



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

1 December 2010

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1. PREAMBLE

1.1 APPLICATION SCOPE AND OBJECTIVES

APPLICATION SCOPE 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 deliberated as per art. 136 of Italian Legislative Decree n. 385 of 1 September 1993.

The Procedure has the purpose of formalising corporate governance regulations that aim to ensure that all corporate officers and employees of the Banca IFIS Banking Group adhere to standards of transparency and substantial and procedural fairness when assessing and approving the previously mentioned transactions.

When examining each related party relationship, 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' 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 Directors.

1.2 LEGAL REFERENCES

LEGAL REFERENCES

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

- International Accounting Standard no. 24 - Related party disclosures (approved with Commission Regulation -EU- no. 632/2010 of 19 July 2010, which will be in force as from 1 January 2011);
- Article 2391 of the Italian Civil Code (Directors' interests);
- Consob's 'Regulations containing provisions relating to transactions with related parties' introduced with Resolution n. 17221 of 12 March 2010 as modified by Resolution no. 17389 of 23 June 2010 (from here on in referred to simply as the 'Regulation on related party transactions');
- Consob communication DEM/10078683 of 24 September 2010 concerning 'Instructions and orientation for the implementation of the Regulation on related party transactions adopted with Resolution no. 17221 of 12 March 2010 as subsequently amended';
- Consob's Resolution 15519/2006 and Communication 6064293/2006 on financial statements;

- Criteria 9C1 of the Corporate Governance Code for listed companies approved by the Corporate Governance Committee of the Italian Stock Exchange;
- Resolution of the Credit and Savings Committee (CICR) no. 277 of 29 July 2008;
- Articles 53 (Regulatory supervision) and 136 (Obligations of banks' corporate officers) of Italian Legislative Decree 385/1993 (The 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 in the face of connected persons', to be introduced in implementation of CICR Resolution of 29 July 2008, which the Bank of Italy has made available for consultation for 90 days as from 4 May 2010 were taken into account.

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';
- Resolution no. 217 of 27 July 2008 of the CICR.

The definitions concerning 'transactions with related parties' are reported in paragraph no. 5.

1.3.1 RELATED PARTIES

RELATED PARTIES

A party is considered as related to Banca IFIS (and/or to a Subsidiary) if the 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 (key management personnel) in Banca IFIS (or the Subsidiary);
- e) is a close relative to one of the parties described in point (a) or (d);
- f) is an entity in which one of the parties described in point (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 applying the regulation, 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 nominate at least one member of Banca IFIS's Board of Directors, even if thanks to an agreement or clauses contained in the Articles of Incorporation.

1.3.2 PERSONS CONNECTED TO RELATED PARTIES

PERSONS CONNECTED TO RELATED PARTIES	<p>Persons connected to related parties are:</p> <ul style="list-style-type: none">a) Companies and entities controlled, directly or indirectly, by a related party;b) Parties who control, directly or indirectly, one of the related parties described in point 1. and 2. of the section "related parties" above or are subject, directly or indirectly, to common control by the same;c) Close relatives to the related party and the companies and entities controlled by these relatives.
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1.3.3 CONNECTED PERSONS: RELATED PARTIES AND PARTIES CONNECTED TO THEM

CONNECTED PERSONS	<p>'Connected persons' are considered a 'related party' and the collection of 'persons connected to them'.</p>
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1.3.4 OTHER DEFINITIONS (useful for application of the Procedure)

1.3.4.1 CONTROL AND JOINT CONTROL

CONTROL AND JOINT CONTROL	<p>Control is the power to govern the financial and operating 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:</p> <ul style="list-style-type: none">(a) control of more than half of the voting rights by virtue of agreement with other investors;(b) the power to govern the financial and operating policies of the entity under a statute or agreement;(c) the power to appoint or remove the majority of the members of the Board of Directors or equivalent body of corporate governance, and control of the entity is held by that board or body;(d) the power to cast the majority of the voting rights at meetings of the Board of Directors or equivalent body for corporate governance, and control of the entity is held by that board or body. <p>Joint control is the contractually agreed sharing of control over any business activity.</p>
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1.3.4.2 SIGNIFICANT INFLUENCE

SIGNIFICANT INFLUENCE	<p>Significant influence is the power to participate in the determination of financial and operating policies of an entity without having control. Significant influence may be gained through share ownership, clauses in the Articles of Incorporation or agreements.</p> <p>If a person owns, directly or indirectly (e.g. through Subsidiaries), 20% or more of the voting power in the Subsidiary's Shareholders' Meeting, he/she is presumed to have significant influence, unless it can be clearly demonstrated otherwise. Conversely, if the person owns, directly or</p>
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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 preclude 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 decision making, including participation in decisions on dividends or other distribution of profits;
- (c) The presence of significant transactions between the investor and the investee;
- (d) 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 the present Procedure, these include:

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

1.3.4.4 SUBSIDIARIES

SUBSIDIARIES

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 COMPANIES

ASSOCIATED COMPANIES

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 ADOPTION OF THE PROCEDURE

2.1. THE ROLE OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS

In compliance with the 'Regulation on related party transactions', deliberations 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, as far as concerns 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 that are not exemptions, described in more detail later;
- The release of approval to execute transactions resolved by the Board of Directors of the Subsidiaries.

