

Social Report 2008



Social Report 2008



LETTER FROM THE CHAIRMEN

The year that has just finished will be remembered for the sudden and violent upheavals on international markets that affected financial systems and triggered an economic crisis which created difficulties for large numbers of families and businesses both in Italy and abroad. The underlying causes of this situation are attributable to a large extent to an inaccurate perception of risk by United States financial institutions in their use of increasingly more sophisticated and at times unprincipled financial engineering techniques and this has focused the attention of public opinion and of market regulatory activities even more sharply on the issue of ethical responsibility as a criterion for the self regulation of individual and corporate conduct.

For businesses, this means managing relationships with a number of different stakeholders to whom they are accountable for demonstrating that their essential objective with regard to shareholders, the profit motive, the primary economic responsibility of an enterprise, is pursued with respect for other broader ethical, social and environmental responsibilities on which the sustainability of medium to long term results depend.

This strategic orientation, intrinsic to our nature as a “popular” bank and to the achievement of our objectives as a co-operative, has enabled us to face the difficulties of the current economic situation more easily thanks to our management style, which has always been prudent. It is based on efficiency and careful risk management, on maintaining our capital strength and it is focused on our core banking business at the service of families and small to medium size businesses in the community.

We have therefore continued yet again this year in our commitment to report to all our stakeholders on a continuous and transparent basis with the combined publication of a Social Report together with our Annual Financial Report. We have reported on our management decisions and the results achieved, while seeking continuous improvement based on the use of increasingly more effective and transparent instruments to govern corporate social responsibility and more structured and systematic programmes for consultation and dialogue.

After the adoption of our Group Charter of Values in 2008, we started to draw up a code of conduct, made changes to our risk management, credit and commercial policies and for the very first time we set a specific policy for monitoring the direct and indirect environmental impacts of operations. We dedicated particular attention to training and the enhancement of human resources in the knowledge that the success of every big change and challenge depends inevitably on the continuous improvement in the abilities of all those individuals, singly and as a whole, who form part of our Group. In the commercial sphere, we pursued our mission as a community bank with determination, seeking to provide financial support to small to medium size enterprises, those most exposed to the impacts of the financial crisis, and to provide access to credit even to the most disadvantaged groups in society, an activity which included the development of micro-credit and involvement in charitable credit initiatives.

We set a far-reaching, long-term customer satisfaction survey programme in motion to monitor and improve our capacity to respond effectively to the expectations of our stakeholders and we intensified our dialogue with organisations in the community. Each year we allocate substantial funds to not-for-profit organisations and initiatives and one of the many things these activities will help us to do is to integrate our promotion of

not-for-profit activities within Group strategies and make them more effective in meeting the needs of local communities in the markets on which we operate. A large proportion of these funds goes to charitable initiatives, such as the CESVI sUBIto project for people hit by the hurricane Sidr which produced the book, Amazing Bangladesh, distributed to shareholders at the Annual General meeting, and also to the sports sponsorships which we have featured in the photographs at the beginning of each section of this Social Report.

We have chosen photographs of sport because they, more than anything else, speak of people, commitment and passion and they evoke the concept of competition, whether individual or team in nature, as a stimulus for excellence and continuous improvement. These are those same values and that same passion which we have always applied in our work to create sustainable value over the years for all our stakeholders and well-being for the community even at the most difficult times like those of today.

Corrado Faissola
The Chairman of the Supervisory Board



Emilio Zanetti
The Chairman of the Management Board



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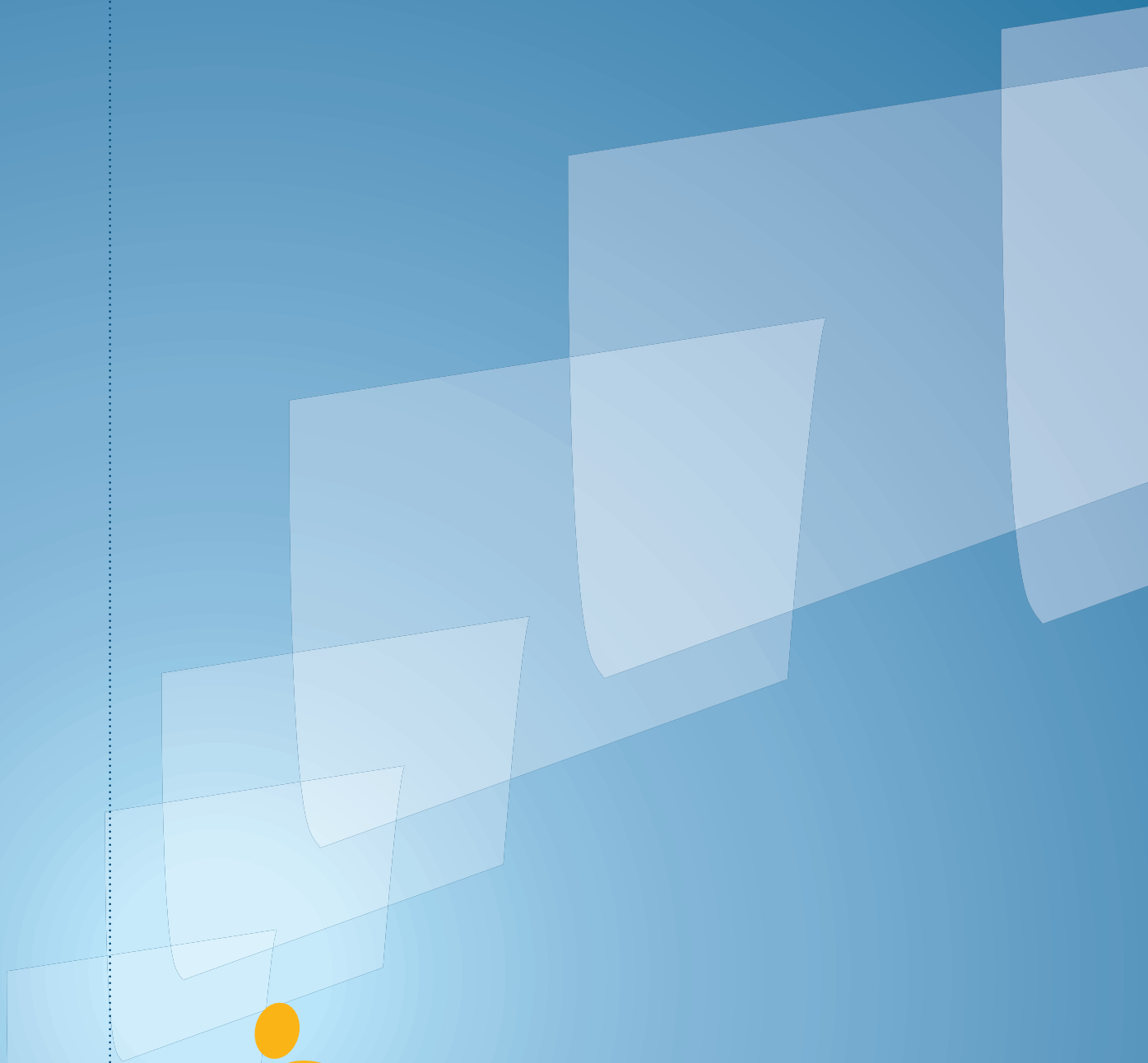
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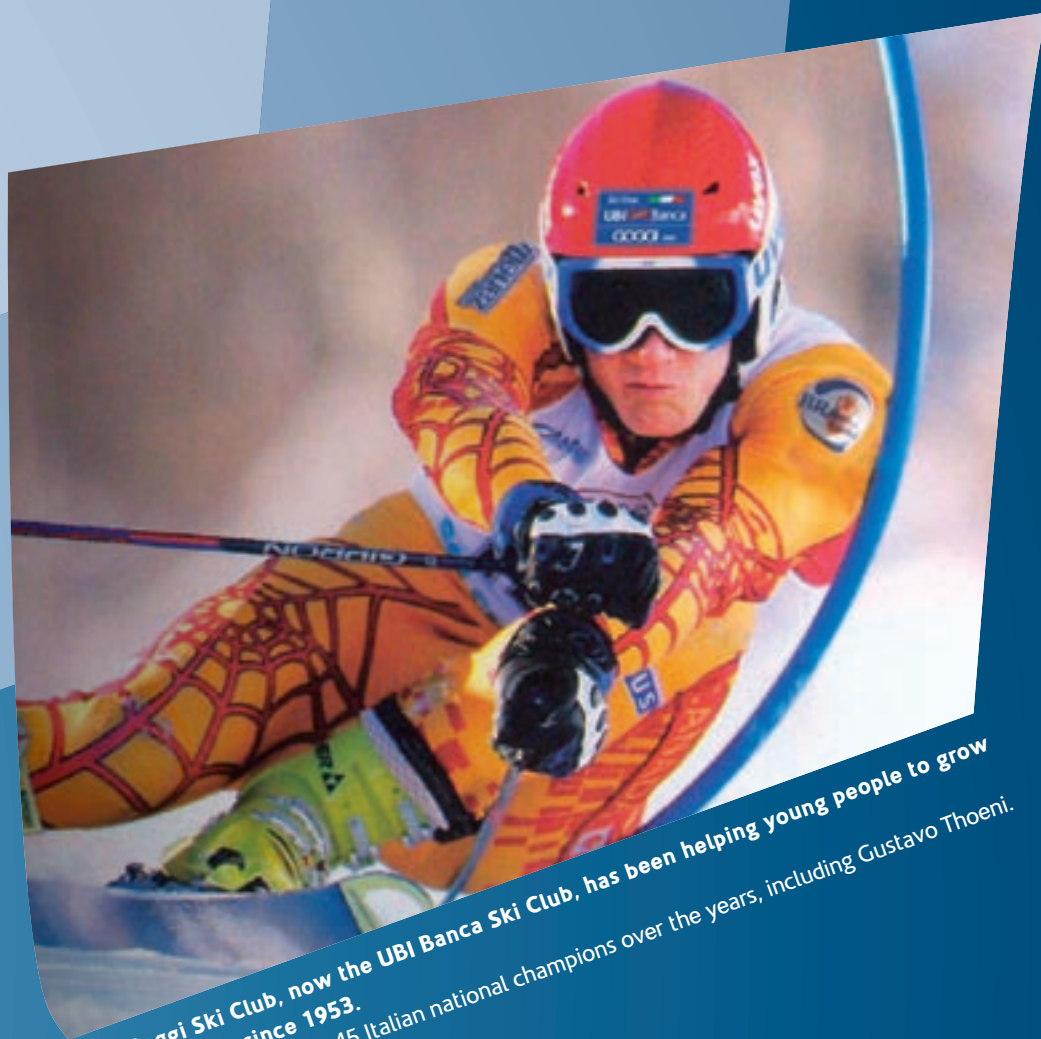
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Notes on the method



The Goggi Ski Club, now the UBI Banca Ski Club, has been helping young people to grow with the sport since 1953.
It has trained more than 45 Italian national champions over the years, including Gustavo Thoeni.

This 2008 Social Report continues UBI Banca's commitment to furnishing a public account of the social and environmental aspects of its operations. It provides stakeholders with an overall picture of those operating and financial results presented in detail in the annual financial report, from the viewpoint of sustainable development and corporate social responsibility. The document, approved by the competent corporate bodies, was drawn up in compliance with the **Sustainability Reporting Guidelines (GRI/G3) and the Supplement For the Financial Sector** issued by the Global Reporting Initiative. KPMG audited the Social Report for compliance with GRI-G3 guidelines and consistency with corporate accounting and non accounting documentation.

The choice of the reporting framework was based on the indications on method contained in the guidelines published by the ABI (Italian Banking Association)

in 2006 – **Reporting to Stakeholders. A guide for Banks** - the result of co-operation between the ABI (more specifically, its Working Group on Corporate Social Responsibility in which UBI Banca takes an active part), Econometrica (inter-university centre for ethics and corporate social responsibility) and a panel of stakeholders who are members of the Forum for Sustainable Finance (e.g. Sodalitas, WWF, *Movimento Consumatori*).

The structure and contents of the GRI model have been adapted to fit the identity and specific requirements of the UBI Banca Group for reporting to stakeholders. They are also based on the **Global Compact** rules for periodic "Communication on Progress" required of participant organisations and on the Standards for the Preparation of the Social Report drawn up by the *Gruppo di Studio per il Bilancio Sociale* (GBS - Study Group for Social Report).

Level of application of the model employed (GRI/G3)

Report Application Levels

		2002 <small>In Accordance</small>	C	C+	B	B+	A	A+
Mandatory	Self Declared							
	Third Party Checked			Report Externally Assured				Report Externally Assured
Optional	GRI Checked							

The level at the which the GRI/G3 guidelines were applied was B+, which is the intermediate level qualified by a + sign because it was verified by an independent entity (the firm KPMG S.p.A. who were also appointed as auditors of the separate company and consolidated financial statements).

In order to meet the level B standard, reporting must include:

- company profile indicators
- operating procedures and at least 20 indicators of performance on economic, environmental and social aspects (working practices, human rights, impacts on society and responsibility produced)

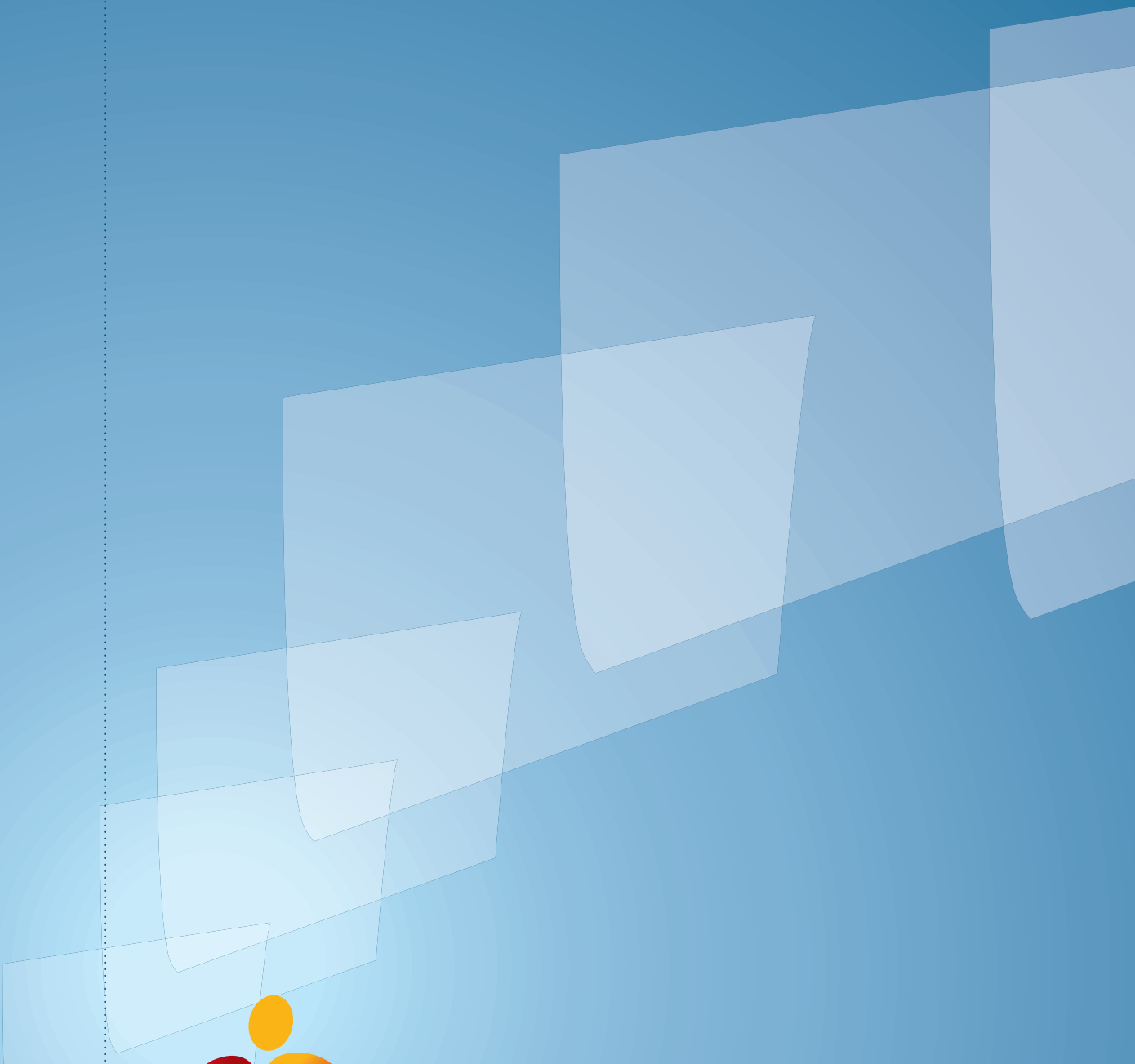
More specifically the presentation employed for the creation and distribution of valued added is that recommended by ABI guidelines and the scope of the report, where not otherwise specified, is that of the banking group as identified in the accounting policies section of the consolidated annual financial report, and it is consistent with the guidelines contained in the GRI Boundary Protocol of 2005.

In order to ensure the maximum reliability and transparency of the information reported, we have given priority to the inclusion of directly measurable values, avoiding recourse to estimates as much as possible, which, where they are necessary, are based on the best information available or on sample data. As concerns historical changes in indicators, we have reported those figures for 2007 which are comparable with the reporting scope employed for 2008.

From the viewpoint of the progressive integration of operational, financial, social and environmental reporting, we have tried as much as possible to avoid duplicating information included in the individual company and consolidated annual financial reports of UBI Banca, which may be consulted, except where it is necessary for clarity and understanding of the relations between vision, mission and values, strategies and projects, actions, results achieved and future corporate objectives. The three documents share the general principles of clarity, true and accurate reporting, prudence and accruals accounting based on a going concern assumption. In addition, as a separate independent document, the Social Report is based on the body of acknowledged standards of national and international best practices designed to assist each stakeholder in identifying and understanding the phenomena which regard them.

Reporting policies

Assumptions and general objectives	Inclusion	To involve all the stakeholders identified in order to ensure that the reporting processes and content reflect the viewpoints of the different parties involved (including "mute" parties like the environment and future generations). To give reasons for any exclusions or limitations there may be.
	Transparency	To make the logic behind the acquisition and classification of the information and the preparation of the document clear to all intended recipients of it – legitimate stakeholders – both in terms of the procedures and methods and with regard to the discretion employed.
Scope of the reporting processes and the information contained in the document	Responsibility	To make the categories of stakeholders to whom the Bank must report to on the consequences of its activities identifiable.
	Identification	To provide the fullest possible information on the ownership and governance of the bank, in order to give third parties a clear perception of the relative responsibilities. To communicate the ethical standards of the bank (Mission, Vision, Values and Principles).
	Completeness	No area of the bank's activity must be deliberately and systematically excluded. Reasons must be given for any exclusions or limitations there may be. All information considered useful for readers in assessing the economic, social and environmental performance must be included.
Perspective from which to view the information acquired and presented in the document	Significance and relevance	To take account of the actual impact that economic and other events have produced on the reality surrounding them. To include all information and only that information which stakeholders can use to judge the ethical and social performance of the bank in its specific context and business sector. Any estimates or subjective assessments there may be must be based on explicit and reasonable assumptions.
Timing of the reporting process	Periodical nature	Reporting must be regular, systematic and prompt (by complying with the standards set by the GBS, the periodical social reporting of UBI Banca is in line with that of its individual company and consolidated financial reporting).
	Timing basis	Social effects must be recognised at the time when they occur and not when the financial transactions which originated them occur.



Independent Auditors' Report



Banco di San Giorgio became the official sponsor during the 2008-2009 season of the Banco di San Giorgio CUS Genoa Rugby Club, one of the most important clubs in Italy. It was in serie A for many years and led by Marco Bollesan (twice champion of Italy) it reached second place in the serie three times in the early '70s.



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

Review report on the social report

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

- 1 We have carried out the review of the social report of the Unione di Banche Italiane Group (the "Group") at 31 December 2008, prepared, as stated in the "Notes on the method" paragraph, in compliance with the "Sustainability Reporting Guidelines" established by GRI - Global Reporting Initiative in 2006. The parent's management board is responsible for the preparation of the social report in accordance with the above-mentioned guidelines. 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 (IAASB), carrying out the following procedures:
 - verifying that the financial data and information included in the "Value added produced" paragraph of the social report are consistent with those included in the Group's consolidated financial statements as at and for the year ended 31 December 2008, and on which we issued our report pursuant to article 156 of Legislative decree no. 58 of 24 February 1998 dated 26 March 2009;
 - 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 delegates of Unione di Banche Italiane S.c.p.A. and personnel of Banca Popolare di Bergamo S.p.A., Banca Popolare Commercio e Industria S.p.A., Banca di Brescia San Paolo CAE S.p.A., Banco di San Giorgio S.p.A., Centrobanca S.p.A., UBI Pramerica SGR 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 and their adequacy in relation to the objectives described, and that the internal control system correctly manages data and information;



- analysing the completeness of the qualitative information included in the social report and its consistency throughout;
- verifying the stakeholders' involvement process, in terms of methods used and completeness of persons involved, and analysis of the minutes of the meetings or of any other information available, with regard to 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.

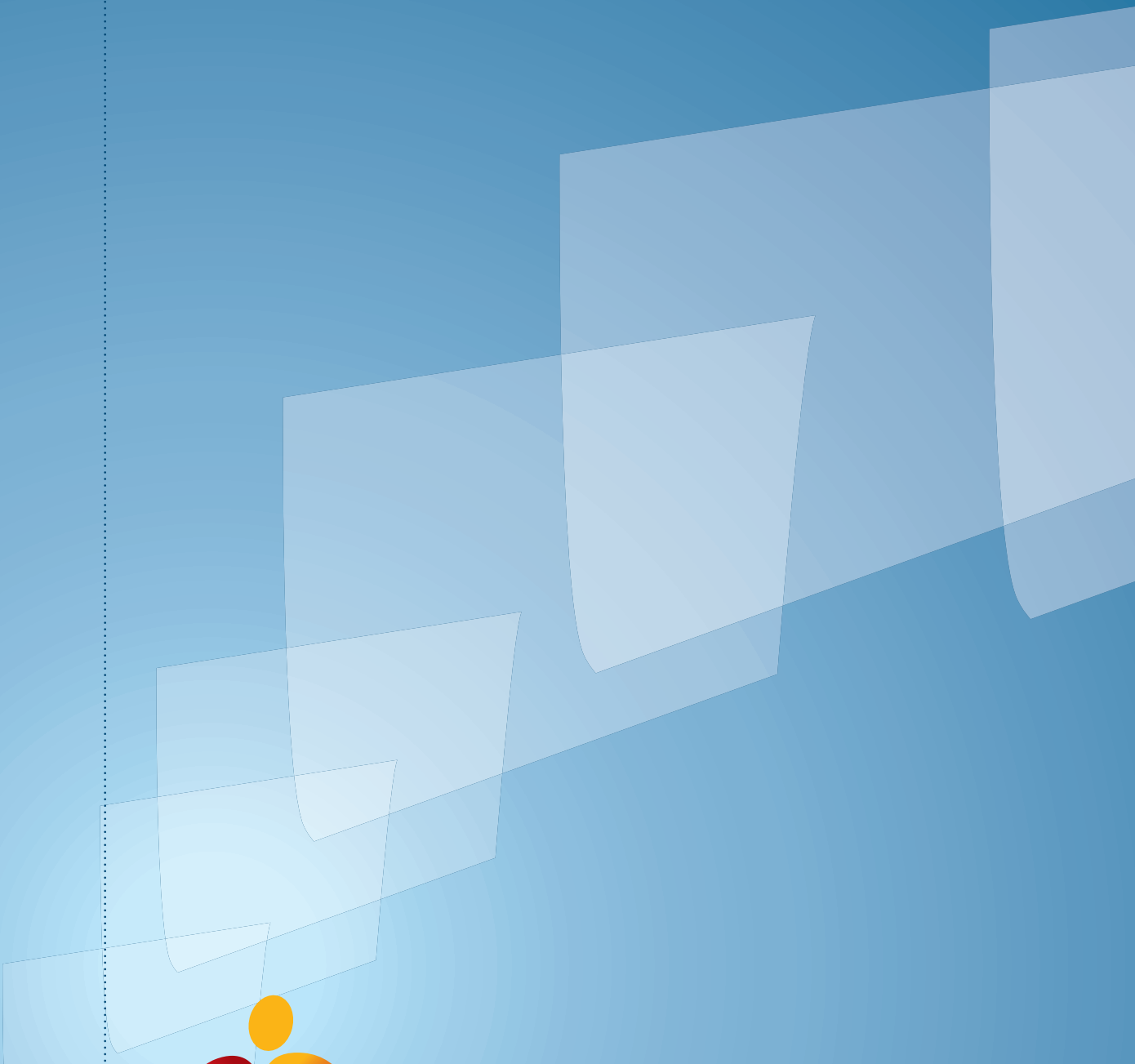
A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, it offers a lower level of assurance that we have become aware of all significant events that would be identified during an audit.

- 3 Reference should be made to our report dated 24 April 2008 on the prior year social report, the figures and information of which are presented for comparative purposes as required by the guidelines referred to in paragraph 1.
- 4 Based on our review, nothing has come to our attention that causes us to believe that the Unione di Banche Italiane Group's social report at 31 December 2008 is not in conformity with the guidelines referred to in paragraph 1.

Bergamo, 28 April 2009

KPMG S.p.A.

Lorenzo Renato Guerini
Director



Identity



The photograph shows the Brescia Calcio players the "kite", Andrea Caracciolo, and the young Marco Zambelli, a home-grown "little swallows" player. **Banco di Brescia continues with its traditional sponsorship of the city's team which plays in serie B.**

THE HISTORY

Unione di Banche Italiane (UBI Banca in abbreviated form) is a “popular” bank with the legal status of a joint stock co-operative company. It took this name on 1st April 2007 following the completion of the merger of Banca Lombarda e Piemontese SpA into Banche Popolari Unite SCpA. It is the parent bank of the UBI Banca Group, one of the largest banking groups in Italy today.

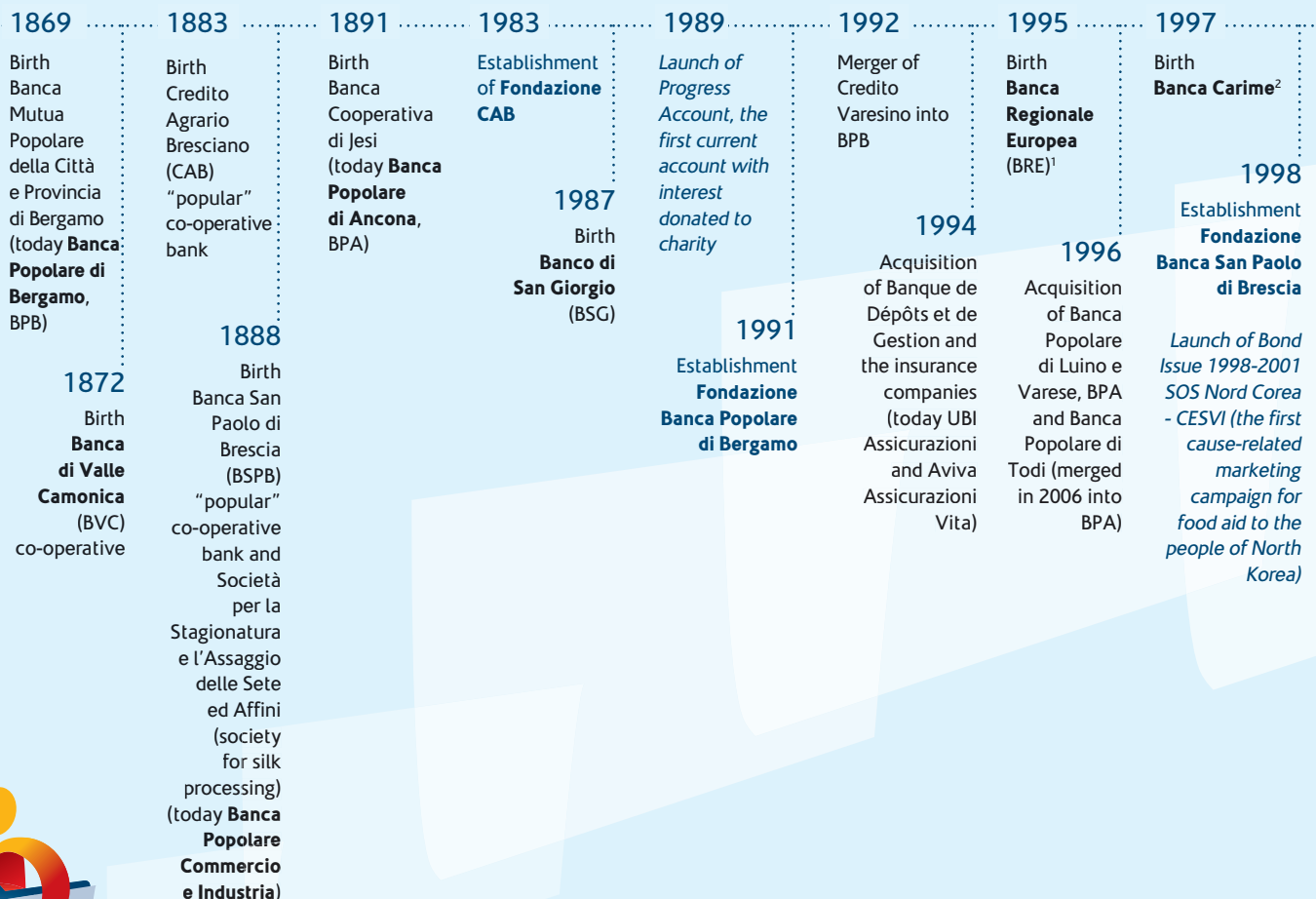
The Group was formed from the merger of the former BPU group (created from the merger of the Banca Popolare di Bergamo-Credito Varesino and Banca Popolare Commercio e Industria groups) and the former Banca Lombarda e Piemontese group.

The original members of the Group have roots dating back to the first Sforzesco Duchy of Milan (15th Century) in the case of the *Monti di Pietà* banks and

include the *Casse di Risparmio* banks and the first “Popular” banks in modern unified Italy to give them a history of corporate social responsibility that goes back well over one 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. By their actions they anticipated the implementation of those corporate social responsibility principles, initiatives and objectives which are considered of major importance today to strengthen corporate reputation, manage risk properly and guarantee the sustainability of competitive financial and operating performance. Some of them were among the first in Italy to implement forms of supplementary pensions for their employees, to undertake initiatives which today are termed ethical

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The origins of the banks and the main Product Companies in the Group and the most



¹ Banca Regionale Europea was formed from the merger between Cassa di Risparmio di Cuneo (1855) and Banca del Monte di Lombardia (1987), the latter formed from a merger between Banca del Monte di Milano (1493) and Banca del Monte di Pavia e Bergamo (1496)

² Banca Carime was formed from the merger of Cassa di Risparmio di Calabria e Lucania (1861), Cassa di Risparmio di Puglia (1949) and Cassa di Risparmio Salernitana (1956)

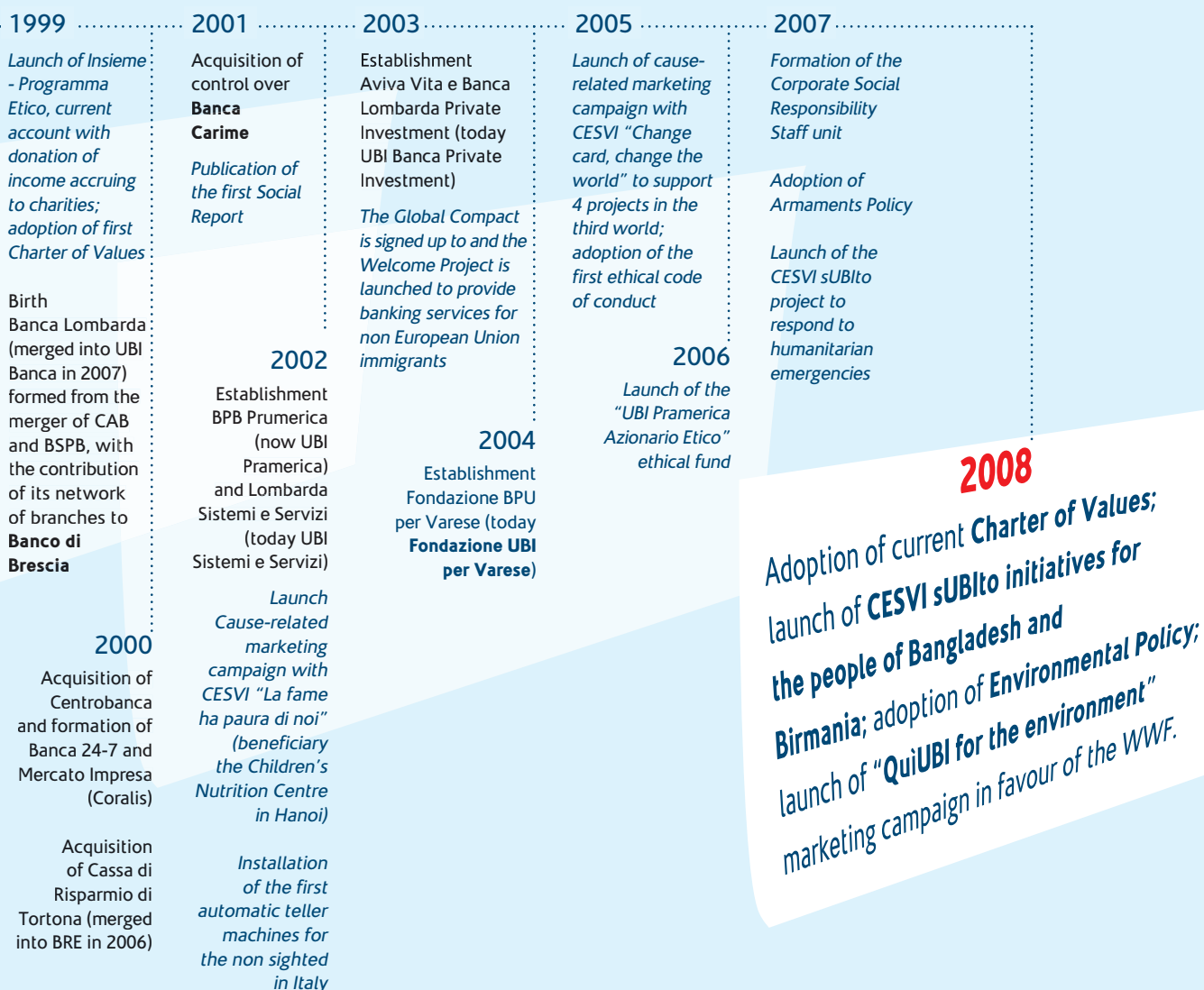
The numerous merger transactions performed by individual banks during the course of their histories have not been reported.

financial products (current accounts and bonds where the remuneration is donated to charity) and to conduct cause-related marketing campaigns. The first Charter of Values dates back to 1999 and publication of the first Social Report to 2001. Each bank has brought the value of its own identity to UBI and at the same time has grasped the value of complementarity in the diversity of experiences and roles which the other companies and banks bring to the Group. This is underlined by the Group's brand name, a mark of identity and belonging at the same time. It places the name UBI before that of the individual banks or companies and joins the two to communicate the federal nature of the Group and the unifying role of UBI Banca, the Parent Bank.

A new organisational unit was formed when the new organisation chart of the Parent Bank, UBI Banca, was launched in 2007. It is designed to enhance the

value of the different traditions existing within the Group and to integrate them in a social responsibility strategy, which will support sustainable growth and help create a strong and distinctive identity on the market. Operating under the name Staff Corporate Social Responsibility, it reports to the Deputy General Manager in charge of the Strategy and Control Macro Area on the staff of the Chief Executive Officer.

recent social responsibility initiatives



THE GROUP TODAY

Today UBI Banca is one of the main banking groups in Italy and accounts for almost a quarter of the 'popular' banking sector. It is a multi-functional integrated federal group with a major presence in most regions in Italy and consists of nine federated commercial banks (termed Network Banks) with strong customer relationships and deep roots in local communities. These banks are supported by "Product Companies" which design and supply products and services in all strategic areas of business (banking services, consumer and corporate credit, leasing, factoring, assets under management, insurance, online trading, trust company and corporate banking services).

The Group operates through these nine federated commercial banks (eight local banks plus a national network of financial advisors and private bankers) mainly on the retail market for private individual, "small economic operators" and small business customers. However, it is

also one of the largest operators in Italy on the private banking market (private individuals with substantial personal wealth) and is traditionally focused on small-to-medium size enterprises in the corporate market and on nonprofit organisations.

In recent years it has developed a growing tendency to develop abroad in order to support domestic clients with international growth, mainly in the corporate and private banking markets. The main line of development is directed primarily at emerging markets where Italian businesses, and small to medium size enterprises in particular, have the greatest difficulties in obtaining quantitatively and qualitatively adequate financial services. We have therefore adopted a new commercial service model in all the Group's Network Banks to provide customers with the services of staff with specific expertise.

The economic dimension

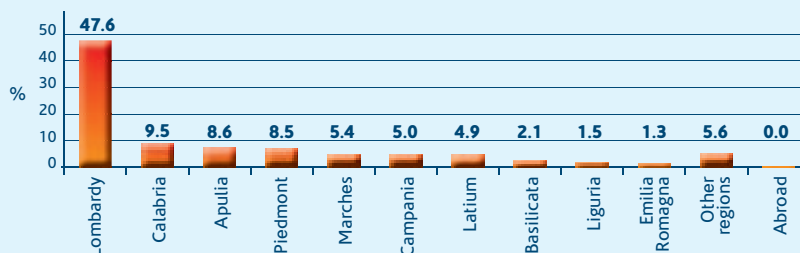
Millions of euro	2008	2007 *	Change
Direct funding from customers	97,591	90,346	+8.02%
Indirect funding from customers	74,064	90,856	-18.48%
- of which assets under management	39,206	51,385	-23.70%
Lending to customers	96,368	92,972	+3.65%
Total assets	121,995	118,600	+2.86%
Shareholders' equity (excluding profit for the year)	11,071	10,849	+2.04%
Shareholders' equity / Total funding from customers	6.45%	5.99%	+0.46pp
Shareholders' equity / lending to customers	11.49%	11.67%	-0.18pp
Net interest income *	2,982	2,685	+11.06%
Net commission income *	1,188	1,357	-12.45%
Net operating income *	1,478	1,889	-21.76%

* Figures take from the pro-forma reclassified income statement: these are different from those published in the 2007 Social Report as a result of reclassifications and the change from full consolidation to valuation using the equity method for UBI Assicurazioni Vita (now Aviva Assicurazioni Vita)

The social dimension

3.8 million customers

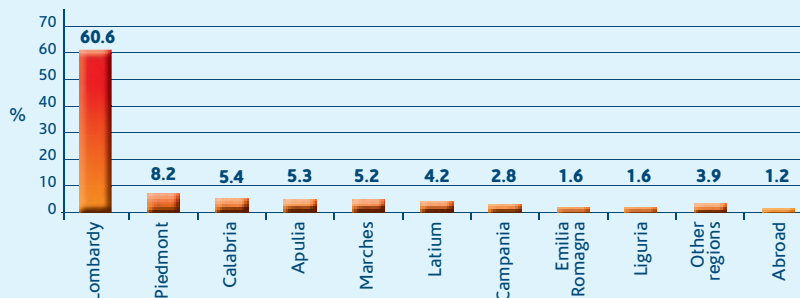
88.3% private individuals
11.7% businesses



Figures relate to Network Banks (excluding UBI BPI)

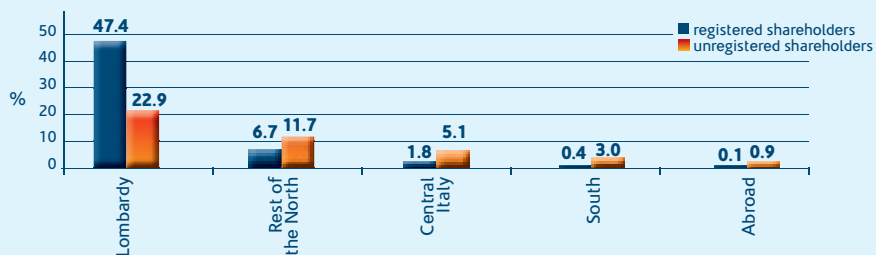
20,740 human resources

20,249 employees
(3.3% on temporary contracts)
431 on staff leasing agency contracts
(47.8% women)
60 on job experience
(53.3% women)



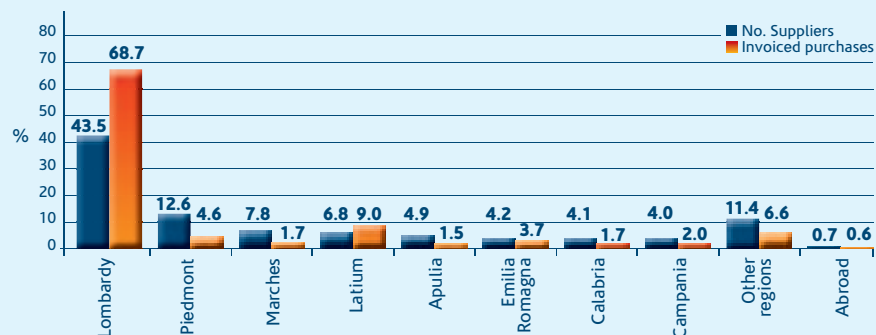
151,327 registered and unregistered shareholders

85,280 registered shareholders and
66,047 unregistered shareholders
98.2% private individuals
More than 1,300 institutional investors



12,836 suppliers

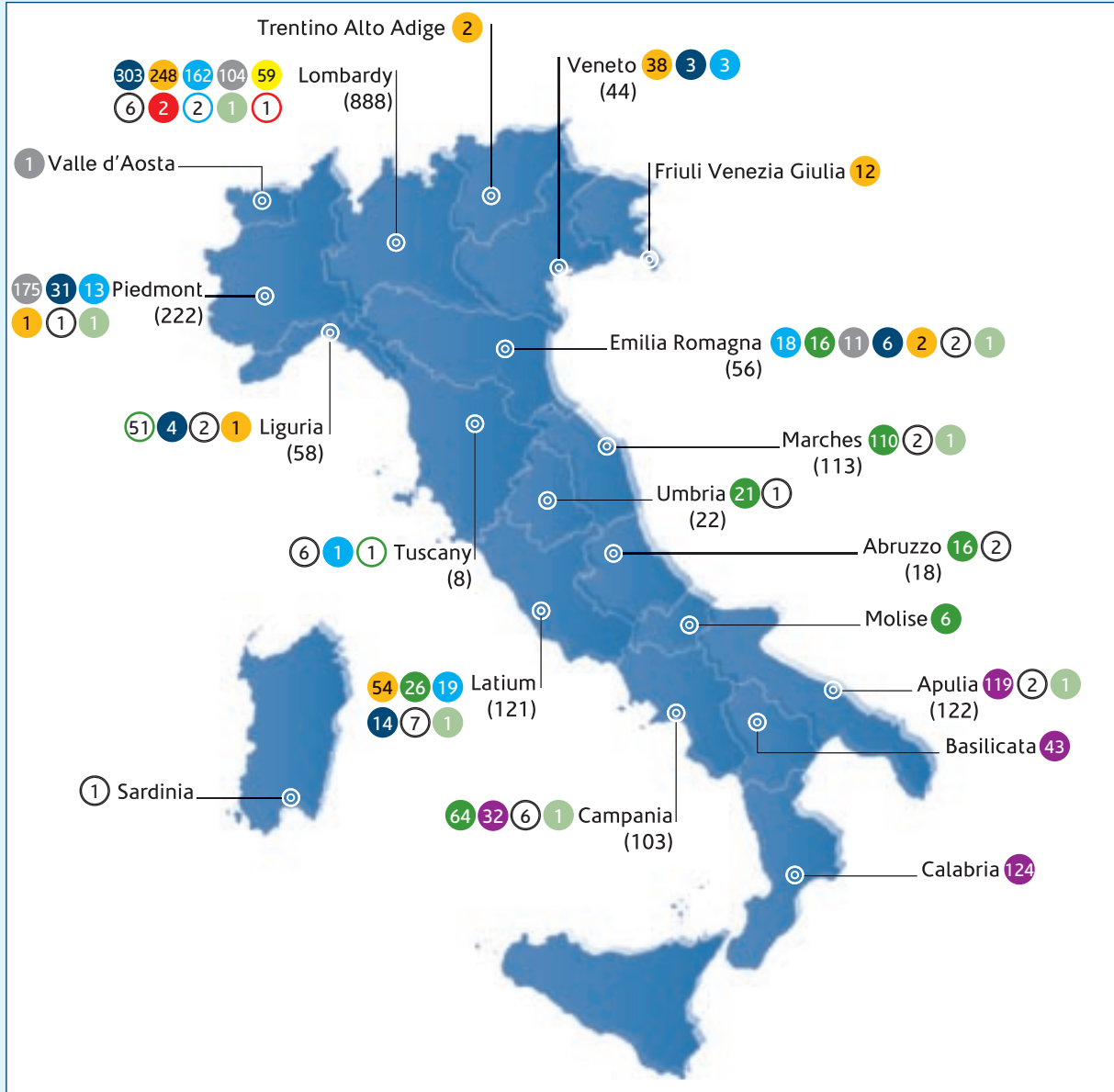
more than 720 million euro of invoiced purchases
952 strategic and/or regular on the approved list



Figures relate to the Parent Bank, Network Banks (including UBI BPI) and UBISS

THE GROUP TODAY

The geographical dimension



Gruppo UBI Banca

Branches in Italy **1,964**

UBI Banca Scpa	2
Banca Popolare di Bergamo Spa	361
Banco di Brescia Spa	358
Banca Popolare Commercio e Industria Spa	216
Banca Regionale Europea Spa	291
Banca Popolare di Ancona Spa	259
Banca Carime Spa	318
Banca di Valle Camonica Spa	59
Banco di San Giorgio Spa	52
UBI Banca Private Investment Spa	38
Centrobanca Spa	7
B@nca 24-7 Spa	1
IW Bank Spa	2

Geographical areas	% of branches
North	6.4%
- North West	11.1%
- North East	1.2%
Central Italy	3.7%
South	8.7%
Islands	0.1%

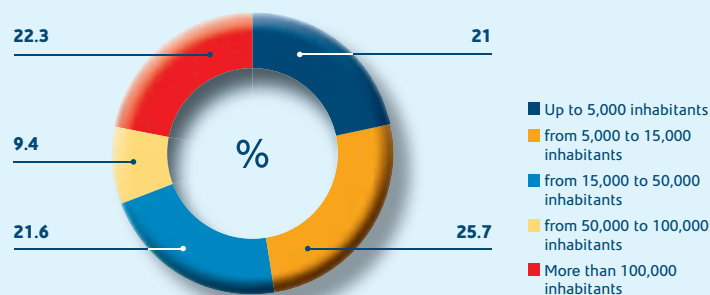
Figures as at 30th September 2008

Up-to-date as at 24th March 2009

We are one of the national banking groups with a large presence in “industrial districts”, areas with a predominant concentration of small-to-medium-sized enterprises highly specialised in specific sectors. The competitiveness and growth of the entire Italian economy depends on the development of these enterprises.

Our branches are not concentrated in a few large centres, but are widespread in almost 1,200 municipalities with a total of more than 28 million inhabitants.

Dimensions of the municipalities served



Market share (branches):

- 6% nationally
- more than 10% in 17 provinces ¹
- 9% a Milano e 4% a Roma

¹ Alessandria, Ancona, Bergamo, Brescia, Brindisi, Catanzaro, Cosenza, Crotona, Cuneo, Macerata, Matera, Pavia, Potenza, Reggio Calabria, Varese, Vibo Valentia, Viterbo.

² The original provinces and municipalities of the Network Banks of the Group are shown in bold characters.

³ Figures as at 30th September 2008

⁴ Source of data: archive available on Bank of Italy website (<http://siotec.bancadiitalia.it/sportelli/jsp/layout/home.jsp?detail=download>). The number of branches reflects all the existing authorisations granted by the Bank of Italy and may differ from that published in the Annual Financial Report.

Principal provinces ²	Branches ³	Principal Municipalities ²	Branches ⁴
Milan	244	Milan	128
Brescia	215	Rome	66
Bergamo	151	Brescia	41
Varese	132	Bergamo	25
Cuneo	128	Naples	22
Rome	80	Varese	20
Cosenza	57	Bari	18
Pavia	56	Turin	18
Bari	54	Genoa	15
Naples	46	Cuneo	12
Ancona	43	Pavia	12

The international presence



- 2 Foreign banks (UBI International e Banque de Dépôt et de Gestion)
- 6 Representative offices
- 3 Foreign branches of Italian banks
- 1 Joint venture in China to distribute asset management products
- 1 Financial advisory company
- 1 Financial company operating in the factoring market
- 33 Co-operation agreements which cover more than 53 countries

* New openings in 2008

VISION, MISSION AND VALUES

After a process of in-depth analysis and discussion, which involved 120 managers of the Parent Bank and various Group banks and companies in 2007, on 29th January 2008 the new **Charter of Values** was approved. The document is available in digital format on the Group website (www.ubibanca.it) and has been distributed to all the employees of the Group, sent to all the registered shareholders and brought to the attention of customers at branches in the Bank's new brochure.

