



**Società cooperativa**

Head office at Via San Carlo 8/20, Modena, Italy  
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Register of Banks no. 4932 and Register of Cooperatives no. A163859  
Member of the Interbank Deposit Guarantee Fund and of the National Guarantee Fund  
Share capital at 31 December 2012 Euro 998,164,965

[www.bper.it](http://www.bper.it)

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**REPORT ON CORPORATE GOVERNANCE AND  
OWNERSHIP STRUCTURE**

**in accordance with art. 123-*bis* of Legislative Decree 58 dated 24  
February 1998**

**(Consolidated Finance Act or CFA)**

**(standard model for administration and control)**

- 2012 -

Modena, 13 March 2013

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<b>GLOSSARY</b>	
<b>Banca popolare dell'Emilia Romagna or Issuer or Bank or Parent Company or Company or BPER</b>	Banca popolare dell'Emilia Romagna Società cooperativa, head office in Via San Carlo 8/20, Modena, Parent Company of the BPER Group.
<b>Borsa Italiana or Borsa</b>	Borsa Italiana S.p.A., head office at Piazza degli Affari 6, Milan
<b>Italian Civil Code or Civil Code</b>	The Italian Civil Code.
<b>Code of Conduct or Code</b>	The Code of Conduct for listed companies, approved in December 2011 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
<b>Board of Statutory Auditors or Statutory Auditors</b>	The Board of Statutory Auditors of Banca popolare dell'Emilia Romagna.
<b>Board of Directors or Board or B.o.D.</b>	The Board of Directors di Banca popolare dell'Emilia Romagna.
<b>CONSOB</b>	National Commission for Companies and the Stock Exchange with head office in Via G.B. Martini 3, Rome.
<b>Supervisory instructions on governance matters</b>	The "Supervisory Instructions for the Organisation and Corporate Governance of Banks" contained in Bank of Italy Communication no. 264010 dated 4 March 2008 and Clarification no. 181299 dated 19 February 2009 and Communication no. 23078 dated 11 January 2012 that explains how the instructions are to be applied.
<b>FTSE MIB</b>	The FTSE MIB Index measures the performance of 40 Italian equities and seeks to replicate the broad sector weightings of the Italian stock market. The Index is derived from the universe of stocks trading on the main market of Borsa Italiana S.p.A. Each stock is analysed for size and liquidity, and the overall Index provides a fair representation sector by sector. The FTSE MIB Index is weighted by market capitalisation after adjusting the various components on the basis of their float.
<b>BPER Group or Group</b>	The "Banca popolare dell'Emilia Romagna" federal banking group comprising banks and finance, property and service companies, as well as various other types of company.
<b>Stock Market Instructions</b>	The Instructions accompanying the Regulations for the Markets organised and managed by Borsa Italiana S.p.A.
<b>MTA</b>	Mercato Telematico Azionario, the electronic equities market organised and managed by Borsa Italiana.
<b>Stock Market Regulation</b>	The Regulation for the Stock Markets organised and managed by Borsa Italiana S.p.A.
<b>Issuers' Regulation</b>	The Regulation approved by CONSOB Resolution no. 11971 dated 14 May 1999 and subsequent amendments and additions.
<b>Market Regulation</b>	The Regulation approved by CONSOB Resolution no. 16191 dated 29 October 2007 and subsequent amendments and additions.
<b>Report on Corporate</b>	The Report on Corporate Governance and the Ownership Structure (Report

<b>Governance or Report</b>	on corporate governance) that companies are required to prepare pursuant to art. 123- <i>bis</i> of Legislative Decree 58 dated 24 February 1998.
<b>Member/s and Shareholder/s</b>	Given the nature of BPER as a cooperative bank, being a Shareholder is not necessarily the same as being a Member. Pursuant to art. 9 of the articles of association, Shareholders who wish to be admitted as a Member must apply in writing to the Board of Directors. If the application is accepted, the applicant is notified and the Shareholders' Register is updated. In the absence of admission as a Member, only the property rights related to share ownership may be exercised (not the right to attend or vote at the AGM).
<b>articles of association or articles</b>	The articles of association of "Banca popolare dell'Emilia Romagna" in force at the date of this Report.
<b>Consolidated Banking Act or CBA</b>	Legislative Decree no. 385 dated 1 September 1993 (Consolidated law on banking and lending matters) and subsequent amendments and additions.
<b>Consolidated Finance Act or CFA</b>	Legislative Decree no. 58 dated 24 February 1998 (Consolidated law on financial intermediation) and subsequent amendments and additions.

## Introduction

Pursuant to art. 123-*bis* of the CFA, companies that issue securities admitted for trading in regulated markets are required to prepare and publish an annual "Report on corporate governance and ownership structure" containing the information required by the above law.

Pursuant to art. 89-*bis* of the Issuers' Regulation, the Report has to state whether the issuer has adopted a code of conduct for corporate governance promoted by the companies that manage regulated markets or by trade associations, and if so, giving reasons why any of its provisions have not been adopted. The Report must also indicate the governance practices actually adopted by the Company, over and above those required by current legislation or regulations.

In this regard, reference is made to the previous Reports on corporate governance prepared by Banca popolare dell'Emilia Romagna and available on the website [www.bper.it](http://www.bper.it), as well as on Borsa Italiana S.p.A.'s website [www.borsaitaliana.it](http://www.borsaitaliana.it).

Preparation of this Report has taken account *inter alia* of the "Code of Conduct" proposed by Borsa Italiana S.p.A., as amended in December 2011. Even though BPER currently does not see fit to adopt it formally, this report is largely based on the "Format for the report on corporate governance and ownership structure" prepared by Borsa Italiana S.p.A. in January 2013.

The indications of the Italian Stock Exchange for the preparation of the Report have been supplemented by additional information considered necessary to provide adequate information to members/shareholders and to the market, as well as reported in CONSOB Communication DEM/11012984 of 24 February 2011 on "Enquiries pursuant to Article 114, paragraph 5, of Legislative Decree no. 58 of 24 February 1998, on remuneration, self-assessment of the administrative body and succession plans - Recommendations regarding information on compensation provided for by art. 78 of Regulation no. 11971 of 14 May 1999, as amended", for which reference should be made to Section 8.1 of this Report.

## 1 Profile of the Issuer

Banca popolare dell'Emilia Romagna was incorporated on 1 December 1984, with deed dated 29 December 1983, following the merger of various banks, all more than 100 years old. It is a cooperative company with registered offices in Via San Carlo 8/20, Modena, Italy. The Issuer is listed on the Mercato Telematico Azionario (MTA) organised and managed by Borsa Italiana and is part in the formation of the Dow Jones STOXX 600 Index. The BPER stock is also included in the FTSE MIB index, which means that it is traded on The After Hours (TAH) market of the Multilateral Trading Facility (MTF).

The objects of the Bank are to gather savings and make loans in various forms to both members and non-members, applying the principles underpinning the cooperative movement.

Members who are also customers can access special benefits on products and services, including free insurance cover for "Accidents", "Snatch, theft and robbery" and "Third-Party Liability", custody and administration of their BPER shares at no cost, lower fees for the rental of safe deposit boxes and for mortgage loan formalities. There is also a 10% discount on certain items involved in the maintenance of current accounts, new subscriptions of certain insurance policies and the issuance of special certificates of deposit, as well as a special credit card exclusively for members. Other benefits are also available for shareholders who attend the Shareholders' Meeting to approve the 2012 Financial Statements (for details, see the website [www.bper.it](http://www.bper.it)).

The offer to members was also enriched in 2012 with a range of non-banking benefits made available through agreements with partners operating in different sectors, including wellness, tourism, car hire, online shopping and publishing (magazine subscriptions). A special website ([www.bperspecialesoci.it](http://www.bperspecialesoci.it)) has been created to support this initiative. It contains all pertinent information and there is even a call centre service reserved for members. For specific financial and contractual conditions, reference should be made to the pamphlets available for customers.

The insurance and banking benefits that BPER arranges for its members have been confirmed for 2013 and other non-banking facilities are currently being organised.

The Bank also aims to assist the development of productive activities, with particular reference to small and medium-sized firms, and encourages all forms of savings by the public. In compliance with current regulations, the Bank is able to carry out all transactions and provide all permitted banking and financial services, including all transactions that contribute to or are related to the achievement of its corporate objects and institutional goals.

Since its inception, the Bank has adopted the standard system of administration and control described in paras. 2, 3 and 4 of Section VI-bis, Chapter V, Title V, Book V of the Civil Code, which envisages the existence of a Board of Directors and a Board of Statutory Auditors. At this time, the advantages offered by the alternative models of governance envisaged in arts. 2409-*octies et seq.* of the Civil Code are not considered sufficient to make them preferable to the system already selected.

Banca popolare dell'Emilia Romagna is the parent of the Banking Group of the same name that was formed in 1992.

Group companies are subject to management control and coordination (as per art. 61 CBA) by the Parent Company, which provides guidelines for implementation of the instructions issued by the Bank of Italy in the interests of the Group and its stability.

At the end of 2012, the BPER Group in Italy comprises 8 banks, in addition to the Parent Company itself, 9 finance-sector companies and 5 property and service companies; as well as the following foreign companies: BPER (Europe) International s.a. (Grand Duchy of Luxembourg), Em.Ro. Finance Ireland Ltd (Ireland) and Arca Merchant International s.a. (Belgium, in liquidation).

Note that at the end of 2012 the scope of consolidation also included Immo.Bi. S.r.l., Polo Campania S.r.l. and Melior Valorizzazioni Immobili S.r.l.; they are not formal members of the Group, since they do not contribute directly to its banking activities.



The maintenance of flexibility and separate identities in the various regional markets is accompanied by careful exercise of the Parent Company's management and coordination role. This balances the recognition of operational autonomy with appropriate governance at Group level, ensuring that strategies and strategic directions are consistent.

### **Corporate Social Responsibility**

During 2012, the CSR function (which operates on behalf of the entire Group and is carried out by the External Relations and CSR Office) focused on the following areas:

- issuance of the "Group Guidelines for the regulation of relations between the Banks of the BPER Group and arms manufacturers" and of the organisational procedures for handling them. The BPER Group's intention is to make voluntary commitments that go beyond the minimum requirements of the law, in order to reconcile the demands of its stakeholders by maintaining a difficult balance as fairly as possible.
- In order to boost microcredit, in addition to the "Hope Loan", a reporting and collaboration agreement was signed in February 2012 at Group level with PerMicro S.p.A., the only professional operator in this sector. This agreement also allows us to offer solutions to individuals who find themselves in a weak position from a social and economic point of view, generally being excluded from the formal financial sector, with a view to opening new accounts with those financed by PerMicro. In addition, on 31 December BPER and Banca Popolare di Ravenna (belonging to the BPER Group) implemented the agreement with Microcredito per l'Italia (MXit), whose objective is to facilitate loans to households and businesses in the areas hit by the earthquake.
- The implementation at Group level (thanks to the intervention of various branch employees) of numerous Financial Education programmes (promoted by the "Patti Chiari" Consortium) for secondary school students ("Junior Economic Footprint") and for adults ("Economic Footprint Plus"). This initiative is being carried out in collaboration with 11 consumer associations. A lecture was also given to secondary school students on "Education on Consumer Spending and Conscious Saving".
- The implementation of a specific training course called "Ethics in BPER" (required for all employees on apprenticeship contracts and voluntary for other BPER employees), split into three modules: Compliance, the Code of Ethics and Decree 231/01, and Corporate Social Responsibility.

## 2 Information on the ownership structure (art. 123-bis, paragraph 1, CFA)

### 2.1 Structure of share capital (art. 123-bis, paragraph 1.a), CFA)

The share capital of the Bank is variable and is represented by the number of shares issued.

The issue of shares, which is without limit, may be decided in the following ways:

- routinely by the Board of Directors;
- exceptionally, by a resolution adopted at an Extraordinary Shareholders' Meeting.

Given that the shares are traded on a regulated market, pursuant to art. 6 of the articles of association, the issue of new shares can only be decided by the Extraordinary Shareholders' Meeting, which, however, can also authorize the Board of Directors to issue shares and bonds convertible into shares of the Company.

At 31 December 2012, the issued and fully-paid share capital of the Bank amounted to Euro 998,164,965, represented by 332,721,655 ordinary shares, nominal value Euro 3.00 each, including 56 with different rights from 1 July 2012 (shares deriving from the conversion of "Banca popolare dell'Emilia Romagna 3.70%, 2006-2012" subordinated convertible bonds, which are not traded on the MTA as no request for admission was made for 2012 because of the different rights).

You are reminded that the "Banca Popolare dell'Emilia Romagna 3.70%, 2006-2012" subordinated convertible loan expired on 31 December 2012. The 12,702,886 bonds not presented for conversion were reimbursed in accordance with the loan regulation.

The share capital structure at 31 December 2012 is made up as follows:

STRUCTURE OF SHARE CAPITAL AT 31/12/2012				
Type of shares	No. of shares	% of share capital	Listed (specify markets) / Unlisted	Rights and obligations
Ordinary shares	332.721.655	100%	332,721,599 listed on the MTA and 56 unlisted (with rights from 1/7/2012*)	Voting rights if a member Equity rights
Shares with limited voting rights	/	/	/	/
Shares without voting rights	/	/	/	/

(\*): at the time that the share go ex-coupon for the 2012 dividend, the shares will have the same rights as the other BPER shares and will therefore be listed on the MTA in the same way.

The subordinated convertible bonds currently in circulation are detailed below:

<b>OTHER FINANCIAL INSTRUMENTS AT 31/12/2012</b> (giving the right to subscribe for new shares)		
	<b>BPER 2.75%, 2001-2013 (1)</b>	<b>BPER 3.70 %, 2006 – 2012 (b)</b>
<b>Listed (specify markets) / Unlisted</b>	Unlisted	/
<b>No. of instruments in circulation</b>	1.684.636	/
<b>Type of shares servicing conversion/exercise</b>	Ordinary	/
<b>No. of shares servicing conversion/exercise</b>	5.053.908	/
<b>Total nominal value at 31/12/2012</b>	62.499.995,60	/
<b>Unit nominal value</b>	37,10	/
<b>Share capital deriving from conversions</b>	15.161.724,00	/

Except for these convertible bonds, no other financial instruments have been issued with the right to subscribe for new shares.

(a): Bond loan subscribed for by Fondazione Banco di Sardegna. At the time of issue, this bond loan matured on 31/12/2006 (BPER floating rate 2001-2006). Subsequently, the 2006 Shareholders' Meeting extended the maturity date to 31/12/2008. Under a mandate granted at the 2008 Shareholders' Meeting, the Board of Directors of the Bank further extended the maturity date to 31/12/2013 and altered certain conditions. Under art. 5 of the loan regulation, the repayment will be made in four annual instalments, each of a constant amount equal to 25% of the nominal value of the entire loan, to be paid to bondholders on 1 January of the years 2011, 2012, 2013 and 2014.

(b): Bond loan issued as part of the capital increase authorised at the 2006 Shareholders' Meeting. The bonds are listed on the MTA and convertible into shares of the Bank with an exchange ratio of 1:1. The loan expired 31 December 2012 and was repaid almost entirely on 1 January 2013 for an amount of Euro 203,245,966; on that date 70 bonds (for a value of Euro 210) were converted into the same number of shares with rights from 1 January 2013.

You are reminded that shareholders are not necessarily members, given that BPER is a cooperative bank. No shares have been issued in other categories.

Pursuant to art. 9 of the articles of association, shareholders who wish to be admitted as a member must apply in writing to the Board of Directors of the Bank, confirming their acceptance of the articles of association and the members' regulations. The Board resolves, with reasons, on the application for admission as a member, having regard for the interests of the Bank, the requirements of the articles of association and the cooperative spirit. If the application is accepted, the applicant is notified and the Shareholders' Register is updated.

In the absence of admission as a Member, the only rights that may be exercised in relation to shares held are those relating to the equity of the Bank. Lastly, note that the remuneration plans submitted to the Shareholders' Meeting, which will be published in the "Governance" - "Corporate Bodies" - "General Meeting" section of the Bank's website, consist of so-called "phantom stock plans", which means that they do not lead to any allocation of shares that would involve an increase in capital, bonus issues included.

## **2.2 Restrictions on the transfer of securities (art. 123-bis, paragraph 1.b), CFA)**

Pursuant to art. 30 of the CBA, as amended recently by Decree Law 179 of 18 October 2012 coordinated with the conversion law 221 of 17 December 2012, no one can hold shares in cooperative banks in excess of 1% of the share capital (previously the limit was set at 0.50%), subject to the statutory right to impose tighter limits, though not less than 0.50%.

As an exception, the limit for mutual funds (UCITS) is established in their individual regulations.

According to the new text of art. 30 of the CBA, another exception can be expected from the articles of association, which will be able to set a ceiling of 3% for the participation banking foundations that exceed this limit as of 19 December 2012 (the date that Law 221/2012 comes into force), if the overrun is the result of business combinations. It remains understood that this participation cannot be increased and the amendment does not have any impact on the more stringent limits laid down by the rules of these entities nor on the approvals required by law.

Art. 12 of the Bank articles of association provides that no one may hold a number of shares for a total nominal value that exceeds the limit on participation established by law. Persons who, due to inheritance or for other reasons, become holders of shares whose nominal value exceeds the maximum established by law, must dispose of the excess shares within one year of such excess being notified. If this period elapses without effect, the Board of Directors suspends the payment of dividends on the excess shares and redeems them in accordance with art. 7.2 of the articles of association. For further information, see the articles of association.

Transactions in shares carried out by relevant parties and by persons closely associated with them pursuant to art. 114 of the CFA and arts. 152 *sexies*, *septies* and *octies* of the Issuers' Regulation are subject to the instructions on "Internal Dealing".

The Bank has adopted specific regulations and internal procedures for the required reporting, with the adoption of the "Internal Dealing rules" which is published in the "Shareholders' Special Section" of the Bank's website ([www.bper.it](http://www.bper.it)).

## **2.3 Significant holdings of share capital (art. 123 bis, paragraph 1.c), CFA)**

Pursuant to art. 12 of the articles of association and of said art. 30 of the CBA, no one may hold shares for a total nominal value that exceeds the limit on participation established by law (1% of the share capital, though this limit does not apply to UCITS, for which, as we said, the limit is established in their individual regulations - see the previous paragraph).

Except for one position, there are no significant holdings of share capital, whether directly or indirectly, subject to notifications made pursuant to art. 120 of the CFA. The proportion of share capital held in this particular case is 2.4%. The holder of this position is authorised to exceed the limit.

## **2.4 Securities carrying special rights (art 123 bis, paragraph 1.d), CFA)**

At the time of this Report, no securities carrying special rights of control and/or other special power have been issued.

## **2.5 Shares held by employees: mechanism for exercising voting rights (art. 123-bis, paragraph 1.e), CFA)**

There are no special share ownership systems for employees or special mechanisms for exercising the voting rights of employee shareholders. Employee Shareholders may give their proxy to another Shareholder attending Shareholders' Meetings but, pursuant to art. 24 of the articles of association and art. 2372.5 of the Italian Civil Code, they may not be proxyholders themselves.

## **2.6 Restrictions on voting rights (art 123-bis, paragraph 1.f), CFA)**

Pursuant to art. 30 of the CBA and art. 24 of the articles of association, given the Issuer's legal status as a "Cooperative Bank", each shareholder has the right to one vote, regardless of the number of shares held.

Pursuant to art. 24 of the articles of association and consistent with the provisions of art. 2538.1 of the Civil Code, Shareholders may attend Shareholders' Meetings and exercise their voting rights if they have been recorded in the Shareholders' Register for at least 90 days. In addition, they may arranged to be represented at the Meeting, in accordance with legal requirements, by another shareholder who is not a director, statutory auditor or employee of the Bank or another company within the group. In any case no shareholder may represent more than two other shareholders, except in the case of legal representation, and voting by correspondence is not allowed.

Again pursuant to art. 24 of the articles of association, members of the Board of Directors may not vote at Shareholders' Meeting on resolutions regarding their responsibility.

Pursuant to art. 19 of the articles of association, even in the case of pledges and usufruct, the share voting rights remain with the shareholder concerned.

No other restrictions on voting rights are envisaged.

## **2.7 Agreements between shareholders (art 123-bis, paragraph 1.g), CFA)**

At the time of this Report, the Bank is not aware of any agreements between shareholders, or any such agreements published pursuant to art. 122 of the CFA.

During the last Shareholders' Meeting held on 21 April 2012 no Shareholders made any declarations pursuant to arts. 20-22 of the CBA and arts 120-122 of the CFA.

## **2.8 Change of control clauses (art 123-bis, paragraph 1.h), CFA) and provisions of the articles of association relating to takeover bids (arts. 104, paragraph 1-ter, and 104-bis, paragraph 1)**

At the time of this Report, neither the Bank nor its subsidiaries have signed any agreements that would become effective, be modified or lapse in the event of a change in control over the Issuer or its subsidiaries.

The Bank's articles of association do not provide for the application of the neutralization rules contained in art. 104-bis, paragraphs 2 and 3 of the CFA in respect of takeover bids, nor do they derogate from the provisions on the passivity rule provided by art. 104, paragraphs 1 and 2 of the CFA.

## **2.9 Mandates to increase share capital and authorisations to purchase treasury shares (art. 123-bis, paragraph 1.m), CFA)**

In accordance with the terms and methods laid down in the resolutions of the Extraordinary Shareholders' Meetings held on 8 May 1999, 20 May 2006 and 10 May 2008, and in the resolution adopted by the Board of Directors on 22 December 2008 and contained in the regulations for the loan in question, the Extraordinary Shareholders' Meeting authorised the Board of Directors to increase the share capital by up to Euro 30,323,448 by issuing up to 10,107,816 ordinary shares, nominal value Euro 3.00 each, by no later than 31 December 2013, exclusively to service the conversion of the convertible bonds denominated "BPER 2.75% 2001-2013 subordinated convertible bond".

The Extraordinary Shareholders' Meeting of 3 September 2011 has granted to the Board of Directors, in accordance with article 2420-ter of the Italian Civil Code, the power, which can be exercised within a maximum of five years from the date of the resolution: (i) to issue, in one or more tranches, bonds convertible into ordinary shares of the Company, for a total maximum amount at par of Euro 250,000,000.00, to be offered to those entitled to them; and, therefore, (ii) to increase the share capital for payment, in one or

more tranches, also in separate issues, for a total maximum amount of Euro 250,000,000.00 including any share premium, irrevocably and exclusively to serve the conversion of these bonds, by issuing ordinary shares of the Company with regular dividend and voting rights and the same characteristics as the ordinary shares of the Company in circulation at the issue date.

As part of the "Grande BPER" project, which involves the merger of three subsidiary banks, there is provision for an amendment to art. 6 of the articles of association, on the subject of the share capital, to insert a paragraph concerning the increase in capital of the Parent Company to service the share swap to give BPER shares to the minority shareholders of the companies being merged, as well as for the conversion of the convertible bond issued by one of the banks involved. For this amendment, the Bank of Italy has, at BPER's request, initiated a verification dated 15 January 2013 (protocol 0077601/13 of 23 January 2013). On 5 March 2013 (protocol 0225672/13) the Bank of Italy issued its notice of verification, ascertaining that it was not inconsistent with the principle of sound and prudent management, in accordance with art. 56 and 61 of the CBA.

The current text of the articles of association, updated from time to time, is published on the Bank's website in the Governance - Documents section.

By resolution of the Board of Directors pursuant to art. 17 of the Bank's articles of association, the Bank may acquire or redeem its own shares on condition that such purchase or redemption does not exceed the amount of distributable profits and available reserves allocated for this purpose by the Shareholders' Meeting, and reported in the latest approved financial statements. The Board of Directors decides on the reallocation or cancellation of treasury shares.

At 31 December 2012 the Bank holds 453,908 treasury shares, representing 0.136% of share capital.

## **2.10 Management and coordination activities (art. 2497 et seq. of the Civil Code)**

The Bank is not subject to management and coordination by other parties.

### **3 Adoption of codes of conduct – compliance (art 123-bis, paragraph 2.a), CFA)**

At the date of this Report, the Bank has not adopted the code of conduct prepared by Borsa Italiana or any other codes of conduct.

The Bank and the companies within the BPER Group are not subject to non-Italian legislation that might affect the structure of their corporate governance.

Even though BPER does not consider it opportune to apply the Code of Conduct proposed by Borsa Italiana, also in consideration of its particular status as a cooperative bank, it believes that, overall and helped by the amendments made to the articles of association in recent years, the system of corporate governance adopted by the Company is in line with the principles contained in the Code, the recommendations made by the Supervisory Authority and national best practice.

