

REPORT on
REMUNERATION
POLICIES and
WAGES

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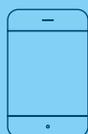
MERCURIO 

Graphics conception, layout
and implementation

This is an English courtesy translation of the original documentation prepared in Italian language. Please consider that only the original version in Italian language has legal value."

Contents

Letter from the Chairman	2
Introduction	4
Executive Summary	7
I. UBI Banca 2020-2022 Business Plan	8
II. Shareholder engagement	10
III. Changes in the 2020 remuneration policies	10
IV. Principles and aims	11
V. Governance	11
VI. The main features of the remuneration policies	12
VII. Short-term incentive scheme	12
VIII. 2020-2022 long-term incentive scheme	14
IX. Chief executive officer	15
SECTION I	
2020 report on UBI Banca remuneration policies	17
I. Principles and aims	18
II. Governance process	20
III. Persons concerned	23
IV. Remuneration structure	26
V. Remuneration policies for governing bodies	32
VI. Remuneration and incentive policies for staff with employee contracts	35
VII. Remuneration and incentive policies for associate workers not bound by regular employee contracts	43
SECTION II	
UBI Banca 2019 report on wages	47
I. Part one	48
II. Part two	54
Internal audit function verifications of compliance of remuneration and incentive practices with policies approved and with the regulatory framework	83



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For further
information
on the Group



Letter from the Chairman



Paolo Boccardelli

Chairman of the Remuneration Committee and Board Member

“The remuneration strategy is designed to strengthen one of our founding and key distinguishing values to “Fare banca per bene” (to bank fairly and well)”

A handwritten signature in black ink, appearing to read 'P. Boccardelli'.

Dear Shareholders,

In my capacity as Chairman of the UBI Banca Remuneration Committee and on behalf of that committee, I am pleased to present you with our 2020 Report on Remuneration Policies.

In recent years the Governing Bodies and Senior Management of UBI Banca have consistently paid particular attention to staff remuneration and incentives, partly in the light of documents recently published by the Supervisory Authority, which intends to guide banks towards remuneration systems that are consistent with long-term objectives and strategies that take appropriate account of current and future risks and of the level of capitalisation and liquidity of each bank, increasing the degree of transparency towards markets.

Last year UBI Banca changed its governance from a two-tier to a one-tier model, at the same time as the appointment of a new Board of Directors approved by the Shareholders' Meeting in April 2019, representing an internationally

recognisable governance model that gives the Bank an efficient organisation and decision-making process.

The newly-formed Remuneration Committee, which I have the honour to chair, thus has the valuable and distinguished contribution of the other committee members, the board members Letizia Bellini Cavalletti and Osvaldo Ranica. I would like to thank them immediately for their work this first year.

I would also like to thank the Chairwoman of the previous Remuneration Committee, Alessandra Del Boca, and the other members of the outgoing committee for their immense commitment and excellent work.

The 2020 Report, in line with recent years, keeps faith with the key principles of transparency, merit and fairness, presenting a remuneration strategy that is at the same time a fairness index and a driver of competitiveness, giving



Letizia Bellini Cavalletti

Board Member and Chairwoman of the Appointments Committee



Osvaldo Ranica

Board Member and Member of the Appointments Committee

specific support to all the high value added business sectors, that is designed to reinforce "Fare banca per bene" (Banking fairly and well), which has always characterised us.

Since 2017 the Group has focused its efforts on the implementation of the 2017-2019/20 Business Plan, modelling its remuneration policies to support the achievement of short and long-term objectives, while also launching a special LTI plan for management. Continuing along this path, for the 2020 Remuneration Policy the Remuneration Committee has designed a new long-term incentive scheme (LTI) which will accompany the three-year business plan (2020-2022), establishing a remuneration structure that is in line with the Group's strategy, with the objective of the maximum involvement of "Identified Staff" ("IS" - key management personnel) in achieving the ambitions of the business plan.

The positive results achieved in 2019 underline the continual strengthening of the business

model, while the payout shows the precise functioning of the corrective measures in the current incentive schemes, in order to maintain full consistency between bonuses and the value generated net of risks.

Continuing from last year, we have also broadened and strengthened the integration of ESG objectives with the performance of all risk takers, consistent with the strategic plan which values efforts associated with digital transformation, aware of the importance of these Pillars for defining the Group's ability to generate sustainable profits in the medium to long-term and support the overall well-being of society and the community.

In the name of the Remuneration Committee, I would lastly like to thank you, the shareholders, for your continuing trust in the UBI Group and its Remuneration Policies, which as in previous years benefit from the valuable suggestions received from our investors on the approach to remuneration and the effectiveness of our public disclosures.

14

Meetings in 2019

1.50

Average length of meetings

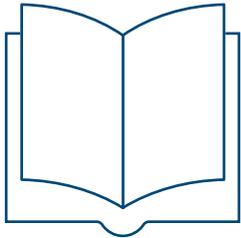
50,000 €

annual fee of the Chairman

30,000 €

annual fee of other committee members

Introduction



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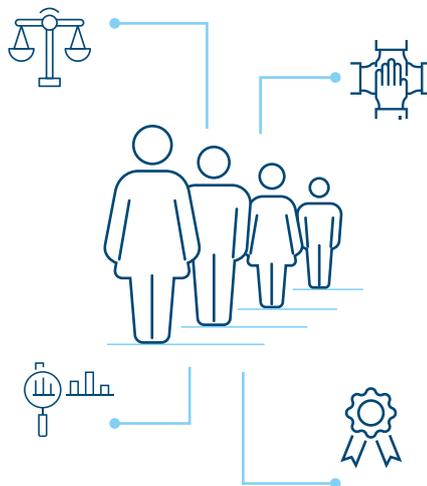
This report, the text of which is available on the website at ubibanca.it (Shareholders Section), is divided into two sections.

The first regards the remuneration policies adopted in 2020 by UBI Banca for its Governing Bodies and those of its subsidiaries, as well as the Group's employees and associates (with a particular focus on the Chief Executive Officer and all the "Identified Staff") and the

procedures for the adoption and implementation of these policies.

The second section is divided into two parts and provides quantitative, detailed and aggregated information on the remuneration paid in 2019.

Section 1



Section 2



The main regulatory updates in the financial sector were as follows:

- Bank of Italy Regulations on “Remuneration and incentive policies and practices” issued on 23rd October 2018, which adapt Italian regulations in compliance with European Banking Authority guidelines on sound remuneration policies in force since 1st January 2017, as well as recent guidance from international forums on the same subject;
- Bank of Italy Regulations on “transparency of banking and financial transactions and services and proper conduct in relations with intermediaries and customers”;
- Legislative Decree No. 49 of 10th May 2019 implementing Directive (EU) 2017/828 (the Shareholders’ Rights Directive), which requires remuneration and incentive policies to pursue a corporate strategy aimed at sustainable long-term profitability ensured by a clear presentation of the objectives set;
- with reference to the assets under management business, the joint Bank of Italy - Consob (Italian securities market authority) Regulation published on 27th April 2017, which implemented the regulations on remuneration and incentive policies and practices contained in EU Directive 2014/91/EU (the “UCITS V” Directive) into Italian law.

The report incorporates the changes in regulations reported above and complies with the reporting obligations of the Bank of Italy and Consob. Section I is subject to the binding approval of the Shareholders’ General Meeting and Section II to the consultative vote of the same meeting.

An executive summary at the beginning of the report summarises the distinctive features of the 2020 Remuneration and Incentives Policies, approved by the Board of Directors on 28th February 2020 (with a specific focus on the new 2020-2022 Business Plan) and gives the main results for the application of the Remuneration policies for the financial year ended 31st December 2019.



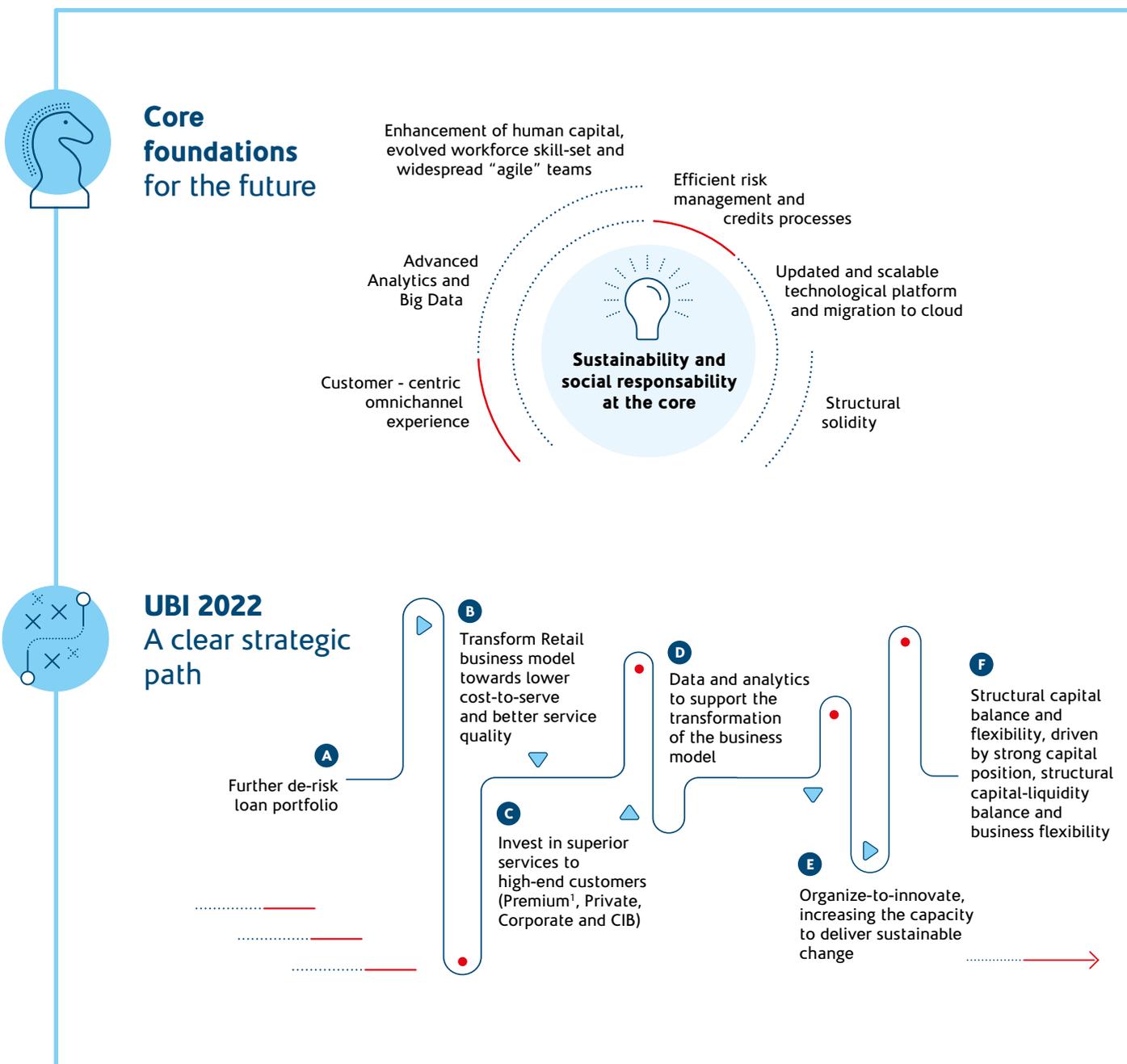
EXECUTIVE SUMMARY

- I. UBI Banca 2020-2022 Business Plan
 - II. Shareholder engagement
 - III. Changes in the 2020 remuneration policies
 - IV. Principles and aims
 - V. Governance
 - VI. The main features of the remuneration policies
 - VII. Short-term incentive scheme
 - VIII. 2020-2022 long-term incentive scheme
 - IX. Chief executive officer
- 

Executive Summary

I. UBI Banca 2020-2022 Business Plan

In line with regulatory requirements, our approach to remuneration also serves to support the objectives set in the 2020-2022 Business Plan, presented in February 2020 by our Chief Executive Officer, Victor Massiah, with the aim of aligning the interests of management and shareholders both over the long term and in the oversight of recurrent activities.



Remuneration structure for “Identified Staff” to support the Business Plan based on the following main features

Participation of all “Identified Staff” (approximately 170 employees) in the **2020-2022 three-year incentive scheme** which is closely linked, in terms of performance indicators, to the main KPIs in the new Business Plan.

Annual incentives designed to reward the best managerial performance, evaluated on the basis of optimising the risk/return ratio and delivering the project actions for which they are responsible.

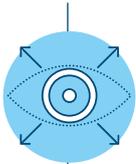
Correlation of bonuses with Total Shareholder Return compared with a peer group.

Sustainability objectives in relation to environmental responsibility, commitment to the community, digital developments and staff and customer focus.

For further information, please see the Section on short and long-term incentive schemes.



“Identified staff” who participate in the “closely linked” **2020-2022 Three-year incentive scheme**



UBI 2022 targets A solid and attractive value creation plan



Pay out ratio

- Average pay out ratio over the 3 year plan of 40% of net profit, well balanced with the maintenance of a year-end CET1 ratio of 12.5%
- In 2022 possible additional dividend increase if CET1 ratio > 12.5%

Data in percentages.
1) Premium customers defined as customers with total financial assets between 100,000 and 500,000€
2) Excluding system contributions (Deposit Guarantee Scheme and Resolution Fund)

II. Shareholder engagement

UBI Banca attaches great importance to dialogue and interaction with the main beneficiaries of its remuneration policies, taking advantage of any guidance from shareholders, proxy advisors and others in order to ensure ever increasing levels of disclosure and the alignment of remuneration policy with best market practices.

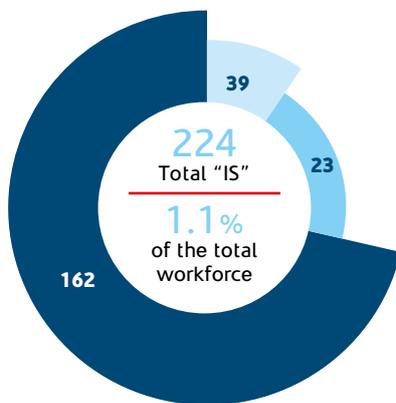
At the Shareholders' General Meeting of 12th April 2019, the items on the agenda relating to the remuneration system adopted by UBI Banca were passed by an average of around 97%, confirming the extremely positive trend of recent years.

III. Changes in the 2020 remuneration policies

The main changes introduced in the 2020 Remuneration policies are as follows:

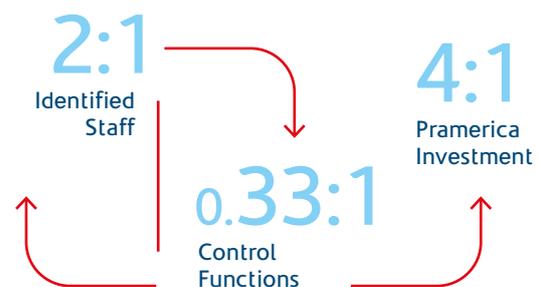
- introduction of a Long-Term Incentive Scheme for the three-year period 2020-2022, designed to bring the interests of "Identified Staff" more closely into line with the creation of value for shareholders and Group performance, in line with the strategic objectives of the Business Plan for the same three-year period (Section VI - paragraph 4);
- revision of the limit on the ratio of variable to fixed remuneration, currently set at 2:1, for staff who belong to the Investment Area of Pramerica, including six who are "Identified Staff" at company level and two who are "Identified Staff" at Group level, due to the exception granted by the Bank of Italy and the practices adopted in the sector up to a maximum of 4:1, in order to safeguard the appeal and competitiveness of the remuneration package for asset management staff, bringing it into line with the main Italian and foreign competitors and thus helping to strengthen this sector, which is of particular strategic importance to the Group (Section IV - paragraph 4);
- updating of the remuneration package for the Chief Executive Officer of the Group, in the light of the renewal of his appointment in 2019 (Section V - paragraph 3);
- strengthening of the linkage between sustainability and the performance of "Identified Staff" within the Short and Long-Term Incentive Schemes, designed to create value over time (Section I - paragraph 1);
- updating of "Identified Staff", on the basis of the change to a one-tier governance system and the related changes to the organisational structure (Section III - paragraph 1.5).

"IDENTIFIED STAFF" PERIMETER ("IS")



■ Governing bodies ■ Top IS ■ Other Group IS

RATIO OF VARIABLE TO FIXED REMUNERATION



IV. Principles and aims

Our wages policy is a fundamental tool to support the UBI Group's medium and long-term strategies to create value and pursue sustainable growth in the interests of all stakeholders.

Their purpose is to attract, motivate and retain staff, creating a sense of identity and developing a

culture linked to performance and merit. The key principles on which our policies are based, and which are applied throughout the organisation, are as follows:

Prudence, Merit, Equity, Competitiveness, Compliance.

V. Governance

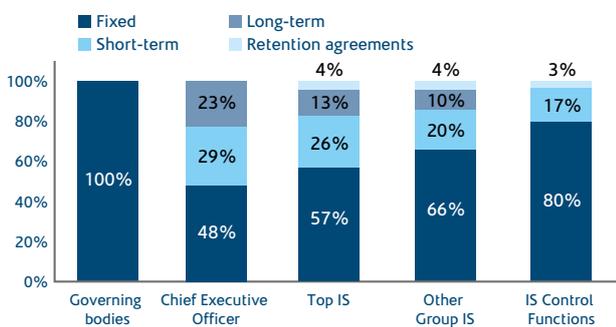


VI. The main features of the remuneration policies

The remuneration policies apply to all the Bank’s personnel, who are divided into “Governing Bodies”, “personnel” on permanent employment contracts and “associate workers” who are not linked to the Group by a normal employee contract.

The Group sets levels of pay mix with a balance between fixed and variable components of remuneration.

Pay - mix

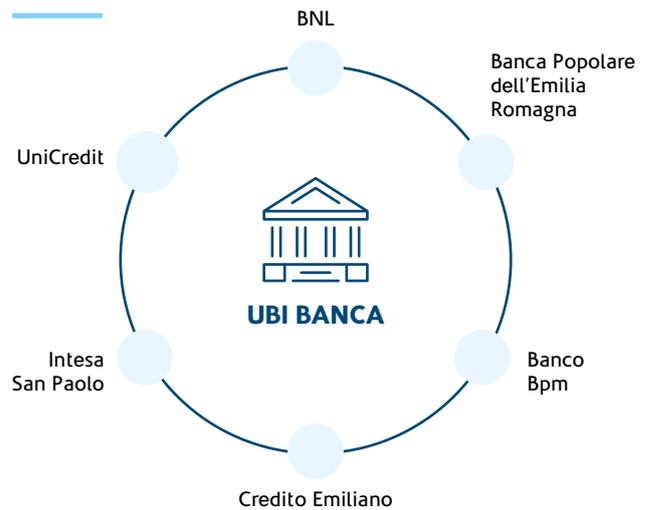


The Group uses benchmarking to monitor the competitiveness of its wages and therefore its ability to attract, motivate and retain staff, in this way verifying that wages are consistent with the internal wage brackets set on the basis of the complexity of the positions in the Bank and market comparators.

More specifically, analysis of wage positioning is carried out by means of a comparison with a peer group, with account nevertheless taken of the specific nature of the business and role in question.

Payments for the termination of an employment relationship (“golden parachutes”) are made up to

Remuneration PEER GROUP



a maximum amount of 24 months’ fixed salary, in addition to the first 12 months of a non-competition agreement, if this has been signed, and up to a maximum amount calculated on the basis of the remuneration for the specific position. The precise determination of the remuneration for “Identified staff” is subject to assessment and approval, for the part that exceeds the indemnity paid for failure to give notice due by law or by contract, by the Board of Directors, with consideration given to an overall assessment of the work of the person in the different positions occupied over the years.

VII. Short-term incentive scheme

In order to guarantee the principle of pay for performance, access to incentive schemes is contingent on meeting preliminary conditions (trigger “gates”) of capital and liquidity stability in the context of the “RAF UBI Banca Group - Risk

Appetite – 2020 Risk Appetite Statement” and progressively, on the risk-adjusted profitability goals at the level of the Group, individual legal entities and business units (malus).

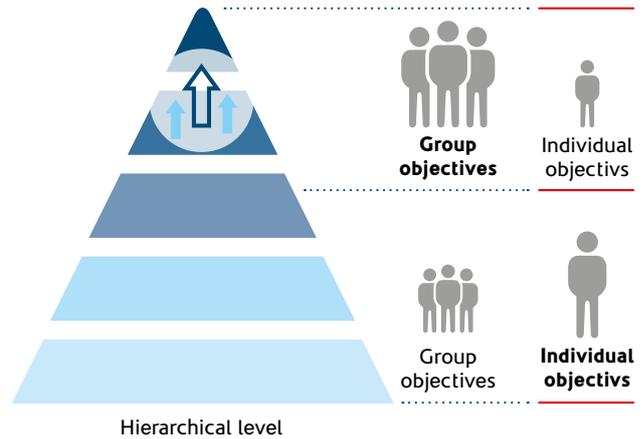
Tigger gates	
Common Equity Tier 1 (CET 1)	> 11.15%
Net Stable Funding Ratio (NSFR)	>= 104%
Liquidity Coverage Ratio (LCR)	>= 120%
Leverage Ratio (LR)	> 3.75%

Indicators for the management of the bonus pool	
RORAC	
Normalised net profit adjusted for the cost of equity	

The conditions for accessing incentive schemes are more challenging for “Identified Staff” than for the remainder of the workforce and their performance is evaluated on the basis of the core activities for which they are responsible and, in addition to this, on the achievement of Group and corporate results. In consideration of the segmentation of the “IS” perimeter and the importance of positions in the organisation, the individual performance indicators have differentiated percentage weightings: for the most senior positions Group or company/business unit objectives prevail over individual objectives, in consideration of their more direct impact on the former.

For the most senior positions at the Parent, in order to maximise their interest in the performance of the UBI Banca share, a share of the bonus may be adjusted on the basis of the position of the UBI share compared with the listed banks used for the benchmark.

HIERARCHICALLY RELATED OBJECTIVES



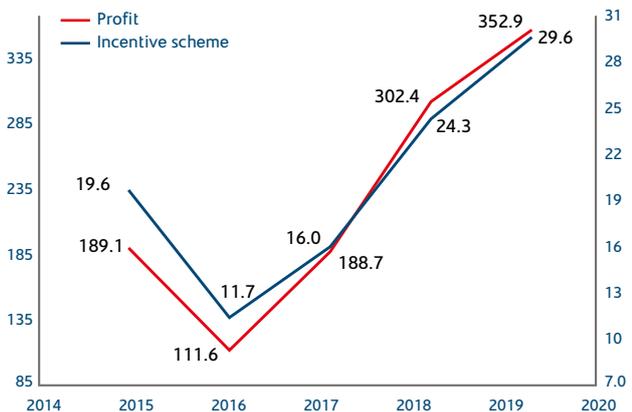
Additional indicators
Normalised PCOBT
Core Revenues
NPL Management
Strategic projects
Sustainability
Managerial effectiveness

Adjustment Factors
Share performance (peer group: BPER, Banca Popolare di Sondrio, Banco BPM, Credito Emiliano, Intesa Sanpaolo, Mediobanca, UniCredit)

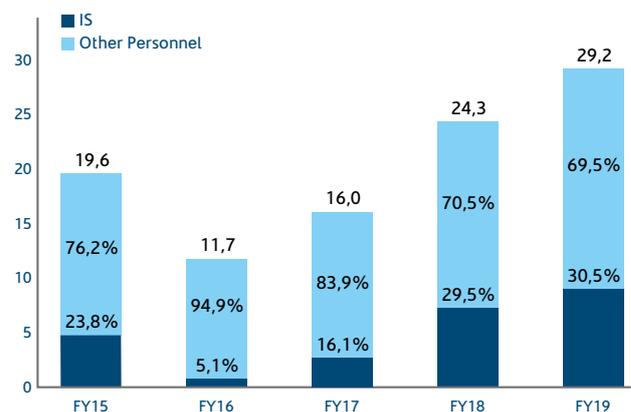
Payments are subject to a clawback mechanism, whereby bonuses are returned in the event that payments have already been made, and staff are expressly requested not to make recourse to personal hedges or insurance strategies applied to remuneration

or other aspects which might alter or impair the effects of alignment with the risk intended with these policies. The chart below shows the total cost of incentives schemes for Employee Personnel over the last five years.

Incentive scheme vs. Profit reclassified net of the most significant nonrecurring items (€mln)



Changes to the Bonus pool (mln€)



VIII. 2020-2022 long-term incentive scheme

The beneficiaries of this scheme are all the “Identified Staff”, with the exception of the corporate control functions, the Senior Officer Responsible for the preparation of corporate accounting documents

and the Head of the Human Resources and certain specific positions at the asset management company, taking account of the related pay mix and levels of responsibility.



