



UBI Community Social Bonds, financial instruments to support important initiatives of social value

18th December 2013

UBI Banca – Retail Area
Guido Cisternino
Non Profit Resp.



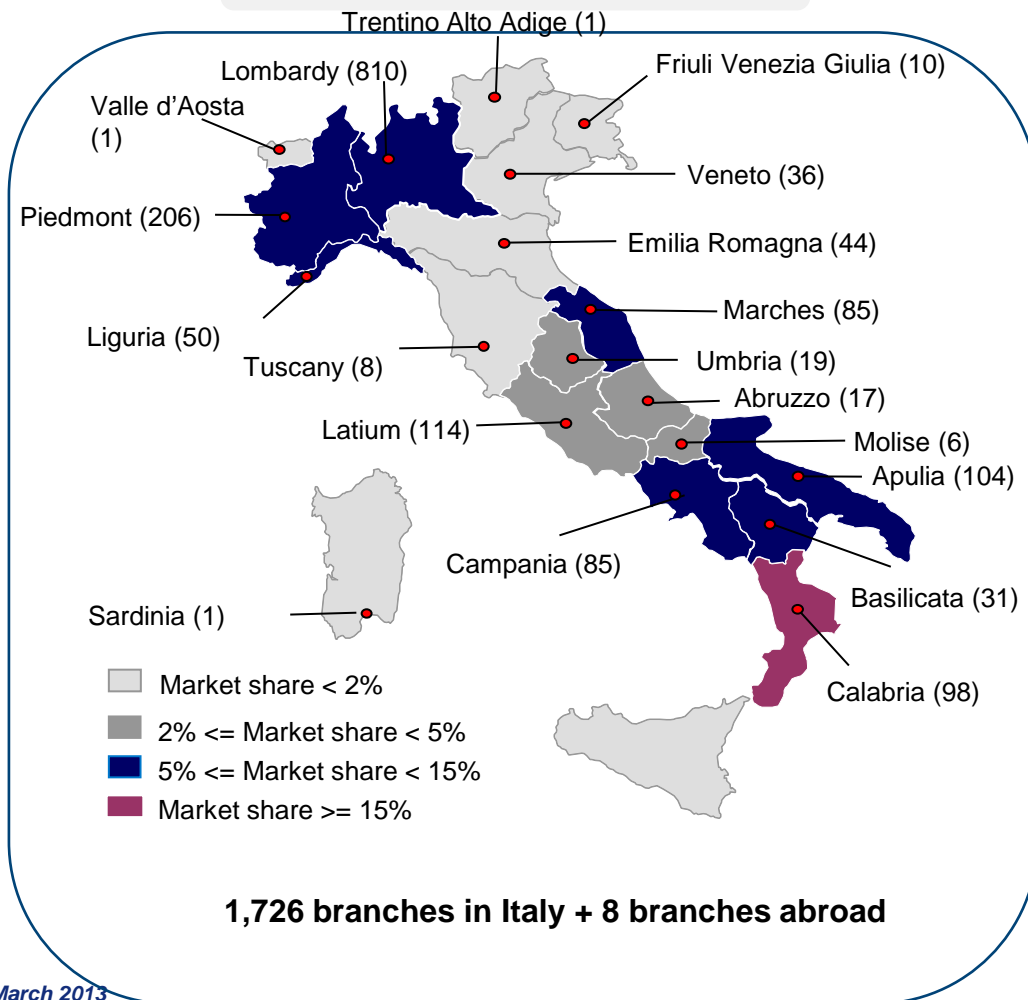
- The UBI Banca Group
- The importance of the non profit sector and the UBI Banca Group approach
- UBI Community Social Bonds: new instruments to support NPOs

The UBI < Banca Group (*):

