

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

Web site: [www.ubibanca.it](http://www.ubibanca.it)

Year: 2008

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## Introduction

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). The system is based on the measures 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 drawn up by Borsa Italiana Spa (the March 2006 version).

UBI Banca has adopted the "corporate governance code" (March 2006 version), a document which is designed principally for listed companies that have adopted a traditional governance model. Article 12 of that code states that if a two tier or one tier management and control system is adopted "the above articles shall apply insofar as compatible, adapting individual provisions to the particular system adopted, consistently with the objectives of good corporate governance, transparency of information and protection of investors and the markets pursued by the Code and in the light of the criteria provided by this article".

Therefore, in compliance with the provisions of Article 12.P.3 of the corporate governance code this report is specifically designed to provide a detailed description of the procedures by which that code has been applied by the Bank. It also reports those the standards with which the Bank fully complies with and those with which it does not, even partially, on a "comply or explain" basis. This is partly because the Bank must consider its status as a cooperative banking company 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.

The report has also been drawn up in compliance with the recommendations mentioned issued by Borsa Italiana and also in implementation in particular of article 89-*bis* of the Issuers' Regulations which requires listed companies to publish an annual report "on adherence to their codes of conduct and the fulfilment of the commitments arising from them"<sup>1</sup>, to be included in full in the report on operations.

\* \* \*

This report also contains information on corporate governance and ownership structure required by Art. 123 *bis* of Legislative Decree. 58/1998 (hereinafter the Consolidated Finance Act).

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On 4<sup>th</sup> March 2008, the Bank of Italy issued supervisory instructions on the organisation and corporate governance of Banks in which it laid down principles and practical guidelines designed to ensure the pursuit of business objectives and to guarantee sound and prudent management.

Those supervisory instructions, which concern the organisational and governance structure of banks, required careful assessments to be made of possible changes to the by-laws which led to the formulation of amendments to the corporate by-laws of UBI Banca which will be submitted to the next shareholders' meeting for their approval.

Following the approval of the by-law amendments just mentioned, UBI Banca will be able to confirm – as part of a corporate governance project to be drawn up by 30<sup>th</sup> June 2009 – that it is adopting by-laws and an internal organisation that are consistent with the principles contained in the Bank of Italy instructions.

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<sup>1</sup> That article 89 *bis* cited then continues to specify that the report must contain information:

- a) on compliance with each requirement of the code of conduct;
- b) on reasons for any non compliance with the code of conduct;
- c) on any conduct pursued in place of that recommended by the code of conduct.

In this respect, this report has been prepared on the basis of the corporate by-laws currently in force.

## **Governance of UBI Banca**

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-operatives (excluding those expressly listed in Article 150 *bis* of Legislative Decree No. 385/1993) and also with those governing joint stock companies, to the extent that they are not in conflict with the laws governing co-operatives, as indicated in Article 2519 of the Italian Civil Code. Express details of the Bank’s particular characteristics as a cooperative are given in the separate company financial report of UBI Banca Scpa, an integral part of the report on operations, which was drawn up in compliance with Article 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 circumstance that each registered shareholder of the co-operative is entitled to one vote whatever the number of shares possessed and no one can hold more than 0.5% of the share capital, in accordance with Art. 30 of the Consolidated Banking Act. An exception to the maximum 0,50% limit is made for collective investment organisations, for which the regulatory limits specific to each of them apply.

In recent years the Italian Parliament has attempted on several occasions to examine the legislation governing “popular” banks with a view to making changes with regard to the maximum limit on shares that may be held by individual and institutional investors. UBI Banca has expressed its opinion in favour of raising the limits on shareholdings, but at the same time conserving the regulations on “popular” banks, especially with regard to the principle of per capita voting.

UBI Banca has adopted a two tier system of management and control, which is considered better suited to the governance requirements of the Parent Bank, UBI Banca, and at the same time more appropriate to strengthening the protection of 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:

- strategic supervision and control functions, assigned to the Supervisory Board, which holds some of the powers which in a traditional system belong to a shareholders' meeting (approval of financial statements, appointment of the members of the management body and determination of the relative remuneration) and to the Board of Statutory Auditors and also fulfils some "senior management" functions, insofar as it is called upon to approve general guidelines and strategic policies for the Bank and the Group, submitted to it by the Management Board (Article 46 of the corporate by-laws);
- corporate management functions, assigned to the Management Board, which has exclusive authority to perform all ordinary and extraordinary operations necessary to pursuit of the company objects, in compliance with the general guidelines and strategic policies approved by the Supervisory Board (Article 37 of the Corporate By-laws).

This division of functions identifies distinct aspects of the operational life of the Bank and assigns them to the corporate bodies just mentioned which, with their respective roles and responsibilities, determine a corporate governance model that is more consistent with the structure of the Bank and the Group in the context of a single business plan, characterised by ongoing dialogue and interfunctional co-operation.

The Bank is listed on the Mercato Telematico Azionario (screen based stock market) 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.

## Composition of the share capital

The share capital of UBI Banca Scpa is composed entirely of ordinary shares traded on the Mercato Telematico Azionario (screen based stock market) managed by Borsa Italiana Spa and as at 31<sup>st</sup> December 2008 it amounted to 1.597.864.755 euro divided into 639.145.902 shares with a nominal value of 2,50 euro each, and on that same date registered shareholders numbered 85.280.

There are no restrictions on the transfer of shares, since the shares are transferable in accordance with the law (Art. 15 of the corporate by-laws, available on the website [www.ubibanca.it](http://www.ubibanca.it) in the English part in the section Corporate Governance, Corporate Documents).

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 corporate by-laws, which states that no one may hold more than the maximum limit permitted by law, which is 0,50% 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 to the interest that can be held in the share capital of ‘popular’ banks established by legislation in force, the Bank sent the parties concerned notice, pursuant to Article 30 of the Consolidated Banking Act, relating to breach of the ban on holding shares in excess of 0.50%.

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

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

With account taken of the provisions of the law on ‘popular’ co-operative banks, all decisions on the acceptance of applications for admission as a registered shareholder 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 the cooperative form. The decisions are then communicated to the parties concerned. For the purposes of assessing these requirements, account is taken of any previous relations between the persons applying and group member companies.

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

No reports of shareholdings greater than 2% have been received, other than those received in April 2007 at the time of the merger with Banca Lombarda e Piemontese: Carlo Tassara Spa (2,282%), Fondazione Cassa di Risparmio di Cuneo (2,278%), Fondazione Banca del Monte di Lombardia (2,255%).

On the basis of information received directly by the Group, at the date of this report the percentage shareholdings held are as follows:

- Carlo Tassara Spa (2,004%),
- Fondazione Cassa di Risparmio di Cuneo (2,280%)
- Fondazione Banca del Monte di Lombardia (2,255%).

There are no shares which confer special controlling rights over UBI Banca.

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

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. Those persons in possession of the right to vote for which the communication has been made to the Bank by the intermediary appointed in accordance with Art. 2370 of the Italian Civil Code and with any special provisions of the law or regulations, at least 2 working days prior to the date set for the first session, may participate in shareholders' meetings in accordance with the provisions of the law.

Registered shareholders may not withdraw shares or the relative certification before the meeting has taken place.

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 corporate by-laws)

In compliance with Art. 30 of the Consolidated Banking Act and Art. 26 of the corporate by-laws, 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 by-laws); nevertheless if a shareholder fails to transfer ownership of shares in excess of the 0,50% limit of the 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.

UBI Banca has received the following communications in relation to:

- the constitution, on 28<sup>th</sup> May 2007, of an unofficial association named "Associazione Banca Lombarda e Piemontese" located in Brescia to which more than 100 former shareholders of the former Banca Lombarda e Piemontese belong who were previously members of the "Banca Lombarda e Piemontese Syndicate" and who, as a result of the merger between BLP and BPU have become shareholders of UBI Banca. Together they hold approximately more than 10% of the share capital of UBI Banca. An extract of the main clauses of the by-laws of the association was published in the newspaper ItaliaOggi on 5<sup>th</sup> June 2007;
- the constitution, on 23<sup>rd</sup> November 2007, of the unofficial association named "Gli Amici di UBI Banca", located in Bergamo, by 28 registered shareholders of UBI Banca Scpa. An extract of the main clauses of the by-laws of the association was published in the newspaper ItaliaOggi on 30<sup>th</sup> November 2007.

While these associations do not qualify as shareholders' agreements pursuant to Article 122 of Legislative Decree No. 58/98, the members of both of them have nevertheless fulfilled public disclosure obligations as required by law in relation to some of the clauses of their by-laws, insofar as it is necessary and in view of the legally binding nature of the decree mentioned and the consequences of failure to comply with it.

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

As concerns the purchase of own shares, a shareholders' meeting of 10<sup>th</sup> May 2008 authorised the Management Board – until the shareholders' meeting convened to pass resolutions for the distribution of profits for the year ended 31<sup>st</sup> December 2008 – to purchase own shares at a price not higher than the official price or the closing price in the market session prior to each individual transaction to be charged to the “reserve for the purchase of own shares” amounting to 64.203.000,00 euro, with the further limit that the shares held as a result of trading performed do not exceed a maximum number equal to 1% of the share capital.

That same shareholders' meeting also authorised the Management Board to sell all or part of the own shares that the Bank might hold at a price not less than the official price or the closing price in the session prior to each individual sales transaction, with the understanding that the amount from the sale of the shares held returns, up until the carrying amount, to the funds held in the “reserve for the purchase of own shares”.

The mandate to purchase own shares was not exercised in 2008 and in the period until the date of this report.

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The shareholders' agreement signed on 18<sup>th</sup> January 2008 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" of 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.

\* \* \* \* \*

The report on operations in the 2008 Annual Report may be consulted for information on agreements between the Bank and members of the Management Board which involve the payment of an indemnity if they should resign.

## **Role of the Parent Bank and the Unione di Banche Italiane Group**

UBI Banca is the Parent Bank of the Unione di Banche Italiane Group, organised on a federal, polyfunctional model and integrated with the listed 'popular' Parent bank, which sets strategic policies and performs functions of coordination and control over all the organisational units and companies in the Group.

