

REPORT OF THE SUPERVISORY BOARD TO THE SHAREHOLDERS' MEETING

**in compliance with Art.153, paragraph 1 of Legislative Decree No. 58 of
24th February 1998
and Art. 46, paragraph 1, letter h) of the Corporate By-Laws**

Dear Shareholders,

This report to the Shareholders Meeting has been prepared in accordance with Art. 153 of Legislative Decree No. 58 of 24th February 1998 (Consolidated Finance Act) and Art. 46 paragraph 1, letter h) of the Corporate By-laws, in compliance with which, the Board is required to report to shareholders on the supervisory activities performed, on omissions and reprehensible actions observed and in relation to matters within the scope of its responsibilities relating to the financial year ended 31st December 2011.

UBI Banca is a “popular” bank with the legal status of a joint stock co-operative company. It has adopted a two tier system of management and control, which is considered better suited to the governance requirements of the Parent, UBI Banca, and at the same time as providing stronger protection for registered and unregistered shareholders, especially through the activity of the Supervisory Board, a body appointed directly by the registered shareholders and representing them.

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

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

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

The annual report on the corporate governance and ownership structure of UBI Banca Scpa - attached to the 2011 Annual Report - provides detailed information on the two-tier system of corporate governance adopted.

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The Supervisory Board of UBI Banca has **assessed itself** for the financial years 2010 and 2011 regarding the size, composition and functioning of the Board and also of its internal committees, by compiling a specific questionnaire. The results were examined in Board meetings.

The self-assessment was conducted on the following factors: the quality and completeness of skills, experience and expertise within the Board and the internal committees; sufficient number of members; the degree of effectiveness of the five internal committees; the quality of Board and internal committee meetings; the quality and promptness of reporting and presentations to the Board; the effectiveness and efficiency of decision-making processes within the Board; the clarity, agreement and satisfaction with regard to policies, performance and risk objectives and the results achieved; a benchmarking comparison with boards of other companies and groups in which individual members may hold positions.

On conclusion of the self-assessment conducted, the Supervisory Board confirmed its findings that its size was adequate and it was of the opinion that, taken as a whole, the proceedings of Board and Committee meetings, in terms of organisation, analysis of the issues, attendance at meetings and discussion, allowed the Supervisory Board and its internal Committees to perform its functions effectively and efficiently.

The Board was assisted by Egon Zehnder International for the purposes of the self-assessment, a leading firm of external consultants in the field of corporate governance through its global board consulting practice.

In compliance with Bank of Italy provisions – Memorandum of 12th January 2012, “The application of provisions concerning the organisation and corporate governance of banks” – a report was filed with the Supervisory Authority on 30th March 2012 which summarised the following: the methodologies used to conduct the self-assessment process; the aspects subject to analysis; the third parties involved in the self-assessment procedure and the procedures employed to select them; the main findings and corrective action undertaken to address the weaknesses identified.

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The strategic supervisory function

The macroeconomic environment in the first half of 2011 was one of slow improvement in the economy and on financial markets after the severe recession experienced in 2008 and 2009. In March 2011, the Supervisory Board passed a resolution to submit a proposal to the Shareholders Meeting held on 30th April 2011 for an increase in the share capital of one billion euro in order to strengthen capital and anticipate developments in the regulatory context and also to take full advantage of opportunities for endogenous growth which might have presented.

On 13th May 2011, the Supervisory Board approved a Group Business Plan containing strategic guidelines and operating, financial and capital objectives for the period 2011-2013/2015. On that same date, implementation of the mandate granted by shareholders to increase the share capital by a maximum of one billion euro commenced. It was completed with full subscription of the shares in July for a total of €999.9 million.

The Business Plan was approved before the European sovereign debt crisis and the Italian crisis in particular manifested with an intensity which rendered internationally co-ordinated institutional action urgently necessary. This had inevitable repercussions on the expected performance of the real economy and on economic and financial market trends.

In view of the increase in systemic risk caused by the sovereign debt crisis in the euro area, as part of a broader package of measures approved by the European Council, on 26th October the European Banking Authority (EBA) decided to create an “exceptional and temporary” capital buffer for the banking system in the area.

Banks were asked to increase their capital by an amount sufficient to reach a core tier one ratio of 9% by the end of June 2012. The underlying methodology for the exercise was set out in advance by the EBA, in order to ensure uniform implementation in all the 71 European banks participating in it. The final results of the exercise were disclosed on 8th December 2011. They found a total recapitalisation requirement at European level of €114.7 billion, including €15.4 billion relating to four of the five Italian banking groups involved, one of which was UBI Banca. On the basis of the exercise, UBI Banca has an increased capital requirement amounting to €1.393 billion. The EBA has asked all banks for which the above exercise resulted in increased capital requirements to submit a plan to national supervisory authorities by 20th January 2012 to reach a core tier one ratio of 9% by the end of June 2012.

In consideration of the temporary nature of the requested increase, the UBI Banca plan fully excluded the option of new resort to the market following the substantial operation mentioned above conducted in the spring of 2011. Its plan rests primarily on a series of measures designed to satisfy the capital requirement by 30th June 2012, while in accordance with a resolution of the Management Board of 27th March 2012, any remaining capital shortfall needed to achieve the core tier one ratio objective of 9% recommended by the EBA by the 30th June 2012, would be met, if it was substantial, by the partial conversion of the outstanding convertible bonds.

The fundamental strategic lines of the 2011-2013/2015 Business Plan remain unchanged and no update is planned unless greater stability in the macroeconomic background is seen.

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The control function

The Supervisory Board has verified with regard to risk policies and the related organisational aspects, that the Group possesses advanced and fully effective systems for the management of risk.

In view of the European Banking Authority (EBA) recommendation on capital and the proposals to modify banking regulations (Basel 3), the overall planning for the **Basel Two Project** was moved forward by six months with respect to the original objective. Consequently, the first calculation of the minimum capital requirement using the Advanced Internal Rating Based (AIRB) approach for credit risk is planned for the June 2012 supervisory reports. In October and November 2011, the Parent was subject to a pre-validation inspection by the Bank of Italy and, subsequently, in meetings held on 15th December 2011, the Management Board and the Supervisory Board approved the filing of an official application to the Supervisory Authority for authorisation to use the AIRB approach for the calculation of the capital requirement for credit risk. In the meeting just mentioned the Supervisory Board therefore certified compliance by the Group with the minimum regulatory requirements set for the AIRB approach. Similarly, procedures were set in motion for authorisation to use the advanced internal method for the calculation of the capital requirement for operational risks (the advanced measurement approach – AMA) – in combined use with the traditional standardised approach and the basic indicator approach – which should also be complete by 30th June 2012.

In a meeting held on 7th March 2012, on the basis of information received from the Management Board and having acquired an opinion from the Internal Control Committee and examined the results of inspections conducted by the validation and internal audit functions on compliance with minimum supervisory requirement, the Supervisory Board approved a supplement to the application for authorisation to use the IARB approach for credit risk filed on that date with the supervisory authority. In that same meeting, on the basis of information received from the Management Board and having acquired an opinion from the Internal Control Committee, the Supervisory Board also approved a supplement to the application for authorisation to use the AMA approach for operational risks also filed on that date with the supervisory authority.

With regard to the **Second Pillar**, the ICAAP report as at 31st December 2011 is to be filed with the supervisory body in April 2012. The structure of the report gives details of the following: strategic lines of development and the forecast horizon considered by the Group business plan; a description of corporate governance model, organisational structures and systems of control related to ICAAP; exposure to risks, methods of measuring and aggregating them and stress tests; the components, estimates and methods of allocating internal capital; the relationship between internal capital, supervisory requirements and supervisory capital; and finally the self assessment of ICAAP, which identifies areas for further growth in the methodological model.

When the ICAAP report is filed, a report will be made available to the public at the same time on the UBI Banca website in compliance with the **Third Pillar** requirements. The regulations introduce obligations to publish information on capital adequacy, exposure to risks and the general characteristics of the systems designed to identify, measure and manage them. The information to be provided favours greater transparency in the ways in which banks manage risk. The Bank of Italy has made special tables available in this respect in which the quantitative and qualitative information which banks must publish is classified, thereby making the data comparable.

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Remuneration and incentives policies

The overall framework of the internal regulations adopted by the Group started to take shape with the approval by the Supervisory Board of a 2011 remuneration policy document and it has now reached the stage of detailed technical documents relating to primary legislation.

In a meeting of 25th February 2011, on the basis of a proposal submitted by the Remuneration Committee, the Supervisory Board approved “Remuneration and incentive policies” for the Group. This policy updated the scope of application in terms of those persons to whom the supervisory rules for the most important “risk taker” personnel apply. The Supervisory Board used the Policy to regulate remuneration policies for the Management Board and the remuneration plans for “top management” and the “highest management level of the control functions”. It provided for the use of financial instruments for these personnel and defined an incentive scheme whereby a portion of the bonuses due are deferred and where financial instruments are used with the grant of shares in the Parent. In that same meeting, the Supervisory Board also approved indicators to be used as the conditions which trigger the 2011 incentive scheme remuneration.

The compliance of the policy approved by Supervisory Board with subsequent supervisory provisions issued by the Bank of Italy on 30th March 2011, was verified by the Remuneration Committee and the Board itself in view of the shareholders meeting of 30th April 2011. In the shareholders meeting, the Supervisory Board provided shareholders with the required information on remuneration and incentive systems and practices with the report on the remuneration and incentive policies of the UBI Group.

The shareholders meeting of UBI Banca held on 30th April 2011 approved the proposal submitted by the Supervisory Board to set remuneration policies for the members of the Management Board and to pay part of the variable component of the remuneration for “top management” and the “highest management level of the control functions” in the form of financial instruments through the grant of ordinary shares of the Parent UBI Banca as provided for under the remuneration policies of UBI Banca and the Group. The policy was subsequently adopted by the Boards of Directors of Group member companies.

In a meeting held on 29th June 2011, on the basis of a proposal submitted by the Remuneration Committee, the Supervisory Board approved amendments made to the regulations of the Remuneration Committee in order to comply with supervisory provisions and at the same time they incorporated provisions introduced by the new text of article seven of the Corporate Governance Code for Listed Companies recommended by Borsa Italiana.

In a meeting held on 27th July 2011, the Supervisory Board in agreement with the Remuneration Committee acknowledged the formulation of regulations for the “2011 Management by objectives incentive scheme for top management” by the Management Board and approved the criteria to be used to calculate the bonus targets for “top management” and “the highest management level of the control functions”.

In that same meeting the Supervisory Board, in agreement with the Remuneration Committee, also approved an update to the conditions which trigger the 2011 incentive schemes, incorporating the figure for the “net stable funding ratio” contained in the Policy to Manage Financial Risks, as a result of the approval of the UBI Group 2013 – 2015 Business Plan.

On 28th March 2012, the Supervisory Board, in consultation with the Remuneration Committee, reviewed and set new remuneration and incentive policies for the Group with regard to the 2012 remuneration and incentives policies, on the same basis as those pursued in 2011. Significant changes made to remuneration policies compared to 2011 are as follows:

- update of the composition of the “top management” and “highest management level of the control functions” groups in relation to recent organisational changes;
- greater and more detailed specification of some components of remuneration comprised within variable remuneration and benefits.

The remuneration policies set in 2011, which introduced the grant of financial instruments accounting for at least 50% of the variable remuneration of “top management” and the “highest management level of the control functions” will be continued in 2012, with the use of shares in the Parent, UBI Banca, to pay the variable component of remuneration and the same approach employed in the previous year with a retention period will be used again, in order to align incentives with the Bank's medium to long-term interests.

The budget for the 2012 incentive schemes contains a significant reduction of approximately 30% in the bonus pool compared to the amount allocated the year before.

The proposal for an incentive scheme based on financial instruments for “top management” and the “highest management level of the control functions”, pursuant to article 22 of the

Corporate By-Laws, is submitted for approval by the Ordinary Shareholders Meeting convened for Friday 27th April 2012 in first call and for Saturday 28th April 2012 in second call.

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In compliance with **Consob Communication No. 1025564** of 6th April 2001 and subsequent amendments to it, specific information is given below on the supervisory activities performed by the Supervisory Board in 2011 in the order of presentation recommended in that Consob communication.

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

The Supervisory Board oversaw compliance with the law, the Corporate By-Laws and proper management practices and acquired information on the activities of the Bank and its subsidiaries and also on major capital, financial and operating transactions.

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

A full and exhaustive review of transactions of greater significance during the year is contained in the Management Report for the 2011 Consolidated Financial Statements. The main initiatives undertaken are mentioned here.

In 2011 the Group completed Business Plan action designed to optimise the distribution network and to improve customer service models. In detail:

- the new "hour-glass" shaped distribution model was introduced in the network banks on 1st August, together with "Local Departments" for improved co-ordination of the different customer segments in specific local areas;
- preparatory and preliminary work began in October on "Mass market team" and "Developer" projects (operational since January 2012), which revised customer segmentation and the relative service models.

The introduction of the new distribution model, together with changes to the distribution structure as a result of the introduction of new "head branches" and "group branches", led to a gradual and progressive rationalisation and reorganisation of geographical market coverage, which followed on from action that had accompanied an operation to streamline the geographical distribution network of the network banks.

With regard to the simplification of the customer service model, the Supervisory Board made the following decisions in order to (i) complete the achievement of Group objectives and to facilitate shorter decision-making processes, (ii) strengthen risk management and (iii) synergies and (iv) improve clarity and organisational simplicity:

- the creation of a new "Large Corporate and Investment Banking" division at UBI Banca. In order to optimise operations, it was decided to merge Centrobanca into the Parent and incorporate its current business and finance activity into it. Completion of the merger is planned for the first half of 2013;
- in relation to consumer credit and the higher risk of some lines of business and the need to focus the related lending operations, work commenced to reposition the activities performed by B@nca 24-7 in the consumer credit sector. The reorganisation of activities gave rise to the start of procedures for the contribution to Prestitalia of salary backed loan operations and the subsequent merger of B@nca 24-7 into UBI Banca. Reorganisation activities are scheduled to be completed in 2012;
- again with a view to Group simplification and local market focus, the creation of a single North West banking operation is planned through the merger of Banca Regionale Europea and Banco di San Giorgio. The merger project will be completed

around July 2012 after the relative institutional and authorisation formalities are complete.

2./3. The Consob approved a regulation regarding related party transactions with Resolution No. 17221 of 12th March 2010 and subsequent amendments. The requirement relates to the procedures to be followed for the approval of transactions concluded by listed companies with parties that could create a conflict of interest. The Group approved in-house regulations regarding related party transactions within the time limits set by Consob, in which it defined internal processes that will assure compliance with Consob requirements.

The Supervisory Board took note of the regulation regarding related party transactions which was unanimously approved by the Management Board on 12th November 2010 and, itself, approved a consequent proposal to amend Art. 28 of the Corporate By-Laws to be submitted to the Shareholders' Meeting of 30th April 2011. The Supervisory Board also formed a Related Parties Committee, as required by the regulation to express an opinion on related party transactions. The procedures contained in the internal regulation, inclusive of the duties assigned to the Related Parties Committee became effective on 1st January 2011.

The Supervisory Board periodically reviewed lists of all the related party transactions concluded in the preceding quarter, contained in quarterly reports received from the Management Board. They included those not subject to a prior opinion from the Related Parties Committee in accordance with the regulation adopted, with specification of the related party, the type of transaction and the amount and, if the transaction was not subject to prior examination by the Related Parties Committee, the underlying grounds for the exemption.

We report, with regard to transactions between companies in the Group and all of its related parties, that no atypical and/or unusual transactions were performed during the year (as defined by Consob Communication No. DEM/1025564 of 6-4-2001 and subsequent amendments). Furthermore, no transactions of that type were even performed with counterparties that were not related parties.

Normal commercial and financial intragroup and related party transactions have been properly disclosed by the Management Board in Part H of the notes to the financial statements.

The Management Report provides information pursuant to article 5, paragraph 8 of Consob Regulation No. 17221 of 12th March 2010.

All the transactions performed by the Parent with related parties were carried out in compliance with correct principles both in substance and form under conditions analogous to those applied for transactions with independent parties and are considered as being consistent with and responding to the interests of the Bank. They were performed in accordance with the organisational structure adopted with strategic and management activities centralised with the Parent and technical and operational activities centralised at UBI Sistemi e Servizi Scpa.

