

Relations with personnel

We are committed to the application of the principles set out in the ILO (International Labour Organisation) conventions on which local and national standards are based in all our Group member companies. Our policies and processes for the selection and management of personnel comply with these principles and those of the Global Compact protection of labour because we believe that each individual person is a distinctive resource of values, skills and abilities which we must be able to recognise and value in order to translate Group objectives into personal, team and corporate results.

Personnel numbers

**19,616 [-294]
Employees¹**

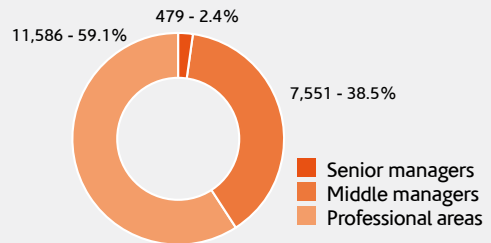
99.0% [+1.5pp] permanent

*36.7% [+1.2pp] women
12,866 [-450] commercial
network with 89.5%
in the Retail Market*

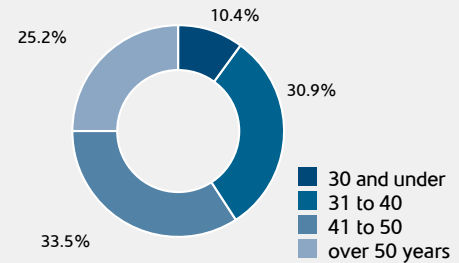
**87 [-286]
External workers on
personnel leasing contracts**

**54 [-20]
Job experience
(internships)**

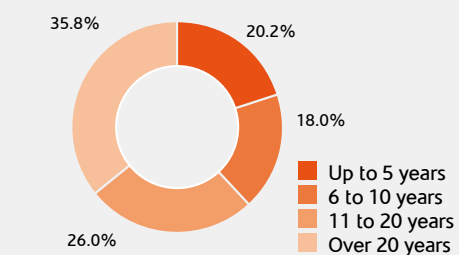
Employees by rank



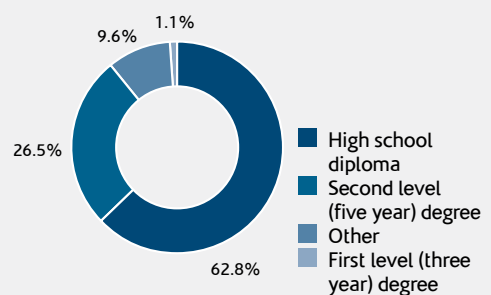
Age (average 43 years)



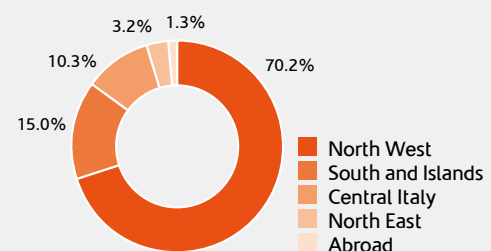
Length of service (average 17 years)



Educational qualifications



Geographical distribution (workplace)



¹ Employees on the payroll. Actual employees in service numbered 19,612.

704 [+26] Appointments

41.6% [+14.8pp] permanent

45.5% [-0.7pp] women

New appointments are usually of young people starting their first job. Recruitment is normally on temporary contracts (temporary employee and personnel leasing contracts) and involves training and testing for the progressive acquisition of the skills required for their roles. Over the last three years the Integration Business Plan has pursued the goal of optimising personnel numbers and transforming the temporary contracts of personnel recruited in recent years into permanent contracts, with a significant slowdown in new appointments. New appointments in 2010 included four senior managers, of which one in Piedmont and three abroad.

1,056 [+159] Personnel leaving

23.4% [-14.4pp] women

53.6% [+31.2pp] retirements

23.7% [-3.6pp] voluntarily leaving

18.8% [-27.9pp] end of contract

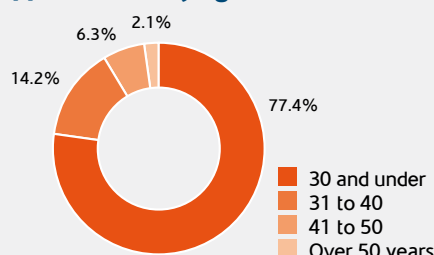
2.2% [+1.1pp] dismissals

The 23 dismissals included nine for just cause, one for justified reasons and thirteen for reductions in personnel numbers performed by Banque de Dépôts et de Gestion, as part of a reorganisation plan made necessary by changes in market conditions. The plan to reduce personnel numbers was performed in full compliance with Swiss labour laws and the bank provided outplacement services to each redundant employee designed to help them to find a new job. All the employees dismissed have already found new jobs.

