419	2.3923	3
		30/04/2011	Ordinary shares of UBI Banca	103,540	2015	3.6419	2.3923	5
		28/04/2012 (****)	Ordinary shares of UBI Banca	37,187	2013	3.6419	3.9811	3
		28/04/2012	Ordinary shares of UBI Banca	24,791	2016	3.6419	3.9811	5
		20/04/2013	Ordinary shares of UBI Banca	20,818	2014	3.6419	6.4440	3
		20/04/2013	Ordinary shares of UBI Banca	9,164	2017	3.6419	6.4440	5
		10/05/2014	Ordinary shares of UBI Banca	32,455	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	13,605	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	15,984	2016	3.6419	4.9478	3
		25/04/2015 (***)	Ordinary shares of UBI Banca	10,656	2019	3.6419	4.9478	5
		TOTAL			423,513			
Material risk-takers: Managers of the highest level of control functions		30/04/2011 (****)	Ordinary shares of UBI Banca	4,688	2012	3.6419	2.3923	3
		30/04/2011	Ordinary shares of UBI Banca	3,126	2015	3.6419	2.3923	5
		28/04/2012						
		20/04/2013	Ordinary shares of UBI Banca	15,179	2014	3.6419	6.4440	3
		10/05/2014	Ordinary shares of UBI Banca	11,047	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	1,590	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	15,408	2016	3.6419	4.9478	3
		25/04/2015 (***)	Ordinary shares of UBI Banca	1,528	2019	3.6419	4.9478	5
	TOTAL			52,566				

(*) Financial instruments have been promised on the date indicated, but will not be granted until the end of the vesting period.
(**) 2015-2017 long-term incentive scheme currently vesting
(***) The figures have been estimated on preliminary data and may be subject to change.
(****) Financial instruments granted in 2014
(*****) Financial instruments granted in 2015

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 2 Newly granted instruments on the basis of a decision of the Supervisory Board submitted to the 2016 General Shareholders' Meeting Key personnel: 2016 incentive scheme short term						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date	Purchase price of instruments, if applicable	Market price when granted	Vesting period
Massiah Victor	- Chief Executive Officer	02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Sonnino Elvio	- Senior Deputy General Manager of UBI Banca	02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Leidi Rossella	- Deputy General Manager of UBI Banca	02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Medda Ettore Giuseppe	- Deputy General Manager of UBI Banca	02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Senior Management: Executive board members and general managers of Group companies *		02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Material risk-takers: Managers of the main lines of business *		02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Material risk-takers: Managers of the highest level of control functions *		02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA

* The names of the persons in the positions reported will be given at a later stage when the scheme is implemented.

UBI BANCA SPA

Remuneration scheme based on financial instruments, proposal to set amounts for the 2016 Incentive Scheme for Employees – excluding “Key Personnel” – by assigning ordinary shares of the Parent, UBI Banca, and a proposal to purchase own shares to service the incentive scheme

Dear shareholders,

In order to involve and motivate personnel to achieve Group productivity and profitability objectives and with a view to long-term fidelity, the Parent has put in place a scheme for employees in general – excluding “Key Personnel”, who benefit from a specific incentive scheme which already involves the use of shares on the basis of Bank of Italy regulations – which involves the grant of financial instruments for delivering incentives for them, relating to the year 2016 (payout 2017), in compliance with the relative regulations.

This proposal forms part of a more general framework of developing remuneration policies for employees, with particular reference to the expansion of the offer and use of flexible welfare components as a means of paying variable bonuses.

More specifically, the scheme may involve the payment of variable remuneration linked to an annual incentive scheme, subject to the achievement of specific performance objectives, in financial instruments, up to 100% of the bonus earned.

The triggering and procedures for implementing the schemes will be subject from time to time to developments in the relative regulatory, tax and contribution frameworks.

The mechanism that has been identified for granting financial instruments is the assignment of treasury shares held by the Parent (with the cost charged to the single companies in which the employee in receipt of the shares works).

It is not currently possible to indicate the exact amount of the expected liability, as it is subject to the satisfaction of Group and company conditions and the achievement of individual objectives. Nevertheless, on the basis of theoretical estimates carried out, a maximum amount of €15,000,000.00 is forecast to cover the scheme. On this basis, the grant of authorisation to the Management Board to purchase a maximum of 5,100,000 ordinary shares of UBI Banca for a total maximum consideration of €15,000,000.00 is submitted to today’s Shareholders’ Meeting for approval.

The following is underlined in relation to the above amount:

- on the basis of paragraph 33 of IAS 32 "Financial instruments: disclosure and presentation", treasury shares that are purchased must be deducted, in the accounts, from equity;
- in accordance with provisions of articles 2357 and following of the Italian Civil Code, purchases must be made within the limits of the distributable profits and of the available reserves reported in the last duly approved financial statements. A separate profit reserve shall be created within equity for this purpose.

Following the purchase of the treasury shares, the amount in question shall be deducted from the separate reserve created.

Furthermore, the UBI Banca shares will be purchased in the manner specified in paragraph 1, letter b) of Art. 144-*bis* of the Issuers' Regulations - issued in implementation of paragraph 1 of Art. 132 of the Consolidated Finance Act - namely, by the purchase on regulated markets following operational procedures that ensure equal treatment of shareholders and do not allow a direct link in trading of proposals to purchase with predetermined proposals to sell.

The purchases must be made, in any event, within 18 months of the date of authorisation – at a price of not less than €2.50 per share (the share capital divided by the number of shares issued) and not greater than 5% of the official price quoted in the market session prior to each individual purchase transaction.

Dear shareholders,

In relation to the above, the Supervisory Board therefore proposes that the Ordinary Shareholders' Meeting approves the following resolution:

*“The Shareholders' Meeting of Unione di Banche Italiane Spa,
- having considered the proposal of the Supervisory Board;
- having taken account of the provisions of the law, of the Articles of Association and of the regulations issued by the Commissione Nazionale per le Società e la Borsa (Consob - Italian securities market authority) concerning the purchase of treasury shares;*

RESOLVES

- d) to approve the incentive scheme for 2016 based on financial instruments, with payment of the variable remuneration through the grant of ordinary shares of the Parent, UBI Banca, to all employees excluding “Key Personal”, as previously described.*
- e) to authorise the Management Board and the Chairman, Deputy Chairman and Chief Executive Officer, individually, on its behalf, to proceed with one or more transactions, to be carried out within 18 months of the date of authorisation, in the manner specified in paragraph 1, letter b), of Art. 144-bis of the Issuers' Regulations, (namely the purchase on regulated markets following operational procedures that guarantee equal treatment of shareholders and do not allow proposals to purchase to be directly linked to predetermined proposals to sell), to the purchase of a maximum of 5,100,000 treasury shares, for total maximum consideration of €15,000,000.00, at a price per share of not less than €2.50 and not greater than 5% of the official price quoted in the market session prior to each individual purchase transaction.*
- f) to grant the Management Board and on its behalf the Chairman, Deputy Chairman and Chief Executive Officer, individually, all the necessary powers required to implement the resolution in compliance with the applicable regulations of the authorities concerned.”*

18th February 2016

THE SUPERVISORY BOARD

Information document pursuant to Art. 84-bis of the Issuers' Regulations. - Annual incentive scheme for employees – with the exclusion of Key Personnel

Introduction

In compliance with the requirements of Art. 114-*bis* of Legislative Decree No. 58 of 24th February 1998 (the “**Consolidated Finance Act**”) and the requirements of the Issuers' Regulations adopted by Consob Resolution No. 11971 of 14th May 1999 (the “**Issuers' Regulations**”) concerning the information to be disclosed to the market in relation to remuneration schemes based on financial instruments, this information document (the “**Information Document**”) has been prepared to provide details of the implementation of the 2016 Incentive Scheme for employees of the UBI Banca Group – with the exception of “*Key Personnel*” – which involves the payment of a portion of the variable component of remuneration through the grant of ordinary shares of UBI Banca.

This Information Document - prepared in accordance with Schedule 7 of Annex 3A of the Issuers' Regulations - provides information to the public on the conditions established for the implementation of the Scheme.

DEFINITIONS

The meaning of some terms used in the information document is given below.

Shareholders' Meeting - The Shareholders' Meeting of UBI Banca that will approve the Scheme.

Beneficiaries - Employees of the UBI Banca Group, excluding the “*Key Personnel*” perimeter, in accordance with the provisions of the 2016 Group Remuneration and Incentives Policy.

Bonus pool - Allocated budget linked to incentive schemes.

Clawback - Mechanism that provides for the repayment of a bonus that has already been paid out.

Remuneration Committee - The committee required by the Bank of Italy Regulations and by the Corporate Governance Code, the composition and functions of which are described in the Corporate Governance Report pursuant to Art. 123-*bis* of the Consolidated Finance Act and in the Report on Remuneration prepared in accordance with Art. 123-*bis* of the Consolidated Finance Act and Art. 84-*quater* of the Issuers' Regulations.

Common Equity Tier 1 (“CET1”) ratio - In terms of own funds, this indicator represents the highest quality core capital (composed of the total ordinary shares issued by the Bank that satisfy the regulatory classification criteria, share premium reserves, retained profits, valuation reserves and other reserves recognised) net of the deductions required by the regulations as a ratio to Risk Weighted Assets (RWA).

“Gate” - Condition required to trigger incentive schemes, related to Group capital stability and liquidity indicators.

The Leverage Ratio (“LR”) – Leverage calculated as the ratio of the Tier I capital (capital measurement) and the total exposure of the Group (exposure measurement) which includes all the assets and off-balance sheet items not deducted to calculate the capital measurement according to the provisions of the CRR - Art. 429 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26/06/2013 as amended by the Delegated Act (EU) No. 62/2015.

Liquidity Coverage Ratio (“LCR”) - Indicator designed to ensure that a Bank maintains sufficient high quality liquid assets available which can be converted into cash to meet liquidity commitments over a period of 30 days in a stress scenario defined by the

Supervisory Authority. It is defined as the ratio of the stock of “available high quality liquid assets” and the sum of “net cash outflows over a time horizon of 30 days, estimated in a context of normal business and supplemented by situations of stress”.

Targets - Performance indicators defined in the 2016 Group Remuneration and Incentive Policies and detailed in the regulations of each beneficiary, the achievement of which (subject to the triggering of entry thresholds or “gates”) is a condition for the financial instruments to be granted.

Net Stable Funding Ratio (“NSFR”) - Indicator of structural balance designed to monitor and contain risk associated with the transformation of maturities within a tolerance threshold considered acceptable by the Group. It is the ratio of funding (liabilities) to weighted lending (assets), which takes account of the stability of the liabilities and the degree of liquidity of the assets.

Return On Risk-Adjusted Capital (RORAC) - Expresses the profitability in percentage terms of capital at risk calculated as the ratio between NOPAT (net operating profit after tax) and average allocated (budgeted) capital or average absorbed (actual) capital.

Profit on continuing operations before tax (POCBT) is considered net of extraordinary and non-recurring items.

Normalised net profit, adjusted for the cost of capital “delta” (change) - Calculated as the algebraic sum of the net profit in the income statement - net of non-recurring extraordinary items and the cost relating to incentive schemes - and of the (positive or negative) difference between the absorbed and allocated capital, measured on the basis of the cost of capital.

Normalised net profit (NNP) is considered net of non-recurring extraordinary items and the cost relating to incentive schemes.

1. BENEFICIARIES

The potential beneficiaries of the Scheme are the Personnel of the UBI Banca Group with the exception of “Key Personnel”.

1.1 The names of the beneficiaries who are members of the Board of Directors or the Management Board of the issuer of the financial instruments, of the companies controlling the issuer, and of the companies controlled, directly or indirectly, by the issuer.

No participant falls within these categories.

1.2 The categories of employees or associate workers of the issuer of the financial instruments and of the companies controlling or controlled by the issuer.

The scheme is reserved to all employees of UBI Banca and of companies belonging to the Group, with the exception of “Key Personnel”, and in particular the following: Banca Popolare di Bergamo S.p.A., Banco di Brescia S.p.A., Banca Popolare Commercio e Industria S.p.A., Banca Regionale Europea S.p.A., Banca Popolare di Ancona S.p.A., Banca Carime S.p.A., Banca di Valle Camonica S.p.A., UBI Sistemi e Servizi Soc. Cons.p.A., UBI Academy Soc.Cons.r.l., UBI Pramerica SGR S.p.A., UBI Leasing S.p.A., UBI Factor S.p.A., IW Bank S.p.A., Prestitalia, UBI International.

1.3 The names of the persons who benefit from the plan belonging to the following groups:

a) general managers of the issuer of financial instruments;

b) other key management personnel of the issuer of financial instruments which is not of “small dimensions”, pursuant to article 3, paragraph 1, letter f) of Regulation No. 17221 of 12th March 2010, where they have received total remuneration during the financial year (obtained by summing cash remuneration and remuneration based on financial instruments) that is higher than the total highest remuneration paid to members of the Board of Directors, or to the Management Board and to the General Managers of the issuer of financial instruments;

c) the natural persons controlling the issuer of shares, who are employees or work on contract within the issuer of shares.

No participant falls within these categories.

1.4 Description and number, by category:

a) key management personnel other than those indicated in letter b) of paragraph 1.3;

b) for companies of “small dimensions”, pursuant to article 3, paragraph 1, letter f) of Regulation No. 17221 of 12th March 2010, information by total for all key management personnel of the issuer of financial instruments;

c) any other category of employee or associate worker subject to different treatment under the Scheme (for example, executives, middle managers, office staff, etc.).

c) The potential beneficiaries of the Scheme fall within the employee category whether they are senior managers, middle managers or office workers, with the exception of “Key Personnel”, numbering approximately 17,600.

2. THE REASONS FOR ADOPTION OF THE SCHEME

The Scheme is designed to involve and motivate personnel to achieve Group productivity and profitability objectives, also with a view to long-term fidelity.

3. APPROVAL PROCESS AND TIMING OF GRANTS OF THE INSTRUMENTS

3.1 Scope of the powers and functions assigned by shareholders to the Management Board for the purposes of the implementation of the Scheme.

The Remuneration and incentive policies of the UBI Banca Group were approved by the Supervisory Board in a meeting held on 18th February 2016.

3.2 Names of the parties assigned to administer the scheme and their function and responsibilities.

The Human Resources Area of UBI Banca is responsible for the administration of the Scheme.

3.3 Any existing procedures for the revision of the Scheme, with respect, amongst other things, to changes in the key objectives.

If significant revisions to the budget are made during the year in question, the “bonus pool” may be subject to changes by the Supervisory Board, after prior consultation with the Remuneration Committee on the basis of a proposal from the Management Board.

3.4 Description of the methods used to determine the availability and the grant of the financial instruments on which the Scheme is based.

The mechanism provides for the use of a number of treasury shares held by the Parent (with the cost charged to the individual companies in which the beneficiaries of the shares work), corresponding to the maximum amount of the bonuses to be paid, estimated on the basis of the targets and the relative performances.

3.5 The role filled by each board member in determining the features of the schemes and any situations of conflict of interest for the directors involved.

No members of the Management Board participate in this Scheme.

3.6 For the purposes of the requirements of article 84-bis, paragraph 1, the date of the decision made by the body responsible for proposing the approval of the schemes to the Shareholders' Meeting and the proposal by the Remuneration Committee, if present.

On 18th February 2016 the Supervisory Board approved the proposal for the Scheme to be submitted to the Ordinary Shareholders' Meeting of UBI Banca, called for 2nd April 2016, after prior consultation with the Remuneration Committee, on the basis of a proposal approved by the Management Board on 16th February 2016.

3.7 For the purposes of the requirements of article 84-bis, paragraph 5, letter a), the date of the decision made by the body responsible for the grant of the instruments and any proposal to the aforementioned body made by the remuneration committee, if present.

The Supervisory Board made a decision concerning the 2016 Remuneration and Incentive Policies and the Scheme on 18th February 2016.

3.8 The market price, recorded on the aforesaid dates, for the financial instruments on which the plans are based, if traded on regulated markets.

The official market price of the ordinary shares of UBI Banca recorded on the aforesaid date of the meeting of the Supervisory Board (18th February 2016) was €3.354.

3.9 For plans based on financial instruments traded on regulated markets, what are the terms and procedures adopted by the issuer in determining the timing of the grant of the financial instruments to take account of coincidences in the timing of:

- i) the aforementioned grant or any related decisions taken by the Remuneration Committee, and**
- ii) the disclosure of any relevant information pursuant to Article 114, paragraph 1; for example, when the information is:**
 - a. not already public and capable of positively influencing the market prices, or**
 - b. already published and capable of negatively influencing the market prices.**

During approval and implementation of the Scheme, information shall be disclosed to markets as required by the laws and regulations in force from time to time.

4. THE CHARACTERISTICS OF THE INSTRUMENTS GRANTED

4.1 Description of the structure of the remuneration schemes based on financial instruments.

The Scheme provides for 100% of the variable remuneration linked to the annual incentive scheme to be paid in ordinary shares of UBI Banca.

4.2 Specification of the Scheme's effective period of implementation, also with reference to any cycles established.

The period of implementation of the Scheme beginning in 2016, will conclude in 2017.

4.3 End of the Scheme.

The Scheme ends in 2017.

4.4 The maximum number of financial instruments, including those in the form of options, granted in each tax year in relation to the persons identified by name or the categories listed.

Taking as a reference the official price on 11th February 2016 (€2.937) and in consideration of the remuneration that can be paid against the triggering of the incentives schemes and the related performances, the maximum number of shares that may potentially be granted is 5,100,000 shares.

4.5 Trigger procedures and clauses for the Scheme, specifying whether the grant of instruments is subject to conditions being met or the achievement of determined results, including performance related results; a description of those conditions and results.

Triggering of the Scheme is strictly linked to the satisfaction of conditions (entry thresholds or “gates”) that guarantee the capital stability and liquidity of the Group, specifically the “Common Equity Tier 1 Ratio”, the “Net Stable Funding Ratio”, the “Liquidity Coverage Ratio” and “Leverage Ratio”. The incentive scheme is not, however, triggered if the financial statements show a loss on normalised amounts.

In addition to Group entry thresholds or “gates”, there are performance indicators at Group and company level, particularly RORAC at Group level, which are also effective with reference to the Parent and to the companies UBI Sistemi e Servizi Soc. Cons.p.A and UBI Academy Soc. Cons.r.l, and adjusted net profit for the delta cost of capital (and normalised net profit where this is not available) at the level of individual companies.

Further result targets of both a quantitative and qualitative nature are also provided at individual level.

4.6 Details of any restrictions on the availability of the shares, with particular reference to the periods within which the subsequent transfer to the company or to third parties is permitted or prohibited.

No restrictions on availability for the beneficiaries exist.

4.7 Description of any termination conditions for grants under the Scheme if the beneficiaries conduct hedging transactions that neutralise any restrictions on the sale of the financial instruments granted, including those in the form of options, or the financial instruments resulting from the exercise of those options.

The Scheme does not have any termination conditions of this kind.

4.8 Description of the effects of the termination of the employment relationship.

All rights are lost under the Scheme if the employment relationship is terminated, except for end of contract with the immediate receipt of a retirement pension with no economic incentives.

4.9 Details of any other reasons for the cancellation of the Scheme.

The Scheme does not have any cancellation clauses, with the exception of the application of clawback mechanisms in the event of fraudulent conduct or gross negligence.

4.10 The reasons for the provision of any "buy-back" by UBI Banca of the shares involved in the Scheme, pursuant to Articles 2357 and following of the Italian Civil Code; the beneficiaries of the buy-back, specifying whether it only applies to particular categories of employees; and the effects of the termination of the employment relationship on the redemption.

The Scheme does not provide for the buy-back by UBI Banca or other companies of the Group of the shares involved in the Scheme.

4.11 Any loans or concessions to be granted for the purchase of the shares pursuant to Article 2358, paragraph 3, of the Italian Civil Code.

The Scheme does not provide for loans or concessions for the purchase of the shares involved in the Scheme.

4.12 Details of the estimates of the expected cost for the company as at the grant date, as determinable on the basis of the terms and conditions already defined, by overall amount and for each instrument of the Scheme.

The Scheme provides for the use of a number of treasury shares held by the Parent corresponding to the maximum value of the bonuses payable in shares (with subsequent reimbursement by the individual Group companies for which the beneficiaries of the shares work).

A maximum theoretical requirement of 5,100,000 shares is estimated, although it is not possible to quantify the expected cost exactly, because it's determination is subject to meeting Group and company conditions and also to the achievement of individual objectives.

4.13 Specification of any dilution effect on share capital resulting from the grant of the shares.

Since the Scheme will be serviced by the use of treasury shares held by the Parent, its adoption will not have any dilution effect on UBI Banca's share capital.

4.14 Any limits set on the exercise of voting rights and on the assignment of economic rights.

No limits have been set on the exercise of voting rights or on the assignment of economic rights.

4.15 If the shares are not traded on regulated markets, any other information needed to properly measure the value attributable to them.

The Scheme will only use shares traded on regulated markets.

**REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS
Table No. 1 of scheme 7 of Annex 3A of Regulation No. 11971/1999**

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 1 Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions Short-term incentive scheme for personnel not comprised within the Key personnel perimeter						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date	Purchase price of instruments, if applicable	Market price when granted	Vesting period
Personnel not comprised within the Key personnel perimeter		NA	NA	NA	NA	NA	NA	NA

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 2 Newly granted instruments on the basis of a decision of the Supervisory Board submitted to the 2016 General Shareholders' Meeting 2016 short-term incentive scheme for personnel not comprised within the Key Personnel perimeter						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date	Purchase price of instruments, if applicable	Market price when granted	Vesting period
Personnel not comprised within the Key personnel perimeter		02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA

UBI BANCA SPA

Remuneration scheme based on financial instruments: proposal to set amounts for the productivity bonus (the “Company Bonus”) relating to the years 2015 and 2016 by assigning ordinary shares of the Parent, UBI Banca, and a proposal to purchase own shares to service the Company Bonus.

Dear shareholders,

The Parent, within the general framework of developing Remuneration Policies for employees and with account taken of the changes introduced in the 2016 *Legge di Stabilità* (“stability law” – annual finance law), has made it possible – in a context of expanding the range and use of welfare components as a means of paying variable bonuses, together with other services already used in the past – to also grant financial instruments to employees in general as part of contractual agreements relating to the productivity bonus (the “*Company Bonus*”), to be decided in agreement with trade unions.

The triggering and procedures for implementation will be subject to regulatory developments on the matter determined by decrees to implement the *Legge di stabilità* about to be enacted and by studies of the relative tax and contribution regulatory frameworks.

On the basis of the above, under the scheme variable remuneration linked to the “Company Bonus” for the years 2015 and 2016 will be paid, amongst other things, by the grant of financial instruments up to a theoretical maximum of 100% of the bonus itself, on the basis of options that can be exercised by the employees involved within the context of the trade union agreements already mentioned.

