



# **REPORT OF UBI BANCA Scpa ON CORPORATE GOVERNANCE**

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

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

- in legislation governing listed issuers provided by the Consolidated Financial Law and by related rules for implementation adopted by CONSOB;
- in legislation governing banks – with particular reference to specific legislation addressed to cooperative banks – provided by the Consolidated Banking Law;
- in the Self Disciplinary Code of Conduct drawn up by Borsa Italiana Spa (March 2006 version).

UBI Banca has adopted the Self Disciplinary Code of Conduct (March 2006 version), a document that is mainly addressed to listed companies that have adopted the traditional governance model. In Article 12 the Code states that in the case of adoption of a dualistic or monistic system of administration and control “the previous articles are to be applied only insofar as compatible, by adapting the individual provisions to the particular system adopted, in compliance with the objectives of good corporate governance, transparent reporting and protection of the investors and the market pursued by the Code and in the light of the application criteria provided by this article”.

This Report specifically aims to provide a detailed description, in compliance with the provisions of Article 12.P.3 of the Code, of the procedures by which the Bank has applied the Code. It also aims to acknowledge, in accordance with the established “comply or explain” rule, the principles with which the Bank has complied in full and those that it has chosen not to observe, even only in part, often as a result of the need to respect its particular characteristics of cooperative banking company which, as such, demands strict compliance with legislation provided by the Consolidated Banking Law and by the consequent Supervisory Instructions issued by Bank of Italy.

The Report has also been drawn up in compliance with the aforesaid recommendations issued by Borsa Italiana and specifically in implementation of the provisions of Article 89-*bis* of the Issuers’ Regulations which, pursuant to Article 124-*bis* of the Consolidated Financial Law, provides that listed companies must publish an annual report on “compliance with codes of conduct and observance of consequent commitments”<sup>1</sup>, to be fully included in the Directors’ Report.

## **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-operative societies (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. The particular characteristics of the nature of co-operative societies are expressly detailed in the individual Report of UBI Banca Scpa, forming integral part of the Directors’ Report, which has been drawn up in compliance with Article 2545 of the Italian Civil Code and states the criteria followed in corporate management to achieve the Bank’s mutual objects.

The essence of the legal nature of a “popular” co-operative bank lies in the fact that each shareholder is entitled to one vote whatever the number of shares held and no-one can hold more than 0.50% of the share capital, in accordance with Article 30 of the Consolidated Banking Law. 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.

Over the last few years the Italian Parliament has on various occasions attempted to review the law governing popular cooperative banks in order to intervene, in particular, on the

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<sup>1</sup> Article 89 *bis* goes on to specify that said report must contain specific information:

- a) on compliance with each provision of the code of conduct;
- b) on the reasons behind any decision not to observe the provisions of the code of conduct;
- c) on any conduct observed instead of that which is prescribed by the code of conduct.

maximum limit to the equity investment that may be held by individual shareholders or institutional investors. UBI Banca has expressed favourable opinion to the raising of the limit to shareholdings, but to an extent that preserves compliance with legislation governing popular cooperative banks, with particular regard to the principle of one member one vote.

Since 1 April 2007, following the finalisation of the merger by incorporation of Banca Lombarda e Piemontese Spa into Banche Popolari Unite Scpa, the Bank has adopted a **dualistic system**, which is deemed more suited to the governance requirements of the new Parent Bank UBI Banca and at the same time more appropriate to strengthening the protection of the shareholders-members, especially through the activity of the Supervisory Board, a body appointed directly by the shareholders and representing the shareholders.

The distinguishing features of the dualistic system lie in the distinction between:

- **strategic supervision and control** functions, entrusted to the Supervisory Board, which combines some powers that the traditional system attributed to the Shareholders' Meeting (approval of the financial statements, appointment of the members of the management body and determination of related fees) and to the Board of Statutory Auditors and takes on some "top management" functions, insofar as it is called to deliberate, upon proposal of the Management Board, on definition of the general guidelines and strategic policies for the Bank and the Group (Article 46 of the Corporate By-laws);
- **corporate management** functions, entrusted to the Management Board, which has exclusive authority to perform all the operations, involving both ordinary and extraordinary administration, necessary to pursuit of the corporate purpose, in compliance with the general guidelines and strategic policies approved by the Supervisory Board (Article 37 of the Corporate By-laws).

This two-way division of power allows the separate aspects of routine corporate management to be identified and assigned to the aforesaid corporate bodies which, in their respective roles and responsibilities, give rise to a corporate governance model that is more consistent with the structure of the Bank and the Group within the single business plan, characterised by ongoing dialogue and interfunctional cooperation.

On 4 March 2008, Bank of Italy issued supervisory provisions on the matter of the organisation and corporate governance of banks. UBI Banca believes the structure that it has adopted to be consistent with the principles upon which these provisions are based and, for some specific aspects, has initiated in-depth assessments to identify corrective measures that may prove advisable or necessary to ensure that its structure is fully in line with said provisions.

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 Legislative Decree No. 58/1998 (hereinafter the Consolidated Financial Law) and in the regulations to implement the law issued by the CONSOB.

## **Composition of Share Capital**

As at 31 December 2007 the share capital totalled 1,597,864,755 euro divided into 639,145,902 shares each with the nominal value of 2.50 euro and, at the same date, the Shareholders totalled 89,103.

Anyone intending to become a Registered Shareholder must present to the Management Board certificate of participation in the centralised management system and must also submit written application to said Board containing, in addition to specification of the shares held, personal details, domicile, nationality and any other information and/or statement required by law or by the Corporate By-laws or by the Company in general. For the purposes of registration as Shareholder, certificate stating the possession of at least 250 shares is required.

Taking into account the provisions of the law on popular cooperative banks, all decisions on acceptance of applications for registration as Shareholder are taken by the Management

Board, considering the general criteria specified by the Supervisory Board, with exclusive regard to the objective interests of the Company, including those of its independence and autonomy, and to observance of the spirit of the cooperative form. The outcome of the decision is then communicated to the party concerned. For the purposes of assessing these requisites, account will also be taken of any previous relations between those submitting application for registration and group Companies.

If registration as Shareholder is refused to anyone who is a regular holder of the Company's shares, this will only mean that said party cannot exercise rights other than economic rights.

With regard to the limit to the interest that can be held in the share capital of popular banks established by legislation in force, pursuant to Article 30 of the Consolidated Banking Law, the Bank sent the parties concerned notice relating to breach of the ban on holding shares in excess of 0.50%, taking into account the deferment of the deadline for disposal of the excess equity investments provided by Article 28-bis of the so-called "Milleproproghe" decree (Law Decree no. 248, dated 31 December 2007, coordinated with conversion law no. 31, dated 28 February 2008).

During 2007 UBI Banca received the following notices referring to:

- the setting up, on 28 May 2007, of the unincorporated association named "Associazione Banca Lombarda e Piemontese", with head office in Brescia, which has been joined by more than 100 former shareholders of the defunct BLP who were party to 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 holding a percentage of the share capital of UBI Banca that exceeds approximately 10%. An extract of the main clauses of the Corporate By-laws was published in the newspaper ItaliaOggi on 5 June 2007.
- the setting up, on 23 November 2007, of the unincorporated association named "Gli Amici di UBI Banca", with head office in Bergamo, by initiative of 28 Shareholders of UBI Banca Scpa. An extract of the main clauses of the Corporate By-laws was published in the newspaper ItaliaOggi on 30 November 2007.

While these Associations do not qualify as shareholders' agreements pursuant to Article 122 of Legislative Decree 58/98, their members have however agreed to meet the publicity obligations required by laws in force in relation to some clauses of the respective Corporate By-laws, as far as may be necessary and in light of the legally binding nature of said law provision and of the consequences provided in the case of failure to comply.

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

UBI Banca is the Parent Bank of the Gruppo Unione di Banche Italiane, organised according to a federal, polyfunctional model, integrated with a listed popular parent bank, which issues strategic policies, performs coordination functions and exercises control over all the Group structures and companies.

In exercising its management and co-ordination activities in compliance with specific regulations dictated by the Supervisory Authorities and with the provisions of the Italian Civil Code, UBI Banca identifies the Group's strategic objectives, mainly through the Group industrial plan and budget. Without prejudice to the autonomy of each member company in terms of operations and Corporate By-laws, it also defines the lines of strategic development for each of these, ensuring, on the one hand, they all contribute to achievement of the objectives within a single business plan and, on the other, benefit from the overall results of the management and coordination activities.

The UBI Banca Group is made up of the following:

- nine network banks (Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Regionale Europea, Banca Popolare di Ancona, Banca Carime, Banca di Valle Camonica, Banco di S.Giorgio, UBI Banca Private Investment);
- a full and wide range of product companies operating in Corporate & Investment banking (Centrobanca), in consumer credit (B@nca 24-7), in asset management (UBI Pramerica – in partnership with the Prudential Group), in factoring (CBI Factor), in leasing (BPU Esaleasing and SBS Leasing) and in bancassurance (UBI Assicurazioni,

UBI Assicurazioni Vita, Aviva Vita – in partnership with the Aviva e Lombarda Vita Group – in partnership with the Gruppo Cattolica Group);

- a network of approximately 1,000 financial advisors (UBI Banca Private Investment) and over 300 private bankers;
- a listed online bank (IW Bank), leading operator in the reference sector;
- a company for the supply of services and products for the performance of corporate activities (Ubi Sistemi e Servizi);
- companies operating in the real estate sector (Società Bresciana Immobiliare, BPB Immobiliare and Società Lombarda Immobiliare).