In 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 for the Group, without prejudice to the by-law and operational independence of each company in the Group. It also defines, as a consequence, the strategic lines of development of each of them, just as they are called upon on the one hand to achieve those objectives in terms of a single business plan and on the other to benefit from the overall results of the management and co-ordination activities.

The UBI Banca Group is composed of the following:

- nine network banks:
  - Banca Popolare di Bergamo Spa with head office and headquarters in Bergamo;
  - Banco di Brescia Spa, with head office and headquarters in Brescia;
  - Banca Popolare Commercio e Industria Spa, with head office and headquarters in Milan;
  - Banca Regionale Europea Spa, with head office in Cuneo and headquarters in Milan;
  - Banca di Valle Camonica Spa, with head office and headquarters in Breno (BS);
  - Banco di San Giorgio Spa, with head office and headquarters in Genoa;
  - Banca Popolare di Ancona Spa, with head office and headquarters in Jesi (AN) ;
  - Banca Carime Spa, with head office and headquarters in Cosenza;
  - UBI Banca Private Investment Spa, with head office and headquarters in Brescia;
- one corporate bank and investment bank, Centrobanca S.p.A., with head office and headquarters in Milan;

- one online bank, IW Bank Spa, with head office in Milan;
- product companies operating mainly in the asset management sector (UBI Pramerica SGR Spa, UBI Pramerica Alternative Investment SGR Spa, Capitalgest Alternative Investments SGR Spa), the life and non life *banc assurance* sectors (UBI Assicurazioni Spa, Aviva Assicurazioni Vita Spa (\*), Aviva Vita Spa, Lombarda Vita Spa), the consumer finance sector (B@nca 24-7 Spa), the leasing sector (UBI Leasing Spa (\*\*)) and in the factoring sector (UBI Factor Spa);
- one company, UBI Sistemi e Servizi SCpA, for the supply of services and products to businesses; one company, UBI Centrosystem Spa, for the supply of IT services to the product companies of the UBI Banca Group and companies operating in the property sector: SBIM (Società Bresciana Immobiliare Mobiliare Spa), SOLIMM (Società Lombarda Immobiliare Srl) and BPB Immobiliare Srl;
- special purpose entities for securitisation transactions and trust companies for the issue of preferred shares: Banca Lombarda Preferred Securities Trust, UBI Finance Srl, 24-7 Finance Srl, Lombarda Lease Finance 2 Srl; Lombarda Lease Finance 3 Srl, Lombarda Lease Finance 4 Srl, UBI Lease Finance 5 Srl, UBI Finance 2 Srl, BPB Funding Llc, BPB Capital Trust, BPCI Funding Llc, BPCI Capital Trust, UBI Trust Company Ltd.

(\*) On 01/01/2009 UBI Assicurazioni Vita Spa changed its name to Aviva Vita Assicurazioni Spa.

(\*\*) On 05/07/2008 the merger was completed of BPU Leasing Spa into SBS Leasing Spa which changed its name at the same time to UBI Leasing Spa.

The UBI Banca Group's presence abroad as at 31<sup>st</sup> December 2008 was composed as follows:

Subsidiary banks:

- UBI Banca International S.A. located in Luxembourg.
- Banque de Dépôts et de Gestion (BDG) located in Switzerland;

branches:

- France: branches of the Banca Regionale Europea in Nice and at Menton;
- Germany: branch of UBI Banca International in Munich;
- Luxembourg: branch of Banco di Brescia;
- Spain: branch of UBI Banca International in Madrid.

Switzerland: branches of BDG at Lausanne, Lugano, Mendrisio, Neuchâtel;

Representative offices:

- Hong Kong;
- Moscow;
- Mumbai;
- San Paolo of Brazil;
- Shanghai.

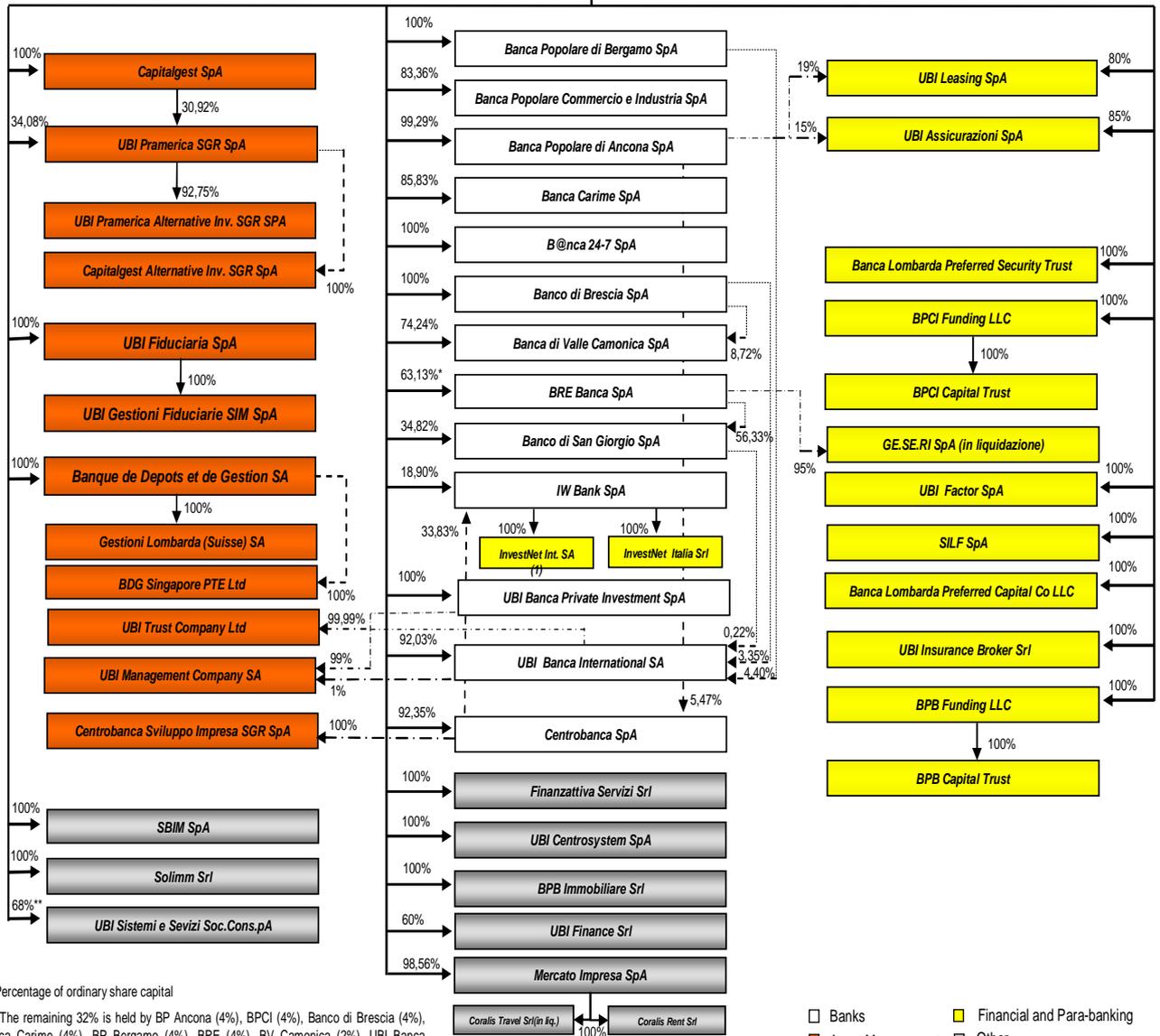
Product companies:

- BDG Singapore Pte Ltd, a "financial advisory" company located in Singapore and controlled by BDG.
- UBI Factor Polonia, a branch in Poland of the Group factoring company.
- Gestioni Lombarda Suisse, a Swiss company specialising in asset management located in Lugano and controlled by BDG.
- Lombarda China Fund Management, a joint venture in the asset management sector for the Chinese market.

A chart showing the composition of the Unione di Banche Italiane Group is given below:

(1) The company InvestNet International SA is 100% controlled in turn by InvestNet Work Iberica Sif

## UBI Banca Group as at 01/01/2009



(\*) Percentage of ordinary share capital

(\*\*) The remaining 32% is held by BP Ancona (4%), BPCI (4%), Banco di Brescia (4%), Banca Carime (4%), BP Bergamo (4%), BRE (4%), BV Camonica (2%), UBI Banca Private Inv (2%), Banco di S.Giorgio (2%), Centrobanca (1%), UBI Factor (1%)

UBI Banca Operational management and investment monitoring

Banks
  Financial and Para-banking  
 Asset Management
  Other

## Governing bodies of UBI Banca

### Shareholders' Meetings

Shareholders' meetings, properly convened and constituted, represent the registered shareholders as a whole and their resolutions, passed in compliance with the corporate by-laws, are binding on all registered shareholders, even if absent or dissenting.

Those persons in possession of the right to vote for which the communication has been made to the Bank by the intermediary appointed in accordance with Art. 2370 of the Italian Civil Code and with any special provisions of the law or regulations, at least 2 working days prior to the date set for the first session, may participate in shareholders' meetings in accordance with the provisions of the law. Registered shareholders may not withdraw shares or the relative certification before the meeting has taken place. 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 are shares possessed. A registered shareholder is entitled to be represented by issuing a written proxy to another registered shareholder having the right to participate in a shareholders' meeting. Proxies may not be granted to members of governing or controlling bodies or to employees of the Bank, to companies controlled by it or to members of governing or controlling bodies or to employees of the latter.

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 3 other registered shareholders. Voting by post is not permitted.

Members of the Management Board and similarly members of the Supervisory Board may not vote on matters concerning their areas of responsibility. The right to vote in the case of a pledge or usufruct on shares lies with the registered shareholder only.