## 4 Board of Directors

### 4.1 Appointments and replacements (art. 123-bis, paragraph 1.I), CFA)

For the appointment and replacement of members of the Board of Directors, the Bank observes the provisions of arts. 30, 31, 32, 33 and 35 of the articles of association and the relevant implementing and transition rule at the foot of it.

Pursuant to art. 2365, paragraph 2 of the Civil Code, art. 40 of the articles of associations states that it is up to the Board of Directors to approve any adjustments of the articles of association to comply with legislative requirements, as well as their merger in the cases provided for in arts. 2505 and 2505-bis of the Italian Civil Code.

The Chairman and the Directors are elected at the Shareholders' Meeting from among the members and remain in office for three years. Their appointments expire on the date of the Shareholders' Meeting called to approve the financial statements for the final year of their mandates, and they may be re-elected upon the expiry of such mandates. The Board is renewed partially each year over each three-year period, to the extent of six Directors the first year, seven Directors the second year and six Directors the third year, bearing in mind that the transitional rule implementing this system, which has been inserted at the foot of the articles, establishes 2011 as the first year, 2012 as the second and 2013 as the third, and so on for subsequent three-year periods.

The Board of Directors elects from among its number, by an absolute majority of the serving directors, the Chairman and between one and three Deputy Chairmen. They remain in office until the end of their mandate as Directors.

In compliance with art. 35 of the articles, on 26 October 2010, the Board of Directors appointed as Secretary to the Board Mr. Gian Enrico Venturini, Head of the Group General Affairs Department.

All the Directors must be members of the Bank and must possess the attributes required for their appointment pursuant to current regulations.

In addition, pursuant to art. 36 of the articles of Association and without prejudice to the other legal reasons for which they cannot be elected or for which their appointment would lapse, the following persons cannot be members of the Board of Directors:

- employees of the Bank, unless they are members of General Management;
- the directors, employees or members of supervisory committees, commissions or bodies of competing banks or companies, unless the Bank holds investments in such banks or companies, whether directly or via companies that are members of the BPER group.

It should be noted that art. 36 of the Decree 201 of 27 December 2011 prohibits office bearers in management, monitoring and control bodies and top officials of companies or groups operating in the credit, insurance and financial services markets from accepting or exercising similar positions in competitors' companies or groups.

For the purposes of this ban, companies or groups are considered competitors when there is no control relationship in accordance with art. 7 of Law 287 of 10 October 1990 and they operate in the same markets in terms of product and geographical area.

Members of the Board of Directors are elected from lists presented by members in accordance with the provisions of arts. 31 and 32 of the articles of association.

In particular, the presentation of lists must meet the following requirements:

- as a result of the changes introduced to art. 135 CFA by art. 3 of Legislative Decree 91 of 18.6.2012 and to art. 147-ter CFA by Decree Law 179 of 18.10.2012 coordinated with conversion law 221 of



17.12.2012, each list must be submitted by a minimum of 500 (five hundred) Members;

- the list must contain a number of candidates equal to the number of Directors to be elected;
- the candidates, who must be listed in numerical order, must include at least two that are specifically identified as meeting the independence requirements established for statutory auditors in art. 148.3 of the CFA, as well as any additional requirements contained in the applicable legislation and regulations that may be in force from time to time;
- the signing of the list by the sponsoring Members must be authenticated by nominees of the Bank, by intermediaries authorised to keep accounts on which financial instruments are registered or by notaries;
- together with the list, the nominating members must also arrange to file the following at the registered offices of the Bank: (i) the declarations from each candidate accepting their candidature and confirming, under their own responsibility, the absence of reasons for which they cannot be elected or other incompatibilities, and that they meet the requirements for appointment established by these articles of association and by current regulations and whether they meet the Independence Requirements; (ii) a full description of the personal and professional characteristics of each candidate, with an indication of the directorships and audit appointments held in other companies; (iii) information on the identity of the shareholders presenting the lists, indicating their shareholding in the Bank, certified as required by current regulations (by a copy of the communication issued by the intermediaries authorised to keep accounts on which financial instruments are registered).

It is worth recalling that art. 31, paragraph 2.d) of the articles of association, in the part that indicates the deadline for the submission of lists, namely 15 days before the date set for the Shareholders' Meeting at first calling, has to be considered superseded with the coming into force of the new text of art. 135-*bis* CFA, as introduced by art. 3 Leg. Decree 91 of 18 June 2012, which extended the application art. 147-*ter*, paragraph 1-*bis* CFA to cooperative companies. Consequently, the list must be filed at the Company's head office at least 25 days before the date of the Shareholders' Meeting at first calling.

For Meetings convened after 1 January 2013, pursuant to art. 147-*ter*, paragraph 1-*ter* CFA, Members can use a remote means of communication to submit voting lists, in accordance with the rules laid down and communicated in the notice that convenes the Meeting. For further details, please consult the document entitled "Procedures for the submission of lists of candidates for the election of six Directors for the period 2013-2015", which is available on the Bank's website in the Governance - Shareholders' Meeting section.

Each member or group of members can only present and vote one list of candidates.

Each candidate may only appear on one list or, otherwise, will be ineligible for election.

Lists that satisfy the requirements of law and of the articles of association for admission are considered valid.

For the allotment of the directors to be elected, all of the lists voted by the shareholders are taken into consideration, regardless of the percentage of votes that they received. In fact, the articles of association do not provide criteria for exclusion from the counting of the votes such as those permitted by art. 147-*ter*, paragraph 1 of the CFA.

The election of the Board of Directors is conducted in accordance with art. 32 of the articles of association.

In particular, if one or more lists are presented by the members, all of the Directors to be elected are taken, in the numerical order in which they are listed, from the one that obtains the largest number of votes, except for one who is taken from the list that obtains the second largest number of votes (known respectively as the "Minority Director" and the "Minority List").

As regards introducing appropriate mechanisms to ensure gender balance in accordance with the requirements of art. 147-*ter*, paragraph 1-*ter* CFA, both on election and on replacement, the Bank has already initiated the process to update the articles of association.

In the event of a voting tie between lists, a ballot will be held by all the shareholders at the Meeting in order to establish a ranking for the candidates on these lists.

If, as a result of this vote, only one director meeting the Independence Requirements is elected and that director is taken from the list that obtained the largest number of votes, the non-independent candidate taken

from the Minority List is replaced by the first in numerical order of listing of the independent candidates included on that list.

If, as a result of this vote, only one director meeting the Independence Requirements is elected and that director is taken from the Minority List, the last non-independent candidate taken from the list that obtained the largest number of the votes is replaced to serve as the second independent director by the first in numerical order of listing of the independent candidates included on that list.

If only one valid list is presented, all the directors to be elected are taken from that list.

If no valid lists are presented by the shareholders, the Board of Directors may present to the Shareholders' Meeting a pre-compiled voting card containing a non-binding list of candidates. In this case, all shareholders may alter all or part of the voting form, both deleting the candidates for which they do not intend to vote and, if desired, adding one or more new candidates in place of those deleted. The candidates obtaining the largest number of votes are elected. In the event of a tie between various candidates, a ballot will be held by the Meeting in order to decide the appointments.

If the shareholders do not present any valid lists and the Board of Directors does not make a proposal, individual candidates proposed by the shareholders at the Meeting are elected based on the relative majorities of the votes cast. In the event of a tie between various candidates, a ballot will be held by the Meeting in order to decide the appointments.

Pursuant to art. 33 of the articles of association, if one or more Directors cease to serve during the period, the Board may arrange to replace them in accordance with the law and the articles of association.

The Directors co-opted on this basis remain in office until the next Shareholders' Meeting. The Directors elected at that Meeting to replace those who ceased to serve remain in office - individually - for the residual duration of the mandate of the director that they replaced.

For the replacement of Directors, except for those that have been taken from the Minority List, the Meeting appoints individual candidates by a relative majority of the votes cast without recourse to list voting.

The place of Directors who cease to serve and who were taken from the Minority List is taken in the progressive order of presentation by the candidates not elected in the same list, The Directors taking over each assume the residual period of office of the person they replaced.

Pursuant to art. 34 of the articles of association, the members of the Board of Directors must satisfy the requirements of professionalism and integrity required by law and at least two of them must also meet the independence requirements established for statutory auditors in art. 148.3 of the CFA.

The Board of Directors ensures that newly appointed Directors meet the requirements of integrity, professionalism and independence required by law and by the articles of association, as well as their compatibility to hold office pursuant to art. 36 of the Decree Law 201 of 27 December 2011 (the so-called ban on interlocking) and informs the Board of Statutory Auditors of the results.

As regards the self-assessment of the Board of Directors and independent directors, and information on the best qualitative and quantitative composition provided by the Board and the desirable professional profiles of the Directors being appointed by the 2013 Shareholders' Meeting, please refer to paragraph 4.3 below.

In 2002 the Board of Directors adopted a "gentlemen's agreement" (made known at the Shareholders' Meeting held on 18 May 2002) whereby the Chairman and the Directors have agreed to abstain from applying for re-election to their respective roles on reaching the ages of 75 and 80, respectively. The Directors have in any case agreed to resign on reaching the age of 80. This personal commitment has been made on the honour of each Director from the end of the 2002 financial year.

Under the provisions of CONSOB communication no. DEM11012984 of 24 February 2011, we would point out that the Bank has not, to date, adopted a succession plan for executive directors, nor special arrangements in the event of their replacement prior to the normal expiry date.

## 4.2 Composition of the Board (art 123-bis, paragraph 2.d), CFA)

Pursuant to art. 30 and 35 of the articles of association, the Board of Directors consists of nineteen directors and elects the Chairman and up to three Deputy Chairmen from among its members.

The Board is renewed partially each year over each three-year period, to the extent of six Directors the first year, seven Directors the second year and six Directors the third year, bearing in mind that the transitional rule implementing this system, which has been inserted at the foot of the articles, establishes 2011 as the first year, 2012 as the second and 2013 as the third, and so on for subsequent three-year periods. The Chairman and the Directors are elected at the Shareholders' Meeting from among the members and remain in office for three years. Their appointments expire on the date of the Shareholders' Meeting called to approve the financial statements for the final year of their mandates, and they may be re-elected upon the expiry of such mandates.

The following ceased to hold office as Directors during 2012: Fabrizio Viola (Chief Executive Officer), who resigned on 1 January 2012; Guido Leoni, who resigned on 6 March 2012; Romano Minozzi, elected by the Shareholders' Meeting of 21 April 2012, who resigned on 5 July 2012; Alessandro Fagioli, who resigned on 18 December 2012. As regards appointments, note that Luigi Odorici was co-opted and appointed Chief Executive Officer (CEO) by the Board on 10 January 2012 in place of Fabrizio Viola, and subsequently confirmed as a Director by the Shareholders' Meeting of 21 April 2012. The same Meeting renewed part of the Board. Lastly, Elisabetta Gualandri was co-opted as a member of the Board on 28 August 2012 in place of Romano Minozzi.

**At the end of 2012**, the composition of the Issuer's Board of Directors is presented in the following table, which indicates the dates of appointment and expiry of the mandate of each Director.

Name	Office held	Date of appointment: Board of Directors/ Shareholders' Meeting of	Term of office: approval of the financial statements at
Ettore Caselli <sup>1</sup>	Chairman	21/04/2012	31/12/2014
Alberto Marri	Deputy Chairman	16/04/2011	31/12/2013
Piero Ferrari	Deputy Chairman	16/04/2011	31/12/2013
Luigi Odorici <sup>2</sup>	Chief Executive Officer and General Manager	21/04/2012	31/12/2012
Flavio Amadori	Director	17/04/2010	31/12/2012
Giosuè Boldrini	Director	21/04/2012	31/12/2014
Giulio Cicognani	Director	21/04/2012	31/12/2014
Luigi Cremonini	Director	17/04/2010	31/12/2012
Elisabetta Gualandri <sup>3</sup>	Director	28/08/2012	31/12/2012
Manfredi Luongo	Director (Minority Director)	16/04/2011	31/12/2013
Giuseppe Lusignani	Director	16/04/2011	31/12/2013
Valeriana Maria Masperi	Director	21/04/2012	31/12/2014
Giuseppina Mengano	Director (Minority Director)	21/04/2012	31/12/2014
Fioravante Montanari	Director	16/04/2011	31/12/2013
Deanna Rossi	Director	17/04/2010	31/12/2012
Erminio Spallanzani	Director	16/04/2011	31/12/2013

Name	Office held	Date of appointment: Board of Directors/ Shareholders' Meeting of	Term of office: approval of the financial statements at
Angelo Tantazzi	Director	17/04/2010	31/12/2012
Mario Zucchelli	Director	21/04/2012	31/12/2014

<sup>(1)</sup>: Ettore Caselli was confirmed as Chairman of the Board of Directors on 24 April 2012.

<sup>(2)</sup>: Luigi Odorici was co-opted and appointed CEO by the Board of Directors on 10 January 2012 in place of Dr. Fabrizio Viola, who resigned on 1 January 2012. The Shareholders' Meeting of 21 April 2012 confirmed Luigi Odorici's position as a Director and the Board Meeting of 24 April 2012 confirmed his appointment as CEO. Luigi Odorici maintained his position as General Manager, to which he was appointed by the Board of Directors on 21 October 2011, from 1 November 2011 until 31 December 2012.

<sup>(3)</sup>: Elisabetta Gualandri was co-opted onto the Board of Directors on 28 August 2012, following the resignation of Romano Minozzi on 5 July 2012. This appointment will be submitted to the next Shareholders' Meeting. The Director co-opted and confirmed by the Meeting will take over their predecessor's term of office, in this case 31 December 2014.

As of 31 December 2012, there were eighteen Directors in office following the resignation of Alessandro Fagioli on 18 December 2012.

The following changes have taken place in the composition of the Board since the end of 2012: Pietro Ferrari was co-opted onto the Board of Directors on 11 January 2013 in place of Alessandro Fagioli, who resigned on 18 December 2012.

In accordance with art. 33 of the articles of association, Directors who have been co-opted remain in office until the next Shareholders' Meeting, taking over the residual period of office of those they replaced.

**At the date of this Report**, the composition of the Issuer's Board of Directors is presented in the following table, which indicates the dates of appointment and expiry of the mandate of each Director.

Name	Office held	Date of appointment: Board of Directors/ Shareholders' Meeting of	Term of office: approval of the financial statements at
Ettore Caselli <sup>1</sup>	Chairman	21/04/2012	31/12/2014
Alberto Marri	Deputy Chairman	16/04/2011	31/12/2013
Piero Ferrari	Deputy Chairman	16/04/2011	31/12/2013
Luigi Odorici <sup>2</sup>	Chief Executive Officer	21/04/2012	31/12/2012
Flavio Amadori	Director	17/04/2010	31/12/2012
Giosuè Boldrini	Director	21/04/2012	31/12/2014
Giulio Cicognani	Director	21/04/2012	31/12/2014
Luigi Cremonini <sup>3</sup>	Director	17/04/2010	31/12/2012
Pietro Ferrari <sup>4</sup>	Director	11/01/2013	31/12/2012
Elisabetta Gualandri <sup>5</sup>	Director	28/08/2012	31/12/2012
Manfredi Luongo	Director (Minority Director)	16/04/2011	31/12/2013
Giuseppe Lusignani	Director	16/04/2011	31/12/2013
Valeriana Maria Masperi	Director	21/04/2012	31/12/2014
Giuseppina Mengano	Director (Minority Director)	21/04/2012	31/12/2014
Fioravante Montanari	Director	16/04/2011	31/12/2013

Name	Office held	Date of appointment: Board of Directors/ Shareholders' Meeting of	Term of office: approval of the financial statements at
Deanna Rossi	Director	17/04/2010	31/12/2012
Erminio Spallanzani	Director	16/04/2011	31/12/2013
Angelo Tantazzi	Director	17/04/2010	31/12/2012
Mario Zucchelli	Director	21/04/2012	31/12/2014

<sup>(1)</sup>: Ettore Caselli was confirmed as Chairman of the Board of Directors on 24 April 2012.

<sup>(2)</sup>: Luigi Odorici was confirmed as CEO by the Board on 24 April 2012. Since 1 January 2013, the position of General Manager has been filled by Fabrizio Togni, formerly the Deputy General Manager, who was appointed by the Board of Directors on 4 December 2012.

<sup>(3)</sup>: At the board meeting on 29 January 2013, the Board of Directors of the Bank took note of the Ordinance of the Court of Appeal of Bologna which on 23 January 2013 rejected the request for an injunction to suspend enforcement of the penalty applied by CONSOB (resolution no. 17777 of 11 May 2011) involving residual ancillary sanctions against Luigi Cremonini, who is therefore suspended from the office of Director for a period of forty-eight days.

<sup>(4)</sup>: Pietro Ferrari was co-opted onto the Board of Directors on 11 January 2013 following the resignation of Alessandro Fagioli on 18 December 2012. This appointment will be submitted to the next Shareholders' Meeting. The Director co-opted and confirmed by the Meeting will take over their predecessor's term of office, in this case 31 December 2012.

<sup>(5)</sup>: Elisabetta Gualandri was co-opted onto the Board of Directors on 28 August 2012, following the resignation of Romano Minozzi on 5 July 2012. This appointment will be submitted to the next Shareholders' Meeting. The Director co-opted and confirmed by the Meeting will take over their predecessor's term of office, in this case 31 December 2014.

The Bank deems "non-executive" those Directors who do not have mandates or perform functions, formally or in practice, relating to the operations of the Bank. At that time of approving this Report, there are no executive Directors other than the Chief Executive Officer and the members of the Executive Committee. For further information, see paragraphs 4.5 and 4.6 below.

As regards the independent Directors, see paragraph 4.7.

You are reminded that the Court of Modena, in its judgment of 24 February 2012, cancelled the shareholders' resolution of 16 April 2011 for partial renewal of the Board of Directors of BPER, which appointed as Directors for the three-year period 2011-2013 Piero Ferrari (current member of the Executive Committee), Alberto Marri (current member of the Executive and Strategy Committees), Giuseppe Lusignani (current member of the Internal Audit and Strategy Committees), Fioravante Montanari, Erminio Spallanzani (current member of the Executive Committee) and Manfredi Luongo (Minority Director). Given that this is a constitutive judgement, which is not enforceable, the composition of the BPER Board - as far as the Directors involved in the judgment are concerned - remains as it was, as do the resolutions that it has passed and the responsibilities and powers that have been attributed.

The Bank has appealed against this judgment by notice served on 19 June 2012.

Subsequently, on 4 July 2012, the Bank filed this judgment and its proposal to appeal against it with the Modena Companies Register.

In the appeal proceedings, at the hearing of 16 January 2013, the Bologna Court of Appeal set the date for the next hearing on 21 October 2014, for the statement of conclusions.

A summary description of the personal and professional characteristics of each Director, indicating their work experience and skills.

**Ettore Caselli** joined Banco S.Geminiano e S.Prospiero in April 1964. He was appointed as a bank official in January 1971 and was the Manager of several major branches of that bank until July 1984. After joining Banca Popolare di Cavezzo in 1984 as the Deputy General Manager, he became the General Manager in October 1986. In May 1987, following the absorption of that bank by Banca Popolare dell'Emilia, he became Central Management's representative in the Loans area. Becoming Deputy Central Manager in May 1992, he took responsibility for managing the Romagna Area. He became Central Manager in January 1995 and later the Deputy General Manager of the Bank, serving as General Manager from July 2003 to December 2007. BPER Director from 1 January 2008, then Deputy Chairman from 19 October 2009, Chairman of the Bank since 18 January 2011. He is a Director of ABI (Italian Banking Association), a Director of ICBPI and a member of the ICBPI Consultation Agreement. Offices held in the BPER Group: Chairman of BPER (Europe)

International S.A.; Deputy Chairman of Banca popolare di Lanciano e Sulmona S.p.A. and of Banca popolare di Aprilia S.p.A.; Director of Banca Popolare di Aprilia S.p.A. and Banca della Campania S.p.A.

**Alberto Marri** has a degree in Economics and Commerce. While at university, he also began working in the family firm, "Maglificio GIN MAR s.r.l.", first as Administration Manager and later as a Director. He has attended courses in the Analysis of Financial Statements held by SDA Bocconi. He was a Director of Delta Gas S.p.A., the family business from 1984, which manages and distributes natural gas. He subsequently became its CEO and then Chairman. Delta Gas was taken over by Thuga (Germany), a subsidiary of the multinational E.ON, and became Thuga Triveneto, of which he was Chairman until May 2006. He has been a Director of a various consortiums and trade associations. He was formerly an independent director of META S.p.A. and Chairman of the Audit Committee until that company's absorption by Hera S.p.A. He has been a Director of Hera S.p.A. and Hera comm S.r.l. Other positions currently held include: Sole Director of Fingas S.r.l.; of Finenergie S.r.l., and of Palazzo Foresti S.r.l.; Chief Executive Officer of Palazzo Trecchi S.r.l.. Offices held in the BPER Group: Director of Banca della Campania S.p.A.

**Piero Ferrari** began his career with Ferrari S.p.A. with positions in the buying department and involvement in the production of the Dino 206 Competizione, as well as various other roles in the area of Sporting Activities. Appointed as assistant to Enzo Ferrari, he later become the Executive Director of Sporting Activities. He was Chairman of Ferrari Engineering, Chairman of CSAI (Commissione Sportiva Automobilistica Italiana) and Director of Cassa di Risparmio di Modena. He was knighted in 2004 and awarded an Honorary Degree in Aerospace Engineering from Università di Naples Federico II, together with an Honorary Degree in Mechanical Engineering from Università degli Studi di Modena e Reggio Emilia. Other positions currently held include: Chairman of H.P.E. High Performance Engineering S.r.l., Piaggio Aero Industries S.p.A. and COXA S.p.A.; Deputy Chairman of Ferrari S.p.A..

**Luigi Odorici** has a degree in Economic and Commerce from Bologna University (1971). He was an employee of Banca Popolare di Modena from December 1973. After managing various branches of the Bank, he became Head of the Modena and Reggio areas for the analysis of credit with the Affairs Department from March 1991 to September 1995. In 1995 he became the first Deputy Commercial Manager of Banca popolare Emilia Romagna, then Commercial Manager until 2004. Later he was appointed Deputy General Manager of Banca CRV Cassa di Risparmio di Vignola until he was appointed Deputy General Manager of BPER in January 2008. From 1 November 2011 to 31 December 2012 he was BPER's General Manager. On 10 January 2012 he became BPER's CEO, confirmed as such also after that year's election at the Shareholders' Meeting. He was a Director of Polis Fondi S.g.r. and Cartasi S.p.A., as well as of BPER Group companies such as ABF Factoring S.p.A., Metelliana S.p.A., Banca CRV S.p.A. and Meliorbanca S.p.A., Carispaq, Dexia Crediop S.p.A.. He is a board member of the Modena Chamber of Commerce for the credit and insurance sectors. Offices currently held in the BPER Group: Director of BPER Services S.p.A. and Banco di Sardegna S.p.A. Other offices held: Deputy Chairman of Unione Fiduciaria; Director of the Interbank Deposit Guarantee Fund.

**Flavio Amadori** specialised in bookkeeping at his high school, I.T.C. Renato Serra in Cesena. He commenced his career in the family firm "Amadori" (a food processing company), becoming General Manager in 2000. Over the years he has taken roles of increasing responsibility within the group. From 2013 he is Executive Vice President of the Amadori Group.

**Giosuè Boldrini** is a member of the Association of Chartered Accountants and Bookkeeping Experts which derived from the unification of former Colleges of Accountants and the Order of Chartered Accountants. He joined the Rimini Chamber of Chartered Accountants in 1966 and became a Registered Auditor in 1995. He continued to run the firm that was founded by his father Pier Alberto in 1932. He is a consultant to companies, individuals and public bodies with particular expertise in extraordinary transactions, corporate reorganisation and business solutions for companies in crisis. Currently, "Studio Commerciale Associato Boldrini" consists of eight partners and several associates and employees. He has spoken at many important conferences and seminars on tax matters, public utilities and public sector accounting. He was Chairman of the College of Accountants of Rimini and the Regional Union of Colleges of Emilia Romagna Accountants and a member of the National Council of Chartered Accountants and Bookkeeping Experts.