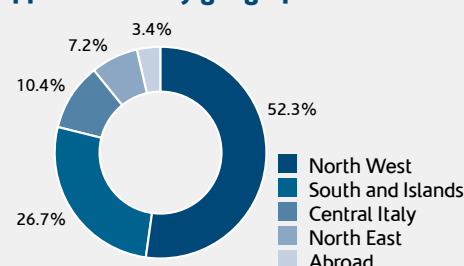
5.3% Turnover²

² Number of employees leaving employment during the year as a percentage of personnel employed at the beginning of the year.

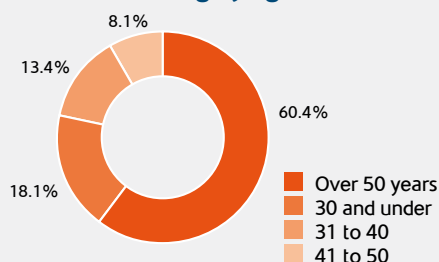
Appointments by age



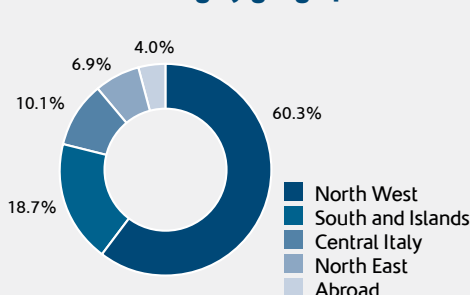
Appointments by geographical area



Personnel leaving by age



Personnel leaving by geographical area



Selection process

Selection activities are performed centrally by the Parent. Each stage in the process is performed according to the criteria of transparency, independent judgement, fairness and respect for the personal details of candidates without any discrimination. Candidates are assessed on the basis of their education, work experience, motivation and personal capabilities in relation to the position applied for. We inform candidates of the training and career paths they may follow within the Group and of the opportunities, procedures and timing of the selection process.

In 2010 we received almost 28,000 CVs (more than 6,000 less than in 2009), of which over 50% from women and we examined almost 2,300 applications (approximately 2,000 less than in 2009).

Particular attention was paid to initiatives in schools and universities (e.g. career days) where we offer young people the opportunity to acquire experience in the field appropriate to their training programmes, with 121 job experience internships during the year at the Parent and in the product companies.

Management and development

In order to diffuse a culture of personnel management that is compliant with and guarantees those principles of fairness, consistency, uniformity and meritocracy which guide us in our everyday business, we use management and development tools in all the main Group member companies that have been developed over the years and that are periodically updated and aligned with strategic decisions and policies set at Group level. They consist of the following:

- **roles**, to identify professionalism in companies in terms of skills, autonomy and relations within a given organisational context;
- **skill assessment**, to recognise and develop personal capabilities and knowledge through appropriate training programmes. Participation in this process in 2010 included an interview between workers and managers and covered 95.1% of the 18,504 employees involved;
- **performance assessment**, to recognise and guide the contribution of each person to the achievement of corporate objectives. Performance sheets were compiled in 2010 for 97.6% of the 18,216 employees involved;
- **measurement of potential**, to assess a person's ability to pursue a path to positions of increasing complexity in a career promotion path;
- **position weighting**, used to define the organisational complexity of management positions in all the principal companies in the Group, in order to assist in the definition of career promotion paths;
- **growth tables and career paths**, the former to select people ready in the short or medium term to fill determined key positions and the latter to identify a succession of roles in the distribution network which will allow progressive acquisition of the skills required

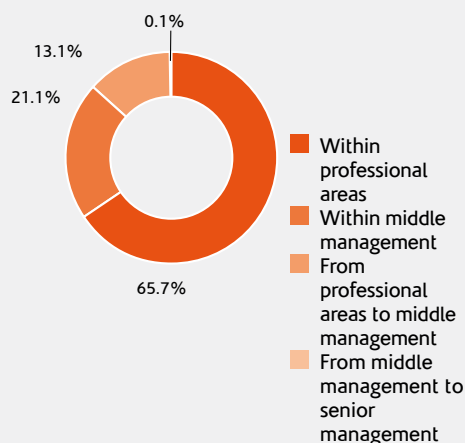
to fill increasingly more complex positions;

- **employee relationship management (ERM)**, a pool of all information on employees, which allows human resource managers to focus activity on a single person and to act in a more proactive manner and more rapidly. This new tool was rolled out at the Parent, the network banks and UBI Sistemi e Servizi in 2010.