Strong competitive positioning

- /// **The largest Italian co-operative banking group** by stock market capitalisation
- /// Approximately **3.8m customers**: a **broad retail base** and a significant presence in the **private banking and SME segments**
- /// Loans of €91.3bn
- /// Direct funding of €96.3bn
- /// Sound capital ratios (Core tier 1 ratio: 12.1%, EBA Core tier 1 ratio: 10.8%; Tier 1 ratio 12.7%, Total capital ratio: 18.7%; Common Equity Tier 1 ratio > 10%)
- /// **1,726 branches in Italy + 8 branches abroad**
- /// **National market share of 5.3%**; market share higher than 10% in 15 Italian provinces

A broad regional presence



(* Data as at the 30th June 2013; figures for branches as at the 31st March 2013









Group structure is based on a federal and integrated model: UBI

Banca is a “popular” bank. It is a joint stock co-operative share company, the parent of a federal alliance of primarily retail local banks, with a strong vocation for being close (both physically and in terms of ideals) to families, to SMEs and to local communities

UBI BANCA

performs the functions of strategic policy making, co-ordination, oversight and the centralised supply of services to the network banks (a single IT system, centralised risk management, centralised finance and treasury management, commercial and credit co-ordination, logistics, purchases, online banking, etc.)

8 OPERATIONAL NETWORK BANKS ON THE NATIONAL MARKET

Northern Italy	UBI  Banca Popolare di Bergamo	357 branches
	UBI  Banco di Brescia	322 branches
	UBI  Banca Popolare Commercio & Industria	219 branches
	UBI  Banca Regionale Europea	256+3 branches*
Central Italy	UBI  Banca di Valle Camonica	66 branches
	UBI  Banca Popolare di Ancona	220 branches
Southern Italy	UBI  Banca Carime	255 branches
	UBI  Banca Private Investment	25 branches 661 financial advisers

THE PRINCIPAL PRODUCT COMPANIES

ASSET MANAGEMENT	UBI Pramerica (partnership with Prudential US)
FACTORING	UBI Factor
LEASING	UBI Leasing
BANCASSURANCE NON-LIFE	UBI Assicurazioni (partnership with BNP Paribas/Ageas)
BANCASSURANCE LIFE	Aviva Vita (partnership with Aviva) Aviva Assic. Vita (partnership with Aviva) Lombarda Vita (partnership with Cattolica)
ON LINE TRADING	IW Bank

Data as at the 30th June 2013; (*) foreign branches

➤ The UBI Banca Group

➤ The importance of the non profit sector and the UBI Banca Group approach

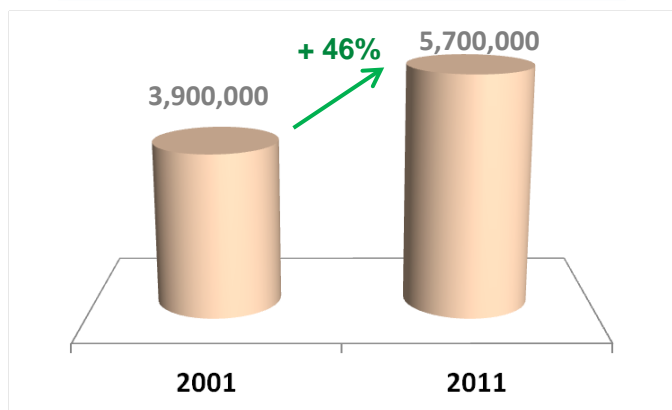
➤ UBI Community Social Bonds: new instruments to support NPOs

The economic and social importance of the Italian nonprofit sector

Nonprofit organisations



Individuals connected with the nonprofit world (volunteers, employees, others)