2.2. THE ROLE OF THE INTERNAL CONTROL COMMITTEE

THE ROLE OF THE INTERNAL CONTROL COMMITTEE

The Internal Control Committee, as far as concerns independent Directors, carries out the following functions:

- Expresses 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;
- Studies the list of related parties on a half-yearly basis also in order to resolve any interpretational uncertainty;
- In cases of transactions of greater importance, the Committee is involved in the negotiational and initial application stage as well;
- In cases of transactions of lesser importance that are not exemptions, described later, the Committee expresses its prior but non-binding opinion.

For transactions with related parties influenced by the management and coordination activities carried out by Banca IFIS in the face of companies of the Group, the opinion of the Internal Control Committee provides timely information on the reasons behind and the advantages of the transaction and, if the case, also in the light of the overall results of the management and coordination activities carried out or in the light of transactions aiming to entirely eliminate damage resulting from a transaction with the related party.

¹ The requisite of independence of Directors adopted for the purpose of the present Procedure is that stated in the Articles of Incorporation (article 11).

2.3. THE ROLE OF THE BOARD OF STATUTORY AUDITORS

THE BOARD OF STATUTORY AUDITORS

The Bank's Board of Statutory Auditors supervises over compliance with the provisions set out in the present Procedure and reports 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 that stated in the first line of the previous paragraph, the Members of the Board of Directors, the Members of the Board of Statutory Auditors, the General Manager and the Heads of the operational offices and departments of the Bank and its Subsidiaries, inform the Board of Statutory Auditors, without delay, of any violation of the present Procedure they learn of during execution of their daily duties.

Furthermore, the Board of Statutory Auditors can replace the Internal Control Committee, in the cases described later, in the preparation of transactions.

3. **DIFFUSION OF THE PROCEDURE**

DIFFUSION OF THE PROCEDURE

A copy of the Procedure (and any ensuing amendments) are:

- Sent, by the General Secretary's Office, 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 nomination, as far as regards Members of the Board of Directors and the Board of Statutory Auditors of the Bank;
 - ✓ Upon employment or the taking up of the role for Managers with strategic responsibilities.The physical persons above who have received a copy of such document are required to complete, sign and return 'Enclosure 1' to the General Secretary's Office, in order to ensure full acknowledgement and acceptance of the Procedure.
- Made available, by the General Secretary's Office, to all investors by publishing it on the Bank's website in the Investor Relations section. The obligation to publish this Procedure in the Annual report prepared by the Bank, even if only by referring investors to the site, as per article 2391-bis of the Italian Civil Code, remains firm. Taking into consideration their 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 General Secretary's Office 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 DECLARATIONS

DECLARATIONS

The Members of the Board of Directors and the Board of Statutory Auditors, the General Manager and Managers with strategic responsibilities of the Bank and any similar Body or party in the Subsidiaries must send the General Secretary's Office of the Bank the declarations foreseen by the Procedure, according to the facsimili shown in Enclosure 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 relative 'databank' 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 closure of the half year, it will be automatically understood, for the purpose of periodic checks, that no changes have occurred since the last declarations were presented.

4.2 MANAGEMENT OF DATA PROVIDED

THE GENERAL SECRETARY'S OFFICE AND THE OPERATING OFFICE

The General Secretary's Office of the Bank 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. On a half-yearly basis, the General Secretary's Office sends the updated list to the Internal Control Committee for the fulfilment of the applicable obligations and to the Operating Office. Should no variations have taken place since the last half-year, the General Secretary's Office gives explicit confirmation 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 the 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 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 exempted from the present Procedure:

- Shareholders' Meeting resolutions and Statutory Auditors' Board resolutions stated in the first (remuneration for Board members and Statutory Auditors) and fourth (transactions carried out based on instructions from Supervisory Authorities) paragraphs of article 13 of the 'Regulation on related party transactions';
- Equity-based compensation plans approved by the Shareholders' Meeting pursuant to Article 114-bis of the Consolidated Law on Finance and its enactment regulations;
- Resolutions other than those indicated in point 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 From the products or services side, the sale by the Bank of products or services that are described in the Information Sheets provided to clients in compliance with transparency laws on banking and financial transactions and services, provided this sale is 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 From the purchase or sale side, the purchase or sale of goods and/or services necessary for the Bank to operate, as well as the purchase of services amounting to no more than 50,000 Euro per each individual expenses order, provided these are at market conditions.

