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THE PROSPECTUS CAN BE FOUND IN PRINTED FORM AT THE ISSUER'S HEAD OFFICE, AT BORSA ITALIANA S.P.A.'S PREMISES, AND IN ELECTRONIC FORM ON THE WEBSITES OF THE ISSUER AND OF BORSA ITALIANA S.P.A.

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IMPORTANT NOTICE

The information contained herein relates to the rights offering (the **"Offering"**) of 262,580,944 newly issued ordinary shares (the **"Shares"**) by Unione di Banche Italiane S.c.p.a. (the **"Issuer"**).

Mediobanca – Banca di Credito Finanziario S.p.A. and Centrobanca S.p.A. are acting as joint global coordinators for the Offering. Morgan Stanley & Co. International plc is acting as co-global coordinator. In addition, Mediobanca – Banca di Credito Finanziario S.p.A., Morgan Stanley & Co. International plc, Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, and ING Bank N.V. are acting as joint bookrunners, Crédit Agricole Corporate & Investment Bank, Equita SIM S.p.A. HSBC Bank plc, Intermonte SIM S.p.A., Natixis, Nomura International plc, Société Générale Corporate & Investment Banking and The Royal Bank of Scotland N.V. (London Branch) are acting as co-bookrunners, and all of the foregoing are acting as underwriters of the Offering (the **"Underwriters"**).

This document constitutes nothing more than an English language translation (the **"Translation"**) of the Prospectus and does not constitute an offer to sell, or a solicitation or an offer to buy, any Shares or related subscription rights in any jurisdiction. The securities described herein are not being offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. The distribution of this Translation and the offering of Shares and/or related subscription rights (which is being made solely on the basis of the Prospectus) are restricted by law. Persons receiving this Translation are required by the Issuer and the Underwriters to inform themselves about and to comply with any such restrictions and to read the Prospectus.

In making an investment decision, investors must rely exclusively on their own examination of the Issuer's group and the terms of the Offering as described in the Prospectus, including the merits and risks involved.

BY ACCESSING THIS DOCUMENT, INVESTORS ACKNOWLEDGE, ACCEPT AND AGREE THAT (1) ANY INVESTMENT DECISION IN RELATION TO THE OFFERING WILL BE MADE SOLELY ON THE BASIS OF THE PROSPECTUS AND NOT ON THE BASIS OF THIS TRANSLATION; AND (2) THE PROSPECTUS HAS BEEN PREPARED IN LINE SOLELY WITH APPLICABLE ITALIAN STANDARDS, RULES AND REGULATIONS RELATING TO DOMESTIC RIGHTS OFFERINGS OF ITALIAN REGISTERED COMPANIES.

This Translation has not been and will not be submitted to the clearance procedures of the Consob or any other regulatory authority and accordingly may not be used in connection with any offer to purchase or sell any Shares or rights to the public in Italy or elsewhere.

NOTICE TO PROSPECTIVE INVESTORS IN THE EEA AND THE UNITED KINGDOM

This Translation is only addressed to and directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2 (1) (e) of the Prospectus Directive (Directive 2003/71/EC) (**"Qualified Investors"**). In addition, in the United Kingdom, this Translation is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **"Order"**) and Qualified Investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as **"Relevant Persons"**). This Translation must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this Translation relates is available only to (i) in the United Kingdom, Relevant Persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

This Translation as well as any other material relating to the Shares and related subscription rights do not constitute an issue prospectus pursuant to Article 652a of the Swiss Code of Obligations nor is it a Prospectus in accordance with the listing rules of the SIX Swiss Exchange AG. The Shares and related subscription rights will not be listed on the SIX Swiss Exchange AG and, therefore, the documents relating to the Shares and related subscription rights, including, but not limited to, this Translation, do not claim to comply with the disclosure standards of the listing rules of the SIX Swiss Exchange AG and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange AG. No public offer is made or will be made in Switzerland and this Translation shall not be copied and/or distributed to the public in (or from) Switzerland.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

The Shares and related subscription rights have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended) (the **"Financial Instruments and Exchange Law"**). This Translation is not an offer of securities for sale directly or indirectly in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan in, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan.

FORWARD-LOOKING STATEMENTS

The Italian Prospectus and this Translation contain forward-looking statements. These forward-looking statements reflect the Issuer's current views, beliefs, intentions or expectations of future events, are based on the Issuer's assumptions and involve known and unknown risks, uncertainties and other factors that may cause the Issuer's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

Forward-looking statements include statements about, among other things:

- general economic and business conditions including the impact of external factors such as changes in interest rates, inflation and consumer confidence, liquidity levels in the financial sector, competition and currency fluctuations;
- market trends and developments in the banking industry activities;
- the Issuer's ability to distribute dividends;
- the Issuer's ability to implement its business strategy;
- the outcome of ongoing litigation;
- the Issuer's ability to maintain relationships with key personnel and its ability to attract and retain talented new personnel; and
- the Issuer's ability to remain competitive in the marketplace.

The Issuer discusses many of these risks, uncertainties and other factors in greater detail in the Italian Prospectus and in this Translation. Given these risks, uncertainties and other factors, the future developments and events described in the Italian Prospectus and in this Translation may not materialise as expected, or at all.

In some cases, forward-looking statements contain terms such as "anticipates", "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should," "will," "would" and similar expressions, which are intended to identify a statement as forward-looking. Forward-looking statements represent the Issuer's estimates and assumptions only as at the date of the Italian Prospectus. You should read the Italian Prospectus and this Translation completely with the understanding that the Issuer's actual future results, performance or achievements may be materially different from the Issuer's expectations. The information contained in the Italian Prospectus and in this Translation speaks as at the date of the Italian Prospectus and no one assumes any obligation to update this Translation or any of its forward-looking statements or to conform these forward-looking statements to the Issuer's actual results.

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TRANSLATION OF THE PROSPECTUS

RELATING TO THE OFFER UNDER OPTION TO SHAREHOLDERS AND HOLDERS OF THE CONVERTIBLE BOND
"UBI 2009/2013 CONVERTIBILE CON FACOLTÀ DI RIMBORSO IN AZIONI"

FOR

A MAXIMUM OF *262,580,944* SHARES OF UNIONE DI BANCHE ITALIANE S.C.P.A.

AND

ADMISSION TO LISTING ON THE MERCATO TELEMATICO AZIONARIO (ELETRONIC STOCK EXCHANGE) ORGANISED AND MANAGED BY BORSA ITALIANA S.P.A.

Issuer
Unione di Banche Italiane S.c.p.a.

UBI Banca

This Prospectus was filed with Consob on 3 June 2011, following communication of Consob's clearance through a note dated 1 June 2011, protocol n° 11050124.

Fulfilment of the publication requirement of the Prospectus does not imply any judgment by Consob on the proposed investment opportunity and on the merit of the related data and information.

The Prospectus is available at the registered offices of Unione di Banche Italiane S.c.p.a. in Bergamo, 8 Piazza Vittorio Veneto, and on the website *www.ubibanca.it*, as well as on the website of Borsa Italiana S.p.A., *www.borsaitaliana.it*.

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DEFINITIONS

The following is a list of definitions and terms used within this Prospectus. Unless otherwise indicated, these definitions and terms shall have the meaning provided below.

B@nca 24-7	B@nca 24-7 S.p.A., with registered offices at 8 Piazza Vittorio Veneto, Bergamo, Italy.
Banca Carime	Banca Carime S.p.A., with registered offices in Viale Crati, Cosenza, Italy.
Banca di Valle Camonica	Banca di Valle Camonica S.p.A., with registered offices at 2 Piazza della Repubblica, Breno (Brescia), Italy.
Banca Popolare Commercio e Industria or **Commercio e Industria** or **BPCI**	Banca Popolare Commercio e Industria S.p.A., with registered offices at 33 Via della Moscova, Milan, Italy.
Banca Popolare di Ancona or **BPA**	Banca Popolare di Ancona S.p.A., with registered offices at 4 Via Don Battistoni, Jesi (Ancona), Italy.
Banca Popolare di Bergamo or **BPB**	Banca Popolare di Bergamo S.p.A., with registered offices at 8 Piazza Vittorio Veneto, Bergamo, Italy.
Banca Regionale Europea	Banca Regionale Europea S.p.A., with registered offices at 13 Via Roma, Cuneo, Italy.
Banco di Brescia or **BBs**	Banco di Brescia S.p.A., with registered offices at 13 Corso Martiri della Libertà, Brescia, Italy.
Banco di San Giorgio	Banco di San Giorgio S.p.A., with registered offices at 1 Via Ceccardi, Genoa, Italy.
Bank of Italy	The central bank of the Republic of Italy.
Bankruptcy Law	Royal Decree no. 267 of 16 March 1942, as subsequently amended.
Bondholders	The holders of the Convertible Bonds.
Borsa Italiana	Borsa Italiana S.p.A., with registered offices at 6 Piazza degli Affari, Milan, Italy.
BPU	Banche Popolari Unite S.c.p.a., with registered offices at 8 Piazza Vittorio Veneto, Bergamo, Italy (renamed Unione di Banche Italiane S.c.p.a. in 2007).
Capital increase	The paid increase of the Issuer's share capital in one or more tranches for a total maximum value of Euro 1 billion, including any premium and through the issuing of ordinary shares with the same characteristics as the outstanding shares, to be offered as an option to shareholders and Bondholders of UBI Banca, pursuant to Article 2441 (1) of the Italian Civil Code, as resolved by the Management Board on 13 May 2011 – following the authorisation of the Supervisory Board on the same day – effective from the date of the authorisation granted by the Issuer's Extraordinary Shareholders' Meeting on 30 April 2011, pursuant to Article 2443 of the Italian Civil Code.

CB Regulations The regulations applied to the Convertible Bonds named "*UBI 2009/2013 convertibile con facoltà di rimborso in azioni*" (*UBI 2009/2013 convertible bonds with the option of repayment in shares"*) approved by the Management Board on 18 June 2009, as subsequently amended on 19 March 2010.

Centrobanca Centrobanca – Banca di Credito Finanziario e Mobiliare S.p.A., with registered offices at 16 Corso Europa, Milan, Italy.

Consob *Commissione Nazionale per le Società e la Borsa* (the public authority responsible for regulating the Italian securities market), with registered offices at 3 Via G.B. Martini, Rome, Italy.

Consolidated Banking Act (TUB) Legislative Decree no. 385 of 1 September 1993 (consolidated act on banking and credit), as subsequently amended, in effect on the Prospectus Date.

Consolidated Finance Act (TUF) Legislative Decree no. 58 of 24 February 1998 (consolidated act on financial brokerage), as subsequently amended, in effect on the Prospectus Date.

Convertible Bond or **CB** The convertible bond named "*UBI 2009/2013 convertibile con facoltà di rimborso in azioni" (UBI 2009/2013 convertible bond with the option of repayment in shares)* consisting of 50,129,088 Convertible Bonds with a par value of Euro 12.75 each issued by UBI Banca on 10 July 2009 at an issue price equal to 100% of the par value, the issue of which was decided upon by the Management Board following approval by the Supervisory Board, pursuant to the authorisation granted to the Board of Directors by the Extraordinary Shareholders' Meeting of UBI Banca held on 9 May 2009, for a nominal amount of Euro 639,145,872.

Convertible Bonds The 50,129,088 bonds with a par value of Euro 12.75 each which are convertible into newly issued UBI shares with a par value of Euro 2.50 each, constituting the Convertible Bond.

Corporate By-Laws The Corporate By-Laws of UBI Banca in effect on the Prospectus Date.

Corporate Governance Code The Code of Conduct for listed companies as prepared by the committee for corporate governance of listed companies.

Group or **UBI Banca Group** Collectively, the Issuer and the companies directly or indirectly controlled by it, pursuant to Article 2359 of the Italian Civil Code and Article 93 of the Consolidated Finance Act (TUF).

Guarantors Mediobanca and any other guarantors that may be announced through a press release.

IFRS or **International Accounting Standards** All the International Financial Reporting Standards, the International Accounting Standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly known as the Standing Interpretations Committee (SIC).

Independent auditors KPMG S.p.A., with registered offices at 25 Via Vittor Pisani, Milan, Italy.

Industrial Plan	The 2011-2015 industrial plan approved by the competent bodies of the Issuer on 13 May 2011.
Instructions	The instructions accompanying the Stock Market Regulations.
Interim Report on Operations	The interim report on operations of the UBI Banca Group for the three months ended as at 31 March 2011, prepared in accordance with IAS 34 and, pursuant to the latter standard, prepared only for inclusion by reference in this Prospectus.
Italian Accounting Standards	The applicable laws on the reporting date of each set of financial statements of the Issuer that govern the preparation criteria thereof, as interpreted and supplemented by the accounting principles issued by the *Consiglio Nazionale dei Dottori Commercialisti e Ragionieri* (Italian National Board of Chartered Accountants).
IW Bank	IW Bank S.p.A., with registered offices at 20 Via Cavriana, Milan.
Joint Global Coordinators	Mediobanca and Centrobanca.
Legislative Decree no. 39	Legislative Decree no. 39 of 27 January 2010, "*Implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts*".
Market Offer	An offer on the MTA of options that were not exercised during the Option Period, pursuant to Article 2441 (3) of the Italian Civil Code.
Mediobanca	Mediobanca – Banca di Credito Finanziario S.p.A., with registered offices at 1 Piazzetta Enrico Cuccia, Milan, Italy.
Monte Titoli	Monte Titoli S.p.A., with registered offices at 6 Via Andrea Mantegna, Milan, Italy.
MTA	The Mercato Telematico Azionario (electronic stock exchange) organised and managed by Borsa Italiana S.p.A..
Network Banks	The following banks belonging to the UBI Banca Group: Banca Popolare di Bergamo S.p.A., Banco di Brescia S.p.A., Banca Popolare Commercio e Industria S.p.A., Banca Regionale Europea S.p.A., Banca Popolare di Ancona S.p.A., Banco di San Giorgio S.p.A., Banca Carime S.p.A., Banca di Valle Camonica S.p.A. and UBI Banca Private Investment S.p.A..
Offer	The offer to the Issuer's shareholders and Bondholders of UBI Shares resulting from the Capital Increase.
Offer Period or **Option Period**	The period of time from 6 June 2011 to 24 June 2011.
Offer Price	The price at which each UBI Share is offered.
Optimisation Project	The geographic optimisation project referring to the Network Banks, launched in January 2010, aimed at making the Group's distribution structure more efficient through specialisation of the individual Network Banks by geographic area, with a focus on their traditional areas of presence.

Option Right	The right of the shareholders and Bondholders of the Issuer to subscribe to *8* UBI shares for every *21* UBI shares and/or Convertible Bonds held.
Other countries	Foreign countries including the United States of America, Canada, Japan and Australia to which the Offer cannot be made without specific authorisation pursuant to the applicable provisions of the law or in derogation of these provisions.
Product Companies	The following companies belonging to the UBI Banca Group: Centrobanca (corporate banking), B@nca 24-7 (consumer credit), UBI Pramerica SGR S.p.A. (asset management), UBI Factor S.p.A. (factoring), UBI Leasing S.p.A. (leasing).
Prospectus	This prospectus for the public offer and listing.
Prospectus Date	The publication date of the Prospectus.
Regulation (EC) 809/2004	Regulation (EC) no. 809/2004 issued by the Commission on 29 April 2004 containing the procedure for implementation of directive 2003/71/EC issued by the European Parliament and Council in regard to the information contained in prospectuses, the forms of the prospectuses, the inclusion of information by reference, the publication of prospectuses and the dissemination of promotional messages.
Regulations for Issuers	The regulations approved by Consob with its resolution no. 11971 of 14 May 1999, as subsequently amended, in effect on the Prospectus Date.
Shareholder	A UBI Banca shareholder that has acquired the status of associate shareholder pursuant to Articles 6 to 12 of the Corporate By-Laws.
Stock Market Regulations	Regulations applying to markets organised and managed by Borsa Italiana, as resolved by the Shareholders' Meeting of Borsa Italiana and in effect on the Prospectus Date.
Supervisory Provisions	The "Supervisory provisions on the organisation and corporate governance of banks" adopted by the Bank of Italy on 4 March 2008, as subsequently amended.
UBI Assicurazioni	UBI Assicurazioni S.p.A., with registered offices at 12 P.le Fratelli Zavattari, Milan, Italy.
UBI Banca 2009/2011 warrants "Warrant Azioni ordinarie UBI Banca 2009/2011" or **Warrants**	The 639,145,900 warrants on ordinary shares of UBI Banca 2009/2011 granted free of charge to the shareholders of the Company on 18 May 2009, at a ratio of one warrant for each share held, which entitle bearers to subscribe to 1 UBI share for every 20 warrants held.
UBI Banca or **UBI or Issuer** or **Company** or **Bank**	Unione di Banche Italiane S.c.p.a., with registered offices at 8 Piazza Vittorio Veneto, Bergamo, Italy.
UBI Banca Private Investment	UBI Banca Private Investment S.p.A., with registered offices at 74 Via Cefalonia, Brescia, Italy.
UBI Factor	UBI Factor S.p.A., with registered offices at 1/A Via F.lli Gabba, Milan, Italy.

UBI Leasing	UBI Leasing S.p.A., with registered offices at 74 Via Cefalonia, Brescia, Italy.
UBI Pramerica	UBI Pramerica SGR S.p.A., with registered offices at 5 Via Monte di Pietà, Milan, Italy.
UBI shares or **Shares**	The ordinary shares of the Issuer resulting from the capital increase which constitutes the object of the Option.
Warrant Regulations	The regulations applied to the UBI Banca 2009/2011 warrants "*Warrant azioni ordinarie UBI Banca 2009/2011*" approved by the Management Board on 9 May 2009.

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GLOSSARY

The following is a list of terms used within this Prospectus. Unless otherwise indicated, these terms shall have the meaning provided below.

Active Credit Portfolio Management	Active management of the loan portfolio which modifies its composition so as to obtain an optimal risk/yield profile by increasing, decreasing and hedging positions and technical forms.
Asset management	Activities relating to the management and administration of customers' assets in different forms.
ATM	Acronym for "Automatic Teller Machine", an automatic device used by customers to perform operations such as withdrawing cash, paying cash or cheques in, requesting information on their accounts, bank transfers, paying utility bills, topping up mobile-phone credit, etc. Customers operate the machine by inserting a credit or debit card and typing a personal identification number.
Backtesting	A method used to test the validity of VaR models. It is generally carried out by comparing the estimates obtained using the VaR with the results actually or theoretically achieved on the trading days.
Bancassurance	An expression used to refer to the overall relations between banks and insurance companies in relation to both corporate structures and the creation of integrated distribution system. With regard to the latter, the sale of insurance products is of major importance.
Bank Financial Strength Rating	The rating of the financial solidity of banks as represented by the rating agency's assessment of the intrinsic security and solidity of banks, which, however, excludes certain credit risks and supporting elements, both of an external nature, which are taken into account in rating bank deposits. It measures the probability that a bank will request the assistance of third parties such as its shareholders, the group it belongs to or public institutions.
Basel II	An international agreement made in January 2001 on the capital requirements of banks drafted by the Basel Committee, composed of the governors of the central banks of the 10 most industrialised countries (G10) at the end of 1974. Among other things, this agreement provides that the banks of member countries allocate amounts of capital that are proportional to the typical risks they assume.
Basel III	An international agreement initiated in 2009 which is still in the process of being finalised, amending Basel II. It contains amendments to the supervisory regulations on the capital and liquidity of banks. The new supervisory requirements are expected to gradually enter into effect from 1 January 2013 to 31 December 2019.
Baseline Credit Assessment	Assessment of the baseline risk, which is connected to the intrinsic risk of the bank defaulting.
CAGR	An index representing the average growth rate of a particular investment over a given time period.

Capital Markets	Financial instruments market for medium-to-long-term securities used for structural financial requirements.
Common Equity Ratio	This is an indicator of a bank's capital adequacy, represented by the ratio of Common Equity Tier I to Risk-Weighted Assets.
Common Equity Tier I	Pursuant to the provisions of the document issued by the Basel Committee on 16 December 2010 (which has not yet been implemented into Italian legislation and is therefore subject to actual implementation), the Common Equity Tier I equals the algebraic sum of the following elements: (i) equity instruments that comply with all required criteria; (ii) share premium reserve relating to EC instruments; (iii) profit reserves; (iv) valuation reserves; (v) the computable amount of minority interests (vi) regulatory adjustments (deductions and prudential filters).
Core Tier I Capital	The main component of a bank's regulatory capital, represented by the Tier I capital net of innovative capital instruments which cannot be included in Core Tier I capital.
Core Tier I Ratio	This is an indicator of a bank's capital adequacy, represented by the ratio of Core Tier I Capital to Risk-Weighted Assets.
Corporate Banking	Banking services targeted at businesses.
Corporate Lending	Lending which is generally medium-to-long term and used in support of the financial requirements of customers resulting from both specific investments and structural requirements connected to the development process. Beneficiaries can be manufacturing or services companies, whether domestic or foreign, usually of medium-to-large size.
Default	A declared condition of being unable to honour debts and/or payment of the relative interest.
Default (EAD)	An estimate of the future value of an exposure at the time the relative debtor defaults.
Default (LGD)	The estimated rate of loss in the event of a default by the debtor.
Default (PD)	The probability that a debtor will default within a year.
Early warning	Benchmark indicator generally set at between 70% and 80% of a limit.
Economic & Equity research	Analysis of the main growth trends in international and domestic economies and specific sectors of economic activity.
EMTN Programme	Euro Medium Term Note Programme, a notes (bonds) issuing programme.

Factoring	Contracts through which an entity (the assignor) commits to assigning all present and future receivables arising from its business activity to another entity (the factor) which, against consideration, commits to providing a series of services including accounting, management and collection of receivables assigned and, if necessary, will guarantee any default by the debtors through financing the assignor whether through the granting of loans or the advance payment of the receivables assigned.
Gap Analysis	A technique which analyses the differences in maturities or the re-definition period of the interest rates referring to the bank's assets and liabilities, in order to assess the impact of unexpected changes in interest rates on current profits and equity.
Hedge accounting	The process of accounting for hedges according to the criteria set forth in IAS 39.
IAS 39	An International Accounting Standard issued by the IAS (the International Accounting Standards Committee) which covers the accounting and valuation of financial instruments.
Joint Default Analysis	Analysis of the joint default for adjustment of the rating of the financial solidity of banks, in order to consider various forms of external support.
Judgemental Component	A component of the internal rating models based on discretional assessments by the sector appraiser.
Leasing	Contract by which one party (the lessor) grants the use of an asset to the other party (the lessee) for a specific period of time. The asset is purchased by or constructed for the lessor on the instructions and as selected by the lessee and the latter pays an amount for rent periodically and has the right to purchase the ownership of the asset under pre-set conditions at the end of the leasing contract.
Long Term Issuer Default Rating	This is an opinion on the ability of a given entity to honour its financial obligations and contracts maturing no sooner than 12 months without guarantees.
Loss data collection	A system for the collection and preservation of loss data used in the definition of "Operational Risk".
Loss distribution approach	An actuarial technique for the determination of "distributions" and/or "measures" of operational risk based on assessment of individual components of frequency and the impact of operating losses, subsequently to their aggregation.
M&A advisory	Corporate finance consulting whether for the public sector or the private sector and involving extraordinary corporate transactions.
Outlook	A projection made by a rating agency on the possible future changes in the rating level of an issuer or of a financial instrument.
Override process	A process which allows for correction of the automatic judgement expressed by an internal rating model, based on information relating to unreasonable standardisation or which is not considered by the model.

POS	The POS (point of sale) is an automatic device widely used in Italy and abroad by numerous business concerns through which it is possible to pay for goods purchased or services received.
PPA or Purchase Price Allocation:	An accounting treatment defined by IFRS 3 (purchase method) for business combinations which requires the attribution of the purchase price to the identifiable assets and liabilities of the company being acquired and the recognition of the goodwill, whether positive or negative.
Private banking	Personalised services of a high quality and complexity targeted to a limited number of customers with complex financial requirements and available capital.
Private Equity	An activity aiming to acquire equity investments in companies which are generally not listed but which have a high potential for development for subsequent sale.
Rating	An evaluation by specialised companies of the credit rating of a company or its issues of bonds based on the company's financial strength and outlook.
Risk management	Acquisition, measurement, evaluation and overall management of the various types of risk and the associated hedges.
RWA or Risk-Weighted Assets	Bank assets (whether on or off balance sheet) which are weighted using factors representing their risk and default potential so as to calculate an indicator of capital adequacy (the minimum amount of capital required for banks and other institutions to which international agreements refer).
ROE or Return on Equity	The ratio between net income for the period and net equity at year end from which the net income for the period has been deducted. The ROE is one of the main indicators of the profitability of equity.
Self Risk Assessment	A system for recognising and assessing the risks connected to events leading to a potential loss.
Sensitivity Analysis	An analysis of the parameters which makes it possible to assess the impact on the market value of each product arising from changes in interest rates.
Side pocket	The type of account used for hedge funds in order to separate the non liquid assets from other investments that are more liquid in a portfolio. When an investment is carried out with the side pocket account, only the current participants of the hedge fund will have the right to receive a portion of the yield from that portion of the portfolio while the future investors will not.
Stress test	Stress test based on theoretical shocks created ad hoc or on market shocks observed over a predefined historical period, which aim to assess the behaviour of products/aggregates in particular situations.
Systemic Support	Any systemic support (that is, offered by the national government and/or the central bank) to banks in order to prevent their defaulting.

Tier I capital The paid-up capital, reserves and capital innovation instruments and the profit for the period constitute the top-quality capital elements. To these are added the positive “prudential filters” of the Tier I capital. The total of these elements, after deduction of treasury shares, intangible assets, losses recorded in previous and current financial years, and negative Tier I capital “prudential filters” form the “ tier I capital”. The Bank of Italy may require that further elements be deducted which, due to their characteristics, may have a “dilution effect” on the Tier I capital. For further details please see the instructions for the compilation of disclosures on Total Capital and prudential ratios issued by the Bank of Italy.

Tier I ratio This is the ratio between Tier I Capital and the Risk-Weighted Assets.

Tier II capital or Supplementary Capital This consists of revaluation reserves, innovative capital instruments not included in Tier I capital, hybrid capital instruments, subordinated liabilities, net capital gains on equity investments and any other positive elements of Tier II capital. To these are added the positive “prudential filters” of the Tier II capital. The total of these elements after deduction of net capital losses on equity investments, other negative elements and the negative Tier II “prudential filters” constitutes the Tier II capital. For further details please see the instructions for the compilation of disclosures on Total Capital and prudential ratios issued by the Bank of Italy.

Total Capital or Supervisory Capital The equity of banks used for the purposes of supervisory regulations and which consists of the sum of the Tier I capital (calculated without any limitations applied) and the Tier II capital which is calculated up to the maximum limit of the Tier I capital with the equity interests and shareholdings held in other credit and/or finance institutions deducted according to specific and detailed procedures. For further details please see the Supervisory Instructions and the instructions for the compilations of disclosures on Total Capital and the prudential ratios issued by the Bank of Italy which indicate in detail the limitations and procedures for calculation of the Total Capital.

Total Capital Ratio This is the solvency ratio between Total Capital and the Risk-Weighted Assets.

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SUMMARY NOTE

WARNINGS

The Summary Note has been drafted pursuant to regulation 809/2004/EC and summarises the risks and essential characteristics relating to the Issuer, the Group and the UBI Shares offered as part of the Capital Increase.

In order to correctly assess the investment, it is recommended that investors read the information contained in the Summary Note together with other information provided in the Prospectus.

It is hereby noted that the Summary Note will not be published or disseminated to the public separately from other sections of the Prospectus.

It is furthermore expressly noted that:

(a) the Summary Note should be read as an introduction to the Prospectus;

(b) any decision to invest in UBI Shares should be based on an examination by the investor of the complete Prospectus;

(c) if a lawsuit is brought in relation to the information contained in the Prospectus, the plaintiff investor may be required to bear the cost of the translation of the Prospectus before the start of the proceedings; and

(d) civil liability shall rest with the drafters of the Summary Note and, where applicable, the translation of the summary only if the latter is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

The terms which are capitalised are defined in the Definitions section of the Prospectus. References to Sections, Chapters and Paragraphs refer to the Sections, Chapters and Paragraphs of the Prospectus.

* * *

A. RISK FACTORS

Following is a list of the risk factors relating to the Issuer and to the Group, the sector in which they operate and the financial instruments offered for which admission to listing is being requested. For contents of the Risk Factors please see Section One, Chapter IV of the Prospectus.

4.1 RISK FACTORS CONNECTED WITH THE BUSINESS OF THE ISSUER AND THE GROUP

4.1.1 Risks connected with the impact of the market situation and macroeconomic context on the performance of the UBI Banca Group;

4.1.2 Risks connected with a failure to implement the 2011 – 2015 Industrial Plan;

4.1.3 Risks connected with the trend in UBI Banca Group's operating results;

4.1.4 Risks connected with capital adequacy;

4.1.5 Risks connected with the worsening of credit quality in the markets and business sectors in which the Issuer operates;

4.1.6 Risks connected with obtaining liquidity on the markets;

4.1.7 Risks connected with impairment of intangible assets;

4.1.8 Risks connected with the exposure to, and performance of, the real estate sector;

4.1.9 Risks connected with forward-looking statements and statements of key information;

4.1.10 Risks connected with court proceedings in progress and investigations;

4.1.11 Risks connected with tax dispute;

4.1.12 Risks connected with ratings;

4.1.13 Risks deriving from the performance of existing joint ventures;

4.1.14 Market risks;

4.1.14.1 Risks connected with the interest rate fluctuation;

4.1.14.2 Risk connected with exchange rates;

4.1.14.3 Risks connected with the performance of financial markets;

4.1.15 Operating risk;

4.1.16 Risks connected with the *hedge fund* portfolio;

4.1.17 *Risk Management;*

4.1.18 Counterparty risk;

4.1.19 Risks connected with the Group's geographic area of reference;

4.1.20 Risks of reduced ROE;

4.1.21 Risks connected with limitation of share ownership and the exercise of voting rights;

4.1.22 Risks associated with utilisation of unaudited financial information.

4.2 RISK FACTORS CONNECTED WITH THE SECTOR IN WHICH THE ISSUER AND THE GROUP OPERATE

4.2.1 Risks connected with competition;

4.2.2 Risks connected with the regulatory changes in the banking and financial sector;

4.2.3 Risks connected with the reduced support for systemic liquidity.

4.3 RISK FACTORS CONNECTED WITH THE OFFER AND WITH FINANCIAL INSTRUMENTS

4.3.1 Risks connected with liquidity and volatility of the financial instruments;

4.3.2 Risks connected with underwriting and guarantee commitments and with partial execution of the Capital Increase;

4.3.3 Risks connected with the dilutive effects of the Capital Increase;

4.3.4 Risks connected with the markets in which the Offer is not permitted in the absence of authorisation by competent authorities.

B. THE ISSUER AND THE GROUP, ACTIVITIES AND PRODUCTS

I *Information on the Issuer and the Group*

<u>*Issuer*</u>

The Issuer is known as "Unione di Banche Italiane Società cooperativa per azioni", also just "UBI Banca" in abbreviated form, and has been established as a "società cooperativa per azioni" (joint-stock co-operative).

The Company is enrolled in the Bergamo Companies' Register under no. 03053920165 and in the Banking Register kept by the Bank of Italy under no. 5678. The Company is also the parent company of the UBI Banca Group, enrolled in the Register of Banking Groups under no. 3111.2.

(See Section One, Chapter V of the Prospectus).

<u>*Issuer's background*</u>

UBI Banca resulted from the merger via incorporation within Banche Popolari Unite S.c.p.a. ("**BPU**") of Banca Lombarda e Piemontese ("**BLP**") under the merger deed dated 28 March 2007 drawn up under the hand and seal of the Notary Public Armando Santus, effective from 1 April 2007.

The Banche Popolari Unite Group (the "**BPU Group**") arose from the merger of three banks (Banca Popolare di Bergamo-Credito Varesino S.c.r.l., Banca Popolare Commercio e Industria S.c.r.l. and Banca Popolare di Luino e Varese S.p.A.) in July 2003. The Banca Lombarda e Piemontese S.p.A. Group ("**BLP Group**"), in turn, was the result of the merger which took place in 1998, of Credito Agrario Bresciano S.p.A. ("**CAB**") with Banca San Paolo di Brescia S.p.A. ("**Banca San Paolo**").

(See Section One, Chapter V, Paragraph 5.1.5).

<u>*Overview of the corporate activities*</u>

The Group carries out activities for collecting deposits and providing credit in various forms, mainly in Italy and vis-à-vis retail customers, via 1,878 branches of which, as at the Prospectus Date, 1,869 in Italy and 9 abroad.

The Group is organised on the basis of a multifunctional and integrated federal model, in which the Issuer – acting as parent company – concentrates the governance, control, co-ordination and support functions, and also controls:

- nine Network Banks, tasked with looking after the relations with the traditional reference area (see Section One, Chapter VI, Paragraph 6.1.3); and
- a wide range of Product Companies (See Section One, Chapter VI, Paragraph 6.1.4).

The Group performs its activities via the following distribution structure: (*i*) the Network Banks (Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Regionale Europea, Banca Popolare di Ancona, Banco di San Giorgio, Banca Carime, Banca di Valle Camonica, UBI Banca Private Investment); (*ii*) a network of 777 financial advisors, headed up by UBI Banca Private Investment; (*iii*) the foreign banks and bank branches as well as the representative offices located in Europe (Lausanne, Lugano, Geneva, Munich, Luxembourg, Nice, Menton, Madrid, Cracow and Moscow), in Asia (Mumbai, Shanghai, Hong Kong and Singapore) and South America (San Paulo); and (*iv*) the remote channels (Internet, Contact Centre, Interbank Corporate Banking, ATMs and POSs).

Through the Product Companies, the Group offers its customers a wide choice of financial products and services in the following sectors: (*i*) corporate banking (Centrobanca); (*ii*) consumer credit (B@nca 24-7); (*iii*) asset management (UBI Pramerica); (*iv*) factoring (UBI Factor); and (*v*) leasing (UBI Leasing). Furthermore, the Group is active in the on-line banking and trading segment (via IW BANK) and in the bancassurance sector via joint venture agreements with the Aviva Group and the Cattolica Assicurazioni Group.

As at the Prospectus Date, the Group provides its services to around 3.7 million customers, divided up into the following categories: retail (customers with assets under management of less than Euro 500,000, entrepreneurs and small businesses with a turnover of less than Euro 5 million); corporate (companies with turnover of more than Euro 5 million); and private (customers with assets of over Euro 500,000 managed by the Group).

The UBI Banca Group is the fifth largest Italian banking group in terms of total assets and number of branches[1].

(See Section One, Chapter VI of the Prospectus).

Organisational structure and Group employees

II Corporate bodies, shareholders and transactions carried out with related parties

Management Board

The Management Board is made up of 11 members appointed by the Supervisory Board.

The members of the Management Board remain in office for three years and can be re-appointed and fall from office as of the date of the Supervisory Board meeting called to approve the financial statements relating to the last year of their appointment. Note that:

(i) at least one of the members of the Management Board must possess the independence requisites pursuant to Article 148 (3) of the Consolidated Finance Act (TUF);

(ii) at least the majority of said members must have gained overall experience of at least one three-year period via the performance of professional and/or management activities in financial and/or stock and/or banking and/or insurance companies in Italy or abroad.

In compliance with the provisions issued by the Bank of Italy regarding the organisation and corporate governance of banks, the Management Board is mainly made up of executive Directors, on a consistent basis with the assignment to the Supervisory Board of strategic supervision.

The Management Board members are actively involved in the company's management in accordance with the policies approved by the Supervisory Board upon the proposal of the Management Board which, due to specific Corporate By-Law provisions, exercises its chief activities in collective form and exclusively, without being able to delegate the same.

In addition to the Chief Executive Officer, the Corporate By-Laws (Article 39) assign the Chairman and the Deputy Chairman powers and functions which imply their involvement in the administration of the Bank.

The commitment and management responsibility of the executive Directors is carried out not only within the sphere of the Management Board but also at Group level by means of the undertaking of appointments in the management bodies of the main UBI Banca subsidiary companies, so as to ensure the observance by the various Group members of the provisions issued by the parent company when performing the related management and co-ordination activities.

In accordance with the Corporate By-Laws, within the sphere of the Management Board, Gian Luigi Gola qualifies as independent as per Article 147 *quater* of the Consolidated Finance Act (TUF).

The Management Board was appointed by the Supervisory Board on 27 April 2010, which established the number of its members as 10. During the meeting held on 30 June 2010, the Supervisory Board resolved to raise the number of members of the Management Board from 10 to 11 and appointed Gian Luigi Gola as the eleventh member.

[1] Source: Issuer's processing on the basis of Bank of Italy figures.

As at the Prospectus Date, the Management Board was made up as follows:

Name and Surname	Office covered	Place and date of birth	In office since
Emilio Zanetti (*)	Chairman	Bergamo, 26 October 1931	2 April 2007
Flavio Pizzini (*)	Deputy Chairman	Milan, 9 March 1955	2 April 2007 (Deputy Chairman as from 10 May 2008)
Victor Massiah (*)	Chief Executive Officer	Tripoli, 21 January 1959	27 November 2008 (Chief Executive Officer as from 1 December 2008)
Giampiero Auletta Armenise (*)	Management Board member	Rome, 4 January 1957	2 April 2007
Giuseppe Camadini (*)	Management Board member	Brescia, 10 June 1931	2 April 2007
Mario Cera (*)	Management Board member	S. Marco in Lamis (FG), 26 June 1953	2 April 2007
Giorgio Frigeri (*)	Management Board member	Bergamo, 15 April 1941	2 April 2007
Gian Luigi Gola (**)	Management Board member	Cuneo, 14 June 1964	30 June 2010
Guido Lupini (*)	Management Board member	Bergamo, 1 December 1945	27 April 2010
Andrea Moltrasio(*)	Management Board member	Bergamo, 7 October 1956	27 April 2010
Franco Polotti (*)	Management Board member	Brescia, 7 July 1954	10 May 2008

(*) Executive director.

(**) Independent director as per Article 148 (3) of the Consolidated Finance Act (TUF) and the Corporate Governance Code.

The members of the Management Board are domiciled for their office at the Company's registered offices.

(See Section One, Chapter XIV, Paragraph 14.1.1 of the Prospectus).

The fee payable to the members of the Management Board is set by the Supervisory Board. On this issue the Supervisory Board resolved to remunerate each Member of the Management Board an annual fee of Euro 150,000 for the 3-year period 2010-2011-2012. The traditional attendance fees will be included in the fixed fee. Fees are also envisaged for specific roles. As well as the fees for the office of Director, Chairman of the Management Board is also paid an annual fee of Euro 500,000, the Vice Chairman an annual fee of Euro 200,000 and the CEO is paid an annual fee made up as follows: Euro 750,000 as Director, Euro 100,000 for a non-competition agreement (for to a period of one year from termination), a variable bonus associated with the single fixed payment deriving from the placement as Executive and Euro 500,000 for the office of CEO. Apart from what is indicated above for the CEO, the remuneration of the Management board members is not linked to the financial results achieved.

(See Section One, Chapter XV, Paragraph 15.1 of the Prospectus).

Supervisory Board

The Supervisory Board is made up of 23 members appointed by the shareholders' meeting from among shareholders in possession of the requisites of professionalism, integrity and independence envisaged by current legislation. At least 15 members of the Supervisory Board must be in possession of the professionalism requisites required by current legislation in force for the parties who perform bank administration functions. In particular, at least 3 members of the Supervisory Board must be chosen from amongst those enrolled in the Register of Auditors who have performed legal accounts auditing activities for a period of no less than three years.

The Supervisory Board in office as from the Prospectus Date was appointed by the shareholders' meeting held on 24 April 2010 and expires as at the date of the meeting called in 2013 in accordance with Article 2364 *bis* of the Italian Civil Code.

In compliance with the provisions envisaged by Article 44 of the Corporate By-Laws, the Supervisory Board appointed 2 Deputy Chairmen – as follows: Alberto Folonari and Mario Mazzoleni – and, as per Article 48 of the Corporate By-Laws, the Board Secretary, Federico Manzoni.

As at the Prospectus Date, the Supervisory Board was made up as follows:

Name and Surname	Office covered	Place and date of birth	In office since
Corrado Faissola	Chairman	Castel Vittorio (IM), 10 January 1935	10 May 2008
Giuseppe Calvi	First Deputy Chairman	Chiuduno (BG), 16 May 1931	1 April 2007
Alberto Folonari	Deputy Chairman	Brescia, 8 March 1937	5 May 2007 (Deputy Chairman as from 10 May 2007)
Mario Mazzoleni	Deputy Chairman	Bergamo, 14 May 1943	1 April 2007
Battista Albertani	Supervisory Board member	Corteno Golgi (BS), 17 August 1943	10 May 2008
Giovanni Bazoli	Supervisory Board member	Brescia, 18 December 1932	5 May 2007
Luigi Bellini	Supervisory Board member	Milan, 13 November 1930	1 April 2007
Mario Cattaneo	Supervisory Board member	Genoa, 24 July 1930	1 April 2007
Silvia Fidanza	Supervisory Board member	Varese, 7 August 1974	24 April 2010
Enio Fontana	Supervisory Board member	Renate Veduggio (MB), 14 September 1946	1 April 2007
Carlo Garavaglia	Supervisory Board member	Legnano (MI), 15 May 1943	1 April 2007
Alfredo Gusmini	Supervisory Board member	Gazzaniga (BG), 29 December 1944	24 April 2010
Pietro Beretta Gussalli	Supervisory Board member	Brescia, 28 February 1962	1 April 2007
Giuseppe Lucchini	Supervisory Board member	Brescia, 2 July 1952	1 April 2007
Italo Lucchini	Supervisory Board member	Bergamo, 28 December 1943	1 April 2007
Federico Manzoni	Supervisory Board member	Romano di Lombardia (BG), 18 August 1949	1 April 2007
Toti S. Musumeci	Supervisory Board member	Pesaro, 24 June 1958	1 April 2007
Sergio Orlandi	Supervisory Board member	Cassano Magnago (VA), 1 October 1935	1 April 2007
Alessandro Pedersoli	Supervisory Board member	Naples, 24 April 1929	1 April 2007
Giorgio Perolari	Supervisory Board member	Bergamo, 5 January 1933	1 April 2007
Sergio Pivato	Supervisory Board member	Milan, 13 November 1945	1 April 2007
Roberto Sestini	Supervisory Board member	Bergamo, 11 December 1935	1 April 2007
Giuseppe Zannoni	Supervisory Board member	S.Polo d’Enza (RE), 27 April 1939	24 April 2010

The Supervisory Board has checked that all the Supervisory Board members in office have the independence requisites envisaged by current legislation and by the Corporate Governance Code for listed companies.

The members of the Supervisory Board are domiciled for their office at the Company’s registered offices.

(See Section One, Chapter XIV, Paragraph 14.1.2 of the Prospectus).

The fee due to the members of the Supervisory Board was set by the Shareholders' meeting in the amount of Euro 100,000, as the fixed annual fee due to each Member of the Supervisory Board, for the 3-Year Period 2010-2011-2012, and in the amount of Euro 1,500,000 as the total fee due to the members of the Supervisory Board invested with specific roles, powers or functions.

(See Section One, Chapter XV, Paragraph 15.1 of the Prospectus).

General Management

The following table contains the information concerning the members of the Issuer's General Management as at the Prospectus Date.

Name and Surname	Role	Length of service in the Group	Place and date of birth
Graziano Caldiani	General Manager	1975	Reggio Emilia, 28 August 1951
Rossella Leidi	Deputy General Manager Head of Sales Macro Area	1983	Urgnano (BG), 30 May 1964
Giovanni Lupinacci	Deputy General Manager Head of the Loans and Debt Recovery Macro Area	1989	San Marco Argentano (CS), 28 September 1951
Ettore Giuseppe Medda	Deputy General Manager Head of Resources and Organisation Macro Area	1979	Massa, 21 October 1953
Pierangelo Rigamonti	Deputy General Manager Operative Chairman of UBI Sistemi e Servizi S.c.p.a.	1972	Sirone (LC), 24 May 1953

The members of General Management are domiciled for their office at the Company's registered offices.

(See Section One, Chapter XIV, Paragraph 14.1.3 of the Prospectus).

Independent auditors

The legal audit appointment in the period 2003-2011 was granted to the independent auditors KPMG S.p.A. On 30 April 2011 UBI Banca's ordinary shareholders' meeting resolved to appoint the independent auditors Deloitte & Touche S.p.A. to perform the legal audit of the accounts for the financial years 2012 to 2020.

(See Section One, Chapter VII of the Prospectus).

Body of shareholders

As at the Prospectus Date, the shareholders who, according to the results of the shareholders' register and the other information available to the Issuer, possess a number of ordinary shares of the Issuer, representing an investment of greater than 2% in the share capital, are indicated in the following table.

Shareholder	Share capital (%)	No. Shares
Blackrock Inc. *	2.854%	18,240,247
Silchester International Investors LLP*	2.292%	14,651,277
Cassa di Risparmio di Cuneo Foundation**	2.278%	14,562,575
Banca del Monte di Lombardia Foundation**	2.255%	14,411,631
Carlo Tassara S.p.A. **	2.004%	12,810,053

* Investment held as per Article 30 (3) of the Consolidated Banking Act (TUB).

** The exceeding of the limit of 0.50% of the share capital is a consequence of the merger transaction between Banca Lombarda e Piemontese and BPU (effective as from 1 April 2007) and therefore as a result of Italian Decree-Law no. 248 dated 31 December 2007 (Italian Law no. 31 dated 28 February 2008) and Italian Decree-Law no. 207 dated 30 December 2008 (Italian Law no. 14 dated 27 February 2009), Italian Decree-Law no. 194 dated 30 December 2009 (Italian Law no. 25 dated 26 February 2010) and Italian Decree-Law no. 225 dated 29 December 2010 (Italian Law no. 10 dated 26 February 2011). The deadline by when these investments must be disposed of has been deferred until 31 December 2014.

(See Section One, Chapter XVIII, Paragraph 18.1 of the Prospectus).

Projected data

The Prospectus contains projected data.

(See Section One, Chapter XIII of the Prospectus).

Related-party transactions

The Issuer has dealings of a commercial and financial nature with related parties and deems that the same have been entered into on an arm's-length basis. Such dealings permit UBI Banca and the other Group companies to benefit from the advantages deriving from Group synergies. It should also be noted that the Issuer has adopted regulations for the discipline of related-party transactions.

The tables which follow contain the figures relating to the main balance sheet transactions with related parties concerning the Interim financial report as at and for the period ended 31 March 2011 as well as the consolidated financial statements as at 31 December 2010, 2009 and 2008.

Related-party transactions – Main balance sheet transactions of the Interim financial report as at and for the period ended 31 March 2011

(in Euro 000s)	**Financial assets held for trading**	**Loans to banks**	**Loans to customers**	**Amounts due to banks**	**Amounts due to customers**	**Securities issued**	**Financial liabilities held for trading**	**Guarantees Given**
Associated companies	-	-	148,550	-	170,934	16,586	3	24,994
Executives	1	-	1,901	-	27,036	390	-	-
Other related parties (*)	46,619	-	306,083	-	78,261	727	-	-
Total	**46,620**	**-**	**456,534**	**-**	**276,231**	**17,703**	**3**	**24,994**

(*) This symbol refers to the subjects indicated in points e) and f) of the definition of related party provided by the International accounting standard (IAS) no. 24, according to which a party can be considered as related if:

a) it directly or indirectly controls, is controlled by, or is subject to common control with the Issuer; or has a holding to the extent that it can exercise a significant influence over the Issuer or jointly controls the Issuer;

b) it is a company associated with the Issuer (according to the definition of IAS 28 — Investments in associates);

c) it is a joint venture in which the Issuer participates;

d) it is a manager with strategic responsibility for the Issuer or its parent, with *manager with strategic responsibility* meaning a person having the power and responsibility over planning, management and control of the operations of the Issuer, including the administrators of the Issuer;

e) a close family member of one of the individuals indicated in letters a) or d) (with *close family members* meaning a person who can potentially influence the physical person related to the Issuer, or be influenced by it, in their relations with the Issuer);

f) it is an entity controlled, jointly controlled or subject to significant influence by one of the individuals indicated in letters d) or e), or where such individuals hold, directly or indirectly, a significant amount of the voting rights in such entity;

g) it is a pension fund for employees of the Issuer or of any related entity.

Related-party transactions – Main consolidated balance sheet transactions as at 31 December 2010

(in Euro 000s)	**Financial assets held for trading**	**Loans to banks**	**Loans to customers**	**Amounts due to banks**	**Amounts due to customers**	**Securities issued**	**Financial liabilities held for trading**	**Guarantees Given**
Associated companies	2	-	89,451	-	290,772	-	-	24,992
Executives	-	-	2,046	-	23,785	490	-	-
Other related parties (*)	50,485	-	272,583	-	118,605	735	-	-
Total	**50,487**	**-**	**364,080**	**-**	**433,162**	**1,225**	**-**	**24,992**

(*) See notes under the table above.

Related-party transactions – Main consolidated balance sheet transactions as at 31 December 2009

(in Euro 000s)	**Financial assets held for trading**	**Loans to banks**	**Loans to customers**	**Amounts due to banks**	**Amounts due to customers**	**Securities issued**	**Financial liabilities held for trading**	**Guarantees Given**
Associated companies	-	-	118,159	-	1,431	-	-	50,000
Executives	-	-	342	-	18,658	-	-	-
Other related parties (*)	43,148	-	289,466	-	181,436	-	-	-
Total	**43,148**	**-**	**407,967**	**-**	**201,525**	**-**	**-**	**50,000**

(*) See notes under the table above.

Related-party transactions – Main consolidated balance sheet transactions as at 31 December 2008

(in Euro 000s)	**Financial assets held for trading**	**Loans to banks**	**Loans to customers**	**Amounts due to banks**	**Amounts due to customers**	**Securities issued**	**Financial liabilities held for trading**	**Guarantees Given**
Associated companies	-	-	91,484	-	1,979	-	-	50,000
Executives	2	-	907	-	30,404	-	-	-
Other related parties (*)	39,235	-	449,412	-	208,358	35,000	-	-
Total	**39,237**	**-**	**541,803**	**-**	**240,741**	**35,000**	**-**	**50,000**

(*) See notes under the table above.

By means of resolution no. 17221 dated 12 March 2010 – amended by subsequent resolution no. 17389 dated 23 June 2010 – Consob approved Regulations containing provisions on related-party transactions. The new legislation disciplines the procedures to be followed for the approval of the transactions entered into by listed companies and issuers having shares held by the general public with parties in potential conflict of interest, including the reference or controlling shareholders, members of the administrative and control bodies and top executives, including their close family members.

Within the sphere of the Group, the legislation in question applies to UBI Banca and to Banco di San Giorgio, since it is a company with shares held by the general public.

In relation to this, the competent bodies of the aforementioned companies approved their own regulations, within the envisaged timescales, which discipline related-party transactions, and internal processes suitable for ensuring observance of the new rules issued were defined.

With specific reference to UBI Banca, the Supervisory Board took steps to appoint, internally, a Related Parties Committee to which transactions falling within the sphere of application of the provisions must be submitted in advance.

Furthermore, in compliance with the indications provided by Consob, it has also been envisaged that UBI Banca transactions with related parties carried out by subsidiaries also be subject to the regulations in question if, by virtue of the provisions of the Corporate By-Laws or internal procedures adopted by UBI Banca, the Management Board, the Supervisory Board upon the proposal of the Management Board or also a representative of the Issuer by virtue of the authority granted the same, must examine or approve a transaction to be carried out by subsidiaries in advance.

For further information please refer to the matters described in Section One, Chapter XVI, Paragraph 16.4 and Chapter XIX of the Prospectus.

(See Section One, Chapter XIX of the Prospectus).

C. SIGNIFICANT ACCOUNTING AND FINANCIAL INFORMATION

Certain selected financial information relating to the years ended as at 31 December 2010, 2009 and 2008 and the first three months of 2011, is presented below.

The figures relating to the years ended as at 31 December 2010, 2009 and 2008 have been taken from the annual consolidated financial statements of the Group for the years ended as at 31 December 2010, 2009 and 2008, respectively. The figures relating to the three months ended as at 31 March 2011 have been taken from the Interim financial report as at and for the period ended 31 March 2011.

The following table contains the reclassified income statement figures for the years ended as at 31 December 2010, 2009 and 2008.

RECLASSIFIED INCOME STATEMENT FIGURES					
(in Euro 000s)		**FINANCIAL YEAR**		**% change**	**% change**
	2010	**2009**	**2008**	**2010/2009**	**2009/2008**
Net interest income	2,142,526	2,400,543	2,810,297	-10.75%	-14.58%
Net commission income	1,185,297	1,214,688	1,360,105	-2.42%	-10.69%
Net income from trading, hedging and disposal /repurchase activities and from assets/liabilities at fair value	34,044	126,783	(242,261)	-73.15%	-152.33%
Operating expenses	(2,468,564)	(2,514,347)	(2,611,348)	-1.82%	-3.71%
Net operating income	1,027,497	1,391,900	1,478,391	-26.18%	-5.85%
Net impairment losses on loans	(706,932)	(865,211)	(566,223)	-18.29%	52.80%
Profit (loss) from the disposal of equity investments	90,700	100,302	84,985	-9.57%	18.02%
Pre-tax profit from continuing operations	334,335	540,899	452,114	-38.19%	19.64%
Profit for the year attributable to the shareholders of the Parent	**172,121**	**270,099**	**69,001**	**-36.27%**	**291.44%**
Profit net of non-recurrent components	**105,116**	**173,380**	**425,327**	**-39.37%**	**-59.24%**

The 2010 net profit amounted to Euro 172.1 million, down with respect to the Euro 270.1 million in 2009. In 2009 disclosed profit amounted to Euro 270.1 million, compared with Euro 69 million twelve months earlier.

The following table shows the reclassified income statement figures relating to the quarter ended as at 31 March 2011 compared with the reclassified income statement figures as at 31 March 2010.

RECLASSIFIED INCOME STATEMENT FIGURES			
(in Euro 000s)	**1/1 - 31/3**	**1/1 - 31/3**	**% change**
	2011	**2010**	**2011/2010**
Net interest income	527,537	533,333	-1.09%
Net commission income	291,936	293,628	-0.58%
Net income from trading, hedging and disposal /repurchase activities and from assets/liabilities at fair value	14,612	(4,922)	n.s.
Operating expenses	(595,532)	(616,953)	-3.47%
Net operating income	266,985	235,576	13.33%
Net impairment losses on loans	(105,374)	(131,859)	-20.09%
Profit (loss) from the disposal of equity investments	181	92	96.74%
Pre-tax profit from continuing operations	149,740	102,209	46.50%
Profit for the year attributable to the shareholders of the Parent	**64,609**	**38,125**	**69.47%**
Profit net of non-recurrent components	**64,609**	**38,125**	**69.47%**

Net profit as at March 2011 totalled Euro 64.6 million, up by 69.47% with respect to the Euro 38.1 million in March 2010.

The following table illustrates the reclassified balance sheet figures for the years ended as at 31 December 2010, 2009 and 2008 and the quarter ended as at 31 March 2011.

RECLASSIFIED BALANCE SHEET FIGURES							
(in Euro 000s)	**AMOUNTS as at**				**% change**	**% change**	**% change**
	31/03/2011	**31/12/2010**	**31/12/2009**	**31/12/2008**	**31/03/11 vs 31/12/10**	**2010/2009**	**2009/2008**
Total assets	132,737,610	130,558,569	122,313,223	121,955,685	1.67%	6.74%	0.29%
Loans to customers	102,702,444	101,814,829	98,007,252	96,368,452	0.87%	3.88%	1.70%
Direct funding	104,823,467	106,760,045	97,214,405	97,591,237	-1.81%	9.82%	-0.39%
Indirect deposits from customers	78,012,898	78,078,869	78,791,834	74,288,053	-0.08%	-0.90%	6.06%
Securities issued	48,678,875	48,093,888	44,349,444	43,440,556	1.22%	8.44%	2.09%
Amounts due to banks	7,332,517	5,383,977	5,324,434	3,980,922	36.19%	1.12%	33.75%
Loans to banks	4,510,008	3,120,352	3,278,264	3,053,704	44.54%	-4.82%	7.35%
Net interbank position	(2,822,509)	(2,263,625)	(2,046,170)	(927,218)	24.69%	10.63%	120.68%
Group shareholders' equity	**11,153,599**	**10,979,019**	**11,411,248**	**11,140,207**	**1.59%**	**-3.79%**	**2.43%**

As at 31 December 2010 loans to customers totalled Euro 101.8 billion, up constantly with respect to December 2009 (+ 3.9%) and December 2008 (+ 5.7%).

Direct funding as at 31 December 2010 – amounting to Euro 106.8 billion – reported an increase of 9.82% on an annual basis.

Indirect deposits as at 31 December 2010 disclosed a slight drop with respect to December 2009.

Net interbank exposure as at 31 December 2010 was essentially in line with 2009.

As at 31 December 2009, loans to customers came to Euro 98 billion, up 1.7% with respect to December 2008.

As at 31 March 2011 loans to customers totalled Euro 102.7 billion, up 0.87% with respect to December 2010.

Direct funding – amounting to Euro 104.8 billion as at 31 March 2011, was down by 1.81% when compared with the year end balance.

Indirect deposits were essentially in line with the December 2010 figures, for a total of 78 billion as at 31 March 2011.

Net interbank exposure in the first quarter of 2011 was Euro -2.8 billion.

The following table illustrates a number of Group performance ratios for the quarter ended as at 31 March 2011 and the years 2010, 2009 and 2008.

PERFORMANCE RATIOS	**31/03/2011**	**31/12/2010**	**31/12/2009**	**31/12/2008**
ROE (Profit for the year/shareholders' equity excluding profit for the year)	2.33% (*)	1.59%	2.42%	0.62%
Net interest income/Operating income	61.16%	61.28%	61.45%	68.72%
Net commission income/Operating income	33.85%	33.90%	31.10%	33.26%
Cost income (Operating expenses/operating income)	69.05%	70.61%	64.37%	63.85%

(*) Annualised figure.

The following table illustrates the Group's consolidated earnings per share for the years 2010, 2009 and 2008 and for the quarter ended as at 31 March 2011.

Earnings per share *(in Euro)*	**31/03/2011**	**31/12/2010**	**31/12/2009**	**31/12/2008**
Basic EPS	0.1011	0.2633	0.4131	0.1075
Diluted EPS	0.1011	0.2633	0.4131	0.1075

For all the periods indicated, the diluted earnings per share are identical to the basic figures.

The following table illustrates the main figures relating to the Group cash flows as at the interim date of 31 March 2011 and for the years ended as at 31 December 2010, 2009 and 2008.

Cash flows *(in Euro 000s)*	**31/03/2011**	**31/12/2010**	**31/12/2009**	**31/12/2008**
Cash flows generated/absorbed by ordinary activities	(42,193)	95,598	(686,804)	1,203,030
Cash flows generated/absorbed by investing activities	2,205	29,818	880,158	(419,769)
Cash flows generated/absorbed by funding activities	-	(200,221)	(303,166)	(632,732)
Cash flows generated/absorbed during the period	(39,988)	(74,805)	(109,812)	150,529

The following tables summarise the situation in relation to loans to customers of the Group for the quarter ended as at 31 March 2011 and for the years 2010, 2009 and 2008.

LOANS TO CUSTOMERS *(in Euro 000s)*	**31 MARCH 2011**			
	Gross exposure		**Carrying amount**	
Deteriorated loans	**7.49%**	**7,905,022**	**5.50%**	**5,644,464**
Non-performing loans	3.77%	3,979,609	2.02%	2,071,656
Impaired loans	2.37%	2,504,759	2.17%	2,232,945
Restructured loans	0.85%	897,668	0.81%	830,351
Past due loans	0.50%	522,986	0.50%	509,512
Performing loans	**92.51%**	**97,575,669**	**94.50%**	**97,057,980**
TOTAL LOANS TO CUSTOMERS		**105,480,691**		**102,702,444**

LOANS TO CUSTOMERS *(in Euro 000s)*	**31 DECEMBER 2010**			
	Gross exposure		**Carrying amount**	
Deteriorated loans	**7.14%**	**7,465,062**	**5.17%**	**5,261,129**
Non-performing loans	3.62%	3,780,973	1.91%	1,939,916
Impaired loans	2.22%	2,320,471	2.00%	2,032,914
Restructured loans	0.85%	889,070	0.81%	828,493
Past due loans	0.45%	474,548	0.45%	459,806
Performing loans	**92.86%**	**97,073,520**	**94.83%**	**96,553,700**
TOTAL LOANS TO CUSTOMERS		**104,538,582**		**101,814,829**

LOANS TO CUSTOMERS				
(in Euro 000s)	**31 DECEMBER 2009**			
	Gross exposure		**Carrying amount**	
Deteriorated loans	**6.35%**	**6,373,596**	**4.62%**	**4,532,234**
Non-performing loans	2.74%	2,751,588	1.36%	1,332,576
Impaired loans	2.20%	2,208,369	1.88%	1,845,073
Restructured loans	0.48%	479,520	0.45%	438,735
Past due loans	0.93%	934,119	0.93%	915,850
Performing loans	**93.65%**	**93,961,673**	**95.38%**	**93,475,018**
TOTAL LOANS TO CUSTOMERS		**100,335,269**		**98,007,252**

LOANS TO CUSTOMERS				
(in Euro 000s)	**31 DECEMBER 2008**			
	Gross exposure		**Carrying amount**	
Deteriorated loans	**3.68%**	**3,607,588**	**2.40%**	**2,315,913**
Non-performing loans	1.90%	1,868,615	0.88%	848,671
Impaired loans	1.41%	1,382,852	1.20%	1,160,191
Restructured loans	0.14%	142,114	0.11%	102,559
Past due loans	0.22%	214,007	0.21%	204,492
Performing loans	**96.32%**	**94,486,871**	**97.60%**	**94,052,539**
TOTAL LOANS TO CUSTOMERS		**98,094,459**		**96,368,452**

With reference to the items Deteriorated loans and Performing loans, both net of impairment losses, the following is a comparison between the Group and the ABI Sample for the periods 2009 and 2010, which illustrates that the Group is virtually in line with the banking system both in terms of ratio of deteriorated loans to total loans to customers and of ratio of performing loans to total loans to customers.

	31.12.2009				**31.12.2010**			
	ABI Sample (*)		**UBI**		**ABI Sample (**)**		**UBI**	
	Volumes	**Distr. %**	**Volumes**	**Distr. %**	**Volumes**	**Distr. %**	**Volumes**	**Distr. %**
Deteriorated loans	101,884,589	5.58%	4,532,234	4.62%	113,286,857	6.36%	5,261,129	5.17%
Performing loans	1,723,707,195	94.42%	93,475,018	95.38%	1,669,046,730	93.64%	96,553,700	94.83%
TOTAL LOANS TO CUSTOMERS	**1,825,591,784**	**100.00%**	**98,007,252**	**100.00%**	**1,782,333,587**	**100.00%**	**101,814,829**	**100.00%**

(*) Sample of 59 banking groups.

(**) Sample of 42 banking groups.

The following table indicates the solvency ratios of the UBI Banca Group for the quarter ended as at 31 March 2011 and for the periods 2010, 2009 and 2008.

CAPITAL RATIOS (BASEL II STANDARD)				
(in Euro 000s)				
	31/03/2011	**31/12/2010**	**31/12/2009**	**31/12/2008**
Risk-weighted assets	**95.064.615**	**94.360.909**	**85.677.000**	**89.891.825**
Core Tier I after specific deductions from Tier I capital (Tier I capital net of preference shares /Risk-weighted assets)	**6.94%**	**6.95%**	**7.43%**	**7.09%**
Tier I capital ratio (Tier I capital/ risk-weighted assets)	**7.45%**	**7.47%**	**7.96%**	**7.73%**
Total capital ratio (*) ((Total capital + computable Tier III)/Risk-weighted assets)	**11.12%**	**11.17%**	**11.91%**	**11.08%**

(*) The Group's Total capital ratio is well above the regulatory minimum of 8%. Please note moreover that in the composition of the Tier I capital the hybrid instruments have a limited incidence, i.e. as at the date of 31 March 2011, 6.8% compared with the maximum permitted by current regulations of 35%.

(See Section One, Chapters III and XX of the Prospectus).

D. INFORMATION RELATING TO THE OFFER

The Offer, for a total maximum amount of Euro *999,908,234.75*, concerns a maximum of *262,580,944* UBI Shares deriving from the capital increase.

The UBI Shares will be offered under option to the Issuer's shareholders and to the Bondholders at the Offer Price of Euro *3.808* per UBI Share on the basis of an option ratio of *8* UBI shares for every *21* UBI shares and/or Convertible Bonds held.

For further information, see Section Two, Chapters IV, V and VI of the Prospectus.

Information relating to UBI Shares

The UBI Shares will be issued in accordance with Italian Law.

The UBI Shares will be registered, freely transferable, with regular dividend entitlement as from the issue date, and be subject to the dematerialised system as per Articles 83 *bis* and 83 *sexies* of the Consolidated Finance Act (TUF) and the related implementing regulations, and will be introduced into the centralised management system run by Monte Titoli.

The UBI Shares will have the same features and assign the same rights as the UBI shares outstanding at the date of their issue.

The UBI Shares are admitted for listing on the MTA.

The UBI Shares will be traded, automatically, according to the provisions of Article 2 (4) (1) of the Stock Market Regulations, on the same market where the UBI shares are traded at the time of issue.

For further information, see Section Two, Chapters IV, V and VI of the Prospectus.

Significant information regarding the Offer

The following table summarises the significant information regarding the Offer.

SIGNIFICANT INFORMATION	
Number of UBI Shares offered under option	*262,580,944*
Option ratio	No. *8* UBI Shares for every *21* UBI shares and/or Convertible Bonds
Offer Price	Euro *3.808*
Total value of the Capital Increase	*999,908,234.75*
Number of Issuer's shares outstanding as at the Prospectus Date	639,146,170
Number of Issuer's shares in the event of complete subscription of the Capital Increase	*901,727,114*
Share capital post offer in the event of complete subscription of the Capital Increase	Euro *2,254,317,785*
Percentage of UBI Shares out of Total ordinary shares of the Issuer in the event of complete subscription	*29.12*%

For further information, see Section Two, Chapter V of the Prospectus.

Period of validity of the Offer and beneficiaries

The period of validity of the Offer runs from 6 June 2011 until 24 June 2011, inclusive (the "**Option Period**"). The Option Rights, which give the right to subscribe the UBI Shares, must be exercised during the Option Period via the authorised intermediaries participating in the centralised management system, which are required to give the related instructions to Monte Titoli by 3.30 p.m. (Italian time) on the last day of the Option Period. Therefore, each subscriber must present an appropriate subscription request with the modalities and by the deadline indicated by their depositary intermediary so as to ensure observance of the final deadline indicated above.

The Option Rights will be traded on the market as from 6 June 2011 until 17 June 2011, inclusive.

The following table presents the indicative timetable for the Offer.

INDICATIVE TIMETABLE FOR THE OFFER	
Start of the Option Period and the trading period for the Option Rights	6 June 2011
Last day of trading for the Option Rights	17 June 2011
End of the Option Period and last subscription deadline for the UBI Shares	24 June 2011
Communication of the results of the Offer	Within five business days from the end of the Option Period

Note that the timetable for the Offer is indicative and could undergo changes in the occurrence of events and circumstances not dependent on the Issuer's will, including therein particular conditions of volatility on the financial markets, which could prejudice the success of the Offer. Any changes to the Option Period will be communicated to the general public by means of specific notice to be published as per the same publication methods for the Prospectus.

Participation in the Offer cannot be subject to any condition and is irrevocable, except in the cases envisaged by law.

The Option Rights not exercised by the deadline of the Option Period will be offered by the Company on the MTA by the end of the month following the end of the Option Period, for at least five exchange business days, as per Article 2441 (3) of the Italian Civil Code (the "**Market Offer**"). The start and end dates of the Market Offer period shall be disclosed to the general public by means of specific notice.

The UBI Shares will be offered under option to the Issuer's shareholders and to the Bondholders, without limitation or exclusions of the subscription right. In consideration of the nature of the Offer, no division and allocation plan is necessary for the UBI Shares.

The Offer is made exclusively in Italy on the basis of the Prospectus. The Prospectus does not represent an offer of financial instruments in the United States of America, Canada, Japan or Australia or in any other country (the "**Other Countries**") in which the Offer is not permitted in the absence of specific authorisation compliant with the applicable legal provisions or by way of departure to the same provisions.

The UBI Shares and the Option Rights have not been registered, nor will they be registered, in accordance with the United States Securities Act dated 1933 and subsequent amendments, nor in accordance with the legislation in force in Canada, Japan, and Australia or in the Other Countries and consequently cannot be offered or, in any event, directly or indirectly delivered in the United States of America, Canada, Japan, Australia or in the Other Countries.

For further information, see the Section Two, Chapter V of the Prospectus.

Subscription commitments

On 28 March 2011, Mediobanca signed a pre-guarantee agreement undertaking to guarantee – under the usual terms and conditions for this type of transaction and up to a total maximum amount of Euro 1 billion – the underwriting of UBI Shares in an amount corresponding to any Option Rights that might not be exercised upon the conclusion of the Market Offer.

Under the Offer, Mediobanca and Centrobanca (the latter without taking on any guarantee commitments) will act as Joint Global Coordinators. Mediobanca will also act as bookrunner. The market will be informed of any potential participation of other financial institutions in the guarantee syndicate coordinated and led by Mediobanca and Centrobanca, together with their respective roles, by means of a press release.

The guarantee agreement, which will be concluded prior to the launch of the Offer, will be drawn up in accordance with market practice and will contain a commitment by the financial institutions participating in the guarantee syndicate (the "**Guarantors**") to underwrite the UBI Shares in an amount corresponding to those Option Rights that might not be exercised upon the conclusion of the Market Offer up to a maximum amount of Euro 1 billion, along with the usual clauses stipulating conditions for the guarantee commitment to have effect or giving Mediobanca the right to revoke the Guarantors' guarantee commitment upon the occurrence, *inter alia*, of events which may prejudice the proper conclusion of the Offer (so-called "material adverse change" or "*force majeure*") or upon the occurrence of serious violations by the Company of commitments made or guarantees given in the guarantee agreement.

The agreement undertaken will be notified to the market by means of a press release.

Dilutive effects of the Capital Increase

The UBI Shares are offered under option to all the Issuer's shareholders and all the Bondholders and, therefore, there are no dilutive effects in terms of percentage stake in the Issuer's fully diluted share capital (calculated assuming full conversion of the Convertible Bonds and full subscription of the Capital Increase) vis-à-vis the Issuer's shareholders and the Bondholders who decide to subscribe to the Offer to the extent of their entitlement. On the other hand, with reference to the percentage stake in the actually issued share capital, the shareholders who decide to subscribe to the Offer for their entire entitlement, shall in any event experience a maximum dilution of 2.12% should all or part of the Bondholders decide to subscribe to the Option Rights assigned to them.

The Issuer's shareholders who by contrast decide not to subscribe the Offer for the portion they are entitled to, could see their stake in the actually issued capital diluted by a maximum percentage of around 29.12%.

On the other hand, considering the stake in the fully diluted capital (calculated, with reference to the situation prior to the Offer, assuming full conversion of the Convertible Bonds on the basis of the current conversion ratio and, with reference to the post-Offer situation, assuming full subscription of the Capital Increase), the shareholders and the Bondholders who decide not to subscribe to the Offer for the portion of their entitlement could see their stake in the fully diluted capital diluted by a maximum percentage of around *27.59*%.

Total net proceeds and estimate of total expenses linked to the Offer

The net proceeds deriving from the Capital Increase, if fully subscribed, net of expenses, are estimated to be approximately Euro 975 million. Total expenses, inclusive of the guarantee commission, are estimated to amount to a maximum of approximately Euro 25 million.

Reasons for the Offer and use of the proceeds

The purpose of the Capital Increase is to further strengthen the UBI Banca Group's capital position, with the aim of supporting growth and enabling the Group to grasp all the opportunities arising from future economic growth.

Since its inception, the UBI Banca Group has always considered its capital strength to be one of the most distinctive competitive factors in the national banking scene and has always positioned itself among the "best in class" in terms of capital, taking into account the Group's focus on the traditional deposit and lending business and its low exposure to financial risks.

Specifically, the Capital Increase will allow the Group to strengthen its capital ratios, which as at 31 December 2010 came to 6.95%, in terms of Core Tier I Ratio, 7.47%, in terms of Tier I Ratio, and 11.17%, in terms of Total Capital Ratio.

The increase in the capital ratios consequent to the Capital Increase will allow the Group to anticipate the alignment with the more stringent capital requirements for banks which are in the process of being introduced in view of the coming into effect of Basel III, and to achieve a further improvement in the mix and the quality of the Group's capital by a further reinforcement of common equity as required by the new regulations which will be progressively implemented.

In addition, via the Capital Increase the Group will equip itself with the financial resources necessary to support growth as envisaged in the Industrial Plan. In this sense, the availability of adequate financial resources should allow the Group to accentuate its competitiveness on the reference market, improve its positioning and grasp endogenous growth opportunities which will present themselves over the coming years, all the while pursuing a sustainable dividend distribution policy.

Also, in the Issuer's opinion, the Capital Increase should permit the Group to improve and strengthen the ratings assigned by the international agencies with possible potential benefits in terms of funding costs.

E. SUPPLEMENTARY INDICATIONS

Share capital and ratings

As at the Prospectus Date, the Issuer's share capital, fully subscribed and paid-in, amounted to Euro 1,597,865,425, represented by 639,146,170 ordinary shares with a par value of Euro 2.50 each.

For further information, please see Section One, Chapter XXI.

The Issuer has been assigned ratings by the international agencies Standard & Poor's, Fitch Ratings and Moody's.

All three rating agencies have submitted an application for registration to ESMA for the activities carried out in Europe (in Italy via: Standard & Poor's Credit Market Services Italy S.r.l., Moody's Italia S.r.l. and Fitch Italia Società italiana per il rating S.p.A.) and are awaiting registration.

On 23 April 2010, as part of a general analysis of Italian banks, Standard & Poor's confirmed the short and long-term counterpart rating for UBI Banca, downgrading the outlook from Stable to Negative in relation to a perceived lower capacity of the Group to absorb higher than expected credit losses in the event of a faltering of the fragile economic recovery. On 6 May Standard & Poor's confirmed the short-term counterparty rating as A-1 and long-term counterparty rating as A, with a Negative outlook.

On 17 December 2010, Fitch Ratings reduced the long-term counterpart rating of UBI Banca from A+ to A, with a Stable outlook, confirming all the other ratings. The action was taken in consideration of the slowdown in economic activity in Italy and the persistent low level of market rates which, in the ratings agency's opinion, make a rapid recovery in UBI Banca's operating profitability unlikely. At the same time, Fitch confirmed: the importance of the Group's franchise, located in the wealthiest regions of Italy; the sound management and perception of credit risk, which has permitted loan quality to deteriorate to a lesser extent than other competitors; the adequate capitalisation in relation to the conservative approach to risk; as well as the adequate liquidity, with well diversified funding sources. As a consequence of the manoeuvre, the ratings on the outstanding issues (Senior debt, Lower Tier 2 and hybrid securities) were reduced by a notch.

For further information, please see Section Two, Chapter X, Paragraph 10.5.

G. DOCUMENTATION AVAILABLE TO THE GENERAL PUBLIC

During the Prospectus validity period, copies of the following documents may be consulted at the Issuer's registered offices and on the Issuer's website (*www.ubibanca.it*), as well as on the Borsa Italiana website (*www.borsaitaliana.it*):

- Corporate By-Laws;
- Prospectus;
- annual separate and consolidated financial statements of the Issuer as at and for the years ended 31 December 2010, 2009 and 2008, drawn up in compliance with the IFRS and based on the "*Instructions for the preparation of company financial statements and consolidated financial statements of banks and financial institutions that are parent companies of banking groups*" issued by the Bank of Italy, and audited by the Independent Auditors;
- Interim financial report as at and for the period ended 31 March 2011, subject to a limited audit by the Independent Auditors;

- Industrial Plan;
- annual report on the corporate governance and ownership structure, for 2010.

During the Prospectus validity period, a copy of the Issuer's memorandum of association will also be available for consultation at the Issuer's registered offices.

SECTION ONE

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CHAPTER I – DESIGNATION OF RESPONSIBILITY

1.1 Responsibility for the Prospectus

UBI Banca, with headquarters in Bergamo, at 8 Piazza Vittorio Veneto, in its capacity as Issuer, hereby assumes responsibility for the accuracy and completeness of the data and information contained in this Prospectus.

1.2 Disclaimer

UBI Banca, responsible for drafting this Prospectus, hereby declares that it has undertaken all reasonable diligence to draft this Prospectus and that, to the best of its knowledge, the information contained in this Prospectus is consistent with facts and that there are no omissions that could alter its interpretation.

CHAPTER II – AUDITORS TO THE ACCOUNTS

2.1 Issuer's Independent Auditors

The task of performing the audit for the period 2003-2011 was awarded to KPMG S.p.A., with registered offices in Milan, at 25 Via Vittor Pisani, registered under no. 13 in the Special Register kept by Consob as provided for by Article 161 of the Consolidated Finance Act (TUF) and registered under registration no. 70623 of the Italian Register of Chartered Accountants pursuant to Legislative Decree no. 88 dated 27 January 1992 (hereinafter referred to as the **"Independent Auditors"),** taking into account the transitional provisions of Article 43 of Legislative Decree no. 39.

In that period, the Independent Auditors were appointed to:

(i) perform the legal audit of the separate financial statements of UBI Banca (formerly Banche Popolari Unite Società Cooperativa a responsabilità limitata);

(ii) perform the legal audit of the consolidated financial statements of the UBI Banca Group;

(iii) perform a limited audit of the condensed half yearly consolidated financial statements of UBI Banca Group;

(iv) check that accounts are properly kept and that the results of operations are fairly represented in the accounting records.

In addition, for the purpose of incorporation by reference in this Prospectus, the Independent Auditors have performed a limited audit of the Interim financial report as at and for the period ended 31 March 2011, the report of which was issued on 16 May 2011.

The Independent Auditors also issued a report on the procedures performed on the projections reported in Section One, Chapter XIII of the Prospectus, attached as an annexe to the Prospectus.

During the period that the selected financial information refers to, in relation to past financial years that are included in the Prospectus, there were no findings or statements expressing the inability to express an opinion by the Independent Auditors both in relation to the financial statements subject to legal audit and to the half yearly reports of the Issuer subject to limited audit.

On 30 April 2011, the UBI Banca Shareholders' Meeting resolved to appoint Deloitte & Touche S.p.A., with registered offices in Milan at 25 Via Tortona, registered in the Register of Independent Auditors as provided by Article 161 of the Consolidated Finance Act (TUF), VAT no./Tax Code/Milan Company Register no. 03049560166 – R.E.A, register of Milan no. 1720239, pursuant to Article 13 (1) and Article 17 (1) of the Legislative Decree no. 39, as auditors to the accounts of UBI Banca for the financial years running from 2012 to 2020, and in particular:

(i) to audit the financial statements of UBI Bank, for which the independent auditors are required to issue a report pursuant to Article 14 (1) (a) of Legislative Decree no. 39;

(ii) to audit the consolidated financial statements of the Group for which the independent auditors are required to issue a report pursuant to Article 14 (1) (a) of Legislative Decree no. 39;

(iii) to perform checks during the year to ascertain that accounts are properly kept and that the results of operations are fairly represented in accounting records in accordance with Article 14 (1), (b) of Legislative Decree no. 39; and

(iv) to audit the condensed half yearly consolidated financial statements of the Group in accordance with the provisions of Consob Communication no. 97001574 dated 20 February 1997 and Consob Resolution no. 10867 dated 31 July 1997.

The appointment of Deloitte & Touche S.p.A., has been made a year in advance to enable the Group companies to organise the transfer of appointments and also to enable the Independent Auditors to organise their activities.

2.2 Information relating to the duration of the appointment

As at the date of publication of this Prospectus the Issuer has not terminated the appointment of the Independent Auditors and neither have the Independent Auditors resigned their appointment.

CHAPTER III – SELECTED FINANCIAL INFORMATION OF THE ISSUER

Introduction

In the following section there is a selection of financial information for the quarter ended 31 March 2011 and for the financial years ended 31 December 2010, 2009 and 2008.

The Issuer avails itself of inclusion by reference of the aforementioned documents under Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) 809/2004. The consolidated financial statements as at and for the years ended 31 December 2010, 2009 and 2008 have been previously published and filed with Consob. All the aforementioned documents are publicly available on the website of the Issuer *(www.ubibanca.it)* and at the Headquarters of the Issuer and Borsa Italiana.

3.1 Main accounting data

The following table shows key reclassified financial data for the years ended as at 31 December 2010, 2009 and 2008.

RECLASSIFIED INCOME STATEMENT DATA					
(in Euro 000s)		**FINANCIAL YEAR**		**% change**	**% change**
	2010	**2009**	**2008**	**2010/2009**	**2009/2008**
Net interest income	2,142,526	2,400,543	2,810,297	-10.75%	-14.58%
Net commission income	1,185,297	1,214,688	1,360,105	-2.42%	-10.69%
Net income from trading, hedging and disposal/repurchase activities and of assets/liabilities at *fair value*	34,044	126,783	(242,261)	-73.15%	-152.33%
Operating expenses	(2,468,564)	(2,514,347)	(2,611,348)	-1.82%	-3.71%
Net Operating Income	1,027,497	1,391,900	1,478,391	-26.18%	-5.85%
Net Impairment losses on loans	(706,932)	(865,211)	(566,223)	-18.29%	52.80%
Profit (loss) from disposal of equity investments	90,700	100,302	84,985	-9.57%	18.02%
Pre-tax profit from continuing operations	334,335	540,899	452,114	-38.19%	19.64%
Profit for the year attributable to the shareholders of the Parent	**172,121**	**270,099**	**69,001**	**-36.27%**	**291.44%**
Profit excluding non-recurring items	**105,116**	**173,380**	**425,327**	**-39.37%**	**-59.24%**

Net profit for 2010 amounted to Euro 172.1 million, a decrease in comparison with Euro 270.1 million in 2009.

This result was strongly influenced by the macroeconomic scenario (in particular by the level of interest rates), which is still characterised by uncertainty and disorientation of market operators.

The decrease in core revenues of the Group – that followed the financial markets crisis of the last quarter of 2008 – continued during 2010, as shown by the results for net interest income and net commission income.

This negative trend was only partially offset by a strict policy of cost containment and by a lower incidence of impairment losses on loans.

The 2009 financial year showed a profit of Euro 270.1 million compared with Euro 69 million of the previous twelve months.

For the sake of completeness and in order to facilitate analysis of the Group's performance, information provided refers to results net of the main non recurring items, which can be summarised as follows (net of taxes and minority interests):

The following table illustrates the progression of net profit for the period excluding non-recurring items that occurred in the years 2010, 2009 and 2008.

PROFIT FOR THE YEAR EXCLUDING NON-RECURRING ITEMS			
(in Euro 000s)	**FINANCIAL YEAR**		
	2010	**2009**	**2008**
Profit for the year attributable to the parent company	**172,121**	**270,099**	**69,001**
Non-recurring items	(67,005)	(96,719)	356,326
Net income excluding non-recurring items attributable to the parent company	**105,116**	**173,380**	**425,327**

In particular among the non-recurring items, the following main items are worthy of note:

financial year 2010:

- Non-recurring net profits:
  - net capital gain on the transfer of the "Custodian Bank" business unit (Euro 83.9 million);
  - net capital gain on the partial disposal (9.9%) of a stake in Lombarda Vita S.p.A. (Euro 60.9 million);
  - net capital gain following the sale of two branches of Banque de Dépôts et de Gestion S.A. (Euro 3.7 million);
  - net capital gain following the sale by the parent company of property in Milan in Via Solferino (Euro 3.7 million).

  All the above-mentioned capital gains refer to transactions carried out with third parties outside the Group.
- Non-recurring net losses:
  - Value adjustments following impairment on equity investments classified as "Assets available for sale" ("AFS") in Intesa Sanpaolo and A2A and the TLcom Fund for a comprehensive amount of Euro 40.5 million;
  - charges relating to staff leaving incentives as a result of the Trade Union Agreement of 20 May 2010 (Euro 22.4 million);
  - negative tax impact (Euro 15.3 million) related to the Branch Switch transaction as part of a branch reorganisation operation within the UBI Banca Group;
  - Impairment of goodwill on the investment in Gestioni Lombarda Suisse (Euro 4.1 million);
  - write off of some components of the Information Systems by UBISS and IW Bank (Euro 2.7 million).

financial year 2009:

- Non-recurring net profits:
  - net profit following the sale of a stake (to third parties outside the Group) held by the UBI Group in UBI Assicurazioni (sale of 50% plus one share of the share capital), Banca Popolare di Ancona (6.49%), Mercato Impresa (98.56%) and IW Bank (10.33%) (for a total of Euro 93.1 million);
  - tax effects due to the realignment pursuant to Article 15 (3), of Law no. 185/2008 and IRAP (Italian regional company tax) refund (Euro 27.8 million);

- profits from the sale (to third parties outside the Group) of securities held to maturity (HTM portfolio) (Euro 25.3 million);

- capital gains on the public exchange offer of outstanding innovative capital instruments (preference shares) and five series of Lower Tier II subordinated debts for a total of Euro 41 million;

- profit from the sale of insurance agent operations belonging to UBI Assicurazioni, the sale to Banca Popolare di Vicenza by Banca Popolare Commercio e Industria of its Palermo branch and a portion of the Corporate Banking Unit of Brescia for a total of Euro 4.7 million. This transaction took place with a third party outside the Group.

• Non-recurring net losses:

  - value adjustments following impairment on investments in Intesa Sanpaolo and the Polis Fund (Euro 38.3 million);

  - devaluation of the DD Growth Fund (Euro 17.1 million);

  - impairment on certain intangible assets (Trade Marks) (Euro 14.8 million);

  - integration costs related to personnel expenses, other administrative expenses and provisions (Euro 14.1 million);

  - charges, adjustments and extraordinary provisions made by IW Bank and provisions for the investment in Coralis Rent (for a total of Euro 6.5 million);

  - expenses incurred in connection with the appraisal report related to the Branch Switch operation (Euro 4.4 million).

financial year 2008:

• Non-recurring net profit:

  - benefits resulting from tax redemptions on non-accounting deductions (Section EC of the Italian income tax return) and from the tax recognition of goodwill (Euro 172.1 million);

  - net gain from the sale to third parties outside the Group of shareholdings in the two companies Centrale dei Bilanci and Key Client and shares in the share capital of UBI Pramerica SGR and UBI Assicurazioni (for a total of Euro 99.8 million);

  - a change in the method for determining collective impairment losses on loan guarantees issued (Euro 4.3 million).

