

Social Report 2010

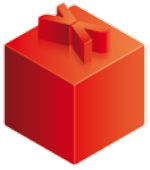
FARE BANCA PER BENE

UBI  Banca



Social Report 2010





Letter to our stakeholders

The consequences of the financial and economic crisis that occurred in recent years continued again into 2010 causing uncertainty and far from negligible difficulties on the entire Italian market. In these circumstances, the credit and banking system constitutes a very basic factor which affects the whole economy because of the key role it plays, holding the balance between savings and investment, householders and companies.

It has always been our vocation to play this fundamental role as a “popular” co-operative bank with strong roots in local communities, close to them not just physically but also in terms of our values, principles and objectives. Our bank is committed to the creation of value for its customers, through the quality of its products and services, for its shareholders (both registered and unregistered) through the remuneration of their investment and sharing the business risk and also for our other stakeholders, and therefore for society as a whole. And on the one hundred and fiftieth anniversary of the unification of Italy we are proud that, with our work, we have always been at the service of the economic and social growth of the country.

Over the years we have grown and further established our image and good reputation through constant pursuit of a style based on sound and prudent management and those criteria of social responsibility that we consider to be a distinctive feature of our history and identity.

Today we are one of the largest banking groups in Italy, but we still maintain our strong local roots and consider social responsibility to be an important distinguishing feature of our everyday business in communities.

It was with this in mind that last December we adopted a new code of ethics, a self regulatory instrument which extends our corporate governance rules to cover the entire sphere of our relationships with all our stakeholders. It sets out principles and rules of conduct which enhance our decision-making processes, consistent with our values contained in the Group Charter of Values and also in the universal principles of the “Global Compact”, which addresses the issues of human rights, work, the environment and anti-corruption, a pact which we have signed up to and to which we have reaffirmed our adhesion. For us compliance with our code of ethics is a value in itself and in addition to the concrete services to production and trade that we provide, it is a standard against which we intend to measure our conduct and results over the long term.

The year 2010 ended with operating results which are modest in appearance as shown in our consolidated annual report, due to a fall in revenues which we were unable to fully offset by pursuit of stringent cost-cutting policies. The total economic value generated by operations fell, although to a very limited extent compared to the contraction in net profit, with consequences for all stakeholders: for personnel penalised by the reduction in variable remuneration and the slowdown in career promotions (especially for higher grades); for investors (registered and unregistered shareholders) with reduced dividends; for society with a reduction in taxes due to the lower earnings and to the reduction in funds available for grants to organisations and social initiatives; for suppliers due to action taken to reduce costs. Also the value of our shares did not remain immune to the persistent pressures on financial markets, which hit the banking sector in particular very hard.

However, we have not failed in these difficult times to fulfil our primary commitment to support the economy with, amongst other things, investments in many initiatives for households and companies performed both through the Italian Banking Association and at local level. Net of loans to large corporations, which are not comprised within our traditional mission, we increased our lending to the private sector above the average for the banking industry nationally.

At the same time we have worked to achieve recovery with the introduction of organisational

and internal operating measures designed to reduce costs and above all to boost revenues. This involved a stronger focus on our core business and changes to our internal organisational structure designed to simplify operations and enhance our geographical presence on markets by redefining the areas covered by the network banks and our distribution model. Careful interpretation of customer needs, which included consideration of processes currently underway in society, led to action taken to boost commercial growth partly through the acquisition of new customers consistent with our nature and mission as a “popular” bank. This included support for the third sector, nonprofit, church and religious organisations (increasingly more important economically and essential for personal services especially in the health and welfare sectors) and a stronger focus on multi-channel services (in a context of savings on costs and advantages for the environment), services for young people (an investment in our future) and migrant banking (an important factor for social inclusion and cohesion).

Not least in importance, the Group has always considered capital strength as one of its distinguishing features and it is this which has enabled us to face the extraordinary difficulties of the economic situation in recent years as we have continued to support our customers, increased our market share and paid dividends, without the need for government assistance.

The introduction of new prudential supervisory rules is gradually becoming a reality, focused on strengthening the quality and quantity of banking capital to prevent new financial crises from occurring through tight control over the liquidity risks of individual banks.

We are therefore proposing an increase in our share capital to our shareholders designed to enable us to position ourselves, now and in the future, above the sector average, consistent with the prudence and realism characteristic of the Group. It will also enable us to remunerate capital at a rate consistent with its cost over the period of the new business plan which is about to be adopted. Strengthening capital constitutes a primary and indispensable requirement for us to be able to continue to operate as a bank in the more traditional sense, with a new global vision of operations to support potential growth in lending at the service of the real economy in communities. It enables us to continue to “be a good bank”, assisting customers at all the economically and financially important stages of their business, with conduct based on shared ethical principles and a strong sense of social responsibility.

These policies will be pursued in our Business Plan and they will not fail to reward our work and your trust with high quality results.

Emilio Zanetti

Chairman of the Management Board



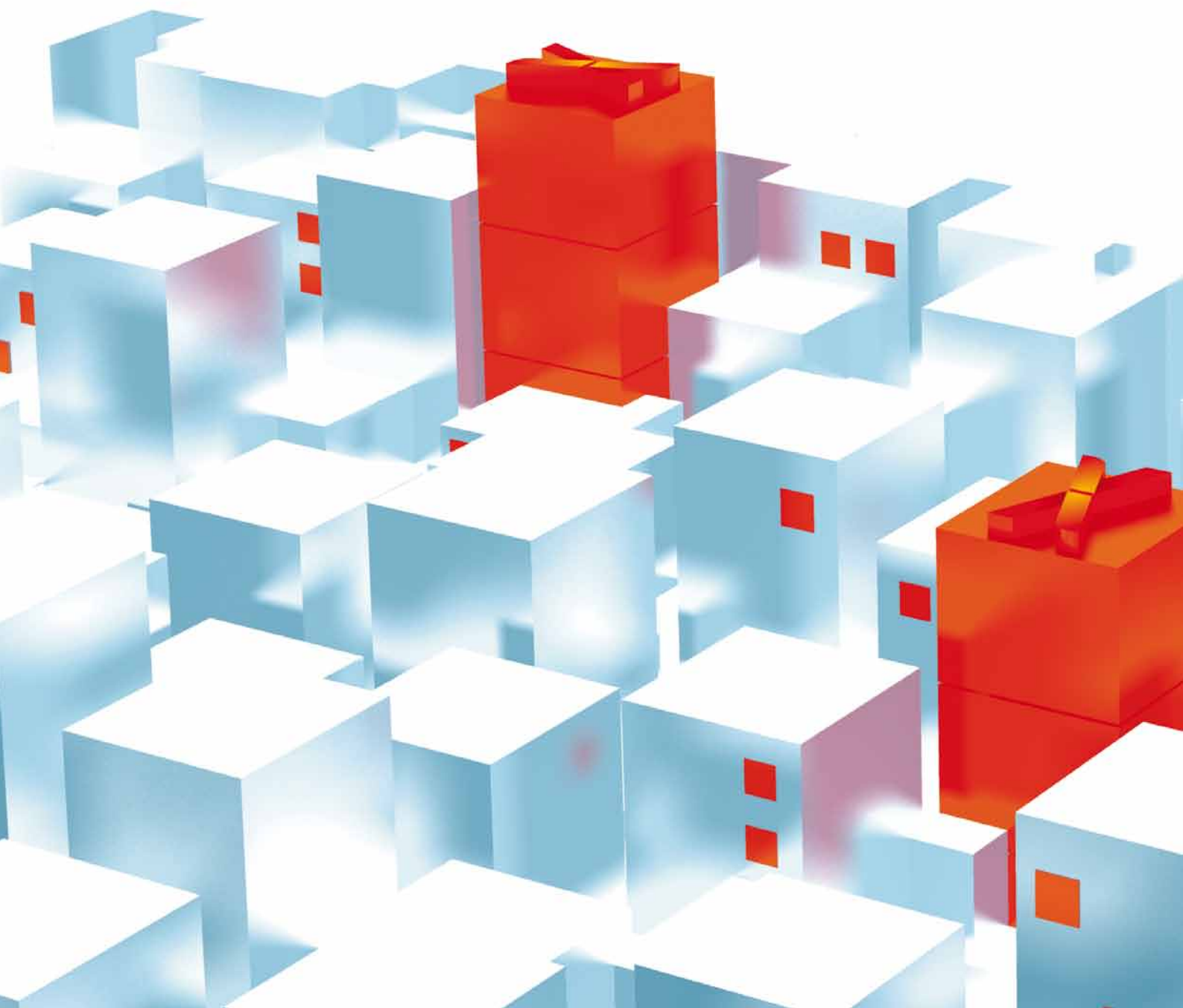
Corrado Faissola

Chairman of the Supervisory Board

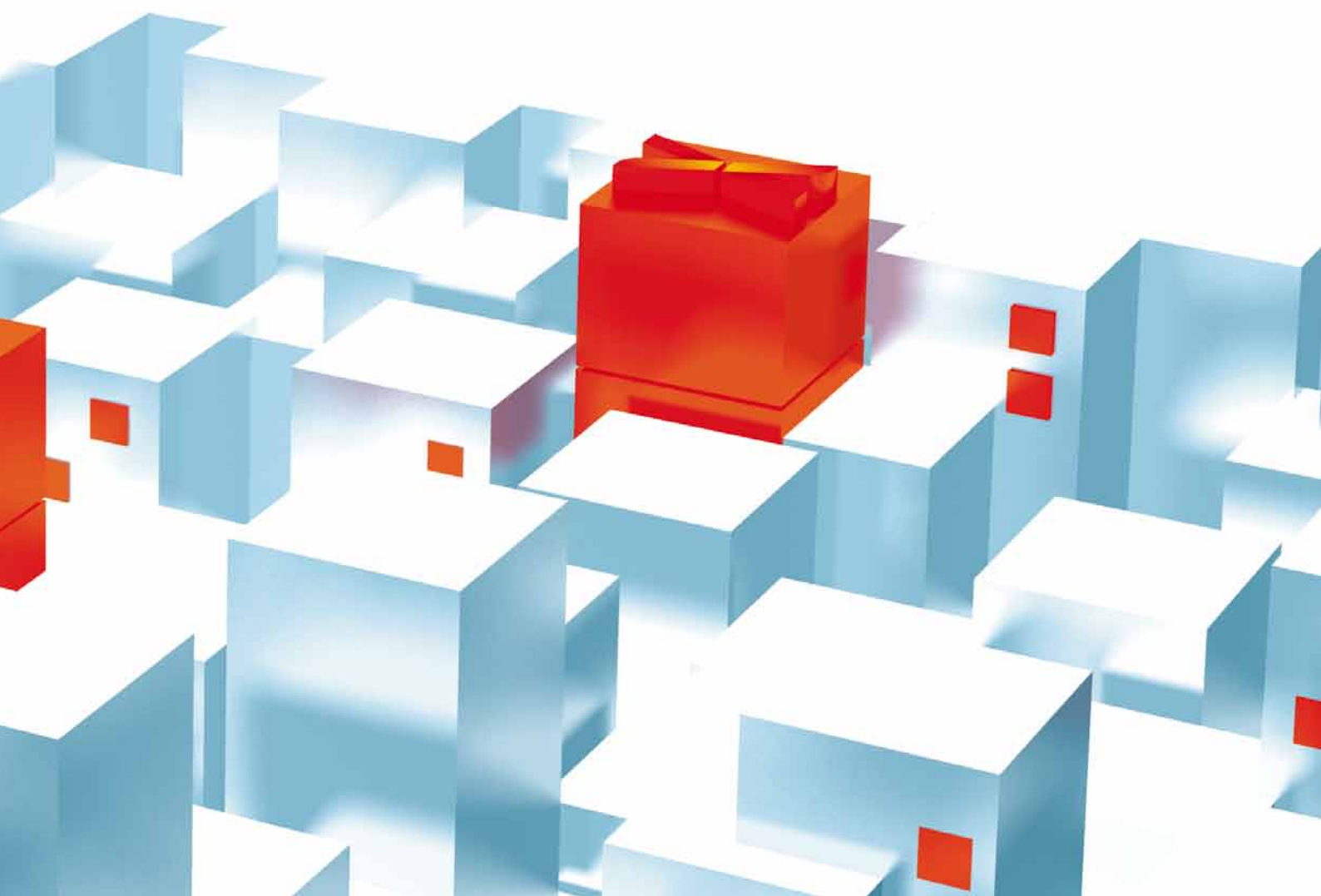


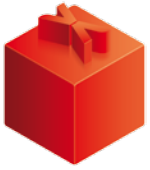
Anyone who wishes to receive a
hardcopy or digital copy of the report
may request throughout the tool
"Document request" in the Group
internet website or by contacting:

UBI Banca Scpa
Staff Corporate Social Responsibility
Piazza V. Veneto, 8
24122 Bergamo
Tel 035.392925 - Fax 035.392996
bilancio.sociale@ubibanca.it



The UBI Banca Group	6
Ethics and social responsibility	16
Relations with	
personnel	20
investors	30
customers	32
suppliers	42
Community involvement	44
Attention to the environment	54
The economic value created and distributed	58
Improvement objectives	60
<hr/>	
Notes on the method	64
Independent auditors' report	66





The UBI Banca Group

The UBI Banca Group is the fourth largest Italian banking group by stock market capitalisation¹ and the fifth largest by number of branches². It has always served families and small to medium-sized enterprises on markets and accounts for approximately one fifth of lending by “popular” banks³.

Our mission

To create value for our customers and all our stakeholders, by generating sustainable and lasting profit through our ability to interpret, serve and encourage economic development and social well-being in the local communities in which we operate. We work everyday with passion, experience and the ability to blend tradition with innovation to provide families and businesses with excellence in our banking, financial and insurance products and services, thereby building long-lasting relationships, based on trust, with our customers and with all our stakeholders.

Our history

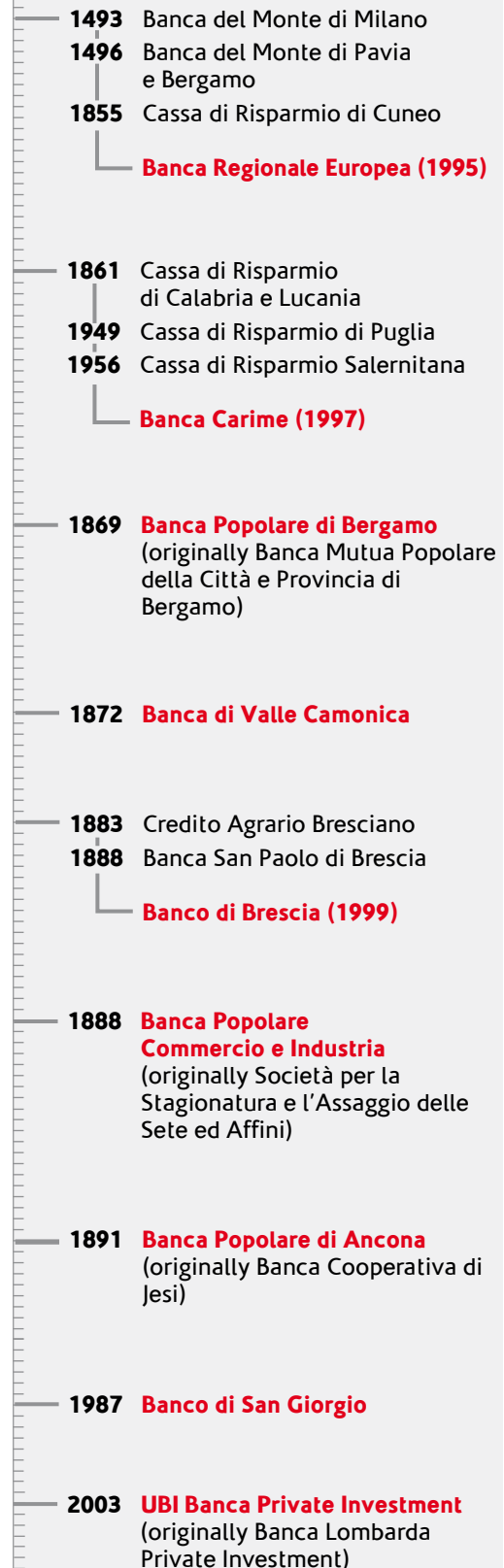
The UBI Banca Group was established on 1st April 2007 following the merger of the **Banca Lombarda e Piemontese Group** into the **Banche Popolari Unite Group** (which was itself formed in 2003 from the merger of the Banca Popolare di Bergamo-Credito Varesino and Banca Popolare Commercio e Industria Groups). It is a federation of local banks with roots in the *Monti di Pietà* banks, the *Casse di Risparmio* banks and in the first “popular” co-operative banks in unified Italy. The banks in the Group have a tradition of social responsibility stretching back over a hundred years. They are banks in the community and for the community which have developed over the years contributing, sometimes in a determining manner, to the well-being and social and economic development of the local communities in which they were born. They anticipated implementation of the principles, initiatives and objectives of social responsibility with the first cause-related marketing campaigns (the promotion of products and services by supporting associations and projects in the field of international solidarity), the first forms of supplementary pensions for employees and the first products which today are termed “ethical financial” products (current accounts and bonds where the remuneration is donated to charity).

¹ Capitalisation as at 31/03/2011

² Data as at 30/09/2010

³ Data as at 30/06/2010

A young Group with a 500 year history



A number of foundations have been created over the years to respond more effectively to the social and cultural needs of some geographical areas that are of particular importance to the Group. They are as follows: Fondazione CAB – Istituto di Cultura Giovanni Folonari (1983) and Fondazione Banca San Paolo di Brescia (1998) in Brescia, Fondazione Banca Popolare di Bergamo Onlus (1991) in Bergamo and Fondazione Unione di Banche Italiane per Varese Onlus (founded in 2004 as Fondazione BPU Banca per Varese) in Varese.

The Group today

The Parent, the network banks and product companies are the three cornerstones on which the Group's activities rest, each with their own mission. We are therefore able to reconcile local banking with financial innovation, by adding the ability of a large group to access global markets to the deep roots in local communities of our network banks.

The Parent UBI Banca

The functions of management, control and co-ordination are centralised at the Parent UBI Banca, which, with the assistance of the

Environmental Dimension

Total floor area of offices and branches (sq. m.)	1,077,975
TOE (Ton oil equivalents)	26,130
CO ₂ emissions (tons)	15,045
Paper consumption (tons)	2,049
Waste products (tons)	2,153
Financing disbursed for environmental investments (millions of euro)	768

Economic Dimension (thousands of euro)

Funding from customers	184,838,914
of which indirect funding	78,078,869
of which assets under management	42,629,553
Net loans to customers	101,814,829
Total assets	130,558,569
Equity ¹	10,806,898
Volume of business ²	5,300,029
Profit for the year	172,121
Economic value created	3,047,802
Contributions to the community (donations and sponsorships)	16,241

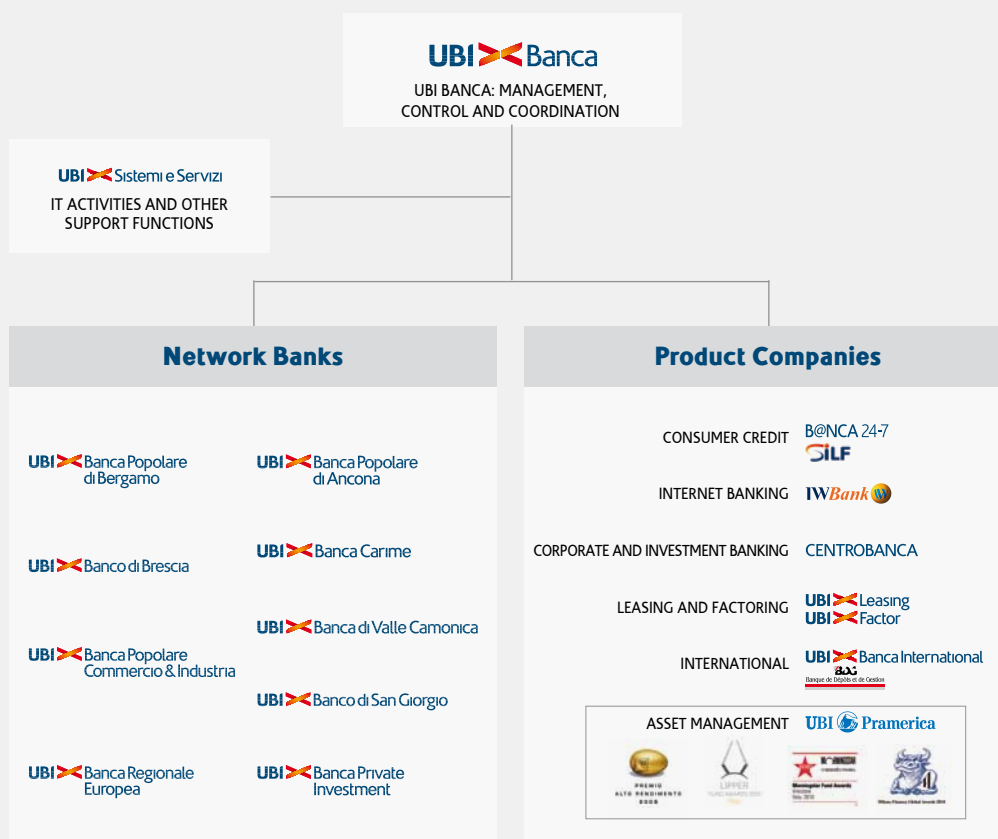
¹ Excluding profit for the year.
² The sum of items 10, 40, 70, 80, 90, 100, 110, 150, 220 and 240 in the mandatory consolidated income statements prepared according to Bank of Italy rules.

Social dimension

Personnel	19,757
of which employees ¹ permanent	19,616 99.0%
Training per capita (days)	5.2
Women in management positions (out of total senior managers)	9.4%
Customers (thousands)	3,698
of which private individuals	88.5%
Businesses and organisations	11.5%
Shareholders	143,633
of which registered shareholders	78,340
Suppliers	11,405
of which strategic and/or regular on the approved list	913

¹ Employees on the payroll; personnel in actual service numbered 19,612

Group structure



The network banks

	Number of branches	Employees ¹	Customers (thousands €)	Funding ² (thousands €)	Loans ³ (billions of euro)
Banca Popolare di Bergamo	365	3,761	968.6	45.5	20.3
Banco di Brescia	362	2,632	579.5	26.6	15.1
Banca Popolare Commercio e Industria	234	1,756	375.5	19.2	8.9
Banca Regionale Europea	229	1,552	328.9	12.7	6.9
Banca Popolare di Ancona	248	1,715	448.9	10.3	7.7
Banca Carime	294	2,221	822.1	13.3	4.8
Banca di Valle Camonica	64	346	78.0	2.5	1.9
Banco di San Giorgio	57	417	91.4	3.2	2.8

¹ Actually in service ² Total funding from ordinary customers ³ Loans to ordinary customers

Geographical dimension

Branches	1,892
Municipalities served ¹	1,208
Total population served (number of inhabitants) ²	28 million
Market share ¹	5.6%
of which: North West	11.0%
North East	1.2%
Central Italy	3.6%
South	8.3%
Provinces with market share over 10% ¹	19
Branches present in Italian regions which receive development funding from the European Union ³	19.3%
Total branches including branches abroad	1,901

¹ Data as at 30/09/2010

² Source ISTAT (Italian office for statistics) for the population resident in Italian municipalities as at 31/12/2009

³ http://ec.europa.eu/regional_policy/atlas2007/italia/index_en.htm

Provinces by highest number of branches ¹		Municipalities by highest number of branches ¹	
Brescia	219	Milano	117
Milano	188	Roma	69
Bergamo	160	Brescia	42
Cuneo	128	Bergamo	24
Varese	111	Napoli	21
Roma	83	Bari	19
Pavia	52	Torino	18
Cosenza	52	Genova	16
Bari	50	Varese	15
Napoli	45	Monza	14
Monza e Brianza	41	Cuneo	13
Ancona	39	Pavia	13

¹ Data as at 30/09/2010

consortium company UBI Sistemi e Servizi, also oversees IT activities and other support functions.

The network banks

The eight local banks, termed network banks because of their role in the distribution network, are responsible for consolidating and extending customer relationships by using the strength of their local brands linked to the UBI brand and their ability to provide an integrated range of banking, financial and insurance services and products.

While branches constitute the Group's main distribution channel, they are also facilities that are physically closer to customers and which help integrate banks in local communities and economies.

All the network banks have the same distribution structure, specialised by customer segment within three major groupings, named markets:

- the **Retail Market**, which is the main market of the Group and comprises private individuals (divided into Mass Market and Affluent on the basis of the financial wealth

The UBI Banca Group

Ethics and social responsibility

Relationships with

- personnel
- investors
- customers
- suppliers

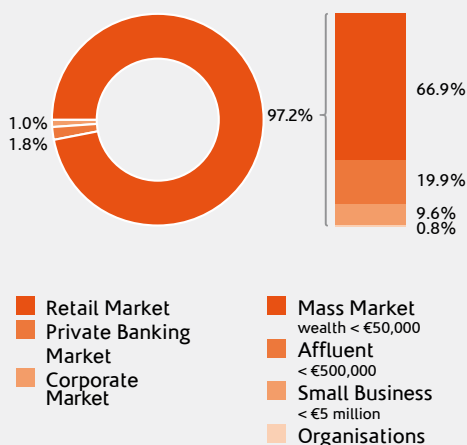
Community involvement

Attention to the environment

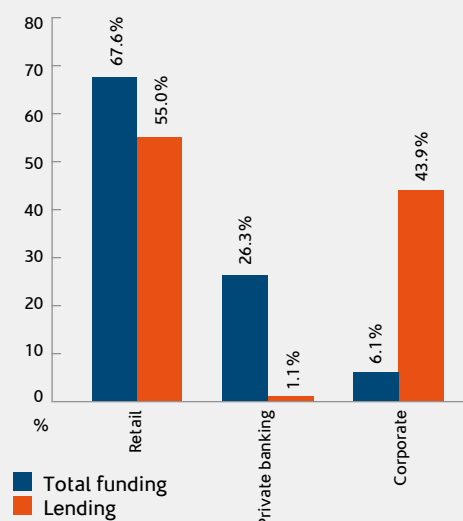
The economic value created and distributed

Improvement objectives

Customers by market segment



Total funding and lending by market



possessed), "small economic operators" (SEOs) and small businesses;

- the **Private Market**, which includes private individuals with financial wealth of more than 500.000 euro and for which we are the third largest operator in the country;
- the **Corporate Market** consisting of businesses with turnover of more than five million euro. Each Market has its own distribution network, supported by specialist units at the Parent, equipped with advanced IT tools to analyse and interpret customer requirements and to manage customer information and relationships. We provide different commercial roles with specific career paths and specialist training.

