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Report on Remuneration

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Introduction

This report has been prepared for public disclosure purposes in accordance with the “Provisions on remuneration and incentive policies and practices in banks and banking groups” (hereinafter “Supervisory Provisions” or “Provisions”) issued by the Bank of Italy on 30th March 2011. It also takes into account the changes contained in the update of the aforementioned Provisions (document presented for public consultation until 12th January 2014), 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.

The report has also been prepared in accordance with Consob Regulation No. 18049 of 23rd December 2011 which amends the regulations to implement Legislative Decree No. 58 of 24th February 1998 on regulations for issuers concerning the transparency of the remuneration of the directors of listed companies adopted by Resolution No. 11971 of 14th May 1999 and subsequent amendments.

The report is composed of two sections.

- the first section contains the main information on the following: the decision-making processes for remuneration schemes, the main features, the means by which 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 further divided into two parts.
 - The first part illustrates the contents of the main items of wages in the quantitative tables and gives information on wage agreements concerning the start and end of employment relationships.
 - The second part gives aggregate quantitative information by area of activity and category of personnel with remuneration by name for the Chief Executive Officer, the General Manager and the Senior Deputy General Manager, 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

1. The history of the regulatory framework

In March 2011 the Bank of Italy issued Supervisory Provisions concerning remuneration and incentive policies and practices in banks, implementing the provisions of Directive 2010/76/EU of 24th November 2010 (CRD III) and the related implementation guidelines issued at the end of the same year by the Committee of European Banking Supervisors (CEBS, renamed the European Banking Authority (EBA), on 1st January 2011). These were one of the elements intended to bring Italian regulations into compliance with European legislation, along with the changes made to the Consolidated Banking Act and Consolidated Finance Act, and the Joint Consob-Bank of Italy Regulations of 29th October 2007 governing the organisation of the provision of investment services.

The Provisions also take account of guidelines and criteria agreed internationally in response to the crisis as follows: the principles and standards adopted by the Financial Stability Board; the methodologies formulated by the Basel Committee for Banking Supervision; the European Commission Recommendation for remuneration in the financial sector. These best practices and approaches developed at international level provide a set of guidelines and interpretations to be used by banks in adopting the measures laid down and by the Bank of Italy in guiding and targeting its monitoring activities. Given their importance in EU legislation, the key contents of the CEBS Guidelines have been included within the Supervisory Provisions and have, therefore, been incorporated within Italian legislation as mandatory rules for banks.

Consistent with the EU approach, the Supervisory Provisions 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. With reference to associate workers not bound to companies by employee contracts and, more specifically, financial advisors and agents, the Joint Consob-Bank of Italy Regulations of October 2007 were amended on 25th July 2012, extending the application of the Bank of Italy instructions of 30th March 2011 to cover all stock broking firms and operators of investment services and activities.

For the purpose of implementing the changes introduced by Directive 2013/36/EU (CRD IV), which comprehensively updated the supervisory regulations for banks and investment firms, in December 2013 the Bank of Italy presented for public consultation a document updating the Provisions which, without changing the framework and key principles of the regulations in force, make some important changes in relation to:

- the introduction of a maximum limit of 1:1 to the ratio between the fixed and variable components of remuneration, intended to avoid excessively high variable remuneration that is disproportionate to fixed remuneration, which could encourage improper risk taking and may not be consistent with sound and prudent remuneration and incentive policies and practices;
- the attribution to the Shareholders' Meeting, at the discretion of each Member State, of the power to approve a higher limit to the ratio referred to in the previous point, in compliance with the conditions and limits set out in the directive itself;
- the reinforcement of Provisions relating to ex-post risk adjustment mechanisms (clawback and malus), adding qualitative indicators to the quantitative indicators that were already provided for, on the assumption that the qualitative aspect can constitute an important lever for ensuring sound and prudent management and should guide the payment of remuneration;
- the provision of limits to variable remuneration in the event that banks fail to comply with specific capital requirements (the regulation gives precise details of a general principal of remuneration rules, that sees capital strength as an indispensable condition for the payment of incentives);
- the attribution to the EBA of the power to define regulatory technical standards (RTS) for the qualitative and quantitative criteria for identifying key personnel and the characteristics of the financial instruments to be used for the payment of variable remuneration (once approved by the European Commission on the basis of the proposal formulated by the EBA, the RTS are binding and directly applicable without the need for implementation);

- the revision of other rules already contained in CRD III (including clarifications on whether it is possible to pay guaranteed variable remuneration and an update of public disclosure obligations).

The implementation of CRD IV also offers an opportunity to coordinate provisions on remuneration and incentive schemes with other provisions that have recently been issued by the Bank of Italy (for example, the new regulations governing internal controls, the joint communication with Consob (Italian securities market authority) on 29th January 2014 implementing the policies issued by the ESMA) or that are currently being revised (such as the regulations concerning the organisation and corporate governance of banks, which also needs to be updated as part of the implementation of CRD IV), and the forthcoming launch of the Single Supervisory Mechanism.

The text presented for consultation also contains details and explanations, appropriate in the light of the implementation experience gained, on the correct procedures for the application of the regulations, relating to the principles of proportionality, the remuneration of particular corporate roles, and payments agreed in the event of the early termination of an employment relationship.

Lastly, the Provisions are incorporated into the regulations governing financial advisors and other similar roles, in the wake of the clarifications provided in response to the consultations on the amendments to the joint Bank of Italy - Consob regulations, subsequently issued with the provision of 25th July 2012.

2. The governance of decision-making processes

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. These policies are consistent with and focused on sustainable growth objectives and value creation.

Those objectives are also pursued through the governance of remuneration and incentive schemes, where the aim is to improve the UBI Banca Group’s ability to maintain capital levels appropriate to the risks assumed and levels of liquidity needed to fund the activities undertaken over a multi-year planning period and through sound and prudent management.

In view of the above, an overall picture is given below of the internal regulations adopted by the UBI Banca Group for remuneration and incentives policies and their history.

In the meeting of 20th February 2013, on the basis of a proposal submitted by the Remuneration Committee, the Supervisory Board of UBI Banca, with few changes since 2012, approved the document “Remuneration and incentive policies” (hereinafter also the “Policy”) for the UBI Banca Group for 2013, with the exception of some updates relating specifically to:

- the remuneration paid to members of the Boards of Statutory Auditors of the subsidiaries, for which the reference to professional rates (deleted) has been replaced by a reference to Ministerial Decree No. 140 of 20th July 2012. Furthermore, a provision has been introduced concerning the remuneration paid to members of the Board of Statutory Auditors if they are acting as a Supervisory Body pursuant to Legislative Decree No. 231/2001;
- the provision concerning the payment to the company to which they belong of remuneration earned by managers and employees for positions held on the Boards of Group banks or companies, has been replaced by specific internal regulations approved by the Management Board on 26th June 2013 in this regard;
- those included among key personnel, divided into the “top management” and “highest management level of the control functions” groups have also been redefined in relation to recent corporate ownership transactions and organisational changes, and following the periodic audit performed on the basis of appropriate organisational assessments and the impact on risks, correlating the positions concerned with the remuneration of those holding them;
- references to the remuneration policies for associate workers not bound to companies by employee contracts and, more specifically, financial advisors and agents, have been updated, following clarifications provided by the authorities on changes made to the Joint Consob - Bank of Italy Regulations of October 2007, extending the application of the Bank of Italy

instructions concerning remuneration to all stockbroking firms and operators of investment services and activities.

The 2013 Policy confirmed the rules governing remuneration policies for the Management Board and the remuneration plans for “top management” and the “highest management level of the control functions”. The rules provide for the payment of a portion equal to at least 50% of variable remuneration in the form of financial instruments by the assignment of ordinary shares of the Parent, UBI Banca, and the retention period for the shares, to be submitted to the Shareholders’ Meeting of UBI Banca for approval.

In that same meeting of 20th February 2013, the Supervisory Board also confirmed indicators to be used as the conditions which trigger the 2013 incentive scheme remuneration:

- Group core tier one ratio (an indicator of capital stability)¹;
- Group net stable funding ratio (liquidity indicator)²;
- Economic value added – EVA³ (or where this is not available, PCOBT⁴) calculated at company level; the same indicator, but calculated at consolidated level for the Parent and UBI Sistemi e Servizi.

The bonus pool for 2013 incentive schemes was set at around 5% of budgeted 2013 consolidated PCOBT, on the same basis as the amount allocated the year before.

In its meeting of 26th February 2013, the Management Board, without prejudice to the responsibilities of the Shareholders’ Meeting in relation to (i) remuneration policies for members of the Management Board and (ii) the incentive scheme based on financial instruments restricted to “top management” and the “highest management level of the control functions”, took note of:

- the update to the remuneration and incentives policies for 2013;
- the incentive model for “top management” and the “highest management level of the control functions”;
- the purchase of shares to cover the incentive scheme based on financial instruments for “top management” and the “highest management level of the control functions” through the grant of ordinary shares of the Parent, UBI Banca, in compliance with the procedures and limits set by the Shareholders’ Meeting of 28th April 2012.

The policy and implementation model for “top management” and the “highest management level of the control functions” for 2013 were subsequently approved by the Shareholders’ Meetings of the Italian subsidiary banks and the boards of directors of the remaining Group member companies and banks (the part relating to the incentive scheme based on financial instruments being subject to the approval of the UBI Banca Shareholders’ Meeting).

During the Shareholders’ Meeting of UBI Banca held on 20th April 2013, in his report on the specific item on the agenda, the Senior Deputy 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 approved the proposal submitted by the Supervisory Board to set remuneration policies for the members of the Management Board and to pay part of the variable component of the remuneration for “top management” and the “highest management level of the control functions” in the form of financial instruments through the grant of ordinary shares of the Parent UBI Banca as provided for under the remuneration policies of UBI Banca and the Group.

Subject to the approval of the Shareholders’ Meeting of UBI Banca, the boards of directors of Group banks and companies approved the implementation models for “top management” and the “highest management level of the control functions”, in order that staff could be informed of them as appropriate.

¹ The Group core tier one ratio is a measure of the capitalisation of the Bank. It is the ratio of the tier one capital net of innovative financial instruments (i.e. preference shares) and the total risk weighted assets.

² The Group net stable funding ratio is a measure of the structural equilibrium of the bank. 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. The indicator is designed to monitor and contain risk associated with maturity transformation within a tolerance threshold considered acceptable by the Group.

³ Economic value added – EVA is a risk adjusted measure of performance, an expression of the value generated after all the factors of production have been remunerated, inclusive of the cost of risk capital.

⁴ PCOBT: - profit on continuing operations before tax, a measure of profit net of tax and non-recurring items.

In order to calculate the above, the Supervisory Board and the Remuneration Committee were assisted by the independent consulting company European House Ambrosetti and by the following internal functions: Human Resources, Risk Management, Strategic Planning, and Compliance.

3. The Remuneration Committee

Until the 2013 Shareholders' Meeting, the Remuneration Committee was composed of the following members of the Supervisory Board:

- Giuseppe Calvi – as the Chairman
- Alberto Folonari
- Giuseppe Lucchini
- Toti Salvatore Musumeci
- Giorgio Perolari

Since the newly-elected Supervisory Board took office on 23rd April 2013, the Remuneration Committee has been composed of the following board members:

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

It should be noted that the current Chairman of the Committee, for reasons that are fully explained in the Report on Corporate Governance and Ownership Structure, does not qualify as independent, since in previous years he performed a senior role in a strategically significant subsidiary, without, however, having any personal interest or relationship with other company officers.