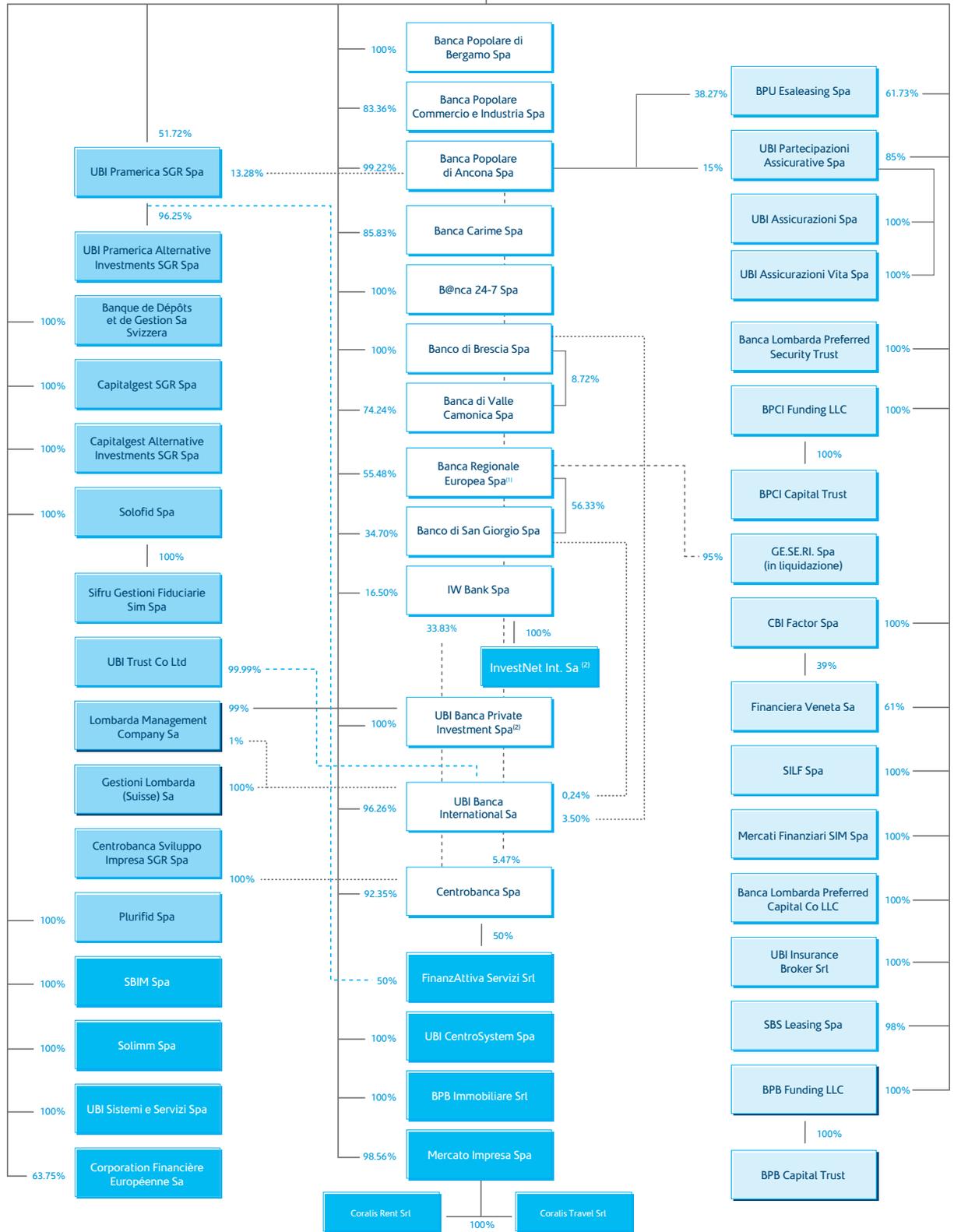
The Group also has a number of foreign-based companies:

- Banque de Dépôts et de Gestion di Losanna, in Switzerland, UBI Banca International Sa in Luxembourg;
- two financial companies: Corporation Financière Européenne Sa in Luxembourg and Financiera Veneta Sa in Madrid operating in Trade Finance and in Leasing/Factoring respectively;
- Gestioni Lombarda Suisse Sa in Lugano;
- Lombarda Management Company Sa in Luxembourg.

The composition of the Unione di Banche Italiane Group can be represented as shown in the following page:

- on 18 January 2008, restructuring of the Group's asset management activities was completed through:
  - contribution in favour of UBI Pramerica SGR of the business concern relating to the asset management activity of Capitalgest SGR;
  - contribution in favour of UBI Pramerica SGR of the equity investment held by UBI Banca in Capitalgest Alternative Investments SGR;
- on again on 18 January 2008, to coincide with the aforesaid contributions, Banca Popolare di Ancona assigned the entire investment held in UBI Pramerica SGR Spa to Prudential together with a partial share of the equity investment held by UBI Banca (126,369 shares);
- on 21 January 2008 90% of Lombarda Lease Finance 1 Srl was acquired from Stitching Brixia, hence the equity investment held by UBI is equal to 100%;
- on 4 March 2008 the merger by incorporation of Mercati Finanziari Sim into the Parent Bank UBI .Banca Spa became effective before third parties.

# UBI Banca Group as at 1<sup>st</sup> January 2008



Asset Management
  Parabanking and Financial
  Bank
  Other

1. Percentage refers to the ordinary share capital.  
 2. InvestNet Int. Sa Holds InvestNet Holding NV (100%) and InvestNet Italia Spa (100%) which controls InvestNet Work Iberica Spa (100%).

## Corporate Bodies of UBI Banca

### Shareholders' Meeting

The regularly convened Shareholders' Meeting represents all of the Registered Shareholders and its resolutions, passed in compliance with the law and the Corporate By-laws, are binding on all Shareholders, including those absent or dissenting.

In compliance with legal provisions, the Shareholders' Meeting may be attended by those Registered Shareholders having the right to vote for which, at least 2 (two) working days before the date set for the first call, the Company has received the notice from the appointed intermediary, pursuant to Article 2370 of the Italian Civil Code and any special legal and regulatory provisions. The Registered Shareholder cannot withdraw the shares or the relevant certificate before the Meeting has taken place. In order to attend the Meeting, exercise one's vote and be eligible for appointment to the corporate bodies, the capacity to act as a Registered Shareholder must have been held for at least 90 (ninety) days commencing from enrolment in the Shareholders' Register.

The Registered Shareholder is entitled to one vote whatever the number of shares held. The Registered Shareholder has the right to be represented by written proxy issued to another Registered Shareholder entitled to attend the Meeting. Representatives may not be chosen among members of the administrative or control bodies or among employees of the Company, or its subsidiaries, or members of the administrative or control bodies or employees of such subsidiary companies.

Without prejudice to the provisions of Article 2372, sub-section 2, of the Italian Civil Code, the proxy may be granted for a single Meeting only, effective also for subsequent calls, but may not be granted without specifying the name of the representative. Each Registered Shareholder may not represent by proxy more than 3 (three) Registered Shareholders. Voting by mail is not permitted.

Members of the Management Board, and likewise members of the Supervisory Board, cannot vote in resolutions concerning their responsibility. The right to vote in the case of pledge or usufruct on shares lies only with the Registered Shareholder.

With regard to the quorum for passing resolutions, the ordinary and extraordinary Shareholders' Meeting deliberates with absolute majority vote, excepting the case of approval of resolutions concerning change of the corporate purpose, elimination or closing down of the operating offices of Brescia and Bergamo, early wind-up of the Company determined by facts provided by the law, excluding the circumstance set forth in no. 6 of Article 2484 of the Italian Civil Code, cancellation or amendment of Articles 23 and 36 of the Corporate By-laws and/or introduction of any other provision that is inconsistent with the contents of these Articles, as well as approval of amendment or cancellation of the quorum for passing resolutions provided by Article 28, paragraph 3, for which the favourable vote of at least one twentieth of all shareholders entitled to vote is required, even in second call (Article 28 Corporate By-laws).

Furthermore, for approval of resolutions concerning the cancellation or amendment of Article 45, paragraph 6, Article 48, paragraph 6 and Article 49, paragraphs 4, 5 and 6 and approval of the amendment or cancellation of the quorum for passing resolutions provided by Article 28, paragraph 4, the favourable vote of at least one twentieth of all shareholders entitled to vote, who in turn represent at least 20% of the subscribed and paid-in share capital as at the ninetieth day prior to the date set for the Meeting, is required, even in second call (Article 28 Corporate By-laws).

Lastly, for resolutions to be passed upon request of the Banking Supervisory Authority or in relation to amendments in regulations or legal provisions, the Shareholders' Meeting, both ordinary and extraordinary, passes resolutions by absolute majority vote; in such cases, resolutions reserved to the authority of the Supervisory Board are passed by absolute majority of the members present at voting (Article 28 Corporate By-laws).

With regard to the functioning of Shareholders' Meetings, the Bank has adopted, by special Shareholders' Meeting resolution, Shareholders' Meeting Regulations drawn up in accordance with the blueprint provided by ABI and Assomine, which aim to govern the order and functional execution of Shareholders' Meetings and guarantee each Registered Shareholder the right to take the floor on items included in 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 made up of 23 Members appointed by the Shareholders' Meeting from amongst Registered Shareholders holding the requisites of integrity, professionalism and independence prescribed by laws in force. At least 15 members of the Supervisory Board must possess the requisites of professionalism required by the regulations in force for persons who act as directors of banks.

Specifically, at least 3 members of the Supervisory Board must be chosen from amongst persons enrolled in the Register of the Auditors who have exercised legal auditing activities for a period of no less than three years.

Without prejudice to mandatory provisions of the law, regulations or of the Supervisory Authorities, persons already holding the office of full statutory auditor or member of other control bodies in more than five listed companies and/or their parent companies or subsidiaries cannot hold the office of member of the Supervisory Board. If the cause of incompatibility referred to in the previous paragraph is not eliminated within 60 days of election or, if supervening, of notification of occurrence to the person concerned, the Member of the Board will automatically fall from office.

Members of the Supervisory Board will be elected by the Shareholders' Meeting on the basis of lists, which may be submitted by the Registered Shareholders or by the Supervisory Board, in accordance with the terms and procedures set forth in Article 45 of the Corporate By-laws.

Pursuant to the provisions of transitional regulation V contained in the Corporate By-laws, the Meeting of the Shareholders of BPU Banca held on 3 March 2007 appointed the first Supervisory Board of UBI Banca for the years 2007/2008/2009, appointing Gino Trombi as Chairman and Giuseppe Calvi as First Deputy Chairman. These appointments became effective on 1 April 2007, the date on which the legal effects of the merger of Banca Lombarda into BPU Banca came into force.