• Non-recurring net losses:

  - value adjustments following impairment on investments held for sale: Intesa Sanpaolo, London Stock Exchange, A2A S.p.A. and HOPA S.p.A (for a total of Euro 480.7 million);

  - negative effects of the Bernard Madoff, Lehman Brothers and the Icelandic banks crises (Euro 71.4 million);

  - integration costs related to personnel expenses, other administrative expenses and provisions (Euro 63.5 million);

  - price adjustment on the sale of Banca Popolare Commercio e Industria branches to Banca Popolare di Vicenza and of Banca Carime branches to Banca Popolare Pugliese (Euro 13.2 million);

  - write-down of the value of the assets managed by Capitalgest Alternative Investments SGR recognised under the PPA (Euro 3.7 million).

The following table shows key financial data reclassified for the quarter ended 31 March 2011.

RECLASSIFIED INCOME STATEMENT DATA			
(in Euro 000s)	**1/1 - 31/3 2011**	**1/1 - 31/3 2010**	**% change 2011/2010**
Net interest income	527,537	533,333	-1.09%
Net commission income	291,936	293,628	-0.58%
Net income from trading, hedging and disposal/repurchase activities and of assets/liabilities at *fair value*	14,612	(4,922)	n.s.
Operating expenses	(595,532)	(616,953)	-3.47%
Net operating income	266,985	235,576	13.33%
Net impairment losses on loans	(105,374)	(131,859)	-20.09%
Profit (loss) from disposal of equity investments	181	92	96.74%
Pre-tax profit on continuing operations	149,740	102,209	46.50%
Profit for the period attributable to the shareholders of the Parent	**64,609**	**38,125**	**69.47%**
Profit excluding non-recurring items	**64,609**	**38,125**	**69.47%**

During the first quarter of 2011, thanks to the improvement in the result from financial operations, the effects of the trade union agreement dated 20 May 2010 and the progressive downsizing of the net impairment losses on loans, the Group generated net profit of Euro 64.6 million (+ 69.5% compared with Euro 38.1 million in the first three months of last year).

In particular, although net interest income was down from the first quarter of 2010, it reflects the initial positive reactions to the reversal of trends in market rates. It should also be noted that as at 31 March 2011 this aggregate reflects the negative impact from the increase in the cost of institutional funding partly due to several issues being brought forward to the beginning of the year.

Net operating income benefited in particular from the contribution of financial operations, which produced a net profit of Euro 14.6 million as at 31 March 2011 compared to Euro 4.9 million as at 31 March 2010.

In terms of operating expenses, cost containment measures continued and were reflected in all item of the aggregate (personnel expenses, other administrative expenses and net value adjustments on property, equipment and investment property and intangible assets).

Net impairment losses on loans were also down with respect to the same period last year, reflecting the first positive results achieved following the realignment of the credit quality of the Product Companies, in particular B@nca 24-7 and UBI Leasing.

The following table shows key financial data reclassified for the years ended 31 December 2010, 2009 and 2008 and for the quarter ended as at 31 March 2011.

RECLASSIFIED BALANCE SHEET DATA							
(in Euro 000s)	**AMOUNTS AS AT**				**% change**	**% change**	**% change**
	31/03/2011	**31/12/2010**	**31/12/2009**	**31/12/2008**	**31/03/11 vs 31/12/10**	**2010/2009**	**2009/2008**
Total assets	132,737,610	130,558,569	122,313,223	121,955,685	1.67%	6.74%	0.29%
Loans to customers	102,702,444	101,814,829	98,007,252	96,368,452	0.87%	3.88%	1.70%
Direct funding	104,823,467	106,760,045	97,214,405	97,591,237	-1.81%	9.82%	-0.39%
Indirect deposits from customers	78,012,898	78,078,869	78,791,834	74,288,053	-0.08%	-0.90%	6.06%
Securities issued	48,678,875	48,093,888	44,349,444	43,440,556	1.22%	8.44%	2.09%
Due to banks	7,332,517	5,383,977	5,324,434	3,980,922	36.19%	1.12%	33.75%
Loans to banks	4,510,008	3,120,352	3,278,264	3,053,704	44.54%	-4.82%	7.35%
Net interbank position	(2,822,509)	(2,263,625)	(2,046,170)	(927,218)	24.69%	10.63%	120.68%
Shareholders' Equity attributable to the Group	**11,153,599**	**10,979,019**	**11,411,248**	**11,140,207**	**1.59%**	**-3.79%**	**2.43%**

Loans to customers as at 31 March 2011 totalled Euro 102.7 billion, up 0.87% with respect to the end of 2010.

During the first three months of 2011, growth in the loan portfolio (+ Euro 0.9 billion) was bolstered by "Mortgage and medium/long-term loans" (+ Euro 0.7 billion; + 1.4%), repurchase agreements (+ Euro 0.2 billion, + 65.3%) and current accounts (+ Euro 0.5 billion, +3.5%) which more than offset the negative trend of the non-banking financial services sector (- Euro 0.2 billion for leasing and factoring) and "other transactions" (- Euro 0.3 billion).

Total Group funding at the end of March 2011 amounted to Euro 182.8 billion, with an increase of 2.4% on an annual basis. In the comparison with the year end balances, all the main components were by contrast down; in particular repurchase agreements with the *Cassa di Compensazione e Garanzia* (Central Counterparty Clearing) reported a reduction of Euro 1.1 billion reflecting lower investments in Italian government securities, along with current accounts and term deposits which fell overall by around Euro 1 billion.

Securities issued totalled Euro 48.7 billion due to the gradual growth in bonds issued.

At the end of March 2011, indirect deposits from ordinary Group customers totalled Euro 78 billion, a decrease on an annual basis, but largely unchanged from figures for the end of the previous year.

The Group's net interbank balance was a negative Euro 2.8 billion, up slightly with respect to the end of the year (+ Euro 0.5 billion), but down compared to the average quarterly figure for 2010.

Loans to Group customers as at 31 December 2010 totalled Euro 101.8 billion, up constantly with respect to December 2009 (+ 3.9%) and December 2008 (+ 5.7%).

Direct funding – which as at 31 December 2010 amounted to Euro 106.8 billion – recorded an increase of Euro 9.5 billion on an annual basis (Euro 5.8 billion in customer deposits and Euro 3.7 billion in securities issued).

In detail, the component relating to customer deposits showed substantial stability in the entries related to current accounts, term deposits and repurchase agreements with customers while the repurchase agreements with the *Cassa di Compensazione e Garanzia* (Central Counterparty Clearing) – which was used starting from June 2010 to fund the position in government bonds as part of an exercise to strengthen the Group's profitability – register strong growth year on year (Euro 9.2 billion at end 2010 against Euro 3.5 billion at the end of 2009).

The component relating to securities issued, benefited from an increase in institutional funding in both the medium/long term as well as in the short-term.

Indirect deposits decreased slightly compared to December 2009, the growth of insurance and asset management components (respectively +1.8% and +1.6% year on year) is worthy of note, while there was a drop in the value of assets under custody (- 3.8% compared with 2009).

The net interbank exposure as at 31 December 2010 was broadly in line with 2009.

As at 31 December 2009 loans to customers of the Group amounted to Euro 98 billion, an increase of 1.7% compared to December 2008.

Breaking down the aggregate of funding into its two components shows that the increase in issued securities, during 2010, has only partially offset the decline in customer deposits which at the end of 2008 – when customers were faced with general uncertainty in relation to the reference scenario – benefited from a customer preference for a more liquid type of deposit.

Indirect deposits – increasing by 6.1% year on year – seemed to recover compared with the end of 2008, showing an increase in all items of the aggregate.

Some of the Group's performance indices for the quarter ended as at 31 March 2011 and for the years 2010, 2009 and 2008 are shown in the following table.

PERFORMANCE INDICES	**31/03/2011**	**31/12/2010**	**31/12/2009**	**31/12/2008**
ROE	2.33%(*)	1.59%	2.42%	0.62%
Net interest income/Operating income	61.16%	61.28%	61.45%	68.72%
Net commission income/Operating income	33.85%	33.90%	31.10%	33.26%
Cost income ratio (operating expenses/operating income)	69.05%	70.61%	64.37%	63.85%
Cost income ratio (operating expenses/operating income) excluding the effects of PPA	65.96%	67.29%	60.81%	60.72%

(*) Annualised figure.

The following table shows the earnings per share of the consolidated UBI Group for the years ended as at 31 December 2010, 2009 and 2008 and for the quarter ended as at 31 March 2011.

Earnings per share *(in Euro)*	**31/03/2011**	**31/12/2010**	**31/12/2009**	**31/12/2008**
Basic EPS	0.1011	0.2633	0.4131	0.1075
Diluted EPS	0.1011	0.2633	0.4131	0.1075

For all the above periods reported the "diluted" earnings per share is very similar to the "basic".

More in detail, as at 31 December 2009 there were potentially outstanding ordinary shares of UBI Bank due to both subscription rights arising from the possession of Warrants as well as the possible conversion of Convertible Bonds. However, Warrants are exercisable only starting from 1 June 2011, while the right to convert the Convertible Bonds into ordinary shares was not possible before December 2010. As there was no conversion during 2010, it is clear that for both 2009 and 2010 the value of the "basic" EPS and "diluted" EPS substantially coincide. Finally, in the first quarter of 2011, 268 Convertible Bonds were converted into UBI Shares.

As at 31 December 2008 there were no potentially outstanding ordinary shares of UBI Banca.

The following table shows the number of employees, branches and financial advisers of the UBI Banca Group for the years ended as at 31 December 2010, 2009 and 2008 and for the quarter ended 31 March 2011.

	31/03/2011	**31/12/2010**	**31/12/2009**	**31/12/2008**
Number of employees	19,520	19,612	19,912	20,249
Number of branches	1,878	1,901	1,967	1,953
Number of financial advisers	777	786	880	924

Loans to customers – Credit quality

The following tables summarise the situation in relation to loans to customers of the Group for the quarter ended as at 31 March 2011 and for the years 2010, 2009 and 2008.

LOANS TO CUSTOMERS						
(in Euro 000s)			**31 MARCH 2011**			
	Gross exposure		**Value adjustments**	**Carrying amount**		**Coverage**
Deteriorated loans	**7.49%**	**7,905,022**	**2,260,558**	**5.50%**	**5,644,464**	**28.60%**
Non-performing loans	3.77%	3,979,609	1,907,953	2.02%	2,071,656	47.94%
Impaired loans	2.37%	2,504,759	271,814	2.17%	2,232,945	10.85%
Restructured loans	0.85%	897,668	67,317	0.81%	830,351	7.50%
Past due loans	0.50%	522,986	13,474	0.50%	509,512	2.58%
Performing loans	**92.51%**	**97,575,669**	**517,689**	**94.50%**	**97,057,980**	**0.53%**
TOTAL LOANS TO CUSTOMERS		**105,480,691**	**2,778,247**		**102,702,444**	**2.63%**

LOANS TO CUSTOMERS						
(in Euro 000s)			**31 DECEMBER 2010**			
	Gross exposure		**Value adjustments**	**Carrying amount**		**Coverage**
Deteriorated loans	**7.14%**	**7,465,062**	**2,203,933**	**5.17%**	**5,261,129**	**29.52%**
Non-performing loans	3.62%	3,780,973	1,841,057	1.91%	1,939,916	48.69%
Impaired loans	2.22%	2,320,471	287,557	2.00%	2,032,914	12.39%
Restructured loans	0.85%	889,070	60,577	0.81%	828,493	6.81%
Past due loans	0.45%	474,548	14,742	0.45%	459,806	3.11%
Performing loans	**92.86%**	**97,073,520**	**519,820**	**94.83%**	**96,553,700**	**0.54%**
TOTAL LOANS TO CUSTOMERS		**104,538,582**	**2,723,753**		**101,814,829**	**2.61%**

LOANS TO CUSTOMERS						
(in Euro 000s)			**31 DECEMBER 2009**			
	Gross exposure		**Value adjustments**	**Carrying amount**		**Coverage**
Deteriorated loans	**6.35%**	**6,373,596**	**1,841,362**	**4.62%**	**4,532,234**	**28.89%**
Non-performing loans	2.74%	2,751,588	1,419,012	1.36%	1,332,576	51.57%
Impaired loans	2.20%	2,208,369	363,296	1.88%	1,845,073	16.45%
Restructured loans	0.48%	479,520	40,785	0.45%	438,735	8.51%
Past due loans	0.93%	934,119	18,269	0.93%	915,850	1.96%
Performing loans	**93.65%**	**93,961,673**	**486,655**	**95.38%**	**93,475,018**	**0.52%**
TOTAL LOANS TO CUSTOMERS		**100,335,269**	**2,328,017**		**98,007,252**	**2.32%**

LOANS TO CUSTOMERS						
(in Euro 000s)			**31 December 2008**			
	Gross exposure		**Value adjustments**	**Carrying amount**		**Coverage**
Deteriorated loans	**3.68%**	**3,607,588**	**1,291,675**	**2.40%**	**2,315,913**	**35.80%**
Non-performing loans	1.90%	1,868,615	1,019,944	0.88%	848,671	54.58%
Impaired loans	1.41%	1,382,852	222,661	1.20%	1,160,191	16.10%
Restructured loans	0.14%	142,114	39,555	0.11%	102,559	27.83%
Past due loans	0.22%	214,007	9,515	0.21%	204,492	4.45%
Performing loans	**96.32%**	**94,486,871**	**434,332**	**97.60%**	**94,052,539**	**0.46%**
TOTAL LOANS TO CUSTOMERS		**98,094,459**	**1,726,007**		**96,368,452**	**1.76%**

With reference to the items Deteriorated loans and Performing loans, both net of impairment losses, the following is a comparison between the Group and the ABI Sample for the periods 2009 and 2010, which illustrates that the Group is virtually in line with the banking system both in terms of ratio of deteriorated loans to total loans to customers and of ratio of performing loans to total loans to customers.

	31.12.2009				**31.12.2010**			
	ABI Sample (*)		**UBI**		**ABI Sample (**)**		**UBI**	
	Volumes	**Distr. %**	**Volumes**	**Distr. %**	**Volumes**	**Distr. %**	**Volumes**	**Distr. %**
Deteriorated loans	101,884,589	5.58%	4,532,234	4.62%	113,286,857	6.36%	5,261,129	5.17%
Performing loans	1,723,707,195	94.42%	93,475,018	95.38%	1,669,046,730	93.64%	96,553,700	94.83%
TOTAL LOANS TO CUSTOMERS	**1,825,591,784**	**100.00%**	**98,007,252**	**100.00%**	**1,782,333,587**	**100.00%**	**101,814,829**	**100.00%**

(*) Sample of 59 banking groups.

(**) Sample of 42 banking groups.

The trend in gross deteriorated loans remains high on a tendential basis also as a result of the overall pick-up during the first quarter of 2011.

As at 31 March 2011, gross deteriorated loans amounted to Euro 7.91 billion, up Euro 0.44 billion in the first quarter. During the first three months of the year, the growth trend affected both non-performing loans (+Euro 0.2 billion) and impaired loans (Euro 0.18 billion) to an almost equal extent, and other categories of impaired loans to a residual extent.

The overall degree of coverage, albeit slightly down, was confirmed at adequate levels in relation to the estimated loss on newly classified positions, due to the existence of collateral or because these are operative impaired positions/restructured loans in relation to which agreements have been reached for the rescheduling of debt following the subscription of a plan for the recovery of debt exposure pursuant to Article 67 or a debt restructuring agreement pursuant to Article 182 *bis* of the Bankruptcy Law.

With regard to performing loans, the degree of coverage came to 0.53% with no major changes (0.54% both in December and March 2010).

During 2010, gross deteriorated loans showed an increase with respect to the previous year which, during the last quarter, had been affected by alignment with the new provisions of the Bank of Italy for the category of past due loans.

At the end of December 2010, net deteriorated loans totalled Euro 5.26 billion, an increase on an annual basis of Euro 0.73 billion (+16.1%). The evolution over the 12 months of the year regarded mainly non-performing loans (+ Euro 0.61 billion), compared with the more modest increase in impaired loans (+ Euro 0.19 billion) and restructured loans (+ Euro 0.39 billion) that was only partly offset by a reduction in past due loans (- Euro 0.46 billion), within which even the portion of past due loans secured by real estate overdue by more than 90 days diminished significantly (- Euro 0.27 billion).

The total coverage of deteriorated loans increased slightly compared to December 2009 (from 28.89% to 29.52%).

From a technical point of view, as at 31 December 2010, 56% of the annual growth of net deteriorated loans regarded the line item “Mortgage loans and other medium/long-term loans”, characterised by the presence of collateral that renders a lower level of coverage within the norm.

As at 31 December 2009, net deteriorated loans amounted to Euro 4.53 billion (+ 95.7% over the previous year, an increase on an annual basis of Euro 2.22 billion).

This evolution affected all the main categories of deteriorated loans and was accompanied by a reduction in overall coverage (28.89% against 35.80% a year earlier) due to lower estimated loss on the newly reclassified positions (in particular positions that are past due, or guaranteed positions that are related to a debt restructuring plan and impaired loans related to credit exposures for which debt rescheduling has been requested).

Already in the 2009 financial year, about 70% of the annual increase in deteriorated loans was due to “Mortgage Loans” and “Leasing”, types of loan that were most affected by the reclassification to deteriorated assets of those positions past due by more than 90 days, backed by mortgages.

Total Capital – Solvency ratios

The following table shows data related to the Total Capital and the solvency ratios of the UBI Banca Group for the quarter ended as at 31 March 2011 and for the years 2010, 2009 and 2008.

CAPITAL RATIOS (BASEL II STANDARD)
(in Euro 000s)

	31/03/2011	31/12/2010	31/12/2009	31/12/2008
Tier I capital before filters	6,766,798	6,766,798	6,563,377	6,660,050
Preference shares and savings/privileged shares attributable to non controlling interests	489,191	489,191	453,460	570,000
Tier I capital filters	(34,438)	(73,593)	(58,244)	(180,445)
Tier I capital after filters	**7,221,551**	**7,182,396**	**6,958,593**	**7,049,605**
Deductions from Tier I capital	(137,806)	(134,508)	(141,717)	(104,882)
Tier I capital after filters and specific deductions	**7,083,745**	**7,047,888**	**6,816,876**	**6,944,723**
Tier II capital after filters	**3,770,505**	**3,770,505**	**3,683,037**	**3,379,370**
Deductions from Tier II capital	(137,806)	(134,508)	(141,717)	(104,882)
Tier II capital after filters and specific deductions	**3,632,699**	**3,635,997**	**3,541,320**	**3,274,488**
Deductions from Tier I + Tier II capital	(147,685)	**(147,685)**	**(155,641)**	**(258,399)**
Total Capital	**10,568,759**	**10,536,200**	**10,202,555**	**9,960,812**
Credit and Counterparty risk	7,033,183	6,952,925	6,190,116	6,456,869
Market risk	82,674	106,636	143,085	205,842
Operational risk	489,312	489,312	520,959	528,635
Other prudential requirements	-	-	-	-
Total prudential requirements	**7,605,169**	**7,548,873**	**6,854,160**	**7,191,346**
Tier III subordinated liabilities				
Nominal amount	-	-	-	-
Amounts eligible	-	-	-	-
Risk-weighted assets	**95,064,615**	**94,360,909**	**85,677,000**	**89,891,825**
Core Tier I ratio after specific deductions from Tier I capital (Tier I capital net of preference shares /Risk-weighted assets)	**6.94%**	**6.95%**	**7.43%**	**7.09%**
Tier I capital ratio (Tier I capital/ risk-weighted assets)	**7.45%**	**7.47%**	**7.96%**	**7.73%**
Total capital ratio (*) ((Total capital + computable Tier III)/Risk-weighted assets)	**11.12%**	**11.17%**	**11.91%**	**11.08%**

(*) The Group’s Total capital ratio is well above the regulatory minimum of 8%. Please note moreover that in the composition of the core capital the hybrid instruments have a limited incidence, i.e. as at the date of 31 March 2011, 6.8% compared with the maximum permitted by current regulations of 35%.

As at 31 December 2010 the UBI Banca Group’s Total Capital exceeded Euro 10.5 billion, up from about Euro 10.2 billion at the end of 2009.

The change during the financial year represents a parallel strengthening of Tier I and Tier II capital and a reduction in the deductions applied to both components, the effects of which more than offset the increase in negative filters.

At the end of 2010, compliance with the capital adequacy requirement led to a capital requirement of more than Euro 7.5 billion, an increase of Euro 0.7 billion over the previous year due to the increased absorption at the level of credit and counterparty risk compared with a modest decrease of absorption related to market risks, mainly due to the cancellation of foreign exchange risk, and to diminished operational risk, as a result of the decline in consolidated net operating income.

The result was a general decrease in all the capital ratios as at 31 December 2010, calculated by taking into account the effects of the proposed dividend.

Core Tier I ratio dropped to 6.95%, Tier I ratio to 7.47% while the Total Capital ratio was 11,17%.

These indices do not include an additional potential positive effect of more than 70 basis points (estimated on current data) which could come from the possible conversion of the convertible bond issued in July 2009. There could be further benefits arising from the future adoption of the Advanced method for calculating capital requirements in relation to credit and operational risk.

Following the capital increase of up to a maximum of Euro 1 billion – on the basis of a simulation exercise on data as at 31 December 2010 – Core Tier I would be around 8.01%, Tier I 8.53% and Total Capital ratio 12.23% (the effect is +106 basis point*s*).

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CHAPTER IV – RISK FACTORS

The transaction described in the Prospectus presents the elements of risk characteristic of an investment in listed shares.

In order to make a correct assessment of the investment, investors are requested to evaluate the specific risk factors relating to the Company and companies in the Group, to the business sectors in which they operate and to the financial instruments offered.

The risk factors described in this chapter, "Risk Factors", must be read in conjunction with the information contained in the Prospectus.

References to Sections, Chapters and Paragraphs refer to the Sections, Chapters and Paragraphs of the Prospectus.

4.1 RISK FACTORS CONNECTED WITH THE BUSINESS OF THE ISSUER AND THE GROUP

4.1.1 Risks connected with the impact of the market situation and macroeconomic context on the performance of the UBI Banca Group

The performance of the UBI Banca Group is influenced by the financial market situation as well as the macroeconomic context in the countries in which it operates. In particular, the global financial system has been operating under difficult conditions since August 2007, and the performance of the financial markets was particularly negative after a number of primary international financial institutions filed for bankruptcy, which took place starting in September 2008. This situation has led to grave distortions in financial markets throughout the world, with problems of unprecedented severity in obtaining liquidity, in particular at the level of the international banking system. Overall, the Italian banking system has felt the effects of the crisis situation to a lesser extent than those banking systems that reference other markets (both European and North American), among other things thanks to a model of intermediation oriented primarily to the retail lending and deposit business. This situation, however, has brought significant tensions to the normal course of business of many front-line commercial banks, investment banks and global insurance companies, a number of which are counterparties to the Group. In response to the market's instability and lack of liquidity, a number of States, including EU Member States and the United States, have intervened to inject liquidity and capital into the system, with the objective of stabilising these financial markets and, in certain cases, of preventing the insolvency of financial institutions.

The circumstances mentioned above have led to a slowdown in the Group's business, an increase in the cost of financing, a drop in share prices and asset values, and additional costs deriving from write-downs and depreciation, resulting in a reduction in profitability (see Section One, Chapter XX of the Prospectus). In this regard, the Group has not benefited from the above-mentioned stabilisation and liquidity injection interventions.

Beginning in the second half of 2009, albeit with an uncertain global scenario and future outlook, the macroeconomic picture and the financial system recorded signs of improvement, in part thanks to the support provided by the stabilisation measures put in place by major countries and by the regulatory authorities. The improving trend in the global economic scenario was also confirmed over the course of 2010, benefiting from the effects of the expansive anti-crisis policies which countries implemented at the international level. This development, however, was held in check by the sovereign debt crisis in those European States characterised by unbalanced public finances (Greece, Spain and Portugal in particular) and by problems in the banking systems of certain countries which proved to be particularly exposed to the international crisis (such as Ireland and Iceland). Further uncertainties derive both from the natural and nuclear disaster affecting Japan, the economic consequences of which are still difficult to estimate, as well as the geopolitical tensions convulsing areas in North Africa and the Middle East. In this connection, the considerable appreciation in raw materials prices recorded in the most recent quarters – particularly in the energy sector – is of note and, mirroring that, the recent increase in inflationary pressures which constitute risk factors for the consolidation of the recovery.

In the event that the aforesaid circumstances should worsen, the Group might sustain additional negative consequences for its economic results and financial and capital position.

In addition, while having limited exposure to those financial institutions beset by serious financial difficulties and affected by the acceptance of public capital, the Group is in any event exposed to the risk of loss when financial institutions or other credit counterparties become insolvent or otherwise unable to meet their obligations. The Group's performance could also be affected by an inability to recover the value of its assets to a degree consistent with its own historic recovery estimates, which may in fact turn out to be no longer accurate in a market context characterised by unprecedented turbulence. In the present instance, the United States and a number of European countries, Italy included, are currently in a phase of continuing moderate economic recovery. But looking ahead, a number of elements are emerging that make it impossible to rule out either a temporary pullback in the pace of growth or problems with the process of consolidating the recovery. In this regard, it is noted that – notwithstanding recent improvements – the labour market is still marked by a high level of unemployment. Also recall that, over the past year, Eurozone GDP has benefited to a significant extent from the positive momentum of external demand. In this respect, the situation in Europe could feel the effects of any moderating of the rate of growth in the world's economy, among other things in light of restrictive monetary measures taken in a number of emerging countries intended to counteract inflationary spikes, of the aforementioned crisis in North Africa and the Middle East, and of the natural and nuclear disaster in Japan. On the whole, the macroeconomic picture remains positive; yet the cited factors of global uncertainty and a noticeable appreciation in the price of commodities could cause a slowdown in the rhythm of growth. The risk factors mentioned have put downward pressure on share prices and the funding costs of financial institutions, which have also had an effect on the Group.

Should the recovery not be consolidated, or if the crisis is further protracted or the economy performs poorly, even due to the so-called "exit strategies" (including effective coordination of the latter by the relevant authorities) which are to be implemented going forward to put an end to the stabilisation and liquidity-boosting measures, the Group might sustain additional negative consequences for its economic results and financial and capital position.

Finally, as at the Prospectus Date, the UBI Banca Group is not exposed to government securities issued by Portugal, Ireland, Greece or Spain, and is exposed to a negligible degree to Greek, Irish and North African banks.

(See Section One, Chapter VI, Paragraph 6.2 of the Prospectus and the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.2 Risks connected with a failure to implement the 2011-2015 Industrial Plan

On 13 May 2011, to the extent of their respective authority, UBI Banca's Management Board and Supervisory Board approved the Group's 2011-2015 Industrial Plan (the "**Industrial Plan**"), which contains the strategic guidelines and the economic, capital and financial objectives described in the Prospectus (see Section One, Chapter XIII).

The Industrial Plan is based on estimates and hypotheses relating to the achievement of future events (including the full subscription of the Capital Increase) and action which will have to be undertaken by management. The main hypotheses underlying the Industrial Plan include (i) assumptions of a general nature relating to future events which essentially depend on exogenous variables which cannot be controlled by Group management including the evolution of the macro-economic and financial scenario, as well as the dynamics of the Italian lending system aggregates, (ii) assumptions of a discretional nature linked to specific operational and organisation action which management will undertake during the timescale covered by the Industrial Plan, as well as (iii) the effects expected by management as a consequence of the performance of this operational and organisation action.

Due to the subjective nature of the assumptions contained in the Industrial Plan, if one or more of these assumptions do not prove to be correct, or only a part of them do, or they turn out to be correct based on conditions differing from those assumed (including as a result of events, which currently cannot be anticipated or quantified, concerning the Group's operations and the environment in which it operates), the information, trends, and projections indicated in the Industrial Plan and Prospectus could differ from those that actually take place with resulting negative effects on the Group's operations and its economic results and/or financial and capital position.

The Prospectus contains the Group's projections drawn up on the basis of specific knowledge of the sector it belongs to, the available figures and the management's experience. These projections are based on hypotheses concerning future events and trends subject to uncertainties which if they do not occur could lead to changes with respect to the projections made that could also be significant.

Due to the uncertainty which characterises the projections, the investors should not rely exclusively on the same when making their investment decisions.

The Independent Auditors report on the projections included in the Prospectus is attached to the same in enclosure form.

(See Section One, Chapter XIII of the Prospectus).

4.1.3 Risks connected with the trend in UBI Banca Group's operating results

This risk factor highlights the risks connected with investment in the capital of the Company in consideration of the trend in the Group's operating results over the last few financial years, as well as in consideration of current market conditions.

Over the course of financial year 2010, the Group carried out operations of a non-recurring nature that had a net positive impact on 2010 operating results.

In particular, the Group benefited from revenues deriving from the disposal of a number of non-strategic assets. This took the form, first, of the sale of "custodian bank" operations (which generated net capital gains of Euro 83.9 million) and, second, the transfer of a further 9.9% of the share capital of Lombarda Vita S.p.A. to the Cattolica Assicurazione Group (which generated net capital gains of Euro 60.9 million). A further Euro 7.4 million in capital gains was generated by the disposal of other assets (see Section One, Chapter V, Paragraph 5.1.5).

In addition to the operations just described, however, it is necessary to flag a number of extraordinary events, classified as "non-recurring" components, that had a negative impact on the Group's operating results in 2010. In particular, under the provisions of a trade union agreement dated May 20, 2010, the Group has provided incentives for the departure of more than 500 staff members, taking a net charge of Euro 22.4 million (see Section One, Chapter XVII, Paragraph 17.1 of the Prospectus). Furthermore, impairment testing on the interests in Intesa Sanpaolo and A2A, as well as on the TLcom fund, classified as "Available For Sale", occasioned a total net loss of Euro 40.5 million (see Section One, Chapter III, Paragraph 3.1 of the Prospectus). Finally, note should be taken of the tax effect resulting from the so-called branch "switching" as part of the Optimisation Project, leading to a further charge for the Group of Euro 15.3 million (see Section One, Chapter V, Paragraph 5.2.1 of the Prospectus).

Net of the aforesaid non-recurring components, as at 31 December 2010 the Group recorded "normalised" profits of Euro 105.1 million, represented by the net profit for the period net of the effects associated with the aforesaid non-recurring components.

In a context of general uncertainty typical of periods of economic crisis such as that in progress as at the Prospectus Date, it cannot be ruled out that the Group's future earnings may be influenced by events of an extraordinary nature, positive as well as negative.

(See Section One, Chapter VI, Paragraph 6.1 of the Prospectus and the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.4 Risks connected with capital adequacy

In order to increase the capital of the UBI Banca Group and in a market context still marked by perceptible elements of uncertainty, UBI Banca has issued a Convertible Bond, within a number of actions taken to strengthen capital, giving the Group a flexible instrument for optimising its capital and financial structure, taking into account the need to reinforce the consolidated capital ratios over time. The Issuer has the option to convert the Convertible Bond into ordinary UBI Banca shares at its maturity date in 2013, or even in advance, thereby increasing the Group's core capital.

The purpose of the capital increase is to strengthen the Group's capital and anticipate its adjustment to the more stringent capital requirements being introduced in a market context still marked by perceptible elements of uncertainty. In this context, the Convertible Bond (amounting to Euro 639,145,872) would maintain its character of being a flexible instrument to be used in a not altogether favourable macroeconomic scenario, or when faced with new and more rigid regulatory restrictions.

For the estimated effects of the capital increase on the Group's capital ratios, see Section One, Chapter III of the Prospectus.

Over the course of the first six months of 2010, the Committee of European Banking Supervisors (CEBS), conducted a stress test on a sample of 91 European banks representing 65% of the entire European banking sector. The Issuer was among the five Italian banks included in the sample. The purpose of such test is to assess the banking system's capacity to absorb shocks of a macroeconomic nature from credit risks and market risks, including those deriving from deterioration of the credit quality in European countries. The test, conducted using the scenarios, methodologies and assumptions indicated by CEBS, under the aegis of the Bank of Italy, showed that, even under an adverse scenario and taking account of sovereign risk, the Group's estimated Tier I ratio would be 6.8% by the close of 2011 (compared with 8% observed at the close of 2009), therefore above the regulatory minimum of 4% and above the minimum threshold of 6%, indicated solely for the purposes of such test as the minimum threshold for passing the stress test. However, the results of the unfavourable scenario should not be considered representative of the current situation or indicative of possible capital requirements. A stress test does not provide projections of the expected results, since the unfavourable scenarios are outlined as "what if" scenarios which include plausible but extreme events that therefore have a low probability of occurring.

Finally, as at the Prospectus Date, a new stress test is under way, the results of which (expected sometime in June 2011) will be notified to the public through an appropriate press release by the deadlines and in the manner agreed with the competent authorities.

(See Section One, Chapters III, V and XX of the Prospectus, and the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.5 Risks connected with the worsening of credit quality in the markets and business sectors in which the Issuer operates

The UBI Banca Group is subject to credit risk, i.e., the risk that a debtor of the Group will not fulfil its obligations or that its associated credit quality will decline. An evaluation of the possible losses the Group might incur in relation to individual credit exposures and the overall loan portfolio depends on a multitude of factors, including the trend in general economic conditions or those relating to specific sectors of production, changes to the rating of individual counterparties, a weakened competitive position of counterparties, possible poor management of the borrower companies or counterparties, household debt levels and other external factors like legal and regulatory requirements. The Group is exposed to the normal risks relating to lending activity, which are greater in periods of economic difficulty. Hence, the Group is exposed to a deterioration in the quality of its own loan portfolio.

An ongoing crisis situation on the credit markets, deteriorating conditions on the capital markets, and a slowdown in the global economy could have negative repercussions on the ability of bank customers to honour commitments assumed, and could therefore cause a significant lowering of credit quality in the sectors in which the Issuer does business. In particular, the effects deriving from the deterioration of credit quality recorded over the course of 2010 in UBI Leasing's real estate and machinery and equipment sector (with regard to both the "agent" and the "bank" distribution channels) have been dealt with by internal reorganisation, portfolio reclassification and a review of lending procedures. In the judgement of the Group's management, such actions will permit a greater focus on the development of "captive" customers as well as a more careful selection of business via the agent channel.

Notwithstanding the fact that bank operators periodically set aside provisions for possible losses, including based on the historic data available to them, an increase in provisions might become necessary as a consequence of an increase in non-performing loans and a deterioration in economic conditions, which in turn might entail an increase in instances of insolvency. In that respect, any significant increase in provisions for non-performing loans, any change in estimates of credit risk, as well as any accrued loss that exceeds the amount of provisions, could have a negative effect on the Group's economic results and financial and capital position.

A deterioration of credit quality exposes the Group to the risk of a possible increase in "Net impairment losses on deteriorated loans" and a possible increase in the cost of credit, with a consequent reduction in the profits distributable by the Issuer. Moreover, reduced profitability might lead to a reduced ability for the Group to finance itself out of its own operations, with a possible resulting effect on its capital profile.

The following table shows data relating to the impact of net deteriorated loans and impairment losses on total net loans to customers for the years ended as at 31 December 2010, 2009 and 2008, and for the quarter ended as at 31 March 2011.

	31/03/2011	31/12/2010	31/12/2009	31/03/2008
Net deteriorated loans/Total net loans	5.50%	5.17%	4.62%	2.40%
Impairment losses/Total net loans	0.41% (*)	0.69%	0.88%	0.59%

(*) Annualised figure.

(See Section One, Chapter VI, Paragraph 6.1 of the Prospectus and the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.6 Risks connected with obtaining liquidity on the markets

As at 31 December 2010, the Group's total liabilities (not including equity and Group profit) amounted to Euro 118.6 billion (49% of which was represented by amounts due to customers, 41% by securities issued and 5% by amounts due to banks) while as at 31 March 2011 total liabilities amounted to Euro 120.6 billion (47% of which was represented by amounts due to customers, 40% by securities issued and 6% by amounts due to banks).

The ability to obtain liquidity for carrying out its various activities is essential for the UBI Banca Group to achieve its strategic objectives.

Furthermore, liquidity is essential for the Issuer to be able to meet foreseen or unforeseen payment obligations, in cash or by delivery, in such a way as not to prejudice the Group's current operations or financial situation.

The current international context, marked by extreme volatility and extraordinary uncertainty on the financial markets, has contributed towards fuelling a progressive unavailability of liquidity on the institutional market and a simultaneous generalised climate of distrust towards obtaining funds from the interbank market.

The Group might be impaired in obtaining liquidity by the Issuer's inability to access the debt market or to sell its assets. Such circumstances could occur, *inter alia*, because of a worsening of market conditions, distrust on the financial markets, uncertainty and speculation relating to the solvency of market participants, or ratings downgrades. A limited ability to obtain the necessary liquidity from the market on favourable terms, or difficulty in accessing long-term financing on favourable terms, could have negative effects on the Group's economic results and financial and capital position.

A limited capacity to obtain such liquidity on the market on favourable terms could also negatively affect the achievement of the Group's objectives, even though the interbank channel is of a residual nature compared to the other sources of funding of the Group. However diversified, funding from institutional markets represents a contained share of total funding, complementing direct funding from customers.

The Group in fact continues to devote particular strategic attention to strengthening its funding from regular customers, via funding policies intended to preserve the Group's structural balance and which are capable of generating fund flows sustainable over time and consistent with the growth of lending.

In order to strengthen its liquidity position, owing to the modest signs of improvement in the institutional funding market, the Group resumed its funding programme over the course of the third quarter of 2010, which it then intensified in the initial months of 2011.

In this context, preferred use was made of covered bonds, owing to their lower cost relative to senior EMTN issues of the same duration.

Specifically, in the second half of 2010 UBI Banca made two significant international placements of covered bonds, pursuant to Article 7 *bis* of Law 130/1999, with a AAA/Aaa Fitch/Moody's rating: on 15 September, a first issue of Euro 1 billion, maturing September 2017, and on 18 October, a second issue for Euro 500 million, maturing October 2015.

In addition, at the end of April a private placement was made for Euro 250 million with the European Investment Bank, under an agreement entered into with the EIB for the financing of Italian small and medium-sized companies.

In 2011, UBI Banca appeared on the covered bond market with two other important international placements: a first issue in January for Euro 1 billion with a ten-year maturity (28 January 2021), and a second in February, for Euro 750 million with a five-year maturity (22 February, 2016).

All of the transactions described above took place under the programme for a maximum of Euro 10 billion in existence since July 2008 – the "multioriginator" programme providing for regular participation by ten banks in the Group – and will be added to the two preceding issues for Euro 1 billion each that were made in the second half of 2009.

Overall, therefore, as at the Prospectus Date UBI Banca has covered bonds outstanding for a total nominal amount of Euro 5.5 billion, out of a maximum of Euro 10 billion.

For the reasons set out, there has been limited resort to the EMTN programme: after the public placement of a nominal amount of Euro 700 million with a three-year term (March 2013) which took place in March 2010, UBI Banca returned to the market only at the end of October, with a senior bond in the amount of Euro 1 billion, maturing in two years (5 November, 2012). These two issues substantially offset the securities expired/repaid over the course of the year (6 bonds, including 2 subordinated, in a total nominal amount of Euro 1.7 billion).

Funds continued to be obtained on the EMTN market even in the first few months of 2011: a January private placement of Euro 80 million maturing in two years was followed in February by a public placement of a two-year senior bond of an amount equal to Euro 700 million, in March by a private placement of 3-year senior bonds in an amount equal to Euro 8 million and, in April, by a 2 year and 6 months senior bond in an amount of Euro 1 billion.

In parallel, the Group intensified its short-term institutional funding under French CD and Euro Commercial Paper programmes. As at 31 March 2011 there were French certificates of deposit amounting to a total of Euro 2.181 billion, or 2.1% of total funding, and Euro Commercial Paper amounting to a total of Euro 0.793 billion, or 0.8% of total funding

Both cases involve instruments listed in Luxembourg issued by UBI Banca International, generally with three-month maturities, which can offer a significant buffer for optimisation of liquidity and funding management. When the Luxembourg branch of Banco di Brescia (the original issuer) was transferred to UBI Banca International, the two programmes were renewed by the acquiring institution with a parallel increase in maximum amounts to cope with increasing business volumes.

(See Section One, Chapter V and Chapter VI, Paragraph 6.1.6.2 of the Prospectus and the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.7 Risks connected with impairment of intangible assets

As at 31 March 2011, the UBI Banca Group's intangible assets amounted to approximately Euro 5.5 billion (an amount largely unchanged with respect to 31 December 2010), in particular referring to goodwill and other intangibles deriving from the purchase price allocation made on April 1, 2007. In particular, intangible assets with an indefinite life (as, for example, goodwill in the case of the Group) were subjected to impairment testing focused on at least an annual verification of the adequacy of book value, and were not amortised. Upon each annual or interim account closing, where there is evidence of impairment, an estimate is made of the asset's recoverable value. The amount of the loss, recognised in income, is equal to the difference between the asset's book value and its recoverable value. As at 31 December 2010 the goodwill impairment losses — amounting to Euro 5,172 thousand (zero as at 31 March 2011) referred to the Barberini S.A. and Gestioni Lombarda Suisse S.A. write-downs, Euro 1,027 thousand and Euro 4,145 thousand respectively. Again as at the same date, the impairment losses for intangible assets were Euro 130,500 thousand (Euro 30,837 thousand as at 31 March 2011), of which Euro 4,502 thousand referred to the IT systems write-off. By contrast, assets with a defined useful life (such as trademarks, core deposits, assets under management, assets under custody and software) are periodically amortised and recorded at cost, net of total amortisation and any impairments which have taken place. As at 31 March 2011, the impact of intangible assets on the Group's total equity, including the profit for the period, was approximately 49% (approximately 50% as at 31 December 2010); in particular, the impact of goodwill was approximately 40% (largely unchanged with respect to 31 December 2010). The impairment testing done as at 31 December 2010 confirmed the adequacy of the values recorded for goodwill: as at 31 March 2011, no situations have been recognised that are indicative of reductions in the book values of fixed assets.

In particular, the value used to determine the recoverable value of the business units to which the goodwill was assigned is equal to the value in use (or the fair value, in the event that the value in use is less than the carrying amount). For all business units of the Group, as at 31 December 2010 the recoverable value coincided with the value in use, except for the goodwill allocated to the business unit of Banco di Brescia.

With regard to goodwill, a sensitivity analysis was also performed in order to identify the maximum tolerable increase in the key variables identified (in the specific cost of capital and cost of risk) whereby the recoverable value is equal to the carrying amount of the business units shown on the consolidated financial statements.

Finally, it is noted that the parameters and information used to verify the recoverability of goodwill that have an impact on the profitability of the entities subject to impairment testing are significantly influenced by the macroeconomic and market framework, which could undergo rapid changes in the future as it has in the recent periods.

(See the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements for the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available to the public at UBI Banca's registered office as well as over the Internet at *www.ubibanca.it*).

4.1.8 Risks connected with exposure to, and performance of, the real estate sector

The UBI Banca Group is exposed to the real-estate segment, *inter alia,* through financing provided to companies operating in that sector, the cash flows of which are primarily generated by the sale or leasing of commercial real estate. In recent years, the real estate market has posted a decline in market prices and in transactions carried out; consequently, parties active in the sector have experienced a reduction in volumes and operating margins, an increase in commitments deriving from financial charges, and greater difficulty in refinancing. Increased unemployment in Italy and areas where the Group has exposures, reduced corporate profits and an increase in corporate and personal insolvencies, may – with regard to lease payments – decrease borrowers' ability to repay debts taken on and reduce the value of the collateral which underlies the financing that was obtained.

In addition, the unfavourable price trend on real estate markets could have a negative impact on the Issuer. This would be the direct consequence of the effects of this trend on borrowers operating in the sector, and an indirect result of the lower value of real estate collateral provided to obtain financing.

As at 31 December 2010, exposure to commercial real estate lending equalled around Euro 10 billion and represented about 9.8% of total gross loans to the Group's customers. As at the Prospectus Date, the Group manages the risk of counterparty breach, including via an appropriate policy to defend against and mitigate the risk of reduction in the value of real property furnished as collateral, a policy which defines processes aimed at controlling the general and specific requirements for obtaining collateral and verifying that it is in line with regulatory requirements. That notwithstanding, it cannot be ruled out that a decrease in the value of real property and collateral (or a deterioration in other loan monitoring parameters) may in a number of specific cases, cause a negative impact on counterparties' earnings capacity. In particular, the problems and difficulties to which counterparties operating under unfavourable market conditions are subject could have a negative impact on the Group's ability to obtain repayment of the amounts financed. The occurrence of the above-described circumstances could have a negative effect on the Group's economic results and financial and capital position.

(See the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements for the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available to the public at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.9 Risks connected with forward-looking statements and statements of key information

The Prospectus contains forward-looking statements regarding the future development of the market in which UBI Banca Group operates. Such statements are based on hypothetical external scenarios and assumptions that may be controlled in whole or in part.

The Prospectus also contains a number of statements of key information with regard to the business of the Group and its position in the reference market. It is impossible to guarantee that such statements will be borne out also in the future.

(See Section One, Chapter VI, Paragraph 6.2 and Chapter XIII of the Prospectus).

4.1.10 Risks connected with court proceedings in progress and investigations

As at the Prospectus Date, UBI Banca and the companies in the UBI Banca Group are involved in court proceedings and in bankruptcy clawback actions, for which the Issuer formed provisions on the Interim financial report as at and for the period ended 31 March 2011, in an amount believed appropriate to cover the risks deriving from such disputes, based on an internal evaluation of the potential risk deriving from such proceedings.

As at 31 December 2010, the provision for liabilities and charges relating to legal disputes came to Euro 113.9 million (Euro 108.7 million as at 31 March 2011). However, it is not impossible that proceedings not included in the provision for liabilities and charges may in the future give rise to contingent liabilities, or that the provisions set aside for liabilities and charges relating to legal disputes may be insufficient to cover the liabilities deriving from a worse than expected negative outcome of the proceedings, with the consequent possibility of negative effects on the Group's economic results and financial and capital position.

In February of 2010, the Bank of Italy commenced investigations pursuant to Articles 54 and 68 of the Consolidated Banking Act (TUB) – seeking to evaluate the Group's profile with regard to the governance, management and control of credit risk in the corporate customer segment. Subsequently, by a communication dated 23 September, 2010, the regulatory authority gave orders for further inspections pursuant to TUB Article 68. These inspections were concluded in the month of December 2010 and concerned governance, management and the control of liquidity and interest rate risks. On the outcome of these enquiries the Supervisory Board determined that there were certain weaknesses in the systems in place for the management and control of the financial structure and liquidity and rate risks. UBI Banca promptly illustrated to the Supervisory Board the interventions already under way and those that the Group intends to make with the maximum priority with a view to eliminating the weaknesses found. Finally, on 28 January 2011, the Bank of Italy gave notice of the commencement of new investigations of the Group – once again pursuant to TUB Article 68 – dealing with the governance and valuation of risks taken on by companies which make use of significant agent networks (UBI Banca Private Investment and B@nca 24-7) or operate online (IW Bank).

(See Section One, Chapter XX, Paragraph 20.7 of the Prospectus and the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.11 Risks connected with tax dispute

In financial year 2010 and the three years preceding, tax authorities undertook a number of tax audits of UBI Banca and a number of companies in the UBI Banca Group. These inspections related primarily to the *"reclassification for tax purposes of certain extraordinary transactions, the adjustment, on various grounds primarily due to IAS/IFRS standards, of reported taxable income, and the modalities of applying tax rules dealing with income credited to non-resident parties"*. Following these audits, the Issuer and companies in the Group were sent various tax assessment reports, partly confirmed by assessment notices.

The assessment notices thus far received amount in total to Euro 161.83 million (additional tax and related penalties), while the additional taxes that can be inferred from the tax assessment reports received can be estimated at about Euro 33.38 million, for a maximum potential risk totalling Euro 195.21 million (this estimate does not include any claimed interest).

The potential liabilities that are classified as being probable amount, in total, to approximately Euro 13.6 million, justifying the formation of appropriate provisions. The remainder of the disputes have been classified, including on the basis of external opinions, as a possible risk and thus, as provided by the reference accounting standard, no provisions have been formed for them, although information is provided with regard to them in the financial statements.

As at the Prospectus Date, the aforesaid audits and assessment activities have not yielded anything that might modify the classification and evaluation of the potential liabilities previously discussed. In view of the tax assessment reports, however, it cannot be excluded that, if said reports are confirmed in whole or in part by assessment notices, they may give rise to additional charges for the Group, with the consequent possibility of negative effects on the Group's economic results and financial and capital position.

(See Section One, Chapter XX, Paragraph 20.7 of the Prospectus and the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.12 Risks connected with ratings

The risk associated with an issuer's capacity to meet its obligations arising from the issuance of debt and money-market instruments is defined by reference to the credit ratings assigned by independent ratings agencies.

These evaluations and the related research may be of assistance to investors in analysing the credit risks associated with financial instruments, since they provide indications regarding issuers' capacity to meet their obligations. The lower on the respective scale the rating assigned, the higher the risk assessed by the ratings agency that the obligations will not be met or will not be met in full and/or in a timely manner. A rating, however, does not represent a recommendation to buy, sell or hold any debt instrument issued, and may be suspended, lowered or withdrawn at any time by the ratings agency which assigned it. A suspension, lowering or withdrawal of an assigned rating may negatively influence the market price of the debt instruments issued.

Also dependent on its credit rating is UBI Banca's access to the market for obtaining financing not backed by guarantees. Any lowering of its ratings could have an unfavourable impact on the Issuer's and the UBI Banca Group's opportunities for accessing various liquidity instruments as well as on the latter's ability to compete on the market, which in turn could cause an increase in funding costs or require that additional collateral guarantees be provided.

The following table summarises the ratings assigned to the Group by international agencies Standard & Poor's, Fitch Ratings and Moody's.

Ratings agency	Short-term debt		Long-term debt (*) (outlook)		Other ratings	
	Current (from 23.04.10)	***Previous (from 06.03.09)***	***Current (from 23.04.10)***	***Previous (from 06.03.09)***	***Current (from 23.04.10)***	***Previous (from 06.03.09)***
Standard & Poor's	A-1 (1)	A-1 (1)	A (2) (*negative*)	A (2) (*stable*)	-	-
	Current (from 01.07.09)	***Previous (from 20.11.08)***	***Current (from 01.07.09)***	***Previous (from 20.11.08)***	***Current (from 01.07.09)***	***Previous (from 20.11.08)***
Moody's	Prime – 1 (3)	Prime – 1 (3)	A1 (4) (*stable*)	A1 (4) (*stable*)	C (5) (*negative*)	C (5) (*stable*)
	Current (from 17.12.10)	***Previous (from 05.12.08)***	***Current (from 17.12.10)***	***Previous (from 05.12.08)***	***Current (from 17.12.10)***	***Previous (from 05.12.08)***
Fitch Ratings	F 1 (6)	F 1 (6)	A (7) (*stable*)	A+ (7) (*stable*)	B-C (8)/ *support* 2 (9)	B-C (8)/ *support* 2 (9)

(*) Ratings for long-term debt refer to senior indebtedness.

(1) Capacity for repaying debt with a duration of under 1 year (A-1: best rating – D: worst rating).

(2) With reference to debts lasting longer than a year, this indicates the capacity for payment of interest and principal, along with any sensitivity to the unfavourable effects of changed circumstances or a change in economic conditions (AAA: best rating – D: worst rating).

(3) Capacity for repaying short-term debt in local currency (maturity of less than 1 year). (Prime -1: highest quality – Not Prime: speculative grade).

(4) Capacity for repaying long-term debt in local currency (maturity equal to or greater than 1 year). Using the JDA (*Joint Default Analysis*) methodology, this rating adds to the Bank Financial Strength Rating an evaluation of the probabilities of an intervention, when necessary, by outside support (shareholders, the group to which the entity belongs, or official institutions) (Aaa: first quality – Baa3 medium quality).

(5) Bank Financial Strength Rating: This rating does not refer to the capacity for repaying the debt, but takes the bank's intrinsic financial strength into account (by analysing factors like geographic organisation, diversification of activities, financial fundamentals), in the absence of outside support (A: best rating – E: worst rating).

(6) Capacity for repaying short-term debt (less than 13 months' duration) (F1: best rating – D: worst rating).

(7) Capacity for meeting long-term financial commitments on time, regardless of the maturity of individual obligations. This rating is an indicator of the probability of the issuer's default (AAA: best rating – D: worst rating).

(8) Bank Individual Rating: Evaluation of the bank's intrinsic strength (profitability, soundness of balance sheet, commercial network, management capacity, operating context and outlook), viewed on the assumption that the bank cannot rely on outside forms of support (possible intervention by a lender of last resort, support from shareholders, etc.) (A: best rating – E: worst rating).

(9) Judgement of the eventual probability, adequacy and timeliness of outside intervention (on the part of the State or reference institutional shareholders) in the event the bank should find itself in difficulty (1: best rating – 5: worst rating).

In particular, on 23 April 2010, as part of a general analysis of Italian banks, Standard & Poor's confirmed the short and long-term counterpart rating for UBI Banca, downgrading the outlook from Stable to Negative in relation to a perceived lower capacity of the Group to absorb higher than expected credit losses in the event of a faltering of the fragile economic recovery. On 6 May Standard & Poor's confirmed the short-term counterparty rating as A-1 and long-term counterparty rating as A, with a Negative outlook.

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On 17 December 2010, Fitch Ratings reduced the long-term counterpart rating of UBI Banca from A+ to A, with a Stable outlook, confirming all the other ratings. The action was taken in consideration of the slowdown in economic activity in Italy and the persistent low level of market rates which, in the ratings agency's opinion, make a rapid recovery in UBI Banca's operating profitability unlikely. At the same time, Fitch confirmed: the importance of the Group's franchise, located in the wealthiest regions of Italy; the sound management and perception of credit risk, which has permitted loan quality to deteriorate to a lesser extent than other competitors; the adequate capitalisation in relation to the conservative approach to risk; as well as the adequate liquidity, with well diversified funding sources. As a consequence of the manoeuvre, the ratings on the outstanding issues (Senior debt, Lower Tier 2 and hybrid securities) were reduced by a notch.

In this regard, the rating's historical performance has therefore not had any significant impact on the Group's funding cost.

The credit ratings assigned to UBI Banca constitute an evaluation by relevant ratings agencies of the capacity of UBI Banca to meet its financial commitments, including those relating to debt securities. In determining the rating assigned to the Issuer, the agencies examine and consider various indicators of the Group's performance, including profitability and the ability to keep its consolidated capital ratios within specified levels. Should the Issuer fail to achieve or maintain the results measured by one or more indicators, or in the event that the Group should not succeed in keeping its capital ratios at the predetermined level, this could bring about a downgrade to the rating assigned by the agencies, with a consequently greater expense in obtaining financing, greater difficulty in accessing the capital market, and a possible need to add to the guarantees provided.

A lowering of the credit ratings of UBI Banca and related subsidiaries could also have negative repercussions for the Group's liquidity and could limit the Group's capacity to conduct certain activities, including strategically productive activities, with a resulting negative impact on the latter's economic results and financial and capital position.

(See Section Two, Chapter X, Paragraph 10.5 of the Prospectus and the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.13 Risks deriving from the performance of existing joint ventures

The UBI Banca Group operates in the bancassurance (life and non-life business) and asset management sector through specific joint venture agreements with front-rank companies. In particular, as regard the bancassurance – non-life – sector, the Group holds a 49.99% share in UBI Assicurazioni (a joint venture with BNP Paribas and Fortis), while for the life business, the Group holds a 49.99% share of Aviva Assicurazioni Vita S.p.A. (a joint venture with the Aviva Group), a 50% share of Aviva Vita S.p.A. (a joint venture with the Aviva Group) and, finally, a 40% share of Lombarda Vita S.p.A. (a joint venture with the Cattolica Assicurazioni Group). During the course of the 2010 financial year: i) both the partnership agreements with the Aviva Group, for distribution of life insurance products through bank branches of the Group, were renewed until 31 December 2015; and ii) the partnership agreement with the Cattolica Assicurazioni Group, for exclusive distribution of life insurance products at branches of Network Banks of the former Banca Lombarda Group (Banco di Brescia, Banca Regionale Europea, Banca di Valle Camonica, Banco di San Giorgio), was renewed until 31 December 2020. In the asset management sector, the Group carries out its activities through its UBI Pramerica subsidiary, a joint venture with Prudential USA (65% UBI Banca – 35% Prudential USA), the subject of a shareholders' agreement signed by UBI Banca and Prudential International on 18 January 2008 (subsequently modified on 1 July 2010 and 1 May 2011).

In this connection, it cannot be ruled out that possible situations of conflict between the participants in said joint ventures, albeit specifically covered by such joint venture agreements, may in the future bring about, inter alia, a restructuring of their corporate and operating structures, with possible prejudicial effects on the Group's economic results and/or financial and capital position, in particular on the results of the bancassurance sector.

(See Section One, Chapter V, Paragraph 5.1.5, Chapter XXI, Paragraph 21.1.6 and Chapter XXII of the Prospectus).

4.1.14 Market risk

The UBI Banca Group is exposed to the risk that the value of a financial asset or liability will diminish as a result of the performance of market factors, such as share prices, interest rates, exchange rates and the volatility thereof (generic risk).

Possible negative developments in the economic situation and markets of peripheral European countries may have negative repercussions for the Group's economic results and financial and capital position.

4.1.14.1 Risks connected with interest rate fluctuation

The performance of the UBI Banca Group is influenced by the performance of and fluctuations in interest rates in Europe and the other markets in which the Group carries out its activities. In particular, the results of banking and financing operations depend on managing the sensitivity of the Group's exposure to interest rates, i.e., of the ratio between changes in reference-market interest rates and changes in the Net interest income. Any misalignment between the interest income accrued by the Group and the interest expense owed by it (in the absence of suitable instruments to protect against such misalignment) could have significant effects on the Group's economic results and financial and capital position.

(See Section One, Chapter V and Chapter VI, Paragraph 6.1.6.2 of the Prospectus and the consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.14.2 Risks connected with exchange rates

In the UBI Banca Group, exchange rate risks relate to exposures of the banking portfolio originated by the Network Banks and Product Companies – deriving from commercial activities of the same – and positions relating to foreign currency trading activities.

Trading in foreign currency markets is carried out by the Group's treasury, which operates through instruments like forward currency transactions, Forex swaps, domestic currency swaps and currency options, to optimise the risk profile deriving from the Group's foreign currency positions.

Currency risk deriving from the banking portfolio's exposures is mitigated by the systematic matching of the latter, using funding/investment transactions in the same currency as that of the original transaction. Such risk containment activity is also carried out by the Product Companies with regard to their "banking book" positions. All of the remaining exposures and the trading portfolio are specifically covered by spot Forex positions.

Any negative change in foreign currency rates would have very limited effects on the Group's economic results and financial and capital position.

(See Section One, Chapter VI, Paragraph 6.1.6.1 of the Prospectus and the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group for the period ending 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.14.3 Risks connected with the performance of financial markets

The performance of the financial markets has influenced the financial results of the UBI Banca Group with reference to the following activities: *(i)* placement of assets under management and assets under custody products, with consequent negative effects on placement commissions collected; *(ii)* management fees, via lower asset values (direct effect) and redemptions possibly induced by unsatisfactory performance (indirect effect); *(iii)* the results of the banking and trading portfolio. In particular, the Group is exposed to variations in the credit quality of assets relating to items 20 (Financial assets held for trading) and 30 (Financial assets measured at fair value) on the asset side of the financial position statement, which at 31 December 2010 amounted respectively to Euro 2.7 billion and Euro 147.3 million. As at 31 March 2011, these items amounted to Euro 1.6 billion and Euro 474 million, respectively.

Finally, financial market volatility brings about a risk associated with operations in the wealth management, brokerage and other sectors in which the Group is active where its activities are remunerated by commission.

(See Section One, Chapter VI, Paragraph 6.1.6.2 of the Prospectus and the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.15 Operating risk

Operating risk is the risk of sustaining losses deriving from the inadequacy or incorrect functioning of company procedures, from errors or deficiencies by human resources and internal systems, or from exogenous events. Operating risk also includes legal risk but not strategic and reputational risk. It also includes compliance risk, defined as the risk of incurring judicial or administrative sanctions or significant financial losses as a consequence of mandatory rules or rules of self-governance. Among the principal sources of operating risk are: instability of operating processes, errors, systems unavailability, IT security, outsourcing of company functions, concentration of operations on a reduced number of suppliers, fraud, errors, recruitment, training and retention of personnel and, finally, social and environmental impacts and compliance with mandatory rules and rules of self-governance.

The Group has systems for reporting, evaluation and monitoring, as well as procedures for mitigation and containment of operating risk, directed towards the prevention and limitation of the possible negative effects deriving therefrom.

Notwithstanding the fact that the Group has employed resources, and continues to employ, them, to mitigate operating risks, such risks could materialise in the future, including by reason of unforeseeable events, including those outside the control of the Group. In view of the highly pervasive and widely varying nature of operating risks and their endogenous and exogenous character, the possible occurrence of one or more of such risks could have prejudicial effects on the Group's financial and capital position and on its economic results. Up to the Prospectus Date, the Group has not recorded any significant negative events connected with operating risk.

(See Section One, Chapter VI, Paragraph 6.1.6.3 of the Prospectus and the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.16 Risks connected with the hedge fund portfolio

In April 2009, in view of the continuing period of uncertainty on the markets and the difficulties in the sector, the Issuer decided to liquidate its entire hedge fund portfolio, excluding investments in funds managed by UBI Pramerica, the NAV of which as at 31 December 2010 was equal to Euro 148.9 million (as at 31 December 2009, the NAV was equal to Euro 182.4 million). The NAV corresponding to funds managed by UBI Pramerica (formerly Capitalgest) as at 31 March 2011 totalled Euro 144.8 million.

Over the course of the period ended on 31 December 2010 and during the first three months of 2011, redemptions were received in the amount of approximately Euro 43 million and Euro 1.5 million, respectively. At the end of December 2010, the redemption requests not yet repaid related to the remainder of the hedge fund portfolio other than the UBI Pramerica funds. From management indications, it appears that 10 funds, in an amount of approximately Euro 22 million, are awaiting collection and/or have stated that they are implementing a redemption plan deferred over time (a so-called "gate") – as provided for by their respective regulations; another 19 funds, in the amount of Euro 11 million, have instituted "side pockets".

As regards the Madoff collapse, the case brought by UBI Banca against the fund Thema International Plc. and the associated custodian bank HSBC Institutional Trust Services Ltd. is continuing before the Commercial Court in Dublin. Discovery is currently under way, during which the parties are exchanging documents and relevant information for purposes of the proceedings in question. In the meantime, UBI Banca continues to monitor the class actions commenced in the United States and the liquidation procedures under way in the British Virgin Islands against the three other funds traceable to Madoff and, specifically, Fairfield Sigma Ltd, Kingate Euro Ltd and Kingate Global Ltd., in order to safeguard the amounts owing to UBI Banca in connection with such actions as well.

Finally, with reference to the Dynamic Decisions Growth Premium 2X fund, in liquidation, following the signing of an agreement with the liquidators which, in exchange for financing provided to such liquidators, provides for preferential treatment of UBI Banca in the repayment of sums recovered as part of the liquidation, there are no significant and/or relevant developments to report.

(See the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.17 Risk Management

The Group has an organisational structure, corporate processes, human resources and expertise for identifying, monitoring, controlling and managing the various risks characteristic of its activities, such as credit risk, market risk and operating risk.

The Group has instituted an internal risk committee dedicated to credit risks, operating risks and financial risks to periodically monitor the levels of risk assumed, in order to safeguard against the aforesaid risks more efficiently by establishing specific procedures to their control. However, if the policies and procedures of companies in the Group geared toward the identification, monitoring and management of such risks should prove not to be always adequate, the Group could suffer possible prejudicial effects on its economic results and financial and capital position.

(See Section One, Chapter VI, Paragraph 6.1.6 of the Prospectus).

4.1.18 Counterparty risk

Counterparty risk represents the risk that the counterparty to a transaction in specific financial instruments (such as, for example, transactions in OTC financial and credit derivatives, securities financing transactions and transactions with a long-term settlement) should be in breach of its obligations prior to settlement of such transaction.

The UBI Banca Group holds derivatives for purposes of hedging and trading, and deals in derivative contracts for a wide variety of underlyings (interest rates, foreign currency, commodities, etc.), both with institutional and non-institutional counterparties.

With reference to the Group's derivatives trading, the negative fair value for the Group of derivatives for trading purposes as at 31 December 2010 and 31 March 2011 amounted to Euro 545.2 million and Euro 449.5 million, respectively. As at the same dates, the positive fair value for the Group of derivatives for trading purposes amounted to Euro 514.1 million and Euro 439.4 million, respectively. It is also noted that, as at those dates, the derivatives exposure to local government entities is negligible in amount.

Other than to market risks and operating risks, such transactions also expose the Group to the risk that a counterparty to derivative contracts will breach its obligations or become insolvent prior to the expiration of the contract in question while the Issuer or a company in the Group still has an amount owing from such counterparty. Such risk could turn out to be detrimental if any collateral held by UBI Banca or a company in the Group should not be disposed of or liquidated at a value sufficient to cover the exposure relating to the counterparty involved.

The counterparty risks associated with trading in derivatives are monitored by the Group through the definition of guidelines and policies for the management, measurement and control of risks. In this regard, however, it cannot be ruled out that, notwithstanding the adoption of such precautions and protections to safeguard against the risks of a financial, credit and legal nature associated with the Group's transactions in financial derivatives, the concomitant breach by more than one counterparty of obligations assumed by it towards the Issuer or a company in the Group in connection with such transactions, or a disposal or liquidation of the associated collateral, where any exists, at insufficient amounts, may have prejudicial effects on the Group's economic results and financial and capital position and, consequently, on its operations.

(See Section One, Chapter VI, Paragraph 6.1.6.1 of the Prospectus and the Interim financial report as at and for the period ended 31 March 2011 and consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.19 Risks connected with the Group's geographic area of reference

As at 31 December 2010, the UBI Banca Group had a network of 1,892 branches spread out across Italy; 66% of such branches, 71.65% of the deposits and 83.39% of the loans of the Group referred to regions of northern Italy (in particular north-western Italy).

Such geographic concentration of its business exposes the Group to risks tied to the social, economic and political conditions of the aforesaid regions, with possible negative effects on the Group's economic results and financial and capital position.

(See Section One, Chapter VI, Paragraph 6.1 and Chapter VII of the Prospectus).

4.1.20 Risks of reduced ROE

The Capital Increase could entail a risk of reduction in the UBI Banca Group's return on equity (ROE) in the periods subsequent to its implementation. As at 31 December 2010, the Group's ROE, determined as the ratio between net profit and equity, excluding net profit for the period, was equal to 1.6%. The Capital Increase will bring with it an increase in equity possibly without a corresponding proportional increase in net profit, with a consequent reduction in the ROE subsequent to 31 December 2010.

(See the consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, incorporated into the Prospectus by reference and available at UBI Banca's registered office as well as on the Internet at *www.ubibanca.it*).

4.1.21 Risks connected with limitation of share ownership and the exercise of voting rights

Article 30 of the Consolidated Banking Act (TUB) provides that no one may hold shares of a cooperative bank *(banca popolare)* in an amount exceeding 0.50% of the share capital, except for undertakings for collective investment in transferable securities, which are subject to the limits set by their specific regulations. UBI Banca, once it becomes aware that such threshold has been exceeded and in any event within the deadlines provided for by the regulations in force, must notify the owner of the shareholding and the intermediary that the prohibition has been breached. The shares exceeding the indicated threshold must be disposed of within one year of notification, subject to loss of the accrued economic rights, which will be acquired by UBI Banca.

Article 30 of the Consolidated Banking Act (TUB) further provides that Shareholders of cooperative banks shall have only one vote regardless of the number of shares held. Article 26 of the Corporate By-laws further provides that each Shareholder may hold a proxy to represent not more than three Shareholders at Shareholder meetings, and that a proxy for purposes of representation at Shareholder meetings may not be given to members of the administrative or control bodies, employees of the Company or companies controlled by it, or to members of the administrative or control bodies or employees of such companies, or to the appointed Independent Auditors, the person responsible for the legal audit of the Company's accounts, or persons falling within one of the other grounds of incompatibility set out by law.

(See Section One, Chapter XXI, Paragraph 21.2.5 of the Prospectus).

4.1.22 Risks associated with utilisation of unaudited financial information

The Prospectus contains financial information of the Group extracted from the Group's consolidated financial statements as at and for the years ended 31 December 2010, 2009 and 2008 and from the Interim financial report as at and for the period ended 31 March 2011. The consolidated annual financial statements as at and for the years ended 31 December 2010, 2009 and 2008 were audited by the Independent auditors and the Interim financial report as at and for the period ended 31 March 2011 was subjected to a limited audit by the Independent auditors. The Interim financial report as at and for the period ended 31 March 2011 presents, solely for comparative purposes, data relating to the corresponding period in the preceding year, which were not reviewed by the Independent auditors.

4.2 RISK FACTORS CONNECTED WITH THE SECTOR IN WHICH THE ISSUER AND THE GROUP OPERATE

4.2.1 Risks connected with competition

UBI Banca and companies in the UBI Banca Group are subject to typical risks deriving from the competition proper to their respective areas of activity, and they face typical risks deriving from the exercise of banking business in Italy. The Group is active in the major segments of lending and financial intermediation. In that regard, it should be noted that the banking sector in Italy is undergoing a consolidation phase marked by a heightened degree of competition, owing to the following factors: the transposition of Community directives directed towards liberalisation of the banking sector in the European Union; deregulation of the banking sector throughout the European Union which, particularly in Italy, has provided incentives for competition in the traditional banking area, with the effect of progressively reducing the differential between active and passive rates; the Italian banking industry's tendency to focus on commission income, which leads to greater competition in the field of asset management and investment banking services; the amendment of a number of Italian tax and banking laws; the introduction of services with a strong component of technological innovation, such as internet banking and phone banking. In addition, foreign banking institutions present in Italy are expanding their activities, above all in the area of corporate banking.

The markets in which the Group operates are characterised by a growing competitiveness which, in the absence of opportune corrective actions, may tend to reduce the Group's profitability margins. The above-described processes may have a negative effect on the economic results and financial and capital position of the Group, following increased competition in the reference sector.

(See Section One, Chapter VI, Paragraph 6.2 of the Prospectus).

4.2.2 Risks connected with the regulatory changes in the banking and financial sector

The UBI Banca Group is subject to an articulated set of regulation and, in particular, to supervision by the Bank of Italy, Consob, and ISVAP with regard to bancassurance activities. The regulations applicable to the Group govern the sectors in which banks may operate, for the purpose of preserving banks' soundness and stability by limiting their exposure to risk.

In particular, the Issuer and the banking companies of the Group must comply with the capital adequacy requirements provided for by applicable banking regulations. Any variation in the manner in which said regulations are applied, or in the implementation of regulations regarding capital requirements for financial institutions – including the capital adequacy requirements – could affect the Group's operations, financial and capital position, cash flow and economic results. Since certain laws and regulations which also affect the Group have only recently been approved, the related manner of application to the operations of financial institutions is still evolving.

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To determine weightings within the standard method (Basel II), Bank of Italy allows the use of credit assessments (ratings) issued by external credit assessment institutions (ECAIs). UBI Banca employs assessments by certain ECAI, including the ratings provided by the Cerved Group (formerly Lince) and Moody's Investors Service.

As provided for by the reference regulations, the Bank of Italy associated the credit quality assessments made by ECAIs with the risk weighting classes provided for under the same regulations. On 6 July 2010, the Bank of Italy took steps to review the aforesaid associations with reference to the ratings provided by the Cerved Group. The change, which went into effect starting 31 December 2010, has entailed an estimated increase of approximately Euro 4.5 billion in the Group's RWA, all other things being equal, calculated on the basis of the activities and rating levels recorded between 31 December 2009 and 31 December 2010.

Moreover, *inter alia,* in the wake of the recent crisis that has beset the financial markets, in the last third of 2010 the Basel Committee on Banking Supervision approved a substantial strengthening of minimum capital requirements as well as amendments to regulations relating to bank liquidity (Basel III), with a gradual phasing-in of the new prudential requirements from 1 January 2013 to 31 December 2019. More specifically, the measures to reform capital-related prudential regulations can be summed up as follows: (i) banks' minimum level of common equity, comparable to but more restrictive than the current Core Tier I ratio, will increase from the current 2% of RWA (3.3% for Italian banks) to 7%, an amount which includes a capital conservation buffer of 2.5%, which banks will have to accumulate gradually, still in the form of common equity, in order to deal with possible future periods of stress (failure to observe the requirement, including the capital conservation buffer, will entail penalties in terms of the ability to distribute profits, pay bonuses and acquire treasury shares); (ii) the Tier I ratio will need to reach at least 8.5% of RWA, including the capital conservation buffer indicated above, as compared to the current 4%; (iii) national authorities may impose a possible countercyclical buffer of up to 2.5% in additional Tier I Capital, when conditions are present of an excessive growth in the volume of loans granted by the banking system; (iv) the Total Capital ratio will need to be at least 10.5%, possibly increased up to 13% upon activation in full of the countercyclical buffer mentioned; (v) the Tier II Capital that may be counted for purposes of reaching the 10.5% may at most represent 2% of RWA, as compared to 4% today (Tier 3 Capital, on the other hand, will disappear).

The referenced measures to reform the liquidity regulations provide, in the first instance, for the introduction of a short term requirement (liquidity coverage ratio), the objective of which is the creation and maintenance of a liquidity buffer that will allow the bank to survive for thirty (30) days in the event of grave stress.

Provisions are also made for the introduction of a longer-term requirement (net stable funding ratio), intended to ensure the bank's endurance for one year, a period within which less liquid assets will need to be financed by medium and long term funding.

Relative to the timing of the new prudential provisions, which will have first to be adopted by the individual national legal systems, the Basel Committee has proposed a gradual roll-out of their effective dates, as follows: (i) increase in common equity and Tier I Capital, and reduction in Tier II Capital, between 2013 and 2015; (ii) progressive introduction of the capital conservation buffer between 2016 and 2019; (iii) possible introduction of a countercyclical capital buffer starting as soon as 2013; (iv) gradual introduction of new deductions from capital for deferred tax assets (DTA), financial participations and minority interests beginning in 2014, with an annual 20% increase until full application in 2018; (v) gradual exclusion from Tier I Capital and Tier II Capital of debt instruments not meeting the new eligibility requirements: starting in 2013, and with a reduction of 10% a year; (vi) the two new mandatory minimum liquidity requirements going into effect starting in 2015 (30-day liquidity coverage ratio) and 2018 (12-month net stable funding ratio), respectively.

The reinforcement of the capital requirements, the liquidity restrictions and the increase in ratios applicable to the Group on the basis of laws and/or regulations to be adopted in the future could have negative effects on the Group's operations, financial and capital position, cash flow and economic results, as well as on its ability to distribute dividends to shareholders. With particular reference to the capital regulations, the most significant effects for UBI Banca are expected to derive, presumably, (i) from the progressive inability to count subordinated bond instruments, eligible under current regulations, towards Total Capital, as introduced by the revised prudential regulations; (ii) from the different method of calculating minority interests; and (iii) from the treatment of deferred tax assets (DTA), the impact of which was partly attenuated as a result of the approval of Law no. 10 of 26 February, 2011 (the so-called "*Decreto Milleproroghe*"). In particular, difficulties could emerge in replacing subordinated bond instruments, no longer eligible at a given time for Total Capital purposes, with new instruments compliant under the new prudential rules: this could make it more difficult to comply with the new minimum capital requirements, at least as regards the capital conservation buffer component, with consequent potential restrictions on dividend distributions. In this regard, however, it is believed that, once completed, the Capital Increase will permit UBI Banca to effectively anticipate the effects of the reform of the prudential regulations, substantially reducing the risk of non-compliance with the new minimum requirements.

4.2.3 Risks connected with reduced support for systemic liquidity

The crisis on the financial markets, entailing a reduction in the liquidity available to operators, the increase in risk premiums and, more recently, the growth in tensions associated with the foreign debt of some European countries (Greece, Spain, Portugal and Ireland) has required the development of extensive initiatives in support of the banking system, initiatives that saw the direct involvement of both States (through direct participations taken in certain banks) and central banks (through refinancing operations against suitable securities provided as collateral).

The ECB's Executive Board has stated that it will continue to conduct its primary refinancing operations and those with a maturity equal to the period for maintenance of the obligatory reserve by means of fixed-rate auctions, with full acceptance of demand for as long as necessary and, in any event, at least until 12 July 2011. The same body has also determined that three-month operations carried out by that date shall be conducted with the requests accepted in full and at a rate equal to the average rate for primary refinancing operations during the time period of the operation.

An inability to obtain liquidity on the market by access to central banks with suitable collateral, or the significant reduction or disappearance of support for the system's liquidity on the part of the government and central authorities could give rise to greater difficulties in obtaining liquidity on the market and/or higher costs connected with resort to such liquidity, with possible negative effects on the operations, financial and capital position and economic results of the UBI Banca Group.

4.3 RISK FACTORS CONNECTED WITH THE OFFER AND WITH FINANCIAL INSTRUMENTS

4.3.1 Risks connected with liquidity and volatility of the financial instruments

The Option Rights and UBI Shares present elements of risk characteristic of an investment in listed financial instruments of the same nature. Holders of such instruments may sell their investment on the MTA.

Such instruments could present liquidity problems independent of the Company. Hence, offers to sell might not find adequate and timely counterparties and could be subject to fluctuations – including significant fluctuations – in price. Factors such as changes in the Company's economic, financial, capital and earnings situation or in that of its competitors, altered general conditions in the sector in which the Company operates, in the general economy and in the financial markets, changes in the legal and regulatory environment, as well as dissemination by the press of news of journalistic origin relating to the Company could generate substantial fluctuations in the price of outstanding UBI Banca shares and, possibly, of the Option Rights.

In addition, equity markets in recent years have registered somewhat unstable trends in prices and trading volumes. Going forward, such trends could have a negative impact on the market price of UBI Banca shares and, possibly, of the Option Rights regardless of the economic, financial and capital position that the UBI Banca Group will achieve. The trading price of the Option Rights will depend, *inter alia*, on the price trends of the outstanding UBI Banca shares and could be subject to greater volatility than the market price of the latter.

Finally, in connection with the Offer, a number of shareholders of the Company might decide not to exercise their Option Rights and to sell them on the market. This could have a negative effect on the market price of the Option Rights or the shares.

(See Section Two, Chapter IV, Paragraph 4.1, and Section Two, Chapter V, Paragraph 5.2.2 of the Prospectus).

4.3.2 Risks connected with underwriting and guarantee commitments and with partial execution of the Capital Increase

On 28 March 2011, Mediobanca signed a pre-guarantee agreement undertaking to guarantee – under the ususal terms and conditions for this type of transaction and up to a total maximum amount of Euro 1 billion – the underwriting of UBI Shares in an amount corresponding to any Option Rights that might not be exercised upon the conclusion of the Market Offer.

Under the Offer, Mediobanca and Centrobanca (the latter without taking on any guarantee commitments) will act as Joint Global Coordinators. Mediobanca will also act as bookrunner. The market will be informed of any potential participation of other financial institutions in the guarantee syndicate coordinated and led by Mediobanca and Centrobanca, together with their respective roles, by means of a press release.

The guarantee agreement, which will be concluded prior to the launch of the Offer, will be drawn up in accordance with market practice and will contain a commitment by the financial institutions participating in the guarantee syndicate (the "**Guarantors**") to underwrite the UBI Shares in an amount corresponding to those Option Rights that might not be exercised upon the conclusion of the Market Offer up to a maximum amount of Euro 1 billion, along with the usual clauses stipulating conditions for the guarantee commitment to have effect or giving Mediobanca the right to revoke the Guarantors' guarantee commitment upon the occurrence, *inter alia*, of events which may prejudice the proper conclusion of the Offer (so-called "material adverse change" or "*force majeure*") or upon the occurrence of serious violations by the Company of commitments made or guarantees given in the guarantee agreement. The agreement undertaken will be notified to the market by means of a press release.

Should the Capital Increase fail to be fully subscribed following the Market Offer and should Mediobanca exercise the right to cancel the guarantee commitments (and, thus, if the Capital Increase should be implemented only for that portion subscribed as a result of the Market Offer), the purposes of the Offer might be compromised or realised only in part.

(See Section Two, Chapter V, Paragraph 5.4.3 of the Prospectus).

4.3.3 Risks connected with the dilutive effects of the Capital Increase

In consideration of the fact that the UBI Shares are being offered under option to all the Issuer's shareholders and all the Bondholders and, therefore, there are no dilutive effects in terms of percentage stake in the Issuer's fully diluted share capital (calculated assuming full conversion of the Convertible Bonds and full subscription of the Capital Increase) *vis-à-vis* the Issuer's shareholders and the Bondholders who decide to subscribe to the Offer to the extent of their entitlement. On the other hand, with reference to the percentage stake in the actually issued share capital, the shareholders who decide to subscribe to the Offer for their entire entitlement, shall in any event experience a maximum dilution of 2.12% should all or part of the Bondholders decide to subscribe to the Option Rights assigned to them.

The Issuer's shareholders who by contrast decide not to subscribe the Offer for the portion they are entitled to, could see their stake in the actually issued capital diluted by a maximum percentage of around 29.12%.

On the other hand, considering the stake in the fully diluted capital (calculated, with reference to the situation prior to the Offer, assuming full conversion of the Convertible Bonds on the basis of the current conversion ratio and, with reference to the post-Offer situation, assuming full subscription of the Capital Increase), the shareholders and the Bondholders who decide not to subscribe to the Offer for the portion of their entitlement could see their stake in the fully diluted capital diluted by a maximum percentage of around *27.59*%.

(See Section Two, Chapter IX, Paragraph 9.1 of the Prospectus).

4.3.4 Risks connected with the markets in which the Offer is not permitted in the absence of authorisation by competent authorities

The Offer is reserved exclusively to the territory of Republic of Italy, on the basis of the Prospectus.

The Prospectus does not constitute an offer of financial instruments in the United States of America, Canada, Japan and Australia, or in any other country in which such offer is not permitted in the absence of authorisation by the competent authorities (together with the United States of America, Canada, Japan and Australia, the "**Other Countries**").

The Offer neither is, nor shall be, promoted in the Other Countries or to parties residing therein. No financial instrument may be offered or traded in the Other Countries in the absence of specific registration or an exemption from registration, in accordance with the legal rules there applicable.

The UBI Shares and Option Rights have not been, nor shall they be, registered within the meaning of the United States Securities Act of 1933, as amended, nor within the meaning of the corresponding legal provisions of the Other Countries, and consequently they may not be offered, sold or delivered, directly or indirectly, in the Other Countries.

Any acceptance of the Offer made, directly or indirectly, in violation of the above restrictions shall be deemed null and void.

Therefore, UBI Banca shareholders and Bondholders who are not located in the territory of Italy, prior to undertaking any initiative in relation to the Offer, are requested to seek specific legal opinions in this regard from their own advisors.

(See Section Two, Chapter V, Paragraph 5.2.1 of the Prospectus).

CHAPTER V – ISSUER INFORMATION

5.1 History and evolution of the Issuer

5.1.1 Legal and commercial name of the Issuer

The Issuer is known as "Unione di Banche Italiane Società cooperativa per azioni", also just "UBI Banca" in abbreviated form, and has been established as a "società cooperativa per azioni" (joint-stock co-operative).

5.1.2 Issuer's place of registration and registration number

The Company is enrolled in the Bergamo Companies' Register under no. 03053920165 and in the Banking Register kept by the Bank of Italy under no. 5678. The Company is also the parent company of the UBI Banca Group, enrolled in the Register of Banking Groups under no. 3111.2.

It is also a member of the National Guarantee Fund and the Interbank Fund for the Protection of Deposits (Fondo Interbancario di Tutela dei Depositi).

5.1.3 Date of establishment and duration of the Issuer

Pursuant to Article 2501 of the Italian Civil Code, the Issuer was established on 1 July 2003, by means of the merger of Banca Popolare di Bergamo-Credito Varesino S.c.r.l., Banca Popolare Commercio e Industria S.c.r.l. and Banca Popolare di Luino e di Varese S.p.A., under the name of "Banche Popolari Unite Società Cooperativa a responsabilità limitata"; the related merger deed was drawn up on 24 June 2003, under the hand and seal of the Notary Public Piergaetano Marchetti, Vol. no. 17551, File no. 5312 and was registered with the Bergamo Companies' Register, subject to the registration of the same in the Milan and Varese Companies' Register, on 1 July 2003.

Pursuant to Article 2 of the Corporate By-Laws, the Issuer's duration is set until 31 December 2100, with faculty to extend the same.

5.1.4 Domicile and legal status, legislation governing the Issuer, country of establishment and registered offices

The Issuer is established in Italy as a "società cooperativa per azioni" (joint-stock co-operative) and operates in accordance with Italian law.

The Issuer's registered offices and Head Offices are in 8 Piazza Vittorio Veneto, Bergamo, Italy (telephone no. +39 035 392 111); it carries out its activities via its operating headquarters in 8 Piazza Vittorio Veneto, Bergamo and 74 Via Cefalonia, Brescia, and all the branches.

5.1.5 Significant events during the development of the Issuer's and Group's activities and with regard to the assessment of their solvency

UBI Banca arose from the merger via incorporation within Banche Popolari Unite S.c.p.a. ("**BPU**") of Banca Lombarda e Piemontese ("**BLP**") under the merger deed dated 28 March 2007 drawn up under the hand and seal of the Notary Public Armando Santus, effective from 1 April 2007.

The BPU Group

In December 2002, the Boards of Directors of Banca Popolare di Bergamo-Credito Varesino S.c.r.l., Banca Popolare Commercio e Industria S.c.r.l. and Banca Popolare di Luino e di Varese S.p.A., respectively, approved the plan for the merger of the three banks within a new limited liability co-operative company, which then became a "società cooperativa per azioni" (joint-stock co-operative) known as Banche Popolari Unite, involving the simultaneous conferral:

(i) of the banking business Banca Popolare di Bergamo-Credito Varesino S.c.r.l. to Banca Popolare di Bergamo S.p.A.;

(ii) of the banking businesses Banca Popolare Commercio e Industria S.c.r.l. and Banca Popolare di Luino e di Varese S.p.A. ("**BPLV**") to Banca Popolare Commercio e Industria S.p.A. ("**BPCI**").

The aforementioned merger and conferral transactions were approved by the respective shareholders' meetings in May 2003 and became effective as from 1 July 2003, subject to obtaining the prescribed banking authorisations and listing of the new BPU shares on the MTA of the Borsa Italiana.

The background to the BPU Group

BPU arose from the merger of three banks (Banca Popolare di Bergamo-Credito Varesino S.c.r.l., Banca Popolare Commercio e Industria S.c.r.l. and BPLV). Some of the more significant events in the history of the three banks before the merger are illustrated below, along with a number of the most important events for the BPU Group, post-merger.

Banca Popolare di Bergamo-Credito Varesino S.c.r.l.