The declaration of our identity (The Vision), our institutional vocation (The Mission) and the values that guide us in our policy-making and everyday operations is an explicit commitment by each organisational and geographical part of the Group to behave in a uniform and consistent manner in our relations with all our partners, in observance of

sound business ethics, based on the transparency and integrity. These take priority over all other interests and it is on these that we have built our reputation over the years, growing in size, capital strength and efficiency.

By adhering to the letter and the spirit of our Charter of Values, each person in the UBI professional community has the chance to help the Group to plan a future that is consistent with its history and to *"give full implementation to our vocation as a co-operative bank, as set out in the by-laws, to achieve overall **sustainable creation of value over time** and to interpret our institutional role in terms of **attention to others**".*

Attention to others reminds us of our first value – the Centrality of the Customer – which is how

The Group Charter of Values



We want to be a **driving force in the banking market** with our experience and capacity to blend tradition with innovation.

We want to be **recognised for a style** of working with a constant sense of ethics in our business and with transparency, integrity, dialogue and respect in the pursuit of **relationships of trust** with all our stakeholders.

We want to be **a great team**, able to attract talent and ready to generate profit that is sustainable and long lasting, with the intellectual qualities and passion of the people who are part of it and will be part of it.



We are **an alliance of banks** rich in history and united by an integrated multi-functional federal structure, able to capitalise on the distribution strength of our sales network and to express our potential for creating synergies on the market

We **participate actively in the economic and social life of the communities** in which we operate, with a distinctive ability to interpret, serve and encourage the development of local economies.

We pursue the objective of **promoting progress and creating value** for all our stakeholders. We support the **development of a healthy economic and business community** to grow together with our customers with the excellence of our products and services.

we in our work express the broader value of the **centrality of people**. UBI Banca is committed to supporting and promoting this value in its sphere of influence and one way in which it does this is through its commitment to the universal principles of the **Global Compact**, an initiative started by the former Secretary General of the United Nations, Kofi Annan, and supported today by the new Secretary General Ban Ki-moon.

The Global Compact is not a regulatory instrument. It neither enforces nor controls the conduct or actions of businesses. It is an appeal to all players in society, governments, businesses, trade union organisations and others, to cooperate to build a more inclusive and sustainable global economy and it is also a global network for sharing experiences and projects, with at its centre, the Global Compact

Office in New York and six United Nations agencies (UNHCHR, UNEP, ILO, UNDP, UNIDO and UNODC). Since its official launch on 26th July 2000, the initiative has grown to include more than 6,200 participants, including more than 4,700 businesses in 120 countries throughout the world.

UBI Banca has always maintained a high level of attention to observance of the principles set out in the Global Compact in its relationships with its stakeholders. Awareness of the role that the Bank can play within its sphere of influence, including control over the indirect impacts of its activities, has grown in recent years, especially in support of human rights and the environment. Consequently in 2007 we set a new policy to monitor business in the arms and weapons systems sector, based on principles one and two of the Global Compact in

The Values that guide us



VISION, MISSION AND VALUES

the human rights area, while in December 2008 we set an environmental policy which increases the Group's commitment to principles seven and eight and provides a framework for initiatives already undertaken with regard to principle nine (see the environmental report) designed to maintain continuity and apply a systematic approach.

The Global Compact



IN THE FIELD OF HUMAN RIGHTS

1. to support and respect human rights in our sphere of influence
2. to ensure that we are not, even indirectly, a party to human rights abuses

PROTECTION OF LABOUR

3. to uphold the freedom of association of workers and recognise the right to collective bargaining
4. to be sure not to use force and compulsory labour
5. to abstain from employing child labour
6. to eliminate all kinds of discrimination in recruitment and dismissal policies

FOR THE ENVIRONMENT

7. to use a preventative approach to environmental challenges
8. to promote initiatives for greater environmental responsibility
9. encourage the development and diffusion of environmentally friendly technologies

TO FIGHT CORRUPTION

10. to promote and adopt initiatives against all forms of corruption, including extortion and bribery

THE ORGANISATIONAL MODEL OF THE GROUP

The UBI Group is a multi-functional, federal and integrated group in which different banking, financial and insurance companies are called upon to implement a single and unified business plan under the guidance and direction of the Parent Bank, UBI Banca. The latter is responsible for policies, advertising, integration and controls and also for providing logistics, IT and back-office services through the company UBI Sistemi e Servizi. The group is **federal** in nature because it preserves and values the legal and operational autonomy of the Network Banks, deeply rooted in the communities in which they operate. It is **multi-functional** because it contains high quality specialist capabilities in sectors with substantial complementarity and high value added, with a growing propensity to innovate and to develop internationally to support domestic customers. It has an **integrated** commercial range of

products and services which benefits from important economies and synergies and it is integrated through the centralisation of organisational, financial and risk management functions.

The federal model reconciles local banking with financial innovation, adding the ability to access global markets, which only a large Group can provide, to our deep roots in local communities, the great strength of our Network Banks. The complementarity of roles enables the Network Banks to bring a full range of constantly updated, high quality products and services within the reach of economic and social communities of families and businesses at competitive rates. At the same time the financial Product Companies benefit from the commercial strength of the Network Banks and their capacity to direct the design of products to meet the real needs of the market.

The multi-functional integrated model

FEDERAL Network Banks and financial advisors

By leveraging on the strength of local brands and the extensive network of branches in the areas in which they operate, their task is to consolidate and broaden customer relationships and to maximise the economic value and the perceived quality of the services they provide

RETAIL BANK BRANCHES
PRIVATE BANKING UNITS
CORPORATE BANKING UNITS
FINANCIAL ADVISORS

INTEGRATED The Parent Bank and the services company

UBI Banca is the strategic unifying element which ensures the conservation of the values and cultures of the individual concerns within the group and co-ordinates the activities of all the Group member companies on the basis of a single business plan

Finance and treasury functions, amongst other things, are centralised in it and it also provides operational support services through UBI Sistemi e Servizi

UBI Banca

MANAGEMENT - CO-ORDINATION -
CONTROL

UBI Sistemi e Servizi

ORGANISATION - SYSTEMS - SERVICES

MULTI-FUNCTIONAL Finance

(Banks and Product Companies)

Their mission is to improve the quality, the range and the competitiveness of their products by concentrating the specialist expertise present in the Group

ASSET MANAGEMENT
INSURANCE COMPANIES
CONSUMER CREDIT
LEASING AND FACTORING
INVESTMENT BANKING
ONLINE BANKING
ELECTRONIC COMMERCE
INTERNATIONAL

THE ORGANISATIONAL MODEL OF THE GROUP

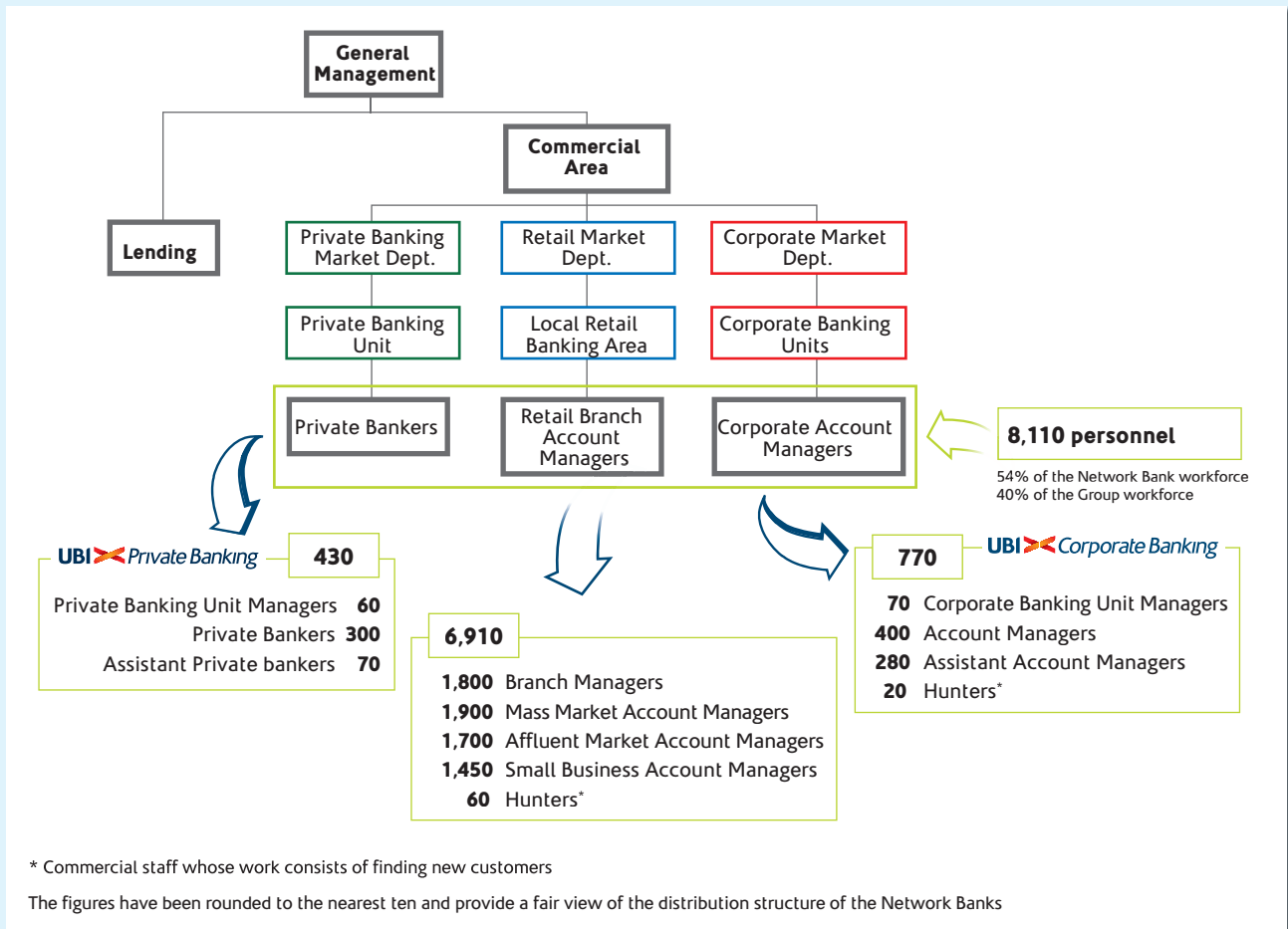
The Network Banks

Almost 2,000 branches constitute the main distribution channel of the Group. Physically close to the communities they serve, they are an integral part of them. The distribution structure is the same for all the Network Banks, with services specialised by customer segment within three major groupings: the retail market of private individuals, “small economic operators” and small businesses, the private banking market of private individuals with financial wealth of greater than 500,000 euro and the corporate market of companies with a turnover of more than 5 million euro. Each market has its own distribution network divided into geographical units, supported by specialist units at the Parent Bank. They are equipped with advanced IT tools

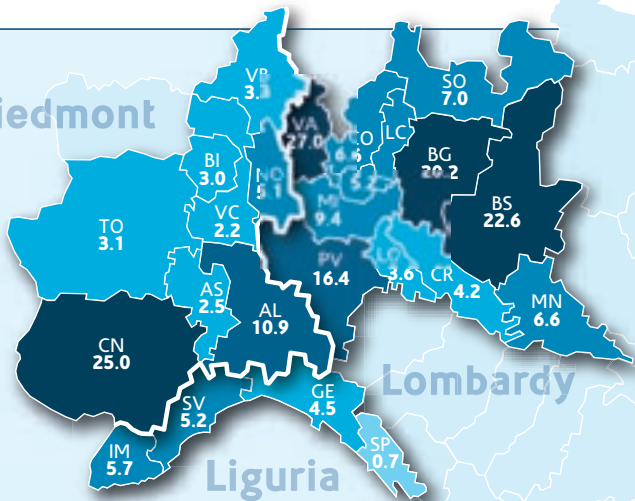
for customer knowledge and customer relationship management (CRM), with different career paths and training for staff with different commercial roles.

The geographical distribution of branches is located in three main areas: the North West where six Network Banks are concentrated with a very complementary distribution by province and central Italy (the Adriatic coastline and Latium) and the South of the peninsula each covered by a network bank. At national level we increased our overall market presence in 2008 with an extra 39 branches, as a result of 43 new branches opening and four closures. **Banca Popolare di Bergamo**, which opened five new branches in 2008, has a market share in terms of branches of greater than 16% in the Province of Bergamo and close to 15%

Distribution structure of the Network Banks



Piedmont



Presence on markets: the Network Banks

UBI Banca Popolare di Bergamo

Chairman Emilio Zanetti
General Manager Giuseppe Masnaga
 Employees 3,571
 Customers 1,003,364
 Direct funding 22.7 (€ billion)
 Indirect funding 19.8 (€ billion)
 Lending 19.7 (€ billion)

UBI Banco di Brescia

Chairman Gino Trombi
General Manager Costantino Vitali
 Employees 2,681
 Customers 578,050
 Direct funding 15.8 (€ billion)
 Indirect funding 13.2 (€ billion)
 Lending 14.5 (€ billion)

Lombardy

UBI Banca di Valle Camonica

Chairman Gianfranco Maiolini
General Manager Eraldo Menconi
 Employees 338
 Customers 78,612
 Direct funding 1.7 (€ billion)
 Indirect funding 0.8 (€ billion)
 Lending 1.8 (€ billion)

Umbria

Marches

Abruzzo

Molise

Apulia

Campania

Basilicata

Calabria

UBI Banca Popolare Commercio & Industria

Chairman Antonio Bulgheroni
General Manager Domenico Guidi
 Employees 2,040
 Customers 341,111
 Direct funding 8.6 (€ billion)
 Indirect funding 11.4 (€ billion)
 Lending 9.3 (€ billion)

Lazio

UBI Banco di San Giorgio

Chairman Riccardo Garrone
General Manager Roberto Tonizzo
 Employees 263
 Customers 48,957
 Direct funding 1.1 (€ billion)
 Indirect funding 0.7 (€ billion)
 Lending 2.0 (€ billion)

UBI Banca Regionale Europea

Chairman Piero Bertolotto
General Manager Argante Del Monte
 Employees 2,001
 Customers 443,994
 Direct funding 7.7 (€ billion)
 Indirect funding 8.9 (€ billion)
 Lending 7.6 (€ billion)

UBI Banca Popolare di Ancona

Chairman Corrado Mariotti
General Manager Luciano Goffi
 Employees 1,704
 Customers 473,459
 Direct funding 7.3 (€ billion)
 Indirect funding 3.6 (€ billion)
 Lending 7.7 (€ billion)

UBI Banca Carime

Chairman Andrea Pisani Massamormile
General Manager Raffaele Avantaggiato
 Employees 2,263
 Customers 818,125
 Direct funding 8.0 (€ billion)
 Indirect funding 5.5 (€ billion)
 Lending 4.2 (€ billion)



Market share of branches as at 30th September 2008 - percentages

THE ORGANISATIONAL MODEL OF THE GROUP

in the Province of Varese, where **Banca Popolare Commercio e Industria** also has eight more branches than in 2007 to give it a market share of more than 8% in addition to its 3.6% market share in the Province of Milan.

Banco di Brescia operates above all in the province of the same name, where it has a 16.6% share of bank branches, while it also has branches in almost all provinces in Lombardy. Outside the region it has a significant presence in Viterbo with close to 16% of bank branches and it opened 11 new branches in 2008, mainly in the Province of Verona. **Banca Regionale Europea**, which expanded its distribution network with the addition of two branches, operates above all in Piedmont, where it has a market share of branches in the provinces of Cuneo and Alessandria of 24.7% and 9.9% respectively,

and also in western Lombardy in Pavia (12.6%) and Milan (1.5%). **Banca di Valle Canonica** (one branch more than in 2007) operates in Lombardy, mainly in the provinces of Brescia and Sondrio and **Banco di San Giorgio** operates in Liguria in the Province of Genoa, Savona and Imperia. It opened two new branches in 2008 in Genoa and expanded its presence in the Provinces of La Spezia at the beginning of 2009 following the purchase of 13 branches from the Intesa Sanpaolo Group.

Moving towards the South, **Banca Popolare di Ancona** operates along the Adriatic coast with a particularly strong presence in the Marche region above all in the province of Ancona where it has a market share of branches of greater than 11%. It shares a presence in Rome and the surrounding area with Banca Popolare di Bergamo, Banco di

The network of private bankers and financial advisors

UBI Banca Private Investment

Chairman Mario Comana
Managing Director Riccardo Barbarini
General Manager Cesare Colombi

	2008	2007
Employees	176	127
Financial advisors	924	954
Private bankers	37	28
Total volumes (€ billion)	4.6	5.6
position*	9°	12°
Total funding (€ million)	127.9	341.3
position*	10°	11°
Assets under management		
volume (€ billion)	3.0	4.2
position*	9°	12°
funding (€ million)	-384.3	30.7
position*	10°	16°

* Source: internal processing of Assoreti (national brokerage association) data

The data for 2007 relates to the aggregates for BLPI and UBI SIM
 The 2008 figures for employees, financial advisors and private bankers are as at 31/12/2008 while the remaining figures are as at 30/11/2008



Brescia, Banca Popolare Commercio e Industria and UBI Banca Private Investment. It closed a branch in Rome in 2008 and opened one in Pesaro. **Banca Carime** is present in almost all the provinces in the South of the peninsula, with a particularly high share of branches (more than 20%) in the provinces of Cosenza, Reggio Calabria and Vibo Valentia. It opened four new branches at Lecce and Salerno in 2008.

A network of financial advisors works alongside the eight local Network Banks together with the private bankers of **UBI Banca Private Investment**, formed on 1st January 2008 from the merger of UBI SIM into Banca Lombarda Private Investment with a market presence throughout the country. It has 38 branches – 6 more than in the previous year – to support the operations of the financial advisors and also those

of private bankers in some cities and these are supplemented by 50 operational advisory offices for the financial advisory area and by the offices of the advisors.

We operate in Europe through two subsidiaries, the Swiss **Banque de Dépôts et de Gestion** located in Lausanne and **UBI Banca International** in Luxembourg, which specialise in serving private banking and corporate customers respectively. It is planned to progressively centralise all foreign operations within them and to extend their presence beyond European borders. In 2008 UBI Banca International opened a new branch in Madrid and acquired the Munich branch of Banca Popolare di Bergamo.

The international network

UBI Banca International

Chairman Flavio Pizzini
 Managing Director Maximum Amato
 General Manager Giorgio Vignolle

BDG

Banque de Dépôts et de Gestion

Chairman Franco Felder
 General Manager
 Francois Gautier

	2008	2007
Employees	201	166
Branches	6	5
Direct funding (€ billion)	1.4	1.3
Indirect funding (€ billion)	3.81	4.5
Lending (€ billion)	1.18	0.4

THE ORGANISATIONAL MODEL OF THE GROUP

The Product Companies

The function of the Product Companies is to supply the Network Banks with a constantly up-to-date range of innovative and competitive products and services for all customer segments. We have entered into agreements with major international operators in the asset management and life insurance sectors investing in companies which not only work for the Group but also compete on the market in their respective sectors in order to maintain high standards of quality and efficiency.

UBI Pramerica is the asset management company of the former BPU Group, formed in 2002 in Milan by the former Banca Popolare di Bergamo-Credito Varesino as a joint venture with Prudential Financial (one of the largest American financial

institutions, with operations throughout the world). By taking advantage of our United States partner's specialist asset managers for non European markets, UBI Pramerica selects the best investment opportunities at global level and has received a number of prizes in recent years for its asset management achievements. On 18th January 2008, UBI Pramerica acquired the asset management operations of **Capitalgest SGR S.p.A.**, the asset management company of the former Banca Lombarda e Piemontese Group.

The Group supplements its banking services and products with insurance policies to meet the needs of families and businesses for protection and security through its subsidiary **UBI Assicurazioni** in the non life sector and through **Aviva Assicurazioni Vita** (formerly UBI Assicurazioni Vita), **Lombarda**

30

Assets under management



Gruppo UBI Banca

Chairman Giorgio Frigeri
Director and General Manager
Diego Paolo Cavrioli

	2008	2007
Employees	111	129
Gross assets under management		
volume (€ billion)	31.3	43.1
position ¹	5°	4°
Assets managed in funds		
volume (€ billion)	18.9	26.1
of which ethical funds ²	0.08%	0.14%
position ¹	3°	3°
funding (€ billion)	-5	-2.8
position ¹	14°	15°

¹ Source: internal processing of Assogestioni (national association of asset management companies) data

² UBI Pramerica Azionario Etico Fund (0.08% of fund totals in 2005 0.09% in 2006)

The figures reported for 2007 include the volumes for the Capitalgest operations acquired from UBI Pramerica on 18.01.2008



The 2009 Eurofond Fundclass Grand Prix¹: best company in the 16-25 fund category with fundclass rating and for the fund UBI Pramerica Euro medium-to-long term european bonds category.



The Milano Finanza 2009 Global Awards²: the "Tripla A Fondi Comuni di Investimento" prize for the funds "UBI Pramerica Bilanciato Euro a Rischio Controllato" and "UBI Pramerica Portafoglio Moderato" funds.



The 2009 Lipper Fund Awards³: best fund in the category "Best Mixed Asset EUR Conservative - Europe over 3 years" for the UBI Pramerica Portfolio Prudente fund.



The 2008 High Return Awards⁴: "Italian Funds - Best Interantional Bond fund" prize for the fund UBI Pramerica Total Return prudente, after receiving the High Return Award for three consecutive years as the "Best Italian Mutual Funds Manager in the Big Group*"
companies with assets under management of more than 7.5 billion euro.



The 2008 Morningstar Fund Awards Italy⁵: best company in the bond small segment category and Top Selection Certificate for the UBI Pramerica Obbligazioni Globali Alto Rendimento, UBI Pramerica Euro Corporate and UBI Pramerica Azioni Italia funds in their respective categories.

¹ Prize awarded by a consortium of European Eurofund journalists for companies with the best average performance based on the range of funds and for the funds with the most stars (max 5) with the best absolute performance over four years. The assessment is performed by FundClass.

² Milano Finanza awards the prize to the fund which achieved the best performance in 2008 based on a rating calculated over 36 months using the quotations on the last trading day of each month. The rating is assigned on the basis of: average monthly return of the fund, the number of monthly returns that are higher than for the sector, the volatility of the logarithm of the monthly changes in the fund.

³ Prize awarded to asset management funds by the rating agency Lipper. The criteria used for awarding prizes are available on the website: www.lipperweb.com/services/award_methodology.asp.

⁴ Prize awarded by Sole 24 ORE to asset management companies and to mutual investment funds which have achieved the best results. The prize is for the three year period 31/12/2005-31/12/2008 and the criteria for the assignment of prizes are available on the website: www.ilsole24ore.com/premioaltorendimento.

⁵ Morningstar gives prizes to asset management companies and to funds which have achieved the best performance adjusted for risk within a Morningstar category or group of categories during 2007 and over the last five years.

Vita (49.9% controlled) and **Aviva Vita** (50% joint venture with Aviva UK) in the life sector.

UBI Leasing, formed in 2008 from the merger of BPU Esaleasing into SBS Leasing, is a major national player in the leasing sector in Italy. It operates closely with the Network Banks to provide businesses and private individuals with rapid and high quality services in all sectors of operation (property, machinery and equipment, automobiles, marine, aeronautical and rail) and it also makes use of subsidies provided by EU, national and regional legislation.

UBI Factor (formerly CBI Factor) is located in Milan and has provided businesses with full financial and operational credit management services since 1981. It has been a member of the Factors Chain

International network since 1984, which gives it a presence in over 50 countries with more than 200 foreign partners. UBI Factor holds a leading position in the public administration sector and in business with major international industrial groups. It opened its first foreign branch at Krackow in 2008 as part of a project to develop its international business.

Centrobanca works hand-in-hand with the Group's Network Banks in the various corporate and investment banking areas in which it specialises to satisfy the ordinary and extraordinary financial requirements of medium sized companies. Its mission is to support companies in the implementation of their plans for growth, development, internationalisation, company turnaround and recovery of competitiveness,

Insurance, leasing and factoring

UBI Assicurazioni

Chairman Sergio Paci
General Manager Riccardo Cervellin

	2008	2007
Employees	213	171
Gross premiums (€ million)	237.9	256.8



Chairman Felice Martinelli
Managing Director Carlo Barbera



AVIVA
AVIVA VITA

Chairman S. Toti Musumeci
Managing Director Andrea Battista
General Manager Giampaolo Chinni

AVIVA ASSICURAZIONI VITA

Chairman Sergio Paci
Managing Director Andrea Battista
General Manager Giampaolo Chinni

	2008	2007
Employees	60	43
Gross premiums (€ million)	2,081.0	2,494.2

UBI Leasing

Chairman Bruno Degrandi
Managing Director Maurizio Lazzaroni
General Manager Faustino Lechi di Bagnolo

	2008	2007
Employees	255	273
No. contracts signed	15,844	21,138
Value (€ billion)	2.7	3.3
position ¹	3°	4°

¹ by value of contracts signed

Source: internal processing of Assilea (national association of leasing companies) data

The figures for 2007 relate to the total for BPU Esaleasing and SBS Leasing

UBI Factor

Chairman Angelo Rampinelli Rota
General Manager Giampiero Bertoli

	2008	2007
Employees	142	143
Total factored credit (€ billion)	2.1	2.3
Assifact (national association of factoring companies) position	6°	5°
Credit factored in the year (€ billion)	3.5	4.3
Assifact (national association of factoring companies) position	6°	6°

Source for 2008 data: internal processing of Assifact (national association of factor companies) data

THE ORGANISATIONAL MODEL OF THE GROUP

innovation and generation handover and it does this by providing services involving ordinary and subsidised industrial credit, private equity (even with a view to a stock exchange listings) and project and acquisition finance. The provision of derivative instruments is carefully controlled and regulated by a specific policy which limits trading exclusively to hedging activity for private individuals and businesses in the retail market and only allows trading with a speculative content as a minor activity for professional and approved counterparties.

IW Bank, the Group's **internet bank**, has specialised for ten years in the provision via internet of banking and financial services consisting of professional trading online on stock exchanges all over the world. IW Bank's range of services includes trading

in financial instruments, the distribution of OICRs (collective investment instruments), current accounts, credit and debit cards, electronic money, insurance, personal loans and mortgages. It is regularly at the top of the national league tables for its high standards of operations and the quality and variety of the operating platforms provided. Apart from the Parent Bank, IW Bank is currently the only Group member company listed on a stock exchange and it also operates in Austria, France, Germany, Luxembourg, Spain and Great Britain.

B@nca 24-7 provides consumer credit products (credit cards, personal loans, consumer loans, salary backed loans and home mortgages) for the whole Group. On 1st January 2008 this bank acquired the corresponding operations of the company Silf, the consumer credit company of the former Banca

Corporate and investment banking

CENTROBANCA

Gruppo UBI Banca

Chairman Mario Boselli
General Manager Valeriano D'Urbano

	2008	2007
Employees	332	310
Industrial loans (€ million)	4,998	4,190
Corporate finance (€ million)	2,447	1,907
Subsidised financing for innovation (€ million)	11.0	n.a.
<i>of which for photovoltaic loans</i>	6.0	3.6
out of total admissible expenses (€ million)	13.9	50.2

On line banking



Chairman Giorgio Frigeri
Managing Director and General Manager Pasquale Casale

	2008	2007
Employees	243	191
Customers	90,020	71,414
Direct funding (€ billion)	1	1,1
Indirect funding (€ billion)	2.7	2.6
Online trading business		
Average daily number of orders	28,372	28,866

Lombarda e Piemontese Group. This acquisition had the effect of centralising the product company operations at B@nca 24-7, while allowing Silf to specialise as a network of agencies serving customers from outside the Group. The consumer credit products are distributed not only by the Network Banks but also through estate agents and credit brokers such as the associate company, By You.

Mercato Impresa works under the Coralys brand and specialises in the provision, via internet, of services to create, manage and negotiate business relations between customers and suppliers (online auctions, electronic catalogues for a variety of different goods, purchasing groups). The services provide businesses with opportunities to make savings on

goods and services and give them support with sales in terms of visibility and commercial contacts. It operates under the Coralys Optima brands for direct brokering and online auctions, Coralys Rent for long term car rental to private individuals and companies and Coralys Travel for the marketing of tourist products.

Consumer credit

B@NCA 24-7

Chairman Giancesare Toffetti
General Manager Alessandro Prampolini



Chairman Sandro Dardanella
General Manager Vito Torelli

	2008	2007
Employees	134	175
Volume of consumer credit (€ billion)	5.1	3.2
position ¹	10°	11°
Loans granted in the year (€ billion)	3.5	2.4
position ¹	7°	13°
Salary backed loans (€ million)	1,196.6	393.7
position ¹	1°	4°

¹ Source: internal processing of Assofin (national association of consumer credit companies) data

Electronic commerce

Mercato Impresa | coralys

Chairman Mauro Bagini
Managing Director Alessandro Maggi

	2008	2007
Employees	54	56
Customers	935,000	450,000
Subscribers to the Coralys portal	7,661	7,661
Auctions	22	33
Coralys Rent new vehicles ordered	1,300	1,426
Coralys Travel travel deals	954	31
Turnover (€ million)	15.7	14.2

INSTITUTIONAL STRUCTURE AND GOVERNANCE

The Parent Bank, UBI Banca, is a joint stock co-operative company with variable share capital. The share is listed on the Milan Stock Exchange on the Mercato Telematico Azionario (MTA - screen based stock market) in the Blue Chip segment (companies with the largest capitalisation) and on the After Hours Market (TAH), and on the date of the approval of the annual financial report it was included in 50 international stock market indices (source Bloomberg). As at 31st December 2008 the share capital was composed of 639,145,902 shares with a nominal value of 2.50 euro each, held by more than 150,000 shareholders, of which more than 85,000 hold the status of registered shareholders.

Ownership

The regulations state that no shareholder, except

for collective investment companies, may hold more than 0.50% of the share capital and this results in a broad and diffuse shareholder base. UBI Banca sent notice to parties holding shares over the limit allowed by law relating to the ban on possession of an interest in excess of 0.50%. There are three shareholders with investments in the share capital greater than 2% (the limit above which an investor is required to inform the Consob – Italian securities market authority – and the issuer of their investment): Carlo Tassara Spa (2.004%), Fondazione Cassa di Risparmio di Cuneo (2.280%) and Fondazione Banca del Monte di Lombardia (2.255%).

As opposed to ordinary joint stock companies, co-operative companies make a distinction between registered and unregistered shareholders. Only

The governing bodies

Supervisory Board

Members	Profession	independent	No. appointments ¹	Participation in board meetings
Corrado Faissola (Chairman since 10/05/08)	Former banking executive	X	0	100%
Giuseppe Calvi (Senior Deputy Chairman)	Lawyer	X	0	100%
Alberto Folonari (Deputy Chairman)	businessman	X	0	89%
Mario Mazzoleni (Deputy Chairman)	businessman	X	1	100%
Battista Albertani (since 10/05/08)	businessman	X	4	92%
Giovanni Bazoli	Lawyer	X	3	83%
Luigi Bellini ³	Lawyer	X	2	100%
Mario Cattaneo ³	Accountant	X	9	94%
Paolo Ferro Luzzi	University lecturer- Lawyer	X	2	83%
Virginio Fidanza	Businessman	X	1	89%
Enio Fontana	Businessman	X	2	56%
Carlo Garavaglia ³	Accountant	X	4	89%
Pietro Gussalli Beretta	Businessman	X	3	78%
Giuseppe Lucchini	Businessman	X	5	72%
Italo Lucchini ³	Accountant	X	5	94%
Federico Manzoni ³	Accountant	X	4	100%
Andrea Moltrasio	Businessman	X	1	89%
Salvatore Musumeci Toti	University lecturer- Lawyer	X	2	100%
Sergio Orlandi	Businessman	X	3	100%
Alessandro Pedersoli	Lawyer	X	3	78%
Giorgio Perolari	Businessman	X	1	94%
Sergio Pivato ³	University lecturer- Accountant	X	5	100%
Roberto Sestini	Businessman	X	6	72%
Gino Trombi ³ (Chairman until 10/05/08)	Banker	X		100%
Romain Zaleski (until 10/05/08)	Businessman	X		50%

The Board met 18 times in 2008 and the average length of meetings was 4 hours.

No. of committee meetings

registered shareholders may exercise “management rights” and more specifically the right to vote and participate in general meetings in which each registered shareholder may cast only one vote, independently of the number of shares owned and he/she may not hold more than three proxies from other registered shareholders. Registered shareholder status is acquired by applying in writing for registration in the shareholders’ register which must be approved by the Management Board and the applicant must own at least 250 shares. The decisions are taken by the Management Board, in the light, amongst other things, of general criteria indicated 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.

The registered shareholder base reduced during the year as a result of the removal of 5,605 registered shareholders who no longer held shares – pursuant to Art. 15 of the Corporate By-Laws – and 1,792 new persons were entered in the register following the approval of applications for acceptance as registered shareholders presented during the year.

Two associations have been formed from among the shareholders: the Banca Lombarda e Piemontese Association was formed in Brescia on 28th May 2007 consisting of more than 100 former shareholders and members of the shareholders agreement of the former BLP who became registered shareholders of UBI Banca as a result of the merger and the *Gli Amici di UBI Banca Association* (The friends of UBI Banca) formed in Bergamo on 23rd November 2007 from among 778 registered shareholders of UBI Banca.

Accounts Committee ²	Internal control committee ²	Remuneration Committee ²	Appointments Committee ²
			100% ²
		100%	100%
		100%	100%
			100%
			100%
	100%		
100%	100%		
84%	96%		100%
		80%	
	100%		
89%		100%	100%
		100%	
94%			
		100%	
	100%		
			100%
18	24	5	5

Board of Arbitrators

Members	Profession
Giampiero Donati (Chairman)	Lawyer
Mario Caffi (Full member)	Lawyer
Giovanni Lega (Full member)	Lawyer
Attilio Rota (Alternate member)	Lawyer
Emilio Uselli (Alternate member)	Lawyer

The current board of arbitrators will conclude its mandate on the date of the shareholders’ meeting called to approve the annual financial statements for 2008.

INDEPENDENT AUDITORS
KPMG S.P.A.

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

³ Enrolled in the Register of Accounting Auditors

INSTITUTIONAL STRUCTURE AND GOVERNANCE

The limit on shareholdings and per capita voting constitute the cornerstones of co-operative legal status, which put the accent on personal participation in the life of a company and there has been a long political debate in progress on these issues. UBI Banca has expressed its opinion in favour of a reform which raises the limits on shareholdings, while conserving the spirit of a "co-operative" model, especially with regard to the principle of per capita voting.

Shareholders' meetings represent the registered shareholders as a whole and their resolutions, passed in compliance with the law and corporate by-laws, are binding on all registered shareholders, even if absent or dissenting. Its principle powers include the following:

- to appoint and dismiss members of the Supervisory

Board, to set their remuneration and to elect the Chairman and the Senior Deputy Chairman;

- to decide on the distribution of profits, after the presentation of the separate company and consolidated financial statements approved by the Supervisory Board;
- to approve the separate financial statements of the bank if the Supervisory Board fails to approve them or if this is required by at least two thirds of the members of the Supervisory Board;
- to appoint and dismiss the firm of auditors responsible for auditing the accounts.

The ordered and functional proceedings of shareholders meetings are governed by a set of

The governing bodies

Management Board

Members	Profession	Executive	Independent	No. appointments ¹	Participation in board meetings
Emilio Zanetti (Chairman)	Banker- Businessman	X		5	100%
Flavio Pizzini (Deputy Chairman since 10/05/08)	Accountant	X		5	100%
Victor Massiah (Chief Executive Officer since 1/12/08) ²	Banking executive	X		5	100%
Giampiero Auletta Armenise (Chief Executive Officer until 1/12/08)	Banker	X		9	100%
Piero Bertolotto	Former banking executive	X		3	93%
Mario Boselli	Businessman	X		3	100%
Giuseppe Camadini	Former public notary	X		8	90%
Mario Cera	University lecturer- Lawyer	X		4	97%
Giorgio Frigeri	Former banking executive	X		11	97%
Alfredo Gusmini	Former banking executive		X	0	100%
Franco Polotti (dal 10/05/08)	Businessman	X		9	100%
Corrado Faissola (Deputy Chairman until 9/05/08)	Former banking executive				82%

The Board met 31 times in 2008 and the average length of meetings was 5.3 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 Appointed to the Supervisory Board on 27/11/2008 and Chief Executive Officer on the Management Board on 27/11/2008 with effect from 1/12/2008

regulations which guarantees the right of each registered shareholder to speak on the items on the agenda. These regulations are available on the Group's website in the corporate governance section and in the shareholders' section.

The governance model

UBI Banca's governance system complies with the measures and principles contained in Italian banking law (the consolidated banking act) and in the law governing listed issuers (consolidated finance act) and with the relative regulations to implement those laws adopted by the Consob (Italian securities market authority) and by the Borsa Italiana with its governance code (the March 2006 version).

On 4th March 2008, the Bank of Italy issued supervisory instructions on the organisation and corporate governance of Banks in which it laid down principles and practical guidelines designed to ensure the pursuit of business objectives and to guarantee sound and prudent management. As a consequence, the shareholders' meeting of 9th May 2009 is called upon to approve amendments to the corporate by-laws which will enable the Bank to confirm – as part of a corporate governance project to be drawn up by 30th June 2009 – that it is adopting by-laws and an internal organisation that are consistent with the principles contained in the Bank of Italy instructions.

UBI Banca has adopted a two tier "dualistic" model which divides the functions of corporate governance between two bodies: a **Supervisory**

General Management

Members	
Riccardo Sora (General Manager) ¹	
Graziano Caldiani (Joint General Manager)	Chief of the Human Resources and Organisation Macro Area
Francesco Iorio	Chief of the Commercial Macro Area
Rossella Leidi	Chief of the Strategy and Control Macro Area
Ettore Medda	Chief of the Legal and Corporate Affairs and the Finance and International Macro Area
Pierangelo Rigamonti	Operational Chairman of UBI Sistemi e Servizi
Elvio Sonnino	Managing Director of UBI Sistemi e Servizi
Giancesare Toffetti ²	Chief of the Administration and Depository Banking Macro Area

¹ Appointed by a Management Board meeting of 27/11/08 effective from 01/12/08

² Retired on 1/02/09. The position has been occupied ad interim by the General Manager Riccardo Sora

INSTITUTIONAL STRUCTURE AND GOVERNANCE

Board, (appointed by the registered shareholders to represent them), which performs the functions of strategic policy-making and control and a **Management Board**, (the members of which are appointed by the Supervisory Board), which runs the company, with exclusive responsibility for performing all those ordinary and extraordinary operations necessary for implementing the business purpose of the Bank in compliance with the general strategies and plans approved by the Supervisory Board on the proposal of the Management Board.

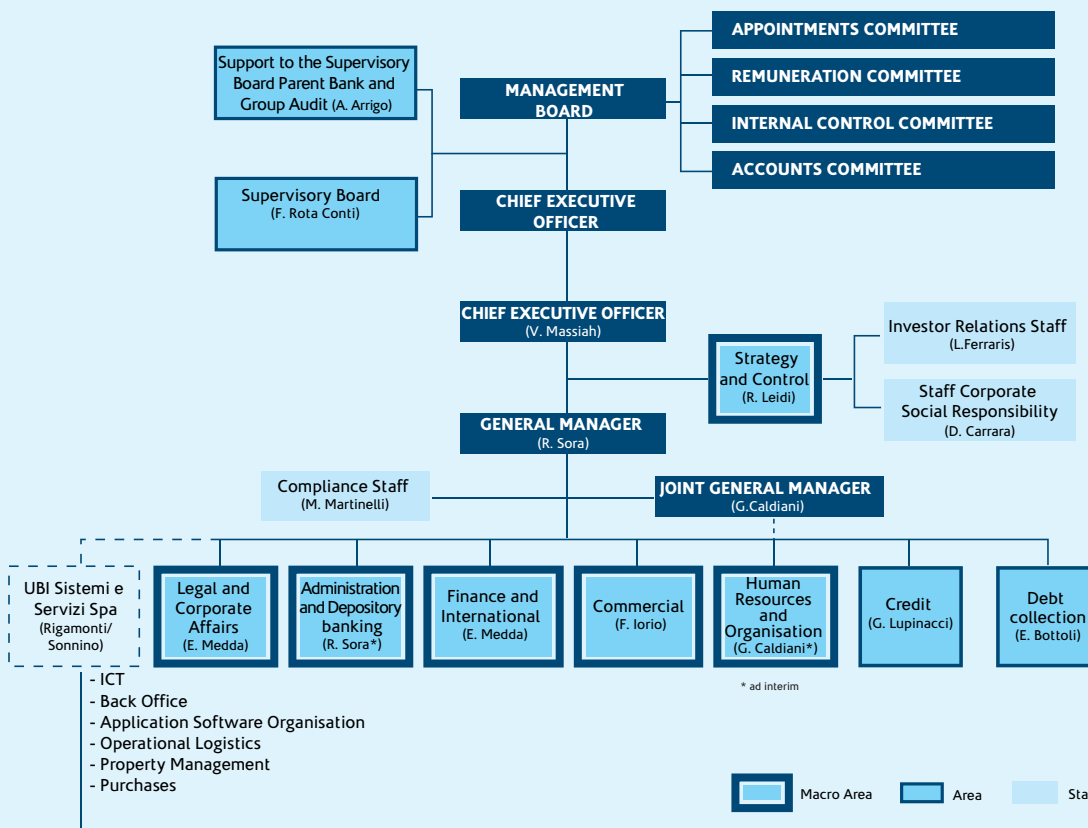
It was considered that this model responded more to the governance needs of the new Parent Bank, UBI Banca, and that it was more appropriate to strengthen and safeguard registered and unregistered shareholders' interests, above all through the Supervisory Board which is a professional and

direct expression of the interests of the registered shareholders.

The report on corporate governance attached to the UBI Banca Separate Company Annual Report and available on the corporate governance section of the Group website describes in detail: the duties and responsibilities of the two boards; the committees formed from among the members of the Supervisory Board to ensure that all resolutions on particularly delicate matters (appointments, remuneration and internal control) are approved properly and transparently; the management board members appointed with specific functions (e.g. the Chief Executive Officer); the General Management.

The **General Management** – consisting of a General Manager who is also the head of personnel, a

The organisational structure of UBI Banca



- Simple and effective governance
- Group commercial co-ordination
- Unified management of human resources, organisation and systems at Group level
- Centralised management of value creation (strategy, control and risk management)

Joint General Manager and 6 Deputy General Managers appointed by the Management Board – leads a hierarchical organisation consisting of Macro Areas, Areas, Services and Functions, with Staff units to support the Chief Executive Officer, the General Manager and/or the Joint General Manager, the Heads of Macro Areas, Areas or Services for the management of specific activities. This organisational structure is designed to perform the Parent Bank functions of management, co-ordination and control (by identifying the strategic objectives of the Group and by formulating a business plan), to supervise commercial functions (by, amongst other things, supporting the activities of Network Banks and Product Companies with the integrated management of markets and customer segments) and to provide business support services (either directly or through subsidiaries).

An essential part of the governance system of UBI Banca and the companies in the Group is its **system of internal control**, a set of rules, procedures and organisational units designed to enable the business of the Bank to be performed in a healthy and proper manner consistent with its objectives by means of an appropriate process of identifying, measuring, managing and monitoring the principal risks. UBI Banca has adopted an internal control system (essential details are given in the Corporate Governance Report) which, in compliance with the principles of the corporate governance code, with instructions issued by the Bank of Italy and with the by-laws of the Bank, assigns functions and responsibilities to the various officers who are in constant consultation with each other and are supported by regular information flows.

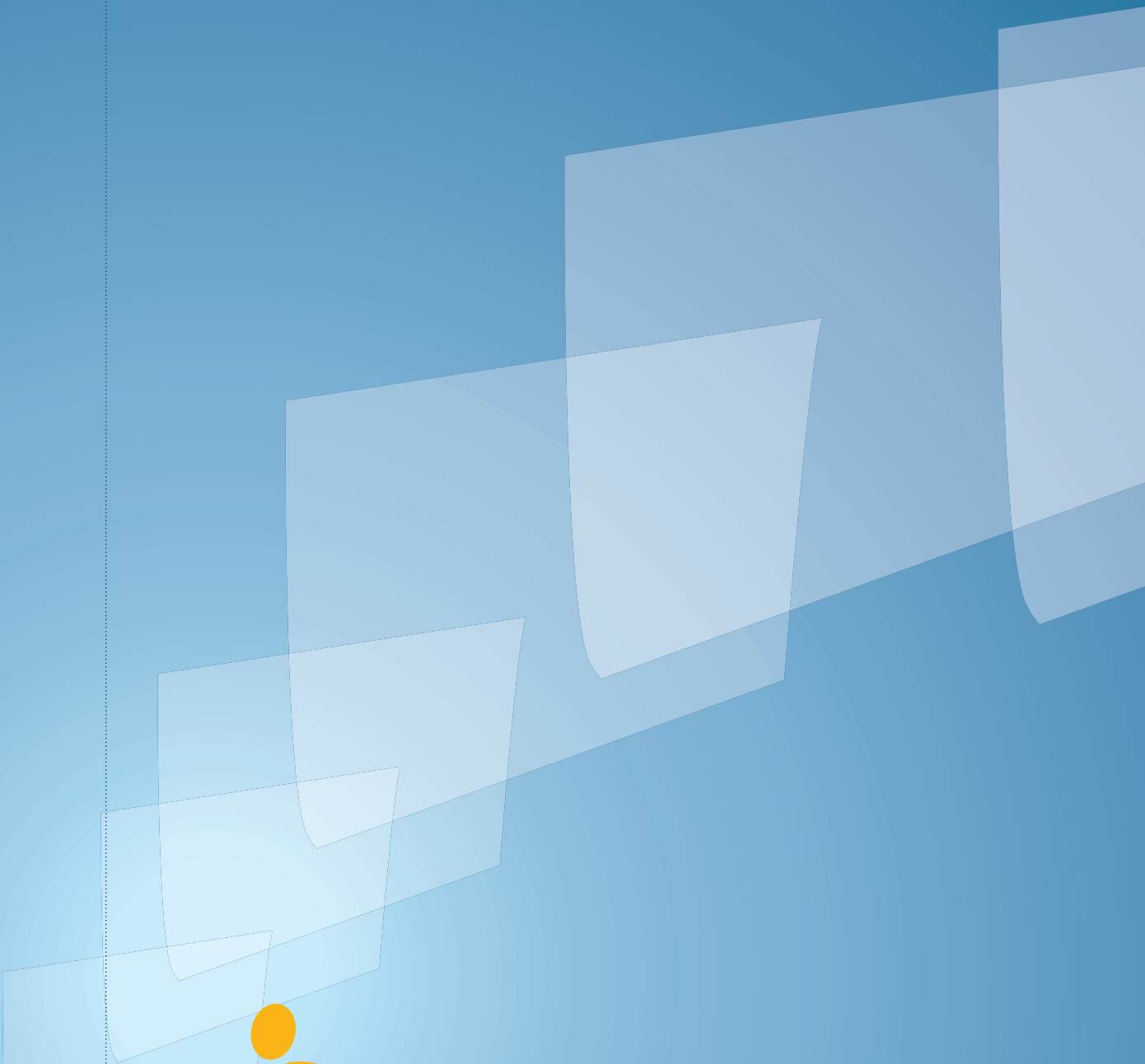
Responsibility for the design and supervision of the system to verify its adequacy and effective functioning lies with the Supervisory Board (which employs the Internal Control Committee to assist it) and the Management Board (which designated an executive board member from amongst its members – Alfredo Gusmini – responsible for overseeing the proper functioning of the internal control system) which approved the “Principles for the organisation of the internal control system of the UBI Group”, applicable to all Group member companies. These principles require, amongst other things, three levels of internal control performed by a variety of staff:

- **line controls** (first level), the responsibility of the managers of organisational or process units;
- **risk controls** (second level), the responsibility of specialist functions (Risk Management, Risk

Capital & Policies, Compliance, Operational Control and CFO) required to continuously identify, prevent and measure risk situations by adopting appropriate valuation models and to assist in the formulation of risk assumption and management policies;

- **internal audit** (third level), performed by the Parent Bank and Group Audit Area (which reports on a dotted-line basis to the Supervisory Board).

The compliance function in particular, on the staff of the General Manager, is responsible for compliance controls in implementation of supervisory instructions issued by Bank of Italy in July 2007.



Strategies and projects



Varese Basketball, one of the most important basketball teams at both national level (10 league championships) and international level (10 cups), sponsored jointly since the **2007-2008 season by Banca Popolare Commercio e Industria, Banca Popolare di Bergamo and UBI Banca**. Further evidence of the strong ties that exist between the Bank and the local community in the Varese area.