**Giulio Cicognani**, after graduating in Electronic Engineering (1972), worked for a while at Telettra in Vimercate (Milan) until 1975, then he was hired by Sacmi in Imola at the technical department of the automation sector. He then began a series of experiences abroad and was gradually promoted to Sales Manager (1981), then General Manager (1987) and lastly General Manager of the Sacmi Group (1990). In 2007, at the age of 60, he left his position in Sacmi and remained a consultant to it until 2009. From 2001 to 2011 he served as Chairman of FBR Elpo S.p.A. (Catelli Group, Parma). From 2002 until 2009 he served as

Chairman of Sacmi Filling, Labelling and Packaging. From 2003 to 2010 he was Chairman of Gram Equipment Vojens (DK), Gram Italia (Catelli Group, Parma). From 2003 to 2010 he was Deputy Chairman of "UCIMA", the industrial association for manufacturers of packaging machinery.

Other positions currently held include: member of the Board of Directors of the "Montecatone Rehabilitation Institute S.p.A.", a hospital, and Chairman of its Foundation; Deputy Chairman of Kale Italia S.r.l.; Director of Cavanna S.p.A. (leader in packaging).

**Luigi Cremonini** is the Chairman of Cremonini S.p.A., the parent of an extensive group of companies (the Cremonini group) that operates principally in the food, catering and distribution sectors. He has been awarded the title of "Cavaliere del Lavoro" for merits as an entrepreneur. Other positions currently held include: He is Honorary Chairman of Consorzio I.C.M.E.; Chairman of Cremonini S.p.A., Inalca S.p.A., Cavin S.p.A. and Assocarni S.p.A. (trade association for operators in the meat sector); Director of Federalimentare – Confindustria and Fondazione Amintore Fanfani; Member of the Board of ASSONIME.

**Pietro Ferrari** graduated with a degree in Civil Engineering from the University of Bologna in 1981. The following year he joined the family business, Ing. Ferrari S.p.A., as sole director. In 1990 he became CEO. Alongside his corporate career, he also took on various positions in Confindustria. From 1986 to 1989 he was Chairman of the Youth Group of what was then the Industrial Association of Modena. From 1994 to 2002 he was Director in charge of Confindustria Modena for the environment and safety, as well as for energy and public utilities. From July 2002 to June 2008, Vice President of Confindustria Modena and Confindustria Emilia-Romagna. From 2002 part of the National Committee of Confindustria for infrastructure, the environment and public utilities and of the Advisory Commission on competitiveness. He has been President of the Modena branch of Confindustria since June 2008. Other positions currently held include: Chief Executive Officer of Ing. Ferrari S.p.A.; Chairman of the Board of Directors of T.I.E. (Trasporti Intermodali Emilia) S.r.l. and UIMServizi S.r.l.; Director of GRID Modena S.r.l., Nuova Didactica S.c.ar.l., S.A.I.M.O. S.p.A. and Sesamo S.p.A.

**Elisabetta Gualandri** has a degree in Economics from the University of Modena, a Masters in Financial Economics from University College of North Wales and is listed in the Official Register of Auditors. She was a Statutory Auditor of the Bank of Italy from 2007 until she was co-opted onto the Board of Directors of BPER on 28 August 2012. Elisabetta Gualandri is Professor of Economics of Financial Intermediaries at the "Marco Biagi" Department of Economics at the University of Modena and Reggio Emilia, where she carries out research and consultancy for the CEFIN Banking and Finance Research Centre and for Softech-ICT (industrial research centre) of which she is a deputy manager. She is the author of numerous studies and publications on the topics of management and regulation of financial intermediaries: The Italian Banking System and the Financial Crisis, Palgrave Macmillan, 2012. She is currently a member of the Board of Directors of IGD - Immobiliare Grande Distribuzione and of the Technical Committee of the Knowbel Incubator at the Tecnopolo di Modena at the 'Union of Castles'.

**Manfredi Luongo** graduated in Law at the University of Naples with a score of 110/110 cum laude, then qualified to teach law and economics and, shortly thereafter, won a competitive exam for the position of assistant professor at the Department of Roman Law at the Faculty of Law in Naples. He then passed the exam to become a barrister at the Naples Court of Appeal and, at the same time, the exam to become a magistrate. At the age of 24 he took over the Magistrate's Office in Modena, carrying out the functions of both Civil and Criminal Magistrate for several years. He was then deputy public prosecutor of Modena for four years, subsequently becoming the only Judge appointed for bankruptcy and insolvency proceedings and for property executions at the Court of Modena. For ten years he served as Assistant Attorney General at the Bologna Court of Appeal, following major court cases under appeal. In 1996 he was appointed by the Superior Council of the Magistracy as Vice-President of the competitive exam for trainee judge. He has taught at the Faculty of Law and Economics at the University of Modena as adjunct professor for twenty years. He has been Assistance Public Prosecutor at the Court of Modena and for a year and a half he was Acting Attorney at the Public Prosecutor's Office of Modena. He was then appointed by the Superior Council of the Magistracy Chief Prosecutor at the Court of Forlì-Cesena, where he ended his career as a magistrate. He has written numerous publications on Roman law, private law and criminal law; one of these, published by Cedam, is on corporate and bank crime. At present, he does not have any operational role or position of management or control in companies or entities.

**Giuseppe Lusignani** graduated in Economics and Commerce at the University of Modena and has carried studies at the Graduate School of Business Administration at New York University, getting a Ph.D. in Capital Markets and Financial Management (University of Bergamo). He is Professor of Economics of Financial Intermediaries at the Faculty of Political Science, University of Bologna and a member of the Scientific Committee of Prometeia, the Association for Econometric Forecasts, of management of the magazine Banca

Impresa Società (published by Il Mulino), of the Editorial Board of the magazine Bancaria (published by Bancaria Editrice) and Chairman of the Scientific Committee for Risk Management of Abiformazione. He is active in the field of research and is the author of numerous publications on economics and finance. Chairman of Prometeia Advisor Sim S.p.A. and VER Capital S.g.r. S.p.A.; Deputy Chairman of the Bologna Municipal Pharmaceutical Company and Director of Eptaconcors S.p.A., Eptasim S.p.A., Eptafund S.g.r., Finecogroup S.p.A., Unipol S.g.r. (independent), Chairman of CRFirenze Gestion Internationale S.A. (independent) and of the Committee of Wise Men of the TLX regulated market. Other positions currently held include: Deputy Chairman of Prometeia S.p.A. and Director (independent) of MARR S.p.A. Offices held in the BPER Group: Deputy Chairman of Optima SIM S.p.A.

**Valeriana Maria Masperi** has a degree in Law from the Bologna University. After graduating, she worked as trainee lawyer at the law firm Lobietti of Ravenna. From December 1974, she was an employee at what was then Banca del Monte di Bologna and Ravenna, where from 1982 she was in charge first of the Credit Department, then of the Legal Department with power of attorney to act in court on behalf of the bank and listed in the Special Register of Lawyers of Ravenna. In 1994, she passed to the Ordinary Register and works as a lawyer with pre-eminence in the banking sector, collaborating regularly with the Bologna law firm of Michele Sesta. From 2002 to 2006 she was a member of the Bar Council of Ravenna, where she held the position of Treasurer. Since September 2006 she has been registered on the list of conciliators of the Association for the Resolution of Bank Disputes (financial and corporate) - Banking Ombudsman - in Rome and is also enrolled in the register of mediators kept by the Bar Council of Ravenna.

**Giuseppina Mengano** graduated in Law at the "Federico II" University of Naples, where she worked as a lecturer from 1969 to 2005. She is a lawyer and a freelance journalist. From 1975 she worked in the family business, "Amarelli" of Rossano, which makes liquorice, in the field of communication strategy and as head of institutional relations, subsequently taking over the duties of Chairman and Head of the Liquorice Museum. She has been a member of the National Executive Council of AIDI (the Association of Italian Confectionery Industries); President of the Agro-food Section of the Industrial Association of Cosenza; Vice President of ANM S.p.A. (Azienda Napoletana Mobilità); Chairman of the Assessment Unit of the Civil Hospital of Caserta (of national importance and highly specialized); Board member of Metronapoli S.p.A., as well as a member of many professional and cultural associations. Other positions currently held include: member of the Board of Arbitrators of AIDEPI (Association of Italian Cakes and Pastries Industries) and of the Board of the Southern Italian Group of the "Cavalieri del Lavoro"; President of Tecnesud (Consortium for the technological development of Calabria); Chairman of the Audit Committee of the organisational model pursuant to Legislative Decree 231/2001 of ANM S.p.A. (Azienda Napoletana Mobilità); member of the national executive council of the TCI (Touring Club Italiana), member of the Board of Directors of the Oriental University of Naples, of the National Scientific and Technical Committee of UCID (Christian Union of Business Executives) and the Advisory Committee of the Foundation of the Calabria Region "Calabresi in the World ". She was awarded the title of "Cavaliere del Lavoro" by decree of the President of the Republic Giorgio Napolitano and "Cavaliere Ufficiale dell'Ordine al Merito della Repubblica Italiana" by the President of the Republic Carlo Azeglio Ciampi. She is an honorary citizen of the city of Rossano.

**Fioravante Montanari** has degrees in Economics and Commerce from Bologna University and Economic and Banking Sciences from Siena University. He was recruited by Credito Italiano in Bologna and rose to become the Deputy Manager of the Modena branch (Credit - Modena). Subsequently, he was taken on as a Manager by the Gruppo Industriale Maccaferri of Bologna and was in charge of the Group's finance department. He was later appointed General Manager, Chief Executive Officer, and in April 2010, Deputy Chairman. Other positions currently held include: Sole Director of Finsolar S.r.l., Sicilia Solare S.r.l. and Pietrafitta S.r.l.; Chairman of S.I.E.C.I. S.r.l.; Deputy Chairman of S.E.C.I. S.p.A., S.E.C.I. Energia S.p.A. and Italiana Tabacchi S.r.l.; Director of Eridania Sadam S.p.A., Manifatture Sigaro Toscano, S.E.C.I. Real Estate S.p.A. and NIMAX S.p.A.; Chairman of the Board of Statutory Auditors of Nuova Center S.r.l. and Gazzotti S.p.A..

**Deanna Rossi** took increasing responsibility over time in the family firm of Rossi Motoriduttori S.p.A., Modena, where she was a Director of the Board of Directors and then Chairman until 2004. She was a member of the Board of Directors of COFIM. In 1994 she was awarded the "Ragno d'Oro" prize. Other positions currently held include: Chief Executive Officer of Fingreg S.p.A. and Sole Director of GRIM S.p.A.

**Erminio Spallanzani** graduated in Economics and Commerce from Parma University in 1970. After acquiring and turning round Acciaierie di Modena S.p.A., in 1979 he was appointed Director of ISA, the trade association of private steelmakers linked to the Confederation of Italian Industry; he took part in the meetings between public and private firms on the steel industry problems associated with IRI and the Ministry of



Industry In 1984, he closed down the steelmaking activities of Acciaierie di Modena S.p.A. for environmental reasons, with the consensus of the trade unions and local institutions and without any lay-offs, and reconverted it to other activities with an investment and financial plan. Since 1995, he has promoted Emilia Romagna's first regional television network (E' TV) through a series of acquisitions and business restructurings. In 1986 he founded Private Leasing S.p.A. He has been Chairman of Privata Holding S.p.A.; Deputy Chairman of Banca Privata Leasing S.p.A.. Other positions currently held include: Chairman of the Board of Directors of Fides S.p.A., Privata Invest S.r.l., Interim S.r.l., Stilma S.p.A. and Interacciai S.p.A.; Chairman of Inagra S.r.l. and Centro Ferriere S.r.l.; Deputy Chairman of Gestioni Finanziarie S.r.l.; Director of Nova Stilmoil S.p.A. Offices held in the BPER Group: Director of Bper Services S.C.p.A.

**Angelo Tantazzi** has a degree from Milan's Bocconi University. He was an assistant and then full professor at the University of Bologna. He completed his studies at the Brookings Institute in Washington. From 1982 to 2001 he held the chair of Economic Policy at the University of Bologna's Faculty of Political Science. He has taken part in various government-appointed commissions and was Economic Advisor to the Prime Minister (1996-1998); member of the Scientific-Technical Committee of the Ministry of Economic Planning (1993-1997) and of the Senior Council of the Central Statistics Institute (1980-1983). He has been Chairman of Borsa Italiana S.p.A., Cassa di Compensazione e Garanzia S.p.A. and Monte Titoli S.p.A. (2000-2011); Deputy Chairman of London Stock Exchange Group plc (2007-2010); Director of Mittel Generale Investimenti S.p.A. Other positions currently held include: Chairman of Prometeia S.p.A. and MUS-E Bologna Onlus; Deputy Chairman of Il Mulino S.p.A.; Director of Coesia S.p.A., Promedi S.r.l. and Mittel Real Estate S.g.r. S.p.A.

**Mario Zucchelli** has a degree in Economics and Commerce from Modena University's Faculty of Economics and Commerce and is a registered auditor. He is also registered as a freelance with the Bologna Order of Journalists. He was hired in 1974 by the Alleanza Cooperativa Modenese (subsequently Coop Modena and then the current Coop Estense following the unification with Coop Ferrara), in 1984 he took on the position of Chairman, a position that he still holds today. He is a National Board Member of Legacoop Nazionale. He has been Director of Unipol Gruppo Finanziario S.p.A., Unipol Assicurazioni S.p.A. and Finsoe S.p.A.. Other positions currently held include: Chairman of Coop Estense, already mentioned, and DICO S.p.A.; Deputy Chairman of Sofinco S.p.A.; Director of Coop Italia.

The following summary table relates to the Shareholders' Meetings that elected the current members of the Board of Directors, except for the Directors co-opted in the meantime:

<b>Date of Meeting</b>	<b>17/04/2010</b>
Number of lists presented	2 lists for the appointment of six directors.
Shareholders presenting list no. 1	<ol style="list-style-type: none"> <li>1. MARTA LUCCHI – born in Modena (MO) on 07/08/1937</li> <li>2. COSTANTINO MARCO SCHIAVI – born in Modena (MO) on 29/07/1961</li> <li>3. MARIA ELISABETTA SCHIAVI – born in Modena (MO) on 09/05/1963</li> <li>4. ANNA MARIA SCHIAVI – born in Modena (MO) on 28/03/1967</li> <li>5. ALBERTO BELLODI – born in Cavezzo (MO) on 26/02/1949</li> <li>6. ALBERTO MARRI – born in Modena (MO) on 13/08/1954</li> <li>7. FINGAS S.R.L. – head office in Cremona (CR) – Tax code 11055530155 (represented by Alberto Marri as the legal representative)</li> <li>8. ANTONIO TULLIO – born in Modena (MO) on 13/04/1967</li> </ol>
Total % of BPER's share capital held by the shareholders presenting the list, as declared by them	1.035%
Shareholders presenting list no. 2	<ol style="list-style-type: none"> <li>1. GIANPIERO SAMORI' – born in Montese (MO) on 25/05/1957</li> <li>2. ROBERTO MARCHINI – born in Borgo Val di Taro (PR) on 09/05/1957</li> <li>3. EDOARDO ROSSETTI – born in Finale Emilia (MO) on 23/04/1946</li> <li>4. DAMIANO ANTOLINI – born in Rimini (RN) on 10/11/1965</li> <li>5. MATTEO POLETTI – born in Cesena (FC) on 21/07/1973</li> <li>6. CARLO ALBERTO BULGARELLI – born in Modena (MO) on 22/07/1962</li> <li>7. EMILIO CRIPPA – born in Monza (MI) on 12/07/1932</li> <li>8. MORISO MAGLI – born in Bologna (BO) on 24/01/1942</li> <li>9. GIANLUCA SANCHI – born in Rimini (RN) on 10/03/1967</li> <li>10. GIAMPAOLO PALAZZI – born in Crevalcore (BO) on 27/08/1949</li> <li>11. DAVIDE MAZZI – born in Carpi (MO) on 22/04/1966</li> <li>12. MONICA BARTOLUCCI – born in Pesaro (PU) on 27/10/1965</li> <li>13. LORENZO BERTARINI – born in Modena (MO) on</li> </ol>

	10/12/1975
	14. GUIDO BOLZONI – born in Sassuolo (MO) on 19/06/1947
	15. FABRIZIO CORRADINI – born in Modena (MO) on 23/07/1961
	16. MODENA CAPITALE BANKING PARTECIPATIONS S.P.A.– head office in Modena (MO) – Tax code 02998770362 (represented by Fabrizio Corradini as Chairman of the Board of Directors and legal representative)
	17. DEBORA DE RAFFAELE – born in Parma (PR) on 16/04/1970
	18. LIVIO FILIPPI – born in Villa Minozzo (RE) on 12/06/1946
	19. MODENA CAPITALE S.P.A. – head office in Modena (MO) - Tax code 02983670361 (represented by Livio Filippi as Chairman of the Board of Directors and legal representative)
	20. ASSICURATRICE MILANESE S.P.A. – head office in San Cesario sul Panaro (MO) – Tax code 08589510158 (represented by Livio Filippi as Chairman of the Board of Directors and legal representative)
	21. MARCO FINA – born in Lecce (LE) on 04/05/1961
	22. MARCO FRANCIOSI – born in Modena (MO) on 06/10/1944
	23. ROLANDO GAVIOLI – born in Finale Emilia (MO) on 25/06/1941
	24. PIERGIOVANNI MAGNANI – born in Guiglia (MO) on 22/09/1964
	25. GABRIELE MARCHEGIANI – born in Bologna (BO) on 20/06/1982
	26. PROSPERO MARCONI – born in Cavriago (RE) on 26/05/1933
	27. BEATRICE MENZANI – born in Codogno (LO) on 02/10/1977
	28. FILIPPO PIAZZA – born in Parma (PR) on 08/10/1969
	29. ANTONIO RANIERI – born in Pavullo nel Frignano (MO) on 06/07/1964
	30. ENRICO RICCHI – born in Modena (MO) on 06/02/1976
	31. RICCARDO RUBBIANI – born in Carpi (MO) on 11/10/1975
	32. ANDREA SACCANI – born in Fidenza (PR) on 16/05/1963
	33. GUGLIELMO SACCANI – born in Modena (MO) on

	14/05/1938 34. FRANCESCA MARIA TOFFANETTI – born in Modena (MO) on 14/01/1968
Total % of BPER's share capital held by the shareholders presenting the list, as declared by them	0.584%
Candidates on each list	<p><b><u>List no. 1</u></b></p> <ul style="list-style-type: none"> <li>• Flavio Amadori (independent);</li> <li>• Luigi Cremonini (independent);</li> <li>• Alessandro Fagioli;</li> <li>• Deanna Rossi (independent);</li> <li>• Angelo Tantazzi (independent);</li> <li>• Fabrizio Viola.</li> </ul> <p><b><u>List no. 2</u></b></p> <ul style="list-style-type: none"> <li>• Gianpiero Samori (independent);</li> <li>• Roberto Marchini (independent);</li> <li>• Edoardo Rossetti;</li> <li>• Damiano Antolini;</li> <li>• Matteo Poletti;</li> <li>• Carlo Alberto Bulgarelli.</li> </ul>
List of persons elected and percentage of votes	<p><b><u>Elected from List 1: 7,520 votes (78.03% of votes)</u></b></p> <ol style="list-style-type: none"> <li>1. Flavio Amadori (independent);</li> <li>2. Luigi Cremonini (independent);</li> <li>3. Alessandro Fagioli;</li> <li>4. Deanna Rossi (independent);</li> <li>5. Angelo Tantazzi (independent);</li> <li>6. Fabrizio Viola.</li> </ol> <p><b><u>List 2: 1,984 votes (20.59% of votes).</u></b></p>

<b>Date of Meeting</b>	<b>16/04/2011</b>
Number of lists presented	3 lists for the appointment of six directors.
Shareholders presenting list no. 1	<ol style="list-style-type: none"> <li>1. MARTA LUCCHI – born in Modena (MO) on 07/08/1937</li> <li>2. COSTANTINO MARCO SCHIAVI – born in Modena (MO) on 29/07/1961</li> <li>3. MARIA ELISABETTA SCHIAVI – born in Modena</li> </ol>

	<p>(MO) on 09/05/1963</p> <p>4. ANNA MARIA SCHIAVI – born in Modena (MO) on 28/03/1967</p> <p>5. ALBERTO MARRI – born in Modena (MO) on 13/08/1954</p> <p>6. FINGAS S.R.L. – head office in Cremona (CR) – Tax code 11055530155 (represented by Alberto Marri as the legal representative)</p> <p>7. ALBERTO BELLODI – born in Cavezzo (MO) on 26/02/1949</p> <p>8. ANTONIO TULLIO – born in Modena (MO) on 13/04/1967</p>
Total % of BPER's share capital held by the shareholders presenting the list, as declared by them	1.32%
Shareholders presenting list no. 2	<p>1. GIANPIERO SAMORI' – born in Montese (MO) on 25/05/1957</p> <p>2. EDOARDO ROSSETTI – born in Finale Emilia (MO) on 23/04/1946</p> <p>3. ROBERTO MARCHINI – born in Borgo Val di Taro (PR) on 09/05/1957</p> <p>4. GIANLUCA SANCHI – born in Rimini (RN) on 10/03/1967</p> <p>5. MATTEO POLETTI – born in Cesena (FC) on 21/07/1973</p> <p>6. ANTONIO VERRACCHIA – born in Castelnuovo Garfagnana (LU) on 09/10/1957</p> <p>7. FRANCESCO BATTAGLIA – born in Modena (MO) on 02/05/1973</p> <p>8. PAOLO SEGhedoni – born in Modena (MO) on 25/07/1963</p> <p>9. MICHELE RUSSO – born in Parma (PR) on 26/03/1974</p> <p>10. SIMONA CALANCA – born in Modena (MO) on 22/07/1975</p> <p>11. FERDINANDO FERRETTI – born in Modena (MO) on 01/09/1953</p> <p>12. PAOLO DORO – born in Rimini (RN) on 10/10/1943</p> <p>13. CARLO COSTA – born in Forlì (FC) on 24/12/1957</p> <p>14. REPORTER S.R.L. - head office in Reggio Emilia (RE) - Tax code 01795450350 (represented by Bernardo Depietri, born in Reggio Emilia (RE) on 22/05/1957, as the legal representative)</p> <p>15. EMILIO CRIPPA – born in Monza (MI) on 12/07/1932</p> <p>16. GIANANDREA ALLEGRI – born in Ravenna (RA) on</p>

	<p>14/11/1971</p> <p>17. DAMIANO ANTOLINI – born in Rimini (RN) on 10/11/1965</p> <p>18. DAVIDE MAZZI – born in Carpi (MO) on 22/04/1966</p> <p>19. MONICA BARTOLUCCI – born in Pesaro (PU) on 27/10/1965</p> <p>20. LORENZO BERTARINI – born in Modena (MO) on 10/12/1975</p> <p>21. LIVIO FILIPPI – born in Villa Minozzo (RE) on 12/06/1946</p> <p>22. MODENA CAPITALE S.P.A. – head office in Modena - Tax code 02983670361 (represented by Livio Filippi as Chairman of the Board of Directors and legal representative)</p> <p>23. ASSICURATRICE MILANESE S.P.A. – head office in San Cesario sul Panaro (MO) – Tax code 08589510158 (represented by Livio Filippi as Chairman of the Board of Directors and legal representative)</p> <p>24. MODENA CAPITALE BANKING PARTECIPATIONS S.P.A. – head office in Modena - Tax code 02998770362. 02998770362 (represented by Fabrizio Corradini, born in Modena (MO) on 23/07/1961, as Chairman of the Board of Directors and legal representative)</p> <p>25. SERGIO RAZZOLI – born in Modena (MO) on 02/05/1936</p> <p>26. RICCARDO RUBBIANI – born in Carpi (MO) on 11/10/1975</p> <p>27. GUGLIELMO SACCANI – born in Modena (MO) on 14/05/1938</p> <p>28. MASSIMILIANO PORCARI – born in Parma (PR) on 05/11/1971</p> <p>29. PENELOPE VECLI – born in Parma (PR) on 13/01/1978</p>
Total % of BPER's share capital held by the shareholders presenting the list, as declared by them	0.6076%
Shareholders presenting list no. 3	<p>1. GIORGIO PULAZZA – born in Cervia (RA) on 06/02/1954</p> <p>2. VALENTINA PULAZZA – born in Ravenna (RA) on 25/10/1979</p> <p>3. GIULIANO TASSONI – born in Minerbio (BO) on 12/07/1939</p>

