

# **REPORT ON THE CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE OF UBI BANCA Scpa**

in accordance with Art.123-*bis* of  
the Consolidated Finance Act

*(Translation from the Italian original  
which remains the definitive version)*

Website: [www.ubibanca.it](http://www.ubibanca.it)

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## CONTENTS

## GLOSSARY

1. PROFILE OF THE ISSUER
2. INFORMATION ON THE OWNERSHIP STRUCTURE (pursuant to Art. 123 *bis*, paragraph 1 of the Consolidated Finance Act)
  - a) *Structure of the share capital (pursuant to Art.-123 bis, paragraph 1, letter a) of the Consolidated Finance Act)*
  - b) *Restrictions on transfer of securities (pursuant to Art. 123-bis, paragraph 1, letter b) of the Consolidated Finance Act)*
  - c) *Significant investments in share capital (pursuant to Art. 123-bis, paragraph 1, letter c) of the Consolidated Finance Act)*
  - d) *Securities with special rights (pursuant to Art. 123-bis, paragraph 1, letter d) of the Consolidated Finance Act)*
  - e) *Employee shareholdings: mechanism for exercising voting rights (pursuant to Art. 123-bis, paragraph 1, letter e) of the Consolidated Finance Act)*
  - f) *Restrictions on voting rights (pursuant to Art. 123-bis, paragraph 1, letter f) of the Consolidated Finance Act)*
  - g) *Shareholders' agreements (pursuant to Art. 123-bis, paragraph 1, letter g) of the Consolidated Finance Act)*
  - h) *Change of control clauses (pursuant to Art. 123-bis, paragraph 1, letter h) of the Consolidated Finance Act) and Article of Association provisions concerning public tender offers to purchase (pursuant to Art. 104, paragraph 1-ter and 104-bis, paragraph 1)*
  - i) *Powers to increase the share capital and authorisations to purchase treasury shares [pursuant to Art. 123-bis, paragraph 1, letter m) of the Consolidated Finance Act]*
  - j) *Management and co-ordination activities (pursuant to Art. 2498 et seq. of the Italian Civil Code)*
3. COMPLIANCE (pursuant to Art. 123-bis, paragraph 2, letter a) of the Consolidated Finance Act)
4. SUPERVISORY BOARD
  - 4.1 *Appointment and replacement (pursuant to Art. 123 bis, paragraph 1, letter l) of the Consolidated Finance Act)*
  - 4.2 *Composition and role (pursuant to Art. 123- bis, paragraph 2, letter d) of the Consolidated Finance Act)*
  - 4.3 *Chairman of the Supervisory Board*
5. INTERNAL COMMITTEES OF THE SUPERVISORY BOARD (pursuant to Art. 123-bis, paragraph 2, letter d) of the Consolidated Finance Act)
6. APPOINTMENTS COMMITTEE
7. REMUNERATION COMMITTEE

8. REMUNERATION AND SUCCESSION PLANNING  
*Indemnities for board members in the cases of resignation, dismissal or termination of contract following a public tender offer (pursuant to Art. 123-bis, paragraph 1, letter i) of the Consolidated Finance Act)*
9. INTERNAL CONTROL COMMITTEE
10. ACCOUNTS COMMITTEE
11. RELATED AND CONNECTED PARTIES COMMITTEE
12. MANAGEMENT BOARD
  - 12.1 *Appointment and replacement (pursuant to Art. 123-bis, paragraph 1, letter l) of the Consolidated Finance Act)*
  - 12.2 *Composition [pursuant to Art. 123-bis, paragraph 2, letter d) of the Consolidated Finance Act]*
  - 12.3 *Role of the Management Board (pursuant to Art. 123-bis, paragraph 2, letter d) of the Consolidated Finance Act)*
  - 12.4 *Executive officers*
  - 12.5 *Chairman of the Management Board*
  - 12.6 *Other executive board members*
  - 12.7 *Independent board members*
13. BOARD OF ARBITRATORS
14. GENERAL MANAGEMENT
15. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM
  - 15.1 *Chief of the Internal Audit Function*
  - 15.2 *Executive Board Member responsible for the internal control system*
  - 15.3 *Organisational model pursuant to Legislative Decree No. 231/2001*
  - 15.4 *Independent auditors*
  - 15.5 *Chief Financial Officer and Senior Officer Responsible for the preparation of the corporate accounting documents*
16. INTERESTS OF BOARD MEMBERS AND RELATED-PARTY TRANSACTIONS
17. TREATMENT OF CORPORATE INFORMATION
18. RELATIONS WITH SHAREHOLDERS
19. SHAREHOLDERS' MEETINGS (pursuant to Art. 123-bis, paragraph 2, letter c) of the Consolidated Finance Act)

ATTACHMENT A

SUMMARY TABLES

*Table 1 Information on the ownership structure*  
*Table 2 Structure of the Supervisory Board and Committees*  
*Table 3 Structure of the Management Board*

*ATTACHMENT 1: Section on the "main characteristics of the risk management and internal control systems in relation to the financial reporting process" pursuant to Art. 123 bis, paragraph 2, letter b) of the Consolidated Finance Act*

*ATTACHMENT 2: Policy on internal controls to manage risk assets and conflicts of interest with regard to associate companies.*

## Glossary

**Civil Code/C.C.:** the Italian Civil Code.

**Code/Corporate Governance Code:** the Corporate Governance Code for listed companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., the Italian Banking Association, *Ania* (national insurance association), *Assogestioni* (national association of asset management companies), *Assonime* (association of joint stock companies) and *Confindustria* (Confederation of Italian Industry).

**Consob Issuers' Regulations:** the regulations issued by the Consob (Italian securities market authority) with Resolution No. 11971 of 1999 (as subsequently amended) for issuers.

**Consob Markets Regulations:** the regulations issued by the Consob (Italian securities market authority) with Resolution No. 16191 in 2007 (as subsequently amended) for markets.

**Consob related-party regulations:** the regulations issued by the Consob with Resolution No. 17221 of 12<sup>th</sup> March 2010 (as subsequently amended) concerning transactions with related parties.

**Consolidated Banking Act:** Legislative Decree No. 385/1993.

**Consolidated Finance Act:** Legislative Decree No. 58 of 24<sup>th</sup> February 1998.

**Financial year:** the financial year to which this report relates.

**Issuer:** the issuer of the shares to which this report relates.

**Regulations concerning risk assets and conflicts of interest with connected parties:** Bank of Italy Circular No. 263 of 27<sup>th</sup> December 2006 - 9<sup>th</sup> amendment of 12<sup>th</sup> December 2011.

**Report:** this report on corporate governance and ownership structure which companies are required to prepare pursuant to Art. 123 *bis* of the Consolidated Finance Act.

## 1. Profile of the Issuer

The purpose of this report is to provide shareholders and the market with an analysis of the system of corporate governance adopted by Unione di Banche Italiane Scpa (hereinafter UBI Banca), a system which takes account of the provisions and principles contained:

- in the regulations governing listed issuers set out in the Consolidated Finance Act and in the related rules to implement them adopted by the Consob (Italian securities market authority);
- in the regulations governing banks, with particular reference to specific regulations concerning co-operative 'popular' banks set out in the Consolidated Banking Act;
- in the Corporate Governance Code for listed companies of Borsa Italiana Spa.

UBI Banca is a "popular" bank incorporated in the form of a joint stock co-operative company. As such, UBI Banca is required to comply with the provisions of the Italian Civil Code concerning co-operative societies (excluding those expressly listed in Art. 150 *bis* of the Consolidated Banking Act) and also with those governing joint stock companies, to the extent that they are compatible with the laws governing co-operatives, as indicated in Art. 2519 of the Italian Civil Code. Express details of the Bank's particular characteristics as a co-operative are given in the separate company financial report of UBI Banca Scpa, an integral part of the management report, which was drawn up in compliance with Art. 2545 of the Italian Civil Code and states the criteria followed in company operations to pursue the Bank's mutual objects.

The legal nature of a "popular" co-operative bank lies in the fact that each registered shareholder of the co-operative is entitled to one vote whatever the number of shares possessed.

Conversion Law No. 221 of 17<sup>th</sup> December 2012, converting Decree Law No. 179 of 18<sup>th</sup> October 2012 "Further urgent provisions for the Country's growth" (known as *Sviluppo bis*) introduced Art. 23 *quater*, which made some significant changes to the regulatory regime for "popular" banks regulated by Art. 30 of the Consolidated Banking Act (Legislative Decree No. 385/1993).

The most important change relates to the increase in the limit on direct or indirect shareholdings (from 0.50% to 1% of share capital), without prejudice to the power conferred by the Articles of Association to set a lower proportion, in any event not less than 0.50%.

An exception to the maximum 1% limit is made for collective investment organisations, for which the regulatory limits specific to each of them apply.

UBI Banca has adopted a two tier system of management and control, which is considered better suited to the governance requirements of the Parent, UBI Banca, and at the same time as providing stronger protection for registered and unregistered shareholders, especially through the activity of the Supervisory Board, a body appointed directly by the registered shareholders and representing them.

The distinguishing features of the two tier system lie in the distinction between:

- the strategic supervision and control functions, assigned to the Supervisory Board, which combines some of powers assigned by traditional systems to Shareholders' Meetings (approval of financial statements, appointment of the members of the management body and determination of the relative fees) and to boards of statutory auditors and assumes some "senior management" responsibilities, insofar as it is called upon to take decisions on proposals submitted to it by the Management Board on the business and/or financial plans and budgets of the Bank and the Group and also on strategic operations indicated in the Articles of Association (Art. 46 of the Articles of Associations, available on the corporate website [www.ubibanca.it](http://www.ubibanca.it) in the section corporate governance – corporate documents);
- corporate management functions, assigned to the Management Board, which has exclusive authority to perform all ordinary and extraordinary operations necessary for the achievement of company's objects, in compliance with the general guidelines and strategic policies approved by the Supervisory Board (Art. 37 of the Articles of Association).

This division of functions identifies distinct features of the operational life of the Bank and assigns them to the corporate bodies just mentioned which, with their respective roles and responsibilities, give rise to a corporate governance model that is more appropriate to the structure of the Bank and the Group in the context of a single business design, characterised by continuous dialogue and inter-functional co-operation.

The Bank is listed on the *Mercato Telematico Azionario* (electronic stock exchange) organised and managed by Borsa Italiana Spa. Accordingly, UBI Banca is also required to comply with the regulations for listed issuers contained in the Consolidated Finance Act and in the regulations to implement that act issued by the Consob.

\* \* \*

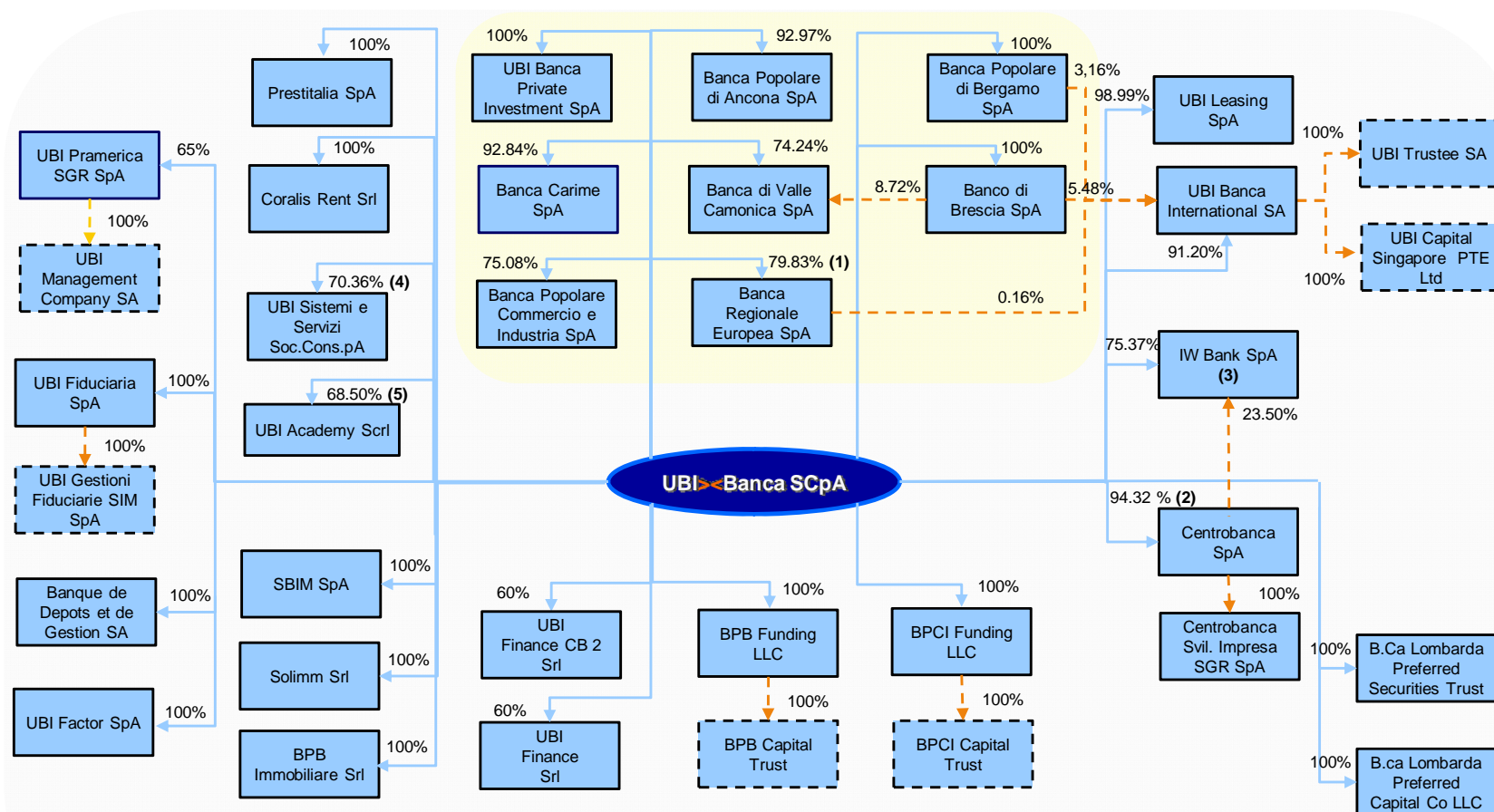
UBI Banca is the Parent of the Unione di Banche Italiane Group, organised according to federal, multi-functional model, integrated with its listed 'popular' Parent, which sets strategic policies and performs functions of co-ordination and control over all the organisational units and companies in the Group.

By implementing its management and co-ordination activities in compliance with both specific regulations laid down by the Supervisory Authority and civil law, UBI Banca sets the strategic objectives of the Group, mainly through the Group budget and Business Plan. Moreover, without prejudice to the Articles of Association and operational independence of each company in the Group, UBI Banca also defines the strategic lines of development for each of them, so that the companies are requested to participate in the attainment of the objectives set by single business plan and in the benefits from the overall results of the management and co-ordination activities.

UBI Banca pursues its entrepreneurial mission while at the same time maintaining the strong sense of social responsibility that is typical of "popular" banks which are deeply rooted in their local communities. This philosophy is strengthened by the adoption of specific instruments which include the Charter of Values, Code of Ethics and the Social Report.

The chart that follows illustrates the composition of the UBI Group as at 31<sup>st</sup> December 2012:

## UBI Banca Group as at 31/12/2012



(1) Percentage of ordinary share capital

(2) Banca Popolare di Ancona holds another 5.47% of the share capital of Centrobanca

(3) Percentages of the total share capital: UBI Banca + Centrobanca hold 98.87% and the remaining 1.13% consists of treasury shares held by IW Bank itself

(4) The Group also holds 28.13% as follows: BPA(2.88%), BPCI (2.88%), BBS (2.88%), Banca Carime (2.88%), BPB (2.88%), IW Bank (2.88%), BRE (4.32%), BVC (1.44%), UBI Banca P. Inv. (1.44%), UBI Pramerica (1.44%), Centrobanca (1.44%), UBI Factor (0.72%), Prestitalia (0.07%), UBI Academy (0.01%). The remaining non-controlling interests (1.51%) are held by UBI Assicurazioni (1.438%) and by UBI Insurance Broker Srl (0.07%).

(5) The Group also holds the remaining 31.5% as follows: BPA(3%), BPCI (3%), BBS (3%), Banca Carime (3%), BPB (3%), BRE (3%), UBISS (3%), BVC (1.5%), UBI Banca P. Inv. (1.5%), UBI Pramerica (1.5%), UBI Factor (1.5%), UBI Leasing (1.5%), IW Bank (1.5%), Prestitalia (1.5%).

UBI Banca Servizio Partecipate



## **2. Information on the ownership structure (pursuant to Art. 123 bis, paragraph 1 of the Consolidated Finance Act) of 12<sup>th</sup> March 2013**

### **a) Structure of the share capital (pursuant to Art. 123 bis, paragraph 1, letter a) of the Consolidated Finance Act)**

The share capital of UBI Banca Scpa is composed entirely of ordinary shares traded on the *Mercato Telematico Azionario* (electronic stock exchange) operated by Borsa Italiana Spa and as at 31<sup>st</sup> December 2012 it amounted to €2,254,367,512.5 divided into 901,747,005 shares with a nominal value of €2.50 each, and on that same date the registered shareholders numbered 83,690.

\* \* \*

In implementation of powers granted by the Shareholders' Meeting and authorised by the Supervisory Board, the Management Board made the following decisions:

- to issue notes convertible into ordinary shares of the Bank for a maximum amount of €640,000,000 to offer as an option right to those who were shareholders of the Bank on the date of the beginning of the subscription period in proportion to the number of shares possessed;
- to increase the share capital at the service of conversion of the bonds by a maximum amount of €640,000,000, inclusive of the share premium, through the issue of a maximum of 256,000,000 ordinary shares of UBI Banca, with a nominal value of €2.50 each, normal dividend entitlement and having the same characteristics as the ordinary shares of UBI Banca outstanding on the date of issue.

The issuance of the note "*UBI 2009/2013 convertible con facoltà di rimborso in azioni*" was therefore completed in July with the issue on 10th July 2009 of 50,129,088 convertible notes with a nominal value of €12.75, a maturity of four years (10th July 2013) and paying a fixed gross annual coupon of 5.75%, for a total nominal amount of €639,145,872.

The conversion ratio was four convertible notes for every 51 shares owned, which may be granted in more than one tranche through the issuance of a maximum of 255,658,348 ordinary shares with a nominal value of €2.50.

The convertible notes have been traded on the *Mercato Telematico Azionario* (electronic stock exchange) managed by Borsa Italiana since 20<sup>th</sup> July 2009.

Effective 10<sup>th</sup> January 2011, holders of the convertible note issue "*UBI 2009/2013 convertibile con facoltà di rimborso in azioni*", became entitled to convert the notes into UBI Banca ordinary shares at any time except in those instances provided for in the terms and conditions. Since no event pursuant to the terms and conditions has occurred that would result in a modification of the conversion ratio for the notes set when they were issued, it is currently one UBI ordinary share for each note, where the notes have a nominal value of €12.75 and pay a gross coupon of 5.75% per annum in annual instalments.

In 2012, following the conversion of the UBI 2009/2013 notes, the following changes in the share capital occurred:

- 4<sup>th</sup> July 2012: UBI 2009/2013 notes with a nominal value of €3,111 were converted into 246 new UBI Banca shares.

\* \* \*

In 2013, following the conversion of the UBI 2009/2013 notes, the following changes in the share capital occurred:

- 5<sup>th</sup> February 2013: UBI 2009/2013 notes with a nominal value of €204 were converted into 16 new UBI Banca shares;

At the date of this report, the share capital of UBI Banca Scpa therefore amounted to €2,254,367,552.50 divided into 901,747,021 shares with a nominal value of €2.50 each.

There are no share investment programmes for employees at UBI Banca which exclude the direct exercise of voting rights.

**b) Restrictions on transfer of securities (pursuant to Art. 123 bis, paragraph 1, letter b) of the Consolidated Finance Act)**

No restrictions on the transfer of shares exist, since the shares are transferable in accordance with the law (Art. 15 of the Articles of Association).

Acceptance clauses exist solely for admission to the status of registered shareholder.

Persons who intend to become registered shareholders must present a certificate of participation in the centralised management system and a written application to the Management Board containing not only details of the shares possessed but also personal particulars, domicile, citizenship and all other information and/or declarations required by law or the Articles of Association or requested in general by the Bank. For the purposes of acceptance as a registered shareholder, certificates testifying to the ownership of at least 250 shares must be presented.

Considering the provisions of the law on ‘popular’ co-operative banks, all decisions on the acceptance of applications for registered shareholder status are taken by the Management Board, in consideration of the general criteria recommended by the Supervisory Board, with exclusive regard to the objective interests of the Bank, including those of its independence and autonomy, and to observance of the spirit of its co-operative status. The decisions are then communicated to the parties concerned. For the purposes of assessing these requirements, account shall be taken, amongst other things, of any previous relations between the persons applying and Group member companies.

Since it is a “popular” bank, there is a limit on shareholdings pursuant to Art. 30 of the Consolidated Banking Act and to Art. 18 of the Articles of Association, which states that no one may hold more than the maximum limit permitted by law, which is 1% of the share capital (this limit does not apply to collective investment organisations for which limits laid down in the rules of each of them apply).

With regard to the limit on the possession of share capital set by the regulations in force, in compliance with Art. 30 of the Consolidated Banking Act, the Bank has sent communications to those concerned for violation of the limit.

In accordance with regulations in force, the time limit for the obligation to dispose of shares has been extended until 31/12/2014 for those who as at 31/12/2009 held an investment in the share capital greater than the limits set, if exceeding that limit is the result of concentration transactions between banks or between investors, while it is understood that the investment may not be increased.

**c) Significant investments in the share capital (pursuant to Art. 123 bis, paragraph 1, letter c) of the Consolidated Finance Act)**

On the basis of information received directly by the Group, at the date of this report the following investors possessed shareholdings greater than 2%:

- Silchester International Investors LLP (5.001%)
- BlackRock Incorporated (indirect - assets under management): (5.006%)
- Fondazione Cassa di Risparmio di Cuneo (2.230%)
- Fondazione Banca del Monte di Lombardia (2.207%)
- Norges Bank (2.177%)

**d) Instruments which grant special rights (pursuant to Art. 123 bis, paragraph 1, letter d) of the Consolidated Finance Act)**

No shares exist which confer special controlling rights over UBI Banca.

**e) Employee shareholdings: mechanism for exercising voting rights (pursuant to Art. 123 bis, paragraph 1, letter e) of the Consolidated Finance Act)**

No mechanisms exist for the exercise of voting rights which regard employee shareholdings.

**f) Restrictions on voting rights (pursuant to Art. 123 bis, paragraph 1, letter f) of the Consolidated Finance Act)**

The exercise of voting rights is subject above all to acquiring the status of registered shareholder which is acquired following approval for admission by the Management Board, with enrolment in the shareholders' register.

The rejection of an application to become a registered shareholder, for those who lawfully possess shares in the Bank, has the sole effect of not allowing the exercise of rights other than those of a financial nature.

Only persons who have been registered shareholders for at least 90 days from the date of entry in the shareholder register may attend the Shareholders' Meetings, exercise voting rights and be eligible for appointment to corporate bodies (Art. 25 of the Articles of Association).

In compliance with Art. 30 of the Consolidated Banking Act and Art. 26 of the Articles of Association, registered shareholders have only one vote, irrespective of the number of shares held.

Rights over capital and profits are in proportion to the shares owned (Art. 17 of the Articles of Association); nevertheless if a shareholder fails to transfer ownership of shares in excess of the limit on share ownership set by the regulations in force concerning share capital within one year of the violation being reported by the Bank, the relative ownership rights maturing up to the time of the sale of the excess shares are acquired by the Bank.

**g) Shareholders' agreements known to UBI Banca in accordance with Art. 122 of the Consolidated Finance Act (pursuant to Art. 123 bis, paragraph 1, letter g) of the Consolidated Finance Act)**

UBI Banca received a communication in relation to the constitution, on 28th May 2007, of an unofficial association named "**Associazione Banca Lombarda e Piemontese**" located in Brescia. An extract of an updated version of the main clauses of the relative Articles of Association was published in the daily newspaper "Il Giornale" on 24th January 2012.

While the members do not consider the association as qualifying as a shareholders' agreement pursuant to Art. 122 of Legislative Decree No. 58/98, they have nevertheless fulfilled public disclosure obligations as required by the law in relation to some of the clauses of their by-laws, insofar as it may be necessary, in view of the legally binding nature of the decree mentioned and the consequences of failure to comply with it.

UBI Banca also received a letter on 21st November 2011 entitled "Communication pursuant to Art. 20, paragraph 2 of Legislative Decree No. 385/93 and to Art. 122 of Legislative Decree No. 58/98" in relation to the establishment of the association named **FuturoUBI**", located in Milan on 22nd September 2011. In that letter, the association declared that "*while it does not consider the association as qualifying as a shareholders' agreement pursuant to the above legislation, it has nevertheless fulfilled public disclosure obligations by publishing its Articles of Association on the website [www.futuroubi.it](http://www.futuroubi.it)*".

The following communications were also received:

- the constitution, on 23rd November 2007, of the association named "**Gli Amici di UBI Banca**", located in Bergamo, and report of compliance with disclosure obligations;
- the constitution on 24th January 2011 of an association named "**Tradizione in UBI Banca**", located in Cuneo.
- in a letter of 19th June 2012, the constitution of an association called "**Amici della Banca Regionale Europea e del Gruppo UBI**", located at Cuneo;

- the constitution, on 29<sup>th</sup> October 2012 of an association called **“Insieme per UBI Banca”**, located in Milan;
- in a letter of 27<sup>th</sup> February 2013 the constitution of an association called **“Associazione Soci UBI Centro-Sud”**, located in Rome;
- in a letter of 28<sup>th</sup> February 2013 the constitution of an association called **“Associazione Soci Lombardi UBI Banca”** also known as **“ASSOLUBI”**, located in Brescia.

The Bank has also received notifications from the **“Associazione Azionisti UBI Banca”**, located in Bergamo.

Finally, the Bank learned:

- from a press release of the constitution on 10<sup>th</sup> November 2011 of the **“Associazione dei cittadini e dipendenti soci di UBI Banca”** located in Brescia;

**h) Change of control clauses (pursuant to Art. 123-bis, paragraph 1, letter h) of the Consolidated Finance Act) and Article of Association provisions concerning public tender offers to purchase (pursuant to Art. 104, paragraph 1-ter of the Consolidated Finance Act)**

The shareholders' agreement currently in force signed by UBI Banca and the Prudential USA concerning the joint venture, UBI Pramerica SGR Spa ("SGR") grants rights to purchase to the parties (call options) if certain predetermined events occur.

More specifically, in the event of a “change of control” in UBI Banca (this being understood as any operation whereby i) an entity directly or indirectly purchases more than 30% of the share capital with voting rights of UBI Banca; ii) UBI Banca merges or performs another extraordinary operation with another legal entity and as a consequence UBI Banca ceases to exist or the legal entity, party to the operation, holds more than 30% of the share capital with voting rights subsequent to the operation; iii) the sale, rent, transfer or other analogous operation by which UBI Banca transfers all or a substantial part of its business to another legal entity), Prudential USA has the right to make a communication to UBI Banca which allows the latter to exercise a call option on the entire investment held by Prudential USA in the SGR.

If that option is not exercised, Prudential USA has, as an alternative, the right i) to purchase the entire interest held in the SGR by the UBI Banca Group, or an interest which allows it to hold 65% of the share capital of the SGR; ii) to give a mandate to an investment bank to sell the entire share capital of the SGR to a third party.

A “Reciprocal options agreement” currently exists between UBI Banca and F & B Insurance Holdings S.A./N.V. (“F&B”), concerning the UBI Assicurazioni S.p.A. joint venture. Under that agreement, amongst other things, F&B holds options which may be exercised if predetermined events occur including a notification of change of control of UBI Banca. In this event, if a request is made by F&B, UBI Banca may exercise an option right to purchase (call option) the interest held by F&B in UBI Assicurazioni. If UBI Banca does not exercise that right, then F&B has a call option on the interest held by UBI Banca in UBI Assicurazioni. If F&B also does not exercise its call option, then the parties shall give a mandate to a major investment bank for the joint sale of the entire share capital of UBI Assicurazioni.

The Articles of Association make no provision with regard to Art. 104, paragraph 1-ter of the Consolidated Finance Act.

**i) Powers to increase the share capital and authorisations to purchase treasury shares [pursuant to Art. 123 bis, paragraph 1, letter m) of the Consolidated Finance Act]**

No authorisations exist as at the date of this report for increases in the share capital or for the issue of convertible debt instruments.

In relation to the purchase of treasury shares, the Shareholders' Meeting held on 28<sup>th</sup> April 2012 authorised the Management Board and the Chairman, Deputy Chairman and Chief Executive Officer, individually on its behalf, to proceed with the purchase (to be carried out by the date of the Shareholders' Meeting called upon to vote in accordance with Art 2364-bis No.

4 of the Italian Civil Code on the allocation of profit for the year ended 31<sup>st</sup> December 2012) of a maximum of 500,000 treasury shares to be granted to the “top management” of the Group as part of the Group incentive schemes, for a total maximum value of €1,750,000, at a price per share of not less than the nominal value of the shares and not more than 5% higher than the official price quoted in the market session prior to each individual purchase transaction.

A total of 500,000 ordinary shares of UBI Banca were purchased on 28<sup>th</sup> February 2013 in implementation of that shareholders’ resolution.

Those shares were purchased at an average price of €3.4911 per share. The purchase transactions were performed on the regulated market in compliance with the limits set in the shareholders’ authorisation, the provisions of the law and EC Regulation 2273/2003 and admissible market practices.

Following those purchases, UBI Banca holds a total of 1,700,000 treasury shares accounting for approximately 0.19% of the share capital.

#### **j) Management and co-ordination activities (pursuant to Art. 2497 *et seq.* of the Italian Civil Code)**

The issuer is not subject to management and co-ordination activities within the meaning of Art. 2497 *et seq.* of the Italian Civil Code.

\* \* \*

As concerns possible further information:

- information required by Art. 123 *bis*, paragraph 1, letter i) of the Consolidated Banking Act is given in the section of this report on the remuneration of board members;
- information required by Art. 123 *bis*, paragraph 1, letter l) of the Consolidated Banking Act is given in the section of this report on the Supervisory Board and Shareholders' Meetings.

### **3. Compliance (pursuant to Art. 123 *bis*, paragraph 2, letter a) of the Consolidated Finance Act)**

UBI Banca has adopted the Corporate Governance Code (available on the website [www.borsaitalia.it](http://www.borsaitalia.it)), a document designed mainly for listed companies that have adopted a traditional governance model. That Code states that if a two tier or single tier system of administration and control is adopted “the preceding articles apply only insofar as they are compatible, by adapting the individual provisions to the particular system adopted, in compliance with the objectives of good corporate governance, transparent reporting and the protection of investors and the market pursued by the Corporate Governance Code and in the light of the application criteria provided by this article”.

The objective of this report, which has been prepared in accordance with Art. 123 *bis* of Legislative Decree No. 58/1998, is to provide details of the manner in which the Code itself is applied in the Bank, also considering those principles subject to full compliance and those which the Bank has decided not to comply with (sometimes only partially) on a “comply or explain” basis. This is partly because the Bank must consider its status as a co-operative bank which, as such, demands strict compliance with regulations contained in the Consolidated Banking Act and with the consequent supervisory instructions issued by Bank of Italy.

\* \* \*

Neither the issuer nor its strategic subsidiaries are subject to foreign laws that influence the corporate governance structure of the issuer.

Details of corporate governance practices are given in the various sections of this report.

### **4. Supervisory Board**



#### **4.1. Appointment and replacement (pursuant to Art. 123 bis, paragraph 1, letter l) of the Consolidated Finance Act)**

The Supervisory Board is composed of 23 members elected from among the registered shareholders with voting rights, including a Chairman and a Senior Deputy Chairman, appointed by a Shareholders' Meeting in compliance with Art. 45 of the Articles of Association and two Deputy Chairmen chosen by the Supervisory Board itself from among its members.

The members of the Supervisory Board shall remain in office for three financial years and they shall retire from office on the date of the Shareholders' Meeting convened in compliance with paragraph two of Art. 2364-*bis* of the Italian Civil Code.

The members of the Supervisory Board must be in possession of the requirements of integrity and independence prescribed by the regulations in force. At least 15 members of the Supervisory Board must be in possession of the requirements of professionalism required by the legislation currently in force for persons who perform the functions of directors of banks.

In particular, at least three members of the Supervisory Board must be chosen from amongst persons enrolled in the *Registro dei Revisori Contabili* (register of external statutory auditors) who have practiced as external statutory auditors for a period of not less than three years.

Furthermore, the composition of the Supervisory Board must ensure, in compliance with the provisions of Law No. 120 of 12<sup>th</sup> July 2011, that a balance is maintained between genders for the period provided for by that law.

While mandatory regulations of the law, the Supervisory Authority or other regulations must be complied with, persons already holding the office of full statutory auditor, or who are members of other supervisory bodies in more than five listed companies and/or their parent companies or subsidiaries, cannot hold office as a member of the Supervisory Board. If the cause of incompatibility just mentioned is not eliminated within 60 days of election or of communication of the fact to the person concerned, if it occurs subsequently, the Member of the Board is automatically removed from the position.

Members of the Supervisory Board are elected by a Shareholders' Meeting on the basis of lists in accordance with the provisions of the law and the Articles of Associations.

The election of the members of the Supervisory Board shall take place on the basis of lists presented:

- a) either directly by at least 500 registered shareholders who have the right to participate and vote in the Shareholders' Meeting called to elect the Supervisory Board, who provide documentary evidence of such right as required by legislation in force, or by one or more registered shareholders who represent at least 0.50% of the share capital, calculated on the basis of the share capital existing 90 days before the date set for calling the Shareholders' Meeting as stated in the notice of convocation;
- b) by the outgoing Supervisory Board on the basis of a proposal of the Appointments Committee and with the approval of at least 17 of the Supervisory Board's members, and supported, as stated in a), above, by at least 500 registered shareholders who have the right to participate in and vote in the Shareholders' Meeting called to elect the Supervisory Board, who provide documentary evidence of the right according to the legislation in force, and that is by one or more registered shareholders who represent at least 0.50% of the share capital, calculated on the basis of the share capital existing 90 days before the date set for calling the Shareholders' Meeting and to be indicated in the notice given to call the meeting.

Each registered shareholder may participate in the presentation of one list only: if this rule is not observed, the registered shareholder's signature is not counted as valid for any list.

Each candidate may be included in one list only on pain of ineligibility.

Lists presented that fail to observe the procedures reported above are considered as not presented.

Each registered shareholder may vote for one list only.

The election of the Supervisory Board shall be performed as follows:

- a) in the case of the presentation of more than one list and without prejudice to the provisions of the following letter b), 22 members of the Supervisory Board are taken from

the list that obtains a majority of registered shareholders' votes in the order of preference stated on it;

- b) one member of the Supervisory Board is taken from the list with the second highest number of votes which is not connected within the meaning of the regulations in force with the list mentioned under letter b), and it is the name of the first person on that list. If that list has obtained at least 15% of the votes counted in the Shareholders' Meeting, in addition to the first name indicated on that list, a further two members of the Supervisory Board shall be taken from that list, and they shall be the second and third persons on that list. However, if that list has obtained at least 30% of the votes counted in the Shareholders' Meeting, in addition to the first name indicated on that list a further four members shall be taken from that list, and they shall be the second, third, fourth and fifth persons on that list. Consequently, 20 or 18 members respectively of the Supervisory Board shall be taken from the list that obtains a majority of registered shareholders' votes in the order of preference stated on it;
- c) if the minority list mentioned under letter b) should contain the names of only two candidates, the third and if necessary the fourth and fifth members of the Board, where at least 30% of the votes are obtained, shall be taken from the majority list consisting of the persons not already elected on that list in order of preference stated on it.

If, after identifying the candidates to be taken from the lists which received the majority of the votes on the basis of the order in which they are indicated on the lists to which they belong, the gender proportions required under Law No. 120 of 12<sup>th</sup> July 2011 are not complied with, then those members of the Supervisory Board taken last from the aforementioned lists whose appointment would violate the cited law are considered not elected. In this case the number of those board members indicated on the same list to which they belong shall be appointed which allows compliance with the composition requirements for the Supervisory Board in accordance with Law No. 120 of 12<sup>th</sup> July 2011 and with the Articles of Association, again proceeding in the order in which those persons are indicated on the list to which they belong. In particular, in this circumstance, the candidates to be appointed belonging to the gender that is less represented on the basis of the results of the vote shall be taken from each list in proportion to the total number of candidates elected on each list according to the results of the voting. In this event, if the minority list pursuant to letter c) has not complied with the gender proportions established by Law No. 120 of 12<sup>th</sup> July 2011, the candidates to be appointed belonging to the less represented gender will be taken from the list that obtained the greatest number of votes only.

If only one list is validly proposed and this obtained the majority required for an ordinary Shareholders' Meeting, then all 23 members of the Supervisory Board shall be taken from that list.

The Shareholders' Meeting shall proceed by a relative majority vote to appoint those members of the Supervisory Board, who for any reason whatsoever could not be elected by means of the procedures mentioned in the preceding paragraphs or if no list at all is presented, again in compliance with the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12<sup>th</sup> July 2011 and to the Articles of Association; in the event of a tied vote the candidate more senior by age is elected.

If two or more lists obtain an equal number of votes, those lists must be revoted until they no longer receive an equal number of votes.

The positions of Chairman and Senior Deputy Chairman of the Board are reserved to the first and second members respectively on the list that obtains a majority of votes, or on the only list presented or to the members appointed as such by the Shareholders' Meeting if no list is presented at all.

If, during the course of the financial year, the Board lacks one or more members, where it is a case of replacing members elected in the majority list, the first candidate not elected on that list who guarantees compliance with the requirements for the composition of the Supervisory Board provided for by Law No. 120 of 12<sup>th</sup> July 2011 and the Articles of Association shall be appointed. In the absence of such a candidate, the appointment shall be by a relative majority vote with no list obligation, since the Supervisory Board itself may present candidates, if necessary, on the basis of proposals from the Appointments Committee.

If the positions of Chairman of the Supervisory Board and/or the Senior Deputy Chairman of the Supervisory Board should become vacant, an Ordinary Shareholders' Meeting should proceed without delay to restore the membership of the Board and to appoint a Chairman

and/or a Senior Deputy Chairman not by using in this case the replacement procedure just mentioned, since the Supervisory Board may present candidates itself for this purpose on the basis of proposals made by the Appointments Committee.

However, if, board members belonging to the minority list must be replaced the following procedure is employed:

- if only one board member has been appointed from the minority list, then the first candidate not elected on the list from which the member to be replaced was drawn shall be appointed, or, in the absence of such a candidate, the first candidate on any other minority lists there may be shall be taken on the basis of the number of votes received in descending order. Should this not be possible or, if application of the above criterion means that the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12<sup>th</sup> July 2011 and the Articles of Association are not met, then the Shareholders' Meeting shall make the replacement in compliance with the principle of the necessary representation of minorities;
- if a further two or four board members have been elected from the minority list, on the basis of the votes cast by the registered shareholders, the relative replacements shall be taken from the list from which the member to be replaced was drawn or in the absence of such a candidate from any other minority lists there may be, identified on the basis of the number of votes received in descending order and which have received, according to the case, 15% or 30% of the votes cast by the Shareholders' Meeting. In the absence of such candidates, the board members shall be drawn from the majority list or in the absence again of such candidates, or, if application of the above criterion means that the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12<sup>th</sup> July 2011 and the Articles of Association are not met, the Shareholders' Meeting shall proceed to decide by relative majority vote;
- if two or four board members belonging to the minority list have already been replaced, in accordance with the preceding clause, by drawing them from the majority list or by a relative majority vote of the Shareholders' Meeting to appoint them, as just described, the replacement of a further minority board member is by the first candidate named on any other minority lists there may be, on the basis of the descending number of votes received by these. Should this not be possible or, if application of the above criterion means that the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12<sup>th</sup> July 2011 and the Articles of Association are not met, the Shareholders' Meeting shall make the replacement in compliance with the principle of the necessary representation of minorities.

The replacement candidates, identified in accordance with the provisions of this article, must confirm that they accept their appointment and also make declarations that no cause for ineligibility and incompatibility exists and that they possess the requirements prescribed by law and by these Articles of Association for the office.

A member of the Supervisory Board asked to replace a previous member remains in office until the original mandate of the replaced member expires.

#### **4.2. Composition and role (pursuant to Art. 123- bis, paragraph 2, letter d) of the Consolidated Finance Act)**

The functions of the Supervisory Board are set out in Art. 46 of the Articles of Association, according to which the Board:

- a) on the basis of proposals from the Appointments Committee, appoints and removes the members of the Management Board and its Chairman and Deputy Chairman, determines their remuneration, in compliance with Art. 22, paragraph 2, letter b), after consulting with the Remuneration Committee. It also determines, after consulting with the Remuneration Committee and in compliance with Art. 22, paragraph 2, letter b), the remuneration of the members of the Management Board vested with special functions, duties or powers or assigned to committees. Without prejudice to the provisions of Art. 32, paragraph 2, of the Articles of Association, and without effect for members of the Management Board who vacate their positions, the Supervisory Board appoints the members of the Management Board in the first meeting following its own appointment by a Shareholders' Meeting;



- b) on the basis of proposals from Management Board, sets the general plans and strategic policies of the Bank and of the Group;
- c) approves the separate financial statements and the consolidated financial statements prepared by the Management Board;
- d) authorises the Management Board to exercise the authority to increase share capital or to issue convertible bonds that may have been granted by a Shareholders' Meeting pursuant to Art. 2443 and/or to Art. 2420-ter of the Italian Civil Code;
- e) performs supervisory functions in compliance with Art. 149, paragraphs one and three of Legislative Decree No. 58 of 24th February 1998;
- f) initiates liability actions against members of the Management Board;
- g) submits the statement to Bank of Italy pursuant to Art. 70, paragraph 7 of Legislative Decree No. 385 of 1<sup>st</sup> September 1993;
- h) reports in writing to the Shareholders' Meeting called pursuant to Art. 2364-bis of the Italian Civil Code on the supervisory activity performed, on omissions and irregularities observed as well as, in any other ordinary or extraordinary Shareholders' Meeting called, on matters considered to fall within its authority;
- i) informs the Bank of Italy without delay of all events or facts it may learn of in the performance of its duties, which might constitute a management irregularity or an infringement of banking regulations;
- j) expresses a binding opinion concerning the person in charge of preparing the corporate accounts pursuant to Art. 154-bis of Legislative Decree No. 58 dated 24th February 1998;
- k) on the basis of proposals submitted by the Management Board, decides on business and/or financial plans and budgets for the Bank and the Group prepared by the Management Board and on the strategic operations listed here below, but nevertheless without prejudice to the responsibility of the Management Board for its actions and while the aforementioned decision of the Supervisory Board shall not be necessary for the operations considered in points (iii), (iv), (v), (vi) and (vii), where these are operations for which the main elements have already been defined in business plans already approved by the Supervisory Board itself:
  - (i) transactions on the share capital, the issuance of convertible bonds and bonds cum warrants in shares of the Bank, mergers and demergers;
  - (ii) amendments to Articles of Association;
  - (iii) operations pursuant to Art. 36, paragraph two, letter b);
  - (iv) purchases by the Bank and by its subsidiaries of controlling interests in companies and transactions involving a reduction in directly or indirectly held investments in subsidiaries;
  - (v) purchases or disposals by the Bank and its subsidiaries of companies, business en bloc, business units, spin-offs, and investments or disinvestments which involve commitments where the amount for each transaction is greater than 4% of the supervisory capital eligible for the purposes of calculating the consolidated core tier one capital or affects the core tier one ratio by more than 50 basis points as stated in the latest report to the Bank of Italy in accordance with the regulations in force;
  - (vi) purchases or disposals by the Bank and its subsidiaries of investments in companies that are not controlled, the amount of which for each transaction is greater than 1% of the supervisory capital eligible for calculating the consolidated core tier one capital as stated in the latest report to the Bank of Italy in accordance with the regulations in force, or which are significant from an institutional viewpoint or that of the sector nationally;
  - (vii) stipulation of strategically important trade, co-operation and corporate agreements, with account taken of the activities and/or volumes involved and/or of the nature of the partners and in relation to programmes and objectives contained in the Business Plan approved;
- l) expresses a non-binding opinion with a vote in favour of at least 17 of its members on the candidates proposed by the Management Board to the position of Board Member and Statutory Auditor of the subsidiary undertakings listed in Art. 36, paragraph 2, letter b) of the Articles of Association (Banca Popolare Commercio e Industria Spa, Banca Popolare di Bergamo Spa, Banca Popolare di Ancona Spa, Banca Carime Spa, Centrobanca Spa, Banco di Brescia Spa and Banca Regionale Europea Spa);

- m) sets, on the basis of proposals from the Management Board, strategic guidelines and policies for the management and control of risks, constantly verifying that they are adequate and implemented by the Management Board;
- n) on the basis of proposals from the Management Board, sets policies for the management of compliance risk and makes decisions for the creation of a regulatory compliance function;
- o) formulates its considerations concerning the basic elements of the general architecture of the internal control system; assesses, with regard to those aspects that concern it, the efficiency and adequacy of the internal control system; expresses its opinion on the appointment and removal by the Management Board of the officer responsible for the internal control function and the officer responsible for the compliance function;
- p) approves and periodically verifies the organisational administrative and accounting structure of the Bank, determined by the Management Board;
- q) approves corporate regulations concerning its functioning and, in co-operation with the Management Board, approves reporting systems between corporate bodies as well as those with the internal control system;
- r) approves remuneration policies for employees or associate workers not linked to the Bank by regular employee contracts;
- s) on the basis of a proposal by the Chairman of the Supervisory Board, drafted in compliance with Art. 47, paragraph two letter h) of the Articles of Association, sets policies and takes decisions on projects for cultural and charitable initiatives and for the image of the Bank and the Group, with special reference to the enhancement of historical and artistic heritage, while it verifies that initiatives planned coincide with the objectives set;
- t) decides on mergers and demergers pursuant to articles 2505 and 2505-*bis* of the Italian Civil Code;
- u) exercises any other powers conferred by the legislation and regulations currently in force or by these Articles of Association.

The Supervisory Board also has exclusive powers, in compliance with Art. 2436 of the Italian Civil Code, for decisions concerning:

- a) the opening and closing down of secondary offices;
- b) reducing the share capital if a registered shareholder withdraws from the Bank;
- c) amendments to the Articles of Association to comply with legislation and regulations, subject to consultation with the Management Board.

The Supervisory Board and its members shall exercise the powers set forth in Art. 151-*bis* of Legislative Decree No. 58 of 24th February 1998, pursuant to the terms and conditions provided therein.

\* \* \*

The UBI Banca Scpa Shareholders' Meeting of 24<sup>th</sup> April 2010 appointed Corrado Faissola as Chairman and Giuseppe Calvi as Senior Deputy Chairman of the Supervisory Board for 2010-2011 and 2012.

The Supervisory Board then appointed Alberto Folonari and Mario Mazzoleni as Deputy Chairmen.

The Shareholders' Meeting appointed the above members of the Supervisory Board, Chairman and Senior Deputy Chairman based on two regularly presented lists as required by Art. 45 of the Articles of Association:

List filed on 6<sup>th</sup> April 2010 by the Supervisory Board. That list had the support of 691 registered shareholders representing 24,549,355 shares accounting for 3.84% of the share capital of UBI Banca Scpa and contained the following candidates:

- 1) Corrado Faissola - Chairman
- 2) Giuseppe Calvi - Senior Deputy Chairman
- 3) Battista Albertani
- 4) Enio Fontana
- 5) Giovanni Bazoli
- 6) Carlo Garavaglia
- 7) Luigi Bellini

- 8) Alfredo Gusmini
- 9) Mario Cattaneo
- 10) Italo Lucchini
- 11) Silvia Fidanza
- 12) Mario Mazzoleni
- 13) Alberto Folonari
- 14) Toti S. Musumeci
- 15) Pietro Gussalli Beretta
- 16) Sergio Orlandi
- 17) Giuseppe Lucchini
- 18) Alessandro Pedersoli
- 19) Federico Manzoni
- 20) Giorgio Perolari
- 21) Sergio Pivato
- 22) Roberto Sestini
- 23) Paolo Ferro Luzzi

- The "1000 Miglia" list filed on 8<sup>th</sup> April 2010 by Giuseppe Zannoni. Six shareholders representing 3,197,847 shares or 0.5003% of UBI Banca Scpa's share capital were in favour of this list with the following candidates:

- 1) Giuseppe Zannoni - Chairman
- 2) Silvana Dall'Orto - Senior Deputy Chairman

Votes:

- 1,860 votes in favour of the list presented by the Supervisory Board;
- 279 votes in favour of the 1000 Miglia list.

Less than 15% of the votes cast at the Shareholders' Meeting were in favour of the 1000 Miglia list.

*Prof. Avv. Giovanni Bazoli* and *Avv. Alessandro Pedersoli* resigned from their positions as members of the Supervisory Board with effect from 29th March 2012. These resignations are to be interpreted in terms of the provisions of Art. 36 of Decree Law No. 201 of 6<sup>th</sup> December 2011 converted into law with Law No. 214/2011 entitled "Protection of competition and personal cross shareholdings in credit and financial markets".

The Shareholders' Meeting of UBI Banca held on 28<sup>th</sup> April 2012 appointed the following persons as members of the Supervisory Board, in place of the resigning board members:

- Prof. Enrico Minelli
- Armando Santus, Public Notary

The following votes were cast at the Shareholders' Meeting:

Enrico Minelli No. 2,711

Armando Santus No. 2,725.

*Avv. Corrado Faissola*, Chairman of the Supervisory Board, passed away on 20<sup>th</sup> December 2012. In view of this, the Supervisory Board decided unanimously to postpone the re-establishment of the Supervisory Board until the Ordinary Annual General Meeting to be held by the end of April 2013, when the mandate of the Supervisory Board is due to expire. The decision was taken after a detailed assessment was made of the proper conduct of the proceedings of the Board, which are presided and co-ordinated by the Senior Deputy Chairman, who as a consequence took over the responsibilities and powers of the Chairman, and which are not compromised by the temporary reduction in the number of members. The decision was also taken in view of the short period of time available to convene a specific Shareholders Meeting.

In view of the above, the members of the Supervisory Board are currently:

Giuseppe Calvi	Senior Deputy Chairman
Alberto Folonari	Deputy Chairman
Mario Mazzoleni	Deputy Chairman

Battista Albertani	Member
Luigi Bellini	Member
Mario Cattaneo	Member
Silvia Fidanza	Member
Enio Fontana	Member
Carlo Garavaglia	Member
Alfredo Gusmini	Member
Pietro Gussalli Beretta	Member
Giuseppe Lucchini	Member
Italo Lucchini	Member
Federico Manzoni	Member
Enrico Minelli	Member
Toti S. Musumeci	Member
Sergio Orlandi	Member
Giorgio Perolari	Member
Sergio Pivato	Member
Armando Santus	Member
Roberto Sestini	Member
Giuseppe Zannoni	Member

The curricula vitae of the members of the Supervisory Board are available on the website of UBI Banca.

The current members of the Supervisory Board will conclude their mandate on the date of the 2013 Annual General Meeting, which will therefore be called upon to appoint a new Supervisory Board for the three year period 2013/2015.

\* \* \*

Special regulations govern the functioning of the Supervisory Board concerning:

- its calendar of meetings;
- its agenda for meetings and how it is convened;
- prior delivery to members of the Supervisory Board of documents relating to items on the agenda;
- minutes and records of decision-making processes;
- disclosures concerning the decisions taken;
- internal committees of the Supervisory Board.

A special section of those regulations deals with reporting systems.

The Supervisory Board must meet at least every 60 days. The location of the meetings alternates between the cities of Bergamo and Brescia and a meeting is held once a year in the city of Milan. The Supervisory Board is validly convened with the attendance of a majority of the members in office and it passes resolutions by a vote in favour of the absolute majority of the board members present. A qualified majority (vote in favour of at least 17 members) is required for amendments to the regulations of the Appointments Committee, for proposals to amend the Articles of Association, for resolutions concerning proposals pursuant to Art. 36, paragraph two, letter b) of the Articles of Association and for other matters for which the Articles of Association require a qualified majority

Notices to convene meetings shall contain a list of the items on the agenda and this is sent at least four days prior to the date set for the meeting, except in urgent circumstances, when the time limit may be reduced to one day.

In order to facilitate attendance at Board meetings the Articles of Association allow remote attendance through the use of appropriate audio/videoconference and/or teleconference connections.

During 2012 the Supervisory Board met 16 times and the average length of meetings was four hours.

We also report that the Supervisory Board has planned its meetings for 2013 up to the Annual General Meeting and arranged meetings relating to the examination of the operating and financial results for the period, with eleven meetings planned, of which four have already been held.

The Internal Control Committee has had ongoing meetings with the independent auditors, Deloitte & Touche Spa and it has reported on these to the Supervisory Board.

The Supervisory Board's report to the Shareholders' Meeting contains specific information on other mandates awarded to Deloitte & Touche and other companies in its network.

\* \* \*

Following its appointment and on an ongoing basis, in accordance with the relevant regulations in force, the Supervisory Board successfully ascertained that the requirements for integrity, professionalism and independence were met by all its members.

In this respect, considering also the particular nature of the Supervisory Board in the context of a two tier governance model, all the members of the Supervisory Board meet the independence requirements of the Corporate Governance Code.

In 2011 and 2012, the Supervisory Board of UBI Banca also carried out a self-assessment of the size, composition and functioning of the Board itself and also of its internal committees, by means of an analysis conducted in Board meetings, after asking each Board Member to fill in a special self-assessment questionnaire. The size and composition of the Board and its Committees and the professional expertise of board members were examined in relation to the size of the Group and to its related activities. More specifically the self-assessment was conducted on the following factors: the quality and completeness of skills, experience and expertise within the Board and the internal committees; sufficient number of members; the degree of effectiveness of the five internal committees; the quality of Board and internal Committee meetings; the quality and promptness of reporting and presentations to the Board; the effectiveness and efficiency of decision-making processes within the Board; the clarity, agreement and satisfaction with regard to policies, performance and risk objectives and the results achieved; a benchmarking comparison with boards of other companies and groups in which individual members may hold positions.

On conclusion of the self-assessment conducted, the Supervisory Board confirmed its findings that its size was adequate and it was of the opinion that, taken as a whole, the proceedings of Board and Committee meetings, in terms of organisation, analysis of the issues, attendance at meetings and discussion, allowed the Supervisory Board and its internal Committees to perform their functions effectively and efficiently.

At the time of the 2012 Shareholders' Meeting, for the purposes of replacing by the Shareholders' Meeting, two Supervisory Board Member swho had resigned following the entry into force of Art. 36 of Decree Law No. 201/2011, converted with amendments by Law No. 214/2011 and in compliance with Supervisory Provisions, the Supervisory Board of UBI Banca, with the co-operation of the Appointments Committee, identified the theoretical profile of the candidates to the position of member of the Supervisory Board, in the light, amongst other things, of the self-assessment process. Registered shareholders and the market were informed about the results of that analysis in a document entitled "Quantitative and qualitative composition of the Supervisory Board of UBI Banca Scpa" published on the website of the Bank on the occasion of the 2012 Shareholders' Meeting.

At the end of 2012 the Supervisory Board, working with the Appointments Committee, commenced the preparatory activities necessary for the appointment of the corporate bodies, whose terms will expire in 2013, by drawing up the document entitled "Guidelines for the appointment process of the Supervisory Board and the identification of members of the Management Board" in which the preparatory activities to be commenced in view of the appointment of the corporate bodies of UBI Banca were defined, also in compliance with the Supervisory Provisions concerning the organisation and governance of banks (cf. Instructions of the Governor of the Bank of Italy of 11<sup>th</sup> January 2012). The first stage of the process analysed the main results from a comparison of the characteristics of the corporate governance of UBI Banca with those characterising European companies included in a representative and comparable sample, which are considered European best practice for corporate governance models.



In consideration of the specialist expertise required for that survey, the Supervisory Board and the Appointments Committee were supported by the company Egon Zehnder International (hereinafter “EZI”) – a leading consulting firm on corporate governance issues with its global Board Consulting practice – which had already worked with the Board and the Appointments Committee for the self-assessments conducted in 2011 and 2012, as part of which EZI had developed a model of analysis used as support in the identification of the most appropriate qualitative and quantitative profile for the Supervisory Board and the Management Board. The process will end in 2013 with the identification of the optimal qualitative and quantitative composition of the Management Board and Supervisory Board, distribution of the results of the analyses to registered shareholders, and the preparation by the Supervisory Board of the list of candidates for membership of the Supervisory Board of UBI Banca and the candidates for the positions of Chairman and Senior Deputy Chairman of the Supervisory Board to be submitted to the Shareholders’ Meeting. On completion of this, and as part of the process to verify the requirements of professionalism and integrity, the newly appointed Supervisory Board will ascertain the absence of grounds for incompatibility, as well as verify that the actual composition resulting from the appointment process complies with the quantitative and qualitative composition deemed to be optimal.

### **4.3. Chairman of the Supervisory Board**

The Chairman of the Supervisory Board convenes – on his own initiative and, in the cases prescribed by law or the Articles of Association– and chairs the meetings of the Board itself, setting the agendas, taking account of the proposals formulated by the Senior Deputy Chairman and the other Deputy Chairmen and ensuring that adequate information regarding the topics contained on the agenda are provided to all the members of the Supervisory Board. The duties of the Chairman of the Supervisory Board are listed in Art. 47 of the Articles of Association.

## **5. Internal committees of the Supervisory Board (pursuant to Art. 123 bis, paragraph 2, letter d) of the Consolidated Finance Act)**

While it acknowledges the principle of collegial responsibility in performance of its duties, the Supervisory Board - in relation to its responsibilities, its composition and the characteristics of its members - decided to establish internal committees as follows:

- specific committees with proposal making, consultative and investigative functions in compliance with Bank of Italy regulations, the recommendations of the Borsa Italiana Corporate Governance Code and Supervisory Authority instructions. These committees were established to allow the Supervisory Board to work more efficiently and effectively, and they are composed - as recommended by the Corporate Governance Code - of more than three members.

- Appointments Committee	6 members
- Remuneration Committee	5 members
- Internal Control Committee	5 members
- Accounts Committee	4 members

a Related and Connected Parties Committee composed of three members, in compliance with the provisions of: (i) "Regulations for UBI Banca Scpa related-party transactions" adopted in implementation of Art. 2391-bis of the Italian Civil Code and Consob requirements with respect to related parties adopted with Resolution No. 17221/2010 and subsequent amendments; (ii) “Regulations for operations with parties connected to the UBI Group”, adopted in implementation of Title V, Chapter 5 of Bank of Italy Circular No. 263 of 27<sup>th</sup> December 2006 - 9<sup>th</sup> amendment of 12<sup>th</sup> December 2011, “New regulations for the prudential supervision of banks”, containing measures concerning “risk assets and conflicts of interest with connected parties” (date of entry into force 31<sup>st</sup> December 2012).

The meetings of these committees are properly minuted. They may have access in the performance of their functions to the corporate functions and information required to perform their duties and they may make use of external consultants, with adequate funds provided for that purpose.

## 6. Appointments Committee

The Appointments Committee (members of which pursuant to Art. 49 of the Articles of Association include the Chairman of the Supervisory Board (\*) with the functions of Chairman and the Senior Deputy Chairman) is composed of the following members of the Supervisory Board:

- Giuseppe Calvi (Senior Deputy Chairman of the Supervisory Board))
- Alberto Folonari
- Carlo Garavaglia
- Federico Manzoni
- Mario Mazzoleni

(\*) *Avv. Corrado Faissola*, deceased on 20<sup>th</sup> December 2012

The Committee is governed by special regulations which determine its responsibilities and functioning.

In compliance with the Articles of Association, the Appointments Committee's duties include the following:

- it identifies candidates for membership of the Supervisory Board to be proposed to the Supervisory Board itself for submission to a Shareholders' Meeting;
- it identifies candidates for membership of the Management Board to be proposed to the Supervisory Board.

it performs fact finding activity for the issue of a non-binding opinion which the Supervisory Board may express in accordance with Art. 46, paragraph one, letter n) of the Articles of Association with a vote in favour of at least 17 (seventeen) of its members on the candidates proposed by the Management Board to the position of Board Member and Statutory Auditor of the subsidiaries listed in Art. 36, paragraph two, letter b) of the Articles of Association.

In 2012, the Appointments Committee performed its duties with regard to decisions concerning the composition of the Supervisory Board and Management Board, as well as the issue of a non-binding opinion by the Supervisory Board for appointments to corporate bodies of banks in the Group pursuant to Art. 36 of the Articles of Association. In particular, at the end of 2012 the Appointments Committee supported the Supervisory Board to commence the preparatory activities necessary for the appointment of the corporate bodies, whose terms will expire in 2013, by drawing up the document entitled "Guidelines for the appointment process of the Supervisory Board and the identification of members of the Management Board" in which the preparatory activities to be commenced in view of the appointment of the corporate bodies of UBI Banca were described, also in compliance with the Supervisory Provisions concerning the organisation and governance of banks (cf. Instructions of the Governor of the Bank of Italy of 11th January 2012). The first stage of the process analysed the main results from a comparison of the characteristics of the corporate governance of UBI Banca with those characterising European companies included in a representative and comparable sample, which are considered European best practice for corporate governance models. The process will end in 2013 with the identification of the optimal qualitative and quantitative composition of the Management Board and Supervisory Board, distribution of the results of the analyses to registered shareholders, and the preparation by the Supervisory Board of the list of candidates for membership of the Supervisory Board of UBI Banca and the candidates for the positions of Chairman and Senior Deputy Chairman of the Supervisory Board to be submitted to the Shareholders' Meeting. On completion of this, the Supervisory Board will appoint the new

Appointments Committee, which will have primary responsibility for submitting a proposal to the Supervisory Board for the appointment of members of the Management Board, consistent with the results of the analyses performed. The Committee will also support the new corporate bodies, as part of the process to verify the requirements of professionalism and integrity, in ascertaining the absence of grounds for incompatibility, as well as verifying that the actual composition resulting from the appointment process complies with the quantitative and qualitative composition deemed to be optimal.