Following the resignations tendered by two Members of the Supervisory Board, the Shareholders' Meeting of UBI Banca held on 5 May 2007 provided for their replacement.

In compliance with the provisions of Article 44 of the Corporate By-laws, the Supervisory Board later appointed 2 Deputy Chairmen - Alberto Folonari and Mario Mazzoleni - and also appointed Federico Manzoni as Secretary of the Board.

Hence the Supervisory Board is currently made up of the following members:

Trombi Gino	Chairman
Calvi Giuseppe	First Deputy Chairman
Folonari Alberto	Deputy Chairman
Mazzoleni Mario	Deputy Chairman
Bazoli Giovanni	Board Member
Bellini Luigi	Board Member
Cattaneo Mario	Board Member
Ferro Luzzi Paolo	Board Member
Fidanza Virginio	Board Member
Fontana Enio	Board Member
Garavaglia Carlo	Board Member
Gussalli Beretta Pietro	Board Member
Lucchini Giuseppe	Board Member
Lucchini Italo	Board Member
Manzoni Federico	Board Member
Moltrasio Andrea	Board Member
Musumeci Toti S.	Board Member
Orlandi Sergio	Board Member
Pedersoli Alessandro	Board Member
Perolari Giorgio	Board Member
Pivato Sergio	Board Member
Sestini Roberto	Board Member
Zaleski Romain	Board Member

In this regard it has been verified that the members of the Supervisory Board possess the requisites prescribed by laws in force for assumption of office.

The curriculum vitae of the Chairman and of the First Deputy Chairman can be found on the website of UBI Banca, while Attachment A) lists the offices held by all the board members in companies listed in regulated markets, including foreign markets, and in financial, banking, insurance or large-sized companies.

Gino Trombi and Romain Zaleski tendered their resignations with effect from the date of the Shareholders' Meeting called to provide for their replacement.

#### REMUNERATION

In addition to the refund of expenses incurred in performance of their office, members of the Supervisory Board are entitled to a consideration determined for their whole term of office by the Shareholders' Meeting. They are also entitled to attendance fees for attending the meetings of the Supervisory Board, as well as those of the commissions and committees set up by the Supervisory Board, the amount of which is established by Shareholders' Meeting.

Furthermore, as provided by the Corporate By-laws, the Supervisory Board, after consulting the Remuneration Committee, established the remuneration for the Chairman, the First Deputy Chairman, the Deputy Chairmen and the members of the Supervisory Board to whom special duties, powers or functions have been assigned.

#### INDEPENDENT BOARD MEMBERS

The Supervisory Board has verified that all the Members of the Supervisory Board in office possess the requisites of independence prescribed by laws in force and by the Self Disciplinary Code for Listed Companies.

#### FUNCTIONS OF THE SUPERVISORY BOARD

The functions of the Supervisory Board are set forth in Article 46 of the Corporate By-laws, according to which the Board:

- a) appoints, upon proposal of the Appointment Committee, and removes members of the Management Board and its Chairman and Deputy Chairman, determining their fees after consulting the Remuneration Committee; determines, after consulting the Remuneration Committee, the fees 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 to the case of replacement of members of the Management Board leaving office before term, the Supervisory Board renews the Management Board in the first meeting following its appointment by the Shareholders' Meeting;
- b) upon proposal of the Management Board, decides on definition of the general guidelines and strategic policies of the Company and of the Group;
- c) approves the individual financial statements and the consolidated financial statements drawn up by the Management Board;
- d) authorises the Management Board to exercise the authority to increase share capital or to issue convertible bonds that may have been granted by the Shareholders' Meeting pursuant to Article 2443 and/or of Article 2420-ter of the Italian Civil Code;
- e) attends the meetings of the Management Board, delegating the Chairman and the First Deputy Chairman to do so;
- f) carries out the supervisory functions provided by Article 149, sub-sections 1 and 3, of the Legislative Decree no. 58 dated 24 February 1998;
- g) promotes the exercise of liability action against members of the Management Board;
- h) submits the statement to Bank of Italy pursuant to Article 70, sub-section 7, Legislative Decree no. 385 dated 1 September 1993;
- i) provides written report to the Shareholders' Meeting called pursuant to Article 2364-bis of the Italian Civil Code on the supervisory activity performed, on the omissions and reprehensible facts observed as well as, during any other ordinary or extraordinary Shareholders' Meeting called, on matters considered to fall within its authority;
- l) informs Bank of Italy without delay of all acts or facts, that come to its notice when carrying out its duties, which may constitute management irregularities or violations of the rules governing banking activity;

- m) expresses a binding opinion concerning the person in charge of drawing up the company accounts pursuant to Article 154-*bis* of Legislative Decree no. 58 dated 24 February 1998;
- n) upon proposal of the Management Board, decides on the authorisations relating to the industrial and/or financial plans and the budgets of the Company and the Group drawn up by the Management Board, and on the authorisations relating to strategic transactions, without prejudice in any case to the Management Board's liability for action taken. In particular, the Supervisory Board decides on the authorisations relating to:
  - (i) proposed transactions on the share capital, issues of convertible and cum warrant bonds in Company securities, mergers and de-mergers;
  - (ii) proposed amendments to the Corporate By-laws;
  - (iii) purchases or disposals by the Company and by its Subsidiaries of controlling interests in companies with important strategic value or with unit value exceeding 5% of consolidated shareholders' equity, as well as the purchase or sale of undertakings, relations in bulk, business concerns with important economic and/or strategic value;
  - (iv) investments and/or divestments of strategic importance and/or that involve commitments for the Company of which the overall amount exceeds, for each transaction, 5% of consolidated shareholders' equity;
  - (v) stipulation of strategically important commercial, cooperation and shareholder agreements, without prejudice to the fact that authorisation of the Supervisory Board of transactions included in the above list will not be required in case of transactions specifically contemplated in industrial plans already approved by the Supervisory Board;
- o) decides on guidelines relating to cultural and charitable initiatives as well as to the image of the Company and of the Group, with special regard to valorisation of historical and artistic legacy, checking that scheduled initiatives are consistent with objectives;
- p) decides on mergers and de-mergers pursuant to Article 2505 and 2505-*bis* of the Italian Civil Code;
- q) exercises any other power provided by legislation in force or by the Corporate By-laws.

The Supervisory Board also has exclusive authority, in compliance with Article 2436 of the Italian Civil Code, for resolutions concerning:

- a) the setting up or closing down of secondary offices;
- b) the reducing of share capital in the case of Shareholder withdrawal;
- c) amendments to the Corporate By-laws to comply with regulatory provisions, subject to consultation with the Management Board.

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

#### CHAIRMAN

The duties of the Chairman of the Supervisory Board are listed in Article 47 of the Corporate By-laws. Specifically, the Chairman of the Supervisory Board calls, whenever he sees fit and in all cases provided by the law and the Corporate By-laws, and chairs the meetings of the Board, establishes the agenda, also taking into account the proposals formulated by the First Deputy Chairman and by the other Deputy Chairmen, and ensures that adequate information regarding the items on the agenda is provided to all members of the Supervisory Board.

The Chairman of the Supervisory Board maintains regular contact with the Management Board, especially through the Chairman and/or the Deputy Chairman of the Management Board and/or the Managing Director and ensures that the Supervisory Board is constantly informed on the management performance of the Bank and the Group.

#### OFFICES OF ADMINISTRATION AND CONTROL HELD BY MEMBERS OF THE SUPERVISORY BOARD

Summary table no. 1 attached to this Report lists the number of other offices of administration and control that the Members of the Supervisory Board hold in other companies listed in regulated markets (including foreign markets) and in financial, banking, insurance or large-sized companies, while Attachment A provides details of the aforesaid offices.

#### MEETINGS

The Supervisory Board must meet at least every 60 days; the meetings take place, alternatively, in the city of Bergamo and in the city of Brescia, and once a year in the city of

Milan. The Supervisory Board is validly convened with the majority of Board Members holding office and passes resolutions by favourable vote of the absolute majority of Board members present. A qualified majority (favourable vote of at least 17 Board Members) is required for amendments to the Appointment Committee Regulations, for proposed amendments to the Corporate By-laws and for other matters for which the Corporate By-laws provide for qualified majority.

Notice of call contains the list of the items on the agenda and is sent at least four days prior to the date set for the meeting, excepting in urgent circumstances, in which the time-limit may be reduced to one day.

During 2007 the Supervisory Board met 12 times and the average length of meetings was 5 hours.

In this regard it is stated that 14 meetings have been scheduled for 2008, of which 4 have already been held.

## Committees

In compliance with the principle of collegiate responsibility in performance of its duties and also with the recommendations contained in the Self Disciplinary Code, the Supervisory Board – in relation to the authorities assigned, to its composition and to the characteristics of its members – decided to set up specific internal committees entrusting with submitting proposals, providing advice and performing controls. These Committees have been set up in order to allow the Supervisory Board to pass resolutions on a more informed basis and are composed – as recommended by the Self Disciplinary Code – by more than three members:

- APPOINTMENT COMMITTEE	6 members
- REUMERATION COMMITTEE	5 members
- INTERNAL CONTROL COMMITTEE	5 members
- FINANCIAL STATEMENTS COMMITTEE	4 members

The meetings of said Committees are duly recorded in minutes. In performing their functions the Committees may have access to the information and to the corporate functions necessary to performance of their duties and may engage external consultant, as they are provided adequate financial resources.

### APPOINTMENT COMMITTEE

The Appointment Committee is made up of the following Members of the Supervisory Board:

- Gino Trombi as Chairman
- Giuseppe Calvi
- Carlo Garavaglia
- Mario Mazzoleni
- Giovanni Bazoli
- Alberto Folonari.

Board Member Federico Manzoni has been appointed Secretary of the Committee.