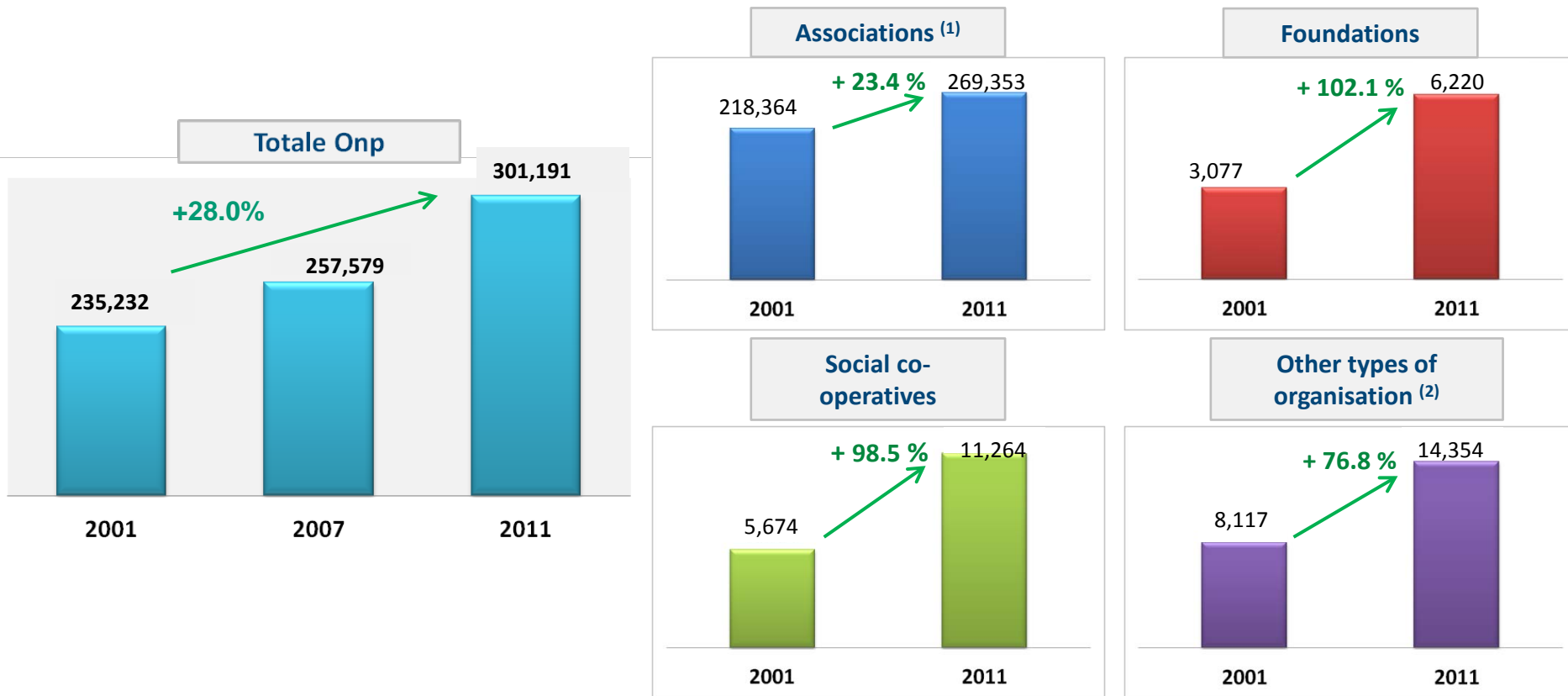


The Non Profit Sector

- > The non profit sector has become a fundamental player in the Italian economy. In part this is due to the transfer of parts of welfare services away from government management and a consequent growing need for finance on the part of Nonprofit Organisations (NPOs), even though at the same time we are seeing a reduction in government funding destined for NPOs and a contraction in the support provided by individuals as a consequence of the economic crisis.
- > It is becoming essential for NPOs to **develop relations with the banking sector**, which is called upon to provide dedicated services and products. For **banks** relationships with NPOs:
 - offer an important return in terms of **ties with local communities**, because of the key function that they perform as social multipliers and aggregators;
 - have become **strategic from a commercial viewpoint**, in consideration of the substantial growth they have undergone in recent years and developments currently in progress