As concerns quorums for voting, resolutions are passed in ordinary and extraordinary shareholders' meetings by an absolute majority of the votes, except for the approval of resolutions to change the company objects, eliminate or close down operational headquarters in Brescia and Bergamo, wind-up the Bank in advance as determined by events provided for by law, with the exception of the circumstance pursuant to point 6 of article 2484 of the Italian Civil Code, repeal or amend Articles 23 and 36 of the corporate by-laws and/or introduce any other provision that is incompatible with those articles, as well as to approve amendments to or the elimination of the quorums for passing resolutions contained in article 28, paragraph 3, for which the vote in favour of at least one twentieth of all the registered shareholders entitled to vote is required, even in second call (article 28 of the corporate by-laws).

Furthermore, the vote in favour of at least one twentieth of all shareholders entitled to vote, who in turn represent at least 20% of the subscribed and paid-up share capital as at the ninetieth day prior to the date set for a shareholders' meeting is required, even in second call, for the approval of resolutions concerning the repeal or amendment of article 45, paragraph 6, article 48, paragraph 6 and article 49, paragraphs 4, 5 and 6 and the approval of amendments to or elimination of the quorum for passing resolutions contained in article 28, paragraph 4, (Article 28 of the corporate by-laws).

Finally, for resolutions to be passed at the request of the Banking Supervisory Authority or in relation to changes to regulations or legislation, both ordinary and extraordinary shareholders' meetings pass resolutions by an absolute majority vote. In these cases, where the Supervisory Board is empowered to approve them, they are passed by an absolute majority of the members present (Article 28 of the corporate by-laws).

As concerns proceedings in shareholders' meetings, the Bank has adopted regulations for shareholders' meetings based on standard regulations recommended by the Italian Banking Association and Assomine (association of joint stock companies) 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.

## Supervisory Board

### APPOINTMENT AND COMPOSITION

The Supervisory Board is composed of 23 members appointed by a shareholders' meeting chosen from among those registered shareholders possessing the necessary qualities, namely integrity, professionalism and independence as required by the legislation 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 functions as directors of banks.

In particular, at least 3 members of the Supervisory Board must be chosen from among persons enrolled in the *Registro dei Revisori Contabili* (register of auditors) who have practised as legal certifiers of accounts for a period of not less than three years.

While mandatory provisions of the law, of the Supervisory authority or regulations must be complied with, persons already holding offices of full statutory auditor or members of other controlling 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 terms and procedures contained in article 45 of the corporate by-laws.

In accordance with the transition regulation V contained in the corporate by-laws, a meeting of the shareholders of BPU Banca held on 3<sup>rd</sup> March 2007 appointed the first Supervisory Board of UBI Banca for the years 2007/2008/2009. It appointed Gino Trombi as Chairman and Giuseppe Calvi as Senior Deputy Chairman. These appointments became effective on 1<sup>st</sup> April 2007, the date on which the merger of Banca Lombarda into BPU Banca became legally effective.

Following the resignations of two members of the Supervisory Board, Franco Polotti and Pierfrancesco Rampinelli, on 5<sup>th</sup> May 2007 a shareholders' meeting of UBI Banca replaced them by appointing Alberto Folonari and Giovanni Bazoli to the board.

In compliance with the provisions of Article 44 of the corporate by-laws, the Supervisory Board appointed 2 Deputy Chairmen - Alberto Folonari and Mario Mazzoleni - and it also appointed Federico Manzoni as secretary of the board.

Following the resignations of the Chairman Gino Trombi and of the board member Romain Zaleski, a meeting of the shareholders held on 10<sup>th</sup> May 2008 appointed Corrado Faissola as Chairman of the Supervisory Board and Battista Albertani as a member of that board.

The Supervisory Board is therefore currently composed as follows:

Faissola Corrado	Chairman
Calvi Giuseppe	Senior Deputy Chairman
Folonari Alberto	Deputy Chairman
Mazzoleni Mario	Deputy Chairman
Albertani Battista	member
Bazoli Giovanni	member
Bellini Luigi	member
Cattaneo Mario	member
Ferro Luzzi Paolo	member
Fidanza Virginio	member
Fontana Enio	member
Garavaglia Carlo	member
Gussalli Beretta Pietro	member
Lucchini Giuseppe	member
Lucchini Italo	member

Manzoni Federico	member
Moltrasio Andrea	member
Musumeci Toti S.	member
Orlandi Sergio	member
Pedersoli Alessandro	member
Perolari Giorgio	member
Pivato Sergio	member
Sestini Roberto	member

It has been verified in this respect that the members of the Supervisory Board are in possession of the legal requirements to hold their positions.

The curricula vitae of the Chairman and of the Senior Deputy Chairman are available on the website of UBI Banca, while attachment A) lists the offices held by all board members in companies listed on regulated markets, including foreign regulated markets, and in finance, banking, insurance or large companies.

#### **REMUNERATION**

In addition to the reimbursement of expenses incurred in performing their duties in office, members of the Supervisory Board also receive remuneration determined for the entire period of office by a shareholders' meeting at the time of their appointment. They are also assigned tokens for attendance at meetings of the Supervisory Board and also at meetings of commissions and committees formed by the Supervisory Board itself in the amount established by a shareholders' meeting.

Furthermore, in compliance with the corporate by-laws, after first consulting with the Remuneration Committee, the Supervisory Board sets the remuneration for the Chairman, the Senior Deputy Chairman, the Deputy Chairmen and the members of the Supervisory Board who have been assigned special duties, powers or functions.

The relative amounts are reported in detail in the table prepared in accordance with Art. 78 of Consob Resolution No. 11797/1999 and also in the notes to the financial statements for the year ended 31.12.2008 which may be consulted.

In this respect, in March 2009 the Supervisory Board decided, with the agreement of all its members, to reduce its total fixed remuneration by 20% for its last year of office in order to demonstrate its awareness of the economic and financial crisis that had hit the country and to signal its concern to those who had been hit either directly or indirectly by that crisis.

#### **INDEPENDENT BOARD MEMBERS**

The Supervisory Board has verified that all the members of the Supervisory Board in office are in possession of the requirements of independence in compliance with current law and the corporate governance code for listed companies.

#### **FUNCTIONS OF THE SUPERVISORY BOARD**

The functions of the Supervisory Board are set out in article 46 of the corporate by-laws, 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, determining their remuneration after consulting with the Remuneration Committee; determines, after consulting with the Remuneration Committee, the remuneration of the members of the Management Board vested with special offices, duties or powers or assigned to committees; without prejudice to the provisions of article 32, paragraph 2, of the corporate by-laws, 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 guidelines 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 powers to increase the share capital or to issue convertible bonds that may have been granted by a shareholders' meeting pursuant to article 2443 and/or article 2420-ter of the Italian Civil Code;

- e) attends the meetings of the Management Board, delegating the Chairman and the Senior Deputy Chairman to do so;  
(*in this respect, in order to comply immediately with the Bank of Italy instructions of the 4<sup>th</sup> March 2008, even before the related amendments to corporate by-laws are made, the Chairman and the Senior Deputy Chairman of the Supervisory Board decided to separately authorise every member of the Internal Control Committee to attend meetings of the Management Board*);
- f) performs supervisory functions in compliance with article 149, paragraphs one and three of Legislative Decree No. 58 of 24<sup>th</sup> February 1998;
- g) initiates liability actions against members of the Management Board;
- h) submits reports to the Bank of Italy pursuant to Article 70, paragraph seven of Legislative Decree No. 385 of 1<sup>st</sup> September 1993;
- i) reports in writing to a shareholders' meeting convened pursuant to Art. 2364-*bis* of the Italian Civil Code on the supervisory activity performed, on omissions and reprehensible actions observed, and also at any other ordinary or extraordinary shareholders' meetings convened, on matters falling within its sphere of responsibilities;
- l) 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;
- m) expresses a mandatory opinion on the person responsible for preparing the corporate accounting documents pursuant to article 154-*bis* of Legislative Decree No. 58 of 24<sup>th</sup> February 1998;
- n) on the basis of proposals from the Management board, grants authorisations for business and/or financial plans and the budgets of the Bank and of the Group prepared by the Management Board, as well as authorisations for strategic operations, while the latter, nevertheless, retains responsibility for the actions it takes. In particular, the Supervisory Board decides on the authorisations concerning:
  - (i) proposals for transactions on the share capital, issuances of convertible and cum warrant bonds in the Bank's shares, mergers and demergers; proposals for amendments to the corporate by-laws;
  - (ii) purchases or sales by the Bank and its subsidiaries of controlling interests in companies with important strategic value or with a total value greater than 5% of the consolidated equity and also the purchase or sale of companies, business *en bloc*, business units of important economic and/or strategic value;
  - (iii) investments and/or divestments of strategic importance and/or which involve commitments for the Bank where the total amount is greater than 5% of consolidated shareholders' equity for each transaction;
  - (iv) the signing of commercial, co-operation or shareholders' agreements of strategic importance, although authorisation by the Supervisory Board on the transactions indicated in the list above is not necessary if they are transactions specifically contemplated in the business plans already approved by the Supervisory Board;
- o) sets general policies concerning cultural and charitable initiatives and the image of the Bank and of the Group, with special regard to enhancing historical and artistic heritage, verifying that the initiatives that are planned are consistent with the objectives that are set;
- p) decides on mergers and demergers pursuant to articles 2505 and 2505-*bis* of the Italian Civil Code;
- q) exercises all other powers granted by regulations and legislation currently in force or by the corporate by-laws.

The Supervisory Board also has exclusive powers, in compliance with article 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 company;
- c) amendments to the corporate by-laws to comply with legislation and regulations, subject to consultation with the Management Board.

The Supervisory Board and its members exercise powers pursuant to article 151-*bis* of Legislative Decree No. 58 of 24<sup>th</sup> February 1998, in accordance with the terms and conditions stated therein.

## **CHAIRMAN**

The duties of the Chairman of the Supervisory Board are listed in article 47 of the corporate by-laws. The Chairman of the Supervisory Board convenes – on his own initiative and, in any event, in the cases prescribed by law or the corporate by-laws – and chairs the meetings of the board itself, setting the agendas. He also considers proposals submitted by the Senior Deputy Chairman and the other Deputy Chairmen and ensures that adequate information on the matters on the agenda is provided to all the members of the Supervisory Board.

