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ILLUSTRATIVE REPORT ON THE ONLY ITEM ON THE AGENDA FOR THE UBI BANCA S.P.A. EXTRAORDINARY GENERAL MEETING ON 7TH APRIL 2017

drawn up pursuant to Art. 125-*ter* of Legislative Decree No. 58/1998 and Art. 72 of Issuers' Regulation 11971/1999

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ILLUSTRATIVE REPORT ON THE ONLY ITEM ON THE AGENDA FOR THE UBI BANCA S.P.A. EXTRAORDINARY GENERAL MEETING ON 7th APRIL 2017

Dear Shareholders,

The Management Board of Unione di Banche Italiane (UBI Banca) S.p.A. (hereinafter, "**UBI**" or "**the Bank**" or "**the Company**") has summoned you to meet for an extraordinary session on 7th April 2017 at 2:30 p.m. in a single call at the New Bergamo Trade Fair in via Lunga, to discuss and vote on the following agenda:

- Proposal to authorise the Management Board, pursuant to Art. 2443 of the Italian civil code, to increase the share capital by payment, in one or more tranches, by 31st July 2018, by a total maximum amount of €400,000,000, inclusive of any share premiums, by the issue of ordinary shares with no nominal value and having the same characteristics as those already outstanding, to be offered as an option to rights holders, with the broadest powers to establish, from time to time and in observance of the above limitations, the procedures, the terms and the conditions of the operation, inclusive of the issue price and comprising any share premiums and dividend entitlements. Relative and consequent resolutions.

  Consequent amendment to Art.5 of the Articles of Association.

The present report ("**Report**") – drawn up pursuant to Art. 125-*ter* of Legislative Decree No. 58/1998 as subsequently amended (the Consolidated Finance Act) and to Art. 72 of the Consolidated Finance Act implementation regulations for issuers, adopted in Consob decision No. 11971 on 14th May 1999, as subsequently amended (the "Issuers' Regulations"), and in compliance with Figure 2 of the Issuers' Regulations (as shown in Appendix 3A) – seeks to illustrate the proposed resolution related to the sole item on the agenda of the UBI extraordinary general shareholders' meeting.

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The proposed resolution covered in this Report fits into the broader context of a complex transaction (the "**Transaction**") set out in an acquisition contract (the **"Acquisition Contract"**) signed by UBI on 18th January 2017, following a binding offer submitted by the Company on 11th January 2017, with the Bank of Italy (the Seller), as administrator of and on behalf of the National Resolution Fund, to purchase the entire share capital of Nuova Banca delle Marche S.p.A. (hereinafter "**New Banca Marche**"), Nuova Banca dell'Etruria e del Lazio S.p.A. (hereinafter "**New Banca Etruria**") and Nuova Cassa di Risparmio di Chieti S.p.A. (hereinafter "**New CariChieti**"), together referred to hereinafter as the "**Target Bridge Institutions**".

The Target Bridge Institutions, currently owned by the National Resolution Fund, are joint-stock companies established pursuant to Decree Law No. 183 of 22nd November 2015 (as confirmed by Art. 1 par. 854 of Law No. 208 of 28th December 2015), and authorised to exercise banking business and investment services as per a European Central Bank provision issued 22nd November 2015, for the purpose of carrying out "bridge institution" tasks pursuant to Art. 42 of Legislative Decree No. 180 of 16th November 2015, in relation to resolution procedures begun pursuant to Art. 32 of the same Legislative Decree, along with Bank of Italy Provisions No. 553, 554 and 556 of 21st November 2015, approved by the Minister of Economy and Finance in a decree issued 22nd November 2015 concerning Banca delle Marche S.p.A. (currently in compulsory liquidation administration), Banca Popolare dell'Etruria e del Lazio S.c.p.a. (currently in compulsory liquidation administration) and Cassa di Risparmio della Provincia di Chieti S.p.A. (currently in compulsory liquidation administration), referred to jointly as the "**Old Banks**").