Source: Istat –2011 Census of Industry and services

Nonprofit organisations nationally – trends



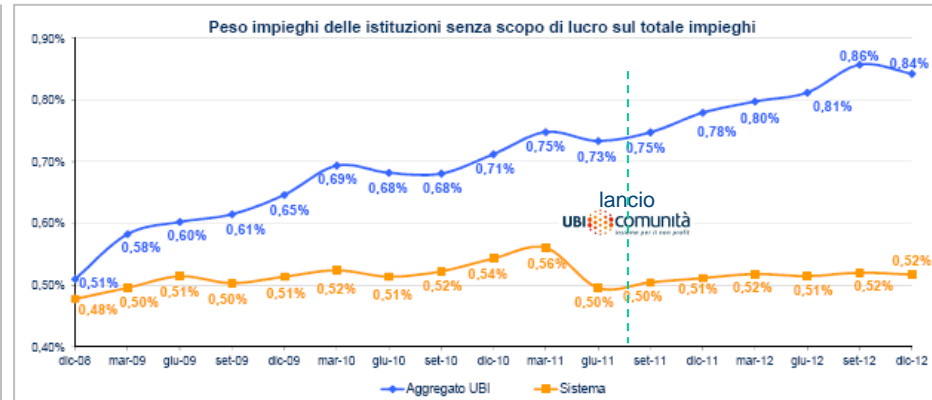
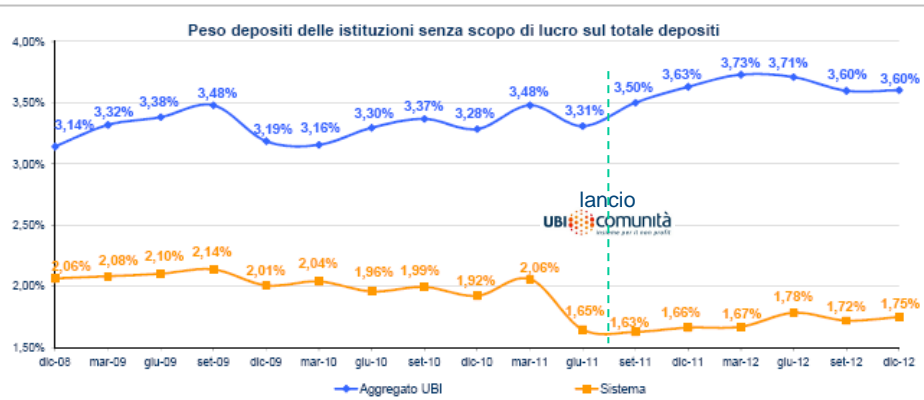
The Istat's (Italian national office for statistics) 9th census of industry, services and the nonprofit sector published in July confirmed the substantial growth of the nonprofit sector in Italy, the only sector which displayed “+” signs for its trends. Two segments in particular show dynamic performance: that with an entrepreneurial orientation (cf. social co-operatives, +98%) and the philanthropy segment (the foundations, +102%), which are becoming increasingly more production oriented.

(1) Of the 269,353 associations, 68.349 are recognised and **201,004 are not recognised** (2) committees, mutual societies and others

Source: Istat –2011 Census of Industry and services

UBI Community: the service model (1 of 2)

Historically the UBI Group maintains a greater share of its deposits from and loans to the non profit sector than that for the banking sector nationally, thanks to a firm market presence in regions where NPOs are more numerous and to strong ties developed over the years.



Source: Studies Area processing of Bank of Italy Account Matrix data (December 2012) – SAE 500 (Church and religious organisations) and 501 (non-commercial organisations)

