

“Procedures for regulating transactions with related parties” Regulation

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1 Introduction

1.1 Purpose

This REGULATION defines the principles, roles and responsibilities meant to ensure transparency and the substantial and procedural fairness of the TRANSACTIONS carried out by BANCO, directly or through its SUBSIDIARIES, irrespective of the decision-making powers on the TRANSACTIONS themselves. The REGULATION constitutes the “Protocol” for the purposes of regulating the administrative liability of Companies pursuant to Italian Legislative Decree 231/01.

The REGULATION and its subsequent amendments are published on the website of BANCO and the SUBSIDIARIES in Italian, without prejudice to the obligation of publication, also by way of reference to the website, in the annual report on operations.

1.2 Scope of application and procedures for adoption

The REGULATION was approved by the Board of Directors of BANCO, PARENT COMPANY of the GROUP of the same name, after receiving the unanimous favourable opinion of the COMMITTEE, in implementation of and in compliance with what is established by Article 2391-bis of the Italian Civil Code, by the CONSOB GUIDELINES.

The provisions of the REGULATION are applied to all TRANSACTIONS carried out by BANCO, directly or through SUBSIDIARIES by way of the methods and in accordance with the specific aspects set out in the document.

Insofar as they are applicable and in a manner compatible with what is established in the REGULATION, the specific rules established in the internal regulations of BANCO shall continue to apply, including the document governing the functioning of the Board of Directors and the Executive Committee of BANCO.

Subsequent substantial amendments or additions are approved and implemented by the methods set out in the paragraphs above. In particular, each amendment of the REGULATION is approved by the Board of Directors of BANCO after obtaining the favourable opinion of the COMMITTEE.

The Board of Directors of BANCO identifies proposals for amendments of the BANCO Articles of Association that may be necessary to implement the rules and procedural mechanisms defined in the REGULATION (as updated over time) and in legal or regulatory standards. After obtaining the opinion of the COMMITTEE, the Board of Directors decides on the ensuing proposals to be submitted to the Shareholders' Meeting.

1.3 Related legislation

The cases regulated by this REGULATION are also subject, in addition to the CONSOB GUIDELINES, to the following regulations concerning the issue of conflicts of interest:

- Italian Legislative Decree 1 September 1993: “Single text of laws in relation to banking and credit”, with particular reference to Articles 53 and 136;

- Chapter 5 of Title V of the New Provisions of Prudential Supervision for Banks (Circular no. 263 of 27 December 2006 as amended and supplemented), contained in the 9th update dated 12 December 2011 to Circular 263;
- Article 2391 of the Italian Civil Code, in relation to the interests of directors;
- Article 2391-bis of the Italian Civil Code, in relation to TRANSACTIONS with related parties;
- Italian Legislative Decree no. 231 of 8 June 2001: "Regulation of the administrative liability of legal entities" with specific reference to the offence of "failure to communicate a conflict of interest set out in Article 2629-bis of the Italian Civil Code".

Hence, if the conditions for application respectively established by the various rules are met, the decision-making process of each TRANSACTION may be simultaneously subject to the REGULATION, the "Procedures and Policies of Controls in relation to Risk Activities and Conflicts of Interest with respect to Associated Entities" Regulation and the internal rules concerning the application of Article 136 of the CBL and Article 2391 of the Italian Civil Code.

1.4 Summary of updates

Update to the REGULATION approved by the Board of Directors of BANCO on 29 November 2011.

2 Organisational Model

2.1 Terms of reference

With reference to the fields and aspects governed by the REGULATION, the “Terms of Reference” described below (in alphabetical order in Italian) are assumed.

INDEPENDENT DIRECTORS: directors fulfilling the independence requirements pursuant to Article 29.2, paragraphs 2 and 3 of the Articles of Association of BANCO (independence requirements established for Statutory Auditors by Article 148, third paragraph of Italian Legislative Decree no. 58 of 24 February 1998 and the independence requirements laid out by the Borsa Italiana S.p.A. Self-Regulation Code, respectively)

UNRELATED DIRECTORS: directors other than the counterparty of a specific TRANSACTION and his or her RELATED PARTIES

BANCO OR PARENT COMPANY: Banco Popolare Società Cooperativa, PARENT COMPANY of the homonymous GROUP

COMMITTEE: it is constituted by the “Independent Committee” appointed by the Board of Directors and consisting of 3 Directors equipped with the requirements of independence required by the Self-Regulation Code of the Italian Stock Exchange. Subject to specific aspects provided by the REGULATION, the functioning and organisation of the COMMITTEE are regulated by the Regulation of the COMMITTEE approved by the Board of Directors of BANCO and which constitutes an integral and essential part of this REGULATION

DECISION-MAKING BODY/IES: each of the following Bodies, Functions and Structures of the REGULATION:

- a) the Shareholders' Meeting of BANCO;
- b) the Board of Directors of BANCO;
- c) the Executive Committee of BANCO;
- d) the Chief Executive Officer of BANCO;
- e) the Directors of BANCO other than the Chief Executive Officer to whom management powers have been assigned by the Board of Directors;
- f) the decision-making organisational Structures of BANCO, meaning as such the representatives of General Management along with those who – as a single member or collegial board – are entitled to resolve upon TRANSACTIONS in compliance with internal corporate rules

CONSOB GUIDELINES: Consob Regulation no. 17221 of 12 March 2010 and Consob Communication no. DEM/10078683 of 24 September 2010 (as amended and supplemented)

EXPERTS: the individuals external to BANCO and other GROUP Companies, qualified as independent, equipped with recognised professionalism and expertise in the matters of interest, chosen by the COMMITTEE and instructed to assist it in the pre-resolution phase of the TRANSACTION. All in accordance with the provisions of the COMMITTEE Regulation which constitutes an integral and essential part of the REGULATION

BANCO POPOLARE GROUP or GROUP: BANCO and the set of SUBSIDIARY Companies, even if not part of the Banking group

SIGNIFICANT INTERESTS: any interest of a capital nature, as assessed by BANCO taking into account what is specified in Consob Communication no. DEM/10078683 of 24 September 2010, in relation to a TRANSACTION from which a benefit of a capital nature might derive to a RELATED PARTY of BANCO by virtue of a TRANSACTION concluded with or between SUBSIDIARIES or ASSOCIATES and which, in the absence of that benefit, would not have been concluded or would have been concluded under different terms and which, as such, is appropriate to prevent the application of the special exemption provided by the REGULATION in relation to *Intragroup* TRANSACTIONS

TRANSACTION: any transfer of resources, services or obligations amongst RELATED PARTIES, regardless of whether a fee has been agreed upon, carried out by BANCO with RELATED PARTIES, directly or through SUBSIDIARIES

The following are in any case included:

- mergers, demergers by incorporation or non-proportionate demergers in the strict sense, when carried out with RELATED PARTIES;
- all decisions relating to the allocation of wages and economic benefits, in any form whatsoever, to members of the administrative and supervisory bodies and to executives with strategic responsibilities.

RELATED PARTIES: the RELATED PARTIES of BANCO, identified in compliance with Appendix 1 of the CONSOB GUIDELINES as outlined in Appendix 1 of the REGULATION

REGISTER: REGISTER (even in an electronic format) in which the RELATED PARTIES and TRANSACTIONS of BANCO are recorded

REGULATION: this document, prepared in implementation of the CONSOB GUIDELINES

HEAD OF THE PROCEDURE: the representative of the BANCO Department with which a TRANSACTION with RELATED PARTIES in terms of subject and value is associated

UNRELATED SHAREHOLDERS: the parties with voting rights at the Shareholders' Meeting of BANCO other than the counterparty of a given TRANSACTION and parties related to the counterparty of a given TRANSACTION and to BANCO

SUBSIDIARY COMPANIES or SUBSIDIARIES¹: the SUBSIDIARY COMPANIES (Italian or foreign), including under joint control, of BANCO, as defined in Appendix 1 of the Consob Guidelines.

¹ *Control* is the ability to determine the financial and management policies of an entity in order to obtain benefits from its operations. It is assumed that control exists when a party directly or indirectly through its subsidiaries holds more than half of the voting rights of an entity unless, in exceptional cases, it may be clearly demonstrated that that ownership does not establish a situation of control. Control also exists when a party possesses half, or a lesser share, of the voting rights in the shareholders' meeting if it has:

- (a) control of more than half of the voting rights on the basis of an agreement with other investors;
- (b) the power to decide the financial and management policies of the entity on the basis of the articles of association or an agreement;

ASSOCIATED COMPANIES or ASSOCIATES: an entity, also without legal personality over which BANCO exercises significant influence², but not control or joint control as defined by the CONSOB GUIDELINES

CBL: Italian Legislative Decree no. 385 of 1 September 1993: “Single text of laws in relation to banking and credit”

CFL: Italian Legislative Decree no. 58 of 24 February 1998: “Consolidated law of provisions on financial brokerage”, pursuant to Articles 8 and 21 of Italian Law no. 52 of 6 February 1996

2.2 Roles and Responsibilities

2.2.1 Banco Popolare

The Board of Directors of BANCO, PARENT COMPANY of the GROUP of the same name, approved the adoption of the REGULATION after receiving the unanimous favourable opinion of the COMMITTEE.

In exercising its management and coordination activities, the PARENT COMPANY also sends the REGULATION to the SUBSIDIARIES, as approved and amended.

The BANCO Board of Directors periodically assesses, at least every three years, whether to revise this REGULATION, considering, *inter alia*, changes that may have been made in the ownership structure and how effective the REGULATION has shown itself to be when applied in practice. Resolutions on any amendments of the REGULATION are approved after obtaining the favourable opinion of the COMMITTEE. The opinion of the COMMITTEE is also obtained if, following its assessments, the Board of Directors decides not to make any amendment to the REGULATION in force.

The Board of Auditors oversees the compliance of the REGULATION with the principles identified in the GUIDELINES, along with its observance, and reports on this to the BANCO Shareholders' Meeting pursuant to Article 153 of the CFL.

2.2.2 Other Companies belonging to the Group

-
- (c) the power to appoint or remove the majority of members of the Board of Directors or equivalent corporate governance body, and that board or body controls the entity;
 - (d) the power to exercise the majority of the voting rights in meetings of the Board of Directors or equivalent corporate governance body, and that board or body controls the entity

Joint control is the contractually established sharing of control over an economic activity.

²*Significant influence* is the power to participate in the determination of financial and operational policies of an entity, without having control over it. Significant influence may be obtained through the ownership of shares and through clauses of the articles of association or agreements. Significant influence is assumed if a party directly or indirectly (for example, through subsidiaries) holds at least 20% of the votes to be exercised in the investee's shareholders' meeting, unless the contrary can be clearly demonstrated. On the other hand, if the party directly or indirectly (for example, through subsidiaries) holds less than 20% of the votes to be exercised in the investee's shareholders' meeting, it is assumed that that shareholder does not have significant influence, unless such influence can be clearly demonstrated. The existence of a party that holds the absolute or relative majority of voting rights does not necessarily preclude another party from having significant influence. Significant influence can usually be inferred from the satisfaction of one or more of the following circumstances: (a) representation on the board of directors or equivalent body of the investee; (b) participation in the decision-making process, including participation in decisions regarding dividends or another type of profit distribution; (c) the presence of significant transactions between the shareholder and the investee; (d) the exchange of management personnel; (e) the provision of essential technical information.

The SUBSIDIARIES that are listed or have shares held by the general public to a significant extent are made aware of the provisions of the REGULATION and, with any adaptations deemed appropriate or necessary based on their specific organisational features, adopt their respective procedures on TRANSACTIONS with RELATED PARTIES.

Without prejudice to the foregoing, in compliance with and in application of the subsequent Chapters of the REGULATION, the Administrative bodies of all the SUBSIDIARIES impart appropriate instructions to the Bodies and to the relevant functions so that they may fulfil the requirements of the SUBSIDIARIES and their Bodies and functions set forth in the regulation. The SUBSIDIARIES ensure that appropriate complete and updated records are kept of all TRANSACTIONS completed by them

2.2.3 Corporate functions

The BANCO Secretariat function is the organisational structure responsible, for example, for:

- a) interacting with the *Executives with strategic responsibilities* of BANCO to obtain information relating to the RELATED PARTIES;
- b) registering the RELATED PARTIES;
- c) supporting, where required, the functions proposing the TRANSACTIONS for the correct implementation of the REGISTER and proceeding to supplement it for aspects that see it directly involved (opinions and resolutions of the COMMITTEE, the Board of Directors and the Executive Committee);
- d) verifying, where required, the TRANSACTIONS said to be of “lesser significance” for the purposes of calculating the accumulation of TRANSACTIONS classifiable as homogeneous or implemented in performance of a unitary plan;
- e) supporting, where required, the company structures in charge of the due diligence and proposal of the TRANSACTIONS for issues regarding interpretation and application;
- f) contributing to ensuring the correct application of the contents of the REGULATION, also by way of periodic reporting produced for the administrative and supervisory bodies.

For clarifications regarding the application of the REGULATION, the BANCO Secretariat function may make use, each time, of the collaboration of the other Structures of the PARENT COMPANY and, in particular, the function of Compliance with the rules and the Legal function.