In addition to the distribution networks of the eight local banks, the Group also has a network of 786 financial advisors and the 42 private bankers of UBI Banca Private Investment, which operate throughout the country.

consumer credit, leasing and factoring services, corporate and investment banking, insurance and financial services and online trading.

Our alliance with Prudential Financial (a major American institution which operates worldwide) continues in the asset management field with our subsidiary UBI Pramerica. We no longer hold any controlling interests in companies in the insurance sector, but continue to operate through alliances with the companies Cattolica Assicurazioni and Aviva.

Market presence nationally

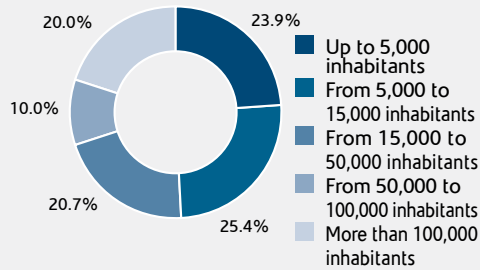
We are present in almost all regions of Italy with the branches of our eight local banks and our networks of financial advisors and private bankers.

The Product Companies

These are a series of specialist companies which provide the network banks with a full range of constantly up-to-date products and services to meet the requirements of different customer segments by pursuing high quality and value for money.

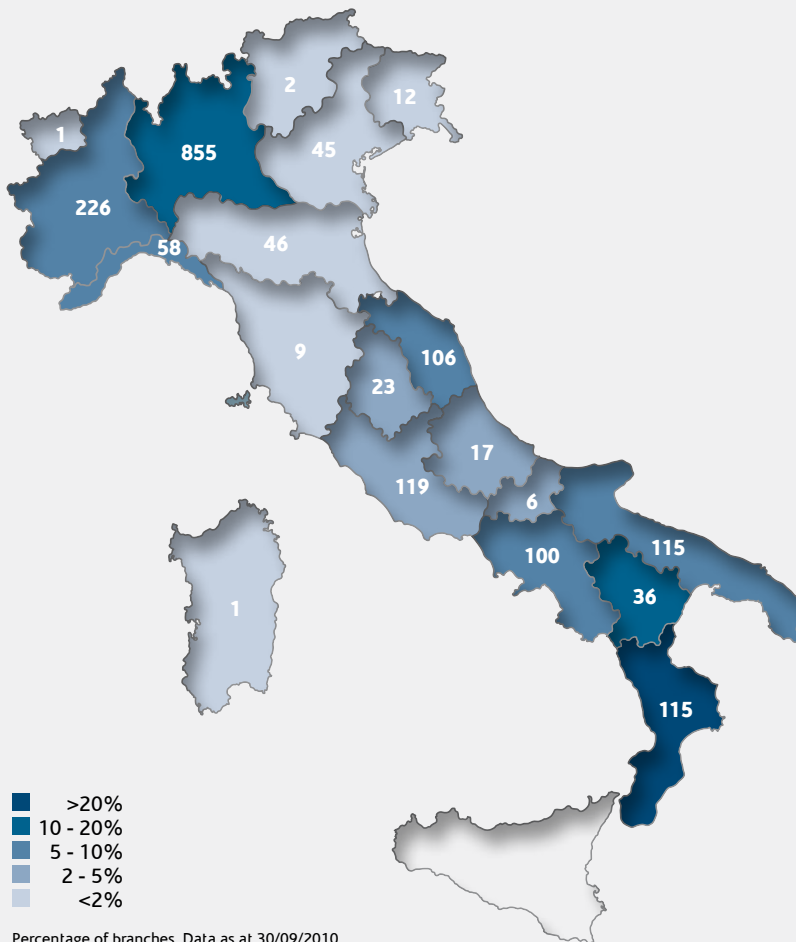
The main sectors in which we have developed specialist expertise, sometimes through alliances with major international operators, are as follows: asset management,

Size of municipalities served¹



¹Location of network banks branches (excluding UBI Banca Private Investment) in Italian municipalities for residents as at 30/11/2009 (source istat).

Group branches by region



Percentage of branches. Data as at 30/09/2010.

Since 2010, with the exception of the cities of Milan and Rome, each network bank has had its own exclusive geographical area which includes the areas in which it has its historical roots and areas for possible expansion as follows:

- Piedmont for Banca Regionale Europea, which transferred its headquarters from Milan to Turin in January 2011;
- the Lombard provinces of Milan and Pavia as well as Bologna, Parma, Piacenza, Modena, Reggio Emilia and Ferrara for Banca Popolare Commercio e Industria;
- the Lombard provinces of Bergamo, Varese, Como, Lecco and Monza-Brianza for Banca Popolare di Bergamo;
- the Lombard provinces of Brescia, Lodi, Cremona, Mantua and Triveneto for Banco di Brescia;
- Valle Camonica (Province of Brescia) for Banca di Valle Camonica;
- Liguria for Banco di San Giorgio;
- the central regions of Italy for Banca Popolare di Ancona;
- the southern regions of Italy for Banca Carime.

The internet bank

The physical network of branches is supplemented by the direct channels of the network banks themselves – internet services, provided also by smartphones, and the Qui UBI call centre – to consult accounts

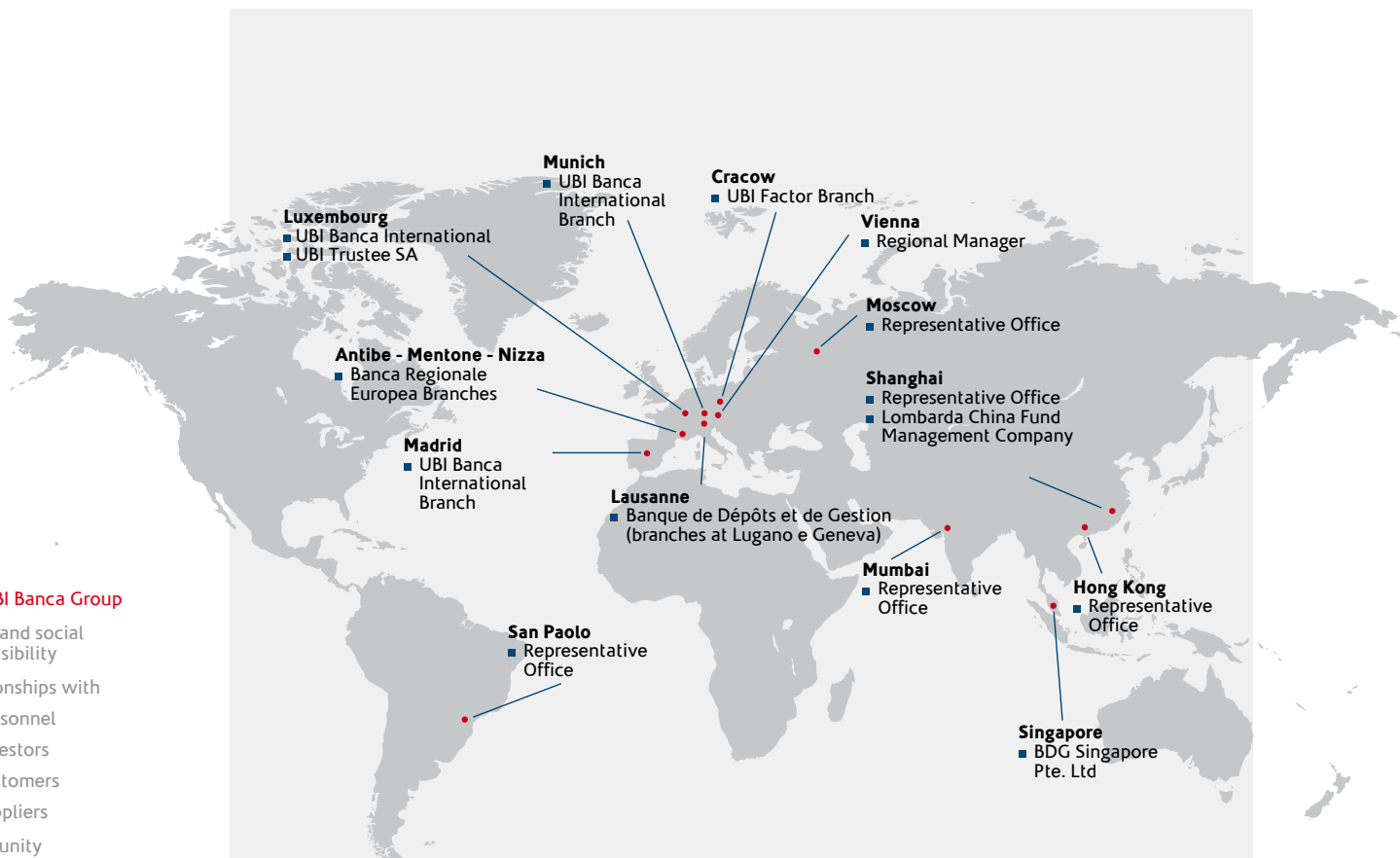
and carry out banking transactions remotely, with lower costs, no opening hour limitations and without the need to move physically. Additionally, IWBanck, the Group's internet bank, has specialised for over ten years in the provision of banking and financial services and products almost exclusively via internet. IW Bank is a leading player in the field of professional online trading services, with sophisticated internally developed proprietary trading platforms, which customers use to trade on markets throughout the world via internet, call centre and smartphone.

In 2010 this bank pushed its customer base beyond the 100,000 limit with business volumes reaching more than 35,000 orders per day on average for online trading.

The international presence

We have constantly developed our international presence in order to support the international presence of our corporate clients, especially in emerging markets where Italian small to medium-sized enterprises have the greatest difficulty in gaining access to financial services appropriate to their requirements.

We are not present in any "tax havens" and other financial centres listed by the OECD (countries that have not yet complied with international tax standards).



The UBI Banca Group

Ethics and social responsibility

Relationships with

- personnel
- investors
- customers
- suppliers

Community involvement

Attention to the environment

The economic value created and distributed

Improvement objectives

On 4th November 2009 the shareholders of Lombarda China Fund Management Company approved the change of name to Guodu UBI Fund Management Company for which authorisation by the local financial authorities is in progress.

The main action undertaken on the branch network of the Group

In order to redesign our geographical market presence and reduce costs, in 2010 we rationalised the distribution network of our network banks. Consequently today we operate with a single brand name in 72 of the 78 provinces in which we are present. More specifically, we closed 44 branches and 37 mini-branches, in order to eliminate overlap and streamline our market presence in areas with limited margins for growth and with insufficient current and/or potential profitability for the branches concerned and we transformed 138 branches into mini-branches.

We also defined a distinction (in operation since the beginning of 2011) between “group” branches and “head” branches. The latter have greater decision-making powers and some processing activities are centralised in them. They also contain specialist personnel and constitute a local point of reference. We have rationalised our international presence and extended the Group’s areas of influence by means of the following:

- the reorganisation of Banque de Dépôts et de Gestion, by focusing its business on private banking and rationalising its branch

network to concentrate business on the more important financial centres;

- increasing our co-operation agreements with foreign banks so that we now cover more than 50 countries through 37 banks;
- the contribution of the Luxembourg branch to UBI Banca International.

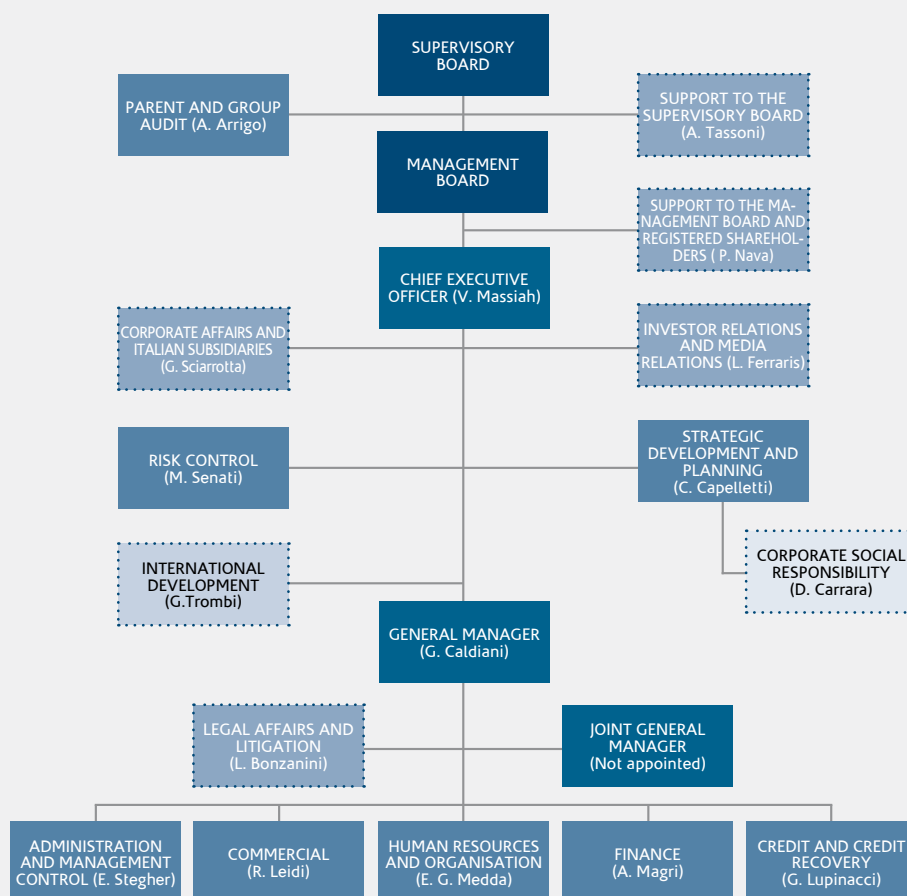
The ownership structure and governance of UBI Banca

UBI Banca, the Parent, is a “popular” bank formed with the legal status of a joint stock co-operative company.

The share capital as at 31st December 2010 was composed of 639,145,902 ordinary shares with a nominal value of 2.50 euro each, listed by Borsa Italiana on the MTA (Mercato Telematico Azionario – electronic stock exchange) among the blue chip companies (those with the highest stock market capitalisation) and on the After Hours Market (TAH). The share is also included in 41 international stock market indices.

⁴ Source Bloomberg 31st March 2011.

Organisation Chart of UBI Banca



- Management and supervisory bodies
- Senior management
- Macro Areas
- Areas
- Services
- Functions
- Staff units

Supervisory Board

Members	Profession	Independent	Attendance at Board Meetings (%)		Accounts Committee ² (%)	Internal Control Committee ² (%)	Remuneration Committee ² (%)	Appointments Committee ² (%)
			Number of positions ¹					
Corrado Faissola (Chairman)	Former banking executive	X	1	86				100
Giuseppe Calvi (Senior Deputy Chairman)	Lawyer	X	3	100			100	100
Alberto Folonari (Deputy Chairman)	Businessman	X	6	90			91	100
Mario Mazzoleni (Deputy Chairman)	Businessman	X	4	95				100
Battista Albertani	Businessman	X	11	90				
Giovanni Bazoli	Lawyer	X	5	67				100
Luigi Bellini ³	Lawyer	X	7	86		89		
Mario Cattaneo ³	Accountant	X	10	95	92	96		
Silvia Fidanza	Business woman	X	2	93				
Enio Fontana	Businessman	X	17	86				
Carlo Garavaglia ³	Accountant	X	9	86	92	90		100
Alfredo Gusmini	Former banking executive	X	1	93		94		
Pietro Gussalli Beretta	Businessman	X	6	62				
Giuseppe Lucchini	Businessman	X	6	62			54	
Italo Lucchini ³	Accountant	X	12	86		89		
Federico Manzoni ³	Accountant	X	22	100	92		100	100
Salvatore Musumeci Toti	University lecturer - Lawyer	X	4	95			100	
Sergio Orlandi	Businessman	X	4	95	92			
Alessandro Pedersoli	Lawyer	X	3	52			82	
Giorgio Perolari	Businessman	X	4	81				
Sergio Pivato ³	University lecturer - Accountant	X	6	95		100		
Roberto Sestini	Businessman	X	15	81				
Giuseppe Zannoni	Businessman	X	2	100				
Paolo Ferro Luzzi ⁴	University lecturer - Lawyer			67				
Virginio Fidanza ⁴	Businessman			67				
Andrea Moltrasio ⁴	Businessman			83				
The board met 21 times in 2010 and the average length of meetings was four hours.			Number of committee meetings		12	28	11	4

¹ Number of appointments as management or supervisory/auditor board member held by the person pursuant to article 148-bis of the Consolidated Finance Act (inclusive of the position at UBI Banca scpa).

² Membership of the committees is given with the percentage attendance of the meetings.

³ Enrolled in the Register of Accounting Auditors

⁴ In office until 23/04/2010

On 24/11/2010 the Supervisory Board formed a Related Parties Committee from among its members, composed of three independent permanent members (Federico Manzoni, Silvia Fidanza, Sergio Orlandi). The committee did not meet in 2010.

Management Board

Members	Profession	Executive	Independent	Number of other positions ¹	Attendance at Board Meetings (%)
Emilio Zanetti (Chairman)	Banker-Businessman	X		3	100
Flavio Pizzini (Deputy Chairman)	Accountant	X		5	100
Victor Massiah (Chief Executive Officer)	Banking executive	X		4	100
Giampiero Auletta Armenise	Banker	X		7	100
Giuseppe Camadini	Former Public notary	X		7	93
Mario Cera	University lecturer - Lawyer	X		3	89
Giorgio Frigeri	Former banking executive	X		10	100
Gian Luigi Gola	Accountant	X		2	100
Guido Lupini	Former banking executive	X		1	100
Andrea Moltrasio	Businessman		X	4	100
Franco Polotti	Businessman	X		4	100
Piero Bertolotto ²	Former banking executive				90
Mario Boselli ²	Businessman				100
Alfredo Gusmini ²	Former banking executive				100
The board met 28 times in 2010 and the average length of meetings was five hours.					

¹ Number of directorships or appointments as statutory auditor held in other companies listed on regulated markets including foreign markets, in financial, banking or insurance companies or companies of significant dimensions.

² In office until 26/04/2010

Board of arbitrators

Members	Profession
Giampiero Donati (Chairman)	Lawyer
Mario Caffi (Full member)	Lawyer
Giuseppe Onofri (Full member)	Lawyer
Attilio Rota (Alternate member)	Lawyer
Pierluigi Tirale (Alternate member)	Lawyer

General management

Members	Position
Graziano Caldiari ¹	General Manager
Rossella Leidi	Deputy General Manager Chief of the Commercial Macro Area
Giovanni Lupinacci	Deputy General Manager Chief of the Credit and Credit Recovery Macro Area
Ettore Giuseppe Medda	Deputy General Manager Chief of the Human Resources and Organisation Macro Area
Pierangelo Rigamonti	Deputy General Manager Operational Chairman of UBI Sistemi e Servizi

¹ In office since 01/10/2010 following the resignation of Riccardo Sora with effect from 30/09/2010.

Independent Auditors

The firm engaged to audit the separate and consolidated financial statements is KPMG Spa: their mandate expires with the audit of the financial statements for 2011.

Ownership

Given its co-operative form, UBI Banca has a diffuse ownership structure with no major or core shareholders because:

- no shareholder may hold more than 0,50% of the share capital except for collective investment companies (OICR);
 - shareholders who wish to participate in corporate activities by attending and voting in shareholders' meetings must apply for admission as a registered shareholder⁵;
 - each registered shareholder may cast only one vote in shareholders' meetings, no matter how many shares are owned, and they may hold a maximum of three proxies.
- Shareholders that hold significant interests within the meaning of Art. 120 of the Consolidated Finance Act include two foundations of banking origin: the Cassa di Risparmio di Cuneo Foundation, which also holds a stake in Banca Regionale Europea, and the Banca del Monte di Lombardia Foundation, which also holds a stake in Banca Popolare Commercio e Industria. Information on the community activities performed by the two foundations can be found on their respective websites, www.fbml.it and www.fondazioneccr.it, which may be visited.

⁵ Admission as a registered shareholder is decided by the Management Board, in the light, amongst other things, of general criteria established by the Supervisory Board, with regard exclusively to the objective interests of the Bank – including that of its independence and autonomy – and observance of the spirit of a co-operative bank.

Further information on share capital and significant equity investments is given in the Report on corporate governance and the ownership structure, attached to the 2010 Annual Report.

The registered shareholders of UBI Banca have formed three associations: the Banca Lombarda e Piemontese Association and the Gli amici di UBI Banca Association which were added to in 2011 by the Tradizione in UBI Banca Association.

The UBI Banca governance model

UBI Banca has adopted a two tier governance system with a Supervisory Board, responsible for strategic policy-setting and supervision and a Management Board, responsible for managing the bank in compliance with general plans, strategies and policies approved by the Supervisory Board.

The UBI Banca governance model complies with the law, regulations and voluntary codes concerning the governance of banks, listed companies and issuers of listed securities in force in Italy.

The Report on corporate governance and the ownership structure, attached to the 2010 Annual Report, gives a full description of the duties and responsibilities of the other organisational units, with specific reference to the system of internal control.

This involves all organisational units in the pursuit of sound and prudent management principles through attentive risk management, in accordance with the strategic values and objectives of the Group.

The governance model of the network banks

The network banks are joint stock companies directly controlled by UBI Banca. Each has its own Board of Directors, which contains members representing local communities and economies.

All the network banks share a single organisational structure, in which the General Management oversees:

- governance functions and support functions, which oversee risk control and auditing activities, legal and corporate affairs and human resource management;
- business functions, consisting mainly of lending and commercial functions which constitute a distribution system structured around market segments;
- local units organised by market (Private Banking Business Units, Retail Branches organised in Local Areas, Corporate Business Units) which report to the corresponding central commercial functions.

Individual functions are organised differently internally to optimise the units in relation to the size of the bank in question.

Senior management of the Network Banks⁶

UBI Banca Popolare di Bergamo	
Chairman	Emilio Zanetti Banker - Businessman
Deputy Chairman	Antonio Bulgheroni Businessman
Deputy Chairman	Antonio Parimbelli Former Public notary
General Manager	Giuseppe Masnaga
Joint General Manager	Osvaldo Ranica
Deputy general managers	Riccardo Tramezzani Silvano Manella

UBI Banca Carime	
Chairman	Andrea Pisani Massamormile Lawyer - university lecturer
Senior Deputy Chairman	Giampiero Auletta Armenise Banker
Deputy Chairman	Ermanna Carci Former Teacher
General Manager	Raffaele Avantaggiato
Deputy General Manager	Giuseppe Minervino

UBI Banco di Brescia	
Chairman	Franco Polotti Businessman
Deputy Chairman	Pierfrancesco Rampinelli Rota Lawyer
Deputy Chairman	Costantino Vitali Former banking executive
General Manager	Elvio Sonnino
Deputy general managers	Stefano Vittorio Kuhn Paola Montresor

UBI Banca di Valle Camonica	
Chairman	Gianfranco Maiolini Businessman
Deputy Chairman	Martino Gregorini Businessman
General Manager	Eraldo Stefano Menconi
Deputy General Manager	Pietro Tosana

UBI Banca Popolare Commercio & Industria	
Chairman	Mario Cera Lawyer - university lecturer
Deputy Chairman	Giampiero Auletta Armenise Banker
Deputy Chairman	Gregorio Magnetti Businessman
General Manager	Francesco Iorio
Deputy General Manager	Sergio Passoni

UBI Banco di San Giorgio	
Chairman	Riccardo Garrone Businessman
Deputy Chairman	Eugenio Benvenuto Former banking executive
General Manager	Sergio Mori
Deputy General Manager	Luigi Minolfi

UBI Banca Regionale Europea	
Chairman	Luigi Rossi di Montelera Businessman
Senior Deputy Chairman	Livio Strazzerà Certified Accountant
Deputy Chairman	Maurilio Fratino Lawyer
General Manager	Roberto Tonizzo
Deputy General Manager	Riccardo Barbarini

UBI Banca Popolare di Ancona	
Chairman	Corrado Mariotti Certified Accountant
Senior Deputy Chairman	Antonio Martinez Former banking executive
Deputy Chairman	Pietro Paolo Petrelli Former Certified Accountant
General Manager	Luciano Goffi
Condirettore Generale	Nunzio Tartaglia
Deputy General Manager	Genesisio Rispoli

⁶ Updated as at 13/04/2011 with the new appointments approved by the respective shareholders' meetings

The UBI Banca Group

Ethics and social responsibility

Relationships with

- personnel
- investors
- customers
- suppliers

Community involvement

Attention to the environment

The economic value created and distributed

Improvement objectives

The main organisational changes

We made a series of organisational changes in 2010 to improve risk management and streamline commercial and lending operational procedures and make them more efficient.

A brief report on the most important is given below, while the Annual Report may be consulted for more detailed information.

Improvement of anti-money laundering model

According to the organisational model of the Group the Anti-money Laundering Area, is located in the Risk Control Macro Area of UBI Banca. This unit is responsible for the management, co-ordination and control, including the provision of advice, of activities concerning the application of legislation and regulations relating to anti-money laundering and anti-terrorism.

In order to further refine processes designed to prevent and fight money laundering and finance for terrorism, in 2010 we launched a project to improve anti-money laundering model with a plan to revise the internal control system in order to ensure effective and integrated preventative action to mitigate operational, legal, compliance and reputational risks.

Operational streamlining

A project was launched in the second half of 2009 to improve the effectiveness and efficiency of the lending process in the network banks. It meets the dual requirement to reduce customer response times and to simplify administrative procedures without, however, relaxing credit risk controls.

More specifically we increased loan approval powers at local level for lower risk counterparties, improved reporting systems for problem loans for more rapid intervention, introduced a specialist unit at UBI Sistemi e Servizi to support account managers to rapidly solve repayment problems with performing customers and we improved our credit recovery system.

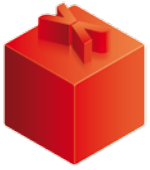
In order to improve service to customers on products and services classified as priority services, we launched a "Simplicity Objective" project designed to simplify procedures, reduce the number of signatures required for contracts and to reduce response times (e.g. on mortgages for private individuals and on changes in interest rates and terms and conditions).

The simplification project also involves action involving tools available to commercial personnel designed to improve operating procedures:

- improvement of response times and standards of service and improvements to the intranet site available to the distribution network personnel;
- rationalisation of corporate regulations and the introduction of more evolved consultation procedures.

Disposal of non core operations

An agreement was concluded in May 2010 to sell depository banking operations to RCB Dexia. The objective was to further improve operational risk and to focus resources and investments on the provision of core products and services to customers.



Ethics and social responsibility

To be a good banker means creating a vision of a bank in which you can trust, a bank recognised on the market for its management style based on a constant sense of ethics, transparency, integrity, dialogue and respect in business. It means believing in strong and shared values and putting them into practice in observance of principles and rules of conduct which are not seen as limitations, but as the way to establish our identity on the market.

