

## UBI BANCA SPA

**Proposal to the Shareholders' Meeting to increase the ratio of the variable to the fixed components of remuneration up to a limit of 2:1.**

Dear shareholders,

Directive 2013/36/EU of the European Parliament and of the Council of 26<sup>th</sup> June 2013 (known as CRD IV) introduces, with reference to remuneration policies and practices, specific limits on the ratio of variable to fixed 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 18<sup>th</sup> November 2014, the Bank of Italy exercised that discretion and it gave Shareholders' Meetings the power to increase that ratio up to 2:1.

In consideration of the above, a proposal is submitted to the Shareholders' Meeting to increase the limit on the ratio of variable to fixed remuneration up to a maximum of 2:1. On the same basis as in previous years, this will regard five positions of responsibility in the Investment Area of the asset management company, UBI Pramerica S.p.A., two of which are comprised within the Key Personnel perimeter for which, as provided for by the current Group Remuneration and Incentive Policies, and in compliance with Bank of Italy Supervisory Regulations, variable remuneration is subject to deferment and retention mechanisms, in addition to involving the grant of financial instruments.

These positions have been identified with the objective of ensuring 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, have requested that this ratio be raised to 2:1 and they have obtained this;
- 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.

It is also considered that:

- ensuring adequate levels of competitive remuneration motivates staff to higher degrees of specialisation and thereby reduces the risk of losing them to the competition;
- to maintain a substantial variable remuneration mechanism as a flexible instrument of costs 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 earned on the basis of excellent individual performance.

The request to increase the ratio to 2:1 guarantees in any event compliance with prudential regulations when it is considered that:

- it has an impact on a limited number of staff;
- it does not involve an increase in the percentage of variable remuneration compared with the previous years;

- 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".

With regard to the above, the Supervisory Board of UBI Banca invites the Shareholders' Meeting to approve, with a binding resolution, a proposal to increase the ratio of variable to fixed remuneration up to a maximum of 2:1, the application of which for 2016 is planned for five positions – two of which comprised within the Key Personnel perimeter – in the Investment Area of the asset management company, UBI Pramerica S.p.A.

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Dear shareholders,

In relation to the above, the Supervisory Board therefore proposes that the Ordinary Shareholders' Meeting approves the following resolution:

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

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

**RESOLVES**

*to increase the ratio of variable to fixed remuneration up to a maximum of 2:1, the application of which for 2016 is planned for five positions – two of which comprised within the Key Personnel perimeter – in the asset management company, UBI Pramerica S.p.A.*

18<sup>th</sup> February 2016

THE SUPERVISORY BOARD

*This English version is a courtesy translation from the Italian original document which remains the definitive version.*