THE BUSINESS PLAN

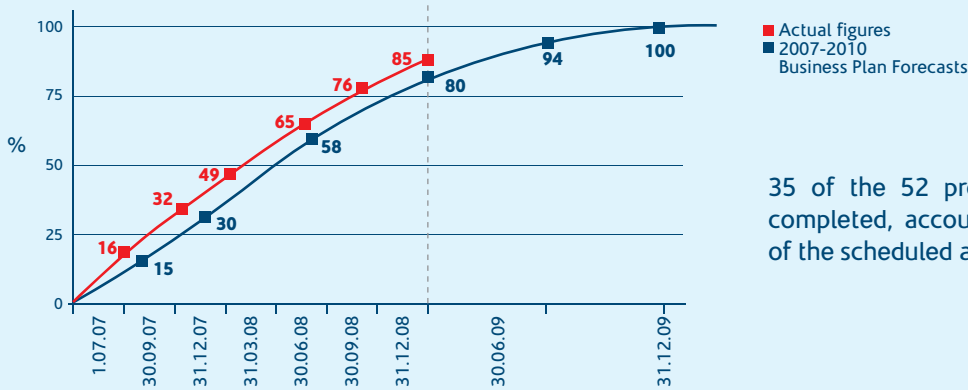
We seek to achieve the business purpose of UBI Banca with the ultimate aim of creating value for shareholders and for all the other stakeholders in accordance with the principles of prudence in assuming risks, in full compliance with both voluntary and compulsory, internal and external regulations giving recognition to the value of human resources and to the centrality of the customer and sustainability as set out in the **General Operating and Strategic Policies** proposed by the Management Board and approved by the Supervisory Board. The principle of sustainability in particular requires strategic and operational decisions of a medium-to-long term planning nature and constant monitoring not just of economic results but also of social and environmental results, in accordance with “**an integrated system of corporate social responsibility which is able to interact effectively**

with the Group business model to the advantage of stakeholders and shareholders”.

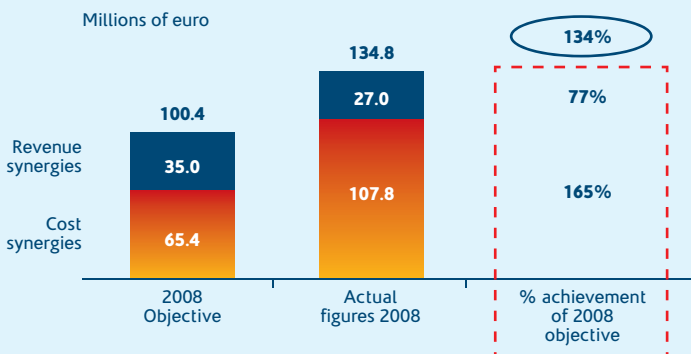
The **2007-2010 Business Integration Plan** – presented to markets on 18th June 2007 – not only sets the operating and financial objectives and defines the commercial plans by which they are to be achieved, but also identifies a series of strategic projects designed to integrate the Group and to pursue expected revenue and cost synergies. In 2008 we completed more than 85% of the total project activity planned with cost synergies fully achieved ahead of schedule, while revenue synergies were hampered by the serious deterioration in the general economic situation.

The instability on financial markets and the current grave economic crisis has made a revision of the

The projects of the 2007-2010 Integration Business Plan



35 of the 52 projects planned completed, accounting for 85% of the scheduled activities



Greater than forecast synergies, the result above all of accelerating expense synergies on personnel (incentivised redundancies), administrative expenses and depreciation and amortisation

Business Plan necessary. However, we do not plan to conclude this before the second half of the year, in consideration of the continuing climate of uncertainty which makes it difficult to identify a scenario that is sufficiently stable and clear to serve as the basis for the construction of a strategic multi-year plan.

The outlook for the banking system as a whole and for our Group for 2009 is given in the consolidated management report of the Annual Financial Report (page 196).

Principal results achieved

Migrazione IT migration	Completed fully on schedule with the migration of Banca Popolare Commercio e Industria on 23 rd February, Banca Popolare di Ancona on 26 th April, Banca Carime on 5 th July, Banca Popolare di Bergamo on 4 th October and the Parent Bank on 9 th November.
The organisational model	Activities to standardise the organisational model of the Group were completed with the centralisation of administrative activities, planning and control and auditing at the Parent Bank.
Distribution model	A single distribution model was introduced in all the Network Banks and a commercial training plan to help implement the model was completed.
MiFid	Activity to comply with the European directive on investment services continued with the definition of rules processes and instruments required by the regulations. Personnel training was implemented and the basic advisory service was put in place for customers.
Basel 2	Activities continued to modify valuation models for compliance with supervisory regulations in order to be able to officially apply for authorisation in 2009 to use the advanced approach models for credit, operational and market risk.
Policies	Policies on financial and credit risks were updated and new policies were set, mainly on risks (e.g. non compliance, reputation and environment) and on commercial operations (e.g. mortgages, structured financial instruments).
Product Companies	The process of streamlining the Product Companies has been mainly completed with action taken with regard to UBI Banca Private Investment, B@nca24-7, UBI Pramerica SGR, UBI Leasing, UBI Assicurazioni Vita, Centrobanca and UBI Fiduciaria.
International Development	Action was completed to transform the foreign banks into two centres, one for corporate clients (UBI Banca International SA in Luxembourg) and one for private banking customers (Banque de Dépôts et de Gestion SA in Svizzera), and to streamline the foreign distribution network.

THE SOCIAL RESPONSIBILITY PLAN

We believe that the alignment of the strategies, policies and objectives of the Bank with its declared values and ethical principles and with the legitimate expectations of the different stakeholders can contribute significantly to the creation of value through the minimisation of non compliance and reputation risks, the establishment of a strong and distinctive corporate identity and the consolidation of a climate of trust among personnel, shareholders and the market.

We are therefore continuing to implement our social responsibility plan designed to develop a consistent organisational system equipped with the means to integrate social responsibility objectives and projects within the Group Business Plan. All the organisational units in the Group are involved in this process with support from the Corporate Social Responsibility Staff unit, which formulates proposals for policies and

guidelines, contributes to the management and control system, supports the involvement of stakeholders and manages reporting activities. We take account of best practices at national and international level and of recommendations made by national and international bodies active in the field in our identification of priorities.

Corporate governance

Our current commitment in this area, understood in the broadest sense of relationships with all stakeholders, is directed towards the fullest integration of our principles and values within Group policies, by defining the rules and standards of behaviour in the Group's new code of conduct currently being prepared. This code includes explicit consideration of the possible implications of

The social responsibility plan

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.	<ul style="list-style-type: none"> Ethical code (policy) Ethical training Incentive schemes 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).	<ul style="list-style-type: none"> Risk, production, commercial and distribution policies and guidelines Business 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.	<ul style="list-style-type: none"> Policies and guidelines for social investments (sponsorships, gifts) Specific projects 	Corporate citizenship	
Reporting and control	An integrated system for monitoring operations and internal and external communication consistent with the models implemented.	<ul style="list-style-type: none"> Stakeholder engagement Tableau de bord Social Report Website Social and environmental certifications 	Social audit	

those principles for which observance in the economic and social context of Italy today may be taken for granted. All the organisational units of the Parent Bank and all the Network Banks and main Product Companies were involved in 2008 in work performed to map out the stakeholders and identify the most important ethical issues in preparation for producing the first draft of the Group code of conduct. This code is currently being supplemented to include rules of conduct based on specific laws (e.g. Legislative Decree No. 231/2001 on the administrative liability of legal entities), sets of regulations and voluntary codes.

In order to strengthen our commitment and make an active contribution to the diffusion of best practices and the growth of a culture of corporate social responsibility in the economic context in which we operate, we participate actively in seminars, conventions and

working groups organised by universities, research institutes, sector associations and similar organisations. Not only are we continuing to participate actively in the relative Italian Banking Association working group – now a “Technical Commission”, but in 2008 we became a member of the Sodalitas Foundation (www.sodalitas.it) and the Group CSR manager joined the CSR Manager Network (www.csrmanagernetwork.it), organised by ISVI (Institute for Corporate Values) and the EBEN Italy association (www.ebenitalia.org).

Management of business operations

In order to ensure proper management of risk and growth in lending and commercial activities that

The stakeholders of UBI Banca



Structured and continuing initiatives for dialogues with **customers** and the **community** were commenced in 2008.

THE SOCIAL RESPONSIBILITY PLAN

is consistent with the general strategic plans and policies of the Group, the Bank has developed a system of policies that have been progressively extended to cover the different areas of the Group's activities. The consolidated report on operations contained in the Annual Financial Report gives details of the new areas that were regulated during 2008, one of which, for which a specific policy was set, is reputational risk, of particular importance for corporate social responsibility. The **policy for the management of reputational risk** defines guidelines for managing this type of risk. It identifies the main areas of activity in which events may be triggered that might affect the relationship of trust established with customers and the main phenomena to be regulated and monitored on the basis of specific policies. We took action during the year in some particularly sensitive areas of commercial and lending activity

(e.g. the sale of structured financial instruments, the grant of mortgages through mortgage brokers and the portability, renegotiation, substitution and early repayment of mortgages granted both directly and through mortgage brokers) and we set a **policy for the management of non compliance risks and an environmental policy**.

Assisted by Vigeo (a major social and environmental responsibility rating agency of international standing), we commenced an audit of our corporate policies and procedures which affect operations in the areas of corporate governance, human rights, human resources, customer and supplier relationships and community relations. The project, which will be completed in 2009, is designed to identify any failings and to provide useful indications of changes and additions that may be made to improve policies.

Commitments to associations for the growth of corporate social responsibility



The Sodalitas Foundation consists of more than 60 businesses (Founding Businesses) and more than 80 voluntary managers (Founding Volunteers), who came together to strengthen social cohesion by pursuing its mission to:

- promote and foster a culture of corporate social responsibility and sustainability in businesses;
- act to support nonprofit organisations by fostering a managerial culture;
- promote the social values of work, enterprise and economy in young people;
- act to mutually influence and enrich by helping to form partnerships between different types of organisation with initiatives designed to solve or contain social problems.



The "CSR manager network Italia" brings together managers and professionals from companies of all sizes and from all sectors, who work either full or part time on corporate social responsibility issues, with two main objectives:

- to create working groups to exchange information on best national and international practices and to identify paths to improvement and innovation;
- to form a body to represent them in the worlds of politics, employers' and trade union organisations, associations and non profit organisations which is able to take an active part in national and international debate.



EBEN Italy is an association which seeks to promote and diffuse an ethic and culture of economic, social and environmental responsibility in the worlds of academia, businesses, economic organisations (private, public and nonprofit) and the professions, by supporting the growth of ethics in institutions, organisations and economic practices understood as an interdisciplinary field of study (business ethics).

Management of social action

Social action – donations and sponsorships – forms an integral part of the Group's social responsibility strategy and is designed, in harmony with its federal model of organisation, to help strengthen the identity of the Bank, attentive to the needs of local communities and closely involved in their social and economic development.

We commenced a line of action in 2008 to enhance the value of social action in the community by managing it in a co-ordinated fashion consistent with the Group's identity and commercial policies and by monitoring and co-ordinating action taken by the Parent Bank and the Network Banks. This activity was conducted by the Institutional Communication and Press Relations Staff unit in co-operation with the Corporate Social Responsibility Staff unit.

Specific guidelines will be defined in 2009 for the management of these activities designed also to meet expectations which emerged from dialogue with stakeholders.

Reporting and control

Communication is just as important as action in the implementation of a corporate social responsibility strategy. Our communication plan involves the integrated use of those instruments best able to reach stakeholders and the parties concerned: primarily the Social Report and the social responsibility section of the Group internet portal. These are the preferred sources of information for institutional investors, rating agencies and ethical indices, when making their assessments.

Awards for reporting quality

After twice reaching the finals, UBI Banca won 2008 edition of the "Oscar di Bilancio" (Financial reporting Oscar) in the major and large company category for the following reasons: "The financial reports were complete in all parts. The reporting on intangible and financial assets in particular was very good as was that on the restatement of the pro-forma figures, given the change in the ownership structure. As concerns the social corporate responsibility report, consideration was taken of the effective use of a GRI reference grid, the widespread distribution of the document and the full description of the structure of the Group."



2008 CSR Online Awards - quality prize for CSR communication on the internet

Position in the banking sector	Absolute position	Company	Corporate website	Score
1	1	Banca Mps	www.mps.it	61.5
2	5	UniCredit	www.unicreditgroup.eu	58.5
3	9	UBI Banca	www.ubibanca.it	53.0
4	11	Intesa Sanpaolo	www.intesasanpaolo.com	41.5
5	14	Mediolanum	www.mediolanum.it	33.5
6	17	Banca Popolare di Milano	www.bpm.it	29.0
7	30	Mediobanca	www.medioibanca.it	18.0
8	32	Banco Popolare	www.bancopopolare.it	16.5



86%
of the best
result for the
sector

16.6
points above
the average
for the sector

The maximum possible score is 100 points. The study covered listed companies in the S&P/Mib40 share index for the period September-October 2007

The CSR section of UBI Banca was in first place, a tie with Banca Mps, for information on socially responsible investments (SRI). We made further improvements to the social responsibility section of the Group website in 2008. The results of the new edition of the CSR Online Awards have not been released yet.

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In order to meet stakeholder expectations with regard to greater ease-of-use of reports, in 2008 we published a summary version of the Social Report in co-operation with the publishers Vita printed in 55,000 copies with 50,000 distributed as a supplement to the weekly periodical **Vita Non Profit Magazine**. The efforts made to improve and increase the diffusion of social reporting were recognised and rewarded in the **Oscar di Bilancio** (financial reporting Oscars) and **CSR Online Awards**. The *Oscar di Bilancio* is organised and promoted by FERPI – Italian Federation of Public Relations – under the high patronage of the President of the Republic of Italy. It has promoted a culture of full and transparent reporting for over 50 years, rewarding companies which produce the best financial, social and environmental reporting on a continuous basis that is effective and innovative, directed at investors, shareholders, employees,

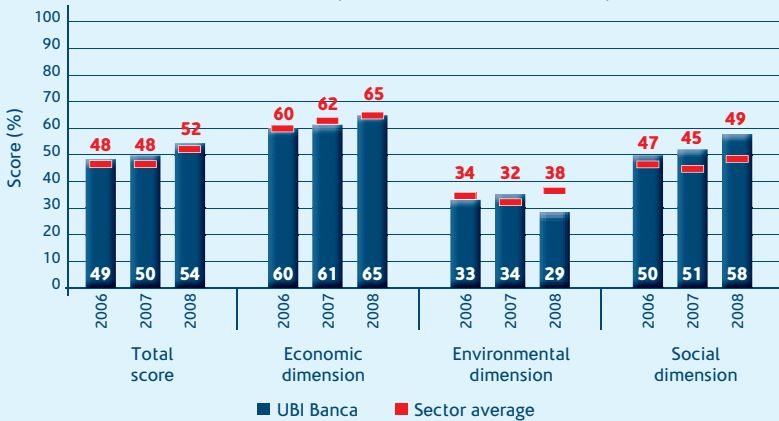
customers, economics academics, citizens who use the products and services of enterprises, public authorities and other stakeholders.

The CSR Online Awards is a classification performed in Italy by the financial communication company Lundquist for Hallvarsson & Halvarsson, which rewards the quality of the on-line reporting of listed Italian companies in the S&P/Mib40 index on social responsibility initiatives and strategies.

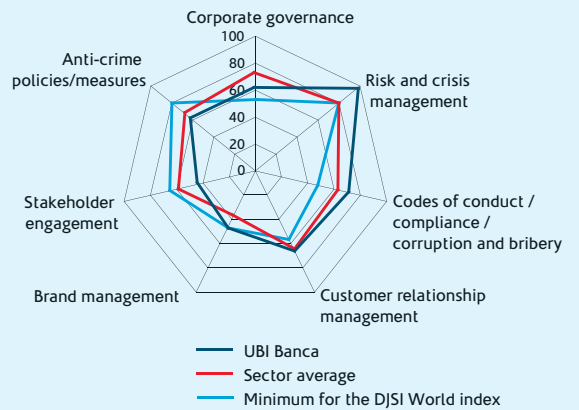
In previous years, our last compulsory report on the state of implementation of the principles of the Global Compact, relating to the 2006 Social Report, was inserted by the Global Compact itself, among the *Notable COPs* (communications on progress), i.e. among the best communications at global level. In order to monitor our progress in implementing

Sam Group “Corporate sustainability assessment” (DJSI)

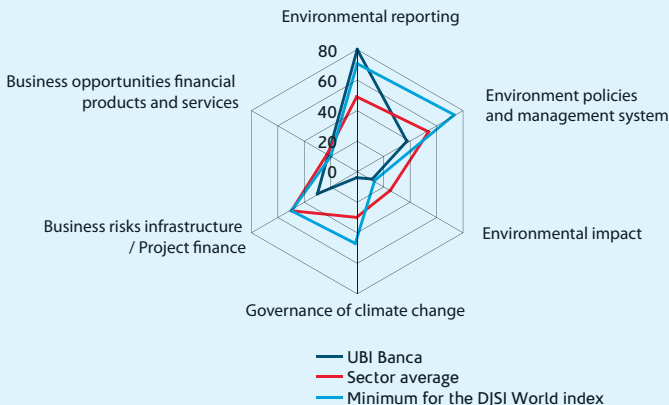
SAM Corporate Sustainability Assessment 2008 - three-year performance



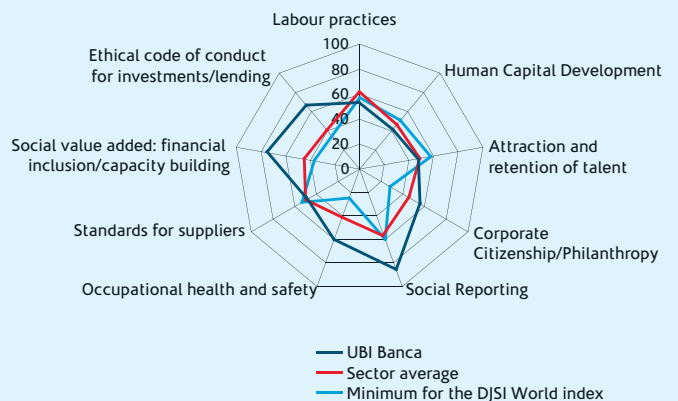
Economica dimension (weighting 38.7%)



Environmental dimension (weighting 23.0%)



Social dimension (weighting 38.3%)



social responsibility by identifying strengths and areas for improvement, we measure ourselves constantly against best national and international practices with our insertion in the main ethical indices (DJSI and FTSE4Good) and participation in the activities of other independent organisations (e.g. the Carbon Disclosure Project). We also take part in initiatives such as the Sodalitas Social Award, where we have been among the finalists a number of times, and in the new Italian Banking Association CSR Benchmark service, which will measure us directly against our major competitors in Italy once it is operational.

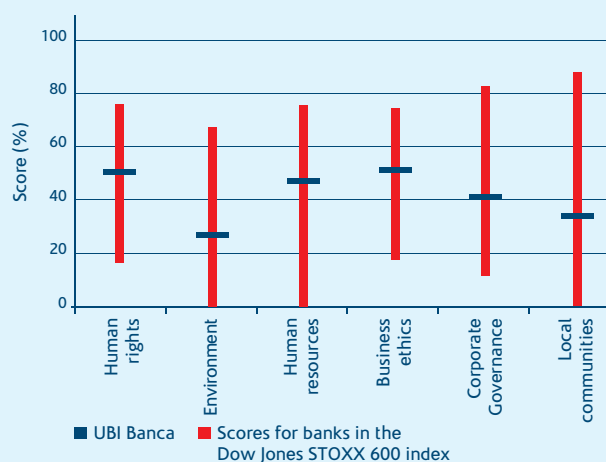
In 2008 we also took part in the SAM Group assessing for the Dow Jones Sustainability Index (www.sustainability-index.com), which we use as an important benchmark for the continuous improvement of our corporate social responsibility

performance. The UBI Group is on a par with or above the average score for the sector on almost all the assessment criteria with the exception of the environmental dimension, and it reaches points of excellence for its risk management, its codes of conduct/compliance/corruption, for its environmental and social reporting, for the creation of social value and for its ethical investment and financial codes.

The SAM Group assessment was basically confirmed by the 2008 Vigeo rating and by the Group's positioning in the first Italian edition of the AccountAbility Rating. Vigeo is the European leader in non financial analysis and provides investors with information on the performance of enterprises in the field of sustainable development and social responsibility. The AccountAbility Rating – conceived of by the

Vigeo

Area min -- / max ++	Score 10/2007	Rating 10/2007	Score 08/2008	Rating 08/2008
Human rights	50	=	50	=
Environment	27	=	27	=
Human resources	46	=	46	=
Business ethics	50	=	50	=
Corporate governance	40	=	40	=
Local communities	32	=	32	=



AccountAbility Rating

Absolute position	Position in the banking sector	Company	Score
3	1	Gruppo Montepaschi	58.0
4	2	Intesa Sanpaolo	55.9
9	3	UniCredit Group	53.5
19	4	UBI Banca	40.8
20	5	Banca Popolare di Milano	40.7
23	6	Banco Pololare	36.9
39	7	Mediobanca	17.0

70.3%
of the best
result for the
sector

THE SOCIAL RESPONSIBILITY PLAN

international research institute AccountAbility and introduced into Italy by SCS Consulting – is based on public disclosures made by companies and assesses the extent to which they have integrated responsible practices into their way of doing business and the impacts of their activities on the market, on society and on the environment in which they operate.

Dialogue with stakeholders

We again pursued our objective in 2008 of greater integration of dialogue with stakeholders in the process of managing and reporting on corporate social responsibility in compliance with the methodology of the *AA1000 Stakeholder Engagement Standard of the Institute of Social and Ethical Accountability (ISEA)*. Consequently we continued our consultation

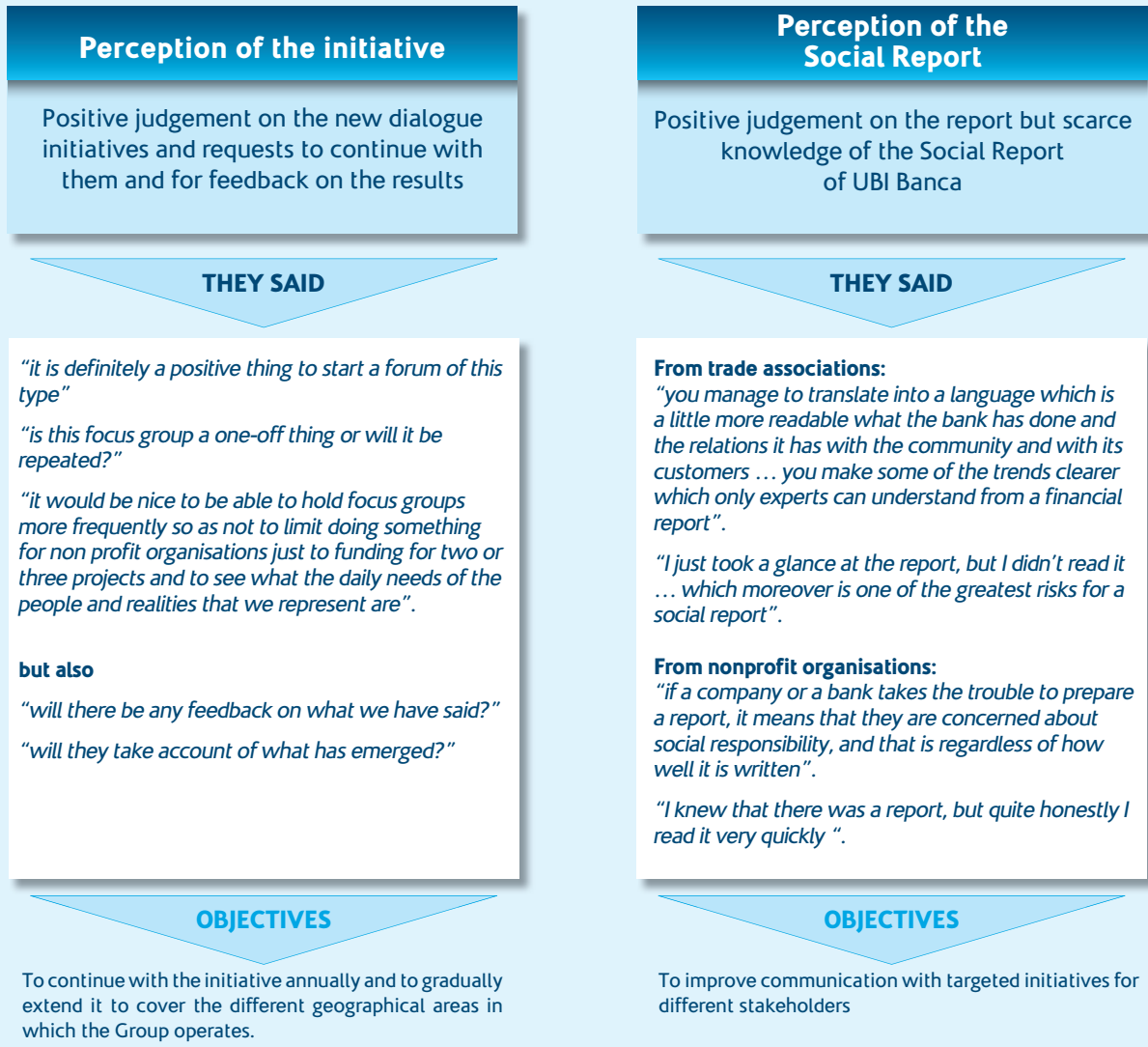
in the community with **focus groups** on the **Social Report** and we commenced consultation with customers through the **Ascolto Project** (listen project), a systematic and structured internal customer satisfaction survey which also surveys aspects concerning the image, reputation and social responsibility of the Group.

Some very useful points for consideration emerged from this activity both for the improvement of Group social responsibility policies and actions and for social and environmental communication and reporting procedures.

The community – focus groups

In order to continue with and further develop activity started in 2007, we have commenced a long term project for consultation and dialogue with the

Main results from community focus groups



community in co-operation with *Vita Consulting* (a company which specialises in providing consulting services to businesses and non profit organisations for social and corporate social responsibility initiatives).

We organised four focus groups in November and December 2008, two in Brescia and two in Bergamo (the two main operating headquarters of the Group) designed to evaluate the level of knowledge of Group CSR policies with social and trade organisations representative of local communities. They considered policies, the Social Report and other channels of communication, the quality of the reporting provided by the Social Report, transparency in relations between the Bank and non profit organisations, the expectations of the community with regard to the Bank and objectives and proposals for improvement.

Local branches of the following organisations took part in the meetings with trade associations: Apindustria (SMEs), Ascom (retailers and services), Associazione Industriali (industrial employers), CNA (crafts), Confagricoltura (farmers), Confartigianato (crafts), Confcooperative (co-operatives), Confesercenti (retailers and services) and Legacoop (co-operatives). The following non profit organisations took part: Associazione Cuore Amico (missionaries), Auser (the elderly), AVIS (blood donor), Celim Bergamo (NGO third world), CESVI (NGO third world), Comunità Emmaus (social exclusion), Comunità Ruah (immigrants), Cooperativa sociale il Calabrone (drug addicts), Croce Bianca (ambulance services). The focus groups were organised by Vita Consulting with no bank staff present, in order to allow participants the maximum freedom of expression.

All the focus groups made useful considerations for the Social Report, with particular regard to expectations of consistency between declarations of principle and concrete actions ("statements must translate into concrete facts") and of full information ("it would be nice if the failures also appeared in the reports now and again") and to the perception of the Bank.

Trade associations in particular were concerned that the large dimensions of the bank, listed on the stock exchange, compromised its closeness to the community and its attention to the needs of local economies along with the expectation of stable long term personal relationships with the Bank.

The non profit organisations also tended to perceive UBI Banca as a large group with which it was more difficult to have a direct two way dialogue than in the past and, insofar as it concerned them specifically, they tended to expect greater information on the possibilities of receiving donations for social initiatives, greater transparency over the destination of funds (through official guidelines for the selection of beneficiaries and projects to support) and greater value given to the action taken (highlighting the activities of partner organisations, the projects implemented and their impacts on the community) with reporting which is not limited to the Social Report and the website (with which they confess they have little familiarity), but which involves banks in the community.

All participants in the focus groups appreciated the initiatives greatly and hoped that they would be repeated and extended to become a systematic and constructive process of dialogue.

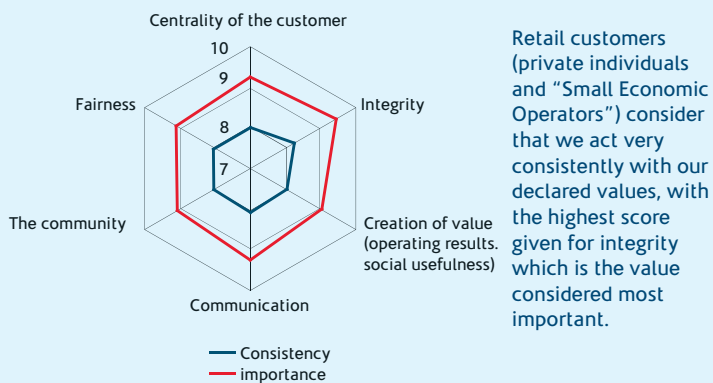
The Customers - Progetto Ascolto (listen project)

In the second half of 2008 we commenced a systematic and continuous customer satisfaction survey, named the *Progetto Ascolto*, designed to

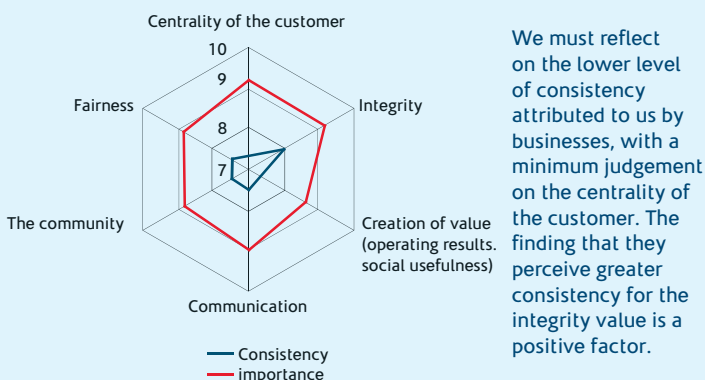
The Progetto Ascolto (consultation project): the values

Q. The UBI Banca Group has adopted a Charter of Values. How important is the ... value to you? Does UBI act consistently with the ... value in your opinion?

Retail Customers



Clienti Corporate



THE SOCIAL RESPONSIBILITY PLAN

measure and monitor an indicator of customer satisfaction over time – at Group level and from 2009 at the level of single bank, branch, corporate business unit and private banking unit – in order to identify strengths in relationships and areas for improvement and to set objectives and priorities for action.

The *Progetto Ascolto* is also designed to monitor the concrete implementation of the principles contained in the Charter of Values – the centrality and satisfaction of customers in particular – as the foundations on which daily operations are based and to acquire useful information for the management of operational and reputation risks and for the future integration of specific quality indicators in staff incentive schemes.

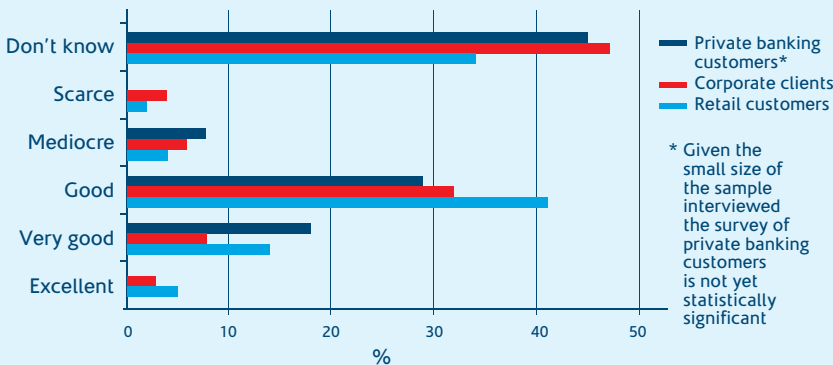
The survey is quantitative in nature and performed

on statistically significant samples of customers (excluding employees of the bank and group member companies), who have granted permission under personal data treatment privacy laws. It is conducted by Demoskopea (a leading national market research institute) by means of telephone interviews targeted at specific market segments. The questionnaires are divided into sections, some always present, others on a rotating basis, one of which concerns the perception of the social responsibility of the Bank.

Demoskopea conducted almost 70,000 interviews of retail customers and 3,000 of corporate customers in 2008 and it also commenced interviews with private banking customers towards the end of the year. This market research continued in February 2009 after a short pause, with the objective of conducting 150,000 valid interviews during the year (135,000

The Progetto Ascolto (consultation project): social responsibility

Q. Companies and banks pay increasingly greater attention to the social and environmental impacts of their activities which may even go beyond legally imposed requirements. How do you judge the level of social and environmental responsibility of UBI and of the UBI Banca Group in general?



The majority of customers consider the social responsibility of UBI Banca to be good or very good, an improvement for retail customers and unchanged for the others. Only a small percentage considered that it had worsened.

The high proportion of customers who express no opinion on the subject underlines the need to take appropriate action with regard to communication.

Strengths

- Accessibility of branches with respect to architectural barriers
- Abstention from lending to controversial sectors
- Consideration of social and environmental risks in granting loans (small business and corporate sectors)
- Support for programmes to improve the social and environmental performance of businesses (corporate sector)

Areas for improvement

- Supply of products and services of particular social and environmental value
- Annual reporting on commitments made and the results achieved
- The range of ethical investment products (private banking sector)

for the retail market, 5,000 for the corporate market and 8,000 for the private market).

Implications of the international financial crisis

The instability on financial markets that has been in progress for almost two years now and which originated in the United States from imprudent financial practices (subprime mortgages and the related securitisations) has progressively worsened since the third quarter of 2008 contributing to the serious deterioration of the real economy in Italy and abroad. The consequent collapse of share prices on equity markets, the increase in the cost of credit and the clamorous cases of crisis and insolvency affecting major international banks, often linked to questionable senior management incentive schemes, has shaken the confidence of investors, while families and small-to-medium size enterprises in particular are suffering considerably from the impacts of the economic crisis.

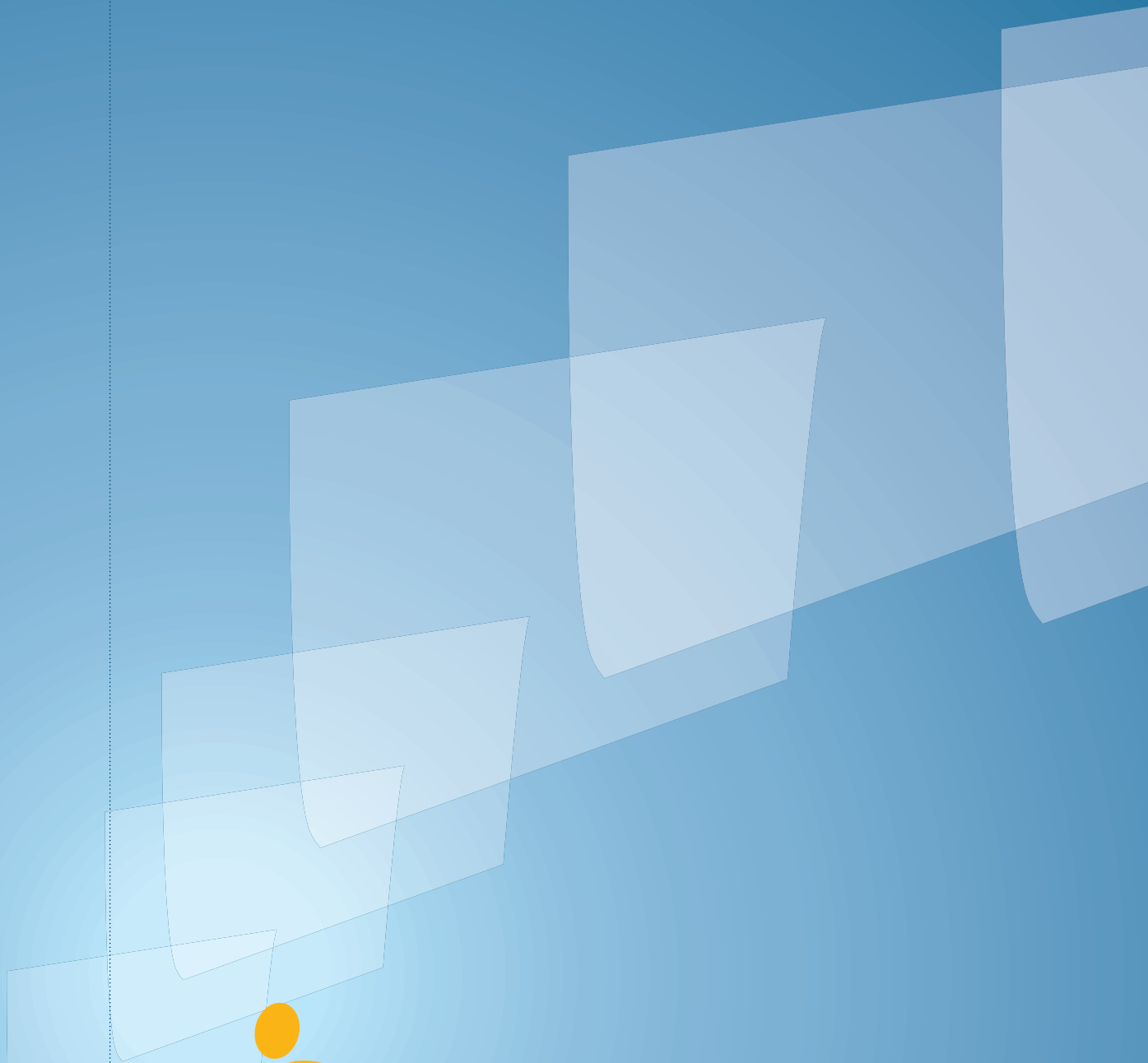
The nature of the crisis underlines that corporate social responsibility, all too often confused with philanthropy, is a strategic factor not just for the reputation and medium-to-long term sustainability of individual companies, but also for the stability and growth of economic and financial systems as a whole. It is sufficient in support of this vision to consider the growth in government incentives for the development and restructuring of corporate production based on the principles of economic and socio-environmental sustainability and also the growing requests from public authorities for conduct that is more responsible and transparent by companies and first and foremost by financial institutions.

UBI Banca was involved to a fairly limited extent and consequently also in the phenomena mentioned, due to its exposure to some international counterparties who suffered financial collapses (Lehman Brothers, Icelandic Banks) or who were responsible for fraudulent behaviour (Bernard Madoff), with significant impacts for the Italian financial market. The total exposure for Group customers was very limited and details are given in the Consolidated Management Report contained in the Annual Financial Report, along with initiatives taken to mitigate the effects.

Despite this, we also feel that our Bank should grasp this opportunity to focus even more strongly on social responsibility as a strategic factor for

consolidating its reputation and for increasing the level of stakeholder confidence, by continuing with determination in the development of rigorous policies to manage risk and to implement ethical and transparent conduct in relations with all stakeholders. Some issues, strictly connected with the emergencies of the current market context, will see us particularly committed in the near future in continuity with the policies pursued to-date by the Group as follows:

- remuneration of registered and non registered shareholder investment consistent with maintaining a high level of capitalisation to protect the traditional strength of the Bank;
- remuneration and incentivisation of personnel – senior management in particular – consistent with long term profit and growth objectives;
- support for local economies through greater co-operation with public authorities and organisations at national and local level to favour access to credit for small-to-medium size enterprises, especially with regard to programmes to develop innovation and competitiveness;
- transparency and appropriateness of the products and services supplied to customers, especially with regard to savings and investment products;
- attention to the problems of families, especially with regard to the emergence of new poverty and the risks of social exclusion, with products that are increasingly more flexible and competitive in observance of credit policies that are attentive to the risks of over indebtedness;
- promotion of micro-credit as an instrument for social integration through the growth of small economic initiatives for the creation or recovery of autonomous earning capacities.



Economic report



Valentina Vezzali, a fine example of commitment and passion. Banca Popolare di Ancona sponsors the Jesi Fencing club, the school of the Olympic champion.

OPERATIONS

The year 2008 was a particularly difficult one, characterised by the progressive deterioration of the macroeconomic situation. This was initially limited to financial markets, the instruments traded on them and operators in the sector, but then extended to affect the real economy and all domestic and international production, leading to a generalised crisis with serious repercussions on employment and income prospects for families and businesses. In this situation market regulation became of prime importance to governments and market regulatory authorities in order to ensure the stability of financial systems and the availability of credit to economies as they intervened to maintain the confidence of depositors and prevent the collapse of the entire system. While in some countries the gravity of the situation has already led to the nationalisation of some banks in difficulty, generally speaking the Italian

banking system seems to have withstood the crisis better, with its retail banking business orientation, greater prudence in its operations and the more balanced capital and financial equilibrium of its banks. Nevertheless, as in other countries, the Italian government started to introduce a series of measures designed to strengthen the stability and liquidity of Italian banks and to ensure the flow of credit to the economy. These involved the subscription by the government of share capital increases by banks and the parent banks of banking groups with insufficient capital strength and the purchase of special bank bonds, some convertible, on request by listed Italian banks and banking groups.

The first full year of operations of the UBI Banca Group therefore took place in a complex operating context, not only because of the integration process in progress

Reclassified consolidated income statement

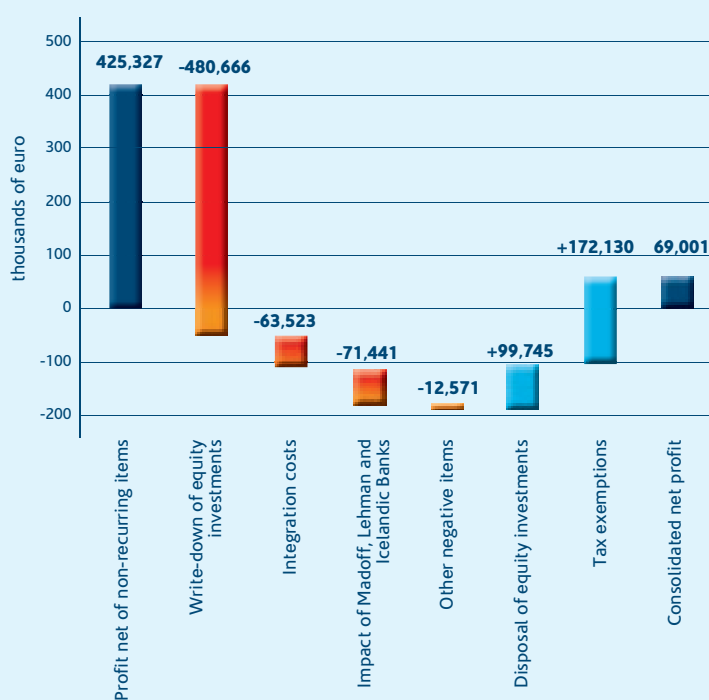
figures in thousands of euro	31.12.2008	31.12.2008 net of non- recurring items (A)	31.12.2007 pro-forma	31.12.2007 pro-forma net of non- recurring items (B)	Changes (A-B)	Changes % (A/B)
Net interest income (including the effects of PPA)	2,982,127	2,982,127	2,685,791	2,685,791	296,336	11.0%
Dividends and similar income	71,204	71,204	83,539	83,539	(12,335)	(14.8%)
Profits/losses on equity investments valued using the equity method	18	13,036	32,529	32,529	(19,493)	(59.9%)
Net commission income	1,188,275	1,188,275	1,357,594	1,357,594	(169,319)	(12.5%)
Net profit (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value	(242,261)	(203,391)	101,919	81,680	(285,071)	n.s.
Net income of insurance operations	9,639	9,639	39,878	39,878	(30,239)	(75.8%)
Other net operating income / (expense)	80,737	80,737	138,063	151,353	(70,616)	(46.7%)
Operating income (including the effects of PPA)	4,089,739	4,141,627	4,439,313	4,432,364	(290,737)	(6.6%)
Staff costs	(1,584,178)	(1,584,178)	(1,540,139)	(1,589,535)	(5,357)	(0.3%)
Other administrative expenses	(749,260)	(749,260)	(764,830)	(764,830)	(15,570)	(2.0%)
Net impairment losses on property, plant and equipment and intangible assets (including the effects of PPA)	(277,910)	(269,485)	(244,807)	(244,807)	24,678	10.1%
Operating costs (including the effects of PPA)	(2,611,348)	(2,602,923)	(2,549,776)	(2,599,172)	3,751	0.1%
Net operating income (including the effects of PPA)	1,478,391	1,538,704	1,889,537	1,833,192	(294,488)	(16.1%)
Net impairment losses on loans	(566,223)	(556,700)	(342,921)	(245,931)	310,769	126.4%
Net impairment losses on other assets/liabilities	(510,550)	(7,391)	(28,571)	(3,752)	3,639	97.0%
Net provisions for liabilities and charges	(34,489)	(32,989)	(37,955)	(36,792)	(3,803)	(10.3%)
Profit/(loss) on disposal of equity investments	84,985	6,177	22,796	2,049	4,128	201.5%
Profit (loss) on continuing operations before tax (incl. PPA)	452,114	947,801	1,502,886	1,548,766	(600,965)	(38.8%)
Taxes on income for the period for continuing operations	(221,564)	(448,259)	(597,263)	(697,338)	(249,079)	(35.7%)
Integration costs	(67,236)	-	(166,721)	-	-	-
of which: staff costs	(47,796)	-	(193,517)	-	-	-
Other administrative expenses	(41,920)	-	(32,817)	-	-	-
Net impairment losses on property, plant and equipment and intangible assets	(6,223)	-	(27,207)	-	-	-
taxes	28,703	-	86,820	-	-	-
After tax profit (loss) from discontinued operations	(15,727)	90	308,547	(77)	167	216.9%
Profit (loss) for the year attributable to minority interests	(78,586)	(74,305)	(106,878)	(80,883)	(6,578)	(8.1%)
Profit for the year attributable to the Parent Bank	69,001	425,327	940,571	770,468	(345,141)	(44.8%)

and but also because of the serious and generalised economic crisis that occurred. Our Group was nevertheless able to face the challenge of this crisis from a sound and solid position thanks to its business model firmly anchored on traditional retail funding and lending business based on family savings, on the solid commercial positioning of its Network Banks in their local markets and on one of the strongest levels of capitalisation compared to other banking groups. In this respect the Group has so far had no need to resort to government support and was even able to declare a dividend, although lower than in previous years, maintaining its capital ratios in line with the highest standards required by the Bank of Italy to conserve the stability of the banking sector.

From the viewpoint of profits we reacted to the difficulties of the crisis above all by accelerating the

main Group integration processes and changing the composition of lending by targeting more profitable sectors and linking this with a policy of progressive repricing of interest rates based on risk, which is still in progress. This enabled us to achieve total synergies of 134.8 million euro (+34% compared to 100.4 million euro expected), the result primarily of making savings on expenses earlier than planned. In consideration of the cost synergies achieved, operating costs remained more or less unchanged at 2.6 billion euro, while the increase in net interest income (+11%, 2.98 billion euro) supported operating income (4.09 billion euro), limiting the reduction to 7.9%, despite the impact of the crisis experienced by net commission income – affected by asset management commission – and by net income from finance. Net operating income of 1.48 billion euro therefore fell by 21.8% compared to 2007. Net of non-recurring items it fell by 16.1% to 1.54 billion euro.

Items of non-recurring income



The unfavourable performance of financial markets then led – in compliance with the IAS 39, the international accounting standard – to a write-down of equity investments classified within available-for-sale financial assets of 510.3 million euro. The deterioration in credit quality caused by the economic crisis (concentrated above all in the last quarter of the year) and integration costs led to a consolidated net profit of 69.0 million euro (-92.7%). Normalised consolidated net profit (i.e. net of non-recurring items and therefore more representative of operating performance) was 425.3 million euro compared to 770.5 million euro in 2007 (-44.8%).

From a balance sheet viewpoint greater balance was brought to the ratio of lending to funding (99% compared to 103% in 2007) with an increase in direct funding of 8% and in lending of 3.7% (8.1% net of the large corporate component, down by more than 3 billion euro, with priority given to the Group's traditional customers), with positive effects also on net interbank indebtedness, which fell from 4.0 billion euro to 0.9 billion euro.

VALUE ADDED PRODUCED

Value added represents the total wealth generated by an enterprise as a result of its organisational, productive and commercial capacities. It is calculated as the difference between the value of the goods and services sold (revenues) and that of goods and services purchased on the market (consumption), by means of appropriate reprocessing of the reclassified consolidated income statement integrated with information taken from the notes to the consolidated accounts.

In compliance with the recommendations furnished by the Italian Banking Association in its document *Il Rendiconto agli Stakeholder – Una Guida per le Banche* (Reporting to Stakeholders – A Guide for Banks) published in 2006 and current standard practice, we make reference to the notion of total gross value added, which includes depreciation and

amortisation and excludes items that do not form part of ordinary operations. For a comparison with the previous year, pro-forma reclassified income statement figures are given for 2007 which include the results for the former Banca Lombarda Group for the entire year.

Like net profit for the year, value added produced by ordinary activities was also affected by net income from finance (negative by 203.4 million euro compared to a positive result of 81.7 million euro in 2007) and by greater net impairment losses on loans up by 308.0 million euro. Net of non-recurring items, total gross value added did in fact fall by 17.2% from 3.42 billion euro to 2.83 billion euro. To complete the information, the value added actually produced, which included non-recurring items, amounted to 2.27 billion euro.

