

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

UBI BANCA SPA

Proposal for setting remuneration and incentive policies for members of the Supervisory Board and members of the Management Board in accordance with the regulations and legislation in force.

Dear Shareholders,

The Parent, UBI Banca, has set Remuneration and incentive policies for the UBI Banca Group as a fundamental tool for supporting the medium to long-term strategies of the Group itself, with the objective of creating value over time and pursuing sustainable growth in the interest of stakeholders. To achieve this it has designed a remuneration structure linked to company results, appropriately adjusted to take account of all risks, consistent with the capital and liquidity levels needed to perform the activities undertaken.

Regulatory framework

The Group updates its policies and practices continually on the basis of the regulatory context, which has been subject to further changes in 2016 at both the Italian and European levels.

They have been defined with consideration taken of:

- the European Securities and Market Authority (“ESMA”) Guidelines on remuneration policies in accordance with the UCITSV and AIFMD Directives of 31st March 2016;
- proposals to amend the “Joint Bank of Italy and Consob Regulations” to implement Directive 2014/91/EU (“UCITS V”) on the organisation and controls of intermediaries that provide investment and collective asset management services, for which public consultation was concluded in September 2016, and for which the final document is now expected;
- the European Banking Authority (“EBA”) guidelines and remuneration policies and practices for the sale and supply of retail banking services products of September 2016.

Policies were also set on the basis of Bank of Italy Circular No. 285 – seventh update of 18th November 2014, which implemented the Directive of the European Parliament 2013/36/UE (“CRD IV”) and of the Commission Delegated Regulation of the European Commission No. 604 of 4th March 2014 containing technical standards for the identification of “Material Risk Takers” (“MRT”) or “Identified Staff” (“IS”), as well as the recommendations given in the EBA guidelines dated 21st December 2015.

In developing the policies, account was also taken of the guidelines and procedures adopted by the other national and international banking groups with the objective of achieving consistency with the best practices and market trends.

Remuneration Policies for Governing Bodies

The remuneration of the Governing Bodies of the Group is defined in compliance with the current regulatory framework and in accordance with the Articles of Association, based on best practice, Italian guidelines and future European policies.

The purpose of the policies is to attract the best skill sets; they are based on principles of both fair remuneration for similar roles and differentiation between roles on the basis of the levels of responsibility and risk involved. They also take account of the professional skills required, the time and commitment employed, and market competitiveness.

In detail, the fees of members of the Governing bodies of the UBI Banca Group are structured with a cap set by that of the Chairman of the Management Board which is set at the same level as that of the Chairman of the Supervisory Board, and is lower than the fixed remuneration of the Chief Executive Officer.

No “attendance token” payments exist for meetings of the Governing Bodies.

Members of the Governing Bodies classified as senior management may receive forms of remuneration linked to results, while all the other members of the Governing Bodies of the Group receive no variable remuneration.

No member of the Governing Bodies may unilaterally decide to waive their right to part or all of their remuneration and no guaranteed bonuses or leaving bonuses exist.

Dear Shareholders,

Consistent with the principles illustrated above, on the basis of an opinion in agreement from the Remuneration Committee the Supervisory Board, in compliance with Bank of Italy Supervisory Regulations submits the following proposal for your approval:

“This Shareholders’ Meeting of Unione di Banche Italiane S.p.A., having considered the proposal of the Supervisory Board,

RESOLVES

to adopt remuneration and incentive policies for members of the Supervisory Board and members of the Management Board as follows:

Remuneration policies for members of the Supervisory Board

The board members’ fees approved by the Shareholders’ Meeting on the basis of a proposal from the Supervisory Board, for the period of office, are decided by the Supervisory Board on the basis of a proposal from the Remuneration Committee and related to their period of tenure in the role.

Most members of the Supervisory Board receive remuneration for the specific positions held by them as Chairman, Deputy Chairmen and Chairman and members of internal committees of the Board and the Supervisory Body, as part of the total amount of remuneration resolved by the Shareholders’ Meeting.

Remuneration policies for members of the Management Board

If the Chairman of the Management Board takes up positions in other Group banks or companies, he may receive total further remuneration of not more than 30% of the remuneration set for the position of Chairman of the Supervisory Board.

The fee of the Chairman of the Management Board is set at the same level as that of the Chairman of the Supervisory Board.

The maximum total fee payable to each member of the Management Board, with the exception of those relating to the “special assignments” of the Chairman, the Deputy Chairman of the Board and the Chief Executive Officer, for membership of the Management Board and where relevant the Governing Bodies of the Group banks and companies, is equal to the amount due for the position of member of the Management Board plus 2/3.

Any exemptions for exceptional reasons are in any event subject to the prior approval of the Supervisory Board, following consultation with the Remuneration Committee.

The Chief Executive Officer and members of the Management Board classified as senior management of UBI Banca, included within the “Material Risk Takers” perimeter, are eligible for forms of variable remuneration linked to results.

7th March 2017

THE SUPERVISORY BOARD