It should be noted that this decision was taken immediately after the appointment of the Supervisory Board by the Shareholders' Meeting held in April 2013, in view of the efficient operational continuity of the Bank compared to the situation which saw the previous Senior Deputy Chairman of the Supervisory Board holding the position of Chairman of the Remuneration Committee. In this context, considering that four out of the five members of the Remuneration Committee are people who are serving as members of the Supervisory Board for the first time, it was considered appropriate not to comply, for this specific point only, with the requirements of the Corporate Governance Code in order to ensure that the Bank 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 judgement, provided and continue to provide a suitable guarantee of the more efficient and appropriate functioning of the Committee in a particularly delicate context.

It is, however, emphasised, that the remaining four members of the Committee possess the requirements of independence.

The Remuneration Committee is governed by special regulations which determine its responsibilities and functioning in compliance with legal, regulatory and article-of-association provisions.

The Remuneration Committee formulates the following:

- recommendations for decisions which the Supervisory Board must submit to the shareholders for approval concerning the following: setting the remuneration for members of the Supervisory Board; setting policies for the remuneration of the Management Board; remuneration and incentive policies for the corporate bodies of Group companies and for company officers, employees and associate workers not bound to companies by employee contracts;
- opinions on the consistency of resolutions on remuneration and incentives with policy as approved by the Supervisory Board.

The Committee performs advisory functions and makes recommendations concerning remuneration for senior management as specified by Art. 26 of the Consolidated Banking Act and

the relative regulations to implement it and for the officers of the internal control functions. It also has advisory duties with regard to setting the remuneration criteria for key personnel, which in the UBI Banca Group comprises “top management” and the “highest management level of the control functions” as defined in the remuneration and incentive policies of the UBI Banca Group. The Committee also 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. The Remuneration Committee was provided with the information and gained access to corporate functions needed for the performance of its duties. The Committee is permitted to retain outside consultants to assist it in determining matters as required by the regulations.

The Remuneration Committee met eleven times in 2013 (the average length of the meetings was over two hours), concentrating mainly on the following fields:

- examination of recommendations made by the Supervisory Authority;
- examination and proposal for the distribution of the total amount agreed by the Shareholders' Meeting for setting the remuneration of the Chairman, the Senior Deputy Chairman and the Deputy Chairmen of the Supervisory Board, and the members of the same Board who have been assigned particular responsibilities, powers or functions;
- examination and proposal for setting the remuneration to be awarded to the members, Chairman and Deputy Chairman of the Management Board, and to the Chief Executive Officer;
- fact finding work and the submission of recommendations to the Supervisory Board to verify the consistency of the remuneration recommended by the Management Board for the management bodies and senior management of subsidiaries with Group remuneration policies;
- remuneration and incentive policies for employees and associate workers not bound to companies by employee contracts: assessment work and the submission of proposals to the Supervisory Board;
- fact finding work and the submission of recommendations to the Supervisory Board to verify the consistency with Group remuneration policies of the remuneration scheme recommended by the Management Board for “top management” and the “highest management level of the control functions”, on the basis of financial instruments (shares of the listed Parent, UBI Banca), decided by the Management Board and submitted for the approval of the Shareholders' Meeting;
- fact finding work and the submission of recommendations to the Supervisory Board for the approval of the Report on Remuneration to be submitted for the approval of the Shareholders' Meeting;
- examination of the regulations for the incentive scheme for “top management” and the “highest management level of the control functions”: assessment work and the submission of recommendations to the Supervisory Board;
- verification of the trigger conditions and the performance objectives for the 2012 incentive scheme;
- verification of the compliance of the 2013 incentive schemes for UBI Pramerica SGR;
- examination and formulation of a proposal for the revision of the remuneration and incentives policies for 2014;
- declaration of the compliance of the remuneration paid to members of the Boards of Statutory Auditors if they are acting as a Supervisory Body pursuant to Legislative Decree No. 231/2001;
- examination of the compliance of remuneration policy with the guidelines proposed by the Management Board concerning the remuneration of employees for positions held on the boards of Group companies;
- verification that measures taken in relation to personnel categorised as “top management” and “highest management levels of the control functions” comply with remuneration and incentives policies;

With the support of Mercer, an independent consulting firm that has been part of the Marsh & McLennan Group of Companies since October 2013, the Committee has also, in the context of the revision of remuneration and incentives policies, carried out checks and investigations into the level and appropriateness of the governing bodies of the Parent and, in particular, carried out various comparisons with market evidence and the previous situation, and the overall remuneration profile for senior management.

Compared to the overall picture presented by the consulting firm, the level of remuneration paid to members of the Board and senior management was shown to be more than in line with the

market sector in question, and there were no points for attention or reasons to intervene. With particular regard to the pay multiple - an indicator relating the remuneration of senior management to that of the other categories of personnel - no thresholds or anomalies in the current remuneration policy were identified. With reference to the Chief Executive Officer, taking the size and consequent complexity of the position into consideration, it was found that among the peer group used for the comparison, the Group has a balanced structure in terms of the relationship between the remuneration of the Chief Executive Officer and the median remuneration of comparable management bodies.

Four meetings have already been held in 2014.

4. Corporate and control functions

Corporate and control functions, according to their respective responsibilities, perform a role of primary importance, working together to ensure the adequacy, regulatory compliance and proper functioning of the remuneration policies and practices adopted.

The **Human Resources** Function provides the Remuneration Committee with all information necessary and appropriate to its proper functioning. It is responsible for ensuring the correct and adequate implementation of schemes to implement incentive and remuneration policies and, in co-operation with other functions of the Bank, for the accurate and effective communication of policies and the means to implement them, as well as for prompt reporting on them.

The **Risk Management Function** is involved in the process of defining remuneration policies in order to provide support in assessing their consistency with the risk mitigation and long-term objectives of the Bank and the UBI, and with the maintenance of capital and liquidity requirements. This contribution helps to ensure that the incentive schemes take due account of all the risks assumed by the Bank in accordance with UBI Banca Group's existing procedures. During the definition of remuneration policies, the **Compliance Function** assesses compliance of those policies with regulations. 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, in order to ensure appropriate mitigation of legal and reputational risks, which are primarily linked to relations with customers. It provides indications of possible areas for improvement to achieve closer compliance of the policies and schemes to implement them with current legislation.

At least once a year, the Internal Audit Function verifies the procedures used to ensure that remuneration practices comply with approved policies and the applicable legislation and regulations, and it reports its findings and any irregularities to the relevant corporate bodies and functions for the adoption of any necessary corrective measures. The results of the verifications conducted are reported annually to shareholders, as shown in the relative report.

5. The remuneration of governing bodies

In accordance with the 2013 Policy, 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 (the amount of which is approved by shareholders).

Traditional "attendance tokens" have been incorporated as part of the fixed remuneration. Executive board members may receive forms of remuneration linked to results, while all the other members of the governing bodies of the Group receive no variable remuneration. A variable bonus is reserved to the Chief Executive Officer of UBI Banca related solely to his fixed remuneration resulting from his position as a senior executive.

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 governing bodies (without prejudice to exceptions allowed by legislation and regulations).

6. Remuneration policies for employees

Supervisory Provisions require banks to perform thorough assessments to identify categories of staff whose work may have a significant impact on the risk appetite of the bank. The process of identifying groups of staff is designed on the basis of organisational assessments, the impact on risks and the salary levels in question adopted.

The following reference groups have been identified in view of that process:

- “Top management”⁵;
- Staff involved in control functions.
- Other employees;
- Associate workers not linked to the Group by a regular employee contract.

With specific reference to those categorised as “top management”, identification made use of a structured method based on:

- the recognition and assessment of their positions in the organisation in terms of hierarchical levels, responsibility, and impacts on business and key processes;
- quantitative and qualitative analysis, and relative mapping of related risks to assess the level of impact on the risk profile of the Bank or Company;
- assessment of individual salary levels.

Further classification of the composition of the first two groups is performed in compliance with Bank of Italy supervisory provisions as reported in the table below:

Details of groups: "Top Management" and "Highest management level of the control functions"

Number of positions	2013
Chief Executive Officer UBI	1
General Manager UBI	1
Other Executive Board Members and General Managers	16
Managers of main lines of business	37
Managers of highest level of control functions	7
TOTAL	62

The total number of positions categorised as “top management” and “highest management levels of the control functions” has fallen to 62, compared to the 105 positions identified in 2012 due to an updated method for identification and organisational changes within the Group.

The employee remuneration packages are made up of the following components:

- fixed remuneration;
- variable remuneration;
- benefits.

Supervisory provisions relating to deferment and the use of financial instruments for the variable performance-related component have been applied to “top management” and the “highest management level of the control functions”.

6.1 Fixed remuneration policies

The remuneration policies of the UBI Banca Group are based on key principles, consistent with those adopted generally by the Group in the management and development of human resources.

⁵ Defined in line with Bank of Italy Supervisory Provisions as “key personnel” or “risk takers”, together with the highest management level of the control functions.

They can be summarised as the principles of fairness, competitiveness, meritocracy and consistency over time.

These cornerstone principles have been adopted using a methodological approach and structured processes, which implement supervisory instructions concerning the organisation and corporate governance of banks, issued by national and supranational supervisory bodies.

The procedure followed to apply the aforementioned principles to management remuneration, involved the use of an assessment process with the assignment of a value to each role, representing the complexity of the position. This made it possible to compare the level of remuneration for the position considered with the market for positions of similar complexity (external consistency) and assess the balance between the complexity of the role and the relative level of remuneration within the Group (internal consistency).

Account of the following was taken in assessing the proper performance of the functions of each role:

- individual performance⁶;
- the level of skills acquired⁷;
- managerial performance⁸;
- direct knowledge of the individual;
- possible availability of internal reports;
- with particular reference to the most senior “top management” positions, the company’s performance in relation to the principal operating and capital objectives.

In order to identify adequate Group remuneration with respect to the market, in 2013, remuneration analyses and comparisons were performed on all personnel with the assistance of consulting independent firms and the use of sector remuneration surveys. A particular focus was placed on Group management using benchmarking analysis on a specific “panel” of companies in the sector.

In addition to that comparative “panel”, specific benchmarks for the private banking, asset management and leasing sectors were also used.

On the basis of this evidence, the process (Merit Plan) that normally takes place on an annual basis, was put into action again in 2013, for the purpose of formulating staff bonus proposals connected with professional development programmes and regulated by the Parent by means of guidelines issued to each Group member company.

6.2 Variable remuneration policies

Variable remuneration also includes the following instruments:

- incentive schemes;
- commercial “contests”;
- one-off bonuses;
- retention and attraction tools such as job security and non-competition agreements;
- company bonuses.

Incentive schemes and commercial “contests” are linked to performance measurement, while one-off bonuses, agreements and company bonuses are dependent on other parameters such as professionalism and track record excellence, length of service and provisions resulting from collective bargaining agreements.

6.2.1 Incentive systems

The 2013 incentive schemes, like those of the previous year, have been formulated on the basis of the following guidelines;

⁶ Where possible by means of a performance assessment tool.

⁷ Where possible through the use of a skills assessments tool.

⁸ Where possible through the use of a management appraisal tool.

