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***Remuneration Report***  
***2017 Shareholders' Meeting***

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**UBI  Banca**

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## Introduction

This report has been prepared for the purpose of public disclosure in accordance with the current relevant legislation. It is composed of two sections.

The first section illustrates the Group Remuneration and incentive policies for 2017, providing a reference framework for the main decision-making processes, characteristics and procedures used to ensure that remuneration is linked to results, the main performance indicators employed, the reasons behind the choice of variable remuneration schemes and the other non-monetary schemes.

The second section is divided into two parts.

The first part contains the results of implementing the 2016 remuneration policies, information on wage agreements concerning the start and end of employment relationships, as well as the contents of the main items of wages in the quantitative tables.

The second part gives aggregate quantitative information by area of activity and category of personnel with remuneration by name for the members of the management and supervisory bodies, the Chief Executive Officer, Senior Deputy General Manager and Deputy General Managers of UBI Banca with key management responsibilities.

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 24<sup>th</sup> February 1998.

## Section I - Group Remuneration and incentive policies for 2017

### I. Main developments compared with 2016

With a view to continuous improvement, in light of best practices and market trends, with account taken of changes to the relative regulatory framework and recent corporate ownership modifications in the Group, changes have been introduced for 2017 and some refinements have been made to previous policies.

- The perimeter of Material Risk Takers (MRT) or Identified Staff (IS) has been updated on the basis of organisational and company ownership developments. They were identified in accordance with the regulations in force and internal criteria to give a total of 197 positions, a little less than the previous year (204), in consideration of the process to merge banks which reduces the total number of board members, partly offset by an increase in employees, due to the reorganisation of the Group and the impacts of new regulations governing asset management.
- The section on the governance of processes has been simplified, to take account, amongst other things, of activities carried out in the previous year, which led to a more general internal regulation of remuneration.
- A new paragraph has been inserted on the remuneration of UBI's Chief Executive Officer, showing the composition of his theoretical pay mix and the main performance indicators as well as the wage multiple compared with the median wage for UBI employees, which was 31 times in 2016.
- The peer Group sample has been updated in order to provide a more specifically wage based benchmark and it consists of seven Italian banks, with characteristics that are considered to be the most comparable with our Group in terms of their size, geographical location, complexity and the regulatory context.
- The mechanisms to increase or reduce ("malus") the budget allocated to incentive schemes (the "bonus pool") have been refined, with the simplification of the performance scale and additions to the risk-adjusted profitability indicators already in use, with the introduction of corrective factors linked to specific business, customer satisfaction and proper conduct indicators.
- A new scheme has been introduced for the period 2017-2020 to support the Business Plan and to supplement the current long-term incentive scheme ("LTIS") on a three year basis (2015-2017). Its objective is to bring the interests of management increasingly into line with those of shareholders in the long-term and to increase the performance-based variable component of remuneration. The beneficiaries of the scheme are positions within the whole of the "Identified Staff" Perimeter, which has been broadened compared with the previous scheme, aimed exclusively at "Top Identified Staff", on the basis of the strategic position occupied in policy terms over the governance of the Group and their impact on the main business areas<sup>1</sup>. The participation of managers in the scheme takes place exclusively by means investments they make by purchasing shares of UBI Banca with their own funds according pre-established limits. In return for positive performance linked to Business Plan objectives, the Bank pays up to a theoretical maximum of 40% of the variable component of the individual gross annual remuneration for the Chief Executive Officer, between 20% and 30% for the remaining "Top Management" and up to 15% for "Other Identified Staff". With account taken of the new scheme and compliance with the limit of a 1:1 ratio between the variable and fixed component of remuneration, for the current year the variable remuneration of the Chief Executive Officer is based mainly on long-term objectives (a total of 80%, 40% based on the 2015-2017 Business Plan and 40% based on the 2017-2019/2020 Business Plan). The remaining 20% continues to be based on annual objectives.

<sup>1</sup> Except for board members and financial advisers with no employee contract of employment, Corporate Control Functions to whom economic and financial indicators are not directly linked and asset management company positions that report directly to senior management, with account taken of the current pay mix and the specific applicable regulations.

- The number of positions for which the ratio of variable to fixed remuneration may reach 2:1 has increased from 5 to 6, comprising the main positions in the Investments Area of the Group's asset management company.
- It has been decided to pay portions of incentive schemes for "Identified Staff" in the asset management company by using the mutual investment funds of the company itself, in compliance with regulations specific to that sector ("UCITS V").

## **II. Principles and aims**

Remuneration and incentive policies are a key tool that serves to support the medium and long-term strategies of the Group.

They are designed with the objective of creating value over time and pursuing sustainable growth for shareholders, employees and customers.

Their purpose is to attract, motivate and retain staff, creating a sense of identity and developing a culture linked to performance and merit.

The key principles, in line with the usual practices for the management and development of resources, are:

- fairness,
- attention to risk and compliance,
- prudence,
- competitiveness,
- rewarding merit.

These principles are applied throughout the organisation and reflected at the level of each business area in relation to all personnel including the staff of the external distribution networks, without affecting the specific characteristics of their remuneration.

### ***Fairness***

Fairness is understood as the principle of consistency in the remuneration of comparable roles and responsibilities, offering the same development and career opportunities to all.

This principle is guaranteed by using tools to analyse and assess the positions in the organisation which enable the regular evaluation of internal remuneration levels and their consistency on the basis of the complexity and strategic function of the role within the Group.

At the same time the performance level of the functions of each role are continuously monitored, using tools for the assessment of performance, skills and potential to ensure that the most deserving staff are assigned to the highest remuneration bands.

This principle is also applicable in structured processes based on management tools present within the Group. These include the process (Merit Plan), usually on an annual basis, for the purpose of formulating staff award proposals, connected with professional development programmes and regulated by the Parent by means of guidelines issued to each Group member company.

### ***Attention to risk and compliance***

The Group is attentive to risk and constantly seeks compliance with regulatory requirements, to ensure the sustainable growth of the Bank over time.

The Risk Appetite Framework (RAF) contained in the document "UBI Banca Group RAF - Risk appetite – Risk Appetite Statement 2017"<sup>2</sup>, is an important point of reference for policies.

It is used to determine the preliminary trigger conditions ( "gates") of the incentive schemes and to define conditions and limits, so that the total amount of variable remuneration is such that it does not limit levels of capitalisation and is adequate for the risks taken, providing for

<sup>2</sup> That internal document sets out strategic Group policies in relation to the measurement of current and future capital adequacy and its risk-taking and risk management policies.

significant reductions or possibly the elimination of the variable components of remuneration in the event of below forecast or negative performance levels.

Attention to risk is also a parameter used in the methodology employed to identify “Identified Staff”, in compliance with the criteria given in Regulation (EU) 604/2014.

The economic and financial indicators are completed by other parameters such as customer satisfaction, the quality of work and the results of the audit, which are critical for the management of compliant behaviours, to protect customers and oversee the sustainability of results in the medium to long-term.

### ***Prudence***

Prudence is a fundamental criterion of banking that is crucial to the introduction of rules and processes intended to avoid behaviour and phenomena that conflict with the interests of the Bank or may lead to moral hazard.

The remuneration and incentive schemes of the Group are defined in accordance with policies for the prudent management of risk and comply with the provisions defined in the context of the process of prudential monitoring..

They are also intended to lead to motivations and behaviours based on sobriety and ethical conduct in business, transparency and integrity in relations within the business and with customers, dialogue and the development a climate of trust with all our stakeholders.

### ***Competitiveness***

Competitiveness is defined as continuous comparison with best practices and national and international market trends and analysis of the comparative remuneration of each role in relation to the relative benchmark.

The attention paid to market trends stems from the conviction that by including comparisons with the external context it is possible to improve the ability of the Group to attract, motivate and retain staff.

More specifically, for the purpose of analysing wage positioning, a peer group has been identified to serve as a benchmark, consisting of seven banks, while setting aside the specific characteristics of businesses such as asset management, for which targeted market surveys are performed.

The objective is to position Group remuneration in line with the market, partly with a view to retention, with the aim of assigning the highest pay bands of the remuneration benchmarks to the highest performing staff, those with the most potential, and those who are in strategic positions and at market risk.

### ***Rewarding merit***

Merit is rewarded by means of the recognition of the results, skill sets, behaviours, and values in the actions of each individual, measured on several levels using structured analysis and evaluation processes.

Among these, incentive schemes are a key lever for recognising merit and continuing the commitment to bring variable remuneration into line with the results that have actually been achieved.

The policies are designed to recognise individual merit, and at the same time consolidate team spirit and a sense of belonging, relating the objectives and results of each employee to their own business unit and company and to the Group.

## ***III. Regulatory context and market practices***

The Group updates its policies and practices continually on the basis of the regulatory context, which has been subject to further changes in 2016 at both the Italian and European levels.

They have been defined with consideration taken of:

- the European Securities and Market Authority (“ESMA”) Guidelines on remuneration policies in accordance with the UCITSV and AIFMD Directives of 31<sup>st</sup> March 2016;
- proposals to amend the “Joint Bank of Italy and Consob Regulations” to implement Directive 2014/91/EU (“UCITS V”) on the organisation and controls of intermediaries that provide investment and collective asset management services, for which public consultation was concluded in September 2016, and for which the final document is now expected;
- the European Banking Authority (“EBA”) guidelines and remuneration policies and practices for the sale and supply of retail banking services products of September 2016.

Policies were also set on the basis of Bank of Italy Circular No. 285 – seventh update of 18<sup>th</sup> November 2014, which implemented the Directive of the European Parliament 2013/36/EU (“CRD IV”) and of the Commission Delegated Regulation of the European Commission No. 604 of 4<sup>th</sup> March 2014 containing technical standards for the identification of “Material Risk Takers” (“MRT”) or “Identified Staff” (“IS”), as well as the recommendations given in the EBA guidelines dated 21<sup>st</sup> December 2015.

In developing the policies, account was also taken of the guidelines and procedures adopted by the other national and international banking groups with the objective of achieving consistency with the best practices and market trends.

In order to provide a more specifically wage based benchmark the “Peer Group” sample consists of seven Italian banks, with characteristics that are considered to be the most comparable with our Group in terms of their size, geographical location, complexity and the regulatory context.

<b>Peer Group</b>
Banca Nazionale del Lavoro
Banca Popolare dell'Emilia Romagna
Banco Bpm
Credito Emiliano
Intesa San Paolo
Monte dei Paschi di Siena
Unicredit

The remuneration trends of the overall banking market in Italy and best practice, both internationally and across other sectors, are monitored on a regular basis with the support of specialised consultancy firms, with the objective of keeping up to date and taking consistent, competitive decisions to motivate and retain the key resources of the Group.

#### ***IV. Governance process and principal stakeholders***

Governance systems and rules have been defined with the aim of ensuring clarity, transparency and effectiveness in the definition and management of the Group’s remuneration and incentive policies. This is also done by regulation of the main internal processes on the subject, approved by the competent Governing Bodies of the Group.

The main protagonists in the process are:

- the UBI Shareholders’ Meeting
- the Supervisory Board
- the Remuneration Committee
- the Risk Committee
- the Management Board
- the Shareholders’ Meetings of the Italian subsidiary banks

- the Boards of Directors and Boards of Statutory Auditors of banks and companies;
- the Corporate Strategy Area
- Human Resources<sup>3</sup>, Risk Management, Compliance and Internal Audit, as corporate control functions.

A UBI Shareholders' Meeting not only determines the total remuneration for the members of the Supervisory Board, it also approves the remuneration policies of the Supervisory Board and Management Board, the incentive component based on financial instruments, and the criteria and limits for determining remuneration in the event of the early termination of employment relationships or of offices held, as well as increasing the ratio of variable to fixed remuneration up to a maximum of 2:1 for specific positions identified.

The Supervisory Board, on the basis of a proposal from the Management Board within the scope of its responsibilities<sup>4</sup>, and after prior consultation with the Remuneration Committee, which involves the competent corporate functions, and with the Risk Committee for verification of compliance with the "Risk Appetite Framework" sets and reviews the remuneration and incentive policies of the Group on at least an annual basis and approves the Report on Remuneration, Section I of which is subject to a non-binding vote by a UBI Shareholders' Meeting.

The policies are then submitted for approval by the Shareholders' Meetings of the Italian banks and the Boards of Directors of foreign banks and companies, except for the incentive component based on financial instruments, which is subject to approval by the UBI Shareholders' Meeting. Information is provided to the above bodies by means of the Annual Report on Remuneration within the Group.

The Management Board, having incorporated any general recommendations made by the Remuneration Committee, formulates – with support from the competent functions – a proposal, within the scope of its responsibilities, for Remuneration and incentive policies and the relative tools to implement them which is submitted to the Supervisory Board for its approval after prior consultation with the Remuneration Committee. That same Management Board and the Boards of Directors of the banks and subsidiaries, in accordance with the policies set, approve the relative means to implement them and, with the support of Human Resources and the other competent functions, direct choices concerning the management and remuneration of staff.

The Management Board, having taken account of any proposals from the Remuneration Committee in those cases where it is required by the regulations in force, determines the remuneration of Senior Management at UBI and indicates the amount of the remuneration for Senior Management and Personnel belonging to the Material Risk Taker perimeter of subsidiary companies to be submitted to the Boards of Directors of those companies.

The foregoing is submitted to the Supervisory Board for verification of compliance, after prior consultation with the Remuneration Committee.

With the exception of matters reserved to a Shareholders' Meeting, the Management Board submits any exceptions to the policies for an opinion from the Remuneration Committee and for the consequent resolutions of the Supervisory Board.

The corporate control functions are involved ex ante, working together to ensure the adequacy and regulatory compliance of the policies and practices adopted, and carry out ex post monitoring of their proper functioning and application.

The Remuneration Committee is composed<sup>5</sup> of the following members of the Supervisory Board:

- Alessandra Del Boca, as the Chairwoman
- Mario Cera;
- Patrizia Giangualano.

<sup>3</sup> For the sole purposes of remuneration regulations in accordance with the provisions of Bank of Italy Supervisory Regulations on remuneration policies and practices .

<sup>4</sup> Policies for the remuneration of Governing Bodies do not fall within the remit of the Management Board.

<sup>5</sup> Its term of office expires at the time of the 2019 Annual General Meeting.

In compliance with the provisions of the Borsa Italiana Corporate Governance Code, the composition of the Remuneration Committee reflects an adequate level of experience and expertise in relation to bank governance, law, finance and remuneration policies.

In 2016 the Remuneration Committee met 15 times. The average length of meetings was approximately one hour and forty-five minutes and its activities are reported in detail in the Report on Corporate Governance and ownership structure contained in the 2016 Annual Report.

The Committee makes use of the outside consultants Ernst & Young in its activities, for which the absence of situations which might compromise their independence was verified in advance.

## **V. Persons concerned, comparative remuneration and pay mix**

### **To whom it applies**

Three categories to which these remuneration policies apply have been identified:

- *Material Risk Takers (MRT) or Identified Staff (IS)* identified at Group level according to Delegated Regulation (EU) No. 604 and specific internal criteria with particular reference to asset management activities with account taken of the amendments to the Joint Bank of Italy and Consob Regulation to implement Directive 2014/91/EU (“UCITS V”);
- *Other Group Personnel*;
- *Associate Workers* not linked to the Group by a regular employee contract.

In 2017 a total of 197<sup>6</sup> positions have been defined in the *Material Risk Taker* perimeter, accounting for around 1.1% of the entire population of the Group. In detail these consisted of:

- 43 “*Members of the Governing Bodies*”, who do not receive variable remuneration for these positions;
- 20 in the category of *Top Identified Staff*, including the Chief Executive Officer and General Manager of UBI, if appointed, the highest levels of the functions of the Parent (with the exclusion of the Control Functions) and the Senior Management of the main legal entities in the Group;
- 134 in the *Other Identified Staff* category, inclusive of 19 with Control Functions and 13 Financial Advisors with no regular employee contract, whose activities may have significant impacts on the risk profile of the Bank or cover top tier control functions at the Parent.

Identification of that perimeter has been performed on the basis of legislation and regulations in force and in application of specific internal Group methods approved by the competent Governing Bodies.

### **Comparative remuneration**

The Group sets itself the objective of positioning itself at remuneration levels that are in line with the market, partly with a view to retention and taking results into account, with the aim of assigning the highest pay bands of the remuneration benchmarks to the highest performing staff, those with the most potential, and those who are in strategic positions and at market risk.

*Comparative remuneration is monitored by comparison with the peer group and the general market, as well as by paying attention to the specific characteristics of each business and role. Through this comparison, the Group intends to improve the competitiveness of remuneration and thus its capacity to attract, motivate and retain staff.*

Distinct and competitive remuneration packages have been defined on the basis of the category of personnel, in terms of fixed and variable components and benefits.

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<sup>6</sup> That perimeter will be subject to periodic revisions during the year, approved by the competent Governing Bodies.

## Pay mix

The Group aims to achieve a balanced ratio between fixed and variable components of remuneration, with balanced levels of pay mix.

Variable remuneration does not exceed the fixed component, except for six positions in the Investment Area of the asset management company for which, with account taken of sector specificities, potentially the ratio of variable to fixed remuneration can be increased up to a maximum of 2:1.

The table below shows the average target pay mix, calculated as a percentage of total remuneration, taking into account the fixed and variable long and short-term components, divided between the various categories of Material Risk Takers identified<sup>7</sup>.

“Material Risk Takers” Perimeter	Number	Fixed remuneration	Variable short-term	Variable long-term
“Governing bodies”	43	100%	-	-
“UBI CEO”	1	50%	10%	40%
“Top”	19	58%	24%	18%
“Other PPR” <sup>7</sup>	121	75%	17%	8%

The ratio between the variable and fixed component for the control functions does not exceed the limit of one third.

## VI. Remuneration Policies for Governing Bodies

The remuneration of the Governing Bodies of the Group is defined in compliance with the current regulatory framework and in accordance with the Articles of Association, based on best practice, Italian guidelines and future European policies.

The purpose of the policies is to attract the best skill sets; they are based on principles of both fair remuneration for similar roles and differentiation between roles on the basis of the levels of responsibility and risk involved. They also take account of the professional skills required, the time and commitment employed, and market competitiveness.

In detail, the fees of members of the Governing bodies of the UBI Banca Group are structured with a cap set by that of the Chairman of the Management Board which is set at the same level as that of the Chairman of the Supervisory Board, and is lower than the fixed remuneration of the Chief Executive Officer.

No “attendance token” payments exist for meetings of the Governing Bodies.