The Charter of Values

Our Charter of Values – approved in January 2008 – identifies those values on which the Group has based its identity and which, in both its strategic choices and its everyday business, must guide the conduct of personnel in their relationships with customers and all other stakeholders. General ethical principles and rules of conduct for relations with all stakeholders are drawn from those values and they are declared in our Code of Ethics, of which our Charter of Values forms an integral part.

The Code of Ethics

At the end of 2010 the Management Board and the Supervisory Board of UBI Banca approved a Code of Ethics, the result of work performed involving personnel at various levels and which included senior management, the Parent, the network banks and the main product companies. The Code was officially adopted by the banks and companies in the Group when it was approved by their respective governing bodies and it was distributed to equity investees of the Bank who have agreed to maintain conduct consistent with the principles contained in it.

Integrity and proactive conduct in observance of the Code

“The Code of Ethics defines the manner in which UBI intends to pursue its mission and act in dealings with its various stakeholders, by basing its management and operating activities on observance of moral and legal obligations towards society. We therefore consider observance of the Code as a value in itself. At the same time, we expect those with whom we have dealings to act according to similar ethical principles and which are in any case consistent with universally accepted principles concerning human rights, work, the environment and commercial practices.”

Relationship with other sources of regulation

“The regulations of this Code do not replace, but are in addition to those adopted in relation to specific external regulations, whether they are of a compulsory or voluntary nature. Observance of them is therefore based on the assumption of respect for the courts and a constant commitment to working in full compliance, with the provisions of the law and the regulations of public authorities in force in the different countries and environments of UBI’s activities, with externally established voluntary codes and regulations which we observe or shall observe in future and with internal procedures.

The Code of Ethics is an essential component of the model of organisation, management and control adopted by the Bank in accordance with and for the purposes of Legislative Decree No. 231/2001, because it adds to that model in terms of the expression and communication of the Bank’s values, principles and rules of behaviour and it also contributes to the implementation of the universal principles committed to by signing the Global Compact.”

Distribution

The Code of Ethics is published on the Group website and may be consulted by personnel by viewing internal regulations on



Centrality of the Customer

Integrity

Co-operation

Creation of value

Communication

Fairness

Identity

The community

Innovation

the corporate intranet. A copy is delivered to members of corporate bodies when they accept their appointment, to newly recruited personnel and to all those who do business with the Group under contract or who represent the Bank without being subordinate to it (e.g. business partners, agents, consultants, sales persons and other independent associates), when a relationship is established. Major suppliers are required to sign a declaration of acceptance as part of the respective contract documents.

We have planned an integrated programme of training and internal communication for the second quarter of 2011 in order to facilitate understanding and practical implementation of the Code. The programme consists of seminars for management, classroom training for the heads of operational units, remote training for employees in general and educational activity and the provision of specialist information on the corporate intranet and through the in house organ.

Violations

Reports of any violations of the Code are sent in written and not anonymous form to the Chief of Parent and Group Audit of UBI Banca or to the email address codice.etico@ubibanca.it.

Reports are dealt with following procedures given in implementation and control regulations and they are maintained strictly confidential. Persons making reports are in any case guaranteed against any form of retaliation, discrimination or penalty.

The principles of the Code of Ethics

"The principles of the Code of Ethics constitute a guide for our decisions and actions from both a moral viewpoint and for balancing the interests of different stakeholders, in order to obtain their co-operation in the pursuit of UBI's business mission."

Equality and non discrimination

Promotion of the common good

Sustainable development of local communities

The creation of value in the long term for all our stakeholders

Co-operation

Fairness and impartiality towards stakeholders

Effectiveness and efficiency in the use of resources

Sober incentives and moral motivation for workers

Legitimacy and non abuse of authority

Legality and institutional co-operation

Accountability (disclosure)

In its implementation of general ethical principles the Code, not only defines conduct with different categories of stakeholder, but also principles of conduct in dealings with stakeholders in general concerning the following:

Corporate governance

Prevention of criminal activity

Protection of investors and the integrity of markets

Confidentiality with regard to identity and personal data

Formulation and performance of contracts

Accounting records

Protection and promotion of human rights

Respect for and conservation of the environment



The Global Compact

www.unglobalcompact.org

The Code of Ethics is based on the universal principles in the field of human rights, concerning labour, the environment and anti-corruption, which we have signed up to in our adhesion to the Global Compact.

Social responsibility

The adoption of a Code of Ethics is a fundamental stage in the creation of our social responsibility system. By identifying our stakeholders and clearly stating the principles followed in our conduct towards them, the Code constitutes a framework of reference we use to integrate ethical, social and environmental aspects in our strategies, policies and corporate operations. In recent years, and especially in 2010, we have worked on organisational instruments, and the Code of Ethics in particular, on innovation in business, pursuing objectives of sustainability and consistency with customer expectations and those of other stakeholders concerned and on improving dialogue with stakeholders and accountability. The activities performed and the results achieved are reported in those sections of the Social Report which deal with relationships with stakeholders and attention to the environment.

The main progress made with social responsibility since the birth of UBI Banca

- 2007** Establishment of the **Corporate Social Responsibility Staff Unit**
 Adoption of an **armaments policy**
 Start of a three year cycle of **meetings with stakeholders on the Social Report and social responsibility**

- 2008** Adoption of a **Charter of Values**
 Adoption of an **environmental policy**
 The **CESVI sUBItO fundraising campaign for Bangladesh**
 The **Qui UBI marketing campaign for the environment** with the WWF
 The Oscar di Bilancio – financial reporting
 Oscar – from FERPI
 

- 2009** Partnership with **PerMicro** for micro-credit
One Kiss One Euro fundraising campaign for infant nutrition projects in Uganda by CESVI
CSR and sustainability assessment with Vigeo
 Best Place for Green Demoskopea and AzzeroCO²


- 2010** Adoption of the **Code of Ethics**
 Launch of a **third sector** commercial project
 Launch of a commercial project for **immigrant citizens**
 The marketing campaign **Qui fai. Qui hai.** Qui UBI for the environment
 Electricity certified as **100% from renewable sources**

Partnership



The social responsibility model

Areas of Intervention	Objectives	Mechanisms/Tools	CSR areas	Global Compact
Corporate governance	System of "organisational consistencies" designed to direct the action of individuals and organisational units in compliance with declared internal and external values and standards.	Code of Ethics (policies) Ethical training Incentive systems Formal commitments	Business ethics	Environment Human rights and labour Corruption
Management of business operations	Products and services, commercial approach models and distribution processes consistent with the ethical, social and environmental expectations of stakeholders (new combinations of product/segment/channel).	Risk, production, commercial and distribution policies and guidelines Industrial Plan objectives Specific projects	Business innovation	
Management of social action	Recognition of the value of intervention in the community by means of an organic line of management consistent with identity and business choices.	Policies and guidelines for social investments (sponsorisations, gifts) Specific projects	Community involvement	
Reporting and control	An integrated system for monitoring operations and internal and external communication consistent with the models implemented.	Dialogue with stakeholders Management dashboards Social Report Website Social and environmental certifications	Audit sociale	

Social responsibility commitments

We support associations and working groups committed to the diffusion of a culture of social responsibility and best practices by contributing to debate with participation in seminars, meetings and conventions.

We participate with our delegates in the CSR Manager Network Italy (www.csrmanagernetwork.it) and in EBEN Italia (www.eben.it), we play an active role in the work of the Italian Banking Association technical commission on corporate social responsibility and we support the Sodalitas Foundation (www.sodalitas.it) and the work of Politeia (www.politeia-centrostudi.org).

Ethical ratings and indicators

We are regularly rated by Vigeo (www.vigeo.com), a leading international rating agency which analyses almost 1,500 European companies and we participate voluntarily each year in the SAM Group rating (www.sam-group.com) for the Dow Jones Sustainability Indexes, one of the main families of ethical indices at global level. We are not included in the index, but we are now regularly above the average for the sector (except for the environmental dimension), with points of excellence in our risk management, customer relationships and social and environmental reporting. The quality of the social responsibility section of the Group website is assessed each year by Lundquist (www.lundquist.it) for the CSR Online Awards. Our share is included in the AXIA Financial Research indices (www.axia.org) and the E.Capital Indices (www.ecpindices.com):

- **AXIA Ethical Index** with an A++ rating (first 40 shares in the Eurostoxx50 index in order of capitalisation among those with an ethical class A rating);
- **AXIA CSR Index** with an A++1 rating¹ (first 40 shares in the Eurostoxx60 index in order of capitalisation among those with an ethical rating of class A or at least B++);
- **ECPI Ethical Index euro** (150 largest European companies by capitalisation which meet the social responsibility requirements);
- **ECPI Ethical Index EMU** (150 largest companies by stock market capitalisation in the euro area which meet the specified ethical criteria).

The share is no longer included in the Ethibel Excellence Investment Register, which identifies those companies that are investable according to the Ethibel Excellence Index of Ethibel (www.ethibel.org). We were unable to discover the reasons.

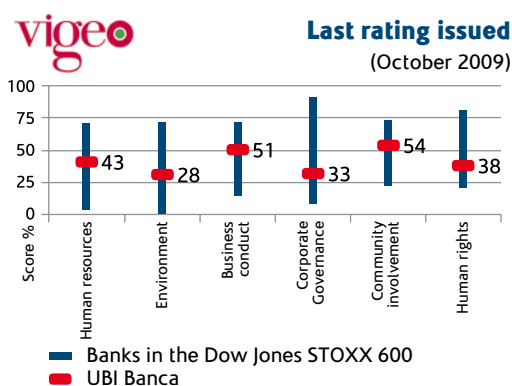
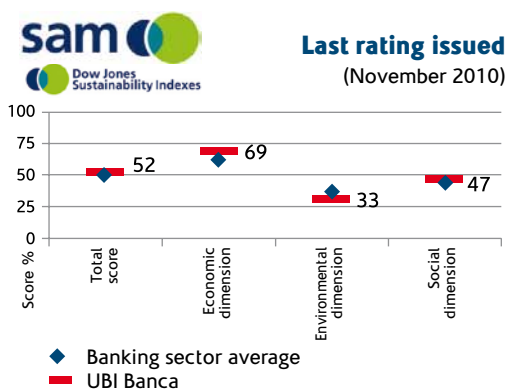
Future objectives

The principal objectives for 2011 are as follows:

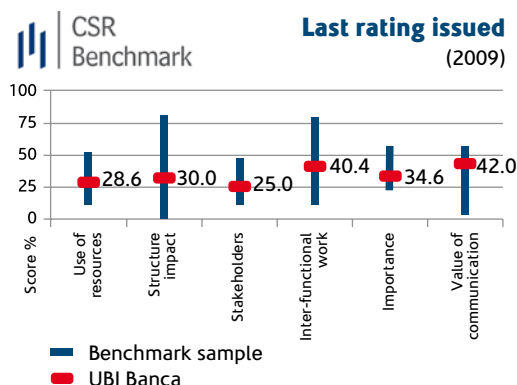
- a training and internal communication programme to implement the Code of Ethics;
- the intensification of commitments to and co-operation for sustainability, an objective not achieved in 2010;
- implementation of a system to monitor the Code of Ethics;
- the improvement of social reporting in terms of contents and distribution channels;
- further activities for dialogue with stakeholders on the Social Report and on social responsibility.

¹ The sign ++ indicates that the company is trying to introduce corporate social responsibility into general strategies with a model oriented towards maximising satisfaction for all stakeholders even if there are still some small problems with implementation.

Rating



The rating was unchanged in 2010



The survey is performed every two years.

ACCOUNTABILITY RATING ITALY 2009

Rank	Company	Score ¹
1	Banca MPS	58.4
2	Intesa Sanpaolo	57.5
3	Unicredit Group	55.1
4	UBI Banca	43.2
5	Banca Popolare di Milano	37.8

¹ Classification for the banking sector only

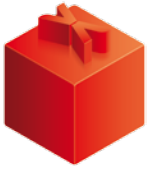
The Rating was not repeated in 2010

lundquist CSR ONLINE AWARDS 2010

Rank	Company	Score ¹
1	Banca MPS	65.5
2	Unicredit	62.0
3	UBI Banca	53.0

15th place overall
1st place for the reporting of socially responsible investments

¹ Classification for the banking sector only



Relations with personnel

We are committed to the application of the principles set out in the ILO (International Labour Organisation) conventions on which local and national standards are based in all our Group member companies. Our policies and processes for the selection and management of personnel comply with these principles and those of the Global Compact protection of labour because we believe that each individual person is a distinctive resource of values, skills and abilities which we must be able to recognise and value in order to translate Group objectives into personal, team and corporate results.

Personnel numbers

**19,616 [-294]
Employees¹**

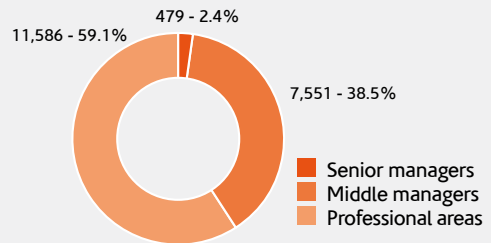
99.0% [+1.5pp] permanent

*36.7% [+1.2pp] women
12,866 [-450] commercial
network with 89.5%
in the Retail Market*

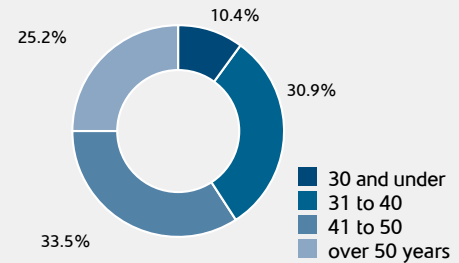
**87 [-286]
External workers on
personnel leasing contracts**

**54 [-20]
Job experience
(internships)**

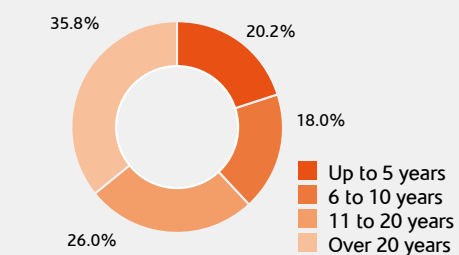
Employees by rank



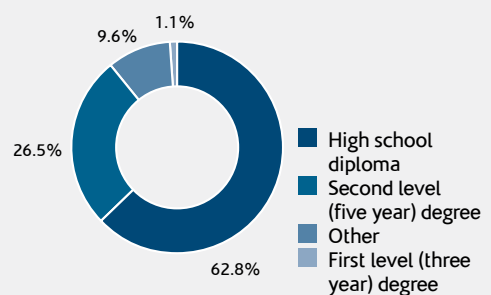
Age (average 43 years)



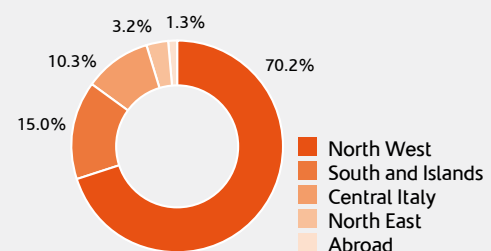
Length of service (average 17 years)



Educational qualifications



Geographical distribution (workplace)



¹ Employees on the payroll. Actual employees in service numbered 19,612.

704 [+26] Appointments

41.6% [+14.8pp] permanent

45.5% [-0.7pp] women

New appointments are usually of young people starting their first job. Recruitment is normally on temporary contracts (temporary employee and personnel leasing contracts) and involves training and testing for the progressive acquisition of the skills required for their roles. Over the last three years the Integration Business Plan has pursued the goal of optimising personnel numbers and transforming the temporary contracts of personnel recruited in recent years into permanent contracts, with a significant slowdown in new appointments. New appointments in 2010 included four senior managers, of which one in Piedmont and three abroad.

1,056 [+159] Personnel leaving

23.4% [-14.4pp] women

53.6% [+31.2pp] retirements

23.7% [-3.6pp] voluntarily leaving

18.8% [-27.9pp] end of contract

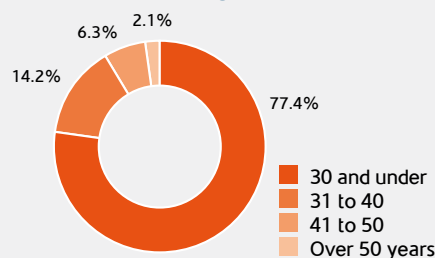
2.2% [+1.1pp] dismissals

The 23 dismissals included nine for just cause, one for justified reasons and thirteen for reductions in personnel numbers performed by Banque de Dépôts et de Gestion, as part of a reorganisation plan made necessary by changes in market conditions. The plan to reduce personnel numbers was performed in full compliance with Swiss labour laws and the bank provided outplacement services to each redundant employee designed to help them to find a new job. All the employees dismissed have already found new jobs.

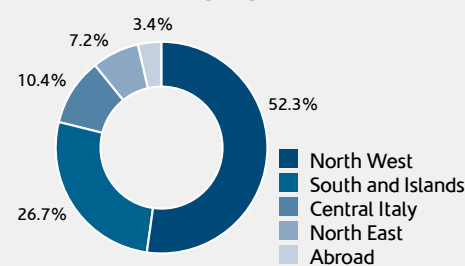
5.3% Turnover²

² Number of employees leaving employment during the year as a percentage of personnel employed at the beginning of the year.

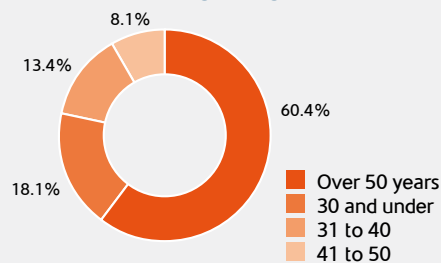
Appointments by age



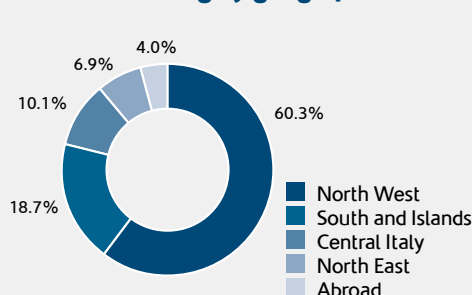
Appointments by geographical area



Personnel leaving by age



Personnel leaving by geographical area



Selection process

Selection activities are performed centrally by the Parent. Each stage in the process is performed according to the criteria of transparency, independent judgement, fairness and respect for the personal details of candidates without any discrimination. Candidates are assessed on the basis of their education, work experience, motivation and personal capabilities in relation to the position applied for. We inform candidates of the training and career paths they may follow within the Group and of the opportunities, procedures and timing of the selection process.

In 2010 we received almost 28,000 CVs (more than 6,000 less than in 2009), of which over 50% from women and we examined almost 2,300 applications (approximately 2,000 less than in 2009).

Particular attention was paid to initiatives in schools and universities (e.g. career days) where we offer young people the opportunity to acquire experience in the field appropriate to their training programmes, with 121 job experience internships during the year at the Parent and in the product companies.

Management and development

In order to diffuse a culture of personnel management that is compliant with and guarantees those principles of fairness, consistency, uniformity and meritocracy which guide us in our everyday business, we use management and development tools in all the main Group member companies that have been developed over the years and that are periodically updated and aligned with strategic decisions and policies set at Group level. They consist of the following:

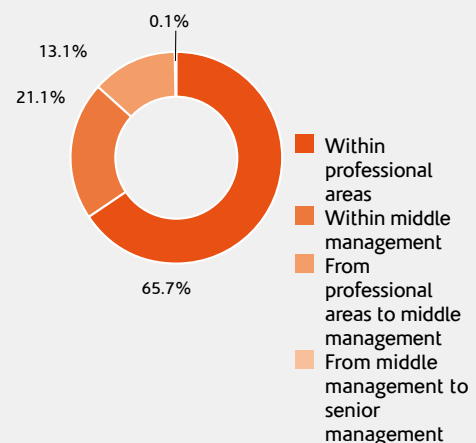
- **roles**, to identify professionalism in companies in terms of skills, autonomy and relations within a given organisational context;
- **skill assessment**, to recognise and develop personal capabilities and knowledge through appropriate training programmes. Participation in this process in 2010 included an interview between workers and managers and covered 95.1% of the 18,504 employees involved;
- **performance assessment**, to recognise and guide the contribution of each person to the achievement of corporate objectives. Performance sheets were compiled in 2010 for 97.6% of the 18,216 employees involved;
- **measurement of potential**, to assess a person's ability to pursue a path to positions of increasing complexity in a career promotion path;
- **position weighting**, used to define the organisational complexity of management positions in all the principal companies in the Group, in order to assist in the definition of career promotion paths;
- **growth tables and career paths**, the former to select people ready in the short or medium term to fill determined key positions and the latter to identify a succession of roles in the distribution network which will allow progressive acquisition of the skills required

to fill increasingly more complex positions;
 • **employee relationship management (ERM)**, a pool of all information on employees, which allows human resource managers to focus activity on a single person and to act in a more proactive manner and more rapidly. This new tool was rolled out at the Parent, the network banks and UBI Sistemi e Servizi in 2010.

Career progressions

Total career progressions numbered 1,685 in 2010 (Less than 16.8% compared to 2009), with a large reduction in promotions to higher levels, especial from middle to senior management.

Career progressions



Mobility

We paid great attention to containing geographical mobility for individuals and the possible negative repercussions on working conditions due to retraining and role changes in action taken relating to Group integration processes (in accordance with the principles of the Trade Union Memorandum of Intent for the 2007-2010 Integration Business Plan of 14th August 2007) and in action designed to improve efficiency and productivity by containing personnel costs.

Geographical mobility affects almost 25% of employees, in terms of working in a different province to that in which they are resident³. Intragroup mobility is managed as an opportunity for the occupational growth and enhancement of individuals, by assigning employees with new duties consistent with their qualifications, experience, potential and aptitudes.

Intragroup transfers numbered 641 in 2010 (110 more than in 2009). We employed agreed upon action to achieve a series of transfers of key human resources, which enabled us to enhance the personnel involved and at the same time create a climate of participation and a standardisation of procedures and practices across companies.

Disciplinary measures⁴

A total of 135 disciplinary measures were adopted during the year (46 less than in 2009) due mainly to operational irregularities and negligence of various kinds: 99 verbal or written reprimands, 29 suspensions from work and salary (from one to ten days) and seven dismissals for just cause (undue appropriation of funds).

Litigation⁴

During the year 170 legal cases were initiated (+86 compared to 2009), while 60 were concluded.

At the end of 2010, 226 cases were in progress (41 more than in 2009), including those for which rulings were reached in the last two years but for which the time limit for appeals has not yet expired. The majority of them (88) concern applications made jointly by groups of former employees for the recognition of contributions paid to supplementary company pension and health assistance funds as valid for defined

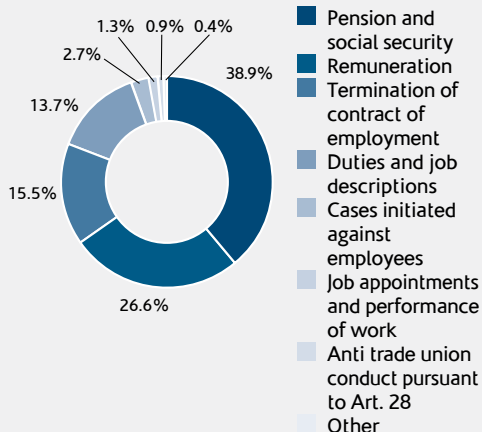
pension contribution plans, which, however, were excluded under the provisions of the relative national labour contract. On the basis of information provided by the General Management of the Parent, these cases are gradually moving towards an agreed settlement. However, the judges seem to have accepted the principle advanced by the Bank (a principle of great importance also for the whole banking industry).

Remuneration and incentives

Recent changes in the economic scenario and the increasingly greater attention paid by public opinion to matters concerning remuneration in the financial sector have led to an acceleration of a general review of existing policies and practices, which was started by the Supervisory Authority. The objective is to move towards a system which is more in line with the interests of all stakeholders and in line with the medium and long-term strategies of companies. In this context, in March 2010 the Supervisory Board of UBI Banca approved a Group Remuneration and incentives policy based on the following principles:

- activation and measurement based on indicators which reflect the profitability of the bank over time, adjusted for current and future risks, for the cost of equity and the liquidity employed;
 - consistency of the total amount of variable remuneration with the maintenance of an adequate level of capitalisation for the risks assumed;
 - symmetry of rewards with respect to the results achieved with significant reductions (even to zero) if performance is below forecasts or negative;
 - assessment of the overall results of the Bank or the Group, of the business unit a person belongs to and, where possible, of the results of the individual;
 - deferred payment for an appropriate period of time, for a substantial proportion of the remuneration of those roles of particular importance to Group profits and risk;
 - any remuneration for the early termination of employment contracts is linked to the performance achieved and the risks assumed.
- Objectives were set in the definition of Group incentive schemes which, in compliance with the requirements of objectivity and immediate measurement, were consistent with the rules of prudent risk management, with long term strategies and interests (including sustainable growth, ethics, uniformity, personnel development, skills acquired), with the effectiveness and permanence of the results and with the objective of ensuring integrity in customer relationships and compliance with regulations and the law.

Litigation in progress



³The figures relate to 98% of employees.

⁴The figures relate to 91% of employees.

In addition to profit objectives, adjusted for actual or expected losses (e.g. operating losses and impairment losses on loans) or volume of business objectives expressed in terms of totals without reference to individual products, non financial objectives are also set, related amongst other things to monitoring risk ex-ante (e.g. performing positions past due for longer than 60 days, MiFID advice, net customer flows) and customer satisfaction objectives (using the continuous monitoring of the "Consultation Project).

All employees are informed of the mechanisms by which incentive schemes function. In order to assist with this we produced a video accessible on the Group intranet.

Variable remuneration

Since, on the basis of the conditions set for qualification, the incentive scheme was not activated in 2010, total variable remuneration accounted for 1.54% of total personnel expense recognised in the income statement, compared to 4.2% in 2009.

Training⁵

In our view continuous training is a key success factor not only for the professional enhancement of personnel and for the introduction of new operational models, processes and systems, but also to assist in the development of corporate identity and culture through the diffusion of Group values and strategies.