The mechanism that has been identified for granting financial instruments is the grant of treasury shares held by the Parent (with the cost charged to the single companies in which the employee in receipt of the shares works).

It is not possible at present to indicate the exact amount of the expected cost. Nevertheless, on the basis of theoretical estimates carried out for the years 2015 and 2016, a maximum amount of €30,000,000.00 is forecast to cover both years. On this basis, the grant of authorisation to the Management Board to purchase a maximum of 10,200,000 ordinary shares of UBI Banca for a total maximum consideration of €30,000,000.00 is submitted to today’s Shareholders’ Meeting for approval.

The following is underlined in relation to the above amount:

- on the basis of paragraph 33 of IAS 32 “Financial instruments: disclosure and presentation”, treasury shares that are purchased must be deducted, in the accounts, from equity;
- in accordance with the provisions of articles 2357 and following of the Italian Civil Code, purchases must be made within the limits of the distributable profits and of the available reserves reported in the last duly approved financial statements. A separate profit reserve shall be created within equity for this purpose.

Following the purchase of the treasury shares, the amount in question shall be deducted from the separate reserve created.

Furthermore, the UBI Banca shares will be purchased in the manner specified in paragraph 1, letter b) of Art. 144-*bis* of the Issuers’ Regulations - issued in implementation of paragraph 1 of Art. 132 of the Consolidated Finance Act - namely, by the purchase on regulated markets following operational procedures that ensure equal treatment of shareholders and do not allow a direct link in trading of proposals to purchase with predetermined proposals to sell.

The purchases must be made, in any event, within 18 months of the date of authorisation – at a price of not less than €2.50 per share (the share capital divided by the number of shares issued) and not greater than 5% of the official price quoted in the market session prior to each individual purchase transaction.

Dear shareholders,

In relation to the above, the Supervisory Board therefore proposes that the Ordinary Shareholders' Meeting approves the following resolution:

*“The Shareholders’ Meeting of Unione di Banche Italiane Spa,
- having considered the proposal of the Supervisory Board;
- having taken account of the provisions of the law, of the Articles of Association and of the regulations issued by the Commissione Nazionale per le Società e la Borsa (Consob - Italian securities market authority) concerning the purchase of treasury shares;*

RESOLVES

- g) to approve the productivity bonus (the “Company Bonus”) for the years 2015 and 2016 based on financial instruments, with payment of the variable remuneration through the grant of ordinary shares of the Parent, UBI Banca, to all employees as previously described;*
- h) to authorise the Management Board and the Chairman, Deputy Chairman and Chief Executive Officer, individually, on its behalf, to proceed with one or more transactions, to be carried out within 18 months of the date of the Shareholders’ Meeting authorisation, in the manner specified in paragraph 1, letter b), of Art. 144-bis of the Issuers' Regulations, namely the purchase on regulated markets following operational procedures that guarantee equal treatment of shareholders and do not allow proposals to purchase to be directly linked to predetermined proposals to sell, to the purchase of a maximum of 10,200,000 treasury shares, for total maximum consideration of €30,000,000.00, at a price per share of not less than €2.50 and not greater than 5% of the official price quoted in the market session prior to each individual purchase transaction;*
- i) to grant the Management Board and on its behalf the Chairman, Deputy Chairman and Chief Executive Officer, individually, all the necessary powers required to implement the resolution in compliance with the applicable regulations of the authorities concerned.”*

18th February 2016

THE SUPERVISORY BOARD

Information document pursuant to Art. 84-bis of the Issuers' Regulations – Productivity Bonus (the “Company Bonus”) relating to the years 2015 and 2016 for employees pursuant to Art. 48 of the current national trade union agreement

INTRODUCTION

In compliance with the requirements of Art. 114-*bis* of Legislative Decree No. 58 of 24th February 1998 (the “**Consolidated Finance Act**”) and the requirements of the Issuers' Regulations adopted by Consob Resolution No. 11971 of 14th May 1999 (the “**Issuers' Regulations**”) concerning the information to be disclosed to the market in relation to remuneration schemes based on financial instruments, this information document (the “**Information Document**”) has been prepared to provide details of the implementation of the Productivity Bonus (the “Company Bonus”) relating to the years 2015 and 2016, which involves, as part of the various “welfare” options, the payment of the bonus also through the grant of ordinary shares of UBI Banca.

This Information Document - prepared in accordance with Schedule 7 of Annex 3A of the Issuers' Regulations - provides information to the public on the conditions established for the implementation of the Scheme.

According to the definition contained in Art. 84-*bis* of the Issuers' Regulations, the Scheme qualifies as a “significant scheme”, due to the nature of its beneficiaries.

1. BENEFICIARIES

The potential beneficiaries of the Scheme are the Personnel of the UBI Banca Group.

1.1 The names of the beneficiaries who are members of the Board of Directors or the Management Board of the issuer of the financial instruments, of the companies controlling the issuer, and of the companies controlled, directly or indirectly, by the issuer.

The Chief Executive Officer of UBI Banca, *Dott.* Victor Massiah, the Senior Deputy General Manager, *Dott.* Elvio Sonnino and the Deputy General Manager *Dott.* Ettore Giuseppe Medda, are among the potential beneficiaries of the Scheme.

Some of the potential beneficiaries of the Scheme - who are employees of the UBI Banca Group - in addition to carrying out managerial duties related to the role performed by them, also hold positions within the managing bodies of the companies directly or indirectly controlled by UBI Banca. Given that these persons qualify as potential beneficiaries of the Scheme in their capacity as employees of the UBI Banca Group, they are not named in this section, but the information provided below refers to them.

1.2 The categories of employees or associate workers of the issuer of the financial instruments and of the companies controlling or controlled by the issuer.

The Scheme is reserved to all employees of UBI Banca and of companies belonging to the Group and in particular the following: Banca Popolare di Bergamo S.p.A., Banco di Brescia S.p.A., Banca Popolare Commercio e Industria S.p.A., Banca Regionale Europea S.p.A, Banca Popolare di Ancona S.p.A., Banca Carime S.p.A., Banca di Valle Camonica S.p.A., UBI Sistemi e Servizi Soc. Cons.p.A., UBI Academy Soc.Cons.r.l., UBI Pramerica SGR S.p.A., UBI Leasing S.p.A., UBI Factor S.p.A., IW Bank S.p.A., Prestitalia, UBI International.

1.3 The names of the persons who benefit from the plan belonging to the following groups:

a) general managers of the issuer of financial instruments;

b) other key management personnel of the issuer of financial instruments which is not of “small dimensions”, pursuant to article 3, paragraph 1, letter f) of Regulation No. 17221 of 12th March 2010, where they have received total remuneration during the financial year (obtained by summing cash remuneration and remuneration based on financial instruments) that is higher than the total highest remuneration paid to members of the Board of Directors, or to the Management Board and to the General Managers of the issuer of financial instruments;

c) the natural persons controlling the issuer of shares, who are employees or work on contract within the issuer of shares.

a) *Dottor* Victor Massiah, Chief Executive Officer and ad interim General Manager of UBI Banca, is one of the potential beneficiaries of the Scheme.

1.4 Description and number, by category:

a) of key management personnel other than those indicated in letter b) of paragraph 1.3;

b) for companies of “small dimensions”, pursuant to article 3, paragraph 1, letter f) of Regulation No. 17221 of 12th March 2010, information by total for all key management personnel of the issuer of financial instruments;

c) of any other category of employee or associate worker subject to different treatment under the Scheme (for example, executives, middle managers, office staff, etc.).

a) In addition to the members of the Management Board, the Deputy General Manager - Chief Business Officer, the Chief Audit Executive, the Chief Risk Officer, the Chief Financial Officer, the Chief Lending Officer and the Manager of the Compliance Risk Area, to give nine beneficiaries.

c) A differentiated Productivity Bonus will be defined for each category (senior managers, middle managers and office workers), in relation also to the company to which they belong and the results it achieves.

2. THE REASONS FOR ADOPTION OF THE SCHEME

The Scheme is designed to involve and motivate personnel to achieve Group productivity and profitability objectives, also with a view to long-term fidelity.

3. APPROVAL PROCESS AND TIMING OF GRANTS OF THE INSTRUMENTS

3.1 Scope of the powers and functions assigned by shareholders to the Management Board for the purposes of the implementation of the Scheme.

The Remuneration and incentive policies of the UBI Banca Group were approved by the Supervisory Board in a meeting held on 18th February 2016.

3.2 Names of the parties assigned to administer the scheme and their function and responsibilities.

The Human Resources Area of UBI Banca is responsible for the administration of the Scheme.

3.3 Any existing procedures for the revision of the Scheme, with respect, amongst other things, to changes in the key objectives.

Any revisions to the Scheme are defined on the basis of understandings stipulated with trade unions according to the provisions of the National Trade Union Agreement and approved by the Supervisory Board, after prior consultation with the Remuneration Committee on the basis of a proposal from the Management Board.

3.4 Description of the methods used to determine the availability and the grant of the financial instruments on which the Scheme is based.

The mechanism provides for the use of a number of treasury shares held by the Parent (with the cost charged to the individual companies in which the beneficiaries of the shares work), corresponding to the maximum amount of the bonuses to be paid, estimated on the basis of the targets and the relative performances.

3.5 The role filled by each board member in determining the features of the Scheme and any situations of conflict of interest for the directors involved.

The Management Board submitted to the Supervisory Board a resolution on the adoption of the 2015 and 2016 Productivity Bonus by means of financial instruments to implement the 2016 Remuneration and Incentive Policies, for subsequent submission to a Shareholders' Meeting. Verification of compliance of the scheme with those same policies was carried out by the Supervisory Board on the basis of an opinion from the Remuneration Committee.

No senior managers of the UBI Banca Group are involved in the resolutions passed by the Supervisory Board and by the Remuneration Committee.

Some members (currently three out of nine) of the Management Board, who hold positions as Senior Managers of the Bank, are also potential beneficiaries of the Scheme.

3.6 For the purposes of the requirements of article 84-bis, paragraph 1, the date of the decision made by the body responsible for proposing the approval of the schemes to the Shareholders' Meeting and the proposal by the Remuneration Committee, if present.

On 18th February 2016 the Supervisory Board approved the proposal for the Scheme to be submitted to the Ordinary Shareholders' Meeting of UBI Banca, called for 2nd April 2016, after prior consultation with the Remuneration Committee, on the basis of a proposal approved by the Management Board on 16th February 2016.

3.7 For the purposes of the requirements of article 84-bis, paragraph 5, letter a), the date of the decision made by the body responsible for the grant of the instruments and any proposal to the aforementioned body made by the Remuneration Committee, if present.

The Supervisory Board made a decision concerning the 2016 Remuneration and Incentive Policies and the Scheme on 18th February 2016.

3.8 The market price, recorded on the aforesaid dates, for the financial instruments on which the plans are based, if traded on regulated markets.

The official market price of the ordinary shares of UBI Banca recorded on the aforesaid date of the meeting of the Supervisory Board (18th February 2016) was €3.354.

3.9 For plans based on financial instruments traded on regulated markets, what are the terms and procedures adopted by the issuer in determining the timing of the grant of the financial instruments to take account of coincidences in the timing of:

i) the aforementioned grant or any related decisions taken by the Remuneration Committee, and

ii) the disclosure of any relevant information pursuant to Article 114, paragraph 1; for example, when the information is:

- a. not already public and capable of positively influencing the market prices, or
- b. already published and capable of negatively influencing the market prices.

During approval and implementation of the Scheme, information shall be disclosed to markets as required by the laws and regulations in force from time to time.

4. THE CHARACTERISTICS OF THE INSTRUMENTS GRANTED

4.1 Description of the structure of the remuneration schemes based on financial instruments.

The Scheme involves the payment of the 2015 and 2016 Productivity Bonus (the "Company Bonus), as part of various "welfare" options, amongst other means, also in financial instruments up to a maximum of 100% of the bonus itself.

4.2 Specification of the Scheme's effective period of implementation, also with reference to any cycles established.

The implementation of the Scheme relates to the Company Bonus for the years 2015 and 2016.

4.3 End of the Scheme.

The Scheme will end in 2016 with regard to the 2015 Company Bonus and in 2017 for the 2016 Company Bonus.

4.4 The maximum number of financial instruments, including those in the form of options, granted in each tax year in relation to the persons identified by name or the categories listed.

Taking as a reference the official price on 11th February 2016 (€2.937) and in consideration of the theoretical levels of the bonus, the maximum number of shares that may potentially be granted is 5,100,000 shares for each scheme, for a total of 10,200,000 shares.

4.5 Trigger procedures and clauses for the Scheme, specifying whether the grant of instruments is subject to conditions being met or the achievement of determined results, including performance related results; a description of those conditions and results.

The procedures and clauses for the implementation of the Scheme will be defined on the basis of understandings stipulated with trade unions according to the provisions of the National Trade Union Agreement and approved by the Management Board.

4.6 Details of any restrictions on the availability of the shares, with particular reference to the periods within which the subsequent transfer to the company or to third parties is permitted or prohibited.

No restrictions will apply to the shares granted.

4.7 Description of any termination conditions for grants under the Scheme if the beneficiaries conduct hedging transactions that neutralise any restrictions on the sale of the financial instruments granted, including those in the form of options, or the financial instruments resulting from the exercise of those options.

The Scheme does not have any termination conditions of this kind.

4.8 Description of the effects of the termination of the employment relationship.

All rights are lost under the Scheme if the employment relationship is terminated, except for end of contract with the immediate receipt of a retirement pension with no economic incentives.

4.9 Details of any other reasons for the cancellation of the Scheme.

The Scheme does not have any cancellation clauses, with the exception of the application of clawback mechanisms in the event of fraudulent conduct or gross negligence.

4.10 The reasons for the provision of any "buy-back" by UBI Banca of the shares involved in the Scheme, pursuant to Articles 2357 and following of the Italian Civil Code; the beneficiaries of the buy-back, specifying whether it only applies to particular categories of employees; and the effects of the termination of the employment relationship on the redemption.

The Scheme does not provide for the buy-back by UBI Banca or other companies of the Group of the shares involved in the Scheme.

4.11 Any loans or concessions to be granted for the purchase of the shares pursuant to Article 2358, paragraph 3, of the Italian Civil Code.

The Scheme does not provide for loans or concessions for the purchase of the shares involved in the Scheme.

4.12 Details of the estimates of the expected cost for the company as at the grant date, as determinable on the basis of the terms and conditions already defined, by overall amount and for each instrument of the Scheme.

The Scheme provides for the use of a number of treasury shares held by the Parent corresponding to the maximum value of the bonuses payable in shares (with subsequent reimbursement by the individual Group companies for which the beneficiaries of the shares work).

At present a maximum theoretical requirement totalling 10,200,000 shares is estimated, although it is not possible to quantify the expected cost exactly, because its determination is subject to Group and company performance, as well as to the various “welfare” options chosen by the employees concerned.

4.13 Specification of any dilution effect on share capital resulting from the grant of the shares.

Since the Scheme will be serviced by the use of treasury shares held by the Parent, its adoption will not have any dilution effect on UBI Banca’s share capital.

4.14 Any limits set on the exercise of voting rights and on the assignment of economic rights.

No limits have been set on the exercise of voting rights or on the assignment of economic rights.

4.15 If the shares are not traded on regulated markets, any other information needed to properly measure the value attributable to them.

The Scheme will only use shares traded on regulated markets.

REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS
Table No. 1 of scheme 7 of Annex 3A of Regulation No. 11971/1999

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 1 Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions Key personnel: short term incentive scheme 2011, 2012, 2013, 2014 and 2015 and long term incentive scheme 2015-2017						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date (*)	Purchase price of instruments, if applicable	Market price when granted (*)	Vesting period
Massiah Victor	- Chief Executive Officer	30/04/2011						
		28/04/2012						
		20/04/2013						
		10/05/2014	Ordinary shares of UBI Banca	16,055	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	24,082	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015 (***)	Ordinary shares of UBI Banca	12,267	2016	3.6419	4,9478	3
		25/04/2015 (***)	Ordinary shares of UBI Banca	18,400	2021	3.6419	4,9478	7
	TOTAL			70,804				
Sonnino Elvio	- Senior Deputy General Manager of UBI Banca	30/04/2011						
		28/04/2012						
		20/04/2013	Ordinary shares of UBI Banca	4,355	2014	3.6419	6.4440	3
		20/04/2013	Ordinary shares of UBI Banca	2,903	2017	3.6419	6.4440	5
		10/05/2014	Ordinary shares of UBI Banca	11,724	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	7,816	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015 (***)	Ordinary shares of UBI Banca	5,129	2016	3.6419	4,9478	3
	TOTAL			35,346				
Leidi Rossella	- Deputy General Manager of UBI Banca	30/04/2011						
		28/04/2012						
		20/04/2013						
		10/05/2014	Ordinary shares of UBI Banca	8,143	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	5,428	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015 (***)	Ordinary shares of UBI Banca	2,166	2016	3.6419	4,9478	3
		25/04/2015 (***)	Ordinary shares of UBI Banca	1,444	2019	3.6419	4,9478	5
	TOTAL			17,181				
Medda Ettore Giuseppe	- Deputy General Manager of UBI Banca	30/04/2011						
		28/04/2012						
		20/04/2013	Ordinary shares of UBI Banca	2,999	2014	3.6419	6.4440	3
		20/04/2013	Ordinary shares of UBI Banca	1,999	2017	3.6419	6.4440	5
		10/05/2014	Ordinary shares of UBI Banca	8,457	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	5,638	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015 (***)	Ordinary shares of UBI Banca	3,698	2016	3.6419	4,9478	3
	TOTAL			25,256				

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 1 Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions Key personnel: short term incentive scheme 2011, 2012, 2013, 2014 and 2015 and long term incentive scheme 2015-2017						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date (*)	Purchase price of instruments, if applicable	Market price when granted (*)	Vesting period
Rigamonti Pierangelo	- Deputy General Manager of UBI Banca	30/04/2011						
		28/04/2012						
		20/04/2013	Ordinary shares of UBI Banca	2,672	2014	3.6419	6.4440	3
		10/05/2014	Ordinary shares of UBI Banca	3,715	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	2,477	2018	3.6419	7.3599	5
		25/04/2015 (***)	Ordinary shares of UBI Banca					
	TOTAL			8,864				
Senior Management: Executive board members and general managers of Group companies		30/04/2011 (****)	Ordinary shares of UBI Banca	30,333	2012	3.6419	2.3924	3
		30/04/2011	Ordinary shares of UBI Banca	20,222	2015	3.6419	2.3924	5
		28/04/2012 (****)	Ordinary shares of UBI Banca	14,176	2013	3.6419	3.9811	3
		28/04/2012	Ordinary shares of UBI Banca	9,451	2016	3.6419	3.9811	5
		20/04/2013	Ordinary shares of UBI Banca	16,765	2014	3.6419	6.4440	3
		20/04/2013	Ordinary shares of UBI Banca	8,087	2017	3.6419	6.4440	5
		10/05/2014	Ordinary shares of UBI Banca	28,322	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	13,672	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015 (***)	Ordinary shares of UBI Banca	16,277	2016	3.6419	4.9478	3
		25/04/2015 (***)	Ordinary shares of UBI Banca	8,845	2019	3.6419	4.9478	5
	TOTAL			166,150				
Material risk-takers: Managers of the main lines of UBI business		30/04/2011 (****)	Ordinary shares of UBI Banca	6,583	2012	3.6419	2.3923	3
		30/04/2011	Ordinary shares of UBI Banca	4,389	2015	3.6419	2.3923	5
		28/04/2012						
		20/04/2013	Ordinary shares of UBI Banca	14,571	2014	3.6419	6.4440	3
		10/05/2014	Ordinary shares of UBI Banca	42,934	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	22,548	2018	3.6419	7.3599	5
		25/04/2015 (**)	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015 (****)	Ordinary shares of UBI Banca	22,977	2016	3.6419	4.9478	3
		25/04/2015 (****)	Ordinary shares of UBI Banca	1,556	2019	3.6419	4.9478	5
	TOTAL			115,558				
Material risk-takers: Managers of the main lines of Group company business		30/04/2011 (****)	Ordinary shares of UBI Banca	155,313	2012	3.6419	2.3923	3
		30/04/2011	Ordinary shares of UBI Banca	103,540	2015	3.6419	2.3923	5
		28/04/2012 (****)	Ordinary shares of UBI Banca	37,187	2013	3.6419	3.9811	3
		28/04/2012	Ordinary shares of UBI Banca	24,791	2016	3.6419	3.9811	5
		20/04/2013	Ordinary shares of UBI Banca	20,818	2014	3.6419	6.4440	3
		20/04/2013	Ordinary shares of UBI Banca	9,164	2017	3.6419	6.4440	5
		10/05/2014	Ordinary shares of UBI Banca	32,455	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	13,605	2018	3.6419	7.3599	5
		25/04/2015 (***)	Ordinary shares of UBI Banca	15,984	2016	3.6419	4.9478	3
		25/04/2015 (****)	Ordinary shares of UBI Banca	10,656	2019	3.6419	4.9478	5
	TOTAL			423,513				

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 1 Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions Key personnel: short term incentive scheme 2011, 2012, 2013, 2014 and 2015 and long term incentive scheme 2015-2017						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date (*)	Purchase price of instruments, if applicable	Market price when granted (*)	Vesting period
Material risk-takers: Managers of the highest level of control functions		30/04/2011 (****)	Ordinary shares of UBI Banca	4,688	2012	3.6419	2.3923	3
		30/04/2011	Ordinary shares of UBI Banca	3,126	2015	3.6419	2.3923	5
		28/04/2012						
		20/04/2013	Ordinary shares of UBI Banca	15,179	2014	3.6419	6.4440	3
		10/05/2014	Ordinary shares of UBI Banca	11,047	2015	3.6419	7.3599	3
		10/05/2014	Ordinary shares of UBI Banca	1,590	2018	3.6419	7.3599	5
		25/04/2015 (***)	Ordinary shares of UBI Banca	15,408	2016	3.6419	4,9478	3
		25/04/2015 (***)	Ordinary shares of UBI Banca	1,528	2019	3.6419	4,9478	5
	TOTAL			52,566				
Personnel not comprised within the Key personnel perimeter		NA	NA	NA	NA	NA	NA	NA
(*) Financial instruments have been promised on the date indicated, but will not be granted until the end of the vesting period.								
**) 2015-2017 long-term incentive scheme currently vesting								
***) The figures have been estimated on preliminary data and may be subject to change.								
****) Financial instruments granted in 2014								
*****) Financial instruments granted in 2015								

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 2 Newly granted instruments on the basis of a decision of the Supervisory Board submitted to the 2016 General Shareholders' Meeting Company bonus relating to the years 2015 and 2016						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date	Purchase price of instruments, if applicable	Market price when granted	Vesting period
Massiah Victor	- Chief Executive Officer	02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Sonnino Elvio	- Senior Deputy General Manager of UBI Banca	02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Leidi Rossella	- Deputy General Manager of UBI Banca	02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Medda Ettore Giuseppe	- Deputy General Manager of UBI Banca	02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Senior Management: Executive board members and general managers of Group companies *		02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Material risk-takers: Managers of the main lines of business *		02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Material risk-takers: Managers of the highest level of control functions *		02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Personnel not comprised within the Key personnel perimeter		02/04/2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
* The names of the persons in the positions reported will be given at a later stage when the scheme is implemented.								