In this context, the Appointments Committee has also worked with the Supervisory Board to update the regulations of the Appointments Committee, in order to implement the changes in the relevant legislative and regulatory framework, consisting mainly of the new rules on gender balance, the prohibition on interlocking directorships and the provisions issued by the Bank of Italy (Instructions of the Governor of the Bank of Italy of 11<sup>th</sup> January 2012) in “Supervisory Provisions concerning the organisation and governance of banks” of March 2008.

The Appointments Committee met seven times in 2012. The average length of meetings was greater than one hour.

Four meetings have already been held in 2013.

## 7. Remuneration Committee

Following the resignation, effective 29<sup>th</sup> March 2012, of the Board Member *Avv.* Alessandro Pedersoli (who was also Chairman of the Remuneration Committee), on 11<sup>th</sup> April 2012 the Supervisory Board appointed the Board Member *Dott.* Giorgio Perolari to the position of member of the Remuneration Committee, and the Board Member *Avv.* Giuseppe Calvi to the position of Chairman of the Remuneration Committee.

The Remuneration Committee is therefore composed of the following members of the Supervisory Board:

- Giuseppe Calvi – as Chairman
- Alberto Folonari
- Giuseppe Lucchini
- Toti S. Musumeci
- Giorgio Perolari

The Remuneration Committee is governed by special regulations which determine its responsibilities and functioning in compliance with legal, regulatory and Article of Association provisions.

The Remuneration Committee formulates the following:

- recommendations for decisions which the Supervisory Board must submit to the Shareholders’ Meeting for approval concerning the following: setting the remuneration for members of the Supervisory Board; setting policies for the remuneration of the Management Board; setting remuneration and incentive policies for the corporate bodies of Group companies and for company officers, employees and associate workers not bound to companies by employee contracts;
- opinions on decisions concerning remuneration and incentives for the purposes of verifying the compliance of these with remuneration policies set by the Supervisory Board.

The Committee performs advisory functions and makes recommendations concerning remuneration for senior management as specified by Art. 26 of the Consolidated Banking Act and the relative regulations to implement it and for the officers of the internal control functions. It also has advisory duties with regard to setting the remuneration criteria for key personnel, which in the UBI Banca Group comprises “top management” and the “highest management level of the control functions” as defined in the remuneration and incentive policies of the UBI Banca Group.

The Committee also carries out those duties assigned to it by the provisions of the Supervisory Authority with regard to the remuneration and incentive policies and practices of banks and



banking groups. The Remuneration Committee was provided with the information and gained access to corporate functions needed for the performance of its duties. The Committee is permitted to retain outside consultants to assist it in determining matters as required by the regulations.

The Remuneration Committee met seven times in 2012 (the average length of the meetings was over one hour) concentrating mainly on the following fields:

- examination of the state of compliance with new provisions and instructions issued by the Supervisory Authority;
- examination of requests relating to remuneration and the related answers to be submitted to the Supervisory Authority;
- remuneration and incentive policies for employees and associate workers not bound to companies by employee contracts: with assessment work and the submission of recommendations to the Supervisory Board for updating Group policy;
- assessment work and the submission of recommendations to the Supervisory Board to verify the consistency with Group remuneration policies of the remuneration plan recommended by the Management Board for “top management” and the “highest management level of the control functions”, on the basis of financial instruments (shares of the listed Parent, UBI Banca), decided by the Management Board and submitted for the approval of the Shareholders' Meeting;
- update of remuneration policies for the corporate bodies of subsidiaries: assessment work and the submission of recommendations to the Supervisory Board;
- assessment work and the submission of recommendations to the Supervisory Board for the approval of the Report on Remuneration to submitted for the approval of the Shareholders' Meeting;
- examination of the Control Functions' report on regulatory compliance of the Group remuneration and incentive policies;
- examination of the regulations for the incentive scheme for “top management” and the “highest management level of the control functions”: assessment work and the submission of recommendations to the Supervisory Board;
- verification of the trigger conditions and the performance objectives for the 2011 incentive scheme;
- UBI Pramerica SGR Incentive Schemes 2012: verification of compliance with the Policy;
- fact finding work and the submission of recommendations to the Supervisory Board to verify the consistency of the remuneration recommended by the Management Board for the management bodies and senior management of subsidiaries with Group remuneration policies;
- verification of the consistency of the 2012 bonus scheme with Group remuneration policies;
- measures taken in relation to personnel categorised as “top management” and the “highest management level of the control functions”: confirmations of compliance;
- verification of the performance of 2012 incentive schemes;

Two meetings have already been held in 2013.

## **8. Remuneration and Succession Planning**

**Indemnities for board members in the event of resignation, dismissal or termination of contract following a public tender offer [pursuant to Art. 123 - *bis*, paragraph 1, letter i) of the Consolidated Finance Act]**

### **Supervisory Board**

Shareholders set the remuneration of Supervisory Board members in addition to total remuneration for individuals with certain specific responsibilities, powers and functions. This amount is subsequently allocated by setting the remuneration of the Chairman, the Senior Deputy Chairman, the Deputy Chairmen and other members of the Supervisory Board with certain specific responsibilities, powers and functions pursuant to the Articles of Association

or in accordance with Supervisory Board decisions requiring, among other things, participation in committees.

### **Management Board**

In compliance with the Articles of Association, after first consulting with the Remuneration Committee, the Supervisory Board sets the remuneration of the Management Board and of its members to whom special offices, duties or powers have been assigned.

The remuneration of the members of the Management Board is not linked to the operating results achieved by the Bank.

No member of the Management Board is a participant in any incentive schemes.

As concerns the Chief Executive Officer, as the highest ranking executive officer of the Bank, a part of his remuneration is variable, determined on the basis of criteria set for all senior executives.

### **Indemnities for board members in the event of resignation, dismissal or termination of contract following a public tender offer [pursuant to Art. 123 - *bis*, paragraph 1, letter i) of the Consolidated Finance Act]**

The Bank is under no contractual obligation to pay sums to Management Board and Supervisory Board members in the event of dismissal without cause or termination of employment as a result of a takeover.

The Remuneration Report, as required by Art. 123 *ter* of the Consolidated Finance Act, may be consulted for details of remuneration and incentives schemes in place in the UBI Banca Group.

### **Succession planning**

In 2011 UBI Banca put a structured process in place entitled “senior leadership succession”, designed to select and assess managers within the Group for consideration by the Appointments Committee, the Supervisory Board and the Management Board as potential candidates for senior executive positions and for those of Chief Executive Officer and General Manager in particular.

The “senior leadership succession” is a periodic process to assess the managerial skills and potential of each of the managers who fill high ranking roles in the Group.

Each manager is assessed by means of individual interviews conducted by a leading specialised firm (EZI) which also took a series of 360 degree references for each manager.

Each assessment contains an analysis of the strengths, areas for improvement and comprehensive perception of each manager as well as a summary assessment of general potential and also specific potential for the selection of the best candidates for succession to the position of General Manager and/or Chief Executive Officer.

Each manager receives feedback on his/her strengths to be consolidated and areas for improvement to be developed. This feedback forms part of individual development plans designed to strengthen managerial quality at UBI Banca.

In cases of early or unexpected substitution of the General Manager and/or Chief Executive Officer, the results of the “senior leadership succession” process represent a point of reference for decisions relating to new appointments and for the assessment of potential candidates.

The results of the “senior leadership succession” process are discussed and validated by the Chairman of the Appointments Committee and the Chairman of the Supervisory Board and by the Senior Deputy Chairman of the Supervisory Board jointly with the Chairman and Deputy Chairman of the Management Board.

UBI Banca has also had a structured “management appraisal” process in place since 2009, designed to enhance the leadership development of Group managers and to enable the selection of successors in the short and medium term for the key positions and/or for managers who report directly to the Chief Executive Officer and the General Manager.

The methodology, output and procedures of the “management appraisal” process are similar to those described above for the “senior leadership succession” process and they were carried out with advisory support from a leading specialised firm (EZI).

The results of the “management appraisal” process are validated by the Chief Executive Officer and by the General Manager and they are discussed with the Chairman and Deputy Chairman

of the Management Board and with the Chairman and Senior Deputy Chairman of the Supervisory Board.

The effects arising from the Senior Leadership Succession process were applied in concrete terms when the management structure of the Group was changed in December 2011.

The succession plans are updated on a periodic basis in accordance with the procedures and methods described above.

## 9. Internal Control Committee

The Internal Control Committee is composed of the following members of the Supervisory Board, all of whom are enrolled in the Register of Auditors:

- Sergio Pivato, as the Chairman
- Luigi Bellini
- Mario Cattaneo
- Alfredo Gusmini
- Italo Lucchini

The purpose of the Committee, which is governed by special regulations which determine its duties and how its functioning, is to support the Supervisory Board by performing assessments, providing advice and submitting proposals in those areas overseen by the Board as a Supervisory Body in accordance with regulatory requirements in force at the time.

The Committee's duties also include supporting the Supervisory Board with its supervisory functions pursuant to Art. 149, paragraphs one and three, of Legislative Decree No. 58 of 24<sup>th</sup> February 1998, having regard to the internal control system and other activities related to the functions of the Supervisory Body and the following activities in particular:

Internal control system:

- assessment of the efficiency and adequacy of the internal control system as a whole;
- assessment of the basic elements of the general architecture of the internal control system (powers, responsibilities, resources, information, and management of conflicts of interest);
- supervision of the adequacy of the system for managing and monitoring risk and of the compliance of the Internal Capital Adequacy Assessment Process (ICAAP) with the regulatory requirements;
- non-binding opinion regarding the appointment and removal of the officer responsible for the internal control function and the officer responsible for the compliance function (pursuant to Art. 46 letter Q of the Articles of Association), by submitting its own assessment of the identified candidates to the Supervisory Board;
- approval of the activities plan of the corporate control functions and examination of their reports on the activities carried out;
- verification of the proper performance of strategic control and management activities by the Parent in relation to Group member companies.

Other activities in support of the Supervisory Board oversight activities:

- assessment of the adequacy of the organisational and accounting structures of the Bank;
- communication to the Bank of Italy of events or facts which might constitute a management irregularity or an infringement of banking regulations pursuant to Art. 52 of the Consolidated Banking Act. Should the Committee become aware of circumstances that may be relevant pursuant to Art. 52 of the Consolidated Banking Act in the course of its activities, it shall inform the Supervisory Board of this immediately;
- reporting of management irregularities and violations of the regulations governing the provision of investment services;
- assessment of proposals from external auditing companies applying for appointment;
- opinion regarding the appointment and removal of the person in charge of preparing the financial reporting documents pursuant to Art. 154-*bis* of Legislative Decree No. 58 dated 24<sup>th</sup> February 1998, (and pursuant to Art. 46 letter Q of the Articles of Association), by

- submitting its own assessment of the identified candidates to the Supervisory Board;
- preparation of the report on supervisory activity performed, on omissions and on irregularities observed on the occasion of the Shareholders' Meeting called pursuant to Art. 2364-*bis* of the Italian Civil Code as well as for any other ordinary or extraordinary Shareholders' Meeting called.

The Committee performs its internal control and audit functions in accordance with Art. 19 of Legislative Decree No. 39 of 27<sup>th</sup> January 2010, specifically including the following:

- financial reporting processes;
- effectiveness of the system of internal control, internal audit and risk management;
- the external statutory audit of separate and consolidated accounts;
- the independence of the auditor, particularly with respect to the provision of non-audit services, assessing its professionalism and experience in order to ascertain its adequacy in relation to the size and operational complexity of the Bank.

The Committee normally performs its duties using the information provided to the Supervisory Board in compliance with the relevant regulations and any additional information provided by the Chief Audit Executive, the Chief Risk Officer, the Compliance Officer, the Money Laundering and Financing of Terrorism Risks Officer, the Senior Officer Responsible for the preparation of corporate accounting documents and the external statutory auditor, as well as the results of the activities performed by the Supervisory Body pursuant to Legislative Decree No. 231/2001. In particular, for matters relating to accounting issues the Committee makes use of the investigations carried out by the Accounts Committee, and the presence of a member of the Accounts Committee in the Internal Control Committee, together with the joint presence of all the members of both committees in the Supervisory Board ensure that they are co-ordinated adequately. There are also appropriate forms of liaison between the Internal Control Committee and the entity responsible for auditing the accounts.

The Committee, by making use of the services of the appropriate organisational units of the Bank, can proceed to inspections and controls at any time and exchange information with the control bodies of the companies of the Group with regard to the management and control systems and to corporate activity. In accordance with Art. 43 of the Articles of Association, the Committee requests intervention by the Internal Audit Function in response to extraordinary requests for inspections and/or investigations made by the Chief Executive Officer. In order to carry out its activities, the Committee may identify and use external consultants, at the Bank's expense.

The Committee works in close liaison with the corresponding bodies of the subsidiaries. At least one member of the Internal Control Committee attends meetings of the Management Board on a rotating basis in compliance with regulations in force.

The Internal Control Committee met 25 times in 2012 (the average length of each meeting was approximately three hours) and all the meetings were properly minuted.

Each member was present at the following number of meetings: Prof. S. Pivato, 25 meetings; *Avv.* L. Bellini, 22 meetings; Prof. M. Cattaneo, 24 meetings; *Dott.* A. Gusmini, 24 meetings; *Dott.* I. Lucchini, 21 meetings. In relation to the matters discussed under specific items on the agenda, and at the request of the Chairman of the Committee, representatives of UBI Banca and other Group companies, as well as outside professionals attending as consultants and representatives of the independent auditors have attended meetings as needed. The Chief Risk Officer, the Chief Audit Executive and the Officer Responsible for the Parent and Process Area also attended the meetings of the Committee on a regular basis.

The Committee submits special semi-annual reports on the activities performed to the Supervisory Board. The Chairman of the Committee also notifies the Supervisory Board from time to time of areas that have been observed requiring improvement or attention, requesting the adoption of appropriate measures to strengthen internal controls and assessing their effectiveness over time, as well as reporting on activities performed in relation to specific matters that the Supervisory Board has asked the Committee to examine in greater detail, providing relevant information to support the work of the Supervisory Board.

In 2012 the Internal Control Committee concentrated mainly on the following activities:

- on the most important issues concerning the internal control system of the Bank and the legislative framework, as follows:
  - the main legislative and regulatory changes in areas relevant to the general architecture of the internal control system of the Group internal control system, including those introduced by the Stability Law of 12<sup>th</sup> November 2011 concerning supervisory bodies pursuant to Legislative Decree No. 231/2001, the new Corporate Governance Code issued by the Corporate Governance Committee of Borsa Italiana Spa in December 2011, the instructions issued by the Bank of Italy on 11<sup>th</sup> January 2012, concerning the application of the supervisory measures concerning the organisation and corporate governance of banks as well as the consultation document on “New regulations for the prudential supervision of banks. System of internal controls, information systems and operational continuity”, published by the Bank of Italy in September;
  - the process by which the UBI Banca Code of Conduct was issued and the progressive implementation of the document by the subsidiaries of the Group;
  - the reorganisation plan concerning “Actions for the optimisation and functioning of the Group”, focusing in particular on aspects relating to risk control, organisational simplification measures and the proposed revision of the governance systems of Group member companies, as well as the new organisational structure of the Parent, with particular reference to the extraordinary operations in which the Bank has been involved during the period;
  - matters relating to the system of powers, the definition and attribution of responsibilities and the management of resources, such as amending signatory powers as a consequence of changes to the organisation structure of UBI Banca, the remuneration and incentive schemes, and changes in staff costs;
  - the provision of information, with particular regard to the tool called “Integrated reporting on risks and mitigation action”, the issue of a specific regulation at Group level intended to define reporting systems to and from the Board Member acting as Audit Contact and the reporting systems between the Boards of Statutory Auditors and the related corporate control functions;
  - the management of conflicts of interest and more specifically the procedures used by the Bank to address the issue of interlocking directorships, introduced by Art. 36 of Law No. 214/2011, as well as the process for updating and approving the policy relating to limits on the accumulation of positions;
  - the activities of the Supervisory Bodies of the Group member companies, including specific meetings, with a particular focus on the areas affected by the Basel II regulations;
  - assessment of the adequacy of the organisational and accounting structures of the Bank, with a particular focus on monitoring relevant current project initiatives;
  - in relation to anti-money laundering, with a particular focus on updating the “Group organisational regulations against money laundering and finance for terrorism”, consistent with the actions taken by the units of the Bank for the purpose of defining a new organisational Model for the Group, monitoring the responses of the Bank to specific requests for clarifications and information made in this regard by the Bank of Italy as well as examining proposals for changing the frequency of customer monitoring;
  - changes in the Internal Audit, in terms of the structure, staff numbers and operational tools of the function - particularly the aspects relating to the setting up of a system for the automatic assignment of ratings to Italian branches, in support of the remote monitoring activities performed by the Internal Audit Function - as well as the Internal Audit’s interactions with other organisational units;
  - assessment of the adequacy of the internal control system as a whole;
  - the work of the UBI Banca Supervisory Body pursuant to Legislative Decree No. 231/01;
  - the elements characterising the complaints management process;
- supervision of the adequacy of the system for managing and monitoring risk and of the compliance of the Internal Capital Adequacy Assessment Process (ICAAP) with the regulatory requirements, in particular monitoring the activities carried out to obtain



authorisation for the use of advanced methods and preparations for their extension to Group member companies;

- on the evaluation of the activities plan of the corporate control functions and of their regular reports on the activities carried out (Internal Audit, Corporate Anti-Money laundering Officer, Compliance and Supervisory Body);
- on policy setting and co-ordination activities performed by the Parent, where particular attention was paid to events involving subsidiaries with reference to existing processes in relations between them and the Bank, in order to examine the proper performance of strategic control and management activities by the Parent;
- on the provision of investment services, with regard to provisions introduced by the MiFID Directive and the management of the securities portfolio;
- on areas relating to covered bonds, including the analysis of the results of internal audits carried out by the Internal Audit Function on the 2012 Programme, the securitisations, and transactions with related parties - relevant intragroup and atypical transactions;
- on aspects affected by legislation concerning external statutory audits of annual separate and consolidated financial statements, including specific meetings with the “Senior Officer Responsible for the Preparation of Corporate Accounting documents” and with members of independent auditors;
- on periodic reporting and specific reporting on the results of analyses conducted by the Internal Audit Function;
- on relations with Supervisory Authorities, with specific regard to requests for self-analysis concerning specific operations and inspections carried out at the Bank and its subsidiaries, including the inspection made in UBI Leasing;
- on an examination of the underlying causes of the main damaging events in the Group.

As concerns our activities in 2013 we report that the Internal Control Committee has set the dates of its meetings up to the date of the Shareholders’ Meeting, more specifically planning to hold eight meetings, six of which have already been held at 12<sup>th</sup> March 2013.

## 10. Accounts Committee

The Accounts Committee is composed of the following members of the Supervisory Board:

- Carlo Garavaglia, as Chairman
- Mario Cattaneo
- Silvia Fidanza (from 11<sup>th</sup> April 2012)
- Federico Manzoni (until 10<sup>th</sup> April 2012)
- Sergio Orlandi

The purpose of the Committee is to support the Supervisory Board by performing assessments, providing advice and submitting proposals, in accordance with regulatory requirements, as may be in force from time to time, regarding the approval of financial statements and periodic reports. It expresses opinions designed to allow the Board itself to make decisions in a knowledgeable and informed manner.

The Committee is, in that particular respect, required to provide the Supervisory Board with a factual and analytical understanding of such statements and reports. This is done through fact finding activities performed on the accounts prior to the preparation of annual separate and consolidated financial statements or half year and quarterly reports. The Committee then oversees the preparation of accounting documentation through the examination of figures and other relevant information as and when they become available. In order to do this the Committee:

- discusses accounting issues common to all Group member companies;
- examines accounting issues relating to individual Group member companies;

- acquires detailed knowledge of issues concerning the measurement of items in the accounts;
- acquires detailed knowledge of issues concerning the presentation of accounts;
- studies issues concerning supervisory regulations for banks, acquiring knowledge of technical and discretionary aspects.

The Supervisory Board may also ask the Committee to study specific issues within the scope of its responsibilities.

The Committee normally performs its duties using the information provided to the Supervisory Board in compliance with the relevant regulations and any additional information provided by the Senior Officer Responsible for the preparation of corporate accounting documents.

The Accounts Committee met ten times in 2012. The average length of each meeting was approximately two and a half hours.

The Accounts Committee focused on an examination of matters concerning the separate and consolidated financial statements of the Parent, the half year financial report and the quarterly reports at the end of March and September. In this context, the Committee acquired detailed information, overseeing the preparation of the aforementioned documents on the basis of information provided by the Officer Responsible for the Preparation of Corporate Accounting Documents, with a focus mainly on technical aspects of the accounts for which it was considered that the involvement of the Committee itself was appropriate. Particular attention was paid to the following:

- the process and method used for impairment loss on intangible assets, in particular on goodwill and investments;
- the state of the Group's tax litigation and the examination of the legal opinions provided on the most significant cases;
- all the existing financial instruments, the composition and evaluation of the portfolio of securities owned, including financial derivative instruments;
- economic impacts and the accounting methods consequent to the framework trade union agreement of November 2012 in the context of the Group "Optimisation Plan", as well as the main effects in the accounts of the other cost containment measures implemented during the year;
- the "Business Process Re-engineering Project", the updating of the Group regulations on monitoring the chart of accounts, inventory stocktaking and changes in suspense accounts for the main product companies;
- the ALM strategy and consequent impacts concerning the partial cancellation of hedges in hedge accounting;
- the accounting treatment of deferred taxation and the regulatory developments in this regard, with particular reference to examination of the recoverability of deferred tax assets;
- the loan loss rate, the situation for deteriorated loans and receivables and the trends of the related coverage rates, with a particular focus on significant positions and on impairment losses on loans, calculated either individually or collectively;
- the accounting effects of company integration and IT migration processes and the relative consequences in the financial statements, characterising in particular the Group member companies that are subject to a performance review of the consumer credit business;
- the accounting effects of the introduction of new regulations and tax legislation;
- verification of the contingent assets as defined by IAS 37, also on the basis of updates to regulations and supervision;
- updates to the Group Accounting and Reporting Manual and the newsletters issued on the main changes relating to accounting;
- the state of progress on activities relating to the "Basel II" project.

Three meetings have been held in 2013.

## 11. Related and Connected Parties Committee

The Related and Connected Parties Committee is required to perform the tasks allocated to it: (i) "Regulations for UBI Banca Scpa related-party transactions" adopted in implementation of Art. 2391-*bis* of the Italian Civil Code and Consob requirements with respect to related parties adopted with Resolution No. 17221/2010 and subsequent amendments; (ii) "Regulations for operations with parties connected to the UBI Group", adopted in implementation of Title V, Chapter 5 of Bank of Italy Circular No. 263 of 27<sup>th</sup> December 2006 - 9<sup>th</sup> amendment of 12<sup>th</sup> December 2011, "New regulations for the prudential supervision of banks", containing measures concerning "risk assets and conflicts of interest with connected parties". The way in which the Committee functions are governed by the regulations mentioned above, is available on the website ([www.ubibanca.it](http://www.ubibanca.it)).

More specifically the Committee is required to formulate a justified opinion on the existence of an advantage for UBI Banca in performing transactions with related and connected parties and on the advantages and substantive fairness of the relative conditions.

That Committee is composed of the following Supervisory Board members:

- Federico Manzoni, as Chairman
- Silvia Fidanza
- Sergio Orlandi.

The Committee met seven times in 2012 (the average length of the meetings was over one hour) concentrating mainly on the following fields:

- opinions on the existence of an advantage for UBI Banca in the designations made by the members of the Management Board for positions on the boards of directors of subsidiaries and subsequent payment of the relative directors' fees;
- opinions on the existence of an advantage for UBI Banca in entering into contracts with related parties, and on the advantages and fairness of the relative conditions;
- opinions and assessments in relation to the new supervisory regulations concerning risk activities with connected parties;
- acknowledgement of the periodic receipt of the list of all the related-party transactions performed, including those not subject to a prior opinion from the Related and Connected Parties Committee.

One meeting has already been held in 2013.

## 12. Management Board

### 12.1. Appointment and replacement (pursuant to Art. 123 *bis*, paragraph 1, letter l) of the Consolidated Finance Act)

The Management Board is composed of between a minimum of seven and a maximum of eleven members including a Chairman, a Deputy Chairman and a Chief Executive Officer.

The members of the Management Board are appointed from among registered shareholders with voting rights by the Supervisory Board, on the basis of a proposal by the Appointments Committee, after their number has first been set, according to a criterion which, in compliance with Law No. 120 of 12<sup>th</sup> July 2011, ensures a balance between genders for the period provided for by that law.

The members of the Management Board shall remain in office for three financial years. Their term of office shall expire on the date of the Supervisory Board meeting convened to approve the financial statements relating to their last year in office. They remain in office in any event until a new Management Board is appointed in accordance with Art. 46, letter a) of the Articles of Association and they may be re-appointed.

The members of the Supervisory Board cannot be appointed as members of the Management Board as long as they continue to hold that office.



If the positions of one or more members of the Management Board become vacant, the Supervisory Board replaces them without delay, again on the basis of a proposal submitted by the Appointments Committee in compliance with the proportions established by Law No. 120 of 12<sup>th</sup> July 2011 for the purposes of ensuring balance between genders. The term of office of members appointed in this manner shall expire at the same time as that of those in office when they were appointed.

If for any reason the positions of the majority of the members originally appointed by the Supervisory Board become vacant, then the entire Management Board shall be considered as removed from office from the date of the appointment of new members. The latter shall remain in office for the remaining term of office that the original Board would have served.

At least one member of the Management Board must possess the requisites of independence set forth in Art. 148, paragraph 3 of Legislative Decree No. 58 of 24<sup>th</sup> February 1998.

Furthermore, at least the majority of the members must have a total of at least three years experience in management and/or professional activities in financial and/or banking and/or insurance companies in Italy or abroad.

In compliance with instructions issued by the Bank of Italy on the organisation and corporate governance of banks, the Management Board consists mainly of executive members, consistent with the function of strategic supervision assigned to the Supervisory Board (see the details provided in summary table No. 3).

The members of the Management Board are in fact actively involved in the management of the Bank in compliance with policies approved by the Supervisory Board and submitted to it by the Management Board itself, which as specifically required by the Articles of Association performs its main activities exclusively on a collegial basis with no powers to delegate authority.

In addition to the Chief Executive Officer, the Articles of Association (Art. 39) also assign powers and functions to the Chairman and the Deputy Chairman which underline their involvement in the management of the Bank.

The management commitments and responsibilities of the executive board members apply not only to the sphere of the Management Board, but also at Group level by appointments to positions in the governing bodies of the main subsidiaries of UBI Banca, which actively helps to ensure that the various member companies of the Group comply with instructions issued by the Parent in the exercise of its management and co-ordination activities.

## **12.2. Composition (pursuant to Art. 123 bis, paragraph 2, letter d) of the Consolidated Finance Act)**

The Management Board was appointed on 27<sup>th</sup> April 2010 by the Supervisory Board, which established the number of members as ten, unanimously appointed the members and also appointed Emilio Zanetti as the Chairman and Flavio Pizzini as the Deputy Chairman, designating Victor Massiah as Chief Executive Officer, who was then appointed by the Management Board on 28<sup>th</sup> April 2010.

The Supervisory Board approved a resolution at its meeting on 30<sup>th</sup> June 2010 to increase the number of members of the Management Board from 10 to 11 and appointed Gian Luigi Gola as the eleventh member.

Giuseppe Camadini, a member of the Management Board, passed away on 25<sup>th</sup> July 2012. In this respect, the Supervisory Board, on the basis of a proposal from the Appointments Committee, decided unanimously to postpone the replacement of public notary *Dott. Giuseppe Camadini*, referring the decision to the new Supervisory Board to be appointed on the occasion of the 2013 Shareholders' Meeting, as long as this was not prejudicial to the proper functioning of the Supervisory Board. In relation to the above, the Supervisory Board finds that, partly by means of the attendance of meetings of the Management Board by members of the Internal Control Committee on a rotating basis, management activity is proceeding as usual, without malfunctions, and intends to intervene immediately if shortcomings or

deadlocks requiring the intervention of the Supervisory Board occur in relation to the replacement of *Dott. Camadini*.

In view of the above, the Management Board is currently composed of the following members:

Emilio Zanetti	Chairman
Flavio Pizzini	Deputy Chairman
Victor Massiah	Chief Executive Officer
Giampiero Auletta Armenise	Member
Mario Cera	Member
Giorgio Frigeri	Member
Gian Luigi Gola	Member
Guido Lupini	Member
Andrea Moltrasio	Member
Franco Polotti	Member

The curricula vitae of the members of the Management Board are available on the website of UBI Banca, while attachment A) lists the positions held by all the board members in companies listed in regulated markets, including foreign markets, and in financial, banking, insurance or large companies.

The members of the Management Board remain in office for three years, expiring on the date of the Supervisory Board meeting convened to approve the financial statements for 2012. They remain in office in any event until a new Management Board is appointed in accordance with Art. 46, letter a) of the Articles of Association and they may be re-appointed.

It has been verified that the members of the Management Board are in possession of the current legal requirements to hold their positions.

As a general rule and with the exception of resolutions that must be passed by a qualified majority, the attendance of more than half the members in office is required for meetings of the Management Board to be valid.

The provisions of the "Internal regulations on the limits to the accumulation of positions by company personnel" adopted by the Parent in June 2009, subsequently modified by decisions taken by the Supervisory Board on 18<sup>th</sup> July 2012, and implemented by the banks in the Group, apply to the Management Board.

These regulations apply to members of the Management Board and the Supervisory Board of the Parent, to the board members and statutory auditors of the banks in the Group, without prejudice to compliance with mandatory legislation and regulations and the provisions of the Supervisory Authority, including regulations concerning the limits on the accumulation of positions by members of the supervisory bodies of listed issuers and companies with publicly distributed financial instruments, which the Group's regulations extend to cover all the statutory auditors of all the banks in the Group.

Those regulations state that not only are board members not permitted to accept more than five appointments in issuer companies that are not Group members, but also they may not accept other appointments as board members in companies in the Group and external to it, above a maximum limit of a total of six points, resulting from the application of a system of calculation that assigns weights to different types of position dependent on the class of company.

With regard to groups of companies, for persons belonging to subsidiaries who also perform the same function in the Parent, the regulations allow a reduction by fifty percent of the weighting for the position occupied in the subsidiary company, in consideration of the synergies resulting from a knowledge of the facts and conditions that concern the entire Group

to which they belong and which therefore reduce, other conditions remaining the same, the commitment involved compared to that required for activities performed in other similar, but independent companies. Similarly, the regulations allow a reduction of thirty percent in the weighting for positions occupied by members of the Management Board of UBI Banca in companies in which the UBI Group holds a strategic investment, or in associates. There are also specific rules for the directors and statutory auditors designated by authorities and partners of the Group by virtue of shareholders' agreements and those who hold posts in the Parent company and subsidiaries of a group other than the UBI Group, for which positions held in the subsidiaries of the said outside group are exempt.

At the date of this report, an analysis of the accumulation of positions held by members of the Management Board of UBI Banca found a general situation compliant with the contents of the regulations.

Following its appointment and on an ongoing basis, in accordance with the relevant regulations in force, the Management Board successfully ascertained that the requirements for integrity, professionalism and independence were met by all its members.

As in 2011, the Management Board carried out a self-assessment process relating to its size, composition and functioning again in 2012, with the assistance of an external firm, EZI; the self-assessment of the Management Board was specifically addressed in the Board meeting of 13<sup>th</sup> March 2012. The Management Board's self-assessment was conducted with particular reference to the following factors: *(i)* the quality and completeness of skills, experience and expertise within the Board; *(ii)* sufficient number of board members; *(iii)* the quality of Board meetings; *(iv)* the quality and promptness of reporting and presentations to the Board; *(v)* the effectiveness and efficiency of decision-making processes within the Board; *(vi)* the clarity, agreement and satisfaction with regard to policies, performance and risk objectives and the results achieved. On completion of the self-assessment process, the Board was unanimous in its findings that its size and procedures were satisfactory and was, furthermore, of the opinion that, taken as a whole, the organisation, knowledge of issues, and attendance of board members at meetings and deliberations were sufficient to assure the effective and efficient management of the Bank and the Group.

At the end of 2012 the Supervisory Board, working with the Appointments Committee, commenced the preparatory activities necessary for the appointment of the corporate bodies, whose terms will expire in 2013, by drawing up the document entitled "Guidelines for the appointment process of the Supervisory Board and the identification of members of the Management Board" in which the preparatory activities to be commenced in view of the appointment of the corporate bodies of UBI Banca were defined, also in compliance with the Supervisory Provisions concerning the organisation and governance of banks (cf. Instructions of the Governor of the Bank of Italy of 11<sup>th</sup> January 2012). The first stage of the process analysed the main results from a comparison of the characteristics of the corporate governance of UBI Banca with those characterising European companies included in a representative and comparable sample, which are considered European best practice for corporate governance models.

In consideration of the specialist expertise required for that survey, the Supervisory Board and the Appointments Committee were supported by EZI – a leading consulting firm on corporate governance issues with its global Board Consulting practice – which had already worked with the Board and the Appointments Committee for the self-assessments conducted in 2011 and 2012, as part of which EZI had developed a model of analysis used as support in the identification of the most appropriate qualitative and quantitative profile for the Supervisory Board and the Management Board. The process will end in 2013 with the identification of the optimal qualitative and quantitative composition of the Management Board and Supervisory Board and the distribution of the results of the analyses to registered shareholders. On completion of this, the newly appointed Management Board shall ascertain, as part of the process to verify the requirements of professionalism and integrity, the absence of grounds for incompatibility, as well as verifying that the actual composition resulting from the appointment process complies with the quantitative and qualitative composition deemed to be optimal.

### **12.3. Role of the Management Board (pursuant to Art. 123 bis, paragraph 2, letter d) of the Consolidated Finance Act)**

The Management Board meets at least once a month and also at any time the Chairman considers it appropriate or when a request is made by five members. Meetings are held alternating between the city of Bergamo and the city of Brescia and once a year in the city of Milan.

The Management Board met 27 times in 2012 and the average length of meetings was approximately five hours.

In order to facilitate attendance at Board meetings, Art. 34 of the Articles of Association allows remote attendance through the use of appropriate audio/videoconference and/or teleconference connections.

Resolutions of the Management Board are passed by open vote, with the vote in favour of the majority of the members present.

In compliance with Borsa Italiana regulations, in January UBI Banca announced its calendar of corporate events for 2013 to the market (and published it on its website), with the dates of Board meetings for the approval of operating and financial results.

In this regard we report that the Management Board has planned its meetings up to April 2013 and the following meetings for the approval of the operating and financial results for the period on 31<sup>st</sup> March 2013, 30<sup>th</sup> June 2013 and 30<sup>th</sup> September 2013, with twelve meetings planned, of which six have already been held.

At least one member of the Internal Control Committee attends meetings of the Management Board on a rotating basis in compliance with regulations in force.

The Chairman, after consulting with the Chief Executive Officer or on his request, may invite senior managers of the Group and/or external consultants to meetings to report on specific matters, or officers of Group member companies to report on matters in subsidiaries.

The functions of the Management Board are given in Art. 37 of the Articles of Association, according to which the Management Board is responsible for managing the Bank in compliance with the general guidelines and strategic policies approved by the Supervisory Board, with account taken of the proposals made by the Management Board itself. To achieve this, it performs all the operations necessary, useful or in any case advisable to implement the company objects, whether of an ordinary or extraordinary nature.

In addition to those matters that cannot be delegated by law and to those pursuant to the last paragraph of Art. 36, the Management Board has exclusive responsibility for the following:

- a) setting the strategic policies and plans of the Bank and the Group, on the basis of proposals from the Chief Executive Officer, to be submitted to Supervisory Board for approval;
- b) granting and revoking the powers of the Chief Executive Officer. The selection of the member of the Management Board to whom powers are granted must be performed on the basis of a non-binding proposal from the Supervisory Board, decided in turn, subject to a proposal by the Appointments Committee. If this proposal has not been made by the Appointments Committee with the quorum required by the relative regulations, the proposal submitted by the Supervisory Board to the Management Board shall be decided with the vote in favour of at least 17 members of the Supervisory Board. Revocation of the powers is decided by the Management Board with the vote in favour of at least eight members of the Management Board (or of all the members minus one, if the Management Board consists of seven or eight members), after consultation with the Supervisory Board;
- c) formulating, on the basis of proposals from the Chief Executive Officer, of the business and/or financial plans and the budgets of the Bank and the Group to be submitted to the Supervisory Board for approval pursuant to Art. 2409-*terdecies* of the Italian Civil Code;
- d) managing of risk and internal controls, with exception made for the responsibilities and powers of the Supervisory Board pursuant to Art. 46 of the Articles of Association;
- e) conferring, modifying or revoking authorisations and powers and assigning specific functions or authorisations to one or more board members;

- f) appointing and removing the General Manager and other members of General Management, defining their functions and responsibilities and also the appointment of the senior management of the Group;
- g) designating members of the Board of Directors and of the Board of Statutory Auditors of the companies belonging to the Group, without prejudice to the provisions of the preceding Art. 36, paragraph two, letter e) of the Articles of Association;
- h) formulating proposals concerning the acquisition or disposal of controlling investments in companies and the acquisition or disposal of non-controlling investments where the amount is greater than 0.01% of the supervisory capital eligible for calculating the consolidated core tier one capital as stated in the latest report to the Bank of Italy in accordance with the regulations in force;
- i) opening and closing down of branches and representative offices;
- j) determining the organisational, administrative and accounting structure of the Bank, to be submitted to the Supervisory Board for approval, and, without prejudice to the exclusive powers of the Supervisory Board pursuant to Art. 49 of the Articles of Association, setting up committees or commissions with advisory, investigative, controlling or coordinating functions, without prejudice to Art. 42, paragraph two of the Articles of Association;
- k) approving and amending of the regulations of the Bank and the Group, with exception made for the responsibilities and powers of the Supervisory Board pursuant to Art. 46, paragraph I, letter s) of the Articles of Association;
- l) determining the criteria for the co-ordination and management of Group member companies and also the criteria for implementing instructions issued by the Bank of Italy;
- m) subject to the mandatory opinion of the Supervisory Board, appointing and removing the Senior Officer Responsible for the corporate accounting documents, pursuant to Art. 154-*bis* of Legislative Decree No. 58 of 24<sup>th</sup> February 1998, and determining the relative remuneration;
- n) appointing and removing, subject to the opinion of the Supervisory Board, the Senior Officer Responsible for the internal control function, the Senior Officer Responsible for the compliance function and those officers responsible for functions whose appointment is the sole responsibility by law and regulations in force of the Management Board;
- o) preparing separate financial statements and consolidated financial statements for approval;
- p) the exercising powers to increase the share capital granted pursuant to Art. 2443 of the Italian Civil Code and also issuing convertible bonds pursuant to Art. 2420-*ter* of the Italian Civil Code, subject to authorisation by the Supervisory Board;
- q) implementing the obligations of the Management Board pursuant to articles 2446 and 2447 of the Italian Civil Code;
- r) formulating merger or demerger plans;
- s) formulating proposals for transactions pursuant to Art. 46, paragraph I, letter m) of the Articles of Association to submit to the Supervisory Board for approval;
- t) defining criteria to identify related-party transactions for which responsibility will lie with the Board itself.

Special regulations govern the functioning of the Management Board concerning:

- the general organisation of the work of the Management Board;
- the preparation of agendas for meetings;
- procedures, timing and contents of documentation to be sent to members of the Management Board before Board meetings, in order to allow members to act in an informed manner;
- performance of meetings;
- minutes and records of decision-making processes;
- reporting on the decisions taken.

A special section of those regulations deals with reporting systems.

In compliance with the Articles of Association, after first consulting with the Remuneration Committee, the Supervisory Board sets the remuneration of the Management Board and of its members to whom special offices, duties or powers have been assigned.

The relative amounts are reported in detail in the Remuneration Report prepared in accordance with Art. 123 *ter* of the Consolidated Finance Act, which may be consulted.



## 12.4. Executive officers

### *Chief Executive Officer*

The Management Board, in compliance with the Articles of Association, has conferred the following powers on the Chief Executive Officer:

- to supervise the management of the Bank and of the Group;
- to supervise the strategic co-ordination and the operational control of the Bank and the Group;
- to supervise the implementation of the organisational, administrative and accounting structure decided by the Management Board and approved by the Supervisory Board;
- to determine working directives for the General Management;
- to oversee the integration of the Group;
- to submit proposals to the Management Board for the formulation of the general programmes and strategic policies of the Bank and the Group and to draw up the business and/or financial plans and budgets of the Bank and the Group to be submitted for the approval of the Supervisory Board and to supervise implementation through the general management;
- to propose budgetary policy and policies on the optimisation of the use and enhancement of human resources and to submit financial statements and periodic financial reports to the Management Board for approval;
- to propose appointments to the senior operational and executive management of the Group to the Management Board, in agreement with the Chairman and Deputy Chairman of the Management Board and after consultation with the General Manager;
- to promote integrated risk management;
- to make extraordinary requests for inspections and investigations to the internal control function through the Internal Control Committee.

In accordance with the Articles of Association, the Chief Executive Officer reports quarterly to the Management Board on foreseeable developments and on the most important transactions performed by the Bank and its subsidiaries. The Chief Executive Officer reports monthly to the Management Board on the results of the Bank and the main subsidiaries of the Group as a whole.

Furthermore, on 28<sup>th</sup> April 2010, the Management Board assigned duties to the Chief Executive Officer pursuant to Art. 43 *bis* of the Articles of Association with the support of the General Manager in connection with the overall design of internal control systems.

## 12.5. Chairman of the Management Board

The duties of the Chairman of the Management Board are listed in Art. 39 of the Articles of Association. More specifically the Chairman of the Management Board, who acts as the Bank's legally authorised representative and authorised signatory, performs the tasks that are typically carried out by the Chairman of a company's management body, which he performs by liaising with the other Article of Association regulated bodies where appropriate.

## 12.6. Other Executive Board Members

In compliance with instructions issued by the Bank of Italy on the organisation and corporate governance of banks, the Management Board consists mainly of executive members, consistent with the function of strategic supervision assigned to the Supervisory Board (see the details provided in summary table No. 3).

The members of the Management Board are in fact actively involved in the management of the Bank in compliance with policies approved by the Supervisory Board and submitted to it by the Management Board itself, which as specifically required by the Articles of Association performs its main activities exclusively on a collegial basis with no powers to delegate authority.

In addition to the Chief Executive Officer, the Articles of Association (Art. 39) also assign powers and functions to the Chairman and the Deputy Chairman which underline their

involvement in the management of the Bank.

The management commitments and responsibilities of the executive board members apply not only to the sphere of the Management Board, but also at Group level by appointments to positions in the governing bodies of the main subsidiaries of UBI Banca, which actively helps to ensure that the various member companies of the Group comply with instructions issued by the Parent in the exercise of its management and co-ordination activities.

## 12.7 Independent Board Members

In accordance with the Articles of Association, at least one member of the Management Board must possess the requirements of independence pursuant to Art. 148, paragraph 3 of Legislative Decree No. 58 of 24<sup>th</sup> February 1998, in compliance with Art. 147 *quater* of the Consolidated Finance Act.

*Dott.* Gian Luigi Gola was identified as the independent member of the Management Board, pursuant to the legislation just mentioned.

The members of the Management Board are not required to meet the requisites of independence in the Corporate Governance Code, due, amongst other things, to the decision made by UBI Banca to form internal committees within the Supervisory Board as provided for by that Code for which those requisites are necessary.

## 13. The Board of Arbitrators

Appeal may be made to the Board of Arbitrators to settle any disputes that may arise between the Bank and/or registered shareholders over the interpretation or application of the Articles of Association and over any other resolutions or decisions taken by the governing bodies of the Bank concerning its business. It decides as a friendly arbiter by absolute majority vote. Without prejudice to the legislation and regulations currently in force, application to the Board of Arbitrators is not compulsory. Its decisions are not binding on the parties and do not constitute a hindrance to taking disputes before the courts or any other authority with jurisdiction for settlement. The Board of Arbitrators regulates its own proceedings as it deems appropriate without being bound by procedural formalities. The Management Board and the General Manager or an employee designated by him shall be required to provide the arbitrators with all the information that they may request concerning disputes to be settled.

The Board of Arbitrators consists of a Chairman, two full members and two alternate members, elected by a Shareholders' Meeting from amongst the registered shareholders of the Bank or others.

The Board of Arbitrators, appointed by the Shareholders' Meeting of 28<sup>th</sup> April 2012 for the three year period 2012/2014, is composed as follows:

<i>Avv.</i> Giampiero Donati	Chairman
<i>Avv.</i> Mario Caffi	Full arbitrator
<i>Avv.</i> Giuseppe Onofri	Full arbitrator
<i>Avv.</i> Attilio Rota	Alternate
<i>Avv.</i> Pierluigi Tirale	Alternate

The arbitrators provide their services free of charge, except for the reimbursement of expenses.

Grounds must be given for their removal.

If a full arbitrator vacates his position during his three year period of office, he is replaced by the most senior alternate member by age. If the Chairman of the arbitrators vacates his position, the chairmanship is taken by the most senior full arbitrator by age for the remainder of the three year period.

## 14. General Management

The Management Board, in compliance with the Articles of Association, has appointed *Dott.* Francesco Iorio to the position of General Manager with the following functions and responsibilities:

- chief operating officer;
- chief of personnel;
- ensuring, as a rule (unless otherwise specified by the competent management bodies), that the resolutions of the Management Board and of the Chief Executive Officer are implemented;
- managing day-to-day business in compliance with the policies set by management bodies;
- attending, with an advisory vote, the meetings of the Management Board;
- supervising the strategic co-ordination of the Bank and the Group.

The Management Board appointed *Dott.* Elvio Sonnino as Senior Deputy General Manager and four Deputy General Managers who have been assigned various responsibilities in the Group:

- Rossella Leidi
- Giovanni Lupinacci
- Ettore Giuseppe Medda
- Pierangelo Rigamonti.

## 15. Internal Control and Risk Management System

### Internal controls

The system of internal control is a set of rules, procedures and organisational units designed to enable the business of the Bank to be performed in a healthy and proper manner consistent with its objectives by means of an appropriate process of identifying, measuring, managing and monitoring the principal risks. As such it constitutes an essential part of the corporate governance system of UBI Banca and the companies of the Group.

UBI Banca has adopted an internal control system which, in compliance with the principles of the Corporate Governance Code, instructions issued by the Supervisory Authority and the Articles of Association of the Bank, assigns functions and responsibilities to the various officers who, in constant consultation with each other and supported also by regular reporting, contribute to the efficiency and effectiveness of the system of control itself.

The process of assessing the internal control system and verifying its adequacy and effective functioning form part of the responsibilities of the corporate bodies which fulfil strategic supervision, control and management functions. In order to accomplish this, the Supervisory Board makes use of the Internal Control Committee which it forms directly by itself (the composition, powers and functioning of the Internal Control Committee have already been examined in this report in the section specifically on that Committee).

In accordance with Art. 43-bis of the Articles of Association, the Management Board has assigned duties to the Chief Executive Officer, exclusively in support of the Management Board, with organisational, proposal-making and reporting functions on internal control matters, to be performed in close co-operation with the General Manager, in observance of the responsibilities of the Supervisory Board on those matters and decisions made by it.

### Principles for the organisation of the internal control system of the UBI Group

The corporate bodies responsible have approved a document containing the "Principles for the organisation of the internal control system of the UBI Group", designed to favour the most appropriate organisation of the internal control system of the Bank and the Group. These



principles are designed for application on a permanent basis to all Group member companies and constitute a point of reference for the definition and implementation of all the components of the system of internal control.

The main contents of the principles can be summarised as follows:

- efficiency avoiding overlap and/or gaps in control mechanisms with a systemic vision of governance and control designed to achieve highly effective risk management;
- consistency in the organisation processes of the Bank and the Group which, based on the Group's mission, identifies values, defines objectives and pinpoints risks which hinder their achievement and implements appropriate responses;
- compliance with legislation and regulations, even before they become compulsory, as a distinguishing feature and key factor of success for enhancing customer relations and, lastly, creating value for all stakeholders.

The senior management of the Bank has also formulated specific risk management policies that apply to the Group operations.

The responsibilities for internal controls of various roles in the Bank are identified within the context of those policies, as follows:

- line controls (first level), the responsibility of the managers of organisational or process units, are integrated in the processes to which they belong or relate and are designed to ensure the proper performance of the activities relating to their mission at different hierarchical levels;
- risk controls (second level), the responsibility of specialist units (in particular: Risk Management, Compliance, Anti-Money Laundering and Financing of Terrorism, Senior Officer Responsible and Operational Control), whose objectives are to assist in the definition of risk measurement and assessment methods, to verify compliance with limits assigned to different operating functions and to verify that the operations of single production areas are consistent with the risk-return objectives set for them;
- internal audit (third level), performed by the Internal Audit Function;

in addition to the strategic supervision performed by the Supervisory Board.

The first two types of control (first and second level), not only satisfy the requirements for reporting to the Supervisory Body, but are also closely related on a practical level to the daily exercise of their responsibilities in relation to internal controls by the management body and the general management.

More specifically, those responsible for second level controls are required to continuously identify, prevent and measure risk situations by adopting appropriate valuation models and to assist in the formulation of risk assumption and management policies with regard, amongst other things, to the maximum limits on exposure to them. Adequate reporting is provided to the Supervisory Board, the Management Board and the General Management on current and future exposure to operating risks which also includes a special *tableau de bord* useful, amongst other things, for monitoring and assessing the system of internal controls.

Furthermore, the Supervisory Board, the Management Board and Senior Management also benefit from an integrated overall outline of risks considered significant, identified by the control functions responsible for monitoring them and furnished using a tool developed in 2012 by the units under the Chief Risk Officer.

The organisational structure as at 31<sup>st</sup> December 2012 includes a Chief Risk Officer, bringing together in one unit the Risk Management, Compliance, Anti-Money Laundering and Financing of Terrorism and Risk Governance Service. The customer care staff and Group rating units also report directly to the Chief Risk Officer.

The same organisational structure includes a Chief Financial Officer, with the role of Senior Officer Responsible, to whom the functions responsible for strategic planning, management controls and accounting controls and standards pursuant to Law No. 262 report.

The roles mentioned are assigned the following functions with respect to the General Regulations of the Bank:

- Chief Risk Officer: Responsible for implementation of governance policies and the risk management system, performing the control function and providing the corporate bodies with an overview of the various risks (credit, market, operational, liquidity, reputational, compliance etc.). He ensures the measurement and control of the exposure of the Group to different types of risk. In this respect he ensures the supervision and implementation of

activities concerning risk management, partly by means of activities carried out by its own units. He contributes to the development and the diffusion of a control culture within the Group and oversees the detection and monitoring of potential failure to comply with legislation and regulations. He supports the Management Board and Senior Management in the creation and maintenance of an effective and efficient internal control system and the formulation of risk and limits management policy proposals, more specifically he supports the Chief Executive Officer, who is responsible for promoting integrated risk control, among other things by providing regular reports and communications. He provides independent information to the corporate body responsible for strategic supervision, partly through regular attendance of the Internal Control Committee, by sending reports and intervening directly. He performs these activities together with the Chief Audit Executive of the Parent working on the assessment of the adequacy of the internal control system. He supervises the internal validation process, oversees the Group rating process, the evaluation of its capital adequacy, the containment of risk and public disclosures. Coordinates the units involved in the complex process of data entry and data quality. The Chief Risk Officer, under the overall supervision of senior management and within the areas for which he has specific responsibility, performs the co-ordination function for Group member companies;

- Chief Financial Officer: supervises Group planning and budget setting cycles and the development and management of the system of strategic departmental reporting. He oversees Capital Management and Capital Allocation activities by proposing operations to strengthen and allocate capital to senior management. He monitors macroeconomic developments with particular reference to key variables which have a direct or indirect impact on the operating and capital objectives of the Group. He oversees strategic and operational asset and liability management. He oversees the financial risk related to the interest rate of the banking book of the Group. He proposes formulas for the Group's liquidity strategy and lending policies. He formulates and diffuses guidelines, principles, methodologies and regulatory interpretations on accounting and financial reporting matters within the Group. In his role as Financial Reporting Officer he guarantees adequate levels of control and directs activities for compliance with Law No. 262/2005. He ensures supervision of accounting, tax, financial reporting and regulatory activities on a separate company (Bank and operating companies) and consolidated basis. He ensures supervision of processes to close accounts and perform periodic measurement for the preparation of the separate company and consolidated interim and annual financial statements, reporting Group and operating company results to senior management on a regular basis. He ensures the adequacy of the management control system and the use of uniform methods within the operating companies, in this way guaranteeing that proper management reports are provided for senior management, to the competent functions of the Parent, to the departments of the network banks and to the other operating companies, with respect to the areas of their competence. He reports on data for the Incentive and Bonus Scheme in relation to the capital and earnings elements. He oversees the implementation of policies, management tools and activities relating to corporate social responsibility for the Bank and the Group. He prepares the compulsory periodic separate Parent and consolidated financial reports, in compliance with current legislation.
- reports in compliance with the legislation and regulations in force. The Chief Financial Officer, under the overall supervision of senior management and within the fields for which he has specific responsibility, performs the co-ordination function for Group member companies.

In this context, in the first quarter of 2012, changes were made to the organisational structure of UBI Banca were made, all with the intention of its simplification. These involved the replacement of the units assigned the rank of "Macro Area" with the identification of specific organisational roles and the discontinuation at the same time of that organisational rank.

The following changes were made:

- the role of "Chief Audit Executive" was created to replace the "Parent and Group Audit" Macro Area to which all those units previously under that area now report;
- all those units under the "Risk Control" Macro Area now report to the "Chief Risk Officer";

- the role of “Chief Financial Officer” was created on the staff of the Chief Executive Officer. All those units previously under the Administration and Management Control Macro Area and those units which reported to the “Strategic Development and Planning” Macro Area, except for the “Strategic Development” Area, report to the new role;
- the role of “Chief Strategy Officer” was also created to replace the “Strategic Development and Planning” Macro Area with the allocation to its staff of the “ALM” Area which was previously under the “Finance” Macro Area and the “Corporate Social Responsibility” Function now reports directly to the “Chief Financial Officer”.

The purpose of the Internal Audit Function (third level) is to make an independent assessment of the organisation and functioning of the system of internal control or parts of it to support the Management and Supervisory bodies. The mission of that function can be summarised very briefly as the systematic monitoring of the adequacy of risk controls at Group level, to assess the functioning of the Group internal control system and to help to improve it (in terms of effectiveness and efficiency).

The “principal characteristics of the risk and internal control management systems in relation to financial reporting” pursuant to Art. 123 *bis* paragraph 2, letter b) of the Consolidated Finance Act are illustrated in attachment 1 to this report.

### **15.1 Chief Audit Executive**

The Internal Audit Function is headed by the Chief Audit Executive, who reports to the Supervisory Board and has direct access to all the information required for his work and has no responsibility for any operational area.

In compliance with Bank of Italy supervisory provisions concerning the organisation and corporate governance of Banks, the Articles of Association assign responsibility to the Management Board for the appointment, subject to consultation with the Supervisory Board, of the Chief of the Internal Audit Function. *Sig. Angelo Arrigo* has been appointed to this position.

In implementation of Bank of Italy supervisory provisions concerning the remuneration and incentive policies and practices of banks and banking groups, the Remuneration Committee, an internal committee of the Supervisory Board, has performed consultative and proposal making functions on the remuneration of the chief of the internal audit function and directly oversees the proper application of the rules on remuneration for that role. In compliance with supervisory regulations and the Articles of Association, the Supervisory Board also verifies that the Chief Audit Executive has adequate resources to fulfil his duties.

The Internal Audit Function conducts auditing activities on UBI Banca and on subsidiaries which have delegated internal auditing to it and more generally to all the companies in the Group as the Parent. In relation to this area the Internal Audit oversees, both on a continuous basis and in relation to specific needs and in observance of international standards, the functioning and the adequacy of the internal control and risk management system, by carrying out an annual audit plan submitted to the Management and Supervisory bodies of the aforementioned subsidiaries, and cumulatively by the Management and Control bodies of the Parent. The document formulating the proposal for this plan defines guidelines for the Internal Audit, on the basis of which, consistent with the reference scenario, the plan for the activities that UBI Banca’s Internal Audit Function intends to perform. This plan was drawn up in compliance with the provisions contained in the operating manual of the Function in which the requirements, criteria, structures and procedures for drawing up the Activity Plan are set out. For their information and in order to receive any comments, the proposal for activities to be performed during the year was submitted to the general managements of the subsidiaries in December 2011. The procedure also provides for its subsequent submission to the Management and Supervisory bodies of the Parent following collation of all the proposed activities. To perform the activities provided for in this plan the Internal Audit Function makes use of internal resources and also of outside consultants for work of an extraordinary nature, whose work is guaranteed for 2012 by the provision of a specific budget.

In 2012, in compliance with the policies set and the relative regulations, the Internal Audit Function audited the proper functioning of risks and changes in them and it assessed the general functioning of the Group internal control system reporting to corporate bodies and to

senior management on potential improvements that could be made to risk management policies and to measurement instruments and procedures.

More specifically, in consideration of the need to support the Supervisory Board in the performance of its duties under legislation and regulations, and also to assist the Management Board, it focused particularly, in relation to their importance, on organisational units and processes affected by the impact of regulations concerning risk management (business, operational and compliance risk) and it also gave advisory support to project activities in progress with an impact on the internal control system.

It also used specific system analyses to verify the reliability of IT systems, including those used for bookkeeping.

Finally, in relation to the specific duties assigned to the Internal Audit Function by Circular No. 263/06 and subsequent updates on supervisory regulations, in 2012 the Internal Audit Function completed the audits required by the regulations for the filing of applications with the Bank of Italy for the adoption of advanced approaches for the measurement of credit and operational risk, monitored the actions required by the Supervisory Authority when the authorisation was issued, and commenced activities associated with the plan to extend the same authorisation.

In addition to the specific report submitted to the Audit Contact and the General Management following the conclusion of the analysis, the results of auditing activities have been the object of regular reports to the Boards of Directors and Boards of Statutory Auditors of the Subsidiaries, presented on a cumulative basis to the Internal Control Committee and the Management and Supervisory Boards of the Parent. This brief report also provides an outline of the principle situations identified by the auditing activities and the state of progress of the actions taken to remedy them. In the event of particularly significant circumstances it has immediately provided appropriate information to the Management and Supervisory bodies and to the executive Board Member responsible for the internal control system

## **15.2. Executive Board Member responsible for the internal control system**

On 28<sup>th</sup> April 2010, the Chief Executive Officer was assigned duties pursuant to Art. 43 *bis* of the Articles of Association, with the support of the General Manager, with regard to the overall design architecture of internal control systems.

As part of his duties, he initiated the approval by the competent bodies of the "Principles for the organisation of the internal control system of the UBI Group", as described in the initial part of this section.

## **15.3 Organisational Model pursuant to Legislative Decree No. 231/2001**

UBI Banca has adopted its own "Model of organisation, management and control" (hereinafter the "Model"), which complies with Legislative Decree No. 231/2001 and the relative legislation and regulations that apply and is based on principals that are already rooted in its governance culture and on the recommendations contained in the Italian Banking Association Guidelines.

The Model is presented in the "Document describing the organisational, management and control Model of UBI Banca S.C.p.A." approved by the Management Board and Supervisory Board of UBI Banca. It is divided into two parts which contain the following:

- in the general part a description of:
  - the legislative framework;
  - the reality of the company (system of governance and organisational structure of UBI Banca);
  - the structure of the Model and the methodology chosen to define and update it;
  - identification and appointment of the Supervisory Body of UBI Banca, with specification of the relative powers, tasks and reporting systems;
  - the functioning of the disciplinary system and the relative penalties;
  - the training and communication plan to be adopted to ensure that people have a knowledge of the measures and regulations of the Model;

- criteria for updating the Model;
- in the special part, a description of:
  - the types of crime (and administrative violations) relevant for the purposes of the administrative liability of entities which the Bank had decided to take into consideration in view of the nature of its business;
  - sensitive processes/activities and the relative control procedures.

The types of violations (crimes and administrative violations) covered by the special part of the UBI Banca Model are as follows:

- crimes against public administrations;
- crimes consisting of forgery of coins, public credit notes, duty stamps, identification instruments and distinctive signs;
- corporate crimes;
- crimes of terrorism and subversion of democratic law;
- crimes against the person of individuals;
- the crime of market manipulation and those covered by “market abuse” regulations;
- transnational crimes;
- crimes relating to health and safety at the workplace;
- crimes consisting of the receipt, laundering and use of money, goods or benefits of illicit origin;
- computer crimes and illicit processing of data;
- crimes relating to criminal organisation;
- crimes against industry and commerce;
- crimes concerning the violation of copyright;
- environmental crimes.

In compliance with Art. 6, paragraph 1, letter b) of Legislative Decree No. 231/2001 and in view of the recommendations of the most representative business associations, representing banks, and of the Italian Banking Association above all, UBI Banca has formed its Supervisory Body as a collegial body composed of the following:

- two members of the Management Board;
- the Chief of the Legal Affairs and Litigation Area;
- the Chief of the Compliance Area;
- an external professional, with the necessary specific expertise.

The Supervisory Body reports to the corporate bodies on the adoption and effective implementation of the Model, on the oversight of the functioning of that Model and on supervision of updates to the Model. It employs two separate lines of reporting to achieve this. The first is on a continuous basis directly to the Chief Executive Officer and the General Manager and the second consists of periodic reporting to the Management Board and the Supervisory Board.

UBI Banca, as the Parent, informs subsidiaries of the policies it has set in relation to the prevention of crimes pursuant to Legislative Decree No. 231/2001 and recommends general criteria which subsidiaries may follow. In this context, in 2012 UBI Banca carried out an update of the Model, making it possible to take account of the introduction of new types of crime, and changes to external and self-governance regulations. The Parent also supported the revision of the organisational models of Group companies by sending an updated version of the Model as a guideline for updating and customisation.

An extract of the UBI Banca Model entitled "Summary of the document describing the organisational, management and control Model of UBI Banca S.C.p.a." is available on the website of the Bank.

## 15.4 Independent auditors

The appointment of the independent auditor for the separate company and consolidated



financial statements for BPU was performed on 10<sup>th</sup> May 2003, for a period of three financial years (from 2003 until 2005 inclusive) with the engagement of KPMG Spa, with registered head office at 25, Via Vittor Pisanim Milan 20124. Subsequently a Shareholders' Meeting of 22<sup>nd</sup> April 2006 extended the appointment of KPMG Spa for a further period of three years (from 2006 until 2008 inclusive).