TRIGGER CONDITIONS

- Gate at Group level consistent with the **RAF** and with the thresholds set for the 2022 short-term scheme with regard to: **CET1 ratio, NSFR, LCR, LR (risk tolerance + early warning threshold level)**
- **ROTE 2022** other at least 90% of the scheme target



PERFORMANCE AWARDS 2022

KPI	Waiting	Business Planned Target	Grant criteria	
			Threshold	Percentage bonus
ROTE	50%	8.3%	>8.3%	100%
			>=7.6% e <=8.3%	25%-100%
			<7.6%	0%
Cost / Income ratio	25%	58.1%	<58.1%	100%
			<=58.9% e >=58.1%	25%-100%
			>58.9%	0%
NPL ratio	25%	5.2%	<5.2%	100%
			<=5.7% e >=5.2%	25%-100%
			>5.7%	0%

The objects will be measured only at the end of the three-year period (31.12.2022) on normalised stated amounts with an accumulation mechanism. The objectives relate to the Group perimeter for all participants, including the product companies, in order to ensure overall alignment of the scheme.



CORRECTIONS

- 15% reduction of the bonus for each year (2020 and 2021) if the annual Group performance for RORAC is 85% less than budgeted (sustainability over the course of the scheme);
- 10% reduction if the sustainability objective is not achieved;
- correction of +/-10% linked to the Total Shareholder Return (TSR) compared with a peer Group benchmark (Banca Popolare dell'Emilia Romagna, Banca Popolare di Sondrio, Banco Bpm, Credito Emiliano, Intesa San Paolo, Mediobanca and UniCredit). More specifically: if UBI TSR \geq Q3 = +10%; if UBI TSR < Q3 and > Q1, no change, if UBI TSR \leq Q1 = -10% where Q3 stands for the “third-quartile” and Q1 for the “first quartile” in decreasing order of value.

PAY-OUT

	2020-2022	2023	2024	2025	2026	2027	2028	2029
“IS Top” *	assessment period	50% up-front financial instruments	10% deferred financial instruments					
Other IS	assessment period	60% up-front financial instruments	15% deferred financial instruments	15% deferred financial instruments	10% deferred financial instruments			

* if the variable amount is high (>€430K) the deferred percentage rises to 60% (upfront quota 40% and each deferred instalment rises to 12%)

IX. Chief executive officer

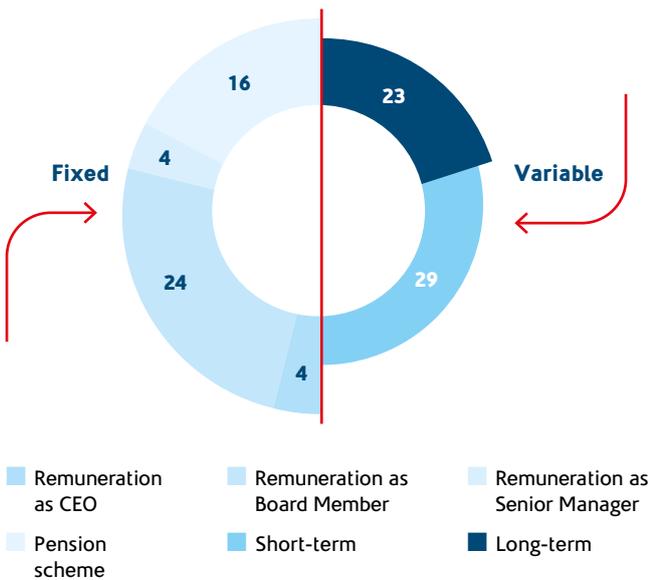
The remuneration package for the CEO was updated at the time of the renewal of terms of office at the 2019 Shareholders' General Meeting, in compliance with the relevant regulations and careful benchmarking against similar senior positions.

The fixed remuneration includes the following:

- remuneration earned for the office of Chief Executive Officer and that of Board Member;
- the component of remuneration related to the position of Senior Manager of the Group.

The variable component of remuneration is performance-based and is measured on the achievement of annual and medium- to long-term objectives. Payment is made once capital and liquidity stability at Group level ("gates") has been verified and in compliance with the overall "bonus pool" calculated on the basis of the risk-adjusted profitability achieved by the Group.

PAY-MIX CEO



The incentive schemes ensure that management holds shares in the Bank. At the end of 2019 the CEO held 695,424 UBI Banca shares compared to 671,342 held at the end of 2018, amounting to approximately 135% of his annual gross remuneration.

The total fixed remuneration paid in 2019 to the Chief Executive Officer was 36 times the average remuneration paid to the remaining UBI Group personnel.

PERFORMANCE INDICATORS

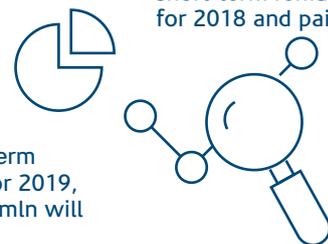
Performance indicators BT 2020	
RORAC	(30%)
Normalised PCOBT	(20%)
Total Gross NPLs	(20%)
Sustainability	(10%)
Managerial effectiveness	(20%)
Performance of UBI share against benchmark	(Adjustment factors)

2020-2022 LONG TERM	
ROTE	RORAC
Cost:income ratio	Sustainability
NPL ratio	Performance of UBI share against benchmark

1.508 mln
Fixed remuneration

24.082
Number of UBI Banca shares granted as variable short-term remuneration for 2018 and paid in 2019

1.137 mln
variable short-term remuneration for 2019, of which 0.227 mln will be paid in 2020



Details of the level of achievement of the individual objectives assigned to the CEO are as follows:

2019 INCENTIVE SCHEME

Targets and performance

 GROUP TARGETS	Return On Risk Adjusted Capital ("RORAC")	
	Profit from continuing operations before tax ("PCOBT")	
	Total Gross Net Performing Exposures ("NPLs")	
	Customer Satisfaction	
 INDIVIDUAL TARGETS	Managerial effectiveness	
 GROUP CORRECTIONS	Total Shareholder Return("TSR")	
	UBI Banca Group sustainability indicator (adoption of diversity policies, smart working, social impact loans, integration of "ESG" criteria in assessments of creditworthiness, reduction of environmental impact)	
	Overall sustainability indicator of the UBI Banca Group (customer satisfaction vs. main competitors)	

 Below Target  On Target/Neutral  Above Target

According to the payment scheme set out in the 2019 Policies, 45% of the bonuses accrued, amounting to approximately €1.137 million, will be paid as "up-front cash payments and welfare benefits" and 55% in UBI Banca shares as shown below:

	2020	2021	2022	2023	2024	2025
Monetary & welfare	227		171			114
UBI Banca shares		227		171	171	56

Figures in thousands of euro

The Chief Executive Officer is party to an existing non-competition agreement, for the protection and safeguarding of the Bank's professional and business assets in order to avoid the risk of market competition. More specifically the non-competition agreement provides for the payment, at the time of the termination of employment, of one year of fixed remuneration as an employee of the company in a managerial position, a ban on taking up a position similar to that occupied in the Group in other Italian banks and on operating either directly or indirectly in the banking sector in the same geographical area for a period of twelve months subsequent to leaving. It also requires the Chief Executive Officer to pay a penalty amounting to twice the amount paid if he breaches that non-competition obligation.



SECTION 1

2020 REPORT ON UBI BANCA REMUNERATION POLICIES

- I. Principles and aims
- II. Governance process
- III. Persons concerned
- IV. Remuneration structure
- V. Remuneration policies for governing bodies
- VI. Remuneration and incentive policies for staff with employee contracts
- VII. Remuneration and incentive policies for associate workers not bound by regular employee contracts

Section 1

2020 report on UBI Banca remuneration policies

I. Principles and aims

Our wage policy represents a fundamental tool to support the UBI Group’s medium and long-term strategies in order to combine economic and social value while pursuing sustainable growth in the interests of all stakeholders. Policies are designed to attract,

motivate and retain staff, creating a sense of identity and developing a culture linked to performance and merit. The key principles on which our policies are based, and which are applied throughout the organisation, are as follows:

REWARDING MERIT

Our objective is to recognise the merit of each individual, and at the same time to encourage team spirit and a sense of belonging, relating the objectives and results of each person to their own business unit and company and to the Group.



FAIRNESS

Remuneration is set consistent with the role and level of responsibility held in order to foster virtuous conduct and ensure equal development and career opportunities, where the annual “Merit Plan” is one of the prime examples of its application, with an increasing focus on gender and inclusion policies.

PRUDENCE AND COMPLIANCE WITH THE APPLICABLE LEGISLATION AND REGULATIONS

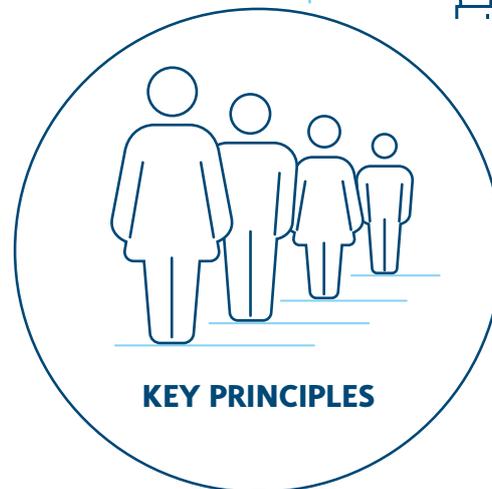
The Group gives appropriate consideration in the formulation of its wage policies to risk appetite and compliance with regulatory requirements and in order to guarantee the sustainable growth of the Bank over time. More specifically, the definition of the preliminary trigger conditions (“gates”) of the incentive schemes and the underlying rules for their functioning, which ensure the flexibility of variable remuneration, is carried out on the basis of the document “RAF UBI Banca Group - Risk appetite – Risk Appetite Statement 2020”¹, which identifies the risk appetite as that of the Group’s official “Risk Appetite Framework – RAF”.

Other corrective factors are applied for staff in the distribution network such as for example customer satisfaction, the quality of the work and the results of audit inspections.



COMPETITIVENESS

A continuous comparison with best practices and national and international market trends, with analyses of positioning for each role with respect to a benchmark peer group. This is revised from year-to-year in order to ensure that the Group is as comparable as possible with UBI. Targeted market surveys are carried out to take account of specific areas of business such as investment banking, private banking and asset management.



¹ That internal document sets out strategic Group guidelines in relation to the measurement of current and future capital adequacy and its risk-taking and risk management policies.

1. Sustainability, Gender Diversity and Inclusion

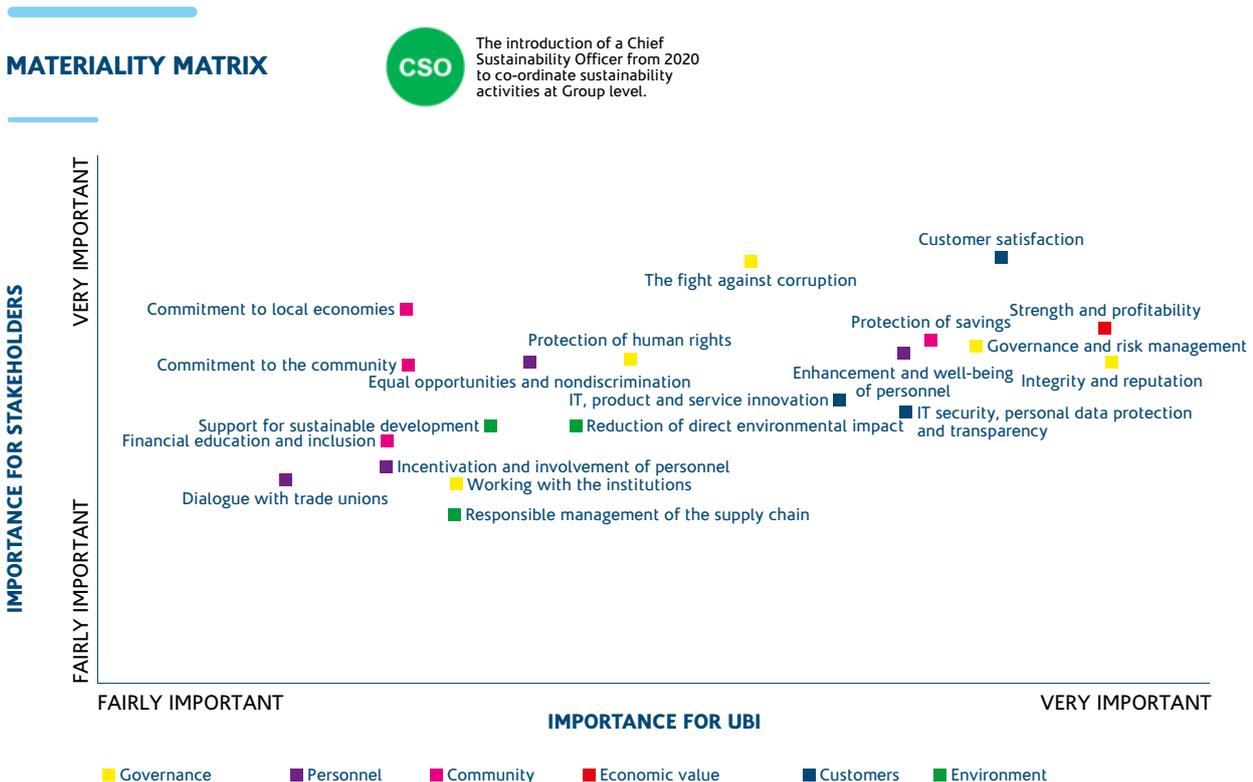
The ability of a business to manage its activities in a sustainable and socially responsible way is becoming an increasingly key focus of attention for stakeholders in the assessment of its capacity to create value in the long term. Today sustainability is also a factor that governs competitiveness on the market and the ability to attract talent. It is therefore an extremely important part of corporate branding and marketing.

Sustainability and the social impact generated are thus increasingly significant as a strategic element for developing business policies, on the basis of a long-term vision, while of course maintaining and ensuring satisfactory returns on investment as usual for the business activity. For UBI Banca they contribute to “Banking fairly and well” and that is why we believe they must be pursued using all the management levers that are most appropriate for this purpose. One of the main factors that trigger organisational behaviours is the management performance and incentive system, because it can be used by a company to communicate its strategic priorities both internally and externally and to support their implementation.

Armed with that knowledge, UBI Banca has decided to introduce a basket of sustainability objectives into its annual incentive scheme for all “Identified Staff” in the Group, in relation to environmental responsibility, commitment to the community and staff and customer focus. The customer satisfaction indicator, “UBI Index”, is of particular significance to the entire commercial network. It measures customer satisfaction in terms of the simplicity of solutions, transparency of information and the reliability and competence of staff, in order to constantly improve service in each market segment.

As an additional corrective, the new 2020-2022 long-term incentive scheme (also for all “Identified Staff”) will evaluate the degree to which each of the sustainability objectives has been achieved.

Sustainability objectives to be included in incentive schemes are identified on the basis of the results of the “Materiality matrix”, defined as part of the management process for the Consolidated Non-Financial Statement (Sustainability Report), selected from amongst those considered to be pursuable and objectively measurable over a time horizon of one or more years.



In parallel with this, increasingly greater attention and related management actions are intended to address gender pay gaps, where present, and overcome the current concentration of women in certain roles/positions or job families and/or the limited number in top management positions. To achieve this, UBI Banca has adopted its Policy on Gender Diversity and Inclusion, with an inter-functional working group to guide and monitor it, making use of a special dashboard of indicators for constant monitoring

and sharing feedback on the achievement of the objectives.

Lastly, the Group has collective pension, health and insurance welfare plans, designed to promote general “organisational well-being”. This is achieved partly through the integration of various gifts and bonuses, as well as the development of tools to facilitate family care, work-life balance and inclusion without any type of discrimination.

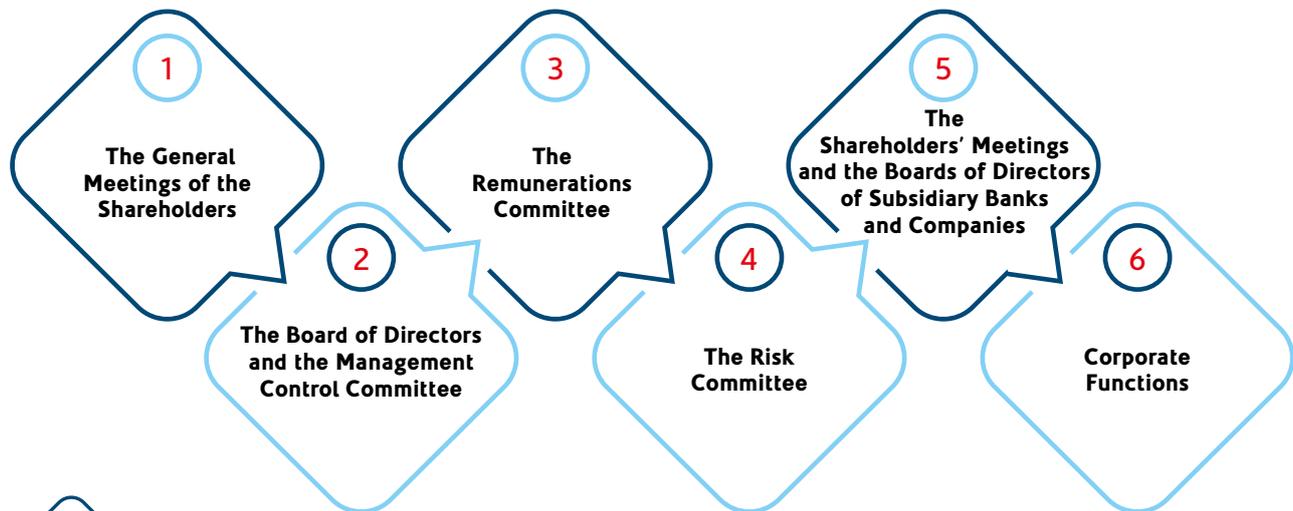
II. Governance process

Governance systems and rules have been defined with the aim of ensuring clarity, transparency and effectiveness in the definition and management of the Group’s remuneration and incentive policies.

This is also done by regulation of the main internal processes on the subject, approved by the competent Governing Bodies of the Group.

The main protagonists in the process are:

GOVERNANCE



1 General Meetings of the Shareholders

A Shareholders’ General Meeting of UBI is responsible for approving the Remuneration and Incentive Policies of the Members of the Board of Directors and of the remaining personnel on the basis of a proposal from

the Board of Directors, with the involvement of the Remuneration Committee.

A Shareholders’ General Meeting is tasked with the approval of:

- the incentive component based on financial instruments;

- the criteria and limits for determining the maximum amounts that may be agreed in the event of early termination of an employment relationship or retirement from office;
- the definition of the ratio of fixed to variable components of remuneration up to a maximum of 2:1 for the positions of “Identified staff” of the Group, identified as laid down in the Articles of Association. It is also responsible for approving possible exceptions to the application of that ratio, in relation solely to staff of the Group’s asset management company identified as “IS” significant at Group level.

It also establishes the following at the time of appointment:

- of the Board of Directors: total remuneration for i) members of the Board of Directors (inclusive of the Chair and Deputy Chair), net of members of the Management Control Committee, ii) members of committees pursuant to Art. 31 of the Articles of Association (Risk Committee, Remuneration Committee, Appointments Committee and Related Parties and Connected Persons Committee);
- of members of the Management Control Committee: the relative fixed amount of the remuneration and the amount per head for the duration of the term of office, with extra remuneration for the Chair.



Board of Directors and Management Control Committee

The Board of Directors, having received an opinion and/or taken account of any proposals from the Remuneration Committee, determines the remuneration of UBI’s Senior Management and indicates the amount of the remuneration for Senior Management and personnel within the “Identified staff” perimeter of the Group belonging to its subsidiaries to be submitted to the respective Boards of Directors of those companies.

With the exception of matters reserved to a Shareholders’ General Meeting, any exceptions to policies must be of an exceptional nature with full details given, including the remuneration paid under this exception and will be submitted to the Board of Directors after first having received an opinion from the Remuneration Committee, the Risk Committee and the Management Control Committee. If they are approved by the competent bodies this will be reported to the Shareholders’ General Meeting in the Report on remuneration paid.

The Management Control Committee sets objectives for “Identified staff” belonging to control functions for the purposes of the incentive scheme and validates their performance.



Remuneration Committee

The Remuneration Committee is composed mainly of Independent Directors in compliance with Art. 21 of the Articles of Association. The composition of the Remuneration Committee reflects an adequate level of experience and expertise in relation to bank governance, finance and remuneration policies. In 2019 the Remuneration Committee met 14 times with the average duration of the meetings lasting around one and a half hours.

The Remuneration Committee is composed of the following board members:

- Paolo Boccardelli, as Chairman;
- Letizia Bellini Cavalletti;
- Osvaldo Ranica.

The committee’s activities are described in detail in the Report on Corporate Governance and the Ownership Structure of the 2019 Annual Report. Minutes of the meetings are taken and collected in minute books.

The Remuneration Committee is governed by special regulations, published on the Bank’s website in the “Corporate Governance Section”, which determine its responsibilities and its functioning, in accordance with the latest updates made to incorporate modifications to the Bank’s management and control model.



Risk Committee

Without prejudice to the responsibilities of the UBI Remuneration Committee, this committee checks that the procedures underlying the incentives in the remuneration and incentive schemes are consistent with the Group’s “Risk Appetite Framework” and more specifically it verifies that the conditions for triggering incentive schemes (“gates”) and Group and company performance indicators are consistent with the Group’s Risk Appetite Framework.

It also participates in the “Identified staff” identification process, verifying that the roles identified are consistent with the provisions of internal processes for the determination of capital adequacy and the definition of the Risk Appetite Framework.

The Risk Committee interfaces constantly with the Remuneration Committee, particularly in order to maintain an optimal balance between incentive policies and correct risk management, as part of a strategic approach to the creation of value for the Group.



Shareholders' General Meeting and the Boards of Directors of Subsidiary Banks and Companies

UBI Banca constantly co-ordinates its subsidiaries in order to ensure that remuneration and incentive schemes within the banking Group are consistent, while respecting the specificities of the various sectors to which they belong, their organisational units and the applicable legislation and regulations according to the type of business.

The Group's remuneration and incentive policies are submitted for approval by Shareholders' General Meeting of the banks and by the Boards of Directors of the companies, except for the incentive component based on financial instruments, which is subject to approval by a UBI Shareholders' General Meeting. Appropriate information is provided to the above bodies by means of the Annual Report on Group Remuneration. Information is provided to the above bodies by means of the Annual Report on Group Remuneration.

With particular reference to the asset management and insurance companies, their respective Shareholders' General Meeting approve special policies, that are in line with Group policies, having been examined in advance by the Parent's Board of Directors and a prior opinion having been received from the UBI Banca's Remuneration Committee.

The Boards of Directors of the subsidiary banks and companies, in accordance with the policies set, approve the relative means to implement them and, with the support of Human Resources and the other competent functions, makes recommendations for choices concerning the management and remuneration of staff.



Corporate Functions

The competent corporate functions are involved in the process to formulate Remuneration and Incentive Policies: the Parent's Human Resources Function directs and manages the entire remuneration and incentive process, providing technical assistance to the Governing Bodies with the collaboration, each with regard to their respective competencies, of corporate strategy and the corporate control functions.

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

More specifically, for that which concerns them, the Parent's Compliance and Audit Functions report the results of the monitoring mentioned above to the Boards of Directors of the Parent and of each subsidiary company.

Risk Management, in collaboration with corporate strategy, identifies indicators and comparative values relating to strategic and performance objectives to which the determination of the variable components (checking that they are adequate with respect to the Risk Appetite Framework approved by the Board of Directors of the Parent) linked to the risk-adjusted company results (consistent with the capital and liquidity levels necessary to perform and support the activities undertaken) are to be correlated.

III. Persons concerned

These remuneration policies apply to all personnel of the Bank, divided, on the basis of the position filled, into the following categories:

1. "Governing Bodies";
2. "Personnel" with an "employee" employment relationship;
3. "Associate Workers" not bound by an ordinary employee contract.

The relative member of the "Identified staff" was identified within each category in accordance with the provisions of the previous section.

In consideration of the specific regulatory framework for the sector, for the staff of the asset management company (except for those classified as "Identified staff" at Group level whose remuneration and incentives are regulated in this document) and for staff belonging to the insurance companies (in compliance and consistent with the principles and guidelines laid down by the Parent by virtue of its activities of management, co-ordination and control of Group companies), individual remuneration policies are regulated in special company documents, to which reference is made.

1. Policy for the process of identifying "Identified staff"

1.1 Governance of the process for the identification of "Identified staff"

The methodology for the identification of "Identified staff" is normally updated on an annual basis with periodic reviews of the perimeter and account also taken of organisational, corporate ownership and regulatory changes taking place from time-to-time.

The Board of Directors approves the identification methodology, the perimeter, possible exceptions, notifications of and/or requests for exclusions to be submitted to the Supervisory Authority.

The Remuneration Committee, with assistance if necessary from its external advisor, and the Risk Committee, for that which concerns it, provides support to the Board of Directors:

- by providing preliminary indications to the working group;
- by validating the methodology;
- by verifying its application, the relative results and any requests for/notifications of exclusion to be submitted to the Supervisory Authority;
- by providing its opinion.

The Parent's Human Resources, Organisation, Risk Management, Corporate Strategy, Management Control and Compliance units work together, for that which concerns them, in a suitably composed special working group, normally formed once a year, to bring the identification methodology up-to-date and to make a proposal for the perimeter and the relative periodic updates.

