

## **UBI BANCA SPA**

### **Remuneration scheme based on financial instruments:**

#### **proposal to pay the long-term (multi-year) variable component of remuneration for ‘Identified Staff’ in financial instruments and a proposal to authorise the purchase of treasury shares to service the incentive scheme.**

Dear Shareholders,

As described in Section I of the Remuneration Report, the Parent has reviewed and updated its 2017 remuneration and incentive policies.

With particular reference to Identified Staff, the perimeter has been redefined on the basis of the criteria laid down in Delegated Regulation (EU) No. 604 of 4<sup>th</sup> March 2014, inclusive of additional internal criteria.

In order to support the Business Plan, there is an incentive scheme for the period 2017-2019/2020 for Key Identified Staff with the exception of the Members of Governing Bodies, the Corporate control functions and other specific positions, intended to bring the interests of management increasingly into line with the long-term interests of shareholders.

Participation in the incentive scheme is based on an investment made by management, up to a predetermined maximum, using its own funds to purchase shares of UBI Banca.

The bonus payout, exclusively in financial instruments, is related to performance measurement on the basis of specific indicators (*Common Equity Tier 1 Ratio and Return On Tangible Equity*), the results of which will be collected at Group level on 31/12/2019 and 31/12/2020, and the performance of the UBI share relative to a reference benchmark. On the basis of the achievement of the objectives on these dates a portion of up to 50% of the potential maximum bonus will mature; 30% will be paid out up front with a two-year retention period and 20% will be deferred for two years with a further one-year retention period.

The mechanism that has been identified for granting financial instruments is the grant of treasury shares held by the Parent (with the cost charged to the single companies in which the employee in receipt of the shares works).

For all further information concerning the characteristics of the incentive scheme, see the Information Document published in accordance with article 84-*bis* of Consob Regulation 11971/1999, or Section 1 of the abovementioned Report on Remuneration.

It is not currently possible to indicate the exact amount of the expected liability, taking into account the trigger conditions; nevertheless, in view of the bonus pool of up to a maximum of €16.4 million covering it over the period of the Scheme, an application will be submitted for the approval of the Shareholders’ Meeting to authorise the Management Board to purchase (even in one or more tranches and in compliance with the limits set by law for treasury shares) a maximum number of ordinary shares to be set as a ratio of (i) the amount required on the basis of the amount invested by the participants and the achievement of the objectives of the Scheme and (ii) the reference price of the share at the time of the investment, with the possibility of using the remaining shares held in portfolio by UBI Banca as a result of past purchases for previous incentive schemes.

In relation to the above we report that:

- in accordance with the provisions of Art. 2357 of the Italian Civil Code, the purchases of treasury shares will be made within the limits of the distributable profits and of the available reserves reported in the last duly approved financial statements, drawn on a specific profit reserve created within equity;
- on the basis of paragraph 33 of IAS 32 "Financial instruments: Presentation", treasury shares that are purchased must be deducted, in the accounts, from equity; the value of the treasury shares purchases will therefore be deducted from the separate reserve created.

Furthermore, the treasury shares will be purchased in the manner specified in paragraph 1, letter b) of Art. 144 of the Issuers' Regulations - issued in implementation of paragraph 1 of Art. 132 of the Consolidated Finance Act - and thus by purchase on regulated markets following operational procedures that ensure equal treatment of shareholders and do not allow a direct link in trading of proposals to purchase with predetermined proposals to sell, and in full compliance with the measures for the prevention of market abuse and related market practices permitted by the *national commission for companies and the stock exchange (Consob - Italian securities market authority)*.

The purchases will, in any event, be made within 18 months of the date when the Shareholders' Meeting grants authorisation, within the time limit set in the aforementioned Art. 2357 of the Italian Civil Code and at a price that is not 10% higher or lower than the reference price of the UBI Banca share quoted in the market session prior to each individual purchase transaction.