	4. DOMENICO LIVIO TROMBONE – born in Potenza (PZ) on 31/08/1960
Total % of BPER's share capital held by the shareholders presenting the list, as declared by them	0.54%
Candidates on each list	<p><b><u>List no. 1</u></b></p> <ul style="list-style-type: none"> <li>• Piero Ferrari (independent);</li> <li>• Alberto Marri;</li> <li>• Giuseppe Lusignani;</li> <li>• Fioravante Montanari (independent);</li> <li>• Erminio Spallanzani;</li> <li>• Massimo Giusti.</li> </ul> <p><b><u>List no. 2</u></b></p> <ul style="list-style-type: none"> <li>• Gianpiero Samorì (independent);</li> <li>• Edoardo Rossetti; (independent);</li> <li>• Roberto Marchini (independent);</li> <li>• Stefano Cosci (independent);</li> <li>• Damiano Antolini; (independent);</li> <li>• Matteo Poletti; (independent).</li> </ul> <p><b><u>List no. 3</u></b></p> <ul style="list-style-type: none"> <li>• Manfredi Luongo (independent);</li> <li>• Anna Mantice;</li> <li>• Francesco Limatola;</li> <li>• Michele Calabrese;</li> <li>• Francesco Serra (independent);</li> <li>• Luigi Muto.</li> </ul>
List of persons elected and percentage of votes	<p><b><u>Elected from List 1: 18,537 votes (57.81% of votes)</u></b></p> <ol style="list-style-type: none"> <li>1. Piero Ferrari (independent);</li> <li>2. Alberto Marri;</li> <li>3. Giuseppe Lusignani;</li> <li>4. Fioravante Montanari (independent);</li> <li>5. Erminio Spallanzani.</li> </ol> <p><b><u>Elected from List 3: 8,074 votes (25.18% of votes)</u></b></p> <ol style="list-style-type: none"> <li>6. Manfredi Luongo (independent).</li> </ol>

**List 2: 5,001 votes (15.60% of votes)**

<b>Date of Meeting</b>	<b>21/04/2012</b>
Number of lists presented	2 lists for the appointment of six directors.
Shareholders presenting list no. 1	<ol style="list-style-type: none"><li>1. PIERO FERRARI – born in Castelvetro di Modena (MO) on 22/05/1945;</li><li>2. FLORIANA NALIN – born in Modena (MO) on 20/01/1947;</li><li>3. ALBERTO GALASSI – born in Modena (MO) on 23/12/1964;</li><li>4. ANTONELLA FERRARI – born in Modena (MO) on 14/11/1968;</li><li>5. ADRIANO POGGIOLI – born in Maranello (MO) on 13/09/1937;</li><li>6. LUIGI CREMONINI – born in Savignano sul Panaro (MO) on 28/04/1939;</li><li>7. CREMONINI S.P.A. – VAT no. 162810360 (represented by Luigi Cremonini as the legal representative);</li><li>8. ELISABETTA GHIDONI – born in Reggio nell’Emilia (RE) on 26/05/1957;</li><li>9. ALBERTO GALLINARI – born in Reggio nell’Emilia (RE) on 12/07/1982;</li><li>10. ALLEGRA GALLINARI – born in Reggio nell’Emilia (RE) on 02/10/1983;</li><li>11. GUGLIELMO BORELLI – born in Modena (MO) on 25/03/1965.</li></ol>
Total % of BPER's share capital held by the shareholders presenting the list, as declared by them	0.659%
Shareholders presenting list no. 2	<ol style="list-style-type: none"><li>1. ALDO BONIFATI – born in Castrovillari (CS) on 16/05/1922;</li><li>2. MICHELE CALABRESE – born in Crotone (KR) on 22/01/1956;</li><li>3. SERGIO GIANGRECO – born in Reggio di Calabria (RC) on 21/07/1974;</li><li>4. GIORGIO PULAZZA – born in Cervia (RA) on 06/02/1954;</li><li>5. VALENTINA PULAZZA – born in Ravenna (RA) on 25/10/1979;</li><li>6. ROMANO GISMONDI – born in Ravenna (RA) on 13/10/1937;</li><li>7. CARLO GISMONDI – born in Ravenna (RA) on</li></ol>



	06/08/1931; 8. GIULIANO TASSONI – born in Minerbio (BO) on 12/07/1939.
Total % of BPER's share capital held by the shareholders presenting the list, as declared by them	0.571%
Candidates on each list	<p><b><u>List no. 1</u></b></p> <ul style="list-style-type: none"> <li>• Ettore Caselli;</li> <li>• Romano Minozzi (independent);</li> <li>• Mario Zucchelli (independent);</li> <li>• Giosuè Boldrini (independent);</li> <li>• Giulio Cicognani (independent);</li> <li>• Valeriana Maria Masperi (independent);</li> <li>• Massimo Giusti.</li> </ul> <p><b><u>List no. 2</u></b></p> <ul style="list-style-type: none"> <li>• Giuseppina Mengano (independent);</li> <li>• Anna Mantice (independent);</li> <li>• Francesco Limatola (independent);</li> <li>• Francesco Serra (independent);</li> <li>• Michele Calabrese (independent);</li> <li>• Luigi Muto (independent);</li> <li>• Sergio Giangreco (independent).</li> </ul>
List of persons elected and percentage of votes	<p><b><u>Elected from List 1: 11,649 votes (63.88% of votes)</u></b></p> <ol style="list-style-type: none"> <li>1. Ettore Caselli;</li> <li>2. Romano Minozzi (independent);</li> <li>3. Mario Zucchelli (independent);</li> <li>4. Giosuè Boldrini (independent);</li> <li>5. Giulio Cicognani (independent);</li> <li>6. Valeriana Maria Masperi (independent).</li> </ol> <p><b><u>Elected from List 2: 6,121 votes (33.56% of votes)</u></b></p> <ol style="list-style-type: none"> <li>7. Giuseppina Mengano (independent).</li> </ol>

Further information on the Directors, the lists from which they were taken and the outcome of the voting can be found in the minutes of the Shareholders' Meeting filed at the registered offices of the Issuer which are available to the public on the website of Borsa Italiana ([www.borsaitaliana.it](http://www.borsaitaliana.it)) and BPER, and in the lists and press releases issued at the end of the meetings and published on the Bank's website ([www.bper.it](http://www.bper.it)) in the

“Governance - Shareholders' Meeting” section and in the “Press & Media - Press Releases” section.

Under art. 30 of the articles of association and given the implementation and transitory rules at the foot of it, the mandates of seven members of the Board expire upon approval of the 2013 financial statements at the Shareholders' Meeting; on that occasion, an election will be held in accordance with art. 30 *et seq.* of the articles of association.

#### *4.2.1 Maximum accumulation of offices that can be held in other companies*

The Board of Directors of the Bank has approved on 22 June 2009 a Regulation setting "Limits of the accumulation of offices by Directors of Banca popolare dell'Emilia Romagna", which defines general criteria for the maximum number of board and audit appointments that Directors may hold in other companies compatible with the effective performance of their duties.

In particular:

- the Chairman of the Board of Directors cannot hold:
  - executive appointments in listed companies;
  - more than 2 executive appointments in banks or, in any case, in companies of significant size;
  - more than 7 non-executive or audit appointments in listed companies, banks or, in any case, companies of significant size;
  - more than 10 appointments in total;
- the Chief Executive Officer cannot hold:
  - executive appointments in listed companies, banks or, in any case, companies of significant size;
  - more than 5 non-executive or audit appointments in listed companies, banks or, in any case, companies of significant size;
  - more than 7 appointments in total;
- each Director without delegated powers cannot hold:
  - more than 6 executive appointments;
  - more than 8 non-executive or audit appointments in listed companies, banks or, in any case, companies of significant size;
  - more than 12 appointments in total.

If several non-executive and/or audit appointments are held in companies belonging to the same group:

- up to a maximum of 4 are deemed equivalent to 1 appointment;
- more than 4 are deemed equivalent to 2 appointments;
- any excess over 8 such appointments are considered as separate appointments.

By a resolution adopted with a majority of two thirds of those voting, the Board of Directors may, giving reasons, authorise Directors to accept or retain a total number of appointments in excess of that indicated in the preceding points.

At the time of their appointment and any time thereafter that there is a change, the Directors must provide the Board with an updated list of their directorships, management and audit appointments, also for compliance with the ban on interlocking. In the event of exceeding the limit placed on the accumulation of appointments, the Board of Directors invites the Director concerned to make the related decisions.

The Bank gives newly-elected Directors a special set of documents, manuals and regulations on the role of director and the duties that the position entails, as well as certifications and forms to be issued and filled in by the newly-elected Director for all the formalities and activities related to their appointment and office.

### **4.3 Role of the Board of Directors (art. 123-bis, paragraph 2.d), CFA)**

Consistent with legal requirements, the functioning of the Board of Directors is governed by the articles of association and the Regulation approved by the Board resolution adopted on 22 June 2009.

The Board checks over time the adequacy of this Regulation and makes the appropriate changes and additions.

The Board of Directors normally meets once every month. Exceptionally, the Board may meet every time considered necessary by the Chairman or when requested with reasons by at least one third of the Directors or, following written communication to the Chairman of the Board of Directors, by the Board of Statutory Auditors or individually by each Standing Auditor.

The Chairman coordinates the activities of the Board of Directors, promoting the effective functioning of the system of corporate governance, as well as the efficient and constant link between the functions of direction and strategic supervision and those of management; the Chairman is the principal point of reference for the bodies, departments and organisations within the Bank responsible for control activities and for the committees established within the Board of Directors.

The Chairman of the Board of Directors works to ensure that the Directors receive proper and timely information.

Having heard the opinion of the Chief Executive Officer and assisted by the competent internal functions, the Chairman identifies the supporting documentation for the matters on the agenda of meetings.

The documentation on particularly important or complex items on the agenda is sent to the Directors and Statutory Auditors prior to the date of the board meeting with the latest computerised tools, including a special procedure that produces an electronic book.

The Board of Directors met 22 times during 2012 and the average duration of each meeting was about 3 hours.

Board meetings were attended by the following persons who are not members of the Board:

- the General Manager;
- the Deputy General Managers;
- the Secretary to the Board of Directors (under art. 35 articles of association);
- from time to time, depending on the issues being addressed, the heads of the departments in question to provide detailed information as needed on the topics on the agenda.

Eleven meetings have been scheduled for the period January-July 2013; at the date of this Report, the Board of Directors has met 4 times, including the meeting for the approval of this document.

Pursuant to art. 40 of the articles of association, the Board exercises all powers of ordinary and extraordinary administration of the Bank, except for those reserved for the Shareholders' Meeting, and performs the functions of strategic supervision and high-level administration.

Without prejudice to the powers that cannot be delegated by law, the Board of Directors has exclusive responsibility for decisions concerning:

- determining general operating guidelines and criteria for the coordination and management of group companies, as well as for the implementation of instructions received from the Bank of Italy;
- the strategic direction, strategic transactions and financial and business plans;

- the purchase and disposal of equity investments that represent a controlling and/or significant interest;
- the approval and update of internal regulations that are of particular importance;
- the appointment of the Chairman;
- the appointment from among its number of an Executive Committee and any other committees needed for the operations of the Bank, determining the members, their duties and how they will operate;
- the appointment of the Chief Executive Officer, granting, modifying and/or revoking the powers granted to him;
- the appointment of the General Manager;
- the appointment of the managers of the internal audit and compliance functions, and the executive responsible for preparing the Bank's accounting documents;
- mergers in the situations envisaged by arts. 2505 and 2505-*bis* of the Italian Civil Code;
- any alignment of the articles of association with regulatory requirements.

As part of its duties, the Board of Directors:

- has, drawing where necessary on information received from bodies with delegated powers, assessed the adequacy of the Bank's systems, administration and accounting organisation with reference to:
  - the transactions carried out with related parties and, more in general, those involving conflicts of interest;
  - the outcome of the checks performed by the second and third level control functions;
  - the exercise of the mandates granted to the appointed parties;
  - the economic-financial results of the various business areas covering the entire operations of the Bank;
- has, drawing where necessary on the documentation provided by Group companies and the control functions, also assessed the adequacy of the systems, administration and accounting organisation of strategic subsidiaries with reference to:
  - the transactions carried out with related parties and, more in general, those involving conflicts of interest;
  - the outcome of the checks performed by the second and third level control functions;
  - the reports on the consents granted to Group companies by bodies appointed by the Parent Company;
  - the economic-financial results of the various companies and of the Group as a whole;
- has assessed on an ongoing basis the general results of operations, via the periodic analysis of the principal economic and financial aggregates of the Bank and the Group supplied by the bodies with delegated powers, comparing them with the budget objectives and the business plan, as well as with the approved interim reports.

The Board of Directors is also responsible for other transactions (unless, given their value, they are covered by the powers delegated to other bodies) deemed significant in economic or financial terms, such as:

- the purchase and sale of property;
- the formation of companies, the creation of temporary business associations and the definition of

strategic alliances;

- plans for the issue of certain financial instruments (shares in the Bank, convertible bonds);
- the granting of lines of credit to companies within the Group;
- the granting of lines of credit, both directly and as guarantees, that exceed the thresholds assigned to other corporate bodies;
- mergers and spin-off transactions, the purchase/sale of businesses or lines of business, contributions in kind and, more generally, transactions that involve publishing a prospectus in accordance with CONSOB's instructions.

The Board of Directors carries out an annual evaluation of its own functionality, as well as that of the board committees.

The results of this self-assessment provide support for the Board in acquiring a greater awareness of its strengths, as well as detecting any areas for improvement, with regard to how it functions, planning the corrective measures that are deemed most appropriate accordingly.

The methods used for this purpose, which are reviewed periodically, include:

- Board members individually filling in questionnaires to analyse the main aspects of how the Board and its Committees function; these are then processed, integrating the results by cross-checking them against available data and information on the matters being assessed.
- Benchmarking and an analysis of the trends in the banking system to support the evaluation of how many board members there should be;
- A system of scoring to assess the level of skills considered necessary to act properly and effectively as a Director.

These include:

- a knowledge of banking;
- a knowledge of the workings of the economy and the financial system;
- a knowledge of the geographical areas served by the Bank;
- an understanding of banking regulations;
- a knowledge of internal control systems and of risk management and control methods;
- a knowledge of corporate governance and business management processes;
- a knowledge of organisational structures and information systems;
- a knowledge of the governance structure of the Banca popolare dell'Emilia Romagna Group.

The evaluation of the functionality of the Board and its committees for 2012 had the following three results. Generally speaking, all of the Directors have a positive assessment, substantially in line with the previous year, with the trend moving towards more positive assessments.

The aspects that were most appreciated were:

- the attendance of departmental heads at Board meetings;
- the relationship of the Board with top and middle management;
- the number and type of committees set up by the Board.

The results of the assessment of the Board's quantitative composition confirm that the number of Directors of the Bank is substantially in line with that of the reference sample and lower than the average seen by the Bank of Italy in banks with assets of more than Euro 20 billion (21 directors), as well as being in line with the expressed expectation of a reduction, where possible, in the number of bodies involved in strategic supervision.

The results of the assessment of the Board's qualitative composition led to the conclusion that the Board's current composition is in line with what was defined as optimal.

Given that both the qualitative and quantitative composition of the Board of Directors is considered optimal and considering the expertise of the Directors currently in office and those coming to the end of their term of office, the Bank has identified areas of professional competence in which the candidates for the position of Director may usefully make further qualified contributions, with a view to making the Board as effective as possible:

- internal control systems and risk management and control methods,
- the workings of the economy and the financial system,
- organisational structures and information systems,
- banking.

The document on the "Optimal Qualitative and Quantitative Composition of the Administrative Body" was approved by the Board on 19 February 2013 and published on the Bank's website ([www.bper.it](http://www.bper.it)) in the "Governance - Corporate Bodies - Shareholders' Meeting" section in order to satisfy the need to bring the results of this analysis to the attention of the members in good time, so that the choice of candidates for election to the Board of Directors at the next Shareholders' Meeting can take the required expertise and skills into account.

The shareholders have not adopted any resolutions that provide general and advance authorisation for exceptions to the no-competition requirement established in art. 2390 of the Civil Code. In any case, none of the Directors are currently in the position envisaged by this article of the Civil Code.

#### **4.4 Chairman of the Board of Directors**

The Chairman is elected by the Board of Directors from among its number by an absolute majority of its members and remains in office until the expiry of his mandate as a Director.

The Chairman of the Board of Directors performs the functions required by law, facilitating the governance of the Bank and promoting the effective and balanced functioning of the powers allocated to the various corporate bodies, as well as acting as point of reference for the Board of Statutory Auditors, for the managers of internal control functions and for internal committees.

The Chairman does not have executive powers. He represents the Company in dealings with third parties and in legal proceedings, both in the courts and in administrative matters, including appeals and revocations, and has single signature powers.

The Chairman of the Board is not the main person responsible for managing the Issuer - given that there is a Chief Executive Officer, an Executive Committee and a General Manager - nor, given the Issuer's status as a cooperative bank, is the Chairman its majority shareholder.

#### **4.5 Responsible bodies**

In compliance with the articles of association and legal requirements, art. 41 of the articles of association envisages that the Board of Directors may delegate its powers - without prejudice to the right of each Director to make proposals - to the Chief Executive Officer and to the Executive Committee, establishing limits for each mandate granted.

With regard to the granting of loans and ordinary operations, decision-making powers may be delegated, determining the extent of such powers, to the Chief Executive Officer, to individual Directors, to the General Manager and to other members of General Management, as well as - within predetermined limits on amount, depending on function and level - to employees with specific duties and to the managers of branches.

In urgent cases, the Chairman of the Board of Directors and the Chief Executive Officer may take all decisions, based on a proposal from the General Manager, about the making of loans in compliance with the specific limits placed on their mandates.

It is worth noting the designation by the Board of Directors on 21 December 2010, of a non-executive and independent Director, Giulio Cicognani, as the director responsible for providing feedback on behalf of the Bank to any requests from the shareholders' associations.

#### 4.5.1 Chief Executive Officer

On 10 January 2012 the Board of Directors co-opted Luigi Odorici and appointed him Chief Executive Officer, pursuant to art. 35 of the articles of association, in place of Fabrizio Viola, who resigned on 1 January 2012. Following the election of Luigi Odorici as a member of the Board by the Shareholders' Meeting of 21 April 2012, the Board reconfirmed him as the Bank's Chief Executive Officer. Ever since he was co-opted, Mr. Odorici was given the same powers previously granted to Mr. Viola.

The following main powers were granted to the Chief Executive Officer:

- to authorise, in the event of urgent need, lines of credit of any kind on condition that their amount is less than or equal to 5% of the Bank's shareholders' equity;
- to authorise, under non-urgent conditions, lines of credit (both new lines and revisions/renewals) for amounts not exceeding Euro 10 million and loans for periods in excess of fifteen years whose amounts are not less than Euro 500 thousand;
- to authorise the confirmation (or revocation) of defaulting loans that, when performing, were approved (or revised) by General Management;
- to authorise the purpose – subscription - disposal, up to an amount of Euro 5 million, of equity investments that do not alter the composition of the Group;
- to authorise, with regard to treasury management and management of the Group's finances, investments and divestments of bonds and equities within the limits established by specific resolution of the Board of Directors;
- to authorise, on request from the General Manager, expenditures within the limits established by the system of mandates;
- to authorise the rental of property, both by the Bank and to third parties;
- to authorise the write-off of losses deriving from inadequacies or weaknesses in internal processes, human resources or systems.

Note that during 2012 and up to 1 January 2013, Luigi Odorici also held the position of General Manager, to which he was appointed on 1 November 2011.

The Chief Executive Officer, Luigi Odorici, is main person responsible for managing the business and in order to avoid situations that could generate potential conflicts of interest, he does not act as a Director of any issuers not of the BPER Group where a BPER Board member acts as the Chief Executive Officer.

#### 4.5.2 Executive Committee (under art. 123-bis, paragraph 2, letter d), CFA)

The Executive Committee, together with the Chief Executive Officer and the General Manager, participates in the management of the Bank to the extent of the powers assigned to it by the Board of Directors.

**At the end of 2012**, following the resignation of Mr. Alessandro Fagioli on 18 December 2012, the Executive Committee consisted of seven Directors: Ettore Caselli (Chairman), Alberto Marri, Piero Ferrari, Luigi Odorici (ex officio as the Chief Executive Officer), Flavio Amadori, Erminio Spallanzani and Mario Zucchelli. Gian Enrico Venturini, the Group General Affairs Manager, was appointed Secretary.

**At the date of this Report**, the Executive Committee consists of eight Directors: Ettore Caselli (Chairman), Alberto Marri, Piero Ferrari, Luigi Odorici (ex officio as the Chief Executive Officer), Flavio Amadori, Erminio Spallanzani, Angelo Tantazzi and Mario Zucchelli. Gian Enrico Venturini, the Group General Affairs Manager, has been appointed Secretary.

In compliance with the law, the functioning of the Executive Committee is governed by the articles of association and the Regulation approved by the Board of Directors on 22 June 2009.

Committee meetings, called by the Chairman, are usually held every fifteen days and, in any case, whenever decisions are needed on matters for which it is responsible.

The General Manager also attends meetings of the Executive Committee.

Pursuant to art. 41 of the articles of association, the Chairman of the Board of Directors does not have the power to make proposals to the Executive Committee, of which he is a member.

It met fifteen times during 2012.

Nineteen meetings have been scheduled for the period January-July 2013, of which two have already taken place as of the date this Report was approved by the Board.

The Board of Directors granted powers and mandates to the Executive Committee by a resolution dated 25 June 2003.

In particular, the Board of Directors granted the Executive Committee the power to authorise:

- the first-time grant of lines of credit for an “adjusted amount” of between Euro 10 and Euro 25 million and, in the absence of the Chief Executive Officer, loans for periods in excess of fifteen years whose amounts are not less than Euro 500 thousand;
- the acquisition and/or disposal of non-controlling and/or insignificant equity investments, within the limits established by the system of mandates;
- the purchase and/or sale of property within the limits established by the system of mandates;
- the cost of fitting out branches;
- promotional, advertising and charitable initiatives of all kinds.

#### *4.5.3 Information for the Board of Directors*

The Board of Directors and the Board of Statutory Auditors are informed about decisions taken by the holders of mandates at the first subsequent meeting and, in any case, at least every three months pursuant to art. 2381.5 of the Civil Code..

### **4.6 Other executive Directors**

The Bank deems “non-executive” those Directors who do not have mandates or perform functions, formally or in practice, relating to the operations of the Bank.

At that time of approving this Report, there are no executive Directors other than the Chief Executive Officer and the members of the Executive Committee. Given the presence of a Chief Executive Officer, who is responsible for the operations of the Bank, the participation of the Chairman on the Executive Committee - without the power to make proposals pursuant to art. 41 of the articles of association - is not considered in itself sufficient to make him an executive director. He participates to guarantee the effective and balanced functioning of the Committee and the appropriate division of powers among the various corporate bodies.

### **4.7 Independent Directors**

Pursuant to art. 147-ter, paragraph 4, of the CFA and art. 31, paragraph 2.c) of the articles of association, at least two members of the Board of Directors have to meet the independence requirements established for statutory auditors by art. 148, paragraph 3, of the CFA. At the date of this Report, fourteen out of a total of nineteen members of the Board of Directors are independent.

At the time that Board members are appointed, the market is informed by means of a press release which Directors have declared that they are independent. After an election at the AGM, the market is informed in the same way about the outcome of the Board of Directors' verification that the members meet the requirements of professionalism, integrity and independence.



At the date of this Report, the following persons are Independent Directors pursuant to art. 148.3 of the CFA: Flavio Amadori, Giosuè Boldrini, Giulio Cicognani, Luigi Cremonini, Piero Ferrari, Pietro Ferrari, Elisabetta Gualandri, Manfredi Luongo, Valeriana Maria Masperi, Giuseppina Mengano, Fioravante Montanari, Deanna Rossi, Angelo Tantazzi and Mario Zucchelli.

The Board of Statutory Auditors has checked the proper application of the verification criteria and procedures adopted by the Board of Directors for assessing the independence of its members.

During the year, the Independent Directors did not have a formal meeting in the absence of the other Directors, outside of the sessions of the Committees of which they are members.

#### **4.8 Lead Independent Director**

The appointment of an independent director as the lead independent director is recommended in cases where the chairman of the board of directors is also the main person responsible for managing the business, also being the company's chief executive officer, or if the office of chairman is held by the person who controls the issuer. In such cases, the lead independent director would act as a point of reference and coordination for the requests and contributions of non-executive directors, especially the independent ones, possibly by means of special meetings attended by just the independent directors (Independent Directors Committee).

In the case of BPER, given that the Chairman of the Board is not the main person responsible for managing the Issuer, nor, given its status as a cooperative bank, is he the Issuer's majority shareholder, the Board has not appointed an independent director as the lead independent director.

It should also be noted that the Bank's Board of Directors has set up an Independent Directors Committee, consisting of three Directors who meet the requirements, being independent and non-executive, which replaces the previous Related Parties Committee (which ceased to exist at the same time), with effect from 31 December 2012. See Chapter 10 for further information.