The REGULATION'S organisational structures also include:

- a) the Administration and Budget function: the structure of BANCO which, in accordance with the Structure Regulation, assists the *Manager responsible for preparing the company's financial reports*. In particular, the function in question is entrusted with the duty of recording - along with the Investments function - the RELATED PARTIES, as well as preparing - along with other company functions - reporting for the Corporate bodies of BANCO and *disclosure documents* - pursuant to the CONSOB GUIDELINES - relating to TRANSACTIONS of *greater significance*;
- b) the Supervisory Reporting function: the structure of BANCO which is responsible for disclosing to the Secretariat function and to the HEADS OF THE PROCEDURES:
 - the consolidated regulatory capital
 - total of consolidated assets
 - total of consolidated liabilities

in order to determine the threshold of significance for the identification of TRANSACTIONS of greater or lesser significance;

- c) the *Investments function*: the structure of BANCO which, in accordance with the Structure Regulation, ensures the fulfilment of administrative obligations associated with management of investments and administers the information flows with the Corporate Bodies of the SUBSIDIARIES and investees. In particular, the function in question is responsible:
- for recording the RELATED PARTIES and preparing - along with other *company functions* - reporting for the Corporate bodies of BANCO relating to the TRANSACTIONS carried out by the SUBSIDIARIES;
 - for supporting the *company functions* responsible for due diligence on TRANSACTIONS with SUBSIDIARIES and/or ASSOCIATES or the TRANSACTIONS to be carried out “between SUBSIDIARIES” of BANCO in order to verify the presence/absence of SIGNIFICANT INTERESTS of other RELATED PARTIES. For this activity, it may rely on the *Human Resources function* if it needs to verify whether *Executives with strategic responsibilities* are present amongst the other RELATED PARTIES.

The roles and responsibilities of the different company functions of BANCO, for anything not provided by the REGULATION, are determined in compliance with the Law, the Provisions of Supervisory bodies, the provisions of the articles of association and anything set forth, from time to time, in the “Structure Regulation” of BANCO and the GROUP.

The roles and responsibilities of the individual company functions are defined with reference to the individual phases of the processes, as provided by the “Process Model” established by the REGULATION.

2.3 Processes model

The processes model on “procedures of TRANSACTIONS with RELATED PARTIES” is broken down as follows:

- a) identification, appointment and duties of the COMMITTEE;
- b) development and approval of procedures;
- c) identification and registration of the RELATED PARTIES and entities referred to in Appendix 1;
- d) management of TRANSACTIONS;
- e) disclosure on TRANSACTIONS.

For each process, the REGULATION defines the roles, responsibilities and principles on the basis of which the responsibilities should be exercised.

The rules which regulate, from time to time, the activities to be performed by the individual organisational units, the procedures to be used and anything else required for the exercise of the activities based upon criteria of adequacy and functionality, are split into processes, in line with the model described.

3 Principles common to the phases of the process

The REGULATION:

- a) identifies TRANSACTIONS of greater significance;
- b) identifies cases of exemption on which BANCO intends to rely;
- c) identifies, for the purpose of the REGULATION, the independence requirements of directors;
- d) establishes the procedures used to prepare and approve TRANSACTIONS and identify rules with regard to cases in which BANCO examines or approves transactions of Italian or foreign Subsidiaries;
- e) establishes the procedures and timing for providing TRANSACTION information and the relative documentation to the COMMITTEE that provides opinions on TRANSACTIONS as well to as the administrative and supervisory bodies, before the resolution and during and after the execution of those transactions;
- f) indicates the choices made by BANCO regarding options other than those indicated in the letters above.

4 Processes

4.1 Identification, appointment and duties of the Committee

4.1.1 Principles

The CONSOB GUIDELINES require the Company's Board of Directors to identify - within the scope of procedures that ensure transparency and substantial and procedural fairness in TRANSACTIONS with RELATED PARTIES - the independence requirements of Directors in compliance with what is established in the same CONSOB GUIDELINES³. In particular, the following are considered Independent directors:

- the Directors meeting the independence requirements set forth in Article 148, paragraph 3 of the CFL and any additional requirements identified in the REGULATION or established by any sector regulations applicable due to the activity carried out by BANCO;
- the Directors recognised as such by BANCO in application of a code of conduct promoted by the company that manages regulated markets or sector associations in which BANCO participates and which entail independence requirements at least equivalent to those of Article 148, paragraph 3 of the above-mentioned CFL.

4.1.2 Roles and Responsibilities

The Board of Directors of BANCO has attributed the duties set out in Article 2391-bis of the Italian Civil Code and the respective implementing provisions – both regulatory (CONSOB GUIDELINES) and corporate (REGULATION) – to the “Independent Committee” consisting of 3 Directors equipped with the requirements of independence as provided for by the Articles of Association (independence requirements established for the Statutory Auditors by Article 148, paragraph 3 of the CFL and established by the Italian Stock Exchange Self-Regulation Code, respectively).

Subject to specific aspects provided by the REGULATION, the functioning and organisation of the COMMITTEE are regulated by the Regulation of the COMMITTEE approved by the Board of Directors of BANCO and which constitutes an integral and essential part of this REGULATION.

That Regulation, which is attached (see Appendix 8) for easy consultation, also governs the use, by the COMMITTEE, of EXPERTS, the method of assessing the independence of the same and the regulation of the respective costs and expenses.

³ Article 3, letter h) of Consob Regulation no. 17221 of 12 March 2010

4.2 Development and Approval of Procedures

4.2.1 Principles

The CONSOB GUIDELINES establish that the Boards of Directors of the Companies must adopt, in accordance with the principles laid out in the above-mentioned CONSOB GUIDELINES, procedures which ensure the transparency and the substantial and procedural fairness of TRANSACTIONS with RELATED PARTIES.

4.2.2 Roles and Responsibilities

The Board of Directors of BANCO has adopted the procedures laid out in this REGULATION, which provide for:

- a) the identification of TRANSACTIONS of *greater significance* in order to include at least those which exceed the thresholds set forth in the CONSOB GUIDELINES;
- b) the identification of cases of exemption set forth in the CONSOB GUIDELINES on which BANCO intends to rely;
- c) the identification of the independence requirements of Directors;
- d) the procedures used to prepare and approve TRANSACTIONS with RELATED PARTIES, and the identification of the rules with regard to cases in which BANCO examines or approves TRANSACTIONS of Italian or foreign SUBSIDIARIES;
- e) the establishment of the procedures and timing for providing TRANSACTION information and the relative documentation to the COMMITTEE that provides opinions on TRANSACTIONS as well to as the administrative and supervisory bodies, before the resolutions and during and after the execution of those transactions;
- f) an indication of the choices made by BANCO regarding options other than those indicated in the letters above, which are placed under the responsibility of BANCO by the provisions of the CONSOB GUIDELINES.

Based on the discretion laid out by the CONSOB GUIDELINES, which establish that the procedures may also be applied, all or in part, to parties other than RELATED PARTIES, BANCO has established that the REGULATION also applies with regard to TRANSACTIONS to be carried out (directly or through SUBSIDIARIES) with the entities pursuant to Appendix 2, without prejudice to the fact that such entities do not constitute RELATED PARTIES pursuant to the REGULATION.

Resolutions on the REGULATION and any amendments of it are approved after obtaining the favourable opinion of the COMMITTEE.

This is without prejudice to the observance, when the prerequisites for application to the individual TRANSACTION are met, of the provisions of Article 53, paragraphs 4 and 4-quater of the CBL and the respective implementing provisions - both regulatory (New Provisions of Prudential Supervision for Banks - Title V - Chapter 5) and corporate (Regulation on Procedures regarding risk activities and conflicts of interest with respect to Associated Entities adopted by the PARENT COMPANY and the other GROUP Banks).

4.3 Identification and Registration of Entities

4.3.1 Principles

BANCO registers its RELATED PARTIES (APPENDIX 1) and entities other than RELATED PARTIES (Appendix 2).

The RELATED PARTIES, and in particular *Executives with strategic responsibilities*, cooperate with the competent functions of BANCO in order to allow for accurate and complete registration. They are also required to promptly communicate any supervening circumstances of which they become aware that might involve changes to the scope of the RELATED PARTIES.

4.3.2 Roles and Responsibilities

The activities of retrieving data and information relating to the RELATED PARTIES and the “entities other than related parties” are performed in application of the definitions contained in Appendix 1 and Appendix 2, which constitute the scope determined by BANCO.

Those activities fall within the broader registration that BANCO already performs in order to identify the entities in conflict of interest.

The functions responsible for the registration process are:

- a) the *Secretariat function*: it is responsible for interacting with the *Executives with strategic responsibilities* of BANCO to obtain information relating to the parties pursuant to Appendix 1;
- b) the *Investments function*: it is responsible primarily for supplementing the registration of RELATED PARTIES pursuant to Appendix 1 with information regarding the SUBSIDIARIES (also controlled jointly), the Companies subject to common control and the ASSOCIATES of BANCO. The collaboration of the *Administration and Budget function* is relied upon for registration;
- c) the *Administration and Budget function*: is responsible for periodically providing the *Investments Function* with the updated list of SUBSIDIARIES, including those controlled jointly, and ASSOCIATES which need to be registered.

The *Secretariat function*:

- a) identifies – for the purposes of registration of the RELATED PARTIES - the *Executives with strategic responsibilities* who fall within the RELATED PARTIES;
- b) requests that the aforementioned *Executives with strategic responsibilities* provide a “self-declaration” by which they certify their status as RELATED PARTY and communicate:
 - their “close relatives”;
 - the entities over which the *Executive with strategic responsibilities* and/or his or her close relatives exercises control, joint control or a significant influence or in which that party directly or indirectly holds a significant share, in any case no less than 20%, of the voting rights;

For the purposes of the self-declaration, the *Executives with strategic responsibilities* may use the form which the functions in question submit to them together with the instructions required for its correct completion, a copy of which is contained in Appendix 3;

- c) requests a prompt response and draws particular attention:
 - to the duty of promptly communicating any supervening circumstances of which they become aware and which might involve changes to the information provided;
 - to the obligations of accuracy and comprehensiveness of the information provided;
- d) verifies the formal correctness of the content of the “self-declarations” received, by proceeding with standard checks also by way of accessing the information services of the Registers of Companies and the Chambers of Commerce, Industry, Crafts and Agriculture. The “self-declarations” are stored in original form at their offices;
- e) provides input for the REGISTER consisting of the data and information provided on the “self-declarations” issued by the *Executives with strategic responsibilities*.

Subject to the obligation upon the *Executives with strategic responsibilities* to communicate promptly any alteration/addition to the information previously supplied, the Secretariat function requests - insofar as it is responsible - the “self-declarations” from *Executives with strategic responsibilities* upon first appointment or confirmation of the office/role and also at least annually proceeds to:

- request that the “self-declarations” be updated;
- conduct activities to check the consistency and accuracy of the information received, also when reports are received from other structures.

The collection takes the form of sending a specific pre-completed form with the information shown by the latest “self-declaration” submitted. The *Executives with strategic responsibilities* concerned should verify its content, supplement it with any missing information, amend it if its contents have changed or are inaccurate and, then, sign it and return it to the aforementioned function which verifies its formal accuracy.

Upon receipt of the declarations, the Secretariat function also ascertains that the information declared by the aforementioned entity corresponds with what may already be in its possession (for example, information relating to already existing registrations). Where discrepancies are identified, it will act as the diligent party in formally reporting what it has identified, requesting the signature of an updated “self-declaration” or a certification of denial/acknowledgment of the exceptions communicated.

The Secretariat function prepares, for the first useful Board of Directors meeting following receipt of the “self-certifications”, appropriate information for the purposes of highlighting during the board meeting the forms received.

The Investments function of the PARENT COMPANY,

- a) identifies, for the purposes of registering the Related parties:

- *the SUBSIDIARIES*. These are considered to be: (a) Companies in which Banco holds the majority of votes that may be exercised in the Ordinary Shareholders' Meeting, or sufficient votes to exercise a dominating influence in the Shareholders' Meeting. In order to apply the above, votes held by SUBSIDIARIES of BANCO, Trustees and intermediaries are also counted: instead, votes held on behalf of third parties are not counted; (b) Companies which are under dominating influence of BANCO by virtue of specific contractual obligations with it;
- *the ASSOCIATED Companies*. These are considered to be Companies in which BANCO holds a significant influence;
- *Joint ventures*. This is considered to be a contractual agreement whereby two or more parties undertake an economic activity subject to joint control.

To that end, the Administration and Budget function of the PARENT COMPANY provides periodically to the Investments function the updated list of GROUP Companies.

b) provides input for the REGISTER consisting of the data and information obtained.

On a half-yearly basis, the Secretariat function and the Investments function obtain from the IT outsourcer (SGS BP) specific extractions from the cited REGISTER and verify for the parts under their remit the complete and correct entry of the same. In the case of anomalies, the aforementioned functions proceed – insofar as they are responsible and without delay – to rectify the same.

The REGISTER is available to the competent functions of BANCO and the SUBSIDIARIES and used by them in accordance with the provisions of the REGULATION.

4.4 Transaction Management

This Chapter regulates the activities, performed by the GROUP companies in the TRANSACTIONS with RELATED PARTIES and with the entities set out in Appendix 2, including the case where the PARENT COMPANY examines or approves TRANSACTIONS by the individual members of the GROUP (TRANSACTIONS “through”).

4.4.1 Exclusions

The provisions of the REGULATION do not apply for TRANSACTIONS *of a small amount*, understood as TRANSACTIONS of an amount not exceeding EUR 250,000 (two hundred and fifty thousand).

The provisions of the REGULATION also do not apply in relation to:

- a) resolutions of the Shareholders' Meeting of BANCO, pursuant to:
 - Art. 2389, paragraph 1, of the Italian Civil Code relating to remuneration due to Members of the Board of Directors and the Executive Committee;
 - Art. 2402 of the Italian Civil Code relating to remuneration due to Members of the Board of Auditors;
- b) resolutions regarding the remuneration of Directors assigned specific functions in accordance with Article 2389, paragraph 3, of the Italian Civil Code, when established by the Articles of Association of BANCO;
- c) compensation plans based on financial instruments approved by the Shareholders' Meeting of BANCO in accordance with Article 114-bis of the CFL and the relative implementing TRANSACTIONS;
- d) resolutions other than those pursuant to the previous two letters, on the remuneration of Directors assigned specific functions as well as other *Executives with strategic responsibilities*, in compliance with the conditions established by the CONSOB GUIDELINES⁴.