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Total gross value added produced

figures in thousands of euro	2008 Reclassified	2008 Reclassified net of non- recurring items*	2007 Pro-forma reclassified net of non-recurring items*	Change	
Interest income and similar	6,175,995	6,175,995	5,585,758	590,237	+10.6%
Commission income	1,387,721	1,387,721	1,563,276	(175,555)	-11.2%
Dividends and similar income	71,204	71,204	83,539	(12,335)	-14.8%
Profit (loss) of equity investments valued using the equity method	18	13,036	19,165	(6,129)	-32.0%
Net profit (loss) from trading, hedging and disposal/repurchase activities	(242,261)	(203,391)	81,680	(285,071)	n.s.
Other net operating income / (expense)	80,737	80,737	156,977	(76,240)	-48.6%
Total Income	7,473,414	7,525,302	7,490,395	34,907	+0.5%
Interest expenses and similar charges	(3,193,868)	(3,193,868)	(2,895,325)	298,543	+10.3%
Commission expenses	(199,446)	(199,446)	(227,911)	(28,465)	-12.5%
Other administrative expenses	(754,199)	(712,279)	(740,321)	(28,042)	-3.9%
Net impairment losses on loans	(566,223)	(556,700)	(248,645)	308,055	+123.9%
Net impairment losses on other assets/liabilities	(510,550)	(7,391)	(3,752)	3,639	+97.0%
Net provisions for liabilities and charges	(34,489)	(32,989)	(36,827)	(3,838)	-10.4%
Net impairment losses on plant, property and equipment and intangible assets	(22,296)	(7,648)	(3,334)	4,314	+129.4%
Total consumption	(5,281,071)	(4,710,321)	(4,156,115)	554,206	+13.3%
Net income of insurance operations	9,639	9,639	84,657	(75,018)	-88.6%
Gross value added on ordinary operations	2,201,982	2,824,620	5,418,937	(594,317)	-17.4%
Net result of fair valuation of property, plant and equipment and intangible assets	-	-	-	-	
Profit (loss) on disposal of equity investments	84,985	6,177	2,049	4,128	+201.5%
Profit (loss) of non current assets and disposal groups held for sale, net of taxes	(15,727)	90	(77)	167	n.s.
TOTAL GROSS VALUE ADDED	2,271,240	2,830,887	3,420,909	(590,022)	-17.2%
Depreciation and amortisation	(261,837)	(261,837)	(242,052)	19,785	+8.2%
Total net value added	2,009,403	2,569,050	3,178,857	(609,807)	-19.2%
Staff costs (inclusive of directors remuneration)	(1,631,974)	(1,584,178)	(1,588,711)	(4,533)	-0.3%
Grants, donations, sponsorships for social initiatives	(7,892)	(7,892)	(9,074)	(1,182)	-13.0%
Indirect and capital taxes	(29,089)	(29,089)	(23,386)	5,703	+24.4%
Profit before tax	340,448	947,891	1,557,686	(609,795)	-39.1%
Taxes on pro. t for the period for continuing operations	(192,861)	(448,259)	(706,335)	(258,076)	-36.5%
Profit (loss) for the year attributable to minority shareholders	(78,586)	(74,305)	(80,883)	(6,578)	-8.1%
Net profit for the year	69,001	425,327	770,468	(345,141)	-44.8%

* a summary of non recurring items is provided in the table contained in the Consolidated Annual Report

THE DISTRIBUTION OF VALUE ADDED

The statement of the distribution of value added shows how much of the wealth produced is distributed to the various stakeholders rather than withheld by the Bank to replenish its factors of production (depreciation and amortisation) and maintain adequate levels of capital (reserves). The statement and the relative chart show the distribution of the total gross value added of 2.83 billion euro which, although not completely realised due to non-recurring items, gives a better view of the capacity of operations to create value.

In reality, as already said, the amount of value added actually produced and distributed was 2.2 billion euro due to non-recurring items. Consequently the proportion actually received by personnel (up 47.8 million euro as a result of extraordinary Group integration activities) was slightly higher, while the amount actually received by public administrations

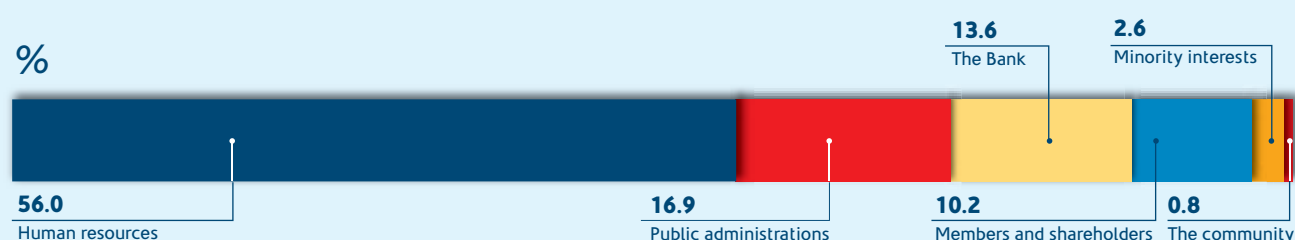
(-255.4 million euro due to lower taxation) and by minority interests (-4.3 million euro because of the lower consolidated profit attributable to them) was lower. The proportion of value added actually withheld by the Bank was considerably lower since it was necessary to draw on the extraordinary reserve and retained profits for the dividend payment.

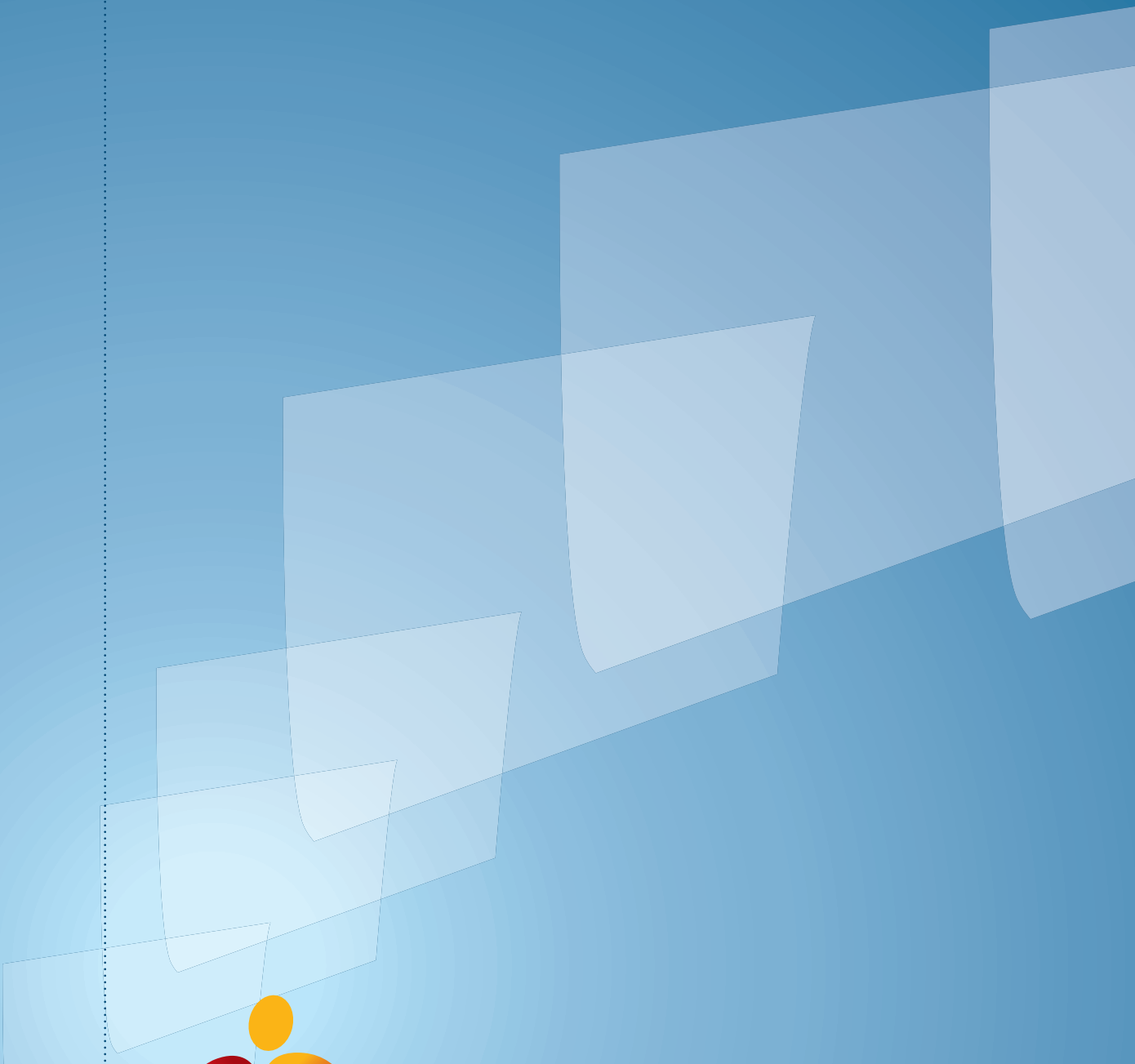
The distribution of value added

figures in thousands of euro	2008 Reclassified	2008 Reclassified net of non- recurring items	2007 Pro-forma reclassified net of non-recurring items	Change	
VALUE ADDED DISTRIBUTED	2,243,443	2,446,764	3,041,404	(594,078)	-19.5%
SHAREHOLDERS (REGISTERED AND UNREGISTERED)	287,616	287,616	607,189	(319,573)	-52.6%
Share of profit destined to dividend payments	53,576	287,616	607,189	(319,573)	-52.6%
Distribution of reserves (value added from prior years)	234,040				
HUMAN RESOURCES	1,631,974	1,584,178	1,588,711	(4,533)	-0.3%
Staff costs	1,631,974	1,584,178	1,588,711	(4,533)	-0.3%
PUBLIC ADMINISTRATIONS	221,950	477,348	729,721	(252,373)	-34.6%
Taxes on profit for the period for continuing operations	192,861	448,259	706,335	(258,076)	-36.5%
Indirect and capital taxes	29,089	29,089	23,386	5,703	24.4%
THE COMMUNITY	23,317	23,317	34,900	(11,583)	-33.2%
Donations and sponsorships	7,892	7,892	9,074	(1,182)	-13%
Share of profits at the disposal of the Board for educational, cultural, charitable and social purposes *	15,425	15,425	25,826	(10,401)	-40.3%
MINORITIES (MINORITY SHAREHOLDERS OF SUBSIDIARIES)	78,586	74,305	80,883	(6,578)	-8.1%
Profit (loss) for the year attributable to minority shareholders	78,586	74,305	80,883	(6,578)	-8.1%
VALUE ADDED RETAINED BY THE BANK	27,797	384,123	379,506	4,617	1.2%
Depreciation and amortisation	261,837	261,837	242,052	19,785	8.2%
Share of profit allocated to reserves / Uses of reserves	(234,040)	122,286	137,454	(15,168)	-11.0%
TOTAL GROSS VALUE ADDED	2,271,240	2,830,887	3,420,909	(590,022)	-17.2%

With respect to last year the value added distributed to stakeholders also includes the share attributable to minority interests

* Figures from the statements for the distribution of profits of the Parent Bank and of individual Network Banks





Social report



Banca di Valle Camonica sponsored the Sentiero 4 July skymarathon which is run on the mountain paths of the valley.

HUMAN RESOURCES

We are constantly committed to developing the human capital of UBI – capital distinguished by its values, capabilities and skills – so that the energy and contribution of individuals find full expression in personal, team and corporate successes. To achieve this Group policies are designed to place value on different professional and human experiences from inside and outside the Group and to offer **equal opportunities** right from the moment of selection, **without any discrimination of gender, sexual orientation, age, religion, race or different ability.**

The application of the principles set out in the conventions of the International Labour Organisation is guaranteed in all the Group member companies. National and local regulations are based on those principles as are the conditions laid

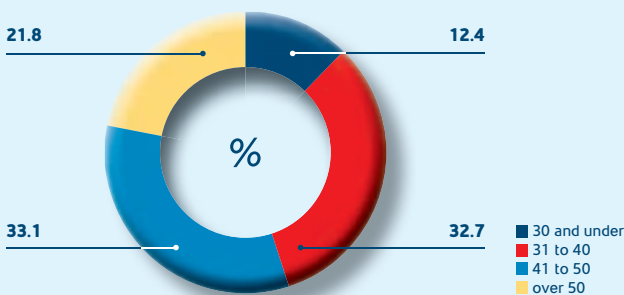
down in National Labour Contracts as integrated by agreements negotiated between the Bank and trade union representatives. These principles are applied practically in human resource selection, management and development processes, in training and internal communication, in trade union relations, in attention to health and safety issues and in social security provision.

Selection

The Human Resources Area of UBI Banca manages selection processes, by promoting career development initiatives which include role rotation to favour the growth in capabilities, with resort made to the external market to increase numbers and to acquire expertise that is difficult to find

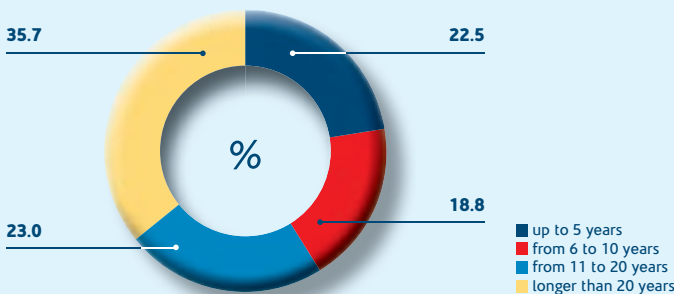
Employees	2008			
	total		women	
Senior managers	552	2.7%	48	8.7%
Middle managers	7,543	37.3%	1,524	20.2%
Other employees	12,154	60.0%	5,585	46.0%
Total	20,249	100.0%	7,157	35.3%

Age (average 42)



The average age of employees remained virtually stable over the last twelve months, as a result of the recruitment of young staff.

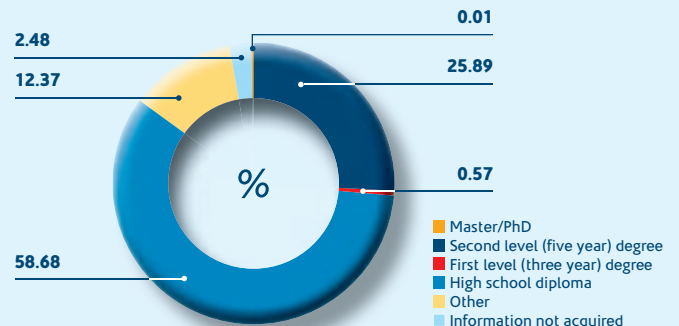
Length of service (average 16 years).



The average length of service is also the same as in the previous year. There was only a slight reduction in the number of staff in the longest serving group due to staff leaving who were only partly replaced by new appointments.

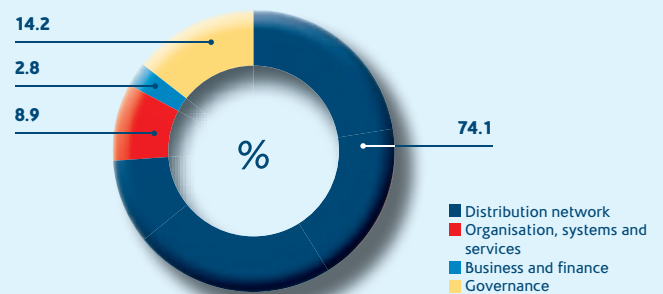
There were no significant changes in the composition of employees by rank compared to the end of 2007, which remained in line with the distribution of employees in the banking sector nationally (2007 figures).

Qualification



The level of education remains practically unchanged and in line with the figure for the Italian banking sector nationally (2007 figures).

Distribution by area of employment



The distribution of employees by area of employment confirms the commercial vocation of the Group, with three quarters of the staff working in the distribution network.

within the Group. Selection activity is conducted with independent judgement and the transparency of information and is designed to identify those persons most suited to fill individual positions without any discrimination. External selection procedures differ according to the qualifications and experience of the candidates and consideration is given to their capabilities, aptitudes, skills and personal inclinations. The opportunities available, the methods and instruments used, the selection procedures and the average time taken (20-30 days) are declared to all candidates.

Approximately 76% of the appointments made in 2008 were in the commercial units of the Network Banks both for temporary requirements related to the unification of the operating and IT platforms and to expand the distribution network with 41

new branches opened. 56% of the candidates examined and 42% of the appointments regarded private individuals resident in Lombardy and those remaining were in different geographical areas, considering the federal structure of the Group and its various local roots. With an eye also to the availability of qualified human resources to meet the Group's growth requirements in future years, we made contributions to improve the level of education provided by schools and universities in these areas, by participating in meetings and assisting with career counselling publications and above all by offering young people the chance to supplement their studies with on-the-job training experience.

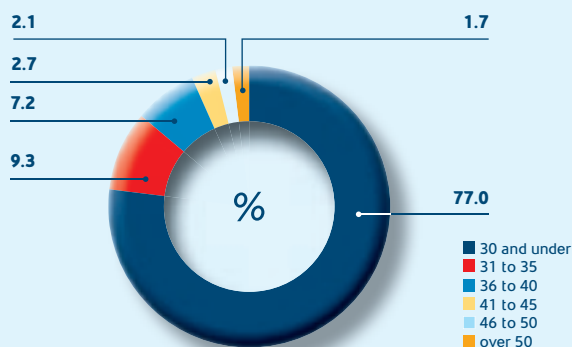
The presence of persons on on-the-job work experience schemes relates to co-operation

Appointments

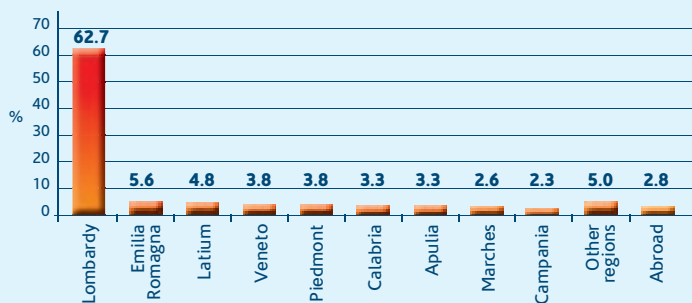
	2008		2007	
	total	of which women	total	of which women
Permanent	359	30.4%	334	27.2%
<i>of which: from agency</i>	7	71.4%	n.d.	n.a.
<i>from job experience</i>	6	50.0%	n.d.	n.a.
On temporary contracts	968	42.9%	393	49.4%
Total appointments	1,327	39.5%	727	39.2%
<i>of which: Senior managers</i>	8	0.0%	9	11.1%
<i>Middle managers</i>	188	25.5%	193	21.8%
<i>Other employees</i>	1,131	42.1%	525	46.1%
Total appointments	1,557	39.0%	1,222	41.1%
<i>of which: Recruitment</i>	1,327	39.5%	727	39.2%
<i>Conversion of contracts from temporary to permanent</i>	230	36.1%	495	43.8%

The 2008 numbers do not include 184 intragroup transfers that occurred during the year

Recruitment by age



Recruitment by region



HUMAN RESOURCES

arrangements established with the main Italian universities (more than 100 training projects) which took concrete form in meetings with students, participation in career days and dedicated sponsorship events. More than 500 university and high school graduates were recruited on temporary or staff leasing contracts to implement Business Plan projects such as the reorganisation of local centres and IT migrations onto the Group target platform.

Management and development

Human Resources Management is guided by principles of maximum clarity, transparency and fairness and it is designed to build relationships of trust assisted by dialogue which lies at the basis of career development. The objective of dialogue is

to acquire greater knowledge of persons in order to develop their capabilities to the full and it is performed using structured methods and uniform criteria.

In accordance with the 2007-2010 Business Plan, the year 2008 was characterised by an important process of **intragroup mobility**, which involved human resources in the majority of Group member companies. This process was conducted by pursuing the enhancement and growth of the capabilities of the employees involved to support greater integration of the Group and by seeking, where possible, to reconcile career and personal requirements with the needs of the Bank.

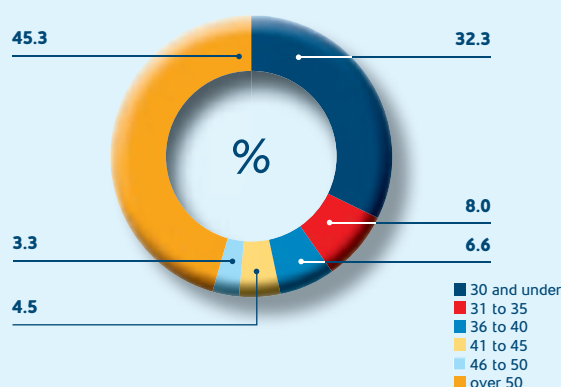
On-the-job supervision transfers to support IT migrations involved from 430 to 720 staff depending

Staff leaving

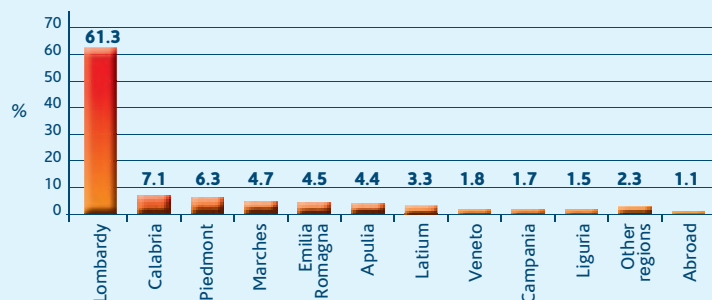
	2008		2007	
	total	of which women	total	of which women
Business Plan reduction	643	22.4%	383	12.8%
<i>of which: "solidarity fund"</i>	546	25.5%	45	24.4%
<i>incentivised redundancies</i>	97	5.2%	338	11.2%
Leaving voluntarily	456	29.8%	661	25.7%
End of contract	450	46.9%	114	54.4%
Other	41	17.1%	28	7.1%
Retirement	32	6.3%	46	19.6%
Dismissal	5	20.0%	6	16.7%
Total staff leaving	1,627	30.8%	1,238	23.7%
<i>of which: Senior managers</i>	48	6.3%	n.a.	n.a.
<i>Middle managers</i>	517	17.2%	n.a.	n.a.
<i>Other employees</i>	1,062	38.5%	n.a.	n.a.

The 2008 numbers do not include 184 intragroup transfers that occurred during the year

Staff leaving by age



Staff leaving by region



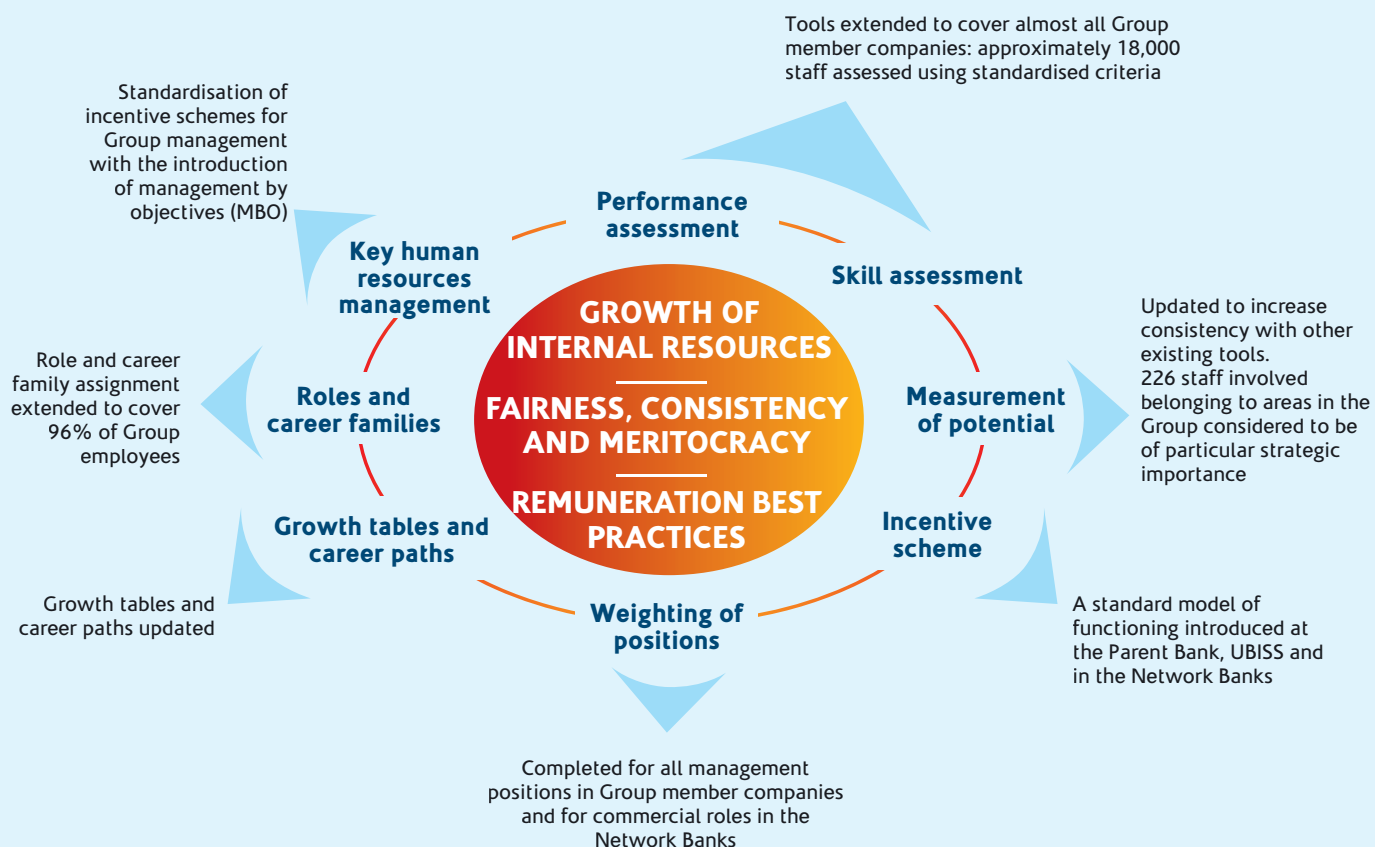
on the bank involved in the operation. This resulted in the complete success of the operation to implement a single IT platform and to accelerate the integration of the Group, making a decisive contribution to the creation of a single Group corporate culture.

In order to continue the standardisation of assessment processes and tools, the development of a common language and interaction with employees in an atmosphere of greater transparency and involvement, the Human Resources Area of UBI Banca focused its activities on the diffusion of employees management tools during the year, which involved most of the companies belonging to the Group.

Training and internal communication

Continuous training is a key success factor for the implementation of operational models, processes and systems and for ensuring that staff have the skills and capabilities appropriate to their roles in terms of developments in technology, organisation and market approach. It is a gradual process of learning and consolidating technical and specialist knowledge and team and managerial skills, which requires the design of training programmes which are based increasingly on everyday work experience. At the same time training, together with internal communication, represents a fundamental factor in the development of a Group corporate identity and culture through the diffusion of the values and principles of the Group.

Dashboard for the management of human resources enhancement

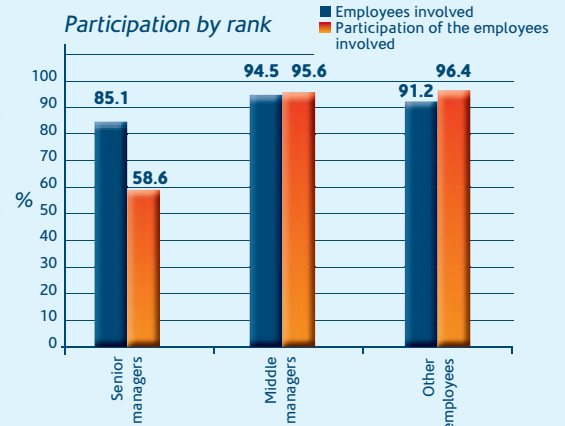


HUMAN RESOURCES

The main tools for human resource management

Skill assessment

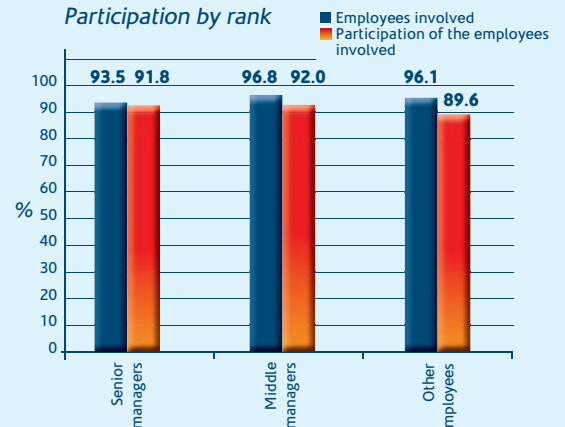
This supports human resource management and development activity and allows proper planning of training activity. Almost all employees in the Group are involved, according to their different levels of responsibility. All managers assess the skills of the staff on their teams, inform them of the level they have achieved and propose career development action, supervising them and verifying implementation of the action throughout the year. Staff participate actively in the process by means of a self assessment module, an important opportunity to encourage self awareness and the self development of skills. The tool involves discussion between managers and their team workers with information recorded on an interview sheet which workers can use to indicate their level of agreement. This makes the process extremely clear and transparent.



At total of 18,649 staff were involved in skill assessment and 17,754 participated in it.

Performance assessment

The performance assessment process continues throughout the whole of the year and it involves almost all employees in the Group according to their different levels of responsibility. This tool is used to officially set specific individual role and responsibility objectives on the basis of the role filled by each employee by means of structured interviews of staff by managers. Where difficulties are found, intermediate interviews are held in which managers are required to provide the necessary support and counselling for staff to facilitate the achievement of the expected results. As with skill assessment each employee may view their own assessment sheets, express their degree of agreement and make observations by means of the relative software application.



At total of 19,459 staff were involved in performance assessment and 17,625 participated in it.

Incentive scheme

In a perspective of ensuring management and development of human resources that is consistent with the criteria of internal human resource growth, fairness, consistency, meritocracy and best remuneration practices, the scheme is designed to stimulate the active contribution and participation of all employees in attaining the objectives of the Bank and the Group, through the achievement of individual and team objectives.

The calculation mechanism for bonuses is based on individual performance, the complexity of the role filled and, for early compliance with regulations issued by the Bank of Italy on the organisation and corporate governance of banks, on objectives related to compliance with regulations for the protection of investors and with market rules, thereby preventing potential conflicts of interest from arising. A specific incentive scheme was formulated in 2008 for the top management of the Group and for the senior management of the Parent Bank, the Network Banks and UBISS, which is based on the same criteria and is designed to favour the achievement of corporate objectives by attaining individual objectives. It therefore rewards both the professionalism and the efforts of individuals to the degree in which concrete positive results for the Group are attained and it creates a direct and proportional relationship between the result and the incentive, which provides a transparent and simple mechanism that is easy to communicate and as objective as possible. This scheme also contained objectives related to compliance with regulations, in addition to appropriate indicators of value creation adjusted for risk (RORAC) and result indicators related to Business Plan projects (a total of more than 150 objectives). The remuneration of members of the Management Board is not linked to the operating results of the Bank, except for the Chief Executive Officer, and there are no share based incentive schemes.

Percentage of the variable component of remuneration	2008
Variable Component	7.8%
<i>of which: incentive schemes</i>	3.3%
<i>of which company bonus</i>	4.5%

Growth tables and career paths

Growth tables are used as employees management support for ensuring that top management positions are filled by planning the individual growth of human resources so that their abilities are consistent with the roles that may be assigned to them, while the career paths structure advancement in a consistent and standardised manner across the different Network Banks of the Group, to give balanced growth in individual areas of expertise based on the increased complexity of the different positions to be filled.

Definition of the training supply is guided by the policies contained in the Business Plan, the Marketing Plan and the Group Programme Document for Safety and those of each individual bank and by the requirements that emerge from the skill assessment system. Classroom training is conducted by professional instructors from reputable companies and by internal instructors consisting of staff from Group banks and companies who have acquired significant specialist experience. Internal instructors are supported and trained in classroom and teaching techniques by the in-house School for Instructors.

Classroom and "on-the-job" activities are flanked and complemented by self study and learning supported by library material and online learning courses (remote training). An assessment questionnaire must be completed for all training activities, whether classroom

or remote, along with a learning questionnaire for technical courses which assesses acquisition of the contents and therefore successful completion of the course.

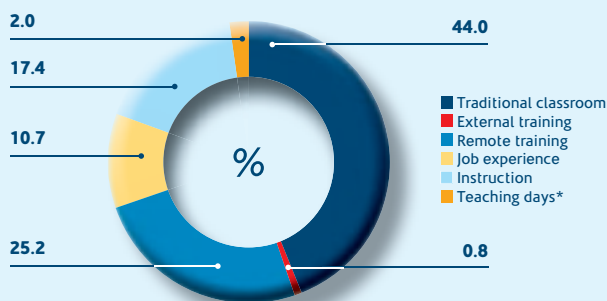
The training supply is divided into ten subject areas and organised into specific training programmes for different roles: a set sequence of courses and on-the-job experience for the acquisition, development and improvement of capabilities specifically required for the role filled within the organisation, from the viewpoint of both technical expertise and teamwork and managerial skills.

Different training programmes are formulated for distribution network units (commercial roles), central units (administrative, specialist/professional and middle management roles), new recruits (method

Training figures

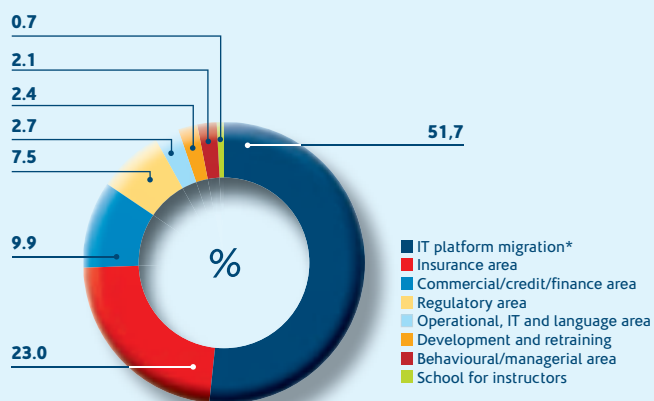
- almost **135,000 training days** (+23% on 2007 and almost double compared to 2006)
- 2,661 internal instructor days
- **15,010 employees** trained (2.3% Senior managers – 40.4% Middle managers 57.3% Professional areas)
- 95% of network bank staff participated in at least one training course (9.0 days on average, accounting for 4.1% of working days)
- 82% of participants satisfied with the training received

Training methods (days)



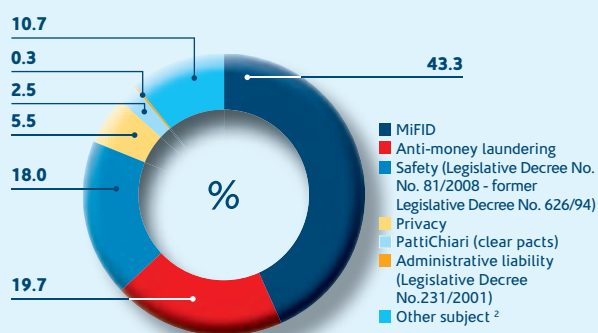
* delivered by teachers belonging to the Parent Bank, Network Banks and UBISS

Subject areas (days)



* inclusive of teaching days for IT platform migration classrooms

Regulatory training (days) ¹



¹ includes regulatory training contained in the development and retraining courses

² includes external training on specific subjects

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and conduct indications and the main operational and procedural notions) and career retraining (role changes from central units to operating areas or commercial roles in branches). The 2008 programme was designed mainly to support Group integration projects with a particular effort made for activities linked to the migration onto the target IT platform, while nevertheless ensuring continuity for training in other subject areas. Training in the insurance field in particular for compliance with ISVAP (Insurance Authority) regulations resulted in the issue of 5,170 professional certificates.

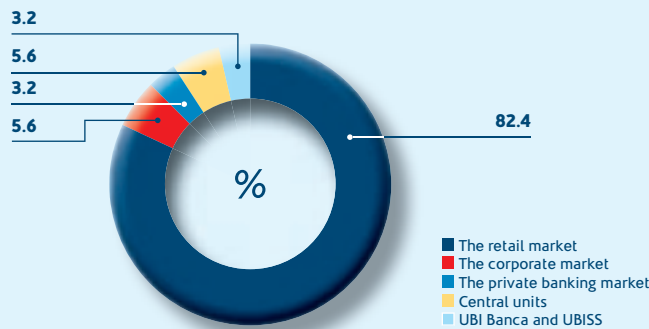
In addition to training for specific roles, programmes also included refresher courses for staff returning to work after long absences, language (English) and IT skill (the main software and office automation programmes) acquisition and improvement courses,

female targeted skill enhancement courses and training for potential future branch managers.

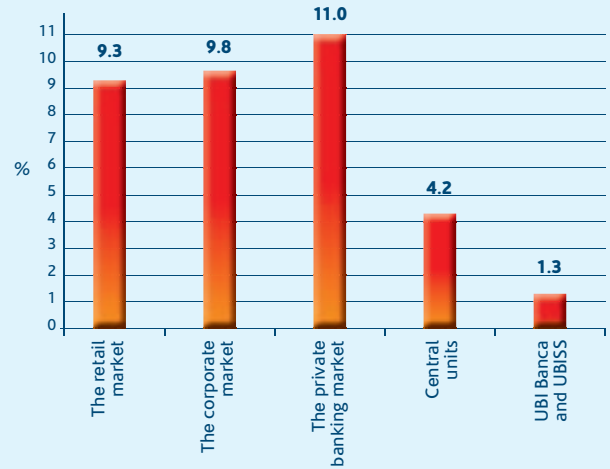
Training as an instrument for enhancing the value of female staff in a perspective of equal gender opportunities is a demand which is felt increasingly and the Group, in agreement with trade union representatives, has taken the opportunity to develop specific courses on subjects of a behavioural character. The contents have been formulated in co-operation with universities and major research institutes that are particularly attentive to these issues, taking into account the recommendations made by the Corporate Commission for Equal Opportunities. The first pilot editions were commenced in 2008 of two courses: "Females style assertive communication: how to express your demands without destroying relationships"

Training figures

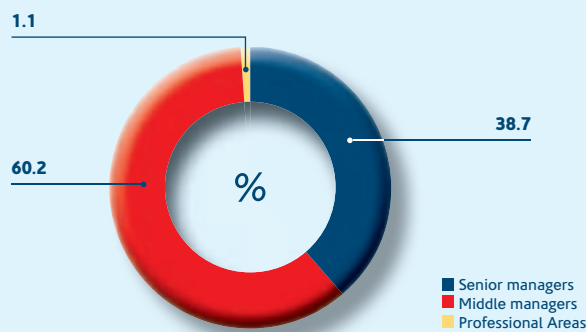
Training by market



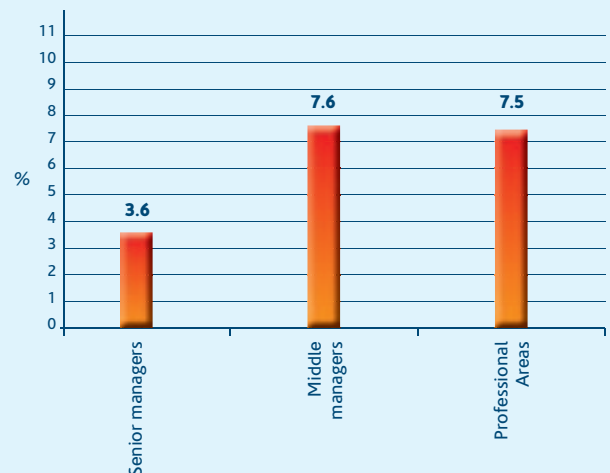
average annual days per person (average 7.5)



Training by rank



Average annual days per person (average 7.5)



Figures relate to the Parent Bank, Network Banks (including UBI BPI) and UBISS

and “Female image and professionalism: corporate culture and personal style”.

The objective of the school for future branch managers is to train these figures (selected by the human resources management departments of Network Banks on the basis of precise parameters defined by the Policies, Instruments and Key Resources Staff unit at the Parent Bank) in essential skills for the management of the main activities which characterise the central role of the retail commercial distribution network, a strategic point of reference for the diffusion of corporate culture and for the achievement of Group results. The training programme was designed in co-operation with the Commercial Macro Area, the Human Resources and Organisation Macro Area and the financial periodical Sole24Ore.

The main task of internal communication which operates in close co-operation with the training function is to inform, involve and motivate human resources, by communicating the values and strategies of the Group at all levels, with attention to processes of change, with initiatives to promote and strengthen corporate identity.

Trade union relations

Freedom of association and membership of trade unions is guaranteed for all Group employees. There are nine trade union organisations in the Group to which 78% of staff belong.

Trade union relations policy is based on respect for the procedures set out in the Banking National

Internal Communication 2008

The values that guide us - the Group Charter of Values, which was approved by the Management and Supervisory Boards at the beginning of the year and was distributed to all employees of banks and Group member companies and to all the registered shareholders of UBI Banca, as well as being published on the Group website even in the English language

yoUBI - a two monthly periodical with company information and culture, which keeps all employees constantly up-to-date on the main events which occur in the Group

UBI News - a periodic supplement to yoUBI on the activities of the Group Network Banks

UBI new time - a periodic supplement to yoUBI for the retired employees of some Group member companies. It is published with contributions from former colleagues themselves to provide information on the activities of associations, on corporate events and on initiatives and experiences

We UBI Instructors - a four monthly periodical with up-to-date information for the School for Instructors, addressed to all colleagues in the Group who teach

Group Institutional Convention - the state of progress of the work on the Integration Business Plan and the annual objectives of the Group were presented to 3,200 managers who met together for one day

The first convention of the UBI Instructor Corps and the I.S.E.O. Summer School

Corporate Intranet - project in progress to develop the Group internet portal dedicated to all Group human resources

One of the most significant and established initiatives of the Network Banks is the **Banca Regionale Europea Review**, a half yearly publication with a circulation of 38,000 copies, destined not just to the employees of the bank but also to a broader public.

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Labour Contract and on the search for agreement, where possible, with all the different unions through transparent, concrete and continuous dialogue even when no official negotiations are called for. When substantial organisational changes occur, a minimum period of 45 days is set for negotiations with trade union organisations.

The year 2008 was marked by intense activity attributable primarily to the completion of Group integration plans and processes scheduled as part of the 2007-2010 Business Plan, in accordance with the principles set out in the **trade union memorandum of intent for the 2007-2010 Integration Business Plan** signed on 14th August 2007. This memorandum places people at the centre of the Group integration process, with a particular focus on geographical mobility (to be limited as much as possible and supported with

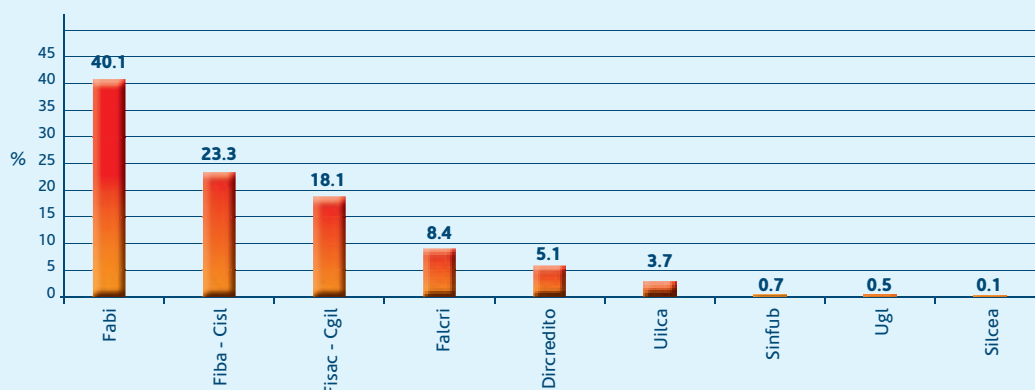
special remunerative and regulatory treatment), the intragroup mobility (that in no way must represent a barrier to professional development opportunities), the assignment of new tasks and duties (to be implemented on the basis of the rank, experience, potential, aptitude and aspirations of individuals), changes of role and retraining (to be managed by limiting hardship and by transforming change into opportunities for growth and improvement by means of adequate training).

Various agreements were signed during the year in relation to the implementation of different aspects of the process to integrate and streamline the structure of the Group. One agreement of particular importance was that signed on 30th January 2008, which regulates salaries and conditions concerning the **plan to centralise operations** for the unification of the Group

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Trade union activity (177 meetings for a total of 650 hours)

Employees enrolled in trade unions



Figures relate to the Parent Bank, Network Banks, (excluding UBI BPI) and UBISS

Absences (No. hours)	2008	2007
Company dispute strikes	4,530 *	n.a.
National dispute strikes	0	n.a.
Other strikes (national politics, etc.)	7,082	1,181
Trade union business	176,777	204,863
Total	188,389	206,044

* One day of abstention from work for one day at one Group member company

2007 data relate to the Parent Bank, Network Banks (including UBI BPI) and UBISS; 2008 data to the Parent Bank, Network Banks (excluding UBI BPI) and UBISS.

Hours worked per person	N.
Normal	1,241
Overtime	60
Total	1,301

Data relates to approximately 97% of Group employees

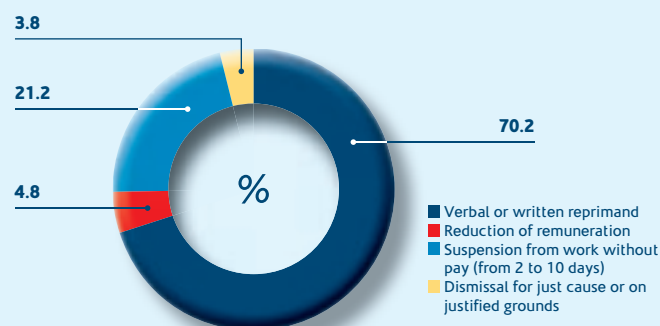
IT system. This unification is one of the main strategic plans of the integration process, together with the contribution of support and service functions and activities to UBI Sistemi e Servizi, the integration of organisational units and the reorganisation of the Network Banks. The agreement provides for a system of guarantees designed to enhance the value of the human and professional capital present in the banks (e.g. specific training programmes and treatment over and above national labour contract requirements for employees on transfer) and it reserves particular attention and regard for the impact on working hours resulting from the migration to the IT target system.

On 20th February 2008, a trade union agreement was concluded with regard to supplementary pensions, which regulated the impacts on UBI Banca and Banca Popolare di Bergamo pension and social

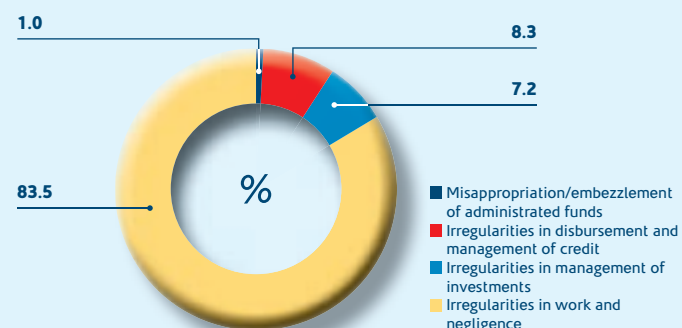
security initiatives resulting from the amendment to articles 52 and 31 of their respective corporate by-laws. These amendments were required to render the by-laws compliant with the international accounting standard IAS 19 with regard to employee benefits, which states that expenses relating to the financial cover for forms of supplementary pensions and health cover for employees are to be recognised as a labour expense in the accounts with consequent classification within "staff costs" and not within the allocation of profits, as provided for by the corporate by-laws. In consideration of those amendments to the corporate by-laws, the banks confirmed their commitment in the trade union agreement to provide financial cover for pension and social security initiatives and took action at the same time on the contribution rates to the pension fund in question.

Disciplinary measures (97 in 2008)

Type of measure



Grounds



Litigation

Cases pending at the end of the year	2008	2007
Pension and social security ¹	156	75
Remuneration	58	53
Termination of contract of employment	25	47
Duties and job descriptions	25	31
Job appointments and performance of work	20	22
Cases initiated by Group banks against employees	9	11
Anti trade union conduct pursuant to Art. 28 ²	1	n.a.
Other	2	1
Total	294	240

¹ The figure for 2008 includes appeals made by a group of former employees for recognition of contributions paid to corporate supplementary pension and health funds for the purposes of the staff severance fund, excluded, however, by the national labour contract

² Dispute settled with a decision in favour of the Bank on 3rd November 2008
Data relates to the Parent Bank, Network Banks (including UBI BPI) and UBISS

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Equal opportunities

Group equal opportunities policies concern above all the reconciliation of work and family commitments (mainly for female employees, by means of part time contracts and special leave, use of which is established in supplementary company trade union agreements and is greater than that required by law, and through care services such as children's nurseries), the recruitment of employees belonging to protected categories and more generally career advancement criteria – for all employees – which respect principles of consistency, fairness and meritocracy.

The proportion of female staff in the Group has grown constantly, seen yet again in 2008 with an increase from 34.8% to 35.3%. The highest percentages of progress in career advancement are recorded

in professional areas where the numbers of female employees recruited in their first employment is increasing constantly.