## 5 Processing of corporate information

The Bank has approved guidelines for the management of "privileged information" to be communicated to the public and issued a specific regulation for the "Management of Privileged Information and Insider List" - approved by the Board of Directors on 28 January 2010 and subsequently updated - which establishes:

- the methods of communicating "privileged information" to CONSOB and the Market;
- the communication to CONSOB of any delay;
- monitoring rumours;
- handling requests from CONSOB.

Given a series of circumstances or a significant event resulting in the existence of privileged information under art. 181.1 of the CFA, as well as of Regulated Information under art. 113-ter of the CFA, the Bank complies with the communication requirements laid down in the regulations including, in particular, art. 113 of the Issuers' Regulation, and informs the public without delay via:

- a specific press release issued through the "System of Disclosure of Relevant Information" (aka SDIR-NIS), an electronic system run by Blt Market Services S.p.A., a subsidiary of the London Stock Exchange Group with head office in Piazza Affari 6, Milan;
- publication on the Bank's website [www.bper.it](http://www.bper.it) and, if appropriate, on the Group's website [www.gruppobper.it](http://www.gruppobper.it);
- if appropriate, a notice in national newspapers (in prescribed cases or at the discretion of the Bank).

The SDIR-NIS system run by Blt Market Services S.p.A. distributes to the public the press releases sent in by issuers belonging to the circuit by sending them to the press agencies connected to the system, as well as by publishing a notice on the website of Borsa Italiana S.p.A., which also belongs to the London Stock Exchange Group. If the market is closed, the press agencies are informed immediately on the receipt of the press release by Blt Market Services S.p.A., or, if the press release is received during trading hours, fifteen minutes after it was received by Blt Market Services. The transmission of press releases through the SDIR-NIS system also ensures compliance with the regulatory and disclosure requirements vis-à-vis CONSOB.

In particular, the public is given appropriate and essential information not only about any special and/or strategic transactions, but also about the accounts, resolutions approving the financial statements, the amount of dividends to be paid to shareholders and financial reports, including interim reports.

In accordance with the regulations, the Bank has also set up a "Register of persons with access to privileged information", managed online by means of a special procedure called "Insider List".

In addition, the Bank has adopted a specific "Internal Dealing" regulation that was approved by the Board on 13 November 2009, subsequently updated and published on the website [www.bper.it](http://www.bper.it) in the "Members" section.

This Regulation:

- covers all the regulations and internal procedures for on the transfer of securities in accordance with the "Internal Dealing" requirements;
- governs the disclosures envisaged for transactions carried out by relevant persons and those closely related to them.

These reports made to the market by CONSOB and Blt Market Services S.p.A.'s SDIR-NIS system, are published in the "Members" section of the Bank's website.

## **6 Board committees (art. 123-bis paragraph 2.d), CFA)**

At the date of this Report, in addition to the Executive Committee (see paragraph 4.5.2), the Board of Directors has established as sub-committees the Nominations and Compensation Committee, the Internal Audit Committee, the Related Parties Committee (now the Independent Directors Committee) and the Strategy Committee.

The composition, responsibilities and functioning of these committees is governed by specific instructions approved by the Board of Directors, as described in the following paragraphs.

In addition to the Committees recommended by the Code of Conduct for Listed Companies, the Bank has set up the Strategy Committee to assist the Board and, when required, the Chief Executive Officer. Its functions are to carry out investigations, to give advice and to make recommendations, developing and submitting to the Board opinions and proposals on general and strategic guidelines and policies, as well as strategic transactions, of the Bank and the Group; it also provides support in the field of business and financial plans of the Bank and the Group, and in the calculation of current and future internal and total capital requirements in line with long-term plans and annual budgets. See Chapter 11 for further information.

## **7 Nominations and Compensation Committee**

The Board of Directors established the Nominations and Compensation Committee in January 2009.

### **7.1 Composition and functioning of the Nominations and Compensation Committee (art. 123-bis, paragraph 2.d), CFA)**

The rules for the formation and functioning of the Nominations and Compensation Committee are contained in a specific "Regulation" approved by the Board of Directors of the Bank.

The Committee consists of a minimum of three to a maximum of five non-executive directors, the majority of whom have to meet the independence requirements of art. 147-ter, paragraph 4 of the CFA. In no case can the Chairman of the Board of Directors be a member of this Committee, though he can attend its meetings ex officio.

The members of the Committee are appointed by the Board of Directors and their term of office expires when they cease to be a member of the Board of Directors. Early termination of the Director's mandate, for whatever reason, leads to immediate exclusion from the Committee. If one or more of the committee members can no longer attend, for whatever reason, the Board of Directors replaces them with Directors who meet the necessary requirements.

The Chairman of the Committee is appointed by the Board from among the members of the Committee. If the Chairman is absent or unavailable, he is replaced in all his functions by the oldest member of the Committee in terms of age.

On the Chairman's proposal, the Committee appoints a Secretary, who need not be one of its members. The Secretary remains in office until the date of the Shareholders' Meeting called to approve the financial statements of the year in progress at the time of the Secretary's appointment.

The Chairman convenes the Committee, sets the agenda, chairs the meetings, prepares the work, and directs, coordinates and moderates discussions. He also represents the Committee at meetings of the Board of Directors, signs reports and proposals to be submitted to the Board of Directors on the Committee's behalf.

The Nominations and Compensation Committee meets, on convocation by the Committee Chairman, at least once every quarter and, in any case, whenever necessary to resolve on matters within its mandate.

The Nominations and Compensation Committee currently comprises three non-executive and independent Directors: Giosuè Boldrini (Chairman of the Committee - independent); Valeriana Maria Masperi (independent) and Deanna Rossi (independent). Gian Enrico Venturini, the Group General Affairs Manager, has been appointed Secretary.

The Committee met nineteen times during 2012 and the average duration of each meeting was about one hour.

In 2013, four meetings have already been held at the date of Board approval of this Report.

Otherwise, meetings of the Committee are valid if attended by a majority of its current members. Resolutions are adopted by an absolute majority of the votes of the members attending the meeting. In the event of a tie, the Committee's Chairman has a casting vote.

Every meeting of the Committee is recorded in minutes that are signed by the Committee Chairman and Secretary and kept in the Minute Book for the Nominations and Compensation Committee.

The Chairman can invite to Committee meetings other members of the Board of Directors or other persons whose presence may help better performance of the Committee's functions.

In particular, the Chairman invites the Head of Group Risk Management Unit to attend meetings at which incentive systems are discussed in order to ensure that these systems take into account all of the risks assumed by the Company, using methods that are consistent with those used in managing risk for internal and regulatory purposes.

The General Manager takes part in meetings of all Board committees.

The Nominations and Compensation Committee directly oversees correct application of the rules relating to the remuneration of persons responsible for internal control, being able to discuss such matters with the Board of Statutory Auditors.

All members have adequate experience of accounting and financial matters.

None of the Directors participate in the discussion of agenda items regarding their specific compensation.

## **7.2 Functions of the Nominations and Compensation Committee**

The Nominations and Compensation Committee:

- working together with the Chairman of the Board of Directors, selects and proposes to the Board candidate members of the Board of Directors:
  - in the case of cooption, indicating the related requirements, including those of independence, if required by law;
  - for the purpose of preparing the form required by art. 32.C of the articles of association, indicating the related requirements, including those of independence, if required by law;
- prepares opinions for the Board of Directors regarding the size and composition of the Board, as well as the professional persons whose presence on the Board is considered appropriate;
- presents opinions, suggestions and proposals to the Board of Directors regarding the remuneration to be awarded to the Directors with specific responsibilities, as well as the remuneration attributable to the Boards of Directors of Group companies;
- presents opinions, suggestions and proposals to the Board of Directors regarding the remuneration to be awarded to the members of General Management and those in charge of internal control functions, as well as opinions and suggestions on the remuneration of the other "key personnel" of the Company and of the Group, as identified according to the instructions issued by the Supervisory Authority.

With regard to nominations, the Committee also carries out the following tasks:

- it presents opinions to the Board of Directors regarding proposals for the nomination of candidates for General Management;
- it presents opinions to the Board of Directors regarding proposals for the nomination of candidates for the position of Director, including those to be co-opted, General Manager and Deputy General Manager of Group companies.

With regard to compensation, the Committee also carries out the following tasks:

- it presents opinions, suggestions and proposals to the Board of Directors regarding the remuneration to be awarded to the Board itself and to the Board of Statutory Auditors to be submitted for the approval of the Shareholders' Meeting, and with regard to how the remuneration approved by it should be split among the various directors;
- in close liaison with the Board of Statutory Auditors, it directly monitors correct application of the rules on the remuneration of those in charge of internal control functions;
- it presents opinions and suggestions, also making use of the information received from the relevant corporate functions, on the achievement of performance goals to which the incentive plans are linked

and on checking other conditions for the payment of remuneration;

- it provides the Board of Directors with all the support that it needs on remuneration policies, also preparing the documentation to be submitted to the Board for its decisions;
- it collaborates with other Board Subcommittees;
- it ensures the involvement of the relevant corporate functions in the process of drawing up and monitoring remuneration policies and practices;
- it provides appropriate feedback to the Corporate Bodies on the work that it has carried out;
- it checks the consistency of Board decisions with the remuneration policies approved at the Shareholders' Meeting.

During 2012, the activities of the Committee involved:

1. with reference to nominations:

- decisions to be submitted to the Board of Directors for the appointment of a Director pursuant to art. 4.1.A) of the "Rules governing the Nominations and Compensation Committee";
- determinations for the designation of the members of the administrative and management bodies of Group banks and companies, consistent with the provisions of art. 4.1.e) of the "Rules governing the Nominations and Compensation Committee";
- determinations for the candidatures to be submitted to the Board of Directors for the appointment of the General Manager and Deputy General Manager in accordance with Art. 4.1, letter d), "Rules governing the Nominations and Compensation Committee";
- appointment of the Secretary, consistent with the provisions of art. 3 of the "Rules governing the Nominations and Compensation Committee";

2. with reference to compensation:

- the definition of "Remuneration policies for directors, employees and collaborators that do not have an employment contract" in accordance with the provisions of art. 4.1, letter i), "Rules governing the Nominations and Compensation Committee"
- determination of the remuneration attributable to the members of the Boards of Directors of Group companies, consistent with the provisions of art. 4.1.ii) of the "Rules governing the Nominations and Compensation Committee".

In order to carry out its functions, the Committee has access to the information and business functions needed for the performance of its tasks.

At this time, the Committee has no independent access to financial resources.

## 8 Remuneration of Directors

Without prejudice to the power to determine the remuneration of the Chief Executive Officer and the Directors with special duties under the articles of association, pursuant to art. 2389 of the Civil Code and art. 24 of the articles of association, the Board of Directors arranges to allocate among its members the total remuneration fixed at the Shareholders' Meeting. The remuneration policies of the Group, approved by the Shareholders' Meeting of 21 April 2012, establish that:

- the remuneration of Directors consists of a fixed element, supplemented by another fixed element of compensation, which is only awarded to Directors with special duties (the Chairman, Vice Chairmen, Chief Executive Officer and members of the Executive Committee). In other words, there are no bonus systems linked to the achievement of quantitative performance objectives, nor forms of compensation based on financial instruments such as stock option plans, except for the Chief Executive Officer: in line with the Bank of Italy's recommendation of 30 March 2011, his remuneration is split between a fixed element and a variable element (which cannot exceed 30% of the fixed element) based on a bonus system that is calculated with reference to a series of qualitative and quantitative objectives. Payment of 60% of the variable element is deferred over three years, in equal annual instalments, subject to penalty clauses. At the same time, it is foreseen that 50% of both the immediate and deferred portions are to be paid in the form of financial instruments (so-called "phantom stock"): cash allocations linked to the market price of the Parent Company's ordinary shares, with a vesting period (during which the shares cannot be sold) of two years for the immediate portion and one year for the deferred portion.
- the remuneration of General Management and Managers with strategic responsibilities who belong to the category of Key Personnel is represented by a fixed element that differs according to their responsibilities, supplemented by a variable element that also differs according to the position that they hold and which cannot exceed 30% of the fixed element. The variable element is based on a bonus system that to be calculated makes reference to a series of qualitative and quantitative objectives that are assigned to each manager according to their position. Starting with the remuneration for 2011, in accordance with the recommendations of the Bank of Italy of 30 March 2011, 40% of the variable element of the remuneration of General Management and Managers with strategic responsibilities who belong to the category of Key Personnel gets deferred over three years and paid in annual instalments, subject to penalty clauses. The deferred portion is expected to be paid in the form of phantom stock: cash allocations linked to the market price of the Parent Company's ordinary shares, with a vesting period (during which the shares cannot be sold) of one year for all Key Personnel, so including the CEO and Managers with strategic responsibilities, for whom the variable element of remuneration is subject to them overcoming certain pre-established parameters (known as "gates") expressed in terms of consolidated earnings and balance sheet aggregates. The variable remuneration paid is subject to reimbursement (known as "clawback") in the event of fraud or gross negligence, without which the reported results would not have been achieved.

### 8.1 Indemnities for Directors who resign, are terminated or cease to serve following a public offer for the purchase of shares (art 123-bis, paragraph 1.i), of the CFA)

There are no agreements between the Bank and the Directors that envisage the payment of indemnities in the event of resignation or termination/revocation without just cause or termination following a takeover bid for the Bank. In accordance with CONSOB Communication DEM11012984 of 24 February 2011, we would also point out that there are no agreements for the assignment or maintenance of non-monetary benefits in favour of those who cease to work for the Bank (so-called "post-retirement perks") or for the stipulation of consulting contracts for a period following termination; similarly, there are no agreements for compensation to be paid for commitments not to compete.

For further information, please refer to the documents that are available on the Bank's website, including the Report on Remuneration Policies, in the "Governance - Corporate Bodies - Shareholders' Meeting - Documents" section.

## 9 Internal Audit Committee

The Board of Directors established the Internal Audit Committee in May 2009.

### 9.1 Composition and functioning of the Internal Audit Committee (art. 123-bis, paragraph 2.d), CFA)

The rules for the formation and functioning of the Internal Audit Committee are contained in a specific "Regulation" approved by the Board of Directors of the Bank.

The Committee consists of a minimum of three to a maximum of five non-executive directors, the majority of whom have to meet the independence requirements of art. 147-ter, paragraph 4 of the CFA. The Committee does not include the Chairman of the Board of Directors.

At least one member of the Committee must have adequate experience in accounting and finance.

The members of the Committee are appointed by the Board of Directors and their term of office expires when they cease to be a member of the Board of Directors. Early termination of the Board, for whatever reason, leads to the immediate revocation of the Committee. If one or more members can no longer attend, for whatever reason, the Board of Directors replaces them with Board members who meet the independence requirements.

The Chairman of the Committee is appointed by the Board of Directors from among the members of the Committee. If the Chairman is absent or unavailable, he is replaced in all his functions by the oldest member of the Committee in terms of age.

On the Chairman's proposal, the Committee appoints a Secretary, who need not be one of its members. The Secretary remains in office until the effective date of the Shareholders' Meeting called to approve the financial statements of the year in progress at the time of the Secretary's appointment.

The Chairman convenes the Committee, sets the agenda, chairs the meetings, prepares the work, and directs, coordinates and moderates discussions, represents the Committee and signs the reports and proposals to be submitted to the Board of Directors.

The Committee meets at least once every two months and, in any case, whenever necessary to resolve on matters within its mandate.

The Internal Audit Committee currently comprises five members (all non-executive and including four independent Directors): Giulio Cicognani (Chairman, independent); Giosuè Boldrini (independent); Elisabetta Gualandri (independent); Giuseppe Lusignani and Valeriana Maria Masperi (independent).

During 2012, the Audit Committee met 12 times and the average duration of the meetings was approximately 1 hour and 30 minutes.

For the period January-July 2013, 12 meetings have been planned, of which three have already taken place at the date of Board approval of this Report.

Otherwise, meetings of the Committee are valid if attended by a majority of its current members. Resolutions are adopted by an absolute majority of the votes of the members attending the meeting. In the event of a tie, the Committee's Chairman has a casting vote.

Every meeting of the Committee is recorded in minutes that are signed by the Committee's Chairman and Secretary and kept in the Internal Audit Committee's Minute Book.

Meetings of the Committee can be attended ex officio by the CEO, the General Manager and the Chairman of the Board of Statutory Auditors (or by another auditor designated by him).

The Chairman of the Committee can also invite to its meetings other members of the Board of Directors, Managers of internal control functions, the Manager responsible for preparing the company's financial reports or other people whose presence might facilitate the functioning of the Committee.



In 2012, the Chairman of the Board of Statutory Auditors took part in 9 meetings of the Internal Audit Committee and at three meetings his place was taken by another Auditor designated by him.

Attendance by other external parties (principally the managers of the internal control functions) was determined by invitation from the Committee, having specific regard for the matters on the agenda.

In order to carry out its functions, the Committee has access to the information and business functions needed for the performance of its tasks.

At this time, the Committee has no independent access to financial resources.

## **9.2 Functions attributed to the Internal Audit Committee**

The Internal Audit Committee:

- assists the Board of Directors in determining guidelines for the system of internal control, so that the principal risks are properly identified and appropriately measured, managed and monitored;
- assists the Board of Directors in assessing the adequacy, effectiveness and proper functioning of the system of internal control, making proposals designed to improve it;
- evaluates, together with the Manager responsible for preparing the Company's financial reports and the Independent Auditors, the proper application of the accounting policies and their consistency among Group companies for the purpose of preparing the consolidated financial statements;
- presents opinions on the proposed "Audit Plan" and the "Planning Document" prepared by the Group Internal Audit Department prior to their presentation to the Board of Directors;
- examines the "Summary report on Internal Audit Activities" and the periodic reports prepared by the Group Internal Audit Department;
- examines the periodic reports and the work programmes prepared by the Group Manager of the Compliance Department;
- examines the periodic reports and the work programmes prepared by the Group Manager of the Risk Management Department;
- examines the periodic reports and the indications from the Supervisory Authorities pursuant to Decree 231/2001;
- examines the periodic reports prepared by the Manager responsible for preparing the Company's financial reports;
- examines the audit work programme, the report of the independent auditors and any letter of recommendations issued by that firm, making related observations and reporting on them to the Board of Directors;
- reports to the Board of Directors, at least at the time of approving the draft financial statements and the half-yearly reports, on the work performed and on the adequacy of the system of internal controls and risk management, expressing its opinion on matters relating to its mandate;
- presents opinions on the proposed technical-organisational adjustments received by the Board of Directors from the Supervisory Authorities pursuant to Decree 231/2001;
- presents opinions on the reports received by the Board of Directors from the Group Internal Audit Department;
- presents opinions on the proposed technical-organisational adjustments received by the Board of Directors from the Group Internal Audit Department;
- carries out the additional tasks assigned by the Board of Directors, with particular reference to the supervision required to guarantee the transparency and propriety of transactions with related parties.

During the year, 56 topics were discussed, including:

- 23 concerning the Group Internal Audit Department,
- 25 presented by the Group Risk Management Department, of which:
  - 7 by the Group Compliance Unit,
  - 9 by the Group Risk Management Unit,
  - 4 by the Model Ratification Office,
  - 3 by the Group Credit Control Unit,
  - 2 by the Group Anti-Money Laundering Unit,
- 2 were handled by the Manager Responsible,
- 1 for the periodic meeting with the Independent Auditors,
- 2 for the periodic meetings with the Board of Statutory Auditors,
- 2 for the periodic meetings with the Supervisory Board,
- 1 concerning the Chief Lending Officer (CLO) and the Credit and Loans Department.

The areas under discussion mainly concerned:

- a review of certain control functions with a view to centralising the activities at the Parent Company;
- examination of the plans and results of the control functions and the Manager Responsible;
- structuring and reviewing the system of periodic reports on risk exposure;
- monitoring the progress of corrective action to the findings of the Ratification function;
- examination of the main reports produced by the control functions;
- examination of the ICAAP documentation for the self-assessment of capital adequacy.

## 10 Related Parties Committee

In accordance with the regulatory framework introduced by CONSOB regarding related parties with the enactment of the "Regulations on related-party transactions" no. 17221 of 12 March 2010 (hereafter "Regulations"), and in order to strengthen its governance mechanisms, the Board of Directors of the Bank passed a resolution on 26 October 2010 to establish a Related Parties Committee as a permanent overseer, made up of three independent, non-executive directors.

At the same time, the Board approved the rules governing the Committee, which also regulate its duties in assessing both the "procedures" and the "significant transactions" under arts. 4, 7 and 8 of the Regulations.

### 10.1 Composition and functioning of the Related Parties Committee (art. 123-bis, paragraph 2.d), CFA)

The Related Parties Committee is composed of three non-executive directors, including one of the minority directors, who satisfy the independence requirements contained in arts. 147-ter, paragraph 4 and Article 148, paragraph 3 of the CFA.

The members of the Committee are appointed by the Board of Directors and their term of office expires when they cease to be a member of the Board of Directors. Early termination of the Board of Directors, for whatever reason, leads to revocation of the Committee.

Any member of the Committee who no longer meets the independence requirements has to communicate this fact as soon as possible to the Committee and to the Board of Directors.

Any independent director who turns out to be a related party to a transaction that is being reviewed has to communicate this fact as soon as possible to the Committee and abstain from voting on the transaction.

If one or more members of the Committee are no longer available for any reason, the Board of Directors has to take steps to replace them with other directors who meet the independence requirements; if this is impossible, the Board has to arrange for equivalent specific organisational controls as foreseen in the legislation.

From 1 January 2012 to 13 May 2012 the Related Parties Committee consisted of three Directors: Giulio Cicognani (Chairman); Manfredi Luongo and Fioravante Montanari. With effect from 14 May 2012, the date on which it was necessary to reconstitute the Committee in question following changes in the composition of the Board of Directors resulting from the Shareholders' Meeting of 21 April 2012, the following were appointed as members of this Committee: Giulio Cicognani (confirmed as the Committee's chairman and coordinator), Deanna Rossi and Giuseppina Mengano Amarelli.

Gian Enrico Venturini, Head of the Group General Affairs Department, was confirmed in his role as Secretary.

During 2012, the Committee met twenty times: at 1 meeting organisational controls were used, these being considered equivalent, as per art. 7 of the Procedure; at 7 meetings, apologies for absence on the part of one Committee member were minuted; at 1 meeting the Committee made use of the possibility to meet by teleconference with regard to a single Independent member. Each meeting lasted approximately one hour on average, with some exceptions.

In 2013, at the date that the Board approved this Report, the Committee (now Independent Directors Committee) has held four of the eighteen meetings currently scheduled.

Minutes are taken for each meeting and filed in the Minute Book once they have been signed by the members who took part in the meeting and by the Secretary. Similarly, each opinion formalised by the Committee has to be signed by the Chairman and by the Secretary and filed in the Opinion Book.

With regard to the specific transactions mentioned in the agenda, Committee meetings are attended by representatives of the functions that carry out the individual transactions submitted for the Committee's

opinion or communicated to it for information. The reason for their participation is the need for a full description of the transactions being discussed.

At this time, the Committee has no independent access to financial resources.

## 10.2 Functions of the Related Parties Committee

Without prejudice to the regulatory provisions issued by CONSOB regarding the adoption of procedures covering related-party transactions, the Committee:

- a) analyses the contents of the procedure drawn up by the Bank, assessing its compliance with the rules and its adequacy in terms of being able to handle this complex area. More specifically, it evaluates:
  - o the ways in which more significant transactions are identified;
  - o compliance with the rules in cases of exemption from specific procedures. In particular:
    - the ways in which ordinary transactions are identified;
    - the situations and approach underlying the adoption of framework resolutions;
  - o the methods used to set up and approve related-party transactions;
  - o the timing and ways in which the members of the Committee are given the documentation of related-party transactions before the resolution, as well as during and after its implementation;
  - o control bodies considered equivalent to the Committee by the Bank, to be used as foreseen;
- b) expresses in the resolution an advance reasoned and binding opinion, which explains the outcome of the assessments referred to in point a).

With regard to so-called "less significant transactions", to be carried out by the Bank with a party related to it, the Committee:

- evaluates the Bank's interest in carrying out the proposed transaction;
- assesses the convenience and substantial fairness of the conditions of the proposed transaction;
- expresses a non-binding, reasoned opinion that explains the outcome of the assessments referred to in points a) and b).

As regards so-called "more significant transactions" carried out by the Bank with a party related to it, in addition to the steps that it has to take in the case of less significant transactions, the Committee also gets involved in the negotiations and preliminary phase by receiving a complete and timely flow of information with the right to ask for information and to make observations to the responsible bodies and to those in charge of carrying out the negotiations and the preliminary phase. The opinion expressed for the purpose of the resolution regarding the transaction is binding.