**95,011 [-4.254]
Training days⁶**

5.2 [-0.2] average days per employee

18.136 [-55] employees who participated in at least one training activity

99% [unchanged] network bank personnel who participated in at least one training activity

6.1 [-0,2] average days per network bank employee

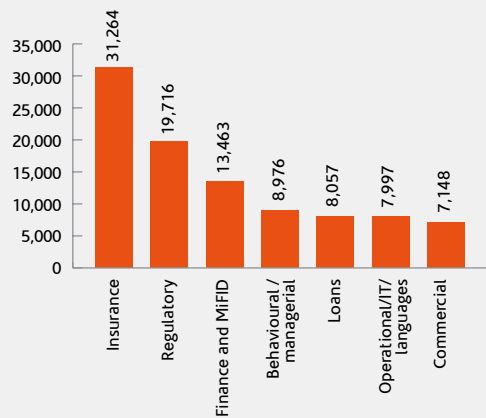
2.8% [-0,1pp] of training days

Training is performed by Group bank and company personnel, who have qualified to perform classroom training in the in house School for Instructors, and by professional instructors from reputable specialist companies with which arrangements have been established.

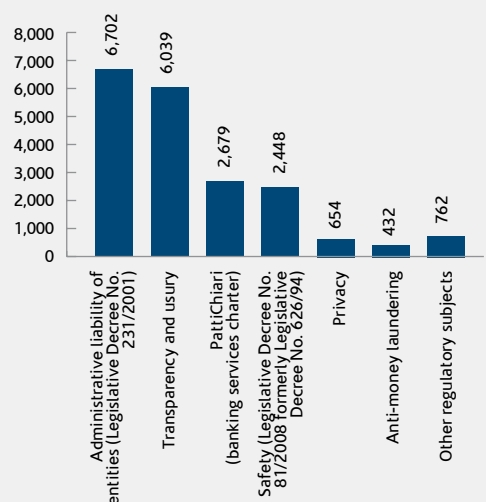
⁵ The figures relate to 96% of employees.

⁶ Exclusive of 1,610 training days provided by internal instructors

Training by subject areas (number of days)



Details of regulatory training (number of days)



I.S.E.O. Summer School



Twelve young members of Group personnel received a UBI Banca study scholarship to participate – together with students from 139 universities in 60 nations – in the 2010 edition of the I.S.E.O. summer school. This edition, held by the Nobel prize winners Robert Solow, George Akerlof and Michel Spence, was dedicated to the new architecture of markets and to emerging and developing economies in the wake of the international crisis.

The overall training supply, which may be consulted in a special catalogue, accessible on the corporate intranet, includes the following:

- **training programmes for specific roles:** these consist of a sequence of courses and periods of job experience to allow the abilities required for the role filled or to be filled within the organisation to be acquired, developed and strengthened both from the viewpoint of technical knowledge and relationship and behavioural skills. Different programmes are employed for distribution network units, central units, new recruits and personnel involved in professional retraining schemes. Compulsory qualifying courses are provided with a final examination for positions of particular responsibility (e.g. branch manager) to be completed before the appointment is made;

- **specific training activity:** specific training is also provided designed to meet the needs of particular segments of Group personnel and to support the introduction of organisational strategies and changes, changes produced by regulatory developments and the more significant innovations in products, instruments and processes.

A total of over 441,000 training days were delivered in the period 2007-2010, 11% more than that planned under the Business Plan. In 2010 we continued with training activity designed to improve the professional skills of roles in the distribution network, with a focus on personnel with management responsibilities for business activities and primarily on branch managers. Roles with greater responsibilities were required to participate in a Group managerial training programme which consisted of involvement in intercompany events designed to encourage exchange of information with others in different professional fields. A training initiative for female Group personnel was provided on the subject of "diversity management".

Finally, all Group personnel may freely make use of remote training facilities for courses in IT literacy and the English language.

An assessment questionnaire must be completed for all training activities, whether classroom or remote, and a learning questionnaire must be compiled for technical and occupational courses, which assesses acquisition of the contents and successful completion of the course.

Internal communication

With internal communication we seek to strengthen dialogue with personnel in order to increase cohesion and a sense of belonging, to ensure constant dissemination of information (including news of strategies and changes in progress) and to direct behaviour towards shared objectives.

Intranet

The corporate intranet constitutes the main tool for internal communication and it is at the centre of an evolving project which is designed to make communication more interactive and direct. Employees have access to most of the corporate documentation they use in their work through the corporate intranet.

In 2010 we produced videos to increase transparency in the bank-employee relationship, to simplify information on regulatory aspects, to support commercial activity and to facilitate the understanding of incentive mechanisms.

In order to provide information on the main issues addressed during the Shareholders' Meeting of UBI Banca held on 24th April 2010, we produced an electronic magazine containing brief interviews given before and after the meeting and an overview of the macroeconomic scenario and the outlook for the Group.

yoUBI

The two monthly periodical yoUBI provides personnel with information and develops corporate culture. It is printed on ecological paper with great care taken over the graphics and is used to inform all personnel of the main developments in the history of the Group. We try to provide food for thought through interviews with important external personalities and informal spaces in which to share leisure time experiences or to put forward subjects for discussion. In addition to this the supplement to yoUBI, UBI News, is dedicated to network bank activities and the other supplement yoUBI New Time to maintaining relations with retired personnel, while Noi Docenti UBI is a four monthly periodical which provides information for members of the School for Instructors and to keep them up-to-date.

Events

Events are organised to encourage informal meetings and direct exchange of information between and with the senior management of companies and the Group and they are useful during delicate periods of change and the implementation of important projects.

79% [+1pp]
Degree of satisfaction with training
(compared to an objective level of 69%)

Diversity and equal opportunities⁷

While no official policy has been set on this issue, we have been committed for some time to guaranteeing equal opportunities and valuing diversity. In addition to offering a wide choice of alternative working hours, we have supplementary company labour agreements which allow greater use of part-time work and leave than that guaranteed by law.

133,382 [-1,848] Days of leave

67.4% [+2.0pp] for maternity and childcare

13.1% [+1.6pp] to assist disabled family members

Female personnel returning from maternity leave normally have access to part-time work and receive refresher courses to return to their position. Moreover, in some towns and cities where the need has arisen, children's nurseries have been provided at the work place for some years now.

1,440 [+48] Part-time contracts

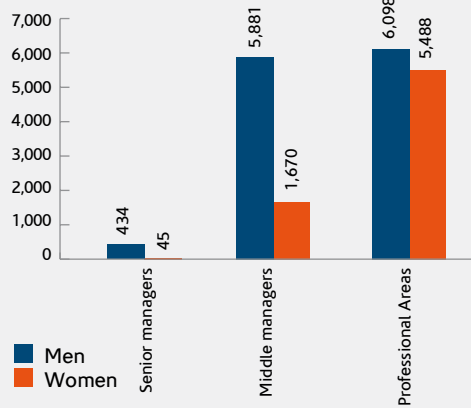
7.3% [+0.3pp] of employees

95.1% [+0.4pp] of female personnel

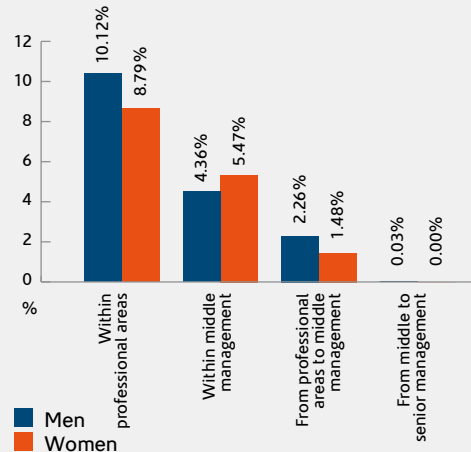
Male and female levels of average gross annual salaries came progressively closer between 2009 and 2010: the ratio of female to male salaries is 90.3% for senior managers, 88.2% for middle managers and 92.7% for professional areas. The remaining difference is due in part to the higher frequency of part time workers among female personnel.

As concerns protected categories, we comply with regulatory obligations throughout the year, using the instruments made available by the legislation in force. We seek to provide disabled persons with the best opportunities for integration at work. At the end of 2010 we had 860 disabled employees (+4 compared to 2009), accounting for 4.4% of total employees, 28 refugees (-4) and 305 persons belonging to other protected categories (-12).

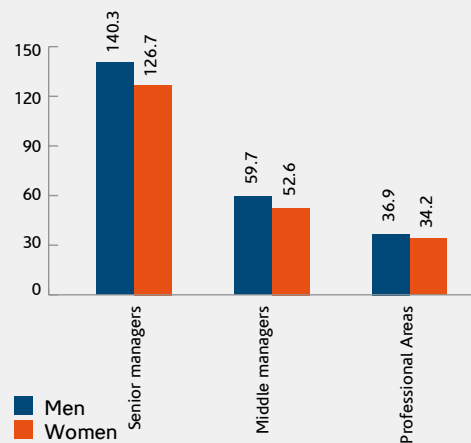
Employees by gender



Career progressions



Average gross salary (thousands of euro)



⁷ The figures relate to 98% of employees, with exception of the data on employees by gender and on career progression which relate to the entire Group.

Trade union relations

Complete freedom of association and membership of trade unions is guaranteed for all Group employees and they are all covered by collective bargaining procedures. There are 9 trade union organisations in the Group to which 83.1% of personnel belong (this data relates to 91% of employees). All trade union organisations operate freely without restrictions and the Group makes adequate operational means available to them to conduct trade union activities. Our trade union relations policy is based on respect for the procedures set out in the Banking National Labour Contract and on the search for agreement, where possible, with all the different unions through transparent, concrete and continuous dialogue even beyond the minimum required by institutional procedures. More specifically, for substantial changes in organisational structure, we ensure full compliance with the procedures set out in the Banking National Labour Contract which sets a minimum period of 45 days for negotiations with trade union organisations.

Trade union activity⁸

Trade union activity was intense in 2010, due mainly to the completion of Group integration according to the 2007-2010 Business Plan, to the refinement and optimisation of the branch networks of some of the network banks and to improvements in efficiency and productivity through rigorous containment of costs and the search for solutions which will ensure fair and sustainable working conditions for personnel.

130 [-10]

Trade union meetings

520 [-80] estimated hours of meetings

219,383 [+62,996] hours of leave for trade union activities

On 26th November 2010 an agreement was signed – a “memorandum on climate” – the result of wide ranging consideration of issues relating to the best use of human resources and their centrality and enhancement as a key factor for the development and success of the Group. The agreement was centred on respect for human dignity through an adequate system of guarantees regarding working conditions and how work is organised.

No strikes relating to company disputes occurred during the year, while there were 11,705 hours of strikes relating to national disputes.

Health and safety

The Prevention and Protection Service

of the Parent is responsible for health and safety at the workplace for the entire Group, by setting standard regulations for risk assessment, internal procedures, training programmes and management of relations with safety doctors.

In order to prevent risks from arising at the source, we have adopted and implemented a management and organisational system for health and safety with a set of functions which ensure technical responsibilities and powers are in place to verify, assess, manage and control risk. Where required by legislation each employee is associated on the basis of risk assessment procedures with a type of exposure to risk with the subsequent scheduling of the necessary medical appointments.

Attention was focused in 2010 on the issue of work related stress, which led to the formulation of criteria to identify and acquire corporate data to assess it. The assessment process will be completed in 2011 in close co-operation with safety doctors and with the involvement of a significant sample of employees.

The issue of mobbing – which differs from work-related stress because it is distinguished by the will to harm and is therefore similar to violence, harassment and discrimination – is not addressed in the context of risk assessment, because it is not considered a standard work-related risk and also because human resource management policies ensure that behaviour is consistent with and observant of fundamental individual and worker rights and the right to dignity and personal respect for all.

Respect for privacy is scrupulously observed in all activities performed to implement health and safety policies at the workplace.

Prevention activities⁹

We performed 678 medical visits in 2010 (-284 compared to 2009), 318 on site inspections and monitoring of environments (-278), 26 evacuation drills (-7) and 6,659 technical interventions to reduce risks (+1,938). We provided training to 2,518 employees and post robbery assistance to 31 employees (-12 compared to 2009). An e-learning course will be made available to personnel who use PCs in 2011 with useful information concerning correct posture and the best way of using the instrumentation.

Illnesses and accidents¹⁰

Again in 2010 Group data on occupational accidents and illnesses reflected that for the insurance and banking sectors, in the lowest class for the absolute danger, frequency and seriousness of accidents.

Absences from work for illness, amounting to 128,176 days (-7,379 compared to 2009), accounted for 13.3% of total absences.

⁸ The data relates to 91% of employees.

⁹ The data relates to 95% of employees.

¹⁰ The data relates to 98% of employees.

Robbery risk

Since one of the risk factors for the safety of personnel is the risk of robbery, we have adopted automatic systems for cash management, which have helped to substantially reduce the number of robberies performed (-31.3% compared to 2009). In 2010 we found an increase compared to recent years in the phenomenon of robberies performed with personnel taken hostage (while waiting for safes controlled by timers to open) with a consequent increase in stress levels.

Therefore in addition to increasing post-robbery psychological assistance (in terms of the number of psychologists available to personnel) and to the classroom training programme furnished by specialist psychologists, online training facilities will be introduced in 2011, which simulate the real dynamics of the different types of robbery and as a result of their very interactive nature, they provide personnel with a useful means of learning the correct behaviour to employ on those occasions.

Social security

Depending on the companies to which they belong, Group employees can benefit from supplementary forms of pension and health care, insurance policies covering death or permanent disablement, gifts on important occasions such as marriages, births and adoptions, high school and university graduation, scholarship grants for children, paid leave to care for disabled family members, the emergency hospitalisation of family members, the birth or adoption of children and when they start nursery schooling. We also make extra payments to single income families or those with disabled members.

Services

Services include not only company crèches, but also eight company cultural and recreational clubs, holiday accommodation facilities at tourist locations (available to personnel and their families under special terms) and shuttle bus services provided for travel to and from work.

Favourable terms and conditions are granted on charges and commissions for banking services along with loans at special rates for the purchase of homes and automatic credit on easy terms in line with the best market conditions.

Solidarity

We have supported the Clematis Onlus since 2002. It is an association formed by employees and former employees of the former Banca Popolare di Bergamo-Credito Varesino.

The association was formed to give support to the families of employees, whether in service or retired, who have non self sufficient, disabled children.

Accidents

	At work	Travelling to and from work
Events	46	182
Days lost	1,286	5,195
Frequency index ¹	1.83	7.24
Severity index ²	0.05	0.21

¹ Number of accidents per million hours worked
² Number of days lost for every 1.000 hours worked

Robberies and thefts¹

	Number of events	Frequency index ²	Employees involved ³
Thefts (on ATMs)	19	1.0	-
Robberies	88	4.67	264

¹ Data acquired from 1,886 branches
² Number of events every 100 branches
³ Estimated figure



Clematis Onlus
www.clematisonlus.org

The various initiatives of the association also include an insurance convention to provide the disabled children with an annual supplementary, revaluable, income of 12,000 euro payable on the death of both parents, which has been used by 65 families – of which 30 former employees in retirement – for 68 disabled children.

Social security

	Number of places	Average number of users	Costs incurred in euro
Children's nurseries	95	73	349,664
of which at Bergamo	46	38	
Brescia	25	14	
Milan	12	9	
Jesi	12	12	
Mobility (12 coaches)		380	889,094
Company cultural and recreational clubs		24,177	598,491
Supplementary pensions and insurance policies			48,576,646
Study grants and contributions to families			2,977,886
TOTAL			53,391,781



Relations with investors

UBI Banca is a joint stock co-operative company with a broad shareholder base, consisting of registered and unregistered shareholders.

In 2010, 1,206 applications for admission to registered shareholder status were received (792 more than in 2009), which were all accepted.

143,633 [-2,977]
Shareholders (registered and unregistered)

98.4% [+0.1pp] private individuals

71.2% [-0,1pp] in Lombardy

21.9% [-0.4pp] share capital held by foreign investors

78,340 [-2.771]
Registered shareholders

99.3% [unchanged] private individuals

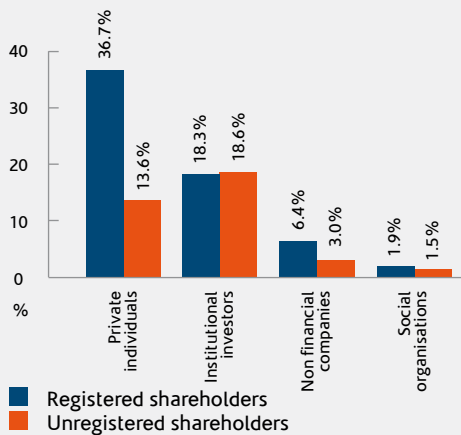
84.2% [-0.1pp] in Lombardy

6.4% [-0.3pp] Group employees

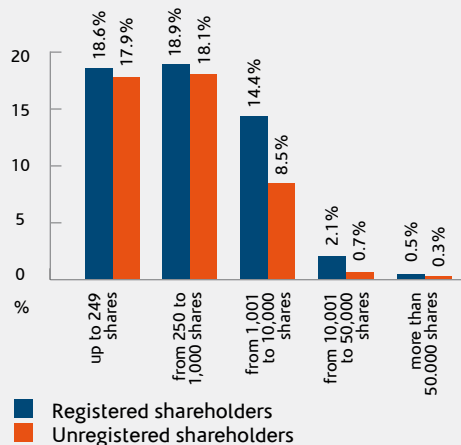
The value of the investment

We work to provide all our shareholders with an adequate return and medium to long-term growth in the value of their investment, compatible with general conditions on markets and principles of sound and prudent management and capital strength. While the Bank continued as a sound concern at the end of 2010, capital ratios were affected by growth in lending at the service of the economy and by more severe regulations issued by the Bank of Italy. Therefore, in consideration of the expected new levels of the Basel 3 capital requirements, trends for the market and the economic situation, together with the launch of a new business plan, we decided to propose an increase in share capital of up to one billion euro to shareholders. Prices recorded during the year in trading fluctuated between a minimum of 6.275 euro and a maximum of 10.530 euro, with an average of 8.224 euro. In the first quarter of 2011 no appreciable changes were recorded in prices, which remained between a minimum of 5.980 euro and a maximum of 7.970 euro, with an average of 7.158 euro.

Legal status
 (Number of shares)



Shareholdings
 (number of shareholders)



4,213 million [-34.5%]
Stock market capitalisation
(official price 31.12.2010)

The dividend proposed for the distribution of 2010 profit is 0.15 euro (compared to 0.30 euro last year), to give a yield of 1.82% on the average price for the year and of 2.3% on the official price at the end of year.

Share performance over the last three years (baseline of 100 as at 02/04/2007, the date of the formation of UBI Banca)



Relations with registered shareholders

Registered shareholders represent the close relationship which has been established historically with local populations and the economic and social fabric of local communities, which constitutes one of the cornerstones of our identity as a “popular” co-operative bank.

Relations with registered shareholders are managed by a dedicated organisational unit which proposes and co-ordinates initiatives for them, processes admission applications and updates the shareholders’ register. The registered shareholders section on the Group website contains specific information of interest to shareholders, which supplements information already available in the investor relations section.

Attendance at general meetings

Each registered shareholder contributes to the life of the bank by expressing opinions and voting in shareholders’ meetings. We are committed to promoting informed participation of registered shareholders in proceedings at shareholders’ meetings and we send each of them a written communication – a “Letter to Shareholders” – to notify them of time limits for convening ordinary general meetings and to inform them of the operating and financial position of the Group and of projects in progress. In 2010, 2,669 registered shareholders took part (1,399 less than in 2009) either physically (64.1%) or by proxy (35.9%), of which 24.5% Group employees.

UBI Club

In pursuit of our mutual objects, we offer all our registered shareholders membership of UBI Club a package of concessions on banking, insurance and other services. UBI Banca spent 255,000 euro on the relative insurance policies in 2010.

Relations with the financial community

We ensure proper conduct, transparency and completeness of disclosure to all institutional players – investors, analysts, rating agencies and the press – and to the general public through press releases and presentations and the Group website. This activity is managed by the Investor Relations Staff which operates in full compliance with Consob (Italian securities market authority) and Borsa Italiana recommendations for the disclosure of information that can influence markets. While we give equal consideration to all

investors, we are particularly interested in promoting the presence of our share in the portfolios of investors who operate with medium to long-term objectives and of investors who employ ethical and/or social responsibility selection criteria (e.g. ethical funds).

As at 31st March 2011, the UBI Banca share was covered by 8 national and 18 international analysts. Their indications expressed after 28th March were affected by the expectations of the Business Plan and the share capital increase.

Internet communication

The internet, together with newspaper publications, is the main source of information for the public and is considered the main tool for transparency and the disclosure of corporate information by both the supervisory authority and market regulatory authorities.

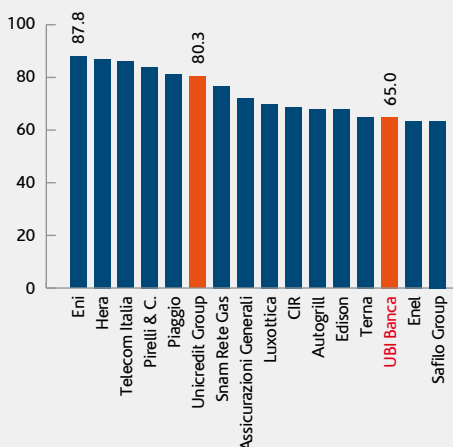
Yet again in 2010 the English version of our corporate website was assessed by the company Hallvarsson & Halvarsson, by using a broad range of qualitative and functional criteria, which reflect the information requirements of financial journalists, analysts and institutional investors.

Relations with the financial community

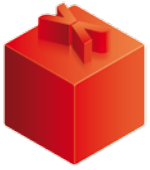
	Number of events	Number of contacts ¹
Conference calls	4	371
International conferences	6	120
Road shows (all abroad)	8	142
Individual and group meetings	47	113

¹ Number of interactions, even with the same parties, at different events on different dates.

Italy Top 100 Webranking by Hallvarsson and Halvarsson



UBI Banca has been in second place in the classification for banks since 2007.



Relations with customers

We work to build long-term relationships with all our customers based on mutual trust and satisfaction. Consistent with our mission as a “popular” bank we seek to interpret social and economic trends on the local markets in which we operate in order to respond effectively and efficiently to the needs of families, businesses and other organisations in local societies and economies.

3.7 million Customers

88.5% [+0.4pp] private individuals

48.6% [unchanged] women

4.6% [-0,2pp] immigrant citizens

11.5% [-0.4pp] businesses and organisations

90.1% [+0.8pp] professionals, trades persons and small businesses.

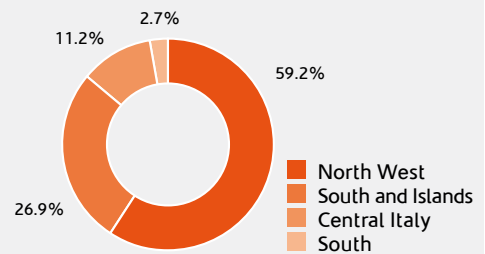
The consolidated Management Report in the Annual Report may be consulted for detailed information on the commercial and distribution policies with which we pursue our operating objectives, while here we underline aspects linked more directly to our desire to distinguish ourselves on the market with our management style based on professional ethics, consultation, dialogue and concrete application of the Bank’s social responsibility values in local communities.

Professional ethics

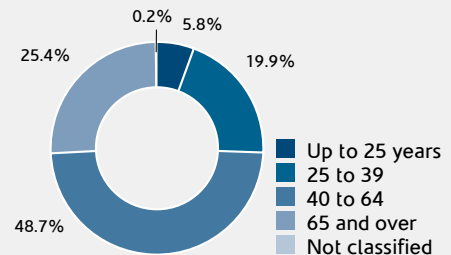
We are committed to relationships with all our customers based on integrity, reliability and a sense of responsibility, with full respect for laws, voluntary codes and the principles of conduct defined in our Code of Ethics. We apply the Code of Conduct for the Banking and Financial Sector and the Code of Conduct for Mortgage Lending of the Italian Banking Association and we adhere to the ABI-Confindustria Memorandum (www.bankimprese.it) and the PattiChiari (service standards charter) Consortium (www.PattiChiari.it).

We adopt production, commercial and risk management policies which, in compliance with regulations in force, pursue the aims of transparency and high standards customers. In this respect we give particular

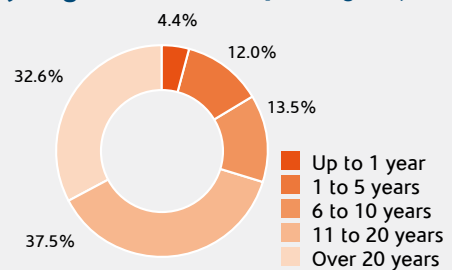
Customers by geographical area



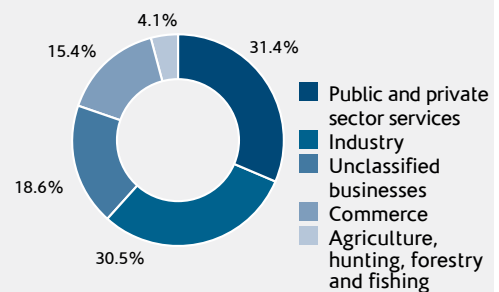
Private individual customers by age



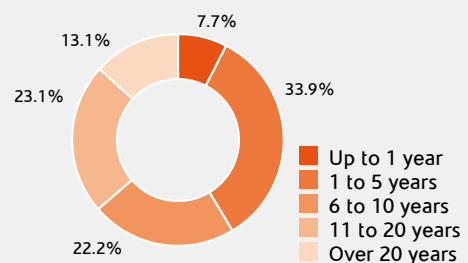
Private individual customers by length of relationship (average 16 years)



Corporate customers by economic sector



Corporate customers by length of relationship (average 9,5 years)



importance to policies for: the distribution of mortgages through brokers; the portability, renegotiation and early repayment of mortgages for direct customers and those distributed through brokers; the sale of structured financial instruments and the sale of derivative instruments.

All our products are subject to rigorous quality control in terms of compliance with regulations, appropriateness to the requirements of the customer segment to which they are destined and consistency with regard to terms and conditions on the market.

Protection of investors

We furnish financial reports to commercial management and staff in our network banks, which enable us to provide customers with information that is consistent with their investment objectives and to favour more informed investment and disinvestment decisions by customers while they remain independent and hold responsibility.

The reports are acquired externally and distributed through the **Financial Market Focus Service** of the Group.

Access to credit

We have been working for some time now to facilitate access to credit by households with flexible and transparent products. At the same time we pay great attention to prevent risks of over indebtedness by carefully assessing repayment schedules against income and this helps, amongst other things, to protect the long-term living standards of families.

Controversial sectors

We carefully assess involvement in economic sectors which may present high social and environmental risks or which are in any case considered critical by rating agencies and investors who employ ethical criteria.

