



*PROCEDURE GOVERNING TRANSACTIONS WITH RELATED PARTIES
(PARENT COMPANY)*

15th December 2011

PROCEDURE IN FORCE UNTIL 30th December 2012

CONTENTS

1.	INTRODUCTION	Page	5
1.1.	SCOPE OF APPLICATION AND OBJECTIVES	Page	5
1.2.	LEGAL REFERENCES	Page	6
1.3.	DEFINITIONS	Page	6
1.3.1.	RELATED PARTY		
1.3.2.	PERSONS CONNECTED TO A RELATED PARTY		
1.3.3.	CONNECTED PERSONS: RELATED PARTY AND CONNECTED PERSONS		
1.3.4.	OTHER DEFINITIONS (useful for application of the Procedure)		
1.3.4.1.	CONTROL AND JOINT CONTROL		
1.3.4.2.	SIGNIFICANT INFLUENCE		
1.3.4.3.	CLOSE RELATIVES		
1.3.4.4.	SUBSIDIARY		
1.3.4.5.	ASSOCIATED COMPANY		
1.3.4.6.	JOINT VENTURE		
1.3.4.7.	MANAGERS WITH STRATEGIC RESPONSIBILITIES		
2.	ADOPTING THE PROCEDURE	Page	10
2.1.	ROLE OF THE BOARD OF DIRECTORS	Page	10
2.2.	ROLE OF THE INTERNAL CONTROL COMMITTEE	Page	10

CONTENTS (cont'd)

2.3.	<i>ROLE OF THE BOARD OF STATUTORY AUDITORS</i>	<i>Page</i>	<i>11</i>
3.	<i>DISTRIBUTING THE PROCEDURE</i>	<i>Page</i>	<i>11</i>
4.	<i>REGISTRY OF RELATED PARTIES</i>	<i>Page</i>	<i>12</i>
4.1	<i>DATA COMMUNICATION</i>	<i>Page</i>	<i>12</i>
4.2	<i>DATA MANAGEMENT</i>	<i>Page</i>	<i>12</i>
5.	<i>TRANSACTIONS WITH RELATED PARTIES</i>	<i>Page</i>	<i>13</i>
5.1.	<i>TRANSACTIONS WITH RELATED PARTIES (DEFINITION)</i>	<i>Page</i>	<i>13</i>
5.2.	<i>CASES AND POWER OF EXCLUSION</i>	<i>Page</i>	<i>13</i>
5.3.	<i>TRANSACTIONS OF GREATER IMPORTANCE (DEFINITION)</i>	<i>Page</i>	<i>15</i>
5.3.1	<i>TRANSACTIONS OF GREATER IMPORTANCE (MANAGEMENT)</i>		
5.4.	<i>TRANSACTIONS OF LESSER IMPORTANCE (DEFINITION)</i>	<i>Page</i>	<i>16</i>
5.4.1	<i>TRANSACTIONS OF LESSER IMPORTANCE (MANAGEMENT)</i>		
6.	<i>OBLIGATIONS OF BANKING OFFICERS</i>	<i>Page</i>	<i>17</i>
7.	<i>LIMITS TO RISK ASSUMPTION IN TRANSACTIONS WITH CONNECTED PERSONS</i>	<i>Page</i>	<i>17</i>
8.	<i>DISCLOSURE OBLIGATIONS</i>	<i>Page</i>	<i>18</i>
	<i>ENCLOSURE 1: CERTIFICATION</i>	<i>Page</i>	<i>19</i>
	<i>ENCLOSURE 2: STATEMENT OF RELATED PARTIES</i>	<i>Page</i>	<i>20</i>

CONTENTS (cont'd)

	<i>ENCLOSURE 3: STATEMENT FOR APPLICATION OF ART. 136 OF THE 1993 BANKING LAW</i>	<i>Page</i>	<i>21</i>
	<i>ENCLOSURE 4: OPERATIONAL METHODS FOR REGISTRY PURPOSES AND FOR SECOND LEVEL CHECKS</i>	<i>Page</i>	<i>23</i>
	<i>ENCLOSURE 5: PROCEDURE GOVERNING TRANSACTIONS WITH RELATED PARTIES (SUBSIDIARIES)</i>	<i>Page</i>	<i>26</i>

