

Proposal concerning remuneration policies for members of the Supervisory and Management Boards pursuant to the legislation and regulations in force

Dear Registered Shareholders,

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

Regulatory context

The remuneration and incentive policies of UBI Banca Group are updated on the basis of the regulatory context, which has been subject to further changes in 2014 at both the Italian and European levels.

They have been brought into line with the most recent directives issued by the Supervisory Authority, in the pursuit of compliance as a key tool for the sustainable growth of the Bank, and in particular:

- Directive 2013/36/EU of the European Parliament (CRD IV) in force since 1st January 2014;
- Circular No. 285 of 17th December 2013 - Supervisory Provisions for Banks, 7th update of 18th November 2014 concerning remuneration policies and practices;
- the joint Bank of Italy-Consob communication of 29th January 2014, implementing the ESMA guidelines on remuneration policies and practices;
- Delegated Regulation (EU) No. 604 of 4th March 2014, for the identification of Material Risk Takers (MRT) and Key Personnel (KP);
- the Consob Communication of 19th June 2014 relating to information to be provided to the public about indemnities and benefits paid to Executive Directors and General Managers.

The remuneration policies of corporate bodies

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

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

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

No attendance payments exist for meetings of the corporate bodies.

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

No member of the corporate bodies may unilaterally decide to waive their right to part or all of their remuneration and no guaranteed bonuses¹ or leaving bonuses exist.

¹ Without prejudice to exceptions allowed by legislation and regulations limited to the first year of employment, for board members classified as senior management.

It should also be noted that for those who are not members of the Management Board of the Parent and are members of the Management Boards of the Group banks and companies, the remuneration ceiling is equal to the amount due for the position of Member of the Management Board (currently €120,000 per year), plus 1/3 (thus, at present, a potential maximum amount of €160,000 per year). any exemptions for exceptional reasons are in any event subject to the prior approval of the Supervisory Board, following consultation with the Remuneration Committee.

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Dear Registered Shareholders,

in compliance with the supervisory instructions issued by the Bank of Italy, we submit the following proposal for your approval:

“The Shareholders’ Meeting of Unione di Banche Italiane Spa, having considered the proposal of the Supervisory Board,

RESOLVES

the adoption of the remuneration and incentive policies below for members of the Management and Supervisory Boards:

Remuneration policies for members of the Supervisory Board

- *The board members’ fees approved for the period of office by the Shareholders’ Meeting on the basis of a proposal from the Supervisory Board are allocated by the Supervisory Board on the basis of a proposal from the Remuneration Committee and are based on the period of tenure in the role.*
- *Most members of the Supervisory Board receive remuneration for the specific positions held by them as Chairman, Deputy Chairmen, Secretary, Chairmen and members of the committees established within the Board and Supervisory Body, with the exception of the Chairman of the Remuneration Committee and the Chairman and members of the Appointments Committee.*

Remuneration policies for members of the Management Board

- *If the Chairman of the Management Board takes up positions in other Group banks or companies, he may receive total further remuneration of not more than 30% of the remuneration set for the position of Chairman of the Supervisory Board;*
- *The fee of the Chairman of the Management Board is set at the same level as that of the Chairman of the Supervisory Board;*
- *The maximum total fee payable to each Member of the Management Board, with the exception of those relating to the “special assignments” of the Chairman, the Deputy Chairman of the Board and the Chief Executive Officer, for membership of the Management Board and where relevant the corporate bodies of the Group banks and companies, is equal to the amount due for the position of Member of the Management Board (currently €120,000 per year), plus 2/3 (therefore, at present, a potential maximum amount of €200,000 per year);*
- *Any exemptions for exceptional reasons are any event subject to the prior approval of the Supervisory Board, following consultation with the Remuneration Committee;*
- *The Chief Executive Officer and members of the Management Board classified as senior management of UBI Banca, included within the scope of “Material Risk Takers”, are eligible for forms of variable remuneration linked to results.*

26th February 2015

THE SUPERVISORY BOARD