



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

17 July 2013

CONTENTS

1.	<i>INTRODUCTION</i>	<i>Page</i>	<i>4</i>
1.1.	<i>LEGAL REFERENCES</i>	<i>Page</i>	<i>4</i>
1.2.	<i>SCOPE OF APPLICATION</i>	<i>Page</i>	<i>4</i>
1.3.	<i>DEFINITIONS</i>	<i>Page</i>	<i>5</i>
1.4.	<i>OBJECTIVES</i>	<i>Page</i>	<i>8</i>
1.5.	<i>SUBSIDIARIES</i>	<i>Page</i>	<i>8</i>
2.	<i>ADOPTING THE PROCEDURE</i>	<i>Page</i>	<i>9</i>
2.1.	<i>THE ROLE OF THE BOARD OF DIRECTORS</i>	<i>Page</i>	<i>9</i>
2.2.	<i>THE ROLE OF THE RISK MANAGEMENT AND INTERNAL CONTROL COMMITTEE</i>	<i>Page</i>	<i>9</i>
2.3.	<i>THE ROLE OF THE BOARD OF STATUTORY AUDITORS</i>	<i>Page</i>	<i>10</i>
3.	<i>DIFFUSION OF THE PROCEDURE</i>	<i>Page</i>	<i>10</i>
4.	<i>REGISTRY OF ASSOCIATED PARTIES</i>	<i>Page</i>	<i>11</i>
4.1.	<i>DATA COMMUNICATION</i>	<i>Page</i>	<i>11</i>
4.2.	<i>DATA MANAGEMENT</i>	<i>Page</i>	<i>11</i>
5.	<i>TRANSACTIONS OF GREATER IMPORTANCE</i>	<i>Page</i>	<i>11</i>

CONTENTS (cont'd)			
5.1.	DEFINITION	<i>Page</i>	11
5.2.	MANAGEMENT	<i>Page</i>	12
6.	TRANSACTIONS OF LESSER IMPORTANCE	<i>Page</i>	12
6.1.	DEFINITION	<i>Page</i>	12
6.2.	MANAGEMENT	<i>Page</i>	13
7.	CASES AND POWER OF EXCLUSION	<i>Page</i>	13
8.	OBLIGATIONS OF CORPORATE OFFICERS	<i>Page</i>	14
9.	LIMITS TO RISK ASSUMPTION IN TRANSACTIONS WITH ASSOCIATED PARTIES	<i>Page</i>	14
10.	DISCLOSURE OBLIGATIONS	<i>Page</i>	15
	ENCLOSURE 1: CERTIFICATION	<i>Page</i>	16
	ENCLOSURE 2: STATEMENT BY RELATED PARTIES AND CONNECTED PERSONS	<i>Page</i>	17
	ENCLOSURE 3: STATEMENT FOR APPLICATION OF ART. 136 OF THE 1993 BANKING LAW (TUB)	<i>Page</i>	18
	ENCLOSURE 4: OPERATIONAL METHODS FOR REGISTRY PURPOSES, SECOND LEVEL CHECKS and REPORTING TO SUPERVISORY BODIES	<i>Page</i>	19
	ENCLOSURE 5: PROCEDURE GOVERNING TRANSACTIONS WITH ASSOCIATED PARTIES (SUBSIDIARIES)	<i>Page</i>	23

1. INTRODUCTION

1.1 LEGAL REFERENCES

LEGAL REFERENCES

The legal framework taken as reference is the following:

- Article 53, Italian Leg. Decree 385 of 1993 (the 1993 Banking Law, hereinafter referred to as "TUB");
- New prudential supervisory provisions for banks referred to in Circular no. 263 dated 27 December 2006, Title V, Chapter V (updated on 12 December 2011) on the subject of "Risk activities and conflicts of interest with Associated Parties" issued by the Bank of Italy (hereinafter referred to as "Bank of Italy's Circular 263");
- Bank of Italy's Circular 155 of 18 December 1991 and thereafter - 'Instructions for preparing reports on regulatory capital and prudential ratios' (from hereon in referred to as Bank of Italy's Circular 155);
- Regulations bearing provisions on the subject of transactions with Related Parties adopted by Consob with Resolution no. 17221 dated 12 March 2010 (as subsequently amended with Resolution no. 17389 dated 23 June 2010) (hereinafter referred to as "Consob Regulations").