Career progressions

Total career progressions numbered 1,685 in 2010 (Less than 16.8% compared to 2009), with a large reduction in promotions to higher levels, especial from middle to senior management.

Career progressions



Mobility

We paid great attention to containing geographical mobility for individuals and the possible negative repercussions on working conditions due to retraining and role changes in action taken relating to Group integration processes (in accordance with the principles of the Trade Union Memorandum of Intent for the 2007-2010 Integration Business Plan of 14th August 2007) and in action designed to improve efficiency and productivity by containing personnel costs.

Geographical mobility affects almost 25% of employees, in terms of working in a different province to that in which they are resident³. Intragroup mobility is managed as an opportunity for the occupational growth and enhancement of individuals, by assigning employees with new duties consistent with their qualifications, experience, potential and aptitudes.

Intragroup transfers numbered 641 in 2010 (110 more than in 2009). We employed agreed upon action to achieve a series of transfers of key human resources, which enabled us to enhance the personnel involved and at the same time create a climate of participation and a standardisation of procedures and practices across companies.

Disciplinary measures⁴

A total of 135 disciplinary measures were adopted during the year (46 less than in 2009) due mainly to operational irregularities and negligence of various kinds: 99 verbal or written reprimands, 29 suspensions from work and salary (from one to ten days) and seven dismissals for just cause (undue appropriation of funds).

Litigation⁴

During the year 170 legal cases were initiated (+86 compared to 2009), while 60 were concluded.

At the end of 2010, 226 cases were in progress (41 more than in 2009), including those for which rulings were reached in the last two years but for which the time limit for appeals has not yet expired. The majority of them (88) concern applications made jointly by groups of former employees for the recognition of contributions paid to supplementary company pension and health assistance funds as valid for defined

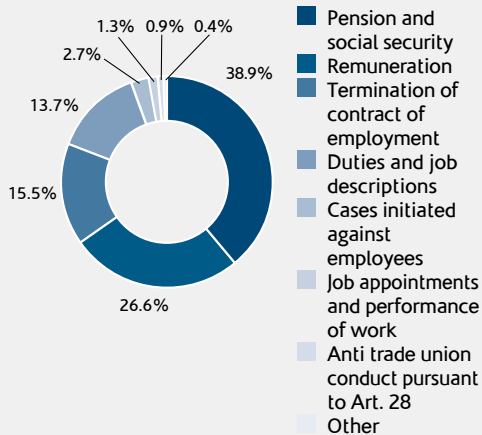
pension contribution plans, which, however, were excluded under the provisions of the relative national labour contract. On the basis of information provided by the General Management of the Parent, these cases are gradually moving towards an agreed settlement. However, the judges seem to have accepted the principle advanced by the Bank (a principle of great importance also for the whole banking industry).

Remuneration and incentives

Recent changes in the economic scenario and the increasingly greater attention paid by public opinion to matters concerning remuneration in the financial sector have led to an acceleration of a general review of existing policies and practices, which was started by the Supervisory Authority. The objective is to move towards a system which is more in line with the interests of all stakeholders and in line with the medium and long-term strategies of companies. In this context, in March 2010 the Supervisory Board of UBI Banca approved a Group Remuneration and incentives policy based on the following principles:

- activation and measurement based on indicators which reflect the profitability of the bank over time, adjusted for current and future risks, for the cost of equity and the liquidity employed;
 - consistency of the total amount of variable remuneration with the maintenance of an adequate level of capitalisation for the risks assumed;
 - symmetry of rewards with respect to the results achieved with significant reductions (even to zero) if performance is below forecasts or negative;
 - assessment of the overall results of the Bank or the Group, of the business unit a person belongs to and, where possible, of the results of the individual;
 - deferred payment for an appropriate period of time, for a substantial proportion of the remuneration of those roles of particular importance to Group profits and risk;
 - any remuneration for the early termination of employment contracts is linked to the performance achieved and the risks assumed.
- Objectives were set in the definition of Group incentive schemes which, in compliance with the requirements of objectivity and immediate measurement, were consistent with the rules of prudent risk management, with long term strategies and interests (including sustainable growth, ethics, uniformity, personnel development, skills acquired), with the effectiveness and permanence of the results and with the objective of ensuring integrity in customer relationships and compliance with regulations and the law.