The rules on more or less significant transactions also applies with regard to transactions that need to be approved by the Shareholders' Meeting.

To perform its duties, the Committee receives the documentation and information needed to make a correct assessment from the functions responsible for the preliminary phase, with the timing and in the ways laid down in the procedures on related-party transactions; if deemed necessary, the Committee has the right to use the services of independent experts unrelated to the Bank.

The Committee meets at the Bank's head office or elsewhere providing it is in Italy. Meetings are convened by its Chairman any time one is needed to decide on pertinent matters, or whenever the Chairman considers one opportune.

The Committee is considered to have been regularly convened, even without a formal notice of calling, if all of its members are present.

For meetings to be valid, at least two members of the Committee have to be present.

Resolutions are passed by a majority of those voting, but without prejudice to the fact that contrary votes or abstentions have to be explained.

The opinion expressed by the Committee is in favour of a transaction providing it agrees with every aspect of it.

## 11 Strategy Committee

The Board of Directors established the Strategy Committee in January 2012.

### 11.1 Composition and functioning of the Strategy Committee (art. 123-bis, paragraph 2.d), CFA)

The rules of formation and functioning of the Strategy Committee are contained in specific "Rules" approved by the Board of Directors of the Bank.

The Committee consists of five directors appointed by the Board of Directors, including the Chairman of the Board and, if appointed, the Chief Executive Officer.

The members of the Committee are appointed by the Board of Directors and their term of office expires when they cease to be a member of the Board of Directors. If one or more members of the Committee are no longer available for any reason, the Board of Directors has to take steps to replace them.

The Chairman of the Committee is appointed by the Board of Directors from among the elected members of the Committee. In the event of his absence or disability, the Chairman is to be replaced in all his powers by a Deputy Chairman, also appointed by the Committee from among its elected members.

On the Chairman's proposal, the Committee can appoint a Secretary from among its members or managers of the Bank. The Secretary holds office for a period established by the Committee at the time of his appointment.

The Chairman convenes the Committee, sets the agenda, chairs the meetings, prepares the work, and directs, coordinates and moderates discussions. He also represents the Committee at meetings of the Board of Directors, signs opinions, reports and proposals to be submitted to the Board of Directors on the Committee's behalf.

Within the areas of competence of the Committee, the Chairman may have dealings with all parties that seem appropriate for the Committee to perform its duties in the best way possible, such as, for example, institutional investors, particularly foundations, collective investment and asset management companies, pension funds, as well as investment firms, insurance companies and banks, as well as advisors.

The Committee meets, on the convocation of its Chairman, at least once every two months and, in any case, whenever necessary to resolve on matters within its mandate.

The Strategy Committee is composed of the following five members: Giuseppe Lusignani (Chairman); Giosuè Boldrini (Deputy Chairman - independent), Alberto Marri, Ettore Caselli (Chairman B.o.D.); Luigi Odorici (Chief Executive Officer). Gian Enrico Venturini, the Group General Affairs Manager, has been appointed Secretary.

During 2012, the Committee has met 13 times and each meeting has lasted an average of approximately 1 hour and 30 minutes.

Since the beginning of the current year to the date of approval of this report by the Board of Directors, the Committee has already met three times.

Otherwise, meetings of the Committee are valid if attended by a majority of its current members. Resolutions are adopted by an absolute majority of the votes of the members attending the meeting. In the event of a tie, the Committee's Chairman has a casting vote.

Every meeting of the Committee is recorded in minutes that are signed by the Committee's Chairman and Secretary and kept in the Committee's Minute Book.

The Chairman can invite to Committee meetings other members of the Board of Directors or other persons whose presence may help better performance of the Committee's functions.

On the invitation of the Committee's Chairman, these meetings have from time to time, depending on the

matters being discussed, been attended not only by the Committee members, but also by the Chief Financial Officer, the Manager responsible for preparing the company's financial reports, the Chief Risk Officer, the Head of Planning and Control, the Head of Group Risk Management and the Head of Group Human Resources.

The General Manager takes part in meetings of all Board committees.

At this time, the Committee has no independent access to financial resources.

## 11.2 Functions of the Strategy Committee

The Strategy Committee assists the Board of Directors, and - when required - the Chief Executive Officer, by performing the following investigative, advisory and propositive functions:

- it prepares and submits to the Board of Directors opinions and proposals regarding the general planning and strategic guidelines of the Bank and the Group;
- it prepares and submits to the Board of Directors opinions and proposals on strategic transactions and, in particular, with respect to:
  - increases in share capital, issuance of convertible bonds or bonds cum warrant, mergers, demergers and other matters involving changes in the articles of association;
  - trade, collaboration, joint venture and shareholder agreements of a strategic nature, including combinations or alliances with other national or international entities or groups;
  - purchases or sales by the Bank and subsidiaries with controlling stakes in companies, if the value of the transaction is more than 5% of consolidated capital for supervisory purposes;
  - purchases or sales by the Bank and subsidiaries of companies, business units, identifiable assets and legal relationships *en bloc*, also under art. 58 of the CBA, if the value of the transaction is more than 5% of consolidated capital for supervisory purposes;
- it supports the Board of Directors and, if appointed, the Chief Executive Officer in connection with proposals relating to the Bank and Group's business plans, financial plans and budgets;
- it supports the Board of Directors in determining the present and future level of total internal capital and total capital in line with long-term plans and annual budgets to monitor capital adequacy at Group level;
- it supports the Board of Directors and, if appointed, the Chief Executive Officer in relation to other matters that have been submitted to it.

The Committee reports periodically to the Board of Directors on its activity.

The Committee has a right of access to the information and corporate functions that it needs to perform its duties. In particular, the Committee has access to all documentation relating to the business and financial plans, budgets and strategic transactions subject to approval and/or authorisation of the Board of Directors.

## 12 System of internal control and risk management

In the exercise of its powers of strategic supervision, the Board of Directors defines, in line with its *mission*, the strategic guidelines and policies for risk management that are consistent with the declaration of the Group's risk appetite and provides for their periodic review in order to ensure their effectiveness over time.

The Board of Directors of the Bank has defined guidelines for the Group's system of internal controls via the issue and adoption of a document entitled: "Guidelines for the Group's System of internal controls".

This system comprises the collection of business activities organised to improve Group profitability (reduce expected losses and improve the quality of services offered), safeguard capital, ensure compliance with the regulations and codes of conduct, and promote transparency towards the markets via control over the risks accepted by the Group.

The Group internal control system consists of rules (guidelines, policies, regulations, procedures and models), IT procedures and organisational structures ("the structure of the internal control system") designed to ensure that "behaviours" are aligned with set standards ("functioning of the internal control system").

The structure of the internal control system is assessed by ensuring that the decisions made in terms of rules, procedures and organisational structures are consistent with the requirements of laws and regulations ("compliance assessment") and/or industry standards of reference for the goals set and the operations put in place ("adequacy assessment").

The proper functioning of the system of internal controls, in terms of the effective application of the above behavioural rules, IT procedures and organisational structures, is verified by considering the results of the behaviours and the transactions processed by the systems ("functioning checks" or "audit activity").

So the overall evaluation of the internal control system is based on this "assessment of the structure" and "functional test".

The internal control system is designed, implemented and evaluated with reference to the "risk map" that identifies the risks, present and potential, to which the Group is or might be exposed.

In this regard, by issuing and implementing specific company regulations ("Guidelines for the Group risk governance model"), the Group has defined a model of risk governance understood as a series of corporate governance procedures and management and control mechanisms designed to handle the risks to which BPER is exposed.

The Group's System of internal controls involves all bodies and business functions, having regard for their specific tasks and responsibilities.

In particular, a key role within the process of managing the Group's System of internal controls, comprising the phases of planning, implementation, evaluation and reporting, is attributed to the Board of Directors, the Chief Executive Officer, the Board of Statutory Auditors and the Parent Company's Internal Audit Committee, as well as to the corporate bodies of Group companies.

The Board of Directors of the Parent Company has granted appropriate powers and resources to the Chief Executive Officer for the implementation and maintenance of the System of internal controls.

In turn, the Chief Executive Officer of the Parent Company has given mandates to the appropriate business functions within the Parent Company so that they may implement the framework of the System of internal controls in accordance with the guidelines that have been prepared.

The Boards of Directors of Group companies have given mandates to the appropriate business functions with Group companies so that they may implement this framework and, with regard to the decentralised elements, supplement it with reference to the guidelines that have been prepared.

The Group's System of internal controls also envisages the activation by each Group company of control functions that differ depending on the type of company concerned.

For companies where the presence of Second and/or Third level control functions is envisaged, the Parent Company has centralised these functions except, with a view to cost control, where decentralisation is a



more effective way to supervise behaviour. With regard to the decentralised functions, the Parent Company provides methodological guidelines and monitors their implementation.

In October 2012 the Bank's Board of Directors approved a plan to centralise the Inspectorate Function of Group Banks at the Parent Company, with a view to strengthening the current control model. It is expected to take effect from June 2013, at the same time as the planned absorption by BPER of the three subsidiary Banks (Banca Popolare di Aprilia, Banca popolare di Lanciano e Sulmona, and Cassa di Risparmio della provincia dell'Aquila) in accordance with the 2012-2014 Business Plan. This project will involve reorganising the structure of the Internal Audit Function (to include both Internal Audit and the Inspectorate).

For all types of Company, the Parent Company carries out technical-operational supervision in order to assess the various risks contributed to the Group by each subsidiary.

With regard to the centralised activities carried out by the Parent Company, the related control functions make recourse to contact persons identified at each Group company.

In accordance with current regulations, Banca popolare dell'Emilia Romagna has set up the internal control system on the basis of the three levels of control envisaged by the Supervisory Authority:

- organisational units responsible for carrying out the first-level controls (operational and hierarchical);
- Group Risk Management, which reports to the Chief Executive Officer, is responsible for the second-level controls;
- Group Internal Audit, which reports to the Board of Directors, carries out the third-level controls.

The Group Internal Audit Department encompasses the Inspectorate.

The Group Risk Management Department, assigned to the Chief Risk Officer, has reporting to it the managers in charge of second-level control functions, who are assigned the following Units:

- Anti-Money Laundering Unit;
- Compliance Unit;
- Credit Control Unit;
- Risk Management Unit.

As regards the ratification of internal measurement systems, this activity is carried out by the Ratification Office Validation, which reports directly to the Chief Risk Officer.

Forming part of BPER's internal control system there are also:

- the Supervisory Board, set up under Law 231/2001;
- the Manager responsible for preparing the Company's financial reports (art. 154-*bis* of the CFA);
- the Internal Audit Committee.

The Guidelines of the system of internal controls of the Group assigns to the Manager in charge the task of handling the design, implementation and maintenance of the "Financial Reporting Control Model" to be applied to the Parent Company and, with reference to the procedures for the preparation of consolidated financial statements, to the companies falling within the scope of consolidation.

The Financial Reporting Control Model is a set of requirements to be met for proper management and control over the risk of unintentional errors and fraud in financial reports and consists of the following documents:

- Risk management policy to avoid unintentional errors and fraud in financial reports;
- Regulation of the Manager responsible for preparing the Company's financial reports and the Financial Reporting Monitoring and Control Office;
- Regulation of the Manager responsible for preparing the Company's financial reports and the Financial Reporting Monitoring and Control Office of Banco di Sardegna;
- Regulation of the Contact Person for the Manager responsible for preparing the Company's

- financial reports;
- Group procedures for managing the Financial Reporting Control Model;
- Group models for managing the Financial Reporting Control Model;
- Group organisational procedure of the Contact of the Manager responsible for preparing the Company's financial reports;
- Group Manual of the Contact of the Manager responsible for preparing the Company's financial reports.

The "Policy for managing the risk of unintentional errors and fraud in financial reports" approved by the Parent Company's Board of Directors, based on the "Guidelines for the Group's System of Internal Controls", established the roles and responsibilities of the Bodies and Organisational Units involved in the management of financial reporting risks. In this regard, the basis for the acceptance and control of the risks covered by the Policy and the related methodologies are described in the "Process for managing the risk of unintentional errors and fraud in financial disclosures".

The activities designed to identify, accept and control the risks relating to financial disclosures are referred to internally as the "management process", which comprises the following phases:

1. identification;
2. acceptance;
3. monitoring.

This phase includes analysis of the sources of risk, classification of the types of risk affecting financial disclosures, and identification of the specific areas of the business where such risks may arise.

In this regard, the following categories of risk have been identified:

- risk of unintentional error: the risk of significant errors in the financial statements due to unintentional actions or omissions deriving from inadequate or dysfunctional procedures, human resources or internal systems, or from external events;
- risk of fraud: the risk of significant errors in the financial statements made intentionally in order to obtain an unfair or illegal advantage as a consequence of false financial disclosures;
- the risk of fraud includes the "risk of misappropriation of goods and assets".

At this stage of the process we also defined the specific term "Administrative and Accounting" (as per art. 154-*bis* CFA), linking it to specific business processes.

Based on this definition and taking into account the types of risk exposure mentioned previously, the risk of unintentional error and fraud in financial reports can be generated by "administrative and accounting" processes only to a limited extent.

This phase includes establishing the objectives for financial reporting and the associated thresholds of acceptance and tolerance of the risks relating to financial disclosures.

In this regard, the acceptance of risk includes:

- Design and development of administrative and accounting processes. Corporate decisions about the design and implementation of administrative-accounting processes, with particular reference to the design of line controls; in terms of these controls, particular attention is paid to the following aspects:
  - clear allocation of responsibility for the performance of the line controls (whether IT or manual) that are an integral part of the administrative and accounting process;
  - design of line controls to take full account of the individual risks of incorrect or false disclosure that may arise;
- Risk appetite. Assessment of the level of significance (or "materiality") of the "risk of unintentional errors and fraud in financial reports"; in this respect, the Manager in charge establishes the criteria by which to identify:

- a) significant companies among those included in the scope of consolidation;
- b) significant financial statement items;
- c) significant accounting schedules;
- d) thresholds of tolerance of risk related to the assessment of the adequacy and effective implementation of administrative and accounting procedures.

Implementing point a) to identify the Companies falling within the scope of consolidation to which the "Financial Reporting Control Model" is to be applied.

To ensure traceability of the controls in place over financial reporting and compliance with art. 123-bis, the organisational units of the companies whose IT systems are aligned use a special application to certify the checks carried out on significant accounting balances: these balances are identified by implementing points b) and c).

Identification of the thresholds referred to in point d) makes it possible to establish what actions the Manager in charge should take, and for what purposes, depending on the ratings level reached.

This phase encompasses the assessment, monitoring/control and reporting on risks relating to financial reports.

- Measurement of risk

Measurement of the "risk of unintentional errors and fraud in financial disclosures" takes into account:

- the frequency with which events occur that might generate incorrect or false financial disclosures;
- the impact of these events, with particular reference to cases in which the risks might affect significant captions within the financial statements;
- business situations that might generate events giving rise to risk;
- the adequacy of the line controls put in place to mitigate risk;
- the way in which control is established over the risk of internal fraud affecting financial disclosures.

- Monitoring and control

In general, the monitoring and control of the "risk of unintentional errors and fraud in financial disclosures" involves supervision of the following areas:

- the generation, recording, processing and presentation of accounts, significant information and the related entries included in the separate and consolidated financial statements;
- administrative-accounting activities that generate the risk of fraud in financial disclosures.

These supervisory activities involve checking the functioning and/or management of the "self-certification" systems.

Particular attention is given to IT activities and to any contracts for the outsourcing of specific administrative-accounting processes.

Every six months, an overall assessment of exposure to the risk of unintentional error and fraud in financial reports is carried out by means of an analysis of the organisational checks, control systems and mitigation processes designed for the prevention, monitoring and mitigation of such risk.

- Reporting

Reporting activities include the preparation of:

- internal "management" information about the "risk of unintentional errors and fraud in financial disclosures";

- the disclosures required by art. 154-*bis* of the CFA.

Responsibility for managing the risk of unintentional errors and fraud in financial disclosures is principally assigned to the Manager responsible for preparing the Company's financial reports, as well as to the various corporate bodies. This allocation takes account of the regulations that assign specific responsibilities to the above Officer.

In order to carry out his mission, the Manager responsible for preparing the Company's financial reports makes use of the work of the Office for the monitoring and control of financial information, within the Parent Company, which reports hierarchically to him. The Office for the monitoring and control of financial information carries out the following tasks with reference to the "Process for managing the risk of unintentional errors and fraud in financial disclosures":

- with regard to the identification of risk, activities include:
  - identification and association of accounting ledgers with the Bank's operational processes, in order to identify its administrative-accounting processes;
  - constant monitoring of developments in and updates of the external regulations and the related instructions relevant to the activities of the Manager responsible for preparing the Company's financial reports;
- with regard to the acceptance of risk, activities include:
  - support for the Manager responsible for preparing the Company's financial reports in terms of processing and communicating minimum requirements for preparation of the accounting-administrative procedures to be followed by the various functions within the Bank and, with regard to the procedures for preparing the consolidated financial statements, by the companies included within the scope of consolidation;
  - identification of the business areas considered significant for the subsequent assessment and checking of the adequacy and effective application of the administrative-accounting procedures;
- with regard to the monitoring of risk, activities include:
  - handling the results of the assessment of risk of unintentional errors and fraud in financial reports in the Parent Company's administration and accounting processes and in the processes involved in preparing the financial reporting package for the consolidated financial statements;
  - carrying out checks to determine effective application of administrative and accounting procedures and the regularity of internal self-attestation that the accounts have been squared;
  - preparation for the "Fraud Risk" questionnaire for the Parent Company and coordination of its preparation by Group companies (questionnaire derived from Auditing Standard 240, intended to identify the "position" of the Bank with regard to certain operational risk factors that are a pre-condition for the fraudulent preparation of financial statements);
  - preparation, as part of the "regulatory" disclosures, of the declaration required by art. 154-*bis*, paragraphs 2 and 5);
  - preparation, as part of "operational" disclosures, of the six-monthly and annual report on the activities performed, which is presented to the competent corporate bodies.

During the year, the Board of Directors of the Parent Company assessed the adequacy, effectiveness and actual functioning of the system of Internal Controls of the Bank and the Group, partly by reference to the results of the controls carried out by the control functions.

## **12.1 Director responsible for the system of internal control and risk management**

The Board of Directors of the Parent Company has granted appropriate powers and resources to the Chief Executive Officer for the implementation and maintenance of the System of internal controls.

With regard to the identification of risk, the Chief Executive Officer has made proposals to the Board of Directors concerning:

- the propensity to accept risk, following discussions with the General Management of consolidated companies on matters relating to the Group;
- the map of Group risks;
- the policies for managing Group risks;
- the basis for defining total capital.

The Chief Executive Officer has implemented the guidelines established by the Board of Directors, making proposals to the Board for approval of the regulations for each control function covering:

- the duties of the units dedicated to control functions, ensuring that the various activities are directed by qualified personnel with experience and technical knowledge; in this regard, the scope for potential conflicts of interest has been identified and reduced to a minimum;
- effective communication channels to ensure that all staff are aware of the policies and procedures relating to their duties and responsibilities;
- complete, timely and accurate communication flows and information exchanges between the corporate bodies of Group companies and the Parent Company.

The Chief Executive Officer is regularly involved in adapting the system of internal controls to changes in operating conditions and the legislative and regulatory scenario .

The Chief Executive Officer makes proposals to the Board of Directors regarding the appointment, replacement and removal of those in charge of internal control functions. The Appointments and Remuneration Committee makes proposals on the remuneration to be paid to those in charge of internal control functions

## **12.2 Head of Internal Audit**

Banca popolare dell'Emilia Romagna as a licensed bank and as a group Parent Company has set up a Group Internal Audit Department, which is responsible for assisting the Board of Directors in evaluating the effectiveness of the overall system of internal controls.

The control function that supports the evaluation of the effectiveness of the overall system of internal control, for both the Group and the Bank, is the Group Internal Audit Department, which from 2 April 2012 is headed up by Andrea Tassi.

The appointment of this manager in charge was made by the Board on a proposal of the CEO, after hearing the opinion of the Internal Audit Committee of the time.

The Board of Directors, on the proposal of the Nominations and Compensation Committee and having heard the opinion of the Chief Executive Officer and the Internal Audit Committee, has defined the remuneration of those in charge of the internal control functions mentioned above, in accordance with company policy.

The Head of Internal Audit is not responsible for any operational area and reports directly to the Chairman of the Board of Directors.

The Head of the Internal Audit function verifies the operability and suitability of the system of internal control and risk management, either continuously or in relation to specific needs (identified by the same Internal

Audit function, reported by other functions of the Bank or indicated by the organ of strategic supervision/management/control of the Company). This is in line with the instructions and specifications provided by the Supervisory Authorities.

The Audit Plan, prepared specifically for this purpose, is approved by the Board of Directors to which the Head of Internal Audit reports back every six months. This plan is based above all on an analysis of the regulatory obligations imposed on the Bank and takes into account the riskiness of each activity according to the procedures currently in force at the Bank.

The Head of Internal Audit has powers of access to all of the information that he needs to carry out his duties.

The Head of Internal Audit reports regularly on his department's activities to the Board of Statutory Auditors and the Internal Audit Committee. A summary report on the internal auditing activity, including checks on the reliability of the information systems, is also submitted to the Board of Directors every six months.

The adequacy of the financial resources needed for the Internal Audit Department to perform their duties has to be assessed by the Bank at least once a year at the time the budget is being prepared and submitted for approval by the pertinent corporate bodies.

During 2012, the internal audit functions carried out numerous interventions on both the Parent companies and on Group Companies, also exercising the role of guidance and coordination of the equivalent control functions at Group companies.

While a much wider range of activities was performed, the main areas of intervention were as follows: credit processes, internal rating system, anti-money laundering system, investment services, remuneration policies, monitoring and management of liquidity risk, the process of issuing covered bonds, checks on correct implementation of the models by the Inspectorate functions of Group banks, the capital adequacy assessment process and evaluation of the overall system of internal control of Group banks.

The internal audit function of Banca popolare dell'Emilia Romagna is not outsourced, neither as a whole nor for certain operational segments.

### 13 Organisation model (Decree 231/2001)

The Bank has adopted a Model of Organisation, Management and Control pursuant to Legislative Decree 231/01 to prevent the commission or attempted commission of the offences envisaged in this Decree that are relevant to the business carried on by the Bank.

To this end it has established its own Supervision and Control Body comprising five members, including two independent Directors, two employees of the Bank with specific organisational and legal knowledge and an external person with suitable skills in this area.

Consistent with the relevant regulations, this Body monitors the functioning of and compliance with the Organisation and Management Model adopted by:

- detecting any changes in the "risk map";
- checking compliance with the procedures in relation to activities already identified as "at risk";
- activating and/or performing internal investigations in coordination with the control functions;
- planning training for personnel with regard to changes in the jurisprudence or legislation that might affect the crimes envisaged in Decree 231/01;
- requesting the identification of suitable procedures to cover new types of activity that may be defined as "at risk";
- requesting updates to existing procedures, if the business could be significantly affected by changes in the risks included in the scope;
- reporting proven infringements of the instructions;
- coordinating activities by the Parent Company of the Supervisory Boards of subsidiaries, fostering an exchange of information, knowledge or methodologies;
- getting Group Banks to adopt the regulatory documents that constitute the Organisational and Management Model, subject to limited and necessary adjustments.

The Supervisory Board reports immediately to the Board of Directors in case of necessity and every six months to the Board of Directors, the Board of Statutory Auditors and the Internal Audit Committee on its activities and, in particular, on the functioning and observance of the Model of Organisation and Management pursuant to Legislative Decree 231/2001. The Supervisory Board is also kept informed by means of specific reports received according to established procedures from those required to comply with the Model or from third parties about any events that could give rise to responsibilities under Decree 231/01.

The banking subsidiaries are in the process of updating their Model of Organisation and Management as per Decree 231/01 to bring it into line with that of the Parent Company; the Model of BPER Services S.c.pa. is currently being updated.

Please refer to the footer on the Bank's website on the "Legislative Decree no. 231/01" page, where part of the Model of Organisation and Management adopted by the Bank is available, along with other documentation on this topic.

## **14 Independent Auditors**

On 10 May 2008, the Ordinary Meeting of the Bank's shareholders resolved to engage PricewaterhouseCoopers S.p.A. for a period of 9 years to audit the annual and half-yearly separate and consolidated financial statements.