Health and safety

The banking sector is characterised by a low risk of accidents in relation to plant and equipment and it has developed greater sensitivity to what are termed "emerging risks" or "psycho-social risks". As a consequence activities relating to the identification, assessment and reduction of risks connected with health and safety at the workplace are performed by the Human Resources Macro Area of the Parent Bank. The head of the Prevention and Protection at the Workplace Function of UBI Banca participates in the activities of the Health and Safety Technical

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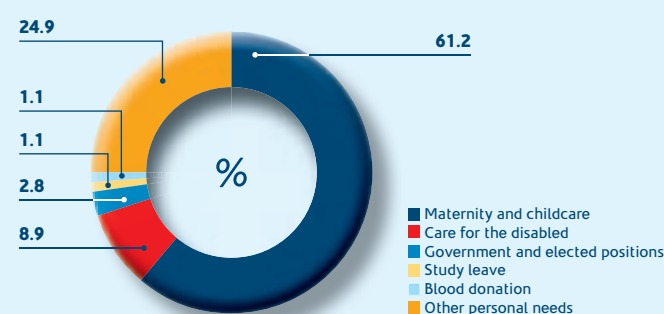
Equal opportunities

Part-time contracts	2008			2007		
	N.	% on part-time	% total	N.	% on part-time	% total
Men	64	4.7%	0.5%	75	5.4%	0.6%
Women	1,307	95.3%	18.3%	1,315	94.6%	18.4%
Total	1,371	100%	6.8%	1,390	100%	6.7%

Protected categories	No. employees
Differently able	855
<i>of which: recruited in 2008</i>	20
Orphans/refugees	351
Total	1,206

Data relates to approximately 97% of Group employees

Leave granted (153,753 days)



Data relates to approximately 97% of Group employees

Promotions	2008				2007			
	Men	% total	Women	% total	Men	% total	Women	% total
From middle to executive management	42	0.7%	7	0.5%	29	0.5%	3	0.2%
Middle managers	477	7.8%	136	9.3%	572	9.3%	122	9.0%
From office worker to middle manager	276	4.0%	123	2.2%	355	5.1%	119	2.1%
Within office workers and other employees	854	12.4%	650	11.5%	735	10.6%	1,096	19.4%
Total	1,649	12.3%	916	12.4%	1,691	12.5%	1,340	19.0%

Commission of the Italian Banking Association (formed as part of the Trade Union Sector of its Legislation and Labour Area) which implements and interprets legislation by drawing up circulars for its members which act as guidelines for the application of legislation for the whole banking sector.

The activities of the Prevention and Protection Function – which has been assigned the task of centralised management of the function for the entire Group – have been directed towards implementing commitments resulting from the entry into force of Legislative Decree No. 81/2008 and also towards pursuit of a policy to standardise regulations across Group banks and with the progressive centralisation of management for other companies in which the official role of safety prevention and protection officers is filled by outside consultants. One of the

main objectives of safety prevention and protection officers is to constantly seek relations with trade union organisations and workers' safety representatives based on the reciprocal exchange of information both with regard to compliance with new legislation and the process of standardisation across the Group.

Great attention has been placed on the phenomenon of robberies which, although less important from a purely numerical viewpoint compared to 2007, has nevertheless resulted in events likely to cause problems of a psychological nature in the individuals involved. Procedures for psychological support have been put in place in all Group banks implemented in co-operation with the official occupational doctor and a psychologist. Similar attention will be paid to risk assessment and to the adoption of appropriate prevention and protection measures in relation to

Health and safety

Absences	2008		2007	
	No. days	of total absences *	No. days	of total absences *
Sickness	131,646	15.1%	140,374	15.6%
Accidents at work	1,066	0.1%	1,107	0.1%
Accidents travelling to and from work	3,474	0.4%	2,350	0.3%
Totale	136,186	15.6%	143,831	16.0%

* 873,253 days in 2008 and 900,015 days in 2007. The absences include: health grounds, trade union leave, holiday and leave/public holidays
2007 data relate to the Parent Bank, Network Banks (including UBI BPI) and UBISS; 2008 data relate to approximately 97% of Group employees

Robberies and thefts	2008			2007		
	No. events	per 100 branches *	No. employees involved	No. events	per 100 branches *	No. employees involved
Thefts (on ATMs)	3	0.15	-	34	1.75	-
Robberies	206	10.62	605	223	11.47	n.a.
Total	209	10.77	605	257	13.22	

* data calculated on 1,940 branches in 2008 and on 1,944 branches in 2007

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the complex phenomenon of “work-related stress” because the banking sector operates in a highly competitive environment and the stress factor should not therefore be overlooked.

In order to provide greater protection for the health of employees, in addition to official activities performed by occupational doctors, we have also set up a confidential mailbox which any employee may use to contact the Group co-ordinating doctor to obtain information or report work-related problems.

Social security

The employees of the banks and other companies in the Group benefit from a form of **supplementary pension** through the participation by the companies

in corporate, sector or “open” pensions funds. Each employee may opt to pay additional sums into the funds, choosing the percentage and line of investment according to the rules of the fund. Group companies also transfer staff severance payments maturing for employees to the fund in observance of agreements with trade union organisations and the provisions of company by-laws and regulations and the Law.

Forms of **supplementary health assistance** exist in banks and Group member companies (funds and policies for medical and health care expenses) which may also cover family members and in most companies insurance cover exists to provide capital payments in the case of death from natural causes or death or permanent invalidity following an accident either at work or away from the workplace.

Most companies grant sums as **gifts** to families on important occasions such as marriages, births and adoptions and **contribute to the income** of single income families and those with disabled members. They also make payments for the studies of children (**scholarship grants**) to supplement those made under the national labour contract and allow **paid leave** to care for disabled family members, for the birth or adoption of children and for them to attend nurseries or for the urgent hospitalisation of family members.

Services worthy of mention include **company crèches for children’s nurseries, company cultural and recreational clubs, some holiday accommodation facilities at tourist locations** (available to employees under special terms) and shuttle bus services provided for travel to and from work running between the main operating centres (Varese, Milan, Bergamo, Brescia). Favourable terms and conditions are granted on charges and commissions for banking services and loans at special rates are also granted for the purchase of homes along with automatic credit on easy terms in line with the best market conditions.

The **Clematis Onlus** Association (www.clematisonlus.org) has been operational since 2002, to respond - as a supplement for assistance provided by public sector authorities and institutions - to situations of difficulty that may arise for the families of Group employees, both in service and retired, with disabled children who are unable to manage for themselves, above all when they can no longer count on care from both parents. The association has entered into standing agreements with specialist residential facilities - some for temporary care - for the children

Health and safety

Accidents	2008				2007 No. events
	No. events	Days lost	frequency ¹	seriousness ²	
At work	66	1,066	2.528	0.0408	55
Travelling to and from work	152	3,474	5.823	0.1331	134
Total	218	4,540	8.351	0.1739	189

¹ Number of accidents per million hours worked

² Days lost per accident for every thousand hours worked

2007 data relate to the Parent Bank, Network Banks (including UBI BPI) and UBISS; 2008 data relate to approximately 97% of Group employees

Prevention and assistance activity	No.
Medical examinations	1,156
On site inspections	471
Training courses	128
Evacuation rehearsals	32
Environmental monitoring	15
Post robbery psychological assistance	40

Training (1,996 employees involved)	No. sessions
Emergency staff	59
<i>of which: fire prevention</i>	15
<i>first aid</i>	44
New recruits	7
Safety representatives and officers	7
Robbery risk training	55
Total	128

Technical intervention to reduce risks	No.
Fire prevention, emergency management, emergency exits	874
Plant (machinery maintenance, etc.)	559
Premises (floors, walls, window ledges, staircases, architectural barriers)	302
Ergonomics (lighting, work stations, micro-climate, etc.)	270
Certificates and documents	99

Data relate to the Parent Bank, Network Banks (including UBI BPI), UBISS and some Product Companies for a total of 19,238 Group employees protected by the prevention and protection service

of members and it has taken out an innovative insurance policy with the Group insurance company, UBI Assicurazioni Vita (now Aviva Assicurazioni Vita), specially designed to provide non self-sufficient disabled children who are orphaned by both parents with an annual supplementary income in addition to what they already receive as a state or survivor's pension. Other initiatives to assist families with problems, which need not be crucial in nature, include payment for the training of parents and their disabled children ("rehabilitation training") and for the purchase of facilities not reimbursed by public or private sector institutions.

Social security

Services and concessions	2008		
	Average No. users	Places available	Level of use
Children's nurseries	64	91	70.3%
<i>of which: Bergamo</i>	33	51	64.7%
<i>Brescia</i>	12	20	60.0%
<i>Milan</i>	9	12	75.0%
<i>Jesi</i> ¹	10	8	125.0%
Mobility (coach)	280		
Activities organised by company cultural and recreational clubs ²	22,584		
<i>of which for: Sports activities</i>	2,735		
<i>Tourism</i>	3,531		
<i>Cultural activities</i>	5,150		
<i>Recreational activities</i>	8,240		
Activities and services for children	2,928		
			Amounts in euro
Children's nurseries			350,000
Mobility (coach)			752,512
Contributions to company recreation clubs			991,906
Supplementary pensions and insurance policies			44,957,969
Study grants and contributions to families			3,328,425
Total			50,380,812

¹ Two places used made available by other companies

² Recreational clubs of BPB, BVC, BPA, CARIME, BPCI, BRE, GID



Clematis Onlus

The Clematis Association Onlus carries the name of a beautiful climbing plant, which is symbolic because in order to grow it needs support and this is the association's purpose, to give support to the families of employees, whether in service or retired, who have non self sufficient, disabled family members.

The activities of Clematis Onlus assist **62 families**, **25** of whom are of retired employees, for the benefit of **64 disabled offspring**.

REGISTERED AND UNREGISTERED SHAREHOLDERS

We work to provide all our shareholders with an attractive return and medium-to-long term growth in the value of their investment through prudent and dynamic management which pursues objectives of capital strength, efficiency and profitability, with careful attention to risk management.

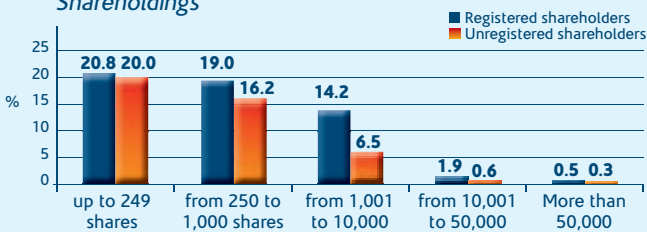
In this perspective we have pursued a course of growth in which we have been active protagonists in the business concentration process experienced by the Italian banking sector in recent years and with this course of action we have created a group that is able to compete with the best national banking operations, thereby enhancing the value of our identity as a "popular" co-operative bank.

The value of the investment

The general weakness of financial markets in 2008, dictated by a series of negative events, caused substantial falls in the price of the share which ranged between a maximum of 18.85 euro per share (to give a stock market capitalisation of 12 billion euro) and a minimum of 10.29 euro per share (to give a stock market capitalisation of 6.6 billion euro). However the share still performed better on average than the banking shares included in the main Italian and European share indices.

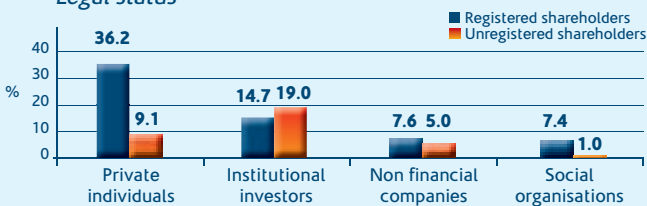
Pressure on shares in the financial sector further intensified in the first few months of 2009 and this also necessarily affected the UBI Banca share even if our Group continues to be one of the soundest in the sector with good capital strength.

Shareholdings



Both unregistered and registered shareholders consist mainly of small investors, who form a broad and solid shareholder base strongly representative of the communities in which we are based

Legal status



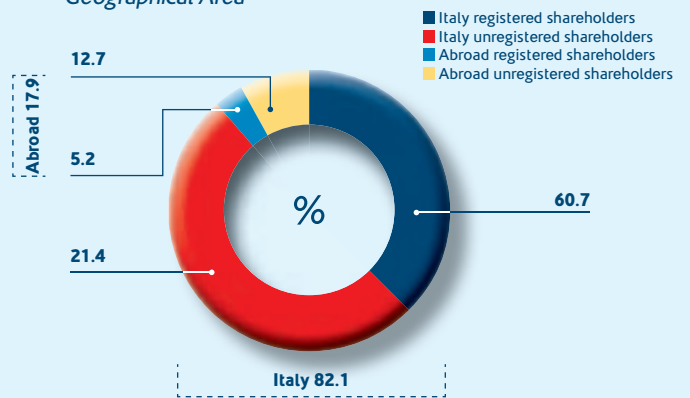
Our registered and unregistered shareholder base consists almost entirely of thousands of individual shareholders, but we have nevertheless succeeded in acquiring the confidence of institutional investors, who today possess 1/3 of the share capital and who almost all (86.9%) make medium-to-long term investments (the ten largest institutional investors hold 40.9% of the total share capital held by this type of investor, an increase compared to 39.7% for the previous survey)

Age (private individuals)



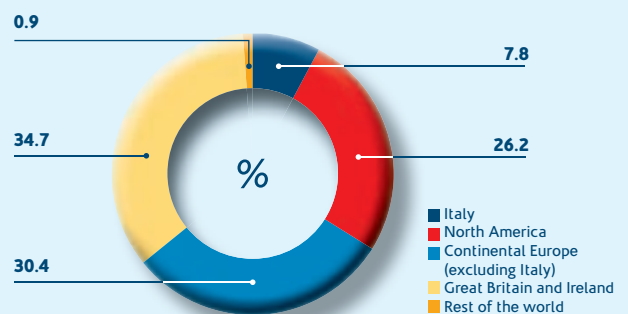
People of all ages invest in UBI Banca, with more younger people among the unregistered shareholders, while registration of shareholdings increases with age

Geographical Area



Registered shareholders hold approximately 2/3 of the share capital and the presence of foreign investors is now well established, with these holding almost 1/5 of the share capital

Institutional investors by geographical area (number of shares)



The data relate to institutional investors identified by name

The foreign component of the institutional investors, identified by name using surveys performed by specialist firms, is greater than 90% with a significant presence in the United States (over 1/4); 505 foreign funds hold 6.6% of the share capital

The share recorded a minimum reference price of 6.15 euro on 9th March 2009, but the price at the end of that month had risen to above 8 euro, which still did not reflect the true value of the Bank in terms of the book value per share (17.32 euro) and the opinions of the investment house analysts and rating agencies – both “conventional” and ethical – that follow the share.

All shareholders of the Bank share equally in the profits in proportion to the number of shares owned. Our objective is to offer the maximum remuneration on the investment possible, compatible with constantly maintaining a capital structure that is adequate for the sustainable development of business.

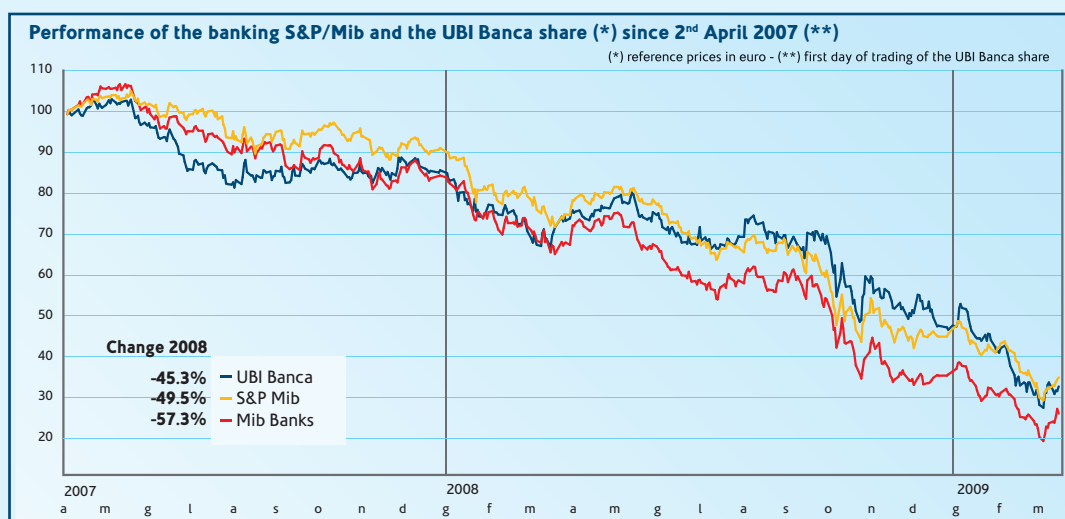
Yet again in 2008, notwithstanding the impact of the serious economic crisis in progress, UBI Banca proposed the declaration of a dividend to the 2009 annual

shareholders’ meeting, although reduced to 0.45 euro per share compared to 0.95 euro in the previous year. In addition to the dividend proposal, the Management Board and the Supervisory Board of UBI Banca submitted two initiatives to shareholders for their approval designed both to increase shareholder loyalty and to ensure the medium term maintenance of the capital strength and liquidity that the Group currently enjoys and which it considers necessary for it to maintain its traditional closeness to local communities and economies, especially in light of the need to support businesses under the current difficult market conditions. These consist of the free-of-charge issue of one warrant for every share held on the ex-dividend date and the authorisation of the Management Board to issue convertible bonds maturing in four years to offer in option to shareholders. The warrants are freely negotiable and give the right – two years after issue –

The main share indicators

	2008	2007
Number of outstanding shares at the end of year	639,145,902	639,145,902
Average price of the UBI share (average of the official prices quoted daily by Borsa Italiana Spa) - in euro	15.029	20.133
Minimum price (recorded during trading) - in euro	10.290	17.780
Maximum price (recorded during trading) - in euro	18.850	22.680
Unit dividend - in euro	0.450	0.950
Dividend yield (dividend per share /average price)	2.99%	4.72%
Total dividends (in euro)	287,615,655.90	607,188,606.90
Book Value (consolidated equity, excluding profit for the period/number of shares) - in euro	17.32	17.10
Book Value (consolidated equity, excluding goodwill and profit for the year/number of shares) - in euro	10.53	10.29
Stock market capitalisation at the end of the year (official prices) - in millions of euro	6,646	11,974
Price/book value (Stock market capitalisation at the end of the period/consolidated equity, excluding profit for the year)	0.60	1.10
Price/book value net of goodwill	0.99	1.82
EPS - earnings per share - in euro (consolidated net profit per share in accordance with IAS 33) (*) - in euro	0.108	1.644
Price/earnings ratio (average price/consolidated profit per share)	139.2	12.2

(*) The EPS for 2007 takes into account the earnings of the companies of the former BLP Group from 1st January 2007.



REGISTERED AND UNREGISTERED SHAREHOLDERS

to subscribe one share for every 20 warrants held at a price to be decided by the shareholders' meeting.

The value of being a registered shareholder

The right to participate in the life of the Bank by expressing an opinion and voting at general meetings is the main right which distinguishes registered shareholders.

A meeting of the shareholders' has been convened for 10th May 2008 to discuss and vote on a proposal to amend some articles of the corporate by-laws, in the extraordinary session, and on the allocation of profits for 2007, on the renewal of the authorisation of the managing body concerning own shares and on the appointment of two members to the

Supervisory Board including the Chairman, following resignations, in the ordinary session.

Participation in general meetings is a registered shareholders' right and also a value for the bank, especially for a 'popular' co-operative bank. Large attendance is an important sign of affection, full and rich debate and a guarantee of broad agreement on decisions. That is why, in continuity with the three-year programme of prize awards commenced in 2007, as an incentive to attend shareholders' meetings, again in 2008 at the end of the debate and voting on all items on the agenda, those registered shareholders present and duly accredited, even by proxy or representative, took part in a lottery for three automobiles with a total value of more than 60,000 euro. A similar initiative is planned for 2009.

"Traditional" ratings

STANDARD & POOR'S		MOODY'S			FITCH			
SHORT TERM	LONG TERM	SHORT TERM	LONG TERM	FINANCIAL STRENGTH	SHORT TERM	LONG TERM	FINANCIAL STRENGTH	
	AAA							
	AA+		Aaa	A		AAA		
	AA		Aa1	B+		AA+	A/B	
	AA-		Aa2	B		AA	A/B	
A-1+	A+		Aa3	C+	F1+	AA-	B	
A-1	A	Prime-1	A1	C	F1	A+	B/C	2
A-2	A-	Prime-2	A2	D+	F2	A	C	3
A-3	BBB+	Prime-3	A3	D	F3	A-	C/D	4
B	BBB	Not prime	Baa1	E+	B	BBB+	D	5
C	BBB-		Baa2	E	C	BBB	D/E	
D	BB+		Baa3		D	BBB-	E	
	BB		Ba1			BB+		
	BB-		Ba2			BB		
	B+		Ba3			BB-		
	B		B1			B+		
	B-		B2			B		
	CCC+		B3			B-		
	CCC		Caa			CCC+		
	CCC-		Ca			CCC		
	CC		C			CCC-		
	C					CC		
						C		
						DDD		
						DD		
						D		
Outlook stable		Outlook stable			Outlook stable			

Investment houses	No.
National	8
International	16
Recommendations ¹	
positive	11
negative	3
neutral	4
Target price (€) ²	
min	6.40
max	17.90
average	9.73

Figures as at 30th March 2009

¹ six companies did not authorise disclosure of the information

² seven companies did not authorise disclosure of the information

Ethical and CSR ratings

Company	Rating	Inclusion in
AXIA Financial Research ¹	Rating Etico A++ Rating CSR A++	AXIA Ethical Index AXIA CSR Index
E.Capital Partners Indices		ECPI Ethical Index EURO ECPI Ethical Index €uro (EMU)
Ethibel		Excellence Investment Register ²
SAM Group ³	54	

¹ Legend:

B = company considered not fit for investment according to AXIA ethical criteria

A = company considered fit for investment according to AXIA ethical criteria

+ = average promotion of positive criteria (the company understands the importance of defining itself as "socially responsible" but tends to simply declare this or to focus its attention on just some aspects)

++ = medium to high promotion of positive criteria (the company is trying to introduce CSR into general strategies; it uses a model which is oriented towards maximising satisfaction for all stakeholders even if there are still problems with implementation)

+++ = high promotion of positive criteria (the company has not only inserted CSR among its strategic objectives but has also put a system for monitoring results into place; it aims at maximising the carrying value of "corporate reputation" on its books)

² Identifies the universe of companies fit for investment for the Ethibel Excellence Index.

³ Rating for inclusion in the family of Dow Jones Sustainability Indexes (an increase compared to 50 in 2007 and 49 in 2006)

In pursuit of its mutual objects, UBI Banca also offers its registered shareholders a **Value Project**, a free of charge package of insurance cover and concessions on the main banking products and services.

The value of communication

We observe principles of proper, clear and equal access to information in our dealings with registered and unregistered shareholders in full compliance with the rules governing the relations of the issuers of listed securities with markets. We apply these principles through the activities of the Shareholders' Service and the Investor Relations Office.

The **Shareholders Service** is responsible for all relations with the Bank's registered shareholders.

It proposes and co-ordinates initiatives for them, processes applications for registration as shareholders and keeps the shareholders register and the shareholders section of the Bank's internet portal up-to-date. All registered shareholders receive a written communication – the "Letter to the Registered Shareholders" – at least annually to keep them up-to-date on the financial and operating position of the Group and on projects in progress.

The Investor Relations Staff – which has been strengthened over the years in line with the size of the Group and its increased importance on the Italian banking scene – is responsible for managing relations with equity (shares) and fixed income (bonds) institutional investors and financial analysts. Investors are assisted on a daily basis by telephone and periodically in individual and Group meetings, often with top management, at

Participation in shareholders' meetings

Registered shareholders attending meetings	10/05/2008	5/05/2007
in person	2,432	1,525
by proxy	1,682	637
Total	4,114	2,162
<i>of which employees</i>	1,076	579

Services and concessions

VALUE PROJECT

BANKING SERVICES

DUETTO

20% discount on monthly charges for the Mini, Mio, Noi and Maxi lines

LIBRA CASH

No activation charge for registered shareholders under 24 years of age

HOME MORTGAGES

Exemption from approval charges for home mortgages

PERSONAL LOANS

Exemption from approval charges for personal loans and loans at easy rates for the study of children between 14 and 18 years of age

INSURANCE SERVICES

FAMILY CIVIL LIABILITY POLICY

Up to 100,000 euro for damage caused involuntarily to third parties, property and animals by the registered shareholder and his/her family members.

ACCIDENT INSURANCE

Compensation up to the value of the UBI Banca shares possessed at the time of the accident (6,000 shares maximum) in the event of death or permanent invalidity greater than 66%

DAILY HOSPITALISATION ALLOWANCE

Daily payment of 25 euro for a maximum of 30 days if hospitalised for an accident for longer than 3 days

SAFE WITHDRAWAL POLICY

Compensation of up to 1,033 euro for loss of valuables following a theft or robbery occurring during paying in or withdrawal operations and payment of up to 258 euro any medical expenses incurred.

REGISTERED AND UNREGISTERED SHAREHOLDERS

Group offices and at events (conferences, road shows, investor trips). The investor relations officer monitors share ownership and changes in it over time by institutional investors at regular intervals during the year, through resort to surveys conducted by international companies, designed to identify individual investors, their country of origin, the size of the shareholding and the quality, style and average life of the investment.

Particular attention is paid to proper conduct, transparency and completeness in the disclosure of information to the press and the general public through press releases and presentations and through the Group website (www.ubibanca.it), in full compliance with Consob (Italian securities market authority) and Borsa Italiana rules of conduct for the disclosure of information that might influence markets. The Group website, together

with newspaper publications, is the main source of information for the public and is considered the main instrument for transparency and the disclosure of corporate information by both the supervisory authority and market regulation authorities.

The results were released in November 2008 of the seventh edition of the annual classification of the best websites of major listed Italian companies in terms of market capitalisation organised by *CorriereEconomia* and performed by *Hallvarsson & Halvarsson*. The study surveyed 83 listed companies for Italy this year. It assesses the English version of corporate websites against 139 criteria – one third of which consider the assessment of financial information – updated each year to take account of market demands for information, new tendencies and new online communication requirements. UBI

80

Means of communication

Financial communication	No.	No. contacts in events
letters to registered shareholders	1	-
conference call	4	372
international conferences	8	57
road show		
	1	6
<i>of which: in Italy</i>	-	-
<i>abroad</i>	1	6
individual and group meetings	114	51
Total		486

Communication with the press	No.
Press releases	43
<i>of which: financial</i>	28
<i>information</i>	7
<i>of social nature / on strictly local community matters</i>	6
<i>on products and services</i>	2
Conferences and meetings	1

Internet Communication

Italy Top80 Webranking by Hallvarsson & Halvarsson

Year	Absolute position	Position in the banking sector	Score (max 100)	% of the best result for the sector
2008	9	2	72.75	87.4%
2007	13	2	62.25	72.3%
2006 *	28	5	46.75	61.3%
2005	49	8	31.5	-

* The score was subsequently increased to 50.25

Entrance in the top 10 with ninth place in absolute terms

Second place for companies with the largest increase in their score with respect to the 2007 edition (+9.5 points) against the trend compared to the average (-4.8 points).

Maximum score for the home-page of the investor relations section

94% of the maximum score for the Social Responsibility section.

Banca again improved its score and its position in the league table.

As concerns the presence of the Bank in newspapers, managed by the **Institutional Communication and Press Relations Staff**, articles on UBI Banca or indirectly related to it increased in 2008 by 60% compared to the previous year. The main subjects covered were share performance, financial strength and closeness to families and small to medium size enterprises for which UBI Banca received positive treatment compared to a generally negative media climate for economic and financial issues. Only 2.7% of the articles with a negative content were explicitly attributable to UBI Banca (e.g. the involvement of the Group in antitrust investigations into the renegotiation of mortgages, comments by trade union representatives on proposals to revise

the Business Plan). The remaining negative articles mentioned the Group in relation to general subjects on finance and the market crisis.

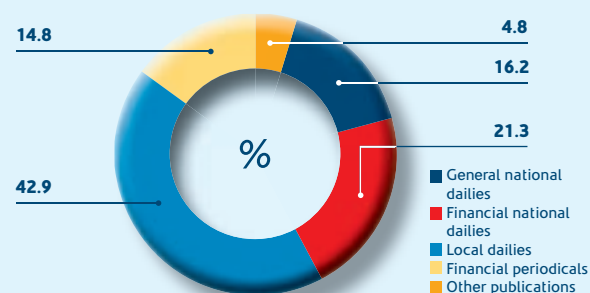
Communication results

Presence in the press	No.
Articles	7,392
<i>of which: corporate information *</i>	20%
<i>mention of brand</i>	56%
<i>social activities (donations/sponsorships)</i>	24%

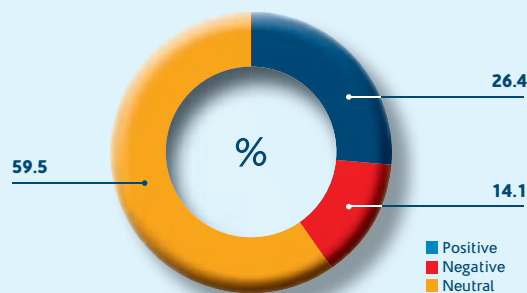
* information on corporate structure and operating results, statements by senior management and on products and services which enable the public to form an opinion of the activities of the Bank

Used of the Group website www.ubibanca.it	Average number monthly
Visitors	81,214
Visits	144,962
Page views	347,342
Pages viewed per single visit	2

Newspapers and periodicals



Opinion of articles



Data calculated on the basis of 1,495 articles which provide corporate information

Source: Analysis of press articles, D'Antona & Partners

CUSTOMERS

All the Group's activities are directed towards continuous improvement of relationships with customers, through conduct based on the principles of legality, transparency, integrity, reliability and responsibility. A competitive and transparent pricing policy goes hand in hand with a strong orientation towards innovation and quality to constantly improve products and services to meet demands for flexibility, security and protection from families and to support businesses to implement growth projects, increase competitiveness and internationalise.

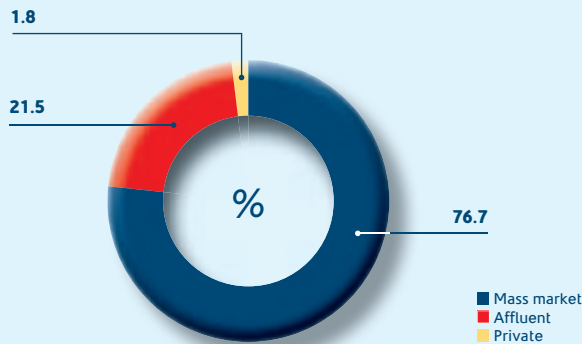
The Network Banks adopt a uniform commercial approach focused on customer needs through physical closeness to communities and service models specialised by market segment (retail, private and corporate banking) and assisted by a technological and organisational infrastructure that

is constantly upgraded and improved. Customers are divided within the three markets into segments that are homogeneous in terms of financial needs and behaviour patterns in order to develop customer relationships, products and services that meet individual requirements as much as possible. Each segment is managed by specialist organisational units and specialist staff, who ensure that each customer has a single, personal and direct point of contact.

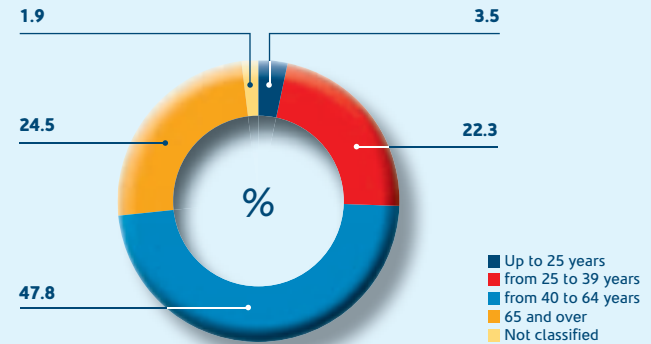
The priority in 2008 for the retail market, which consists of private individuals, "small economic operators" (tradespersons and professionals) and small businesses (mainly small retailers and service providers) with a total of 3.7 million of customers, was to modify the investment service model for private individuals following the introduction of the MiFID directive. The Group participated in the advisory

Private individuals

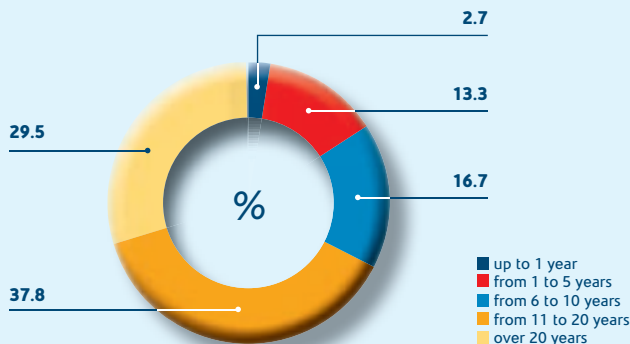
Market segment



Age



Length of relationship



More than ¾ of our customers are persons and families with financial wealth of less than 50,000 euro (Mass Market), mainly in the age range of economic maturity and savings and there is basic parity in the numbers of men and women (48%).

We build relationships of trust with our customers that are long lasting: the average length of customer relationships is 16 years.

service, by training qualified account managers to provide customised advice to customers on individual financial products appropriate to individual risk profiles. At the end of the year 95% of customers contacted had participated in the service and 75% of these had already signed the new contract. For small businesses, we increased our provision of loans granted “under convention” through guarantee bodies and trade associations, boosted the creation of specialist products and services for priority economic sectors and extended the financial advisory services provided by SF Consulting for access to government subsidised loans to all the Network Banks (4,200 business customers contacted during the year with 1,925 files opened and 1,625 operational).

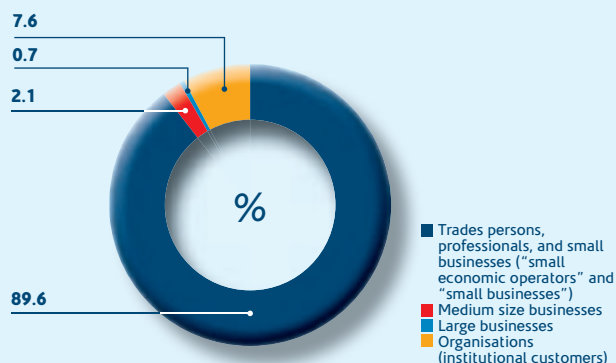
For our 42,000 customers with turnover of greater than 5 million euro in the corporate market we have

extended our CRM system (customer relationship management) and launched a “mid corporate advisory” programme, which exploits the integration of specialist expertise and commercial action in the Network Banks and Product Companies to meet all the needs of single businesses, in terms of both current and future prospects and to provide excellence in prompt and effective banking and financial services.

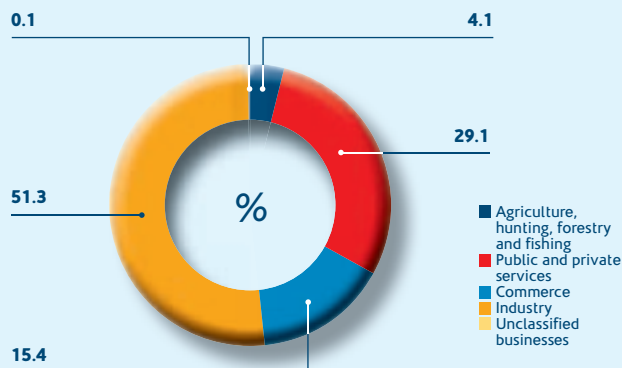
We are the third largest operator in the country in the private banking market (60,000 customers) with a very high capacity to produce positive net worth and to acquire new customers. In order to improve our services to customers we performed intense training activity for commercial staff designed to standardise practices throughout the Group and improve the use of IT tools to support our activities. We also further increased our range of products

Businesses

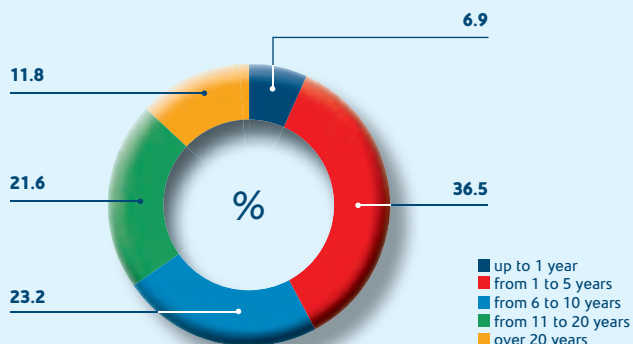
Type



Sector



Length of relationship



The Group maintains its localist vocation at the service of small-to-medium size enterprises which constitute the back bone of the economy in Italy. We are present in all economic sectors with a preponderance of those industries which are characteristic of the geographical areas in which we operate traditionally

We have long term consolidated relationships with more than half of our customers

The average length of a customer relationship is 8 years

CUSTOMERS

and services already highly distinguished for its fullness and quality with a series of innovative services to provide assistance and advice in non financial insurance, pension and ALM (asset and liability management) areas. In the near future we will be able to offer multi-period financial planning services for families and tax, legal and inheritance advice for asset protection and tax optimisation as well as family office services also for educational, leisure and philanthropic initiatives.

The consolidated management report gives detailed information on the distribution structure, customer segmentation criteria, commercial policies and on the range of products and services on different markets. In the Social Report the accent is placed on professional ethics, consultation and dialogue initiatives to improve customer relationships and

attention to the community and important social and environmental issues.

Professional ethics

In implementing our mission as a “popular” co-operative bank with strong roots in local communities, we constantly strive to stand out for the ethics of our conduct which must always be consistent with our declared values and based on the observance of clear and shared ethical principles and the provisions of the law and regulations.

The **Code of Conduct pursuant to Legislative Decree No. 231/2001** – approved by BPU Banca and still in force – states that human resources at all levels of responsibility in our organisation must have no

Financial market focus to support investment services

Market news, figures and information		
Macroeconomic scenario	Main global macroeconomic data and events	Fortnightly
Fmf flash and UBI Basics	News and updates on businesses, regulations and events	Not fixed
Morning Outlook	Data, events and trends on financial markets	Daily
IPO News and UBI Mechanics	Fact sheets for new share/bond issues	Not fixed
UBI Bonds Global Scenario	Report on capital markets	Fortnightly
UBI Rating Survey	Information on changes in the ratings of securities belonging or which belonged to “UBI Selection fmf - Bonds”	Monthly
Quarterly Agenda	Calendar of quarterly IBES-EPS estimates for listed companies on major world stock markets	Weekly
Weekly Calendar	Calendar for releases of the main world macroeconomic data	Weekly
Forex Market Focus	Focus on issues relating to the forex market	Weekly
Swap Spread	Swap rates and market spreads for euro and USA dollar currencies	Weekly
Issues of structured bonds	Documentation on structured bonds issued or placed by the UBI Banca Group	Not fixed
Corporate Bonds Spread	Information on spreads for different maturities on corporate bonds compared to swap rates by rating, currency and economic sector	Weekly

Selection of financial instruments	
UBI Selection fmf - Focus Italia	Detailed information on equities in the S&P/Mib index and on specific futures and options contracts on the S&P/Mib index and on equities.
UBI Selection fmf - Equities (Europe)	A selection of the first 250 shares by stock market capitalisation, selected from more than 6,000 shares listed on 17 European stock markets that are continuously traded, with ratings by at least 5 sector analysts external to the UBI Group.
UBI fmf Selection Bonds	A selection of almost 600 bonds of sovereign debtors and issuers qualified, classified by category of risk MiFID and rating.

relations with persons involved in criminal activities such as trafficking in arms or drugs, money laundering and terrorism, with persons who, insofar as is known, are lacking in the requirements of integrity, seriousness and reliability and with persons whose conduct, even indirectly, is contrary to individual freedom and dignity and/or violates or contributes to the violation of fundamental human rights. One way in which the principles set out in the Charter of Values and the rules of the code of conduct are applied in concrete form is through the formulation of commercial, production and risk management policies and guidelines. With regard to the transparency and the standard of the products and services provided to customers, policies on the following are of particular importance: the distribution of mortgages through brokers; the portability, renegotiation and early repayment of mortgages for direct customers of the

Network Banks and for those distributed through brokers; the sale of structured financial instruments; the sale of derivative instruments.

The issue of proper conduct and transparency in the provision of investment services to private individual customers who use asset under custody services has become crucial in recent years to the reputation of banks. UBI Banca has already set up a “**financial market focus**” service, operational for some time now, to produce and distribute financial information to the commercial departments and staff of the Network Banks of the Group. This service is provided by a dedicated unit operating in the Finance Area of the Parent Bank. Its purpose is to provide constant and effective support to staff so that they are able to provide information to customers – in compliance, amongst other things, with Consob (Italian securities market authority) regulations

Patti Chiari: commitments to quality

			Current accounts	Investment	Loans	
Mobility	Automatic transferability	Stage 1	Automatic transferability of direct debits (operational since February 2007)		Automatic transferability of mortgage information (operational since May 2008)	
		Stage 2	Automatic transferability of credit transfers (wires) Automatic transferability of bank statements and credit cards Automatic transferability of “RiBa” automatic electronic payments Automatic transferability of mortgage repayments	Automatic transferability of securities portfolios		
	Monitoring and publication of times taken	Stage 1	Publication of average times taken to close a current account			
Simplicity and clarity of information	Comparison engines	Stage 1	Bundled current accounts			
		Stage 2	Ordinary current accounts Basic banking services			
	Information engines	Stage 1		Bond information portal		
	Summary fact sheets	Stage 1	Summary fact sheets *			
		Stage 2	Easy statements			
	Price/cost indicator	Stage 1	Bundled current accounts Ordinary current accounts			
Stage 2		Basic banking services				
Guide for customers	Stage 1	“Change account” guide			“Change mortgage” guide	
	Stage 2	Safety guide				
Customer assistance	Quality controls	Stage 1	Monitoring time taken to close current accounts		Code of conduct for lending brokers *	
		Stage 2	Monitoring quality of service standards ATM-FARO			
	Assistance	Stage 2	Basic banking services Centralised call centre FARO		Certification for the deductibility of interest on mortgages	
	Post sales information	Stage 1	Information on ATM terminals on cash debit charges			
Security	Fraud prevention and reimbursements	Stage 1	Reimbursement times for mistaken charges made on cards *			
		Stage 2	Protection for unauthorised card use Home banking protection			

Stage 1 - to be introduced by March 2009

Stage 2 - to be introduced by October 2009

* Introduction postponed until June 2009

CUSTOMERS

– that is consistent with their investment objectives and to assist customers, under their own independent responsibility, to make investment and disinvestment decisions which are based on a knowledge of financial instruments and familiarity with the different relationships between risk and return that characterise them.

The Italian Banking Association plays an important role in supplementing rules for those operating in banking and finance in order to improve the transparency and the quality of bank-customer relationships. It has undertaken various initiatives in this respect and we have adopted the **Code of Conduct for the Banking and Financial Sector** of 1996 and the **Code of Conduct for Mortgage Lending** of 2002, we are a member of the PattiChiari Consortium (with a direct presence in the governing bodies of the consortium) and have signed the **ABI-Confindustria Memorandum** (www.bankimprese.it).

The **PattiChiari Consortium** (www.pattichiari.it) was established in September 2003 to promote a new and more transparent relationship between banks, families and businesses. After five years of activity a need to revitalise the initiative emerged and therefore on 31st October 2008 an extraordinary general meeting of consortium members approved a new constitution and launched a new strategy to guarantee better and more transparent conditions for competition in the sector with the introduction of thirty rules and instruments – **commitments to quality** – divided into four areas of intervention: customer mobility, simplicity and clarity of information, customer assistance and security. The contribution of Group banks also continued within the context of the consortium to promote financial education among young people with teaching programmes for first and second level secondary schools (junior and senior high school) with the participation of experts provided by the banks involved.

The value of integrity is of particular importance in the private banking market, especially with regard to international operations and the use of trusts, instruments that are particularly suitable for managing the critical phases of handovers between generations. While complying with legislation on legitimate inheritance, they limit litigation and the consequent dispersion of value among heirs, protect the rights of the weakest and most vulnerable parties in delicate family situations and generally protect large estates from external aggression. Trust operations are performed by **UBI Trust Company** – a company formed in Jersey in 2000 – which operates in compliance with the latest regulations on anti-money laundering, privacy and professional ethics required under the relative Italian and Jersey law and also in compliance with Italian tax law. It operates only with persons who are already

customers of the Group, adopting rigorous compliance procedures which consider potential risks connected with the line of business and position of customers, the origin of assets (which must be clearly identified) and the reasons for the creation of the trusts. The company is not permitted to carry on business with persons operating in “controversial” sectors such as armaments, gambling, trade in animals and furs and pornography.

Consultation and dialogue

Systematic verification of the perception that customers have of their bank and of the UBI Group in terms of image and reputation, the quality of the products and services and the capacity to identify and satisfy their real needs is fundamental to maintaining long term customer relationships based on trust and mutual benefit.

At the end of 2008 we obtained the first results for the retail and corporate markets of the internal customer satisfaction project termed the **Progetto Ascolto** that was started during the year. We found a level of satisfaction in the retail market (mass and affluent markets) that was equal to or greater (small businesses) than that of the Demoskopea benchmark, while some problems emerged in the corporate segment, where customer satisfaction increased with the size of the company. When the survey becomes fully operational in 2009 we will be able to monitor changes in the satisfaction indicators for the Group and individual Network Banks and branches and also the effectiveness of action undertaken to improve satisfaction.

We have participated in the **Italian Banking Association ‘Observatory’ on customer satisfaction** since 1998. It conducts surveys on customer satisfaction every two years in co-operation with Eurisko providing us with valuable indications including a comparison with our main competitors. The survey conducted for our Group in the period September-October 2008, which involved more than 4,000 customers, confirmed the good level of satisfaction, again higher than the average for the sector nationally, which had increased both overall and for individual banks and market segments despite the poor economic situation.

There were 4,362 complaints received in 2008 (+36.2% compared to 2007) including 173 relating to privacy, 256 to compounding of interest and 242 to securities in default. Complaints processed during the year numbered 3,805 including 1,200 in favour of customers with an average response time of 31 days. A total of 132 complaints were forwarded to the ombudsman, 116 already concluded (13 in favour of customers) with an average response time of 14 days.

Progetto Ascolto - service quality

The interviews performed in 2008 on three markets have already shown some of our strengths and areas requiring improvement on which action has been planned to improve customer relationships.

THE RETAIL MARKET

Customers attribute great importance to personal relationships.

Staff in branches are recognised for their expertise, courtesy and warmth, but greater continuity is demanded in relations with account managers and a more proactive approach in the medium-to-long term.

Response times to complaints is rapid.

Information provided on the range of products and services requires improvement.

Small business customers recognise the adequacy of the credit authorised but request faster response times for granting medium-to-long term credit lines.

Bank statements are considered to be clear and complete, while delivery times must be improved.

Branches are seen as tidy, clean and secure, but greater confidentiality is desired in areas for public use.

THE CORPORATE MARKET

The focal point of relationships with corporate clients is that established with corporate banking units.

Corporate account managers are recognised for their expertise, clear explanations and ability to communicate trust and credibility, while they are asked to dedicate more time to advisory services.

In general customers ask for more consideration to be given to the specific nature of their individual businesses.

The credit granted is considered appropriate and the guarantees and security requested fair, but faster response times in granting credit lines are requested.

THE PRIVATE BANKING MARKET

Private banking customers also emphasised the importance of a personal relationship which continues over the years.

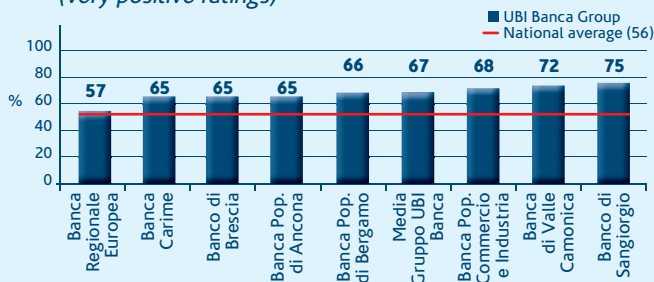
The expertise of our account managers is recognised and a more proactive approach is requested along with support based on professionalism and absolute trust.

Customers perceive a standardisation of the products and services offered and this is a point of concern because they express a demand for customised investment proposals.

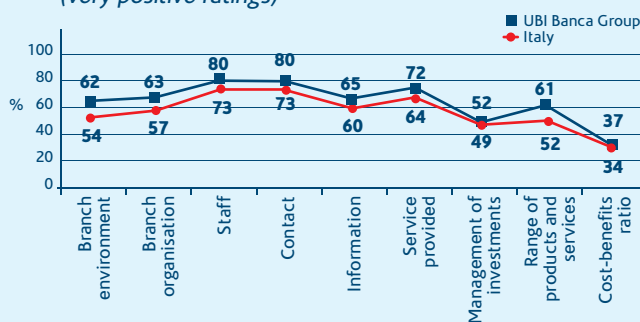
The ABI Observatory on customer satisfaction

The 2008-2009 edition on the retail market - private individuals holding current accounts and/or savings deposit accounts aged between 18 and 74 years of age (interviews performed in the months of May, September and October 2008).