UBI BANCA SPA

Proposal to the Shareholders' Meeting regarding the criteria and limits for determining remuneration to be agreed in the event of the early termination of an employment relationship or early retirement from corporate office

Dear shareholders,

Pursuant to Circular 285 of 17th December 2013 (Supervisory Regulations for Banks, 7th update of 18th November 2014 concerning remuneration policies and practices) the Shareholders' Meeting has responsibility for defining the criteria and limits for determining remuneration in the event of the early termination of the employment relationship or of the position held.

Following along substantially the same lines as the resolution approved by the Shareholders' Meeting in 2015, the Supervisory Board resolved, in its meeting of 18th February 2016, to submit the approval of the following decisions concerning the setting of criteria and limits on the maximum number of years for the said remuneration and the methods by which it is to be paid to the Shareholders' Meeting, without prejudice to the provisions of the above Regulations under subsection 2.2.3 - Exceptions.

Assuming that no special payments (golden parachutes) are generally provided for the early termination of the employment relationship or of the position held, any individual agreements, on an exceptional basis, shall be linked to qualitative and quantitative indicators to reflect actual and long-term results and the relative payments:

- a) may be made up to a maximum amount of 24 months' fixed salary and up to a maximum amount calculated on the basis of the remuneration for the specific position⁵⁷;
- b) will be subject to deferment conditions and to possible retention, where they are to be paid in financial instruments, according to the category of "Key Personnel" to which the person concerned belongs, as defined by the Group Remuneration and incentives policies currently in force;
- c) will be subject to mechanisms of *ex post* correction (*clawback and malus*) to cover the risk of fraudulent behaviour or serious misconduct that could damage the Bank.

If the Bank initiates the termination of the employment relationship (dismissal) - as long as it has no just cause for withdrawing from the contract pursuant to Art. 2119 of the Italian Civil Code and without prejudice to any lower limits set as part of collective bargaining rules, whether or not at company level, or in legislation that also applies to senior management - in the event of a legal challenge or request for arbitration made by the senior manager in relation to the relative provision, and where transactions within the limits stated above have not been possible, if the Bank loses the case it may involve a payment, for various reasons (currently up to 41 months' fixed salary) pursuant to the national trade union agreement in addition to any compensation paid based on general principles. In such cases the Company will have to comply with whatever is ordered by the judge or Board of Arbitrators, in terms of amounts and payment procedures, subject to all appropriate objections or appeals.

If the employment relationship is ended on any other basis such as, for example, mutual consent, formalised in a settlement agreement to be signed in a "protected place" (before a judge, at a provincial office of employment or in the presence of a trade union representative) as long as there is no just cause for withdrawing from the contract pursuant to Art. 2119 of the Italian Civil Code and as long as this takes place at the Bank's initiative or in any event in the Bank's interest - without prejudice to any lower limits set as part of collective bargaining rules, whether or not at company level, that also apply to senior management - a limit is set on the amount equal to a further maximum twelve months remuneration, in addition to the period of notice required by law and by the national trade union agreement in force. That amount corresponds to a reasonable neutralisation of the risk should a

⁵⁷ That limit, based on the current remuneration of the Chief Executive Officer of UBI Banca, corresponds to a maximum amount of €2,975,000.

further “supplementary indemnity” be due under Art. 30, paragraph 16 *et seq* of the aforementioned national agreement. Any payments in excess of those limits fall under the provisions laid down in the preceding points a), b) and c).

Any graduation of payments (always within the above mentioned limits) shall be, without prejudice to compliance with the applicable law and supervisory regulations, on the basis of a prudent assessment of all the circumstances of the individual cases in question, without the possibility of any automatic adjustment or minimum payment obligation, without prejudice to the constraints required by law and the national trade union agreement.

Job-security agreements and non-competition agreements may be signed at the start of or during the employment relationship, normally paid as items of periodic indemnity or on a continuous basis, as specific tools for the protection and safeguarding of the Bank’s professional and business assets which can therefore be paid without limitations.

If the need to defend commercial goodwill and customer retention requires this and makes it advisable, the Bank may make use of specific non-competition agreements, which may also be signed immediately before or at the time of the early termination of the employment relationship. In this case the limit on the payment is set at twelve month’s salary, the payment of which will be subject to the provisions of Art. 2125 of the Italian Civil Code and to deferment conditions defined by the Group Remuneration and incentives policies currently in force for a period of twelve months and to possible retention, where it is to be paid in financial instruments, according to the category of Key Personnel to which the person concerned belongs. That amount is always subject to clawback mechanisms to cover the risk of fraudulent behaviour or serious misconduct that could damage the Bank.

In accordance with the provisions of subsection 2.2.3 - Exceptions pursuant to Circular No. 285 of 17th December 2013, 7th update of 18th November 2014 concerning remuneration policies and practices - redundancy incentives, including those connected with extraordinary operations (e.g. mergers) or corporate restructuring, also relate to Key Personnel in accordance with the terms, conditions and limits set by collective bargaining rules, whether or not at company level, or by law applicable to senior management.

With regard to the above, a structured approval process is followed for decisions regarding Key Personnel. More specifically, the Management Board, supported by the competent internal functions of the Bank, submits the measures adopted and the relative reasons, within the bounds of the criteria and limits set by a Shareholders’ Meeting, to the Supervisory Board for appropriate verification of compliance, after prior consultation with the Remuneration Committee.

Dear shareholders,

In relation to the above, the Supervisory Board proposes that the Ordinary Shareholders’ Meeting approves the following resolution:

“The Shareholders’ Meeting of Unione di Banche Italiane Spa,

- *having considered the proposal of the Supervisory Board,*
- *with due consideration for the current applicable regulations,*

RESOLVES

to approve the terms for setting the criteria and limits set for determining remuneration and the methods by which it will be paid, to be agreed in the event of the early termination of the employment relationship or of the position held.”

18th February 2016

THE SUPERVISORY BOARD

UBI BANCA SPA

Proposal to the Shareholders' Meeting to increase the ratio of the variable to the fixed components of remuneration up to a limit of 2:1

Dear shareholders,

Directive 2013/36/EU of the European Parliament and of the Council of 26th June 2013 (known as CRD IV) introduces, with reference to remuneration policies and practices, specific limits on the ratio of variable to fixed components of individual remuneration and it sets as a general criterion a limit of 1:1, but allows member states to increase that ratio up to a maximum of 2:1.

In its Supervisory Regulations issued on 18th November 2014, the Bank of Italy exercised that discretion and it gave Shareholders' Meetings the power to increase that ratio up to 2:1.

In consideration of the above, a proposal is submitted to the Shareholders' Meeting to increase the limit on the ratio of variable to fixed remuneration up to a maximum of 2:1. On the same basis as in previous years, this will regard five positions of responsibility in the Investment Area of the asset management company, UBI Pramerica S.p.A., two of which are comprised within the Key Personnel perimeter for which, as provided for by the current Group Remuneration and Incentive Policies, and in compliance with Bank of Italy Supervisory Regulations, variable remuneration is subject to deferment and retention mechanisms, in addition to involving the grant of financial instruments.

These positions have been identified with the objective of ensuring meritocratic, competitive and flexible management of remuneration, with account taken of the specifics of the relative Italian and European market in which:

- asset management companies that do not belong to banking groups have no restrictions on variable remuneration, while the large majority of those belonging to banking groups, subject to the CRD IV limits, have requested that this ratio be raised to 2:1 and they have obtained this;
- the salaries offered and the high levels of professionalism required in this sector generate strong competition for personnel who therefore present a high retention risk and great attraction difficulties.

It is also considered that:

- ensuring adequate levels of competitive remuneration motivates staff to higher degrees of specialisation and thereby reduces the risk of losing them to the competition;
- to maintain a substantial variable remuneration mechanism as a flexible instrument of costs is in any case dependent on the achievement of trigger conditions and company and Group results which guarantee profitability and the sustainability of the payments of the bonuses earned on the basis of excellent individual performance.

The request to increase the ratio to 2:1 guarantees in any event compliance with prudential regulations when it is considered that:

- it has an impact on a limited number of staff;
- it does not involve an increase in the percentage of variable remuneration compared with the previous years;
- the relationship between bonuses and meeting prudential requirements in terms of capital and liquidity is guaranteed by the link to the conditions for triggering incentive schemes, that relate to the Group's "risk appetite framework".

With regard to the above, the Supervisory Board of UBI Banca invites the Shareholders' Meeting to approve, with a binding resolution, a proposal to increase the ratio of variable to fixed remuneration up to a maximum of 2:1, the application of which for 2016 is planned for five positions – two of which comprised within the Key Personnel perimeter – in the Investment Area of the asset management company, UBI Pramerica S.p.A.

Dear shareholders,

In relation to the above, the Supervisory Board therefore proposes that the Ordinary Shareholders' Meeting approves the following resolution:

“The Shareholders' Meeting of Unione di Banche Italiane Spa,

- having considered the proposal of the Supervisory Board,*
- with due consideration for the current applicable regulations,*

RESOLVES

to increase the ratio of variable to fixed remuneration up to a maximum of 2:1, the application of which for 2016 is planned for five positions – two of which comprised within the Key Personnel perimeter – in the asset management company, UBI Pramerica S.p.A.

18th February 2016

THE SUPERVISORY BOARD

Glossary

ABS (Asset Backed Securities)

Financial instruments issued against securitisations (cf. definition) on which the yield and redemption are guaranteed by the assets of the originator (cf. definition), which are earmarked exclusively to satisfy the rights incorporated in the financial instruments themselves. Technically debt securities are issued by a special purpose entity (SPE - cf. definition). The portfolio underlying the securitisation may consist of mortgage loans, other loans, bonds, commercial loans, loans resulting from credit cards or even other assets. Depending on the type of underlying asset, ABSs may be classified as follows:

- credit loan obligation CLO (the portfolio consists of bank loans);
- collateralised bond obligation, CBO (the portfolio consists of bonds);
- collateralised debt obligation, CDO (the portfolio consists of bonds, debt instruments and securities in general);
- residential mortgage backed security RMBS (the portfolio consists of mortgage loans on residential properties).
- commercial mortgage backed security, CMBS (the portfolio consists of mortgage loans on commercial properties).

Acquisition finance

Finance for company acquisition operations.

Additional Tier 1 capital – AT1

See in this respect Section 2 of Part F – Information on consolidated equity contained in the Notes to the Consolidated Financial Statements.

ALM (Asset & Liability Management)

Integrated management of assets and liabilities designed to allocate resources in such a way as to optimise the risk to yield ratio.

Alternative Dispute Resolution (ADR)

This term refers to a set of methods, tools and techniques for resolving disputes out-of-court, where one or both parties rely on a third impartial party to resolve a dispute without resort to the courts. The most common procedures are conciliation and arbitration.

Alternative Investment

A ranges of forms of investment which includes, amongst other things, private equity investments (cf. definition) and investments in hedge funds (cf. definition).

Asset Management

Management and custody of financial investments belonging to third parties.

Ateco

National version, developed by the ISTAT (Italian national office for statistics), of the classification of economic activities defined at European level and approved by EU regulations. The latest classification is Ateco 2007, which replaced the previous Ateco 2002.

ATM (Automated Teller Machine)

Automatic device used by customers to perform operations such as withdrawing cash, paying in cash or cheques, requesting information on their accounts, paying utility bills, recharging telephones, etc.. Customers operate the machine by inserting a card and typing in a personal identification number.

Audit

A process for the control of corporate activities and accounts performed by both internal units (internal audit – cf. definition) and external companies (external audit).

Backtesting

Retrospective analyses designed to test the reliability of measurements of risk attached to the positions of asset portfolios.

Bad loans (previously termed “non-performing” loans)

Loans to persons or entities that are either insolvent (even if not declared as such in the courts) or in substantially equivalent circumstances.

Banc assurance

Term used to refer to the sale of traditional insurance products through a bank’s branch network.

Banking book

This usually identifies that part of a securities portfolio, or in any case financial instruments in general, destined to proprietary activities.

Banking-Financial Conciliator

The “Banking-Financial Conciliator – Association for resolving banking, financial and corporate disputes – ADR” is an initiative promoted with the support of the Italian Banking Association by the ten largest banking groups, including the UBI Banca Group, to provide customers with a service to resolve disputes rapidly and efficiently as an alternative to going through the courts (ADR stands for Alternative Dispute Resolution – cf. definition).

The following services are provided:

- **Mediation (cf. definition):** mediation procedures carried out through the Banking-Financial Conciliator are regulated not only by Legislative Decree No. 28 of 4th March 2010 and subsequent amendments and additions, but also by the “Mediation procedure regulations” of the relative body concerned filed with the Ministry of Justice. With regard

to the obligation to attempt prior mediation procedures as a necessary condition for applying to the courts to settle disputes relating to banking and financial contracts, contracts with customers identify mediation through the Banking-Financial Conciliator as the body to which the aforementioned disputes must be submitted, because it specialises in these matters and has its own network of mediators distributed throughout the country;

- **Arbitration:** procedure whereby, on the basis of a specific clause contained in the contract contested or, in any event, by mutual agreement, the parties submit a dispute to an arbitrator or board of arbitration, who are experts in banking, financial and corporate affairs, acknowledging them as empowered to decide on the question;
- **Ombudsman Giurì Bancario:** a body formed in 1993 and located at the Italian Banking Association to which customers, dissatisfied with the decisions of the complaints departments of their banks or who have not received replies to their complaints within prescribed time limits, might appeal without charge. Responsibility for running the ombudsman service was transferred to the Banking-Financial Conciliator on 1st June 2007. Disputes concerning investment services/activities and other types of transactions not subject to Title VI of the Consolidated Banking Act, may be submitted to it to establish rights, obligations and powers, independently of the amount on the account in question. If the request concerns the payment of a sum of money, the matter falls within the jurisdiction of the ombudsman if the amount requested is not greater than €100,000. The Ombudsman decides within 90 days of the date of receipt of an application. Recourse to the ombudsman does not preclude a customer's right to apply to the courts, or to initiate a mediation procedure, or to submit the matter to a board of arbitration at any time, while the decision is binding for the intermediary.

Banking union

Integrated European project for the supervision, restructuring and resolution of banking crises composed of three pillars: the Single Supervisory Mechanism (SSM), the Single Resolution Mechanism (SRM) and an integrated deposit insurance scheme.

Basel 3

See in this respect Section 2 of Part F – Information on consolidated equity contained in the Notes to the Consolidated Financial Statements.

Basis point

One hundredth of a percentage point (0,01%).

Basis swap

Contract which involves an exchange between two counterparties of payments linked to variable interest rates based on different indices.

Benchmark

A standard reference for the measurement of financial investments: it may consist of well known market indices or of others that are more suited to the risk-yield profile.

Best practice

Conduct that is comparable with the most significant and/or best level achieved in a given field or profession.

Business risk

The risk of adverse and unexpected changes in profits and margins with respect to forecasts, connected with volatility in volumes of business due to competitive pressures and market conditions.

CAGR – Compound Annual Growth Rate

The annual growth rate applied to an investment or other assets for a period of several years. The formula for calculating CAGR is $[(\text{present value}/\text{base value})^{1/\text{number of years}} - 1]$.

Capital allocation

Process by which decisions are made on how to distribute investments among different types of financial asset (e.g. bonds, equities and liquidity). Capital allocation decisions are determined by the need to optimise the risk/return ratio in relation to the time horizon and the expectations of the investor.

Captive

Term generally used to refer to distribution networks or companies that operate exclusively with customers belonging to the company or group in question.

Cassa di Compensazione e Garanzia (CCG)

A joint stock company which performs the functions of a central counterparty clearing house on spot equity and derivative markets operated by Borsa Italiana and also on the electronic stock market for Government securities.

Chamber of Conciliation and Arbitration at the Consob (Italian securities market authority)

With Resolution No. 16763 of 29th December 2008, the Consob approved the regulations to implement Legislative Decree No. 179 of 8th October 2007, which establishes the Chamber of Conciliation and Arbitration at the Consob and the relative procedures. The Chamber of Conciliation and Arbitration commenced its activities in 2010 following the approval of its statute with Resolution No. 17204 of 4th March 2010. Since 1st August 2012 the organisation of the chamber and its procedures have been regulated by Consob Regulation No. 18275 of 18th July 2012.

The Chamber of Conciliation and Arbitration administers conciliation and arbitration proceedings initiated solely on the initiative of investors, in the presence of disputes concerning the violation by intermediaries of disclosure, proper conduct and transparency rules set by the Consob for them, in contractual relations with investors on matters concerning investment services or collective management of investments (mutual funds), without limit on the amount.

The Chamber of Conciliation and Arbitration offers two possible instruments for out-of-court settlement of disputes: the Out-of-court Chamber of Conciliation and Ordinary/Simplified Arbitration.

Recourse to the Chamber of Conciliation and Arbitration satisfies the condition to be able to proceed to a possible subsequent application to courts in accordance with Art. 5, paragraph 1-*bis* of Legislative Decree No. 28 of 4th March 2010 and subsequent amendments and additions.

Commercial paper

Short term securities issued to collect funds from third party purchasers as an alternative to other forms of debt.

Common Equity Tier 1 capital (CET1)

See in this respect the Section 2 of Part F – Information on consolidated equity contained in the Notes to the Consolidated Financial Statements.

Company networks

Businesses which sign a network contract with which a group of companies can pursue the objective of increasing their ability to innovate and to compete on the market (article 42, Decree Law No. 78/2010, converted with amendments by Law No. 122 of 30th July 2010).

Compliance risk

The risk of incurring legal or administrative penalties, substantial financial losses or damage to reputation as a consequence of violations of laws and external regulations or internal regulations (by-laws, codes of conduct and voluntary codes).

Concentration risk

Risk resulting from (i) exposures to counterparties, including central counterparties, groups of connected counterparties and counterparties in the same economic sector, in the same geographical region or who carry on the same activity or deal in the same goods and (ii) the application of credit risk mitigation techniques including, in particular, risks resulting from indirect exposures such as for example with regard to single suppliers of guarantees. Concentration risk can be divided into two types: concentration risk for single counterparties or groups of connected counterparties (single name concentration risk) and the risk of concentration in a single sector (sector concentration risk).

Conduit

See the item SPE.

Consumer finance

Loans granted to private individuals for the consumption of goods and services.

Corporate

Type of customer consisting of medium or large size companies (mid-corporate, large corporate).

Corporate governance

Corporate governance defines the assignment of rights and responsibilities to the participants in the life of a company in relation to the distribution of duties, responsibility and decision making powers by means of the composition and functioning of internal and external corporate bodies.

Cost income ratio

A performance indicator defined as the ratio of operating costs to gross income.

Country Risk Premium

This is that component of the cost of capital destined to specifically remunerate risk associated with the economic, financial, political and currency instability of a specific country.

Covered bonds

Special bank bonds which, in addition to the guarantee given by the issuing bank, also offer as security a portfolio of mortgage or other high credit quality loans transferred for that purpose to a “special purpose entity”.

Banks which intend to issue covered bonds must have own funds of not less than €250 million and a total capital ratio at consolidated level of not less than 9%. The share of the assets potentially useable as security that are transferred may not exceed the following limits, calculated on the basis of the consolidated Tier 1 ratio and the consolidated Common Equity Tier 1 ratio as follows:

- 25% in combined cases of: Tier 1 ratio \geq 7% and CET1 \geq 6%;
- 60% in combined cases of: Tier 1 ratio \geq 8% and CET1 \geq 7%;
- no limit in combined cases of: Tier 1 ratio \geq 9% and CET1 \geq 8%.

CPI (Credit Protection Insurance)

Credit protection insurance policies can be taken out by debtors of financial loans (personal loans, mortgages and credit card debt) to enable them (as policyholders) to pay the residual debt or a number of repayment instalments if temporary or permanent negative events occur (involuntary loss of employment, illness, accidents, permanent invalidity or death). These policies can also be linked to loans to businesses with insurance cover for events which might affect shareholders, directors or key figures in a business.

Credit crunch

Significant fall (or sudden tightening of conditions) in the supply of credit to businesses at the end of a prolonged expansionary period, capable of worsening the successive recessionary period.

Credit Default Swap

Contract by which one party transfers, for a payment of a periodical premium to the other, a credit risk attached to a loan or a security when a determined event occurs linked to the deterioration in the solvency of the debtor.

Credit risk

The risk of incurring losses resulting from the default of a counterparty with whom a position of credit exposure exists.

Cross selling

A technique to increase customer loyalty by selling an integrated range of products and services.

Default

A declared condition of being unable to honour debts and/or payment of the relative interest.

Duration

When applied to a bond or bond portfolio, it is an indicator usually calculated as the average weighted maturities of the interest and capital payments associated with the instrument.

EAD (Exposure At Default)

Estimate of the future value of a position at the time of default (cf. definition) of the relative debtor.

e-MID (interbank deposits market)

Market for trading in interbank deposits on an electronic platform managed by e-MID Sim Spa.

Eonia (Euro overnight index average)

Interest rate calculated as the weighted average of overnight interest rates applied for all unsecured financing transactions in the interbank market by the reference banks.

Equity risk

The risk of losses incurred in the equity investments portfolio that are not fully consolidated on a line-by-line basis.

Eligible assets (assets eligible as collateral or for refinancing)

Securities lodged to guarantee operations with the Eurosystem which regard both monetary policy operations (designed to inject liquidity onto the market) and also intraday operations.

In accordance with article 18.1 of the European System of Central Banks ("ESCB"), all Eurosystem lending operations must be backed by adequate guarantees. In order to define those guarantees the Eurosystem has drawn up a single framework (also termed the "single list") which describes the individual assets eligible for financing operations and the relative haircuts (cf. definition). In order to define those guarantees the Eurosystem has drawn up a single framework (also termed the "single list") which describes the individual assets eligible for financing operations. The list currently distinguishes between types of eligible instrument: marketable assets (listed securities with adequate rating levels) and non-marketable assets (bank loans).

Euribor (Euro interbank offered rate)

Interbank interest rate at which major banks exchange deposits in euro with varying maturities. It is calculated each day as the simple average of the rates quoted at 11.00 a.m. on a sample of banks with a high credit rating selected periodically by the European Banking Federation. Various floating rate loan contracts are linked to the Euribor rate (e.g. home mortgages).