As already declared in the Company's press release on 12th January 2017, which can be consulted for more details, the Transaction contract states that UBI will purchase the entire share capital of the Target Bridge Institutions for €1.00 (one euro), and it is based on the essential assumption that on aggregate, as at the date of reference (31st December 2016 if certain preliminary necessary conditions including regulatory and antitrust authorisations are met by 30th April 2017, otherwise the last day of the second month prior to the date on which those conditions are met), the Target Bridge Institutions satisfy the following **significant parameters**:

- equity, at book value, of at least €1.010 billion, to be determined by including:
  - coverage of at least 28.28% of ‘unlikely to pay’ loans and 60% of bad loans;
  - a provision for restructuring costs of €130 million;
  - a provision representing the fair value of contracts connected with the real estate transactions entitled “Consorzio Palazzo della Fonte” and “Fondo Conero”, amounting as per the acquisition contract to at most €100 million, subject to revision before the closing;
  - additional provisions for risks and impairment of components of the Bridge Institutions’ assets resulting from the outcome of due diligence investigations carried out, amounting to €100 million;
- risk-weighted assets (RWA, pillar 1) amounting to no more than €10.6 billion;
- a weighted average liquidity coverage ratio of over 100%;
- a weighted average CET 1 capital ratio of no less than 9.1%.

The scope of the acquisition Transaction is comprised, based on figures made available by the Target Bridge Institutions as at 30th September 2016, of:

- 930,623 customers;
- 547 bank branches;
- 5,010 employees;
- About €14.2 billion of gross outstanding loans to customers (as estimated net of the bad loans and ‘unlikely to pay’ loans that the Target Bridge Institutions must sell before the closing date pursuant to the acquisition contract as a necessary condition for the Transaction), of which €1.8 billion of gross non-performing loans (mostly ‘unlikely to pay’);
- About €18.5 billion in direct funding (of which €14.5 billion in customer deposits) and €7.5 billion in indirect funding.

The following table shows the key aggregate balance sheet and performance indicators of the Target Bridge Institutions (as made available by those Institutions) and of UBI Banca on a consolidated basis, as at 30th September 2016:

Figures in million euros

As at 30th September 2016		UBI (a)	Aggregate Target Bridge Inst. (b)	Aggregate UBI + Target Bridge Inst. (a)+(b)
Total Assets		113,367	23,309	136,676
	ratio (b)/(a)		*20.6%*	
Equity		8,890	1,417	10,307
	ratio (b)/(a)		*15.9%*	
Gross Income		2,238	332	2,570
	ratio (b)/(a)		*14.8%*	
Common Equity Tier 1 (CET1)		7,050	1,345	8,395
	ratio (b)/(a)		*19.1%*	
Risk-Weighted Assets (RWA)		60,379	12,798	73,177
	ratio (b)/(a)		*21.2%*	

It should also be noted that by acquiring the Target Bridge Institutions, the UBI Group expects to increase its overall market share (in terms of loans to businesses and individuals, net of bad loans, as well as in terms of direct funding) by over one percentage point, and will strengthen its coverage of geographical areas in which the UBI Group is not yet or only partially present. The acquisition is also expected to generate a positive impact on the UBI Group’s ordinary profitability.

Pursuant to the Acquisition Contract, the parties’ obligation to finalise the Transaction is subject to certain specific events taking place, notably including, in addition to obtaining the necessary regulatory and antitrust authorisations (including for the feasibility of the Transaction with a share capital increase for UBI of up to €400 million), the disposal without recourse by the Target Bridge Institutions of about €2.2 billion in gross non-performing loans, and the completion by the Seller of a recapitalisation operation for the Target Bridge Institutions, which is estimated (as per the acquisition contract, subject to revision prior to closing) to be in the amount of €450 million.

Completion of the Transaction is also subject to the approval by UBI's shareholders, in an extraordinary general meeting, of the proposed resolution covered in the present Report.

Given the above statements, a proposal will be made to UBI's shareholders at the extraordinary general meeting to grant the Management Board, pursuant to and as a consequence of Art. 2443 of the Italian Civil Code, authorisation (the "**Authorisation")** to increase the share capital by payment, in one or more tranches, by 31st July 2018, by a total maximum amount of €400,000,000, inclusive of any share premiums (hereinafter, the **Share Capital Increase**), by the issue of ordinary shares with no nominal value and having the same characteristics as those already outstanding, to be offered as an option to rights holders of the Company; and to grant the Management Board the discretion to determine, subject to prior authorisation by the Supervisory Board, the methods, terms and conditions of the Share Capital Increase, including the number of shares to be issued, the rights ratio and the issue price, in the manner described hereunder.