\*\*\*\*\*

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;*
- *having taken account of the provisions of the law, of the Articles of Association and of the regulations issued by the Consob concerning the purchase of treasury shares;*

#### *RESOLVES*

- a) to approve the incentive scheme based on financial instruments, with payment of long-term variable remuneration for Identified Staff through the grant of ordinary shares of the Parent, UBI Banca", for a maximum total amounting to approximately €16.4 million over the period of the Scheme;*
- b) to authorise the Management Board to purchase, with one or more transactions, within 18 months of the date of the Shareholders' Meeting authorisation, a maximum number of shares to be set as a ratio of (i) the amount required on the basis of the amount invested by the participants and the achievement of the objectives of the Scheme and (ii) the reference price of the share at the time of the investment, at a price that is nonetheless not 10% higher or lower than the reference price of the UBI Banca share quoted in the market session prior to each individual purchase transaction; all in compliance with the limits set by law for treasury shares and according to the procedures specified in paragraph 1, letter b), of Art. 144 bis of the Issuers Regulations;*
- c) to authorise the Management Board to use on a priority basis, in the context of the incentive scheme referred to under letter a) above, the remaining shares held in portfolio by UBI Banca as a result of past purchases for previous incentive schemes;*
- d) to grant the Management Board all the necessary powers required to implement this resolution, including the power to modify the same resolution in any way that may be requested by any authority, as long as the modification is of a non-substantial nature.*

7<sup>th</sup> March 2017

THE SUPERVISORY BOARD

## Information document pursuant to Art. 84-bis of the Issuers' Regulations – long-term (multi-year) incentive scheme for Identified Staff

### INTRODUCTION

In compliance with the requirements of Art. 114-bis of Legislative Decree No. 58 of 24<sup>th</sup> February 1998 (the "Consolidated Finance Act") and the requirements of the Issuers' Regulations adopted by Consob Resolution No. 11971 of 14<sup>th</sup> May 1999 (the "**Issuers' Regulations**") concerning the information to be disclosed to the market in relation to remuneration schemes based on financial instruments, this information document (the "**Information Document**") has been prepared to provide details of the implementation of the long-term incentive scheme (multi-year) (the "**Scheme**") which provides for the payment of a portion of the variable component of communication for "Identified Staff" of the UBI Banca Group identified in accordance with criteria of Delegated Regulation (EU) No 604 of 4<sup>th</sup> March 2014, inclusive of additional internal criteria, through the grant of ordinary shares of the Parent UBI Banca.

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

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

### DEFINITIONS

The meaning of some terms used in the information document is given below.

**Shareholders' Meeting** - The Shareholders' Meeting of UBI Banca that will approve the Scheme.

**Bonus pool**: total allocated budget for incentive schemes.

**Clawback** - Mechanism that provides for the repayment of a bonus that has already been paid out.

**Remuneration Committee** - The committee required by the Bank of Italy Regulations and by the Corporate Governance Code, the composition and functions of which are described in the Corporate Governance Report pursuant to Art. 123-bis of the Consolidated Finance Act and in the Report on Remuneration prepared in accordance with Art. 123-bis of the Consolidated Finance Act and Art. 84-quater of the Issuers' Regulations.

**Common Equity Tier 1 ("CET1") ratio** In terms of own funds, this indicator represents the highest quality core capital (composed of the total ordinary shares issued by the Bank that satisfy the regulatory classification criteria, share premium reserves, retained profits, valuation reserves and other reserves recognised) net of the deductions required by the regulations as a ratio to Risk Weighted Assets (RWA).

**Beneficiaries** - Personnel of the UBI Banca Group belonging to the " *Identified Staff* " perimeter with the exception of the "*Members of Governing Bodies*", the corporate control functions and other specific positions in accordance with the provisions of the 2017 Group Remuneration and Incentives Policy.

**"Gate"** Condition required to trigger incentive schemes, related to Group capital stability and liquidity indicators.

**The Leverage Ratio ("LR")** – Leverage calculated as the ratio of the Tier I capital (capital measurement) to the total exposure of the Group (exposure measurement) which includes all the assets and off-balance sheet items not deducted to calculate the capital measurement according to the provisions of the CRR - Art. 429 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26/06/2013 as amended by the Delegated Act (EU) No. 62/2015 .