- they are designed to support value generation by Group companies and to reward the achievement of risk-adjusted objectives, while maintaining adequate capital levels and liquidity, through the identification of specific trigger conditions;
- a cost allocation has been budgeted for in advance, assessed in part on the basis of the sustainability of the financial situation and adequate levels of capitalisation and liquidity;
- the objectives are mainly quantitative and measurable, not exclusively of a commercial or financial nature, sometimes based on qualitative aspects and normally also related to levels of “external and internal customer” satisfaction. They refer specifically to personnel who sell financial products and instruments, feature mechanisms that are not directly connected with single services or products, but relate more generally to areas or sectors of activity and categories of services or products. The objectives linked to banking or insurance products and services are defined taking into consideration the need to pursue and safeguard proper relations with customers and comply with regulations and legislation in force;
- bonus levels are related to the complexity of the role and results achieved at individual, team, company and Group level, with gradual access to them in order to prevent conduct subject to the risk of “moral hazard”;
- predetermined maximum limits are set based on the principle of a balance between fixed and variable components of remuneration;
- they have been set out in regulations for this purpose, containing information designed to ensure full and immediate comprehension, aimed at the personnel to which they relate;
- exclusion clauses are included, relating to violations of regulations or company rules, as ascertained by the imposition of disciplinary penalties, or by specific adverse Internal Audit findings.

The following was performed with regard to “top management” and the “highest management level of the control functions” in line with Bank of Italy supervisory provisions in force:

- deferment of payment of a portion (according to the role occupied) of between 40% and 60% of bonuses;
- the grant of financial instruments (shares of the listed Parent, UBI Banca) for a portion equal to at least 50% of variable remuneration, setting an adequate period of personnel retention for this, in order to align the incentives to the Bank's medium to long-term interests.

For further clarity, the Table 2 below gives details of how performance-related, variable remuneration is paid in terms of deferment and payment using financial instruments for “top management” and for the “highest management level of the control functions”.

**Means of payment for 2013 Incentive Scheme:
"Top Management" and "Managers of highest level of the control functions"**

	Up-front portion		Deferred portion	
	Cash	Shares ⁽¹⁾	Cash	Cash ⁽²⁾
Chief Executive Officer and General Manager UBI Banca	20%	20%	30%	30%
Other "Top Management" e Managers of highest level of control functions	30%	30%	20%	20%

(1) Subject to a two year retention period

(2) Subject to a one year retention period

As in 2012, the 2013 Policy has also defined average indications in terms of a theoretical “pay mix” of fixed and variable remuneration for “top management” and the “highest management level of the control functions”, according to the role, the type of business and the relevant market. The table below gives details of the composition.

Fixed and variable, performance related: average "pay-mix"

	Fixed remuneration	Variable, performance related
Chief Executive Officer UBI Banca	50%	50%
General Manager UBI Banca	65%	35%
Other Executive Board Members and General Managers	74%	26%
Managers of main lines of business	78%	22%
Managers of highest level of control functions	79%	21%

The following common objectives have been assigned to “top management”, with a different weighting in terms of

impact dependent on the type of role⁹:

- EVA – Economic Value Added – at Group level;
- EVA – Economic Value Added – at company level;
- normalised PCOBT – profit from continuing operations before tax – at company level;
- core income¹⁰ – at company level;
- customer satisfaction score¹¹ – at company level;
- managerial effectiveness, at the individual level¹².

For personnel belonging to corporate control functions, the scheme has been designed on the basis of specific objectives related to the position occupied and the risks managed, for which a bonus is paid when they have been met. Financial or economic objectives are excluded but as with all other personnel, specific conditions for implementation, linked to operational, financial and/or capital parameters are applied.

More specifically, the same deferment procedures and grant of financial instruments, the application of the clawback clause, and a prohibition on using personal hedging strategies and taking out salary protection insurance as for “top management”, have also been used for the “highest management level of the control functions”.

In order to ensure adequate levels of capital stability and liquidity and the value generation capability of the Group or companies over the long term, the deferred portion may be paid upon the achievement of adequate performance over the deferral period, taking into account the cumulative annual budget targets for the company EVA indicator.

The 2013 incentive schemes are triggered upon satisfaction of the conditions to ensure capital stability and liquidity as defined in the policy “Risk appetite and value creation in the UBI Banca Group: interpretation and governance” and in the “Policy to Manage Financial Risks of the Group” and to ensure the value generation capability of the Group and its companies.

- Group core tier one ratio >9% (an indicator of capital stability);
- Group net stable funding ratio ≥ 0.99 (liquidity indicator);
- EVA – Economic Value Added – or where this is not calculated, PCOBT (profit on continuing operations before tax) at single company level; the same indicator at consolidated level for the Parent and UBI Sistemi e Servizi (a risk-adjusted measure of profitability). This indicator sets a threshold of 95% of the annual budget target for “top management” and the “highest management level of the control functions”, while the threshold for the remaining employees is set at 80%.

On the basis of the preliminary evidence available, the 2013 target thresholds were achieved at Group level. At individual company level the first projections relating to the incentive scheme, subject to changes to the qualitative and quantitative indicators at the final verification stage, show that company trigger conditions have been met for ten companies (out of the eighteen that have implemented the incentive scheme), specifically: the Parent, the services and training consortium companies, six banks and the asset management company.

6.2.2 Commercial “contests”

Two commercial “contest” schemes were also run in 2013. The first, at the Group's network banks¹³ was intended to support the sales targets for auto and the various non-life insurance

⁹ For further information, the specific definitions are given in Attachment 2 of the 2013 Remuneration and incentives policies.

¹⁰ The reference is to revenues not considering the result for financial activities (net interest income + net fee and commission income) using normalised data.

¹¹ Customer satisfaction: a summary measure of customer satisfaction, based on the results of a survey entitled the “Consultation Project”, carried out with assistance from a specialist research institute.

¹² Related to qualitative aspects of performance and the distinctive behaviours used to achieve objectives, among other things in view of developing medium to long-term strategies and prudent risk management. Depending on the type of role, the assessment is also connected to the key result areas covered, in terms of effectiveness and efficiency and in particular the quality of operational processes, management of operational risks and controls, management of resources in terms of development and optimisation of costs.

¹³ Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Carime, Banca Popolare di Ancona, Banca Regionale Europea, Banca di Valle Camonica.

policies, with the exclusion of CPI¹⁴ policies; the second, to support the commercial and customer care objectives of the company IW Bank.

6.2.3 One-off bonuses

As part of the periodic staff bonus process (the Merit Plan), in 2013 provision has again been made for one-off bonuses to be paid to personnel who have consistently achieved excellent levels of performance, with a view to motivation and retention, in accordance with the guidelines issued by the Parent to each company and the budgeted costs.

This type of action has been implemented by means of a structured approval process, with the highest degree of selectivity and within preset limits on numbers and bonus levels.

6.2.4 Retention and attraction tools

The variable component of remuneration includes instruments designed to attract and retain professionals in demand on the labour market, including:

- non-competition agreements which ensure that, in exchange for a financial reward, persons who are resigning undertake not to perform activities in competition with the Bank or Company within set limits in terms of time, area and activity;
- stability pacts which ensure that, in exchange for a financial reward, a longer period of notice can be set or an undertaking can be made setting a period during which the employment relationship will not be terminated prematurely;
- plans 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.

6.2.5 Company bonuses

As already successfully piloted in 2012, in 2013 staff were again offered an opportunity to opt for company bonuses to be distributed as money, or in the form of specific benefits connected with the Group's welfare system, including in particular:

- reimbursement of expenses incurred for children's nurseries, education and summer camps during school holidays;
- additional contributions to the employees' supplementary pension;

Approximately 30% of staff have opted for their company bonus to be awarded in the form of welfare contributions.

6.3 Policies in relation to benefits

In addition to that which is already required under the National Labour Contract, wage packets paid to personnel also include benefits which are awarded on the basis of internal fairness and external competitiveness, consistent with the need to meet the demands of the various categories of employees.

In 2013, specially regulated supplementary collective pension, health and insurance plans, infancy welfare services and a meals canteen services, sports and recreational activities and discounts on products and services provided by the bank were provided to protect the health and welfare of personnel, in compliance with Group policies.

Criteria governing procedures for the provision of company cars for business and personal use and guest accommodation to assist with geographical mobility and personnel management in the Group were also established and regulated.

¹⁴ CPI – creditor protection insurance: an acronym for insurance policies covering risks such as death or invalidity.

7. Post-employment benefits

Group remuneration policies normally exclude forms of post-employment benefit which exceed those contained in collective labour contracts. Where exceptions are made, any individual agreements are submitted to the Remuneration Committee for the relative decisions.

8. 2014 remuneration and incentive policies

On 4th March 2014, the Supervisory Board, in consultation with the Remuneration Committee, reviewed and set new remuneration and incentive policies for the Group.

The main changes compared with 2013 are summarised below:

- in relation to corporate transactions and organisational changes, the “key personnel” category has been updated (57 positions), while maintaining the distinction between “top management” (52 positions) and “highest management level of the control functions” (5 positions); the category represents 0.31% of total Group personnel. This revision was carried out in compliance with the RTS proposed by the EBA.
- a specific sector benchmark comprising eleven Italian banks has been defined, which is used as a general reference framework for remuneration and incentives policies and systems, while setting aside the specific business characteristics of the various Group member companies.
- the conditions which trigger the 2014 incentive scheme at Group level have been updated, including, in addition to the existing capital stability and liquidity indicators, a new risk-adjusted profit indicator, specifically:
 - Common Equity Tier 1 ratio (CET1) of the Group (an indicator of capital stability)¹⁵ $\geq 9\%$;
 - *Group net stable funding ratio (NSFR - liquidity indicator)*¹⁶ ≥ 1 ;
 - return on risk-adjusted capital (RORAC) for the Group (risk-adjusted profit indicator)¹⁷ positive and in any event $\geq 50\%$ of the budget target.

With particular reference to the key personnel of the Parent UBI and UBI Servizi e Sistemi, the incentives scheme is activated *on condition that at least 80% of the annual RORAC target for the Group has been achieved. For key personnel from other companies, 50% of the bonus is linked to the achievement of at least 50% of the annual RORAC target for the Group.*

Failure to reach the set limits, even if this only relates to one of the aforementioned indicators, will lead to the *non-activation of incentive schemes* for all the personnel concerned in all the Group member companies, without prejudice to the application of a safeguard clause in the event of a RORAC that is positive, but less than 50% of the budget objective, which permits the distribution of up to a maximum of *30% of the allocated bonus pool* to reward and motivate the highest performing staff, with the exception of key personnel.

- a performance-related approach to the bonus pool is introduced with regard to the budget of the RORAC indicator for the Group. This can determine a reduction (possibly to zero), or an increased total allocation up to a maximum preset amount, with a mechanism ensuring that the bonus pool is directly proportional to the best result achieved (malus approach). This approach is also applied at the level of each company within the Group, with the provision that, without prejudice to the trigger conditions at Group level, the amount of the bonus pool that can be distributed for each company is graduated on the basis of the achievement of the

¹⁵ The Group common equity tier one ratio: in terms of regulatory capital, this is 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) as a ratio of risk weighted assets (RWA). The 9% objective takes account of the “Risk Appetite Framework” (RAF).

¹⁶ Net stable funding ratio of the Group: a structural balance indicator, designed to monitor and contain risk associated with maturity transformation 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.