The provisions of the REGULATION, without prejudice to the disclosure requirements pursuant to the CONSOB GUIDELINES⁵, also do not apply to the TRANSACTIONS to be carried out on the basis of:

- instructions imparted by Supervisory Authorities for purposes of stability;
- provisions issued by BANCO for the execution of instructions imparted by the Supervisory Authority in the interest of GROUP stability.

This exemption does not apply to TRANSACTIONS planned autonomously by BANCO and subject to the authorisation of or prior communication to the Supervisory Authority.

⁴ Article 13, paragraph 3, of Consob Regulation no. 17221 of 12 March 2010 and the provisions of Consob Communication no. DEM/10078683 of 24 September 2010 (as amended and supplemented)

⁵ Article 5 of Consob Regulation no. 17221 of 12 March 2010

For the purposes of and pursuant to the REGULATION, transactions aimed indifferently at all Shareholders under equal conditions such as share capital increases offered as an option to shareholders and proportional demergers in the strict sense are not considered to be transactions with RELATED PARTIES.

4.4.2 Type of Transactions

For the purposes of the REGULATION, the TRANSACTIONS (other than those of “a small amount”) are classified as follows:

- a) TRANSACTIONS of *greater significance*
- b) TRANSACTIONS of *lesser significance*

The aforementioned TRANSACTIONS may be classified further into:

- Ordinary TRANSACTIONS
- Intragroup TRANSACTIONS
- TRANSACTIONS of SUBSIDIARIES
- TRANSACTIONS pursuant to Article 136
- TRANSACTIONS subject to framework resolutions
- TRANSACTIONS under the remit of the Shareholders' Meeting
- Urgent TRANSACTIONS

The aforementioned types of TRANSACTIONS are subject to different due diligence and decision-making processes.

TRANSACTIONS of greater significance: TRANSACTIONS in which at least one of the relevance indices laid out in the CONSOB GUIDELINES⁶, applicable according to the specific TRANSACTION, is measured above the threshold of 5% (*five per cent*).

Also included in TRANSACTIONS of *greater significance* are the TRANSACTIONS concluded during the company financial year with the same RELATED PARTY or with entities associated with it or with Banco, which are homogeneous between them or put into place in implementation of a single plan which, albeit possible to qualify individually as TRANSACTIONS of *lesser significance*, exceed, when considered together, the above-mentioned relevance indices.

BANCO has not established any lower relevance thresholds, as it believes that TRANSACTIONS with relevance indices lower than those mentioned above are unable to impact the operational autonomy of BANCO.

TRANSACTIONS of lesser significance: these are TRANSACTIONS other than TRANSACTIONS of *greater significance* and TRANSACTIONS of a *small amount* as [the latter] identified by BANCO.

The TRANSACTIONS may be further attributed to one of the following cases:

⁶ Appendix 3 of Consob Regulation no. 17221 of 12 March 2010

ORDINARY Transactions: the *ordinary* TRANSACTIONS **may only be of lesser significance.** These are TRANSACTIONS falling within the ordinary operations⁷ of the BANK and concluded under conditions equivalent to those of the market or standard conditions. Transactions concluded at market conditions or standard conditions are deemed to be those that are: concluded under similar conditions to those normally applied to parties not constituting RELATED PARTIES for transactions of a similar nature, amount and risk or based upon regulated rates or prices imposed or applied to entities with which the BANK is obliged by law to contract at a certain fee.

To classify a TRANSACTION as *ordinary*, the specifications and details contained in the CONSOB GUIDELINES⁸ also apply.

In any case, *ordinary* Transactions also include the TRANSACTIONS (*of lesser significance*) which the company or GROUP regulations forward to the peripheral structures of BANCO and/or the SUBSIDIARIES carrying out banking activities and which are implemented by way of the preparation and signature of forms or in any case by reproducing standard outlines established by the GROUP regulations or those of BANCO. For those TRANSACTIONS the “obligations of motivation” are considered to be fulfilled by the provisions of this paragraph.

The *ordinary* TRANSACTIONS are subject, in compliance with the proceedings to be observed for the TRANSACTIONS of *lesser significance*, to the derogations and exemptions provided by the REGULATION.

INTRAGROUP transactions: these are TRANSACTIONS that BANCO carries out with its SUBSIDIARIES or ASSOCIATES or the TRANSACTIONS carried out “between SUBSIDIARIES” of BANCO in which (TRANSACTIONS) there are no SIGNIFICANT INTERESTS of other RELATED PARTIES. In this regard, a large section of the CONSOB GUIDELINES on this topic is provided in Appendix 4.

In relation to TRANSACTIONS of this nature, the derogations and exemptions provided by the REGULATION are applied, with respect to the procedure to be complied with for TRANSACTIONS of *greater or lesser significance*.

As a result, please recall that the presence of SIGNIFICANT INTERESTS does not make the TRANSACTIONS fall within the intragroup category and, therefore, subject to the relative derogations.

TRANSACTIONS of SUBSIDIARIES: these are TRANSACTIONS carried out by the SUBSIDIARIES and which are subject to examination or approval by BANCO (referred to as TRANSACTIONS “through”)

To that end, TRANSACTIONS are deemed carried out “through” Subsidiaries if they are subject - due to regulations or internal rules or in any event rules to which they are de facto subject - to prior examination or approval by the DECISION-MAKING BODIES of BANCO and, in particular:

⁷ TRANSACTIONS which fall within the ordinary performance of the business activity of the Company that completes the TRANSACTION or that are accessory to the operational activity or that fall within the financial activity connected to that activity are considered to be included in the ordinary operations of the BANK.

⁸ Consob Communication no. DEM/10078683 of 24 September 2010, paragraph 3

- a) the Board of Directors;
- b) the Executive Committee;
- c) the Chief Executive Officer;
- d) the Representatives, including Directors other than the Chief Executive Officer (individual or within a committee), or company Structures based on the delegation attributed by the Board of Directors

TRANSACTIONS pursuant to Article 136 CBL: **TRANSACTIONS** that fall within the scope of application of the regulations on the obligations of banking representatives **pursuant to Article 136 CBL**

TRANSACTIONS subject to framework resolutions: framework resolutions are permitted which envisage the completion, by BANCO, of TRANSACTIONS - also through SUBSIDIARIES - with the following RELATED PARTIES:

- a) entities controlled by BANCO, also jointly with others, or over which BANCO exercises significant influence;
- b) ASSOCIATED companies of BANCO;
- c) joint ventures in which BANCO is an investor;
- d) the entities over which the *Executives with strategic responsibilities* of BANCO or their close relative exercises control, joint control or a significant influence or in which that party holds at least 20% of the voting rights;
- e) complementary pension funds established for Employees of BANCO or any other entity related to it.

The following TRANSACTIONS remain, by frequency of occurrence, but are equally subject to the REGULATION where the presuppositions are in place:

URGENT Transactions: these are the TRANSACTIONS to be completed in cases of urgency not related to situations of company crisis. *Urgent* TRANSACTIONS are subject, with respect to the procedure to be observed for the TRANSACTIONS of *greater or lesser significance*, to the derogations and exemptions provided by the REGULATION, so far as this is permitted by the Articles of Association.

TRANSACTIONS under the remit of the Shareholders' Meeting: these include TRANSACTIONS which must be resolved upon by the Shareholders' Meeting on the basis of legal provisions (legislation and regulatory) or the Articles of Association of BANCO.

The same are subject to the provisions of the REGULATION regarding that category of TRANSACTIONS, except in cases of derogation and exemption set out by that REGULATION.

4.4.3 Exemptions and Derogations

The following cases are identified to which the REGULATION is not applied, in whole or in part:

ORDINARY Transactions: only the following provisions are applied:

1. those which regard the resolution, which should contain elements that prove the ordinary nature of the TRANSACTION. This obligation does not include the TRANSACTIONS (of *lesser significance*) which the company or GROUP regulations forward to the peripheral structures of BANCO and the SUBSIDIARIES carrying out banking activities and which are implemented by way of the preparation and signature of forms or in any case by reproducing standard outlines established by the GROUP regulations or those of BANCO for which the “obligations of motivation” are deemed fulfilled by the provisions of paragraph 4.4.2 (*ordinary TRANSACTIONS*);
2. of the CONSOB GUIDELINES⁹ (when applicable) which require information to be provided in the interim report on operations and in the annual report on operations:
 - on individual RELATED PARTY TRANSACTIONS executed in the reporting period which significantly influenced the financial position or profits of BANCO;
 - on any change or development whatsoever in the RELATED PARTY TRANSACTIONS described in the most recent annual financial report that had a significant effect on the financial position or profits of BANCO in the reporting period.

TRANSACTIONS that fall within the scope of application of the regulations on the obligations of banking representatives **pursuant to Art. 136 CBL**: insofar as they are compatible, exclusively the following provisions apply:

1. TRANSACTIONS of *lesser significance*¹⁰:
 - the body responsible for passing a resolution on the TRANSACTION and the COMMITTEE are supplied with complete, adequate information suitably in advance. If the conditions of the TRANSACTION are defined as equivalent to market or standard conditions, the documentation prepared contains objective elements demonstrating that. The COMMITTEE is not asked to issue an opinion;
 - the approval resolution minutes (when applicable) contain suitable justification of the company’s interest in carrying out the TRANSACTION, as well as of the convenience and substantial fairness of the relative conditions;
 - a full, at least quarterly disclosure on the execution of TRANSACTIONS is transmitted to the Board of Directors and the Board of Auditors.
2. TRANSACTIONS of *greater significance*¹¹:
 - In addition to what is set forth under point 1), the COMMITTEE or one or more Members delegated by it are involved in the negotiations phase and in the due diligence phase through the transmission of a complete, prompt flow of information and with the right to request information and submit observations to the delegated bodies and to the parties responsible for managing the negotiations or due diligence.

INTRAGROUP transactions, the provisions of the CONSOB GUIDELINES¹² (when applicable) are applied, which require information to be provided in the interim report on operations and in the annual report on operations)

⁹ Article 5, paragraph 8 of Consob Regulation no. 17221 of 12 March 2010

¹⁰ Article 7, paragraph 1 of Consob Regulation no. 17221 of 12 March 2010, letters c), e) and f).

¹¹ Article 8, paragraph 1 of Consob Regulation no. 17221 of 12 March 2010, letter b).

In the case in question, the TRANSACTION will follow the due diligence and decision-making process normally established, also excluding the forwarding of the case to the COMMITTEE, even if for merely informational purposes.

4.4.4 Roles and Responsibilities

The completion of the TRANSACTIONS sees the involvement of various organisational roles/structures and corporate Bodies, as follows:

- a) *the Investigator*: this is the person assigned by the HEAD OF THE PROCEDURE to activate the procedures preliminary to the decision-making process. He/she verifies the characteristics and type of TRANSACTION and the counterpart and activates the procedure preliminary to the preparation of information for the persons, structures and Bodies taking part in the decision-making process. The preparation of this information is formalised by the investigator completing the REGISTER insofar as is under his/her remit;
- b) The *HEAD OF THE PROCEDURE*: he/she arranges and coordinates the due diligence activities and sends with appropriate prior notice the proposal, together with any reports issued during the negotiations, to the Members of the COMMITTEE and to the DECISION-MAKING BODY. The preparation of the proposal is formalised – *inter alia* – by completing the REGISTER insofar as is under his/her remit. Where the Executive Committee or the Board of Directors is asked to resolve upon the TRANSACTIONS, or the latter is asked to approve the proposal to be submitted to the Shareholders' Meeting of BANCO, the proposal should be provided with appropriate prior notice and, in any case, in compliance with the timescales provided for full compliance with the provisions contained in the regulations – in force each time – in relation to the information flows and functioning of the aforementioned Bodies;
- c) *the Secretariat function*: the structure which, based upon the Structure Regulation, performs the activity of administrative secretariat for the corporate Bodies. Where required, it provides support to the proposing functions for the correct and complete input of the TRANSACTIONS in the REGISTER and proceeds to supplement it for aspects that see it directly involved (opinions and resolutions of the COMMITTEE, the Board of Directors and the Executive Committee).
- d) the *COMMITTEE* which, with reference:
 - d.1) to TRANSACTIONS of *greater significance* (which are not *intragroup* or those subject to the special regulations referred to in *Article 136 CBL*), must express a reasoned opinion to the Board of Directors. With reference to *TRANSACTIONS pursuant to Article 136 of the CBL*, please recall that - if they are of *greater significance* - the COMMITTEE must be involved in the negotiations phase and in the due diligence phase through the receipt of a complete, prompt flow of information and with the right to request information and submit observations to the delegated bodies and to the parties responsible for managing the negotiations or due diligence;

¹² Article 5, paragraph 8 of Consob Regulation no. 17221 of 12 March 2010

If the COMMITTEE has expressed an unfavourable opinion, the Board of Directors cannot approve the TRANSACTION. In order to be considered favourable, the opinion should show full agreement to the TRANSACTION;

- d.2) to TRANSACTIONS of *lesser significance* (which are not *ordinary, intragroup* or those subject to the special regulations referred to in *Article 136 CBL*), must express a reasoned, non-binding opinion to the DECISION-MAKING BODY.
- e) the Members of the COMMITTEE who, with reference to the TRANSACTIONS subject to the special regulations in relation to the obligations of Company representatives set out in *Article 136 of the CBL*, receive with appropriate prior notice, complete and adequate information on the various profiles of the TRANSACTION subject to the decision (counterpart, type of TRANSACTION, conditions, benefit for BANCO, impact on the interests of the parties involved, etc.).
- f) the DECISION-MAKING BODIES:
 - f.1) The Board of Directors. It decides:

- a) upon TRANSACTIONS that, irrespective of their significance, are reserved to it by law, by the Articles of Association or by the REGULATION;
- b) upon TRANSACTIONS of *greater significance* other than those set out in a);
- c) upon proposals to be submitted to the Shareholders' Meeting concerning TRANSACTIONS reserved to it.

