

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 bonuses¹ 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

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

¹ Without prejudice to exceptions allowed by legislation and regulations limited to the first year of employment, for board members classified as senior management.