The Report on Corporate Governance and the Ownership Structure also describes the main contents of the monitoring, reporting and decision-making regulations adopted by the Management Board for the performance of related party transactions by the Bank.

We report that transactions with representatives of the bank, with representatives of Group member companies and with companies controlled by them – all of whom may qualify as related parties – are conducted under normal market conditions and the provisions of Article 136 of the Consolidated Banking Act are carefully complied with for those transactions. The Supervisory Board has also overseen the adequacy of the system for ensuring compliance with Art.136 of the Consolidated Banking Act.

4. The independent statutory auditor, KPMG, with which the Supervisory Board had ongoing meetings, either directly or through internal committees, issued its reports on the 2011 separate and consolidated financial statements on 27th March 2012. They contained the unqualified opinion of KPMG with respect to the conformity of the accounting records and the consistency of the management report with the financial statements.

On 30th April 2011, a Shareholders' Meeting approved the appointment of the independent auditors Deloitte & Touche Spa to perform audits of the separate and consolidated financial statements of UBI Banca, to verify that the corporate accounts and accounting records are properly kept and also to perform a limited audit of the condensed interim consolidated financial statements of the UBI Banca Group for the period from 2012 until 2020. It also approved the relative fees as proposed by the Supervisory Board and in compliance with Art. 13 of Legislative Decree No. 39/2010, the period of the engagement of the previous independent auditors KPMG Spa having come to an end.

- 5./6. The Supervisory Board received no notifications from registered shareholders pursuant to article 2408 of the Italian Civil Code during 2011.
7. The fees shown below were paid to the independent statutory auditors KPMG Spa for the financial year 2011, in accordance with the law.

Type of service (figures in thousands of euro)	KPMG Spa	
	UBI Banca Scpa	Other UBI Group member
Audit services	2,481	2,239
Certification services	1,712	126
Total	4,193	2,365

All fees reported are net of out-of-pocket expenses, any supervisory contributions and VAT.

8. The fees reported below were paid to companies belonging to the network of the independent statutory auditors KPMG Spa for the financial year 2011, in accordance with the law.

Type of service (figures in thousands of euro)	Companies in the KPMG Spa network	
	UBI Banca Scpa	Other UBI Group member
Audit services	-	557
Certification services	-	100
Other services	1,783	1,336
<i>"Basel 2 project" assistance</i>	846	-
<i>"Interest rate risk and liquidity project" assistance</i>	530	311
<i>support for the IT migration project</i>	-	298
<i>"Compliance project" assistance</i>	-	230
<i>assistance activities and definition of procedures</i>	-	202
<i>other</i>	407	295
Total	1,783	1,993

All fees reported are net of out-of-pocket expenses, any supervisory contributions and VAT. Details of these fees are also given in an attachment to the financial reports as required by Art. 149-*duodecies* of the Issuers' Regulations.

The independent statutory auditors, KPMG Spa, furnished the Internal Control Committee – which, in accordance with Art. 49 of the Corporate By-Laws, performs supervisory functions pursuant to article 19 of Legislative Decree No. 39/2010 – with annual confirmation of its independence pursuant to article 17 of Legislative Decree No. 39/2010. No critical issues or risks regarding the statutory auditor's independence have come to light from contacts and discussions with the Committee.

The Internal Control Committee also noted the annual transparency report published by the independent statutory auditors, KPMG Spa, pursuant to article 18 of Legislative Decree No. 39/2010.

9. With regard to the existence of opinions given in accordance with the law during the year and in compliance with the Consolidated Banking Act, the members of the Supervisory Board issued the required vote of approval when decisions were taken by the Management Board pursuant to Art.136 paragraph 1 of the Consolidated Banking Act.

The Supervisory Board, in consultation with the Internal Control Committee, as required by Article 19, paragraph two, letter b) of Legislative Decree No. 39 of 27th January 2010, submitted a reasoned proposal for the appointment of Deloitte & Touche Spa as independent statutory auditors pursuant to Article 13 of that Decree.

Having first acquired the opinion of the Internal Control Committee, in July 2011 the Supervisory Board approved the UBI Banca report on “Management and co-ordination powers of the Parent of a banking group with regard to asset management companies belonging to the Group”, which was filed with the Bank of Italy.

With regard to the new organisational structure of the Group, in order to implement Bank of Italy supervisory provisions of 10th March 2011 on “Anti Money-Laundering” organisation and controls, in a meeting of 29th August 2011, the Supervisory Board, in consultation with the Internal Control Committee and having verified the existence of the requisites of independence, expertise and professionalism required by those provisions, approved the interim designation of the Manager of the Anti Money-Laundering Area of UBI Banca as the Group Anti Money-Laundering Officer and as the Group officer responsible for reporting suspect transactions.

With regard to the new programme for the issuance of covered bonds, in a meeting of 17th February 2012, having taken note of the Compliance Area report on the "New Programme for the issuance of UBI covered bonds", the Supervisory Board approved the assessments of the objectives and the related legal and reputational risks and the control procedures formulated. It also expressed a favourable opinion on the compliance of the programme's activities with the legislation and supervisory provisions and on the impact of the activities on the capital and operating equilibrium of the Bank.

The Supervisory Board, acting on a recommendation of the Appointments Committee, as required by Art. 46 letter n) of the Corporate By-Laws, expressed an opinion in favour of the Management Board's nominations for the positions of Board Member and Statutory Auditor of the subsidiaries listed under letter b) of Article 36 of the Corporate By-Laws.

The Supervisory Board also examined the Management Board's proposed fees to be paid to the Boards of Directors and Statutory Auditors of Group companies that had been requested to set remuneration at the next Shareholders' Meetings. In agreement with the Remuneration Committee in that regard, the Supervisory Board ascertained the consistency of the Management Board's proposals with Group remuneration policies.

10. The Supervisory Board met 21 times in 2011. The Chief Executive Officer and the Senior Officer Responsible for the preparation of corporate accounting documents (the “Senior Accounting Officer”) were invited to attend meetings where operating and financial results were reviewed and, within the scope of their responsibilities and in compliance with Art. 38 of the Corporate By-Laws, they reported on activities performed and on transactions of major operating, financial and capital importance carried out by the Parent and its subsidiaries.

The Supervisory Board attended the Shareholders' Meeting held on 30th April 2011. While observing the principle of collegial responsibility in the performance of its duties, the Supervisory Board - in relation to its responsibilities, its composition and the characteristics of its members - in compliance with supervisory instructions, with the provisions of the Corporate By-Laws and with the recommendations contained in the Corporate Governance Code of Borsa Italiana, decided to create specific committees with the functions of submitting proposals and advice and performing

assessments: an Appointments Committee, a Remuneration Committee, an Internal Control Committee, an Accounts Committee and a Related Parties Committee. These Committees performed their activities as provided for by the Corporate By-Laws and their respective regulations, reporting on their work to the Supervisory Board. The Report on Corporate Governance and Ownership Structure may be consulted for details of the issues addressed by these Committees.

In 2011 the Appointments Committee met five times, the Remuneration Committee nine times, the Internal Control Committee 30 times, the Accounts Committee eleven times and the Related Parties Committee met four times.

In order to provide constant reporting on operating events and as required by Art. 49 of the Corporate By-Laws, at least one member of the Internal Control Committee attended meetings of the Management Board on a rotating basis in compliance with regulations in force.

The Management Board met 31 times in 2011.

11. Within the scope of its responsibilities, the Supervisory Board acquired information on and oversaw the adequacy of the organisational structure of the Bank and compliance with the law and proper principles of management through channels which included the Internal Control Committee and the Accounts Committee. This was performed by making direct observations, by acquiring information from the Senior Accounting Officer Responsible for preparing the corporate accounting documents and by holding meetings with the those functions in the Bank involved in the system of internal controls and with the independent auditors, during the course of regular exchanges of information. On the basis of its findings, the Supervisory Board considered the management structure as a whole to be appropriate in terms of compliance with proper principles of management.
12. The Supervisory Board acquired information through channels which included the Internal Control Committee and it oversaw, within the scope of its responsibilities, the adequacy of the organisational structure of the Bank.
With regard to **organisational structure**, in accordance with article 46, letter r) of the Corporate By-Laws, in December 2011, the Supervisory Board approved a proposal concerning the new organisational structure of the Parent, designed to improve and strengthen the organisational structure of the Parent itself. This action also complied with an invitation in this respect made by the Supervisory Authority designed to ensure that the Group is able to respond as well as possible to the exceptional complexity of the current context. The new organisational structure of the Parent is based on principles of simplification and ordered management of the Group with a few basic lines of reporting. In detail from 1st February 2012, the four strategic support units report to the Chief Executive Officer (Chief Risk Officer, Chief Financial Officer, Investor and Media Relations and Chief of General Affairs and Subsidiaries) while the units responsible for revenues (Business), expenses (Operations) and credit (Credit) report to General Management.
The organisational simplification process continued into 2012. On 17th February the Supervisory Board examined proposals to continued the programme of action to strengthen Senior Management.
13. During the year the Supervisory Board oversaw the system of internal control, assisted for that purpose by the Internal Control Committee. The judgement made is that the internal control system is adequate as a whole and also in relation to the dimensions and organisational structure of the Group.

More specifically, the Supervisory Board approved the "Assessment of the adequacy of the internal control systems of UBI Banca as the Parent at the end of 2011" performed by the Internal Audit Function, having taken note of the overall adequacy of the organisation of the system for 2011, while areas for improvement exist to which full attention will be given.

The opinion expressed by the Internal Control Committee on this question was one of the basic adequacy of the organisation of the system itself, while account was taken of action addressing the organisational structure of the Bank and of lines for

development and improvement identified, as part of the constant refinement of company and Group control procedures.

In October 2011, the Supervisory Board examined the “Regulation for the management of integrated Group reporting on risk and mitigation action”, which describes operating procedures to integrate reporting with assessment forms used by corporate control functions, where the aim is to implement the “Principles for the organisation of the Internal Control System of the UBI Group” adopted with regard to the corporate Internal Control System. Integrated reporting on risks and mitigation action is subject to periodic review by the Supervisory Board.

The Supervisory Board received reports in 2011 on initiatives to improve the “Anti Money-Laundering Model” and more specifically on action taken on reporting and organisation systems identified to strengthen Group prevention of money-laundering and the finance of terrorism.

On 28th March 2012, the Supervisory Board also examined the “Report on the provision of investment services and activities, including accessory services and the distribution of financial products” which was filed with the Consob within the legal time limits.

In a meeting of 11th April 2012, the Supervisory Board examined the “Annual report on the Control Function in compliance with Art. 16 of the joint Consob – Bank of Italy regulations”. The Board took account of considerations made by the Internal Control Committee and noted that the Compliance Function had found an improvement in the management of non compliance risk on determined aspects already analysed previously, due to action taken by the units responsible on suggestions and observations which the Function had made previously and in any event it had found that the corporate units responsible had implemented and planned initiatives and action to solve issues in further areas requiring attention.

In that same meeting the Supervisory Board examined the “Annual report on investment and accessory services and the distribution of financial products pursuant to article 13 of the joint Consob – Bank of Italy regulations”. The Board took account of considerations made by the Internal Control Committee and took note of the structure and functioning of the operational risk management system described in the report and also of the initiatives taken by the Bank on organisational and regulatory matters designed to reduce the risks detected in relation to the provision of the above services.

The Supervisory Board examined the “Report on internal audit activities pursuant to article 14 of the joint Consob – Bank of Italy regulations” and took note of the remarks made and the decisions taken by the Management Board. In the light of the examination conducted by the Internal Control Committee and in agreement with the considerations it made, the Supervisory Board observed that areas for improvement had been found during the year in the course of control activities concerning investment services and the units concerned had been involved immediately with a view to finding appropriate corrective action, which will be constantly monitored with adequate support provided.

The Supervisory Board received periodic reports from the Compliance Area on the activities of that function in 2011.

In December the Supervisory Board examined the document “Methodological manual for compliance risk assessment” prepared in compliance with regulatory provisions in force. In agreement with the considerations made by the Internal Control Committee, the Board made its own observations on additions and amendments to be made and it expressed appreciation of the progress achieved and the view that the procedure for its approval and adoptions should continue as planned.

14. The Supervisory Board assessed and oversaw the adequacy and efficiency of the administration and accounting system and its reliability in recording operating events faithfully. This was performed by holding specific meetings with the functions in the

Bank involved in the internal control system and with the independent auditors, by acquiring adequate reports from other corporate bodies of the bank and from the heads of the respective functions, by examining corporate documents and by analysing the results of the work performed by those persons. As part of its duties and functions of performing assessments, furnishing advice and submitting proposals, the Internal Control Committee assessed the adequacy of the administration and accounting system and the administrative structure. These were found to be generally appropriate to the scale and nature of its activities. The dynamics of these were developed constantly in order to continuously refine them and also to comply with changes in the legislation.

As required by Art. 19 of Legislative Decree No. 36/2010, the Supervisory Board was informed by the Internal Control Committee that it had received a report on fundamental issues found during the independent statutory audit and significant shortcomings of the system of internal controls relating to the financial reporting process. The conclusion of the report was that no significant shortcomings in the system of internal controls relating to the financial reporting process were found when the independent statutory audit of the separate and consolidated financial statements for the year ended 31st December 2011 was carried out.

The Supervisory Board received reports on specific activities carried out by the Internal Control Committee and the Accounts Committee in relation to the “Administration BPR Project”. The Supervisory Board also received reports on a proposal to implement centralised co-ordination of tax matters concerning all Group companies in order to obtain an overall vision of the phenomena and relative uniform behaviour. The Board agreed with that proposal and recommended the start of organisational activity to assess possibilities for streamlining organisational units with the centralisation of responsibilities in the Tax and Administration Area of the Parent and also to assess the adequacy of the units concerned.

The Chief Executive Officer and the Senior Officer Responsible for preparing the corporate accounting documents have issued a declaration pursuant to Art.154-*bis* of the Consolidated Finance Act concerning the information contained in the separate and consolidated financial statements for 2011.

15. The Supervisory Board worked, both directly and through its internal committees and the corporate functions involved in the system of internal controls, to ensure that the conduct of subsidiaries was consistent with the objectives set by the Parent. No shortcomings were found concerning the adequacy of instructions given by the Parent to its subsidiaries pursuant to Art. 114, paragraph 2 of the Consolidated Finance Act nor on the timely reporting performed by subsidiaries to the Parent in order to comply with disclosure obligations required by law. The Supervisory Board, assisted by the Internal Control Committee, exchanged information with the corresponding bodies of the subsidiaries concerning the systems of control and accounting administration and the general performance of the companies.
16. No significant issues requiring specific investigation emerged from the periodic exchanges of information that occurred through the accounts committee and internal control committee with the independent statutory auditors KPMG Spa, pursuant to paragraphs 3 and 5 of article 150 of Legislative Decree No. 58/1998. The Accounts Committee and the Internal Control Committee held meetings towards the end of 2011 and in the first months of 2012 with the independent auditors and with the Senior Accounting Officer in preparation for the approval by the Supervisory Board of the separate and consolidated financial statements as at and for the year ended 31st December 2011.
17. UBI Banca Scpa complies with the Corporate Governance Code for listed companies of Borsa Italiana and it has prepared a Report on the Corporate Governance and Ownership Structure of UBI Banca Scpa which is attached to the Annual Report. That report was prepared in compliance with Art.123 *bis* of the Consolidated Finance Act and its purpose is to furnish shareholders and the market with an analysis of the

system of corporate governance adopted by UBI Banca Scpa. It gives details of the procedures by which the Code itself has been complied with by the Bank and also provides an account of those principles with which the Bank has complied in full and those that it has chosen not to observe, even only partly, on the basis of the principle of either “comply or explain”.

18. To conclude no omissions, reprehensible actions or irregularities requiring mention to shareholders emerged from the supervisory activities performed by the Supervisory Board, as described in points above. Furthermore the Supervisory Board did not use its powers to convene a Shareholders' Meeting or a meeting of the Management Board.
19. To complete the activity performed, the Supervisory Board has no proposals to make within the meaning of Art. 153, paragraph 2 of the Consolidated Finance Act, while details of opinions and decisions concerning the separate and consolidated financial statements are given at the end of this report.

* * *

Dear shareholders, the **criteria followed in the management of the Bank to achieve its mutual objects**, as established by Art. 2545 of the Italian Civil Code, are clearly evident and observable in the activities of the Bank and of the Group as a whole.