¹⁷ Return on risk adjusted capital: risk-adjusted result indicator calculated as the ratio of consolidated normalised net profit (attributable to the Group and to non-controlling interests) to average allocated (budgeted) capital or average absorbed (actual) capital in the tangible configuration. The allocated/absorbed tangible capital is determined using the Pillar 1 approach, applying the target Group core capital ratio as a percentage to the total RWA (RWA, credit risk, market risk, operational risk) ratio and adding the elements deducted from the regulatory capital (investments, subordinated securities and any excess of expected losses over loan provisions recognised). This is the income earned as a percentage of the capital at risk.

profit objectives, measured with reference to the corporate indicator of normalised net profit, adjusted for the “delta cost” between allocated and absorbed capital.¹⁸

With specific reference to the Parent, UBI Servizi e Sistemi and UBI Academy, the size of the bonus pool is determined on a gradual basis as a function of the achievement of the annual RORAC budget targets of the Group;

- for the most senior ¹⁹key personnel positions, the position of the UBI share calculated as total shareholder return (TSA), compared to the sector benchmark, has been introduced as a further measurement of managerial effectiveness and a tool for aligning the interests of shareholders and management. This indicator acts as a corrective to the bonus that may have been triggered up to a maximum of +/-10% on the basis of the position of UBI Group compared to the reference quartiles;
- in order to align the incentives to the Bank's medium to long-term interests, as in 2013 and in compliance with regulations in force, procedures were confirmed to defer bonuses for three years, the payment of a portion equal to at least 50% of variable remuneration in the form of financial instruments by the assignment of ordinary shares of the Parent, UBI Banca, and the retention period for the shares, set at two years for the up front portion and one year for the deferred portion.

The indicators are adjusted in relation to deferred bonuses for key personnel, with payment conditional on the maintenance of appropriate levels of Common Equity Tier 1 ($\geq 9\%$), Net Stable Funding Ratio (≥ 1) and Return On Risk-Adjusted Capital ($\geq 50\%$ of that budgeted, calculated as an average in the reference period).

Additionally, with a view to proportionality, when individual bonuses amounting to less than €50,000 are vested, the more stringent mechanisms for the payment of bonuses defined for key personnel are reduced, with the provision that the payment is made up front, 50% being paid in cash at the time of vesting and the remaining 50% as ordinary shares of UBI Banca with a two-year retention period;

- with regard to the principle of a balance between the fixed and variable components of remuneration, in the context of the various calculation methods it is confirmed that bonuses cannot exceed a predetermined maximum limit. The maximum ratio between fixed and variable remuneration is set at 1:1, without prejudice to the opportunity to increase this ratio up to a maximum of 2:1 in order to ensure that the remuneration of specific activities, markets and businesses is managed in a competitive and flexible way. In 2014 there is a possibility that this ratio may be increased for a limited number of positions in the asset management business area, taking into account, among other things, the regulatory uncertainty in this sector with regard to remuneration. Should the Bank of Italy regulatory provisions that are due to be published be confirmed, this increase will be subject to the approval of the UBI Shareholders' Meeting. As concerns the corporate control functions a maximum ceiling between variable and total remuneration of 25% has been set.

In the meeting of 11th March 2014 the Management Board, without prejudice to the responsibilities of the Shareholders' Meeting in relation to (i) remuneration policies for members of the Management Board and (ii) the incentive scheme based on financial instruments restricted to key personnel, took note of:

- the update to the remuneration and incentives policies for 2014;
- the incentive model for key personnel.

The policy and implementation model for key personnel for 2014 were subsequently sent to the Group companies for the approval of the competent bodies.

The bonus pool for 2014 incentive schemes was set at around 14% of the budgeted normalised net profit of the Group.

Section II

¹⁸ Normalised net profit, adjusted for the cost of capital “delta”: 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 (set at 11.5% for 2014).

¹⁹ Chief Executive Officer, General Manager and Senior Deputy General Manager of UBI Banca

1. Part one

1.1 Basic concepts of remuneration

Reference is made to the tables in part two to provide basic details of remuneration.

In particular, with reference to the tables contained in part two at point a) Quantitative information by area of activity and category of personnel, in accordance with the provisions of the supervisory regulations of 30th March 2011 they show:

- fixed remuneration, defined as annualised remuneration paid to 31st December 2013, payment of which is guaranteed. This includes amounts specified by contract (salary, normal increases, various indemnities, amounts above trade union rates, etc.) and any other sum, however it may be guaranteed, in addition to that provided for by the national collective labour contract. Overtime is excluded;
- performance-related variable remuneration with particular reference to the 2013, 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.

With reference to the tables included in part two at point b) Quantitative information on management and supervisory bodies and the Chief Executive Officer, General Manager and Senior Deputy General Manager of UBI Banca, as required under the provisions of Consob Resolution No. 18049 of 23rd December 2011, Table 1 shows:

- 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 2013 incentive scheme payments estimated on an accruals basis on figures that are not final and not yet paid relating to the up-front component, any one-off payments, company bonuses and “share of profits”, 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 job-security and non-competition agreements, 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 equity remuneration (shares) (column 7);
- end of term of office or of employment relationship indemnity (column 8) set aside or due during 2013.

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 relevant incentive scheme (column 1);
- the number of shares vested in 2011, 2012 and 2013 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.

1.2 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 part of the variable component of the remuneration for key personnel in the form of financial instruments through the grant of ordinary shares of the Parent, UBI Banca.

1.3 Agreements concerning remuneration for start and end of employment relationships

During the year payments for end of employment relationships amounting to a total of €600,000 were made to one member of key personnel. This amount was set within the limits of the national trade union agreement relating to termination of the employment relationship at management level, by mutual consent, and is not linked to performance criteria or deferral mechanisms; more specifically, the following was decided: €300,000 as a leaving incentive in addition to the severance payment, €100,000 for a waiver of employee rights against the employer, and €200,000 for signing a non-competition agreement.

Rights on portions of incentive scheme bonuses for previous years that have not yet been paid are forfeited, in accordance with the provisions of current internal regulations, which allow rights on portions of incentive scheme bonuses that have vested, but not yet been paid to be maintained where retirement requirements have been met (length of service, old age), while the right to assess on a case by case basis is retained, as a function of the moment in time when the termination of the relationship takes place. This also applies in the event of the death of the beneficiary (in this case to the benefit of the legitimate heirs). In these cases, payment of portions that have become due shall be made on the scheduled date of payment, subject to verification that the performance conditions have been satisfied.

On 29th November 2012 the Framework Agreement was signed, defining the regulatory, economic and management solutions to be adopted in order to achieve recovery of productivity and cost-cutting objectives, connected on the one hand with the generally negative performance of the economy and, on the other, with the changes to the pension system introduced by the *Decreto Salva Italia* ("Save Italy Decree"), which affect the full achievement of the objectives relating to staff numbers set out in the Business Plan for 2011/2013-2015. Amongst other things, the aforementioned agreement set up a redundancy scheme which, partly in order to mitigate its economic and social impacts, provides for recourse to the income support measures provided for in Ministerial Decree 158 of 28th April 2000 (and subsequent extensions, amendments and additions) ("Solidarity Fund for Banking Personnel") for employees meeting the statutory requirements to be entitled to pension schemes from 1st January 2014 to 1st January 2018, (with the INPS - national insurance institute - "window" not after 1st January 2018).

To cover this agreement the necessary provisions were made in 2012 for extraordinary payments to be made during the lifetime of the aforementioned fund. With specific reference to those categorised as key personnel, during the financial year 2013 this theoretical provision of €960,000 has been increased by around €670,000, against the actual implementation of the redundancy plan.

A non-competition obligation remuneration agreement exists with the Chief Executive Officer.

Three retainment agreements have been signed with members of key personnel.

2. Part two

Part two contains the following:

- a) 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;
- b) quantitative information by name is given for the management and supervisory functions and also for the Chief Executive Officer, the General Manager and the Senior Deputy General Manager 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.

- c) 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 other members of key management personnel (pursuant to Art. 84 *quater* of Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments).

Expenses incurred at consolidated level for the remuneration of board members and statutory auditors for the financial year 2013 amounted to approximately €15.5 million, (down compared to the €17.7 million reported in the previous year) accounting indicatively for 1.16% of staff costs.

With particular reference to associate workers not bound to companies by employee contracts the total amount incurred amounts to approximately €44.5 million, as follows: for financial advisors and agents approximately €43.3 million as recurring remuneration and approximately €380,000 as performance-related remuneration; and approximately €780,000 for consultancy contracts.

3. Quantitative information by area of activity and category of personnel

Fixed remuneration

The table below gives the total fixed remuneration by type of personnel and general area of activity.

Group fixed remuneration⁽¹⁾

(employee personnel as at 31/12)

Figures in thousands of euro	Group		UBI Banca		Banks ⁽²⁾		Other Companies ⁽³⁾	
	Number of persons	31.12.2013	Number of persons	31.12.2013	Number of persons	31.12.2013	Number of persons	31.12.2013
Other Executive Board Members and General Managers	16	3,748	-	-	10	2,337	6	1,411
Managers of main lines of business	30	6,089	19	4,180	7	1,157	4	752
Managers of highest level of control functions	7	1,191	7	1,191	-	-	-	-
Other senior managers	289	35,041	105	13,136	127	14,947	57	6,958
Other employees	17,786	818,967	1,453	76,423	13,762	624,708	2,571	117,836
TOTAL	18,128	865,036	1,584	94,930	13,906	643,149	2,638	126,957

(1) The following items are excluded:

(i) company costs and other expense items not considered a part of fixed remuneration (e.g. overtime, travelling allowances and expense refunds, etc)

(ii) remuneration earned by Chief Executive Officer, UBI Banca General Manager and Deputy General Manager, given that already listed by name in Table 1, Annex 3 of the Issuers' Regulations

The figures for fixed remuneration are for 99% of UBI Group personnel. The 1% non considered relate to personnel not served by the UBIS-Personnel Administration service.

(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, UBI Banca Private Investment Spa, IW 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, UBI Gestione Fiduciarie Sim Spa, Centrobanca Sviluppo Impresa SGR Spa, Coralys Rent Srl, S.B.I.M Spa, UBI Academy and UBI Trustee Sa.

The table below gives the total fixed remuneration by type of personnel and general area of activity specifically for UBI Banca.

UBI Banca fixed remuneration⁽¹⁾

(employee personnel as at 31/12)

Figures in thousands of euro	Business		Lending		Other functions ⁽²⁾	
	Number of persons	31.12.2013	Number of persons	31.12.2013	Number of persons	31.12.2013
Managers of main lines of business	7	1,741	3	628	9	1,811
Managers of highest level of control functions	-	-	-	-	7	1,191
Other senior managers	50	6,629	12	1,313	43	5,194
Other employees	351	21,004	301	14,172	801	41,248
TOTAL	408	29,374	316	16,113	860	49,444

(1) The following items are excluded:

(i) company costs and other expense items not considered a part of fixed remuneration (e.g. overtime, travelling allowances and expense refunds, etc)

(ii) remuneration earned by Chief Executive Officer, UBI Banca General Manager and Deputy General Manager, given that already listed by name in Table 1, Annex 3 of the Issuers' Regulations

(2) Chief Financial Officer, Chief of General Affairs and Equity Investments, Chief Audit Executive, Chief Risk Officer, Investor and Media Relations, Chief Operating Officer, Support to the Supervisory Board

Variable remuneration

The table below gives an estimate of the number of beneficiaries 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.

2013 Incentive Scheme Estimate ⁽¹⁾:

(employee personnel)

	Group		UBI Banca		Banks ⁽²⁾		Other Companies ⁽³⁾	
	Number of beneficiaries	31.12.2013	Number of beneficiaries	31.12.2013	Number of beneficiaries	31.12.2013	Number of beneficiaries	31.12.2013
Figures in thousands of euro								
Other Executive Board Members and General Managers	8	634	-	-	5	438	3	196
Managers of main lines of business	22	799	18	386	1	50	3	363
Managers of highest level of control functions	6	191	6	191	-	-	-	-
Other senior managers	125	229	41	115	64	38	20	76
Other employees	7,928	6,985	581	1,617	6,072	3,057	1,275	2,311
TOTAL	8,089	8,838	646	2,309	6,142	3,583	1,301	2,946

(1) Company costs are excluded

(2) Banca Popolare di Bergamo Spa, Banca Regionale Europea Spa, Banca Popolare Commercio e Industria Spa, Banca di Valle Camonica Spa, UBI Banca Private Investment Spa, IWB Bank Spa

(3) UBI Sistemi e Servizi Scpa, UBI Pramerica SGR Spa and UBI Academy

Overall, the number of beneficiaries was estimated at approximately 44% of Group staff with an average amounting to approximately €1,093 gross.