1. INTRODUCTION

1.1 SCOPE OF APPLICATION AND OBJECTIVES

SCOPE OF APPLICATION AND OBJECTIVES

The "Procedure governing transactions with related parties (Parent Company)" governs, from a group viewpoint:

- transactions with related parties and parties connected to them ("connected persons") carried out by Banca IFIS S.p.A. (the "Company", the "Bank" or the "Parent company") directly or through subsidiaries and/or companies that are part of the Banca IFIS Banking Group ("Subsidiary" or "Subsidiaries");
- transactions to be resolved pursuant to art. 136 of Italian Legislative Decree no. 385 of 1st September 1993.

The Procedure has the purpose of formalising corporate governance regulations aimed at ensuring that all corporate officers and employees of the Banca IFIS Banking Group adhere to standards of transparency and of substantial and procedural fairness when assessing and approving the aforementioned transactions.

When examining each relationship with a related party, attention must be paid to the substance of the relationship and not just its legal form.

Subsidiaries apply the "Procedure governing transactions with related parties (Subsidiaries)", described in Enclosure 5.

Subsidiaries are sent the "Procedure governing transactions with related parties (Subsidiaries)" and any ensuing amendments by the Parent company by means of a specific Directive, and are required to acknowledge this procedure, put it to their Board for resolution and implement it.

The execution of transactions with related parties by Subsidiaries, excluding the "exemptions" described below, is subject to the prior approval by the Parent company, to which the Subsidiary must send a specific request accompanied by the relevant resolution by its Board of Directors.

1.2 LEGAL REFERENCES

LEGAL REFERENCES

The legal framework used for reference can be summarised as follows:

- International Accounting Standard IAS 24 - Related party disclosures (approved with EU Commission Regulation no. 632/2010 of 19th July 2010, which has been in force since 1st January 2011);
- Article 2391 of the Italian Civil Code (Directors' interests);
- Consob "Regulations containing provisions relating to transactions with related parties" introduced with Resolution no. 17221 of 12th March 2010 as modified by Resolution no. 17389 of 23rd June 2010 (hereinafter referred to simply as the "Regulations on related party transactions");
- Consob communication DEM/10078683 of 24th September 2010 concerning "Instructions and orientation for implementation of the Regulations on related party transactions adopted with Resolution no. 17221 of 12th March 2010 as subsequently amended";
- Consob Resolution 15519/2006 and Communication 6064293/2006 on financial statements;
- Criterion 9 of the Self-Regulation Code for listed companies approved by the Corporate Governance Committee of Borsa Italiana S.p.A.;
- Resolution by the Credit and Savings Committee (CICR) no. 277 of 29th July 2008;
- Articles 53 (Regulatory supervision) and 136 (Obligations of corporate officers) of Italian Legislative Decree 385/1993 (Banking Law).

In drawing up the Procedure, some of the regulatory hypotheses and legal frameworks related to the new supervisory regulations on "Risk activities and the conflict of interest in banks and banking groups towards related parties", to be introduced in implementation of CICR Resolution of 29th July 2008, which the Bank of Italy has made available for consultation for 90 days as from 4th May 2010 were taken into account, as well as the text of the "Provisions on risk activities and the conflict of interest in banks and banking groups towards related parties, which Bank of Italy has made available for consultation for 30 days as from 14th June 2011.

1.3 DEFINITIONS

DEFINITIONS

The following definitions derive from the legal references used, in particular:

- Enclosure 1 of the "Regulations governing transactions with related parties";
- CICR Resolution no. 217 of 27th July 2008.

The definitions concerning "transactions with related parties" are listed in paragraph no. 5.