More specifically:

- the Parent's Human Resources Function oversees, co-ordinates and monitors the overall process and continually monitors any organisational variations that may change the perimeter;
- the Parent's Compliance Function participates in the working group and, for the purposes of the validation of the competent bodies, provides a compliance opinion on the process and on the methodologies adopted to verify their compliance with internal and external regulations;
- the Parent's Audit Function conducts periodic ex post audits of the methodology adopted, the process and the relative results;
- the Human Resources Functions of the individual companies and banks co-ordinate the processes for the identification of their own perimeters (self-assessment) with support from the UBI working group and if necessary from internal units.

1.2 Criteria and procedures for the "Identified staff" identification process

UBI Banca has identified its "Identified staff" ("IS") perimeter on the basis of the qualitative and quantitative criteria laid down in Commission Delegated Regulation (EU) No. 604 of 4th March 2014 and in accordance with the provisions of the revision of Bank of Italy Circular No. 285 on remuneration policies and practices in banks and banking groups as well as with additional internal criteria for the identification of additional material risk takers in the Bank or Group.

On the basis of the above criteria, the assessment areas identified relate mainly to organisational, risk and remuneration aspects.

More specifically:

- the organisational aspects involved criteria 1, 2, 3, 4, 6, 7, 8, 9, 10 and 14 of Art. 3 of the EU Commission Delegated Regulation, which are analysed on the basis of regulations, policies, organisational units and ranks, responsibilities, powers, authorisations,

processes, decision-making autonomy, functional reporting, role and membership of Governing Bodies or committees;

- the risk aspects involved criteria 5, 11, 12 and 13 of Art. 3 of the EU Commission Delegated Regulation, which are analysed by considering risks contained in the supervisory regulations in accordance with Pillars 1 and 2 and the relative impact on internal capital, and, with regard to credit and financial risk for transactions on the trading book, by examining the credit approval authorities of the Finance Committee and any operational authorities that may be granted under the applicable regulations. In addition, a further internal criteria was identified based on “risk from substantial assets”, with particular reference to the financial advisor category of IWBanck, identifying a concentration threshold considered high risk – either managed individually or as part of co-ordinated activities – equal to 5% of the Assets Under Management (“AUM”) of the Bank;
- the remuneration aspects involved criteria 1a, 1b and 1c of Art. 4 of the EU Commission Delegated Regulation, which are analysed on the basis of the total remuneration, whether paid on an up-front or deferred basis, paid to staff in the previous financial year on a consolidated basis.

Membership of the “Identified staff” category results at the same time in the positions being subject to rules set by specific regulations on variable remuneration (“pay mix”, “payout”, deferral and diversification in financial instruments of bonuses, models and clawback conditions, etc.) and to the provisions of the “Group Regulation on Transactions with Related Parties in accordance with Consob Regulation No. 17221/2010, Connected Persons in accordance with Bank of Italy Supervisory Regulations Circular No. 263, Identified staff of the UBI Group, Significant Parties in accordance with Art. 136 of the Consolidated Banking Law and Other Identified Parties”.

At the end of the process, personnel belonging to the “Identified Staff” perimeter are notified individually in writing.

1.3. Identification process on a consolidated basis

Consistent with the applicable regulatory requirements, definition of the perimeter is carried out by the banks (UBI Banca and IW Bank) and by the asset management companies on an individual basis, co-ordinated by the UBI working group, which ensures the overall consistency of the process and of the final results on the basis of consolidated approaches.

For those companies not subject to CRD IV, the working group analyses the risk profile of each legal entity to identify those companies and organisational positions for which the impact at Group level is substantial on a consolidated basis (using data and considering the impact on the risk profile of the institution on a consolidated basis).

More specifically, the identification of “Identified staff” for the Group’s asset management companies is subject to two separate analyses:

- in compliance with sector regulations (UCITS V), self-assessment of Pramerica is carried out on the basis of mythological recommendations provided by the Parent which take into consideration the impact on risk at the level of the Bank;
- in compliance with banking Group regulations (CRD IV), the consolidated analysis is carried out by the Parent which considers the impact on risk at Group level.

With reference to Bancassurance Popolari S.p.A. (BAP Vita) and UBI Sicura S.p.A., which do not fall within the perimeter of the banking Group, a perimeter of “Identified Staff” has been defined at single company level in accordance with the IVASS Regulation, for which the results are drawn up for each single insurance company and reported in the Remuneration policies, to which reference is made.

1.4. Exclusion procedure

Any requests for/notifications of exclusion from the “Identified staff” perimeter, as laid down by EU Regulation 604/2014, shall be submitted to the bodies responsible, in compliance with the exclusion procedure and the time limits laid down by the European Central Bank, which requires an accompanying assessment by the Internal Audit Function on the identification process and on the relative results, inclusive of an assessment of the exclusions.

More specifically, the Parent’s Human Resources Function:

- identifies those persons who meet the quantitative criteria set by Art. 4, paragraph 1, letters a) and b) of the regulation, who have not yet been inserted in the perimeter on the basis of qualitative criteria;
- firstly carries out an analysis, with the assistance of the Parent units (Organisation, Risk Management, Corporate Strategy, Management Control and Compliance), for that which concerns them, and possibly also of units in banks or companies, of the responsibilities, powers, authorisations, processes

and decision-making independence of the roles filled by the persons identified and carries out an initial assessment of them;

- for the purposes of the request for/notification of exclusion, submits that assessment to Senior Management and to the Remuneration Committee and accepts a positive opinion to proceed if it is given.

In cases of a request for/notification of exclusion, the Parent’s Human Resources Function prepares the documentation required by the European Central Bank and submits it (accompanied by an assessment made by the Internal Audit Function) to the Board of Directors, which makes a decision and forwards it to the Management Control Committee for subsequent approval, having received an opinion from the Remuneration Committee and the Risk Committee for that which concerns them.

1.5. Results of the identification process

Overall, in 2020 the “Identified staff” perimeter included 224 positions at Group level, accounting for approximately 1.1% of the entire workforce, of which 204 were identified according to qualitative criteria and 20 according to quantitative criteria², using the methodology in point 1.2.

The identified perimeter, as approved by the Board of Directors, is divided into the following groups:

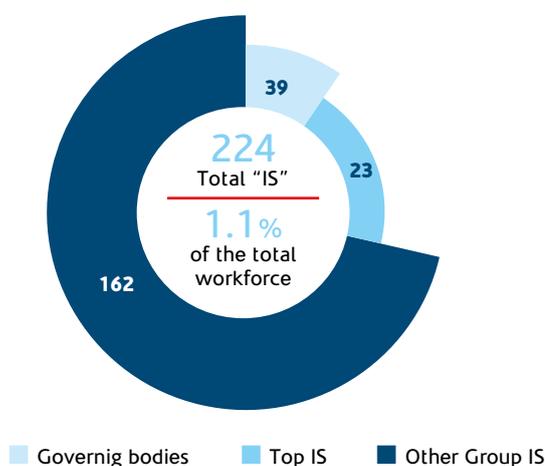
- 39 “Members of the Governing Bodies”, who do not receive variable remuneration if they are non-executive members;

- 23 belonging to the “Top Identified staff” perimeter which in addition to the Chief Executive Officer, includes the Senior Management of UBI Banca, the highest levels of the Parent Functions (the “Chiefs”, with the exception of the control functions, the Heads of the Macro Geographical Areas, the Head of Corporate & Investment Banking and the Head of Top Private Banking) and the Senior Management of the principal legal entities of the Group;
- 162 belonging to the “Other identified staff of the Group”, which includes within it 17 control functions, the heads of the main Areas of the Parent, roles at IW Bank, Pramerica SGR and those companies with a high impact on the Group’s risk profile, as well as 10 IW Bank Financial Advisors, by virtue of the substantial magnitude of the Assets Under Management or remuneration of greater than €500,000.

The perimeter has decreased slightly since the previous year (-16 positions compared with 2019), due to the change to a one-tier governance system (-7 board members) and the consequent organisational changes within the Parent (-9 positions). Two newly-formed positions have been added for the first time: the Chief Security & Safety Governance Officer (under the C.O.O.) and the Chief Commercial Operations Officer (under the C.C.O.)

No notification of or request for exclusion was formulated by the Supervisory Body in relation to staff identified with quantitative criteria.

“IDENTIFIED STAFF” PERIMETER (“IS”)



² In accordance with the options allowed by Art. 4 paragraphs 2 and 3 of Commission Delegated Regulation 604/2014, managers of non-significant operating units and staff who, although working in significant operating units, do not fill roles of responsibility and have no material impact on the risk profile were not included.

IV. Remuneration structure

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

- fixed remuneration;
- a variable remuneration incentive, which rewards performance over a short-term time horizon for all personnel and over a long-term time horizon for “Identified staff”;
- other retention and attraction tools, which depending on the type, are classified as either fixed or variable remuneration;
- benefits, normally associated with the fixed component of remuneration.

Finally, parts of remuneration are paid in financial instruments, in accordance with the legislation and regulations governing “Identified Staff” and in welfare goods and services, in compliance with the applicable legislation in force.

The following have been put in place in order to pursue effective wage policies that are fair internally and competitive with regard to external markets:

1. A periodic assessment process for positions, which assigns a value (or grade) to each role representing the complexity of the position, using a job family model.

2. Monitoring of wage dynamics on the market so that the Group is able to position itself with wage levels consistent with its relative markets, with the intention of retaining high-performing and high-potential staff, while verifying that wages are consistent with the internal wage brackets set on the basis of the complexity of the positions in the Bank, using a structured process, approved by the Remuneration Committee, in order to ensure adequate levels of remuneration for staff, on the basis of the position occupied in the organisation and their individual characteristics, in terms of internal fairness and external competitiveness.

This process includes activities for the mapping and weighting of positions in the organisation. Mapping is a tool used for analysing, defining, assessing and weighting roles and positions within the Bank (by attributing a score/weighting, known as a grade, on the basis of the complexity of the position and the expected contribution to the achievement of the corporate strategy). The evaluation relates to the organisational role occupied and is based on an analysis of the work performed (systematic survey of all the objective elements that characterise the work).

As part of defining overall remuneration, UBI Banca aims align total remuneration with median values,

Periodic monitoring processes are also in place for measuring adequate job function performance, potential and experience, by means of specific staff management and assessment tools.

These principles are applied as part of the “Merit Plan” process. More precisely:

Professional evaluation

Performance in terms of the main objectives of the incentive schemes

Assessment of managerial performance³

Assessment of potential⁴

Assessment of technical knowledge.

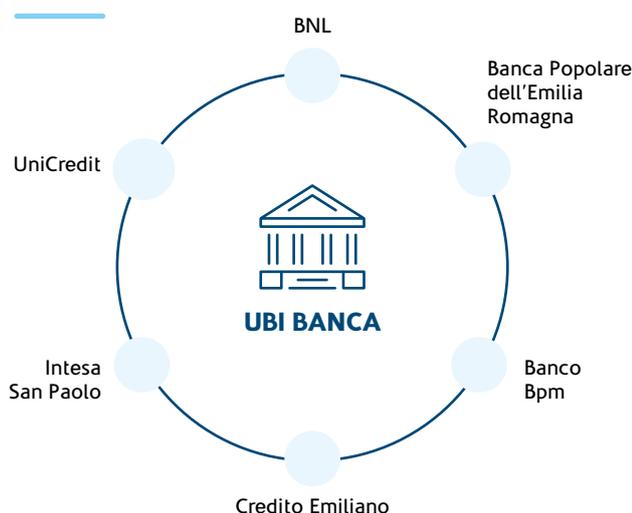
³ Through the use of management appraisal tools, a structured assessment method involving individual interviews.

⁴ Through the use of assessment tools, a structured assessment method involving group meetings.

while retaining the possibility of making appropriate differentiations for particularly critical roles and/or members of staff of high managerial quality, setting distinct and competitive remuneration packages for them, in terms of the fixed and variable components of remuneration and of benefits.

Analysis of wage positioning against the market is carried out by means of a comparison with a specific peer group (see table below). The Group uses benchmarking activity to constantly monitor the competitiveness of its wages and therefore its ability to attract, motivate and retain staff.

Remuneration PEER GROUP



1. Fixed remuneration

The fixed component of remuneration is set as a proportion of total remuneration such that it is able to remunerate staff fairly and adequately, even in cases when they do not receive the variable component. This therefore discourages the adoption of a particularly high risk-taking behaviour.

Fixed remuneration comprises those items of wages that are of a stable and irrevocable nature, determined and paid on the basis of criteria set in advance and not discretionary. It is defined in particular on the basis of the level of the contract, the position filled, responsibilities held and the expertise acquired by employees during the course of their careers.

Remuneration earned for positions held in Governing Bodies, possible allowances for roles associated with

specific positions within the organisation chart and other continuous remuneration tools all form part of the fixed component.

2. Variable remuneration

The variable component of remuneration is linked to performances achieved over both annual and multi-year time horizons. In the assessment of performance, account is taken of the qualitative and quantitative results achieved by individuals and by the units in which they operate and the results achieved by the company or Group as a whole and is determined using risk-adjusted metrics.

It constitutes an important motivational element and, for some highly profitable business roles of great significance to Group strategy (investment banking, private banking and asset management), it forms a large proportion of overall remuneration, in line with market practice and in compliance with the maximum limit and other legislative and regulatory requirements.

Performance measurement is related to income statement and balance sheet indicators adjusted for risk, both internal and external customer satisfaction levels, strategic projects and assessments of the effectiveness of their behaviour and its compliance with regulations.

The following form part of performance-based variable remuneration:

- short-term incentive schemes, designed to promote the creation of value for the current year, within a framework of stability. Since bonuses are related to the available financial resources interim bonuses can also be introduced during the year, to support the achievement of specific objectives;
- long-term incentive schemes, designed to recruit and motivate all the "Identified Staff" in the Group, a key enabling factor for achieving the results set out in the 2020/2022 Business Plan;
- carried interests, or part of the profit of an AIF earned by some members of staff at asset management companies for the management activity of the AIF itself; the right to accrue carried interest is dependent on the beneficiaries subscribing to the AIF itself, with their own funds.

A bonus pool mechanism has been put in place to ensure a more direct correlation between results and rewards. Access to it is gradual on the basis of the satisfaction of preliminary trigger conditions ("gates" – see Section

VI point 1) by the Group and the achievement of risk-adjusted profit targets set at the level of both the Group, single legal entity and business unit.

Attraction and retention tools can also be set up within variable remuneration, as detailed in the point below.

Retention bonuses, also discussed in the point below, cannot be used to indemnify staff against the reduction or cancellation of variable remuneration linked to the incentive scheme due to ex ante and retrospective adjustment mechanisms.

Bonuses may be paid in both monetary form, as financial instruments with specific reference to “Identified Staff” and in the form of specific benefits connected with

the Group’s welfare system, an increasingly common practice that makes it possible, in compliance with the relevant tax legislation, to take advantage of goods and services in the areas of education, healthcare, and recreation.

3. Other features of the remuneration scheme

Other items of remuneration are covered in paragraph 5 of this Section (termination of employment payments), which may be consulted.

Type	Fixed remuneration	Variable remuneration
The Company Productivity Bonus or Result Bonus		As defined by the national trade union agreement, the conditions and payment criteria of which are laid down annually during supplementary trade union negotiations.
Commercial “contests” and other possible extraordinary project initiatives		These are implemented in order to orient staff so that they support commercial plans and targets in line with goals set when budgets are prepared, taking care to prevent conflicts of interest and “moral hazard” behaviours.
	Promotions and increases in the fixed component of wages, that correlate with career paths and professional development, managed as part of the “Merit Plan”, usually on an annual basis.	
	Allowances associated with specific positions within the governance and control structures that are functionally linked to the role occupied.	
Other retention and attraction tools		Minimum job-security agreements (e.g. retention bonus), paid in exceptional circumstances to retain professionals at high market risk, not to be paid before the end of the predetermined period of time. To encourage the attraction of new staff, a recruitment bonus can be paid at the time of their appointment, as a one-off lump sum. Schemes to enhance the commercial contribution made by staff from the external market, by which it is making it possible to provide economic rewards (e.g. for the acquisition of new customers or assets).
Benefits	Specially regulated supplementary collective pension ⁵ , health and insurance plans, infancy welfare services and canteen services, sports and recreational activities and discounts on products and services provided by the bank/company. Assignments of company cars for business and personal use and of guest accommodation are made and regulated within the Group.	

⁵ Normally, pension benefits are not paid on a discretionary basis. Should they be paid, then the rules set by the legislation and regulations in force will apply.

4. Remuneration pay mix

The Group maintains a balanced ratio between the fixed and variable components of remuneration, with balanced levels of pay mix, in order to manage the cost of labour flexibly, discouraging behaviours focused on the achievement of short-term results, particularly if they are the result of taking high risks.

In order to achieve the purposes set out above, it is the practice of the Group to set maximum limits consistent with variable remuneration in advance, for all its staff clusters, by defining specific caps to the increase in bonuses in relation to any over-performance.

In continuation of the policies for last year and with the agreement of the Shareholders' General Meeting, the ratio between variable and fixed remuneration is set up to a maximum of 2:1 for "Identified staff", with the exclusion of corporate control functions (for whom the variable amount may not exceed one third of the fixed remuneration), the "Senior Officer Responsible" and the Head of Human Resources for whom a low variable component of remuneration has been set.

With particular reference to the staff in the "Investments" Areas of the Group's asset management companies, who work exclusively for one of those investment managers, subject to the approval of the Shareholders' Meeting of UBI Banca, there is a plan to gradually extend the ratio of variable to fixed remuneration beyond 2:1 to a possible maximum of 4:1 for a maximum number of 51 employees of Pramerica SGR, including six who are "Identified Staff" at company level and two who are "Identified Staff" at Group level, the latter on the basis of the exception granted by the Bank of Italy. The raising of the cap would not affect the CEO and General Manager of the company.

This provision is based on the following points:

- strengthening the appeal and competitiveness of the remuneration package for asset management staff, bringing it into line with the main Italian and foreign competitors and thus helping to consolidate this sector, which is of particular strategic importance to the Group;
- asset management companies have a different risk profile from most of the banking Group's

activities and are not subject to direct financial risks on investment products in relation to the assets belonging to their customers;

- with regard to operational and reputational risks attaching to the implementation of the product investment process, there is no direct interest or incentive for personnel to increase direct exposure of the company's capital to financial risks beyond the risk appetite of the company itself in order to achieve remuneration objectives.

The increase of the cap up to 4:1 does not involve any impact on capital for the Group, because the payment in financial instruments (required by sector regulations) of portions of remuneration for the asset management company's "Identified Staff" will be made in UCITS, as required by the Joint Bank of Italy and Consob Regulation, while the relationship between bonuses and meeting prudential requirements in terms of capital and liquidity is guaranteed by the link between the conditions for triggering incentive schemes ("CET1 ratio", "NSFR", "LCR" and "LR") and the Group's "risk appetite framework".

With regard to the operating impact of that increase, it should be noted that the incentive scheme is not triggered for "Identified staff" if the financing condition set at corporate level is below the trigger threshold and in any event it is not triggered for all staff in the absence of stated normalised profit. As mechanisms are to be put in place which guarantee operating and financial sustainability, as the bonus pool allocated to Pramerica SGR is defined top-down as a percentage of that allocated at Group level, and therefore in the event of a requirement higher than the availability in the aforementioned bonus pool, individual bonuses are readjusted proportionately.

For the remaining staff the variable component may not normally exceed the fixed component with exception made for some highly profitable business roles of great significance to Group strategy, in line with market practice.

The ratio also takes into consideration payments made in view of or at the time of early retirement from an office or termination of an employment relationship, which form part of variable remuneration, within the scope of its responsibilities, in the last year of service.

⁶ The financial advisors are excluded from the calculation of the pay mix in consideration of the specific nature of their remuneration, entirely variable by nature on the basis of the type of their employment contract.

The following is a table illustrating short and long-term variable incentive levels, for target and maximum values, including staff retention agreements, generally set for “Identified Staff” and the control functions identified⁶.

	Short-term bonus target		Long-term target bonus	Retention agreements
	Target bonus (% fixed remuneration)	Maximum bonus (% fixed remuneration)	Maximum bonus (% fixed remuneration)	% fixed remuneration
Chief Executive Officer	60%	90%	47%	-
Top IS	47%	70%	23%	7%
Other IS	34%	49%	14%	7%
IS Control functions	21%	27%	-	4%

The ratio between the variable and fixed component for the control functions does not exceed the limit of one third, in accordance with regulations. A low variable component of remuneration is set for the Head of Human Resources and the “Senior Officer Responsible”.

5. Post-employment payments

As required by the legislation and regulations and by the Articles of Association, the Shareholders’ General Meeting approves the criteria and limits for the determination of remuneration to be agreed in the event of the early retirement from corporate office or termination of employment, inclusive therein of the limits set to said remuneration in terms of years of salary and the maximum amount resulting from their application.

5.1 Payments to Directors on leaving office

UBI Banca does not make further payments in addition to the ordinary component to Directors if, for any reason, they leave office.

5.2 Employee severance payments

The amounts that may be agreed in the event of the early termination of an employment relationship (i.e. termination of employment payments) may as a general rule be made to staff whose employment contracts are terminated on the initiative and/or in the interest of the company and they must comply, in accordance with the supervisory regulations for banks on remuneration and incentives, with the criteria and limits laid down in this section and with the more stringent regulations governing variable remuneration such as: (i) being linked to qualitative and quantitative

indicators that reflect actual long-lasting results; (ii) the use of financial instruments subject to retention; (iii) the division into an up-front quota and a deferred quota; and (iv) being subject to ex post adjustment procedures (malus and claw back).

More specifically, agreements entered into in view of or at the time of the early termination of an employment relationship, which involve possible payments or grant of other benefits to “Identified staff” are defined as “golden parachutes” and also include: (i) the amounts paid as part of an agreement for a current or potential dispute, no matter by which means that agreement is reached and (ii) an indemnity for failure to give notice, in an amount that exceeds the amount of the indemnity calculated in accordance with the law and national trade union agreement for the sector.

Termination of employment payments also include job-security agreements to extend periods of notice and non-competition agreements, even though they are paid during the employment relationship. Non-competition agreements are not, however, subject to the more stringent rules for variable remuneration, in terms of deferral and the use of financial instruments, for the quota that does not exceed the last year’s payment of fixed remuneration.

Golden parachutes are included in the calculation of the limit on the ratio of variable to fixed remuneration relating to the last year of an employment relationship, with exception made for amounts agreed and paid:

- on the basis of a non-competition agreement, in the amount that for each year of the duration of the agreement does not exceed the last year’s payment of fixed remuneration;
- as part of an agreement between the Bank and staff, however that may be reached, to settle a current or potential dispute (a “settlement agreement”), if it satisfies the formula described in the following paragraph.

Payments for the termination of an employment relationship are not considered and therefore the amounts calculated are not subject to restrictive rules, applicable outside a negotiated agreement, set by an independent third party (judge or arbitrator), neither are accessory items of limited material value considered. Restrictive rules are also not applicable to amounts agreed in view of or at the time of the early termination of an employment relationship occurring as part of extraordinary operations (e.g. mergers) or company restructuring processes and redundancy incentives connected with similar operations in accordance with

the provisions of point 2.2.3 - Exceptions under Bank of Italy Circular 285, which regard, amongst other things, "Identified staff" according to the terms, conditions and limits set as part of collective bargaining rules including those for companies, which is to say by laws applicable also to Senior Management.

5.2.1 Limits and criteria

In addition to the provisions of the law on indemnities for failure to give notice, payments for the termination of an employment relationship, which qualify as golden parachutes, may be made up to a maximum amount of 24 months' fixed salary, in addition to the first 12 months of a non-competition agreement, if this has been signed, and up to a maximum amount calculated on the basis of the remuneration for the specific position⁷.

The amount of a single year's remuneration used for the purposes of calculating payments for the termination of a relationship is calculated by considering the recurring fixed remuneration, inclusive of any allowances there may be for the role and/or fees received for corporate offices held in the Group.

The above limits do not in any way result in the right or even the expectation of exceeding any more restrictive limits and criteria that may be provided for by applicable laws, trade union agreements and/or practices in the event of dismissal.

For the purposes of exemption from the calculation of the variable cap set for amounts paid as part of a settlement agreement, however that may be reached, designed to settle a current or potential dispute, the following "predetermined formula" has been identified based on the category to which the member of staff belongs:

- "TOP IS" up to a maximum of 18 months' salary, to which up to 6 months' salary may be added in cases where the length-of-service in the company is longer than 5 years;
- "OTHER IS" up to a maximum of 15 months' salary, to which up to 3 months' salary may be added in cases where the length-of-service in the company is longer than 5 years;
- "IS" CONTROL FUNCTIONS up to a maximum of 15 months' salary, to which up to 3 months' salary may be added in cases where the length-of-service in the company is longer than 5 years.