Litigation in progress



³The figures relate to 98% of employees.

⁴The figures relate to 91% of employees.

In addition to profit objectives, adjusted for actual or expected losses (e.g. operating losses and impairment losses on loans) or volume of business objectives expressed in terms of totals without reference to individual products, non financial objectives are also set, related amongst other things to monitoring risk ex-ante (e.g. performing positions past due for longer than 60 days, MiFID advice, net customer flows) and customer satisfaction objectives (using the continuous monitoring of the "Consultation Project).

All employees are informed of the mechanisms by which incentive schemes function. In order to assist with this we produced a video accessible on the Group intranet.

Variable remuneration

Since, on the basis of the conditions set for qualification, the incentive scheme was not activated in 2010, total variable remuneration accounted for 1.54% of total personnel expense recognised in the income statement, compared to 4.2% in 2009.

Training⁵

In our view continuous training is a key success factor not only for the professional enhancement of personnel and for the introduction of new operational models, processes and systems, but also to assist in the development of corporate identity and culture through the diffusion of Group values and strategies.

**95,011 [-4.254]
Training days⁶**

5.2 [-0.2] average days per employee

18.136 [-55] employees who participated in at least one training activity

99% [unchanged] network bank personnel who participated in at least one training activity

6.1 [-0,2] average days per network bank employee

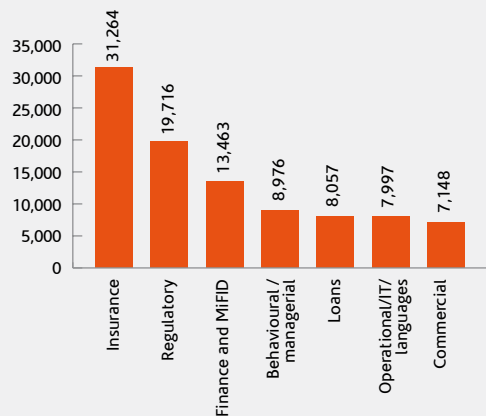
2.8% [-0,1pp] of training days

Training is performed by Group bank and company personnel, who have qualified to perform classroom training in the in house School for Instructors, and by professional instructors from reputable specialist companies with which arrangements have been established.

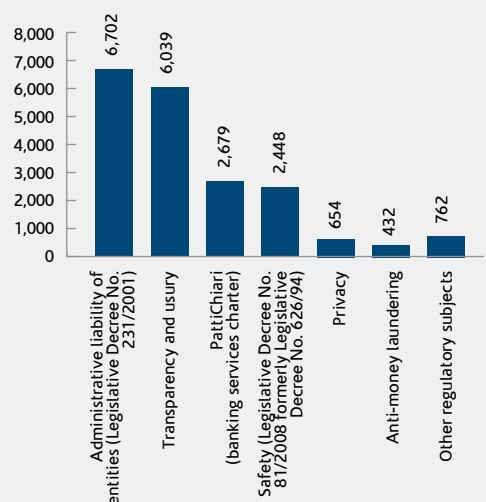
⁵ The figures relate to 96% of employees.

⁶ Exclusive of 1,610 training days provided by internal instructors

Training by subject areas (number of days)



Details of regulatory training (number of days)



I.S.E.O. Summer School



Twelve young members of Group personnel received a UBI Banca study scholarship to participate – together with students from 139 universities in 60 nations – in the 2010 edition of the I.S.E.O. summer school. This edition, held by the Nobel prize winners Robert Solow, George Akerlof and Michel Spence, was dedicated to the new architecture of markets and to emerging and developing economies in the wake of the international crisis.