The Chairman of the Supervisory Board maintains regular contacts with the Management Board, particularly through the Chairman and/or the Deputy Chairman of the Management Board and/or the Chief Executive Officer and ensures that the Supervisory Board is constantly informed of the performance of the Bank and the Group.

## **MANAGEMENT OR SUPERVISORY POSITIONS HELD BY MEMBERS OF THE SUPERVISORY BOARD**

Summary table No. 1 attached to this report lists the number of other management and supervisory positions held by members of the Supervisory Board in other companies listed on regulated markets (including foreign markets) and in financial, banking, insurance or large companies, while attachment A provides details of those positions.

## **MEETINGS**

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 corporate by-laws and for other matters for which the corporate by-laws require a qualified majority.

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

The Supervisory Board met 12 times in 2008 and the average length of meetings was 4 hours. Eleven meetings have been scheduled for the first eight months of 2009, five of which have already been held.

## **Committees**

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 specific internal committees with the functions of submitting proposals and advice and performing controls, in compliance, amongst other things with the recommendations contained in the corporate governance code. These committees have been established to allow the Supervisory Board to make its decisions on a more informed basis 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

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.

### **APPOINTMENTS COMMITTEE**

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

- Faissola Corrado as the Chairman
- Calvi Giuseppe
- Garavaglia Carlo
- Mazzoleni Mario
- Bazoli Giovanni
- Folonari Alberto.

The board member Federico Manzoni has been appointed as the secretary of the committee.

This committee submits proposals for candidates to the position of supervisory board member for submission to a shareholders' meeting, including candidates for the highest positions (i.e. Chairman and Senior Deputy Chairman of the Supervisory Board of the Parent Bank). It also proposes candidates, to be appointed by the Supervisory Board, for the positions of Deputy Chairman of the Supervisory Board and member of the Management Board in the Bank, including candidates to the highest positions (i.e. Chairman and Deputy Chairman of the Management Board and the Chief Executive Officer of the Bank).

The Appointments Committee also selects one third of the candidates for positions as members of the boards of directors and of the boards of statutory auditors of the main subsidiary banks of UBI Banca.

The remaining two thirds of the candidates are designated by the Management Board of UBI Banca Spa.

The Appointments Committee met five times in 2008 and submitted proposals for appointment to corporate bodies as follows:

- members and the highest positions of the Supervisory Board and the Management Board;
- the composition of the Board of Directors of Banca Carime, Banca Popolare Commercio ed Industria, Banca Popolare di Ancona, Banca Popolare di Bergamo, Banco di Brescia, Centrobanca and Banca Regionale Europea.
- the composition del board of statutory auditors of Banca Popolare di Ancona

#### **REMUNERATION COMMITTEE**

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

- Pedersoli Alessandro as the Chairman
- Calvi Giuseppe
- Lucchini Giuseppe
- Musumeci Toti S.
- Folonari. Alberto

The board member Federico Manzoni has been appointed as the secretary of the committee. This committee submits proposals to the Supervisory Board for the remuneration of the following:

- Chairman, Senior Deputy Chairman, Deputy Chairmen of the Supervisory Board, as well as the members of that board to whom specific positions, powers or functions have been assigned by the corporate by-laws or by the Supervisory Board; these proposals are formulated by the committee, in the absence of the parties directly concerned.
- members of the Management Board;
- the Chairman and Deputy Chairman of the Management Board, as well as members of the Management Board who have been assigned positions, powers or functions or who have been appointed to committees.

As part of its duties, the committee is also called upon:

- to express an opinion on the remuneration of the senior management of the Bank and of the governing bodies of the main subsidiary banks;
- to define the guidelines for the determination by the relative bodies of the remuneration of the senior management of all the subsidiaries and the governing bodies of the other subsidiaries.

The Remuneration Committee met five times in 2008, formulating proposals for the remuneration of senior management. In detail:

- special remuneration for the board member responsible for supervising the internal control system pursuant to Art. 43 *bis* of the corporate by-laws;
- incentive schemes for the senior management team for 2007

- remuneration of the Chief Executive Officer
- remuneration of the General Manager
- remuneration of the members of the management and supervisory bodies of the main subsidiary banks.

#### **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:

- Pivato Sergio, as the Chairman
- Bellini Luigi
- Cattaneo Mario
- Garavaglia Carlo
- Lucchini Italo

This committee has the task of assisting the Supervisory Board, with investigative, consultative and proposal making functions, in its responsibilities concerning the system of internal control which concerns all corporate departments and organisational units with regard to: their appropriateness to ensure constant and continuous monitoring of risks; the effectiveness and efficiency of corporate processes; protecting the value of assets and protection against losses; the reliability and integrity of accounting and operating information; compliance of operations with both policies set by corporate governing bodies and internal and external regulations.

The committee generally performs these duties with the assistance of the Audit Area – a function which reports to the Supervisory Board – through the chief of that area who as the internal control officer makes special reports to the committee, and also with the assistance of the other internal control units of the Bank, including the risk management and the compliance functions in particular.

The committee reports to the Supervisory Board at least every six months at the time of approval of the annual financial statements and the examination of the half-year report on its activities and on the adequacy of the internal control system of the issuer and of strategically important subsidiaries.

The function of assisting the Supervisory Board with matters relating to the financial statements is the responsibility of the Accounts Committee.

In order to provide constant information on the main business operations, one or more members of the Internal Control Committee attends the meetings of the Management Board on a rotating basis and reports back to the other members of the committee in its next meeting.

When necessary, the committee also uses all other channels of information required to perform its activities, including support from outside consultants if considered appropriate.

The Internal Control Committee met 24 times in 2008 concentrating mainly on the following:

- the most important issues concerning the Bank's internal control system and the legislative framework, as follows:
  - corporate governance mechanisms with regard, amongst other things, to the provisions contained in the corporate governance code for listed companies, in the supervisory instructions issued by the Bank of Italy and in Legislative Decree No. 231/2001;
  - relations with the boards of statutory auditors and with the supervisory bodies pursuant to Legislative Decree No. 231/2001 of subsidiaries and the respective areas of intervention;
  - the policy-setting and co-ordination activities of the Parent Bank;
  - risk management and capital requirement calculation processes pursuant to Basel 2;
  - the configuration and co-ordination of second level (risk management and compliance) and third level (internal audit) control activities;
  - the structure, staff and operational tools of the Group internal auditing function and its interaction with other business units;
  - modifications of corporate procedures to comply with the MiFID legislation and new anti-money laundering developments;
- periodic and specific reporting on the outcomes of analyses performed by the internal auditing function;

- on relations with the Supervisory Authorities, with specific regard to requests for self-analysis concerning specific transactions and inspections carried out at subsidiary companies.

#### **ACCOUNTS COMMITTEE**

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

- Cattaneo Mario as the Chairman
- Garavaglia Carlo
- Manzoni Federico
- Orlandi Sergio.

Its function is to support the Supervisory Board by furnishing advice and submitting proposals in areas relating to the annual separate and consolidated financial statements and to interim financial statements.

The committee generally performs its functions by obtaining information from the financial reporting officer and from the independent auditors. It maintains contacts with regard to financial reporting with the staff of the main subsidiaries.

The Accounts Committee met 18 times in 2008 concentrating mainly on examinations of the separate and consolidated financial statements of the Parent Bank, the half year financial report and the quarterly reports to the end of March and September. In this context it conducted detailed study on accounting matters connected with the unification, already completed, of the accounting IT systems used by the banks in the Group.

With regard to the Basel 2 project, the accounts committee supported the Supervisory Board in the various implementation stages mainly on technical aspects affecting accounting, administrative and financial reporting matters connected mainly, but not exclusively, with quantification issues of the three pillars.

The committee reports to the Supervisory Board on its activities at least every six months at the time of approval of the annual financial statements and the examination of the half-year report.

## **Management Board**

#### **APPOINTMENT AND COMPOSITION**

The Management Board is composed of 11 Members appointed by the Supervisory Board.

The members of the Management Board remain in office for three financial years and may be re-elected. 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. The following rules apply:

- at least one of the members of the Management Board must hold the requirements of independence pursuant to Art. 148, paragraph three of Legislative Decree No. 58 of 24<sup>th</sup> February 1998;
- at least the majority of the members must have at least three years experience in management and/or professional activities in financial and/or banking and/or insurance companies in Italy or abroad.

Following the resignation of the Deputy Chairman and member of the Management Board, *avv.* Corrado Faissola, in a meeting of 10<sup>th</sup> May 2008 the Supervisory Board appointed Franco Polotti as a member of the Management Board and Flavio Pizzini as Deputy Chairman of the Management Board.

On 27<sup>th</sup> November 2008 the Chief Executive Officer, *dott.* Giampiero Auletta Armenise, resigned with effect from 1<sup>st</sup> December 2008 from his executive position, with the consequent powers that had been conferred on him by the Management Board.

Following his resignation as CEO, the Supervisory Board decided to increase the number of members of the Management Board to 11 and unanimously appointed *dott.* Victor Massiah, the General Manager of UBI Banca, to that board.

The Management Board – again with effect from 1<sup>st</sup> December 2008 – appointed Victor Massiah to the position of Chief Executive Officer, while he resigned from his position as General Manager at the same time.

The Management Board is currently composed of the following members:

Zanetti Emilio	Chairman
Pizzini Flavio	Deputy Chairman
Massiah Victor	Chief Executive Officer
Auletta Armenise Giampiero	member
Bertolotto Piero	member
Boselli Mario	member
Camadini Giuseppe	member
Cera Mario	member
Frigeri Giorgio	member
Gusmini Alfredo	member
Polotti Franco	member

The curricula vitae of the Chairman, the Deputy Chairman and the Chief Executive Officer are available on the website of UBI Banca, while attachment B) 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 Management Board is appointed for three financial years, expiring on the date of the Supervisory Board meeting convened to approve the financial statements for 2009. It has been verified in this respect that the members of the Management Board are in possession of the 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.