This Committee submits proposals for identification of candidates to the office of supervisory board member to be submitted to the Shareholders' Meeting, including candidates to top offices, that is, those of Chairman and First Deputy Chairman of the Supervisory Board of the Parent Bank. For appointment by the Supervisory Board, it proposes candidates to the office of Deputy Chairman of the Supervisory Board and of member of the Management Board within the Bank, including candidates to the top offices, that is, those of Chairman and Deputy Chairman of the Management Board and the Managing Director of the Bank.

The Committee also appoints one third of the candidates to the offices of member of the boards of directors and of the boards of statutory auditors of the following subsidiary banks of Banca:

- Banco di Brescia Spa
- Banca Regionale Europea Spa
- Banca Popolare di Bergamo Spa
- Banca Popolare Commercio e Industria Spa
- Banca Popolare di Ancona Spa
- Carime Spa

- Centrobanca Spa

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

During 2007 the Appointment Committee met 3 times, drawing up proposals for appointment to the corporate bodies, specifically with regard to appointment of the members of the Management Board, to the top offices of the Supervisory Board and of the Management Board and to the composition of the Board of Directors of Banco di Brescia.

#### REMUNERATION COMMITTEE

The Remuneration Committee is made up of the following Members of the Supervisory Board:

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

Board Member Federico Manzoni has been appointed Secretary of the Committee.

This Committee submits proposals to the Supervisory Board for remuneration of the following subjects:

- Chairman, Senior Deputy Chairman, Deputy Chairmen of the Supervisory Board, as well as the members of said Board to whom specific offices, 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;
- Chairman, Deputy Chairman of the Management Board, as well as the members of the Management Board to whom specific offices, powers or functions have been entrusted or who have been assigned to the committees.

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

- provide an opinion on the remuneration of the Bank's top management and of the administration and control bodies of the main subsidiary banks;
- define the guidelines for determination by the competent bodies of the remuneration of the senior management of all the subsidiaries and of the administration and control bodies of other subsidiaries.

During 2007 the Remuneration Committee met twice, drawing up proposals for the remuneration of the top management.

Specifically, with regard to the remuneration of the Bank's Managing Director a proposal was submitted – and approved by the Supervisory Board – to provide for a variable salary component related to the economic results achieved by the Bank.

#### INTERNAL CONTROL COMMITTEE

The Internal Control Committee is made up of the following Members of the Supervisory Board, all of whom are enrolled in the Register of Auditors:

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

This Committee is entrusted with assisting the Supervisory Board, by conducting inquiries, providing advice and submitting proposals, in its responsibilities regarding the internal control system which concerns all corporate sectors and structures, with reference to their capacity to guarantee a constant and continuous level of risk monitoring, to the effectiveness and efficiency of corporate processes, to safeguarding the value of assets and protecting against losses, to the reliability and integrity of accounting and management information, to compliance of transactions with policies established by the corporate Governance Bodies and with internal and external regulations.

The Committee generally performs these duties with the assistance of the internal control officer, who is also the Head of the Internal Auditing function and provides the Internal Control Committee with special reports. The Committee reports to the Supervisory Board, at

least every six months, at the time of approval of the financial statements and of examination of the half-year report, on the activity performed, as well as on the adequacy of the internal control system of the Issuer and of the Subsidiaries with strategic importance.

The duty of assisting the Supervisory Board for problems relating to the financial statements is instead entrusted to the Accounting Committee.

In order to be ensured constant information on the main business operations, one member of the Internal Control Committee, by rotation, attends the meeting of the Management Board as a listener, and reports to the other members of the committee in their next meeting.

When required, the Committee also activates any additional information channel necessary to the performance of its activities, also engaging, when deemed appropriate, external consultants to provide assistance.

During 2007 the Internal Control Committee met 11 times, mainly focusing its activity:

- on the most important issues concerning the Bank's internal control system and the legislative framework, such as:
  - the mechanisms of corporate governance also with regard to the provisions contained in the Self Disciplinary Code for Listed Companies, in the supervisory provisions issued by 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 231/2001 of the Subsidiaries and the respective areas of intervention;
  - the guidelines for definition of the elements making up the internal control system;
  - adjustment of corporate procedures to comply with the MiFID legislation;
  - the structure, staff and operating tools of the Group internal auditing function and its interaction with the other business units;
- on information, provided on a periodic basis and concerning specific inquiries, regarding the outcome 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.

#### ACCOUNTING COMMITTEE

The Financial Statements Committee is made up of the following Members of the Supervisory Board:

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

and its duty is to support, by providing advice and submitting proposals, the Supervisory Board with regard to issues pertaining to the individual and consolidated financial statements as well as to the interim accounting statements.

During 2007 the Financial Statements Committee met 8 times, focusing its activity on examining the main accounting-related issues linked to the creation of UBI Banca and to the reorganisation of the new Group, such as the accounting approach to infragroup transactions, the rules for defining non-recurring items for normalisation of market disclosure, the method to be adopted for valuing asset items and the repercussions in accounting terms of the business combination transaction (so-called purchase price allocation).

## Management Board

#### APPOINTMENT AND COMPOSITION

The Management Board is made up of 10 Members appointed by the Supervisory Board.

The members of the Management Board remain in office for three financial years and may be re-elected and their term of office expires at the date of the Supervisory Board meeting called to approve the financial statements relating to their last year of office. It is stated that:

- (i) at least one member of the Management Board must possess the requisites of independence set forth in Article 148, sub-section 3, of Legislative Decree no. 58 dated 24 February 1998;
- (ii) at least the majority of said members must have gained at least three years' experience

by exercising professional and/or managerial activity in financial and/or stock brokerage and/or banking and/or insurance companies in Italy or abroad.

The Management Board in office at the time of publication of this report was appointed by the Supervisory Board on 2 April 2007, which established the number of members as 10, unanimously appointed the members and also appointed Emilio Zanetti as Chairman and Corrado Faissola as Deputy Chairman, designating Giampiero Auletta Armenise as Managing Director, who was then appointed by the Management Board on the same date.

The Management Board is currently made up of the following members:

Zanetti Emilio	Chairman
Faissola Corrado	Deputy Chairman
Auletta Armenise Giampiero	Managing Director
Bertolotto Piero	Board Member
Boselli Mario	Board Member
Camadini Giuseppe	Board Member
Cera Mario	Board Member
Frigeri Giorgio	Board Member
Gusmini Alfredo	Board Member
Pizzini Flavio	Board Member

The curriculum vitae of the Chairman, the Deputy Chairman and the Managing Director can be found on the website of UBI Banca, while Attachment B) lists the offices held by all the board members in companies listed in regulated markets, including foreign markets, and in financial, banking, insurance or large-sized companies. The Management Board remains in office for three financial years, expiring at the date of the Supervisory Board meeting called to approve the financial statements relating to 2009. In this regard, it has been verified that the members of the Management Board possess the requisites prescribed by laws in force for assumption of office.

In order for meetings of the Management Board to be valid – as a general rule and without prejudice to resolutions that must be passed by qualified quorum – the presence of more than half the members in office is required.

#### REMUNERATION

Pursuant to the Corporate By-laws, the Supervisory Board established, after consulting the Remuneration Committee, the remuneration of the Management Board and of its members entrusted with special offices, duties or powers. With the exception of the Managing Director, the remuneration of the other board members is not linked to the economic results achieved by the Bank. No-one is the beneficiary of share-based incentive plans.

#### EXECUTIVE AND NON-EXECUTIVE BOARD MEMBERS

All the members of the Management Board are actively involved in management of the company. The Management Board as a whole is specifically responsible for corporate management in compliance with the policies approved by the Supervisory Board upon proposal of the Board itself and, by specific rule set forth in the Corporate By-laws, its main activities are to be exercised on an exclusive basis without the possibility of delegation.

In addition to the Managing Director, the Corporate By-laws (Article 39) vest the Chairman and the Deputy Chairman with powers and functions that emphasise their involvement in the management of the Bank which is also apparent in their presence and the presence of other Members of the Management Board in the corporate bodies of subsidiary companies. Pursuant to the Self Disciplinary Code for the year 2007, 3 members of the Management Board may be defined as executive members.

With regard to the office of Chairman held by some Members of the Management Board in the main Group Banks, in relation also to the role that they fulfil in this office, from 2008 7 members of the Management Board can be defined as executive members, as specified in Summary table no. 2.

#### INDEPENDENT BOARD MEMBERS

Verification of the requisites of independence pursuant to Article 147 of the Consolidated Financial Law has been performed. In the Management Board, in accordance with the

Corporate By-laws, Alfredo Gusmini qualifies as independent pursuant to the aforesaid legislation.

#### FUNCTIONS OF THE MANAGEMENT BOARD

The functions of the Management Board are specified in Article 37 of the Corporate By-laws, according to which the Management Board is responsible for managing the Company in compliance with the general guidelines and strategic policies approved by the Supervisory Board, upon the proposal of the Management Board. For this purpose, it carries out all the transactions that are necessary, useful or advisable for achieving the corporate purpose, whether they refer to ordinary or extraordinary management. In addition to those matters that cannot be delegated by law, the decisions on the following will be reserved to the exclusive authority of the Management Board:

- a) defining, upon proposal of the Managing Director, the general guidelines and strategic policies of the Company and of the Group to be submitted to the approval of the Supervisory Board;
- b) assigning and revoking the powers of attorney to the Managing Director; identification of the member of the Management Board to whom to assign the powers of attorney must be carried out upon the proposal of the Supervisory Board, which in turn has decided following prior designation by the Appointment Committee; if this designation has not been formulated by the Appointment Committee with the legal numbers prescribed by the relevant Regulations, the proposal of the Supervisory Board to be submitted to the Management Board will be decided with the favourable vote of at least 17 Members of the Supervisory Board. Revocation of the powers of attorney is decided by the Management Board with the favourable vote 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 consulting the Supervisory Board;
- c) drawing up, upon the proposal of the Managing Director, the industrial and/or financial plans, as well as the budgets of the Company and of the Group to be submitted to approval of the Supervisory Board pursuant to Article 2409-*terdecies* of the Italian Civil Code;
- d) risk management and internal control policies;
- e) assigning, amending or revoking powers of attorney and authorities as well as assigning special functions or powers of attorney to one or more Board Members;
- f) appointing and removing the General Manager, the Joint General Manager and members of General Management, defining their functions and competences, as well as designating the top 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 investments;
- i) opening and closing of branches and agencies;
- l) determining the organisational, administrative and accounting structure of the Company, as well as, without prejudice to the exclusive competence of the Supervisory Board set forth in Article 49 of the Corporate By-laws, setting up Committees or Commissions with advisory, investigative, controlling or coordinating functions;
- m) determining the criteria for the coordination and management of Group companies, as well as the criteria for carrying out instructions issued by Bank of Italy;
- n) subject to the mandatory opinion of the Supervisory Board, appointing and removing the Manager in charge of drawing up the company accounts, pursuant to Article 154-*bis* of legislative Decree no. 58 dated 24 February 1998, and determining the relative remuneration. The Manager in charge of drawing up the company accounts must have, in addition to the requisites of integrity prescribed by regulations in force for those carrying out administrative and management functions, requisites of professionalism characterised by specific competence, in administrative and accounting terms, in the field of credit, finance, securities or insurance. This competence, which must be ascertained by the Management Board, must have been acquired through work experience in an appropriate position of responsibility for a suitable period of time and in enterprises similar to the Company;
- o) appointing or removing the manager in charge of the internal auditing function, as well as the persons in charge of the functions whose appointment lies exclusively with the Management Board as provided by legislative and regulatory provisions;

- p) drawing up the draft financial statements and the draft consolidated financial statements;
- q) exercising the authority to increase share capital granted pursuant to Article 2443 of the Italian Civil Code, as well as to issue convertible bonds pursuant to Article 2420-ter of the Italian Civil Code, following authorisation by the Supervisory Board;
- r) fulfilling the duties pertaining to the Management Board set forth in Articles 2446 and 2447 of the Italian Civil Code;
- s) drawing up merger or de-merger projects;
- t) transactions with significant strategic, economic, financial and capital relevance or the preparation of transactions to be submitted to the authorisation of the Supervisory Board;
- u) defining the criteria for the identification of those transactions with related parties to be reserved to the authority of the Management Board.

Pursuant to Article 38 of the Corporate By-laws, the Management Board provides the Supervisory Board with report on the general management performance and on the most important transactions in terms of size and characteristics, carried out by the Company and its subsidiaries and reports on the transactions in which the members of the Management Board have a personal or third party interest. This report is provided during the meetings of the Supervisory Board and in any case, at least once a quarter, and it may also be provided in writing.

#### CHAIRMAN

The duties of the Chairman of the Management Board are listed in Article 39 of the Corporate By-laws. Specifically, the Chairman has the legal representation of the Company and the corporate signature and is assigned the standard duties of Chairman of the Company's management body, which he performs through suitable coordination with the other corporate bodies.

#### OFFICES OF ADMINISTRATION AND CONTROL HELD BY THE MEMBERS OF THE MANAGEMENT BOARD

Summary table no. 2 attached to this Report lists the number of other offices of administration and control that the Members of the Management Board hold in other companies listed in regulated markets (including foreign markets) and in financial, banking, insurance or large-sized companies, while Attachment B provides details of the aforesaid offices. Article 30 of the Corporate By-laws provides 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 Company.

#### MEETINGS

The Management Board meets at least once a month, as well as each time the Chairman sees fit to call a meeting or when request is submitted by 5 members. Meetings take place, alternatively, in the city of Bergamo and in the city of Brescia, and once a year in the city of Milan. During 2007 the Management Board met 23 times and the average length of the meetings was 5 hours. In order to facilitate attendance in board meetings, the Corporate By-laws provide in Article 34 for remote attendance through the use of appropriate audio/videoconference and/or teleconference link.

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

In compliance with regulations of Borsa Italiana, in January UBI Banca disclosed to the market (and made available on its website) the calendar of corporate events for 2008, with specification of the dates of the board meetings for approval of economic/financial figures.

In this regard it is stated that 25 meetings have been scheduled for 2008, of which 8 have already been held.

## Managing Director

Article 43 of the Corporate By-laws provides that, in compliance with the provisions of the law and of the Corporate By-laws, the Management Board delegates its powers that are not reserved to its exclusive authority to a managing director. Identification of the member of the Management Board to whom to assign the powers of attorney must be made upon proposal of

the Supervisory Board, which in turn decides upon nomination of the Appointment Committee.

In the meeting held on 2 April 2007, the Management Board, in compliance with the provisions of the Corporate By-laws, assigned the following powers to the Managing Director:

- overseeing Company and Group management;
- taking care of strategic coordination and Company and Group management control;
- taking care of implementation of the organisational and business structure determined by the Management Board and approved by the Supervisory Board;
- determining the operating guidelines for the General Management;
- overseeing Group integration, consulting and involving the Deputy Chairman of the Management Board;
- submitting to the Management Board the management guidelines, the industrial and strategic plan, the budget and taking care of their implementation through General Management;
- proposing the accounting policy and the optimisation policies with regard to the use and enhancement of resources and submitting the draft financial statements and the interim statements to the Management Board;
- proposing the appointments of the Company's and the Group's top management to the Management Board, in agreement with the Chairman and Deputy Chairman of the Management Board and after consulting the General Manager;
- promoting integrated risk control.

The Managing Director reports quarterly to the Management Board and to the Supervisory Board on the management performance and outlook and on the most importance transactions performed by the Company and its subsidiaries. He also reports every month to the Management Board and at least every 60 days to the Supervisory Board with regard to the main accounting results of the Company, of the main subsidiaries and of the Group.

## **Director in Charge of the Control System**

On 15 June 2007 the Management Board appointed Alfredo Gusmini as director in charge of overseeing the proper operation of the internal control system, assigning him, in compliance with the provisions set forth in Article 43-*bis* of the Corporate By-laws, the task – to be performed in strict cooperation and agreement with the Managing Director and the General Manager – of overseeing the promotion and implementation of an internal control system suited to the Bank and to the Group which it heads in terms of effectiveness and efficiency.

## **Board of Arbitrators**

The Board of Arbitrators consists of a Chairman, 2 regular members and 2 alternate members, elected by the Shareholders' Meeting from amongst among the Registered Shareholders and non-Registered Shareholders of the Company.

The Board of Arbitrators is made up of the following members:

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

The Arbitrators remain in office for three financial years and may be re-elected. The current Arbitrators will conclude their mandate with the Shareholders' Meeting called to approve the financial statements referring to the year 2008. They perform their office free of charge, excepting the refund of expenses.

If, during the three-year period, a regular Arbitrator leaves office, he will be replaced by an alternate member in order of age. If the Chairman of the Board leaves office, the eldest regular Arbitrator will take the chair for the remaining part of the three-year period.

The Board of Arbitrators, which can be called upon settle any dispute that may arise between the Company and/or Shareholders relating to the interpretation or application of the Corporate By-laws and relating to any other resolution or decision of the Company's bodies on social relations, decides as amicable compositor by absolute majority of votes. Without prejudice to the cases envisaged by legislation in force, resorting to the Board of Arbitrators is optional and the Board's decisions are not binding on the parties and do not represent an obstacle to taking legal action or action before any competent authority. The Board of Arbitrators regulates its own proceedings as it deems suitable without being bound by procedural formalities. The Management Board and the General Manager or the employee appointed by the latter are obliged to provide the Arbitrators with all the information and news required, concerning the controversy to be resolved.

## **General Management**

The Corporate By-laws provide for the appointment, by the Management Board, of a General Manager, a Joint General Manager, and also for the power to appoint one or more Deputy General Managers, according to the staff structure defined by the Management Board, which also determines the related duties and powers.

In the meeting held on 2 April 2007, in compliance with the provisions of the Corporate By-laws, the Management Board appointed Victor Massiah as General Manager assigning him the following functions and authorities:

- head of the operating structure;
- head of personnel;
- ensuring, as a rule (unless otherwise specified by the competent administrative bodies), that the resolutions of the Management Board and of the Managing Director are implemented;
- managing day-to-day business in compliance with the guidelines of the administrative bodies;
- attending, with advisory vote, the meetings of the Management Board;
- seeing to the co-ordination of the Company's and the Group's operations.

The Management Board appointed Graziano Caldiani, who is also the Head of the Macro Area Resources and Organisation, as Joint General Manager and also appointed six Deputy General Managers who have been entrusted with different responsibilities within the corporate structure, as specified below:

Francesco Iorio	Head of Commercial Macro Area
Rossella Leidi	Head of Strategy and Control Macro Area
Ettore Medda	Head of Legal and Corporate Affairs Macro Area and Finance and International Macro Area
Pierangelo Rigamonti	Operating Chairman of UBI Sistemi e Servizi
Elvio Sonnino	Managing Director of UBI Sistemi e Servizi
Gian Cesare Toffetti	Head of Administration Macro Area and Custodian Bank

## **Manager in Charge of Drawing up Company Accounts**

In the meeting held on 17 April 2007, the Management Board appointed, with the favourable opinion of the Supervisory Board, Elisabetta Stegher – the current Head of the Bank's Administration and Tax Area – as Manager in charge of drawing up company accounts pursuant to Article 154-*bis* of the Consolidated Financial Law.

The following duties have been assigned thereto:

- certifying that Company documents and notices disclosed to the market and related accounting reports, including interim reports, are consistent with the documentary results and the accounting ledgers and records;
- setting up suitable administrative and accounting procedures for the drawing up of the financial statements and for any other notice of a financial content;
- certifying – together with the Managing Director, through special report, attached to the financial statements, to the consolidated financial statements and to the half-year reports

- the adequacy and effective application in the relevant period of the aforesaid procedures as well as their consistency with the results of the accounting ledgers and records and their capability of providing a true and fair view of the state of affairs of the Bank and of the Group.

## The Internal Control System

The internal control system is the set of rules, procedures and organisational structures that aims to ensure, through a suitable process of identification, measurement, management and monitoring of the main risks, that the Company is managed in a manner that is sound, proper and consistent with set objectives.