The table below regarding payment methods gives a summary of the composition of performance-related variable remuneration accruing in 2013 for the whole Group in terms of deferral and financial instruments for key personnel.

Estimate of final figures for means of payment for 2013 Incentive Schemes ⁽¹⁾:

"Top Management" and "Managers of highest level of control functions"

	Number of beneficiaries	Up-front portion		Deferred portion	
		Cash	Shares	Cash	Shares
Figures in thousands of euro					
Other Executive Board Members and General Managers	8	190	190	127	127
Managers of main lines of business	22	240	240	160	160
Managers of highest level of control functions	6	57	57	38	38
TOTAL	36	487	487	325	325

(1) Company costs are excluded

Overall, the number of beneficiaries amounted to approximately 66% of key personnel with an average amounting to approximately €45,000 gross, divided in accordance with the existing mechanisms into up-front and deferred quotas, in cash and shares.

Prior year deferred remuneration: key personnel ⁽¹⁾

	2011 Scheme			2012 Scheme		
	Number of beneficiaries	Cash	Shares	Number of beneficiaries	Cash	Shares
Figures in thousands of euro						
Other Executive Board Members and General Managers	5	80	80	6	43	43
Managers of main lines of business	32	258	258	10	99	99
Managers of highest level of control functions	2	7	7	-	-	-
TOTAL	39	345	345	16	142	142

(1) Company costs are excluded

In relation to previously deferred remuneration, taking into account the methods of payment set out in the remuneration and incentive policies for the Group, no payments were granted in 2013. The first quotas, subject to the deferral conditions in force, may be payable from 2015.

The Chief Executive Officer is the only person in the Group who is paid over one million euro.

With reference to “Other employees”, a commercial initiative (the “Contest”) was triggered in 2013, on a six-monthly basis, to support the sales targets for auto and property insurance policies, with the exclusion of CPI policies²⁰. More specifically, 150 TotalErg fuel coupons with a value of €500 were awarded in the first half of 2013 and in the second half 120 Samsung Galaxy S4 smartphones are to be awarded to the branches that have achieved the highest performance.

As part of the periodic staff bonus process (the Merit Plan), one-off bonuses amounting to approximately €2,480,000 gross were paid in 2013 to 1,475 members of staff with an average bonus of approximately €1,650 gross. None of those classified as key personnel received a one-off bonus.

4. Quantitative information on the management and supervisory bodies and on the Chief Executive Officer and the General Manager of UBI Banca.

The tables below give detailed information relating to 2013 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, as updated with amendments made by Resolution No. 18049 of 23rd December 2011.

²⁰ CPI – creditor protection insurance: an acronym for insurance policies covering risks such as death or invalidity.

Table 1 pursuant to Attachment 3 of the Issuers' Regulations

Remuneration paid to members of the management and supervisory bodies and to general management and other key management personnel (Art. 84 quater of Consob Resolution No. 11971 of 14th May 1999, updated with amendments made by Resolution No. 18049 of 23rd December 2011)

(A) Name and Surname	(B) Position	(C) Period in which position was occupied	(D) Date on which appointment ends	(1) Fixed remuneration	(2) Remuneration for attendance on committees	(3) Non-equity variable remuneration		(4) Non-monetary benefits	(5) Other remuneration	(6) Total	(7) Fair value of equity remuneration	(8) 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	20.04/31.12	AGM 2016	260,645.66						260,645.66			
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40						55,604.40			
	- Chairman of Appointments Committee	23.04/31.12	AGM 2016			==							
	- Member of the Management Board	01.01/19.04	19.04.2013	45,833.33						45,833.33			
Total UBI Banca remuneration				362,083.33						362,083.33			
CENTROBANCA:													
	- Chairman of the Board of Directors	01.01/20.04	20.04.2013	30,136.99						30,136.99			
	- Director	01.01/20.04	20.04.2013	9,041.09						9,041.09			
	Total Centrobanca remuneration				39,178.08						39,178.08		
	TOTAL				401,261.41						401,261.41		
Cera Mario	UBI BANCA:												
	- Senior Deputy Chairman of the Supervisory Board	20.04/31.12	AGM 2016	173,763.74						173,763.74			
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40						55,604.40			
	- Member of the Appointments Committee	23.04/31.12	AGM 2016			==							
	- Chairman of the Remuneration Committee	23.04/31.12	AGM 2016			==							
	- Member of the Management Board	01.01/19.04	19.04.2013	45,833.33						45,833.33			
	Total UBI Banca remuneration				275,201.47						275,201.47		
	BANCA POPOLARE COMMERCIO INDUSTRIA:												
	- Chairman of the Board of Directors	01.01/20.04	20.04.2013	27,500.00						27,500.00			
	- Director	01.01/20.04	20.04.2013	9,167.00						9,167.00			
- Executive Committee	01.01/20.04	20.04.2013			3,056.00				3,056.00				
Total Banca Popolare Commercio Industria remuneration				36,667.00	3,056.00					39,723.00			
IW BANK:													
- Chairman of the Board of Directors	01.01/20.04	20.04.2013	18,288.00						18,288.00				
- Director	01.01/20.04	20.04.2013	4,572.00						4,572.00				
Total IW Bank remuneration				22,860.00						22,860.00			
TOTAL				334,728.47	3,056.00					337,784.47			
Folonari Alberto	UBI BANCA:												
	- Deputy Chairman of the Supervisory Board	01.01/20.04 e 23.04/31.12	AGM 2016	50,453.30						50,453.30			
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	86,098.91						86,098.91			
	- Member of the Appointments Committee	01.01/20.04 e 23.04/31.12	AGM 2016			==							
	- Member of the Remuneration Committee	01.01/20.04	20.04.2013			==							
TOTAL				136,552.21						136,552.21			
Santus Armando	UBI BANCA:												
	- Deputy Chairman of the Supervisory Board	23.04/31.12	AGM 2016	27,582.42						27,582.42			
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	86,098.91						86,098.91			
	- Member of the Appointments Committee	23.04/31.12	AGM 2016			==							
	- Member of the Remuneration Committee	23.04/31.12	AGM 2016			12,067.31				12,067.31			
Total UBI Banca remuneration				113,681.33	12,067.31					125,748.64			
BANCA POPOLARE DI BERGAMO: other remuneration (notary services)								4,550.00		4,550.00			
BANCA POPOLARE DI ANCONA: other remuneration (notary services)								1,080.00		1,080.00			
BANCA POPOLARE COMMERCIO INDUSTRIA: other remuneration (notary services)								3,095.60		3,095.60			
BANCO DI BRESCIA: other remuneration (notary services)								6,150.00		6,150.00			
BANCA REGIONALE EUROPEA: other remuneration (notary services)								480.00		480.00			
BPS IMMOBILIARE: other remuneration (notary services)								9,095.05		9,095.05			
CORALI RENT: other remuneration (notary services)								2,810.00		2,810.00			
UBI ACADEMY SCARL: other remuneration (notary services)								350.00		350.00			
UBI SPV BPCI 2012 SRL: other remuneration (notary services)								600.00		600.00			
UBI SPV BPA 2012 SRL: other remuneration (notary services)								600.00		600.00			
UBI SPV BBS 2012 SRL: other remuneration (notary services)								600.00		600.00			
UBI FINANCE CB 2: other remuneration (notary services)								8,400.00		8,400.00			
UBI LEASING: other remuneration (notary services)								18,610.40		18,610.40			
TOTAL				113,681.33	12,067.31			56,421.05		182,169.69			
Agliardi Dorino Mario	UBI BANCA:												
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40						55,604.40			
	- Member of the Accounts Committee	23.04/31.12	AGM 2016			27,582.42				27,582.42			
TOTAL				55,604.40		27,582.42				83,186.82			
Bardoni Antonella	UBI BANCA:												
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40						55,604.40			
	- Member of the Related and Connected Parties Committee	23.04/31.12	AGM 2016			13,791.21				13,791.21			
TOTAL				55,604.40		13,791.21				69,395.61			
Bellini Cavalletti Letizia	UBI BANCA:												
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40						55,604.40			
TOTAL				55,604.40						55,604.40			
Brogi Marina	UBI BANCA:												
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40						55,604.40			
	- Member of the Accounts Committee	23.04/31.12	AGM 2016			27,582.42				27,582.42			
	- Member of the Remuneration Committee	23.04/31.12	AGM 2016			12,067.31				12,067.31			
TOTAL				55,604.40		39,649.73				95,254.13			
Camadini Pierpaolo	UBI BANCA:												
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40						55,604.40			
	- Member of the Internal Control Committee	23.04/31.12	AGM 2016			41,373.63				41,373.63			
	Total UBI Banca remuneration				55,604.40		41,373.63				96,978.03		
	BANCA POPOLARE DI BERGAMO:												
- Director	01.01/20.04	20.04.2013	12,044.39						12,044.39				
- Executive Committee	01.01/20.04	20.04.2013			3,011.05				3,011.05				
Total Banca Popolare di Bergamo remuneration				12,044.39		3,011.05				15,055.44			
TOTAL				67,648.69		44,384.68				112,033.37			
Cividini Luca Vittorio	UBI BANCA:												
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40						55,604.40			
TOTAL				55,604.40						55,604.40			