The minutes of the resolutions should formalise, clearly and comprehensively, the reasons upon which the decision is based, with regard to the interests in completing the TRANSACTION, along with the benefit and essential correctness of the conditions of the same.

- f.2) other DECISION-MAKING BODIES. The Executive Committee, the Chief Executive Officer, the Directors other than the Chief Executive Officer to which management powers are granted by the Board of Directors and the decision-making Organisational structures, meaning, as such, the Representatives of General Management along with those who – in single-member or collegial form – are responsible for resolving upon transactions with counterparties other than RELATED PARTIES in compliance with internal company regulations, resolve upon TRANSACTIONS of *lesser significance*.

4.4.4.a) Due diligence phase and any negotiations

The TRANSACTIONS require an additional due diligence phase parallel to the ordinary phase in order to identify the decision-making process in line with the provisions of the REGULATION.

The TRANSACTIONS that fall within the process developed in this Chapter are those of an amount exceeding EUR 250,000 (two hundred and fifty thousand).

The Investigator:

1. preliminarily verifies, as soon as possible, based upon the concrete characteristics and type of TRANSACTION:

- if the same falls within the cases of total exclusion from the REGULATION. In that case, the TRANSACTION follows the due diligence and decision-making process required for transactions implemented by entities other than the RELATED PARTIES;
- if the counterpart falls within the RELATED PARTIES. That check may be performed by accessing the company's information system (General Register or the REGISTER).

Where it is found that the counterpart to the TRANSACTION is not a RELATED PARTY, the preliminary decision-making process normally followed for the type of transaction is followed.

If it is found that the counterpart is a RELATED PARTY, due diligence will be conducted, which entails - *inter alia* - the acquisition of the information noted below, which must be entered in the web application mentioned;

2. reports in the REGISTER the identifying data of the Counterparties of BANCO in the TRANSACTION (or the SUBSIDIARIES and ASSOCIATES through which the TRANSACTION is carried out);
3. identifies to which type – among the following – the TRANSACTION belongs: TRANSACTIONS of *greater significance* or TRANSACTIONS of *lesser significance*. In the case of TRANSACTIONS of *greater significance*, where the due diligence cannot be completed due to the existence of negotiations, the *investigator* sends to the HEAD OF THE PROCEDURE, for onward transmission to the Members of the COMMITTEE, a written communication containing at least the results of the checks set out in the previous paragraphs, specifying that the communication constitutes only the start of the information flow required by the REGULATION for the negotiation phase.

The TRANSACTIONS of *greater significance* and those of *lesser significance*, as stated, may be further classified into additional sub-types. For some TRANSACTIONS the sub-types may be multiple (for example, a TRANSACTION subject to *framework resolution* may also be a TRANSACTION *pursuant to Article 136 of the CBL*, etc.).

The classification thus combined determines the procedural process that should be followed for the correct resolution on the TRANSACTION. The *Investigator* also verifies if the TRANSACTION may fall within the cases of exemption or derogation from the procedures provided by the REGULATION and in that case will adopt the resulting processes.

(a) ORDINARY Transaction: in order to classify a TRANSACTION as *ordinary*, the following elements must be taken into consideration, which must then be contained in the resolution approving the TRANSACTION:

- subject of the TRANSACTION: if the TRANSACTION's content is not related to the business typically carried out by BANCO, this is an irregularity which may indicate that it is not ordinary;
- recurrence of the TRANSACTION type within the business of BANCO: the regular repetition of a TRANSACTION by BANCO is, in fact, a significant factor showing that it is part of ordinary activity;
- size of the TRANSACTION: without prejudice to the requirement that a TRANSACTION of *greater significance* cannot be considered *ordinary*, it should be specified that even a TRANSACTION that is part of ordinary activity may not be part of the

ordinary course of business if it is particularly significant in size. The important factor is that the TRANSACTION is not significantly larger than similar TRANSACTIONS carried out by BANCO with counterparties other than RELATED PARTIES;

- contractual terms and conditions, also with reference to fee characteristics: in particular, TRANSACTIONS whose contractual clauses differ from the negotiation norms and practices of BANCO are considered not part of the ordinary course of operating activity;
- nature of the counterparty: the TRANSACTION must be functional to the Counterparty. For example, consider the case of a loan for the acquisition of an asset granted to a RELATED PARTY that does not carry out business in the sector in which that asset is used or which clearly does not have a suitable organisation for using that asset.

The above-mentioned obligations of motivation are not required for the TRANSACTIONS carried out by the peripheral units (Business Areas, Business Centres, Branches) of BANCO.

- (b) INTRAGROUP transactions:** in order to categorise a TRANSACTION as *intragroup*, it is necessary for the *Investigator* to confirm and document that there are no SIGNIFICANT INTERESTS of other RELATED PARTIES in the TRANSACTION. For this verification, he or she may rely on the Investments Function.

In the case in question, the TRANSACTION will follow the simplified due diligence and decision-making process, which also excludes the forwarding of the case to the COMMITTEE, even if for merely informational purposes.

- (c) TRANSACTIONS pursuant to Article 136 of the CBL:** these are TRANSACTIONS carried out with entities that carry out administration, management and control functions at BANCO which, as such, cannot enter into contractual obligations of any nature or carry out deeds of purchase and sale, directly or indirectly, with BANCO, unless upon resolution passed unanimously by the competent Administrative Body and with the favourable vote of all members of the Board of Auditors.

- (d) TRANSACTIONS subject to Framework Resolutions:** Framework Resolutions with RELATED PARTIES may be passed for similar TRANSACTIONS falling within the following categories:

- TRANSACTIONS of granting credit which are not attributable to (i) agricultural credit, public works, land, fishing and on pledge, along with (ii) TRANSACTIONS related to insolvency proceedings (for example: TRANSACTIONS connected to the plans pursuant to Article 67, Paragraph 3, Letter d) of the Bankruptcy Law; Composition pursuant to Articles 124 et seq of the Bankruptcy Law; Arrangement with creditors pursuant to Articles 160 et seq of the Bankruptcy Law; Debt restructuring agreements pursuant to Article 182-bis of the Bankruptcy Law);
- TRANSACTIONS of direct deposit in one of the following forms: (i) savings deposits, (ii) current account, including correspondence, (iii) interest-bearing bonds, (iv) deposit certificates, (v) repurchase agreements, (vi) debenture loans;

- TRANSACTIONS relating to the provision of investment services and accessory services (Article 1, paragraphs 5 et seq. of the CFL)

TRANSACTIONS involving the acquisition of goods and performances of services (by way of example and without limitation) may also be subject to *framework resolution*, more precisely:

- contracts of purchase/sale/exchange/rental of moveable property to be used in the activities of GROUP companies;
- contracts for the administration of property intended to be used by the GROUP companies;
- contracts for the completion of works or services to be used by the GROUP companies;
- contracts of lease, use, free loan or leasing of immovable and moveable property intended to be used by the GROUP companies or the Employees, Collaborators or Shareholders of the same;
- contracts dealing with the granting or acquisition of rights of access to a software product or the execution or distribution of the same;
- advertising contracts;
- sponsorship contracts;
- contracts of donation, even in solemn form, of moveable property, with the exception of indirect donations.

Framework resolutions may not cover a period of time greater than one year and should identify with sufficient certainty:

- the TRANSACTIONS they refer to;
- the expected maximum amount of the TRANSACTIONS to be carried out within the reference period;
- the justification of the conditions established in relation to such TRANSACTIONS.

Where a TRANSACTION, albeit abstractly attributable to one of the types involved, does not fully satisfy the other conditions intended to identify in accordance with criteria of specificity, homogeneity and certainty, the categories of TRANSACTIONS authorised by the *framework resolution*, the TRANSACTION may not be carried out in implementation of the latter. That TRANSACTION is therefore subject to the rules established generally for each TRANSACTION with RELATED PARTIES.

For the purposes of distinguishing between the applicable procedures (TRANSACTIONS of *greater or lesser significance*), BANCO takes account of the foreseeable maximum amount of the TRANSACTIONS subject to the resolution, considered as a whole. The individual TRANSACTIONS carried out in respect of those *framework resolutions* are not subject to the rules provided in the previous paragraphs.

4. completes the cash file with information relating to the specific features of the TRANSACTION. In particular, in addition to the subject and value, he should identify in summary, but comprehensively:

- the characteristics of the TRANSACTION;
- the methods of implementing the same;
- the temporal and economic conditions scheduled for completion of the TRANSACTION (for TRANSACTIONS implemented continuously and periodically, where the total value of the same is not determined, the investigator proceeds to make an estimate of the unitary value of the performances based upon the duration of the contract or, where it is open-ended, on an annual basis).

To supplement the foregoing, the due diligence should highlight (with reference to TRANSACTIONS other than *intragroup*) the motivations regarding the interest of BANCO in completing the TRANSACTION along with the benefit and essential correctness of the respective conditions.

With reference to the latter, the *Investigator* should illustrate the methods of determination and assessments of congruity with respect to market values. If the conditions are defined as equivalent to those of the market or standard conditions, the investigator should provide:

- objective evidence;
- the assessment process followed;
- the underlying interests and motivations.

TRANSACTIONS concluded at market conditions or standard conditions are deemed to be those that are:

- concluded at conditions similar to those normally applied towards entities other than RELATED PARTIES for TRANSACTIONS of a similar nature, amount and risk;
- based on regulated rates or imposed prices;
- applied to entities with which BANCO is obligated by law to contract at a certain fee,

subject to the conditions set out in paragraph 4.4.2. being complied with.

In the presence of TRANSACTIONS for which the preparation of a "Disclosure Document" is required, i.e.:

- a) at the time of TRANSACTIONS of *greater significance*;
- b) if during the company financial year, TRANSACTIONS are carried out with the same RELATED PARTY or with entities associated with it or with BANCO which are homogeneous between them or put into place in implementation of a single plan which, albeit possible to qualify individually as TRANSACTIONS of *lesser significance*, exceed, when considered together, the thresholds of TRANSACTIONS of *greater significance*,

the due diligence must be supplemented with the information pursuant to points 1.6) and 1.7) of Appendix 6.

4.4.4.b) Transaction decision-making process

The case file thus completed, its decision-making process commences which involves it being sent:

- a) to the COMMITTEE (if required);

b) to the DECISION-MAKING BODY.

For TRANSACTIONS of *greater and lesser significance* (without prejudice to the provisions regarding *intragroup* and *ordinary* TRANSACTIONS), there is provision for the COMMITTEE – prior to approval of the TRANSACTION – to express a reasoned opinion on the interests of BANCO in completing the same along with the benefit and essential correctness of the respective conditions.

However, for TRANSACTIONS *pursuant to Article 136 of the CBL*, there is provision for the COMMITTEE not to express opinions, but that its Members are provided – with appropriate prior notice compared to the decision - with complete and adequate information on that TRANSACTION.

By virtue of the foregoing, the *Investigator* – upon concluding his activities – must specify the process of the case that involves:

- sending it to the COMMITTEE for the issue of the opinion, with specification, in the case of TRANSACTIONS of *greater significance* subject to negotiations, of the conclusion of the same;
- sending it to the Members of the COMMITTEE in the case of a TRANSACTION pursuant to Article 136 CBL as a disclosure prior to the decision;
- not sending it to the COMMITTEE. In this case, he or she must specify the reason.

The procedure to be followed differs, as stated, based upon the type of TRANSACTION. Without prejudice to the provisions of the REGULATION, the cases of the most frequent TRANSACTIONS and their process is summarised in the tables at the foot of this paragraph.

The forwarding – where required – is done under the signature of the HEAD OF THE PROCEDURE. It follows that the *Investigator* – upon the conclusion of the activities under his remit – sends the case file to his hierarchical Manager who, having checked its completeness, transfers it to the aforementioned HEAD OF THE PROCEDURE.

The HEAD OF THE PROCEDURE – where required – sends with appropriate prior notice to the Members of the COMMITTEE, by way of the *secretariat function*, as well as to the DECISION-MAKING BODY, the information on the TRANSACTION prepared during the course of the due diligence, together with any reports issued during the negotiations. Similarly, he or she must proceed to send any supplementary information.

The Members of the COMMITTEE, having received from the HEAD OF THE PROCEDURE – where required - adequate written information, accompanied by the respective necessary supporting documentation, implement the provisions of the Regulation of the COMMITTEE. If required, the COMMITTEE issues to the DECISION-MAKING BODY its opinion on the TRANSACTION in useful time for an appropriate analysis.

The DECISION-MAKING BODY that has already received from the HEAD OF THE PROCEDURE appropriate written information, accompanied by the respective necessary supporting documentation, receives from the COMMITTEE – where required (TRANSACTIONS of *greater and lesser significance* other than TRANSACTIONS that are *ordinary, intragroup* and *pursuant to Article 136 of the CBL*) - the opinion on the TRANSACTION, accompanied by any opinions provided by the EXPERTS.