The overall training supply, which may be consulted in a special catalogue, accessible on the corporate intranet, includes the following:

- **training programmes for specific roles:** these consist of a sequence of courses and periods of job experience to allow the abilities required for the role filled or to be filled within the organisation to be acquired, developed and strengthened both from the viewpoint of technical knowledge and relationship and behavioural skills. Different programmes are employed for distribution network units, central units, new recruits and personnel involved in professional retraining schemes. Compulsory qualifying courses are provided with a final examination for positions of particular responsibility (e.g. branch manager) to be completed before the appointment is made;

- **specific training activity:** specific training is also provided designed to meet the needs of particular segments of Group personnel and to support the introduction of organisational strategies and changes, changes produced by regulatory developments and the more significant innovations in products, instruments and processes.

A total of over 441,000 training days were delivered in the period 2007-2010, 11% more than that planned under the Business Plan. In 2010 we continued with training activity designed to improve the professional skills of roles in the distribution network, with a focus on personnel with management responsibilities for business activities and primarily on branch managers. Roles with greater responsibilities were required to participate in a Group managerial training programme which consisted of involvement in intercompany events designed to encourage exchange of information with others in different professional fields. A training initiative for female Group personnel was provided on the subject of "diversity management".

Finally, all Group personnel may freely make use of remote training facilities for courses in IT literacy and the English language.

An assessment questionnaire must be completed for all training activities, whether classroom or remote, and a learning questionnaire must be compiled for technical and occupational courses, which assesses acquisition of the contents and successful completion of the course.

Internal communication

With internal communication we seek to strengthen dialogue with personnel in order to increase cohesion and a sense of belonging, to ensure constant dissemination of information (including news of strategies and changes in progress) and to direct behaviour towards shared objectives.

Intranet

The corporate intranet constitutes the main tool for internal communication and it is at the centre of an evolving project which is designed to make communication more interactive and direct. Employees have access to most of the corporate documentation they use in their work through the corporate intranet.

In 2010 we produced videos to increase transparency in the bank-employee relationship, to simplify information on regulatory aspects, to support commercial activity and to facilitate the understanding of incentive mechanisms.

In order to provide information on the main issues addressed during the Shareholders' Meeting of UBI Banca held on 24th April 2010, we produced an electronic magazine containing brief interviews given before and after the meeting and an overview of the macroeconomic scenario and the outlook for the Group.

yoUBI

The two monthly periodical yoUBI provides personnel with information and develops corporate culture. It is printed on ecological paper with great care taken over the graphics and is used to inform all personnel of the main developments in the history of the Group. We try to provide food for thought through interviews with important external personalities and informal spaces in which to share leisure time experiences or to put forward subjects for discussion. In addition to this the supplement to yoUBI, UBI News, is dedicated to network bank activities and the other supplement yoUBI New Time to maintaining relations with retired personnel, while Noi Docenti UBI is a four monthly periodical which provides information for members of the School for Instructors and to keep them up-to-date.

Events

Events are organised to encourage informal meetings and direct exchange of information between and with the senior management of companies and the Group and they are useful during delicate periods of change and the implementation of important projects.

79% [+1pp]
Degree of satisfaction with training
(compared to an objective level of 69%)

Diversity and equal opportunities⁷

While no official policy has been set on this issue, we have been committed for some time to guaranteeing equal opportunities and valuing diversity. In addition to offering a wide choice of alternative working hours, we have supplementary company labour agreements which allow greater use of part-time work and leave than that guaranteed by law.

133,382 [-1,848] Days of leave

67.4% [+2.0pp] for maternity and childcare

13.1% [+1.6pp] to assist disabled family members

Female personnel returning from maternity leave normally have access to part-time work and receive refresher courses to return to their position. Moreover, in some towns and cities where the need has arisen, children's nurseries have been provided at the work place for some years now.

