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Please consider that only the original version in Italian language has legal value.



**REPORT TO THE ORDINARY SHAREHOLDERS' MEETING
12 April 2019**

Proposal regarding the criteria and limits for determining remuneration to be agreed in the event of the early termination of an employment relationship or early retirement from corporate office.

Dear Shareholders,

In compliance with the regulatory provisions issued by Bank of Italy in the 25th update, dated 28th October 2018, of the “Supervisory regulations for Banks – Circular No. 285 of 17th December 2013” on Remuneration Policies and Practices - it is the responsibility of a Shareholders’ Meeting to define the criteria and limits for determining remuneration to be agreed in the event of the early termination of an employment relationship or retirement from corporate office, setting the limits in terms of years of salary and the maximum amount resulting from their application.

A specific policy on this remuneration has been approved by Shareholders’ Meetings starting in 2015 and it has been successively refined from year-to-year for the purposes of an increasingly more precise and proper management of the matter.

In light of the regulatory updates mentioned above, policies for post-employment benefits have also been updated for compliance, as laid down in the Group 2019 Remuneration and incentive policies approved by the Supervisory Board on 5th February 2019. [The specific section of the document may be consulted for further detail.](#)

Generally the definition of post-employment benefits must take place on the basis of a prudent appreciation of all the circumstances of the individual cases, with particular reference to the underlying reasons for the termination of the employment relationship, to the actual duration of the employment relationship, to the position held in the organisation chart, 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 shall be no possibility of any automatic adjustment or minimum payment obligation, without prejudice to the constraints required by law and trade union agreements.

In addition to the provisions of the law on indemnities for failure to give notice, payments for the termination of an employment relationship may be made up to a maximum amount of 24 months’ fixed salary, in addition to the first 12 months’ remuneration 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 position¹ and they shall be paid in the manner and at the times consistent with legislation and regulations applicable to the specific case from time-to-time. For remuneration in an amount of less than €50,000 and less than 25% of the fixed remuneration, payment, shall be in full, up-front and in cash².

The precise calculation of remuneration for “Identified staff” according to the criteria and limits described above is subject to assessment and approval for that part which exceeds the indemnity for failure to give notice by law or in accordance with the employment contract, by the Board of Directors which bases its assessment on a proposal formulated, in agreement with the Chief Operating Officer, by the competent internal units and subject to prior verification of its consistency with remuneration policies by the Remuneration Committee.

¹ That limit, based on the current remuneration of the Chief executive Officer of UBI Banca, corresponds to a maximum amount of €2,772,000 gross, to which 12 monthly payments for the non-competition agreement must be added, currently set at €100,000 gross per year.

² The relative amount for [for asset management PRAMERICA](#) positions is €80,000.

Dear Shareholders,

In relation to the above, the Supervisory Board, subject to the prior opinion of the Remuneration Committee in agreement, proposes that the Ordinary Shareholders' Meeting approves the following resolution:

“The Shareholders' Meeting of Unione di Banche Italiane Spa,

- having noted the proposal of the Supervisory Board,*
- and with due consideration for the currently applicable regulations,*

RESOLVES

to approve the terms for setting the criteria and limits on maximum years' salary of remuneration and the relative procedures by which it will be paid, to be agreed in the event of the early termination of an employment relationship or retirement from corporate office, in accordance with the rules laid down in the Group's 2019 Remuneration and Incentive Policies.”

21st February 2019

THE SUPERVISORY BOARD