#### **REMUNERATION**

In compliance with the corporate by-laws, 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 table prepared in accordance with Art. 78 of Consob Resolution No. 11797/1999 and also in the notes to the financial statements for the year ended 31.12.2008 which may be consulted.

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

As concerns the current 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.

No-one is the beneficiary of share-based incentive plans.

In March 2009 the Management Board decided to reduce their fixed remuneration by 20% from 1<sup>st</sup> January 2009, on similar grounds to those which motivated the members of the Supervisory Board. Furthermore, the Chairman and Deputy Chairman of the Management Board in particular decided to reduce their remuneration for their positions by 50%.

#### **EXECUTIVE AND NON-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. 2).

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 corporate by-laws performs its main activities exclusively on a collegial basis with no powers to delegate authority.

In addition to the Chief Executive Officer, the corporate by-laws (article 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. This actively helps to ensure that the various member companies of the Group comply with instructions issued by the Parent Bank in the exercise of its activities of management and co-ordination.

#### **INDEPENDENT BOARD MEMBERS**

Verification of the requirements of independence pursuant to Article 147 *quater* of the Consolidated Finance Act has been performed. In accordance with the corporate by-laws, Alfredo Gusmini qualifies as independent on the Management Board, pursuant to the legislation just mentioned.

#### **FUNCTIONS OF THE MANAGEMENT BOARD**

The functions of the Management Board are set out in article 37 of the corporate by-laws, 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 and submitted to it 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 operating nature. In addition to those powers which by law may not be delegated, decisions concerning the following are the exclusive responsibility of the Management Board:

- a) setting the general programmes and strategic policies 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 proposal from the Supervisory Board, decided in turn, subject to prior designation by the Appointments Committee. If this designation 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 8 members of the Management Board (or of all the members minus one, if the Management Board consists of 7 or 8 members), after consultation with the Supervisory Board;
- c) the formulation, 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) the risk management and internal control policies;
- 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, the Joint General Manager and the members of general management, defining their functions and responsibilities and also appointing 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 article 36, paragraph 2, letter e) of the corporate by-laws;
- h) acquiring and selling equity interests;
- i) opening and closing down branches and representative offices;
- l) determining the organisational, administrative and accounting structure of the Bank and, without prejudice to the exclusive powers of the Supervisory Board pursuant to article 49 of the corporate by-laws, setting up committees or commissions with advisory, investigative, control or co-ordinating functions;
- m) 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;
- n) subject to the mandatory opinion of the Supervisory Board, appointing and removing the financial reporting officer, pursuant to article 154-*bis* of legislative Decree No. 58 of 24<sup>th</sup> February 1998, and determining the relative remuneration. In addition to the requirements of integrity prescribed by the current regulations in force for persons performing administrative and management functions, the financial reporting officer must also

possess requirements of professionalism with specific administrative and accounting expertise in the banking, finance, property or insurance fields. This expertise, to be verified by the Management Board, must have been acquired through experience in positions of appropriate levels of responsibility for a reasonable period of time and in comparable companies.

- o) appointing or removing the internal control officer and those officers whose appointment is the sole responsibility by law and regulations in force of the Management Board;
- p) preparing separate financial statements and consolidated financial statements for approval;
- q) exercising powers to increase the share capital granted pursuant to Art. 2443 of the Italian Civil Code and also to issue convertible bonds pursuant to Art. 2420-ter of the Italian Civil Code, subject to authorisation by the Supervisory Board;
- r) obligations of the Management Board pursuant to articles 2446 and 2447 of the Italian Civil Code;
- s) formulation of merger or demerger plans;
- t) proposing transactions of significant strategic, economic, financial and capital importance to the Supervisory Board for authorisation;
- u) definition of criteria to identify related party transactions for which responsibility will lie with the board itself.

Pursuant to Article 38 of the corporate by-laws, the Management Board reports to the Supervisory Board on operations in general and on the most important transactions in terms of size and nature performed by the Bank and its subsidiaries and it reports in any event on transactions in which the members of the Management Board have a personal or third party interest. The reporting is performed at meetings of the Supervisory Board and in any case, at least quarterly; it may also be performed in writing.

#### **CHAIRMAN**

The duties of the Chairman of the Management Board are listed in article 39 of the corporate by-laws. 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 by-law regulated bodies where appropriate.

#### **MANAGEMENT OR SUPERVISORY POSITIONS HELD BY MEMBERS OF THE MANAGEMENT BOARD**

Summary table No. 2 attached to this report lists the number of other management and supervisory positions held by members of the Management Board in other companies listed on regulated markets (including foreign markets) and in financial, banking, insurance or large companies, while attachment B provides details of those positions. Article 30 of the corporate by-laws states that the members of the Management Board may be directors or general managers of rival companies; the authorisation of the Supervisory Board is however required when the company concerned is outside the Group or is not partly owned by the Bank.

#### **MEETINGS**

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 take place alternating between the city of Bergamo and the city of Brescia and once a year in the city of Milan. The Management Board met 31 times in 2008 and the average length of meetings was 5,30 hours. In order to facilitate attendance at board meetings, article 34 of the corporate by-laws 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 2008 to the market (and published it on its website), with the dates of board meetings for the approval of operating and financial results.

Twenty five meetings have been scheduled for 2009, seven of which have already been held.

## Chief Executive Officer

Article 43 of the corporate by-laws states that, in compliance with the law and the corporate by-laws, the Management Board delegates those powers for which it does not hold exclusive responsibility to a Chief Executive Officer. The selection of the executive board member on whom powers are to be granted must be performed on the basis of a proposal from the Supervisory Board, decided in turn, subject to prior designation by the Appointments Committee.

In a meeting held on 27<sup>th</sup> November 2008, the Management Board, in compliance with the corporate by-laws, 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 and business 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 new Group, consulting and involving the Deputy Chairman and the Management Board;
- to submit management policies, the business and strategic plan and the budget to the Management Board and to supervise their 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.

The Chief Executive Officer reports quarterly to the Management Board and to the Supervisory Board on operating performance and foreseeable developments and on the most important transactions performed by the company and its subsidiaries. He also reports monthly to the Management Board and at least every 60 days to the Supervisory Board on the main accounting results of the Bank, its main subsidiaries and the Group.

## Board Member Appointed to Supervise the System of Internal Control

On 15<sup>th</sup> June 2007 the Management Board appointed Alfredo Gusmini as the Internal Control Officer responsible for supervising the functions of the internal control system, conferring powers on him and assigning functions to him in compliance with article 43-*bis* of the corporate by-laws.

## Board of Arbitrators

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 is composed as follows:

Donati Giampiero	Chairman
Caffi Mario	Full member
Lega Giovanni	Full member
Rota Attilio	Alternate member
Uselli Emilio	Alternate member

The arbitrators remain in office for three years and may be re-elected. The current board of arbitrators will conclude its mandate on the date of the shareholders' meeting called to approve the financial statements for 2008.

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

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.

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 corporate by-laws and over any other resolutions or decision 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 any 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 are required to provide the arbitrators with all the information that they may request concerning dispute to be settled.

## **General Management**

According to the by-laws, the Management Board appoints a General Manager and a Joint General Manager and it may also appoint one or more Deputy General Managers, on the basis of the organisation chart drawn up by the Management Board itself, which determines their powers and functions.

In a meeting held on 27<sup>th</sup> November 2008, after *dr.* Victor Massiah took up his position as Chief Executive Officer and consequently resigned from his position as General Manager, in compliance with the corporate by-laws, the Management Board appointed *rag.* Riccardo Sora as General Manager with effect from 1<sup>st</sup> December 2008, conferring the following powers and responsibilities on him:

- chief operating officer;
- chief of personnel;
- he generally (unless otherwise indicated by the management bodies responsible) supervises the implementation of decisions taken by the Management Board and the Chief Executive Officer;
- he manages everyday business in compliance with the policies set by the governing bodies;
- he attends Management Board meetings with a consultative vote;
- he co-ordinates the operations of the bank and the Group.

*Rag.* Sora was also appointed interim chief of the Administration and Depository banking Macro Area.

The Management Board appointed Graziano Caldiani, who is also the Chief of the Human Resources and Organisation Macro Area, as Joint General Manager and appointed a further six Deputy General Managers on whom the following responsibilities within the Bank have been conferred:

Iorio Francesco	Chief of the Commercial Macro Area
Leidi Rossella	Chief of the Strategy and Control Macro Area
Medda Ettore	Chief of the Legal and Corporate Affairs Macro Area and the Finance and International Macro Area
Rigamonti Pierangelo	Operational Chairman of UBI Sistemi e Servizi
Sonnino Elvio	Managing Director of UBI Sistemi e Servizi

## **Manager charged with preparing financial reports (Financial Reporting Officer)**

In a meeting held on 17<sup>th</sup> April 2007, the Management Board appointed, with the favourable opinion of the Supervisory Board, *dr.ssa* Elisabetta Stegher – the current Chief of the Bank's

Administration and Tax Area – as the Financial Reporting Officer pursuant to Article 154-*bis* of the Consolidated Finance Act.

The following responsibilities have been conferred on that senior manager:

- 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 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 half-year reports – the appropriateness 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 the Bank and the Group.

## **The system of internal control**

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, with instructions issued by the Bank of Italy and with the by-laws of the Bank, assigns functions and responsibilities to the various officers who, in constant consultation with each other and supported also by regular information flows, 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 management and control functions. In order to accomplish this, the Supervisory Board makes use of the Internal Control Committee which it forms directly 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). The Management Board has appointed an executive member from amongst its members with responsibility for supervising the functioning of the internal control system.

The senior management 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:

- a systemic vision of governance and control designed to achieve high levels of effectiveness and efficiency avoiding overlap and/or gaps in control mechanisms and 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;
- controls on risks (second level), the responsibility of specialist functions (Risk Management, Risk Capital & Policies, Compliance, Operational Control and CFO), whose objectives are to assist in the definition of risk measurement 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-yield objectives set for them;
- internal audit (third level), performed by the Parent bank and Group Audit Area.

The first two types of control (first and second level), not only satisfy the requirements for reporting to 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 made to the Supervisory Board, the Management Board and the General Management on current and future exposure to risk which also includes a special *tableau de bord* useful, amongst other things, for monitoring and assessing the system of internal controls.