Overall satisfaction (very positive ratings)

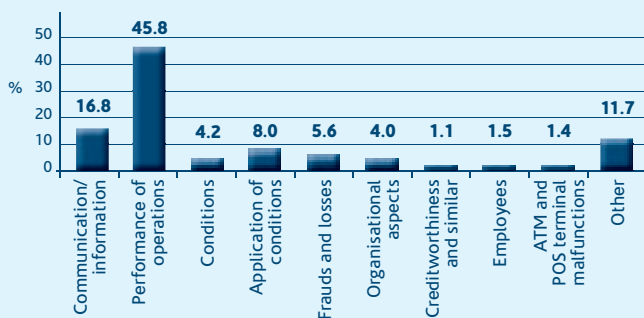


Satisfaction by area of investigation (very positive ratings)

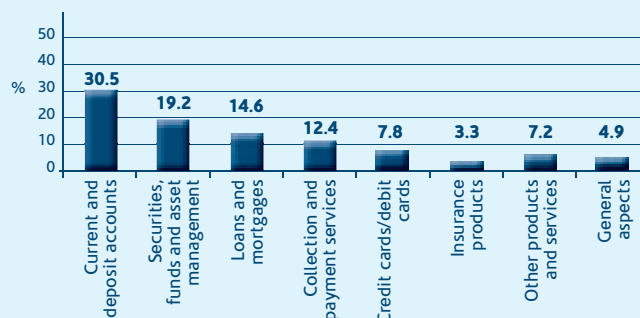


Complaints

Complaints by reason



Complaints by product or service



Figures relate to the Parent Bank and Network Banks (including UBI BPI)

CUSTOMERS

Ethical finance and “controversial” sectors

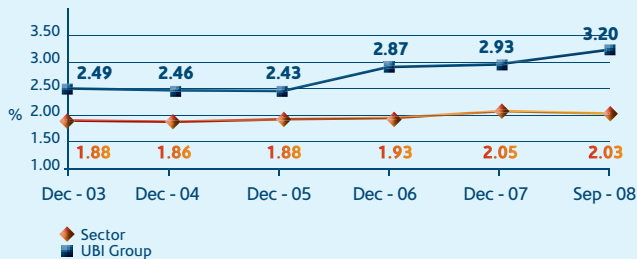
Funding received from the savings of our customers was directed towards economic development and loans to families in the local communities in which the Group operates. Consistent with our mission as a “popular” co-operative bank, we have developed a strong capacity over the years to also acquire customers from among non profit social organisations and enterprises – known as the “third” or social sector – which play an increasingly more central role in the provision of personal services and social and health services in particular.

We offer the UBI Pramerica ethical equity fund to those of our customers who wish to invest their

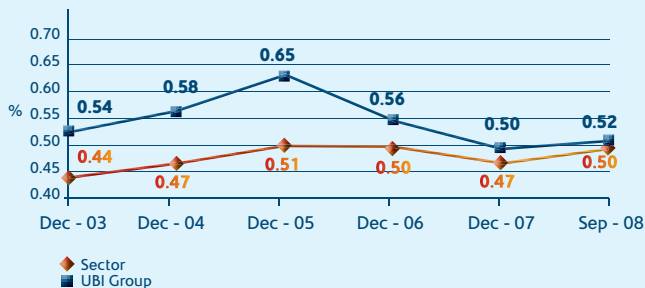
savings in activities specifically distinguished by a high degree of social responsibility. The selection of companies for investment is performed by **E-Capital Partners**, a leading independent consulting firm in the ethical finance sector, and is conducted on the basis of positive assessment criteria (such as high standards of corporate governance and social and environmental responsibility) and negative (criteria such as the exclusion of companies operating in the tobacco, gambling alcohol, arms, pornography and nuclear sectors). Each year the fund donates 5% of the management commissions to organisations and associations with charitable aims. The amount for 2008 was 18,366 euro which was donated in equal parts to the CESVI Onlus for international co-operation and development, to the Save the Children Italy Onlus and to the AIL Onlus (leukaemia).

The importance of the non profit sector

Non profit sector* deposits as a percentage of total deposits



Lending to the non profit sector as a percentage of total lending



* Economic sector according to the Bank of Italy classification: “Non profit organisations at the service of families”

Source: UBI Banca Studies Service processing of Bastra1 data

The UBI Pramerica Azionario Etico (ethical equity) fund

Profile of the Fund	
Objective:	substantial growth in the nominal capital invested
Degree of risk:	high
Time horizon:	5 years
Type of investment:	primary investment in equity instruments denominated in euro; residual investment in collective investment instruments, including in house funds
Assozioni category:	euro area equities
Morningstar index category:	Europe Large Cap Blend Equity
Declared benchmark:	95% ECPI® - E. Capital Partners Indices Ethical Index Euro, 5% Merrill Lynch Euro Government Bill Index Ethical Index Euro, 5% Merrill Lynch Euro Government Bill Index

LARGEST 10 EQUITIES HELD IN PORTFOLIO (DATA AS AT 28.02.2009)

Name	Sector	Country	% of portfolio
TOTAL SA	Energy	FR	4.7%
UNICREDIT BANCA ORD	Finance	IT	4.6%
HENKEL AG VORZUG PRIV.	Consumer goods	DE	4.2%
ENI ORD SPA	Energy	IT	4.0%
UNILEVER NV - CVA (OLANDA)	Consumer goods	NL	4.0%
SAMPO OYJ	Finance	FI	3.9%
BCO SANTANDER SA	Finance	ES	3.4%
VIVENDI SA	Media	FR	3.1%
BANCA POPOLARE MILANO SCRL (EURO)	Finance	IT	3.0%
LOREAL SA (EURO)	Consumer goods	FR	2.9%
TOTAL			37.8%

In 2007 we commenced in-depth analysis of our levels operation in economic sectors considered critical by most rating agencies and investors that apply ethical criteria ("controversial" sectors). This analysis confirmed our almost complete absence from those sectors (a fact confirmed by further analysis into the economic activities of the largest 250 groups of companies granted loans by the Group) consistent with our management style oriented towards observance of ethical and social responsibility principles.

At the end of 2007 a specific Group Policy was set for the arms and weapon systems sector which combines requirements to support local economies and to maintain military units and forces to defend peace and democracy according to the constitution with observance of ethical principles of respect for

the individual and the promotion of human rights. The policy excludes any business relationships involving the production and/or marketing of arms of mass destruction (nuclear, chemical, bacteriological) and other controversial arms such as mines and it establishes rigorous criteria for the authorisation of international trading transactions on the basis of a country blacklist (currently 95 countries).

Involvement in "controversial" sectors

ARMS AND WEAPONS SYSTEMS (exports subject to Law No.185/1990)

COUNTRY	EXISTING AUTHORISATIONS				TRANSACTIONS PERFORMED			
	2007		2008		2007		2008	
	No.	euro	No.	euro	No.	euro	No.	euro
Abu Dhabi			1	8,995,015			4	981,787
Albania (blacklisted country group C) ¹	1	12,597	1	72,411			1	72,410
Algeria (blacklisted country group B) ²					1	76,500		
Australia	1	13,995,801	5	128,170,303	3	4,161,102	12	9,842,454
Bangladesh (blacklisted country group B) ²							1	1,385,858
Belgium	15	52,276,120	9	294,803	35	3,436,354	37	9,897,710
Brazil	1	5,000,000	2	10,135,333			19	425,915
Chile					6	1,256,548	1	195,349
China (blacklisted country group A)					1	44,995	1	40,000
Denmark	1	161,406						
United Arab Emirates	2	19,420,682	4	17,665,977	7	45,620,057	5	8,537,805
Finland							1	2,693,768
France	3	615,147	4	770,589	3	343,065	3	72,500
Germany			2	2,126,130			3	772,379
Japan			1	6,245,108				
Jordan (blacklisted country group C) ²	2	5,755			2	5,070		
Great Britain			1	1,534				
Greece	1	34,355	1	2,441			4	274,201
India (blacklisted country group B) ²					3	21,100	7	112,458
Latvia					1	9,070,399		
Lithuania					1	5,576		
Malaysia (blacklisted country group B) ²					6	485,379	1	246,778
Malta			1	890	1	40,830		
Mexico	1	3,083,422			8	608,961	9	1,417,370
Norway	1	81,000	1	2,850,000				
New Zealand	1	20,993,701	1	22,734,033			2	2,076,346
Oman (blacklisted country group C) ²							5	66,330
Peru	1	1,044,436	1	284,321	2	539,921		
Czech Republic	1	4,200					1	4,200
Singapore (blacklisted country group C) ²					1	122,500		
Spain	1	265,950					2	11,640,745
Sri Lanka (blacklisted country group B)					1	15,716		
Switzerland	2	983,000			4	338,117		
Turkey					11	248,164		
USA					5	1,648,087		
Total	35	117,977,572	35	200,348,888	102	68,088,441	119	50,756,363

¹ Transaction relating to a commitment entered into before the policy came into force, authorised by the Foreign Affairs Ministry in December 2007

² Transactions relating to operations, authorised before the policy came into force

The transactions relate almost exclusively to Banco di Brescia, with a minimum involvement of Banco di San Giorgio and Banca Popolare Commercio e Industria.

97.7% of existing authorisations are for components, parts, equipment and work for aircraft destined to government counterparties (99.5% of the total), the same proportion as the new authorisations granted in (99.8%).

Financial transactions also related almost entirely (89.9%) to aircraft, some not armed (12.8%) and components, parts and work for them.

No authorisations were granted nor were transactions performed in 2008 as exceptions to Group armaments policy.

Furthermore practically no requests were received for operations with countries blacklisted by the policy (e.g. Philippines, Israel, Singapore, Nigeria), because customers are aware of it.

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Attention to the problems of families

The increase in interbank rates (Euribor) that occurred in 2008, a consequence of the serious international financial crisis, resulted in difficulties in making instalments on loan repayments for many families who had taken out mortgages at floating rates because the interest rates were higher. The government intervened to help mortgage borrowers in difficulty by offering them the chance to obtain more advantageous conditions by acting in three directions: the portability of mortgages, the renegotiation of repayments and the replacement of the reference rate.

With regard to **mortgage portability**, the Bersani Decree, converted into Law No. 244/2008, made the full repayment of a mortgage performed at the same time as a new mortgage is taken out with another bank, with the need for loan approval activity, totally free of charge. It is performed according to co-operation procedures between banks designed to reduce the relative times, formalities and costs to a minimum. The Italian Banking Association drew up procedures for interbank co-operation in which participation was compulsory for banks from which mortgages are being transferred (repayment of mortgage with the original bank – “passive transfer”) by 31st May 2008, while participation is optional for banks to which mortgages are being transferred (new mortgage with the “takeover” bank). The UBI Group participated in the “passive transfer” within the legal time limit and as a “takeover” bank for mortgages to private individuals from 13th June 2008. At the end of 2008, “takeover” transactions (new mortgages as a “takeover” bank) completed amounted to 70 million euro against 180 million euro of “passive transfer” transactions (full mortgage repayments). On 8th August 2008 the Antitrust Authority fined 23 banks in relation to mortgage portability (including Banca Popolare di Bergamo Group, Banca Popolare Commercio e Industria, Banco di Brescia and Banca Regionale Europea for our Group) accused of unfair commercial practices, inducing customers to choose the replacement option rather than the less costly portability option, making charges not due and furnishing incomplete and inaccurate information. The Administrative Court of Latium ruled in favour of the appeal presented by the banks against the fine and requested the cancellation of the fines imposed.

Decree No. 93/2008, subsequently converted into Law No. 126/2008, and the relative convention between the Italian Banking Association and the Ministry of the Economy and Finance introduced the **renegotiation of repayment instalments** for holders of floating rate mortgages. When implementing our participation in

the Italian Banking Association-Ministry of Economics and Finance convention, we offered our customers more favourable terms and conditions than those required under the legislation, by reducing the spread of 0.50% on the accessory loan account to zero and by extending the possibility of renegotiation to include mixed rate mortgages. A total of almost three thousand mortgages were renegotiated by the Group on residual loans of approximately 300 million euro.

Finally in compliance with the Anti-crisis Decree (Decree Law No. 185 of 29th Nov. 2008 converted into Law No. 2 of 28th Jan. 2009), with our **Mutuo Sempre Light** we introduced mortgages **index linked to the ECB (European Central Bank) principal refinancing rate in place of the interbank rate (Euribor)**, not just for the purchase of a main dwelling (as required by law), but also for the construction or renovation of a home.

In addition to the concessions provided for by the regulations, we introduced two initiatives for floating rate mortgages designed to facilitate the replacement of mortgages which have become too costly and, for less well-off families, to avoid future unaffordable increases in repayment instalments as a result of potential increases in the reference interest rates. **With the “Scrap Campaign”** commenced at the end of 2007 and which continued into the first few months of 2008, we addressed the problem of customers replacing mortgages taken out with other banks which have become too costly, by bearing the cost of public notary expenses and the substitution tax. At the end of the campaign we had concluded 832 renegotiation contracts against 8,307 customers contacted (91.1% of the customers identified as potentially interested). For less well-off families (with income of not greater than 26,000 euro per year), we formulated a home purchase mortgage which not only offers competitive conditions (Euribor 3 months plus 0.5), but also a repayment schedule with a life which varies as a function of the reference rate in order to maintain the repayment instalments at a constant rate. It is linked to a **Bluecredit** insurance policy, which covers payment of instalments if events such as unemployment, disability or long term hospitalisation of the borrower occur.

In the second part of the year the negative economic situation triggered by the financial crisis sharply highlighted the importance of the issue of access to credit as a necessary condition for the social inclusion of disadvantaged groups (young people, the elderly, people without job security, the disabled and immigrants). One line of action of particular importance in this direction is **micro-credit** as an instrument for the development or recovery of earning capacity through the creation of job-opportunities of a micro-business nature for individuals excluded from ordinary credit

markets because they possess no guarantees. Micro-credit consists of granting loans for limited amounts (7-8,000 euro on average and not greater than 15,000 euro) for a term that varies from a minimum of 12 to a maximum of 60 months, accompanied by professional supervision of the micro-business person during the loan approval period and for the whole of the repayment period. In order to contribute to the growth of micro-credit in Italy as a community development instrument and active employment policy, we have entered into a strategic partnership – destined to become operational in the first few months of 2009 – with **PerMicro Spa**, the first Italian company to specialise in micro-credit. It was established in Turin in 2007 and operates throughout the country.

We offer a particular form of micro-credit to young people, consisting of unsecured loans at easy rates,

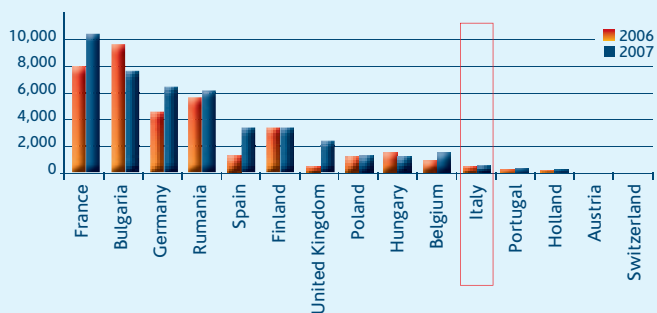
designed to assist with study and education expenses until they acquire autonomous earnings capacities. In addition to the **Diamogli Credito** (give them credit) initiative promoted by the Ministry of Youth Policies and by the Italian Banking Association, the Group also offers its own credit lines provided under standing arrangements with various universities such as the **Dottor Cresco** loans granted by Banco di Brescia and Banca Regionale Europea under agreements with the universities of Brescia and Pavia (which is the initiative with the largest amount of funds allocated) for loans of up to 5,000 euro usable in the form of agreed overdrafts for each year of study up to a maximum of 20,000 euro and repayable in 96 monthly instalments of fixed amounts starting a year and a half after studies are complete. Total funds made available over the last three years amounted to more than 8.5 million euro. Some of the banks in the Group (Banca Popolare

Micro-credit

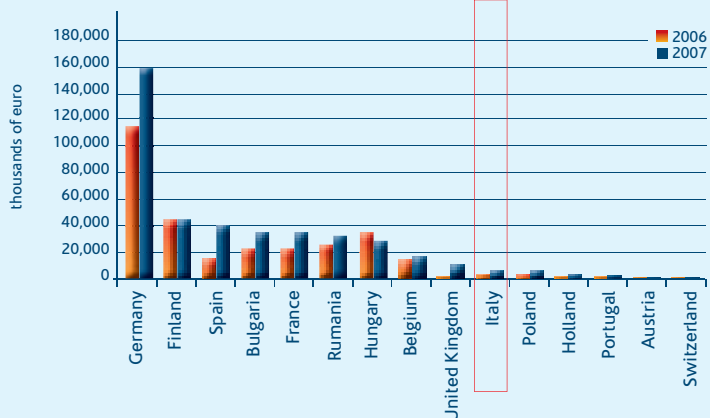
Italy is a long way behind the rest of Europe and there is great market potential for a response to an emerging need for access to credit by the weaker groups in society.

UBI Banca stands in the front line with its contribution to the development of micro-credit as an instrument for social inclusion alongside PerMicro S.p.A., the leading Italian company specialising in micro-credit.

Number of loans granted



Amount of loans granted



Source: Overview of the Microcredit Sector in the European Union 2006-2007, EMN Working Paper No. 5

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di Bergamo, Banco di Brescia and Banca Regionale Europea) have been involved by social welfare associations and organisations such as the Caritas dioceses in **charity initiatives** designed to alleviate extreme economic hardship suffered by families following extraordinary events such as the temporary or permanent loss of employment and redundancy. In addition to helping with donations to form special guarantee funds, our banks are making zero interest rate credit lines available for loans to be granted in 2009. With regard to lay-off and redundancy schemes, Banca Popolare di Bergamo, Banca Popolare Commercio e Industria, Banca di Valle Camonica and Banco di Brescia have entered into agreements reached at local level with provinces, trade unions and trade associations. Those banks have agreed not only to offer the possibility of suspending repayments on mortgages for main dwellings, but also to advance Cassa Integrazione Guadagni (state national insurance redundancy/lay-off scheme) sums, with no interest or commission charges, until they are paid by the INPS (national insurance institute), which being subject to approval by a special decree (ministerial, regional or provincial) may take considerable time to be paid, creating great difficulties for less well-off families.

The promotion of social inclusion also involves the removal of possible difficulties in gaining access to services connected with personal disabilities. UBI Banca is continuing with its commitment to **eliminate architectural barriers** in branches and offices, with the identification of priorities for action on the basis of needs detected and programmed maintenance and renovation activity. Public conveniences for the disabled were installed in 13 branches in 2008 with access ramps and stair lifts in 3 branches, while the height off the ground of an ATM cash machine was reduced in one branch. In the area of sight disabilities, the goal – agreed and pursued in co-operation with the *Unione Italiana Ciechi* (Italian association for the blind) – is the full ability of non sighted and partially sighted persons to use ATM cash machines and automated banking services and a number of cash machines are available in Group branches with luminescent screens, special colour and graphics, Braille readable keys and spoken guides.

Support for local economies

The Group considers the development of products which allow banks to earn attractive profits and at the same time to offer services and conditions to businesses customers, small and medium size enterprises in particular, that are normally only available to large companies to be an objective which creates value for communities. Along

the same lines, it is committed to guaranteeing financial support to businesses, with proper regard to appropriate risk assumption policies, even in times of unfavourable economic conditions like the present. In 2008 we started to market two new bundled accounts, the **Utilio Speciale PMI** (special SME) and **Utilio Speciale Affari** (business special) accounts, a flexible, innovative and concrete response to the requirements of small to medium size enterprises, craftsmen, small retailers and self employed professionals. For the payment of a fixed monthly charge, each customer can choose the banking, insurance and non-banking services (for savings on important business expenses, such as telephone and fuel bills, electronic commerce, information and advisory services) they require from a modular list and they can therefore customise their account, after examining the actual financial advantages at the website www.utilio.it.

In order to facilitate access to credit by small-to-medium size enterprises during the year, we standardised and upgraded our range of loans offered under “convention” agreements with guarantee bodies (Confidi) and trade associations and at the same time we revised our rates for both short and medium-to-long term credit lines on a consistent risk-yield basis, in compliance with Basel 2. This activity, already completed in Lombardy and Piedmont, is at an advanced state of progress in the areas in which Banco di San Giorgio, Banca Popolare di Ancona and Banca Carime operate and they should be concluded by the end of the first half of the year. Thanks to the guarantees issued by the Confidi, we can offer credit lines to our customers at very competitive conditions (spreads starting at 0,50 euro) designed to meet liquidity needs, to restore financial balance (with the medium-term consolidation of short term debt), to strengthen capital structure, update and replace plant, introduce technological innovation and make investments in the energy and environmental fields. New medium-to-long term loans granted in 2008 amounted to approximately 950 million euro, which raised total convention loans at the end of the year to 2.6 billion euro (+5% compared to December 2007), while short term loans rose from 323 to 413 million euro (+28%). We allocated a maximum lending budget for 2009 of 1.5 billion euro for small to medium size enterprises, with very competitive conditions against guarantees provided by Confidis to meet specific investment and borrowing requirements identified locally: an initial tranche of 500 million euro involves the provision of two credit lines (one for short-term requirements to convert receivables into liquidity and one for medium-to-long term finance to support liquidity and to restore financial balance) as part of an initiative by Lombard

institutions, trade associations and guarantee bodies, currently being defined.

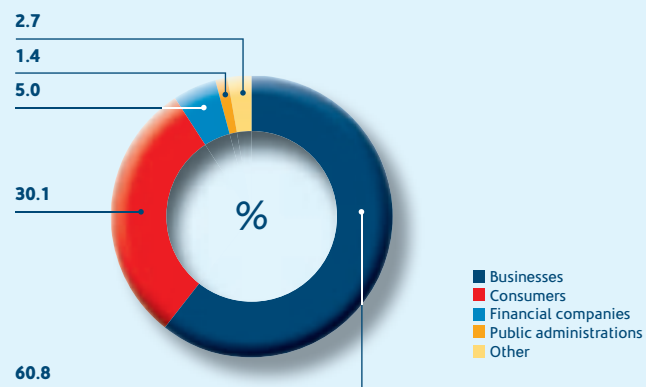
As part of intervention to support small to medium size enterprises, we also took action in the lease sector through an agreement between UBI Leasing and some guarantee body consortiums. The agreement signed allows companies in difficulty with their lease instalment commitments to ask for a revision of the terms of existing lease contracts, which the Group has agreed to assess on a specific company by company basis. UBI Leasing has also started to examine the most serious positions under its own initiative by contacting the companies concerned.

With the arrival of the global economy, it is essential for support for local economies to include

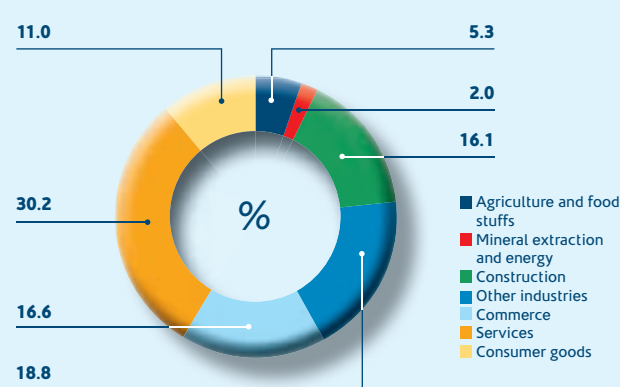
adequate assistance for the foreign business of local firms, especially in emerging markets. It is here that the greatest opportunities for growth exist offered, by particularly high growth rates, but where the provision of financial services remains below the quantitative and qualitative standards that firms require. The representative offices of UBI Banca provided assistance in 700 cases in 2008 contributing considerably to the increase in business transactions passing through the Group, which, in terms of current year figures, increased by 6.7% in the first half compared to 0.1% for the banking sector. We accompany operating activities, which include participation in commercial missions organised by the Italian Banking Association, Confindustria (national employers' association) and the Institute of Foreign Trade (Mexico in February and Vietnam

Lending to businesses

Lending by borrower



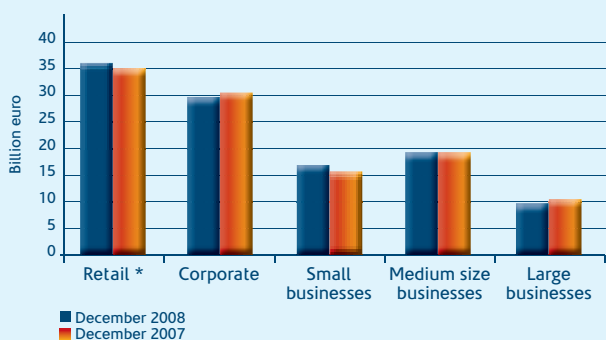
Lending by sector



Figures relate to Network Banks (excluding UBI BPI)

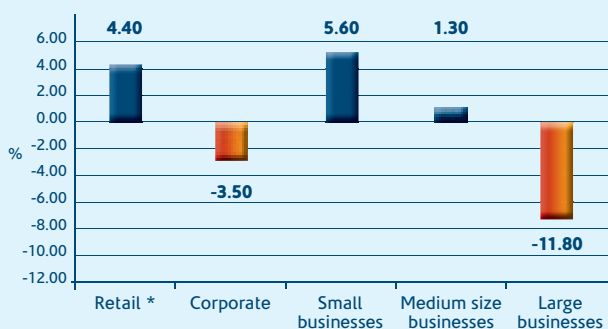
More than 60% of Group lending is to industry, with a composition that reflects the size of the various sectors existing in the local economies which we serve. In order to be able to ensure an adequate level of lending to small-to-medium size enterprises, we reduced our lending to large companies in the second half of 2008.

Monthly lending averages



* includes private individuals and small businesses

Changes in lending December 2007- 2008



* includes private individuals and small businesses

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in November), with cultural promotion of Italy and education and information for business persons on the issues of internationalisation (e.g. with participation in the Sole24Ore five volume publishing project on the international growth of businesses and the creation of a "Business Atlas – Guide to business" consisting of 48 technical sheets on different countries).

New technologies for closeness to customers

Closeness to customers through the physical proximity of branches is increased by the functions provided by new technologies (internet banking, contact centres, telephone banking, 2,465 ATM cash machines and more than 61,000 POS terminals installed in retail outlets), which eliminate distance and time limits on access to banks.

The QUI UBI internet banking service provides customers with information on their banking position (current accounts, securities deposits, payment cards, mortgages, insurance policies, etc.) and enables them to perform a wide range of payment and investment transactions in real time, with maximum security and savings in terms of time and money. Customers, less inclined to use the internet or who do not have a connection can use the telephone contact centre which is active from Monday to Friday until 9.00 p.m. and on Saturdays until 8.00 p.m. with a toll free number.

At the end of 2008 users of remote channels numbered 463,374 (+10.1% compared to 2007) for internet banking and 520,130 (+6.9%) for telephone banking, with significant growth in business both for banking transactions (+14.4% payment and telephone card recharging) and for securities trading on regulated markets (more than doubled and accounting for 47.4% total trading compared to 40.5% in 2007). Telephone banking traffic exceeded 1.36 million calls (+ 70.1%), with almost two thirds handled by automatic answering services. Numerous improvements were made to these services during the year by exploiting opportunities offered by the gradual adoption of a single Group IT platform.

We pay very careful attention to the security of remote channels in order to reassure our customers by using systems to protect against fraud and unauthorised access which are constantly monitored and maintained up-to-date. These include the very effective Qui UBI token

for managing confirmation codes in payment transactions. The Group was subject to numerous phishing attacks during the year for which prompt structural measures were taken to fight them. These included the introduction of anti-phishing and anti-fraud services, the constant and prompt monitoring of suspect events, shared between the Network Banks, and widespread distribution of information and training on appropriate precautions destined to branch account managers, contact centre staff and customers.

In 2008 we standardised the websites of the Network Banks, through which anyone with an internet connection can acquire information on products and services for private individuals (*LA TUA FAMIGLIA* section) and for professionals and businesses (*LA TUA IMPRESA* section) and generally on the history, documents and community activities of each bank. Today these websites express the local vocation of our banks, act as vehicles for access to information and payment services and constitute the most immediate instrument for communicating the commercial initiatives of the Group.

A total of 14.5 million accesses were recorded in 2008 with 25 million page visits and an average number of visitors per month of 42,500. Cetif (a university financial technology research centre) assessed the websites of the Network Banks in December with 45% of the ratings assigned as excellent and 14% good.

SUPPLIERS

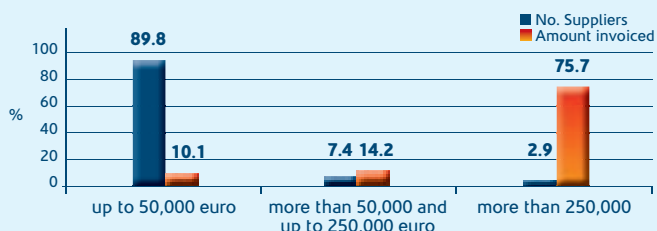
The development and innovation of companies depends, amongst other things, on a procurement strategy on the goods and services market that is able to contribute to the efficiency of organisational and operational units and corporate processes in a context of the economic, social and environmental sustainability of operations. As a consequence all 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. The Group resorts to the market for the purchase of goods and services in relation to IT, telecommunications, marketing, logistics, property and plant maintenance, security, back office, general services and human resources services. Additionally there are also strategic, organisational, legal and corporate advisory services used to acquire specialist expertise not available in the Bank or to receive

assistance with the implementation of complex or extraordinary initiatives.

Our conduct in managing relations with suppliers is designed to maintain mutual satisfaction and to conserve the efficiency and image of the Group. It is based on the observance 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 – whether current or for investment – with the separation of roles between those requesting supplies and authorising payments, those that sign the contract and handle negotiations with the supplier and those keeping the accounts and paying the invoices.

Approved suppliers

Suppliers by amounts invoiced



Figures relate to the Parent Bank, Network Banks (including UBI BPI) and UBISS

The criterion of independence must be observed both for the very large number of small suppliers from whom we purchase goods and services for modest amounts and for suppliers of large orders: the value of their supplies to the Group must not exceed 25% of the supplier's total turnover.

SUPPLIERS

The organisational units of Group member companies responsible for using human, economic and technical resources, for the operational functioning of the Group and for the implementation of projects (responsibility centres) play an active role in purchasing processes. They are responsible for managing the costs attributed to them and for co-operating with the Purchasing Department of UBI Sistemi e Servizi, by communicating their requirements, providing the necessary technical support to ensure compliance with company and Group standards for supplies and by verifying the quantity and quality of the goods or services received. The centres of responsibility which make use of external strategic consultants constantly monitor the services received, where one of the reasons is to verify the transfer of expertise to internal staff which is essential for innovation in the Group.

Contractual Conditions

Our contractual conditions are constantly updated to comply with the legislation currently in force on the basis of periodical monitoring performed by the Legal Affairs Area of the Parent Bank which makes use of external consultants where necessary. 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 means observation of national trade union agreements for the sector to which they belong and of pension, anti accident and insurance legislation along with specific legislation on health and safety. Supplies which are not regular or for small amounts, not strategic and which do not carry a high operational risk are regulated by the general conditions of the standard Group 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. The process of Group integration caused many cases of delays in procedures for the recording, authorisation and payment of invoices in 2008 concentrated mainly in the first part of the year, which resulted in complaints and claims by suppliers all settled on friendly terms with no termination of arrangements. The situation normalised in the first few months of 2009.

The list of approved suppliers

The list of approved suppliers is used by the Purchasing Department of UBI Sistemi e Servizi to register and monitor suppliers who provide goods and services to the Group on a regular basis and occasional suppliers who supply goods and services for amounts greater than 30,000 euro. 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 not inserted in the list of approved suppliers.

The list classifies preferred suppliers by quality, price and financial and capital strength for each type of supply in order to guarantee the quality of supplies. Suppliers are subject to a prequalification process before they are inserted in the approved list which testifies to their financial strength through assessment by an external data bank. Once inserted in the list, they are periodically assessed by using a vendor rating/ranking system capable of identifying suppliers who do not achieve a predetermined level of overall performance. The system operates by using indicators of the quality (50% weight) and competitiveness (25% weight) of the supplies and of the financial strength (25% weight). The qualification process for insertion in the list was modified in 2009 to include reading and acceptance of the Group's ethical code (currently being prepared) and environmental policy.

THE COMMUNITY

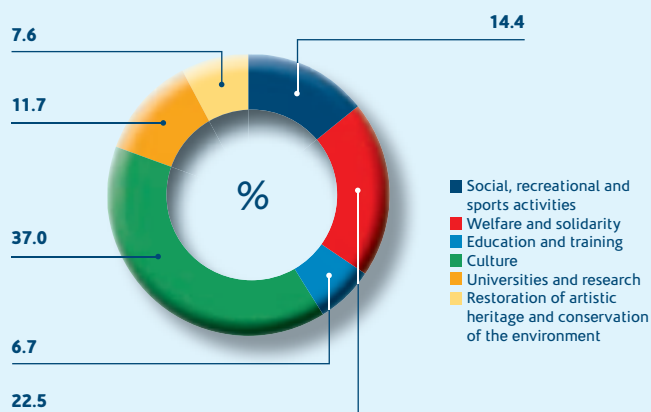
The UBI Group accompanies its banking activity with intense support for social and cultural initiatives in the local communities in which it operates with action taken designed to enhance our corporate identity and to pursue our mutual objectives as a “popular” co-operative bank. Initiatives and projects worthy of support are selected on the basis of compatibility with the values of the Group and of their efficiency, effectiveness and sustainability both for sponsorships for which specific amounts are allocated from budgets and for donations for which amounts are allocated to reserves – where it is the case – as specified in the by-laws when profits are distributed. There are no policies which give priority to determined areas of intervention, except for the foundations, which are governed by precise obligations in their constitutions. The selection of investments is based on direct knowledge of the recipients, by assessing the seriousness and efficiency

of the organisations and the sustainability of the projects it is intended to implement. Nevertheless, in response, amongst other things, to expectations which emerged from dialogue with stakeholders, we are drawing up a Group policy for the management of social action which we are thinking of adopting in 2009, after the annual meeting of the shareholders’ of UBI Banca has approved amendments to the corporate by-laws designed to improve the regulations governing the responsibilities of the Supervisory Board and Management Board on the matter.

Almost all Group intervention in the community is by the Parent Bank, UBI Banca, the Network Banks and the foundations established to respond more effectively to the principal local communities in which the Group operates (Fondazione Banca Popolare di Bergamo Onlus, Fondazione Banca San Paolo di Brescia,

Total intervention by the Group to support the community

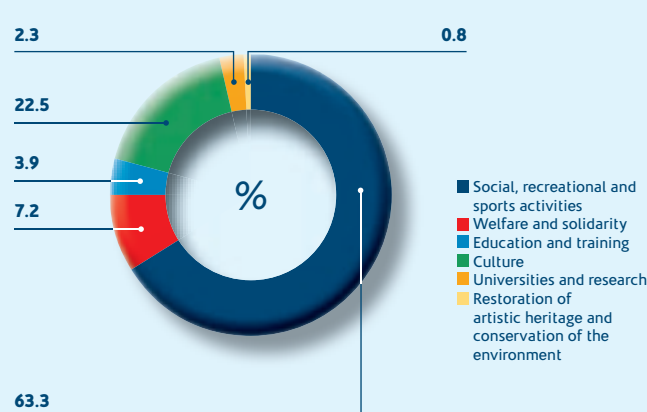
Donations: 13.3 mln €



Figures relate to the Parent Bank, Network Banks (excluding UBI BPI), UBI Leasing, UBI Insurance Broker, IW Bank, Banca 24-7, UBI Pramerica and the foundations

13.3 million euro (+18.3% compared to 2007) was donated in 2008 by the Group to support the initiatives and projects of social organisations in the community with a growing commitment to culture, welfare and solidarity and intervention to restore our artistic heritage and conserve the environment

Sponsorships: 11.0 mln €



Figures relate to the Parent Bank, Network Banks (excluding UBI BPI), IW Bank and UBI Leasing

Donations are in addition to sums given for sponsorships to promote brand names and products and services through supporting causes and social initiatives. Sponsorships in 2008 reached 11 million euro (+23.5% compared to 2007). Social, recreational and sports activities and cultural activities remain the main areas of intervention

THE COMMUNITY

Fondazione CAB and Fondazione Unione di Banche Italiane per Varese Onlus). A summary of the action taken by the Parent Bank is given below, together with that of the individual Network Banks in order to provide a brief report on the activities performed in 2008.

UBI Banca

The Parent Bank not only guarantees the capital endowments of the foundations but it also acts on its own account or jointly with the Network Banks above all on initiatives which are not strictly connected with a given local area and on the promotion of partnerships with the larger, more important organisations.

One of the most significant partnerships is that with CESVI, an important NGO founded in Bergamo,

which we have supported over the years in many of its international solidarity projects with innovative cause-related marketing campaigns. We supported action in 2008 to help the people of Bangladesh hit by the hurricane Sidr, by involving our customers in fundraising with the **CESVI sUBIto** campaign which collected more than 80,000 euro that was then doubled by a donation from the Bank. Photographs of the tragedy and of the reconstruction work, collected together under the title **Amazing Bangladesh**, were displayed in an itinerant exhibition in the principal headquarters of the Group and in a book for the annual general meeting of the shareholders. At the end of the initiative, during the Christmas period, we dedicated a charity auction of the panels of the exhibition to all our employees with the proceeds donated to the new CESVI sUBIto action to help the people of Burma hit by the hurricane Nargis.

Reserves available in accordance with by-laws to the governing bodies of UBI Banca and Network Banks for social purposes

	maximum % allocation of net profit pursuant to by-laws	2008 allocation from 2007 results	2008 donations ¹	Balance as at 31.12.2008
UBI Banca	1.50%	9,285	2,439	11,262
Banca Popolare di Bergamo	2.00%	7,767	6,033	3,855
Banco di Brescia	2.00%	6,062	4,461	7,131
Banca Popolare Commercio e Industria	1.00%	662	681	580
Banca Popolare di Ancona	4.00%	1,000	2,012	221
Banca Carime	3.00%	500	299	201
Banca di Valle Camonica	not set	550	510	150
Total		25,826	16,434	23,399 ²

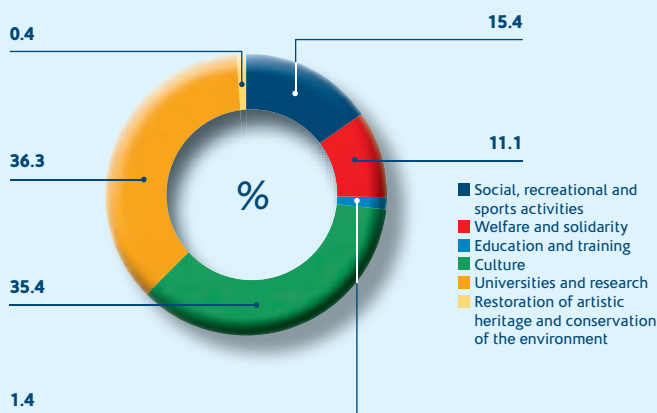
¹ The figure for UBI Banca includes €1 million granted to the Fondazione UBI Banca per Varese
The figure for Banca Popolare di Bergamo includes €4 million granted to the Fondazione Banca Popolare di Bergamo Onlus
The figure for Banco di Brescia includes €4.2 million granted to the Fondazione CAB and the Fondazione Banca San Paolo di Brescia

² Approximately half the amount is already allocated for donations already decided (including those to the foundations of the Group)

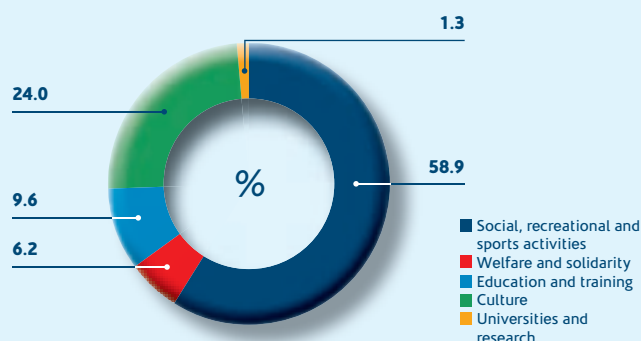
The figures are given in thousands of euro

Intervention by UBI Banca

Donations: 1.4 mln €



Sponsorships: 581 thousand €



We mention some of the many interventions undertaken, either because of the significance of the aims pursued or because of the important partnerships involved.

DONATIONS

Welfare and solidarity

Fondazione CESVI (www.cesvi.org) for the emergency in Bangladesh

CAM Auxiliary Centre for the problems of minors (www.cam-minori.org) for the creation of 10 scholarship grants

Clematis Onlus (www.clematisonlus.org) to support the families of employees with non self sufficient disabled children

Culture

EffettoBibbia – books and text with stories and new interpretations (www.effettobibbia.it) for a series of Bible readings in co-operation with the Diocese of Bergamo

Fondazione Cardinal Federico Borromeo to support the foundation which promotes the cultural initiatives of the Biblioteca Ambrosiana

The Arturo Benedetti Michelangeli International Piano Festival (www.festivalmichelangeli.it) of Brescia and Bergamo

Teatro Grande di Brescia (www.teatrogrande.it) for the opera season

Associazione Sviluppo Sinfonico for the celebrations of the 150th anniversary of the birth of Giacomo Puccini

Universities and research

Università Carlo Cattaneo-LIUC (www.liuc.it) for the project to internationalise the university

Restoration of artistic heritage and conservation of the environment

Fondazione MIA for the project to restore the Monastery of Astino (www.astino.it)

SPONSORSHIPS

Social, recreational and sports activities

A.S. Campus Varese to promote youth basketball

Varese Basketball (www.pallacanestrovarese.it) and ASD Rugby Varese (www.rugbyvarese.it) historical Varese clubs

Goggi Ski Club (www.sciclubgoggi.it), a historical breeding ground for Italian ski champions and very active in the promotion of ski-ing among young people

AS Masseroni Marchese (www.masseronimarchese.it) a football club which encourages and supports hundreds of youths each year to play the game

Bergamo international tennis championship, a traditional event in the city

Culture

Lions Club for the campaign Sight First for partially and non sighted individuals

Elba Jazz (www.elbajazz.it)

The Italian Banking Association 2008 CSR Forum 2008 and the convention on Credito e Società di Vita non profit for business ethics and corporate social responsibility

Stock Market Quotations, a daily programme broadcast by the television company Teletutto of Brescia (www.teletutto.it), the Sole24Ore convention on Financial Communication and Investor Relations for the financial education of the public

Poptus at school, an interesting project to introduce children to reading newspapers

THE COMMUNITY

In accordance with the Integration Business Plan, in 2008 UBI Sistemi e Servizi implemented a project to upgrade the IT instruments of the Group following which it donated its abandoned but still fully functional and usable IT equipment (personal computers, printers, photocopiers, complete work stations) to various nonprofit organisations. The Board of Directors of the company assessed requests from sports, educational, welfare and recreational non profit associations and organisations, both church and non church related, operating both in Italy and in underdeveloped countries (Colombia, Angola) and from schools, educational societies, public institutions (state police, fire brigades) and religious institutes to donate 711 desktops, 969 monitors, mouses, 2 notebooks and 7 printers to 47 recipients (14 voluntary associations, 13 schools, 7 parishes/religious institutes, 6 recreational

associations, 5 police units, 1 hospital, 1 local committee of the Italian Red Cross).

Banca Popolare di Bergamo

In its 140 years of life Banca Popolare di Bergamo has never separated its business commitment from attention to the social and cultural context of the communities in which it has its roots.

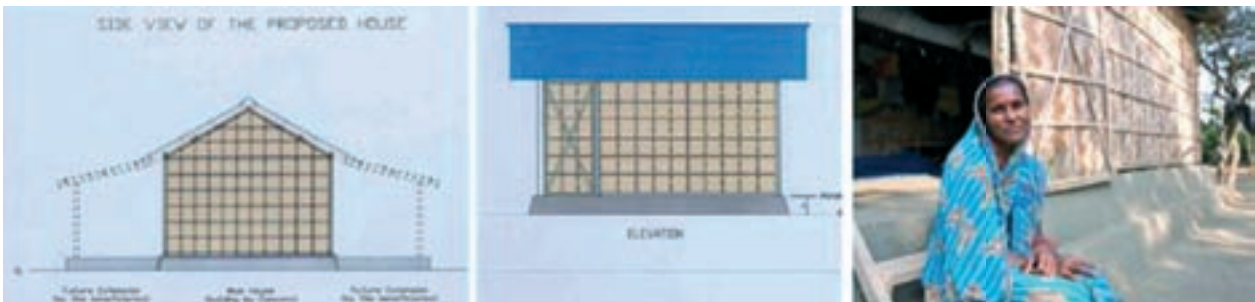
One of the most significant initiatives it took in 2008 in the area of welfare and solidarity was the action undertaken to assist the **Comunità Promozione Umana** (www.promozioneumana.it) to purchase the Maiano Therapeutic Centre which offers assistance to young drug and alcohol addicts and the Don Mazzi **Fondazione Exodus** (www.exodus.it). Traditional

Bangladesh Emergency

The effects of the Sidr Hurricane	Objectives of the CESVI sUBItO initiative	Results	Unit cost in euro *
30 districts hit – 200 groups of villages and 1,650 provinces	Rehabilitation and support for families in serious poverty, by rebuilding homes and basic sanitisation facilities	450 homes built in 6 months	292.89
3,363 dead and 55,282 injured		347 sanitary facilities	25.93
565,000 homes completely destroyed and another 957,000 damaged			
more than 2 million families with no roof over their head amounting to more than 8 million people			

* the total cost of reconstruction - approximately 141 thousand euro – represents 85% of the total funds raised.

The design and materials used for the standard home built were agreed before hand with local people.



support continued for the work of the **Caritas** of the diocese of Bergamo, the **Associazione National Mutilati e Invalidi Civili** (www.anmic.it), the **Società di San Vincenzo de Paoli** (www.sanvincenzoitalia.it) and the **Associazione Cuore Solidale Onlus** (www.cuoresolidale.it). Regular donations also continued to the **Associazione Nepios** (www.nepios.it) for action to protect infants, to the **Unione Italiana Lotta alla Distrofia Muscolare** (www.uildm.org), the **Associazione Italiana Donatori di Organi e Tessuti** (www.aido.it) and to the **Associazione Amici del Trapianto di Fegato** (www.trapiantofegato.org) on the occasion of the annual Bergamo-Rome Granfondo Bergamo.

The Bank sought, within the limits of the funds available to it, to satisfy the requests of a growing number of sports, cultural and voluntary associations

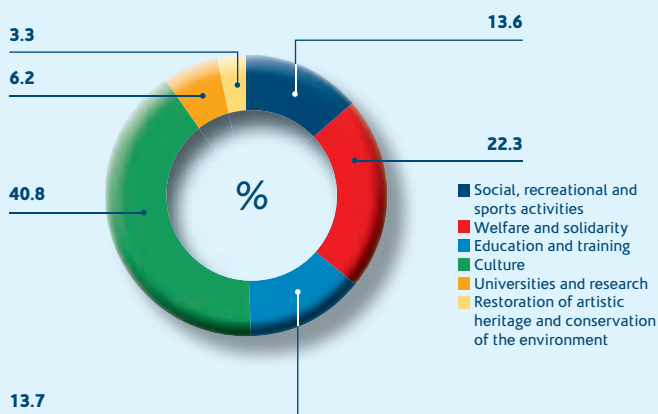
which look to it for real and concrete support for their social and educational initiatives and activities, with particular attention given to new generations and disadvantaged groups. This area includes support for the educational project **Edufest** (www.edufestbg.org) organised by the Diocesan Pastoral Office for the School, the activities of the **Summer Recreational Centres** organised by the Pastoral Office **Età Evolutiva** and the civic literary competition **Lettera alla famiglia di un caduto in operazioni di pace** (letter to the family of a soldier killed in peace operations) organised by the Italian Army in co-operation with the Bank and the Provincial Schools Office. Commitments along the same lines also include those to the **Centro Volontari della Sofferenza** (www.sodcvvs.org), the **Casa Accoglienza Eleonora Onlus** (www.gliamicidieleonora.com) and the **Associazione Generale di Mutuo Soccorso**.

The intervention of the Network Banks

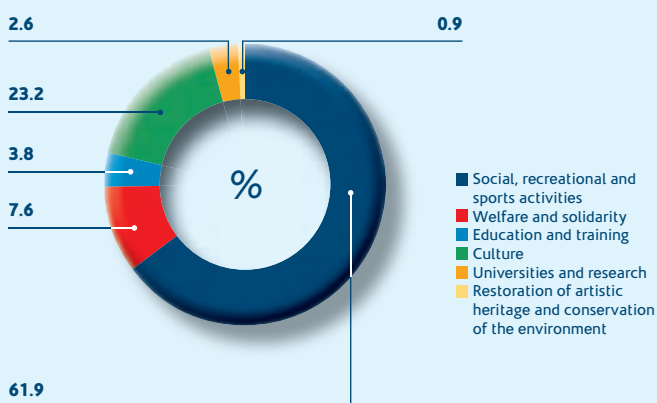
The Group's Network Banks act independently in the community, each on the basis of their knowledge of the social, recreational, sports, solidarity, cultural, educational, scientific, artistic and environmental interests which it recognises as deserving protection and promotion through the awareness of its own people who are active in the various local communities.

A total of approximately 14.5 million euro was disbursed in 2008 in the form of donations, sponsorships and grants, accounting for 60% of the total Group funding – with priority given to the social, recreational and sports, cultural and welfare and solidarity sectors.

Donations: 4.7 mln €



Sponsorships: 9.8 mln €



THE COMMUNITY

The promotion of sport and the values it communicates took concrete form in the sponsorship of events of national interest and of numerous local sports clubs and initiatives including the football club **A.C. Albino Leffe**, the non competitive city walk **Strabergamo** (www.strabergamo.it), the multi-ethnic **Bergamondo** football tournament to encourage contact between different immigrant communities and between them and the people of Bergamo. As an honorary member of the Bergamo section of the **Italian Alpine Club** (www.caibergamo.it), in 2008 the Bank made donations to the project to expand Palamonti and to complete work to modernise the Alpe Corte Refuge at Valcanale and provide access and usability for disabled persons. Assistance with the extraordinary expenses for the renovation of the "Cesare Benigni" refuge belonging to the Alta Valle Brembana section of the Italian Alpine Club was also of importance.