Banca Popolare di Bergamo-Credito Varesino S.c.r.l. was founded in 1869, under the name of "Banca Mutua Popolare della Città e Provincia di Bergamo". From the 1980s onwards, Banca Popolare di Bergamo S.c.r.l. extended its activities outside Lombardy, opening branches in Piedmont, Veneto, Emilia Romagna, Liguria and Lazio. In 1992, Credito Varesino S.p.A. and Banca Popolare di Bergamo S.c.r.l. resolved the merger within the new Banca Popolare di Bergamo-Credito Varesino S.c.r.l.. In 1994, Banca Popolare di Bergamo-Credito Varesino S.c.r.l. acquired a shareholding in the Swiss financial holding company Holding St. François (now B.D.G. Finanziaria S.A.), which owns Banque de Dépôts et de Gestion S.A., a Swiss bank specialised in asset management.

In 1995 and 1996, Banca Popolare di Bergamo-Credito Varesino S.c.r.l. acquired control over a number of banks, including Banca Brignone S.p.A., Banca Popolare di Ancona, Banca Popolare di Todi S.p.A., Cassa di Risparmio di Fano S.p.A. (sold off in July 2005 to the Intesa Group), and Banca Popolare Campana S.p.A.

In 1997, via the creation of BPB SIM S.p.A. (subsequently named UBI SIM S.p.A. and then absorbed within UBI Banca Private Investment as from 1 January 2008), a network of financial advisors working in close collaboration with the Banca Popolare di Bergamo-Credito Varesino S.c.r.l. branch network, the bank enhanced its presence in the private banking sector. In 2000, Banca Popolare di Bergamo-Credito Varesino S.c.r.l. acquired control over Centrobanca, with the aim of strengthening its presence in the corporate sector. In the same year, Banca Popolare di Bergamo-Credito Varesino S.c.r.l. established FinanzAttiva SIM S.p.A., FinanzAttiva Gestioni SGR S.p.A., B@nca 24-7 and Mercato Impresa S.p.A.

Before the merger with Banca Popolare Commercio e Industria S.c.r.l. and Banca Popolare di Luino e di Varese S.p.A., the Banca Popolare di Bergamo-Credito Varesino Group had 650 branches, total assets of over Euro 42 billion and around 1.4 million customers.

Banca Popolare Commercio e Industria S.c.r.l.

Banca Popolare Commercio e Industria S.c.r.l. was founded in Milan in 1888.

The development and expansion of Banca Popolare Commercio e Industria started after the end of the second world war, by means of the merger and acquisition of a number of financial institutions and Italian and foreign bank branches, including Banca Popolare di Codogno S.c.r.l. in 1977, Credito Lodigiano in 1980, Banca Popolare di Vigevano S.c.r.l. in 1991, a business unit of American Express Bank Ltd. in 1997 and 17 branches of Banco di Napoli in 1998.

In 1996, Banca Popolare Commercio e Industria acquired control of BPLV. During the same year, the Banca Popolare Commercio e Industria Banking Group was created.

In 1998, the Banca Popolare Commercio e Industria Group established Banca Popolare Commercio e Industria International S.A., a bank with headquarters in Luxembourg operating in the private banking sector, subsequently renamed BPU International S.A.

In 2001, Banca Popolare Commercio e Industria acquired 75% of Banca Carime.

In 2002, Banca Popolare Commercio e Industria created an exclusive partnership with Commercial Union Vita S.p.A. in the bancassurance sector. The agreement established:

- a joint venture entitled Aviva Vita S.p.A., operating in the life assurance sector for the distribution of products via the Banca Popolare Commercio e Industria S.c.r.l. Group branch network; and
- the acquisition by Commercial Union Vita S.p.A. of a shareholding in the capital of a number of banks in the Banca Popolare Commercio e Industria Group.

Before the merger with Banca Popolare di Luino e di Varese S.p.A. and Banca Popolare di Bergamo-Credito Varesino, the Banca Popolare Commercio e Industria Group had 550 branches, 37 private banking units, total assets of over Euro 20 billion and around 1.2 million customers.

Banca Popolare di Luino e di Varese S.p.A.

Banca Popolare di Luino e di Varese S.p.A. was founded in 1885. Following the take-over bid made by Banca Popolare Commercio e Industria, Banca Popolare di Luino e di Varese S.c.r.l. was transformed from a limited liability co-operative into a joint-stock company in 1996 and joined the Banca Popolare Commercio e Industria Group.

Before the merger with Banca Popolare di Bergamo-Credito Varesino and Banca Popolare Commercio e Industria, the Banca Popolare di Luino Group had over 59 branches and 8 private banking units.

The Banca Lombarda e Piemontese Group

The BLP Group – one of the leading Italian banking groups – was mainly active in Lombardy and Piedmont and essentially in the provinces of Brescia, Cuneo, Pavia and Alessandria. The organisational structure of the BLP Group was based on a federal model with the parent company responsible primarily for strategic planning and for other centralised functions, the commercial banks and the other subsidiary companies operating throughout the area under their own brands.

The structure of the BLP Group originated from the merger which took place in 1998, of Credito Agrario Bresciano S.p.A. ("**CAB**") with Banca San Paolo di Brescia S.p.A. ("**Banca San Paolo**"), and from subsequent corporate acquisitions.

As from the end of the 1980s, CAB – founded in 1883 – acquired numerous local banks consolidating its position throughout the area it operated in. In 1978, CAB shares were listed on the Milan Mercato Ristretto and, in 1995, on the MTA.

Banca San Paolo was established in 1888. In the following years, the bank progressively developed the lending activity areas, diversifying, among other aspects, in the segments of asset management and non-banking financial services, consolidating its institutional role as a reference bank on the geographic markets where it was most deeply rooted.

In 1996, Banca San Paolo shares were listed on the MTA.

In November 1998, Banca San Paolo and CAB's extraordinary shareholders' meetings approved the merger via incorporation of Banca San Paolo within CAB and the consequent renaming of the absorbing bank as Banca Lombarda S.p.A., effective as from 31 December 1998.

In line with the reference federal model, in 1998 CAB and Banca San Paolo set up a new company known as Banco di Brescia San Paolo CAB S.p.A. which was transferred the majority of the commercial banking activities headed up by Banca Lombarda.

Following the merger between Banca San Paolo and CAB, the BLP Group made a number of acquisitions and established new companies, including:

- the acquisition of Banca Cassa di Risparmio di Tortona S.p.A.;

- the acquisition of Banca Regionale Europea;
- the establishment, with Cattolica Assicurazioni, of Lombarda Vita S.p.A., a life assurance company;
- the acquisition of Mercati Finanziari SIM S.p.A.;
- the acquisition of Veneta Factoring S.p.A., also via the subsidiary CBI Factor S.p.A.. Subsequently, Veneta Factoring S.p.A. was absorbed within CBI Factor S.p.A.;
- the acquisition of Electrolux Financiera S.A., a Spanish company essentially operating in the factoring segment, which subsequently adopted the name Financiera Veneta S.A.;
- the acquisition of Artesia Bank Luxembourg S.A., a Luxembourg-based bank specialised in private banking, subsequently absorbed within Banca Lombarda International S.A.;
- the acquisition, also via the subsidiary Banca Regionale Europea, of Grifogest SGR S.p.A.;
- the establishment of Capitalgest Alternative Investments SGR S.p.A., a company which manages speculative investment funds;
- the acquisition of Banca Idea S.p.A., a bank mainly operating via financial advisors subsequently renamed Banca Lombarda Private Investment;
- the acquisition, via Banca Lombarda International S.A., of Caboto International S.A., a Swiss company involved in portfolio management, subsequently renamed Gestioni Lombarda (Suisse) S.A.

Main events following the creation of UBI Banca

On 1 May 2007, the transfer of a business unit made up of 15 Banca Carime branches to Banca Popolare Pugliese became effective.

Again in May 2007, IW Bank shares were listed for trading on the Expandi market organised and run by Borsa Italiana, which then was incorporated in the MTA from 2009 onwards.

On 13 November 2007, UBI Banca and International Investments, a subsidiary of Prudential Financial, Inc. (USA), entered into a framework agreement for the extension of the UBI Pramerica joint venture to the sales network belonging to the former Banca Lombarda Group, by means of the conferral in favour of UBI Pramerica, on 18 January 2008, of Capitalgest S.p.A.'s and Capitalgest Alternative Investments SGR S.p.A.'s asset management activities and consequent UBI Pramerica capital increase.

On 31 December 2007, the UBI Banca Group sold off 61 branches to Banca Popolare di Vicenza (11 Banca Popolare di Bergamo branches, 32 Banco di Brescia branches and 18 Banca Popolare Commercio e Industria branches). This sale took place in accordance with the provisions of the Italian Antitrust Authority dated 12 April 2007. The countervalue of the transaction came to Euro 488 million.

In January 2008, UBI Banca transferred a 50% shareholding plus one share in the capital of the subsidiary UBI Assicurazioni Vita S.p.A. to the Aviva Group, for a price of Euro 65 million (for a total valuation of the company of Euro 130 million), effective as from 18 June 2008.

On 18 January 2008, the conferrals envisaged by the framework agreement entered into in November 2007 with International Investments S.A. were carried out and the reorganisation of the Italian asset management activities of the UBI Banca Group was completed. Following this reorganisation (which also included the transfer by the Group of around 12% of the capital of UBI Pramerica post-increase in favour of Prudential USA, for a price of Euro 105 million), UBI Pramerica (65% owned by the UBI Banca Group and 35% by Prudential USA) became the Group management company which heads up the two alternative asset management companies, UBI Pramerica Alternative Investments SGR S.p.A. and Capitalgest Alternative Investments SGR S.p.A., wholly-owned subsidiaries.

During 2008, migration of the former BPU Network Banks onto the Group IT system took place, as follows: BPCI 22-24 February, BPA 25-27 April, Carime 4-6 July, BPB 3-5 October, UBI Banca 8-9 November.

Over the year, the process for the integration/rationalisation of the Product Companies was also completed, leading among other things to the transactions described above and to:

- the incorporation of UBI SIM within UBI Banca Private Investment, effective as from 1 January 2008;

- the partial spin-off in favour of B@nca 24-7 of the business unit comprising the product company activities of SILF S.p.A., effective as from 1 January 2008. SILF S.p.A. now operates as a sales network for B@nca 24-7 products;

- the merger via incorporation of BPU Leasing in SBS Leasing (now UBI Leasing), effective as from 5 July 2008;

- the merger via incorporation of Plurifid S.p.A. in Solofid Società Lombarda Fiduciaria S.p.A., which led to the creation of UBI Fiduciaria S.p.A., effective as from 1 October 2008.

Again over the year, structural measures were completed aimed at transforming the Group's foreign banks, UBI Banca International Lussemburgo and Banque de Dépôts et de Gestion S.A., in the two reference hubs respectively for corporate customers and for the private customers of the Group, concentrating all the foreign shareholdings in the same.

Recent developments

Development of the online trading and banking activities via an increase in the IW Bank investment

On 4 March 2009, UBI Banca launched a project for the enhancement and further development of its online trading and banking activities by means of: (i) the purchase of a further 32.4% stake in the capital of the subsidiary IW Bank, and (ii) the launch of a business integration project between IW Bank and Twice SIM S.p.A., in which Medinvest International S.A. held the majority of the capital. Further to this transaction, Medinvest International S.A., via Webstar S.A., acquired a 10.3% shareholding from Centrobanca in IW Bank's capital.

Acquisition of a branch network from Intesa Sanpaolo

On 16 March 2009, the acquisition of the Intesa Sanpaolo business unit made up of 13 branches in the province of La Spezia, was finalised. With a view to ensuring the observance of the capital requirements established by the Regulatory Authority, on 13 March 2009 the extraordinary shareholders' meeting of Banco di San Giorgio, indicated as purchaser of the branches, approved a capital strengthening plan for a total of Euro 75 million.

Optimisation of the capital structure

In April 2009, UBI Banca approved a number of measures aimed at qualifying and optimising the capital structure.

In this context:

- on 15 April 2009, UBI Banca announced a public exchange offer on the entire amount of the preferred securities outstanding (with a nominal value of Euro 570 million) and on 5 series of lower tier II bonds (with a nominal value of Euro 1.550 million euro), in return for senior debt securities for a maximum amount of 1.570 million euro to be issued under the existing EMTN (European Medium Term Notes) programme (the "Public Exchange Offer"). The Public Exchange Offer concerned: i) the entire amount of the preferred securities (Euro 570 million) and the Lower Tier II bonds maturing as at 30 June 2009 (Euro 250 million); and ii) the remaining 4 issues of Lower Tier II bonds, up to a maximum of Euro 750 million, with a possible partial allotment if applications exceeded that amount. Investors accepting the offer were given senior debt securities in exchange with maturity 25 June 2014 and a fixed annual coupon of 4.939%. The finalisation of the transaction took place on 25 June 2009: adhesions to the exchange offer amounted to a nominal Euro 640.45 million (of which Euro 116.5 million concerning preferred securities) which, on the basis of the established exchange ratios, led UBI Banca to issue senior securities for a total of Euro 850 million, inclusive of an additional amount to ensure greater liquidity for the issue; and

the issue of a convertible bond was approved, to be offered under option to the shareholders (the "**Convertible Bond**" or "**CB**"). The issue of the Convertible Bonds amounted in total to Euro 639,145,872, via the issue of 50,129,088 Convertible Bonds with a par value of Euro 12.75 each, offered under option to the shareholders at a ratio of 4 Convertible Bonds for each 51 ordinary shares held. The issue price of each Convertible Bond was set at par, corresponding to Euro 12.75. The Convertible Bonds have a fixed coupon of 5.75% gross per annum and a duration from 10 July 2009 to 10 July 2013 (see Section One, Chapter XXI). The offer, which took place between 22 June and 10 July 2009, concluded with the subscription of 97.74% of the Convertible Bonds offered, while the remaining 2.26% was subscribed through market offering. On 20 July 2009, trading of the Convertible Bonds on the MTA commenced.

At the same time, the issue of warrants was resolved, to be offered free of charge under option to the Issuer's shareholders, entitled "*Warrant Azioni Ordinarie UBI Banca 2009-2011*" (UBI Banca 2009/2011 warrants). (See Section One, Chapter XXI).

The geographic optimisation project

At the end of September 2009, the Group approved a geographic optimisation project for the Network Banks (the "**Optimisation Project**") so as to make the Group's distribution structure more efficient, by means of the specialisation of the individual Network Banks by geographic area, with focus on the traditional areas of presence. The project was launched in January 2010 after having obtained the necessary authorisation from the competent authorities and following the signing of a memorandum of understanding with the Trade Unions.

Within the sphere of this project, virtually exclusive geographic coverage was assigned to each Network Bank, by means of the grouping together of the Group branches present in the same area under a single reference brand, involving a consequent increase in the market shares and the visibility of each individual Network Bank as well as parallel streamlining of the commercial growth and loan management processes. The transaction led to the transfer of 316 branches and around 2,200 resources within the Group, between Banca Regionale Europea, Banca Popolare Commercio e Industria, Banca Popolare di Bergamo, Banco di Brescia and Banco di San Giorgio.

The Optimisation Project was concluded on 27 July 2010, the date when UBI Banca reacquired the cross minority holdings which the individual Network Banks ended up holding further to the conferrals made, with the re-establishment of the original shareholding set-ups of the parent company in the Network Banks, except for a reorganisation of the presence of the two Foundations (Cassa di Risparmio di Cuneo Foundation and Banca del Monte di Lombardia Foundation) so as to take into account the new focus of the Network Banks on the traditional areas of said Foundations. In fact, the Banca del Monte di Lombardia Foundation exited the holding structure of Banca Regionale Europea, and invested in the capital of Banca Popolare Commercio e Industria. The Cassa di Risparmio di Cuneo Foundation remained in the holding structure of Banca Regionale Europea – focused on the north-western area – with a shareholding which increased from 20% to 25% and an investment of around Euro 125 million (see Section One, Chapter VI, Paragraph 6.1.3).

Rationalisation of the Aviva Group shareholdings in the Network Banks

At the same time as the geographic rationalisation and streamlining project, the UBI Banca Group took steps to develop the bancassurance activities and to reorganise the shareholding structure of the Aviva Group in the Network Banks by means of the acquisition by the Aviva Group of a shareholding in Banca Popolare di Ancona and the reduction of its holdings in Banca Popolare Commercio e Industria and Banca Carime (see Section One, Chapter XXII, Paragraph 22.1).

Partnership with Fortis and BNP Paribas Assurance in the non-life insurance sector

On 29 December 2009, a partnership was created in the non-life insurance sector with Fortis and BNP Paribas Assurance, via the disposal of the majority holding (50% plus one share) in UBI Assicurazioni to a vehicle invested in by the above companies (see Section One, Chapter XXII, Paragraph 22.2). This partnership permitted the UBI Banca Group, *inter alia*, to expand and diversify the offer in the non-life sector by means of the distribution of high added value products, further extending the commercial range in the segments other than the motor one; to benefit from the business expertise of the partners also in terms of product innovation; and to implement commercial strategies aimed at maximising the potential offered by the bundling and cross selling of credit protection products and non-life insurance products, to be sold together with banking products.

Acquisition of the entire share capital of UBI Pramerica Alternative Investments SGR S.p.A. (now absorbed within UBI Pramerica)

On 19 March 2010, UBI Pramerica reacquired 3.75% of the capital of UBI Pramerica Alternative Investments SGR S.p.A. from the latter's management, and thereby obtained the entire share capital. The acquisition was preparatory to the merger via incorporation of UBI Pramerica Alternative Investments SGR S.p.A. and Capitalgest Alternative Investments SGR S.p.A., (a subsidiary of UBI Pramerica), within UBI Pramerica as resolved by the respective shareholders' meetings on 30 March 2010. The merger – authorised by the Bank of Italy in February 2010 – was effective as from 1 July 2010, while for accounting and tax purposes it was effective as from 1 January 2010 (see Section One, Chapter VI, Paragraph 6.1.4.4). The transfer (for Euro 560 thousand) to UBI Pramerica Alternative Investments SGR S.p.A. of the entire shareholding in UBI Management Company S.A., held by UBI Banca Private Investment (99%) and by UBI Banca International (1%) also took place on 3 August 2010.

Acquisition of Barberini S.A. and Prestitalia S.p.A., active in the consumer credit sector

On 24 March 2010, UBI Banca strengthened its presence in the consumer credit sector, by means of entering into an agreement for the purchase of the entire capital of Barberini S.A. and, via the same, Prestitalia S.p.A.. Within the same context, commitments were also formalised with the partner agents of Prestitalia S.p.A. on an exclusive basis for the distribution of "salary-backed loan" and "deduction of loan repayment from salary" products. Also, in order to proceed with the necessary capital strengthening plan (as per the provisions of the Bank of Italy dated 3 March 2010), a capital increase for Prestitalia S.p.A. totalling Euro 37 million was also subscribed, via Barberini S.A.. On 10 January 2011, Barberini S.A. sold the entire shareholding in Prestitalia S.p.A. to B@nca 24-7 (see Section One, Chapter XXII, Paragraph 22.3).

Trade union procedure

So as to further optimise the related operating risk, concentrating on and investing in the typical activities for the supply of products/services to customers, on 20 May 2010 a trade union procedure concluded for the purpose of achieving a significant reduction in costs and, in particular, in structural personnel expenses, through a reduction in the Group's overall workforce by 895 units (see Section One, Chapter XVII, Paragraph 17.1).

Transfer of the custodian bank and correspondent bank activities to RBC Dexia

On 31 May 2010, so as to focus further on the typical supply of banking products to customers, UBI Banca transferred the business unit relating to its custodian bank activities to RBC Dexia Investor Services (over Euro 19 billion in administered assets, mainly linked to the mutual fund management activities carried out by the subsidiary UBI Pramerica), along with the correspondent bank activities, by means of the transfer of a number of agreements pertaining to Banca Popolare Commercio e Industria for the supply of paying agent services in Italy to Luxembourgian SICAVs and Irish UCITS (see Section One, Chapter XXII, Paragraph 22.4).

Strengthening of the partnership with the Cattolica Group in the life assurance sector

During 2010, the partnership with Cattolica Assicurazioni in the life assurance sector was also reinforced, in the first instance extending the duration of the same until 2020, and subsequently transferring Cattolica

Assicurazioni a further holding of 9.9% in the capital of the joint venture (Lombarda Vita S.p.A.), which as at the Prospectus Date was 60% owned by Cattolica Assicurazioni and 40% by UBI Banca. In this context, it was also envisaged that the distribution of the insurance products of the joint venture be carried out exclusively by the branches of the Network Banks of the former Banca Lombarda Group (Banco di Brescia, Banca Regionale Europea, Banca della Valle Camonica, Banco di San Giorgio) (see Section One, Chapter XXII, Paragraph 22.5).

Rationalisation of the international presence

Once again during 2010, a number of measures were adopted on the international front aimed at improving the Group's focus and enhancing the commercial potential. In particular, Banque de Dépôts et de Gestion S.A. was reorganised and focused on the private banking segment, and its geographic presence was reduced to concentrate operations on the most relevant markets. In this context: (i) the presence in Canton Ticino was rationalised with the closure in June of the Mendrisio branch and the incorporation, as from 31 October, of the subsidiary Gestioni Lombarda Suisse Sa; (ii) the transfer of the Neuchâtel and Yverdon branches to the Swiss banking group Valiant was finalised, effective as from 31 December 2010, mainly involving retail activities, thereby generating a capital gain of CHF 8.3 million (around Euro 6.6 million); and (iii) a capital increase was resolved in December for CHF 4 million (around Euro 3.1 million), finalised in January 2011, in favour of the subsidiary BDG Singapore Private Ltd which, after having obtained the "Capital Markets Services" licence in October, launched asset management activities. As from 10 December 2010, the Luxembourg branch of Banco di Brescia was transferred to UBI Banca International S.A. thereby rationalising the presence in Luxembourg by means of aggregation between two entities already operative with a high degree of integration. UBI Banca International S.A. took over from the Banco di Brescia branch the short-term institutional funding activities, carried out through the issue of both French certificates of deposit and Euro Commercial Paper.

Renewal of the partnership with the Aviva Group in the life assurance sector

On 21 December 2010, the UBI Banca Group and the Aviva Group agreed to renew the strategic partnership in the life assurance sector, due to expire at year end, until 31 December 2015, maintaining the contractual conditions unchanged. In this context, it was also envisaged that the distribution of Aviva Vita S.p.A.'s insurance products be carried out through the branches of Banca Popolare Commercio e Industria, Banca Popolare di Bergamo and Banca Carime and that the distribution of Aviva Assicurazioni Vita S.p.A.'s insurance products be carried out through the branches of Banca Popolare di Ancona.

Take-over bid on IW Bank

On 27 October 2010, UBI Banca and Webstar S.A. informed the market of the exceeding of the threshold of 90% of IW Bank's capital and their intention not to re-establish the float of the IW bank shares and, consequently, to fulfil the purchase obligation on the residual IW Bank shares pursuant to Article 108 (2) of the Consolidated Finance Act (TUF). The purchase obligation on IW Bank shares was acquitted by UBI Banca, also on behalf of Webstar S.A.. The procedure concluded on 19 April 2011, the date when UBI Banca – availing itself of the right to purchase as per Article 111 (1) of the Consolidated Finance Act (TUF) – took steps to formally communicate to IW Bank, pursuant to and for the purposes of Article 111 (3) of the Consolidated Finance Act (TUF), the deposit of the purchase price, equating to Euro 2.043 for each IW Bank share, care of Centrobanca which acted as intermediary appointed with the co-ordination of the raising of the sales requests on the MTA. As from 19 April 2011, ordinary IW Bank shares were delisted from the MTA.

* * *

EMTN programme

The UBI Banca Group has an EMTN Programme for medium/long-term issues intended for institutional investors and listed on the London Stock Exchange. The total amount of this programme is Euro 15 billion and the current amount used comes to Euro 9,932 million (the outstanding total under EMTN also including the old former Banca Lombarda programme comes to Euro 11,788 million).

In particular, since 2007 the Group has carried out the following issues: (i) on 24 July 2007, it issued a senior 7-year bond for a total of Euro 750 million at a floating rate (variable coupon, with a reoffer yield equal to the 3-month Euribor rate increased by 20 bps); (ii) in 2007, it carried out a private placement amounting to Euro 130 million, already fully repaid; (iii) in 2008, it carried out two senior bond issues amounting to Euro 260 million, already fully repaid; (iv) on 25 June 2009 it issued a 5-year senior bond amounting to Euro 875 million (with fixed-rate coupon of 4.94%, and a reoffer spreadof 195 bps on the mid swap benchmark rate); (v) in 2009 it carried out 11 private placement transactions for a total of around Euro 2,800 million; (vi) on 5 March 2010, it issued a 3-year senior bond, at a floating rate, amounting to Euro 700 million (with a reoffer yield equal to the 3-month Euribor rate increased by 73 bps); (vii) on 5 November 2010, it issued a 2-year senior bond at a floating rate for a total of Euro 1 billion (with a reoffer yield equal to the 3-month Euribor rate increased by 140 bps); (viii) on 26 January 2011, it carried out a private placement of 2-year senior bonds amounting to Euro 80 million; (ix) on 28 February 2011, it issued a 2-year senior bond totalling Euro 700 million (at a fixed-rate with coupon equating to 3.88%, and a reoffer spread equating to 190 bps above the mid swap); (x) on 18 March 2011, it carried out a private placement of 3-year senior bonds amounting to Euro 8 million (with a coupon of 4.44%); (xi) on 21 April 2011, it issued a 2.5-year senior bond amounting to Euro 1 billion (at a fixed-rate with coupon equating to 4.125%, and a reoffer spread of 160 bps above the mid swap).

Covered Bonds

In 2008, UBI Banca's Management Board resolved to go ahead with the creation of an "Obbligazioni Bancarie Garantite" issue programme (so-called Covered Bonds), structured in accordance with Italian legislation (Law no. 80 dated 14 May 2005, Decree of the Ministry for the Economy and Finance no. 310 dated 14 December 2006 (Regulation implementing Article 7 *bis* of Italian Law no. 130 dated 30 April 1999, concerning covered bonds) and the Regulatory Instructions issued by the Bank of Italy dated May 2007), targeted at benefiting, in funding terms, of lower funding costs compared to the cost of uncovered issues (senior EMTN).

The UBI Banca Group launched a covered bond issue programme for an amount of Euro 10 billion. The structure adopted envisages that the portfolios which make up the separate assets of the special purpose entity be transferred by several banks, the so-called originators (that is the transferring banks), other than the issuing bank.

Accordingly, a special purpose entity was set up, UBI Finance S.r.l. (company established in pursuance of Italian Law no. 130 dated 30 April 1999) which, acting as guarantor of the issues made by UBI Banca, took over a portfolio of residential mortgage loans transferred by the Group's Network Banks taking part in the programme both as originator banks and financing banks.

The role of master servicer, calculation agent and cash manager for the transaction is performed by UBI Banca, while that of Paying Agent is performed by the Bank of New York (Luxembourg) S.A.; the Bondholders' Representative is BNY Corporate Trustee Services Limited.

The programme dealers are a number of leading international banks: Barclays Capital, Crédit Agricole CIB, Commerzbank, Deutsche Bank, DZ Bank AG, ING Commercial Banking, Landesbank Baden-Württemberg, Natixis, Nomura and Société Générale Corporate and Investment Banking.

UBI Banca delegates the originator banks, acting as sub-servicers, with the servicing activities associated with the handling of the collections and relations with the customers relating to the portfolio transferred by each originator bank; the transferring banks also perform the role of swap counterparts in the balance guarantee swaps entered into with the special purpose entity so as to normalise the cash flows generated by the mortgage loan portfolio.

The first transfers of mortgage loans by two Group banks, Banco di Brescia and Banca Regionale Europea, were carried out in July 2008 for a total value of around Euro 2 billion as at that date.

These transfers were followed, at the end of 2009, by Banca Popolare di Bergamo joining the programme as well, transferring a portion of its mortgage loan portfolio to service the second issue, again for Euro 1 billion, in December 2009, once again with the assistance of Barclays Capital as arranger of the entire programme.

In 2009, two issues of covered bank bonds were carried out: the first, on 23 September 2009, with a 7-year duration, amounting to Euro 1 billion (at a fixed-rate with a coupon of 3.625%); the second on 16 December 2009, with a 10-year duration, amounting to Euro 1 billion (at a fixed-rate with a coupon of 4%). Both the issues received AAA/Aaa rating from Fitch and Moody's.

In May 2010, Banco di San Giorgio and Banca Popolare di Ancona also joined the Covered Bond programme, transferring their assets in the third transfer transaction which also involved the originator banks already participating in the programme. As a result of this transaction, carried out on 1 May 2010, assets were transferred for a total of Euro 2.7 billion.

In 2010, two covered bond issues were carried out: the first, a private placement (fully subscribed by the EIB – European Investment Bank – following the implementation of a framework agreement between EIB and the UBI Banca Group for the disbursement of medium/long-term loans for small and medium-sized companies) issued on 30 April 2010, with a duration of 12 years, for a total of Euro 250 million (with six-monthly coupon at floating rate); the second issued on 15 September 2010, with a maturity of 7 years, amounting to Euro 1 billion (fixed-rate with coupon of 3.375%). These issues also received AAA/Aaa rating from Fitch and Moody's, respectively.

During the last quarter of 2010, participation in the programme was finalised by the Network Banks, thanks to the transfer of mortgage loan portfolios by Banca Popolare Commercio e Industria, Banca Carime, Banca di Valle Camonica and UBI Banca Private Investment S.p.A. on 1 October, for a total of Euro 2.4 billion.

Again in October 2010, a further public issue was made for Euro 500 million, with a duration of five years and a fixed coupon of 3.125%. This issue also received the maximum rating from Fitch (AAA) and Moody's (Aaa).

The portfolio guaranteeing the issues, which in the accounts has remained recorded under the assets of each transferring bank, amounted as at 31 December 2010 to around Euro 7.7 billion in residual capital debt. During 2010, the portfolio generated total collections for around 1.2 billion, divided up between the portfolios of the various originators as follows:

Type of loans *(in Euro 000s)*	**Total portfolio**	**Of which BRE**	**Of which Banco di Brescia**	**Of which Banca Pop. Bergamo**	**Of which Banca Pop. Ancona**	**Of which Banco San Giorgio**	**Of which Banca Pop. Comm. e Industria**	**Of which Banca Carime**	**Of which Banca di Valle Camonica**	**Of which UBI Banca Private Investment**
amounts collected 2010 (*)	**1,167,373**	201,319	487,431	278,835	78,817	35,340	63,491	12,337	8,493	1,310

(*) The BPCI, Banca Carime, Banca di Valle Camonica and UBI Banca Private Investment portfolios are significant solely for one quarter since they were transferred on 1 October 2010; the Banca Popolare di Ancona and Banco San Giorgio portfolios for 8 months, since they were transferred on 1 May 2010.

During the first few months of 2011, another two covered bonds public issues were made: the first, on 28 January 2011 for Euro 1 billion, with a duration of 10 years (at a fixed-rate and coupon of 5.250%); the second, on 22 February 2011 for a total of Euro 750 million, maturing in 5 years (at a fixed-rate and coupon of 4.500%). These first two issues of 2011 also received the maximum rating from Fitch (AAA) and Moody's (Aaa).

As at the Prospectus Date, the limit of Euro 10,000 million had been used for a total of Euro 5,500 million.

5.2 Investments

5.2.1 Investments made

The following table illustrates the changes in UBI Banca Group investments during the years ended as at 31 December 2010, 2009 and 2008 and the quarter ended as at 31 March 2011.

RECLASSIFIED FINANCIAL POSITION STATEMENT FIGURES							
(*in Euro 000s*)	**AMOUNTS as at**				**% change**	**% change**	**% change**
	31/03/2011	**31/12/2010**	**31/12/2009**	**31/12/2008**	**31/03/11 vs 31/12/10**	**2010/2009**	**2009/2008**
Property, equipment and investment property	2,086,769	2,112,664	2,106,835	2,170,867	-1.23%	0.28%	-2.95%
Intangible assets	5,452,328	5,475,385	5,523,401	5,531,633	-0.42%	-0.87%	-0.15%
of which goodwill	*4,416,659*	*4,416,660*	*4,401,911*	*4,338,486*	0.00%	0.34%	1.46%
Equity investments	378,196	368,894	413,943	246,099	2.52%	-10.88%	68.20%

(*in Euro 000s*)	**AMOUNTS as at**				**% change**	**% change**	**% change**
	31/03/2011	**31/12/2010**	**31/12/2009**	**31/12/2008**	**31/03/11 vs 31/12/10**	**2010/2009**	**2009/2008**
Property, equipment and investment property used for business purposes	1,911,510	1,935,622	1,980,889	2,094,977	-1.25%	-2.29%	-5.45%
Assets held for investment	175,259	177,042	125,946	75,890	-1.01%	40.57%	65.96%
Total	**2,086,769**	**2,112,664**	**2,106,835**	**2,170,867**	**-1.23%**	**0.28%**	**-2.95%**

Property, equipment and investment property includes assets used for business purposes and assets held for investment, and both are valued at cost; therefore, there is no property, equipment and investment property at fair value. The assets used for business purposes are represented by assets held to be used for the production and supply of goods and services or for administrative purposes and also include a portion of assets acquired under leasing.

This item includes land, buildings, furniture, electronic equipment and other property and equipment and in the periods concerned changes in the same were linked to normal planned investment activities and the depreciation process.

INTANGIBLE ASSETS							
(*in Euro 000s*)	**AMOUNTS as at**				**% change**	**% change**	**% change**
	31/03/2011	**31/12/2010**	**31/12/2009**	**31/12/2008**	**31/03/11 vs 31/12/10**	**2010/2009**	**2009/2008**
Goodwill	**4,416,659**	**4,416,660**	**4,401,911**	**4,338,486**	**0.00%**	**0.34%**	**1.46%**
Other assets	37	37	37	391,559	0.00%	0.00%	-99.99%
Intangible assets with an unspecified duration	**4,416,696**	**4,416,697**	**4,401,948**	**4,730,045**	**0.00%**	**0.34%**	**-6.94%**
Other assets	1,035,632	1,058,688	1,121,453	801,588	-2.18%	-5.60%	39.90%
Intangible assets with a specified duration	**1,035,632**	**1,058,688**	**1,121,453**	**801,588**	**-2.18%**	**-5.60%**	**39.90%**
Total	**5,452,328**	**5,475,385**	**5,523,401**	**5,531,633**	**-0.42%**	**-0.87%**	**-0.15%**

A breakdown of the item "Goodwill" is provided below:

(in Euro 000s)	**31/03/2010**	**31/12/2010**	**31/12/2009**	**Changes 31/03/2011/ 31/12/2010**	**Changes 2010/2009**
UBI Banca S.c.p.A.	521,245	521,245	521,245	-	-
Banco di Brescia S.p.A.	1,267,763	1,267,763	1,377,754	-	-109,991
Banca Carime S.p.A.	812,454	812,454	812,454	-	-
Banca Regionale Europea S.p.A.	309,121	309,121	430,683	-	-121,562
Banca Popolare di Ancona S.p.A.	249,049	249,049	249,049	-	-
Banca Popolare Commercio e Industria S.p.A.	232,543	232,543	82,423	-	150,120
UBI Pramerica SGR S.p.A.	205,489	205,489	188,124	-	17,365
UBI Leasing S.p.A.	160,337	160,337	160,337	-	-
Banco di San Giorgio S.p.A.	155,265	155,265	151,738	-	3,527
Banca di Valle Camonica S.p.A.	103,621	103,621	103,621	-	-
Banca Popolare di Bergamo S.p.A.	100,044	100,044	22,028	-	78,016
B@nca 24-7 S.p.A.	71,132	71,132	71,132	-	-
UBI Factor S.p.A.	61,491	61,491	61,491	-	-
IW Bank S.p.A.	65,846	65,846	54,631	-	11,215
Prestitalia S.p.A.	24,895	24,895	8,298	-	16,597
UBI Banca Private Investment S.p.A.	20,189	20,189	20,189	-	-
Centrobanca S.p.A.	17,784	17,785	16,672	-1	1,113
UBI Banca International S.A.	15,080	15,080	15,080	-	-
UBI Management Company S.A.	9,155	9,155	9,155	-	-
Twice SIM S.p.A.	-	-	8,688	-	-8,688
By You S.p.A.	3,459	3,459	3,459	-	-
InvestNet International S.A.	2,719	2,719	2,719	-	-
UBI Sistemi e Servizi S.c.p.a.	2,122	2,122	2,122	-	-
UBI Insurance Broker S.r.l.	2,094	2,094	2,094	-	-
UBI Fiduciaria S.p.A.	2,052	2,052	2,052	-	-
CB Invest S.p.A.	-	-	993	-	-993
UBI Gestioni Fiduciarie SIM S.p.A.	778	778	778	-	-
Sintesi Mutui S.r.l.	685	685	-	-	685
Solimm S.p.A.	172	172	172	-	-
Capitalgest Alternative Investments SGR S.p.A.	-	-	17,365	-	-17,365
Gestioni Lombarda (Suisse) S.A.	-	-	4,145	-	-4,145
Barberini S.A.	-	-	1,026	-	-1,026
Other goodwill	75	75	194	-	-119
TOTAL	**4,416,659**	**4,416,660**	**4,401,911**	**-1**	**14,749**

The goodwill recorded in the UBI Banca Group's consolidated financial statements (so-called "consolidation differences" deriving from the elimination of the investment in the consolidated subsidiary as at the date of first time consolidation) is the result of all the goodwill and positive consolidation differences relating to certain UBI Banca subsidiary companies.

Specifically, the goodwill recorded in the UBI Banca financial statements (Euro 521.2 million as at 31 December 2010, unchanged as at 31 March 2011) was the consequence of the merger between the former Banche Popolari Unite Group and the former Banca Lombarda e Piemontese Group on 1 April 2007. The aforementioned transaction was recognised – on the basis of the provisions laid down by the IFRS 3 standard – in accordance with the so-called purchase method, where the purchaser (BPU) allocated the cost of the transaction at fair value of the assets and liabilities of the entity acquired (BLP) recording the balance remaining after allocation in the item "goodwill".

With regard to the Optimisation Project (so-called branch switch) concluded on 25 January 2010, the differences shown at goodwill level regarding the individual Network Banks concerned fully offset each other, with the exception of a difference of Euro 110 thousand which refers to Banca Regionale Europea and is due to the goodwill recorded in relation to the opening of a branch in Antibes, France.

Another increase worth mentioning is that relating to UBI Pramerica concerning the incorporation of Capitalgest Alternative Investments in UBI Pramerica so as to streamline the Group structure with the consequent elimination of costs and structure overlappings. This increase offsets the consequent reduction in the goodwill relating to Capitalgest Alternative Investments.

The total goodwill as at 31 March 2011 shows a difference of Euro 1 thousand compared with the end of 2010 due to an adjustment relating to the positive consolidation difference of Centrobanca S.p.A.

Other "intangible assets with a specified duration" – amounting to Euro 1,058,688 thousand as at 31 December 2010 and Euro 1,035,632 thousand as at 31 March 2011 – mainly comprise:

- **trademarks** for a total of Euro 337,861 thousand as at 31 December 2010 (and Euro 333,168 thousand as at 31 March 2011) originating from the PPA carried out on 1 April 2007 following the merger of the BPU Banca and Banca Lombarda e Piemontese Banking Groups;

- the so-called **"core deposits"** in other words those intangible assets linked to the relationship with the customers, for a total of Euro 324,992 thousand as at 31 December 2010 (and Euro 304,730 thousand as at 31 March 2011). These assets, deriving from the aforementioned PPA and that relating to Banco di San Giorgio further to the acquisition, at the start of 2009, of the business unit comprising 13 Intesa Sanpaolo S.p.A. branches, have a specified useful life and are subject to systematic amortisation on the basis of a related plan which takes into account the probability of closing the current accounts;

- the so-called **"AUM"** or those assets linked to asset management relating to both production and distribution activities for a total of Euro 165,008 thousand as at 31 December 2010 (and Euro 161,399 thousand as at 31 March 2011).These assets, deriving from the PPA, are amortised over the residual useful life of the relationship with the customers;

- **"assets under custody"** for a total of Euro 54,097 thousand as at 31 December 2010 (and Euro 52,810 thousand as at 31 March 2011);

- the residual balance is attributable (i) to the **software**, mainly allocated to UBISS S.c.p.A., a UBI Banca Group service company. Software is amortised over 3 years; and (ii) for the residual amount of Euro 21,018 thousand as at 31 December 2010 (and Euro 20,267 thousand as at 31 March 2011) which pertains to the separation – from the value of the investment acquired in By You S.p.A. – of the intangible assets representative of the enhancement of the benefits of the relationships established with the customers. The original value came to Euro 29.9 million, while the useful life was defined over a ten-year period years on the basis of the average duration of the mortgage loans.

EQUITY INVESTMENTS *(in Euro 000s)*	**AMOUNTS as at**				**% change**	**% change**	**% change**
	31/03/2011	**31/12/2010**	**31/12/2009**	**31/12/2008**	**31/03/11 vs 31/12/10**	**2010/2009**	**2009/2008**
Subject to significant influence	378,196	368,894	413,943	246,099	2.52%	-10.88%	68.20%
Total	**378,196**	**368,894**	**413,943**	**246,099**	**2.52%**	**-10.88%**	**68.20%**

The UBI Banca Group financial statements only include equity investments carried at equity; the jointly owned subsidiaries are not carried at equity, but consolidated on a proportional basis.

As at 31 December 2010, out of a total of Euro 369 million (Euro 378 million as at 31 March 2011) in investments in companies subject to significant influence, around Euro 328 million (Euro 297 million as at 31 March 2011) concerned the insurance sector.

These investments were subject to an impairment test, in some cases using the average of the multiples of a sample of comparable companies while in others the presence of market transactions during the last year was taken as reference.

Additional information regarding the market values referring to the more significant equity investments present in UBI Banca's consolidated financial statements is hereby provided. Furthermore, with regard to the insurance companies Aviva Assicurazioni Vita S.p.A., Aviva Vita S.p.A. and Lombarda Vita S.p.A., the market value has been determined taking into consideration a sample of insurance companies listed on active European stock markets considering the price/book value (P/BV) multiple adjusted for the minority interests and for the intangible assets. Bloomberg was the source for the values used. The equity value was compared with the value of the equity investment stated in the consolidated financial statements.

- Aviva Vita Assicurazioni S.p.A.: the Group share of the equity, totalling Euro 53.6 million (Euro 54.1 million as at 31 March 2011), inclusive of the profit as at 31 December 2010 as well as a positive consolidation difference of Euro 2.6 million, compares with an equity value (*pro rata*) of Euro 67.2 million;

- Aviva Vita S.p.A.: the Group share of the equity, totalling Euro 76.4 million (Euro 83.4 million as at 31 March 2011), inclusive of the profit as at 31 December 2010, compares with an equity value (pro rata) of Euro 104.7 million;

- Lombarda Vita S.p.A.: the Group share of the equity, totalling Euro 159.2 million (159.7 million as at 31 March 2011), inclusive of the profit as at 31 December 2010 and a positive consolidation difference of Euro 36.6 million, compares with an equity value (pro rata) of Euro 163.3 million.

With regard to UBI Assicurazioni, the Group share of the equity amounts to Euro 38.7 million, inclusive of the year end result and a positive consolidation difference of Euro 5.6 million. The analysis of the performance, during the year, of the market multiples of comparable listed insurance companies and the comparable transaction multiples achieved in the sector, reveals that the book value of the investment appears fair.

A list of investment in companies subject to significant influence as at 31 March 2011 is presented below.

Company name	**Registered offices**	**Investment relationship**		**% of votes**
		Investing company	**% holding**	**available**
B. Companies				
1. Arca SGR S.p.A.	Milan	UBI Banca S.c.p.A.	23.124%	26.708%(*)
		Banca Popolare di Ancona S.p.A.	3.584%	
2. Aviva Assicurazioni Vita S.p.A.	Milan	UBI Banca S.c.p.A.	49.999%	49.999%
3. Aviva Vita S.p.A.	Milan	UBI Banca S.c.p.a.	50.000%	50.000%
4. Capital Money S.p.A.	Milan	UBI Banca S.c.p.a.	20.671%	20.671%
5. GE.SE.Ri. S.p.A. in liquidation	Cuneo	Banca Regionale Europea S.p.A.	100.000%	100.000%
6. Lombarda China Fund Management Co.	Shenzen (China)	UBI Banca S.c.p.a.	49.000%	49.000%
7. Lombarda Vita S.p.A.	Brescia	UBI Banca S.c.p.a.	40.000%	40.000%
8. Prisma S.r.l.	Milan	UBI Banca S.c.p.a.	20.000%	20.000%
9. SF Consulting S.r.l.	Mantua	UBI Banca S.c.p.a.	35.000%	35.000%
10. Sider Factor S.p.A.	Milan	UBI Factor S.p.A.	27.000%	27.000%
11. Sofipo Fiduciarie S.A.	Lugano (Switzerland)	Banque de Dépôts et de Gestion	30.000%	30.000%
12. SPF Studio Progetti Finanziari S.r.l.	Rome	Banca Popolare di Ancona S.p.A.	25.000%	25.000%
13. UBI Assicurazioni S.p.A.	Milan	UBI Banca S.c.p.a.	49.999%	49.999%
14. UFI Servizi S.r.l.	Rome	Prestitalia S.p.A.	23.167%	23.167%

(*) Please note that the by-laws of Arca SGR S.p.A. establish that voting rights may be exercised up to 25%.

5.2.2 Investments being developed

As at the Prospectus Date, there were no significant investments being developed for the Group.

5.2.3 Future investments

As at the Prospectus Date, there were no significant future investments for the Issuer which have been subject to a definite commitment adopted by its management bodies.

CHAPTER VI – OVERVIEW OF OPERATIONS

6.1 Main operations

6.1.1 Description of the Group's operations

UBI Banca resulted from the merger of BPU – Banche Popolari Unite – and Banca Lombarda e Piemontese in April 2007 and it is the parent company of the UBI Banca Group, one of the major Italian banking groups.

Based on the traditional principles of a cooperative credit *(banca popolare*) institution, the Group collects deposits and provides credit in various forms, mainly within Italy and to retail customers through 1,878 branches of which, as at the Prospectus Date, 1,869 in Italy and 9 abroad.

The Group is organised according to multifunctional and integrated federal model, in which the governance, control, coordination and support functions are centralised with the Issuer as the parent company of the following:

- nine Network Banks which handle relations with the traditional reference areas (see Section One, Chapter VI, Paragraph 6.1.3); and
- a wide range of Product Companies (see Section One, Chapter VI, Paragraph 6.1.4).

The group carries out its activity through the following distribution structure: (i) the Network Banks (Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Regionale Europea, Banca Popolare di Ancona, Banco di San Giorgio, Banca Carime, Banca di Valle Camonica, UBI Banca Private Investment), (ii) a network of 777 financial advisors under UBI Banca Private Investment, (iii) foreign banks and branches and the representative offices located in Europe (Lausanne, Lugano, Geneva, Munich, Luxembourg, Nice, Menton, Antibes, Madrid, Cracow and Moscow), in Asia (Mumbai, Shanghai, Hong Kong and Singapore) and South America (Sao Paolo) and (iv) the remote channels (Internet, Contact Centre, Interbank Corporate Banking, ATMs and POSs).

Through its Product Companies, the group offers its customers a wide range of financial services and products in the following sectors: (i) corporate banking (Centrobanca), (ii) consumer credit (B@nca 24-7); (iii) asset management (UBI Pramerica); (iv) factoring (UBI Factor); (v) leasing (UBI Leasing). Furthermore, the group is active in the online banking and trading sector (through IW Bank) and the bancassurance sector through joint ventures with the Aviva group and the Cattolica Assicurazioni Group.

As at the Prospectus Date, the Group provides its services to approximately 3.7 million customers, divided into retail customers (customers with managed assets of less than Euro 500,000, entrepreneurs and small businesses with turnover of less than Euro 5 million), corporate (companies with turnover in excess of Euro 5 million) and private (customers with assets in excess of Euro 500,000 managed by the Group).

The UBI Banca Group is the fifth largest Italian banking group in terms of total assets and number of branches[1].

The table below shows the Group's major economic data, distributed by sector of activity (Banking, Non-Banking Services and Corporate Centre) for the quarter ended as at 31 March 2011 and as presented in the Interim financial report as at and for the period ended 31 March 2011. These data are provided pursuant to IFRS 8.

In particular:

- The banking sector includes the nine Network Banks belonging to the Group, IW Bank, Banque de Dépôts et de Gestion S.A. and UBI International SA;

[1] Source: Issuer's processing on the basis of Bank of Italy figures.

- The non-banking sector includes Centrobanca, UBI Leasing, UBI Factor, UBI Pramerica, SILF S.p.A., Prestitalia S.p.A., UBI Fiduciaria S.p.A., UBI Gestioni Fiduciarie SIM S.p.A., By You S.p.A and its subsidiaries; and
- the Corporate Centre sector includes UBI Banca, UBI Sistemi e Servizi and all remaining Group companies. Furthermore, the consolidated entries and all intercompany adjustments except for the entries relating to the PPA attributable to the individual sectors are included for those sectors.

Items/Sectors of activity (as at 31 March 2011) *(in Euro 000s)*	**Banking**	**Non-banking**	**Corporate Centre, Intercompany and Consolidation entries**	**Total**
Net interest income	428,865	107,577	(8,288)	528,154
Net commission income	264,050	43,562	(16,293)	291,319
Other costs / revenues	(2,998)	(5,612)	25,332	16,722
Gross income	**689,917**	**145,527**	**751**	**836,195**
Net impairment losses on loans and financial assets	(56,748)	(48,989)	(1,270)	(107,007)
Net financial income	**633,169**	**96,538**	**(519)**	**729,188**
Net income from insurance operations	-	-	-	-
Net income from banking and insurance operations	**633,169**	**96,538**	**(519)**	**729,188**
Administrative expenses	(469,615)	(59,975)	(6,218)	(535,808)
Net provisions for risks and charges	(3,228)	(7,716)	525	- 10,419
Net impairment losses on property, equipment, investment property and intangible assets	(34,028)	(2,939)	(22,758)	(59,725)
Other operating income/expenses:	17,071	9,082	(4,499)	21,654
Operating expenses	**(489,800)**	**(61,548)**	**(32,950)**	**(584,298)**
Profits of from equity investments	-	614	4,141	4,755
Net impairment losses on goodwill	-	-	-	-
Profits (losses) on disposal of investments	74	-	21	95
Pre-tax profit (loss) from continuing operations	**143,443**	**35,604**	**(29,307)**	**149,740**
Taxes on income for the period from continuing operations	(62,764)	(15,683)	1,529	(-76,918)
Post-tax profit (loss) from discontinued operations	-	-	-	-
Profit (loss) for the period attributable to non controlling interests	(2,349)	4,651	(10,515)	(8,213)
Profit for the period attributable to the shareholders of the Parent	**78,330**	**24,572**	**(38,293)**	**64,609**

The table below shows the main financial position statement data for the Group, distributed by sector of activity and relating to the period ended 31 March 2011.

Items/Sectors of activity (as at 31 March 2011) *(in Euro 000s)*	**Banking**	**Non-banking**	**Corporate Centre, Intercompany and Consolidation entries**	**Total**
Loans to customers	71,361,631	35,110,688	(3,769,875)	**102,702,444**
Due to customers	47,203,239	630,772	8,310,581	**56,144,592**
Securities issued	27,084,721	14,753,795	6,840,359	**48,678,875**

The table below shows the main income statement data for the Group, distributed by sector of activity and relating to the year ended 31 December 2010.

Items/Sectors of activity (as at 31 December 2010) *(in Euro 000s)*	**Banking**	**Non-banking**	**Corporate Centre, Intercompany and Consolidation entries**	**Total**
Net interest income	1,653,467	469,404	23,727	2,146,598
Net commission income	1,068,880	203,146	(90,801)	1,181,225
Other costs / revenues	25,073	(8,238)	41,308	58,143
Gross income	**2,747,420**	**664,312**	**(25,766)**	**3,385,966**
Net impairment losses on loans and financial assets	(367,381)	(338,113)	(51,159)	(756,653)
Net financial income	**2,380,039**	**326,199**	**(76,925)**	**2,629,313**
Net income from insurance operations	-	-	-	-
Net income from banking and insurance operations	**2,380,039**	**326,199**	**(76,925)**	**2,629,313**
Administrative expenses	(1,915,735)	(246,594)	(58,999)	(2,221,328)
Net provisions for risks and charges	(6,021)	(20,610)	(578)	(27,209)
Net impairment losses on property, equipment, investment property and intangible assets	(140,817)	(12,912)	(93,508)	(247,237)
Other operating income/expenses:	70,775	43,122	(21,414)	92,483
Operating expenses	**(1,991,798)**	**(236,994)**	**(174,499)**	**(2,403,291)**
Profits of from equity investments	225,042	181	(126,196)	99,027
Net impairment losses on goodwill	-	(5,172)	-	(5,172)
Profits (losses) on disposal of investments	1,237	132	13,089	14,458
Pre-tax profit (loss) from continuing operations	**614,520**	**84,346**	**(364,531)**	**334,335**
Taxes on income for the year from continuing operations	(189,217)	(54,062)	11,299	(231,980)
Post-tax profit (loss) from discontinued operations	-	-	83,368	83,368
Profit (loss) for the year attributable to non controlling interests	(63,728)	(10,044)	60,170	(13,602)
Profit for the year attributable to the shareholders of the Parent	**361,575**	**20,240**	**(209,694)**	**172,121**

The table below shows the main financial position statement data for the Group, distributed by sector of activity and relating to the year ended 31 December 2010.

Items/Sectors of activity (as at 31 December 2010) *(in Euro 000s)*	**Banking**	**Non-banking**	**Corporate Centre, Intercompany and Consolidation entries**
Loans to customers	70,458,541	33,905,443	9,930,203
Due to customers	48,146,108	624,635	(2,549,155)
Securities issued	27,346,215	15,491,691	5,255,982

6.1.2 The parent company UBI Banca

As part of the UBI Banca Group, the Issuer carries out the following activities:

- direction, coordination and control, through definition of the Group's strategies and business model, and through drafting of the budget and consolidated industrial plan. The Issuer also monitors the risks deriving from the Group's activity in the individual business areas;
- coordination of the business functions, providing support to the Network Banks and the Product Companies, through monitoring of the markets and the customer segments. The Issuer ensures coherence between the commercial policies and the business initiatives, coordinates the development and management of the product range and the services offered, provides centralised management of the Group's finance and supervises the Group lending policies;

- provision, whether directly or through subsidiaries, of services supporting the Group activities, in order to facilitate the development of business and allow for efficient customer service, by optimising operating costs and pursuing economies of scale and service levels at the best sector standards.

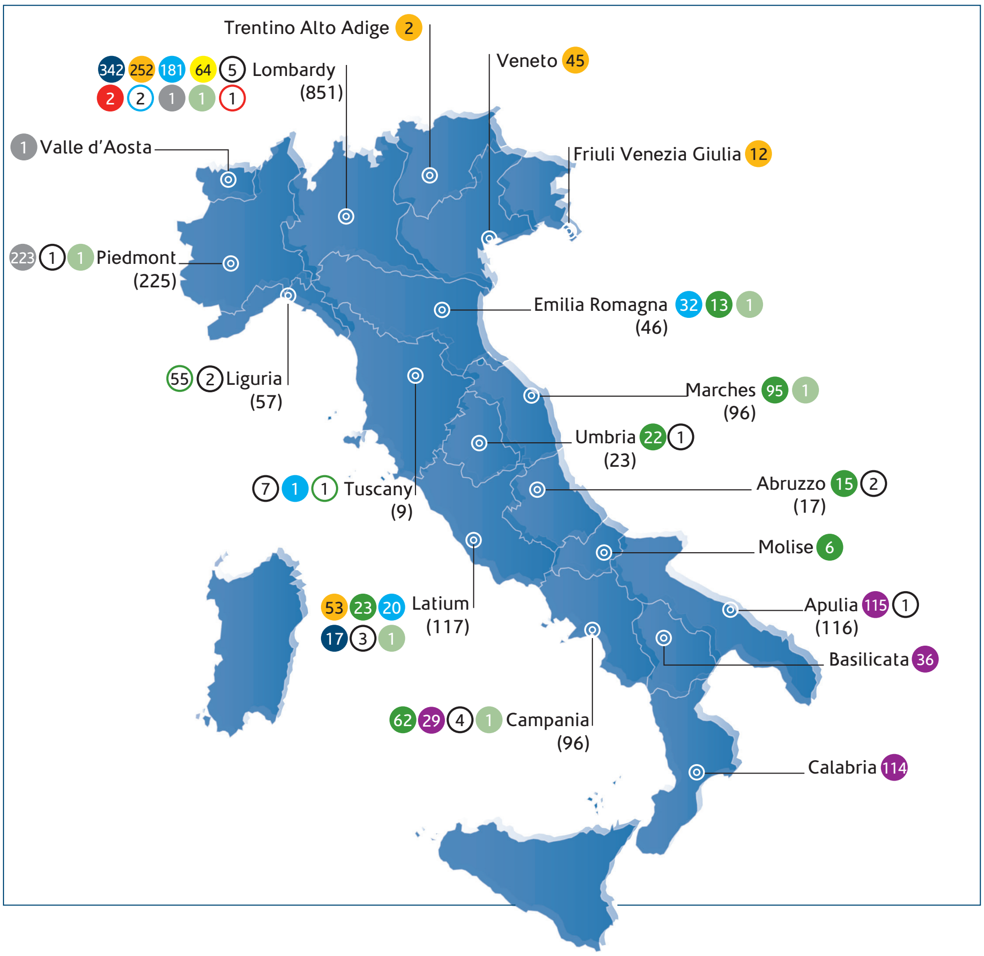
UBI Banca also directly provides commercial banking through its two branches located in Bergamo and Brescia respectively.

6.1.3 The distribution structure

As at the Prospectus Date, the UBI Banca Group has a total of 1,878 branches in Italy and abroad. In Italy, the Group operates on that date mainly in Lombardy (with 851 branches) and the Piedmont area (with 225 branches), but also has a significant presence in the other Italian regions except Sicily.

The following is an illustration of the group's distribution as at the Prospectus Date.

UBI Banca Group: branch network



Gruppo UBI Banca

Branches in Italy	1.869
UBI Banca Scpa	2
Banca Popolare di Bergamo Spa	359
Banco di Brescia Spa	364
Banca Popolare Commercio e Industria Spa	234
Banca Regionale Europea Spa	225
Banca Popolare di Ancona Spa	236
Banca Carime Spa	294
Banca di Valle Camonica Spa	64
Banco di San Giorgio Spa	56
UBI Banca Private Investment Spa	26
Centrobanca Spa	6
B@nca 24-7 Spa	1
IW Bank Spa	2

Branches abroad **9**

Banca Regionale Europea Spa
Nice, Mentone, Antibes (France)

Banque de Dépôts et de Gestion Sa (Switzerland)
Lausanne, Lugano, Genève

UBI Banca International Sa (Luxembourg)
Luxembourg, Munich (Germany), Madrid (Spain)

International presences

UBI Factor Spa
Krakow (Poland)

UBI Management Co. Sa
Luxembourg

Lombarda China Fund Management Co.
Shanghai (China)

UBI Trustee Sa
Luxembourg

BDG Singapore Pte Ltd
Singapore

Representative offices
Hong Kong, São Paolo (Brazil), Mumbai, Shanghai, Moscow.

Updated as at 13th May 2011

6.1.3.1 The Network Banks

The UBI Banca Group carries out its activity within Italy mainly through the branches of the Network Banks.

The Group's Network Banks are: (*i*) Banca Popolare di Bergamo, (*ii*) Banco di Brescia, (*iii*) Banca Popolare Commercio e Industria, (*iv*) Banca Regionale Europea, *(v)* Banca Popolare di Ancona, (*vi*) Banca Carime, (*vii*) Banca di Valle Camonica, (*viii*) Banco di San Giorgio, (*ix*) UBI Banca Private Investment.

At the end of September 2009, the Group approved a geographic optimisation project referring to the Network Banks, which aims to make the Group's distribution structure more efficient through specialisation of the individual Network Banks by geographic area, with a focus on their traditional areas of reference (the **"Optimisation Project"**).

The Optimisation Project began in January 2010 after having received the required authorisations by the competent Authorities and following signature of a memorandum of understanding with the labour unions.

As part of the above-mentioned Optimisation Project, more or less exclusive geographic coverage was attributed to each Network Bank, through regrouping of the Group branches present in the same territory under a single brand, with a consequent increase in the market shares and the visibility of each Network Bank and concurrent simplification of the commercial development and credit management processes. This operation involved the intragroup transferral of 316 branches and approximately 2,200 employees among Banca Regionale Europea, Banca Popolare Commercio e Industria, Banca Popolare di Bergamo, Banco di Brescia and Banco di San Giorgio.

In particular, Banca Regionale Europea became the leading bank for the Piedmont region (with transferral of its general management from Milan to Turin); Banca Popolare Commercio e Industria became the leading bank in Lombardy within the provinces of Milan and Pavia and in the Emilia Romagna provinces of Bologna, Parma, Piacenza, Modena, Reggio Emilia and Ferrara; Banca Popolare di Bergamo became the leading bank in the provinces of Bergamo, Varese, Como, Lecco and Monza-Brianza; Banco di Brescia became the leading bank in the provinces of Brescia, Lodi, Cremona, Mantua and Triveneto; finally Banco San Giorgio became the leading bank in the region of Liguria. The current geographic focus of Banca Popolare di Ancona, Banca Carime and Banca di Valle Camonica was confirmed. By virtue of the realisation of the project, the UBI Banca Network Banks now operate under only one brand in 74 of the 78 provinces in which they are present.

The branch transferrals took place through business unit conferrals (a total of 14).

As a result, 37 Group branches, whether resulting from transferrals or pre-existing, were re-qualified as mini-branches under one parent branch, within a "cluster" structure. In particular, this involved 16 branches of the Banca Popolare Commercio e Industria, 14 branches of Banca Popolare di Bergamo, six branches of Banca Regionale Europea and one branch of Banco di Brescia.

The Optimisation Project was concluded on 27 July 2010, the date when UBI Banca reacquired the cross minority holdings which the individual Network Banks ended up holding further to the conferrals made, with the re-establishment of the original shareholding set-ups of the parent company in the Network Banks, except for a reorganisation of the presence of the two Foundations (Cassa di Risparmio di Cuneo Foundation and Banca del Monte di Lombardia Foundation) so as to take into account the new focus of the Network Banks on the traditional areas of said Foundations. In fact, the Banca del Monte di Lombardia Foundation exited the holding structure of Banca Regionale Europea, and by contrast invested in the capital of Banca Popolare Commercio e Industria. The Cassa di Risparmio di Cuneo Foundation remained in the holding structure of Banca Regionale Europea – focused on the north-western area – with a shareholding which increased from 20% to 25% and an investment of around Euro 125 million

Banca Popolare di Bergamo

Banca Popolare di Bergamo was established in Bergamo in 1869 as the "Banca Mutua Popolare della Città e Provincia di Bergamo". In 1992, the operations of Banca Popolare di Bergamo and Credito Varesino were merged and the bank was renamed Banca Popolare di Bergamo-Credito Varesino. With effect from 1 July

2003, Banche Popolari Unite was established, resulting from the merger of Banca Popolare di Bergamo-Credito Varesino, Banca Popolare Commercio e Industria and Banca Popolare di Luino e di Varese. Banca Popolare di Bergamo has been part of the UBI Banca Group since 1 April 2007, as a result of the merger of BPU and Banca Lombarda e Piemontese (for a description of the significant information regarding the history of Banca Popolare di Bergamo, please see Section One, Chapter V, Paragraph 5.1.5 of the Prospectus).

Banca Popolare di Bergamo is mainly active in retail banking through its 359 branches in Lombardy (342) and Lazio (17). As at 31 December 2010, Banca Popolare di Bergamo had 3,761 employees.

In 2010, Banca Popolare di Bergamo reported net profits of Euro 106.7 million, with net operating income of Euro 280.4 million, direct deposits from customers of Euro 20.6 billion, loans to customers of Euro 20.3 billion and indirect deposits from customers of Euro 24.9 billion.

For financial information relating to Banca Popolare di Bergamo, please see Section One, Chapter XX of the Prospectus.

Banco di Brescia

Banco di Brescia was established on 11 November 1998 and has been operational since 1 January 1999, after it was assigned most of the commercial banking activity of Banca Lombarda, which was established at the end of 1998 from the merger of Banca San Paolo di Brescia and CAB. Banco di Brescia has been part of the UBI Banca Group since 1 April 2007, as a result of the merger of BPU and Banca Lombarda e Piemontese (for a description of the significant information regarding the history of Banca San Paolo di Brescia and CAB, please see Section One, Chapter V, Paragraph 5.1.5 of the Prospectus).

Banco di Brescia is mainly active in retail banking through its 364 branches in Lombardy, Venice, Trentino Alto Adige, Friuli Venezia Giulia and Lazio. As at 31 December 2010, Banco di Brescia had 2,632 employees.

In 2010, Banco di Brescia reported net profits of Euro 71.9 million, with net operating income of Euro 219.2 million, direct deposits of Euro 12.1 billion, loans to customers of Euro 15 billion and indirect deposits from customers of Euro 14.9 billion.

For financial information relating to Banco di Brescia, please see Section One, Chapter XX of the Prospectus.

Banca Popolare Commercio e Industria

Banca Popolare Commercio e Industria was established in Milan in1888.

In 1996, Banca Popolare Commercio e Industria acquired control of Banca Popolare di Luino e di Varese. With effect from 1 July 2003, Banche Popolari Unite was established, resulting from the merger of Banca Popolare di Bergamo-Credito Varesino, Banca Popolare Commercio e Industria and Banca Popolare di Luino e di Varese. Banca Popolare Commercio e Industria joined the UBI Banca Group on 1 April 2007 (for a description of the significant information regarding the history of Banca Popolare Commercio e Industria, please see Section One, Chapter V, Paragraph 5.1.5 of the Prospectus).

Banca Popolare Commercio e Industria is mainly active in retail banking through its 234 branches in Lombardy, Emilia Romagna, Tuscany and Lazio. As at 31 December 2010, Banca Popolare Commercio e Industria had 1,756 employees.

In 2010, Banca Popolare Commercio e Industria reported net profits of Euro 21.9 million, with net operating income of Euro 78.3 million, direct deposits of Euro 8.2 billion, loans to customers of Euro 8.9 billion and indirect deposits from customers of Euro 11.2 billion.

For financial information relating to Banca Popolare Commercio e Industria, please see Section One, Chapter XX of the Prospectus.

Banca Regionale Europea

Banca Regionale Europea was created from the merger in 1994 between Cassa di Risparmio di Cuneo and Banca del Monte di Lombardia, two institutions with strong roots in north-western Italy. In 2000 it became part of the Banca Lombarda Group which was renamed Gruppo Banca Lombarda e Piemontese following that transaction. Banca Regionale Europea has been part of the UBI Banca Group since 1 April 2007, following the merger of BPU and Banca Lombarda e Piemontese.

Banca Regionale Europea operates through 228 branches almost all of which (223) are located in the Piedmont, with the remainder located in Valle d'Aosta (1), Lombardy (1) and 3 in France (Nice, Menton and Antibes); as at 31 December 2010 it had 1,552 employees.

In 2010 Banca Regionale Europea reported net profits of Euro 246.4 million (the significant increase compared to Euro 54.6 million the previous year is due to the capital gains realised following the sale of its shareholding in Banca Popolare Commercio e Industria to the Banca del Monte di Lombardia Foundation upon conclusion of the Optimisation Project), its net operating income was Euro 58.2 million, direct deposits equalled Euro 5.6 billion, loans to customers were Euro 6.9 billion and indirect deposits from customers amounted to Euro 7.3 billion.

For financial information relating to Banca Regionale European, please see Section One, Chapter XX of the Prospectus.

Banca Popolare di Ancona

Banca Popolare di Ancona was established in 1891 as the Banca Popolare Cooperativa di Jesi. In 1995 it was transformed into a joint-stock company and became part of the Banca Popolare di Bergamo-Credito Varesino Group. From 1 July 2003, Banca Popolare di Ancona has been a part of the Banche Popolari Unite Group, following the merger of Banca Popolare di Bergamo-Credito Varesino S.c.r.l., Banca Popolare Commercio e Industria and Banca Popolare di Luino e di Varese. Banca Popolare di Ancona has been part of the UBI Banca Group since 1 April 2007.

Banca Popolare di Ancona operates through 236 branches located in seven regions: Marche, Emilia Romagna, Umbria, Abruzzi, Molise, Lazio and Campania. As at 31 December 2010, Banca Popolare di Ancona had 1,715 employees.

In 2010, Banca Popolare di Ancona reported net profits of Euro 18.3 million, with net operating income of Euro 90.4 million, direct deposits of Euro 6.8 billion, loans to customers of Euro 7.7 billion and indirect deposits from customers of Euro 3.8 billion.

For financial information relating to Banca Popolare di Ancona, please see Section One, Chapter XX of the Prospectus.

Banca Carime

Banca Carime was established on 30 January 2001 from the merger between a financial company belonging to the Banca Popolare Commercio e Industria Group and Carime, established on 31 December 1997 as part of the Intesa Group. From 1 July 2003, Banca Carime has been a part of the Banche Popolari Unite Group, following the merger of Banca Popolare di Bergamo-Credito Varesino, Banca Popolare Commercio e Industria and Banca Popolare di Luino e di Varese. Banca Carime has been part of the UBI Banca Group since 1 April 2007.

As at the Prospectus Date, Banca Carime is the Group's Network Bank dedicated to covering southern Italy through a constant process of growth and consolidation of its position.

Banca Carime focuses mainly on retail banking through 294 branches located in four regions: Campania, Apulia, Basilicata and Calabria. As at 31 December 2010, Banca Carime had 2,221 employees.

In 2010, Banca Carime reported net profits of Euro 37.7 million, with net operating income of Euro 91.4 million, direct deposits of Euro 7.6 billion, loans to customers of Euro 4.8 billion and indirect deposits from customers of Euro 5.8 billion.

For financial information relating to Banca Carime, please see Section One, Chapter XX of the Prospectus.

Banca di Valle Camonica

Banca di Valle Camonica, established in 1872, is a traditional entity which has strong roots in the provinces of Brescia and Sondrio. In 1963, Banca San Paolo di Brescia acquired control of Banca di Valle Camonica. From December 1998, Banca di Valle Camonica became a part of the Banca Lombarda Group, following the merger of CAB and Banca San Paolo di Brescia. It has been part the UBI Banca Group since 1 April 2007.

Banca di Valle Camonica operates 64 branches in Lombardy. As at 31 December 2010, Banca di Valle Camonica had 346 employees.

In 2010, Banca di Valle Camonica reported net profits of Euro 1.5 million, with net operating income of Euro 19.6 million, direct deposits of Euro 1.4 billion, loans to customers of Euro 1.9 billion and indirect deposits from customers of Euro 1.06 billion.

For financial information relating to Banca di Valle Camonica, please see Section One, Chapter XX of the Prospectus.

Banco di San Giorgio

Banco di San Giorgio was established in 1987 as Banca Popolare Società Cooperativa a responsabilità limitata. In 1992, the bank was transformed into a joint-stock company and became part of the Credito Agrario Bresciano banking group (which became the Banca Lombarda Group in 1998 following the merger of CAB and Banca San Paolo di Brescia). It has been part the UBI Banca Group since 1 April 2007.

Banco di San Giorgio operates through 56 branches in Liguria and 1 branch in Carrara, in northern Tuscany. As at 31 December 2010, Banco di San Giorgio had 417 employees.

In 2010, Banco di San Giorgio reported net profits of Euro 0.37 million, with net operating income of Euro 22.1 million, direct deposits of Euro 1.6 billion, loans to customers of Euro 2.8 billion and indirect deposits from customers of Euro 1.6 million.

For financial information relating to Banco di San Giorgio, please see Section One, Chapter XX of the Prospectus.

UBI Banca Private Investment

In March 2003, Banca Lombarda e Piemontese acquired control of Banca Idea S.p.A.; in November 2003, the latter changed its name to Banca Lombarda Private Investment S.p.A.. From 1 April 2007, Banca Lombarda Private Investment S.p.A has been part of the UBI Banca Group, following the merger of BPU and Banca Lombarda e Piemontese. Effective from 1 January 2008, Banca Lombarda Private Investment incorporated UBI SIM S.p.A. (both companies with lengthy experience in the financial consultancy sector), changing the name to UBI Banca Private Investment.

UBI Banca Private Investment mainly handles private customers through a network of 900 qualified professionals (financial advisors and private bankers).

The bank offers a complete range of products and services, from the more traditional management of daily requirements up to innovative investments solutions, for retirement or financing the purchase of a home.

The bank operates throughout Italy with 26 branches, approximately 36 advice centres for financial consultancy as well as consultancy offices located throughout the country. As at 31 December 2010, UBI Banca Private Investment had 167 employees.

In 2010, Banca Private Investment reported net profits of Euro 0.057 million, with net operating income of Euro 0.8 million and indirect deposits from customers of Euro 5.4 billion.

For financial information relating to UBI Banca Private Investment, please see Section One, Chapter XX of the Prospectus.

6.1.3.2 *International presence*

As at the date of this Prospectus, the Group is also active abroad with an international presence which mainly focuses on covering the requirements of the Group's customers and includes:

- two foreign banks, Banque de Dépôts et de Gestion S.A. (with three branches in Switzerland and one "financial advisory company" in Singapore) and UBI Banca International S.A. (with registered office in Luxembourg, branches in Munich and Madrid and a trust company in Jersey);
- three foreign branches of Banca Regionale Europea in France (Nice, Menton and Antibes);
- representative offices in Sao Paolo – Brazil, Hong Kong, Mumbai, Shanghai and Moscow;
- shareholdings (mainly controlling shareholdings) in four foreign companies: in addition to UBI Trustee Sa Luxembourg and BDG Singapore Private Ltd, also in Lombarda China Fund Management Co. and UBI Management Co. SA.;
- a branch of UBI Factor in Cracow, Poland;
- 37 commercial co-operation agreements with foreign banks (covering over 50 countries), two trade facilitation agreements with the European Bank for Reconstruction and Development (EBRD) and the International Financial Corporation (IFC) and a product partnership in the Middle East and Asia with Standard Chartered Bank, ensure that corporate customers receive the required support in all major international markets.

6.1.3.3 *Remote channels*

The UBI Banca Group also operates through remote channels such as:

- Internet Banking;
- Contact Centres;
- Interbank Corporate Banking;
- ATMs;
- POSs;

Through these channels, the Group is able to ensure that the Network Banks cover customers' requirements for autonomy, rapidity and transparency by providing a wide range of services.

The following are available among the channels provided for customers:

- the QUI UBI Internet banking service, which allows customers to receive information on their banking position and to carry out numerous payment and investment transactions under secure, rapid and economic conditions. The "Affari" version which is dedicated to small business customers, provides further specific functionalities for single bank management by companies such as the payment of single or multiple bills of exchange and the management of commercial portfolios;
- the QUI UBI Contact Centre combines traditional services that are accessible by telephone (information, order collection and payment instructions) with support activities for customers, whether potential or actual, and an activity involving consultancy and commercial development;

- a network consisting of approximately 2.500 ATMs, including over 300 equipped for paying in banknotes and cheques in addition to normal consultation, withdrawal and payment functions.

The corporate banking services are dedicated to corporate customers. These services provided by the Group allow companies to remotely manage all their banking and interbank relations in an efficient and integrated manner, whether these involve one or several banks, while also providing the possibility of configuration for use by single companies or by corporate groups. In the fourth quarter of 2010, the migration to the new target platform for interbank corporate banking was concluded, redefining the offer based on the actual necessities of the final users. Single bank Small Economic Operator businesses ("POE"), i.e., the companies with less than Euro 300,000 of turnover, were directed to the QUI UBI *Affari* service which is more appropriate to the requirements of these counterparties while the offering to the Corporate and Small Business segments focused on QUI UBI *Imprese*, the Group's CBI multi-bank product.

Consequently, at the end of December the UBI Banca Group had over 146,000 companies connected on the CBI channel, confirming the growth trend in the number of payment and collection orders given remotely.

As at the date of the Prospectus, the Group had over 61,000 POSs installed at businesses. In 2010, Banca Popolare Commercio e Industria participated in the pilot initiative of connecting POS terminals with contactless technology in the Milan area, which accepts low amount payments through the use of special payment cards, (so-called "micro payments") with rapidity and security given that the transaction is concluded within a few seconds and without the holder relinquishing possession of his/her payment card.

6.1.4 Sectors of activity in which the UBI Banca Group operates

6.1.4.1 Network Banks

The Network Banks provide traditional deposit collection and lending services in Italy and offer financial services for both retail and corporate customers.

With regard to retail customers, the Group's activities are focused on the development of the offering in the following areas:

- products and services for households: in particular, current accounts, consumer credit, mortgage loans, payment instruments (credit and debit cards), protection products and online services;

- savings/investment products and services, such as bonds issued by the Group, asset management, life assurance, other investment/advisory instruments;

- products and services for small businesses: in particular, current accounts, loan products, insurance products and payment instruments;

- traditional banking products and services, home banking, POS and "remote" services.

With regard to corporate customers in Italy and abroad, the Group pursues the primary objective of on-going innovation/maintenance of the products and services portfolio and constant legislative adaptation, both for the traditional commercial banking area and for the higher added value range such as products and services linked to commercial trade with foreign markets or the derivative products intended for the coverage of corporate risks.

6.1.4.2 Corporate Banking

The UBI Banca Group provides corporate banking through its subsidiary Centrobanca, servicing mainly medium sized companies.

Centrobanca was established in 1946 as a special credit institution under the name of Banca Centrale di Credito Popolare with the aim of providing medium and long-term loans to small and medium sized businesses. In 2000, Centrobanca was acquired by the Banca Popolare di Bergamo Group and in 2003, through the aggregation of the latter with Banca Popolare Commercio e Industria and Banca Popolare di

Luino e Varese S.p.A., it became part of the BPU Group. On 1 April 2007, Centrobanca became the UBI Banca Group's corporate and investment bank.

Centrobanca offers a complete range of products and services for corporate banking: corporate lending, structured finance, capital markets, M&A advisory, subsidised finance, private equity, economic and equity research, equity sales and trading, risk management and derivatives, management of non performing loans.

Centrobanca has six branches in Lombardy, Piedmont, Lazio, Campania, Marche and Emilia Romagna. As at 31 December 2010, Centrobanca had 325 employees.

In 2010, Centrobanca reported net profits of Euro 16.2 million, with net operating income of Euro 108.2 million, direct deposits of Euro 5.5 billion and loans to customers of Euro 6.97 billion.

For financial information relating to Centrobanca, please see Section One, Chapter XX of the Prospectus.

6.1.4.3 Consumer credit

The UBI Banca Group provides consumer credit through its subsidiary B@nca 24-7, with (*i*) mortgage loans, (*ii*) personal and special purpose loans, (*iii*) issuing credit cards and (*iv*) providing salary backed loans and "deduction of loan repayment from salary" products.

B@nca 24-7 was established in 2001 to operate mainly as an intermediary for Internet banking services (online trading and current accounts).

At the end of 2002, the mission of B@nca 24-7 changed and it became a consumer credit operator, offering a wider range of products with a particular focus on mortgage loans, personal loans and salary backed loans. Furthermore, B@nca 24-7 issued credit cards for the BPU Group which has now become the UBI Banca Group.

B@nca 24-7 operates in the consumer credit sector through distribution agreements with operators specialised in the sector.

In particular:

- within the mortgage loan area, B@nca 24-7 operates according to an exclusive distribution agreement with By You S.p.A., in which UBI Banca holds a 10% stake. The distribution agreement, which expires on 5 October 2011, was amended on 15 February 2011 in order to lift B@nca 24-7's exclusive rights for a specified time period, allowing By You S.p.A. to grant mortgage loans to other intermediaries under certain circumstances.

  With regard to mortgages, the UBI Banca Group has launched an important project that provides for the transferral of the loan disbursement activities and the management of the whole relationship with customers to the Network Banks within 2011;

- with regard to salary backed loans, B@nca 24-7 mainly operates according to an exclusive distribution agreement with Prestitalia, which is 100% owned by B@nca 24-7, and as an agent of other smaller sales networks. In particular, as part of the reorganisation of its presence in the consumer credit sector, with special focus on salary backed loans, in September 2010 the UBI Banca Group acquired 100% of Barberini S.A., a Belgian Company in which UBI Banca held a 33.33% stake, and through this latter company, Prestitalia S.p.A., of which UBI Banca, through Barberini S.A., held a minority shareholding of approximately 23%.

  In January 2011, Barberini S.A. sold its equity interest in Prestitalia S.p.A. to B@nca 24-7. This acquisition by B@nca 24-7 is part of a wider project for the consolidation of consumer credit activities into B@nca 24-7, which will also allow greater monitoring of the coordination and transparency required by the Bank of Italy *vis à vis* customers. During 2010, B@nca 24-7 granted over Euro 1 billion in salary backed loans;

- in the personal loans segment B@nca 24-7 operates mainly on the basis of an exclusive distribution agreement with the Group Network Banks for the Group's own customers, and through an exclusive agreement with SILF S.p.A., a company of financial agents specialised in personal loans which is 100% Group owned. In 2008, following the merger of BPU with the Banca Lombarda Group, the "product manufacturing" line of business of SILF S.p.A. was incorporated into B@nca 24-7. In 2010, B@nca 24-7 granted a total of approximately Euro 0.7 billion in personal loans.

B@nca 24-7 operates online as well as through a branch in Lombardy. As at 31 December 2010, B@nca 24-7 had 227 employees. In 2010, B@nca 24-7 reported a net loss of Euro 5.7 million, with net operating income of Euro 164.7 million and loans to customers of Euro 11.2 billion.

For financial information relating to B@nca 24-7, please see Section One, Chapter XX of the Prospectus.

6.1.4.4 <u>Asset management</u>

The UBI Banca Group provides asset management through its subsidiary UBI Pramerica, a joint venture with Prudential USA (65% UBI Banca – 35% Prudential USA), one of the major financial institutions in the USA which is active worldwide in the asset management sector.

The UBI Pramerica joint venture was concluded in October 2001 and became operative in January 2002, through the marketing of its own products on the Italian market. The offering, targeted at private and institutional investors, includes a vast range of products such as mutual funds, securities and fund portfolio management, placed through the branches and the private banking offices of the UBI Banca Group and the financial advisors. For coverage of markets that are outside the Euro area, UBI Pramerica uses the experience of the Pramerica Financial asset managers, who hold specific operating mandates and share their information on markets and investment strategies with the UBI Pramerica team of asset managers.

As at 31 December 2010, UBI Pramerica had 142 employees, a total of Euro 29.4 billion of assets under management, net operating income of Euro 57.3 million and profit for the year of Euro 38.5 million.

For financial information relating to UBI Pramerica, please see Section One, Chapter XX of the Prospectus.

6.1.4.5 <u>Factoring</u>

The UBI Banca Group provides factoring services through its subsidiary UBI Factor, Italy's fourth largest operator in the factoring sector[2] in terms of outstanding amounts (receivables which have been purchased but not yet received), with a market share of 6.5%, holding the same position in terms of advances with and without recourse, with a 7.1% share.

UBI Factor was established as CBI Factor in 1981, upon the initiative of the Istituto Centrale di Banche e Banchieri. At the end of the 1990s, it was acquired by the Banca Lombarda Group and in 2005 it merged with Veneta Factoring S.p.A.. CBI Factor became part of the UBI Banca Group on 1 April 2007 and has been named UBI Factor since 24 September 2008.

UBI Factor offers a complete range of products including all types of factoring (with and without recourse, definitive factoring without recourse, factoring maturity, factoring maturity for distributors, indirect factoring, reverse factoring, international factoring, instalment factoring). UBI Factor is also active in the "confirming" sector, which involves a contract based on which a debtor (usually a company of good standing with a significant number of suppliers) grants to a factor an irrevocable mandate to pay its suppliers without assigning receivables, thus replacing the debtor in the management of the debt.

As at 31 December 2010, UBI Factor had 153 employees, net operating income of Euro 53.2 million, and profit for the year of Euro 18.6 million. In terms of business volumes, the turnover for the year was Euro 7.6 billion.

For financial information relating to UBI Factor, please see Section One, Chapter XX of the Prospectus.

[2] Source: UBI Financial Statements as at and for the year ended 31 December 2010.

6.1.4.6 <u>*Leasing*</u>

UBI Banca Group provides leasing through its subsidiary UBI Leasing.

UBI Leasing was established in July 2008 from the merger of two Group Product Companies operating in the leasing area: SBS Leasing S.p.A. and BPU Esaleasing S.p.A..

UBI Leasing was the third largest Italian operator by volume of contracts signed in 2010; it handled Euro 1.9 billion through the group's branches and corporate points, as well as through its own sales network agents.

UBI Leasing provides a complete range of products in the leasing area, in particular: (*i*) property leasing, (*ii*) automobile leasing, (*iii*) equipment leasing, for the purchase of the assets required for production in any type of company, (*iv*) nautical leasing, (*v*) energy leasing for funding initiatives involving electricity and heat production including from alternative renewable sources, (*vi*) art leasing, for companies and professionals that invest in works of art, antiques and collections.

As at 31 December 2010, UBI Leasing had 242 employees, a total of Euro 9.7 billion of loans to customers, net operating income of Euro 96.2 million and a loss for the year of Euro 20.6 million.

For financial information relating to UBI Leasing, please see Section One, Chapter XX of the Prospectus.

6.1.4.7 <u>*Online banking and trading*</u>

UBI Banca Group operates in the online banking and trading sector through IW Bank, a bank specialised in providing online financial and banking services.

IW Bank has been in business since 1999 and provides specialised banking and financial services to retail and institutional customers, almost exclusively through the Internet. The offering includes trading of financial instruments, placement of UCITS, current accounts, issuing of credit and debit cards, electronic money, insurance, personal mortgages and loans.

Development of the online trading and banking activity by increasing the shareholding in IW Bank

On 27 October 2010, following conclusion of a shareholders' agreement between UBI Banca and Webstar S.A. regarding the business integration project of IW Bank operations with those of Twice SIM S.p.A. (see Section One, Chapter V, Paragraph 5.1.5), UBI Banca and Webstar S.A. announced to the market that the threshold of 90% of the share capital with voting rights of IW Bank had been exceeded and they did not intend to restore the float of the IW Bank share. UBI Banca therefore committed to fulfil the obligation of purchasing the residual ordinary shares prior to the delisting of the stock, including on behalf of Webstar S.A., on 19 April 2011. With effect from that date, the ordinary shares of IW Bank were delisted from the MTA.

As at 31 December 2010, IW Bank had 291 employees, net operating income of Euro 8 million, a loss for the year of Euro 0.4 million, direct deposits of Euro 1.5 billion and indirect deposits of Euro 3 billion.

For financial information relating to IW Bank, please see Section One, Chapter XX of the Prospectus.