1.3.1 RELATED PARTY

RELATED PARTY

A party is considered related to Banca IFIS (and/or to a Subsidiary) if said party:

- a) directly or indirectly, through Subsidiaries, trustees or through a third person:
 - (i) controls Banca IFIS (or the Subsidiary), is controlled by it or is subject to common control;
 - (ii) has a stake in Banca IFIS (or the Subsidiary) exerting significant influence over the same; or
 - (iii) exercises control over Banca IFIS (or the Subsidiary) jointly with other parties;
- b) is an associate company of Banca IFIS (or the Subsidiary);
- c) is a joint venture in which Banca IFIS (or the Subsidiary) is a participant;
- d) is a Manager with strategic responsibilities at Banca IFIS (or at the Subsidiary);
- e) is a close relative to one of the parties described in item (a) or (d);
- f) is an entity in which one of the parties described in item (d) or (e) exercises control, joint control or a significant influence or owns, directly or indirectly, a significant portion of voting rights (no less than 20%);
- g) is a supplementary pension fund, collective or individual, Italian or foreign, established for the employees of Banca IFIS (or Subsidiary) or any other entity associated with it.

In application of banking regulations, the following are also identified as “related parties”:

1. owners of investments in Banca IFIS's share capital, the purchase of which being subject to authorisation by the Bank of Italy;
2. parties with the power to appoint at least one member of Banca IFIS's Board of Directors, even based on agreements or clauses contained in the Articles of Incorporation.

1.3.2 PERSONS CONNECTED TO A RELATED PARTY

PERSONS CONNECTED TO A RELATED PARTY

Persons connected to a related party are:

- a. companies and corporate bodies controlled, directly or indirectly, by a related party;
- b. parties who control, directly or indirectly, one of the related parties described in items 1. and 2. of the “related parties” section above or are subject, directly or indirectly, to common control by the same;
- c. close relatives of a related party and of the companies and corporate bodies controlled by such relatives.

1.3.3 CONNECTED PERSONS: RELATED PARTY AND CONNECTED PERSONS

CONNECTED PERSONS

“Connected persons” and the set of “persons connected to it” are considered a “related party”.

1.3.4 OTHER DEFINITIONS (useful for application of the Procedure)

1.3.4.1 CONTROL AND JOINT CONTROL

CONTROL AND JOINT CONTROL

Control is the power to determine the financial and operational policies of an entity so as to obtain benefits from its activities. It is assumed that control exists when a person owns, directly or indirectly through Subsidiaries, more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when a person owns half or less of the voting rights exercisable at Shareholders' Meetings if they have:

- a) control of more than half of the voting rights through an agreement with other investors;
- b) the power to govern the financial and operational policies of the entity as provided by a statute or agreement;
- c) the power to appoint or remove the majority of the members of the Board of Directors or equivalent corporate governance body, and control of the entity is held by that board or body;
- d) the power to cast the majority of voting rights at meetings of the Board of Directors or equivalent corporate governance body, and control of the entity is held by that board or body.

Joint control is the contractually agreed sharing of control over any business activity.

1.3.4.2 SIGNIFICANT INFLUENCE

SIGNIFICANT INFLUENCE

Significant influence is the power to participate in the determination of financial and operational policies of an entity without having control of it. Significant influence may be gained through share ownership, statute provisions or agreements.

If a person owns, directly or indirectly (e.g. through Subsidiaries), 20% or more of the voting power in the Subsidiary's Shareholders' Meeting, they are presumed to have significant influence, unless it can be clearly demonstrated otherwise. Conversely, if the person owns, directly or indirectly (e.g. through Subsidiaries), less than 20% of the voting power in the Subsidiary's Shareholders' Meeting, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. The presence of a person in possession of an absolute or relative majority of voting rights does not necessarily prevent another person from having significant influence.

The existence of significant influence usually occurs in one or more of the following circumstances:

- a) representation on the Board of Directors or equivalent body of the investee company;
- b) participation in the decision-making process, including participation in decisions about dividends or other profit distribution schemes;
- c) the presence of significant transactions between the investor and the investee;
- d) the exchange of managerial personnel;
- e) the provision of essential technical information.