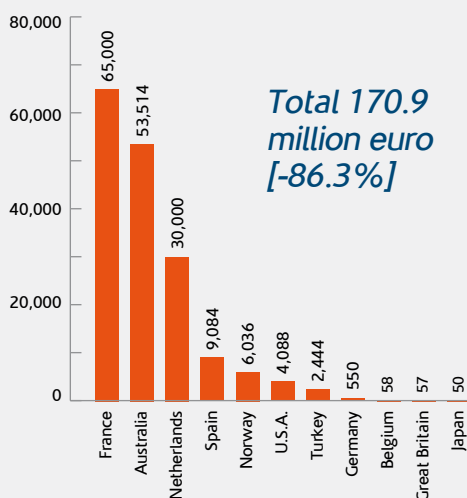
In this respect we set a **policy for the armaments sector** in 2007, designed to ensure financial support for companies on our local markets who supply military forces for the defense of public order, peace and democracy, in line with those principles of respect for the individual and protection of the human rights that are part of our corporate culture.

The policy bans business of any type with companies involved in the production and/or trade in arms of mass destruction and other controversial weapons and it places restrictions on international trade in arms to certain destination countries. The restrictions consider not only international sanctions and embargoes but also the involvement of individual countries in armed conflict, respect for human rights, the level of economic and social development for countries with a low development index and the relationship between military and social spending. For other controversial sectors, we found exposure of not more than one per cent of total lending to customers for these.

Business in the armaments sector¹

Authorisations to perform banking transactions by country of destination of exports

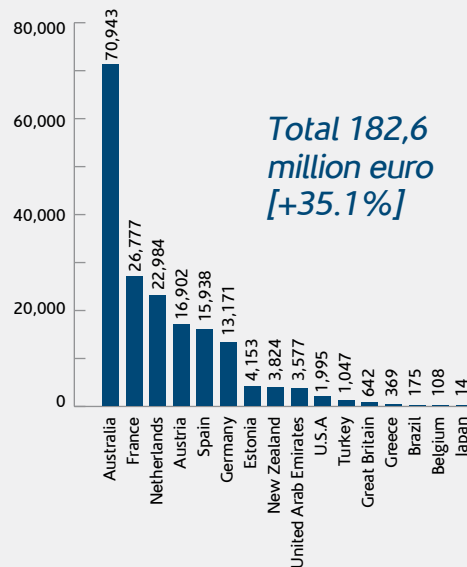
(thousands of euro)



The authorisations were requested by Banco di Brescia (98.4%) and Banco di San Giorgio (1.6%)

Banking transactions performed by country of destination of exports

(thousands of euro) (average 9.5 years)



The transactions were performed by Banco di Brescia (85.9%), Banca Popolare Commercio e Industria (11.6% relating to authorisations given in previous years) and Banco di San Giorgio (2.5%)

Almost all authorisations and transactions regarded armed and unarmed aircraft and the relative components, parts, equipment, maintenance and repairs for transactions destined to government counterparties.

All transactions were performed in full compliance with Group policy. Banco di Brescia rejected a transaction for four million euro for the export of assault rifles to Turkmenistan.

¹ Banking transactions relating to exports of goods and services within the meaning of the provisions of Law No. 185/1990 on international trade in armaments materials.

Consultation and dialogue

Policies for consultation and dialogue with customers are pursued through customer satisfaction activity and form part of our approach to the development of new products and services.

The Consultation project

The Customer Care Area is located in the Risks Control Macro Area and is responsible for all customer consultation and dialogue activities. It supervises qualitative aspects of customers services and relationships and the related reputational risks.

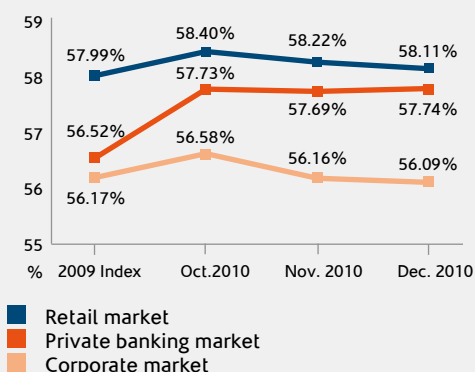
The Customer Care Area has conducted systematic customer satisfaction surveys since 2008 termed the "Consultation Project".

A major independent market research institute performs approximately 150,000 interviews on our behalf each year, from which it generates indicators of the quality of customer-bank relationships and the products and services provided. It also generates separate customer satisfaction indices at different levels: Group, market, network bank, local area and single unit (branch, corporate business unit, private banking unit).

Consultation Project – 2010 Results

Retail Market (approximately 140,000 interviews)
Index of satisfaction
Overall satisfaction 0,68 points above the benchmark, a slight increase compared to 2009.
All market segments above the benchmark: slightly above for the mass segment, further above for the affluent segment and an even greater improvement above the benchmark for the small business segment.
Results decidedly above the Group average for small size banks (Banca di Valle Camonica and Banco di San Giorgio)
Strengths
Courtesy and competence of personnel
Welcoming and friendly atmosphere in branches
Areas for improvement
Support for the long term growth of small businesses (small business segment)
Ability to make proposals
Corporate Market (more than 4,000 interviews)
Index of satisfaction
Overall satisfaction 1.09 points below the benchmark, a slight decrease compared to 2009
The best results for small banks (Banca di Valle Camonica and Banco di San Giorgio) and for Banca Carime (similar to the previous to in terms of the size of its corporate market)
Strengths
Stability of customer relationships and ability to communicate trust and credibility by account managers.
Satisfaction of large corporates (large corporate segment) above the benchmark
Areas for improvement
Proposals of innovative and customisable solutions
Private Banking Market (approximately 3,000 interviews)
Index of satisfaction
Significant improvement in overall satisfaction compared to 2009 although still well below the benchmark with a score of 0.37.
Excellent results for smaller banks (Banca di Valle Camonica and Banco di San Giorgio) and for Banca Popolare Commercio e Industria
Strengths
Quality of customer relationships
Account manager capabilities and expertise
Areas for improvement
Proposal making initiatives in the provision of products and services
Focus on social responsibility
The large majority of customers feel it is important for the Bank to consider the social and environmental risks of its activities and that it should be committed in the social and environmental fields.
Over one third of customers are not informed about the social corporate responsibility initiatives of UBI (more than half of businesses).
Over one half of customers that are informed about social responsibility matters are interested in knowing more about the Bank's activities in the social and environmental fields.
Strengths
Good judgement on UBI's level of social and environmental responsibility
UBI's reputational and social responsibility level has improved compared to few years ago for over one third of customers informed about social responsibility.
Corporate customer satisfaction for UBI's offer to support investments that are important from a social and environmental viewpoint (e.g. compliance with safety and environmental regulations at the workplace, the use of alternative energy).
Areas for improvement
Capacity to inform customers of Group initiatives and results in the social and environmental field (preferred channel, branches).

Network bank customer satisfaction indices



In 2010 the customer satisfaction index rose until October on all three markets (retail, private banking and corporate) and was then followed by a fall in the last two months of the year, which contributed to the generation of different annual results for single markets also with regard to the respective benchmarks.

The results are compared with surveys of the banking sector nationally (the benchmark) and they are integrated with a special focus on specific areas (e.g. in 2010 on assets under management, insurance and Qui UBI).

By analysing the results – performed jointly with UBI Banca and network bank managements – we identify corrective action and priorities for intervention and we assess the effectiveness of action and initiatives undertaken.

The customer satisfaction indicator has been included among the objectives of Group incentive schemes since 2009.

We have asked young people to tell us about their ideal bank.



Young people described their ideal bank with these values:

trust (is the word that is heard most often together with requests for support during the planning stages life);

Transparency and truth (no tiny clauses or big words)

simplicity (services to make life less complicated)

conservation of the environment (primarily as a company, but also by supporting ecological choices of its customers)

helpfulness (to guide and assist young people in their investment and financial decisions)

Banking freedom

“Banking freedom” was an initiative for young people aged 18 to 29, preliminary to the launch of the Enjoy card for them.

We invited young people to register with the website for the initiative and to use a message board to say how they imagined their ideal bank would be.

Over 200 messages arrived with interesting ideas and recommendations for values expressed very clearly and in an “adult” tone. We took account of this when developing the product and advertising.

Management of complaints²

Claims, like simple complaints, constitute a valuable source of information for improving the quality of our services to customers and in this context we are committed to improving our acquisition and management processes for them. In order to make it easier for customers to send in complaints we created special areas for this on the websites of the network banks, on the Group commercial website and on the Qui UBI internet banking website.

4,256 [-884] Complaints received

242 [+11] for compounding of interest

211 [-202] for securities in default

176 [+3] on privacy

4,188 [-1,289] Complaints concluded³

1,636 accepted

1.04 million euro paid to customers

22 [-10] average days for response⁴

We have inserted a link on all Group websites to sections providing information on the **Financial Banking Arbitrator** (from which it is possible to consult and download the relative guide) and on the **Banking Ombudsman** (from which it is possible to download the regulations and forms and access the relative website). Ten complaints were forwarded to the Banking Ombudsman in 2010 of which 8 were examined (two in favour of the customer), while 64 were forwarded to the Banking Arbitrator, of which 32 were examined (13 in favour of the customer).

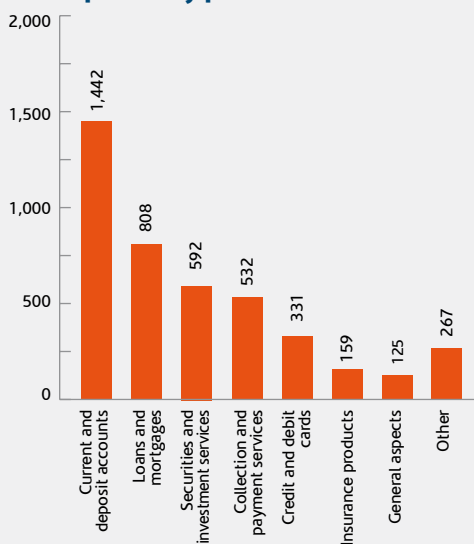
In order to improve our ability to prevent customer dissatisfaction or in any case to

² Data relating to the Parent and the network banks, including UBI Banca Private Investment

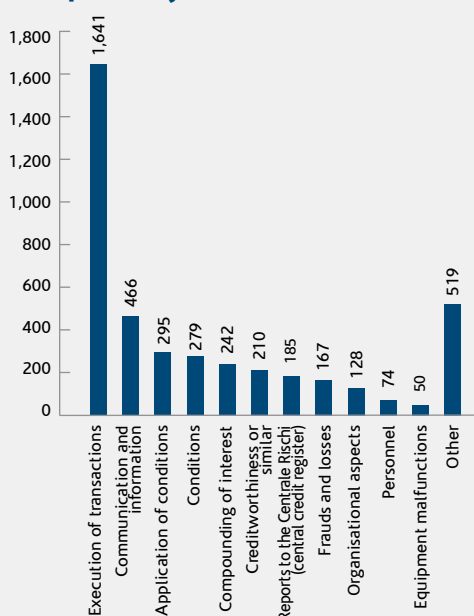
³ Complaints concluded in 2010 irrespective of the year in which filed.

⁴ Overall average, inclusive of both ordinary complaints and investment service complaints.

Complaints by product or service



Complaints by reason



resolve it before it results in a claim or complaint, we continued activity in 2010 to educate and train commercial personnel in network banks in customer consultation. Training activity focused on the interpretation of manifest or latent signs of customer dissatisfaction and on ways of intervening. It involved 3,200 persons in the classroom – on courses relevant to the question – and this was supplemented by material accessible on PC workstations.

Consultation initiatives to develop the range of products and services

In 2010 we organised a series of meetings with representatives of nonprofit organisations and church institutions, in order to develop a specific service model and range of products and services for the third sector. A very broad range of different organisations in terms of nature, activities, size and organisational structure participated. We acquired important indications for understanding developments in progress and the emerging demands of this segment of the market.

We employed the same approach as that

used for the design of specialist products and services for businesses in the small business segment, with meetings with firms from single sectors within the specific focus group, interviews with network bank account managers and specific meetings with the relative trade associations.

Attention to individuals

To ensure the security and accessibility of services and respond to the needs of all groups in society, also with a view to developing new market segments, is all part of our way of being “good” bankers.

Security and accessibility del services

We pay special attention to maintaining high levels of security for our IT systems and processes to protect personal data and customers’ property. We use fraud and unauthorised access protection systems for services delivered through direct channels which are constantly monitored and maintained up-to-date.

We believe it is our duty to ensure that all customers have the chance to access our services with regard to both architectural barriers in offices and branches and to the use of direct channels. We act in this respect on the basis of needs that we encounter in local communities and our ability to respond to them.

We take action to eliminate architectural barriers in new branches and in all work performed to renovate branches and offices, as in fact required by regulations in force. Currently we have installed 24 ATM cash card machines that are usable by partially sighted persons and we plan to increase the number significantly during the course of 2011.

The websites of the network banks and the internet banking services for private individuals and small business users have been designed with consideration given to the main navigation requirements of disabled persons with particular reference to the partially sighted. The techniques adopted include strong colour contrast, alternative texts to accompany images and functions to enlarge character sizes. We have commenced collaboration with the ASPHI Foundation (www.asphi.it) in order to identify further measures for improvement. This foundation works to integrate disabled persons in schools, at work and in society through the use of computers.

Support for families in difficulty

Over the last two years the economic crisis has had a considerable impact on a growing number of Italian families, reducing their ability to gain access to credit and to meet the commitments they have already made. As a consequence we adhered to public sector and industry initiatives in 2010 to support families in difficulty.

The most important initiative was that of the Italian Banking Association to **defer mortgage repayments by twelve months** in the two year period 2009-2010 for families in particularly serious conditions such as

the loss of a job and death or the non self-sufficiency of the mortgagee. At the end of 2010 the “**solidarity fund**” operation commenced, the result of an initiative by the Ministry of the Economy and Finance to allow borrowers in difficulty with mortgage repayments on main dwellings to apply for deferment not more than twice and for a total maximum period of 18 months.

1,114 Mortgages deferred

93 million euro of Remaining debt

Other initiatives promoted by the authorities and organisations at various levels include advances on **state benefit payments** until they are paid by the INPS (national insurance institute) and the “**Loan of Hope**” promoted by the Italian Episcopal Conference in conjunction with the Italian Banking Association, for families in difficulty or for the micro businesses that they have started. The selection criteria for these give priority to families with children (of school age, including university students) or serious illnesses or recognised disabilities, who have lost their income or seen it reduced significantly. To date the “loan of hope” has not achieved appreciable results because the criteria set in the memorandum of intent are too restrictive. Overall our banks granted 16 loans for a total amount of 96 thousand euro. In consideration of these results, the agreement has been modified recently in order to meet the needs of a greater number of families.

We also took action in 2010 to help populations in Abruzzo and Veneto hit by natural disasters. For Abruzzo we adhered to initiatives to defer mortgage and loan repayments promoted by the Italian Banking Association and to an agreement between the Italian Banking Association and the Cassa depositi e prestiti S.p.A. (government controlled bank) to disburse loans (UBI Banca Lombarda Private Investment disbursed 34 loans for 1.3 million euro). In Veneto we deferred mortgage repayments in compliance with an ordinance of the President of the Council of Ministers.

Micro-credit⁵ and the immigrant project

In order to contribute to the growth of micro-credit as an instrument for social integration and support for employment, in 2008 we entered into a partnership with **PerMicro S.p.a.** (www.permicro.it), the first Italian company to specialise in micro-credit, operating nationally. In 2010 PerMicro granted 635 micro-loans (530 to families for basic needs such as education

and health and 105 to start up micro businesses) for a total of 2.9 million euro disbursed (2.1 million euro to families and 0.8 million euro to micro businesses).

Micro-credit, together with the Enjoy card and our money transfer service, is a key component of our new products and services provided for immigrant citizens as part of a broader project to acquire new customers within the retail market. This renewed commitment by the Group follows on from the previous initiatives Welcome and InItaly, with which we were one of the first banks to serve this segment of the population, now large numerically and growing constantly. It is a segment with a high rate of employment and a fair average income.

Credit fund for the newborn

In application of the agreement signed between the Italian Banking Association and the Department for Family Policies of the Presidency of the Council of Ministers for the creation of a “Credit fund for the newborn” (www.fondonuovinati.it), we have developed two new products: the **Newborns’ Loan**, for families with a child born or adopted in the period 2009-2011 and the **Loan for Newborns with rare diseases** for families with a child born or adopted in the period 2009-2011 suffering from a rare disease. The loans are for a maximum amount of 5,000 euro repayable over five years. There are no bank charges on them and interest rate is fixed rate and subsidised and is further reduced for the Loan for Newborns with rare diseases.

598 Newborn Loans

2 Loans for Newborns with rare diseases

3 million euro disbursed

10 thousand euro for Loans for Newborns with rare diseases

Clubino and the competition “Draw your town”

Clubino (www.clubino.ubibanca.com) is the first banking experience for children aged 0 to 12. The new savings book, for which there are no banking charges and on which interest of 1% is paid, is linked with a programme to educate children about savings in a fun and involving manner, with prizes, a dedicated website, local events and special initiatives.

One of the Clubino initiatives which met with great success was the competition “Draw your town” which received over 12,000 drawings from which a jury of experts selected the 13 best works in terms of imagination and originality which, in addition to receiving a prize, were published in the 2010 UBI Banca calendar. The result was an explosion of light and colours which express

⁵ A micro-loan is a loan of limited amount granted to people who have difficulty in gaining access to credit through normal banking and financial channels because they lack guarantees and a credit history.

how children see their towns.
In 2010 we opened 53,000 Clubino savings book accounts.

The Enjoy card for young people

Enjoy is a prepaid, reloadable card for young people aged between 18 and 29, on which salaries can be credited, credit transfers sent and/or received, cell phones reloaded and direct debits performed and bills charged. For a minimum fixed charge and with use fully online, including bank statements, it constitutes an initial response to the values of low cost, simplicity, transparency and respect for the environment expressed by young people. Shortly we intend to enrich the contents of Enjoy so that it can be used as a “student card”, with a full range of services and products bundled with it which will include agreements with universities. Enjoy, like Clubino, is also a successful initiative as demonstrated by the Innovation Award prize it received and above all by its popularity with young people: over 47,000 cards issued in 2010.

Unsecured loans for students

We were the first in Italy to offer young people unsecured loans at subsidised rates to meet the costs of study and education until they acquire autonomous earning capacities. Currently, in addition to our participation in the **Diamogli Credito** (we give them credit) initiative organised by the Ministry for Youth Policies and by the Italian Banking Association, we also have standing arrangements with various universities for which we have created special credit lines. The most important is the **Dottor Creso** (www.dottorcreso.it) initiative by Banco di Brescia and Banca Popolare Commercio e Industria in co-operation with the universities of Brescia and Pavia, for loans of up to 5,000 euro for each year of study up to a maximum of 20,000 euro and repayable in 96 fixed amount monthly instalments commencing one year after the completion of studies.

54
Unsecured loans granted

250 thousand euro
the amount granted

Clubino



Clubino: second place in the category “Children/Young People Accounts” of the “Innovation Award – Products and services” prize⁶.

Enjoy



Enjoy: winning product for the “Innovation Award – Products and services”²² prize in the “Services/Prepaid Cards” category.

Commitment to social and religious organisations

In pursuit of our mission as a “popular” co-operative bank, we have developed strong relations over the years with nonprofit organisations (belonging to the “third sector” or “private welfare sector”) and with church institutions which play a fundamental role in the supply of welfare and cultural services in communities. Historically our Group holds a quota of deposits from and loans to the third sector that is higher than for the sector nationally, due in part to a substantial presence in the regions where these organisations are more numerous.

1.5 billion euro
Funding from NPOs⁷

8.23% market share

58.1% in Lombardy

665 million euro
Loans to NPOs⁷

7.44% market share

58.3% in Lombardy

⁶ Classification drawn up annually by the “Milano Finanza” newspaper in co-operation with Accenture. It assesses the level of innovation and value for money of the products and services of banks which adhere to the PattiChiarì Consortium.

⁷ In house Studies Area processing of Bastra1 data as at 30/09/2010, relating to the Bank of Italy economic activity sector “Nonprofit institutions at the service of families”.

Today the third sector is undergoing profound change and growth from both a legislative and regulatory viewpoint and that of the market, connected with its increasingly more central role in the provision of personal care services in the public sector health and welfare system.

The contraction at the same time in public sector resources, associated with the contraction in private sector resources as a consequence of the economic crisis, means that third sector organisations must be able to employ increasingly more efficient managerial skills and know how to gain access to the banking system to fund both current activities and investments.

In order to continue to serve this sector more effectively, by consolidating and building on the long standing activities and experiences of the network banks, we have assigned specific responsibilities for the management and development of a service model and a dedicated range of products and services to the **Authorities, Associations and Third Sector Function** created within the Commercial Macro Area of the Parent.

We intend to gradually introduce the new commercial service model and range of products in 2011, with an initial pilot phase in a series of branches in the provinces of Bergamo and Brescia and with a specific training programme for commercial personnel in the distribution network.

Support for local economies

To provide credit to businesses – and to SMEs in particular – in order to support economic growth in the community is one of our main priorities and even more so in times of crisis like today.

Business involving public sector funds

In addition to our own funds, we are also able to bring substantial national and EU public sector funds onto our local markets. We signed an agreement in 2010 with the European Investment Bank (EIB) for an initial budget of 250 million euro (the first part of a programme for a total of 500 million euro) available to Group banks and to UBI Leasing for loans at subsidised rates to the agriculture, industry, services and tourism sectors.

Businesses operating in ethically, morally and socially controversial and dubious sectors are explicitly excluded from the receipt of funds as are those with an environmental impact which is not substantially reduced and/or compensated.

Similar criteria of exclusion and interest rates also apply to loans to SMEs by Banca Popolare di Ancona which was awarded the concession in a tender procedure for the disbursement of 100 million euro of funds received from the EIB.

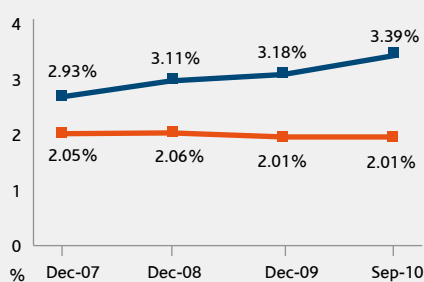
Anti-crisis measures for SMEs

We participate through our network banks in agreements and conventions with local public institutions (chambers of commerce, regions and provinces) designed to support local businesses at a time of particular economic crisis.

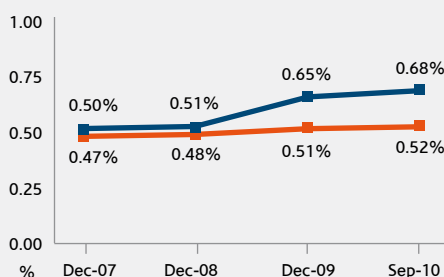
We have adhered since 2009 to the **agreement for the deferment of the debts of small to medium-sized enterprises to banks⁸**, designed to support SMEs experiencing temporary financial difficulties, but which have adequate business prospects and are “going concerns”. We were able to accept almost all the applications that met the conditions for admissibility. The agreement also includes action to strengthen the capital of small to medium-sized enterprises, for which we continued with our special credit line entitled “**200% immediate recapitalisation**”, which provides loans equal to twice the capital contributions made by shareholders/proprietors.

Since signs of recovery in the economic situation are weak, which would suggest that the liquidity problems of businesses are likely to continue, we have adhered to an “**Agreement for loans to small to medium-sized enterprises**”⁹, following the expiry of the moratorium reported above and in order to support businesses which survived the most acute phase of the crisis. The agreement extends the time limit until 31/07/2011 for the presentation of

Nonprofit organisation deposits as a percentage of total deposits



Nonprofit organisation loans as a percentage of total loans



⁸ Signed by the Ministry of the Economy and Finance, the Italian Banking Association and associations belonging to the Banks-Businesses Observatory.

⁹ Signed in February 2011 by the same signatories of the moratorium

applications to defer loans to banks by SMEs which have not already taken advantage of a similar benefit.

14,800 Applications for deferment of SME debts

13,000 deferments agreed

4.3 billion euro the value of the debts

520 million euro The quota of the principal deferred

New memorandums of understanding were also signed in 2010 between banks in the Group and some provincial administrations (e.g. Brescia and Bergamo) to facilitate the advance payment of amounts due to businesses from local authorities and to thereby prevent possible financial difficulties resulting from late payments. The agreements involved advances made by the banks on the receivables and the certification by the local authorities that the receivables are undisputed claims payable in cash accompanied by details of the manner and period of the payment to be made to the bank.

Finally the disbursement of loans to small to medium-sized enterprises at subsidised rates continued, designed to support planned and/or existing investments or to increase working capital by drawing on funds from the Cassa Deposito e Prestiti (CDP – state controlled bank, funded by post office savings – www.cassaddpp.it).

3,111 Loans with CDP funds²⁶

224 million euro The amount disbursed

Convention loans

Agreements with guarantee bodies and trade associations to facilitate access to credit for small to medium-sized enterprises through more favourable rates and charges represent an important factor for us in our relationship with local economies, and in these difficult times for the economy they have also taken on a substantial anti-crisis value.

²⁵ Signed in February 2011 by the same signatories to the moratorium.

²⁶ Data in February 2011

Co-operation with the principal guarantee bodies is particularly important. It is designed to meet the requirements of small to medium-sized enterprises for liquidity, financial turnaround, technological innovation, plant upgrades and investments in alternative and renewable energy. Our banks offer two credit line products in this respect:

- **400% Support and Development**, to support growth projects by making fixed investments for amounts up to four times the capital contributions made by shareholders;
- **“200% Capital Reinforcement”** to support the capitalisation of businesses and restructuring of the sources of funding with loans of up to twice the amount of capital contributions made by the shareholders.

16,700 [+4%] Medium to long-term convention agreement loans

*1.5 billion euro [+25%] of funds
disbursed under convention
agreements*

*3.5 billion euro [+21%]
of loans outstanding at year end*

600 million euro [+20%] Drawings on short term credit lines

In order to support this activity we created the website “UBI-Confidi Web” which allows guarantee bodies with convention agreements and Group banks to communicate with each other online more efficiently and rapidly in order to exchange information.

In the light of the growing business with guarantee bodies and the big changes in progress, a service model will be introduced in 2011 to regulate and standardise the process for the stipulation of convention agreements, the assessment of guarantee bodies and the monitoring of this business in all Group banks. The website will be enriched with additional innovative functions both for credit management and commercial growth.

Specialisation by sector

We have developed a product range differentiated by economic sector, based on the prevalent financial needs and the specifics of “value chains”.

In 2010 we introduced a product range reserved to farms entitled **SubitoImpresa Agriculture**, which followed the **Spazio Impresa – Wholesalers** range targeted at the wholesale industry.

Contribution to the diffusion of social responsibility

The bank is able to contribute in concrete terms to the diffusion of socially responsible behaviour through its range of products and services.