6.1.4.8 <u>*Bancassurance*</u>

The UBI Banca Group operates in the bancassurance sector (non-life and life assurance) through specific joint venture agreements with primary insurance companies.

In particular, in the non life insurance area, the Group owns 49.99% of UBI Assicurazioni (a joint venture with BNP Paribas and Fortis), while in the life insurance sector, the Group holds 49.99% of Aviva Assicurazioni Vita S.p.A. (a joint venture with the Aviva group), a 50% shareholding in Aviva Vita S.p.A. (a joint venture with the Aviva group) and finally a 40% share in Lombarda Vita S.p.A. (a joint venture with the Cattolica Assicurazioni Group).

During 2010:

- both partnership agreements with the Aviva group for distribution of life insurance products, and more specifically the insurance products of Aviva Vita S.p.A. through the branches of Banca Popolare Commercio e Industria, Banca Popolare di Bergamo and Banca Carime and the products of Aviva Assicurazioni Vita S.p.A. through the branches of Banca Popolare di Ancona, were renewed until 31 December 2015;

- the partnership agreement with the Cattolica Assicurazioni Group for the exclusive distribution of life insurance products through the branches of the Network Banks of the former Banca Lombarda Group (Banco di Brescia, Banca Regionale Europea, Banca di Valle Camonica, Banco di San Giorgio) was renewed until 31 December 2020. Within the context of this agreement, UBI Banca sold to the Cattolica Group a 9.99% stake in the share capital of Lombarda Vita S.p.A., thereby reducing its own shareholding to 40%.

6.1.5 New products and services

As at the Prospectus Date, the products and services of the Group are those which are described in Paragraphs 6.1.1, 6.1.2, 6.1.3, 6.1.4 above.

6.1.6 Risk management

Pursuant to the regulations in force, the UBI Banca Group has put in place a risk management system that regulates in an integrated manner the guidelines of the System of Internal Controls covering regulatory, methodological and organisational issues which all group companies must adhere to, in order to allow the Issuer to exercise the planning and strategic, management and technical – operational control activities in an efficient and economic way.

The Group companies co-operate to identify the risks they are subject to and to define the relative criteria for their measurement, management and control.

The main principles ruling the Group's analysis and risk management, to ensure an increasingly prudent and efficient allocation of the economic and regulatory capital, are:

- rigorous containment of the financial and credit risks and monitoring of all types of risk;

- application of logics aimed at sustainable value creation when defining the propensity to assume risk and capital allocation;

- definition of the Group's propensity to assume risks in regard to specific cases of risk and/or specific activities by adopting a complete set of policies both at Group and single entity level.

Following is information regarding the risk profiles and the relative management and hedging policies implemented by the group:

- credit risk;

- market risk: i) interest rate risk; ii) price risk; and iii) foreign exchange risk;

- liquidity risk;

- operating risks.

6.1.6.1 <u>Credit risk</u>

The strategic guidelines, policies and instruments for the assumption and management of credit risk are defined for the parent company by the Risk Management Area together with the Credit Area and with the support of the relevant specialised structures. In defining the policies for the management of credit risks, particular attention is paid to maintaining an adequate risk/yield profile and in assuming risks that are in line with the risk propensity defined by the top management and, more generally, with the mission of the UBI Banca Group.

Credit risk management policies in existence are:

- *The policy for credit risks,* which indicates the limits and terms under which credit risk may be assumed, this including counterparty risk (the risk of incurring losses due to the default of the counterparty to which there exists a credit exposure) concentration risk (the risk deriving from the existence of significant exposures to individual counterparties (or groups), or from exposures to groups of counterparties that operate in a specific economic sector or which are located in the same geographic area);

- *Policy governing mortgages granted through intermediaries,* which indicates the terms under which external networks may be used for offering mortgages to non captive customers, so as to limit potential credit risks, operating risks and reputational risks;

- *Policy on the portability, renegotiation, replacement and early extinction of mortgages by the direct customers of the Network Banks,* which provides the Group guidelines for carrying out transactions involving the portability of assets and liabilities, renegotiation, replacement and early extinction (whether partial or total) of mortgages, in line with the regulatory framework and in order to ensure maximum timeliness and reduction of connected administrative issues and costs while providing the Group with the appropriate processes and instruments with which to monitor the relative risks (credit, operating and reputational). Similarly, the *"Policy on the portability, renegotiation, replacement and early extinction of mortgages- brokered mortgages",* was drafted;

- *Policy risk-adjusted pricing*, which defines the process for defining and implementing risk adjusted pricing to the different products that involve the assumption of credit risk;

- *Policy on risk from securitisations,* which defines the guidelines that the Group shall follow with regard to managing risk from securitisation activities. This risk refers to traditional as well as synthetic securitisations in which the Group acts as the originator and which involve the transfer, even if partial, of the risks relating to the assets being securitised;

- *Residual risk policy,* which defines the strategic guidelines relating to the management of residual risk, which is the risk of incurring losses from unanticipated inefficiency of usual credit risk mitigation techniques used by the Group.

The units involved in credit operations are organised as follows:

- Centralised control and coordination structures of the Issuer;

- General Managements of the Banks and the subsidiaries which the following report to: Credit Departments; Peripheral Decision Hubs; Branches; Corporate Business Units (CBUs); Private Business Units (PBUs).

This organisational model evidences a clear distinction between commercial and credit functions, in addition to allowing for a strong uniformity between the Issuer's credit structures and the similar structures of the Network Banks, ensuring linearity of processes and information flows optimisation. The granting of credit is also differentiated by customer segment (retail/private, corporate and institutional) and further specialised by loan status: performing (managed by the Retail, Private and Corporate Credit Units) and default (managed by the Non performing Loan Unit).

Furthermore, within the banks, the introduction of the decentralised Peripheral Decision Hubs (PDH) supporting the retail branches and the structures in charge of private customers, ensures effective coordination and co-operation between the units operating in each specific market. Through the Loans and Debt Recovery, Risk Control, Strategic Planning and Development, and Parent company and Group Audit Macro Areas, the parent company monitors the management of the policies, the portfolio, the improvement of the evaluation systems, the management of problem loans and compliance with regulations.

In consideration of the specific federal structure of the Group, it was decided to adopt a "focused" model for the corporate customers that do business with several of the Network Banks, in which:

- a lead bank named the "pivot bank" centralises the decisions regarding credit risk management, the definition of price levels and the setting up of commercial development policies for shared customers, avoiding the lowering of the overall profitability of the relationship;

- non-pivot banks do not initiate new relations and/or extend new credit lines.

The structures through which the Banks and Product Companies operate handle credit and commercial activities, and are also in charge of controlling activities carried out directly or by units under their hierarchy. In particular, the responsibility for the management and monitoring of performing loans is attributed initially to the Relationship Managers who handle the daily relationship with customers and are immediately aware of any signs of difficulty or impairment in credit quality. Secondly, the organisational unit in charge of monitoring credit risk named "Credit Quality Monitoring Department" controls, supervises and analyses the performing positions, in analytical as well as aggregate terms, with progressive depth and intensity, according to the risk rating attributed to the counterparties and the severity of the irregularities recognised. The structure, which is not involved in the decision-making regarding extension of the credit lines, assesses and decides (or involves higher decision-making Bodies when the decision exceeds its own competences) the downgrading in the classification of "performing" counterparties, requesting, when envisaged by the Credit Regulations, a non binding preliminary opinion to the parent company's Credit Area through a request by its own Credit Department. Within the UBI Banca Credit Area, the Credit Quality Service is in charge of coordinating and defining the guidelines for the monitoring of the loan portfolio, managing the development of monitoring instruments, controlling credit policies and preparing management reports.

The Risk Management Area is part of the Risk Control Macro Area, where it:

- defines the Group criteria and methodologies for the development of internal rating models, default probabilities (DP), loss given default (LGD) and exposure at default (EAD), in line with regulatory requirements and best practices;

- produces periodic analyses that illustrate the risk profile of the total loan portfolio and the commercial sub-portfolios at Group level and for the individual legal entities, in terms of distribution by rating class, loan deterioration rates and concentration of Largest Customers;

- in co-operation with the Administration and Tax Area, it develops the methodologies for determination of the generic provisions based on internal ratings for the Network Banks and Centrobanca and loan deterioration rates for the other Product Companies;

- defines the methodology and calculates the fair value of performing loans of the Network Banks and Centrobanca;

- defines the policies for assuming and managing credit risks and drafts the relative implementation regulations and documents listing amount limits.

As at the Prospectus Date, the internal rating system provides for the use of automatic models for private customers and for smaller sized businesses, automatic models which include a qualitative questionnaire and a geo-sectoral module for medium to large companies, and mainly a judgemental model for the large exposures (economic groups with credit lines in excess of Euro 20 million).

The automatic models statistically summarise the valuations regarding the various risk factors, calibrated according to the counterparty/model type:

- financial and economic factors;

- performance factors (internal and external);

- qualitative factors (competitive positioning, corporate structure, etc);

- geo-sectoral factors.

The model for the large exposures includes valuation of the economic – financial analysis component with the structured judgemental component, which investigates profiles such as shareholding structure, management, sector, business area and financial flexibility, strongly taking into account the elements relating to the economic group to which the counterparty belongs. As part of the activities relating to the Basel II project, where the first validation perimeter relates to the Network Banks and Centrobanca only with regard to the regulatory "corporate" portfolio, a series of activities took place which aim to implement during 2011 a new generation of rating models and estimates of the LGD for this portfolio, also following interaction with the Supervisory Authority.

The main elements of this new generation of rating models refer to:

- a review of the credit risk segmentation, which defines what model to apply to each counterparty;
- the development of a new quantitative component, which provides for internal models for the analysis of the financial component, with elimination of the use of a model provided by an external provider;
- development of new integration engines among the different quantitative analysis components;
- development of new qualitative questionnaires;
- a different way of including information relating to the Group the company belongs to within the automatic rating models;
- a new process for updating the rating which aims to ensure an optimal mix between the need to include updated information and maintain a contained level of volatility.

Within the Network Banks, the processes generated or directly impacted by the introduction of internal ratings are:

- identification of the model for the calculation of the counterparty rating;
- assignment of the initial rating;
- assignment of the performance rating: attribution of the rating to all the counterparties based on operations, risks, qualitative and financial statement information, where available;
- rating override: a request made by the Relationship Manager and the Network Bank central credit structures to amend a rating calculated by the system;
- monitoring of the rating; verification of the performance rating recalculated periodically after the first assignment; annual rating verification: updating of data used in the calculation of the rating by the interested parties (e.g. Relationship Manager).

The operating units involved in the process of granting and renewing loans use internal ratings, which are essential and indispensable elements of the valuations formulated when investigating and reviewing the credit lines; the articulation of the delegations is defined by taking account of the customer's risk profile or of the transaction as represented by the rating and managed by the Electronic Credit Line Procedure. The ratings are used by the management reporting system as well as in the information flows made available to the bank structures involved in the loan process.

The attribution of a rating class other than that calculated by the internal rating system based on the adopted models takes place through a rating override proposal with diversified presentation, examination and validation procedures for:

- an upgrading override;
- a downgrading override.

These changes are caused by assessment of information that has not been considered in the rating model, has not been adequately weighted by the model or which will have a future influence that must be taken into account.

In light of the recent proposals for amendment of the prudential regulations (Basel III) which will be gradually introduced from 2013 and the financial crisis which has unfolded its effects over the last two years, the macro-planning of the Basel III project aims to apply the first calculation of the minimum capital requirement using the AIRB approach for credit risk by the end of 2012.

The Group uses typical risk mitigation techniques for banking by acquiring from the counterparty, for some types of credit lines, collateral in the form of real estate, financial guarantees and personal guarantees.

The main types of collateral accepted by the Group are:

- mortgages;
- pledges.

For mortgage guarantees, there is a distinction between *credito fondiario*[1] loans and ordinary mortgage loans depending on the amount of the loan which, in the former case, must fall within set limits established with regard to the value or the costs of the guarantee assets.

Pledges are the second macro-category of collateral and within the Group there are different types of pledges that can be used depending on the instrument that is pledged.

A pledge on the value of a group of financial instruments is established by using defined measurement criteria and specific deviations which reflect the variability of the value of the security being pledged. For financial instruments expressed in a foreign currency, the deviation for the foreign exchange fluctuations must be added to the volatility of the security.

In the case of pledges on rights deriving from insurance policies, only life insurance policies with regulations that expressly allow pledging in favour of the the Bank under specific conditions are allowed (e.g., upon expiration of the deadline for exercising the redemption option, the policies that provide for payment only in the case of death must be excluded, etc...). Appropriate measurement criteria and deviations are also defined for insurance policies.

To ensure the presence of the general and specific requirements for the recognition for supervisory purposes of collateral, included among the credit risk mitigation (CRM) techniques pursuant to the Bank of Italy Circular no. 263 of 27 December 2006 and subsequent amendments, the Group has:

- redefined the credit procedures relating to the collection and management of guarantees;
- recovered for existing mortgage guarantees all information necessary to ensure their eligibility, pursuant to the provisions of Basel II in terms of specific requirements.

The classification of portfolios in default takes place according to regulations as follows:

- past due loans;
- restructured loans;
- impaired loans;
- non-performing loans.

[1] *Credito fondiario* is defined by article 38 of the Consolidated Banking Act (TUB) as a medium and long term first lien mortgage secured on real estate, with a maximum loan to value ratio of 80%.

The problem loans are managed according to the relative level of risk: management of past due, impaired and restructured loans is carried out by the organisational structures in charge of managing problem loans for the Banks; management of non performing loans has been centralised in the Non-performing Loans Service within the Loans and Debt Recovery Macro Area of the parent company.

The adequacy of the value adjustments is measured analytically, for each individual position, to ensure adequate levels of coverage for expected losses. Analysis of problem loans is continually carried out by the individual operating units which manage the risks and by the parent company. Resolution of the delinquent status by the counterparties is a determining factor for the positions to return to "performing"; this event is essentially concentrated in past due and impaired loans.

6.1.6.2 *Market risk*

In general, the management of the Group's financial risks is centralised with the Issuer through the Finance Macro Area.

The guidelines for assumption and monitoring of financial risks within the UBI Banca Group are listed within the UBI Banca Group financial risks policy, the relative implementing Regulation and the document listing the operating limits, with particular reference to market risks on trading portfolios and interest rate, foreign exchange and liquidity risks on the banking portfolio.

Trading portfolio

In the trading book, monitoring of the coherence of the risk profile of the Group's portfolios compared to the rate/yield objectives is based on a system of limits using a combination of various indicators.

In particular, for each Group portfolio the following are defined:

– Mission;

– Maximum loss limit;

– VaR limit;

– Types of financial instruments allowed;

– Any composition limits.

Compliance with the limits assigned to each portfolio is verified on a daily basis.

For measurement of the bank's exposure to interest rate, exchange, equity, credit spread, commodities and volatility risk, the measure identified is the value at risk. This is a statistic measure which enables an estimation of the loss that could occur in the event of adverse movements in the risk factors.

The UBI Banca Group VaR is measured with a historical simulation methodology, using a confidence interval of 99% and the holding period of one day. This value is presented in terms of limits, in line with the time required for the potential disinvestment of the portfolios. The VaR expresses the daily loss "threshold" which, based on probability assumptions, could be exceeded only in 1% of the cases.

In addition to the risk indications deriving from the usage of the VaR, the Group also has a stress test programme with which to identify the events or factors that could significantly affect a position. The stress tests are of a quantitative as well as a qualitative nature and take account of the market risk as well as the liquidity effects generated by market turbulence; they are based both on theoretical shocks created ad hoc as well as on market shocks observed in a predefined historical period.

Currently the provisional capacity of the risk measurement model adopted is verified through a daily back testing analysis which uses an actual profit and loss calculated by the Issuer's front office system.

Banking portfolio

Interest rate risk

The interest rate risk consists of changes in interest rates that reflect on:

- the net interest income and, consequently, the profits of the bank (cash flow risk);
- the current net value of the assets and liabilities, which impact on the current value of the future cash flows (fair value risk).

The control and management of the structural interest rate risk – from fair value and from cash flows – is centralised with the parent company, through the definition of a system of limits/warning thresholds based on indices assessed in the event of a parallel shock increasing the interest curve by +100 bps; in particular, limits and/early warnings are established in terms of variation in the net interest income and sensitivity.

At the individual level and referring only to the sensitivity of the economic value, a guideline which essentially balances the exposure to interest rate risk has been established, except for specific attributions of early warning thresholds to individual Group Companies/Banks.

The exposure to interest rate risk is measured through gap analysis and sensitivity analysis models and models assessing the impact on the net interest income on all financial instruments, assets and liabilities which are not included in the trading portfolio pursuant to supervisory regulations.

The sensitivity calculation of the economic value refers only to positions with contractual expiry and is carried out by including the impacts arising from the early extinguishment and renegotiation of mortgages and loans. The analysis of the impact on the net interest income is developed over a time horizon of 12 months, taking into consideration both the change in the net interest income on the sight positions and on the positions with contractual expiry.

The measurement, monitoring and reporting of the interest rate risk exposures is carried out each month at consolidated level and at individual level by the parent company's Risk Management Area. Based on the periodical information produced, the parent company's Finance Macro Area sets up the appropriate actions to avoid exceeding the limits and any early warning thresholds. In particular, in order to reduce exposure to adverse changes in fair value due to interest rate risk, the Group sets up specific and generic hedges only through derivative financial instruments. The derivative contracts used are of the interest rate swap or cap type.

Verification of the effectiveness of the hedge is carried out through prospective testing at the time of activation of the hedge, run by the Finance Macro Area, followed by a retrospective testing, usually at the end of each month, carried out by the Risk Management Area.

Exchange rate risk

The exchange rate risk is the risk of incurring a loss due to adverse changes in foreign currency rates on all the positions held by the Group, regardless of the portfolio in which they are included.

The exchange rate risk is determined on the basis of existing mismatching between assets and liabilities in foreign currencies (spot and forward), for each out currency (other than the Euro).

In the Group, the exchange risk refers to banking portfolio exposures originating from the Network Banks and/or the Product Companies and deriving from their commercial operations, and to positions relating to foreign currency trading activities.

The Group treasury operates on foreign exchange markets using instruments such as forwards, forex swaps, domestic currency swaps and currency options, to optimise the risk profile of the Group's foreign exchange positions.

The exposure to foreign exchange rate risk is defined starting from the net position in foreign exchange, through a methodology that reflects the supervisory regulations. The equity investments and property, equipment and investment property are not included in the determination of the net position in foreign exchange.

The foreign exchange risk deriving from banking portfolio exposures is mitigated through systematic balancing, using funding/investment transactions in the same currency as that of the original transaction. This risk containment activity is also carried out by the Product Companies for their own banking book positions. The residual exposures and the trading portfolio are specifically fully covered by Forex spot positions.

Liquidity risk

Liquidity risk is defined within the UBI Banca Group as the risk of being unable to fulfil commitments to pay, which may be caused by the inability to obtain funds or by obtaining them at costs that are higher than market costs (funding liquidity risk) or by disinvestment limitations (market liquidity risk), resulting in capital losses.

Structural liquidity risk is the risk of mismatching asset and liability items maturities.

The main objective of the liquidity risk management system is to allow the Group to fulfil its payment obligations and to collect additional funds on the market, thereby minimising the costs without compromising potential future profits.

The Group's liquidity is managed internally in respect of the following general principles:

- adoption of a centralised management of the Group's treasury;
- diversification of the funding sources and warning thresholds referred to exposure to institutional counterparties;
- protection of the Group's capital in liquidity crisis situations;
- appropriate financial balance between assets and liabilities;
- an appropriate level of assets eligible for refinancing and/or which can be liquidated, able to ensure liquidity requirements coverage also under conditions of stress.

The control and management of the liquidity risk are carried out centrally by the parent company through the definition of rules aimed at pursuing and maintaining a sufficient level of diversification of the funding sources and adequate structural balance of deposits and lending in the Network Banks and the Product Companies, through coordinated and efficient deposit and lending policies and a limits and early warnings system aimed at monitoring the evolution of the Group's overall liquidity needs and the relative funding sources, verifying their consistency and sustainability over time.

The liquidity management model adopted by the Group also aims to make uniform, for all Group companies, both the intervention procedure and the identification criteria of the economic conditions, with potential prior identification of specific exceptions.

The contingency funding plan or CFP is the emergency plan for liquidity management and part of the implementing regulation of UBI Banca Group Financial Risk policy. It aims to protect the bank's capital in situations of liquidity draining, by setting up crisis management strategies.

Monitoring the liquidity risk is the responsibility of:

- the Finance Macro Area (first level control) which monitors liquidity on a daily basis and manages risk within set limits;
- the Risk Management Area (second level control) which carries out periodic verifications of compliance with the limits.

The liquidity risk is handled by measuring, monitoring and managing the liquidity requirements through a model that analyses the net liquidity balance at consolidated level over a period of 30 days, and runs stress tests that assess the Group's capacity to handle crisis scenarios characterised by an increasing level of severity. In particular, the net liquidity balance which represents the Group's capacity to fulfil its own commitments over a specific time period, is measured both on a going concern basis and in stress scenarios. The objectives of the stress tests are to assess the vulnerability of the Group to exceptional but plausible events; this makes it possible to better assess the exposure to liquidity risk, the relative mitigation and control systems and the survival period in the event of adverse scenarios.

Pursuant to the Supervisory Provisions, the liquidity risk management system adopted by the Group also provides for monitoring of funding sources at consolidated as well as individual level, using a system of indices. Early warning thresholds and limits are associated with these indices to verify sustainability over time in relation to the current and expected liquidity requirements of the Group as well as consistency with the level of dependence on institutional markets that is considered acceptable by the Group.

Monitoring of the structural balance is also pursued by using models that assess the degree of stability of the liabilities and the degree of liquidity of the assets, so as to contain the risk associated with the transformation of the maturities to a tolerance threshold considered acceptable by the Group.

The model adopted by the Group for monitoring structural balance which replaces the methodological system of the rules for transformation of maturities, aims to reflect the general guidelines being defined as part of the prudential regulation review process in regard to liquidity risk, with specific reference to medium and long-term indices.

The assessment of the degree of stability of the liabilities and the degree to which assets can be liquidated is based mainly on residual life criteria and on the classification of the counterparties which contribute to defining the weighting of the asset and liability items.

The UBI Banca Group also participates in *ad hoc* quantitative simulation analyses carried out by the Supervisory Authority, which defines the stress test scenarios to be applied to the deposit and loan items.

6.1.6.3 Operating risks

Organisational model, management and reporting system

Operational risk is the risk of losses resulting from the inadequacy or malfunctioning of procedures, human resources and internal systems, or from external events. Losses from fraud, human error, interruptions to operations, system unavailability, contract defaults and natural disasters all fall under this risk. The definition includes the legal risk of losses deriving from violations of laws or regulations, contractual or extra contractual liability or other disputes, but does not include reputational or strategic risk. The risk of nonconformity (or compliance risk), which is the risk of incurring legal or administrative sanctions or significant financial losses as a result of statutory provisions or self governance, is also included.

In light of the regulations defined with publication of Circular no. 263 of 27 December 2006 issued by the Bank of Italy, the UBI Banca Group adopts a standardised method (TSA) used in combination with a Basic method (BIA) to calculate the required capital for operational risk and has applied for authorisation by the Supervisory Authority to use an advanced measurement approach model – AMA, which is currently used for management purposes only, expected by the end of 2011.

The organisational model to manage operational risk is based on a combination of centralised and decentralised components In this area, the parent company carries out the management, coordination and control of the business functions on the one hand by supporting the activity of the Network Banks and the Product Companies in their core business and on the other by providing centralised support services to the business directly or through subsidiaries. The centralised responsibilities of the parent company are handled through:

- **The Operational Risk Committee**: this is the body which manages, governs and monitors the overall operational risk management process;

- **Operational Risk Department**: as the structure in charge of the overall operational risk management system, it is the unit which designs, develops and maintains the corporate methodology for recognition, measurement, monitoring and verification of the efficiency of the operational risk mitigation measures and the connected reporting systems. It is also responsible for managing, coordinating and controlling the overall management system at Group level;

- **Methodologies and Models Department**: this is the unit in charge of calculating the capital requirement for the legal entities intending to adopt advanced methodologies according to the model validated by the Models and Processes Validation Department and by other entities and corporate and non-corporate bodies, as in charge from time to time;

- **Models and Processes Validation Department**: this department is independent of entities or units involved in the development of risk management and measurement systems; it is in charge of providing ongoing assessment of the quality of the operational risk management system and its compliance with regulatory provisions, corporate operational requirements and changes in the reference market. This activity includes verification of the reliability of the capital requirement calculation and assessment of the usage of the measurement system within the decision-making processes and the management of operational risk (use test);

- **Risk Policies Department**: this unit is in charge of preparing and reviewing the UBI Banca Group Operational Risk Policy. It is also involved in evaluating and taking out insurance coverage for mitigation of operational risk.

For the individual legal entities of the Group, the organisational model contains four responsibility levels:

- Operational Risks Contact (ORC): is the person within a legal entity (parent company/Network Banks/Product Companies") who is in charge of the implementation of the overall framework for the management of operational risk as defined by the Group policy and the relative implementation regulation;

- Local Operational Risk Support (LORS): assists the ORC in carrying out the overall process of operational risk management for the entity in question. For this same entity, this is also the person supporting and coordinating the Risk Champion and Risk Owner within the Operational Risk Management System;

- Risk Champion (RC): provides operational supervision of the operational risk management process (LDC – loss data collection and SRA – self risk assessment) for overall validation in relation to the specific business area, by coordinating and supporting the relative Risk Owner. Assists in the monitoring of risks and participates in defining and implementing the mitigation strategy;

- Risk Owner (RO): the individual in charge of recognising and notifying LDC events and/or events which potentially lead to operational risk factors (SRA) which arise from daily operations. Participates in implementing correctional interventions and improvements as communicated by upper levels which aim to reduce the level of exposure to risk.

The Group's Operational Risk Management System is composed of:

- a decentralised loss data collection process aimed at recognising in an integrated and systematic way the damaging events which occurred and resulted in an actual loss, a near miss or a profitable event;

- a structured mapping and assessment process of the risk scenarios and factors within an operational context and the system of significant internal controls (risk assessment) within the Group's business areas, supported by information technology for integrated management, with the intent of providing a self-diagnosis of the potential exposure to risk of future losses, the efficiency of the control system and the mitigation measures in existence;

- a database of the operational losses incurred by the Italian System starting from 2003. The Group participates in the Osservatorio DIPO initiative launched by the ABI (Italian Banking Association) on operational risk for the exchange of system loss data since the date of its establishment;

- a system for measuring the economic and regulatory capital, for the determination of the capital absorption of operational risk by business unit using the AMA and standardised method.

A reporting system which provides the necessary information for correct management, measurement and mitigation of significant risks assumed by the Group has been realised to support the monitoring activity. This system has the same responsibility structure as the organisational model, so as to support the multiple information requirements of the Group's federal model, in order to ensure standardisation of information and allow for regular verification of operational risks assumed prior to definition of strategies and management objectives, consistent with the risk standards that are considered as acceptable.

The UBI Banca Group has concluded appropriate insurance policies to cover the major transferable operational risks, with account taken of the requirements set forth in the Prudential Supervisory Provisions (Bank of Italy Circular 263/2006). The insurance policies were concluded by UBI Banca in its own name and on behalf of the Network Banks and Product Companies of the Group.

6.2 Main markets

The table below summarises the UBI Banca Group's positioning in terms of branches, traditional deposits (not including bonds) and loans, based on the latest information made available by the Bank of Italy in regard to the domestic market as well as the major areas of operations for the Network Banks.

Source: Research Department based on Bank of Italy data.

MARKET SHARES IN THE MAIN REGIONS/PROVINCES IN WHICH THE GROUP IS PRESENT			
31 December 2010	**Branches**	**Deposits (*) (**)**	**Loans (**)**
Northern Italy	**6.4%**	**6.1%**	**7.3%**
Lombardy	12.9%	10.7%	10.9%
Bergamo	21.0%	32.2%	43.5%
- Brescia	22.6%	33.3%	35.9%
- Como	6.2%	5.9%	8.5%
- Lecco	5.4%	4.8%	6.5%
- Sondrio	8.1%	1.6%	3.6%
- Mantua	5.7%	3.6%	4.7%
- Milan	9.1%	5.3%	4.5%
- Monza and Brianza	8.5%	7.9%	9.1%
- Pavia	15.6%	16.6%	12.4%
- Varese	23.7%	30.4%	23.2%
Piedmont	8.4%	4.9%	6.7%
- Alessandria	11.1%	8.8%	9.7%
- Cuneo	24.5%	23.6%	19.4%
- Novara	5.1%	2.4%	8.0%
Liguria	6.0%	5.0%	8.2%
- Genoa	5.0%	4.3%	7.8%
- Imperia	5.8%	3.5%	9.3%
- Savona	5.9%	3.2%	10.0%
- La Spezia	10.3%	12.6%	6.7%
Central Italy	**3.6%**	**3.0%**	**2.5%**
Marche	8.8%	9.3%	9.0%
Ancona	10.6%	13.1%	10.6%
- Macerata	9.5%	11.3%	10.9%
- Ascoli Piceno	3.6%	3.1%	4.8%
- Fermo	10.6%	10.0%	15.1%
- Pesaro-Urbino	8.1%	5.0%	5.2%
Lazio	4.3%	3.2%	2.5%
- Viterbo	14.8%	13.3%	11.3%
- Rome	4.0%	3.2%	2.3%
Southern Italy	**8.3%**	**6.5%**	**5.3%**
Campania	6.1%	4.0%	4.1%
- Caserta	8.6%	6.3%	6.7%
- Salerno	8.1%	4.8%	6.3%
- Naples	5.5%	3.7%	3.2%
Calabria	22.2%	21.0%	13.8%
- Catanzaro	14.3%	16.1%	9.5%
- Cosenza	25.7%	27.9%	19.0%
- Crotone	18.9%	12.2%	6.9%
- Reggio Calabria	22.1%	16.2%	10.7%
- Vibo Valentia	28.2%	28.2%	19.0%
Basilicata	14.4%	12.0%	8.8%
- Matera	15.7%	10.0%	7.3%
- Potenza	13.8%	13.4%	9.7%
Apulia	8.2%	6.9%	4.8%
- Brindisi	11.5%	9.1%	5.9%
- Bari	10.1%	8.4%	5.5%
- Barletta-Andria-Trani	6.4%	6.6%	5.2%
- Taranto	8.5%	7.1%	5.1%
TOTAL ITALY	**5.6%**	**5.1%**	**5.8%**

(*) current accounts, certificates of deposit, savings deposits.

(**) market shares by branch location.

Domestically, the Group has a 5.1% market share for deposits and a 5.8% share for loans. In terms of branches, the UBI Banca Group has a market share in excess of 10% in 19 Italian Provinces, as well as a significant presence in several of the main Italian Provinces (approximately 9% in Milan and approximately 4% in Rome).

The UBI Banca Group is present in all Italian regions (except Sicily); over 45% of the branches are located in Lombardy, where it ranks second in terms of number of branches; it ranks first in Basilicata and Calabria, while it comes in third in the Marche area.

Source: Research Department based on Bank of Italy data.

REGIONS (*)	**31.12.2010**			
	UBI Banca branches	**Total bank branches**	**UBI Banca share in %**	**UBI Banca ranking**
ABRUZZI	17	701	2.4%	8°
BASILICATA	36	250	14.4%	1°
CALABRIA	115	519	22.2%	1°
CAMPANIA	100	1,637	6.1%	5°
EMILIA ROMAGNA	46	3,545	1.3%	15°
FRIULI VENEZIA GIULIA	12	955	1.3%	17°
LAZIO	119	2,768	4.3%	5°
LIGURIA	58	962	6.0%	5°
LOMBARDY	855	6,611	12.9%	2°
MARCHE	106	1,206	8.8%	3°
PIEDMONT	226	2,696	8.4%	4°
APULIA	115	1,410	8.2%	4°
UMBRIA	23	581	4.0%	6°
VENETO	45	3,625	1.2%	11°
ITALY	**1,892**	**33,663**	**5.6%**	**5°**

(*) Only regions in which the Group is present with more than 10 branches.

6.3 Extraordinary events

Other than as indicated in the Prospectus and, in particular, the Risk Factors, no extraordinary events occurred in the twelve months preceding the Prospectus Date that influenced the operations of the UBI Banca Group.

6.4 Issuer dependence on industrial property rights and licenses

As at the Prospectus Date, the activity of the Issuer does not depend on patents or licenses, industrial, commercial or financial contracts or new manufacturing procedures.

6.5 Main markets and competitive positioning

In regard to the Group's competitive positioning, please see the relative information in Section One, Chapter VI, Paragraph 6.2 of the Prospectus.

CHAPTER VII – ORGANISATIONAL STRUCTURE

7.1 Description of the group to which the Issuer belongs

As at the Prospectus Date, UBI Banca does not belong to any group.

UBI Banca is the parent company of the UBI Banca Group and, as a bank exercising management and coordination activities pursuant to Article 61 (4) of the Consolidated Banking Act (TUB), it issues provisions to be applied by the members of the Group for execution of the instructions given by the Bank of Italy in the interest of the stability of the Group.

The Issuer carries out management and coordination activities on its subsidiaries pursuant to the law.

The organisational structure of the UBI Banca Group is based on a federal, multi-functional and integrated model.

The Group is composed as follows:

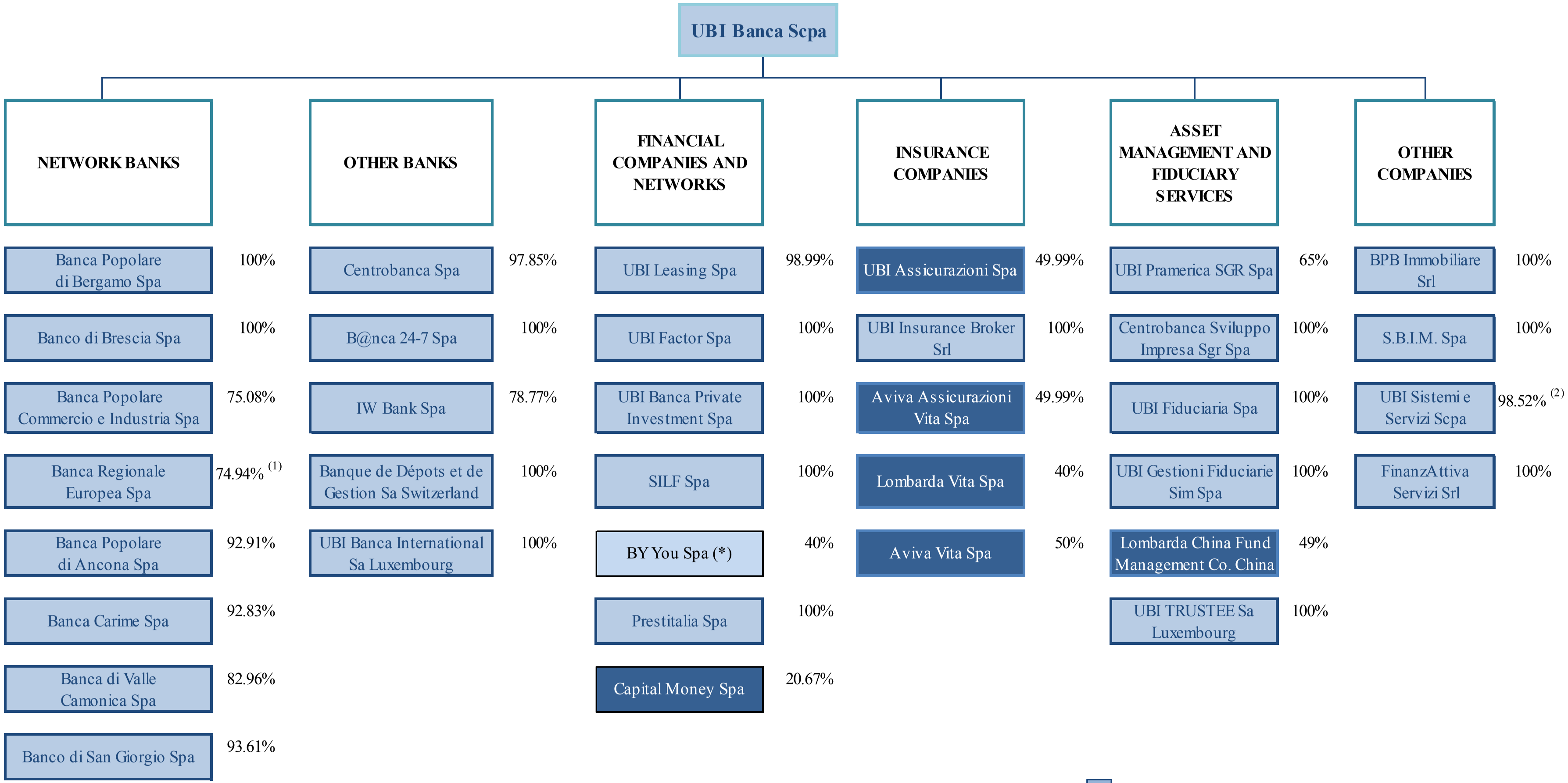
- The parent company UBI Banca S.c.p.a.;
- The Network Banks
  - (i) Banca Popolare di Bergamo S.p.A.;
  - (ii) Banco di Brescia S.p.A.;
  - (iii) Banca Popolare Commercio e Industria S.p.A.;
  - (iv) Banca Regionale Europea S.p.A.;
  - (v) Banca Popolare di Ancona S.p.A.;
  - (vi) Banca Carime S.p.A.;
  - (vii) Banca di Valle Camonica S.p.A.;
  - (viii) Banco di San Giorgio S.p.A.;
  - (ix) UBI Banca Private Investment S.p.A.;
- The Product Companies
  - (a) B@nca 24-7 S.p.A. which operates in the consumer credit sector;
  - (b) UBI Pramerica SGR S.p.A. which operates in asset management;
  - (c) UBI Factor S.p.A. which operates in the factoring sector;
  - (d) UBI Leasing S.p.A. which operates in the leasing sector; and
  - (e) Centrobanca S.p.A. which operates in the corporate and investment sector;
- one online bank, IW Bank S.p.A.;
- one consortium company UBI Sistemi e Servizi S.c.p.a., which provides services and products for business activities, and companies operating in the real estate sector: SBIM (Società Bresciana Immobiliare Mobiliare S.p.A.), SOLIMM (Società Lombarda Immobiliare S.p.A.) and BPB Immobiliare S.r.l.;

- special purpose entities for securitisation transactions and trusts for the issuance of preferred shares: Banca Lombarda Preferred Securities Trust, Banca Lombarda Preferred Capital Co. LLC, 24-7 Finance S.r.l., Lombarda Lease Finance 3 S.r.l., Lombarda Lease Finance 4 S.r.l., UBI Lease Finance 5 S.r.l., UBI Finance 2 S.r.l., UBI Finance 3 S.r.l., UBI Finance S.r.l., BPB Funding Llc, BPB Capital Trust, BPCI Funding Llc, BPCI Capital Trust.

As at the Prospectus Date, the UBI Banca Group abroad is composed of:

- two foreign banks, Banque de Dépôts et de Gestion S.A. (with three branches in Switzerland and one "financial advisory company" in Singapore) and UBI Banca International S.A. (with registered offices in Luxembourg, branches in Munich and Madrid and a trust company with registered offices in Luxembourg);
- three foreign branches of Banca Regionale Europea in France (Nice, Menton and Antibes);
- representation offices in Sao Paolo, Hong Kong, Mumbai, Shanghai and Moscow;
- shareholdings (mainly controlling shareholdings) in four foreign companies: in addition to UBI Trustee S.A. Luxembourg and BDG Singapore Private Ltd, also in Lombarda China Fund Management Co. and UBI Management Co. S.A.;
- one branch of UBI Factor in Cracow, Poland.

The illustration below shows the structure of the UBI Banca Group as at 31 March 2011.



Companies consolidated using the line by line method
Companies consolidated using the proprtional method
Companies consolidated using the equity method

(1) The percentage indicated represents the control over the overall capital held.
(2) The remaining 1.48% is held by UBI Assicurazioni Spa.

The percentages refer to the overall shareholdings held by the Group (directly and indirectly) of the entire share capital.

(*) As at the Prospectus Date, the equity investment in By You S.p.A. was decreased to 10%.

7.2 Subsidiaries of the Issuer

The following table shows the main direct or indirect subsidiaries of UBI Banca as at 31 March 2011.

Name	Registered Offices	Share capital currency	Share capital	Shareholder	% Interest held
24-7 Finance S.r.l.	Brescia	Euro	10,000.00	Unione di Banche Italiane S.c.p.a.	10.00%
B@nca 24-7 S.p.A.	Bergamo	Euro	316,800,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
Banca Carime S.p.A.	Cosenza	Euro	1,468,208,505.92	Unione di Banche Italiane S.c.p.a.	92.83%
Banca di Valle Camonica S.p.A.	Breno (BS)	Euro	2,738,693.00	Banco di Brescia San Paolo Cab S.p.A.	8.72%
				Unione di Banche Italiane S.c.p.a.	74.24%
Banca Lombarda Preferred Capital Co. LLC	Delaware	Euro	1,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
Banca Lombarda Preferred Security Trust	Delaware	Euro	1,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
Banca Pop. Commercio e Ind. Capital Trust	Delaware	Euro	1,000.00	Banca Pop. Commercio e Ind. Funding LLC	100.00%
Banca Pop. Commercio e Ind. Funding LLC	Delaware	Euro	1,000,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
Banca Pop. Commercio e Industria S.p.A.	Milan	Euro	934,150,467.60	Unione di Banche Italiane S.c.p.a.	75.08%
Banca Popolare di Ancona S.p.A.	Jesi (AN)	Euro	122,343,580.00	Unione di Banche Italiane S.c.p.a.	92.91%
Banca Popolare di Bergamo Capital Trust	Delaware	Euro	1,000.00	Banca Popolare di Bergamo Funding LLC	100.00%
Banca Popolare di Bergamo funding LLC	Delaware	Euro	1,000,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
Banca Popolare di Bergamo S.p.A.	Bergamo	Euro	1,350,514,252.00	Unione di Banche Italiane S.c.p.a.	100.00%
Banca Regionale Europea S.p.A. ord	Cuneo	Euro	409,131,311.68	Unione di Banche Italiane S.c.p.a.	80.11%
Banca Regionale Europea S.p.A. priv	Cuneo	Euro	35,667,550.36	Unione di Banche Italiane S.c.p.a.	26.41%
Banca Regionale Europea S.p.A. risp	Cuneo	Euro	24,081,486.00	Unione di Banche Italiane S.c.p.a.	59.13%
Banco di Brescia San Paolo Cab S.p.A.	Brescia	Euro	615,632,230.88	Unione di Banche Italiane S.c.p.a.	100.00%
Banco di San Giorgio S.p.A.	Genoa	Euro	94,647,277.50	Unione di Banche Italiane S.c.p.a.	36.28%
				Banca Regionale Europea S.p.A.	57.33%
Banque de Dépôts et de Gestion S.A.	Lausanne (CH)	Chf	10,000,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
Barberini S.A.	Belgium	Euro	3,000,000.00	Unione di Banche Italiane S.c.p.A	100.00%
BDGSingapore Pte Ltd	Singapore	Sgd	5,600,000.00	Banque de Dépôts et de Gestion S.A.	100.00%
BPB Immobiliare S.r.l.	Bergamo	Euro	185,680,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
Centrobanca S.p.A.	Milan	Euro	369,600,000.00	Banca Popolare di Ancona S.p.A.	5.47%
				Unione di Banche Italiane S.c.p.a.	92.38%
Centrobanca Sviluppo Impresa SGR S.p.A.	Milan	Euro	2,000,000.00	Centrobanca S.p.A.	100.00%
Coralis Rent S.r.l.	Milan	Euro	400,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
FinanzAttiva Servizi S.r.l.	Bergamo	Euro	5,660,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
GE.SE.RI. – Gestione Servizi di Riscossione S.p.A. in liquidation	Cuneo	Euro	323,520.00	Banca Regionale Europea S.p.A.	100.00%
Invesclub S.r.l. in liquidation	Milan	Euro	10,000.00	IW Bank S.p.A.	100.00%
Investnet International S.A.	Luxembourg	Euro	12,478,465.00	IWBank S.p.A.	100.00%
Investnet Italia S.r.l	Milan	Euro	5,000,000.00	IW Bank S.p.A.	100.00%
IW Bank S.p.A.	Milan	Euro	18,404,795.00	Centrobanca S.p.A.	23.50%
				Unione di Banche Italiane S.c.p.a.	55.27%
Lombarda Lease Finance 3 S.r.l.	Brescia	Euro	10,000.00	Unione di Banche Italiane S.c.p.a.	10.00%
Lombarda Lease Finance 4 S.r.l.	Brescia	Euro	10,000.00	Unione di Banche Italiane S.c.p.a.	10.00%
Prestitalia S.p.A.	Roma	Euro	46,385,482.00	B@nca 24-7 S.p.A.	100.00%

Name	**Registered Offices**	**Share capital currency**	**Share capital**	**Shareholder**	**% Interest held**
SILF-Soc.Italiana Leasing e Finanziamenti S.p.A.	Cuneo	Euro	2,000,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
Società Bresciana Mobiliare Immobiliare – S.B.I.M. S.p.A.	Brescia	Euro	35,000,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
Società Lombarda Immobiliare S.r.l. – SOLIMM	Brescia	Euro	100,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
UBI Banca International S.A.	Luxembourg	Euro	59,070,750.00	Banca Popolare di Bergamo S.p.A.	3.37%
				Banco di Brescia San Paolo Cab S.p.A.	5.85%
				Banco di San Giorgio S.p.A.	0.17%
				Unione di Banche Italiane S.c.p.a.	90.60%
UBI Banca Private Investment S.p.A.	Brescia	Euro	67,950,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
UBI Factor S.p.A.	Milan	Euro	36,115,820.00	Unione di Banche Italiane S.c.p.a.	100.00%
UBI Fiduciaria S.p.A.	Brescia	Euro	1,898,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
UBI Finance S.r.l.	Milan	Euro	10,000.00	Unione di Banche Italiane S.c.p.a.	60.00%
UBI Finance 2 S.r.l.	Brescia	Euro	10,000.00	Unione di Banche Italiane S.c.p.a.	10.00%
UBI Finance 3 S.r.l.	Brescia	Euro	10,000.00	Unione di Banche Italiane S.c.p.a.	10.00%
UBI Gestioni Fiduciarie SIM S.p.A.	Brescia	Euro	1,040,000.00	UBI Fiduciaria S.p.A.	100.00%
UBI Insurance Broker S.r.l.	Bergamo	Euro	3,760,000.00	Unione di Banche Italiane S.c.p.a.	100.00%
UBI Lease Finance 5 S.r.l.	Milan	Euro	10,000.00	Unione di Banche Italiane S.c.p.a.	10.00%
UBI Leasing S.p.A.	Brescia	Euro	196,557,810.00	Banca Popolare di Ancona S.p.A.	19.00%
				Unione di Banche Italiane S.c.p.a.	80.00%
UBI Management Company S.A.	Luxembourg	Euro	125,000.00	UBI Pramerica SGR S.p.A.	100.00%
UBI Pramerica SGR S.p.A.	Bergamo	Euro	19,955,465.00	Unione di Banche Italiane S.c.p.a.	65.00%
UBI Sistemi e Servizi S.c.p.a.	Brescia	Euro	35,136,400.00	Banca di Valle Camonica S.p.A.	1.48%
				Banca Pop. Commercio e Industria S.p.A.	2.96%
				Banca Popolare di Ancona S.p.A.	2.96%
				Banca Popolare di Bergamo S.p.A.	2.96%
				Banco di Brescia San Paolo Cab S.p.A.	2.96%
				Banco di San Giorgio S.p.A.	1.48%
				Carime S.p.A.	2.96%
				Centrobanca S.p.A.	1.48%
				UBI Banca Private Investment S.p.A.	1.48%
				UBI Factor S.p.A.	0.74%
				Unione di Banche Italiane S.c.p.a.	70.92%
				Banca Regionale Europea S.p.A.	2.96%
				UBI Insurance Broker S.r.l.	0.07%
				UBI Pramerica SGR S.p.A.	1.48%
				IW Bank S.p.A.	0.07%
				B@nca 24-7 S.p.A.	1.48%
				SILF S.p.A.	0.07%
UBI Trustee S.A.	Luxembourg	Euro	250.000,00	UBI Banca International S.A.	100.00%

CHAPTER VIII – PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY

8.1 Tangible fixed assets

The table below provides information on the main tangible fixed assets belonging to the Group, expressed in thousands of Euro.

Assets/values	Banking group	Insurance companies	Other companies	31.12.2010
A. Assets used in operations				
1.1 owned	**1,889,667**	**-**	**1,880**	**1,891,547**
a) land	883,542	-	754	884,296
b) buildings	813,864	-	1,113	814,977
77c) furnishings	50,380	-	13	50,393
d) electronic equipment	62,646	-	-	62,646
e) other	79,235	-	-	79,235
1.2 acquired through financial leases	**43,034**		**1,041**	**44,075**
a) land	21,712	-	411	22,123
b) buildings	20,912	-	606	21,518
c) furnishings	197	-	6	203
d) electronic equipment	96	-	17	113
e) other	117	-	1	118
TOTAL A	**1,932,701**	**-**	**2,921**	**1,935,622**
B. Assets held for investment				
2.1 owned	**177,042**	**-**	**-**	**177,042**
a) land	103,864	-	-	103,864
b) buildings	73,178	-	-	73,178
2.2 acquired through financial leases	**-**	**-**	**-**	**-**
a) land	-	-	-	-
b) buildings	-	-	-	-
TOTAL B	**177,042**	**-**	**-**	**177,042**
Total (A+B)	**2,109,743**	**-**	**2,921**	**2,112,664**

As at the Prospectus Date, there were no encumbrances on these fixed assets.

8.2 Environmental issues

As at the Prospectus Date, and in consideration of the activity carried out by the UBI Banca Group, no environmental issues existed that would influence the use of tangible fixed assets.

CHAPTER IX – REPORT ON THE GROUP'S OPERATING AND FINANCIAL SITUATION

Information on the Group's operating and financial situation for the financial years ending 31 December 2010, 2009 and 2008, with comments regarding (i) the material changes that have occurred in the financial situation, (ii) the factors that have affected the Group's income, (iii) the other factors that have had a significant impact on the Group's activities and (iv) the reasons for any material changes in the Group's net income, can be found in the annual management reports on consolidated operations contained in the consolidated financial statements as at and for the years ending 31 December 2010, 2009 and 2008.

Information on the Group's operating and financial situation for the quarters ending 31 March 2011 and 31 March 2010, with comments regarding (i) the material changes that have occurred in the financial situation, (ii) the factors that have affected the Group's income, (iii) the other factors that have had a significant impact on the Group's activities and (iv) the reasons for any material changes in the Group's net income, can be found in the interim management report on consolidated operations contained in the Interim financial report as at and for the period ended 31 March 2011, prepared for the purposes of the Prospectus.

The Issuer makes use of the incorporation regime by means of reference to the documents indicated above pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) 809/2004. These documents were previously published and submitted to Consob and are publicly available on the Issuer's website (www.ubibanca.it) as well as at the Issuer's registered office and those of Borsa Italiana.

In order to allow easier consultation of the annual consolidated financial statements as at and for the years ending 31 December 2010, 2009 and 2008 and the Interim financial report as at and for the period ended 31 March 2011, a table is provided below stating the pages on which the Interim financial report on consolidated operations and the Report on consolidated operations can be found respectively for the said financial years.

	Consolidated interim financial report as at and for the period ended	**Consolidated annual financial statements**		
	31 March 2011	**31 December 2010**	**31 December 2009**	**31 December 2008**
Consolidated interim management report	9 - 95			
Consolidated annual management report		21 - 205	21 - 194	19 - 196

CHAPTER X – FINANCIAL RESOURCES

Introduction

The UBI Banca Group's consolidated financial position statement data for the years ending 31 December 2010, 2009 and 2008 in the following tables were prepared based on data drawn from the consolidated financial statements as at 31 December 2010, 2009 and 2008, which were audited by the Independent Auditors.

The financial position statement data as at 31 March 2011 were taken from the Interim financial report as at 31 March 2011, prepared in accordance with the International Accounting Standard IAS 34 applicable to interim financial information, for inclusion by reference in the Prospectus, which underwent a limited review by the Independent Auditors.

The Issuer makes use of the incorporation regime by means of reference to the documents indicated above pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) 809/2004. These documents were previously published and submitted to Consob and are publicly available on the Issuer's website (www.ubibanca.it) as well as at the Issuer's registered office and those of Borsa Italiana.

10.1 Financial Resources of the Group

The following table shows the total direct funding from customers and the net interbank position for the financial years ending 31 December 2010, 2009 and 2008 and for the quarter ending 31 March 2011.

TOTAL FUNDING AND NET INTERBANK POSITION
(in Euro 000s)

	AMOUNTS as at				% change	% change	% change
	31/03/2011	31/12/2010	31/12/2009	31/12/2008	31/03/11 vs 31/12/10	2010/2009	2009/2008
Due to customers	56,144,592	58,666,157	52,864,961	54,150,681	- 4.30%	10.97%	-2.37%
Securities issued	48,678,875	48,093,888	44,349,444	43,440,556	1.22%	8.44%	2.09%
Total direct funding	**104,823,467**	**106,760,045**	**97,214,405**	**97,591,237**	**- 1.81%**	**9.82%**	**-0.39%**
Due to banks	7,332,517	5,383,977	5,324,434	3,980,922	36.19%	1.12%	33.75%
Loans to banks	4,510,008	3,120,352	3,278,264	3,053,704	44.54%	-4.82%	7.35%
Net interbank position	**(2,822,509)**	**(2,263,625)**	**(2,046,170)**	**(927,218)**	**24.69%**	**10.63%**	**120.68%**

Direct Funding

Direct funding from customers includes the amounts "*Due to customers*" (item 20 of the statement of financial position - liabilities) and the "*Securities issued*" (item 30 of the statement of financial position - liabilities).

COMPOSITION OF DIRECT FUNDING FROM CUSTOMERS
(in Euro 000s)

	31/03/2011	31/12/2010	31/12/2009	31/12/2008
Current accounts and deposits	44,409,214	45,209,037	46,056,955	41,537,816
Term deposits	1,167,096	1,341,501	950,761	1,296,530
Financing	9,647,973	11,152,853	5,156,697	10,436,050
Payables for commitments to repurchase own equity instruments	-	-	-	-
Other payables	920,309	962,766	700,548	880,285
Total due to customers	**56,144,592**	**58,666,157**	**52,864,961**	**54,150,681**
Bonds	43,976,679	42,880,256	39,514,741	36,704,152
Other certificates	4,702,196	5,213,632	4,834,703	6,736,404
Total securities issued	**48,678,875**	**48,093,888**	**44,349,444**	**43,440,556**
TOTAL DIRECT FUNDING	**104,823,467**	**106,760,045**	**97,214,405**	**97,591,237**

With reference to the dynamics observed in recent periods, direct deposits totalled Euro 104.8 billion as at 31 March 2011, a decrease of Euro 2.5 billion in the "Due to customers" aggregate which was only partially offset by a modest increase in the securities component (+ 0.6 billion).

In detail, all components of the "Due to customers" aggregate were down in the first quarter of 2011. Specifically, within the financing item, repurchase agreements with the *Cassa di Compensazione e Garanzia* (Central Counterparty Clearing House) were down by Euro 1.1 billion as a result of lower investments in Italian government securities. Similarly, current accounts and term deposits were down by a total of about Euro 1 billion.

Securities issued totalled Euro 48.7 billion, an increase of Euro 0.6 billion over the year-end balance due to the gradual increase in bonds.

As at 31 December 2010, direct funding from customers stood at Euro 106.8 billion: a year-on-year increase of Euro 9.5 billion, which includes Euro 5.8 billion in amounts due to customers and Euro 3.7 billion in securities issued.

The evolution of amounts due to customers over the twelve month period was driven by the significant growth of repurchase agreements (Euro +5.9 billion) due to the increase in repo transactions with the *Cassa di Compensazione e Garanzia* (Central Counterparty Clearing House) (Euro +5.7 billion) – used to fund the position in Italian government bonds in the context of the income support operation approved in May – and a recovery of repurchase agreements with customers (Euro +0.2 billion).

Net of transactions with the *Cassa di Compensazione e Garanzia*, amounts due to customers are largely in line with the previous financial year (+ 0.2%).

Current accounts suffered a fall-back (Euro -0.8 billion) which was mostly concentrated in the first quarter of 2010, despite a partial recovery that took place in the second half of the year, coinciding with the launch of a series of commercial initiatives concerning direct funding.

With regard to term deposits, their growth (Euro +0.4 billion) is attributable to UBI International (Euro +0.5 billion) – as a result of the transfer of the operations of the Luxembourg branch of Banco di Brescia – and UBI Banca (Euro +0.1 billion) in relation to the new transactions with *Cassa di Compensazione e Garanzia* within the "New MIC".

Net of the *Cassa di Compensazione e Garanzia* transactions, the Group's direct funding from customers increased by Euro 3.7 billion (+ 4%) year-on-year.

Management figures for the average volumes of direct funding (network banks and UBI Private Investment aggregate) show that, as at December 2010, 79.5% of direct funding from customers came from the retail market (76.8% as at December 2009), 11% from the private banking market (13.8% in 2009) and 9.5% from the corporate market (9.4% in 2009).

In terms of annual trends, the same figures show changes of +0.1% for the retail market, although there are differences within this market (-1% for private customers, compared with +7.6% for the small businesses segment), -2.7% for the corporate market and -22.8% for the private market (the latter following a partial shift towards forms of indirect funding).

As at 31 December 2009, direct funding amounted to Euro 97.2 billion, slightly lower than the Euro 97.6 billion recorded in late 2008. The annual comparison showed growth in the "Securities issued" component as a result of the newly issued covered bonds, intended to provide medium/long term funding in view of balancing assets and liabilities, while there was a fall in the amounts "Due to customers" (Euro -1.3 billion), mainly due to the contraction of repurchase agreement transactions (Euro -5.3 billion). Considered to be no longer convenient because of the economic situation that followed the financial market crisis of 2008, these transactions were gradually replaced in 2009 by a preference among customers for investing their cash in "current accounts and demand deposits" (Euro +4.5 billion) or in other forms of indirect funding.

In the context of bond funding among institutional customers, mention should be made, with reference to 2009, of the placement of the first two issues of Covered Bonds pursuant to Article 7-*bis* of Law 130/99, each with a nominal value of Euro 1 billion.

The UBI Banca listed bonds issuing programme launched in late 2008 continued in respect of the customers of network banks. Such placements partially replaced the issuing by network banks of their own bonds, the stock of which therefore fell compared to 2008 (Euro -0.8 billion).

Breakdown of securities issued by maturity as at 31 March 2011:

Figures in millions of Euros	Q2 2011	Q3 2011	Q4 2011	1 YR	1.5 YRS	2 YRS	3 YRS	4 YRS	5 YRS	7 YRS	10 YRS	BEYOND	TOTAL
UBI Banca	555	800	255	1,500	2,332	2,540	1,875	3,186	2,457	2,843	2,860	703	**21,806**
Network Banks	2,301	2,397	1,545	1,368	2,438	2,377	3,233	941	511	648	101	1	**17,860**
Centrobanca	345	32	78	8	5	179	253	341	1,461	1,582	306	136	**4,726**
IW Bank	0	0	0	0	0	0	0	0	4	0	37	0	**41**
TOTAL	**3,201**	**3,229**	**1,878**	**2,876**	**4,774**	**5,096**	**5,361**	**4,468**	**4,433**	**5,072**	**3,204**	**841**	**44,434**

The bond component prevails among the funding components relating to securities issued.

In 2010, this aggregate benefited from an increase in the institutional component.

Medium to long-term institutional issues took place amounting to Euro 3.5 billion (including Euro 1.75 billion in Covered Bonds and Euro 1.7 billion in EMTN bonds), compared to Euro 1.7 billion in EMTN maturing bonds.

With regard to short-term funding, Euro Commercial Papers and French certificates of deposits amounted to Euro 3.4 billion at the end of 2010, compared to Euro 2.4 billion at the end of 2009.

Funding through retail bonds also rose from Euro 25.9 billion at the end of 2009 to Euro 27.6 billion at the end of 2010.

Faced with total bond maturities of Euro 11.4 billion in 2011, the Group has already issued securities for Euro 4.5 billion on both the retail and institutional market.

Note that after the closing date of 31 March 2011, a senior bond issue was carried out by UBI Banca under an EMTN programme amounting to Euro 1 billion.

<u>*Interbank market activities*</u>

LOANS TO BANKS *(in Euro 000s)*	31/03/2011	31/12/2010	31/12/2009	31/12/2008
A. Loans to central banks	**345,625**	**739,508**	**641,788**	**1,045,983**
B. Loans to banks	**4,164,383**	**2,380,844**	**2,636,476**	**2,007,721**
Current accounts and deposits	1,266,902	1,161,396	1,019,692	712,201
Term deposits	450,886	466,445	728,828	253,770
Other financing	2,446,595	753,003	887,956	1,041,750
TOTAL	**4,510,008**	**3,120,352**	**3,278,264**	**3,053,704**

DUE TO BANKS *(in Euro 000s)*	**31/03/2011**	**31/12/2010**	**31/12/2009**	**31/12/2008**
A. Due to central banks	**1,255,064**	**2,219,152**	**639,753**	**450,059**
B. Due to banks	**6,077,453**	**3,164,825**	**4,684,681**	**3,530,863**
Current accounts and deposits	1,382,412	692,788	2,590,978	898,961
Term deposits	1,610,640	1,199,455	809,405	452,187
Loans	2,899,513	1,149,003	1,191,381	2,007,541
Other payables	184,888	123,579	92,917	172,174
TOTAL	**7,332,517**	**5,383,977**	**5,324,434**	**3,980,922**
NET INTERBANK POSITION	**(2,822,509)**	**(2,263,625)**	**(2,046,170)**	**(927,218)**

As at 31 March 2011, the Group's net interbank position is negative by Euro 2.8 billion, a slight increase compared to the end of the year (+Euro 0.5 billion).

In the final quarter of 2011, growth in loans to banks and in amounts due to banks can be observed, relating to the purchase of eligible securities, pending the process of assigning the second rating to certain internal securitisations, although deposits show a greater degree of variability.

As at 31 December 2010, the Group's net interbank was negative by Euro 2.3 billion, essentially unchanged compared to 31 December 2009.

In all the periods analysed, however, the Group's net interbank exposure continues to remain below the early warning threshold (Euro 6 billion – lowered to Euro 4 billion in 2011) identified by the company's governing bodies.

It is in fact important to point out that access to the interbank market is a complementary/residual source of funding for the Group compared to its other sources of funding on institutional markets.

In the twelve months of 2010, the analysis of the aggregates shows an almost constant level of loans to banks while the dynamics of funding from banks show a greater degree of variability (the highest level was reached in June 2010, coinciding with difficulties experienced by the markets for longer term issues, but then fell back at the end of the year to the same values as at the end of 2009, thanks to the many funding actions undertaken by the Group and the recovery of international placements).

In detail, as at the end of 2010, funding from banks amounted to Euro 5.4 billion and remained constant compared to the end of 2009. During the year, however, borrowing from the Central Bank increased. This was partly justified by tensions in the liquidity markets and has triggered a shift towards more stable funding as a result of the full-allotment effect.

Assets eligible for refinancing with the Central Bank amounted to Euro 9.1 billion as at 31 December 2010 (Euro 9.9 billion as at the end of 2009). The change from the previous year is mainly due to the amortisation of internal securitisations and to maturities among portfolio securities.

Internal securitisation activities

Over the years, the Group has underwritten a number of internal securitisation transactions in order to improve liquidity risk management and increase assets eligible for refinancing with the Bank of Italy and/or with the European Central Bank.

10.2 The Group's Cash Flow

Below are details of UBI Banca Group's cash flow as at the interim cut-off date of 31 March 2011 and for the years ending 31 December 2010, 2009 and 2008.

Consolidated cash flow statement (indirect method) *(in Euro 000s)*	**31/03/2011**	**31/12/2010**	**31/12/2009**	**31/12/2008**
A. OPERATING ACTIVITIES				
1. Ordinary activities	**376,275**	**84,058**	**918,163**	**1,689,194**
- profit for the period (+/-)	64,609	172,121	270,099	69,001
- gains/losses on financial assets held for trading and on financial assets/liabilities at fair value (-/+)	(13,377)	50,222	11,287	260,309
- gains/losses on hedging activities (-/+)	6,066	(67,209)	(15,960)	18,459
- net impairment losses on loans (+/-)	107,007	756,653	914,371	1,069,718
- net impairment losses on plant, equipment and investment property and intangible assets (+/-)	58,190	240,338	268,178	274,612
- net provisions for risks and charges and other expense/income (+/-)	10,419	32,381	36,932	34,489
- net premiums not received (-)	-	-	-	-
- other insurance income not received (+/-)	-	-	-	-
- outstanding taxes and duties (+)	108,202	(360,522)	(370,840)	69,445
- net impairment losses on disposal groups held for sale after tax (+/-)	-	-	(5,155)	15,727
- other adjustments (+/-)	35,159	(739,926)	(190,749)	(122,566)
2. Cash flows generated/absorbed by financial assets	**(2,288,260)**	**(8,758,001)**	**(2,190,821)**	**(3,075,808)**
- financial assets held for trading	1,132,696	(1,213,878)	764,754	787,913
- financial assets at fair value	(327,205)	33,110	261,279	762,947
- financial assets available for sale	(1,492)	(3,908,724)	(1,409,265)	(1,301,576)
- loans to banks: repayable on demand	-	-	-	-
- loans to banks: other loans	(1,389,656)	157,912	(224,560)	850,475
- loans to customers	(992,989)	(4,514,509)	(2,504,011)	(4,175,567)
- other assets	(709,614)	688,088	920,982	-
3. Cash flows generated/absorbed by financial liabilities	**1,869,792**	**8,769,541**	**585,854**	**2,589,644**
- amounts due to banks: repayable on demand	-	-	-	-
- amounts due to banks: other payables	1,948,540	59,543	1,343,512	(4,223,836)
- due to customers	(2,521,565)	5,801,196	(1,285,720)	5,143,712
- securities issued	584,987	3,744,444	908,888	2,569,483
- financial liabilities held for trading	85,740	99,036	56,133	(65,953)
- financial liabilities at fair value	-	-	-	-
- other liabilities	1,772,090	(934,678)	(436,959)	(833,762)
Cash flows generated/absorbed by operating activities	**(42,193)**	**95,598**	**(686,804)**	**1,203,030**
B. INVESTING ACTIVITIES				
1. Cash flows generated by	**2,205**	**218,289**	**1,219,026**	**183,303**
- disposals of equity investments	-	81,095	-	2,407
- dividends received on equity investments	2,110	24,099	10,609	71,204
- disposals of investments held to maturity	-	-	1,083,337	15,000
- disposals of property, equipment and investment property	-	14,458	19,826	8,277
- disposals of intangible assets	-	811	-	3,462
- disposals of lines of business	95	97,826	105,254	82,953
2. Cash flows absorbed by	**-**	**(188,471)**	**(338,868)**	**(603,072)**
- purchases of equity investments	-	(13,988)	(55,032)	(35,030)
- purchases of investments held to maturity	-	-	(115,373)	(391,324)
- purchases of property, equipment and investment property	-	(105,507)	(88,390)	(117,157)
- purchases of intangible assets	-	(68,976)	(80,073)	(59,561)
- purchases of lines of business	-	-	-	-
Cash flow generated/absorbed by investment activities	**2,205**	**29,818**	**880,158**	**(419,769)**
C. FUNDING ACTIVITIES				
- issues/purchases of treasury shares	-	-	-	-
- issues/purchases of equity instruments	-	-	-	-
- distribution of dividends and other uses	-	(200,221)	(303,166)	(632,732)
Cash flow generated/absorbed by funding activities	**-**	**(200,221)**	**(303,166)**	**(632,732)**
CASH FLOWS GENERATED/ABSORBED DURING THE PERIOD	**(39,988)**	**(74,805)**	**(109,812)**	**150,529**
Reconciliation				
Cash and cash equivalents at beginning of period	609,040	683,845	793,657	643,128
Cash and cash equivalents as at 01.04.2007 following the merger	-	-	-	-
Total net cash flows generated/absorbed during the period	(39,988)	(74,805)	(109,812)	150,529
Cash and cash equivalents: effect of changes in exchange rates	-	-	-	-
Cash and cash equivalents at the end of the period	**569,052**	**609,040**	**683,845**	**793,657**

10.3 Financial requirements and funding structure of the Group

With regard to the financial requirements of the UBI Banca Group, data regarding the evolution of direct funding and loans to customers is shown below.

FUNDING *(in Euro 000s)*	**AMOUNTS as at**				**% change**	**% change**	**% change**
	31/03/2011	**31/12/2010**	**31/12/2009**	**31/12/2008**	**31/03/11 vs 31/12/10**	**2010/2009**	**2009/2008**
Direct funding	104,823,467	106,760,045	97,214,405	97,591,237	-1.81%	9.82%	-0.39%
Loans to customers	102,702,444	101,814,829	98,007,252	96,368,452	0.87%	3.88%	1.70%
Funding/loans ratio	**102.07%**	**104.86%**	**99.19%**	**101.27%**	**-2.67%**	**5.67%**	**-2.08%**

The ratio of direct funding to loans to customers stood at 104.9% as at 31 December 2010, an increase compared to December 2009 (99.2%); as at 31 March 2011, this ratio was 102.07%.

For information on the funding structure, please refer to Paragraph 10.1 above.

10.4 Limitations to the use of the Group's financial resources

As at the Prospectus Date, there are no forms of limitations to the use of the Group's cash.

10.5 Expected sources of funding

Self-financing, the funding instruments traditionally used by the Group and described in this Chapter, together with the financial resources that will be obtained by future issues of hybrid capitalisation instruments and subordinated liabilities, are the main sources of funding for the Group's future business.

We should however mention that the Group issued a Convertible Bond – with a total nominal value of Euro 639,145,872 – on 10 July 2009, which cannot be considered to be one of the Group's traditional sources of funding but which was issued with the aim of providing – over the medium term – a possible strengthening of capital to support lending to companies in the areas in which the Group operates.

This Convertible Bond is a source of funding which, in the medium term and in any case after 18 months from issue (i.e., from January 2011), may be converted, by exercising the conversion option, if required by the Group, into a capital strengthening instrument (with a potential positive impact on Core Tier I of about 70 b.p.).

The conversion mechanism envisaged by the Convertible Bond Regulations gives maximum flexibility to the Issuer, while protecting the investor, who will always be guaranteed a refund, in cash and/or shares, of the nominal value of the bonds, even if the stock price were to fall below the face value of the bond (plus a premium of 10% of the nominal value in the event of early redemption by the Issuer).

In the absence of any specific commitments by the Group regarding investments and fixed assets (see Section One, Chapter V, Sections 5.2.2 and 5.2.3 of the Prospectus), there are no other means of funding other than those described in the above paragraphs.

CHAPTER XI – RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

In view of the industry in which the Issuer operates, research and development activities are not considered significant for the purposes of the Prospectus.

CHAPTER XII – INFORMATION ON EXPECTED TRENDS

12.1 Most significant trends

There is some early evidence in 2011 confirming the continuation of the growth phase of the world economy, leading to the assumption that the recovery will gather strength this year. However, the macroeconomic effects of the earthquake in Japan, the various political and social conflicts in North Africa and the Middle East, the oil crisis that has led to an increase in oil prices and their greater volatility, as well as less accommodating monetary conditions adopted by several central banks aiming to fight inflationary pressures, could have an impact on the economy's growth rates and increase the volatility of financial and market data.

In 2010, Italian GDP was up 1.2% in real terms and this figure should also be confirmed for 2011, during which, inter alia, increased employment stability will be observed. With regard to the Euro area, the recent hikes in inflation have led the European Central Bank to increase official ECB rates. This will have the effect of further increasing Euribor rates and short and medium-term IRS.

In this macroeconomic context, the Italian banking sector showed signs of recovery in an environment of low, but rising, interest rates. In particular, bank rates and margins should continue to progressively increase, although still at contained levels also in 2011. Upward adjustment of lending and deposit rates is expected with the normalisation of liquidity and the gradual recovery of monetary rates, gaining impetus with the increase in the official ECB rates.

The signs of recovery of the economy will sustain the growth of lending both relating to business and personal home loans, even if growth for this latter type of lending will be lower following the anticipated increase in interest rates. Altogether, the growth in lending should be moderate, given the low anticipated economic growth rate, the attention paid to liquidity, funding and capital management, which is also affected by the progressive introduction of restrictive prudent regulations.

As regards funding, direct deposits will represent a key factor for banks especially in consideration of the tension in recent years in the banking sector, with particular reference to the dynamic of spreads and the resulting cost of funding. Italian banks should be able to benefit from the good level of the retail savings rate, in spite of the systemic downturn seen in comparison with the past. In actual fact, the gradual increase of the cost of holding cash in accounts should favour investment in securities by savers.

Lastly, assets under management, although affected by some uncertainty deriving from the dynamic of the financial markets, should benefit from the normalisation of the markets and the return of the interest of investors in investments featuring a greater risk-return ratio.

As regards the UBI Banca Group, the Industrial Plan envisages a trend aimed at guaranteeing sustainable development in the medium-and long-term and the achievement of a satisfactory level of profitability, primarily via the containment of operating costs, improving credit quality and reinforcing liquidity and capital. From 2011, it is possible to foresee, on the basis of information available as at the Prospectus Date, a recovery in net interest income despite increasing competitive pressures in the area of deposits, and an overall increase in operating income, thanks to the repricing actions on the commission components currently being gradually implemented.

In conclusion, considering the above, the UBI Banca Group expects for 2011 an improvement in the profitability of ordinary activities compared to 2010, based also on the first quarter results.

12.2 Trends, uncertainties, requests, undertakings or events that are reasonably likely to have a significant impact on the Issuer's prospects for at least the current financial year

As at the Prospectus Date, except as described in Section One, Chapter IV, and as described in the previous Paragraph 12.1, the Issuer is not aware of any trends, uncertainties, requests, undertakings or events that are reasonably likely to have a significant impact on the Issuer's prospects for at least the current financial year.

CHAPTER XIII – PROFIT PROJECTIONS OR ESTIMATES

13.1 The main assumptions on which the Issuer based its consolidated data projections

13.1.1 Introduction

On 13 May 2011, the Management Board and the Supervisory Board of the Issuer approved the Group's Industrial Plan containing the strategic guidelines and the operating, financial and capital objectives for the 2011-2015 period (the "Industrial Plan").

On 16 May 2011, the Industrial Plan was presented to the financial community. The document used for the presentation, "*2011-2013/2015 Industrial Plan – Quality Matters*", is available to the public on the website of the Issuer at *www.ubibanca.it*.

The main assumptions upon which the Issuer has based the consolidated data projections, set out in this Paragraph, are a fraction of those included in the Industrial Plan presented to the financial community.

The Industrial Plan contains projections of the performance of specific sectors in which the Group operates, the Group's results expected at the end of the time span covered by the Industrial Plan, and the effects of the share capital increase covered by this prospectus.

The Industrial Plan was prepared with the direct involvement of the management of the Issuer and of the individual Group companies. It was prepared based upon a shared mission and specific guidelines set by the Issuer for each segment in which the Group operates and in continuity with other initiatives already undertaken by the Group in previous years.

The development of the Industrial Plan is based on estimates and assumptions related to the occurrence of future events (including the subscription in full of the share capital increase) and of management actions. The main assumptions upon which the Industrial Plan is based include, *inter alia*:

(i) general assumptions relating to future events depending on variables which are beyond the management's control (e.g. macroeconomic scenario, the performance of financial markets etc.) reported in paragraph 13.1.3;

(ii) discretionary assumptions connected with specific management and organisational actions which the management has initiated or plans to initiate during the time span of the Industrial Plan, reported in paragraph 13.1.4; and

(iii) effects expected by the management as a result of these management and organizational actions.

Changes in the main income statement and statement of financial position items have been determined using estimates of volumes, interest rates and spreads applied to customers made by the UBI Banca Group including on the basis of the estimated change in the economic situation and the banking sector made by leading research institutes, and including the effects of the various initiatives planned by the management. Furthermore, the estimates of the regulatory ratios' expected trend, specified below, do not include the 100% conversion of the Convertible Bond in accordance with the conditions laid down for 2013.

The projections of the Group's trends and expected performance are based upon assumptions about future events which are subject to uncertainties (such as those that characterise the expected macroeconomic scenario, the performance of financial markets and the results of management actions), which, if they fail to occur, could lead to deviations, including significant, compared to the projections.

Due to the uncertainty surrounding the macroeconomic scenario and the outcome of the measures and actions taken by the management, investors are cautioned not to refer exclusively to the Industrial Plan in taking their investment decisions.

The starting point of the Industrial Plan's projections is the consistency of management data with the Group's accounting records as at 31 December 2010. Furthermore, for the purposes of the Industrial Plan the consolidation scope is the same as the one at 31 December 2010.

The projections covering the Industrial Plan's period were prepared using as a reference the accounting principles used by UBI Group in the preparation of the consolidated financial statements as at 31 December 2010.

13.1.2 Industrial Plan guidelines

In the current market, the banking offer shows services and products that are easily replicated, with increasing regulatory constraints typical of a sector characterised by a structural maturity. This context makes the quest for quality's distinctiveness inevitable.

The guidelines on which the strategic development of the Industrial Plan are based upon essentially consist of an enhancement of the service's quality already received by the customers, a high quality personnel, operational efficiency, a high asset quality and the strengthening of a sound structural balance.

<u>The developments designed to maximize quality in all its various forms, are summarised below</u>:

- optimisation of the capital structure;
- structural strengthening;
- innovation of the distribution model;
- redefining the role of the product companies in the perspective of:
    - specialisation and complementarity with the Network Banks' offer;
    - reorientation of external networks on the acquisition of new customers to be directed to the network banks to increase retention and the cross-selling rate;
    - optimisation of their capital and financial structure;
- maintaining the current level of costs in spite of significant investments;
- consolidation of the low risk profile;
- strengthening the already solid dividend policy.

The Industrial Plan's <u>objectives</u> defined on the basis of the guidelines specified above include:

- a quick return to profitability in line with the cost of capital;
- maintaining strong financial position;
- strengthening the structural balance;
- improving Customer Satisfaction;
- strengthening the dissemination of the Group's identity among employees;
- the consolidation of the perception by customers, personnel, investors and local communities that UBI Banca = "a High Quality Bank".

The Industrial Plan includes: (i) a growth in assets consistent with growth in liabilities; (ii) growth with low risk profiles; (iii) a focus on returns on assets; (iv) containment of cost items by maximising economies of scales; and (v) confirmation of the historical high level of credit quality.

13.1.3 Key general assumptions underlying the preparation of the projections

Macroeconomic and financial scenario

At the base of the Industrial Plan is an analysis of the economic scenario of reference developed by UBI Banca Group by elaborating the estimates of the financial trends and of the banking sector prepared by qualified centres of economic research (ABI, the Italian Banking Association, and Prometeia), appropriately adapted by management to the context and dynamics in which the Group operates.

The main assumptions are summarised below:

- **Consolidation of the economic recovery and increased pressures on prices**;

- **Gross domestic product trend**: moderate GDP growth is expected during 2013 (1.3%) and during 2015 (1.3%);

- **Changes in the inflation rate**: in the coming months, inflation in the Eurozone is expected to grow, while in the medium term the harmonised index will return to levels consistent with the ECB's objectives. However, this scenario is subject to increases resulting from the commodities prices which could lead to changes in the expectations of inflation in medium-to-long term, and furthermore could cause the transfer of inflation from costs to wages (second round effects). In particular, the expected inflation in the Euro Zone for the 2011-2015 period is 2.0% for 2013, and 2.0% for 2015;

- **Reference rate trends**: the operating environment underlying the Industrial Plan is that of a gradual change in the setting of monetary policies by the ECB, with a gradual increase in the reference rate to 3.25% in 2015 with projection of the 1 Month Euribor (annual average) to 3.35% in 2015.

Analyses of the macroeconomic and financial scenario

The macroeconomic and financial trends described above cannot be controlled by management, which has identified certain risk factors that could affect the base scenario, and in particular: (i) slower than expected economic expansion for emerging countries; (ii) further significant deterioration of the geopolitical crises in North Africa and the Middle East; (iii) high volatility of the foreign exchange markets and more specifically the risk of weakening of the US dollar higher than expected; (iv) excessive increases in the prices of raw materials, especially in the Energy industry; (v) a significant increase in tensions and volatility on financial markets in terms of sovereign debt; (vi) difficulties with the process of fiscal consolidation and the reduction of leverage in the private sector; and (vii) the dynamics of interest rates.

Trends for aggregates in the national banking system

The main indications of the overall scenario in the Italian banking sector for the three years to come (2011-2013) are:

- **lending**: an increase in lending mainly due to the general performance of the economy and a recovery in the securitisation market;

- **direct funding**: in the wake of rising rates, banks should have greater leeway to increase yields on funding, taking into account also the reduced levels of saving planned for the current year and the more competitive conditions on the different funding markets;

- **assets under management**: there should be a consolidation of the banking products managed distribution, supported by the changing patterns of service which are made more in line with the application of MiFID and controls designed to protect retail customers;

- **revenues**: net interest income should benefit from the gradual consolidation of the economic recovery, coupled with rising interest rates and the rise in volumes. A positive trend – thanks to the performance of trading and the other net revenues – is also expected for gross income.

The regulatory framework

The regulatory framework of reference in which the Group operates is particularly important also in the light of the expected trend of the Business and the consequences on it, included but not limited to, by the new Basel III minimum capital adequacy requirements and by the tax legislation. Despite the current uncertainty regarding the final version of the supervisory rules following the Basel III directives, which will gradually enter into force starting from 2013 to become fully in force in 2019, the Industrial Plan has been prepared with the intent to comply with the main minimum capital and liquidity requirements of the new regulations as they apply to the Group.

These levels of development are the framework around which the economic and financial projections for the UBI Banca Group were made, with the necessary specifications.

13.1.4 Assumptions that are fully or partially affected by management decisions

13.1.4.1 Main discretionary assumptions

The following sections describe the main assumptions at the base of the preparation of the Industrial Plan. Please note that the assumptions described below are a part/summary of those included in the Industrial Plan presented to the financial community. The assumptions below are partially classified as hypothetical assumptions insofar as they related to future events and management actions which may not necessarily occur in light of their specific nature.

The Industrial Plan provides for: (i) the evolution of the distribution model which aims to synthesise the best two distribution models of reference, i.e. the hierarchical and the portfolio, and (ii) a review of the market segment focused on achieving greater commercial positions on high value segments.

The evolution of the distribution model and of the commercial segmentation as well as specific strategic initiatives are at the basis of the Group's revenues evolution.

Distinctive features of the Industrial Plan

A) Network banks

I) Retail Market.

a. More personnel dedicated to customers through a significant reorganisation and enhancement of the branch network aimed at optimising the management of typical Mass Market customers achieved through a pool of management in this segment and the development of a strong inter-distribution channel (physical network, contact centre, internet and mobile banking) creating a major "growth force" (supplied under the project "Mass Market Machine").

b. Systematic business-entrepreneur approach to develop the local markets due to focus on growth of "high value" segments, (affluent small businesses, SMEs), through an approach based on customer relationships and advisory services as a distinctive feature (personal investments and financial management of the businesses).

c. "Be a high quality bank", or a bank that facilitates access to services, innovative and transparent through continuous innovation in products and procedures to meet the needs of customers in a simple, transparent and timely manner, with the goal of increasing customer satisfaction and loyalty as well as the degree of attractiveness of the UBI Banca brand.

II) Corporate Market.

a. Continuous and systematic support for businesses with a strong focus on those rooted in local markets, properly balancing lending and funding from the perspective of a sustainable growth also through the development of dedicated funding products.

b. From a "lending driven" to a "value driven" model with a focus on products and services with high added values and creation of specific UBI Corporate Advisory Centres in the Commercial Divisions of the network banks.

c. The creation of units dedicated to Large Corporate customers "not rooted in local markets" in the Commercial Departments of the network banks with the goal of increasing the focus on the management of the segment.

d. A focus on foreign commercial business, developing expertise and services in trade finance, cash management, and the international network.

III) Private Banking Market.

a. Development of integrated financial advisory services on financial, corporate and property assets with a focus on "families".

b. Development of financial advisory services to HNW (2,400) and institutional customers with the Pro-Active Wealth Advisory (Pro-AWA) service, including growth in business-to-business products and services.

c. The extension of fee-based advisory services offering to all private banking customers an integrated approach to financial, protection and pension aspects.

d. Development of the IT platform for the mobile service in private banking branches.

B) The main product companies and subsidiaries

- **Banca 24/7**: will focus its attention on fully managed products (in particular, salary-backed loans and personal loans to captive customers) and it will completely terminate the provision of all residential mortgage loans. New residential mortgage loans granted through third networks will be channelled directly to the network banks, with the goal of maximising the opportunities of placing other UBI Group's products and to contain operating costs and overheads. In this respect, agreements with external distribution networks have recently been renegotiated.

  The merger of SILF into Banca 24-7 is planned by the end of 2011, and the merger of Prestitalia S.p.A. into Banca 24-7 before the end of the first quarter of 2012, with the migration of the latter onto the Group's IT computer system, thereby allowing a greater control of the channel and mitigating potential reputational risks.

- **UBI Leasing**: is expected to focus on sectors deemed appropriate to pursue a better quality of the lease portfolio, thereby reducing the cost of credit. A substantial reduction in the company's branch network is planned with an increase in the use of the banking channel as the distribution channel.

  An upgrade of the IT system is planned as well as an expansion of risk control units.

- **IW Bank**: growth of customer base and revenues through the development system of advisory services characterized by high added value, with the goal of consolidating its leadership in online trading and also developing its banking sector. For the latter the creation of advisory services to Top Investors clients also on the territory is also planned as well as the use of different models based on the value added by the customer.

  The Growth of IW Bank also foresees the strengthening of its funding platform allowing significant levels of direct funding in the Italian market and potentially also on foreign markets where IW Bank already operates (initiatives on foreign markets are not factored into the Industrial Plan).

- **UBI Factor**: A greater commercial development is planned with the Group's bank customers.

This policy is also accompanied by the pursuit of profitability while maintaining a strong focus on creditworthiness in the delivery of products to non-captive customers. Further international development in addition to consolidating the company's presence in Poland and Turkey.

- **Centrobanca**: Its range of products and services is expected to complement those offered by the network banks. In this context, "plain vanilla" industrial lending will be provided directly by the Group's Network Banks, while Centrobanca will concentrate on structured debt transactions. The Industrial Plan provides for continuity in the development of credit-related business, both in terms of volumes and margins, and the further strengthening of high value added services, in particular in the M&A, Advisory, and Capital Markets sectors.