The **internal control system** represents an essential element of the corporate governance system of UBI Banca and of the Group Companies and assumes a role of fundamental importance in the identification, mitigation and management of corporate risks, contributing to the protection of shareholders' investments and of corporate assets. Its application by all Group Companies is a key factor to achieving the single business plan.

UBI Banca has adopted an internal control system which, in compliance with the principles set forth in the Self Disciplinary Code, with the instructions issued on the matter by Bank of Italy and with the provisions of the Corporate By-laws, entrusts functions and authorities to various players who, through mutual exchange of ideas and dialogue, facilitated by a continuous flow of information, endeavour to contribute to the efficiency and effectiveness of said internal control system.

The process of assessing the internal control system and verifying its adequacy and effective functioning are part of the duties of the Management and Control Bodies. For this purpose, the Supervisory Board avails of the services of the Internal Control Committee, set up within said Supervisory Board (composition, powers and functioning of the Internal Control Committee have already been examined in this Report in the paragraph dealing with said Committee). The Management Board has appointed from amongst its ranks, an executive directive in charge of overseeing the functionality of said internal control system.

With the aim of facilitating the set up of a suitable internal control system for the Bank and the Group, the Top Management approved a document containing the "Guidelines for the planning, management and assessment of the internal control system". The scope of application of said guidelines extends to all the Group Companies and they will remain constant over time, representing principles and reference elements to guide the definition and implementation of all the components of the internal control system.

The principles contained in the Guidelines can be summarised as follows:

- systematic vision of Governance Control so as to achieve high levels of effectiveness and efficiency avoiding overlap and/or gaps in control mechanisms and risk oversight;
- consistency in the Company and Group organisation process which, commencing from the mission, identifies the values, defines the objectives, pinpoints the risks that hinder their achievement and implements suitable solutions;
- need for compliance with legislative and regulatory provisions, not so much by obligation, but as distinguishing feature and key factor of success for enhancing customer relations and, lastly, creating value for all stakeholders.

The Bank's Top Management also defined specific risk management policies that apply to the Group's operating activity.

Within the context of these guidelines, the internal control system, which concerns all the Bank's structures, is made up of: **line controls**, performed by all the business units and aimed at guaranteeing the adequacy and effectiveness of structural and operating conditions and of the related control mechanisms in the pertinent activities; **risks controls**, overseen by the Strategy and Control Macro Area, which aim to contribute to defining risk measurement methods, verifying compliance with limits assigned to the various operating functions and checking that the operating activity of the individual production areas is consistent with the

risk/yield targets assigned; **compliance controls** (Compliance Office) and **internal audit** (Parent Bank and Group Auditing Area).

With regard to the individual types of control mentioned, the risk controls are performed by the Strategy and Control Macro Area, through the following specialist units: Planning and Control, Cost and Service Management, Strategic Development and Integration, Risk Capital and Policies, Risk Management, to which the following main duties are assigned:

- verifying achievement of targets in terms of strategic ranking, annual and interim budget, creation of economic value and financial and capital stability set forth in the Group Strategic Plan, identifying any corrective action/plans;
- defining logics for allocation of capital referring to the various business units;
- overseeing strategic risk management issues, also with reference to the provisions contained in the prudential supervisory legislation (Basel II);
- drawing up models and defining pricing risk adjusted parameters and systems for monitoring customer portfolio risks;
- ensuring measurement and monitoring of financial, credit and operational risks at Group and individual Company level.

With regard to compliance controls, in implementation of the rules of the Basel Committee and of the instructions of the Supervisory Authorities, issued by Bank of Italy in July 2007, UBI Banca set up a special organisational structure to deal with management of the risk of non-compliance. This structure, named Compliance Office, is positioned, at Group level, under the General Manager. In compliance with the provisions of the Joint Bank of Italy – CONSOB Regulations issued on 29 October 2007, this Unit is also responsible for the effectiveness of organisational oversight in relation to financial trading processes.

Lastly, the internal auditing activity is performed by the **Internal Audit** function, assigned to the Parent Bank and Group Auditing Area, whose mission can be summarised as assessing the functionality (system and operation) and supporting improvement (in terms of effectiveness and efficiency) of the internal control system and of the systematic monitoring of the various types of risk, of the Parent Bank, as well as of the member companies of the Group and also of the business Group as a whole, also assisting Top Management in fulfilling their responsibilities on the matter.

Within the corporate hierarchy, the Internal Audit function reports to the Management Board and at functional level to the Supervisory Board through the Internal Control Committee.

The head of the Internal Audit function also fulfils the role of internal control officer, entrusted with verifying that the internal control system is adequate, fully operative and functioning at all times. He also reports on his activity to the Supervisory Board through the Internal Control Committee and to the Management Board through the executive director in charge of overseeing the functionality of the internal control system; specifically, he reports on the procedures adopted to manage risk and on compliance with the plans defined for limiting risk and expresses an opinion on the capacity of the internal control system to achieve an acceptable overall risk profile.

In relation to the internal control system, of which an essential outline is provided above, operating within the Bank and the Group, to the results produced by the corporate structures entrusted with risk control and to the independent assessment provided by the Internal Audit Function on the internal control system and taking into account the intense implementation activity that is underway to complete the process of Group integration and the recent changes in the regulatory context, the set up and the functioning of the internal control system are deemed to be substantially adequate.

## **Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 and related Supervisory Body**

With resolution passed by the Management Board on 6 November 2007 and by the Supervisory Board on 19 December 2007, UBI Banca set up its own Organisational, Management and Control Model pursuant to Legislative Decree 231/01, which incorporates and valorises the experiences of the Companies that gave rise to the UBI Group. UBI Banca's

231 Model is set forth in the “Document describing the Organisational, Management and Control Model pursuant to Legislative Decree 231/01” which is made up of a General Section, outlining the reference legislative framework, the elements of the Bank’s governance model and the organisational structure, the reference methodology, the Supervisory Body, the disciplinary system, the training and communication plan, the criteria for update and adjustment of the Model, and of a Special Section, linking each type of offence (associated with the administrative liability of entities) to one or more “sensitive activities” that may be present in corporate operations and prescribing specific “control standards” that must be observed in management of said operations. Pursuant to the Model adopted, with resolution passed on 13 July 2007 and 31 July 2007, the Management Board appointed a Supervisory Body made up of: two members of the Supervisory Board, the Joint General Manager, the Head of the Resources and Organisation Macro Area, one Deputy General Manager, the Head of the Legal and Corporate Affairs Macro Area, the Head of the Parent Bank and Group Auditing Area and one external professional.

On the matter of relations with corporate bodies, UBI Banca’s 231 Model provides for joint reporting by the Supervisory Body to the Supervisory Board and to the Management Board, on implementation of the Model, on any critical areas that may emerge, on the need to make adjustments. This information is provided through the drawing up of a report summarising the activity performed, executed on an annual basis.

Approval of the 231 Model represented a first step towards the launch of structured activities to assimilate applicable legislation in the Parent Bank – for example through assimilation of the control standards in the Company’s organisational and regulatory structure – and towards aligning the 231 Models of the subsidiary companies to Group standards.

## **Transactions with Related Parties**

The Bank pays particular attention to transactions performed with related parties, ensuring they are correctly executed in terms of 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 Bank’s equity.

The Bank has set up a special procedure for monitoring, reporting and passing resolutions on transactions with related parties.

In addition to the transactions already reserved by law or by the Corporate By-laws to the exclusive authority of the Management Board, the latter’s preventive authorisation is also required for transactions to be performed with related parties, including intragroup transactions, that have significant importance in economic, financial and equity terms, such as:

- the purchase and sale of properties;
- the purchase and sale of corporate equity investments (even if they do not give rise to changes in the banking Group), of business or business concerns;
- partnerships or joint venture agreements;
- transactions, of a financial or commercial nature, of an economic value exceeding 10 million euro, provided that they are not standard transactions, that is, included among the transactions customarily performed by the Company and concluded at the normal economic and contractual market conditions practised for customers;
- multi-year framework agreements governing intragroup services;
- the granting to Companies of the banking Group:
  - (i) credit lines that are not destined to support the investee’s standard activity;
  - (ii) loans and other subordinate assets, that may be calculated in the investee’s regulatory capital, if the amount exceeds 25% of the tier 1 capital of each company;
  - (iii) receivables and guarantees, directly or indirectly associated with acquisitions of control in other companies or interventions on share capital (in-payments to future share capital increase, settling losses, etc.), unless said credit lines are instrumental to transactions already authorised by the competent bodies of UBI Banca;
- the granting to related parties that are not members of the banking Group of credit lines for

an amount exceeding 2.5% of the regulatory capital;

- transactions with related parties that are “impaired, “non-performing”, “under restructuring” or “restructured”.

Transactions with “related parties” other than those referred to in the above paragraphs performed by delegated bodies or structures and not included among normal transactions at standard conditions, must be the subject of periodic report to the Management Board, when they involve a significant amount.

At the same time, it is stated that transactions with banking representatives and with representatives of Group Companies and of companies controlled by the latter – all of which can qualify as related parties – are governed at arm’s length conditions and the provisions of Article 136 of Legislative Decree 385/1993 (Consolidated Banking Law) are duly observed.

## **Treatment of Confidential Information**

The Management Board has approved the guidelines of the procedure for managing privileged information to be disclosed the public and for managing the Register of persons having access to privileged information. For this purpose a procedure has been set up to outline the security measures to be adopted to guarantee maximum confidentiality of information and to define the procedures for handling and disclosing privileged information.

Specifically, this procedure governs how privileged information directly concerning the Bank or its subsidiaries is disclosed to the public and at the same time it provides the subsidiaries with instructions to ensure they promptly transmit to the Bank the information required for fulfilling reporting obligations prescribed by law.

Pursuant to Article 115-*bis* of the Consolidated Financial Law 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 and on behalf of the Group Companies that have delegated the responsibility for keeping and maintaining such a register to the Parent Bank.