(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 Bonuses and other incentives Share of profits	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
Del Boca Alessandra	UBI BANCA:										
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40					55,604.40		
	- Member of the Remuneration Committee	23.04/31.12	AGM 2016		12,067.31				12,067.31		
	Total UBI Banca remuneration			55,604.40	12,067.31				67,671.71		
	BANCA POPOLARE COMMERCIO INDUSTRIA:										
	- Director	01.01/25.03	25.03.2013	7,500.00					7,500.00		
	Total Banca Popolare Commercio Industria remuneration			7,500.00					7,500.00		
	TOTAL			63,104.40	12,067.31				75,171.71		
Faia Ester	UBI BANCA:										
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40					55,604.40		
	TOTAL			55,604.40					55,604.40		
Gallarati Marco Giacinto	UBI BANCA:										
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40					55,604.40		
	- Chairman of Related and Connected Parties Committee	23.04/31.12	AGM 2016		31,030.22				31,030.22		
	TOTAL			55,604.40	31,030.22				86,634.62		
Garvaglia Carlo	UBI BANCA:										
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	86,098.91					86,098.91		
	- Member of the Internal Control Committee	23.04/31.12	AGM 2016		41,373.63				41,373.63		
	- Member of the Appointments Committee	01.01/20.04	20.04.2013		==						
	- Chairman of the Accounts Committee	01.01/20.04	20.04.2013		30,494.51				30,494.51		
	TOTAL			86,098.91	71,868.14				157,967.05		
Gola Gian Luigi	UBI BANCA:										
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40					55,604.40		
	- Member of the Internal Control Committee	23.04/31.12	AGM 2016		41,373.63				41,373.63		
	- Member of the Management Board	01.01/19.04	19.04.2013	45,833.33					45,833.33		
	TOTAL			101,437.73					142,811.36		
Guerini Lorenzo Renato	UBI BANCA:										
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40					55,604.40		
	- Chairman of the Accounts Committee	23.04/31.12	AGM 2016		55,164.84				55,164.84		
	Total UBI Banca remuneration			55,604.40	55,164.84				110,769.24		
	UBI LEASING:										
	- Chairman of the Board of Directors	01.01/20.04	20.04.2013	11,305.00					11,305.00		
	- Director	01.01/20.04	20.04.2013	2,445.00					2,445.00		
	Total UBI Leasing remuneration			13,750.00					13,750.00		
	TOTAL			69,354.40	55,164.84				124,519.24		
Gusmini Alfredo	UBI BANCA:										
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	86,098.91					86,098.91		
	- Secretary	23.04/31.12	AGM 2016	27,582.42					27,582.42		
	- Member of the Internal Control Committee	01.01/20.04 and 23.04/31.12	AGM 2016		56,620.88				56,620.88		
	TOTAL			113,681.33	56,620.88				170,302.21		
Manzoni Federico	UBI BANCA:										
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	86,098.91					86,098.91		
	- Secretary	01.01/20.04	20.04.2013	15,247.25					15,247.25		
	- Member of the Accounts Committee	23.04/31.12	AGM 2016		27,582.42				27,582.42		
	- Member of the Appointments Committee	01.01/20.04	20.04.2013		==						
- Chairman of Related and Connected Parties Committee	01.01/20.04	20.04.2013		==							
	TOTAL			101,346.16	27,582.42				128,928.58		
Mazzoleni Mario	UBI BANCA:										
	- Deputy Chairman of the Supervisory Board	01.01/20.04	20.04.2013	22,870.88					22,870.88		
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	86,098.91					86,098.91		
	- Member of the Appointments Committee	01.01/20.04 and 23.04/31.12	AGM 2016		==						
	TOTAL			108,969.79					108,969.79		
Minelli Enrico	UBI BANCA:										
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	86,098.91					86,098.91		
	- Member of the Related and Connected Parties Committee	23.04/31.12	AGM 2016		13,791.21				13,791.21		
	- Member of the Appointments Committee	23.04/31.12	AGM 2016		==						
	TOTAL			86,098.91	13,791.21				99,890.12		
Pivato Sergio	UBI BANCA:										
	- Member of the Supervisory Board	01.01/31.12	AGM 2016	86,098.91					86,098.91		
	- Chairman of the Internal Control Committee	01.01/20.04 and 23.04/31.12	AGM 2016		99,450.55				99,450.55		
	TOTAL			86,098.91	99,450.55				185,549.46		
Resti Andrea Cesare	UBI BANCA:										
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40					55,604.40		
	- Member of the Remuneration Committee	23.04/31.12	AGM 2016		12,067.31				12,067.31		
	TOTAL			55,604.40	12,067.31				67,671.71		
Zucchi Maurizio	UBI BANCA:										
	- Member of the Supervisory Board	20.04/31.12	AGM 2016	55,604.40					55,604.40		
	TOTAL			55,604.40					55,604.40		
Calvi Giuseppe	UBI BANCA:										
	- Senior Deputy Chairman of the Supervisory Board	01.01/20.04	20.04.2013	76,236.26					76,236.26		
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
	- Member of the Appointments Committee	01.01/20.04	20.04.2013		==						
	- Chairman of the Remuneration Committee	01.01/20.04	20.04.2013		==						
	Total UBI Banca remuneration			106,730.77					106,730.77		
	BANCA POPOLARE COMMERCIO INDUSTRIA:										
	- Chairman of the Board of Directors	10.06/31.12	AGM 2014	50,250.00					50,250.00		
	- Director	10.06/31.12	AGM 2014	16,750.00					16,750.00		
	- Executive Committee	10.06/31.12	AGM 2014		5,583.33				5,583.33		
	Total Banca Popolare Commercio Industria remuneration			67,000.00	5,583.33				72,583.33		
	TOTAL			173,730.77	5,583.33				179,314.10		
Albertani Battista	UBI BANCA:										
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
	TOTAL			30,494.51					30,494.51		
Bellini Luigi	UBI BANCA:										
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
	- Member of the Internal Control Committee	01.01/20.04	20.04.2013		15,247.25				15,247.25		
	TOTAL			30,494.51	15,247.25				45,741.76		
Cattaneo Mario	UBI BANCA:										
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
	- Member of the Internal Control Committee	01.01/20.04	20.04.2013		15,247.25				15,247.25		
	- Member of the Accounts Committee	01.01/20.04	20.04.2013		15,247.25				15,247.25		
	TOTAL			30,494.51	30,494.50				60,989.01		
Fontana Enio	UBI BANCA:										
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
	TOTAL			30,494.51					30,494.51		

(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 Bonuses and other incentives Share of profits	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
Gussalli Beretta Pietro	UBI BANCA:										
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
	Total UBI Banca remuneration			30,494.51					30,494.51		
	BANCO DI BRESCIA:										
	- Deputy Chairman of the Board of Directors	06.06/31.12	AGM 2014	11,373.63					11,373.63		
- Director	06.06/31.12	AGM 2014	22,747.25					22,747.25			
- Executive Committee	06.06/31.12	AGM 2014		5,686.81				5,686.81			
Total Banco di Brescia compensation			34,120.88	5,686.81				39,807.69			
UBI BANCA INTERNATIONAL:											
- Chairman of the Board of Directors	10.06/31.12	AGM 2015	8,424.66					8,424.66			
- Director	10.06/31.12	AGM 2015	8,424.65					8,424.65			
Total UBI Banca International remuneration			16,849.31					16,849.31			
TOTAL			64,615.30	5,686.81				70,302.11			
Lucchini Giuseppe	UBI BANCA:										
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
	- Member of the Remuneration Committee	01.01/20.04	20.04.2013		==						
TOTAL			30,494.51					30,494.51			
Musumeci Toti S.	UBI BANCA:										
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
	- Member of the Remuneration Committee	01.01/20.04	20.04.2013		==						
TOTAL			30,494.51					30,494.51			
Orlandi Sergio	UBI BANCA:										
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
	- Member of the Accounts Committee	01.01/20.04	20.04.2013		15,247.25				15,247.25		
	- Member of the Related and Connected Parties Committee	01.01/20.04	20.04.2013		==						
TOTAL			30,494.51	15,247.25				45,741.76			
Perolari Giorgio	UBI BANCA:										
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
	- Member of the Remuneration Committee	01.01/20.04	20.04.2013		==						
TOTAL			30,494.51					30,494.51			
Sestini Roberto	UBI BANCA:										
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
TOTAL			30,494.51					30,494.51			
Zannoni Giuseppe	UBI BANCA:										
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
	Total UBI Banca remuneration			30,494.51					30,494.51		
	BANCO DI BRESCIA:										
- Director	06.06/31.12	AGM 2014	22,747.25					22,747.25			
Total Banco di Brescia remuneration			22,747.25					22,747.25			
TOTAL			53,241.76					53,241.76			
Poliotti Franco	UBI BANCA:										
	- Chairman of the Management Board	23.04/31.12	AGM 2016	258,333.33					258,333.33		
	- Member of the Management Board	01.01/31.12	AGM 2016	129,333.33					129,333.33		
	Total UBI Banca remuneration			387,666.66					387,666.66		
	BANCO DI BRESCIA:										
- Chairman of the Board of Directors	01.01/29.04	29.04.2013	32,967.04					32,967.04			
- Director	01.01/29.04	29.04.2013	13,186.81					13,186.81			
- Executive Committee	01.01/29.04	29.04.2013		3,296.70				3,296.70			
Total Banco di Brescia remuneration			46,153.85	3,296.70				49,450.55			
TOTAL			433,820.51	3,296.70				437,117.21			
Frigeri Giorgio	UBI BANCA:										
	- Deputy Chairman of the Management Board	23.04/31.12	AGM 2016	68,888.89					68,888.89		
	- Member of the Management Board	01.01/31.12	AGM 2016	129,333.33					129,333.33		
	Total UBI Banca remuneration			198,222.22					198,222.22		
	CENTROBANCA SVILUPPO IMPRESA SGR:										
	- Chairman of the Board of Directors	01.01/31.12	AGM 2014	10,000.00					10,000.00		
	- Director	01.01/31.12	AGM 2014	8,000.00					8,000.00		
	Total Centrobanca Sviluppo Impresa SGR remuneration			18,000.00					18,000.00		
	UBI PRAMERICA SGR:										
	- Chairman of the Board of Directors	01.01/31.12	AGM 2014	40,000.00					40,000.00		
- Director	01.01/31.12	AGM 2014	10,000.00					10,000.00			
Total UBI Pramerica SGR remuneration			50,000.00					50,000.00			
CENTROBANCA:											
- Deputy Chairman of the Board of Directors	01.01/05.05	05.05.2013	10,273.98					10,273.98			
- Director	01.01/05.05	05.05.2013	10,273.97					10,273.97			
Total Centrobanca remuneration			20,547.95					20,547.95			
UBI SISTEMI E SERVIZI:											
- Director	01.01/31.12	AGM 2015	5,632.44					5,632.44			
- Executive Committee	01.01/02.07	02.07.2013		5,000.00				5,000.00			
Total UBI Sistemi e Servizi remuneration			5,632.44	5,000.00				10,632.44			
TOTAL			292,402.61	5,000.00				297,402.61			
Massiah Victor	UBI BANCA:										
	- Senior manager	01.01/31.12	the position has no termination date	652,431.81		1,559.55		113,030.63	(*) 101,184.16	868,206.15	
	- 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	129,333.33					129,333.33		
	Total UBI Banca remuneration			1,281,765.14		1,559.55		113,030.63	(*) 101,184.16	1,497,539.48	
	(*) BANCO DI BRESCIA:										
	- Director	01.01/27.05	27.05.2013								
	Total Banco di Brescia remuneration										
	(*) BANCA POPOLARE DI BERGAMO:										
	- Director	01.01/27.05	27.05.2013								
Total Banca Popolare di Bergamo remuneration											
(*) CENTROBANCA: Director											
- Director	01.01/05.05	05.05.2013									
Total Centrobanca remuneration											
TOTAL			1,281,765.14		1,559.55		113,030.63	(*) 101,184.16	1,497,539.48		
Fidanza Silvia	UBI BANCA:										
	- Member of the Management Board	23.04/2013	AGM 2016	82,666.67					82,666.67		
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51					30,494.51		
	- Member of the Accounts Committee	01.01/20.04	20.04.2013		15,247.25				15,247.25		
	- Member of the Related and Connected Parties Committee	01.01/20.04	20.04.2013		==						
TOTAL			113,161.18	15,247.25				128,408.43			
Gattinoni Luciana	UBI BANCA:										
	- Member of the Management Board	23.04/2013	AGM 2016	82,666.67					82,666.67		
	Total UBI Banca remuneration			82,666.67					82,666.67		
	BANCA POPOLARE DI BERGAMO:										
- Alternate auditor	01.01/22.04	22.04.2013		==							
Total Banca Popolare di Bergamo remuneration											
TOTAL			82,666.67					82,666.67			