The precise calculation of possible payments (always within the above-mentioned limits) shall be, without prejudice to compliance with the applicable law and

supervisory regulations, on the basis of a prudent assessment of all the circumstances of the individual cases in question, with particular reference to the underlying reasons for the termination of the employment relationship, to the position held, to age, to the long-term performance in terms of the creation of value for shareholders and to the appropriateness of the person's conduct. However, there will be no possibility of any automatic adjustment or minimum payment obligation, without prejudice to the constraints required by law and the national trade union agreement. The above criteria, applied in all Group companies, will be weighed one against the other, on the basis of the concrete case, in order to achieve the best interests of the company in compliance with the above regulations.

The amounts paid within those limits are not considered for the purposes of the variable cap set, but in any event will remain subject to variable remuneration rules.

No golden parachutes may be paid to persons who have caused financial or reputational damage to the Group, whether or not fraud or gross negligence have occurred.

5.2.2 Payment procedures

Payments for the termination of an employment relationship defined on the basis of the limits and criteria laid down in the previous paragraph, shall be paid in the manner and at the times consistent with legislation and regulations applicable to the specific case from time-to-time.

Any payments for the early termination of an employment relationship⁸ are triggered upon satisfaction of the conditions ("gates") set at Group level to ensure compliance with capital adequacy and financial balance ratios as defined in the document "RAF UBI Banca Group - Risk Appetite – 2020 Risk Appetite Statement". More specifically, the ratios and the relative thresholds for 2020 are as follows:

	R > CET1 ratio Early Warning threshold	R < CET1 ratio early warning threshold & R > CET1 ratio risk tolerance threshold	R < CET1 ratio risk tolerance threshold
R > NSFR risk tolerance threshold	Payment may be made	Board of Directors of Parent has discretion to make funds available	No payment
R < NSFR risk tolerance threshold	No payment	No payment	No payment

⁷ That limit, based on the current remuneration of the Chief Executive Officer of UBI Banca, corresponds to a maximum amount of approximately €4 million.
⁸ These conditions also apply to the payment of the retention bonus described in paragraph IV - Remuneration structure.

The values of these indicators (R) are identified from time-to-time, on the basis of the most recent available observation.

If payments are made to “Identified staff”, with exception made for possible up-front payments in cash for the cases described above, part of the payment will be made in financial instruments with the relative retention, subject to deferral conditions and to ex post adjustment procedures (malus and clawback) consistent with the “Identified staff” category to which the position concerned belongs and with the size of the relative amount, as laid down by the Group’s remuneration and incentive policies in force from time-to-time. These provisions also apply to the Group’s “Identified staff” belonging to its asset management company, except for the provision for the grant of shares in UCITS in place of UBI Banca shares.

For remuneration paid in an amount less than or equal to €50,000 and less than 25% of fixed remuneration, the payment is made entirely up-front in cash⁹.

5.2.3 Determination of end of employment relationship payments

The precise determination of the remuneration for “Identified staff”, according to the criteria and limits described above, is subject to assessment and approval, for the part that exceeds the indemnity paid for failure to give notice due by law or by contract, by the Board of Directors, with consideration given

to an overall assessment of the work of the person in the different positions occupied over the years. In terms of the process followed, the Board of Directors bases its assessments on a proposal formulated, in agreement with the Chief Operating Officer, by the competent internal units, subject to prior verification of its consistency with remuneration policies by the Remuneration Committee.

For the remaining staff in the Group, the competent internal units follow a structured procedure for the approval of the decisions made up to a maximum limit approved by a Shareholders’ General Meeting, with consideration given to an overall assessment of the work of the person in the different positions occupied over the years.

5.2.4 Management of exceptions

In those cases where compliance with the above provisions may not allow a company to achieve important objectives in the interests of the Group and where it may therefore be necessary to exceed the limits and/or follow other criteria for the calculation of payments and the procedures for making them, an appropriate proposal shall be submitted, together with the reasons and/or advantages for the company connected with following different rules, to the Board of Directors for approval, after receiving an opinion from the Remuneration Committee with adequate information given as part of the annual remuneration report in cases of “Identified staff”.

V. Remuneration Policies for Governing Bodies

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

It is designed to attract the best skill sets and is based on principles of both fair remuneration for similar roles and differentiation between roles on the basis of the levels of responsibility and risk involved. It also takes account of the professional skills required, the time and commitment employed, and market competitiveness. In detail, the fee structure involves a cap set by the fee paid to the Chairman of the Board of Directors, which in

compliance with supervisory regulations on remuneration is nevertheless lower than the fixed remuneration of the Chief Executive Officer.

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

Members of the Governing Bodies classified as Senior Management may receive forms of remuneration linked to results, while all the other members of the Governing Bodies of the Group receive no variable remuneration and are no guaranteed bonuses¹⁰ or golden parachutes for them.

⁹ The relative amount for Pramerica personnel is €80,000.

¹⁰ Without prejudice to exceptions allowed by legislation and regulations, limited to the first year of employment, for board members classified as senior management.

1. Remuneration of members of the Board of Directors

The Bank's Articles of Association provide for a Shareholders' Meeting to establish, when appointing the Board of Directors, in compliance with existing regulations, an overall remuneration for the members of the Board, therein including the Chair, the Deputy Chair, the members of internal board committees provided for by Art. 31 of the Articles of Association, excluding the members of the Management Control Committee. On the basis of a proposal from the Remuneration Committee, the Board of Directors allocates this total remuneration internally.

This allocation takes account of the time commitment and skill sets required for carrying out individual duties, and detailed benchmarking analysis of the main competitors in relation to the remuneration received for the various positions held, thereby paying adequate compensation for the duties and responsibilities assigned.

The Board of Directors, on the basis of a proposal from the Remuneration Committee, may establish an additional remuneration for Directors invested with particular roles provided by the Articles of Association as well as for the Chief Executive Officer and the Directors who are members of the committees provided for in Art. 32 of the Articles of Association, but not for the Chairman, the Deputy Chairman and the members of the committees provided for by Art. 31 of the Articles of Association. This additional remuneration also takes account of the time commitment and the skill sets required for carrying out the duties.

The remuneration, including the overall remuneration provided for by the first paragraph of this sub-section, is determined in a fixed amount, with the exception of what is due to the Chief Executive Officer, as specified below.

Again in accordance with the Articles of Association, the Directors are entitled to the reimbursement of the expenses incurred by reason of their office.

The fees that members of the Parent's Board of Directors may receive for participation in the Governing Bodies of Group companies may not exceed, overall, a cap of two thirds of the amount due for holding the office of Member of the Board of Directors of UBI Banca.

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

The current members of the Board of Directors of UBI Banca Group at the end of 2019 hold, on average, 36,938 UBI Banca shares for a value¹¹ of approximately 46% of the average annual salary due to them.

2. Remuneration for the position of member of the Management Control Committee

The Shareholders' General Meeting establishes at the time of appointment as a fixed and per capita quota – but with an increase for the Chair – for the entire duration of the office, the remuneration for the members of the Management Control Committee.

The members of the Management Control Committee who may be called upon to be members of the Risk Committee or the Related Parties and Connected Persons Committee nevertheless have the right to receive the remuneration paid to members of those committees.

3. Chief Executive Officer

In accordance with the Articles of Association of UBI Banca, the remuneration package for the CEO was updated at the time of the renewal of terms of office at the 2019 Shareholders' General Meeting, in compliance with the relevant regulations and careful benchmarking against similar senior positions. It includes:

- a) **fixed remuneration**, consisting of the remuneration earned for the position of Chief Executive Officer and the component of remuneration related to the position of Senior Manager of the Group, to which is added a pension plan of a collective nature;
- b) **a non-competition agreement**, for the protection and safeguarding of the Bank's professional and business assets in order to avoid the risk of market competition. More specifically the non-competition agreement provides for the payment, at the time of the termination of employment, of one year of fixed remuneration as an employee of the company in a managerial position, a ban on taking up a position similar to that occupied in the Group in other Italian banks and on operating either directly or indirectly in the banking sector in the same geographical area for a period of twelve months subsequent to leaving. It also requires the Chief Executive Officer to pay a penalty amounting to twice the amount paid if he breaches that non-competition obligation;

¹¹ calculated at the market price for UBI Banca shares on 30/12/2019 amounting to €2.916

c) an annual variable component (short-term incentive scheme), proportionate to the achievement of various quantitative/financial performance indicators which are compared with budget forecasts and qualitative/non-financial performance indicators which are approved by the Board of Directors on the basis of a proposal from the Remuneration Committee. In detail, the following objectives were set for 2020:

Financial profitability indicators:	
RORAC	(30%)
Normalised PCOBT	(20%)
Total gross NPLs	(20%)
Sustainability	(10%)
Managerial effectiveness	(20%)
Performance of UBI share against a benchmark	(bonus adjustment)

As a corrective to the bonus, the Chief Executive Officer's incentive scheme is also linked to the UBI share price, compared with the listed banks used as a benchmark (TSR);

d) A multiannual incentive scheme (long-term incentive scheme) linked to the achievement of the objectives set in the 2020-2022 Business Plan, replacing the previous long-term incentive scheme that stopped at the end of 2019 for which no bonuses were paid.

Payment is made once capital and liquidity stability at Group level ("gates") have been verified and in compliance with the overall "bonus pool" calculated on the basis of the risk-adjusted profitability achieved by the Group.

The incentive schemes, particularly in relation to financial instruments, encourage equity investments by management. More specifically, at the end of 2019 the Chief Executive Officer held 695,424 UBI Banca shares compared with 671,342 UBI Banca shares held at the end of 2018¹², amounting to approximately 135% of his annual gross remuneration.

The updating of the remuneration package did not increase his fixed remuneration, which has remained unchanged over the last five years, except for variations in the payments/indemnities for positions held in Governing Bodies. More specifically, the non-competition agreement was adjusted in accordance with the supervisory provisions on "Remuneration and incentive policies and practices", updated by the Bank of Italy in October 2018.

In 2019 the Chief Executive Officer received the highest total remuneration in the UBI Banca Group¹³, amounting

to approximately 36 times the median remuneration paid to the remaining UBI Group personnel. Compared to the previous year the total remuneration paid to the Chief Executive Officer increased by approximately 0.4%, compared to 0.3% for the remaining personnel. Details of the variable remuneration received are given in Section II - Part One - paragraph "2019 Incentive scheme of the Chief Executive Officer".

4. The Governing Bodies of Group Companies

For those who are not members of the Parent's Board of Directors and are members of the Boards of Group companies, on the basis of principle of proportionality, the cap on remuneration is equal to the amount due for the position of Member of the Board of Directors of UBI Banca, plus one third.

The remuneration for positions held in Group banks and companies (determined by Shareholders' General Meeting of subsidiaries on the basis of a proposal formulated by the Board of Directors of UBI Banca, having consulted the Remuneration Committee) are determined with account taken of the activities of the subsidiary and also of the commitment and overall competencies required for the position, and they are consistent, in accordance with principle of proportionality, with those of the Parent's Board of Directors.

The fee paid to the Chair may not exceed the fixed remuneration paid to the Top and Senior Management (Chief Executive Officer or General Manager).

Remuneration paid for positions held on the management bodies of Group companies to senior managers who are employees of other Group companies is paid back to the company to which they belong. Provision has nevertheless been made for those concerned, given the considerable commitment and responsibilities undertaken, for the payment of a special allowance limited to a maximum sum of €20 thousand.

The remuneration paid to members of the supervisory bodies is calculated in fixed amounts (inclusive of the remuneration to be paid to members of the supervisory bodies themselves if they are acting as a "Supervisory Body" pursuant to Legislative Decree No. 231/2001) on the basis of the activities of the subsidiary and according to the principle of proportionality. An increase of approximately 50% of remuneration is payable for the positions of Chair.

Any exemptions for exceptional reasons from the above criteria for the determination of remuneration for the supervisory bodies of subsidiaries must nevertheless be approved in advance by the Parent's Board of Directors, following consultation with the Remuneration Committee.

¹² calculated at the market price for UBI Banca shares on 30/12/2019 amounting to €2.916
¹³ including the variable components relating to the year received in cash/welfare

VI. Remuneration and incentive policies for staff with employee contracts

1. "Bonus pool" and trigger conditions ("gates")

Each year, an overall "bonus pool" at the service of incentive schemes for the period is allocated as part of the Group's budgeting process. This budget is allocated at the level of each company and business unit, with consideration given to the expected profits, the number and type of staff, the relative theoretical bonus levels, the type of business or context and the capacity to remunerate capital.

If significant revisions to the budget are made during the year in question, the bonus pool may be subject to changes by the Board of Directors, after prior consultation with the Remuneration Committee.

The incentive schemes are triggered upon satisfaction of the conditions ("gates") set at Group level to ensure compliance with capital and liquidity stability indicators as defined in the document "RAF UBI Banca Group - Risk Appetite – 2020 Risk Appetite Statement". The indicators and the relative thresholds for 2020 are as follows:

GATE

Common Equity Tier 1 ("CET 1") > 11.15%;

Net Stable Funding Ratio ("NSFR") ≥ 104%;

Liquidity Coverage Ratio ("LCR") ≥ 120%;

Leverage Ratio ("LR") > 3.75%.

The values for these indicators are verified at the end of the period, as at 31/12/2020.

Incentive schemes are not triggered in the absence of stated normalised profit, except (in the presence

of events and variables, inclusive of those of an exogenous nature, that are unforeseeable or non-determinable beforehand, to be assessed on a case-by-case basis) for the possibility of assigning a quota, up to a maximum of 15% of the total "bonus pool", to be submitted to the Board of Directors for approval, based on a proposal from the Remuneration Committee.

Once the above-mentioned "gates" have been triggered, at the final figures stage the bonus pool may be increased, without prejudice to the proper remuneration of capital and liquidity, up to a predetermined maximum, or reduced as far as zero (malus), both at the overall level and at the level of each legal entity, in accordance with the criteria set out in the implementation regulations and on the basis of the performance with respect to the budget:

The size of the bonus pool is calculated:

- on the basis of "RORAC" at Group level;
- on the basis of the "Normalised net profit adjusted for the difference between the cost of capital allocated and the capital absorbed"¹⁴ at the level of individual legal entity and business unit.

These indicators were identified because they foster a sound incentive policy that can link the payment of variable bonuses to both profit performance and risks taken. The notion of allocated/absorbed capital is also consistent with the definition of Pillar 1 capital requirements and includes the principal Pillar 2 risks.

For companies/business units where a budget loss is forecast, a portion of the bonus pool can also be paid in order to recognise the best individual performance, on condition that they meet or improve budget forecasts.

An example of how this works is given below, on the basis of which the bonus pool may vary once determined RORAC results compared with budgeted results have been considered.

¹⁴ For the asset management company with a low capital absorption, the indicator used is normalised net profit.

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

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

In order to also be able to manage unforeseeable and non-determinable exogenous variables, the Board of Directors may reserve a reduced portion of the budgeted bonus pool, up to a maximum of 15%, to interventions based on qualitative assessments of performance, subject for verification to the approval of the Board of Directors, after receiving an opinion from the Remuneration Committee.

Furthermore, on the basis of a proposal from the Remuneration Committee, having first consulted the Risk Committee and with support from the competent organisational units, the Board of Directors may (i) consider increasing or reducing the level of the bonus pool available at overall, single legal entity and business unit level, in order to take account of events/components that are extraordinary or unforeseen at the time of budget, such as for example, but not limited to, mergers and capital increases and (ii) any normalisations of extraordinary events, in order to neutralise the effects of those operations, while making appropriate disclosures to the Shareholders' General Meeting. For the purposes of their neutralisation in the incentive scheme, the nature of such events/components will already be subject to evaluation when a decision is taken on the related transactions, such as for example, but not limited to, extraordinary actions with the strategic objective of accelerating the improvement of the Group's risk profile by reinforcing de-risking without aiming to penalise the staff incentive scheme.

2. Short-Term Incentive Scheme for "Identified staff"

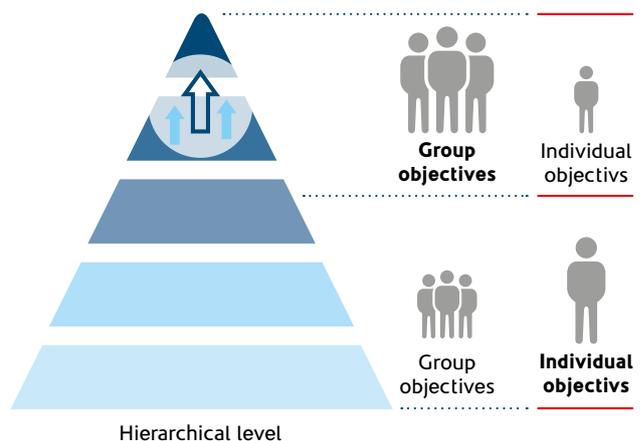
The incentive scheme for "Identified Staff" is designed to direct behaviour and managerial actions towards the achievement of strategic objectives, rewarding

the best annual performance, evaluated on the basis of optimising the risk/return ratio.

The actual participation of individual "IS" in bonus schemes take place on the basis of individual performance measured according to "balanced scorecard" principles recorded on "Management by Objective Sheets", which may contain both indicators of an operating and financial nature (profitability, growth and productivity) and of a non-financial nature (project work, CSR-related sustainability, customer satisfaction and managerial efficacy), with the exception of the control functions, the Senior Officer Responsible for the preparation of corporate accounting documents and the UBI Banca Head of the Human Resources Area for whom there are no indicators linked to operating and financial objectives.

In consideration of the segmentation of the "IS" perimeter and the importance of positions in the organisation, the individual performance indicators have differentiated percentage weightings: for the most senior positions Group or company/business unit objectives prevail over individual objectives, in consideration of their more direct impact on the former.

HIERARCHICALLY RELATED OBJECTIVES



Exclusively for the most senior positions at the Parent¹⁵, a quota of the bonus may be adjusted on the

¹⁵ Chief Executive Officer, General Manager, if appointed, and Senior Deputy General Manager of UBI.

basis of the position of the UBI share compared with the listed banks used for the benchmark¹⁶.

The calculation methods are designed to allow gradual access to the payment of bonuses, depending on the degree to which each objective is achieved. On the basis of the overall performance measured against the assigned objectives, the bonus for "IS" is set using calculation methods that favour gradual growth, partly to prevent conduct at risk of moral hazard.

If total individual performance is 80% less than the objectives set, then no bonus is awarded; from 80% to 100%, the bonus increases from 25% up to the value of the target bonus; similarly, in the event of over-performance, the bonus can reach 150% of the target bonus¹⁷.

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

In compliance with the principles laid down in the applicable regulatory framework, the structure of the bonus payout requires that for the whole of the "Identified staff" perimeter at least 50% of the variable remuneration shall be paid in ordinary shares of UBI Banca and, if the quota paid in financial instruments is greater than 50% of the total variable remuneration, the deferred quota paid in financial instruments shall be greater than the up-front quota. This quota is

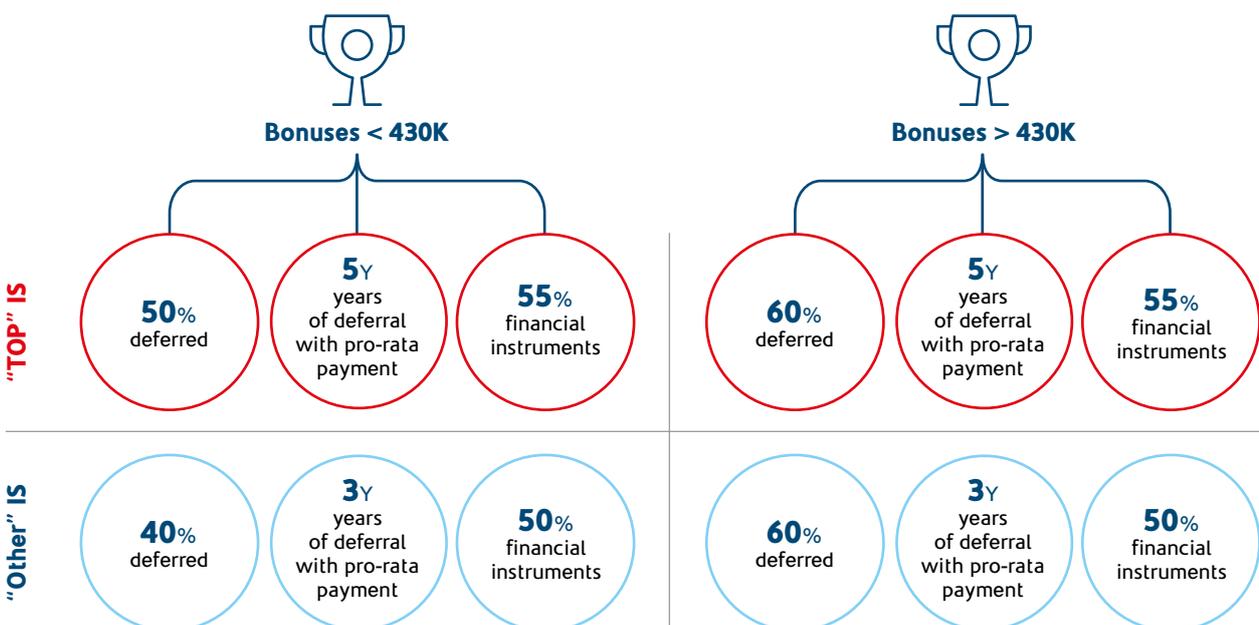
subject to retention clauses which align the incentives with the long-term interests of the Bank.

In line with the applicable regulatory requirements, for the three-year period 2019-2021, the "particularly high" amount has been set at UBI at €430,000 for variable remuneration, a limit beyond which 60% of the bonuses earned are deferred. More specifically, in cases where bonuses are higher than that amount, the payout takes place as follows:

- for "Identified staff" belonging to the "Top IS" perimeter, inclusive of the Chief Executive Officer, a 60% quota is deferred over five years on a pro rata basis and a component is paid in UBI Banca shares amounting to 55% of total variable remuneration;
- for the "Other Group IS" perimeter, a 60% quota is deferred over three years on a pro rata basis and a component is paid in UBI Banca shares amounting to 50% of total variable remuneration.

For bonuses equal to or less than the particularly high amount, the payout takes place as follows:

- for "Identified staff" belonging to the "Top IS" perimeter, a 50% quota is deferred over five years on a pro rata basis and a component is paid in UBI Banca shares amounting to 55% of total variable remuneration;
- for "Identified staff" belonging to the "Other Group IS" perimeter, a 40% quota is deferred over three years on a pro rata basis and a component is paid in UBI Banca shares amounting to 50% of total variable remuneration.



¹⁶ Banca Popolare EmiliaRomagna, Banca Popolare di Sondrio, Banco BPM, Credito Emiliano, Intesa San Paolo, Mediobanca and UniCredit.

¹⁷ The increase in the target bonus in the event of over-performance may be reduced or eliminated if the limit set on the ratio of variable to fixed remuneration is reached.

After the rights have vested, shares are subject to a holding period of one year for retention purposes.

With specific reference to “Identified staff” in asset management positions, a quota of the financial

instruments is converted into a basket of products representative of the main investment strategies, consisting of quotas/shares of UCITS managed by Pramerica SGR S.p.A., in compliance with regulations specific to that sector (“UCITS V”).

Examples of the payout procedures for “Identified Staff”, differentiated on the basis of the type of IS, are given below.

	2020	2021	2022	2023	2024	2025	2026
“IS Top” with bonus of high amount	year of performance	20% up front cash (monetary & welfare)	20% up front financial instruments	15% deferred cash (monetary & welfare)	15% deferred financial instruments	15% deferred financial instruments	5% deferred financial instruments
							10% deferred cash (monetary & welfare)
“IS Top” with bonus less than or equal to high amount	year of performance	25% up front cash (monetary & welfare)	25% up front financial instruments	10% deferred financial instruments	10% deferred financial instruments	5% deferred financial instruments	5% differito strumenti finanziari
				10% deferred cash (monetary & welfare)			5% deferred cash (monetary & welfare)
“Other Group IS “ with bonus of high amount	year of performance	20% up front cash (monetary & welfare)	20% up front financial instruments	15% deferred financial instruments	15% deferred financial instruments		
				15% deferred cash (monetary & welfare)		15% deferred cash (monetary & welfare)	
“Other Group IS “ with bonus less than or equal to high amount	year of performance	30% up front cash (monetary & welfare)	30% up front financial instruments	10% deferred financial instruments	10% deferred financial instruments		
				10% deferred cash (monetary & welfare)		10% deferred cash (monetary & welfare)	

The table already included the retention period applied to both upfront and deferred financial instrument payments.

In order to ensure economic and capital stability over time, consistent with the long-term strategic objectives of the bank or company, the deferred quotas shall be paid on a pro rata basis shall be paid on condition that adequate levels of capital stability (Common Equity Tier 1 Ratio) and liquidity stability (Net Stable Funding Ratio) are maintained at Group level (– measured as at 31/12 of the year prior to the grant) – consistent with the “Risk Appetite Framework” defined in the policies applicable from time-to-time. The deferred portion of the bonus shall be reduced to zero if these conditions are not met (the “malus conditions”).

No interest or dividends are paid on deferred portions of the bonus until they have actually been granted. The variable components paid (inclusive of those paid

in the form of job-security agreements) consisting of annual amounts of less than or equal to €50,000 and less than 25% of fixed remuneration shall be paid on an up-front and “monetary & welfare” basis¹⁸ (the “materiality threshold”).