- **UBI Pramerica**: the development of UBI Pramerica is projected on the basis of the assumptions made on the various markets in charge of the Network Banks and in any case in continuity with previous years.

C) The 2012-2015 Branch Plan

During the 2009-2011 period, which featured substantial continuity in the numbers of branches opened, the Group mainly focused on their rationalisation (closures and/or transformations) to eliminate the overlap in the area.

For the 2012-2015 period substantial stability of the branch network is expected, with the opening of 50 branches in areas of development and a rationalisation of 60 branches (40 closures and 20 transformations) in established local markets. Additionally, 170 "enhancement" interventions will be carried out across selected branches, with the goal of improving their image and visibility in order to increase their potential.

D) Operational efficiency and innovative development

Management objectives include continuous technological innovation to support the development plans and a cost reduction to be carried out by increasing efficiency, streamlining processes of technological (IT) architectures, and the development of multi-channel services.

In particular, the interventions involve strengthening and accelerating investments in multi-channel distribution with the goal, *inter alia*, of freeing up resources for the strengthening of business initiatives, the development of client-facing activities, the creation of efficient work desks, the digitalisation of processes and specific action on governance systems.

The Industrial Plan also provides for investment for the transformation of IT infrastructures to further strengthen leadership in the IT sector and maximise the company's capacity to serve business.

E) Credit quality

The main actions planned by management are summarised below:

- <u>pro-active management of non-performing loans</u> by strengthening the new IT platform dedicated to the management of the life cycle of deteriorated loans (from the past-due through to the non-performing classes); the revision of the organisational model to refine operating processes, to be differentiated by exposure, type of loan and segment, and the assignment of positions to account managers who are allocated a specific recovery budget (currently performed at the level of organisational units). It is also planned to centralise the management of Centrobanca non-performing loans at UBI Banca.

- <u>Improving problem loans credit quality</u> by assigning budgets for the management of problem loan portfolios to each Network Bank at branch level or corporate centre, and activation of an electronic "problem loan report", again at branch or corporate centre level to monitor the assigned objectives.

- <u>A new performing loans monitoring model</u>, implementing consistent Group models among the main Product Companies (in terms of arrears management and pricing of the external collection companies). Periodic "Credit quality meetings" with Network Banks and Product Companies to verify the performance of the portfolio, share management strategies, and develop an integrated credit database to meet the immediate needs of management and operational reporting requirements.

F) Increased sense of belonging for human resources

The main actions planned by management are summarised below:

- Strengthen the sense of meritocracy by periodic assessment and feedback activities; career path mentoring; transparent and motivating rewarding mechanisms; differentiated management actions for key personnel, "Talents" and high potential personnel;

- Train to level of excellence through the provision of 100,000 annual days/person of targeted coaching and motivational projects; managerial training plans and diversity management; enhancement of management roles in all areas (commercial and central units) and extension of the "Value in Networks" project; establishment of a centre of excellence for the Group's human resource management to increase awareness and involvement;

- Inform and raise awareness through clear and transparent internal communication, which includes the development of interactive multimedia tools; sharing of fundamental values and the culture of a "best practices" within the Group; fully-cooperative trade union relations based on the pursuit of possible shared solutions.

G) Liquidity management

The Group's liquidity management provides for an institutional funding having also the goal of creating a liquidity buffer in compliance with the provisions of Basel III, through the replacement of existing eligible assets (consisting principally of self-securitisations) mainly with Italian government securities no longer funded by repurchase agreements with the "Cassa di Compensazione e Garanzia" ("CCG"). The ratio of loans to customers to direct funding from customers (excluding repurchase agreements with CCG) is also planned to be reduced from 105% to 96%.

H) Capital management

The Industrial Plan incorporates with reference to share capital and capital requirements, the innovations of Basel III, consistent with the timing and plan of gradual implementation. In particular, the development of the Group's equity and capital requirements, on the basis of the estimated capital adequacy ratios, include the impact of:

- the limits on the computation of non controlling interests;

- the deduction of deferred tax assets and equity investments;

- composition and quality of the capital;

- additional requirements for counterparty risk (credit value adjustment and central counterparties).

With regard to the absorption of capital, the plan also factors in the transition to internal models to determine capital requirements for operational and credit risks according to the following schedule:

- in 2011, adoption of an advanced model for operational risks;

- in 2012, adoption of internal model for operational risks for the Network Banks and Centrobanca in the corporate segment;

- in 2013, extension of corporate models to UBI Leasing;

- in 2014, extension of corporate models to UBI Factor;

- in 2015, extension of internal models to retail exposures.

13.1.4.2 Projections

The Industrial Plan's targets and projections have been constructed on the basis of certain assumptions of external scenario and of other assumptions about the effects of specific actions wholly or in part controllable by the management.

With regard to the Convertible Bonds, the estimates set out below do not include the effects of a 100% conversion of said bonds in accordance with the relative conditions laid down for 2013.

Given the above assumptions about macro-economic trends, sectors and management actions, which are an integral part of the hypothetical assumptions underlying the Industrial Plan, the following trends of the main statement of financial position and income statement items were estimated by assuming full, timely and effective implementation of the measures envisaged in the Plan itself.

The change in the main statement of financial position and income statement items (projections) described below is a part of that included in the Industrial Plan presented to the financial community.

Lending and funding

In relation to the main statement of financial position items, the Industrial Plan projections for the 2010 – 2015 period an average annual growth of 3.1% for lending, and an average annual growth of 4.8% for direct funding (excluding funds raised through the repos with the CCG).

The growth of lending and funding, also due to the evolution of the Commercial and Lending Distribution Models, is essentially in line with market projections.

Customers

The pursuit of the strategic lines of the Industrial Plan will lead to the execution of commercial initiatives aimed at strengthening and fully enhancing relationships with customers in order to have a positive effect on retention of existing customers and new customer relationships.

Prices and profit margins

The Industrial Plan contains projected profitability trends per product applied to the Bank consistently with market trends.

Within the timescale of the Industrial Plan with reference to the management of money, an increase of mark-downs on funding is foreseen due to the effect of increased interest rates, accompanied by an increase in the overall mark-up on lending; the combination of these developments will on aggregate determine a progressive broadening of the range of the expected gap between interest income and expense in the five years covered by the Industrial Plan.

With regard to net commission income, pricing was forecast as essentially in line with the historical data, with reference to both the traditional banking services (collection and payment services, commissions on loans and current accounts etc.) and indirect funding.

Revenues

The actions planned in individual business segments, as already reported in section 13.1.2, will allow an increase in profits to satisfactory levels over the 2011-2015 period, with an increase in the Group's operating profit from Euro 3,496 million in 2010, with a 2010 - 2015 CAGR of +7.4% as a result of the following:

- core revenue (i.e., net interest and net commission income) equal to Euro 2,143 million and Euro 1,185 million in 2010, will grow at a 2010 - 2015 CAGR of +7.9% and +6.2% respectively;

- other income (dividends, trading and hedging and other income), amounting to Euro 168 million in 2010, will grow at a 2010-2015 CAGR of +8.6%.

Personnel

The Industrial Plan includes retraining of personnel for business and increased operating efficiency, leading to a net reduction of about 1,000 human resources during the Industrial Plan period, of which 800 in addition to those already planned for 2011, including over 1,000 newly hired during the Industrial Plan's timeframe, in support of the generational change and to allow the underlying management's operations of professional growth and coverage of the local markets.

Operating expenses

Actions aimed at recovering efficiency will maintain the amount of operating expenses substantially stable.

Overall, the Industrial Plan envisages a slight increase in operating expenses[1], amounting to Euro 2,431 million in 2010, a 2010-2015 CAGR of 0.4%. In more detail:

- Staff costs amounted to Euro 1,418 million in 2010, growing at a 2010-2015 CAGR of 1.0% due to the combined effect of reducing the number of resources during the Industrial Plan period, the revisions of the National Labour Collective Agreement (CCNL), and an increase correlated to a stronger productivity and profitability expectation pertaining the variable part of remuneration and the expenses incurred for training and requalification of the personnel;

- Other administrative expenses amounting to Euro 770 million in 2010, down to a 2010-2015 CAGR of -0.8% as a result of a more centralised management of expenses and the implementation of specific expenditure rationalisation and optimisation actions/measures;

- Amortisation/depreciation amounted to approximately Euro 243 million in 2010, growing at a CAGR of +0.1% as the result of planned investments in the Industrial Plan period of approximately Euro 700 million mainly targeted and focusing on developing technology (IT) platforms to support business (approximately Euro 220 million).

The combined effect of all these actions will result in an improvement in the cost/income ratio (except PPA) of about 18 percentage points in 2015 (from 66.2% in 2010 to 48.2% in 2015).

Problem loans

Within the Industrial Plan there is a slight reduction in net deteriorated loans: the 2010 – 2015 CAGR amounts to -1.6%. In particular:

- 2010 – 2015 CAGR of non-performing loans amounting to 2.2%;
- 2010 – 2015 CAGR of net impaired loans amounting to -2.7%;
- 2010 – 2015 CAGR of net past-due loans amounting to -8.8%;
- 2010 – 2015 CAGR of net restructured loans amounting to -5.5%.

The ratio of net deteriorated loans to net loans to customers falls from 5.17% in 2010 to 4.10% in 2015.

Net impairment losses on loans to net loans to customers ratio

The 2010-2015 net impairment losses on loans to net loans to customers ratio is expected to decrease as a result of strategic projects provided for in the Industrial Plan. The impact of net impairment losses on loans is

[1] The projections include an ISTAT (Italian National Statistic Institute) increase of 2% annually.

expected to decrease from 69 bps in 2010 to 40 bps in 2015. Such results are achieved through specific actions to improve credit quality as well as a more effective monitoring of the performing loans.

Corporate liquidity

The Plan envisages a growth in funding in line with loan growth and the creation of a liquidity buffer in place of the assets currently eligible for Central Banks. In summary, the plan provides for a Liquidity Coverage Ratio at a level greater than 1 (considering the own-securitisations as eligible assets in terms of their amortisation) and a Net Stable Funding Ratio close to 1 until 2013 and then greater than 1.

Equity and return

With regard to strengthening the Group's equity, in addition to the successful completion of the share capital increase, we envisage a series of actions designed to generate/optimise the equity from a financial and regulatory standpoint. In particular, the ratio of risk weighted assets (RWA) to total assets is expected to improve over the Industrial Plan period, mainly due to the validation of the advanced internal model.

In summary, due to expected RWA trends, and self financing and taking into account the effects of the introduction of Basel III, by the end of 2015 we expect to achieve a common equity ratio of approximately 8.9%.

In terms of profitability, in 2015 the Group will pursue a targeted net profit of approximately Euro 1.1 billion.

In summary, the main objectives of the Industrial Plan are as follows:

	2015 (Euro, in billions)	**2010-2015 CAGR**
FINANCIAL INDICATORS		
Loans to customers	118.5	3.1%
Direct funding (excluding repos with CCG)	123.2	4.8%
Indirect funding	98.7	4.8%
PROFIT INDICATORS		
Net interest income	3.1	7.9%
Operating income	5.0	7.4%
Operating expenses	2.5	0.4%
Profit for the year	1.1	59.5%
Profit for the year (excluding PPA)	1.1	43.6%
Cost/Income ratio	49.7%	
Cost/Income ratio (excluding PPA)	48.2%	
ROTE (*)	14.1%	
ROTE (excluding PPA) (**)	14.9%	
Common Equity ratio	8.9%	
Tier 1 ratio	8.9%	
Total capital ratio	11.7%	

(*) *Return on Tangible Equity* calculated as the ratio of profit for the year to tangible equity (equity, excluding the profit for the year less intangible assets) and including the effect of the PPA.

(**) *Return on Tangible Equity* calculated as the ratio of profit for the year to tangible equity (equity, excluding the profit for the year less intangible assets) and excluding the effect of the PPA.

Except for the ROTE, the financial and profit indicators shown in the table were prepared on the basis of management criteria for reclassification and presentation adopted by UBI Banca which are detailed in the management report on the consolidated financial statements as at and for the year ended 31st December 2010.

13.2 Examination report of the independent auditors

The independent auditors issued an examination report on the consolidated projections of the UBI Banca Group included in this section. A copy of this report is attached to this prospectus.

13.3 Accounting policies

The consolidated data projections for the period covered by the Industrial Plan have been prepared in compliance with the accounting policies adopted in preparing the consolidated financial statements of the UBI Banca Group as at and for the year ended 31 December 2010, prepared in compliance with the IFRS endorsed by the European Union.

13.4 Projections contained in other prospectuses

At the date of this prospectus, there is no other valid prospectus containing profit projections pertaining to the Issuer.

CHAPTER XIV – ADMINISTRATION, MANAGEMENT AND SUPERVISION BODIES

14.1 Information about the administration, management and supervision bodies

14.1.1 Management Board

The Management Board consists of 11 Members appointed by the Supervisory Board.

The members of the Management Board remain in office for three years and may be re-elected. Their term of office expires on the date of the Supervisory Board meeting convened to approve the financial statements for the last year of their term. Note that:

(i) at least one of the members of the Management Board must fulfil the independence requirements of Article 148 (3), of the Consolidated Finance Act (TUF);

(ii) at least a majority of those members must have at least three years' experience of professional and/or management activities in financial and/or securities and/or banking and/or insurance companies in Italy or abroad.

In accordance with regulations issued by the Bank of Italy regarding the organisation and corporate governance of banks, the Management Board consists mainly of executive directors, consistent with the assignment to the Supervisory Board of the strategic supervision function.

The Management Board members are actively involved in managing the company in accordance with the guidelines approved by the Supervisory Board on a proposal from the Management Board, the members of which, as specifically required by the Corporate By-Laws, collectively exercise their main activities exclusively without the option to delegate their responsibilities.

In addition to the CEO, the Corporate By-Laws (Article 39) assign powers and functions to the Chairman and Deputy Chairman that require their involvement in the administration of the Bank.

The undertakings and responsibilities of the executive directors are carried out in the context of the Management Board as well as at Group level by taking up positions within the Boards of Directors of the major subsidiaries of UBI Banca, in order to ensure compliance by the various components of the Group with regulations issued by the parent company in exercising its management and coordination function.

Within the Management Board, pursuant to the Corporate By-Laws, Gian Luigi Gola is deemed to have independent status within the meaning of Article 147 *quater* of the Consolidated Finance Act (TUF).

The Management Board was appointed by the Supervisory Board on 27 April 2010, which fixed the number of its members at 10. At its meeting on 30 June 2010, the Supervisory Board resolved to increase the number of members of the Management Board from 10 to 11 and appointed Gian Luigi Gola as the eleventh member.

As at the Prospectus Date, the Management Board consists of the following:

Name and Surname	Position	Place and Date of Birth	In office since
Emilio Zanetti (*)	Chairman	Bergamo, 26/10/1931	2 April 2007
Flavio Pizzini (*)	Deputy Chairman	Milan, 09/03/1955	2 April 2007 (Deputy Chairman since 10 May 2008)
Victor Massiah (*)	CEO	Tripoli, 21/01/1959	27 November 2008 (CEO since 1 December 2008)
Giampiero Auletta Armenise (*)	Member	Rome, 04/01/1957	2 April 2007
Giuseppe Camadini (*)	Member	Brescia, 10/06/1931	2 April 2007
Mario Cera (*)	Member	S.Marco in Lamis (Foggia), 26/06/1953	2 April 2007
Giorgio Frigeri (*)	Member	Bergamo, 15/04/1941	2 April 2007
Gian Luigi Gola (**)	Member	Cuneo, 14/06/1964	30 June 2010
Guido Lupini (*)	Member	Bergamo, 01/12/1945	27 April 2010
Andrea Moltrasio(*)	Member	Bergamo, 07/10/1956	27 April 2010
Franco Polotti (*)	Member	Brescia, 07/07/1954	10 May 2008

(*) Executive Member.

(**) Independent Member pursuant to Article 148 (3), of the Consolidated Finance Act (TUF) and the Corporate Governance Code.

For the purposes of their office, the members of the Management Board are domiciled at the Company's registered office.

The following is a brief curriculum vitae of each Member, which shows the expertise and experience gained in business management.

Emilio Zanetti – Born in Bergamo on 26 October 1931. Certified public accountant, registered with the Register of Auditors. Awarded the honorary titles of *Cavaliere del Lavoro* and *Cavaliere di Gran Croce*, in 2002 he was awarded an honorary degree in Economics. He has held the position of Director, Deputy Chairman and Chairman of Banca Popolare di Bergamo – Credito Varesino. He is a former Chairman of Banche Popolari Unite and current Chairman of UBI Banca's Management Board and Chairman of Banca Popolare di Bergamo, as well as Chairman of the Banca Popolare di Bergamo Onlus Foundation. He is Director and Member of the Executive Committee of the Italian banking association ABI (Associazione Bancaria Italiana), and Director of the Interbank Fund for the Protection of Deposits (Fondo Interbancario di Tutela dei Depositi.

Flavio Pizzini – Born in Milan on 9 March 1955, graduated from the Catholic University of Milan, Faculty of Economics and Business. Having obtained a licence to practice, he registered with the register of certified graduate public accountants in Milan and the register of auditors. In 2000-2005, he coordinated the activities of the "*Osservatorio di BancAssicurazione*" formed by the Catholic University and a leading insurance group in conjunction with the Italian banking association's European Bank Research section. Since 2007, he has been a member of the board of the Ambrosianeum Foundation of Milan, coordinating the activities of its "legal section for social enterprise". He has also been a member of the board of statutory auditors of the Cariplo Foundation since 2010. He currently provides professional services to industrial, insurance and financial companies and has held institutional positions within the control and management bodies of leading listed banking, insurance and finance companies. He is currently a member of the Board of Statutory Auditors of Mittel S.p.A. and Chairman of the Board of Statutory Auditors of Mittel Generale Investimenti S.p.A. He was a member of the Board of Directors of Banca San Paolo di Brescia and then, after its merger with Credito Agrario Bresciano, Banco di Brescia, of which he is a Director and member of the Executive Committee. As part of the UBI Banca Group, he is Deputy Chairman of the Board of Directors of the UBI Sistemi e Servizi consortium and Chairman of the Board of Directors of UBI International SA. He was appointed member of the Management Board of UBI Banca on 2 April 2007 and took up the position of Deputy Chairman of the Management Board as from 10 May 2008. Since 2010, he has been a Director of the Italian banking association ABI (Associazione Bancaria Italiana).

Victor Massiah – Born in Tripoli on 21 January 1959, he graduated in Economics and Business at "La Sapienza" University of Rome with a dissertation on international economics and began working in 1982 at the company Andersen Consulting. In 1989, he became a consultant at the Italian office of McKinsey & Co. In 1997, he joined Banco Ambrosiano Veneto, where he actively participated in the expansion of the bank, becoming responsible for the Commercial Department in February 1998 and subsequently Deputy General Manager. Following the merger of Banco Ambrosiano Veneto with Cariplo, in which Massiah was involved and which resulted in the creation of BancaIntesa, in 1999 he was made responsible for the Markets Area and later, in January 2001, appointed Deputy General Manager. In August 2001, he was appointed CEO of the company IntesaBci e.Lab. In October 2002, he joined the Banca Lombarda e Piemontese Group and was appointed General Manager in early 2003. Between 1 April 2007 and 30 November 2008, he held the position of General Manager at UBI Banca. He has been the CEO of UBI Banca since 1 December 2008.

Giampiero Auletta Armenise – Born in Rome on 4 January 1957, he graduated in Economics and Business at "La Sapienza" University of Rome. Following an internship at Hambros Bank in London and a postgraduate course in banking, he began working in the banking sector while simultaneously carrying out university activities (1992 to 1995) at Luiss Guido Carli and "La Sapienza" University of Rome. After thirteen years at the Bonifiche Siele BNA Interbanca Group, where he held various roles, including Director and member of the Executive Committee of Banca Nazionale dell'Agricoltura and Director of Interbanca, he joined Ambroveneto and subsequently the Intesa Group, where he holds the position of Deputy General Manager of Banca Intesa. He has been CEO of Banca Popolare Commercio e Industria, BPU and UBI Banca. He is currently a member of the Management Board of UBI Banca, Senior Deputy Chairman of Carime Bank, of Banca Popolare Commercio e Industria and Director of Banca Popolare di Ancona. He has been Non-Executive Chairman of the Board of Directors of Rothschild SpA since 4 September 2009.

Giuseppe Camadini – Born in Brescia on 10 June 1931, he graduated in Law. After obtaining his licence to practise as a notary, he continued to practise this profession until his retirement. He is the Chairman of the ISA – Istituto di Sviluppo Atesino S.p.A. (since 2008), Chairman of the Camunitas Foundation, the Giuseppe Tovini Foundation of Brescia and Opera per l'Educazione Cristiana of Brescia. He has been a Director of Società Cattolica di Assicurazione since 1985 and member of its Executive Committee since 2006). Since 2007, he has been a member of the Management Board of Unione di Banche Italiane. He is a member and Secretary of the Permanent Committee of the "Giuseppe Toniolo" Institute of Milan. He is a member of the Steering Committee of the Cattolica Assicurazioni Foundation. He has been a Director and Secretary to the Board of San Giuseppe S.p.A. since 1983. He is a Director of Banco di Brescia (since 1999), Banca di Valle Camonica (since 1963), the Banca San Paolo Foundation, the Paola di Rosa Foundation and the Alma Tovini Domus Foundation. He served as Chairman (1997 to 2006), Deputy Chairman (1995 to 1997), Director (1985 to 1995) and Member of the Executive Committee (1992 to 1995) of Società Cattolica di Assicurazione, Director and member of the Executive Committee (1999 to 2007) of Banca Lombarda e Piemontese, Chairman (1970 to 1976), Director (1962 to 1998), Member of the Executive Committee (1995 to 1998) and Alternate Auditor (1959 to 1962) of Banca San Paolo di Brescia, Deputy Chairman (1963 to 1976) of Banca di Valle Camonica, Director (from 2000 to 2008) of Banca Regionale Europea. He was also Secretary of the Board (1970 to 2007), Director (1962 to 2007), Deputy Chairman (1963 to 1970) and Alternate Auditor (1959 to 1962) of Editrice La Scuola SpA, Director (since 1983 except the period between March 1994 and October 1997) of ISA SpA, Director (1974-1982) of Edizioni Studium S.p.A, Chairman (2002-2003) of Cattolica Immobiliare S.p.A., Director (2000-2008) of Verfin S.p.A., Chairman (2008-2009) of UBI Fiduciaria S.p.A. and Director (from 1989 to May 2010) of Avvenire Nuova Editoriale Italiana S.p.A. and Director (1998-2011) of Fondazione Banca San Paolo di Brescia.

Mario Cera – Born in San Marco in Lamis (Foggia) on 26 June 1953, he graduated at the Faculty of Law of Pavia in 1975. Since 1978, he has been a lawyer and member of the Bar of Milan. He is currently a Professor of Commercial and Banking Law and teaches at the Faculty of Law of Pavia. He practises law at his office in Milan in the areas of commercial law and banking law. He has held, and still holds, various positions in listed and unlisted companies and academic bodies. He is Chairman of the Museo Poldi Pezzoli Foundation. He is a member of the Management Board of UBI Banca and Chairman of Banca Popolare Commercio e Industria and IW Bank.

Giorgio Frigeri – Born in Bergamo on 15 April 1941, he has a degree in Economics and is a registered auditor. From 1959 he worked at Banca Popolare di Bergamo: appointed initially as Area Manager (1981 to 1986) and then Central Manager (in 1986) Deputy General Manager (from 1991) and General Manager (from 1992). At the same bank, he was appointed Director and member of the Executive Committee in 2000. From 2003, he served as Director and Executive Committee member of Banche Popolare Unite SCPA. He is currently member of the Management Board of UBI Banca, Chairman of UBI Pramerica, Centrobanca Sviluppo Impresa SGR S.p.A., Finanza Attiva Servizi S.r.l. and The Sailor Fund Sicav; Deputy Chairman of

Centrobanca and of the Sviluppo degli Studi di Banca e Borsa Association, and a Director of B@nca 24-7, IW Bank, Banca Emilveneta and UBI Sistemi e Servizi. He is Chairman of the Istituto Diocesano per il Sostentamento del Clero-Bergamo.

Gian Luigi Gola – Born in Cuneo on 14 June 1964, he graduated in Economics at the Faculty of Economics of Turin and is registered with the register of certified public accountants and the register of auditors. He was a director at the Istituto Universitario di Studi Europei (IUSE), a leader writer at Banca Finanza on governance and control for the reform of corporate law in banks, and is a coordinator for the seminar "Corporate and Governance Decisions" in the Economics Department of the University of Turin in Cuneo. He has held and still holds the position of Director and member of the Board of Statutory Auditors of several institutions and companies. He is currently a Director of CRESAM Centro Ricerche Economiche, Sociali, Aziendali e Manageriali S.c.r.l., Newspaper Milano Srl, Consult Rev S.r.l.; Chairman of the Board of Statutory Auditors of F2i Reti Italia S.r.l., Ente Scuola Edile e Consorzio di Pesca Valle Pesio, Alma SpA, Caseificio Fiandino S.r.l., Full Auditor of Alma Tipografica S.r.l., Istituto di Vigilanza Compiano S.r.l., Piemonte Volley S.r.l., Preve Costruzioni S.p.A., S.I.G.I.T. – Società Italiana Gomma Industriale Torino S.p.A., Cooperativa Le Ghiande e Consorzio Krestotes; Auditor of Arpa Piemonte and the Biella Chamber of Commerce. Liquidator for the Ministry of Economic Development: Cooperativa Servizi Alessandrina Soc. Coop. Soc. stock, C.T.S. – Coop. Trasporto Stampa S.r.l.; Chairman of the Supervisory Committee of IAL Piemonte in Amministrazione Straordinaria. He is currently a member of the Management Board of UBI Banca S.c.p.a..

Guido Lupini – Born in Bergamo on 1 December 1945, he graduated in Business Administration at the Catholic University of Milan and is registered with the register of auditors and the register of financial advisers. He began his career at Banca Popolare di Bergamo in 1964, where he was appointed General Manager and CEO from July 2003 until April 2008. He has held administrative roles in major companies in the BPU Banca banking group firstly, and then UBI Banca. From November 2000 to July 2003, he was a member of the Italian banking association's committee for trade union and employment affairs, and from December 2003 to April 2008, he was a member of the same association's regional committee for Lombardy. He currently holds the following positions: member of the Management Board of UBI Banca, Director of Banca Popolare di Bergamo, Director of the Banca Popolare di Bergamo Foundation and auditor of the Pro Universitate Bergomensi Association.

Andrea Moltrasio – Born in Bergamo on 7 October 1956, he graduated in Chemical Engineering at the Polytechnic of Milan and has a Master of Business Administration (MBA) from the University of Santa Clara, California (USA). He is currently CEO of Icro Coatings SpA, Chairman and CEO of Clinica Castelli SpA, Casa di Cura, Chairman and CEO of Icro Didoné S.p.A, Member of the Management Board of UBI Banca S.c.p.a., Chairman of Centrobanca, Director of RCS MediaGroup SpA and Chairman of Bergamo Scienza. He served as Member of the Supervisory Board of UBI Banca (2007 to 2010), Deputy Chairman of Confindustria, with responsibility for Europe (2005 to 2010), Chairman of the Bergamo Province Union of Industrialists (from 2001 2005), of the young entrepreneurs group of the Bergamo Union of Industrialists (1989 to 1991), Director of the Bergamo branch of the Bank of Italy (from 2001 to 2003), Director of Banca Popolare di Bergamo (from 2003 to 2007), member of the Board of the Bergamo Chamber of Commerce (2001 to 2002). He has also been Professor of Business Administration at the Faculty of Engineering of the University of Bergamo (Academic years 1995/1996 - 1996/1997).

Franco Polotti – Born in Brescia on 7 July 1954, he received a diploma in accountancy and is a registered auditor. At Banco di Brescia he served as Director (1999 to 2002 and 2008 to 2011) Director and Secretary to the Board (2002 to 2005) and Chairman (2005 to 2008). He is currently Chairman of Banco di Brescia, Interim – Interventi Immobiliari e Mobiliari S.r.l. and the Tassara Foundation, Deputy Chairman of MAR.BEA S.r.l, Chairman and CEO of ORI Martin S.p.A., CEO of Trafilati Martin S.p.A., member of the Management Board of the Issuer, Director of Broseta Due Srl, Immobiliare Broseta S.r.l., the Banca San Paolo Foundation, the Operare Foundation, Opera per l'Educazione Cristiana and the Arte e Spiritualità Association. He is also managing partner of F.B.G. di Polotti Franco e C.S.n.c..

* * *

None of the members of the Management Board has a family relationship with other members of the Management Board, with the members of the Supervisory Board or with the members of the Issuer's General Management.

* * *

The Management Board, in accordance with applicable statutory provisions, has granted Victor Massiah, the Chief Executive Officer, the following powers:

- to supervise the management of the company and the Group;
- to ensure strategic coordination and management control of the Group;
- to ensure implementation of the organisational, administrative and accounting structure determined by the Management Board and approved by the Supervisory Board;
- to determine the operational guidelines for the General Management;
- to oversee the integration of the Group;
- to make proposals to the Management Board on establishing the general strategic guidelines of the Company and the Group as well as drawing up the business and/or financial plans and budgets of the Company and the Group for approval by the Supervisory Board, ensuring their implementation through the General Management;
- to propose budgetary policy and guidelines on optimising the best use of resources and submit to the Management Board the draft budget periodic statements;
- to make proposals to the Management Board for the appointment of senior operational and executive managers of the company and the Group, in agreement with the Chairman and Deputy Chairman of the Management Board and the General Manager;
- to promote integrated risk management;
- to forward unscheduled requests for inspection and/or investigation to the Internal Control Department, through the Internal Control Committee.

According to the Corporate By-Laws, the CEO is required to report to the Management Board on management operations, outlook and the most significant transactions made by the Company and its subsidiaries on a quarterly basis. The CEO must also report to the Management Board once a month on the financial results of the Company, the main subsidiaries and the Group as a whole.

Furthermore, the Management Board has entrusted the CEO with the task set out in Article 43-*bis* of the Corporate By-Laws, with the support of the General Manager with regard to designing the overall system of internal controls.

The following table shows the companies or partnerships in which the members of the Management Board have been members of administration, management or supervision bodies, or partners, in the past five years, specifying their status as at the Prospectus Date.

Name and Surname	Company	Positions held / % holding	Status as at the Prospectus Date
Emilio Zanetti	UBI Banca S.c.p.a.	Chairman of the Management Board	*In office*
	Banca Popolare di Bergamo S.p.A.	Chairman	*In office*
	Sesaab S.p.A.	Chairman	*Ceased*
	La Provincia di Como S.p.A. – Editoriale	Deputy Chairman	*Ceased*
	Sacbo S.p.A.	Deputy Chairman	*In office*
	Italcementi S.p.A.	Director	*In office*
	Immobiliare Albenza S.p.A.	Chairman	*In office*
	Banche Popolari Unite S.c.p.a.	Chairman	*Ceased*
	UBI Assicurazioni S.p.A.	Deputy Chairman	*Ceased*
	UBI assicurazioni Vita S.p.A.	Deputy Chairman	*Ceased*
	UBI Partecipazioni Assicurative S.p.A.	Deputy Chairman	*Ceased*
	BPB Immobiliare S.r.l.	Chairman	*Ceased*
	Sofim S.p.A.	11.10%	*Non-Partner*
	Mazzini 82 S.p.A.	10.00%	*Non-Partner*
	S.G.I. S.r.l.	11.10%	*Non-Partner*
Flavio Pizzini	UBI Banca S.c.p.a.	Deputy Chairman of the Management Board	*In office*
	Banco di Brescia S.p.A.	Director	*In office*
	I.T.L. S.p.A.	Auditor	*In office*
	UBI Sistemi e Servizi S.c.p.a.	Deputy Chairman	*In office*
	Mittel S.p.A.	Full Auditor	*In office*
	Prisma S.r.l.	Chairman of the Board of Statutory Auditors	*In office*
	Don Gnocchi Sistemi S.r.l.	Director	*Ceased*
	Novaradio S.r.l.	Director	*In office*
	UBI International S.A.	Chairman	*In office*
	Mittel Generale Investimenti S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Cattolica It Service S.r.l.	Director	*Ceased*
	Duomo Previdenza S.p.A.	Director	*Ceased*
	Lazard & co. S.r.l.	Auditor	*Ceased*
	Solofid S.p.A.	Director	*Ceased*
	Y Consulting S.r.l.	Director	*Ceased*
	Astinger S.p.A.	Auditor	*Ceased*
	Fondazione Cariplo	Auditor	*In office*
	Y Consulting S.r.l.	95%	*Non-Partner*
Victor Massiah	UBI Banca S.c.p.a.	CEO	*In office*
	UBI Leasing S.p.A.	Director	*Ceased*
	Istituto Centrale delle Banche Popolari Italiane S.p.A.	Director	*In office*
	Lombarda Vita S.p.A.	Director	*Ceased*
	Centrobanca S.p.A.	Director	*In office*
	Banca Popolare di Bergamo S.p.A.	Director	*In office*
	Banco di Brescia S.p.A.	Director	*In office*
	Capitalgest SGR S.p.A.	Director	*Ceased*
	Capitalgest Alternative Investments S.p.A.	Director	*Ceased*
	UBI Banca International S.A.	Director	*Ceased*
	UBI Banca Private Investment S.p.A.	Director	*Ceased*
	UBI Sistemi e Servizi S.c.p.a.	Director	*Ceased*
	Banca Regionale Europa S.p.A.	Director	*Ceased*
	Banca Lombarda e Piemontese S.p.A.	General Manager	*Ceased*
	UBI Banca S.c.p.a.	General Manager	*Ceased*

Name and Surname	**Company**	**Positions held / % holding**	**Status as at the Prospectus Date**
Giampiero Auletta Armenise	UBI Banca S.c.p.a.	Management Board Member	*In office*
	Banca Carime S.p.A.	First Deputy Chairman	*In office*
	Banca Popolare Commercio e Industria S.p.A.	Deputy Chairman	*In office*
	Unione di Banche Italiane S.c.p.a.	CEO	*Ceased*
	Banche Popolari Unite S.c.p.a.	Chief Executive Officer	*Ceased*
	Banca Popolare di Ancona S.p.A.	Director and Member of Executive Committee	*In office*
	Banca Popolare di Bergamo S.p.A.	Director	*Ceased*
	BRE Banca S.p.A.	Director	*Ceased*
	Mistralfin S.p.A.	Chairman	*In office*
	Terna Partecipazioni Brasile	Director	*Ceased*
	Banco di Brescia S.p.A.	Director	*Ceased*
	Humanitas S.p.A.	Director	*Ceased*
	Centrobanca S.p.A.	Director	*Ceased*
	BPU Pramerica SGR S.p.A.	Director	*Ceased*
	BPU Assicurazioni S.p.A.	Director	*Ceased*
	BPU Partecipazioni Assicurative S.p.A.	Director	*Ceased*
	BPU Assicurazioni Vita S.p.A.	Director	*Ceased*
	Fondo Interbancario di Tutela dei Depositi	Director	*Ceased*
	Mistralfin	Chairman of the Board	*In office*
	ABI Associazione Bancaria Italiana	Director	*In office*
	Mistralfin	90%	*Partner*
Giuseppe Camadini	UBI Banca S.c.p.a.	Management Board Member	*In office*
	Società Cattolica di Assicurazione S.c.r.l.	Director and Member of the Executive Committee	*In office*
	Banco di Brescia S.p.A.	Director	*In office*
	Banca di Valle Camonica S.p.A.	Director	*In office*
	Editrice "La Scuola" S.p.A.	Deputy Chairman	*In office*
	Avvenire Nuova Editoriale Italiana S.p.A.	Director	*Ceased*
	Banca Lombarda e Piemontese S.p.A.	Director and member of the Executive Committee	*Ceased*
	ISA – Istituto di Sviluppo Atesino S.p.A.	Chairman	*In office*
	Edizioni Studium S.p.A.	Deputy Chairman	*In office*
	San Giuseppe S.p.A.	Director and Board Secretary	*In office*
	Università Cattolica del Sacro Cuore	Member of the Board	*In office*
	Opera per l'Educazione Cristiana di Brescia	Chairman	*In office*
	UBI Fiduciaria S.p.A.	Chairman	*Ceased*
	Verfin S.p.A.	Director	*Ceased*
	Fondazione Paola di Rosa ONLUS	Director	*In office*
	Fondazione Camunitas	Chairman	*In office*
	Fondazione Cattolica Assicurazioni	Member of the Steering Committee	*In office*
	Istituto "Giuseppe Toniolo" di Milano	Member and Secretary of the Permanent Committee	*In office*
	Fondazione Giuseppe Tovini di Brescia	Chairman	*In office*
	Fondazione Alma Tovini Domus	Director	*In office*
	Banca Regionale Europea S.p.A.	Deputy Chairman and Member of the Executive Committee	*Ceased*
	Fondazione Banca San Paolo	Director	*Ceased*
Mario Cera	UBI Banca S.c.p.a.	Management Board Member	*In office*
	IW Bank S.p.A.	Chairman	*In office*
	Banca Regionale Europea S.p.A.	Director	*Ceased*
	Banca Popolare Commercio e Industria S.p.A.	Chairman	*In office*
	Fiducialis S.r.l.	Director	*In office*

Name and Surname	**Company**	**Positions held / % holding**	**Status as at the Prospectus Date**
	Italmobiliare S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Cedacri S.p.A.	Director	*Ceased*
	UBI Pramerica SGR S.p.A.	Director	*Ceased*
	Grifogest S.p.A.	Director	*Ceased*
	Banca Lombarda e Piemontese S.p.A.	Director	*Ceased*
	Banca Cassa di Risparmio di Tortona S.p.A.	Director	*Ceased*
	Janus S.r.l.	34%	*Partner*
	Fiducialis S.r.l.	33%	*Partner*
Giorgio Frigeri	UBI Banca S.c.p.a.	Management Board Member	*In office*
	Centrobanca S.p.A.	Deputy Chairman	*In office*
	Finanza Attiva S.r.l.	Chairman	*In office*
	UBI Pramerica SGR S.p.A.	Chairman	*In office*
	Centrobanca Sviluppo Impresa SGR S.p.A.	Chairman	*In office*
	SESAAB S.p.A.	Director	*Ceased*
	Società Pubblicità e Media S.r.l.	Chairman	*Ceased*
	Ist. diocesiano per il sostentamento del clero Bergamo	Chairman	*In office*
	UBI Pramerica Alternative Investment SGR S.p.A.	Chairman	*Ceased*
	B@nca 24-7 S.p.A.	Director	*In office*
	IW Bank S.p.A.	Director	*In office*
	UBI Sistemi e Servizi S.c.p.a.	Director	*In office*
	Capilgest Alternative Investment S.p.A.	Director	*Ceased*
	Banca Emilveneta S.p.A.	Director	*In office*
	The Sailor Fund Sicav	Chairman	*In office*
	Mercato Impresa S.p.A.	Chairman	*Ceased*
	Banche Popolari Unite S.c.p.a.	Director	*Ceased*
Gian Luigi Gola	F2i Reti Italia S.r.l. (F2I Axa)	Chairman of the Board of Statutory Auditors	*In office*
	Caseificio Fiandino S.r.l.	Chairman of the Board of Statutory Auditors	*In office*
	Alma S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Ente Scuola Edile	Chairman of the Board of Statutory Auditors	*In office*
	Consorzio di Pesca Valle Pesio	Chairman of the Board of Statutory Auditors	*In office*
	Alma Tipografica S.r.l.	Full Auditor	*In office*
	Preve Costruzioni S.p.A.	Full Auditor	*In office*
	Sigit S.p.A.	Full Auditor	*In office*
	Istituto di Vigilanza Compiano S.r.l.	Full Auditor	*In office*
	Piemonte Volley S.r.l.	Full Auditor	*In office*
	Le Ghiande coop	Full Auditor	*In office*
	Consorzio Krestotes	Full Auditor	*In office*
	Arpa	Independent Auditor	*In office*
	Camera di Commercio di Biella	Independent Auditor	*In office*
	CTS	Court-appointed administrator	*In office*
	CSA soc. coop. servizi alessandrina	Court-appointed administrator	*In office*
	Ial Cisl Piemonte	Chairman of the Supervisory Committee	*In office*
	Consult Rev S.r.l.	Director	*In office*
	CRESAM S.c.r.l.	Director	*In office*
	Newspaper Milano S.r.l.	Director	*In office*
	Cassa di Risparmio di Cuneo	Chairman of the Board of Statutory Auditors	*Ceased*
	Cassa di Risparmio di Tortona S.p.A.	Full Auditor	*Ceased*
	Andros S.r.l.	Full Auditor	*Ceased*
	AVDA S.p.A.	Full Auditor	*Ceased*
	ASP. S.r.l.	Full Auditor	*Ceased*
	Provincia di Cuneo	Independent Auditor	*Ceased*
	Asl 16 Mondovì	Independent Auditor	*Ceased*

Name and Surname	Company	Positions held / % holding	Status as at the Prospectus Date
	Prisma Soc. Coop. a.r.l.	Court-appointed administrator	*Ceased*
	Consorzio Edilizio Europa LCA	Court-appointed administrator	*Ceased*
	Coop. Euredile LCA	Court-appointed administrator	*Ceased*
	Immobilsette SS	15%	*Partner*
	La Rocca SS	25%	*Partner*
	Angelo SS	25%	*Partner*
	Media S.a.s.	49%	*Non-Partner*
	Paper-one S.r.l.	47.50%	*Partner*
	Consult Rev S.r.l	50%	*Partner*
	Alma Telematica S.p.A.	15%	*Partner*
Guido Lupini	UBI Banca S.c.p.a.	Management Board Member	*In office*
	Banca Popolare di Bergamo S.p.A.	Director	*In office*
	Centrobanca S.p.A.	Director	*Ceased*
	CBI Factor S.p.A.	Director	*Ceased*
Andrea Moltrasio	UBI Banca S.c.p.a.	Management Board Member	*In office*
	UBI Banca S.c.p.a	Supervisory Board Member	*Ceased*
	Clinica Castelli S.p.A.	Chairman and CEO	*In office*
	Icro Didonè S.p.A.	Chairman and CEO	*In office*
	Icro Coatings S.p.A.	CEO	*In office*
	Rizzoli Corriere della Sera Mediagroup S.p.A.	Director	*In office*
	Banca Popolare di Bergamo S.p.A.	Director	*Ceased*
	Banche Popolari Unite S.c.p.a.	Director	*Ceased*
	Centrobanca S.p.A.	Chairman	*In office*
	Icro Didonè S.p.A.	49%	*Partner*
Franco Polotti	UBI Banca S.c.p.a.	Management Board Member	*In office*
	Banco di Brescia S.p.A.	Chairman	*In office*
	O.R.I Martin S.p.A.	Chairman and CEO	*In office*
	Interim Interventi Immobiliari e Mobiliari S.r.l.	Chairman	*In office*
	Trafilati Martin S.p.A.	CEO	*In office*
	F.B.G. di Polotti Franco e C. S.n.c.	Partner & Director	*In office*
	MAR.BEA S.r.l.	Deputy Chairman and CEO	*In office*
	Immobiliare Broseta S.r.l.	Director	*In office*
	Broseta Due S.r.l.	Director	*In office*
	Opera per l'Educazione Cristiana	Director	*In office*
	Fondazione Tassara	Chairman	*In office*
	Fondazione Banca San Paolo	Director	*In office*
	Fondazione Operare	Director	*In office*
	Associazione Arte e Spiritualità	Director	*In office*
	MAR.BEA S.r.l.	50%	*Partner*
	L.M.V. Lavorazione Metalli Vari S.p.A.	22%	*Partner*
	Fratelli Polotti S.r.l.	25%	*Partner*

On 21 December 2006, Consob fined the CEO Victor Massiah, in his capacity as Member of the Board of the company Caam SGR SpA (formerly Nextra Investment Management SGR S.p.A.), a sum of Euro 14,600.00 for violations in the conduct of collective investment management in real estate funds.

Except as evidenced by these measures, as far as the Issuer is aware, none of the members of the Issuer's Management Board has, in the last five years, been convicted of any crimes of fraud, been associated, in the performance of their duties, with any bankruptcy, temporary receivership or involuntary liquidation procedures, been the subject of official charges and/or sanctions by public or regulatory authorities (including designated professional bodies), been legally disqualified by a court from acting as a member of the Issuer's administration, management or supervision bodies or from carrying out administration or management activities for any issuer.

14.1.2 Supervisory Board

The Supervisory Board consists of 23 Directors appointed by the Shareholders' Meeting from among the shareholders who fulfil the requirements of integrity, professionalism and independence imposed by current legislation. At least 15 members of the Supervisory Board must fulfil the professional requirements imposed by current regulations on individuals who perform bank administration functions. In particular, at least 3 members of the Supervisory Board must be chosen from among individuals registered with the *Registro dei Revisori Legali* (register of statutory auditors), who have been working as statutory auditors for a period of no less than three years.

The Supervisory Board in office as at the Prospectus Date was appointed at the Shareholders' Meeting held on 24 April 2010 and its mandate will end on the day of the Shareholders' Meeting convened in 2013 pursuant to Article 2364-*bis* of the Italian Civil Code.

Pursuant to the provisions of Article 44 of the Corporate By-Laws, the Supervisory Board has appointed two Deputy Chairmen – Alberto Folonari and Mario Mazzoleni – and, pursuant to Article 48 of the Corporate By-Laws, Federico Manzoni as Secretary of the Board.

As at the Prospectus Date, the Supervisory Board consists of the following:

Name and Surname	Position	Place and Date of Birth	In office since
Corrado Faissola	Chairman	Castel Vittorio (IM), 10/01/1935	10 May 2008
Giuseppe Calvi	First Deputy Chairman	Chiuduno (BG), 16/05/1931	1 April 2007
Alberto Folonari	Deputy Chairman	Brescia, 08/03/1937	5 May 2007 (Deputy Chairman since 10 May 2007)
Mario Mazzoleni	Deputy Chairman	Bergamo, 14/05/1943	1 April 2007
Battista Albertani	Member	Corteno Golgi (BS), 17/08/1943	10 May 2008
Giovanni Bazoli	Member	Brescia, 18/12/1932	5 May 2007
Luigi Bellini	Member	Milan, 13/11/1930	1 April 2007
Mario Cattaneo	Member	Genoa 24/07/1930	1 April 2007
Silvia Fidanza	Member	Varese, 07/08/1974	24 April 2010
Enio Fontana	Member	Renate Veduggio (MB), 14/09/1946	1 April 2007
Carlo Garavaglia	Member	Legnano (MI), 15/05/1943	1 April 2007
Alfredo Gusmini	Member	Gazzaniga (BG), 29/12/1944	24 April 2010
Pietro Gussali Beretta	Member	Brescia, 28/02/1962	1 April 2007
Giuseppe Lucchini	Member	Brescia, 02/07/1952	1 April 2007
Italo Lucchini	Member	Bergamo, 28/12/1943	1 April 2007
Federico Manzoni	Member	Romano di Lombardia (BG), 18/08/1949	1 April 2007
Toti S. Musumeci	Member	Pesaro, 24/06/1958	1 April 2007
Sergio Orlandi	Member	Cassano Magnago (VA), 01/10/1935	1 April 2007
Alessandro Pedersoli	Member	Naples, 24/04/1929	1 April 2007
Giorgio Perolari	Member	Bergamo, 05/01/1933	1 April 2007
Sergio Pivato	Member	Milan, 13/11/1945	1 April 2007
Roberto Sestini	Member	Bergamo, 11/12/1935	1 April 2007
Giuseppe Zannoni	Member	S.Polo d'Enza (RE), 27/04/1939	24 April 2010

The Supervisory Board has verified that all the members of the Supervisory Board, who are currently in office, fulfil the independence requirements established by current legislation and by the Corporate Governance Code for listed companies.

For the purposes of their office, the members of the Supervisory Board are domiciled at the Company's registered office.

The following is a brief curriculum vitae of each member of the Supervisory Board, which shows the expertise and experience gained in business management.

Corrado Faissola – Born in Castel Vittorio (Imperia) on 10 January 1935, he graduated in Law at the University of Genoa in 1958. He is qualified to practice law. On 2 June 1997, he was awarded the honorary title of *Cavaliere del Lavoro* by the Italian President. He began his career at Istituto Bancario Sanpaolo di Torino in 1960, where he remained until 1984, serving in senior management roles. Subsequently, he became CEO and General Manager of Banca Provinciale Lombarda, a part of Gruppo Sanpaolo di Torino, until March 1987. From April 1987 to December 1998, he served as CEO of CAB. From January 1999 to March 2007, he was the CEO of Banca Lombarda e Piemontese, formed by the merger between CAB and Banca San Paolo di Brescia. From 2 April 2007 to 9 May 2008, he served as Deputy Chairman of UBI Banca's Management Board, formed by the merger between Banca Lombarda e Piemontese and Banche Popolari Unite. Since 10 May 2008, he has been Chairman of UBI Banca's Supervisory Board and Appointments Committee. From 12 July 2006 to 15 July 2010, he served as the Chairman of the *Associazione Bancaria Italiana* (Italian banking association). He has been Chairman of the *Federazione delle Banche, Assicurazioni e della Finanza* (banking, insurance and finance federation) since January 2011.

Giuseppe Calvi – Born in Chiuduno (Bergamo) on 16 May 1931, he graduated in Law at the State University of Milan. He is qualified to practice law in the higher courts. On 2 June 1997, he was awarded the honorary title of *Commendatore* by the Italian President. He has always been involved in public administration, as mayor of a municipality, as Chairman of the S. Giovanni Bianco Hospital, Deputy Chairman of the Board of Valle Brembana, and for about two decades, elected Member of the Buildings and Construction Committee of the Municipality of Bergamo. He has served as Chairman and a member of the Board of Directors of several industrial and commercial companies. He is currently a member of the Board of Directors of a publicly owned company, Porta Sud SpA, established for the transformation of the railway station in the city of Bergamo, and Mazzoleni Industriale Commerciale SpA. He served as member of the Board of Statutory Auditors of Banca Popolare di Bergamo S.c.a.r.l. for several years, until 1976, and served as Director of the same Institute, acting as Deputy Chairman from 1985 to 2003. He served as Deputy Chairman of Banche Popolari Unite S.c.p.a., Director of BPB Immobiliare S.r.l. and Immobiliare Serico S.r.l.. Since 1 April 2007, he has been Senior Deputy Chairman of UBI Banca's Supervisory Board, formed by the merger between Bank Lombarda e Piemontese and Banche Popolari Unite. He is also a member of UBI Banca's Appointments and Remunerations Committee.

Alberto Folonari – Born in Brescia on 8 March 1937, he has a degree in Agricultural Science from the State University of Milan in 1965. From 1982 to 2000, he was appointed CEO of Chianti Ruffino S.p.A. and Premiovini SpA. From June 1975 until July 1979 he held the position of Director/Assessor at Succursale di Brescia of the Bank of Italy. At Banca Credito Agrario Bresciano S.p.A, he was appointed Director in 1979, member of the Executive Committee in 1984, Deputy Chairman in 1990 and Chairman in 1993, a position he held until December 1998. He also served as Senior Deputy Chairman of Banca Lombarda (1998-2007), Director (1998 to May 2007) and Deputy Chairman (1998-2005) of Banco di Brescia, Director of Lucchini SpA (1989-2003), Director of Banca Commerciale Italiana (1999 to 2001), Director of Studiogi S.r.l. (1987 to 2006), Chairman of Partedit (2002 to 2006), FAI Regional President for Lombardy (1990 to 1993), Director of Brescia Musei S.p.A (2003 to 2006), Chairman of Alfa Delta S.p.A. (2003 to 2008). He is currently serving as member and Deputy Chairman of UBI Banca's Supervisory Board (since 2007), member of UBI Banca's Appointments and Remunerations Committee, Director of Editoriale Bresciana S.p.A. (since 1982), Director of Centro Stampa Quotidiani S.p.A.– Erbusco (since 1997), Director of Numerica Pubblicità S.r.l. (since 2009), Chairman of Fingiama S.p.A. (since 2003), Chairman of Mercury S.p.A. (since 2003), Chairman of Fondazione Cab – Istituto di Cultura Giovanni Folonari since 1993 (held the position of Director since 1985), Director of Fondazione Iniziative Zooprofilattiche e Zootecniche (since 1995) and Member of the Steering Committee of the Fondazione Guido e Angela Folonari (since 1980).

Mario Mazzoleni – Born in Bergamo on 14 May 1943, he graduated from secondary school in classical studies. He is currently serving as Chairman of the Board of Directors of Mazzoleni S.p.A. and was Chairman of Bas Omniservizi S.r.l. until 31/12/2010. Director and Legal Representative of Mazzoleni Commerciale S.p.A., Legal Representative of Mazzoleni Trafilerie Bergamasche S.p.A., Director of Bergamonews S.r.l. (since 10 April 2010). Deputy Chairman of UBI Banca's Supervisory Board and member of its Appointments Committee.

Battista Albertani – Born in Corteo Golgi (Brescia) on 17 August 1943, he has a Diploma in Accounting and is a registered auditor. An industrialist, he is currently serving as Chairman of the Board of Directors of Inder SpA, Arch Legno SpA, Tecsol SpA, Finanziaria di Valle Camonica SpA, Calisio SpA, Inbre SpA, Iniziative Urbane Srl and Nuovi Assetti Urbani SpA, as Director of Società Elettrica Valle Camonica S.r.l. and Iris Srl and member of UBI Banca's Supervisory Board.

Giovanni Bazoli – Born in Brescia on 18 December 1932, he is a lawyer and worked as a lecturer in administrative law and the principles of public law at the Catholic University of Milan. He left teaching in 2001. *Cavaliere del Lavoro* and *Officier de la Légion d'Honneur*. Current Positions: Chairman of the Supervisory Board of Intesa Sanpaolo S.p.A.; Chairman, Giorgio Cini Foundation; Chairman, Mittel S.p.A.; Deputy Chairman, Editrice La Scuola S.p.A., member of, UBI Banca's Supervisory Board and member of its Appointments Committee; Director and member of ABI's Executive Committee; member of the Congregazione dei Conservatori della Biblioteca Ambrosiana; Director, RCS Quotidiani S.p.A.; Director, Eni Enrico Mattei Foundation; member of the Board of Trustees of FAI Fondo per l'Ambiente Italiano; Agency Administrator of Bresciano Istruzione Superiore; member of the Executive Committee of Istituto Paolo VI. Honorary degrees in "Banking Economics", awarded by the University of Macerata, and in "Heritage Conservation", awarded by the University of Udine.

Luigi Bellini – Born in Milan on 13 November 1930, he graduated in law. A former councillor of the Municipality of Milan with responsibility for transport and subsequently education, he currently practices as a civil lawyer in Milan. He is currently serving as Chairman of Nationale Suisse-Compagnia Italiana di Assicurazioni S.p.A., Nationale Suisse Vita-Compagnia Italiana di Assicurazioni S.p.A., and of Agricola Gualdo Tadino S.r.l.; as Sole Director of Innocenzo S.r.l. and Director of Bonetti S.p.A.. He is a Member of the Supervisory Board and of the Internal Control Committee of UBI Banca.

Mario Cattaneo – Born in Genoa on 24 July 1930, he graduated in Economics at the Bocconi University of Milan in 1953. A certified public accountant since 1954 and auditor since 1995, he is Emeritus Professor of Corporate Finance at the Catholic University of the Sacred Heart of Milan. Among other things, he was a Director of Eni from 1998 to 2005, Director of Unicredito from 1999 to 2005 and Statutory Auditor of the Bank of Italy from 1991 to 1999. He is currently a Member of the Supervisory Board, the Internal Control Committee and the Accounts Committee of UBI Banca; Director of Bracco S.p.A., Luxottica Group S.p.A. and Banca Sella Holding S.p.A.; Chairman of the Board of Statutory Auditors of Italiana Assicurazioni S.p.A. and Statutory Auditor of Michelin Italiana S.p.A..

Silvia Fidanza – Born in Varese on 7 August 1974, she graduated in Business Administration at the Luigi Bocconi University of Milan. From 1998 to 2000, she worked as an auditor in the Milan office of the auditing firm Arthur Andersen S.p.A.. After gaining significant experience in auditing, she moved to work in the family business, Condor Trade S.r.l., a manufacturer of footwear marketed under the brand name, *Inblu*. Within the company, her main focus is finance, administration and control of the Italian subsidiaries, nationally and internationally (Ukraine, Poland and India). She also monitors all the marketing and communication strategies related to the *Inblu* brand. Since September 2003, she has been serving as special attorney of Condor Trade S.r.l. and, since June 2005, as liquidator of Team Inblu S.r.l.. In July 2005, she was appointed Sole Director of Olymbos S.p.A.. Since 24 April 2010, she has been serving as a member of UBI Banca's Supervisory Board, a member of UBI Banca's Related Party Committee, Deputy Chairman of the Young Entrepreneurs section of the *Associazione Nationale Calzaturifici Italiani* (ANCI), the Italian national footwear manufacturers' association, as well as a member of *Gruppo Giovani Imprenditori di Brescia* (Brescia young entrepreneurs group), and as a member and director of the Bassa Bresciana Lions Club.

Enio Fontana – Born in Renate Veduggio (Monza and Brianza) on 14 September 1946 he has a Diploma in Accounting. Since 1965, he has been working in the Fontana Group family business, where he serves as CEO, particularly of Fontana Luigi S.p.A. and Fontana Finanziaria S.p.A.. He is Deputy Chairman of the European Industrial Fasteners Institute and a Director of the Italo-Chinese Chamber of Commerce and of Agenzia per la Cina S.r.l. He is a member of the Next Fund Committee and Chairman of the Paolo Zorzi Association for Neuro Science of the Carlo Besta Institute of Milan, as well as a member of UBI Banca's Supervisory Board.

Carlo Garavaglia – Born in Legnano (Milan) on 15 May 1943, he graduated in Economics and Business at the Catholic University of Milan in 1972. Since 1972, he has been registered as a certified graduate public accountant in Milan. Registered auditor since 1979, he served as manager and partner in the taxation department of KPMG Peat Marwick in Milan from 1970 to 1976. He is a founding member of the L. Biscozzi – A. Fantozzi Tax Law Firm and of the Biscozzi – Nobili Tax Law Firm. A regular conference speaker, he also writes articles and publications on tax-related matters. Since 11 April 2008, he has served as Honorary Consul of the Grand Duchy of Luxembourg in Lombardy. He is a member of UBI Banca's Supervisory Board, Chairman of its Accounts Committee and member of its Appointments Committee.

Alfredo Gusmini – Born in Gazzaniga (Bergamo) on 29 December 1944, he graduated in Economics and Business. He served as a banking techniques assistant at the Catholic University of Milan (from 1972 to 1975). He is a registered auditor and from 1963 he worked at Banca Popolare di Bergamo, where he held various positions until his appointment as Deputy General Manager (1991), Joint General Manager (2000) and General Manager of Banche Popolari Unite S.c.p.a. from 1 July 2003 to 31 March 2007. He also served as Deputy Chairman of BPU Esaleasing S.p.A.; CEO of Banca Brignone (1996 to 2000), Director of Gruppo Assicurativo BPB, Banque de Dépôts et de Gestion S.A., Banca Popolare di Ancona, Polis – Società di Gestione di Fondi Immobiliari Chiusi di Banche Popolari, Banca Italease S.p.A., Unione Fiduciaria S.p.A., Arca Bim S.p.A., Centrobanca, Banca Popolare di Bergamo, Banca Carime, B@nca 24-7. On 1 April 2007, he was appointed member of the Management Board of UBI Banca. On 24 April 2010, he was appointed a member of UBI Banca's Supervisory Board and on 27 April 2010 is was appointed a member of its Internal Control Committee.

Pietro Gussalli Beretta – Born in Brescia on 28 February 1962, he graduated in Economics and Business and joined the family's industrial group, dealing with finance, planning and auditing. He is currently serving as Deputy Chairman and CEO of Beretta Holding S.p.A.; CEO of Benelli Armi S.p.A.; Deputy Chairman of Beretta U.S.A. Corp.; Chairman of Benelli U.S.A. Corp.; Chairman of Humbert CTTS S.a.S.; Chairman of Beretta-Benelli Ibérica S.A. From 1999 to 2007, he served as Chairman of UBI Leasing,previously SBS Leasing. From 2005 to 2007, he served as Director of Banca Lombarda e Piemontese S.p.A., formed by the merger of Credito Agrario Bresciano S.p.A. and Banca San Paolo di Brescia S.p.A.. Since 1 April 2007, he has been a member of the Supervisory Board of UBI Banca, formed by the merger between Banca Lombarda e Piemontese and Banche Popolari Unite.

Giuseppe Lucchini – Born in Brescia on 2 July 1952, he graduated in Political Science at the University of Pavia. He is currently Chairman of the Board of Directors of Lucchini RS S.p.A. and Deputy Chairman and CEO of Sinpar S.p.A.. He is also a Director of Fondazione Lucchini, Beretta Holding S.r.l., RCS Mediagroup S.p.A. and Tad Metals s.r.l., as well as a member of the Shareholders' Agreement Committee of Pirelli & C S.p.A., of Mediobanca S.p.A. and of RCS Mediagroup S.p.A.. Since 2007, he has been serving as a Member of UBI Banca's Supervisory Board and of its Remunerations Committee.

Italo Lucchini – Born in Bergamo on 28 December 1943, he graduated in Economics and Business at the Bocconi University of Milan. He is the author of published articles and supplements in specialised journals on the history of corporate institutions, an area in which he lectured as a Professor in the Legal Department of the Faculty of Economics at the University of Bergamo between 1986 and 1988. He is registered as a certified graduate public accountant in Bergamo and owns a successful professional firm in Bergamo. He is a Registered Auditor since 21 April 1995. In addition to being a member of UBI Banca's Supervisory Board and Internal Control Committee, he is also Deputy Chairman of Italmobiliare S.p.A., where he also serves as a member of the Executive Committee and Chairman of the Remunerations Committee. He is Director of Italcementi S.p.A., where he is also a member of the Remunerations Committee. He is a Director of Ciments Français S.A., listed in Paris, and Chairman of the Board of Statutory Auditors of the subsidiaries of Gruppo Bmw Italia S.p.A. and BMW Financial Services Italia S.p.A., as well as Fonderia di Torbole S.p.A.. He is currently CEO of the Fondazione per la Storia Economica e Sociale di Bergamo (Bergamo foundation for economic and social history) and of the Famiglia Legler Foundation, as well as Director of the Bergamo nella Storia Foundation, the Banca Popolare di Bergamo Foundation, the A.J. Zaninoni Foundation and the Italcementi Cav. Lav. Carlo Pesenti Foundation.

Federico Manzoni – Born in Romano di Lombardia (Bergamo) on 18 August 1949, he graduated in philosophy at the Catholic University of Milan in 1974, and in Economics and Business at the University of Bergamo in 1986. Since 1990, he has been a certified graduate public accountant, and an auditor since 1995. After having taught in secondary schools, he managed various companies and from 1990 he has been working as a certified graduate public accountant. He lectured at the University of Bergamo's Faculty of Economics in the field of banking and local development, from 2006 to 2009, and in the field of business ethics between 2003 and 2005. He held the position of CEO of the SESAAB Group from 1994 to 2003, Auditor of Banca Credito Bergamasco from 1992 to 1999, Chairman of Leasint from 2002 to 2008, Director of the Banco di Brescia from 1999 to 2005 and Banca Lombarda from 2005 to 2007. He is currently Commissioner of Fondazione Cariplo (since 2000), Chairman of the Giordano dell'Amore Foundation (since 2006), Director of Istituto Centrale Sostentamento del Clero (since 2010), Chairman of Mittel Investimenti Immobiliari S.r.l. (since 2009), Chairman of Numerica S.r.l. (since 2010) and member of and Secretary to UBI Banca's Supervisory Board (since 2007). He is also Chairman of the Related Parties Committee and a member of the Accounts Committee of UBI Banca.

Toti S. Musumeci – Born in Pesaro on 24th June 1958 he has a degree in law from the University of Turin.

He is qualified in law to practise before the Supreme Court of Cassation and the High Courts. He was a founding partner of the law firm of the advocate Paolo Emilio Ferreri of Turin where he practised law for more than twenty years.

In 2005 he founded the law firm Musumeci, Altara Desana and Associates where he deals with corporate, commercial, banking, industrial and labour cases as a lawyer, arbitrator and independent expert.

He was a deputy in the Italian in Parliament in the twelfth legislature and head of his parliamentary group in the parliamentary committee on labour. He has been a newspaper columnist since 1992.

In 1996 he won a national competition for the position of university lecturer in constitutional law and the law of public institutions and was officially appointed on 1st November 1996. He has been permanent senior lecturer in Public Law in the Economics Faculty of the University of Turin, teaching Economic Law since 1998.

He has held numerous courses at various Italian universities. Again in the academic field he was appointed as a Member of the Technical Commission for the Revision of the Statute of the Region of Piedmont from 1996 until 2000. He was a Member of the Steering Committee of the Commission created by the Region of Sardinia for the reform of the Region and the local authority system from 1997 until 1999.

He has been a Board Member of the following entities: University Institute of European Studies (from 1991 until 2002), the Ordine Mauriziano Hospital (from 1992 until 1994), the Palazzina di Caccia di Stupinigi Foundation (from 1993 until 1994), Popolare Commercio e Industria Finanziaria S.p.A (from 2001 until 2003), Banca Carime (from 2001 until 2007), Banca Popolare di Ancona (from 2004 until 2007), Plurifid S.p.A (from 2006 until 2007).

From 2000 until 2003 he held the position of Board Member of Banca Popolare Commercio e Industria S.c.p.a., Deputy Chairman and Member of the Executive Committee, the Remuneration Committee and the Internal Control Committee. He held the position of Director of Banche Popolare Unite S.c.p.a. and was a Member of the Executive Committee and of the Remuneration Committee from 2003 until 2007.

He currently holds the position of Chairman of the Board of Directors of Aviva Vita S.p.A (since 2003) and is a Member of the Supervisory Board and a Member of the Remuneration Committee of UBI Banca Scpa (since 2007) and a Board Member of Aviva Assicurazioni Vita S.p.A (since 2008).

Sergio Orlandi – Born in Cassano Magnano (Varese) on 1 October 1935, he graduated in Economics and Business at the "Luigi Bocconi" University of Milan. In the 1960s, he joined the family business, now Orlandi S.p.A., taking a leading role and becoming a member of its Board of Directors, a position he held until 1999. He served as a member of the Board of Directors (1970 to 1993) and member of the Executive Committee of Credito Varesino; CEO of Sant'Andrea Novara S.p.A. (1986 to 1998), member of the Board of Directors of Banca Popolare di Bergamo – Credito Varesino (1993 to 2002) and of Banche Popolare Unite S.c.p.a. He is currently a member of the Board of Directors of Sinterama S.p.A. (since 1991) and of Montefibre S.p.A. (since 1996), and a member of UBI Banca's Supervisory Board, Accounts Committee and Related Parties Committee.

Alessandro Pedersoli – Born in Naples on 24 April 1929, he graduated in Law at the Catholic University of Milan in 1950. He works as a commercial and corporate law consultant at the Pedersoli e Associati law firm of Milan. A speaker at conferences on arbitration, acquisitions of shareholdings, shareholders' agreements, consolidated financial statements, liability of directors, statutory auditors and audit firms. He is currently serving as Director of Assicurazioni Generali S.p.A. and of Effe 2005 Finanziaria Feltrinelli S.p.A., as well as a member of UBI Banca's Supervisory Board.

Giorgio Perolari – Born in Bergamo on 5 January 1933, he has a degree in Economics and Business. He served as technical director, General Manager and CEO of Perofil S.p.A., Director of B@nca 24-7 (from 2001 to 2007), of Coralis S.p.A. (2002 to 2007) and of Banche Popolari Unite S.c.p.a. (2003 to 2007). He served as Director of Banca Popolare di Bergamo. He is currently serving as Director (since 1990) and member of the Executive Committee of Italmobiliare S.p.A. (since 2005), Chairman of Perofil S.p.A. (since 2000) and member of UBI Banca's Supervisory Board (since 2007).

Sergio Pivato – Born in Milan on 13 November 1945, he has a degree in Economics and Business. He has been a chartered accountant since 1977 and a registered auditor since 1984. A professor of Economics and Management at the Bocconi University of Milan, he has held various corporate positions in numerous companies. He provides consultancy services to large and medium-sized companies and has served as a court-appointed expert witness and specialist consultant in various arbitrations, as well as an expert to the courts. He is currently serving as Chairman of the Board of Statutory Auditors of Reno de Medici S.p.A., Brembo S.p.A., Sma S.p.A. and Società Editoriale Vita S.p.A.. He is an Auditor of Auchan S.p.A. and, since 2007, a member of UBI Banca's Supervisory Board.

Roberto Sestini – Born in Bergamo on 11 December 1935, he graduated in Chemical Engineering at the University of Freiburg, Switzerland, and in Economics and Business at the University of Ancona. He currently holds the position of: Chairman of Gruppo SIAD – Società Italiana Acetilene & Commerciale Derivati S.p.A. – Bergamo, Gruppo SIAD MACCHINE IMPIANTI S.p.A. – Bergamo and five other operating companies and three financial companies, Deputy Chairman of an operating company, Director of two operating companies, Chairman of the "Sestini" Foundation, Fondazione per la Storia Economica e Sociale di Bergamo, Legler Foundation, Comitato Pro-Istituti Tecnici "P. Paleocapa" and "G. Natta" – Bergamo, Servitec S.r.l. – Servizi per l'Innovazione Tecnologica – Dalmine (BG), Bergamo Fiera Nuova S.p.A., Deputy Chairman of Agenzia per le relazioni economiche industriali e commerciali con la Cina S.r.l. – Milan, Director of Tecnodal S.p.A. – Dalmine (BG), member of UBI Banca's Supervisory Board, Director of Bergamo's Chamber of Commerce, Member of the Executive and Member of the Board of Arbitrators of Confindustria Bergamo. He has served as: Chairman of Confindustria Bergamo, Commissione Confederale per l'Ambiente di Confindustria, Centro Estero, Sibem S.p.A. – Interporto di Bergamo, IPB – Interconnessione Pedemontana Brebemi S.p.A., Bergamo's Chamber of Commerce (1992-2010), Deputy Chairman of Federchimica, Deputy Chairman of UnionCamere Regionale delle CCIAA della Lombardia, Member of the Board and Member of the President's Committee of Unione Italiana delle Camere di Commercio, PROMOS, Director of Promoberg, Società di Progetto BREBEMI S.p.A. –Brescia, Banche Popolari Unite S.c.p.a., Banca Popolare di Bergamo, University of Bergamo, Ateneo Bergamo S.p.A., Pro Universitate Bergomensi, SACBO S.p.A. – Aeroporto di Orio al Serio and FUTURIMPRESA SGR S.p.A. – Milan.

Giuseppe Zannoni – Born in San Polo d'Enza (Reggio Emilia) on 27 April 1939, he has served as Director of Italtile Limited S.A. – Gruppo Ceramiche Richetti and Ceramic Industries Limited listed on the Stock Exchange JHS, a leader in the South African and Australian markets. General Partner of the real estate and agricultural management company Agorà sas di Giuseppe Zannoni e C. In November 1993, he was appointed as Director of Ceramic Industries Limited. Since April 2010, he has served as a member of the Board of Directors of ABC Assicurazione S.p.A. and of UBI Banca's Supervisory Board.

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The members of the Supervisory Board Alberto Folonari and Giovanni Bazoli are collateral relatives in the 4th degree. With the exception of the above, none of the members of the Supervisory Board has a family relationship with other members of the Supervisory Board, members of the Management Board or members of the General Management.

The following table shows the companies or partnerships in which members of the Supervisory Board have been members of the administrative, management or supervisory bodies, or partners in the last five years, specifying their status as at the Prospectus Date.

Name and Surname	Company	Positions held / % holding	Status as at the Prospectus Date
Corrado Faissola	UBI Banca S.c.p.a.	Chairman of the Supervisory Board	*In office*
	ABI Servizi S.p.A.	Chairman	*In office*
	Bancaria Immobiliare S.p.A.	Chairman	*In office*
	Vetta ss	Partner & Director	*In office*
	Banco di Brescia S.p.A.	CEO	*Ceased*
	Banca Regionale Europea S.p.A.	Deputy Chairman	*Ceased*
	Banco di San Giorgio S.p.A.	Director	*Ceased*
	Banca Lombarda e Piemontese S.p.A.	CEO	*Ceased*
	UBI Banca S.c.p.a.	Deputy Chairman of the Management Board	*Ceased*
	Vetta ss	80%	*Partner*
	Sci Les Agaves du Cap	28%	*Partner*
Giuseppe Calvi	UBI Banca S.c.p.a.	Senior Deputy Chairman of the Supervisory Board	*In office*
	Porta Sud S.p.A.	Director	*In office*
	Mazzoleni Industriale e Commerciale S.p.A.	Director	*In office*
	Banche Popolari Unite S.c.p.a.	Deputy Chairman	*Ceased*
	Immobiliare Serico S.r.l.	Director	*Ceased*
Alberto Folonari	UBI Banca S.c.p.a.	Deputy Chairman of the Supervisory Board	*In office*
	Editoriale Bresciana S.p.A.	Director	*In office*
	Centro Stampa Quotidiani S.p.A.	Director	*In office*
	Numerica Pubblicità S.r.l.	Director	*In office*
	Mercury S.p.A.	Chairman	*In office*
	Fingiama S.p.A.	Chairman	*In office*
	Alfa Delta S.p.A. (incorporata nella Fingiama S.p.A.)	Chairman	*Ceased*
	Banco di Brescia S.p.A.	Deputy Chairman /Director	*Ceased*
	Studiogi S.r.l.	Director	*Ceased*
	Partedit S.r.l.	Chairman	*Ceased*
	Brescia Musei S.p.A.	Director	*Ceased*
	Banca Lombarda e Piemontese S.p.A. (società incorporata in UBI Banca) S.c.p.a.	Senior Deputy Chairman	*Ceased*
	Editoriale Bresciana Servizi S.r.l.	Director	*In office*
	Fingiama S.p.A.	51%	*Partner*
Mario Mazzoleni	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Mazzoleni S.p.A.	Chairman	*In office*
	Mazzoleni Commerciale S.p.A.	Director and Legal Representative	*In office*
	BAS Omniservizi S.r.l.	Chairman of the Board of Directors	*Ceased*
	Bergamo News S.r.l.	Director	*Ceased*
	Mazzoleni Trafilerie Bergamasche S.p.A.	Legal Representative	*In office*
	Mazzoleni S.p.A.	25.43%	*Partner*
	Mazzoleni Commerciale S.p.A.	25.43%	*Partner*
	Mazzoleni Trafilerie Bergamasche S.p.A.	25.43%	*Partner*
Battista Albertani	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Inder S.p.A.	Chairman	*In office*
	Arch Legno S.p.A.	Chairman	*In office*
	Tecsol S.p.A.	Chairman	*In office*
	Finanziaria di Valle Camonica S.p.A.	Chairman	*In office*
	Calisio S.p.A.	Chairman	*In office*
	Inbre S.p.A.	Chairman	*In office*
	Iniziative Urbane S.r.l.	Chairman	*In office*

Name and Surname	Company	Positions held / % holding	Status as at the Prospectus Date
	Nuovi Assetti Urbani S.p.A.	Chairman	*In office*
	Azienda Elettrica di Vallecamonica S.r.l.	Director	*In office*
	Elettra 2000 S.p.A.	Director	*Ceased*
	Iris 2000 S.r.l.	Director	*In office*
	Banca di Valle Camonica S.p.A.	Director and Member of the Executive Committee	*Ceased*
	Inder S.p.A.	68%	*Partner*
	Arch Legno S.p.A.	96%	*Partner*
	Tecsol S.p.A.	98%	*Partner*
	Iris 2000 S.r.l.	20%	*Partner*
Giovanni Bazoli	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	IntesaSanpaolo S.p.A.	Chairman of Supervisory Board	*In office*
	Mittel S.p.A.	Chairman	*In office*
	Editrice La Scuola S.p.A.	Deputy Chairman	*In office*
	RCS Quotidiani S.p.A.	Director	*In office*
	Alleanza Assicurazioni S.p.A.	Director	*Ceased*
	Banco di Brescia S.p.A.	Director	*Ceased*
	Banca Lombarda e Piemontese S.p.A.	Deputy Chairman	*Ceased*
	IURA S.p.A.	13.694%	*Partner*
Luigi Bellini	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Bonetti S.p.A.	Director	*In office*
	Nationale Suisse – Compagnia Italiana di Assicurazioni S.p.A.	Chairman	*In office*
	Nationale Suisse Vita S.p.A.	Chairman	*In office*
	Innocenzo S.r.l.	Sole Director	*In office*
	Agricola Gualdo Tadino S.r.l.	Chairman	*In office*
	Moulin Finance S.r.l.	Director	*In office*
	Innocenzo S.r.l.	19%	*Partner*
	Plotino S.r.l.	52%	*Partner*
	Silbe S.r.l.	50%	*Partner*
Mario Cattaneo	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Bracco S.p.A.	Director	*In office*
	Banca Sella Holding S.p.A.	Director	*In office*
	Euromobiliare Asset Management SGR S.p.A.	Chairman	*In office*
	Italiana Assicurazioni S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Luxottica Group S.p.A.	Director	*In office*
	Michelin Italiana S.A.M.I. S.p.A.	Full Auditor	*In office*
	Sara Assicurazioni S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Sara Immobili S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	SIA SSB S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Aedes coop Beni Immobili fra Selciatori e Posatori a r.l	Chairman of the Board of Statutory Auditors	*Ceased*
	Cbi Factor S.p.A.	Chairman	*Ceased*
	Cellografica Gerosa S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Euromobiliare Alternative Investments SGR S.p.A.	Deputy Chairman	*Ceased*
	Humanitas Mirasole S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Immobiliare Mirasole S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Mediofactoring S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Otis S.p.A.	Director	*Ceased*
	Sara Vita S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Silem S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Sofige S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	UBI Assicurazioni S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*

Name and Surname	Company	Positions held / % holding	Status as at the Prospectus Date
	UBI Assicurazioni Vita S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	UBI Partecipazioni Assicurative S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
Silvia Fidanza	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Olymbos S.p.A.	Sole Director	*In office*
	Team Inblu S.r.l. in liquidation	Liquidator	*In office*
	Editoriale Teletutto Brescia Sette S.r.l.	Director	*Ceased*
	Numerica Pubblicità S.r.l.	Director	*Ceased*
	LCS S.r.l	Chairman	*Ceased*
	Condor Trade S.r.l.	10%	*Partner*
	Sval S.r.l.	10%	*Partner*
	LCS S.r.l.	25%	*Partner*
	Olymbos S.p.A.	10%	*Partner*
Enio Fontana	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Fontana Luigi S.p.A.	CEO	*In office*
	Fontana Finanziaria S.p.A.	CEO	*In office*
	Lobo France S.a.s.	Chairman	*In office*
	Bulloneria Galvani S.r.l.	Chairman	*In office*
	Mec Bolt S.p.A.	CEO	*In office*
	Fontana gmbh	Director	*In office*
	Fontana USA Inc.	Chairman	*In office*
	Soleasing S.r.l.	Sole Director	*In office*
	Fontana sas	Chairman	*In office*
	Nuova Eurodadi S.r.l.	Sole Director	*In office*
	Invitea S.p.A.	Director	*In office*
	I.B.S. S.r.l.	CEO	*In office*
	R.S.B. S.r.l.	CEO	*Ceased*
	Bulloneria Barge S.p.A.	Chairman	*In office*
	Bulloneria Briantea S.p.A.	CEO	*In office*
	G.F.D. S.a.s.	Chairman	*In office*
	Sofind International Holding bv	Director	*In office*
	Immobiliare Serena S.p.A.	Sole Director	*Ceased*
	Sofind S.A.	Director	*In office*
	Ramon Trenchs S.A.	Chairman	*Ceased*
	Fire S.p.A.	Director	*In office*
	Loris Fontana & c. S.a.p.a.	General Partner	*In office*
	Fontana R.D. S.r.l.	Director	*In office*
	Fontana Fasteners S.r.l.	Director	*In office*
	Fontana Fasteners UK	Chairman	*In office*
	Fontana Fasteners Iberica S.A.	Director	*In office*
	Fontana Fasteners Mexico S.A.	Chairman	*In office*
	Lobo S.p.A.	Director	*In office*
	Editoriale U.P.I.V.E.B. S.r.l.	CEO	*In office*
	Unione Produttori Italiani Viteria e Bulloneria (U.P.I.V.E.B.)	Chairman	*Ceased*
	Agenzia per la Cina S.r.l.	Director	*In office*
	Banca Popolare Commercio e Industria S.p.A.	Director	*Ceased*
	BPU Banca International S.A.	Director	*Ceased*
	European Industrial Fasteners Institute (E.I.F.I.)	Deputy Chairman	*In office*
	Camera di Commercio Italo-Cinese	Director	*In office*
	Finlombarda Gestioni SGR	Committee Member, Next Fund	*In office*
	Associazioni Paolo Zorzi per le neuroscienze ONLUS per l'Istituto Carlo Besta di Milano	Chairman	*In office*
	Loris Fontana & c. S.a.p.a.	26.67%	*Partner*
	C.F.O. SIM S.p.A.	16.20%	*Partner*

Name and Surname	Company	Positions held / % holding	Status as at the Prospectus Date
	Uni Investimenti S.r.l.	20.00%	*Partner*
	Il Navicello S.r.l.	50.00%	*Partner*
	C.F. Investimenti S.r.l.	20.00%	*Partner*
	Finanziaria Lago S.p.A.	13.50%	*Partner*
Carlo Garavaglia	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	AFV Acciaierie Beltrame S.p.A.	Director	*In office*
	Comitalia Compagnia Fiduciaria S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Cordifin S.p.A.	Director	*In office*
	De Longhi S.p.A.	Director	*In office*
	Elba Assicurazioni S.p.A.	Chairman of the Board	*In office*
	Eunomia S.p.A.	Chairman	*In office*
	Habitat S.p.A.	Full Auditor	*In office*
	Nine S.p.A	Deputy Chairman	*In office*
	Aedes Bipiemme Real Estate SGR S.p.A.	Director	*Ceased*
	A.l. Colombo S.p.A. in liquidation	Full Auditor	*Ceased*
	Immobiliare 21 S.r.l.	Chairman of the Board of Statutory Auditors	*Ceased*
	Aedes Luxembourg S.A.	Director	*Ceased*
	Aedes S.p.A.	Deputy Chairman and Director	*Ceased*
	Aedilia Nord Est S.r.l.	Director	*Ceased*
	Aedes Bipiemme Real Estate SGR S.p.A.	Deputy Chairman and Director	*Ceased*
	Banca Popolare di Bergamo S.p.A.	Director	*Ceased*
	Banche Popolari Unite S.c.p.a.	Director	*Ceased*
	Bpci S.p.A.	Deputy Chairman	*Ceased*
	Centrobanca S.p.A.	Director	*Ceased*
	Gamma S.r.l.	Director	*Ceased*
	Gebau di Tosolini Pietro & co. S.a.p.a.	Full Auditor	*Ceased*
	Gefin di Tosolini Pietro & co. S.a.p.a.	Full Auditor	*Ceased*
	Lucky S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Non Performing Loans S.p.A.	Full Auditor	*Ceased*
	Sanpaolo Fiduciaria S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Tifas S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	BPU Trust Company Limited as Trustees of the Sea Star Trust	Director	*Ceased*
	Gamma S.r.l.	Director	*Ceased*
	Immobiliare 21 S.r.l.	Chairman of the Board of Statutory Auditors	*Ceased*
	Beltrame Holding S.p.A.	Director	*In office*
Alfredo Gusmini	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	UBI Banca S.c.p.a.	Management Board Member	*Ceased*
	Immobiliare Mirasole S.p.A. – Gruppo Humanitas	Chairman	*Ceased*
	ICT Immobiliare S.p.A.	Chairman	*Ceased*
	Banca Italease S.p.A.	Director	*Ceased*
	Unione Fiduciaria S.p.A.	Director	*Ceased*
	Centrobanca S.p.A.	Director	*Ceased*
	Banca Popolare di Bergamo S.p.A.	Director	*Ceased*
	Banca Popolare di Ancona	Director	*Ceased*
	Banca Carime S.p.A.	Director	*Ceased*
	B@nca 24-7 S.p.A.	Director	*Ceased*
	BPU Esaleasing S.p.A.	Deputy Chairman	*Ceased*
Pietro Gussalli Beretta	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Arce Gestioni S.p.A.	CEO	*In office*
	Artic Freezing Docks S.p.A.	Director	*In office*
	Banco nazionale di prova per le armi da fuoco portatili e per le munizioni commerciali	Director	*In office*

Name and Surname	Company	Positions held / % holding	Status as at the Prospectus Date
	Benelli Armi S.p.A.	CEO	*In office*
	Benelli USA Corporation	Chairman	*In office*
	Beretta – Benelli Iberica S.A.	Chairman	*In office*
	Beretta Holding S.p.A.	Deputy Chairman and CEO	*In office*
	Beretta USA Corporation	Deputy Chairman	*In office*
	UBI Leasing S.p.A.	Chairman	*Ceased*
	Beretta Investment S.A.	Director	*Ceased*
	Fabbrica d'Armi Pietro Beretta S.p.A.	Director	*In office*
	Humbert CTTS S.a.s.	Chairman	*In office*
	Land Finance Corp.	Director	*In office*
	Upifra Agricole S.A.	Director	*In office*
	Upifra S.A.	Director	*In office*
	Russian Eagle LLC	Director	*In office*
	Banca Lombarda e Piemontese S.p.A.	Director	*Ceased*
	Outdoor Enterprise S.A.	Director	*Ceased*
	Casaforte Self-Storage (Suisse) S.A.	Director	*Ceased*
	Franchi S.p.A.	Director	*Ceased*
	Beretta (Luxembourg) S.A.	Director	*Ceased*
	Pietro Beretta Holding B.V.	Director	*Ceased*
Giuseppe Lucchini	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	RCS Mediagroup S.p.A.	Director	*In office*
	Lucchini S.p.A.	Chairman	*Ceased*
	Lucchini RS S.p.A.	Chairman	*In office*
	Sinpar S.p.A.	Deputy Chairman and CEO	*In office*
	Fondazione Lucchini	Director	*In office*
	Beretta Holding S.r.l.	Director	*In office*
	TAD Metals S.r.l.	Director	*In office*
	Ascometal S.A.	Chairman and Member of the Supervisory Board	*Ceased*
	Gilpar Holding S.A.	Chairman	*Ceased*
	Lupar di G.Lucchini &c S.p.A.	Director and Legal Representatve	*Ceased*
	Gilpar S.p.A.	Director and Legal Representatve	*Ceased*
	Associazione Industriale Bresciana	Member	*Ceased*
	Hopa S.p.A.	Director	*Ceased*
	Banca Lombarda e Piemontese S.p.A.	Director	*Ceased*
	Lusigest S.p.A.	33.334%	*Partner*
	Vanaco Holding S.p.A.	33.334%	*Partner*
	Sinpar S.p.A.	19.95%	*Partner*
	Bicomet S.p.A.	19.71%	*Partner*
	BMS Scuderia Italia S.p.A.	99.752%	*Partner*
	Fondazione Lucchini	10%	*Partner*
	Mixos S.r.l. Serv. Marittimi	10%	*Partner*
	Setrans S.r.l.	20%	*Partner*
	Gilpar Holding S.A.	100%	*Partner*
	Gto Holding S.r.l. (Soc. fusa per incorporazione)	60%	*Partner until the merger*
	Swb Finance S.r.l.	60.20%	*Partner*
	Lupar di G.Lucchini & c. S.p.A. (soc. fusa per incorporazione)	33.334%	*Partner until the merger*
	Gilpar S.p.A. (soc. fusa per incorporazione)	100%	*Partner until the merger*

Name and Surname	Company	Positions held / % holding	Status as at the Prospectus Date
Italo Lucchini	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Italmobiliare S.p.A.	Deputy Chairman	*In office*
	Italcementi S.p.A.	Director	*In office*
	Ciments Français S.A.	Director	*In office*
	Azienda Agricola Lodoletta S.r.l.	Chairman	*In office*
	Bmw Italia S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Alphabet Italia S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Bmw Milano S.r.l.	Chairman of the Board of Statutory Auditors	*In office*
	Bmw Financial Services Italia S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Bmw Roma S.r.l.	Chairman of the Board of Statutory Auditors	*In office*
	Husqvarna Motorcycles S.r.l.	Chairman of the Board of Statutory Auditors	*In office*
	Fin Baden S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Fonderia di Torbole S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	ACB Group S.p.A.	Supervisory Board Member	*Ceased*
	Immobileffe S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Legler Holding S.p.A. in liquidation	Chairman of the Board of Statutory Auditors	*Ceased*
	Shinto Italia S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Banche Popolari Unite S.c.r.l.	Director	*Ceased*
	Odel S.p.A.	Chairman	*Ceased*
	Lombardia Gas Trader S.r.l.	Chairman of the Board of Statutory Auditors	*Ceased*
	Misano S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Noel Immobiliare S.r.l.	Chairman of the Board of Statutory Auditors	*Ceased*
	Blue Eagle S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	ABM Azienda Bergamasca Multiservizi S.p.A.	Chairman of the Board	*Ceased*
	Sabaf S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Cementerie dell'Etiopia S.A. in liq.ne	Legal Liquidator	*In office*
	Sebino Sud S.p.A. in C.P.	Judicial Commissioner	*In office*
	Sgata Italia S.p.A. in C.P.	Judicial Commissioner	*In office*
	Immobiliare Ademar in C.P.	Judicial Commissioner	*In office*
	Ileb S.r.l. in C.P.	Judicial Commissioner	*In office*
	Confezioni Gotti di Bonacina Rosanna in C.P.	Judicial Commissioner	*Ceased*
	Finsise S.p.A.	63.89%	*Partner*
	Professional Auditing S.p.A.	75%	*Partner*
Federico Manzoni	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Arrigoni Battista S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Arrigoni Battista Società Agricola S.r.l.	Chairman of the Board of Statutory Auditors	*In office*
	Barabino & Partners S.p.A.	Full Auditor	*In office*
	Barabino Immobiliare S.r.l.	Full Auditor	*In office*
	Castello SGR	Director	*In office*
	Cattolica Previdenza S.p.A.	Full Auditor	*In office*
	Editoriale Bresciana Servizi S.r.l.	Chairman of the Board	*In office*
	Numerica Pubblicità S.r.l.	Chairman of the Board	*In office*
	Broseta Due S.r.l.	Full Auditor	*In office*
	Cattolica Immobiliare S.p.A.	Director	*Ceased*
	Dedalo Esco S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Fidelitas Network S.r.l.	Full Auditor	*In office*
	Fidelitas S.p.A.	Full Auditor	*In office*
	Flow Meter S.p.A.	Full Auditor	*In office*
	ICIS S.p.A.	Director	*Ceased*
	IDS & Unitelm S.r.l.	Chairman	*In office*
	Immobiliare Broseta S.r.l.	Full Auditor	*In office*
	Informatica S.p.A. – in liquidation	Chairman of the Board of Statutory Auditors	*In office*
	Inser S.p.A.	Director	*In office*
	Kerigma Società Cooperativa Sociale	Deputy Chairman	*In office*

Name and Surname	Company	Positions held / % holding	Status as at the Prospectus Date
	MA.AR.AUTO S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Mesgo S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Mittel Investimenti Immobiliari S.r.l.	Chairman	*In office*
	Mutuiplanet S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Seltering S.p.A. – in liquidation	Chairman of the Board of Statutory Auditors	*In office*
	Terme di Sirmione S.p.A.	Full Auditor	*In office*
	Arriva Piemonte Trasporti S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Banca Sintesi S.p.A.	Full Auditor	*Ceased*
	Banca Lombarda e Piemontese S.p.A.	Director	*Ceased*
	BBVA Renting S.p.A.	Chairman	*Ceased*
	Cassa di risparmio di San Miniato S.p.A.	Full Auditor	*Ceased*
	Frattini S.p.A. in liq.	Director	*Ceased*
	I.V.N. Istituto vigilanza Notturna S.r.l.	Full Auditor	*Ceased*
	ISFOR 2000 S.c.p.a.	Director	*Ceased*
	La Vigilanza S.r.l.	Full Auditor	*Ceased*
	Leasint S.p.A.	Chairman	*Ceased*
	Metronotte Citta di Genova S.p.A.	Full Auditor	*Ceased*
	Rossini Trading S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	S.A.B. Autoservizi S.r.l.	Chairman of the Board of Statutory Auditors	*Ceased*
	S.A.L. S.r.l.	Chairman of the Board of Statutory Auditors	*Ceased*
	SAB Piemonte S.r.l.	Full Auditor	*Ceased*
	SADEM S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	SAIA Trasporti S.p.A.	Full Auditor	*Ceased*
	SAPAV S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	SIGI.FIN S.p.A.	Director	*Ceased*
	Thera S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Thera Partecipazioni e Servizi S.r.l.	Full Auditor	*Ceased*
Toti S. Musumeci	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Aviva Vita S.p.A.	Chairman	*In office*
	Aviva Assicurazioni Vita S.p.A. (già UBI Assicurazioni Vita S.p.A.)	Director	*In office*
	Banche Popolari Unite – BPU S.c.p.a.	Director	*Ceased*
	Banca Carime S.p.A.	Director	*Ceased*
	Banca Popolare di Ancona S.p.A.	Director	*Ceased*
	Plurifid S.p.A.	Director	*Ceased*
	Sanlorenzo S.p.A.	Director	*In office*
Sergio Orlandi	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Burgfrau snc dei f.lli Orlandi & c.	Managing Partner	*In office*
	Immobiliare Reseda di Edda Fedrizzi & c. S.a.s.	Managing Partner	*In office*
	Tintoria Lux S.p.A.	Director	*In office*
	Sinterama S.p.A.	Director	*In office*
	Montefibre S.p.A.	Director	*In office*
	Euroschor Societé par Action Semplifié	Supervisory Board Member	*In office*
	Immobiliare Reseda di Edda Fedrizzi & C. S.a.s.	50%	*Partner*
	Burgfrau snc dei F.lli Orlandi S.n.c.	25%	*Partner*
	Contel 21 S.p.A.	29.56%	*Partner*
Alessandro Pedersoli	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Assicurazioni Generali S.p.A.	Director	*In office*
	Effe 2005 Gruppo Feltrinelli S.p.A.	Director	*In office*
	RCS MediaGroup S.p.A.	Director	*Ceased*
Giorgio Perolari	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Perofil S.p.A.	Chairman	*In office*
	Italmobiliare S.p.A.	Director and Member of Executive Committee	*In office*

Name and Surname	Company	Positions held / % holding	Status as at the Prospectus Date
	UBI Banca S.c.p.a.	Supervisory Body Member	*Ceased*
	Banche Popolari Unite S.c.p.a.	Director	*Ceased*
	B@nca 24-7 S.p.A.	Director	*Ceased*
	Coralis	Director	*Ceased*
	Immobiliare Albenza S.p.A.	Deputy Chairman of the Board	*In office*
	Perofil S.p.A.	1.16% direct – 85% usufruct	*Partner*
Sergio Pivato	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Freni Brembo S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Reno de Medici S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	SMA S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Società Editoriale Vita S.p.A.	Chairman of the Board of Statutory Auditors	*In office*
	Auchan S.p.A.	Full Auditor	*In office*
	S.I.D.M	Chairman of the Board of Statutory Auditors	*Ceased*
	Edison S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Padana Assicurazioni S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Emittenti Titoli S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Stogit S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Gallerie Commerciali S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Cattolica Previdenza S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Clessidra S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Clessidra Infrastrutture S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	CRSM S.p.A.	Director	*Ceased*
	Laika Caravans S.p.A.	Director	*Ceased*
	Marcora S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
	Ecotask S.p.A.	Chairman of the Board of Statutory Auditors	*Ceased*
Roberto Sestini	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Agenzia per le Relazioni Economiche Industriali e Commerciali con la Cina S.r.l.	Deputy Chairman	*In office*
	Bergamo Fiera Nuova S.p.A.	Chairman	*In office*
	Servitec Servizi per l' Innovaz. Tecnol. della Provincia di Bergamo S.r.l.	Chairman	*In office*
	Tecnodal S.p.A.	Director	*In office*
	Ateneo Bergamo S.p.A.	Director	*Ceased*
	Interconnessione Pedemontana – Brebemi S.p.A.	Chairman	*Ceased*
	Società di Progetto Brebemi S.p.A.	Director	*Ceased*
	Sacbo S.p.A.	Director	*Ceased*
	Sibem S.p.A.	Chairman	*Ceased*
	Futurimpresa SGR S.p.A.	Director	*Ceased*
	Carbitalia S.p.A.	Director	*In office*
	Compressione Gas Tecnici s. cons. a r.l.	Chairman	*In office*
	Esa S.r.l.	Chairman	*In office*
	Flow fin – S.p.A.	Chairman	*In office*
	Ita S.r.l.	Chairman	*Ceased*
	Italargon S.r.l.	Chairman	*Ceased*
	Rivoira S.p.A.	Director	*In office*
	Samac Societa Azionaria Miniere Anidride Carbonica S.p.A.	Chairman	*In office*
	Sefin S.p.A.	Sole Director	*In office*
	Siad Macchine Impianti S.p.A.	Chairman	*In office*
	Societa Italiana Acetilene & Derivati SIAD S.p.A.	Chairman	*In office*
	Stabiagas ASA S.r.l.	Director	*Ceased*
	TRE – F S.r.l.	Sole Director	*In office*
	Siad Servizi S.r.l.	Chairman	*In office*
	Rs Servizi s. cons.a r.l.	Deputy Chairman	*In office*

Name and Surname	Company	Positions held / % holding	Status as at the Prospectus Date
	RRL-S.cons.a.r.l.	Director	*Ceased*
	Innowatio S.p.A.	Director	*Ceased*
	Siad Romania S.r.l.	Chairman	*In office*
	Centrale Orobica S.r.l.	Director	*Ceased*
	Chemgas S.r.l.	Director	*Ceased*
	Igat Industria Gas Tecnici S.p.A.	Director	*Ceased*
	TRE-F S.r.l.	16.54%	*Non-Partner*
Giuseppe Zannoni	UBI Banca S.c.p.a.	Supervisory Board Member	*In office*
	Agorà S.a.s. di Giuseppe Zannoni & C.	Sole Director	*In office*
	Azienda agricola Azzurra di Zannoni & C. s.s.	Director	*In office*
	Rallen Pty Sud Africa	Director	*In office*
	Ceramic Industries Pty Sud Africa	Director	*In office*
	ABC Assicura S.p.A.	Director	*In office*
	Italtile Pty Sud Africa	Director	*Ceased*
	Rallen Limited	20%	*Partner*
	Agorà S.a.s.	25%	*Partner*
	Azienda Agricola Azzurra Soc. Sempl.	60%	*Partner*
	Ceramiche Ricchetti S.p.A.	3.66%	*Partner*

The Supervisory Board Member Battista Albertani received a fine for violating pollution laws.