**Liquidity Coverage Ratio ("LCR")** - Indicator designed to ensure that a Bank maintains sufficient high quality liquid assets available which can be converted into cash to meet liquidity commitments over a period

of 30 days in a stress scenario defined by the Supervisory Authority. It is defined as the ratio of the stock of “available high quality liquid assets” and the sum of “net cash outflows over a time horizon of 30 days, estimated in a context of normal business and supplemented by situations of stress”.

**Net Stable Funding Ratio (“NSFR”)** - Indicator of structural balance designed to monitor and contain risk associated with the transformation of maturities within a tolerance threshold considered acceptable by the Group. It is the ratio of funding (liabilities) to weighted lending (assets), which takes account of the stability of the liabilities and the degree of liquidity of the assets.

**Targets** - Performance indicators defined in the 2017 Group Remuneration and Incentive Policies and detailed in the regulations of each beneficiary, the achievement of which (subject to the triggering of entry thresholds or “gates”) is a condition for the financial instruments to be granted.

**Identified Staff “Other IS”** – “Identified Staff” contains a specific “Other Personnel” category which includes the Control Functions, the Areas of the Parent and roles in IW Bank and companies which have a greater impact on the Group’s risk profile.

**Top Identified Staff** – Identified Staff contains a specific “Top” category which includes not only the Senior Management of UBI Banca, but also the highest levels of the functions of the Parent (with the exclusion of the Control Functions) and the senior management of the main legal entities in the Group;

**Total Shareholder Return (TSR)** – The increase in the value of the share, calculated as the percentage difference between the daily average in December 2019/20 and the daily average in December 2016, including the value of any dividends paid (excluding the possibility that they could be reinvested). They are compared with banks in the reference benchmark listed on regulated markets, on the basis of the quartile positioning of the UBI Group. The method provides for normalisations in the event of exceptional circumstances (e.g. increases in capital).

**Return On Risk-Adjusted Capital (RORAC)** - The profitability in percentage terms of capital at risk calculated as the ratio between NOPAT (net operating profit after tax) and average allocated (budgeted) capital or average absorbed (actual) capital.

**Return On Tangible Equity (“ROTE”)** - The operating profitability of the Bank, calculated as the ratio of profit to tangible equity (the latter calculated as the difference between equity excluding profit or loss and intangible assets).

**Profit on continuing operations before tax (POCBT)** is considered net of extraordinary and non-recurring items.

**Normalised net profit (NNP)** is considered net of non-recurring extraordinary items and the cost relating to incentive schemes.

**Normalised net profit, adjusted for the cost of capital “delta”** - Calculated as the algebraic sum of the net profit in the income statement - net of non-recurring extraordinary items and the cost relating to incentive schemes - and of the (positive or negative) difference between the absorbed and allocated capital, measured on the basis of the cost of capital.

## **1. BENEFICIARIES**

The potential beneficiaries of the Scheme are the personnel of UBI Banca and its major subsidiaries classified as Identified Staff in the UBI Group, with the exception of the Members of Governing Bodies, the corporate control functions and other specific positions, currently amounting to 113 positions.

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

The Chief Executive Officer of UBI Banca, *Dott.* Victor Massiah and the Senior Deputy General Manager of UBI Banca, *Dott.* Elvio Sonnino, are among the potential beneficiaries of the Scheme.

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

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

The Scheme also covers the following categories of employees of UBI Banca and certain of the Group companies within the “*Identified Staff*” perimeter:

- the “*Top*” category, which not only includes those indicated in sub-section 1.1, but also the highest levels of the functions of the Parent (with the exclusion of the Control Functions) and the senior management of the main legal entities in the Group;
- the “*Other Identified Staff*” category, as defined in the 2017 Remuneration and incentive policies, with the exception of the corporate control functions, Financial Advisors not linked to the Group by a regular employee contract and the asset management positions that report to the senior management of UBI Pramerica.

The following UBI Banca Group companies are involved in the Scheme: IW Bank S.p.A, UBI Sistemi e Servizi Soc.Cons.p.A., UBI Academy Soc.Cons.r.l, UBI Pramerica SGR S.p.A., UBI Leasing S.p.A., UBI Factor S.p.A. and Prestitalia.