UBI Banca pursues the mutual objects inherent in its institutional model of organisation in a manner consistent with its strategic objectives and with the values and principles of its Code of Ethics, through initiatives to provide concessions to its registered shareholders and also through active participation in the economic and social development of the local communities in which it operates.

The UBI Club is important with respect to the former. It was commenced in 2010 and replaces and adds to the previous scheme (Value Project). It consists of a set of banking concessions in addition to the previously existing insurance cover.

As concerns participation in the social and economic development of local communities in which the Bank operates, operational decisions that are taken reflect the Bank's “historical” mission as a ‘Popular Bank’ fully involved in the social and economic life of the community, committed to the promotion of harmonious and lasting development, by interpreting and implementing the original co-operative objects of ‘popular’ banks in a new and broader manner. This is reflected above all in the organisational model adopted that integrates different corporate histories and cultures which each have a common vocation: strongly rooted in local areas, attention to the needs of local economic and social communities and a strong orientation to serve families, small to medium-size enterprises and social organisations (the “third sector”).

Finally, attention to local needs also takes the form of direct economic support for initiatives of a social, cultural, scientific, welfare and environmental nature. In this respect action taken directly by the network banks is accompanied by initiatives of the Parent and the Foundations created by the Group.

* * *

It will be necessary at the next Shareholders' Meeting convened for Friday 27th April 2012 in first call and for Saturday 28th April 2012 in second call to **replace two members of the Supervisory Board**, who tendered their resignations with effect from 29th March 2012. These are to be interpreted in terms of Art. 36 of Decree Law No. 201 of 6th December 2011 converted into law with Law No. 214/2011 entitled “Protection of competition and personal cross shareholdings in credit and financial markets”.

Following those resignations, in the absence of candidates not elected in the majority list to replace them, the Corporate By-Laws state that the appointment shall be made by a Shareholders' Meeting with a majority vote with no list obligation.

In this context, the Supervisory Board followed recent recommendations made by the Bank of Italy concerning the composition of the boards of banks and identified theoretical profiles of

candidates to the position of Member of the Supervisory Board, disclosing this to shareholders and to the market.

Since Board Members elected from the majority list are to be replaced, in accordance with the Corporate By-Laws, the Supervisory Board, in a meeting of 11th April 2012 and on the basis of a proposal from the Appointments Committee, nominated the candidates to be submitted to the Shareholders' Meeting to replace the resigning Board Members, having first verified their suitability to fill the positions.

In a meeting of 11th April 2012, the Supervisory Board first filled positions on the Appointments Committee and the Remuneration Committee, made necessary by the resignations mentioned above.

* * *

Finally, the Supervisory Board informs the shareholders that in a meeting held on 11th April 2012, having verified that they complied with the provisions of the law and having taken note of the documentation provided, it has unanimously approved the following resolutions:

- the consolidated financial statements and the separate financial statements as at and for the year ended 31st December 2011 of Unione di Banche Italiane Scpa, composed of the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements;
- a proposal to replenish the loss for the year by charging it to the share premium reserve;
- a proposal to the Shareholders' Meeting to declare a dividend of €0.05 on each of the ordinary shares outstanding on 27th March 2012 drawn from the extraordinary reserve.

11th April 2012

THE SUPERVISORY BOARD

**REPORTS ON THE OTHER ITEMS ON
THE AGENDA OF THE
SHAREHOLDERS' MEETING**

Appointments to fill places on the Supervisory Board in accordance with the provisions of Art. 36 of Decree Law No. 201 of 6th December 2011 converted into law with Law No. 214/2011.

Dear Shareholders,

As already disclosed to the public, *prof. avv.* Giovanni Bazoli and *avv.* Alessandro Pedersoli resigned from their positions as members of the Supervisory Board with effect from 29th March 2012. These resignations are to be interpreted in terms of the provisions of Art. 36 of Decree Law No. 201 of 6th December 2011 converted into law with Law No. 214/2011 entitled “Protection of competition and personal cross shareholdings in credit and financial markets”.

The Supervisory Board took the opportunity to express its unanimous thanks to *prof. avv.* Giovanni Bazoli and *avv.* Pedersoli for their work and strong sense of commitment.

Following those resignations, *prof.* Paolo Ferro - Luzzi, who would have been appointed in accordance with Art. 45 of the Corporate By-Laws – *as the 23rd candidate not elected on the list presented by the Supervisory Board which obtained the largest number of votes in the Shareholders’ Meeting held on 24th April 2010 and on which the aforementioned resigning members were included* – has declared that he is unavailable to take his place on the Supervisory Board due to the many commitments he has already undertaken.

In order to replace the board members who have resigned, the procedures contained in article 45 of the Corporate By-Laws apply, whereby in the absence of candidates not elected in the majority list to replace them, the appointment is made by a shareholders’ meeting with a majority vote with no list obligation, since the Supervisory Board itself may present candidates, on the basis of proposals from the Appointments Committee.

With regard to the selection of candidates, the Supervisory Board followed recent recommendations made by the Bank of Italy concerning the composition of the boards of banks and identified theoretical profiles of candidates as reported in the document “Quantitative and qualitative composition of the Supervisory Board of UBI Banca Scpa” published on the corporate website www.ubibanca.it.

In relation to the above and on the basis of recommendations made by the Appointments Committee and consistent with the above document, a proposal is submitted to appoint the following as members of the Supervisory Board to replace the resigning members:

MINELLI ENRICO

Born in Brescia on 24th April 1965

SANTUS ARMANDO

Born in Bergamo on 16th December 1969

These candidates have produced a declaration testifying to their personal and professional characteristics and that they possess the requirements specified by law and by regulatory and corporate by-law provisions and also that they accept their candidature.

Brief details of the personal and professional characteristics of the candidates are given below.

* * *

ENRICO MINELLI

Born in Brescia on 24th April 1965
Resident in Brescia

Studied at the Bocconi University in Milan and the University of Louvain, where he graduated with a Master of Sciences in Mathematics and a PhD in Economics.

Ordinary Professor of Economics at the University of Brescia and Member of the Belgian National Research Institute (FNRS).

Has taught in PhD schools in Louvain, Paris, Milan and Rome.

Has been national coordinator of a PRIN project on 'Markets and Asymmetric Information' and has taken part in various European projects. His research hinges mainly on market models with asymmetric information, with credit and finance applications. From 2008 to 2011 he was a board member of Banca di Valle Camonica, and since 2011 he has been on the board of Centrobanca. Since 2007 he has been on the board of the publishers Morcelliana.

Education:

1995	PhD Economics Université catholique de Louvain.
1992	Master's Degree Mathematics Université catholique de Louvain.
1991	Master's Degree Economics Université catholique de Louvain.
1989	Bachelor's Degree Economics and Social Studies Università "Luigi Bocconi", Milan.

Academic positions:

2005 -	Ordinary Professor, University of Brescia (became full professor on 13 TH July 2000), Qualified honorary researcher at FNRS, Belgium.
2005 –2007	Guest Professor, University of Paris-Dauphine.
2001 - 2005	Qualified researcher at FNRS, Belgium.
1998 - 2001	Associate Professor, University of Brescia.
1995 - 98	Researcher, University of Brescia.
1995 - 96	Guest Maitre de Conference (Associate Professor), Université catholique de Louvain.

Other positions:

2000	National Coordinator of a PRIN project 'Markets with asymmetric information'
2008-	Member of the Editorial Board with <i>Journal of Mathematical Economics</i>
2007-	Member of the Board of Directors, Morcelliana Editrice
2007- 2011	Member of the Board of Directors, UBI-Banca di Valle Camonica
2011	Member of the Board of Directors of Centrobanca Spa (he resigned with effect deferred until and dependent on appointment as a member of the Supervisory Board of UBI Banca SCPA and taking up that position).

Teaching activity:

Political Economics
Microeconomics
Game Theory
Advanced International Economics
General Equilibrium Theory
Economics of Imperfect Information

SANTUS ARMANDO

Born in Bergamo on 16th December 1969
Resident in Bergamo

Degree in law at the *Università Cattolica del Sacro Cuore* of Milan.

Academic year 1992-1993 - Thesis Professor Prof. G.E. Colombo

Thesis: *La verbalizzazione delle delibere assembleari nelle società di capitali*

Exam to practise law taken at the Appeal Court in Brescia and a member of the Bergamo Law Society from 1998 to 2001.

Notary's examination, member of the Bergamo Law Society since 2001

Academic/Teaching/Research work:

- Milan, Università Cattolica del Sacro Cuore (1993 to 2011)
Assistant professor in commercial and financial law at the Faculty of Law with Prof. G.E. Colombo
- Bergamo, Università degli Studi (1993 to 2005)
Assistant professor in institutions of private law at the Faculty of Economics and Commerce
- Milan, *Scuola di Notariato della Lombardia* (since 2000)
Lecturer on the company law (corporations) and shareholder meeting minute-taking course

Professional career:

Practice as a notary from 2001, based in Bergamo.

Lecturer/speaker at conferences, on university master's degree courses, specialisation courses and notary school.

Positions held:

- Member of the *Consiglio Affari Economici del Duomo di Bergamo* (since 2001)
- Member of the Board of Directors of the *Fondazione Opera Pia Caleppio Ricotti* (since 2006)
Assistance to prisoners and prisoners' families
- Member of the Board of Directors of the *Fondazione Marina Lerma* (since 2006) Assistance to children and young people with problems
- Member of the Board of Directors of the *Fondazione Museo di Palazzo Moroni* (since 2006)
Cultural work on the art and history of Palazzo Moroni and its collection, governed by the Ministry of Cultural Heritage
- Arbitrator for the *Associazione di Volontariato Pubblica Assistenza Croce Blu Gromo – Onlus* (since 2000) Assistance to the public, management of the Emergency and Rapid Response service and Environmental Protection service
- Member of the Board of Directors of the *Fondazione Comunità Bergamasca* (since 2011)
Distribution of charity funds
- Member of the Board of Directors of the religious organisation *Fondazione Papa Giovanni XXIII* (since 2011) Belongs to the Diocese of Bergamo and deals, among other things, with the promotion of scientific and cultural work exploring the person of the saint Beato Angelo Giuseppe Roncalli
- Member of the Board of Directors of *Studium srl* based in Rome (since 2011), Publishing company.

Bergamo, 11th April 2012

THE SUPERVISORY BOARD

Appointment of the Board of Arbitrators

Dear Shareholders,

The shareholders' meeting is called upon to elect the members of the Board of Arbitrators for the three year period 2012-2014.

In compliance with Art. 51 of the Corporate By-Laws, the Board of Arbitrators is composed of a Chairman, two full members and two alternate members elected by a shareholders' meeting from among registered shareholders of the Bank or others.

The prior Board of Arbitrators was composed as follows:

Board of Arbitrators

<i>Avv.</i>	DONATI	Giampiero	Chairman
<i>Avv.</i>	CAFFI	Mario	Full arbitrator
<i>Avv.</i>	ONOFRI	Giuseppe	Full arbitrator
<i>Avv.</i>	ROTA	Attilio	Alternate arbitrator
<i>Avv.</i>	TIRALE	Pierluigi	Alternate arbitrator

The members of the Board of Arbitrators may be re-elected.

In relation to the above, a proposal is submitted to the shareholders to maintain the current composition of that board for the three-year period 2012-2014 as follows:

Board of Arbitrators

<i>Avv.</i>	DONATI	Giampiero	Chairman
<i>Avv.</i>	CAFFI	Mario	Full arbitrator
<i>Avv.</i>	ONOFRI	Giuseppe	Full arbitrator
<i>Avv.</i>	ROTA	Attilio	Alternate arbitrator
<i>Avv.</i>	TIRALE	Pierluigi	Alternate arbitrator

27th March 2012

THE MANAGEMENT BOARD

Report on Remuneration

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Introduction

This report has been prepared for public disclosure purposes in accordance with Bank of Italy supervisory provisions on remuneration and incentive policies and practices in banks and banking groups, issued on 30th March 2011 and with Consob Regulation No. 18049 of 23rd December 2011 which amends the regulations to implement Legislative Decree No. 58 of 24th February 1998 on regulations for issuers concerning the transparency of the remuneration of the directors of listed companies adopted by Resolution No. 11971 of 14th May 1999 and subsequent amendments. Reference is also made to public disclosure requirements under Pillar III published in July 2011 by the Basel Committee on Banking Supervision as regulated by Circular No. 263 of 27th December 2006 and subsequent amendments.

The report is composed of two sections.

The first section contains the main information on the following: the decision-making processes for remuneration schemes, the main features, the means by which remuneration is linked to results, the main performance indicators employed, the reasons behind the choice of variable remuneration schemes and the other non-monetary schemes.

The second section is divided into two parts. The first illustrates the contents of the main items of wages in the quantitative tables and gives information on wage agreements concerning the start and end of employment relationships. The second part gives aggregate quantitative information by area of activity and category of personnel with remuneration by name for general managers and totals for the remuneration of key management personnel.

Shareholders vote to approve or reject the first section of the report. That vote is not binding. The result of the vote is disclosed to the public in accordance with Art. 125-*quater*, paragraph 2 of Legislative Decree No. 58 of 24th February 1998.

Section I

The history of the regulatory framework

On 30th March 2011, the Bank of Italy issued new supervisory provisions concerning the remuneration and incentive policies and practices of banks and banking groups as part of procedures to implement EU regulations.

The provisions take account of guidelines and criteria agreed internationally in response to the crisis as follows: the principles and standards adopted by the Financial Stability Board; the methodologies formulated by the Basel Committee for Banking Supervision; the European Commission Recommendation for remuneration in the financial sector; the guidelines issued by the Committee of European Banking Supervisors (European Banking Authority since 1st January 2011) in implementation of specific measures contained in the directive. These best practices and approaches developed at international level provide a set of guidelines and interpretations to be used by banks for correct implementation of the measures laid down and by the Bank of Italy in guiding and calibrating its monitoring activities. Given their importance in EU legislation, the key contents of the CEBS Guidelines have been included within the supervisory provisions and have, therefore, been incorporated within Italian legislation as mandatory rules for banks.

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

The governance of decision-making processes

The document “*Risk appetite and value creation in the UBI Banca Group: interpretation and governance*” defines strategic Group policies in relation to the evaluation of current and future capital adequacy, risk assumption and management policies, sustainable growth objectives and value creation.

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

In view of the above, an overall picture is given below of the internal regulations adopted by the UBI Banca Group for remuneration and incentives policies and of their history which commenced with the approval by the Supervisory Board of a 2011 remuneration policy document and has recently reached the approval of detailed technical documents relating to primary legislation.

In a meeting of 25th February 2011, on the basis of a proposal submitted by the Remuneration Committee, the Supervisory Board of UBI Banca approved the document “Remuneration and incentive policies” (hereinafter also the “Policy”) for the UBI Group. This policy updated the scope of application of the Policy in terms of those persons to whom the supervisory rules for the most important “risk taker” personnel apply (“top management” and the “highest management level of the control functions”).

The Supervisory Board used the Policy to regulate remuneration policies for the Management Board and the remuneration plans for “top management” and the “highest management level of the control functions”. It provided for the use of financial instruments for these personnel and defined an incentive scheme whereby a portion of the bonuses due are deferred and where financial instruments are used with the grant of shares in the Parent, to be submitted to the following shareholders’ meeting of UBI Banca for approval. In that same meeting the Supervisory Board also approved indicators to be used as the conditions which trigger the 2011 incentive scheme remuneration.

- Group *core tier one ratio* (an indicator of capital stability)¹;
- Group *net stable funding ratio* (liquidity indicator)²;
- *Economic value added – EVA*³ (or where this is not available, PCOBT - profit on continuing operations before tax⁴) at single company level; the same indicator at consolidated level for the Parent and UBI Sistemi e Servizi (a risk-adjusted measure of profitability).

The compliance of the Policy approved by Supervisory Board with subsequent supervisory provisions issued by the Bank of Italy on 30th March 2011, was verified by the Remuneration Committee and the board itself in view of the shareholders meeting of 30th April 2011.

In the shareholders’ meeting, the Supervisory Board provided registered shareholders with the required information on remuneration and incentive systems and practices with the report on the remuneration and incentive policies of the UBI Group. In this context, in his report on the specific item on the agenda of the shareholders’ meeting, the Senior Deputy Chairman of the Supervisory Board gave further details of the information contained in the report, and more specifically he provided the meeting with figures for remuneration paid in the previous year, in various forms, disaggregated by role and function and he furnished the number of beneficiaries.