1. TRANSACTIONS of greater significance

- (a) The Board of Directors receives, through the Chairman:
- from the HEAD OF THE PROCEDURE relating to completion of the TRANSACTION, appropriate written information, accompanied by the respective necessary supporting documentation;
 - from the COMMITTEE, the opinion on the TRANSACTION equipped with any opinions proffered by the INDEPENDENT EXPERTS. The above-mentioned opinions must be transmitted without delay by the COMMITTEE Chairman to the Chairman of the Board of Directors, to be forwarded to its Members.
- (b) This documentation must be received, unless there are specific reasons of justified urgency, in compliance with the terms laid out in the document governing the functioning of the Board of Directors and the Executive Committee of BANCO.
- (c) Without prejudice to what is set forth in terms of the responsibilities of the BANCO Shareholders' Meeting and the exemption provisions, the Board of Directors approves the TRANSACTION based on the justified favourable opinion of the COMMITTEE on the interest of BANCO in carrying out the TRANSACTION as well as on the benefits and substantial fairness of the relative conditions. In order to be considered favourable, the opinion should show full agreement to the TRANSACTION.

If the COMMITTEE has expressed an unfavourable opinion on the TRANSACTION, the Board of Directors cannot approve the TRANSACTION.

Where the COMMITTEE has expressed an opinion conditioned upon compliance with one or more instructions, the Board of Directors may approve the TRANSACTION provided that it effectively incorporates those instructions, it being understood, in that case, that, for the purposes of the PROCEDURE, it shall not be necessary for the COMMITTEE to issue another opinion. In the information on implementation of the TRANSACTION, to be provided to the Board of Directors and the Board of Auditors, evidence is shown of proper compliance with any conditions included in the issue of the opinion in question.

- (d) The minutes of the resolutions should formalise, clearly and comprehensively, the reasons upon which the decision is based, with regard to the interests in completing the TRANSACTION, along with the benefit and essential correctness of the conditions of the same.

The outcome of the resolution and respective motivation should be recorded in the REGISTER by the *secretariat function* of the DECISION-MAKING BODY.

In the presence of TRANSACTIONS for which the preparation of a "Disclosure Document" is required (TRANSACTIONS of *greater significance* or when during the same company financial year TRANSACTIONS are carried out with the same RELATED PARTY or with entities associated with it or with BANCO which are homogeneous between them or put into place in implementation of a single plan which, albeit possible to qualify individually as TRANSACTIONS of *lesser significance*, exceed, when considered together, the thresholds of TRANSACTIONS of *greater significance*), the resolution must be supplemented with the information pursuant to point 1.8) of Appendix 6 of

the REGULATION. The duty of coordinating its preparation is assigned to the above-mentioned HEAD OF THE PROCEDURE.

2. TRANSACTIONS of lesser significance

- (a) The DECISION-MAKING BODY (*Board of Directors, Executive Committee, Chief Executive Officer, other Directors* with a management delegation or decision-making Structures, in compliance with the respective responsibilities established by the Board of Directors) receives:
- from the HEAD OF THE PROCEDURE relating to completion of the TRANSACTION, appropriate written information, accompanied by the respective necessary supporting documentation;
 - from the COMMITTEE, the opinion on the TRANSACTION (when required) equipped with any opinions proffered by the INDEPENDENT EXPERTS. The above-mentioned opinions must be transmitted without delay.
- (b) The aforementioned documentation must be received by the DECISION-MAKING BODY with appropriate prior notice, except in the case of specific reasons or justified urgency.
- (c) The DECISION-MAKING BODY approves the TRANSACTIONS of lesser significance after obtaining (when required) the justified non-binding opinion of the COMMITTEE on the interest of BANCO in carrying out the TRANSACTION as well as on the benefits and substantial fairness of the relative conditions.
- (d) TRANSACTIONS (*of lesser significance*) approved after the COMMITTEE has issued a negative opinion must be highlighted in a "Disclosure Document" to be prepared within 15 days of the closure of each quarter of the year.
- (e) The minutes of the resolutions should formalise, clearly and comprehensively, the reasons upon which the decision is based, with regard to the interests in completing the TRANSACTION, along with the benefit and essential correctness of the conditions of the same.

The outcome of the resolution and respective motivation should be recorded in the REGISTER by the *secretariat function* of the DECISION-MAKING BODY.

3. TRANSACTIONS under the remit of the Shareholders' Meeting.

- a) For TRANSACTIONS under the remit of the Shareholders' meeting of BANCO, the respective resolution proposals to be submitted to the Shareholders are approved by the Board of Directors applying, *mutatis mutandis*, the provisions regarding TRANSACTIONS of *greater or lesser significance*.
- b) The resolution of the Shareholders' Meeting of BANCO is adopted in the terms, with the methods and in compliance with the constitutional and decision-making quora required by provisions of law (both legislation and regulations) and the articles of association in force each time, including those relating to the regulation of conflict of interest for Shareholders, without prejudice to what is set forth in point c).

- c) Pursuant to the Articles of Association and the CONSOB GUIDELINES¹³, proposals of TRANSACTIONS of *greater significance* to be submitted to the Shareholders' Meeting of BANCO, which were approved by the Board of Directors despite the fact that the COMMITTEE issued an unfavourable opinion, are deemed rejected by the Shareholders' Meeting of BANCO when the majority of voting UNRELATED SHAREHOLDERS votes against the TRANSACTION, provided the UNRELATED SHAREHOLDERS present at the Shareholders' Meeting of BANCO represent ten percent of the shareholders with the right to vote.
- d) The minutes of the resolutions should formalise, clearly and comprehensively, the reasons upon which the decision is based, with regard to the interests in completing the TRANSACTION, along with the benefit and essential correctness of the conditions of the same.

4. ORDINARY Transactions

Ordinary TRANSACTIONS are approved by the competent DECISION-MAKING BODY based on what is established in general by the rules laid out in legislation, regulations, the articles of association and company regulations.

The resolution approving an *ordinary* TRANSACTION must contain elements that prove:

- the ordinary nature of the TRANSACTION, in terms of it being classified within the ordinary activity of BANCO (recurrence)
- the objectiveness of the conditions
- the simplicity of the contractual economic arrangement
- the size
- the nature of the counterparty
- the timing

and in any event contain considerations on all elements set forth in the CONSOB GUIDELINES¹⁴.

The minutes of the resolutions should formalise, clearly and comprehensively, the reasons upon which the decision is based, with regard to the interests in completing the TRANSACTION, along with the benefit and essential correctness of the conditions of the same. For TRANSACTIONS (of *lesser significance*) which the company or GROUP regulations forward to the peripheral structures of BANCO and the SUBSIDIARIES carrying out banking activities, the obligations of motivation do not need to be explained (see par. 4.4.1 – Ordinary TRANSACTIONS).

5. INTRAGROUP transactions

The *intragroup* TRANSACTION must in any event be approved by the DECISION-MAKING BODIES of BANCO.

This being said, it is, in any case, necessary for:

¹³ Article 11, paragraph 3 of Consob Regulation no. 17221 of 12 March 2010

¹⁴ Paragraph 3.4 of Consob Communication no. DEM/10078683 of 24 September 2010

- the organisational unit of BANCO or of the SUBSIDIARIES, responsible for the due diligence phase, to verify whether the TRANSACTION belongs to the *intragroup* category of transactions;
- the DECISION-MAKING BODIES of BANCO to record in the respective resolutions evidence that proves the absence of SIGNIFICANT INTERESTS of other RELATED PARTIES with reference to each specific TRANSACTION;
- the minutes of the resolutions to formalise, clearly and comprehensively, the reasons upon which the decision is based, with regard to the interests in completing the TRANSACTION, along with the benefit and essential correctness of the conditions of the same.

6. TRANSACTIONS of Subsidiaries with Related parties

The TRANSACTIONS of SUBSIDIARIES, aside from being decided upon by the SUBSIDIARY based on what is established in general by company regulations, will be examined beforehand or approved subsequently by the DECISION-MAKING BODIES of BANCO applying the provisions of the previous paragraphs.

The competent Organisational unit conducts due diligence based on company and/or GROUP regulations. In relation to the resolutions under the responsibility of BANCO (prior examination or subsequent approval), the above-mentioned Organisational unit sends the results of the due diligence to the HEAD OF THE PROCEDURE.

7. Urgent TRANSACTIONS

When the TRANSACTION does not fall under the responsibility of the Shareholders' Meeting of BANCO, the TRANSACTIONS - when permitted by the Articles of Association of BANCO - in cases of urgency not associated with situations of company crisis, may be concluded in derogation of the provisions of the REGULATION with reference to TRANSACTIONS of *greater significance* and TRANSACTIONS of *lesser significance*, provided:

- the Chairman of the Board of Directors - if the TRANSACTION to be executed is under the responsibility of a Delegated body (Executive Committee or Chief Executive Officer) - is informed of the reasons for urgency before the TRANSACTION is carried out;
- that TRANSACTION is subsequently subject, without prejudice to its effectiveness, to a non-binding resolution by the first possible Ordinary Shareholders' Meeting of BANCO;
- the minutes of the resolutions regarding *urgent* TRANSACTIONS formalise, clearly and comprehensively, the reasons upon which the decision is based, with regard to the interests in completing the TRANSACTION, along with the benefit and essential correctness of the conditions of the same;
- the Body that calls the Shareholders' Meeting of BANCO prepares a report providing adequate justification of the reasons of urgency;
- the Board of Auditors reports its assessments regarding the existence of grounds for urgency to the Shareholders' Meeting of BANCO;
- the report and the assessments pursuant to the two points above are made available to the public at least 21 days before the date set for the Shareholders' Meeting of BANCO

at the registered office and with the procedures set forth in the Issuer Regulations¹⁵. These documents may be contained in the “*Disclosure Document*” pursuant to Appendix 6 of the REGULATION;

- by the day after the Shareholders' Meeting date, BANCO shall publicly provide information on the vote's outcome with the procedures set forth in the Issuer Regulations mentioned above, with particular regard for the number of votes cast overall by UNRELATED SHAREHOLDERS.

The “Public disclosure” requirements on the TRANSACTIONS set forth in the REGULATION also apply.

8. TRANSACTIONS subject to Framework Resolutions

Framework resolutions must be effective for no more than one year and should identify with sufficient certainty:

- the TRANSACTIONS they refer to;
- the expected maximum amount of the TRANSACTIONS to be carried out within the reference period;
- the justification of the conditions established in relation to such TRANSACTIONS.

With reference to framework resolutions, the provisions laid out in the previous paragraphs shall apply, depending on the expected maximum amount of the TRANSACTIONS subject to the specific framework resolution, considered as a whole.

In any case, without prejudice to the specific disclosure requirements laid out by laws and regulations, the HEAD OF THE PROCEDURE relating to the completion of the TRANSACTION provides a complete disclosure to the Board of Directors and the Board of Auditors of BANCO every quarter on the implementation of TRANSACTIONS subject to framework resolutions, on an aggregate basis.

¹⁵ Title II, Chapter I of the Issuer Regulations adopted by Consob with resolution no. 17221 of 14 May 1999 and subsequent amendments

4.5 Disclosure on Transactions

4.5.1. Internal information flows

4.5.1.a) **Information on significant Transactions in interim and annual reports on operations**

The Manager responsible for preparing the company's financial reports - also in coordination with the HEADS OF THE PROCEDURES - must provide information in the interim report on operations and in the annual report on operations:

- on individual TRANSACTIONS of *greater significance* concluded during the reference period (including, amongst these, *intragroup* TRANSACTIONS and TRANSACTIONS *pursuant to Art. 136*)
- on TRANSACTIONS other than those of *greater significance* concluded during the reference period, which influenced the financial position or profits of BANCO to a significant extent (including, amongst these, *intragroup* TRANSACTIONS, TRANSACTIONS *pursuant to Art. 136* and *ordinary* TRANSACTIONS)
- on any change or development whatsoever in the TRANSACTIONS described in the most recent annual financial report that had a significant effect on the financial position or profits of BANCO in the reporting period.

The information on individual TRANSACTIONS of *greater significance* may be included by referring to the published "Disclosure Documents".

To identify the TRANSACTIONS that need to be subject to disclosure, the HEAD OF THE PROCEDURE must refer to the REGISTER completed during the due diligence, proposal and resolution phases.

4.5.1.b) **Periodic disclosure to the Administrative and supervisory bodies**

The HEAD OF THE PROCEDURE also provides, through the *secretariat function* of the Administrative Bodies, full quarterly disclosure to the Board of Directors and the Board of Auditors on the execution of TRANSACTIONS of "lesser significance" and for those of "greater significance" as well as on the implementation of "framework resolutions". To be clear, the disclosure does not include intragroup or ordinary TRANSACTIONS.

To identify the TRANSACTIONS that need to be subject to disclosure, the HEAD OF THE PROCEDURE must refer to the REGISTER completed during the due diligence, proposal and resolution phases.

In particular, this information must concern:

- The nature of the relationship;
- The execution procedures effectively observed or still to be implemented;
- The timeframes and economic conditions involved in implementation;
- The assessment procedure followed to determine the aforesaid conditions;
- The underlying interests and reasons;

- Any risks for BANCO and/or its SUBSIDIARIES.

4.5.2 Public disclosure on Transactions with Related Parties

4.5.2.a) *Transactions of greater significance*

Without prejudice to what is set forth in the accounting and administrative procedures established by Article 154-ter of the CFL and the exemptions and derogations laid out in the CONSOB GUIDELINES with reference to TRANSACTIONS *pursuant to Article 136 CBL*¹⁶ and *intragroup* TRANSACTIONS¹⁷, at the time of approval of a TRANSACTION of *greater significance* carried out by BANCO or by its SUBSIDIARIES (which, please recall, cannot be “ordinary”), or when TRANSACTIONS are carried out with a RELATED PARTY which are homogeneous between them or put into place in implementation of a single plan¹⁸ which, albeit possible to qualify individually as TRANSACTIONS of *lesser significance*, exceed, when considered together, the thresholds of TRANSACTIONS of *greater significance*, the *Investigator* - as already noted (see point 4.4.4.b.1) – acquires the information necessary to prepare the “Disclosure Document”, which in its final format will also include, as soon as they become available, the appendixes containing the opinions on the TRANSACTION expressed by the COMMITTEE and, if applicable, by any “EXPERTS”.