## **Internal Dealing**

In implementation of laws in force, UBI Banca has drawn up specific Internal Dealing Regulations, aimed to adjust its regulations and internal procedures to the laws governing reporting obligations pertaining to transactions performed on financial instruments issued by the issuer or other related financial instruments by significant persons and/or by persons strictly linked to the latter, in order to ensure the necessary transparency and uniformity in market disclosure.

These Regulations not only define “significant persons”, establishing their obligations in terms of conduct and information, and the “person in charge” of receiving, managing and disclosing the information, but have also forbidden the performance of the aforesaid transactions in the 20 days prior to the meeting of the Management Board called to approve the draft financial statements, the half-year report and the quarterly reports.

Pursuant to the Regulations adopted by UBI Banca, the following are Significant Persons:

- 1) the members of the Supervisory Board of Unione di Banche Italiane
- 2) the members of the Management Board of Unione di Banche Italiane
- 3) the persons who perform management functions and the executives who have regular access to privileged information and have the power to take management decisions that may affect the future trends and prospects: the General Manager, Joint General Manager, Deputy General Managers, Manager in charge of drawing up the company accounts 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 set up, in which all reports of transactions notified by Significant Persons are

published, after they have been disclosed to markets and to CONSOB through the Borsa Italiana network information service.

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

UBI Banca plays particular attention to ongoing management of relations with Shareholders, Institutional Investors and operators of the national and international Financial Community and guarantees systematic disclosure of qualified, exhaustive and timely information on the Group's activities, results and strategies.

An Investor Relations Office and a Shareholders Services Office have been established for this purpose.

It is the duty of the [Investor Relations Office](#) to follow, within the guidelines established by the Bank's Top Management, relations with the Institutional Investors and financial analysts, activating the competent corporate functions and the Group Companies.

The Investor Relations Officer guarantees clear, prompt and complete reporting, using methods which include press releases and updates to the Investor Relations section of the Bank's internet portal. In 2007 68 price sensitive press releases were published pursuant to laws in force.

The [Shareholders Services Office](#) is responsible for all relations with the Bank's Registered Shareholders and processes applications for registration as shareholders, keeps the Shareholders Register up-to-date and proposes and coordinates the various initiatives offered to shareholders.

The Bank has created the Value Project for Registered Shareholders, a series of banking concessions and free of charge insurance policies. The banking concessions are reserved to those Registered Shareholders who hold a current account and whose shares are deposited with Group Banks, while the insurance policies are for all Registered Shareholders in general.

## **Audit**

As UBI Banca is a listed company, according to law the audit must be exclusively performed by an auditing company, which is responsible for verifying, throughout the year, that the company accounts have been correctly kept and that the operations have been correctly recorded in the accounting records and also for ascertaining that the financial statements and the consolidated financial statements are consistent with the results of the accounting records and the inspections performed and that said accounting records comply with the regulations governing them.

The auditing company draws up a special report providing its opinion on the financial statements and on the consolidated financial statements as well as on the half year report.

The Auditing Company currently appointed by UBI Banca is KPMG SpA, whose assignment will expire with the Shareholders' Meeting to approve the financial statements for the year 2011.

Assignment of the auditing mandate is granted by the Shareholders' Meeting upon motivated proposal of the Supervisory Board.

## ATTACHMENT A

Offices 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-sized companies.

NAME	OFFICE HELD IN THE COMPANY	OFFICES HELD IN OTHER LISTED COMPANIES OR BANKING, FINANCIAL, INSURANCE OR LARGE-SIZED COMPANIES
<b>Trombi Gino</b>	Chairman	
<b>Calvi Giuseppe</b>	Senior Deputy Chairman	<u>Board Member:</u> - Mazzoleni Industriale Commerciale Spa <u>Board Member and Executive Committee member:</u> - Porta Sud Spa
<b>Folonari Alberto</b>	Deputy Chairman	<u>Board Member:</u> - Editoriale Bresciana Spa - Centro Stampa Quotidiani Spa
<b>Mazzoleni Mario</b>	Deputy Chairman	<u>Chairman:</u> - Mazzoleni Industriale Commerciale Spa - BAS Omniservizi Srl <u>Board Member:</u> - Mazzoleni Commerciale Spa
<b>Bazoli Giovanni</b>	Board Member	<u>Chairman Supervisory Board:</u> - <b>Intesa Sanpaolo Spa (*)</b> <u>Chairman:</u> - <b>Mittel Spa (*)</b> <u>Deputy Chairman:</u> - La Scuola Spa <u>Board Member:</u> - <b>Alleanza Assicurazione Spa (*)</b>
<b>Bellini Luigi</b>	Board Member	<u>Chairman:</u> - Nazionale Suisse-Comp. Italiana di Assicurazioni Spa - Nazionale Suisse Vita-Compagnia Italiana di Assicurazioni Spa .
<b>Cattaneo Mario</b>	Board Member	<u>Deputy Chairman:</u> - Euromobiliare Alternative SGR Spa <u>Deputy Chairman and Executive Committee member:</u> - Euromobiliare Asset Management SGR Spa <u>Board Member:</u> - Sella Holding Banca Spa - Bracco Spa - <b>Luxottica Group Spa (*)</b> <u>Chairman Board of Statutory Auditors:</u> - Sara Assicurazioni Spa - Sara Vita Spa - Sara Life Spa - Sara Immobili Spa - SIA -SSB Spa - Italiana Assicurazioni Spa - Intesa Mediofactoring Spa <u>Standing Auditor:</u> - Michelin Italiana S.A.M.I.
<b>Ferro-Luzzi Paolo</b>	Board Member	<u>Chairman:</u> - Servizio Italia Società Fiduciaria e di Servizi 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:</u> -Elba Assicurazioni Spa <u>Deputy Chairman:</u> - Aedes Bipiemme Real Estate SGR Spa - <b>Aedes Spa (*)</b> <u>Board Member:</u> - <b>De Longhi Spa (*)</b> - AFV Acciaierie Beltrame Spa - Cordifin Spa <u>Chairman Board of Statutory Auditors:</u> - San Paolo Fiduciaria Spa - Comitalia Compagnia Fiduciaria Spa <u>Standing Auditor:</u> - Non Performing Loans (NPL) Spa - Gebau di Tosolini Pietro & Co. Sapa - Gefin di Tosolini Pietro & Co. Sapa - Habitat Spa
<b>Gussalli Pietro Beretta</b>	Board Member	<u>Deputy Chairman and Managing Director:</u> - Beretta Holding Spa
<b>Lucchini Giuseppe</b>	Board Member	<u>Chairman:</u> - Lucchini Sidermeccanica Spa <u>Chairman and Executive Committee member:</u> - Lucchini Spa <u>Board Member:</u> - Beretta Holding Spa - Hopa Spa
<b>Lucchini Italo</b>	Board Member	<u>Deputy Chairman and Executive Committee member:</u> - <b>Italmobiliare Spa (*)</b> <u>Board Member:</u> - <b>Italcementi Spa (*)</b> - <b>Ciments Français Sa (*)</b> <u>Chairman Board of Statutory Auditors:</u> - BMW Italia Spa - BMW Financial Services Italia Spa - <b>Sabaf Spa (*)</b>
<b>Manzoni Federico</b>	Board Member	<u>Chairman:</u> - Leasint Spa <u>Standing Auditor:</u> - Cassa di Risparmio di San Miniato Spa - Banca Sintesi Spa
<b>Moltrasio Andrea</b>	Board Member	<u>Chairman:</u> - Icro Didonè Spa <u>Board Member:</u> - <b>RCS Mediagroup Spa (*)</b>
<b>Musumeci Toti S.</b>	Board Member	<u>Chairman:</u> - Aviva Vita Spa
<b>Orlandi Sergio</b>	Board Member	<u>Board Member:</u> - <b>Montefibre Spa</b>
<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>Chairman:</u> - Perofil Spa <u>Board Member and Executive Committee member:</u> - <b>Italmobiliare Spa (*)</b>
<b>Pivato Sergio</b>	Board Member	<u>Chairman Board of Statutory Auditors:</u> - <b>Edison Spa (*)</b> - <b>Reno de Medici Spa (*)</b> , - Padana Assicurazioni Spa - Clessidra SGR Spa - SMA Spa <u>Standing Auditor:</u> - Auchan Spa <u>Board Member:</u> - Cassa di Risparmio di San Miniato Spa

<b>Sestini Roberto</b>	Board Member	<u>Chairman:</u> - Società Italiana Acetilene & Derivati Siad Spa <u>Board Member:</u> - Sacbo Spa
<b>Zaleski Romain</b>	Board Member	<u>Chairman:</u> - Mittel Generale Investimenti Spa - Carlo Tassara Spa <u>Deputy Chairman:</u> - <b>Mittel Spa (*)</b>

## ATTACHMENT B

Offices held by the members of the Management Board of UBI Banca Spca in **companies listed in regulated markets including foreign markets (\*)**, in financial, banking, insurance or large-sized companies.