European Banking Authority (EBA)

Composed of representatives of the banking supervisory authorities of European Union member states, the EBA commenced operations on 1st January 2011, taking over the duties and responsibilities of the Committee of European Banking Supervisors (CEBS), which ceased to exist on that date. The EBA oversees the stability of the banking system, transparency on markets and for financial products and the protection of depositors and investors.

European Financial Stability Facility (EFSF)

An instrument designed to provide temporary financial assistance to euro area countries in difficulty, following a decision taken by the Council of the European Union on 9th May 2010, created in the legal form of a joint stock company with registered offices in Luxembourg. Since October 2012, with the creation of the ESM (cf. definition), the new rescue programmes are financed directly by the permanent mechanism, while since 1st July 2013 the EFSF has operated solely for the purpose of the repayment of the loans already granted before that date to Greece, Portugal and Ireland. The last rescue programme in progress (for Greece) ended on 30th June 2015. Since that date the EFSF has nevertheless continued to operate exclusively for the purpose of receiving repayments of the loans from the beneficiary countries, to repay the holders of bonds issued to finance itself and to match the maturities of the loans granted to those of the securities issued.

European Financial Stabilisation Mechanism (EFSM)

An instrument designed to provide temporary financial assistance to euro area countries in difficulty, following a decision taken by the Council of the European Union on 11th May 2010. Administered by the European Commission on behalf of the EU, the EFSM may grant loans up to a maximum of €60 billion. The funding transactions are backed by the EU budget. The EFSM will remain operational, according to the judgement of Commission, as long as the

exceptional conditions which made its creation necessary persist. To-date the EFSM has been employed for programmes to support Ireland, Portugal and Greece.

European Insurance and Occupational Pensions Authority (EIOPA)

Composed of representatives of the insurance and pension supervisory authorities of European Union member states, the EIOPA commenced operations on 1st January 2011, taking over the duties and responsibilities of the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS), which ceased to exist on that date. In accordance with Regulation No. 1094/2010 of the European Parliament and Council of 24th November 2010, the EIOPA assists in the achievement of the following:

- the improvement of the functioning of the internal market with particular regard to valid, effective and uniform standards of regulation and supervision;
- ensuring the integrity, transparency, efficiency and proper functioning of financial markets;
- improving international co-ordination with regard to supervision;
- preventing regulatory arbitrage and promoting conditions for fair competition;
- ensuring that risk-taking in relation to activities in the insurance, reinsurance and corporate and professional pension sectors is properly regulated and subject to appropriate supervision;
- increasing consumer protection.

European Securities and Markets Authority (ESMA)

Composed of representatives of the supervisory authorities of participants in the financial markets of European Union member states, the ESMA commenced operations on 1st January 2011, taking over the duties and responsibilities of the Committee of European Securities Regulators (CESR), which ceased to exist on that date. The ESMA oversees the stability of the financial system, transparency on markets and for financial products and the protection of investors.

European Stability Mechanism (ESM)

A permanent procedure for crisis management, the creation of which was decided by the European Council at the end of 2010. On 2nd February 2012 the member states of the European Union signed an intergovernmental treaty which created the ESM. It has been operational since October 2012 and is located in Luxembourg. It provides financing to member countries (to-date it has introduced programmes to support Spain, Cyprus and Greece) and it has maximum funds for financing of €500 billion. On 8th December 2014 the ESM Board of Governors adopted an instrument for the direct recapitalisation of eurozone banks, which will allow to recapitalise a bank of systemic importance in the euro area directly, but only if it has already taken steps to involve private sector investors. The resources available to the ESM for the new instrument amount to approximately €60 billion.

European System of Central Banks (ESCB)

The European System of Central Banks (ESCB) consists of the European Central Bank (ECB) and the national central banks (NCBs) of all the member countries of the European Union (EU).

The ESCB therefore also includes the national central banks of the member countries of the EU that have not yet adopted the euro either because they enjoy a special status or by virtue of an exception. These member countries continue to use their national currencies, for which they manage their monetary policy, while for the time being the respective central banks maintain their sovereignty in this sphere. Naturally they are not involved in the essential activities of the monetary union, such as setting monetary policy for the euro area.

The NCBs of the countries which do not belong to the euro area are nevertheless committed to preserving the principles of a monetary policy designed to ensure price stability. Membership of the ESCB also involves differing degrees of active co-operation with the Eurosystem in various sectors.

Excessive deficit procedure

On the basis of article 126 of the Treaty on the Functioning of the European Union, European Union countries must avoid excessive deficits. To achieve this they are required to observe two budget rules: their deficits must be 3% lower than their GDPs and their debts must be 60% lower than their GDPs or, if they are higher, they must reduce them at an adequate speed. If a country does not observe one or both of these rules, the European Commission starts a procedure – named the excessive deficit procedure – designed to bring the public accounts of the country in question to a position where the country observes the budget rules of the treaty. The procedure, for which the manner and timing of its application are specified by the Growth and Stability Act (cf. definition), is composed of various stages and is initiated with a European Commission report.

Exchange Traded Fund (ETF)

A particular type of investment fund that is traded on stock markets like a share. Its sole investment objective is to track the index to which it is benchmarked by completely passive management. An ETF has the characteristics of both a fund and a share, allowing investors to exploit the strong points of both instruments with the diversification and reduction of risk provided by funds, but guaranteeing the flexibility and transparency of information provided by trading in real time as a share at the same time.

Exchange Traded Commodities (ETC)

Financial instruments which represent the investment made by the issuer either in commodities (termed physically-backed ETCs in this case) or in commodities futures. The price of the ETC is therefore either directly or indirectly linked to the performance of the underlying assets. Like ETFs (cf. definition), ETCs are traded on stock markets like shares, passively tracking the performance of commodities or of the benchmarks for them.

Factoring

Contract for the sale, either without recourse (with the credit risk attaching to the purchaser) or with recourse (the credit risk remains with the seller), of trade receivables to banks or specialist companies, for management and encashment purposes, to which a loan to the seller may be associated.

Fair value

The amount of consideration for which an asset can be exchanged, or a liability settled under free market conditions, between knowledgeable and willing parties. This is often the same as the market price. On the basis of IAS (cf. definition) banks apply fair value, when measuring the value of financial instruments (assets and liabilities) held for trading, available for sale and derivatives and they may also use it to measure the value of equity investments and property, plant and equipment and intangible assets (with different impacts on the income statement for the different assets considered).

Financial Banking Arbitrator

The Financial Banking Arbitrator (FBA) is a body for the out-of-court settlement of disputes (ADR from the English: Alternative Dispute Resolution – cf. definition) pursuant to the Art. 128-*bis* of the consolidated banking act, introduced by the Law on Savings (Law No. 262/2005). The organisation and functioning of the FBA are regulated by the “Instructions concerning systems for the out-of-court settlement of disputes regarding banking and financial transactions and services” and subsequent amendments and additions issued by the Bank of Italy on 18th June 2009. Participation in the scheme is compulsory for all banks and other financial intermediaries.

The FBA has been operational since 15th October 2009. Disputes concerning the establishment of rights, obligations and powers may be submitted to it, relating to transactions or conduct occurring not prior to 1st January 2009, independently of the amount on the account in question.

If the request of the applicant concerns the payment of a sum for any reason whatsoever, the dispute falls within the jurisdiction of the FBA on condition that the amount requested is not greater than 100.000 euro.

Disputes concerning services and activities relating to investments and the sale of financial products and transactions and services that are components of financial products are excluded. Application may currently be made for these disputes to the *Ombudsman Giuri Bancario* of the Banking-Financial Conciliator (cf. definition) and to the Chamber of Conciliation and Arbitration formed at the CONSOB (Italian securities market authority) (cf. definition).

Recourse to the FBA satisfies the condition to be able to proceed to a possible subsequent application to courts in accordance with Art. 5, paragraph 1-*bis* of Legislative Decree No. 28 of 4th March 2010 and subsequent amendments and additions (cf. definition of Mediation).

With the exception of cases where the application to the FBA is initiated by a Prefect (Chief of Police)¹, completion of the complaints procedures of the intermediary in question constitutes a preliminary and necessary condition for applying to the FBA², which may be performed in those cases where the outcome of the complaint made is unsatisfactory or when no reply has been made within thirty days of receipt by the bank.

Applications are free of charge for the customer except for a payment of 20 euro as a contribution to expenses for the procedure, which must be refunded by the bank to the applicant if the claim is either fully or partially successful. This contribution is not due if the procedure is initiated by a Prefect.

As opposed to the conciliation procedure, which is designed to reach an agreement between the parties, the BFA makes a decision on claims received by means of a special board of arbitration, while the parties retain the right to apply to the courts or to any other means provided for by law to protect their interests.

The FBA consists of an arbitration body divided into three boards (Milan, Rome and Naples) and of a secretariat service provided by the Bank of Italy. Each arbitration board is composed of five members, three of whom (inclusive of the president) designated by the Bank of Italy one by the associations of the intermediaries and one by associations representing customers.

Fiscal compact

Part of the treaty on stability, coordination and governance in the Economic and Monetary Union, signed on 2nd March 2012 by all EU countries with the exception of the United Kingdom and the Czech Republic. It came into force from 1st January 2013 for EU countries that had already ratified it (the twelve countries of the eurozone including Italy which ratified it with Law No. 114 of 23rd July 2012). The fiscal compact obliges signatory countries to enact national legislation, preferably at constitutional level, containing a provision that requires the achievement and maintenance of either a balanced budget or a structural deficit and a self-correcting mechanism should they deviate from it, drawn up on the basis of common principles proposed by the Commission. Structural deficits may not be greater than 0.5% of GDP; they may reach 1% but only if the ratio of debt to GDP is well above 60% and if risks for the long-term sustainability of public accounts are limited.

Fixed asset risk

The risk of changes in the value of the tangible fixed assets of the Group.

Floor

Derivatives contract on interest rates, traded outside regulated markets, with which a lower limit is set on the reduction of the lending rate.

Forbearance

This term is used to indicate a situation in which a debtor is not considered able to meet due dates and comply with contractual terms and conditions as a result of financial difficulties. Because of those difficulties the creditor decides to modify the due date and the terms and conditions of the contract in order to allow the debtor to honour the debt or to refinance it, either fully or partially.

1 With a measure of 13th November 2012, in order to implement the provisions of article 27-*bis*, paragraph 1 – *quinquies* of Decree Law No. 1/2012, converted with amendments by Law No. 27/2012 – the Bank of Italy established that the procedure of recourse to the FBA may be initiated, when requested by a customer, by Prefects in relation to disputes concerning the failure to disburse, increase or revoke a loan, to the introduction of more severe conditions to the loan contract or to other conduct of a bank resulting from the assessment of creditworthiness.

2 In accordance with “Provisions concerning systems for the out-of-court settlement of disputes relating to banking and financial operations and services” (Sect. VI, par. 1, note 1), appeals made in the absence of a claim made to the intermediary relating to litigation pending before the courts for which the judge has found a failure to meet the conditions to proceed pursuant to Art. 5, paragraph 1 of Legislative Decree No. 28 of 4th March 2010 and subsequent amendments and additions are nevertheless admissible.

FRA (Forward Rate Agreement)

Contract whereby the parties agree to receive (pay) at the end of the contract, the difference between the amount calculated by applying a set interest rate and the amount obtained on the basis of the level of a reference rate chosen beforehand by the parties.

Funding

Acquisition in various forms of the funds required for the activities of a company or for particular financial operations.

Future

Standardised forward contracts with which the parties agree to exchange securities or goods at a set price on a future date. These contracts are usually traded on organised markets where the execution of the contract is guaranteed. As opposed to options (cf. definition), which grant the right but not the obligation to buy, futures contracts oblige the two parties to sell or buy.

Geographical disaster recovery

A set of technical and organisational procedures set in motion when a catastrophe occurs which causes the complete unavailability of the data processing platform. The objective is to reactivate EDP functions that are vital to the company at a secondary (recovery) site. A disaster recovery system is defined as “geographical” when it is located at least 50 km from the original system. The primary objective is to mitigate risk arising from disaster events with a potential impact on an entire metropolitan area (earthquakes, floods, military intervention, etc.) as prescribed by international safety standards.

Goodwill

This is the amount paid for the acquisition of an interest in a company which is the difference between the cost and the corresponding proportion of the shareholders' equity, for that part that is not attributed to the assets of the company acquired.

Haircut (margin of reduction on collateral)

Measure to control risks applied to assets eligible as collateral in temporary operations. With this measure the central bank determines the value of assets lodged as collateral by deducting a percentage from the market value of the security (the haircut). The Eurosystem applies these haircuts on collateral on the basis of the specific characteristics of the assets.

Hedge fund

A mutual investment fund which has the possibility (denied to traditional fund managers) of using sophisticated investment instruments or strategies, such as short selling, derivatives (options or futures, even up to more than 100% of the assets), hedging (hedging the portfolio against market volatility by short selling and the use of derivatives) and financial leverage (borrowing to then invest the money borrowed).

IAS/IFRS

International accounting standards (IAS) set by the International Accounting Standards Board (IASB), a private sector international body set up in April 2001, to which the accounting professions of major countries belong, while the European Union, the IOSC (International Organisation of Securities Commissions) and the Basel Committee participate as observers. This body has taken over from the International Accounting Standards Committee (IASC), formed in 1973 to promote the harmonisation of rules for preparing company accounts. When the IASC was transformed into the IASB, one decision taken was to term the new accounting standards “International Financial Reporting Standards” (IFRS).

An effort is currently being made at international level to harmonise IAS/IFRS with US Gaap (cf. definition).

IBAN (International Bank Account Number)

International standard used to identify bank accounts. The use of the IBAN code – composed of 27 characters – has been compulsory since 1st July 2008, not just for foreign payments but also for those made in Italy.

Identity access management

A technical and organisational method used to manage and monitor the entire life cycle of granting, managing and revoking access privileges to ICT resources and therefore to company information by each user.

Impaired loans

See the item “Unlikely to pay loans”.

Impairment tests

Impairment tests consist of estimating the recoverable amount (i.e. the higher of its fair value less costs to sell and its value in use) of an asset or a group of assets. In accordance with IAS 36 the following must be tested for impairment annually:

- indefinite useful life intangible assets;
- goodwill acquired in a business combination;
- any asset, if there is an indication that it may have been subject to a lasting loss of value.

Index linked

A life policy, the performance of which at maturity is linked to that of a reference parameter which could be a share index, a basket of securities or another indicator.

Institutional investors

These include the following: insurance companies, pension funds, OICVMs (cf. definition) and asset management companies.

Intangible assets

Identifiable non-monetary assets with no physical substance.

Interest rate risk

Current or future risk of a change in net interest income and in the economic value of the Bank following unexpected changes in interest rates which have an impact on the banking portfolio.

Internal audit

Function to which internal audit activity (cf. definition) is attributed institutionally.

Investment banking

Investment banking is a highly specialist financial sector which assists companies and governments to issue securities and more generally to obtain funds on capital markets.

Investment grade

High quality bonds which have received a medium-to-high rating (cf. definition) (e.g. not less than BBB- on the Standard & Poor's scale).

Investment property

Property held for the purpose of receiving an income from it or to benefit from an increase in its value.

Investor

Entity, other than the originator (cf. definition) and sponsor (cf. definition), which holds a position in a securitisation (cf. definition).

IRB (Internal Rating Based) Approach

An internal approach to ratings (cf. definition): under this approach all estimates of risk parameters needed to calculate credit risk (PD, LGD, EAD, maturity – cf. definitions) are carried out internally on a progressive basis according to a roll-out plan defined with the supervisory authorities.

Joint venture

Agreement between two or more companies to perform a determined economic activity usually by forming a joint stock company.

Junior

In a securitisation (cf. definition), it is the most subordinated *tranche* of the securities issued, which is the first to meet the losses that may be incurred in the recovery of the underlying assets.

Leasing

Contract by which one party (lessor) grants the use of an asset to the other party (lessee) for a determined period of time. The asset is purchased by or constructed for the lessor on the instructions and as selected by the lessee, where the lessee has the right to purchase the ownership of the asset under preset conditions at the end of the leasing contract.

Libor (London interbank offered rate)

Interest rate calculated for each maturity, as the arithmetic average of the reported rates between the middle two quartiles of the interest rates at which a group of banks belonging to the British Bankers Association (BBA) are willing to make deposits in major currencies with primary customers.

Liquidity Coverage Ratio (LCR)

This indicator is the ratio under stress conditions of high quality liquid assets to total net cash outflows calculated on the basis of certain scenario parameters. The ratio must not fall below 100%. It is designed to ensure that a bank maintains sufficient high quality liquid assets that are not pledged and which can be converted into cash to meet liquidity requirements over a period of 30 calendar days in a stress scenario.

On the basis of an agreement reached by the Basel Committee on Banking Supervision on 6th January 2013, this ratio was introduced on 1st January 2015, but the minimum ratio required is set initially at 60% and will be progressively increased until it reaches 100% on 1st January 2018.

Liquidity risk

Risk of the failure to meet payment obligations which can be caused either by an inability to raise funds or by raising them at higher than market costs (funding liquidity risk), or the presence of restrictions on the ability to sell assets (market liquidity risk) with losses incurred on capital account. More specifically, structural liquidity risk is the risk resulting from a mismatch between the sources of funding and lending.

Loss Given Default (LGD)

Estimated rate of loss if a debtor defaults (cf. definition).

Loan To Value (LTV)

The ratio of the amount of a loan to the value of the asset for which the loan is requested or to the price paid by the debtor to acquire the property. The LTV ratio measures the size of the debtor's own financial resources used to purchase an asset with respect to the value of the asset mortgaged for the loan. The higher the LTV ratio, the lower

the value of the debtor's own financial resources used to purchase the asset, and as a consequence the lower the protection afforded to the creditor.

Mark down

Difference between the average borrowing rate for the direct forms of funding employed and the Euribor rate.

Mark to market

Valuation of a securities portfolio and of other financial instruments on the basis of market prices.

Mark up

Difference between the average lending rate for the forms of lending employed and the Euribor rate.

Market risk

The risk of changes in the market value of positions in the trading portfolio for supervisory purposes due to unexpected changes in market conditions and in the credit rating of the issuer.

It also includes risks resulting from unexpected changes in foreign exchange rates and commodities prices which relate to all balance sheet items.

Maturity

Residual life of an exposure, calculated according to rules of prudence.

Mediation

A mediation procedure is an attempt to settle a dispute by entrusting a mediation body enrolled in a special register at the Ministry of Justice with the task of assisting in reaching an agreement between the parties quickly, within three months at most. Mediation is regulated by Legislative Decree No. 28 of 4th March 2010 and subsequent amendments and additions and for determined types of dispute, including those concerning banking and financial matters, it requires the assistance of a lawyer. An attempt at a mediation procedure or alternatively recourse, within their respective remits, to the Financial Banking Arbitrator (cf. definition) or the Chamber of Conciliation and Arbitration at the Consob (cf. definition) constitutes a necessary condition for a subsequent application to the courts to settle disputes relating to banking and financial contracts, as well as to other cases provided for by the aforementioned decree. Any agreement reached between the parties, if signed by them and by their respective lawyers or homologated, following an application by the Chairman of the tribunal, becomes enforceable.

Merchant banking

This activity includes: the acquisition of securities, equities or debt, of corporate customers for subsequent sale on the market; the acquisition of equity interests of a more permanent nature, but again with the objective of subsequent sale; advisory activities to companies for mergers and acquisitions or restructuring.

Mezzanine

In a securitisation (cf. definition) it is the *tranche* with an intermediate level of subordination between that of the junior (cf. definition) *tranche* and that of the senior (cf. definition) *tranche*.

Near Field Communication (NFC)

NFC technology allows payments to be accepted in a contactless manner, i.e. without any physical contact (reading the magnetic strip or the microchips) between the card and the terminal. With this technology payments can be made not only by using contactless cards, but also with other instruments such as NFC smart phones and for payments of small amounts no receipt is issued and no PIN needs to be typed in or signature given to confirm the transaction.

Net Stable Funding Ratio (NSFR)

This is the ratio between available stable funding and required stable funding. This ratio, which will come into force on 1st January 2018, must be greater than 100%.

The ratio establishes a minimum acceptable level of stable funding based on the liquidity of a bank's assets and its transactions over a time horizon of one year.

New MIC (New collateralised interbank market)

A market segment of the e-MID platform (cf. definition) in which interbank deposits are traded on an anonymous basis and guaranteed against credit risk, which started operating on 11th October 2010 as a development of the MIC (collateralised interbank market), which ceased to operate on that same date. The MIC (collateralised interbank market) was introduced on 2nd February 2009 by the Bank of Italy in order to encourage a recovery in interbank business and greater variety in the maturities of the contracts. As compared to the MIC, apart from the changeover in the management of collateral from the Bank of Italy to the *Cassa di Compensazione e Garanzia* (cf. definition), longer maturities are traded on the New MIC, trading hours are longer and limits are set on the securities accepted as collateral.

Monoline

Insurance companies with one single line of business, which is financial insurance. Their activities include the insurance of bonds (ABS and MBS) for which the underlying assets consist of personal loans and property mortgage loans. The insurance guarantees the redemption of the bond by assuming direct responsibility for the risk of debtor insolvency in exchange for a commission.

Non-performing

A term which refers generally to loans with irregularities in the repayments.

NUTS (Nomenclature of Territorial Units for Statistics in Italy)

Nomenclature used for statistics purposes at European level (Eurostat), which involves the following division.

Northern Italy: Piedmont, Valle d'Aosta, Liguria, Lombardy, Trentino Alto Adige, Veneto, Friuli Venezia Giulia, Emilia Romagna;

Central Italy: Tuscany, Umbria, Marches, Latium;

Southern Italy: Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sicily, Sardinia.

OICVM (collective equity security investment organisations)

The term includes open, Italian and foreign mutual investment funds and investment companies with variable capital (Sicavs).

Operational risk

The risk of loss resulting from inadequate or failed procedures, human resources and internal systems or from exogenous events. This type of risk includes losses resulting from fraud, human error, business disruption, system failure, non performance of contracts and natural disasters. It includes legal risk.

Options

These consist of the right, but not a commitment, acquired with the payment of a premium, to purchase (call option) or to sell (put option) a financial instrument at a determined price (strike price) before (American option) or on (European option) a future date.

Originator

Entity which transfers its portfolio of deferred liquidity assets to an SPE (cf. definition) for it to be securitised.

OTC (Over The Counter)

Transactions concluded directly between parties without the use of a regulated market.

OTC derivatives traded with customers

Activity to support customers in managing financial risks and more specifically in managing risks resulting from fluctuations in exchange rates, interest rates and commodity (raw materials) prices.