The following are also relevant:

- Article 136 of the TUB, which governs the procedure to adopt resolutions on the undertaking of obligations, by the bank or by a subsidiary of the banking group, with the officers of the Bank and of the Group subsidiaries, as well as with other specifically indicated categories of persons;
- Articles 2391 and 2391-bis of the Italian Civil Code, on the subject of Directors' interests and transactions with Related Parties (the second of which is implemented with Consob Regulations).

1.2 SCOPE OF APPLICATION

SCOPE OF APPLICATION

The "Procedure governing transactions with Associated Parties" governs, from a Group's standpoint, the transactions with Related Parties and persons connected to them ("Connected persons") carried out by Banca IFIS S.p.A. (the "Company", the "Bank" or the "Parent Company") directly or through companies controlled by it (the "Subsidiaries" or the "Subsidiary") and/or in any case belonging to the Banca IFIS Banking Group (the "Group").

This is in any event without prejudice to application of art. 136 of the TUB.

1.3 DEFINITIONS

DEFINITIONS

For the purpose of this regulation, the following terms are defined:

RELATED PARTY

- Related Party: the persons listed here below are defined based on the relationships they entertain with the Bank or with a bank or a supervised intermediary belonging to the Group:

1. the corporate officer;
2. the manager with strategic responsibilities;
3. the participant;
4. the person, other than the participant, capable of appointing, by itself, one or more members of the Board of Directors, including on the basis of any pacts entered into in any way or of Articles of Incorporation clauses whose object or effect is the exercise of such rights or powers;
5. a company or undertaking, also set up in a non-corporate form, on which the Bank or a subsidiary of the banking group is capable of exercising control or significant influence;
6. a joint venture in which the Bank is a participant;
7. a supplementary pension fund, collective or individual, Italian or foreign, established for the Bank employees or any other entity associated with it.

NON-FINANCIAL RELATED PARTY

A Related Party that mainly carries out, directly or through a subsidiary, non-financial business as defined within the scope of regulations on shareholdings that can be held by banks and by banking groups. A Related Party is non-financial when activities other than banking, financial and insurance activities exceed 50% of the total of overall activities (reference must be made to the sum of the total assets, of the guarantees granted and of the commitments). The concept also includes the participant and one of the Related Parties referred to in numbers 5 and 6 of the relevant definition, which must be a stock company that can be qualified as a non-financial company pursuant to the referenced regulations concerning shareholdings that can be held.

CONNECTED PERSONS

1. The companies and undertakings also incorporated in a non-corporate form controlled by a Related Party;
2. The persons that control a Related Party indicated under numbers 3 and 4 of the relevant definition, in other words persons subjected, directly or indirectly, to joint control with the same Related Party;
3. Close relatives of a Related Party and the companies and corporate bodies controlled by such relatives.

**ASSOCIATED
PARTIES**

The set consisting of a Related Party and of all bodies connected to it. For application at the individual level, the single banks belonging to a banking group refer to the same perimeter of Associated Parties determined by the parent company for the entire banking group.

CONTROL

Pursuant to article 23 of the TUB: the cases envisaged by article 2359, first and second paragraphs, of the Italian Civil Code; control by contract or by Article of Incorporation clauses whose object or effect is the power to direct and coordinate activities; cases of control in the form of dominant influence.

Control situations also include situations of joint control, meant as the contractually established sharing of control over a business activity. In this case, the controlling parties are considered:

- a) persons that have the opportunity to exercise significant influence over the company's financial and operational decisions of a strategic nature¹;
- b) other persons capable of influencing company management based on the shareholdings held, agreements stipulated in any form, and Articles of Incorporation clauses, whose object or effect is the possibility to exercise such control.

Control is relevant even when it is exercised indirectly, through subsidiaries, trust companies, bodies or intermediaries. Companies and undertakings controlled by entities which are in turn subject to joint control are not considered indirectly controlled.

**SIGNIFICANT
INFLUENCE**

Significant influence is the power to participate in the determination of financial and operational policies of a subsidiary company without having control of it.