Members of the Governing Bodies classified as senior management may receive forms of remuneration linked to results, while all the other members of the Governing Bodies of the Group receive no variable remuneration.

No member of the Governing Bodies may unilaterally decide to waive their right to part or all of their remuneration and no guaranteed bonuses<sup>8</sup> or leaving bonuses exist.

### 1. Supervisory Board

The board members’ fees approved by the Shareholders’ Meeting on the basis of a proposal from the Supervisory Board, for the period of office, are decided by the Supervisory Board on the basis of a proposal from the Remuneration Committee and related to their period of tenure in the role.

Most members of the Supervisory Board receive remuneration for the specific positions held by them as Chairman, Deputy Chairmen and Chairman and members of internal committees of

<sup>7</sup> The thirteen financial advisors are excluded from the calculation of the pay mix in consideration of the specific nature of their remuneration, usually entirely variable on the basis of the nature of their employment contract.

<sup>8</sup> Without prejudice to exceptions allowed by legislation and regulations, limited to the first year of employment, for board members classified as senior management.

the Board and the Supervisory Body, as part of the total amount of remuneration resolved by the Shareholders' Meeting.

## **2. Management Board**

If the Chairman of the Management Board takes up positions in other Group banks or companies, he may receive total further remuneration of not more than 30% of the remuneration set for the position of Chairman of the Supervisory Board.

The fee of the Chairman of the Management Board is set at the same level as that of the Chairman of the Supervisory Board.

The maximum total fee payable to each member of the Management Board, with the exception of those relating to the "special assignments" of the Chairman, the Deputy Chairman of the Board and the Chief Executive Officer, for membership of the Management Board and where relevant the Governing Bodies of the Group banks and companies, is equal to the amount due for the position of member of the Management Board plus 2/3.

Any exemptions for exceptional reasons are in any event subject to the prior approval of the Supervisory Board, following consultation with the Remuneration Committee.

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

## **3. Chief Executive Officer**

The remuneration package of the UBI Chief Executive Officer is comprised of both fixed and variable components, for which the ratio is set up to a maximum of 1:1.

The fixed components include remuneration due for the position of Chief Executive Officer and for the position of Member of the Management Board in addition to fixed remuneration in relation to his position as a Senior Manager of the Group. In order to safeguard the Bank's professional and business assets, the fixed remuneration contract contains a non-competition agreement, remunerated by means of a continuous indemnity item, to which a pension plan is added.

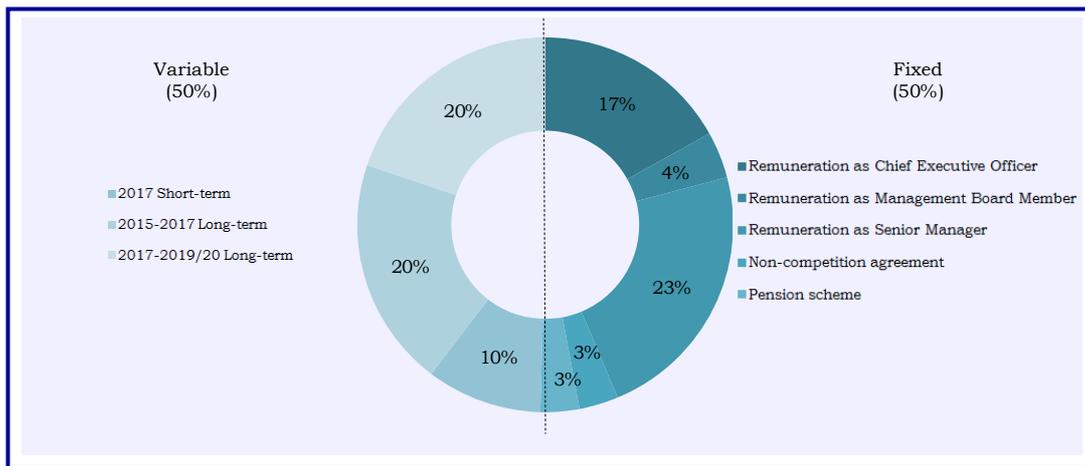
Total fixed remuneration paid in 2016 to the Chief Executive Officer was 31 times the median remuneration paid to the remaining UBI Group personnel.

The variable component is based on performance and is measured both annually ("short-term") and on a multi-year basis ("long term"). With specific reference to 2017, with the start of a new long-term incentive scheme to support the 2017-2019/2020 business plan, 80% of performance measurement is over the long-term and the remaining 20% is over the short-term.

While capital and liquidity stability at Group level ("gates") and risk-adjusted profitability indicators linked to the overall management of the "bonus pool" must be satisfied, the annual performance of the Chief Executive Officer is measured on the basis of economic and financial profitability indicators including "RORAC" and "PCOBT" and customer satisfaction and on qualitative indicators of "managerial effectiveness".

As concerns the long-term component, again with account taken of the necessary conditions of capital and liquidity stability, performance for the 2015-2017 incentive scheme is measured on the basis of risk-adjusted profit ("RORAC") and for the 2017-2019/2020 incentive scheme on the basis of capital stability objectives ("CET1") and risk-adjusted profit ("ROTE").

All incentive schemes for the Chief Executive Officer involve correlation with the performance of the UBI share, compared with listed banks in the relative benchmark ("TSR").



#### 4. **Boards of Directors of Group companies**

For those who are not members of the Management Board of the Parent and are members of the Management Boards of Group companies, on the basis of principles of proportionality, the cap on remuneration is equal to the amount due for the position of Member of the Management Board plus 1/3. In this case too, any exemptions for exceptional reasons are in any event subject to the prior approval of the Supervisory Board, following consultation with the Remuneration Committee.

The remuneration for positions held in the Group banks and companies is decided, with account taken of the activities of the subsidiary and also of the overall competencies required for the position, and they are consistent, in accordance with principle of proportionality, with those of the Supervisory Board and Management Board.

The fixed fee set for the positions of Chairman and Deputy Chairman includes remuneration for attendance at meetings of the Board of Directors and the Executive Committee, if created. The fee paid to the Chairman may not exceed the fixed remuneration paid to the top and senior management (Managing Director or General Manager).

Payments due to senior managers employed by businesses within the Group for positions held on the boards of Group companies are paid back to the company concerned. Provision has, however, been made, given the extensive commitment and responsibilities taken, for the payment to those concerned of a special allowance limited to a maximum sum of €20,000, related to the positions occupied and subject to specific regulations, as a separate part of fixed remuneration. The payment of this allowance ceases at the time when the position is no longer held. Its amount is calculated to reflect the cumulative remuneration due to the senior manager/employee for the positions held, within the above maximum sum and in accordance with principles of proportionality, which takes account of the importance, type of activity and risk of the company in question.

#### 5. **Boards of Statutory Auditors**

The remuneration paid to Boards of Statutory Auditors is set at fixed levels, including the remuneration to be paid to members of the Board of Statutory Auditors if they are acting as a Supervisory Body pursuant to Legislative Decree No. 231/2001, on the basis of the activities of the subsidiary and according to the principle of proportionality.

An increase of approximately 50% of remuneration is payable for the positions of Chairmen.

### VII. **Remuneration and incentive policies for staff and associate workers**

The remuneration package made available to staff by the Group is targeted at the achievement of medium to long-term objectives, and balanced depending on the relevant category, on the basis of the following components:

- fixed remuneration;

- variable remuneration based on performance measurement, with a time horizon that distinguishes between short-term (annual) objectives and, for *Identified Staff*, long-term objectives;
- other retention and attraction tools, which depending on the type, are classified as either fixed or variable remuneration;
- benefits, normally associated with the fixed component of remuneration<sup>9</sup>.

A ban is placed on personal hedging or insurance strategies applied to remuneration or other aspects which might alter or impair the effects of alignment with the risk involved in these policies.

In compliance with the legislation and regulations in force, it is possible to pay portions of remuneration in financial instruments and also in welfare goods and services.

## **1. Fixed remuneration**

The fixed component of remuneration is structured in an amount that allows the variable component to contract appreciably or fall to zero in relation to the results adjusted for risks that have actually been achieved.

It includes remuneration earned for positions in the Governing Bodies, possible allowances for roles associated with specific positions within the corporate structure, retention tools, contributions to supplementary pension funds, insurance and health policies as provided for in contractual agreements, and any allowances associated with geographical mobility.

It is defined on the basis of the position occupied and on the basis of the principles of rewarding merit, which include the following:

- the objectives and responsibilities assigned to the role occupied, including the levels of exposure to risk;
- the reference benchmarks for remuneration, with particular attention to professional skills at the greatest market risk, the business and the operating context;
- the proper performance by the person of the functions of the role, in terms of performance and skill levels;
- the growth potential for the professional skills that are most relevant and most difficult to find on the labour market;
- the experience acquired and career path followed.

There is a regular process for the assessment of positions for the purposes of comparing positions within the organisation with the external market, which determines the assignment of a value (grade) to each role, representing the complexity of the position.

Regular monitoring processes are also in place for the evaluation of the proper performance of the functions of the role, potential and experience, by means of specific staff management and evaluation tools, particularly:

- professional assessment;
- performance in terms of the main objectives of the incentive schemes;
- *evaluation of managerial performance*<sup>10</sup>;
- assessment of potential<sup>11</sup>;
- tested assessment of technical knowledge.

These principles are applied as part of the Merit Plan, a process regulated by the Parent by means of guidelines issued to each Group member company, with the purpose of formulating staff award proposals, usually on an annual basis.

<sup>9</sup> Except for possible pension benefits recognised on a discretionary basis, not normally provided, which would be classified as variable remuneration and, with regard to Identified Staff, would be subject to the rules set by the legislation and regulations in force.

<sup>10</sup> Through the use of management appraisal tools, a structured assessment method involving individual interviews.

<sup>11</sup> Through the use of assessment tools, a structured assessment method involving group meetings.

## 2. Variable remuneration based on performance

The variable component of remuneration is mainly based on performance measurement, on both an annual and long-term basis.

The objective is to involve and motivate staff to achieve medium and long-term policies and also to recognise team and individual contributions.

To ensure a more direct correlation between results and rewards a bonus pool has been set, to which access is gradual on the basis of the satisfaction of preliminary trigger conditions (“gates”) by the Group and the achievement of risk-adjusted profit targets set at the level of both the Group, single legal entity and business unit.

The measurement is related to income statement and balance sheet indicators corrected for risk, internal and external customer satisfaction levels, strategic projects and assessments of the effectiveness of their behaviour.

Performance-based variable remuneration consists of:

- short-term annual incentive schemes;
- long-term multi-year incentive schemes;
- the company productivity bonus or alternatively, a result bonus, as defined by the current national trade union agreement;
- commercial “contests” and other possible extraordinary project initiatives, in the forms admissible according to the provisions of the law and regulations in force from time to time.

### Bonus pool

Each year, if the capital stability, liquidity and risk-adjusted profit conditions are met a budget is allocated to a bonus pool to be used for the incentives schemes, as part of the Group budgeting process.

This budget is allocated at Group, company and business unit level, taking into consideration the expected profitability, the number and type of personnel, the relative theoretical bonus levels, the type of business or context and the capacity to remunerate capital.

If significant revisions to the budget are made during the year in question, the “bonus pool” may be subject to changes by the Supervisory Board, after prior consultation with the Remuneration Committee on the basis of a proposal from the Management Board.

At the final figure stage, on the basis of the performance in relation to the budget approved each year by the Management and Supervisory Boards (calculated at Group level using RORAC indicator and at the level of the individual legal entity and business unit using *normalised net profit adjusted for the “delta” between allocated and absorbed capital*<sup>12</sup> and adjusted on the basis of specific business and customer satisfaction indicators, the bonus pool may be increased, without prejudice to the adjusted return on capital and liquidity, up to a predetermined maximum, or reduced as far as zero (malus), both at the overall level and at the level of each legal entity, in accordance with the criteria set out in the specific implementation regulations. An example of how this works is given below, on the basis of which the bonus pool may vary once given RORAC results relative to budget have been taken into consideration.

Group RORAC (% achievement of target)	Change in bonus pool
> 100%	Up to 125%
≥ 75% and ≤ 100%	Up to 100%
> 0% and < 75%	Up to 75%
≤ 0%	0%

<sup>12</sup> For the asset management company with a low capital absorption, the indicator used is normalised net profit.

The bonus pool may also be reduced to zero in the event of failure to achieve the trigger conditions (“gates”) if the financial statements show a loss on normalised amounts.

If the available allocation is overrun, criteria have been set for the bonuses to be redistributed, down to the level of the budget allocated.

In order to also be able to manage unforeseeable and non-determinable exogenous variables, the Management Board may reserve a reduced portion of the budgeted bonus pool, up to a maximum of 15%, to action based on qualitative assessments of performance, subject for verification to the approval of the Supervisory Board, after prior consultation with the Remuneration Committee.

Furthermore, on the basis of a proposal from the Remuneration Committee, having first consulted the Risk Committee and taking account of recommendations formulated by the Management Board, supported by the relative competent units, the Supervisory Board may increase or reduce the level of the bonus pool available at total, single legal entity and business unit level, in order to take account of extraordinary events unforeseen at the time of budget for example, but not limited to, mergers, capital increases, extraordinary accounting normalisations.

### *Entry conditions (“gates”)*

The incentive schemes are triggered upon satisfaction of the conditions (“gates”) set at Group level to ensure capital and liquidity stability as defined in the document “RAF UBI Banca Group - Risk appetite – 2017 Risk Appetite Statement”. The indicators identified and the relative thresholds are as follows:

- *Common Equity Tier 1 (“CET 1”) Ratio > 10%*<sup>13</sup>;
- *Net Stable Funding Ratio (“NSFR”) ≥ 1*;
- *Liquidity Coverage Ratio (“LCR”) ≥ 110%*;
- *Leverage Ratio (“LR”) > 3,75%*<sup>14</sup>.

The values of these indicators were verified at the end of the period, as at 31/12/2017 for the short-term incentive scheme, and they are updated as at 31/12 at the end of each year of the scheme, consistent with the “Risk Appetite Framework”, for long-term incentive schemes.

Incentive schemes are not triggered if the financial statements show a normalised loss except, in the presence of unforeseeable or non-determinable events and variables, including those of an exogenous nature, for the possibility of granting a portion, up to a maximum of 15% of the total bonus pool, to be submitted to the Supervisory Board for approval, on the basis of a proposal from the Remuneration Committee.

### *Short-term incentive schemes*

The short-term incentive schemes are intended to achieve the annual objectives, and support value generation over time by Group companies, rewarding the achievement of risk-adjusted objectives, while maintaining adequate capital levels and liquidity and ensuring that incentives are not in conflict with the interests of the Bank, its shareholders and its customers.

The 2017 indicators used to measure performance are as follows:

- RORAC<sup>15</sup>, at Group level;
- *Adjusted Normalised Net Profit*<sup>16</sup> at the level of individual companies and for specific business units.

<sup>13</sup> These thresholds are the same as those for “Risk Tolerance”, plus 0.5% (the “early warning threshold”). If the final figure lies between the Risk Tolerance threshold and the 0.5% increase, triggering of incentive schemes is subject to assessment by the Supervisory Board, following consultation with the Risk Committee and the Remuneration Committee, with account taken of the results of the alert process laid down under the “Recovery Plan” and of recommendations formulated by the Management Board.

<sup>14</sup> The “early warning threshold” for the “LR” indicator is 0.25% and if the final figure lies between the Risk Tolerance level (3.5%) and the 0.25% increase, the process laid down is the same as that already indicated in the previous footnote.

<sup>15</sup> That indicator is also applied for the Parent, the company UBI Servizi e Sistemi and the company UBI Academy.

<sup>16</sup> Normalised net profit, adjusted for the cost delta between absorbed capital and allocated capital. If capital absorption is low or where that indicator is not available, it is replaced with the normalised net profit indicator.

These are accompanied by adjustments linked to the level of customer satisfaction and to specific business results which may increase or reduce the bonus pool available when final figures are published.

At the individual and business unit level, the parameters used for incentives schemes are mainly quantitative and measurable, providing for qualitative aspects for performance measurement and normally also related to levels of customer satisfaction.

The indicators, particularly for staff who sell banking, financial and insurance products, do not involve direct links with single services or products, but relate more generally to areas or sectors of activity and are defined with the intention to pursue and safeguard proper relationships with customers and comply with regulations and legislation in force, with particular reference to compliance with the obligations concerning behaviour and conflicts of interest, and those pursuant to the MIFID directive.

The calculation methods are designed to allow graduated payment of bonuses, depending on the degree to which objectives are attained and also to prevent conduct that places the Bank at risk.

Bonuses are related to the complexity of the role and the results achieved at individual, team, business unit, company and Group level.

There are no guaranteed bonuses, without prejudice to exceptions allowed by legislation and regulations limited to the first year of employment.

Access to bonuses is withdrawn if company regulations or instructions are violated, as ascertained by the imposition of disciplinary penalties, or following adverse findings made by the Internal Audit Function, as set out in the corporate implementation regulations.

#### *Incentive Scheme for Material Risk-Takers*

Material Risk Takers, with the sole exception of the control functions, for which there are no indicators linked to financial and operating objectives, are subject to further indicators in addition to the Group and company objectives referred to above, as follows:

- normalised PCOBT;
- core revenues;
- customer satisfaction.

Exclusively for the most senior positions at the Parent<sup>17</sup>, a share of the bonus may be adjusted on the basis of the position of the UBI share compared with the listed banks used for the benchmark.

In line with the principles expressed in the legislation and regulations, for the whole of the Identified Staff perimeter (except for the asset management positions) the structure of the bonus payout is such that 50% of the bonus is converted into ordinary shares of UBI Banca, subject to retention clauses that align the incentives with the Bank's long-term interests.

With specific reference to asset management positions, a portion of the financial instruments is converted, either in part or totally depending on the role, into mutual investment funds of the company itself, in compliance with regulations specific to that sector ("UCITS V").

The percentage of the deferment of bonuses and the relative timing vary, as a function of the role, the target variable and the category to which they belong:

- for positions belonging to the Top perimeter, 50% of the bonus is deferred for three years;
- for Other Identified Staff, 40% of the bonus is deferred for three years.

The same percentage is used for the amount in financial instruments for both the deferred and upfront variable components.

There is a two-year retention period for financial instruments that are paid up front, while there is a one year period for the deferred components.

<sup>17</sup> Chief Executive Officer, General Manager, if appointed, and Senior Deputy General Manager of UBI.