1.3.4.3 CLOSE RELATIVES

CLOSE RELATIVES

Close relatives of an individual are those family members who it is expected may influence, or be influenced by, that individual in their dealings with Banca IFIS (or a Subsidiary).

For the purposes of this procedure, these include:

- a) the spouse (not legally separated) and the cohabitant;
- b) the children and dependants of the subject, the spouse (not legally separated) and the cohabitant.

1.3.4.4 SUBSIDIARY

SUBSIDIARY

A Subsidiary is an entity, even without legal status as in the case of a partnership, controlled by another entity.

1.3.4.5 ASSOCIATED COMPANY

ASSOCIATED COMPANY

An associated company is an entity, even without legal status as in the case of a partnership, in which a shareholder exercises significant influence but not control or joint control.

1.3.4.6 JOINT VENTURE

JOINT VENTURE

A joint venture is a contractual arrangement whereby two or more parties undertake a business activity subject to joint control.

1.3.4.7 MANAGERS WITH STRATEGIC RESPONSIBILITIES

MANAGERS WITH STRATEGIC RESPONSIBILITIES

The term "Manager with strategic responsibilities" means: a Director, a Statutory Auditor or the General Manager ("corporate officers") or any other Manager believed by the Board of Directors, on a time-to-time basis, to have strategic responsibilities according to the organisational structure of the Banca IFIS Group.

2 ADOPTING THE PROCEDURE

2.1. ROLE OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS

In compliance with the “Regulations on related party transactions”, resolutions on the Procedure and relative changes must be approved by the Bank’s Board of Directors, provided a favourable opinion has been given by a committee made up of independent Directors¹, even if set up ad hoc for this purpose.

The Procedure is periodically assessed (at least every three years) to establish if any revisions are necessary, in accordance with the powers mentioned above.

The “Procedure governing transactions with related parties (Parent company)” was adopted by Banca IFIS S.p.A.’s Board of Directors upon having received the opinion of both the Internal Control Committee (where only independent Directors attended the meeting) and the Board of Statutory Auditors.

During the Meeting in question, the Board of Directors permanently entrusted the Internal Control Committee, consisting of independent Directors only, to carry out the functions described in the following paragraph.

The Board of Directors has sole decisional powers for:

- transactions of greater importance as well as transactions of lesser importance not included in the exemptions, described in more detail below;
- the issuing of authorizations to execute transactions resolved by the Board of Directors of the Subsidiaries.

2.2. ROLE OF THE INTERNAL CONTROL COMMITTEE

INTERNAL CONTROL COMMITTEE

The Internal Control Committee, consisting of independent Directors only, carries out the following functions:

- rendering its opinion on the periodic assessment (at least every three years) of the Procedure and on the decision as to whether or not any revision is necessary;
- examining the list of related parties on a half-yearly basis, also in order to resolve any interpretational uncertainty;
- in case of transactions of greater importance, the Committee is involved in the negotiation and initial application stage as well;
- in the cases of transactions of lesser importance that are no exemptions, as described later, the Committee expresses its preliminary and non-binding opinion.

For transactions with related parties affected by the management and coordination activities carried out by Banca IFIS towards the Group’s companies, the opinion of the Internal Control Committee provides timely information on the reasons behind and the advantages of the transaction and, if the case may be, also in light of the overall results of the management and coordination activities carried out or transactions aimed at fully eliminating damages resulting from a transaction with the related party.

¹ The directors’ independence requirements adopted for the purposes of this Procedure are the same as those included in the Articles of Incorporation (art. 11).

2.3. ROLE OF THE BOARD OF STATUTORY AUDITORS

BOARD OF STATUTORY AUDITORS

The Bank's Board of Statutory Auditors supervises over compliance with the provisions set out in the present Procedure and comments on this in the Statutory Auditors' report put to the Shareholders' Meeting as per article 2429, second paragraph, of the Italian Civil Code or Article 153 of the Consolidated Law on Finance.