Outsourcing

Recourse to operational support provided by outside companies.

Own funds

See in this respect Section 2 of Part F – Information on consolidated equity contained in the Notes to the Consolidated Financial Statements.

Past due

From 1st January 2012 this category includes loans and receivables past due and/or in arrears which satisfy both the following conditions:

- the debtor is in arrears on a significant credit obligation to a bank or banking group for over 90 consecutive days, where the exposures regard loans to individuals and SMEs, loans to nonprofit organisations and public sector authorities and loans to business other than SMEs (the term of 90 days was already in force for exposures other than those indicated and for exposures secured by real estate property);
- the significant threshold is 5% of the exposure, where the significant threshold is defined as the higher of the following two amounts: the average of the repayments past due and/or in arrears as a percentage of the entire exposure measured on a daily basis in the preceding quarter; the repayments past due and/or in arrears as a percentage of the entire exposure measured on the date reported (the latter significance ratio does not apply to exposures secured by real estate).

Payout ratio

The percentage of the net profit distributed by a company to its shareholders.

PD (Probability of Default)

The probability that a debtor will reach a default (cf. definition) position over an annual time horizon.

Plain vanilla swap

Interest rate swap (cf. definition) in which one counterparty receives a variable payment linked to the LIBOR (generally the six month LIBOR) and pays a fixed rate to the other counterparty, obtained by adding a spread to the yield on a specified type of government security.

Pooled financing (syndicated loans)

Loans organised and guaranteed by a consortium of banks and other financial institutions.

POS terminal (point of sale terminals)

Automatic device for the payment of goods or services at suppliers premises using credit, debit or prepaid cards.

Price sensitive

A term which generally refers to information or data that is not in the public domain, which if disclosed would have a marked effect on the price of a security.

Pricing

This refers generally to procedures followed to determine the returns and/or costs of products and services provided by the Bank.

Private equity

Activities involving the acquisition of equity interests and the subsequent placement with specific counterparties without offering them for sale to the public.

Project finance

Financing of projects on the basis of forecasts of the cash flows that will be generated by them. As opposed to the way in which risks are analysed with ordinary lending, with the project financing technique, not only are the expected cash flows analysed, but specific factors are also examined such as the technical aspects of the project, the suitability of the sponsors for carrying it out and the markets on which the products will be sold.

Rating

A rating of the quality of a company or its issues of debt securities on the basis of the soundness of the company's finances and its prospects.

Reputational risk

Present or future risk of incurring loss of profits or capital resulting from a negative perception of the image of the Bank by customers, counterparties, shareholders of the bank, investors or supervisory authorities.

Residual risk

The risk that established methods of mitigating credit risk used by a bank (e.g. guarantees) are less effective than expected.

Restructured loan

See the item "Unlikely to pay loans".

Retail

Type of customer consisting mainly of individuals, professionals, shopkeepers and crafts persons.

Risk free rate

Rate of interest on a risk free asset. In practice it is used to refer to the interest rate on short term government securities even if they cannot be considered risk free.

Risks resulting from securitisations

The risk that the underlying economic substance of a securitisation is not fully reflected in decisions made to measure and manage risk.

Risk weighted assets (RWA)

On- and off-balance sheet assets classified and weighted on the basis of risk coefficients, in accordance with banking regulations issued by the supervisory authority for the calculation of capital ratios.

ROE (Return On Equity)

This is the income earned on equity in terms of profit after tax. Together with ROTE (cf. definition) it constitutes the indicator of greatest interest to shareholders because it gives a measure of the profitability of risk capital.

ROTE (Return On Tangible Equity)

This is the return on equity net of intangible assets.

SCT (SEPA Credit Transfer)

A European instrument which allows a party making an order to transfer funds in Europe to a beneficiary in the SEPA area (cf. definition). Completion of the migration to the SCT became compulsory on 1st February 2014.

SDD (SEPA Direct Debit)

A European instrument which allows creditors to make direct debits to the accounts of their debtors held with banks in all SEPA (cf. definition) countries. Completion of the migration to the SDD became compulsory on 1st February 2014.

Securitisation

Operation to sell debts or other financial assets that are not negotiable instruments to a special purpose entity (SPE – cf. definition) whose sole business is to perform that operation and to convert those loans or assets into securities traded on secondary markets. In Italy securitisations are mainly regulated by Law n. 130 of 30th April 1999. Changes have been introduced to the legislation on securitisation by the "Destination Italy" Decree (Decree Law No. 145/2013), which regard the following general areas: (i) assets that may be securitised; (ii) segregation of current accounts; (iii) transfer and enforceability in the context of securitisations; (iv) transfers of loans to public administrations; (v) potential subscribers of securitised notes; (vi) securitisations performed by investment funds.

Senior

In a securitisation transaction (cf. definition) it is the *tranche* with the highest level of privilege in terms of priority for remuneration and repayment.

Sensitivity analysis

System of analysis designed to detect the sensitivity of determined assets or liabilities to changes in interest rates and other reference parameters.

SEPA (Single European Payments Area)

The Single Euro Payments Area came into force on 1st January 2008, within which from 1st February 2014 payments can be made and received in euro under the same standard basic conditions, rights and obligations. A total of 34 European countries have joined (in addition to the 28³ countries of the European Union, also Switzerland, Norway, Iceland, Liechtenstein, the Principality of Monaco and from 1st February 2014 the Republic of San Marino). The single IBAN (cf. definition) bank code, SCT (cf. definition) and SDD (cf. definition) comprise some of the instruments used to standardise banking transactions.

Servicer

In securitisation (cf. definition) transactions, it is a company which continues to manage the debts or assets subject to securitisation on the basis of a special servicing contract after they have been sold to the special purpose entity responsible for issuing the securities.

Side pocket

This is a measure to protect all the participants in a hedge fund (cf. definition), which is only employed in “exceptional circumstance” when a sudden reduction in the liquidity of the assets held in the portfolios of the funds, associated with high demand for the redemption of units held, can have negative consequences for the management of the funds themselves. In order to avoid compromising the interests of the participants in a hedge fund in cases where it is necessary to sell illiquid assets in the absence of a market which would ensure reliable prices, the creation of a “side pocket” allows these assets to be transferred to a specially created closed mutual investment fund (i.e. a closed side pocket fund).

The operation is performed by partially splitting the hedge fund, after which the liquid assets continue to be held by the fund itself, while the illiquid assets are transferred to the closed side pocket fund. The smaller, but liquid, hedge fund continues to perform its activities according to the investment policies set in the management regulations, while the closed side pocket fund (which cannot issue new units) is managed with a view to selling the stakes held, proceeding to redemptions of the units as the assets are gradually liquidated.

SMEs (small and medium-sized enterprises)

According to the definition in EU regulations, small and medium-sized enterprises are considered entities which carry on a business and regardless of their legal status employ fewer than 250 persons, with an annual turnover of not more than 50 million euro or with total assets of less than 43 million euro.

Società di Gestione del Risparmio (SGR – asset management company)

Joint stock companies which are authorised to provide management services for both individually and collectively owned assets. More specifically, these companies are authorised to set up mutual investment funds, to manage mutual investment funds that either they or others have formed, to manage Sicav funds and to provide individual customer portfolio management services.

SPE/SPV

Special purpose entities (SPE) or special purpose vehicles (SPV) – also known as conduits - are entities (companies, trusts or other entities), specially formed to achieve a determined objective that is well-defined and circumscribed, or to perform a specific operation.

SPEs/SPVs have a legal status that is independent from the others involved in the operation and generally have no operating or management units of their own.

Sponsor

Entity, other than the originator (cf. definition), which establishes and manages a conduit entity (cf. definition), as part of a securitisation transaction (cf. definition).

Spread

This term normally refers to:

- the difference between two interest rates;
- the difference between the buying (bid) price and the selling (ask) price in securities trading;
- the premium that the issuer of securities recognises in addition to a reference rate.

Stability and growth pact

Originally launched by the European Council in 1997, the pact was amended by a package of measures which came into force on 13th December 2011, known as the “six-pack”. This was designed to reinforce multilateral supervisory mechanisms and to increase incentives to balance budgets by making the sanctioning mechanisms automatic. In detail:

- European Union countries agreed to converge on a balanced budget objective with an annual improvement in their structural balances of at least 0.5% of GDP;
- if the ratio of debt to GDP exceeds 60%, then the deficit must have decreased by one twentieth per year over the three years ending with that of measurement.

In 2013 new measures were approved, known as the ‘Two Pack,’ designed to reinforce economic coordination between Member States and introduce new monitoring tools. In November 2014 a review of the “Six Pack” and the “Two Pack” regulations found that they had contributed to the progress made with balance sheet consolidation in the EU. At the beginning of 2015 the European Commission issued guidelines concerning the application of SGP regulations, with

3 Since 1st July 2013, following its entrance into the European Union, Croatia also forms part of SEPA.

the introduction of flexibility clauses (in consideration, for example, of structural reforms and investments made to support employment and growth).

Stakeholder

Individuals or groups who have specific interests in an enterprise either because they depend upon it to achieve their goals or because they are considerably affected by the positive or negative effects of its activities.

Stand-Still agreements

Agreements designed to allow borrowers in situations of temporary financial difficulty to temporarily freeze existing credit lines, while resolving the original cause of the difficulty or until a formula for full debt restructuring and a new business plan is drawn up.

Stock Options

Term used to refer to options offered to the managers of a company which allow them to purchase shares in the company at a set price.

Strategic risk

Current or future risk of a fall in profits or in capital resulting from:

- changes in the operating context;
- errors in corporate decision-making;
- inadequate implementation of decisions;
- failure to react to change in a competitive environment.

Stress test

This refers to quantitative and qualitative techniques with which banks assess their vulnerability to exceptional but plausible events. They consist of assessing the effects of specific events on a bank's risks (sensitivity analysis) or the effects of joint movements of a set of economic and financial variables under the assumption of adverse scenarios (scenario analysis).

Structured notes

Bonds for which the interest and/or the redemption value depend on a real parameter (linked to the price of a commodity) or the performance of indices. In these cases the implicit option is unbundled from the host contract in the accounts.

When it is linked to interest rates or inflation (e.g. CCTs – Treasury Certificates of Credit), the implicit option is not unbundled from the host contract in the accounts.

Subordinated bonds

Financial instruments for which the conditions of sale state that the bearers of the debt certificates are satisfied after other creditors if the issuing entity goes into liquidation. Article 34 of the BRRD Directive states that “the creditors of the institution under resolution bear losses after the shareholders in accordance with the order of priority of their claims following ordinary insolvency procedures, save as expressly provided otherwise in this Directive”. Subordinated bondholders in the order of priority (depositor preference) provided for by a bail-in in relation to the absorption of the losses of credit institutions under a resolution plan occupy the third rank after the shareholders and holders of other capital instruments.

Subprime mortgages

The concept of subprime does not refer to the loan in itself, but rather to the borrower. Technically it refers to a borrower who does not have a fully positive credit history, because characterised by negative lending events such as for example the presence of repayments on previous loans not made, of cheques without funds and/or protested and so on. These past events are symptomatic of a greater intrinsic riskiness of counterparties from whom a corresponding higher remuneration is requested by the lender who grants them a mortgage.

Business with subprime customers developed in the American financial market where the grant of these loans was usually accompanied by securitisation activity and the issue of securities.

Alt-A mortgage loans are defined as loans granted on the basis of incomplete or inadequate information.

Subrogation

A procedure by which a mortgage borrower negotiates a new mortgage with another bank to pay-off the original mortgage by transferring the pledge of the same security (the mortgage on the property) which applied to the “original” bank to the new bank.

Swaps (interest rate swaps and currency swaps)

A transaction consisting of the exchange of cash flows between counterparties according to contracted conditions. With an interest rate swap the counterparties exchange the interest payments calculated on notional reference capital on the basis of different criteria (e.g. one counterparty pays a fixed rate and the other a variable rate). In the case of currency swaps, the counterparties exchange specific amounts of two different currencies, returning them over time according to set conditions which concern both the principal and the interest.

Tankan index

An indicator of the performance of the Japanese economy constructed on the basis of the results of a survey conducted by the Bank of Japan in the last month of each quarter. The survey is on both manufacturing and services sectors, segmented according to the size of the businesses (large, medium or small).

Tax rate

The effective tax rate, obtained as the ratio of income tax to pre-tax profit.

Tier 2 capital (T2)

See in this respect Section 2 of Part F – Information on consolidated equity contained in the Notes to the Consolidated Financial Statements.

TLTRO

In a meeting of 5th June 2014, the Governing Council of the ECB announced a decision to conduct a series of “targeted longer-term refinancing operations” over a period of two years, designed to improve the functioning of the monetary policy transmission mechanism by supporting bank lending to the real economy.

Banking counterparties were allotted an initial TLTRO borrowing allowance equal to 7% of the total amount of their loans granted to the euro area non-financial private sector (excluding home purchase mortgages granted to households) outstanding on 30th April 2014. The first allotment of financing took place in September 2014. All counterparties may draw additional amounts between March 2015 and June 2016 in the TLTRO auctions which will be held on a quarterly basis, although subject to a limit in cumulative terms.

All the TLTRO operations will mature in September 2018.

Trading book

This usually identifies that part of a securities portfolio, or in any case financial instruments in general, destined to trading activities.

Trading on line

System for buying and selling financial instruments on the stock exchange via Internet.

Trigger event

A contractually predefined event, which determines the creation of rights in favour of the parties to the contract when it occurs.

TROR (total rate of return swap)

This is a contract with which a “protection buyer” (also known as a “total return payer”) agrees to pay all the cash flows generated by a “reference obligation” to a “protection seller” (also known as the total return receiver), who in return transfers the cash flows linked to the performance of a “reference rate” to the “protection buyer”. On the dates on which the coupons for the cash flows are paid (or at the end of the contract), the “total return payer” pays the “total return receiver” any increase there may be in the “reference obligation”; if, on the other hand the “reference obligation” has decreased then it is the “total return receiver” who pays the relative amount to the “total return payer”. A TROR is in actual fact a structured financial product consisting of a combination of a credit derivative and an interest rate swap (cf. definition).

Unit-linked

Life insurance policies with performance linked to the value of investment funds.

Unlikely to pay loans

Non-performing exposures for which the bank considers it unlikely that a debtor will fully meet their credit obligations (in terms of principal and/or interest), without the need to take action designed to protect the creditor’s rights, such as the enforcement of guarantees. This assessment is carried out by the bank independently of the existence of any arrears where circumstances exist to predict a situation of potential indebtedness of the debtor. In January 2015, the Bank of Italy implemented the new regulations set by the European Banking Authority (EBA) regarding non-performing exposures and it amended Circulars No. 272 and No. 217 and included within the unlikely to pay category those loans previously classified as:

- Restructured loans: positions for which a Bank has agreed a longer period of repayment for a debtor, renegotiating the exposure at lower than market rates;
- Impaired loans: exposures at their face value held to persons in situations of objective difficulty where, however, it is felt the difficulties can be overcome in an appropriate period of time.

US GAAP (Generally Accepted Accounting Principles)

Accounting standards issued by the FASB (Financial Accounting Statement Board), which are generally accepted in the United States of America.

VaR (Value at Risk)

A measure of the maximum potential loss that may be incurred on a financial instrument or portfolio with a set probability (level of confidence) in a determined time period (the reference or holding period).

Warrant

Negotiable instrument which grants the holder the right to purchase fixed rate securities or shares from the issuer or sell them to the issuer under precise conditions.

Zero-coupon

Bonds which do not pay an interest coupon, where the yield is given by the difference between the issue (or purchase) price and the redemption price.

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Provincia di Bergamo

Bergamo

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Via dei Caniana, 2 (c/o Università)
Via Borgo Palazzo, 51
Via Borgo Santa Caterina, 6
Via Gombito, 6
Via Borgo Palazzo, 135
Via Mattioli, 69
Piazza Risorgimento, 15
Piazza Pontida, 39
Via Corridoni, 56
Via San Bernardino, 96
Piazzale della Repubblica, 4
Via Stezzano, 87 (c/o Kilometerorosso)
Adrara San Martino Via Madaschi, 103
Adrara San Rocco P.zza Papa Giovanni XXIII, 6
Albano Sant'Alessandro Via Cavour, 2
Albino
Via Mazzini, 181
Via Lunga, 1 (Fraz. Fiobbio)
Almè Via Torre d'Oro, 2
Almenno San Bartolomeo Via Falcone, 2
Almenno San Salvatore Via Marconi, 3
Alzano Lombardo Piazza Garibaldi, 3
Arcene Corso Europa, 7
Ardesio Via Locatelli, 8
Azzano San Paolo Piazza IV Novembre, 4
Bagnatica Via Marconi, 6 E
Bariano Via A. Locatelli, 12
Barzana Via San Rocco
Berbenno
Via Stoppani, 102 (Fraz. Ponte Giurino)
Piazza Roma, 2
Boltiere Piazza IV Novembre, 14
Bonate Sopra Piazza Vittorio Emanuele II, 20
Bossico Via Capitan Rodari, 2
Brembilla Via Libertà, 25
Brignano Gera d'Adda Via Mons. Donini, 2
Calcinate Via Cocchino, 8/c
Calcio Via Papa Giovanni XXIII, 153
Calusco d'Adda Via Vittorio Emanuele II, 7
Camerata Cornello Via Orbrembo, 23
Capriate San Gervasio Via Trieste, 46
Caprino Bergamasco Via Roma, 10
Caravaggio Piazza G. Garibaldi, 1

Carvico Via Europa Unità, 3
Casazza Via Nazionale del Tonale, 92
Casirate d'Adda Piazza Papa Giovanni XXIII, 1
Castione della Presolana
Via Donizetti, 2 (Fraz. Bratto - Dorga)
Via A. Manzoni, 20
Cazzano Sant'Andrea Via A. Tacchini, 18
Cenate Sopra Via Giovanni XXIII, 16
Cenate Sotto Via Verdi, 5
Cene Via Vittorio Veneto, 9
Cerete Via Moscheni, 44 (Fraz. Cerete Basso)
Chioduno Via Cesare Battisti, 1
Cisano Bergamasco Via Pascoli, 1
Ciserano
Via Borgo San Marco ang. Via Garibaldi, 7
(Fraz. Zingonia)
Cividate al Piano Via Papa Giovanni XXIII, 3
Clusone Via Verdi, 3
Colere
Via Tortola, 58
Via Papa Giovanni XXIII, 33
(Fraz. Dezzo di Scalve)
Comun Nuovo Via Cesare Battisti, 5
Costa Volpino Via Nazionale, 150
Curno Largo Vittoria, 31
Dalmine
Via Buttarò, 2
P.zza Caduti 6 luglio 1944 (c/o Tenaris Spa)
Dossena Via Carale, 9
Entratico Piazza Aldo Moro, 18
Fontanella Via Cavour, 156
Foresto Sparso Via Tremellini, 63
Gandino Via C. Battisti, 5
Gazzaniga Via Marconi, 14
Gorlago Piazza Gregis, 12
Gorle Piazzetta del Donatore, 5
Grassobbio Viale Europa, 8/b
Grumello del Monte
Via Martiri della Libertà, 10
Lefte Via Mosconi, 1
Lovere Via Tadini, 30
Lovere-Lovere Sidermeccanica Spa
Via Paglia, 45
Madone Via Papa Giovanni XXIII, 44
Mapello Piazza del Dordo, 5
Martinengo Via Pinetti, 20
Monasterolo del Castello Via Monte Grappa, 27
Nembro Piazza della Libertà
Onore Via Sant'Antonio, 98
Orio al Serio Via Aeroporto, 13
Osio Sopra Via XXV Aprile, 29
Osio Sotto Via Cavour, 2
Paladina Via IV Novembre, 13
Palosco Piazza A. Manzoni, 16
Parre Via Duca d'Aosta, 20/a
Piaro Via Mazzini, 1/a
Piazza Brembana Via B. Belotti, 10
Ponte Nossa Via Frua, 24
Ponteranica Via Pontesecco, 32
Ponte San Pietro Piazza SS Pietro e Paolo, 19
Pontida Via Lega Lombarda, 161
Presezzo Via Caperseugno, 28
Ranica Piazza Europa, 2
Riva di Solto Via Porto, 24
Romano di Lombardia Via Tadini, 2
Roncola Via Roma, 10
Rota Imagna Via Calchera, 1
Rovetta Via Tosi, 13

San Giovanni Bianco

Via Martiri di Cantiglio, 19
San Pellegrino Terme Via S. Carlo, 3
Sant'Omobono Terme Viale alle Fonti, 8
Sarnico Piazza Umberto I
Scanzorosciate Via Roma, 27
Schilpario Via Torri, 8
Sedrina Via Roma, 14
Selvino Via Monte Rosa - angolo Via Betulle
Seriate Viale Italia, 24
Songavazzo Via Vittorio Veneto
Sovere Via Roma, 36
Spirano Via Dante, 9/b
Stezzano Via Bergamo, 1
Suisio Via Carabello Poma, 31
Taleggio Via Roma, 837 (Fraz. Olda)
Tavernola Bergamasca Via Roma, 12
Telgate Via Morengi, 17
Torre Boldone Via Carducci, 12
Torre de Roveri Piazza Conte Sforza, 3
Trescore Balneario Via Locatelli, 45
Treviglio Viale Filagno, 11
Ubiale Clanezzo Via Papa Giovanni XXIII, 1
Urgnano Via Matteotti, 157
Valbrembo Via J.F.Kennedy, 1B
Verdello Via Castello, 31
Vertova Via S. Rocco, 45
Viadanica Via Pietra, 4
Vigolo Via Roma, 8
Villa d'Adda Via Fossa, 8
Villa d'Almè Via Roma - ang. Via Locatelli, 1
Villongo Via Bellini, 20
Vilminore di Scalve Piazza Giovanni XXIII, 2
Zandobbio Via G. Verdi, 2
Zogno Viale Martiri della Libertà, 1

Provincia di Brescia

Brescia Via Gramsci, 39
Chiari Via Bettolini, 6
Concesio Viale Europa, 183
Darfo Boario Terme Piazza Col. Lorenzini, 6
Desenzano del Garda Viale Andreis, 74
Esine Via Manzoni, 97
Manerbio Via Dante, 5
Orzinuovi Piazza Vittorio Emanuele II, 31/33
Ospiate Via Martiri della Libertà, 27
Palazzolo sull'Oglio Piazza Roma, 1
Paratico Via Don G. Moiola, 17
Rezzato Via Europa, 5
San Paolo Via Mazzini, 62
San Zeno Naviglio Via Tito Speri, 1