(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					
Iorio Francesco	UBI BANCA:											
	- General Manager	01.01/31.12	the position has no termination date	600,000.11		1,445.80		21,132.20	613.05	623,191.16	22,515.13	
	- Member of the Management Board	23.04/31.12	AGM 2016	82,666.67						82,666.67		
	Total UBI Banca remuneration			682,666.78		1,445.80		21,132.20	613.05	705,857.83	22,515.13	
	(*) UBI SISTEMI E SERVIZI:											
- Director	01.01/31.12	AGM 2015										
Total UBI Sistemi e Servizi remuneration												
TOTAL				682,666.78		1,445.80		21,132.20	613.05	705,857.83	22,515.13	
Lucchini Italo	UBI BANCA:											
	- Member of the Management Board	23.04/31.12	AGM 2016	82,666.67						82,666.67		
	- Member of the Supervisory Board	01.01/20.04	20.04.2013	30,494.51						30,494.51		
	- Member of the Internal Control Committee	01.01/20.04	20.04.2013		15,247.25					15,247.25		
	TOTAL			113,161.18	15,247.25					128,408.43		
Pizzini Flavio	UBI BANCA:											
	- Deputy Chairman of the Management Board	01.01/23.04	AGM 2016	29,711.11						29,711.11		
	- Member of the Management Board	01.01/31.12	AGM 2016	129,333.33						129,333.33		
	Total UBI Banca remuneration			159,044.44						159,044.44		
	BANCA POPOLARE COMMERCIO INDUSTRIA											
	- Director	10.06/31.12	AGM 2014	16,750.00						16,750.00		
	Total Banca Popolare Commercio Industria remuneration			16,750.00						16,750.00		
	BANCO DI BRESCIA:											
	- Director	01.01/24.05	24.05.2013	15,934.07						15,934.07		
	- Executive Committee	01.01/24.05	24.05.2013		3,983.52					3,983.52		
Total Banco di Brescia remuneration			15,934.07	3,983.52					19,917.59			
UBI SISTEMI E SERVIZI:												
- Deputy Chairman of the Board of Directors	01.01/31.12	AGM 2015	57,500.00						57,500.00			
- Director	01.01/31.12	AGM 2015	5,632.44						5,632.44			
- Executive Committee	01.01/02.07	02.07.2013		5,000.00					5,000.00			
Total UBI Sistemi e Servizi remuneration			63,132.44	5,000.00					68,132.44			
UBI BANCA INTERNATIONAL:												
- Chairman of the Board of Directors	01.01/30.04	30.04.2013	4,931.51						4,931.51			
- Director	01.01/30.04	30.04.2013	4,931.51						4,931.51			
Total UBI Banca International remuneration			9,863.01						9,863.01			
TOTAL			264,723.96	8,983.52					273,707.48			
Sonnino Elio	UBI BANCA:											
	- Senior Deputy General Manager	01.01/31.12	the position has no termination date	408,000.12		29,610.02		71,566.84	0.00	509,176.98	9,282.04	
	- Member of the Management Board	23.04/31.12	AGM 2016	82,666.67						82,666.67		
	Total UBI Banca remuneration			490,666.79		29,610.02		71,566.84	0.00	591,843.65	9,282.04	
	(*) UBI BANCA INTERNATIONAL:											
	- Director	09.12/31.12	AGM 2015									
	Total UBI Banca International remuneration											
	(*) UBI SISTEMI E SERVIZI:											
	- Director	01.01/31.12	AGM 2015									
	- Executive Committee	01.01/02.07	02.07.2013									
Total UBI Sistemi e Servizi remuneration												
(*) UBI ACADEMY:												
- Director	01.01/31.12	AGM 2015										
Total UBI Academy remuneration												
TOTAL				490,666.79		29,610.02		71,566.84	0.00	591,843.65	9,282.04	
Zanetti Emilio	UBI BANCA:											
	- Chairman of the Management Board	01.01/23.04	23.04.2013	156,944.45						156,944.45		
	- Member of the Management Board	01.01/23.04	23.04.2013	47,083.33						47,083.33		
	Total UBI Banca remuneration			204,027.78						204,027.78		
	BANCA POPOLARE DI BERGAMO:											
	- Chairman	01.01/31.12	AGM 2014	100,000.00						100,000.00		
	- Director	01.01/31.12	AGM 2014	40,000.00						40,000.00		
	- Executive Committee	01.01/31.12	AGM 2014		10,000.00					10,000.00		
	Total Banca Popolare di Bergamo remuneration			140,000.00	10,000.00					150,000.00		
	TOTAL			344,027.78	10,000.00					354,027.78		
Auletta Armenise	UBI BANCA:											
	- Member of the Management Board	01.01/23.04	23.04.2013	47,083.33						47,083.33		
	Total UBI Banca remuneration			47,083.33						47,083.33		
	BANCA POPOLARE COMMERCIO INDUSTRIA:											
	- Deputy Chairman of the Board of Directors	01.01/13.11	13.11.2013	17,388.89						17,388.89		
	- Director	01.01/13.11	13.11.2013	26,083.33						26,083.33		
	- Executive Committee	01.01/13.11	13.11.2013		8,694.44					8,694.44		
	Total Banca Popolare Commercio Industria remuneration			43,472.22	8,694.44					52,166.66		
	BANCA CARIME:											
	- Senior Deputy Chairman of the Board of Directors	01.01/13.11	13.11.2013	17,388.89						17,388.89		
- Director	01.01/13.11	13.11.2013	26,083.33						26,083.33			
- Executive Committee	01.01/13.11	13.11.2013		8,694.44					8,694.44			
Total Carime remuneration			43,472.22	8,694.44					52,166.66			
BANCA POPOLARE DI ANCONA:												
- Director	01.01/13.11	13.11.2013	25,972.60						25,972.60			
- Executive Committee	01.01/13.11	13.11.2013		8,657.53					8,657.53			
Total Banca Popolare di Ancona remuneration			25,972.60	8,657.53					34,630.13			
TOTAL			180,000.37	26,046.41					186,046.78			
Lupini Guido	UBI BANCA:											
	- Member of the Management Board	01.01/23.04	23.04.2013	47,083.33						47,083.33		
	Total UBI Banca remuneration			47,083.33						47,083.33		
	BANCA POPOLARE DI BERGAMO:											
	- Deputy Chairman of the Board of Directors	01.01/31.12	AGM 2014	20,000.00						20,000.00		
	- Director	01.01/31.12	AGM 2014	40,000.00						40,000.00		
	- Executive Committee	01.01/31.12	AGM 2014		10,000.00					10,000.00		
	Total Banca Popolare di Bergamo remuneration			60,000.00	10,000.00					70,000.00		
	TOTAL			107,083.33	10,000.00					117,083.33		
	10 Key management personnel (*) (**)		01.01/31.12	The positions have no termination date	2,156,853.11		67,241.87		278,612.00	(**) 49,825.24	2,552,532.22	27,804.22
				2,156,853.11		67,241.87		278,612.00	(**) 49,825.24	2,552,532.22	27,804.22	(***) 170,794.30

(*) The remuneration relating to Dott. Victor Massiah, Dott. Iorio, Dott. Sonnino and other key management personnel does not include that relating to any posts held by them in other companies in the Group because this is waived/paid directly to UBI Banca and shown on a pro rata basis for the period in which they have occupied the positions.

(**) The cost of the fees paid to an employee classified in this way is paid by the company at which they hold another office.

(*) of which €100,000.08 for a non-competition agreement.

(**) of which €40,000 for job-retainment agreements

(***) deferred remuneration for the "Framework Agreement" of 29th November 2012 ("solidarity fund" for banking personnel)

Table 3A pursuant to Attachment three of the Issuers' Regulations.

Cash incentive schemes based on financial instruments other than stock options, for members of the Management and Supervisory Bodies and for general management and other key management personnel (Art. 84 quater of Consob Resolution No. 11971 of 14th May 1999, updated with amendments made by Resolution No. 18049 of 23rd December 2011)

			Financial instruments assigned in prior years not vested during the year		Financial instruments assigned 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 assignment date	Vesting period	Assignment date	Market price when assigned	Number and type of financial instruments	Number and type of financial instruments	Value on the vesting date	Fair value
Massiah Victor	- Chief Executive Officer	2013											
		2012											
		2011											
Iorio Francesco (*)	- General Manager of UBI Banca	2013											
		2012											
		2011 (**)	19,891 UBI Banca shares	3									16,196.14
		2011 (**)	13,261 UBI Banca shares	5									6,318.99
	TOTAL		33,152 UBI Banca shares										22,515.13
Sonnino Elvio	- Senior Deputy General Manager of UBI BANCA	2013 (***)			4,998 UBI Banca shares	23,265.69	3	scheduled for July 2014	5.6156				6,647.34
		2013 (***)			3,332 UBI Banca shares	14,490.87	5	scheduled for July 2014	5.6156				2,634.70
		2012											
		2011											
	TOTAL				8,330 UBI Banca shares	37,756.56					0.00	9,282.04	
10 Key management personnel (**)		2013 (***)			10,362 UBI Banca shares	48,221.15	3	scheduled for July 2014	5.6156				13,777.47
		2013 (***)			6,910 UBI Banca shares	30,029.85	5	scheduled for July 2014	5.6156				5,459.97
		2012 (***)	959 UBI Banca shares	3									927.76
		2012 (***)	640 UBI Banca shares	5									368.29
		2011 (***)	6,423 UBI Banca shares	3									5,230.16
	TOTAL		12,304 UBI Banca shares		17,272 UBI Banca shares	78,251.00					0.00	27,804.22	

(*) The financial instruments for *dott.* Iorio relate to the 2011 Scheme, when he occupied the position of General Manager of Banca Popolare Commercio e Industria Spa.

(**) The cost of the financial instruments for one person in this group is borne by a company in which he holds another position.

(***) Those instruments have been promised, but not yet assigned.

(****) 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 10/01/2014 until 20/02/2014. These instruments will be promised, but not assigned.

Table 3B pursuant to Attachment 3 of the Issuers' Regulations.

Cash incentive schemes for members of the management and supervisory bodies and for general management and other key management personnel (Art. 84 quater of Consob Resolution No. 11971 of 14th May 1999, updated with amendments made by Resolution No. 18049 of 23rd December 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	Deferment period	No longer payable	Payable/Paid	Still deferred	
Messiah Victor	- Chief Executive Officer	2013							1,559.55
		2012							
		2011							
Iorio Francesco (*)	- General Manager of UBI Banca	2013							1,445.80
		2012							
		2011						31,724.00	
Sonnino Elvio	- Senior Deputy General Manager of UBI BANCA	2013	28.064,00 (***)	18.710,00 (***)	4				1,546.02
		2012							
		2011							
10 Key management personnel (**)		2013	58.173,00 (***)	38.784,00 (***)	4				9,068.87
		2012						2,546.00	
		2011						10,245.00	
	TOTAL		86,237.00	57,494.00				44,515.00	13,620.24

(*) The prior year bonuses still deferred for *dott.* Iorio relate to the 2011 plan, when he occupied the position of General Manager of Banca Popolare Commercio e Industria Spa.

(**) The cost of the bonus for one person in this group is borne by a company in which he holds another position.

(***) Estimate calculated on the basis of preliminary figures which may be modified.