This document must be sent to the COMMITTEE and to the Board of Directors along with the results of due diligence.

The information and data contained in the document must be validated, by initialling the relative pages, by the HEAD OF THE PROCEDURE as well as the Head of the Department/Service to which the organisational units that contributed to the preparation of the information needed to draft the “Disclosure Document” belong.

The information needed to prepare the “Disclosure document” may, when necessary, be gathered through the *Administration and Budget function* or through the “*Manager responsible for preparing the company’s financial reports*” to which in any event the “Disclosure Document” will be sent before finalisation.

The *Secretariat function* verifies that the layout of the document complies with that established by the CONSOB GUIDELINES before it is viewed, along with the results of due diligence, by the Board of Directors and that there are no omissions that could jeopardise its timely publication.

When it decides on the TRANSACTION or proposal, the Board of Directors also views and approves the “Disclosure Document” text.

¹⁶ Article 13, paragraph 5 of Consob Regulation no. 17221 of 12 March 2010. Only the procedures laid out in letter b), paragraph 1 of Article 8 apply (involvement of the Committee in the negotiations phase).

¹⁷ Article 14, paragraph 2 of Consob Regulation no. 17221 of 12 March 2010. Only the provisions of paragraph 8, Article 5 apply (information in the interim report on operations and in the annual report on operations)

¹⁸ To check whether size thresholds have been exceeded, only transactions carried out since the beginning of the year which are not classified as transactions excluded pursuant to the Procedure will be considered.

The Secretariat function publishes the document approved by the Board of Directors - provided that document is also signed by the “*Manager responsible for preparing the company's financial reports*” - at the registered office following the procedures specified in the Issuer Regulations within seven days:

- of the approval of the TRANSACTION by the Board of Directors, or
- of the moment the agreement, even preliminary, is concluded on the basis of applicable regulations, if the Board of Directors decides to submit a contractual proposal, or
- of the approval of the proposal to be submitted to the Shareholders' Meeting, if the shareholders are responsible for or must authorise it.

4.5.2.b) Merger, demerger, share capital increase, acquisition or significant demerger transactions, exceeding the thresholds of greater significance

If the TRANSACTION of *greater significance* subject to the decision-making process established by the REGULATION is a merger, demerger, share capital increase with contribution in kind or significant acquisition or disposal¹⁹, the *Investigator* - as already noted (see par. 4.4.4.b.1) - acquires the information necessary to prepare the “Disclosure Document” which contains the information required by the provisions laid out in the CONSOB GUIDELINES as well as in the Issuer Regulations²⁰

This document must be sent to the COMMITTEE and to the Board of Directors along with the draft of the merger or demerger plan or, in the other cases, the draft of the board resolution of the TRANSACTION or the TRANSACTION proposal.

The information and data contained in the document must be validated (for example, by signing the relative pages) by the HEAD OF THE PROCEDURE as well as the Head of the Department/Service to which the organisational units that contributed to the preparation of the information needed to draft the “Disclosure Document” belong.

The Board of Directors also approves the text of the “Disclosure Document”.

The “Disclosure Document” and the additional documentation required by regulations must be made available to the Secretariat function within the terms laid out for the submission of resolution proposals to the Board of Directors and, in any event, at least 5 days before the publication deadlines listed below.

Upon receipt of the “Disclosure Document” thus prepared, the Secretariat function a) verifies that the layout of the document complies with that established by the CONSOB GUIDELINES and that there are no omissions that could jeopardise its timely publication; b) makes it available to the public - provided that document is also signed by the “Manager responsible for preparing the compa-

¹⁹ Articles 70, paragraphs 4 and 5, and 71 of the Issuer Regulations

²⁰ Articles 70 and 71 of the Issuer Regulations.

ny's financial reports" - at the registered office with the timing and following the procedures specified in the CONSOB GUIDELINES²¹.

4.5.2.c) Price sensitive transactions

If a TRANSACTION with RELATED PARTIES is also subject to the reporting obligations set forth in Article 114, paragraph 1, of the CFL, the public disclosure must contain the following information in addition to the other information to be published in accordance with said regulation:

- a) the indication that the counterparty of the TRANSACTION is a RELATED PARTY, and a description of the nature of the relationship;
- b) the designation or name of the counterparty of the TRANSACTION;
- c) whether the TRANSACTION exceeds the thresholds of significance and whether a Disclosure Document will be published subsequently;
- d) the procedure that was or will be carried out to approve the TRANSACTION and, specifically, if BANCO made use of a case of exclusion set forth in the CONSOB GUIDELINES²²;
- e) if the TRANSACTION was approved despite advice to the contrary from the COMMITTEE.

4.5.2.d) Transactions of "lesser significance" approved when the Committee has issued a negative opinion

At the time of TRANSACTIONS of *lesser significance* approved after the COMMITTEE has expressed a negative opinion, the HEAD OF THE PROCEDURE must prepare and make available to the public, through the Secretariat function, within 15 (fifteen) days of the closure of each quarter of the year, a "Disclosure Document" containing at least the following information:

- the indication of the counterparty, the subject and the consideration of the TRANSACTIONS approved when a negative opinion has been issued;
- the reasons for which the COMMITTEE did not share that opinion.

By the same deadline, the opinion expressed in relation to the TRANSACTION of *lesser significance* is made available to the public in an appendix to the "Disclosure Document" or on the website of BANCO by the function mentioned above.

²¹ Article 5 of Consob Regulation no. 17221 of 12 March 2010;

²² Articles 13 and 14 of Consob Regulation no. 17221 of 12 March 2010:

Appendix 1: Related Parties

RELATED PARTIES of BANCO are those reported in Appendix 1 of the CONSOB GUIDELINES for which the definitions adopted by BANCO pursuant to the REGULATION are provided below:

Subsidiary Companies. These are considered to be:

- Companies in which BANCO holds the majority of votes that may be exercised in the Ordinary Shareholders' Meeting, or sufficient votes to exercise a dominating influence in the Shareholders' Meeting. In order to apply the above, votes held by *SUBSIDIARIES* of BANCO, Trustees and intermediaries are also counted: instead, votes held on behalf of third parties are not counted.
- Companies which are under the dominating influence of BANCO by virtue of specific contractual obligations with it.

Associated Companies. These are considered to be Companies in which BANCO - directly or indirectly - exercises a significant influence, but not control or joint control.

Executives with strategic responsibilities. BANCO identifies as such:

- the Members of the Board of Directors;
- the Standing Members of the Board of Auditors;
- the General Manager, the Joint General Manager and/or the Deputy General Managers;
- the Heads of the Parent Company's Departments and Divisions;
- the Executives who cover senior roles as per the Articles of Association (for example: the Manager responsible for preparing the Company's financial reports, the Head of the internal auditing division, the Compliance Manager, the Chief Risk Officer, the Risk Manager);
- any additional department Heads that may be identified by the Board of Directors.

The close relatives of Executives with strategic responsibilities. Whereas amongst the "close relatives" of *Executives with strategic responsibilities*, RELATED PARTIES are considered to be only those able to influence (or be influenced by) the party concerned in his/her relations with BANCO or other GROUP Companies, the following are presumed to be as such, unless otherwise declared in writing by the Executive, under the latter's own responsibility and containing adequate and analytical justification of the reasons that exclude the possibility of influence as described above:

- spouses;
- common law spouses (including cohabitants whose status is not revealed in the family status certificate);
- offspring of the party, of the spouse or common law spouse;
- individuals dependent on the party, the spouse or common law spouse.

Any other individual which the party believes may influence them (or be influenced by them) in their dealings with BANCO or the other GROUP companies is also a RELATED PARTY.

The Companies associated with its Executives with strategic responsibilities and their relatives. Entities are considered to be *RELATED Parties*, if the *Executives with strategic responsibilities* or their close relatives:

- hold control over them pursuant to Article 2359 of the Italian Civil Code;
- hold - directly or indirectly - at least 20% of the voting rights which can be exercised during ordinary shareholders' meetings or rather 10% if the company has shares listed in regulated markets;
- cover the office of Chairman of the Board of Directors, Chief Executive Officer or representative endowed with powers of authority.

The GROUP Pension Funds. The Pension Funds for the GROUP employees and any other associated body are considered RELATED PARTIES.

Appendix 2: Entities other than related parties to which the Regulation applies

Without prejudice to the fact that the parties below do not constitute RELATED PARTIES, the REGULATION also applies (pursuant to what is permitted by Article 4, paragraph 2 of the CONSOB GUIDELINES) also with regard to TRANSACTIONS to be carried out by BANCO, including through SUBSIDIARIES, with UCITs, or any other expressly authorised party, who act as a shareholder and who possess an interest greater than 5% in the share capital of BANCO.

Appendix 3: “Self-certification” facsimile

Place and Date

Corporate Secretariat
BANCO POPOLARE Soc. Coop.
Piazza Nogara, 2
37121 V E R O N A

RE: declaration regarding Related Parties

| PERSONAL DATA OF EXECUTIVE WITH STRATEGIC RESPONSIBILITIES | | | |
|--|------------------|-------------|----------|
| the Undersigned: | SURNAME AND NAME | | |
| RESIDENCE (POSTCODE, CITY, PROVINCE, ADDRESS) | | | TAX CODE |
| CITY, PROVINCE AND DATE OF BIRTH | SEX | NATIONALITY | |
| IN THE CAPACITY OF: | | | |

hereby, for the purpose of the regulations in force on Transactions with Related Parties, as defined in the “Regulation containing provisions for Related Party Transactions” adopted by Consob with resolution no. 17221 of 12 March 2010 (the “Regulation”), as subsequently amended with resolution no. 17389 of 23 June 2010, and Consob Communication no DEM/10078683 of 24 September 2010 (A)

DECLARES

to control (directly, indirectly, jointly or by dominating influence) or exercise significant influence^(a) over the following entities:

| COMPANY/ENTITY | REGISTERED OFFICE | D-I-J- -DI -SI (1) | % (2) | TAX CODE |
|----------------|-------------------|-----------------------|----------|----------|
| | | | | |
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| | | | | |
| | | | | |

(1) D=Direct Control – I=Indirect control – J=Joint control - DI= Dominating influence - SI= Significant influence

(2)= percentage of control

ALSO DECLARES

that its close relatives are:

| SURNAME AND NAME | FAMILY RELATIONSHIP | TAX CODE | PLACE AND DATE OF BIRTH | SEX |
|------------------|---------------------|----------|-------------------------|-----|
| | | | | |
| | | | | |
| | | | | |
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| | | | | |
| | | | | |

and that they control (directly, indirectly, jointly or by dominating influence) or exercise significant influence^(a) over the following entities:

(a) If the entity:

- holds, directly or indirectly, at least 20% of the voting rights which can be exercised during ordinary shareholders’ meetings or rather 10% if the company has shares listed in regulated markets;
- covers the office of Chairman of the Board of Directors, Chief Executive Officer or representative endowed with powers of authority.

| COMPANY/ENTITY | REGISTERED OFFICE | D-I-J- -DI-SI (1) | % (2) | TAX CODE | RELEVANT CLOSE RELATIVE |
|----------------|-------------------|----------------------|----------|----------|----------------------------|
| | | | | | |
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| | | | | | |

(1) **D**=Direct Control – **I**=Indirect control – **J**=Joint control - **DI**= Dominating influence - **SI**= Significant influence

(2)= percentage of control

The undersigned declares to be aware of the civil and criminal liability that he/she may incur in the event of untrue declarations and that he/she cannot be certain of the omitted information.

He/she also declares to have read the information notice in accordance with Article 13 of Italian Legislative Decree no. 196/03 (Code in relation to personal data protection)

He/she also commits to informing the associated entities pursuant to this self-certification that they have been identified by Banco Popolare as Related Parties and therefore, if they may enact transactions with the above-mentioned Banco, they will be subject to the Consob guidelines governing Related Party transactions.

Finally, he/she undertakes promptly to communicate any change in relation to what is hereby declared.

Date

Signature

INFORMATION NOTICE IN RELATION TO ARTICLE 13 OF ITALIAN LEGISLATIVE DECREE NO. 196/2003 "CODE IN RELATION TO PERSONAL DATA PROTECTION"

It is communicated that the processing of personal data provided by you shall occur in compliance with the provisions of Italian Legislative Decree no. 196/2003.

The data is required to fulfil the regulatory provisions in relation to "guidelines on Related Party transactions", for the correct and comprehensive registration of the latter as well as to ensure control over full compliance with those provisions.

The data will be processed exclusively for the aforementioned purposes also by way of computer processes and it shall not be disclosed externally.

You may exercise the rights set out in the cited Italian Legislative Decree which provides, *inter alia*, the right of access to the personal data, the right to rectify, update, complete or delete erroneous or incomplete data, along with the right to object to its processing for legitimate reasons to the processing controller.

The processing Controller is Banco Popolare.

Appendix 4: Notion of “significant interests”

Extract from Consob Communication no. DEM/10078683 of 24-09-2010)

“21. Right of exclusion for transactions with or between subsidiaries and with associates [Art. 14, paragraph 2]

The Regulation provides the right to exempt from the application of procedural and transparency rules (without prejudice to the provisions on periodic accounting information set forth in Article 5, paragraph 8 of the Regulation) transactions carried out with or between subsidiaries and with associates²³, provided in those companies there are no significant interests of other related parties of the company subject to the application of the Regulation (company with shares that are listed or held by the public), which exercises control or significant influence. The qualification of the significance of the interests of other related parties is placed under the responsibility of the companies, also on the basis of criteria identified in the procedures. However, the Regulation specifies that the mere sharing of one or more directors or other executives with strategic responsibilities between the company and the subsidiaries (and, all the more so, associates) does not in and of itself mean that there are significant interests suitable for excluding the exemption right.