It is specified that, in keeping with the rationale for the Share Capital Increase presented in Section 1 below, the resolution proposal covered in the present Report is subject to the completion of the Transaction, that is, to the acquisition by UBI of the Target Bridge Institutions by 31st July 2018.

Therefore, if for any reason the Transaction is not completed and UBI does not acquire the Target Bridge Institutions by that date, the resolution will become conclusively null and void, and hence the Authorisation may not be exercised by the Management Board and no share capital increase will be carried out.

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1. <u>Rationale for the Share Capital Increase</u>

The Share Capital Increase, as stated above, fits into the context of the Transaction to acquire the entire share capital of New Banca Marche, New Banca Etruria and New CariChieti, and its aim is to ensure that the combined entity (i.e., the UBI Group in its new configuration resulting from the acquisition of the Target Bridge Institutions) can maintain a fully-loaded Common Equity Tier 1 (CET1) ratio of over 11% as soon as the Transaction is executed, in line with the Group's current CET1 ratio and with the level set independently by the management as a starting point target in the UBI Business Plan approved in June 2016.

The Share Capital Increase will specifically be used to meet temporary Common Equity Tier 1 capital needs deriving from the fact that, at the time the Transaction is finalised, "badwill" (defined according to convention as the difference between the price of €1 to be paid to acquire the Target Bridge Institutions and those Institutions' equity, measured at fair value) will not be fully computable. Based on estimates of these temporary capital needs, the Share Capital Increase has been quantified at a maximum of €400 million. It should be specified that the amount established as the target Share Capital Increase was set independently by the management following previously conducted valuations. Furthermore, even without this Share Capital Increase, the Bank's capital levels would nevertheless be above the minimum ratios required under prudential regulations in force and/or set by the ECB in December 2016 upon completion of its Supervisory Review and Evaluation Process (SREP). For more information on the effects of the acquisition on capital, see Section 10 below.

Following a gradual release of "badwill" not immediately computable onto the income statement (known as "badwill reversal"), and taking into account the increase in ordinary profitability expected thanks to achievable synergies (which will be exploited thanks in part to the intended merger of the Target Bridge Institutions into UBI within 12 months of the closing of the Transaction), and also considering future savings deriving from the use of deferred tax assets (DTAs) in the form of the Target Bridge Institutions' carry-forward losses (even after accounting for the profit-sharing mechanism with the Seller stipulated in this respect in the sale contract, whereby the Seller is to receive 10% of total profit up to €600 million and 80% of any additional profit), and furthermore considering that the envisaged extension of IRB internal risk-weighting models to assets acquired from the Target Bridge Institutions will benefit capital ratios, it is expected that the fully-loaded CET1 ratio of the combined entity (i.e. the new UBI Group in its new configuration resulting from the acquisition of the Target Bridge Institutions) will be higher than the target ratios set in UBI's 2019/2020 Business Plan.

It should be noted that, in any case, UBI intends to approve an update to its 2019/2020 Business Plan to reflect the Group's new consolidation scope following the acquisition of the Target Bridge Institutions.

2. Terms and conditions of the Share Capital Increase and the Authorisation, including the criteria for setting the issue price of new shares

The reason for proposing an Authorisation is that it will ensure that the Management Board will have the flexibility needed to schedule the Share Capital Increase in a manner that takes advantage of the most favourable conditions possible for the transactions, as well as to set execution terms and conditions that are consistent with the market environment when the Share Capital Increase begins. This is all the more true considering the high degree of uncertainty and volatility on financial markets in the present day.

Again in order to ensure a suitable degree of flexibility in how the Share Capital Increase is executed, it has also been put forward that the Authorisation may be exercised at any time on or before 31st July 2018. This time frame does not change the fact that the Share Capital Increase is designed to facilitate the completion of the Transaction, and thus remains conditional on the execution of the acquisition of the Target Bridge Institutions by the same date, 31st July 2018. As such, the proposed shareholders' resolution would become conclusively null and void, and hence the Management Board would no longer be able to exercise the Authorisation in question, if the acquisition of the Target Bridge Institutions were not completed by that date.