5. Shares held in UBI Banca and in subsidiaries by members of the management and supervisory bodies and by general managers and other members of key management personnel (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 31/12/2012	Number of shares purchased in 2013	Number of shares sold in 2013	Number of shares owned as at 31/12/2013
Moltrasio Andrea	Chairman of the Supervisory Board	UBI	direct	full ownership	12,000			12,000
		UBI	spouse (directly)	full ownership	8,944	3,056		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	687,693		1,000	686,693
			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	244,014			244,014
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	250			250
Bellini Cavalletti Letizia	Member of the Supervisory Board	UBI	direct	full ownership	7,308	1,000		8,308
		UBI	direct	legal title only	124,956			124,956
Brogi Marina	Member of the Supervisory Board	UBI	direct	full ownership	272			272
		UBI	spouse (directly)	full ownership	0	250		250
		UBI	children - minors (directly)	full ownership	0	500		500
Camadini Pierpaolo	Member of the Supervisory Board	UBI	direct	full ownership	228,795			228,795
		UBI	spouse (directly)	full ownership	225			225
		UBI	children - minors (directly)	full ownership	0	3,000		3,000
		BANCA DI VALLE CAMONICA	direct	full ownership	2,070			2,070
Cividini Luca Vittorio	Member of the Supervisory Board	UBI	direct	full ownership	112,996			112,996
		UBI	spouse (directly)	full ownership	10	240		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	1	31,950	31,700	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			338
		UBI	indirect	full ownership	250			250
Guerini Lorenzo Renato	Member of the Supervisory Board	UBI	direct	full ownership	15,000			15,000
		UBI	spouse (directly)	full ownership	100,000			100,000
Gusmini Alfredo	Member of the Supervisory Board	UBI	direct	full ownership	109,000	8,000		117,000
		UBI	spouse (directly)	full ownership	111,000	12,000		123,000
Manzoni Federico	Member of the Supervisory Board	UBI	direct	full ownership	19,300			19,300
		UBI	spouse (directly)	full ownership	0	1,000		1,000
Mazzoleni Mario	Member of the Supervisory Board	UBI	direct	full ownership	15,876			15,876
Minelli Enrico	Member of the Supervisory Board	UBI	direct	full ownership	198,010			198,010
		UBI	direct	legal title only	134,152			134,152
		UBI	spouse (directly)	full ownership	250	1,000		1,250
		BANCA DI VALLE CAMONICA	direct	full ownership	100			100
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	150			150
Zucchi Maurizio	Member of the Supervisory Board	UBI	direct	full ownership	1,366			1,366
		UBI	spouse (directly)	full ownership	1,688			1,688
Calvi Giuseppe	Senior Deputy Chairman of the Supervisory Board <i>(in office until 20/4/2013)</i>	UBI	direct	full ownership	59,248			59,248
		UBI	spouse (directly)	full ownership	62,780			62,780
Albertani Battista	Member of the Supervisory Board <i>(in office until 20/4/2013)</i>	UBI	direct	full ownership	23,747			23,747
		UBI	spouse (directly)	full ownership	9,220			9,220
		BANCA DI VALLE CAMONICA	direct	full ownership	100			100

Surname and first name	UBI	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2012	Number of shares purchased in 2013	Number of shares sold in 2013	Number of shares owned as at 31/12/2013	
Bellini Luigi	Member of the Supervisory Board <i>(in office until 20/4/2013)</i>	UBI	direct	full ownership	40,190			40,190	
			UBI	direct	usufruct	749,744			749,744
Cattaneo Mario	Member of the Supervisory Board <i>(in office until 20/4/2013)</i>	UBI	direct	full ownership	1,000			1,000	
Fontana Enio	Member of the Supervisory Board <i>(in office until 20/4/2013)</i>	UBI	direct	full ownership	1			1	
			UBI	indirect	full ownership	32,000			32,000
Gussalli Beretta Pietro	Member of the Supervisory Board <i>(in office until 20/4/2013)</i>	UBI	direct	full ownership	420			420	
Lucchini Giuseppe	Member of the Supervisory Board <i>(in office until 20/4/2013)</i>	UBI	direct	full ownership	430,836		35,000	395,836	
			UBI	direct	usufruct	1,086,544			1,086,544
			UBI	indirect	full ownership	911,440		245,000	666,440
Musumeci Toti S.	Member of the Supervisory Board <i>(in office until 20/4/2013)</i>	UBI	direct	full ownership	2,868			2,868	
Orlandi Sergio	Member of the Supervisory Board <i>(in office until 20/4/2013)</i>	UBI	direct	full ownership	163,067			163,067	
			UBI	spouse (directly)	full ownership	49,680			49,680
Perolari Giorgio	Member of the Supervisory Board <i>(in office until 20/4/2013)</i>	UBI	direct	full ownership	91,700			91,700	
			UBI	spouse (directly)	full ownership	28,500			28,500
Sestini Roberto	Member of the Supervisory Board <i>(in office until 20/4/2013)</i>	UBI	direct	full ownership	70,921			70,921	
			UBI	indirect	full ownership	49,376			49,376
			UBI	spouse (directly)	full ownership	48,454			48,454
Zannoni Giuseppe	Member of the Supervisory Board <i>(in office until 20/4/2013)</i>	UBI	direct	full ownership	1,550,000	50,000	100,000	1,500,000	
			UBI	spouse (directly)	full ownership	1,350,000	150,000		1,500,000
Polotti Franco	Chairman of the Management Board	UBI	direct	full ownership	2,816			2,816	
			UBI	indirect	full ownership	2,958,519		60,000	2,898,519
			UBI	indirect	legal title only	253,216			253,216
			UBI	spouse (directly)	full ownership	33,604			33,604
Frigeri Giorgio	Deputy Chairman of the Management Board	UBI	direct	full ownership	16,822			16,822	
			UBI	spouse (directly)	full ownership	14,338		450	13,888
Massiah Victor	Chief Executive Officer	UBI	direct	full ownership	300,000	50,000		350,000	
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			9,872	
			UBI	spouse (directly)	full ownership	0	300		300
lorio Francesco	Member of the Management Board/ General Manager	UBI	direct	full ownership	13,922	10,000		23,922	
Lucchini Italo	Member of the Management Board	UBI	direct	full ownership	49,603			49,603	
			UBI	spouse (directly)	full ownership	90,696			90,696
Pizzini Flavio	Member of the Management Board	UBI	direct	full ownership	12,832			12,832	
			UBI	spouse (directly)	full ownership	0	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
Zanetti Emilio	Chairman of the Management Board <i>(in office until 23/4/2013)</i>	UBI	direct	full ownership	250			250	
			UBI	spouse (directly)	full ownership	627,036		146,032	481,004
Auletta Armenise Giampiero	Member of the Management Board <i>(in office until 23/4/2013)</i>	UBI	direct	full ownership	447,390			447,390	
Lupini Guido	Member of the Management Board <i>(in office until 23/4/2013)</i>	UBI	direct	full ownership	22,400	10,000	22,000	10,400	
			UBI	spouse (directly)	full ownership	10,250	22,000	10,000	22,250
NO. 10 Key management personnel (*)		UBI	direct	full ownership	43,143			43,143	
			UBI	direct	usufruct	416			416
			UBI	spouse (directly)	full ownership	6,785			6,785
			UBI	children - minors (directly)	full ownership	692			692

(*) The balance as at 31 December 2012 of the shareholdings of key management personnel and their family members is different from that published in the 2012 annual report because changes occurred in 2013 in the composition of key management personnel and their family members.

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

Report on the verification of compliance of remuneration and incentive practices with policies approved by the Bank and with the regulatory framework

For some time the Supervisory Authorities and regulators have taken an interest in the issue of remuneration and incentives schemes and ensuring that they are consistent with the risk profile of financial institutions, in order to safeguard the principle of sound and prudent management.

As a consequence of the constant changes in the regulatory context, intended to consolidate and rationalise legislation and regulations into a systematic regulatory framework and reinforce recommendations intended to increase the awareness of personnel and direct them to provide greater investor protection and generally improve the quality of customer relations (transparency and integrity, professionalism and preventing conflicts of interests) the Compliance Area, in accordance with its responsibilities and the provisions of the Supervisory Authority, has assisted those responsible for the overall management of the UBI Banca Group remuneration and incentive schemes.

Compliance activities have generally been based, among other things, on actions intended to raise awareness of and communicate the substance of the regulations in force involving the units that, with various tasks relating to remuneration, are required to contribute to the various initiatives, among other things by analysing and studying developments in the regulatory framework and then drawing up operational guidelines to support the corporate functions responsible for resolving the problems of the related impacts on operational systems in place in the UBI Banca Group.

The preventive activity carried out by the Compliance Area has also been focused, among other things, on EU legislation concerning sound and prudent risk management, leading to the reinforcement of the concepts of remuneration and incentivisation in line with the rules of conduct set out in the relevant Corporate Governance Codes, aspects that can be implemented when economic and financial targets for company budgets and indicators for ensuring the quality of work are set.

Among the areas of greatest interest is the provision of models for the implementation of the incentives systems for 2013 for the various categories of employees and the planning of the models for 2014. The compliance function has used these models as a basis for providing advice and assessments of overall compliance with the external regulatory framework and Corporate Governance Code.

Work on the creation and detailed interpretation of the incentives models for 2013 and 2014 has taken into account the recommendations made by the compliance function concerning the introduction of precise and specific KPIs aimed at increasingly well-targeted assessments of the quality and conformity of work performed by employees.

To conclude its work, the Compliance Area felt it should highlight further opportunities to improve and refine the monitoring of the overall operational system; in particular, due to the current regulatory changes and with reference to the remuneration of risk takers, with regard to the application of specific performance indicators and drivers, and the implementation of refinements to the procedures and organisational structure.

Within the context of activities to review “UBI Group Remuneration and Incentive Policies”, the updated version of the policy for 2014, was submitted to the compliance function for

assessment and as a result of this, on 3rd March 2014, that function issued its opinion that the contents of the policy were compliant with the regulatory framework.

In compliance with provisions of the Supervisory Authority, the Internal Audit Function performed an annual audit of the remuneration system for 2013. That activity was designed to verify observance of the remuneration and incentive policies set by the competent bodies.

In relation to the above, the Internal Audit Function, as well as obtaining the assessments of compliance with the regulatory framework issued by the Compliance Area, has carried out independent audits of the triggering of the 2012 incentives scheme and the remuneration practices implemented in 2013 with respect to UBI Banca Group remuneration and incentive policies. Also, by examining the findings issued by the Compliance Area, the Internal Audit Function has verified the assessment made by the Compliance Area that 2014 remuneration policies are in compliance with the regulatory framework and the 2014 incentives scheme meets the objectives of compliance with regulations and the Articles of Association. Third level checks were also made to verify that some passages of the supervisory regulations were correctly defined in the 2013 Policy, with particular reference to the "Structure of remuneration and incentive schemes". It should be noted that the audit of the 2013 Incentive Scheme will be completed with verifications that the payment process planned for the second half of 2014, including the deferred part, is performed in a proper manner, to ascertain that it is in line with what was defined and approved by the competent corporate bodies. Lastly, a follow-up activity was performed, to verify that areas identified as requiring improvement in the report made the previous year had met those requirements.

The assessment that emerged from the audit was generally positive, finding procedures and practices that complied with the approved remuneration and incentives policies and control mechanisms that, taken together, were sufficient to ensure compliance with the Policy. In terms of areas for improvement, an opportunity was identified to provide for increased reporting on the activities and audits performed, which would, among other things, promote their traceability and repeatability.

While verifying the continuation of the initiatives to achieve improvement in the areas mentioned in the Internal Audit Report of the previous year, the follow-up activity has shown that actions are currently in place to complete investigations with the units responsible for verifying and monitoring the application of the regulatory provisions for financial advisors with agency contracts and external distribution networks.

With regard to the implementation of the Policy by Group companies, the Internal Audit Function found that in 2013 subsidiaries had implemented the remuneration and incentive policies approved by the Parent.

With regard to verification that the conditions necessary to trigger the 2012 incentive scheme had been satisfied, the Internal Audit Function examined the evidence and the reports from which the perimeter emerged of those Group companies which had met the conditions to trigger the incentive scheme. The result of the examination was positive.

As concerns the perimeter of those Group companies for which the 2012 incentive scheme was triggered for assignment in 2013, an audit on a sample of variable remuneration paid to top and senior management found compliance with the rules for calculation and payment of the amounts set by the Policy and by the implementation documents. The results of the audits of the Incentive Scheme for other employees were also positive.

The fees for members of the corporate bodies of the UBI Banca Group were found to comply with the limits set in the 2013 Policy.

The remarks of the Internal Audit Function were shared with the competent owners of the process, in order to improve procedures employed in the remuneration and incentive process.