On 22 January 2009, Federico Manzoni, Supervisory Board Member, received an administrative fine of Euro 21,000, in his capacity as full auditor of Cassa di Risparmio di San Miniato, imposed on the whole Board of Statutory Auditors for shortcomings in the audits conducted by its members (Article 53 (1), Section d) of the Consolidated Banking Act (TUB); Section IV Chapter 11 of the Bank of Italy's Regulatory Instructions). Federico Manzoni is also charged with the offence referred to in Article 4 of Legislative Decree no. 74/2000 ("*New rules on criminal offences relating to income tax and value added tax pursuant to article 9 of the Law of 25 June 1999, No. 205* ") in a criminal case pending before the Court of Milan, as a former Chairman and Legal Representative (2002/2008) of the company, Leasint S.p.A..

On 20 July 2008, Alfredo Gusmini, Supervisory Board Member, received an administrative fine of Euro 35,000 from the Bank of Italy as a Director of Banca Italease S.p.A., for the period between 11 February 2005 and 16 January 2006, due to deficiencies in the organisation and internal controls, anomalies relating to operations with customers in respect of derivatives, credit management deficiencies, breach of risk management rules and failure to report major risks, shortcomings in the Board of Director's performance of its duties as the parent company. A similar fine was also imposed on the other members of the Board of Directors of Banca Italease S.p.A. at the time.

On 22 January 2009, Prof. Sergio Pivato, Supervisory Board Member, received an administrative fine of Euro 21,000 as a member of the Board of Directors of Cassa di Risparmio di San Miniato, imposed on the entire Board of Directors for deficiencies in the organisation, internal controls and credit assessment (Article 53 (1), (d) of the Consolidated Banking Act (TUB); Section IV Chapter 11 of Bank of Italy's Regulatory Instructions).

Except as evidenced by these measures, as far as the Issuer is aware, none of the members of the Issuer's Supervisory Board has, in the last five years, been convicted of any crimes of fraud, been associated, in the performance of their duties, with any bankruptcy, temporary receivership or involuntary liquidation procedures, been the subject of official charges and/or sanctions by public or regulatory authorities (including designated professional bodies), been legally disqualified by a court from acting as a member of the Issuer's administration, management or supervision bodies or from carrying out administration or management activities for any issuer.

14.1.3 General Management

The following table shows information concerning the members of the Issuer's General Management as of the Prospectus Date.

Name and Surname	Position	Length of service with the Group	Place and date of birth
Graziano Caldiani	General Manager	1975	Reggio Emilia, 28 August 1951
Rossella Leidi	Deputy General Manager Head of Commercial Macro Area	1983	Urgnano (Bergamo), 30 May 1964
Giovanni Lupinacci	Deputy General Manager Head of Credit and Credit Recovery Macro Area	1989	San Marco Argentano (Cosenza), 28 September 1951
Ettore Giuseppe Medda	Deputy General Manager Head of Human Resources and Organisation Macro Area	1979	Massa, 21 October 1953
Pierangelo Rigamonti	Deputy General Manager Operational Chairman of UBI Sistemi e Servizi S.c.p.a.	1972	Sirone (Lecco), 24 May 1953

For the purposes of their office, the members of General Management are domiciled at the Company's registered office.

The following is a brief curriculum vitae of each member of General Management, which shows the expertise and experience gained in business management.

Graziano Caldiani – Born in Reggio Emilia on 28 August 1951, he graduated in Law and is a registered auditor. In 1975, he started working at Banca Popolare di Bergamo, where he held various positions in the Network, Human Resources and Legal departments. From 1986 to 2000, he served as Head of the Legal Department of the Banca Popolare di Bergamo Group, and from 2000 to 2003 as Head of Human Resources. Following the merger of Banca Popolare di Bergamo with Banche Popolari Unite, he was appointed Deputy General Manager; from 2003 to 2007 he served as Head of the Human Resources Area. From April to June 2007, he served as Deputy General Manager and Head of the Human Resources Macro Area at UBI Banca and from June 2007 as Head of the Human Resources and Organisation Macro Area. He has been General Manager of UBI Banca since October 2010.

Rossella Leidi – Born in Urgnano (Bergamo) on 30 May 1964, she graduated in Economics and Business at the University of Bergamo. In 1983, she joined Banca Popolare di Bergamo, where she worked initially at the Carvico branch, subsequently moving to the Human Resources Department's selection office in 1986. Since 1990, she has gained extensive experience in the Finance Department. In 2003 she was given responsibility for the Planning and Management Control of derivatives, gaining experience also through stages in the operating rooms of various banks. With the creation of UBI Banca, she was given responsibility for the Strategy and Control Macro Area and was appointed Deputy General Manager. In September 2009, she was appointed Head of the UBI Banca Group's Commercial Macro Area. She is currently a Director of IW Bank, B@nca 24-7 and UBI Assicurazioni.

Giovanni Lupinacci – Born in San Marco Argentano (Cosenza) on 28 September 1951, he joined Banca Provinciale Lombarda (since 1984, Gruppo S. Paolo Torino) in 1976. From 1984 to 1989, he served as Manager of various branches, including finally the central branch in Treviglio. From 1989 to 1994, he served as Area Manager for the Bassa Bresciana & Valtrompia Area at Credito Agrario Bresciano. From 1994 to 2002, he served as Head of the MLT Loans Department within the General Management, first for CAB SpA and subsequently for Banco di Brescia SpA (Banca Lombarda Group). From 2002 to 2005, he served as Head of the Loans Department and Head of the Corporate Division for Banco di Brescia. From 2005 to 2007, he served as Head of the Loans Department of Banca Lombarda e Piemontese SpA. From 2007 to 2009, he served as Head of the Loans Department of UBI Banca. In July 2009, he was appointed Deputy General Manager of UBI Banca with the position of Head of the Credit and Credit Recovery Macro Area at UBI Banca. He has held and still holds various positions on the Boards of Group companies (he is currently a Director of UBI Leasing and UBI Factor).

Ettore Giuseppe Medda – Born in Massa on 21 October 1953, he graduated in Literature and joined Banca San Paolo di Brescia in 1979, where he worked in the General Secretariat Department, as well as gaining experience in the Research Department. In 1994, he became Head of the General Secretariat. In 1999, at Banca Lombarda, which resulted from the merger between Banca San Paolo Brescia and Credito Agrario Bresciano, he was appointed Head of the Company Secretariat, Equity Investments and External Relations. In 2004, he was appointed Deputy General Manager of the Banca Lombarda Group, with the responsibility of coordinating the Company Secretariat, Equity Investments, Finance, External Relations and later Planning and Management Control. As Deputy General Manager of the newly created UBI Banca Group, in October 2007 he was appointed Head of the Finance and International Macro Area and of the Legal and Corporate Affairs Macro Area. In January 2011, he was given responsibility for the Human Resources and Organisation Macro Area of UBI Banca. He has held and still holds various positions on the Boards of Directors of Group companies (currently Director of IW Bank, UBI Sistemi e Servizi, Banque de Dépôts et de Gestion SA, UBI Fiduciaria and Investnet International S.A. and Chairman of Investnet Italia S.r.l.).

Pierangelo Rigamonti – Born in Sirone (Lecco) in 1953, he graduated in Economics and Business at the Catholic University of the Sacred Heart. With Banca Popolare di Bergamo since 1972, he worked at the Cisano Bergamasco (Bergamo) and Calolziocorte (Lecco) branches. In 1974, he joined the Research and Marketing Department; he became Head of that Department in 1981. In 1992, he worked in the Business Area of the Milan office. The following year, he was appointed Deputy Manager of the Albano Sant'Alessandro (Bergamo) branch, and in December of that year, Manager of the Albino (Bergamo) Branch. In 1995, he was appointed Head of Coordination and Control and the following year, Head of the Research and Marketing Department. In November 1998, he became Head of Organisation and Information Systems and, since 2001, he was Head of Resources and Support Structures. In 2002, he was appointed Central Manager. With the formation of BPU in July 2003, he was appointed Head of Organisation, Systems and Services and Deputy General Manager. Since 2007, he has become Operational Chairman of UBI Sistemi e Servizi S.c.p.a. He is also a Director of IW Bank and Cartasì S.p.A..

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None of the members of the General Management has a family relationship with other members of the Management Board, members of the Supervisory Board, or with other members of the Issuer's General Management.

The following table shows the companies or partnerships in which members of the General Management have been members of the administrative, management or supervisory bodies, or partners in the last five years, specifying their status as at the Prospectus Date.

Name and Surname	Company	Positions held / % holding	Status as at the Prospectus Date
Graziano Caldiani	UBI Banca S.c.p.a.	General Manager	*In office*
	UBI Sistemi e Servizi S.c.p.a.	Director	*In office*
Rossella Leidi	UBI Banca S.c.p.a.	Deputy General Manager	*In office*
	B@nca 24-7 S.p.A.	Director	*In office*
	UBI Assicurazioni S.p.A.	Director	*In office*
	IWBank S.p.A.	Director	*In office*
	Aviva Assicurazioni Vita	Director	*Ceased*
	Aviva Vita S.p.A.	Director	*Ceased*
	Centrobanca S.p.A.	Director and Member of Executive Committee	*Ceased*
	Banca Regionale Europea S.p.A.	Director	*Ceased*
	Iseco S.r.l.	35.53%	*Member*
Giovanni Lupinacci	UBI Banca S.c.p.a.	Deputy General Manager	*In office*
	UBI Factor S.p.A.	Director	*In office*
	UBI Leasing S.p.A.	Director	*In office*
	UBI Leasing S.p.A.	Member of Executive Committee	*In office*
	Banco di San Giorgio S.p.A.	Director	*Ceased*
	Banco di San Giorgio S.p.A.	Member of Executive Committee	*Ceased*
Ettore Medda	UBI Banca S.c.p.a.	Deputy General Manager	*In office*
	UBI Fiduciaria S.p.A.	Director	*In office*
	UBI Sistemi e Servizi S.c.p.a.	Director	*In office*
	UBI Banca International S.A.	Director	*Ceased*
	Banque de Dépôts et de Gestion S.A.	Director – Member of Management Committee	*In office*
	IW Bank S.p.A.	Director	*In office*
	Mercati Finanziari SIM S.p.A.	Director	*Ceased*
	UBI Lombarda Private Investment S.p.A.	Director	*Ceased*
	SBS Rent	Chairman of the Board	*Ceased*
	Cassa di Previdenza Previdi	Chairman	*In office*
	Investnet International S.A.	Director	*In office*
	Investnet Italia S.r.l.	Chairman	*In office*
Pierangelo Rigamonti	UBI Banca S.c.p.a.	Deputy General Manager	*In office*
	Mercato Impresa S.p.A.	Director	*Ceased*
	UBI Centrosystem S.p.A.	Chairman	*Ceased*
	UBI Sistemi e Servizi S.c.p.a.	Operational Chairman	*In office*
	Cartasì S.p.A.	Director	*In office*
	IW Bank S.p.A.	Director	*In office*
	Bergamo Esattorie S.p.A.	Director	*Ceased*
	Cim Italia S.p.a. (ex Cilme Multitel)	Director and Deputy Chairman	*Ceased*
	Seceti S.p.A.	Director	*Ceased*

As far as the Issuer is aware, none of the members of the Issuer's General Management has, in the last five years, been convicted of any crimes of fraud, been associated, in the performance of their duties, with any bankruptcy, temporary receivership or involuntary liquidation procedures, been the subject of official charges and/or sanctions by public or regulatory authorities (including designated professional bodies), been legally disqualified by a court from acting as a member of the Issuer's administration, management or supervision bodies or from carrying out administration or management activities for any issuer.

14.2 Conflicts of interest of members of the Management Board, members of the Supervisory Board and members of General Management

As far as the Issuer is aware, no member of the Management Board, Supervisory Board or General Management has any private interest that conflicts with his or her obligations arising from the office or position held with the Bank, except in connection with transactions submitted to the relevant bodies and approved pursuant to articles 2391 of the Italian Civil Code and 136 of the Consolidated Banking Act (TUB).

More specifically, in the event of such conflicts of interest, pursuant to Article 2391 of the Italian Civil Code, the company representative must disclose his or her interests (personal or on behalf of third parties), in a specific transaction. The Director must disclose the nature, source and extent of his or her interest.

Additionally, pursuant to Article 136 of the Consolidated Banking Act (TUB), persons performing administrative, management and control functions at a bank may not directly or indirectly undertake obligations with or sell or purchase to/from the bank that they manage, direct or control, without the prior unanimous decision of the Management Board and the favourable vote of all members of the control body, without prejudice to their obligations under the Italian Civil Code provisions on directors' interests and related party transactions. The same provisions also apply to persons performing administrative, management and control functions, at a bank or company that is part of a banking group, in respect of the above mentioned obligations or transactions entered into with the same company or financing operations set up with other companies or banks in the group. In such cases, the obligation or transaction must be approved, in the manner provided for in paragraph 1, by the bodies of the contracting company or bank and with the consent of the parent company.

Furthermore, UBI Banca confirms that it has adopted "*Regulations for the discipline of related-party transactions*". Further information on these can be found in Chapter XVI, Paragraph 16.4. These regulations establish the exclusive jurisdiction of the Management Board in respect of "more significant" transactions with related parties that are of significant economic and financial relevance to the Issuer.

As at the Prospectus Date, the parties named in the table in Section One, Chapter XIV, Paragraph 14.1 of the Prospectus have not agreed on restrictions of the sale of the Issuer's shares that they may hold in the portfolio, except for membership of the Associazione Banca Lombarda e Piemontese by Albertani Battista, Giovanni Bazoli, Corrado Faissola, Alberto Folonari, Silvia Fidanza, Giuseppe Lucchini, Federico Manzoni, and Giuseppe Camadini and Franco Polotti, which establishes a right of pre-emption for members in the event of a sale of the Issuer's shares. The extract from the Statutes of the Associazione Banca Lombarda e Piemontese is published on the website www.consob.it.

CHAPTER XV – REMUNERATION AND BENEFITS

15.1 Remuneration and benefits in favour of the Supervisory Board members, the Management Board members and Senior Executives for services rendered in any capacity

The shareholders' meeting establishes the remuneration of the Supervisory Board members, as well as an additional overall amount for the remuneration of those vested with specific appointments, powers or functions; this is allocated by the Supervisory Board, having consulted the Remuneration Committee, establishing the remuneration for the Chairman, the Senior Deputy Chairman, the Deputy Chairmen as well as the members of the Supervisory Board who are assigned specific offices, powers or functions by the Corporate By-Laws or by said Supervisory Board, considering participation in the Committees among other aspects. The Supervisory Board members are also assigned attendance fees for participation in the meetings of said Board, as well as in those of the commissions and committees established by the Supervisory Board itself, to the extent established by the shareholders' meeting.

The shareholders' meeting held on 24 April 2010 resolved:

- a fixed annual remuneration for the three-year period 2010-2011-2012 for each Supervisory Board member of Euro 100,000 (one hundred thousand), for a total annual amount of Euro 2,300,000;
- the additional overall amount for the remuneration of the Supervisory Board members vested with specific offices, powers or functions as Euro 1,500,000 per annum.

The above amounts are inclusive of attendance fees.

Pursuant to the Corporate By-Laws, the remuneration due to the members of the Management Board is determined by the Supervisory Board. They are also allocated attendance fees for taking part in the Management Board meetings, as well as in those of the commissions and committees set up by the Management Board itself to the extent established by the Supervisory Board, and further remuneration is established by the Supervisory Board for those members of the Management Board vested with specific offices envisaged by the Corporate By-Laws. In this connection, the Supervisory Board resolved to allocate each Management Board member an annual fixed remuneration of Euro 150,000 for the three-year period 2010-2011-2012; the traditional attendance fees are included within this fixed amount.

In addition to the remuneration for the office of Board member, the Chairman of the Management Board is acknowledged an annual remuneration of Euro 500,000, the Deputy Chairman an annual remuneration of Euro 200,000 and the Chief Executive Officer an annual remuneration as follows: Euro 750,000 as Executive, Euro 100,000 for a non-competition agreement (for a period of one year from termination of the appointment), a variable bonus linked to the fixed remuneration deriving from the position of Executive and Euro 500,000 for the office of Chief Executive Officer. Without prejudice to the matters specified above for the Chief Executive Officer, the remuneration of the Management Board members is not linked to the economic results achieved.

Note that on 30 April 2011 the ordinary shareholders' meeting approved the document "Remuneration and Incentive Policies" for the UBI Banca Group ("**2011 Policy**"), among other things, for the Management Board members and the top management of the Bank and the Group companies ("**Top Management**").

With reference to the members of the Management Board, the remuneration policies adopted envisage that remuneration is fixed to an equal extent with respect to that envisaged for the corresponding roles on the Supervisory Board. In detail: (i) the Chairman of the Management Board, if undertaking appointments in other Group banks/companies, may receive an additional overall remuneration no greater than 30% of the remuneration established for the office of Chairman of the Supervisory Board; (ii) the maximum level of total emolument which can be received by each Management Board member, with the sole exclusion of the Chairman and the Chief Executive Officer, for participation in the Management Board and the other corporate bodies of the Group companies, is as a rule no greater than 80% of the remuneration for the office of the Chairmen of the Supervisory Board and the Management Board; (iii) the Management Board members, with the exception of the Chief Executive Officer, do not benefit from variable forms of remuneration linked to results; (iv) the Chief Executive Officer is reserved a variable bonus linked to the fixed remuneration deriving from the position as executive; (v) none of the Management Board members can waive part or all of their remuneration by means of unilateral decision; (vi) guaranteed bonuses or severance indemnities are not envisaged for the Management Board members; (vii) the attendance fees are included in the fixed remuneration.

With specific reference to Top Management, the following is envisaged: (i) the deferral of a portion (in consideration of the role covered) of between 40% and 60% of the bonus; (ii) the introduction of financial instruments (listed parent company UBI Banca shares) for a portion equating to at least 50% of the variable remuneration, envisaging an adequate retention period for the same, so as to align the incentives with the Bank’s medium/long-term interests; and (iii) the existence of a clawback clause, according to which the definitive allocation of the bonus only takes place in the event of the achievement of specific future conditions, with provisional and temporary advancing of the related outlay which remains subject to repayment in the event of fraudulent conduct or gross negligence.

The fees paid during 2010 – for any purpose and under any form as indicated in the explanatory notes to the Issuer's 2010 financial statements – to the members of the Management Board, the Supervisory Board, and the executives with strategic responsibilities of the Issuer, in office as at the Prospectus Date, are presented below.

Name and Surname	Office covered	Duration in office	Expiry of office	Remuneration for the office	Non-monetary benefits	Bonuses and other incentives	Other fees (1)	Partial total	Grand total
Corrado Faissola	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**564,417.59**	**564,417.59**
	- Chairman of the Supervisory Board			468,681.32					
	- Supervisory Board Member			93,736.27					
	- Attendance fees			2,000.00					
Giuseppe Calvi	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**331,076.93**	**331,076.93**
	- Senior Deputy Chairman of the Supervisory Board			234,340.66					
	- Supervisory Board Member			93,736.27					
	- Attendance fees			3,000.00					
Alberto Folonari	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**185,211.55**	**185,211.55**
	- Deputy Chairman of the Supervisory Board			88,475.28					
	- Supervisory Board Member			93,736.27					
	- Attendance fees			3,000.00					
Mario Mazzoleni	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**184,211.55**	**184,211.55**
	- Deputy Chairman of the Supervisory Board			88,475.28					
	- Supervisory Board Member			93,736.27					
	- Attendance fees			2,000.00					
Battista Albertani	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**95,236.27**	**95,236.27**
	- Supervisory Board Member			93,736.27					
	- Attendance fees			1,500.00					
Giovanni Bazoli	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**95,486.27**	**95,486.27**
	- Supervisory Board Member			93,736.27					
	- Attendance fees			1,750.00					
Luigi Bellini	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**144,692.31**	**144,692.31**
	- Supervisory Board Member			93,736.27					
	- Internal Control Committee Member			46,456.04					
	- Attendance fees			4,500.00					
Mario Cattaneo	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**204,925.83**	**204,925.83**

Name and Surname	Office covered	Duration in office	Expiry of office	Remuneration for the office	Non-monetary benefits	Bonuses and other incentives	Other fees (1)	Partial total	Grand total
	- Supervisory Board Member			93,736.27					
	- Internal Control Committee Member			46,456.04					
	- Accounts Committee: Chairman: 1.1/23.4; Member: 27.4/31.12			58,983.52					
	- Attendance fees			5,750.00					
Silvia Fidanza	**UBI BANCA:**	24.04/31.12	2013 shareholders' meeting					**68,681.32**	**68,681.32**
	- Supervisory Board Member			68,681.32					
Enio Fontana	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**95,236.27**	**95,236.27**
	- Supervisory Board Member			93,736.27					
	- Attendance fees			1,500.00					
Carlo Garavaglia	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**192,398.35**	**192,398.35**
	- Supervisory Board Member			93,736.27					
	- Internal Control Committee Member (1.1/23.4)			12,527.47					
	-Accounts Committee: Member 1.1/23.4; Chairman 27.4/31.12;			80,384.61					
	- Attendance fees			5,750.00					
Alfredo Gusmini	**UBI BANCA:**								**152,925.89**
	- Supervisory Board Member	24.4/31.12	2013 shareholders' meeting	68,681.32				**102,609.89**	
	- Internal Control Committee Member: 27.4/31.12			33,928.57					
	- Management Board Member	1.1/22.4	22.04.2010	46,566.00				**50,316.00**	
	- Attendance fees			3,750.00					
Pietro Beretta Gussalli	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**94,736.27**	**94,736.27**
	- Supervisory Board Member			93,736.27					
	- Attendance fees			1,000.00					
Giuseppe Lucchini	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**94,986.27**	**94,986.27**
	- Supervisory Board Member			93,736.27					
	- Attendance fees			1,250.00					

Name and Surname	Office covered	Duration in office	Expiry of office	Remuneration for the office	Non-monetary benefits	Bonuses and other incentives	Other fees (1)	Partial total	Grand total
Italo Lucchini	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**144,442.31**	**144,442.31**
	- Supervisory Board Member			93,736.27					
	- Internal Control Committee Member			46,456.04					
	- Attendance fees			4,250.00					
Federico Manzoni	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**190,898.35**	**190,898.35**
	- Supervisory Board Member			93,736.27					
	- Secretary			46,456.04					
	- Accounts Committee Member			46,456.04					
	- Attendance fees			4,250.00					
Toti S. Musumeci	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**96,236.27**	**96,236.27**
	- Supervisory Board Member			93,736.27					
	- Attendance fees			2,500.00					
Sergio Orlandi	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**142,692.31**	**142,692.31**
	- Supervisory Board Member			93,736.27					
	-Accounts Committee Member			46,456.04					
	- Attendance fees			2,500.00					
Alessandro Pedersoli	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**95,486.27**	**95,486.27**
	- Supervisory Board Member			93,736.27					
	- Attendance fees			1,750.00					
Giorgio Perolari	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**95,236.27**	**95,236.27**
	- Supervisory Board Member			93,736.27					
	- Attendance fees			1,500.00					
Sergio Pivato	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**190,898.36**	**190,898.36**
	- Supervisory Board Member			93,736.27					
	- Chairman of the Internal Control Committee			92,912.09					

Name and Surname	Office covered	Duration in office	Expiry of office	Remuneration for the office	Non-monetary benefits	Bonuses and other incentives	Other fees (1)	Partial total	Grand total
	- Attendance fees			4,250.00					
Roberto Sestini	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**94,986.27**	**94,986.27**
	- Supervisory Board Member			93,736.27					
	- Attendance fees			1,250.00					
Giuseppe Zannoni	**UBI BANCA:**	24.04/31.12	2013 shareholders' meeting					**68,681.32**	**68,681.32**
	- Supervisory Board Member			68,681.32					
Paolo Luzzi Ferro	**UBI BANCA:**	01.01/23.4	23.04.2010					**26,054.95**	**36,890.57**
	- Supervisory Board Member			25,054.95					
	- Attendance fees			1,000.00					
	PRESTITALIA:	09.09/31.12	2013 shareholders' meeting					**10,835.62**	
	- Chairman of the Board of Directors						10,835.62		
Virgilio Fidanza	**UBI BANCA:**	01.01/23.4	23.04.2010					**26,054.95**	**26,054.95**
	- Supervisory Board Member			25,054.95					
	- Attendance fees			1,000.00					
Emilio Zanetti	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**652,500.00**	**874,000.00**
	- Chairman of the Management Board			500,000.00					
	- Management Board Member			150,000.00					
	- Attendance fees			2,500.00					
	BANCA POPOLARE DI BERGAMO:	01.01/31.12	2011 shareholders' meeting					**221,500.00**	
	- Chairman of the Board of Directors						150,000.00		
	- Director						40,000.00		
	- Executive Committee						25,000.00		
	- Attendance fees						6,500.00		

Name and Surname	Office covered	Duration in office	Expiry of office	Remuneration for the office	Non-monetary benefits	Bonuses and other incentives	Other fees (1)	Partial total	Grand total
Flavio Pizzini	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**352,500.00**	**532,876.03**
	- Deputy Chairman of the Management Board			200,000.00					
	- Management Board Member			150,000.00					
	- Attendance fees			2,500.00					
	BANCO DI BRESCIA:	01.01/31.12	2011 shareholders' meeting					**70,500.00**	
	- Director						40,000.00		
	- Executive Committee						25,000.00		
	- Attendance fees						5,500.00		
	UBI SISTEMI E SERVIZI:	01.01/31.12	2012 shareholders' meeting					**79,876.03**	
	- Deputy Chairman of the Board of Directors						60,000.00		
	- Director						4,626.03		
	- Executive Committee						10,000.00		
	- Attendance fees						5,250.00		
	UBI BANCA INTERNATIONAL:	01.01/31.12	2011 shareholders' meeting					**30,000.00**	
	- Chairman of the Board of Directors						30,000.00		
Victor Massiah	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**1,434,758.80**	**1,434,758.80**
	- Chief Executive Officer			500,000.00	4,104.23		778,154.57	**(2)**	
	- Management Board Member			150,000.00					
	- Attendance fees			2,500.00					
	BANCO DI BRESCIA: Director	01.01/31.12	2011 shareholders' meeting					**(3)**	
	BANCA POPOLARE DI BERGAMO: *Director and Executive Committee Member*	01.01/31.12	2011 shareholders' meeting					**(3)**	
	CENTROBANCA: *Director*	01.01/31.12	2011 shareholders' meeting					**(3)**	
Giampiero Armenise Auletta	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**152,500.00**	**490,250.00**
	- Management Board Member			150,000.00					
	- Attendance fees			2,500.00					
	BANCA POPOLARE DI BERGAMO:	01.01/31.12	2011 shareholders' meeting					**43,250.00**	
	- Director						40,000.00		
	- Attendance fees						3,250.00		

Name and Surname	Office covered	Duration in office	Expiry of office	Remuneration for the office	Non-monetary benefits	Bonuses and other incentives	Other fees (1)	Partial total	Grand total
	BANCA REGIONALE EUROPEA:	01.01/31.03	31.03.2010					**10,750.00**	
	- Director						10,000.00		
	- Attendance fees						750.00		
	BANCA POPOLARE COMMERCIO E INDUSTRIA:	01.01/31.12	2011 shareholders' meeting					**66,250.00**	
	- Director						40,000.00		
	- Executive Committee						20,000.00		
	- Attendance fees						6,250.00		
	BANCA CARIME:	01.01/31.12	2011 shareholders' meeting					**153,000.00**	
	- Senior Deputy Chairman of the Board of Directors						90,000.00		
	- Director						40,000.00		
	- Executive Committee						20,000.00		
	- Attendance fees						3,000.00		
	BANCA POPOLARE DI ANCONA:	01.01/31.12	2011 shareholders' meeting					**64,500.00**	
	- Director						40,000.00		
	- Executive Committee						20,000.00		
	- Attendance fees						4,500.00		

Name and Surname	Office covered	Duration in office	Expiry of office	Remuneration for the office	Non-monetary benefits	Bonuses and other incentives	Other fees (1)	Partial total	Grand total
Giuseppe Camadini	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**152,500.00**	**320,000.00**
	- Management Board Member			150,000.00					
	- Attendance fees			2,500.00					
	BANCO DI BRESCIA:	01.01/31.12	2011 shareholders' meeting					**44,000.00**	
	- Director						40,000.00		
	- Attendance fees						4,000.00		
	BANCA DI VALLE CAMONICA:	01.01/31.12	2011 shareholders' meeting					**27,250.00**	
	- Director						25,000.00		
	- Attendance fees						2,250.00		
	BANCA REGIONALE EUROPEA:	01.01/31.12	2011 shareholders' meeting					**96,250.00**	
	- Deputy Chairman of the Board of Directors						57,500.00		
	- Director						32,500.00		
	- Executive Committee						5,000.00		
	- Attendance fees						1,250.00		
Mario Cera	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**152,500.00**	**366,500.00**
	- Management Board Member			150,000.00					
	- Attendance fees			2,500.00					
	BANCA REGIONALE EUROPEA:	01.01/31.03	31.03.2010					**29,250.00**	
	- Senior Deputy Chairman of the Board of Directors						12,500.00		
	- Director						10,000.00		
	- Executive Committee						5,000.00		
	- Attendance fees						1,750.00		
	BANCA POPOLARE COMMERCIO E INDUSTRIA:	01.01/31.12	2011 shareholders' meeting					**114,750.00**	
	- Deputy Chairman of the Board of Directors						50,000.00		
	- Director						40,000.00		
	- Executive Committee						20,000.00		
	- Attendance fees						4,750.00		
	IW BANK:	01.01/31.12	2012 shareholders' meeting					**70,000.00**	
	- Chairman of the Board of Directors						60,000.00		
	- Director						10,000.00		
Giorgio Frigeri	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**152,500.00**	**353,751.03**

Name and Surname	Office covered	Duration in office	Expiry of office	Remuneration for the office	Non-monetary benefits	Bonuses and other incentives	Other fees (1)	Partial total	Grand total
	- Management Board Member			150,000.00					
	- Attendance fees			2,500.00					
	BANCA 24/7:	01.01/31.12	2013 shareholders' meeting					**10,750.00**	
	- Director						10,000.00		
	- Attendance fees						750.00		
	CENTROBANCA SVILUPPO IMPRESA SGR:	01.01/31.12	2011 shareholders' meeting					**18,000.00**	
	- Chairman of the Board of Directors						10,000.00		
	- Director						8,000.00		
	FINANZATTIVA SERVIZI:	01.01/31.12	2011 shareholders' meeting					**1,000.00**	
	- Chairman of the Board of Directors						1,000.00		
	UBI PRAMERICA SGR SPA:	01.01/31.12	2011 shareholders' meeting					**50,000.00**	
	- Chairman of the Board of Directors						50,000.00		
	CENTROBANCA:	01.01/31.12	2011 shareholders' meeting					**90,000.00**	
	- Deputy Chairman of the Board of Directors						60,000.00		
	- Director						30,000.00		
	IW BANK:	01.01/31.12	2012 shareholders' meeting					**10,000.00**	
	- Director						10,000.00		
	UBI PRAMERICA ALTERNATIVE SGR (merged by incorporation in UBI Pramerica SGR as from 1.7.2010):	01.01/30.06	30.06.2010					**1,500.00**	
	- Chairman of the Board of Directors						1,500.00		
	CAPITALGEST ALTERNATIVE INVESTMENTS SGR (merged by incorporation in UBI Pramerica SGR as from 1.7.2010):	01.01/30.06	30.06.2010					**125.00**	
	- Director						125.00		

Name and Surname	Office covered	Duration in office	Expiry of office	Remuneration for the office	Non-monetary benefits	Bonuses and other incentives	Other fees (1)	Partial total	Grand total
Giorgio Frigeri	**UBI SISTEMI E SERVIZI:**	01.01/31.12	2012 shareholders' meeting					**19,876.03**	
	- Director						4,626.03		
	- Executive Committee						10,000.00		
	- Attendance fees						5,250.00		
GianLuigi Gola	**UBI BANCA:**	30.06/31.12	2013 shareholders' meeting					**75,408.00**	**75,408.00**
	- Management Board Member			75,408.00					
Guido Lupini	**UBI BANCA:**	27.04/31.12	2013 shareholders' meeting					**101,786.00**	**223,286.00**
	- Management Board Member			101,786.00					
	BANCA POPOLARE DI BERGAMO:	01.01/31.12	2011 shareholders' meeting					**121,500.00**	
	- Deputy Chairman of the Board of Directors						50,000.00		
	- Director						40,000.00		
	- Executive Committee						25,000.00		
	- Attendance fees						6,500.00		
Andrea Moltrasio	**UBI BANCA:**								**128,090.95**
	- Management Board Member	27.04/31.12	2013 shareholders' meeting	101,786.00				**101,786.00**	
	- Supervisory Board Member	01.01/23.04.	23.04.2010	25,054.95				**26,304.95**	
	- Attendance fees			1,250.00					
Franco Polotti	**UBI BANCA:**	01.01/31.12	2013 shareholders' meeting					**152,500.00**	**223,750.00**
	- Management Board Member			150,000.00					
	- Attendance fees			2,500.00					
	BANCO DI BRESCIA:	01.01/31.12	2011 shareholders' meeting					**71,250.00**	
	- Director						40,000.00		
	- Executive Committee						25,000.00		
	- Attendance fees						6,250.00		
Piero Bertolotto	**UBI BANCA:**	01.01/26.4	26.04.2010					**50,464.00**	**223,890.71**
	- Management Board Member			48,214.00					
	- Attendance fees			2,250.00					
	BANCA REGIONALE EUROPEA:	01.01/31.12	2011 shareholders' meeting					**169,500.00**	
	- Chairman of the Board of Directors						130,000.00		
	- Director						32,500.00		
	- Executive Committee						5,000.00		
	- Attendance fees						2,000.00		
	UBI BANCA INTERNATIONAL:	01.01/24.05	24.05.2010					**1,183.56**	
	- Director						1,183.56		
	BANCA 24/7:	01.01/01.04	01.04.2010					**2,743.15**	
	- Director						2,493.15		

Name and Surname	Office covered	Duration in office	Expiry of office	Remuneration for the office	Non-monetary benefits	Bonuses and other incentives	Other fees (1)	Partial total	Grand total
	- Attendance fees						250.00		
Mario Boselli	**UBI BANCA:**	01.01/26.04	26.04.2010					**50,714.00**	**200,714.00**
	- Management Board Member			48,214.00					
	- Attendance fees			2,500.00					
	CENTROBANCA:	01.01/31.12	2011 shareholders' meeting					**150,000.00**	
	- Chairman of the Board of Directors						120,000.00		
	- Director						30,000.00		
Graziano Caldiani	**UBI BANCA:**	01.10/31.12	The office does not envisage an expiry date					**201,899.64**	**201,899.64**
	- General Manager				422.77		201,476.87		
	UBI SISTEMI E SERVIZI: *Director*	01.01/31.12	31.12.2012.					**(3)**	
Riccardo Sora	**UBI BANCA:**	01.01/30.09	30.09.2010					**1,025,634.36**	**1,025,634.36**
	- General Manager				2,846.30		1,022,788.06		
	BANCA CARIME: *Director and Executive Committee Member*	01.01/30.09	30.09.2010					**(3)**	
	UBI SISTEMI E SERVIZI: *Director*	01.01/30.09	30.09.2010					**(3)**	
Executives with strategic responsibilities		01.01/31.12	The offices do not envisage an expiry date		33,643.49	347,267.70	3,154,343.85	**3,535,255.04**	**3,535,255.04**

(1) The "other fees" column contains a breakdown of the emoluments paid by other Group companies as well as the remuneration for employment services.

(2) Including Euro 100 thousand for the non-competition agreement.

(3) The fees pertaining to Victor Massiah, to Graziano Caldiani, to Riccardo Sora and the Executives with strategic responsibilities do not include those due for any offices covered by the same in other Group companies since these are paid directly to UBI Banca.

15.2 Total of the amounts set aside or accumulated by the Issuer or by the other Group companies for the payment of pensions, termination indemnities or similar benefits

As at 31 March 2011, the total of the liabilities recorded in the financial statements at consolidated level for the payment of termination indemnities and other benefits relating to the Group employees who are also members of the administration, management or supervisory bodies and the executives with strategic responsibilities of UBI Banca came to Euro 3,378,324.38.

CHAPTER XVI – PROCEDURES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

16.1 Term of office of the Management Board members and the Supervisory Board members

The Issuer's current Management Board falls from office as of the date of the Supervisory Board meeting called to approve the 2012 financial statements.

The Issuer's current Supervisory Board falls from office as of the date of the 2013 shareholders' meeting.

For further information regarding the offices indicated above, please refer to the matters indicated in Section One, Chapter XIV of the Prospectus.

16.2 Employment contracts entered into between the Management Board members and the Supervisory Board members and the Issuer which envisage a termination benefit

As at the Prospectus Date, there were no employment contracts entered into between Management Board members and Supervisory Board members and the Issuer or Group companies which envisage a termination benefit, with the exception of the Chief Executive Officer, Victor Massiah, in relation to his position as executive.

16.3 Information on the Internal Committees

The Issuer's Supervisory Committee – in relation to the responsibilities assigned to the same, its composition and the features of its components – resolved to establish specific Committees within its sphere, also in compliance with the recommendations contained in the Corporate Governance Code:

– Appointments Committee (with 6 members);

– Remuneration Committee (with 5 members);

– Internal Control Committee (with 5 members);

– Accounts Committee (with 4 members).

These Committees were established so as to permit the Supervisory Body to adopt its decisions with greater knowledge of the issues involved.

In order to meet its responsibilities, the Supervisory Body therefore avails itself of the support of these Committees, which are given functions of consultation, proposal and investigation.

The activities of the Committees are documented in the related minutes which are drawn up by the Secretary, appointed by each Committee also on a permanent basis and not necessarily from among its members.

The Committees report periodically to the Supervisory Board on the activities carried out also by means of specific annual reports.

In compliance with the provisions envisaged in the "Regulations for the discipline of UBI Banca ScpA related-party transactions" ("**Related Party Regulations**"), adopted by way of implementation of the provisions envisaged by Article 2391 *bis* of the Italian Civil Code as well as the Consob Regulations concerning related parties adopted by means of Resolution no. 17221/2010 and subsequent amendments ("**Regulation 17221**"), the Supervisory Board also set up an internal "Related Parties Committee", made up of 3 members, who are required to perform the functions assigned to the same by the Related Party Regulations, in compliance with the provisions envisaged by Regulation 17221. For further information concerning the procedure envisaged by the Related Party Regulations, please refer to Paragraph 16.4 below.

Appointments Committee

The Appointments Committee (which comprises the Chairman of the Supervisory Board acting as Chairman, and the Senior Deputy Chairman, as per Article 49 of the Corporate By-Laws) is made up of the following Supervisory Board members:

Name and Surname	Date of appointment
Corrado Faissola (Chairman)	27 April 2010
Giuseppe Calvi	27 April 2010
Mario Mazzoleni	27 April 2010
Carlo Garavaglia	27 April 2010
Giovanni Bazoli	27 April 2010
Alberto Folonari	27 April 2010

The Appointments Committee is disciplined by specific regulations which establish the responsibilities and functioning of the same. In particular, among other aspects and in compliance with the provisions envisaged by the Corporate By-Laws, the Appointments Committee:

- identifies the candidates to the position of Supervisory Board member to be proposed to said Supervisory Board for the presentation of the list to the shareholders' meeting;
- identifies the candidates to the position of Management Board member to be proposed to the Supervisory Board.

Remuneration Committee

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

Name and Surname	Date of appointment
Alessandro Pedersoli (Chairman)	27 April 2010
Giuseppe Calvi	27 April 2010
Giuseppe Lucchini	27 April 2010
Toti S. Musumeci	27 April 2010
Alberto Folonari	27 April 2010

The Remuneration Committee is disciplined by specific regulations which establish the responsibilities and functioning of the same.

Specifically, the Remuneration Committee formulates:

- proposals for the decisions which the Supervisory Board must be submitted for approval to the shareholders' meeting for the determination of the remuneration of the Supervisory Board members, the remuneration of the Management Board members, the remuneration and incentive policies relating to the corporate bodies, the employees and the professionals not linked to the company by employment relationships;
- opinions concerning the resolutions on remuneration and incentives for the purpose of checking the consistency of the same with the remuneration policies authorised by the Supervisory Board.

Internal Control Committee

The Internal Control Committee is made up of the following Supervisory Board members, all enrolled in the Italian Register of Auditors:

Name and Surname	Date of appointment
Sergio Pivato (Chairman)	27 April 2010
Luigi Bellini	27 April 2010
Italo Lucchini	27 April 2010
Mario Cattaneo	27 April 2010
Alfredo Gusmini	27 April 2010

The Internal Control Committee is disciplined by specific regulations which establish the responsibilities and functioning procedures of the same.

The Internal Control Committee has the task of assisting – with functions of investigation, consultation and proposal – the Supervisory Board when acquitting its control body responsibilities, as established by legislation in force.

Within the sphere of these responsibilities, the Internal Control Committee assists the Supervisory Board in carrying out the supervision – envisaged by Article 149, first and third sections of the Consolidated Finance Act (TUF) – on the internal controls system and on the other activities envisaged by the Supervisory Board's control responsibilities.

The Internal Control Committee exercises the functions assigned to the Internal and Accounts Audit Committee as per Article 19 of Legislative Decree no. 39, and, specifically, performs the following supervisory activities on:

- the financial information process;
- the effectiveness of the internal controls, internal audit and risk management system;
- the legal audit of the annual separate and consolidated accounts;
- the independence of the party appointed to carry out the legal audit, in particular with regard to the provision of non-audit related activities.

Availing itself of the relevant corporate structures, the Committee may proceed at any time with inspection and audit activities and exchange information with the audit bodies of the Group companies in relation to the management and control systems and the performance of the corporate activities.

At least one member of the Internal Control Committee, on a rotating basis, takes part in the Management Board meetings as per regulatory provisions in force.

Accounts Committee

The Accounts Committee is made up of the following Supervisory Board members:

Name and Surname	Date of appointment
Carlo Garavaglia (Chairman)	27 April 2010
Mario Cattaneo	27 April 2010
Federico Manzoni	27 April 2010
Sergio Orlandi	27 April 2010

The Accounts Committee has the task of assisting – with functions of investigation, consultation and proposal – the Supervisory Board with its responsibilities, as defined by legislation in force, relating to the approval of the annual financial statements and the examination of the periodic financial statements, expressing its opinion in this connection, so as to permit said Board to adopt its own decisions in an informed and aware manner. In particular, as part of these responsibilities, the Committee meets the cognitive and analytical needs of the Supervisory Board by acquiring accounting information prior to the preparation of the separate and consolidated financial statements and the drafting of the half-year financial report and the interim management reports, following the drafting of the accounting documents on the basis of the examination of data as progressively formed and of the related information gradually made available. In carrying out its duties, the Accounts Committee generally avails itself of the information flows envisaged for the Supervisory Board in the specific Regulations, as well as of the disclosure contributions from the Senior Officer responsible for preparing the corporate accounting documents.

<u>Related Parties Committee</u>

The Related Parties Committee is required to put forward its justified opinion on the existence of UBI Banca's interest in carrying out transactions with related parties as well as on the appropriateness and correctness of the related conditions.

The Related Parties Committee is made up of the following Supervisory Board members:

Name and Surname	**Date of appointment**
Federico Manzoni (Chairman)	24 November 2010
Silvia Fidanza	24 November 2010
Sergio Orlandi	24 November 2010

The responsibilities and the function of the Related Parties Committee are disciplined by the "Regulations for the discipline of UBI Banca ScpA related-party transactions"; for further information in this connection, see Paragraph 16.4 below.

16.4 Acknowledgement of the provisions concerning corporate governance

The Issuer has adapted its corporate governance system to the provisions envisaged by the Consolidated Finance Act (TUF) and the related implementing provisions and banking legislation – with particular reference to the specific norms addressing co-operative banks – envisaged by the Consolidated Banking Act (TUB).

UBI Banca has also adopted a Corporate Governance Code which mainly addresses listed companies with a traditional governance model and which, under Article 12, lays down that in the event of adoption of a dual or one-tier management and control system "*the previous articles apply in as far as they are compatible, adapting the individual provisions to the specific model adopted, consistently with the objectives of good corporate governance, disclosure transparency and protection of the investors and the market pursued by the Code and in light of the applicative criteria envisaged by this article*".

On 4 March 2008, the Bank of Italy issued the "Supervisory Provisions concerning organisation and corporate governance of banks", by means of which it set principles and policies aimed at ensuring the pursuit of the corporate objectives and guaranteeing sound and prudent management conditions.

Further to the issue of these Supervisory Provisions, the Issuer deemed it appropriate to make a number of amendments to its Corporate By-Laws, approved by the shareholders' meeting held on 9 May 2009. By approving these By-Law amendments, UBI Banca adopted By-Law and internal organisation arrangements consistent with the principles ratified by the aforementioned Supervisory Provisions of the Bank of Italy.

As at the Prospectus Date, UBI Banca is a co-operative joint-stock company and as such is obliged to observe the norms envisaged by the Italian Civil Code concerning co-operative companies – with the exclusion of those expressly listed in Article 150 *bis* of the Consolidated Banking Act (TUB) – as well as those which discipline joint-stock companies, in as far as compatible with the regulations for co-operatives, as indicated in Article 2519 of the Italian Civil Code. The characteristic peculiarities of the nature of co-operative companies are expressly set out in the Report to UBI Banca's annual financial statements, an integral part of the Management Report, which has been drawn up in observance of Article 2545 of the Italian Civil Code and which states the criteria followed in the corporate operations for the pursuit of the mutual purpose.

According to Article 30 of the Consolidated Banking Act (TUB), under the co-operative bank legal status, each shareholder has the right to one vote whatever the number of shares held and no-one can hold more than 0.50% of the share capital, with the only exception of UCITS, which are subject to the limits set by their specific regulations. (see Section One, Chapter XVIII, Paragraph 18.1).

UBI Banca has adopted a dual-tier management and control system, deemed to be more in keeping with its governance needs and at the same time more appropriate for strengthening the protection of the shareholders, especially via the activities of the Supervisory Board, a body appointed directly by the Shareholders and representative of the same.

The main characteristics of the dual-tier model involve a distinction between:

– strategic supervision and control functions, assigned to the Supervisory Board, which include a number of powers which in the traditional system pertain to the shareholders' meeting (approval of the financial statements, appointment of the members of the management body and determination of the related remuneration) and the Board of Statutory Auditors and undertakes "top administration" functions, since it is required to resolve – upon the Management Board's proposal – on the definition of the general programmatic and strategic guidelines of the Bank and Group;

– the corporate management function, assigned to the Management Board, which is exclusively responsible for carrying out all the transactions necessary for the achievement of the corporate purpose, whether involving ordinary or extraordinary business, on a consistent basis with the general programmatic and strategic guidelines approved by the Supervisory Board.

This separation of functions makes it possible to identify distinct moments in the management of the company and to entrust them to the aforementioned corporate bodies according to their respective roles and responsibilities, allowing the functioning of a corporate governance system appropriate for the actual set up of the Bank and Group, through on-going dialogue and interfunctional cooperation.

In conclusion, the Issuer:

– has set up the *Internal Control Committee*, the *Remuneration Committee*, as well as the *Appointments Committee*, the *Accounts Committee* and the *Related Parties Committee* (for further information, please refer to the corporate governance report attached to the annual financial statements as at and for the year ended 31 December 2010 and Paragraph 16.3 above);

– has adopted an *Internal Control System* which, in line with the principles envisaged by the Corporate Governance Code, the instructions issued in this connection by the Bank of Italy and the Corporate By-Laws, assigns functions and responsibilities to various bodies, which maintain constant dialogue and are supported by regular information flows, contributing towards the efficiency and effectiveness of the same Internal Control System;

– by means of the resolutions of the Management Board dated 6 November 2007 and the Supervisory Board dated 19 December 2007, has endowed itself with an *Organisation, management and control model pursuant to Legislative Decree no. 231/01*;

– has approved the guidelines of the *procedure for the handling of privileged information* to be communicated to the general public and for the management of the *Register of individuals with access to privileged information*, aimed at outlining the security measures to be adopted suitable for ensuring maximum confidentiality of the information and defining the procedure to be followed for the handling and disclosure of privileged information;

– has adopted specific *Internal Dealing Regulations*, aimed at adapting the internal regulations and procedures to the rules concerning disclosure obligations pertinent to transactions carried out on financial instruments issued by the Issuer or other financial instruments associated with the same by significant parties and/or individuals closely linked to the same, for the purpose of ensuring the necessary disclosure transparency and uniformity of information *vis-à-vis* the market.

Finally, UBI Banca reserves specific attention to the management of on-going relations with shareholders and financial markets, both domestic and international, and to ensure the systematic disclosure of qualified, exhaustive and timely information on Group activities, results and strategies.

The Management Board and Shareholder Support division and the Investor Relations divisions have been set up accordingly.

The Management Board and Shareholder Support division, with regard to the "Shareholder" sphere, manages relations with the Bank's Shareholders, prepares the requests for admittance as Shareholder, updates the Shareholders' register, seeing to all the corporate requirements. It also co-ordinates the preparatory work for the Bank's Shareholders' meeting and handles all the associated activities. The Investor Relations division has the task of overseeing relations with the financial community (institutional investors and financial analysts) within guidelines defined by the Bank's top management, also through the activation of the competent company functions and Group companies.

Finally, on 24 November 2010, the Management Board approved its own regulations which discipline related-party transactions, and defined the internal processes suitable for ensuring observance of the new rules issued.

As of the same date, the Supervisory Board took steps to internally appoint the Related Parties Committee, which is required to provide its justified opinion on the existence of UBI Banca's interest in carrying out related party transactions falling within the scope of application of the Related Party Regulations as well as on the appropriateness and correctness of the related conditions.

In this connection, the following transactions have been excluded from the scope of application of the Related Party Regulations and are therefore not subject to the disclosure obligations laid down by Regulation 17221, without prejudice to the provisions of Article 5 (8), if applicable, of the same Regulation:

a) the general meeting resolutions relating to the remuneration due to Supervisory Board members, adopted as per Article 2364 *bis* of the Italian Civil Code, including those concerning the determination of an overall amount for the remuneration of those supervisory board members vested with specific roles, powers and functions;

b) the remuneration plans based on financial instruments approved by the shareholders' meeting in accordance with Article 22 (b) of the Corporate By-Laws and in compliance with Article 114 *bis* of the Consolidated Finance Act (TUF) and related execution operations;

c) the resolutions, other than those indicated under letter a) above, regarding the remuneration of the management board members vested with specific appointments and the other executives with strategic responsibilities as well as the resolutions by means of which the Supervisory Board establishes the remuneration of the management board members, provided that:

    i. UBI Banca has adopted a remuneration policy;

    ii. the Remuneration Committee established by the Supervisory Board as per Article 49 of the Corporate By-Laws has been involved in the definition of the remuneration policy;

    iii. a report which illustrates the remuneration policy has been submitted for the approval or advisory vote of the shareholders' meeting; and

    iv. the remuneration allocated is consistent with this policy;

d) the "Insignificant Amount Transactions", these being understood to be Related Party Transactions with a value of less than Euro 250,000. However, if a Related Party Transaction were to be finalised with an executive with strategic responsibilities, a close family member of the same or with companies controlled or subject to significant influence by these parties, the same shall be considered to be an "Insignificant Amount Transaction" if no higher than Euro 100,000;

e) the transactions which fall under the ordinary performance of the operating activities and the related financial activities concluded at market or standard conditions;

f) the transactions to be carried out on the basis of instructions for stability purposes imparted by Regulatory Authorities or on the basis of provisions issued by the parent company for the execution of instructions imparted by the Regulatory Authorities in the interests of Group stability; and

g) the transactions with or between subsidiaries, also jointly controlled, as well as the transactions with associated companies, if there are no significant interests of other related parties in the subsidiaries or associated companies party to the transaction.

Furthermore, in compliance with the indications provided by Consob, UBI Banca transactions with related parties carried out by subsidiaries are also subject to the regulations in question if, by virtue of the provisions of the Corporate By-Laws or internal procedures adopted by the Bank, the Management Board, the Supervisory Board upon the proposal of the Management Board or also a Bank representative by virtue of the authority granted the same, must examine or approve a transaction to be carried out by subsidiaries in advance.

The procedures to be applied in the event of transactions of greater significance, transactions of minor significance and strategic operations have been disciplined in the Related Party Regulations.

As a rule, on a similar basis to the provisions of Article 2391 of the Italian Civil Code envisaged for the members of the Management Board, at Corporate By-Law level it is also envisaged that the members of the Supervisory Board must report any interest which, on their own account or for third parties, they have in a specific Company or Group transaction, specifying the nature, terms, origin and extent. The related resolution adopted by the Supervisory Board must adequately justify the reasons and the convenience of the transaction for the Company, without prejudice to any other applicable legal or regulatory provision.

In relation to the current legislative provisions issued implementing the "MiFID" 2004/39/EC Directive, an "*internal policy for handling personal transactions*" was approved, disciplining in detail the obligations concerning personal transactions on financial instruments pertaining to all significant parties, as identified in the aforementioned rules.

For further information on the UBI Banca corporate governance system, reference should be made to the annual report – for 2010 – on corporate governance and ownership structure, filed pursuant to and within the terms of the law, as available on the Issuer's website (www.ubibanca.it), as well as on the Borsa Italiana website (www.borsaitaliana.it).

CHAPTER XVII — EMPLOYEES

17.1 Number of employees

As at 31 March 2011 the Group employed a total of 19,520 employees, of which 19,289 in Italy and 231 overseas.

The following table provides a distribution of personnel employed by the Group as at 31 March 2011.

	31 March 2011	
	Italy	**Overseas**
Managers	455	21
Middle Managers	7,466	59
Office personnel	11,368	151
Workers	-	-
Total	19,289	231

With the aim of further reducing operating risk, focusing on and investing in activities typical of offering products/services to customers, on 20 May 2010 the industrial relations procedure, which commenced on 26 March 2010, was concluded, aimed at significantly reducing costs and the structural cost of labour in particular (the "**Agreement**"). The Agreement envisages a reduction of the Group's total personnel by 895, of which 500 via an incentivised exit plan for employees who have accrued pension rights by 31 December 2011, which concluded on 1 October 2010. As regards the remainder, the reduction will be achieved via management measures including partial replacement of staff turnover. As at the Prospectus Date this staff reduction process concerned a total of 821 employees.

To ensure the required operating continuity for the areas concerned by the organisational review processes, during Q4 of 2010 UBI Banca also transformed 550 temporary employment contracts, concerning younger resources already working in the Group, into permanent contracts. The total cost of the measure was Euro 33.2 million — taking account of the provisions of Legislative Decree no. 78/2010, amended into Law no. 122/2010 — recognised in the half-yearly income statement, which was divided between incentives for those who have already accrued pension rights and use of the Solidarity Fund prescribed by Ministerial Decree no. 158 of 2000. Overall, the Agreement, together with the other management measures to be implemented, will allow for personnel cost savings amounting to around Euro 70 million, of which Euro 10-15 million was recognised in 2010.

The following table illustrates the total number of staff employed by the Group as at 31 December 2010, 2009 and 2008, with a breakdown of the numbers employed in Italy and overseas.

Reporting date	Total employees	Employed in Italy	Employed overseas
31 December 2010	19,612	19,365	247
31 December 2009	19,912	19,650	262
31 December 2008	20,249	20,006	243

The following table provides the distribution of personnel employed by the Group as at 31 December 2010, 2009 and 2008, by position.

	31 December 2010		31 December 2009		31 December 2008	
	Italy	**Overseas**	**Italy**	**Overseas**	**Italy**	**Overseas**
Managers	459	20	520	20	533	19
Middle Managers	7,474	68	7,644	70	7,483	60
Office personnel	11,432	159	11,486	172	11,990	164
Workers	-	-	-	-	-	-
Total	19,365	247	19,650	262	20,006	243

The average number of temporary employees in 2010 was 467. The average number of resources on personnel leasing contracts in 2010 was 298.

17.2 Shareholdings and stock option plans

The table below illustrates the Supervisory Board, Management Board and General Management members' direct holdings in the capital of the Issuer and of companies of the Group as at the Prospectus Date.

Name and Surname	Holding in	Ownership rights	Shares	No. Options/other rights	Exercise date
Corrado Faissola	UBI Banca	Full ownership	10,215	10,215 Warrants	2011
				10,200 Convertible Bonds	2011-2013
	UBI Banca	Usufruct	81,276	81,276 Warrants	2011
				81,243 Convertible Bonds	2011-2013
	UBI Banca	Via fiduciary company	124,783	124,783 Warrant	2011
				124,772 Convertible Bonds	2011-2013
Giuseppe Calvi	UBI Banca	Full ownership	42,000	42,000 Warrants	2011
Alberto Folonari	UBI Banca	Full ownership	1,093,630	1,043,630 Warrants	2011
	UBI Banca	Bare ownership	286,857	286,857 Warrants	2011
	UBI Banca	Usufruct	497,997	497,997 Warrants	2011
	UBI Banca	Full ownership		70,328 Convertible Bonds	2011-2013
Mario Mazzoleni	UBI Banca	Full ownership	11,252	11,252 Warrants	2011
Battista Albertani	Banca di Valle Camonica	Full ownership	100		
	UBI Banca	Full ownership	16,067		
Giovanni Bazoli	UBI Banca	Full ownership	70,747	70,747 Warrants	2011
	UBI Banca	Usufruct	209,160		
Luigi Bellini	UBI Banca	Full ownership	13,385	-	-
	UBI Banca	Usufruct	705,718	-	-
Mario Cattaneo	UBI Banca	Full ownership	250		
Silvia Fidanza	UBI Banca	Full ownership	5,765	5,765 Warrants	2011
	UBI Banca	Full ownership		5,765 Convertible Bonds	2011-2013
Enio Fontana	UBI Banca	Full ownership	1	1 Warrant	2011
	UBI Banca	Via fiduciary	32,000	32,000 Warrants	2011
Carlo Garavaglia	UBI Banca	Full ownership	274	274 Warrants	2011
	UBI Banca	Full ownership		255 Convertible Bonds	2011-2013
Alfredo Gusmini	UBI Banca	Full ownership	70,000		
				65,280 Convertible Bonds	2011-2013
Pietro Gussalli Beretta	UBI Banca	Full ownership	300	10,300 Warrants	2011
				255 Convertible Bonds	2011-2013
Giuseppe Lucchini	UBI Banca	Full ownership	431,086	64,904 Convertible Bonds	2011-2013
	UBI Banca	Usufruct	1,086,544		
Italo Lucchini	UBI Banca	Full ownership	35,163	35,163 Warrants	2011

Name and Surname	Holding in	Ownership rights	Shares	No. Options/other rights	Exercise date
Federico Manzoni	UBI Banca	Full ownership	13,300	13,300 Warrants	2011
	UBI Banca	Full ownership		15,300 Convertible Bonds	2011-2013
Salvatore Toti Musumeci	UBI Banca	Full ownership	2,036	2,036 Warrants	2011
Sergio Orlandi	UBI Banca	Full ownership	115,587	115,587 Warrants	2011
	UBI Banca	Full ownership		9,016 Convertible Bonds	2011-2013
Alessandro Pedersoli	UBI Banca	Full ownership	5,463		
Giorgio Perolari	UBI Banca	Full ownership	65,000		
Sergio Pivato	UBI Banca	Full ownership	250	250 Warrants	2011
Roberto Sestini	UBI Banca	Full ownership	50,273	50,273 Warrants	2011
Giuseppe Zannoni	UBI Banca	Full ownership	950,000	750.00 Warrants	2011
		Full ownership		50,000 Convertible Bonds	2011-2013
Emilio Zanetti	UBI Banca	Full ownership	262,682	262,682 Warrants	2011
Flavio Pizzini	UBI Banca	Full ownership	8,000	8,000 Warrants	2011
Victor Massiah	UBI Banca	Full ownership	107,003	97,003 Warrants	2011
	UBI Banca	Full ownership		7,608 Convertible Bonds	2011-2013
Gianpiero Auletta Armenise	UBI Banca	Full ownership	273,109	263,110 Warrants	2011
		Full ownership		263,007 Convertible Bonds	2011-2013
Giuseppe Camadini	UBI Banca	Full ownership	736,150	736,150 Warrants	2011
Mario Cera	UBI Banca	Full ownership	35,039	35,039 Warrants	2011
				35.037 Convertible Bonds	2011-2013
Giorgio Frigeri	UBI Banca	Full ownership	11,918	11,918 Warrants	2011
Gian Luigi Gola	UBI Banca	Full ownership	250		
Guido Lupini	UBI Banca	Full ownership	16,000	5,000 Warrants	2011
Andrea Moltrasio	UBI Banca	Full ownership	4,500	4,500 Warrants	2011
				4,488 Convertible Bonds	2011-2013
Franco Polotti	UBI Banca	Full ownership	2,000	2,000 Warrants	2011
Gaziano Caldiani	UBI Banca	Full ownership	20,001	20,001 Warrants	2011
		Full ownership		5,000 Convertible Bonds	2011-2013
Rossella Leidi	UBI Banca	Full ownership	2,112		
Ettore Giuseppe Medda	UBI Banca	Full ownership	1,637	1,637 Warrants	2011
		Full ownership		1,632 Convertible Bonds	2011-2013
Giovanni Lupinacci	UBI Banca	Full ownership	373	373 Warrants	2011
Pierangelo Rigamonti	UBI Banca	Full ownership	5,001	5,001 Warrants	2011

On 30 April 2011 the Issuer approved a share-based incentive plan for the purpose of adapting to the new Bank of Italy supervisory provisions on remuneration, as well as reinforce the sense of belonging to the Group for Top Management and motivate achieving the corporate objectives (the "**Plan**").

The Plan targets the managers of UBI Banca and of the main subsidiaries holding the so-called *Top Management 2011* and *Control Functions 2011* positions, currently amounting to 124 people. The CEO of UBI Banca is among the potential beneficiaries of the Plan. The implementation of the Plan is strictly associated with meeting conditions that ensure the capital stability and liquidity of the UBI Banca Group and with the achievement of objectives representing the Group companies' capacity to generate value. Irrespective of the conditions described above, each potential beneficiary of the Plan is only included when he or she achieves at least 95% of assigned objectives. The Plan will end in 2016.

The Plan envisages the acquisition by UBI Banca (with subsequent reimbursement by the individual Group Company where the recipient of the shares is employed), of a number of treasury shares amounting to the maximum book value of the bonuses totalling Euro 5,500,000. To this end, on 30 April 2011 the shareholders' meeting authorised the Management Board to acquire a maximum of 1,200,000 treasury shares, for a total maximum book value of Euro 5,500,000 (see Section One, Chapter XXI, Paragraph 21.1.3).

(See Information Document compiled pursuant to Article 84 *bis* of the Regulations for Issuers, published according to law).

17.3 Description of any agreements for the participation of employees in the capital of the Issuer

As at the Prospectus Date, there were no agreements or By-Laws providing for participation of employees in the capital or profits of the Issuer.

CHAPTER XVIII — PRINCIPAL SHAREHOLDERS

18.1 Shareholders with holdings greater than 2% of the capital

As at the Prospectus Date the shareholders which, according to the results of the shareholders' register and other information available to the Issuer, hold a number of ordinary shares in the Issuer representing a holding greater than 2% of the share capital, are indicated in the following table.

Shareholder	Share capital (%)	No. Shares
Blackrock Inc. *	2.854%	18,240,247
Silchester International Investors LLP*	2.292%	14,651,277
Cassa di Risparmio di Cuneo Foundation	2.278%	14,562,575
Banca del Monte di Lombardia Foundation	2.255%	14,411,631
Carlo Tassara S.p.A.	2.004%	12,810,053

* Held pursuant to article 30 (3) of the Consolidated Banking Act.

As it is a cooperative bank (*banca popolare)*, according to the provisions of Article 30 of the Consolidated Banking Act (TUB) and Article 18 of the By-Laws, no one can hold shares to an extent of more than 0.50% of the share capital of the Issuer and the shares in excess of this amount must be disposed of within one year of notification from the bank. This limit does not apply to securities investment funds, to which the limits apply as set out by the regulations of each fund (see. Article 30 (3) of the Consolidated Banking Act (TUB)).

The exceeding of the 0.50% limit of share capital by Cassa di Risparmio di Cuneo Foundation, Banca del Monte di Lombardia Foundation and Carlo Tassara S.p.A. is the result of the merger between Banca Lombarda e Piemontese and BPU (with effect from 1 April 2007) and therefore pursuant to Decree-Law no. 248 of 31 December 2007 (Law no. 31 of 28 February 2008 and Decree-Law no. 207 of 30 December 2008 (Law no. 14 of 27 February 2009 and Decree-Law no. 194 of 30 December 2009 (Law no. 25 of 26 February 2010) and Decree-Law no. 225 of 29 December 2010 (Law no. 10 of 26 February 2011). The term within which the holdings must be disposed of was deferred to 31 December 2014.

18.2 Different voting rights of the principal shareholders

As at the Prospectus Date, the Issuer has only issued ordinary shares and no shares of any nature or bearing voting rights other than ordinary shares have been issued.

18.3 Indication of any controlling entity according to Article 93 of the Consolidated Finance Act (TUF)

As at the Prospectus Date the Issuer is not controlled directly or indirectly by any entity according to article 93 of the Consolidated Finance Act.

18.4 Agreements that may affect the Issuer's control structure

As far as the Issuer is aware, as at the Prospectus Date there were no agreements pursuant to Article 122 of the Consolidated Finance Act (TUF) in force that may alter the Issuer's control structure at a later date.

UBI Banca has received the following communications:

- on 28 May 2007, the non-recognised association known as Associazione Banca Lombarda e Piemontese, with registered offices in Brescia, was established by the former shareholders of the previous Banca Lombarda e Piemontese, formerly participants of the "Sindacato di Banca Lombarda e Piemontese", which became registered shareholders of UBI Banca, through the merger between BLP and BPU. A summary of the main clauses of the statutes of the association was published in the daily newspaper *ItaliaOggi* on 5 June 2007 and subsequently updated via publication in the daily newspaper *Il Giornale* of Saturday, 23 January 2010;
- on 23 November 2007, the non-recognised association known as "Gli Amici di UBI Banca", with registered offices in Bergamo, was established upon the initiative of 28 registered shareholders of UBI Banca. A summary of the main clauses of the statutes of the association was published in the daily

newspaper *ItaliaOggi* on 30 November 2007. Subsequently, following approval of certain amendments to the association's statutes published in the daily newspaper *ItaliaOggi* on 5 March 2010, their provisions became no longer significant pursuant to Article 122 of the Consolidated Finance Act (TUF).

The members of both associations, which it is considered do not qualify as shareholders' agreements according to Article 122 of the Consolidated Finance Act (TUF), in any event carried out the advertising requirements set out by current regulations regarding some clauses of their respective statutes, as far as applicable, in light of the mandatory nature of the TUF provisions and of the consequences in the event of failure to do so.

UBI Banca also received a communication relating to the establishment, on 24 January 2011, of the Association called "TRADIZIONE in UBI BANCA", with registered offices in Cuneo, by 20 shareholders of UBI Banca.

CHAPTER XIX —RELATED-PARTY TRANSACTIONS

Information concerning related-party transactions, as also defined by the principles adopted pursuant to Regulation (EC) no. 1606/2002, can be found in UBI Banca's separate and consolidated financial statements as at and for the year ended 31 December 2010, on pages 725 *et seq* and 440 *et seq* respectively, in the separate and consolidated financial statements as at and for the year ended 31 December 2009, on pages 264* *et seq* and 444 *et seq* respectively, from the separate and consolidated financial statements as at and for the year ended 31 December 2008, on pages 729 *et seq* and 464 *et seq* respectively, and from the Interim financial report as at and for the period ended 31 March 2011, on pages 89 *et seq*. After 31 March 2011 no transactions with related parties were put in place other than those falling within ordinary intergroup operations.

The Issuer makes use of the incorporation regime by means of reference to the documents indicated above pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) 809/2004. These documents were previously published and submitted to Consob and are publicly available on the Issuer's website (www.ubibanca.it) as well as at the Issuer's registered office and those of Borsa Italiana.

The Issuer has also adopted a regulation governing related-party transactions, for more information on the matter please refer to Paragraph 16.4 above.

The tables which follow contain the figures relating to the main transactions with related parties included in the Interim financial report as at and for the period ended 31 March 2011 as well as the consolidated financial statements as at and for the years ended 31 December 2010, 2009 and 2008.

Main third party transactions included in the Interim financial report as at and for the period ended 31 March 2011

(in Euro 000s)	**Financial assets held for trading**	**Loans to banks**	**Loans to customers**	**Amounts due to banks**	**Amounts due to customers**	**Securities issued**	**Financial liabilities held for trading**	**Guarantees Given**
Associated companies	-	-	148,550	-	170,934	16,586	3	24,994
Executives	1	-	1,901	-	27,036	390	-	-
Other related parties (*)	46,619	-	306,083	-	78,261	727	-	-
Total	**46,620**	**-**	**456,534**	**-**	**276,231**	**17,703**	**3**	**24,994**

(*) This symbol refers to the subjects indicated in points e) and f) of the definition of related party provided by the International accounting standard (IAS) no. 24, according to which a party can be considered as related if:

a) it directly or indirectly controls, is controlled by, or is subject to common control with the Issuer; or has a holding to the extent that it can exercise a significant influence over the Issuer or jointly controls the Issuer;

b) it is a company associated with the Issuer (according to the definition of IAS 28 — Investments in associates);

c) it is a joint venture in which the Issuer participates;

d) it is a manager with strategic responsibility for the Issuer or its parent, with *manager with strategic responsibility* meaning a person having the power and responsibility over planning, management and control of the operations of the Issuer, including the directors of the Issuer;

e) a close family member of one of the individuals indicated in letters a) or d) (with *close family members* meaning a person who can potentially influence the individual related to the Issuer, or be influenced by it, in their relations with the Issuer);

f) it is an entity controlled, jointly controlled or subject to significant influence by one of the individuals indicated in letters d) or e), or where such individuals hold, directly or indirectly, a significant amount of the voting rights in such entity;

g) it is a pension fund for employees of the Issuer or of any related entity.

Main third party transactions included in the consolidated financial statements as at and for the year ended 31 December 2010

(in Euro 000s)	**Financial assets held for trading**	**Loans to banks**	**Loans to customers**	**Amounts due to banks**	**Amounts due to customers**	**Securities issued**	**Financial liabilities held for trading**	**Guarantees Given**
Associated companies	2	-	89,451	-	290,772	-	-	24,992
Executives	-	-	2,046	-	23,785	490	-	-
Other related parties (*)	50,485	-	272,583	-	118,605	735	-	-
Total	**50,487**	**-**	**364,080**	**-**	**433,162**	**1,225**	**-**	**24,992**

(*) See notes under the table above.

Main third party transactions included in the consolidated financial statements as at and for the year ended 31 December 2009

(in Euro 000s)	**Financial assets held for trading**	**Loans to banks**	**Loans to customers**	**Amounts due to banks**	**Amounts due to customers**	**Securities Issued**	**Financial liabilities held for trading**	**Guarantees Given**
Associated companies	-	-	118,159	-	1,431	-	-	50,000
Executives	-	-	342	-	18,658	-	-	-
Other related parties (*)	43,148	-	289,466	-	181,436	-	-	-
Total	**43,148**	**-**	**407,967**	**-**	**201,525**	**-**	**-**	**50,000**

(*) See notes under the table above.

Main third party transactions included in the consolidated financial statements as at and for the year ended 31 December 2008

(in Euro 000s)	**Financial assets held for trading**	**Loans to banks**	**Loans to customers**	**Amounts due to banks**	**Amounts due to customers**	**Securities issued**	**Financial liabilities held for trading**	**Guarantees Given**
Associated companies	-	-	91,484	-	1,979	-	-	50,000
Executives	2	-	907	-	30,404	-	-	-
Other related parties (*)	39,235	-	449,412	-	208,358	35,000	-	-
Total	**39,237**	**-**	**541,803**	**-**	**240,741**	**35,000**	**-**	**50,000**

(*) See notes under the table above.

CHAPTER XX – FINANCIAL INFORMATION CONCERNING ASSETS AND LIABILITIES, THE FINANCIAL SITUATION, PROFITS AND LOSSES OF THE ISSUER

20.1 Financial information for the periods ended 31 December 2010, 2009 and 2008

The information relating to the financial situation and to the income statement of the Issuer and the Group is available from the Issuer's separate and consolidated financial statements as at and for the years ended on 31 December 2010, 2009 and 2008 (accompanied by the relative Independent auditor reports).

The Issuer makes use of the incorporation regime by means of reference to the documents indicated above pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) 809/2004. These documents were previously published and submitted to Consob and are publicly available on the Issuer's website (www.ubibanca.it) as well as at the Issuer's registered office and those of Borsa Italiana.

To facilitate the examination of the Group's consolidated and separate financial statements included in the Prospectus by reference, a table indicating the pages of the main sections of these statements is set out below.

	Consolidated financial statements			**Separate financial statements**		
	31 December 2010	**31 December 2009**	**31 December 2008**	**31 December 2010**	**31 December 2009**	**31 December 2008**
Management report	21 - 205	21 - 194	19 - 196	453 - 501	1* - 49*	472 - 521
Statement of financial position	213	204 - 205	206 - 207	510	56*	527 - 528
Income statement	214	206	208	511	57*	529
Statement of changes in consolidated equity	216 - 217	208 - 209	209 - 210	513 - 514	59* - 60*	530 - 531
Cash flow statement	218 - 219	210 - 211	211 - 212	515 - 516	61* - 62*	532 - 533
Accounting policies	221 - 264	213 - 259	214 - 259	518 - 552	64* - 98*	535 - 566
Independent auditors' report	209 - 211	199 - 201	201 - 203	505 - 507	52* - 54*	524 - 525
Notes to the financial statements	220 - 448	212 - 451	213 - 259	517 - 739	63* - 278*	534 - 741

Below are the consolidated financial statement and income statement figures for 2010, 2009 and 2008.

The Group's consolidated financial statements are provided in the table below.