Under the Authorisation, the Management Board will have the power to stipulate, subject to authorisation by the Supervisory Board, the methods, terms and conditions of the Share Capital Increase and of its execution, within the parameters indicated below, and will therefore have the power to set the following aspects, potentially closer to the rights issue date:

- the amount by which to increase the share capital, which must nonetheless not exceed €400,000,000 inclusive of any share premium; this may be done in several tranches;
- the issue price of the new shares, inclusive of any share premium, bearing in mind the prevailing market conditions at the time the Share Capital Increase is effectively launched, along with the UBI stock performance, the Bank's and the Group's profit, capital and financial trends, as well as market practices in similar transactions. The issue price will be calculated by applying, in accordance with usual market practices, a discount to the theoretical ex-right price (TERP) of UBI shares. The TERP is in turn calculated, under the prevailing methodology, based on – among other things – the closing price of UBI shares on the last trading day prior to the calculation or, if available, based on the closing price of UBI shares on the trading day on which the calculation itself is to be employed;
- the number of shares to be issued and thus the related rights ratio; newly issued shares will have the same characteristics, including dividend entitlement, as those in circulation, and will be offered to current shareholders in proportion to the stakes held.

3. Authorisations by competent authorities

The acquisition of the Target Bridge Institutions is also subject to authorisation by the following authorities, within their respective jurisdictions:

- The Bank of Italy and the European Central Bank, in relation to the acquisition of the entire share capital of the Target Bridge Institutions, along with the acquisition of an indirect 94.65% stake in Cassa di Risparmio di Loreto S.p.A. through New Banca Marche and of full indirect ownership of

Banca Federico Del Vecchio S.p.A. through New Banca Etruria; all this pursuant to Art. 19 of Legislative Decree 385/1993 (the Consolidated Banking Act);

- Istituto per la Vigilanza sulle Assicurazioni (**IVASS**, the Italian Insurance Supervisory Authority), in relation to the Group's acquisition of significant ownership, through New Banca Etruria, in two insurance companies, namely (i) a direct 89.53% stake in BancAssurance Popolari S.p.A. (BAP Vita e Previdenza S.p.A.), and (ii) full ownership, directly and indirectly, of BancAssurance Popolari Danni S.p.A. (BAP Assicurazioni S.p.A.); all this pursuant to Art. 68 of Legislative Decree 209/2005 (the "Insurance Code") and IVASS Notification No. 3/2009;
- Autorità Garante della Concorrenza e del Mercato (the Italian Competition Authority), in relation to the fact that the acquisition of the Target Bridge Institutions will result in greater market concentration, pursuant to Law No. 287/1990 ("Law to protect competition and the market").

Also subject to authorisation by the Bank of Italy and the European Central Bank, within their respective jurisdictions, are the Share Capital Increase (pursuant to Art. 56 of the Consolidated Banking Act) and the correlated amendment to Article 5 of UBI's Articles of Association (pursuant to paragraph 11 of the same article), as well as the computability of the newly issued shares as Common Equity Tier 1 capital (pursuant to articles 26 and 28 of EU Regulation 575/2013.

In this regard, it is specified that the related applications for the authorisations listed above have already been submitted by UBI to the relative competent authorities.

Finally, execution of the Share Capital Increase will require (pursuant to article 93-bis and subsequent paragraphs and article 113 of the Consolidated Banking Act, as well as to related implementation regulations) publication of a prospectus on the offering and listing of the shares to be issued in order to execute the Share Capital Increase; this prospectus is subject to approval by the Italian financial market authority, Consob.

4. Underwriting syndicate

For the Share Capital Increase transaction, Credit Suisse Securities (Europe) Limited and Morgan Stanley & Co. International PLC will act as both joint global coordinators and joint bookrunners (hereinafter, the **Joint Global Coordinators**).

The Joint Global Coordinators and the Company have signed a pre-underwriting letter stating that the former undertake, subject to conditions in line with standard market practice for similar transactions, to sign an underwriting agreement, whereby they pledge to subscribe to any and all newly issued shares for the capital increase that remain unclaimed upon conclusion of the related rights auction, up to a maximum amount of €400 million.

This underwriting agreement for the Share Capital Increase is expected to be signed when the rights issue is imminent and as soon as the Management Board sets the definitive terms and conditions of the Share Capital Increase, in keeping with the proposed resolution to be voted on at the Extraordinary General Meeting.

5. Other offerings envisaged

Because it will be carried out through a rights issue, the new UBI ordinary shares will be offered directly by the Company and no other forms of equity offering are envisaged.