1,440 [+48] Part-time contracts

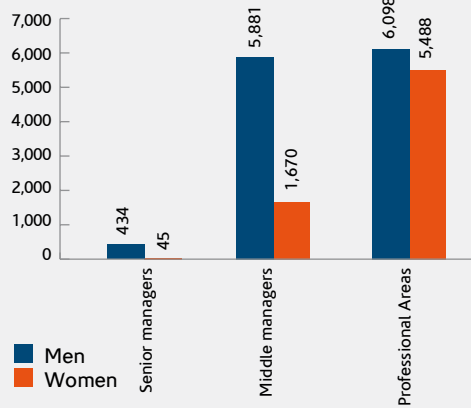
7.3% [+0.3pp] of employees

95.1% [+0.4pp] of female personnel

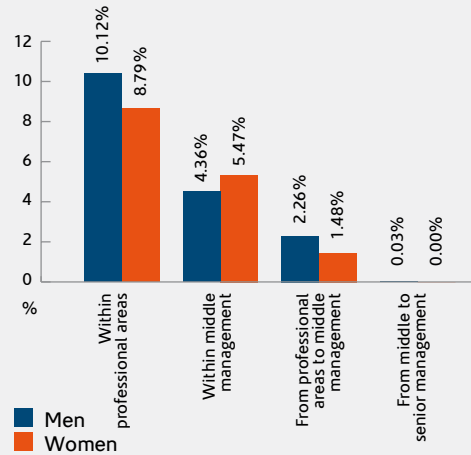
Male and female levels of average gross annual salaries came progressively closer between 2009 and 2010: the ratio of female to male salaries is 90.3% for senior managers, 88.2% for middle managers and 92.7% for professional areas. The remaining difference is due in part to the higher frequency of part time workers among female personnel.

As concerns protected categories, we comply with regulatory obligations throughout the year, using the instruments made available by the legislation in force. We seek to provide disabled persons with the best opportunities for integration at work. At the end of 2010 we had 860 disabled employees (+4 compared to 2009), accounting for 4.4% of total employees, 28 refugees (-4) and 305 persons belonging to other protected categories (-12).

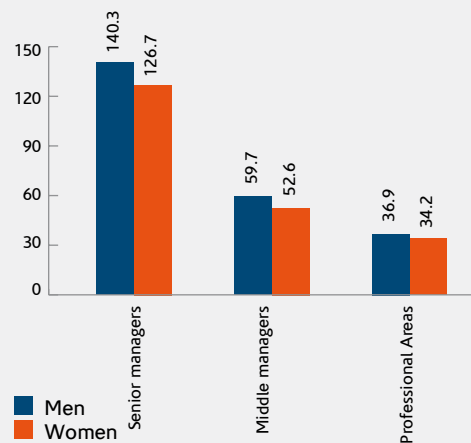
Employees by gender



Career progressions



Average gross salary (thousands of euro)



⁷ The figures relate to 98% of employees, with exception of the data on employees by gender and on career progression which relate to the entire Group.

Trade union relations

Complete freedom of association and membership of trade unions is guaranteed for all Group employees and they are all covered by collective bargaining procedures. There are 9 trade union organisations in the Group to which 83.1% of personnel belong (this data relates to 91% of employees). All trade union organisations operate freely without restrictions and the Group makes adequate operational means available to them to conduct trade union activities. Our trade union relations policy is based on respect for the procedures set out in the Banking National Labour Contract and on the search for agreement, where possible, with all the different unions through transparent, concrete and continuous dialogue even beyond the minimum required by institutional procedures. More specifically, for substantial changes in organisational structure, we ensure full compliance with the procedures set out in the Banking National Labour Contract which sets a minimum period of 45 days for negotiations with trade union organisations.

Trade union activity⁸

Trade union activity was intense in 2010, due mainly to the completion of Group integration according to the 2007-2010 Business Plan, to the refinement and optimisation of the branch networks of some of the network banks and to improvements in efficiency and productivity through rigorous containment of costs and the search for solutions which will ensure fair and sustainable working conditions for personnel.

130 [-10]

Trade union meetings

520 [-80] estimated hours of meetings

219,383 [+62,996] hours of leave for trade union activities

On 26th November 2010 an agreement was signed – a “memorandum on climate” – the result of wide ranging consideration of issues relating to the best use of human resources and their centrality and enhancement as a key factor for the development and success of the Group. The agreement was centred on respect for human dignity through an adequate system of guarantees regarding working conditions and how work is organised.

No strikes relating to company disputes occurred during the year, while there were 11,705 hours of strikes relating to national disputes.

Health and safety

The Prevention and Protection Service

of the Parent is responsible for health and safety at the workplace for the entire Group, by setting standard regulations for risk assessment, internal procedures, training programmes and management of relations with safety doctors.

In order to prevent risks from arising at the source, we have adopted and implemented a management and organisational system for health and safety with a set of functions which ensure technical responsibilities and powers are in place to verify, assess, manage and control risk. Where required by legislation each employee is associated on the basis of risk assessment procedures with a type of exposure to risk with the subsequent scheduling of the necessary medical appointments.

Attention was focused in 2010 on the issue of work related stress, which led to the formulation of criteria to identify and acquire corporate data to assess it. The assessment process will be completed in 2011 in close co-operation with safety doctors and with the involvement of a significant sample of employees.