The significance of the interests held by other related parties in the subsidiary or associate is evaluated at the discretion of the companies required to apply the Regulation in accordance with the general criteria specified in the procedures. In this context, the companies may obtain indications based on any financial relations existing between the subsidiaries or associates, on the one hand, and other related parties of the company, on the other. Consider, for example, the existence of a significant credit due from a subsidiary to the parent company's chief executive officer: it is clear that this legal relation could incentivise the execution of transactions that strengthen the subsidiary's capital, which could in any case not be advantageous for the parent company.

SIGNIFICANT INTERESTS may, for example, exist where, in addition to mere sharing of one or more directors or other executives with strategic responsibilities, those entities benefit from incentive plans based upon financial instruments (or in any case variable remuneration) depending upon results achieved by the subsidiary or associated companies with which the transaction is performed. The assessment of significance is performed in light of the weight of the remuneration depending upon the performance of the subsidiary (therein including the aforementioned incentive plans) compared to the total remuneration of the director or executive with strategic responsibilities.

The assessment of significance is also left to the companies in the case where the subsidiary or associated company is invested in (also indirectly, through entities other than the company that is listed or with shares held by the public required to apply the Regulation) by the entity that controls the company. In that case, the investment held in the related party by the entity that exercises control or significant influence over the company gives rise to a significant interest if the actual weight of that investment exceeds the actual weight of the investment held by the same entity in the issuer. In order to assess that effective weight, direct shareholdings are completely weighted, while indirect shareholdings are weighted in accordance with the percentage of the

²³ For the purpose of the exemption, the definitions of significant subsidiaries and associates are those contained in Appendix no. 1. As a result, it is possible, for example, for transactions carried out with joint ventures invested in by the company required to apply the Regulation to be exempt.

share capital held in the subsidiary through which the investment in the related party is held²⁴. Where the investment in the related party is accompanied by other economic interests, those interests are considered together with those resulting from the investment calculated according to its actual weight.

On the other hand, the simple holding of an investment, in the subsidiary or associated Company, by other Companies controlled by the listed Company or connected to it does not represent, in itself, a significant interest²⁵.

²⁴ Merely for the purposes of illustration, the following examples of assessment of the criterion of significance are considered:

- (i) Company A controls with 50% of the capital represented by shares with voting rights company B (listed), which in turn controls with the same percentage company C, not listed. In addition, A directly holds the remaining 50% of C. In the transaction between company B and company C, company A holds a significant interest in C since the actual weight of the investment in the latter Company amounts to $50\%+(50*50\%)=75\%$, while the weight of investment in B amounts to 50%: there is therefore an incentive for the net transfer of resources from B to C.
- (ii) Company A controls with 30% of the capital represented by shares with voting rights company B (listed), which in turn controls with 50% of the capital represented by shares with voting rights company C, not listed. In addition, A directly holds 10% of C. In the Transaction between company B and company C, company A does not hold a significant interest in C since the actual weight of the investment in the latter company amounts to $10\%+(30*50\%)=25\%$, while the weight of the investment in B amounts to 30%: therefore, in the absence of other significant interests, there is no incentive for the net transfer of resources from B to C.

²⁵ Consider, for example, the following circumstance: company A (listed) controls company B (not listed) holding 51% of the capital represented by shares with voting rights. Company C (not listed), over which A exercises control or significant influence, holds the remaining 49% of capital in B. In the Transaction between A and B, the investment held by C in B does not constitute a significant interest for the purposes of Art. 14, Paragraph 2 of the Regulation.

Appendix 5: Procedure for sending cases to the Committee

The procedure to be followed to send the case file to the COMMITTEE differs based upon the type of TRANSACTION. Without prejudice to the provisions of the REGULATION, the cases of the most frequent TRANSACTIONS and their process is summarised in the table below.

| TRANSACTIONS | GREATER SIGNIFICANCE | LESSER SIGNIFICANCE |
|------------------------------------|---|--|
| Greater Significance | SENT TO COMMITTEE for the issue of an opinion compulsory and binding for the DECISION-MAKING BODY | |
| Lesser Significance | | SENT TO COMMITTEE for the issue of a compulsory and non-binding opinion for the DECISION-MAKING BODY |
| Ordinary | NOT REQUIRED <i>(Transactions of greater significance cannot be "ordinary")</i> | NOT SENT TO COMMITTEE |
| Intragroup | NOT SENT TO COMMITTEE | NOT SENT TO COMMITTEE |
| pursuant to Article 136 CBL | SENT TO COMMITTEE a complete and prompt information flow that involves it in the negotiation phase and in the due diligence phase of the TRANSACTION | SENT TO COMMITTEE with appropriate prior notice, complete and adequate information on the TRANSACTION |
| Framework Resolution | The provisions pursuant to the previous cases (ordinary, intragroup, pursuant to Article 136 CBL) apply, depending on the expected maximum amount of the TRANSACTIONS, considered as a whole. | The provisions pursuant to the previous cases (ordinary, intragroup, pursuant to Article 136 CBL) apply, depending on the expected maximum amount of the TRANSACTIONS, considered as a whole |

Appendix 6: Preparation of “Disclosure Document”

DISCLOSURE DOCUMENT RELATING TO TRANSACTIONS OF GREATER SIGNIFICANCE WITH RELATED PARTIES

When BANCO carries out TRANSACTIONS of *greater significance* with RELATED PARTIES, the “Disclosure Document” established by the REGULATION must include at least the following information:

| NOTES |
|--|
| Summarise the risks related to potential conflicts of interest generated by the <i>Related Party TRANSACTION</i> described in the “Disclosure Document”. |
| TRANSACTION INFORMATION |
| 1.1. Describe the <i>TRANSACTION'S</i> characteristics, procedures, terms and conditions. |
| 1.2. List the <i>Related Parties</i> with which the <i>TRANSACTION</i> was implemented, the nature of the relationship and, where the administrative body has been notified of this information, the nature and extent of the interests of those parties in the <i>TRANSACTION</i> . |
| 1.3. Indicate the economic grounds and the benefits of the <i>TRANSACTION</i> for BANCO. If the <i>TRANSACTION</i> was approved despite the contrary advice of the COMMITTEE , analytic and suitable grounds for which that advice was not agreed with must be provided. |
| 1.4. Procedures for calculating the <i>TRANSACTION'S</i> price and assessments of its consistency in relation to the market values of similar <i>Transactions</i> . If the <i>TRANSACTION'S</i> economic conditions were defined as equivalent to market or standard conditions, provide suitable grounds for, and objective elements confirming, that statement. Indicate if independent experts provided opinions supporting the consistency of that price and their conclusions, specifying: <ul style="list-style-type: none"> - the bodies or parties that commissioned the opinions and appointed the experts; - the assessments conducted to choose the independent experts. Specifically, indicate any economic, equity and financial relations between the independent experts and (i) BANCO, (ii) the <i>Subsidiaries</i> of BANCO or parties under common control of BANCO, (iii) the directors of the Companies pursuant to points (i) and (ii), taken into consideration in order to qualify the expert as independent and the grounds for which those relations were considered irrelevant in judging his or her independence. Information on any relations may be provided by attaching a statement made by those independent experts; - the terms and subject of the tasks assigned to the experts; - the names of the experts hired to assess the price's consistency. <p>Indicate that the independent expert opinions or the essential elements thereof, pursuant to Article 5 of the Issuer Regulations, are attached to the “Disclosure Document” or published on the website of BANCO. The following essential components of the opinions must in any case be published:</p> <ul style="list-style-type: none"> - if applicable, report the specific limits encountered in carrying out the task (for example, with regard to access to significant information) and the assumptions used, as well as the conditions to which the opinion is subject; - report any criticalities noted by the experts in relation to the specific <i>TRANSACTION</i>; - report the valuation methods adopted by the experts to express their opinions on the price's consistency; - report the relative importance attributed to each of the valuation methods adopted for the purposes specified above; - report the values calculated for each assessment approach utilised; - where a range of values is calculated on the basis of assessment methods utilised, - report the criteria applied to establish the price's final value; - indicate the sources used to determine the relevant data that was processed; - report the main parameters (or variables) taken as a reference in applying each method. <p>If elements of the expert opinions are made public, confirm that that information was reproduced in line with the content of the opinions to which it refers and that, insofar as the issuer is aware, there are no omissions which could make the information reproduced inaccurate or misleading.</p> |
| 1.5. An illustration of the economic, equity and financial effects of the <i>TRANSACTION</i> , providing at least the applicable relevance indices. If the <i>TRANSACTION</i> exceeds the significance parameters set forth by Consob in accordance with Articles 70 and 71 of the Issuer Regulations, indicate that the pro-forma financial information will be published in the document required, depending on the case, by paragraph 4 of cited Article 70 or by Article 71 within the terms set forth in those provisions. A single document may be published in accordance with Article 5, paragraph 6 of the <i>Consob Regulation</i> . |
| 1.6. If the remuneration of the members of the Board of Directors of BANCO and/or of its Subsidiary companies will vary as a consequence of the <i>TRANSACTION</i> , detailed information on those variations. If changes are not envisaged, a statement in that sense must in any case be included. |

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| <p>1.7. For <i>Transactions</i> where the <i>Related Parties</i> involved are members of the administrative and supervisory bodies, general managers and executives of BANCO, information about the issuer's financial instruments held by those parties and their interest in extraordinary transactions, set forth in paragraphs 14.2 and 17.2 of appendix I to Regulation 809/2004/EC.</p> |
| <p>1.8. Indication of the bodies or directors that conducted or participated in the negotiations of and/or analysed and/or approved the <i>TRANSACTION</i>, specifying their roles, with particular regard for independent directors, where present. In relation to the <i>TRANSACTION</i> approval resolutions, specify the names of those who voted in favour of or against the <i>TRANSACTION</i>, or of those who abstained, specifying the grounds for any dissent or abstention. Indicate that, pursuant to Article 5 of the Issuer Regulations, any independent director opinions are attached to the disclosure document or published on the website of BANCO.</p> |
| <p>1.9. If the significance of the <i>TRANSACTION</i> derives from the combination, in accordance with Article 5, paragraph 2 of the <i>Consob Regulation</i>, of multiple <i>Transactions</i> carried out during the year with the same Related Party, or with entities associated with the latter and with BANCO, the information indicated in the points above must be provided for all aforesaid <i>TRANSACTIONS</i>.</p> |

Appendix 7: Information flows to Internal Bodies

| Recipient | Type of flow | Frequency |
|---|---|--|
| Members of the COMMITTEE | TRANSACTIONS PURSUANT TO ARTICLE 136 OF THE CBL: sending – with appropriate prior notice compared to the decision - of complete and adequate information. If the conditions of the TRANSACTION are defined as equivalent to market or standard conditions, the documentation prepared contains objective elements demonstrating that | At the time of the event |
| COMMITTEE or one or more delegated Members of it | TRANSACTIONS OF GREATER SIGNIFICANCE: transmission of a complete, prompt flow of information and with the right to request information and submit observations to the delegated bodies and to the parties responsible for managing the negotiations or due diligence. | Negotiation phase and due diligence phase |
| BOARD OF DIRECTORS BOARD OF AUDITORS | Full disclosure on the execution of TRANSACTIONS of <i>lesser significance</i> and for those of <i>greater significance</i> (other than ordinary and intragroup) as well as on the implementation of <i>framework resolutions</i> . | Quarterly |
| MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS | Disclosure on individual TRANSACTIONS of <i>greater significance</i> concluded during the reference period (including, amongst these, <i>intragroup</i> TRANSACTIONS and TRANSACTIONS <i>pursuant to Art. 136</i>) | Every six months (<i>in the interim report on operations and in the annual report on operations</i>) |
| MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS | Disclosure on TRANSACTIONS other than those of <i>greater significance</i> concluded during the reference period, which influenced the financial position or profits of BANCO to a significant extent (including, amongst these, <i>intragroup</i> TRANSACTIONS, TRANSACTIONS <i>pursuant to Art. 136</i> and <i>ordinary</i> TRANSACTIONS) | Every six months (<i>in the interim report on operations and in the annual report on operations</i>) |
| MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS | Disclosure on any change or development whatsoever in the TRANSACTIONS described in the most recent annual financial report that had a significant effect on the financial position or profits of BANCO in the reporting period. | Every six months (<i>in the interim report on operations and in the annual report on operations</i>) |

Appendix 8: Regulation of the Independent Committee

Article 1 - Establishment and composition of the Committee

1. The Independent Committee (the "Committee") is established, consisting of 3 directors fulfilling the independence requirements pursuant to Article 29.2, paragraphs 2 and 3 of the Articles of Association (independence requirements established for Statutory Auditors by Article 148, paragraph 3 of Italian Legislative Decree 58/1998 and laid out by the Italian Stock Exchange Self-Regulation Code, respectively).
2. The functioning and organisation of the Independent Committee are governed by this Regulation.
3. The Committee carries out the duties and exercises the powers assigned to independent directors:
 - a) by Article 2391-bis of the Italian Civil Code and the relative implementing provisions - both regulatory (Consob Resolution no. 17221 of 12 March 2010 as amended, Consob Communication DEM/10078683 of 24 September 2010 as amended or supplemented) and corporate (Procedure for regulating transactions with related parties adopted by Banco Popolare);
 - b) by Article 53, paragraphs 4 and 4-quater of the CBL and the respective implementing provisions - both regulatory (New Provisions of Prudential Supervision for Banks - Title V - Chapter 5) and corporate (Regulation on Procedures regarding risk activities and conflicts of interest with respect to Associated Entities adopted by the Parent Company and the other Group Banks);
 - c) by Article 53, paragraphs 1 and 2 of the CBL and the respective implementing provisions - both regulatory (New Provisions of Prudential Supervision for Banks - Title V - Chapter 4) and corporate (Regulation for investments in non-financial companies, adopted by the Parent Company).
4. Without prejudice to the application of the provisions of law and the articles of association on the validity of meetings of the Board of Directors and the relative resolutions, the resolution for the appointment of members of the Committee is adopted with the abstention:
 - a) of the Directors selected from the top directors of Banco Popolare or of Group banking companies or from individuals who hold or have held the position of Chief Executive Officer of Banco Popolare or of Group banking companies pursuant to Article 29.1 of the Articles of Association for over 12 months (Executive Directors);
 - b) of the other Directors on the Executive Committee;
 - c) of the individual candidates.
5. The Board of Directors, observing the procedures pursuant to the previous paragraph, also appoints the Independent directors called upon to replace members of the Committee who have an interest in the transaction pursuant to Article 7 below.