6. Shareholders who have declared an intent to subscribe to new shares and potential unexercised rights

At the time of writing, the Company has not received any formal declarations from shareholders claiming an intent to subscribe to the new shares.

7. Time frame for execution of the Share Capital Increase

In exercising its Authorisation, the Management Board will set a time frame for execution of the Share Capital Increase, taking financial market conditions into consideration, without prejudice to the fact that this Authorisation pursuant to Art. 2443 of the Italian Civil Code may be exercised in more than one tranche.

Where permitted by market conditions, and subject to obtaining the required authorisations as well as to the timely completion of the Transaction to acquire the Target Bridge Institutions, the Management Board is expected to exercise its Authorisation promptly, as long as it is granted, in order to initiate the Share Capital Increase operation by the end of the first half of 2017 if possible.

In any case, sufficient information will be provided to the market regarding the schedule for executing the Share Capital Increase.

8. Dividend date for newly issued shares

The shares that will be issued for the Share Capital Increase will have normal dividend entitlements and will therefore give their holders rights equal to those of shares already outstanding at the time of the rights issue.

9. Further information

Subscription to the new shares by means of exercising rights related to the Share Capital Increase must occur in accordance with the procedural terms indicated in the prospectus that will be published in connection with the Share Capital Increase itself.

As the Share Capital Increase is to take place by means of a rights issue offered to the Company's shareholders, the rights in this transaction will trade separately from outstanding shares.

10. Effects of the Transaction and Share Capital Increase on the Group's income, balance sheet and capital, and dilutive effects

10.1 Effects of the acquisition and Share Capital Increase on income, balance sheet and capital figures

The Share Capital Increase is strictly connected to, and subject to, execution of the acquisition of the entire share capital of the Target Bridge Institutions, and will serve to allow the UBI Group to maintain, as soon as the Transaction is executed, capital ratios in line with those recorded as at 31st December 2016, as better described in Section 1 of the present Report.

In order to facilitate an assessment of the main effects of the acquisition of the Target Bridge Institutions and of the related Share Capital Increase, the table below shows the following numbers:

- consolidated figures of UBI Banca, as at 31st December 2016;
- aggregate figures for the Target Bridge Institutions (consolidated figures where appropriate) related to the Significant Parameters (inclusive of expected provisions) described in the introduction to the present Report; these parameters must be met as an essential condition to finalise the Transaction; the figures therefore include the effects of all operations that, as per the Acquisition Contract, must be executed and completed before the closing of the Transaction; and
- aggregate figures for the UBI Group and the Target Bridge Institutions combined, inclusive of the effect of the proposed Share Capital Increase.

Figures in million euros

As at 31st December 2016	UBI (a)	Aggregate Target Bridge Institutions (b)	Aggregate UBI + Target Bridge Inst. (a)+(b)	Share Capital Increase (c)	Total Aggregate UBI + Target Bridge Inst. (a)+(b)+(c)
Equity	8,990	1,010	10,000	400	10,400
ratio (b)/(a)		*11.2%*			
Common Equity Tier 1 (CET1), fully loaded	6,675	965	7,640	400	8,040
ratio (b)/(a)		*14.1%*			
Risk-Weighted Assets (RWA)	59,484	10,600	70,084		70,084
ratio (b)/(a)		*17.8%*			
CET 1 ratio, fully loaded	11.5%	9.1%	10.9%		11.5%

It should be underlined that the combined aggregate figures for UBI Banca and the Target Bridge Institutions, inclusive of the Share Capital Increase effect, are not intended to illustrate the Group's prospective capital ratios subsequent to completion of the Share Capital Increase and the acquisition Transaction; rather, they have been shown merely to reflect what the significant effects of these transactions will be, as though they were already put in place and completed as at the date shown, based on what is envisaged in the Acquisition Contract, without however intending to express that any of these effects of the transactions should effectively be observed as such as at that date or that these effects should inevitably be observed subsequently. In particular, it should be underlined that the aggregate numbers do not incorporate the temporary Common Equity Tier 1 capital needs deriving from the fact that, at the time the Transaction is finalised, "badwill" (defined according to convention as the difference between the price of €1 to be paid to acquire the Target Bridge Institutions and those Institutions' equity, measured at fair value) will not be fully computable. Aggregate numbers for the Target Bridge Institutions also do not take into account the expected benefit from validation of IRB models. The above assumptions thus constitute a formal element: if the transactions described above had actually taken place before 31st December 2016, then the effects shown in the aggregate data above may not necessarily have ensued.