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

**a) general managers of the issuer of financial instruments;**

**b) other key management personnel of the issuer of financial instruments which is not of “small dimensions”, pursuant to article 3, paragraph 1, letter f) of Regulation No. 17221 of 12<sup>th</sup> March 2010, where they have received total remuneration during the financial year (obtained by summing cash remuneration and remuneration based on financial instruments) that is higher than the total highest remuneration paid to members of the Board of Directors, or to the Management Board and to the General Managers of the issuer of financial instruments;**

**c) the natural persons controlling the issuer of shares, who are employees or work on contract within the issuer of shares.**

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

## **1.4 Description and number, by category:**

**a) of key management personnel other than those indicated in letter b) of paragraph 1.3;**

**b) for companies of “small dimensions”, pursuant to article 3, paragraph 1, letter f) of Regulation No. 17221 of 12<sup>th</sup> March 2010, information by total for all key management personnel of the issuer of financial instruments;**

**c) of any other category of employee or associate worker subject to different treatment under the Scheme (for example, executives, middle managers, office staff, etc.).**

a) the Chief Executive Officer and the Senior Deputy General Manager of UBI Banca, the Deputy General Managers (the Chief Wealth and Welfare Officer and Chief Commercial Officer), Chief General Counsel, Chief Lending Officer, Chief of Top Private banking, Chief of Corporate and Investment Banking, the Manager of the Supervisory Board Support Unit and the Managers of the Macro Geographical Areas of UBI Banca, amounting to 14 beneficiaries;

## **2. THE REASONS FOR ADOPTION OF THE SCHEME**

The long-term incentive scheme is designed to support the 2017-2019/20 Business Plan, intended to bring the interests of management into line with those of shareholders, in a perspective of creating long term value, in compliance with legislation and regulations in force and best market practices.

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

## **3. APPROVAL PROCESS AND TIMING OF GRANTS OF THE INSTRUMENTS**

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

The Shareholders' Meeting authorises the Management Board to proceed with the purchase of treasury shares, in one or more operations and, in compliance with the limits set by law, to be carried out within 18 months of the date of the Shareholders' Meeting authorisation in the manner specified in paragraph 1, letter b), of Art. 144-bis of the Issuers' Regulations, having first used the remaining shares resulting from past purchases for previous incentive schemes.

### **3.2 Names of the parties assigned to administer the Scheme and their function and responsibilities**

The Human Resources Area of UBI Banca is responsible for the administration of the Scheme.

The Bank of Italy Supervisory Regulations also require the Remuneration Committee, with the assistance of information received from the corporate functions in question, to furnish an opinion on the achievement of the performance objectives linked to the incentive schemes and on the satisfaction of the other conditions set for the payment of the remuneration.

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

In the event of exceptional circumstances and events that could not have been foreseen in the budget, including but not limited to mergers, share issues, normalising adjustments for extraordinary accounting items, the Supervisory Board, on the proposal of the Remuneration Committee, in consultation with the Risk Committee and having taken the recommendations of the Management Board into account, with the support of the competent units, may assess the possibility of reviewing the thresholds and objectives that have been set and increasing or reducing the bonuses earned, having taken in to account the additional indicators relating to the Business Plan and in view of the broader performance levels achieved during the period, for example with reference to the "2017-2020 Policy on Dividends".

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

Participation in the scheme is based on an investment made by management, up to a predetermined maximum, using its own funds to purchase shares of UBI Banca.

The bonus payout, exclusively in financial instruments, is related to performance measurement on the basis of specific indicators (*Common Equity Tier 1 Ratio and Return On Tangible Equity*), the results of which will be collected at Group level on 31/12/2019 and 31/12/2020, and the performance of the UBI share relative to the reference benchmark. On the basis of the achievement of the objectives on each of the above dates a portion of up to 50% of the potential maximum bonus will mature; 30% will be paid out up front with a two-year retention period and 20% will be deferred for two years with a further one-year retention period.