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

The beneficiaries of the incentive schemes who belong to the “Identified staff” perimeter are required to sign specific in-house regulations.

¹⁸ In consideration of the specific markets involved and the composition of the current remuneration package, for asset management positions, payment is made on an “upfront monetary & welfare” basis if the individual bonus earned is less than €80,000, and for financial advisors of IWBanck, payment is made on an “upfront monetary & welfare” basis if it is less than €50,000 and less than 33% of fixed remuneration.

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

Bonuses shall take into consideration breaches of company regulations or orders, ascertained by the imposition of disciplinary penalties, or following adverse findings made by the Internal Audit Function (individual “compliance breaches”).

3. Short-term incentive schemes for personnel not comprised within the “Identified staff” perimeter

For personnel that do not belong to the “Identified staff” perimeter (without prejudice to the Group and company objectives set as conditions for triggering and management of the bonus pool) the parameters used at individual and business unit level are mainly quantitative and measurable, but they nevertheless include qualitative aspects for performance measurement and are normally also correlated with levels of customer satisfaction.

In general, UBI Banca can develop annual incentive initiatives for specific clusters of personnel - with particular reference to retail business - with the objective of supporting co-operation and working as a team to achieve common objectives measured at team level. Initiatives can also be introduced during the year to support the achievement of a specific objective.

For some highly profitable business segments of great significance to Group strategy, on the other hand, incentive schemes recognise individual objectives that are tailored to different roles and measured using an individual performance form, again on an annual basis.

Particularly for staff who sell banking, financial and insurance products, (of whom there are over 13,000 in the Group including both those who interact directly with customers and those who report to them), the indicators do not involve direct links with single services or products, but relate more generally to areas or sectors of activity and are defined with the intention to pursue and safeguard proper relationships with customers and comply with regulations and legislation in force, with particular reference to compliance with the obligations concerning behaviour and conflicts of

interest, and those pursuant to the MiFID II Directive, the policies issued by the ESMA, the Consumer Credit Directive and the Mortgage Credit Directive.

In relation to the Bank of Italy provision “Transparency of banking and financial transactions and services – correctness of relationships amongst intermediaries and customers” attention is drawn to the introduction, in the context of complaints, of an evaluation including evidence drawn from regular customer satisfaction surveys in relation to the quality of the relationship with customers who have made a complaint.

There are also specific objectives for the management and reduction of non-performing loans (NPLs), in relation to the strategies approved.

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

Bonuses shall take into consideration breaches of company regulations or orders, ascertained by the imposition of disciplinary penalties, or following adverse findings made by the Internal Audit Function, as generally provided for by the company policy implementation regulations; those who have not taken training and refresher courses and qualifications with MiFID and IVASS as required will also be excluded.

4. 2020-2022 Long-term incentive schemes for “Identified staff”

Long-term incentive schemes are triggered by the Board of Directors, following consultation with the Remuneration Committee, without prejudice to the approval of the financial instrument component by a Shareholders’ General Meeting.

When the new 2020-2022 business plan was launched, the the Board of Directors passed a resolution approving a long-term incentive scheme that is closely related to the achievement of the objectives set, and at the same time as gave its approval for the termination of the previous long-term incentive scheme for which no payments are due, because of the results achieved at the end of 2019.

The plan has the objective of directing activities towards the creation of long-term value for

shareholders; part of the remuneration is therefore linked to medium to long-term results, motivating management to achieve the ambitions of the business plan without encouraging the taking of unsustainable risks, as decided by the competent bodies.

The long-term incentive scheme sets quantitative/financial and qualitative/non-financial objectives, including sustainability objectives measured over the life of the plan. This scheme is intended, amongst other things, to make remuneration target levels more competitive, attributing greater value to the variable component and directing the pay mix towards

performance, amongst other things by encouraging the loyalty of key personnel.

The beneficiaries of this scheme are all the “Identified Staff”, with the exception of the corporate control functions, the Senior Officer Responsible for the preparation of corporate accounting documents and the Head of the Human Resources and certain specific positions at the asset management company, taking account of the related pay mix and levels of responsibility.

An additional amount is to be allocated to the bonus pool created for the short-term incentive scheme in order to finance it.

4.1 The main features

Summary of the main features of the 2020-2022 long-term incentive scheme:



TRIGGER CONDITIONS

- Gate at Group level consistent with the **RAF** and with the thresholds set for the 2022 short-term scheme with regard to: **CET1 ratio, NSFR, LCR, LR (risk tolerance + early warning threshold level)**
- **ROTE 2022** other at least 90% of the scheme target



PERFORMANCE AWARDS 2022

KPI	Waiting	Business Planned Target	Grant criteria	
			Threshold	Percentage bonus
ROTE	50%	8.3%	>8.3%	100%
			$\geq 7.6\% \text{ e } \leq 8.3\%$	25%-100%
			<7.6%	0%
Cost / Income ratio	25%	58.1%	<58.1%	100%
			$\leq 58.9\% \text{ e } \geq 58.1\%$	25%-100%
			>58.9%	0%
NPL ratio	25%	5.2%	<5.2%	100%
			$\leq 5.7\% \text{ e } \geq 5.2\%$	25%-100%
			>5.7%	0%

The objects will be measured only at the end of the three-year period (31.12.2022) on normalised stated amounts with an accumulation mechanism. The objectives relate to the Group perimeter for all participants, including the product companies, in order to ensure overall alignment of the scheme.



CORRECTIONS

- 15% reduction of the bonus for each year (2020 and 2021) if the annual Group performance for RORAC is 85% less than budgeted (sustainability over the course of the scheme);
- 10% reduction if the sustainability objective is not achieved;
- correction of +/-10% linked to the Total Shareholder Return (TSR) compared with a peer Group benchmark (Banca Popolare dell'Emilia Romagna, Banca Popolare di Sondrio, Banco Bpm, Credito Emiliano, Intesa San Paolo, Mediobanca and Unicredit). More specifically: if UBI TSR \geq Q3 = +10%; if UBI TSR <Q3 and >Q1, no change, if UBI TSR Q1 = -10% where Q3 stands for the “third-quartile” and Q1 for the “first quartile” in decreasing order of value.

If extraordinary or unforeseen events occur, the Board of Directors may make necessary or advisable changes to the structure of the Scheme in order to neutralise the effects of those operations on the “entry gate” and KPIs, while making appropriate disclosures to the Shareholders’ General Meeting.

4.2 “Pay-outs”

Bonuses are paid in UBI shares (performance shares), which are considered amongst the most appropriate instruments for aligning the interests of shareholders with those of management, to be paid in more than one tranche over a period of several years.

Bonuses are paid according to the following payout procedures, distinguished on the basis of the proportion of “Top IS” and “Other IS”:

- “Top IS”: 50% (60% for “Other IS”) is paid up-front in UBI shares at the end of the performance measurement period (accrual), with a one year retention period;
- “Top IS”: 50% (40% for “Other IS”) is paid in UBI shares, deferred by five years on a pro rata basis, with a one year retention period. Examples of the payout procedures are given below.

	2020-2022	2023	2024	2025	2026	2027	2028	2029
“IS Top” *	assessment period		50% up-front financial instruments	10% deferred financial instruments				
Other IS	assessment period		60% up-front financial instrument	15% deferred financial instruments	15% deferred financial instruments	10% deferred financial instruments		

* if the variable amount is high (>€430K) the deferred percentage rises to 60% (upfront quota 40% and each deferred instalment rises to 12%)

In order to ensure economic and capital stability over time, consistent with the long-term strategic objectives of the bank or company, the deferred quotas shall be paid on a pro rata basis shall be paid on condition that adequate levels of capital stability (Common Equity Tier 1 Ratio) and liquidity stability (Net Stable Funding Ratio) are maintained at Group level (– measured as at 31/12 of the year prior to the grant) – consistent with the “Risk Appetite Framework” defined in the policies applicable from time-to-time. The deferred portion of the bonus shall be reduced to zero if these conditions are not met (the “malus conditions”).

5. Malus and clawback mechanisms

The variable component of remuneration is subject to clawback mechanisms for the repayment of bonuses that have already been received.

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

- conduct leading to a significant loss for the Bank or for customers;
- additional conduct non-compliant with the provisions of the law, regulations, or Articles of Association and any ethical codes of conduct or

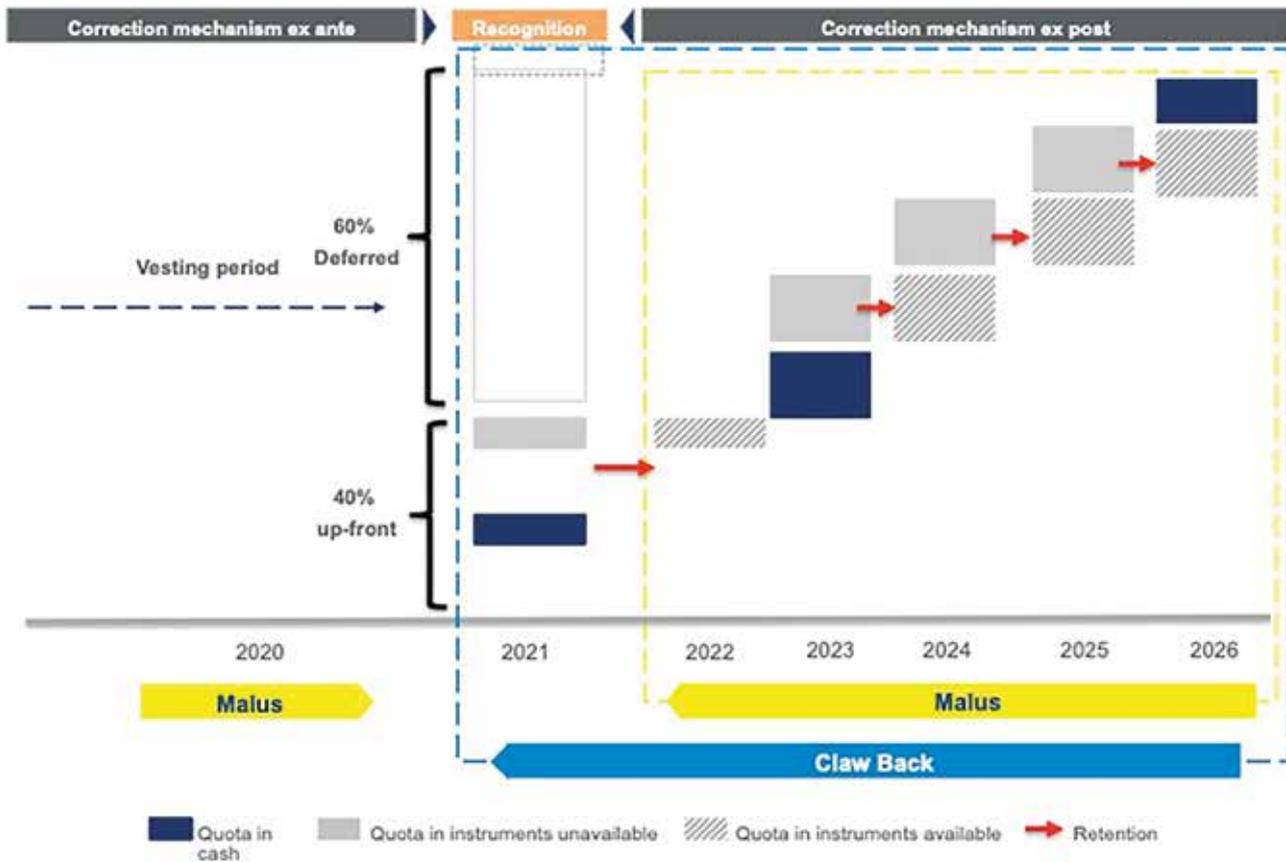
other codes of conduct applicable to the Bank, in the cases provided for by the Bank;

- breaches of the obligations under Art. 26 or, when the subject is an interested party, Art. 53, paragraphs 4 and following of the Consolidated Banking Law or obligations relating to remuneration and incentives;
- breaches of the provisions of the Consolidated Finance Law with regard to obligations under Art. 6, paragraphs 2-septies, 2-octies and 2-novies, or Art. 13, or obligations concerning remuneration and incentives according to Art. 190-bis;
- fraudulent conduct or gross negligence causing damage to the Bank.

These provisions are independent of any compensation or disciplinary issues.

The clawback shall take place for bonuses paid up to a period of five years prior to the date on which the charge of misconduct indicated above was brought.

The above also involves the termination of any bonuses currently vesting and of payments of deferred components, earned in previous years and not yet granted (a “malus”). The chart below shows an example of periods of application of adjustment mechanisms, with respect to the payout scheme for “Top IS”, in the event of bonuses that are higher than the amount of the “particularly high” variable component.



6. Personal hedging and avoidance strategies

UBI Banca pays remuneration to its staff solely in accordance with regulations governing Remuneration and Incentive Policies and it excludes the use of vehicles, instruments or payment procedures which may be used to “avoid” compliance with legislation and regulations on remuneration and may contain incentives to take risks.

The Bank expressly asks its staff, by means of specific agreements, to not make recourse to personal hedges or insurance strategies applied to remuneration or other aspects which might alter or impair the effects of alignment with the risk set with these policies. In order to achieve this, sample checks are made on the internal custody and administration accounts of “Identified staff”

and they shall be required to inform the Bank of the existence or opening of custody and administration accounts with other intermediaries.

Furthermore, the Bank defines the types of financial transactions and investments which might impact on procedures designed to align risks in special internal regulations and asks “Identified staff”, by means of specific agreements, to notify the Bank of financial transactions and investments carried out that are classified as belonging to those types of transactions and investments identified, where possible, along the same lines as other internal regulations governing investments (e.g. Code of Conduct, Code of Ethics, Policy on Personal Transactions and the Insider Dealing Regulation) and which shall be considered for the calibration of remuneration and incentive schemes.

VII. Remuneration and incentive policies for associate workers not bound by regular employee contracts.

While taking account of particular features of the specific business concerned, the forms of remuneration applicable to associate workers not bound to the Group by regular employee contracts are based on the criteria and guidelines contained in this document and aim to promote responsible conduct by the businesses and the proper treatment of customers as required by the principles specified under Directive 2014/65/EU ("MiFID II").

Financial advisors and Financial Agents are particularly important for the purposes of Remuneration and Incentive Policies in regard to the category of associate workers not bound by regular employee contracts.

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

1. IWBank Financial Advisors

Financial Advisors are classified according to a range of professional levels and co-ordinated by a management structure that is itself organised into three levels, on the basis of their experience, ability and length-of-service.

The network of Financial Advisors is thus composed as follows:

- Wealth Manager
- Area manager
- Branch manager
- Group manager
- Financial Advisor.

In addition to their standard activities under their own Agency Contract, the Area, Branch and Group Managers perform a secondary role co-ordinating, monitoring and training the Advisors assigned to them.

Financial Advisors are bound to the company by an Agency Contract, on the basis of which the Advisor is permanently appointed, without representation, to work independently (exclusively on behalf of the Bank), promoting and selling financial instruments, investment services and activities, banking products

and services, insurance and pension products and other products stated in the contract itself, and, with all the diligence required to achieve the Bank's aims, assist their new customers and/or allocated customers. In this context an open architecture model has been implemented, offering customers a broad choice of third-party products and services. This puts the Financial Advisors in a position where they are not restricting their choice to Group products, thus mitigating the risk of not acting in the best interests of customers.

As occurs throughout the sector of companies that provide financial advisory services through indirect networks, Financial Advisors are remunerated by means of commissions which take account of the level of experience and expertise achieved and the different types of products and services offered. More specifically, compared with the financial advisory sector as a whole, while it is linked to revenues generated by business procured by the Financial Advisors, the remuneration structure adopted by the Bank avoids excessive differentiation of levels of remuneration, in order to avoid generating conflicts of interest for advisors in the provision of investment advisory services. The implementation of the MiFID II Directive has also led to a reduction in the amount and differentiation of maintenance commissions paid, limiting the rules applied to load fees paid back to them to two contiguous tax bases.

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

- a "recurring" component, the "commissions", that constitute the more stable and regular part of remuneration and are the natural fee for the advisory activity;
- a "non-recurring" component, which typically has an incentive value because it is subject, for example, to the achievement of specific results, such as increasing total net inflows of funds, necessary to support the achievement of the commercial development of objectives and the capacity to generate value over time, while remaining compliant with adjustment criteria linked to the quality and efficiency of products advised.

The “recurring” component remunerates Financial Advisors for their sales, management and customer assistance activities and offsets the expenses incurred independently by Financial Advisors in the course of their activities, including payment of the tax and social security contributions required by law.

There are also override mechanisms to remunerate Financial Advisors with a management role for the indirect promotional activity they perform by supervision and co-ordinating the other Financial Advisors operating within their area and for their activities to develop and increase the size of the group.

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

- collective incentive schemes lasting one or more years, designed to stimulate the activity of all Advisors and to reward excellence on the basis of specific objectives, set out in detail in specific regulations;
- individual incentive schemes which, on the basis of individual agreements, reward the achievement of performance targets, inclusive of any extraordinary and non-repeatable inflows of funds, and in any case not attributable to building the portfolio at the entry stage. As part of these incentive schemes the parties may agree that the bonuses earned can function as a retention bonus. In that case the amounts will be paid provisionally (on account) and finally vested, once the length-of-service has been reached, on the agreed date;
- multi-year retention schemes which, with a view to retention, involve the achievement of determined length-of-service targets and/or the maintenance of predetermined portfolio levels and a scheme for the payment of increased provisions. The requirements for access, verification of these requirements, payment procedures for the plans and the conditions for the payment of increased provisions are governed by specific regulations approved by the Board of Directors of the Bank.

The bonus pool allocated for incentive schemes for Financial Advisors is set each year when the budget is drawn up, proposed by the relevant department at a maximum of 2% of the commission income of the Bank and submitted for the approval of the Board of Directors of IWBanck. The bonus pool for Financial

Advisors is separate from the one for employees of the company and more generally the Group; it is self-financed because the staff category is made up of freelance professionals with agency mandates whose “non-recurring” remuneration is made up of commissions set as percentages of the IW Bank’s gross revenue.

Incentive and loyalty schemes are triggered upon the satisfaction, at the same time, of adequate capital and liquidity stability indicators both at Group level, as defined in the document “RAF UBI Banca Group - Risk Appetite – 2020 Risk Appetite Statement” and at the single company level, in line with regulatory requirements and consistent with the provisions of Group’s remuneration and incentive policies in force from time-to-time¹⁹.

In addition to achieving the financial objectives set for them and the parameters set in the context of the incentive or loyalty plans, in order to promote appropriate commercial behaviour and avoid potential conflicts of interest in dealings with customers, the “non-recurring” component of remuneration will be paid to Advisors and Managers on condition that:

- they have not made it necessary, following their conduct, including failure to act, for the Bank to record operational losses in the related procedure, or that in any event give rise to a payout due to the joint liability of the Bank pursuant to Art. 31 of Legislative Decree No 58/1998;
- they have not been subject to disciplinary measures on the part of the Authorities and/or within the Bank, in relation to significant irregularities in the performance of the activities for which they are responsible;
- following inspections carried out by the Audit Function of the Parent, they have not received an unfavourable result (Rating 4 - partially unfavourable, 5 - mainly unfavourable, or 6 - unfavourable), or, in the event of an unfavourable outcome, it has been remedied by a follow-up with a favourable result of at least 3;²⁰
- they have regularly attended the mandatory training courses organised by the Bank and passed any post-training tests;
- at least 85% of the allocated customers have participated in the advisory service, even if this was free of charge;

¹⁹ Where available, the same indicators and thresholds used at Group level are applied at single company level.

²⁰ A “second chance” mechanism has been created for cases where the follow-up inspection shows an improved rating, which must be validated by the General Manager of the Bank, after consulting with the Audit Contact and notifying the Internal Audit of the Parent. The second chance can take place within the year set for the payment and involves the payment of the bonus in the month when the payment is due, if the follow-up inspection takes place by that date, or in the month after the inspection, if it takes place after the bonus payment date.

- they have not been the subject of three or more complaints relating to their work over the previous twelve months, or any complaints with potential liabilities for the Bank in excess of €500,000; complaints that have not involved the payment of sums by the Bank to the customer are also taken into consideration for this purpose;
- they have regularly given to and received from customers the information required to perform investment services.

More stringent rules apply for the payment of “non-recurring” remuneration (the “payout”) for Financial Advisors identified as “Identified staff” (deferral, use of financial instruments and malus). These are defined by Group Remuneration and Incentive Policies pursued from time-to-time applicable to “Other Group identified staff”.

They are identified on the basis of qualitative and quantitative requirements set by Regulation (EU) 604/2014 or additional criteria associated with a concentration of assets – either managed individually or as part of co-ordinated activities – greater than 5% of the Assets Under Management (“AUM”) of the Bank.

As for all Financial Advisors, the non-recurring component of remuneration is subject, amongst other things, to clawback mechanisms for the repayment of bonuses that have already been disbursed, in the cases prescribed by the Group Remuneration and incentives policies currently in force and in compliance with current legislative and regulatory requirements. The clawback may involve bonuses paid up to a period of five years prior to the date on which the charge of misconduct indicated above was brought and, as a precaution, may also be applied by offsetting it against any deferred quotas of bonuses or bonuses paid in advance.

2. Prestitalia Financial Agents

Prestitalia sets remuneration policies, revising and updating them to meet the requirements of the market in question, in compliance with the relevant external and Group regulations relating to potential constraints and risks (including reputational risk) and their impacts on customers.

More specifically, remuneration policies for Prestitalia Financial Agents take adequate account of the following supervisory provisions for remuneration schemes:

- Bank of Italy Circular No. 285, 25th update of 23rd October 2018, Title IV, Chapter 2 “Remuneration and incentive policies and practices”, Section IV addressed to “Financial Agents, Insurance Agents and Financial Advisors authorised to provide their services through indirect networks”;
- the Supervisory guidelines of 27th March 2018 on salary and pension-backed loans in relation to the remuneration of the distribution network.

In this regulatory context, the remuneration of Financial Agents is entirely variable and composed solely of “recurrent” components – the “commissions” that constitute the more stable and regular part of remuneration. No “non-recurring components”, incentives, or commission bonuses exist.

The ordinary commissions paid to Financial Agents are defined and formalised using a specific attachment to the Agency Contract and represent the basic payment for the activity performed under the Agency Contract.

In order to promote the stabilisation of relationships with the network and reward the capacity to maintain the current portfolio, a management fee system was introduced in 2020. This provides for the payment of recurring commission divided between the number of instalments provided for in the contract for each loan and maturing month by month for active cases except in the event of termination, cancellation or withdrawal from the Agency Contract.

There is also an additional commission system defined in the context of commercial plans extending over one or more years that are arranged and contractually agreed with the individual Agents in specific agreements.

The commercial plans generally define additional output targets and commissions by output brackets. This model provides for increasing (or decreasing) commissions if specific regular productivity target levels (e.g. quarterly, half-yearly, annual) are (or are not) achieved and based on the principle that the fixed costs incurred by the company for managing and monitoring the Agent have a greater (or lesser) impact depending on the achievement (or not) of the productivity levels identified.

In order to promote correct commercial practices and guarantee full compliance with the relevant regulatory framework, the commercial plans provide for regular monitoring of specific quality objectives,

set out in detail for the Agent. Depending on the number of quality objectives with a negative indicator, commissions are reduced on a granular basis by productivity level.

For new Agents, and in general for the first period of activity, in order to support initial investments, commission by productivity levels may be substituted by a “recruitment commission” that is fixed for the entire period of validity and set on the basis of the Agent’s potential.

In addition to the main task assigned in the Agency Contract, the Company may also give the Agent an additional task of commercial supervision and recruitment for which the Agent acting as a Supervisor will be paid a supervisory commission, calculated on the basis of the productivity levels delivered by the Agent supervised.

Subject to the authorisation of the General Management, Prestitalia may also pay contributions

to Agents for investments they have made for commercial development in order to increase productivity (e.g. for communication/marketing activities, opening new operational outlets, recruiting new team members, etc.).

As well as the types of commission described above, additional commissions may be paid for various reasons subject to authorisation by the General Management.

In order to support investments and meet the financial requirements of branches, provisional advance commissions may be paid, which the Agent undertakes to repay in accordance with a payment plan defined in a special agreement between the parties, generally through deductions from the invoices for commissions that will be earned on the basis of the provisions of the Agency Contract.

SECTION II

UBI BANCA 2019 REPORT ON WAGES

I. Part one

II. Part two



Section II

UBI Banca 2019 Report on wages

Section II of the report is designed to report on the application of the 2019 Remuneration and Incentive Policies approved by a Shareholders' General Meeting held on 12th April 2019, in compliance with the cur-

rent regulatory framework and pending changes to Art. 84-bis of the of the Consob Issuers' Regulations implementing changes introduced by the Second Shareholder Rights Directive (Directive 2017/828).

The second section of the Report on remuneration policies and wages is composed of two parts:

PART ONE

Descriptive in nature designed to describe and illustrate the items which compose the remuneration of members of the governing and supervisory bodies, of General Management and of "Identified staff" and the procedures used to set and pursue those policies.