KPMG Spa is enrolled with the Milan Company Registrar under No. 00709600159, Milan 'R.E.A. No' (Administrative and Economic Reg. No.) 512867 and is a member of ASSIREVI (Italian association of auditors).

On 5<sup>th</sup> May 2007 an ordinary Shareholders' Meeting of UBI Banca passed a resolution, in accordance with Art. 8, paragraph 7 of Legislative Decree No. 303/2006, to extend the appointment of the auditors KPMG Spa for auditing the annual accounts and limited audits of the interim reports for the separate company and the consolidated accounts for the period 2007-2011.

On 30<sup>th</sup> April 2011, on the basis of a justified proposal submitted by the Supervisory Board, and having received a favourable opinion from the Internal Control and Audit Committee, a Shareholders' Meeting appointed the independent auditors DELOITTE & TOUCHE Spa, with registered address at 25 Via Tortona, Milan. They have been engaged to perform the statutory audits of the separate company financial statements of UBI Banca and the consolidated financial statements of the UBI Banca Group, to verify that the corporate accounts are properly kept and that operating events are accurately recorded in those accounts, and also to perform a limited audit of the condensed interim consolidated financial statements of the UBI Banca Group for the years running from 2012 until 2020, setting the fees and the criteria for adjusting them during the period of the appointment.

The engagement of KPMG, having now run for a total of nine financial years, can no longer be renewed pursuant to Art. 17, paragraph 1 of Legislative Decree No. 39 of 27<sup>th</sup> January 2010.

Deloitte & Touche S.p.A. is enrolled with the Milan Company Registrar under No. 03049560166, Milan 'R.E.A. No' (Administrative and Economic Reg. No.) 1720239 and is a member of ASSIREVI (Italian association of auditors).

## **15.5 Chief Financial Officer and Senior Officer Responsible for the preparation of the corporate accounting documents**

The Management Board has appointed *Dott.ssa* Elisabetta Stegher, with the favourable opinion of the Supervisory Board, as Chief Financial Officer and Senior Officer Responsible for the preparation of corporate accounting documents pursuant to Art. 154-*bis* of the Consolidated Finance Act, in possession of the requirements of professionalism required by Articles of Association. In addition to the requirements of integrity prescribed by the current regulations in force for persons performing administrative and management functions, the Senior Officer Responsible for preparing financial reporting documents must also possess requirements of professionalism with specific administrative and accounting expertise in the banking, finance, investment or insurance fields.

The following responsibilities have been conferred on that senior officer;

- to certify that market disclosures together with the related financial reports, including interim reports, are reliably based on the records contained in corporate documents and accounting records;
- to put adequate administrative and accounting procedures in place for the preparation of financial reports and all other financial disclosures;
- to certify – jointly with the Chief Executive Officer, by means of a specific report, attached to the separate financial statements, to the consolidated financial statements and to interim reports – the adequacy and effective application in the relative period of the procedures just mentioned and that the disclosures correspond to the records contained in the corporate accounting documents and records and provide a true and fair view of the capital, operating and financial position of UBI Banca and the Group.



The Senior Officer Responsible is also required to make special reports to the Chief Executive Officer, the Management Board, the Supervisory Board and the Internal Control Committee. The reports must allow these bodies and officers to assess the adequacy and effective application of the administrative and accounting procedures of the Group and to verify that the powers and means conferred on this officer are appropriate.

Furthermore, for the purposes of concrete implementation of the aforementioned legislation, the Senior Officer Responsible must:

- be able to gain direct access to all the information needed to produce accounting data. The officer may access all sources of corporate information without the need for authorisation;
- be able to rely on internal channels of communication which ensure accurate and proper access to intercompany information;
- be able to form her own office and organisational structure independently, both with regard to personnel and technical means (tangible resources, hardware, software, etc.);
- design administrative and accounting procedures of the Bank autonomously, being able also to benefit from the co-operation of all the offices involved in the supply of significant information;
- have powers to make proposals and evaluations and exercise veto on all “sensitive” procedures within the Bank;
- be able to participate in Board meetings in which matters concerning the functions of the officer are discussed;
- be able to employ external consultants, where particular requirements of the Bank make this necessary;
- to be able to establish reporting systems with other roles responsible for the control of financial reporting, which ensure constant mapping of risk and processes and adequate monitoring of the proper functioning of procedures (independent auditors, General Manager, Internal Control Officer, risk managers, compliance officers, etc.).

With regard to the centralisation at the Parent of the management of administrative and accounting procedures pursuant to the provisions introduced by Law No. 262/2005, a System of Administrative and Financial Governance has been created for the network banks and some other subsidiaries of UBI Banca which, amongst other things, regulates internal controls for financial reports produced for listed issuers.

This “system” provides proper management of the various risks connected with financial reporting and it also confers adequate powers and means on the Senior Officer Responsible through a hierarchical system of certifications.

The same certification obligation applies to the executive officers and directors of the Group companies subject to line-by-line consolidation.

The certifications by subsidiaries are brought to the attention of the boards of directors when they approve financial statements and they are then sent to the Parent before the Management Board meeting that approves the draft separate Parent and consolidated financial statements.

The hierarchical system of certification is further strengthened by specific certification issued for Group companies by an external independent consultant.

The System of Administrative and Financial Governance of UBI Group also includes a specific specialist unit in staff units under the Senior Officer Responsible, for the overall co-ordination of Group activities, and the definition and performance of assessments in support of certifications.

As listed issuers with Italy as their member state of origin, IW Bank and Centrobanca Spa have also appointed a Senior Officer Responsible for preparing company accounting documents under Art. 154 *bis* of Legislative Decree No. 58 of 24<sup>th</sup> February 1998.

## 16. Interests of Board Members and related-party transactions

Transactions with representatives of the bank, with representatives of Group member companies and with companies controlled by them – all of whom may qualify as related parties – are conducted under normal market conditions and the provisions of Art. 136 of Legislative Decree No. 385/1993 (Consolidated Banking Act), where applicable, are carefully complied with.

Special IT procedures have been introduced in this respect which, on the basis of declarations issued by representatives of companies, make it possible to identify in advance the potential assumption of a direct or indirect obligation of a representative and consequently subject the transaction to the procedures required by the aforementioned Art. 136 of the Consolidated Banking Act.

The Bank pays particular attention when performing transactions with related parties to ensure they are carried out properly both in form and substance.

Consob Resolution No. 17221 of 12<sup>th</sup> March 2010, subsequently amended by Resolution No. 17389 of 23<sup>rd</sup> June 2010, has approved regulations in this connection (Consob Regulations). The new requirements regulate procedures for the approval of transactions entered into by listed companies and issuers with a broad shareholder base with parties that could create a conflict of interest. Such parties include major and controlling, members of administrative and controlling bodies and senior management and their immediate family members.

The key points of the new requirements are:

- a) to strengthen the role of independent board members at all stages of the decision-making process concerning related-party transactions;
- b) a regime of transparency;
- c) to introduce detailed corporate governance regulations containing rules designed to ensure substantial and procedural integrity in related-party transactions (a special regime for companies which adopt a two tier system of governance).

The regulations in question apply, within the context of the UBI Banca Group, to UBI Banca as an issuer of listed shares.

As a result of the above, the competent bodies of the Bank have approved a set of regulations concerning related-party transactions, available on the corporate website, within the set time limits. Internal processes have also been developed to assure compliance with the new rules.

In implementation of Art. 53, paragraphs 4 *et seq.* of the Consolidated Banking Act and Inter-Ministerial Credit Committee Resolution No. 277 of 29<sup>th</sup> July 2008, on 12/12/2011 the Bank of Italy issued new regulatory measures regarding risk assets and conflicts of interest concerning parties connected to banks or banking groups. (including, amongst others, officers of UBI Banca and all the banks in the UBI Banking Group, the officers of UBI Leasing, and parties connected to those officers according to the definition given in the rules).

The main purpose of the regulations is to contain the risk that the closeness of some “connected parties” to the decision-making centres of the Bank might compromise the objectivity and impartiality of decisions concerning the grant of loans to, or other transactions that in any way relate to, those parties; to oversee these risks, UBI Group, in compliance with Bank of Italy provisions:

- monitors and ensures compliance with the specific prudential limits set by the supervisory regulations concerning risk assets undertaken towards connected parties by the Parent and Subsidiaries; in this regard a specific “Policy concerning internal controls on risk assets and conflicts of interest with related parties” has been approved, according to the procedures set out in the Bank of Italy provisions referred to above, and is attached to this Report (Attachment 2).
- employs special decision-making procedures that guarantee the integrity of decision-making processes in connected-party transactions, preventing any abuses that may be intrinsic to transactions with the said parties where there is a potential conflict of interest; these procedures have been implemented by special regulations, applicable to all the Group member companies and available on the website of the Bank.

Generally, in a similar manner to the provisions laid down for the Management Board by Art. 2391 of the Italian Civil Code, the Articles of Association also require the members of the Supervisory Board to report all interests which, either directly or through third parties, they may have in a determined transaction, stating the nature, terms, origin and extent. The relative resolution of the Supervisory Board must give adequate reasons, explaining the interest of the Bank in the transaction, without prejudice to other provisions of the law or regulations which may apply.

In relation to the legislation in force which implements the EC MiFID Directive No. 2004/39/EC, an internal “policy for the management of personal transactions” has been adopted which provides detailed regulation of obligations concerning personal transactions in financial instruments performed by significant parties, as identified in the legislation mentioned.

## **17. Treatment of corporate information**

In order to avoid the risk of improper disclosure of reserved information, the Management Board has approved procedures for managing privileged information to be disclosed to the public and for managing the register of persons with access to privileged information. A procedure has been developed for that purpose, to draw up security measures to be adopted, designed to guarantee maximum confidentiality of information and to define the procedures for handling and disclosing privileged information.

More specifically, these procedures govern how privileged information that relates directly to the Bank or its subsidiaries is disclosed to the public and at the same time it issues instructions to subsidiaries for them to promptly provide the Bank with the information required to fulfil disclosure obligations required by law.

In compliance with Art. 115-*bis* of the Consolidated Finance Act, the Bank has set up a register of persons who, on a permanent or occasional basis, have access to privileged information directly concerning UBI Banca.

This register is managed in the name of and on behalf of the Group member companies that have delegated the responsibility for keeping and maintaining their register to the Parent.

If, due to working or professional activities or the functions they perform, UBI Banca and/or a Group member company becomes aware of information concerning an external listed issuer, classified by the same as privileged, in accordance with applicable regulations, UBI Banca and/or the Group member companies will be listed in the register provided by that external listed issuer.

Whether or not UBI Banca and/or the other Group member companies are listed in the register of the external listed issuer, they will also be listed in the register held by UBI Banca.

## **18. Relations with shareholders**

UBI Banca plays particular attention to the continuous management of relations with shareholders, institutional investors and members of the national and international financial community and it guarantees systematic disclosure of reliable, exhaustive and timely information on the Group's activities, results and strategies.

An investor relations staff and a Management Board and Registered Shareholder Support Area are provided for this purpose. Information of significant importance to shareholders is also provided in special sections of the corporate website of the Bank ([www.ubibanca.it](http://www.ubibanca.it)).

The Management Board and Registered Shareholder Support Area oversees all aspects of the Bank's relations with shareholders, assesses applications to become registered shareholders, maintains the shareholders' register, in compliance with all company requirements, and also coordinates preparations for the Bank's Shareholders' Meetings and all related activities.

The Bank has created the “UBI Club” for shareholders, which is a series of banking

concessions and insurance cover - a current account at particularly attractive conditions and discounts on other products and services such as custody accounts, Qui UBI internet banking, safe deposit boxes and payment systems.

The insurance cover is free of charge for registered shareholders and their families and consists of a family civil liability policy with a maximum liability limit of €100,000, an accident life or permanent invalidity policy for invalidity equal to or greater than 66%, a policy that pays a daily indemnity in case of hospitalisation caused by an accident and a safe withdrawal policy. The banking concessions are only for shareholders with current accounts at one of the banks in the UBI Group, whereas insurance cover is for all shareholders.

During the course of 2012 in the context of the programme to offer and list bond issues, such issues were restricted to shareholders at attractive rates with the objective of conferring a benefit for the status of shareholder.

The investor relations staff is responsible for managing relations with the financial community (institutional investors and financial analysts), in accordance with policies set by the senior management of the Bank.

As part of its institutional duties the investor relations officers are responsible for providing clear, prompt and full information, using methods which include press releases, presentations and the use of the investor relations section of the Bank's website. 103 press releases were issued in 2012.

## **19. Shareholders' meetings (pursuant to Art. 123 bis, paragraph 2, letter c) of the Consolidated Finance Act)**

Shareholders' Meetings are either ordinary or extraordinary.

An ordinary Shareholders' Meeting:

- a) appoints and removes members of the Supervisory Board and sets the remuneration (also establishing amounts for attendance tokens) of the members of the Supervisory Board, as well as an additional total sum for the remuneration for those assigned particular offices, powers or functions, which is allocated in accordance with Art. 44 of the Articles of Association. It elects the Chairman and the Senior Deputy Chairman of the Supervisory Board according to the procedures set out in Art. 45 of the Articles of Association. Proper grounds must be given for the removal of members of the Supervisory Board;
- b) approves remuneration policies for members of the Management Board and remuneration and/or incentive schemes based on financial instruments;
- c) decides on the liability of the members of the Supervisory Board and, pursuant to Art. 2393 and Art. 2409-*decies* of the Italian Civil Code, on the liability of the members of the Management Board, without prejudice to the concurrent liability of the Supervisory Board;
- d) decides on the distribution of profits, subject to the presentation of the financial statements and of the consolidated financial statements approved pursuant to Art. 2409-*terdecies* of the Italian Civil Code;
- e) appoints and dismisses the external statutory auditors responsible for auditing the accounts;
- f) approves the separate financial statements if the Supervisory Board fails to approve them or if this is requested by at least two thirds of the members of the Supervisory Board;
- g) decides on the other matters that fall within its competence either by law or by the Articles of Association.

An extraordinary Shareholders' Meeting makes amendments to the Articles of Association, decides the appointment, removal, replacement and powers of receivers and all other matters for which it is responsible by law.

Moreover, in accordance with Art. 28, paragraph three of the Articles of Association, "Without prejudice to any other mandatory provision of the law, for the approval of resolutions concerning a change of the company objects, the elimination or closedown of the operational headquarters at Brescia and Bergamo, as provided for and identified in Art. three, the early dissolution of the company, determined by events provided for by law, excluding the case

pursuant to number six of Art. 2484 of the Italian Civil Code, the repeal or the amendment of articles 23 and 36 of the Articles of Association and/or the introduction of any other provision incompatible with those articles, such as the approval of the amendment or repeal of this clause and/or of the quorum for resolutions provided in it, the vote in favour of at least one twentieth of all the registered shareholders with voting rights is required, even in a second call of a Shareholders' Meeting.

Again without prejudice to any other mandatory legal provisions, the vote in favour of at least one twentieth of all the registered shareholders with voting rights, who also represent at least 20% of the share capital subscribed and paid up on the ninetieth day prior to that of the Shareholder's Meeting is required, even in a second call of a Shareholders' Meeting, for the approval of resolutions concerning the repeal or amendment of Art. 45, paragraph six, Art. 48, paragraph six and Art. 49, paragraphs six, seven and eight of these Articles of Association and also of this clause itself and the quorum for passing resolutions contained in it.

For resolutions to be passed upon request of the Banking Supervisory Authority in relation to amendments to legal regulations, both ordinary and extraordinary Shareholders' Meetings shall pass resolutions by an absolute majority vote. In these cases, the provisions of Art. 48, paragraph five apply for resolutions for which the Supervisory Board is responsible.

Shareholders' meetings are held in all the cases provided for by law and by the Articles of Association and they are convened by the Management Board, or, pursuant to Art. 151-*bis* of Legislative Decree No. 58 of 24<sup>th</sup> February 1998, by the Supervisory Board or by at least two of its members, without prejudice to the other powers to convene provided by law.

Ordinary Shareholders' Meetings are convened in any event at least once a year within 120 days of the end of each financial year to pass resolutions on matters for which it holds responsibility by law or in accordance with the Articles of Association.

Ordinary and Extraordinary Shareholders' Meetings may be convened by registered shareholders and shall be held without delay following the presentation of the request, giving the grounds and the agenda; the request must be signed by at least one twentieth of the registered shareholders in possession of voting rights on the date of the request.

In compliance with the procedures and the time limits set by law, a number of registered shareholders equal to not less than one fortieth of those entitled on the date of request, may make an application in writing for additions to be made to the agenda to be dealt with in the meeting, as it results from the notice convening the Shareholders' Meeting. The signatures of the registered shareholders must be authenticated in accordance with the law either by employees of the Bank or of its subsidiaries authorised to do so. The legitimacy of the right is given by the validity of the documentation testifying to the possession of the shares on the date on which the application is presented.

Only persons who have been registered shareholders for at least 90 days from the date of entry in the shareholders' register may attend the meetings, exercise voting rights and be eligible for appointment to corporate bodies.

A registered shareholder is entitled to only one vote no matter how many shares are possessed. A registered shareholder is entitled to be represented by issuing a written proxy to another registered shareholder having the right to attend the Shareholders' Meeting. Proxies may not be granted to any members of the management or control bodies, or to employees of the Bank, or to any controlled companies or to any member of the management or control bodies, or employees of the aforesaid controlled companies, or to the firm of statutory auditors appointed or to the person responsible for the statutory audit of the Bank, or to parties to whom one of the other conditions of incompatibility apply according to the law.

Without prejudice to the provisions of paragraph 2, of Art. 2372 of the Italian Civil Code, proxy authorisations can be issued for individual Shareholders' Meetings only, with effect also for subsequent sessions, and may not be issued with the name of the representative left blank. No registered shareholder may act as proxy for more than three other registered shareholders. Voting by mail is not permitted.

Members of the Management Board and similarly members of the Supervisory Board may not vote on resolutions concerning their areas of responsibility. The right to vote in the case of a pledge or usufruct on shares may be exercised by registered shareholders only.

As concerns proceedings in Shareholders' Meetings, the Bank has adopted regulations for

Shareholders' Meetings, designed to govern the ordered and efficient functioning of meetings and to ensure that each registered shareholder has the right to speak on the items on the agenda.

These regulations have also been published on the Bank's website in the corporate governance section and in the shareholders' section.

Market uncertainties and volatility affected stock market prices throughout 2012. The UBI Banca share ended the trading day on 28<sup>th</sup> December 2012 at €3.504. The minimum and maximum prices for the year were €1.821 and €4.116 respectively.

The stock market capitalisation of UBI Banca on 30<sup>th</sup> December 2012 (based on the official price) was €3.1 billion compared to €2.8 billion at the end of 2011, which placed UBI Banca in fourth position among Italian banking groups and in first position among "popular" banks.

At European level, the UBI Banca Group lies among the top forty in the classification drawn up by the Italian Banking Association in its European Banking Report, which considers the countries of the European Monetary Union plus Switzerland.



## Attachment A

Positions held by the members of the Management Board of UBI Banca Scpa in other companies listed in regulated markets including foreign markets (\*), in financial, banking, insurance or large companies.

(\*\*) Companies belonging to the UBI Banca Group

NAME	POSITION HELD IN THE ISSUER	POSITIONS HELD IN OTHER LISTED COMPANIES OR IN BANKING, FINANCIAL, INSURANCE OR LARGE COMPANIES
<b>Emilio Zanetti</b>	Chairman	<u>Chairman of the Board of Directors:</u> - Banca Popolare di Bergamo Spa (**) <u>Deputy Chairman of the Board of Directors:</u> - Società per l'Aeroporto Civile di Bergamo – Orio al Serio Spa <u>Board Member:</u> - Italcementi Fabbri Riunite Cemento Spa (*)
<b>Flavio Pizzini</b>	<u>Deputy Chairman</u>	<u>Chairman of the Board of Directors:</u> - UBI Banca International Sa (**) <u>Deputy Chairman of the Board of Directors:</u> - UBI Sistemi e Servizi Scpa (**) <u>Board Member:</u> - Banco di Brescia Spa (**) <u>Full Statutory Auditor:</u> - Mittel Spa (*)
<b>Victor Massiah</b>	Chief Executive Officer	<u>Board Member:</u> - Banca Popolare di Bergamo Spa (**) - Banco di Brescia Spa (**) - Centrobanca Spa (**)
<b>Giampiero Auletta Armenise</b>	Board Member	<u>Chairman of the Board of Directors:</u> - Rothschild Spa Italia <u>Senior Deputy Chairman of the Board of Directors:</u> - Banca Carime Spa (**) <u>Deputy Chairman of the Board of Directors:</u> - Banca Popolare Commercio e Industria Spa (**) <u>Board Member:</u> - Banca Popolare di Ancona Spa (**)
<b>Mario Cera</b>	Board Member	<u>Chairman of the Board of Directors:</u> - IW Bank Spa (**) - Banca Popolare Commercio Industria Spa (**)
<b>Giorgio Frigeri</b>	Board Member	<u>Chairman of the Board of Directors:</u> - UBI Pramerica SGR Spa (**) - Centrobanca Sviluppo e Impresa SGR Spa (**) - The Sailor Fund - Sicav <u>Deputy Chairman of the Board of Directors:</u> - Centrobanca Spa (**) <u>Board Member:</u> - UBI Sistemi e Servizi Scpa (**)
<b>Gian Luigi Gola</b>	Board Member	<u>Chairman of the Board of Statutory Auditors:</u> - F2i Reti Italia Srl <u>Board Member:</u> - Newspaper Milano Srl <u>Chairman of the Supervisory Committee:</u> - Ial Cisl Piedmont in extraordinary administration <u>Full Statutory Auditor:</u> - Sigit Spa
<b>Guido Lupini</b>	Board Member	<u>Deputy Chairman of the Board of Directors:</u> - Banca Popolare di Bergamo Spa (**)
<b>Andrea Moltrasio</b>	Board Member	<u>Chairman of the Board of Directors:</u> - Centrobanca Spa (**) - Clinica Castelli Spa - Icro Didonè Spa <u>Chief Executive Officer</u> - Icro Coatings Spa
<b>Franco Polotti</b>	Board Member	<u>Chairman of the Board of Directors:</u> - O.R.I Martin Acciaieria e Ferriera di Brescia Spa - Banco di Brescia Spa (**) <u>Deputy Chairman of the Board of Directors and Executive Director:</u> - Mar.Bea Srl <u>Executive Director:</u> - Trafilati Martin Spa

## SUMMARY TABLES

**TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURE (as at 31/12/2012)**

STRUCTURE OF THE SHARE CAPITAL				
	NUMBER OF SHARES	PERCENTAGE OF SHARE CAPITAL	LISTED (indicate markets )/UNLISTED	RIGHTS AND OBLIGATIONS
ORDINARY SHARES	901,747,005	100%	MILAN – MERCATO TELEMATICO AZIONARIO (electronic stock exchange)	
SHARES WITH LIMITED VOTING RIGHTS				
SHARES WITH NO VOTING RIGHTS				

OTHER FINANCIAL INSTRUMENTS (conferring the right to subscribe new share issues)				
	LISTED (indicate markets )/UNLISTED	NO. OF INSTRUMENTS OUTSTANDING	TYPE OF SHARES AT THE SERVICE OF THE CONVERSION/ EXERCISE	NO. OF SHARES AT THE SERVICE OF THE CONVERSION/ EXERCISE
CONVERTIBLE BONDS	MILAN - MERCATO TELEMATICO AZIONARIO (electronic stock exchange)	50,128,240	ORDINARY	MAXIMUM 255,658,348

DECLARER	DIRECT SHARE-HOLDER	PERCENTAGE OF ORDINARY SHARE CAPITAL	PERCENTAGE OF VOTING SHARE CAPITAL	
SILCHESTER INTERNATIONAL INVESTOR LLP	YES	5.001%	5.001%	
BLACKROCK INCORPORATED (indirect - assets under management)	NO	2.854%	2.854%	
FONDAZIONE CASSA DI RISPARMIO DI CUNEO	YES	2.230 %	2.230 %	
FONDAZIONE BANCA DEL MONTE DI LOMBARDIA	YES	2.207 %	2.207 %	
NORGES BANK	YES	2.177%	2. 177%	

**TABLE 2: SUPERVISORY BOARD AND COMMITTEES**

Supervisory Board										Appoint-ments Committee		Remuner-ation Committee		Internal Control Committee		Accounts committee		Related and Connected Parties Committee	
Position	Members	In office since	In office until	List (M/m) §	Indep-endent	Supervisory Board ****	Manage-ment Board ****		No. of positions **	***	****	***	****	***	****	***	****	***	****
<b>Senior Deputy Chairman</b>	GIUSEPPE CALVI	1/4/2007	AGM 2013	M	X	100			NA	X	100	X	100						
<b>Deputy Chairman</b>	ALBERTO FOLONARI (appointed DC on 10/5/07)	5/5/2007	AGM 2013	M	X	100			NA	X	100	X	100						
<b>Deputy Chairman</b>	MARIO MAZZOLENI	1/4/2007	AGM 2013	M	X	100			NA	X	100								
<b>Board Member</b>	BATTISTA ALBERTANI	10/5/2008	AGM 2013	M	X	94			NA										
<b>Board Member</b>	LUIGI BELLINI*	1/4/2007	AGM 2013	M	X	87	15 (°)		NA					X	88				
<b>Board Member</b>	MARIO CATTANEO*	1/4/2007	AGM 2013	M	X	100	19(°)		NA					X	96	X	90		
<b>Board Member</b>	SILVIA FIDANZA	24/4/2010	AGM 2013	M	X	94			NA							X (from 11/4/12)	100	X	100
<b>Board Member</b>	ENIO FONTANA	1/4/2007	AGM 2013	M	X	69			NA										
<b>Board Member</b>	CARLO GARAVAGLIA*	1/4/2007	AGM 2013	M	X	94			NA	X	100					X	100		
<b>Board Member</b>	ALFREDO GUSMINI	24/4/2010	AGM 2013	M	X	100	33(°)		NA					X	96				
<b>Board Member</b>	PIETRO GUSSALLI BERETTA	1/4/2007	AGM 2013	M	X	69			NA										
<b>Board Member</b>	GIUSEPPE LUCCHINI	1/4/2007	AGM 2013	M	X	69			NA			X	71						
<b>Board Member</b>	ITALO LUCCHINI*	1/4/2007	AGM 2013	M	X	94	19 (°)		NA					X	84				

**continued TABLE 2: SUPERVISORY BOARD AND COMMITTEES**

Supervisory Board										Appointme nts Committee		Remunera tion Committee		Internal Control Committee		Accounts Committee		Related and Connected Parties Committee	
Position	Members	In office since	In office until	List (M/m) §	indep enden t	Supervisory Board ****	Managem ent Board ****		No. of positions **	***	****	***	****	***	****	***	****	***	****
<b>Board Member</b>	FEDERICO MANZONI*	1/4/2007	AGM 2013	M	X	100			NA	X (since 11/4/ 12)	100	Sec.	100			X (until 10/4/ 12)	100	X	100
<b>Board Member</b>	ENRICO MINELLI	28/04/2012	AGM 2013		X	100													
<b>Board Member</b>	TOTI S. MUSUMECI	1/4/2007	AGM 2013	M	X	100			NA			X	100						
<b>Board Member</b>	SERGIO ORLANDI	1/4/2007	AGM 2013	M	X	81			NA							X	70	X	100
									NA										
<b>Board Member</b>	GIORGIO PEROLARI	1/4/2007	AGM 2013	M	X	94			NA			X (from 11/4/ 12)	100						
<b>Board Member</b>	SERGIO PIVATO*	1/4/2007	AGM 2013	M	X	94	19(°)		5.					X	100				
<b>Board Member</b>	ARMANDO SANTUS	28/04/2012	AGM 2013		X	91													
<b>Board Member</b>	ROBERTO SESTINI	1/4/2007	AGM 2013	M	X	62			NA										
<b>Board Member</b>	GIUSEPPE ZANNONI	24/4/2010	AGM 2013	m	X	81			NA										
<b>SUPERVISORY BOARD MEMBERS RETIRED IN 2012</b>																			
<b>Chairman</b>	CORRADO FAISSOLA	10/5/2008	20/12/2012	M	X	69			NA	X	71								
<b>Board Member</b>	GIOVANNI BAZOLI	5/5/2007	29/03/2012	M	X	100			2	X	100								

<b>Board Member</b>	ALESANDRO PEDERSOLI	1/4/2007	29/03/2012	M	X	100			NA			X	100						
<b>Quorum required for the presentation of lists by registered shareholders for the last appointments at the Shareholders' Meeting of 24/4/2010 called upon to appoint the Supervisory Board:</b> at least 500 registered shareholders who have the right to participate and to vote or one or more registered shareholders who represent at least 0.50% of the share capital. <b>Quorum currently required for the presentation of lists by registered shareholders:</b> 500 registered holders of voting shares with the right to participate in and vote at meetings or a number of registered shareholders who represent at least 0.50% of the share capital.																			
<b>Number of meetings held during 2012</b>		Supervisory Board:16				Appointments Committee: 7		Remuneration Committee: 7		Internal Control Committee: 25		Accounts Committee: 10		Related and Connected Parties Committee: 7					

(°) as a member of the Internal Control Committee.

(§) M/m, where “M” indicates a member elected from the majority list and “m” from a minority list.

\* Enrolled in the Register of Statutory Accounting Auditors

\*\* Number of appointments as management or supervisory/auditor Board Member held by the person pursuant to Art. 148-*bis* of the Consolidated Finance Act (inclusive of the position at UBI Banca S.C.p.a.).

The full list of appointments, as required by Art. 144 *quinquiesdecies* of Consob's Issuers' Regulations, has been published by the Consob and made available on its website: [www.consob.it](http://www.consob.it).

\*\*\* An “X” in this column indicates that the member of the Supervisory Board is a member of the Committee.

\*\*\*\* This column contains the percentage attendance of board members at the meetings.

**TABLE 3 MANAGEMENT BOARD**

Position	Members	In office since	In office until	Independent (in accordance with Art. 147 <i>quater</i> of the Consolidated Finance Act) (**)	Executive	Percentage of attendance at meetings of the Management Board	Number of other positions (***)
<b>Chairman</b>	EMILIO ZANETTI	2/4/2007	(*)		X	100	3
<b>Deputy Chairman</b>	FLAVIO PIZZINI (appointed Deputy Chairman on 10/05/2008)	2/4/2007	(*)		X	100	4
<b>Chief Executive Officer</b>	VICTOR MASSIAH (appointed Chief Executive Officer on 27/11/2008 with effect From 1/12/2008)	27/11/2008	(*)		X	100	3
<b>Board Member</b>	GIAMPIERO AULETTA ARMENISE	2/4/2007	(*)		X	100	4
<b>Board Member</b>	MARIO CERA	2/4/2007	(*)		X	100	2
<b>Board Member</b>	GIORGIO FRIGERI	2/4/2007	(*)		X	100	5
<b>Board Member</b>	GIAN LUIGI GOLA	30/06/2010	(*)	X		100	4
<b>Board Member</b>	GUIDO LUPINI	27/04/2010	(*)		X	100	1
<b>Board Member</b>	ANDREA MOLTRASIO	27/04/2010	(*)		X	100	4
<b>Board Member</b>	FRANCO POLOTTI	10/05/2008	(*)		X	100	4
<b>MANAGEMENT BOARD MEMBERS RETIRED IN 2012</b>							
<b>Board Member</b>	GIUSEPPE CAMADINI	2/4/2007	25/07/2012		X	56	NA

Number of meetings held during 2012: 27 meetings

\* The members of the Management Board remain in office for three years (2010/2012). Their term of office expires on the date of the Supervisory Board meeting convened to approve the financial statements for their last year in office. They remain in office in any event until a new Management Board is appointed in accordance with Art. 46, letter a) of the Articles of Association and they may be re-appointed.

\*\* The members of the Management Board are not required to meet the requisites of independence in the Corporate Governance Code, due, amongst other things, to the decision made by UBI Banca to form internal committees within the Supervisory Board provided for by that Code for which those requisites are required.

\*\*\* Number of positions as management or supervisory/auditor Board Member held in other companies listed on regulated markets including foreign markets, in financial, banking or insurance companies or companies of significant dimensions. This report contains full details of the appointments (Attachment A).



# Attachment 1

Principal characteristics of the risk and internal control management system in relation to the financial reporting process.

## 1) Introduction

The existing risk and internal control management system in relation to the financial reporting process consists of a set of corporate rules and procedures adopted by various operational units, designed to ensure the reliability, accuracy and promptness of financial reporting.

In this respect the provisions of Law No. 262 of 28<sup>th</sup> December 2005 (and subsequent amendments) “Measures for the protection of savings and to regulate financial markets”, inserted Art. 154 *bis* into the Consolidated Finance Act which introduced the role of the Senior Officer Responsible for the preparation of corporate accounting documents (hereinafter the “Senior Officer Responsible), who is held responsible for the preparation of corporate accounting documents, into the corporate organisation of listed companies in Italy.

One of the objectives proposed by the reform is to strengthen the system of internal controls in relation to the financial reports produced by listed issuers. To achieve this the UBI Banca Group has responded to the new legislation with a series of projects designed, amongst other things, to identify and concretely adopt an organisational and methodological system (administrative and financial model of governance), in a context of integrated compliance, that makes it possible to continuously regulate activities concerning the adequacy and effective application of the supervision of financial reporting risk and consequently to be able to make an accurate assessment of the internal control system in question.

The Model developed was approved by the Management Board and the Supervisory Board on 15<sup>th</sup> January 2008 and 6<sup>th</sup> February 2008 respectively and then officially implemented in a specific set of regulations, issued with Group Communication No. 166 of 8<sup>th</sup> August 2008. This Group Communication also includes the “Methodological manual for compliance risk assessment pursuant to Law No. 262/05” that was updated and then approved by the Management Board on 17<sup>th</sup> December 2012 and circulated in Group Circular 44 of 25<sup>th</sup> January 2013, with the aim of increasing the focus of the Senior Officer Responsible on the most critical areas by planning monitoring activities on the basis of the degree of risk assigned to the various relevant processes pursuant to Law No. 262/05 (the risk driven process).

That methodology adopted is based on the main reference frameworks recognised nationally and internationally for the development of adequate systems of internal controls for financial reporting, the COSO Framework<sup>1</sup> and the COBIT Framework<sup>2</sup>, and it involves different areas described in detail in the section that follows.

## 2) Description of the main characteristics of risk and internal control management system in relation to financial reporting processes.

The system of controls for financial reporting is based on three fundamental pillars:

- the existence of an adequate internal control system at company level designed to reduce the risk of errors and improper conduct for the purposes of accounting and financial reporting, by verifying on an ongoing basis that adequate systems of governance and standards of conduct and adequate risk management processes are in place and that there are effective organisational structures, clear reporting systems and adequate IT and

<sup>1</sup> COSO (Committee of Sponsoring Organizations of the Treadway Commission) is a private voluntary organisation for the improvement of the quality of financial reporting through the use of ethical principles in business, internal control and an adequate system of corporate governance

<sup>2</sup> Il COBIT (Control Objectives for IT and related technology Framework) was drawn up by the IT Governance Institute, a United States body which has the objective of defining and improving corporate standards in the IT sector. More specifically, the UBI Group has adopted the Framework IT Control Objectives for Sarbanes Oxley, defined specifically to control financial information.

communication systems. Verification at company level is performed by using a special tool known as “CLC Assessment”, which is based on the qualitative assessment of a series of risk factors considered essential for the soundness and reliability of an administrative and financial governance system;

- the development and maintenance of adequate processes to control the production of accounts and financial reports and subsequent verification over time that they are adequate and actually applied. This includes administrative and accounting procedures that guarantee reasonable certainty of the reliability of financial reporting, whether it relates to financial reporting processes in the strict sense of the term or to business and support processes considered nevertheless significant for the purposes of financial reporting;
- the development of controls on the management of technological infrastructures and software applications which regard financial and administrative processes and subsequent verification over time that they are adequate and actually applied.

a) **Stages of the risk and internal control management system in relation to financial reporting processes**

With regard to the development and maintenance of adequate processes of control over the production of accounts and financial reports and the development of controls over the management of technological infrastructures, the framework adopted involves the following stages of analysis and investigation:

- identification of the relevant scope of application consisting of the companies in the UBI Banca Group, the accounts and processes considered significant on the basis of both quantitative parameters, in relation to operating and capital amounts in the financial statements, and qualitative parameters, in relation to the complexity of the business and the type or implicit risks;
- definition of the area of investigation of the reference year by planning annual assessment activities, planned on a six-monthly basis, in application of the risk driven Model referred to above, involving the assignment of a risk ranking to processes. On the basis of that Model, differentiated analysis approaches are defined, while always ensuring an appropriate level of supervision of the most significant processes, partly on the basis of qualitative elements inferred from: anomalies found in previous analyses, level of stability of the processes, and the analysis of anomalies found by other monitoring functions and of information acquired through interviews of the Chief Risk Officer, Chief Audit Executive e Chief Operating Officer held for this purpose;
- definition of the regular frequency of assessment processes, on the basis of the degree of risk assigned to the process, giving priority to processes that are considered to be at high risk but in any event ensuring, over the three year period, that all significant process are assessed, even if they are considered to be at low risk;
- documentation of the processes and the relative risks and controls. This activity is designed to assess and document the processes identified as significant for the purposes of Law No. 262/2005 and also the risks connected with financial reporting and the relative controls set in place to oversee them. The production of these documents constitutes a preliminary condition for the subsequent verification of the adequacy of the internal control system. Monitoring the risks of the violation of financial reporting procedures, intrinsic to the life cycle of financial data, is dependent on observance of “financial assertions” which international standards define as the requirements which each item in the financial statements must meet for compliance with legal obligations. “Financial assertions” therefore perform the function of an operational tool which guides the identification and assessment of the controls to perform, the absence or ineffectiveness of which can prejudice the achievement of veracity and accuracy in the representation of the capital, operating and financial position of the Group;
- risk measurement and the adequacy of the controls. The objective of that activity, termed “risk and control assessment”, is to verify the adequacy of the administrative and accounting procedures employed in the preparation of financial statements and in all other financial reporting. This activity consists of the following steps:
  - valuation of the key controls for mitigation of financial reporting risks, identified and defined at the “risk and control assessment” stage. This activity, known as “test of design”, is intended to define the requirements of the key controls for

- mitigation of the risks of failure to comply with "financial assertions". This activity may bring to light concerns requiring the preparation of appropriate corrective action plans;
- verification of the effective and continuous application of controls. This stage, which consists of "effectiveness tests", is designed to assess the effective application, in the accounting period, of administrative and accounting procedures employed in the preparation of financial statements and in all other financial reporting. In this stage, verification is performed of the implementation of the controls provided for by the system of documentation put in place during the stage when processes and procedures were formulated and introduced. This activity may bring to light concerns requiring the preparation of appropriate corrective action plans;
- definition and monitoring of corrective action to be undertaken as a result of the verifications performed. The methodology involves the initiation, on the basis of the corrective action plans just mentioned, of a structured course of action which by means of specific monitoring action, leads to effective reinforcement of controls by the involvement and empowerment of the relative process owners and the consequent modification of the related internal system of regulations;
- assessment, on completion of the stages described above, of the degree of adequacy of the internal control system put in place for the production of financial reports. Final assessment is officially performed with a specific report that is submitted to the General Management and the Management Board.

#### b) Roles and functions involved

The operational stages described above are conducted by the specialist structure within the Parent, in staff units under the Senior Officer Responsible, and also with the support of various other corporate roles involved for various reasons in compliance with the specific requirements of Law No. 262/05.

The following are involved:

- with regard to the Chief Operating Officer through the units reporting to him. The Organisation Area of UBI and of UBI Sistemi e Servizi is involved in the organisation and maintenance of document systems, designed to meet the requirements of assessing the adequacy and effectiveness of procedures that impact financial reporting;
- with regard to the other internal control functions (relating in particular to the Chief Audit Executive e Chief Risk Officer), in order to create organisational synergies and consistency in assessment across the various units concerned.

Furthermore, the administrative and financial governance model also employs a hierarchical certification system whereby the Executive Officers of individual companies and outsourcers of the UBI Banca Group, and the General Manager and first line staff of UBI Banca, provide the Chief Executive Officer and the Senior Officer Responsible of the Parent with internal certifications.

Before certifications pursuant to Art. 154 *bis* of Legislative Decree No. 58/98 on the annual separate company and consolidated financial statements and on the condensed interim financial statements are issued, following the verification procedures performed during the year, a special report is prepared by the staff that report directly to the Senior Officer Responsible containing, amongst other things, a summary opinion on the soundness and effectiveness of the administrative and accounting internal control system, which is submitted to the General Manager for a prior opinion.

This report, approved by the Senior Officer Responsible for preparing company accounting documents and the Chief Executive Officer, is submitted to the attention of the Management Board on a six-monthly basis.

## ATTACHMENT 2

# Policy on internal controls on risk assets and conflicts of interest with regard to connected parties

1	<a href="#">Introduction.....</a>	63
2	<a href="#">Identification of sectors of activity and types of economic relationships .....</a>	65
	<a href="#">Criteria for the identification of sectors of activity and types of economic relationships .....</a>	65
	<a href="#">Mechanisms for the identification of sectors of activity and types of economic relationships .....</a>	65
	<a href="#">Significant Persons.....</a>	66
3	<a href="#">Risk appetite.....</a>	67
	<a href="#">Consolidated and individual quantitative limits .....</a>	67
	<a href="#">Qualitative controls.....</a>	68
	<a href="#">Significant Persons.....</a>	69
4	<a href="#">Guidelines for the establishment and governance of organisational processes to identify and collect information on connected parties and to identify and quantify transactions with them at all stages of the relationship.....</a>	69
	<a href="#">Introduction.....</a>	69
	<a href="#">Organisational roles.....</a>	69
	<a href="#">IT systems and procedures.....</a>	69
	<a href="#">Significant Persons.....</a>	70
5	<a href="#">Guidelines for the establishment and governance of control processes for the correct measurement and management of risks assumed, and monitoring the design and implementation of internal policies: .....</a>	70
6	<a href="#">Powers and competences.....</a>	71

## 1. Introduction

### *External regulatory environment*

The Bank of Italy recently published guidelines on “Risk assets and conflicts of interest with regard to connected parties”<sup>1</sup> which require authorised banks in Italy to adopt appropriate organisational structures and internal control systems to monitor risk assets and conflicts of interest regarding connected parties.

Connected counterparty risk arises from the fact that “the closeness of persons to the decision-making centres of a bank might compromise the objectivity and impartiality of decisions concerning the grant of loans to, and other transactions with, those persons, which may result in possible distortions in the resource allocation process, the exposure of the bank to inadequately measured or monitored risks, and potential harm to depositors and shareholders”<sup>2</sup>.

Supervisory regulations identify two types of controls against such risk:

- limits on regulatory capital designed to contain risk asset <sup>3</sup> exposures to connected parties, differentiated according to their specific type<sup>4</sup>;
- procedures that ensure the integrity of decision-making processes in transactions with connected parties, safeguarding resource allocation and protecting third parties from expropriation practices<sup>5</sup>.

In this context, connected parties are defined in general terms as:

- related parties;
- parties associated with them<sup>6</sup>.

Finally, in order to take account of potential risks of conflicts of interest caused by counterparties that do not, strictly speaking, fall under the definition of connected parties but whose work could in any case have a significant impact on the bank’s risk appetite (e.g. “significant personnel”<sup>7</sup>), the regulations require all banking groups to adopt – in line with provisions on connected counterparties – appropriate processes to manage transactions in which such parties could have a direct or indirect interest, personally or otherwise.

Specifically, internal procedures must require the relevant personnel to declare their interests in individual transactions and for the management of such relationships to be assigned to a hierarchically superior level.

### *Internal regulatory environment*

In order to implement the regulations on controls<sup>8</sup>, the UBI Group has adopted the “*Policy on internal controls on risk assets and conflicts of interest with regard to connected parties*”. This sets out the guidelines and rules for the adoption – by the Group as a whole and the individual banks and companies within it – of adequate organisational structures, internal control systems and specific policies to monitor these risks in the two areas defined above (prudential limits and decision-making processes).

The purpose of the guidelines and rules is to give the UBI Group effective control mechanisms and to identify the responsibilities of company bodies, the duties of the corporate functions and reporting regarding the prevention, correct management, mitigation and monitoring of potential conflicts of interest resulting from all relationships with connected parties, with a particular focus on recording them and monitoring changes in exposures to and transactions with them.

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<sup>1</sup> See Circular No. 263 of 27<sup>th</sup> December 2006 “New regulations for the prudential supervision of banks”, ninth update of 12<sup>th</sup> December 2011 – Title V – Chapter 5.

<sup>2</sup> See Circular No. 263 of 27<sup>th</sup> December 2006 “New regulations for the prudential supervision of banks”, ninth update of 12<sup>th</sup> December 2011 – Title V – Chapter 5 – Section I.

<sup>3</sup> Risk assets are considered net exposures as defined for the purposes of the regulations on concentration of risk (see Title V, Chapter 1, Section I, para. 3) and the “Instructions for compiling regulatory capital reports and capital ratios” (Circular No 155 of 18<sup>th</sup> December 1991), Section 5.

<sup>4</sup> See Circular No. 263 of 27<sup>th</sup> December 2006 “New regulations for the prudential supervision of banks”, ninth update of 12<sup>th</sup> December 2011 – Title V – Chapter 5 – Section II Limits on risk assets.

<sup>5</sup> See Circular No. 263 of 27<sup>th</sup> December 2006 “New regulations for the prudential supervision of banks”, ninth update of 12<sup>th</sup> December 2011 – Title V – Chapter 5 – Section III Decision-making procedures.

<sup>6</sup> See Circular No. 263 of 27<sup>th</sup> December 2006 “New regulations for the prudential supervision of banks”, ninth update of 12<sup>th</sup> December 2011 – Title V – Chapter 5 – Section I Paragraph 3.

<sup>7</sup> See para. 3.2 of the “Provisions on remuneration policies and practices in banks and banking groups” of 30<sup>th</sup> March 2011.

<sup>8</sup> See Circular No. 263 of 27<sup>th</sup> December 2006 “New regulations for the prudential supervision of banks”, ninth update of 12<sup>th</sup> December 2011 – Title V – Chapter 5 – Section IV.

Regarding the definition of “connected parties”, UBI Group’s *“Regulations for transactions with UBI Group connected parties”* sets out, in detail, the scope of what is meant by related parties and parties associated with them.

Finally, in order to take account of potential risks of conflicts of interest caused by counterparties that do not, in strict terms, fall under the definition of connected parties but whose work could in any case have a significant impact on the bank’s risk appetite (e.g. “significant personnel”<sup>9</sup>), the UBI Group adopts – in line with provisions on connected counterparties – appropriate processes to manage transactions in which such parties could have a direct or indirect interest, personally or otherwise. Specifically, internal procedures must require the personnel concerned to declare their interests in individual transactions and for the management of such relationships to be assigned to a hierarchically superior level.

The definition of “significant personnel” encompasses the people defined as “Top management” in the *“UBI Group remuneration and incentive policies”* document, as approved by the Supervisory Board.

Hereafter in the policy, these people are termed “Significant Persons”.

The actual practical implementation of the legislation and regulations, and of the guidelines set forth in the policy, must be adapted to the characteristics and strategies of the Group as a whole and of each bank and company within the Group, in accordance with the principle of proportionality, while ensuring precise compliance with the supervisory regulations.

In this context, the Parent approves and reviews internal policies on controls on risk assets and conflicts of interest with regard to connected parties at least once every three years. The relative decisions are adopted following the procedures set forth in legislation and regulations<sup>10</sup> and the various documents setting out internal control policies are communicated to shareholders via a specific report and kept available in case requested by the Bank of Italy.

The governing bodies of Group entities must be aware of the risk appetite and the risk management policies set by the senior management of the Parent. To this end, they must implement the contents of internal policies, company regulations and, in general, legislation and regulations, and they must contribute to its implementation, each according to their responsibilities, consistent with the reality of their companies and with the risk management strategies and policies decided by the senior management of the Parent.

### *Content and structure of the policy*

In accordance with the regulations on internal controls on risk assets and conflicts of interest with regard to connected parties, the policy comprises the following chapters<sup>11</sup>:

- *Identification of sectors of activity and types of economic relationships*, which, in line with the Group’s operating characteristics and strategies, sets out the rules and guidelines for identifying the sectors of activity and types of economic relationships where conflicts of interest could arise;
- *Risk appetite*, which establishes the maximum total acceptable risk asset exposure to all connected parties and the related organisational structures to effectively monitor compliance – *ex ante* and *ex post* – with this limit.
- *Guidelines for the establishment and governance of organisational processes to identify and collect information on connected parties and to identify and quantify transactions with them at all stages of the relationship*, which sets out specific and separate rules and guidelines for organisational roles and IT systems;

<sup>9</sup> See para. 3.2 of the “Provisions on remuneration and incentive policies and practices in banks and banking groups” of 30<sup>th</sup> March 2011.

<sup>10</sup> See Circular No. 263 of 27<sup>th</sup> December 2006 “New regulations for the prudential supervision of banks”, ninth update of 12<sup>th</sup> December 2011 – Title V – Chapter 5 – Section III paragraph 2.2. “The bank’s management board, supervisory board and independent directors must be closely involved in drafting, amending and substantially adding to the procedures, and the main corporate functions affected must also have an input. Specifically:

- procedures are set by the body responsible for strategic supervision;
- the independent directors and the supervisory board provide a detailed and reasoned opinion on the overall suitability of the procedures to meet the objectives of the current policy; the opinions of the independent directors and supervisory board are binding for the decision of the body responsible for strategic supervision;
- the relevant internal units perform a thorough investigation, each in their own areas of responsibility, to check that the proposed solutions meet the various requirements of this policy.

The procedure described above is also followed for proposals, to be submitted to the shareholders’ meeting, to amend the articles of association if it is necessary to alter these provisions.”

<sup>11</sup> See Circular No. 263 of 27<sup>th</sup> December 2006 “New regulations for the prudential supervision of banks”, ninth update of 12<sup>th</sup> December 2011 – Title V – Chapter 5 Section IV.



- *Guidelines for the establishment and governance of organisational control processes for the correct measurement and management of risks assumed, and monitoring the design and implementation of internal policies;*
- *Powers and responsibilities*, which sets out the principles that the Management Board must follow when enforcing the risk assumption limits defined in this policy.

## 2. Identification of sectors of activity and types of economic relationships

### *Criteria for the identification of sectors of activity and types of economic relationships*

With reference to the sectors of activity and types of economic relationships, transactions with connected parties can cover any transaction involving the assumption of risk asset exposures<sup>12</sup>, transfers of resources, services or obligations, regardless of whether or not consideration is due in return.

The Group has a “Regulation on transactions with UBI Group connected parties” which sets out in detail:

- the definition of connected-party transactions;
- the distinctions between connected parties according to their greater or lesser significance and the size of the amount, and the identification of the quantitative and qualitative parameters used to classify the various types of transactions (e.g. quantitative indicators include the relevance indicator of the amount of the transaction<sup>13</sup> and the regulatory capital, and the relevance indicator of the asset; qualitative indicators include organisational rules that determine which bodies take decisions over specific transactions);
- exclusions<sup>14</sup>.

### *Mechanisms for the identification of sectors of activity and types of economic relationships*

Under the criteria set out in the preceding paragraph, the notion of transactions with connected parties could potentially cover all transactions and all kinds of economic relationships pertaining to sectors of activity – including those that do not imply risk asset exposures – that could give rise to conflicts of interest and can be carried out both by the Parent and by the individual banks and companies in the Group.

In this sense, given the variety and high number of transactions that fall within the scope of connected-party transactions, in order to monitor this risk thoroughly the Group must adopt<sup>15</sup> procedures, processes, mechanisms and internal policies to ensure that any operator who enters into contact with a potential connected party – following a request to carry out any kind of transaction and prior to its execution – checks whether the counterparty is designated as a connected party in the Group database and, if the counterparty is a connected party, check whether the transaction is covered by one of the exclusions.

The guidelines for the identification process are set out in paragraph 4.

<sup>12</sup> Risk asset are considered net exposures as defined for the purposes of the regulations on concentration of risk, as described in Title V, Chapter 1, Section I, para. 3 of the Supervisory Regulations and the “Instructions for compiling regulatory capital reports and capital ratios” (Circular No 155 of 18<sup>th</sup> December 1991), Section 5.

<sup>13</sup> For the relevance indicator of the amount, the amount may be the sum paid to/from the counterparty if cash was used, the fair value if financial instruments were used, or the maximum amount disburseable in the case of loans. Qualitative/organisational rules set by the Supervisory Board on the basis of the provisions of the articles of association or other legislation and regulations (the Civil Code, the supervisory code ...) are deemed to be more significant.

<sup>14</sup> In accordance with supervisory regulations (see Title V – Chapter 5 – Section I – Paragraph 3) the following are not considered to be connected-party transactions:

- transactions between members of a banking group if they are connected by a relationship of total control, including jointly;
- fees paid to the corporate officers, providing these are in line with the supervisory provisions on incentive and remuneration systems in banks;
- intra-group transfers of funds or of collateral carried out as part of the system to manage consolidated liquidity risk, including transactions relating to covered bonds, securitisations and similar transactions;
- transactions to be performed on the basis of instructions for the purposes of stability issued by the Bank of Italy, or on the basis of instructions issued by the Parent of the Group to carry out instructions issued by the Bank of Italy in the interests of the stability of the Group;

<sup>15</sup> This activity also covers updating existing procedures, processes and mechanisms that widen the definition of connected parties (e.g. significant personnel).

In order to more accurately identify the areas where the guidelines are to be implemented in practice, the transactions that could generate conflicts of interest in relation to the Group's operations and strategies can be split into ordinary banking activities (in the narrow sense) and extraordinary transactions (in the broad sense).

The ordinary operations defined as UBI Group banking activities (in the narrow sense) include, for example:

- granting credit<sup>16</sup>;
- funding activities;
- investment and ancillary services for financial and non-financial assets<sup>17</sup>;
- advisory services and assistance for customers and other counterparties;
- collection, payment and fund transfer services;
- opening typical banking relationships (e.g. current accounts) and applying and changing their economic conditions;
- operations relating to remuneration and incentives systems;
- ordinary activities relating to managing the acquisition and disposal of goods and services.

The extraordinary operations defined as UBI Group banking activities (in the broad sense) include, for example:

- extraordinary activities relating to managing acquisitions and disposals of goods and services, including the purchase, sale and leasing of real property.
- extraordinary transactions (e.g. buying equities, corporate transactions such as mergers, demergers by acquisition or demergers in the strict non-proportional sense, increases in share capital, etc.).

While this list is merely for illustrative purposes and cannot be considered an exhaustive illustration of the preceding paragraph, the internal regulations governing each of the areas indicated must be supplemented and amended in order to transpose the provisions of the supervisory regulations and the criteria and guidelines set out in this policy and the regulation on transactions with connected parties.

In particular, the processes, procedures and IT systems that govern management of individual transactions/relationships with connected parties at all stages of the relationship (e.g. initial decision, management, monitoring) must be identified and made official in the internal regulations on the subject.

### *Significant Persons*

The guidelines, systems and rules set out in this section must also be properly applied following the minimum standards set forth in supervisory documents<sup>18</sup> on significant persons, as defined in the introduction.

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<sup>16</sup> See the specific instructions on conflicts of interest between granting credit and investing in equities, as set out in the regulation on what shares banks may hold.

<sup>17</sup> See the specific instructions on conflicts of interest in investment and ancillary services, as set out in the joint Bank of Italy-Consob regulation implementing article 6, paragraph 2-*bis* of the Consolidated Finance Act.

<sup>18</sup> The legislation and regulations require that banks and banking groups' own rules must at least require personnel to declare their interests in operations and for the management of such relationships (e.g. granting credit, entering credit litigation) to be assigned to a hierarchically superior level.

### 3. Risk appetite

#### *Consolidated and individual quantitative limits*

The UBI Group and each bank in the Group intend to comply with the prudential limits on risk asset exposures to connected parties set forth in supervisory regulations. To that end, they have adopted mechanisms designed to ensure ongoing compliance with said limits. The consolidated limits are reported in the table below.

#### **Prudential limits on risk asset exposures to connected parties**

(Limits related to the consolidated Supervisory Capital)

Corporate members	Controlling participants or able to exercise significant influence	Other participants and subjects different from participants	Subjects under control or significant influence
5%	Non financial correlated parties		
	5%	7.50%	15%
	Other correlated parties		
	7.50%	10%	20%

At the individual level, each bank belonging to the UBI Group may have risk asset exposures to connected parties totalling less than 20% of its own regulatory capital, regardless of the financial or non-financial nature of the connected party.

In order to calculate the individual limit, banks belonging to a banking group consider their risk asset exposures to all connected parties across the group.

#### *Risk appetite – maximum limit of all exposures to all connected parties*

In accordance with the supervisory regulations, UBI Group establishes its risk appetite on an annual basis, which is made official via a specific internal regulation applying to the units responsible.

The following terms are defined in accordance with the provisions of the document "Risk appetite and the creation of value in the UBI Banca Group: interpretation and governance":

- limit: the maximum/minimum value of a quantifiable risk indicator, which is established by the Supervisory Board and binding on the actions of the Management Board. Generally speaking, if the policy does not provide any further specific rules, in the event that this limit is exceeded then the Supervisory Board must be promptly informed and an automatic ban enforced on assuming new risk positions or increasing existing risk positions; the Management Board may only take corrective action with the prior approval of the Supervisory Board or, in urgent cases, of its Chairman;
- early warning threshold: the maximum/minimum value of a quantifiable risk indicator, which is established by the Supervisory Board and, if exceeded, must be immediately notified to the Supervisory Board or its Chairman by the Management Board, which retains complete operating independence;
- target: the value – possibly referring to a quantifiable risk indicator – that the Management Board must aim for in its activities, and therefore in annual and multi-year plans. It is also possible to set a qualitative target. Divergence from the established targets is stated in the periodical reports sent between the Management Board and the Supervisory Board.

UBI Group sets risk appetite towards connected parties in terms of:

- the maximum authorised credit towards all connected parties as a ratio against the total authorised credit to ordinary customers (nominal value);
- an early warning threshold and an absorbed capital limit (credit requirements) at consolidated level, as an expression of total consolidated Available Financial Resources<sup>19</sup>.

<sup>19</sup> For the definition of Available Financial Resources, see "Risk appetite and the creation of value in the UBI Banca Group: interpretation and governance". The values attributed to the Available Financial Assets are not to be added to the amounts given in the "Credit risk management policy", of which they are simply a component.

The values can be summarised as follows:

Description of levels *		Value
<b>Authorised credit limit (nominal value)</b>	Total authorised credit for connected parties / total authorised credit for ordinary customers	$\leq 2.75\%$
<b>Early warning threshold for allocated capital (credit risk)</b>	Internal capital absorbed / available financial resources	$\leq 1.75\%$
<b>Allocated capital limit (credit risk)</b>	Internal capital absorbed / available financial resources	$\leq 2.0\%$

(\*) Figures used to calculate limits are updated to 30th September 2012

Levels of authorised credit and internal capital absorbed are checked on a quarterly basis, at the same time as supervisory reports are produced.

The Management Board is responsible for verifying the figure set out in this document and must report to the Supervisory Board regarding maintaining the indicator within below the established value.

Lastly, the Group assesses legal, reputational and conflict-of-interest risks related to dealing with connected parties, where relevant to business operations, as part of the Internal Capital Adequacy Assessment Process (ICAAP); specifically, if prudential limits are exceeded, as well as the initiatives described in the recovery schedule it also takes account of excesses in the process to determine total internal capital.

#### *Qualitative controls*

In order to ensure proper management and adequate monitoring of risk assets, the Group has adopted suitable controls and specific credit policies which cover the following subjects:

- procedures to identify connected parties, to record their details in Group IT applications, considering the overlaps with IFRS connected parties, regulations on connected parties pursuant to Consob resolution 17221/2010 and Art. 136 of the Consolidated Banking Act regarding the proper storage of information and its amendment in the event of changes in connected parties;
- rules to determine the amount of exposure subject to limit checks in the event of the existence of risk mitigation guarantees (e.g. personal guarantees, guarantees with security, etc.);
- rules to identify cases in which the assumption of additional risk assets should be accompanied by specific risk attenuation techniques provided by persons independent from the connected parties and whose value is not positively correlated with the creditworthiness of the borrower. The identification of such cases must be general in scope and refer to the amount of risk assets as a ratio of regulatory capital, transaction frequency and the nature of the relationship between the connected party and the bank or banking group;
- processes to ensure effective management of limits on risk exposure to connected parties, to be evaluated both *ex ante* (when a new loan is under consideration or being amended) and *ex post* (during the monitoring phase);
- rules on first level and second level monitoring and on periodic reporting, clearly identifying the organisational structures responsible. Regulations must also be drawn up on processes regarding prompt notification of the bodies responsible in the event that the defined limits are exceeded;
- the establishment of a process to ensure that risk asset exposures to connected counterparties are restored to within the limits if they are exceeded<sup>20</sup> under the rules set out in legislation and regulations<sup>21</sup>.

<sup>20</sup> For example, if it became a connected party after the relationship was established.

### *Significant Persons*

The guidelines, systems and rules set out in this section must also be adequately applied following the minimum standards set forth in supervisory documents<sup>22</sup> on significant persons, as defined in the introduction.

## **4. Guidelines for the establishment and governance of organisational processes to identify and collect information on connected parties and to identify and quantify transactions with them at all stages of the relationship**

### *Introduction*

In order to comply with supervisory regulations on identifying and recording information about parties and identifying and quantifying transactions, the UBI Group has devised and adopted specific organisational processes to:

- identify connected parties, to record their complete details in Group IT applications, considering the overlaps with IFRS connected parties, regulations on connected parties pursuant to Consob resolution 17221/2010 and art. 136 of the Consolidated Banking Act regarding the correct storage of information and its amendment in the event of changes;
- identify and quantify transactions with connected parties at all stages of the relationship, from the time that the transaction is requested and prior to its execution.

The rules and guidelines that the Group intends to follow in terms of organisational roles and IT systems and procedures are set out below.

### *Organisational roles*

The responsibility for identifying existing relationships between counterparties – and between counterparties and the bank, or between the Parent and the Group companies – where the counterparty can be defined as a related or connected party, lies with the corporate function assigned to monitor business groups in order to assess major risks, as defined in the supervisory regulations.

To this end, the function responsible for identifying the counterparty as a connected party and the connected relationships must use all information available both internally (e.g. company databases and archives) and externally (the “*Centrale rischi*” central credit register, the “*Centrale bilanci*” central register of financial statements, etc.), integrating and comparing them in order to ensure it has a complete overview of the business groups.