For some years now we have offered a range of products and services in the environmental field designed to support investment by individuals and businesses for energy savings and use of renewable energy reported on in the section on the environment.

Sustainability indicators for SMEs

As part of our lending processes, we have started to insert information on social and environmental performance in the qualitative questionnaires used to assess companies, in addition to the information on governance already used.

This information not only increases the Bank's knowledge base, in consideration, amongst other things, of potential reputational and non compliance risks, but it also brings to light and evaluates the best practices of SMEs on which there is normally little information.

The Memorandum of Intent on corporate social responsibility and the use of environmental, social and governance indicators signed at the beginning of 2011 by the Italian Banking Association, Confindustria (confederation of industry) and the Ministry of Economic Development moves in this direction. The signing of this memorandum forms part of the project for co-operation in this area launched by the Italian Banking Association and Confindustria, with the creation of a working group by the Italian Banking Association in which we participate.

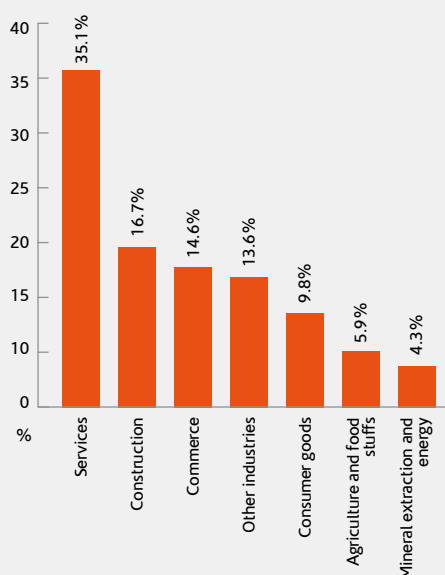
Socially responsible investments

For customers who wish to invest in ethical funds which fall within the broader category of socially responsible investments, we offer **UBI Pramerica Azionario Etico**.

This fund, managed by our asset management company UBI Pramerica (www.ubipramerica.it), invests in the shares of issuers selected by E. Capital Partners (a leading European independent consulting firm in the ethical finance sector) on the basis of ethical and social responsibility requirements, without ignoring the principles of proper financial management.

Each year UBI Pramerica grants 5% of the management fees for the fund to charitable bodies and organisations. These amounted to 31,600 euro in 2010, granted in equal parts to the CESVI Onlus for international co-operation and development of Bergamo and to the Save the Children Onlus.

Loans to businesses by sector

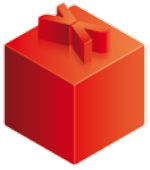


The UBI Pramerica Azionario Etico Fund (data as at 28/02/2011)

Net assets under management (millions of euro)	16.58
As a percentage of total assets managed in funds	0.08%

Largest ten shareholdings

Name	Sector
Total sa (FR)	energy
Unilever cert. Of shs (NL)	consumer goods
Telefonica sa (ES)	telecommunications
Koninklijke Ahold nv (NL)	consumer services
Sampo plc a (FI)	finance
Intesa San Paolo spa (IT)	finance
Allianz se/nam.vinkuliert (DE)	finance
Eni spa Roma (IT)	energy
Nokia oy (FI)	telecommunications
Inditex/reg. (ES)	consumer goods
47.6% of the total assets of the fund	



Relations with suppliers

The development and innovation of a company depends, amongst other things, also on its purchasing processes that are able to ensure a continuous supply of the goods and services needed to perform operations. As a consequence suppliers, and strategic and recurring suppliers in particular, are selected with care on the basis of cost, service quality and technical, commercial and financial reliability.

**11,405 [-1,562]
Suppliers**

**€ 712 million [-0.5%]
Purchases**

Relations with suppliers are designed to ensure mutual satisfaction and are based on the observance of the principles of **transparency, fairness, loyalty, integrity and competition.**

All the Group member companies comply with Group Spending Regulations, which in general identify the roles and responsibilities of the parties involved in the process of managing budgets and incurring expenses with the separation of roles between those requesting supplies and authorising payments, those that sign contracts and handle negotiations with suppliers and those keeping the accounts and paying the invoices.

We consider it essential for the quality of a service to guarantee the independence of suppliers and we have therefore set a rule that the amount of the supplies invoiced to the Group by each individual supplier must not exceed a limit of 25% of their total turnover.

Approved suppliers

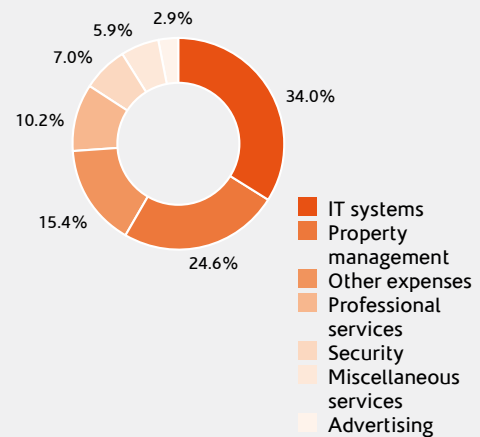
Suppliers who provide goods and services to the Group on a regular basis or occasional suppliers who supply goods and services for amounts greater than 30,000 euro are registered on a list of approved suppliers managed by the Purchasing Department of UBI Sistemi e Servizi.

**913 [+126]
Suppliers registered on the
Approved List of Suppliers**

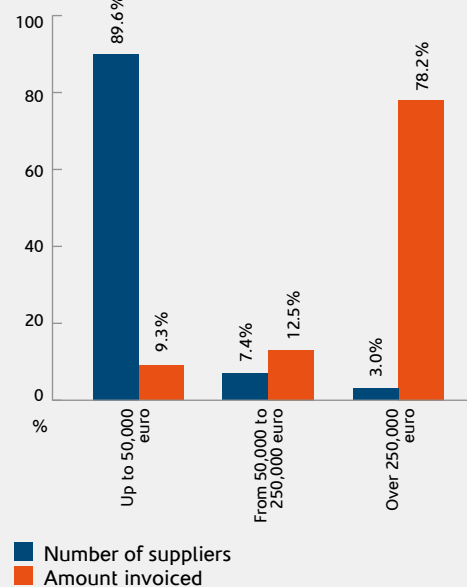
The approved list contains preferred suppliers listed on the basis of quality (50%

weighting), competitiveness (25% weighting) and financial and capital soundness (25%) and we periodically assess them using a transparent and objective assessment system. Suppliers of utility services (local water companies, gas companies), landlords of rented properties and institutional suppliers (e.g. Italian Banking Association - and CONSOB - Italian securities market authority) are excluded from management on the list of approved suppliers

Purchases by type of supply

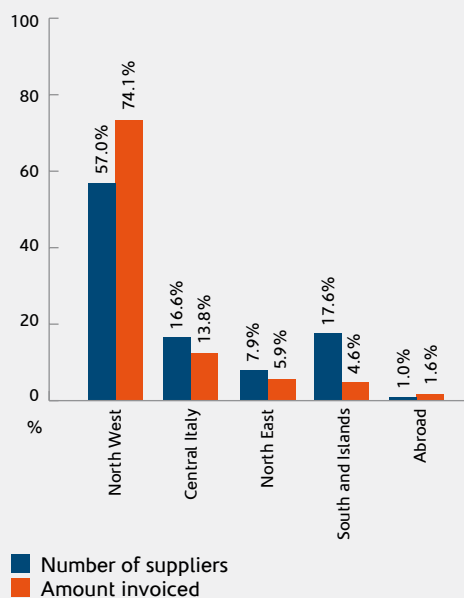


Suppliers and purchases by amounts invoiced



The data relates to the Parent, the network banks, UBI Systems and Services and, for Information Technology only, to the main product companies.

Geographical distribution



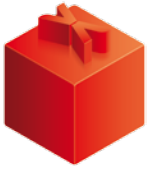
The data relates to the Parent, the network banks, UBI Systems and Services and, for Information Technology only, to the main product companies.

Contractual Conditions

Contractual conditions are constantly updated to comply with the legislation in force and with market conditions on the basis of periodical monitoring.

We require full observance by all our suppliers of legislation and regulations to protect the rights of workers used to provide goods and services, which in particular means observation of national trade union agreements for the sector to which they belong and of pension, accident prevention and insurance legislation along with specific legislation on health and safety. Additionally the main suppliers are required to comply with the principles of our Code of Ethics. Supplies which are not regular or for small amounts, and considered not strategic and which do not carry a high operational risk are regulated by the general conditions of a standard contract, while specific contracts are drawn up for recurring, strategic supplies, which carry high operational risk or which are for large amounts.

The terms and conditions of payment generally provide for the settlement of balances on invoices by bank credit transfer (wire) 60 days from the end of month of the invoice date.



Community involvement

Attention to the social and cultural development of the community, in addition to its economic growth are characteristic traits of our identity as a “popular” Bank. We support very many charitable and socially useful initiatives with direct donations and sponsorships, we organise cultural and educational events in the field of economics and finance and we work with various scholastic, university and research institutions. We also pay particular attention to relations with local media for the broadest diffusion of information concerning the Group and its banks and companies.

Direct contributions to the community¹

Consistent with our mutual objects as a co-operative, we contribute actively to the life of the local communities in which we operate, allocating a part of the economic value created to support organisations and socially useful initiatives. This activity contributes to strengthen identity of the

social organisations. There are no particular areas of intervention defined a priori, except for the foundations which are governed by precise obligations in their constitutions. Intervention is performed basically with resources resulting from allocations of profits in accordance with Corporate By-Laws both for the Parent and for almost all the network banks (maximum percentage of allocations ranging from 1.5% to 4% of profit available for distribution).

Sponsorships are performed almost exclusively by the network banks, which associate their brands with organisations and initiatives which form part of the history of their respective local communities and represent positive points of reference. Sponsorships, even when they are of professional sports clubs, are of organisations that are active in the promotion and growth of the training and moral education of young people through sport.

Reserves of profits available in accordance with by-laws to governing bodies for social purposes

	Allocations from 2009 financial statements	2010 Donations	Balance as at 31.12.2010
UBI Banca	1,354	1,999	9,253
Banca Popolare di Bergamo ¹	3,401	4,262	3,470
Banco di Brescia ²	2,450	3,065	5,860
Banca Popolare Commercio e Industria	19	299	136
Banca Popolare di Ancona	430	1,033	411
Banca Carime	700	868	351
Banca di Valle Camonica	250	468	145
TOTALE	8,604	11,994	19,626

Figures in thousands of euro

¹ The 2010 Donations include three million euro granted to the Banca Popolare di Bergamo Onlus Foundation and 250 thousand euro to the UBI per Varese Onlus Foundation.

² The 2010 donations include 2.2 million euro to the CAB Foundation and the Banca San Paolo di Brescia Foundation.

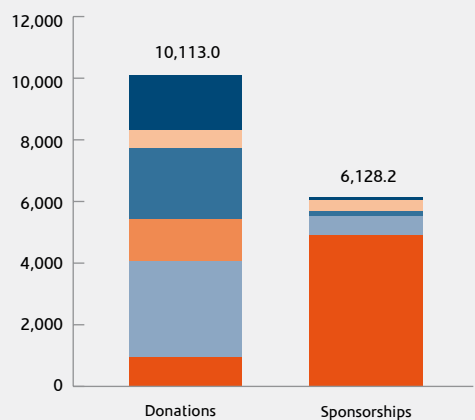
Group and the individual network banks and has no direct correlation with the achievement of commercial objectives, except for cause-related marketing initiatives, performed primarily in partnership with the CESVI Foundation of Bergamo.

In 2010 the Group as a whole donated a total of 16.2 million euro (-18.6% compared to 2009).

The criteria employed to select intervention are not officially set out in corporate guidelines or policies and it is performed by following assessment practices based on the principles of consistency with the Group values of the efficiency, effectiveness and sustainability of the initiatives.

The network banks and foundations operate autonomously in their own local areas responding as the occasion arises to needs in the community through direct contact with

Total contributions for social initiatives made by the Group (thousands of euro)



- Universities and research
- Education and training
- Welfare and solidarity
- Artistic and environmental heritage
- Culture
- Social, recreational and sports activities

¹ Data relating to UBI Banca, network banks, UBI Sistemi e Servizi, UBI Pramerica, UBI Factor, UBI Leasing and the foundations.

Initiatives of the Parent, UBI Banca

The Parent not only provides the capital endowments of the foundations but it also develops and supports partnerships with the larger organisations and participates in more far reaching initiatives not strictly linked to particular local areas.

In 2010 UBI Banca disbursed a total of almost 2.4 million euro, almost all in the form of donations, mainly in the areas of universities and research and welfare and solidarity. The most important initiatives were for (i) Telefono **Azzurro Association** for the creation of a centre for the emergency team in the city of Rome which provides direct intervention by experts and specialist in cases of traumatic events suffered by children; (ii) the **La Nostra Famiglia Association** for the transfer from Ostuni to Brindisi of the ward of the Teaching Hospital which provides health and welfare assistance to disabled and disadvantaged persons, mainly infants and adolescents; (iii) to **Caritas** for the project “Hostel for Separated Men”, to provide a hostel in Milan for separated men in need in terms of housing and the reconstruction of a network of social relationships; (iv) to the **La Scala di Milano Foundation** for concert activities; (v) to the **San Patrignano Consortium** for the annual show jumping competition.

At Christmas we organised eight dinners for families in difficulty on Sunday 19th December 2010 together with the **Exodus Foundation** at the eight headquarters of our network banks. Various managers in the Group helped actively as volunteers.

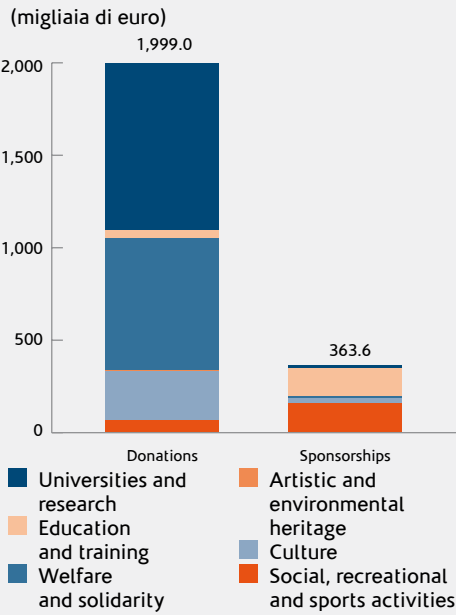
In order to allow those interested in the Group’s social and welfare activities to verify where funds actually go and to come into real contact with the human and social value of the main projects supported, we are improving our reporting activities and these include the production of videos of the most important projects.

The donation of IT tools

Each year UBI Sistemi e Servizi, the consortium company responsible for managing the Group’s IT systems and equipment, donates retired equipment, which nevertheless still functions well, to organisations and associations which request it, after careful assessment by the Board of Directors.

In 2010, UBI Sistemi e Servizi donated 322 pieces of equipment (including 307 personal computers and four portable computers) to 11 schools, eight voluntary and recreational associations, six administrative authorities and legal entities, four parishes and church bodies and four police units.

UBI Banca contributions to social initiatives (thousands of euro)



With Telefono Azzurro (children’s telephone line) to help children



Culture and art, a heritage to protect and display



With the Daily Bread Association to help the needy

The initiatives of the network banks

The Group's network banks participate actively in the life of their local communities, supporting the activities of numerous institutions and social organisations. In 2010 they disbursed a total of 10.1 million euro, consisting mainly of contributions to cultural activities and sponsorships of social, recreational and sports activities.



Above all it supports cultural, artistic, sports and welfare initiatives, with a particular focus on the young and very young. It supports traditional events and seeks new opportunities, with attention given also to its new local areas.

Its principal donations include the following contributions: to the **Exodus Foundation** for the purchase of 30,000 diaries entitled "Tremendous ... desire to live" for the high schools of Bergamo and Varese; to the **Diakonia Association** for the population of Haiti; and to the **AVIS of the Province of Bergamo** to restore the Casa del Donatore. The main donations in the cultural field were to the **Donizetti Foundation** for the management of the renovated Teatro Sociale of Bergamo; to "**FAI - Villa e Collezione Panza di Varese**" to organise exhibitions in co-operation with MART and the Museo dell'Aeronautica Caproni of Trento; and to "**ALTIS - Alta Impresa Scuola e Società**" of the Catholic University of Milan for a masters course for small to medium-sized enterprises located in Bergamo.

In addition to the 2010-2011 season of the **U.C. Albinoleffe** football club, sponsorships include various initiatives mainly for young people such as the **La Città dei Bambini** (children's town) of Varese and the **Minimarcia (mini-hike)** of Selvino.

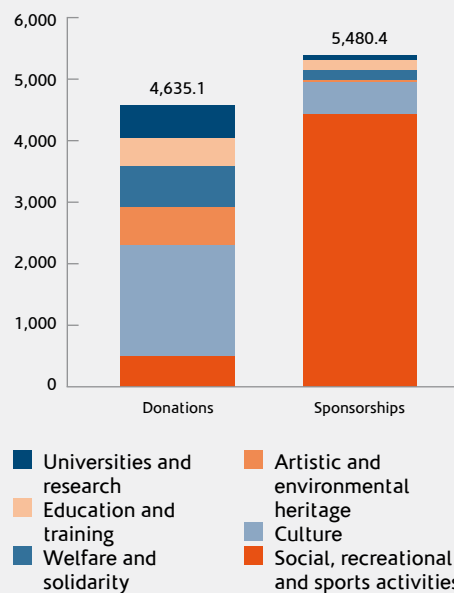


In addition to funding the Banca San Paolo di Brescia Foundation and the Credito Agrario Bresciano Foundation - Giovanni Folonari Cultural Institute, established to pursue the original ideals of the banks of the same name, it also carefully selects events and organisations to give support directly to local solidarity, cultural and sports initiatives. The numerous activities supported in 2010 included the following donations: to the **Brescia Caritas** to help those hit by the earthquake in Haiti; to **Opera per l'Educazione Cristiana** for the Paolo VI Institute of Concesio; to the **Spedali Civili - Hospital of Brescia to create** a study scholarship for research into diabetes; to the **Teatro Grande of Brescia Foundation** for the 2010-2011 theatre season.

Sponsorships include the famous **Mille Miglia** and support for an emerging sport rich in ethical values, with **Brescia Rugby**.

Contributions of the network banks for social initiatives

(thousands of euro)



Bergamo Scienza, an increasingly more important event in Bergamo to attract young people to scientific research



With Brescia Rugby, to make the ethical values of sport win

UBI  **Banca Popolare
Commercio & Industria**

Each year it supports and promotes social, charitable and cultural initiatives (above all in the literary, artistic and theatrical fields) to contribute to the social, ethical and cultural development of the community in which it operates, as well as to its economic growth. Co-operation with the **Poldi Pezzoli Museum** in the organisation of the exhibition “Botticelli in the Lombard Collections” and the organisation of the 25th edition of the **Eleonora Duse Prize**, under the patronage of the City of Milan, awarded to the actress of Bulgarian origin Elena Giaurov, were of particular importance in 2010. In past years that prize has been awarded to very famous actresses such as Mariangela Melato (1987 and 1999), Alida Valli (1989), Rossella Falck (1996) and Franca Valeri (2003).

UBI  **Banca Regionale
Europea**

This bank has a longstanding tradition of sponsorships of cultural and sports events and initiatives, while donations in the local community are made by the Cassa di Risparmio di Cuneo Foundation. It reduced its activities in the cultural field in 2010 due to the transfer of its branch network in Lombardy to other Group banks, while its support for sports and local initiatives was significant, a sign of the closeness of this bank to local communities in Piedmont where it has its roots and is now the only Group bank. Principal sponsorships include **Piedmont Volley Ball** for the BRE Banca Lannutti Cuneo team, the **ASD Country Club Cuneo** for the international women’s tennis tournament and **AC Cuneo** for football in the youth league.

UBI  **Banca Popolare
di Ancona**

Maintaining its strong spirit of solidarity and social and cultural commitment to the communities in which it operates, this bank supported many varied initiatives in 2010, particularly in the fields of culture and recreation and sports. In the cultural field these included the following: **ANKON Consortium** to support new generations of athletes; the Tipicità del **Comune di Fermo** to support typical traditional products of the Marche; the musical and literary events of the **Musicultura Association of Macerata**; the **Pergolesi Spontini di Jesi Foundation** for its theatre season and for **the Ragazzi Theatre**; the **Teatro delle Muse di Ancona Foundation** for its opera season; and other initiatives. A great supporter of the value of sports, the Bank is the main sponsor of the “**L’Amico Atletico**” Prize, dedicated to sports persons



The Banca Popolare Commercio e Industria Eleonora Duse Prize: the only Italian award granted annually since 1986 to a theatre actress for distinction in the theatre season in one or more plays in Italy or abroad.



“Botticelli in the Lombard Collections” at the Poldi Pezzoli Museum organised with support from Banca Popolare Commercio e Industria.



BRE Banca Lannutti Cuneo, winner of the 2010 Italian A1 volley ball championship, the CEV Cup and the Super cup.



The Pergolesi Theatre of Jesi, supported by Banca Popolare di Ancona, a theatre that is very close to young people.

themselves as true champions of ethics and integrity and who represent the values set out in the “Sports Code of Ethics”, promoted by the Gabriele Cardinale Foundation. Among the first signatories of the Code is Valentina Vezzali, champion of the Club Scherma Jesi, one of the most important sport clubs with which the Bank has a historical relationship.

UBI Banca Carime

Commitment to the community was again profuse in 2010, with a series of activities for the environment, art, culture and social welfare in general, mainly through donations. The main areas of intervention were culture, universities and research and it included the following donations: the **Magna Grecia Orchestra** for the purchase of subscriptions for disadvantaged groups; to the **Coro di voci bianche del Teatro Verdi di Salerno**; to promote choral singing by children and adolescents; to the **Zetema Foundation** for the activities of the Musma di Matera; to the **University of Bari** for the creation of a neuroscience unit; and to the **Lecce Building School** for the restoration of the mosaic paving of the Cathedral of Otranto. Further information is given in Banca Carime’s annual social report, which may be consulted.

UBI Banca di Valle Camonica

The bank is an important point of reference in the Camonica Valley not just for banking but also for its support given to organisations that operate in the fields of recreation and culture (e.g. the **Voce Camuna Association** of Breno, established to conserve and enhance Camonica traditions), in the welfare field (e.g. the **Valle Camonica – Sebino – Esine Area Health Board**, with which the bank has worked to encourage the growth of new professionals), in the religious field (including the **Opera per l’Educazione Cristiana** of Brescia and the Parish of Breno) and for the conservation of our historical heritage (a donation for the restoration of the **Eremo dei Ss. Pietro e Paolo of Bienno**).

UBI Banco di San Giorgio

In line with its traditional policy of action, again in 2010, this bank supported numerous sports and cultural activities, with preference given to those for young people and children. Worthy of mention are donations to **Make-A-Wish Italia** and **Il porto dei piccoli**, to assist children in hospital and seriously ill children and to **A.R.E.O. Ricerche Oncologiche**, for research into hemato-oncology. Sports sponsorships constitute the major part of the contributions to the local community and cover a range of sports again with a preference for the young. Examples include football with **U.C. Sampdoria**, rugby with **CUS Genoa**, and water polo with **ADS Società Sportiva Nervi**.



Jesi Fencing Club – Italian Absolute Champions



Banca Carime supports the project “Voce Bianche” of the Verdi Theatre of Salerno, which promotes choral singing for children and adolescents.



The cloister of the Eremo dei Ss. Pietro e Paolo a Bienno, restructured thanks to a donation from the Banca di Valle Camonica



Children from the youth sector of the “Emanuele Scarpiello” rugby school, supported by Banco di San Giorgio

Activities of the Foundations

Four foundations have been formed within the Group, which support and work with numerous associations to assist them in the social and cultural fields. Each foundation is fully autonomous in its own local area and in the activities defined by its constitution.

Banca Popolare di Bergamo Onlus Foundation

According to the intentions of the former Banca Popolare di Bergamo–Credito Varesino which formed it in 2001, it promotes historical and artistic heritage, the conservation of the environment and nature, the development of health and welfare and charitable activities in the Lombard area. The principal beneficiaries of donations made in 2010 included the following: **Committee for the Pope John XXIII Hospital** to build a new church in this Bergamo hospital; **Opera Bonomelli** of Bergamo for the development of hostel projects to assist the socially marginalised; the **Circolo di Varese Hospital** for its palliative care ward; the **Adriano Bernareggi Foundation** for activities for cultural and social development in the Bergamo area; the **“Bergamaschi in the World” organisation** to keep Bergamo people living abroad in touch with their home.

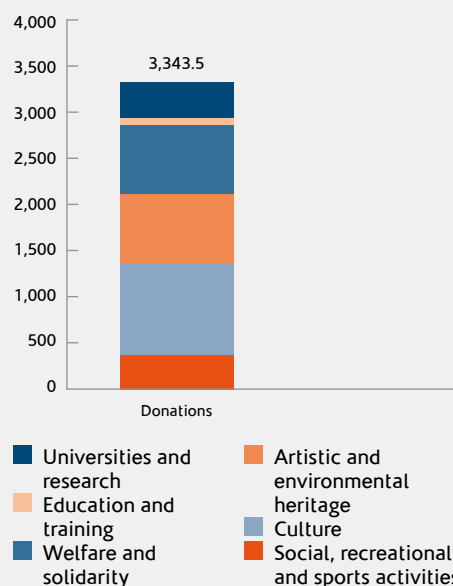
The CAB Foundation - Giovanni Folonari Cultural Institute

Formed in 1983, its mission according to its constitution is to safeguard and enhance the human, historical, artistic and environmental heritage of the community of Brescia, promoting research into art and archaeology, history and literature, sociology and economics. In recent years it has focused on the restoration and enhancement of artistic and cultural heritage and in 2010 it made donations for the restoration of the **Chiesa del Buon Pastore (Santa Maria della Carità)** church and of the **Parish of the Cathedral of Brescia**, for the museum activities of **“D’Annunzio Segreto”** of the **Vittoriale degli Italiani Foundation** and for the activities of the **Friends of the Museums of Brescia Association**.

Banca San Paolo di Brescia Foundation

Founded in 1998, its objective is to perpetuate the original ideals and catholic inspiration of the Banca San Paolo di Brescia which established it. It supports social, civic and church initiatives with attention given primarily to education, welfare and art, preferably in Lombardy and the Province of Brescia, and also in co-operation with other local organisations. In 2010 it made donations to the activities of the following: the **Opera per l’Educazione Cristiana** of Brescia for the Paolo VI Institute; the **Caritas Diocesana di Brescia** for the people’s canteen “Madre Eugenia Menni”; the **Prison and Community Association** for the project “Prison and school: is it worth the bother?”, the **Cesare Arici Institute** of Brescia for the award of scholarships; the **Art and Spirituality Association of Brescia** for teaching and cultural initiatives; the **Catholic University of Brescia**; and the **Ente Bresciano Istruzione Superiore**.