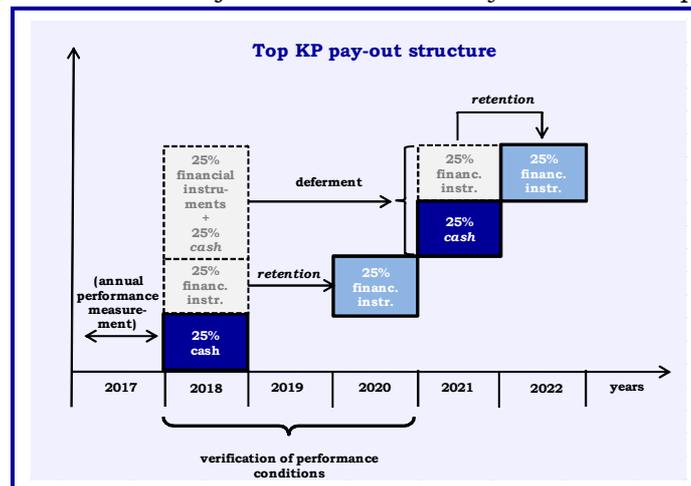
In order to ensure capital and liquidity stability over time, consistent with the long-term strategic objectives of the bank or company, the deferred portion is paid on condition that adequate levels of capital stability (Common Equity Tier 1 Ratio<sup>18</sup>) and liquidity stability (Net Stable Funding Ratio<sup>19</sup>) are maintained at the end of the relative period, consistent with the “Risk Appetite Framework” defined in internal policies. The deferred portion of the bonus will not be paid if these conditions are not met (a malus).

No interest or dividends are paid on deferred portions of the bonus.

Examples of the payout procedures for Material Risk Takers, differentiated on the basis of the type of role, are given below.

For the Top perimeter, 50% is received upfront and 50% is deferred, more specifically:

- 25% is paid upfront in cash at the end of the performance measurement period;
- 25% is paid upfront in financial instruments at the end of the performance measurement period and is subject to a further two-year retention period;
- 25% in cash is deferred for three years and subject to further performance monitoring conditions;
- 25% in financial instruments is deferred for three years subject to further performance monitoring conditions and is subject to a further one-year retention period.

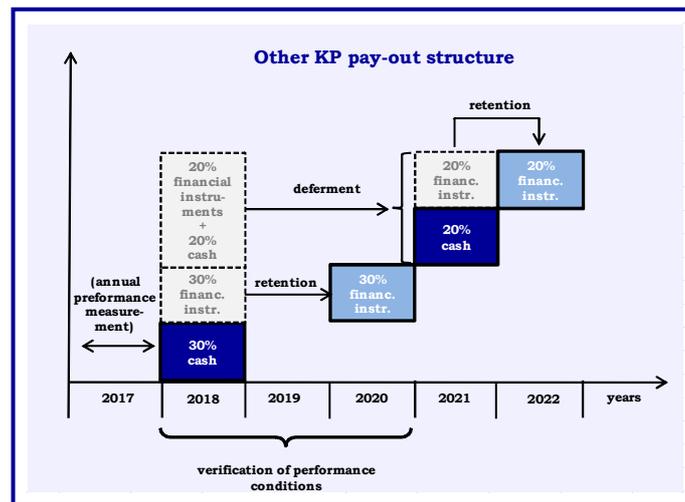


Other Identified Staff receive 60% upfront and the remaining 40% is deferred, as follows:

- 30% is paid upfront in cash at the end of the performance measurement period;
- 30% is paid upfront in financial instruments at the end of the performance measurement period and is subject to a further two-year retention period;
- 20% in cash is deferred for three years and subject to further performance monitoring conditions;
- 20% in financial instruments is deferred for three years subject to further performance monitoring conditions and is subject to a further one-year retention period.

<sup>18</sup> Risk Tolerance + early warning threshold level.

<sup>19</sup> Risk Appetite level



The payment mechanisms set out above are always applied, in accordance with the relevant category, if the variable amount earned by the individual exceeds €50,000 gross or 15% of individual fixed remuneration<sup>20</sup>.

If the bonus earned is below that threshold and if the bonus earned individually is less than 15% of fixed remuneration, the payment is made entirely upfront, 50% being paid in cash at the time when the conditions are met and the remaining 50% as financial instruments with a two-year retention period.

Unless expressly indicated otherwise, participants in the incentive schemes who terminate their employment contracts before the bonus payment dates set out for each model, partly with a view to retention, will lose all rights to bonuses earned.

The beneficiaries of incentive schemes belonging to the Material Risk Taker perimeter are required to sign a special internal regulation agreeing not to use personal hedging or insurance strategies applied to remuneration or other aspects which might alter or impair the effects of alignment with the risk involved in these policies.

### *Long-term incentive schemes*

A new long-term incentive scheme (LTIS) for the period 2017-2019/2020 is being introduced to support the Business Plan and to supplement the current 2015-2017 long-term incentive scheme with the objective of bringing the interests of management into line with those of shareholders, not only in the short term but with a view to creating long-term value, in compliance with legislation and regulations in force and best market practices.

Triggering of incentive plans is decided by the Supervisory Board, after receiving an opinion from the Remuneration Committee and with account taken of recommendations formulated by the Management Board, while the share-based component must be approved by a Shareholders' Meeting.

The schemes are intended, amongst other things, to make remuneration target levels more competitive, attributing greater value to the variable component and directing the pay mix towards performance, amongst other things by encouraging the loyalty of Identified Staff.

The beneficiaries of the 2015-2017 scheme are comprised within the "Top" perimeter of "Identified Staff".

For the 2017-2019/2020 scheme that perimeter was extended to include the remaining "Identified Staff", except for board members and financial advisors with no employee contract of employment, Corporate Control Functions to whom economic and financial indicators are not directly linked and asset management company positions that report directly to senior management of the company, with account taken of the current pay mix and the specific applicable regulations.

<sup>20</sup> Except for asset management positions and for the Financial Advisers of the company IWBanck, for which, in consideration of the specific markets involved and the composition of the current remuneration package, payment is made upfront in cash if the individual bonus earned is less than €50,000 and less than 33% of fixed remuneration.

The bonuses will be paid in UBI shares (performance shares), which are considered the most appropriate instruments for aligning the interests of shareholders with those of management.

In order to finance the schemes, an additional amount is to be added to the bonus pool created for the short-term incentive scheme.

While the preliminary trigger conditions (“gates”) remain in place, specific value creation objectives are set for each scheme.

The structure of the bonus payout provides for the following payments:

- 60% is paid upfront in UBI shares at the end of the performance measurement period (accrual) with a two-year retention period;
- 40% is paid in UBI shares, deferred by two years and with a one-year retention period. With a view to compliance with legislation and regulations in force, the portion is awarded before the end of the deferral period, but subject to a further year of retention to verify that the conditions for the payment effectively exist.

In order to ensure capital and liquidity stability over time, consistent with the long-term strategic objectives, the deferred portion is paid on condition that adequate levels of capital stability (Common Equity Tier 1 Ratio<sup>21</sup>) and liquidity stability (Net Stable Funding Ratio<sup>22</sup>) are maintained at the end of the relative period, consistent with the “Risk Appetite Framework” defined in internal policies. The deferred portion of the bonus will not be paid if these conditions are not met (a malus).

#### 2015-2017 Scheme

The value creation objectives of the scheme are measured on the basis of a performance matrix with two indicators:

- Group RORAC, calculated at the end of the three-year period and based on the average return on three-year BTPs over the period in question;
- Total Shareholder Return (TSR), which measures the performance of the UBI Banca share, compared in terms of quartile positioning with the listed banks in the reference peer group<sup>23</sup>, identified at the beginning of the scheme.

The performance matrix according to which, on the basis of the levels of achievement of the goals set in the context of the relevant implementation regulations, a percentage of the bonus in question is earned is shown below:

- if the performance of UBI share is above the upper quartile (“Q3”) of the reference benchmark, 70% of the bonus is earned if the RORAC target objective is achieved, or 80% if the RORAC maximum target (the cap) is achieved;
- if the performance of UBI shares is between the median (“Med”) and the upper quartile of the benchmark, 60% of the bonus is earned if the RORAC target objective is achieved, or 70% if the RORAC maximum target (the “cap”) is achieved;
- if the performance of UBI shares is between the lower quartile (“Q1”) and the median of the reference benchmark, 50% of the bonus is earned if the RORAC target objective is achieved, or 60% if the RORAC maximum target (the cap) is achieved.

Performance Matrix		
TSR	Group RORAC plus 3-year BTP	
	"Target"	"Cap"
>Q3	70%	80%
Med	60%	70%
>Q1	50%	60%

<sup>21</sup> Risk Tolerance + early warning threshold level.

<sup>22</sup> Risk Appetite level

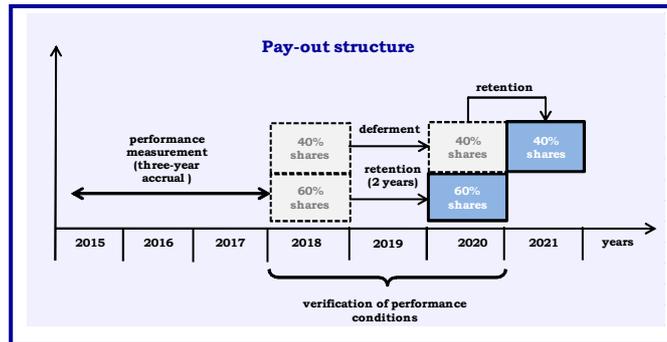
<sup>23</sup> Banca Popolare dell'Emilia Romagna, Banco Bpm, Banca Popolare di Sondrio, Carige, Credito Emiliano, Credito Valtellinese, Intesa San Paolo, Monte dei Paschi di Siena, Unicredit

Assessments of managerial effectiveness and the degree to which any strategic projects in the reference period have been achieved may act as complementary “correction factors”, increasing the bonus earned by up to a further 20% on the basis of value creation parameters. If value creation objectives are not employed, the correction factor does not apply.

The degree to which objectives have been achieved is subject to overall assessment at the end of the three-year period by the Supervisory Board, following consultation with the Remuneration Committee and with the involvement of the other relevant committees, on the basis of evidence provided by the Management Board.

Given the current uncertainty of the financial and economic environment, the Supervisory Board, on the basis of proposals submitted by the Management Board and in consultation with the Remuneration Committee, reserves the right to evaluate revisions of the three-year objective during the reference period.

Examples of the payout procedures are given below.



### 2017-2020 Scheme

Performance objectives are linked to the creation of value, to strengthening capital ratios, to sustainable profitability over time envisaged by the Group Business Plan and also to the performance of the share compared with a benchmark peer group of banks.

The participation of managers in the scheme takes place exclusively by means of investments they make, up to a predetermined maximum and consistent with the defined pay mix levels, by purchasing shares of UBI Banca with their own funds.

Performance measurement is calculated on the basis of a performance matrix with two indicators, the results of which are recorded at Group level as at 31/12/2019 and 31/12/2020:

- *Common Equity Tier 1 (CET 1) Ratio*
- *Return On Tangible Equity (“ROTE”)*.

A percentage of the bonus is earned on the basis of the degree to which objectives are achieved, calculated on the basis of the investment made by the manager in question.

Up to a maximum of 40% of the bonus is calculated on the basis of achieving objectives as at 31/12/2019, according to the chart shown below.

		ROTE		
		≥6% and <7%	≥7% and <9.4%	≥9.4%
CET1	≥12.1%	20%	30%	40%
	≥11.5% and <12.1%	10%	20%	30%
	≥11% and < 11.5%	-	10%	20%

The remaining 40% of the bonus is calculated on the basis of achieving objectives as at 31/12/2020 according to the chart shown below.

**Performance Matrix 2017-2020**

		ROTE		
		≥7% and <8%	≥8% and <10.6%	≥10.6%
CET1	≥12.8%	20%	30%	40%
	≥12% and <12.8%	10%	20%	30%
	≥11% and < 12%	-	10%	20%

An adjustment is made to the bonus earned in each matrix equal to +/- 25% as a function of the performance of the UBI share with respect to relative benchmark (“TSR”), as follows:

- if the performance of the UBI share is above the upper quartile (“Q3”), the bonus earned is increased by 25%;
- if the performance of the UBI share is below the lower quartile (“Q1”), the bonus earned is reduced by 25%;
- if the performance of the UBI share lies between the upper quartile (“Q3”) and the lower quartile (“Q1”), the bonus remains unchanged.

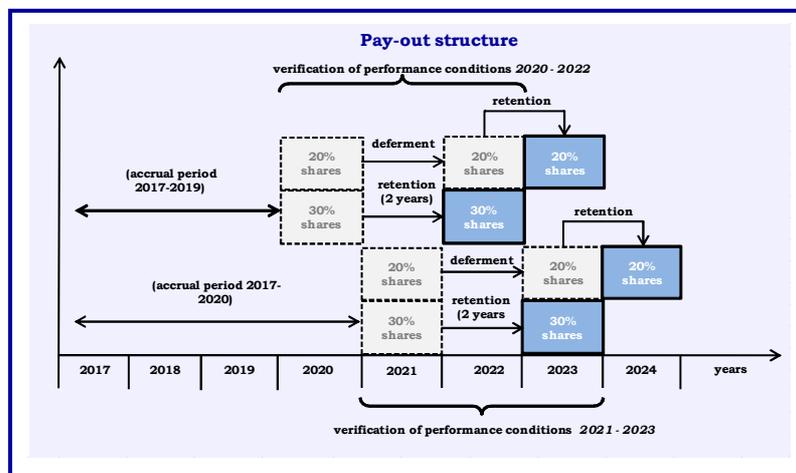
Examples are given in the chart below.

**UBI share performance adjustment**

TSR	Impact
>Q3	+25%
≥Q1 and <Q3	-
<Q1	-25%

In the event of extraordinary events unforeseen at the time of budget for example, but not limited to, mergers, capital increases, extraordinary accounting normalisations, on the basis of a proposal from the Remuneration Committee, having first consulted the Risk Committee and taking account of recommendations formulated by the Management Board, the Supervisory Board supported by the relative competent units, may assess the possibility of reviewing the thresholds and the objectives identified and increase or reduce the bonuses earned with account taken of indicators linked to the Business Plan and in view of more general performances achieved during the period, for example with reference to compliance with the “2017-2020 Policy on Dividends”.

Examples of the payout procedures are given below for bonuses earned as at 31/12/2019 and 31/12/2020.



### *The Company Productivity Bonus or Result Bonus*

There may be a company bonus as part of variable remuneration or alternatively a result bonus, as defined by the national trade union agreement, the conditions and criteria for which are set annually in the context of supplementary trade union negotiations.

The bonus may be disbursed either in cash or in the form of other specific services, including for example those connected with the Group's welfare system or in the form of financial instruments.

### *Commercial "contests" and other possible extraordinary project initiatives*

It is possible to hold specific commercial "contests" aimed at orienting the distribution network to support business plans and targets and specific initiatives to support extraordinary projects. These initiatives are developed as part of the variable components of the remuneration in line with targets set during budget preparation, ensuring the prevention of conflicts of interest and behaviours that may lead to moral hazard.

These initiatives are marginal and supplementary compared with the true incentive schemes, with particular reference to the objectives, costs, impacts on staff motivation and effects at the level of risk assumption.

### *Claw-back clause*

The variable component of remuneration is subject to claw-back mechanisms for the repayment of bonuses that have already been disbursed.

Claw-back has a particular impact on incentives earned by and/or paid to staff who have caused or played a role in:

- behaviours leading to a significant loss for the Bank;
- violations of the requirements imposed under article 26 or, when the subject is an interested party, article 53, subsections 4 et seq. of the Consolidated Banking Act or requirements relating to remuneration and incentives;
- violations of the provisions of the Consolidated Finance Act with regard to obligations laid down by article 6, paragraphs 2-septies, 2-octies and 2-novies, or article 13, or obligations concerning remuneration and incentives according to Art. 190-bis;
- fraudulent behaviour or gross negligence that could damage the Bank.

These provisions are independent of any compensation or disciplinary issues.

The above involves the termination of any bonuses currently vesting and of payments of deferred components earned in previous years and not yet granted (a malus).

The claw-back may take place for bonuses paid up to a maximum period of five years prior to the date on which the charge of misconduct indicated above was brought.

### **3. Other retention and attraction tools**

Other tools for attracting and retaining staff include awards such as promotions, pay increases for the fixed component related to career paths and professional development and managed as part of the Merit Plan, usually on an annual basis.

It is also possible to grant indemnities associated with specific positions within the governance and control structures that are functionally linked to the role occupied, as part of the fixed component of remuneration.

Finally, there are tools for the attraction and retention of professionals in demand within the labour market. These include the use of:

- job-security agreements, for which the amount is agreed or granted during the same employment relationship by means of fixed remuneration periodic or continuous indemnity items (only in exceptional circumstances can this occur at the time of termination of the employment relationship, in accordance with criteria set out by the Shareholders' Meeting) to retain professionals in high demand within the labour market and to protect the financial profiles of the Bank;

- schemes to enhance the commercial contribution made by personnel from the external market, making it possible to provide economic rewards (e.g. for the acquisition of new customers or assets), in compliance with regulations in force;
- lastly, the Bank may make use of specific non-competition agreements, when they are required or advisable for the protection of commercial and customer goodwill. The necessary payments will be agreed within the limits set in article 2125 of the Italian Civil Code and in line with Bank of Italy Supervisory Regulations, legal interpretations and market practices, with specific reference to Identified Staff in compliance with the criteria and limits approved by the Shareholders' Meeting.

#### **4. Benefits**

In addition to what is already required under the National Trade Union Agreement, wage packets paid to staff may provide for the granting of benefits awarded on the basis of internal fairness and external competitiveness, consistent with the need to meet the demands of the various categories of employees and in compliance with tax and social security legislation.

In particular, specially regulated supplementary collective pension, health and insurance plans<sup>24</sup>, infancy welfare services and canteen services serving meals, sports and recreational activities and discounts on products and services provided by the Bank and its subsidiaries are provided to protect the health and welfare of staff.

The provision of company cars for business and personal use and guest accommodation to meet requirements for geographical mobility and personnel management in the Group has also been established and regulated.

#### **5. Post-employment benefits**

The criteria for determining extraordinary remuneration, in addition to what is required by law or under the national trade union agreement, in the event of the early termination of the employment relationship or of the position held, including the limits set in terms of years of fixed remuneration and the maximum amount resulting from their application, are set by the Shareholders' Meeting.

No special payments (golden parachutes) are generally provided for the early termination of the employment relationship or the position held.