The activities relating to identifying a counterparty as a connected party must be carried out on an ongoing basis and ensure that information is up to date.

The function must also adopt suitable procedures for collecting, conserving and updating information on connected parties, and must make these procedures official by way of a specific internal regulation.

Lastly, particular attention is required in cases of relationships with business groups that use complex corporate structures or do not ensure total transparency with regard to their ownership and organisation structures (e.g. if they include offshore companies or use company vehicles or legal schemes that can obstruct the reconstruction of ownership or control structures).

### *IT systems and procedures*

The Group has adopted IT systems that are in use across the entire banking group and accessible to all units, which make it possible to:

- record information about connected parties from the moment they are defined as such pursuant to the “*Regulation on transactions with UBI Group connected parties*”;

<sup>21</sup> See Circular No. 263 of 27<sup>th</sup> December 2006 “New regulations for the prudential supervision of banks”, ninth update of 12<sup>th</sup> December 2011 – Title V – Chapter 5 – Section II – Paragraph 3: “the Parent will prepare, within 45 days of the limit being exceeded, a recovery plan put forward by the management body and approved by the body responsible for strategic oversight, having consulted the body responsible for control. The recovery plan is sent to the Bank of Italy within 20 days of its approval, together with the documents containing the resolutions of the corporate bodies.”

<sup>22</sup> The legislation and regulations require that banks and banking groups’ own rules must at least require personnel to declare their interests in operations and for the management of such relationships (e.g. granting credit, entering credit litigation) to be assigned to a hierarchically superior level.

- provide all banks in the Group with up-to-date information about Group connected parties;
- to record changes to them;
- to monitor – *ex ante* and *ex post* – the total amount of and changes in the associated risk assets, also considering the current value of any existing risk mitigation techniques.

Specifically, the Parent uses IT systems that make it possible to verify, at all times, compliance with the consolidated and individual limits on risk asset exposures to connected parties.

#### *Significant Persons*

The guidelines, systems and rules set out in this section must also be properly applied following the minimum standards set forth in supervisory documents<sup>23</sup> on significant persons, as defined in the introduction.

### **5. Guidelines for the establishment and governance of control processes for the correct measurement and management of risks assumed, and monitoring the design and implementation of internal policies.**

In order to ensure that it has a system of controls that are in line with legislation and regulations, the UBI Group designs and adopts appropriate multi-level organisational control processes in accordance with the Group governance policy.

Three different levels of control units are responsible for ensuring correct measurement and management of risk exposures to connected parties and good scheme and implementation of internal policies, each according to the responsibilities assigned to them under corporate procedures, as indicated the relevant internal Group documentation, which must be updated and expanded to take account of the supervisory regulations and the rules and guidelines set forth in the policy.

Group controls are structured as follows:

- *first level controls* (i.e. line controls) designed to ensure the proper performance of the activities relating to their mission at different hierarchical levels. These are carried out by the unit managers (hierarchical controls), incorporated into procedures (procedural controls) or performed as part of back-office and/or staff activities; they are integrated into the processes to which they belong/pertain;
- *second level controls*, performed by specialist functions tasked with the ongoing identification, prevention and measurement of business risks, and providing periodic and specific reports, as a necessary basis for monitoring and assessing the system of internal controls;
- *third level controls*, performed by the internal audit function and leading to an objective judgment on the setup and functioning of the internal control system or parts thereof and, in particular, on the adequacy of risk controls assigned to specialist functions.

Specifically, the legislation and regulations require that:

- the risk management function is responsible for measuring the risks – including market risks – underlying relationships with connected parties, checking compliance with the limits attributed to the various structures and operating units, and monitoring each of their compliance with the risk appetite levels set out in internal policies;
- the compliance function verifies the ongoing existence and robustness of procedures and systems capable of ensuring compliance with all external and internal regulatory obligations;
- the internal audit function checks that internal policies are being followed, immediately reporting any failures to the supervisory body and the bank's senior

<sup>23</sup> The legislation and regulations require that banks and banking groups' own rules must at least require personnel to declare their interests in operations and for the management of such relationships (e.g. granting credit, entering credit litigation) to be assigned to a hierarchically superior level.



management; it also provides periodic reports to corporate bodies regarding the overall exposure of the bank or banking group to risks deriving from transactions with connected parties and other conflicts of interest, where necessary proposing amendments to internal policies and organisational and control structures to improve monitoring of such risks;

- the independent directors of the Parent provide assessments, support and proposals on organisational matters and the performance of internal controls on all activities involving the assumption and management of risk exposures to connected parties and also perform general checks on the compliance of the activities with strategic and management guidelines. The Supervisory Board assigns the functions described in this paragraph to the current Consob Related Parties Committee, which is to be renamed the Related and Connected Parties Committee.

The processes, mechanisms and IT systems relative to the controls at every level – both procedural and hierarchical/functional – are identified and described for each business sector, naming the units responsible, and made official in the internal regulations governing the management and performance of the operations.

## **6. Powers and competences**

The Supervisory Board is responsible for defining and adopting Group-wide strategies on risk exposures to connected counterparties and approving the Management Board's proposed methods for identifying and assessing risk, qualitative risk management indicators and quantitative information.

The Parent approves and reviews internal policies on risk assets and conflicts of interest with regard to connected parties at least once every three years. The documents setting out internal control policies are communicated to shareholders via a specific report and kept available in case requested by the Bank of Italy.

The Supervisory Board is responsible for amending and updating the policy, while the Management Board is responsible for the practical implementation of the individual rules and regulations.

Without prejudice to the boundaries set out above, the Management Board is responsible for the practical implementation of rules and limits established in internal regulations.

In order to ensure the utmost thoroughness of information, any proposals to amend this policy document submitted for the approval of the Supervisory Board must be accompanied by the documents referred to above, noting any changes necessary for the practical implementation of the new version of the policy document.

In the event of changes to the regulations implementing the rules and policy guidelines adopted by the Management Board, the new version of the regulations must be submitted to the Supervisory Board for information purposes; the new provisions will take effect 15 days after the Management Board sends the document to the Supervisory Board.

The Management Board is responsible for the full implementation of this policy.



# **REPORT OF THE SUPERVISORY BOARD TO THE SHAREHOLDERS' MEETING**

**in compliance with Art. 153, paragraph 1 of Legislative Decree No. 58 of  
24<sup>th</sup> February 1998  
and Art. 46, paragraph 1, letter h) of the Articles of Association**

Dear Registered Shareholders,

This report to the Shareholders Meeting has been prepared in accordance with Art. 153 of Legislative Decree No. 58 of 24<sup>th</sup> February 1998 (Consolidated Finance Act) and Art. 46 paragraph 1, letter h) of the Articles of Association, in compliance with which, the Board is required to report to shareholders on the supervisory activities performed, on omissions and reprehensible actions observed and in relation to matters within the scope of its responsibilities relating to the financial year ended 31<sup>st</sup> December 2012.

UBI Banca is a “popular” bank with the legal status of a joint stock co-operative company. It has adopted a two tier system of management and control, which is considered better suited to the governance requirements of the Parent, UBI Banca, and at the same time as providing stronger protection for registered and unregistered shareholders, especially through the activity of the Supervisory Board, a body appointed directly by the registered shareholders and representing them.

The distinguishing features of the two tier system lie in the distinction between:

- the [strategic supervision and control](#) functions, assigned to the Supervisory Board, which combines some of powers assigned by traditional systems to shareholders' meetings (approval of financial statements, appointment of the members of the management body and determination of the relative fees) and to boards of statutory auditors and assumes some "senior management" responsibilities, insofar as it is called upon to take decisions on proposals submitted to it by the Management Board on the business and/or financial plans and budgets of the Bank and the Group and also on strategic operations indicated in the Articles of Association;
- the corporate [management functions](#), assigned to the Management Board, which has exclusive authority to perform all ordinary and extraordinary operations necessary to the pursuit of the company objects, in compliance with the general guidelines and strategic policies approved by the Supervisory Board.

This division of functions identifies distinct features of the operational life of the Bank and assigns them to the corporate bodies just mentioned which, with their respective roles and responsibilities, give rise to a corporate governance model that is more appropriate to the structure of the Bank and the Group in the context of a single business design, characterised by continuous dialogue and inter-functional co-operation.

The annual report on the Corporate Governance and Ownership Structure of UBI Banca Scpa - attached to the 2012 Annual Report - provides detailed information on the two-tier system of corporate governance adopted.

\* \* \*

In 2011 and in 2012, the Supervisory Board of UBI Banca carried out a self-assessment of the size, composition and functioning of the Board itself and also of its internal committees, by means of an analysis conducted in Board meetings, after asking each Board Member to fill in a special self-assessment questionnaire. The size and composition of the Board and its Committees and the professional expertise of Board Members were examined in relation to the size of the Group and to its related activities. The self-assessment was conducted on the following factors: the quality and completeness of skills, experience and expertise within the Board and the internal committees; sufficient number of members; the degree of effectiveness of the five internal committees; the quality of Board and internal committee meetings; the quality and promptness of reporting and presentations to the Board; the effectiveness and efficiency of decision-making processes within the Board; the clarity, agreement and satisfaction with regard to policies, performance and risk objectives and the results achieved; a benchmarking comparison with boards of other companies and groups in which individual members may hold positions.

On conclusion of the self-assessment conducted, the Supervisory Board confirmed its findings that its size was adequate and it was of the opinion that, taken as a whole, the proceedings of Board and Committee meetings, in terms of organisation, analysis of the issues, attendance at meetings and discussion, allowed the Supervisory Board and its internal Committees to perform its functions effectively and efficiently.

At the end of 2012, the Supervisory Board, in collaboration with the Appointments Committee, began preparations for the reappointment of the corporate bodies, which are reaching the end of their terms in 2013, by preparing the document entitled “Guidelines for the appointments process and for selection of the members of the Management Board”. As part of this process, they also defined the various functions in accordance with the Supervisory Regulations concerning the corporate governance and organisation of banks. The process began with an initial analysis of the main observations to come out of the comparison of the corporate governance of UBI Banca with those of a comparable sample of European companies considered examples of best practice in corporate governance in Europe. Given the specialist skills required for such a study, the Supervisory Board and the Appointments Committee were assisted by Egon Zehnder International, a leading advisory firm in the field of corporate governance which had worked with the bank in the past in conjunction with the self-appraisal process conducted in 2011 and 2012. At that time, the company had developed an analysis model to support the identification of the optimal profile in both qualitative and quantitative terms for the Supervisory Board and for the Management Board. The process will come to a close in 2013 with the selection of the optimal quantitative and qualitative makeup of the Management and Supervisory Boards and disclosure of the results of the study to both shareholders and to the market.

\* \* \*

### **The strategic supervisory function**

The year 2012 was one of great uncertainty in the macroeconomic landscape. Sovereign debt pressures in the nations peripheral to the euro area and the consequent corrective measures in the public accounts called for by the governments most affected by the crisis heightened the recession in terms of both the contraction in gross domestic product and the duration of this adverse economic period. Domestic demand was particularly weak, but net exports did manage to give some degree of support to Italy's GDP. The outlook for the future still contains many uncertainties which could manifest with impacts basically attributable to credit, interest rate, business and reputational risk, without, however, compromising the capital strength of the Group. Particular attention will be paid to trends on financial markets, whose performance will have significant impacts on the real economy. A possible progressive reduction in turbulence on financial markets in terms of government securities spreads would have an indirect positive impact on the real economy, partly through an improvement in the conditions for access to credit.

The fundamental strategic lines of the 2011-2013/2015 Business Plan remain unchanged and no update is planned unless greater stability in the macroeconomic background is seen.

Given all of the above, in 2012, and in line with what has been done in previous years, the Group implemented new mechanisms aimed at rapidly reducing overhead costs even further. On 18<sup>th</sup> July 2012, the Supervisory Board approved the start of the project to revise the structure of the Group in order to achieve goals such as optimising the distribution network, developing synergies between the private and corporate-banking customers and standardising the structure of the network banks in order to simplify the various support activities. This revised structure also seeks to streamline operations in order to reduce costs and better meet the needs of the marketplace, including by adapting the customer service model.

The pursuit of these goals took place in three major areas:

a) A series of organizational solutions aimed at simplifying the functioning of the group have been launched in order to reduce operating costs by as early as 2013. Measures taken to achieve this objective will include a revision of the overall size of the branch network, together with actions to rationalise and simplify the internal structure of the network banks, the Parent and UBI Sistemi e Servizi. The targets set for the Group in terms of reducing the workforce by way of the mechanisms made available by applicable labour law and bargaining agreements and as discussed with the trade unions, have been amply achieved, as was seen during the verification process completed in February 2013. The reduction in administrative costs falls within a broader programme known as “Organisation of Group Functioning”, which has been carried out in three separate phases. The first of these called for changes in the organisation of the Parent, which were followed by the adoption of a new model of organisation for UBI Sistemi e Servizi and changes to the organisational structure of the network banks. The second phase featured optimisation of the branch network created in December 2012, which furthers the previous plan of action to rationalise the branch network, which was carried out in February

2012. The third and final phase concerned the rationalisation of the commercial functions and strengthening of cross-market coverage. At the same time, a series of actions were undertaken which sought to simplify and streamline the Group's structure and its business area. At the same time, actions were taken within the broader plan to simplify the Group as a whole as described under point 1 below.

b) A target was set calling for a reduction of at least 20% in total costs of corporate governance by reducing the number of members of the various corporate bodies and the related fees paid to those members. As proposed by the Remuneration Committee, and within the scope of our own responsibilities, the Supervisory Board has moved to recommend that the shareholders, in the 2013 general meeting called to appoint the new Supervisory Board, significantly reduce the annual fees paid to the chairman of the Supervisory Board as well as those paid to remunerate the members of the board with special powers, functions and responsibilities. The board has also prepared a proposed guideline for a reduction in the remuneration of the Management Board, which is then to be promptly confirmed and finalised by the newly appointed Supervisory Board.

c) The revision of the service model for private banking and corporate clients through the creation of single operating units for both types of client, designed to provide an integrated range of products and services for the Group's core business clients on its local markets and to facilitate the development of additional income opportunities, has been carried out.

\* \* \*

In view of the increase in systemic risk caused by the sovereign debt crisis in the euro area, as part of a broader package of measures approved by the European Council, on 26<sup>th</sup> October the European Banking Authority (**EBA**) decided to create an "exceptional and temporary" capital buffer for the banking system in the area. Banks were asked to increase their capital by an amount sufficient to reach a core tier one ratio of 9% by the end of June 2012. The final results of that year, as published on 8<sup>th</sup> December 2011, showed a total capital requirement for UBI Banca of €1,393 million. As required by the EBA, a plan for achieving a core tier one ratio of 9% by the end of June was presented to the supervisory authority in January 2012. In consideration of the temporary nature of the requested increase, the UBI Banca plan fully excluded the option of new resort to the market following the substantial operation conducted in the spring of 2011. This essentially took advantage of a series of measures aimed at achieving the capital requirements by 30<sup>th</sup> June 2012, such as adopting advanced internal models for the calculation of capital requirements for corporate credit risk and further actions to optimise risk-weighted assets and self-funding.

The action taken to reclassify and rationalise risk weighted assets, with regard above all to loans and advances to customers, was performed in selective terms, without prejudice to the Group's traditional support to local economies and its core customers.

In our meeting of 15<sup>th</sup> December 2011, the Supervisory Board approved the start of the authorisation process for the use of the advanced internal rating-based (AIRB) approach to calculate capital requirements for credit risk and the advanced measurement approach (AMA) to calculate capital requirements for operational risk, together with the traditional standardised approach and the basic indicator approach.

In our meeting of 7<sup>th</sup> March 2012, having noted the information provided by the Management Board and the opinion of the Internal Control Committee, the Supervisory Board approved the additions to the request for authorisation to use the AIRB approach for credit risk and to the request for authorisation to use the AMA approach for operational risk, both of which were submitted to the supervisory authority on that same date.

By way of Bank of Italy measure No. 423940 of 16<sup>th</sup> May 2012, the UBI Banca Group obtained the authorisations needed in order to use advanced internal rating based (AIRB) systems to calculate capital requirements for credit risk – i.e. the corporate ("exposure to businesses") segment of Centrobanca and the network banks – and for operational risk (using the Advanced Measurement Approach, or "AMA") for UBI Banca, UBI.S, Centrobanca and the network banks.

As confirmed by the EBA and by the Bank of Italy on 3<sup>rd</sup> October 2012 (when publishing the final results for the year), the UBI Banca Group has fully complied with the recommendation of reaching a core tier one capital ratio of greater than 9%, inclusive of the sovereign-debt securities buffer. The EBA-required core tier-one ratio as at 31<sup>st</sup> December 2012 was 9.16%.



## Basel II Project

The Supervisory Board has verified with regard to risk policies and the related organisational aspects, that the Group possesses advanced and fully effective systems for the management of risk. In accordance with prevailing laws and regulations, the risk-control system governs all of the guidelines of the system of internal controls, which is a set of organisational standards, regulations and methodologies that all of the companies of the Group must follow, in order to enable the Parent to exercise strategic guidance and control over operations and various technical aspects in an efficient, effective manner.

On 16<sup>th</sup> May 2012, the Bank of Italy authorised the UBI Banca Group to use advanced internal rating-based (AIRB) systems to calculate capital requirements to meet credit risk – “exposures to businesses” (“corporate”) segment – and operational risk, from the supervisory report as at 30<sup>th</sup> June 2012. With specific reference to credit risk, the authorisation allows the use of internal estimates for probability of default (PD) and loss given default (LGD) parameters for the corporate portfolio. Therefore for all the other portfolios the standardised approach is used, to be applied in accordance with the roll-out plan delivered to the Supervisory Authority.

The scope of application, in terms of companies, for the approaches authorised is as follows:

- AIRB: Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Popolare di Ancona, Banca Regionale Europea, Banca Carime, Banco San Giorgio, Banca Valle Camonica, UBI Banca Private Investment and Centrobanca;
- the remaining Group companies will continue to use the standardised approach.

In the second half of 2012, another phase of the Basel 2 project began. This phase calls for extending the use of AIRB systems for credit risk to the retail segment for the portfolio segments of “exposures backed by residential properties” and “other retail exposures towards small businesses”. Within this context, the application of these models to the corporate area will also be expanded to include UBI Banca. Subject to prior authorisation by the supervisory authority, the goal is to use the retail models for regulatory purposes during 2013 to realise additional benefits in terms of lower levels of risk-weighted assets. Validation of the advanced approaches for credit risk for the retail (i.e. individuals and small businesses) segment is to be requested during the first half of this year.

With regard to the **Second Pillar**, the ICAAP report as at 31<sup>st</sup> December 2012 is to be filed with the supervisory body in April 2013. The structure of the report gives details of the following: strategic lines of development and the forecast horizon considered by the Group business plan; a description of corporate governance model, organisational structures and systems of control related to ICAAP; exposure to risks, methods of measuring and aggregating them and stress tests; the components, estimates and methods of allocating internal capital; the relationship between internal capital, supervisory requirements and supervisory capital; and finally the self assessment of ICAAP, which identifies areas for further growth in the methodological model.

This regulation also introduced disclosure obligations as called for under the **Third Pillar**. This consists of information on capital adequacy, exposure to risks and the general characteristics of the systems designed to identify, measure and manage them. The information to be provided favours greater transparency in the ways in which banks manage risk.

The Supervisory Board has examined the documentation regarding the Third Pillar disclosure requirements concerning the qualitative and quantitative aspects of both operational and credit risk. As of 30<sup>th</sup> June 2012, this examination process is to be repeated on a quarterly basis following the receipt of authorisation for the Group to use the internal systems. The board has also noted that it would be opportune to place greater emphasis on internal regulations, including in relation to the authorisation to use the advanced approaches for credit and operational risk, the schedule for preparing the summary tables and the procedures for formalising the controls conducted, in order to increase the reliability of the data reported and the ability to track the activities carried out by the various players involved.

## Remuneration and incentives policies

In our meeting of 20<sup>th</sup> February 2013, as proposed by the Remuneration Committee, the Supervisory Board approved the update to the remuneration and incentives policies of the UBI Group for 2013, without prejudice to the responsibilities of the shareholders in relation to the remuneration of the members of the Management Board and to the incentives plan for senior management and for the highest management level of the control functions, which is based on financial instruments.

As concerns the 2013 incentives plan for senior management and the highest management level of the control functions specifically, which calls for the determination of a portion of the variable component of remuneration by allocating ordinary shares of the Parent, UBI Banca, the Supervisory Board, as proposed by the Remuneration Committee and given the maximum number of shares to be allocated under the plan, agrees with the mechanism of using treasury shares in order to implement the plan.

On 13<sup>th</sup> March 2013, as proposed by the Remuneration Committee, the Supervisory Board moved to submit the remuneration policies for the Management Board to the shareholders for approval. These policies establish that: (i) the fees paid to the Chairman of the Management Board are to be the same as those paid to the Chairman of the Supervisory Board; (ii) if the Chairman of the Management Board takes up positions in other Group banks or companies, he may receive total further remuneration of not more than 30% of the remuneration set for the position of Chairman of the Supervisory Board; (iii) the maximum total fee payable to each member of the Management Board, with the sole exception of the Chairman and the Chief Executive Officer (who is subject to particular rules), for membership of the Management Board and the Governing Bodies of the Group banks and companies, is, as a rule, not more than 80% of the remuneration for the office of Chairman of the Supervisory Board and the Management Board; (iv) the Chief Executive Officer and the members of the Management Board who have been appointed as directors of UBI Banca are to receive a variable bonus linked only to the fixed remuneration payable for said role; (v) there are to be no attendance payments; (vi) no guaranteed bonuses or leaving bonuses exist for members of the Management Board; (vii) no member of the Management Board may unilaterally decide to waive their right to part or all of their remuneration.

Based on the observations of the Remuneration Committee, the Supervisory Board has expressed approval of the Group's remuneration and incentives policies and their consistency with the proposal to submit the 2013 incentives plan based on financial instruments (which calls for the determination of a portion of the variable component of remuneration for senior management and the highest management level of the control functions by allocating ordinary shares of the Parent, UBI Banca) for approval by the shareholders. As proposed by the Remuneration Committee, the Supervisory Board has also approved the remuneration report, which fulfils the requirements of both supervisory regulations and the Italian Consolidated Finance Act, for which the Management Board had, on 12<sup>th</sup> March, submitted a proposal concerning the information required under Article 123-ter, paragraph 4(b), of said act.

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In compliance with **Consob Communication No. 1025564** of 6<sup>th</sup> April 2001 and subsequent amendments to it, specific information is given below on the supervisory activities performed by the Supervisory Board in 2012 in the order of presentation recommended in that Consob communication.

1. This Supervisory Board participated in all the meetings of the Management Board, authorising members of the Internal Control Committee to do so also individually on its behalf.

The Supervisory Board supervised compliance with the law, the Articles of Association and proper management practices and acquired information on the activities of the Bank and its subsidiaries and also on major capital, financial and operating transactions.

Transactions of significance with respect to operations and capital concluded by the Bank and its subsidiaries during the year were performed in compliance with law, the Articles of Association and exclusively and fully in the interests of the respective company. On the basis of information obtained by the Management Board pursuant to Art. 150 of the Consolidated Finance Act, those transactions were neither manifestly imprudent, risky, in conflict of interest, contrary to Shareholder resolutions or such as to compromise the integrity of the Bank's assets.

A full and exhaustive review of transactions of greater significance during the year is contained in the Management Report for the 2012. Consolidated Financial Statements. The main initiatives undertaken are mentioned here.

During 2012 and the first part of 2013, a series of actions were undertaken which sought to simplify and streamline the Group's structure and its areas of business. These actions, which were, where applicable, approved by the UBI Banca Supervisory Board, may be summarised as follows:

- the creation of a major banking hub in north-eastern Italy with the merger of Banco di San Giorgio into Banca Regionale Europea effective as of 22<sup>nd</sup> October 2012;
- completion of the rationalisation of the consumer loans segment by transferring the business unit regarding salary and pension-backed loans and payment authorisations from Banca 24-7 to Prestitalia, the merger of Banca 24-7 into UBI Banca, and the merger of SILF into UBI Banca;
- the revision of the configuration of the foreign shareholdings, including UBI Banca International taking over the entire equity investment in UBI Capital Singapore Pte held by Banque de Dépôts et de Gestion;
- the transfer of the IW Bank business unit comprising information technology, physical security and anti-fraud, and logistics;
- the merger of InvestNet International into IW Bank;
- the exercising of the right to withdrawal on Arca SGR shares and the consequent elimination of the share held in the company;
- the completion of the voluntary liquidation of Barberini SA;
- the sale of UBI Insurance Broker;
- the establishment of UBI Academy, a consortium company for the managerial training and development of staff who work in the UBI Banca Group;
- the start of the voluntary liquidation of BY YOU S.p.A.;
- the beginning of the merger of Centrobanca into UBI Banca, which should be completed in the first half of 2013.

2./3. The Consob approved a regulation regarding related party transactions with Resolution No. 17221 of 12<sup>th</sup> March 2010 and subsequent amendments. In implementation of article 53, paragraphs 4 *et seq.* of the Consolidated Banking Act and Inter-Ministerial Credit Committee Resolution No. 277 of 29<sup>th</sup> July 2008, the Bank of Italy also issued new regulatory measures regarding risk assets and conflicts of interest concerning parties related to banks or banking groups on 12<sup>th</sup> December 2011. The requirement relates to the procedures to be followed for the approval of transactions concluded by listed companies with parties that could create a conflict of interest. The Group approved in-house regulations regarding related party transactions within the time limits set by Consob, in which it defined internal processes that will assure compliance with Consob requirements.

The Related and Connected Parties Committee, established within the Supervisory Board, is called upon to express opinions on transactions to be conducted with the various types of related parties.

The Supervisory Board periodically reviewed lists of all the related party transactions concluded in the preceding quarter, contained in quarterly reports received from the Management Board. They included those not subject to a prior opinion from the Committee in accordance with the regulation adopted, with specification of the related party, the type of transaction and the amount and, if the transaction was not subject to prior examination by the Committee, the underlying grounds for the exemption.

We report, with regard to transactions between companies in the Group and all of its related parties, that no atypical and/or unusual transactions were performed during

the year (as defined by Consob Communication No. DEM/1025564 of 6-4-2001 and subsequent amendments). Furthermore, no transactions of that type were even performed with counterparties that were not related parties.

Normal commercial and financial intragroup and related party transactions have been properly disclosed by the Management Board in Part H of the notes to the UBI Banca separate and consolidated financial statements.

The Management Report provides information pursuant to article 5, paragraph 8 of Consob Regulation No. 17221 of 12<sup>th</sup> March 2010.

All the transactions performed by Group companies with their related parties were carried out in compliance with correct principles both in substance and form under conditions analogous to those applied for transactions with independent parties and are considered as being consistent with and responding to the interests of the company. They were performed in accordance with the organisational structure adopted with strategic and management activities centralised with the Parent and technical and operational activities centralised at UBI Sistemi e Servizi Scpa.

The Report on Corporate Governance and the Ownership Structure also describes the main contents of the monitoring, reporting and decision-making regulations adopted by the Management Board for the performance of related party transactions by the Bank.

We report that transactions with representatives of the bank, with representatives of Group member companies and with companies controlled by them – all of whom may qualify as related parties – are conducted under normal market conditions and the provisions of Article 136 of the Consolidated Banking Act, where applicable are carefully complied with for those transactions. The Supervisory Board has also overseen the adequacy of the system for ensuring compliance with Art. 136 of the Consolidated Banking Act.

4. On 30<sup>th</sup> April 2011, following expiration of the mandate granted to the auditing firm KPMG S.p.A., the shareholders, as duly proposed by the Supervisory Board and based on the favourable opinion of the Internal Control Committee, approved the assignment of the statutory audits of the UBI Banca separate and consolidated financial statements and corporate accounts for the financial years from 2012 to 2020 and of the proper recognition of operations in said accounts, as well as the limited audit of the half-year interim consolidated financial statements of the UBI Group, to the auditing firm Deloitte & Touche S.p.A., while also setting the related fees to be paid in accordance with the proposal of the Supervisory Board and in compliance with Article 13 of Legislative Decree 39/2010.

The independent statutory auditor, Deloitte & Touche S.p.A., with which the Supervisory Board had ongoing meetings, either directly or through internal committees, issued its reports on the 2012 separate and consolidated financial statements on 22<sup>nd</sup> March 2013. They contained the unqualified opinion with respect to the conformity of the accounting records and the consistency of the management report with the financial statements.

- 5./6. In 2012, the Supervisory Board received no expressly qualified reports from the shareholders such as those envisaged under Article 2408 of the Italian civil code. However, the Supervisory Board did receive a number of reports in the form of petitions filed with the courts or letters copied to the Bank of Italy and Consob during the period from July to October and concerning the following aspects of the Bank's operations: i) the shareholder admissions process; ii) incentives for the distribution network for recruiting new shareholders and the use of UBI Banca facilities and personnel; iii) the granting and revocation of loans to shareholders; iv) files submitted to the Bank concerning the operations of UBI Leasing S.p.A.; and v) the existence of consulting agreements with UBI Banca related parties. In response to these filings, on 23<sup>rd</sup> November 2012, Consob submitted a request for information from the Supervisory Board in accordance with article 115, paragraph 1 of Legislative Decree 58/1998. In order to look into the various claims, the Supervisory Board immediately conducted the necessary audits with the help of the appropriate internal control functions. Based on the reports of the Internal Auditing unit and the audits conducted by the Compliance unit, on 20<sup>th</sup> December 2012, the Supervisory Board

complied with Consob's request by providing the internal-audit reports and underlining the following: i) the shareholder admissions process is in compliance with the Articles of Association, and no complaints regarding requests for shareholder admission have been received; ii) no incentive mechanisms have ever been implemented in favour of the Group's branches for the recruiting of new shareholders; iii) within the loan disbursement process, shareholder status plays no role in the determination of credit ratings; authorisations for the granting, revision and revocation of loans are provided in accordance with strict rules that have no connection with shareholder status, and there have been no specific complaints concerning measures for revoking loans based on membership of UBI Banca associations of shareholders; iv) the internal audits conducted encountered none of the alleged illicit conduct contained in the files received by the Bank; v) the audits conducted found no significant data concerning the signing of consulting agreements with related parties.

7. The fees shown below were paid to the independent statutory auditors Deloitte & Touche Spa for the financial year 2012, in accordance with the law.

Type of service (figures in thousands of euro)	Deloitte & Touche Spa	
	UBI Banca Scpa	Other UBI Group companies
Audit services	765	1,276
Certification services	895	3
Other services	-	55
<b>Total</b>	<b>1,660</b>	<b>1,334</b>

All fees shown include any index-based charges and do not include out-of-pocket expenses, security fees or VAT.

8. The fees reported below were paid to companies belonging to the network of the independent statutory auditors, Deloitte & Touche S.p.A., for financial year 2012, in accordance with the law.

Type of service (figures in thousands of euro)	Companies of the Deloitte & Touche Spa Network	
	UBI Banca Scpa	Other UBI Group companies
Audit services	-	418
Certification services	42	139
Other services	444	708
<i>methodological support for mapping rating systems</i>	179	-
<i>Methodological support for the project to analyse the organisational impacts of the merger of Banca 24-7 Spa into UBI Banca S.c.p.a.</i>	160	-
<i>methodological support for recognition of incentive schemes</i>	105	-
<i>Administrative and methodological support for audit activities for the project for the adoption and development and for the stabilisation process of the Creditolab procedures</i>	-	469
<i>Methodological support for the design of the IT platform for financial consulting</i>	-	182
<i>other</i>	-	57
<b>Total</b>	<b>486</b>	<b>1,265</b>

All fees shown include any index-based charges and do not include out-of-pocket expenses, security fees or VAT. Details of these fees are also given in an attachment to the financial reports as required by Art. 149-*duodecies* of the Issuers' Regulations.

The independent statutory auditors, Deloitte & Touche Spa, furnished the Internal Control Committee – which, in accordance with Art. 49 of the Articles of Association, performs supervisory functions pursuant to article 19 of Legislative Decree No. 39/2010 – with annual confirmation of its independence pursuant to article 17 of Legislative Decree No. 39/2010. No critical issues or risks regarding the statutory auditor's independence have come to light from contacts and discussions with the Committee.



The Internal Control Committee also noted the annual transparency report published by the independent statutory auditors, Deloitte & Touche Spa, pursuant to article 18 of Legislative Decree No. 39/2010.

9. With regard to the existence of opinions given in accordance with the law during the year and in compliance with the Consolidated Banking Act, the members of the Supervisory Board issued the required vote of approval when decisions were taken by the Management Board pursuant to Art. 136 paragraph 1 of the Consolidated Banking Act.

With regard to item one on the agenda of the Shareholders' Meeting convened for 20<sup>th</sup> April in second call, we report that on the date of that meeting the three year mandate of the members of the Supervisory Board expires. New members and the Chairman and Senior Deputy Chairman of the Supervisory Board must therefore be appointed on that occasion for the financial years 2013-2014-2015.

The Supervisory Board took advantage of its right provided for under article 45 of the Articles of Association and resolved to present a list, as proposed by the Appointments Committee, submitting candidates for the office of member of the Supervisory Board of the Bank that is the Parent of the Group, including the senior positions of Chairman and Senior Deputy Chairman of the Supervisory Board.

The Supervisory Board has examined the periodic reports concerning money laundering as prepared by the UBI Banca officer responsible for overseeing such matters, along with the related observations of the Internal Control Committee. In agreement with the committee's observations, the Supervisory Board reiterated our decisions regarding the importance that any and all actions described be completed and implemented so as to ensure the proper enhancement of the money laundering management model and the efficacy of the related internal control system, particularly as concerns the various product companies.

In December, based in part on the favourable opinion expressed by the Internal Control Committee, the Supervisory Board approved the proposal to alter the frequency of customer monitoring based on the "level of money laundering risk" attributed to a given customer in accordance with existing and upcoming external regulations.

With regard to the updates proposed during the period by the Management Board concerning the programme for the issuance of covered bonds, the Supervisory Board has taken note of the report of the Compliance unit and the observations of the Internal Control Committee and has confirmed the decisions made in previous meetings regarding: the approval of the assessments of the objectives and the related legal and reputational risks; approval of the control procedures formulated; the favourable opinion on the compliance of the programme's activities with the legislation and supervisory provisions and on the impact of the activities on the capital and operating equilibrium of the Bank.

The Supervisory Board, acting on a recommendation of the Appointments Committee, as required by Art. 46 letter n) of the Articles of Association, expressed an opinion in favour of the Management Board's nominations for the positions of Board Member and Statutory Auditor of the subsidiaries listed under letter b) of Article 36 of the Articles of Association.

The Supervisory Board also examined the Management Board's proposed fees to be paid to the Boards of Directors and Statutory Auditors of Group companies that had been requested to set remuneration at the next Shareholders' Meetings. In agreement with the Remuneration Committee in that regard, the Supervisory Board verified the consistency of the Management Board's proposals with Group remuneration policies.

10. The Supervisory Board 16 met times in 2012. The Chief Executive Officer and the Senior Officer Responsible for the preparation of corporate accounting documents (the "Senior Officer Responsible") were invited to attend meetings where operating and financial results were reviewed and, within the scope of their responsibilities, and, in



compliance with Art. 38 of the Articles of Association, the Chief Executive Officer reported on activities performed and on transactions of major operating, financial and capital importance carried out by the Parent and its subsidiaries.

All members of the Supervisory Board attended the Shareholders' Meeting held on 28<sup>th</sup> April 2012.

While observing the principle of collegial responsibility in the performance of its duties, the Supervisory Board - in relation to its responsibilities, its composition and the characteristics of its members - in compliance with supervisory instructions, with the provisions of the Articles of Association and with the recommendations contained in the Corporate Governance Code of Borsa Italiana, decided to create specific committees with the functions of submitting proposals and advice and performing assessments: an Appointments Committee, a Remuneration Committee, an Internal Control Committee and an Accounts Committee. In addition, in accordance with the provisions of Consob regulations concerning related parties and in implementing the new prudential supervisory provisions, a Related Parties Committee has been established. These Committees performed their activities as provided for by the Articles of Association and their respective regulations, reporting on their work to the Supervisory Board. The Report on Corporate Governance and Ownership Structure may be consulted for details of the issues addressed by these Committees.

In 2012 the Appointments Committee met seven times, the Remuneration Committee seven times, the Internal Control Committee 25 times, the Accounts Committee ten times and the Related and Connected Parties Committee met seven times.

In order to provide constant reporting on operating events and as required by Art. 49 of the Articles of Association, at least one member of the Internal Control Committee attended meetings of the Management Board on a rotating basis in compliance with regulations in force.

The Management Board met 27 times in 2012.

11. Within the scope of its responsibilities, the Supervisory Board acquired information on and oversaw the adequacy of the organisational structure of the Bank and compliance with the law and proper principles of management through channels which included the Internal Control Committee and the Accounts Committee. This was performed by making direct observations, by acquiring information from the Senior Accounting Officer Responsible for preparing the corporate accounting documents and by holding meetings with the those functions in the Bank involved in the system of internal controls and with the independent auditors, during the course of regular exchanges of information. Based on these meetings, we feel that the principles of proper management have been consistently applied and respected.
12. The Supervisory Board acquired information through channels which included the Internal Control Committee and it oversaw, within the scope of its responsibilities, the adequacy of the organisational structure of the Bank.  
With regard to **organisation**, in accordance with Article 46, letter r of the Articles of Association and as part of actions to optimise the functioning of the Group as described at the beginning of this report, during the year, and effective as of 5<sup>th</sup> November 2012, the Supervisory Board approved the audit of the organisation of UBI Banca, which has been subject to changes in concert with similar actions involving the network banks and UBI Sistemi e Servizi. More specifically, these organisational changes for the Parent were aimed at:
  - simplifying the overall organisation through a rationalisation of the various units and hierarchies and a consequent redistribution and aggregation of activities;
  - bringing it in line with the similar changes made in the organisation of the network banks, particularly in the commercial areas (i.e. downsizing of the retail, private-banking and corporate-banking commercial workforce and a consequent centralisation within the Parent of all business-support activities by creating specific market-focused units);
  - changing the focus for risk and credit management.
13. During the year the Supervisory Board oversaw the system of internal control, assisted for that purpose by the activities of the Internal Control Committee. The

opinion of this committee is that the organisation of the system of risk management and internal controls of the Parent, UBI Banca, are essentially adequate.

The Supervisory Board has also approved the assessment of the adequacy of the UBI Banca system of internal controls as at the end of 2012 issued by the Internal Audit unit and has acknowledged the opinion of the overall adequacy of the configuration of the system for the 2012 financial year, including in consideration of: the actions taken with regard to the enhancement and improvement efforts concerning the outcome of the audits of the Group conducted by the Bank of Italy; the progressive adoption of the Code of Conduct by the various companies of the Group; the development of procedures regarding the provision of investment services; the strengthening of oversight in order to improve policy-making for and control of Group companies and, in particular, for the various product companies, for which specific actions have already been defined or started; the strengthening of the system of controls of the international banks; and the evolved projects of the Parent control units in the areas of the Chief Risk Officer, Compliance, Money Laundering, the Chief Lending Officer, and the Chief Financial Officer. These areas for improvement will fully overseen on an ongoing basis.

The opinion expressed by the Internal Control Committee on this question was one of the basic adequacy of the organisation of the system itself, while account was taken of action addressing the organisational structure of the Bank and of lines for development and improvement identified, as part of the constant refinement of company and Group control procedures. The Committee also recommended that particular emphasis be placed on the aspects reported on an ongoing basis by the Supervisory Board, underlining the importance that the related projects currently under way be completed in a timely manner, particularly with regard to the actions defined in relation to the outcome of the audits of the Group conducted by the Bank of Italy or otherwise aimed at strengthening oversight in order to support policy-making for and control of Group companies and, in particular, of the various product companies. Another important aspect the Committee underlined was that of promoting actions aimed at strengthening management of all assets transferred to UBI Banca following the recent extraordinary transactions involving Banca 24/7 and SILF and the planned merger of Centrobanca. Finally, the Committee pointed to the need to take any further action necessary in relation to the points highlighted in the report on the “Adequacy of the UBI Banca risk management and internal control systems as the Group Parent at the end of 2012” prepared by the Internal Audit.

On a quarterly basis, the Supervisory Board has examined the content of the “Integrated report on risks and risk-mitigation action (the “RIRIM” document) regarding the risks encountered and the actions taken to mitigate such risks and has agreed with the observations of the Internal Control Committee. In particular, the Internal Control Committee has expressed favour with the improvements made to the structure of the aforementioned document as recommended by the Committee itself in completion of the actions aimed at rationalising the content of the report and achieving greater standardisation. There has been agreement as to the developments seen in terms of the Chief Risk Officer and a number of suggestions have been provided in order to improve the integration of the various reporting mechanisms and to promote greater fluidity in reporting to the various corporate bodies and to the supervisory authority, while respecting the requirement of separation in the control functions within the overall organisation.

The Supervisory board examined the periodic reports of the Compliance unit and noted the main areas for improvement pointed to in those reports. We also agree with the observations of the Internal Control Committee and the recommendation that any reports of non-compliance issued by the Compliance Unit need to be resolved by the appropriate areas of the Group concerned by implementing the necessary changes to procedures, regulations and organisation. In that regard, we have requested that the Compliance Area monitor the developments in these actions in order to periodically evaluate and report on the coverage of the areas of non-compliance reported.

The Supervisory Board has taken note of the periodic reports on the internal audits conducted in 2012. In particular, we agree with the observations of the Internal Control Committee regarding: i) UBI Banca and the need to complete the project to expand the scope of management control for the Parent and, subsequently, for the product companies on schedule, in order to ensure centralised oversight and an overall vision on Group companies in line with the mission stated in the General Corporate Regulations; ii) the outcome of the administrative audits conducted during the period as concerns the general importance of placing particular emphasis on the mechanisms for managing employee conduct and operations, including a focus on the specific issues noted by the general management of the network banks, in order to take appropriate action to improve these mechanisms and existing controls.

In our meeting of 15<sup>th</sup> May 2012, the Supervisory Board examined the annual supervisory report prepared in accordance with Legislative Decree no. 231/2001 and the related report of the Internal Control Committee. Following this examination, the Supervisory Board requested a specific assessment of the subject matter – including with the support of an outside consultant and in close coordination with the Internal Control Committee – in order to define any procedural or organisation action to be taken in the areas for improvement reported. In addition, and as specifically concerns the regulatory changes introduced by 2012 Stability Law regarding the composition of the supervisory body, the Supervisory Board agrees with the observations made by the committee and has called for the current configuration of these bodies of the various Group companies to be simplified. In our meeting of 14<sup>th</sup> November 2012, the Supervisory Board examined the changes to the document that describes UBI Banca's model of organisation, management and control prepared in accordance with Legislative Decree 231/01 (hereinafter also "Model 231") as approved by the Management Board on 23<sup>rd</sup> October 2012. These changes reflect the updates to Model 231, such as the introduction of additional envisaged crimes and adaptations to changing external and internal regulations. Having noted that the report of the chairman of the Internal Control Committee contained no particular observations or objections concerning such changes, the Supervisory Board then approved the updates to Model 231.

In December 2102, the Supervisory Board was informed of the communication of the Board of Statutory Auditors of the former Banco San Giorgio to the Bank of Italy, as agreed upon with the supervisory body in accordance with Legislative Decree No. 231/2001, concerning anomalies regarding the actions of the former Deputy General Manager of Banco San Giorgio in relation to loans granted to a number of companies. The Supervisory Board has acknowledged the timely reply of General Management to the supervisory authority, along with the observations of the Internal Audit unit regarding the matter and those expressed by the Internal Control Committee.

14. The Supervisory Board assessed and oversaw the adequacy and efficiency of the administration and accounting system and its reliability in recording operating events faithfully. This was performed by holding specific meetings with the functions in the Bank involved in the internal control system and with the independent auditors, by acquiring adequate reports from other corporate bodies of the bank and from the heads of the respective functions, by examining corporate documents and by analysing the results of the work performed by those persons. As part of its duties and functions of performing assessments, furnishing advice and submitting proposals, the Internal Control Committee assessed the adequacy of the administration and accounting system and the administrative structure. These were found to be generally appropriate to the scale and nature of its activities. The dynamics of these were developed constantly in order to continuously refine them and also to comply with changes in the legislation.

We have also been kept informed of activities to maintain routine accounting processes in **Prestitalia** after, amongst other things, the company received the business unit consisting of salary and pension-backed loan operations from B@nca 24-7 in July 2012. We were shown the improvements that have been achieved and we

examined the activities carried out in relation to contingencies for 2012 financial reporting, which included resort to numerous manual activities as necessary. Efforts to normalise the company's operations (i.e. operating processes and support procedures) are still in progress following the new organisation that resulted from the migration of the new management system under a specific project led by the Parent. These activities have yet to be fully completed and the directors of Prestitalia have prudently estimated that the impact of the items still to be defined will, based on currently available information, be about €4.5 million, which has been allocated to the provisions for risks and charges on the 2012 financial statements. These normalisation projects are scheduled to be completed in 2013.

As required by Art. 19 paragraph 3 of Legislative Decree No. 36/2010, the Supervisory Board was informed by the Internal Control Committee that it had received a report on fundamental issues found during the independent statutory audit and significant shortcomings of the system of internal controls relating to the financial reporting process. The conclusion of the report on the separate financial statements for UBI Banca and the consolidated financial statements for the UBI Group for the year ended 31<sup>st</sup> December 2012 was that no significant shortcomings in the system of internal accounting controls were found. After examining this report and taking note of the information provided by the independent auditors concerning the significant aspects discussed with management and the corrective actions proposed in the report, the Committee requested that the Chief Financial Officer provide an update on the progress of actions under way or planned and asked the control functions to carry out their respective monitoring activities.

During the year, the Supervisory Board also received progress reports on the work to complete the "BPR Administration" project, which was completed essentially in line with the original plan.

The Chief Executive Officer and the Senior Officer Responsible for preparing the corporate accounting documents have issued a declaration pursuant to Art. 154-*bis* of the Consolidated Finance Act concerning the information contained in the separate and consolidated financial statements for 2012.

15. The Supervisory Board worked, both directly and through its internal committees and the corporate functions involved in the system of internal controls, to ensure that the conduct of subsidiaries was consistent with the objectives set by the Parent. No shortcomings were found concerning the adequacy of instructions given by the Parent to its subsidiaries pursuant to Art. 114, paragraph 2 of the Consolidated Finance Act nor on the timely reporting performed by subsidiaries to the Parent in order to comply with disclosure obligations required by law. The Supervisory Board, assisted by the Internal Control Committee, exchanged information with the corresponding bodies of the subsidiaries concerning the systems of control and accounting administration and the general performance of the companies.
16. No significant issues requiring specific investigation emerged from the periodic exchanges of information that occurred through the Accounts Committee and Internal Control Committee with the independent statutory auditors, Deloitte & Touche S.p.A., pursuant to paragraphs 3 and 5 of article 150 of the Consolidated Finance Act. The Accounts Committee and the Internal Control Committee held meetings between the end of 2012 and in the first months of 2013 with the independent auditors and with the Senior Accounting Officer in preparation for the approval by the Supervisory Board of the separate and consolidated financial statements as at and for the year ended 31<sup>st</sup> December 2012.
17. UBI Banca Scpa complies with the Corporate Governance Code for listed companies of Borsa Italiana and it has prepared a Report on the Corporate Governance and Ownership Structure of UBI Banca Scpa which is attached to the Annual Report. That report was prepared in compliance with Art. 123 *bis* of the Consolidated Finance Act and its purpose is to furnish shareholders and the market with an analysis of the system of corporate governance adopted by UBI Banca Scpa. It gives details of the

procedures by which the Code itself has been complied with by the Bank and also provides an account of those principles with which the Bank has complied in full and those that it has chosen not to observe, even only partly, on the basis of the principle of either “comply or explain”, including in relation to the necessary respect of the specific characteristics of mutual banks, which must strictly comply with the provisions of the Consolidated Banking Act and applicable supervisory instructions.

18. In conclusion, we would refer the reader back to the information provided above for details of the supervisory activities carried out by the Supervisory Board. We can also confirm that no omissions, reprehensible actions or irregularities requiring mention to shareholders emerged, other than as reported under points 5, 6 and 13 above. For a full description of the disputes and audits involving the Group during the year, see the Management Report for the 2012 Consolidated Financial Statements. Furthermore the Supervisory Board did not use its powers to convene a Shareholders' Meeting or a meeting of the Management Board.
19. To complete the activity performed, the Supervisory Board has no proposals to make within the meaning of Art. 153, paragraph 2 of the Consolidated Finance Act, while details of opinions and decisions concerning the separate and consolidated financial statements are given at the end of this report.

\* \* \*

Dear registered shareholders, the **criteria followed in the management of the Bank to achieve its mutual objects**, as established by Art. 2545 of the Italian Civil Code, are clearly evident and observable in the activities of the Bank and of the Group as a whole.

UBI Banca pursues the mutual objects inherent in its institutional model of organisation in a manner consistent with its strategic objectives and with the values and principles of its Code of Ethics, through initiatives to provide concessions to its registered shareholders and also through active participation in the economic and social development of the local communities in which it operates.

The UBI Club initiative is of importance with regard to the first aspect. It is a set of banking and insurance concessions, reserved to registered shareholders.

As concerns participation in the social and economic development of its local markets, operational decisions that are taken reflect the Bank's “historical” mission as a ‘Popular Bank’ fully involved in the social and economic life of the communities in which it operates, committed to the promotion of harmonious and lasting development, by interpreting and implementing the original co-operative objects of ‘popular’ banks in a new and broader manner. This is reflected above all in the organisational model adopted that integrates different corporate histories and cultures which each have a common vocation: strongly rooted in local areas, attention to the needs of local economic and social communities and a strong orientation to serve families, small to medium-size enterprises and social organisations (the “third sector”).

Finally, attention to local needs also takes the form of direct economic support for initiatives of a social, cultural, scientific, welfare and environmental nature. In this respect action taken directly by the network banks is accompanied by initiatives of the Parent and the Foundations created by the Group.

\* \* \*

Concerning the resignation of two members of the Supervisory Board effective as of 29<sup>th</sup> March 2012, the Supervisory Board has, in accordance with the Articles of Association and the provisions concerning the composition of the Supervisory Board of UBI Banca Scpa as established in a specific document (“Quantitative and qualitative composition of the Supervisory Board of UBI Banca Scpa”) and as proposed by the Appointments Committee, presented candidacy applications for Prof. Enrico Minelli and Armando Santus, a notary public, to become members of the Supervisory Board.

On 28<sup>th</sup> April 2012, the shareholders approved these candidates, thereby restoring the Supervisory Board to its full complement of members. The term of office of the two newly appointed members of the Supervisory Board will expire on the same date as those already in office on the date of the 2013 Annual Shareholders Meeting.



On 15<sup>th</sup> May 2012, the Supervisory Board ascertained that the members of the Supervisory Board appointed are in possession of the requirements of integrity, professionalism and independence pursuant to the regulations and legislation in force.

On 20<sup>th</sup> December 2012, the Chairman of the Supervisory Board, Corrado Faissola, passed away. In that regard, the Supervisory Board has unanimously moved to postpone the reintegration of the board to the ordinary annual shareholders meeting to be held by the end of April 2013, which is when the term of the Supervisory Board is to end. We have also conducted an in-depth assessment of the board's activities, which are now being overseen by the Senior Deputy Chairman, who is now vested with all of the powers and responsibilities of the Chairman, and which have not been found to have been compromised by the temporary reduction in members or the limited time available in which to convene a specific meeting of shareholders.

On 13<sup>th</sup> March 2013, given the option established under Art. 45 of the Articles of Association and as proposed by the Appointments Committee, the Supervisory Board unanimously moved to present a list of candidates for the Supervisory Board of UBI Banca Scpa for the period 2013-2015, including for the Chairman and Senior Deputy Chairman of the Supervisory Board, which is to be presented to shareholders in the general meeting to be held on 20<sup>th</sup> April in second call. In accordance with the Articles of Association, this list (as for all lists presented for the election of members of the Supervisory Board) must be supported by at least 500 registered shareholders who have the right to participate in and vote in shareholders' meetings convened to elect the Supervisory Board, who provide documentary evidence of that right according to the legislation in force, or by one or more registered shareholders who represent at least 0.50% of the share capital.

\* \* \*

Finally, the Supervisory Board informs the shareholders that in a meeting held on 27<sup>th</sup> March 2013, having verified that they complied with the provisions of the law and having taken note of the documentation provided, it has unanimously approved the following resolutions:

- the consolidated financial statements and the separate financial statements as at and for the year ended 31<sup>st</sup> December 2013 of Unione di Banche Italiane Scpa, composed of the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements;
- the proposal for the allocation of earnings;
- the proposal for the shareholders to declare a dividend of €0.05 on each of the ordinary shares outstanding as at the ex-dividend date.

27<sup>th</sup> March 2013

The Supervisory Board



# **REPORTS OF THE SUPERVISORY BOARD ON THE OTHER ITEMS IN THE AGENDA OF THE SHAREHOLDERS' MEETING**

Website: [www.ubibanca.it](http://www.ubibanca.it)

Year: 2012

## **UBI BANCA SCPA**

### **Appointment of the members of the Supervisory Board and of the Chairman and Senior Deputy Chairman for the financial years 2013-2014-2015 and determination of their remuneration in accordance with the Articles of Association**

Dear Registered Shareholders,

On the date of the this Shareholders' Meeting, having completed their three year period of office, the mandate of the members of the Supervisory Board expires and you are therefore called upon in this meeting to appoint new members along with the Chairman and Senior Deputy Chairman for the years 2013-2014-2015.

We remind you that in accordance with Art. 45 of the Articles of Association the election of the members of the Supervisory Board is performed on the basis of lists and that, in accordance with Art. 44 of the Articles of Association, the Supervisory Board is composed of 23 (twenty-three) members elected from among the registered shareholders with voting rights, including a Chairman, a Senior Deputy Chairman and two Deputy Chairmen chosen by the Supervisory Board from among its members.

The members of the Supervisory Board must be in possession of the requirements of integrity, professionalism and independence prescribed by regulations currently in force. At least 15 of the members of the Supervisory Board must be in possession of the requirements of professionalism required by the legislation currently in force for persons who perform the functions of directors of banks.

In particular, at least three members of the Supervisory Board must be chosen from amongst persons enrolled in the *Registro dei Revisori Legali* (register of external statutory auditors) who have practiced as external statutory auditors for a period of not less than three years.

Furthermore, the composition of the Supervisory Board must ensure, in compliance with the provisions of Law No. 120 of 12<sup>th</sup> July 2011, that a balance is maintained between genders for the period provided for by that law.

On 11<sup>th</sup> January 2012 the Bank of Italy issued an order concerning "The application of supervisory provisions concerning the organisation and corporate governance of banks.", in which it stated that in order for supervisory and management bodies to perform their wide-ranging and crucial functions in a correct manner, they must consist of persons who: (i) are fully aware of the powers and obligations inherent to the functions that each of them is called upon to perform (supervisory or managerial functions, executive and non-executive functions, independent members, etc.); (ii) possess professional expertise commensurate to the positions they fill, including on any internal Board committees, and appropriate to the bank's operational

characteristics and size; (iii) possess, among them, a variety of appropriately diversified skills, enabling each member to contribute effectively, both on the committees of which they are a member and as part of corporate decision-making, to ensuring effective risk management in all areas of the bank; (iv) dedicate adequate time and resources to the complex nature of their office.

On 5<sup>th</sup> March 2013 the Supervisory Board, in compliance with the above provisions of the Bank of Italy and with the support of the Appointments Committee, approved a document entitled “Qualitative and Quantitative Composition of the Board of Directors”, in which it identified in advance the qualitative and quantitative composition considered optimal in relation to the objectives stated above, identifying and giving reasons for the requirements candidates considered suitable for these purposes ought to meet in theory (including professionalism as well as independence, where necessary); this document was published on the date of its approval on the corporate website at [www.ubibanca.it](http://www.ubibanca.it).

In accordance with the recommendations of the above document, the Supervisory Board decided to submit the following candidates for the office of member of the Supervisory Board of UBI Banca, including the senior positions of Chairman and Senior Deputy Chairman of the Supervisory Board, to the Shareholders' Meeting:

<b>1</b>	<b>Andrea</b>	<b>MOLTRASIO</b>	<b>Chairman</b>
<b>2</b>	<b>Mario</b>	<b>CERA</b>	<b>Senior Deputy Chairman</b>
<b>3</b>	<b>Armando</b>	<b>SANTUS</b>	<b>Board Member</b>
<b>4</b>	<b>Gian Luigi</b>	<b>GOLA</b>	<b>Board Member</b>
<b>5</b>	<b>Lorenzo Renato</b>	<b>GUERINI</b>	<b>Board Member</b>
<b>6</b>	<b>Alberto</b>	<b>FOLONARI</b>	<b>Board Member</b>
<b>7</b>	<b>Alfredo</b>	<b>GUSMINI</b>	<b>Board Member</b>
<b>8</b>	<b>Sergio</b>	<b>PIVATO</b>	<b>Board Member</b>
<b>9</b>	<b>Mario</b>	<b>MAZZOLENI</b>	<b>Board Member</b>
<b>10</b>	<b>Federico</b>	<b>MANZONI</b>	<b>Board Member</b>
<b>11</b>	<b>Marina</b>	<b>BROGI</b>	<b>Board Member</b>
<b>12</b>	<b>Enrico</b>	<b>MINELLI</b>	<b>Board Member</b>
<b>13</b>	<b>Antonella</b>	<b>BARDONI</b>	<b>Board Member</b>
<b>14</b>	<b>Pierpaolo</b>	<b>CAMADINI</b>	<b>Board Member</b>
<b>15</b>	<b>Ester</b>	<b>FAIA</b>	<b>Board Member</b>
<b>16</b>	<b>Alessandra</b>	<b>DEL BOCA</b>	<b>Board Member</b>
<b>17</b>	<b>Carlo</b>	<b>GARAVAGLIA</b>	<b>Board Member</b>
<b>18</b>	<b>Letizia</b>	<b>BELLINI CAVALLETTI</b>	<b>Board Member</b>

<b>19</b>	<b>Mario</b>	<b>COMANA</b>	<b>Board Member</b>
<b>20</b>	<b>Franco</b>	<b>BOSSONI</b>	<b>Board Member</b>
<b>21</b>	<b>Giacomino</b>	<b>MAURINI</b>	<b>Board Member</b>
<b>22</b>	<b>Stefano</b>	<b>GIANOTTI</b>	<b>Board Member</b>
<b>23</b>	<b>Graziano</b>	<b>CALDIANI</b>	<b>Board Member</b>

In compiling the list, the Supervisory Board considered it important that those included in it had awareness of and skills relevant to the areas of interest to the various stakeholders and in particular those of the world of work and national and international investors.

The regulations governing gender balance represent an important opportunity of which the Board intends to take advantage, benefiting from the increased wealth of skills and experiences, some of them gained abroad, that the candidates identified will be able to bring to the Supervisory Board.

In this context it should be noted that the list provided is characterised by a significant level of diversity in business experience, functional capabilities, professional backgrounds, international experience and gender balance, and that the average age of directors is 58. This will enable the Board to ensure effective corporate governance with processes, systems and behaviours based on international best practice as well as the requirements of the Supervisory Authority.

The documentation relating to the above candidates will be made public within the legal time limits.

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This Shareholders' Meeting is also called upon to set the remuneration of the members of the Supervisory Board, as well as an additional total sum for the remuneration for those assigned particular offices, powers or functions, which is allocated by the Supervisory Board in accordance with article 44 of the Articles of Association.

The proposal illustrated here has been formulated on the basis of the principles and guidelines contained in the remuneration and incentive policies of the UBI Banca Group, approved by the Supervisory Board on 20<sup>th</sup> February 2013, on the basis of a proposal from the Remuneration Committee, which are submitted to this Shareholders' Meeting, in the context of the Report on Remuneration, for your approval of those aspects for which you are responsible.

The remuneration of members of the corporate bodies with executive positions, those with special duties including the members of committees and finally non-executive members is based on an approach that is designed to attract the best abilities and guided by a combination of the following criteria: *(i)* fairness of remuneration for similar roles; *(ii)* vertical differentiation between roles; *(iii)* amount and risk related to the responsibilities of individual roles; *(iv)* professional skills required; *(v)* commitment and time employed; *(vi)* market comparison.

More specifically, the remuneration of the corporate bodies of the UBI Banca Group – the Management Board, the Supervisory Board and the Boards of Directors of the banks and companies in the Group – has been set in compliance with the supervisory provisions issued by the Bank of Italy on 30<sup>th</sup> March 2011, concerning remuneration and incentive policies and practices in banks and banking groups.

The proposal below is designed to satisfy the objective of containing the costs of governance, while taking into account the time taken, including time for the overall set of responsibilities assigned to the board members in general, and more specifically the tasks assigned by the Articles of Association to members of the Supervisory Board holding offices, powers and functions, as well as members of the committees, while also taking into account the instructions issued by the supervisory authority.

In this context, the proposal provides for the annual remuneration for the position of member of the Supervisory Board to be reduced from €100,000 to €80,000. As concerns the total annual amount for the remuneration of members of the Supervisory Board “with specific offices, powers and functions”, the proposal involves a significant overall reduction, partially offset by the assessments carried out to consider the advisability of revising the remuneration for members of the Internal Control Committee, it remaining the case that the distribution of this overall total will later have to be defined in detail by the newly elected Supervisory Board, on the basis of a proposal from the reappointed Remuneration Committee.

On the basis of a proposal from the Remuneration Committee, the Supervisory Board proposes the following in relation to the factors just mentioned:

- to confirm the fixed remuneration of the members of the Supervisory Board at €80,000.00 each and therefore at a total of €1,840,000.00;
- to set the total remuneration of those members of the Supervisory Board assigned particular offices, powers or functions at €1,440,000.

The amounts proposed above are inclusive of "attendance tokens".

In consideration of the above, the proposal, if approved, would result in a 14% reduction in the total remuneration paid to members of the Supervisory Board.