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

² The Group net stable funding ratio is a measure of the structural equilibrium of the bank. It is the ratio of funding (liabilities) to weighted lending (assets), which takes account of the stability of the liabilities and the degree of liquidity of the assets. The indicator is designed to monitor and contain risk associated with maturity transformation within a tolerance threshold considered acceptable by the Group.

³ Economic value added (EVA) is a risk adjusted measure of performance, an expression of the value generated after all the factors of production have been remunerated, inclusive of the cost of risk capital calculated for Pillar 2 types of risk using an internal capital approach.

⁴ Pre-tax profit on continuing operations is an income statement measurement of profit net of impairment losses on loans and on other assets and liabilities and net of provisions for risks and charges.

The shareholders' meeting of UBI Banca held on 30th April 2011 approved the proposal submitted by the Supervisory Board to set remuneration policies for the members of the Management Board and to pay part of the variable component of the remuneration for "top management" and the "highest management level of the control functions" in the form of financial instruments through the grant of ordinary shares of the Parent UBI Banca as provided for under the remuneration policies of UBI Banca and the Group.

The Policy was subsequently adopted by the Boards of Directors of Group member companies, when detailed incentive schemes to implement the Policy were approved at the same time and personnel were then informed through normal internal communication channels.

In a meeting held on 29th June 2011, on the basis of a proposal submitted by the Remuneration Committee, the Supervisory Board approved amendments made to the regulations of the Remuneration Committee in order to comply with supervisory provisions and at the same time they incorporated provisions introduced by the new text of article seven of the Corporate Governance Code for Listed Companies recommended by Borsa Italiana.

In order to implement the remuneration and incentive policies of the UBI Group, in a meeting held on 26th July 2011 the Management Board approved a standard text of the regulations entitled "2011 Management By Objectives Incentive Scheme – Top Management", which included the scheme for the "Highest management level of the control functions". In that same meeting the Management Board also formulated a proposal for submission to the Supervisory Board on the criteria to be used to calculate the bonus targets for "top management" and "the highest management level of the control functions".

In a meeting held on 27th July 2011, the Supervisory Board in agreement with the Remuneration Committee acknowledged the formulation of regulations by the Management Board and approved the criteria to be used to calculate the bonus targets for "top management" and "the highest management level of the control functions". In that same meeting the Supervisory Board, in agreement with the Remuneration Committee, also approved an update to the conditions which trigger the 2011 incentive schemes, incorporating the figure for the "net stable funding ratio" contained in the Policy to Manage Financial Risks, as a result of the approval of the UBI Group 2011 – 2015 Business Plan.

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

The Remuneration Committee

The Remuneration Committee, an internal committee of the Supervisory Board, is composed of the following:

- Alessandro Pedersoli – as the Chairman
- Giuseppe Calvi;
- Alberto Folonari;
- Giuseppe Lucchini;
- Toti S. Musumeci.

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

Remuneration Committee formulates the following:

- recommendations for decisions which the Supervisory Board must submit to the shareholders for approval concerning the following: setting the remuneration for members of the Supervisory Board; setting policies for the remuneration of the Management Board; remuneration and incentive policies for the corporate bodies of Group companies and for company officers, employees and associate workers not bound to companies by employee

contracts;

- the expression of opinions on the consistency of resolutions on remuneration and incentives with policy as approved by the Supervisory Board.

The committee performs advisory functions and makes recommendations concerning remuneration for senior management as specified by article 26 of the Consolidated Banking Act and the relative regulations to implement it and for the officers of the internal control function. It also has advisory duties with regard to setting the remuneration criteria for key personnel, which in the UBI Banca Group comprises senior management as defined in the remuneration and incentive policies of the UBI Banca Group.

The committee also carries out those duties assigned to it by the provisions of the supervisory authority with regard to the remuneration and incentive policies and practices of banks and banking groups. The remuneration committee was provided with the information and gained access to corporate functions needed for the performance of its duties. The Committee is permitted to retain outside consultants to assist it in determining matters as required by the regulations.

The Remuneration Committee met nine times in 2011, concentrating mainly on the following fields:

- remuneration and incentive policies for employees and associate workers not bound to companies by employee contracts: updating the Group Policy, with assessment work and the submission of recommendations to the Supervisory Board for the formulation of share based incentive schemes to be submitted to shareholders;
- update of remuneration policies for the Management Board and the governing bodies and company officers of subsidiaries with assessment work and the submission of recommendations to the Supervisory Board;
- examination of: the report to shareholders on Group remuneration and incentive policies; the proposal for setting remuneration policies for members of the Management Board and the share based incentive scheme for the Parent, UBI Banca;
- examination of the control functions' report on regulatory compliance of the Group remuneration and incentive policies;
- amendments to the Regulations of the Remuneration Committee in relation to the update on 30th March 2011 of supervisory authority provisions concerning remuneration and incentive policies in banks;
- regulations for the 2010 MBO incentive scheme for senior management: assessment work and the submission of recommendations to the Supervisory Board;
- verification of the trigger conditions and the performance objectives for the 2010 incentive scheme;
- verification of the incentive scheme for the Group asset management company;
- assessment work and the submission of recommendations to the Supervisory Board to verify the consistency of the remuneration recommended by the Management Board for the management bodies and senior management of subsidiaries with Group remuneration policies;
- verification of the consistency of the 2011 bonus scheme with Group remuneration policies;
- verification of the state of compliance with new supervisory authority provisions;
- verification of the performance of 2011 incentive schemes;
- verification of remuneration for control functions: benchmarking analysis.

Three meetings have already been held in 2012.

Corporate and control functions

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

Human Resources Function

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

The Risk Management Function

The Risk Management Function is involved in the process of defining remuneration policies in order to provide support in assessing their consistency with the risk mitigation and long-term objectives of the Bank and the UBI Banca Group, and with the maintenance of capital and liquidity requirements.

This contribution helps to ensure that the incentive schemes take due account of all the risks assumed by the Bank in accordance with UBI Banca Group's existing procedures.

The compliance function

During the formulation of remuneration policies, the Compliance Function assesses compliance of those policies with regulations. It verifies, amongst other things, that the corporate incentive schemes meet the objectives of compliance with the legislation and regulations, the Corporate By-Laws and any ethical codes or other standards of conduct applicable to the Bank, in order to ensure appropriate mitigation of legal and reputational risks, which are primarily linked to relations with customers. It provides indications of possible areas for improvement to achieve closer compliance of the policies and schemes to implement them with current legislation.

The Audit Function

At least once a year, the Internal Audit Function verifies the procedures used to ensure that remuneration practices comply with approved policies and the applicable legislation and regulations, and it reports its findings and any irregularities to the relevant corporate bodies and functions for the adoption of any necessary corrective measures.

The results of the verifications conducted are reported annually to shareholders, as shown in the relative report.

The remuneration of governing bodies

In accordance with the Policy, the fees of members of the governing bodies of the UBI Banca Group are structured with a ceiling set by that of the Chairman of the Management Board, which is set at the same level as that of the Chairman of the Supervisory Board (the amount of which is approved by shareholders). Traditional "attendance tokens" have been incorporated as part of the fixed remuneration. Executive board members may receive forms of remuneration linked to results, while all the other members of the governing bodies of the Group receive no variable remuneration.

No guaranteed bonuses or leaving bonuses exist for members of corporate bodies. The remuneration set for board members who are employees of the UBI Banca Group holding positions in a Group bank or company is incorporated in their remuneration and is therefore paid back to the company concerned.

Remuneration policies for employees

Supervisory provisions require banks to perform thorough assessments to identify categories of personnel whose work may have a significant impact on the risk profile of the bank. The process of identifying groups of personnel has been designed on the basis of appropriate

organisational assessments, the impact on risks and the salary levels in question.

The following personnel groups have been identified in the light of that process:

- “top” management;
- personnel involved in control functions;
- other senior managers;
- other employees.

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

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

Number of positions	31.12.2011
Chief Executive Officer UBI	1
General Manager UBI	1
Other Executive Board Members and General Managers	19
Managers of main lines of business	89
Managers of highest level of control functions	18
TOTAL	128

Employee remuneration packages are composed as follows:

- fixed remuneration;
- variable remuneration;
- benefits.

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

Fixed remuneration

The remuneration policies of the UBI Banca Group are based on key principles, consistent with those adopted generally by the Group in the management and development of human resources. They can be summarised as the principles of fairness, competitiveness, meritocracy and consistency over time.

The adoption of these cornerstones requires a methodological approach and structured management instruments. An annual assessment process is employed for management positions which results in the assignment of a value to each role that is representative of the complexity of the position. This enables (i) comparison between the level of remuneration for the position considered and the market for positions of similar complexity (external consistency) and (ii) an assessment of the balance between the complexity of the role and the relative level of remuneration within the UBI Banca Group (internal consistency).

The following are taken into account in assessing the proper performance of the functions of each role:

- individual performance⁵;
- the level of skills acquired⁶;
- direct knowledge of the individual;
- measurement of the level of motivation;
- availability of internal reports;
- with particular reference to managerial positions, performance of the company with respect to the principal operating and balance sheet KPIs, taken from the financial statements.

In order to identify adequate Group remuneration with respect to the market, in 2011 remuneration analyses and comparisons were performed on all personnel with the assistance of consulting firms independent of the Remuneration Committee and the use of sector remuneration surveys. A particular focus was placed on Group management using benchmarking analysis on a specific “panel” of companies in the sector.

In addition to that comparative “panel”, specific benchmarks for the private banking, asset

⁵ Where possible, by means of performance assessment of result objectives achieved individually.

⁶ Where possible, through the use of skills assessments, namely assessment of the level of skills and abilities possessed with respect to the role covered.

management and leasing sectors were also used.

Variable remuneration

Variable remuneration also includes the following instruments:

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

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

Further details of the performance-related, variable component of remuneration is given below.

Performance-related, variable remuneration

The 2011 incentive schemes have been formulated on the basis of the following guidelines;

- they have been designed to support value generation by Group companies and to reward the achievement of risk-adjusted objectives, while maintaining adequate capital levels and liquidity, through the identification of specific trigger conditions;
- the parameters identified are mainly quantitative and measurable, sometimes based on qualitative aspects and normally also related to levels of satisfaction by “external and internal customers”. They are not solely of a commercial and financial nature, and take account of aspects related to individual skills and capacities;
- the objectives underlying the incentive mechanisms for personnel who sell financial products and instruments do not consider direct connections with single services or products, but relate more generally to areas or sectors of activity and categories of services or products. More generally, those linked to banking or insurance products and services, were defined with consideration of the need to pursue and safeguard proper relations with customers and to comply with regulations and legislation in force;
- bonuses are related to the complexity of the role and results achieved at individual, team, company and Group level, with gradual access to them in order to prevent conduct subject to the risk of “moral hazard”;
- a predetermined maximum limit is set based on the principle of a balance between fixed and variable components of remuneration;
- a specific budget is allocated, to prevent setting limits on the Bank’s capacity to maintain capital levels adequate to meet the risks assumed;
- a set of regulations have been drawn up for each of the groups in receipt of variable remuneration (“top management”, the “highest management level of the control functions”, other senior managers, other personnel) with information designed to ensure full and immediate comprehension of the relative schemes;
- particular treatments such as guaranteed bonuses⁷ have been excluded and personnel are also excluded from bonus schemes if regulations or company rules are violated, as ascertained by the imposition of disciplinary penalties.

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

- deferment of payment of a portion (according to the role occupied) of between 40% and 60% of bonuses;
- the grant of financial instruments (shares of the listed Parent, UBI Banca) for a portion equal to at least 50% of variable remuneration, setting an adequate period of personnel

⁷ Without prejudice to exceptions allowed by legislation and regulations limited to the first year of employment.

retention for this, in order to align the incentives to the Bank's medium to long-term interests.

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

Means of payment for 2011 Incentive Scheme: "Top Management" and "Managers of highest level of control functions"

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

(1) Subject to a two year retention period

(2) Subject to a one year retention period

The 2011 Policy has also defined average indications in terms of a theoretical “pay mix” of fixed and variable remuneration according to the role, the type of business and the relative market. The table below gives details of the composition.

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

	Fixed remuneration	Variable, performance related remuneration
Chief Executive Officer UBI Banca	50%	50%
General Manager UBI Banca	65%	35%
Other Executive Board Members and General Managers	74%	26%
Managers of main lines of business	83%	17%
Highest management level of the control functions	85%	15%

The following common objectives have been assigned to “top management”, with a different impact dependent on the type of role⁸:

- EVA – Economic Value Added – at Group level;
- EVA – Economic Value Added – at company level;
- PCOBT – profit from continuing operations before tax – at company level;
- core income⁹ – at company level;
- customer satisfaction score¹⁰ – at company level.

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

More specifically, as with “top management”, the same deferment procedures and grant of financial instruments have been used for the “highest management level of the control functions”.

In order to ensure adequate levels of capital stability and liquidity and the value generation capability of the Group or companies over the long term, the deferred portion may be paid upon the achievement of adequate performance over the deferral period, taking into account

⁸ For further information, the specific definitions are given in Attachment 2 of the 2012 Remuneration and incentives policies.

⁹ Core income: an income statement measurement, calculated as the sum of net interest income and net commission income.

¹⁰ Customer satisfaction: a summary measure of customer satisfaction, based on the results of a survey entitled the “Consultation Project”, carried out with assistance from a specialist research institute.

the cumulative annual budget targets for the company EVA indicator.

The 2011 incentive schemes are triggered for all personnel groups involved upon satisfaction of the conditions to ensure capital stability and liquidity as defined in the policy entitled “Risk appetite and value creation in the UBI Banca Group: interpretation and governance” and in the “Policy to Manage Financial Risks of the Group” and to ensure the value generation capability of the Group and its companies.

- Group core tier one ratio (an indicator of capital stability);
- Group net stable funding ratio (liquidity indicator);
- Economic value added – EVA (or where this is not available, PCOBT - profit on continuing operations before tax) at single company level; the same indicator at consolidated level for the Parent and UBI Sistemi e Servizi (a risk-adjusted measure of profitability).

The 2011 capital stability and liquidity objectives were achieved and therefore the conditions to trigger incentive schemes were met at Group level.

The conditions for the payment of bonuses were not met for individual companies, the Parent and UBI Sistemi e Servizi due to the failure to achieve the EVA objective at consolidated level.

However, the conditions were met for eight banks, including one foreign bank, for the asset management company and for two minor companies, because they achieved the EVA objective (or, where not available, the PCOBT objective) at individual company level.

Two commercial “contest” schemes were also triggered in 2011 for the Group network banks¹¹ and for the company IWBANK. The first was designed to increase structural growth in financial wealth, consistent with the objectives to pursue adequate levels of Group liquidity, while the second was to support the commercial and customer care objectives of the company.

Benefits

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

In 2011 specially regulated supplementary collective pension, health and insurance plans, infancy welfare services and a meals canteen services, sports and recreational activities and discounts on products and services provided by the bank were provided to protect the health and welfare of personnel, in compliance with Group policies.

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

Post-employment benefits

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

2012 remuneration and incentive policies

On 28th March 2012, the Supervisory Board, in consultation with the Remuneration Committee, reviewed and set new remuneration and incentive policies for the Group, on the

¹¹ Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Carime, Banca Popolare di Ancona, Banca Regionale Europea, Banco di San Giorgio, Banca di Valle Camonica.

same basis of those pursued in 2011.

Significant changes made to remuneration policies compared to 2011 are as follows:

- update of the composition of the “top management” and “highest management level of the control functions” groups in relation to recent organisational changes;
- greater and more detailed specification of some components of remuneration comprised within variable remuneration and benefits.

The remuneration policies set in 2011, which introduced the grant of financial instruments accounting for at least 50% of the variable remuneration of “top management” and the “highest management level of the control functions” will be continued in 2012, with the use of shares in the Parent, UBI Banca, to pay the variable component of remuneration and the same approach employed in the previous year with a retention period will be used again, in order to align incentives with the Bank' s medium to long-term interests.

The budget for the 2012 incentive schemes contains a significant reduction of approximately 30% in the bonus pool compared to the amount allocated the year before.