The issue of mobbing – which differs from work-related stress because it is distinguished by the will to harm and is therefore similar to violence, harassment and discrimination – is not addressed in the context of risk assessment, because it is not considered a standard work-related risk and also because human resource management policies ensure that behaviour is consistent with and observant of fundamental individual and worker rights and the right to dignity and personal respect for all.

Respect for privacy is scrupulously observed in all activities performed to implement health and safety policies at the workplace.

Prevention activities⁹

We performed 678 medical visits in 2010 (-284 compared to 2009), 318 on site inspections and monitoring of environments (-278), 26 evacuation drills (-7) and 6,659 technical interventions to reduce risks (+1,938). We provided training to 2,518 employees and post robbery assistance to 31 employees (-12 compared to 2009). An e-learning course will be made available to personnel who use PCs in 2011 with useful information concerning correct posture and the best way of using the instrumentation.

Illnesses and accidents¹⁰

Again in 2010 Group data on occupational accidents and illnesses reflected that for the insurance and banking sectors, in the lowest class for the absolute danger, frequency and seriousness of accidents.

Absences from work for illness, amounting to 128,176 days (-7,379 compared to 2009), accounted for 13.3% of total absences.

⁸ The data relates to 91% of employees.

⁹ The data relates to 95% of employees.

¹⁰ The data relates to 98% of employees.

Robbery risk

Since one of the risk factors for the safety of personnel is the risk of robbery, we have adopted automatic systems for cash management, which have helped to substantially reduce the number of robberies performed (-31.3% compared to 2009). In 2010 we found an increase compared to recent years in the phenomenon of robberies performed with personnel taken hostage (while waiting for safes controlled by timers to open) with a consequent increase in stress levels.

Therefore in addition to increasing post-robbery psychological assistance (in terms of the number of psychologists available to personnel) and to the classroom training programme furnished by specialist psychologists, online training facilities will be introduced in 2011, which simulate the real dynamics of the different types of robbery and as a result of their very interactive nature, they provide personnel with a useful means of learning the correct behaviour to employ on those occasions.

Social security

Depending on the companies to which they belong, Group employees can benefit from supplementary forms of pension and health care, insurance policies covering death or permanent disablement, gifts on important occasions such as marriages, births and adoptions, high school and university graduation, scholarship grants for children, paid leave to care for disabled family members, the emergency hospitalisation of family members, the birth or adoption of children and when they start nursery schooling. We also make extra payments to single income families or those with disabled members.

Services

Services include not only company crèches, but also eight company cultural and recreational clubs, holiday accommodation facilities at tourist locations (available to personnel and their families under special terms) and shuttle bus services provided for travel to and from work.

Favourable terms and conditions are granted on charges and commissions for banking services along with loans at special rates for the purchase of homes and automatic credit on easy terms in line with the best market conditions.

Solidarity

We have supported the Clematis Onlus since 2002. It is an association formed by employees and former employees of the former Banca Popolare di Bergamo-Credito Varesino.

The association was formed to give support to the families of employees, whether in service or retired, who have non self sufficient, disabled children.

Accidents

	At work	Travelling to and from work
Events	46	182
Days lost	1,286	5,195
Frequency index ¹	1.83	7.24
Severity index ²	0.05	0.21

¹ Number of accidents per million hours worked
² Number of days lost for every 1.000 hours worked

Robberies and thefts¹

	Number of events	Frequency index ²	Employees involved ³
Thefts (on ATMs)	19	1.0	-
Robberies	88	4.67	264

¹ Data acquired from 1,886 branches
² Number of events every 100 branches
³ Estimated figure



Clematis Onlus
www.clematisonlus.org

The various initiatives of the association also include an insurance convention to provide the disabled children with an annual supplementary, revaluable, income of 12,000 euro payable on the death of both parents, which has been used by 65 families – of which 30 former employees in retirement – for 68 disabled children.

Social security

	Number of places	Average number of users	Costs incurred in euro
Children's nurseries	95	73	349,664
of which at Bergamo	46	38	
Brescia	25	14	
Milan	12	9	
Jesi	12	12	
Mobility (12 coaches)		380	889,094
Company cultural and recreational clubs		24,177	598,491
Supplementary pensions and insurance policies			48,576,646
Study grants and contributions to families			2,977,886
TOTAL			53,391,781