For the purpose of the provisions of the paragraph above, the Members of the Board of Directors and of the Board of Statutory Auditors, the General Manager and the Heads of the operating offices and departments of the Bank and of its Subsidiaries, shall inform the Board of Statutory Auditors, without delay, of any violation of the present Procedure of which they may gain knowledge during the performance of their daily duties. Furthermore, the Board of Statutory Auditors can replace the Internal Control Committee, in the cases described below, in the preliminary phase of the transactions.

3. DISTRIBUTING THE PROCEDURE

DISTRIBUTION

One copy of the Procedure (and any ensuing amendments) is:

- sent, by the Corporate Affairs Service, to the Members of the Board of Directors and to the Board of Statutory Auditors, as well as to the Bank's Managers with strategic responsibilities², together with "Enclosure 1", respectively:
 - ✓ upon accepting the appointment, as regards the Members of the Board of Directors and of the Board of Statutory Auditors of the Bank;
 - ✓ upon employment or taking over of the role, as regards the Managers with strategic responsibilities.
- The natural persons referred to above who have received a copy of such document are required to complete, sign and return the form contained in "Enclosure 1" to the Corporate Affairs Service, in order to ensure full acknowledgement and acceptance of the Procedure.
- made available, by the Organization and IT Systems Area, to all investors by publishing it on the Bank's website, in the Investor Relations section, without prejudice to the obligation to publish this Procedure in the Annual report prepared by the Bank, even if only by referring investors to the website, as per article 2391-*bis* of the Italian Civil Code. Taking into consideration their strictly operational nature, the Enclosures to the Procedure are not subject to publication.
 - communicated, by the Organisation and IT Systems Area, to all the Bank's employees by publishing it on the company portal.
 - as regards Enclosure 5 "Procedure governing transactions with related parties (Subsidiaries)" only, sent by the Corporate Affairs Service to the Subsidiaries together with the applicable directive.

² Upon approval of the present 'Procedure', the employees of the Bank considered 'Managers with strategic responsibilities' are the General Manager and the Head of the Administration and Management Control Area as well as the Financial Reporting Officer

4 REGISTRY OF RELATED PARTIES

4.1 DATA COMMUNICATION

DATA COMMUNICATION

The Members of the Board of Directors and of the Board of Statutory Auditors, the General Manager and Managers with strategic responsibilities of the Bank and any similar Body or party of the Subsidiaries shall send to the Bank's Corporate Affairs Service the declarations required by the Procedure, according to the facsimile shown in Enclosures 2 and 3 (the latter need only be completed by corporate officers), so that the related parties of the Banca IFIS S.p.A. Banking Group may be correctly registered and the relevant database updated. These parties are also required to give timely notice of any changes to the details previously sent. Should no such declarations be provided before the end of the six-month period, it will be automatically understood, for the purpose of periodic checks, that no changes shall have occurred since the last declarations were presented.

4.2 DATA MANAGEMENT

CORPORATE AFFAIRS SERVICE AND OPERATING OFFICE

The Bank's Corporate Affairs Service handles the editing, updating and filing of the list of related parties and connected persons. The Operating Office takes care of updating the registry files. The operational methods are described in Enclosure 4.

Every six months, the Corporate Affairs Service sends the updated list to the Internal Control Committee, for fulfilment of the duties falling under its responsibilities, and to the Operating Office. Should there have been no variations from the previous half-year, the Corporate Affairs Service will confirm this fact both to the Internal Control Committee and to the Operating Office.

5 TRANSACTIONS WITH RELATED PARTIES

5.1 TRANSACTIONS WITH RELATED PARTIES (definition)

TRANSACTIONS WITH RELATED PARTIES

A related party transaction shall be understood as any transfer of resources, services or obligations between Banca IFIS (or its Subsidiary) and related parties, regardless of whether a consideration for such transfer has been established.

The following transactions are considered related party transactions:

- merger transactions, spin-off by incorporation or strictly non-proportional spin-off, if carried out with related parties;
- any decision regarding the granting of remuneration and financial benefits, in whatever form, for members of the Board of Directors and of the Board of Statutory Auditors and for Managers with strategic responsibilities.