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

The Supervisory Board, in consultation with the Remuneration Committee, has resolved to adopt the Scheme for the implementation of the 2017 Remuneration and Incentive Policies, for proposal to the Shareholders' Meeting for the use of financial instruments.

No senior managers of the UBI Banca Group are involved in the resolutions passed by the Supervisory Board and by the Remuneration Committee.

Some members (currently two out of nine) of the Management Board, who hold positions as Senior Managers of the Bank, are also potential beneficiaries of the Scheme.

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

On 7<sup>th</sup> March 2017 the Supervisory Board approved the proposal for the Scheme based on financial instruments to be submitted to the Ordinary Shareholders' Meeting of UBI Banca, called for 7<sup>th</sup> April 2017, after prior consultation with the Remuneration Committee.

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

The Supervisory Board made a decision concerning the 2017 Remuneration and Incentive Policies and the Scheme on 7<sup>th</sup> March 2017.

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

The reference price of the ordinary shares of UBI Banca recorded on the aforesaid date of the meeting of the Supervisory Board (7<sup>th</sup> March 2017) was €3.182.

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

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

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

## **4. THE CHARACTERISTICS OF THE INSTRUMENTS GRANTED**

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

The scheme provides for bonuses to be paid entirely in UBI Banca shares, which are considered the most appropriate instruments for aligning the interests of shareholders with those of management; these shares are subject to retention and deferral clauses.

Participation in the Scheme is based on investment made by management, up to a predetermined maximum, using its own funds to purchase shares of UBI Banca.

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



The scheme will start in 2017 and end in 2024, according to the following schedule:

a) 2017-2019: if the conditions for triggering the Scheme are met and the Group performance objectives over the period 2107-2019 are achieved, up to 50% of the variable component of the remuneration will be converted into UBI Banca shares, subject to retention and deferral clauses that align the incentives with the Bank's long-term interests according to the following schedule:

- 30% of this variable component in shares will vest upfront and be subject to a retention clause until 2022;

- the remaining 20% will be deferred and subject to deferral conditions over the period 2020-2022;

b) 2017-2020: if the conditions for triggering the Scheme are met and the Group and individual performance objectives over the period 2107-2020 are achieved, up to 50% of the variable component of the remuneration will be converted into UBI Banca shares, subject to retention and deferral clauses that align the incentives with the Bank's long-term interests according to the following schedule:

- 30% of this variable component in shares will vest upfront and be subject to a retention clause until 2023;

- the remaining 20% will be deferred and subject to deferral conditions over the period 2021-2023;

c) 2023: verification of the performance conditions over the period 2020-2022 and, if they are exceeded, assignment of the first deferred portion of 20%;

d) 2024: verification of the performance conditions over the period 2021-2023 and, if they are exceeded, assignment of the second deferred portion of 20%.

#### **4.3 End of the Scheme.**

The 2017 Scheme will end in 2024.

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

The maximum number of shares that could be assigned in relation to the Scheme will be calculated by dividing the amount required on the basis of the amount invested by the participants and the achievement of the performance objectives of the Scheme, by the reference price of the shares at the time of the investment.

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

Triggering of the Scheme is strictly linked to the satisfaction of conditions (entry thresholds or “gates”) that guarantee the capital stability and liquidity of the Group, based on the following indicators: the “Common Equity Tier 1 Ratio”, the “Net Stable Funding Ratio”, the “Liquidity Coverage Ratio” and “Leverage Ratio”. The incentive scheme is not, however, triggered if the financial statements show a loss on normalised amounts. The performance measurement indicators are the *Common Equity Tier 1 Ratio* and the *Return On Tangible Equity*, for which the targets are given in the 2017 Remuneration Report and the results of which will be collected at Group level on 31/12/2019 and 31/12/2020 and the performance of the UBI share relative to a reference benchmark.

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

The portion of shares that vests immediately is subject to a two-year retention period, while the deferred portion of shares is subject to a one-year retention period.