Contributions of the foundations for social initiatives (thousands of euro)



Torre dei Caduti (Tower of the Fallen –Bergamo) restored with a donation from the Banca Popolare di Bergamo Onlus Foundation.



Santa Maria della Carità in Brescia, restored with a donation from the CAB Foundation.



The headquarters of the Paolo VI Institute of Concesio. The Banca San Paolo di Brescia Foundation supports the activities of its Opera per l’Educazione Cristiana.

Unione di Banche Italiane per Varese Onlus Foundation

Founded in 2001 it pursues exclusive aims of social solidarity in the Region of Lombardy and in the Province of Varese in particular. It supports charitable initiatives and initiatives to conserve, promote and enhance, artistic and historical heritage, nature and the environment and also social welfare and health assistance.

In 2010 it made donations for the following: the creation of a facility to accommodate the relatives of patients in hospitals of the **Cilla Foundation** of Varese; the purchase of furnishings for the Family Home of the **Renato Piatti Onlus Foundation**; the Memory Outpatients of the **Varese Alzheimer Association**; the construction of accommodation for persons with mental disorders of the **ATAP Incontro Onlus Association**; the purchase of equipment for the Surgical Research Centre and the Transplant Research Centre of the **University of Insubria**; the purchase of medical equipment for eye operations for the **Circolo di Luino Hospital**.

International solidarity initiatives

In giving our support to nonprofit organisations we consider, amongst other things, the value of those organisations in our communities which work to help people in other countries who are experiencing poverty or emergencies.

CESVI sUBItO

In August 2010, the monsoon rains devastated Pakistan leaving over 20 million people on their knees. CESVI (www.cesvi.org), a member of the humanitarian network Agire, intervened immediately being able to count on the generosity of Italian people.

Once again, after the initiatives for Bangladesh and Myanmar, we commenced fundraising in our branches with the current account CESVI sUBItO for international emergencies. To the 30,000 euro which this raised, we added the same amount and at the end of the year we donated it to CESVI for its emergency intervention to help over 26,000 people. This included the distribution of primary necessities of food, water, kits for hygienic facilities, blankets and water containers according to the various needs in communities. The funds were also used to start reconstruction and for social and economic recovery, assisting with hygienic facilities, the construction of housing, the repair of industry infrastructures and the resumption of agricultural production.

60,000 euro To CESVI for the emergency in Pakistan

MicroVentures
finance for development

We participate through the Banco di Brescia in MicroVentures (www.micro-ventures.com), an international network of businesses which invest in micro-finance institutions operating in emerging countries in Asia and Latin America.



“Family Home” Therapeutic Community of Fogliaro - Renato Piatti Onlus Foundation.



With CESVI to help people in Pakistan hit by floods.



(photo Marco Bottelli)

The promotion of financial education

The Parent and all the network banks are members of the **PattiChiari Consortium** (banking services charter consortium) which in the context of its main functions promotes financial training and education in the community, with a special focus on consumer needs.

The commitment of Group banks is concentrated on three programmes of **financial education for schools** for the academic year 2010-2011, designed to provide pupils with accurate information on investment and the economy.

PattiChiari with the economy

This initiative is designed to introduce grade two secondary school pupils to economic culture, to provide them with appropriate tools to enable them make knowledgeable choices within the economic and financial system. At the end of this classroom course provided by teachers with support from

- personnel
- investors
- customers
- suppliers

experts provided by the banks involved, the project sets a competition “develop your business idea” for a business plan which simulates the start-up of a socially useful enterprise in the local community.

The economy and I

The programme has the dual objective of teaching grade one secondary school children how to manage money responsibly and to guide them in their occupational and school decisions. The banks involved provide a company expert to assist the teacher in the classroom during lessons.

Our community

This initiative, which uses games and real experiences guided by a company expert, takes junior school children on a journey to discover a typical local community with its personalities. It shows them the commercial activities and services provided by government for the safety and education of citizens. The school children learn to distinguish private sector from public sector jobs and to discover the role of banks in local economies.

Universities and research

The availability of proficient economic and financial expertise on the labour market is a key competitive factor in local economic and business communities and also for our Group. We are aware of this and in playing our role as a bank in local communities we have built relationships over the years with educational institutes. With regard to universities, in addition to the unsecured loans for students (see page 36) that we provide, we also fund the activities and projects of institutes with scholarships, we accept students on internships, we participate in career guidance days and we make use of specialist expertise in our R&D activities.

Convention agreements to assist students

The section on relations with personnel reports on the number of job experience internships we provided during the year and still running at year end. These internships are the result of a series of convention agreements that we have with the universities of Bergamo, Brescia, Turin, Genoa and Bari, with the Bocconi University and the Catholic University of Milan, with the University of Insubria of Varese and the LIUC University of Castellanza and the University of Calabria. In order to inform students of this opportunity, each year we participate in career days organised by these universities. In 2010 we further broadened our network of contacts by participating in meetings with the students of the IULM and Bicocca Universities of Milan and the Federico II University of Naples.



PattiChiari with the economy

Banca Popolare di Bergamo, Banco di Brescia, Banca Carime	
22	Schools in Bergamo, Brescia and Cosenza
27	Classes
675	pupils

The economy and I

Banca Popolare di Bergamo, Banco di Brescia, Banca Regionale Europea, Banca Carime	
28	Schools at Potenza, Matera, Como, Varese, Brescia, Turin
68	Classes
1,700	pupils

Our community

Banca Popolare di Bergamo, Banca Carime	
14	Schools at Cosenza, Bari, Monza, Lecco
25	Classes
234	pupils



Research and Development Activities

We participate with finance and directly in research programmes projects and centres to contribute to the study of local economic and financial systems and their problems. These include:

- the “Club of Businesses” promoted by the **School of Management of the University of Bergamo**, which organises seminars and refresher meetings for its members on topical economic, financial and socio-cultural issues.
- the “**Partner for Development**” programme of the **Bocconi University of Milan**, with active involvement in the university’s projects;

- the **CeTIF (research centre for financial technologies, innovation and services)** of the **Catholic University of Milan** for research activities, courses and seminars;
- **The Unicam Committee of the University of Camerino**, for projects for co-operation between university research and businesses;
- the **“World Campus” project of the Marches Polytechnic**, launched in 2005 to support and disseminate technological innovation and training for university students through job experience abroad.

In order to develop new products for receipt and payment services based on innovative technologies (NFC/contactless), we commenced co-operation with a young and dynamic research team from the **LIUC- Carlo Cattaneo di Castellanza University** and the University of Pavia.

We launched a pilot project with the LIUC University to apply and fine tune products developed in research laboratories in university identification and payment services.

The Half yearly **observatory on the performance of small and micro sized enterprises** (Marches Trend) created by Banca Popolare di Ancona with the national and local Marches Artisan Trade Association is of particular importance in that region. The Economics Faculty of the Marches Polytechnic and the Carlo Bò di Urbino University also co-operate on the Marches Trend project. We also worked with the Carlo Bò di Urbino University on a three year research project, which ended in 2010, on the problems of small to medium-sized enterprises in a comparison with the development experiences of the same type of firm in the United States and other European countries.

Communication, consultation and dialogue activities

Focus groups

Following on from activity performed and reported in the previous two years, again in 2010 we organised six meetings (using focus group techniques) in Bari, Cosenza and Milan with local trade associations and nonprofit organisations.

Local representatives of the following local associations participated: CNA (artisans’ and small businesses association), Coldiretti (the direct small farmers’ association), Confesercenti (the retailers’ association), Confagricoltura (the farmers association), Confapi (the SMEs’ association), Confartigianato (the artisans’ association), Confcommercio (the shopkeepers’ association), the Confindustria (confederation of industry) and the Co-op league. Compared to years previous years, we found greater knowledge of the Group’s social responsibility policies and activities and a more positive judgement on relations with the Bank, while again there was a certain difficulty in perceiving the Bank’s links with the local community. The judgement on UBI Banca’s Social Report was also positive even if a certain mistrust persisted, especially in

Milan, with regard to the instrument as such and also to the ethics’ codes.

The representatives of the following organisations participated in the meetings with nonprofit organisations: the Gianmarco De Maria Association, the Granteatrino Onlus Association, the HBARI2003 Association, the La Tenda Association, the San Pancrazio Association, CELIM, the SIS Consortium, the Cooperho Consortium, the Italian Red Cross of Cosenza, CSV Milan, Elpendu, the Social Co-operative Consortium, Federsolidarietà of Bari, Intervita, the Proxima Social Co-operative, UVI – Union of Volunteers for Infants and Adolescents. Compared to the trade associations they demonstrated less knowledge of the Group’s social responsibility policies and activities and a certain difficulty with relations with the Bank, due to the pace of turnover in branch personnel. The judgement of the Social Report was again positive, but they only knew of it because they had been invited to the focus group. The short version of the Social Report was considered very useful and interesting.

Relations with the media

Relations with the press and other media are based on the maximum transparency and ensure a high level of co-operation with all newspapers and all journalists.

In 2010 the Parent issued 40 press releases, the majority (27) financial and the rest either providing general information or on products, services and social responsibility initiatives.

**9,501 [+2,148]
Articles on the Group²**

42.9% [-4.1pp] in local dailies

19.9% [+1.9pp] in national financial dailies

2.322 [+159] specialist articles of which³

29.2% [-1.8pp] positive

14.2% [+6.2pp] negative

In order to reach the whole of their public more fully, the network banks are directly involved in the management of relations with the local media and in the issue of Group press releases in their respective areas.

The organisation of events

Each year the Parent and the network banks organise events designed to encourage the circulation and development of culture, mainly in the field of economics, which

² Analysis of press coverage by the agency D’Antona & Partners.

³ Articles with information (on corporate structure and operating results, statements by senior management and on products and services) which enable the public to form an opinion of the activities of the Bank.

are important opportunities for visibility, involvement and service to customers. The principal events on topical economic themes organised in 2010 included the following:

- meetings organised by UBI Banca and Centro Einaudi on the economic crisis with the presentation of the essay **“La Ripresa, il Coraggio e la Paura”** (The recovery, the courage and the fear), in seven Italian towns and cities with over 500 participants;
- the conventions **Reti di imprese e territorio. Tra vincoli e nuove opportunità dopo la crisi** (Business networks and communities. Constraints and new opportunities after the crisis (a joint initiative between Banca Popolare di Ancona and the Marches Polytechnic), with 80 participants and Fare Reti di Impresa (Create business networks) (by Banca Carime and AIP - Industrial Policies Association) in which 100 business persons participated;
- **“Strumenti finanziari a sostegno delle PMI Marchigiane: plafond Bei”** (Financial instruments to support SMEs in the Marches: the EIB budget), a convention of SMEs by Banca Popolare di Ancona and the Marches regional administration, attended by 130 trade associations, business persons and accountants;
- **“L’agricoltura di fronte al mercato”** (Agriculture and the market) a convention on the revival of the Italian agricultural and foodstuffs industries (organised by Banco di Brescia with the Lombardy Confagricoltura – farmers association – and A.I.S.A. srl), with 200 participants;
- the conventions **“U will Be International”** at the Kilometro Rosso in Bergamo (organised by UBI Banca), with over 400 Investors and **Affrontare i mercati esteri** (The challenge of foreign markets), a joint initiative between Banca Popolare di Ancona, the National Institute for Foreign Trade and Studio Progetti Finanziari, with 200 businesses participating to disseminate knowledge of international opportunities;
- the seminar **“Aspetti etici dell’attività bancaria e ruolo sociale delle banche: esperienza della Russia e dell’Italia”** (Ethical aspects of banking and the social role of banks: the experience of Russia and Italy), organised for representatives of the world of international finance under the patronage of and with the co-operation of the Patriarch of Moscow and important Russian social organisations.

Two main events were organised during the year to encourage financial training and education:

- **Valorizzazione delle Eccellenze** (the value of excellence), a Banca Carime initiative attended by 350 high school pupils;
- **La gestione dei patrimoni familiari nei periodi di crisi economica** – Università e Banca a fianco dell’investitore (The management of family estates in periods of economic crisis – Universities and banks assist investors), a seminar for private banking customers of the group, organised jointly by Banco di Brescia and the Catholic University, with 100 participants.

We promoted and organised prizes and awards for business persons who have contributed to the development of international economic relations in co-operation with important institutions of the host countries, with a view to supporting the

The organisation of events: important occasions for visibility, involvement and service to customers.



The inauguration of “Contemporary Energy. Italian Attitudes”: Italian art on display in Shanghai



L’Agricoltura di fronte al mercato, a convention for the revival of the agriculture and foodstuffs sector.



The inauguration of “U will Be International”, at the Kilometro Rosso in Bergamo.



internationalisation of Italian small to medium-sized enterprises as follows:

- The **“China Trader Award”** prize for relations with Hong Kong and China;
- the event **“Festa Italiana – Impresa Award”** for relations with India;
- The **“Il Ponte d’Oro”** prize for economic and cultural ties with Russia;
- the **“GEI - Premio Amerigo Vespucci”** prize for relations between Italy and Brazil.

Finally cultural events were also organised:

- the exhibition **“Contemporary Energy. Italian Attitudes”**, with 28 Italian and Shanghai artists (organised by UBI Banca in co-operation with IGAV) to promote “made in Italy” products, visited by over 45,000 people;
- the event **“Artisan Village”** to promote local artisan products in Liguria, a joint initiative between Banco di San Giorgio and the Liguria CNA (artisans’ and small businesses association).



Attention to the environment

We observe the principles of the Global Compact on the environment and adopt a preventative and proactive approach to environmental issues, by following the guidelines set in our 2008 policy as part of our social responsibility with regard to the local communities in which we operate. We seek to progressively reduce the impacts of our activities on the natural environment through the following: rational use of resources and the elimination of waste; the use of energy produced from renewable sources and/or low or zero level emissions; the reduction of the quantities of waste produced and verification that it is properly treated; the use of products and services with a low environmental impact. We further improved our measurement of environmental performance indicators in 2010 with a view to the future introduction of an environmental management system and the possible acquisition of environmental certifications. We also consider the results we can achieve by raising the environmental awareness of our personnel and all those with whom we do business, especially through our dedicated financial products and services and through consideration of the environmental risks involved in financing transactions and project finance transactions in particular.

Energy

It is our priority to optimise energy procurement and consumption. The **Energy Management Office** at UBI Sistemi e Servizi has been functioning for some years now. The Energy Manager not only manages energy supply contracts for the whole Group (electricity, methane, gasoil, etc.), but also suggests action to the relative sectors for rational and optimum use of energy sources consistent with the objectives of making savings and procuring supplies from renewable and/or low or zero emissions sources. We are members of the **Italian Banking Association Energy Consortium**, which acts as a research and training centre for banks belonging to the consortium on energy savings issues. It provides co-ordination for cost analysis and data acquisition and performs group energy purchases at attractive conditions.

Remote management of systems

We employ the remote management of systems via intranet to monitor heating and air conditioning systems in the numerous premises of the Group and to check that the temperature settings and the on-off timer settings for both winter and summer are

ENERGY CONSUMPTION ¹		
Electricity (kWh)	110,426,442	-34.9%
per employee (kWh/Emp.)	6,345.3	
per surface area (kWh/sq. m.)	104.3	
from renewable sources (%)	100%	+16pp
TOE ²	20,650	-51.3%
District heating (kWh)	10,099,665	+73.8%
per employee (kWh/Emp.)	580.3	
per surface area (kWh/sq. m.)	9.5	
TOE ²	869	+73.8%
Methane (cu. m.)	4,609,386	-6.6%
per employee (cu. m./Emp.)	264.9	
per surface area (cu. m./sq. m.)	4.4	
TOE ²	3,780	-6.6%
Gasoil (litres)	905,582	-27.3%
per employee (litres/employee)	52.0	
per surface area (litres/sq. m.)	0.9	
TOE ²	831	-27.3%
Total (TEP²)	26,130	-45.7%
Of which net of electricity from renewable sources	5,480	-56.1%

¹ Data relates to 98% of the indoor floor space of the Group and is estimated on the basis of actual spending.
² Ton oil equivalents. The reduction for electricity is partly due (5,467 TOE a reduction of 13.2%) to the new conversion coefficient introduced in 2010 in accordance with the EEN3/08 standard. The ton oil equivalents for district heating in 2009 have been recalculated with the conversion coefficients received from the supplier.

Energy savings action



- Space optimisation
- Centralised control of work stations in Group branches to switch them off during hours when not in use
- Replacement of 830 halogen bulbs with LED bulbs at the UBI Banca di Brescia headquarters and 17 fluorescent lights with LED lights for the ATMs at the Banca Popolare di Bergamo headquarters
- The installation of 27 high efficiency air conditioning units and seven refrigerators fitted with inverters

properly set.

239 [+27] Remotely managed systems

Emission reduction

In recent years we have progressively reduced CO₂ emissions through increasing use of electricity certified as from renewable sources.

100% Electricity certified from renewable sources¹

CO ₂ emissions (tons)		
Electricity	-	-100,0%
District heating	3.656	+73,8%
Methane	9.034	-6,6%
Gasoil	2.355	-27,3%
Total	15.045	-46,6%
Per employee	0,86	-44,9%

Data relates to 98% of the indoor floor space of the Group and is estimated on the basis of actual spending, with the application of the following coefficients:
 - District heating = 0,36 kg/kWh;
 - Methane = 1,96 kg/cu. m.;
 - Gasoil = 2,6 kg/litre

NOx emissions (Kg)		
Electricity	-	-100,0%
District heating	4,343	+73,8%
Methane	11,145	-6,6%
Gasoil	2,236	-27,3%
TOTAL	17,724	-41,9%
Per employee	1,02	-39,3%

Data relates to 98% of the indoor floor space of the Group and is estimated on the basis of actual spending, with the application of the following coefficients:
 - District heating = 0,43 g/kWh;
 - Methane = 2,42 g/cu. m.;
 - Gasoil = 2,47 g/litre

SOx emissions (kg)		
Electricity	-	-100,0%
District heating	3,333	+73,8%
Methane	80	-6,6%
Gasoil	4,471	-27,3%
TOTAL	7,884	-65,0%
Per employee	0,45	-63,7%

Data relates to 98% of the indoor floor space of the Group and is estimated on the basis of actual spending, with the application of the following coefficients:
 - District heating = 0,33 g/kWh;
 - Methane = 0,02 g/cu. m.;
 - Gasoil = 4,94 g/litre



A 198 kWp photovoltaic plant on the roof of the car park at the Banca Popolare di Ancona Esagono Management Centre at Jesi.

Consumable materials

The main consumer materials are paper and toner. We have taken some initiatives to reduce consumption by limiting the physical print out of documents as follows:

- digitalisation of paper documents in all operational processes;
- configuration of printer settings to print both sides of sheets,
- promotion of internet banking services with bank statements and other banking documents sent in electronic format;
- delivery of income certification documents and pay slips to employees in electronic format via the Group intranet.

Paper consumption (kg)		
TOTAL	2,048,705	+25,7%
Per employee	117,72	+30,9%

The data is estimated on the basis of actual spending. Toner data for 2010 is not available because printer maintenance contracts have included the supply and disposal of toner since June.

100% certified ecological paper



85% certified ecological paper



Waste separation (kg)		
Paper and cardboard/paper packaging	1,991,401	+0,3%
Toner	18,439	-18,2%
Glass, cans and iron	1,160	-1,0%
Plastic	2,096	-39,6%
Other waste	139,905	+58,8%
TOTAL	2,153,001	+2,5%
Per sq. m. of surface area	2,03	-9,5%
Per employee	123,72	+8,7%

Estimated data which does not include solid urban waste collected and handled by the public refuse service

99.97% Waste sent for recycling

¹ RECS (renewable energy certification system – www.recs.org) certificates purchased by energy source.

Water consumption (cu. m.)		
TOTAL	673,464	-13.6%
Per employee	38.70	-10.0%

The data is estimated on the basis of actual spending.

Sustainable mobility

The Group has a number of large business centres consisting of the headquarters of the Parent the network banks and the product companies. Problems and initiatives concerning sustainable mobility are concentrated on these centres. These matters are supervised by the Group **Mobility Manager** in the Human Resources Area.

Mobility at work

We have set a **travel policy** which gives priority and incentivises the use of transport for business travel which has a lower environmental impact and we have increased the use of video conferencing to limit physical transfers as much as possible. The Group has 319 video conferencing work stations in use, of which 169 installed in 2010.

3,067 [+22,7%]
video conference meetings

265 ton CO₂ avoided²

Mobility to-and-from work

The Mobility Manager records to-and-from work travel of personnel in order to identify possible improvement action to take which might fall both strictly within the company sphere and within the sphere of local authorities and that of municipalities in particular.

9,077³
Employees involved in the acquisition of to-and-from work data acquisition

33% questionnaires compiled and returned

In order to encourage more sustainable to-and-from work mobility, for some years now we have provided protected parking areas for bicycles in some of the main headquarters of the Group and a coach shuttle service between Bergamo, Varese, Brescia and Milan, to respond to to-and-from work travel requirements.

over 1,000 tons of CO₂ avoided with company coach shuttles⁴

We inform personnel through internal communication channels of a series of national and regional initiatives (eco-incentives) organised by public authorities for sustainable mobility.

We organised safe and eco-compatible driving courses for top management drivers in co-operation with national associations in 2010.

"Green" loans

We support the investments of individuals and businesses with special loans for the diversification of energy sources, the production of energy from renewable sources (e.g. wind power, hydro, biomass) or low environmental impact sources, the improvement of energy efficiency and the rationalisation of consumption.

NUOVA ENERGIA

for businesses

700

Loans granted

300 million euro

The amount disbursed

FORZASOLE

for households

500

Loans granted

12 million euro

The amount disbursed

Credit lines for photovoltaic systems can be integrated with insurance cover specially designed for this type of plant.

A simulator is available on the Group commercial website at www.ubibanca.com, which allows businesses to independently assess the attractiveness of an investment in terms of economic and environmental costs and benefits. The simulator was created in co-operation with the Department of Mechanical and Industrial Engineering in the Faculty of Engineering at the University of Brescia.

Framework Loan

On the basis of an agreement signed in 2009 with the European Investment Bank (EIB), Centrobanca can grant loans drawn from EIB funds (for a total of 200 million euro) for

² Amount estimated for the use of cars for short journeys and airplanes for long distances, considering one person only connected at each point.

³ 2009 data for employees working in the capital towns and cities of provinces in which the Group possesses headquarters.

⁴ Amount estimated for the use of own vehicles for to-and-from work journeys for users of the coach shuttle service.

energy efficiency and renewable energy projects. Centobanca disbursed the first loan for 17 million euro in 2009. No loans were disbursed in 2010 but three loan contracts were signed for the construction and operation of photovoltaic plants for which funding was requested from the EIB amounting to 32.3 million euro.

Project Finance⁵

Centobanca participates in loans to the private sector and in mixed public-private investments in the following areas:

- **energy**, for the generation of electricity from conventional or alternative sources (thermal, wind power, hydro) and related projects (transport and storage) for the transmission and distribution of energy, oil and gas;
- **environment** for waste treatment and disposal plants and integrated sewage, desalination and water treatment plants;
- **infrastructures**, for the construction of hospitals, roads (highways and orbital freeways), transport in large urban centres (metropolitan railways, tramways, etc.) and in the relative hinterlands, and maritime and airport infrastructures.

47

Project finance transactions stipulated

456 million euro The amount disbursed

The size of the loans varies from a minimum of 10 million euro to a maximum of 100 million euro, with a term which normally does not exceed 15 years for the energy and environment sectors.

With its **Green Project**, Centobanca provides project finance facilities for investments in renewable energy also for medium and small-sized enterprises.

While we do not base our assessment of operations on equator principles, all projects financed have followed all the Italian authorisation procedures in force (e.g. environmental impact, declaration of the start of activity, single authorisations, building permit, etc.) and have passed the technical, administrative and insurance assessments performed on behalf of the Bank by major independent advisors of international standing.

⁵Structured finance which involves the creation of a special company, a "special purpose entity", created by firms termed "sponsors" by the contribution of share capital or the grant of subordinated loans, for the purpose of creating and managing a cash flow which will repay the loan or investment.

Informing and educating

The promotion of Group products and services provides an opportunity to inform and educate customers about opportunities to help safeguard the environment and the advantages.

M'illumino di meno (I use less light)

We participated for the fifth consecutive year in the International Energy Savings Day: at 6.00 p.m. on 18th February 2011 we symbolically switched off the neon signs of the main headquarters of UBI Banca, UBI Sistemi e Servizi and of the network banks.



The initiative was accompanied by action to educate all personnel, with the renewal of the proposal on the Group intranet of ten simple rules for energy savings.

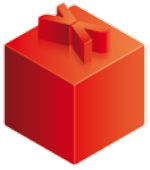
Qui UBI

With the competition entitled Qui fai. Qui hai. Qui UBI, we provided incentives to subscribe to a service for the electronic receipt of mail relating to current accounts and custody accounts. The service is named "My accounts", and is bundled with the internet banking service Qui UBI. A total of 200 thousand customers (over half of the active Qui UBI customers) have already chosen to receive current account and custody account documents in electronic instead of hardcopy form. The choice involves approximately 300,000 current accounts and custody accounts.

Project Finance Transactions	
Energy	45
Wind farms	17
Photovoltaic plants	21
Other renewable energy plants	7
Environment	5
Waste treatment plants	3
Other activities	2
Infrastructures	12
Hospitals	3
Highways	2
Metropolitan railways	1
Water, sewer and gas pipeline networks	5
Airports	1
TOTAL TRANSACTIONS	62
TOTAL AUTHORISED (millions of euro)	1,203.3
TOTAL DISBURSED (millions of euro)	661.0

Green Project ¹ Transactions	
Energy	35
Wind farms	2
Photovoltaic plants	29
Other renewable energy plants	4
TOTAL AUTHORISED (millions of euro)	207.4
TOTAL DISBURSED (millions of euro)	90.7

¹ Financing and project finance for small to medium-sized enterprises



Economic value generated and distributed

The statement of the economic value created and distributed to stakeholders constitutes the link between the Social Report and the Consolidated Financial Statements. Careful reclassification of the income statement brings out the magnitude of the total economic value created by the Group and its distribution.

Part of the economic value created is retained by the Group for self-finance and part is distributed to the various internal and external stakeholders.

The statement has been prepared in compliance with the model recommended by the Italian Banking Association in December 2010. This broadens the notion of value added to also include the costs incurred for the purchase of goods and services from suppliers within economic value created in accordance with international practice and consistent with GRI recommendations.