Significant influence is presumed where a person owns a shareholding, direct or indirect, equal to or greater than 20 percent of the share capital or of the voting rights in the Ordinary Shareholders' Meeting or in another equivalent body of the participated company, or 10 percent in the case of a company with shares listed on regulated markets.

Should a person own a shareholding below the aforementioned limits, specific checks must be carried out in order to ascertain the existence of significant influence at least at the occurrence of the following indexes and taking into account any other significant circumstance:

- i) being represented in the body with a management function or in the body with a strategic supervision function of the participated company; the only fact of expressing the component in representation of the minority according to the provisions of regulations of issuers of shares listed on regulated markets does not represent in itself an index of significant influence;
- ii) participating in decisions of a strategic nature of a company, especially when a person is equipped with determinant voting rights in the Shareholders' Meetings' decisions on the subject of financial statements, allocation of profits, distribution of reserves, without there being a situation of joint control;
- iii) the existence of significant transactions – meaning “transactions of greater importance” as defined in section 5 below of the procedure – the exchange of managerial personnel or the provision of essential technical information.

Significant influence exists even when it is exercised indirectly, through subsidiaries, trust companies, bodies or intermediaries.

Companies held by entities which are in turn subjected to joint control are not considered as being indirectly subjected to significant influence.

¹ This situation takes place, for example, where there are two or more persons each one having the power to prevent the adoption of financial and operational decisions of a strategic nature of the subsidiary, by exercising a right of veto or by effect of the quorums for decisions taken by corporate bodies.

<i>CORPORATE OFFICERS</i>	Persons who carry out administration, direction and control functions at a bank, at a financial parent company or at a supervised intermediary. This definition includes, in particular, directors and auditors; it also includes the General Manager and those who hold offices entailing the exercise of functions equivalent to those of a General Manager.
<i>MANAGER WITH STRATEGIC RESPONSIBILITIES</i>	A Director, a Statutory Auditor or the General Manager (“corporate officers”) or any other key personnel believed by the Board of Directors, on a time-to-time basis, to have been entrusted with strategic responsibilities according to the company’s organisational configuration, provided that the favourable opinion of the Parent Company has been obtained.
<i>PARTICIPANT</i>	The person required to ask for the authorizations referred to in articles 19 and thereafter of the TUB.
<i>CLOSE RELATIVES</i>	Close relatives of an individual are those family members who it is expected may influence, or be influenced by, the Related Party in their dealings with the Bank (or with a Subsidiary). For the purposes of this procedure, these include: a) relatives up to the second degree and the spouse not legally separated or the live-in partner of a Related Party; b) the children and dependants of the Related Party, the spouse not legally separated or the live-in partner.
<i>SUPERVISED INTERMEDIARIES</i>	Investment firms, Italian and foreign asset management companies, electronic money institutions (Imel), financial intermediaries enrolled in the register pursuant to art. 106 of the TUB ² , and payment institutes which are part of a banking group and have an individual regulatory capital accounting for more than 2 percent of the consolidated regulatory capital for the group they belong to.
<i>RISK ACTIVITIES</i>	The net exposures as defined for purposes of regulating risk concentration.
<i>REGULATORY CAPITAL</i>	The aggregate defined for purposes of regulating risk concentration.
<i>INDEPENDENT DIRECTOR</i>	The director who is not a counterparty or Associated Party or holds interests in the transaction pursuant to art. 2391 of the Italian Civil Code, and who possesses at least the requisites of independence established by the Bank’s Articles of Incorporation for the purposes of the provisions on corporate governance.

² Until the date of coming into effect of the implementation regulations of Title V of TUB, as amended by Italian Legislative Decree no. 141 of 2010, reference is made to the special list referred to in article 107 of the aforementioned TUB.