With regard to culture, we also supported the series of meetings, appointment and conferences on the Bible organised by **ACLI** (www.acli.it), the **Nicolò Rezzara Cultural Centre** (www.centrorezzara.it) with the organisation of the 2008 Desidera Bergamo Theatre Festival, the **Clusone Jazz Festival** (www.clusonejazz.it), the **University of Sciences, Letters and Arts** (www.ateneobergamo.it) and the Academy of the **Guardia di Finanza** (www.gdf.it) of Bergamo. Constant attention was paid to the **University of Bergamo** (www.unibg.it), to the Fondazione Bernareggi for the prestigious exhibition **I colori del Sacro. Dal Fuoco alla Luce** and to the **Mario Negri Pharmacological Research Institute** for setting up a scholarship award. In the education and training field the Bank not only contributed to setting up three scholarship awards in co-operation with **Intercultura** (www.intercultura.it) to allow students to attend one year of senior high school abroad but it also supported various schools of different types. Dozens of parishes and local organisations and institutions benefited in 2008 from donations of varying size. They included support for the Parish of Cepino and the Municipality of Sant'Omobono Terme on the occasion of the centenary of the Santuario della Cornabusa.

Finally attention to local context must include mention of that paid within the Bank itself. The policy of corporate subsidiarity included a contribution made for the expansion of the **Alessandro Valsecchi Nursery**, that to the **Clematis Association** (www.clematisonlus.org) to help non self-sufficient disabled children of employees who are in service or retired and the annual support given to the recreational, cultural and charity activities of the **Banca Popolare di Bergamo Recreational Club** (www.cralbpb.it).

Banco di Brescia

The Bank supports numerous cultural and charity initiatives and sports events to underline its closeness to its community, customers and city.

The most significant donations made were to the **Fondazione Banca San Paolo** (www.fondazionebancasanpaolo.it) and the **Fondazione Credito Agrario Bresciano – Istituto di Culture Giovanni Folonari** (www.fondazionecab.it), committed in their support of moral, civil and cultural initiatives and established to pursue the original ideals of the banks of the same names (greater information on the foundations is given later in this report). In the charity field the Bank accompanied the Parent Bank in its support of the **Fondazione CESVI** (www.cesvi.org) with a substantial donation to help the people of Myanmar hit by the hurricane Nargis and it sponsored the photographic exhibition **Amazing Bangladesh**.

The Bank supported the **Master in Moneta e Finanza** in co-operation with the University of Brescia (www.unibs.it). It continued its financial support for the **Fondazione Bresciana per gli Studi Economico Giuridici** (www.progredi.it), which promotes research, refresher courses and training for young graduates and professionals in economics and law and it supported the **ABSL – Bresciana Association for the Study of labour** (www.absl.it) designed to support study, progress and the diffusion of techniques, methods and systems at provincial level in the field of corporate organisation and management.

Support was also provided for the **Teatro Grande of Brescia** (www.teatrogrande.it), the organisation of the **Summer Festival** (with performances by internationally famous musicians in three concerts) the sponsorship – in co-operation with the Province of Brescia – of the 9th Edition of the Festival of Detective Literature **A qualcuno piace giallo** and also the co-sponsorship of the **Mille Miglia** (www.1000miglia.eu), the historical automobile race which takes enthusiasts from all over the world from Brescia to Rome and back again and the sponsorship of the concert to present the 2009 edition.

In the sports field the long standing sponsorships continued for: **Brescia Calcio** (www.bresciacalcio.it) which plays in Serie B, of **Brixia Leonessa Water polo** (www.leonessanuoto.it), a leading national club and finalist in 2008 of the Italian Championship; **Banco di Brescia Rugby** (www.rugbybrescia.net) which plays in Serie A; and the gymnastics team **Brixia ASDG** to which the international champion Vanessa Ferrari belongs. In addition to team sports

the Bank also supports important sports events and initiatives which in 2008 included the **Brescia Art Marathon** (www.bresciamarathon.it), a classic international city event with a route also for amateurs and families and – in co-operation with Banca Popolare di Bergamo – the **Lombard Cycling Week** (www.settimanaciclisticalombarda.com), a race of international importance, divided into six stages which run through the provinces of Bergamo and Brescia.

Banca Popolare Commercio e Industria

With the objective of not only acting to facilitate the economic growth of the areas in which the Bank operates but also the social, ethical and cultural development, the Bank supports initiatives in the field of literature, art and theatre and it has given its assistance to a great many social and charitable activities.

Support in the social, recreational and sports field included that given to **Andemm al Domm**, the non competitive march of Catholic schools from the province of Milan which reached its 26th edition in 2008 and sees the Bank at the side of the dioceses of Milan. Donations were also given to Catholic schools and to study scholarships for the disabled as part of the event.

Another long standing tradition is that of making premises available for fundraising events for welfare, recreational and sports activities which form part of the Bank's support for institutions (schools, institutes, youth clubs) which provide education and training for young people and foundations and associations which perform charitable, welfare and research functions in the health field. These include **Vidas** (www.vidas.it) for the "Vidas Hospice", the **Comunità di S. Egidio** (www.santegidio.org) for the "House of Peace" project in Mozambique, the **Fondazione Dynamo** (www.fondazione-dynamo.org) for running and expanding the Dynamo Camp, a facility for children with serious diseases, the **Fondazione Banca Popolare di Vigevano**, the **Casa dell'Accoglienza di Don Luigi Savarè** and the **National Tumour Institute**.

Facilities, associations and amateur and professional clubs have been sponsored in many different sports (athletics, football, gymnastics, swimming, golf, fencing, etc.), including **Varese Basketball** (l.pallacanestrovarese.it), which plays in Serie A2.

The Bank's activities in the cultural field in 2008 were numerous. It organised the 24th edition of the **Eleonora**

Duse Prize (the only Italian award made to the most distinguished actress of the current theatre season) and supported the City of Milan – as it has for more than ten years – with the **Milano per lo Spettacolo** campaign (consisting of initiatives to support the many facets of the entertainment world – cinema, dance, multimedia, music and prose – followed by the publications **Milanoteatro** and **MusicAmilano**, two much appreciated guides which provide details of theatre and concert programmes in Milan) and the **National Poetry and Narrative Prize** (30th edition), a literary competition which donates the proceeds to the Spoken Book Association Onlus, which produces audio-books for the non sighted.

Co-operation with the **Fondazione Umberto Veronesi** (www.fondazioneveronesi.it) in a two year project for the education of scientists and with some universities including **Università Bocconi** (www.unibocconi.it), **l'Università Carlo Cattaneo – LIUC** (www.liuc.it) and **Università degli Studi di Milano Bicocca** (www.unimib.it) are of particular importance in the field of scientific research. Finally mention should be made of the Bank's commitment to the restoration of our artistic heritage including contributions made to assist with work to modernise the electrical wiring of the **Basilica di Santa Maria delle Grazie**, an architectural masterpiece with its prized jewel, Leonard da Vinci's Last Supper.

Banca Regionale Europea

Banca Regionale Europea invests above all in sponsorships of cultural, sports and leisure time activities, co-operating in many local initiatives based on a long tradition of closeness to communities, co-ordinating them, at the level of image, with the commercial policies of its distribution network. Donation activity, on the other hand, is performed by its two banking foundations: **Fondazione Cassa di Risparmio di Cuneo** (www.fondazione-crc.it) and **Fondazione Banca del Monte di Lombardia** (www.fbml.it), which operate independently giving very large amounts to the areas of intervention specified in their respective constitutions.

In 2008 it continued its long standing co-operation with the **Museo Poldi Pezzoli** (www.museopoldipezzoli.it), with the sponsorship of the most important exhibition organised during the year on Japanese netsuke (miniature sculptures). The Bank was the main sponsor of the series **Cultura in Galleria** (Sunday meetings with authors of fact and fiction), it co-operated with **Teatro alla Scala** (www.teatroallascala.org) and with the **Società del**

THE COMMUNITY

Quartetto (www.quartettomilano.it) for a number of events and commenced a partnership with the **Piccolo Teatro di Milan** (www.piccoloteatro.org) and was entered on its "Golden Roll of Supporters". Co-operation with the town of Pavia continued with support for museum activities, the **Teatro Fraschini** (www.teatrofraschini.it) and the **Ghislieri Music Association** (www.ghislierimusica.org).

The Bank has co-operated for many years with the **University of Pavia**, for which it is the "historical" treasurer, with a series of initiatives including a "University Account" and unsecured loans to students.

In the sports sphere the Bank supported volleyball with the Serie A1 team **Bre Banca Lannutti Cuneo**, whose under 16 section was champion of Italy in 2008. Sponsorship of volleyball is the fruit of a combination of values (non violence, intelligence and team spirit) which the Bank recognises in this sport. It has managed this sponsorship pro-actively over the years with a series of initiatives such as meetings in schools and events in sports stadiums. Sponsorship of the **Vigevano-Pavia international rowing** event continued at Pavia, while the **International Banca Regionale Europea Country Club Tournament** (www.internationalcountryclub.com) and in Milan the **Bonacossa Tennis Club Bonfiglio Trophy** were held under the auspices of the Bank. Co-operation with the **football teams of Cuneo** (www.cuneocalcio.it) and **Pavia** (www.paviacalcio.it) continued as did the traditional sponsorship of school championships in the same towns with the donation of a sports bag for the boys and girls who reach the final.

Banca Popolare di Ancona

Maintaining its spirit of solidarity and social and cultural commitment to the communities in which it operates, in 2008 Banca Popolare di Ancona made important contributions in the form of donations and sponsorships to church, voluntary and welfare associations, recreational, sports and cultural associations, to schools of all types and to local authorities.

Donations included those to the following: the **Ankon Consortium** (whose purpose is to assist in the running of amateur sports clubs and associations, a breeding ground for young athletes), the **Municipality of Jesi** for the purchase of the Fencing Stadium which became the Centro Federale di Fioretto; the **Circolo Cittadino Aesis for musical, poetry, comedy and international**

folklore events; the pensioners' association of the Bank, the **Carlo Urbani Italian Association** (www.aicu.it) established to continue the work of this doctor who died of **SARS** (the illness which he himself discovered), the **Clematis Association Onlus** (www.clematisonlus.org); the **Friends of IOM Association – Marches Oncology Institute** (www.iom-marche.it) to which the Bank donated two motor vehicles in co-operation with Coralis; the **IPE** of Naples (www.ipeistituto.it) for the creation of study scholarships and support for the activities of that school.

In the cultural field we wish to cite action to assist the **Fondazione Pergolesi Spontini** (www.fondazionepergolesispontini.com) in its sponsorship of the theatre season, the Youth Theatre initiative and areas named after the late actress Valeria Moriconi, the Town of Maiolati Spontini for the project to redevelop the **Fornace di Moie** for use as a library (www.bibliotecaforfornace.it), the initiative **Tipicità** (www.tipicita.it) designed to support traditional food products of the Marches and its specialities, the **Musicultura Association** (www.musicultura.it) for an important programme of musical events of importance for young new talent on the Italian music scene, the **City and Culture Project Foundation** for the construction of a new theatre, the **Fondazione Teatro delle Muse** (www.teatrodellemuse.org) and the **Fondazione Angelo Colocci** (www.fondazionecolocci.it). The Bank also supported the exhibition **Luca Signorelli, la Pala di Arcevia and the Masterpieces of San Medardo**, one of the most important cultural events of the year for the Marches and the **Profit and Virtue Convention** of the Association of Young Industrialists dedicated to the subject of corporate social responsibility.

Attention to the environment and the artistic heritage of our towns and cities saw the Bank give its support to the project **I go in by bicycle** for the promotion of sustainable mobility in the town centres of the towns in the province of Ascoli Piceno, to the **S. Maria de Abbatissis - Serra De' Conti Parish** for the restoration of its ancient organ, to the **Santa Maria delle Grazie Sanctuary** at Jesi, for the restoration of the ancient main entrance of the San Nicolò Church which forms part of the complex of the sanctuary and to the **Museum of the San Severo Chapel** for a restoration project.

Relations with the world of schools and academia included support for the competition **Start Cup** of the University of Camerino to promote the university spin-offs of the universities of Camerino and Perugia, for the Law and Economics Department of the University of Macerata for the promotion of cultural and educational activities, for the **University**

of **Urbino** (www.uniurb.it) for a long term research project on issues relating to small-to-medium size enterprises and for the **CNA Rimini School Project** (www.cnarimini.it) for training and career counselling.

In a period of economic crisis like that of today, co-operation with local trade associations is of particular importance for the implementation of initiatives to promote business culture, such as the **Impronta d'Impresa 2008** competition to enhance and promote female business enterprise and the **Confindustria Marches Projects** for training designed to develop and consolidate businesses.

Finally, but no less important, there is support for sport – which the Bank recognises as important in terms of values and socialisation – through a series of sponsorships of a number of local associations and important sports clubs such as **Aurora Basket** (www.aurorabasket.it) and the **Jesi Fencing Club** (www.schermajesi.it) as the main sponsor, the **Athlete Friend Competition** (www.codiceatletico.it), which combines sport with solidarity and the **Porto San Giorgio International Chess Festival**.

Banca Carime

In continuity with previous years Banca Carime paid attention not only to its relations with local businesses, the representatives of trade associations and the institutions of the region but also to the world of associations and communication. The objective of the initiatives supported is to strengthen relationships with local communities, increase opportunities for growth, consolidate a network of stable relationships and commence new partnerships with particular attention to culture – in the conviction that it constitutes an authentic factor for change – and for welfare and public interest activities.

The Social Cultural Fund (added to each year with a quota of profits in accordance with the corporate by-laws) is used for welfare purposes – mainly in the local areas in which the Bank operates – through contributions to humanitarian initiatives, to the weaker groups in society and to cases requiring welfare assistance and for public interest initiatives, mainly in the spheres of culture and art. organised by nonprofit organisations.

The Bank gives a full report of its welfare activities in its own **Social Report**, now in its fifth edition, which constitutes an important means of informing and maintaining relations with local communities

and which may be consulted. Here we mention co-operation with the **Fondazione Zetema** (www.zetema.org) which includes as part of its activities the opening of **MUSMA** (www.musma.it), a museum with the objective of transforming the ancient past of the town of Matera into a testimony of new culture, the work to care for the librarian heritage of Banca Carime in view of the assignment of works to the **Civic Library of Cosenza** and support for the **Le Cesine** nature reserve in the Province of Lecce, as part of the **QuiUBI for the Environment initiative** (www.ambiente.quiubi.it) with which the UBI Banca Group has decided to contribute to the activities of the WWF.

Banca di Valle Camonica

The Bank continued its support again in 2008 to the development of the communities in which it operates, in the provinces of Brescia (Valle Camonica, Franciacorta and the city), Sondrio (Valtellina), Bergamo (Val Cavallina) and Como (Alto Lario).

With regard to donations, it continued to support associations and voluntary groups in local areas with a total of 297 donations made. The Bank supported the **Valle Camonica-Sebino** (www.aslvallecamicasebino.it) **local health board** in 2008 by making a donation to assist with scholarship grants and it also supported numerous nonprofit welfare organisations and voluntary associations including the **Clematis Association Onlus** (www.clematisonlus.org), the **International Inner Wheel** of Brescia for the Rumbeck hospital in Sudan and the **Pia Fondazione di Valle Camonica**.

The recovery and restoration of the church in the ancient medieval monastery of **Salvatore in Capo di Ponte** is of particular importance in the cultural sector and support has been given to numerous events designed to diffuse information on our natural and historical heritage, with regard above all to the Valle Camonica, Franciacorta, Valtellina and western area of the Province of Bergamo. The latest publishing initiative of the Bank fell within this sphere with the publication of the book **Conventi nella Lombardia Alpina** (convents in Alpine Lombardy), which completed the series of books entitled **Alta Lombardia nel Medioevo** (upper Lombardy in the middle ages), which illustrated the presence and history of monasteries, parish churches, castles, stately homes and convents, treated from the viewpoint of the development of the area that lies between the lakes of d'Iseo and Como. Attention was also paid to the musical sector with donations to musicians and to the world of sport with support

THE COMMUNITY

for individual events with a special focus on young people and initiatives for the disabled.

Sponsorships included support for the **Adamello Ski – Ponte di Legno Consortium** (www.adamelloski.com) to promote tourism in Valle Camonica, and for **U.S. DARFO B.T.** (www.usdarfoboario.it) to support the youth team of the football club that is most representative of the Valle Camonica. The Bank supported the **Without Age - Aprica Association** which promotes initiatives for the elderly and the **Six wheels of hope** initiative to offer young disabled persons a day out at the Monza motor racing circuit. The Valle Camonica section of the association of chartered accountants of Brescia benefited from donations for the organisation of three conventions on the subject **The Governance of Businesses in Crisis** and the **Pastoral Commission for the Valle Camonica School – Breno** also received donations for the organisation of a course for teachers. Finally, support was given to the **S. Maria Nascente Parish** for its 2009 theatrical season and to the **Municipality of Capo di Ponte** for the organisation of a market-exhibition for the discovery of the ancient and modern arts and crafts of the Valle Camonica.

Banco di San Giorgio

The Bank continued its support in 2008 for sports clubs and cultural associations in Liguria. It sponsored the **U.C. Sampdoria** (www.sampdoria.it) club which plays in the national football league and gave its support to **CUS Genova Rugby** (www.cusgenova.it), which plays in the Italian Serie B, and to swimming and waterpolo clubs which actively involve young people in their activities. One of the most significant commitments included support for the **Genoa Festival of Science** (www.festivalscienza.it), while donations included that of particular scientific and commemorative importance to the **Gian Vittorio Cauvin Memorial Study Scholarship** to support the research activities of the Haematology Division and the Centre for Stem Cell Transplants of the San Martino Hospital of Genoa (www.hsanmartino.it) and to the **Associazione Onlus Porto dei Piccoli** for projects to organise games and play activities for children in hospital and long term patients.

Fondazione Banca Popolare di Bergamo Onlus

Established in 2001, the foundation performs activity to conserve, promote and enhance the artistic and

historical heritage, for social welfare and health assistance, charity, conservation and enhancement of nature and the environment in the geographical areas of the Region of Lombardy in which the Banca Popolare di Bergamo operates.

The more important commitments to conserve, promote and enhance the artistic and historical heritage included assistance for the **University of Bergamo** (www.unibg.it) to recover and renovate the ancient building of the former Collegio Baroni for use as university premises, while health and welfare initiatives included donations to the **Scala di Giacobbe**, a multi-functional centre for serious disabilities, to the **Mario Negri Pharmacological Research Institute** of Bergamo and to the **Fondazione Centro San Raffaele del Monte Tabor of Milan** (www.fondazioneosanraffaele.it).

An important grant was made to Cobe Direzionale SpA, a company controlled by the City of Bergamo, to hold the exhibition **Italian Painting from the Renaissance to the 18th Century**, organised at Lausanne in co-operation with the Fondation de l'Hermitage, designed to diffuse knowledge of the artistic heritage of Bergamo. Donations were also made to the Municipality of Varese to organise a large exhibition dedicated to **Frà Galgario and the portraits of the 18th Century**, to the **GAMEC** (Modern and Contemporary Art Gallery) of Bergamo (www.gamec.it) for the organisation of an exhibition entitled **Giacomo Manzù** and to **BergamoScienza** (www.bergamoscienza.it), an original and much appreciated scientific event which reached its 6th edition in 2008.

Fondazione Banca San Paolo di Brescia

The Foundation, established in July 1998, is committed to supporting initiatives of a welfare, civic and ecclesiastic nature with special interest for education and culture, the third sector, conservation of historical and artistic heritage and for maintaining the traditions of the history of the community, which it performs, amongst other things, in co-operation with organisations with similar aims. The Governing Council of the foundation formulates its guidelines in compliance with its constitution and supports Catholic church related organisations and associations, with particular attention given to local school and university educational institutes. Again in 2008 the Foundation supported numerous welfare, educational and cultural projects which enabled it to consolidate its position among the major organisations which operate in support of charitable initiatives.

The main commitment undertaken by the foundation in the educational field since it was founded has been to the Brescia site of the **Università Cattolica del Sacro Cuore** (www.bs.unicatt.it). Donations have also been made to **Opera per l'Educazione Cristiana**, with its related organisations consisting of **Istituto Paolo VI** (www.istitutopaolovi.it) and the **Associazione Arte e Spiritualità**, for the development of studies and research on subjects of moral, ethical, religious and cultural value.

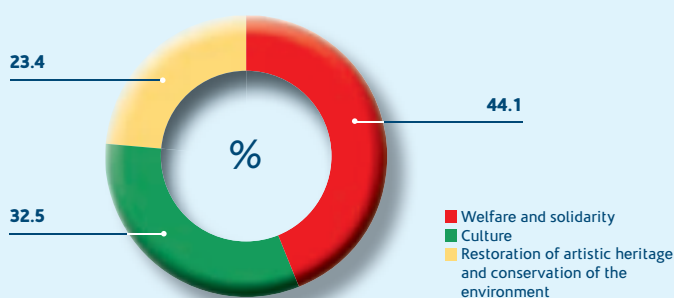
In its work to assist persons in need, the foundation has acted with a continuous commitment over the three-year period 2007-2009 to assist the **Diocesan Caritas** with support for the **Madre Eugenia Menni** soup kitchen for the needy, which serves at least 100 meals per day for Italian and foreign persons suffering from extreme poverty.

The Foundation is a member of **Assifero**, (the Italian Association of Donating Foundations and Organisations), an umbrella organisation for private sector donating foundations (foundations which donate sums to the nonprofit sector to support projects in the interests of society with funds that are totally from the private sector), and again in 2008 it renewed its membership of the **Brescia Non Profit Committee**, which has the principal purpose of encouraging relations of complementarity, information exchange and reciprocal co-operation between nonprofit organisations in the Brescia area. The work of the committee was presented and promoted during the fourth edition of the exhibition-convention *Vivi Non Profit*.

Co-operation with the **Fondazione della Comunità Bresciana Onlus** (www.fondazionebresciana.org) continued on the basis of its similar charitable aims

Fondaz. Banca Pop. di Bergamo Onlus

Donations: 2.6 mln €



Board of Directors

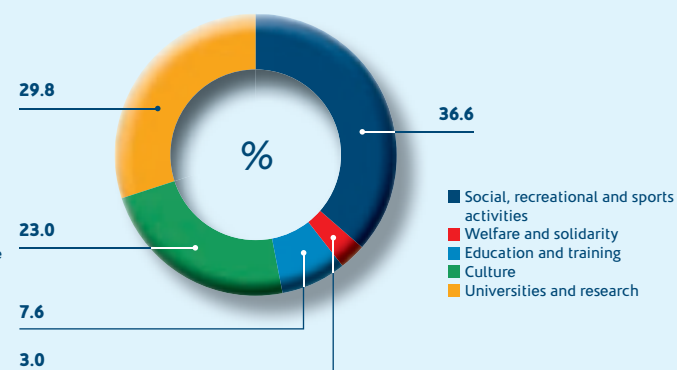
Chairman	Emilio Zanetti	Banker/Businessman
Deputy Chairman	Giuseppe Calvi	Lawyer
Deputy Chairman	Antonio Parimbelli	Former Public Notary
Director	Italo Lucchini	Accountant
Director	Mauro Bagini	Accountant
Director	Guido Lupini	Former Banking Executive
Director	Andrea Moltrasio	Businessman

Board of Auditors

Chairman	Pecuvio Rondini	Accountant
Auditor	Antonio Amaduzzi	University lecturer
Auditor	Adolfo Beneduci	Former Banking Executive

Fondaz. Banca San Paolo di Brescia

Donations: 2.5 mln €



Governing Council

Chairman	Gino Trombi	Banking Executive
Deputy Chairman	Enrico Silvioli	Company Executive
Director	Giuseppe Andreis	Health Executive
Director	Francesca Bazoli	Lawyer
Director	Michele Bonetti	Lawyer
Director	Ruggero Brunori	Company Executive
Director	Giuseppe Calvi	Lawyer
Director	Giuseppe Camadini	Banking Executive
Director	Hélène De Prittwitz Zaleski	Company Executive
Director	Stefano Gianotti	Company Executive
Director	Giulio Guizzi	Former Company Executive
Director	Giovanni Battista Lanzani	Journalist
Director	Fausto Minelli	Engineer
Director	Franco Polotti	Banking and Comp. Executive
Director	Bartolomeo Rampinelli Rota	Lawyer

Board of Auditors

Chairman	Giovanni Nulli	Accountant
Auditor	Eugenio Ballerio	Accountant
Auditor	Antonio Angelo Bertoni	Company Executive

THE COMMUNITY

and the competition was renewed in 2008 for the fourth time for the classification and enhancement of the historical heritage subject to protection and conserved within the Province of Brescia in order to support the continuation of the related project to classify this heritage promoted by the Italian Episcopal Conference.

Finally in order to celebrate the tenth anniversary of the foundation's activities, the members of the Governing Council decided to organise a study convention on "Banking activity and social commitment. History and perspectives in the ten years of activity of the Fondazione Banca San Paolo di Brescia". Important figures were invited to speak from the Brescia financial and academic world who traced a picture of the past, present and future of an organisation – the foundation – with strong roots in the community and representatives from those institutions which had received solid and constant support to perform their activities in the interests of society also participated actively.

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Fondazione CAB

Formed in 1983, the purpose of the foundation in its constitution is to promote, encourage research into, enhance the value of, analyse and divulge actions and aspects that concern culture, education, instruction, social welfare and scientific research.

Inco-operation with the city, the Fondazione ASM, the Chamber of Commerce and the Fondazione Brescia Musei, it dedicates much energy to the recovery and improvement of the **Museo di Santa Giulia Museo della Città** (www.numerica.it/santagiulia) and the **other civic museums** (Pinacoteca Tosio Martinengo, Museo delle Armi, Museo del Risorgimento, www.bresciamusei.com). It promoted and supported, jointly with the Province and the City of Brescia, the recognition of the Museo di Santa Giulia as a UNESCO world heritage site, together with other Italian sites (Cividale del Friuli, Castelseprio, Monte S. Angelo, Benevento, Spoleto, Campello sul Clitunno).

Co-operation with Linea d'Ombra for the project **Brescia. Lo splendore dell'arte** contributed to the organisation of a series of large exhibitions which made the city a cultural and exhibition centre of European standing. The exhibitions **America** and **The drawings of Van Gogh** were received with considerable success both in terms of promoting the city and its hinterland and of stimulating local economic activity as a result of the increased numbers

of visitors and tourists which benefited numerous local businesses. There was also an increase in the participation of schools in Brescia and the province in the workshops organised by the Museo di Santa Giulia when exhibitions were held, which confirmed the educational value of the initiatives.

With regard to welfare initiatives, donations made included those to the **Associazione Mus-e Brescia Onlus** (www.mus-e.it), to the **Fondazione Nocivelli** to support it in its activities and to the **Forum Terzo Settore** (www.forumterzosettore.it) for the Vivi No Profit event. Donations were made in the field of culture on the occasions of the **Festa di Santa Giulia** and of the **International Photography Biennial**, for which the beneficiary was the **Museo Ken Damy** (www.museokendamy.com). Relations continued with local foundations and associations to enhance cultural heritage and its diffusion including those with the FAI (www.fondoambiente.it), the **Associazione Amici dei musei**, the **Associazione Artisti Bresciani** (www.aab.bs.it) and the **Fondazione Ugo da Como** (www.fondazioneugodacomo.it).

Fondazione Unione di Banche Italiane per Varese Onlus

Founded in Varese on 15th July 2004, the foundation acquired official legal recognition in November 2005 and was then able to commence its activities according to the purpose set out in its constitution to conserve, promote and enhance our artistic and historical heritage and to promote social welfare and health assistance in the Region of Lombardy with particular attention to the Varese area.

The foundation is also able to perform its activities to promote culture and art designed specifically to benefit persons who are disadvantaged, physically, mentally, economically or because of their family conditions and this may also be performed by means of scholarships to attend schools, for education and university research. Donations in this respect were made to the **Fondazione San Vittore**, to assign lodging to students living away from home who attend the University of Insubria and to the **Associazione Varese per l'Oncologia** (www.vareseperloncologia.it) to fund a scholarship for the Specialisation School.

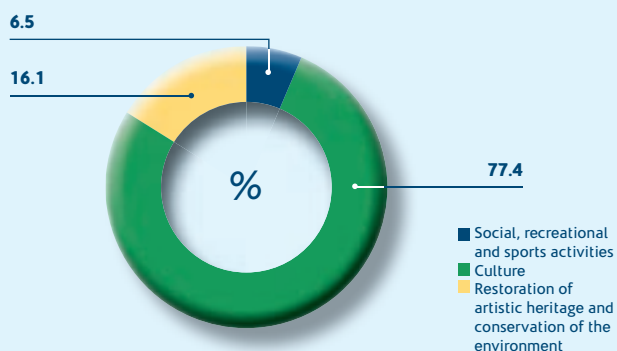
Intervention in the health and welfare field included support for: the **Committee for the Protection of Children in Hospital** for the creation of the new **Il Ponte del Sorriso** Paediatric Hospital of Varese

(www.ilpontedel sorriso.com) which, when completed, will be the third infants and maternity centre in Lombardy; the **Fondazione Renato Piatti** (www.fondazionepiatti.it) and the **Fondazione Lion Mario Ravera**, both for the purchase of passenger vehicles for the disabled; the **Family Clinic of Gallarate** for the purchase of ultrasound equipment.

The foundation supported the following in the cultural field: the **Province of Italy of the Society of Jesus** (www.gesuiti.it) for the restoration of the **Fondo Librario dell'Aloisianum di Gallarate**, the **Fondo per l'Ambiente Italiano** (www.fondoambiente.it) for the organisation of exhibitions, the **Associazione Amici del Chiostro of Voltorre** (www.amicidelchiostro.it) for the organisation of the 2008 cultural season and the **Associazione Amici di Piero Chiara** for the organisation of the 2008 Chiara Prize.

Fondazione CAB

Donations: 1.2 mln €



Board of Directors

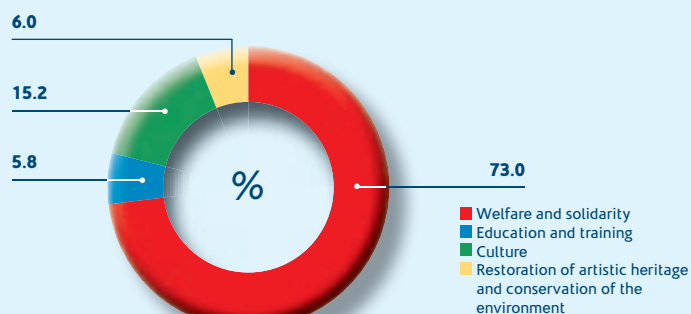
Chairman	Alberto Folonari	Businessman/Banking Executive
Director	Corrado Faissola	Chairman of Italian Banking Association/Banking Executive
Director	Pierangelo Gramignola	Director of UBI Banco di Brescia
Director	Angelo Rampinelli	Lawyer
Director	Antonio Spada	Ambassador
Director	Francesco Lechi	University Lecturer
Director	Franco Bossoni	Public Notary

Board of Auditors

Chairman	Gioannimaria Seccamani Mazzoli	Accountant
Auditor	Antonio Faglia	Accountant
Auditor	Pietro Grazioni	Executive Minister of Cultural Heritage

Fondazione Unione di Banche Italiane per Varese Onlus

Donations: 671 thousand €

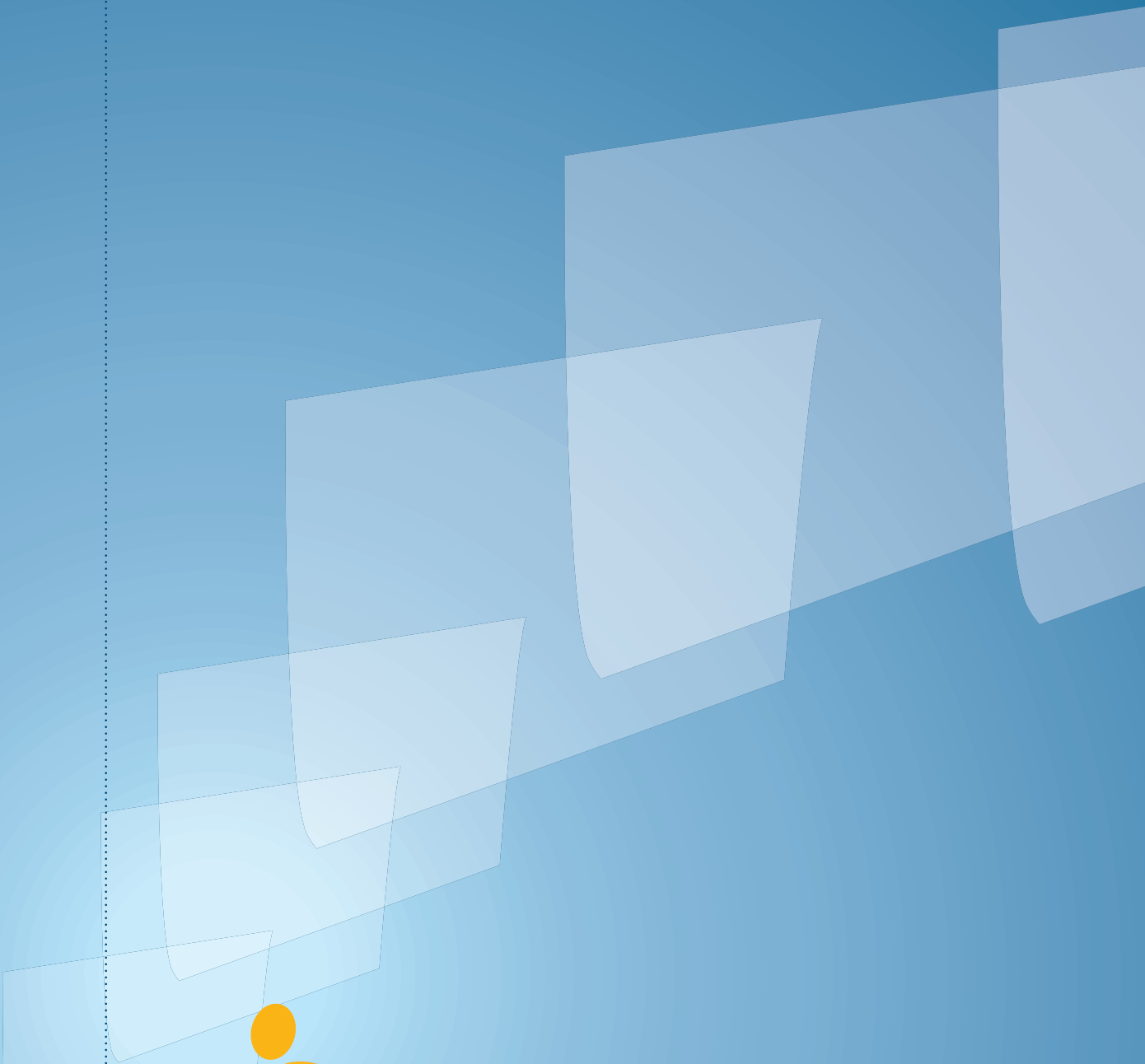


Board of Directors

Chairman	Antonio Bulgheroni	Businessman
Deputy Chairman	Luigi Jemoli	Accountant
Director	Paolo Alberto Lamberti	Businessman
Director	Michele Graglia	Businessman and Chairman of Unione Industriali di Varese
Director	Giorgio Paolo Fachinetti	Neurosurgeon
Director	Anna Bernardini	F.A.I. Consultant
Director	Carlo Bottinelli	Businessman
Director	Augusto Caravati	Businessman
Director	Attilio Fontana	Lawyer and acting Mayor of the Municipality of Varese

Board of Auditors

Chairman	Paolo Bruni Pensotti	Accountant
Auditor	Franco Ponzellini	Accountant
Auditor	Ambrogina Zanzi	Accountant



Environmental report



In less than ten years since it was formed from the union of two historical local amateur clubs, U.C. Albino Leffe reached the high level of the Serie B.
A success story sponsored by **Banca Popolare di Bergamo** and **UBI Assicurazioni**.

DIRECT ENVIRONMENTAL IMPACTS

Banking activities as such have less impact on the environment than that of industrial enterprises both in terms of energy consumption and emissions and the quality and quantity of the waste produced. Nevertheless UBI Banca recognises the need to protect the environment and fight against climate change by systematically seeking to improve its own environmental performance by pursuing the following: improvement of the energy efficiency of its buildings; constant monitoring of energy consumption to optimise and reduce waste; the use of low consumption lighting systems and IT components; the use of renewable energy; the reduction of waste and by ensuring that waste which cannot be recycled or recovered is properly disposed of. No fines or penalties were imposed on the Group in 2008 for failure to observe environmental regulations.

Energy consumption

UBI Banca has formed an **energy management and regulatory unit** at its subsidiary UBI Sistemi e Servizi, which defines guidelines for the optimisation of energy consumption by Group member companies and monitors compliance by intervening directly and/or indirectly in technical, conduct, regulatory and contractual aspects. **The energy manager** is responsible for the supply contracts for all forms of energy (electricity, methane, gasoil, etc.) and co-operates with the purchasing department in the constant search for optimum contract parameters. He takes all the necessary action to ensure rational and optimum use of the various energy sources with the objectives of making savings and procuring supplies from renewable and/or low or zero emissions sources. We also take advantage of the opportunities afforded by

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Consumption

Energy consumption ¹	2008	2007
Electricity (kWh)	135,118,231	109,970,773
per employee (kWh/Emp.)	7,388	5,734
by floor area (kWh/sq. m.)	132	101
from renewable sources (%)	71%	61%
District heating (kWh)	4,614,626	5,403,729
per employee (kWh/Emp.)	252	282
by floor area (kWh/sq. m.)	5	5
Methane (cu m)	5,961,740	5,830,494
per employee (cu m/Emp.)	326	304
by floor area (cu m/sq. m.)	5.84	5.4
Gasoil (litres)	804,147	828,746
by employee (litres/Emp.)	44	43
by floor area (litres/sq. m.)	0.79	0.8
Fuel (litres)	n.a.²	207,917
Total (TOE)	37,595	32,398

¹ Values estimated on the basis of actual spending

² Figure not available following use of external car hire service

Consumption of paper and toner	Kg
Paper *	9,610,000
<i>of which xerographic paper (A3 + A4)</i>	<i>2,110,000</i>
<i>high pile sheet paper for printouts</i>	<i>5,624,000</i>
<i>paper in rolls</i>	<i>1,876,000</i>
<i>ecological</i>	<i>41%</i>
<i>consumption per employee</i>	<i>525</i>
Toner and cartridges	16,700

* Consumption for 2008 does not include continuous pre-printed forms because the introduction of the new Group IT platform involved changes in suppliers and the rationalisation of forms which made it impossible to measure this reliably. No comparison with the previous year is given, because it was not possible to calculate comparable data (the figure given in the 2007 Social Report did not include consumption by a printing centre)

Water consumption (cu m)*	2008	2007
Totale	729,000	690,251
per employee	39.86	36

* Estimated data

Figures relate to the Parent Bank, Network Banks (including UBI BPI) and UBISS

participation in the **Italian Banking Association Energy Consortium**, which acts as a research and training centre for consortium members providing consulting and co-ordination services in analysing expenses and acquiring data. It also co-ordinates a purchasing group to acquire energy at advantageous conditions. We participate actively within the consortium in the working groups "Procurement of electricity for high consumption banks" and "Methane gas database". A database has been created for gas users with which it will be possible to analyse consumption figures and compare them anonymously with those of other consumers in similar environments.

The stable consumption of the Group, which represents the large majority of the electricity and heating consumption, is monitored by a system that is accessible on the internet by all the functions

concerned. The **remote management** system was active in 2007 in 132 branches and 12 large blocks and was extended to cover 8 new branches in 2008. It is planned to introduce it in a further 15 branches in 2009. On the other hand, remote control of 21 branches was no longer possible following the migration onto new surveillance alarm systems. It is hoped to restore this during the course of the year. We have also suspended the project for complete energy diagnosis of large buildings and postponed until 2010 the centralisation of data acquisition on all users in the energy module of the property database management software. Integration of these data with other property data present (surface areas, land registry information, etc.) will give an integrated vision of contracted energy, consumption and costs and full comparability of the consumption of all Group companies.

M'illumino di meno (I use less light)



For the third consecutive year the UBI Banca Group participated in the international energy savings day sponsored by the European Parliament.

At 6.00 p.m. on Friday, 13th February, the neon signs on the main premises of UBI Banca and of the Network Banks of the Group were switched off for the whole night in Bergamo, Brescia, Rome, Milan, Varese, Cuneo, Bari, Cosenza, Genoa, Jesi and Breno

This symbolic initiative was accompanied by activity to educate all employees, because significant reductions in energy consumption depend to a large extent on the behaviour of individuals and on those small things that each of us can do both at work and at home

Attachment 1 to Group Press Release 20 of 12th February 2009

page 1 of 1

"We have not inherited the earth from our fathers, but we have borrowed it from our children" ... "it is to them that we must give account for the decisions we make today".

Ten simple rules to save the environment

1. SWITCH OFF THE LIGHTS WHEN YOU DON'T NEED THEM, when moving from one room to another or at the end of a meeting and when you go home from work: you can reduce consumption by as much as 30%;
 2. PHYSICALLY SWITCH OFF ELECTRICAL AND ELECTRONIC OFFICE EQUIPMENT (monitors, printers, photocopiers and all other electrical and electronic equipment): even on standby they can consume up to 20% of the amount they use when operating;
 3. ADJUST OFFICE TEMPERATURES rather than open windows and never set it above 20° C. in winter (in accordance with Law No. 10/91): consumption increases by 7% for each degree extra. If you can't adjust the temperature, then report it to maintenance if the heating is too high in winter or the air conditioning too cool in summer.
 4. PRINT LESS, read emails and other documents on the video screen rather than print them. When you do print documents, use the function to print on both sides and print documents for internal use in draft quality.
 5. USE AUTOMOBILES AS LITTLE AS POSSIBLE and share them with people travelling the same route if you can, even to travel to work.
- at home:
6. use low consumption bulbs and switch off the lights when you don't need them, when moving from one room to another;
 7. do not leave electrical and electronic appliances on stand-by;
 8. use electrical domestic appliances (e.g. washing machines and dishwashers) efficiently and replace obsolete equipment;
 9. adjust interior temperatures properly both in summer and winter;
 10. reduce heat loss around door and window frames.

THE UBI GROUP CONSUMES MORE THAN 100 MILLION KWH OF ELECTRICITY IN A YEAR.

EVERY LITTLE ACTION YOU TAKE, TOGETHER WITH THOSE OF YOUR 21,000 COLLEAGUES MAKES A DIFFERENCE.

Attachment 1 to Group Press Release 20 of 12th February 2009

page 1 of 1

DIRECT ENVIRONMENTAL IMPACTS

Emissions and Waste

We reduced CO₂ in 2008 following a strong increase in the proportion of **electricity from renewable sources** consumed: 72% of the energy is purchased from the CVA Group, the national leader in the hydroelectricity generation, while the remaining energy (28%), which comes from abroad, is RECS certified (system for the certification of renewable energy – www.recs.org).

As planned, in the second half of the year we connected the Bergamo headquarters of UBI Banca and Banca Popolare di Bergamo to the district **heating system** of the city, which provides heating to the main public buildings and to numerous private buildings from two co-generation power plants run by the company A2A. The relative

supply contract was signed in October. On the other hand we momentarily suspended the project to install a photovoltaic plant in the Banca Carime Management Centre at Cosenza, for which a feasibility study had already been completed.

A substantial contribution to reducing emissions is made by the structural characteristics and the **eco-compatibility** of buildings. At the end of 2008 we completed the energy section of the new standard model branch which involves three areas of intervention for energy savings: electricity and lighting, mechanics and installations, architecture and construction. With regard to electricity and lighting we intend to implement a DALI system (Digital Addressable Lighting Interface), which maintains lighting levels constant by adjusting the quantity of light needed and also regulates

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Emissions and Waste

CO ₂ emissions (Tons)	2008	2007
Electricity	19,435	22,627
Methane	11,685	11,428
Gasoil	2,091	2,155
Lpg	n.a.	17
Fuel (for motor vehicles)	n.a.	478
Total	33,211	36,705
per employee	1.83	1.91

The emissions are estimated on the basis of the following coefficients:

- ELECTRICITY FROM RENEWABLE SOURCES = 0.00 kg CO₂/kWh
- ELECTRICITY FROM NON RENEWABLE SOURCES = 0.496 kg CO₂/kWh
- METHANE = 1.96 kg CO₂/cu m
- GASOIL = 2.6 kg CO₂/litre
- DISTRICT HEATING = n.a.

For 2008:

- the calculation of CO₂ emissions resulting from the use of electricity was performed on the 29% which was not generated from renewable sources.
- it was not possible to calculate emissions for fuels: the Group car fleet was replaced during the year by an external car hire service.

Waste separation	Kg		Kg/sq		Kg/employee		Recycled/recovered	
	2008	2007	2008	2007	2008	2007	2008	2007
Paper	1,923,150	1,707,308	1.883	1.641	105.149	94.113	100%	100%
Paper and cardboard packaging	505,708	807,564	0.495	0.776	27.650	44.516	100%	100%
Other packaging	209,169	196,511	0.205	0.189	11.436	10.832	100%	100%
Solid urban refuse ¹	n.a.	84,892	n.a.	0.082	n.a.	4.680	n.a.	n.a.
Equipment	6,160	67,447	0.006	0.065	0.337	3.718	100%	100%
Toner	35,155	37,753	0.034	0.036	1.922	2.081	100%	100%
Lead batteries	3,321	15,903	0.003	0.015	0.182	0.877	100%	100%
Glass, cans and iron	13,100	7,770	0.013	0.008	0.716	0.428	100%	100%
Sludge	n.a.	1,230	n.a.	0.001	n.a.	0.068	n.a.	100%
Used oil	n.a.	950	n.a.	0.001	n.a.	0.052	n.a.	100%
Plastic	1,440	40	0.001	0.000	0.079	0.002	100%	100%
Large items of waste and wood	2,285	n.a.	0.002	n.a.	0.125	n.a.	100%	n.a.
Medical waste ²	10	n.a.	0.000	n.a.	0.001	n.a.	0%	n.a.
Fluorescent tubes	344	n.a.	0.000	n.a.	0.019	n.a.	100%	n.a.
Plasterboard	190	n.a.	0.000	n.a.	0.010	n.a.	100%	n.a.
Oil filters	5	n.a.	0.000	n.a.	0.000	n.a.	n.a.	n.a.
Total	2,700,037	2,927,368	2.643	2.814	147.626	161.368		

¹ Quantities are not reported: the waste is collected and handled directly by the public refuse service

² Sent for disposal

In 2008 Banca Popolare di Ancona (Esagono site) performed a collection of septic tank sludge and mixed waste from cleaning drains amounting to 17,070 kg, which was sent for disposal

Waste consisting of dismantled signs as part of the rebranding project was the responsibility of the firms contracted to perform the work and it was disposed of in compliance with existing regulations (it is not therefore included in the figures given)

Figures relate to the Parent Bank, Network Banks (including UBI BPI) and UBISS

it on the basis of the technological deterioration of individual bulbs. Also at the entrance to the UBISS premises at Brescia we have experimentally installed LED lights to assess their use in interiors in which it is not necessary to light working surfaces. In the mechanics and installations area we have introduced high efficiency systems such as inverter heat pumps (VRV), condensing boilers and higher CoP (coefficient of performance) refrigeration units. In the architectural and construction area we plan to increase the use of insulation and film on windows to control sunlight. This reflects up to 70% of the incoming heat, maintaining interior temperatures of buildings lower and thereby reducing air conditioning expenses.

We have taken important action at the headquarters of UBI Sistemi e Servizi (UBISS) at Brescia to upgrade the **server farm**, replacing 190 physical machines with 23 virtual machines to give final energy savings estimated at 697,000 kWh per year – amounting to 340 tons of CO₂ emissions – as a result of the lower consumption of the machines and the lower air conditioning requirements of the premises in which they are housed. Similar action will be taken in 2009 at the Bergamo services centre with virtual machines capable of even higher performance which will provide energy savings estimated at 305,000 kWh per year equivalent to approximately 145 tons of CO₂ emissions.

As concerns separate waste collection, the proportion sent for recycling and recovery amounted to 98.8% of the total.

Consumable materials

Paper and toner undoubtedly constitute the most important items from an economic viewpoint and that of the consumption of natural resources. For some time now we have been using ecological paper for laser printers and photocopiers and paper rolls, which is produced with cellulose from sustainable forests and is ECF (Elementary Chlorine Free) certified. Then in 2008 we developed the paperless project for the use of digitalisation (conversion of a hardcopy document into an electronic file) in all operating processes which involve the use of hardcopy, in order to make savings on both the use of paper and expenses for archiving and delivery. Reductions in paper and toner consumption can be made not only through action taken to reduce internal consumption but also by the use of internet banking services on the part of private individual

customers (promoted with the QuiUBI for the environment campaign) and the related service which sends bank statements and other bank documents in electronic instead of hardcopy form. Additional savings can also be made with paper by reducing the gram weight (75g per sheet), which is currently under experimentation.

As concerns consumable materials in general, we are completing tender selection processes for the supply of office materials which will provide the Group with a single catalogue of rational, certified and low environmental impact products.

INDIRECT ENVIRONMENTAL IMPACTS

Control of indirect impacts has the dual objective of containing risks attaching to commercial transactions and benefiting from new business opportunities, by promoting greater environmental awareness and at the same time reducing environmental impacts generated by our business partners.