Section II

Part one

Basic concepts of remuneration

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

The following information is given on the basic concepts of remuneration with reference to the tables contained in point a) “Quantitative information by area of activity and category of personnel” of part two:

- fixed remuneration, defined as annualised remuneration paid to 31st December 2011, payment of which is guaranteed. This includes amounts specified by contract (salary, normal increases, various indemnities, amounts above trade union rates, etc.) and any other sum, however it may be guaranteed, in addition to that provided for by the national collective labour contract. Overtime is excluded;
- performance-related variable remuneration with particular reference to the 2011 incentive schemes, calculated on an accruals basis on figures that are not final and not yet paid. This figure is subject to minor changes;
- the procedures for the payment of “top management” and the “highest management level of the control functions”, on the basis of the results of the incentive schemes mentioned in the preceding point, divided in terms of up-front payments in cash and in shares (payment of which is not subject to deferral conditions) and deferred quotas in cash and in shares.

The following information is given in table 1 of the tables contained in point b) “Quantitative information on management and supervisory bodies and the chief executive officer and General Manager of UBI Banca” of part two:

- 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 2011 incentive scheme payments calculated on an accruals basis on figures that are not final and not yet paid relating to the up-front component, any one-off payments, company bonuses and “share of profits”, not paid (column 3);
- non-monetary benefits which include insurance policies, pension funds and any other benefits such as cars, guest accommodation, according to the taxable income criterion (column 4);
- other remuneration, such as job security and non-competition agreements, provisions made for deferred remuneration, length of service bonuses and other residual items (column 5);
- the total for the above items (column 6);
- the fair value of equity remuneration (shares), not reported for 2011, because 2011 incentive schemes were not triggered at the level of UBI Banca Scpa (column 7);
- end of term of office or of employment relationship indemnity (column 8) set aside or due during 2011.

In table 3B, amounts have only been entered in column (4) for “other bonuses” in which bonuses for the year not explicitly included in schemes defined before hand are reported, because 2011 incentive schemes were not triggered at the level of UBI Banca and no prior year incentive schemes existed.

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 to pay part of the variable component of the remuneration for “top management” and the “highest management level of the control functions” in the form of financial instruments through the grant of ordinary shares of the

Parent, UBI Banca.

Agreements concerning remuneration for start and end of employment relationships

A new payment of €20,000 gross for the start of an employment relationship was made in 2011, with specific reference to the “top management” and “highest management level of the control functions”. However, no payments were made for end of employment relationships.

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

Payment of a special fee is to be paid to the General Manager of UBI Banca, *Dott. Graziano Caldiani*, following the termination of his employee contract with effect from 30th April 2012. This fee is due on the basis of a specific job security agreement signed in 2002.

Three job-security agreement agreements have been signed with members of the “top management” group.

No end of employment relationship payments were made in 2011 relating to deferment mechanisms.

In order to retain personnel in the “top management” and in the “highest management level of the control functions” groups, rights on portions of incentive scheme bonuses that have vested, but not yet been paid shall only be conserved where retirement requirements have been met (length of service, old age), while the right to assess on a case by case basis is reserved, as a function of the moment in time when the termination of the relationship takes place. This also applies in the event of the death of the beneficiary (in this case to the benefit of the legitimate heirs). Payment of portions that have vested shall be made on the scheduled date of payment, subject to verification that the performance conditions have been satisfied.

Part two

Part two contains the following:

- a) quantitative information by area of activity and category of personnel;
- b) quantitative information by name is given for the management and supervisory functions and also for the Chief Executive Officer and the General Manager of UBI Banca. Because there is no total remuneration for other key management personnel that is greater than the highest remuneration paid to the persons mentioned in the first point, aggregate information is given, with the number of persons given in place of the names;
- c) finally, the last table of this document gives shares held in UBI Banca and its subsidiaries by members of the management and supervisory bodies and by other members of key management personnel (pursuant to Art. 84 *quater* of Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments).

Expenses incurred at consolidated level for the remuneration of directors and statutory auditors for the financial year 2011 amounted to approximately €19 million, accounting indicatively for 1.35% of personnel expense.

a) Quantitative information by area of activity and category of personnel

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

Group fixed remuneration ⁽¹⁾

(employee personnel as at 31/12)

Figures in thousands of euro	Group		UBI Banca		Banks ⁽²⁾		Other companies ⁽³⁾	
	Number of persons	2011	Number of persons	2011	Number of persons	2011	Number of persons	2011
Other Executive Board Members and General Managers	18	5,126	-	-	14	4,188	4	938
Managers of main lines of business	81	14,213	26	4,972	46	7,592	9	1,649
Managers of highest level of control functions	17	2,560	14	2,153	2	278	1	128
Other senior managers	315	36,365	75	8,704	186	21,598	54	6,063
Other employees	18,595	831,197	1,132	57,403	14,890	658,945	2,573	114,849
TOTAL	19,026	889,460	1,247	73,231	15,138	692,601	2,641	123,627

(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.). The figures for fixed remuneration are for 98% of UBI Group personnel. The 2% not considered relate to personnel not served by the UBIS-Personnel Administration service.

(2) Banca Popolare di Bergamo Spa, Banco di Brescia Spa, Banca Popolare Commercio e Industria Spa, Banca Regionale Europea Spa, Banca Popolare di Ancona Spa, Banca Carime Spa, Banca di Valle Camonica Spa, Banco di San Giorgio Spa, UBI Banca Private Investment Spa, Centrobanca Spa, Banca 24-7 Spa, IV Bank Spa, Banque de Depots et de Gestion Sa, UBI Banca International Sa

(3) UBI Sistemi e Servizi SCpA, UBI Leasing Spa, UBI Factor Spa, UBI Pramerica SGR Spa, Prestitalia Spa, UBI Insurance Broker Srl, UBI Fiduciaria Spa, Silf Spa, BPB Immobiliare Srl, UGI Gestione Fiduciarie Sim Spa, Centrobanca Sviluppo Impresa SGR Spa, Coralys Rent Srl, S.B.I.M Spa

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

UBI Banca fixed remuneration ⁽¹⁾

(employee personnel as at 31/12)

Figures in thousands of euro	Commercial		Finance		Credit and credit recovery		Other functions ⁽²⁾	
	Number of persons	2011	Number of persons	2011	Number of persons	2011	Number of persons	2011
Managers of main lines of business	5	1,142	7	1,238	2	524	12	2,068
Managers of highest level of control functions	-	-	-	-	-	-	14	2,153
Other senior managers	23	2,894	3	341	9	1,039	40	4,430
Other employees	152	8,055	78	4,600	128	6,394	774	38,353
TOTAL	180	12,091	88	6,179	139	7,957	840	47,004

(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) Administration and Operational Control, Legal Affairs and Litigation, Corporate Affairs and Italian Subsidiaries, Parent and Group Audit, Risk Control, Investor Relations and External Communication, Human Resources and Organisation, Strategic Development and Planning, Support to the Management Board and Support to the Supervisory Board

The table below gives an estimate of the number of beneficiaries and the amount or performance-related remuneration paid through incentive schemes, divided by type of personnel and areas of activity. It is calculated on the basis of preliminary figures and is subject to minor modifications.

Estimate of 2011 Incentive Schemes ⁽¹⁾:

(employee personnel)

	Group		UBI Banca		Banks ⁽²⁾		Other companies ⁽³⁾	
	Number of beneficiaries	2011	Number of beneficiaries	2011	Number of beneficiaries	2011	Number of beneficiaries	2011
Figures in thousands of euro								
Other Executive Board Members and General Managers	4	307	-	-	4	307	-	-
Managers of main lines of business	27	1,053	-	-	26	773	1	280
Managers of highest level of control functions	2	37	-	-	1	5	1	32
Other senior managers	117	946	-	-	109	717	8	229
Other employees	3,909	6,558	-	-	3,697	4,435	212	2,123
TOTAL	4,059	8,901	0	0	3,837	6,237	222	2,664

(1) Company costs are excluded

(2) Banca Popolare di Bergamo Spa, Banco di Brescia Spa, Banca Popolare Commercio e Industria Spa, Banca Regionale Europea Spa, Banca Popolare di Ancona Spa, Banca Carime Spa, Centrobanca Spa, UBI Banca International Sa

(3) UBI Pramerica SGR Spa, UBI Insurance Broker Srl, Centrobanca Sviluppo Impresa SGR Spa

The table below regarding payment methods gives a summary of the composition of performance-related variable remuneration accruing in 2011 for the whole Group in terms of deferment and financial instruments for “top management” and the “highest management level of the Control Functions” groups of personnel.

Estimate of final figures for means of payment for 2011 Incentive Schemes ⁽¹⁾:**"Top Management" and "Managers of highest level of control functions"**

	Number of beneficiaries	Up-front portion		Deferred portion	
		Cash	Shares	Cash	Shares
Figures in thousands of euro					
Other Executive Board Members and General Managers	4	149	68	45	45
Managers of main lines of business	27	316	316	211	211
Highest management level of the control functions	2	11	11	7	7
TOTAL	33	476	395	263	263

(1) Company costs are excluded

The total bonus for commercial “contest” schemes triggered in 2011 is estimated at approximately €1,080,000 gross, on the basis of preliminary figures subject to minor modifications.

One-off payments made in 2011 amounted to approximately €2,390,000 gross, of which €71,000 gross paid to eight persons belonging to the “top management” and the “highest management level of the Control Functions” personnel groups.

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

The tables below give detailed information relating to 2011 and more specifically they consist of table 1 and table 3B pursuant to Art. 84 *quater* of the Issuers' Regulations adopted with Consob Resolution No. 11971 of 14th May 1999, as updated with amendments made by Resolution No. 18049 of 23rd December 2011.

However, tables 2 and 3A of those regulations are not given because no stock option plans currently exist and also the conditions for the payment of the performance-related variable components (“Incentive plans”) in 2011 were not met and no other financial instruments granted in prior years exist.

Table 1 pursuant to Attachment 3 of the Issuers' Regulations

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

(A) Name and Surname	(B) Position	(C) Period in which position was occupied	(D) Date on which appointment ends	(1) Fixed remuneration	(2) Remuneration for attendance on committees	(3) Non equity variable remuneration		(4) Non monetary benefits	(5) Other remuneration	(6) Total	(7) Fair value of equity remuneration	(8) Indemnity for end of term of office or end of employment relationship
						Bonuses and other incentives	Share of profits					
Faissola Corrado	UBI BANCA:	01.01/31.12	AGM 2013									
	- Chairman of the Supervisory Board			500,000.00				500,000.00				
	- Member of the Supervisory Board			100,000.00				100,000.00				
	- Chairman of Appointments Committee					==						
TOTAL				600,000.00					600,000.00			
Calvi Giuseppe	UBI BANCA:	01.01/31.12	AGM 2013									
	- Senior Deputy Chairman of the Supervisory Board			250,000.00				250,000.00				
	- Member of the Supervisory Board			100,000.00				100,000.00				
	- Member of the Appointments Committee					==						
- Member of the Remuneration Committee			==									
TOTAL				350,000.00					350,000.00			
Folonari Alberto	UBI BANCA:	01.01/31.12	AGM 2013									
	- Deputy Chairman of the Supervisory Board			75,000.00				75,000.00				
	- Member of the Supervisory Board			100,000.00				100,000.00				
	- Member of the Appointments Committee					==						
- Member of the Remuneration Committee			==									
TOTAL				175,000.00					175,000.00			
Mazzoleni Mario	UBI BANCA:	01.01/31.12	AGM 2013									
	- Deputy Chairman of the Supervisory Board			75,000.00				75,000.00				
	- Member of the Supervisory Board			100,000.00				100,000.00				
	- Member of the Appointments Committee					==						
TOTAL				175,000.00					175,000.00			
Albertani Battista	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00				100,000.00				
TOTAL				100,000.00					100,000.00			
Bazoli Giovanni	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00				100,000.00				
	- Member of the Appointments Committee					==						
TOTAL				100,000.00					100,000.00			
Bellini Luigi	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00				100,000.00				
	- Member of the Internal Control Committee					50,000.00		50,000.00				
TOTAL				100,000.00	50,000.00				150,000.00			
Cattaneo Mario	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00				100,000.00				
	- Member of the Internal Control Committee					50,000.00		50,000.00				
	- Member of the Accounts Committee					50,000.00		50,000.00				
TOTAL				100,000.00	100,000.00				200,000.00			
Fidanza Silvia	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00				100,000.00				
	- Member of the Related Parties Committee					==						
TOTAL				100,000.00					100,000.00			
Fontana Enio	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00				100,000.00				
	TOTAL				100,000.00				100,000.00			
Garavaglia Carlo	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00				100,000.00				
	- Member of the Appointments Committee					==						
	- Chairman of the Accounts Committee					100,000.00		100,000.00				
TOTAL				100,000.00	100,000.00				200,000.00			
Gusmini Alfredo	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00				100,000.00				
	- Member of the Internal Control Committee					50,000.00		50,000.00				
TOTAL				100,000.00	50,000.00				150,000.00			
Gussalli Beretta	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00				100,000.00				
TOTAL				100,000.00					100,000.00			
Lucchini Giuseppe	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00				100,000.00				
	- Member of the Remuneration Committee					==						
TOTAL				100,000.00					100,000.00			

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)		
Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non equity variable remuneration		Non monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship		
						Bonuses and other incentives	Share of profits							
Pedersoli Alessandro	UBI BANCA:	01.01/31.12	AGM 2013											
	- Member of the Supervisory Board													
	- Chairman of the Remuneration Committee													
	TOTAL			100,000.00						100,000.00				
Perolari Giorgio	UBI BANCA:	01.01/31.12	AGM 2013											
	- Member of the Supervisory Board													
	TOTAL					100,000.00						100,000.00		
Pivato Sergio	UBI BANCA:	01.01/31.12	AGM 2013											
	- Member of the Supervisory Board													
	- Chairman of the Internal Control Committee					100,000.00	100,000.00					200,000.00		
	TOTAL			100,000.00	100,000.00					200,000.00				
Sestini Roberto	UBI BANCA:	01.01/31.12	AGM 2013											
	- Member of the Supervisory Board													
	TOTAL					100,000.00						100,000.00		
Zannoni Giuseppe	UBI BANCA:	01.01/31.12	AGM 2013											
	- Member of the Supervisory Board													
	TOTAL					100,000.00						100,000.00		
Zanetti Emilio	UBI BANCA:	01.01/31.12	AGM 2013											
	- Chairman of the Management Board													
	- Member of the Management Board					500,000.00	150,000.00					650,000.00		
	Total UBI Banca remuneration			650,000.00						650,000.00				
BANCA POPOLARE DI BERGAMO:		01.01/31.12	AGM 2014											
	- Chairman													
	- Director					113,812.15	40,000.00					153,812.15		
	- Executive Committee							14,143.65				14,143.65		
	- Attendance "tokens"					1,250.00						1,250.00		
	Total Banca Popolare di Bergamo remuneration					155,062.15	14,143.65					169,205.80		
	TOTAL			805,062.15	14,143.65					819,205.80				
Pizzini Flavio	UBI BANCA:	01.01/31.12	AGM 2013											
	- Deputy Chairman of the Management Board													
	- Member of the Management Board					130,237.64	150,000.00					280,237.64		
	Total UBI Banca remuneration			280,237.64						280,237.64				
BANCO DI BRESCIA:		01.01/31.12	AGM 2014											
	- Director													
	- Executive Committee					40,000.00	14,038.46					54,038.46		
	- Attendance "tokens"					1,500.00						1,500.00		
	Total Banca di Brescia compensation			41,500.00	14,038.46					55,538.46				
UBI SISTEMI E SERVIZI:		01.01/31.12	AGM 2012											
	- Deputy Chairman of the Board of Directors													
	- Director					60,000.00	5,000.00					65,000.00		
	- Executive Committee							10,000.00				10,000.00		
	- Attendance "tokens"					3,500.00						3,500.00		
	Total UBI Sistemi e Servizi remuneration			68,500.00	10,000.00					78,500.00				
UBI BANCA INTERNATIONAL:		01.01/31.12	AGM 2014											
	- Chairman of the Board of Directors													
	- Director					15,000.00	15,000.00					30,000.00		
	Total UBI Banca International remuneration			30,000.00						30,000.00				
PRISMA SRL:		01.01/31.12	AGM 2013											
	- Chairman of the Statutory Board of Auditors													
	Total Prisma remuneration					4,520.03	4,520.03					9,040.06		
	TOTAL			424,757.67	24,038.46					448,796.13				
Massiah Victor	UBI BANCA:	01.01/31.12	AGM 2013											
	- Senior manager													
	- Chief Executive Officer					652,300.71	500,000.00	2,184.99		113,206.82 (*)	136,313.28	1,263,694.80		
	Total UBI Banca remuneration			1,302,300.71		2,184.99		113,206.82 (*)	136,313.28	1,554,005.80				
	(*) BANCO DI BRESCIA:	01.01/31.12	AGM 2014											
- Director														
- Attendance "tokens"														
	Total Banco di Brescia compensation													
	(*) BANCA POPOLARE DI BERGAMO:	01.01/31.12	AGM 2014											
- Director														
- Executive Committee (from 1/1 to 10/4)														
	Total Banca Popolare di Bergamo remuneration													
	(*) CENTROBANCA: Director	01.01/31.12	10/01/2014											
- Director														
	Total Centrobanca remuneration													
	(*) LOMBARDA VITA:	01.01/10.01	10/01/2011											
- Director														
	Total Lombarda Vita remuneration													
	TOTAL			1,302,300.71		2,184.99		113,206.82 (*)	136,313.28	1,554,005.80				
Auletta Armenise Giampiero	UBI BANCA:	01.01/31.12	AGM 2013											
	- Member of the Management Board													
	TOTAL UBI Banca remuneration					150,000.00						150,000.00		
BANCA POPOLARE DI BERGAMO:		01.01/10.04	10/04/2011											
	- Director													
	- Attendance "tokens"					11,049.72	750.00					11,800.00		
	Total Banca Popolare di Bergamo remuneration			11,799.72						11,799.72				
BANCA POPOLARE COMMERCIO INDUSTRIA:		01.01/31.12	AGM 2014											
	- Deputy Chairman (from 06/04)													
	- Director					14,712.32	32,479.46					47,191.78		
	- Executive Committee							12,561.64				12,561.64		
	- Attendance "tokens"					2,000.00						2,000.00		
	Total Banca Popolare Commercio Industria remuneration			49,191.78	12,561.64					61,753.42				
BANCA CARIME:		01.01/31.12	AGM 2014											
	- Senior Deputy Chairman of the Board of Directors													
	- Director					38,666.69	32,666.66					71,333.35		
	- Member of the Executive Committee							12,666.65				12,666.65		
	- Attendance "tokens"					750.00						750.00		
	Total Carime remuneration			72,083.35	12,666.65					84,750.00				
BANCA POPOLARE DI ANCONA:		01.01/31.12	AGM 2014											
	- Director													
	- Executive Committee					32,547.95		12,529.68				45,077.63		
	- Attendance "tokens"					1,500.00						1,500.00		
	Total Banca Popolare di Ancona remuneration			34,047.95	12,529.68					46,577.63				
	TOTAL			317,122.80	37,757.97					354,880.77				