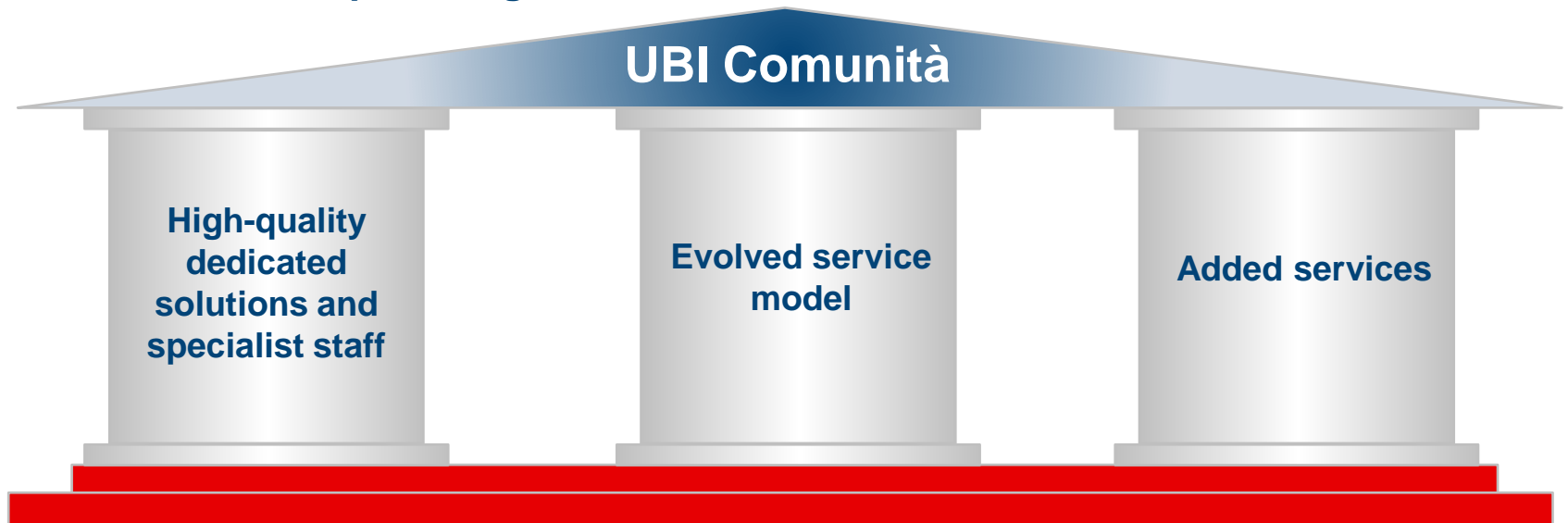
For a retail bank with a community vocation like the UBI Group, relations with the non profit world are strategic from two viewpoints:

- in terms of **development and commercial potential**, in consideration of the sector’s huge growth in recent years
- because it represents an important interpretation of the more general strategy **“fare banca per bene” (to be a good banker)**, through its ability to provide finance at the service of people, in virtue of its ties with local communities and its function as a multiplier and social aggregator

The challenge that has been grasped is to **create social value through the provision of high quality banking products and services** and to create a **dedicated “UBI Community” model of service**, which goes beyond a “general” approach in order to fully respond to the specific needs of this strongly developing segment.

UBI Community: the service model (2 of 2)

In order to fully respond to the specific needs of the non profit strongly developing segment, in the last quarter of 2011, UBI Banca embarked on a policy to support the non profit sector by developing a **distinctive, specialist commercial approach**, which involves the creation of a **platform of services and tools** named **UBI Community dedicated to non profit organisations and church-related institutions**.



- ✓ A dedicated brand
- ✓ Special services and products for NPOs and stakeholders
- ✓ Specialist training for central and branch staff
- ✓ Tools to support customer relationships and to assess NPO credit ratings
- ✓ Detailed database classification for the registration of NPOs
- ✓ Finance and non profit sector Research
- ✓ Services to support NPOs with fundraising (e.g. solidarity credit transfers)
- ✓ Development of schemes to involve employees