With regard to compliance controls, UBI Banca created a special function named “Compliance Staff”, which is on the staff of the General Manager and reports directly to him, in order to implement supervisory instructions issued by Bank of Italy in July 2007, which implemented standards set by the Basel Committee on this matter.

In implementation of directives proposed by the Management Board and issued by the Supervisory Board by means of a special “compliance policy”, the compliance staff diffuses these and supervises implementation of them.

The regulatory functions of the Compliance Staff also include management of the risk of non compliance with regulations, whether these are of a generic external nature (laws, supervisory regulations – the Bank of Italy, Consob – Italian securities market authority – etc.) or a self regulatory nature (codes of conduct, internal regulations, etc.). The objectives are as follows:

- to guarantee compliance with regulations by corporate processes and therefore appropriate conduct by all staff;
- to guarantee that customers and investors interests are safeguarded;
- to co-operate in the policy to establish relations of trust with all stakeholders;
- to manage compliance processes across the Bank and the Group on a centralised basis, by introducing functional reporting to benefit from the co-operation of specialist functions (legal, organisational, risk management, IT, human resources, etc.) available at the Parent Bank and in different Group member companies and also from the co-operation of local liaison and compliance officers where present in the network banks and other Group member companies.

In compliance with joint Bank of Italy - Consob Regulations issued on 29<sup>th</sup> October 2007, this function is also responsible for compliance controls with regard to the adequacy and effectiveness of the procedures adopted for providing investment services.

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 in support of senior management in its responsibilities. The mission of the Parent bank and Group Audit Area, to which the Internal Audit Area belongs, can be summarised very briefly as to systematically monitor 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 internal audit function reports to the Supervisory Board through the Internal Control Committee.

The head of the internal audit function also fulfils the role of internal control officer, responsible for verifying that the internal control system is adequate, fully operative and functioning at all times. He also reports on his work to the Supervisory Board through the Internal Control Committee and to the Management Board through the executive member responsible for supervising the functioning of the internal control system. More specifically, he reports on the procedures by which risk management is performed and on compliance with

plans formulated to limit risk and expresses an opinion on the appropriateness of the internal control system to ensure compliance with risk policies set by senior management.

*In relation to the internal control system of the Bank and the Group, a general description of which has just been given, to the reports of the units of the Bank responsible for risk controls and to the independent opinion expressed by the internal audit function on the internal control system and with account taken of the intense activity in progress to complete the process of Group integration and of the recent changes in the regulatory context, an opinion of substantial adequacy is expressed on the organisation and the functioning of the internal control system.*

## **Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 and the relative Supervisory Body**

UBI Banca has put in place its own organisational, management and control model pursuant to Legislative Decree No. 231/01, with a resolution of the Management Board passed on 6<sup>th</sup> November 2007 and of the Supervisory Board on 19<sup>th</sup> December 2007. UBI Banca's "231" Model is set out in the "Document describing the organisational, management and control model pursuant to Legislative Decree No. 231/01" and is composed of:

- a general part outlining the legislative framework, the components of the Bank's governance model and the organisational structure, the composition and characteristics of the Supervisory Body, the disciplinary system, the training and communication plan and the criteria for updating and modifying the model;
- a special part, which associates each type of offence (relating to the administrative liability of entities) with one or more "sensitive activities" that may be present in corporate operations and prescribes specific "control standards/protocols" which must be observed in the management of those operations.

In that same meeting of 6<sup>th</sup> November 2007, the Management Board of UBI Banca also decided to implement initiatives required to ensure standard compliance with Legislative Decree No. 231/2001 at Group level. Consequently, a specific Group project was commenced in 2008 consisting of two modules.

The first module of the project is designed to update and add to the "document describing the model" of the Parent Bank and its subsidiaries, in relation to:

- changes to regulations that have occurred since the date of the adoption of the previous version of the "model";
- corporate and internal organisational changes as a result of the merger between the two former Groups, BPU and BL.

Completion of this module is scheduled for before the end to the first quarter of 2009.

The second module of the project, which will commence on completion of the update of the models, involves action designed to implement "control standards" in the organisational, regulatory and operational systems of each individual company. In this respect some preparatory work for the second module has already been commenced as part of the "processes programme", such as for example on the governance framework for corporate processes and controls, the development of standard documentation for a "pilot process" and modification to the target instrument for mapping processes.

Furthermore, study commenced within the Group during the current year on decisions made concerning the Supervisory Body pursuant to Legislative Decree No. 231/01, dictated by a series of factors including the continuous increase in the number of types of "presumed offence" with liability of the entities; the dictates of sector guidelines; the considerable organisational complexity and size of the UBI Group; the debate on the role of the compliance function and its level within the internal control system of the UBI Group.

These reflections led the Management Board and the Supervisory Board to take decisions on the improved organisation of the 231 Supervisory Body of the Parent Bank and its subsidiaries. More specifically, on 25<sup>th</sup> November 2008 the Management Board implemented recommendations of the Supervisory Board, by passing resolutions to:

- appoint a new Supervisory Body for UBI Banca pursuant to Legislative Decree No. 231/2001 composed, as from 1<sup>st</sup> January 2009, of two members of the Management Board, the acting chief of the Legal Affairs Area, the acting chief of the Compliance Function and an external professional and the dissolution on the same date of the Supervisory Body existing until 31<sup>st</sup> December 2008 (appointed by resolutions of the Management Board of 13<sup>th</sup> July 2007 and 31<sup>st</sup> July 2007);
- make recommendations to subsidiaries concerning the composition of their supervisory bodies as follows:
  - network banks and “major” companies: collegial body with three members, consisting of a member of the board of directors, a professional expert in the field and the compliance officer/contact;
  - Group member companies with less organisational complexity: a single member body, leaving individual companies free to appoint a member of the board of directors or a compliance officer/contact, where one exists.

Finally, in compliance with the requirements under UBI Banca’s 231 model concerning relations with corporate bodies whereby the Supervisory Body is required to report on an equal basis to the Supervisory Board and to the Management Board, the Supervisory Body made reports to the corporate bodies on its activities with particular reference to its duties regarding the implementation of the model.

## **Related party transactions**

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

More specifically, the Management Board is obliged to specifically approve those transactions with related parties that are atypical, unusual or capable of having a significant effect on the assets of the Bank.

The Bank has put special procedures in place for monitoring, reporting and taking decisions on related party transactions.

In addition to transactions already reserved by law or by the corporate by-laws exclusively to the authority of the Management Board, transactions to be performed with “related parties” must also be subject to prior authorisation by the board itself, including intragroup transactions, of significant operating, capital and financial importance, such as for example:

- the purchase and sale of properties;
- the purchase and sale of equity investments (even if they do not give rise to changes in the banking Group), companies or lines of business;
- partnerships or joint venture agreements;
- transactions of a financial or commercial nature, with an economic value of greater than 10 million euro, provided that they are not normal transactions, i.e. part of the normal business of the Bank concluded under normal market terms and contractual conditions practised with customers;
- multi-year general agreements for the provision of intragroup services;
- the grant to Companies in the banking Group of:
  - (i) credit lines that are not destined to support the subsidiary’s normal business; subordinated loans and other subordinated assets, that are eligible for inclusion in the subsidiary’s supervisory capital, if the amount exceeds 25% of the tier 1 capital of each company;
  - (ii) loans and guarantees, directly or indirectly connected with acquisitions of control in other companies or interventions on share capital (payments for future increases in

share capital, replenishment of losses, etc.), unless the credit granted is instrumental to transactions already authorised by the competent bodies of UBI Banca;

- the grant to related parties that are not members of the banking Group of credit lines for an amount exceeding 2,5% of the supervisory capital;
- transactions with related parties that are classified as "impaired", "non-performing", "being restructured" or "restructured".

Transactions with "related parties" other than those just mentioned performed by authorised bodies or organisational units and not forming part of normal business performed under standard conditions, must be subject to periodic reports to the Management Board, when they involve a significant amount.

At the same time, 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 Legislative Decree 385/1993 (Consolidated Banking Act) are carefully complied with.

## **Treatment of confidential information**

The Management Board has approved the guidelines for 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 article 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 the issuer.

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 Bank.

## **Internal Dealing**

In implementation of laws in force, UBI Banca has drawn up specific Internal Dealing Regulations designed to modify internal regulations and procedures to comply with legislation and regulations governing disclosure obligations concerning transactions involving financial instruments issued by the issuer or other related financial instruments performed by significant persons and/or by persons closely connected with the latter, in order to ensure the necessary transparency and uniformity with regard to the market.

These regulations not only identify "significant persons", establishing their obligations in terms of conduct and reporting, and the "officer responsible" for receiving, managing and disclosing information, but they also forbid the performance of the transactions mentioned in the 20 days prior to meetings of the Management Board convened to approve financial statements, half year reports and the quarterly reports.

In accordance with the regulations adopted by UBI Banca, the following are significant persons:

- 1) members of the Supervisory Board of Unione di Banche Italiane;
- 2) members of the Management Board of Unione di Banche Italiane;
- 3) persons who perform management functions and senior managers who have regular access to privileged information and hold the power to make operational decisions that may affect

performance and future prospects: the General Manager, the Joint General Manager, the Deputy General Managers and the Senior Manager responsible for the preparation of the financial reports of *Unione di Banche Italiane*.

These regulations have been published on the Bank's website in the corporate governance section; furthermore, in compliance with specific Consob recommendations, a special section has been created, in which all reports of transactions notified by significant persons are published, after they have been disclosed to markets and to the Consob through the *Borsa Italiana* network information service.

## **Relations with Shareholders, Institutional Investors and the Financial Community**

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.

A [Registered Shareholders Service](#) and an investor relations staff have been established for this purpose.

The registered shareholders' service is responsible for all relations with the Bank's registered shareholders and it processes applications for admission as registered shareholders, maintains the shareholders' register up-to-date and proposes and co-ordinates the various initiatives offered for them.