Financial statement*(in Euro 000s)*	**31 December 2010**	**31 December 2009**	**31 December 2008**
Assets			
Cash and cash equivalents	609,040	683,845	793,657
Financial assets held for trading	2,732,751	1,575,764	2,326,654
Financial assets at fair value	147,286	173,727	460,157
Financial assets available for sale	10,252,619	6,386,257	4,351,838
Financial assets held to maturity	-	-	1,630,844
Loans to banks	3,120,352	3,278,264	3,053,704
Loans to customers	101,814,829	98,007,252	96,368,452
Hedging derivatives	591,127	633,263	792,398
Fair value change in hedged financial assets (+/-)	429,073	301,852	335,417
Equity investments	368,894	413,943	246,099
Technical provisions – reinsurance amount	-	-	88,362
Property, equipment and investment property	2,112,664	2,106,835	2,170,867
Intangible assets	5,475,385	5,523,401	5,531,633
of which:			
- goodwill	4,416,660	4,401,911	4,338,486
Tax assets	1,723,231	1,580,187	1,512,530
a) current	650,177	744,435	746,975
b) deferred	1,073,054	835,752	765,555
Non-current assets and disposal groups held for sale	8,429	126,419	18,931
Other assets	1,172,889	1,522,214	2,274,142
TOTAL ASSETS	**130,558,569**	**122,313,223**	**121,955,685**
Liabilities and equity			
(amounts in thousands of euro)			
Due to banks	5,383,977	5,324,434	3,980,922
Due to customers	58,666,157	52,864,961	54,150,681
Securities issued	48,093,888	44,349,444	43,440,556
Financial liabilities held for trading	954,423	855,387	799,254
Hedging derivatives	1,228,056	927,319	635,129
Fair value change in hedged financial liabilities (+/-)	-	-	-
Tax liabilities	993,389	1,210,867	1,514,050
a) current	441,433	558,997	744,869
b) deferred	551,956	651,870	769,181
Liabilities associated with assets held for disposal	-	646,320	4,412
Other liabilities	2,600,165	3,085,006	4,030,238
Post employment benefits	393,163	414,272	433,094
Provisions for risks and charges:	303,572	285,623	295,429
a) pensions and similar obligations	68,082	71,503	81,285
b) other provisions	235,490	214,120	214,144
Technical provisions	-	-	408,076
Fair value reserves	(253,727)	235,043	-70,296
Reserves	2,362,382	2,207,863	2,443,259
Share premiums	7,100,378	7,100,378	7,100,378
Share capital	1,597,865	1,597,865	1,597,865
Non controlling interests (+/-)	962,760	938,342	1,123,637
Profit (loss) for the year	172,121	270,099	69,001
TOTAL LIABILITIES AND EQUITY	**130,558,569**	**122,313,223**	**121,955,685**

The Group's consolidated income statements are provided in the table below.

Income statement ***(amounts in thousands of euro)***	**31 December 2010**	**31 December 2009**	**31 December 2008**
Interest and similar income	3,525,312	4,213,948	6,190,249
Interest expense and similar	(1,378,714)	(1,718,320)	(3,193,905)
Net interest income	**2,146,598**	**2,495,628**	**2,996,344**
Commission income	1,378,117	1,329,184	1,387,721
Commission expense	(196,892)	(199,009)	(199,446)
Net commission income	**1,181,225**	**1,130,175**	**1,188,275**
Dividends and similar income	24,099	10,609	71,204
Net trading income	(56,891)	13,864	(142,274)
Net hedging income (loss)	67,209	15,960	(18,459)
Income/expenses from disposal or repurchase of:	17,057	122,115	29,452
a) loans	(3,850)	(81)	(8,147)
b) available for sale financial assets	31,245	30,516	30,046
c) financial assets held to maturity	-	37,441	-
d) financial liabilities	(10,338)	54,239	7,553
Net profit (loss) on financial assets and liabilities at fair value	6,669	(25,151)	(118,035)
Gross income	**3,385,966**	**3,763,200**	**4,006,507**
Net impairment losses on:	(756,653)	(914,371)	(1,069,718)
a) loans	(706,932)	(865,211)	(559,168)
b) available for sale financial assets	(42,364)	(43,883)	(516,917)
c) financial assets held to maturity	-	-	-
d) other financial transactions	(7,357)	(5,277)	6,367
Net financial income	**2,629,313**	**2,848,829**	**2,936,789**
Net insurance premiums	-	169,176	189,040
Other income / expenses of insurance operations	-	(149,127)	(191,426)
Net income from banking and insurance operations	**2,629,313**	**2,868,878**	**2,934,403**
Administrative expenses:	(2,375,174)	(2,415,610)	(2,581,014)
a) personnel expense	(1,451,584)	(1,477,200)	(1,632,663)
b) other administrative expenses	(923,590)	(938,410)	(948,351)
Net provisions for risks and charges	(27,209)	(36,932)	(34,489)
Net impairment losses on property, equipment and investment property	(109,838)	(117,408)	(123,567)
Net impairment losses on intangible assets	(130,500)	(150,770)	(151,045)
Other net operating income:	239,430	235,042	226,884
Operating expenses	**(2,403,291)**	**(2,485,678)**	**(2,663,231)**
Profits of equity investments	99,027	35,578	2,050
Net impairment losses on goodwill	(5,172)	-	-
Profits (losses) on disposal of investments	14,458	100,099	82,953
Pre-tax profit (loss) from continuing operations	**334,335**	**518,877**	**356,175**
Taxes on income for the year from continuing operations	(231,980)	(236,885)	(192,861)
Post-tax profit /(loss) from continuing operations	**102,355**	**281,992**	**163,314**
Post-tax profit (loss) from discontinued operations	83,368	5,155	(15,727)
Profit (loss) for the year	**185,723**	**287,147**	**147,587**
Profit (loss) for the year attributable to non controlling interests	(13,602)	(17,048)	(78,586)
Profit for the year attributable to the shareholders of the Parent	**172,121**	**270,099**	**69,001**

20.2 Financial statements as at and for the years ended 31 December 2010, 2009 and 2008

See Section One, chapter XX, Paragraph 20.1 of the Prospectus.

20.3 Audit of the annual financial information relating to prior years

20.3.1 Audit of financial information relating to prior financial years

The consolidated and separate financial statements of the Issuer as at and for the year ended 31 December 2010 were approved by the Issuer's Management Board on 28 March 2011 and the Supervisory Board on 13 April 2011 and underwent a complete audit by the Independent auditors which issued their report without qualifications on 28 March 2011.

The consolidated and separate financial statements of the Issuer as at and for the year ended 31 December 2009 were approved by the Issuer's Management Board on 19 March 2010 and the Supervisory Board on 7 April 2010 and underwent a complete audit by the Independent auditors which issued their report without qualifications on 22 March 2010.

The consolidated and separate financial statements of the Issuer as at and for the year ended 31 December 2008 were approved by the Issuer's Management Board on 25 March 2009 and the Supervisory Board on 10 April 2009 and underwent a complete audit by the Independent auditors which issued their report without qualifications on 26 March 2009.

20.3.2 Other information contained in the Prospectus verified by the auditors

The Interim financial report as at and for the period ended 31 March 2011 approved by the Issuer's Management Board on 13 May 2011, underwent a limited audit by the Independent auditors which issued their report without qualifications on 16 May 2011. The Interim financial report as at and for the period ended 31 March 2011 contains for comparison purposes only the figures relating to the corresponding period of the previous year, which were not examined by the Independent auditors.

20.3.3 Financial information contained in the Prospectus which has not been extracted from the audited financial statements

The Prospectus contains financial information extracted from the separate and consolidated financial statements as at 31 December 2010, 2009 and 2008 which have been audited.

20.4 Date of the latest financial information

The latest fully audited economic and financial information presented in the Prospectus refers to the Group's consolidated financial statements as at and for the year ended 31 December 2010.

The latest economic and financial information presented in the Prospectus which underwent a limited audit refers to the Group's Interim financial report as at and for the period ended 31 March 2011.

20.5 Financial information for the quarter ended 31 March 2011

The information regarding the financial statement and the income statement of the Issuer and the Group presented below has been extracted from the Interim financial report as at and for the period ended 31 March 2011 which was prepared, according to IAS 34 – Interim Financial Statements -, for incorporation by reference into this Prospectus.

The Issuer makes use of the incorporation regime by means of reference to the document indicated above pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) 809/2004. This document were previously published and submitted to Consob and is publicly available on the Issuer's website (www.ubibanca.it) as well as at the Issuer's registered office and those of Borsa Italiana.

The Interim financial report as at and for the period ended 31 March 2011 underwent a limited audit by the Independent auditors which issued their without qualifications on 16 May 2011. Figures for the quarter ended 31 March 2010, presented for comparison purposes in the Interim financial report as at and for the period ended 31 March 2011, were not audited, nor subject to a limited audit.

To facilitate the examination of the Group's Interim financial report as at and for the period ended 31 March 2011, included in the Prospectus by means of reference, a table indicating the pages of the main sections of this report is presented below.

The Group's financial statements as at 31 March 2011 and 31 December 2010 are provided below.

Financial statement *(in Euro 000s)*	**31 March 2011**	**31 December 2010**
Assets		
Cash and cash equivalents	569,052	609,040
Financial assets held for trading	1,613,809	2,732,751
Financial assets at fair value	474,114	147,286
Financial assets available for sale	10,252,511	10,252,619
Financial assets held to maturity	-	-
Loans to banks	4,510,008	3,120,352
Loans to customers	102,702,444	101,814,829
Hedging derivatives	351,398	591,127
Fair value change in hedged financial assets (+/-)	194,086	429,073
Equity investments	378,196	368,894
Technical provisions – reinsurance amount	-	-
Property, equipment and investment property	2,086,769	2,112,664
Intangible assets	5,452,328	5,475,385
of which:		
- goodwill	4,416,659	4,416,660
Tax assets	1,704,774	1,723,231
a) current	650,508	650,177
b) deferred	1,054,266	1,073,054
Non-current assets and disposal groups held for sale	6,023	8,429
Other assets	2,442,098	1,172,889
TOTAL ASSETS	**132,737,610**	**130,558,569**
Liabilities and equity		
(in Euro 000s)		
Due to banks	7,332,517	5,383,977
Due to customers	56,144,592	58,666,157
Securities issued	48,678,875	48,093,888
Financial liabilities held for trading	1,040,163	954,423
Hedging derivatives	1,020,994	1,228,056
Fair value change in hedged financial liabilities (+/-)	-	-
Tax liabilities	1,083,134	993,389
a) current	527,710	441,433
b) deferred	555,424	551,956
Liabilities associated with assets held for disposal	-	-
Other liabilities	4,606,189	2,600,165
Post employment benefits	382,333	393,163
Provisions for risks and charges:	321,912	303,572
a) pensions and similar obligations	67,317	68,082
b) other provisions	254,595	235,490
Technical provisions	-	-
Fair value reserves	- 139,734	-253,727
Reserves	2,530,478	2,362,382
Share premiums	7,100,381	7,100,378
Share capital	1,597,865	1,597,865
Non controlling interests (+/-)	973,302	962,760
Profit (loss) for the year	64,609	172,121
TOTAL LIABILITIES AND EQUITY	**132,737,610**	**130,558,569**

The Group's income statements for the period ended 31 March 2011 and 31 March 2010 are provided below.

Income statement ***(amounts in thousands of euro)***	**31 March 2011**	**31 March 2010**
Interest and similar income		
Interest expense and similar	938,866	848,546
Net interest income	(410,712)	(313,231)
Commission income	**528,154**	**535,315**
Commission expense	334,413	342,447
Net commission income	(43,094)	(50,801)
Dividends and similar income	**291,319**	**291,646**
Net trading income	2,110	1,375
Net hedging income (loss)	13,755	(26,501)
Income/expenses from disposal or repurchase of:	(6,066)	18,015
a) loans	7,301	2,219
b) available for sale financial assets	152	(1,705)
c) financial assets held to maturity	6,406	5,229
d) financial liabilities	-	-
Net profit (loss) on financial assets and liabilities at fair value	743	(1,305)
Gross income	(378)	1,345
Net impairment losses on:	**836,195**	**823,414**
a) loans	(107,007)	(131,244)
b) available for sale financial assets	(105,374)	(131,859)
c) financial assets held to maturity	(1,600)	(329)
d) other financial transactions	-	-
Net financial income	(33)	944
Net insurance premiums	**729,188**	**692,170**
Other income / expenses of insurance operations	-	-
Net income from banking and insurance operations	-	-
Administrative expenses:	**729,188**	**692,170**
a) personnel expense	(573,387)	(592,587)
b) other administrative expenses	(364,727)	(371,032)
Net provisions for risks and charges	(208,660)	(221,555)
Net impairment losses on property, equipment and investment property	(10,419)	(2,215)
Net impairment losses on intangible assets	(27,353)	(28,142)
Other net operating income:	(30,837)	(31,288)
Operating expenses	57,698	59,156
Profits of equity investments	**(584,298)**	**(595,076)**
Net impairment losses on goodwill	4,755	5,141
Profits (losses) on disposal of investments	-	-
Pre-tax profit (loss) from continuing operations	95	(26)
Taxes on income for the year from continuing operations	**149,740**	**102,209**
Post-tax profit /(loss) from continuing operations	(76,918)	(59,858)
Post-tax profit (loss) from discontinued operations	**72,822**	**42,351**
Profit (loss) for the year	-	322
Profit (loss) for the year attributable to non controlling interests	**72,822**	**42,673**
Profit for the year attributable to the shareholders of the Parent	(8,213)	(4,548)
	64,609	**38,125**

20.6 Dividend policy

Pursuant to Article 17 of the Corporate By-Laws, participation in the equity and profits is proportional to the shares held, and dividends that continue to be uncollected by the fifth year of the date on which they became available will revert to the Company and be allocated to the legal reserve.

Pursuant to Article 22 (d) of the Corporate By-Laws, the distribution of the profits is approved by the Company's ordinary shareholders' meeting, following approval of the financial statements by the Supervisory Board.

Pursuant to Article 52 of the Corporate By-Laws, the shareholders' meeting can designate up to 1.5 percent of the distributable portion of the net profits after deduction of the legal reserve according to the minimum provided by the law and any amounts decided by the shareholders' meeting for constitution and increasing of the reserves, including extraordinary or other reserves, according to prudential policies, for charity, humanitarian, social, cultural and artistic purposes which the Management Board will carry out according to the instructions and the projects resolved upon by the Supervisory Board and upon the indication of the Chairman of the Management Board, with particular emphasis on the territories the Group is operative in. The remainder is distributed as a dividend upon resolution of the shareholders' meeting which also decides in relation to the usage of any excess.

The Management Board may resolve to distribute, during the year, advances against the dividend as provided for by legislation in force.

On 9 May 2009, the Issuer's ordinary shareholders' meeting approved the distribution of the unit dividend of Euro 0.45 each for the 639,145,902 UBI shares, for a total of Euro 287,615,655.90.

On 24 April 2010, the Issuer's ordinary shareholders' meeting approved the distribution of the unit dividend of Euro 0.30 each for the 639,145,902 UBI shares, for a total of Euro 191,743,770.60.

On 30 April 2011, the Issuer's ordinary shareholders' meeting approved the distribution of the unit dividend of Euro 0.15 each for the 639,146,170 UBI shares, for a total of Euro 95,871,925.50.

20.7 Court proceedings and arbitration

As part of the normal execution of its operations, the UBI Banca Group is a party in numerous court proceedings of different types.

The Issuer has established in its consolidated financial statements a provision for legal costs for the liabilities that could ensue from the pending litigation and other disputes under way. As at 31 December 2010, this amount equalled EUR 113.9 million (Euro 108.7 million as at 31 March 2011).

As the final outcome cannot be foreseen with certainty, the Issuer believes that any unfavourable outcome of these proceedings shall not have a significant negative effect on the financial and economic situation of the UBI Banca Group, whether individually or as a whole.

Below is a brief description of the main proceedings under way, with an indication of the amount demanded by the counterparty where this has been determined.

Mariella Burani Group

In regard to the insolvency proceedings of Mariella Burani Family Holding S.p.A. ("**MBFH**"), Burani Designer Holding N.V. ("**BDH**"), Burani Private Holding S.p.A. ("**BPH**") and Mariella Burani Fashion Group S.p.A. ("**MBFG**"), Centrobanca has been definitively admitted as a creditor in all the proceedings relating to the receivable arising from the loan granted in August 2008 to MBFH for the takeover bid of the MBFG shares and the receivables from other loans granted between March 2004 and June 2007 to MBFG..

The overall exposure to the Burani Group of Euro 88 million was adjusted by Euro 56.5 million in 2009 and by a further Euro 11.3 million in 2010. Another Euro 2 million was added to these amounts as a provision for risks arising from a potential clawback action against MBFH by Centrobanca, again in 2010.

In January 2011 Centrobanca received a letter from BDH's bankruptcy receiver in which Centrobanca is accused of being responsible for the bankruptcy of BDH due to its role in the takeover bid and the impairment of the MBFG shares held by BDH, with a request for compensation of approximately Euro 134 million (equal to the average value indicated by the court's special consultant for the shares held by BDH in MBFG prior to the takeover bid). With the assistance of external attorneys, Centrobanca firmly rebuked all claims on 9 February 2011.

Giacomelli Sport Group clawback action

As at the Prospectus Date, proceedings relating to bankruptcy clawback actions are pending against Banca Popolare Commercio e Industria, Banca Popolare di Bergamo, Banco di Brescia, Banca Carime and Banca Regionale Europea, by the bankruptcy receivership of Giacomelli Sport S.p.A., for Euro 84,775,557.

Formenti Seleco S.p.A. clawback action

As at the Prospectus Date, proceedings are pending relating to a bankruptcy clawback action brought by Formenti Seleco S.p.A., which is currently under extraordinary administration, against Banco di Brescia, for Euro 1,447,453. On 24 March 2011 the expert witness testified and was rebuked by Banco di Brescia. The judge postponed the case until 13 October 2011. Furthermore, in addition to the clawback action against Banco di Brescia, the extraordinary administration of Formenti Seleco S.p.A. has also sued another 18 entities for abusive granting of loans for a claimed amount of Euro 45,608,320.

In the first instance ruling on 8 February 2011, the Court of Monza declared a lack of standing to sue by the plaintiff with awarding of the legal costs.

Proceedings referring to Olivetti warrants

Proceedings are pending at the Court of Milan against Banca Popolare di Bergamo with regard to the purchase of Olivetti covered warrants and warrants (the latter through Internet banking) for a total amount of Euro 5,630,000. In addition to claiming lack of information regarding the risks inherent in covered transactions, the counterparty declared that it refuses to acknowledge the signatures on the contracts which are required by the law on financial and capital instruments. Subsequently, the counterparty recognised the signatures that it had initially refused to acknowledge but brought an action for forgery as it claimed to have signed blank sheets which were subsequently abusively filled out by the bank. The court has not yet ruled on the admissibility of this lawsuit.

Centrobanca lawsuits

Centrobanca is a plaintiff in two proceedings, one of which involves a public sector counterparty concerning restitution of a guarantee of approximately Euro 20 million, the appeal for which is pending after the favourable outcome of the first instance ruling and another in which Centrobanca is a defendant in a bankruptcy proceeding for a claimed amount of approximately Euro 65 million, which is currently still being examined by the judge of first instance who has requested a preliminary expert opinion aimed at ascertaining whether, in the period the proceedings refers to, the company which then began bankruptcy proceedings, did actually incur damages and to what extent. It is presumed that the appraiser's report will be submitted within the current year.

Transaction with Pasquale Casale, Benedetto Marti and Casale, Marti & Associati S.p.A.

Following inspections that took place from July 2009 until February 2010, in which facts and situations involving bad management and organisation by terminated directors of IW bank emerged, the ordinary shareholders' meeting of IW Bank on 6 April 2010 authorised the Board of Directors, upon proposal of UBI Banca, to sue the former CEO Pasquale Casale for liability, pursuant to Article 2393 (2) of the Italian Civil Code; he had previously been served a legal challenge in relation to his liability for bad management.

During the shareholders' meeting of 24 September 2010, it was decided to withdraw the liability action against the terminated CEO Pasquale Casale within the context of a wider settlement agreement concluded in July 2010 between UBI Banca and IW Bank on one hand, and Pasquale Casale and other third-party individuals and entities (Benedetto Marti, the former operating Deputy Chairman of IW Bank and Casale, Marti & Associati S.p.A.) on the other hand, which definitively ended the lawsuit between the parties. The essential terms of the agreement provide for:

- payment of a lump sum of Euro 2.5 million to IW Bank, which was paid to the latter upon conclusion of the settlement agreement and recognised in the third quarter of 2010 (Euro 2.1 million net of the legal expenses and the writing-off of payables towards the former corporate executives). As provided in the agreement, this amount constitutes fulfilment of the reciprocal obligations set forth in the agreement, up to the amount of Euro 1,250,000;

- the signing by Casale, Marti & Associati S.p.A. and Messrs. Casale and Marti, of a non-competition commitment until 31 March 2011 and the commitment not to hire or solicit, up to that same date, employees, associates, promoters or customers of IW Bank and UBI Banca;
- commitment by Pasquale Casale and Benedetto Marti to sell to UBI Banca all the shares held by them in IW Bank (through the companies Giudoca and Ottotto) and their consequent commitment not to purchase shares in IW Bank, either directly or through a third party, for a period of 12 months following the aforementioned sale;
- renunciation by Pasquale Casale of all claims against IW Bank arising from his previous employment as General Director.

Transaction with Enterprise S.p.A.

IW Bank and information technology supplier Enterprise S.p.A. concluded a settlement agreement in July 2010 defining all the pending items relating to the relations between IW Bank and Enterprise S.p.A. prior to that agreement. The transaction also provides that Enterprise S.p.A. shall guarantee to IW Bank, and with the requisite professional diligence, the continuation of the services agreed upon up to completion of all activities relating to the migration of the information system of IW Bank onto the system provided by the Cedacri company, which took place in February 2011. Economically, the settlement agreement provided for full and final payment to the outsourcer of a total amount of Euro 1.5 million approximately; the settlement agreement was then supplemented due to new procurement which arose in the meantime and the relative amounts payable were defined in the supplementary agreements stipulated from time to time.

CIT S.p.A. dispute.

In March 2011, a writ of summons was served on Banco di Brescia by a former director of CIT S.p.A. (in receivership since 2006) to appear before the Court of Milan on 14 June 2011 to determine the liability of Banco di Brescia, along with five other leading credit institutions (jointly and severally), CIT S.p.A. directors and several auditing firms (all of which are also defendants), in the deterioration of the situation of CIT S.p.A.

This writ followed a lawsuit brought against the plaintiff at the Court of Milan by the official receiver for CIT S.p.A. (in receivership) aimed at having the plaintiff, as a director, admit to his liability for the financial difficulties of the company. Since the judge rejected the plaintiff's petition to have the aforementioned entities join the suit brought against him, the former director of CIT S.p.A. served the writ of summons to initiate a separate suit.

The amount being sought is Euro 151,732,000, which, as indicated in the writ of summons, is equal to 50% of the loss reported by CIT S.p.A. in 2002 and allegedly corresponds (again, as noted in the writ of summons) to the amount sought in the lawsuit brought by CIT S.p.A. against the former director of the latter.

This suit, which as of the Prospectus Date was being prepared for trial, was recently assigned to outside legal counsel so as to prepare briefs in defence of the bank.

On this matter we inform you that, as at the Prospectus Date, regarding this dispute Banca di Brescia has not decided to make any provisions (allocated at this date solely to legal costs). We can inform you moreover that Banco di Brescia was granted the status of secured creditor by the bankruptcy proceedings, in the total amount of Euro 7,639,922.22.

Consob-Bank of Italy claims

In 2010, the Bank of Italy and Guardia di Finanza (Finance Police) served eleven "reports on findings" to nine branch managers of Banca Popolare di Ancona, in relation to failure to provide notifications as required by the anti money laundering regulations. In nine cases, the aforementioned findings were also served on Banca Popolare di Ancona as the jointly and severally responsible party.

The "defence" was submitted to the Ministry of Economy and Finance within the required time and the bank has made the appropriate prudential allocations.

With its Resolution no. 17727 of 29 March 2011, which was served on 6 April 2011, Consob applied administrative fines to twelve corporate executives of IW Bank and, in its capacity as a jointly and severally liable party, to the Issuer, upon completion of the administrative proceedings which had begun with the report on findings of 12 April 2010 for violation of Article 187 *nonies* of the Consolidated Finance Act (TUF) and the relative implementation measures issued by Consob for the period from 1 January 2007 – 3 December 2008. The overall amount of the fines, which vary from a maximum of Euro 32,000 to a minimum of Euro 12,000 against the individual executives, amounts to Euro 252,900.

The proceedings which resulted in the application of the fines were launched by the Consob Market Division –Spot Markets Department, following the investigations carried out at IW Bank from 13 March 2008 to 3 December 2008.

Consob-Bank of Italy investigations

In February 2010, the Bank of Italy began investigations pursuant to Articles 54 and 68 of the Consolidated Banking Act (TUB) which aim to assess the profile of the Group with regard to governance, management and control of credit risk in the corporate customer segment, also in relation to the progress made in the introduction of a system for the measurement of risk based on internal ratings. The investigations which, in addition to UBI Banca, also involve other Group banks, were concluded at the end of July 2010.

With its memorandum of 23 September 2010, the regulatory authority announced further investigations, pursuant to Article 68 of the Consolidated Banking Act (TUB), aimed at measuring the Group's profile in terms of liquidity risk and interest rate risk as part of the periodic prudent governance and management control process. These investigations were concluded in December 2010.

On the outcome of the enquiries, the Regulatory Authority found certain weaknesses in the systems in place for the management control of the financial structure and liquidity and interest-rate risk.

UBI Banca promptly illustrated to the Regulatory Body the measures already undertaken and those the Group intends to apply with the maximum priority as part of mitigating the weaknesses highlighted, with particular regard to the recommended measures for strategic planning (bringing forward the imminent approval of the Industrial Plan then to 13 May 2011), which highlighted the primary guidelines for capital stability, profit capacity and a balanced development of the financial structure.

Furthermore UBI Banca initiated and reinforced specific activities dedicated to governing financial risks, while at the same time increasing the level of coordination of the various component entities of the Group.

Finally, on 28 January 2011 the Bank of Italy announced new investigations involving the UBI Banca Group, again pursuant to Article 68 of the Consolidated Banking Act (TUB), on the governance and measurement of the risks assumed by product companies that consistently use distribution networks (UBI Banca Private Investment and B@nca 24-7) or that operate online (IW Bank).

Bank of Italy penalties

On 13 December 2010, the Bank of Italy levied administrative fines amounting to Euro 532,000 against members of the Board of Directors, the Board of Statutory Auditors and the General Manager of Prestitalia S.p.A.. The fines refer to the irregularities discovered during the investigations conducted from 16 September to 4 December 2009, when UBI Banca held an indirect shareholding of only 22.8395%, following which the regulatory authority had issued, on 3 March 2010, a temporary suspension of the activity pending recapitalisation of the Company. The equity was increased in March concurrently with the conclusion of agreements for acquisition of control of Prestitalia S.p.A.

The litigation regarding compounding

After March 1999, the Court of Cassation changed its orientation and no longer upheld as legitimate the quarterly capitalisation of debit interest on current accounts, by taking the meaning of the contractual clause that provides for it as having a "commercial" rather than a "regulatory" meaning, and therefore not appropriate for derogating from the definitive regulation of Article 1283 of the Italian Civil Code that forbids compounding interest. Subsequently Legislative Decree no. 342/99 maintained the legitimacy of non-annual capitalisation of interest on current bank accounts, provided the same rules apply for debit interest as for credit interest. All current accounts were adjusted following the entry into force of this new regulation in April 2000, with a provision for the quarterly capitalisation of both credit and debit interest. The litigation therefore arose solely for account agreements entered into prior to this date.

With a United Sections judgement of 2 December 2010, the Court of Cassation intervened on the additional question of the ten-year provision where the account holder is entitled to a refund of interest paid unduly, ordering that the term runs from the date of closure of the account where the agreement has been maintained within the limits of the overdraft while, in cases where the account has been used in excess of or without any agreed overdraft, this term shall run from the date when payments credited were made to wholly or partly restore preceding interest debits.

Regardless of the application of these principles applying to agreements entered into prior to 2000, it is considered that it would not be possible to estimate the impact this decision will have on the existing cases and on those that will arise in the future, as the possibility of seeing the compensation claimed by account holders being changed in size by the limitation will vary case-by-case. Also in light of the different attitude arising from case law, according to the availability of the proof regarding the existence or otherwise of the overdraft on the current accounts into which the quarterly interest was paid and according to the method the agreed overdrafts were used. The risks arising from it have been tackled by prompt and prudent allocation to the Provisions for risks and charges.

Lastly, we inform you that with Law no. 10/11 published in the Official Journal no. 47 of 26 February 2011, converting Law Decree no. 225 of 29 December 2010 (the so-called "*Decreto Mille Proroghe*"), the legislature intervened with a regulation that on one hand provides authentic interpretation regarding the commencement of the ten-year limitation, setting out that in banking transactions in current accounts, the relative term runs from the date of the individual account entries, and on the other hand, specifies that amounts already paid on the date of entry into force of the aforesaid conversion law are excluded, and therefore cannot be repeated. In the absence of the practical outcome of the interpretation of these two principles, it is impossible to provide an exact estimate of the value of the litigation. Questions of constitutional legitimacy under various formulations have been raised against this legislative provision and the relative judgement by the Constitutional Court is therefore pending.

The tax dispute

In 2010 and the three years prior to 2010, the tax authorities carried out several tax audits of UBI Banca and several of the Group companies. These activities mainly concerned adjustment of the declared taxable income and the application procedures of the tax regulations in regard to withholding taxes. Following this, the Issuer and Group companies received various investigation reports, partially confirmed with assessments. Below are the main assessments and notices received.

The assessment notices received to date amount to a total of Euro 161.83 million (higher taxes assessed and relative penalties), while the higher taxes payable, based on the reports, are estimated at approximately Euro 33.38 million, for a maximum total potential risk of Euro 195.21 million (this estimate does not include any interest payable).

The contingent liabilities which are classified as probable amount to approximately Euro 13.6 million and appropriate allocations to provisions have been made. The remaining disputes are classified as possible, also on the basis of external opinions, and as such and based on the accounting principles of reference, no allocations have been made.

In this regard it should be noted that in the first quarter of 2011, a tax audit was initiated by the Regional Revenue Office of the Marche Region at Banca Popolare di Ancona with regard to the tax year 2008. With the exception of this audit, in the first quarter of 2011 the Tax Authorities did not initiate any other tax audits at Group companies, and there were no further events other than those reported as at 31 December 2010.

Below are the main assessment notices and tax assessment reports served by the tax authorities from 2008 to 2010, as well as other tax disputes which mainly refer to years prior to 31 December 2007.

Assessment notices

<u>BPB Immobiliare (2003): higher taxes Euro 16.5 million, penalties Euro 17.6 million.</u>

This refers to a real estate sale which was redefined by the Inland Revenue service as a transferral of assets. A decision favourable to the Company was made by the Provincial Tax Commission of Bergamo, through which an appeal was made to the Regional Tax Commission of Lombardy. The relative hearing is set for next June.

<u>Banca Carime (2003): higher taxes Euro 14.4 million, penalties Euro 22.6 million.</u>

This refers to a real estate sale which was redefined by the Inland Revenue service as a transferral of assets. A decision favourable to the Company was made by the Provincial Tax Commission of Cosenza, through which an appeal was made to the Regional Tax Commission of Calabria. The date for that hearing has not yet been set.

<u>UBI Banca (2003): higher taxes Euro 5.3 million, penalties Euro 6.4 million.</u>

This refers to a real estate sale which was redefined by the Inland Revenue service as a transferral of assets. A decision entirely favourable to the Company was made by the Provincial Tax Commission of Bergamo, through which an appeal was made to the Regional Tax Commission of Lombardy.

<u>UBI Banca (2004 and 2005): higher taxes Euro 8.83 million, penalties Euro 10.86 million.</u>

This involved the alleged failure to apply withholdings on interest paid to a foreign subsidiary on its deposits, which were redefined by the assessors as loans. This involved complex operations for increasing the equity which were carried out in 2001 upon the authorisation of the Bank of Italy. Based on authoritative opinions it is considered that the tax regime applied by the Bank, at the time Banca Popolare di Bergamo and Banca Popolare Commercio e Industria, is in line with contractual and regulatory provisions. As this is an issue that spans several years, the assessment notices for 2004 and 2005 have been served to date. For the latter year an appeal was made while for 2004 the Provincial Tax Commission of Milan ruled in its hearing held on 2 December 2010 that the collection of the amount assessed was to be suspended pending a discussion to be held in the upcoming months.

<u>Banco di Brescia (2004 and 2005): higher taxes Euro 3.16 million, penalties Euro 3.92 million.</u>

This involved the alleged failure to apply withholdings on interest paid to a foreign subsidiary on its deposits, which were redefined by the assessors as loans. These related to complex operations for increasing the equity which were carried out in 2000 upon the authorisation of the Bank of Italy. Based on authoritative opinions it is considered that the tax regime applied by Banco di Brescia is in line with contractual and regulatory provisions. The relative tax claims have been appealed before the Provincial Tax Commission of Milan. Pending the ruling regarding the 2004 amount, the tax of Euro 953,000 which the Banco di Brescia had to pay was assessed.

<u>UBI Leasing (2004): higher taxes Euro 2.15 million, penalties Euro 2.3 million.</u>

Alleged improper application of the reduced VAT rate on nautical leasing transactions, i.e., undue deduction of VAT on invoices for non-existent transactions, as well as improper quantification of loan write-downs for IRES (corporate income tax) purposes. At this time, the Inland Revenue service has provisionally assessed only the amount referring to the IRES issues totalling Euro 22,000.

<u>Banco di Brescia (2004): higher taxes Euro 1.5 million, penalties Euro 1.5 million.</u>

Alleged lack of right to intervene on negative income components and improper assessment of securities owned. The Inland Revenue service has assessed the amount. As part of the second level assessment, the Inland Revenue service has assessed the amount for the Bank at Euro 901,000 which the bank has settled.

Tax assessment reports (TAR)

Centrobanca (2006): higher taxes Euro 3 million.

The Inland Revenue service does not concur with the recognition criteria for granting of loans to customers and write-downs thereof, even in the presence of the taxable principle introduced for IAS entities since 2005. The company's conduct is also supported by adequate opinions from external advisers. Certain observations were made against the comments in the TARs, as provided by the taxpayer rights statute (Law 212/2000). In consideration of the amount of comments, the assessors have notified the District Attorney of Milan and the relative discussion is currently under way.

UBI Banca (2006): higher taxes Euro 4.4 million.

This is the same issue as described regarding the assessment notices for 2004 and 2005.

UBI Leasing (2005 -2007): higher taxes Euro 3.7 million.

This is the same issue as described regarding the assessment notices for 2004.

UBI Banca (2003): higher taxes Euro 18 million.

This involves an alleged undue reduction of IRPEG (corporate tax) from several negative income components relating to the transfer of a company carried out in 2003 which gave rise to the former Banche Popolari Unite Group. In addition to the unfoundedness thereof, the parent company objected that the assessment was void as it applied to a year (2003) for which assessment rights expired on 31 December 2008, while the assessment took place in 2010.

There are additional tax disputes which mainly refer to years prior to 31 December 2007 and mainly concern the following issues:

UBI Banca (years from 1976 to 1984): higher taxes Euro 18.6 million.

These are disputes which are pending before the Central Tax Commission, which to a large extent have already received favourable rulings in 2010 and which will be decided upon during this year provided no appeals are submitted to the Court of Cassation. They refer to the deductibility criteria in terms of IRPEG and ILOR of various cost items as they specifically referred to assets from which taxable revenues and income derive, and also to the non-taxable nature in IRPEG-ILOR terms of interest due from the Inland Revenue service on tax credits, in light of the legislation then in force (prior to the TUIR as per Presidential Decree 917/1986).

Lastly we note that a new tax audit began in March 2011 regarding 2008 at Banca Popolare di Ancona.

20.8 Significant changes in the financial or commercial situation of the Issuer after 31 March 2011

Exception made for the above, the Issuer is not aware of any significant changes in the financial or commercial situation of the Group that took place subsequently to the closing of the quarter ended as at 31 March 2011.

On 19 April 2011, the procedure was concluded for the purchase of the total shares of IW bank through deposit of the purchase price of Euro 2.043 for each IW Bank share with the intermediary in charge of coordinating the collection for sales requests on the MTA – electronic trading platform (see Section One, Chapter V, Paragraph 5.1.5). With effect from that date, the ordinary shares of IW Bank were removed from listing on the MTA. The price from delisting IW Bank shares has not led to their impairment.

Finally, on 13 May 2011, the appropriate corporate bodies of UBI approved the Industrial Plan (see Section One, Chapter XIII).

CHAPTER XXI – SUPPLEMENTARY INFORMATION

21.1 Share capital

21.1.1 Subscribed and paid share capital

As at the Prospectus Date, the fully subscribed and paid in share capital of the Issuer amounts to Euro 1,597,865,425, divided into 639,146,170 ordinary shares with a par value of Euro 2.50 each.

As at the Prospectus Date the Issuer has also issued (i) 50,129,088 convertible bonds, with a par value of Euro 12.75 each, forming part of a convertible bond issue known as UBI 2009/2013 convertible bonds with the option of repayment in shares *(UBI 2009/2013 convertibile con facoltà di rimborso in azioni)*, convertible into UBI shares at a ratio of 1 UBI share per 1 Convertible bond presented for conversion; and (ii) 639,145,900 UBI Banca 2009/2011 warrants (*Warrant azioni ordinarie UBI Banca 2009/2011)*, assigned free of charge to the shareholders of the Issuer, which entitle the holder to subscribe 1 UBI Share per 20 Warrants held, at the price of Euro 12.30.

<u>Convertible Bond known as *UBI 2009/2013 convertibile con facoltà di rimborso in azioni*</u>

As at the Prospectus Date there was a convertible bond issue outstanding known as the *UBI 2009/2013 convertibile con facoltà di rimborso in azioni* (the "**Convertible Bond**"), whose issue was resolved by the Management Board, and was subject to the favourable opinion of the Supervisory Board, pursuant to the mandate assigned to the Management Board by the extraordinary shareholders' meeting held on 9 May 2009, for a nominal value of Euro 639,145,872, comprising 50,129,088 Convertible Bonds with a par value of Euro 12.75 each, issued by UBI Banca on 10 July 2009 at an issue price of 100% of the par value.

The Convertible Bonds are traded on the MTA with the ISIN code IT0004506868.

The Convertible Bonds are regulated by the Regulations applied to Convertible Bonds *UBI 2009/2013 convertibile con facoltà di rimborso in azioni* (the "**CB Regulations**") which must be considered included herein by reference pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) 809/2004. This document was previously published and submitted to Consob and is publicly available on the Issuer's website (www.ubibanca.it) and at the Issuer's registered offices and those of Borsa Italiana.

The CB has a duration from 10 July 2009 (the "**Issue Date**") to 10 July 2013 (the "**Maturity Date**").

Bondholders are entitled to receive an annual fixed coupon of 5.75% gross of the par value, on 10 July of each year during the life of the CB.

Unless in the event of the suspension referred to in Article 7 of the CB Regulations, the option to convert the Bonds into UBI Shares may be exercised no earlier than 18 (eighteen) months from the Issue Date (i.e., 10 January 2011) at a ratio of 1 UBI Share (the "**CB Converted Shares**") per each Convertible Bond presented for conversion (the "**Conversion Ratio**").

The CB Converted Shares will be made available, by means of Monte Titoli, on the third exchange business day of the calendar month following the month of submission of the conversion application. The CB Converted Shares will be entered on to the Monte Titoli centralised management system and will have the same rights as the UBI shares traded on the MTA on the conversion date.

In the event of submission of conversion applications by Bondholders, the Issuer has the option to fulfil the obligation of delivering CB Converted Shares by paying, in place of the CB Converted Shares, a cash amount equal to the market price of the CB Converted Shares calculated according to the arithmetic average of official prices (as defined in the Stock Exchange Regulations) of the UBI Share price reported during the period of four exchange business days prior to and the four exchange business days following the option exercise date. With regard to this it is noted that on 19 March 2010 the Management Board resolved irrevocably not to exercise the cash settlement option referred to in this article if the market value of the UBI shares, during the period and under the conditions indicated in the CB Regulations, is greater Euro 12.80.

With regard to the Conversion Ratio, Article 9 of the CB Regulations sets out that if, between the Issue Date and the Maturity Date of the Bonds, operations are carried out on the Issuer's share capital, the Conversion Ratio will be adjusted by the Issuer.

With specific reference to the circumstance where the Issuer implements share capital increases for payment or issues bonds convertible into UBI shares, warrants on UBI shares or other similar instruments offered as options to the shareholders of the Issuer, this option will also be attributed, under the same terms and conditions, to the Bondholders, based on the Conversion Ratio.

Lastly, please note that as at the Prospectus Date, 268 Convertible Bonds have been converted into 268 new UBI Banca ordinary shares, for a total nominal value of Euro 3,417.

<u>UBI Banca 2009/2011 warrants, *Warrant Azioni Ordinarie UBI Banca 2009-2011*</u>

On 9 May 2009 the extraordinary shareholders' meeting of the Company resolved, *inter alia*, to issue 639,145,900 UBI Banca 2009/2011 warrants, *Warrant azioni ordinarie UBI Banca 2009/2011* (the "**Warrants**"), to be assigned free of charge to shareholders of the Company on 18 May 2009, at a ratio of 1 Warrant per each share held, entitling the holder to subscribe at maturity ordinary shares of the Company at a ratio of 1 share for every 20 Warrants at the price of Euro 12.30 for each newly issued ordinary share. Solely for serving the fulfilment of the Warrants, the shareholders' meeting approved a share capital increase, divisible and for payment, for a maximum total value (inclusive of share premium) of Euro 393,074,729, to be completed no later than 31 December 2011, via the issue of a maximum of 31,957,295 ordinary shares, with regular entitlements (the "Conversion **Shares**"). The Management Board was engaged to implement the issue.

The Warrants were assigned free of charge to the shareholders of the Issuer, and made available on 21 May 2009, without any brokerage activities, by means of the authorised intermediaries belonging to the centralised management system of Monte Titoli, upon the release on 18 May 2009 of coupon 8 at a ratio of 1 Warrant per every 1 UBI Share held.

The Warrants are traded separately on the MTA from the UBI shares, with ISIN code IT0004495187.

The Warrants are governed by the Regulations applied to the UBI Banca 2009/2011 warrants *Warrant azioni ordinarie UBI Banca 2009/2011* (the "**Warrant Regulations**"), which must be considered included herein by reference pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) 809/2004. This document was previously published and submitted to Consob and is publicly available on the Issuer's website (www.ubibanca.it) and at the Issuer's registered offices and those of Borsa Italiana.

The Warrants entitle the shareholders and their assignees to subscribe 1 Conversion Share every 20 Warrants held (the "**Exercise Ratio**"), at the Price of Euro 12.30 (the "**Exercise Price**").

With the exception of the events of suspension envisaged by Article 5 of the Warrant Regulations, the Warrants may be exercised for a period of 30 calendar days from 1 June 2011 to 30 June 2011 (the "**Exercise Period**") solely via the submission, during the Exercise Period, of an appropriate subscription request (the "**Exercise Request**") to the authorised intermediaries belonging to the centralised management system of Monte Titoli where the Warrants are held.

The Conversion Shares will be made available, by means of Monte Titoli, on the fifth exchange business day of the calendar month following the month of submission of the Exercise Request. The Conversion Shares will have regular dividend entitlement and the same characterisitics as the UBI shares outstanding on the effective date of exercise of the Warrants.

As regards the Exercise Ratio and the Exercise Price of the Warrants, Article 7 of the Warrant Regulations provides that, if transactions on UBI Banca's share capital are resolved upon and implemented between the issue date of the Warrants and the date on which the Conversion Shares are made available to the Warrant holders, the Exercise Ratio and the Exercise Price, may be adjusted by UBI Banca.

In particular, in the event of share capital increases against payment in cash, to be implemented through the issue of new shares to be offered under option to the assignees, or of other transactions that give rise to a negotiable right, the Exercise Price of each Warrant will be decreased by an amount, expressed in Euros and rounded to the nearest third decimal point, equal to:

(Pcum - Pex) × 20 × Exercise Ratio

where:

- "**Pcum**" indicates the simple arithmetic mean of the last three official prices "cum rights" of the Bank's ordinary shares recorded on the MTA;
- "**Pex**" indicates the ratio between: i) the sum of the number of shares on the market prior to the capital increase multiplied by Pcum and the new shares issued multiplied by the issue price of the new shares and ii) the total number of shares outstanding after the capital increase.

In no case may the Exercise Price be increased as a result of application of the preceding formula (even if Pex is greater than Pcum). In the same way, in no case may the Exercise Price, as redetermined based on the preceding formula, be lower than the par value of the Conversion Share, as modified from time to time and excepting the case in which, as a result of an amendment to UBI Banca's Corporate By-Laws, the par value of the shares is not indicated in accordance with Article 2346 (3) of the Italian Civil Code.

According to the provisions of Article 7 of the Warrant Regulations, UBI Banca will determine the Exercise Price and will inform the Warrant holders through a public notice published in at least one national newspaper and on the Bank's web site *www.ubibanca.it*.

21.1.2 Shares not representative of the share capital

As at the Prospectus Date, the Issuer has not issued shares other than ordinary shares or shares that are not representative of the share capital (see Section Two, Chapter IV, Paragraph 4.1 of the Prospectus).

21.1.3 Treasury shares

As at the Prospectus Date, the Issuer held no treasury shares.

On this matter, the Shareholders' meeting of 30 April 2011, having acknowledged the proposal of the Management Board, resolved:

- a) to authorise the Management Board, and in turn the Chairman, Deputy Chairman and the CEO severally, to proceed with one or more transactions, to be put into effect no later than 30 September 2011, under the conditions indicated in (1) (b) of Article 144-*bis* of the Regulations for Issuers, that is the acquisition, on regulated markets according to operating conditions that ensure parity of treatment between shareholders and do not allow for direct matching of proposed purchase trades with predetermined sales trades, of a maximum of 1,200,000 treasury shares, having a par value of Euro 2.50, for a maximum total market value of Euro 5,500,000.00, at a unit price no less than the par value of the share (Euro 2.50) and no greater than 5% over the official price at close of trading on the day prior to each individual purchase; and b) to assign the Management Board, and in turn the Chairman, Deputy Chairman and the CEO severally, with all powers necessary to implement this resolution in accordance with any provisions of the presiding Authorities; and
- a) to authorise the Management Board, and in turn the Chairman, Deputy Chairman and CEO severally, to proceed with one or more transactions, up to the shareholders' meeting called to resolve pursuant to Article 2364-*bis* (4) of the Italian Civil Code regarding the distribution of profits for the period to 31 December 2011, subject to the approval of the financial statements, for the sole circumstance where said financial statements have not already been approved by the Supervisory Board, using the methods indicated in (1) (b) of Article 144-*bis* of the Regulations for Issuers, that is the acquisition, on regulated markets according to operating conditions that ensure parity of treatment between shareholders and do not allow for direct matching of proposed purchase trades with predetermined sales trades, of treasury shares, having a par value of Euro 2.50, at a price no greater than the official price at close of trading on the day prior to each individual transaction, using funds from the *Treasury shares purchase reserves* of Euro 64,203,000.00 and with the additional constraint

that, following the trades carried out, the ownership of shares will not exceed a maximum amount of 1% of the shares forming the share capital; b) to also authorise the Management Board, and in turn the Chairman, Deputy Chairman and the CEO severally, to proceed, in one or more transactions, with the aforesaid methods and within the aforesaid time constraints, to dispose of all or part of the treasury shares that the Company may hold at a price no less than the official price or the closing price of the day prior to each individual sales transaction, using the usual forms of intermediation of the share market, with the understanding that the amount of the transfer of shares held shall reimburse, up to the purchase amount, the provisions recognised in the *Treasury shares purchase reserves*; c) also to authorise the Management Board to use the treasury shares for the exercise of options however named, again with the option exercise price being no lower than the purchase amount; and d) to authorise the Management Board, and in turn the Chairman, Deputy Chairman and the CEO, severally with all powers necessary to implement these resolutions in accordance with any provisions of the presiding Authorities.

21.1.4 Amount of the convertible, exchangeable bonds or warrants

As at the Prospectus Date, the Convertible Bond remains in being, whose issue was resolved by the Management Board, subject to the favourable opinion of the Supervisory Board, by virtue of the mandate assigned to the Management Board by the extraordinary shareholders' meeting on 9 May 2009, for a nominal value of Euro 639,145,872, comprising 50,129,088 Convertible Bonds with a par value of Euro 12.75 each, convertible at a ratio of 1 UBI Banca ordinary share per Convertible Bond submitted for conversion. For a description of the primary conditions of the Convertible Bond, please refer to the description in the CB Regulations provided in Paragraph 21.1.1 above.

21.1.5 Existence of purchase rights and/or obligations on authorised but not issued capital or of a constraint on the capital increase

On 9 May 2009 the extraordinary shareholders' meeting of the Company resolved:

- to approve a divisible company share capital increase, for payment, for a maximum total value (inclusive of share premium) of Euro 393,074,728.5 via the issue of a maximum number of 31,957,295 ordinary shares with a par value of Euro 2.50, with regular rights, to be reserved solely for the exercise of the Warrants, to be exercised no later than 31 December 2011;

- to authorise, pursuant to Article 2420-*ter* of the Italian Civil Code, the Management Board with the facility to issue, in one or more tranches, subject to the authorisation of the Supervisory Board, no later than 31 December 2009, bonds convertible into ordinary shares of the Company to be offered as options to the shareholders for a maximum amount of Euro 640,000,000.00, with the consequent increase of share capital to service the conversion for a total maximum amount of Euro 640,000,000.00, inclusive of the share premium, via the issue of a maximum number of 256,000,000 ordinary shares in the Company with a par value of Euro 2.50 each, with regular rights, having the same characteristics as those outstanding on the issue date, solely to service the conversion of the convertible bonds. The Management Board, on 27 May 2009 and 18 June 2009, in full implementation of the mandate conferred on the board by the resolution of the extraordinary shareholders' meeting of 9 May 2009, resolved to issue 50,129,088 convertible bonds, with a par value of Euro 12.75 each, for a total nominal amount of Euro 639,145,872.00, to be offered as options to the eventual shareholders of the Company on the initial date of the subscription period, according to the ratio of 4 convertible bonds for each 51 shares of the Company held and, consequently, to increase the share capital to service the convertible bonds by the maximum amount of Euro 639,145,872.00, also to be released in multiple amounts via the issue of a maximum number of 255,658,348 UBI Banca ordinary shares, with a par value of Euro 2.50 each, with regular rights, having the same characteristics as the UBI Banca ordinary shares outstanding on the issue date and solely to service the Convertible Bonds.

On 30 April 2011 the extraordinary shareholders' meeting of the Company resolved:

- to authorise, pursuant to Article 2443 of the Italian Civil Code, the Management Board, subject to the authorisation of the Supervisory Board, to increase the share capital by payment in cash, in one or more issues, within 12 months from the date of the resolution, by a total maximum amount of Euro 1 billion, inclusive of any share premium, through the issuance of ordinary shares having the same characteristics as those outstanding, to be offered for payment in cash to the shareholders and the holders of the convertible bond "*UBI 2009/2013 convertibile con facoltà di rimborso in azioni*", with the broadest powers for the Management Board to set, from time to time and in observance of the above limitations, the procedures, the terms and the conditions of the operation, including the issue price of the new shares (including any share premium) and dividend entitlement, specifying that in the calculation of the issue price of the shares, including the share premium, the Management Board shall take into account, *inter alia*, the market conditions prevailing at the time of the launch of the transaction, the stock market price of the UBI ordinary share, the operating performance, capital and financial position of the Bank and the Group which it leads as well as market practices for similar transactions.

On 13 May 2011, the Management Board of the Issuer, in execution of the authorisation granted to it, after obtaining a favourable opinion from the Supervisory Board resolved, *inter alia*:

- to increase the share capital by a maximum amount of Euro 1 billion, including any share premium, through the issue, against payment in cash, of ordinary shares with the same characteristics as those currently outstanding and regular dividend entitlement, to be offered under option to the Company's shareholders and holders of the Convertible Bonds, on the basis of the conversion ratio specified in Article 5 of the Convertible Bond Regulations;

- to establish that if, by the final deadline of 31 December 2011, the Capital Increase has not been fully subscribed, the share capital is to be deemed to be increased by an amount equal to subscriptions gathered by that date;

- to determine, at a future meeting of the Management Board to be called in the days immediately preceding the launch of the Offer, subject to authorisation of the Supervisory Board, and in the forms indicated in Article 2443 of the Italian Civil Code, i) the per-share issue price of UBI Shares including share premium, which is to be determined taking into account, among other things, prevailing market conditions at the time the transaction is actually launched; market prices for ordinary UBI shares; the economic, capital and financial position of the Company and the Group, and the market practices for similar transactions; ii) the number of UBI Shares to be issued and the final amount of the Capital Increase; iii) the option ratio to be used for offering UBI Shares to shareholders and holders of the Convertible Bonds; and iv) any other characteristic of the Capital Increase which was not finalised in the meeting of 13 May 2011.

On 1 June 2011, the Management Board, after obtaining a favourable opinion from the Supervisory Board, therefore resolved to: (i) increase the share capital, in one or more issues, by a total maximum amount of Euro *999,908,234.75*, Euro *656,452,360* of which is to be allocated to share capital and Euro *343,455,874.75* to the share premium reserve, through the issuance of a maximum of *262,580,944* UBI Shares and (ii) to set the option ratio at *8* UBI Shares for every *21* UBI shares and/or Convertible Bonds held.

(See Section One, Chapter XXI, Paragraph 21.1.7 of the Prospectus).

21.1.6 Information regarding the capital of any members of the Group offered as options

With the exception of that described below, as at the Prospectus Date there is no interest in the capital of UBI Banca Group companies which has been offered as options or that has been decided to be offered conditionally or unconditionally as options.

The shareholders' agreement between UBI Banca and Prudential International signed on 18 January 2008 (subsequently amended on 1 July 2010 and 1 May 2011), relating to UBI Pramerica SGR SpA, prescribes the assignment to the parties of call options on the respective investments in that SGR (Asset management company). The above options may be exercised on the occurrence of specific triggers (such as for example, change of control, violation of certain provisions of the agreements).

21.1.7 Trend of the share capital in the last three trading periods

The share capital of UBI Banca, amounting as at 1 January 2008 to Euro 1,597,864,755.00 and comprising 639,145,902 ordinary shares with a par value of Euro 2.50 each, has not undergone any changes in the last 3 financial years.

On 3 March 2011, 268 UBI Banca ordinary shares were issued to service the conversion of the same amount of Convertible Bonds.

As at the Prospectus Date, the share capital of the Issuer therefore amounted to Euro 1,597,865,425.00 divided into 639,146,170 shares with a par value of Euro 2.50 each.

For further information on the share capital, please refer to Section One, Chapter XXI, Paragraph 21.1.5.

21.2 Memorandum of association and Corporate By-Laws

21.2.1 Company object and scope of the Issuer

The company object of the Issuer is defined in Article 4 of the Corporate By-Laws, which provides the following:

"The Company, in line with the traditional principles of Cooperative Banks, has for its object the collection of savings and the provision of credit in its various forms, both directly and via subsidiary companies, equally for its Shareholders as for non-Shareholders.

To this end, it may, in accordance with current regulations and subject to the required authorisations, carry out, both directly and via subsidiary companies, all banking and finance transactions and services, as well as the other activities lending institutions are permitted to carry out, including the issue of bonds and the provision of loans regulated by special laws.

The Company may also carry out any other operation that is instrumental or however connected to the achievement of the company objects.

The Company, in the interest of its Shareholders, shall pay particular attention to the enhancement of the resources of the area where it operates via its distribution network and that of the Group. In accordance with its institutional purposes the Company shall grant its Shareholder customers favourable conditions on specific services.

In order to achieve its objects, the Company may belong to associations and consortia of the banking system, both in Italy and abroad.

The Company, in its capacity as parent company of the Gruppo Unione di Banche Italiane, abbreviated into Gruppo UBI Banca (the "Group"), pursuant to Article 61 (4) of Legislative Decree no. 385 of 1 September 1993, shall issue, pursuant to management and coordination activities, instructions to the companies forming the Group, including for the execution of instructions of the Bank of Italy and in the interest of the stability of the Group itself.".

21.2.2 Summary of the provisions of the Corporate By-Laws of the Issuer regarding the members of the Management Board and members of the Supervisory Board

The following are the primary significant provisions of the Corporate By-Laws regarding the members of the Management Board and the Supervisory Board. For further information, please refer to the Corporate By-Laws, available on the Internet site of the Issuer (*www.ubibanca.it*) and the applicable regulations.

Management Board

The functions of the Management Board are indicated in Article 37 of the Corporate By-Laws, according to which the Board carries out the management of the business in accordance with the guidelines and strategies approved by the Supervisory Board, having considered the proposals of the Management Board itself. To this end it carries out all operations necessary, useful or however appropriate in the pursuit of the company objects, whether for ordinary or extraordinary administration.

As well as the matters that legally may not be delegated and those prescribed in the final section of Article 36, the following are reserved for the Management Board:

a) the definition, on the proposal of the CEO, of the guidelines and the strategies of the Company and the Group to be submitted to the approval of the Supervisory Board;

b) the conferment and the revocation of mandates to the CEO; the identification of the member of the Management Board to which to confer mandates must be carried out on the non-binding proposal of the Supervisory Board, having resolved upon the proposal of the Appointments Committee; where the latter proposal has not been provided by the Appointments Committee with the *quorum* required by the relative regulation, the proposal of the Supervisory Board to be submitted to the Management Board will be resolved upon the favourable vote of at least 17 Supervisory Board Members. The revocation of mandates is resolved by the Management Board by the favourable vote of at least eight members of the Management Board, (or all members less one, where the Management Board comprises 7 or 8 members), in consultation with the Supervisory Board;

c) the preparation, on the CEO's proposal, of business and/or financial plans, as well as the budgets for the Company and the Group, to be submitted for approval to the Supervisory Board pursuant to Article 2409 *terdecies* of the Italian Civil Code;

d) the management of risks and internal controls, excluding where specific roles are attributed to the Supervisory Board pursuant to Article 46 of the Corporate By-Laws;

e) the assignment, amendment or revocation of mandates and powers as well as the assignment of specific roles or mandates to one or more members of the Management Board;

f) the appointment and termination of the General Manager and other members of the General Management, the definition of roles and competences, and the appointment of the Group's corporate operational and management executives;

g) appointments to the Board of Directors and Board of Statutory Auditors of the companies belonging to the Group, unless where this is set out in Article 36 (2) (c) of the Corporate By-Laws;

h) proposals relating to the assumption and transfer of controlling equity investments and the assumption and transfer of non-controlling equity investments involving an outlay greater than 0.01% of the Regulatory Capital used for the purposes of calculating the consolidated *Core Tier I Capital*, as resulting from the latest notification sent to the Bank of Italy in accordance with current regulations;

i) the opening and closure of company branches and offices;

l) the configuration of the Company's management, administrative and accounting structure to be submitted to the approval of the Supervisory Board, and, unless falling under the exclusive competence of the Supervisory Board according to Article 49 of the Corporate By-Laws, the formation of Committees and Commissions having functions of consultancy, enquiry, control or coordination, unless where regulated by Article 42 (2) of the Corporate By-Laws;

m) the approval and amendment of Group and corporate regulations, excluding those roles attributed to the Supervisory Board pursuant to Article 46 (1) (s) of the Corporate By-Laws;

n) the designation of the criteria for the coordination and management of the Group companies, and the criteria for implementing Bank of Italy directives;

o) subject to the mandatory approval of the Supervisory Board, the appointment and termination of the Senior officer responsible for the preparation of the accounting documents, in accordance with Article 154 *bis* of the Consolidated Finance Act (TUF) and the designation of the relative fee. The Senior officer responsible for the preparation of the accounting documents must have the level of integrity prescribed by current regulations for managers carrying out administrative and management functions, and the specific professional requirements of the role from an administrative and accounting viewpoint in relation to lending business, finance, securities or insurance. This level of integrity and experience, which is to be verified by the Management Board itself, must have been acquired in positions of adequate responsibilities for a suitable period of time and in companies comparable with the Company;

p) the appointment and termination, subject to the opinion of the Supervisory Board, of the Manager responsible for internal control and the Manager of the compliance office, as well as the managers of offices whose appointment falls exclusively to the Management Board in accordance with legislative or regulatory provisions;

q) the preparation of the financial statements and consolidated financial statements pre-approval;

r) the execution of mandates for share capital increases conferred in accordance with Article 2443 of the Italian Civil Code, as well as the issue of convertible bonds in accordance with Article 2420 *ter* of the Italian Civil Code, subject to the authorisation of the Supervisory Board;

s) the requirements of the Management Board as provided by Articles 2446 and 2447 of the Italian Civil Code;

t) the preparation of merger and demerger plans;

u) proposals for strategic operations in accordance with Article 46 (1) (m) of the Corporate By-Laws to be submitted for approval to the Supervisory Board;

v) the definition of the identification criteria of transactions with related parties under its own competence.

The Management Board, under Article 38 of the Corporate By-Laws, shall provide an appropriate written report to the Supervisory Board on general operations and anticipated trends, the more relevant operations by dimension and nature carried out by the Company or its subsidiaries, the main accounting data of the Company, the major subsidiaries and the Group. The Management Board shall also report on transactions in which the members of the Management Board itself have an interest, on their own behalf or on behalf of third parties. The Chairman of the Supervisory Board can invite the Chairman of the Management Board and/or the CEO to present such matters to the Supervisory Board.

This report is made quarterly.

Methods of appointing the Management Board

The Management Board comprises a minimum of 7 and a maximum of 11 members, including a Chairman, a Deputy Chairman and a CEO, elected from among Shareholders having voting rights by the Supervisory Board, on the proposal of the Appointments Committee, having designated their number.

The members of the Management Board remain in office for three financial years and terminate on the date of the meeting of the Supervisory Board called to approve the financial statements relating to the final year of their office. They shall, in each case, remain in office until the renewal of the Management Board in accordance with Article 46 (a) of the Corporate By-Laws and may be re-elected.

At least one of the members of the Management Board must have the independence requirements set out in Article 148 (3) of the Consolidated Finance Act (TUF) and the majority of the members must have gained experience of at least one three-year period in a professional and/or management post in financial and/or securities and/or banking and/or insurance companies in Italy or overseas.

<u>Supervisory Board</u>

The functions of the Supervisory Board are indicated in Article 46 of the Corporate By-Laws, according to which the Board, unless such roles are attributed by legal and regulatory provisions to internal committees, shall:

a) appoint, on the Appointments Committee's proposal, and terminate the members of the Management Board and its Chairman and Deputy Chairman, specifying the relative remuneration on consultation with the Remuneration Committee and in accordance with the provisions of Article 22 (2) (b) of the Corporate By-Laws; specify, on consultation with the Remuneration Committee and in accordance with the provisions of Article 22 (2) (b) of the Corporate By-Laws, the remuneration of members of the Management Board invested with particular roles, offices or mandates or which may be assigned to committees; unless where set out by Article 32 (2) of the Corporate By-Laws and excluding in any event the replacement of members of the Management Board leaving before time, the Supervisory Board shall reappoint the Management Board in the first meeting following its appointment by the shareholders' meeting;

b) resolve, having considered the proposals of the Management Board, on the definition of the general scheduled and strategic aims of the Company and the Group;

c) approve the financial statements and consolidated financial statements prepared by the Management Board;

d) authorise the Management Board to execute mandates for possible share capital increases or issues of convertible bonds assigned by the shareholders' meeting in accordance with Article 2443 of the Italian Civil Code and/or Article 2420 *ter* of the Italian Civil Code;

e) carry out the supervisory functions envisaged in Article 149 (1) (3) of the Consolidated Finance Act (TUF);

f) promote liability actions against the members of the Management Board;

g) submit claims to the Bank of Italy pursuant to Article 70 (7) of the Consolidated Banking Act;

h) report in writing to shareholders' meetings called pursuant to Article 2364 *bis* of the Italian Civil Code, on supervision activities carried out, unlawful omissions and facts discovered, as well as report on matters that fall within its competence at any other shareholders' meeting called whether ordinary or extraordinary;

i) inform the Bank of Italy without delay of all deeds or facts it becomes aware of in carrying out its roles, which may form a management irregularity or violation of banking regulations;

l) provide its mandatory opinion regarding the person responsible for the preparation of company accounting documents in accordance with Article 154 *bis* of the Consolidated Finance Act;

m) on the proposal of the Management Board, resolve on the business and/or financial plans and the budgets of the Company and the Group prepared by the Management Board, and the strategic operations indicated below, unless where it is the Management Board's responsibility and regardless of whether it is necessary for the Supervisory Board to resolve on the operations envisaged in the following points (iii), (iv), (v), (vi) and (vii) or where operations for which the principal elements have already been defined in the Industrial Plans approved by the Supervisory Board:

    (i) operations affecting the capital, issues of convertible bonds and cum warrants in Company securities, mergers and demergers;

    (ii) amendments of the Corporate By-Laws;

    (iii) the operations envisaged in Article 36 (2) (b) of the Corporate By-Laws;

(iv) acquisitions by the Company and subsidiary companies of controlling equity investments in companies as well as transactions leading to the reduction of equity investments directly or indirectly held in subsidiary companies;

(v) acquisitions or disposals by the Company and the subsidiary companies of businesses, individual contracts, business units, conferments, break-ups, as well as investments or disposals that give rise to commitments whose value, per transaction, is greater than 4% of the Regulatory Capital used for calculating consolidated *Core Tier I Capital* or that affecting by more than 50 b.p. the *Core Tier I Ratio* as resulting from the latest notification sent to the Bank of Italy in accordance with current regulations;

(vi) acquisitions or transfers by the Company and the subsidiary companies of non-controlling equity investments having a value, per transaction, greater than 1% of the Regulatory Capital used for calculating the consolidated Core Tier I Capital, as resulting from the latest notification sent to the Bank of Italy in accordance with current regulations, or being significant from an institutional or banking system viewpoint;

(vii) the completion of commercial, co-operation and shareholder agreements having strategic significance in consideration of the assets and/or volumes involved and/or the profile of the partners and in relation to the strategies and objectives of the approved Industrial Plan;

n) express its favourable, non-binding opinion, with the vote of at least 17 (seventeen) of its members, on the candidates proposed by the Management Board for the posts of Managing Director and Full Auditor of the subsidiary companies listed in Article 36 (2) (b) of the Corporate By-Laws;

o) draft strategies and management and risk management policies, including in consideration of the proposals of the Management Board, while verifying their continuing adequacy and implementation by the same Management Board;

p) on the proposal of the Management Board, resolve on compliance risk management policies and the establishment of the compliance office;

q) provide its assessment regarding the definition of essential elements of the entire structure of the internal controls system; assess, for those aspects within its competence, the level of efficiency and suitability of the internal controls system; express its opinion regarding the appointment and termination, by the Management Board, of the internal control manager and the compliance office manager;

r) periodically approve and verify the management, administrative and accounting configuration of the Company, as deemed by the Management Board;

s) approve the corporate regulations pertaining to its own operations and, in collaboration with the Management Board, the regulations relating to flows of information between the corporate bodies and relating to the internal controls system;

t) approve the remuneration policies relating to employees or non-employed external collaborators;

u) on the proposal of the Chairman of the Supervisory Board, provided in accordance with Article 47 (2) (h) of the Corporate By-Laws, resolve on strategies and programmes relating to cultural initiatives and benefits as well as the image of the Company and the Group, with special reference to the improvement of historic and artistic heritage, verifying the compliance of the scheduled initiatives with objectives;

v) resolve on mergers and demergers pursuant to Articles 2505 and 2505 *bis* of the Italian Civil Code;

z) exercise any other power prescribed by regulations in force or the Corporate By-Laws.

The Supervisory Board is also exclusively assigned, in accordance with Article 2436 of the Italian Civil Code, the resolutions pertaining to the following:

- the establishment or termination of secondary offices;

- the reduction of the share capital in the event of the withdrawal of a Shareholder;

- the amendment of the Corporate By-Laws to regulatory provisions, on consultation with the Management Board.

The Supervisory Board and its members shall exercise the powers provided for in Article 151 *bis* of the Consolidated Finance Act (TUF), according to the terms and conditions set out therein.

Methods of appointing the Supervisory Board

The Supervisory Board comprises 23 Directors appointed by the shareholders' meeting from among Shareholders having the requirements of integrity, professionalism and independence set out by current regulations. At least 15 members of the Supervisory Board must have the requirements of professionalism set out by temporary regulations in force for individuals holding administrative offices with banks.

In particular, at least 3 members of the Supervisory Board must be selected from among individuals registered with the Registry of Legal Auditors who have carried out legal auditing of accounts for a period no less than 3 years.

For the election of the members of the Supervisory Board, the shareholders' meeting shall proceed on the basis of lists, with the methods and terms set out in Article 45 of the Corporate By-Laws.

Specifically, the lists of candidates, signed by those submitting them, must be submitted to the corporate address between 30 and 13 days prior to the date of the first Shareholders' meeting and shall provide the names of at least two candidates. The lists may also be submitted via a remote method of communication, set by the Management Board, using methods made known in the notice of call, that enable identification of the individuals making the submission. The signature of each submitting Shareholder must be duly authenticated pursuant to law or by employees of the Company and its subsidiaries duly mandated by the Management Board.

The lists must also include information relating to the identity of the shareholders submitting them, with an indication of the number of shares and therefore the total percentage held by the submitting shareholders and, within the terms set out by current regulations, a notification proving title to such holding, and any other information required by current rules and regulations.

With each list exhaustive information must also be provided on the personal and professional characteristics of the candidates, and a declaration by the same candidates stating their possession of the requirements as per law, regulations and the Corporate By-Laws, and their acceptance of their candidature.

Where, on expiry of the aforesaid term of 15 days, one single list has been submitted, or in any event in the circumstances envisaged by current regulations, the Bank shall give prompt notice of this via at least two press agencies; in this case, additional lists may be submitted up to the third day following the original expiry date. In this event, the thresholds indicated below shall be reduced by half.

The election of the members of the Supervisory Board shall then proceed based on lists submitted:

a) directly by at least 500 Shareholders entitled to intervene and vote in the shareholders' meeting called to elect the Supervisory Board, who can provide evidence of such entitlement according to current regulations, or by one or more shareholders that represent at least 0.50% of the company share capital, whose limit is calculated with reference to the share capital existing 90 days prior to the date set for the shareholders' meeting, indicated in the notice of call;

b) by the outgoing Supervisory Board, on the proposal of the Appointments Committee and with the votes of at least 17 Supervisory Board members, however supported, as set out in a) above, by at least

500 Shareholders entitled to intervene and vote in the shareholders' meeting called to elect the Supervisory Board, which provide evidence of such rights according to current regulations, or by one or more shareholders that represent at least 0.50% of the company share capital, calculated with reference to the share capital existing 90 days prior to the date set for the shareholders' meeting, indicated in the notice of call.

Each Shareholder may only be involved in the submission of one single list; in the case of a breach, the signature of this shareholder shall not count for any list.

Each candidate may only be elected if included on one single list.

Lists submitted without complying with the above methods shall not to be considered.

Each Shareholder may vote for one single list.

The election of the members of the Supervisory Board shall proceed as follows:

a) in the event of the submission of multiple lists and regardless of the provisions of b) below, the 22 members of the Supervisory Board will be drawn from the list that obtains the majority of Shareholder votes, in the order they appear on the list itself;

b) one member of the Supervisory Board shall be elected from the top of the list obtaining the second greatest number of votes, if not connected pursuant to current regulations to the list referred to in letter a) above. Where such list has obtained at least 15% of the votes cast at the shareholders' meeting, in addition to the one at the top of the list, a further 2 members, the second and third names, will be elected to the Supervisory Board. Where such list has gained at least 30% of the votes cast at the shareholders' meeting, an additional 4 members, the second, third, fourth and fifth names on the list, will instead be elected. Consequently, 20 or 18 members respectively of the Supervisory Board will be elected, in the order they are listed on the list that obtained the majority of the votes cast by the Shareholders.

c) where the minority list referred to in b) above contains the names of just two candidates, the third director, and potentially the fourth and fifth in the event of obtaining at least 30% of the votes, will be drawn from the majority list, from the highest names listed not yet elected.

In the event a single valid list is proposed, all 23 members will be drawn from this list if it obtains the required majority at the ordinary shareholders' meeting.

With regard to the appointment of those members of the Supervisory Board who for any reason are not able to be elected using the procedures described above or where no list is submitted, the Shareholders' meeting shall resolve with a relative majority vote; where there are equal amounts of votes, the oldest candidate will be appointed.

Where two or more lists obtain an equal number of votes, the same lists shall be voted on again, until an unequal number of votes is obtained.

The offices of Chairman and Senior Deputy Chairman of the Board fall to the members indicated in first and second place respectively on either list that obtains the majority of votes, the single list or to the members appointed as such by the shareholders' meeting, where no list is submitted.

Where, during the course of a trading period the Board comes to lack one or more members, the highest candidate/s appearing on a majority list but not elected shall replace members/s originally elected from a majority list; where there was no such list, the appointment shall be made by the shareholders' meeting with a relative majority vote without the need for lists, with the role of proposing candidates, where necessary, falling to the Supervisory Board, on the proposal of the Appointments Committee.

In the event of the termination of the Chairman of the Supervisory Board and/or the Senior Deputy Chairman of the Supervisory Board, the ordinary shareholders' meeting shall act to replace them without delay and appoint the Chairman and/or the Senior Deputy Chairman, without in this case adopting the replacement mechanism described above, with the role of proposing candidates falling to the Supervisory Board, on the proposal of the Appointments Committee.

Where instead it is necessary to replace members of the Supervisory Board belonging to a minority list, the following procedure shall apply:

– in the case of a single member of the Supervisory Board having been appointed from the minority list, the first candidate not elected from the same list the director being replaced was drawn, or failing this, the candidate from any other minority lists with the greatest number of votes, shall be elected. Where this is not possible, the shareholders' meeting shall replace the member of the Supervisory Board according to the principle of necessary representation of minorities;

– where the shareholders' meeting appointed the additional 2 or 4 members of the Supervisory Board drawn from the minority list, their replacements shall be drawn from the list where the member of the Supervisory Board to be replaced was originally drawn from or, failing this, from another minority list with the next highest number of votes and that obtained at least 15% or where applicable, 30% of the votes expressed at the shareholders' meeting; failing this, the members of the Supervisory Board to be replaced will be drawn from the majority list, or failing this, the Shareholders' meeting shall deliberate on a relative majority vote;

– in the event that the 2 or 4 members of the Supervisory Board from the minority list had already been replaced, according to the above procedure, by drawing them from the majority list or they were appointed by the shareholders' meeting with a relative majority in accordance with the above, to replace the additional minority member of the Supervisory Board, the first candidate indicated on any other minority list with the highest number of votes shall form the replacement; where this is not possible, the shareholders' meeting shall provide the replacement in accordance with the principle of necessary representation of minorities.

The replacing candidates, as identified above, shall confirm their acceptance of the office together with declarations that there are no causes for ineligibility or incompatibility, and of having the requirements of current regulations or the Corporate By-Laws for the office.

The member of the Supervisory Board called as a replacement shall remain in office until the originally anticipated termination of the replaced Director.

21.2.3 Rights and privileges associated with shares

As at the Prospectus Date, the Issuer has issued solely ordinary shares.

As it is a Cooperative Bank, voting rights do not derive from each share but each shareholder having voting rights, according to the Corporate By-Laws, may exercise a single vote, whatever the number of shares they hold.

However, the participation in the equity and the profits is proportional to the number of shares held. In the event of exceeding the threshold of 0.50% envisaged in Article 30 of the Consolidated Banking Act (TUB) and failure to dispose of the exceeding shares within the term of one year from the challenge, the economic rights accrued up to the disposal of the exceeding shares shall be acquired by the bank. For further information on the participation in the profits and the dividends policy, please refer to Section One, Chapter XX, Paragraph 20.6 of the Prospectus

21.2.4 Provisions of the Corporate By-Laws and regulations on amending shareholders' rights

In accordance with Article 14 of the Corporate By-Laws, withdrawal is permitted solely in the cases envisaged by law.

In accordance with Article 2437 of the Italian Civil Code, shareholders who have not taken part in resolutions regarding the following shall have the right to withdraw, wholly or partly, from their holdings:

- the amendment of the clause providing the company objects, when causing a significant change of the company's operations;
- the transformation of the company;
- the transfer of the company offices overseas;
- the cancellation of a state of liquidation;
- the cancellation of one or more causes for withdrawal provided by Article 2437 (2) of the Italian Civil Code, or by the Corporate By-Laws;
- the amendment of the criteria for determining the share value in the case of withdrawal;
- amendments of the Corporate By-Laws concerning the voting or participation rights.

Any agreement aimed at excluding or making the exercise of the right of withdrawal provided above more onerous shall be invalid.

Moreover, pursuant to Article 2437 *quinquies* of the Italian Civil Code, shareholders not taking part in resolutions that bring about the removal of the shares from market listing shall have the right to withdraw.

For the methods of exercising the right to withdraw and the liquidation of the stock of the withdrawing shareholder, please refer to the applicable regulatory provisions.

21.2.5 Regulations and provisions of the Corporate By-Laws on the shareholders' meetings of the Issuer

The principal provisions of the Corporate By-Laws regulating ordinary and extraordinary Shareholders' meetings of the Issuer are set out below. For further information, please refer to the Corporate By-Laws, available on the Internet site of the Issuer (*www.ubibanca.it*) and the applicable regulations.

According to Article 23 of the Corporate By-Laws, the Shareholders' meeting shall meet alternately in the city or province of Bergamo or in the city or province of Brescia.

According to Article 24 of the Corporate By-Laws, the Shareholders' meetings shall be called by means of notification detailing the items on the agenda, the place, the day and the time of the meeting and anything else legally required, and shall be published in the terms prescribed by current regulations in the Official Journal of the Italian Republic. The notification must also be displayed in the branches of the Company. The potential second instance of the shareholders' meeting shall be called with the same notification as the first, on a subsequent day, but no later than the 30th day from the one set for the first instance.

According to Article 25 of the Corporate By-Laws, the right to intervene in the shareholders' meeting and exercise voting rights is validated by notification sent by the intermediary to the Company, in accordance with its account records, in favour of the individual having the voting rights. Shareholders who have made such notification to the Company before the end of the third market trading day prior to the date set, or other date set by current regulations for the first instance of the shareholders' meeting may by law intervene at the shareholders' meeting. Intervention and voting shall be legitimate where the notifications have reached the Company after the term indicated above, provided that it is before the beginning of the business of the relative instance of the meeting. To intervene in the shareholders' meeting, exercise a vote and for the election of company offices it is necessary that the Shareholder has been a legitimate shareholder for at least 90 (ninety) days from his or her entry in the book of Shareholders.

According to Article 26 of the Corporate By-Laws, the Shareholder has a single vote regardless of the number of shares held. The Shareholder has the option to use a proxy by written mandate issued to another Shareholder having the right to intervene in the shareholders' meeting. Representation by proxy may not be granted to members of the administrative or control bodies or to employees of the Company, or to companies controlled by it or to members of the administrative or control organs or employees of the same subsidiaries, or to the legal auditing firm assigned the auditing role or to the person responsible for the legal audit of the accounts of the Company, or to individuals that fall into one of the other incompatible situations provided by law. Unless set out by Article 2372 (2) of the Italian Civil Code, the mandate may only be conferred for single shareholders' meetings, and subsequent instances, and cannot be conferred with the name of the representative left blank. Each Shareholder may not represent more than 3 (three) Shareholders by proxy. Voting by correspondence is not permitted. The members of the Management Board, and the members of the Supervisory Board may not vote in resolutions concerning their areas of responsibility. The right to vote where shares are subject to a lien or usufruct, falls solely to the Shareholder.

The Shareholders' meeting shall meet in all cases envisaged by law and the Corporate By-Laws, and is called by the Management Board or, pursuant to Article 151 *bis* of the Consolidated Finance Act (TUF), by the Supervisory Board or even by at least two of its members, without prejudice to the other powers of call set out by the law. The ordinary shareholders' meeting must be called at least once a year no later than 120 days from the closure of the trading period in order to resolve on the items prescribed for it by law or the Corporate By-Laws.

The Ordinary Shareholders' meeting:

a) appoints and terminates the members of the Supervisory Board and determines the remuneration (while also setting the attendance fee) of the supervisory board members, as well as an additional total amount for the remuneration of those invested with particular roles, powers or functions, an amount that will be allocated according to the provisions of Article 44 of the Corporate By-Laws; it elects the Chairman and the Senior Deputy Chairman of the Supervisory Board with the methods provided for in Article 45 of the Corporate By-Laws. The members of the Supervisory Board must be terminated with due justification;

b) approves:

   – the remuneration policies for members of the Management Board;

   – remuneration and/or incentive plans based on financial instruments;

c) resolves regarding the responsibilities of the members of the Supervisory Board and, in accordance with Article 2393 and Article 2409 *decies* of the Italian Civil Code, regarding the responsibility of the members of the Management Board unless the same competence falls to the Supervisory Board;

d) resolves on the distribution of profits, upon presentation of the financial statements and the consolidated financial statements approved in accordance with Article 2409 *terdecies* of the Italian Civil Code;

e) appoints and terminates the auditing firm engaged for the legal accounts audit;

f) approves the financial statements in the event of the lack of approval by the Supervisory Board or where this is requested by at least two thirds of the members of the Supervisory Board;

g) resolves on other matters attributed to it by law or by the Corporate By-Laws.

The extraordinary shareholders' meeting resolves on amendments of the Corporate By-Laws, the appointment, termination, replacement and powers of liquidators and any other matter attributed to it by law.

In each case, the ordinary shareholders' meeting is called at least once a year no later than 120 (one hundred and twenty) days from the closure of the trading period in order to resolve on the items prescribed for it by law or by the Corporate By-Laws.

Ordinary and extraordinary shareholders' meetings called on the request of Shareholders shall take place without delay following the submission of such application with justification, and detailing the items to be resolved on, which must be signed by at least one twentieth of Shareholders having the right to vote at the date of the application.

With the methods, within the terms and limits set by law, a number of Shareholders no lower than 1/40 of Shareholders having voting rights on the date of the application may in writing, request that the list of the items on the agenda, as provided in the notice of call, be updated. The signatures of the Shareholders must be authenticated according to law or by employees of the Company or its subsidiaries authorised thereto. Validation of the voting rights shall be provided by suitable documentation stating the shares are held as at the date of submission of the application.

The Shareholders' meeting, whether ordinary or extraordinary, shall be validly held in the first instance in the presence, in person or by mandated proxy, of at least one twentieth of Shareholders having voting rights.

In the second instance, the ordinary shareholders' meeting shall be validly held regardless of the number of Shareholders intervening, while the extraordinary shareholders' meeting, regardless of the provisions of Article 28 of the Corporate By-Laws, shall be validly held with the intervention, in person or by mandated proxy, of at least 1/400 of Shareholders having voting rights.

Where it is not possible to complete the agenda on the given date, the Chairman of the Shareholders' meeting shall set a date for it to be continued no later than the seventh subsequent day, by giving verbal notification of this to those participating without the need for further notification. On the second date the shareholders' meeting shall be established and resolve with the same majorities as set out for the validity of its establishment and declarations of the meeting that is being continued.

The shareholders' meeting, whether ordinary or extraordinary, unless set out otherwise in the Corporate By-Laws, shall resolve with an absolute majority of votes; in the case of equal amounts of votes the proposal shall be considered rejected. Where the shareholders' meeting, whether ordinary or extraordinary, is called to resolve on a proposal regarding a transaction with related parties submitted by the competent bodies of the Company where there is a contrary notification from the Related Parties Committee and it has approved this proposal pursuant to the voting *quorum* required by the Corporate By-Laws, such transaction shall be prevented if a number of non-related shareholders representing at least 3% of the share capital with voting rights are participating in the Shareholders' meeting and the majority of these non-related shareholders vote against.

Appointments by the shareholders' meeting of company officers must be made by secret ballot with the methods provided for by Article 45 of the Corporate By-Laws.

In each case, unless provided for otherwise by unchallengeable law, for the approval of resolutions regarding changes of the company objects, the termination or suspension of the offices in Brescia or Bergamo, as also set out and identified in Article 3 of the Corporate By-Laws, the early winding up of the Company for legal reasons, excluding the situation provided for in Article 2484 (6) of the Italian Civil Code, the repeal or amendment of Articles 23 and 36 of the Corporate By-Laws and/or the introduction of any other provision incompatible with the provisions of such articles, as also the approval of the amendment or repeal of this clause and/or the required voting *quorum* set out herein, the vote of at least one twentieth of Shareholders having voting rights is required, including in the second instance of the shareholders' meeting.

Without prejudice to any other unchallengeable provision of law, for the approval of the resolutions regarding the repeal or the amendment of Articles 45 (6), 48 (6) and 49 (6), (7) and (8) of the Corporate By-Laws, as well as this clause and the required voting *quorum* set out herein, the votes of at least one twentieth of Shareholders having voting rights, which in turn represent at least 20% of the share capital subscribed and paid 90 days prior to the shareholders' meeting are required, including in the second instance of the shareholders' meeting.

For resolutions to be made on the request of the Banking Regulatory Authorities relating to legal amendments of regulations, the Shareholders' meeting, whether ordinary or extraordinary, shall resolve with an absolute majority of votes; in such cases, for resolutions falling under the competence of the Supervisory Board, the provisions of Article 48 (5) of the Corporate By-Laws shall apply.

21.2.6 Provisions of the Corporate By-Laws that could have the effect of delaying, postponing or preventing the amendment of the Issuer's control configuration

Pursuant to Article 30 of the Consolidated Banking Act (TUB) and Articles 18 and 26 of the Corporate By-Laws, as the Issuer is a Cooperative Bank, each shareholder is entitled to one vote regardless of the number of shares held and no one may hold shares to an extent exceeding 0.50% of the share capital (with the exception of UCITS, for which the limits set out by their own regulations shall apply).

21.2.7 Publication obligations for significant holdings

The Corporate By-Laws do not provide for any particular rules relating to publication obligations concerning shareholdings in the share capital of the Issuer. The amount of shareholdings to which the publication obligation applies is the amount set out by law.

21.2.8 Amendments of capital

The Corporate By-Laws do not contain provisions setting out conditions more restrictive than the law regarding the amendment of the share capital and the rights of shares.

For further information on the voting *quorum* of shareholders' meetings, please refer to Section One, Chapter XXI, Paragraph 21.2.5 of the Prospectus.

CHAPTER XXII – MATERIAL AGREEMENTS

This Chapter presents a summary of material agreements, other than those entered into during the normal course of business, to which the Issuer or members of the Group are parties, for the two years immediately preceding the Prospectus Date.

22.1 Reorganisation of interests held in Aviva Group Network Banks

On 29 December 2009, UBI Banca and Aviva S.p.A. signed an agreement for (i) the sale by Aviva S.p.A. to UBI Banca of an approximately 4.75% interest in the capital of Banca Popolare Commercio e Industria for an amount of approximately Euro 82 million (with a consequent reduction of Aviva S.p.A.'s interest in Banca Popolare Commercio e Industria from 16.64% to approximately 11.89% in the latter's share capital); (ii) the sale by UBI Banca to Aviva S.p.A. of an approximately 6.5% interest in the capital of Banca Popolare di Ancona for an amount of Euro 111 million; and (iii) the sale by Aviva S.p.A. to UBI Banca of an approximately 7% interest in the capital of Banca Carime for an amount of approximately Euro 111 million (with a consequent reduction of Aviva S.p.A.'s interest in Banca Carime from 14.15% to approximately 7.15% of the latter's share capital). Note that, in connection with the sale of the interest in Banca Popolare di Ancona, UBI Banca made contractual representations and warranties usual in transactions of this sort and undertook the associated obligations of indemnification (limited to a maximum of 30% of the consideration received for the sale).