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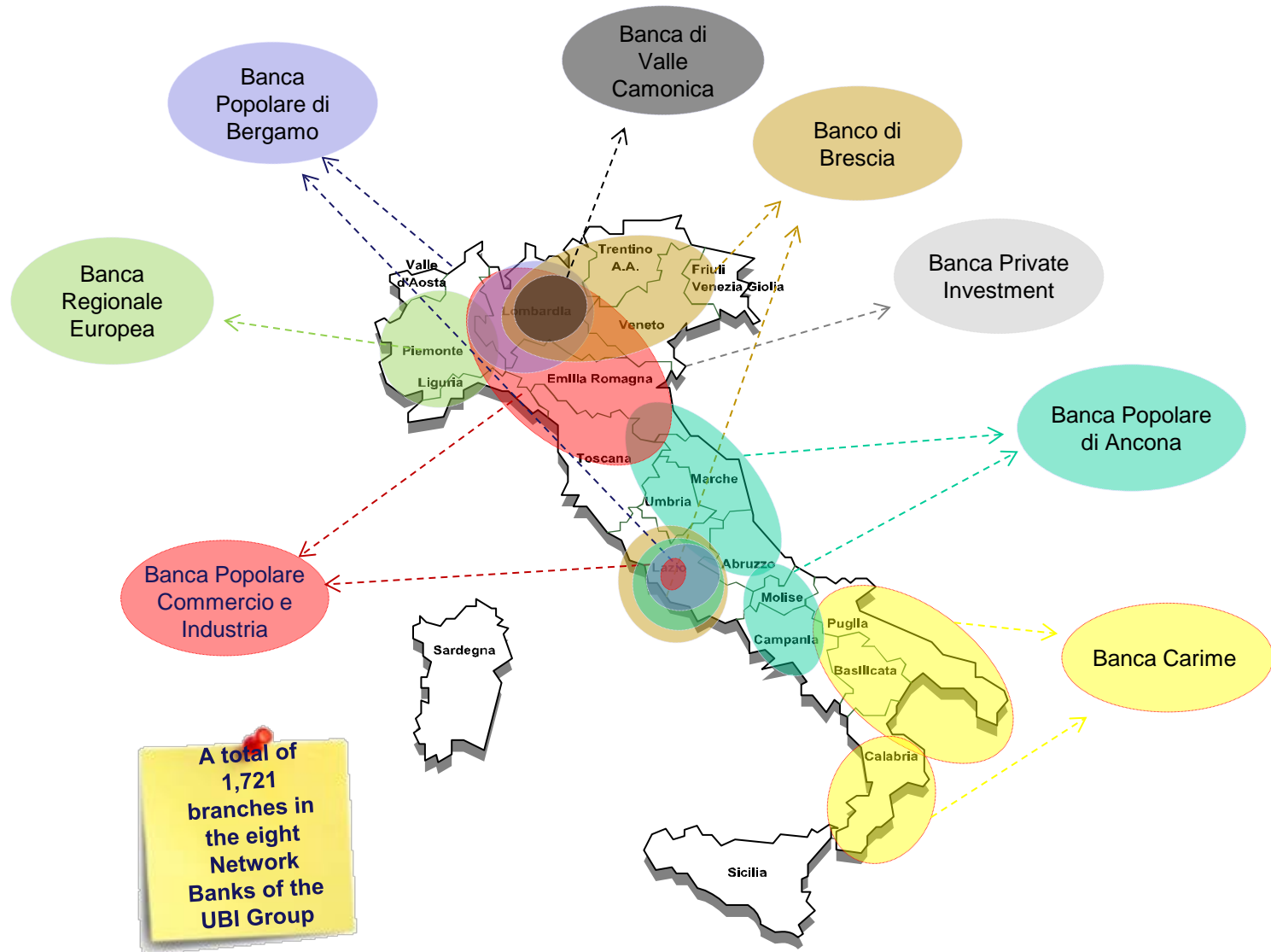
UBI Community Social bonds: what are they?

- ❑ They are **bonds designed to support initiatives of high social value for the community**, issued by UBI Banca or by another Group bank (the former are also listed on the MOT (electronic bond market))
- ❑ **They guarantee subscribers a return on their investment** (comparable to that offered by ordinary investments) and **they allow the bank to use part of the funds obtained to support socially worthy initiatives** (more specifically the bank donates a set proportion of the funding acquired to support those initiatives, or – a solution adopted for the first time in Italy – it is used to grant loans for non profit sector development initiatives)
- ❑ They involve and **reward significant non profit organisations in their local communities**, that have good capabilities to mobilise stakeholders in local communities and have projects with a high social impact.
- ❑ **Subscription may be open to all current and potential Group customers or limited to set categories of investors** (e.g., registered shareholders, employees, volunteers, users and other stakeholders of beneficiary organisations) **or to set geographical areas**.
- ❑ Last March UBI Community Social Bonds won the **2013 edition of the Italian Banking Association prize for innovation in banking services** (the “Social Bank” category). In June the President of the Italian Republic awarded Bank the prestigious 2013 **National Prize for Innovation (known as the “Prize of Prizes”)** in the category “Services – Innovation in Banking Services”.

