

## REPORT ON THE IMPLEMENTATION OF POLICY ON ARMAMENTS TO 31.12.2009

### 1. Introduction

On 25<sup>th</sup> September 2007 UBI Banca launched a special policy on Group operations in the armaments sector. Instructions for implementation were then sent to all Group banks and companies in December of that year and were subsequently updated in August 2008, following a revision, amongst other things, of the list of blacklisted countries.

### 2. Transactions performed in 2009

Transactions subject to Law No. 185/1990

The total for existing authorisations at the end of the year amounted to 1.251 million euro compared to 200 million euro at the end of 2008 (+524,9%), while the amount for payment transactions performed during the year increased from 51 million euro to 135 million euro (+166,4%).

*Export authorisations granted in 2009*

BANK	Amounts		
	Number of transactions	Amount in euro	Percentage
BANCO DI BRESCIA	21	1.229.603.517	98,3%
BANCA POPOLARE COMMERCIO E INDUSTRIA	3	19.072.962	1,5%
BANCO DI SAN GIORGIO	5	2.462.017	0,2%
<b>Total</b>	<b>29</b>	<b>1.251.138.496</b>	<b>100,0%</b>

*Collection transactions performed in 2009*

BANK	Amounts		
	Number of transactions	Amount in euro	Percentage
BANCO DI BRESCIA	170	128.254.345	94,8%
BANCO DI SAN GIORGIO	33	5.667.870	4,2%
BANCA POPOLARE COMMERCIO E INDUSTRIA	26	1.299.080	1,0%
<b>Total</b>	<b>229</b>	<b>135.221.295</b>	<b>100,0%</b>

The transactions related exclusively to Banco di Brescia, Banco di San Giorgio and Banca Popolare Commercio e Industria. All transactions were performed in full compliance with Group policy with no exception made.

*Export authorisations granted in 2009 by country of destination*

COUNTRY	Data		
	Number of transactions	Amount in euro	Percentage
GERMANY	3	357.933.864	28,6%
FRANCE	2	338.715.520	27,1%
NETHERLANDS	3	308.503.986	24,7%
SPAIN	3	167.456.600	13,4%
NORWAY	1	34.513.237	2,8%
ESTONIA	3	25.152.598	2,0%
GREECE	1	10.000.000	0,8%
NEW ZEALAND	1	6.000.000	0,5%
U.S.A.	3	2.265.425	0,2%
BELGIUM	6	266.674	0,0%
UNITED ARAB EMIRATES	2	196.592	0,0%
FINLAND	1	134.000	0,0%
<b>Total</b>	<b>29</b>	<b>1.251.138.496</b>	<b>100,0%</b>

Transactions with government counterparties accounted for 99,7% of the authorisations.

*Collection transactions performed in 2009 by country of destination*

COUNTRY	Amounts		
	Number of transactions	Amount in euro	Percentage
FRANCE	34	33.901.482	25,1%
UNITED ARAB EMIRATES	24	24.255.912	17,9%
AUSTRALIA	44	20.160.226	14,9%
NETHERLANDS	5	17.629.200	13,0%
GERMANY	24	13.167.509	9,7%
ESTONIA	1	7.986.231	5,9%
BELGIUM	23	6.949.272	5,1%
SPAIN	3	3.289.557	2,4%
NEW ZEALAND	2	2.549.402	1,9%
MEXICO	6	1.152.910	0,9%
NORWAY	2	1.140.000	0,8%
JAPAN	1	945.106	0,7%
FINLAND	1	894.662	0,7%
U.S.A.	27	618.803	0,5%
BRAZIL	24	288.557	0,2%
INDIA (Group B blacklisted country)*	5	207.769	0,2%
GREECE	1	52.200	0,0%
TURKEY	2	32.497	0,0%
<b>Total</b>	<b>229</b>	<b>135.221.295</b>	<b>100,0%</b>

Only one transaction related to a country blacklisted under the policy, but it regarded the final part of an authorisation granted before the policy came into force.

*2009 authorisations by type of weapon*

TYPE	Data		
	Number of transactions	Amount in euro	Percentage
Aircraft (components, spare parts, equipment, repairs and work)	10	919.483.337	73,5%
Unarmed aircraft	3	274.245.586	21,9%
Weapons and automatic weapons with calibre equal to or less than 12,7 mm (components, spare parts, equipment, repairs and work)	7	40.525.074	3,2%
Aircraft	2	13.572.962	1,1%
Unarmed aircraft (components, spare parts, equipment, repairs and work)	5	2.462.017	0,2%
Forged pieces, cast pieces and semi-finished products (components, spare parts, equipment, repairs and work)	1	715.520	0,1%
Weapons and automatic weapons with calibre equal to or less than 12,7 mm	1	134.000	0,0%
<b>Total</b>	<b>29</b>	<b>1.251.138.496</b>	<b>100,0%</b>

95,6% of the transactions related to the supply of components, spare parts, equipment and work for aircraft and the supply of aircraft. Of these 23% related to unarmed aircraft. The proportions of the financial transactions reflect those of the authorisations.

Transactions not subject to Law No. 185/1990 (light arms)

Monitoring commenced in 2008 of financial transactions relating to international trade transactions in light arms, which was already performed at Banco di Brescia. Transactions amounting to 2,1 million euro were recorded, none of which destined to countries blacklisted under the policy. Business in 2009 amounted to 2,7 million euro (+28,6%).

*Transactions for exports performed in 2009*

COUNTRY	Amounts		
	Number of transactions	Amount in euro	Percentage
U.S.A.	18	1.800.018	66,2%
GERMANY	25	547.930	20,1%
TURKEY	8	152.095	5,6%
SPAIN	5	57.597	2,1%
AUSTRIA	1	37.800	1,4%
CZECH REPUBLIC	2	35.376	1,3%
GREECE	2	28.107	1,0%
FINLAND	1	24.340	0,9%
NORWAY	1	24.119	0,9%
NEW ZEALAND	2	4.735	0,2%
FRANCE	1	2.418	0,1%
SWITZERLAND	1	1.383	0,1%
SLOVENIA	1	1.118	0,0%
CZECH REPUBLIC	1	1.016	0,0%
GREAT BRITAIN	1	827	0,0%
PORTUGAL	1	477	0,0%
<b>Total</b>	<b>71</b>	<b>2.719.355</b>	<b>100,0%</b>

98,4% of the transactions regarded components, spare parts, equipment, repairs and work for light arms. All the transactions were with private sector industrial counterparties.

### **3. Transactions not performed in 2009 in compliance with Group policy**

Requests for transactions involving countries blacklisted under the policy (e.g. Philippines, Israel, Singapore, Nigeria) were for a non significant amount. In fact after the first year since the policy commenced, customers now no longer make practically any requests which do not meet the requirements for acceptance.

Banco di Brescia declined three transactions for a total amount of 7,15 million euro because they related to exports to blacklisted countries (Algeria, Arabia Saudita, China).

### **4. Other information and objectives for 2010**

An amendment to the armaments policy was made in 2009, which made a greater distinction between export and import transactions and between business within the meaning of Law No. 185/1990 and that regarding light arms.

At the same time a periodic review of blacklisted countries was conducted for 2010, which now number 93 as a result of the exclusion of nine countries (Kyrgyzstan, Libya, Montenegro, Nicaragua, Qatar, Tunisia, Uruguay, Venezuela, Zambia) and the inclusion of six new countries (Congo, Djibouti, Kazakhstan, Occupied Palestinian Territories, Paraguay and South Africa).