Provincia di Como

Como
Via Giovio, 4
Via Badone, 48 (Fraz. Camerlata)
Via Gallio - ang. Via Bossi
Via Cattaneo, 3
Viale Giulio Cesare, 26/28
Cantù
Piazza Marconi, 9
Via Enrico Toti, 1/a (Fraz. Vighizzolo)
Casnate con Bernate S.S. dei Giovi, 5
Ceremate Via Matteotti, 28
Erba
Via Leopardi, 7/e
Via Mazzini, 12
Guanzate Via Roma, 24

Lomazzo Via Monte Generoso, 11
Lurago D'Erba Via Manara, 4
Lurate Caccivio Via Varesina, 88
Olgiate Comasco Via Roma, 75
Oltrona San Mamette Piazza Europa, 6
Mariano Comense Corso Brianza, 20
Rovellasca Via Volta, 1

Provincia di Lecco

Lecco

Corso Matteotti, 3
Via Amendola, 6

Bulciago Via Don Canali, 33/35

Calco Via Italia, 8

Calolziocorte Piazza Vittorio Veneto, 18/a

Carenno Via Roma, 36

Casatenovo Via G. Mameli, 16

Cernusco Lombardone Via Spluga, 43

Costa Masnaga Via Cadorna, 18

Erve Via G. Cabaggio, 42

Merate Via Alessandro Manzoni, 56

Monte Marengo Piazza Municipale, 5

Olginate Via S. Agnese, 38

Valmadrera Via Fatebenefratelli, 23

Provincia di Milano

Milano

Via Manzoni, 7
Piazza Cinque Giornate, 1
Via Foppa, 26
Corso Italia, 22

Assago Via del Mulino, 6 (c/o Nestlè Spa)

Cassano d'Adda Via Milano, 14

Cornaredo

Via Tolomeo, 1
(c/o St Microelectronics Spa)

Grezzago Piazza Aldo Moro

Trezzo sull'Adda Via A. Sala, 11

Vaprio d'Adda Piazza Caduti, 2

Provincia di Monza-Brianza

Monza

Via Borgazzi, 83
Piazza Giuseppe Cambiagli, 1
Via San Rocco, 44
Via Boito, 70
Via Vittor Pisani, 2
Via Manzoni, 22/30
Via Carlo Rota, 50
Piazza Duomo, 5

Agrate Brianza

Via C. Olivetti, 2 (c/o St Microelectronics Spa)
Via Marco d'Agrate, 61

Arcore Via Casati, 45

Bernareggio Via Prinetti, 43

Biassono Via Libertà, 1

Brugherio Via de Gasperi, 58/62/64

Carate Brianza Via Cusani, 49/51

Carnate Via Don Minzoni

Cesano Maderno

Via Conciliazione, 29 (Fraz. Binzago)

Cornate d'Adda

Via Circonvallazione, 10/12/14
Via Silvio Pellico, 10 (Fraz. Colnago)

Desio Via Matteotti, 10

Giussano Via IV Novembre, 80 (Fraz. Brugazzo)

Limbiato Via dei Mille, 32

Lissone Via San Carlo, 4

Meda Via Indipendenza, 111

Mezzago Via Concordia, 22

Muggiò Via Cavour, 11/15

Nova Milanese Via Brodolini, 1

Seregno

Via S. Vitale, 17
Via Medici da Seregno, 29/31

Subiate Via Mattavelli, 2

Vedano al Lambro Largo della Repubblica, 7

Villasanta Via Confalonieri, 1

Vimercate

Via B. Cremagnani, 20/a
Via Torri Bianche, 3
Via Garibaldi, 12
Via Energy Park, 14

Provincia di Varese

Varese

Via Vittorio Veneto, 2
Via Dalmazia, 63
Piazza IV Novembre, 1 (Fraz. Biomo Inferiore)
Via Valle Venosta, 4
(Fraz. Biomo Inferiore - c/o Ascom Varese)
Viale Luigi Borri, 155
Viale Borri, 237 (c/o Bassani Ticino Spa)
Via Pasubio, 2
Via Caracciolo, 24
Via Virgilio, 27
Piazza Battistero, 2
Via S. Sanvito, 55

Angera Via M. Greppi, 33

Azzate Via Vittorio Veneto, 23

Besozzo Via XXV Aprile, 77

Biandronno Piazza Cavour, snc

Bisuschio Via Mazzini, 28

Bodio Lomnago Via Risorgimento, 23

Busto Arsizio

Piazza S. Giovanni, 3/a
Corso Italia, 54
Via Magenta, 64
Viale Alfieri, 26
Viale Cadorna, 4 - Via Cattaneo, 9
Via Foscolo, 10

Cairate

Via Mazzini, 13
Via Genova, 1 (Fraz. Bolladello)

Cantello Via Turconi, 1

Caravate Via XX Settembre, 22

Cardano al Campo

Via Gerolamo da Cardano, 19

Caronno Pertusella Via Roma, 190

Casale Litta Via Roma, 4

Casorate Sempione Via Milano, 17

Cassano Magnago Via Aldo Moro, 6

Castellanza

Piazza Soldini (c/o Libero Istituto
Universitario Carlo Cattaneo)

Castelseprio Via San Giuseppe, 14

Castiglione Olona

Via Papa Celestino, 22
Via Cesare Battisti, 13

Castronno Via Roma, 51

Cavaria con Premezzo

Via Scipione Ronchetti, 1318

Cislago Via IV Novembre, 250

Cittiglio Via Valcuvia, 19

Clivio Via Ermizada, 10

Comerio Via al Lago, 2

Cunardo Via Luinese, 1/a

Cuveglia Via Battaglia di S. Martino, 50

Daverio Via Giovanni XXIII, 1

Fagnano Olona Piazza Cavour, 11

Ferno Piazza Dante Alighieri, 7

Gallarate

Via A. Manzoni, 12
Via Buonarroti, 20
Via Marsala, 34

Via Varese, 7/a (Fraz. Cascinetta)

Via Raffaello Sanzio, 2

Gavirate Piazza della Libertà, 2

Gazzada Schianno Via Roma, 47/b

Gemonio Via Giuseppe Verdi, 24

Gerenzano Via G.P. Clerici, 124

Germignaga Piazza XX Settembre, 51

Gorla Maggiore Via Verdi, 2

Gornate Olona Piazza Parrocchetti, 1

Induno Olona Via Porro, 46

Ispra Via Mazzini, 59

Jerago con Orago Via Matteotti, 6

Laveno Mombello Via Labiena, 53

Laveno Ponte Tresa

Piazza A. Gramsci, 8 (Fraz. Ponte Tresa)

Leggiano Via Bernardoni, 9

Lonate Ceppino Via Don Albertario, 3

Lonate Pozzolo Piazza Mazzini, 2

Lozza Piazza Roma, 1

Luino Via Piero Chiara, 7

Malnate P.zza Repubblica - ang. Via Garibaldi

Maccagno Viale Garibaldi, 13

Marchirolo Strada Statale 233, 27

Marnate Via Diaz, 12 - angolo Via Genova

Mercallo Via Prandoni, 1

Mesenzana Via Provinciale, 11

Monvalle Piazza Marconi, 1

Mornago Via Cellini, 3 - angolo Via Carugo

Olgiate Olona Via G. Mazzini, 56

Origgio Via Repubblica, 10

Porto Ceresio Via Roma, 2

Porto Valtravaglia Piazza Imbarcadero, 17

Saltrio Via Cavour, 27

Samarate Via N. Locarno, 19

(Fraz. Verghera)

Saronno

Via P. Micca, 10
Via Giuseppe Garibaldi, 5
Piazza Borella, 4

Sesto Calende Via XX Settembre, 35

Solbiate Arno Via A. Agnelli, 7

Somma Lombardo

Corso della Repubblica - ang. Via Rebaglia

Sumirago Via Brioschi, 2

Ternate Piazza Libertà, 14

Tradate

Via XXV Aprile, 1
angolo Corso Ing. Bernacchi
Via Vittorio Veneto, 77
(Fraz. Abbiate Guazzone)

Travedona Monate Via Roma, 1

Uboldo Via R. Sanzio, 46

Varano Borghi Via Vittorio Veneto, 6

Vedano Olona Piazza S. Rocco, 8

Venegono Inferiore Via Mauceri, 16

Venegono Superiore Piazza Monte Grappa, 8

Viggliù Via A. Castagna, 1

LAZIO

Provincia di Roma

Roma

Via dei Crociferi, 44
Corso Vittorio Emanuele II, 295
Via Gregorio VII, 289
Largo Salinari, 24 - ang. Via B. Croce 82/84
Viale Gorizia, 34
Via di Porta Castello, 32
Via Val Maira, 125/131
Via Tiburtina, 604
Via dell'Aeroporto, 14/16
Via Pietro Boccanelli, 30
(c/o Sviluppo Italia Spa - Campo Elba)
Via Calabria, 46 (c/o Sviluppo Italia Spa)
Via Gattamelata, 109

Via Donna Olimpia, 128
Largo di Vigna Stelluti, 25
Via dello Statuto, 20
Ciampino Via Kennedy, 163
Monterotondo Via Salaria, 204
Pomezia Via dei Castelli Romani, 22
Velletri Via U. Mattoccia, 6

SARDEGNA

Provincia di Cagliari
Cagliari Via Mameli, 120



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LOMBARDIA

Provincia di Brescia

Brescia

Piazza della Loggia, 5
Corso Magenta, 73 - ang. Via Tosio
Via Lecco, 1
Via San Martino, 2 - ang. Corso Zanardelli
Contrada del Carmine, 67
Via Valle Camonica, 6/b
Via Santa Maria Crocifissa di Rosa, 67
Piazzale Spedali Civili, 1
Corso Martiri della Libertà, 13
Via Trieste, 8
Via Vittorio Veneto, 73 - ang. Tofane
Via Bettole, 1 (Fraz. San Polo)
Via Repubblica Argentina, 90
- ang. Via Cremona
Via Masaccio, 29 (Fraz. San Polo)
Via Bissolati, 57
Corso Martiri della Libertà, 45
Via Milano, 21/b
Via Indipendenza, 43
Via Solferino, 30/a
Via Trento, 25/27
Viale Duca d'Aosta, 19
Via Ambaraga, 126
Via Chiusure, 333/a
Via Cefalonia, 76
Via Orzinuovi, 9/11
Via Lamarmora, 230 (c/o A2A)
Via Triumplina, 179/b

Acquafredda Via della Repubblica, 52
Adro Via Roma, 1

Bagnolo Mella Via XXVI Aprile, 69/71

Bagolino Via San Giorgio, 66

Bedizzole Via Trento, 3/5

Borgosatollo Via IV Novembre, 140

Botticino

Via Valverde, 1 (Fraz. Botticino Sera)

Bovegno Via Circonvallazione, 5

Bovezzo Via Dante Alighieri, 8/d

Breno Via Giuseppe Mazzini, 72

Calcinato Via Guglielmo Marconi, 51

Calvisano Via Dante Alighieri, 1

Capriano del Colle Via Morari, 26

Carpenedolo Piazza Martiri della Libertà, 1

Castegnato Piazza Dante Alighieri, 1

Castelcovati Via Alcide De Gasperi, 48

Castel Mella Via Caduti del lavoro, 56/a

Castenedolo Piazza Martiri della Libertà, 4

Castrezzato Piazza Mons. Zammarchi, 1

Cedegolo Via Nazionale, 105

Cellatica Via Padre Cesare Bertulli, 8

Chiari Piazza Giuseppe Zanardelli, 7

Collio Piazza Giuseppe Zanardelli, 32

Comezzano - Cizzago

Via Giuseppe Zanardelli, 31

Concesio

Via Europa, 203

Via Europa, 8 (c/o centro comm. Valtrumpino)

Darfo Boario Terme Via Roma, 2

Dello Piazza Roma, 36

Desenzano del Garda

Via G. Marconi, 18

Via G. Marconi, 97

Via G. Di Vittorio, 17 (Fraz. Rivoltella)

Edolo Via G. Marconi, 36/a

Fiesse Via Antonio Gramsci, 25

Flero Via XXV aprile, 110

Gardone Riviera Via Roma, 8

Gardone Val Trompia Via G. Matteotti, 212

Gargnano Piazza Feltrinelli, 26

Gavardo Via Suor Rivetta, 1

Ghedi Piazza Roma, 1

Gottolengo Piazza XX Settembre, 16

Gussago Via IV Novembre, 112/a

Idro Via Trento, 60

Iseo

Via Dante Alighieri, 10

Via Risorgimento, 51/c (Fraz. Clusane)

Isorella Via A. Zanaboni, 2

Leno Via Dossi, 2

Limone del Garda Via Don Comboni, 24

Lograto Piazza Roma, 11

Lonato Via Guglielmo Marconi

Lumezzane

Via Alcide De Gasperi, 91 (Fraz. Pieve)

Via M. D'Azeglio, 4 (Fraz. S. Sebastiano)

Mairano Piazza Europa, 1

Manerba del Garda Via Vittorio Gassman, 17/19

Manerbio Via XX Settembre, 21

Marone Via Roma, 59

Moniga del Garda Piazza San Martino

Monte Isola Via Peschiera Maraglio, 156

Monticelli Brusati Via IV Novembre, 5/a

Montichiari Via Trieste, 71

Nave Piazza Santa Maria Ausiliatrice, 19

Nuvolato Via Trento, 17

Nuvolera Via Italia, 3/a

Odolo Via Praes, 13/bis

Offlaga Via Giuseppe Mazzini, 2

Orzinuovi Piazza Vittorio Emanuele II, 18

Ospitaletto Via Padana Superiore, 56

Paderno Franciacorta Via Roma, 32

Palazzolo sull'Oglio Via XX Settembre, 22

Passirano Via Libertà, 36

Pavone del Mella Piazza Umberto I, 1

Pisogne Piazza Umberto I, 11

Poncarale Via Fiume, 8/a

Ponte di Legno Corso Milano, 34

Ponteveco Piazza Giuseppe Mazzini, 15

Pralboino Via Martiri Libertà, 52

Prevalle Piazza del Comune, 7

Quinzano d'Oglio Via C. Cavour, 29/31

Remedello Via Roma, 60

Rezzato

Via IV Novembre, 98

Via Zanardelli, 5a/b (Fraz. Virle Treponti)

Rodengo Saiano Via Ponte Cigoli, 12

Roè Volciano Via San Pietro, 119

Roncadelle Via Martiri della Libertà, 119/a

Rovato Corso Bonomelli, 52/54

Sabbio Chiese Via XX Settembre, 83

Sale Marasino Via Roma, 23/ Bis

Salò

Via Pietro da Salò - Loc. Rive

Piazza Vittorio Emanuele II, 20

San Felice del Benaco Viale Italia, 9

San Gervasio Bresciano

Piazza Antica Piazzola, 5

San Paolo Piazza Aldo Moro, 9

Sarezzo

Via Roma, 8

Via G. Carducci, 2 (Fraz. Ponte Zanano)

Seniga Via San Rocco, 15

Sirmione

Via Colombare - ang. Via G. Garibaldi

Piazza Castello, 58

Sulzano Via Cesare Battisti, 85

Tavernole sul Mella Via IV Novembre, 40/42

Tignale Piazzale Francesco d'Assisi

Torbole Casaglia Piazza Caduti, 8

Toscolano Maderno

Via Statale Toscolano, 114/a (Fraz. Toscolano)

Travagliato Piazza Libertà

Verolanuova Piazza Libertà, 1

Vestone Via Perlasca, 5

Villa Carcina Via G. Marconi, 39/c

Visano Via Guglielmo Marconi, 11

Vobarno Via Migliorini - ang. Via San Rocco

Zone Via Monte Guglielmo, 44

Provincia di Bergamo

Bergamo

Via Palma il Vecchio, 113

Via Tremana, 13

Via Camozzi, 101

Albano Sant' Alessandro Via Tonale, 29

Alzano Lombardo Via Roma, 31

Brembate Sopra

Via B. Locatelli ang. Via Sorte

Cologno al Serio Via San Martino, 2

Grumello del Monte Via Roma, 63

Seriate Via Paderno, 25

Trescore Balneario Via Lorenzo Lotto, 6/a

Treviolo Piazza Mons. Benedetti, 10

Provincia di Cremona

Cremona

Viale Po, 33/35

Via Dante, 241

Piazza Stradivari, 19

Via Mantova, 137

Casalmaggiore Via Porzio - ang. Via Nino Bixio

Crema Viale Repubblica, 79

Soncino Via IV Novembre, 25

Provincia di Lodi

Lodi Via Incoronata, 12

Codogno Via Vittorio Emanuele II, 35

Lodi Vecchio Piazza Vittorio Emanuele, 48

S. Angelo Lodigiano Piazza Libertà, 10

Provincia di Mantova

Mantova

V.le Risorgimento, 33 - ang. Valsesia

Via Madonna dell'orto, 6

Piazza Guglielmo Marconi, 7

Bagnolo San Vito

Via Di Vittorio, 35 (Fraz. San Biagio)

Borgofranco sul Po

Via Martiri della Libertà, 64

Castel Goffredo Via Europa, 27

Castiglione delle Stiviere Via C. Cavour, 36

Marmirolo Via Ferrari, 66/d

Moglia Piazza della Libertà, 19

Ostiglia Via Vittorio Veneto, 14

Poggio Rusco Via Trento e Trieste, 9
Quistello Via G. Marconi, 12
Sermide Via Cesare Battisti, 4
Villa Poma Piazza Mazzali, 7

Provincia di Milano

Milano

Piazza XXIV Maggio, 7
Piazza XXV Aprile, 9
Via Antonio Rosmini, 17
Via Ponchielli, 1
Via Giorgio Washington, 96
Via Monte Rosa, 16
Via Mac Mahon, 19
Via Saffi 5/6 - ang. via Monti
Via Silvio Pellico, 10/12
Piazza Sant'Agostino, 7
Via Feltre, 30/32
Via Giovanni da Procida, 8
Piazza Borromeo, 1
Viale Monza, 139/b
Via Lomellina, 14
Via Lecco, 22
Corso Indipendenza, 5
Via Porpora, 65
Largo Scalabrini, 1
Via Bertolazzi, 20 (Zona Lambrate)

Bresso Via Vittorio Veneto, 57

Cernusco sul Naviglio Via Monza, 15

Cologno Monzese Viale Lombardia, 52

Corsico Via G. Di Vittorio, 10

Legnano C.so Magenta, 127 - ang. Via Beccaria

Melegnano Viale Predabissi, 12

Melzo Via Antonio Gramsci, 23

Novate Milanese Via G. Di Vittorio, 22

Paderno Dugnano Via Erba, 36/38

Paullo Piazza E. Berlinguer, 14

Pioltello Via Roma, 92

Rho Viale Europa, 190

Trezzano Rosa Piazza San Gottardo, 14

Trezzo sull'Adda Via Bazzoni

FRIULI VENEZIA GIULIA

Provincia di Pordenone

Pordenone Via Santa Caterina, 4

Fiume Veneto Via Piave, 1 (Fraz. Bannia)

Provincia di Udine

Udine Via F. di Toppo, 87

Ampezzo Piazzale ai Caduti, 3

Majano Piazza Italia, 26

Paularo Piazza Nascimbene, 5

Prato Carnico Via Pieria, 91/d

Sutrio Piazza XXII Luglio 1944, 13

Tolmezzo Piazza XX Settembre, 2

LAZIO

Provincia di Latina

Latina Via Isonzo, 3

Provincia di Roma

Roma

Via Ferdinando di Savoia, 8
Via Simone Martini, 5
Piazza Eschilo, 67
Via Bevagna, 58/60
Largo Colli Albani, 28
Via Vittorio Veneto, 108/b - Via Emilia
Via Fabio Massimo, 15/17
Via Crescenzo Conte di Sabina, 23
Via Portuense, 718
Via Fucini, 56
Via Boccea, 211/221

Via Camillo Sabatini, 165
Viale Val Padana, 34
Via Ugo Ojetti, 398
Via Aurelia, 701/709
Via A. Pollio, 50 (c/o c.c. Casalbertone)
Viale Guglielmo Marconi, 3/5
Via dei Due Macelli, 50
Piazza dei Tribuni, 58

Provincia di Viterbo

Viterbo

Corso Italia, 36
Via Saragat - ang. Via Polidori
Via Monte San Valentino

Acquapendente Via del Rivo, 34

Bolsena Via Antonio Gramsci, 28

Bomazzo Piazza B. Buozzi, 5

Canepina Via Giuseppe Mazzini, 61

Capodimonte Via Guglielmo Marconi, 84

Civita Castellana Via della Repubblica

Corchiano Via Roma, 45

Fabrica di Roma Viale degli Eroi

Gradoli Piazza Vittorio Emanuele II, 10

Marta Via Laertina, 35/39

Montalto di Castro

Via Aurelia Tarquinia, 5/7
P.za delle mimose, 13 (Fraz. Pescia Romana)

Montefiascone Piazzale Roma

Monterosi Via Roma, 36

Orte Via Le Piane

Ronciglione Corso Umberto I, 78

Soriano nel Cimino Piazza XX Settembre, 1/2

Tarquinia Piazzale Europa, 4

Tuscania Via Tarquinia

Vetralla

Via Roma, 21/23

Via Cassia Cura, 223

Vignanello Via Vittorio Olivieri, 1/a

Vitorchiano Via Borgo Cavour, 10

VENETO

Provincia di Padova

Padova Via G. Matteotti, 23

Camposampiero Piazza Castello, 43

Ponte San Nicolò Via Padre M. Kolbe, 1/a

Provincia di Venezia

Mestre Piazza XXVII Ottobre, 29

Mira Via Nazionale, 193

Provincia di Verona

Verona

Via Città di Nimes, 6
Via XXIV Maggio, 16
Via Albere, 18
Via Campagnol di Tombetta, 30
Corte Farina, 4
Via Galvani, 7

Bussolengo Via Verona, 43

Caldiero Via Strà, 114-114/a

Grezzana Viale Europa, 13

Monteforte d'Alpone Viale Europa, 30

Negrar Via Strada Nuova, 17 (Fraz. S. Maria)