The transactions shown 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, diffused by the Bank.

Management will keep adequate evidence of a documentational nature on the methods used to execute the transactions and on the conditions, including financial conditions, involved so as to be fully transparent and verifiable.

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 exempted from the present Procedure:

- Transactions carried out based on instructions from Supervisory Authorities;
- 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 indices, applied according to the specific transaction involved, exceeds 5%:

- Equivalent-value relevance ratio:** is the ratio between the counter 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.
- Asset relevance ratio:** is the 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 recent published balance sheet.
- Liabilities relevance ratio:** is the 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 recent published balance sheet.

Where possible, the data used to calculate the indices must be chronologically homogenous and the calculations themselves 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 'Regulation 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 (only independent unrelated Directors) 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 giving their 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 they have received the Internal Control Committee's opinion in terms of the advantages and the substantial correctness of the conditions involved.

Should there not be at least three unrelated, independent directors present, the Internal Control Committee's role as far as concern transactions of greater importance with related parties may be carried out by the Statutory Auditors' Board.

In cases where any Statutory Auditor, even if only one, has an interest in the transaction, the independent Directors and/or unrelated Statutory Auditors will involve 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 the substantial correctness of the conditions involved.
 Together with the information necessary for the deliberation of the transaction 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, two days in advance, the information drawn up as per Enclosure 4 of the 'Regulation on related party transactions'. The Board of Directors will approve the contents and authorise disclosure as per article 5 of said regulation, assessing, on a time-to-time basis, if transactions are homogeneous or carried out with a single intention and, while not individually qualifying as transactions of greater importance, exceed, when considered cumulatively, the thresholds of significance. 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 that are not transactions of greater importance and any transactions involving insignificant amounts (at the moment, under 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 deliberated 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 in advance of the 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 in terms of the advantages and the substantial correctness of the conditions involved.
- The Internal Control Committee, if it considers it useful or opportune to do so, may ask assistance from one or more independent experts of its choice at the company's expense (respecting 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 should receive complete and suitable documentation on:
 - the identity of the related party and the nature of the relation itself;
 - a detailed description of the characteristics, type, terms and conditions, including financial, of the transaction;
 - the operational methods involved in the transaction;
 - the assessment carried out;
 - the Bank's (or Subsidiary's) interest in carrying out the transaction and the underlying reasons and risks involved;
 where the conditions of the transaction are defined as being equivalent to market or standard conditions, the documentation prepared must contain verifiable evidence.
- Where there are not at least two unrelated, independent Directors present, the prior opinion may also be given the Statutory Auditors' Board. Where all the Statutory Auditors have an invested interest, the prior opinion may also be given by a single independent Director even if not a member of the Internal Control Committee.
- The minutes of the resolution approving the transaction must give suitable justification for the company's interest in carrying out the

transaction as well as the advantages and substantial correctness of the conditions involved.

- Exhaustive information on the execution of transactions, together with or within 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 or, transparency obligations in the face of public and concerning transactions approved despite a negative opinion by the Internal Control Committee as per article 7 of the 'Regulation on related party transactions' remaining firm.

**OBLIGATIONS OF
BANKS' 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 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 conditional on 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 by the interested party.

As regards approval by the Board of Statutory Auditors, if, for any reason, a Standing Auditor is not present in the Meeting, his/her approval must be put down on paper which must be recorded and included in the minutes of the next meeting.

The same prohibitions and formalities to carry out in order to adhere to such prohibitions apply to persons performing a Management, Directorship or Statutory Auditor's role in another company belonging to the Banca IFIS Banking Group for obligations contracted and for purchase or sale agreements carried out directly or indirectly with the same company or for financing transactions with other companies of the Banca IFIS Banking Group. In this case, execution of the transaction is subordinate to approval being given by the Parent company, specifically by Banca IFIS's Board of Directors.

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

In addition, to the extent that 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 using the formalities foreseen by article 136 of Italian Legislative Decree 385/1993 (the 1993 Banking Law), in the light of paragraph 5 of article 13 of the 'Regulations on related party transactions', the opinion of the Internal Control Committee in advance is not necessary.

7 LIMITS TO RISK ASSUMPTION IN TRANSACTIONS WITH CONNECTED PERSONS

**LIMITS TO RISK
ASSUMPTION**

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

**DISCLOSURE
OBLIGATIONS**

That stated in previous paragraphs of the present Procedure remaining firm, as per 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 transactions 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.

The information on every single transaction of greater importance may be included by making reference to the informational documents foreseen for transactions of greater importance 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.