Any individual agreements, on an exceptional basis, will be managed in the context of the criteria set by the Shareholders' Meeting, up to a maximum of 24 months of fixed individual remuneration, subject to deferment and retention conditions for the component paid in financial instruments and to ex post adjustment mechanisms (malus and claw-back) and they must reflect performance achieved over time.

This is without prejudice to payments and disbursements that are required by law or under the national trade union agreement, or on the basis of transactions performed within the context and limits of these obligations and in order to avoid objectively justified litigation risks.

The said payments and disbursements do not form part of the pay mix and will be set in relation to the specific circumstances and in strict compliance with the regulations in force from time to time, while they will comply with prevailing provisions of the law and supervisory regulations.

A structured approval process is followed for decisions regarding Identified Staff. More specifically, the Management Board, supported by the competent internal functions of the Bank, submits the measures adopted and the relative reasons, within the bounds of the aforementioned criteria and limits approved by a Shareholders' Meeting, to the Supervisory Board for appropriate verification of compliance, after prior consultation with the Remuneration Committee.

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<sup>24</sup> Normally, pension benefits are not normally paid on a discretionary basis. Should they be paid then the rules set by the legislation and regulations in force will apply.

## **6. Associate workers not linked to the Group by regular employee contracts**

Any variable remuneration due to associate workers not employed under regular employee contracts is governed by the criteria and guidelines contained in this document, appropriately adjusted to take account of the characteristics of the specific business.

Financial Advisors and financial agents are particularly important with regard to associate workers not bound by regular employee contracts.

Financial advisors work in the company IWBANK, while financial agents, who specialise in salary and pension-backed loans, work in the company Prestitalia.

The remuneration of Financial Advisors, which is usually entirely variable on the basis of the nature of their employment contract, can be divided into the following:

- a recurring component, commissions, that constitute the more stable and regular element of remuneration and are the real fee for the advisory activity;
- a “non-recurring” component, which typically has an incentive value because it is subject, for example, to the achievement of specific results, such as increasing total net inflows of funds.

The non-recurring component is subject to triggering of the bonus pool (“gates”) at Group and company level and “correction factors”, taking into account operational risk indicators, that promote proper behaviour and the link with the legal and reputational risks to which the Bank is exposed, in addition to compliance with the rules for protecting customers and gaining their loyalty.

The following are typically considered with regard to the “non-recurring” component:

- collective incentive schemes, designed to stimulate the activity of all advisors and to reward excellence on the basis of specific objectives;
- individual incentive schemes which, on the basis of individual agreements, reward the achievement of performance targets, inclusive of any extraordinary and non-repeatable inflows of funds, and in any case not attributable to building the portfolio at the entry stage;
- multi-year retention schemes which, in the context of a retention bonus, involve the achievement of determined length of service targets and the maintenance of predetermined portfolio levels and a scheme for the payment of increased provisions.

When a new Financial Advisor is recruited by the bank, activity to acquire new assets – up to a predetermined maximum period needed to build a basic portfolio – is considered as a “recurring” component of remuneration.

For those financial advisors who may be included within the Material Risk Taker perimeter, the more stringent rules set for Other Identified Staff apply and remuneration is composed of a “recurring” and a “non-recurring part, once the period needed to build a basic portfolio has ended (set at 24 months), in the event of recruitment from outside.

The remuneration of Financial Agents, which is also entirely variable due to the nature of their employment contract, is composed exclusively of “recurring” components which are commissions.

In order to reduce and guard against significant risks, the consultancy contracts entered into provide for specific reports and control procedures, to ensure compliance with the provisions of the law and the internal regulations in force, inclusive of the claw-back mechanisms applied to all other personnel.

## Attachments

### 1. Description of the indicators used

**Common Equity Tier 1 (“CET1”) Ratio** - In terms of own funds, this indicator represents the highest quality core capital (composed of the total ordinary shares issued by the Bank that satisfy the regulatory classification criteria, share premium reserves, retained profits, valuation reserves and other reserves recognised) net of the deductions required by the regulations as a ratio to Risk Weighted Assets (RWA).

**Customer Satisfaction** is surveyed as part of the Consultation Project; appropriate adjustments to take market performance into account may be made at the time when performance is calculated, in order to mitigate any possible distortions associated with particular external events.

**The Leverage Ratio (“LR”)** – Leverage calculated as the ratio of the Tier I capital (capital measurement) to the total exposure of the Group (exposure measurement) which includes all the assets and off-balance sheet items not deducted to calculate the capital measurement according to the provisions of the CRR - Art. 429 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26/06/2013 as amended by the Delegated Act (EU) No. 62/2015 .

**Liquidity Coverage Ratio (“LCR”)** - Indicator designed to ensure that a Bank maintains sufficient high quality liquid assets available which can be converted into cash to meet liquidity commitments over a period of 30 days in a stress scenario defined by the Supervisory Authority. It is defined as the ratio of the stock of “available high quality liquid assets” and the sum of “net cash outflows over a time horizon of 30 days, estimated in a context of normal business and supplemented by situations of stress”.

**Net Stable Funding Ratio (“NSFR”)** - Indicator of structural balance designed to monitor and contain risk associated with the transformation of maturities within a tolerance threshold considered acceptable by the Group. It is the ratio of funding (liabilities) to weighted lending (assets), which takes account of the stability of the liabilities and the degree of liquidity of the assets.

**Total Shareholder Return (TSR)** – The increase in the value of the share, calculated as a percentage difference between the daily average in December 2017 (for the annual incentives scheme) or 2017/2020 (for the long-term incentive scheme) and the daily average in December 2015 (for the 2015-2017 long-term incentive scheme) or 2016 (for the annual incentives scheme or the 2017-2020 long-term scheme), including the value of any dividends paid (excluding the possibility that they could be reinvested). They are compared with banks in the reference benchmark listed on regulated markets, on the basis of the quartile ranking of the UBI Group. The method provides for normalisations in the event of exceptional circumstances (e.g. increases in capital).

**Return On Risk-Adjusted Capital (RORAC)** - The profitability in percentage terms of capital at risk calculated as the ratio between NOPAT (net operating profit after tax) and average allocated (budgeted) capital or average absorbed (actual) capital.

NOPAT is obtained by adjusting the consolidated net profit (attributable to the Group and to non-controlling interests) - net of non-recurring extraordinary items and the cost relating to incentive schemes - to notional interest (net of taxes) calculated using the following formula:

At the time of budgeting/final figures: (average adjusted tangible equity<sup>25</sup> - average capital allocated/absorbed) x average yield of three-year BTPs expected for the year budgeted

The capital allocated/absorbed is calculated as the sum of the following:

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<sup>25</sup> Adjusted tangible equity: equity recognised + expected self financing + non-controlling interests – available-for-sale and cash flow hedge valuation reserves – intangible assets.

- a) the total Risk Weighted Assets (RWA for credit risk, RWA for market risk and RWA for operational risk) multiplied by the Group's Target Common Equity Tier 1 Ratio (assuming no AT1 issuances: Common Equity Tier 1 Target Ratio = Tier 1 Target Ratio);
- b) 100% of the shortfall of provisions to expected losses ("fully-loaded shortfall");
- c) hedge funds, any equity investments, subordinated assets in deferred tax assets deducted from own funds;
- d) value of the AFS reserve for government securities if negative + the value of the AFS reserve for other debt securities and equity securities if negative;
- e) the value of the capital allocated in compliance with Pillar II, to cover the banking book AFS portfolio<sup>26</sup>.

*Return On Tangible Equity ("ROTE")* - This is an indicator of the operating profitability of the bank and is calculated as the ratio of net profit to tangible equity (the latter is calculated as the difference between equity excluding profit/loss and intangible assets).

*Core Revenue* refers to the income indicator, net of the finance result: net interest income (excluding the effects of PPA<sup>27</sup>) + net fee and commission income (using normalised data).

*Profit on continuing operations before tax (POCBT)* is considered net of extraordinary and non-recurring items.

*Normalised net profit (NNP)* is considered net of non-recurring extraordinary items and the cost relating to incentive schemes.

*Normalised net profit, adjusted for the cost of capital "delta"* - 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.

All the accounting and financial data (including any related normalisations) are taken from the financial statements and/or from information provided by the Senior Officer Responsible, the Corporate Strategy Area and the Risk Management Area.

For Finance, the objectives take account of the "Policy to Manage Financial Risks" and the related regulation for its implementation; particular use is made of risk-adjusted indicators (RORAC).

In the context of incentives schemes, in addition to or instead of the indicators shown above, specific quantitative and qualitative objectives are normally used, identified in accordance with the activities for which each position is responsible.

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<sup>26</sup> The part of the capital which includes the VaR stress and the stop loss capital buffer is deducted from the value of Group capital allocated, with account taken of the portion attributable to the CET1 capital in relation to the composition of 2016 budgeted available financial resources (AFR) and the tax relief is considered that would arise in the event of an effective loss (tax rate: IRES+IRAP).

<sup>27</sup> "Purchase Price Allocation" - in the context of the "purchase method" accounting treatment, this is the recognition in the accounts of acquirer on the acquisition date of the fair value of the net assets of the companies acquired, even if not previously recognised in the books of those companies, and any surplus (or deficit) arising between the cost of purchase and the fair value of the net assets acquired, recognised in the books of the acquirer as goodwill.

## 2. Description of terms, acronyms and abbreviations

*Bonus pool*: total allocated budget for incentive schemes.

*Cap*: maximum achievable level for an objective.

*Cash*: cash component of variable remuneration.

*Claw-back*: mechanism that provides for the repayment of a bonus that has already been paid out.

*CRD IV*: Capital Requirements Directive IV - Directive 2013/36/EU of the European Parliament in force since 1<sup>st</sup> January 2014 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

*EBA*: *European Banking Authority* supervising the banking sector.

*ESMA*: *European Securities and Markets Authority* - the European authority for financial instruments and markets, supervising the securities market.

*“Gate”*: condition required to trigger incentive schemes, related to Group capital stability and liquidity indicators.

*Golden parachute*: special payments, in addition to what is required by law or under the national trade union agreement, relating to the early termination of the employment relationship or of the position held.

*LTIS*: Long-Term Incentive Scheme.

*Malus*: ex post adjustment mechanisms on the basis of which the bonus pool and/or the bonuses earned may be reduced, even to zero.

*MIFID*: *Markets in Financial Instruments Directive*, the European Directive for the protection of savers and the efficiency and integrity of the financial markets.

*MRT*: *Material Risk Takers or Identified Staff*, defined in Commission Delegated Regulation (EU) No. 604/2014, which supplements CRD IV and provides the qualitative and quantitative criteria for the identification of members of staff whose activities have a material impact on the Bank's risk profile. Within the UBI Group, MRTs have been divided into three groups, with different treatments, in accordance with principles of proportionality, with particular regard to procedures for the payment of the bonuses earned.

*Pay mix*: percentage of the various components of remuneration (fixed and variable) represented by total remuneration.

*Pay out*: structure and procedures for the payment of bonuses.

*Peer group*: sample of banks used for reference to serve as a remuneration benchmark.

*Performance share*: UBI Banca shares linked to performance intended for the payment of a portion of the bonuses earned by Identified Staff, pursuant to legislation and regulations in force.

*Accrual period*: performance measurement period.

*Retention period*: period during which shares earned by individuals on the basis of performance must be kept and cannot be sold.

*IS*: *Identified Staff or Material Risk Takers*. See MRT above.

*RAF*: *Risk Appetite Framework*, the reference framework for determining the risk appetite of UBI Group.

*Upfront*: procedure for the payment of bonuses linked to the relative performance and not subject to deferral conditions.

### 3. Positions categorised as Material Risk Takers

The total figures<sup>28</sup> divided on the basis of legislation and regulations currently in force, internal criteria and the various categories of Identified Staff are given below. The positions are set out in detail in the implementation regulations approved by the Supervisory Board, on the basis of a proposal from the Remuneration Committee.

Criteria for the identification of Key Personal	Governing bodies and company officers	"Top" perimeter	"Other KP" perimeter	Total number
3.1 / 3.2 - Management bodies in their management function and in their supervisory function	43			43
3.3 - Member of senior management		9	1	10
3.4 - Control Functions Manager			5	5
3.5/3.6 - Significant Business Unit		8	5	13
3.7 - Control Functions Senior Manager			10	10
3.8 - Significant Units Senior Manager		1	53	54
EBA - Regulations 604/2014 3.9 - Legal affairs, Finance, Taxation, Budgeting, Human Resources, IT and Economic Analysis Manager		1	14	15
3.10 - Manager of a Risk Category other than credit and market risk			3	3
3.11 - Credit Manager		1	13	14
3.12/13 - Financial Risks Manager			2	2
3.14 - New Products Manager			2	2
4.1 - Remuneration > €500,000			4	4
4.2 - 0.3% of Group with higher remuneration			4	4
Other Risk Takers (internal criteria)			9	9
Other Risk Takers Asset Management (pursuant to UCITS V)			9	9
<b>Total</b>	<b>43</b>	<b>20</b>	<b>134</b>	<b>197</b>

<sup>28</sup> That perimeter may be subject to revisions during the year approved by the competent Governing Bodies.

## Section II - Implementation of 2016 Remuneration and Incentive Policies

### I. Part one

#### 1. The main policy changes made in 2016

With a view to continuous improvement, also in light of best practices and market trends, with account taken of continuous changes to the relative regulatory framework and corporate ownership modifications in the Group, changes have been introduced for 2016 and some refinements have been made to previous. In detail:

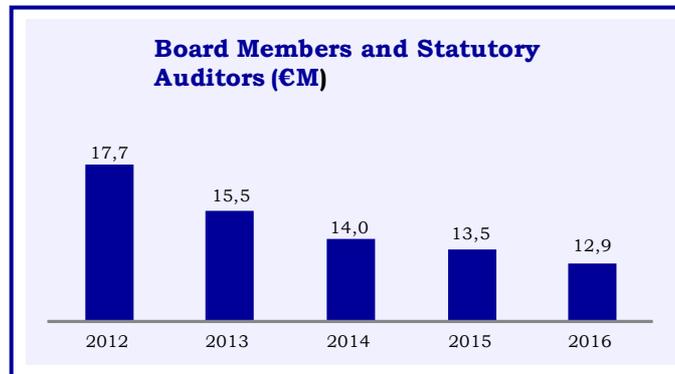
- the perimeter of Material Risk Takers (MRT) or Identified Staff (IS) has been updated on the basis of organisational and company ownership developments according to qualitative and quantitative criteria set in the Delegated Regulation (EU) No. 604, with the identification, based on the effective ability of individual company figures to impact on the Group's risk profile, initially of a total of 204 positions, which was then reduced during the year to 191, with account taken of renewed appointments and the reduction in the members of UBI Banca's Management Board and Supervisory Board at the same time, and also renewed appointments of the Boards of Directors of some Group companies. This perimeter was divided, on the basis of the principle of proportionality, into more specific categories with differing characteristics and treatments as follows: 100 "Members of the Governing Bodies", 20 "Top Identified Staff" ("Top IS"), and 71 "Other Identified Staff" ("Other IS");
- in application of the principles contained in the EBA guidelines, the use of financial instruments has been extended, to include the whole of the "Identified Staff" perimeter, except for "Members of Governing Bodies", because they do not receive variable remuneration. The previous payout structure for short-term incentive schemes was confirmed for the whole of the Identified Staff perimeter with 50% of the bonus converted into ordinary shares of UBI Banca and subject to retention clauses that align the incentives with the Bank's long-term interests. On the other hand, the percentage of the bonuses deferred and the relative length of the deferment period periods was differentiated on the basis of the role, the target variable and the category of the beneficiary: i) for the Chief Executive Officer of UBI Banca, 60% of the bonus is deferred for five years, in consideration of the size of the theoretical target variable amount, greater than €500,000 gross; ii) for positions falling within the Top perimeter, 50% of the bonus is deferred for a period of three years; iii) for Other Identified Staff 40% of the bonus is deferred for a period of three years. The previous limits of €50,000 gross and 15% of fixed remuneration have been confirmed, below which the bonuses can be paid exclusively "upfront" of which 50% in cash at the time when they vest and the remaining 50% in ordinary shares of UBI with a two-year retention period;
- the long-term incentive scheme ("LTIS") on a three year basis (2015-2017) started the previous year was confirmed, designed to bring the interests of management increasingly into line with those of shareholders in the long-term and to increase the performance-based variable component of remuneration. The system concerns a small number of senior managers amongst the Identified Staff, on the basis of the key position occupied in policy terms over the governance of the Group and their impact on the main business areas;
- the range and flexible use of welfare components – goods and services offered to employees – has been increased to involve amongst other things the possibility of using financial instruments as a means of paying variable remuneration for all personnel, with particular reference to the Company Bonus;
- the criteria and procedures for managing the remuneration of associate workers who are not employees are more detailed, especially with regard to Financial Advisors and agents.

## 2. The main results for 2016

Details are given below of expenses relating to the various categories of personnel and in particular to Directors and Statutory Auditors, employees, other personnel with consulting contracts and Financial Advisors.

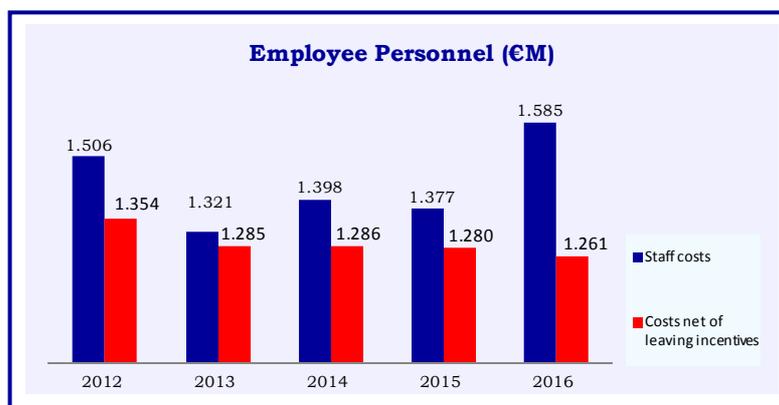
### *Expenses for Directors and Statutory Auditors*

Expenses incurred for the remuneration of Directors and Statutory Auditors amounted to approximately €12.9 million, (down compared with the €13.5 million reported in the previous year) accounting for a little less than 0.8% of total staff costs. This reduction is the consequence of board renewals and a decrease in the number of members of UBI Banca's Supervisory Board at the same time, in addition to the result of a decision taken by the Supervisory Board on 4<sup>th</sup> March 2014, following a proposal submitted by the Management Board, which made it possible to reduce costs for the remuneration of the Management Bodies of subsidiaries that were renewed from that date onwards and to achieve objectives set to reduce total governance expenses. If all the actions taken since 2012, are taken into consideration, governance expenses have been reduced overall by approximately 32%, to give a total of around €6 million.