22.2 Creation of a partnership in the non-life insurance sector with Fortis and BNP Paribas Assurance

On 17 September, 2009, UBI Banca and Banca Popolare di Ancona, on the one part, and F&B Insurance Holdings (a Belgian company in which Fortis holds an interest of 50% plus one share and BNP Paribas Assurance 50% less one share), on the other part, signed a stock purchase and sale agreement for the acquisition by F&B Insurance Holdings of 50% plus one share of UBI Assicurazioni.

The up-front consideration for the transaction was Euro 120 million, with an additional deferred component (earn-out mechanism tied to the achievement of specific premium volumes) with a present value of approximately Euro 40 million. The consideration also provides for a price adjustment mechanism tied to a possible decrease in the number of bank branches owned by companies belonging to UBI Banca's distribution network during the term of the distribution agreement signed between UBI Banca and UBI Assicurazioni on 29 December 2009.

In connection herewith, the parties also entered into a shareholders' agreement dealing with UBI Assicurazioni's corporate governance as well as the rules governing circulation of the interests held by the parties.

The partnership with Fortis and BNP Paribas Assurance has permitted the UBI Banca Group, *inter alia*, to add to and diversify its product offerings in the non-life sector by distributing products characterised by a high added value, thereby further expanding its commercial range into segments other than the motor one. It has also enabled the Group to benefit from its partners' industrial expertise in, among other things, product innovation as well as to implement commercial strategies capable of maximising the potential afforded by bundling and cross selling products for credit protection and in the non-life area, to be sold together with banking products.

The transaction was completed on 29 December 2009 upon issuance of the appropriate authorisations.

22.3 Acquisition of entire capital of Barberini S.A. and Prestitalia S.p.A.

On 24 March 2010, UBI Banca signed two agreements with, respectively, the shareholders of Barberini S.A. (a company of which it held 33.3% as of that date) for acquisition of the remaining 66.7% of the share capital, and the shareholder agents of Prestitalia S.p.A. for acquisition of all shares held by them. Formal commitments were entered into with the latter for exclusive distribution of "deduction of loan repayment from salary" products and salary-backed loan products.

Simultaneous with the signing of the purchase and sale agreement for 100% of Barberini S.A. and Prestitalia S.p.A., a Euro 37 million capital increase of Prestitalia S.p.A. was subscribed, via Barberini S.A., in implementation of the needed plan for capital reinforcement (as per Bank of Italy Order dated 3 March 2010).

The transaction, authorised by antitrust authorities on 19 May and by the Bank of Italy on 4 August, was finalised on 9 September, 2010. In particular: (i) as regards Barberini S.A., UBI Banca acquired a total of 2,000,000 ordinary shares held by Medinvest International and Pharos S.A. (representing 66.67% of the share capital that was being acquired) at a total price of Euro 7.3 million, along with 92,784 financial instruments convertible into stock (called "*parts bénéficiaires*") at a total price of Euro 341 thousand; (ii) with reference to Prestitalia S.p.A., Barberini S.A. acquired 3,400 shares (equal to 6.4% of the share capital remaining after the Euro 37 million capital increase entirely subscribed by UBI Banca in March) at a price of Euro 3.6 million.

On 10 January 2011, Barberini S.A. sold its entire interest in Prestitalia S.p.A. (53,378 shares, corresponding to 100% of the share capital) to B@nca 24-7 for a total price of Euro 77 million, determined on the basis of an independent expert's report.

22.4 Sale to RBC Dexia of custodian bank and correspondent bank businesses

On 28 September, 2009 UBI Banca, on the one part, and RBC Dexia Investor Services Limited and RBC Dexia Investor Services Bank S.A. (collectively "**RBC Dexia**") signed an agreement for: (i) the sale and transfer to RBC Dexia of UBI Banca Group's custodian bank activities (more than Euro 19 billion in assets under administration, principally correlated to the management of mutual funds carried out by its subsidiary UBI Pramerica); (ii) the transfer to RBC Dexia of its correspondent bank business, through the transfer of a number of agreements with Banca Popolare Commercio e Industria for the provision of paying agent services in Italy to Luxembourg SICAVs and Irish UCITS; (iii) RBC Dexia's provision to UBI Banca of custodial and settlement services for activities involving customer-owned and proprietary foreign securities. The transaction was valued at Euro 93 million.

Note that UBI Banca gave no warranties to the buyer in connection with this transaction with regard to the minimum level of assets under management included in the business line sold. The agreements provide for a number of price adjustment mechanisms upon the occurrence of certain events – including cancellation and the re-negotiation of the consideration amounts – relating to existing commercial relationships with UBI Pramerica SGR S.p.A. coming within the scope of the business unit transferred and, notably, the depositary bank agreement and the agreement outsourcing the provision of administrative services

In connection herewith, a ten-year agreement was also signed with RBC Dexia for the latter to provide custodian banking services to UBI Pramerica on market terms

The transaction was finalised on 31 May 2010.

22.5 Partnership with Cattolica Assicurazioni in the life insurance sector

On 30 September, 2010 UBI Banca and Cattolica Assicurazioni agreed to renew their existing partnership in the life insurance sector, set to expire at year end, until 31 December 2020. In connection herewith, provisions were also made for insurance products of the joint venture Lombarda Vita S.p.A. to be exclusively distributed by branches of the Network Banks of the former Banca Lombarda Group (Banco di Brescia, Banca Regionale Europea, Banca di Valle Camonica, Banco di San Giorgio). In light hereof, and to further reinforce the partnership, UBI Banca sold to Cattolica Assicurazioni an additional interest representing 9.9% of the capital of the joint venture for a total consideration of Euro 118.3 million, Euro 60.9 million of which (net of taxes) represented consolidated capital gains recorded as of September 30, 2010. Following these extraordinary transactions, the capital of Lombarda Vita S.p.A. was thus 60% held by Cattolica Assicurazioni (as compared to the prior 50.1%) and 40% by the UBI Banca Group (as compared to the prior 49.9%).

CHAPTER XXIII – INFORMATION ORIGINATING WITH THIRD PARTIES, EXPERT OPINIONS AND DECLARATIONS OF INTEREST

23.1 Expert reports

Except for the market sources indicated in Section One, Chapter VI of the Prospectus, and the Independent auditor's report, the Prospectus does not contain opinions or reports attributable to experts.

23.2 Information originating with third parties

The Prospectus does not contain information originating with third parties other than that indicated in the preceding Paragraph 23.1.

CHAPTER XXIV – DOCUMENTS ACCESSIBLE TO THE PUBLIC

During the Prospectus validity period, copies of the following documents may be consulted at the Issuer's registered offices and on the Issuer's website (*www.ubibanca.it*), as well as on the Borsa Italiana website (*www.borsaitaliana.it*):

- Corporate By-Laws;
- Prospectus;
- annual separate and consolidated financial statements of the Issuer as at and for the years ended 31 December 2010, 2009 and 2008, drawn up in compliance with the IFRS and based on the "*Instructions for the preparation of company financial statements and consolidated financial statements of banks and financial institutions that are parent companies of banking groups"* issued by the Bank of Italy, and audited by the Independent Auditors;
- Interim financial report as at and for the period ended 31 March 2011, subject to a limited audit by the Independent Auditors;
- Industrial Plan;
- annual report on the corporate governance and ownership structure, for 2010.

During the Prospectus validity period, a copy of the Issuer's memorandum of association will also be available for consultation at the Issuer's registered offices.

CHAPTER XXV – INFORMATION ON EQUITY HOLDINGS

For information in addition to that contained in this Chapter, see Section One, Chapter VII, Paragraph 7.2 of the Prospectus.

SECTION TWO

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CHAPTER I – PERSONS RESPONSIBLE

1.1 Persons responsible for the Prospectus

See Section One, Chapter I, Paragraph 1.1 of the Prospectus.

1.2 Declaration of responsibility

See Section One, Chapter I, Paragraph 1.2 of the Prospectus.

CHAPTER II – RISK FACTORS

For a detailed description of the risk factors specific to the Issuer, the market in which it operates and the financial instruments covered by the Offer, see Section One, Chapter IV of the Prospectus.

CHAPTER III – KEY INFORMATION

3.1 Declaration relating to working capital

Pursuant to Regulation 809/2004/EC and based on the definition of working capital – the means whereby the Issuer obtains liquid funds needed to satisfy obligations coming due – contained in the "Recommendations for uniform implementation of the European Commission's Prospectus Directive" issued by the Committee of European Securities Regulators (CESR), the Issuer believes that the working capital it has available is sufficient to satisfy its current needs and those of the Group, meaning by such those relating to the 12 months following the Prospectus Date.

3.2 Own funds and debt

The following tables show total direct funding, interbank funding and equity of the UBI Banca Group as of 31 March 2011.

Total net interbank funding *(in Euro '000)*	**31 March 2011**
Amounts due to customers	56,144,592
Securities issued	48,678,875
Total direct funding	104,823,467
Amounts due to banks	7,332,517
Loans to banks	4,510,008
Total net interbank funding	**(2,822,509)**

Shareholders' equity *(in Euro '000)*	**31 March 2011**
Share Capital	1,597,865
Share premiums	7,100,381
Reserves	2,530,478
Treasury shares	-
Fair value reserves	(139,734)
Equity instruments	-
Profit for the period	64,609
Total equity attributable to the shareholders of the Parent	**11,153,599**

3.3 Interests of individuals and corporate entities participating in the Global Offer

The Issuer is not aware of any significant interests by individuals and corporate entities in relation to the Offer.

3.4 Reasons for the Offer and use of proceeds

The purpose of the Capital Increase is to further strengthen the UBI Banca Group's capital position, with the aim of supporting growth and enabling the Group to grasp the opportunities arising from future economic growth.

Since its inception, the UBI Banca Group has always considered its capital strength to be one of the most distinctive competitive factors in the national banking scene and has always positioned itself among the "best in class" in terms of capital, taking into account the Group's focus on the traditional deposit and lending business and its low exposure to financial risks.

Specifically, the Capital Increase will allow the Group to strengthen its capital ratios, which as at 31 December 2010 came to 6.95%, in terms of Core Tier I Ratio, to 7.47%, in terms of Tier I Ratio, and to 11.17%, in terms of Total Capital Ratio.

The increase in the capital ratios consequent upon the Capital Increase will allow the Group to anticipate the alignment with the more stringent capital requirements for banks which are in the process of being introduced in view of the coming into effect of Basel III, and to achieve a further improvement in the mix and the quality of the Group's capital by a further reinforcement of common equity as required by the new regulations which will be progressively implemented.

In addition, via the Capital Increase the Group will equip itself with the financial resources necessary to support growth as envisaged in the Industrial Plan. In this sense, the availability of adequate financial resources should allow the Group to accentuate its competitiveness on the reference market, improve its positioning and grasp the endogenous growth opportunities which will present themselves over the coming years, all the while pursuing a sustainable dividend distribution policy.

Also, in the Issuer's opinion, the Capital Increase should permit the Group to improve and strengthen the ratings assigned by the international agencies with possible potential benefits in terms of funding costs.

CHAPTER IV – INFORMATION RELATING TO THE FINANCIAL INSTRUMENTS COVERED BY THE OFFER / TO BE ADMITTED TO TRADING

4.1 Information relating to the UBI Shares

4.1.1 Description of the UBI Shares

The UBI Shares are the maximum *262,580,944* UBI Shares covered by the Offer, with a par value of Euro 2.50 and regular dividend entitlement, resulting from the Capital Increase.

The UBI Shares will have ISIN code IT0003487029, i.e., the same ISIN code as assigned to the UBI shares currently in circulation, and will be issued with coupon no. 13 *et seq.*.

The UBI Shares Option Rights are assigned ISIN code IT0004726615.

4.1.2 Laws under which the UBI Shares will be issued

The UBI Shares will be issued under Italian law.

4.1.3 Characteristics of the UBI Shares

The UBI Shares will be freely transferable registered shares with regular dividend entitlement as from the date of their issuance and subject to the dematerialisation rules set forth in Articles 83 *quinquies* and 83 *sexies* of the Consolidated Finance Act (TUF) and related implementing regulations, and will be entered into the centralised management system managed by Monte Titoli.

4.1.4 Currency of issue

The UBI Shares will be denominated in Euro.

4.1.5 Description of rights connected with the UBI Shares and procedure for their exercise

The UBI Shares will have the same characteristics and will grant the same administrative and economic rights as the UBI shares outstanding on the date of their issuance.

UBI shares are admitted to listing on the MTA. The UBI Shares will be traded electronically, in accordance with Article 2 (4) (1) of the Stock Exchange Regulations, on the same market as that on which UBI shares are traded at the time of issue.

In particular, UBI shares are ordinary, registered, freely transferable and indivisible, and grant each shareholder, whatever the number of UBI shares possessed, one single vote at the Issuer's ordinary and extraordinary shareholder meetings.

Reported below are some of provisions of the Corporate By-Laws relating to the acquisition of Shareholder status and to the economic rights associated with UBI shares. The Corporate By-Laws are incorporated into the Prospectus by reference, pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation 809/2004/EC, and are available to the public at the registered office as well as on the website at *www.ubibanca.it*.

<u>*Acquisition of Shareholder status*</u>

Pursuant to Articles 6 and 7 of the Corporate By-Laws, the status of Shareholder may be obtained by individuals – excluding those under disqualification or disability, unrehabilitated bankrups and persons who have had a conviction entailing a prohibition (including temporary) against holding public office – as well as by corporate bodies and other collective entities, provided that they designate in writing the individual authorised to represent them.

Pursuant to Article 8 of the Corporate By-Laws, anyone who intends to become a Shareholder must produce for the Management Board a certificate of participation in the centralised management system and submit to such Board a written request containing, in addition to an indication of the shares owned, his or her identifying particulars, domicile, citizenship, and all other information and/or statements due by law or under the Corporate By-Laws or in general requested by the Company. For purposes of admission as a Shareholder, a certification must be submitted, attesting to ownership of at least 250 shares.

The status of Shareholder is acquired, following the resolution of admittance, upon registration in the Shareholder register.

A denial of admission as a Shareholder to anywhone who is regularly the owner of shares of the Company has the sole effect of not allowing the exercise of rights other than economic rights.

Economic rights

Pursuant to Article 52 of the Corporate By-Laws, the net profit, less the legal reserve in the minimum amount required by law and any percentages decided on by the shareholders' meeting to form or add to reserves, including extraordinary or other reserves, may, in keeping with principles of prudence, be directed by the shareholders' meeting, in a percentage not exceeding 1.5% of the distributable portion, to charitable, humanitarian, social, cultural and artistic initiatives and institutions. The Management Board, after being informed by its Chairman and after hearing his explanations, shall implement such decision, with due regard for the guidelines and projects resolved upon by the Supervisory Board, taking particular account of the Group's territories of reference. The remaining portion shall be allocated as dividend to the shares, by resolution of the shareholders' meeting, which shall also decide on the appropriation of any excess.

The profit and valuation reserves formed in application of international accounting standards shall not be distributable among Shareholders in the cases provided for by law. The Management Board may resolve upon the distribution of an advance on the dividend during the financial year, in compliance with the rules and regulations in force.

There are no categories of share other than ordinary shares.

4.1.6 Resolutions and authorisations

On 30 April, 2011, the Issuer's extraordinary shareholders' meeting resolved, *inter alia*, as follows:

i. to authorise, pursuant to Article 2443 of the Italian Civil Code, the Management Board, subject to the authorisation of the Supervisory Board, to increase the share capital by payment in cash, in one or more issues, within 12 months from the date of the resolution, by a total maximum amount of Euro 1 billion, inclusive of any share premium, through the issuance of ordinary shares having the same characteristics as those outstanding, to be offered for payment in cash to the shareholders and the holders of the convertible bond "*UBI 2009/2013 convertibile con facoltà di rimborso in azioni*", with the broadest powers for the Management Board to set, from time to time and in observance of the above limitations, the procedures, the terms and the conditions of the operation, including the issue price of the new shares (including any share premium) and dividend entitlement, specifying that in the calculation of the issue price of the shares, including the share premium, the Management Board shall take into account, *inter alia*, the market conditions prevailing at the time of the launch of the transaction, the stock market price of the UBI ordinary share, the operating performance, capital and financial position of the Bank and the Group which it leads as well as market practices for similar transactions.

ii. to grant the Management Board, and through it the Chairman, Deputy Chairman and Chief Executive Officer – also acting severally, within the limits set by law – the broadest powers to take all steps necessary to implement the resolutions passed by the shareholders' meeting, and to carry out all formalities needed for all resolutions adopted to obtain legal approval and, in general, to perform all activities necessary for the complete execution of such resolutions, with any and all powers needed for that purpose, none being excluded, including the power to make such non-essential amendments to the resolutions passed as are required for registration in the Company Registry, including those in relation to any instructions from regulators.

On 13 May 2011, the Issuer's Management Board, in implementation of the authorisation granted to it, resolved, after obtaining a favourable opinion from the Supervisory Board, *inter alia*:

- to increase the share capital by a maximum amount of Euro 1 billion, including any share premium, through the issue, against payment in cash, of ordinary shares with the same characteristics as those currently outstanding and regular dividend entitlement, to be offered under option to the Company's shareholders and holders of the Convertible Bonds, on the basis of the conversion ratio specified in Article 5 of the Convertible Bond Regulations;

- to establish that if, by the final deadline of 31 December 2011, the Capital Increase has not been fully subscribed, the share capital is to be deemed to be increased by an amount equal to subscriptions gathered by that date;

- to determine, at a future meeting of the Management Board to be called in the days immediately preceding the launch of the Offer,, subject to authorisation of the Supervisory Board, and in the forms indicated in Article 2443 of the Italian Civil Code, i) the per-share issue price of UBI Shares including share premium, which is to be determined taking into account, among other things, prevailing market conditions at the time the transaction is actually launched; market prices for ordinary UBI shares; the income, operating, financial position and financial performance of the Company and its affiliated Group, and the market practices for similar transactions; ii) the number of UBI Shares to be issued and the final amount of the Capital Increase; iii) the option allocation ratio to be used for offering UBI Shares to shareholders and holders of the Convertible Bonds; and iv) any other characteristic of the Capital Increase which was not finalised in the meeting on 13 May 2011.

On 1 June 2011, the Management Board, after obtaining a favourable opinion from the Supervisory Board, therefore resolved to: (i) increase the share capital, in one or more issues, by a total maximum amount of Euro *999,908,234.75*, Euro *656,452,360* of which is to be allocated to share capital and Euro *343,455,874.75* to the share premium reserve, through the issuance of a maximum of *262,580,944* UBI Shares and (ii) to set the option ratio at *8* UBI Shares for every *21* UBI shares and/or Convertible Bonds held.

<u>*Adjustments to financial instruments issued by UBI*</u>

As regards the UBI Banca warrants, *Warrant azioni ordinarie UBI Banca 2009/2011* (the "**Warrants**") – ISIN code IT 0004495187 – Article 7 of the Warrant Regulations provides that, if transactions on UBI Banca's share capital are resolved upon and implemented between the issue date of the Warrants and the date on which the Conversion shares are made available to the Warrant holders (for this purpose taking into account Article 5), the Exercise Ratio and the Exercise Price, as defined in Article 2 of the Warrant Regulations, may be adjusted by UBI Banca.

In particular, in the event of share capital increases against payment in cash, to be implemented through the issue of new shares to be offered under option to the assignees, or of other transactions that give rise to a negotiable right, the Exercise Price of each Warrant will be decreased by an amount, expressed in Euros and rounded to the nearest third decimal point, equal to:

(Pcum - Pex) × 20 × Exercise Ratio

where:

- "**Pcum**" indicates the simple arithmetic mean of the last three official prices "cum rights" of the Bank's ordinary shares recorded on the MTA;

- "**Pex**" indicates the ratio between: i) the sum of the number of shares on the market prior to the capital increase multiplied by Pcum and the new shares issued multiplied by the issue price of the new shares and ii) the total number of shares outstanding after the capital increase.

In no case may the Exercise Price be increased as a result of application of the preceding formula (even if Pex is greater than Pcum).

In the same way, in no case may the Exercise Price, as redetermined based on the preceding formula, be lower than the par value of the Conversion Share, as modified from time to time and excepting the case in which, as a result of an amendment to UBI Banca's Corporate By-Laws, the par value of the shares is not indicated in accordance with Article 2346 (3) of the Italian Civil Code.

Any communication to the Warrant holders shall be made through a public notice published in at least one national newspaper and on the web site *www.ubibanca.it*, pursuant to Article 10 of the Warrant Regulations.

4.1.7 Issue date of the UBI Shares

The UBI Shares subscribed by the end of the Offer shall be credited to the accounts of intermediaries belonging to the centralised management system managed by Monte Titoli at the close of the accounting day on the last day of the Offer Period, and shall thus be available from the next settlement date.

The UBI Shares subscribed by the end of the Market Offer shall be credited to the accounts of intermediaries belonging to the centralised management system managed by Monte Titoli at the close of the accounting day on the last day for exercising the option rights, and shall thus be available from the next settlement date.

4.1.8 Possible restrictions on the free circulation of the UBI Shares

There are no limitations on the free transferability of the UBI Shares pursuant to legislation, the Corporate By-Laws or deriving from the terms of the issue.

4.1.9 Tender offers and/or remaining offers

From the time the UBI Shares are subscribed, they shall be subject to the rules set out in the Consolidated Finance Act (TUF) and related implementing regulations, including the Issuer Regulations, dealing with listed financial instruments traded on regulated Italian markets, with particular reference to the rules issued in relation to mandatory tender offers (TUF Article 106), sell-outs (TUF Article 108) and squeeze-outs (TUF Article 111).

4.1.10 Tender offers for shares of the Issuer in the preceding and current fiscal years

During the preceding financial year and the financial year in course, no public tender offers have been made for the acquisition or exchange of the UBI Shares.

Here it should be noted that, on 27 October, 2010, following the signing of a shareholders' agreement between UBI Banca and Webstar S.A. in connection with the larger project to integrate the business of IW Bank with that of Twice SIM S.p.A. (see Section One, Chapter V, Paragraph 5.1.5), UBI Banca and Webstar S.A. notified the market that the threshold of 90% of the voting share capital of IW Bank had been exceeded, that they did not intend to re-establish IW Bank's free float and that they consequently intended to fulfil the obligation to purchase the remaining shares of IW Bank pursuant to the Consolidated Finance Act (TUF) Article 108 (2). The obligation to purchase the shares of IW Bank was carried out by UBI Banca, also on behalf of Webstar S.A..

The procedure was concluded on 19 April, 2011, on which date UBI Banca, invoking the squeeze-out right under Consolidated Finance Act (TUF) Article 111 (1), proceeded to formally notify IW Bank, pursuant to and for purposes of Consolidated Finance Act (TUF) Article 111 (3), that it had deposited the purchase price for each IW Bank share, equal to Euro 2.043, with Centrobanca, which acted as an intermediary coordinating collection of the tenders for sale via the MTA. Effective as of such date, the MTA listing of the ordinary shares of IW Bank was revoked.

4.1.11 Taxation

The information reported below summarises the tax regime applicable to the purchase, holding and sale of the Issuer's shares under current Italian tax laws and in relation to specific categories of investors.

What follows is not intended to be an exhaustive analysis of the tax consequences of buying, holding and selling shares.

The tax regime applicable to the purchase, holding and sale of shares, presented below, is based on the laws in effect and practice existing as of the Prospectus Date. It is understood that these remain subject to possible changes, including with retroactive effect. Hence, what follows is merely an introduction to the topic.

Investors are thus required to consult with their own advisors regarding the tax regime applicable to the purchase, holding and sale of shares and to verify the nature and origin of the amounts received as distributions on the Issuer's shares (dividends or reserves).

A) Definitions

For purposes of this Paragraph 4.1.11, the terms defined have the meaning indicated below.

"**Sale of Qualified Equity Interests**": sale of shares other than savings shares, rights or securities by which shares may be acquired that, over a period of twelve months, exceed the limits for classification as a Qualified Equity Interest. For purposes of verifying the qualification limits of sales over the course of the twelve months, the relevant sales are those made from the time when the rights and securities possessed represent a percentage of voting or participation rights greater than the aforesaid limits. For rights or securities by which shares may be acquired, account is taken of the percentages of voting rights or participation in the capital that are potentially referable to the equity interests;

"**Non-Qualified Equity Interests**": equity interests in companies listed on regulated markets other than Qualified Equity Interests;

"**Qualified Equity Interests**": equity interests in companies listed on regulated markets consisting of the possession of equity interests (other than savings shares), rights or securities by which the aforesaid equity interest may be acquired, that represent an overall percentage of voting rights exercisable at ordinary shareholders' meetings greater than 2%, or an interest in capital or equity greater than 5%.

B) Taxation of dividends

Dividends on the Issuer's shares will be subject to the regular tax treatment applicable to dividends paid by stock corporations resident in Italy for tax purposes.

The following different types of taxation are provided for the different categories of payee.

(i) Individuals with tax residence in Italy and not engaged in business

Dividends paid to individuals with their tax residence in Italy on shares held other than as part of the operation of a business and constituting Non-Qualified Equity Interests, entered into the centralised deposit system managed by Monte Titoli (such as the UBI Shares), are subject to substitute tax at a rate of 12.50%, with mandatory deduction, pursuant to Article 27 *ter* of Presidential Decree no. 600 of 19 September, 1973 ("**DPR 600/1973**"); payees have no obligation to report the dividends received in their income tax declarations.

This substitute tax is applied by the resident parties with which the securities have been deposited that belong to the centralised deposit system managed by Monte Titoli, and, through a tax agent appointed in Italy (in particular, a bank or securities brokerage firm resident in Italy, a permanent establishment of non-resident banks or investment companies, or a firm providing centralised management of financial instruments authorised under TUF Article 80), by non-resident parties (depositories) who are part of the Monte Titoli System or of foreign centralised deposit systems that belong to Monte Titoli System.

Further to the enforcement of Legislative Decree no. 213 of 24 June 1998 on the holding of securities in dematerialised regime, this mode of taxation constitutes the regime ordinarily applicable to shares traded on Italian regulated markets, such as the UBI Shares.

Dividends paid to individuals with their tax residence in Italy on shares held other than in the operation of a business and constituting Qualified Equity Interests are not subject to any source withholding or substitute tax provided that the entitled payees, at the time payment is received, declare that the profits received relate to equity interests in connection with Qualified Equity Interests.

Such dividends contribute in part towards the formation of the shareholder's total taxable income. The 2 April 2008 Decree of the Minister of Economy and Finance (the "**2 April, 2008 MD**") – in implementation of Article 1 (38) of Law no. 244 of 24 December 2007 (the "**2008 Finance Act**") – re-set at 49.72% the percentage contributing towards the formation of income. This percentage is applied to dividends formed of profits produced by the Company beginning with the financial year subsequent to the one in progress on 31 December 2007. This is without prejudice to the application of the preceding percentage of contribution towards the formation of income, 40%, for profits produced up to the financial year in progress on 31 December 2007. Furthermore, starting with the distribution resolutions after the one dealing with the profit for the financial year in progress on 31 December 2007, for purposes of taxation of the payee, the dividends distributed shall first be deemed to be formed of profits produced by the Company up to that date.

In any event, if the dividends refer to shares for which the individual has opted for the so-called "managed savings" regime under Article 7 of Legislative Decree no. 461 of 21 November, 1997, they are not subject to the regime described above but contribute towards the formation of total income for the year, to which 12.5% substitute tax is applied.

(ii) Individuals with tax residence in Italy and engaged in business

Dividends paid to individuals with their tax residence in Italy on shares relating to the business are not subject to any source withholding or substitute tax provided that the entitled payees, at the time payment is received, declare that the profits received are in relation to business-related equity interests. Such dividends contribute in part towards the formation of the shareholder's total taxable income. The 2 April 2008 Ministerial Decree – in implementation of Article 1 (38) of the 2008 Finance Act – re-set at 49.72% the percentage contributing towards the formation of income. This percentage is applied to dividends formed of profits produced by the Company beginning with the financial year subsequent to the one in progress on 31 December 2007. This is without prejudice to the application of the preceding percentage of contribution towards the formation of income, 40%, for profits produced up to the financial year in progress on 31 December 2007. Furthermore, starting with the distribution resolutions following that dealing with the profit for the financial year in progress on 31 December 2007, for purposes of taxation of the payee, the dividends distributed shall first be deemed to be formed of profits produced by the Company up to that date.

(iii) Partnerships, limited partnerships and companies treated as such under Article 5 of Presidential Decree no. 917 of 22 December 1986 (hereinafter the Italian Income Tax Code "TUIR"), companies and entities referred to in TUIR Article 73 (1) (a) - (b) with their tax residence in Italy

Dividends received by partnerships, limited partnerships and companies treated as such (excluding simple partnerships *(società semplici)*), as indicated in TUIR Article 5, by companies and entities as indicated in TUIR Article 73 (1) (a) - (b), or by stock corporations, limited partnerships with shares, limited liability companies, public and private entities the sole or primary objective of which is the carrying on of commercial activities (so-called "commercial entities") with their tax residence in Italy are not subject to any source withholding in Italy and contribute to the payee's total taxable income as follows:

- distributions to partnerships and limited partnerships contribute in part to the formation of the shareholder's total taxable income; the 2 April 2008 MD – in implementation of Article 1 (38) of the 2008 Finance Act – re-set at 49.72% the percentage contributing towards the formation of income of individuals. This percentage is applied to dividends formed of profits produced by the Company beginning with the financial year subsequent to the one in progress on 31 December 2007. This is without prejudice to the application of the preceding percentage of contribution towards the formation of income, 40%, for profits produced up to the fiscal year in progress on 31 December 2007. Furthermore, starting with the distribution resolutions following that dealing with the profit for the financial year in progress on 31 December 2007, for purposes of taxation of the payee, the dividends distributed shall first be deemed to be formed of profits produced by the Company up to that date.

- distributions to stock corporations, limited liability companies, limited partnerships with shares and commercial entities contribute to forming the payee's total taxable income limited to 5% of their amount, or for the entire amount if in relation to securities held for trading by parties applying IAS/IFRS international accounting standards.

(iv) Entities indicated in TUIR Article 73 (1) (c) with their tax residence in Italy

Dividends received by the entities indicated in TUIR Article 73 (1) (c), or by public and private entities with their tax residence in Italy other than companies the sole or primary objective of which is not the carrying on of commercial activities, contribute towards the formation of total income limited to 5% of their amount.

(v) Exempt parties

For shares such as the UBI Shares entered into the centralised deposit system managed by Monte Titoli, dividends received by resident parties exempt from corporate income tax (IRES) are subject to substitute tax at a rate of 27% applied by the party (a member of the centralised deposit system managed by Monte Titoli) with which the UBI Shares are deposited.

(vi) Italian pension funds and UCITS

Profits received by (a) Italian pension funds as indicated in Legislative Decree no. 252 of 5 December 2005 ("**Decree 252**") and (b) Italian undertakings for collective investment in transferable securities subject to the regulations contained in Article 8 (1) - (4) of Legislative Decree no. 461 of 21 November, 1997 ("**UCITS**") are not subject either to source withholding or to substitute tax.

They contribute towards the formation of the total accrued operating results for the year, subject to substitute tax at a rate of 11% for pension funds and 12.50% for UCITS.

Note, however, that starting 1 July 2011, a new regime for UCITS taxation will go into effect, under which – instead of the substitute tax referred to at the rate of 12.5% of total accrued operating results for the year – a 12.5% withholding at source will be applied at the time of any distribution of income, or on the difference between the redemption or liquidation value of the units and the cost of subscribing or acquiring the same. Such withholding shall represent either a partial payment or a tax depending on the legal nature of the subscriber of the related units.

(vii) Real estate mutual funds

Pursuant to Legislative Decree no. 351 of 25 September, 2001 ("**Decree 351**"), converted into law, as amended by Law no. 410 of 23 November, 2001 and as a result of the amendments made by Article 41-*bis* of Legislative Decree no. 269 of 30 September, 2003 ("Decree 269"), converted into law, as amended by Law no. 326 of November 24, 2003, dividends received by real estate mutual funds set up pursuant to the Consolidated Finance Act (TUF) Article 37 or Article 14-*bis* of Law no. 86 of 25 January 1994 ("Law 86"), as well as by real estate funds set up prior to 26 September, 2001, are not subject either to withholding tax or to substitute tax. Income deriving from holdings of such funds are generally subject to a 20% withholding at source.

(viii) Parties not having their tax residence in Italy which hold UBI Shares through a permanent establishment located in Italy

Profit distributions received by parties not resident in Italy which hold their interest through a permanent establishment in Italy are not subject to any withholding in Italy or to a substitute tax. They contribute towards the formation of the permanent establishment's total income to the extent of 5% of their amount, or for the entire amount if in relation to securities held for trading by parties applying IAS/IFRS international accounting standards.

If the distributions are traceable to an equity interest unconnected with a permanent establishment in Italy of the non-resident payee, please refer to the following paragraph.

(ix) Parties not having their tax residence in Italy which do not hold UBI Shares through a permanent establishment located in Italy

Dividends deriving from shares or securities entered into the centralised deposit system managed by Monte Titoli (such as the UBI Shares) received by parties not having their tax residence in Italy and without a permanent establishment located in Italy to which the equity interest is referable are, as a general rule, subject to a 27% substitute tax, reduced to 12.50% for profits paid on savings shares, pursuant to Article 27 *ter* of Presidential Decree 600/1973.

This substitute tax is applied by the resident parties with which the securities have been deposited that belong to the centralised deposit system managed by Monte Titoli, and, through a tax agent appointed in Italy (in particular, a bank or securities brokerage firm resident in Italy, a permanent establishment of non-resident banks or investment companies, or a firm providing centralised management of financial instruments authorised under Article 80 of the Consolidated Finance Act (TUF)), by non-resident parties (depositories) who are part of the Monte Titoli System or of foreign centralised deposit systems that belong to the Monte Titoli System.

Shareholders not having their tax residence in Italy, other than savings shareholders, have the right, upon submitting a refund request under the conditions and within the time limits required by law, to reimbursement, up to the amount of 4/9 of the substitute tax to which they were subjected in Italy within the meaning of Article 27-*ter*, of the tax which they demonstrate they definitively paid abroad on the same profits, upon producing the related certification of the tax office of the foreign State to the appropriate Italian tax authorities.

As an alternative to the aforesaid refund, parties resident in States with which a double taxation convention is in effect may request application of the substitute tax replacing the income tax to the (reduced) extent provided by the convention in effect from time to time. To that end, the parties with which the shares are deposited and which belong to the centralised deposit system managed by Monte Titoli are to obtain:

- a declaration by the non-resident party which is the actual beneficiary of the profits, showing the identifying details of such party, the existence of all conditions on which application of the tax convention regime is dependent, and any elements necessary for determining the rate applicable under the convention;

- a certification by the appropriate tax authority of the State of which the actual beneficiary of the profits is a resident, showing residence in such State within the meaning of the convention. This certification shall be effective until 31 March of the year following its submission.

If such documentation is not presented to the depositary prior to the payment of the dividends, the substitute tax shall be applied at a rate of 27%. In that event, however, the actual beneficiary of the dividends may request reimbursement from the Italian tax authorities of the difference between the withholding applied and that applicable pursuant to the convention, by an appropriate refund request accompanied by the above documentation, to be presented under the conditions and within the time limits required by law.

In the event that the payees are (i) resident for tax purposes in one of the Member States of the European Union or in one of the States party to the Agreement on the European Economic Area and included on the list to be made available by an appropriate Decree of the Ministry of Economics and Finance pursuant to TUIR Article 168 *bis* and (ii) subject to a corporate income tax, the dividends are subject to a substitute tax equal to 1.375% of the related amount. Until the aforesaid Decree has been issued by the Ministry of Economics and Finance, the States party to the Agreement on the European Economic Area which are relevant for purposes of application of the cited 1.375% tax are those included in the list indicated in the Decree of the Ministry of Economics and Finance of 4 September, 1996, as subsequently amended. For purposes of Article 1 (68) of the 2008 Finance Act, the 1.375% substitute tax is applied only to dividends deriving from profits formed beginning with the fiscal year following the one in progress on 31 December 2007.

Pursuant to Article 27 *bis* of Presidential Decree 600/1973, approved in implementation of Directive no. 435/90/EEC of 23 July 1990, in the event that dividends are received by a company (a) that takes one of the forms indicated in the annexe to said Directive no. 435/90/EEC, (b) which has its tax residence in a Member State of the European Union, (c) which is subject, in its State of residence, with no ability to benefit from optional or exemption regimes other than those subject to temporal or territorial limits, to one of the taxes indicated in the annexe to the aforesaid Directive and (d) which holds a direct share of the Issuer of no less than 10 percent of the share capital, for an uninterrupted period of at least one year, such company has the right to seek from the Italian financial authorities reimbursement of the substitute tax applied to the dividends received by it. To that end, the non-resident company shall produce a certification from the appropriate tax authorities of the foreign State attesting that the non-resident company satisfies the aforesaid requirement as well as documentation attesting to the existence of the conditions indicated above. Furthermore, in accordance with the clarifications given by the Italian tax authorities, upon the meeting of the aforesaid conditions and, alternatively, upon the submission of a refund request subsequent to the distribution of the dividend, provided that the minimal annual holding period for the interest in the Issuer has already elapsed at the time of distribution of such dividend, the non-resident company may directly request the intermediary with which the UBI Shares are deposited not to apply the substitute tax by submitting the same documentation as indicated above to the intermediary in question. In relation to non-resident companies that are directly or indirectly controlled by parties not resident in Member States of the European Union, the aforesaid regime for reimbursement or non-application of the substitute tax may be invoked only on the condition that such companies demonstrate that they were not set up for the exclusive or primary purpose of the regime in question.

(x) Distribution of reserves pursuant to TUIR Article 47 (5)

The information provided in this paragraph summarises the tax regime applicable to the distribution by the Issuer – other than upon a reduction of excess capital, withdrawal, exclusion, redemption or liquidation – of the capital reserves indicated in TUIR Article 47 (5) or, among others, of reserves or other funds constituted with share premiums, with adjustment interest paid by subscribers, with sink fund or capital account contributions made by shareholders, and with tax-exempt currency revaluation balances (hereinafter also referred to as “Capital Reserves”).

(a) Individuals <u>with tax residence in Italy and not engaged in business</u>

Regardless of the shareholders’ resolution, amounts received by individuals with their tax residence in Italy not engaged in a business, which represent a distribution of capital reserves constitute profits for the payees within the limits and insofar as, on the part of the distributing company, operating income and revenue reserves exist (except for the portion thereof set aside on a tax-deferred basis) for the company making the payout. The amounts classified as profits are subject to the same regime as indicated above, depending on whether or not what is involved are non-qualified equity interests and/or interests not related to the company The amounts received as a distribution of Capital Reserves, net (based on what was just now indicated) of any amount classifiable as profit, shall reduce the cost basis of the equity interest for tax purposes by an equal amount. It follows that, upon a subsequent sale, the taxable capital gain is calculated as the difference between the selling price and the cost basis of the equity interest for tax purposes, less an amount equal to the sums received as distributions of capital reserves (net of any amount classifiable as profit). Under the interpretation made by the Italian tax authorities, sums received that represent distributions of Capital Reserves, for the portion exceeding the tax basis of the equity interest, constitute profits. In relation to equity interests for which the individual has opted for the so-called “managed savings” regime indicated in Article 7 of Legislative Decree 461/1997, in the absence of any clarification by the Italian tax authorities, interpreting the rules systematically would indicate that the sums distributed that represent distributions of Capital Reserves ought to contribute towards forming the total accrued operating results for the year for the tax period in which the distribution took place. Likewise, the value of the equity interests at the end of the same tax period (or upon the cessation of the “managed savings” regime, whichever is earlier) must be included in calculating the total operating results for the year accrued during the tax period, to be subjected to substitute tax at a rate of 12.50%.

(b) <u>Partnerships, limited partnerships and companies treated as such under TUIR Article 5, companies and entities indicated in TUIR Article 73 (1) (a) - (b) and individuals resident for tax purposes in Italy and engaged in business</u>

For individuals carrying on business activities, partnerships, limited partnerships and companies treated as such (excluding simple partnerships) as indicated in TUIR Article 5, for the companies and entities indicated in TUIR Article 73 (1) (a) - (b) resident for tax purposes in Italy, amounts received as distributions from Capital Reserves constitute profits within the limits and insofar as, on the part of the distributing company, operating income and revenue reserves exist (except for the portion thereof set aside on a tax-deferred basis) for the company making the payout. The amounts classified as profits ought to be subject to the same regime as that presented above. Amounts received that represent distributions of Capital Reserves, net of any amount classifiable as profits, reduce the recognised tax basis of the equity interest by an equal amount. Amounts received as distributions of Capital Reserves, for the portion exceeding the tax basis of the equity interest, constitute capital gains and, as such, are subject to the regime discussed in paragraph C below.

(c) Italian pension funds and UCITS (investment funds, variable capital investment companies (SICAVs))

Under a systematic interpretation of the rules, amounts received from UCITS (investment funds, SICAVs) and Italian pension funds as indicated in Decree 252 that represent distributions of Capital Reserves ought to contribute towards forming the total accrued operating results for the period in which the distribution took place, subject to a substitute tax of 12.50% (for pension funds: 11%). Likewise, the value of the equity interests at the end of the same tax period must be included when calculating the operating results for the year.

Note, however, that starting 1 July 2011, a new regime for UCITS taxation will come into effect, under which – instead of the substitute tax referred to at the rate of 12.5% of total accrued operating results for the year – a 12.5% source withholding will be applied at the time of any distribution of income, or on the difference between the redemption or liquidation value of the units and the cost of subscribing or acquiring the same. Such withholding shall represent either a partial payment or a tax depending on the legal nature of the subscriber of the related units.

(d) Parties not having their tax residence in Italy and lacking a permanent establishment in the country

For parties not having their tax residence in Italy (whether individuals or corporations) and lacking a permanent establishment in Italy to which the equity interest may be referred, the tax nature of the sums received representing distributions of Capital Reserves is the same as that noted for individuals resident in Italy for tax purposes. As with what is stated for individuals and corporations having their tax residence in Italy, amounts received representing distributions of Capital Reserves, net of any amount classifiable as profits, reduce the recognised tax basis of the equity interest by an equal amount.

(e) Parties not having their tax residence in Italy and possessing a permanent establishment there

With regard to non-resident parties that hold their equity interest through a permanent establishment in Italy, such amounts contribute towards forming the permanent establishment's income, in accordance with the tax regime provided for the companies and entities referred to in TUIR Article 73 (1) (a) - (b) with their tax residence in Italy.

If a distribution of Capital Reserves originates with an equity interest unconnected with a permanent establishment of the non-resident payee in Italy, refer to Paragraph (d), *supra*.

C. Tax regime applicable to capital gains deriving from stock sales

(i) Individuals having their tax residence in Italy and not engaged in business

Capital gains, other than those obtained in carrying on commercial businesses, realised by individuals having their tax residence in Italy through the sale for valuable consideration of equity interests in companies, as well as of rights or securities whereby the aforesaid interests may be obtained, are subject to a different tax regime depending on whether they involve a sale of Qualified Equity Interests or of Non-Qualified Equity Interests.

Sale of Qualified Equity Interests

Capital gains originating on the sale of a Qualified Equity Interest which were obtained other than in the conduct of a commercial business by individuals having their tax residence in Italy contribute in a partial amount towards the formation of the payee's taxable income. The 2 April 2008 MD – in implementation of Article 1 (38) of the 2008 Finance Act – re-set at 49.72% the percentage contributing towards the formation of income. This percentage applies to capital gains realised on or after 1 January 2009. This is without prejudice to the preceding percentage contributed towards the formation of income, 40%, for capital gains relating to acts of realisation carried out prior to 1 January 2009 but the proceeds of which are received in whole or in part on or after such date. For such capital gains, taxation occurs when the annual declaration of income is made.

Non-Qualified Equity Interests

Capital gains not obtained in the conduct of a commercial business realised by individuals having their tax residence in Italy through a sale for valuable consideration of Non-Qualified Equity Interests, as well as of rights or securities whereby the aforesaid interests may be obtained, are subject to a 12.5% substitute tax. The taxpayer may opt for one of the following methods of taxation:

(a) Taxation based on the income declaration. The declaration is to indicate the capital gains and capital losses realised during the year. The 12.5% substitute tax is determined at that time on the capital gains minus the related capital losses, and is paid within the time periods provided for income taxes owed for the balance shown on the declaration. Provided they are reported on the income declaration, excess capital losses may be deducted up to the amount of the related capital gains for subsequent tax periods, but not beyond the fourth such period. The declaration method is obligatory if the party does not choose either of the two regimes indicated in points (b) and (c) below;

(b) Administered savings regime (optional). This regime may apply provided that (i) the UBI Shares are deposited at resident banks or securities brokerage firms or other resident parties specified by appropriate ministerial decrees and (ii) the shareholder, by signed written communication sent to the intermediary, opts for application of the administered savings regime. Should the party opt for such regime, the substitute tax at a rate of 12.5% shall be determined and paid at the time of the individual sale by the intermediary by which the shares are held in custody or under administration, on each capital gain realised. Any capital losses may be offset in connection with the same relationship by deducting the amount of the capital losses up to the amount of the capital gains realised in subsequent transactions engaged in during the same or in subsequent tax periods, but not beyond the fourth such period. If the custody or administration should cease, any capital losses may be deducted – but not beyond the fourth tax period subsequent to the period of realisation – from capital gains realised in connection with another administered savings relationship registered to the same parties as the original relationship or custodial deposit, or may be deducted when the income declaration is made;

(c) Managed savings regime (optional). The prerequisite for choosing this regime is the engagement of an authorised intermediary as asset manager. Under this regime, a 12.5% substitute tax is applied by the intermediary at the end of each tax period on the increase in value of the managed assets accruing during the tax period, even if not received, less any income subject to withholding, exempt or otherwise non-taxable income, income that contributes towards forming the taxpayer’s total income, and revenues deriving from units of Italian undertakings for collective investment in transferable securities as described in Article 8 of Legislative Decree 461/1997. Under the managed savings regime, capital gains realised through the sale of Non-Qualified Equity Interests contribute towards forming the incremental value of the managed assets accruing during the tax period, subject to a 12.5% substitute tax. A negative result of asset management obtained during a tax period may be deducted from the results of management for the following four tax periods, for the entire amount contained by each. Should the management relationship be ended, the accrued negative results of asset management (shown on appropriate certification issued by the manager) may be deducted – not beyond the fourth tax period subsequent to that in which they accrued – from capital gains realised in connection with another relationship to which the administered savings regime is applicable, or utilised (up to the amount it contains) in connection with another relationship for which the managed savings regime was chosen, provided that the relationship or custodial deposit in question is registered to the same parties as those to whom the original relationship or custodial deposit was registered, or may be deducted by the same parties when making their income declaration, in accordance with the same rules applicable to excess capital losses as those in the preceding point (a).

(ii) Individuals engaged in business, partnerships, limited partnerships and companies treated as such under TUIR Article 5

Capital gains realised by individuals in the conduct of a business, by partnerships, limited partnerships and companies treated as such under TUIR Article 5, through a sale of shares for valuable consideration contribute in their full amount towards forming taxable business income, subject to taxation in Italy under the ordinary regime.

As clarified by tax authorities, negative income amounts realised by individuals engaged in business, partnerships, limited partnerships and companies treated as such under TUIR Article 5 through a sale of UBI Shares for valuable consideration will be fully deductible from the seller's taxable income.

However, if the conditions indicated in points (a), (b), (c) and (d) of the following paragraph are satisfied, only a portion of the capital gains will contribute towards forming taxable business income. The 2 April 2008 Ministerial Decree – in implementation of Article 1 (38) of the 2008 Finance Act – re-set at 49.72% the percentage contributing towards the formation of income. This percentage is applied to capital gains realised on or after 1 January 2009.

Capital losses realised in relation to equity interests meeting the requirements contained in points (a), (b), (c) and (d) of the following paragraph are deductible in part, analogous to the provisions relating to the taxation of capital gains.

The tax basis of the shares sold, less any write-downs made in prior tax periods, is used for determining the capital gains and losses relevant for tax purposes.

(iii) Companies and entities referred to in TUIR Article 73 (1) (a) - (b)

Capital gains realised by the companies and entities referred to in TUIR Article 73 (1) (a) - (b), or by stock corporations, limited partnerships with shares, limited liability companies and public or private entities with the sole or primary objective of carrying on commercial activities, through the sale of UBI Banca Shares for valuable consideration, contribute towards forming taxable business income in their full amount.

However, pursuant to TUIR Article 87, capital gains realised on shares of companies and entities indicated in TUIR Article 73 do not contribute towards the formation of taxable income, inasmuch as being exempt to the extent of 95%, if the aforesaid shares meet the following requirements:

(a) uninterrupted holding from the first day of the twelfth month preceding that in which the sale took place, with the shares most recently acquired being treated as first sold;

(b) classification as financial fixed assets in the financial position statement for the first period closed during the holding period;

(c) investee company's tax residence in a State or territory indicated in the decree of the Minister of Economy and Finance issued under TUIR Article 168 bis or, alternatively, demonstration (following the year in which a request for a ruling was made under TUIR Article 167 (5) (b) that, since the start of the holding period, the equity interests did not have the effect of allocating income in States or territories other than those specified in the same decree as indicated in TUIR Article 168 bis;

(d) the investee company is engaged in a commercial business as defined by TUIR Article 55; however, this requirement is not relevant for equity interests in companies whose securities are traded on regulated markets.

The requirements indicated in points (c) and (d) must be present without interruption at the time the capital gains are realised, at least from the start of the third tax period prior to such realisation. Sales of stocks belonging to the category "financial fixed assets" and those belonging to the category "current assets" are to be considered separately for each category. When the requirements mentioned are present, capital losses realised upon the sale of equity interests are not deductible from business income.

The cost of the shares sold, less any write-downs made in prior tax periods, is used in determining the capital gains and losses relevant for tax purposes.

Beginning 1 January 2006, capital losses and negative differences between the proceeds and the costs of shares that do not meet the requirements for exemption are of no relevance up to the non-taxable amount of the dividends, or interim payments thereon, received in the thirty-six months preceding their realisation/attainment. This provision (i) applies with reference to shares acquired in the 36 months preceding the realisation/attainment provided that the conditions indicated in the foregoing points (c) and (d) are met, but (ii) does not apply to parties who prepare their financial statements in accordance with international accounting standards as indicated in Regulation (EC) no. 1606/2002 of the European Parliament and Council dated 19 July 2002.

In relation to capital losses deductible from business income, note that:

- pursuant to Article 1 (4) of Decree-Law no. 209 of 24 September, 2002, converted into law by Law no. 265 of 22 November, 2002 – capital losses totalling more than Euro 5,000,000, deriving from sales of equity interests constituting financial fixed assets, realised (even as a result of more than one act of disposition) beginning with the 2002 tax period must be reported by the taxpayer to the Revenue Office. The reportable details of the notification, in addition to the deadlines and procedural specifics thereof, are contained in the Revenue Office's Order of 22 May 2003 (published in Official Gazette no. 138 of 17 June 2003). In the event of a failure to provide the notification, or an incomplete or inaccurate notification, the capital losses realised are not deductible for tax purposes. This reporting obligation – as a result of the provisions of Article 1 (62) of Law no. 244 of 24 December 2007 – is rendered inapplicable, starting with the 2008 financial year, to parties which prepare their financial statements in accordance with international accounting standards as indicated in Regulation (EC) no. 1606/2002 of the European Parliament and Council dated 19 July 2002.

- pursuant to Article 5 *quinquies*, paragraph (3), of Decree-Law no. 203 of 30 September, 2005, converted into law, as amended, by Law no. 248 of 2 December 2005, capital losses and negative differences greater than Euro 50,000.00, deriving from transactions carried out (even as a result of more than one act of disposition) on shares or other securities traded on Italian or foreign regulated markets, must be reported by the taxpayer to the Revenue Office. The reportable details of the notification, in addition to the deadlines and procedural specifics thereof, are contained in the Revenue Office's Order of 29 March 2007 (published in Official Gazette no. 86 of 13 April 2007). In the event of a failure to provide the notification, or an incomplete or inaccurate notification, the capital losses realised are not deductible for tax purposes.

For certain types of company and under certain conditions, capital gains realised by the aforesaid parties through stock sales also contribute towards forming the related net value of production, subject to the IRAP regional income tax.

(iv) Entities referred to in TUIR Article 73 (1) (c) with their tax residence in Italy

Capital gains realised other than in the conduct of a business by non-commercial resident entities are subject to taxation under the same rules as those provided for capital gains realized by individuals on equity interests held other than as part of a business.

(v) Italian pension funds and UCITS.

Capital gains realised by Italian pension funds as indicated in Decree 252 and by UCITS subject to the rules of Article 8 (1) - (4) of Legislative Decree 461/1997 (investment funds and SICAVs), through a sale of shares for valuable consideration are included in the total accrued operating results for the year subject to substitute tax at a rate of 11% for pension funds and 12.50% for UCITS.

Note, however, that starting 1 July 2011, a new regime for UCITS taxation will go into effect, under which – instead of the substitute tax referred to at the rate of 12.5% of total accrued operating results for the year – a 12.5% source withholding will be applied at the time of any distribution of income, or on the difference between the redemption or liquidation value of the units and the cost of subscribing or acquiring the same. Such withholding shall represent either a partial payment or a tax depending on the legal nature of the subscriber of the related units.

(vi) Real estate mutual funds

Pursuant to Decree-Law 351/2001, and as a result of the amendments made by Article 41 *bis* of Decree-Law 269/2003, beginning 1 January 2004, revenues (including capital gains deriving from stock sales) obtained by real estate mutual funds established pursuant to Consolidated Finance Act (TUF) Article 37 and Article 14 *bis* of Law 86/1994 are not subject to income tax. Income deriving from participation in such funds is generally subject to 20% source withholding tax.

(vii) Parties not having their tax residence in Italy but possessing a permanent establishment in the country

With regard to non-resident parties which hold their equity interest through a permanent establishment in Italy, such amounts contribute towards forming the income of the permanent establishment in accordance with the tax regime provided for capital gains realised by companies and entities indicated in TUIR Article 73 (1) (a) and (b) which are resident for tax purposes in Italy. If the equity interest is unconnected with a permanent establishment in Italy of the non-resident party, refer to the following paragraph.

(viii) Parties not having their tax residence in Italy and lacking a permanent establishment in the country

Non-Qualified Equity Interests

Capital gains, realised by parties not having their tax residence in Italy and lacking a permanent establishment in the country (through which the equity interests are held), which derive from the sale for valuable consideration of Non-Qualified Equity Interests in Italian companies traded on regulated markets (such as the Issuer) are not subject to taxation in Italy, even if held there. For shareholders not resident in Italy for tax purposes to whom the administered savings regime is applied, or who have opted for the managed savings regime indicated in Articles 6 and 7 of Legislative Decree 461/1997, the benefit of exemption is subject to submission of self-certification attesting to the lack of tax residence in Italy.

Qualified Equity Interests

Capital gains, realised by parties not having their tax residence in Italy and lacking a permanent establishment in the country (through which the equity interests are held), which derive from the sale for valuable consideration of Qualified Equity Interests contribute to the formation of the payee's taxable income subject to personal income tax (IRPEF) or corporate income tax (IRES), depending on the nature of such party, in accordance with the same rules as those provided for individuals not engaged in the conduct of a business. Such capital gains are taxable only when the annual income declaration is made since they cannot be subject either to the administered savings regime or managed savings regime. This is in any event without prejudice to the application (where applicable) of the provisions of international dual-taxation conventions.

D. Fee for stock exchange contracts

Pursuant to Article 37 of Decree-Law no. 248 of 31 December 2007, converted into law by Law no. 31 of 28 February, 2008, the fee for stock exchange contracts indicated in Royal Decree no. 3278 of 30 December 1923 has been abolished.

E. Inheritance and gift tax

Decree-Law no. 262 of 3 October, 2006, converted into law, as amended, by Law no. 286 of 24 November, 2006, instituted the inheritance and gift tax on transfers of property and rights *causa mortis*, gifts or gratuitous transfers, as well as on the creation of restrictions on intended use. For all matters not provided for by paragraphs 47 - 49 and 51 - 54 of Article 2 of Law no. 286 of 2006, the provisions of Legislative Decree no. 346 of 31 October, 1990, in the version in effect on 24 October, 2001, shall apply as compatible.

For resident parties, the inheritance and gift tax is applied on all property and rights transferred, wherever existing. For non-resident parties, the inheritance and gift tax is applied exclusively to property and rights existing in the territory of Italy. Regarded as existing in Italian territory, in any event, are shares of companies which have their registered office, administrative office or principal purpose in Italy.

a) Inheritance tax

Pursuant to Article 2 (48) of Law no. 286 of 24 November, 2006, transfers of property and rights *causa mortis* are subject to inheritance tax, at the following rates, to be applied to the total net value of the property:

(i) for property and rights transferred to a spouse and relatives in the direct line, the share is 4%, with a Euro 1,000,000 exemption for each beneficiary;

(ii) for property and rights transferred to other relatives up to the fourth degree of kinship and to affines in the direct line, as well as to affines in the collateral line up to the third degree of kinship, the rate is 6% (with an exemption of Euro 100.000 for brothers and sisters only);

(iii) for property and rights transferred to other parties, the rate is 8% (with no exemption).

If the beneficiary has a handicap recognised as serious within the meaning of Law no. 104 of 5 February, 1992, the inheritance tax shall be applied only to that portion of the value of the share or bequest in excess of Euro 1,500,000.

b) Gift tax

Pursuant to Article 2 (49) of Law no. 286 of 24 November, 2006, for gifts and deeds which gratuitously transfer property and rights and for the creation of restrictions on the intended use of property, gift tax shall be determined by applying the following rates to the total value of the property and rights, less charges with which the beneficiary is encumbered, or if the gift is made to more than one party jointly or if one and the same deed includes multiple acts of disposition in favour of various parties, to the value of the attributable shares of property or rights:

(i) for gifts or gratuitous transfers to a spouse or relatives in the direct line, the gift tax shall be applied at a rate of 4%, with a Euro 1,000,000 exemption for each beneficiary;

(ii) for gifts or gratuitous transfers to other relatives up to the fourth degree of kinship and affines in the direct line, as well as affines in the collateral line up to the third degree of kinship, the gift tax shall be applied at a rate of 6% (with an exemption of Euro 100.000 for brothers and sisters only);

(iii) for gifts or gratuitous transfers to other parties, the gift tax shall be applied at a rate of 8% (with no exemption).

If the beneficiary has a handicap recognised as serious within the meaning of Law no. 104 of 5 February, 1992, the gift tax shall be applied only to that portion of the value in excess of Euro 1,500,000.

CHAPTER V – CONDITIONS OF THE OFFER

5.1 Conditions, statistics relating to the Offer, timetable and methods of subscribing to the Offer

5.1.1 Conditions to which the Offer is subject

The Offer is not subject to any condition.

5.1.2 Total amount of the Offer

The object of the Offer, for a total maximum amount of Euro *999,908,234.75*, is a maximum of *262,580,944* UBI Shares arising from the Capital Increase.

The UBI Shares will be offered on an option rights basis to the shareholders of the Issuer and to the Bondholders, at an Offer Price of Euro *3.808* per UBI Share, based on an option ratio of *8* UBI Shares for every *21* UBI shares and/or Convertible Bonds held.

The following table summarises the relevant data for the Offer:

RELEVANT DATA	
Number of UBI Shares offered under option	*262,580,944*
Option ratio	*8* UBI Shares for every *21* UBI shares and/or Convertible Bonds
Offer Price	Euro *3.808*
Total value of the Capital Increase	*999,908,234.75*
Number of Issuer's shares outstanding as at the Prospectus Date	639,146,170
Number of Issuer's shares in the event that the Capital Increase is fully subscribed	*901,727,114*
Share capital post offer in the event that the Capital Increase is fully subscribed	*2,254,317,785*
Percentage of UBI Shares out of total ordinary shares in the event that the Capital Increase is fully subscribed	*29.12%*

5.1.3 Period of validity of the Offer and subscription methods

The Offer Period runs from 6 June 2011 to 24 June 2011 (both inclusive). The Option Rights, which give the right to subscribe the UBI Shares, must be exercised during the Option Period via the authorised intermediaries participating in the centralised management system, which are required to give the related instructions to Monte Titoli by 3.30 p.m. (Italian time) on the last day of the Option Period. Therefore, each subscriber must present an appropriate subscription request with the modalities and by the deadline indicated by their depositary intermediary so as to ensure observance of the final deadline indicated above.

All intermediaries who make request shall also have a facsimile of the subscription form available to them at the Issuer's registered office.

Note that the timetable for the Offer is indicative and could undergo changes in the occurrence of events and circumstances not dependent on the Issuer's will, including therein particular conditions of volatility on the financial markets, which could prejudice the success of the Offer. Any changes to the Option Period will be communicated to the general public by means of specific notice to be published as per the same publication methods for the Prospectus.

The subscription form shall contain at least the identifying elements of the Offer and the following information, reproduced in a manner so as to be easily read:

(i) a notice that one subscribing to the Offer may receive a copy of the Prospectus at no charge;

(ii) a reference to the "Risk Factors" chapter contained in the Prospectus.

The Option Rights may be traded on the Stock Exchange from 6 June 2011 to 17 June 2011 inclusive.

The Option Rights may be exercised by holders of ordinary UBI shares and holders of Convertible Bonds deposited with an authorised intermediary belonging to the Monte Titoli centralised management system and entered into the dematerialised system.

Acceptance of the Offer may not be made subject to any condition and is irrevocable, except in the cases provided by law.

Option Rights not exercised by the end of the Offer Period will be offered by the Company on the Stock Exchange within the month following the end of the Offer Period, for at least five market business days, pursuant to Article 2441 (3) of the Italian Civil Code (the "**Market Offer**"). The beginning and ending dates of the Market Offer period will be made public through an appropriate notice.

The Company is not responsible for delays attributable to authorised intermediaries in executing instructions relating to the Offer, given by persons seeking to subscribe thereto. These authorized intermediaries are to assess the correctness of the instructions and verify applications for subscription received.

The following table shows an indicative timetable for the Offer.

INDICATIVE TIMETABLE FOR THE OFFER	
Start of Offer Period and period for trading in Option Rights	6 June 2011
Last day for trading in Option Rights	17 June 2011
End of Offer Period and deadline for subscribing to UBI Shares	24 June 2011
Notification of the results of the Offer	Within five business days of the close of the Offer Period

5.1.4 Revocation and suspension of the Offer

The Offer will become irrevocable on the date the corresponding notice is filed with the Bergamo Company Register, pursuant to Article 2441 (2) of the Italian Civil Code.

Should the Offer not be carried out within the deadlines set out in the Prospectus, notice shall be given to the public, in the manner provided by Article 66 (2) - (3) of the Issuer Regulations, within the market business day preceding the starting date of the Offer Period and, subsequently, through a notice published in at least one national newspaper, simultaneously sent to Consob.

5.1.5 Possible reduction of subscriptions and details regarding repayment of the excess amount paid by subscribers

Those accepting the Offer may not reduce their subscription, even in part.

5.1.6 Minimum and/or maximum subscription amount

The Offer is directed towards the Company's shareholders and Bondholders, at an option ratio of *8* UBI Shares for every *21* UBI shares and/or Convertible Bonds held.

There are no provisions for minimum or maximum subscription quantities.

5.1.7 Possible withdrawal and/or revocation of subscription

Acceptance of the Offer is irrevocable, except in the cases provided by law. Subscribers are thus not permitted to withdraw their subscription to UBI Banca Shares, except in the circumstances for revocation provided for by the Consolidated Finance Act (TUF) Article 95 *bis* (2), i.e., in the event of publication of a supplement to the Prospectus while the Offer is pending, as provided for by Article 94 (7) of the Consolidated Finance Act (TUF).

5.1.8 Manner and time periods for payment and delivery of the UBI Shares

Payment in full for the UBI Shares must be made when subscribing thereto, and must be made to the authorised intermediary to which the subscription request was submitted through exercise of the related

Option Rights. The Issuer has made no provisions for charges or incidental expenses to be borne by the subscribers.

UBI Shares subscribed by the end of the Offer Period will be credited to the accounts of the intermediaries belonging to the centralised management system run by Monte Titoli at the close of the accounting day on the last day of the Offer Period, and will thus be available from the next subsequent settlement date.

UBI Banca Shares subscribed by the end of the Market Offer will be credited to the accounts of the intermediaries belonging to the centralized management system run by Monte Titoli at the close of the accounting day on the last day of the period for exercising Option Rights, and will thus be available from the next subsequent settlement date.

5.1.9 Publication of the results of the Offer

Inasmuch as an offer on an option rights basis is involved, the Issuer is the party required to inform Consob and the public of the results of the Offer.

The results of the Offer on conclusion of the Offer Period will be communicated within 5 business days from the end of such period by means of a specific press release.

By the end of the month following expiration of the Offer Period within the meaning of Italian Civil Code Article 2441 (3), the Issuer shall offer on the MTA any Option Rights not exercised by the end of the Offer Period. Within the date preceding the start of any Market Offer period, a notice will be published in at least one national newspaper indicating the number of unexercised Option Rights to be offered on the MTA pursuant to Italian Civil Code Article 2441 (3), along with the dates of the sessions on which the Market Offer will be made.

Notification of the definitive results of the Offer will be made within five business days from the conclusion of the Market Offer, as indicated in Italian Civil Code Article 2441 (3), by means of a specific press release.

5.1.10 Procedure for exercising pre-emptive rights, for trading in Option Rights and for dealing with Option Rights not exercised

The Issuer's Corporate By-Laws provide for no pre-emptive rights over the UBI Shares.

The Option Rights must be exercised, on pain of forfeiture, during the Offer Period between 6 June 2011 and 24 June 2011 (both inclusive). The Option Rights may be traded on the MTA between 6 June 2011 and 17 June 2011 (both inclusive).

Option Rights not exercised by 24 June 2011, inclusive, will be offered by the Issuer on the MTA pursuant to Italian Civil Code Article 2441 (3).

5.2 Planned allocation and assignment

5.2.1 Intended addressees and markets for the Offer

The UBI Shares will be offered on a option rights basis to the Issuer's shareholders and Bondholders at a ratio of *8* UBI Shares for every *21* UBI shares and/or Convertible Bonds held.

The Offer is being promoted solely in Italy, on the basis of the Prospectus. The Prospectus does not constitute an offer of financial instruments in the United States of America, Canada, Japan and Australia or in any foreign country in which the Offer is not permitted without specific authorisation under applicable legal provisions or by way of an exemption from such provisions (collectively, the "**Other Countries**").

In particular, the Offer is not being sent, directly or indirectly, nor may it be accepted, directly or indirectly, in or from the United States of America, Canada, Japan and Australia, or in or from the Other Countries, through the services of any regulated market of the United States of America, Canada, Japan and Australia and the Other Countries, or through the postal service or any other national or international means of communication or commerce relating to the United States of America, Canada, Japan and Australia and the

Other Countries (including, by way of a non-exhaustive listing, the postal network, fax, telex, electronic mail, telephone and Internet and/or any other means or medium of information technology). Likewise, acceptances of the Offer made via such services, means or instruments will not be accepted. Neither the Prospectus nor any other document pertaining to the Offer is being sent, nor may it be sent or otherwise conveyed, made available, distributed or dispatched in or from the United States of America, Canada, Japan and Australia, or in or from the Other Countries. This limitation also applies to holders of UBI Shares with an address in the United States of America, Canada, Japan and Australia, as well as in the Other Countries, or to persons who to the knowledge of UBI Banca or its representatives are fiduciaries, proxies or depositaries in possession of UBI Shares for the account of said holders.

Those receiving such documents (including custodians, proxies and fiduciaries, among others) may not distribute, dispatch or send any of them in or from the United States of America, Canada, Japan and Australia, or in or from the Other Countries, either through the postal service or any other national or international means of communication or commerce relating to the United States of America, Canada, Japan and Australia and the Other Countries (including, by way of a non-exhaustive listing, the postal network, fax, telex, electronic mail, telephone and Internet and/or any other means or medium of information technology).

The distribution, conveyance or sending of such documents in or from the United States of America, Canada, Japan and Australia, or in or from the Other Countries, or through the services of any regulated market of the United States of America, Canada, Japan and Australia and the Other Countries as well as through the postal service or any other national or international means of communication or commerce relating to the United States of America, Canada, Japan and Australia and the Other Countries (including, by way of a non-exhaustive listing, the postal network, fax, telex, electronic mail, telephone and Internet and/or any other means or medium of information technology) will not permit acceptances of the Offer based on such documents.

The UBI Shares and the related Option Rights have not been, nor shall they be, registered within the meaning of the United States Securities Act of 1933, as amended, nor within the meaning of the legal rules in effect in Canada, Japan and Australia or in the Other Countries, and consequently they may not be offered or in any way delivered, directly or indirectly, in the United States of America, Canada, Japan and Australia or in the Other Countries

5.2.2 Commitments to subscribe to UBI Shares

None of the Issuer's current shareholders or Bondholders has undertaken to subscribe to the UBI Banca Shares that are the object of the Offer.

To the Issuer's knowledge, no shareholders or members of the Management and Supervisory Boards or the senior managers have expressed any intent with regard to subscribing to the UBI Shares to which they are entitled on a option rights basis in relation to the shares and Convertible Bonds that they own.

5.2.3 Information to be communicated prior to the allocation

Given the nature of the Offer, there are no provisions for communications to subscribers prior to allocation of the UBI Shares.

5.2.4 Procedure for notifying subscribers of the amount allocated

Notification of the allocation, once made, of UBI Shares will be given by the authorised intermediaries belonging to the centralised management system run by Monte Titoli.

5.2.5 Overallotment and Greenshoe option

This provision is not applicable to the Offer.

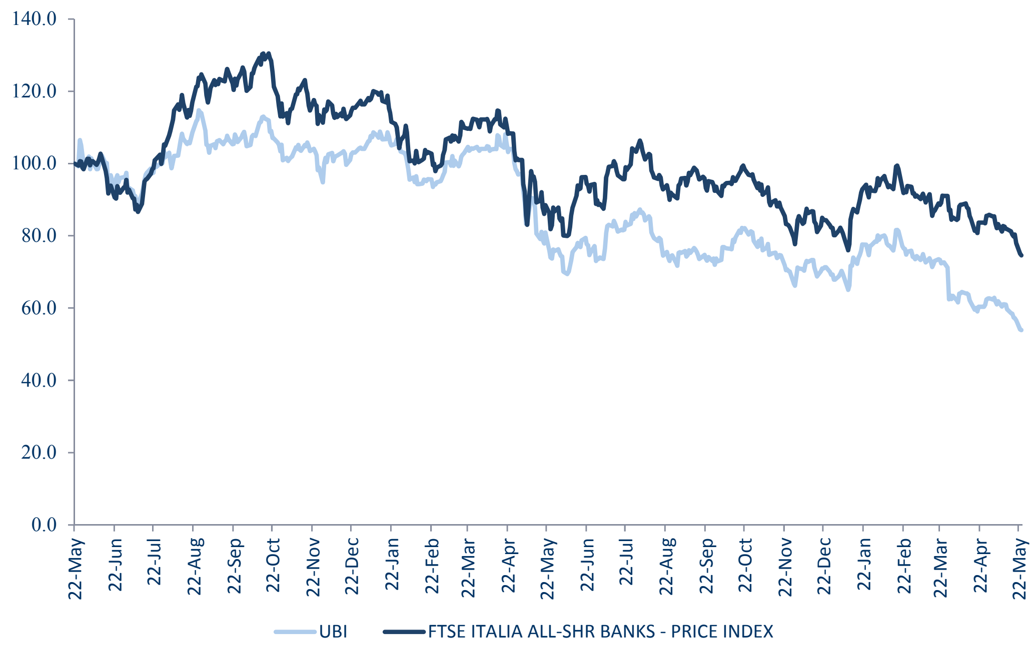
5.3 Setting of the Offer Price

5.3.1 Offer Price

The Offer Price for the UBI Shares is equal to Euro *3.808* for each UBI Share and was set by the Management Board on 1 June 2011. The Issuer has made no provisions for charges or incidental expenses to be borne by the subscribers.

The Offer Price was set in consideration, *inter alia*, of market conditions, the trend of the UBI share price, the Company and Group's results and financial and capital position, and market practices for similar transactions.

The graph below indicates the trend of the UBI share price over the last 2 years compared with the FTSE Italia All Shares Banks Index (based on 100):



Source: Thomson Financial Datastream

5.3.2 Grounds for exclusion from Option Rights

The UBI Shares are being offered on an option rights basis to the shareholders of UBI Banca and to the Bondholders pursuant to Italian Civil Code Article 2441 (1), and consequently there are no provisions for limitations on the option rights of those entitled thereto.

5.3.3 Possible difference between the Price of the UBI Shares and the price for the shares paid during the preceding year or to be paid by the members of the administrative, management and supervisory bodies or by persons closely connected with the same

Except for purchases made and reported to the market in accordance with the laws and regulations in effect and except as shown by the table in Section One, Chapter XVII, Paragraph 17.2 of the Prospectus, to the Issuer's knowledge, members of the Management Board and Supervisory Board, senior managers and persons closely connected with the same have not acquired shares of the Company over the course of the preceding year at a price substantially different from the Offer Price for the UBI Shares.

5.4 Placement and Subscriptions

5.4.1 Indication of persons responsible for placement of the Offer and of the placement agents

Inasmuch as what is involved is an offer on an option rights basis, there is neither a person responsible for placement nor a syndicate of placement agents.

5.4.2 Name and address of organisations assigned to provide financial services as well as of the depositary agents

Acceptances of the Offer will be made by the authorised intermediaries belonging to the Monte Titoli centralised management system.

5.4.3 Underwriting commitments

On 28 March 2011, Mediobanca signed a pre-guarantee agreement undertaking to guarantee – under the usual terms and conditions for this type of transaction and up to a total maximum amount of Euro 1 billion – the underwriting of UBI Shares in an amount corresponding to any Option Rights that might not be exercised upon the conclusion of the Market Offer.

Under the Offer, Mediobanca and Centrobanca (the latter without taking on any guarantee commitments) will act as Joint Global Coordinators. Mediobanca will also act as bookrunner. The market will be informed of any potential participation of other financial institutions in the guarantee syndicate coordinated and led by Mediobanca and Centrobanca, together with their respective roles, by means of a press release.

The guarantee agreement, which will be concluded prior to the launch of the Offer, will be drawn up in accordance with market practice and will contain a commitment by the financial institutions participating in the guarantee syndicate (the "**Guarantors**") to underwrite the UBI Shares in an amount corresponding to those Option Rights that might not be exercised upon the conclusion of the Market Offer up to a maximum amount of Euro 1 billion, along with the usual clauses stipulating conditions for the guarantee commitment to have effect or giving Mediobanca the right to revoke the Guarantors' guarantee commitment upon the occurrence, *inter alia*, of events which may prejudice the proper conclusion of the Offer (so-called "material adverse change" or "*force majeure*") or upon the occurrence of serious violations by the Company of commitments made or guarantees given in the guarantee agreement.

Under the guarantee agreement, the Company will undertake vis-à-vis Mediobanca, for a period of 180 days from the conclusion of the Offer, not to make, except (i) as provided by the "*UBI 2009/2013 convertibile con facoltà di rimborso in azioni"* convertible bonds with the option of repayment in shares, and/or the UBI Banca 2009/2011 Warrant Regulations and (ii) for capital measures obligatory under applicable laws and regulations, additional issues of shares or other financial instruments convertible into shares or otherwise providing a right to acquire and/or subscribe to shares of the Company without the prior written consent of Mediobanca (which may not be unreasonably withheld).

5.4.4 Date on which the underwriting and guarantee agreement was or will be entered into

The guarantee agreement will be entered into prior to the launch of the Offer.and will be notified to the market by means of a press release.

CHAPTER VI – ADMISSION TO TRADING AND PROCEDURES THEREFOR

6.1 Request for admission to trading

UBI shares, Convertible Bonds and Warrants are listed on the MTA.

The UBI Shares will be automatically traded, in accordance with the provisions of Article 2 (4) (1) of the Stock Market Regulations, on the same market as that on which UBI shares are being traded at the time of issue, i.e. the MTA.

6.2 Other markets on which the shares or other financial instruments of the Issuer are traded

As of the Prospectus Date, UBI shares, Convertible Bonds and Warrants are not listed on any other regulated market other than the MTA.

6.3 Simultaneous private placement of the Offer

Not applicable.

6.4 Commitments by intermediaries to transactions on the secondary market

This provision does not apply to the Offer.

6.5 Stabilisation

No stabilisation activities are envisaged on the part of the Issuer or parties engaged by it.

CHAPTER VII – SELLING SHAREHOLDERS

7.1 Selling shareholders

The UBI Shares are offered directly by the Issuer. Express reference is therefore made to information relating to the Company included in the Prospectus.

7.2 Financial instruments offered for sale by each of the selling shareholders

In view of the nature of the Offer, this provision does not apply.

CHAPTER VIII – EXPENSES CONNECTED WITH THE OFFER

8.1 Total net proceeds and estimated total expenses of the Offer

The total net proceeds deriving from the Capital Increase, if fully subscribed, net of expenses, are estimated to be approximately Euro 975 million. The total amount of expenses, including the guarantee commission, is estimated to amount to a maximum of approximately Euro 25 million.

CHAPTER IX – DILUTION

9.1 Amount and percentage of dilution

The UBI Shares are offered under option to all the Issuer's shareholders and all the Bondholders and, therefore, there are no dilutive effects in terms of percentage stake in the Issuer's fully diluted share capital (calculated assuming full conversion of the Convertible Bonds and full subscription of the Capital Increase) vis-à-vis the Issuer's shareholders and the Bondholders who decide to subscribe to the Offer to the extent of their entitlement. On the other hand, with reference to the percentage stake in the actually issued share capital, the shareholders who decide to subscribe to the Offer for their entire entitlement, shall in any event experience a maximum dilution of 2.12% should all or part of the Bondholders decide to subscribe to the Option Rights assigned to them.

The Issuer's shareholders who by contrast decide not to subscribe the Offer for the portion they are entitled to, could see their stake in the actually issued capital diluted by a maximum percentage of around 29.12%.

On the other hand, considering the stake in the fully diluted capital (calculated, with reference to the situation prior to the Offer, assuming full conversion of the Convertible Bonds on the basis of the current conversion ratio and, with reference to the post-Offer situation, assuming full subscription of the Capital Increase), the shareholders and the Bondholders who decide not to subscribe to the Offer for the portion of their entitlement could see their stake in the fully diluted capital diluted by a maximum percentage of around *27.59*%.

CHAPTER X – ADDITIONAL INFORMATION

10.1 Advisors connected with the issue

Section Two of the Prospectus does not mention any advisors connected with the Offer.

10.2 Other audited information

Section Two of the Prospectus does not contain information additional to that contained in Section One that was audited or subject to limited review by the independent auditors.

10.3 Expert opinions or reports

Section Two of the Prospectus does not include expert opinions or reports.

10.4 Information originating with third parties

Section Two of the Prospectus does not include information originating with third parties.

10.5 Rating of the Issuer and the financial instrument

The Issuer has been assigned ratings by the international ratings agencies Standard & Poor's, Fitch Ratings and Moody's.

All three rating agencies have submitted an application for registration to ESMA for the activities carried out in Europe (in Italy via: Standard & Poor's Credit Market Services Italy S.r.l., Moody's Italia S.r.l. and Fitch Italia Società italiana per il rating S.p.A.) and are awaiting registration.

The following table summarises the ratings assigned to the Group by international agencies Standard & Poor's, Fitch Ratings and Moody's.

Ratings agency	Short-term debt		Long-term debt (*) (outlook)		Other ratings	
	Current (from 23.04.10)	***Previous (from 06.03.09)***	***Current (from 23.04.10)***	***Previous (from 06.03.09)***	***Current (from 23.04.10)***	***Previous (from 06.03.09)***
Standard & Poor's	A-1(1)	A-1(1)	A(2) (*negative*)	A(2) (*stable*)	-	-
	Current (from 01.07.09)	***Previous (from 20.11.08)***	***Current (from 01.07.09)***	***Previous (from 20.11.08)***	***Current (from 01.07.09)***	***Previous (from 20.11.08)***
Moody's	Prime – 1(3)	Prime – 1(3)	A1(4) (*stable*)	A1(4) (*stable*)	C(5) *(negative)*	C(5) *(stable)*
	Current (from 17.12.10)	***Previous (from 05.12.08)***	***Current (from 17.12.10)***	***Previous (from 05.12.08)***	***Current (from 17.12.10)***	***Previous (from 05.12.08)***
Fitch Ratings	F 1(6)	F 1(6)	A(7) (*stable*)	A+(7) (*stable*)	B-C (8)/ *support* 2(9)	B-C (8)/ *support* 2(9)

(*) Ratings for long-term debt refer to senior indebtedness.

(1) Capacity for repaying debt with a duration of under 1 year (A-1: best rating – D: worst rating).

(2) With reference to debts lasting longer than a year, this indicates the capacity for payment of interest and principal, along with any sensitivity to the unfavourable effects of changed circumstances or a change in economic conditions (AAA: best rating – D: worst rating).

(3) Capacity for repaying short-term debt in local currency (maturity of less than 1 year). (Prime -1: highest quality – Not Prime: speculative grade).

(4) Capacity for repaying long-term debt in local currency (maturity equal to or greater than 1 year). Using the JDA (*Joint Default Analysis*) methodology, this rating adds to the Bank Financial Strength Rating an evaluation of the probabilities of an intervention, when necessary, by outside support (shareholders, the group to which the entity belongs, or official institutions) (Aaa: first quality – Baa3 medium quality).

(5) Bank Financial Strength Rating: This rating does not refer to the capacity for repaying the debt, but takes the bank's intrinsic financial strength into account (by analysing factors like territorial organisation, diversification of activities, financial fundamentals), in the absence of outside support (A: best rating – E: worst rating).

(6) Capacity for repaying short-term debt (less than 13 months' duration) (F1: best rating – D: worst rating).

(7) Capacity for meeting long-term financial commitments on time, regardless of the maturity of individual obligations. This rating is an indicator of the probability of the issuer's default (AAA: best rating – D: worst rating).

(8) Bank Individual Rating:Evaluation of the bank's intrinsic strength (profitability, soundness of balance sheet, commercial network, management capacity, operating context and outlook), viewed on the assumption the bank cannot rely on outside forms of support (possible intervention by a lender as last resort, support from shareholders, etc.) (A: best rating – E: worst rating).

(9) Judgement of the eventual probability, adequacy and timeliness of outside intervention (on the part of the State or reference institutional shareholders)in the event the bank should find itself in difficulty (1: best rating – 5: worst rating).

In particular, on 23 April 2010, as part of a general analysis of Italian banks, Standard & Poor's confirmed the short and long-term counterpart rating for UBI Banca, downgrading the outlook from Stable to Negative in relation to a perceived lower capacity of the Group to absorb higher than expected credit losses in the event of a faltering of the fragile economic recovery. On 6 May Standard & Poor's confirmed the short-term counterparty rating as A-1 and long-term counterparty rating as A, with a Negative outlook.

On 17 December 2010, Fitch Ratings reduced the long-term counterpart rating of UBI Banca from A+ to A, with a Stable outlook, confirming all the other ratings. The action was taken in consideration of the slowdown in economic activity in Italy and the persistent low level of market rates which, in the ratings agency's opinion, make a rapid recovery in UBI Banca's operating profitability unlikely. At the same time, Fitch confirmed: the importance of the Group's franchise, located in the wealthiest regions of Italy; the sound management and perception of credit risk, which has permitted loan quality to deteriorate to a lesser extent than other competitors; the adequate capitalisation in relation to the conservative approach to risk; as well as the adequate liquidity, with well diversified funding sources. As a consequence of the manoeuvre, the ratings on the outstanding issues (Senior debt, Lower Tier 2 and hybrid securities) were reduced by a notch.

In this regard, the rating's historical performance has therefore not had any significant impact on the Group's funding costs.

Annexe

KPMG

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

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

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

Examination report

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

1 We have examined the 2011-2015 consolidated data projections of the Unione di Banche Italiane Group (the "Projections"), as well as the assumptions and elements on which basis the Projections have been prepared, which are set out in Chapter XIII (Profit projections or estimates), section 13.1 of the prospectus concerning the offer in option to the shareholders and holders of the *"UBI 2009/2013 convertibile con facoltà di rimborso in azioni"* convertible bonds and listing of Unione di Banche Italiane S.c.p.A. shares on the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A (the "Prospectus"). The Projections and the relevant underlying assumptions and elements are the responsibility of the parent's management board.

The Projections are derived from the 2011-2015 business plan (the "Business plan") approved by the management and supervisory boards on 13 May 2011. This report solely relates to the Projections and does not cover the Business plan or other information included in the Prospectus, which we have examined for the sole purpose of gathering elements and information supporting the Projections.

2 The Projections have been prepared using a set of assumptions, comprising those disclosed in sections 13.1.3 and 13.1.4 of the Prospectus, that include hypothetical assumptions about future events and management board actions that are not necessarily expected to occur.

3 We have examined the Projections in accordance with International Standard on Assurance Engagements 3400 "The examination of prospective financial information" issued by the International Federation of Accountants (IFAC).

4 Based on our examination of the evidence supporting the assumptions and elements on which basis the Projections have been prepared, nothing has come to our attention which currently causes us to believe that the above-mentioned assumptions and elements do not provide a reasonable basis for the Projections, assuming that the hypothetical assumptions about future events and management board actions described in paragraph 2 will actually occur.

Unione di Banche Italiane Group
Examination report
17 May 2011

Further, in our opinion, the Projections are properly prepared on the basis of the assumptions and elements mentioned above and are presented using consistent accounting policies with respect to those applied by Unione di Banche Italiane S.c.p.A. in preparing its consolidated financial statements as at and for the year ended 31 December 2010. We have audited such consolidated financial statements and issued our report thereon on 28 March 2011.

5 Even if the events anticipated under the hypothetical assumptions described in paragraph 2 occur, actual results are still likely to be different from the Projections since other anticipated events frequently do not occur as expected and the variation may be material.

6 This report has been prepared for the sole purposes of Consob Regulation no. 11971/1999, as subsequently amended and integrated, for its inclusion in the Prospectus and cannot be used, in whole or in part, for any other purposes.

7 We have not undertaken to update this report for events or circumstances occurring after its issue.

Bergamo, 17 May 2011

KPMG S.p.A.

(signed on the original)

Paolo Andreasi
Director of Audit

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Printing: Servif Donnelley Financial

Please note that the conditions of the Offer were determined following approval of the Prospectus and, even if presented in a single document, they remain separate from the content of the approved Prospectus and are therefore in italics.