5.2 CASES AND POWER OF EXCLUSION

CASES AND POWER OF EXCLUSION (Parent company)

With reference to the Parent company, the following are exempt from the present Procedure:

- Shareholders' Meeting resolutions and Board of Directors' resolutions stated in the first paragraph (remuneration for Board members and Statutory Auditors) and fourth paragraph (transactions to be carried out based on instructions from Supervisory Authorities) of article 13 of the "Regulations on related party transactions";
- equity-based compensation plans approved by the Shareholders' Meeting pursuant to Article 114-*bis* of the Italian Consolidated Law on Finance and its enactment regulations;
- resolutions other than those indicated in item 1 of the present paragraph, in relation to remuneration for Directors and Managers with strategic responsibilities, on the condition that these are consistent with remuneration policies approved by the Shareholders' Meeting and that the Internal Control Committee was involved in defining these policies;
- the following ordinary transactions³ concluded at market or standard conditions⁴:
 - o in terms of the products and/or services marketed by the Bank, the ones described in the Information Sheets provided from time to time to clients in compliance with transparency laws on banking and financial transactions and services, provided they are carried out at the standard conditions indicated in the applicable information sheets; also subject to application of the "Procedure" are the active transactions (financing, the granting of guarantees and similar) for overall amounts exceeding 500,000 Euro per individual related party;
 - o in terms of the purchase or sale of goods and/or services necessary for the Bank to operate, as well as the purchase of services amounting to a maximum of 50,000 Euro for each individual expense order, provided these are at market conditions.

The transactions referred to above do not require prior approval from the Board of Directors as long as the Decisional Body or proxy considers that such a transaction will not have a significant effect on the equity, results and/or completeness and correctness of information, including financial information, released by the Bank. Management shall keep adequate evidence of a documental nature on the methods used to execute the transactions and on the conditions, including financial conditions, involved so as to ensure fully transparency and verifiability.

³ "Ordinary transactions" are defined as: transactions that are part of the ordinary day-to-day running of the Bank and connected financial activities.

⁴ "Market or standard conditions" are defined as: conditions that are equivalent to those usually applied to non-related parties for operations of a corresponding nature, size or risk level, or based on regulated rates or on prices applied to parties with whom a specific consideration is obligatory by law.

***CASES AND POWER OF
EXCLUSION
(Subsidiaries)***

With reference to Subsidiaries, the following are exempt from the present Procedure:

- transactions to be carried out based on instructions from Supervisory Authorities aimed at stability;
- Shareholders' Meeting resolutions and Statutory Auditors' Board resolutions relating to remuneration for Board members and Managers with strategic responsibilities, on the condition that these are consistent with remuneration policies drawn up by the Parent company and approved by the Shareholders' Meeting.

5.3 TRANSACTIONS OF GREATER IMPORTANCE (definition)

TRANSACTIONS OF GREATER IMPORTANCE (definition)

Transactions of greater importance are transactions in which at least one of the following indexes, applied according to the specific transaction involved, exceeds 5%:

- a) **Equivalent-value relevance ratio:** ratio between the equivalent value of the transaction and Banca IFIS's consolidated regulatory capital taken from the most recent between the Group's consolidated Annual report and the Half-yearly report or, for transactions carried out with Subsidiaries, the Subsidiary's net equity taken from the most recent between the consolidated Annual report and the Half-yearly report.
- b) **Asset relevance ratio:** ratio between the total assets of the entity involved in the transaction and Banca IFIS's total assets taken from the most recent between the consolidated Annual report and the Half-yearly report or, for transactions carried out with Subsidiaries, the Subsidiary's total assets taken from the most recently published balance sheet.
- c) **Liabilities relevance ratio:** ratio between the total liabilities of the purchased entity and Banca IFIS's total assets taken from the most recent between the consolidated Annual report and the Half-yearly report or, for transactions carried out with Subsidiaries, the Subsidiary's total assets taken from the most recently published balance sheet.