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

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

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

All rights under the Scheme are lost if the employment relationship is terminated during the period considered, with the sole exception of cases of termination of the relationship because requirements have been met for accessing forms of retirement benefit, including early retirement, (length-of-service or old age pension, or solidarity funds for the sector), for which rights on amounts vested but not yet paid are normally maintained. This also applies in the event of the death of the beneficiary, to the benefit of the legitimate heirs.

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

The Scheme does not have any cancellation clauses, with the exception of the application of clawback mechanisms in the event of fraudulent conduct or gross negligence.

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

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

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

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

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

The Scheme provides for the use of a number of treasury shares held by the Parent (with subsequent reimbursement by the individual Group Companies that employ the beneficiaries to whom the shares will be granted).

Although it is not currently possible to indicate the exact amount of the expected liability for the payment in financial instruments, taking into account the trigger conditions and the achievement of the objectives of the Scheme, the maximum overall bonus pool covering it over the period of the Scheme is up to a maximum of €16.4 million.

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

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

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

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

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

The Scheme will only use shares traded on regulated markets.

7<sup>th</sup> March 2017

THE SUPERVISORY BOARD

**REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS**  
**TABLE NO. 1 OF SCHEME 7 OF ANNEX 3A OF REGULATION NO. 11971/1999**

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 1 Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions - short-term incentive schemes for 2012, 2013, 2014, 2015 and 2016 - long-term incentive scheme for 2015-2017 - Company Bonus for 2016						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date (*)	Purchase price of instruments, if applicable	Market price when granted (*)	Vesting period
Massiah Victor	- Chief Executive Officer / General Manager	28/04/2012: short-term incentive scheme	Ordinary shares of UBI Banca					
		20/04/2013: short-term incentive scheme	Ordinary shares of UBI Banca					
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	16,055	2015	3.6419	7.3599	3
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	24,082	2018	3.6419	7.3599	5
		25/04/2015: 2015-2017 long-term incentive scheme	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	12,267	2016	3.6419	7.4047	3
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	18,400	2021	3.6419	7.4047	7
		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca					
		02/04/2016: productivity bonus for 2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
	<b>TOTAL</b>			70,804				
Sonnino Elvio	- Member of the Management Board / Senior Deputy General Manager	28/04/2012: short-term incentive scheme	Ordinary shares of UBI Banca					
		20/04/2013: short-term incentive scheme <sup>2</sup>	Ordinary shares of UBI Banca	4,355	2014	3.6419	6.4440	3
		20/04/2013: short-term incentive scheme	Ordinary shares of UBI Banca	2,903	2017	3.6419	6.4440	5
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	11,724	2015	3.6419	7.3599	3
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	7,816	2018	3.6419	7.3599	5
		25/04/2015: 2015-2017 long-term incentive scheme	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	11,293	2016	3.6419	7.4047	3
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	7,528	2019	3.6419	7.4047	5
		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca					
		02/04/2016: productivity bonus for 2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
			<b>TOTAL</b>			45,619		
Leidi Rossella	- Deputy General Manager	28/04/2012: short-term incentive scheme	Ordinary shares of UBI Banca					
		20/04/2013: short-term incentive scheme	Ordinary shares of UBI Banca					
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	8,143	2015	3.6419	7.3599	3
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	5,428	2018	3.6419	7.3599	5
		25/04/2015: 2015-2017 long-term incentive scheme	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	5,319	2016	3.6419	7.4047	3
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	3,546	2019	3.6419	7.4047	5
		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca					
	02/04/2016: productivity bonus for 2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA	
	<b>TOTAL</b>			22,436				