THE SUPERVISORY BOARD

13<sup>th</sup> March 2013

# ***UBI BANCA GROUP***

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## ***Report on remuneration to the 2013 Shareholders' Meeting***

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# Contents

## Introduction

### SECTION I

The history of the regulatory framework  
The governance of decision-making processes  
The Remuneration Committee  
Corporate and control functions  
The remuneration of governing bodies  
Remuneration policies for employees  
    Fixed remuneration policies  
    Variable remuneration policies  
    Policies in relation to benefits  
Post-employment benefits  
2013 remuneration and incentive policies

### SECTION II

#### Part one

    Basic concepts of remuneration  
    Incentive schemes based on financial instruments  
    Agreements concerning remuneration for start and end of employment relationships

#### Part two

Quantitative information by area of activity and category of personnel  
Quantitative information on the management and supervisory bodies and on the Chief Executive Officer and the General Manager of UBI Banca  
Shares held in UBI Banca and in subsidiaries by members of the management and supervisory bodies and by general managers and other members of key management personnel (pursuant to Art. 84 *quater* of Consob Resolution No. 11971 of 14<sup>th</sup> May 1999 and subsequent amendments)

## Introduction

This report has been prepared for public disclosure purposes in accordance with Bank of Italy supervisory provisions on remuneration and incentive policies and practices in banks and banking groups, issued on 30<sup>th</sup> March 2011 and with Consob Regulation No. 18049 of 23<sup>rd</sup> December 2011 which amends the regulations to implement Legislative Decree No. 58 of 24<sup>th</sup> February 1998 on regulations for issuers concerning the transparency of the remuneration of the directors of listed companies adopted by Resolution No. 11971 of 14<sup>th</sup> May 1999 and subsequent amendments. Reference is also made to public disclosure requirements under Pillar III published in July 2011 by the Basel Committee on Banking Supervision as regulated by Circular No. 263 of 27<sup>th</sup> December 2006 and subsequent amendments.

The report is composed of two sections.

The first section contains the main information on the following: the decision-making processes for remuneration schemes, the main features, the means by which remuneration is linked to results, the main performance indicators employed, the reasons behind the choice of variable remuneration schemes and the other non monetary schemes.

The second section is divided into two parts. The first illustrates the contents of the main items of wages in the quantitative tables and gives information on wage agreements concerning the start and end of employment relationships. The second part gives aggregate quantitative information by area of activity and category of personnel with remuneration by name for the Chief Executive Officer and the General Manager and totals for the remuneration of key management personnel.

Shareholders vote to approve or reject the first section of the report. That vote is not binding. The result of the vote is disclosed to the public in accordance with Art. 125-*quater*, paragraph 2 of Legislative Decree No. 58 of 24<sup>th</sup> February 1998.

# Section I

## ***The history of the regulatory framework***

*In March 2011, the Bank of Italy issued supervisory provisions concerning the remuneration and incentive policies and practices of banks and banking groups as part of procedures to implement EU regulations.*

The provisions take account of guidelines and criteria agreed internationally in response to the crisis as follows: the principles and standards adopted by the Financial Stability Board; the methodologies formulated by the Basel Committee for Banking Supervision; the European Commission Recommendation for remuneration in the financial sector; the guidelines issued by the Committee of European Banking Supervisors (European Banking Authority since 1<sup>st</sup> January 2011) in implementation of specific measures contained in the directive. These best practices and approaches developed at international level provide a set of guidelines and interpretations to be used by banks for correct implementation of the measures laid down and by the Bank of Italy in guiding and calibrating its monitoring activities. Given their importance in EU legislation, the key contents of the CEBS Guidelines have been included within the supervisory provisions and have, therefore, been incorporated within Italian legislation as mandatory rules for banks.

Consistent with the EU approach, the supervisory provisions form an integral part of corporate governance and organisation rules, lying within a broader regulatory system which includes specific rules for listed companies and for investment services and activities. With reference to associate workers not bound to companies by employee contracts and, more specifically, financial advisors and agents, the Joint Consob-Bank of Italy Regulations of October 2007 were amended on 25<sup>th</sup> July 2012, extending the application of the Bank of Italy instructions of 30<sup>th</sup> March 2011 to all stock broking firms and operators of investment services and activities.

## ***The governance of decision-making processes***

The document “Risk appetite and value creation in the UBI Banca Group: interpretation and governance” defines strategic Group policies in relation to the evaluation of current and future capital adequacy, risk assumption and management policies, sustainable growth objectives and value creation.

Those objectives are also pursued through the governance of remuneration and incentive schemes, where the aim is to improve the UBI Banca Group’s ability to maintain capital levels appropriate to the risks assumed and levels of liquidity needed to fund the activities undertaken over a multi-year planning period and through sound and prudent management.

In view of the above, an overall picture is given below of the internal regulations adopted by the UBI Banca Group for remuneration and incentives policies and their history.

In its meeting of 28<sup>th</sup> March 2012, on the basis of a proposal submitted by the Remuneration Committee, the Supervisory Board of UBI Banca, with few changes since 2011, approved the document “Remuneration and incentive policies” (hereinafter also the “Policy”) for the UBI Banca Group for 2012. This policy updated the scope of application of the Policy in terms of those persons to whom the supervisory rules for the most important “risk taker” personnel apply (“top management” and the “highest management level of the control functions”).

In setting the Policy, the Supervisory Board confirmed the previous rules governing remuneration policies for the Management Board and the remuneration plans for “top management” and the “highest management level of the control functions”. It also renewed, in compliance with the regulations, the incentive scheme whereby a portion of the bonuses due are deferred and where financial instruments are used with the grant of shares in the Parent, to be submitted to the Shareholders’ Meeting of UBI Banca for approval. In that same meeting,

the Supervisory Board also confirmed indicators to be used as the conditions which still trigger the 2012 incentive scheme remuneration.

- Group core tier one ratio (an indicator of capital stability)<sup>1</sup>;
- Group net stable funding ratio (liquidity indicator)<sup>2</sup>;
- Economic value added – EVA<sup>3</sup> (or where this is not available, PCOBT (profit on continuing operations before tax)<sup>4</sup> calculated at company level; the same indicator, but calculated at consolidated level for the Parent and UBI Sistemi e Servizi.

Compliance of the Policy approved by Supervisory Board with Bank of Italy supervisory provisions was verified by the Remuneration Committee and the Board itself in view of the shareholders meeting of 28<sup>th</sup> April 2012.

The Policy and implementation models for “top management” and the “highest management level of the control functions” were subsequently submitted to the Management Board when it met on 3<sup>rd</sup> April 2012.

The Policy was then approved by the competent bodies of the Banks and Group member companies (the Shareholders' Meeting for the Italian banks, the Board of Directors for the other banks and companies), subject to the approval of the plan itself by the Shareholders' Meeting of UBI Banca solely for the part relating to the incentive scheme based on financial instruments.

In this context, in his report on the specific item on the agenda of the Shareholders' Meeting, the Chairman of the Supervisory Board provided shareholders with the required information on remuneration and incentive systems and practices, summarising the main contents of the Report on Remuneration.

The shareholders meeting of UBI Banca held on 28<sup>th</sup> April 2012 approved the proposal submitted by the Supervisory Board to set remuneration policies for the members of the Management Board and to pay part of the variable component of the remuneration for “top management” and the “highest management level of the control functions” in the form of financial instruments through the grant of ordinary shares of the Parent UBI Banca as provided for under the remuneration policies of UBI Banca and the Group.

Following the approval of the Shareholders' Meeting of UBI Banca, the boards of directors of the Banks and Group member companies approved the implementation models for “top management” and the “highest management level of the control functions”, in order that staff could be informed of them as appropriate.

In order to calculate the above, the Supervisory Board and the Remuneration Committee were assisted by the independent consulting company *European House Ambrosetti* and by the following internal functions: Human Resources, Risk Management, Compliance, and Planning and Management Control (Strategic Planning, since 5<sup>th</sup> November 2012),

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<sup>1</sup> The Group core tier one ratio is a measure of the capitalisation of the Bank. It is the ratio of the tier one capital net of innovative financial instruments (i.e. preference shares) and the total risk weighted assets.

<sup>2</sup> The Group net stable funding ratio is a measure of the structural equilibrium of the bank. It is the ratio of funding (liabilities) to weighted lending (assets), which takes account of the stability of the liabilities and the degree of liquidity of the assets. The indicator is designed to monitor and contain risk associated with maturity transformation within a tolerance threshold considered acceptable by the Group.

<sup>3</sup> Economic value added – EVA is a risk adjusted measure of performance, an expression of the value generated after all the factors of production have been remunerated, inclusive of the cost of risk capital.

<sup>4</sup> PCOBT: - profit on continuing operations before tax, a measure of profit net of tax and non-recurring items.

## ***The Remuneration Committee***

The Remuneration Committee is composed of the following members of the Supervisory Board:

- Giuseppe Calvi – as the Chairman;
- Alberto Folonari;
- Giuseppe Lucchini;
- Toti S. Musumeci;
- Giorgio Perolari.

Following the resignation, effective 29<sup>th</sup> March 2012, of Director *Avv.* Alessandro Pedersoli, on 11<sup>th</sup> April 2012 the Supervisory Board appointed the Board Member *Dott.* Giorgio Perolari to the position of member of the Remuneration Committee, and the Board Member *Avv.* Giuseppe Calvi to the position of Chairman of the Remuneration Committee.

The Remuneration Committee is governed by special regulations which determine its responsibilities and functioning in compliance with legal, regulatory and article-of-association provisions.

The Remuneration Committee formulates the following:

- recommendations for decisions which the Supervisory Board must submit to the shareholders for approval concerning the following: setting the remuneration for members of the Supervisory Board; setting policies for the remuneration of the Management Board; remuneration and incentive policies for the corporate bodies of Group companies and for company officers, employees and associate workers not bound to companies by employee contracts;
- opinions on the consistency of resolutions on remuneration and incentives with policy as approved by the Supervisory Board.

The committee performs advisory functions and makes recommendations concerning remuneration for senior management as specified by article 26 of the Consolidated Banking Act and the relative regulations to implement it and for the officers of the internal control function. It also has advisory duties with regard to setting the remuneration criteria for key personnel, which in the UBI Banca Group comprises senior management as defined in the remuneration and incentive policies of the UBI Banca Group.

The Committee also carries out those duties assigned to it by the provisions of the supervisory authority with regard to the remuneration and incentive policies and practices of banks and banking groups.

The Remuneration Committee was provided with the information and gained access to corporate functions needed for the performance of its duties.

The Committee is permitted to retain outside consultants to assist it in determining matters as required by the regulations.

The Remuneration Committee met seven times in 2012 (the average length of the meetings was over one hour), concentrating mainly on the following fields:

- verification of the state of compliance with new supervisory authority provisions and recommendations;
- examination of requests relating to remuneration and the related answers to the Supervisory Authority;
- remuneration and incentive policies for employees and associate workers not bound to companies by employee contracts: updating the Group Policy, with fact finding work and the submission of recommendations to the Supervisory Board for updating Group Policy;
- fact finding work and the submission of recommendations to the Supervisory Board to verify the consistency with Group remuneration policies of the remuneration plan recommended by the Management Board for “top management” and the “highest management level of the control functions”, on the basis of financial instruments

- (shares of the listed Parent, UBI Banca), decided by the Management Board and submitted for the approval of the Shareholders' Meeting;
- update of remuneration policies for the corporate bodies of subsidiaries: assessment work and the submission of recommendations to the Supervisory Board;
- fact finding work and the submission of recommendations to the Supervisory Board for the approval of the Report on Remuneration to be submitted for the approval of the Shareholders' Meeting;
- examination of the Control Functions' report on regulatory compliance of the Group remuneration and incentive policies to the reference scenario;
- examination of the regulations for the incentive scheme for "top management" and the "highest management level of the control functions": fact finding work and the submission of recommendations to the Supervisory Board;
- verification of the trigger conditions and the performance objectives for the 2011 incentive scheme;
- verification of the compliance of the 2012 incentive schemes for UBI Pramerica SGR;
- fact finding work and the submission of recommendations to the Supervisory Board to verify the consistency of the remuneration recommended by the Management Board for the management bodies and senior management of subsidiaries with Group remuneration policies;
- verification of the consistency of the 2012 bonus scheme with Group remuneration policies;
- measures taken in relation to personnel categorised as "top management" and the "highest management level of the control functions": confirmations of compliance;
- verification of the performance of 2012 incentive schemes.

The committee has already held two meetings in 2013.

### ***Corporate and control functions***

Corporate and control functions, according to their respective responsibilities, perform a role of primary importance, working together to ensure the adequacy, regulatory compliance and proper functioning of the remuneration policies and practices adopted.

#### *The Human Resources Function*

The Human Resources Function provides the Remuneration Committee with all information necessary and appropriate to its proper functioning. It is responsible for ensuring the correct and adequate implementation of schemes to implement incentive and remuneration policies and, in co-operation with other functions of the Bank, for the accurate and effective communication of policies and the means to implement them, as well as for prompt reporting on them.

#### *The Risk Management Function*

*The Risk Management Function is involved in the process of defining remuneration policies in order to provide support in assessing their consistency with the risk mitigation and long-term objectives of the Bank and the UBI, and with the maintenance of capital and liquidity requirements.*

This contribution helps to ensure that the incentive schemes take due account of all the risks assumed by the Bank in accordance with UBI Banca Group's existing procedures.

#### *The Compliance Function*

During the definition of remuneration policies, the Compliance Function assesses compliance of those policies with regulations. It verifies, amongst other things, that the corporate incentive schemes meet the objectives of compliance with the legislation and regulations, the Articles of Association and any ethical codes or other standards of conduct applicable to the Bank, in order to ensure appropriate mitigation of legal and reputational risks, which are primarily linked to relations with customers. It provides indications of possible areas for improvement to



achieve closer compliance of the policies and schemes to implement them with current legislation.

#### The Audit Function

At least once a year, the Internal Audit Function verifies the procedures used to ensure that remuneration practices comply with approved policies and the applicable legislation and regulations, and it reports its findings and any irregularities to the relevant corporate bodies and functions for the adoption of any necessary corrective measures.

The results of the verifications conducted are reported annually to shareholders, as shown in the relative report.

#### **The remuneration of governing bodies**

*In accordance with the Policy, the fees of members of the governing bodies of the UBI Banca Group are structured with a ceiling set by that of the Chairman of the Management Board, which is set at the same level as that of the Chairman of the Supervisory Board (the amount of which is approved by registered shareholders).*

Traditional “attendance tokens” have been incorporated as part of the fixed remuneration. Executive board members may receive forms of remuneration linked to results, while all the other members of the governing bodies of the Group receive no variable remuneration. No guaranteed bonuses or leaving bonuses exist for members of corporate bodies. The remuneration set for board members who are employees of the UBI Banca Group holding positions in a Group bank or company is incorporated in their remuneration and is therefore paid back to the company concerned.

#### **Remuneration policies for employees**

Supervisory provisions require banks to perform thorough assessments to identify categories of personnel whose work may have a significant impact on the risk appetite of the bank. The process of identifying groups of personnel has been designed on the basis of appropriate organisational assessments, the impact on risks and the salary levels in question.

The following personnel groups have been identified in the light of that process:

- “Top management”;
- personnel involved in control functions;
- other senior managers;
- other employees.

Further classification of the composition of the first two groups is performed in compliance with Bank of Italy supervisory provisions as reported in the table below:

#### **Details of groups: "Top Management" and "Highest management level of the control functions"**

Number of positions	2012
Chief Executive Officer UBI	1
General Manager UBI	1
Other Executive Board Members and General Managers	20
Managers of main lines of business	71
Managers of highest level of control functions	12
<b>TOTAL</b>	<b>105</b>

The total number of posts categorised as “top management” and the “highest management level of the control functions” is lower than the 128 posts identified in 2011 due to organisational changes within the Group.

Employee remuneration packages are composed as follows:

- fixed remuneration;
- variable remuneration;
- benefits.

Supervisory provisions relating to deferment and the use of financial instruments for the variable performance-related component have been applied to “top management” and the “highest management level of the control functions”.

### ***Fixed remuneration policies***

*The remuneration policies of the UBI Banca Group are based on key principles, consistent with those adopted generally by the Group in the management and development of human resources. They can be summarised as the principles of fairness, competitiveness, meritocracy and consistency over time.*

The adoption of these cornerstones requires a methodological approach and structured management instruments. An annual assessment process is employed for management positions which results in the assignment of a value to each role that is representative of the complexity of the position. This enables (i) comparison between the level of remuneration for the position considered and the market for positions of similar complexity (external consistency) and (ii) an assessment of the balance between the complexity of the role and the relative level of remuneration within the UBI Banca Group (internal consistency).

The following are taken into account in assessing the proper performance of the functions of each role:

- individual performance<sup>5</sup>;
- the level of skills acquired<sup>6</sup>;
- managerial performance<sup>7</sup>;
- direct knowledge of the individual;
- availability of internal reports;
- with particular reference to the most senior top management positions, the company's performance in relation to the principal operating and balance sheet KPIs, resulting from the financial statements.

In order to identify adequate Group remuneration with respect to the market, in 2012, remuneration analyses and comparisons were performed on all personnel with the assistance of consulting firms independent of the Remuneration Committee and the use of sector remuneration surveys. A particular focus was placed on Group management using benchmarking analysis on a specific “panel” of companies in the sector.

In addition to that comparative “panel”, specific benchmarks for the private banking, asset management and leasing sectors were also used.

These principles are also applicable in the context of structured processes based on management tools. These include the process, usually on an annual basis, for the purpose of

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<sup>5</sup> Where possible by means of performance assessment of result objectives achieved individually.

<sup>6</sup> Where possible through the use of skills assessments, namely assessment of the level of skills and abilities possessed with respect to the role covered.

<sup>7</sup> Where possible through the use of the Management Appraisal tool.

preparing staff reward proposals, connected with professional development programmes and regulated by the Parent by means of guidelines issued to each Group member company.

### ***Variable remuneration policies***

Variable remuneration also includes the following instruments:

- incentive schemes;
- commercial “contests”;
- one-off bonuses;
- retention and attraction tools such as job security and non competition agreements;
- company bonuses.

Incentive schemes and commercial “contests” are linked to performance measurement, while one-off bonuses, agreements and company bonuses are dependent on other parameters such as professionalism and track record excellence, length of service and collective bargaining agreements.

With specific reference to company bonuses, in 2012 staff were offered an opportunity to opt for these to be distributed either as money, or in the form of specific benefits connected with the Group’s welfare system, including in particular:

- reimbursement of expenses incurred for children’s nurseries, education and summer camps during school holidays;
- additional contributions to the employee’s supplementary pension;
- additional contributions to the healthcare scheme (health check).

Approximately 30% of staff have opted for their company bonus to be awarded in the form of welfare contributions.

Further details of the incentive schemes and commercial “contests”, designed to be a performance-related variable component of remuneration are given below.

### ***Performance-related, variable remuneration***

The 2012 incentive schemes, like those of the previous year, have been formulated on the basis of the following guidelines:

- they are designed to support value generation by Group companies and to reward the achievement of risk-adjusted objectives, while maintaining adequate capital levels and liquidity, through the identification of specific trigger conditions;
- the parameters identified are mainly quantitative and measurable, sometimes based on qualitative aspects and normally also related to levels of satisfaction by “external and internal customers”. They are not solely of a commercial and financial nature, and take account of aspects related to individual skills and capacities;
- the objectives underlying the incentive mechanisms for personnel who sell financial products and instruments do not consider direct connections with single services or products, but relate more generally to areas or sectors of activity and categories of services or products. More generally, those linked to banking or insurance products and services, were defined with consideration of the need to pursue and safeguard proper relations with customers and to comply with regulations and legislation in force;
- bonuses are related to the complexity of the role and results achieved at individual, team, company and Group level, with gradual access to them in order to prevent conduct subject to the risk of “moral hazard”;
- a predetermined maximum limit is set based on the principle of a balance between fixed and variable components of remuneration;

- a specific budget is allocated, to prevent setting limits on the Bank's capacity to maintain capital levels adequate to meet the risks assumed;
- a set of regulations have been drawn up for each of the groups in receipt of variable remuneration ("top management", the "highest management level of the control functions", other senior managers, other personnel) with information designed to ensure full and immediate comprehension of the relative schemes;
- personnel have been excluded from particular payments such as guaranteed bonuses<sup>8</sup>, and from bonus schemes, if regulations or company rules have been broken, as established by the imposition of disciplinary penalties.

The following was performed with regard to "top management" and the "highest management level of the control functions" in line with Bank of Italy supervisory instructions:

- deferment of payment of a portion (according to the role occupied) of between 40% and 60% of bonuses;
- the grant of financial instruments (shares of the listed Parent, UBI Banca) for a portion equal to at least 50% of variable remuneration, setting an adequate period of personnel retention for this, in order to align the incentives to the Bank's medium to long-term interests.

For further clarity, the Table 2 below gives details of how performance-related, variable remuneration is paid in terms of deferment and payment using financial instruments for "top management" and for the "highest management level of the control functions".

**Means of payment for 2012 Incentive Scheme: "Top Management" and "Highest management level of the control functions"**

	Up-front portion		Deferred portion	
	Cash	Shares <sup>(1)</sup>	Cash	Shares <sup>(2)</sup>
Chief Executive Officer and General Manager UBI Banca	20%	20%	30%	30%
Other "Top Management" and "Managers of highest level of control functions"	30%	30%	20%	20%

(1) Subject to a two year retention period

(2) Subject to a one year retention period

Following on from the 2011 Policy, the 2012 Policy has also defined average indications in terms of a theoretical "pay mix" of fixed and variable remuneration according to the role, the type of business and the relative market. The table below gives details of the composition.

**Fixed and variable, performance related: average "pay-mix"**

	Fixed remuneration	Variable, performance related performance
Chief Executive Officer UBI Banca	50%	50%
General Manager UBI Banca	65%	35%
Other Executive Board Members and General Managers	75%	25%
Managers of main lines of business	83%	17%
Highest management level of the control functions	83%	17%

The following common objectives have been assigned to "top management", with a different weighting in terms of impact dependent on the type of role<sup>9</sup>:

<sup>8</sup> Without prejudice to exceptions allowed by legislation and regulations limited to the first year of employment.

- EVA – Economic Value Added – at Group level;
- EVA – Economic Value Added – at company level;
- PCOBT – profit from continuing operations before tax – at company level;
- core income<sup>10</sup> – at company level;
- customer satisfaction score<sup>11</sup> – at company level.

For personnel belonging to corporate control functions, the scheme has been designed on the basis of specific objectives related to the position occupied and the risks managed, for which a bonus is paid when they have been met. Financial or economic objectives are excluded but as with all other personnel, specific conditions for implementation, linked to operational, financial and/or capital parameters are applied.

More specifically, as with “top management”, the same deferment procedures and grant of financial instruments have been used for the “highest management level of the control functions”.

In order to ensure adequate levels of capital stability and liquidity and the value generation capability of the Group or companies over the long term, the deferred portion may be paid upon the achievement of adequate performance over the deferral period, taking into account the cumulative annual budget targets for the company EVA indicator.

The 2012 incentive schemes are triggered for all personnel groups involved upon satisfaction of the conditions to ensure capital stability and liquidity as defined in the policy entitled “Risk appetite and value creation in the UBI Banca Group: interpretation and governance” and in the “Policy to Manage Financial Risks of the Group” and to ensure the value generation capability of the Group and its companies.

- Group core tier one ratio (an indicator of capital stability);
- Group net stable funding ratio (liquidity indicator);
- economic value added – EVA (or where this is not available, PCOBT - profit on continuing operations before tax) at single company level; the same indicator at consolidated level for the Parent and UBI Sistemi e Servizi (a risk-adjusted measure of profitability).

On the basis of information in the financial statements, the 2012 capital stability and liquidity objectives were achieved.

The first projections relating to the incentive scheme, subject to changes at the final verification stage for the qualitative and quantitative indicators, show that company trigger conditions have been met for four companies (out of the 20 that have implemented the incentives scheme), specifically: three banks and the asset management company.

Two commercial “contest” schemes were also triggered in 2012. The first, at the Group’s network banks<sup>12</sup> is intended to support the sales targets for car and property insurance policies, with the exclusion of CPI policies<sup>13</sup>; the second, to support the commercial and customer care objectives of IW Bank.

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<sup>9</sup> For further information, the specific definitions are given in Attachment 2 of the 2012 Remuneration and incentives policies.

<sup>10</sup> Core income: an income statement measurement, calculated as the sum of net interest income and net commission income.

<sup>11</sup> Customer satisfaction: a summary measure of customer satisfaction, based on the results of a survey entitled the “Consultation Project”, carried out with assistance from a specialist research institute.

<sup>12</sup> Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Carime, Banca Popolare di Ancona, Banca Regionale Europea, Banco di San Giorgio and Banca di Valle Camonica.

<sup>13</sup> CPI - Creditor Protection Insurance: insurance policies covering risks such as death or invalidity.

### ***Policies in relation to benefits***

In addition to that which is already required under the National Labour Contract, wage packets paid to personnel also include benefits which are awarded on the basis of internal fairness and external competitiveness, consistent with the need to meet the demands of the various categories of employees.

In 2012, specially regulated supplementary collective pension, health and insurance plans, infancy welfare services and a meals canteen services, sports and recreational activities and discounts on products and services provided by the bank were provided to protect the health and welfare of personnel, in compliance with Group policies.

Criteria governing procedures for the provision of company cars for business and personal use and guest accommodation to assist with geographical mobility and personnel management in the Group were also established and regulated.

### ***Post-employment benefit***

Group remuneration policies normally exclude forms of post-employment benefit which exceed those contained in collective labour contracts. Where exceptions are made, any individual agreements are submitted to the Remuneration Committee for the relative decisions.

### ***2013 remuneration and incentive policies***

On 20<sup>th</sup> February 2013, the Supervisory Board, in consultation with the Remuneration Committee, reviewed and set new remuneration and incentive policies for the Group, on the same basis as those pursued in 2012.

The changes compared with 2012 are summarised below:

- in relation to the remuneration paid to members of the Boards of Statutory Auditors of the subsidiaries, the reference to professional rates (deleted) has been replaced by a reference to Ministerial Decree No. 140 of 20<sup>th</sup> July 2012. Furthermore, a provision has been introduced concerning the remuneration paid to members of the Board of Statutory Auditors if they are acting as a Supervisory Body pursuant to Legislative Decree No. 231/2001;
- the provision concerning the payment of remuneration earned by managers and employees for positions held on the Boards of Group banks or companies to the company to which they belong is replaced by specific internal regulations to be introduced in this regard;
- the “top management” and “highest management level of the control functions” groups have also been redefined in relation to recent corporate ownership transactions and organisational changes, and following an audit performed on the basis of appropriate organisational assessments and the impact on risks, correlating the positions concerned with those holding them;
- with the objective of simplifying the application of the models, staff not belonging to the “top management” and “highest management level of the control functions” groups are brought together in a single category that also includes senior managers who do not fall within the above categories;
- the remuneration policies for associate workers not bound to companies by employee contracts and, more specifically, financial advisors and agents have been updated, following clarifications provided by the authorities on changes made to the Joint Consob-Bank of Italy Regulations of October 2007, extending the application of the Bank of Italy instructions concerning remuneration to all stock broking firms and operators of investment services and activities.

Consistent with the update of the Policy, at its meeting of 20<sup>th</sup> February 2013 the Supervisory Board of UBI Banca, after consulting with the Remuneration Committee, decided upon the



incentives model for “top management” and the “highest management level of the control functions”.

In order to align the incentives to the Bank's medium to long-term interests, as in 2012 and in compliance with the Supervisory Regulations of Bank of Italy, procedures were confirmed for bonus deferral, the payment of a portion equal to at least 50% of variable remuneration in the form of financial instruments by the assignment of ordinary shares of the Parent, UBI Banca, and the retention period for the shares.

In the following meeting of 26<sup>th</sup> February 2013 the Management Board, without prejudice to the responsibilities of the Shareholders' Meeting in relation to (i) remuneration policies for members of the Management Board and (ii) the incentive scheme based on financial instruments restricted to “top management” and the “highest management level of the control functions”, took note of:

- the update to the remuneration and incentives policies for 2013;
- the incentive model for “top management” and the “highest management level of the control functions”;
- the implementation of the purchase of shares to cover the incentive scheme based on financial instruments for “top management” and the “highest management level of the control functions” through the grant of ordinary shares of the Parent, UBI Banca, in compliance with the procedures and limits set by the Shareholders' Meeting of 28<sup>th</sup> April 2012.

The policy and implementation model for “top management” and the “highest management level of the control functions” for 2013 were subsequently sent to the Group companies for the approval of the competent bodies.

The bonus pool for 2013 incentive schemes was set on the same basis as the amount allocated the year before, representing around 5% of the 2013 consolidated PCOBT (Profit on continuing operations before tax).

## Section II

### Part one

#### Basic concepts of remuneration

Reference is made to the tables in part two to provide basic details of remuneration.

In particular, with reference to the tables contained in part two at point a) *Quantitative information by area of activity and category of personnel*, in accordance with the provisions of the supervisory regulations of 30<sup>th</sup> March 2011 they show:

- fixed remuneration, defined as annualised remuneration paid to 31<sup>st</sup> December 2012, payment of which is guaranteed. This includes amounts specified by contract (salary, normal increases, various indemnities, amounts above trade union rates, etc.) and any other sum, however it may be guaranteed, in addition to that provided for by the national collective labour contract. Overtime is excluded;
- performance-related variable remuneration with particular reference to the 2012, incentive schemes, calculated on an accruals basis on figures that are not final and not yet paid. This figure is subject to changes when the final accounts are published;
- the procedures for the payment of “top management” and the “highest management level of the control functions”, on the basis of the results of the incentive schemes mentioned in the preceding point, divided in terms of up-front payments in cash and in shares (payment of which is not subject to deferral conditions) and deferred quotas in cash and in shares.

With reference to the tables contained in part two at point b) *Quantitative information on management and supervisory bodies and the Chief Executive Officer and General Manager of UBI Banca*, as required under the provisions of Consob Resolution No. 18049 of 23<sup>rd</sup> December 2011, Table 1 shows:

- fixed remuneration for the position (column 1);
- remuneration for attendance on committees (column 2);
- variable non equity remuneration (cash) divided into “bonuses and other incentives”, which include 2012 incentive scheme payments calculated on an accruals basis on figures that are not final and not yet paid relating to the up-front component, any one-off payments, company bonuses and “share of profits”, not paid (column 3);
- non monetary benefits which include insurance policies, pension funds and any other benefits such as cars, guest accommodation, according to the taxable income criterion (column 4);
- other remuneration, such as job security and non competition agreements, provisions made for deferred remuneration, length of service bonuses and other residual items (column 5);
- the total for the above items (column 6);
- the fair value of equity remuneration (shares) (column 7);
- end of term of office or of employment relationship indemnity (column 8) set aside or due during 2012.

Table 2 (as required under Consob Resolution No. 18049 of 23<sup>rd</sup> December 2011) is not included, since there are currently no stock option plans within the Group.

Table 3A contains information relating to schemes based on financial instruments other than stock options, solely for the General Manager of UBI Banca and with sole reference to those previously accrued in the context of the 2011 incentive scheme, as General Manager of the Banca Popolare Commercio e Industria. More specifically, it shows:

- the relevant incentive scheme (column 1);
- the number of shares vested in 2011 that have yet to be paid because they are subject to retention and deferral mechanisms and the relative vesting period (columns 2 and 3);

- the fair value for the year (column 12).

Table 3B, as above, contains information relating to deferred monetary incentive schemes, solely for the General Manager of UBI Banca and with sole reference to those previously vested in the context of the 2011 incentive scheme, as General Manager of the Banca Popolare Commercio e Industria (column 3C). Amounts have also been entered in column 4 for “other bonuses” in which bonuses for the year not explicitly included in schemes defined beforehand are reported.

### ***Incentive schemes based on financial instruments***

Information on incentive schemes based on financial instruments, pursuant to 114-*bis* of the consolidated finance act is contained in the proposal to pay part of the variable component of the remuneration for “top management” and the “highest management level of the control functions” in the form of financial instruments through the grant of ordinary shares of the Parent, UBI Banca.

### ***Agreements concerning remuneration for start and end of employment relationships***

During the year, payments for end of employment relationships amounting to a total of €1,112,500 were made to four persons belonging to the “top management” and “highest management level of the control functions” groups. The highest amount paid to an individual amounted to €360,000.

These amounts were determined following terminations of employment by mutual consent, on the basis of an average number of monthly salary payments within the limits and provisions of the national trade union agreement relating to termination of the employment relationship. They are not linked to performance criteria and there are no deferral mechanisms involved.

In accordance with the provisions of current internal regulations, rights on portions of incentive scheme bonuses that have vested, but not yet been paid shall only be maintained where retirement requirements have been met (length of service, old age), while the right to assess on a case by case basis is retained, as a function of the moment in time when the termination of the relationship takes place.

This also applies in the event of the death of the beneficiary (in this case to the benefit of the legitimate heirs). Payment of portions that have vested shall be made on the scheduled date of payment, subject to verification that the performance conditions have been satisfied.

With reference to the terminations of the employment relationship referred to above, rights to amounts vested but not yet paid have expired.

On 29<sup>th</sup> November 2012 the Framework Agreement was signed, defining the regulatory, economic and management solutions to be adopted in order to reach the recovery of productivity and cost-cutting objectives, connected on the one hand with the generally negative economic trend and, on the other, the changes to the pension system introduced by the *Decreto Salva Italia* (“Save Italy Decree”) which affect the full achievement of the objectives relating to staff numbers set out in the Business Plan for 2011-2013-2015.

Amongst other things, the aforementioned agreement set up a redundancy scheme which, partly in order to mitigate its economic and social impacts, provides for recourse to the income support measures provided for in Ministerial Decree 158 of 28<sup>th</sup> April 2000 (and subsequent extensions, amendments and additions) (“Solidarity Fund for Banking Personnel”) for employees meeting the statutory requirements to be entitled to pension schemes from 1<sup>st</sup> January 2014 to 1<sup>st</sup> January 2018, (with the INPS - national insurance institute - “window” not after 1<sup>st</sup> January 2018).

To cover this agreement the necessary provisions have been made for extraordinary payments to be made during the lifetime of the aforementioned fund, amounting to approximately €960,000 for those in the “top management” and “highest management level of the control functions” groups.

A non-competition obligation remuneration agreement exists with the Chief Executive Officer.

Three job-security agreement agreements have been signed with members of the “top management” group.

## Part two

Part two contains the following:

- quantitative information by area of activity and category of personnel, with a distinction between the fixed component of remuneration and the variable performance-related component;
- quantitative information by name is given for the management and supervisory functions and also for the Chief Executive Officer and the General Manager of UBI Banca. With particular reference to the General Manager of UBI Banca the quantitative information is given on a pro rata basis for *Dott. Graziano Caidiani*, whose employment ceased as of 30<sup>th</sup> April 2012, and *Dott. Francesco Iorio*, whose employment commenced on 1<sup>st</sup> May 2012. Because there is no total remuneration for other key management personnel that is greater than the highest remuneration paid to the Chief Executive Officer and the General Manager of UBI, aggregate information is given, with the number of persons given in place of the names;
- finally, the last table of this document gives shares held in UBI Banca and its subsidiaries by members of the management and supervisory bodies and by other members of key management personnel (pursuant to Art. 84 *quater* of Consob Resolution No. 11971 of 14<sup>th</sup> May 1999 and subsequent amendments).

Expenses incurred at consolidated level for the remuneration of directors and statutory auditors for the financial year 2012, amounted to approximately €17.7 million, accounting indicatively for 1.16% of staff costs.

With particular reference to associate workers not bound to companies by employee contracts the total amount incurred amounts to approximately €39.5 million, as follows: for financial advisors and agents approximately €37.8 million as recurring remuneration and approximately €300,000 as performance-related remuneration; and approximately €1,380,000 for consultancy contracts.

### a) Quantitative information by area of activity and category of personnel

#### Fixed remuneration

The table below gives the total fixed remuneration by type of personnel and general area of activity.

#### Group fixed remuneration <sup>(1)</sup>

(employee personnel as at 31/12)

Figures in thousands of euro	Group		UBI Banca		Banks <sup>(2)</sup>		Other companies <sup>(3)</sup>	
	Number of persons	31.12.2012	Number of persons	31.12.2012	Number of persons	31.12.2012	Number of persons	31.12.2012
Other Executive Board Members and General Managers	17	4,218	-	-	12	3,064	5	1,154
Managers of main lines of business	63	11,888	27	5,795	25	4,145	11	1,948
Managers of highest level of control functions	11	1,633	11	1,633	-	-	-	-
Other senior managers	319	37,513	82	9,691	181	21,281	56	6,541
Other employees	18,384	840,330	1,288	65,366	14,425	653,740	2,671	121,224
<b>TOTAL</b>	<b>18,794</b>	<b>895,582</b>	<b>1,408</b>	<b>82,485</b>	<b>14,643</b>	<b>682,230</b>	<b>2,743</b>	<b>130,867</b>

(1) Company costs and other expense items not considered a part of fixed remuneration are excluded (e.g. overtime, travelling allowances and expense refunds, etc.). The figures for fixed remuneration are for 98% of UBI Group personnel. The 2% not considered relate to personnel not served by the UBI Group Personnel Administration service.

(2) Banca Popolare di Bergamo Spa, Banco di Brescia Spa, Banca Popolare Commercio e Industria Spa, Banca Regionale Europea Spa, Banca Popolare di Ancona Spa, Banca Carime Spa, Banca di Valle Camonica Spa, UBI Banca Private Investment Spa, Centrobanca Spa, IWB Bank Spa, Banque de Depots et de Gestion Sa, UBI Banca International Sa.

(3) UBI Sistemi e Servizi SCpA, UBI Leasing Spa, UBI Factor Spa, UBI Pramerica SGR Spa, Prestitalia Spa, UBI Fiduciaria Spa, BPB Immobiliare Srl, UGI Gestione Fiduciaria Sim Spa, Centrobanca Sviluppo Impresa SGR Spa, Coralis Rent Srl, S.B.I.M. Spa, UBI Academy.

The table below gives the total fixed remuneration by type of personnel and general area of activity specifically for UBI Banca.

**UBI Banca fixed remuneration <sup>(1)</sup>**  
(employee personnel as at 31/12)

Figures in thousands of euro	Commercial		Finance		Credit and credit recovery		Other functions <sup>(2)</sup>	
	Number of persons	31.12.2012	Number of persons	31.12.2012	Number of persons	31.12.2012	Number of persons	31.12.2012
Managers of main lines of business	5	1,238	5	823	3	758	14	2,976
Managers of highest level of control functions	-	-	-	-	-	-	11.0	1,633.0
Other senior managers	27	3,558	4	445	9	982	42	4,705
Other employees	182	10,528	67	4,116	244	10,932	795	39,791
<b>TOTAL</b>	<b>214</b>	<b>15,324</b>	<b>76</b>	<b>5,384</b>	<b>256</b>	<b>12,672</b>	<b>862</b>	<b>49,105</b>

(1) Company costs and other expense items not considered a part of fixed remuneration are excluded (e.g. overtime, travelling allowances and expense refunds, etc.).

(2) Chief Financial Officer, Chief of General Affairs and Subsidiaries, Chief Audit Executive, Chief Risk Officer, Investor and Media Relations, Chief Operating Officer, Support to the Management Board and Support to the Supervisory Board.

## Variable remuneration

The table below gives an estimate of the number of beneficiaries and the amount or performance-related remuneration paid through incentive schemes, divided by type of personnel and areas of activity. It is calculated on the basis of preliminary figures and is subject to possible modifications.

**2012 Incentive Scheme Estimate <sup>(1)</sup>:**  
(employee personnel)

Figures in thousands of euro	Group		UBI Banca		Banks <sup>(2)</sup>		Other companies <sup>(3)</sup>	
	Number of beneficiaries	31.12.2012	Number of beneficiaries	31.12.2012	Number of beneficiaries	31.12.2012	Number of beneficiaries	31.12.2012
Other Executive Board Members and General Managers	4	193	-	-	3	103	1	90
Managers of main lines of business	5	433	-	-	4	89	1	344
Managers of highest level of control functions	-	-	-	-	-	-	-	-
Other senior managers	51	389	-	-	46	276	5	113
Other employees	3,295	3,709	-	-	3,160	1,697	135	2,012
<b>TOTAL</b>	<b>3,355</b>	<b>4,724</b>	<b>-</b>	<b>-</b>	<b>3,213</b>	<b>2,165</b>	<b>142</b>	<b>2,559</b>

(1) Company costs are excluded

(2) Banca Popolare di Bergamo Spa, UBI Banca Private Investment Spa, IW Bank Spa

(3) UBI Pramerica SGR Spa

Overall, the number of beneficiaries amounted to approximately 17.8% of Group personnel with an average amounting to approximately €1,400.

The table below regarding payment methods gives a summary of the composition of performance-related variable remuneration accruing in 2012 for the whole Group in terms of deferment and financial instruments for "top management" and the "highest management level of the Control Functions" groups of personnel.

**Estimate of final figures for means of payment for 2012 Incentive Schemes<sup>(1)</sup>: "Top Management" and "Managers of highest level of control functions"**

Figures in thousands of euro	Number of beneficiaries	Up-front portion		Deferred portion	
		Cash	Shares	Cash	Shares
Other Executive Board Members and General Managers	4	58.0	58.0	38.5	38.5
Managers of main lines of business	5	130.0	130.0	86.5	86.5
Highest management level of the control functions	-	-	-	-	-
<b>TOTAL</b>	<b>9</b>	<b>188.0</b>	<b>188.0</b>	<b>125.0</b>	<b>125.0</b>

(1) Company costs are excluded



Overall, the number of beneficiaries amounted to approximately 9% of Group personnel in the "top management" and "highest management level of the control functions" groups with an average amounting to approximately €70,000 gross, divided in accordance with the existing mechanisms into up-front and deferred quotas, in cash and in shares.

With reference to the commercial "contests" triggered in 2012, 250 iPads will be awarded to the branches who have achieved the highest performance on the sales targets for car and property insurance policies, with the exclusion of CPI policies<sup>14</sup> and a total amount of approximately €10,000 gross for staff who have achieved the commercial and customer care objectives of IW Bank.

One-off payments made in 2012 amounted to approximately €2,410,000 gross, of which €128,500 gross paid to employees belonging to the "top management" and the "highest management level of the Control Functions" personnel groups, with an average amounting to approximately €7,000 gross.

***b) Quantitative information on the management and supervisory bodies and on the Chief Executive Officer and the General Manager of UBI Banca.***

The tables below give detailed information relating to 2012 and more specifically they consist of Table 1 and Table 3A pursuant to Art. 84 *quater* of the Issuers' Regulations adopted with Consob Resolution No. 11971 of 14<sup>th</sup> May 1999, as updated with amendments made by Resolution No. 18049 of 23<sup>rd</sup> December 2011.

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<sup>14</sup> CPI - Creditor Protection Insurance: insurance policies covering risks such as death or invalidity.

**Table 1 pursuant to Attachment 3 of the Issuers' Regulations**

**Remuneration paid to members of the management and supervisory bodies and to general management and other key management personnel (Art. 84 quater of Consob Resolution No. 11971 of 14<sup>th</sup> May 1999, updated with amendments made by Resolution No. 18049 of 23rd December 2011)**

REMUNERATION PAID TO MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AND TO GENERAL MANAGEMENT AND OTHER KEY MANAGEMENT PERSONNEL (Art. 84 quater of Consob Resolution No. 11971 of 14/05/1999 and subsequent amendments)												
(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non equity variable remuneration: Bonuses and other incentives	Share of profits	Non monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship
Faissola Corrado	UBI BANCA:	01.01/20.12	20.12.2012									
	- Chairman of the Supervisory Board			485,054.35						485,054.35		
	- Member of the Supervisory Board			97,010.87						97,010.87		
	- Chairman of Appointments Committee				= =							
	TOTAL			582,065.22						582,065.22		
Calvi Giuseppe	UBI BANCA:	01.01/31.12	AGM 2013									
	- Senior Deputy Chairman of the Supervisory Board			250,000.00						250,000.00		
	- Member of the Supervisory Board			100,000.00						100,000.00		
	- Member of the Appointments Committee				= =							
	- Member of Remuneration Committee from 1/1/2012 to 10/4/2012 - Chairman since 11/4/2012				= =							
	TOTAL			350,000.00						350,000.00		
Folonari Alberto	UBI BANCA:	01.01/31.12	AGM 2013									
	- Deputy Chairman of the Supervisory Board			75,000.00						75,000.00		
	- Member of the Supervisory Board			100,000.00						100,000.00		
	- Member of the Appointments Committee				= =							
	- Member of the Remuneration Committee				= =							
	TOTAL			175,000.00						175,000.00		
Mazzoleni Mario	UBI BANCA:	01.01/31.12	AGM 2013									
	- Deputy Chairman of the Supervisory Board			75,000.00						75,000.00		
	- Member of the Supervisory Board			100,000.00						100,000.00		
	- Member of the Appointments Committee				= =							
	TOTAL			175,000.00						175,000.00		
Albertani Battista	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00						100,000.00		
	TOTAL			100,000.00						100,000.00		
Bazoli Giovanni	UBI BANCA:	01.01/29.03	29.03.2012									
	- Member of the Supervisory Board			24,175.82						24,175.82		
	- Member of the Appointments Committee				= =							
	TOTAL			24,175.82						24,175.82		
Bellini Luigi	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00						100,000.00		
	- Member of the Internal Control Committee				50,000.00					50,000.00		
	TOTAL			100,000.00	50,000.00					150,000.00		
Cattaneo Mario	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00						100,000.00		
	- Member of the Internal Control Committee				50,000.00					50,000.00		
	- Member of the Accounts Committee				50,000.00					50,000.00		
	TOTAL			100,000.00	100,000.00					200,000.00		
Fidanza Silvia	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00						100,000.00		
	- Member of the Accounts Committee since 11/4/2012				36,126.37					36,126.37		
	- Member of the Related Parties and Connected Parties Committee				= =							
	TOTAL			100,000.00	36,126.37					136,126.37		
Fontana Enio	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00						100,000.00		
	TOTAL			100,000.00						100,000.00		
Garavaglia Carlo	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00						100,000.00		
	- Member of the Appointments Committee				= =							
	- Chairman of the Accounts Committee				100,000.00					100,000.00		
	TOTAL			100,000.00	100,000.00					200,000.00		
Gusmini Alfredo	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00						100,000.00		
	- Member of the Internal Control Committee				50,000.00					50,000.00		
	TOTAL			100,000.00	50,000.00					150,000.00		
Gussalli Beretta Pietro	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00						100,000.00		
	TOTAL			100,000.00						100,000.00		
Lucchini Giuseppe	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00						100,000.00		
	- Member of the Remuneration Committee				= =							
	TOTAL			100,000.00						100,000.00		
Lucchini Italo	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00						100,000.00		
	- Member of the Internal Control Committee				50,000.00					50,000.00		
	TOTAL			100,000.00	50,000.00					150,000.00		
Manzoni Federico	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00						100,000.00		
	- Secretary			50,000.00						50,000.00		
	- Member of the Accounts Committee until 10/04/2012				13,873.63					13,873.63		
	- Member of the Appointments Committee from 11/4/2012				= =							
	- Chairman of Related Parties and Connected Parties Committee				= =							
	TOTAL			150,000.00	13,873.63					163,873.63		
Minelli Enrico	UBI BANCA:	28.04/31.12	AGM 2013									
	- Member of the Supervisory Board			67,582.42						67,582.42		
	Total UBI Banca remuneration			67,582.42						67,582.42		
	CENTROBANCA: Director	01.01/27.04	27.04.2012									
	- Director			9,780.82						9,780.82		
	Total Controbanca remuneration			9,780.82						9,780.82		
	TOTAL			77,363.24						77,363.24		
Musumeci Toti S.	UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Supervisory Board			100,000.00						100,000.00		
	- Member of the Remuneration Committee				= =							
	Total UBI Banca remuneration			100,000.00						100,000.00		
	Aviva Vita:	01.01/24.04	24.04.2012									
	- Chairman of the Board of Directors			19,333.33						19,333.33		
	- Director			3,333.33						3,333.33		
	Total Aviva Vita remuneration			22,666.66						22,666.66		
	Aviva Assicurazioni Vita:	01.01/24.04	24.04.2012									
	- Director			3,333.33						3,333.33		
	Total Aviva Assicurazioni Vita remuneration			3,333.33						3,333.33		
	TOTAL			125,999.99						125,999.99		

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)				
Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non equity variable remuneration: Bonuses and other incentives	Share of profits	Non monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship			
Oriandi Sergio	UBI BANCA:	01.01/31.12	AGM 2013												
	- Member of the Supervisory Board			100,000.00						100,000.00					
	- Member of the Accounts Committee				50,000.00	=				50,000.00					
	- Member of the Related Parties and Connected Parties Committee														
	TOTAL			100,000.00	50,000.00					150,000.00					
Pedersoli Alessandro	UBI BANCA:	01.01/29.03	29.03.2012												
	- Member of the Supervisory Board			24,175.82						24,175.82					
	- Chairman of the Remuneration Committee				=										
	TOTAL			24,175.82						24,175.82					
Perolari Giorgio	UBI BANCA:	01.01/31.12	AGM 2013												
	- Member of the Supervisory Board			100,000.00						100,000.00					
	- Member of the Remuneration Committee since 11/04/2012				=										
	TOTAL			100,000.00						100,000.00					
Pivato Sergio	UBI BANCA:	01.01/31.12	AGM 2013												
	- Member of the Supervisory Board			100,000.00						100,000.00					
	- Chairman of the Internal Control Committee				100,000.00					100,000.00					
	TOTAL			100,000.00	100,000.00					200,000.00					
Santus Armando	UBI BANCA:	28.04/31.12	AGM 2013												
	- Member of the Supervisory Board			67,582.42						67,582.42					
	- Other remuneration (notary services)								54,133.95	54,133.95					
	Total UBI Banca remuneration			67,582.42					54,133.95	121,716.37					
	BANCA CARIME: other remuneration (notary services)								1,390.00	1,390.00					
	BANCA DI VALLE CAMONICA: other remuneration (notary services)								2,403.16	2,403.16					
	BANCA POPOLARE DI BERGAMO: other remuneration (notary services)								40,167.95	40,167.95					
	BANCA REGIONALE EUROPEA: other remuneration (notary services)								2,075.00	2,075.00					
	CORALIS RENT: other remuneration (notary services)								6,060.00	6,060.00					
	BPB IMMOBILIARE: other remuneration (notary services)								2,265.00	2,265.00					
	UBI ACADEMY: other remuneration (notary services)								125.00	125.00					
	UBI FINANCE: other remuneration (notary services)								12,000.00	12,000.00					
	UBI FINANCE CB 2: other remuneration (notary services)								8,400.00	8,400.00					
	UBI LEASING: other remuneration (notary services)								20,400.00	20,400.00					
	TOTAL			67,582.42					149,420.06	217,002.48					
	Sestini Roberto			UBI BANCA:	01.01/31.12	AGM 2013									
				- Member of the Supervisory Board			100,000.00						100,000.00		
TOTAL		100,000.00								100,000.00					
UBI BANCA:															
Zannoni Giuseppe	- Member of the Supervisory Board	01.01/31.12	AGM 2013												
	TOTAL			100,000.00						100,000.00					
	UBI BANCA:														
	TOTAL			100,000.00						100,000.00					
Zanetti Emilio	UBI BANCA:	01.01/31.12	AGM 2013												
	- Chairman of the Management Board			500,000.00						500,000.00					
	- Member of the Management Board			150,000.00						150,000.00					
	Total UBI Banca remuneration			650,000.00						650,000.00					
	BANCA POPOLARE DI BERGAMO:	01.01/31.12	AGM 2014												
	- Chairman			100,000.00						100,000.00					
	- Director			40,000.00						40,000.00					
	- Executive Committee				10,000.00					10,000.00					
	Total Banca Popolare di Bergamo remuneration	140,000.00	10,000.00					150,000.00							
	TOTAL	790,000.00	10,000.00					800,000.00							
Pizzini Flavio	UBI BANCA:	01.01/31.12	AGM 2013												
	- Deputy Chairman of the Management Board			95,500.00						95,500.00					
	- Member of the Management Board			150,000.00						150,000.00					
	Total UBI Banca remuneration			245,500.00						245,500.00					
	BANCO DI BRESCIA:	01.01/31.12	AGM 2014												
	- Director			40,000.00						40,000.00					
	- Executive Committee				10,000.00					10,000.00					
	Total Banco di Brescia compensation			40,000.00	10,000.00					50,000.00					
	UBI SISTEMI E SERVIZI:	01.01/31.12	AGM 2015												
	- Deputy Chairman of the Board of Directors			60,000.00						60,000.00					
	- Director			5,156.25						5,156.25					
	- Executive Committee				10,358.45					10,358.45					
	- Attendance "tokens"	1,250.00						1,250.00							
	Total UBI Sistemi e Servizi remuneration	66,406.25	10,358.45					76,764.70							
	UBI BANCA INTERNATIONAL:	01.01/31.12	AGM 2015												
	- Chairman of the Board of Directors			15,000.00						15,000.00					
	- Director			15,000.00						15,000.00					
	Total UBI Banca International remuneration			30,000.00						30,000.00					
	PRISMA:	01.01/26.04	26.04.2012												
	- Chairman of the Statutory Board of Auditors			2,465.42						2,465.42					
	Total Prisma remuneration			2,465.42						2,465.42					
	TOTAL			384,371.67	20,358.45					404,730.12					
Massiah Victor	UBI BANCA:	01.01/31.12	AGM 2013												
	- Senior manager			652,431.81		1,170.20		112,896.78	(-) 88,943.12	855,441.91					
	- Chief Executive Officer			500,000.00						500,000.00					
	- Member of the Management Board			150,000.00						150,000.00					
	Total UBI Banca remuneration	1,302,431.81		1,170.20		112,896.78	(-) 88,943.12	1,505,441.91							
(*)	BANCO DI BRESCIA:	01.01/31.12	AGM 2014												
	- Director														
	Total Banco di Brescia compensation														
(*)	BANCA POPOLARE DI BERGAMO:	01.01/31.12	AGM 2014												
	- Director														
	Total Banca Popolare di Bergamo remuneration														
(*)	CENTROBANCA: Director	01.01/31.12	AGM 2014												
	- Director														
	Total Centrobanca remuneration														
	TOTAL			1,302,431.81		1,170.20		112,896.78	(-) 88,943.12	1,505,441.91					
Auletta Armenise Giampiero	UBI BANCA:	01.01/31.12	AGM 2013												
	- Member of the Management Board			150,000.00						150,000.00					
	TOTAL			150,000.00						150,000.00					
	UBI BANCA:														
	BANCA POPOLARE COMMERCIO INDUSTRIA:	01.01/31.12	AGM 2014												
	- Deputy Chairman of the Board of Directors			20,000.00						20,000.00					
	- Director			30,000.00						30,000.00					
	- Executive Committee				10,000.00					10,000.00					
	Total Banca Popolare Commercio Industria remuneration	50,000.00	10,000.00					60,000.00							
	BANCA CARIME:	01.01/31.12	AGM 2014												
	- Senior Deputy Chairman of the Board of Directors			20,000.00						20,000.00					
	- Director			30,000.00						30,000.00					
	- Member of the Executive Committee				10,000.00					10,000.00					
	Total Carime remuneration	50,000.00	10,000.00					60,000.00							
	BANCA POPOLARE DI ANCONA:	01.01/31.12	AGM 2014												
	- Director			30,000.00						30,000.00					
	- Executive Committee				10,000.00					10,000.00					
	Total Banca Popolare di Ancona remuneration			30,000.00	10,000.00					40,000.00					
	TOTAL	280,000.00	30,000.00					310,000.00							

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Name and Surname	Position	Period in which position was occupied	Date on which appointment ends	Fixed remuneration	Remuneration for attendance on committees	Non equity variable remuneration: Bonuses and other incentives	Share of profits	Non monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of term of office or end of employment relationship	
Camadini Giuseppe	UBI BANCA:	01.01/25.07	25.07.2012										
	- Member of the Management Board			85,416.67						85,416.67			
	Total UBI Banca remuneration			85,416.67						85,416.67			
	BANCO DI BRESCIA:	01.01/25.07	25.07.2012										
	- Director			22,717.39						22,717.39			
	Total Banco di Brescia compensation			22,717.39						22,717.39			
	BANCA DI VALLE CAMONICA:	01.01/25.07	25.07.2012										
	- Director			11,311.51						11,311.51			
	Total Banca Valle Camonica remuneration			11,311.51						11,311.51			
	TOTAL			119,445.57							119,445.57		
Cera Mario	UBI BANCA:	01.01/31.12	AGM 2013										
	- Member of the Management Board			150,000.00						150,000.00			
	Total UBI Banca remuneration			150,000.00						150,000.00			
	BANCA POPOLARE COMMERCIO INDUSTRIA:	01.01/31.12	AGM 2014										
	- Chairman of the Board of Directors			90,000.00						90,000.00			
	- Director	30,000.00							30,000.00				
	- Executive Committee				10,000.00					10,000.00			
	Total Banca Popolare Commercio Industria remuneration			120,000.00	10,000.00					130,000.00			
	IW BANK:	01.01/31.12	AGM 2015										
	- Chairman of the Board of Directors			60,000.00						60,000.00			
	- Director	13,633.88							13,633.88				
	Total IW Bank remuneration			73,633.88						73,633.88			
	TOTAL			343,633.88	10,000.00					353,633.88			
	Frigeri Giorgio	UBI BANCA:	01.01/31.12	AGM 2013									
		- Member of the Management Board			150,000.00						150,000.00		
		Total UBI Banca remuneration			150,000.00						150,000.00		
		BANCA 24/7:	01.01/23.07	23.07.2012									
		- Director			5,573.77						5,573.77		
Total Banca 24/7 remuneration				5,573.77						5,573.77			
CENTROBANCA SVILUPPO IMPRESA SGR:		01.01/31.12	AGM 2014										
- Chairman of the Board of Directors				10,000.00						10,000.00			
- Director		8,000.00							8,000.00				
Total Centrobanca Sviluppo Impresa SGR remuneration				18,000.00						18,000.00			
UBI PRAMERICA SGR SPA:		01.01/31.12	AGM 2014										
- Chairman of the Board of Directors				40,000.00						40,000.00			
- Director		10,000.00							10,000.00				
Total UBI Pramerica SGR remuneration				50,000.00						50,000.00			
CENTROBANCA:		01.01/31.12	AGM 2014										
- Deputy Chairman of the Board of Directors				30,000.00						30,000.00			
- Director		30,000.00							30,000.00				
Total Centrobanca remuneration				60,000.00						60,000.00			
IW BANK:		01.01/09.04	09.04.2012										
- Director				2,732.24						2,732.24			
Total IW Bank remuneration				2,732.24						2,732.24			
UBI SISTEMI E SERVIZI:		01.01/31.12	AGM 2015										
- Director				5,156.25						5,156.25			
- Executive Committee					10,358.45					10,358.45			
- Attendance "tokens"				1,250.00						1,250.00			
Total UBI Sistemi e Servizi remuneration				6,406.25	10,358.45					16,764.70			
TOTAL				292,712.26	10,358.45					303,070.71			
Gola GianLuigi		UBI BANCA:	01.01/31.12	AGM 2013									
	- Member of the Management Board	150,000.00								150,000.00			
TOTAL			150,000.00						150,000.00				
Lupini Guido	UBI BANCA:	01.01/31.12	AGM 2013										
	- Member of the Management Board			150,000.00						150,000.00			
	Total UBI Banca remuneration			150,000.00						150,000.00			
	BANCA POPOLARE DI BERGAMO:	01.01/31.12	AGM 2014										
	- Deputy Chairman of the Board of Directors			20,000.00						20,000.00			
	- Director	40,000.00							40,000.00				
	- Executive Committee				10,000.00				10,000.00				
	Total Banca Popolare di Bergamo remuneration			60,000.00	10,000.00					70,000.00			
	TOTAL			210,000.00	10,000.00					220,000.00			
	Moitrasio Andrea	UBI BANCA:	01.01/31.12	AGM 2013									
- Member of the Management Board		150,000.00								150,000.00			
Total UBI Banca remuneration				150,000.00						150,000.00			
CENTROBANCA:		01.01/31.12	AGM 2014										
- Chairman of the Board of Directors				100,000.00						100,000.00			
- Director		30,000.00							30,000.00				
Total Centrobanca remuneration			130,000.00						130,000.00				
TOTAL			280,000.00						280,000.00				
Polotti Franco	UBI BANCA:	01.01/31.12	AGM 2013										
	- Member of the Management Board			150,000.00						150,000.00			
	Total UBI Banca remuneration			150,000.00						150,000.00			
	BANCO DI BRESCIA:	01.01/31.12	AGM 2014										
	- Chairman of the Board of Directors			100,000.00						100,000.00			
	- Director	40,000.00							40,000.00				
	- Executive Committee				10,000.00				10,000.00				
Total Banco di Brescia compensation			140,000.00	10,000.00					150,000.00				
TOTAL			290,000.00	10,000.00					300,000.00				
Caldiani Graziano	UBI BANCA:	01.01/30.04	30/04/2012										
	- General Manager			199,747.98				19,997.68	(***) 8,671.23	228,415.99			
	Total UBI Banca remuneration			199,747.98				19,997.68	(***) 8,671.23	228,415.99			
	(*) UBI SISTEMI E SERVIZI:	01.01/01.04	01/04/2012										
	- Director												
	- Attendance "tokens"												
	Total UBI Sistemi e Servizi remuneration												
UBI ACADEMY:	02.07/31.12	AGM 2015											
- Chairman			25,000.00					(****) 25,000	50,000.00				
Total UBI Academy remuneration			25,000.00					(****) 25,000	50,000.00				
TOTAL			224,747.98					19,997.68	33,671.23	278,415.99			
Iorio Francesco (**)	UBI BANCA:	01.05/31.12	la carica non prevede scadenza										
	- General Manager			400,928.28				15,056.47		415,984.75	22,515.13		
	Total UBI Banca remuneration			400,928.28				15,056.47		415,984.75	22,515.13		
	(*) UBI SISTEMI E SERVIZI:	02.04/31.12	AGM 2015										
- Director													
- Attendance "tokens"													
Total UBI Sistemi e Servizi remuneration													
TOTAL			400,928.28					15,056.47		415,984.75	22,515.13		
14 Key management personnel (*) (***)		01.01/31.12	The positions have no termination date	2,825,978.75		13,359.80		420,689.37	(****) 130,186.13	3,390,216.05	(*****) 960,897.99		
				2,825,978.75		13,359.80		420,689.37	(****) 130,186.13	3,390,216.05	(*****) 960,897.99		
(*) The remuneration relating to dott. Victor Massiah, dott. Caldiani, dott. Iorio and to key management personnel does not include that relating to any posts held by them in other companies in the Group because this is paid directly to UBI Banca.													
(***) The remuneration for dott. Iorio is shown on a pro-rata basis for the period in which he held the position of General Manager of UBI Banca													
(****) The number and the amount of the remuneration for key management personnel includes that of Francesco Iorio from 1st February 2012 until 30th April 2012, before his appointment as General Manager. (*****) The remuneration for key management personnel is shown on a pro-rata basis for the period in which they held the positions in question.													
(*) of which €100,000.08 for a non competition agreement, reduced to €88,943.12 for the recovery of prior year provisions.													
(****) provisions for deferred remuneration													
(*****) Remuneration for exceptional start-up activities relating to the UBI Academy project and support for the operations of the consortium in the first two years of its life													
(*****) of which €116,000.18 for job-security agreements													
(*****) deferred remuneration for the "Framework Agreement" of 29th November 2012 ("solidarity fund" for banking personnel)													

**Table 3A pursuant to Attachment three of the Issuers' Regulations.**

**Cash incentive schemes based on financial instruments other than stock options, for members of the Management and Supervisory Bodies and for general management and other key management personnel (Art. 84 quater of Consob Resolution No. 11971 of 14<sup>th</sup> May 1999, updated with amendments made by Resolution No. 18049 of 23<sup>rd</sup> December 2011)**

			Financial instruments assigned in prior years not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not granted	Financial instruments vested during the year and granted		Financial instruments relating to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and Surname	Position	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on the assignment date	Vesting period	Assignment date	Market price when assigned	Number and type of financial instruments	Number and type of financial instruments	Value on the vesting date	Fair value
Massiah Victor	- Chief Executive Officer	2012											
		2011											
Graziano Caldiari	- General Manager of UBI Banca (01.01-30.04)	2011											
Iorio Francesco	- General Manager of UBI Banca (01.05-31.12)	2012											
		2011 (*)	19,891 UBI Banca shares	3									16,196.14
		2011 (*)	13,261 UBI Banca shares	5									6,318.99
	<b>TOTAL</b>		33,152 UBI Banca shares			0.00						0.00	22,515.13
14 Key management personnel		2012											
		2011											

(\*) The financial instruments for dott. Iorio relate to the 2011 plan, when he occupied the position of General Manager of Banca Popolare Commercio e Industria Spa. Those instruments have been promised, but not yet assigned.

