

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

Proposal for setting remuneration policies for members of the Management Board

Dear Registered Shareholders,

In order to ensure - in the interests of all stakeholders - a remuneration scheme that is aligned to long-term corporate strategies and objectives, linked to corporate results, suitably adjusted to take account of all risks, and consistent with the levels of capital and liquidity required to perform the activities undertaken, the Parent, UBI Banca, has defined the remuneration and incentives policies of the UBI Banca Group.

The legislative framework

In March 2011, the Bank of Italy issued Supervisory Provisions concerning the remuneration and incentive policies and practices of banks and banking groups as part of procedures to implement EU regulations, adopted on the basis of Articles 53 and 67 of the Consolidated Banking Act and the decrees of the Ministry of Economics and Finance, in its capacity as Chair of the Interministerial Committee for Credit and Savings meetings of 5th August 2004 and 27th December 2006, which respectively addressed the subjects of the organisation and governance, and the capital adequacy, containment of risk and public disclosures of banks and banking groups.

In December 2013 the same authority presented some changes to the aforementioned measure for consultation concerning remuneration and incentive policies and practices in banks and banking groups. These changes, as specifically emphasised by the Bank of Italy, are largely intended to implement the changes introduced by Directive 2013/36/EU (CRD IV), approved on 26th June 2013, with a deadline for implementation of 31st December 2013, and take account of internationally agreed guidelines and criteria including those of the FSB (Financial Stability Board) and EBA (European Banking Authority). Given their importance in EU legislation, the key contents of the EBA Guidelines have been included within the aforementioned Supervisory Provisions issued by the Bank of Italy and have, therefore, been incorporated within Italian legislation as mandatory rules for banks.

Consistent with the EU approach, the Supervisory Provisions will continue to form an integral part of corporate governance and organisation rules, lying within a broader regulatory system which includes specific rules for listed companies and for investment services and activities.

General policy on the remuneration of governing bodies

The principles relating to the remuneration of the corporate bodies of the UBI Banca Group – the Management Board and Supervisory Board, and the Boards of Directors and Boards of Statutory Auditors of the banks and companies in the Group – have been set in compliance with the Supervisory Provisions concerning remuneration and incentive policies and practices in banks, as well as in the light of the UBI Group's organisational nature and its culture. The remuneration policies are also based on best practices and approaches developed at international level.

The remuneration of members of the corporate bodies with executive positions, those with special duties including the members of committees and finally non-executive members is based on an approach that is designed to attract the best abilities and guided by a combination of the following criteria: (i) fairness of remuneration for similar roles; (ii) vertical differentiation between roles; (iii)

amount and risk related to the responsibilities of individual roles; (iv) professional skills required; (v) commitment and time employed; (vi) market comparison.

More specifically, the fees of members of the governing bodies of the UBI 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 (the amount of which is approved by shareholders).

The traditional “attendance tokens” are incorporated as part of the fixed remuneration.

Board members/CEOs and members of the Management Board classified as senior management of UBI Banca may receive forms of remuneration linked to results, while all the other members of the corporate bodies of the Group receive no variable remuneration.

No member of the corporate bodies may unilaterally decide to waive their right to part or all of their remuneration.

There are no guaranteed bonuses or leaving bonuses for members of the corporate bodies (without prejudice to exceptions allowed by legislation and regulations, limited to the first year of employment).

Dear Registered Shareholders,

In relation to the above we submit for your approval, in compliance with the provisions of the Articles of Association and the supervisory instructions issued by the Bank of Italy, the proposal relating to the following:

Remuneration policies for members of the Management Board.

Consistent with the principles illustrated above, the adoption of the following remuneration policies is proposed.

- The fee of the Chairman of the Management Board is set at the same level as that of the Chairman of the Supervisory 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 maximum total fee payable to each member of the Management Board, with the sole exception of the Chairman and the Chief Executive Officer, for membership of the Management Board and the Governing Bodies of the Group banks and companies, is, as a rule, not more than 80% of the remuneration for the office of Chairman of the Supervisory Board and the Management Board.
- The Chief Executive Officer and members of the Management Board classified as senior management of UBI Banca, included within the scope of key personnel,¹ are eligible for forms of variable remuneration linked to results.
- No attendance payments exist;
- There are no guaranteed bonuses or leaving bonuses for members of the Management Board (without prejudice to exceptions allowed by legislation and regulations, limited to the first year of employment).
- No member of the Management Board may unilaterally waive their right to part or all of their remuneration.

March 2014

THE SUPERVISORY BOARD

¹As defined in the context of Bank of Italy Supervisory Provisions, also referred to as risk takers.