PricewaterhouseCoopers S.p.A., formed on 31 December 1999 with registered offices at Via Monte Rosa 91, 20149 Milan, is recorded on the Milan Companies Register with number 12979880155, same tax code, and on CONSOB's special register of auditing firms (art. 161 of CFA).

The Independent Auditors hold discussions with the Manager Responsible (for preparing the Company's financial reports), with a view to constant dialogue and an exchange of information about the evaluation of the administrative-accounting procedures and the "Control Model for Financial Disclosures", as well as with the corporate bodies, board committees and shareholders in accordance with current regulations.



## **15 Manager responsible for preparing the Company's financial reports and other corporate roles and functions**

The BPER Group's "Manager responsible for preparing the Company's financial reports" is Emilio Annovi, manager of the Group Administration and Reporting Department, and a Central Manager.

The mission of the Manager responsible for preparing the Company's financial reports, who reports directly to the Chief Executive Officer, is to:

- for the Parent Company:
  - ensure the reliability of the financial information disclosed in the separate financial statements;
  - ensure that the Bank's reports to the supervisory authorities are based on data drawn from its accounting and information systems;
- for the Group:
  - ensure the reliability of the financial information disclosed in the consolidated financial statements;
  - ensure that the consolidated reports to the supervisory authorities are based on data drawn from its accounting and information systems, as well those provided by the companies and entities encompassed by the consolidated reports.

In order to carry out his mission, the Manager responsible for preparing the Company's financial reports makes use of the work of the Office for the monitoring and control of financial information.

Art. 51 of the articles of association establishes that the Board of Directors, having heard the required opinion of the Board of Statutory Auditors, shall appoint a person in charge of preparing the corporate accounting documents, allocating him suitable powers and resources for the performance of the assigned tasks pursuant to legal requirements. Having received the opinion required from the Board of Statutory Auditors, the Board of Directors is also entitled to revoke the appointment of the Manager responsible for preparing the Company's financial reports.

The Manager responsible for preparing the Company's financial reports is appointed from among the Bank's managers who have at least three years' management experience in the areas of administration and accounting.

Manager responsible for preparing the Company's financial reports:

- has access to all functions within the Bank in order to obtain data and information regarding the administrative-accounting processes, including the information needed to perform checks and/or evaluate the business processes that have been outsourced;
- is empowered to obtain internal information about events, risk indicators and proposed technical-organisational changes to the administrative-accounting processes;
- is empowered to obtain from subsidiary companies the information/data required by art. 43 of Decree 127/1991, in order to prepare the consolidated financial statements, with specific reference to:
  - the information needed for the consolidated financial statements;
  - the adjustments necessary when different accounting policies are adopted;
  - the loans, payables, revenues, costs, and intercompany profits and losses, to be eliminated on consolidation;
  - the statistical information needed to prepare the explanatory notes.

With regard to resources, the Manager responsible for preparing the Company's financial reports:

- can make use of specialist external and other resources, after a reasoned request to the Chief Executive Officer has been approved;
- if such resources belong to the Parent Company or a Group company, a specific request must also be made to the General Manager of the company concerned;
- maintains appropriate financial autonomy via the management of an expense budget for the activities associated with his functions.

The following are the references of the other heads of corporate functions appointed by the Board of Directors, with duties that involve matters of internal control and risk management:

- Vincenzo Boldrini, Chief Risk Officer, and Head of the Group Risk Management Department since 2 April 2012;
- Michele Pisani, head of the Anti-Money Laundering Department since 25 August 2011;
- Massimo Vescogni, Head of the Compliance Department since 15 May 2008;
- Marcello Minutolo; Head of the Group Credit Control Unit since 19 April 2011;
- Michele Luciano Campanardi, Head of the Group Risk Management Unit since 23 April 2011.

## **16 Coordination of all those involved in the system of internal control and risk management**

To ensure a proper interaction between all functions and bodies with supervisory duties, avoiding overlaps or gaps, the Board of Directors approved the "Guidelines of the system of internal control", which sets out the duties and responsibilities of the various control bodies and functions. The information flows between the various functions and between these and the corporate bodies are defined in the Regulations. These flows ensure, also in substance, the primary responsibilities of the corporate bodies for the system of internal control.

Internal regulations are therefore structured in such a way as to ensure close collaboration between the control functions and the corporate bodies, in terms of both the division of duties and the sharing of information; this is achieved, above all, in the planning of these activities, carried out by the control functions with an awareness of the risks and limited overlap to ensure efficiency and effectiveness in their supervisory work.

## 17 Directors' interests and related-party transactions

Note that the "Procedures as per Art. 4 of CONSOB Regulation no. 17221 on related-party transactions" were approved on 30 November 2010 by the Board of Directors of the Bank, with the prior approval of the Related Parties Committee. This procedure, which is designed for the management of transactions with related parties, in force since 1 December 2010, is published in its latest version (revision of 8 February 2011) on the Bank's website.

This procedure is designed to ensure transparency and substantial and procedural fairness of related-party transactions entered into by the Bank directly or through subsidiaries, in accordance with art. 4 of CONSOB Regulation no. 17221 of 12 March 2010, as amended and supplemented (to be construed in accordance with Communication DEM/10078683 of 24 September 2010), implementing art. 2391-*bis* of the Civil Code, and bearing in mind the provisions of article 9 of the Code of Conduct, the CBA and the CFA.

In particular, the procedure lays down:

- a) ways of identifying and updating related parties;
- b) the identification and classification of related-party transactions;
- c) the definition of significant transactions;
- d) cases and powers of exemption;
- e) the organisational controls, considered equivalent to the Related Parties Committee, to be used in certain situations and the independence requirements of Directors;
- f) methods of initiating and approving related-party transactions and the rules applicable in cases where the Company reviews or approves transactions by Italian or foreign subsidiaries;
- g) the ways and timing with which the independent directors who express opinions on related-party transactions and the boards of directors and statutory auditors are given the related documentation before the resolution, as well as during and after its implementation.

In support of this procedure, specific provisions have been adopted to provide detailed instructions on how to manage operations in different procedural area. A special office, called the Related Parties and Corporate Officers' Obligations Office, was set up with its own regulation to provide the necessary support to bodies that review and monitor related-party transactions.

The handling of related-party transactions during 2012, therefore, took place according to the principles of conduct and procedural rules contained in the procedure mentioned above and the operational instructions that govern the management of such transactions from various points of view.

With reference to the procedures for authorisation and execution of transactions with related parties, the procedure, in accordance with CONSOB's rules, distinguishes between significant transactions and transactions involving minor amounts (those worth Euro 250,000 or less).

The following are considered **significant transactions**:

- all transactions that by law or the articles of association have to be decided by the Shareholders' Meeting or by the Board of Directors;
- all transactions that are not considered of minor amount.

In any case, the Board of Directors has the right to decide whether it is opportune to consider significant any transaction carried out by the Bank or its subsidiaries.

Significant transactions can be split into:

- more significant transactions;
- less significant transactions.

The Bank considers as more significant those transactions that exceed the threshold of 5% of one of the following indices, applied according to the type of transaction:

- a) **Value materiality index:** this is the ratio between value of the transaction and the capital for supervisory purposes taken from the latest consolidated balance sheet published by the Bank.
- b) **Asset materiality index:** this is the ratio between the total assets of the entity involved in the transaction and the total assets of the Bank.
- c) **Liability materiality index:** this is the ratio between the total liabilities of the entity acquired and the total assets of the Bank.

More significant transactions are approved by the Board of Directors and by the Shareholders' Meeting (when the latter is competent) after receiving a favourable opinion (on the Bank's interest in carrying out the transaction and the economic convenience and substantial fairness of its conditions) from the Related Parties Committee, which also gets involved in the negotiations and preliminary phase by receiving an adequate flow of information.

For more significant transactions, the opinion expressed by the Committee is to be considered binding, so it has to be issued in good time for the meeting of the Board of Directors called to decide on the matter.

The Bank considers as less significant the related-party transactions where one of the above indices applied according to the type of transaction is equal to or below the threshold of 5% and the value is worth more than Euro 250,000.

In the case of less significant transactions, assuming that there are no grounds to apply one of the exemptions under the existing rules and contemplated in art. 4 of the Procedure, the Related Parties Committee has to assess the Bank's interest in carrying out the transaction, as well as the convenience and substantial fairness of the conditions, expressing a non-binding, reasoned opinion to the body that has to approve the transaction before it does so.

For the approval of all related-party transactions, signature powers are raised to the immediate next level up, if there is one, according to the system of mandates.

If the Committee's opinion of a less significant transaction is negative, with the exception of those Transactions which are up to the Shareholders' Meeting to approve, in accordance with art. 4 of the Procedure, the Transaction becomes the exclusive competence of the Board of Directors, which can approve it with a favourable vote of at least 2/3 of the unrelated voting Directors, formalising a suitable motivation for the decision taken and specifying the reasons why they did not share the Committee's opinion.

The Bank has also identified the types of transactions that will be handled as exemptions from the rules laid down in the Procedure. These are transactions which:

- in relation to the remuneration of corporate officers,
- are of minor amount;
- are considered ordinary, i.e. transactions that form part of the Bank's ordinary operating activity and related financial activity, providing they are carried out at conditions that are equivalent to those of the market or standard;
- are carried out in accordance with art. 136 of the CBA;
- are carried out with or between subsidiary or associated companies, providing other related parties of the Bank do not have a significant interest in them.

The Board of Directors has the right to pass framework resolutions relating to a series of homogeneous transactions, sufficiently defined and with predetermined categories of Related Parties or for individual Related Parties, lasting for periods of up to one year. The framework resolutions are subject to the opinion of the Committee on the basis of the estimated maximum amount of transactions to be performed. Transactions carried out within the ambit of a single framework resolution are authorised directly by the offices concerned in accordance with the system of mandates.

The Bank identifies its related parties in accordance with CONSOB Regulation 17221/10 and their related attachments, for application of the procedures and transparency requirements, on the basis of the declarations of corporate officers, as well as information received from external providers. Corporate officers cooperate with the Bank to ensure that reporting is correct, complete and up-to-date; they provide the Bank

with all of the information needed to check circumstances that modify the status of Related Parties on a timely basis. The Bank keeps a list of its Related Parties and updates it periodically.

The Procedure, disclosure documents and relevant communications can be found on the Bank's website ([www.bper.it](http://www.bper.it)) on the "CONSOB Related Parties" page of the footer, which since June 2012 has been renamed "Associated Persons".

The Bank has put in place the appropriate organisational and procedural controls to identify and appropriately manage situations in which a director has an interest on behalf of himself.

With regard to the approval of related-party transactions that are also considered significant under art. 136 of the CBA<sup>1</sup>, one has to apply the specific provisions of CONSOB Regulation 17221, reflected in art. 6.4 of the Procedure (ex art. 4), which in such cases provide for special approval formalities given in this regulation rather than the approval process laid down in the above procedure.

Lastly, note that following a two-stage consultation, the Bank of Italy issued specific regulations on Associated Persons pursuant to Circular 263 of 27 December 2006 "Prudential Supervisory Instructions for Banks - Title V, Chapter 5 - Risk assets and conflicts of interest with respect to related parties"- 9th update of 12 December 2011.

The rules aim to monitor the risk that the proximity of certain persons or entities to the Bank's decision-making centres could compromise the objectivity and impartiality of the decisions regarding the granting of loans and other transactions with such persons or entities, with distortions in the allocation of resources, exposure of the Bank to risks not adequately measured or monitored, and potential damage to depositors and shareholders.

In accordance with the regulations on Associated Persons and in line with its role of guidance and coordination of the BPER Group, the Bank approved the document entitled "Group Regulations of the process of managing transactions with related parties and associated persons". This document, which came into force with effect from 31 December 2012, abrogated and replaced the above Procedure ex article 4 in its entirety.

At the same time, the Independent Directors Committee was established, replacing the Related Parties Committee, whose members were appointed by the Board of Directors on 13 November 2012; on the same date it approved the Rules governing how this Committee was to function, repealing the previous document.

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<sup>1</sup> On this topic, see the amendments to art. 136 of the CBA introduced by Law 221 of 17 December 2012 entitled "Conversion into law, with amendments, of Decree Law 179 of 18 October 2012 with additional urgent measures for the country's growth" in force with effect from 19 December 2012.

## 18 Appointment of Statutory Auditors

The appointment and replacement of Statutory Auditors is governed by arts. 42, 43 and 44 of the articles of association. Pursuant to these provisions, the Shareholders' Meeting appoints seven Statutory Auditors: five Standing Auditors, including the Chairman, and two Alternates.

The Statutory Auditors remain in office for three years and their mandate expires on the date of the Meeting called to approve the financial statements for the last year of their appointment; they may be re-elected.

The members of the Board of Statutory Auditors are elected from lists presented by the members in accordance with arts. 43 and 44 of the articles of association.

In particular, the following requirements apply to the presentation of lists:

- as a result of the changes introduced to art. 135 CFA by art. 3 of Legislative Decree 91 of 18.6.2012 and to art. 147-*ter* CFA (relevant because of the reference to art. 144-*sexies*, paragraph 2, of the Issuers' Regulation) by Decree Law 179 of 18.10.2012 coordinated with conversion law 221 of 17.12.2012, each list must be submitted by a minimum of 350 (three hundred and fifty) Members;
- the lists of candidates are split into two sections, one for the candidates for the position of Statutory Auditor and one for the candidates for the position of Alternate Auditor, have to have the same number of candidates as the number of Statutory Auditors that have to be elected, listed with a progressive number;
- the signing of the list by the sponsoring Members must be authenticated by nominees of the Bank, by intermediaries authorised to keep accounts on which financial instruments are registered or by notaries;
- the sponsoring members have to make sure that the lists of candidates to be deposited at the Company's head office are accompanied by: (i) information on the identity of the Members presenting the lists, indicating their percentage shareholding in the Bank, to be confirmed within the terms and methods established by current regulations (confirmed by a copy of the communication given by the intermediaries authorised to keep accounts on which financial instruments are registered); (ii) a full description of the personal and professional characteristics of each candidate, with an indication of the directorships and audit appointments held in other companies; and (iii) declarations from each candidate accepting their candidature and confirming, under their own responsibility, that there are no reasons for which they cannot be elected or other incompatibilities, and that they meet the requirements for appointment established by law or in these articles of association.

It will be recalled that art. 144-*sexies*, paragraph 4-*bis* of the Issuers' Regulation, in the part that indicates the deadline for the submission of lists between the 30th and the 13th day prior to the date of the meeting at first calling, must be considered superseded as a result of the entry into force of the new art. 135-*bis* CFA, as introduced by art. 3 Leg. Decree 91 of 18 June 2012, which extended the application of art. 147-*ter*, paragraph 1-*bis* CFA to cooperative societies. Consequently, the list must be filed at the Company's head office at least 25 days before the date of the Shareholders' Meeting at first calling.

Under art. 148, paragraph 2 of the CFA and art. 144-*sexies*, paragraph 4-*ter* of the Issuers' Regulation, Members can use a remote means of communication to submit voting lists, in accordance with the rules laid down and communicated in the notice that convenes the Meeting.

You are reminded, in particular, that according to art. 43 of the articles of association, lists that are presented without complying with the provisions of the articles are excluded from the vote.

The articles state that if only one list is filed by the deadline or only lists presented by members who are associated with each other, the Company promptly publishes this information in the ways envisaged in current regulations. In this case, it is possible to present lists up to the third day subsequent to the above deadline and the required number of presenting shareholders is halved. None of this prejudices any other, different requirements under current regulations concerning the basis and timing for the presentation and publication of lists.

The lists are made public in the terms and manner prescribed by the regulations.

All persons entitled to vote may only vote for one list.

Each candidate may only be included on one list or, otherwise, will be ineligible for election. Candidates not meeting the requirements established by law and the articles of association cannot be elected or, if elected, their appointment will lapse.

The Board of Statutory Auditors is elected in accordance with the provisions of art. 44 of the articles of association.

Four Standing Auditors and one Alternate Auditor are taken, in the order listed, from the list obtaining the largest number of votes. The following persons are taken, in numerical order of their listing as candidates, from the list obtaining the second largest number of votes that is not associated directly or indirectly, as defined by current legislation and regulations, with the shareholders that presented or voted for the list that obtained the largest number of votes: the Chairman and one Alternate Auditor.

As regards introducing appropriate mechanisms to ensure gender balance in accordance with the requirements of art. 147-ter, paragraph 1-ter CFA, both on election and on replacement, the Bank has already initiated the process to update the articles of association.

In the event of a voting tie between lists, the Meeting votes again with reference solely to those lists that obtained the same number of votes.

If only one list is presented, all the Serving and Alternate Auditors are taken from that list.

If no lists are presented, the Board of Statutory Auditors is elected based on the relative majorities of the votes cast by those present at the Shareholders' Meeting

Pursuant to art. 44 of the articles of association, if the Chairman of the Board of Statutory Auditors ceases to serve, the Alternate Auditor taken from the same list as the former Chairman takes that office until the number of auditors on the Board has been replenished pursuant to art. 2401 of the Italian Civil Code. If one or more Standing Auditors cease to serve, the Alternate Auditors from the same list take office in order of age. The new Standing Auditors remain in office until the next Shareholders' Meeting, which must replenish the number of auditors on the Board.

At the Shareholders' Meeting, if Auditors taken from the list that came first by number of votes has to be replaced, the appointment election takes place by a majority of votes cast without recourse to list voting; if, on the other hand, the Auditors to be replaced were taken from the list that came second by number of votes and that is not associated, not even indirectly, with the shareholders that presented or voted for the list that came first, the Meeting replaces them by a relative majority of the votes cast choosing, where possible, from those candidates indicated on the same list as the Auditor to be replaced, who confirm their candidature at least fifteen days prior to the date fixed for the Meeting at first calling, and file declarations at the registered offices of the Bank confirming that there are no reasons for which they cannot be elected or other incompatibilities, and that they meet the established requirements for appointment, as well as an up-to-date indication of the directorships and audit appointments held in other companies. If it is not possible to proceed in this way, the Meeting appoints individual candidates by a relative majority of the votes cast without recourse to list voting.

Application of the above provisions must in all cases result in at least one Statutory Auditor and one Alternate Auditor being elected by minority shareholders who are not associated, directly or indirectly, with the shareholders that presented or voted for the list that obtained the largest number of votes.

Pursuant to art. 42 of the articles of association, the Chairman of the Board of Statutory Auditors must have at least five years' experience in the audit of companies in the banking, investment or financial sector. The Statutory Auditors must meet the standards of integrity, and professionalism required by current regulations for the exercise of their functions. They also have to meet the requirements of independence established by art. 148.3 of the CFA, and compatibility to hold office pursuant to art. 36 of Decree Law 201 of 27 December 2011 (the ban on interlocking) and any other legislative requirements that are currently applicable. Without prejudice to the limits on the accumulation of directorships and audit appointments laid down by current regulations, persons may not serve as a Statutory Auditor if they already perform this function for more than five companies with shares listed on regulated markets or issuers of financial instruments held to a considerable extent by the general public pursuant to art. 116 of CFA or for their parent and/or subsidiary companies, unless these are companies in which the Bank holds investments.



## 19 Composition and functioning of Board of Statutory Auditors (art. 123-bis, paragraph 2.d), CFA)

The following table shows the composition of the Bank's Board of Statutory Auditors at the date of this Report, though there have been no changes since the end of 2012.

The current members of the Board of Statutory Auditors were all elected at the Shareholders' Meeting held on 21 April 2012 and their mandates will expire on approval of the 2014 financial statements.

Name	Office held
Romano Conti	Chairman of the Board of Statutory Auditors
Carlo Baldi	Standing Auditor
Guglielmo Cacchioli	Standing Auditor
Fabrizio Corradini	Standing Auditor
Pier Paolo Ferrari	Standing Auditor
Luigi Fontana	Alternate Auditor
Luigi Attilio Mazzocchi	Alternate Auditor

At the Shareholders' Meeting held on 21 April 2012, which elected the current members of the Board of Statutory Auditors, two lists were presented and accepted for the appointment of seven members of the Board, including the Chairman, four Serving members and two Alternates, as documented in the specific "Register" prepared and retained by the Bank. The following were elected for the three-year period 2012-2014: Romano Conti (Chairman – drawn from List 2, placed second in terms of the number of votes cast); Carlo Baldi, Guglielmo Cacchioli, Fabrizio Corradini, Pier Paolo Ferrari (Standing Statutory Auditors – drawn from List 1, placed first in terms of the number of votes cast); Luigi Fontana (Alternate Auditor - drawn from List 1) and Luigi Attilio Mazzocchi (Alternate Auditor – drawn from List 2).

Date of Meeting	21/04/2012
Number of lists presented	2 lists for the appointment of 7 members of the Board of Statutory Auditors, among which, the Chairman, four Standing Auditors and two Alternate Auditors.
Shareholders presenting list no. 1	<ol style="list-style-type: none"> <li>1. PIERO FERRARI – born in Castelvetro di Modena (MO) on 22/05/1945;</li> <li>2. FLORIANA NALIN – born in Modena (MO) on 20/01/1947;</li> <li>3. ALBERTO GALASSI – born in Modena (MO) on 23/12/1964;</li> <li>4. ANTONELLA FERRARI – born in Modena (MO) on 14/11/1968;</li> <li>5. ADRIANO POGGIOLI – born in Maranello (MO) on 13/09/1937;</li> <li>6. LUIGI CREMONINI – born in Savignano sul Panaro (MO)</li> </ol>

	<p>on 28/04/1939;</p> <p>7. CREMONINI S.P.A. – VAT no. 162810360 (represented by Luigi Cremonini as the legal representative);</p> <p>8. ELISABETTA GHIDONI – born in Reggio nell’Emilia (RE) on 26/05/1957;</p> <p>9. ALBERTO GALLINARI – born in Reggio nell’Emilia (RE) on 12/07/1982;</p> <p>10. ALLEGRA GALLINARI – born in Reggio nell’Emilia (RE) on 02/10/1983;</p> <p>11. GUGLIELMO BORELLI – born in Modena (MO) on 25/03/1965.</p>
Total % of BPER's share capital held by the shareholders presenting the list, as declared by them	0.659%
Shareholders presenting list no. 2	<p>1. ALDO BONIFATI – born in Castrovillari (CS) on 16/05/1922;</p> <p>2. MICHELE CALABRESE – born in Crotone (KR) on 22/01/1956;</p> <p>3. SERGIO GIANGRECO – born in Reggio di Calabria (RC) on 21/07/1974;</p> <p>4. GIORGIO PULAZZA – born in Cervia (RA) on 06/02/1954;</p> <p>5. VALENTINA PULAZZA – born in Ravenna (RA) on 25/10/1979;</p> <p>6. ROMANO GISMONDI – born in Ravenna (RA) on 13/10/1937;</p> <p>7. CARLO GISMONDI – born in Ravenna (RA) on 06/08/1931;</p> <p>8. GIULIANO TASSONI – born in Minerbio (BO) on 12/07/1939.</p>
Total % of BPER's share capital held by the shareholders presenting the list, as declared by them	0.571%
Candidates on each list	<p><b><u>List no. 1</u></b></p> <ul style="list-style-type: none"> <li>• Carlo Baldi;</li> <li>• Guglielmo Cacchioli;</li> <li>• Fabrizio Corradini;</li> <li>• Pier Paolo Ferrari;</li> <li>• Marco Alessandri;</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Luigi Fontana;</li> <li>• Gian Andrea Guidi.</li> </ul>

	<p style="text-align: center;"><b><u>List no. 2</u></b></p> <ul style="list-style-type: none"> <li>• Romano Conti;</li> <li>• Roberto Di Franza;</li> <li>• Giuseppe Giuliano;</li> <li>• Vincenzo Morelli;</li> <li>• Antonello Gentile;</li> </ul>
List of persons elected and percentage of votes	<p><b><u>Elected from List 1: 11,078 votes (60.74% of votes):</u></b></p> <ul style="list-style-type: none"> <li>• Carlo Baldi (Standing Auditor)</li> <li>• Guglielmo Cacchioli (Standing Auditor)</li> <li>• Fabrizio Corradini (Standing Auditor)</li> <li>• Pier Paolo Ferrari (Standing Auditor)</li> <li>• Luigi Fontana (Alternate Auditor)</li> </ul> <p><b><u>Elected from List 2: 5,976 votes (32.77% of votes):</u></b></p> <ul style="list-style-type: none"> <li>• Romano Conti (Chairman)</li> <li>• Luigi Attilio Mazzocchi (Alternate Auditor).</li> </ul>

The curriculum vitae of each Auditor is summarised below, indicating their professional experience and skills.