Article 2 - Term of office and replacement of members

1. The Committee remains in office for the term established by the Board of Directors at the time of appointment; Article 2385, paragraph 2 of the Italian Civil Code also applies to the Committee.

2. The Committee submits the fulfilment by its Members of the requirements set forth in legislation and this Regulation to the Board of Directors for assessment at least once per year.
3. If a Member leaves office for any reason whatsoever, including failure to meet the requirements set forth by regulations, the latter is required to inform the Chairman without delay, who shall promptly notify the Chairman of the Board of Directors, who shall call a Board meeting without delay to appoint a replacement. The Member thus appointed remains in office until the end of the term of the Committee.
4. Pending the appointment of the new Member, the replacement mechanism pursuant to Article 7 below of this Regulation will apply.

Article 3 - Chairman of the Committee

1. The Board of Directors appoints the Chairman of the Committee, in compliance with what is set forth in Article 1, point 4.
2. If the Chairman leaves office, the eldest member of the Committee will take over for him or her until the date on which the Board of Directors appoints a new Chairman.
3. The Chairman calls, chairs and organises the work of Committee meetings. In particular, the Chairman handles the preparation of the meeting agenda and provides information to the Committee Members beforehand on the agenda topics.
4. The Committee appoints a Secretary, who is not necessarily a Member, provided in that case that he or she is a member of the secretariat staff, pursuant to Article 29.12 of the Articles of Association.
5. The corporate Secretariat assists the Committee and carries out the duties assigned to it by the committee to ensure its regular and orderly functioning.

Article 4 - Procedures, terms and location of meetings.

1. The Committee meets when called by the Chairman or the person acting in his or her stead any time this is deemed appropriate. Each Committee Member may ask the Chairman or the person acting in his or her stead to call the Committee meeting, indicating the topics to be discussed. In any case, the Committee must meet in due time to promptly screen or develop opinions and other decisions for which it is responsible.
2. Committee meetings are called via a notice to be sent via fax or by any other means that guarantees proof of receipt, at least three days before the date set for the meeting.
3. In cases of particular urgency, the meeting may be called 24 hours in advance, using any suitable means. In that case, during the meeting adequate due diligence must be ensured and exhaustive information must be provided on each topic to be discussed, with particular attention placed on the content of documents that it was not possible to transmit within ordinary terms.
4. The corporate Secretariat supports the Chairman in calling meetings, as well as sending the relative materials to the participants.
5. The Committee meets, based on criteria of convenience, in any location in Italy; meetings may be validly held via means of telecommunication as well, provided each participant can be identified by each of the others and each is able to follow the discussion and intervene in real time in the discussion of the topics in question; if these requirements are met, the meeting is deemed held in the place where the Secretary and the meeting Chairman are located.

Article 5 - Constitutional and decision-making quora. Voting methods.

1. The Committee meeting quorum is met with the participation of the majority of the Members.
2. In any case - even without a formal notice of call - the meeting is deemed valid when all Committee Members participate and when each expressly provides consent to the meeting being held and the discussion of the topics.
3. The Committee decides on opinions and adopts other resolutions under its responsibility - pursuant to the regulations laid out in Article 1, paragraph 3 of this Regulation - with the approval of the majority of the meeting participants.
4. Each Committee Member has the right to one vote. The vote is open and cannot be carried out by proxy.

Article 6 - Minutes

1. The Secretary prepares dedicated minutes for each Committee meeting. The minutes, approved by the Committee, are signed by the Chairman and by the Secretary.
2. The minutes must provide the justifications at the basis of the vote expressed by each Member.
3. For resolutions relating to the expression of opinions under the responsibility of the Committee pursuant to the rules specified in Article 1, paragraph 3 of this Regulation, the justifications underlying votes against or abstentions, when it is not possible to promptly transmit the meeting minutes, are reported in summary form to the Board of Directors or to the Executive Committee or to the different Body responsible for deciding on the transaction or the proposal to which the opinion refers.

Article 7 - Interests of the members

1. If, with respect to an individual transaction, a Member is a counterparty or a Related Party pursuant to Article 2391-bis of the Italian Civil Code (provided the transaction is one of those considered by Article 2391-bis), or an Associated Entity pursuant to the Bank of Italy's New Provisions of Prudential Supervision for Banks - Title V - Chapter 5 (provided the transaction is one of those considered by the Provisions) or has an interest in the transaction pursuant to Article 2391 of the Italian Civil Code or has, outside of the previous cases, relations with the counterparty that are such so as to jeopardise its independence, the above-mentioned Director will be replaced by the Independent Director identified beforehand by the Board who has none of the above-mentioned impediments or, if this Director is absent or does have an impediment, the eldest Independent Director outside the Committee who has none of the above-mentioned impediments. The relative statement must be provided by the Member as soon as he or she has enough information to proceed with a reliable assessment of a transaction.
2. If the Committee Chairman is subject to one of the impediments pursuant to the previous paragraph, the eldest Member of the Committee who has no impediments will chair the meetings regarding the transaction in question.

3. The Member pursuant to this Article does not participate in or attend the meetings dedicated to communications, discussions or resolutions of the Committee regarding the transaction for which the impediment has been verified.
4. The Chairman of the Committee sends a written communication to the Chairman of the Board of Directors indicating that one or more members of the Committee have one of the impediments pursuant to the first paragraph and that, therefore, they were replaced in accordance with the mechanism outlined above, specifying the name of the replacement.
5. If there is any divergence in the assessments of the Committee Members regarding the suitability of the relations with the transaction counterparty to jeopardise the member's independence from it, the Committee shall decide after replacing the Member whose independence is in doubt with another Independent Director identified in accordance with the criteria laid out in point 1.

Article 8 - Disclosure to Members in view of the decisions to be made

The Committee Members receive an adequate written disclosure from the corporate Secretariat prepared by the "Head of the procedure" relating to the completion of a given transaction, accompanied by the relative supporting documents, at least two business days in advance, except in the case of different and justified urgency or if a dedicated statement is issued by each Committee Member - before negotiations begin - indicating that they are fully aware of the content and conditions of the transaction.

Article 9 - Transactions subject to Article 136 of the CBL

At the first possible meeting, the Committee Members expressly acknowledge that they have received the required information when the transaction is subject to the decision-making procedure laid out in Article 136 of the CBL.

Article 10 - Request for additional information

Through its Chairman, the Committee may request further information - in addition to that already received - from the "Head of the procedure" or another function that it believes should be involved, also indicating that such information will be added to the documentation submitted or to be submitted to the Body or to the function responsible for the resolution. In addition, it reports any gaps or inadequacies in the information received to the Body or to the above-mentioned function.

Article 11 - Provisions regarding the involvement of the Committee in negotiations

1. For transactions of greater significance (classifiable as such based on the regulations specified in Article 1, paragraph 3), the Committee, or one or more of its delegated Members, are involved in the phase of negotiations and in the phase of due diligence of the transaction through the receipt of a complete, prompt flow of information transmitted by the "Head of the procedure" relating to the completion of the transaction. This provision does not apply for transactions for which due diligence was carried out by Companies other than Group Banks, for which the resolution is subject to approval by the Parent Company.
2. The Committee has the right to request information and submit observations to the Delegated bodies and to the Parties responsible for managing the negotiations or due diligence, with regard to all circumstances deemed useful for the development of the opinion under its responsibility. In any case, the Committee or the delegated Member or Members participate in the meetings of the Board of Di-

rectors that have the disclosure regarding the status of negotiations on the agenda, when they can request information and make observations.

Article 12 - Use of independent experts by the Committee.

1. The Committee may request the support, at the expense of the Bank, of (i) one or more independent experts of its choosing, who work exclusively in favour of the Committee or (ii) independent experts to be appointed by the Board of Directors at the indication of the Committee, who support the Bank in regulated transactions and also receive a specific engagement to provide assistance to the Committee in carrying out its tasks based on the regulations pursuant to Article 1, paragraph 3.
2. In choosing experts, parties with recognised professionalism and skill in the topics of interest shall be selected, and their independence and absence of conflicts of interest will be closely evaluated by the Committee.
3. In order to evaluate the independence pursuant to the previous paragraph, the Committee takes into account any economic, equity and financial relations between the independent experts, on one hand, and the Bank, the Subsidiaries and the Directors of the Bank or the Subsidiaries, on the other.
4. The costs and expenses relating to the consulting services provided by the experts shall be borne by the Bank under the following terms:
 - in relation to the right laid out by the regulations to establish a maximum amount on the set of transactions subject to analysis, it has been decided not to establish limits on the total amount, irrespective of the significance of the transaction;
 - for transactions of lesser significance, the costs and expenses shall be incurred up to a maximum amount per transaction equal to 3% of its value and in any event, for no more than EUR 100,000 (one hundred thousand);
 - for transactions of greater significance, classifiable as such for the purpose of the regulations pursuant to Article 2391-bis of the Italian Civil Code, no expense limits are applicable relating to the individual transactions.

Article 13 - Structure of opinions under the responsibility of the Committee

The Committee formalises its prior justified opinion to the Body or to the function responsible for the resolution on the interest of the bank in carrying out transactions as well as on the benefits and substantial fairness of the relative conditions and supports it with suitable documentation accompanying the verifications and observations formulated.

Article 14 - Transmission of the opinion.

The Committee issues the opinion on the transaction to the Body or to the function responsible for the resolution in due time for adequate analysis. If the Body responsible for passing the resolution is the Shareholders' Meeting, the opinion is issued to the Board of Directors.

Article 15 - Type of opinions.

With reference to the "Procedure for regulating transactions with related parties" and the "Procedures and Policies of Controls in relation to Risk Activities and Conflicts of Interest with respect to Associated Entities", the Committee:

- a) is responsible for issuing a prior, analytical and justified opinion:
- on the overall suitability of internal regulations (to achieve the objectives of the provisions during the adoption or amendment [“substantial”, if referring to the “Bank of Italy’s New Provisions of Prudential Supervision”] thereof, as well as during periodic reviews;
 - on the adequacy of the organisational structures and on the suitability of the internal control system to ensure continuous compliance with prudential limits and decision-making procedures when internal policies on controls are adopted and during their periodic (three-year) review;
 - on the interest of the Bank in completing the transaction in question along with the benefit and essential fairness of the respective conditions;
 - on proposals to be forwarded to the Shareholders’ Meeting for amendments of the Articles of Association that may be necessary to come into compliance with external regulations on decision-making procedures for transactions subject to the rules pursuant to Article 2391-bis of the Italian Civil Code or Article 53, paragraph 4-quater of the CBL,
- b) in the negotiations phase of transactions of greater significance, it may request information or submit observations to the Delegated bodies and to the Parties responsible for managing the negotiations or due diligence, receiving a complete, prompt flow of information, which effectively involves the Committee in the negotiations.

The Committee, with reference to the “Regulation for investments in non-financial companies”, performs a role of assessment, support and proposal with regard to the organisation and performance of internal controls on all the activity involved in the acquisition and management of investments and with regard to general verification of consistency of the activity performed in the investments department with strategic and management guidelines, as defined in more detail in the above-mentioned “Regulation”.

Article 16 - Effects of opinions

The opinion is favourable when it is in complete agreement with the transaction. The Committee may express a negative opinion or an opinion conditioned upon remarks, formulated in the opinion itself. The effects of the opinion depending on whether it is favourable, negative or conditioned upon remarks are governed in the procedures adopted by the Bank pursuant to Article 2391-bis of the Italian Civil Code and Article 53, paragraph 4-quater of the CBL.

Article 17 - Confidentiality

1. The Committee Members are required to keep the information and news acquired in performing their functions confidential.
2. The Committee Members abstain from researching and using private information for purposes other than the performance of the Committee’s functions, except if the information is legitimately requested by the competent authorities.

Article 18 - Amendments of the Regulation.

This Regulation may be amended by resolution of the Board of Directors, after consulting with the Committee and with the favourable opinion of the Board of Auditors.

Article 19 - Final provisions.

For any matters not expressly addressed in this Regulation, the functioning of the Committee is governed, depending on the characteristics of the transaction and the regulations to which it is subject, by:

- Article 2391–bis of the Italian Civil Code;
- Article 53, paragraph 4-quater of the CBL, by the relative implementing administrative provisions (Consob Resolution no. 17221 of 12 March 2010 as amended and Consob Communication no. DEM/10078683 of 24 September 2010, as amended, Title V - Chapters 4 and 5 of the New Provisions of Prudential Supervision for Banks);
- Procedure for governing related party transactions;
- "Procedures and Policies of Controls in relation to Risk Activities and Conflicts of Interest with respect to Associated Entities" Regulation;
- Regulation for investments in non-financial companies.