Over the years we have developed banking, financial and risk management products and services designed to encourage our customers to manage their activities in a sustainable manner by improving and/or converting their production processes and obtaining environmental certifications. We require all our suppliers to fully comply with labour and environmental regulations and in 2009 the qualification process for insertion of new suppliers in the approved suppliers lists will include a requirement to read and accept the Group's ethical code (currently being prepared) and environmental policy. Progressive application of the latter will make our action increasingly more incisive with a more effective contribution to protecting the environment in the communities in which we operate.

"Green" loans

The Group provides specific types of loan as an incentive to diversify energy sources, to produce energy from renewable sources or with a low environmental impact and to rationalise consumption. The range is centred on the *New Energy* and *Sun Strength* product lines which are derived from previous products, some of which developed independently by the Group's Network Banks.

In 2008 we created **New Energy**, a loan product (marketed since the beginning of 2009 initially by the former BPU Network Banks) dedicated to businessmen who invest in the environmental sustainability of their businesses. It consists of two different lines which finance up to 100% of an investment: **Photovoltaic** and **Renewable Sources and Energy Savings**. The photovoltaic line is for investments to install and expand plant for electricity generation using solar energy. The loans granted range from a minimum of 25,000 euro to a maximum of 3 million euro, with a maximum repayment period of 15 years for unsecured loans and 18 years for secured loans and all loans may be linked to **Helios** insurance policies provided by UBI Assicurazioni, to cover direct damage to plant and indirect damage resulting from failure to generate electricity. The "Renewable Sources and Energy Savings" line is for investment in electricity

generation from renewable or low environmental impact sources (wind power, solar, geothermal, hydro, wave power, biomass, waste dump gas and biogas) to rationalise consumption and improve energy efficiency (including bio-building). It offers loans ranging from a minimum of 25,000 euro for a maximum term of 12 years if unsecured and 18 years if secured.

Sun Strength (granted by B@nca24/7 and distributed by all the Group's Network Banks since the end of 2008) is a personal loan granted at special rates to private individuals who intend to purchase and install photovoltaic equipment. The loans range from 5,000 euro to 30,000 euro with repayment over between 36 and 125 months and they can be linked to an insurance policy, to cover direct and indirect damages. This product replaces the Banca Popolare di Bergamo My City project which operates on the basis of agreements between that bank and local administrations. There are at present almost 130 agreements in existence with municipalities, provinces and Lombard and Piedmontese mountain communities accounting for more than two million residents, which however remain valid and operational.

Qui UBI for the environment (www.ambiente.quiubi.it)

The *QuiUBI* for the Environment initiative is a marketing campaign running from October 2008 to March 2009, implemented in co-operation with WWF Italia to promote *QuiUBI*, the Group's internet banking service.

The campaign proposes the use of the service not just as a choice of economic ease and convenience with the possibility of "dropping into the bank" at any time from home or the office, via internet or telephone, and to perform normal banking transactions at costs lower than at a branch, but also as a choice which demonstrates attention to the environment because it reduces travel and therefore CO₂ emissions and also the consumption of paper and toner because statements and other banking documents are sent in electronic format.

As part of its co-operation with the WWF, the Group is making donations through the Parent Bank and the Network Banks to support projects to conserve and protect the environment, by symbolically adopting five "oases" in the WWF system and two regional parks for the whole of 2009: the Valpredina and Bosco di Vanzago oases in Lombardy, Valmanera in Piedmont, Ripa Bianca di Jesi in the Marches region, Le Cesine in Puglia, the Cinque Terre National Park in

Liguria and the Adamello Regional Park in Lombardy, all protected natural areas located in the communities in which the Network Banks of the Group have their origins and roots. The conservation and environmental projects selected range from botanical gardens at Valpredina and a nursery at Cesine to restore vegetation destroyed by fires, the use of bees to monitor the presence of pesticides and metals in the Ripa Bianca area, the creation of an ecological corridor to connect the natural areas of the Alps and the Apennines in which the Cinque Terre Park is an important link and a project with schools at Valmanera to teach children to find their way in nature with a compass and map.

In order to provide an extra incentive, *QuiUBI* for the environment is also awarding prizes to users of the service consisting of weekends and trips to tourist resorts in Italy that are of particular natural and environmental interest.

Qui UBI for the environment

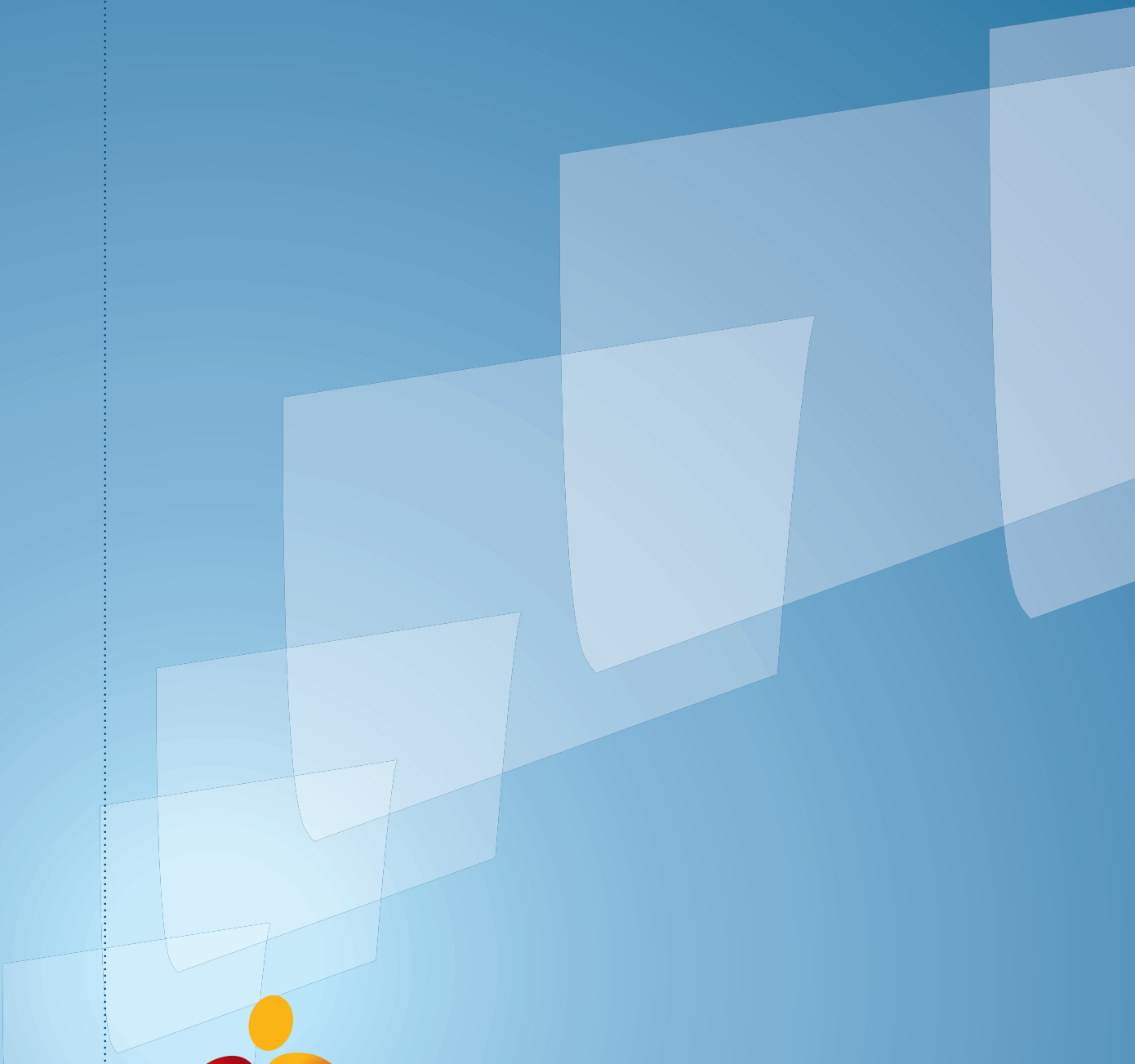


Project finance

The project finance activities of the Group are performed by Centrobanca and directed mainly to the energy and environment sectors, with financing normally lasting a maximum of 15 years and the amounts varying between a minimum of 10 million euro and a maximum of 100 million euro. They regard investments for the generation of electricity from both conventional and renewable sources (photovoltaic, wind power, hydro and biomass) and related projects for the transmission and distribution of energy, oil and gas.

Over the last two years the Bank has participated in more than 30 projects for a total of more than 500 million euro and in 2008 it approved loans amounting to 150 million euro: 100 million euro for the construction of 20 wind parks (total output of 500 megawatts), 20 million euro for the construction of 4 photovoltaic parks (output of 4 megawatts) in Apulia and Sicily, 10 million euro for a biomass solids plant for distillery waste in Latium and 20 million euro for the Trans Austria Gasleitung gas pipeline, which carries Russian methane gas through Austria to the Italian border. All the projects have passed due diligence investigations performed by independent consultants (primary technical and legal investigations) to verify the technical and legal and administrative content and where required they have also been subject to environmental impact assessment by the competent authorities. In all cases the numerous authorisations necessary for approval of the projects have resulted in the involvement of regional and local communities and we have received no reports of disputes.

The bank has already been involved in numerous other projects in the energy and environment sectors to be financed and implemented in the next 18 months.



Improvement objectives



The Banca Regionale Europea has sponsored the volleyball team Bre Banca Lannutti since 1989. It has been in Serie A1 constantly for twenty years. The track record of the club includes four Cups of Italy, two CEV Cups, two European Super Cups, three Italy Super Cups and two Cup Winners' Cups and its youth teams are very active: under 20 champion of Italy 1999-2004, under 18 2004-2007, under 17 2003 and under 16 2007-2008.

In the 2007 Social Report we set some social responsibility improvement objectives for the activities of each group of stakeholders. Some of these have been fully achieved, others only partially or not at all partly because of the effects of the serious economic crisis and instability on financial markets which we have mentioned in various parts of this report.

While we confirm our commitment to reach those objectives which were not fully achieved in 2008, we have indicated the lines of action along which the Group will proceed with the next objectives.

● = Objective fully achieved	◐ = Objective partially achieved	○ = Objective not achieved
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HUMAN RESOURCES	OBJECTIVES 2008	RESULTS	NEXT OBJECTIVES
CHANGES IN THE WORKFORCE	Full achievement of the leaving incentive and recruitment objectives set out in the Business Plan	●	Enhancement of human resources, partly through intragroup mobility, to support qualitative and quantitative objects for each individual company in the Group, in a perspective of professional growth.
MANAGEMENT SYSTEMS	Progressive introduction of new employees management instruments throughout the Group.	●	Introduction of "apprenticeship" forms of contract mainly for commercial roles to create and develop career paths for young people. Further development of employees management systems with the extension of potential measurement tools and the introduction of new projects to enhance human resources.
	Inclusion of internal/external compliance in performance objectives and also observance of recent supervisory requirements regarding the verification of the consistency of corporate incentive schemes.	●	
INCENTIVE SYSTEMS	The introduction of a single incentive system common to the Parent Bank, UBISS and the Network Banks.	●	Refinement of the standard incentive scheme introduced in the Parent Bank, UBISS and the Network Banks (in light of regulatory and corporate policy developments), implementation of regulatory changes in the incentive schemes of other Group member companies and progressive extension of the Group incentive scheme for senior managers to the Product Companies.
	Definition of consistent incentive systems for the other principal Group member companies.	●	
	Extension and refinement of the inclusion of qualitative objectives in incentive systems that are also compatible with the new national labour contract for the sector.	●	
COMMUNICATION AND DIALOGUE	Implementation of the investments in training required under the Business Plan (400,000 days in the period 2007-2010, of which 118,000 days in 2008 amounting to an average of 8 days per capita for the Network Banks).	●	Continuation of the investments in training (in line with the 2007-2010 Business Plan), with the delivery of 91,000 training days corresponding, in the Network Banks only, to 2.6% of annual working days amounting to an average of 5.7 days per employee.
	Integration of ethical and social responsibility subjects in training programmes.	◐	
	Upgrading and additions to communication instruments.	●	Improvement of internal communication by developing the Group intranet and expanding the Group internet portal.
	Increased consultation through climate surveys.	○	

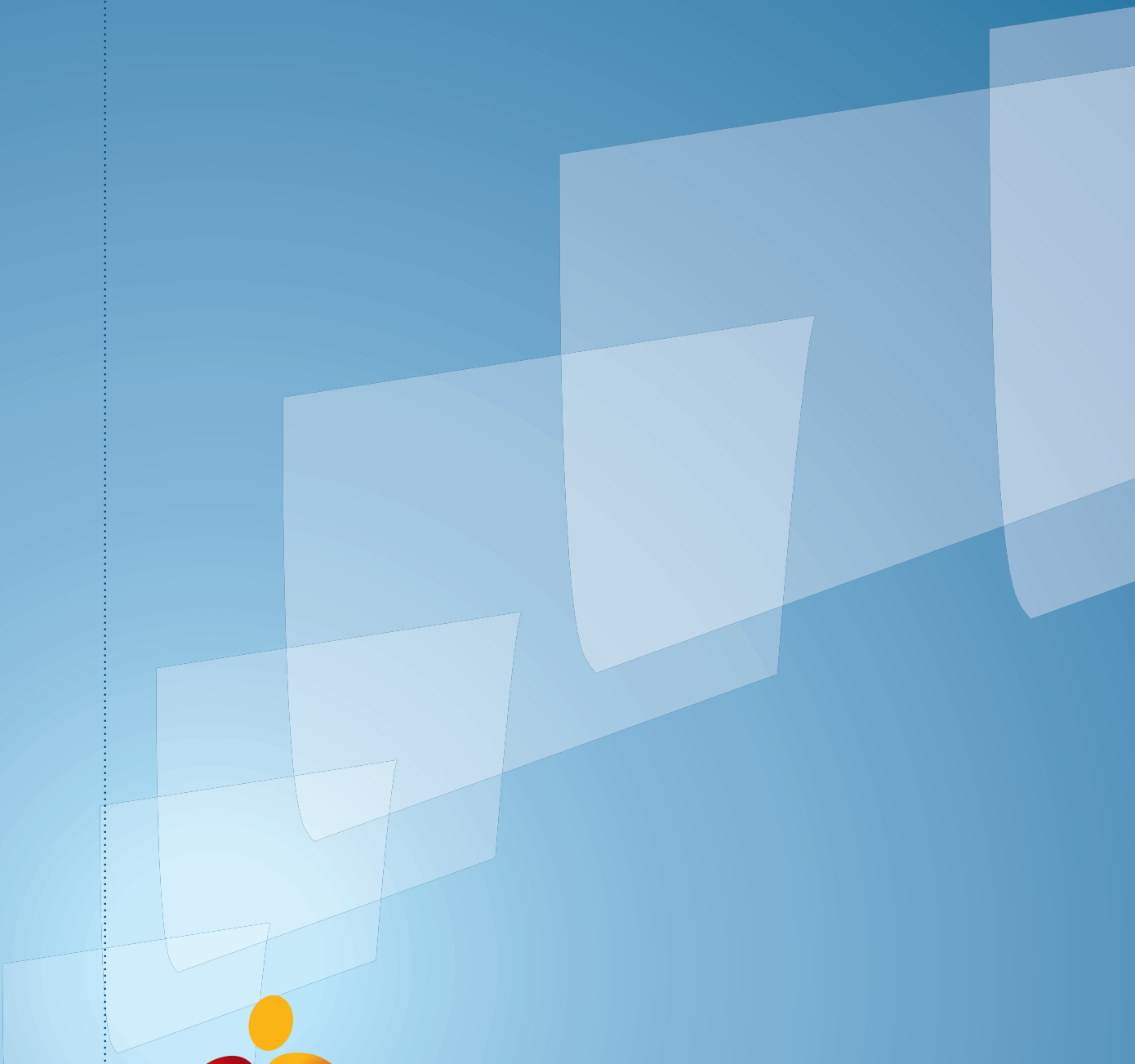
REGISTERED AND UNREGISTERED SHAREHOLDERS	2008 OBJECTIVES	RESULTS	NEXT OBJECTIVES
REMUNERATION OF THE INVESTMENT	Full achievement of the objectives for the remuneration of the investment contained in the Business Plan.	○	<p>The pursuit in the short term of financial objectives continues to be conditioned by developments in economic and market scenarios.</p> <p>UBI Bank's commitment to improving and developing relations with all shareholders and the financial community will continue along with initiatives to achieve its mutual purpose in relations with registered shareholders.</p>
	Pursuit of medium-to-long term sustainable growth in the value of the share.	◐	
REGISTERED SHAREHOLDERS	Broadening of the registered shareholder base in the different Geographical areas in which the Group operates.	○	
	Incentives to attend general meetings.	●	
	Further improvement of the "Value Project" offer	○	
NON REGISTERED SHAREHOLDERS	Increase the presence of the UBI Banca share in the portfolios of institutional investors, with particular reference to the socially responsible investment sector (ethical funds, pension funds, etc.).	●	
	Improvement of ratings and positioning in ethical indices.	●	
COMMUNICATION AND DIALOGUE	Pursuit of prompt disclosure of high quality information through the constant improvement of periodical reporting and the corporate website.	●	
	Development of relations with investors and registered shareholders.	●	

CUSTOMERS	2008 OBJECTIVES	RESULTS	NEXT OBJECTIVES
COMMERCIAL AND CREDIT POLICIES	Attention to social and environmental issues that are important in formulating commercial policies (e.g. financial inclusion of vulnerable groups, climate change).	●	<p>The Group will continue the orientation it has always held and priority will be given with regard to customers to providing an adequate response to demands for the transparency and appropriateness of the products and services provided and to the needs of private individuals and small-to-medium size enterprises to overcome the difficulties caused by the current economic crisis, by following the lines of action set out in the strategies and projects section of this Social Report.</p> <p>The customer satisfaction survey commenced in 2008 (<i>Progetto Ascolto</i>) will continue as planned and a plan of action will be undertaken on the basis of the priorities that emerged from the initial phases of the survey in order to capitalise on the strengths and to intervene on areas requiring improvement.</p>
	Consideration of ethical, social and environmental risks in assessing loan applications.	○	
PRODUCTS AND SERVICES	Pursuit of excellence in the quality, innovation and value for money of products and services and in commercial action that is designed to meet the real needs of customers.	●	
A BANK FOR THE COMMUNITY	Promotion of the development of healthy economic and business communities in all the geographical areas we operate in, achieved by applying specialist skills at local level and by the capability to access global markets to support growth processes, innovation, technological development, competitiveness and the internationalisation of businesses.	◐	
COMMUNICATION AND DIALOGUE	Constant improvement in the quality and transparency of communications to customers.	◐	
	Broader and improved measurement of customer satisfaction surveys to increase the capacity to respond to the real demands of individuals, families and small, medium and large size enterprises, professional communities and associations.	●	

SUPPLIERS	2008 OBJECTIVES	RESULTS	NEXT OBJECTIVES
AN OPEN ATTITUDE TO THE MARKET	Greater openness to markets, extending requests for quotes to potential new suppliers who meet the requirements of Group standards (cost, quality and technical, commercial and financial reliability).	●	Market conditions and the Group integration process have affected our achievement of "an open attitude to the market" objectives (partly as a result of the need to conserve relations with established suppliers in a difficult year, which in addition to being of proven quality, are often customers of our banks with links to local communities) and of relationship quality objectives (primarily because of difficulties in meeting contractual conditions). These objectives still constitute a commitment for the future together with greater attention to social and environmental aspects of supplier relationships.
TRANSPARENCY IN PURCHASING PROCESSES	Pursuit of greater transparency in purchasing processes by using standard negotiating mechanisms (requests for quotes or online auctions) and supply specifications that are as detailed as possible in order to offer all potential suppliers equal opportunities to compete on prices.	●	
FAIR NEGOTIATING CONDITIONS	Pursuit of greater fairness in purchasing negotiations, by seeking quotes that are consistent with market conditions and by respecting appropriate conditions for supplier independence (the percentage of a supplier's total turnover may not exceed 25% at present).	●	
OBSERVANCE OF CONTRACTUAL TERMS AND CONDITIONS	Improvement and streamlining of administrative processes, including automation of document flows to minimise bureaucracy and to guarantee maximum respect of conditions by the Bank.	●	

THE COMMUNITY	2008 OBJECTIVES	RESULTS	NEXT OBJECTIVES
INTERVENTION POLICIES	The definition of guidelines for social activity in different areas of intervention, according to criteria of efficiency, effectiveness and consistency with the values of the Group and for the development of a network of relations with local institutions and social organisations.	○	The definition of guidelines for intervention in favour of society is a primary objective, based, amongst other things, on requests that emerged from focus groups conducted in 2008.
COMMUNICATION AND DIALOGUE	Improvement of transparency and the quality of reporting also for the results of initiatives supported by the Group.	●	It is probably that the funds available will be fewer in relation above all to the magnitude of the allocation of profits to reserves made and it will therefore be even more important to manage them well on the basis of criteria of effectiveness, efficiency and consistency with the Group's commercial and social responsibility policies and objectives. A particular effort will also be made with communication and dialogue activities, both through improvement of reporting activities and through growth in the consultation activities undertaken.
	Development of mechanisms for stakeholder involvement in the implementation and monitoring of initiatives.	●	
DONATIONS	Enhancement of the role played by foundations in the context of a general and unified strategy of action to support the identity and roots of the Group in local communities.	●	
SPONSORSHIPS	The development of sponsorships, especially in the world of culture and sport, consistent with the commercial and social responsibility objectives of the Group.	●	

ENVIRONMENT	2008 OBJECTIVES	RESULTS	NEXT OBJECTIVES
ENERGY SOURCES	Increase in the number of electricity supplies from renewable sources.	●	<p>We have achieved important objectives in the environmental field above all from the viewpoint of controlling direct operating impacts.</p> <p>The policy set towards the end of 2008 provides a reference framework for the progressive implementation of an environmental management system which also includes control over indirect impacts by planning objectives and through specific projects currently being developed.</p>
	Continuation of feasibility studies for the installation of photovoltaic plant on large buildings to reduce damaging emissions.	●	
CONTAINMENT OF ENERGY CONSUMPTION	Feasibility studies for branches with low energy consumption with characteristics greater than the minimum required by law.	●	
	Energy diagnosis performed on large properties to identify action to take.	○	
EDUCATING PEOPLE ABOUT ENERGY SAVINGS	Educating employees on the proper use of energy sources.	●	
	Educating suppliers through the stipulation of new contracts which require them to take concrete action to save energy and protect the environment.	●	



Attachments



Gioia del Colle (Bari) has a longstanding tradition of playing volleyball.
Banca Carime supports the Gioia volleyball youth team in its promotion of youth and amateur sport.

GRI INDICATORS

We have compiled an index of the indicators we have used in our GRI G3 reporting framework for easy retrieval of information in the document. All compulsory (core) indicators are reported while the optional (additional) indicators are only reported if they are covered at least partially. We have given a brief description of the content for each indicator, the level of cover achieved, the page number in the Social Report or other company documents in which the information can be found and the connection with the principles of the Global Compact where one exists.

Covered: = Covered = Partially covered = Not covered N.A. = not applicable

References: CGR = Report on corporate governance and ownership structure

GRI CODE	INDICATOR	COVER	REFERENCES	GLOBAL COMPACT PRINCIPLES
PROFILE				
1	Strategy and analysis			
1.1	Declaration by the Chairman	●	2-3	
1.2	Principal impacts, risks and opportunities	●	42-50	
2	Organisational profile			
2.1	Name of the organisation		Cover	
2.2	Primary brands, products, and/or services	●	25-33	
2.3	Operating structure	●	25-33, 38	
2.4	Main headquarters	●	20-31	
2.5	Countries in which the organisation operates	●	18-31	
2.6	Nature of ownership and legal form	●	34-36	
2.7	Markets served	●	18-31, 25-33, 82-84	
2.8	Scale of the organisation	●	18-21, 34, 56-57, 52, 77, 82-83	
2.9	Significant changes	●	16-17, 29, 31, 43	
2.10	Awards and prizes received	●	30, 47-48	
3	Report parameters			
	Profile			
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3.2	Date of most recent previous report	●	8-9	
3.3	Reporting cycle	●	9	
3.4	Contacts and addresses for information on the report	●	inside back cover	
	Report scope and boundary			
3.5	Process for defining report content	●	8-9, 44-49	
3.6	Boundary of the report	●	9	
3.7	Limitations on the scope or boundary of the report	●	9	
3.8	Information on other associated companies	●	16-17, 29, 31, 43	
3.9	Data measurement techniques and the bases of calculations	●	8-9	
3.10	Restatements with respect to the previous report	●	9	
3.11	Significant changes compared to the previous report	●	9	
	GRI Content Index			
3.12	Reference table	●	126-129	
	Certification of the report			
3.13	External assurance	●	12-13	
4	Governance, commitments, and engagement			
	Governance			
4.1	Governance structure	●	34-39, CGR iv, x-xxvii	
4.2	Indicate whether the Chairman is also an executive officer	●	34-36, CGR xiii-xiv, xx	
4.3	Independent and non executive directors	●	34-36, CGR xii, xix, table 1-2	
4.4	Mechanisms for shareholders and employees to provide recommendations	●	36-37, 78-79 Corporate by-laws	
4.5	Linkage between compensation for members of the highest governance body and performance	●	66, CGR vii,xii, xv, xviii	
4.6	Conflicts of interest	●	22, 66, CGR xxvii-xxviii, xliii	
4.7	Directors qualifications	●	34-36	
4.8	Mission, values, codes of conduct, and principles	●	22-23, 44-45, 84-86	
4.9	Procedures for identification and management of economic, environmental, and social performance	●	42, 44	

GRI CODE	INDICATOR	COVER	REFERENCES	GLOBAL COMPACT PRINCIPLES
4.10	Processes for evaluating the performance of the highest governance	●	CGR xii-xiii	
	Commitments to external initiatives			
4.11	How the precautionary approach or principle is addressed	●	44-49, 84-85	
4.12	Adoption of external economic social and environmental principles	●	23-24, 84-86	
4.13	Membership of trade associations	●	45-46, 84, 92, 112	
	Stakeholder engagement			
4.14	List of stakeholders engaged	●	45	
4.15	Basis for identification and selection of stakeholders to engage	●	45, 50-52	
4.16	Stakeholder engagement activities	●	50-52, 86-87	
4.17	Key topics and concerns that have been raised through stakeholder engagement and the relative action	●	47-48, 50-52, 86-87, 97	
IMPACT OF PRODUCTS AND SERVICES				
DMA LA	Information on how it is managed	●	44-46	
	Information on how it is managed specific to the financial sector			
FS1	Policies with specific environmental and social components applied to business lines	◐	45-46, 89	
FS2	Procedures for assessing and screening environmental and social risks in business lines	◐	44-46, 89	
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	○		
FS4	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	○		
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	○		
	Product portfolio			
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. SME) and by sector.	◐	19, 82-83	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	◐	90-94	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	◐	116-117	
	Audit			
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	○		
	Active ownership			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues.	○		
FS11	Percentage of assets subject to positive and negative environmental or social screening.	◐	88-89	
FS12	Voting policies applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting.	○		
ECONOMIC PERFORMANCE				
DMA EC	Information on how it is managed	●	42-43, 56-59	
	Economic performance indicators			
EC1	Direct economic value generated and distributed	●	58-59	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	◐	116-117	
EC3	Coverage of the organisation's defined benefit plan obligations	●	74-75, and 2008 Annual Financial Report 59-60, 325-328	

GRI INDICATORS

GRI CODE	INDICATOR	COVER	REFERENCES	GLOBAL COMPACT PRINCIPLES
EC4	Significant financial assistance received from government	○		
	Market presence			
EC6	Policy, practices, and proportion of spending on locally-based suppliers	◐	19, 95-96	
EC7	Procedures for local hiring	●	62-63	
	Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services for public benefit	●	21, 88-92, 97-109	
ENVIRONMENTAL PERFORMANCE				
DMA EN	DMA EN Information on how it is managed	●	112, 116	8 th
	Raw materials			
EN1	Raw materials used	●	112	
EN2	Percentage of materials used that are recycled input materials	○		
	Energy			
EN3	Direct energy consumption by source	●	112	9 th
EN4	Indirect energy consumption by source	●	112	
EN6	Products and services for energy efficiency or based on renewable energy	●	116-117	
	Water			
EN8	Water withdrawal by source	●	112	
EN11	Land leased or managed in protected areas of high biodiversity value	N.A.		
EN12	Description of major impacts on biodiversity	N.A.		
	Emissions, effluents and waste			
EN16	Greenhouse gases	●	114	
EN17	Other indirect greenhouse gas emissions	○		
EN18	Initiatives to reduce greenhouse gas emissions	◐	114-115	7 th , 9 th
EN19	Emissions of ozone-depleting substances	○		
EN20	Other atmospheric emissions	○		
EN21	Water discharge	N.A.		
EN22	Waste production and disposal method	●	114-115	
EN23	Total number and volume of significant spills	N.A.		
	Products and services			
EN26	Impacts of products and services on the environment	●	112-117	7 th , 9 th
EN27	Percentage of products sold and their packaging materials that are recycled or reused	N.A.		
	Compliance			
EN28	Monetary value and number of fines on environmental matters	●	112	
SOCIAL PERFORMANCE				
DMA LA	Information on how it is managed	●	22-24, 62-65	
	Labour policies and working conditions			
LA1	Workforce by employment type, employment contract, and region	●	19, 62	
LA2	Turnover by age, gender and region	●	63-64	
	Labour/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements	●	70	3 th
LA5	Minimum notice periods for operational changes	●	69	3 th
	Occupational health and safety			
LA7	Rates of injury and illness	●	73-74	1 th
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members regarding serious diseases	◐	74	
	Training and education			
LA10	Employee training	●	67-68	
LA11	Programmes for skills development and career advancement	◐	64-66	

GRI CODE	INDICATOR	COVER	REFERENCES	GLOBAL COMPACT PRINCIPLES
LA12	Percentage of employees receiving regular performance and career development reviews	●	66	
	Diversity and equal opportunities			
LA13	Breakdown of employees by gender, age group, minority group membership, and other indicators of diversity	●	19, 34-37, 62, 72	1 th
LA14	Ratio of basic salary of men to women	○		
HUMAN RIGHTS				
DMA HR	Information on how it is managed	●	22-24, 62-70	
	Investment and procurement practices			
HR1	Operations with consideration of human rights	⦿	88-89	2 th , 4 th , 5 th , 6 th
HR2	Suppliers that have undergone screening on human rights	⦿	96	
	Non discrimination			
HR4	Cases of discrimination	⦿	70-71	
	Freedom of association and collective bargaining			
HR5	Risks for the right to freedom of association and collective bargaining	N.A.		
	Child labour			
HR6	Recourse to child labour	●	24, 62, 96	
	Forced labour			
HR7	Recourse to forced labour	●	24, 62, 96	
IMPACTS ON SOCIETY				
DMA SO	Information on how it is managed	●	44-45, 84-87 Form 231/01	
	The community			
SO1	Management of impacts on communities	●	44-47, 70-71, 97-109	
FS13	Points of access to financial services in low population density or economically disadvantaged areas by type	●	21, 27-28	
FS14	Initiatives to improve access to financial services by disadvantaged groups	●	92	
	Corruption			
SO2	Monitoring corruption risks	⦿	84-85 Form 231/01	10 th
SO3	Employees training on anti-corruption	●	67	
SO4	Actions taken in response to incidents of corruption	○		
	Public policy			
SO5	Public policy positions and lobbying	⦿	Code of Conduct	2 th
	Anti-competitive behaviour			
SO7	Legal actions for anti-competitive, anti-trust behaviour	●	90	
	Compliance			
SO8	Sanctions for noncompliance with laws and regulations	○		
PRODUCT RESPONSIBILITY				
DMA PR	Information on how it is managed	●	82-84	
FS15	Policies for the proper design and sale of financial products and services	●	23-24, 31-32, 43, 46, 85, 89, 97	
	Health and safety of consumers			
PR1	Health and safety of products and services	⦿	94	
	Product and service labelling			
PR3	Information on products and services	●	84-86	
PR5	Customer satisfaction	●	50-52, 86-87	
FS16	Initiatives to increase financial education by type of recipient	●	86	
	Marketing communications			
PR6	Laws, standards, and voluntary codes related to marketing	○		
	Compliance			
PR9	Sanctions for noncompliance with laws and regulations	●	90, 2008 Annual Financial Report 175	

GLOSSARY

ACQUISITION FINANCE	Finance for company acquisition operations
AFFLUENT	Used to refer to private individuals with a high level of financial wealth.
ASSET MANAGEMENT	Management of financial investments belonging to others.
ASSETS UNDER CUSTODY	The “assets under custody” service regards those cases where investors deposit their savings with an intermediary, generally by means of a custody and administration contract without, however, authorising management of the assets. The investor authorises the Bank to perform all tax compliance operations..
ASSURANCE	Assurance of the truthfulness of the information reported by means of an auditing procedure performed by an independent third party.
ATM - Automated teller machine	Automatic device used by customers to perform operations such as withdrawing cash, paying in cash or cheques, requesting information on their accounts, paying utility bills, recharging telephones, etc.. Customers operate the machine by inserting a card and typing in a personal identification number.
AXIA FINANCIAL RESEARCH (www.axiaonline.it)	A company which specialises in technical and market analysis on the principal exchanges and in the analysis of corporate fundamentals. It also performs ethical monitoring and rating of listed Italian companies, for the purpose, amongst other things, of inclusion in its ethical and corporate social responsibility indices.
BANKING OMBUDSMAN	A collegial body organised by the Italian Banking Association and established in 1993 with the task, under certain conditions, of settling disputes between banks and their customers for a value of up to 10,000 euro (50,000 for cross border credit transfers) that are not resolved by the complaints departments of the banks.
BASEL 2	This is the new international agreement on capital requirements for banks which introduces more precise and discriminating criteria for the definition of the capital which a bank must hold in relation to the risks it assumes by granting credit.
BENCHMARK	A standard for the measurement of financial investments: it may consist of well known market indices or of others that are more suited to the risk-yield profile.
BEST PRACTICE	Conduct that is comparable with the most significant and/or best level achieved in a given field or profession.
BLUE CHIP	see MTA – Mercato Telematico Azionario (screen based stock market)
BOND	A debt security issued by a public or private sector entity.
BUSINESS PLAN	A document with which an entrepreneur or a manager describes how it is planned to organise business activity, which objectives are set in terms of profits and finance, which activities will be carried out and which resources will be used to achieve the declared objectives.
CAGR - Compound annual growth rate	The annual growth rate applied to an investment or other assets for a period of several years. The formula for calculating CAGR is $[(\text{present value}/\text{base value})^{1/\text{number of years}}-1]$.
CAUSE-RELATED MARKETING	This is marketing activity where a business promotes its image or its products and services by linking its brand to that of a non profit organisation whose social and/or humanitarian projects it supports.

COMPLIANCE	Observance of rules and regulations, while maintaining the autonomy and freedom of action of intermediaries.
COMPOUNDING OF INTEREST	Capitalisation of interest on capital so that the interest itself earns more interest or more simply the calculation of interest on the interest. It was found that it is the practice of banks to capitalise interest payable by customers quarterly while interest receivable by customers was paid annually.
CONFERENCE CALL	In the context of investor relations this is a telephone conference in which the management of a company illustrates its quarterly or annual results.
CONSUMER FINANCE	Lending for consumption. Loans granted to private individuals for the consumption of goods and services.
CONTACT CENTER	New methods of managing contacts and relationships with customers, which supplement telecommunications with IT systems, by adding other instruments and channels of communications to the use of a telephone including: a physical branch, ordinary mail, fax, email, internet navigation, cell phone messaging.
CORPORATE BANKING	Banking services which specialise in the provision of financial services for businesses.
CORPORATE FINANCIAL PLANNING	Planning activity performed by a company either alone or with the assistance of an advisor before making any investment. It consists of analysing its requirements and objectives, identifying its risk profile and choosing the most appropriate products and services (financial, insurance, etc.) to achieve those precise objectives.
CORPORATE GOVERNANCE	Corporate governance defines the assignment of rights and responsibilities to the participants in the life of a company in relation to the distribution of duties, responsibility and decision making powers by means of the composition and functioning of internal and external corporate bodies. One fundamental objective of Corporate Governance is to create maximum wealth for shareholders, which in the medium to long term, is also advantageous for other stakeholders, such as customers, suppliers, employees, creditors, consumers and the community.
CRM	Customer Relationship Management – a system for managing business relationships designed to create value for a company and its customers by acquiring greater knowledge of each customer.
CUSTOMER CARING	Service model adopted by the Group designed to maximise customer satisfaction through constant agreement on commercial proposals adapted to meet customer requirements as they develop.
CUSTOMER SATISFACTION	A quality policy implemented by employing a set of techniques and parameters to measure the degree to which customers are satisfied with individual products and services and with the business relationship as a whole.
DERIVATIVES	Financial assets the value of which is determined by that of other financial instruments traded on markets. Financial instruments traded on regulated markets include futures and options. Those traded on over-the-counter markets include swaps and forward contracts.
DIVERSITY MANAGEMENT	Approach to the management of human resources where the purpose is to value and fully use the unique contribution which each person can bring to the achievement of corporate objectives.

GLOSSARY

E-CAPITAL PARTNERS (www.e-cpartners.com)	An independent consulting, investment and corporate finance company (see entry) located in Milan, which also provides research and ESG (Environmental, Social, Governance) and SRI (Socially Responsible Investment) index services.
E-LEARNING	Training activity which exploits the potential of the internet for the use of teaching materials with a high degree of independence from the constraints of physical presence or specific timetables and with continuous monitoring of the level of learning either by tracking progress or through frequent reviews and self assessment.
ETHIBEL (www.ethibel.org)	An independent consulting company for socially responsible investments. It has developed its own method of analysing companies on the basis of ethical and social criteria. Companies that satisfy the criteria are included in the list of businesses fit for investment (Ethibel's Investment Register) and which may form part of their sustainability indices (ESI-Ethibel Sustainability Indexes).
FACTORING	Contract for the sale, either without recourse (with the credit risk attaching to the purchaser) or with recourse (the credit risk remains with the seller), of trade accounts receivable to banks or specialist companies, for management and cash receipt purposes, to which a loan to the seller may be associated.
FAIR VALUE	The amount of consideration for which an asset can be exchanged, or a liability settled under free market conditions, between knowledgeable and willing parties. This is often the same as the market price. On the basis of IAS (cf. entry) banks apply fair value, when measuring the value of financial instruments (assets and liabilities) held for trading, available for sale and derivatives and they may use it to measure the value of equity investments and property, plant and equipment and intangible assets (with different impacts on the income statement for the different assets considered).
FOCUS GROUP	Form of qualitative research in which a group of people are interviewed on their personal attitude towards a product, a concept, a document, a strategy, an advertisement, an idea or almost anything. Questions are put to people in an interactive group in which the participants are free to communicate with the other members of the group.
GRI – GLOBAL REPORTING INITIATIVE (www.globalreporting.org)	A non profit foundation located in Amsterdam which was formed from a project started in 1997 by CERES of Boston (a coalition of investors, environmental organisations and public interest groups which came together to promote corporate social responsibility by addressing businesses directly on social and environmental issues). Its mission is to produce global standards for sustainability reporting thanks to the contribution of hundreds of experts in a large number of countries throughout the world.
IAS/IFRS	International accounting standards set by the International Accounting Standards Board (IASB), a private sector international body set up in April 2001, to which the accounting professions of major countries belong, while the European Union, the IOSC (International Organisation of Securities Commissions) and the Basel Committee participate as observers. This body has taken over from the International Accounting Committee (IASC), formed in 1973 to promote the harmonisation of rules for preparing company accounts. When the IASC was transformed into the IASB, one decision taken was to term the new accounting standards "International Financial Reporting Standards" (IFRS).
ILO	International Labour Organisation

IMPAIRMENT	According to IAS (cf. definition), this is the loss of value in an asset in the accounts, recognised when the carrying value is greater than the recoverable value, which is to say the amount that could be obtained from selling it or using it in business. Impairment tests must be performed on all assets except for those recognised at fair value for which any losses (or gains) in value are implicit.
INDUSTRIAL DISTRICTS	Geographical areas in which a community of people and a population of industrial firms are mutually integrated. The firms in a given district belong mainly to the same industrial sector which therefore constitutes the principal industry. Each firm specialises in products, parts of a product or stages of the production process typical of the district. The firms in a district are generally numerous and small in scale. This does not mean that there may not also be firms that are fairly large. Their “out of scale” growth can, however, modify the standard, normal structure of these districts.
INTERNAL DEALING	Purchases and sales of listed securities issued by a company performed by its Directors, Statutory Auditors and other “significant persons”, i.e. people who have access to privileged information because of the position they occupy.
INTERNET BANKING	Banking service for customers used by means of an internet connection.
INVESTMENT BANKING	Investment banking is a highly specialist financial sector which assists companies and governments to issue securities and more generally to obtain funds on capital markets.
ISVAP – Institute for the Supervision of Private and Public Sector Insurance Institutions	An independent authority established by Law No. 576 of 12 th August 1982, with full autonomy, which operates to guarantee stability on the insurance market and transparency with regard to the products provided in the interests of insurance customers and society.
JOINT VENTURE	Agreement between two or more companies to perform a determined economic activity usually achieved through joint ownership of a joint stock company.
LEASE	Contract by which one party (lessor) grants the use of an asset to the other party (lessee) for a determined period of time. The asset is purchased by or constructed for the lessor on the instructions and as selected by the lessee, where the lessee has the right to purchase the ownership of the asset under preset conditions at the end of the leasing contract.
LEGISLATIVE DECREE No. 231/2001	Legislative Decree No. 231 of 2001 introduced a complex and innovative system of fines and sanctions to the banking sector, which establishes the administrative responsibility of entities for crimes committed in their interest or to their advantage by parties who occupy a senior management position in those entities or by persons subject to supervision by them. In order for an entity to be held responsible, the crime committed must be objectively related to the entity and it must constitute part of the company’s policy or at least result from “negligent organisation” in the sense of failure to adopt the controls needed to prevent the crime from being committed. In order to reinforce the preventative function of the system introduced, an entity is not held responsible if it has adopted and effectively implemented a system of organisation and management (including codes of conduct) designed to prevent crimes of this type from being committed.
MASS	This identifies the most numerous group of private individual customers of a bank in the retail market (see entry).

GLOSSARY

MiFID - Market in Financial Instruments Directive	Directive 2004/39/EC on financial instrument markets approved by the European Parliament and the European Council on 20 th April 2004. Its principal objectives include the creation of a competitive and harmonised environment for regulated markets and for investment companies and greater protection for investors and greater efficiency and integrity of the financial markets themselves.
MTA – Mercato Telematico Azionario (screen based stock market)	This is the market managed by Borsa Italiana spa on which equity instruments are traded. It has a number of segments including the Blue Chip segment for companies in the S&P/MIB and Midex indices and for other companies with a particularly sound economic and financial structure and capitalisation of greater than one billion euro.
NON PERFORMING LOANS	Loans to persons or entities that are either insolvent (even if not declared as such in the courts) or in equivalent circumstances.
OICR (collective savings investment organisation)	This term includes OICVMs (cf. definition) and other mutual investment funds (property mutual investment funds, closed mutual investment funds).
OICVM (collective security investment organisation)	The term includes open, Italian and foreign mutual investment funds and investment companies with variable capital (Sicavs).
ONLINE BANKING	Instruments and procedures which allow banking transactions to be performed remotely by accessing one's bank via Internet.
ONLINE TRADING	System for buying and selling financial instruments on the stock exchange via Internet.
ONLUS	Not for profit social utility organisation.
OTC – Over the Counter	Transactions concluded directly between parties without the use of a regulated market.
POE (small economic operators)	Market segment consisting of "small economic operators", generally trades persons, shopkeepers and professionals.
POS TERMINAL (point of sale terminals)	Automatic device for the payment of goods or services at suppliers premises using credit, debit or prepaid cards.
PRIVATE BANKER	Specialist able to satisfy all the financial and insurances requirements of customers with high financial wealth.
PRIVATE EQUITY	Medium-to-long term investment in the risk capital of firms with high growth potential. The objective of this type of operation is to realise capital gains from the disposal of the investment or following the listing of the company on a stock exchange.
PROJECT FINANCE	Financing of projects on the basis of forecasts of the cash flows that will be generated by them. As opposed to the way in which risks are analysed with ordinary lending, with the project financing technique, not only are the expected cash flows analysed, but specific factors are also examined such as the technical aspects of the project, the suitability of the sponsors for carrying it out and the markets on which the products will be sold.
RATING	A rating of the quality of a company or its issues of debt securities on the basis of the soundness of the company's finances and its prospects.
REMOTE BANKING	Telematic connection set up via Internet through which corporate customers can give instructions and acquire information on their bank accounts.
ROADSHOW	Series of meetings with institutional investors which take place on major international exchanges.

ROE	Return on Equity – performance indicator which is the ratio between net profit for the year and shareholders' equity and is therefore used to assess the profitability of a company for its shareholders.
RORAC (return on risk adjusted capital)	A performance indicator calculated as the ratio between the expected or actual return and an amount for capital which reflects the relative risks.
SALARY BACKED LOANS	This is used to refer to a personal loan granted to all categories of employees, which is regulated by special laws. The repayment instalments may not exceed one fifth of salary or pension and they are withheld and paid directly by the employer or pension institution.
SAM GROUP (www.sam-group.com)	Independent asset management company (see entry) founded in 1995 with its headquarters in Zurich, specialised in sustainable development oriented companies (see entry). It launched a family of indexes together with Dow Jones Indexes and STOXX (leading international companies in the development and supply of indices) which includes companies with the best sustainability performance in their respective economic sectors.
SECURITIES IN DEFAULT	Debt securities for which the issuers are unable to meet the contractual obligations in the loan regulations and more specifically agreed due dates, obligations to pay interest and/or repay capital.
SERVER	Computer unit which provides services to other computer units across a network.
SERVER FARM	A computer term used to refer to a collection of servers located on a single site in order to centralise management, maintenance and security.
SGR – Società di gestione del risparmio - asset management company	Joint stock companies which are authorised to provide management services for individually and jointly owned assets. More specifically, they are authorised to set up mutual investment funds, to manage mutual investment funds that either they or others have formed, to manage Sicav funds and to provide individual customer portfolio management services.
SIM – Società di intermediazione mobiliare - brokerage company	A company, which is not a bank or a supervised financial intermediary, authorised to provide investment services within the meaning of the consolidated law on financial intermediation. The term investments services relates to the following activities involving financial instruments: trading on own behalf and on behalf of others; placement; management of investment portfolios on behalf of individuals; collection of buying and selling orders and brokerage. These companies are subject to supervision by the Bank of Italy and the Consob (Italian securities market authority).
SMALL BUSINESSES	Market segment consisting of small businesses.
SOCIAL RESPONSIBILITY	For a company this is the voluntary inclusion of social and ecological concerns in its commercial operations and in its relations with stakeholders (see the relative entry).
SPREAD	This term is usually used to indicate the difference between two interest rates, the difference between bid and ask prices in securities dealing, the amount that an issuer of securities allows for the underwriter on the price to the public.
SRI	A Socially Responsible Investment is an investment in a company, usually listed, which satisfies ethical and social responsibility criteria in addition to traditional economic and financial criteria.

GLOSSARY

STAKEHOLDER	Individuals or groups who have specific interests in an enterprise either because they depend upon it to achieve their goals or because they are considerably effected by the positive or negative effects of its activities.
STRUCTURED NOTES	Bonds for which the interest and/or the redemption value depend on a real parameter (linked to the price of a commodity), a currency (linked to an exchange rate) a monetary parameter (e.g. the ABI prime rate) or a financial parameter (e.g. the yield on bonds issued by banks).
SUSTAINABLE DEVELOPMENT	Development which satisfies the needs of the present without compromising the possibility of future generations to satisfy their needs. For businesses this indicates a management strategy based on concern for the repercussions of their activities both in the short and the medium-to-long term from three viewpoints: economic, social and environmental.
SWAPS	A transaction consisting of the exchange of cash flows between counterparties according to contractually agreed conditions. With an interest rate swap the counterparties exchange the interest payments calculated on notional reference capital on the basis of different criteria (e.g. one counterparty pays a fixed rate and the other a floating rate). In the case of currency swaps, the counterparties exchange specific amounts of two different currencies, returning them over time according to set conditions which concern both the principal and the interest.
THE CORPORATE MARKET	Market of medium to large size customers.
THE PRIVATE BANKING MARKET	Market consisting of private individuals with high financial wealth.
THE RETAIL MARKET	Identifies the majority of private individual customers and “small economic operators”.
THIRD SECTOR	That set of institutions within the economy that is situated between the state and the market, but which belongs to neither one nor the other. They are nonprofit private sector organisations which produce goods and services destined to public or collective use (social co-operatives, welfare associations, voluntary associations, NGOs, social enterprises, etc.).
TOE – Ton Oil Equivalent	International unit of measurement that is used when dealing with large quantities of energy. One TOE is equivalent to the quantity of energy obtained by burning 1,000 Kg of oil (41.8 GJ or 11.6 MWh).
TRUST	Company to which one party contributes their assets so that they can be managed “in trust” for the benefit of another party named by the contributor of the assets.
UNDP (www.undp.org)	United Nations Development Programme
UNEP (www.unep.org)	United Nations Environment Programme
UNHCHR (www.ohchr.org)	United Nations High Commissioner for Human Rights
UNIDO (www.unido.org)	United Nations Industrial Development Organization
UNODC (www.unodc.org)	United Nations Office on Drugs and Crime

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

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