**Romano Conti** has a degree in Economics and Commerce from Bologna University; he is registered with the Bologna Chamber of Chartered Accountants and is a Registered auditor. He started his career at the Cassa di Risparmio in Bologna. He practices as a Chartered Accountant being a partner of Studio Gnudi, of which he is an associate. He participates as an associate in ACB Group S.p.A. It has more than five years' audit experience in banks, finance and securities companies as he was a statutory auditor of Unicredit Leasing S.p.A. In the past, he has held the following positions, among others: Director of Banca Popolare di Rieti, Beghelli S.p.A. and SAGIS; Chairman of the Board of Statutory Auditors of Bologna Football Club 1909 S.p.A., Centrale del Latte di Milano S.r.l., Cirio De Rica S.p.A., Conserve Mediterraneo S.p.A., Ducati Energia S.p.A, Granarolo S.p.A., Intermirifica S.r.l., Interporto S.p.A., Lombardini S.r.l. and V.S.G.-Vercelli Specialità Gastronomiche S.p.A.; Chairman of the Board of Auditors of the Automobile Club of Bologna; Statutory Auditor of Autostrade Concessioni e Costruzioni S.p.A., Editoriale Corriere di Bologna S.r.l., Galotti S.p.A. and Unifin S.p.A.; Sole Statutory Auditor of Centro Sperimentale del Latte S.p.A. (Gruppo Granarolo S.p.A.). Other positions currently held include: Director of G.M.G. Group S.p.A. (Ducati Energia Group), Simbuleia S.p.A., D&C S.p.A., Despina S.p.A., ACB Group S.p.A., Majani 1796 S.p.A.; Chairman of the Board of Statutory Auditors of Comet Holding S.p.A., Ferrario S.p.A., Immobiliare Grande Distribuzione S.p.A. SIIQ, Seconda S.p.A., AMGC S.p.A., Zeroquattro S.r.l. (Gruppo Granarolo S.p.A.); Statutory Auditor of Comet S.p.A. He is also a Councillor of the Association of Chartered Accountants of Bologna.

**Carlo Baldi** has a degree in Economics and Commerce from the University of Parma. He later attended course at Alliance Francaise in Paris and at language schools in Dublin and Oxford. He joined the Chamber of Chartered Accountants in 1967 and became a registered auditor in 1971. He is Professor of Company Economics at the Free University of Lugano, Faculty of Human and Technological Sciences. Following experiences in cooperative companies between the ages of 18 and 32, in 1972 he began practice professionally as an accountant with Studio Baldi - a professional association based in Reggio Emilia with branches in Milan, Rome and Parma. In 1990 he founded the Associazione Pro-Università di Reggio Emilia, now transformed into the Fondazione per l'Università a Reggio Emilia - Studium Regiense, of which he is Chairman. He was also the Chairman of Reggio Città degli Studi S.p.A., a company that made possible the

birth and development of the university hub in Reggio Emilia, from its foundation to its liquidation for having achieved its purpose. He is Chairman of the Famiglia Artistica Reggiana. Other positions that he currently holds include: Chairman of the Board of Directors of Baldi & Partners S.r.l. and Aspasia Holding Tricolore di Part.ne e Sviluppo; Director of Emak S.p.A.; Chairman of the Board of Statutory Auditors of BPER Trust Company S.p.A. (BPER Group), Ape S.p.A., Bear Plast S.p.A., C.S.F. Inox S.p.A., Penta Holding S.r.l., Brevini Group S.p.A.; Statutory Auditor of Bolzoni S.p.A..

**Guglielmo Cacchioli** has a degree in Business Economics from Milan's Luigi Bocconi University; he is registered with the Parma Chamber of Accountants and is a Registered Auditor. After graduation, he worked as trainee in Parma. From 1996 to 2000 he practised at Studio Gnudi of Bologna. From 2000 to 2006 he was a partner in Studio Simonazzi of Parma. Since 2006 he has practised in his studio in Parma. He has been a member of the Board of Directors of ERVET S.p.A. and Chairman of the Board of Statutory Auditors of RIMINIFIERA S.p.A. He is Chairman of the Board of Directors of Terme di Salsomaggiore e di Tabiano S.p.A.; Director of Terme di Castrocaro S.p.A.; Chairman of the Board of Statutory Auditors of Hospital Piccole Figlie S.r.l. and BI&S S.p.A.; Statutory Auditor of Esam S.p.A. and AGI S.p.A.; member of the Property Management Committee of the Aries Fund.

**Fabrizio Corradini** has a degree in Economics from the University of Modena; he is enrolled in the Register of Chartered Accountants of Modena and the Register of Legal Auditors. He practices as a Chartered Accountant as the owner of "Studio Commercialisti in Modena, Studio Professionale di Consulenza Aziendale e Legislazione dell'Impresa del Dott. Fabrizio Corradini" He has been Chairman of the Board of Statutory Auditors of Erma - Rtmo S.p.A. and Benfer Schomburg S.r.l.; Statutory Auditor of Cesare Cerana Industriale S.p.A., Leda S.r.l., Ceramica Montreal S.p.A. and Fondazione Cassa di Risparmio di Vignola; Chairman of the Board of Directors of Hermes Investimenti S.p.A. and Modena Capitale Banking Participations - Società per l'acquisto di stabili partecipazioni S.p.A.; Director of Banca di Modena Soc. Coop a r.l., Banca Modenese S.p.A., Assicuratrice Milanese Compagnia di Assicurazioni S.p.A. and Modena Capitale S.p.A.. Positions currently held include Chairman of the Board of Statutory Auditors of Granitifiandre S.p.A. and Sole Statutory Auditor of Immobiliare Campanella S.r.l.

**Pier Paolo Ferrari** has a degree in Economic and Commerce from Modena University; he is a member of the Association of Chartered Accountants and Standing Auditor of Modena and the Register of Auditors. He is a founder and partner of Studio Commerciale Collegium of Modena. Former Statutory Auditor of Banca Popolare di Lanciano e Sulmona S.p.A., Eurobanca del Trentino S.p.A., G.B. Ricambi S.p.A., G.B. International S.p.A., Turchi Cesare S.r.l., Giacobazzi Grandi Vini S.p.A. Auditor of Fondazione Vita Indipendente onlus; former President of Aut Aut Associazione Famiglie con portatori di autismo Modena onlus. Other positions currently held include: Chairman of the Board of Statutory Auditors of R.P.B. S.p.A., Doteco S.p.A., Gra-Com S.r.l., Pallavolo Modena Ssdrl; Statutory Auditor of Società Gestione Crediti Delta S.p.A.

Further information on the members of the Board of Statutory Auditors can be found in the minutes of the Shareholders' Meeting filed at the registered offices of the Issuer which are available to the public on the website of Borsa Italiana ([www.borsaitaliana.it](http://www.borsaitaliana.it)), and in the lists and press releases issued at the end of the meetings and published on the English version of the Bank's website ([www.bper.it](http://www.bper.it)) under the "Press & Media - Press Releases" and "Governance - Corporate Bodies - Shareholders' Meeting" Sections.

During 2012, the Board of Statutory Auditors held meetings on 52 days of the year, each lasting an average of around 3 hours.

The number of meetings scheduled for 2013 is 34, of which 10 have already been held at the date of approval of this Report.

There have not been any changes in the membership of the Bank's Board of Statutory Auditors since the end of the last financial year.

At the board meeting held on 14 May 2012, the Board of Directors ascertained that the members of the Board of Statutory Auditors satisfied the independence requirements as per art. 148, paragraph 3, of the CFA.

During 2012, the Board of Statutory Auditors also checked that its members still met the independence requirements.

During the year, members of the Board of Statutory Auditors took part in conferences and other initiatives

promoted by the Bank to discuss and update people on various topics.

As regards transactions in conflict of interest and with related parties involving members of the Board of Statutory Auditors, see Chapter 17 above.

In performing its work, the Board of Statutory Auditors collaborates with the Group Internal Audit Department via:

- periodic board meetings, usually every quarter, also attended by the Head of Internal Audit;
- the examination of documentation provided to the Board by that Department (“support” for analyses performed, inspection reports etc.) and other information relating to the system of controls and the outcome of verification work;
- the request of specific inspections.

The Board has also taken advantage of the contribution made by all of the other control functions, with whom meetings were held on various occasions throughout the year.

The Chairman of the Board of Statutory Auditors also attends the meetings of the Internal Audit Committee as part of the constant and constructive dialogue between the parties. The Board also held joint meetings with this Committee during 2012; similar meetings are planned for the current year.

## 20 Relations with Members and Shareholders

All information about the performance of the Bank, the communications and the documents of interest to the members and the shareholders (financial statements, articles of association, prospectuses, corporate notices etc.) are published in the English version of the Bank's website ([www.bper.it](http://www.bper.it)) in the "Investor Relations", "Governance" and "Press & Media" sections.

The website also has a special Members' Section where information is given on how to become a Member.

Reference is also made to the cooperative principles and achievement of the mutual society objectives discussed in chapter 1 of this document and further in a chapter of the Directors' Report accompanying the financial statements.

An Investor Relations Office was set up to manage relationships with investors, intermediaries and, more generally, with stakeholders in the Bank.

This office is the official point of contact with the Bank and the BPER Group for the national and international financial community, helping to create a channel through which the latter can receive constant information.

In particular, the Investor Relations Office communicates with the shareholders, bondholders, investors, financial analysts and rating agencies in order to disseminate in a homogeneous manner correct and timely information and news about the activities, results, strategy and growth prospects of the Bank and the Group. Mention should be made of the various presentations, also by conference call, of the periodic consolidated results of the BPER Group addressed mainly to the financial community and the press.

The Office also collaborates, as appropriate, with the Shareholder Relations Office and External Relations and Corporate Social Responsibility Office, in managing the relationship with Shareholders through adequate and constant information on the life of the Bank and the Group.

Currently the role of the Investor Relator is held by Gilberto Borghi, who is in charge of that Office.

The Shareholder Relations Office, being responsible for maintaining the Register of Members and the Register of Shareholders, mainly handles relationships with the members and the shareholders, as well as the related regulatory compliance and meeting formalities.

Among its various activities, the External Relations Office maintains relations with journalists from national and local newspapers, prepares and sends press releases and has them published in the media, organises press conferences and prepares communication plans, coordinating with other banks in the Group where necessary.

On 21 December 2010, the Board of Directors designated a non-executive and independent Director, Giulio Cicognani, as the director responsible for providing feedback on behalf of the Bank to any requests from the shareholders' associations.

Note that for disclosure to the market, as well as to the Bank's shareholders and members, of regulated information pursuant to art. 113-*ter* of the CFA, the Bank uses the "System of Disclosure of Relevant Information" (aka SDIR-NIS), an electronic system run by Blt Market Services S.p.A., a subsidiary of the London Stock Exchange Group with head office in Piazza Affari 6, Milan. See Chapter 5 above for further information.

## 21 Shareholders' meetings

The functioning of Meetings is governed by arts. 23-29 of the articles of association. Shareholders' Meetings are called by the Board of Directors, within the timescales established in current regulations. Meetings may also be called by the Board of Statutory Auditors, or by at least two Statutory Auditors, in the circumstances established by law.

The Board of Directors must call a Shareholders' Meeting, without delay, on receipt of written application by at least one tenth of the shareholders entitled to vote at the date of the request. Meetings are called by means of a notice of calling to be published on the Bank's website and in two daily newspapers: “*Il Sole 24 ORE*” and “*QN Quotidiano Nazionale*”.

Meetings are valid if held using remote communications systems, on condition that the identity of the persons entitled to attend is assured and that all participants are able to intervene in real time in discussions about the matters on the agenda, as well as to vote on the resolutions. In any case, the Chairman and the Secretary must be present at the place indicated in the notice of calling, as mentioned above, and the meeting is deemed to be held in that place.

On the basis, with the timing and within the limits established by law, a number representing not less than 1/40th (one fortieth) of the Shareholders entitled to vote at the date of the request, or such lower minimum number of Shareholder applicants as may be specified in current regulations, may present a written request to extend the list of matters to be discussed at the Meeting specified in the notice of the Meeting, as well as proposals for resolutions on matters already on the agenda. Extension cannot include matters for which, by law, the Meeting adopts resolutions based on a proposal from the Directors, or based on a draft or a report prepared by them.

In the event of a request to call a Shareholders' Meeting, to add items to the agenda and proposals for resolutions on matters already on the agenda, the signature of each Shareholder making the request must be authenticated by Bank nominees, by the intermediaries authorised to keep accounts on which financial instruments are registered or by notaries, while the request must be accompanied by depositing the certificates of participation in the centralised share management system, confirming the applicants' right to make such a request.

Pursuant to art. 26 of the articles of association, the Shareholders' Meeting is chaired by the Chairman of the Board of Directors or his deputy or, failing this, by the person elected by those attending. The Chairman checks the identity and right to attend of those present, verifies that the Meeting is quorate, moderates the business conducted, checks the results of voting and appoints two or more scrutineers from among those present.

The Secretary of the Ordinary Meeting is the Secretary of the Board of Directors or, in his absence, another member designated by the Meeting.

In the circumstances required by law and when considered appropriate by the Chairman, the minutes are taken by a notary appointed by the Chairman.

The resolutions of the Shareholders' Meeting are documented in minutes. The minutes are taken by the Secretary and signed by the Chairman, the Secretary and, if appointed, the scrutineers.

The Ordinary Meeting is quorate in first calling with the presence, in person or by legal representation or by proxy, of at least one fifth of the shareholders entitled to attend the Meeting, and is quorate in second calling regardless of the number present. The Meeting adopts resolutions by an absolute majority of the votes cast, except when electing directors and officers when the list voting system is used.

The Ordinary Meeting adopts resolutions on, in particular:

- the appointment of independent auditors from among the registered auditing firms, acting on a reasoned proposal from the Board of Statutory Auditors, determining their fees and, if the conditions apply, revoking their appointment;
- the remuneration payable to the Directors, in accordance with the law and the related regulations, without prejudice to the right of the Board of Directors to fix the remuneration of those Directors with special duties;

- the fees payable to the Statutory Auditors;
- approval of the remuneration policies in favour of the bodies with supervisory, management and control functions and the staff;
- any remuneration plans based on the use of financial instruments;
- all other matters reserved for it by law.

The Ordinary Shareholders' Meeting may appoint an Honorary Chairman from among those who have significantly contributed to the prestige and the development of the Company. The person concerned does not have to be a member of the Board of Directors. The position of Honorary Chairman is not remunerated.

The extraordinary shareholders' meeting is quorate in first calling, even in cases where the law requires a special majority, with the presence, in person or by legal representation or by proxy, of at least one eighth of the shareholders entitled to attend, and is quorate in second calling if attended by at least one percent of such shareholders. The extraordinary shareholders' meeting adopts resolutions with a majority of two thirds of the votes cast and on the matters reserved for it by law.

Resolutions to change the corporate objects, transfer the registered offices abroad and wind up the Bank early must be adopted with the votes in favour of at least one tenth of the shareholders entitled to attend the Meeting. Voting takes place in public except for the appointment of directors and officers, where voting is by secret ballot unless the Meeting adopts a proposal from the Chairman to proceed with a public vote.

Shareholders have the right to attend the Meeting and exercise their voting rights if they have been recorded in the register of Shareholders for at least 90 (ninety) days and for whom, in accordance with current legislative and regulatory requirements, by the end of the third market trading day prior to the date set for the Meeting at first calling or by some other deadline established by current regulations, the Bank has received the communication from the intermediary authorised to keep accounts on which financial instruments are registered.

Each Shareholder has one vote, regardless of the number of shares held.

Shareholders may be represented at the Meeting by another shareholder, in accordance with the law. Members of the Board of Directors, Board of Statutory Auditors or employees of the Company or of its subsidiaries cannot act as proxies. Proxies, which are valid at both first and second calling, must be given in writing, they must indicate the name of the proxy-holder and the signature of the person giving the proxy must be notarized by nominees of the Company, by intermediaries authorised to keep accounts on which financial instruments are registered or by a notary.

No shareholder may represent more than four other shareholders, except in cases of legal representation.

Postal voting is not allowed.

In accordance with current regulations, the Board of Directors can allow votes to be cast before or during the Shareholders' Meeting, without requiring the physical presence of the person or their proxy, through the use of electronic devices in ways to be communicated in the notice of calling of the Shareholders' Meeting, such as to ensure the identification of those who have the right to vote, security of communications and, in case of a secret ballot, secrecy.

Members of the Board of Directors may not vote on resolutions regarding their responsibility for actions.

Business at Shareholders' Meetings is moderated by the chairman of the meeting, as envisaged in art. 2371 of the Civil Code.

In general, all members of the Board of Directors should attend the Shareholders' Meetings, subject to unforeseeable events that prevent the individual being present.

At the time of approving the 2012 financial statements, the Board presented its report on operations to the Shareholders' Meeting, describing the activities performed and planned, and worked to ensure the provision of necessary information to the shareholders so that they could make informed decisions at the meeting.

During 2012, the market capitalisation of the Bank's shares decreased from Euro 1.84 billion at 31 December 2011 to Euro 1.74 billion at 31 December 2012, slightly down on the previous year.



## **22 Other Corporate Governance practices (art. 123-bis, paragraph 2.a), CFA)**

On 29 January 2013, the Board of Directors of the Bank resolved to adhere to the opt-out system under arts. 70, paragraph 8, and 71, paragraph 1-*bis* of the Issuers' Regulation, as amended by CONSOB Resolution 18079 of 20 January 2012, taking advantage of the right to make an exception to the obligation to publish information documents in the event of significant mergers, spin-offs, increases in capital by contributions in kind, acquisitions and disposals.

Noted that the articles of association provide for and regulate the appointment of General Management and the Board of Arbiters.

### **22.1 General Management**

General Management comprises the General Manager and one or more Deputy General Managers.

These persons must meet the requirements of professionalism, integrity and independence established by law.

Resolutions concerning the appointment of members of General Management are adopted by the Board of Directors by an absolute majority of the serving directors.

The General Manager is the Head of Personnel. He hires personnel, following the selection of candidates, within the limits established in the annual budgets. He also makes proposals for the promotion or dismissal of personnel; takes disciplinary action and may temporarily suspend any employee, reporting this to the Chief Executive Officer, if appointed, so that the related final decisions can be taken.

All decisions regarding executive grade (*dirigenti*) employees are taken solely by the Board of Directors.

The General Manager attends the meetings of the Board of Directors, and those of any committees.

Assisted by the other members of General Management, he implements the decisions taken by the Board of Directors and the Executive Committee, as well as the instructions given by the Chief Executive Officer; he supervises the functioning of the Bank, the performance of operations and services in accordance with directives from the Board of Directors and the instructions given by the Chief Executive Officer.

If absent or unavailable, the General Manager is replaced in the exercise of all attributed powers and functions by one or more members of General Management designated by the Board of Directors; if these are also absent or unavailable, such functions and powers are exercised by an executive designated by the Board of Directors.

At the end of 2012, General Management was made up as follows: Luigi Odorici – Chief Executive Officer and General Manager, Fabrizio Togni – Deputy General Manager, Eugenio Garavini – Deputy General Manager and Alessandro Vandelli – Deputy General Manager.

At the date of this report, General Management is made up as follows: Fabrizio Togni – General Manager, Alessandro Vandelli – Senior Deputy General Manager and Eugenio Garavini – Deputy General Manager.

### **22.2 Board of Arbiters**

The Shareholders' Meeting appoints five Serving Arbiters and two Alternates from among the members. They remain in office for three years and may be re-elected. Their work is performed on a voluntary basis.

The Board of Arbiters, plus a representative of the candidate member, expresses its opinion on any requests made for the review of board decisions not to admit a member, or to exclude a member from the Bank. The Board of Arbiters exercises its discretion regarding the evaluation process to be followed and decides by a majority of the votes cast. In the event of a voting tie, the Chairman's vote prevails.

The Board of Arbiters elects a Chairman from among its members. The Chairman calls Board meetings and directs its work.

The Alternate Arbiters, eldest first, replace until the next Shareholders' Meeting the former Serving Member who has ceased to serve; the newly appointed Arbiter is imputed the same length of service as those already in office. The Alternate Arbiters, again eldest first, replace from time to time those Serving Arbiters who must abstain from service as a consequent of blood or marriage ties or other legitimate impediment.

At the date of this Report, the Board of Arbiters comprises: Miranda Corradi, Federico Ferrari Amorotti, Vittorio Rossi, Roberto Bernardi and Massimo Turchi, Standing Arbiters; Pier Luigi Cerutti and Philip Bergamini, Alternate Arbiters.

The Board of Arbiters for the three-year period 2012-2014 was elected by secret ballot at the Shareholders' Meeting held on 21 April 2012.

## 23 Changes since the end of the year

Events that have taken place since the end of 2012 up to the date of this report include the following:

- On 11 January 2013 the Board of Directors voted to co-opt Pietro Ferrari onto the Board to replace Alessandro Fagioli, who had resigned on 18 December 2012.
- On 11 January 2013, BPER's Board of Directors approved a plan to merge three subsidiaries: Cassa di Risparmio della Provincia dell'Aquila S.p.A. (CARISPAQ), Banca Popolare di Lanciano e Sulmona S.p.A. (BPLS) and Banca Popolare di Aprilia S.p.A. (BPA). The merger, which forms part of the activities envisaged in the BPER Group's 2012-2014 Business Plan, designed to simplify and streamline the organisational structure and governance of the Group, as well as to optimise and enhance resources and reduce operating costs, is subject to prior authorisation by the Bank of Italy pursuant to art. 57 of Legislative Decree 385/93. The merger will take place in a simplified form in accordance with art. 2505-*bis* of the Italian Civil Code, as the merging company holds more than 90% of the share capital of the three companies to be merged. For more information and updates on this project, please refer to what has been published on the Parent Company's website. On 5 March 2013 (protocol 0225672/13) the Bank of Italy issued its authorisation of the merger, as well as its approval of the related amendment to art. 6 of BPER's articles of association already explained in Paragraph 2.9.
- You are reminded that the Court of Modena, in its judgment of 24 February 2012, cancelled the shareholders' resolution of 16 April 2011 for partial renewal of the Board of Directors of the Parent Company, which appointed as Directors for the three-year period 2011-2013 Piero Ferrari (current member of the Executive Committee), Alberto Marri (current member of the Executive and Strategy Committees), Giuseppe Lusignani (current member of the Internal Audit and Strategy Committees), Fioravante Montanari, Erminio Spallanzani (current member of the Executive Committee) and Manfredi Luongo (Minority Director). Given that this is a constitutive judgement, which is not enforceable, the composition of the BPER Board - as far as the Directors involved in the judgment are concerned - remains as it was, as do the resolutions that it has passed and the responsibilities and powers that have been attributed. The Bank has appealed against this judgment by notice served on 19 June 2012. Subsequently, on 4 July 2012, the Bank filed this judgment and its proposal to appeal against it with the Modena Companies Register. In the appeal proceedings, at the hearing of 16 January 2013, the Bologna Court of Appeal set the date for the next hearing on 21 October 2014, for the statement of conclusions.
- At the board meeting on 29 January 2013, the Board of Directors took note of the Ordinance of the Court of Appeal of Bologna which on 23 January 2013 rejected the request for an injunction to suspend enforcement of the penalty applied by CONSOB (resolution no. 17777 of 11 May 2011) involving residual ancillary sanctions against Luigi Cremonini, who has therefore been suspended from the office of Director for a residual period of forty-eight days.
- At its meeting on 29 January 2013, the Board of Directors approved draft amendments to the articles of association to be submitted to the AGM. These amendments answer the need to incorporate in the articles of association the content of certain mandatory provisions of law including, above all, those relating to gender balance in the composition of the administrative and control bodies introduced into the CFA by Law 120 of 12 July 2011. The proposed amendments also contemplate the introduction of certain refinements and related variations, mostly of a formal nature, with a view to improving organisational efficiency and making sure that the articles of association are more clearly worded and updated with greater punctuality. Under current regulations, the draft amendments to the articles have to be submitted for approval by the Bank of Italy, which started its review on 4 February 2013. For more information and updates on this project, please refer to what has been published on the Bank's website.
- On 7 February 2013, having obtained the necessary approvals from the competent authorities,

Banca popolare dell'Emilia Romagna s.c. and Fondazione Cassa di Risparmio di Bra went ahead with execution of the "Share purchase and sale contract" signed on 20 September 2012, concerning the sale of 35.98% of the share capital of Cassa di Risparmio di Bra by the Fondazione to BPER. This gives BPER ownership of a 67.00% controlling interest in the share capital of Cassa di Risparmio di Bra.

For further information, see the press releases published on the Bank's website ([www.bper.it](http://www.bper.it)) - in the Press & Media Section, as well as the relevant documents available in other sections of the site.