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non equity variable remuneration	Non monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship	
						Bonuses and other incentives						Share of profits
Camadini Giuseppe	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Management Board				150,000.00					150,000.00		
	Total UBI Banca remuneration				150,000.00					150,000.00		
	BANCO DI BRESCIA:	01.01/31.12	AGM 2014									
	- Director				40,000.00					40,000.00		
	- Attendance "tokens"				750.00					750.00		
	Total Banca di Brescia compensation				40,750.00					40,750.00		
	BANCA DI VALLE CAMONICA:	01.01/31.12	AGM 2014									
	- Director				21,396.07					21,396.07		
	- Attendance "tokens"				750.00					750.00		
	Total Banca Valle Camonica remuneration				22,146.07					22,146.07		
	BANCA REGIONALE EUROPEA:	01.01/11.04	11.04.2011									
	- Deputy Chairman of the Board of Directors				16,813.18					16,813.18		
	- Director				8,406.60					8,406.60		
	- Executive Committee						=			=		
	Total BRE Banca compensation			25,219.78				25,219.78				
	TOTAL			238,115.85				238,115.85				
Cera Mario	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Management Board				150,000.00					150,000.00		
	Total UBI Banca remuneration				150,000.00					150,000.00		
	BANCA POPOLARE COMMERCIO INDUSTRIA:	01.01/31.12	AGM 2014									
	- Chairman of the Board of Directors (from 06/04)				66,205.80					66,205.80		
	- Deputy Chairman of the Board of Directors (from 01/01 to 05/04)				13,013.69					13,013.69		
	- Director				32,479.46					32,479.46		
	- Executive Committee				12,561.64			12,561.64				
	- Attendance "tokens"			1,750.00				1,750.00				
	Total Banca Popolare Commercio Industria remuneration			113,448.95	12,561.64			126,010.59				
	IW BANK:	01.01/31.12	AGM 2012									
	- Chairman of the Board of Directors				60,000.00					60,000.00		
	- Director				10,000.00					10,000.00		
	Total IW Bank remuneration				70,000.00					70,000.00		
	TOTAL			333,448.95	12,561.64			346,010.59				
Frigeri Giorgio	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Management Board				150,000.00					150,000.00		
	Total UBI Banca remuneration				150,000.00					150,000.00		
	BANCA 24/7:	01.01/31.12	AGM 2013									
	- Director				10,000.00					10,000.00		
	Total Banca 24/7 remuneration				10,000.00					10,000.00		
	CENTROBANCA SVILUPPO IMPRESA SGR:	01.01/31.12	AGM 2014									
	- Chairman of the Board of Directors				8,000.00					8,000.00		
	- Director				10,000.00					10,000.00		
	Total Centrobanca Sviluppo Impresa SGR remuneration				18,000.00					18,000.00		
	UBI PRAMERICA SGR SPA:	01.01/31.12	AGM 2014									
	- Chairman of the Board of Directors				39,474.00					39,474.00		
	- Director				10,526.00					10,526.00		
	Total UBI Pramerica SGR remuneration				50,000.00					50,000.00		
	CENTROBANCA:	01.01/31.12	AGM 2014									
	- Deputy Chairman of the Board of Directors				30,000.00					30,000.00		
	- Director				30,000.00					30,000.00		
	Total Centrobanca remuneration				60,000.00					60,000.00		
	IW BANK:	01.01/31.12	AGM 2012									
	- Director				10,000.00					10,000.00		
	Total IW Bank remuneration				10,000.00					10,000.00		
	UBI SISTEMI E SERVIZI:	01.01/31.12	AGM 2012									
	- Director				5,000.00					5,000.00		
	- Executive Committee					10,000.00				10,000.00		
	- Attendance "tokens"				3,250.00					3,250.00		
	Total UBI Sistemi e Servizi remuneration			8,250.00	10,000.00			18,250.00				
	TOTAL			306,250.00	10,000.00			316,250.00				
Gola Gianluigi	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Management Board				150,000.00					150,000.00		
	TOTAL			150,000.00				150,000.00				
Lupini Guido	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Management Board				150,000.00					150,000.00		
	Total UBI Banca remuneration				150,000.00					150,000.00		
	BANCA POPOLARE DI BERGAMO:	01.01/31.12	AGM 2014									
	- Deputy Chairman of the Board of Directors (from 1/1 to 10/04 and from 25/10)				17,507.81					17,507.81		
	- Director				40,000.00					40,000.00		
	- Executive Committee					14,143.64				14,143.64		
	- Attendance "tokens"			1,250.00				1,250.00				
	Total Banca Popolare di Bergamo remuneration			58,757.81	14,143.64			72,901.45				
	TOTAL			208,757.81	14,143.64			222,901.45				
Moltrasio Andrea	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Management Board				150,000.00					150,000.00		
	Total UBI Banca remuneration				150,000.00					150,000.00		
	CENTROBANCA:	09.04/31.12	AGM 2014									
	- Chairman of the Board of Directors				73,150.68					73,150.68		
	- Director				21,945.21					21,945.21		
	Total Centrobanca remuneration				95,095.89					95,095.89		
	TOTAL			245,095.89				245,095.89				

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non equity variable remuneration		Non monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
						Bonus and other incentives	Share of profits					
Polotti Franco	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Management Board				150,000.00					150,000.00		
	Total UBI Banca remuneration				150,000.00						150,000.00	
	BANCO DI BRESCIA:	01.01/31.12	AGM 2014									
	- Chairman of the Board of Directors (from 07/04)				73,076.92					73,076.92		
	- Director				40,000.00					40,000.00		
	- Executive Committee					14,038.46				14,038.46		
	- Attendance "tokens"				1,250.00					1,250.00		
	Total Banco di Brescia compensation				114,326.92	14,038.46					128,365.38	
Caldiani Graziano	UBI BANCA:	01.01/31.12	30/04/2012									
	- General Manager				599,244.38	2,184.99	32,716.71	(**) 13,930.73	648,076.81	1,100,000.00		
	Total UBI Banca remuneration				599,244.38	2,184.99	32,716.71	(**) 13,930.73	648,076.81	1,100,000.00		
(*) UBI SISTEMI E SERVIZI:		01.01/31.12	AGM 2012									
				- Director								
				- Attendance "tokens"								
Total UBI Sistemi e Servizi remuneration												
TOTAL				599,244.38	2,184.99	32,716.71	(**) 13,930.73	648,076.81	1,100,000.00			
12 Key management personnel (*)		01.01/31.12	The positions have no termination date	2,371,898.12	21,848.90	343,257.35	(***) 91,723,79	2,828,728.16				

[*] The remuneration relating to dott. Victor Massiah, dott. Caldiani and to key management personnel does not include that relating to any posts held by them in other companies in the Group because this is paid directly to UBI Banca.

[**] of which €100,000.08 for a non competition agreement, €36,152.60 of provisions for deferred remuneration and €160.60 for other items.

[***] provisions for deferred remuneration.

[****] of which €40,000.22 for job security agreement, €19,149.00 for length of service bonus, €21,348.80 of provisions for deferred remuneration and €11,225.77 for other it

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

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

A	B	(1)	(2)			(3)			(4)
Name and Surname	Position	Scheme	Bonus for the year			Prior year bonuses			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferment period	No longer payable	Payable/Paid	Still deferred	
Massiah Victor	- Chief Executive Officer of UBI BANCA	01.01/31.12	-	-	-	-	-	-	2,185
Caldiani Graziano	- General Manager of UBI Banca	01.01/31.12	-	-	-	-	-	-	2,185
Key management personnel		01.01/31.12	-	-	-	-	-	-	21,849
Total			-	-	-	-	-	-	26,218.88

c) Shares held in UBI Banca and in subsidiaries by members of the management and supervisory bodies and by general managers and other members of key management personnel (pursuant to Art. 84 quater of Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments).

Surname and first name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2010	Number of shares purchased	NOTE	Number of shares sold	NOTE	Number of shares owned as at 31/12/2011
Faissola Corrado	Chairman of the Supervisory Board	UBI	direct	full ownership	10,215	3,888	(1)			14,103
			direct	usufruct	81,276					81,276
			indirect	full ownership	124,783	47,536	(1)			172,319
			spouse (directly)	full ownership	9,225	3,512	(1)			12,737
			spouse (indirectly)	full ownership	124,783	47,536	(1)			172,319
Calvi Giuseppe	Senior Deputy Chairman of the Supervisory Board	UBI	direct	full ownership	42,000	17,248	(1)			59,248
			spouse (directly)	full ownership	44,500	18,280	(1)			62,780
Folonari Alberto	Deputy Chairman of the Supervisory Board	UBI	direct	full ownership	1,093,630	691,129	(2)			1,784,759
			direct	legal title only	286,857			286,857	(3)	0
			direct	usufruct	497,997	189,696	(1)			687,693
			spouse (directly)	full ownership	373,699	139,896	(1)			513,595
Mazzoleni Mario	Deputy Chairman of the Supervisory Board	UBI	direct	full ownership	11,252	4,624	(1)			15,876
Albertani Battista	Member of the Supervisory Board	UBI BANCA DI VALLE CAMONICA	direct	full ownership	16,067	7,680	(1)			23,747
			direct	full ownership	100					100
			indirect	full ownership	33,200	12,640	(1)	45,840	(4)	0
			spouse (directly)	full ownership	6,540	2,680	(1)			9,220
Bazoli Giovanni	Member of the Supervisory Board	UBI	direct	full ownership	70,747	35,312	(1)			106,059
			direct	usufruct	209,160	79,680	(1)			288,840
			spouse (directly)	full ownership	98,669	10,000	(1)			108,669
Bellini Luigi	Member of the Supervisory Board	UBI	direct	full ownership	27,086	13,104	(5)			40,190
			direct	usufruct	689,744	60,000				749,744
Cattaneo Mario	Member of the Supervisory Board	UBI	direct	full ownership	250	750	(1)			1,000
Fidanza Silvia	Member of the Supervisory Board	UBI	direct	full ownership	5,765	2,368	(1)			8,133
			spouse (directly)	full ownership	1,000	408	(1)			1,408
Fontana Erio	Member of the Supervisory Board	UBI	direct	full ownership	1					1
			indirect	full ownership	32,000					32,000
Garavaglia Carlo	Member of the Supervisory Board	UBI	direct	full ownership	274					274
Gusmini Alfredo	Member of the Supervisory Board	UBI	direct	full ownership	70,000	39,000	(6)			109,000
			spouse (directly)	full ownership	75,000	36,000	(7)			111,000
Gussalli Beretta Pietro	Member of the Supervisory Board	UBI	direct	full ownership	300	120	(1)			420
Lucchini Giuseppe	Member of the Supervisory Board	UBI	direct	full ownership	431,086					431,086
			direct	usufruct	1,086,544					1,086,544
			indirect	full ownership	396,440	645,000	(8)	30,000		1,011,440
Lucchini Italo	Member of the Supervisory Board	UBI	direct	full ownership	35,163	14,440	(1)			49,603
			spouse (directly)	full ownership	64,288	26,408	(1)			90,696
Manzoni Federico	Member of the Supervisory Board	UBI	direct	full ownership	13,300	6,000	(1)			19,300
Musumeci Toti S.	Member of the Supervisory Board	UBI	direct	full ownership	2,036	832	(1)			2,868
Orlandi Sergio	Member of the Supervisory Board	UBI	direct	full ownership	115,587	47,480	(1)			163,067
			spouse (directly)	full ownership	34,008	15,672	(1)			49,680
Pedersoli Alessandro	Member of the Supervisory Board	UBI	direct	full ownership	5,463					5,463
			spouse (directly)	full ownership	332					332
Perolari Giorgio	Member of the Supervisory Board	UBI	direct	full ownership	65,000	26,700	(9)			91,700
			spouse (directly)	full ownership	20,210	8,296	(1)	6		28,500
Pivato Sergio	Member of the Supervisory Board	UBI	direct	full ownership	250	96	(1)			346

Surname and first name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2010	Number of shares purchased	NOTE	Number of shares sold	NOTE	Number of shares owned as at 31/12/2011
Sestini Roberto	Member of the Supervisory Board	UBI	direct	full ownership	50,273	20,648	(1)			70,921
		UBI	indirect	full ownership	35,000	14,376	(1)			49,376
		UBI	spouse (directly)	full ownership	34,350	14,104	(1)			48,454
Zannoni Giuseppe	Member of the Supervisory Board	UBI	direct	full ownership	900,000	850,000	(10)	200,000		1,550,000
		UBI	spouse (directly)	full ownership	900,000	450,000	(11)			1,350,000
Zanetti Emilio	Chairman of the Management Board	UBI	direct	full ownership	262,682			262,432		250
			spouse (directly)	full ownership	187,500	439,536	(12)			627,036
Pizzini Flavio	Deputy Chairman of the Management Board	UBI	direct	full ownership	8,000	4,832	(1)			12,832
Massiah Victor	Chief Executive Officer	UBI	direct	full ownership	107,003	92,997	(13)			200,000
Auletta Armenise Giampiero	Member of the Management Board	UBI	direct	full ownership	273,109	174,281	(14)			447,390
Camadini Giuseppe	Member of the Management Board	UBI	direct	full ownership	736,150	263,850	(15)			1,000,000
		BANCA DI VALLE CAMONICA	direct	full ownership	2,000					2,000
Cera Mario	Member of the Management Board	UBI	direct	full ownership	35,039	14,968	(1)			50,007
Frigeri Giorgio	Member of the Management Board	UBI	direct	full ownership	11,918	4,904	(1)			16,822
		UBI	spouse (directly)	full ownership	9,908	4,430	(16)			14,338
Gola Gian Luigi	Member of the Management Board	UBI	direct	full ownership	250	88	(1)			338
		UBI	indirect	full ownership		250				250
Lupini Guido	Member of the Management Board	UBI	direct	full ownership	16,000	6,400	(1)			22,400
		UBI	spouse (directly)	full ownership	7,250	3,000	(1)			10,250
Moltrasio Andrea	Member of the Management Board	UBI	direct	full ownership	4,500	7,500	(17)			12,000
		UBI	spouse (directly)	full ownership	6,344	2,600	(1)			8,944
Polotti Franco	Member of the Management Board	UBI	direct	full ownership	2,000	816	(1)			2,816
		UBI	indirect	full ownership	1,625,792	1,332,727	(18)			2,958,519
		UBI	indirect	legal title only	530,259	201,992	(1)	479,035	(19)	253,216
		UBI	spouse (directly)	full ownership	1,000	32,604	(20)			33,604
Caldiani Graziano	General Manager	UBI	direct	full ownership	20,001	19,520	(21)			39,521
		UBI	spouse (directly)	full ownership	1					1
12 Key management personnel (*)		UBI	direct	full ownership	50,248	13,920	(22)			64,168
		UBI	spouse (directly)	full ownership	4,816	4,208	(1)			9,024
		UBI	children - minors (directly)	full ownership	500	192	(1)			692

(*) The balance as at 31.12.2010 of the shareholdings of key management personnel and their family members is different from that published in the 2010 annual report because changes occurred in 2011 in the composition of key management personnel and their family members.