Peschiera del Garda Via Venezia, 16

Sant'Ambrogio Valpolicella

Via Giacomo Matteotti, 2

Villafranca di Verona Via della Pace, 58

Provincia di Vicenza

Vicenza

Viale San Lazzaro, 179
Via IV Novembre, 60

Bassano del Grappa Viale San Pio X 85

Schio Via Battaglion Val Leogra, 6

Provincia di Treviso

Treviso Piazza Vittoria, 14

Castelfranco Veneto Via Forche, 2

Conegliano Via XI Febbraio, 1

Montebelluna Via Dante Alighieri

TRENTINO ALTO ADIGE

Provincia di Trento

Pieve di Bono Via Roma, 28

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LOMBARDIA

Provincia di Milano

Milano

Via della Moscova, 33
Via Salasco, 31
Via Bocchetto, 13
Via Borgogna, 2/4
Via Buonarroti, 22
Via Boccaccio, 2
Via Canonica, 54
Viale Coni Zugna, 71
Corso Lodi, 111
Piazzale de Agostini, 8
Piazza Firenze, 14
Largo Gelsomini, 12
Via G.B. Grassi, 89
Via Gian Galeazzo - ang. Via Aurispa
Corso Indipendenza, 6
Via La Spezia, 1
Viale Lombardia, 14/16
Corso Magenta, 87 - Porta Vercellina
Viale Marche, 40
Piazzale Nigra, 1
Via Olona, 11
Via Padova, 21
Corso di Porta Romana, 57
Via del Torchio, 4
Via Eugenio Pellini, 1 - ang. Via Cagliero
Via Vitruvio, 38 - Via Settembrini
Via Solari, 19
Via Spartaco, 12
Viale Monte Santo, 2
Via F. Faruffini, 40N01
Via Pellegrino Rossi, 26
Via Melchiorre Gioia, 45
Piazzale Susa, 2
Via Biondi, 1
Via Friuli, 16/18
Via C. Menotti, 21 - ang. Via G. Modena
Viale delle Rimembranze di Lambrate, 4
Viale L. Sturzo, 33/34
Via A. Trivulzio, 6/8
Via Palestrina, 12 - ang. Viale A. Doria
Via Bignami, 1 (c/o C.T.O.)
Via Macedonio Melloni, 52 (c/o I.O.P.M.)
Via della Commenda, 12 (c/o Istituti Clinici)
Corso Porta Nuova, 23
(c/o Ospedale Fatebenefratelli)
Via Francesco Sforza, 35
(c/o Osp. Maggiore)
Piazza Ospedale Maggiore, 3 (c/o Niguarda)
Via Pio II, 3 (c/o Ospedale San Carlo)

Via Castelvetro, 32 (c/o Ospedale Buzzi)
Corso Italia, 17
Via Lomellina, 50
Via Pisanello, 2
Corso Lodi, 78
Piazza Gasparri, 4
Via dei Missaglia - angolo Via Boifava
Via Secchi, 2
Via Meda, angolo Via Brunacci, 13
Corso XXII Marzo, 22
Piazzale Lagosta, 6
Via Padova, 175
Viale Certosa, 138
Via Monte di Pietà, 7
Via A. di Rudini, 8 (c/o Ospedale San Paolo)

Abbiategrasso Piazza Cavour, 11

Artuno Via Piave, 7

Assago Milanofiori

Palazzo Wtc Viale Milanofiori

Bellinzago Lombardo Via delle 4 Marie, 8

Binasco Largo Bellini, 16

Bollate Via Giacomo Matteotti, 16

Bresso Via Roma, 16

Carugate Via Toscana, 10

Cassina de' Pecchi Via Matteotti, 2/4

Cinisello Balsamo

Via Casati, 19

Via Massimo Gorki, 50 (c/o Ospedale Bassini)

Cologno Monzese

Via Indipendenza, 32 - ang. P.zza Castello

Corbetta Corso Garibaldi, 14

Cornaredo

Piazza Libertà, 62

Via Magenta, 34

Corsico

Via Cavour, 45

Viale Liberazione, 26/28

Garbagnate Milanesi

Via Kennedy, 2 (Fraz. S. M. Rossa)

Inveruno Via Magenta, 1

Lainate Via Garzoli, 17

Legnano

Corso Sempione, 221

Corso Sempione - angolo Via Toselli

Via Novara, 8

Piazza Don Sturzo, 13

Magenta Piazza Vittorio Veneto, 11

Melegnano Via Cesare Battisti, 37/a

Melzo Piazza Risorgimento, 2

Novate Milanese Via Amendola, 9

Opera Via Diaz, 2

Paderno Dugnano Via Rotondi, 13/a

Parabiago Via S. Maria, 22

Rho

Corso Europa, 209

Via Meda, 47

Via Pace, 165 (Fraz. Mazzo Milanese)

Rozzano

Viale Lombardia, 17

Piazza Berlinguer, 6 (Fraz. Ponte Sesto)

S. Giuliano Milanese

Via Risorgimento, 3

Via S. Pellico, 9 (Fraz. Sesto Ulteriano)

Segrate Piazza della Chiesa, 4

Senago Piazza Matteotti, 10/a

Sesto San Giovanni Via Casiraghi, 167

Settimo Milanese Piazza della Resistenza, 8

Solaro Via Mazzini, 66

Trezzano Rosa Via Raffaello Sanzio, 13/s

Trezzano sul Naviglio Viale C. Colombo, 1

Vittuone Via Villorosi, 67

Provincia di Monza-Brianza

Monza Viale G.B. Stucchi, 110
(c/o Roche Boehringer Spa)

Provincia di Pavia

Pavia

Via Montebello della Battaglia, 2

Corso Strada Nuova, 61/c

Via dei Mille, 7

Viale Ludovico il Moro, 51/b

Via Taramelli, 20

Via Pavesi, 2

Corso Alessandro Manzoni, 17

Piazzale Gaffurio, 9

Via San Pietro in Verzolo, 4

Via Ferrata, 1 (c/o Università)

Albuzzano Via Giuseppe Mazzini, 92/94

Belgioioso Via Ugo Dozzio, 15

Broni Piazza Vittorio Veneto, 52

Casteggio Viale Giuseppe Maria Giulietti, 10

Garlasco Corso C. Cavour, 55

Giussago Via Roma, 38

Godiasco

Piazza Mercato, 19

Viale delle Terme, 44 (Fraz. Salice Terme)

Landriano Via Milano, 40

Linarolo Via Felice Cavallotti, 5

Maghero Via G. Leopardi, 2

Marcignago Via Umberto I, 46

Montebello della Battaglia

Piazza Carlo Barbieri "Ciro", 1

Mortara Piazza Silvabella, 33

Pinarolo Po Via Agostino Depretis, 84

Rosasco Via Roma, 4

San Martino Siccomario Via Roma, 23

Sannazzaro de' Burgondi Viale Libertà 3/5

Siziano Via Roma, 22

Stradella Via Trento, 85

Torrevecchia Pia Via Molino, 9

Travacò Siccomario

P.zza Caduti e Combattenti d'Italia, 1

Valle Lomellina Piazza Corte Granda, 4

Varzi Via Pietro Mazza, 52

Vigevano

Via Dante, 39

Via Madonna degli Angeli, 1

Corso Genova, 95

Via de Amicis, 5

Voghera Via Giacomo Matteotti, 33

EMILIA ROMAGNA

Provincia di Bologna

Bologna

Viale della Repubblica, 25/31

Via Murri, 77

Piazza Dè Calderini, 6/a

Via Ercolani, 4/e

Via Lombardia, 7/a

San Lazzaro di Savena Via Emilia, 208/210

Zola Predosa Via Risorgimento, 109

Provincia di Ferrara

Cento Via Ferrarese, 3

Provincia di Modena

Modena

Viale Trento e Trieste - ang. Via Emilia Est

Carpi Via Baldassarre Peruzzi, 8/b

Sassuolo Viale Crispi, 24

Provincia di Parma

Parma

Via San Leonardo, 4

Via Emilia est, 17

Via Repubblica, 32

Fidenza Piazza G. Garibaldi, 41

Langhirano Via Roma, 25 - Via Ferrari, 17

Provincia di Piacenza

Piacenza

Via Verdi, 48

Via Manfredi, 7

Via Cristoforo Colombo, 19

Caorso Via Roma, 6/a

Carpaneto Piacentino Via G. Rossi, 42

Gragnano Trebbiense Via Roma, 52

Ponte dell'Olio Via Vittorio Veneto, 75

San Nicolò a Trebbia

Via Emilia Est, 48 (Fraz. Rottofreno)

Provincia di Reggio Emilia

Reggio Emilia

V.le dei Mille, 1A

Via Emilia all'Angelo, 35

Rubiera Viale della Resistenza, 7/a

LAZIO

Provincia di Roma

Roma

Corso Vittorio Emanuele II, 25/27

Via Baldovietti, 106/110

Via Boccea 51, a/b/c

Viale dei Colli Portuensi, 298/302

Via F.S. Nitti, 73/75/77

Via Norcia, 1/3

Via Guidubaldo del Monte, 13/15

Viale delle Province, 34/46

Via Nizza, 71

Viale Trastevere, 22

Via Sestio Calvino, 57

Via Tiburtina, 544/546 - ang. Via Galla Placidia

Largo Trionfale, 11/12/13/14

Via Cerveteri, 30

Piazza Vescovio, 3 - 3/a - 3/b

- ang. Via Poggio Moiano, 1

Via dei Castani, 133

Via delle Gondole, 90 (Fraz. Ostia)

Via Nomentana, 669/675

Via XX Settembre, 45 - ang. Servio Tullio

Viale dei quattro venti, 83

TOSCANA

Provincia di Firenze

Firenze Piazza Cesare Beccaria, 21

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PIEMONTE

Provincia di Cuneo

Cuneo

Piazza Europa, 1

Via Roma, 13/b

Via della Battaglia, 15

(Fraz. Madonna dell'Olmo)

Corso Antonio Gramsci, 1

Via Savona, 8 - ang. Via Bisalta

Via A. Carle, 2 (Fraz. Confreria)

Via Michele Coppino, 16 (c/o Ospedale)

Alba

Via Teobaldo Calissano, 9

Viale Giovanni Vico, 5

Corso Piave, 74
Via G. Garibaldi, 180 (Fraz. Gallo d'Alba)
Corso Canale, 98/1 (Fraz. Mussotto)

Bagnasco Via Roma, 3

Bagnolo Piemonte
Via Cavalieri di Vittorio Veneto, 12

Barbaresco Via Torino, 16

Barge Viale Giuseppe Mazzini, 1

Barolo Via Roma, 53

Beinette Via Vittorio Veneto, 4

Borgo San Dalmazzo Piazza Liberazione, 8/10

Bossolasco Corso Della Valle, 29

Boves Piazza dell'Olmo, 2

Bra Via Giuseppe Verdi, 10

Brossasco Via Roma, 11/a

Busca Piazza Savoia, 9

Canale Via Roma, 72

Caraglio Piazza Madre Teresa, 8

Carrù P.za V. Veneto, 2 - ang. Via Benevagienna

Castelletto Stura Via Guglielmo Marconi, 6

Castellinaldo Via Roma, 56

Castiglione Tinella Via Circonvallazione, 12

Castino Via XX Settembre, 1

Centallo Piazza Vittorio Emanuele II, 17

Ceva Via Roma, 40

Cherasco Via Vittorio Emanuele II, 34

Chiusa di Pesio Via Roma, 5

Corneliano d'Alba Piazza Cottolengo, 42

Cortemilia Piazza Castello, 1

Costigliole Saluzzo Via Vittorio Veneto, 94

Cravanzana Via XX Settembre, 1

Demonte Via Martiri e Caduti della Libertà, 1

Dogliani Via Divisione Cuneense, 1

Dronero Piazza San Sebastiano, 7

Entracque Via della Resistenza, 5

Farigliano Piazza San Giovanni, 7

Fossano Via Roma, 3

Frabosa Soprana Piazza Guglielmo Marconi, 1

Frabosa Sottana Via IV Novembre, 30

Garessio Corso Statuto, 15

Genola Via Roma, 32

Govone Piazza Vittorio Emanuele II, 9

Lagnasco Via Roma, 30

La Morra Via Umberto I, 28

Limone Piemonte Via Roma, 62

Magliano Alfieri
Via IV Novembre, 54/a (Fraz. S. Antonio)

Magliano Alpi Via Langhe, 158

Mango Piazza XX Settembre, 6

Monchiero Via Borgonuovo, B/15-1

Mondovi
Piazza G. Mellano, 6
Piazza Maggiore, 8
Piazzale Ellero, 20

Monesiglio Via Roma, 4

Monforte d'Alba Via Giuseppe Garibaldi, 4

Montà Piazza Vittorio Veneto, 31

Monticello d'Alba
Piazza Martiri della Libertà, 2 (Fraz. Borgo)

Moretta Via Torino, 73/bis

Morozzo Via Guglielmo Marconi, 78

Murazzano Via L. Bruno, 6

Murello Via Caduti Murellesi, 39

Narzole Via Pace, 2

Neive Piazza della Libertà, 2

Niella Belbo Piazza Mercato, 12/b

Paesana Via Po, 41

Peveragno Piazza P. Toselli, 1

Piasco Piazza Martiri della Liberazione, 7

Piobesi d'Alba Piazza San Pietro, 12

Priocca Via Umberto I, 65

Racconigi Piazza Roma, 8

Revello Via Saluzzo, 80

Roccapione Piazza Biagioni, 27

Saliceto Piazza C. Giusta, 1

Saluzzo Via Torino, 38A

Sampeyre Via Vittorio Emanuele II, 22

San Damiano Macra Via Roma, 15

San Michele Mondovì Via Nielli, 15/a

Sanfront Corso Guglielmo Marconi, 14

Santo Stefano Belbo Corso Piave, 82

Savigliano Piazza Schiapparelli, 10

Scarnafigi Piazza Vittorio Emanuele II, 14

Sommariva del Bosco Via Donatori del Sangue, 11/b

Tarantasca Via Carletto Michelis, 3

Valdieri Corso Caduti in Guerra, 13

Valgrana Via Caraglio, 9

Vernante Piazza de l'Ala, 4

Verzuolo Piazza Martiri della Libertà, 13

Vicoforte Via di Gariboggio, 43

Villafalletto Via Vittorio Veneto, 24

Villanova Mondovì Via Roma, 33/a

Vinadio Via Roma, 11

Provincia di Alessandria

Alessandria
Via Dante - ang. Via C. Lamarmora
Via Venezia, 16
(c/o Ospedale Santi Antonio e Biagio)

Acqui Terme Corso Bagni, 54

Arquata Scrivia Via Libarna, 56

Borghetto Borbera Via San Michele, 2

Cabella Ligure Piazza della Vittoria, 7

Casale Monferrato
Viale G. Giolitti, 2 (c/o ASL)
Piazza San Francesco, 10

Casalnoceto Piazza Martiri della Libertà, 10

Castelnuovo Scrivia Via Solferino, 11

Garbagna Via Roma, 21

Isola Sant'Antonio
Piazza del Peso - ang. Via C. Cavour

Monleale Corso Roma, 41/43

Novi Ligure Corso Marengo, 141

Ovada Via Torino, 155

Pontecurone Piazza Giacomo Matteotti, 5

Pozzolo Formigaro Via Roma, 31

Rocchetta Ligure Piazza Regina Margherita

Sale Piazza Giuseppe Garibaldi, 8

Sarezzano Piazza L. Sarzano, 4

Stazzano Via Fossati, 2/a

Tortona
Piazza Duomo, 13
Via Emilia, 422
Corso della Repubblica, 2/d
P.zza Felice Cavallotti, 1 (c/o ASL)

Valenza Via Dante, 68

Vignole Borbera Via Alessandro Manzoni, 8

Villalvernia Via Carbone, 69

Villaromagnano Via della Chiesa

Provincia di Asti

Asti C.so Vittorio Alfieri, 137

Canelli Corso Libertà, 68

Nizza Monferrato Piazza G. Garibaldi, 70

Provincia di Biella

Biella Via Nazario Sauro, 2

Cossato Via Lamarmora, 9

Provincia di Novara

Novara Largo Don Luigi Minzoni, 1

Arona Corso Liberazione, 39

Borgomanero Via Garibaldi, 92/94

Oleggio Via Mazzini, 15

Treccate Piazza Dolce, 10

Provincia di Verbania

Verbania Piazza Matteotti, 18 (Fraz. Intra)

Cannobio Via Umberto I, 2

Provincia di Vercelli

Vercelli Piazza Cavour, 23

Borgosesia Via Sesone, 36

Provincia di Torino

Torino
Corso Dante, 57/b
Corso Vittorio Emanuele II, 107
Corso Vercelli, 81/b
Corso Unione Sovietica, 503
Via Madama Cristina, 30 - ang. Lombroso
Corso Orbassano, 236
Corso Matteotti, 15
Via Alfieri, 17
Corso L. Einaudi, 15/17
Piazza Gran Madre di Dio, 12/a
C.so Inghilterra, 59/g ang. C.so Francia
Via Giolitti, 16
Corso Francia, 262

Bibiana Via C. Cavour, 25

Bricherasio Piazza Castelvecchio, 17

Chieri Piazza Dante, 10

Chivasso Via Po, 5

Collegno Via XXIV Maggio, 1

Ivrea Via Circonvallazione, 7

Moncalieri Strada Villastellone, 2

Nichelino Via Torino, 172

None Via Roma, 23

Pinerolo Via Savoia - ang. Via Trieste

Rivoli Via Rombò, 25/e

Santena Via Cavour, 43

Settimo Torinese Via Petrarca, 9

Villar Perosa Via Nazionale, 39/a

LIGURIA

Provincia di Genova

Genova
Via C.R. Ceccardi, 13/r
Corso Torino, 61/r
Via Pastorino, 118 (Loc. Bolzaneto)
Via Sestri, 188/190r (Sestri Ponente)
Piazza G. Lerda, 10/r (Loc. Voltri)
Via Cinque Maggio, 101/r (Priaruggia)
Via C. Rolando, 123 (Sampierdarena)
Via Molassana, 82/r
Piazza Leopardi, 6

Borzonasca Via Angelo Grilli, 15

Chiavari Corso Dante Alighieri, 36

Cicagna Via Statale, 8 - angolo Via Dante, 1

Lavagna C.so Buenos Aires, 84 (Fraz. Monteleone)

Mezzanego Via Capitan Gandolfo, 138

Rapallo Via A. Diaz, 6

Santo Stefano d'Aveto Via Razzetti, 11

Sestri Levante Via Fascie, 70

Provincia di Imperia

Imperia Viale Giacomo Matteotti, 13

Bordighera
Via Treviso, 1 - ang. Via V. Emanuele II

Sanremo Via Escoffier, 3A

Taggia Via Boselli, 62 (Fraz. Arma)

Ventimiglia Via Ruffini, 8/a

Provincia di La Spezia

La Spezia
Via G. Pascoli, 22
Via Chiodo, 115
Via San Bartolomeo (c/o ASW Research)
Via Fiume, 152
Via del Canaletto, 307

Castelnuovo Magra

Via Aurelia, 129 (Fraz. Molicciara)

Lerici Calata G. Mazzini, 1

Sarzana Via Muccini, 48

Provincia di Savona

Savona Via dei Vegerio 27R

Albenga Piazza Petrarca, 6

Albisola Superiore Corso Giuseppe Mazzini, 189

Andora Piazza Santa Maria, 7

Cairo Montenotte

Corso Marconi, 240 (Fraz. S. Giuseppe)

Loano Via Stella, 34

LOMBARDIA**Provincia di Milano**

Milano Via Fabio Filzi, 23

TOSCANA**Provincia di Massa - Carrara**

Carrara Via Galileo Galilei, 32

VALLE D'AOSTA

Aosta Via Xavier de Maistre, 8

FRANCIA

Nizza 7, Boulevard Victor Hugo

Mentone Avenue de Verdun, 21

Antibes Avenue Robert Soleau, 15

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MARCHE**Provincia di Ancona**

Ancona

Corso Stamira, 14

Viale C. Colombo, 56

Via Brece Bianche, 68/i

Via Umani

Agugliano Contrada Gavone, 2/b (c/o Socopad)

Castelfidardo Via C. Battisti, 5

Chiaravalle Via della Repubblica, 83

Cupramontana Piazza Cavour, 11

Fabriano

Piazza Miliani, 16

Via Corsi, 3

Falconara Via IV Novembre, 8

Filottrano Via Oberdan, 5

Jesi

Corso Matteotti, 1

Via San Giuseppe, 38

Piazza Ricci, 4

Piazza Vesalio, 5

Via Leone XIII (c/o New Holland Fiat Spa)

Jesi Zipa Via Don Battistoni, 4

Loreto Via Bramante

Maiolati Spontini

Via Risorgimento, 52 (Fraz. Moie)

Montemarciano

Piazza Magellano, 15 (Fraz. Marina)

Monterado Via 8 Marzo, 7 (Fraz. Ponte Rio)

Morro d'Alba Via Morganti, 56

Numana Via Pascoli, 1A

Offagna Via dell'Arengo, 38

Osimo

Piazza del Comune, 4

Via Ticino, 1 (Fraz. Padiglione)

Rosora Via Roma, 132 (Fraz. Angeli)

Santa Maria Nuova

Via Risorgimento, 68 (Fraz. Collina)

Sassoferrato Piazza Bartolo, 17

Senigallia

Via Marchetti, 70

Via R. Sanzio, 288 (Fraz. Cesano)

Serra de' Conti Piazza Leopardi, 2

Provincia di Ascoli Piceno

Ascoli Piceno Viale Indipendenza, 42

Acquasanta Terme Piazza Terme, 6

Castel di Lama Via Salaria, 356

San Benedetto del Tronto

Piazza Matteotti, 6

Piazza Setti Carraro (Fraz. Porto d'Ascoli)

Provincia di Fermo

Fermo

Contrada Campiglione, 20

Via Dante Zeppilli, 56

Falerone

Viale della Resistenza, 168 Y (Fraz. Piane)

Massa Fermana Via Ada Natali, 5

Montegranaro Via Fermana Nord

Monte Urano Via Papa Giovanni XXIII, 37

Petricoli

Contrada S. Antonio, 217 (Fraz. Valmir)

Porto S. Giorgio Via Tasso

Porto Sant'Elpidio Via Mazzini, 115

Sant'Elpidio a Mare Viale Roma, 1

Torre San Patrizio Via Mazzini, 19A

Provincia di Macerata

Macerata

Viale Don Bosco

Corso Cavour, 34

Camerino Piazza Caio Mario, 5

Castelraimondo Piazza della Repubblica, s.n.c.

Civitanova Marche Corso Umberto I, 16

Corridonia Piazzale della Vittoria, 1

Loro Piceno Piazzale G. Leopardi, 8

Matelica Viale Martiri della Libertà, 31

Monte San Giusto Via Verdi, 11

Pollenza Via V. Cento, 6 (Casette Verdini)

Potenza Picena

Piazza Douhet, 23 (Fraz. Porto)

Via Marefoschi, 1

Recanati Via Cesare Battisti, 20

San Ginesio Piazza Gentili, 31

San Severino Marche Viale Europa

Sarnano Piazza della Libertà, 76

Tolentino Piazza dell'Unità

Provincia di Pesaro - Urbino

Pesaro

Piazzale Garibaldi, 22

Via Antonio Fratti, 23

Urbino Viale Comandino

Acqualagna Via Flaminia, 79

Carpegna Via R. Sanzio, 12

Colbordolo Via Nazionale, 143 (Fraz. Morciola)

Fano Via dell'Abbazia, s.n.c.