The Bank has created the Value Project for registered shareholders, a set of banking concessions and free of charge insurance policies. The banking concessions are reserved to those registered shareholders who hold a current account and have shares in the Bank deposited with banks in the Group, while the insurance policies are for registered shareholders in general.

The [Investor Relations Staff](#) is responsible for relations with the financial community (institutional investors and financial analysts), which may also require bringing specific functions in the Bank and the Group into play, in accordance with policies set by the senior management of the Bank.

The investor relations officer guarantees clear, prompt and full reporting, using methods which include press releases and the use of the Bank's internet portal. A total of 64 price sensitive press releases were published in 2008 in accordance with current regulations and legislation.

## **Auditing of accounts**

As a listed company, by law the auditing of the accounts of UBI Banca must be performed exclusively by independent auditors responsible for verifying during the financial year that the accounts have been properly kept and that operating events have been correctly recorded in the accounting records. They are also responsible for ascertaining that the separate financial statements and the consolidated financial statements are reliably based on the accounting records as results from inspections performed and that those accounting records comply with the regulations governing them. The independent auditors publish a special report in which they give their opinion on the separate financial statements, on the consolidated financial statements and on the half year report

The independent auditors currently appointed by UBI Banca are KPMG Spa, whose assignment will expire on the date of the shareholders' meeting to approve the financial statements for the year 2011.

The auditors are appointed by a shareholders' meeting on the basis of a detailed proposal submitted to it by the Supervisory Board.

## ATTACHMENT A

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

NAME	POSITION HELD IN THE ISSUER	POSITIONS HELD IN OTHER LISTED COMPANIES OR IN BANKING, FINANCIAL, INSURANCE OR LARGE COMPANIES
<b>Faissola Corrado</b>	Chairman	
<b>Calvi Giuseppe</b>	Senior Deputy Chairman	
<b>Folonari Alberto</b>	Deputy Chairman	
<b>Mazzoleni Mario</b>	Deputy Chairman	<u>Chairman of the Board of Directors:</u> - BAS Omniservizi Srl
<b>Albertani Battista</b>	Board Member	<u>Chairman of the Board of Directors:</u> - Caliso Spa - Finanziaria di Valle Camonica Spa - Iniziative Bresciane INBRE Spa - Iniziative Urbane Srl
<b>Bazoli Giovanni</b>	Board Member	<u>Chairman of the Supervisory Board</u> <b>- Intesa Sanpaolo Spa (*)</b> <u>Chairman of the Board of Directors:</u> <b>- Mittel Spa (*)</b> <u>Board Member:</u> <b>- Alleanza Assicurazione Spa (*)</b>
<b>Bellini Luigi</b>	Board Member	<u>Chairman of the Board of Directors:</u> - Nationale Suisse-Comp. Italiana di Assicurazioni Spa - Nationale Suisse Vita-Compagnia Italiana di Assicurazioni Spa.
<b>Cattaneo Mario</b>	Board Member	<u>Deputy Chairman of the Board of Directors:</u> - Euromobiliare Asset Management SGR Spa <u>Board Member:</u> - Banca Sella Holding Banca Spa - Bracco Spa <b>- Luxottica Group Spa (*)</b> <u>Chairman of the Board of Statutory Auditors:</u> - Sara Assicurazioni Spa - SIA -SSB Spa - Italiana Assicurazioni Spa <u>Full Statutory Auditor:</u> - Michelin Italiana S.A.M.I.Spa
<b>Ferro-Luzzi Paolo</b>	Board Member	<u>Chairman of the Board of Directors:</u> - Banknord Gestioni Patrimoniali Finanziarie SIM Spa <u>Board Member:</u> - BNL Fondi Immobiliari SGR Spa
<b>Fidanza Virginio</b>	Board Member	<u>Sole Director:</u> - Condor Trade Srl
<b>Fontana Enio</b>	Board Member	<u>Managing Director:</u> -Fontana Finanziaria Spa -Fontana Luigi Spa
<b>Garavaglia Carlo</b>	Board Member	<u>Chairman of the Board of Directors:</u> -Elba Assicurazioni Spa <u>Board Member:</u> <b>- De Longhi Spa (*)</b> <b>- Aedes Spa (*) Ligure Lombarda per Imprese e Costruzioni</b> - AFV Acciaierie Beltrame Spa
<b>Gussalli Beretta Pietro</b>	Board Member	<u>Deputy Chairman of the Board of Directors and Executive Director:</u> - Beretta Holding Spa

		<u>Executive Director:</u> - Benelli Armi Spa <u>Board Member:</u> - Fabbrica d'Armi Pietro Beretta Spa
<b>Lucchini Giuseppe</b>	Board Member	<u>Chairman of the Board of Directors:</u> - Lucchini RS Spa - Lucchini Spa <u>Deputy Chairman of the Board of Directors and Executive Director:</u> - Sinpar – Soc. di Investimenti e Partecipazioni Spa <u>Board Member:</u> - Beretta Holding Spa <u>Chairman of the Supervisory Board</u> - Ascometal SA
<b>Lucchini Italo</b>	Board Member	<u>Deputy Chairman of the Board of Directors:</u> - <b>Italmobiliare Spa (*)</b> <u>Board Member:</u> - <b>Italcementi Spa (*)</b> - <b>Ciments Français Sa (*)</b> <u>Chairman of the Board of Statutory Auditors:</u> - BMW Italia Spa - BMW Financial Services Italia Spa
<b>Manzoni Federico</b>	Board Member	<u>Chairman of the Board of Directors:</u> - Mittel Investimenti Immobiliari Srl <u>Full Statutory Auditor:</u> - Banca Sintesi Spa - Fidelitas Spa Fiduciaria di Sicurezza - Trieste Trasporti Spa
<b>Moltrasio Andrea</b>	Board Member	<u>Board Member:</u> - <b>RCS Mediagroup Spa (*)</b>
<b>Musumeci Toti S.</b>	Board Member	<u>Chairman of the Board of Directors:</u> - Aviva Vita Spa <u>Board Member:</u> - Aviva Assicurazioni Vita Spa
<b>Orlandi Sergio</b>	Board Member	<u>Supervisory Board Member:</u> - Euroschor Soc Par Action Sempl <u>Board Member:</u> - <b>Montefibre Spa</b> - Sinterama Spa
<b>Pedersoli Alessandro</b>	Board Member	<u>Board Member:</u> - Effe 2005 Finanziaria Feltrinelli Spa - <b>Assicurazioni Generali Spa (*)</b> - <b>RCS Mediagroup Spa (*)</b>
<b>Perolari Giorgio</b>	Board Member	<u>Board Member:</u> - <b>Italmobiliare Spa (*)</b>
<b>Pivato Sergio</b>	Board Member	<u>Chairman of the Board of Statutory Auditors:</u> - <b>Reno de Medici Spa (*)</b> - <b>Freni Brembo Spa (*)</b> - SMA Spa - Società Italiana Distribuzione Moderna Spa <u>Full Statutory Auditor:</u> - Auchan Spa
<b>Sestini Roberto</b>	Board Member	<u>Chairman of the Board of Directors:</u> - Flow Fin Spa - SIAD Macchine Impianti Spa - Società Italiana Acetilene e Derivati S.I.A.D. Spa <u>Board Member:</u> - Sacbo Spa - Rivoira Spa <u>Sole Director:</u> - Sefin Spa

## ATTACHMENT B

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

NAME	POSITION HELD IN THE ISSUER	POSITIONS HELD IN OTHER LISTED COMPANIES OR IN BANKING, FINANCIAL, INSURANCE OR LARGE COMPANIES
<b>Zanetti Emilio</b>	Chairman	<u>Chairman of the Board of Directors:</u> - Banca Popolare di Bergamo Spa - Società Editrice S.S. Alessandro Ambrogio Bassiano Spa <u>Deputy Chairman of the Board of Directors:</u> - La Provincia di Como Spa Editoriale - Società per l'Aeroporto Civile di Bergamo – Orio al Serio Spa <u>Board Member:</u> - <b>Italcementi Fabbriche Riunite Cemento Spa (*)</b>
<b>Pizzini Flavio</b>	Deputy Chairman	<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 Spa <u>Board Member:</u> - Banco di Brescia Spa <u>Chairman of the Board of Statutory Auditors:</u> - <b>Mittel Spa (*)</b> - Mittel Generale Investimenti Spa
<b>Massiah Victor</b>	Chief Executive Officer	<u>Board Member:</u> - Banca Regionale Europea Spa - UBI Banca Private Investment Spa - Istituto Centrale delle Banche Popolari Italiane Spa - Lombarda Vita Spa - UBI Sistemi e Servizi scpa
<b>Auletta Armenise Giampiero</b>	Board Member	<u>Chairman of the Board of Directors:</u> - Mistralfin Spa <u>Senior Deputy Chairman of the Board of Directors:</u> - Banca Carime Spa <u>Board Member:</u> - Banca Popolare di Bergamo Spa - Banca Popolare Commercio e Industria Spa - Banca Popolare di Ancona Spa - Centrobanca Spa - Banco di Brescia Spa - Banca Regionale Europea Spa - Humanitas Spa
<b>Bertolotto Piero</b>	Board Member	<u>Chairman of the Board of Directors:</u> - Banca Regionale Europea Spa <u>Board Member:</u> - UBI Banca International Sa - Banca 24-7 Spa
<b>Boselli Mario</b>	Board Member	<u>Chairman of the Board of Directors:</u> - Centrobanca Spa - Setefi Spa <u>Board Member:</u> - <b>Ratti Spa (*)</b>
<b>Camadini Giuseppe</b>	Board Member	<u>Chairman of the Board of Directors:</u> - UBI Fiduciaria Spa - Istituto Atesino di Sviluppo Spa <u>Deputy Chairman of the Board of Directors:</u> Banca Regionale Europea Spa - La Scuola Spa <u>Board Member:</u>