PART TWO

Consisting of tables containing (i) data for the year 2019, presented in the format required by Bank of Italy Circular No. 285/2013 relating to the fixed cost and the variable component for staff of the UBI banking Group divided by area of activity and to the remuneration of those classified within the Group's "Identified staff" perimeter as at 31st December 2019 and (ii) data on remuneration for the year 2019, presented in accordance with the Schedule 7-bis of Attachment 3A of the Issuers' Regulations, relating to Directors, Statutory Auditors and other "Identified staff" of UBI Banca.

I. Part one

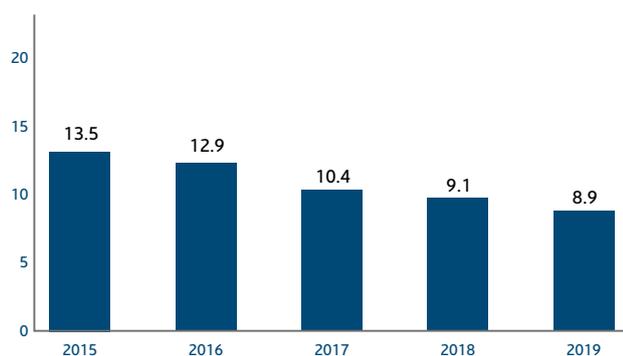
1. The main results for 2019

Details are given below of expenses incurred in 2019 for the various categories of personnel.

Expenses for Members of Governing Bodies.

Expenses incurred for the remuneration of Directors and Statutory Auditors of the UBI Group amounted to approximately €8.9 million, accounting for approximately 0.6% of total staff costs of the UBI Group. Over the last five years the Group has implemented an important programme of corporate change by progressively modifying two of its cornerstones, co-operative form and federal organisation, with a significant reduction in the number of Directors and the costs relating to them.

Directors and Statutory Auditors (€M)

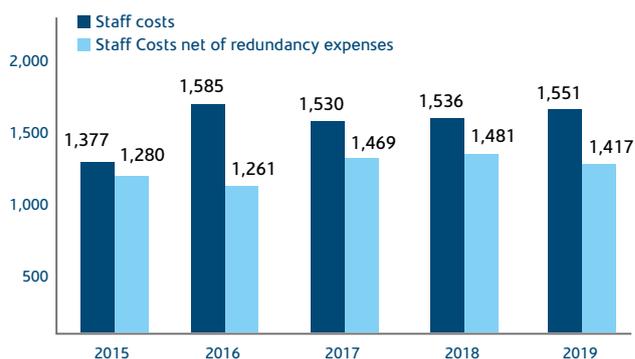


Expenses for employees

Total expenses incurred for Employee Personnel came to approximately €1,551 million. Although the workforce of the Group has grown over the last five years with the acquisition in 2017 of Nuova Banca delle Marche, Nuova Banca dell'Etruria e del Lazio and Nuova Cassa di Risparmio di Chieti, and also recruited new staff, partly in order to support youth employment, it has contain any increase in personnel costs thanks to a careful remuneration policy of cost optimisation, by means of voluntary redundancy agreements, partially-

paid leave and other initiatives to rationalise previous additional contractual conditions in the Group.

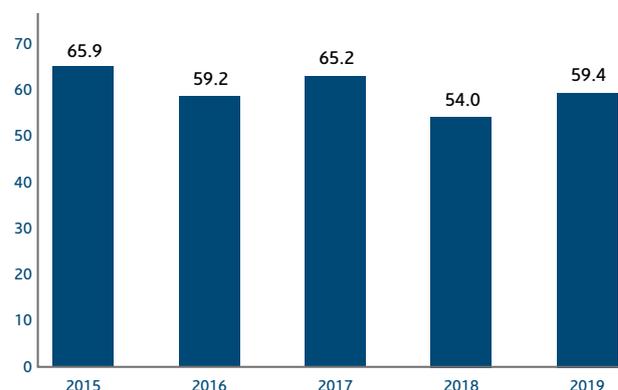
Employees (€M)



Expenses for Financial Advisors

With specific regard to Financial Advisors at IWBanK Spa, expenses totalled approximately €59.4 million. The number of Advisors in service has decreased over the last five years, with a substantial reduction in the related costs. One position belonging to the "Top IS" perimeter will receive non-recurring components of remuneration in relation to the "2018/2019 two-year incentive scheme", amounting to less than the threshold of €50 thousand and 33% of recurring remuneration to be paid up-front and in cash.

Financial Advisors (€M)



Employees paid a total remuneration of or exceeding 1 million

There are three positions in the Group with specific reference to all employees paid a total remuneration of or exceeding €1 million gross during the year.

Total remuneration (€)*	Number of persons
from €1 million to less than €1.5 billion	2
from €1.5 million to less than €2 million	-
from €2 million to less than €2.5 million	-
from €2.5 million to less than €3 million	1

* includes fixed and variable remuneration for the year.

Action taken on fixed remuneration of Employee Personnel

As part of the process for the periodic review of remuneration, known as the "Merit Plan", whereby, consistent with their career paths and professional development and the performances achieved, staff are paid continuous awards (promotions, pay increases, allowances for roles), action was taken in 2019 to reward merit, with the exclusion of changes required by automatic contract clauses in force, involving approximately 18% of personnel, with a total impact of approximately 0.5% on total wages paid.

As well as being based on a structured staff assessment process and methodology, the Merit Plan will also increasingly be used as a tool for constant monitoring of overall fair remuneration, including the gender pay objectives set by the new Group policy on Gender Diversity & Inclusion.

Estimate of the results of 2019 incentive schemes

On the basis of the available records, the trigger conditions ("gates") were satisfied and the performance of the Group return on risk-adjusted capital (RORAC) indicator was positive.

The RORAC indicator for 2019 is at levels between 75% and 100% of the budget forecast. The results confirmed, in accordance with the mechanisms defined in the incentive scheme the validity of the

total theoretical budget allocation, an amount of approximately €26.2 million.

It should, however, be noted in this regard that the performance of this indicator has been influenced by extraordinary factors that were unexpected and unforeseeable at the time of the budget, in relation to the extraordinary disposal of loans and receivables and more specifically:

- disposal of Residential Real Estate ("RRE") relating to counterparties (private individuals, sole proprietors and partnerships) with exposures secured by property mortgages (residential property);
- disposal of Small and Medium Enterprises ("SMEs"), relating to exposures to SMEs in the private sector.

These transactions were approved by the Board of Directors of UBI Banca during 2019 following the approval of the 2019 budget, with the strategic objective of accelerating the improvement of the Group's risk profile by reinforcing de-risking and improving future impairment losses.

In consideration of the extraordinary nature of the aforementioned operations not directly attributable to the ordinary operating performance of personnel and having received an opinion from the Remuneration Committee and the Risk Committee, the Board of Directors of UBI Banca decided, exclusively for the purposes of the incentive scheme and based on the principles of fairness, to approve the neutralisation of the aforementioned events.

These neutralisations brought the performance of RORAC, for the sole purposes of incentive schemes, to levels of over 100%, leading to the possibility of increasing the bonus pool to be allocated to the incentive scheme to a maximum of 125% of the budget forecast (approximately €32.7 million).

In this scenario, the total final cost of the 2019 incentive scheme, designed to reward performances achieved by the various business units, can be estimated up to a maximum of €29.2 million (-€3.5 million compared to the maximum expendable amount).

DETERMINATION OF BONUS POOL

Process	Type of indicator	Indicator	Achieved
"Bonus pool"	Capital strength conditions	Common Equity Tier 1 ("CET1")	✓
	Liquidity conditions	Net Stable Funding Ratio ("NSFR") Liquidity Coverage Ratio ("LCR")	✓
	Capital structure conditions	Leverage Ratio ("LR")	✓
	Sustainability conditions	Absence of loss	✓
	Profitability conditions	Return On Risk Adjusted Capital ("RORAC")	> 100%
MAXIMUM THAT MAY BE SPENT €32.7 MILLION (FORECAST SPENDING ESTIMATE: €29.2 MILLION)			

With regard to the latter estimate, again on the basis of the initial projections, subject to changes at the final verification stage for the qualitative and quantitative indicators, seven out of eight Group companies should have access to incentive schemes, although with different budget expense availability based on results achieved.

Approximately 83% of "Identified staff" should receive a bonus, of whom approximately 2% exceeding the 1:1 ratio between the variable and fixed components of remuneration, details of which, subject to revision on the basis of the final figures, are given in this section.

Since 2019, in compliance with the relevant legislation and regulations, a particularly high amount has been set at UBI at €430,000 gross for variable remuneration, a limit beyond which 60% of the bonuses earned are deferred.

More specifically, in cases where bonuses are higher than that amount, the payout takes place as follows:

- for "Identified staff" belonging to the "Top IS" perimeter, inclusive of the Chief Executive Officer, a 60% quota is deferred over five years on a pro rata basis and a component is paid in UBI Banca shares amounting to 55% of total variable remuneration, subject to a retention period of one year;
- for the "Other Group IS" perimeter, a 60% quota is deferred over three years on a pro rata basis and a component is paid in UBI Banca shares amounting to 50% of total variable remuneration, subject to a retention period of one year.

For bonuses equal to or less than the particularly high amount, the payout takes place as follows:

- for "Identified staff" belonging to the "Top IS" perimeter, a 50% quota is deferred over five years on a pro rata basis and a component is paid in UBI Banca shares amounting to 55% of total variable remuneration, subject to a retention period of one year;
- for "Identified staff" belonging to the "Other Group IS" perimeter, a 40% quota is deferred over three years on a pro rata basis and a component is paid in UBI Banca shares amounting to 50% of total variable remuneration, subject to a retention period of one year;

With reference to the above, all the bonuses for "Identified Staff", with the exception of the bonus for the Chief Executive Officer, are below the aforementioned threshold set in the 2019 policies.

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

In the event of variable components (inclusive of those paid in the form of job-security agreements) consisting of annual amounts of less than €50,000 gross and less than 25% of fixed remuneration, the payment is made entirely on an "up-front cash payments and welfare benefits" basis²¹.

²¹ For asset management positions, payment is made on an "up-front cash payments and welfare benefits" basis if the individual bonus earned is less than €80,000 gross..

2019 Incentive scheme for the Chief Executive Officer

Details of the level of achievement of the individual objectives assigned to the CEO are as follows:

2019 INCENTIVE SCHEME

Targets and performance

 GROUP TARGETS	Return On Risk Adjusted Capital ("RORAC")	
	Profit from continuing operations before tax ("PCOBT")	
	Total Gross Net Performing Exposures ("NPLs")	
	Customer Satisfaction	
 INDIVIDUAL TARGETS	Managerial effectiveness	
 GROUP CORRECTIONS	Total Shareholder Return("TSR")	
	UBI Banca Group sustainability indicator (adoption of diversity policies, smart working, social impact loans, integration of "ESG" criteria in assessments of creditworthiness, reduction of environmental impact)	
	Overall sustainability indicator of the UBI Banca Group (customer satisfaction vs. main competitors)	

 Below Target  On Target/Neutral  Above Target

Against the overall performance achieved the Chief Executive Officer will be awarded a bonus amounting to approximately €1.137 million, corresponding to approximately 75 of his fixed remuneration.

According to the payment scheme set out in the 2019 Policies, 45% of the bonuses accrued will be paid as "up-front cash payments and welfare benefits" and 55% in UBI Banca shares as shown below:

	2020	2021	2022	2023	2024	2025
monetary & welfare	227		171			114
UBI Banca shares		227		171	171	56

Figures in thousands of euro

Incentive schemes in previous years

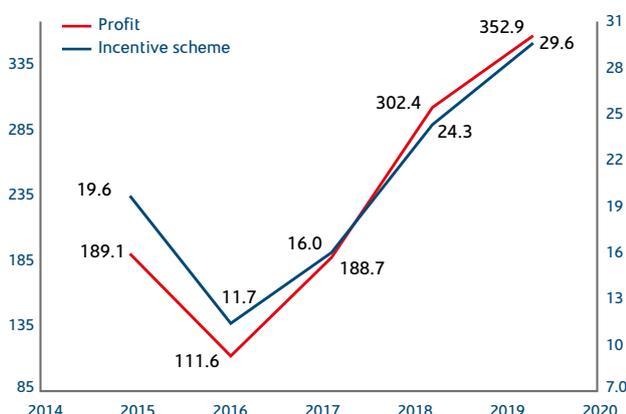
With regard to the 2018 incentive scheme, final consolidation figures show that the cost amounted to approximately €24.3 million, with a lower outlay compared with a total of €26.1 million set aside in the financial statements for the year on the basis of preliminary figure estimates.

As concerns deferred components of the 2014 and 2015 incentive schemes, bonuses accrued and paid out in 2019 for staff belonging to the "Identified staff" perimeter were as follows: 83,604 UBI Banca shares to 23 staff and approximately €510,000 gross to 31 staff, because the deferral and retention conditions for the three-year period 2016-2018 had been met.

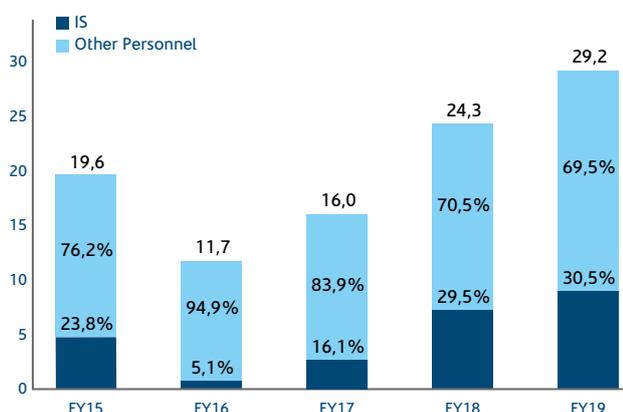
With regard to the 2016, incentive scheme, once the two-year retention period was over, 71,327 UBI Banca shares were granted from the up-front component earned by 27 staff in the “Identified staff” perimeter.

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

Incentive scheme vs. Profit reclassified net of the most significant nonrecurring items (€mln)



Changes to the Bonus pool (mln€)



Other items of remuneration

The supervisory regulations for “Remuneration and incentive policies and practices”, updated by the Bank of Italy in October 2018, clarified the nature of staff retention agreements as a form of variable remuneration.

In 2019 this clarification led to an update of internal documentation (Group Guidelines and the related formats for employees) and a process to revise/update all staff retention agreements as necessary

to comply with the provisions of the aforementioned regulatory change. In 2019 amounts due to staff retention agreements from the Group amounted to an estimated total cost of approximately €16 million.

In 2019, the Company Bonus related to 2018 was paid out, the amounts of which were set consistent with the operating performance of each company concerned, for a total expense of roughly €14 million and with staff having the option to choose payment of bonuses in welfare services.

2. Treatment for start and end of employment relationships

One guaranteed recruitment bonus (welcome bonus) was paid in 2019 limited to the first year, in compliance with supervisory regulations on remuneration and incentives, totalling €110,000 gross for staff included in the “Identified staff” perimeter

During the year, there were also seven terminations of members of “Identified Staff” in 2019. More precisely:

- one Central Director terminated their employment relationship with UBI Banca by mutual consent and in view of the early cessation of the employment relationship, in addition to the payment of end of employment amounts, the provisions of the job-security agreement entered into in January 2002 and brought into compliance with current remuneration and incentive regulations on 23rd December 2015 were applied. The payment due to implement that agreement, calculated on the basis of 24 months’ salary amounted, in accordance with the applicable laws, to €523,246 gross in compliance with the remuneration policies in force according to the following procedures:
 - in cash and not subject to conditions for the 12 month salary limit, as an indemnity equivalent to the value of the notice pursuant to Art. 26 of the national trade union agreement for the category;
 - in relation to the value of the remaining 12 months’ salary, 50% will be paid up-front and 55% in UBI Banca shares, subject to a malus and claw back clause according to the payout procedures for short-term incentive schemes relating to the “Identified staff” category.

- The remaining employees categorised as “Other Identified Staff” were only paid amounts due for the end of the employment relationship (end of year bonus accrued, vacations and post-employment benefits accruing on the date of leaving). More specifically, five employees voluntarily resigned, while one terminated their employment relationship with UBI Banca by mutual consent.

In relation to the objective of progressively recovering efficiency and productivity set in the 2019/2020 Business Plan, with a “record of meeting” dated 27th March 2019 and confirmed by the agreement of 9th May 2019, as part of the voluntary redundancy plan, a decision was taken to accept 215 applications to access the banking sector solidarity fund, submitted following the framework agreement of 26th October 2017 that had remained pending. Furthermore, in view of new legislation on pensions (including the “100 quota” legislation), provision was made for the possibility of a further 107 staff to leave, with direct access to INPS (national insurance institute) pensions in 2019. These initiatives involved additional costs of approximately €64 million, recognised in the

income statement for 2019, as well as cost synergies amounting to €19 million from the same year on. The agreement of 14th January 2020 defined a further phase of the voluntary redundancy plan with the possibility that 300 employees may leave, including the acceptance of the remaining 50 applications for admission to the solidarity fund already submitted following the signature of the trade union agreement of 26th October 2017. The relative costs, amounting to approximately €70 million, will be recognised in the results for the fourth quarter of 2019 and deliver cost synergies estimated at over €20 million in 2020 and over €25 million annually, starting in 2021.

3. Incentive schemes based on financial instruments

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

II. Part two

Part two contains the following:

1. aggregate quantitative information on remuneration by area of activity and category of personnel, with a distinction between the fixed component of remuneration and the variable performance-related component, for the “*Identified Staff*” perimeter in accordance with Art. 450 of the CRR (Regulation 2013/575 EU), paragraph 1 and the disclosure obligations pursuant to Circular No. 285/2013 (25th update);
2. quantitative information by name is given for the management and supervisory bodies and also for the Chief Executive Officer, Senior Deputy General Manager and Deputy General Managers of UBI Banca. Because there is no total remuneration for

- “Other identified staff” that is greater than the highest remuneration paid to the Chief Executive Officer of UBI, aggregate information is given, with the number of persons given in place of the names in accordance with Schedule 7 bis of Attachment 3 of the Consob Issuers’ Regulations;
3. finally, the last table of this document gives shares held in UBI Banca and its subsidiaries by members of the management and supervisory bodies and by the Chief Executive Officer, Senior Deputy General Manager and Deputy General Managers and “Other identified staff” of UBI Banca²² in accordance with Schedule 7 bis of Attachment 3 of the Consob Issuers’ Regulations.

22 Pursuant to Art. 84 quater of Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments.

1. Aggregate quantitative information by area of activity and category of Employee Personnel

Reference is made to the tables in part two to illustrate the main items of remuneration. The following is reported:

- fixed remuneration, defined as remuneration annualised as at 31st December 2019, payment of which is guaranteed. This includes financial items specified by contract (salary, normal increases, various indemnities, amounts above trade union rates, significant contributions to pension funds made by the company, etc.) and any other sum, however it may be guaranteed, other than those provided for by the national trade union agreement. Extraordinary items are excluded;
- performance-related variable remuneration for the "Identified Staff" perimeter and 2019 incentive schemes in particular, estimated on an accruals basis on preliminary figures and not yet paid, and the final figures for the 2018 incentive schemes;
- the procedures for the payment of "Identified staff", on the basis of the results of the incentive schemes mentioned in the preceding point, divided between quotas paid on an "up-front cash payments and welfare benefits" basis and in financial instruments (payment of which is not subject to deferral conditions) and deferred quotas paid on a "cash payments and welfare benefits" basis and in financial instruments;
- the amounts of deferred remuneration for "Identified Staff" from incentive schemes over previous years, that have not yet been granted on the basis of the deferral procedures.

Fixed remuneration

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

GROUP FIXED REMUNERATION ⁽¹⁾ (employee personnel as at 31/12)

Figures in thousands of euro	Cluster CRR art.450	Group		UBI Banca		Banks ⁽²⁾		Other Companies ^(3/4)	
		Number of persons	31.12.2019	Number of persons	31.12.2019	Number of persons	31.12.2019	Number of persons	31.12.2019
UBI Chief Executive Officer		1	1,508	1	1,508	-	-	-	-
UBI Senior Deputy General Manager	Senior Management	1	816	1	816	-	-	-	-
Other Executive Board Members and General Managers		8	1,940	-	-	1	250	7	1,690
UBI Deputy General Managers		2	1,088	2	1,088	-	-	-	-
Managers of main lines of business	Material risk-takers		24,398	115	19,696	7	923	28	3,779
Managers of highest level of control functions		21	3,411	16	2,866	-	-	5	545
Other senior managers	-	197	24,553	165	20,691	4	495	28	3,367
Other employees	-	19,559	921,040	16,812	791,382	258	11,805	2,489	117,853
Total		19,939	978,754	17,112	838,047	270	13,473	2,557	127,234

(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) IW Bank Spa.

(3) UBI Sistemi e Servizi SCpA, UBI Leasing Spa, UBI Factor Spa, Pramerica SGR Spa, Prestitalia Spa, BPB Immobiliare Srl, Kedomus Srl, UBI Academy Srl, Pramerica Management Company Sa, UBI Trustee Sa, UBI Sicura Spa and BancAssurance Popolari Spa.

(4) Material Risk-takers also include "Identified Staff" identified on an individual basis belonging to the Asset Management Company and the Group's Insurance Division.

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

UBI BANCA FIXED REMUNERATION ⁽¹⁾ (employee personnel as at 31/12)

Figures in thousands of euro	Group		UBI Banca		Banks ⁽²⁾		Other Companies ⁽³⁾	
	Number of persons	31.12.2019	Number of persons	31.12.2019	Number of persons	31.12.2019	Number of persons	31.12.2019
UBI Chief Executive Officer	1	1,508	-	-	-	-	-	-
UBI Senior Deputy General Manager	1	816	-	-	-	-	-	-
UBI Deputy General Managers	2	1,088	-	-	-	-	-	-
Other Executive Board Members and General Managers	-	-	-	-	-	-	-	-
Managers of main lines of business	-	-	93	14,956	5	1,039	17	3,701
Managers of highest level of control functions	-	-	-	-	-	-	16	2,866
Other senior managers	-	-	88	11,367	16	1,923	61	7,401
Other employees	-	-	14,757	686,046	640	33,724	1,415	71,612
TOTAL	4	3,412	14,938	712,369	661	36,686	1,509	85,580

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

(2) Chief Wealth and Welfare Officer and Chief Commercial Officer.

(3) Chief Financial Officer, Chief General Counsel, Chief Audit Executive, Chief Risk Officer, Chief Operating Officer, Chief compliance Officer, Investor Relations, Communication, Suspicious Transactions and Anti-Financial Crime.

2019 Incentive Schemes – Estimates for “Identified staff”

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

2019 INCENTIVE SCHEMES ⁽¹⁾ (employee personnel)

Figures in thousands of euro	Group		UBI Banca		Banks ⁽²⁾		Other Companies ⁽³⁾	
	Number of beneficiaries	31.12.2019	Number of beneficiaries	31.12.2019	Number of beneficiaries	31.12.2019	Number of beneficiaries	31.12.2019
UBI Chief Executive Officer	1	1,137	1	1,137	-	-	-	-
UBI Senior Deputy General Manager	1	428	1	428	-	-	-	-
UBI Deputy General Managers	2	553	2	553	-	-	-	-
Other Executive Board Members and General Managers	6	705	-	-	-	-	6	705
Managers of main lines of business	124	7,581	100	6,116	5	40	19	1,425
Managers of highest level of control functions	19	782	16	661	-	-	3	121
TOTAL	153	11,186	120	8,895	5	40	28	2,251

(1) Company costs are excluded.

(2) IW Bank Spa.

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

The payment procedures for the aforementioned bonuses earned by “Identified staff” are given below. The first table shows payments according to the mechanisms provided for in terms of cash/financial instruments and up-front/deferred procedures, and the second shows up-front cash payments, because they amount to €50,000 gross or less and to less than 25% of fixed remuneration (€80,000 gross for Asset Management positions).

2019 INCENTIVE SCHEME ESTIMATE⁽¹⁾: UPFRONT AND DEFERRED BONUSES

Figures in thousands of euro	Number of beneficiaries	Upfront quota		Deferred quota	
		Cash (Monetary - Welfare)	Financial Instruments (UBI Banca Shares - Other Financial Instruments ⁽²⁾)	Cash (Monetary - Welfare)	Financial Instruments (UBI Banca Shares - Other Financial Instruments ⁽²⁾)
UBI Chief Executive Officer	1	227	227	285	398
UBI Senior Deputy General Manager	1	107	107	86	128
UBI Deputy General Managers	2	138	138	111	166
Executive Board Members and General Managers of the Group	6	185	185	140	195
UBI Managers of main lines of business	49	1,458	1,432	1,000	1,141
Managers of main lines of business of the Group	6	318	296	203	225
UBI Managers of highest level of control functions	7	120	120	80	80
Managers of highest level of control functions of Group companies	1	16	16	11	11
TOTAL	73	2,569	2,521	1,916	2,344

(1) Company costs are excluded.

(2) The quota of “Other Financial Instruments” is paid to asset management personnel in mutual investment funds of Pramerica SGR S.p.A.