(1) Share from subscription of an increase in the share capital
(2) Folonari: 404,272 shares from subscription of an increase in the share capital and 286,857 shares from a change in the ownership title (from legal title only to full ownership)
(3) Folonari: change in the ownership title (from legal title only to full ownership)
(4) Albertani indirect: loss of control of the company which held the UBI Banca shares
(5) Bellini: of which 5,104 from subscription of an increase in the share capital
(6) Gusmini: of which 28,640 shares from subscription of an increase in the share capital
(7) Gusmini spouse: of which 30,800 shares from subscription of an increase in the share capital
(8) Lucchini Giuseppe indirect: of which 400,000 shares from subscription of an increase in the share capital and 245,000 shares for gaining control of the company that holds the UBI Banca shares
(9) Perolari: of which 26.69 shares from subscription of an increase in the share capital
(10) Zannoni: of which 800,000 shares from subscription of an increase in the share capital
(11) Zannoni spouse: of which 400,000 shares from subscription of an increase in the share capital
(12) Zanetti spouse: of which 177,104 shares from subscription of an increase in the share capital
(13) Massiah: of which 43,656 shares from subscription of an increase in the share capital
(14) Auletta: of which 119,280 shares from subscription of an increase in the share capital
(15) Camadini: of which 263,848 shares from subscription of an increase in the share capital
(16) Frigeri spouse: of which 4,080 shares from subscription of an increase in the share capital
(17) Moltrasio: of which 1,848 shares from subscription of an increase in the share capital
(18) Polotti indirect - full ownership: of which 165,500 purchased, 688,192 shares from subscription of an increase in the share capital 479,035 from a change in the ownership title
(19) Polotti indirect: legal title only: from a change in the ownership title (from legal title only to full ownership)
(20) Polotti spouse: of which 9,784 shares from subscription of an increase in the share capital and 22,820 from inheritance
(21) Caldiani: of which 9,520 shares from subscription of an increase in the share capital
(22) Key Management Personnel: of which 11,920 shares from subscription of an increase in the share capital

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

The Remuneration and Incentive Policies of the UBI Group (the “Policy”), updated to comply with the new Bank of Italy instructions (issued on 30th March 2011 and published in the Official Journal No. 80 of 7th April 2011), were submitted to a vote by shareholders, on those parts requiring it, in a shareholders’ meeting held on 30th April 2011. Consequently during the course of the year the Compliance Area, in accordance with its responsibilities and with the provisions of the Supervisory Authority, assisted those responsible for the overall management of the UBI Banca Group remuneration and incentive schemes, with the formulation of accurate support and assessments on the general compliance of the incentive schemes for 2011 put in place for the different categories of personnel with the mandatory external and voluntary internal regulatory framework.

The Compliance Function also focused on organisational initiatives launched to implement improvements in areas already identified. In this context, the compliance function assisted, within the scope of its responsibilities, with initiatives to revise and officially establish decision-making and supervisory processes involved in the management of remuneration schemes, which are still on-going. It also assessed the alignment of the existing governance structure, and that of the regulations of the Remuneration Committee, with the provisions of the various authorities and the Corporate Governance Code on the question of powers and responsibilities. In this respect note is made of the results of the verifications conducted by the Internal Audit Function which are reported below.

As a consequence of the constant changes in the regulatory context, compliance activities in 2011 also included activity to analyse and study developments in the regulatory framework and therefore to draw up operational guidelines to support the corporate functions responsible for resolving the problems of the related impacts on operational systems in place in the UBI Banca Group. Those areas of most interest included the work to put systems in place to implement the 2011 incentive schemes and also the process to identify and classify personnel, for use in a context which extended to include all categories of personnel subject to obligations resulting from the different legislative and supervisory regulations in force (significant personnel). To conclude its work, the Compliance Area felt it should identify opportunities to further improve the overall operational system *(i)* by broadening the base of the performance indicators used to assess the quality of work performed by personnel, *(ii)* by making refinements to the procedures and organisational structure, in order to synchronise work to design the incentive scheme more precisely with processes to draw up budgets and *(iii)* by improving the processes which implement remuneration and incentive policies within the UBI Banca Group.

Changes in the organisational structure adopted by the UBI Group led to a revision of the “Group remuneration and incentive policies”. The revised version was therefore submitted to the Compliance Function for assessment and on 26th March 2012, it was considered that the contents were to be considered compliant with the regulatory framework.

In compliance with provisions of the supervisory authority, the Internal Audit Function performed an annual audit of the remuneration system for 2011. That activity was designed to verify observance of the remuneration and incentive policies set by the competent bodies, which had already been subject to compliance assessment by the Compliance Function.

More specifically, in addition to verifying the achievement of improvements in the areas identified in the previous year, the audit activity was also designed to examine the following main aspects: i) implementation of the Policy at Group level, ii) compliance with the limits set by the Policy on fees for the governing bodies of the Group, iii) compliance with the limits set by the Policy for the payment of bonuses for top management. Fact finding audit activity was also carried out to examine the assessment process for the remuneration levels of management positions.

A positive assessment generally emerged from the control activity, with procedures and practices compliant with the remuneration and incentives policies set and levels of control in place that were considered sufficient to ensure compliance with those policies.

More specifically, follow up activity found that various improvement objectives observed the year before had been achieved and that for the remaining objectives initiatives were either in progress or programmed: i) to complete action to put general processes and on-going activities related to remuneration and incentive processes officially in place, ii) to officially establish the criteria to be followed to manage personnel not subject to employee contracts and to manage personnel working in indirect distribution networks and financial advisors in particular.

With regard to the implementation of the Policy by Group companies, it was found that during the year subsidiaries had adequately implemented the remuneration and incentive policies approved by the Parent.

Verification of fees set for the governing bodies of other Group companies found compliance with the limit set by the Policy to not exceed 80% of the remuneration set for the positions of the chairmen of the supervisory and management boards.

As concerns the payment of incentive scheme bonuses, it was noted that due to the failure in 2010 to achieve the conditions set to trigger incentive schemes at Group level, no incentive scheme bonuses were paid in 2011, with the exception of the company UBI Pramerica SGR which, as a guarantee of its independence, is excluded from the conditions to be met at consolidated level. It was also noted that as part of periodic processes of making awards to personnel, one-off payments were made in 2011, with a view to the retention of personnel belonging to the “top management” and “the highest management level of the control functions” groups. They are made by employing a process of structured validation with verification of consistency by the Supervisory Board, and an opinion in favour by the Remuneration Committee. These awards were made with the highest degree of selectivity and within preset limits on numbers and bonus levels.

The analysis of the process to assess the remuneration level of management positions found an adequate and structured methodological approach that had been developed with the support of an external consulting firm, which is a leader in the field of assessing roles and an advisor to the principal Italian banking groups on the weighting to be assigned to roles and human resource assessment. An area for improvement was identified in this positive context, that of improving the official nature and description of the components of remuneration considered for making comparisons both internally and with the outside market.

11th April 2012

Internal Audit Function

the Chief Audit Executive

2012 incentive scheme based on financial instruments:

- **proposal to pay a portion of the variable remuneration of “top management” and the “highest management level of the control functions” by assigning ordinary shares of the Parent UBI Banca to them;**
- **proposal to authorise the Management Board to purchase treasury shares for use in incentive schemes.**

Dear Shareholders,

As described in Section I of the Remuneration Report, the Parent has reviewed and updated its 2012 remuneration and incentive policies along the same lines as the remuneration and incentive policies approved in 2011.

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

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

In view of the total number of shares to be granted, the implementation mechanism that has been identified is the purchase of those shares in the market, by means of an authorisation from the Shareholders' Meeting granted to the Management Board to purchase treasury shares (with the cost charged to the single companies in which the employee in receipt of the shares works).

In relation to the above, the shareholders' meeting held on 30th April 2011 authorised the Management Board and the Chairman, Deputy Chairman and Chief Executive Officer, individually on its behalf, to proceed with one or more transactions – to be carried out by 30th September 2011, in the manner specified in paragraph 1, letter b), of Art. 144-*bis* of the Issuers' Regulations, namely the purchase on regulated markets following operational procedures that guarantee equal treatment of shareholders and do not allow proposals to purchase to be directly linked to predetermined proposals to sell – for the purchase of a maximum of 1,200,000 treasury shares, having a nominal value of €2.50 each, for a maximum value of €5,500,000.00, at a price per share of not less than the nominal value of the shares (€2.50) and not more than 5% higher than the official price quoted in the market session prior to each individual purchase transaction.

A total of 1,200,000 ordinary shares of UBI Banca were purchased in the period 12/07/2011 – 13/07/2011 in execution of that shareholders' resolution.

Those shares were purchased at an average price of €3.6419 per share. The purchase transactions were performed on the regulated market in compliance with the limits set in the shareholders' authorisation, by the provisions of the law and EC Regulation 2273/2003 and by admissible market practices.

Following those purchases, UBI Banca holds a total of 1,200,000 treasury shares accounting for approximately 0.13% of the share capital.

It is estimated that at the date of this report and on the basis of preliminary 2011 figures, approximately 195,000 of the shares purchased have been used (amounting to approximately €657,000).

With regard to 2012, in order to cover the variable component of the bonus to be paid in financial instruments as part of the 2012 MBO scheme for “top management” and the “highest management level of the control functions”, use shall be made of the remainder of the shares purchased previously and a proposal is also submitted for approval in today’s shareholders meeting to authorise the Management Board to purchase an additional maximum number of 500,000 ordinary shares of UBI Banca, with a nominal value of €2.50 (accounting for 0.055% of the share capital), for a total maximum amount of €1,750,000.

In relation to the above amount you are reminded of the following:

- on the basis of paragraph 33 of IAS 32 "Financial instruments: disclosure and presentation", treasury shares that are purchased must be deducted, in the accounts, from equity;
- in accordance with provisions of articles 2357 and following of the Italian Civil Code, purchases must be made within the limits of the distributable profits and of the available reserves reported in the last duly approved financial statements. A separate profit reserve shall be created within equity for this purpose.

Following the purchase of the treasury shares, the amount in question shall be deducted from the separate reserve created.

Furthermore, the UBI Banca shares shall be purchased in the manner specified in paragraph 1, letter b) of Art. 144 of the Issuers' Regulations - *issued in implementation of paragraph 1 of Art. 132 of the Consolidated Finance Act* - namely, the purchase on regulated markets following operational procedures that guarantee equal treatment of shareholders and do not allow the direct linking of proposals to purchase to predetermined proposals to sell.

In any event these purchases must be made by the date of the shareholders’ meeting convened to decide, in accordance with Art. 2364-bis, No. 4 of the Italian Civil Code, the use of profits for the year ended 31st December 2012 - *after first approving the Annual Report for the year, but only if the annual report has not already been approved by the Supervisory Board* - at a price not lower than the nominal value of the share (€2.50) and not more than 5% higher than the official price quoted in the market session prior to each individual transaction.

* * *

Dear Shareholders,

In relation to the above, the Management Board therefore proposes that the ordinary Shareholders’ Meeting approves the following resolution:

“The shareholders’ meeting of Unione di Banche Italiane Scpa,

- *having considered the proposal of the Board of Directors;*
- *having taken account of the provisions of the law, the Corporate By-laws and the regulations issued by the national commission for companies and the stock exchange (Consob - Italian securities market authority) concerning the purchase of treasury shares;*

RESOLVES

- a) *to approve the incentive scheme based on 2012 financial instruments, with payment of a part of the variable component of remuneration for “top management” and the “highest management level of the control functions” through the grant of ordinary shares of the Parent, UBI Banca;*
- b) *to authorise the Management Board and the Chairman, Deputy Chairman and Chief Executive Officer individually on its behalf, to proceed with one or more transactions - to be carried out by the date of the shareholders’ meeting convened to decide, in accordance with Art. 2364-bis, No. 4 of the Italian Civil Code, the use of profits for the year ended 31st*

- December 2012 (after first approving the Annual Report for the year, but only if the annual report has not already been approved by the Supervisory Board) in the manner specified in paragraph 1, letter b), of Art. 144-bis of the Issuers' Regulations, namely by purchase on regulated markets following operational procedures that guarantee equal treatment of shareholders and do not allow proposals to purchase to be directly linked to predetermined proposals to sell - for the purchase of a maximum of 500,000 treasury shares, having a nominal value of €2.50 each, for a total maximum value of €1,750,000, at a unit price of not less than the nominal value of the shares (€2.50) and not more than 5% higher than the official price quoted in the market session prior to each individual purchase transaction;*
- c) *to grant the Management Board and on its behalf the Chairman, Deputy Chairman and Chief Executive Officer, individually, all the necessary powers required to implement the resolution in compliance with the applicable regulations of the authorities concerned.”*

27th March 2012

THE MANAGEMENT BOARD

Information document pursuant to Art. 84-bis of the Issuers' Regulations.

Introduction

In compliance with the requirements of Art. 114-bis of Legislative Decree No. 58 of 24th February 1998 (the "**Consolidated Finance Act**") and the requirements of the Issuers' Regulations adopted by Consob Resolution No. 11971 of 14th May 1999 (the "**Issuers' Regulations**") concerning the information to be disclosed to the market in relation to remuneration schemes based on financial instruments, this information document (the "**Information Document**") has been prepared to provide details of the implementation of a scheme that provides for the payment of the variable component of the remuneration for "top management" and the "highest management level of the control functions" in the form of financial instruments through the grant of ordinary shares of the Parent UBI Banca (the "**Scheme**"). The Scheme forms part of the remuneration policies of UBI Banca and the Group and is being submitted for approval to the Shareholders' Meeting of 27th-28th April 2012.

This Information Document - prepared in accordance with Schedule 7 of Annex 3A of the Issuers' Regulations - provides information to the public on the conditions established for the implementation of the Scheme.

According to the definition contained in Art. 84-bis of the Issuers' Regulations, the Scheme qualifies as a "significant scheme", due to the nature of its beneficiaries.

1. The beneficiaries

The potential beneficiaries of the Scheme are the executive personnel of UBI Banca and its major subsidiaries who hold "2012 top management" positions and "highest management level of the control functions" positions in the UBI Group, currently consisting of 105 positions.

1.1 The names of the beneficiaries who are members of the Board Of Directors or the Management Board of the issuer of the financial instruments, of the companies controlling the issuer, and of the companies controlled, directly or indirectly, by the issuer.

The Chief Executive Officer of UBI Banca, *Dott.* Victor Massiah is one of the potential beneficiaries of the Scheme.

Furthermore, some of the beneficiaries of the Scheme - who are employees of the UBI Banca Group - in addition to carrying out managerial duties related to their roles, also hold positions within the managing bodies of the companies directly or indirectly controlled by UBI Banca. Given that these persons qualify as potential beneficiaries of the Scheme in their capacity as employees of the UBI Banca Group, they are not named in this section, but the information provided below refers to them.

1.2 The categories of employees or associate workers of the issuer of the financial instruments and of the companies controlling or controlled by the issuer.

The Scheme also covers the following categories of employees of UBI Banca and certain of the Group companies:

- General Managers and Deputy General Managers of UBI Banca and of the UBI Banca Group companies listed below;
- executives of UBI Banca and the UBI Banca Group companies listed below who hold 2012 "top management" positions;
- the "highest management level of the control functions" of the UBI Banca Group.