NAME	OFFICE HELD IN THE ISSUER	OFFICES HELD IN OTHER LISTED COMPANIES OR BANKING, FINANCIAL, INSURANCE OR LARGE-SIZED COMPANIES
<b>Zanetti Emilio</b>	Chairman	<u>Chairman and Executive Committee member:</u> - Banca Popolare di Bergamo Spa <u>Chairman:</u> - Società Editrice S.S. Alessandro Ambrogio Bassiano Spa <u>Deputy Chairman:</u> - UBI Partecipazioni Assicurative Spa - UBI Assicurazioni Spa - UBI Assicurazioni Vita Spa <u>Board Member:</u> - BPB Immobiliare Srl - <b>Italcementi Fabbriche Riunite Cemento Spa (*)</b> - Società per l'Aeroporto Civile di Bergamo – Orio al Serio Spa
<b>Faissola Corrado</b>	Deputy Chairman	<u>First Deputy Chairman and Executive Committee member:</u> - Banca Regionale Europea Spa <u>Board Member and Executive Committee member:</u> - Banco di Brescia Spa <u>Board Member:</u> - Banco di San Giorgio Spa
<b>Auletta Armenise Giampiero</b>	Managing Director	<u>Chairman:</u> - Mistralfin Spa <u>Board Member and Executive Committee member:</u> - Banca Popolare di Bergamo Spa - Banca Popolare Commercio e Industria Spa - Banca Popolare di Ancona Spa - Banca Carime Spa - Centrobanca Spa <u>Board Member:</u> - Banco di Brescia Spa - Humanitas Spa
<b>Bertolotto Piero</b>	Board Member	<u>Chairman and Executive Committee member:</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 and Executive Committee member:</u> - Centrobanca Spa <u>Chairman:</u> - Setefi Spa <u>Board Member:</u> - <b>Ratti Spa (*)</b>
<b>Camadini Giuseppe</b>	Board Member	<u>Chairman:</u> - Solofid Spa <u>Deputy Chairman:</u> - Edizioni Studium Srl - La Scuola Spa <u>Board Member and Executive Committee member:</u> - <b>Società Cattolica di Assicurazioni Spa (*)</b> <u>Board Member:</u> - Banco di Brescia Spa - Banca di Valle Camonica Spa - Banca Regionale Europea Spa

		<ul style="list-style-type: none"> <li>- Avvenire Nuova Editoriale Italiana Spa</li> <li>- Verfin Spa</li> <li>- Istituto Atesino di Sviluppo Spa</li> <li>- San Giuseppe Spa</li> </ul>
<b>Cera Mario</b>	Board Member	<u>Deputy Chairman and Executive Committee member:</u> <ul style="list-style-type: none"> <li>- Banca Regionale Europea Spa</li> </ul> <u>Board Member and Executive Committee member:</u> <ul style="list-style-type: none"> <li>- UBI Pramerica SGR Spa</li> </ul> <u>Board Member:</u> <ul style="list-style-type: none"> <li>- Cedacri Spa</li> <li>- Fiducialis Srl</li> </ul>
<b>Frigeri Giorgio</b>	Board Member	<u>Chairman and Executive Committee member:</u> <ul style="list-style-type: none"> <li>- UBI Pramerica SGR Spa</li> </ul> <u>Chairman:</u> <ul style="list-style-type: none"> <li>- Società Pubblicità Commerciale &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> <u>Deputy Chairman and Executive Committee member:</u> <ul style="list-style-type: none"> <li>- Centrobanca Spa</li> </ul> <u>Board Member and Executive Committee member:</u> <ul style="list-style-type: none"> <li>- UBI Sistemi e Servizi Spa</li> </ul> <u>Board Member:</u> <ul style="list-style-type: none"> <li>- UBI Assicurazioni Spa</li> <li>- UBI Assicurazioni Vita Spa</li> <li>- UBI Partecipazioni Assicurative 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	<u>Chairman:</u> <ul style="list-style-type: none"> <li>- Immobiliare Mirasole Spa</li> </ul>
<b>Pizzini Flavio</b>	Board Member	<u>Deputy Chairman and Executive Committee member:</u> <ul style="list-style-type: none"> <li>- UBI Sistemi e Servizi Spa</li> </ul> <u>Deputy Chairman:</u> <ul style="list-style-type: none"> <li>- Cattolica IT Services Srl</li> </ul> <u>Board Member:</u> <ul style="list-style-type: none"> <li>- Banco di Brescia Spa</li> </ul> <u>Chairman del Board of Statutory Auditors:</u> <ul style="list-style-type: none"> <li>- <b>Mittel Spa (*)</b></li> <li>- Prisma Spa</li> </ul>

**SUMMARY TABLES**

**TABLE 1: SUPERVISORY BOARD**

Supervisory Board (from 1 April 2007 to 31 December 2007)						Appointment Committee		Remuneration Committee		Internal Control Committee		Accounting Committee	
Position	Members	independent	Supervisory Board ****	Management Board ****	No. of other offices **	***	****	***	****	***	****	***	****
<b>Chairman</b>	TROMBI GINO *	X	100	100	0	X	100						
<b>Senior Deputy Chairman</b>	CALVI GIUSEPPE	X	92	100	2	X	100	x	100				
<b>Deputy Chairman</b>	FOLONARI ALBERTO (appointed by Shareholders' Meeting of 5/5/07 - DC by Supervisory Board meeting of 10/5/07)	X	100		2	X from 10/5/07	100	X from 10/5/07	100				
<b>Deputy Chairman</b>	MAZZOLENI MARIO	X	100		3	X	100						
<b>Board Member</b>	BAZOLI GIOVANNI (appointed by Shareholders' Meeting 5/5/07)	X	70		4	X from 10/5/07	100						
<b>Board Member</b>	BELLINI LUIGI *	X	92	17 (as internal control committee member)	2					X	91		
<b>Board Member</b>	CATTANEO MARIO *	X	92	9 (as internal control committee member)	13					X	91	X	87
<b>Board Member</b>	FERRO-LUZZI PAOLO	X	67		2								
<b>Board Member</b>	FIDANZA VIRGINIO	X	92		1								
<b>Board Member</b>	FONTANA ENIO	X	75		2								
<b>Board Member</b>	GARAVAGLIA CARLO *	X	67	13 (as internal control committee member)	12	X	67			X	91	X	75
<b>Board Member</b>	GUSSALLI BERETTA PIETRO	X	58		1								
<b>Board Member</b>	LUCCHINI GIUSEPPE	X	75		4			X	100				
<b>Board Member</b>	LUCCHINI ITALO *	X	92	9 (as internal control committee member)	6					X	100		
<b>Board Member</b>	MANZONI FEDERICO *	X	100	717	3	Secr.	100	Secr.	UBI Banca			X	87

## Contd. TABLE 1: SUPERVISORY BOARD

Supervisory Board (from 1 April 2007 to 31 December 2007)						Appointment Committee		Remuneration Committee		Internal Control Committee		Financial Statements Committee	
Position	Members	independent	Supervisory Board ****	Management Board ****	No. of other offices **	***	****	***	****	***	****	***	****
Board Member	MOLTRASIO ANDREA	X	83		2								
Board Member	MUSUMECI TOTI S.	X	83		1			X	100				
Board Member	ORLANDI SERGIO	X	100		1							X	100
Board Member	PEDERSOLI ALESANDRO	X	75		3			X	50				
Board Member	PEROLARI GIORGIO	X	92		2								
Board Member	PIVATO SERGIO *	X	83	26 (as internal control committee member)	7					X	100		
Board Member	SESTINI ROBERTO	X	75		2								
Board Member	ZALESKI ROMAIN	X	42		3								
Deputy Chairman	POLOTTI FRANCO (resigned on 5/5/07)	X	100		=	X up to 5/5/07	100	X up to 5/5/07	100				
Board Member	RAMPINELLI ROTA PIERFRANCESCO (resigned on 5/5/07)	X	100		=	X up to 5/5/07	100						
<b>Quorum required for presentation of lists by shareholders:</b> 500 shareholders holding voting right or those shareholders representing at least 0.50% of the share capital existing 90 days prior to the date set for the Shareholders' Meeting (Article 45 Corporate By-laws).													
<b>Number of meetings held during 2007 (from 1 April 2007 to 31 December 2007)</b>		Supervisory Board:12		Appointment Committee: 3		Remuneration Committee: 2		Internal Control Committee: 11		Accounting Committee: 8			

### NOTES

\* Enrolled in the Register of Auditors

\*\* Number of offices of administration or control held in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large-sized companies. Details of the offices are provided in the Report on Corporate Governance.

\*\*\* In this column an "X" indicates that the Supervisory Board Member is in the Committee.

\*\*\*\* In this column the Board Members' percentage attendance of meetings is specified.

**TABLE 2 MANAGEMENT BOARD (from 1 April 2007 to 31 December 2007)**

Position	Members	Independent	Executive * *	Percentage attendance of the Management Board meetings	Number of other offices held * * *
<b>Chairman</b>	ZANETTI EMILIO		X	100	8
<b>Deputy Chairman</b>	FAISSOLA CORRADO		X	100	3
<b>Managing Director</b>	AULETTA ARMENISE GIAMPIERO		X	100	8
<b>Board Member</b>	BERTOLOTTO PIERO		X	100	3
<b>Board Member</b>	BOSELLI MARIO		X	100	3
<b>Board Member</b>	CAMADINI GIUSEPPE			91	11
<b>Board Member</b>	CERA MARIO			100	4
<b>Board Member</b>	FRIGERI GIORGIO		X	100	14
<b>Board Member</b>	GUSMINI ALFREDO	X	X	96	1
<b>Board Member</b>	PIZZINI FLAVIO			100	5

Number of meetings held during 2007 (from 1 April 2007 to 31 December 2007): 23 meetings

NOTES

\* Number of offices of administration or control held in other companies listed in regulated markets, including foreign markets, in financial, banking, insurance or large-sized companies. Details of the offices are provided in the Report on Corporate Governance.

\* \* Figure updated to 2008

**TABLE 3: OTHER PROVISIONS OF THE SELF DISCIPLINARY CODE**

	YES	NO	Summary of reasons for any differences from Code recommendations
<i>System of authorisations and transactions with related parties</i>			
Has the Management Board assigned powers defining:			
a) limits	X		
b) procedures for their exercise	X		
c) and frequency of reports?	X		
Has the Management Board reserved the right to examine and approve transactions of particular importance in economic, financial and equity terms (including transactions with related parties)?	X		
Has the Management Board defined guidelines and criteria for identifying “significant” transactions?	X		
Are the aforesaid guidelines and criteria outlined 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		
<i>The most recent procedures for appointing members of the supervisory board</i>			
Were the nominations to the office of supervisory board member filed at least ten days in advance?	X		
Were the nominations to the office of supervisory board member accompanied by exhaustive information?	X		
Were the nominations to the office of supervisory board member accompanied by specification of their suitability to qualify as independent?	X		

<b>Shareholders' Meetings</b>			
Has the Company approved Shareholders' Meeting Regulations?	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 and Parent Bank Auditing Area – Head 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) of the investor relations officer	Investor Relations – Head Laura Ferraris Piazza Vittorio Veneto 8, 24122 Bergamo e-mail: laura.ferraris@ubibanca.it tel. 035 392217 fax 035 392390		