TRANSACTIONS WITH ASSOCIATED PARTIES	<p>The transaction with Associated Parties which entails the assumption of risk activities, transfer of resources, services or obligations, regardless of whether payment is involved, including merger and demerger transactions.</p> <p>The following are not considered transactions with Associated Parties:</p> <ul style="list-style-type: none"> i) those carried out by members of a banking group when a relationship of totalitarian control, including joint control, exists between such members; ii) the fees paid to corporate officers, if compliant with supervisory provisions on the subject of remuneration and incentive systems of banks; iii) transactions involving the infra-group transfer of funds or “collateral” carried out within the scope of liquidity risk management at the consolidated level; iv) transactions to be carried out based on instructions imparted by the Bank of Italy for purposes of stability, or based on instructions issued by the Parent Company for the execution of instructions imparted by the Bank of Italy in the interest of the Group’s stability.
---	---

TRANSACTIONS OF GREATER IMPORTANCE	Please refer to paragraph 5 below.
---	------------------------------------

TRANSACTIONS OF LESSER IMPORTANCE	Transactions with Associated Parties other than those of greater importance.
--	--

ORDINARY TRANSACTION	Transaction with Associated Parties, of lesser importance, falling within the scope of ordinary operations of the bank and concluded at conditions equivalent to market or standard ones (please refer to paragraph 7 below).
-----------------------------	---

1.4 OBJECTIVES

OBJECTIVES	<p>The Procedure is intended to formalize the rules of corporate governance aimed at ensuring compliance by all officers and employees of the Group with the principles of transparency and substantial and procedural correctness when reviewing and approving the aforementioned transactions.</p> <p>When examining each relationship, focus must be placed on the substance and not simply on its legal form.</p>
-------------------	---

1.5 SUBSIDIARIES

SUBSIDIARIES	<p>Subsidiaries apply the “Procedure governing transactions with Associated Parties (Subsidiaries)”, described in Enclosure no. 5.</p> <p>Subsidiaries are sent the “Procedure governing transactions with Associated Parties (Subsidiaries)” and any ensuing amendments by the Parent company by means of a specific Directive and are required to acknowledge this procedure, to put it to their Board for resolution and to implement it.</p> <p>The execution of transactions with Associated Parties by Subsidiaries, excluding the “exemptions” later described, is subordinate to receiving prior approval by the Parent company to which the Subsidiary must send its specific request accompanied by the relative resolution from its Board of</p>
---------------------	---

2 ADOPTING THE PROCEDURE

2.1. THE ROLE OF THE BOARD OF DIRECTORS

THE ROLE OF THE BOARD OF DIRECTORS

The Bank's Board of Directors is responsible for resolutions on the Procedure and its relevant amendments. The Board adopts them after receiving the analytical and justified favourable opinion of a committee of the same Board on the overall suitability of the procedures to achieve the objectives of this regulation. The committee may also be specifically set up and must consist exclusively of independent directors³.

The "Procedure governing transactions with Associated Parties (Parent company)" was adopted by Banca IFIS S.p.A.'s Board of Directors upon having received the opinion of both the Risk Management and Internal Control Committee (where only independent Directors attended the meeting) and the Board of Statutory Auditors.

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

At that time, the Board of Directors permanently assigned to the Risk Management and Internal Control Committee, whose members consist of independent directors only, the responsibility of carrying out the duties listed in paragraph 2.2 below.

The Board of Directors has sole decisional powers for:

- transactions of greater importance, as well as transactions of lesser importance that are not exemptions, described in more detail below;
- the release of approval to execute transactions resolved by the Board of Directors of the Subsidiaries.

2.2. THE ROLE OF INTERNAL CONTROL

THE ROLE OF THE RISK MANAGEMENT AND INTERNAL CONTROL COMMITTEE

The Risk Management and Internal Control Committee, made up of independent Directors only, carries out the following functions:

- expresses its opinion on the periodic assessment (at least every three years), for purpose of reviewing the Procedure, even with regards to the decision as to whether or not any revision is necessary;
- examines the list of Associated Parties at least 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 preliminary stage as well;
- in case of transactions of lesser importance that are not exemptions, as described later, the Committee expresses its preliminary and non-binding opinion.

For transactions with Associated Parties influenced by the management and coordination activity carried out by Banca IFIS in the face of the Group companies, the opinion of the Risk Management and Internal Control Committee provides timely information on the reasons and the advantages of the transaction and, if the case may be, also in light of the overall results of the management and coordination activity carried out, or transactions aiming to entirely eliminate damage resulting from any single transaction with an Associated Party.

³ For purposes of this Procedure, the independence requirements of directors are those specified by the Articles of Incorporation (art. 11).