### *Expenses for employees*

Total expenses incurred for employee personnel came to approximately €1,585 million. That amount includes expenses for redundancy schemes, which form part of the business plan commenced in 2016 and they were already quantified in the half-year report amounting to approximately €324 million. Net of those costs, over the last five years staff costs amounting to €1,261 million have fallen by approximately 16.2% following action taken to contain the cost of labour and to reduce the Group's workforce.



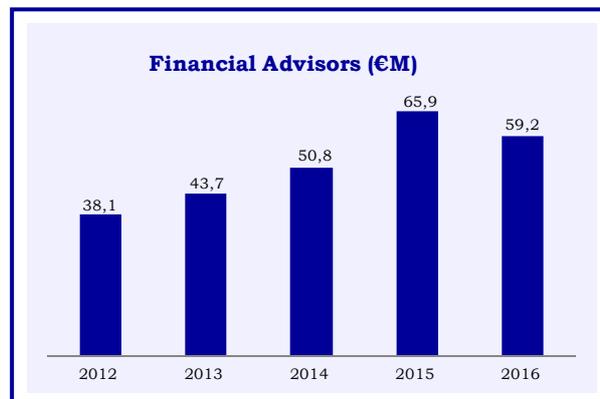
*Expenses for consulting contracts – Other Personnel in service*

Expenses incurred for consulting contracts with Other Personnel in Service came to approximately €1.5 million, in line with the previous year. That amount has fallen by approximately €1 million in the last five years.



*Expenses for Financial Advisors*

With specific reference to the Financial Advisors of the company IWBank Spa, not bound by employee contracts, total expenses came to approximately €59.2 million, down by around 10% with account taken, amongst other things, of the reduction in the number of Financial Advisors that occurred over the previous year. Approximately 10% of the costs is attributable to Identified Staff, identified in this category.



As concerns 2015, with account taken, amongst other things, of regulatory developments, together with the complexity of interpreting regulations and clarifications issued by Bank of Italy in the middle of 2015, while the financial statements recorded a loss, the Board of Directors of the subsidiary IWBank Spa took account of the positive capital and liquidity stability and profitability at Group level and of net normalised company profit which reached 60% of budget targets and as an extraordinary and exceptional departure from policies decided (with an opinion in favour from the Supervisory Board and having consulted the Remuneration Committee), in any case, when final figures came out, to pay a quota amounting to €687,000, of which 20% for Identified Staff, with a view to preserving relationships of trust with the persons concerned and safeguarding the assets managed by them.

*Positions with remuneration of over €1 million*

Three positions exist in the Group with remuneration of between €1 million and €1.5 million, relating to the UBI Chief Executive Officer and to two Financial Advisors of the company IWBank Spa, the holders of substantial client portfolios and coordinators of teams of advisors.

### *Action taken on fixed remuneration of ordinary employees*

As part of the process for the periodic review of remuneration, known as the “Merit Plan”, action was taken in 2016 to reward merit, with the exclusion of changes required by automatic contract clauses in force, involving approximately 9.4% of personnel, with a total impact of approximately 0.5% on total wages paid.

### *Estimate of the results of 2016 incentive schemes*

The performance indicators to which the triggering and size of the bonus pool payable at Group and individual company level is linked are as follows:

- a) Return On Risk Adjusted Capital (“RORAC”) and Normalised Net Profit > 0, at consolidated level;
- b) Normalised Net Profit, adjusted for the Cost of Capital “delta”<sup>29</sup>, at bank and company level.

The performance of those indicators was heavily influenced by factors that were unforeseen when the budget was drawn up. These were related to the implementation of policies contained in the 2016-2020 Business Plan and regarded in particular the management of non-performing loans, relating more specifically to the failure to dispose of bad loans initially planned in the budget and connected with recognition of a provision for non-performing loans (the “shortfall”<sup>30</sup>), which, in application of operating practice defined by the UBI Group<sup>31</sup>, is not generally classifiable under “non-recurring events” and is not therefore subject to accounting normalisation. It follows that the normalised result at consolidated level and at the level of the individual entities impacted was a loss, which together with the negative performance by RORAC, would mean that the 2016 incentive schemes would not be triggered for any personnel.

Nevertheless, considering the extraordinary nature of the operation not directly attributable to the ordinary operating performance of personnel, on the basis of a proposal from the Management Board and having received an opinion from the Remuneration Committee and the Risk committee, the Supervisory Board decided, on an exceptional basis and exclusively for the purposes of the incentive scheme<sup>32</sup> (in order not to compromise the effectiveness of this tool and the related motivation of personnel) to approve the neutralisation of the negative impacts of the non-performing loan provisions recognised, and for consistency, also the neutralisation of the positive impacts connected with the failure to dispose of non-performing loans according to the budget.

On the basis of the first available figures, with these neutralisations the trigger conditions (the “gate”) would be satisfied. Group RORAC would lie between 50% and 80% of the budget target, with a consequent decrease in the total theoretical allocation down to a maximum of 60% of the amount set in the budget to give an amount of approximately €13.3 million, with the exclusion of all the Parent’s Identified Staff and with a reduction of that which may have been earned by the Identified Staff of other companies. Compared with that amount, with account taken of the initial projections for the results of the incentive scheme and of a budget allocation made to support a specific project initiative to support the Single Bank Project amounting to €2.2 million (greater details of this are given in the final section “Other variable items”), a budget allocation of €10.8 million was made as shown in the table below.

<sup>29</sup> The adjustment for the cost of capital does not apply for UBI Pramerica and use is made of the normalised net profit, net of performance fees, to neutralise the risk of speculative components, with account taken of the high level of volatility, and net of the impact of “extra—rebate” commissions paid to distribution networks, resulting from a partnership agreement between UBI and Prudential.

<sup>30</sup> Inclusive of the greater loan losses in companies.

<sup>31</sup> As specified in the document “The application of accounting policies in the UBI Banca Group”.

<sup>32</sup> These neutralisations also have effects for the purposes of calculations related to the 2015-2017 long-term incentive scheme and any portions of deferred bonuses earned in previous years.

Group RORAC (% achievement of objective)	Theoretical bonus pool	Estimate of total expense
≥ 150%	Up to 200%	
≥ 110% and < 150%	Up to 150%	
≥ 80% and < 110%	Up to 100%	
≥ 50% and < 80%	Up to 60% (€13.3 million)	€10.8 million
<50%	Up to 30%	

With regard to individual companies, again on the basis of the initial projections, subject to changes at the final verification stage for the qualitative and quantitative indicators, 9 out of 16 Group companies will have access to incentive schemes, although with different budget expense availability based on results achieved and approximately 8% of Identified Staff would be beneficiaries of a bonus, details of which, subject to revision on the basis of the final figures, are given in the second part of this report.

### *Incentive schemes in previous years*

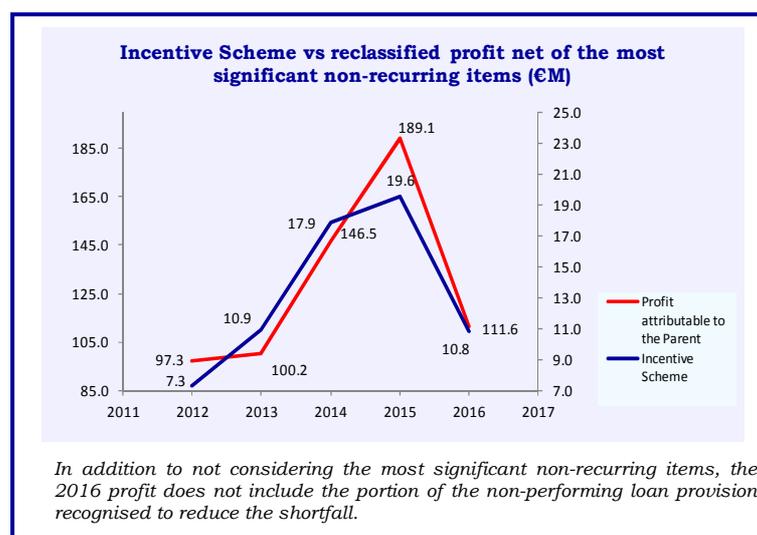
As concerns the 2015 incentive scheme, in consideration of the improvement in Group RORAC and in the Normalised Net Profit adjusted for the Cost of Capital Delta of some companies, when final figures were recorded in the consolidation, an overall increase in spending on bonuses paid by approximately 5% was recorded with respect to the estimate contained in last year's report amounting to approximately €860,000 gross.

This increase had no impact on the bonus levels for the Chief Executive Officer, who waived his right to the potential extra bonus, confirming the amount stated in the previous Remuneration Report.

As concerns deferred components of the 2011 and 2012 Incentive Schemes, in 2016 131,277 UBI Banca shares vested and were paid to 38 staff and approximately €136,000 gross was paid to 15 staff belonging to the Identified Staff perimeter, because the deferment and retention conditions for the three-year periods 2012-2014 and 2013-2015 had been met.

Again in 2016, with reference to the 2013 incentive scheme, once the two-year retention period was over, 77,359 UBI Banca shares were granted from the upfront component earned by 13 staff in the Identified Staff perimeter.

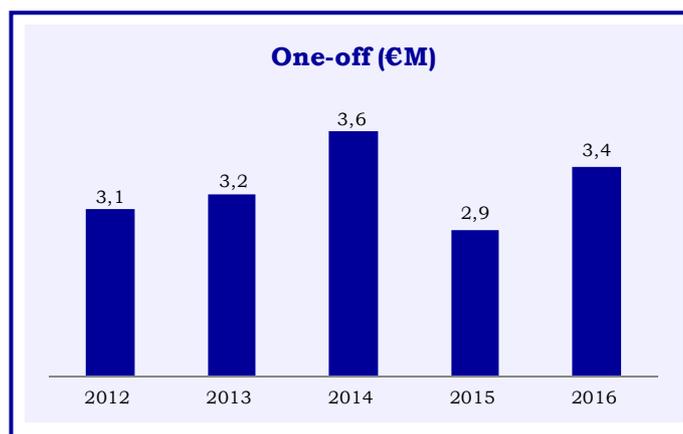
The chart below shows the total cost of incentives schemes for Employee Personnel over the last five years.



### Other variable items

As part of the annual wage review process, known as the “Merit Plan”, in 2016 one-off payments (now considered as part of the bonus pool allocated for incentive schemes and linked to individual company performance) were made to ordinary Employee Personnel, to reward performance achieved in 2015 for a cost of approximately €3.4 million, equal to approximately 9.2% of Group staff. These payments included, for the relative period, an average amount of €11,000 gross made to four staff in the Identified Staff perimeter to reward excellent performance, paid upfront in cash in consideration of the limited amount.

The chart below shows the total cost of one-off bonuses over the last five years.



The Company Bonus for the year 2015 was paid in 2016, the amounts of which were calculated consistent with the operating performance of each company to which the staff belonged, with a total cost of approximately €17.3 million. With account taken of the changes introduced in the 2016 *Legge di Stabilità* (“stability law” – annual finance law) and the relative tax and social security concessions and also of the broader range of goods and services made available by the Bank, the quota of personnel who opted to receive the payment of their bonus in welfare services or in financial instruments increased to 60%, compared with 35% in the previous year. Approximately 5% of the personnel who opted for financial instruments were granted a total of 345,439 UBI Banca shares.

As already reported, as part of the extraordinary expenses involved in the implementation of the 2016-2020 Business Plan, a special budget allocation of €2.2 million was made to recognise and reward the extra effort made by the units and staff who worked most to implement the project for the transformation into a Single Bank. In compliance with the trigger conditions in terms of Group capital and liquidity stability (the “gate”) and excluding Identified Staff, that budget allocation, in consideration of the extraordinary purposes, takes the form of company “generosity” and the bonuses paid in 2017 will take the form of “welfare” with no possibility of conversion into cash.

### 3. Start and end of employment relationships

A recruitment bonus was paid in 2016 limited to the first year and in compliance with Supervisory Regulations on remuneration and incentives, amounting to €8,000 gross for one member of staff within the Identified Staff perimeter.

Furthermore, during the course of the year four employees belonging to the Identified Staff category ceased employment, for which access to funds from the “credit solidarity fund” were provided pursuant to Interministerial Decree No. 83486 of 28<sup>th</sup> July 2014 and according to the provisions of memorandums of intent on this subject signed with trade unions, details of which are given below. In detail:

- a Deputy General Manager of UBI, an Area Manager and a General Manager of a product company have been agreed a total of approximately €205,000 gross for end of the employment relationship and approximately €347,800 gross for bringing supplementary pension contributions up-to-date. Under the provisions of the Framework Agreement, the first two persons concerned will receive approximately €7,295 gross monthly during the

period covered by the “solidarity fund”. In addition to the above, as a whole the three persons will be paid approximately €95,733 gross for the upfront cash bonus earned in 2015 under the incentive scheme and they will maintain their rights and the remaining part of the bonus in compliance with the provisions of Group Remuneration and Incentive Policies;

- a General Manager of a network bank has been paid a total of approximately €28,600 gross for end of the employment relationship and approximately €32,000 gross for bringing supplementary pension contributions up-to-date. Under the provisions of the Framework Agreement, the person concerned will receive approximately €5,600 gross monthly during the period covered by the “solidarity fund”. In addition to the above, approximately €404,000 gross has been paid up-front, corresponding to six months’ salary relating to the notice due by law and under the national trade union agreement, and eight months salary on the basis of the criteria and limits for determining remuneration to be agreed in the event of the early termination of an employment relationship on the initiative of the company or the early vacation of an office approved by a Shareholders’ Meeting.

For one member of the Management Board, Mr Osvaldo Ranica, an employee occupying the position of General Manager of Banca Popolare di Bergamo S.p.A., in addition to an end of the employment relationship payment he also received amounts provided for a under a job security agreement entered into in 2002 and updated according to the applicable regulations on remuneration and incentives<sup>33</sup> on 23.12.2015, following the loss of that position as result of the merger of the network banks into UBI Banca in February 2017 and the relative early termination of the employment relationship. The payment due to implement that agreement, for which a provision was made in 2016, calculated on the basis of 24 months’ salary amounted, in accordance with the applicable laws, to €830,000 gross in compliance with the remuneration policies in force according to the following procedures:

- in cash and not subject to conditions for the 12 month salary limit, as an indemnity equivalent to the value of the notice pursuant to article 28 of the national trade union agreement for the category;
- with regard to the remaining 12 months’ salary equivalent:
  - 50% “up-front” and 50% deferred for three years according to the rules applied for Identified Staff;
  - of the aforementioned upfront and deferred portions, 50% in cash and the other 50% in shares;
  - subject to compliance with the sustainability indicators at consolidated level provided for by the remuneration policies in force at the time of termination for the upfront portion and at the end of the deferment period for the remaining part;
  - subject to a retention period for the upfront and deferred portions paid in shares and to “malus” and “claw-back” clauses.

A non-competition obligation remuneration agreement with a specific periodic indemnity clause exists with the Chief Executive Officer.

Furthermore, one member of staff in the Identified Staff category has entered into a job security agreement which, in the event of termination of the employment relationship on the initiative of the company, will be owed an indemnity equal to 24 months salary, payment of which will be made in compliance with the Supervisory Regulations in force and according to the procedures laid down in Group Remuneration and Incentive Policies at the time of the end of the relationship.

As part of programmes for the progressive recovery of efficiency and productivity, on 11<sup>th</sup> December 2016 the UBI Group signed an agreement regarding the 2019-2020 Business Plan, which, as a continuation of the redundancy scheme commenced with the Agreement of 26<sup>th</sup> November 2014, provides for access to extraordinary funds from the “Credit Personnel Solidarity Fund” or incentivised early retirement for around 600 employees. The necessary provisions to cover this agreement were made in the 2016 accounts.

<sup>33</sup> Bank of Italy Circular No. 285, 7<sup>th</sup> update of 18<sup>th</sup> November 2014 Section VII.

#### **4. Incentive schemes based on financial instruments**

Information on incentive schemes based on financial instruments, pursuant to 114-*bis* of the Consolidated Finance Act is contained in the proposal submitted to the Shareholders' Meeting to pay parts of the variable component of the remuneration for Identified Staff in the form of financial instruments through the grant of ordinary shares of the Parent, UBI Banca.

#### **5. Items of remuneration**

Reference is made to the tables in part two to report below on the main items of remuneration. With regard to the tables included in item 1) Quantitative information by area of activity and category of personnel, the following is reported:

- fixed remuneration, defined as a remuneration annualised as at 31<sup>st</sup> December 2016, payment of which is guaranteed. This includes financial items specified by contract (salary, normal increases, various indemnities, amounts above trade union rates, staff retention agreements during the employment relationship, significant contributions to pension funds made by the company, etc.) and any other sum, however it may be guaranteed, in addition to that provided for by the national trade union contract. Extraordinary items are excluded;
- performance-related variable remuneration and 2016 incentive schemes in particular, estimated 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 Identified Staff, on the basis of the results of the incentive schemes mentioned in the preceding point, divided between up-front payments in cash and in shares (payment of which is not subject to deferral conditions) and deferred quotas in cash and shares;
- the amounts of deferred remuneration over previous years, that have not yet been granted on the basis of the deferral procedures.

The following information is given in table 1 on the tables contained in item 2) Quantitative information on management and supervisory bodies and on the Chief Executive Officer, Senior Deputy General Manager and Deputy General Managers of UBI Banca:

- fixed remuneration for the position (column 1);
- remuneration for attendance on committees (column 2);
- variable non-equity remuneration (cash) divided into “bonuses and other incentives”, which include 2016 incentive scheme payments estimated on an accruals basis on figures that are not final and not yet paid relating to the up-from component, any one-off payments, company bonuses and any “share of profits”, not paid, which nevertheless are not envisaged (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 paid during the employment relationship, provisions made for deferred remuneration, length of service bonuses and other residual items (column 5);
- the total for the above items (column 6);
- the fair value of remuneration in shares (column 7);
- end of term of office or of employment relationship indemnities (column 8) defined in 2016.

Table 2 (as required under Consob Resolution No. 18049 of 23<sup>rd</sup> December 2011) is not included, since there are currently no stock option plans within the Group.

Table 3A contains information relating to schemes based on financial instruments other than stock options. More specifically, it shows:

- the relative incentive scheme (column 1);
- the number of shares accrued in 2012, 2013, 2014, 2015 and 2016, 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.