		<p><b>- Società Cattolica di Assicurazioni Spa (*)</b></p> <ul style="list-style-type: none"> <li>- Banco di Brescia Spa</li> <li>- Banca di Valle Camonica Spa</li> <li>- San Giuseppe Spa</li> </ul>
<b>Cera Mario</b>	Board Member	<p><u>Senior Deputy Chairman:</u></p> <ul style="list-style-type: none"> <li>- Banca Regionale Europea Spa</li> </ul> <p><u>Board Member:</u></p> <ul style="list-style-type: none"> <li>- UBI Pramerica SGR Spa</li> <li>- Cedacri Spa</li> <li>- Fiducialis Srl</li> </ul>
<b>Frigeri Giorgio</b>	Board Member	<p><u>Chairman of the Board of Directors:</u></p> <ul style="list-style-type: none"> <li>- UBI Pramerica SGR Spa</li> <li>- Società Pubblicità &amp; Media Srl</li> <li>- B@nca 24-7 Spa</li> <li>- Centrobanca Sviluppo e Impresa SGR Spa</li> <li>- Finanzattiva Servizi Srl</li> <li>- UBI Pramerica Alternative Investment SGR Spa</li> </ul> <p><u>Deputy Chairman of the Board of Directors:</u></p> <ul style="list-style-type: none"> <li>- Centrobanca Spa</li> </ul> <p><u>Board Member:</u></p> <ul style="list-style-type: none"> <li>- UBI Sistemi e Servizi Spa</li> <li>- Capitalgest Alternative Investments SGR Spa</li> <li>- Società Editrice S.S. Alessandro Ambrogio Bassiano Spa</li> <li>- Banca Emilveneta Spa</li> </ul>
<b>Gusmini Alfredo</b>	Board Member	
<b>Polotti Franco</b>	Board Member	<p><u>Chairman of the Board of Directors:</u></p> <ul style="list-style-type: none"> <li>- Interim Interventi Immobiliari e Mobiliari Srl</li> <li>- Trafilati Martin SpA</li> </ul> <p><u>Deputy Chairman of the Board of Directors:</u></p> <ul style="list-style-type: none"> <li>- L.M.V. Lavorazione Metalli Vari Spa</li> <li>- Mar.Bea Srl</li> </ul> <p><u>Executive Director:</u></p> <ul style="list-style-type: none"> <li>- O.R.I Martin Acciarieria e Ferriera di Brescia Spa</li> </ul> <p><u>Board Member:</u></p> <ul style="list-style-type: none"> <li>- Banco di Brescia Spa</li> <li>- AOM Rottami Srl</li> <li>- Immobiliare Broseta Srl</li> <li>- Broseta Due Srl</li> </ul>

**SUMMARY TABLES**

**TABLE 1: SUPERVISORY BOARD**

Supervisory Board						Appointments Committee		Remuneration Committee		Internal Control Committee		Accounts Committee	
Position	Members	independent	Supervisory Board ****	Management Board ****	Number of other positions **	***	****	***	****	***	****	***	****
<b>Chairman</b>	FAISSOLA CORRADO (appointed by a shareholders' meeting of 10/5/08)	X	100	5	0	X since 10.5.08	100						
<b>Senior Deputy Chairman</b>	CALVI GIUSEPPE	X	100	32	0	X	100	x	100				
<b>Deputy Chairman</b>	FOLONARI ALBERTO	X	89		0	X	100	X	100				
<b>Deputy Chairman</b>	MAZZOLENI MARIO	X	100		1	X	100						
<b>Board Member</b>	ALBERTANI BATTISTA (appointed by a shareholders' meeting of 10/5/08)	X	92		4								
<b>Board Member</b>	BAZOLI GIOVANNI	X	83		3	X	100						
<b>Board Member</b>	BELLINI LUIGI *	X	100	10 (as a member of the internal control committee)	2					X	100		
<b>Board Member</b>	CATTANEO MARIO *	X	94	23 (as a member of the internal control committee)	9					X	100	X	100
<b>Board Member</b>	FERRO-LUZZI PAOLO	X	83		2								
<b>Board Member</b>	FIDANZA VIRGINIO	X	89		1								
<b>Board Member</b>	FONTANA ENIO	X	56		2								
<b>Board Member</b>	GARAVAGLIA CARLO *	X	89	16 (as a member of the internal control committee)	4	X	100			X	96	X	84
<b>Board Member</b>	GUSSALLI BERETTA PIETRO	X	78		3								

## CONTINUED TABLE 1: SUPERVISORY BOARD

Supervisory Board						Appointments Committee •		Remuneration Committee ♦		Internal Control Committee ◇		Accounts Committee \$	
Position	Members	independent	Supervisory Board ****	Management Board ****	Number of other positions **	***	****	***	****	***	****	***	****
Board Member	LUCCHINI GIUSEPPE	X	72		5			X	80,00				
Board Member	LUCCHINI ITALO *	X	94	26 (as a member of the internal control committee)	5					X	100		
Board Member	MANZONI FEDERICO *	X	100		4	Secretary	100	Secretary	100			X	89
Board Member	MOLTRASIO ANDREA	X	89		1								
Board Member	MUSUMECI TOTI S.	X	100		2			X	100				
Board Member	ORLANDI SERGIO	X	100		3							X	94
Board Member	PEDERSOLI ALESANDRO	X	78		3			X	100				
Board Member	PEROLARI GIORGIO	X	94		1								
Board Member	PIVATO SERGIO *	X	100	19 (as a member of the internal control committee)	5					X	100		
Board Member	SESTINI ROBERTO	X	72		6								
Chairman	TROMBI GINO * (resigned 10/5/08)	X	100	73	= =	X (Until 10/5/08)	100						
Board Member	ZALESKI ROMAIN (resigned 10/5/08)	X	50		= =								
<b>Quorum required for the presentation of lists by registered shareholders:</b> 500 registered shareholders who have the right to vote or a number of registered shareholders who hold at least 0,50% of the share capital outstanding 90 days prior to the date set for the shareholders meeting (Art. 45 of the corporate by-laws).													
<b>Number of meetings held during 2008</b>		Supervisory Board: 18		Appointments Committee: 5		Remuneration Committee: 5		Internal control committee: 24		Accounts Committee: 18			

### NOTES

\* Enrolled in the Register of Accounting Auditors

\*\* Number of directorships or appointments as statutory auditor (or equivalent positions) held in other companies listed on regulated markets including foreign markets, in financial, banking or insurance companies or companies of significant dimensions. The report on corporate governance contains full details of the appointments.

\*\*\* 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 2: MANAGEMENT BOARD**

Position	Members	Independent (pursuant to Art147 ter of the consolidated banking act)	Executive	Percentage of attendance at meetings of the Management Board	Number of other positions held *
<b>Chairman</b>	ZANETTI EMILIO		X	100	5
<b>Deputy Chairman</b>	PIZZINI FLAVIO (appointed Deputy Chairman of the Board on 10/05/2008)		X	100	5
<b>Chief Executive Officer</b>	MASSIAH VICTOR (appointed to the Supervisory Board on 27/11/2008 and Chief Executive Officer on the Management Board on 27/11/2008 with effect from 1/12/2008)		X	100	5
<b>Board Member</b>	AULETTA ARMENISE GIAMPIERO (resigned as Chief Executive Officer on 1/12/2008)		X	100	9
<b>Board Member</b>	BERTOLOTTO PIERO		X	93	3
<b>Board Member</b>	BOSELLI MARIO		X	100	3
<b>Board Member</b>	CAMADINI GIUSEPPE		X	90	8
<b>Board Member</b>	CERA MARIO		X	97	4
<b>Board Member</b>	FRIGERI GIORGIO		X	97	11
<b>Board Member</b>	GUSMINI ALFREDO	X		100	0
<b>Board Member</b>	POLOTTI FRANCO (appointed to the Supervisory Board on 10/05/2008)		X	100	9
<b>Deputy Chairman</b>	FAISSOLA CORRADO (resigned on 9/05/2008)			82	= =

Number of meetings held during 2008:31 meetings

#### NOTES

\*\* Number of directorships or appointments as statutory auditor (or equivalent positions) held in other companies listed on regulated markets including foreign markets, in financial, banking or insurance companies or companies of significant dimensions. The report on corporate governance contains full details of the appointments

**TABLE 3: OTHER REQUIREMENTS OF THE CORPORATE GOVERNANCE CODE**

	YES	NO	Summary of reasons for any differences from the recommendations of the code
<b><i>System of authorisations and transactions with related parties</i></b>			
Has the Management Board conferred powers defining the following:			
a) limits	X		
b) method of exercising them	X		
c) and reporting intervals?	X		
Has the Management Board reserved the right to examine and approve operations of particular operating, capital and financial importance (including transactions with related parties)?	X		
Has the Management Board defined guidelines and criteria for identifying “significant” transactions?	X		
Are the guidelines and criteria mentioned above described in the report?	X		
Has the Management Board defined special procedures for examining and approving transactions with related parties?	X		
Are the procedures for approving transactions with related parties described in the report?	X		
<b><i>The most recent procedures for appointing members of the supervisory board</i></b>			
Does the deposit of candidatures for the appointment of members of the supervisory board occur at least ten days in advance?	X		
Were candidatures for the appointment of members of the supervisory board accompanied by exhaustive information?	X		
Were candidatures for the appointment of members of the supervisory board accompanied by an indication of whether they qualify as independent?	X		

<b>Shareholders' meetings</b>			
Has the company approved regulations for shareholders' meetings?	X		
Are the regulations attached to the report (or does it state where they can be obtained/downloaded)?	X		
<b>Internal control</b>			
Has the company appointed internal control officers?	X		
Are the officers independent from the managers of operating areas in the company hierarchy?	X		
Organisational unit responsible for internal control	Group Audit Area of the Parent Bank – Chief: <i>dr.</i> Francesco Rota Conti		
<b>Investor relations</b>			
Has the company appointed an investor relations officer?	X		
Organisational unit and contact details (address/telephone/fax/email) for the investor relations officer.	Investor Relations – Chief: Laura Ferraris Piazza Vittorio Veneto 8, 24122 Bergamo email: <a href="mailto:laura.ferraris@ubibanca.it">laura.ferraris@ubibanca.it</a> Tel. 035 392217 fax 035 392390		