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 1 Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions - short-term incentive schemes for 2012, 2013, 2014, 2015 and 2016 - long-term incentive scheme for 2015-2017 - Company Bonus for 2016						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date (*)	Purchase price of instruments, if applicable	Market price when granted (*)	Vesting period
<b>Medda Ettore Giuseppe</b>	- Member of the Management Board (in office until 14/4/2016) / Deputy General Manager (in office until 30/4/2016)	28/04/2012: short-term incentive scheme	Ordinary shares of UBI Banca					
		20/04/2013: short-term incentive scheme <sup>2</sup>	Ordinary shares of UBI Banca	2,999	2014	3.6419	6,4440	3
		20/04/2013: short-term incentive scheme	Ordinary shares of UBI Banca	1,999	2017	3.6419	6,4440	5
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	8,457	2015	3.6419	7,3599	3
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	5,638	2018	3.6419	7,3599	5
		25/04/2015: 2015-2017 long-term incentive scheme	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	9,542	2016	3.6419	7,4047	3
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	6,361	2019	3.6419	7,4047	5
		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca					
		02/04/2016: productivity bonus for 2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
	<b>TOTAL</b>			34,996				
<b>Geertman Frederik Herman</b>	- Deputy General Manager	02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca					
		02/04/2016: productivity bonus for 2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
	<b>TOTAL</b>			69,992				
<b>Stegher Elisabetta</b>	- Member of the Management Board / Chief Financial Officer	28/04/2012: short-term incentive scheme	Ordinary shares of UBI Banca					
		20/04/2013: short-term incentive scheme <sup>2</sup>	Ordinary shares of UBI Banca	2,471	2014	3.6419	6,4440	3
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	5,452	2015	3.6419	7,3599	3
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	3,635	2018	3.6419	7,3599	5
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	4,830	2016	3.6419	7,4047	3
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	3,220	2019	3.6419	7,4047	5
		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca					
		02/04/2016: productivity bonus for 2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
	<b>TOTAL</b>			19,608				
<b>Ranica Osvaldo</b>	- Member of the Management Board	28/04/2012: short-term incentive scheme <sup>1</sup>	Ordinary shares of UBI Banca	904	2013	3.6419	3,9811	3
		28/04/2012: short-term incentive scheme	Ordinary shares of UBI Banca	603	2016	3.6419	3,9811	5
		20/04/2013: short-term incentive scheme <sup>2</sup>	Ordinary shares of UBI Banca	3,501	2014	3.6419	6,4440	3
		20/04/2013: short-term incentive scheme	Ordinary shares of UBI Banca	2,334	2017	3.6419	6,4440	5
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	3,057	2015	3.6419	7,3599	3
		25/04/2015: 2015-2017 long-term incentive scheme	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	6,029	2016	3.6419	7,4047	3
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	4,019	2019	3.6419	7,4047	5
		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca					
		02/04/2016: productivity bonus for 2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
	<b>TOTAL</b>			20,447				

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)							
		Section 1 Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions - short-term incentive schemes for 2012, 2013, 2014, 2015 and 2016 - long-term incentive scheme for 2015-2017 - Company Bonus for 2016							
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date (*)	Purchase price of instruments, if applicable	Market price when granted (*)	Vesting period	
Senior Management: Executive board members and general managers of Group companies		28/04/2012: short-term incentive scheme <sup>1</sup>	Ordinary shares of UBI Banca	14,176	2013	3.6419	3.9811	3	
		28/04/2012: short-term incentive scheme	Ordinary shares of UBI Banca	9,451	2016	3.6419	3.9811	5	
		20/04/2013: short-term incentive scheme <sup>2</sup>	Ordinary shares of UBI Banca	13,264	2014	3.6419	6.4440	3	
		20/04/2013: short-term incentive scheme	Ordinary shares of UBI Banca	5,753	2017	3.6419	6.4440	5	
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	25,265	2015	3.6419	7.3599	3	
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	13,672	2018	3.6419	7.3599	5	
		25/04/2015: 2015-2017 long-term incentive scheme	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA	
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	23,174	2016	3.6419	7.4047	3	
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	10,273	2019	3.6419	7.4047	5	
		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca	13,426	2017	3.6419	3,2793	3	
		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca	44,027	2020	3.6419	3,2793	5	
		02/04/2016: productivity bonus for 2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA	
		<b>TOTAL</b>			172,481				
	Material risk-takers: Managers of the main lines of UBI business		28/04/2012: short-term incentive scheme	Ordinary shares of UBI Banca					
		20/04/2013: short-term incentive scheme <sup>2</sup>	Ordinary shares of UBI Banca	14,571	2014	3.6419	6.4440	3	
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	37,482	2015	3.6419	7.3599	3	
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	18,913	2018	3.6419	7.3599	5	
		25/04/2015: 2015-2017 long-term incentive scheme	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA	
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	36,595	2016	3.6419	7.4047	3	
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	22,876	2019	3.6419	7.4047	5	
		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca						
		02/04/2016: productivity bonus for 2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA	
	<b>TOTAL</b>			130,437					