**Table 3B pursuant to Attachment 3 of the Issuers' Regulations.**

**Cash incentive schemes for members of the management and supervisory bodies and for general management and other key management personnel (Art. 84 quater of Consob Resolution No. 11971 of 14<sup>th</sup> May 1999, updated with amendments made by Resolution No. 18049 of 23<sup>rd</sup> December 2011)**

A	B	(1)	(2)			(3)			(4)
Name and Surname	Position	Plan	Bonus for the year			Prior year bonuses			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferment period	No longer payable	Payable/Paid	Still deferred	
Massiah Victor	- Chief Executive Officer	2012							1,170.20
		2011							
Graziano Caldiani	- General Manager of UBI Banca (01.01-30.04)	2012							
		2011							
Iorio Francesco	- General Manager of UBI Banca (01.05-31.12)	2012							
		2011 (*)						31,724.00	
14 Key management personnel		2012							13,359.80
		2011							
	<b>TOTAL</b>							31,724.00	14,530.00

(\*) The prior year bonuses still deferred for dott. Iorio relate to the 2011 plan, when he occupied the position of General Manager of Banca Popolare Commercio e Industria Spa.



**c) Shares held in UBI Banca and in subsidiaries by members of the management and supervisory bodies and by general managers and other members of key management personnel (pursuant to Art. 84 quater of Consob Resolution No. 11971 of 14<sup>th</sup> May 1999 and subsequent amendments)**

Surname and first name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2011	Number of shares purchased in 2012	Number of shares sold in 2012	Number of shares owned as at 31/12/2012
Faissola Corrado	Chairman of the Supervisory Board (until 20/12/2012)	UBI	direct	full ownership	14,103	55,000	1,000	13,103
			direct	usufruct	81,276			55,000
			indirect	full ownership	172,319			-
			spouse (directly)	full ownership	12,737			12,737
			spouse (directly)	usufruct				136,276
			spouse (indirectly)	full ownership	172,319		47,536	124,783
Calvi Giuseppe	Senior Deputy Chairman of the Supervisory Board	UBI	direct	full ownership	59,248			59,248
		UBI	spouse (directly)	full ownership	62,780			62,780
Folonari Alberto	Deputy Chairman of the Supervisory Board	UBI	direct	full ownership	1,784,759	500		1,784,759
		UBI	direct	usufruct	687,693			687,693
			indirect	full ownership				500
		UBI	spouse (directly)	full ownership	513,595			513,595
Mazzoleni Mario	Deputy Chairman of the Supervisory Board	UBI	direct	full ownership	15,876			15,876
Albertani Battista	Member of the Supervisory Board	UBI	direct	full ownership	23,747			23,747
		UBI	spouse (directly)	full ownership	9,220			9,220
		BANCA DI VALLE CAMONICA	direct	full ownership	100			100
Bazoli Giovanni	Member of the Supervisory Board (until 29/03/2012)	UBI	direct	full ownership	106,059			106,059
		UBI	direct	usufruct	288,840			288,840
		UBI	spouse (directly)	full ownership	108,669			108,669
Bellini Luigi	Member of the Supervisory Board	UBI	direct	full ownership	40,190			40,190
		UBI	direct	usufruct	749,744			749,744
Cattaneo Mario	Member of the Supervisory Board	UBI	direct	full ownership	1,000			1,000
Fidanza Silvia	Member of the Supervisory Board	UBI	direct	full ownership	8,133			8,133
		UBI	spouse (directly)	full ownership	1,408			1,408
Fontana Enio	Member of the Supervisory Board	UBI	direct	full ownership	1			1
		UBI	indirect	full ownership	32,000			32,000
Garavaglia Carlo	Member of the Supervisory Board	UBI	direct	full ownership	274	112		386
Gusmini Alfredo	Member of the Supervisory Board	UBI	direct	full ownership	109,000			109,000
		UBI	spouse (directly)	full ownership	111,000			111,000
Gussalli Beretta Pietro	Member of the Supervisory Board	UBI	direct	full ownership	420			420
Lucchini Giuseppe	Member of the Supervisory Board	UBI	direct	full ownership	431,086		250	430,836
		UBI	direct	usufruct	1,086,544			1,086,544
		UBI	indirect	full ownership	1,011,440		100,000	911,440
Lucchini Italo	Member of the Supervisory Board	UBI	direct	full ownership	49,603			49,603
		UBI	spouse (directly)	full ownership	90,696			90,696
Manzoni Federico	Member of the Supervisory Board	UBI	direct	full ownership	19,300			19,300
Minelli Enrico	Member of the Supervisory Board (since 28/04/2012)	UBI	direct	full ownership	193,010	5,000		198,010
		UBI	direct	legal title only	134,152			134,152
		UBI	spouse (directly)	full ownership	-	250		250
		UBI	children - minors (directly)	full ownership	-	1,000		1,000
		BANCA DI VALLE CAMONICA	direct	full ownership	100			100
Musumeci Toti S.	Member of the Supervisory Board	UBI	direct	full ownership	2,868			2,868
Orlandi Sergio	Member of the Supervisory Board	UBI	direct	full ownership	163,067			163,067
		UBI	spouse (directly)	full ownership	49,680			49,680
Pedersoli Alessandro	Member of the Supervisory Board (until 29/03/2012)	UBI	direct	full ownership	5,463			5,463
		UBI	spouse (directly)	full ownership	332			332
Perolari Giorgio	Member of the Supervisory Board	UBI	direct	full ownership	91,700			9,170
		UBI	spouse (directly)	full ownership	28,500			28,500

Surname and first name	Position	Shareholding in	Type of holding	Ownership title	Number of shares owned as at 31/12/2011	Number of shares purchased in 2012	Number of shares sold in 2012	Number of shares owned as at 31/12/2012
Pivato Sergio	Member of the Supervisory Board	UBI	direct	full ownership	346			346
Santus Armando	Member of the Supervisory Board (since 28/04/2012)	UBI	direct	full ownership	385,862		141,848	244,014
Sestini Roberto	Member of the Supervisory Board	UBI	direct	full ownership	70,921			70,921
		UBI	indirect	full ownership	49,376			49,376
		UBI	spouse (directly)	full ownership	48,454			48,454
Zannoni Giuseppe	Member of the Supervisory Board	UBI	direct	full ownership	1,550,000			1,550,000
		UBI	spouse (directly)	full ownership	1,350,000			1,350,000
Zanetti Emilio	Chairman of the Management Board	UBI	direct	full ownership	250			250
			spouse (directly)	full ownership	627,036			627,036
Pizzini Flavio	Deputy Chairman of the Management Board	UBI	direct	full ownership	12,832			12,832
Massiah Victor	Chief Executive Officer	UBI	direct	full ownership	200,000	100,000		300,000
Auletta Armenise Giampiero	Member of the Management Board	UBI	direct	full ownership	447,390			447,390
Camadini Giuseppe	Member of the Management Board (until 25/07/2012)	UBI	direct	full ownership	1,000,000			1,000,000
		BANCA DI VALLE CAMONICA	direct	full ownership	2,000			2,000
Cera Mario	Member of the Management Board	UBI	direct	full ownership	50,007			50,007
Frigeri Giorgio	Member of the Management Board	UBI	direct	full ownership	16,822			16,822
		UBI	spouse (directly)	full ownership	14,338			14,338
Gola Gian Luigi	Member of the Management Board	UBI	direct	full ownership	338			338
		UBI	indirect	full ownership	250			250
Lupini Guido	Member of the Management Board	UBI	direct	full ownership	22,400			22,400
		UBI	spouse (directly)	full ownership	10,250			10,250
Moltrasio Andrea	Member of the Management Board	UBI	direct	full ownership	12,000			12,000
		UBI	spouse (directly)	full ownership	8,944			8,944
Polotti Franco	Member of the Management Board	UBI	direct	full ownership	2,816			2,816
		UBI	indirect	full ownership	2,958,519			2,958,519
		UBI	indirect	legal title only	253,216			253,216
		UBI	spouse (directly)	full ownership	33,604			33,604
Caldiani Graziano	General Manager (until 30/04/2012)	UBI	direct	full ownership	39,521			39,521
		UBI	spouse (directly)	full ownership	1			1
Iorio Francesco	General Manager (since 1/5/2012)	UBI	direct	full ownership	13,922			13,922
13 Key management personnel (*)		UBI	direct	full ownership	65,486		2,239	65,486
			direct	legal title only	250			250
		UBI	spouse (directly)	full ownership	9,324			7,085
				legal title only	756			756
		UBI	children - minors (directly)	full ownership	692			692
				legal title only	78			78

(\*) The balance as at 31/12/2011 of the shareholdings of key management personnel and their family members is different from that published in the 2011 annual report because changes occurred in 2012 in the composition of key management personnel and their family members.

## **Report on the verification of compliance of remuneration and incentive practices with policies approved by the Bank and with the regulatory framework**

During the course of the year the Compliance Risk Area, in accordance with its responsibilities and with the provisions of the Supervisory Authority, assisted those responsible for the overall management of the UBI Banca Group remuneration and incentive schemes, with the formulation of accurate support and assessments on the general compliance of the incentive schemes for 2012, put in place for the different categories of personnel, with the mandatory external and voluntary internal regulatory framework.

Generally compliance activities consisted, amongst other things, of action taken to educate and to disseminate information on the substance of the relative provisions, seeking to act as a stimulus for units which, in different spheres and with different responsibilities, are required to contribute to the achievement of the various initiatives.

The Compliance Risk Function also focused on organisational initiatives launched in the Group to implement improvements in areas already identified. In this context, the compliance function continuously assisted, within the scope of its responsibilities, with initiatives to revise and officially establish decision-making and supervisory processes involved in the management of remuneration schemes, which are still on-going. In this respect, note is made of the results of the audits conducted by the Internal Audit Function which are reported below.

As a consequence of the constant changes in the regulatory context, compliance activities in 2012 also included activity to analyse and study developments in the regulatory framework and therefore to draw up operational guidelines to support the corporate functions responsible for resolving the problems of the related impacts on operational systems in place in the UBI Banca Group. Those areas of most interest included the work to put systems in place to implement the incentive schemes in force in 2012 and to plan schemes for 2013. To conclude its work, the Compliance Risk Area felt it should identify further opportunities to continue to improve and refine the overall operational system, with regard in particular to the use of accurate performance indicators and drivers to assess the quality of work by staff. In this respect specific activity was observed to study and analyse the incentive schemes planned for 2013 together with the implementation and refinements of procedures and organisation.

Within the context of activities to review “UBI Group Remuneration and Incentive Policies”, the updated version of the policy for 2013 was submitted to the compliance function for assessment and as a result of this, on 18<sup>th</sup> February 2013, that function issued its opinion that the contents of the policy were compliant with the regulatory framework.

In compliance with provisions of the supervisory authority, the Internal Audit Function performed an annual audit of the remuneration system for 2012. That activity was designed to verify observance of the remuneration and incentive policies set by the competent bodies, which had already been subject to assessment by the Compliance Risk Area.

More specifically, in addition to verifying the achievement of improvements in the areas identified in the previous year, the audit activity was also designed to examine the following main aspects: i) implementation of the Policy at Group level; ii) compliance with criteria used in making provisions for the 2011 incentive scheme for use in 2012; iii) satisfaction of the conditions necessary to trigger incentive payments; iv) calculation procedures and assignment of variable remuneration for top and senior management relating to 2011 and the relative payments made in 2012, in order to verify that they comply with the procedures drawn up and approved by the competent bodies in the Group.

An overall positive assessment resulted from the audit activity conducted, with procedures and practices compliant with the remuneration and incentives policies approved and controls in place to ensure compliance with the Policy. Areas for improvement were found with regard to the need to establish official internal regulations for operating practices in use and to perfect procedures

for the certification of activities and controls performed in order, amongst other things, to favour traceability over time.

More specifically, from its follow up activity, the internal audit function found that various improvement objectives set in the previous year's audit report had been achieved and that for the remaining objectives initiatives were either in progress or programmed: i) to complete action to establish official procedures with the aim of producing a document that helps to give an overall vision of the main processes and activities; ii) to continue to refine the performance indicators used as objectives in incentive schemes to give increasingly more accurate assessments of the quality and compliance of personnel's work; iii) to perfect the criteria followed to manage personnel not subject to employee contracts and those working in indirect distribution networks and financial advisors in particular.

With regard to the implementation of the Policy by Group companies, the audit function found that during the year subsidiaries had implemented the remuneration and incentive policies approved by the Parent.

From its audit of the criteria used in making provisions for the 2011 incentive scheme for use in 2012 with regard to those items considered to calculate the entire provision for the Group and for each company in the UBI Group, the internal audit function was satisfied that the criteria set in the Policy approved by Supervisory Board had been applied.

With regard to verification that the conditions necessary to trigger the incentive scheme had been satisfied, the internal audit function examined the evidence and the reports from which the perimeter emerged of those Group companies which had met the conditions to trigger the incentive scheme. The result of the examination was positive.

As concerns the perimeter of those Group companies for which the 2011 incentive scheme was triggered for assignment in 2012, an audit on a sample of variable remuneration paid to top and senior management found compliance with the rules for calculation and payment of the amounts set by the Policy and by the implementation documents.

The remarks of the Internal Audit Function were shared with the competent owners of the process, in order to improve procedures employed in the remuneration and incentive process.

# **UBI BANCA SCPA**

## **Proposal concerning remuneration policies for members of the Management Board**

Dear Registered Shareholders,

In order to ensure - in the interests of all stakeholders - a remuneration scheme that is aligned to long-term corporate strategies and objectives, linked to corporate results, suitably adjusted to take account of all risks, and consistent with the levels of capital and liquidity required to perform the activities undertaken, the Parent, UBI Banca, has defined the remuneration and incentives policies of the UBI Banca Group.

### **The legislative framework**

The Bank of Italy has issued new supervisory provisions concerning the remuneration and incentive policies and practices of banks and banking groups as part of procedures to implement EU regulations, adopted on the basis of Articles 53 and 67 of the Consolidated Banking Act and the decrees of the Ministry of Economics and Finance, in its capacity as Chair of the Interministerial Committee for Credit and Savings meetings of 5<sup>th</sup> August 2004 and 27<sup>th</sup> December 2006, which respectively addressed the subjects of the organisation and governance, and the capital adequacy, containment of risk and public disclosures of banks and banking groups.

The supervisory provisions take account of guidelines and criteria agreed internationally in response to the crisis as follows: the principles and standards adopted by the Financial Stability Board; the methodologies formulated by the Basel Committee for Banking Supervision; the European Commission Recommendation for remuneration in the financial sector; the guidelines issued by the Committee of European Banking Supervisors (European Banking Authority since 1<sup>st</sup> January 2011) in implementation of specific measures contained in the directive. These best practices and approaches developed at international level provide a set of guidelines and interpretations to be used by banks for correct implementation of the measures laid down and also by the Bank of Italy in guiding and calibrating its monitoring activities. Given their importance in EU legislation, the key contents of the CEBS Guidelines have been included within the supervisory provisions and have, therefore, been incorporated within Italian legislation as mandatory rules for banks.

Consistent with the EU approach, the supervisory provisions form an integral part of corporate governance and organisation rules, lying within a broader regulatory system which includes specific rules for listed companies and for investment services and activities.

## General policy on the remuneration of corporate bodies

The principles relating to the remuneration of the corporate bodies of the UBI Banca Group – the Management Board and Supervisory Board, and the Boards of Directors and Boards of Statutory Auditors of the banks and companies in the Group – have been set in compliance with the Supervisory Provisions concerning remuneration and incentive policies and practices in banks, as well as in the light of the current economic situation. The remuneration policies are also based on best practices and approaches developed at international level, particularly the CEBS Guidelines.

The remuneration of members of the corporate bodies with executive positions, those with special duties including the members of committees and finally non-executive members is based on an approach that is designed to attract the best abilities and guided by a combination of the following criteria: *(i)* fairness of remuneration for similar roles; *(ii)* vertical differentiation between roles; *(iii)* amount and risk related to the responsibilities of individual roles; *(iv)* professional skills required; *(v)* commitment and time employed; *(vi)* market comparison.

In detail, the fees of members of the governing bodies of the UBI Group are structured with a ceiling set by that of the Chairman of the Management Board which is set at the same level as that of the Chairman of the Supervisory Board, (the amount of which is related to decisions taken by the Shareholders' Meeting);

The traditional "attendance tokens" are incorporated as part of the fixed remuneration.

Board members and CEOs may receive forms of remuneration linked to results, while all the other members of the governing bodies of the Group receive no variable remuneration.

A variable bonus is reserved to the Chief Executive Officer of UBI Banca related solely to his fixed remuneration resulting from his position as a senior executive.

No member of the corporate bodies may unilaterally decide to waive their right to part or all of their remuneration.

There are no guaranteed bonuses or leaving bonuses for members of the governing bodies (without prejudice to exceptions allowed by legislation and regulations).

\*\*\*\*\*

Dear Registered Shareholders,

In relation to the above we submit for your approval, in compliance with the provisions of the Articles of Association and the supervisory instructions issued by the Bank of Italy, the proposal relating to the following:



## **Remuneration policies for members of the Management Board.**

Consistent with the guidelines already illustrated, the adoption of the following remuneration policies is proposed:

- The fee of the Chairman of the Management Board is set at the same level as that of the Chairman of the Supervisory Board;
- If the Chairman of the Management Board takes up positions in other Group banks or companies, he may receive total further remuneration of not more than 30% of the remuneration set for the position of Chairman of the Supervisory Board;
- The maximum total fee payable to each member of the Management Board, with the sole exception of the Chairman and the Chief Executive Officer (who is subject to particular rules), for membership of the Management Board and the Governing Bodies of the Group banks and companies, is, as a rule, not more than 80% of the remuneration for the office of Chairman of the Supervisory Board and the Management Board;
- A variable bonus is reserved to members of the Management Board classified as senior management of UBI Banca, related solely to the fixed remuneration resulting from their managerial positions;
- No attendance payments exist;
- No guaranteed bonuses or leaving bonuses exist for members of the Management Board;
- No member of the Management Board may unilaterally decide to waive their right to part or all of their remuneration;

THE SUPERVISORY BOARD

13<sup>th</sup> March 2013

## UBI BANCA SCPA

### **2013 incentive scheme based on financial instruments:**

- **proposal to pay a portion of the variable remuneration of “top management” and the “highest management level of the control functions” by assigning ordinary shares of the Parent UBI Banca to them;**

Dear Registered Shareholders,

As described in Section I of the Remuneration Report, the Parent has reviewed and updated its 2013 remuneration and incentive policies along the same lines as the remuneration and incentive policies approved in 2012.

The following was confirmed with regard to “top management” and the “highest management level of the control functions” in line with Bank of Italy supervisory instructions:

- deferment of payment of a portion (according to the role occupied) of between 40% and 60% of bonuses;
- the grant of financial instruments (shares of the listed Parent, UBI Banca) for a portion equal to at least 50% of variable remuneration, setting an adequate period of personnel retention for this, in order to align the incentives to the Bank's medium to long-term interests.

In view of the estimated total number of shares to be granted, the mechanism that has been identified is the assignment of treasury shares held by the Parent (with the cost charged to the single companies in which the employee in receipt of the shares works).

In relation to the above, the Shareholders' Meeting held on 28<sup>th</sup> April 2012 authorised the Management Board and the Chairman, Deputy Chairman and Chief Executive Officer, individually on its behalf, to proceed with one or more transactions – to be carried out by the date of the Shareholders' Meeting called upon to vote in accordance with Art 2364-*bis* No. 4 of the Italian Civil Code on the allocation of profit for the year ended 31<sup>st</sup> December 2012 - after first approving the Annual Report for the year, but only if the Annual Report has not already been approved by the Supervisory Board) - in the manner specified in paragraph 1, letter b), of Art. 144-*bis* of the Issuers' Regulations, namely by purchase on regulated markets following operational procedures that guarantee equal treatment of shareholders and do not allow proposals to purchase to be directly linked to predetermined proposals to sell - for the purchase of a maximum of 500,000 treasury shares, having a nominal value of €2.50 each, for a total maximum value of €1,750,000, at a unit price of not less than the nominal value

of the shares (€2.50 ) and not more than 5% higher than the official price quoted in the market session prior to each individual purchase transaction.

A total of 500,000 ordinary shares of UBI Banca were purchased on 28<sup>th</sup> February 2013 in implementation of that shareholders' resolution. Those shares were purchased at an average price of €3.4911 per share. The purchase transactions were performed on the regulated market in compliance with the limits set in the shareholders' authorisation, by the provisions of the law and EC Regulation 2273/2003 and by admissible market practices.

In consideration of the above and of the purchase on the market, made by the Parent in July 2011 as authorised by the Shareholders' Meeting, of 1,200,000 ordinary shares of UBI Banca to be used for the "top management" and the "highest management level of the control functions" incentive scheme for 2011, UBI Banca holds a total of 1,700,000 treasury shares accounting for approximately 0.19% of the share capital, of which 367,999 shares (for an amount of approximately €880,000), still unallotted, to cover the 2011 incentive scheme and 85,224 shares (for an amount of approximately €315,000), still unallotted, in relation to estimates of the 2012 incentive scheme based on preliminary data.

\*\*\*\*\*

Dear Registered Shareholders,

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

*"The Shareholders' Meeting of Unione di Banche Italiane Scpa,  
- having considered the proposal of the Management Board;  
- having taken account of the provisions of the law, the Articles of Association and the regulations issued by the national commission for companies and the stock exchange (Consob - Italian securities market authority) concerning the purchase of treasury shares;*

#### *RESOLVES*

*to approve the incentive scheme based on 2013 financial instruments, with payment of a part of the variable component of remuneration for "top management" and the "highest management level of the control functions" through the grant of ordinary shares of the Parent, UBI Banca."*

THE MANAGEMENT BOARD

12<sup>th</sup> March 2013

# UBI BANCA SCPA

## Information document pursuant to Art. 84-bis of the Issuers' Regulations.

### INTRODUCTION

In compliance with the requirements of Art. 114-bis of Legislative Decree No. 58 of 24<sup>th</sup> February 1998 (the “**Consolidated Finance Act**”) and the requirements of the Issuers' Regulations adopted by Consob Resolution No. 11971 of 14<sup>th</sup> May 1999 (the “**Issuers' Regulations**”) concerning the information to be disclosed to the market in relation to remuneration schemes based on financial instruments, this information document (the “**Information Document**”) has been prepared to provide details of the implementation of a scheme that provides for the payment of the variable component of the remuneration for “top management” and the “highest management level of the control functions” of the UBI Banca Group in the form of financial instruments through the grant of ordinary shares of the Parent UBI Banca (the “**Scheme**”), proposed in the remuneration policies of UBI Banca and the Group and submitted for approval to the Shareholders' Meeting of 19<sup>th</sup>-20<sup>th</sup> April 2013.

This Information Document - prepared in accordance with Schedule 7 of Annex 3A of the Issuers' Regulations - provides information to the public on the conditions established for the implementation of the Scheme.

According to the definition contained in Art. 84-bis of the Issuers' Regulations, the Scheme qualifies as a “significant scheme”, due to the nature of its beneficiaries.

### 1. THE BENEFICIARIES

The potential beneficiaries of the Scheme are the executive personnel of UBI Banca and its major subsidiaries who hold “2013 top management” positions and “highest management level of the control functions” positions in the UBI Group, currently consisting of 62 positions.

#### 1.1 The names of the beneficiaries who are members of the Board Of Directors or the Management Board of the issuer of the financial instruments, of the companies controlling the issuer, and of the companies controlled, directly or indirectly, by the issuer.

The Chief Executive Officer of UBI Banca, *Dott.* Victor Massiah is one of the potential beneficiaries of the Scheme.

Furthermore, some of the beneficiaries of the Scheme - who are employees of the UBI Banca Group - in addition to carrying out managerial duties related to their roles, also hold positions within the managing bodies of the companies directly or indirectly controlled by UBI Banca. Given that these persons qualify as potential beneficiaries of the Scheme in their capacity as employees of the UBI Banca Group, they are not named in this section, but the information provided below refers to them.

#### 1.2 The categories of employees or associate workers of the issuer of the financial instruments and of the companies controlling or controlled by the issuer.

The Scheme also covers the following categories of employees of UBI Banca and certain of the Group companies:

- General Managers and Deputy General Managers of UBI Banca and of the UBI Banca Group companies listed below;

- Executives of UBI Banca and the UBI Banca Group companies listed below who hold 2013 “top management” positions;
- The “Highest management level of the control functions” of the UBI Banca Group.

The companies in the UBI Banca Group involved in the Scheme are as follows: Banca Popolare di Bergamo S.p.A., Banco di Brescia S.p.A., Banca Popolare Commercio e Industria S.p.A., Banca Regionale Europea S.p.A., Banca Popolare di Ancona S.p.A., Banca Carime S.p.A., Banca di Valle Camonica S.p.A., UBI Sistemi e Servizi Soc. Cons.p.A., UBI Pramerica SGR S.p.A., UBI Leasing S.p.A., UBI Factor S.p.A., IW Bank S.p.A., Prestitalia, UBI International, UBI Banca Private Investment and Banque de Dépôts et de Gestion.

The “2013 top management” positions are defined as: positions within the UBI Banca Group that include: the Director/Chief Executive Officer; the General Manager, the Deputy General Managers and the chiefs of the main lines of business, corporate functions or geographical areas; positions reporting directly to bodies with a supervisory, management and control function; and other persons who, individually or collectively, are responsible for assuming significant risks.

The “2013 highest management level of the control function” positions are defined as: positions that include the chiefs and the most senior personnel of the Internal Audit, Compliance, Risk Management and Human Resources functions.

### **1.3 The names of the persons who benefit from the plan belonging to the following groups:**

- a) general managers of the issuer of financial instruments;**
- b) other key management personnel of the issuer of financial instruments which is not of “small dimensions”, pursuant to Art. 3, paragraph 1, letter f) of Regulation No. 17221 of 12<sup>th</sup> March 2010, where they have received total remuneration during the financial year (obtained by summing cash remuneration and remuneration based on financial instruments) that is higher than the total highest remuneration paid to members of the Board of Directors, or to the Management Board and to the General Managers of the issuer of financial instruments;**
- c) the natural persons controlling the issuer of shares, who are employees or work on contract within the issuer of shares.**

*Dott. Francesco Iorio*, General Manager of UBI Banca, is one of the potential beneficiaries of the Scheme.

The following officers of subsidiaries, which are issuers of financial instruments listed on regulated Italian markets are among the beneficiaries of the Scheme and fall within the “2013 top management” group: the General Manager of Banca Popolare di Bergamo and the General Manager of IW Bank.

The names of the persons who fill the positions defined will be given at a later stage when the Scheme is actually implemented.

### **1.4 Description and number, by category:**

- a) of key management personnel other than those indicated in letter b) of paragraph 1.3;**
- b) for companies of “small dimensions”, pursuant to Art. 3, paragraph 1, letter f) of Regulation No. 17221 of 12<sup>th</sup> March 2010, information by total for all key management personnel of the issuer of financial instruments;**
- c) any other category of employee or associate worker subject to different treatment under the Scheme (for example, executives, middle managers, office staff, etc.).**

a) The members of General Management, the Chief Audit Executive, the Chief Risk Officer, the Chief Financial Officer, the Chief of General Affairs and Subsidiaries, the Chief Lending Officer, the Chief Business Officer, the Chief Operating Officer, the Compliance Manager, the Manager of the Supervisory Board Support Unit, the Manager of the Management Board Support and Registered Shareholders Office; for a total of 11 positions.

c) The Scheme establishes different treatment for beneficiaries who belong to the highest management level of the control functions.

## **2. THE REASONS FOR ADOPTION OF THE SCHEME**

Details of the reasons underlying the adoption of the Scheme are given in the Remuneration Report prepared in accordance with Art. 123-ter of the Consolidated Finance Act and Art. 84-*quater* of the Issuers' Regulations, which may be consulted.

### **3. APPROVAL PROCEDURES AND TIME SCALES FOR THE GRANT OF THE INSTRUMENTS**

#### **3.1 Scope of the powers and functions assigned by shareholders to the Management Board for the purposes of the implementation of the Scheme**

The remuneration and incentive policies of the UBI Banca Group were approved by the Supervisory Board in a meeting held on 20<sup>th</sup> February 2013, at the time when the target bonuses for the beneficiaries of the Scheme were set.

#### **3.2 Details of the persons appointed to administer the Scheme and their function and responsibilities**

The Human Resources Area of UBI Banca is responsible for the administration of the Scheme. Bank of Italy Supervisory provisions also assign to the Remuneration Committee, in close co-operation with control functions, the duty of overseeing the application of the rules governing the remuneration of the managers of internal control functions and also the duty of furnishing an opinion, with the assistance of information received from the corporate functions in question, on the achievement of the performance objectives linked to the incentive schemes and on the satisfaction of the other conditions set for the payment of the remuneration.

#### **3.3 Any existing procedures for the revision of the Scheme, with respect, amongst other things, to changes in the key objectives**

There are no specific procedures for revision of the Scheme.

#### **3.4 Description of the methods used to determine the availability and the grant of the financial instruments on which the Scheme is based.**

The mechanism provides for the use of a number of treasury shares held by the Parent (with the cost charged to the individual companies in which the beneficiaries of the shares work), corresponding to the maximum amount of the deferred bonuses to be paid. The shares will be "promised" to the beneficiaries by means of specific notification until they are actually granted at the end of each retention period. Under this mechanism the value of the bonus paid may vary according to the performance of the share price.

#### **3.5 The role filled by each board member in determining the features of the Scheme and any situations of conflict of interest for the directors involved.**

In identifying the key elements of the Scheme, the Supervisory Board and Management Board followed the guidelines and criteria drawn up and approved by the Remuneration Committee of UBI Banca.

#### **3.6 For the purposes of the requirements of Art. 84-bis, paragraph 1, the date of the decision made by the body responsible for proposing the approval of the schemes to the Shareholders' Meeting and the proposal by the Remuneration Committee, if present.**

On 12<sup>th</sup> March 2013, the Management Board approved the proposal for the Scheme to be submitted to the Ordinary Shareholders' Meeting of UBI Banca, called for 19<sup>th</sup> and 20<sup>th</sup> April, for the first and second sessions respectively, consistent with the remuneration and incentives policies of the UBI Banca Group, approved by the Supervisory Board on 20<sup>th</sup> February 2013, on the basis of a recommendation made by the Remuneration Committee on 19<sup>th</sup> February 2013.



**3.7 For the purposes of the requirements of Art. 84-bis, paragraph 5, letter a), the date of the decision made by the body responsible for the grant of the instruments and any proposal to the aforementioned body made by the Remuneration Committee, if present.**

On 19<sup>th</sup> February 2013, the Remuneration Committee of UBI Banca voted on the decision-making criteria and the methods used to design the Scheme.

**3.8 The market price, recorded on the aforesaid dates, for the financial instruments on which the plans are based, if traded on regulated markets.**

The official market price of the ordinary shares of UBI Banca recorded on the dates of meetings of the Remuneration Committee (19<sup>th</sup> February 2013), the Supervisory Board (20<sup>th</sup> February 2013) and the Management Board (12<sup>th</sup> March 2013) was €3.5864, €3.6440 and €3.5282 respectively.

**3.9 For plans based on financial instruments traded on regulated markets, what are the terms and procedures adopted by the issuer in determining the timing of the grant of the financial instruments to take account of coincidences in the timing of:**

i) the aforementioned grant or any related decisions taken by the Remuneration Committee, and

ii) the disclosure of any relevant information pursuant to Art. 114, paragraph 1; for example, when the information is:

- a. not already public and capable of positively influencing the market prices, or
- b. already published and capable of negatively influencing the market prices.

During approval and implementation of the Scheme, information shall be disclosed to markets as required by the laws and regulations in force from time to time.

## **4. THE CHARACTERISTICS OF THE INSTRUMENTS GRANTED**

### **4.1 Description of the structure of the remuneration schemes based on financial instruments.**

The Scheme provides for a part of the variable remuneration due to the beneficiaries to be paid in the form of ordinary shares of UBI Banca.

### **4.2 Specification of the Scheme's effective period of implementation, also with reference to any cycles established.**

While the Scheme will be renewed annually, unless amended, the implementation period for the Scheme will start in 2013 and end in 2018, according to the following schedule:

a) 2014: during the first quarter of 2014, the Human Resources Area shall assess the individual performance of the Scheme's beneficiaries for 2013.

If the conditions for triggering the Scheme are met and the individual performance objectives are achieved, 50% of the variable component of the remuneration shall be converted into shares and shall be subject to retention clauses that align the incentives to the Bank's long-term interests:

- 60% of this variable component in shares will vest immediately and be subject to a retention clause until 2016;
- the remaining 40% will be deferred and will be subject to performance conditions over the period 2014-2015-2016;

b) 2016: upon completion of the retention period, the 60% portion will be granted in the form of shares to the potential beneficiaries;

c) 2017: verification of the performance conditions over the period 2014-2015-2016 and if they are exceeded, the remaining 40% shall be subject to a further retention period until 2018;

d) 2018: at the end of the retention period, the 40% portion will be granted in the form of shares to the potential beneficiaries.

### **4.3 End of the Scheme.**

The 2013 Scheme will end in 2018.

#### **4.4 The maximum number of financial instruments, including those in the form of options, granted in each tax year in relation to the persons identified by name or the categories listed.**

It is currently not possible to determine the maximum number of shares that will be granted under the Scheme, because their precise amount is subject to the satisfaction of trigger and performance conditions and to the price of the shares themselves.

#### **4.5 Trigger procedures and clauses for the Scheme, specifying whether the grant of instruments is subject to conditions being met or the achievement of determined results, including performance related results; a description of those conditions and results**

Triggering of the Scheme is strictly linked to the satisfaction of conditions that guarantee the capital stability (core tier one) and liquidity (net stable funding ratio) of the Group, as well as the value generation capability of the Group and its companies ( $\Delta$  EVA).

At individual level, subject to the above-mentioned conditions for implementation, each beneficiary must achieve at least 95% of the objectives set for them in order to benefit under the Scheme. The result objectives are essentially related to risk-adjusted operating and capital indicators that are aligned to medium to long-term strategic objectives and tailored to the different roles.

The bonus calculation mechanism has been designed to provide progressive access to bonuses based on the level of achievement of objectives.

A minimum threshold value, a target value (achievement of the budgeted level) and a cap value (a ceiling level, above which the bonus does not increase) are set for each parameter:

In order to ensure the value generation capability of the Group over time, payment of the deferred portion of the potential bonus is subject to achievement of the threshold amount for the Group's budgeted objectives for the period 2014 – 2015 – 2016 ( $\Delta$  Group or business EVA).

#### **4.6 Details of any restrictions on the availability of the shares, with particular reference to the periods within which the subsequent transfer to the company or to third parties is permitted or prohibited.**

The variable component is structured as follows:

- 50% of the variable component converted into shares, subject to retention clauses that align the incentives with the Bank's long-term interests;
- 40% of the annual bonus deferred for three years;
- for the Chief Executive Officer and the General Manager of UBI Banca the deferred portion is 60%.

#### **4.7 Description of any termination conditions for grants under the Scheme if the beneficiaries conduct hedging transactions that neutralise any restrictions on the sale of the financial instruments granted, including those in the form of options, or the financial instruments resulting from the exercise of those options.**

The Scheme does not have any termination conditions of this kind.

#### **4.8 Description of the effects of the termination of the employment relationship.**

All rights to deferred bonuses are lost under the Scheme if the employment relationship is terminated during the period considered, with the sole exception of cases of termination of the relationship because retirement requirements have been met for which rights on amounts vested but not yet paid are normally maintained. This also applies in the event of the death of the beneficiary, to the benefit of the legitimate heirs.

#### **4.9 Details of any other reasons for the cancellation of the Scheme.**

The Scheme does not have any cancellation clauses.

**4.10 The reasons for the provision of any "buy-back" by UBI Banca of the shares involved in the Scheme, pursuant to Articles 2357 and following of the Italian Civil Code; the beneficiaries of the buy-back, specifying whether it only applies to particular categories of employees; and the effects of the termination of the employment relationship on the redemption.**

The Scheme does not provide for the buy-back by UBI Banca or other companies of the Group of the shares involved in the Scheme.

**4.11 Any loans or concessions to be granted for the purchase of the shares pursuant to Art. 2358, paragraph 3, of the Italian Civil Code;**

The Scheme does not provide for loans or other concessions for the purchase of the shares involved in the Scheme.

**4.12 Details of the estimates of the expected liability for the company as at the grant date, as determinable on the basis of the terms and conditions already defined, by overall amount and for each instrument of the Scheme.**

It is not currently possible to determine the exact amount of the expected liability, as it is subject to the satisfaction of particular conditions and the achievement of objectives.

The Scheme provides for the use of a number of treasury shares held by the Parent corresponding to the maximum value of the bonuses (with subsequent reimbursement by the individual Group companies for which the beneficiaries of the shares work).

**4.13 Details of any dilution effect on share capital resulting from the grant of the shares.**

Since the Scheme will be serviced by the use of treasury shares held by the Parent, its adoption will not have any dilution effect on UBI Banca's share capital.

**4.14 Any limits set on the exercise of voting rights and on the assignment of economic rights.**

No limits have been set on the exercise of voting rights or on the assignment of economic rights.

**4.15 If the shares are not traded in regulated markets, any other information needed to properly measure the value attributable to them.**

The Scheme will only use shares traded on regulated markets.

THE MANAGEMENT BOARD

12<sup>th</sup> March 2013

**REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS**  
**Table No. 1 of scheme 7 of Annex 3A of Regulation No. 11971/1999**

Name or category	Position (to be given only for persons reported by name)	<b>BOX 1</b> Financial instruments other than options (e.g. Stock grant)						
		<b>Section one</b> Instruments relating to currently valid schemes approved on the basis of previous shareholders' resolutions 2011 and 2012 Incentive Scheme						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date (*)	Purchase price of instruments, if applicable	Market price when granted (*)	Vesting period
Massiah Victor	- Chief Executive Officer	30/04/2011						
		28/04/2012						
Graziano Caldiani	- General Manager of UBI Banca (01.01-30.04)	30/04/2011						
Iorio Francesco (**)	- General Manager of UBI Banca (01.05-31.12)	30/04/2011	Ordinary shares of UBI Banca	19,891		3.6419		3
		30/04/2011	Ordinary shares of UBI Banca	13,261		3.6419		5
		28/04/2012						
	<b>TOTAL</b>			33,152				
Other Executive Board Members and General Managers		30/04/2011	Ordinary shares of UBI Banca	38,032		3.6419		3
		30/04/2011	Ordinary shares of UBI Banca	25,355		3.6419		5
		28/04/2012 (***)	Ordinary shares of UBI Banca	15,768		3,4911		3
		28/04/2012 (***)	Ordinary shares of UBI Banca	10,512		3,4911		5
	<b>TOTAL</b>			89,667				
Managers of main lines of business		30/04/2011	Ordinary shares of UBI Banca	158,188		3.6419		3
		30/04/2011	Ordinary shares of UBI Banca	105,459		3.6419		5
		28/04/2012 (***)	Ordinary shares of UBI Banca	35,366		3,4911		3
		28/04/2012 (***)	Ordinary shares of UBI Banca	23,578		3,4911		5
	<b>TOTAL</b>			322,591				
Managers of highest level of the control functions		30/04/2011	Ordinary shares of UBI Banca	4,688		3.6419		3
		30/04/2011	Ordinary shares of UBI Banca	3,125		3.6419		5
		28/04/2012						
	<b>TOTAL</b>			7,813				
(*) The financial instruments for the 2011 and 2012 Incentive Schemes have been promised, but not yet granted.								
(**) The financial instruments for dott. Iorio relate to the 2011 Scheme, when he occupied the position of General Manager of Banca Popolare Commercio e Industria Spa.								
(***) The amounts have been estimated on the basis of preliminary figures.								

**REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS**  
**Table No. 1 of scheme 7 of Annex 3A of Regulation No. 11971/1999**

Name or category	Position (to be given only for persons reported by name)	<b>BOX 1</b> Financial instruments other than options (e.g. Stock grant)						
		<b>Section two</b> Newly granted instruments on the basis of a decision of the Supervisory Board submitted to the 2013 Annual General Shareholders' Meeting ☐ 2013 Incentive Scheme						
		Date of shareholder resolution	Type of financial instrument	Number of instruments	Grant date (*)	Purchase price of instruments, if applicable	Market price when granted (*)	Vesting period
Massiah Victor	- Chief Executive Officer	NA	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Iorio Francesco	- General Manager of UBI Banca (01.05-31.12)	NA	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Other Executive Board Members and General Managers *		NA	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Managers of main lines of business		NA	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA
Managers of highest level of the control functions		NA	Ordinary shares of UBI Banca	NA	NA	NA	NA	NA

\* The following officers of subsidiaries, which are issuers of financial instruments listed on regulated Italian markets are among the potential beneficiaries of the Scheme and fall within the category, "Other Executive Board Members and General Managers": the General Manager of Banca Popolare di Bergamo and the General Manager of IW Bank. The names of the persons who fill the positions defined will be given at a later stage when the Scheme is actually implemented.

## **Glossary**



**ABS** *see Asset Backed Securities*

**Acquisition finance**

Finance for company acquisition operations.

**ADR** *see Alternative Dispute Resolution*

**ALM** *see Asset & Liability Management*

**Alternative Dispute Resolution (ADR)**

This term refers to a set of methods, tools and techniques for resolving disputes out-of-court, where one or both parties rely on a third impartial party to resolve a dispute without resort to the courts.

**Alternative Investment**

A range of forms of investment which includes, amongst other things, private equity investments (cf. definition) and investments in hedge funds (cf. definition).

**Asset Backed Securities (ABS)**

Financial instruments issued against securitisations (cf. definition) on which the yield and redemption are guaranteed by the assets of the originator (cf. definition), which are earmarked exclusively to satisfy the rights incorporated in the financial instruments themselves. Technically debt securities are issued by a special purpose entity (SPE - cf. definition). The portfolio underlying the securitisation may consist of mortgage loans, other loans, bonds, commercial paper, loans resulting from credit cards or even other assets. Depending on the type of underlying asset, ABSs may be classified as follows:

- credit loan obligation CLO (the portfolio consists of bank loans);
- collateralised bond obligation, CBO (the portfolio consists of bonds);
- collateralised debt obligation, CDO (the portfolio consists of bonds, debt instruments and securities in general);
- residential mortgage backed security RMBS (the portfolio consists of mortgage loans on residential properties);
- commercial mortgage backed security, CMBS (the portfolio consists of mortgage loans on commercial properties).

**Asset & Liability Management (ALM)**

Integrated management of assets and liabilities designed to allocate resources in such a way as to optimise the risk to yield ratio.

**Asset Management**

Management of financial investments belonging to others.

**ATM** *see Automated Teller Machine*

**Audit**

A process for the control of corporate activities and accounts performed by both internal units (internal audit – cf. definition) and external companies (external audit).

**Automated Teller Machine (ATM)**

Automatic device used by customers to perform operations such as withdrawing cash, paying in cash or cheques, requesting information on their accounts, paying utility bills, recharging telephones, etc.. Customers operate the machine by inserting a card and typing in a personal identification number.

**Backtesting**

Retrospective analyses designed to test the reliability of measurements of risk attached to the positions of asset portfolios.

**Bancassurance**

Term used to refer to the sale of traditional insurance products through a bank's branch network.

**Banking book**

This usually identifies that part of a securities portfolio, or in any case financial instruments in general, destined to "ownership" activities.

**Banking-Financial Conciliator**

The "Banking-Financial Conciliator – Association for resolving banking, financial and corporate disputes – ADR" is an initiative promoted with the support of the Italian Banking Association by the ten largest banking groups, including the UBI Banca Group, to provide customers with a service to resolve disputes rapidly and efficiently as an alternative to going through the courts (ADR stands for Alternative Dispute Resolution – cf. definition).

The following services are provided:

- **Mediation:** this consists of an attempt to settle a dispute by appointing an independent expert (mediator) to assist in reaching an agreement between the parties quickly, within four months at the most. Mediation by the Banking-Financial Conciliator is regulated by Legislative Decree No. 28 of 4<sup>th</sup> March 2010 and by the relative regulations filed with the Ministry of Justice. The Banking-Financial Conciliator is a mediation facility which specialises in banking, financial and corporate matters, that employs its own mediators who are present in many regions of Italy. If the parties reach an agreement, the report prepared by the mediator can be approved by the court on application by the parties and it thereby becomes enforceable.
- **Arbitration:** procedure whereby parties submit a dispute to an arbitrator or board of arbitration, acknowledging them as empowered to decide on the question;

- **Ombudsman Giurì Bancario:** a body formed in 1993 and located at the Italian Banking Association to which customers, dissatisfied with the decisions of the complaints departments of their banks or who have not received replies to their complaints within prescribed time limits, might appeal without charge. Responsibility for running the ombudsman service was transferred to the Banking-Financial Conciliator on 1<sup>st</sup> June 2007. Disputes concerning investment services may be submitted to it to establish rights, obligations and powers, independently of the amount on the account in question. If the request concerns the payment of a sum of money the matter falls within the jurisdiction of the ombudsman if the amount requested is not greater than €100,000. The Ombudsman decides within 90 days of the date of receipt of an application. Recourse to the ombudsman does not preclude a customer's right to apply to the courts, or to request mediation by a conciliation board, or to submit the matter to a board of arbitration at any time, while the decision is binding for the intermediary.

## Basel 2

International agreement on capital which identifies the guidelines for calculating the minimum capital requirements for banks<sup>1</sup>.

The new prudential regulations are based on "three pillars":

- **first Pillar (Pillar 1):** while it maintains the objective of a level of capitalisation equal to 8% of risk weighted exposures, a new system of rules has been defined for measuring risks typical of banking and financial activities (credit, counterparty, market and operational risks), which introduces alternative methods of calculation characterised by different levels of complexity, with the possibility of using internally developed rating systems, subject to prior authorisation from the Supervisory Authority.
- **second pillar (Pillar 2):** this requires banks to equip themselves with processes and instruments to calculate their total internal capital adequacy requirement (Internal Capital Adequacy Assessment Process - ICAAP) to meet each type of risk, which may even be different from those covered by the total capital requirement (first pillar). The Supervisory Authority is responsible for reviewing the ICAAP process, for formulating an overall opinion and, where necessary, for activating appropriate corrective action;
- **third pillar (Pillar 3):** this introduces the obligation to publish information on capital adequacy, exposure to risks and the general characteristics of systems designed to identify, measure and manage these risks.

## Basel 3

On 16<sup>th</sup> December 2010, the Basel Committee on Banking Supervision published new rules on the capital and liquidity of banks which was scheduled to enter into force on 1<sup>st</sup> January 2013. In reality, the enforcement deadline has been postponed for at least six months in order to ensure simultaneous adoption by European and United States banks.

The new regulations seek to strengthen the quality and quantity of the capital of banks, to contain financial leverage in the banking system (with a maximum limit set), to reduce the possible pro-cyclical effects of prudential rules and to tighten control over liquidity risks, with the introduction of two indicators designed to monitor liquidity both over 30 days (Liquidity Coverage Ratio - LCR, cf. definition) and also in more structural terms (Net Stable Funding Ratio - NSFR, cf. definition)

From the viewpoint of the composition of capital, the new rules give priority to ordinary shares and retained earnings (common equity), the adoption of more stringent criteria for the inclusion of other capital instruments and greater standardisation at international level of the components to be deducted.

## Basis point

One hundredth of a percentage point (0,01%).

## Basis swap

Contract which involves an exchange between two counterparties of payments linked to variable interest rates based on different indices.

## Benchmark

A standard for the measurement of financial investments: it may consist of well known market indices or of others that are more suited to the risk-yield profile.

## Best practice

Conduct that is comparable with the most significant and/or best level achieved in a given field or profession.

## Business risk

The risk of adverse and unexpected changes in profits and margins with respect to forecasts, connected with volatility in volumes of business due to competitive pressures and market conditions.

## CAGR – see Compound Annual Growth Rate

<sup>1</sup> The first version of the agreement, known as Basel 1, dates back to 1988 and was signed in that Swiss city where the Bank for International Settlements (BIS) has its headquarters, an organisation which has been promoting monetary and financial co-operation on a worldwide scale since 1930 (it is known in Italy as *Banca per i regolamenti Internazionali* - BRI). The Basel Committee operates within it, formed by the governors of the central banks of the ten most industrialised countries (G10) at the end of 1974, and it is this that has formulated the agreements or "accords". The following are currently represented on it: Belgium, Canada, France, Germany, Holland, Italy, Japan, Luxembourg, Spain, Sweden, Switzerland, United Kingdom, United States.

The Basel Committee has no supranational authority: the member countries may decide to comply with the accords but they are not bound to accept the decisions of the committee. The compulsory nature of Basel 2 for EU countries is in fact the result of a European Parliament directive which adopted it in September 2005.

The first Basel accord, signed by the central authorities of more than 100 countries established the obligation for the banks participating in it to set aside a share of their capital amounting to 8% of the loans disbursed independently of an assessment of the reliability of the companies that had requested them, using rating procedures.

**Capital allocation**

Process by which decisions are made on how to distribute investments among different types of financial asset (e.g. bonds, equities and liquidity). Capital allocation decisions are determined by the need to optimise the risk/return ratio in relation to the time horizon and the expectations of the investor.

**Capitalisation (insurance) certificates**

Capitalisation contracts fall within the field of application of the legislation on direct life insurance contained in Legislative Decree No. 174 of 17<sup>th</sup> March 1995. As defined in Art. 40 of that legislative decree, these are contracts with which insurance companies agree to pay capital equal to the premium paid, revalued periodically on the basis of the return on separate internal management of financial assets or, if higher, a minimum guaranteed return, as the consideration for the payment of single or periodical premiums. They cannot have a life of less than five years and the policyholder has the right to cash-in the policy from the beginning of the second year onwards. In accordance with Art. 31 of the cited Legislative Decree No. 174, financial assets used to hedge technical reserves are reserved exclusively to comply with obligations connected with capitalisation contracts (separate management). Consequently, if the insurance company is placed in liquidation (Art. 67), the beneficiaries of those policies have title as creditors with special privileges.

**Capitalisation policies**

See the item “Capitalisation (insurance) certificates”.

**Captive**

Term generally used to refer to distribution networks or companies that operate exclusively with customers belonging to the company or group in question.

**Cassa di Compensazione e Garanzia (CCG)**

A joint stock company which performs the functions of a central counterparty clearing house on spot equity and derivative markets operated by Borsa Italiana and also on the electronic stock market for Government securities

**CCG see *Cassa di Compensazione e Garanzia***

**Collective equity security investment organisations (OICVM)**

The term includes open, Italian and foreign mutual investment funds and investment companies with variable capital (Sicavs).

**Collective investment instrument (OICR)**

This term includes OICVMs (cf. definition) and other mutual investment funds (property mutual investment funds, closed mutual investment funds).

**Commercial paper**

Short term securities issued to collect funds from third party purchasers as an alternative to other forms of debt.

**Compliance risk**

The risk of incurring legal or administrative penalties, substantial financial losses or damage to reputation as a consequence of violations of laws and external regulations or internal regulations (by-laws, codes of conduct and voluntary codes).

**Compound Annual Growth Rate**

The annual growth rate applied to an investment or other assets for a period of several years. The formula for calculating CAGR is  $[(\text{present value}/\text{base value})^{1/(\text{number of years}-1)}]$ .

**Concentration risk**

Risk resulting from exposures in the banking portfolio to counterparties, groups of connected counterparties and counterparties in the same economic sector or counterparties which carry on the same business or belong to the same geographical area.

**Conduit**

See the item SPE.

**Consumer finance**

Loans granted to private individuals for the consumption of goods and services.

**Core tier 1 ratio**

The ratio between the tier one capital (cf. definition) net of ineligible instruments (preference shares, savings shares and privileged shares) and the total risk weighted assets (cf. definition).

**Corporate governance**

Corporate governance defines the assignment of rights and responsibilities to the participants in the life of a company in relation to the distribution of duties, responsibility and decision making powers by means of the composition and functioning of internal and external corporate bodies. One fundamental objective of corporate governance is to create maximum value for shareholders, which, in the medium to long term, is also advantageous for other stakeholders, such as customers, suppliers, employees, creditors, consumers and the community.

**Cost income ratio**

A performance indicator defined as the ratio of operating costs to gross income.

**Covered bonds**

Special bank bonds which, in addition to the guarantee given by the issuing bank, also offer as security a portfolio of mortgage or other high credit quality loans transferred for that purpose to a “special purpose entity”<sup>2</sup>.

Banks which intend to issue covered bonds must have assets of not less than 500 million euro and a total capital ratio at consolidated level of not less than 9%. The share of the assets potentially useable as security that are transferred may not exceed the following limits, calculated on the basis of the level of capitalisation:

- 25% in cases of a capital ratio  $\geq 9\%$  and  $> 10\%$  with tier 1 ratio  $\geq 6\%$ ;
- 60% in cases of a capital ratio  $\geq 10\%$  and  $> 11\%$  with tier 1 ratio  $\geq 6,5\%$ ;
- no limit in cases of a capital ratio  $\geq 11\%$  with tier 1 ratio  $\geq 7\%$ .

**CPI see Credit Protection Insurance****Credit crunch**

Significant fall (or sudden tightening of conditions) in the supply of credit to businesses at the end of a prolonged expansionary period, capable of worsening the successive recessionary period.

**Credit Default Swap**

Contract by which one party transfers, for a payment of a periodical premium to the other, a credit risk attached to a loan or a security when a determined event occurs linked to the deterioration in the solvency of the debtor.

**Credit Protection Insurance (CPI)**

Credit protection insurance policies can be taken out by debtors of financial loans (personal loans, mortgages and credit card debt) to enable them (as policyholders) to pay the residual debt or a number of repayment instalments if temporary or permanent negative events occur (involuntary loss of employment, illness, accidents, permanent invalidity or death). These policies can also be linked to loans to businesses with insurance cover for events which might affect shareholders, directors or key figures in a business.

**Credit risk**

The risk of incurring losses resulting from the default of a counterparty with whom a position of credit exposure exists.

**Cross selling**

A technique to increase customer loyalty by selling an integrated range of products and services.

**Default**

A declared condition of being unable to honour debts and/or payment of the relative interest.

**Duration**

When applied to a bond or bond portfolio, it is an indicator usually calculated as the average weighted maturities of the interest and capital payments associated with the instrument.

**EAD see Exposure At Default****e-MID see Interbank deposits market****Eonia see Euro overnight index average****Equity risk**

The risk of losses incurred in the equity investments portfolio that are not fully consolidated on a line-by-line basis.

**Euribor see Euro interbank offered rate****Euro interbank offered rate (Euribor)**

Interbank interest rate at which major banks exchange deposits in euro with varying maturities. It is calculated each day as the simple average of the rates quoted at 11.00 a.m. on a sample of banks with a high credit rating selected periodically by the European Banking Federation. Various floating rate loan contracts are linked to the Euribor rate (e.g. home mortgages).

**Euro overnight index average**

Interest rate calculated as the weighted average of overnight interest rates applied for all unsecured financing transactions in the interbank market by the reference banks.

**EBA see European Banking Authority****EFSM see European Financial Stabilisation Mechanism**

<sup>2</sup> Covered bonds issued by banks are regulated in Italy by Law No. 130 of 30<sup>th</sup> April 1999 (Art. 7-bis). The way in which they work is for a bank to transfer high quality credit assets (mortgage loans and loans to public administrations) to a special purpose entity and for a bank, even a different bank from the transferor, to issue bonds guaranteed by the special purpose entity with the collateral of the assets acquired which constitute separate capital. The details for the application of the regulations are contained in Ministerial Regulation No.310 of 14<sup>th</sup> December 2006 and in the supervisory instructions of the Bank of Italy of 15<sup>th</sup> May 2007.

**EFSF** *see European Financial Stability Facility*

**EIOPA** *see European Insurance and Occupational Pensions Authority*

**ESMA** *see European Securities and Markets Authority*

**ESM** *see European Stability Mechanism*

**ETC** *see Exchange Traded Commodities*

**ETF** *see Exchange Traded Fund*

#### **European Banking Authority (EBA)**

Composed of representatives of the banking supervisory authorities of European Union member states, the EBA commenced operations on 1<sup>st</sup> January 2011, taking over the duties and responsibilities of the Committee of European Banking Supervisors (CEBS), which ceased to exist on that date. The EBA oversees the stability of the banking system, transparency on markets and for financial products and the protection of depositors and investors.

#### **European Financial Stabilisation Mechanism (EFSM)**

An instrument designed to provide temporary financial assistance to euro area countries in difficulty, the result of a decision taken by the Council of the European Union taken on 10<sup>th</sup> May 2010. Administered by the European Commission on behalf of the EU, the EFSM, which will be operational until June 2013, may grant loans up to a maximum of 60 billion euro. The funding transactions are backed by the EU budget.

#### **European Financial Stability Facility (EFSF)**

An instrument designed to provide temporary financial assistance to euro area countries in difficulty, the result of a decision taken by the Council of the European Union on 10<sup>th</sup> May 2010. Formed with the legal status of a joint stock company with registered address in Luxembourg, the EFSF may grant financing from a facility of 440 billion euro. The funding is provided by the placement of bonds backed by guarantees provided by countries in the euro area in proportion to their respective percentage stakes held in the share capital of the ECB. With the creation of the ESM (cf. definition), the new rescue programmes have been financed directly by this permanent body since October 2012, while the EFSF may only commit to new programmes to ensure a total rescue capacity of €500 billion. The EFSF will continue to operate from 1<sup>st</sup> July 2013 until the loans it has granted are fully repaid.

#### **European Insurance and Occupational Pensions Authority (EIOPA)**

Composed of representatives of the insurance and pension supervisory authorities of European Union member states, the EIOPA commenced operations on 1<sup>st</sup> January 2011, taking over the duties and responsibilities of the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS), which ceased to exist on that date. The EIOPA safeguards the stability of the financial system, transparency on markets and for financial products and the protection of insurance policy-holders and participants in and beneficiaries of pension schemes.

#### **European Securities and Markets Authority (ESMA)**

Composed of representatives of the supervisory authorities of participants in the financial markets of European Union member states, the ESMA commenced operations on 1<sup>st</sup> January 2011, taking over the duties and responsibilities of the Committee of European Securities Regulators (CESR), which ceased to exist on that date. The ESMA oversees the stability of the financial system, transparency on markets and for financial products and the protection of investors.

#### **European Stability Mechanism (ESM)**

A permanent crisis management body established by a decision of the European Council on 28<sup>th</sup>-29<sup>th</sup> October 2010 and implemented in advance with the ratification of the Fiscal Treaty signed on 30<sup>th</sup> January 2012 by 25 of the 27 countries in the European Union. The ESM, which became operational in October 2012, is currently limited to financing member countries. The assignment of powers to the ECB to supervise banks in the euro area will allow that organisation to intervene directly in the recapitalisation of banks.

#### **Exchange Traded Commodities (ETC)**

Financial instruments which represent the investment made by the issuer either in commodities (termed physically-backed ETCs in this case) or in commodities futures. The price of the ETC is therefore either directly or indirectly linked to the performance of the underlying assets. Like ETFs (cf. definition), ETCs are traded on stock markets like shares, passively tracking the performance of commodities or of the benchmarks for them.

#### **Exchange Traded Fund**

A particular type of investment fund that is traded on stock markets like a share. Its sole investment objective is to track the index to which it is benchmarked by completely passive management. An ETF has the characteristics of both a fund and a share, allowing investors to exploit the strong points of both instruments with the diversification and reduction of risk provided by funds, but guaranteeing the flexibility and transparency of information provided by trading in real time as a share at the same time.

#### **Exposure At Default (EAD)**

Estimate of the future value of a position at the time of default (cf. definition) of the relative debtor.

#### **Factoring**

Contract for the sale, either without recourse (with the credit risk attaching to the purchaser) or with recourse (the credit risk remains with the seller), of trade accounts receivable to banks or specialist companies, for management and cash receipt purposes, to which a loan to the seller may be associated.

**Fair value**

The amount of consideration for which an asset can be exchanged, or a liability settled under free market conditions, between knowledgeable and willing parties. This is often the same as the market price. On the basis of IAS (cf. definition) banks apply fair value, when measuring the value of financial instruments (assets and liabilities) held for trading, available for sale and derivatives and they may also use it to measure the value of equity investments and property, plant and equipment and intangible assets (with different impacts on the income statement for the different assets considered).