The companies in the UBI Banca Group involved in the scheme are as follows: Banca Popolare di Bergamo S.p.A., Banco di Brescia S.p.A., Banca Popolare Commercio e Industria S.p.A., Banca Regionale Europea S.p.A., Banca Popolare di Ancona S.p.A., Banca Carime S.p.A., Banca di Valle Camonica S.p.A., Banco di San Giorgio S.p.A., Centrobanca S.p.A., UBI Pramerica SGR S.p.A., UBI Leasing S.p.A., UBI Factor S.p.A., Banca 24/7 S.p.A., IW Bank S.p.A., UBI International, UBI Banca Private Investment, Banque de Dépôts et de Gestion.

The "2012 top management" positions are defined as: positions within the UBI Banca Group that include the chief executive officer; the general manager, the deputy general manager and the chiefs of the main lines of business, corporate functions or geographical areas; positions reporting directly to bodies with a supervisory, management and control function; and other persons who, individually or collectively, are responsible for assuming significant risks. The "2012 highest management level of the control function" positions are defined as: positions that include the chiefs and the most senior personnel of the Internal Audit, Compliance, Risk Management and Human Resources functions.

1.3 The names of the persons who benefit from the plan belonging to the following groups:

- a) general managers of the issuer of financial instruments;**
- b) other key management personnel of the issuer of financial instruments which is not of "small dimensions", pursuant to article 3, paragraph 1, letter f) of Regulation No. 17221 of 12th March 2010, where they have received total remuneration during the financial year (obtained by summing cash remuneration and remuneration based on financial instruments) that is higher than the total highest remuneration paid to members of the Board of Directors, or to the Management Board and to the General Managers of the issuer of financial instruments;**
- c) the natural persons controlling the issuer of shares, who are employees or work in the issuer of shares.**

Dott. Francesco Iorio, Senior Deputy General Manager of UBI Banca with responsibility for the Business Area, designated to assume the position of General Manager of UBI Banca after the 2012 Annual General Meeting, is one of the beneficiaries of the Scheme.

The following officers of subsidiaries, which are issuers of financial instruments listed on regulated Italian markets are among the beneficiaries of the Scheme and fall within the "2012 top management" group: the General Manager of the Banca Popolare di Bergamo; the Managing Director of Centrobanca (the variable bonus is proportionate only to the fixed remuneration resulting from the position as an executive); the General Manager of IW Bank. The names of the persons who fill the positions defined will be given at a later stage when the Scheme is actually implemented.

1.4 Description and number, by category:

- a) of key management personnel other than those indicated in letter b) of paragraph 1.3;**
- b) for companies of "small dimensions", pursuant to article 3, paragraph 1, letter f) of Regulation No. 17221 of 12th March 2010, information by total for all key management personnel of the issuer of financial instruments;**
- c) of any other categories of employees or associate workers subject to different treatment under the Scheme (e.g. executives, middle managers, office workers etc.).**

a) The members of General Management, the Chief Audit Executive, the Chief Risk Officer, the Chief Financial Officer, the Chief Strategy Officer, the Chief of General Affairs and Subsidiaries, the Chief of Credit and Credit Recovery, the Chief of Business, the Commercial Manager, the Finance Manager, the Chief Operating Officer, the Compliance Manager, the Manager of the Supervisory Board Support Unit; for a total of 13 positions.

c) The Scheme establishes different treatment for beneficiaries who belong to the highest management level of the control functions.

2. The reasons for adoption of the scheme

Details of the reasons underlying the adoption of the Scheme are given in the Remuneration Report prepared in accordance with article 123-*ter* of the Consolidated Finance Act and article 84-*quater* of the Issuers' Regulations, which may be consulted.

3. Approval process and timing of grants

3.1 Scope of the powers and functions assigned by shareholders to the Management Board for the purposes of the implementation of the Scheme

The remuneration and incentive policies of the UBI Banca Group were approved by the Supervisory Board in a meeting held on 28th March 2012.

The Supervisory Board sets target bonuses for the beneficiaries of the Scheme on the basis of proposals submitted by the Management Board.

3.2 Details of the persons appointed to administer the Scheme and their function and responsibilities

The Human Resources Area of UBI Banca is responsible for the administration of the Scheme. Bank of Italy Supervisory provisions also assign the duty to the Remuneration Committee, in close co-operation with control functions, of overseeing the application of the rules governing the remuneration of the managers of internal control functions and also the duty of furnishing an opinion, with the assistance of information received from the corporate functions in question, on the achievement of the performance objectives linked to the incentive schemes and on the satisfaction of the other conditions set for the payment of the remuneration.

3.3 Any existing procedures for the revision of the Scheme, with respect, amongst other things, to changes in the key objectives

There are no specific procedures for revision of the Scheme.

3.4 Description of the methods used to determine the availability and the grant of the financial instruments on which the Scheme is based.

The mechanism involves the purchase by the Parent (with the cost charged to the individual companies in which the beneficiaries of the shares work) of a maximum number of shares corresponding to the maximum amount of the deferred bonuses to be paid, by means of authorisation by shareholders granted to the Management Board for the purchase of treasury shares. The shares purchased will be "promised" to the beneficiaries by means of specific notification until they are actually granted at the end of each retention period. Under this mechanism the value of the bonus paid may vary according to the performance of the share price.

3.5 The role filled by each board member in determining the features of the Scheme and any situations of conflict of interest for the directors involved.

In identifying the key elements of the Scheme, the Supervisory Board followed the guidelines and criteria drawn up and approved by the Remuneration Committee of UBI Banca.

3.6 For the purposes of the requirements of article 84-*bis*, paragraph 1, the date of the decision made by the body responsible for proposing the approval of the schemes to the shareholders' meeting and the proposal by the remuneration committee, if present.

On 28th March 2012, the Supervisory Board authorised the proposal, formulated by the Management Board on 27th March 2012, for the Scheme to be submitted to the Ordinary Shareholders' Meeting called for 27th and 28th April 2012, in first and second call respectively.

3.7 For the purposes of the requirements of article 84-bis, paragraph 5, letter a), the date of the decision made by the body responsible for the grant of the instruments and any proposal to the aforementioned body made by the remuneration committee, if present.

On 23rd March 2012, the Remuneration Committee of UBI Banca voted on the decision-making criteria and the methods used to design the Scheme.

3.8 The market price, recorded on the aforesaid dates, for the financial instruments on which the plans are based, if traded on regulated markets.

The official market price of the ordinary shares of UBI Banca recorded on the date of the resolution passed by the Supervisory Board (28th March 2012) and on the date of the decision made by the Remuneration Committee (23rd March 2012) was €3.4028 and €3.3444 respectively.

3.9 For plans based on financial instruments traded on regulated markets, what are the terms and procedures adopted by the issuer in determining the timing of the grant of the financial instruments to take account of coincidences in the timing of:

- i) the aforementioned grant or any related decisions taken by the remuneration committee, and**
- ii) the disclosure of any relevant information pursuant to Article 114, paragraph 1; for example, when the information is:**
 - a. not already public and capable of positively influencing the market prices, or**
 - b. already published and capable of negatively influencing the market prices.**

During approval and implementation of the Scheme, information shall be disclosed to markets as required by the laws and regulations in force from time to time.

4. The characteristics of the instruments granted

4.1 Description of the structure of the remuneration schemes based on financial instruments.

The Scheme provides for a part of the variable remuneration due to the beneficiaries to be paid in the form of ordinary shares of UBI Banca.

4.2 Specification of the Scheme's effective period of implementation, also with reference to any cycles established.

While the Scheme will be renewed annually, unless amended, the implementation period for the Scheme will start in 2012 and end in 2017, according to the following schedule:

- a) 2013: during the first quarter of 2013, the Human Resources Area shall assess the individual performance for 2012 of the Scheme's beneficiaries.
If the conditions for triggering the Scheme are met and the individual performance objectives are achieved, 50% of the variable component of the remuneration shall be converted into shares and shall be subject to retention clauses that align the incentives to the Bank's long-term interests:
 - 60% of this variable component in shares will vest immediately and be subject to a retention clause until 2015;
 - the remaining 40% shall be deferred and shall be subject to performance conditions over the period 2013-2014-2015;
- b) 2015: upon completion of the retention period, the 60% portion shall be granted in the form of shares to the potential beneficiaries;
- c) 2016: verification of the performance conditions over the period 2013-2014-2015 and if they are exceeded, the remaining 40% shall be subject to a further retention period until 2017;
- d) 2017: at the end of the retention period, the 40% portion shall be granted in the form of shares to the potential beneficiaries.

4.3 End of the Scheme.

The 2012 Scheme shall end in 2017.

4.4 The maximum number of financial instruments, including those in the form of options, granted in each tax year in relation to the persons identified by name or the categories listed.

It is currently not possible to determine the maximum number of shares that shall be granted under the Scheme, because their precise amount is subject to the satisfaction of trigger and performance conditions and to the purchase price of the shares themselves.

4.5 Trigger procedures and clauses for the Scheme, specifying whether the grant of instruments is subject to conditions being met or the achievement of determined results, including performance related results; a description of those conditions and results

Triggering of the Scheme is strictly linked to the satisfaction of conditions that guarantee the capital stability (core tier one) and liquidity (net stable funding ratio) of the Group, as well as the value generation capability of the Group and its companies (Δ EVA).

At individual level, subject to the above mentioned conditions for implementation, each beneficiary must achieve at least 95% of the objectives set for them in order to benefit under the Scheme. The result objectives are essentially related to risk-adjusted operating and capital indicators that are aligned to medium to long-term strategic objectives and tailored to the different roles.

The bonus calculation mechanism has been designed to provide progressive access to bonuses based on the level of achievement of objectives.

A minimum threshold value, a target value (achievement of the budgeted level) and a cap value (a ceiling level, above which the bonus does not increase) are set for each parameter:

The amounts for the threshold and the cap shall be set in the Scheme's trigger procedures according to the parameter considered and their determination and approval are key aspects for the functioning of the Scheme.

In order to ensure the value generation capability of the Group over time, payment of the deferred portion of the potential bonus is subject to achievement of the threshold amount for the Group's budgeted objectives for the period 2013 – 2014 – 2015 (Δ EVA).

4.6 Details of any restrictions on the availability of the shares, with particular reference to the periods within which the subsequent transfer to the company or to third parties is permitted or prohibited.

The variable component is structured as follows:

- 50% of the variable component converted into shares, subject to retention clauses that align the incentives with the Bank's long-term interests;
- 40% of the annual bonus deferred for three years;
- for the Chief Executive Officer and the General Manager of UBI Banca the deferred portion is 60%.

4.7 Description of any termination conditions for grants under the Scheme if the beneficiaries conduct hedging transactions that neutralise any restrictions on the sale of the financial instruments granted, including those in the form of options, or the financial instruments resulting from the exercise of those options.

The Scheme does not have any termination conditions of this kind.

4.8 Description of the effects of the termination of the employment relationship.

All rights to deferred bonuses are lost under the Scheme if the employment relationship is terminated during the period considered, with the sole exception of cases of termination of the

relationship because retirement requirements have been met for which rights on amounts vested but not yet paid are normally maintained. This also applies in the event of the death of the beneficiary, to the benefit of the legitimate heirs.

4.9 Details of any other reasons for the cancellation of the Scheme.

The Scheme does not have any cancellation clauses.

4.10 The reasons for the provision of any "buy-back" by UBI Banca of the shares involved in the Scheme, pursuant to Articles 2357 and following of the Italian Civil Code; the beneficiaries of the buy-back, specifying whether it only applies to particular categories of employees; and the effects of the termination of the employment relationship on the redemption.

The Scheme does not provide for the buy-back by UBI Banca or other companies of the Group of the shares involved in the Scheme.

4.11 Any loans or concessions to be granted for the purchase of the shares pursuant to Article 2358, paragraph 3, of the Italian Civil Code;

The Scheme does not provide for loans or concessions for the purchase of the shares involved in the Scheme.

4.12 Details of the estimates of the expected liability for the company as at the grant date, as determinable on the basis of the terms and conditions already defined, by overall amount and for each instrument of the Scheme.

It is not currently possible to determine the exact amount of the expected liability, as it is subject to the satisfaction of particular conditions and the achievement of objectives.

The Scheme involves the purchase by the Parent (with subsequent reimbursement by the individual Group Companies for which the beneficiaries of the shares work) of a number of its treasury shares corresponding to the maximum value of the bonuses.

This maximum value is €1,750,000 and the number of shares to be purchased will consequently depend on the price of the shares at the time of purchase. The Ordinary Shareholders' Meeting is therefore asked to grant an authorisation to the Management Board for the purchase of a maximum of 500,000 treasury shares with a nominal value of €2.50 each (equivalent to 0.055% of the share capital) for a maximum value of €1,750,000.

4.13 Details of any dilution effect on share capital resulting from the grant of the shares.

Since the Scheme will be serviced by the purchase of treasury shares in the market, its adoption will not have any dilution effect on UBI Banca's share capital.

4.14 Any limits set on the exercise of voting rights and on the assignment of economic rights.

No limits have been set on the exercise of voting rights or on the assignment of economic rights.

4.15 If the shares are not traded on regulated markets, any other information needed to properly measure the value attributable to them.

The Scheme will only use shares traded on regulated markets.

28th March 2012

THE SUPERVISORY BOARD

REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS

Table No. 1 of scheme 7 of Annex 3A of Regulation No. 11971/1999

Name or category	Position (to be given only for persons named individually)	BOX 1						
		Financial instruments other than options (e.g.. stock grant)						
		Section 1 Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions 2011 Incentive Scheme*						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date	Purchase price of the instruments, if applicable**	Market price on grant date	Vesting period
Victor Massiah	Chief Executive Officer	30/04/2011	Ordinary shares of UBI Banca	NA	NA	3.6419	NA	NA
Graziano Caldiani	General Manager	30/04/2011	Ordinary shares of UBI Banca	NA	NA	3.6419	NA	NA
4 Deputy General Managers		30/04/2011	Ordinary shares of UBI Banca	NA	NA	3.6419	NA	NA
Senior officer responsible for the preparation of corporate accounting documents		30/04/2011	Ordinary shares of UBI Banca	NA	NA	3.6419	NA	NA
2011 Top Management		30/04/2011	Ordinary shares of UBI Banca	NA	NA	3.6419	NA	NA
2011 Control Functions		30/04/2011	Azioni ordinarie di UBI Banca	NA	NA	3.6419	NA	NA

* For the Chief Executive Officer, the General Manager and those persons belonging to the categories of UBI Banca indicated above, the 2011 Incentive Scheme was not triggered due to failure to achieve objectives.

** Average purchase price in the period from 12/07/2011 until 13/07/2011.

REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS
Table No. 1 of scheme 7 of Annex 3A of Regulation No. 11971/1999

Name or category	Position (to be given only for persons named individually)	BOX 1				
		Financial instruments other than options (e.g. stock grant)				
		Section 2 Newly granted instruments on the basis of a decision of the Supervisory Board to General Shareholders' Meeting - 2012 Incentive Scheme				
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date	Purchase price of instrument if applicable
Victor Massiah	Chief Executive Officer	NA	Ordinary shares of UBI Banca	NA	NA	NA
Francesco Iorio*	General Manager	NA	Ordinary shares of UBI Banca	NA	NA	NA
	General Managers and Deputy General Managers of UBI Banca and of the UBI Banca Group companies	NA	Ordinary shares of UBI Banca	NA	NA	NA
	2012 Top Management**	NA	Ordinary shares of UBI Banca	NA	NA	NA
	Highest management level of the control functions of the UBI Group	NA	Ordinary shares of UBI Banca	NA	NA	NA

Dott. Francesco Iorio, Senior Deputy General Manager of UBI Banca with responsibility for the Business Area, designated to assume the position of General Manager of UBI Banca after the 2012 Annual General Meeting.

** The following officers of subsidiaries, which are issuers of financial instruments listed on regulated Italian markets are among the beneficiaries of the Scheme and fall within the "2012 top management" group: the General Manager of the Banca Popolare di Bergamo; the Managing Director of Centrobanca (the variable bonus is proportionate only to the fixed remuneration resulting from the position as an executive); the General Manager of IW Bank. The names of the persons who fill the positions defined will be given at a later stage when the Scheme is actually implemented