

(This English version is a courtesy translation from the Italian original document which remains the definitive version)

UBI BANCA SPA

Proposal to set the ratio between the variable and fixed components of remuneration up to a limit of 2:1 for managers in the Investments Area of UBI Pramerica SGR S.p.A.

Dear Shareholders,

Directive 2013/36/EU of the European Parliament and of the Council of 26th June 2013 (known as “CRD IV”) introduces, with reference to remuneration policies and practices, specific limits on the ratio of fixed to variable components of individual remuneration and it sets as a general criterion a limit of 1:1, but allows member states to increase that ratio up to a maximum of 2:1.

In its Supervisory Regulations issued on 18th November 2014, the Bank of Italy exercised that discretion and it gave shareholders’ meetings the power to set that ratio up to 2:1.

The regulations also lay down that the Supervisory Board shall submit a proposal to set a ratio to the European Central Bank at least 60 days before submitting the matter to Shareholders’ Meeting and, if the Shareholders’ Meeting approves resolution, within 30 days following it, it sends an indication of the limit or the limits approved for each category of personnel concerned.

In consideration of the above, a proposal is submitted, for our Group, to the Shareholders’ Meeting to set a ratio potentially up to a maximum of 2:1 between variable and fixed remuneration which basically follows on from practice in past years and regards six management positions within the Investments Area of the company UBI Pramerica S.p.A., comprised within the “Identified Staff” category.

That proposal is designed to ensure meritocratic, competitive and flexible management of remuneration, with account taken of the specifics of the relative Italian and European market in which:

- asset management companies that do not belong to banking groups have no restrictions on variable remuneration, while the large majority of those belonging to banking groups, subject to the “CRD IV” limits, apply this rise in the ratio to 2:1;
- the salaries offered and the high levels of professionalism required in this sector generate strong competition for personnel who therefore present a high retention risk and great attraction difficulties.

Furthermore, to maintain a substantial variable remuneration leverage as a flexible instrument not only constitutes an important policy instrument for management performance, which is in any case dependent on the achievement of trigger conditions and company and Group results (which guarantee profitability and the sustainability of the payments of the bonuses that may have been earned on the basis of excellent individual performance), but it also constitutes a strategic leverage tool for the Bank in terms of flexibility for costs and the alignment of medium to long-term objectives.

The request to set a ratio of up to 2:1 guarantees in any event compliance with prudential regulations when it is considered that:

- it regards a limited number of staff;
- the relationship between bonuses and meeting prudential requirements in terms of capital and liquidity is guaranteed by the link to the conditions for triggering incentive schemes, that relate to the Group’s “risk appetite framework”;
- the positions concerned are subject to deferral and retention procedures as well as to the grant of financial instruments according to the legislation and regulations currently in force.

With regard to the above, the Supervisory Board of UBI Banca invites the Shareholders' Meeting to approve, with a binding resolution, a proposal to set the ratio of variable to fixed remuneration up to a maximum of 2:1, the application of which for 2017 is planned for six positions in the Investments Area of the asset management company, UBI Pramerica S.p.A.

Dear Shareholders,

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

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

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

RESOLVES

to set the ratio of variable to fixed remuneration up to a maximum of 2:1, the application of which for 2017 shall apply for six positions in the Investments Area of the asset management company, UBI Pramerica S.p.A.

7th March 2017

THE SUPERVISORY BOARD