**Financial Banking Arbitrator**

The Financial Banking Arbitrator (FBA) is a body for the out-of-court settlement of disputes pursuant to the Art. 128-*bis* of the consolidated banking act, introduced by the Law on Savings (Law n. 262/2005). The organisation and functioning of the FBA are regulated by the "Instructions concerning systems for the out-of-court settlement of disputes regarding banking and financial transactions and services" and subsequent amendments and additions issued by the Bank of Italy on 18<sup>th</sup> June 2009.

Participation in the scheme is compulsory for all banks and other financial intermediaries.

The FBA has been operational since 15<sup>th</sup> October 2009. Disputes concerning the establishment of rights, obligations and powers may be submitted to it, independently of the amount on the account in question. If the request of the applicant concerns the payment of a sum for any reason whatsoever, the dispute falls within the jurisdiction of the FBA on condition that the amount requested is not greater than 100.000 euro.

Disputes concerning services and activities relating to investments and the sale of financial products and transactions and services that are components of financial products are excluded. Application may currently be made for these disputes to the *Ombudsman Giurì Bancario* of the Banking-Financial Conciliator (cf. definition) and to the Chamber of Conciliation and Arbitration formed at the CONSOB (Italian securities market authority)<sup>3</sup>.

With the exception of cases where the application to the FBA is initiated by a Prefect (Chief of Police)<sup>4</sup>, completion of the complaints procedures of the intermediary in question constitutes a preliminary and necessary condition for applying to the FBA, which may be performed in those cases where the outcome of the complaint made is unsatisfactory or when no reply has been made within thirty days of receipt by the bank.

Applications are free of charge except for a payment of 20 euro as a contribution to expenses for the procedure, which must be refunded by the bank to the applicant if the claim is either fully or partially successful. This contribution is not due if the procedure is initiated by a Prefect.

With a provision of 12<sup>th</sup> December 2011, the Bank of Italy modified the time limits on the jurisdiction of the FBA. This established that disputes relating to transactions or conduct prior to 1<sup>st</sup> January 2009 may no longer be submitted to the Arbitrator from 1<sup>st</sup> July 2012.

As opposed to the conciliation procedure, which is designed to reach an agreement between the parties, the BFA makes a decision on claims received by means of a special board of arbitration, while the parties retain the right to apply to the courts or to any other means provided for by law to protect their interests.

The BFA consists of an arbitration body divided into three boards (Milan, Rome and Naples) and of a secretariat service provided by the Bank of Italy. Each arbitration board is composed of five members, three of whom (inclusive of the president) designated by the Bank of Italy one by the associations of the intermediaries and one by associations representing customers.

**Fixed asset risk**

The risk of changes in the value of the tangible fixed assets of the Group.

**Floor**

Derivatives contract on interest rates, traded outside regulated markets, with which a lower limit is set on the reduction of the lending rate.

**Forward Rate Agreement (FRA)**

Contract whereby the parties agree to receive (pay) at the end of the contract, the difference between the amount calculated by applying a set interest rate and the amount obtained on the basis of the level of a reference rate chosen beforehand by the parties.

**FRA see Forward Rate Agreement****Funding**

Acquisition in various forms of the funds required for the activities of a company or for particular financial operations.

**Future**

Standardised forward contracts with which the parties agree to exchange securities or goods at a set price on a future date. These contracts are usually traded on organised markets where the execution of the contract is guaranteed. As opposed to options (cf. definition), which grant the right but not the obligation to buy, futures contracts oblige the two parties to sell or buy.

<sup>3</sup> With Resolution No. 16763 of 29<sup>th</sup> December 2008 the CONSOB (Italian securities market authority) approved the regulations to implement Legislative Decree No. 179 of 8<sup>th</sup> October 2007, concerning the Chamber of Conciliation and Arbitration and the relative procedures. The chamber became fully operational in 2010 following approval of its constitution with Resolution No. 17204 of 4<sup>th</sup> March 2010. All disputes concerning investment or collective asset management (mutual investment fund) services may be submitted to it by investors without limit on the amount, on condition that a complaint has been made to the intermediary.

<sup>4</sup> With a measure of 13<sup>th</sup> November 2012, in order to implement the provisions of article 27-*bis*, paragraph 1 – *quinquies* of Decree Law No. 1/2012, converted with amendments by Law No. 27/2012 – the Bank of Italy established that the procedure of recourse to the FBA may be initiated, when requested by a customer, by Prefects in relation to disputes concerning the failure to disburse, increase or revoke a loan, to the introduction of more severe conditions to the loan contract or to other conduct of a bank resulting from the assessment of creditworthiness.



**Generally Accepted Accounting Principles (GAAP)**

Accounting standards issued by the FASB (Financial Accounting Statement Board), which are generally accepted in the United States of America.

**Geographical disaster recovery**

A set of technical and organisational procedures set in motion when a catastrophe occurs which causes the complete data processing platform to shut down. The objective is to reactivate EDP functions that are vital to the company at a secondary (recovery) site. A disaster recovery system is defined as “geographical” when it is located at least 50 km from the original system. The primary objective is to mitigate risk arising from disaster events with a potential impact on an entire metropolitan area (i.e. earthquakes, floods, military intervention, etc.) as prescribed by international safety standards.

**Goodwill**

This is the amount paid for the acquisition of an interest in a company which is the difference between the cost and the corresponding proportion of the shareholders’ equity, for that part that is not attributed to the assets of the company acquired.

**Hedge fund**

A mutual investment fund which has the possibility (denied to traditional fund managers) of using sophisticated investment instruments or strategies, such as short selling, derivatives (options or futures, even up to more than 100% of the assets), hedging (hedging the portfolio against market volatility by short selling and the use of derivatives) and financial leverage (borrowing to then invest the money borrowed).

**IAS/IFRS *see International Accounting Standards and International Financial Reporting Standards*****IBAN *see International Bank Account Number*****Identity access management**

A technical and organisational method used to manage and monitor the entire life cycle of granting, managing and revoking access privileges to ICT resources and therefore to company information by each user.

**Impaired loans**

Loans at their face value granted to persons in situations of objective difficulty where, however, it is considered that the difficulties can be overcome in an appropriate period of time.

**Impairment tests**

Impairment tests consist of estimating the recoverable amount (i.e. the higher of its fair value less costs to sell and its value in use) of an asset or a group of assets. In accordance with IAS 36 the following must be tested for impairment annually:

- indefinite useful life intangible assets;
- goodwill acquired in a business combination;
- any asset, if there is an indication that it may have been subject to a lasting loss of value.

**Index linked**

A life policy, the performance of which is linked to that of a reference parameter which could be a share index, a basket of securities or another indicator.

**Interbank deposits market**

Market for trading in interbank deposits on an electronic platform managed by e-MID Sim Spa.

**Interest rate risk**

Current or future risk of a change in net interest income and in the economic value of the Bank following unexpected changes in interest rates which have an impact on the banking portfolio.

**Internal audit**

Function to which internal audit activity (cf. definition) is attributed institutionally.

**Internal Rating Based Approach (IRB)**

An internal rating (cf. definition) approach under Basel 2 (cf. definition), which consists of basic (FIRB) and advanced (AIRB) approaches.

- **FIRB (Foundation Internal Rating Based):** under this basic, foundation, approach, banks use internal models to estimate PDs, but use regulatory values, established by supervisory authorities, for LGD (cf. definition) and other risk parameters;

**AIRB (Advanced Internal Rating Based):** under this advanced approach, which may only be used by banks which satisfy minimum requirements that are more stringent than for the foundation approach, all estimates of inputs for the measurement of credit risk (PD, LGD, EAD, Maturity – cf. definitions) are carried out internally

**International Accounting Standards and International Financial Reporting Standards (IAS/IFRS)**

International accounting standards (IAS) set by the International Accounting Standards Board (IASB), a private sector international body set up in April 2001, to which the accounting professions of major countries belong, while the European Union, the IOSC (International Organisation of Securities Commissions) and the Basel Committee participate as observers. This body has taken over from the International Accounting Standards Committee (IASC), formed in 1973 to promote the harmonisation of rules for preparing company accounts. When the IASC was transformed into the IASB, a decision was taken to term the new accounting standards “International Financial Reporting Standards” (IFRS).

An effort is currently being made at international level to harmonise IAS/IFRS with US Gaap (cf. definition).

**International Bank Account Number (IBAN)**

International standard used to identify bank accounts. The use of the IBAN code – composed of 27 characters – has been compulsory since 1<sup>st</sup> July 2008, not just for foreign payments but also for those made in Italy.

**Investment banking**

Investment banking is a highly specialist financial sector which assists companies and governments to issue securities and more generally to obtain funds on capital markets.

**Investment grade**

High quality bonds which have received a medium-to-high rating (cf. definition) (e.g. not less than BBB on the Standard & Poor's scale).

**Investment property**

Property held for the purpose of receiving an income from it or to benefit from an increase in its value.

**Investor**

Entity, other than the originator (cf. definition) and sponsor (cf. definition), which holds a position in a securitisation (cf. definition).

**IRB see Internal Rating Based Approach****Joint venture**

Agreement between two or more companies to perform a determined economic activity usually by forming a joint stock company.

**Junior**

In a securitisation (cf. definition), it is the most subordinated *tranche* of the securities issued, which is the first to meet the losses that may be incurred in the recovery of the underlying assets.

**LCR see Liquidity Coverage Ratio****Leasing**

Contract by which one party (lessor) grants the use of an asset to the other party (lessee) for a determined period of time. The asset is purchased by or constructed for the lessor on the instructions and as selected by the lessee, where the lessee has the right to purchase the ownership of the asset under preset conditions at the end of the leasing contract.

**LGD see Loss Given Default****Libor see London interbank offered rate****Liquidity Coverage Ratio (LCR)**

This indicator is the ratio under stress conditions of high quality liquid assets to total net cash outflows calculated on the basis of certain scenario parameters. The ratio must not fall below 100%. It is designed to ensure that a bank maintains sufficient high quality liquid assets that are not pledged and which can be converted into cash to meet liquidity requirements over a period of 30 calendar days in a stress scenario.

On the basis of an agreement reached by the Basel Committee on Banking Supervision on 6<sup>th</sup> January 2013, this ratio will be introduced from 1<sup>st</sup> January 2015, but the minimum ratio required will be set initially at 60% and will be progressively increased by 10% in each of the following years until it reaches 100% on 1<sup>st</sup> January 2019.

**Liquidity risk**

Risk of the failure to meet payment obligations which can be caused either by an inability to raise funds or by raising them at higher than market costs (funding liquidity risk), or the presence of restrictions on the ability to sell assets (market liquidity risk) with losses incurred on capital account. More specifically, structural liquidity risk is the risk resulting from a mismatch between the sources of funding and lending.

**Loan to Value (LTV)**

The ratio of the amount of a loan to the value of the asset for which the loan is requested or to the price paid by the debtor to acquire the property. The LTV ratio measures the size of the debtor's own financial resources used to purchase an asset with respect to the value of the asset mortgaged for the loan. The higher the LTV ratio, the lower the value of the debtor's own financial resources used to purchase the asset, and as a consequence the lower the protection afforded to the creditor.

**London interbank offered rate (LIBOR)**

Interest rate calculated for each maturity, as the arithmetic average of the reported rates between the middle two quartiles of the interest rates at which a group of banks belonging to the British Bankers Association (BBA) are willing to make deposits in major currencies with primary customers.

**Loss Given Default (LGD)**

Estimated rate of loss if a debtor defaults (cf. definition).

**Lower Tier 2**

Subordinated liabilities which form part of the supplementary or tier 2 capital (cf definition) on condition that the contract governing their issue expressly stipulates that:

- a) in the case of liquidation of the issuer the debt will only be repaid after all the other higher ranking creditors have been satisfied;
- b) the duration of the contract is equal to or longer than 5 years and, if a maturity date is not set, advance notice of at least 5 years must be given prior to redemption;
- c) early repayment of the debt may only take place on the initiative of the issuer and must be authorised by the Bank of Italy.

The amount of subordinated bonds admissible as supplementary capital is reduced by one fifth each year over the five years prior to the maturity date of each bond in the absence of an amortisation plan which has similar effects.

**LTV** *see Loan to Value*

#### **Mark down**

Difference between the average borrowing rate for the direct forms of funding employed and the Euribor rate.

#### **Mark to market**

Valuation of a securities portfolio and of other financial instruments on the basis of market prices.

#### **Mark up**

Difference between the average lending rate for the forms of lending employed and the Euribor rate.

#### **Market risk**

The risk of changes in the market value of positions in the trading portfolio for supervisory purposes due to unexpected changes in market conditions and in the credit rating of the issuer.

It also includes risks resulting from unexpected changes in foreign exchange rates and commodities prices which relate to all balance sheet items.

#### **Maturity**

Residual life of an exposure, calculated according to rules of prudence.

**NSFR** *see Net Stable Funding Ratio*

#### **Net Stable Funding Ratio (NSFR)**

This is the ratio between available stable funding and required stable funding. This ratio, which will come into force on 1<sup>st</sup> January 2018, must be greater than 100%.

The ratio establishes a minimum acceptable level of stable funding based on the liquidity of a bank's assets and its transactions over a time horizon of one year.

#### **Merchant banking**

This activity includes: the acquisition of securities, equities or debt, of corporate customers for subsequent sale on the market; the acquisition of equity interests of a more permanent nature, but again with the objective of subsequent sale; advisory activities to companies for mergers and acquisitions or restructuring.

#### **Mezzanine**

In a securitisation (cf. definition) it is the *tranche* with an intermediate level of subordination between that of the junior (cf. definition) *tranche* and that of the senior (cf. definition) *tranche*.

**New MIC** *see New collateralised interbank market*

#### **Monoline**

Insurance companies with one single line of business, which is financial insurance. Their activities include the insurance of bonds (ABS and MBS) for which the underlying assets consist of personal loans and property mortgage loans. The insurance guarantees the redemption of the bond by assuming direct responsibility for the risk of debtor insolvency in exchange for a commission.

#### **New collateralised interbank market (MIC)**

A market segment of the e-MID platform (cf. definition) in which interbank deposits are traded on an anonymous basis and guaranteed against credit risk, which started operating on 11<sup>th</sup> October 2010 as a development of the MIC (collateralised interbank market), which ceased to operate on that same date. The MIC (collateralised interbank market) was introduced on 2<sup>nd</sup> February 2009 by the Bank of Italy in order to encourage a recovery in interbank business and greater variety in the maturities of the contracts. As compared to the MIC, apart from the changeover in the management of collateral from the Bank of Italy to the *Cassa di Compensazione e Garanzia* (cf. definition), longer maturities are traded on the New MIC, trading hours are longer and limits are set on the securities accepted as collateral.

#### **Nomenclature of Territorial Units for Statistics in Italy (NUTS)**

Nomenclature used for statistics purposes at European level (Eurostat), which involves the following division.

<i>Northern Italy:</i>	Piedmont, Valle d'Aosta, Liguria, Lombardy, Trentino Alto Adige, Veneto, Friuli Venezia Giulia, Emilia Romagna;
<i>Central Italy:</i>	Tuscany, Umbria, Marches, Latium;
<i>Southern Italy:</i>	Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sicily, Sardinia.

#### **Non performing**

A term which refers generally to loans with irregularities in the repayments.

**Non performing loans**

Loans to persons or entities that are either insolvent (even if not declared as such in the courts) or in equivalent circumstances.

**NUTS** *see Nomenclature of Territorial Units for Statistics in Italy*

**OICR** *see Collective investment instrument*

**OICVM** *see Collective equity security investment organisations*

**Operational risk**

The risk of loss resulting from inadequate or failed procedures, human resources and internal systems or from exogenous events. This type of risk includes losses resulting from fraud, human error, business disruption, system failure, non performance of contracts and natural disasters. It includes legal risk.

**Options**

These consist of the right, but not a commitment, acquired with the payment of a premium, to purchase (call option) or to sell (put option) a financial instrument at a determined price (strike price) before (American option) or on (European option) a future date.

**Originator**

Entity which transfers its portfolio of deferred liquidity assets to an SPE (cf. definition) for it to be securitised.

**OTC** *see Over The Counter*

**OTC derivatives traded with customers**

Activity to support customers in managing financial risks and more specifically in managing risks resulting from fluctuations in exchange rates, interest rates and commodity (raw materials) prices.

**Outsourcing**

Recourse to operational support provided by outside companies.

**Over The Counter (OTC)**

Transactions concluded directly between parties without the use of a regulated market.

**Past due**

From 1<sup>st</sup> January 2012 this category includes loans and receivables past due and/or in arrears which satisfy both the following conditions:

- the debtor is in arrears on a significant credit obligation to a bank or banking group for over 90 consecutive days, where the exposures regard loans to individuals and SMEs, loans to nonprofit organisations and public sector authorities and loans to business other than SMEs (the term of 90 days was already in force for exposures other than those indicated and for exposures secured by real estate property);
- the significant threshold is 5% of the exposure, where the significant threshold is defined as the higher of the following two amounts: the average of the repayments past due and/or in arrears as a percentage of the entire exposure measured on a daily basis in the preceding quarter; the repayments past due and/or in arrears as a percentage of the entire exposure measured on the date reported (the latter significance ratio does not apply to exposures secured by real estate).

**Payout ratio**

The percentage of the net profit distributed by a company to its shareholders.

**PD** *see Probability of Default*

**Plain vanilla swap**

Interest rate swap (cf. definition) in which one counterparty receives a variable payment linked to the LIBOR (generally the six month LIBOR) and pays a fixed rate to the other counterparty, obtained by adding a spread to the yield on a specified type of government security.

**Point of sale terminals**

Automatic device for the payment of goods or services at suppliers premises using credit, debit or prepaid cards.

**POS terminal** *see point of sale terminals*

**Preference shares**

Securities associated with remuneration linked to market rates characteristic of particularly junior subordination: for example, the non recovery of interest in subsequent years of interest not paid by the bank and sharing in the losses of the bank in the event of a substantial reduction in the capital requirements. Supervisory regulations set the conditions under which preference shares can be included in the tier one capital of banks and banking groups.

**Price sensitive**

A term which generally refers to information or data that is not in the public domain, which if disclosed would have a marked effect on the price of a security.

**Pricing**

This refers generally to procedures followed to determine the returns and/or costs of products and services provided by the Bank.

**Private equity**

Activities involving the acquisition of equity interests and the subsequent placement with specific counterparties without offering them for sale to the public.

**Probability of default (PD)**

The probability that a debtor will reach a default (cf. definition) position over an annual time horizon.

**Project finance**

Financing of projects on the basis of forecasts of the cash flows that will be generated by them. As opposed to the way in which risks are analysed with ordinary lending, with the project financing technique, not only are the expected cash flows analysed, but specific factors are also examined such as the technical aspects of the project, the suitability of the sponsors for carrying it out and the markets on which the products will be sold.

**Rating**

A rating of the quality of a company or its issues of debt securities on the basis of the soundness of the company's finances and its prospects.

**Reputation risk**

The risk of incurring losses resulting from a negative perception of the image of the Bank by customers, counterparties, shareholders of the Bank, investors, the supervisory authority or other stakeholders.

**Residual risk**

The risk of incurring losses resulting from the unforeseen ineffectiveness of established methods of mitigating risk used by the Bank (e.g. mortgage collateral).

**Restructured loan**

Position for which a Bank has agreed a longer period of repayment for a debtor, renegotiating the exposure at lower than market rates.

**Return on Equity (ROE)**

This is the income earned on equity in terms of profit after tax. Together with ROTE (cf. definition) it constitutes the indicator of greatest interest to shareholders because it gives a measure of the profitability of risk capital.

**ROE see Return On Equity****Return on Tangible Equity (ROTE)**

This is the return on equity net of intangible assets.

**ROTE see Return On Tangible Equity****Risk free rate**

Rate of interest on a risk free asset. In practice it is used to refer to the interest rate on short term government securities even if they cannot be considered risk free.

**Risks resulting from securitisations**

The risk that the underlying economic substance of a securitisation is not fully reflected in decisions made to measure and manage risk.

**Risk weighted assets (RWA)**

On- and off-statement of financial position assets classified and weighted on the basis of risk coefficients, in accordance with banking regulations issued by the supervisory authority for the calculation of capital ratios.

**RWA see Risk weighted assets****Securitisation**

Operation to sell debts or other financial assets that are not negotiable instruments to a special purpose entity (SPE – cf. definition) whose sole business is to perform those operations and to convert those loans or assets into securities traded on secondary markets.

**Senior**

In a securitisation transaction (cf. definition) it is the *tranche* with the highest level of privilege in terms of priority for remuneration and repayment.

**Sensitivity analysis**

System of analysis designed to detect the sensitivity of determined assets or liabilities to changes in interest rates and other reference parameters.

**SEPA see Single European Payments Area**

### **Servicer**

In securitisation (cf. definition) transactions, it is a company which continues to manage the debts or assets subject to securitisation on the basis of a special servicing contract after they have been sold to the special purpose entity responsible for issuing the securities.

### **Side pocket**

This is a measure to protect all the participants in a hedge fund (cf. definition), which is only employed in “exceptional circumstance” when a sudden reduction in the liquidity of the assets held in the portfolios of the funds, associated with high demand for the redemption of units held, can have negative consequences for the management of the funds themselves. In order to avoid compromising the interests of the participants in a hedge fund in cases where it is necessary to sell illiquid assets in the absence of a market which would ensure reliable prices, the creation of a “side pocket” allows illiquid assets to be transferred to a specially created closed mutual investment fund (i.e. a closed side pocket fund).

The operation is performed by partially splitting the hedge fund, after which the liquid assets continue to be held by the fund itself, while the illiquid assets are transferred to the closed side pocket fund. The smaller, but liquid, hedge fund continues to perform its activities according to the investment policies set in the management regulations, while the closed side pocket fund (which cannot issue new units) is managed with a view to selling the illiquid assets held, proceeding to redemptions of the units as the assets are gradually liquidated.

### **Single European Payments Area (SEPA)**

The Single Euro Payments Area came into force on 1<sup>st</sup> January 2008, within which payments will gradually be able to be made and received in euro under the same standard basic conditions, rights and obligations. A total of 31 European countries have joined (in addition to the 27 countries of the European Union, also Switzerland, Norway, Iceland, Liechtenstein and the Principality of Monaco). The introduction of the new IBAN (cf. definition) bank code is one of the instruments used to standardise banking transactions.

### **Small and medium-sized enterprises (SMEs)**

According to the definition in EU regulations, small and medium-sized enterprises are considered entities which carry on a business and regardless of their legal status employ fewer than 250 persons, with an annual turnover of not more than 50 million euro or with total assets of less than 43 million euro.

### **SMEs see *Small and medium-sized enterprises***

### **Special purpose entities or special purpose vehicles (SPE/SPV)**

Special purpose entities (SPE) or special purpose vehicles (SPV) – also known as conduits – are entities (companies, trusts or other entities), specially formed to achieve a determined objective that is well-defined and circumscribed, or to perform a specific operation.

SPEs/SPVs have a legal status that is independent from the others involved in the operation and generally have no operating or management units of their own.

### **SPE/SPV see *Special purpose entities or special purpose vehicles***

### **Sponsor**

Entity, other than the originator (cf. definition), which establishes and manages a conduit entity (cf. definition), as part of a securitisation transaction (cf. definition).

### **Spread**

This term normally refers to:

- the difference between two interest rates;
- the difference between the buying (bid) price and the selling (asking) price in securities trading;
- the premium that the issuer of securities recognises in addition to a reference rate.

### **Staff leasing contract (*Contratto di somministrazione di lavoro*)**

A fixed term labour contract regulated by Legislative Decree No. 276 of 10<sup>th</sup> September 2003 (the “Biagi Law” based on Law No. 30 of 14<sup>th</sup> February 2003), whereby a legal entity uses the services of a worker employed by a staff leasing agency authorised by the Ministry of Labour. The relations between the user company and the leasing agency are governed by a staff leasing contract which also regulates wages and social security contributions.

This form of contract replaced those which governed temporary agency work regulated by Law No. 196 of 24<sup>th</sup> June 1997 (the “Treu reform”).

### **Stakeholder**

Individuals or groups of individuals who have specific interests in an enterprise either because they depend upon it to achieve their goals or because they are considerably affected by the positive or negative effects of its activities.

### **Stand-Still agreements**

Agreements designed to allow borrowers in situations of temporary financial difficulty to freeze existing credit lines, while resolving the original cause of the difficulty or until a formula for full debt restructuring and a new business plan is drawn up.

### **Stock Options**

Term used to refer to options offered to the managers of a company which allow them to purchase shares in the company at a set price.



**Strategic risk**

Current or future risk of a fall in profits or in capital resulting from:

- changes in the operating context;
- inadequate implementation of decisions;
- failure to react to change in a competitive environment.

**Stress test**

A simulation procedure used to assess the impact of “extreme”, but plausible, market scenarios on the Bank’s exposure to risk.

**Structured notes**

Bonds for which the interest and/or the redemption value depend on a real parameter (linked to the price of a commodity) or the performance of indices. In these cases the implicit option is unbundled from the host contract in the accounts.

When it is linked to interest rates or inflation (e.g. CCTs – Treasury Certificates of Credit), the implicit option is not unbundled from the host contract in the accounts.

**Subordinated bonds**

Financial instruments for which the conditions of sale state that the bearers of the debt certificates are satisfied after other creditors if the issuing entity goes into liquidation.

**Subprime mortgages**

The concept of subprime does not refer to the loan in itself, but rather to the borrower. Technically it refers to a borrower who does not have a fully positive credit history, because characterised by negative lending events such as for example the presence of repayments on previous loans not made, of cheques without funds and/or protested and so on. These past events are symptomatic of a greater intrinsic riskiness of counterparties from whom a corresponding higher remuneration is requested by the lender who grants them a mortgage.

Business with subprime customers developed in the American financial market where the grant of these loans was usually accompanied by securitisation activity and the issue of securities.

Alt-A mortgage loans are defined as loans granted on the basis of incomplete or inadequate information.

**Subrogation**

A procedure by which a mortgage borrower negotiates a new mortgage with another bank to pay-off the original mortgage by transferring the pledge of the same security (the mortgage on the property) which applied to the “original” bank to the new bank.

**Supervisory capital**

It is calculated as the algebraic sum of a series of positive and negative items, which are considered eligible for inclusion – with or without limitations - in relation to the ‘quality’ of the capital. The amount of those items is considered net of any tax expenses. Positive components of the capital must be fully available to the Bank, so that they can be used without restrictions to cover risks to which the intermediary is exposed.

Supervisory capital is composed of tier one capital (cf definition) and the supplementary capital (tier two, cf. definition), net of “prudential filters”<sup>5</sup> and some deductions.

**Swaps (interest rate swaps and currency swaps)**

A transaction consisting of the exchange of cash flows between counterparties according to contracted conditions. With an interest rate swap the counterparties exchange the interest payments calculated on notional reference capital on the basis of different criteria (e.g. one counterparty pays a fixed rate and the other a variable rate). In the case of currency swaps, the counterparties exchange specific amounts of two different currencies, returning them over time according to set conditions which concern both the principal and the interest.

**Tankan index**

An indicator of the performance of the Japanese economy constructed on the basis of the results of a survey conducted by the Bank of Japan in the last month of each quarter. The survey is on both manufacturing and services sectors, segmented according to the size of the businesses (large, medium or small).

**Tax rate**

The effective tax rate, obtained as the ratio of income tax to pre-tax profit.

**Tier 1 capital**

This includes paid up share capital, share premiums, reserves (considered prime quality items), non innovative instruments (not present in the UBI Group) and innovative equity instruments, profit for the period, net of the part available for distribution as dividends and other forms of distribution, positive prudent filters of tier one capital and instruments subject to transition provisions (grandfathering). Treasury shares held in portfolio, goodwill, other intangible fixed assets, prior and current year losses, other negative items and negative prudent filters for tier one capital (termed negative elements of tier one capital) are deducted from those elements (termed positive elements of tier one capital). The algebraic sum of the positive and negative components of the tier one capital constitutes the “tier

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<sup>5</sup> Prudent filters are corrections made to equity items in the statement of financial position made to safeguard the quality of the supervisory capital and to reduce potential volatility induced by the application of IFRS. With regard to those prudent filters that are most important to the UBI Group, the regulations state that unrealised gains and losses on available-for-sale financial assets are divided between equity instruments (inclusive of collective investment instruments) and debt instruments. For each of these aggregates, if the reserve in question is negative it reduces the tier one capital and if it is positive the tier two capital is increased by 50% of the reserve.

one capital before items to be deducted". The tier one capital is constituted by the difference between the "tier one capital before items to be deducted" and "items to be deducted from tier one capital".

### **Tier 2 (supplementary capital)**

This comprises – with some limits on eligibility for inclusion – the fair value reserves, non innovative and innovative equity instruments not included in the tier one capital, hybrid capital instruments, tier two subordinated liabilities, (the amount is reduced by one fifth during the five years prior to maturity, in the absence of an amortisation schedule which produces similar effects) other positive elements and positive prudent filters of supplementary capital (termed positive elements of tier two capital). Other negative items and negative tier two prudent filters (termed negative elements of tier two capital) are deducted from the total of those items.

### **Tier 3 (third level subordinated debt)**

Subordinated bonds that satisfy the following conditions:

- they have been fully paid;
- they do not form part of the supplementary capital (cf. definition);
- they have an original life equal to or longer than two years; if the maturity is not set, the advance notice of the maturity must be at least two years;
- they meet the conditions specified for similar liabilities included in the supplementary capital except of course those concerning the life of the debt;
- they are subject to a "lock in" clause according to which the capital and the interest cannot be repaid if the repayment reduces the total amount of the bank's capital to a level lower than 100% of the total capital requirements.

### **Total capital ratio**

A capital ratio calculated on all items of which supervisory capital is composed (tier one and tier two capital).

### **Total rate of return swap**

This is a contract with which a "protection buyer" (also known as a "total return payer") agrees to pay all the cash flows generated by a "reference obligation" to a "protection seller" (also known as the total return receiver), who in return transfers the cash flows linked to the performance of a "reference rate" to the "protection buyer". On the dates on which the coupons for the cash flows are paid (or at the end of the contract), the "total return payer" pays the "total return receiver" any increase there may be in the "reference obligation"; if, on the other hand the "reference obligation" has decreased then it is the "total return receiver" who pays the relative amount to the "total return payer". A TROR is in actual fact a structured financial product consisting of a combination of a credit derivative and an interest rate swap (cf. definition).

### **Trading book**

This usually identifies that part of a securities portfolio, or in any case financial instruments in general, destined to trading activities.

### **Trading on line**

System for buying and selling financial instruments on the stock exchange via Internet.

### **Trigger event**

A contractually predefined event, which determines the creation of rights in favour of the parties to the contract when it occurs.

### **TROR see Total rate of return swap**

### **Unit-linked**

Life insurance policies with performance linked to the value of investment funds.

### **Upper Tier 2**

Hybrid capitalisation instruments which form part of the supplementary or tier two capital (cf. definition) when the contract specifies that:

- a) if there are losses in the accounts which cause a decrease in the capital paid in and in the reserves below the minimum level required for the authorisation to operate as a bank, the sums from those liabilities and the interest accruing on them can be used to replenish the losses, in order to allow the issuing entity to continue its business;
- b) if operating performance is negative, the right to remuneration can be suspended by that amount needed to prevent or limit the occurrence of losses as much as possible;
- c) in the case of liquidation of the issuer, the debt will only be repaid after all the other higher ranking creditors have been satisfied;

Non irredeemable hybrid capitalisation instruments must have a life equal to or longer than ten years. There must be a specific clause in the contract stating that repayment is dependent on Bank of Italy authorisation.

### **US GAAP see Generally Accepted Accounting Principles**

### **Value at Risk (VaR)**

A measure of the maximum potential loss that may be incurred on a financial instrument or portfolio with a set probability (level of confidence) in a determined time period (the reference or holding period).

### **VaR see Value at Risk**

**Warrant**

Negotiable instrument which grants the holder the right to purchase fixed rate securities or shares from the issuer or sell them to the issuer under precise conditions.

**Zero-coupon**

Bonds which do not pay an interest coupon, where the yield is given by the difference between the issue (or purchase) price and the redemption price.

# **Branch Network of UBI Banca Group**

**Bergamo**

Via Crispi, 4  
Via Stoppani, 15

**Brescia** Via Cefalonina, 74

**LOMBARDIA**

**Provincia di Bergamo**

**Bergamo**

Piazza Vittorio Veneto, 8  
Via dei Caniana, 2 (c/o Università)  
Via Borgo Palazzo, 51  
Via Borgo Santa Caterina, 6  
Via Gombito, 6  
Via Borgo Palazzo, 135  
Via Gleno, 49  
Via Mattioli, 69  
Piazza Risorgimento, 15  
Piazza Pontida, 39  
Via Corridoni, 56  
Via San Bernardino, 96  
Via Brigata Lupi, 2  
Via Stezzano, 87 (c/o Kilometrorosso)

**Adrara San Martino** Via Madaschi, 103

**Adrara San Rocco** P.zza Papa Giovanni XXIII, 6

**Albano Sant'Alessandro** Via Cavour, 2

**Albino**

Via Mazzini, 181  
Via Lunga, 1 (Fraz. Fiobbio)

**Almè** Via Torre d'Oro, 2

**Almenno San Bartolomeo** Via Falcone, 2

**Almenno San Salvatore** Via Marconi, 3

**Alzano Lombardo** Piazza Garibaldi, 3

**Arcene** Corso Europa, 7

**Ardesio** Via Locatelli, 8

**Azzano San Paolo** Piazza IV Novembre, 4

**Bagnatica** Via Marconi, 6 E

**Bariano** Via A. Locatelli, 12

**Barzana** Via San Rocco

**Berbenno**

Via Stoppani, 102 (Fraz. Ponte Giurino)  
Piazza Roma, 2

**Boltiere** Piazza IV Novembre, 14

**Bonate Sopra** Piazza Vittorio Emanuele II, 20

**Bossico** Via Capitan Rodari, 2

**Brembilla** Via Libertà, 25

**Brignano Gera d'Adda** Via Mons. Donini, 2

**Calcinato** Via Coclinio, 8/c

**Calcio** Via Papa Giovanni XXIII, 153

**Calusco d'Adda** Via Vittorio Emanuele II, 7

**Camerata Cornello** Via Orbrembo, 23

**Capriate San Gervasio** Via Trieste, 46

**Caprino Bergamasco** Via Roma, 10

**Caravaggio** Piazza G. Garibaldi, 1

**Carvico** Via Europa Unità, 3

**Casazza** Via Nazionale del Tonale, 92

**Casirate d'Adda** Piazza Papa Giovanni XXIII, 1

**Castione della Presolana**

Via Donizetti, 2 (Fraz. Bratto - Dorga)  
Via A. Manzoni, 20

**Cazzano Sant'Andrea** Via A. Tacchini, 18

**Cenate Sopra** Via Giovanni XXIII, 16

**Cenate Sotto** Via Verdi, 5

**Cene** Via Vittorio Veneto, 9

**Cerete** Via Moscheni, 44 (Fraz. Cerete Basso)

**Chiusduno** Via Cesare Battisti, 1

**Cisano Bergamasco** Via Pascoli, 1

**Ciserano**

Via Borgo San Marco ang. Via Garibaldi, 7  
(Fraz. Zingonia)

**Cividate al Piano** Via Papa Giovanni XXIII, 3

**Clusone** Via Verdi, 3

**Colere**

Via Tortola, 58  
Via Papa Giovanni XXIII, 33  
(Fraz. Dezzo di Scalve)

**Comun Nuovo** Via Cesare Battisti, 5

**Costa Volpino** Via Nazionale, 150

**Curno** Largo Vittoria, 31

**Dalmine**

Via Buttarò, 2  
P.zza Caduti 6 luglio 1944 (c/o Tenaris Spa)

**Dossena** Via Carale, 9

**Entratico** Piazza Aldo Moro, 18

**Fontanella** Via Cavour, 156

**Foresto Sparso** Via Tremellini, 63

**Gandino** Via C. Battisti, 5

**Gazzaniga** Via Marconi, 14

**Gorlago** Piazza Gregis, 12

**Gorle** Piazzetta del Donatore, 5

**Grassobbio** Viale Europa, 8/b

**Grumello del Monte**

Via Martiri della Libertà, 10

**Leffe** Via Mosconi, 1

**Lovere** Via Tadini, 30

**Lovere-Lovere Sidermeccanica Spa**

Via Paglia, 45

**Madone** Via Papa Giovanni XXIII, 44

**Mapello** Piazza del Dordo, 5

**Martinengo** Via Pinetti, 20

**Monasterolo del Castello** Via Monte Grappa, 27

**Nembro** Piazza della Libertà

**Onore** Via Sant'Antonio, 98

**Orio al Serio** Via Aeroporto, 13

**Osio Sopra** Via XXV Aprile, 29

**Osio Sotto** Via Cavour, 2

**Paladina** Via IV Novembre, 13

**Palosco** Piazza A. Manzoni, 16

**Parre** Via Duca d'Aosta, 20/a

**Piaro** Via Mazzini, 1/a

**Piazza Brembana** Via B. Belotti, 10

**Ponte Nossà** Via Frua, 24

**Ponteranica** Via Pontesecco, 32

**Ponte San Pietro** Piazza SS Pietro e Paolo, 19

**Pontida** Via Lega Lombarda, 161

**Presezzo** Via Capresegnò, 28

**Ranica** Piazza Europa, 2

**Riva di Solto** Via Porto, 24

**Romano di Lombardia** Via Tadini, 2

**Roncola** Via Roma, 10

**Rota Imagna** Via Calchera, 1

**Rovetta** Via Tosi, 13

**San Giovanni Bianco**

Via Martiri di Cantiglio, 19

**San Pellegrino Terme** Via S. Carlo, 3

**Sant'Omobono Terme** Viale alle Fonti, 8

**Sarnico** Piazza Umberto I

**Scanzorosciate**

Via Roma, 27  
Via Collina Alta, 3 (Fraz. Tribulina)

**Schilpario** Via Torri, 8

**Sedrina** Via Roma, 14

**Selvino** Via Monte Rosa - angolo Via Betulle

**Seriate** Viale Italia, 24

**Songavazzo** Via Vittorio Veneto

**Sovere** Via Roma, 36

**Spirano** Via Dante, 9/b

**Stezzano** Via Bergamo, 1

**Suisio** Via Carabello Poma, 31

**Taleggio** Via Roma, 837 (Fraz. Olda)

**Tavernola Bergamasca** Via Roma, 12

**Telgate** Via Morengi, 17

**Torre Boldone** Via Carducci, 12

**Torre de Roveri** Piazza Conte Sforza, 3

**Trescore Balneario** Via Locatelli, 45

**Treviglio** Viale Filagno, 11

**Ubale Clanezzo** Via Papa Giovanni XXIII, 1

**Urgnano** Via Matteotti, 157

**Valbrembo** Via J.F.Kennedy, 18

**Verdello** Via Castello, 31

**Vertova** Via S. Rocco, 45

**Viadanica** Via Pietra, 4

**Vigolo** Via Roma, 8

**Villa d'Adda** Via Fossa, 8

**Villa d'Almè** Via Roma - ang. Via Locatelli, 1

**Villongo** Via Bellini, 20

**Vilminore di Scalve** Piazza Giovanni XXIII, 2

**Zandobbio** Via G. Verdi, 2

**Zogno** Viale Martiri della Libertà, 1

**Provincia di Brescia**

**Brescia** Via Gramsci, 39

**Chiari** Via Bettolini, 6

**Concesio** Viale Europa, 183

**Darfo Boario Terme** Piazza Col. Lorenzini, 6

**Desenzano del Garda** Viale Andreis, 74

**Esine** Via Manzoni, 97

**Manerbio** Via Dante, 5

**Orzinuovi** Piazza Vittorio Emanuele II, 31/33

**Ospitaletto** Via Martiri della Libertà, 27

**Palazzolo sull'Oglio** Piazza Roma, 1

**Paratico** Via Don G. Moioli, 17

**Rezzato** Via Europa, 5

**San Paolo** Via Mazzini, 62

**San Zeno Naviglio** Via Tito Speri, 1

**Provincia di Como**

**Como**

Via Giovio, 4  
Via Badone, 48 (Fraz. Camerlata)  
Via Gallio - ang. Via Bossi  
Via Cattaneo, 3  
Viale Giulio Cesare, 26/28

**Cantù**

Piazza Marconi, 9  
Via Enrico Toti, 1/a (Fraz. Vighizzolo)

**Casinate con Bernate S.S.** dei Giovi, 5

**Cermenate** Via Matteotti, 28

## Erba

Via Leopardi, 7/e  
Via Mazzini, 12

**Guanzate** Via Roma, 24

**Lomazzo** Via Monte Generoso, 11

**Lurago D'Erba** Via Manara, 4

**Lurate Caccivio** Via Varesina, 88

**Olgiate Comasco** Via Roma, 75

**Oltrona San Mamette** Piazza Europa, 6

**Mariano Comense**

Corso Brianza, 20  
Viale Lombardia, 54-54/a

**Rovellasca** Via Volta, 1

## Provincia di Lecco

### Lecco

Corso Matteotti, 3  
Piazza Alessandro Manzoni, 16  
Via Amendola, 6

**Bulciago** Via Don Canali, 33/35

**Calco** Via Italia, 8

**Calolziocorte** Piazza Vittorio Veneto, 18/a

**Carenno** Via Roma, 36

**Casatenovo** Via G. Mameli, 16

**Cernusco Lombardone** Via S. Caterina, 4

**Costa Masnaga** Via Cadorna, 18

**Merate** Via Alessandro Manzoni, 56

**Monte Marenzo** Piazza Municipale, 5

**Olginate** Via S. Agnese, 38

**Valmadrera** Via Fatebenefratelli, 23

## Provincia di Milano

### Milano

Via Manzoni, 7  
Piazza Cinque Giornate, 1  
Via Foppa, 26  
Corso Italia, 22  
Via Richard, 5 (c/o Nestlè Spa)

**Cassano d'Adda** Via Milano, 14

### Cornaredo

Via Tolomeo, 1  
(c/o St Microelectronics Spa)

**Grezzago** Piazza Aldo Moro

**Trezzo sull'Adda** Via A. Sala, 11

**Vaprio d'Adda** Piazza Caduti, 2

## Provincia di Monza-Brianza

### Monza

Via Borgazzi, 83  
Piazza Giuseppe Cambiaghi, 1  
Via San Rocco, 44  
Via Boito, 70  
Via Vittor Pisani, 2  
Via Manzoni, 22/30  
Via Carlo Rota, 50  
Piazza Duomo, 5

### Agrate Brianza

Via C. Olivetti, 2 (c/o St Microelectronics Spa)  
Via Marco d'Agrate, 61

**Arcore** Via Casati, 45

**Bernareggio** Via Prinetti, 43

**Biassono** Via Libertà, 1

**Brugherio** Via de Gasperi, 58/62/64

**Carate Brianza** Via Cusani, 49/51

**Carnate** Via Don Minzoni

**Cesano Maderno**

Via Conciliazione, 29 (Fraz. Binzago)

**Concorezzo** Via Monza, 33 (Alcatel Italia Spa)

**Cornate d'Adda**

Via Circonvallazione, 10/12/14  
Via Silvio Pellico, 10 (Fraz. Colnago)  
**Desio** Via Matteotti, 10

**Giussano** Via IV Novembre, 80 (Fraz. Brugazzo)

**Limbiato** Via dei Mille, 32

**Lissone** Via San Carlo, 4

**Meda** Via Indipendenza, 111

**Mezzago** Via Concordia, 22

**Muggiò** Via Cavour, 11/15

**Nova Milanese** Via Brodolini, 1

**Seregno**

Via S. Vitale, 17  
Via Medici da Seregno, 29/31

**Sulbiate** Via Mattavelli, 2

**Vedano al Lambro** Largo della Repubblica, 7

**Villasanta** Via Confalonieri, 1

**Vimercate**

Via B. Cremagnani, 20/a  
Via Torri Bianche, 3  
Via Giuseppe Mazzini, 72  
Via Trento, 30 (c/o Alcatel - Lucent Spa)

## Provincia di Varese

### Varese

Via Vittorio Veneto, 2  
Via Dalmazia, 63  
Piazza IV Novembre, 1 (Fraz. Biumo Inferiore)  
Via Valle Venosta, 4  
(Fraz. Biumo Inferiore - c/o Ascom Varese)  
Viale Luigi Borri, 155  
Viale Borri, 237 (c/o Bassani Ticino Spa)  
Via Pasubio, 2  
Via Caracciolo, 24  
Via Virgilio, 27  
Piazza Battistero, 2  
Via S. Sanvito, 55

**Angera** Via M. Greppi, 33

**Azzate** Via Vittorio Veneto, 23

**Besozzo** Via XXV Aprile, 77

**Biandronno** Piazza Cavour, snc

**Bisuschio** Via Mazzini, 28

**Bodio Lomnago** Via Risorgimento, 23

**Busto Arsizio**

Piazza S. Giovanni, 3/a  
Corso Italia, 54  
Via Magenta, 64  
Viale Alfieri, 26  
Viale Cadorna, 4 - Via Cattaneo, 9  
Via Foscolo, 10

**Cairate**

Via Mazzini, 13  
Via Genova, 1 (Fraz. Bolladello)

**Castello** Via Turconi, 1

**Caravate** Via XX Settembre, 22

**Cardano al Campo**

Via Gerolamo da Cardano, 19

**Caronno Pertusella** Via Roma, 190

**Casale Litta** Via Roma, 4

**Casorate Sempione** Via Milano, 17

**Cassano Magnago** Via Aldo Moro, 6

**Castellanza**

Piazza Soldini (c/o Libero Istituto  
Universitario Carlo Cattaneo)

**Castelseprio** Via San Giuseppe, 14

**Castiglione Olona**

Via Papa Celestino, 22  
Via Cesare Battisti, 13

**Castronno** Via Roma, 51

**Cavaria con Premezzo**

Via Scipione Ronchetti, 1318

**Cislago** Via IV Novembre, 250

**Cittiglio** Via Valcuvia, 19

**Clivio** Via Ermizada, 10

**Comerio** Via al Lago, 2

**Cunardo** Via Luinese, 1/a

**Cuveglia** Via Battaglia di S. Martino, 50

**Cuvio** Via Giuseppe Maggi, 20

**Daverio** Via Giovanni XXIII, 1

**Fagnano Olona** Piazza Cavour, 11

**Ferno** Piazza Dante Alighieri, 7

**Gallarate**

Via A. Manzoni, 12  
Via Buonarroti, 20  
Via Marsala, 34  
Via Varese, 7/a (Fraz. Cascinetta)  
Via Raffaello Sanzio, 2  
Piazzale Europa, 2

**Gavirate** Piazza della Libertà, 2

**Gazzada Schianno** Via Roma, 47/b

**Gemonio** Via Giuseppe Verdi, 24

**Gerenzano** Via G.P. Clerici, 124

**Germignaga** Piazza XX Settembre, 51

**Gorla Maggiore** Via Verdi, 2

**Gornate Olona** Piazza Parrocchetti, 1

**Induno Olona** Via Porro, 46

**Ispra** Via Mazzini, 59

**Jerago con Orago** Via Matteotti, 6

**Laveno Mombello** Via Labiena, 53

**Laveno Ponte Tresa**

Piazza A. Gramsci, 8 (Fraz. Ponte Tresa)

**Leggiuno** Via Bernardoni, 9

**Lonate Ceppino** Via Don Albertario, 3

**Lonate Pozzolo** Piazza Mazzini, 2

**Lozza** Piazza Roma, 1

**Luino** Via Piero Chiara, 7

**Malnate** P.zza Repubblica - ang. Via Garibaldi

**Maccagno** Viale Garibaldi, 13

**Marchirolo** Strada Statale 233, 27

**Marnate** Via Diaz, 12 - angolo Via Genova

**Mercallo** Via Prandoni, 1

**Mesenzana** Via Provinciale, 11

**Monvalle** Piazza Marconi, 1

**Mornago** Via Cellini, 3 - angolo Via Carugo

**Olgiate Olona** Via G. Mazzini, 56

**Origgio**

Via Repubblica, 10  
S.S. Varesina, 233 (c/o Novartis Italia Spa)

**Porto Ceresio** Via Roma, 2

**Porto Valtravaglia** Piazza Imbarcadero, 17

**Saltrio** Via Cavour, 27

**Samarate** Via N. Locarno, 19 (Fraz. Verghera)

**Saronno**

Via P. Micca, 10  
Via Roma, 85  
Via Giuseppe Garibaldi, 5  
Piazza Borella, 4

**Sesto Calende** Via XX Settembre, 35

**Solbiate Arno** Via A. Agnelli, 7

**Somma Lombardo**

Corso della Repubblica - ang. Via Rebaglia

**Sumirago** Via Brioschi, 2

**Ternate** Piazza Libertà, 14

**Tradate**

Via XXV Aprile, 1  
angolo Corso Ing. Bernacchi  
Via Vittorio Veneto, 77  
(Fraz. Abbiate Guazzone)

**Travedona Monate** Via Roma, 1

**Uboldo** Via R. Sanzio, 46

**Varano Borghi** Via Vittorio Veneto, 6

**Vedano Olona** Piazza S. Rocco, 8

**Venegono Inferiore** Via Mauceri, 16

**Venegono Superiore** Piazza Monte Grappa, 8

**Viggiù** Via A. Castagna, 1



## LAZIO

### Provincia di Roma

#### Roma

Via dei Crociferi, 44  
Corso Vittorio Emanuele II, 295  
Via S. Silverio, 57  
Largo Salinari, 24 - ang. Via B. Croce 82/84  
Viale Gorizia, 34  
Via di Porta Castello, 32  
Via Val Maira, 125/131  
Via Tiburtina, 604  
Via dell'Aeroporto, 14/16  
Via Pietro Boccanelli, 30  
(c/o Sviluppo Italia Spa - Campo Elba)  
Via Calabria, 46 (c/o Sviluppo Italia Spa)  
Via Gattamelata, 109  
Via Donna Olimpia, 128  
Largo di Vigna Stelluti, 25  
Via dello Statuto, 20  
**Ciampino** Via Kennedy, 163  
**Monterotondo** Via Salaria, 204  
**Pomezia** Via dei Castelli Romani, 22  
**Velletri** Via U. Mattoccia, 6

## SARDEGNA

### Provincia di Cagliari

**Cagliari** Via Mameli, 120



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

## LOMBARDIA

### Provincia di Brescia

#### Brescia

Piazza della Loggia, 5  
Corso Magenta, 73 - ang. Via Tosio  
Via Lecco, 1  
Via Trento, 7  
Via San Martino, 2 - ang. Corso Zanardelli  
Contrada del Carmine, 67  
Via Valle Camonica, 6/b  
Via Santa Maria Crocifissa di Rosa, 67  
Piazzale Spedali Civili, 1  
Corso Martiri della Libertà, 13  
Via Trieste, 8  
Via Vittorio Veneto, 73 - ang. Tofane  
Via San Giovanni Bosco, 15/c  
Via Bettole, 1 (Fraz. San Polo)  
Via Repubblica Argentina, 90  
- ang. Via Cremona  
Via della Chiesa, 72  
Via Prima, 50 - Villaggio Badia  
Piazzale Nava, 7 (Fraz. Mompiano)  
Via Masaccio, 29 (Fraz. San Polo)  
Via Bissolati, 57  
Corso Martiri della Libertà, 45  
Via Milano, 21/b  
Via Indipendenza, 43  
Via Solferino, 30/a  
Via Trento, 25/27  
Viale Duca d'Aosta, 19  
Via Ambaraga, 126  
Via Chiusure, 333/a  
Via Cefalonia, 76  
Via Orzinuovi, 9/11

Via Lamarmora, 230 (c/o A2A)  
Via Cipro, 76  
Via Triumplina, 179/b  
Via Vittorio Emanuele II, 60  
**Acquafredda** Via della Repubblica, 52  
**Adro** Via Roma, 1  
**Bagnolo Mella** Via XXVI Aprile, 69/71  
**Bagolino** Via San Giorgio, 66  
**Bedizzole** Via Trento, 3/5  
**Borgosatollo** Via IV Novembre, 140  
**Botticino**  
Via Valverde, 1 (Fraz. Botticino Sera)  
Via Don Milani, 3  
**Bovegno** Via Circonvallazione, 5  
**Bovezzo** Via Dante Alighieri, 8/d  
**Breno** Via Giuseppe Mazzini, 72  
**Calcinato** Via Guglielmo Marconi, 51  
**Calvisano** Via Dante Alighieri, 1  
**Capriano del Colle** Via Morari, 26  
**Carpenedolo** Piazza Martiri della Libertà, 1  
**Castegnato** Piazza Dante Alighieri, 1  
**Castelcovati** Via Alcide De Gasperi, 48  
**Castel Mella** Via Caduti del lavoro, 56/a  
**Castenedolo** Piazza Martiri della Libertà, 4  
**Castrezzato** Piazza Mons. Zammarchi, 1  
**Cedegolo** Via Nazionale, 105  
**Cellatica** Via Padre Cesare Bertulli, 8  
**Chiari** Piazza Giuseppe Zanardelli, 7  
**Collio** Piazza Giuseppe Zanardelli, 32  
**Comezzano - Cizzago**  
Via Giuseppe Zanardelli, 31  
**Concesio**  
Via Europa, 203  
Via Europa, 8 (c/o centro comm. Valtrumpino)  
**Darfo Boario Terme** Via Roma, 2  
**Dello** Piazza Roma, 36  
**Desenzano del Garda**  
Via G. Marconi, 18  
Via G. Marconi, 97  
Via G. Di Vittorio, 17 (Fraz. Rivoltella)  
**Edolo** Via G. Marconi, 36/a  
**Fiesse** Via Antonio Gramsci, 25  
**Flero** Via XXV aprile, 110  
**Gardone Riviera** Via Roma, 8  
**Gardone Val Trompia** Via G. Matteotti, 212  
**Gargnano** Piazza Feltrinelli, 26  
**Gavardo** Via Suor Rivetta, 1  
**Ghedì** Piazza Roma, 1  
**Gottolengo** Piazza XX Settembre, 16  
**Gussago** Via IV Novembre, 112/a  
**Idro** Via Trento, 60  
**Iseo**  
Via Dante Alighieri, 10  
Via Risorgimento, 51/c (Fraz. Clusane)  
**Isorella** Via A. Zanaboni, 2  
**Leno** Via Dossi, 2  
**Limone del Garda** Via Don Comboni, 24  
**Lograto** Piazza Roma, 11  
**Lonato** Via Guglielmo Marconi  
**Lumezzane**  
Via Alcide De Gasperi, 91 (Fraz. Pieve)  
Via M. D'Azeglio, 4 (Fraz. S. Sebastiano)  
**Mairano** Piazza Europa, 1  
**Manerba del Garda** Via Vittorio Gassman, 17/19  
**Manerbio** Via XX Settembre, 21  
**Marone** Via Roma, 59  
**Moniga del Garda** Piazza San Martino  
**Monte Isola** Via Peschiera Maraglio, 156  
**Monticelli Brusati** Via IV Novembre, 5/a  
**Montichiari**  
Via Trieste, 71  
Via Felice Cavallotti, 25

**Nave** Piazza Santa Maria Ausiliatrice, 19  
**Nuvolento** Via Trento, 17  
**Nuvolera** Via Italia, 3/a  
**Odolo** Via Praes, 13/bis  
**Offlaga** Via Giuseppe Mazzini, 2  
**Orzinuovi** Piazza Vittorio Emanuele II, 18  
**Ospitaletto** Via Padana Superiore, 56  
**Paderno Franciacorta** Via Roma, 32  
**Palazzolo sull'Oglio**  
Via XX Settembre, 22  
Via Brescia, 1  
**Passirano** Via Libertà, 36  
**Pavone del Mella** Piazza Umberto I, 1  
**Pisogne** Piazza Umberto I, 11  
**Poncarale** Via Fiume, 8/a  
**Ponte di Legno** Corso Milano, 34  
**Pontevico** Piazza Giuseppe Mazzini, 15  
**Pralboino** Via Martiri Libertà, 52  
**Prevalle** Piazza del Comune, 7  
**Quinzano d'Oglio** Via C. Cavour, 29/31  
**Remedello** Via Roma, 60  
**Rezzato**  
Via IV Novembre, 98  
Via Zanardelli, 5a/b (Fraz. Virle Tre Ponti)  
**Rodengo Saiano** Via Ponte Cigoli, 12  
**Roè Volciano** Via San Pietro, 119  
**Roncadelle**  
Via Martiri della Libertà, 119/a  
Via Guglielmo Marconi (c/o c.c. Auchan)  
**Rovato** Corso Bonomelli, 52/54  
**Sabbio Chiese** Via XX Settembre, 83  
**Sale Marasino** Via Roma, 23/ Bis  
**Salò**  
Via Pietro da Salò - Loc. Rive  
Piazza Vittorio Emanuele II, 20  
**San Felice del Benaco** Viale Italia, 9  
**San Gervasio Bresciano**  
Piazza Antica Piazzola, 5  
**San Paolo** Piazza Aldo Moro, 9  
**Sarezzo**  
Via Roma, 8  
Via G. Carducci, 2 (Fraz. Ponte Zanano)  
**Seniga** Via San Rocco, 15  
**Sirmione**  
Via Colombari - ang. Via G. Garibaldi  
Piazza Castello, 58  
**Sulzano** Via Cesare Battisti, 85  
**Tavernole sul Mella** Via IV Novembre, 40/42  
**Tignale** Piazzale Francesco d'Assisi  
**Torbole Casaglia** Piazza Caduti, 8  
**Toscolano Maderno**  
Via Montana, 1 (Fraz. Maderno)  
Via Statale Toscolano, 114/a (Fraz. Toscolano)  
**Travagliato** Piazza Libertà  
**Verolanuova** Piazza Libertà, 1  
**Vestone** Via Perlasca, 5  
**Villa Carcina** Via G. Marconi, 39/c  
**Visano** Via Guglielmo Marconi, 11  
**Vobarno** Via Migliorini - ang. Via San Rocco  
**Zone** Via Monte Guglielmo, 44

### Provincia di Bergamo

#### Bergamo

Via Palma il Vecchio, 113  
Via Tremana, 13  
Via Camozzi, 101  
Via Don Luigi Palazzolo, 89  
**Albano Sant'Alessandro** Via Tonale, 29  
**Alzano Lombardo** Via Roma, 31  
**Brembate Sopra**  
Via B. Locatelli ang. Via Sorte  
**Cologno al Serio** Via San Martino, 2  
**Grumello del Monte** Via Roma, 63

**Medolago** Via Europa, 19/b  
**Seriate** Via Paderno, 25  
**Trescore Balneario** Via Lorenzo Lotto, 6/a  
**Treviolo** Piazza Mons. Benedetti, 10

## Provincia di Cremona

### Cremona

Viale Po, 33/35  
Via Dante, 241  
Piazza Stradivari, 19  
Via Mantova, 137

**Casalmaggiore** Via Porzio - ang. Via Nino Bixio

**Castelleone** Via Roma, 69

**Crema** Viale Repubblica, 79

**Soncino** Via IV Novembre, 25

## Provincia di Lodi

**Lodi** Via Incoronata, 12

**Codogno** Via Vittorio Emanuele II, 35

**Lodi Vecchio** Piazza Vittorio Emanuele, 48

**S. Angelo Lodigiano** Piazza Libertà, 10

## Provincia di Mantova

### Mantova

V.le Risorgimento, 33 - ang. Valsesia  
Via Madonna dell'orto, 6  
Viale Divisione Acqui, 14  
Piazza Guglielmo Marconi, 7

**Asola** Viale della Vittoria, 17

### Bagnolo San Vito

Via Di Vittorio, 35 (Fraz. San Biagio)

### Borgofranco sul Po

Via Martiri della Libertà, 64

**Castel Goffredo** Via Europa, 27

**Castiglione delle Stiviere** Via C. Cavour, 36

**Magnacavallo** Via Roma, 23

**Marmirolo** Via Ferrari, 66/d

**Moglia** Piazzale Adam Smith

**Ostiglia** Via Vittorio Veneto, 14

**Poggio Rusco** Via Trento e Trieste, 9

**Quistello** Via G. Marconi, 12

**Sermide** Via Cesare Battisti, 4

**Villa Poma** Piazza Mazzali, 7

## Provincia di Milano

### Milano

Piazza XXIV Maggio, 7  
Piazza XXV Aprile, 9  
Via Antonio Rosmini, 17  
Via Ponchielli, 1  
Via Giorgio Washington, 96  
Via Vincenzo Monti, 42  
Via Monte Rosa, 16  
Via Mac Mahon, 19  
Via Saffi 5/6 - ang. via Monti  
Via Silvio Pellico, 10/12  
Via G.B. Morgagni, 10  
Piazza Sant'Agostino, 7  
Via Feltre, 30/32  
Via Giovanni da Procida, 8  
Piazza Borromeo, 1  
Viale Monza, 139/b  
Via Lomellina, 14  
Via Lecco, 22  
Corso Indipendenza, 5  
Via Porpora, 65  
Largo Scalabrini, 1  
Via Bertolazzi, 20 (Zona Lambrate)

**Bresso** Via Vittorio Veneto, 57

**Cernusco sul Naviglio** Via Monza, 15

**Cologno Monzese** Viale Lombardia, 52

**Corsico** Via G. Di Vittorio, 10

**Legnano** C.so Magenta, 127 - ang. Via Beccaria

**Melegnano** Viale Predabissi, 12

**Melzo** Via Antonio Gramsci, 23

**Novate Milanese** Via G. Di Vittorio, 22

**Paderno Dugnano** Via Erba, 36/38

**Paullo** Piazza E. Berlinguer, 14

**Piolto** Via Roma, 92

**Rho** Viale Europa, 190

**Trezzano Rosa** Piazza San Gottardo, 14

**Trezzo sull'Adda** Via Bazzoni

## FRIULI VENEZIA GIULIA

### Provincia di Pordenone

**Pordenone** Via Santa Caterina, 4

**Fiume Veneto** Via Piave, 1 (Fraz. Bannia)

**Prata di Pordenone** Via Cesare Battisti, 1

### Provincia di Udine

**Udine** Via F. di Toppo, 87

**Ampezzo** Piazzale ai Caduti, 3

**Majano** Piazza Italia, 26

**Paularo** Piazza Nascimbene, 5

**Prato Carnico** Via Pieria, 91/d

**Sutrio** Piazza XXII Luglio 1944, 13

**Tolmezzo** Piazza XX Settembre, 2

## LAZIO

### Provincia di Latina

#### Latina

Via Isonzo, 3  
Via della Stazione, 187

### Provincia di Roma

#### Roma

Via Ferdinando di Savoia, 8  
Via Simone Martini, 5  
Piazza Eschilo, 67  
Via Bevagna, 58/60  
Largo Colli Albani, 28  
Via Vittorio Veneto, 108/b - Via Emilia  
Via Fabio Massimo, 15/17  
Via Crescenzo Conte di Sabina, 23  
Via Portuense, 718  
Via Fucini, 56  
Via Boccea, 211/221  
Via Camillo Sabatini, 165  
Via Val Pellice, 22  
Via Ugo Ojetti, 398  
Via Aurelia, 701/709  
Via A. Pollio, 50 (c/o c.c. Casalbertone)  
Viale Guglielmo Marconi, 3/5  
Piazza San Silvestro, 6  
Piazza dei Tribuni, 58  
Via Appio Claudio, 336