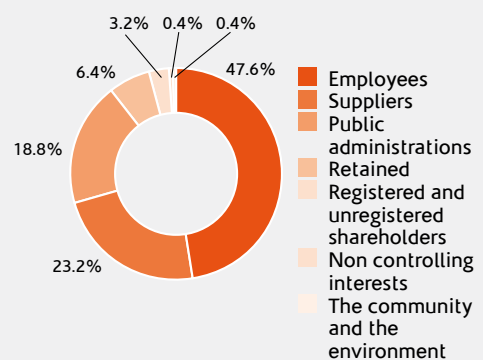
2010 results

Again in 2010 the operating results, discussed in depth in the consolidated management report in the 2010 Annual Report, were affected by the economic situation, depressed by a context of crisis not completely recovered from, by uncertainty inherited from the turmoil and imbalances of the last four years, and by sudden and unexpected pressures on financial markets, all factors which perpetuate the disorientation of market participants.

The year was characterised for the Group by a fall in ordinary revenues, which could not be offset by a more severe policy to contain costs, as they continued to be affected by the economic situation, the high loan losses, although now falling, and impairment losses on financial assets.

The year 2010 therefore ended with a fall of 5.0% in the total economic value created from 3,209 million euro to 3,048 million euro. The reduction affected the proportions distributed to the various stakeholders in differing amounts.

Distribution of economic value generated



Determination and distribution of economic value created (thousands of euro)	2010	2009	Change	
Interest income and similar	3,525,312	4,213,948	-688,636	-16.3%
Interest expenses and similar charges	(1,378,714)	(1,718,320)	-339,606	-19.8%
Commission income	1,378,117	1,329,184	+48,933	+3.7%
Commission expenses	(196,892)	(199,009)	-2,117	-1.1%
Dividends and similar income	24,099	10,609	+13,490	+127.2%
Net trading income (loss)	(56,891)	13,864	-70,755	-510.4%
Net hedging income (loss)	67,209	15,960	+51,249	+321.1%
Income (loss) from disposal or repurchase of:	17,057	122,115	-105,058	-86.0%
a) loans	(3,850)	(81)	-3,769	-4653.1%
b) available-for-sale financial assets	31,245	30,516	+729	+2.4%
c) held-to-maturity investments	-	37,441	-37,441	-100.0%
d) financial liabilities	(10,338)	54,239	-64,577	-119.1%
Net income/expenses on financial assets and liabilities at fair value	6,669	(25,151)	+31,820	-126.5%
Net impairment losses on:	(756,653)	(914,371)	+157,718	+17.2%
a) loans	(706,932)	(865,211)	+158,279	+18.3%
b) available-for-sale financial assets	(42,364)	(43,883)	+1,519	+3.5%
c) held-to-maturity investments	-	-	-	-
d) other financial transactions	(7,357)	(5,277)	-2,080	-39.4%
Net insurance premiums	-	169,176	-169,176	-100.0%
Other income/expense on insurance operations	-	(149,127)	-149,127	+100.0%
Other net operating income/(expense)	239,430	235,042	+4,388	+1.9%
Profits (losses) of equity investments (for the part from disposals)	81,233	203	+81,030	+39916.3%
Profits (losses) on disposal of investments	14,458	100,099	-85,641	-85.6%
Post-tax profit (loss) from discontinued operations	83,368	5,155	+78,213	+1517.2%
TOTAL ECONOMIC VALUE GENERATED	3,047,802	3,209,377	-161,575	-5.0%
b) other administrative expenses (exclusive of indirect taxes grants and donations)	706,522	714,970	-8,448	-1.2%
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	706,522	714,970	-8,448	-1.2%
a) personnel expense ¹	1,451,584	1,477,200	-25,616	-1.7%
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES	1,451,584	1,477,200	-25,616	-1.7%
Profit (loss) for the year attributable to non controlling shareholders	13,602	17,048	-3,446	-20.2%
ECONOMIC VALUE ATTRIBUTABLE TO NON CONTROLLING INTERESTS	13,602	17,048	-3,446	-20.2%
Share of profit destined to dividend payments ²	95,872	191,744	-95,872	-50.0%
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS (REGISTERED SHAREHOLDERS AND UNREGISTERED SHAREHOLDERS)	95,872	191,744	-95,872	-50.0%
b) other administrative expenses: indirect and capital taxes	210,714	216,195	-5,481	-2.5%
Current taxes on income for the year ³	360,790	472,485	-111,695	-23.6%
ECONOMIC VALUE DISTRIBUTED TO CENTRAL AND LOCAL PUBLIC ADMINISTRATIONS	571,504	688,680	-117,176	-17.0%
b) other administrative expenses – grants and donations ⁴	6,354	7,245	-891	-12.3%
Share of profits allocated to the fund for social purposes ⁵	6,526	8,605	-2,079	-24.2%
ECONOMIC VALUE DISTRIBUTED TO THE COMMUNITY AND THE ENVIRONMENT	12,880	15,850	-2,970	-18.7%
TOTAL ECONOMIC VALUE DISTRIBUTED	2,851,964	3,105,492	-253,528	-8.2%
Net provisions for risks and charges	27,209	36,932	-9,723	-26.3%
Net impairment losses on property, equipment and investment property	109,838	117,408	-7,570	-6.4%
Net impairment losses on intangible assets	130,500	150,770	-20,270	-13.4%
Profits (losses) of equity investments (the fair value part: write-downs/write-backs, impairment losses/reversals, other expenses/income)	(17,794)	(35,375)	+17,581	+49.7%
Change in fair value of property, equipment and investment property and intangible assets	-	-	-	-
Net impairment losses on goodwill	5,172	-	-	-
Change in deferred tax assets and liabilities	(128,810)	(235,600)	+106,790	-45.3%
Profit allocated to reserves ²	69,723	69,750	-27	-0.0%
TOTAL ECONOMIC VALUE RETAINED	195,838	103,885	+91,953	+88.5%

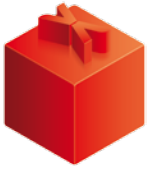
¹ Inclusive of board members' remuneration and expenses for external distribution networks (e.g. agents and financial advisors)

² The figures for 2010 are based on the allocation of profits proposed to the Shareholders' Meeting

³ Includes the changes in current taxes of prior years and the reduction in current taxes for the year

⁴ Includes sponsorships with social and environmental value (e.g. cause-related marketing)

⁵ Includes the shares of profits allocated by the network banks to their respective funds for social purposes.



Improvement objectives

In 2010, a difficult year, we continued to work to achieve our declared social responsibility objectives. We have used the following symbols to report this:

- Objective fully achieved
- ▣ Objective partially achieved
- Objective not achieved

We briefly report the reasons for the objectives not achieved or partially achieved. For objectives totally or partially achieved, we give in brackets the page numbers in this Social Report in which the activities performed are reported. The objectives not achieved or partially achieved remain among the priorities for the near future, within the context of the strategic decisions taken in the new Group business plan currently being prepared.

Corporate governance

- ▣ Adoption of a Code of Ethics by the end of the first half of 2010 and commencement by the end of the year of a structured plan of action to implement it (e.g. changes to the organisational structure, internal and external communication, personnel training and auditing for compliance with the code). [pp. 16-17]
- Preparation of a plan for action on policies and corporate procedures for the implementation of the Code of Ethics, with input from the CSR and sustainability assessment activities currently being completed.
- Integration of social responsibility and sustainability objectives in the update of the Group medium-term business plan.
- Intensification of commitments to sustainability by membership of bodies (e.g. Forum for Sustainable Finance) and adherence to codes of conduct (e.g. equator principles).
- ▣ Increase in the level of participation in existing commitments (e.g. multi-stakeholder initiatives within the Global Compact). [p. 18]

The process for the adoption of the Code of Ethics required more time than envisaged and was concluded in December, while the formulation of the new business plan was postponed mainly because of continuing macroeconomic uncertainties and it will be designed to support the increase in share capital proposed to the Shareholders' Meeting. The activities connected with the declared objectives were affected as a consequence.

Reporting and control

- ▣ Further development of focus groups on the Social Report. [p. 52]
- ▣ Implementation of stakeholder engagement according to recognised standards (e.g. AA1000) and extension of engagement to other categories of stakeholders. [pp. 34-36]
- Periodic monitoring of social responsibility and sustainability indicators as part of departmental reporting in connection with verification of the application of the code of conduct.
- ▣ A search for greater quality and effectiveness in reporting to stakeholders, through, amongst other things, diversification of the tools and communication channels. [pp. 25,52,65]
- Intensification of direct communication in the community.

Monitoring of the application of the Code of Ethics and the intensification of direct communication are already programmed for 2011.

Relations with personnel

- Update and enhancement of branch manager roles as key figures in the commercial supply chain, to be achieved partly through a training and change management programme which will reinforce professional skills and motivation for more effective management of customer demands in a context of growing organisational and market complexity. [p. 25]
- Extension of potential measurement to include product companies as a further judgement factor to support proper implementation of personnel management policies. [p. 22]
- Personnel management interviews to enhance and develop key human resources, partly as a function of the priority given to internally selected personnel to fill vacant positions of responsibility. [p. 22]
- Standardisation of the incentive schemes employed in the different company remuneration and incentive policies set by the Group, incorporating the additional new regulatory provisions of national and international supervisory authorities. [pp. 23-24]
- Refinement of training programmes designed for specific job families (management, middle-management, talents and key resources, professionals, specialists, technical and administrative roles, etc.) to further develop professional skills and the behaviour and managerial abilities of personnel. [p. 23]
- The introduction of compulsory training programmes for the qualification of new branch managers and to strengthen the specialist abilities of corporate account managers and private bankers, in order to supervise their professional growth as they fill more complex roles with greater responsibility. [p. 25]
- Improvement and strengthening of internal communication through initiatives and tools, including multimedia tools, designed to encourage the more rapid and systematic circulation of information and greater involvement of personnel. [p. 25]
- Stronger prevention activities for health and safety at the work place including the start of a programme of psychological assistance with work-related stress.

The launch of a programme of psychological assistance for work-related stress is dependent on the results of the risk assessment, which has not yet been performed, due to repeated extensions of the deadlines set by the regulations and to the priority given to psychological support provided for personnel involved in robberies. The occupational doctor nevertheless performed an important role in the management of the work-related stress difficulties of individuals, by acting as a "counselling centre".

Relations with investors

- Pursuit of remuneration of the investment and sustainable growth in value of the share in the medium to long-term, compatible with general market conditions. [p. 30-31]
- Development of concessions offered to registered shareholders, with a view to achieving the mutual objects. [p. 31]
- Increase the presence of the UBI Banca share in the portfolios of institutional investors who invest in the medium to long-term, with particular reference to the socially responsible investment sector.
- Improvement of ethical ratings and positioning in ethical indices. [p. 19]

The continuing economic crisis and the uncertainty and volatility on financial markets affected the achievement of economic objectives, in terms of both yield and the positioning of the share.

Relations with customers

- Implementation of commercial and credit policies attentive to important social and environmental issues (e.g. social inclusion and over-indebtedness, climate changes). [pp. 32-33, 36-40, 56]
- Stronger ties with the community through:
 - increased support for small to medium-sized enterprises, by improving sector specific products and relations with trade associations and guarantee bodies;
 - service models designed to support growth in the third sector and the integration of immigrants;
 - the development of micro-credit for households and businesses to encourage social inclusion and increased employment. [pp. 37-40]
- The development of consultation and dialogue initiatives to improve the ability to meet the actual demands of each customer segment and to develop relations with consumer associations, including through nationally reached agreements in the sector. [pp. 34-35]
- Promotion of financial culture and access to banking services for young people, through the use, amongst other things, of dedicated commercial initiatives. [pp. 37-38, 50-51]
- Constant improvement of the accessibility and security of branches and direct channels for all customers, including with regard to the problems of disabled persons. [p. 36]

Relations with suppliers

- Greater openness to markets, extending requests for quotes to potential new suppliers who meet the requirements of Group standards. [pp. 42-43]
- Revision of assessment criteria for the inclusion of suppliers on the approved list.
- Greater attention to ethical, social and environmental aspects of supplier relationships. [pp. 42-43]
- Constant improvement of administrative processes to ensure full compliance with contractually agreed conditions. [pp. 42-43]

The pursuit of the declared objectives in the difficult economic situation in 2010 was affected by the policy to contain costs in purchasing processes.

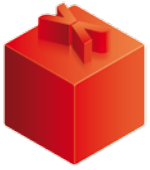
Community involvement

- The definition of guidelines for the transparency and adequacy of systems to monitor the results of donations to social organisations.
- ▣ Improvement of transparency and the quality of reporting on action taken and the impacts on the community and the beneficiaries.
[pp. 44-50, 65]

Attention to the environment

- ▣ The progressive reduction of the direct environmental impacts of activities in compliance with Group policy with particular reference to:
 - the reduction of emissions through the use of renewable energy, increased use of remote management systems and the adoption of higher energy efficiency standards for buildings;
 - the start of compensation programmes for the remaining emissions;
 - the implementation of a plan for travel to and from work and the introduction of sustainable mobility initiatives;
 - the progressive implementation of an environmental management system with a view, amongst other things, to obtaining environmental certifications;
 - training and information initiatives for personnel.
[pp. 54-56]
- ▣ The introduction of measures to mitigate the indirect impacts of activities through the consideration of environmental risks in the assessment of commercial counterparties and participation in initiatives for the generation of greater awareness of environmental issues.
[p. 41]

With a view to the progressive implementation of Group environmental policies, we gave priority to areas of intervention with greater margins of improvement in environment performance in the short term. We therefore focused on reducing the consumption of environmental resources and emissions of harmful substances into the environment.



Notes on the method

The UBI Banca Social Report is now in its tenth edition, since the first edition published by the former Banca Popolare di Bergamo-Credito Varesino, added to in 2003 by the former Banca Lombarda Social Report in 2003. This report, the fourth since the creation of UBI Banca, was directly supervised by UBI Banca's Management Board and approved by the Supervisory Board and it is distributed together with the consolidated financial statements at the ordinary Annual General Meeting.

Methodological references

This report has been prepared in compliance with the "Sustainability Reporting Guidelines and the Supplement for the Financial Sector" issued by the Global Reporting Initiative (GRI/G3 - 2008) and with the guidelines published by the Italian Banking Association in 2006 - "Reporting to Stakeholders. A Guide for Banks". Reference was also made to the Global Compact rules for periodic "Communication on Progress" required of all organisations which have signed the compact.

As concerns the depth of the reporting, the GRI/G3 model contains three different levels of application marked by a "+" sign where it is audited by an independent entity. UBI Banca has declared an intermediate B+ level. The scope of the report, where not otherwise specified, is that of the scope of consolidation identified in the accounting policies section of the Consolidated Financial Statements, and it is consistent with the guidelines contained in the GRI Boundary Protocol of 2005.

External assurance

The Social Report is audited by an independent entity. The independent auditors KPMG Spa were appointed for the three year period for the social reports from 2009-2011. The auditor also verifies the level of application of the GRI/G3 model declared by the bank.

Last year we declared that we would request verification of the level of application also by the GRI and that we would publish the result on the Group website. As a result of the time required to publish the English language version of the report, this verification was not performed. It will be performed this year.

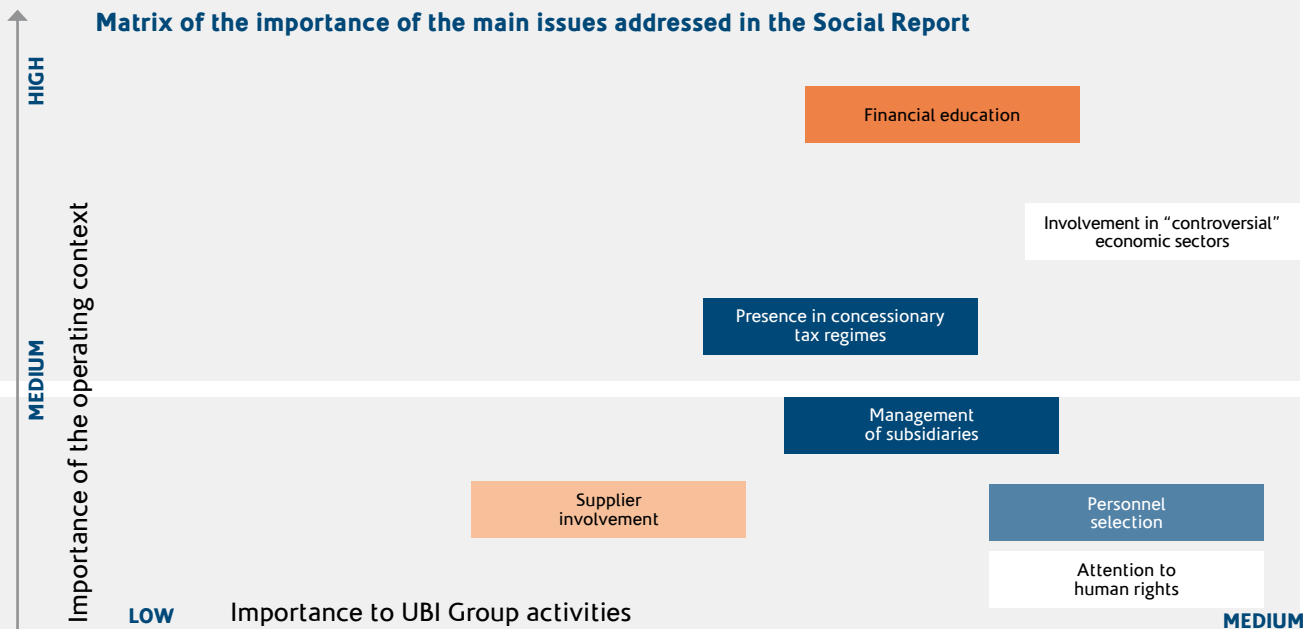
Stakeholder verification

Each year, after it is published, we submit our Social Report to our stakeholders for their assessment in focus groups managed by independent external consultants.

We continued our programme of meetings with trade associations and non profit organisations. After meetings held in Bergamo, Brescia Ancona, Varese and Cuneo over the previous two years, in 2010 we completed the cycle in the main cities in which the main Group network banks operate with meetings in Cosenza, Bari and Milan.

We received no reply from the assessment questionnaire available on the internet and we will therefore consider more effective possible alternatives.

Matrix of the importance of the main issues addressed in the Social Report



Contents

We took account of suggestions received from stakeholders and we sought to render the document slimmer and more readable. Consequently changes were made to both the contents and the graphics, but without prejudice to the information provided and in fact increasing it where possible. The most important changes compared to the previous edition were as follows:

- simplification of the structure by reducing the number of sections and eliminating the groupings of sub-sections;
- more careful selection of information that is actually relevant to the context of the Group and its activities, performed on the basis of dialogue with stakeholders and on an analysis of press coverage and of GRI indicators;
- a greater coverage of the indicators proposed by the reference model adopted (GRI/G3 – 2008);
- a further increase in time comparisons, with changes compared to 2009 given in brackets (absolute amounts for physical quantities, in percentage terms for monetary quantities and in percentage point differences for percentages). The data available for the last three years is given in a summary table of GRI indicators, which is appended to the digital version of the document together with the GRI index.

For quantitative indicators, we have given preference to the inclusion of directly measurable quantities taken from internal corporate databases and we have made use of estimates based on the best information available or on data samples only where unavoidable.

Distribution

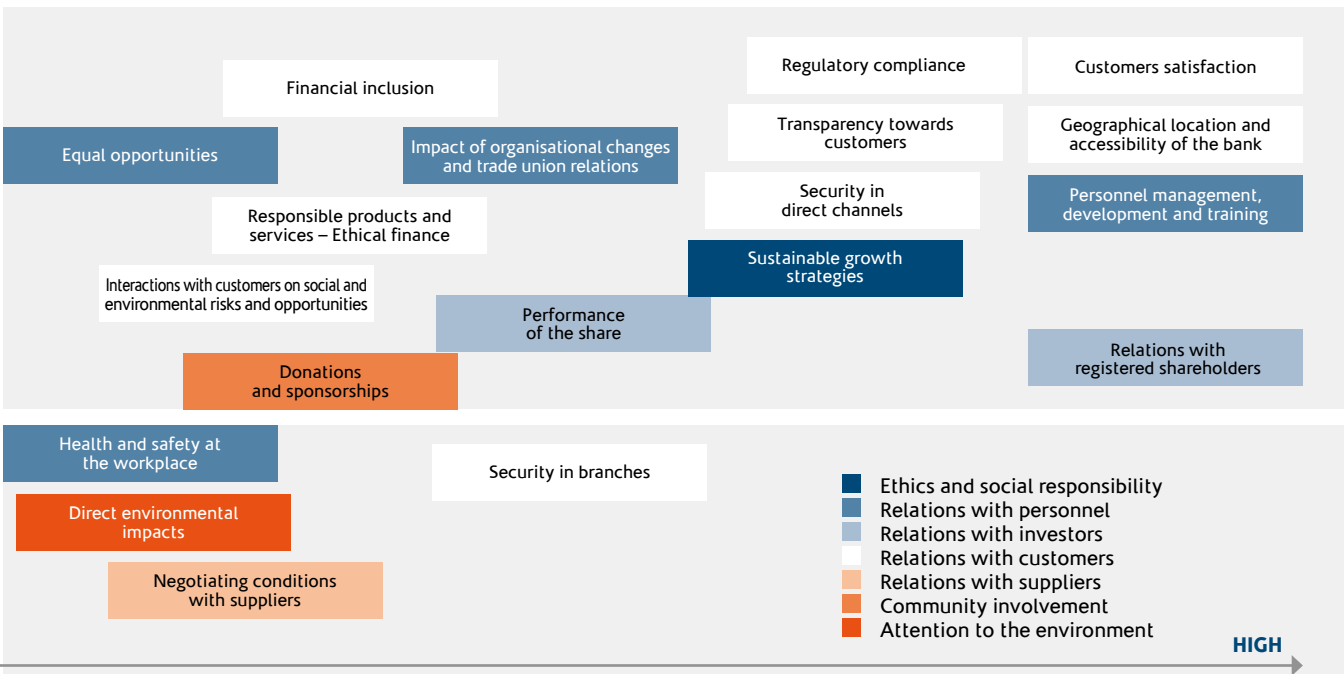
The Social Report is printed in 2,500 copies for distribution to shareholders attending the Annual General Meeting. At the same time the report is published in digital format (PDF) for personnel on the corporate intranet and for the public on the Group's corporate website (where it is also in English). The digital version of the Social Report contains an index based on GRI indicators with the degree of coverage for the indicators and a reconciliation with Global Compact principles and also a summary table of the indicators used with the values for the last three years.

In recent years we have reduced the number of paper format copies of the full version that are distributed with savings on costs and advantages for the environment. Only a few copies are sent to the network banks and product companies of Group and to a select list of organisations, institutions and opinion leaders. A few copies then remain for distribution at events.

In order to respond more efficiently to reporting demands encountered during stakeholder engagement activities, we have published two summary versions of the Social Report since 2008:

- one in tabloid format for customers and the community, distributed in 50,000 copies as a supplement to the weekly "Vita non profit" magazine, with another 50,000 copies distributed to Group branches and published on the Group websites;
- one is distributed exclusively in digital format on the Group intranet, especially for personnel.

The full and the tabloid versions are sent by email to a mailing list of contacts who may be interested.





Independent auditors' report



KPMG S.p.A.
Revisione e organizzazione contabile
Piazzale della Repubblica, 4
24122 BERGAMO BG

Telefono +39 035 240218
Telefax +39 035 240220
e-mail it-fmauditaly@kpmg.it

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

Limited assurance report on the social report

To the management board of
Unione di Banche Italiane S.c.p.A.

- 1 We have reviewed the 2010 social report of the Unione di Banche Italiane Group (the "Group"). The parent's management board is responsible for the preparation of the social report in accordance with the "Sustainability Reporting Guidelines & Financial Services Sector Supplement" issued in 2008 by GRI - Global Reporting Initiative, as set out in the "Notes on the method" section. It is also responsible for determining the Group's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived. Our responsibility is to issue this report based on our review.
- 2 We carried out our work in accordance with the criteria established for review engagements by "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board. That Standard requires that we comply with applicable ethical requirements (the "Code of Ethics for Professional Accountants" issued by the International Federation of Accountants ("IFAC")), including independence requirements, and that we plan and perform the engagement to obtain limited assurance (and, therefore, less assurance than in a reasonable assurance engagement) about whether the report is free from material misstatement. A limited assurance engagement on a social report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the social report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:
 - comparing the information and data presented in the "Economic value generated and distributed" section of the social report to the corresponding information and data included in the Group's consolidated financial statements as at and for the year ended 31 December 2010, on which we issued our report dated 28 March 2011 pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010;
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the social report operate. In particular, we have performed the following procedures:
 - interviews and discussions with management personnel of Unione di Banche Italiane S.c.p.A. and personnel of Banca Popolare di Bergamo S.p.A., Banco di Brescia San Paolo CAB S.p.A., Banca Popolare Commercio e Industria S.p.A., Banca Carime S.p.A., Banca di Valle Camonica S.p.A., Centrobanca S.p.A. and UBI Sistemi e Servizi S.c.p.A., to gather information on the IT, accounting and



reporting systems used in preparing the social report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the social report;

- sample-based analysis of documentation supporting the preparation of the social report to confirm the effectiveness of processes, their adequacy in relation to the objectives described, and that the internal control system correctly manages data and information included in the social report;
- analysing the compliance of the qualitative information included in the social report with the guidelines referred to in paragraph 1 and their consistency, in particular with reference to the sustainability strategy and policies and the determination of material issues for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of persons involved, by reading the minutes of the meetings or any other information available about the salient features identified;
- obtaining the representation letter signed by the legal representative of Unione di Banche Italiane S.c.p.A. on the compliance of the social report with the guidelines indicated in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, it offers a lower level of assurance that we have become aware of all significant matters and events that would be identified during an audit.

The social report includes the corresponding information and data of the prior year social report for comparative purposes, with respect to which reference should be made to our report dated 13 April 2010.

- 3 Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2010 social report of the Unione di Banche Italiane Group is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines & Financial Services Sector Supplement issued in 2008 by GRI - Global Reporting Initiative, as set out in the "Notes on the method" section.

Bergamo, 19 April 2011

KPMG S.p.A.

(signed on the original)

Mario Corti
Director of Audit



We are interested in receiving the opinions of readers on this report and we will consider any suggestion, indication, criticism or appreciation made as valuable.

Our contact details are:

UBI Banca Scpa
Funzione Corporate Social Responsibility

Piazza V. Veneto, 8

24122 Bergamo

Tel. 035-392925

Fax 035-392996

e-mail: bilancio.sociale@ubibanca.it

Graphics layout

PG&W Srl - Bergamo - www.pg-w.it

Printers

Graphicscalve S.p.A. – Vilminore di Scalve (BG)