2019 INCENTIVE SCHEME ESTIMATE⁽¹⁾: UPFRONT BONUSES

Figures in thousands of euro	Number of beneficiaries	Upfront quota
		Cash (Monetary - Welfare)
UBI Chief Executive Officer	-	-
UBI Senior Deputy General Manager	-	-
UBI Deputy General Managers	-	-
Executive Board Members and General Managers of the Group	-	-
UBI Managers of main lines of business	51	1,085
Managers of main lines of business of the Group	18	423
UBI Managers of highest level of control functions	9	261
Managers of highest level of control functions of Group companies	2	67
TOTAL	80	1,836

(1) Company costs are excluded.

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

PRIOR YEAR DEFERRED REMUNERATION: "IDENTIFIED STAFF" (1)

Figures in thousands of euro	2015 scheme			2016 scheme			2017 scheme			2018 scheme		
	Number of beneficiaries	Cash	Shares	Number of beneficiaries	Cash	Shares	Number of beneficiaries	Cash	Shares - Other Financial Instruments ⁽²⁾	Number of beneficiaries	Cash (Monetary & Welfare)	Shares - Other Financial Instruments ⁽²⁾
UBI Chief Executive Officer	1	136	136	-	-	-	-	-	-	1	315	315
UBI Senior Deputy General Manager	1	-	56	-	-	-	-	-	-	1	111	111
UBI Deputy General Managers	2	-	73	-	-	-	-	-	-	2	136	136
Executive Directors and General Managers of Group Companies	5	-	93	1	22	22	3	91	91	3	79	79
UBI Managers of main lines of business	13	-	169	-	-	-	11	127	127	64	1,046	1,046
Managers of main lines of business of the Group	-	-	-	1	5	5	6	114	114	9	106	106
Managers of highest level of control functions	10	-	118	-	-	-	12	150	150	14	167	167
TOTAL	32	136	645	2	27	27	32	482	482	94	1,960	1,960

(1) Company costs are excluded.

(2) The quota of "Other Financial Instruments" is paid to asset management personnel in mutual investment funds of Pramerica SGR S.p.A.

2018 incentive scheme – Final figures

Provided below are the bonuses earned by "Identified Staff" in relation to the 2018 incentive scheme.

2018 INCENTIVE SCHEME FINAL FIGURES (1): (employee personnel)

Figures in thousands of euro	Group		UBI Banca		Banks ⁽²⁾		Other Companies ⁽³⁾	
	Number of beneficiaries	31.12.2018	Number of beneficiaries	31.12.2018	Number of beneficiaries	31.12.2018	Number of beneficiaries	31.12.2018
UBI Chief Executive Officer	1	1,050	1	1,050	-	-	-	-
UBI Senior Deputy General Manager	1	444	1	444	-	-	-	-
UBI Deputy General Managers	2	544	2	544	-	-	-	-
Other Executive Board Members and General Managers	5	376	-	-	-	-	5	376
Managers of main lines of business	130	6,426	100	5,528	5	50	25	848
Managers of highest level of control Functions	23	1,014	19	916	-	-	4	98
TOTAL	162	9,854	123	8,482	5	50	34	1,322

(1) Company costs are excluded.

(2) IW Bank Spa.

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

With a view to motivation and retention, for a small number of "Identified staff" positions (21%), management bonuses have been set with limited average amounts (an average of €16,000 gross approx.) by using a 15% quota of the bonus pool distributable at the Group level as per the related policies.

The payment procedures for the aforementioned bonuses earned by "Identified staff" are given below. The first table shows payments according to the mechanisms provided for in terms of cash/financial instruments and up-front/deferred procedures, and the second in terms of cash/financial instruments and up-front procedures, because they amount to less than or equal to €50,000 and 15% of fixed remuneration (€80,000 gross for asset management positions), in accordance with the provisions of the previous 2018 policies.

2018 INCENTIVE SCHEMES⁽¹⁾: UPFRONT AND DEFERRED BONUSES

Figures in thousands of euro	Number of beneficiaries	Upfront quota		Deferred quota	
		"Cash (Monetary - Welfare)"	Financial Instruments (UBI Banca Shares - Other Financial Instruments ⁽²⁾)	Cash (Monetary - Welfare)	Financial Instruments (UBI Banca Shares - Other Financial Instruments ⁽²⁾)
UBI Chief Executive Officer	1	210	210	315	315
UBI Senior Deputy General Manager	1	111	111	111	111
UBI Deputy General Managers	2	136	136	136	136
Executive Board Members and General Managers of the Group	3	84	84	79	79
UBI Managers of main lines of business	64	1,460	1,460	1,046	1,046
Managers of main lines of business of the Group	13	178	159	106	106
UBI Managers of highest level of control functions	14	250	250	167	167
Managers of highest level of control functions of Group companies	-	-	-	-	-
TOTAL	98	2,429	2,410	1,960	1,960

(1) Company costs are excluded.

(2) The quota of "Other Financial Instruments" is paid to asset management personnel in mutual investment funds of Pramerica SGR S.p.A.

2018 INCENTIVE SCHEMES⁽¹⁾: UPFRONT BONUSES

Figures in thousands of euro	Number of beneficiaries	Upfront quota	
		Cash (Monetary & Welfare)	Financial Instruments (UBI Banca Shares - Other Financial Instruments ⁽²⁾)
UBI Chief Executive Officer	-	-	-
UBI Senior Deputy General Manager	-	-	-
UBI Deputy General Managers	-	-	-
Executive Board Members and General Managers of the Group	2	40	10
UBI Managers of main lines of business	36	258	258
Managers of main lines of business of the Group	17	274	75
UBI Managers of highest level of control functions	5	41	41
Managers of highest level of control functions of Group companies	4	82	16
TOTAL	64	695	400

(1) Company costs are excluded.

(2) The quota of "Other Financial Instruments" is paid to asset management personnel in mutual investment funds of Pramerica SGR S.p.A.

2. Quantitative information on the management and supervisory bodies and on the Chief Executive Officer, Senior Deputy General Manager, Deputy General Managers and "Other identified staff" of UBI Banca

The tables below give detailed information relating to 2019 and more specifically they consist of Table 1 and Table 3A and 3B pursuant to Art. 84 *quater* of the Issuers' Regulations adopted with Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments. More specifically:

- 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 2019 incentive scheme payments estimated on an accruals basis on preliminary figures and not yet paid relating to the up-front component, any bonuses deferred in prior years and paid in the current year, company bonuses and any "share of profits", which nevertheless are not envisaged (column 3);

- non-monetary benefits which include insurance policies, pension funds and any other benefits such as cars, guest accommodation, according to the taxable income criterion (column 4);
- other remuneration, such as agreements to lengthen notice periods and non-competition agreements paid during the employment relationship, provisions made for deferred remuneration, length-of-service bonuses and other residual items (column 5);
- the total for the above items (column 6);
- the fair value of remuneration in shares (column 7);
- end of term of office or of employment relationship indemnities (column 8) decided during the year.

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

- the relative incentive scheme (column 1);
- the number of shares accrued in 2014, 2015, 2016, 2017 and 2018 that have yet to be paid because they are subject to retention and deferral mechanisms and the relative vesting period (columns 2 and 3);
- the fair value for the year (column 12).

Table 3B, as above, contains information relating to monetary incentive schemes. Amounts have also been entered in column 4 for “other bonuses” in which bonuses for the year not explicitly included in schemes defined beforehand are reported.

Table 1 pursuant to Attachment 3 of the Issuers' Regulations

Remuneration paid to members of the management and supervisory bodies and to general management and “Other identified staff” (Art. 84 quater of Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments)

(A)	(B)	(C)	(D)	(1)	(2)
Surname and first name	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees
Moltrasio Andrea	UBI BANCA:				
	- Chairman of the Supervisory Board	01/01-12/04	12/04/2019	104,794.52	
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16	
	- Chairman of Appointments Committee	01/01-12/04	12/04/2019		9,780.82
	TOTAL			127,150.68	9,780.82
Cera Mario	UBI BANCA:				
	- Senior Deputy Chairman of the Supervisory Board	01/01-12/04	12/04/2019	69,863.01	
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16	
	- Member of the Appointments Committee	01/01-12/04	12/04/2019		6,986.30
	TOTAL			92,219.17	6,986.30
Gussalli Beretta Pietro	UBI BANCA:				
	- Deputy Chairman of the Supervisory Board	01/01-12/04	12/04/2019	11,178.08	
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16	
	- Member of the Appointments Committee	01/01-12/04	12/04/2019		6,986.30
	- Board Member	12/04-31/12	2022 AGM	86,465.75	
	- Member of the Appointments Committee	16/04-31/12	2022 AGM		21,369.86
	TOTAL			119,999.99	28,356.16
Santus Armando	UBI BANCA:				
	- Deputy Chairman of the Supervisory Board	01/01-12/04	12/04/2019	11,178.08	
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16	
	- Chairman of the Related Parties and Connected Persons Committee	01/01-12/04	12/04/2019		12,575.34
	TOTAL			33,534.24	12,575.34
Bazoli Francesca	UBI BANCA:				
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16	
	- Member of the Risk Committee	01/01-12/04	12/04/2019		11,178.08
	TOTAL			22,356.16	11,178.08

(3)		(4)	(5)	(6)	(7)	(8)
Non-equity variable remuneration						
Bonuses and other incentives	Share of profits	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
				104,794.52		
				22,356.16		
				9,780.82		
				136,931.50		
				69,863.01		
				22,356.16		
				6,986.30		
				99,205.47		
				11,178.08		
				22,356.16		
				6,986.30		
				86,465.75		
				21,369.86		
				148,356.15		
				11,178.08		
				22,356.16		
				12,575.34		
				46,109.58		
				22,356.16		
				11,178.08		
				33,534.24		

(A)	(B)	(C)	(D)	(1)	(2)
Surname and first name	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees
Bellini Cavalletti Letizia	UBI BANCA:				
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16	
	- Member of the Appointments Committee	01/01-12/04	12/04/2019		6,986.30
	- Member of the Related and Connected Parties Committee	01/01-12/04	12/04/2019		5,589.04
	- Board Member	12/04-31/12	2022 AGM	86,465.75	
	- Chairman of Appointments Committee	16/04-31/12	2022 AGM		35,616.44
	- Member of the Remuneration Committee	16/04-31/12	2022 AGM		21,369.86
	TOTAL			108,821.91	69,561.64
Camadini Pierpaolo	UBI BANCA:				
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16	
	- Member of the Internal Control Committee	01/01-12/04	12/04/2019		16,767.12
	- Member of the Supervisory Body	01/01-12/04	12/04/2019		2,794.52
	TOTAL			22,356.16	19,561.64
Carrara Alberto	UBI BANCA:				
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16	
	- Member of the Risk Committee	01/01-12/04	12/04/2019		11,178.08
	- Member of the Internal Control Committee	01/01-12/04	12/04/2019		16,767.12
	- Member of the Supervisory Body	01/01-12/04	12/04/2019		2,794.52
	- Board Member and Member of the Management Control Committee	12/04-31/12	2022 AGM	129,698.63	
	TOTAL			152,054.79	30,739.72
Dardanello Ferruccio	UBI BANCA:				
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16	
	- Member of the Remuneration Committee	01/01-12/04	12/04/2019		8,383.56
	- Board Member	12/04-31/12	2022 AGM	86,465.75	
	- Member of the Appointments Committee	16/04-31/12	2022 AGM		21,369.86
	TOTAL			108,821.91	29,753.42
Del Boca Alessandra	UBI BANCA:				
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16	
	- Chairman of the Remuneration Committee	01/01-12/04	12/04/2019		11,178.08
	<i>Total UBI Banca remuneration</i>			22,356.16	11,178.08
	UBI ACADEMY:				
	- Chairman	29/05-31/12	2022 AGM	23,780.82	
	- Director	29/05-31/12	2022 AGM	5,945.21	
<i>Total UBI Academy remuneration</i>			29,726.03		
	TOTAL			52,082.19	11,178.08
Fiori Giovanni	UBI BANCA:				
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16	
	- Member of the Appointments Committee	01/01-12/04	12/04/2019		6,986.30
	- Chairman of the Internal Control Committee	01/01-12/04	12/04/2019		27,945.21
	- Chairman of the Supervisory Body	01/01-12/04	12/04/2019		5,589.04
	TOTAL			22,356.16	40,520.55
Gianguatano Patrizia Michela	UBI BANCA:				
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16	
	- Member of the Remuneration Committee	01/01-12/04	12/04/2019		8,383.56
	- Member of the Risk Committee	01/01-12/04	12/04/2019		11,178.08
	- Member of the Internal Control Committee	01/01-12/04	12/04/2019		16,767.12
	- Member of the Supervisory Body	01/01-12/04	12/04/2019		2,794.52
	TOTAL			22,356.16	39,123.28

(3)		(4)	(5)	(6)	(7)	(8)
Non-equity variable remuneration						
Bonuses and other incentives	Share of profits	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
				22,356.16		
				6,986.30		
				5,589.04		
				86,465.75		
				35,616.44		
				21,369.86		
				178,383.55		
				22,356.16		
				16,767.12		
				2,794.52		
				41,917.80		
				22,356.16		
				11,178.08		
				16,767.12		
				2,794.52		
				129,698.63		
				182,794.51		
				22,356.16		
				8,383.56		
				86,465.75		
				21,369.86		
				138,575.33		
				22,356.16		
				11,178.08		
				33,534.24		
				23,780.82		
				5,945.21		
				29,726.03		
				63,260.27		
				22,356.16		
				6,986.30		
				27,945.21		
				5,589.04		
				62,876.71		
				22,356.16		
				8,383.56		
				11,178.08		
				16,767.12		
				2,794.52		
				61,479.44		

(A)	(B)	(C)	(D)	(1)	(2)	
Surname and first name	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	
Giannotti Paola	UBI BANCA:					
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16		
	- Chairman of the Risk Committee	01/01-12/04	12/04/2019		18,164.38	
	- Member of the Related and Connected Parties Committee	01/01-12/04	12/04/2019		5,589.04	
	TOTAL			22,356.16	23,753.42	
Lucchini Giuseppe	UBI BANCA:					
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16		
	TOTALE			22,356.16		
Pivato Sergio	UBI BANCA:					
	- Member of the Supervisory Board	01/01-12/04	12/04/2019	22,356.16		
	- Member of the Risk Committee	01/01-12/04	12/04/2019		11,178.08	
	- Member of the Internal Control Committee	01/01-12/04	12/04/2019		16,767.12	
	- Member of the Supervisory Body	01/01-12/04	12/04/2019		2,794.52	
	- Chairman of the Supervisory Body	16/04-31/12	2022 AGM		35,616.44	
	TOTAL			22,356.16	66,356.16	
Brichetto Arnaboldi Letizia Maria	UBI BANCA:					
	- Chairman of the Management Board	01/01-12/04	12/04/2019	104,794.52		
	- Member of the Management Board	01/01-12/04	12/04/2019	33,534.25		
	- Chairwoman of the Board of Directors	12/04-31/12	2022 AGM	345,863.01		
	- Board Member	12/04-31/12	2022 AGM	86,465.75		
	TOTAL			570,657.53		
Pizzini Flavio	UBI BANCA:					
	- Deputy Chairman of the Management Board	01/01-12/04	12/04/2019	55,890.41		
	- Member of the Management Board	01/01-12/04	12/04/2019	33,534.25		
		<i>Total UBI Banca remuneration</i>			<i>89,424.66</i>	
	UBI SISTEMI E SERVIZI:					
	- Chairman of the Board of Directors	01/01-31/12	2022 AGM	95,028.28		
	- Director	01/01-31/12	2022 AGM	13,574.46		
	<i>Total UBI Sistemi e Servizi remuneration</i>			<i>108,602.74</i>		
	TOTAL			198,027.40		
Massiah Victor	UBI BANCA:					
	- Senior Manager (*)	01/01-31/12	The position has no termination date	719,098.61		
	- General Manager	01/01-31/12	The position has no termination date			
	- Chief Executive Officer	"01/01-12/04 16/04-31/12"	2022 AGM	495,890.41		
	- Member of the Management Board	01/01-12/04	12/04/2019	33,534.25		
	- Board Member	12/04-31/12	2022 AGM	86,465.75		
	TOTAL			1,334,989.02		
Fidanza Silvia	UBI BANCA:					
	- Member of the Management Board	01/01-12/04	12/04/2019	33,534.25		
	- Board Member	12/04-31/12	2022 AGM	86,465.75		
	TOTAL			120,000.00		

(3)		(4)	(5)	(6)	(7)	(8)
Non-equity variable remuneration						
Bonuses and other incentives	Share of profits	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
				22,356.16		
				18,164.38		
				5,589.04		
				46,109.58		
				22,356.16		
				22,356.16		
				22,356.16		
				11,178.08		
				16,767.12		
				2,794.52		
				35,616.44		
				88,712.32		
				104,794.52		
				33,534.25		
				345,863.01		
				86,465.75		
				570,657.53		
				55,890.41		
				33,534.25		
				89,424.66		
				95,028.28		
				13,574.46		
				108,602.74		
				198,027.40		
228,452.92		125,763.50	47,192.80	1,120,507.83	243,956.36	
				495,890.41		
				33,534.25		
				86,465.75		
228,452.92		125,763.50	47,192.80	1,736,398.24	243,956.36	
				33,534.25		
				86,465.75		
				120,000.00		

(A)	(B)	(C)	(D)	(1)	(2)	
Surname and first name	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	
Ranica Osvaldo	UBI BANCA:					
	- former Senior Manager		17/02/2017			
	- Member of the Management Board	01/01-12/04	12/04/2019	33,534.25		
	- Board Member	12/04-31/12	2022 AGM	86,465.75		
	- Member of the Appointments Committee	16/04-31/12	2022 AGM		21,369.86	
	- Member of the Remuneration Committee	16/04-31/12	2022 AGM		21,369.86	
	<i>Total UBI Banca remuneration</i>			120,000.00	42,739.72	
	UBI LEASING					
	- Deputy Chairman	01/01-31/12	2022 AGM	5,042.48		
	- Director	01/01-31/12	2022 AGM	8,964.38		
<i>Total UBI Leasing remuneration</i>			14,006.86			
TOTAL				134,006.86	42,739.72	
Sonnino Elvio	UBI BANCA:					
	- Senior Deputy General Manager	01/01-31/12	The position has no termination date	648,615.54		
	- Member of the Management Board	01/01-12/04	12/04/2019	33,534.25		
	<i>Total UBI Banca remuneration</i>			682,149.79		
	(°)	UBI SISTEMI E SERVIZI:				
	- Director	01/01-31/12	2022 AGM			
	- Chief Executive Officer	01/01-31/12	2022 AGM			
	<i>Total UBI Sistemi e Servizi remuneration</i>					
	(°)	UBI ACADEMY:				
	- Director	01/01-31/12	2022 AGM			
<i>Total UBI Academy remuneration</i>						
(°)	IW BANK					
- Deputy Chairman	01/01-31/12	2019 AGM - Term of office extended at the date of this report				
- Director	01/01-31/12	2019 AGM - Term of office extended at the date of this report				
<i>Total IW Bank remuneration</i>						
TOTAL				682,149.79		
Stegher Elisabetta	UBI BANCA:					
	- Senior Manager (**)	01/01-31/12	The position has no termination date			
	- Member of the Management Board	01/01-12/04	12/04/2019	33,534.25		
TOTAL				33,534.25		
Boccardelli Paolo	UBI BANCA:					
	- Board Member	12/04-31/12	2022 AGM	86,794.52		
	- Chairman of the Remuneration Committee	16/04-31/12	2022 AGM		35,616.44	
	<i>Total UBI Banca remuneration</i>			86,794.52	35,616.44	
	UBI SISTEMI E SERVIZI:					
	- Director	20/05-31/12	2022 AGM	9,189.56		
	<i>Total UBI Sistemi e Servizi remuneration</i>			9,189.56		
	TOTAL				95,984.08	35,616.44

(A)	(B)	(C)	(D)	(1)	(2)
Surname and first name	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees
Bordogna Paolo	UBI BANCA:				
	- Board Member	12/04-31/12	2022 AGM	86,794.52	
	- Member of the Risk Committee	16/04-31/12	2022 AGM		28,493.15
	TOTAL			86,794.52	28,493.15
Culasso Francesca	UBI BANCA:				
	- Board Member and Member of the Management Control Committee	12/04-31/12	2022 AGM	130,191.78	
	- Member of the Related and Connected Parties Committee	16/04-31/12	2022 AGM		21,369.86
	TOTAL			130,191.78	21,369.86
Masetti Zannini Alessandro	UBI BANCA:				
	- Board Member and Member of the Management Control Committee	12/04-31/12	2022 AGM	130,191.78	
	- Chairman of the Management Control Committee	12/04-31/12	2022 AGM	43,397.26	
	<i>Total UBI Banca remuneration</i>			<i>173,589.04</i>	
	UBI SISTEMI E SERVIZI:				
	- Chairman of the Board of Statutory Auditors	01/01-12/04	12/04/2019	10,184.00	
<i>Total UBI Sistemi e Servizi remuneration</i>			<i>10,184.00</i>		
TOTAL			183,773.04		
Nicastro Roberto	UBI BANCA:				
	- Deputy Chairman of the Board of Directors	12/04-31/12	2022 AGM	166,356.16	
	- Board Member	12/04-31/12	2022 AGM	86,794.52	
	- Chairman of the Risk Committee	16/04-31/12	2022 AGM		49,863.01
	- Member of the Appointments Committee	16/04-31/12	2022 AGM		21,369.86
TOTAL			253,150.68	71,232.87	
Pezzolo De Rossi Simona	UBI BANCA:				
	- Board Member and Member of the Management Control Committee	12/04-31/12	2022 AGM	130,191.78	
	- Member of the Risk Committee	16/04-31/12	2022 AGM		28,493.15
	- Member of the Related Parties and Connected Persons Committee	16/04-31/12	2022 AGM		21,369.86
	<i>Total UBI Banca remuneration</i>			<i>130,191.78</i>	<i>49,863.01</i>
	UBI FACTOR:				
	- Director	01/01-12/04	11/04/2019	2,214.00	
<i>Total UBI Factor remuneration</i>			<i>2,214.00</i>		
TOTAL			132,405.78	49,863.01	
Regazzi Monica	UBI BANCA:				
	- Board Member and Member of the Management Control Committee	12/04-31/12	2022 AGM	130,191.78	
	- Chairman of the Related Parties and Connected Persons Committee	16/04-31/12	2022 AGM		35,616.44
TOTAL			130,191.78	35,616.44	
Troyer Luca	UBI BANCA:				
	- Member of the Supervisory Body pursuant to Legislative Decree No. 231/2001	16/04-31/12	2022 AGM		21,369.86
TOTAL				21,369.86	
Geertman Frederik Herman	UBI BANCA:				
	- Deputy General Manager	01/01-31/12	The position has no termination date	600,510.05	
<i>Total UBI Banca remuneration</i>				<i>600,510.05</i>	

(3)		(4)	(5)	(6)	(7)	(8)
Non-equity variable remuneration						
Bonuses and other incentives	Share of profits	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
				86,794.52		
				28,493.15		
				115,287.67		
				130,191.78		
				21,369.86		
				151,561.64		
				130,191.78		
				43,397.26		
				173,589.04		
				10,184.00		
				10,184.00		
				183,773.04		
				166,356.16		
				86,794.52		
				49,863.01		
				21,369.86		
				324,383.55		
				130,191.78		
				28,493.15		
				21,369.86		
				180,054.79		
				2,214.00		
				2,214.00		
				182,268.79		
				130,191.78		
				35,616.44		
				165,808.22		
				21,369.86		
				21,369.86		
89,497.92		31,636.06	20,000.04	741,644.07	88,225.30	
89,497.92		31,636.06	20,000.04	741,644.07	88,225.30	

(A)	(B)	(C)	(D)	(1)	(2)
Surname and first name	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees
(°)	IW BANK: - Director	01/01-31/12	2019 AGM - Term of office extended at the date of this report		
	<i>Total IW Bank remuneration</i>				
(°)	PRESTITALIA: - Director	01/01-31/12	2022 AGM		
	<i>Total Prestitalia remuneration</i>				
(°)	UBI ACADEMY: - Director	29/05-31/12	2022 AGM		
	<i>Total UBI Academy remuneration</i>				
	TOTAL			600,510.05	
Leidi Rossella	UBI BANCA: - Deputy General Manager	01/01-31/12	The position has no termination date	390,996.30	
	<i>Total UBI Banca remuneration</i>				390,996.30
(°)	UBI ACADEMY: - Director	01/01-31/12	2022 AGM		
	<i>Total UBI Academy remuneration</i>				
(°)	PRAMERICA SGR: - Director	01/01-31/12	2020 AGM		
	<i>Total UBI Pramerica SGR remuneration</i>				
(°)	LOMBARDA VITA: - Director	01/01-31/12	2021 AGM		
	<i>Total Lombarda Vita remuneration</i>				
	TOTAL			390,996.30	
No. 18 Identified Staff (°)		01/01-31/12	The positions have no termination date	4,264,592.35	

(°) the remuneration relating to dott. Sonnino, dott.ssa Leidi, dott. Geertman and to "Identified Staff" does not include that relating to any posts held by them in other subsidiary or associate companies because this is paid to the companies to which they belong and it is shown on a pro rata basis with respect to the period in which they occupied the position.