Where possible, the data used to calculate the indexes must be chronologically homogenous, and the calculations used to obtain the data must be the same for the bank and for the counterparty. The indexes are calculated using the criteria stated in Enclosure 3 of the "Regulations for related party transactions".

5.3.1 TRANSACTIONS OF GREATER IMPORTANCE (management)

TRANSACTIONS OF GREATER IMPORTANCE (management)

Transactions of greater importance, with the exception of those falling under the responsibility of the Shareholders' Meeting, are the responsibility of the Bank's Board of Directors.

In cases of transactions of greater importance, the Internal Control Committee (limited to independent unrelated Directors only) is involved in the negotiation and initial application stage as well, receiving complete and timely information, having the right to ask for further information and render its opinion to the decisional bodies or proxies involved in these stages.

The Board of Directors may approve transactions of greater importance with related parties provided it has received the Internal Control Committee's opinion in terms of the advantages and the substantial correctness of the conditions involved.

In the absence of at least three unrelated, independent directors present, the Internal Control Committee's role as far as concerns transactions of greater importance with related parties may be carried out by the Statutory Auditors' Board.

In cases where even just one of the Statutory Auditors has an interest in the transaction, the independent Directors and/or unrelated Statutory Auditors shall appoint an independent expert in the negotiation and initial application stage, within the maximum expenses limit set by the Board of Directors on a time-to-time basis for each individual transaction, so that this independent expert may express his/her opinion on the advantages and on the substantial correctness of the relevant conditions.

Together with the information necessary for the adoption of the resolution, which must be complete, suitable and provided at least two days before the date set for the Board Meeting, the Board of Directors must also receive, with the same advance notice, the information drawn up as per Enclosure 4 of the "Regulations on related party transactions". The Board of Directors approves the content and authorises disclosure as per article 5 of said Consob Regulations, assessing, on a time-to-time basis, if there are homogeneous transactions or transactions carried out with a single intention which, while not individually qualifying as transactions of greater importance, exceed the thresholds of significance when taken all together.

Further regulations are valid, where applicable (for example, on the recording of the Board of Directors' Minutes) and are described in the section on the management of "Transactions of lesser importance".

5.4 TRANSACTIONS OF LESSER IMPORTANCE (definition)

TRANSACTIONS OF LESSER IMPORTANCE (definition)

Transactions of lesser importance with related parties are those other than transactions of greater importance and any transactions involving insignificant amounts (at the moment, within the scope of the present Procedure, no “transactions of insignificant amounts” have been identified).

5.4.1 TRANSACTIONS OF LESSER IMPORTANCE (management)

TRANSACTIONS OF LESSER IMPORTANCE (management)

Transactions of lesser importance must be resolved by the Board of Directors according to the following procedure (for any transactions carried out by Subsidiaries, the procedure requires approval to be given by the Parent company):

- obtainment of the Internal Control Committee’s prior non-binding opinion on Banca IFIS’s or its Subsidiary’s interest in carrying out the transaction, as well as its opinion on the advantages and substantial correctness of the relevant conditions;
- should it consider it useful or fitting to do so, the Internal Control Committee may ask assistance from one or more independent experts of its choice at the company’s expense (complying with the maximum limit, set on a time-to-time basis by the Board of Directors, for each individual transaction);
- the information necessary for an opinion to be expressed and a resolution to be passed must be complete, suitable and provided at least two days before the date set for the Meeting, to both the Board of Directors and the Internal Control Committee; specifically, these bodies receive complete and suitable documentation on:
 - the identity of the related party and the nature of the relationship itself;
 - a detailed description of the characteristics, methods, terms and conditions, including financial ones, of the transaction;
 - the methods by which the transaction will be executed;
 - the assessment carried out;
 - the interest and the underlying reasons for carrying out the transaction and the risks for the Bank (or Subsidiary);where the conditions of the transaction are defined as being equivalent to market or standard conditions, the documentation prepared must contain verifiable evidence;
- where at least two unrelated, independent Directors are not present, prior opinion may also be given by Board of Statutory Auditors. Where all Statutory Auditors have an invested interest, the prior opinion may also be given by a single independent Director, even if they are not a member of the Internal Control Committee;
- the minutes of the resolutions approving the transaction must indicate suitable justification for the company’s interest in carrying out the transaction as well as the advantages and substantial correctness of the relevant conditions.