## II. Part two

Part two contains the following:

1. quantitative information by area of activity and category of personnel, with a distinction between the fixed component of remuneration and the variable performance-related component;
2. quantitative information by name is given for the management and supervisory functions and also for the Chief Executive Officer, Senior Deputy General Manager and Deputy General Managers of UBI Banca. Because there is no total remuneration for other Identified Staff that is greater than the highest remuneration paid to the Chief Executive Officer of UBI, aggregate information is given, with the number of persons given in place of the names.
3. finally, the last table of this document gives shares held in UBI Banca and its subsidiaries by members of the management and supervisory bodies and by the Chief Executive Officer, Senior Deputy General Manager and Deputy General Managers and other Identified Staff of UBI Banca<sup>34</sup>.

### 1. Quantitative information by area of activity and category of employee personnel

#### Fixed remuneration

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

**Group fixed remuneration** <sup>(1)</sup>  
(employee personnel as at 31/12)

Figures in thousands of euro	CRR Art.450 cluster	Group		UBI Banca <sup>(2)</sup>		Banks <sup>(3)</sup>		Other Companies <sup>(4)</sup>	
		Number of persons	31.12.2016	Number of persons	31.12.2016	Number of persons	31.12.2016	Number of persons	31.12.2016
UBI Chief Executive Officer		1	1,489	1	1,489	-	-	-	-
UBI Senior Deputy General Manager <sup>(5)</sup>	Senior Management	1	800	1	800	-	-	-	-
Other Executive Board Members and General Managers		14	3,870	-	-	8	2,398	6	1,472
UBI Deputy General Managers		2	1,044	2	1,044	-	-	-	-
Managers of main lines of business	Material risk-takers	43	8,896	25	5,504	5	949	13	2,443
Managers of highest level of control functions		16	2,923	16	2,923	-	-	-	-
Other senior managers	-	278	34,674	144	17,837	84	10,682	50	6,155
Other employees	-	17,204	820,577	4,816	241,187	9,705	454,211	2,683	125,179
<b>TOTAL</b>		<b>17,559</b>	<b>874,273</b>	<b>5,005</b>	<b>270,784</b>	<b>9,802</b>	<b>468,240</b>	<b>2,752</b>	<b>135,249</b>

(1) Company costs and other expense items not considered a part of fixed remuneration are excluded (e.g. overtime, travelling allowances and expense refunds, etc.).

(2) According to the Single Bank Project on 21.11.2016 Banca Popolare Commercio e Industria and Banca Regionale Europea were merged into UBI.

(3) Banca Popolare di Bergamo Spa, Banco di Brescia Spa, Banca Popolare di Ancona Spa, Banca Carime Spa, Banca di Valle Camonica Spa, IW Bank Spa, UBI Banca International Sa.

(4) UBI Sistemi e Servizi SCpa, UBI Leasing Spa, UBI Factor Spa, UBI Pramerica SGR Spa, Prestitalia Spa, BPB Immobiliare Srl, Kedonus Srl, UBI Academy, UBI Management Company Sa, UBI Trustee Sa.

(5) Part of the cost is borne by the company in which he occupies the position of General Manager.

<sup>34</sup> Pursuant to Art. 84 *quater* of Consob Resolution No. 11971 of 14<sup>th</sup> May 1999 and subsequent amendments.

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

### UBI Banca fixed remuneration <sup>(1)</sup>

(employee personnel as at 31/12)

Figures in thousands of euro	General Management		Business <sup>(2)</sup>		Lending		Other Functions <sup>(3)</sup>	
	Number of persons	31.12.2016	Number of persons	31.12.2016	Number of persons	31.12.2016	Number of persons	31.12.2016
UBI Chief Executive Officer	1	1,489	-	-	-	-	-	-
UBI Senior Deputy General Manager <sup>(4)</sup>	1	800	-	-	-	-	-	-
UBI Deputy General Managers	2	1,044	-	-	-	-	-	-
Managers of main lines of business	-	-	9	2,123	3	762	13	2,619
Managers of highest level of control functions	-	-	-	-	-	-	16	2,923
Other senior managers	-	-	90	11,327	11	1,336	43	5,174
Other employees	-	-	3,495	172,882	369	18,589	952	49,716
<b>TOTAL</b>	<b>4</b>	<b>3,333</b>	<b>3,594</b>	<b>186,332</b>	<b>383</b>	<b>20,687</b>	<b>1,024</b>	<b>60,432</b>

(1) Company costs and other expense items not considered a part of fixed remuneration are excluded (e.g. overtime, travelling allowances and expense refunds, etc.).

(2) Chief Wealth and Welfare Officer and Chief Commercial Officer. From 21.11.2016 the latter incorporated Banca Popolare Commercio e Industria and Banca Regionale Europea.

(3) Chief Financial Officer, Chief General Counsel, Chief Audit Executive, Chief Risk Officer, Compliance, Investor e Media Relations, Chief Operating Officer and Support to the Supervisory Board.

(4) Part of the cost is borne by the company in which he occupies the position of General Manager.

### 2016 Incentive Schemes – Estimates for Identified Staff

The table below gives an estimate for Identified Staff calculated on the basis of preliminary figures and subject to possible changes, in terms of the number of beneficiaries (less than 10% of the category) and the amounts connected with performance-related incentive schemes divided by type of personnel and areas of activity.

#### 2016 Incentive Scheme Estimate (1): (employee personnel)

Figures in thousands of euro	Group		UBI Banca		Banks (2)		Other Companies (3)	
	Number of beneficiaries	31.12.2016						
UBI Chief Executive Officer	-	-	-	-	-	-	-	-
UBI Senior Deputy General Manager	-	-	-	-	-	-	-	-
UBI Deputy General Managers	-	-	-	-	-	-	-	-
Other Executive Board Members and General Managers	2	176	-	-	1	100	1	76
Managers of main lines of business	4	402	-	-	2	26	2	376
Managers of highest level of control functions	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>6</b>	<b>578</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>126</b>	<b>3</b>	<b>452</b>

(1) Company costs are excluded.

(2) Banca Carime Spa, Banca di Valle Camonica Spa.

(3) UBI Pramerica SGR Spa.

The payment procedures for bonuses earned by Identified Staff are given below. The first table shows payments in financial instruments and deferment and the second table shows upfront payments, because they are less than €50,000 gross and less than 15% of fixed remuneration.

#### 2016 Incentive Scheme Estimate(1): upfront and deferred bonuses

Figures in thousands of euro	Number of beneficiaries	Upfront portion		Deferred portion	
		2017 Cash (UBI CEO 20% - Top 25% - Other IS 30%)	2019 Shares (UBI CEO UBI 20% - Top 25% - Other IS 30%)	Cash (UBI CEO 30% 2022 - Top 25% 2020 - Other IS 20% 2020)	Shares (UBI CEO UBI 30% 2023 - Top 25% 2021 - Other IS 20% 2021)
UBI Chief Executive Officer	-	-	-	-	-
UBI Senior Deputy General Manager	-	-	-	-	-
UBI Deputy General Managers	-	-	-	-	-
Executive Board Members and General Managers of the Group	2	44	44	44	44
UBI Managers of main lines of business	-	-	-	-	-
Managers of main lines of business of the Group	2	113	113	75	75
UBI Managers of highest level of control functions	-	-	-	-	-
<b>TOTAL</b>	<b>4</b>	<b>157</b>	<b>157</b>	<b>119</b>	<b>119</b>

(1) Company costs are excluded

### 2016 Incentive Scheme Estimate 2016(1): upfront bonuses

Figures in thousands of euro	Number of beneficiaries	Upfront portion	
		2017 Cash	2019 Shares
		(Top and Other IS 50%)	(Top and Other IS 50%)
UBI Chief Executive Officer	-	-	-
UBI Senior Deputy General Manager	-	-	-
UBI Deputy General Managers	-	-	-
Executive Board Members and General Managers of the Group	-	-	-
UBI Managers of main lines of business	-	-	-
Managers of main lines of business of the Group	2	13	13
UBI Managers of highest level of control functions	-	-	-
<b>TOTAL</b>	<b>2</b>	<b>13</b>	<b>13</b>

(1) Company costs are excluded

The table below gives a summary of deferred remuneration in previous years and the dates when it will be due for payment in the future, once the necessary stability, liquidity and risk-adjusted profit conditions have been verified.

#### Prior year deferred remuneration: identified staff (1)

Figures in thousands of euro	2012 scheme		2013 scheme			2014 scheme			2015 scheme		
	Number of beneficiaries	Shares (2017)	Number of beneficiaries	Cash (2017)	Shares (2018)	Number of beneficiaries	Cash (2018)	Shares (2019)	Number of beneficiaries	Cash (UBI CEO2021 - Top and Core 2019 - Other IS 2018)	Shares (UBI CEO 2022 - Top, Core and Other IS 2020)
UBI Chief Executive Officer	-	-	-	-	-	1	177	177	1	136	136
UBI Senior Deputy General Manager	-	-	1	19	19	1	58	58	1	56	56
UBI Deputy General Managers	-	-	1	13	13	3	100	100	2	73	73
Executive Directors and General Managers of Group Companies	5	38	3	52	52	5	101	101	6	106	106
UBI Managers of main lines of business	-	-	-	-	-	11	166	166	13	187	169
Managers of main lines of business of the Group	10	99	1	59	59	3	100	100	1	173	75
Managers of highest level of control functions	-	-	-	-	-	1	12	12	10	145	118
<b>TOTAL</b>	<b>15</b>	<b>137</b>	<b>6</b>	<b>143</b>	<b>143</b>	<b>25</b>	<b>714</b>	<b>714</b>	<b>34</b>	<b>876</b>	<b>733</b>

(1) Company costs are excluded

### 2015 Incentive Schemes - final data

In order to provide full information, the final figures relating to the amounts for the 2015 incentive scheme payments is given below. Compared with the estimates provided in the previous Remuneration Report, they have increased by a total of approximately 5% for an amount of approximately €860,000 gross, following an improvement in performance for some indicators compared with forecasts and these include Group RORAC.

The positive effects of the improvement in these performance indicators mainly regarded Identified Staff, whose bonuses that actually accrued increased by approximately €1.8 million gross, compared with an overall reduction in the bonuses that actually accrued for Other Personnel.

This increase had no impact on the bonus levels for the Chief Executive Officer, who waived his right to the potential extra bonus, confirming the amount stated in the previous Remuneration Report.

**2016 Incentive Scheme Estimate(1):  
(employee personnel)**

Figures in thousands of euro	Group		UBI Banca		Banks <sup>(2)(4)</sup>		Other Companies <sup>(3)(4)</sup>	
	Number of beneficiaries	31.12.2015	Number of beneficiaries	31.12.2015	Number of beneficiaries	31.12.2015	Number of beneficiaries	31.12.2015
UBI Chief Executive Officer	1	454	1	454	-	-	-	-
UBI Senior Deputy General Manager	1	280	1	280	-	-	-	-
UBI Deputy General Managers	2	366	2	366	-	-	-	-
Other Executive Board Members and General Mana	11	646	-	-	6	422	5	224
Managers of main lines of business	34	1,730	17	955	7	205	10	570
Managers of highest level of control functions	13	679	13	679	-	-	-	-
<b>TOTAL</b>	<b>62</b>	<b>4,155</b>	<b>34</b>	<b>2,734</b>	<b>13</b>	<b>627</b>	<b>15</b>	<b>794</b>

(1) Company costs are excluded.

(2) Banca Popolare di Bergamo Spa, Banco di Brescia Spa, Banca Regionale Europea Spa, Banca Popolare Commercio e Industria Spa, Banca Popolare di Ancona Spa, Banca Carime Spa, Banca di Valle Camonica Spa.

(3) UBI Sistemi e Servizi SCpA, UBI Factor Spa, UBI Pramerica SGR Spa, Prestitalia Spa e UBI Leasing Spa.

(4) For Carime, Prestitalia Spa and UBI Leasing Spa, in the presence of a loss, the quality factor was used for management and motivational purposes to allow the pay-out of approximately 12% of the budget originally set for these companies.

The payment procedures for bonuses earned by Identified Staff are given below. The first table shows payments in financial instruments and deferment and the second table shows upfront payments because they are less than €50,000 gross and less than 15% of fixed remuneration for staff in the Top and Core perimeter and less than 10% for those belonging to the Other Personnel category, according to the provisions of the previous policies.

**2015 Incentive Schemes(1): upfront and deferred bonuses**

Figures in thousands of euro	Number of beneficiaries	Upfront portion		Deferred portion	
		Cash 2016 (UBI CEO 20% - Top and Core 30% - Other IS 70%)	Shares 2018 (UBI CEO 20% - Top and Core 30%)	Cash (UBI CEO 30% - 2021 - Top and Core 20% - 2019 - Other IS 30% 2018)	Shares (UBI CEO 30% - 2022 - Top and Core 20%)
UBI Chief Executive Officer	1	91	91	136	136
UBI Senior Deputy General Manager	1	84	84	56	56
UBI Deputy General Managers	2	110	110	73	73
Executive Board Members and General Managers of the Gro	6	159	159	106	106
UBI Managers of main lines of business	14	296	254	187	169
Managers of main lines of business of the Group	10	340	112	173	75
UBI Managers of highest level of control functions	13	240	176	145	118
<b>TOTAL</b>	<b>47</b>	<b>1,320</b>	<b>986</b>	<b>876</b>	<b>733</b>

(1) Company costs are excluded

**2015 Incentive Schemes(1): upfront bonuses**

Figures in thousands of euro	Number of beneficiaries	Upfront portion	
		Cash 2016 (Top and Core 50% - Other IS 100%)	Shares 2018 (Top and Core 50%)
UBI Chief Executive Officer	-	-	-
UBI Senior Deputy General Manager	-	-	-
UBI Deputy General Managers	-	-	-
Executive Board Members and General Managers of the Grou	5	58	58
UBI Managers of main lines of business	3	32	17
Managers of main lines of business of the Group	7	75	-
UBI Managers of highest level of control functions	-	-	-
<b>TOTAL</b>	<b>15</b>	<b>165</b>	<b>75</b>

(1) Company costs are excluded

**2. Quantitative information on the management and supervisory bodies and on the Chief Executive Officer, Senior Deputy General Manager, Deputy General Managers and other Identified Staff of UBI Banca**

The tables below give detailed information relating to 2016 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 14<sup>th</sup> May 1999 and subsequent amendments.

*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 Identified Staff (Art. 84 *quater* of Consob Resolution No. 11971 of 14<sup>th</sup> May 1999 and subsequent amendments)

Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
						Bonuses and other incentives	Share of profits					
Moltrasio Andrea	<b>UBI BANCA:</b>											
	- Chairman of the Supervisory Board	01.01/31.12	AGM 2019	375,000.00						375,000.00		
	- Member of the Supervisory Board	01.01/31.12	2019 AGM	80,000.00						80,000.00		
	- Chairman of Appointments Committee	01.01/02.04 and 13.04/31.12	2019 AGM		25,096.15					25,096.15		
	<b>TOTAL</b>			455,000.00	25,096.15					480,096.15		
Cera Mario	<b>UBI BANCA:</b>											
	- Senior Deputy Chairman of the Supervisory Board	01.01/31.12	2019 AGM	250,000.00						250,000.00		
	- Member of the Supervisory Board	01.01/31.12	2019 AGM	80,000.00						80,000.00		
	- Member of the Appointments Committee	01.01/02.04 and 13.04/31.12	2019 AGM		17,925.82					17,925.82		
	- Chairman of the Remuneration Committee	01.01/02.04	02/04/2016		= =					= =		
	- Member of the Remuneration Committee	13.04/31.12	2019 AGM		21,510.99					21,510.99		
	<b>TOTAL</b>			330,000.00	39,436.81					369,436.81		
Gussalli Beretta Pietro	<b>UBI BANCA:</b>											
	- Deputy Chairman of the Supervisory Board	14.04/31.12	2019 AGM	28,571.43						28,571.43		
	- Member of the Supervisory Board	02.04/31.12	2019 AGM	59,560.44						59,560.44		
	- Member of the Appointments Committee	13.04/31.12	2019 AGM		17,925.82					17,925.82		
	<b>Total UBI Banca remuneration</b>			88,131.87	17,925.82					106,057.69		
	<b>BANCO DI BRESCIA:</b>											
	- Deputy Chairman	01.01/02.04	02/04/2016	4,250.00						4,250.00		
	- Director	01.01/02.04	02/04/2016	9,000.00						9,000.00		
	- Executive Committee	01.01/02.04	02/04/2016		2,500.00					2,500.00		
	<b>Total Banco di Brescia remuneration</b>			13,250.00	2,500.00					15,750.00		
	<b>UBI BANCA INTERNATIONAL:</b>											
	- Chairman	01.01/02.04	02/04/2016	3,770.49						3,770.49		
	- Director	01.01/02.04	02/04/2016	3,770.49						3,770.49		
	<b>Total UBI Banca International remuneration</b>			7,540.98						7,540.98		
	<b>TOTAL</b>			101,381.87	20,425.82					121,807.69		
Santus Armando	<b>UBI BANCA:</b>											
	- Deputy Chairman of the Supervisory Board	01.01/02.04 and 14/04/31.12	2019 AGM	38,791.21						38,791.21		
	- Member of the Supervisory Board	01.01/31.12	2019 AGM	80,000.00						80,000.00		
	- Member of the Appointments Committee	01.01/02.04	02/04/2016		= =					= =		
	- Member of the Remuneration Committee	01.01/02.04	02/04/2016		4,471.15					4,471.15		
	- Chairman of Related and Connected Parties Committee	13.04/31.12	2019 AGM		32,266.48					32,266.48		
	<b>Total UBI Banca remuneration</b>			118,791.21	36,737.63					155,528.84		
	<b>BANCA POPOLARE DI BERGAMO: other remuneration (notary services)</b>								3,930.00	3,930.00		
	<b>BANCA POPOLARE COMMERCIO INDUSTRIA: other remuneration (notary services)</b>								3,821.00	3,821.00		
	<b>BANCA POPOLARE DI ANCONA: other remuneration (notary services)</b>								180.00	180.00		
	<b>BANCA REGIONALE EUROPEA: other remuneration (notary services)</b>								3,311.00	3,311.00		
	<b>BANCO DI BRESCIA: other remuneration (notary services)</b>								1,080.00	1,080.00		
	<b>BANCA CARIME other remuneration (notary services)</b>								1,090.00	1,090.00		
	<b>BPB IMMOBILIARE: other remuneration (notary services)</b>								5,050.00	5,050.00		
	<b>CENTROBANCA SVILUPPO IMPRESA: other CENTROBANCA SVILUPPO IMPRESA: other remuneration (notary services)</b>								60.00	60.00		
	<b>UBI LEASING: other remuneration (notary services)</b>								10,030.00	10,030.00		
	<b>TOTAL</b>			118,791.21	36,737.63				28,552.00	184,080.84		