2.3. THE ROLE OF THE BOARD OF STATUTORY AUDITORS

THE ROLE OF THE BOARD OF STATUTORY AUDITORS

The Bank's Board of Statutory Auditors supervises over compliance with the provisions set out in this Procedure, and comments on it in the Statutory Auditors' Report put to the Shareholders' Meeting pursuant to article 153 of the Consolidated Law on Finance. For the purpose of the provisions of the previous paragraph, the Members of the Board of Directors and of the Board of Statutory Auditors, the General Manager and the Heads of the operational 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.

3. DISTRIBUTING THE PROCEDURE

DIFFUSION OF THE PROCEDURE

A copy of the Procedure (and any following amendments) is:

- sent, by the Corporate Affairs Office, to the Members of the Administration and Control Bodies as well as to the Bank's Managers with strategic responsibilities⁴, together with "Enclosure 1", respectively:
 - ✓ upon accepting the appointment, as regards the Members of Administration and Control Bodies of the Bank;
 - ✓ upon hiring or taking over of the role, as regards the Bank's Managers with strategic responsibilities.

The physical persons listed 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 Office, in order to confirm full acknowledgement and acceptance of the Procedure;

- made available, by the Communications Office, to all investors, by publishing it on the Bank's website, in the Corporate Governance 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 no. 5 "Procedure governing transactions with Associated Parties (Subsidiaries)" only, sent by the Corporate Affairs Office to the Subsidiaries together with the applicable directive.

⁴ Upon approval of this "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 ASSOCIATED 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 persons of the Subsidiaries shall send to the Bank's Corporate Affairs Office the declarations required by the Procedure, according to the fac-simile form shown in Enclosure 2 and 3 (the latter need only to be completed by corporate officers), so that the Associated Parties of the Banca IFIS S.p.A. Banking Group may be correctly registered and the relative "databases" 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 have occurred since the last declarations were presented.

4.2 DATA MANAGEMENT

DATA MANAGEMENT

The Bank's Corporate Affairs Office handles the editing, updating and filing of the list of Associated Parties. The Operating Office takes care of updating the registry files. The operational methods are described in Enclosure no. 4.

Every six months, the Corporate Affairs Office sends the updated list to the Risk Management and 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 Office will confirm this fact both to the Risk Management and Internal Control Committee and to the Operating Office.

5 TRANSACTIONS OF GREATER IMPORTANCE

5.1 DEFINITION

TRANSACTIONS OF GREATER IMPORTANCE (definition)

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

- a) **Equivalent-value relevance ratio:** ratio between the equivalent value of the transaction and the regulatory capital taken from the most recently published balance sheet (consolidated, if drawn up);
- b) **Asset relevance ratio:** ratio between the total assets of the entity involved in the transaction and the Bank's total assets⁵. The data to be used must be taken from the Bank's most recently published balance sheet (consolidated, if drawn up); if possible, similar data must be used to determine the total assets of the entity involved in the transaction;
- c) **Liabilities relevance ratio:** ratio between the total liabilities of the purchased entity and the Bank's total assets. The data to be used must be taken from the Bank's most recently published balance sheet (consolidated, if drawn up); if possible, similar data must be used to determine the total liabilities of the purchased company or company branch.

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".

In case of homogeneous transactions or transactions carried out to execute a common project, performed during the course of the period with the

⁵ The assets must include "off-balance sheet" entries.

same Associated Party, the Bank accumulates their value for the purpose of calculating the relevance threshold.

When calculating the aforementioned indexes, the detail criteria established in Enclosure B of Bank of Italy's Circular 263 and in Enclosure 3 of Consob Regulations also applies.

5.2 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 Risk Management and Internal Control Committee (independent unrelated Directors only) is involved in the negotiation and preliminary stage as well, receiving complete and timely information, having the right to ask for further information and giving its opinion to the bodies and proxies involved in these stages.

The Board of Directors may approve transactions of greater importance with Associated Parties provided it has received the Risk Management and Internal Control Committee's positive opinion in terms of the company's interest to carry out the transaction as well as on the convenience and substantial correctness of the relevant conditions.

In the absence of at least three unrelated independent directors, the duties are carried out individually by the sole independent director or jointly where there are two directors.