Exhaustive information on the execution of transactions, together with or within the financial statements (separate and consolidated Annual reports, Half-year reports, interim reports), must be provided to the Board of Directors and the Board of Statutory Auditors, without prejudice to the transparency obligations towards the public concerning transactions approved despite a negative opinion by the Internal Control Committee, as per article 7 of the “Regulations on related party transactions”.

6 OBLIGATIONS OF BANKING OFFICERS

OBLIGATIONS OF BANKING OFFICERS

Banca IFIS S.p.A.'s corporate officers (Directors, Statutory Auditors and the General Manager) may not contract obligations of any kind or enter directly or indirectly into purchase or sale agreements with the Bank without a prior resolution adopted unanimously by the Board of Directors and the favourable vote of all the members of the Statutory Auditors' Board. "Unanimity" as referred to in article 136 of the 1993 Banking Law is not conditioned upon the presence of all members of the Board, as long as the minimum number of members necessary to pass resolutions is present, and that all members present vote in favour without any abstentions – except the interested party. As regards approval by the Board of Statutory Auditors, if, for any reason, a Standing Auditor is not present at the Meeting, their approval must be formalized in a written document to be kept on record and included in the minutes of the next meeting.

The same prohibition and formalities to carry out in order to adhere to such prohibitions apply to persons performing Management, Directorship or Statutory Auditor functions at another company belonging to the Banca IFIS Banking Group for obligations contracted and for purchase and sale agreements carried out directly or indirectly with the same company or for financing transactions with other companies belonging to the Banca IFIS Banking Group. In this case, transaction execution is also subject to the Parent company's consent. Such consent must be given by Banca IFIS's Board of Directors.

Lastly, these prohibitions and the formalities to carry out in order to respect such prohibitions also apply to the counterparties indicated by the corporate officers of Banca IFIS and of the other Banca IFIS Banking Group companies, as per paragraph 2-*bis* of article 136 of the 1993 Banking Law (Subsidiaries controlled by corporate officer or in which the corporate officer carries out Management, Directorship or Statutory Auditor functions as well as companies controlled by them or that control them), as in facsimile attached to the present Procedure (Enclosure 3).

In addition, insofar as they are applicable, the main instructions included in the "Supervisory instructions for Banks" also apply (Point II, Chapter 3) for assessment of matters relating to the obligations of corporate officers of the Banca IFIS Banking Group.

For transactions with related parties that must be resolved upon through the formalities envisaged by article 136 of Italian Legislative Decree 385/1993 (the 1993 Banking Law), in light of paragraph 5 of article 13 of the "Regulations on related party transactions", the prior opinion of the Internal Control Committee is not necessary.

7 LIMITS TO RISK ASSUMPTION IN TRANSACTIONS WITH CONNECTED PERSONS

LIMITS TO RISK ASSUMPTION

Banca IFIS Banking Group's overall risks towards groups of "connected persons" (a related party and the persons connected to it) must not exceed 20% of the consolidated regulatory capital.

***DISCLOSURE
OBLIGATIONS***

Without prejudice to the provisions of the previous paragraphs of the present Procedure, pursuant to article 154-*ter* of the Consolidated Law on Finance, the Annual and interim Directors' report on continuing operations must include information on:

- a) every single transaction of greater significance carried out in the reporting period;
- b) any other individual transaction carried out with related parties over the reporting period that significantly affected the results or equity position of the Bank and/or the banking group;
- c) any amendments or developments in transactions with related parties described in the previous Annual report that significantly affected the results or equity position of the Bank and/or the banking group in the reporting period.

Information on every single transaction of greater significance may be included by referring to the informational documents required for transactions of greater significance with related parties.

For this purpose, the administrative and accounting procedures stated in article 154-*bis* of the Consolidated Law on Finance aim to achieve consistency with the present Procedure.