(*) In accordance of the articles of association of UBI Banca, the remuneration package was updated at the time of the renewal of company officers at the 2019 Shareholders' Meeting.

(**) Since the position was no longer held on the Management Board, the entire remuneration for the Senior Manager position was inserted in the overall data for Identified Staff.

(***) of which €350,007.06 for agreements to lengthen notice periods.

(****) amount relating to a Central Director of UBI Banca; see the section entitled "Treatment for start and end of employment relationships" in Section II for details of how it is paid.

(3)		(4)	(5)	(6)	(7)	(8)
Non-equity variable remuneration						
Bonuses and other incentives	Share of profits	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
89,497.92		31,636.06	20,000.04	741,644.07	88,225.30	
77,047.13		25,423.52	19,460.98	512,927.93	54,646.32	
77,047.13		25,423.52	19,460.98	512,927.93	54,646.32	
77,047.13		25,423.52	19,460.98	512,927.93	54,646.32	
620,458.48	370,420.20	(***) 409,146.27	5,664,617.30	429,654.74	(****) 523,246.00	(****) 523,246.00

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

Incentive schemes based on financial instruments other than stock options, for members of the management body and for general management and "Other identified staff" (Art. 84 *quater* of Consob Resolution No. 11971 of 14th May 1999, and subsequent amendments)

A	B	Financial instruments granted in prior years not vested during the year			(4) Number and type of financial instruments
		(1) Scheme	(2) Number and type of financial instruments	(3) Vesting period	
Surname and first name	Position				
Massiah Victor	- Chief Executive Officer (from 1/1/2019 to 12/4/2019 and from 16/4/2019) / General Manager of UBI Banca	2019 (°°)		85,859 UBI Banca shares	
		2019 (°°)		64,394 UBI Banca shares	
		2019 (°°)		64,394 UBI Banca shares	
		2019 (°°)		21,465 UBI Banca shares	
		2018 (°)	82,233 UBI Banca shares	7	
		2018 (°)	54,822 UBI Banca shares	3	
		2015 (°)	18,400 UBI Banca shares	7	
		2014			
	TOTAL		155,455 UBI Banca shares	236,112 UBI Banca shares	
Sonnino Elvio	- Member of the Management Board (until 12/4/2019) / Senior Deputy General Manager of UBI Banca	2019 (°°)		40,383 UBI Banca shares	
		2019 (°°)		16,153 UBI Banca shares	
		2019 (°°)		16,153 UBI Banca shares	
		2019 (°°)		8,077 UBI Banca shares	
		2019 (°°)		8,077 UBI Banca shares	
		2018 (°)	29,001 UBI Banca shares	3	
		2018 (°)	29,001 UBI Banca shares	5	
		2017 (°)	7,184 UBI Banca shares	3	
		2016			
		2015 (°)	7,528 UBI Banca shares	5	
2014					
	TOTAL		72,714 UBI Banca shares	88,843 UBI Banca shares	

Financial instruments granted during the year				Financial instruments vested during the year and not granted	Financial instruments vested during the year and granted		Financial instruments relating to the year
(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Fair value on the grant date	Vesting period	Grant date	Market price when granted	Number and type of financial instruments	Number and type of financial instruments	Value on the vesting date	Fair value
2.287	2	2021	2.8616				78,543.81
2.044	4	2023	2.8616				29,249.19
1.936	5	2024	2.8616				22,666.69
1.836	6	2025	2.8616				6,063.04
							29,505.20
							51,094.10
							15,421.65
					24,082 UBI Banca shares	2.3419	11,412.68
					24,082 UBI Banca shares	2.3419	243,956.35
2.287	2	2021	2.8616				36,942.37
2.161	3	2022	2.8616				9,973.32
2.044	4	2023	2.8616				7,337.05
1.936	5	2024	2.8616				2,843.10
1.836	6	2025	2.8616				2,281.44
							27,028.93
							15,576.17
							5,546.05
					7.624 UBI Banca shares	2.3419	3,123.66
							9,074.66
					7.816 UBI Banca shares	2.3419	3,704.07
					15.440 UBI Banca shares	2.3419	123,430.83

A	B	Financial instruments granted in prior years not vested during the year			(4) Number and type of financial instruments
		(1) Scheme	(2) Number and type of financial instruments	(3) Vesting period	
Surname and first name	Position				
Leidi Rossella	- Deputy General Manager of UBI BANCA	2019 (°°)			18,795 UBI Banca shares
		2019 (°°)			7,518 UBI Banca shares
		2019 (°°)			7,518 UBI Banca shares
		2019 (°°)			3,759 UBI Banca shares
		2019 (°°)			3,759 UBI Banca shares
		2018 (°)	11,838 UBI Banca shares	3	
		2018 (°)	11,838 UBI Banca shares	5	
		2017 (°)	3,592 UBI Banca shares	3	
		2015 (°)	3,546 UBI Banca shares	5	
			2014		
	TOTAL		30,814 UBI Banca shares		41,349 UBI Banca shares
Geertman Frederik Herman	- Deputy General Manager of UBI BANCA	2019 (°°)			33,404 UBI Banca shares
		2019 (°°)			13,361 UBI Banca shares
		2019 (°°)			13,361 UBI Banca shares
		2019 (°°)			6,681 UBI Banca shares
		2019 (°°)			6,681 UBI Banca shares
		2018 (°)	23,602 UBI Banca shares	3	
		2018 (°)	23,602 UBI Banca shares	5	
		2017 (°)	5,747 UBI Banca shares	3	
	TOTAL		52,951 UBI Banca shares		73,488 UBI Banca shares
Ranica Osvaldo	- Member of the Management Board (until 12/4/2019) / Member of the Board of Directors (from 12/4/2019) of UBI Banca	2015 (°)	4,019 UBI Banca shares	5	
	TOTAL		4,019 UBI Banca shares		
Stegher Elisabetta	- Member of the Management Board (until 12/4/2019) / Senior Manager (*) of UBI Banca	2019 (°°)			
		2019 (°°)			
		2018 (°)			
		2018 (°)			
		2017 (°)			
		2017 (°)			
	2016				
	TOTAL				

Financial instruments granted during the year				Financial instruments vested during the year and not granted	Financial instruments vested during the year and granted		Financial instruments relating to the year
(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Fair value on the grant date	Vesting period	Grant date	Market price when granted	Number and type of financial instruments	Number and type of financial instruments	Value on the vesting date	Fair value
2.287	2	2021	2.8616				17,193.67
2.161	3	2022	2.8616				4,641.83
2.044	4	2023	2.8616				3,414.84
1.936	5	2024	2.8616				1,323.17
1.836	6	2025	2.8616				1,061.77
							11,033.02
							6,358.08
							2,773.02
							4,274.54
					5,428 UBI Banca shares	2.3419	2,572.38
					5,428 UBI Banca shares	2.3419	54,646.32
2.287	2	2021	2.8616				30,557.98
2.161	3	2022	2.8616				8,249.46
2.044	4	2023	2.8616				6,068.86
1.936	5	2024	2.8616				2,351.71
1.836	6	2025	2.8616				1,887.13
							21,997.06
							12,676.42
							4,436.68
							88,225.30
							4,844.72
							4,844.72

A	B	Financial instruments granted in prior years not vested during the year			(4) Number and type of financial instruments
		(1) Scheme	(2) Number and type of financial instruments	(3) Vesting period	
Surname and first name	Position				
No. 18 Identified Staff		2019 (°°)			147,944 UBI Banca shares
		2019 (°°)			55,745 UBI Banca shares
		2019 (°°)			55,745 UBI Banca shares
		2019 (°°)			19,284 UBI Banca shares
		2019 (°°)			19,284 UBI Banca shares
		2018 (°)	96,384 UBI Banca shares	3	
		2018 (°)	76,773 UBI Banca shares	5	
		2017 (°)	65,936 UBI Banca shares	3	
		2017 (°)	34,364 UBI Banca shares	5	
		2016			
		2015 (°)	16,047 UBI Banca shares	5	
		2014			
TOTAL			289,504 UBI Banca shares		298,002 UBI Banca shares

(°) These instruments have been promised, but not yet granted.

(°°) Estimate calculated on the basis of preliminary figures which may be modified. The market price at the time of the grant is calculated on the average market value of UBI Banca shares from 10/01/2020 until 10/02/2020. These financial instruments will be promised, but will not be granted until the grant date indicated.

(*) Since the position was no longer held on the Management Board, the financial instruments were inserted in the overall data for Identified Staff.

Financial instruments granted during the year				Financial instruments vested during the year and not granted	Financial instruments vested during the year and granted		Financial instruments relating to the year
(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Fair value on the grant date	Vesting period	Grant date	Market price when granted	Number and type of financial instruments	Number and type of financial instruments	Value on the vesting date	Fair value
2.287	2	2021	2.8616				135,339.17
2.161	3	2022	2.8616				34,418.56
2.044	4	2023	2.8616				25,320.62
1.936	5	2024	2.8616				6,787.97
1.836	6	2025	2.8616				5,446.99
							88,007.83
							41,234.08
							50,902.58
							15,077.73
					5,798 UBI Banca shares	2.3419	2,375.53
							19,343.93
					11,394 UBI Banca shares	2.3419	5,399.73
					17,192 UBI Banca shares	2.3419	429,654.71

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

Cash incentive schemes for members of the management bodies and for general management and "Other Identified staff" (Art. 84 quater of Consob Resolution No. 11971 of 14th May 1999 and subsequent amendments)

A	B	(1)	(2)		(3)			(4)
			Bonus for the year		Prior year bonuses			
			Payable / Paid	Deferred	(A) No longer payable	(B) Payable / Paid	(C) Still deferred	
Massiah Victor	- Chief Executive Officer (from 1/1/2019 to 12/4/2019 and from 16/4/2019) / General Manager of UBI Banca	2019	227,441.00	284,302.00				1,011.92
		2018					315,298.20	
		2017						
		2016						
		2015					136,248.00	
		2014						
Sonnino Elvio	- Member of the Management Board (until 12/4/2019) / Senior Deputy General Manager of UBI Banca	2019	106,975.00	85,580.00				1,011.92
		2018					111,197.00	
		2017						
		2016						
		2015					55,745.00	
		2014						
Leidi Rossella	- Deputy General Manager of UBI BANCA	2019	49,789.00	39,832.00				1,002.13
		2018					45,389.00	
		2017						
		2016						
		2015					26,256.00	
		2014						
Geertman Frederik Herman	- Deputy General Manager of UBI BANCA	2019	88,486.00	70,788.00				1,011.92
		2018					90,494.00	
		2017						
		2016						
Ranica Osvaldo	- Member of the Management Board (until 12/4/2019) / Member of the Board of Directors (from 12/4/2019) of UBI Banca	2019						
		2018						
		2017						
		2016						
		2015					29,761.00	
		2014						
Stegher Elisabetta	- Member of the Management Board (until 12/4/2019) / Senior Manager (*) of UBI Banca	2019						
		2018						
		2017						
		2016						
		2015						
		2014						
No. 18 Identified Staff		2019	482,748.00	295,326.00				18,889.48
		2018					294,354.50	
		2017					119,595.65	
		2016						
		2015					118,821.00	
		2014						
TOTAL			955,439.00	775,828.00		230,583.00	1,112,576.35	22,927.37

(*) Since the position was no longer held on the Management Board, the bonuses were inserted in the overall data for Identified Staff.

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

Surname and first name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2018	Number of shares purchased	Number of shares sold	Number of shares owned as at 31/12/2019 (or as at the termination of office date)
Moltrasio Andrea	Chairman of the Supervisory Board (until 12/4/2019)	UBI	direct	full ownership	152,284	-	-	152,284
			indirect	full ownership	58,568	-	-	58,568
		UBI	spouse (directly)	full ownership	41,052	-	-	41,052
Cera Mario	Senior Deputy Chairman of the Supervisory Board (until 12/4/2019)	UBI	direct	full ownership	120,149	-	-	120,149
Santus Armando	Deputy Chairman of the Supervisory Board (until 12/4/2019)	UBI	direct	full ownership	392,426	-	-	392,426
Bazoli Francesca	Member of the Supervisory Board (until 12/4/2019)	UBI	direct	full ownership	37,338	-	-	37,338
			direct	legal title only	101,422	-	-	101,422
		UBI	spouse (directly)	full ownership	5,252	-	-	5,252
		UBI	children - minors (directly)	full ownership	584	-	-	584
Camadini Pierpaolo	Member of the Supervisory Board (until 12/4/2019)	UBI	direct	full ownership	300,200	-	-	300,200
			UBI	spouse (directly)	full ownership	1,168	-	-
		UBI	children - minors (directly)	full ownership	2,336	-	-	2,336
Del Boca Alessandra	Member of the Supervisory Board (until 12/4/2019)	UBI	direct	full ownership	250	-	-	250
Fiori Giovanni	Member of the Supervisory Board (until 12/4/2019)				-	-	-	-
Gianguialano Patrizia Michela	Member of the Supervisory Board (until 12/4/2019)	UBI	direct	full ownership	11,998	-	-	11,998
Giannotti Paola	Member of the Supervisory Board (until 12/4/2019)							
Lucchini Giuseppe	Member of the Supervisory Board (until 12/4/2019)	UBI	direct	full ownership	475,262	-	-	475,262
			direct	usufruct	1,086,544	-	-	1,086,544
Pizzini Flavio	Deputy Chairman of the Management Board (until 12/4/2019)	UBI	direct	full ownership	15,028	-	-	15,028
			UBI	spouse (directly)	full ownership	1,168	-	-
Brichetto Arnaboldi Letizia Maria	Chairwoman of the Management Board (until 12/4/2019) / Chairman of the Board of Directors (from 12/4/2019)							

Surname and first name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2018	Number of shares purchased	Number of shares sold	Number of shares owned as at 31/12/2019 (or as at the termination of office date)
Nicastro Roberto	Deputy Chairman of the Board of Directors (from 12/4/2019)				-			-
Massiah Victor	Chief Executive Officer (from 1/1/2019 until 12/4/2019 and from 16/4/2019) / General Manager	UBI	direct	full ownership	671,342	24,082 ⁽¹⁾	-	695,424
Bellini Cavalletti Letizia	Member of the Supervisory Board (until 12/4/2019) / Board Member (from 12/4/2019)	UBI	direct	full ownership	168,704	-	-	168,704
		UBI	spouse (directly)	full ownership	7,191	-	-	7,191
		UBI	children - minors (directly)	full ownership	584	-	-	292 ⁽²⁾
Boccardelli Paolo	Board Member (from 12/4/2019)							
Bordogna Paolo	Board Member (from 12/4/2019)	UBI	direct	full ownership	70,986	-	-	70,986
		UBI	indirect	full ownership	94,263	-	-	94,263
		UBI	spouse (directly)	full ownership	8,569	-	-	8,569
Dardanella Ferruccio	Member of the Supervisory Board (until 12/4/2019) / Board Member (from 12/4/2019)	UBI	direct	full ownership	1,934	-	-	1,934
Fidanza Silvia	Member of the Management Board (until 12/4/2019) / Board Member (from 12/4/2019)	UBI	direct	full ownership	9,525	-	-	9,525
		UBI	spouse (directly)	full ownership	1,648	-	-	1,648
		UBI	children - minors (directly)	full ownership	584	-	-	584
Gussalli Beretta Pietro	Deputy Chairman of the Board of Directors (until 12/4/2019) / Board Member (from 12/4/2019)	UBI	direct	full ownership	492	-	-	492
Ranica Osvaldo	Member of the Management Board (until 12/4/2019) / Board Member (from 12/4/2019)	UBI	direct	full ownership	52,073	33,959 ⁽³⁾	-	86,032
		UBI	spouse (directly)	full ownership	7,026	17,974	-	25,000
Masetti Zannini Alessandro	Board Member and Chairman of the Management Control Committee (from 12/4/2019)	UBI	direct	full ownership	20,637	-	-	20,637
		UBI	spouse (directly)	full ownership	1,610	-	-	1,610
Carrara Alberto	Member of the Supervisory Board (until 12/4/2019) / Board Member and Member of the Management Control Committee (from 12/4/2019)	UBI	direct	full ownership	3,394	-	-	3,394

Surname and first name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2018	Number of shares purchased	Number of shares sold	Number of shares owned as at 31/12/2019 (or as at the termination of office date)
Culasso Francesca	Board Member and Member of the Management Control Committee (from 12/4/2019)				-			-
Pezzolo De Rossi Simona	Board Member and Member of the Management Control Committee (from 12/4/2019)	UBI	direct	full ownership	14,277	-	-	14,277
Regazzi Monica	Board Member and Member of the Management Control Committee (from 12/4/2019)	UBI	direct	full ownership	2,000	-	-	2,000
Pivato Sergio	Member of the Supervisory Board (until 12/4/2019) - Chairman of the Supervisory Body (from 16/4/2019)	UBI	direct	full ownership	346	-	-	346
Troyer Luca	Member of the Supervisory Body (from 16/4/2019)	UBI	direct	full ownership	-	-	-	-
Sonnino Elvio	Member of the Management Board (until 12/4/2019) / Senior Deputy General Manager	UBI	direct	full ownership	56,998	15,440 ⁽¹⁾	-	72,438
		UBI	spouse (directly)	full ownership	348	-	-	348
Stegher Elisabetta	Member of the Management Board (until 12/4/2019) / Senior Manager (*)							
Leidi Rossella	Deputy General Manager	UBI	direct	full ownership	26,285	5,428 ⁽¹⁾	-	31,713
		UBI	spouse (directly)	full ownership	1	-	1	-
		UBI	children - minors (directly)	full ownership	400	-	-	- ⁽²⁾
Geertman Frederik Herman	Deputy General Manager				21,200			21,200
No. 18 Identified Staff (**)		UBI	direct	full ownership	226,934	17,935 ⁽⁴⁾	31,306	213,563
		UBI	spouse (directly)	full ownership	7,151	33		7,184

(*) Since the position was no longer held on the Management Board, the number of shares held were inserted in the overall data for Identified Staff.

(**) the balance as at 31/12/2018 for ownership of the shares is different from the figure published in the 2018 Annual Report because changes in the perimeter of Identified staff occurred in 2019.

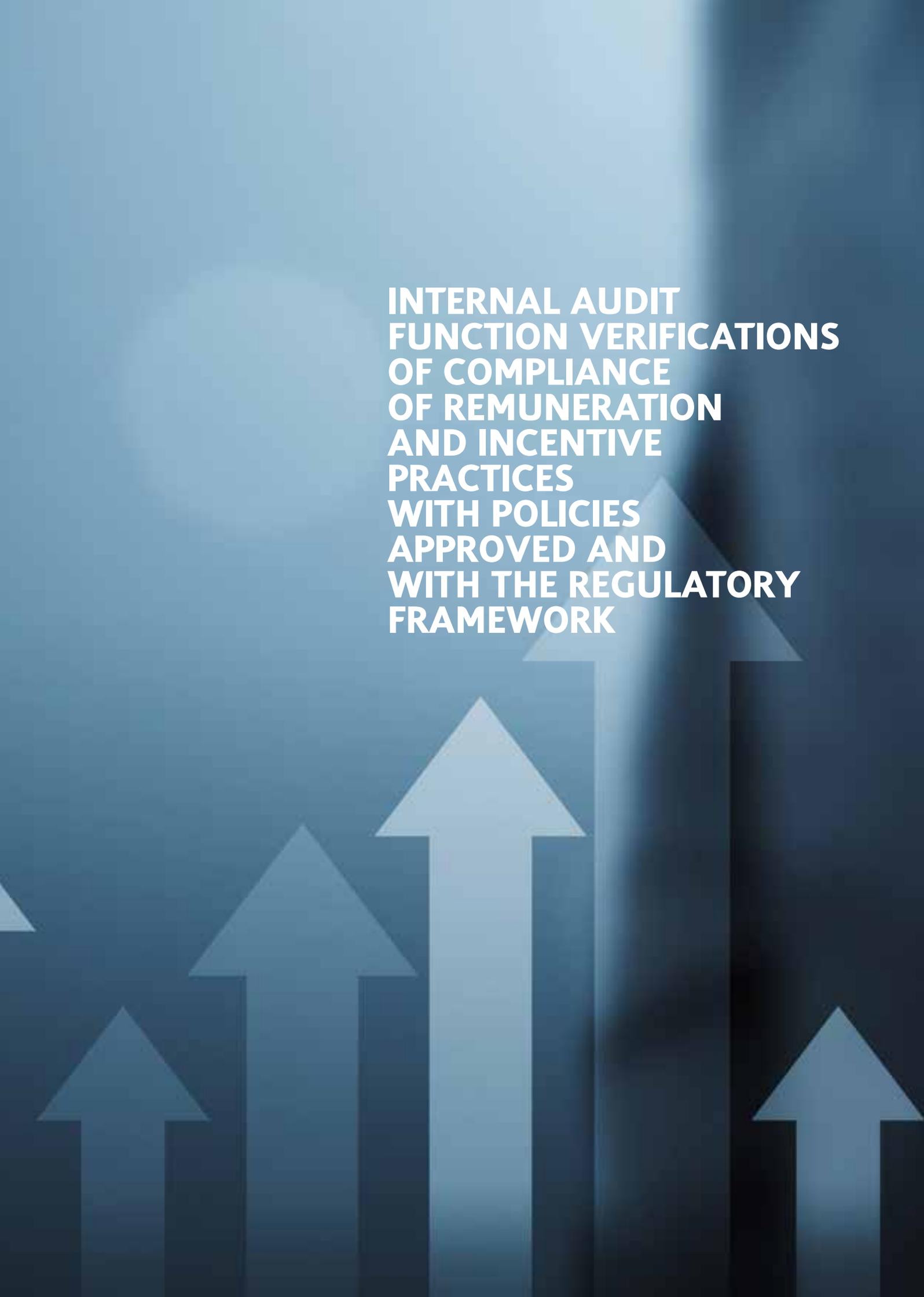
(1) grant of shares under the prior year incentive schemes.

(2) the change is because one of the children came of age.

(3) grant of shares as part of an early termination of employment relationship agreement.

(4) of which 17,192 shares granted under prior year incentive schemes.





**INTERNAL AUDIT
FUNCTION VERIFICATIONS
OF COMPLIANCE
OF REMUNERATION
AND INCENTIVE
PRACTICES
WITH POLICIES
APPROVED AND
WITH THE REGULATORY
FRAMEWORK**

Internal audit function verifications of compliance of remuneration and incentive practices with policies approved and with the regulatory framework

With regard to the regulatory framework for remuneration and incentive policies and practices in banks and groups of banks pursuant to Bank of Italy Supervisory Regulations (Circular No. 285/2013, 25th update of 23rd October 2018, Part One, Title IV, Chapter 2), it is stated that *“At least once a year, the Internal Audit Function shall verify, amongst other things, that remuneration practices comply with the policies approved and with these regulations. The findings and any irregularities are reported to the competent Governing Bodies and functions for the adoption of any corrective measures required and the latter assess their importance for the purposes of prompt disclosure to either the European Central Bank or the Bank of Italy. The results of the audit conducted are reported annually to a Shareholders’ General Meeting. The results of the audit conducted are reported annually to a Shareholders’ General Meeting.”*

In line with previous audits on these matters and with account taken of the principles and recommendations reported in the “SREP – Supervisory Review and Evaluation Process” guidelines on the subject, the analysis carried out by the Internal Audit Function regarded: i) setting remuneration policies for 2019 and applying the policies approved the previous year (2019), ii) the payment of the variable component of remuneration made in 2019 relating to the performance in 2018 and the deferred quotas relating to previous financial years, iii) related first and second level control activities, including the documentation of sources and information used and the repeatability of the inspections performed and conclusions reached, iv) the use by management of the IRB approach to credit risk for the purposes of remuneration and incentive policies for employees of the companies included in the validation perimeter, in compliance with the integrity requirements of the Supervisory Provisions and v) the follow-up on initiatives adopted by the units responsible for the

areas for improvement reported from time-to-time by the internal control functions.

On conclusion of the audits, substantial compliance of the practices adopted with provisions issued by the Bank of Italy and the policies approved by the Governing Bodies. Additionally, in general terms, the organisational controls performed were effectively targeted on the risks connected with the operational activities performed.

More specifically, the UBI Banca Group “2019 Remuneration policies” were developed in line with the strategic priorities of the Group, taking into consideration the new regulatory provisions contained in the revision of Bank of Italy Circular 285.

The Compliance Function, together with the various organisational units involved in the process, within their respective remits, has also made its contribution to the definition of the various application procedures for remuneration and incentive schemes, assessing their compliance with the relevant regulatory framework.

In this context, as a contribution to the current developments in the governance structure and the content of the “Policies”, areas for developing the structure and formalisation of operational controls and the relevant corporate information concerning, amongst other things: i) the relationship between remuneration issues, product governance and sustainability, ii) personal hedging strategies and iii) quantitative targets assigned to those managing NPL portfolios.

The observations of the Internal Audit have been shared with the appropriate organisational units in order for them to be implemented in the mechanisms and controls related to the remuneration and incentives process.



UBI  **Banca**