

*This is an English courtesy translation of the original documentation prepared in Italian language.*

*Please consider that only the original version in Italian language has legal value.*

## **Report to the Ordinary General Meeting of the Shareholders to be held on 8<sup>th</sup> April 2020**

Proposal regarding the criteria and limits for determining remuneration to be agreed in the event of the early termination of an employment relationship or early retirement from corporate office

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**Proposal regarding the criteria and limits for determining remuneration to be agreed in the event of the early termination of an employment relationship or early retirement from corporate office.**

Dear Shareholders,

In compliance with the regulatory provisions issued by Bank of Italy in its 25<sup>th</sup> update, dated 28<sup>th</sup> October 2018, of the “Supervisory regulations for Banks – Circular No. 285 of 17<sup>th</sup> December 2013” on Remuneration Policies and Practices, it is the responsibility of a Shareholders’ General Meeting to define the criteria and limits for determining remuneration to be agreed in the event of the early termination of an employment relationship or retirement from corporate office, setting the limits in terms of years of salary and the maximum amount resulting from their application.

A specific policy on this remuneration has been approved by Shareholders’ General Meeting starting in 2015 and it has been successively updated from year-to-year for the purposes of an increasingly more precise and proper management of the matter.

Within the Group’s 2020 Remuneration and Incentive Policies approved by the Board of Directors on 5<sup>th</sup> March 2020, steps have been taken, more or less along the same lines as last year, to formulate policies for post-employment benefits, details of which are given in a special section of that document.

Generally the determination of post-employment benefits must take place on the basis of a prudent appreciation of all the circumstances of the individual cases, with particular reference to the underlying reasons for the termination of the employment relationship, to the actual duration of the employment relationship, to the position held in the organisation chart, to the long-term performance in terms of the creation of value for shareholders and to the appropriateness of the person’s conduct. However, there shall be no possibility of any automatic adjustment or minimum payment obligation, without prejudice to the constraints required by law and trade union agreements.

In addition to the provisions of the law on indemnities for failure to give notice, payments for the termination of an employment relationship may be made up to a maximum amount of 24 months’ fixed salary, in addition to the first 12 months’ remuneration of a non-competition agreement, if this has been signed, and up to a maximum amount calculated on the basis of the remuneration for the specific position<sup>1</sup> and they shall be paid in the manner and at the times consistent with legislation and regulations applicable to the specific case from time-to-time. For remuneration in an amount of less than €50,000 and less than 25% of the fixed remuneration, payment, shall be in full, up-front and in cash<sup>2</sup>.

The precise calculation of remuneration for “Identified staff” according to the criteria and limits described above is subject to assessment and approval for that part which exceeds the indemnity for failure to give notice by law or in accordance with the employment contract, by the Board of Directors which bases its assessment on a proposal formulated, in agreement with the Chief Operating Officer, by the competent internal units and subject to prior verification of its consistency with remuneration policies by the Remuneration Committee.

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Dear Shareholders,

In relation to the above, the Board of Directors proposes, subject to a prior opinion in agreement from the Remuneration Committee, that the Shareholders’ General Meeting approves the following resolution:

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<sup>1</sup> That limit, based on the current remuneration of the Chief Executive Officer of UBI Banca, corresponds to a maximum amount of approximately €4 million.

<sup>2</sup> The relative amount for Pramerica personnel is €80,000.

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

- *having noted the proposal of the Board of Directors,*
- *and with due consideration for the currently applicable regulations,*

*RESOLVES*

*to approve the terms for setting the criteria and limits on maximum years’ salary of remuneration and the relative procedures by which it will be paid, to be agreed in the event of the early termination of an employment relationship or retirement from corporate office, in accordance with the rules laid down in the Group’s 2020 Remuneration and Incentive Policies.”*

5<sup>th</sup> March 2020

THE BOARD OF DIRECTORS