Together with the information necessary for the adoption of the deliberation, which must be provided in a complete and suitable way 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 informational document drawn up as per Enclosure 4 of the "Regulations on Related Party transactions". The Board of Directors approves the contents and authorises their 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 common project, which, while not individually qualifying as transactions of greater importance, when taken all together, exceed the relevance thresholds.

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

6. TRANSACTIONS OF LESSER IMPORTANCE

6.1 DEFINITION

TRANSACTIONS OF LESSER IMPORTANCE (definition)

Transactions with Associated Parties that are not considered transactions of greater importance.

**TRANSACTIONS OF
LESSER IMPORTANCE
(management)**

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

- Obtainment in advance of the Risk Management and Internal Control Committee's 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 opportune to do so, the Risk Management and Internal Control Committee may ask assistance from one or more independent experts of its choice at the company's expense (respecting the maximum limit for individual transactions set on a time-to-time basis by the Board of Directors).
- The information necessary for an opinion to be expressed and a resolution to be passed must be provided in a complete and suitable way at least two days before the date set for the Board Meeting, to both the Board of Directors and the Risk Management and Internal Control Committee; specifically, these bodies receive complete and suitable information and documentation on:
 - the identity of the Related Party and the nature of the relation 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 procedure 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, the prior opinion may also be given by the 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 Risk Management and Internal Control Committee.
- The minutes of the resolutions approving the transaction must contain suitable justification in terms of the opportunity and economic convenience for the Bank to carry out the transaction and the reasons for any deviations, in terms of economic-contractual conditions and of other profiles typical of the transaction, compared to standard or market ones; elements suited to supporting such justification must be contained in the documentation that accompanies the resolution.

Exhaustive information on the execution of transactions must be provided to the Board of Directors and the Board of Statutory Auditors, together with or within the financial reports (financial statements and annual report, half-year reports, interim reports), without prejudice to the transparency obligations towards the public concerning transactions approved despite a negative opinion by the Risk Management and Internal Control Committee, as per article 7 of the "Consob Regulations".

**CASES AND POWER OF
EXCLUSION**

With reference to the Parent Company, the following ordinary transactions concluded at conditions equivalent to market or standard ones are exempt from this procedure:

- 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 average conditions applied to customers for each product; however, subject to application of the "Procedure" are the active transactions (financing,

granting of guarantees and similar) for overall amounts exceeding 500,000 Euro per individual Related Party;

- 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, corporate results and/or completeness and correctness of information, including financial information, diffused by the Bank. Management shall keep adequate evidence of a documental nature on the methods and conditions used to execute the transactions, including financial conditions, in order to ensure full transparency and verifiability.

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

- transactions to be carried out based on instructions imparted by Supervisory Authorities for the purpose of stability;
- resolutions of Board of Directors' or Shareholders' Meetings on the subject of remuneration of directors and managers with strategic responsibilities, provided they are consistent with the remuneration policies provided by the Parent Company and approved by the Shareholders' Meeting.

8 OBLIGATIONS OF CORPORATE OFFICERS

OBLIGATIONS OF CORPORATE 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 with the favourable vote of all the members of the Board of Statutory Auditors. "Unanimity", as referred to in article 136 of the TUB 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 – obviously except the one of the interested party. As regards approval by the Board of Statutory Auditors, if, for any reason, any Standing Auditor is not present at the Meeting, his/her approval must be formalized in a written document to be kept on record and included in the minutes of the next meeting.

Furthermore, insofar as they are applicable, the main instructions included in the "Supervisory instructions for Banks" also apply (Title 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 (TUB), in light of paragraph 5 of article 13 of the "Regulations on Related Party transactions", the prior opinion of the Risk Management and Internal Control Committee is not necessary.

9 LIMITS TO RISK ASSUMPTION IN TRANSACTIONS WITH ASSOCIATED PARTIES

LIMITS TO RISK ASSUMPTION

The assumption of risk in the face of Associated Parties must be kept within the limits specified in Section II, Title V, Chapter V, of Bank of Italy's Circular 263, referred to consolidated regulatory capital or, in case of banks which do not belong to any group, to the individual 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 importance carried out in the reporting period;
- b) any other individual transaction carried out with Associated 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 Associated Parties described in the last 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 importance may be included by referring to the informational documents required for transactions of greater importance with Associated 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.