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					
Bazoli Francesca	UBI BANCA:											
	- Member of the Supervisory Board	02.04/31.12	2019 AGM	59,560.44						59,560.44		
	- Member of the Risk Committee	13.04/31.12	2019 AGM		28,681.32					28,681.32		
	<b>Total UBI Banca remuneration</b>			<b>59,560.44</b>	<b>28,681.32</b>					<b>88,241.76</b>		
	BANCO DI BRESCIA:											
	- Director	01.01/02.04	02/04/2016	9,000.00						9,000.00		
	- Executive Committee	01.01/02.04	02/04/2016		2,500.00					2,500.00		
	<b>Total Banco di Brescia remuneration</b>			<b>9,000.00</b>	<b>2,500.00</b>					<b>11,500.00</b>		
	UBI SISTEMI E SERVIZI:											
	- Director	01.01/02.04	02/04/2016	1,625.01						1,625.01		
	<b>Total UBI Sistemi e Servizi remuneration</b>			<b>1,625.01</b>						<b>1,625.01</b>		
	<b>TOTAL</b>			<b>70,185.45</b>	<b>31,181.32</b>					<b>101,366.77</b>		
Bellini Cavalletti Letizia	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	2019 AGM	80,000.00						80,000.00		
	- Member of the Related and Connected Parties Committee	13.04/31.12	2019 AGM		14,340.66					14,340.66		
	<b>TOTAL</b>			<b>80,000.00</b>	<b>14,340.66</b>					<b>94,340.66</b>		
Camadini Pierpaolo	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	2019 AGM	80,000.00						80,000.00		
	- Member of the Internal Control Committee	01.01/02.04 and 13/04/31.12	2019 AGM		58,351.65					58,351.65		
	- Member of the Supervisory Body	01.01/02.04 and 28/04/31.12	2019 AGM		9,057.69					9,057.69		
	<b>TOTAL</b>			<b>80,000.00</b>	<b>67,409.34</b>					<b>147,409.34</b>		
Del Boca Alessandra	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	2019 AGM	80,000.00						80,000.00		
	- Member of the Remuneration Committee	01.01/02.04	02/04/2016		4,471.15					4,471.15		
	- Chairman of the Remuneration Committee	13.04/31.12	2019 AGM		28,681.32					28,681.32		
	<b>TOTAL</b>			<b>80,000.00</b>	<b>33,152.47</b>					<b>113,152.47</b>		
Fiori Giovanni	UBI BANCA:											
	- Member of the Supervisory Board	02.04/31.12	2019 AGM	59,560.44						59,560.44		
	- Member of the Appointments Committee	13.04/31.12	2019 AGM		17,925.82					17,925.82		
	- Chairman of the Internal Control Committee	13.04/31.12	2019 AGM		71,703.30					71,703.30		
	- Chairman of the Supervisory Body	28.04/31.12	2019 AGM		13,516.48					13,516.48		
	<b>TOTAL</b>			<b>59,560.44</b>	<b>103,145.60</b>					<b>162,706.04</b>		
Giangualano Patrizia Michela	UBI BANCA:											
	- Member of the Supervisory Board	02.04/31.12	2019 AGM	59,560.44						59,560.44		
	- Member of the Remuneration Committee	13.04/31.12	2019 AGM		21,510.99					21,510.99		
	- Member of the Risk Committee	13.04/31.12	2019 AGM		28,681.32					28,681.32		
	- Member of the Internal Control Committee	13.04/31.12	2019 AGM		43,021.98					43,021.98		
	- Member of the Supervisory Body	28/04/31.12	2019 AGM		6,758.24					6,758.24		
	<b>TOTAL</b>			<b>59,560.44</b>	<b>99,972.53</b>					<b>159,532.97</b>		
Giannotti Paola	UBI BANCA:											
	- Member of the Supervisory Board	02.04/31.12	2019 AGM	59,560.44						59,560.44		
	- Chairman of the Risk Committee	13.04/31.12	2019 AGM		46,607.14					46,607.14		
	- Member of the Related and Connected Parties Committee	13.04/31.12	2019 AGM		14,340.66					14,340.66		
	<b>TOTAL</b>			<b>59,560.44</b>	<b>60,947.80</b>					<b>120,508.24</b>		
Guerini Lorenzo Renato	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	2019 AGM	80,000.00						80,000.00		
	- Chairman of the Risk Committee	01.01/02.04	02/04/2016		20,439.56					20,439.56		
	- Member of the Risk Committee	13.04/31.12	2019 AGM		28,681.32					28,681.32		
	- Member of the Internal Control Committee	13.04/31.12	2019 AGM		43,021.98					43,021.98		
	- Member of the Supervisory Body	28.04/31.12	2019 AGM		6,758.24					6,758.24		
	<b>TOTAL</b>			<b>80,000.00</b>	<b>98,901.10</b>					<b>178,901.10</b>		

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					
Lucchini Giuseppe	UBI BANCA:											
	- Member of the Supervisory Board	02.04/31.12	2019 AGM	59,560.44						59,560.44		
	<b>TOTAL</b>			59,560.44						59,560.44		
Pivato Sergio	UBI BANCA:											
	- Member of the Supervisory Board	01.01/31.12	2019 AGM	80,000.00						80,000.00		
	- Chairman of the Internal Control Committee	01.01/02.04	02/04/2016		25,549.45					25,549.45		
	- Member of the Internal Control Committee	13.04/31.12	2019 AGM		43,021.98					43,021.98		
	- Chairman of the Supervisory Body	01.01/02.04	02/04/2016		3,832.42					3,832.42		
	- Member of the Supervisory Body	28.04/31.12	2019 AGM		6,758.24					6,758.24		
	<b>TOTAL</b>			80,000.00	79,162.09					159,162.09		
Gola Gian Luigi	UBI BANCA:											
	- Member of the Supervisory Board	01.01/22.12	22/12/2016	78,043.48						78,043.48		
	- Member of the Appointments Committee	13.04/22.12	22/12/2016		17,314.41					17,314.41		
	- Member of the Risk Committee	13.04/22.12	22/12/2016		27,703.06					27,703.06		
	- Member of the Internal Control Committee	01.01/02.04	02/04/2016		15,329.67					15,329.67		
	- Member of the Supervisory Body	01.01/02.04	02/04/2016		2,299.45					2,299.45		
	<b>TOTAL</b>			78,043.48	62,646.59					140,690.07		
Folonari Alberto	UBI BANCA:											
	- Deputy Chairman of the Supervisory Board	01.01/02.04	02/04/2016	10,219.78						10,219.78		
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	- Member of the Appointments Committee	01.01/02.04	02/04/2016		=					=		
	<b>TOTAL</b>			30,659.34						30,659.34		
Agliardi Dorino Mario	UBI BANCA:											
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	- Member of the Risk Committee	01.01/02.04	02/04/2016		10,219.78					10,219.78		
	<b>TOTAL</b>			20,439.56	10,219.78					30,659.34		
Bardoni Antonella	UBI BANCA:											
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	- Member of the Related and Connected Parties Committee	01.01/02.04	02/04/2016		5,109.89					5,109.89		
	<b>TOTAL</b>			20,439.56	5,109.89					25,549.45		
Brogi Marina	UBI BANCA:											
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	- Member of the Risk Committee	01.01/02.04	02/04/2016		10,219.78					10,219.78		
	- Member of the Remuneration Committee	01.01/02.04	02/04/2016		4,471.15					4,471.15		
	<b>TOTAL</b>			20,439.56	14,690.93					35,130.49		
Cividini Luca Vittorio	UBI BANCA:											
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	<b>TOTAL</b>			20,439.56						20,439.56		
Fala Ester	UBI BANCA:											
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	<b>TOTAL</b>			20,439.56						20,439.56		
Gallarati Marco Giacinto	UBI BANCA:											
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	- Chairman of Related and Connected Parties Committee	01.01/02.04	02/04/2016		11,497.25					11,497.25		
	<b>TOTAL</b>			20,439.56	11,497.25					31,936.81		
Garavaglia Carlo	UBI BANCA:											
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	- Member of the Internal Control Committee	01.01/02.04	02/04/2016		15,329.67					15,329.67		
	- Member of the Supervisory Body	01.01/02.04	02/04/2016		2,299.45					2,299.45		
	<b>TOTAL</b>			20,439.56	17,629.12					38,068.68		

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					
Gusmini Alfredo	<b>UBI BANCA:</b>											
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	- Secretary of the Supervisory Board	01.01/02.04	02/04/2016	10,219.78						10,219.78		
	- Member of the Internal Control Committee	01.01/02.04	02/04/2016		15,329.67					15,329.67		
	- Member of the Supervisory Body	01.01/02.04	02/04/2016		2,299.45					2,299.45		
<b>TOTAL</b>				30,659.34	17,629.12					48,288.46		
Manzoni Federico	<b>UBI BANCA:</b>											
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	- Member of the Risk Committee	01.01/02.04	02/04/2016		10,219.78					10,219.78		
	<b>Total UBI Banca remuneration</b>			20,439.56	10,219.78					30,659.34		
	<b>BANCO DI BRESCIA:</b>											
	- Director	09.05/31.12	AGM 2017	23,242.00						23,242.00		
	- Executive Committee	09.05/31.12	AGM 2017		6,456.00					6,456.00		
	<b>Total Banco di Brescia remuneration</b>			23,242.00	6,456.00					29,698.00		
<b>TOTAL</b>				43,681.56	16,675.78					60,357.34		
Mazzoleni Mario	<b>UBI BANCA:</b>											
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	- Member of the Appointments Committee	01.01/02.04	02/04/2016		= =					= =		
<b>TOTAL</b>				20,439.56						20,439.56		
Minelli Enrico	<b>UBI BANCA:</b>											
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	- Member of the Appointments Committee	01.01/02.04	02/04/2016		= =					= =		
	- Member of the Related and Connected Parties Committee	01.01/02.04	02/04/2016		5,109.89					5,109.89		
<b>TOTAL</b>				20,439.56	5,109.89					25,549.45		
Resti Andrea Cesare	<b>UBI BANCA:</b>											
	- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56						20,439.56		
	- Member of the Remuneration Committee	01.01/02.04	02/04/2016		4,471.15					4,471.15		
<b>TOTAL</b>				20,439.56	4,471.15					24,910.71		
Zucchi Maurizio	<b>UBI BANCA:</b>											
- Member of the Supervisory Board	01.01/02.04	02/04/2016	20,439.56							20,439.56		
<b>TOTAL</b>				20,439.56						20,439.56		
Bricchetto Arnaboldi Letizia Maria	<b>UBI BANCA:</b>											
	- Chairwoman of the Management Board	14.04/31.12	2019 AGM	268,442.62						268,442.62		
	- Member of the Management Board	14.04/31.12	2019 AGM	85,901.64						85,901.64		
	<b>TOTAL</b>				354,344.26						354,344.26	
Pizzini Flavio	<b>UBI BANCA:</b>											
	- Deputy Chairman of the Management Board	14.04/31.12	2019 AGM	143,169.40						143,169.40		
	- Member of the Management Board	01.01/31.12	2019 AGM	120,000.00						120,000.00		
<b>Total UBI Banca remuneration</b>				263,169.40						263,169.40		
	<b>UBI SISTEMI E SERVIZI:</b>											
	- Deputy Chairman of the Board of Directors	01.01/06.03	06/03/2016	9,306.55						9,306.55		
	- Chairman of the Board of Directors	07.03/31.12	2019 AGM	61,625.01						61,625.01		
	- Director	01.01/31.12	2019 AGM	9,069.44						9,069.44		
<b>Total UBI Systems e Services remuneration</b>				80,001.00						80,001.00		
<b>TOTAL</b>				343,170.40						343,170.40		
Massiah Victor	<b>UBI BANCA:</b>											
	- Senior manager	01.01/31.12	the position has no termination date	652,431.81		1,069.87		114,649.32	(*) 102,268.27	870,419.27	88,412.58	
	- General Manager	01.01/31.12	the position has no termination date									
	- Chief Executive Officer	01.01/31.12	2019 AGM	500,000.00						500,000.00		
	- Member of the Management Board	01.01/31.12	2019 AGM	120,000.00						120,000.00		
<b>TOTAL</b>				1,272,431.81		1,069.87		114,649.32	102,268.27	1,490,419.27	88,412.58	

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					
Fidanza Silvia	UBI BANCA:											
	- Member of the Management Board	01.01/31.12	2019 AGM	120,000.00						120,000.00		
	<b>TOTAL</b>			120,000.00						120,000.00		
Ranica Osvaldo	UBI BANCA:											
	- Member of the Management Board	14.04/31.12	2019 AGM	85,901.64						85,901.64		
	<b>Total UBI Banca remuneration</b>			85,901.64						85,901.64		
	BANCA POPOLARE DI BERGAMO											
	- General Manager	01.01/31.12	the position has no termination date	380,813.83		2,202.68		24,814.40	24,360.50	432,191.41	27,743.79	(****) 832.727
	<b>Total Banca Popolare di Bergamo remuneration</b>			380,813.83		2,202.68		24,814.40	24,360.50	432,191.41	27,743.79	832,727.00
(*)	UBI LEASING											
	- Deputy Chairman	02.03/31.12	2019 AGM									
	- Director	02.03/31.12	2019 AGM									
	<b>Total UBI Leasing remuneration</b>											
	<b>TOTAL</b>			466,715.47		2,202.68		24,814.40	24,360.50	518,093.05	27,743.79	832,727.00
Sonnino Elvio (**)	UBI BANCA:											
	- Senior Deputy General Manager	01.01/31.12	the position has no termination date	560,000.15		1,069.87		97,928.25	21,677.40	680,675.67	62,986.90	
	- Member of the Management Board	01.01/31.12	2019 AGM	120,000.00						120,000.00		
	<b>Total UBI Banca remuneration</b>			680,000.15		1,069.87		97,928.25	21,677.40	800,675.67	62,986.90	
(*)	UBI BANCA INTERNATIONAL:											
	- Director	01.01/31.12	AGM 2017									
	<b>Total UBI Banca International remuneration</b>											
(*)	UBI SISTEMI E SERVIZI:											
	- Director	01.01/31.12	2019 AGM									
	- General Manager	01.01/31.12	the position has no termination date									
	<b>Total UBI Sistemi e Servizi remuneration</b>											
(*)	UBI ACADEMY:											
	- Director	01.01/31.12	2018 AGM									
	<b>Total UBI Academy remuneration</b>											
(*)	IW BANK											
	- Deputy Chairman	01.01/31.12	2018 AGM									
	- Director	01.01/31.12	2018 AGM									
	<b>Total IW Bank remuneration</b>											
	<b>TOTAL</b>			680,000.15		1,069.87		97,928.25	21,677.40	800,675.67	62,986.90	
Stegher Elisabetta	UBI BANCA:											
	- Senior manager	01.01/31.12	the position has no termination date	271,415.59		(**) -415.13		59,450.01	40,956.94	371,407.41	27,336.79	
	- Member of the Management Board	14.04/31.12	2019 AGM	85,901.64						85,901.64		
	<b>TOTAL</b>			357,317.23		-415.13		59,450.01	40,956.94	457,309.05	27,336.79	
Polotti Franco	UBI BANCA:											
	- Chairman of the Management Board	01.01/14.04	14/04/2016	106,557.38						106,557.38		
	- Member of the Management Board	01.01/14.04	14/04/2016	34,098.36						34,098.36		
	<b>TOTAL</b>			140,655.74						140,655.74		
Frigeri Giorgio	UBI BANCA:											
	- Deputy Chairman of the Management Board	01.01/14.04	14/04/2016	56,830.60						56,830.60		
	- Member of the Management Board	01.01/14.04	14/04/2016	18,469.95						18,469.95		
	<b>Total UBI Banca remuneration</b>			75,300.55						75,300.55		
	BANCA POPOLARE DI BERGAMO											
	- Chairman of the Board of Directors	01.01/31.12	2017 AGM	89,000.00						89,000.00		
	- Director	01.01/31.12	2017 AGM	36,000.00						36,000.00		
	- Executive Committee	01.01/31.12	2017 AGM		10,000.00					10,000.00		
	<b>Total Banca Popolare di Bergamo remuneration</b>			125,000.00	10,000.00					135,000.00		
	<b>TOTAL</b>			200,300.55	10,000.00					210,300.55		

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					
Gattinoni Luciana	UBI BANCA:											
	- Member of the Management Board	01.01/14.04	14/04/2016	34,098.36						34,098.36		
	<b>Total UBI Banca remuneration</b>			34,098.36						34,098.36		
	BPB IMMOBILIARE:											
	- Chairman of the Board of Directors	01.01/31.12	2017 AGM	10,000.00						10,000.00		
	- Senior manager	01.01/31.12	2017 AGM	5,000.00						5,000.00		
	<b>Total BPB Immobiliare remuneration</b>			15,000.00						15,000.00		
	<b>TOTAL</b>			49,098.36						49,098.36		
Lucchini Italo	UBI BANCA:											
	- Member of the Management Board	01.01/14.04	14/04/2016	34,098.36						34,098.36		
	<b>TOTAL</b>			34,098.36						34,098.36		
Medda Ettore	UBI BANCA:											
	- Deputy General Manager	01.01/30.04	30/04/2016	113,459.97		(**) -1,452.30		33,639.93	11,394.18	157,041.78	49,184.50	
	- Member of the Management Board	01.01/14.04	14/04/2016	34,098.36						34,098.36		
	<b>Total UBI Banca remuneration</b>			147,558.33		-1,452.30		33,639.93	11,394.18	191,140.14	49,184.50	
(*)	BANCA REGIONALE EUROPEA											
	- Director	01.01/20.11	20/11/2016									
	- Executive Committee	01.01/20.11	20/11/2016									
	<b>Total Banca Regionale Europea Remuneration</b>											
(*)	BANCA VALLE CAMONICA:											
	- Director	01.01/31.12	2017 AGM									
	<b>Total Banca Valle Camonica remuneration</b>											
	<b>TOTAL</b>			147,558.33		-1,452.30		33,639.93	11,394.18	191,140.14	49,184.50	
Geertman Frederik Herman	UBI BANCA:											
	- Deputy General Manager	01.08/31.12	the position has no termination date	250,300.02		384.40		13,278.90		263,963.32		
	<b>Total UBI Banca remuneration</b>			250,300.02		384.40		13,278.90		263,963.32		
(*)	IW BANK:											
	- Director	14.12/31.12	2018 AGM									
	<b>Total UBI Academy remuneration</b>											
(*)	PRESTITALIA:											
	- Director	09.11/31.12	2017 AGM									
	<b>Total Prestitalia remuneration</b>											
	<b>TOTAL</b>			250,300.02		384.40		13,278.90		263,963.32		

Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
						Bonuses and other incentives	Share of profits					
Leidi Rossella	<b>UBI BANCA:</b>											
	- Deputy General Manager	01.01/31.12	the position has no termination date	398,950.49		1,004.87		24,635.64	20,148.34	444,739.34	33,053.87	
	<i>Total UBI Banca remuneration</i>			398,950.49		1,004.87		24,635.64	20,148.34	444,739.34	33,053.87	
(*)	<b>UBI ACADEMY:</b>											
	- Director	01.01/31.12	2018 AGM									
	<i>Total UBI Academy remuneration</i>											
(*)	<b>UBI PRAMERICA SGR:</b>											
	- Director	01.01/31.12	2017 AGM									
	<i>Total UBI Pramerica SGR remuneration</i>											
(*)	<b>PRESTITALIA:</b>											
	- Director	01.01/26.10	26/10/2016									
	<i>Total Prestitalia remuneration</i>											
(*)	<b>LOMBARDA VITA:</b>											
	- Director	10.11/31.12	2017 AGM									
	<i>Total Lombarda Vita remuneration</i>											
	<b>TOTAL</b>			398,950.49		1,004.87		24,635.64	20,148.34	444,739.34	33,053.87	
<b>NO. 9 Identified Staff (*)</b>		01.01/31.12	The positions have no termination date	2,059,032.95		39,104.81		150,874.09	(***) 165.326,07	2,414,337.92	112,909.05	
<p>(**) Part of the cost of the fees is incurred by the company in which he occupies the position of General Manager with the assignment of the relative functions and powers.</p> <p>(*) of which €100,000.08 non-competition agreement</p> <p>(**) recovery of 2015 company bonus for which provision had been made</p> <p>(***) of which approximately €116,539 job security agreement</p> <p>(****) see sub-section 3 of section II for the payment procedures.</p>												

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

Incentive schemes based on financial instruments other than stock options, for members of the management body and for general management and other Identified Staff (Art. 84 *quater* of Consob Resolution No. 11971 of 14<sup>th</sup> May 1999, and subsequent amendments)

			Financial instruments granted in prior years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not granted	Financial instruments vested during the year and granted		Financial instruments relating to the year	
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Name and Surname	Position	Scheme	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on the grant date	Vesting period	Grant date	Market price when granted	Number and type of financial instruments	Number and type of financial instruments	Value on the vesting date	Fair value	
Messiah Victor	- Chief Executive Officer	2016 (**)												
		2015 (*)	12,267 UBI Banca shares	3									24,583.07	
		2015 (*)	18,400 UBI Banca shares	7										15,421.65
		2014 (*)	16,055 UBI Banca shares	3										25,582.50
		2014 (*)	24,082 UBI Banca shares	5										22,825.36
		2013												
		2012												
		2011												
		<b>TOTAL</b>	<b>70,804 UBI Banca shares</b>										<b>88,412.58</b>	
Sonnino Elvio	- Member of the Management Board and Senior Deputy General Manager of UBI BANCA	2016 (**)												
		2015 (*)	11,293 UBI Banca shares	3									22,631.17	
		2015 (*)	7,528 UBI Banca shares	5										9,074.66
		2014 (*)	11,724 UBI Banca shares	3										18,681.36
		2014 (*)	7,816 UBI Banca shares	5										7,408.15
		2013										4,355 UBI Banca shares	2,8657	2,896.08
		2013 (*)	2,903 UBI Banca shares	5										2,295.48
		2012												
2011														
		<b>TOTAL</b>	<b>41,264 UBI Banca shares</b>								<b>4,355 UBI Banca shares</b>	<b>2,8657</b>	<b>62,986.90</b>	
Leidi Rossella	- Deputy General Manager of UBI Banca	2016 (**)												
		2015 (*)	5,319 UBI Banca shares	3									10,659.28	
		2015 (*)	3,546 UBI Banca shares	5										4,274.54
		2014 (*)	8,143 UBI Banca shares	3										12,975.29
		2014 (*)	5,428 UBI Banca shares	5										5,144.76
		2013												
2012														
2011														
		<b>TOTAL</b>	<b>22,436 UBI Banca shares</b>										<b>33,053.87</b>	

			Financial instruments granted in prior years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not granted	Financial instruments vested during the year and granted		Financial instruments relating to the year	
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Name and Surname	Position	Scheme	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on the grant date	Vesting period	Grant date	Market price when granted	Number and type of financial instruments	Number and type of financial instruments	Value on the vesting date	Fair value	
Medda Ettore Giuseppe	<i>- Member of the Management Board and Deputy General Manager of UBI Banca</i>	2016 (**)												
		2015 (*)	9,542 UBI Banca shares	3									19,122.17	
		2015 (*)	6,361 UBI Banca shares	5										7,667.90
		2014 (*)	8,457 UBI Banca shares	3										13,475.63
		2014 (*)	5,638 UBI Banca shares	5										5,343.80
		2013									2,999 UBI Banca shares	2.8657	1,994.34	
		2013 (*)	1,999 UBI Banca shares	5										1,580.66
		2012												
		2011												
	<b>TOTAL</b>		<b>31,997 UBI Banca shares</b>								<b>2,999 UBI Banca shares</b>	<b>2.8657</b>	<b>49,184.50</b>	
Stegher Elisabetta	<i>- Member of the Management Board and Senior Manager of UBI BANCA</i>	2016 (**)												
		2015 (*)	4,830 UBI Banca shares	3									9,679.32	
		2015 (*)	3,220 UBI Banca shares	5										3,881.56
		2014 (*)	5,452 UBI Banca shares	3										8,687.37
		2014 (*)	3,635 UBI Banca shares	5										3,445.32
		2013									2,471 UBI Banca shares	2.8657	1,643.22	
		2012												
		2011												
	<b>TOTAL</b>		<b>17,137 UBI Banca shares</b>								<b>2,471 UBI Banca shares</b>	<b>2.8657</b>	<b>27,336.79</b>	
Geertman Frederik Herman	<i>- Deputy General Manager of UBI Banca</i>	2016 (**)												
	<b>TOTAL</b>													
Ranica Osvaldo	<i>- Member of the Management Board and General Manager of BANCA POPOLARE di BERGAMO</i>	2016 (**)												
		2015 (*)	6,029 UBI Banca shares	3									12,082.12	
		2015 (*)	4,019 UBI Banca shares	5										4,844.72
		2014 (*)	3,057 UBI Banca shares	3										4,871.11
		2013									3,501 UBI Banca shares	2.8657	2,328.17	
		2013 (*)	2,334 UBI Banca shares	5										1,845.56
		2012 (*)	603 UBI Banca shares	5										347.00
		2011									5,981 UBI Banca shares	2.8657	1,425.11	
	<b>TOTAL</b>		<b>16,042 UBI Banca shares</b>								<b>9,482 UBI Banca shares</b>	<b>2.8657</b>	<b>27,743.79</b>	

			Financial instruments granted in prior years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not granted	Financial instruments vested during the year and granted		Financial instruments relating to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and Surname	Position	Scheme	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on the grant date	Vesting period	Grant date	Market price when granted	Number and type of financial instruments	Number and type of financial instruments	Value on the vesting date	Fair value
9 Identified Staff		2016 (**)											
		2015 (*)	21,909 UBI Banca shares	3									43,905.63
		2015 (*)	13,031 Banca shares	5									15,708.28
		2014 (*)	20,376 UBI Banca shares	3									32,467.69
		2014 (*)	7,759 UBI Banca shares	5									7,354.12
		2013									10,055 UBI Banca shares	2.8657	6,686.59
		2012 (*)	5,300 UBI Banca shares	5									3,049.91
		2011									15,683 UBI Banca shares	2.8657	3,736.83
	<b>TOTAL</b>		<b>68,375 UBI Banca shares</b>								<b>25,738 UBI Banca shares</b>	<b>2.8657</b>	<b>112,909.05</b>

(\*) These instruments have been promised but not yet granted

(\*\*) Estimate on the basis of preliminary figures and subject to possible modification. These instruments will be promised, but not assigned



**3. Shares held in UBI Banca and in subsidiaries by members of the management and supervisory bodies and by the Chief Executive Officer, Senior Deputy General Manager, Deputy General Managers and other Identified Staff of UBI Banca (pursuant to Art. 84 quater of Consob Resolution No. 11971 of 14<sup>th</sup> May 1999 and subsequent amendments)**

Surname and first name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2015	Number of shares purchased in the 2016	Number of shares sold in the 2016	Number of shares owned as at 31/12/2016 (*)
Moltrasio Andrea	Chairman of the Supervisory Board	UBI	direct	full ownership	100,000			100,000
		UBI	spouse (directly)	full ownership	12,000			12,000
Cera Mario	Senior Deputy Chairman of the Supervisory Board	UBI	direct	full ownership	50,007	50,000		100,007
Gussalli Beretta Pietro	Deputy Chairman of the Supervisory Board	UBI	direct	full ownership	420			420
Santus Armando	Deputy Chairman of the Supervisory Board	UBI	direct	full ownership	283,614	51,386		335,000
Bazoli Francesca	Member of the Supervisory Board	UBI	direct	full ownership	31,173	1,809		32,982
			direct	legal title only	96,280			96,280
		UBI	spouse (directly)	full ownership	5,000			5,000
		UBI	children - minors (directly)	full ownership	250	250		500
Bellini Cavalletti Letizia	Member of the Supervisory Board	UBI	direct	full ownership	8,965	128.357 (**)		137,322
		UBI	direct	legal title only	128,357		128.357 (**)	-
		UBI	spouse (directly)	full ownership	6,000			6,000
		UBI	children - minors (directly)	full ownership	500			500
Camadini Pierpaolo	Member of the Supervisory Board	UBI	direct	full ownership	267,321			267,321
		UBI	spouse (directly)	full ownership	1,000			1,000
		UBI	children - minors (directly)	full ownership	3,000			3,000
		BANCA DI VALLE CAMONICA	direct	full ownership	2,401		2,351	50
Del Boca Alessandra	Member of the Supervisory Board	UBI	direct	full ownership	250			250
Fiori Giovanni	Member of the Supervisory Board				-			-
Giangualano Patrizia Michela	Member of the Supervisory Board	UBI	direct	full ownership	-	10,000		10,000
Giannotti Paola	Member of the Supervisory Board				-			-
Guerini Lorenzo Renato	Member of the Supervisory Board	UBI	direct	full ownership	5,000			5,000
		UBI	spouse (directly)	full ownership	105,000			105,000
Lucchini Giuseppe	Member of the Supervisory Board	UBI	direct	full ownership	465,836			465,836
			direct	usufruct	1,086,544			1,086,544
Pivato Sergio	Member of the Supervisory Board	UBI	direct	full ownership	346			346
Gola Gian Luigi	Member of the Supervisory Board (in office until 22/12/2016)	UBI	direct	full ownership	538			538
		UBI	indirect	full ownership	250			250
Folonari Alberto	Deputy Chairman of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	1,784,759			1,784,759
		UBI	direct	usufruct	686,693			686,693
		UBI	indirect	full ownership	500			500
		UBI	spouse (directly)	full ownership	513,595			513,595

Surname and first name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2015	Number of shares purchased in the 2016	Number of shares sold in the 2016	Number of shares owned as at 31/12/2016 (*)
Agliardi Dorino Mario	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	300			300
		UBI	spouse (directly)	full ownership	250			250
Bardoni Antonella	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	2,250			2,250
		UBI	spouse (directly)	full ownership	253			253
Brogi Marina	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	10,272			10,272
		UBI	children - minors (directly)	full ownership	250			250
Cividini Luca Vittorio	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	112,996			112,996
		UBI	spouse (directly)	full ownership	250			250
Faia Ester	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	250			250
Gallarati Marco Giacinto	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	750			750
		UBI	spouse (directly)	full ownership	251	10,000		10,251
Garavaglia Carlo	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	386			386
Gusmini Alfredo	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	150,000			150,000
		UBI	spouse (directly)	full ownership	150,000			150,000
Manzoni Federico	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	24,300			24,300
		UBI	spouse (directly)	full ownership	1,000			1,000
Mazzoleni Mario	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	15,876			15,876
Minelli Enrico	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	215,253			215,253
		UBI	direct	legal title only	95,952			95,952
		UBI	spouse (directly)	full ownership	8,000			8,000
		BANCA DI VALLE CAMONICA	direct	full ownership	116			116
Resti Andrea Cesare	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	250			250
Zucchi Maurizio	Member of the Supervisory Board (in office until 2/4/2016)	UBI	direct	full ownership	1,366			1,366
		UBI	spouse (directly)	full ownership	1,688			1,688
Brichetto Arnaboldi Letizia Maria	Chairwoman of the Management Board				-			-
Pizzini Flavio	Deputy Chairman of the Management Board	UBI	direct	full ownership	12,832			12,832
		UBI	spouse (directly)	full ownership	1,000			1,000

Surname and first name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2015	Number of shares purchased in the 2016	Number of shares sold in the 2016	Number of shares owned as at 31/12/2016 (*)
Massiah Victor	Chief Executive Officer / General Manager	UBI	direct	full ownership	450,000	50,000		500,000
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
Ranica Osvaldo	Member of the Management Board	UBI	direct	full ownership	19,000	13.482 (***)		32,482
		UBI	spouse (directly)	full ownership	3,000	3,000		6,000
Sonnino Elvio	Member of the Management Board /Senior Deputy General Manager	UBI	direct	full ownership	1,691	4.355 (****)		6,046
		UBI	spouse (directly)	full ownership	300			300
Stegher Elisabetta	Member of the Management Board/Chief Financial Officer	UBI	direct	full ownership	436	6.135 (*****)		6,571
Polotti Franco	Chairman of the Management Board (in office until 14/4/2016)	UBI	direct	full ownership	3,000			3,000
		UBI	indirect	full ownership	3,151,735			3,151,735
		UBI	spouse (directly)	full ownership	80,000			80,000
Frigeri Giorgio	Deputy Chairman of the Management Board (in office until 14/4/2016)	UBI	direct	full ownership	16,822			16,822
		UBI	spouse (directly)	full ownership	11,438			11,438
Gattinoni Luciana	Member of the Management Board (in office until 14/4/2016)	UBI	direct	full ownership	25,000			25,000
		UBI	spouse (directly)	full ownership	1,000	2,000		3,000
Lucchini Italo	Member of the Management Board (in office until 14/4/2016)	UBI	direct	full ownership	49,603			49,603
		UBI	spouse (directly)	full ownership	90,696			90,696
Medda Ettore Giuseppe	Member of the Management Board (in office until 14/4/2016) Deputy General Manager (in office until 30/4/2016)	UBI	direct	full ownership	4,309			4,309
		UBI	spouse (directly)	full ownership	486			486
Leidi Rossella	Deputy General Manager	UBI	direct	full ownership	3,088			3,088
		UBI	spouse (directly)	full ownership	1			1
		UBI	children - minors (directly)	full ownership	692			692
Geertman Frederik Herman	Deputy General Manager (since 1/8/2016)				-			-
9 Identified Staff (*****)		UBI	direct	full ownership	59,456	48.367 (*****)	8,700	99,123

(\*) for senior officers who left during the year the figure is for the date of the end of term of office  
(\*\*) following a change in the ownership title  
(\*\*\*) 9,482 shares granted under the incentive scheme  
(\*\*\*\*) shares granted under the incentive scheme  
(\*\*\*\*\*) 2,471 shares granted under the incentive scheme  
(\*\*\*\*\*\*) 25,738 shares granted under the incentive scheme

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

*Supervisory regulations require the Internal Audit Function to verify “on at least an annual basis that remuneration practices comply with the policies approved” and with the regulatory framework. “The findings and any irregularities are reported to the competent governing bodies and functions for the adoption of any corrective measures required and the latter assess their importance for the purposes of prompt disclosure to the Bank of Italy. The results of the audits conducted are reported annually to Shareholders’ Meetings.”*

For this purpose, continuing on from and for consistency with previous audits on the matter, and with due account taken of the principles and recommendations reported in the “SREP – Supervisory Review and Evaluation Process” guidelines on the matter, the analysis carried out by the Internal Audit Function regarded the following: i) the triggering of the 2015 incentive scheme paid in 2016; ii) remuneration practices implemented in 2016; iii) the operational use of the IRB Credit Risk System for the purposes of remuneration and incentive policies, in compliance with the “integrity” requirement laid down by Supervisory Regulations; iv) the achievement of improvements in the areas described in previous Internal Audit reports; v) monitoring of intervention programmed following the on-site inspection by the Bank of Italy in October and December 2014.

The findings of the audits carried out were that although operational and auditing activities examined were carried out mostly on the basis of established practice, they were on the one hand consistent with the remuneration and incentive policies approved and on the other properly addressed the main risks inherent in the activities carried out.

More specifically, the findings were as follows: i) proper implementation by Group Companies of the “2016 Policy” approved by the Parent; ii) the proper application of procedures relating to the satisfaction of the conditions necessary to trigger the 2015 incentive scheme and the procedures for the calculation and assignment of variable remuneration for Identified Staff, including with regard to the procedures for the management of “retained” and “deferred” bonuses; iii) compliance with the rules laid down by the 2016 Policy relating to fees set for members of the Governing Bodies of the Group, to the procedures for calculating performance indicators and, although with some methodological aspects currently being further refined, to the identification of Identified Staff or Material Risk Takers; iv) consistent operational use of the credit risk measurement system in remuneration and incentive policies for Identified Staff with respect to the IRB/AIRB system.

Furthermore, with regard to initiatives undertaken by the bank in the regulation of processes connected with Remuneration and Incentive Policies, account was taken: i) of the adoption of “Group regulations for the remuneration and incentive system); ii) of an update and the formalisation of methods for identifying Material Risk Takers (2017 Perimeter); iii) of the preparation of a draft “Rule Book for the Group remuneration and incentive system” due to be released by the end of the first of 2017.

In this context, in view of the current findings and those already indicated in previous audit reports, we have been informed that the regulations currently being prepared properly regulate (with an adequate degree of detail and based on a risk- based approach) all the regulatory, operational and methodological factors needed to ensure that the relative operating and supervisory activities are fully conducted and documented.

The remarks of the Internal Audit Function have been shared with the competent corporate units, in order to improve the dynamics underlying the remuneration and incentive process.