It should also be specified that at the time of writing, the financial statements as at 31st December 2016 of the Target Bridge Institutions are not yet available.

10.2 Dilutive effects of the Share Capital Increase

Because it will be done through a rights issue, the increase in total share capital will not dilute the stakes of those shareholders of the Company who decide to subscribe to it.

In fact, the Share Capital Increase envisages that each shareholder of the Company is entitled to rights. From the date the equity offering begins, those rights may be traded separately from the related shares, which at that point will be listed 'ex-rights'. No estimate of the trading value of these rights can be made for the time being, as it is still impossible to presume what the market situation will be when the transaction is completed.

Shareholders who choose not to exercise their right to subscribe will, once the new shares are issued, undergo a dilution in their stakes. . It is not possible at the present stage to provide indications or formulate an estimate regarding potential dilutive effects, because the issue price, the number of ordinary shares to be issued and the rights ratio will be determined only in the imminence of rights issue date. The Bank will in any case provide sufficient information to the market about dilutive effects of the Share Capital Increase.

11. Amendment to Art. 5 of the Articles of Association

If the shareholders approve the Share Capital Increase, then it will be necessary to amend Article 5 of the Company's Articles of Association accordingly, by adding a new paragraph that accounts for the acceptance of the resolution and for the authorisation granted by the shareholders, as better specified in the table comparing the text currently in force with the new proposed text (Attachment A of the present Report).

12. Evaluation concerning grounds for withdrawal rights

Acceptance of the resolution to amend Article 5 of the Articles of Association would not constitute grounds for withdrawal rights, pursuant to Article 2437 of the Italian Civil Code.

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PROPOSED RESOLUTION

In consideration of all the above, the Shareholders of UBI are therefore presented with the following proposed resolution, addressing the only item on the agenda for the extraordinary general meeting:

"The Shareholders,

having examined and discussed the report by the Management Board and Supervisory Board and the proposals formulated therein, and having acknowledged that the validity of the following resolution is subject to the obtainment of all related necessary authorisations from the competent authorities,

hereby resolve

1. *to confer powers, in accordance with Art. 2443 of the Italian Civil Code, on the Management Board, subject to the prior approval of the Supervisory Board, to increase the share capital by and not later than 31st July 2018 by payment in cash in tranches of one or more issues, by a maximum total amount of €400,000,000 euro, inclusive of any share premiums, through the issue of ordinary shares of the same class as those in circulation, to be offered for cash payment as an option right for shareholders, granting the Management Board the broadest powers to establish, from time to time and in observance of the limitations indicated herein, the procedures and the terms and the conditions of the operation, inclusive of the issue price of the shares (comprising any share premiums) and dividend entitlements, while in setting the issue price of the shares, inclusive of the share premium, the Management Board shall take into account, amongst other things, the prevailing market conditions at the time of the actual implementation of the operation, the stock market price of the ordinary UBI Banca share, the profits, operating performance and capital and financial position of the Bank and the Group which it leads and also market practices for similar operations;*
2. *to render the validity of this resolution, and thus the authorisation described in point 1 above, contingent upon the acquisition by Unione di Banche Italiane S.p.A. of the entire share capital of Nuova Banca delle Mar^{ch}e S.p.A., Nuova Banca dell'Etruria e del Lazio S.p.A. and Nuova Cassa di Risparmio di Chieti S.p.A., it being agreed that if this necessary condition is not met on or before 31st July 2018, then the resolution described in point 1 will become conclusively null and void;*
3. *consequent to the above, to amend Article 5 of the Company's Articles of Association, by adding a new paragraph of text as follows:*