### Provincia di Viterbo

#### Viterbo

Corso Italia, 36  
Via Saragat - ang. Via Polidori  
Via Monte San Valentino  
Via Venezia Giulia, 20/22

**Acquapendente** Via del Rivo, 34

**Bassano in Teverina** Via Cesare Battisti, 116

**Bolsena** Via Antonio Gramsci, 28

**Bomazzo** Piazza B. Buozzi, 5

**Canepina** Via Giuseppe Mazzini, 61

**Capodimonte** Via Guglielmo Marconi, 84

**Civita Castellana** Via della Repubblica

**Corchiano** Via Roma, 45

**Fabrica di Roma** Viale degli Eroi

**Gradoli** Piazza Vittorio Emanuele II, 10

**Marta** Via Laertina, 35/39

### Montalto di Castro

Via Aurelia Tarquinia, 5/7  
P.za delle mimose, 13 (Fraz. Pescia Romana)

**Montefiascone** Piazzale Roma

**Monterosi** Via Roma, 36

**Orte** Via Le Piane

**Ronciglione** Corso Umberto I, 78

**Soriano nel Cimino** Piazza XX Settembre, 1/2

**Tarquinia** Piazzale Europa, 4

**Tuscania** Via Tarquinia

### Vetralla

Via Roma, 21/23  
Via Cassia, 261 (Fraz. Cura)

**Vignanello** Via Vittorio Olivieri, 1/a

**Vitorchiano** Via Borgo Cavour, 10

## VENETO

### Provincia di Padova

**Padova** Via N. Tommaseo ang. via Codalunga

**Camposampiero** Piazza Castello, 43

### Noventa Padovana

Via Giovanni XXIII, 2 - ang. Via Risorgimento

**Ponte San Nicolò** Via Padre M. Kolbe, 1/a

### Provincia di Venezia

**Mestre** Piazza XXVII Ottobre, 29

**Mira** Via Nazionale, 193

### Provincia di Verona

#### Verona

Largo Caldera, 13  
Via XXIV Maggio, 16  
Via Albere, 18  
Via Murari Brà, 12/b  
Via Campagnol di Tombetta, 30  
Corte Farina, 4  
Via Galvani, 7

**Bussolengo** Via Verona, 43

**Caldiero** Via Strà, 114-114/a

**Grezzana** Viale Europa, 13

**Isola della Scala** Via Spaziani, 19

**Monteforte d'Alpone** Viale Europa, 30

**Negrar** Via Strada Nuova, 17 (Fraz. S. Maria)

**Peschiera del Garda** Via Venezia, 4

**San Bonifacio** Via Camporosolo, 16

**San Martino Buon Albergo** Via Nazionale, 21

**Sant'Ambrogio Valpolicella**

Via Giacomo Matteotti, 2

**Sona** Via XXVI Aprile, 19 (Fraz. Lugagnano)

**Villafranca di Verona** Via della Pace, 58

### Provincia di Vicenza

#### Vicenza

Viale San Lazzaro, 179  
Via IV Novembre, 60

**Bassano del Grappa** Viale San Pio X 85

**Montebelluna** Via Madonnetta, 231

**Schio** Via Battaglion Val Leogra, 6

### Provincia di Treviso

**Treviso** Piazza Vittoria, 14

**Castelfranco Veneto** Via Forche, 2

**Conegliano** Via XI Febbraio, 1

**Montebelluna** Via Dante Alighieri

**Oderzo** Via degli Alpini, 30/32

**Quinto Di Treviso** Via Contea, 33

## TRENTINO ALTO ADIGE

### Provincia di Trento

**Pieve di Bono** Via Roma, 28

## LOMBARDIA

### Provincia di Milano

#### Milano

Via della Moscova, 33  
Via Salasco, 31  
Via Bocchetto, 13  
Via Borgogna, 2/4  
Via Buonarroti, 22  
Via Boccaccio, 2  
Via Canonica, 54  
Viale Coni Zugna, 71  
Corso Lodi, 111  
Piazzale de Agostini, 8  
Via Carlo Dolci, 1  
Piazza Firenze, 14  
Largo Gelsomini, 12  
Via G.B. Grassi, 89  
Via Gian Galeazzo - ang. Via Aurispa  
Corso Indipendenza, 14  
Via La Spezia, 1  
Viale Lombardia, 14/16  
Corso Magenta, 87 - Porta Vercellina  
Viale Marche, 56  
Piazzale Nigra, 1  
Via Olona, 11  
Via Padova, 21  
Via Pergolesi, 25  
Viale Piave, 15  
Corso di Porta Romana, 57  
Via del Torchio, 4  
Via Eugenio Pellini, 1 - ang. Via Cagliero  
Via Vitruvio, 38 - Via Settembrini  
Via Solari, 19  
Via Spartaco, 12  
Largo Zandonai, 3  
Viale Monte Santo, 2  
Piazzale Zavattari, 12  
Via Pellegrino Rossi, 26  
Via Melchiorre Gioia, 28  
Piazzale Susa, 2  
Via Biondi, 1  
Via Friuli, 16/18  
Via C. Menotti, 21 - ang. Via G. Modena  
Viale delle Rimembranze di Lambrate, 4  
Viale L. Sturzo, 33/34  
Via A. Trivulzio, 6/8  
Via Palestrina, 12 - ang. Viale A. Doria  
Via Bignami, 1 (c/o C.T.O.)  
Via Macedonio Melloni, 52 (c/o I.O.P.M.)  
Via della Commenda, 12 (c/o Istituti Clinici)  
Corso Porta Nuova, 23  
(c/o Ospedale Fatebenefratelli)  
Via Francesco Sforza, 35  
(c/o Osp. Maggiore)  
Piazza Ospedale Maggiore, 3 (c/o Niguarda)  
Via Pio II, 3 (c/o Ospedale San Carlo)  
Via Castelvetro, 32 (c/o Ospedale Buzzi)  
Corso Italia, 17  
Via Lomellina, 50  
Via Pisanello, 2  
Corso Lodi, 78  
Piazza Gasparri, 4  
Via Panizzi, 15  
Via dei Missaglia - angolo Via Boifava

#### Viale Monza, 325

Piazza Santa Francesca Romana, 3  
Via Meda, angolo Via Brunacci, 13  
Corso XXII Marzo, 22  
Via Ampère, 15  
Piazzale Lagosta, 6  
Via Padova, 175  
Viale Certosa, 138  
Via Monte di Pietà, 7  
Via A. di Rudini, 8 (c/o Ospedale San Paolo)  
Via Rizzoli, 8 (c/o RCS)  
**Abbiategrosso** Piazza Cavour, 11  
**Artuno** Via Piave, 7  
**Assago Milanofiori**  
Palazzo Wtc Viale Milanofiori  
**Bellinzago Lombardo** Via delle 4 Marie, 8  
**Binasco** Largo Bellini, 16  
**Bollate** Via Giacomo Matteotti, 16  
**Bresso** Via Roma, 16  
**Canegrate** Via Manzoni, 48/a  
**Carugate** Via Toscana, 10  
**Cassina de' Pecchi** Via Matteotti, 2/4  
**Cinisello Balsamo**  
Via Casati, 19  
Viale Umbria, 4  
Via Massimo Gorki, 50 (c/o Ospedale Bassini)  
**Cologno Monzese**  
Via Indipendenza, 32 - ang. P.zza Castello  
**Corbetta** Corso Garibaldi, 14  
**Cornaredo**  
Piazza Libertà, 62  
Via Magenta, 34  
**Corsico**  
Via Cavour, 45  
Viale Liberazione, 26/28  
**Garbagnate Milanese**  
Via Milano, 110/112  
Via Kennedy, 2 (Fraz. S. M. Rossa)  
**Inveruno** Via Magenta, 1  
**Lainate** Via Garzoli, 17  
**Legnano**  
Corso Sempione, 221  
Corso Sempione - angolo Via Toselli  
Via Novara, 8  
Piazza Don Sturzo, 13  
**Magenta** Piazza Vittorio Veneto, 11  
**Melegnano** Via Cesare Battisti, 37/a  
**Melzo** Piazza Risorgimento, 2  
**Novate Milanese** Via Amendola, 9  
**Opera** Via Diaz, 2  
**Paderno Dugnano** Via Rotondi, 13/a  
**Parabiago** Via S. Maria, 22  
**Peschiera Borromeo** Viale Liberazione, 41  
**Pregnana Milanese** Via Roma, 46  
**Rho**  
Corso Europa, 209  
Via Meda, 47  
Via Pace, 165 (Fraz. Mazzo Milanese)  
**Rozzano**  
Viale Lombardia, 17  
Piazza Berlinguer, 6 (Fraz. Ponte Sesto)  
**S. Giuliano Milanese**  
Via Risorgimento, 3  
Via S. Pellico, 9 (Fraz. Sesto Ulteriano)  
**Segrate** Piazza della Chiesa, 4  
**Senago** Piazza Matteotti, 10/a  
**Sesto San Giovanni** Via Casiraghi, 167  
**Settimo Milanese** Piazza della Resistenza, 8  
**Solaro** Via Mazzini, 66  
**Trezzano Rosa** Via Raffaello Sanzio, 13/s  
**Trezzano sul Naviglio** Viale C. Colombo, 1  
**Vittuone** Via Villaresi, 67

## Provincia di Monza-Brianza

**Monza** Viale G.B. Stucchi, 110  
(c/o Roche Boehringer Spa)

## Provincia di Pavia

#### Pavia

Via Montebello della Battaglia, 2  
Corso Strada Nuova, 61/c  
Viale Matteotti, 63  
(c/o Istituzioni Assistenziali Riunite)  
Via dei Mille, 7  
Viale Ludovico il Moro, 51/b  
Via Taramelli, 20  
Via Pavesi, 2  
Corso Alessandro Manzoni, 17  
Piazzale Gaffurio, 9  
Via San Pietro in Verzolo, 4  
Via Ferrata, 1 (c/o Università)  
**Albuzzano** Via Giuseppe Mazzini, 92/94  
**Belgioioso** Via Ugo Dozzio, 15  
**Borgarello** Via Principale, 3  
**Broni** Piazza Vittorio Veneto, 52  
**Casali Gerola** Piazza Meardi, 9  
**Casorate Primo**  
Via S. Agostino, 1 - ang. P.zza Contardi  
**Casteggio** Viale Giuseppe Maria Giulietti, 10  
**Garlasco** Corso C. Cavour, 55  
**Giussago** Via Roma, 38  
**Godiasco**  
Piazza Mercato, 19  
Viale delle Terme, 44 (Fraz. Salice Terme)  
**Landriano** Via Milano, 40  
**Linarolo** Via Felice Cavallotti, 5  
**Maghero** Via G. Leopardi, 2  
**Marcignago** Via Umberto I, 46  
**Montebello della Battaglia**  
Piazza Carlo Barbieri "Ciro", 1  
**Mortara** Piazza Silvabella, 33  
**Pinarolo Po** Via Agostino Depretis, 84  
**Portalbera** Via Mazzini, 1 (c/o Comune)  
**Robbio** Piazza Libertà, 8  
**Rosasco** Via Roma, 4  
**San Martino Siccomario** Via Roma, 23  
**Sannazzaro de' Burgondi** Viale Libertà 3/5  
**Siziano** Via Roma, 22  
**Stradella** Via Trento, 85  
**Torrevecchia Pia** Via Molino, 9  
**Travacò Siccomario**  
P.zza Caduti e Combattenti d'Italia, 1  
**Valle Lomellina** Piazza Corte Granda, 4  
**Varzi** Via Pietro Mazza, 52  
**Vigevano**  
Via Dante, 39  
Via Madonna degli Angeli, 1  
Corso Genova, 95  
Via de Amicis, 5  
Via Sacchetti  
Via Dicembre, 27  
**Vistarino** Via Vivente, 27/a  
**Voghera** Via Giacomo Matteotti, 33

## EMILIA ROMAGNA

### Provincia di Bologna

#### Bologna

Viale della Repubblica, 25/31  
Via Murri, 77  
Piazza Dè Calderini, 6/a  
Via Ercolani, 4/e  
Via Lombardia, 7/a  
**San Lazzaro di Savena** Via Emilia, 208/210  
**Zola Predosa** Via Risorgimento, 109

## Provincia di Ferrara

**Cento** Via Ferrarese, 3

## Provincia di Modena

### Modena

Viale Trento e Trieste - ang. Via Emilia Est

**Carpi** Via Baldassarre Peruzzi, 8/b

**Sassuolo** Viale Crispi, 24

## Provincia di Parma

### Parma

Via San Leonardo, 4

Via Emilia est, 17

Via Repubblica, 32

**Fidenza** Piazza G. Garibaldi, 41

**Langhirano** Via Roma, 25 - Via Ferrari, 17

## Provincia di Piacenza

### Piacenza

Via Verdi, 48

Via Manfredi, 7

Via Cristoforo Colombo, 19

**Caorso** Via Roma, 6/a

**Carpaneto Piacentino** Via G. Rossi, 42

**Gragnano Trebbiense** Via Roma, 52

**Ponte dell'Olio** Via Vittorio Veneto, 75

**San Nicolò a Trebbia**

Via Emilia Est, 48 (Fraz. Rottofreno)

## Provincia di Reggio Emilia

### Reggio Emilia

V.le Monte Grappa, 4/1 - ang. V.le dei Mille

Via Emilia all'Angelo, 35

**Correggio** Via Asioli, 7/a

**Rubiera** Viale della Resistenza, 7/a

## LAZIO

### Provincia di Roma

#### Roma

Corso Vittorio Emanuele II, 25/27

Via Baldovinetti, 106/110

Via Boccea 51, a/b/c

Viale dei Colli Portuensi, 298/302

Via F.S. Nitti, 73/75/77

Via Norcia, 1/3

Via Guidubaldo del Monte, 13/15

Viale delle Province, 34/46

Via Nizza, 71

Viale Trastevere, 22

Via Sestio Calvino, 57

Via Tiburtina, 544/546 - ang. Via Galla Placidia

Largo Trionfale, 11/12/13/14

Via Cerveteri, 30

Piazza Vescovio, 3 - 3/a - 3/b

- ang. Via Poggio Moiano, 1

Via dei Castani, 133

Via delle Azzorre, 288 (Fraz. Ostia)

Via Nomentana, 669/675

Via XX Settembre, 45 - ang. Servio Tullio

Viale dei quattro venti, 83

## TOSCANA

### Provincia di Firenze

**Firenze** Corso dei Tintori, 10/12/14/16R



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

## PIEMONTE

### Provincia di Cuneo

#### Cuneo

Piazza Europa, 1

Via Luigi Gallo, 1

Via Roma, 13/b

Via della Battaglia, 15

(Fraz. Madonna dell'Olmo)

Corso Nizza, 57/a

Corso Antonio Gramsci, 1

Via Savona, 8 - ang. Via Bisalta

Via A. Carle, 2 (Fraz. Confreria)

P.zale Repubblica (Fraz. Castagnaretta)

Via Michele Coppino, 16 (c/o Ospedale)

#### Alba

Via Teobaldo Calissano, 9

Viale Giovanni Vico, 5

Corso Piave, 74

Corso Langhe, 66/b - Borgo Moretta

Corso Cavour, 14

Via G. Garibaldi, 180 (Fraz. Gallo d'Alba)

Corso Canale, 98/1 (Fraz. Mussotto)

**Bagnasco** Via Roma, 3

**Bagnolo Piemonte**

Via Cavalieri di Vittorio Veneto, 12

**Barbaresco** Via Torino, 16

**Barge** Viale Giuseppe Mazzini, 1

**Barolo** Via Roma, 53

**Bastia Mondovì** Piazza IV Novembre, 3

**Beinette** Via Vittorio Veneto, 4

**Bernezzo** Via A. Moro, 2 (Fraz. S.Rocco)

**Borgo San Dalmazzo**

Piazza Liberazione, 8/10

Via Po, 41/43

**Bossolasco** Corso Della Valle, 29

**Boves** Piazza dell'Olmo, 2

#### Bra

Via Giuseppe Verdi, 10

Via Don Orione, 85 (Fraz. Bandito)

**Brossasco** Via Roma, 11/a

**Busca** Piazza Savoia, 9

**Canale** Via Roma, 72

**Caraglio** Piazza Madre Teresa, 8

**Carrù** P.za V. Veneto, 2 - ang. Via Benevagienna

**Castelletto Stura** Via Guglielmo Marconi, 6

**Castellinaldo** Via Roma, 56

**Castiglione Tinella** Via Circonvallazione, 12

**Castino** Via XX Settembre, 1

**Centallo** Piazza Vittorio Emanuele II, 17

**Ceva** Via Roma, 40

**Cherasco** Via Vittorio Emanuele II, 34

**Chiusa di Pesio** Via Roma, 5

**Corneliano d'Alba** Piazza Cottolengo, 42

**Cortemilia** Piazza Castello, 1

**Costigliole Saluzzo** Via Vittorio Veneto, 94

**Cravanzana** Via XX Settembre, 1

**Demonte** Via Martiri e Caduti della Libertà, 1

**Dogliani** Via Divisione Cuneense, 1

#### Dronero

Piazza San Sebastiano, 7

Viale della Stazione, 10

**Entracque** Via della Resistenza, 5

**Farigliano** Piazza San Giovanni, 7

**Fossano** Via Roma, 3

**Frabosa Soprana** Piazza Guglielmo Marconi, 1

### Frabosa Sottana

Via Galassia, 61 (Fraz. Prato Nevoso)

Via IV Novembre, 30

**Gaiola** Via Barale, 16

**Garessio** Corso Statuto, 15

**Genola** Via Roma, 32

**Govone** Piazza Vittorio Emanuele II, 9

**Lagnasco** Via Roma, 30

**La Morra** Via Umberto I, 28

**Lesegno** Via Roma, 23

**Limone Piemonte** Via Roma, 62

**Magliano Alfieri**

Via IV Novembre, 54/a (Fraz. S. Antonio)

**Magliano Alpi** Via Langhe, 158

**Mango** Piazza XX Settembre, 6

**Monastero Vasco** Via Variante, 3

**Monchiero** Via Borgonuovo, B/15-1

#### Mondovì

Piazza G. Mellano, 6

Corso Europa, 23

Piazza Maggiore, 8

Piazzale Ellero, 20

**Monesiglio** Via Roma, 4

**Monforte d'Alba** Via Giuseppe Garibaldi, 4

**Montà** Piazza Vittorio Veneto, 31

**Montanera** Via G. Marconi, 4

**Monticello d'Alba**

Piazza Martiri della Libertà, 2 (Fraz. Borgo)

**Moretta** Via Torino, 73/bis

**Morozzo** Via Guglielmo Marconi, 78

**Murazzano** Via L. Bruno, 6

**Murello** Via Caduti Murellesi, 39

**Narzole** Via Pace, 2

**Neive** Piazza della Libertà, 2

**Neviglie** Via Umberto I, 14

**Niella Belbo** Piazza Mercato, 12/b

**Paesana** Via Po, 41

**Pagno** Via Roma, 1

**Peeveragno** Piazza P. Toselli, 1

**Piasco** Piazza Martiri della Liberazione, 7

**Piobesi d'Alba** Piazza San Pietro, 12

**Pradleves** Via IV Novembre, 108

**Priocca** Via Umberto I, 65

**Racconigi** Piazza Roma, 8

**Revello** Via Saluzzo, 80

**Rifreddo** Piazza della Vittoria, 4

**Robilante** Via Umberto I, 22

**Roccavione** Piazza Biagioni, 27

**Rodello** Piazza Vittorio Emanuele II, 2

**Rossana** Via Mazzini, 1

**Saliceto** Piazza C. Giusta, 1

**Saluzzo** Corso Italia, 57

**Sampeyre** Via Vittorio Emanuele II, 22

**San Damiano Macra** Via Roma, 15

**San Michele Mondovì** Via Nielli, 15/a

**Sanfront** Corso Guglielmo Marconi, 14

**Santo Stefano Belbo** Corso Piave, 82

**Savigliano** Piazza Schiapparelli, 10

**Scarnafigi** Piazza Vittorio Emanuele II, 14

**Sommariva del Bosco** Via Donatori del Sangue, 11/b

**Tarantasca** Via Carletto Michelis, 3

**Torre San Giorgio** Via Maestra, 17

**Valdieri** Corso Caduti in Guerra, 13

**Valgrana** Via Caraglio, 9

**Verduno** Piazza Castello, 3

**Vernante** Piazza de l'Ala, 4

**Verzuolo** Piazza Martiri della Libertà, 13

**Vicoforte** Via di Gariboggio, 43

**Villafalletto** Via Vittorio Veneto, 24

**Villanova Mondovì** Via Roma, 33/a

**Vinadio** Via Roma, 11



## Provincia di Alessandria

### Alessandria

Via Dante - ang. Via C. Lamarmora  
Via Venezia, 16  
(c/o Ospedale Santi Antonio e Biagio)

**Acqui Terme** Corso Bagni, 54

**Arquata Scrivia** Via Libarna, 56

**Borghetto Borbera** Via San Michele, 2

**Brignano - Frascata** Via Roma, 44

**Cabella Ligure** Piazza della Vittoria, 7

### Casale Monferrato

Viale G. Giolitti, 2 (c/o ASL)  
Piazza San Francesco, 10

**Casalnoceto** Piazza Martiri della Libertà, 10

**Castelnuovo Scrivia** Via Solferino, 11

**Garbagna** Via Roma, 21

### Isola Sant'Antonio

Piazza del Peso - ang. Via C. Cavour

**Monteleale** Corso Roma, 41/43

**Novi Ligure** Corso Marengo, 141

**OVADA** Via Torino, 155

**Pontecurone** Piazza Giacomo Matteotti, 5

**Pozzolo Formigaro** Via Roma, 31

**Rocchetta Ligure** Piazza Regina Margherita

**Sale** Piazza Giuseppe Garibaldi, 8

**Sarezzano** Piazza L. Sarzano, 4

**Silvano d'Orba** Via Cesare Battisti, 32

**Stazzano** Via Fossati, 2/a

### Tortona

Piazza Duomo, 13  
Via Emilia, 422  
Corso della Repubblica, 2/d  
P.zza Felice Cavallotti, 1 (c/o ASL)

**Valenza** Via Dante, 68

**Vignole Borbera** Via Alessandro Manzoni, 8

**Villalvernia** Via Carbone, 69

**Villaromagnano** Via della Chiesa

## Provincia di Asti

### Asti

C.so Vittorio Alfieri, 137  
Corso Savona, 104

**Canelli** Corso Libertà, 68

**Nizza Monferrato** Piazza G. Garibaldi, 70

## Provincia di Biella

**Biella** Via Nazario Sauro, 2

**Cossato** Via Lamarmora, 9

## Provincia di Novara

### Novara

Largo Don Luigi Minzoni, 1  
Corso della Vittoria, 1

**Arona** Corso Liberazione, 39

**Borgomanero** Via Garibaldi, 92/94

**Oleggio** Via Mazzini, 15

**Romentino** Via dei Conti Caccia, 1

**Trecale** Piazza Dolce, 10

## Provincia di Verbania

**Verbania** Piazza Matteotti, 18 (Fraz. Intra)

**Cannobio** Via Umberto I, 2

## Provincia di Vercelli

**Vercelli** Piazza Cavour, 23

**Borgosesia** Via Sesone, 36

## Provincia di Torino

### Torino

Corso Dante, 57/b  
Corso Vittorio Emanuele II, 107  
Corso Vercelli, 81/b  
Corso Unione Sovietica, 503  
Via Madama Cristina, 30 - ang. Lombroso  
Corso Orbassano, 236

Corso Matteotti, 15

Via Alfieri, 17

Piazza Adriano, 5

Corso L. Einaudi, 15/17

Piazza Gran Madre di Dio, 12/a

Corso Sebastopoli, 166

C.so Inghilterra, 59/g ang. C.so Francia

Via Giolitti, 16

Corso Francia, 262

Corso Regina Margherita, 191

**Airasca** Via Roma, 101

**Alpignano** Via Cavour, 125

**Bibiana** Via C. Cavour, 25

**Bricherasio** Piazza Castelveccchio, 17

**Chieri** Piazza Dante, 10

**Chivasso** Via Po, 5

**Collegno** Via XXIV Maggio, 1

**Ivrea** Via Circonvallazione, 7

### Moncalieri

Corso Savona, 6 ter  
Strada Villastellone, 2

**Nichelino** Via Torino, 172

**None** Via Roma, 23

**Pinerolo** Via Savoia - ang. Via Trieste

**Rivoli** Via Rombò, 25/e

**Rondissone** Piazza Roma, 1

**Santena** Via Cavour, 43

**Settimo Torinese** Via Petrarca, 9

**Villar Perosa** Via Nazionale, 39/a

## LOMBARDIA

### Provincia di Milano

**Milano** Via Fabio Filzi, 23

## VALLE D'AOSTA

**Aosta** Via Xavier de Maistre, 8

## LIGURIA Banco di San Giorgio

### Provincia di Genova

#### Genova

Via C.R. Ceccardi, 13/r  
Corso Torino, 61/r  
Via Pastorino, 118 (Loc. Bolzaneto)  
Via Sestri, 188/190r (Sestri Ponente)  
Piazza G. Lerda, 10/r (Loc. Voltri)  
Via Cinque Maggio, 101/r (Priaruggia)  
Via C. Rolando, 123 (Sampierdarena)  
Via Antonio Gramsci, 8/r  
Via Marina di Robilant, 5  
Via Molassana, 82/r  
Via Fieschi, 11  
Piazza Leopardi, 6

**Borzonasca** Via Angelo Grilli, 15

**Chiavari** Corso Dante Alighieri, 36

**Cicagna** Via Statale, 8 - angolo Via Dante, 1

**Lavagna** C.so Buenos Aires, 84 (Fraz. Monteone)

**Mezzanego** Via Capitan Gandolfo, 138

**Rapallo** Via A. Diaz, 6

**Recco** Via Roma, 56r

**Santo Stefano d'Aveto** Via Razzetti, 11

**Sestri Levante** Via Fascie, 70

### Provincia di Imperia

#### Imperia

Viale Giacomo Matteotti, 13  
Via Giacomo Puccini, 7

#### Bordighera

Via Treviso, 1 - ang. Via V. Emanuele II

**Sanremo** Via Roma, 54/60

**Taggia** Via Boselli, 62 (Fraz. Arma)

**Ventimiglia** Via Ruffini, 8/a

## Provincia di La Spezia

### La Spezia

Via G. Pascoli, 22  
Via Chiodo, 115  
Via San Bartolomeo (c/o ASW Research)  
Via di Monale, 23/29  
Piazza d'Armi (c/o comprensorio Maridipart)  
Via Fiume, 152  
Via del Canaletto, 307

### Castelnuovo Magra

Via Aurelia, 129 (Fraz. Moliciara)

**Lerici** Calata G. Mazzini, 1

**Sarzana** Via Muccini, 48

**Portovenere** Via Lungomare, 47

## Provincia di Savona

### Savona

Piazza Aurelio Saffi, 7/r  
Corso Vittorio Veneto, 93

**Alassio** Via Mazzini, 55

**Albenga** Piazza Petrarca, 6

**Albisola Superiore** Corso Giuseppe Mazzini, 189

**Andora** Piazza Santa Maria, 7

### Cairo Montenotte

Corso Marconi, 240 (Fraz. S. Giuseppe)

**Celle Ligure** Via Boagno, 12

**Finale Ligure** Via Concezione, 10r

**Loano** Via Stella, 34

## TOSCANA Banco di San Giorgio

### Provincia di Massa - Carrara

**Carrara** Via Galileo Galilei, 32

## FRANCIA

**Nizza** 7, Boulevard Victor Hugo

**Mentone** Avenue de Verdun, 21

**Antibes** Avenue Robert Soleau, 15

**UBI  Banca Popolare di Ancona**

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

## MARCHE

### Provincia di Ancona

#### Ancona

Corso Stamira, 14  
Viale C. Colombo, 56  
Via Breccie Bianche, 68/i  
Via Umani

**Agugliano** Contrada Gavone, 2/b (c/o Socopad)

**Castelfidardo** Via C. Battisti, 5

**Chiaravalle** Via della Repubblica, 83

**Cupramontana** Piazza Cavour, 11

#### Fabriano

Piazza Miliani, 16  
Via Corsi, 3

#### Falconara

Via IV Novembre, 8  
Via Flaminia, 396  
(Fraz. Palombina Vecchia)

**Filottirano** Via Oberdan, 5  
**Jesi**  
Corso Matteotti, 1  
Via San Giuseppe, 38  
Piazza Ricci, 4  
Piazza Vesalio, 5  
Via Leone XIII (c/o New Holland Fiat Spa)  
**Jesi Zipa** Via Don Battistoni, 4  
**Loreto** Via Bramante  
**Maiolati Spontini**  
Via Risorgimento, 52 (Fraz. Moie)  
**Montemarciano**  
Piazza Magellano, 15 (Fraz. Marina)  
**Monterado** Via 8 Marzo, 7 (Fraz. Ponte Rio)  
**Morro d'Alba** Via Morganti, 56  
**Numana** Via Pascoli, 1A  
**Offagna** Via dell'Arengo, 38  
**Osimo**  
Piazza del Comune, 4  
Via Ticino, 1 (Fraz. Padiglione)  
**Rosora** Via Roma, 132 (Fraz. Angeli)  
**Santa Maria Nuova**  
Via Risorgimento, 68 (Fraz. Collina)  
**Sassoferrato** Piazza Bartolo, 17  
**Senigallia**  
Corso 2 Giugno, 76  
Via R. Sanzio, 288 (Fraz. Cesano)  
**Serra de' Conti** Piazza Leopardi, 2

**Provincia di Ascoli Piceno**  
**Ascoli Piceno** Viale Indipendenza, 42  
**Acquasanta Terme** Piazza Terme, 6  
**Castel di Lama** Via Salaria, 356  
**Grottammare** Via Montegrappa, 12  
**San Benedetto del Tronto**  
Piazza Matteotti, 6  
Piazza Setti Carraro (Fraz. Porto d'Ascoli)

**Provincia di Fermo**  
**Fermo**  
Contrada Campiglione, 20  
Via Dante Zeppilli, 56  
**Falerone**  
Viale della Resistenza, 168 Y (Fraz. Piane)  
**Massa Fermana** Via Ada Natali, 5  
**Montegranaro** Via Fermana Nord  
**Monte Urano** Via Papa Giovanni XXIII, 37  
**Petricoli**  
Contrada S. Antonio, 217 (Fraz. Valmir)  
**Porto S. Giorgio** Via Tasso  
**Porto Sant'Elpidio** Via Mazzini, 115  
**Sant'Elpidio a Mare** Viale Roma, 1  
**Torre San Patrizio** Via Mazzini, 19A

**Provincia di Macerata**  
**Macerata**  
Viale Don Bosco  
Corso Cavour, 34  
Via Bramante, 103 (Fraz. Piediripa)  
**Camerino** Piazza Caio Mario, 5  
**Castelraimondo** Piazza della Repubblica, s.n.c.  
**Civitanova Marche** Corso Umberto I, 16  
**Corridonia** Piazzale della Vittoria, 1  
**Loro Piceno** Piazzale G. Leopardi, 8  
**Matelica** Viale Martiri della Libertà, 31  
**Monte San Giusto** Via Verdi, 11  
**Monte San Martino** Via Roma, 32  
**Pollenza** Via V. Cento, 6 (Casette Verdini)  
**Potenza Picena**  
Piazza Douhet, 23 (Fraz. Porto)  
Via Marefoschi, 1  
**Recanati** Via Cesare Battisti, 20  
**San Ginesio** Piazza Gentili, 31

**San Severino Marche** Viale Europa  
**Sarnano** Piazza della Libertà, 76  
**Tolentino** Piazza dell'Unità  
  
**Provincia di Pesaro - Urbino**  
**Pesaro**  
Piazzale Garibaldi, 22  
Via Antonio Fratti, 23  
**Urbino** Viale Comandino  
**Acqualagna** Via Flaminia, 79  
**Carpegna** Via R. Sanzio, 12  
**Colbordolo** Via Nazionale, 143 (Fraz. Morciola)  
**Fano** Via dell'Abbazia, s.n.c.  
**Fossombrone** Piazza Dante, 24  
**Lunano** Corso Roma, 79  
**Macerata Feltria** Via Antini, 22  
**Montecopiolo**  
Via Montefeltresca, 37 (Fraz. Villagrande)  
**Montelabbate**  
Via Provinciale, 169 (Fraz. Osteria Nuova)  
**Sant'Angelo in Vado** Piazza Mar del Plata, 6  
**Sassofeltrio**  
Via Risorgimento, 9 (Frazione Fratte)  
**Urbania** Via Roma, 24

**ABRUZZO**  
**Provincia di Chieti**  
**Atessa** Via Piazzano, 70 (Fraz. Piazzano)  
**Francoforte al Mare** Via della Rinascita, 2  
**Guardiagrele** Via Orientale, 17  
**Lanciano** Viale Rimembranze, 16  
**Sant'Eusanio del Sangro** Corso Margherita  
**San Giovanni Teatino**  
Via Aldo Moro, 8 (Fraz. Sambuceto)  
**San Salvo** Strada Istonia, 13/15  
**Vasto** Via Giulio Cesare, 5

**Provincia di Pescara**  
**Pescara**  
Via Michelangelo, 2  
Via Nazionale Adriatica Nord, 126  
Viale Marconi, 21

**Provincia di Teramo**  
**Teramo** Piazza Garibaldi, 143  
**Alba Adriatica** Via Mazzini, 124  
**Giulianova** Via Orsini, 28 (Fraz. Spiaggia)  
**Roseto degli Abruzzi** Via Nazionale, 286

**CAMPANIA**  
**Provincia di Avellino**  
**Avellino** Via Dante Alighieri, 20/24  
**Montoro Inferiore** Via Nazionale, 161/167

**Provincia di Benevento**  
**Benevento**  
Via Delcogliano, 29  
Piazza Risorgimento, 11/12  
**Buonalbergo** Viale Resistenza, 3  
**San Giorgio la Molara** Via S. Ignazio, 7/9  
**Telese** Viale Minieri, 143

**Provincia di Caserta**  
**Caserta**  
Via C. Battisti, 42  
Via Douhet, 2/a (c/o Scuola Aeron. Milit.)  
**Alvignano** Corso Umberto I, 287  
**Aversa** Via Salvo D'Acquisto  
**Caiazzo** Via Attilio Apulo Caiatino, 23

**Grazzanise**  
Via del Medico, 1 (c/o Aeronautica Militare)  
**Marcianise**  
Strada Provinciale 22 (Oromare)  
**Piedimonte Matese** Via Cesare Battisti  
**Pietramelara** Piazza S. Rocco, 18  
**Pietravairano** Via Padre Cipriani Caruso, s.n.c.  
**Pignataro Maggiore** Via Trento  
**Santa Maria Capua Vetere**  
Via Pezzella Parco Valentino  
**Succivo** Via De Nicola - angolo Via Tinto  
**Teano** Viale Italia  
**Vairano Patenora**  
Via della Libertà, 10  
(Fraz. Vairano Scalo)  
Via delle Rimembranze, 56  
**Vitulazio** Via Rimembranze, 37

**Provincia di Napoli**  
**Napoli**  
Corso Amedeo di Savoia, 243  
Via Mergellina, 33/34  
Via dell'Epomeo, 427/431  
Via Cesario Console, 3C  
Via Crispi, 2 - ang. Piazza Amedeo  
Piazza Vittoria, 7  
Galleria Vanvitelli, 42  
Via Santa Brigida, 36  
Via Santo Strato, 20/d  
Piazza Garibaldi, 127  
Via Caravaggio, 52  
Via Giovanni Manna, 11  
Piazza Giovanni Bovio, 6  
**Afragola** Corso Garibaldi, 38  
**Boscoreale** Via Papa Giovanni XXIII, 16  
**Cardito** Piazza S. Croce, 71  
**Casalnuovo di Napoli**  
Via Arcora Provinciale, 60  
**Casamicciola Terme** Piazza Marina, 29  
**Cercola** Via Domenico Ricciardi, 284/286  
**Forio d'Ischia** Corso F. Regine, 24/25  
**Grumo Nevano** Via Cirillo, 78  
**Ischia Porto** Via A. de Luca, 113/115  
**Melito** Via Roma, 33/43  
**Monte di Procida** Corso Garibaldi, 20/22  
**Nola**  
Via Mario de Sena, 201  
Piazza Giordano Bruno, 26/27  
**Pozzuoli**  
Corso Vittorio Emanuele, 60  
Via Domiziana  
(c/o Accademia Aeronautica)  
**Qualiano** Via S. Maria a Cubito, 146  
**Quarto** Via Campana, 286  
**San Giuseppe Vesuviano** Via Astalunga, 1  
**Sant'Antimo** Via Cardinale Verde, 31  
**Torre del Greco** Corso Vittorio Emanuele, 77/79  
**Volla** Via Rossi, 94/100

**EMILIA ROMAGNA**  
**Provincia di Forlì - Cesena**  
**Forlì** Viale Vittorio Veneto, 7D/7E  
**Cesena** Via Piave, 27  
**Cesenatico** Viale Roma, 15  
**Forlimpopoli** Viale Giacomo Matteotti, 37

**Provincia di Ravenna**  
**Ravenna** Piazza Baracca, 22  
**Cervia** Via G. Di Vittorio, 39  
**Faenza** Via Giuliano da Maiano, 34



**Provincia di Rimini**

**Rimini**

Via Flaminia, 175  
Via Luigi Poletti, 28

**Bellarìa - Igea Marina** Via Uso, 25/c

**Cattolica** Via Fiume, 37

**Novafeltria** Piazza Vittorio Emanuele, 1

**Riccione** Viale Ceccarini, 207

**San Leo** Via Montefeltro, 24

**Sant'Agata Feltria**

Via Vittorio Emanuele II, 1

**Santarcangelo di Romagna** Via Braschi, 36

**LAZIO**

**Provincia di Frosinone**

**Frosinone**

Via Maria, 63  
Via Armando Fabi, 192 (c/o Aeronautica Mil.)

**Provincia di Roma**

**Roma**

Via Nazionale, 256  
Viale Buoizzi, 78  
Via Croce, 10  
Via Cipro, 4/a  
Via Gasperina, 248  
Piazza Mignanelli, 4  
Via L. di Breme, 80  
Via Prenestina Polense, 145  
(Fraz. Castelverde)

**Albano Laziale** Via Marconi, 7

**Fonte Nuova** Via Nomentana, 68

**Guidonia Montecelio**

Piazza Colleverde (Fraz. Colleverde)  
Via Nazionale Tiburtina, 122 (Fraz. Villalba)  
Via Roma, 26

**Lanuvio** Piazza Carlo Fontana, 2

**Marcellina** Via Regina Elena, 35/c

**Marino** Piazzale degli Eroi, 4

**Palombara Sabina** Via Ungheria, 7

**San Polo dei Cavalieri** Via Roma, 12

**Tivoli**

Piazza S. Croce, 15  
Via di Villa Adriana

**MOLISE**

**Provincia di Campobasso**

**Campobasso** Via Vittorio Veneto, 86

**Bojano** Corso Amatuzio, 86

**Larino** Via Jovine, 12

**Termoli** Via Abruzzi

**Provincia di Isernia**

**Isernia** Via Dante Alighieri, 25

**Venafro** Via Campania, 69

**UMBRIA**

**Provincia di Perugia**

**Perugia**

Via Settevalli, 133  
Via Deruta (Fraz. San Martino in Campo)  
Via P. Soriano, 3  
(Fraz. Sant'Andrea delle Fratte)

**Bastia Umbra**

Via Roma, 25 - angolo Via de Gasperi

**Città di Castello** Via Buoizzi, 22

**Deruta** Via Tiberina, 184/186

**Foligno** Viale Arcamone

**Giano dell'Umbria**

Via Roma, 63 (Fraz. Bastardo)

**Magione** Via della Palazzetta (loc. Bacanella)

**Marsciano** Via dei Partigiani, 12

**Massa Martana** Via Roma, 42

**Montecastello di Vibio**

Piazza Michelotta di Biorio, 10

**Todi**

Piazza del Popolo, 27  
Via Tiberina, 64  
Via Tiberina, 194 (Fraz. Pantalla)

**Provincia di Terni**

**Terni** Corso del Popolo, 13

**Acquasparta** Via Cesare Battisti, 5/d

**Avigliano Umbro**

Corso Roma - ang. Via S. Maria

**UBI Banca Carime**

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

**CALABRIA**

**Provincia di Cosenza**

**Cosenza**

Via Caloprese  
Via XXIV Maggio, 45  
Corso Mazzini, 117  
Via F. Migliori (c/o Ospedale)  
Via degli Stadi, 57/d2  
Via dei Mille  
Corso Telesio, 1

**Acri** Via Padula, 95

**Aiello Calabro** Via Luigi de Seta, 66/68

**Altomonte** Via Aldo Moro, 34

**Amantea** Via Elisabetta Noto, 1/3

**Aprigliano** Via Calvelli, 5

**Belvedere Marittimo - Marina** Via G. Grossi, 71

**Bisignano** Via Simone da Bisignano

**Cariati** Via S. Giovanni, 6

**Cassano allo Jonio** Corso Garibaldi, 30

**Castrovillari** Corso Garibaldi, 79/83

**Cetraro - Marina** Via Lucibello, 10/14

**Corigliano Calabro - Scalo**

Via Nazionale, 101/103

**Corigliano Calabro** Via Barnaba Abenante, 7

**Crosia** Via Nazionale, 74/80 (Fraz. Mirto)

**Diamante** Via Vittorio Emanuele, 77

**Fuscaldo** Via Maggiore Vaccari, 14

**Lago** Via P. Mazzotti, 10/12/14

**Lungro** Via Skanderberg, 86

**Montalto Uffugo**

Corso Garibaldi, 25  
Via Manzoni, 57 (Fraz. Taverna)

**Morano Calabro** Via Porto Alegre, 10

**Mormanno** Via San Biase, 1

**Paola** Via del Cannone, 34

**Praia a Mare** Via Telesio, 2

**Rende**

Via A. Volta, 15 (Fraz. Quattromiglia)  
Viale Kennedy, 59/e (Fraz. Roges)

**Roggiano Gravina** Via Vittorio Emanuele II, 136

**Rogliano** Via Guarasci, 31

**Rossano** Via G. Rizzo, 14

**Rossano - Scalo** Via Nazionale, 9/15

**San Demetrio Corone** Via D. Alighieri, 10

**San Giovanni in Fiore** Via Gramsci

**San Lucido** Via Regina Elena, 64/72

**Saracena** Via G. La Pira, 128/130

**Scalea** Via M. Bianchi, 2

**Spezzano Albanese** P.zza della Repubblica, 5/1

**Spezzano della Sila**

Via Roma  
Via del Turismo, 77 (Fraz. Camigliatello Silano)

**Torano Castello** Strada Provinciale Variante, 4

**Trebisacce** Via Lutri, 146

**Provincia di Catanzaro**

**Catanzaro**

Piazza Indipendenza, 44  
Corso Mazzini, 177/179  
Via Nazario Sauro, 17 (Fraz. Lido)  
Via A. Lombardi - Area Metroquadro

**Chiaravalle Centrale** Piazza Dante, 8

**Girifalco** Via Milano

**Lamezia Terme**

Corso Nicotera, 135  
Via del Mare

**Sersale** Via A. Greco

**Soverato** Corso Umberto I, 167/169

**Soveria Mannelli** Piazza dei Mille, 2

**Tiriolo** Via Fratelli Bandiera

**Provincia di Crotone**

**Crotone** Via Mario Nicoletta, 32

**Cirò Marina** Via Mazzini, 17/19

**Cotronei** Via Laghi Silani, 40

**Petilia Policastro** Via Arringa, 178

**Strongoli** Corso Biagio Miraglia, 115

**Provincia di Reggio Calabria**

**Reggio Calabria**

Corso Garibaldi, 144  
Viale Calabria, 197/199  
Via Argine Destro Annunziata, 81

**Bagnara Calabra**

Corso Vittorio Emanuele II, 167

**Bianco** Via Vittoria, 52

**Bova Marina** Via Maggiore Pugliatti, 2

**Brancaleone** Via Zelante

**Cinquefrondi** Via Roma, 24

**Cittanova** Via Roma, 44

**Gioia Tauro** Via Roma, 52 - ang. Via Duomo

**Laureana di Borrello** Via IV Novembre, 9

**Locri** Via Garibaldi, 71

**Marina di Gioiosa Ionica** Via Carlo Maria, 12/14

**Melito di Porto Salvo** Via Papa Giovanni XXIII

**Monasterace Marina**

Via Nazionale Ionica, 113/114

**Palmi** Via Roma, 44

**Polistena** Piazza Bellavista, 1

**Rizziconi** Via Capitolo, 13

**Roccella Jonica** Via XXV Aprile, 16

**Rosarno** Corso Garibaldi, 28

**San Ferdinando** Via Rosarno - ang. Via Bruno

**Sant'Eufemia d'Aspromonte**

Via Maggiore Cutri, 10/a  
**Siderno** C.so Garibaldi (Fraz. Marina)  
**Taurianova** Piazza Garibaldi, 17  
**Villa S. Giovanni** Viale Italia, 30

**Provincia di Vibo Valentia**

**Vibo Valentia**

Viale Matteotti 23/25  
Via Emilia, 8 (Fraz. Vibo Marina)

**Arena** Piazza Generale Pagano, 1

**Mileto** Via Cattolica, 50/b-c  
**Nicotera** Via Luigi Razza, 1  
**Pizzo Calabro** Via Nazionale  
**Serra San Bruno** Via de Gasperi, 52  
**Soriano Calabro** Via Giardinieri  
**Tropea** Viale Stazione

**BASILICATA**  
**Provincia di Matera**

**Matera**  
Via del Corso, 66  
Via Annunziatella, 64/68  
**Bernalda** Corso Umberto, 260  
**Ferrandina** Via Mazzini, 20  
**Montalbano Jonico** Piazza Vittoria, 3  
**Montescaglioso** Via Indipendenza, 83  
**Pisticci** Via M. Pagano, 25  
**Policoro** Via G. Fortunato, 2  
**San Mauro Forte** Corso Umberto, 12  
**Tursi** Via Eraclea, 2

**Provincia di Potenza**  
**Potenza**

Via Alianelli, 2  
Via Angilla Vecchia, 5  
Via Dante, 16/20  
Via del Gallitello  
**Brienza** Viale della Stazione, 102  
**Genzano di Lucania**  
Corso Vittorio Emanuele, 180/184  
**Lagonegro** Via Colombo, 25  
**Latronico** Corso Vittorio Emanuele II, 105  
**Lauria** Piazza Plebiscito, 72  
**Marsicovetere**  
Via Nazionale, 53 (Fraz. Villa d'Agri)  
**Melfi** Piazza Mancini Abele  
**Muro Lucano** Via Roma, 60/62  
**Palazzo San Gervasio** Via Isonzo, 14  
**Rionero in Vulture** Via Galliano  
**Rivello** Via Monastero, 73  
**Rotonda** Via dei Rotondesi in Argentina, s.n.c.  
**San Fele** Via Costa, 12  
**Sant'Arcangelo** Viale Isabella Morra, 48  
**Senise** Via Amendola, 33/39  
**Tito Scalo** P.zza Nassirya Rione Mancusi, 20  
**Venosa** Via Fortunato, 66 - angolo Via Melfi

**CAMPANIA**  
**Provincia di Salerno**

**Salerno**  
Via S. Margherita, 36  
Viale Kennedy, 11/13  
Via G. Cuomo 29  
Via Settimio Mobilio, 26  
**Agropoli** Via Risorgimento - ang. Via Bruno  
**Amalfi** Via Fra' Gerardo Sasso, 10/12  
**Angri** Via Papa Giovanni XXIII, 48  
**Baronissi** Corso Garibaldi, 197  
**Battipaglia** Via Salvator Rosa, 98  
**Campagna**  
Via Quadrivio Basso (Fraz. Quadrivio)  
**Castel San Giorgio** Via Guerrasio, 42  
**Cava dei Tirreni** Piazza Duomo, 2  
**Eboli** Via Amendola, 86  
**Marina di Camerota** Via Bolivar, 54  
**Mercato San Severino**  
Corso Armando Diaz, 130

**Minori** Via Vittorio Emanuele, 9  
**Nocera Inferiore** Via Barbarulo, 41  
**Pontecagnano** Piazza Risorgimento, 14  
**Roccapiemonte** Piazza Zanardelli, 1  
**San Cipriano Picentino**  
Via S. Giovanni, 10 (Fraz. Filetta)  
**Sant'Egidio del Monte Albino**  
Via SS. Martiri, 13 (Fraz. San Lorenzo)  
**Teggiano** Via Prov. del Corticato (Fraz. Pantano)  
**Vallo della Lucania** Via G. Murat

**PUGLIA**  
**Provincia di Bari**

**Bari**  
Piazza Umberto I, 85 (Fraz. Carbonara)  
Via Napoli, 53/55 (Fraz. Santo Spirito)  
Via Bari, 27/c (Fraz. Torre a Mare)  
Via Toma, 12  
Viale Pio XII, 46-46/a  
Viale de Blasio, 18  
Via Pescara, 16  
Via Lembo, 13/15  
Via Melo, 151  
Corso Mazzini, 138/b  
Via Tridente, 40/42  
Via Calefati, 112  
Piazza Cesare Battisti, 1 (c/o Università)  
**Acquaviva delle Fonti** Piazza Garibaldi, 49/52  
**Adelfia** Via G. Marconi, 11/a  
**Altamura** Via Maggio 1648, 22/b-22/c  
**Bitetto** Piazza Armando Diaz, 38  
**Bitonto** Piazza della Noce, 14  
**Bitritto** Piazza Aldo Moro, 35  
**Capurso** Via Torricelli, 23/25  
**Casamassima** Corso Umberto I, 48  
**Castellana Grotte** Piazza della Repubblica, 2  
**Conversano**  
Via Padre Michele Accolti Gil 29/a  
**Corato** V.le V. Veneto 160/166  
- ang. Via Lega Lombarda  
**Gioia del Colle** Corso Garibaldi, 55  
**Giovinazzo** Via G. Gentile, 1  
**Gravina in Puglia**  
Corso Vittorio Emanuele, 30/c  
**Grumo Appula** Via G. d'Erasmo, 12  
**Modugno** Piazza Garibaldi, 109  
**Mola di Bari** Piazza degli Eroi, 31  
**Molfetta**  
Via Tenente Fiorini, 9  
Corso Fornari, 163 A  
**Monopoli** Via Marsala, 2  
**Noci** Largo Garibaldi, 51  
**Noicattaro** Corso Roma, 8/10/12  
**Polignano a Mare** Piazza Aldo Moro, 1  
**Putignano** Via Tripoli, 98  
**Rutigliano** Piazza XX Settembre, 8  
**Ruvo di Puglia** Via Monsignor Bruni, 14  
**Sannicandro di Bari** Piazza IV Novembre, 15  
**Santeramo in Colle** Via S. Lucia, 78  
**Terlizzi** Via Gorizia, 86/d  
**Toritto** Piazza Aldo Moro, 48  
**Triggiano** Via Carroccio, 5  
**Turi** Via A. Orlandi, 15  
**Valenzano** Via Aldo Moro  
  
**Provincia di Barletta-Andria-Trani**  
**Andria**  
Piazza Marconi, 6/10  
Via Barletta, 137/139

**Barletta**  
Piazza Caduti, 21  
Largo delle Palme, 8  
**Trani** Corso Italia, 17/b  
**Bisceglie** Via Aldo Moro, 5  
**Canosa di Puglia** Via Imbriani, 30/34  
**San Ferdinando di Puglia**  
Via Papa Giovanni XXIII, 44

**Provincia di Brindisi**  
**Brindisi** Corso Roma, 39  
**Cisternino** Via Roma, 57  
**Erchie** Via Grassi, 19  
**Fasano** Via Forcella, 66  
**Francavilla Fontana** Via Roma, 24  
**Latiano** Via Ercole d'Ippolito, 25  
**Mesagne** Via Torre S. Susanna, 1  
**Oria** Via Mario Pagano, 151  
**Ostuni** Via L. Tamborrino, 2  
**San Vito dei Normanni** Piazza Vittoria, 13  
**Torre Santa Susanna** Via Roma, 38

**Provincia di Foggia**  
**Foggia**  
Viale Ofanto, 198/c  
Via Salvatore Tugini, 70/74  
**Cerignola** Via Di Vittorio, 83  
**Ischitella** Corso Umberto I, 111/113  
**Lucera** Via IV Novembre, 77  
**Manfredonia** Corso Roma, 22/24  
**Margherita di Savoia** Corso V. Emanuele, 23  
**San Giovanni Rotondo** Piazza Europa  
**San Severo** Via Carso, 10  
**Sant'Agata di Puglia** Piazza XX Settembre, 11  
**Stornarella** Corso Garibaldi, 22  
**Troia** Via Vittorio Emanuele, 1  
**Vico del Gargano** Via S. Filippo Neri, 10

**Provincia di Lecce**  
**Lecce**  
Viale Lo Re, 48  
Via Gabriele D'Annunzio, 47/b  
**Campi Salentina** Via Garibaldi, 6/8  
**Casarano** Via F. Bottazzi - ang. Via Alto Adige  
**Galatina** Via Roma, 26  
**Maglie** Piazza O. de Donno  
**Nardò** Via Duca degli Abruzzi, 58  
**Squinzano** Via Nuova, 25  
**Trepuzzi** Corso Umberto I, 114  
**Tricase** Via G. Toma, 30  
**Veglie** Via Parco Rimembranze, 30

**Provincia di Taranto**  
**Taranto**  
Corso Umberto I, 71  
Corso Italia, 202  
**Castellaneta** Piazza Municipio, 7  
**Fragagnano** Via Garibaldi, 14  
**Ginosa** Corso Vittorio Emanuele, 92  
**Grottaglie** Via Matteotti, 72/78  
**Laterza** Piazzale Saragat, 11  
**Lizzano** Via Dante, 78  
**Manduria** Via per Maruggio, 9  
**Martina Franca** Via D'Annunzio, 34  
**Massafra** Corso Italia, 27/29  
**Palagianello** Via Carducci, 11  
**San Giorgio Jonico** Via Cadorna, 11  
**Sava** Corso Umberto, 110

## LOMBARDIA

### Provincia di Brescia

#### Brescia

Via Duca degli Abruzzi, 175  
Viale Bornata, 2

**Angolo Terme** Piazza degli Alpini, 4

**Artogne** Via Geroni, 12

**Berzo Demo** Via San Zenone, 9

**Berzo inferiore** Piazza Umberto I, 35/a

**Bienna** Piazza Liberazione, 2

**Borno** Piazza Giovanni Paolo II, 13

**Breno** Piazza della Repubblica, 1/2

**Capo di Ponte** Viale Stazione, 16

**Cazzago S.M.** Via del Gallo, 2 (Fraz. Bornato)

**Cedegolo** Via Roma, 26/28

**Ceto** Loc. Badetto, 23

**Cevo** Via Roma, 44

**Cividate Camuno** Via Cortiglione

**Coccaglio** Largo Torre Romana, 4

**Corte Franca** Via Roma, 78

**Corteno Golgi** Via Roma, 1

#### Darfo Boario Terme

Via Roma, 12  
Viale della Repubblica, 2  
Corso Lepetit, 77 (Fraz. Fraz. Corna)

**Edolo** Via Porro, 51

**Esine** Piazza Giuseppe Garibaldi, 4/6

**Gianico** Via XXV Aprile, 7/9

**Malegno** Via Lanico, 36

**Malonno** Via G. Ferraglio, 4

**Marone** Via Cristini, 49

**Niardo** Piazza Cappellini, 3

**Ome** Piazza Aldo Moro, 7

**Palazzolo sull'Oglio** Via XXV Aprile, 23

#### Piancogno

Via Vittorio Veneto, 7 (Fraz. Cogno)  
Via XI Febbraio, 1 (Fraz. Pianborno)

**Pian Camuno** Piazza Giuseppe Verdi, 8

**Pisogne** Via Provinciale, 6 (Fraz. Gratacasolo)

**Ponte di Legno** Via Cima Cadi, 5/7/9

#### Provaglio d'Iseo

Via Roma, 12  
Via S. Filastro, 18 (Fraz. Provezze)

**Rodengo Saiano** Via Guglielmo Marconi, 11/b

**Rovato** Corso Bonomelli, 13/17

**Sonico** Via Nazionale (c/o c.c. Italmark)

**Temù** Via Roma, 71/73

**Torbole Casaglia** Piazza Repubblica, 25/26

**Travagliato** Via Brescia, 44

**Veza d'Oglio** Via Nazionale, 65

### Provincia di Bergamo

**Ardesio** Piazza Alessandro Volta, 8/9

**Casazza** Piazza della Pieve, 1

#### Castione della Presolana

P.zza Martiri di Cafalonina, 1

**Clusone** Viale Gusmini, 47

**Costa Volpino** Via Cesare Battisti, 34

**Lovere** Via Gregorini, 43

**Rogno** Piazza Druso, 1

**Sarnico** Via Roma, 68

**Sovere** Via Roma, 20

**Villongo** Via J. F. Kennedy, 5

### Provincia di Como

**Dongo** Via Statale, 77

**Menaggio** Via Lusardi, 74/76

### Provincia di Sondrio

**Sondrio** Via Trento, 50 - ang. Via Alessi

**Aprica** Corso Roma, 238

**Bormio** Via Don Peccedi, 11

**Chiavenna** Via Maloggia, 1

**Grosio** Via Roma, 1

**Livigno** Via Dala Gesa, 141/a

**Morbegno** Piazza Caduti per la Libertà, 9

**Piantedo** Via Nazionale, 875

**Tirano** P.zza Marinoni, 4

**Villa di Tirano** Via Roma, 20

## UBI Banca Private Investment

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

### ABRUZZO

**L'Aquila** Via F. Savini

**Pescara** Piazza Rinascita, 6/9

### CAMPANIA

**Napoli** Via Santa Brigida, 63

**Pomigliano d'Arco** Via Roma, 31

**Caserta** Corso Trieste, 170

**Salerno** Via SS. Martiri Salernitani, 25

### LIGURIA

#### Genova

Via Roma, 5  
Via XX Settembre, 33

### LAZIO

#### Roma

P.zza Giuliano della Rovere, 9-11/a  
(Fraz. Lido di Ostia)  
Via Vincenzo Bellini, 27

**Latina** Viale Le Corbusier, 5nc

### LOMBARDIA

#### Milano

Piazza Giovine Italia, 3  
Corso Giacomo Matteotti, 1

**Brescia** Via Cefalonina, 74

**Cremona** Via Rialto, 20

**Monza** Via Girolamo Borgazzi, 7

### PIEMONTE

**Torino** Corso Re Umberto I, 47

### PUGLIA

**Bari** Via Nicolò dell'Arca, 9-9a

### TOSCANA

**Firenze** Viale G. Matteotti, 42

**Arezzo** Via XXV Aprile, 28-28/a

**San Giovanni Valdarno** Corso Italia, 117

**Grosseto** Via Giacomo Matteotti, 32

**Livorno** Via Scali d'Azeglio, 46/50  
- ang. Via Cadorna

**Pisa** Via G.B. Niccolini, 8/10

### UMBRIA

**Terni** Via della Bardesca, 7/11

## CENTROBANCA

Gruppo **UBI**  Banca

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

**Milano** Corso Europa, 16 (sede operativa)

**Napoli** Via S. Brigida, 51

**Bologna** Piazza Calderini, 2/2

**Roma** Via dei Crociferi, 44

**Jesi** Via Don Battistoni, 4

**Torino** Via Alfieri, 17



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

#### Milano

Corso Europa, 20  
Via Cavriana, 20

## UBI Banca International

[www.ubibanca.lu](http://www.ubibanca.lu)

### LUSSEMBURGO

37/a, Avenue J.F. Kennedy, L.

### GERMANIA

**Monaco** Prannerstrasse, 11

### SPAGNA

#### Madrid

Torre Espacio - Planta 45  
Paseo de la Castellana, 259



Banque de Dépôts et de Gestion

[www.bdg.ch](http://www.bdg.ch)

### SVIZZERA

**Losanna** Avenue du Théâtre, 14

**Lugano** Piazza Riforma, 3

# Calendar of corporate events of UBI Banca for 2013

Date	Event
27 <sup>th</sup> March 2013	Supervisory Board meeting: approval of the separate and consolidated financial statements for the financial year 2012
19 <sup>th</sup> April 2013 (1 <sup>st</sup> call) 20 <sup>th</sup> April 2013 (2 <sup>nd</sup> call)	Shareholders' meeting
13 <sup>th</sup> May 2013	Approval of the Interim financial report as at and for the period ended 31 <sup>st</sup> March 2013.
20 <sup>th</sup> May, 22 <sup>nd</sup> May and 23 <sup>rd</sup> May 2013	Ex-dividend date, record date and dividend payment date respectively, if approved by the Shareholders' meeting
26 <sup>th</sup> August 2013	Approval of the Interim financial report as at and for the period ended 30 <sup>th</sup> June 2013
12 <sup>th</sup> November 2013	Approval of the Interim financial report as at and for the period ended 30 <sup>th</sup> September 2013.

The dates of the presentations of accounting data to financial analysts, which will indicatively take place on a quarterly basis, will be set during the course of the financial year.

## Contacts

*All information on periodic financial reporting is available on the website [www.ubibanca.it](http://www.ubibanca.it)*

*Investor relations: Tel. 035 3922217  
Email: [investor.relations@ubibanca.it](mailto:investor.relations@ubibanca.it)*

*Institutional communications and relations with the press  
Tel. 030 2473591  
Email: [relesterne@ubibanca.it](mailto:relesterne@ubibanca.it)*

*Registered shareholders' office: Tel. 035 3922312  
email: [soci@ubibanca.it](mailto:soci@ubibanca.it)*