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 1 Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions - short-term incentive schemes for 2012, 2013, 2014, 2015 and 2016 - long-term incentive scheme for 2015-2017 - Company Bonus for 2016						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date (*)	Purchase price of instruments, if applicable	Market price when granted (*)	Vesting period
Material risk-takers: Managers of the main lines of Group company business		28/04/2012: short-term incentive scheme <sup>2</sup>	Ordinary shares of UBI Banca	36,283	2013	3.6419	3.9811	3
		28/04/2012: short-term incentive scheme	Ordinary shares of UBI Banca	24,188	2016	3.6419	3.9811	5
		20/04/2013: short-term incentive scheme <sup>2</sup>	Ordinary shares of UBI Banca	20,818	2014	3.6419	6.4440	3
		20/04/2013: short-term incentive scheme	Ordinary shares of UBI Banca	9,164	2017	3.6419	6.4440	5
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	32,455	2015	3.6419	7.3599	3
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	13,605	2018	3.6419	7.3599	5
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	15,164	2016	3.6419	7.4047	3
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	10,109	2019	3.6419	7.4047	5
		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca	38,404	2017	3.6419	3,2793	3
		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca	75,173	2020	3.6419	3,2793	5
		02/04/2016: productivity bonus for 2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
		<b>TOTAL</b>			275,363			
Material risk-takers: Managers of the highest level of control functions		28/04/2012: short-term incentive scheme	Ordinary shares of UBI Banca					
		20/04/2013: short-term incentive scheme <sup>2</sup>	Ordinary shares of UBI Banca	12,708	2014	3.6419	6.4440	3
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	11,047	2015	3.6419	7.3599	3
		10/05/2014: short-term incentive scheme	Ordinary shares of UBI Banca	1,590	2018	3.6419	7.3599	5
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	18,993	2016	3.6419	7.4047	3
		25/04/2015: short-term incentive scheme	Ordinary shares of UBI Banca	12,662	2019	3.6419	7.4047	5
		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca					
		02/04/2016: productivity bonus for 2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
	<b>TOTAL</b>			57,000				
Personnel not comprised within the Key Personnel perimeter		02/04/2016: productivity bonus for 2016	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Financial Advisors		02/04/2016: short-term incentive scheme <sup>3</sup>	Ordinary shares of UBI Banca					

(\*) Financial instruments have been promised on the date indicated, but will not be granted until the end of the vesting period.

<sup>1</sup> Financial instruments granted in 2015

<sup>2</sup> Financial instruments granted in 2016

<sup>3</sup> Amounts estimated on preliminary figures and subject to possible change

REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS TABLE NO. 1 OF SCHEME 7 OF ANNEX 3A OF REGULATION NO. 11971/1999

Name or category	Position (to be given only for persons reported by name)	BOX 1 Financial instruments other than options (e.g. Stock grant)						
		Section 2 Newly granted financial instruments on the basis of a decision of the Supervisory Board for submission to the 2017 Annual General Shareholders' Meeting Key personnel: 2017-2020 long-term incentive scheme						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date	Purchase price of instruments, if applicable	Market price when granted	Vesting period
Massiah Victor	- Chief Executive Officer / General Manager	07/04/2017	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Sonnino Elvio	- Member of the Management Board / Senior Deputy General Manager	07/04/2017	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Leidi Rossella	- Deputy General Manager	07/04/2017	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Geertman Frederik Herman	- Deputy General Manager	07/04/2017	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Senior Management: Executive board members and general managers of Group companies *		07/04/2017	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Material risk-takers: Managers of the main lines of business *		07/04/2017	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA

\* The names of the persons in the positions reported will be given at a later stage when the scheme is implemented.