   "On 7th April 2017 an extraordinary Shareholders' Meeting resolved – subject to the acquisition by Unione di Banche Italiane, a joint stock company, of the entire share capital of New Banca delle Marche S.p.A., New Banca dell'Etruria e del Lazio S.p.A. and New Nuova Cassa di Risparmio di Chieti S.p.A. to confer powers, in accordance with Art. 2443 of the Italian Civil Code, on the Management Board, subject to the prior approval of the Supervisory Board, to increase the share capital by and not later than 31st July 2018 by payment in cash in tranches of one or more issues, by a maximum total amount of €400,000,000, inclusive of any share premiums, through the issue of ordinary shares of the same class as those in circulation, to be offered for cash payment as an option right for shareholders, granting the Management Board the broadest powers to establish, from time to time and in observance of the limitations indicated herein, the procedures and the terms and the conditions of the increase in the capital, inclusive of the issue price of the shares (comprising any share premiums) and dividend entitlements, while in setting the issue price of the shares, inclusive of the share premium, the Management Board shall take into account, amongst other things, the prevailing market conditions at the time of the actual implementation of the operation, the stock market price of the ordinary UBI

Banca share, the profits, operating performance and capital and financial position of the Bank and the Group which it leads and also market practices for similar operations;

4. *to grant the Management Board and, by extension, its Chairman and the Chief Executive Officer, separately between them and with the power to sub-delegate, within the legal limits and without prejudice to the collegial nature of the authorisation pursuant to Article 2443 of the Italian Civil Code, the fullest powers as needed to implement the above resolution, in order to satisfy the necessary condition stated above, as well as to carry out all formalities required in order to obtain legal approvals of the resolutions adopted today and, in general, all actions needed to execute the resolutions themselves (including, but not limited to, the power to draft and submit to the competent authorities all documentation, prospectuses, petitions or applications required or appropriate in order to proceed with the offer and obtain admission to trading for the new shares to be issued), with any and all powers necessary or appropriate to achieve that end, with no exceptions, including the power to apply any minor amendments, adjustments, addenda to the above resolutions needed for the purpose of registration on the Business Register, including amendments related to potential indications provided by supervisory authorities, as well as the power to submit the updated Articles of Association to the appropriate Business Register and to fulfil any further publication requirements related to the execution of the Share Capital Increase.*"

Bergamo, February/March 2017 The Management Board

The Supervisory Board

Appendix A:
Table comparing the current and proposed Article 5 of the UBI Banca S.p.A. Articles of Association

TEXT CURRENTLY IN FORCE	PROPOSED TEXT
ARTICLE 5	**ARTICLE 5**
5.1.- The subscribed and paid-up share capital amounts to €2,440,750,987.50 and is divided into 976,300,395 nominal shares with no nominal value.	**5.1.-** (unchanged)
5.2.- The issue of new shares may be resolved by an Extraordinary General Meeting of the Shareholders, in compliance with article 2441 of the Italian Civil Code, with the majorities and quorums specified in these Articles of Association for the convening and resolutions of Extraordinary General Meetings of the Shareholders, with the right to delegate the power to the Management Board, but subject to authorisation from the Supervisory Board for the exercise, in compliance with the legislation and regulations in force, of the powers provided by articles 2420 ter and 2443 of the Italian Civil Code.	**5.2.-** (unchanged)
5.3.- The share capital may also be increased by contributions of loans and assets in kind.	**5.3.-** (unchanged)
(end of article at present)	**5.4.-** ***On 7th April 2017 an extraordinary Shareholders' Meeting resolved – subject to the acquisition by Unione di Banche Italiane, a joint stock company, of the entire share capital of New Banca delle Marche S.p.A., New Banca dell'Etruria e del Lazio S.p.A. and New Nuova Cassa di Risparmio di Chieti S.p.A. to confer powers, in accordance with Art. 2443 of the Italian Civil Code, on the Management Board, subject to the prior approval of the Supervisory Board, to increase the share capital by and not later than 31st July 2018 by payment in cash in tranches of one or more issues, by a maximum total amount of €400,000,000, inclusive of any share premiums, through the issue of ordinary shares of the same class as those in circulation, to be offered for cash payment as an option right for shareholders, granting the Management Board the broadest powers to establish, from time to time and in observance of the limitations indicated herein, the procedures and the terms and the conditions of the increase in the capital, inclusive of the issue price of the shares (comprising any share premiums) and dividend entitlements, while in setting the issue price of the***

	shares, inclusive of the share premium, the Management Board shall take into account, amongst other things, the prevailing market conditions at the time of the actual implementation of the operation, the stock market price of the ordinary UBI Banca share, the profits, operating performance and capital and financial position of the Bank and the Group which it leads and also market practices for similar operations.