Fossombrone Piazza Dante, 24

Lunano Corso Roma, 79

Macerata Feltria Via Antini, 22

Montecopiolo

Via Montefeltresca, 37 (Fraz. Villagrande)

Sant'Angelo in Vado Piazza Mar del Plata, 6

Sassofeltrio

Via Risorgimento, 9 (Frazione Fratte)

Urbania Via Roma, 24

ABRUZZO**Provincia di Chieti**

Atessa Via Piazzano, 70 (Fraz. Piazzano)

Francavilla al Mare Via della Rinascita, 2

Guardigrele Via Orientale, 17

Lanciano Viale Rimembranze, 16

Sant'Eusanio del Sangro Corso Margherita

San Giovanni Teatino

Via Aldo Moro, 8 (Fraz. Sambuceto)

San Salvo Strada Istonia, 13/15

Vasto Via Giulio Cesare, 5

Provincia di Pescara

Pescara

Via Michelangelo, 2

Via Nazionale Adriatica Nord, 126

Viale Marconi, 21

Provincia di Teramo

Teramo Piazza Garibaldi, 143

Alba Adriatica Via Mazzini, 124

Giulianova Via Orsini, 28 (Fraz. Spiaggia)

Roseto degli Abruzzi Via Nazionale, 286

CAMPANIA**Provincia di Avellino**

Avellino Via Dante Alighieri, 20/24

Montoro Inferiore Via Nazionale, 161/167

Provincia di Benevento

Benevento Piazza Risorgimento, 11/12

Buonalbergo Viale Resistenza, 3

San Giorgio la Molara Via S. Ignazio, 7/9

Teleso Viale Minieri, 143

Provincia di Caserta

Caserta

Via C. Battisti, 42

Via Douhet, 2/a (c/o Scuola Aeron. Milit.)

Alvignano Corso Umberto I, 287

Aversa Via Salvo D'Acquisto

Caiazzo Via Attilio Apulo Caiatino, 23

Grazzanise

Via del Medico, 1 (c/o Aeronautica Militare)

Piedimonte Matese Via Cesare Battisti

Pietramelara Piazza S. Rocco, 18

Pietravairano Via Padre Cipriani Caruso, s.n.c.

Santa Maria Capua Vetere

Via Pezzella Parco Valentino

Succivo Via De Nicola - angolo Via Tinto

Teano Viale Italia

Vairano Patenora

Via della Libertà, 10 (Fraz. Vairano Scalo)

Via delle Rimembranze, 56

Vitulazio Via Rimembranze, 37

Provincia di Napoli

Napoli

Corso Amedeo di Savoia, 243

Via Mergellina, 33/34

Via dell'Epomeo, 427/431

Via Cesario Console, 3C

Via Crispi, 2 - ang. Piazza Amedeo

Piazza Vittoria, 7

Galleria Vanvitelli, 42

Via Santa Brigida, 36

Via Santo Strato, 20/d

Piazza Garibaldi, 127

Via Caravaggio, 52

Via Giovanni Manna, 11
Piazza Giovanni Bovio, 6
Afragola Corso Garibaldi, 38
Boscoreale Via Papa Giovanni XXIII, 16
Cardito Piazza S. Croce, 71
Casalnuovo di Napoli
Via Arcora Provinciale, 60
Cercola Via Domenico Ricciardi, 284/286
Forio d'Ischia Corso F. Regine, 24/25
Grumo Nevano Via Cirillo, 78
Ischia Porto Via A. de Luca, 113/115
Melito Via Roma, 33/43
Monte di Procida Corso Garibaldi, 20/22
Nola
Via Mario de Sena, 201
Piazza Giordano Bruno, 26/27
Pozzuoli
Corso Vittorio Emanuele, 60
Via Domiziana
(c/o Accademia Aeronautica)
Qualiano Via S. Maria a Cubito, 146
Quarto Via Campana, 286
San Giuseppe Vesuviano Via Astalunga, 1
Sant'Antimo Via Cardinale Verde, 31
Torre del Greco Corso Vittorio Emanuele, 77/79
Volla Via Rossi, 94/100

EMILIA ROMAGNA

Provincia di Forlì - Cesena

Forlì Viale Vittorio Veneto, 7D/7E
Cesena Via Piave, 27
Cesenatico Viale Roma, 15
Forlimpopoli Viale Giacomo Matteotti, 37

Provincia di Ravenna

Ravenna Piazza Baracca, 22
Cervia Via G. Di Vittorio, 39
Faenza Via Giuliano da Maiano, 34

Provincia di Rimini

Rimini
Via Flaminia, 175
Via Luigi Poletti, 28
Bellaria - Igea Marina Via Uso, 25/c
Cattolica Via Fiume, 37
Novafeltria Piazza Vittorio Emanuele, 1
Riccione Viale Ceccarini, 207
San Leo Via Montefeltro, 24
Sant'Agata Feltria
Via Vittorio Emanuele II, 1
Santarcangelo di Romagna Via Braschi, 36

LAZIO

Provincia di Frosinone

Frosinone
Via Maria, 63
Via Armando Fabi, 192 (c/o Aeronautica Mil.)

Provincia di Roma

Roma
Via Nazionale, 256
Viale Buozzi, 78
Via Croce, 10
Via Cipro, 4/a
Via Gasperina, 248
Via L. di Breme, 80
Via Prenestina Polense, 145
(Fraz. Castelverde)
Albano Laziale Via Marconi, 7
Fonte Nuova Via Nomentana, 68
Guidonia Montecelio
Via Nazionale Tiburtina, 122 (Fraz. Villalba)
Via Roma, 26

Marcellina Via Regina Elena, 35/c
Marino Piazzale degli Eroi, 4
Palombara Sabina Via Ungheria, 7
San Polo dei Cavalieri Via Roma, 12
Tivoli
Piazza S. Croce, 15
Via di Villa Adriana

MOLISE

Provincia di Campobasso

Campobasso Via Vittorio Veneto, 86
Bojano Corso Amatuzio, 86
Larino Via Jovine, 12
Termoli Via Abruzzi

Provincia di Isernia

Isernia Via Dante Alighieri, 25
Venafro Via Campania, 69

UMBRIA

Provincia di Perugia

Perugia
Via Settevalli, 133
Via Deruta (Fraz. San Martino in Campo)
Via P. Soriano, 3
(Fraz. Sant'Andrea delle Fratte)

Bastia Umbra

Via Roma, 25 - angolo Via de Gasperi
Città di Castello Via Buozzi, 22
Deruta Via Tiberina, 184/186
Foligno Viale Arcamone
Giano dell'Umbria
Via Roma, 63 (Fraz. Bastardo)
Magione Via della Palazzetta (loc. Bacanella)
Marsciano Via dei Partigiani, 12
Massa Martana Via Roma, 42
Montecastello di Vibio
Piazza Michelotta di Bioro, 10
Todi
Piazza del Popolo, 27
Via Tiberina, 64
Via Tiberina, 194 (Fraz. Pantalla)

Provincia di Terni

Terni Corso del Popolo, 13
Acquasparta Via Cesare Battisti, 5/d
Avigliano Umbro
Corso Roma - ang. Via S. Maria

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CALABRIA

Provincia di Cosenza

Cosenza
Via Caloprese
Via XXIV Maggio, 45
Corso Mazzini, 117
Via F. Migliori (c/o Ospedale)
Via degli Stadi, 57/d2
Corso Telesio, 1
Acri Via Padula, 95
Amantea Via Elisabetta Noto, 1/3
Aprigliano Via Calvelli, 5
Belvedere Marittimo - Marina Via G. Grossi, 71
Bisignano Via Simone da Bisignano
Cariati Via S. Giovanni, 6
Cassano allo Jonio Corso Garibaldi, 30
Castrovillari Corso Garibaldi, 79/83

Cetraro - Marina Via Lucibello, 10/14

Corigliano Calabro - Scalo

Via Nazionale, 101/103
Crosia Via Nazionale, 74/80 (Fraz. Mirto)
Diamante Via Vittorio Emanuele, 77
Fuscaldo Via Maggiore Vaccari, 14
Lago Via P. Mazzotti, 10/12/14
Lungro Via Skanderberg, 86
Montalto Uffugo
Corso Garibaldi, 25
Via Manzoni, 57 (Fraz. Taverna)
Morano Calabro Via Porto Alegre, 10
Mormanno Via San Biase, 1
Paola Via del Cannone, 34
Praia a Mare Via Telesio, 2
Rende

Via A. Volta, 15 (Fraz. Quattromiglia)
Viale Kennedy, 59/e (Fraz. Roges)
Roggiano Gravina Via Vittorio Emanuele II, 136
Rogliano Via Guarasci, 31
Rossano Via G. Rizzo, 14
Rossano - Scalo Via Nazionale, 9/15
San Demetrio Corone Via D. Alighieri, 10
San Giovanni in Fiore Via Gramsci
Scalea Via M. Bianchi, 2
Spezzano Albanese P.zza della Repubblica, 5/1
Spezzano della Sila
Via del Turismo, 77 (Fraz. Camigliatello Silano)
Torano Castello Strada Provinciale Variante, 4
Trebisacce Via Lutri, 146

Provincia di Catanzaro

Catanzaro
Piazza Indipendenza, 44
Corso Mazzini, 177/179
Via Nazario Sauro, 17 (Fraz. Lido)
Via A. Lombardi - Area Metroquadro
Chiaravalle Centrale Piazza Dante, 8
Girifalco Via Milano
Lamezia Terme Corso Nicotera, 135
Sersale Via A. Greco
Soverato Corso Umberto I, 167/169
Soveria Mannelli Piazza dei Mille, 2

Provincia di Crotone

Crotone Via Mario Nicoletta, 32
Cirò Marina Via Mazzini, 17/19
Cotronei Via Laghi Silani, 40
Petilia Policastro Via Arringa, 178
Strongoli Corso Biagio Miraglia, 115

Provincia di Reggio Calabria

Reggio Calabria
Corso Garibaldi, 144
Viale Calabria, 197/199
Via Argine Destro Annunziata, 81
Bagnara Calabria
Corso Vittorio Emanuele II, 167
Bianco Via Vittoria, 52
Bova Marina Via Maggiore Pugliatti, 2
Cinquefrondi Via Roma, 24
Cittanova Via Roma, 44
Gioia Tauro Via Roma, 52 - ang. Via Duomo
Laureana di Borrello Via IV Novembre, 9
Locri Via Garibaldi, 71
Melito di Porto Salvo Via Papa Giovanni XXIII
Monasterace Marina
Via Nazionale Jonica, 113/114
Palmi Via Roma, 44

Polistena Piazza Bellavista, 1
Rizziconi Via Capitolo, 13
Roccella Jonica Via XXV Aprile, 16
Rosarno Corso Garibaldi, 28
Sant'Eufemia d'Aspromonte
Via Maggiore Cutri, 10/a
Siderno C.so Garibaldi (Fraz. Marina)
Taurianova Piazza Garibaldi, 17
Villa S. Giovanni Viale Italia, 30

Provincia di Vibo Valentia

Vibo Valentia Viale Matteotti 23/25
Arena Piazza Generale Pagano, 1
Nicotera Via Luigi Razza, 1
Pizzo Calabro Via Nazionale
Serra San Bruno Via de Gasperi, 52
Soriano Calabro Via Giardinieri
Tropea Viale Stazione

BASILICATA

Provincia di Matera

Matera
Via del Corso, 66
Via Annunziata, 64/68
Bernalda Corso Umberto, 260
Montalbano Jonico Piazza Vittoria, 3
Pisticci Via M. Pagano, 25
Policoro Via G. Fortunato, 2

Provincia di Potenza

Potenza
Via Pretoria, 3
Via Angilla Vecchia, 5
Via del Gallitello
Genzano di Lucania
Corso Vittorio Emanuele, 180/184
Lagonegro Via Colombo, 25
Lauria Piazza Plebiscito, 72
Marsicovetere
Via Nazionale, 53 (Fraz. Villa d'Agri)
Melfi Piazza Mancini Abele
Rionero in Vulture Via Galliano
Rotonda Via dei Rotondesi in Argentina, s.n.c.
San Fele Via Costa, 12
Senise Via Amendola, 33/39
Tito Scalo P.zza Nassirya Rione Mancusi, 20

CAMPANIA

Provincia di Salerno

Salerno
Via S. Margherita, 36
Via G. Cuomo 29
Via Settimio Mobilio, 26
Agropoli Via Risorgimento - ang. Via Bruno
Angrì Via Papa Giovanni XXIII, 48
Baronissi Corso Garibaldi, 197
Battipaglia Via Salvator Rosa, 98
Campagna
Via Quadrivio Basso (Fraz. Quadrivio)
Castel San Giorgio Via Guerrasio, 42
Cava dei Tirreni Piazza Duomo, 2
Eboli Via Amendola, 86
Marina di Camerota Via Bolivar, 54
Mercato San Severino
Corso Armando Diaz, 130
Minori Via Vittorio Emanuele, 9
Nocera Inferiore Via Barbarulo, 41
Pontecagnano Piazza Risorgimento, 14
Roccapiemonte Piazza Zanardelli, 1
San Cipriano Picentino
Via S. Giovanni, 10 (Fraz. Filetta)

Sant'Egidio del Monte Albino
Via SS. Martiri, 13 (Fraz. San Lorenzo)
Teggiano Via Prov. del Corticato (Fraz. Pantano)

PUGLIA

Provincia di Bari

Bari
Piazza Umberto I, 85 (Fraz. Carbonara)
Via Napoli, 53/55 (Fraz. Santo Spirito)
Via Bari, 27/c (Fraz. Torre a Mare)
Via Toma, 12
Viale Pio XII, 46-46/a
Viale de Blasio, 18
Via Melo, 151
Corso Mazzini, 138/b
Via Tridente, 40/42
Via Calefati, 112
Piazza Cesare Battisti, 1 (c/o Università)
Acquaviva delle Fonti Piazza Garibaldi, 49/52
Adelfia Via G. Marconi, 11/a
Altamura Via Maggio 1648, 22/b-22/c
Bitetto Piazza Armando Diaz, 38
Bitonto Piazza della Noce, 14
Capurso Via Torricelli, 23/25
Casamassima Corso Umberto I, 48
Castellana Grotte Piazza della Repubblica, 2
Corato V.le V. Veneto 160/166
- ang. Via Lega Lombarda
Gioia del Colle Corso Garibaldi, 55
Giovinazzo Via G. Gentile, 1
Gravina in Puglia
Corso Vittorio Emanuele, 30/c
Grumo Appula Via G. d'Erasmus, 12
Modugno Piazza Garibaldi, 109
Mola di Bari Piazza degli Eroi, 31
Molfetta Via Tenente Fiorini, 9
Monopoli Via Marsala, 2
Noci Largo Garibaldi, 51
Noicattaro Corso Roma, 8/10/12
Polignano a Mare Piazza Aldo Moro, 1
Putignano Via Tripoli, 98
Rutigliano Piazza XX Settembre, 8
Ruvo di Puglia Via Monsignor Bruni, 14
Sannicandro di Bari Piazza IV Novembre, 15
Santeramo in Colle Via S. Lucia, 78
Tertolzi Via Gorizia, 86/d
Toritto Piazza Aldo Moro, 48
Triggiano Via Carroccio, 5
Turi Via A. Orlandi, 15
Valenzano Via Aldo Moro

Provincia di Barletta-Andria-Trani

Andria Piazza Marconi, 6/10
Barletta Piazza Caduti, 21
Trani Corso Italia, 17/b
Bisceglie Via Aldo Moro, 5
Canosa di Puglia Via Imbriani, 30/34
Margherita di Savoia Corso V. Emanuele, 23

Provincia di Brindisi

Brindisi Corso Roma, 39
Cisternino Via Roma, 57
Erchie Via Grassi, 19
Fasano Via Forcella, 66
Francavilla Fontana Via Roma, 24
Latiano Via Ercole d'Ippolito, 25
Mesagne Via Melissa Bassi, 1
Oria Via Mario Pagano, 151
Ostuni Via L. Tamborrino, 2
San Vito dei Normanni Piazza Vittoria, 13
Torre Santa Susanna Via Roma, 38

Provincia di Foggia

Foggia
Viale Ofanto, 198/c
Via Salvatore Tugini, 70/74
Cerignola Via Di Vittorio, 83
Ischitella Corso Umberto I, 111/113
Lucera Via IV Novembre, 77
Manfredonia Corso Roma, 22/24
San Giovanni Rotondo Piazza Europa
San Severo Via Carso, 10
Sant'Agata di Puglia Via XXIV Maggio, 119/121
Stornarella Corso Garibaldi, 22
Troia Via Vittorio Emanuele, 1
Vico del Gargano Via S. Filippo Neri, 10

Provincia di Lecce

Lecce Viale Lo Re, 48
Campi Salentina Via Garibaldi, 6/8
Casarano Via F. Bottazzi - ang. Via Alto Adige
Galatina Via Roma, 26
Maglie Piazza O. de Donno
Nardò Via Duca degli Abruzzi, 58
Squinzano Via Nuova, 25
Trepuzzi Corso Umberto I, 114
Tricase Via G. Toma, 30
Veglie Via Parco Rimembranze, 30

Provincia di Taranto

Taranto
Corso Umberto I, 71
Corso Italia, 202
Castellaneta Piazza Municipio, 7
Fragagnano Via Garibaldi, 14
Ginosa Corso Vittorio Emanuele, 92
Grottaglie Via Matteotti, 72/78
Laterza Piazzale Saragat, 11
Lizzano Via Dante, 78
Manduria Via per Maruggio, 9
Martina Franca Via D'Annunzio, 34
Massafra Corso Italia, 27/29
Palagianello Via Carducci, 11
San Giorgio Jonico Via Cadorna, 11

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LOMBARDIA

Provincia di Brescia

Brescia
Via Duca degli Abruzzi, 175
Viale Bornata, 2
Angolo Terme Piazza degli Alpini, 4
Artogne Via Geroni, 12
Berzo Demo Via San Zenone, 9
Berzo inferiore Piazza Umberto I, 35/a
Bienno Piazza Liberazione, 2
Borno Piazza Giovanni Paolo II, 13
Breno Piazza della Repubblica, 1/2
Capo di Ponte Viale Stazione, 16
Cazzago S.M. Via del Gallo, 2 (Fraz. Bornato)
Cedegolo Via Roma, 26/28
Ceto Loc. Badetto, 23
Cevo Via Roma, 44
Cividate Camuno Via Cortiglione
Cocaglio Largo Torre Romana, 4
Corte Franca Via Roma, 78
Corteno Golgi Via Roma, 1

Darfo Boario Terme

Via Roma, 12
Viale della Repubblica, 2
Corso Lepetit, 77 (Fraz. Corna)

Edolo Via Porro, 51**Esine** Piazza Giuseppe Garibaldi, 4/6**Gianico** Via XXV Aprile, 7/9**Malegno** Via Lanico, 36**Malonno** Via G. Ferraglio, 4**Marone** Via Cristini, 49**Niardo** Piazza Cappellini, 3**Ome** Piazza Aldo Moro, 7**Palazzolo sull'Oglio** Via XXV Aprile, 23**Piancogno**

Via Vittorio Veneto, 7 (Fraz. Cugno)
Via XI Febbraio, 1 (Fraz. Pianborno)

Pian Camuno Piazza Giuseppe Verdi, 8**Pisogne** Via Provinciale, 6 (Fraz. Gratacasolo)**Ponte di Legno** Via Cima Cadi, 5/7/9**Provaglio d'Iseo**

Via Roma, 12
Via S. Filastro, 18 (Fraz. Provezze)

Rodengo Saiano Via Guglielmo Marconi, 11/b**Rovato** Corso Bonomelli, 13/17**Sonico** Via Nazionale (c/o c.c. Italmark)**Temù** Via Roma, 71/73**Torbole Casaglia** Piazza Repubblica, 25/26**Travagliato** Via Brescia, 44**Veza d'Oglio** Via Nazionale, 65**Provincia di Bergamo****Ardesio** Piazza Alessandro Volta, 8/9**Casazza** Piazza della Pieve, 1**Castione della Presolana**

P.zza Martiri di Cafalonia, 1

Clusone Viale Gusmini, 47**Costa Volpino** Via Cesare Battisti, 34**Lovere** Via Gregorini, 43**Rogno** Piazza Druso, 1**Sarnico** Via Roma, 68**Sovere** Via Roma, 20**Villongo** Via J. F. Kennedy, 5**Provincia di Como****Dongo** Via Statale, 77**Menaggio** Via Lusardi, 74/76**Provincia di Sondrio****Sondrio** Via Trento, 50 - ang. Via Alessi**Aprica** Corso Roma, 238**Bormio** Via Don Peccedi, 11**Chiavenna** Via Maloggia, 1**Grosio** Via Roma, 1**Livigno** Via Botarel, 35**Morbegno** Piazza Caduti per la Libertà, 9**Piantedo** Via Nazionale, 875**Tirano** P.zza Marinoni, 4

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ABRUZZO**L'Aquila** Via F. Savini**Pescara** Piazza Rinascita, 6/9**CAMPANIA****Napoli** Via A. Depretis, 51**Pomigliano d'Arco** Via Roma, 31**Caserta** Corso Trieste, 170**Salerno** Via SS. Martiri Salernitani, 25**LIGURIA****Genova** Via XX Settembre, 33**LAZIO****Roma**

P.zza Giuliano della Rovere, 9-11/a
(Fraz. Lido di Ostia)

Via Vincenzo Bellini, 27

LOMBARDIA**Milano**

Via Silvio Pellico, 10/12

Corso Europa, 20

Via Cavriana, 20

Cremona Via Rialto, 20**Monza** Via Girolamo Borgazzi, 7**PIEMONTE****Torino** Corso Re Umberto I, 47**PUGLIA****Bari** Via Nicolò dell'Arca, 9-9a**TOSCANA****Firenze** Viale G. Matteotti, 42**Arezzo** Via XXV Aprile, 28-28/a**Grosseto** Via Giacomo Matteotti, 32**Livorno** Via Scali d'Azeglio, 46/50

- ang. Via Cadorna

Pisa Via G.B. Niccolini, 8/10

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Calendar of corporate events of UBI Banca for 2016

Date	Event
8 th March 2016	Supervisory Board: approval of the separate company and the consolidated financial statements for 2015
2 nd April 2016 (single call)	General Meeting of the Shareholders
12 th May 2016	Approval of the Interim financial report as at and for the period ended 31 st March 2016.
23 rd May, 24 th May and 25 th May 2016	Ex-dividend date, record date and payment date respectively of the dividend if approved by the Shareholders' Meeting.
8 th August 2016	Approval of the interim financial report as at and for the period ended 30 th June 2016
11 th November 2016	Approval of the Interim financial report as at and for the period ended 30 th September 2016.

The dates of the presentations of accounting data to the financial community will be communicated from time to time during the course of the financial year.

Contacts

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