Launched in April 2012, they were **very positively received by customers, which bears witness to the extent to which the bank, with its values and objectives is in tune with local communities**: today the UBI Banca Group has placed **40 social bonds**, the large majority of which were fully subscribed well before the issue period came to an end.

Total issues: € 422 million
Charitable donations: €2.11 million

UBI Community Social Bonds support the local communities of Group Banks



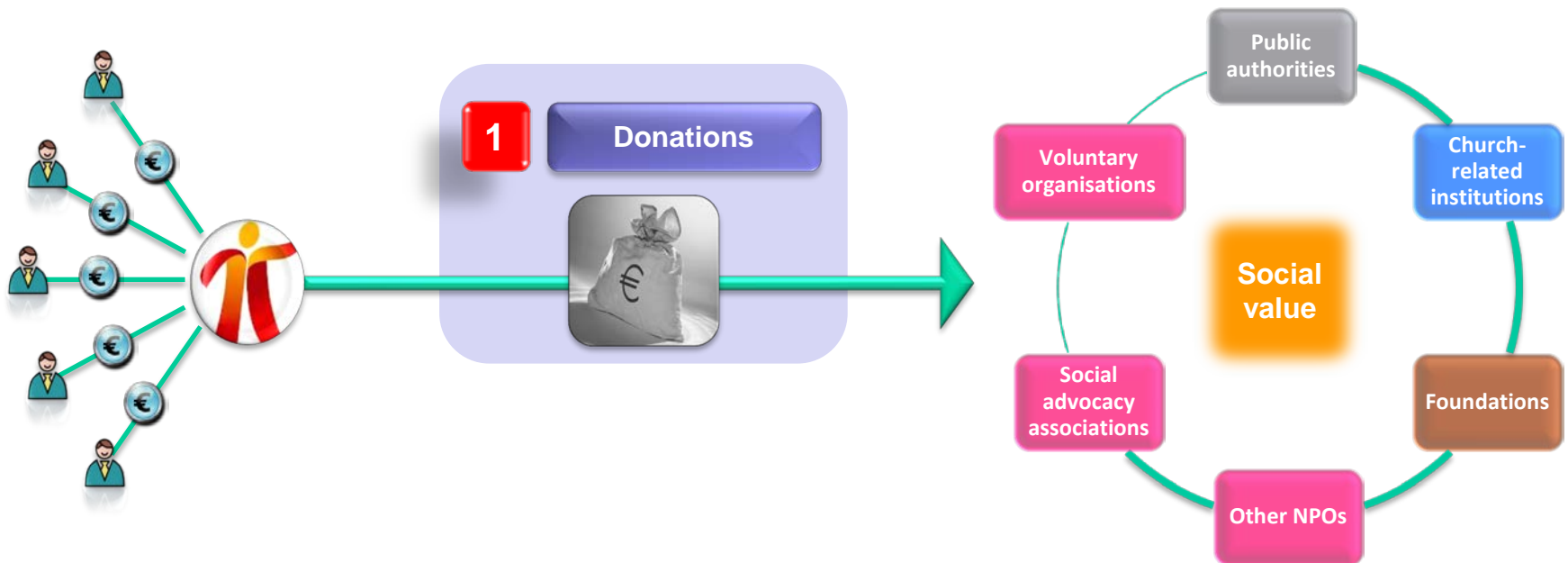
* Branch network data for January 2013. It includes ordinary branches, mini-branches and company branches

UBI Community Social Bonds (2 of 3)

The bank uses social bonds, which allow the **donation to charity of a set proportion of the funding obtained from these bonds**, to support initiatives with a high social impact organised by public and private sector entities in local communities.

This type of social bond is particularly **useful for supporting** the projects of associations, foundations and church-related institutions, that is **distribution and advocacy nonprofit organisations**.

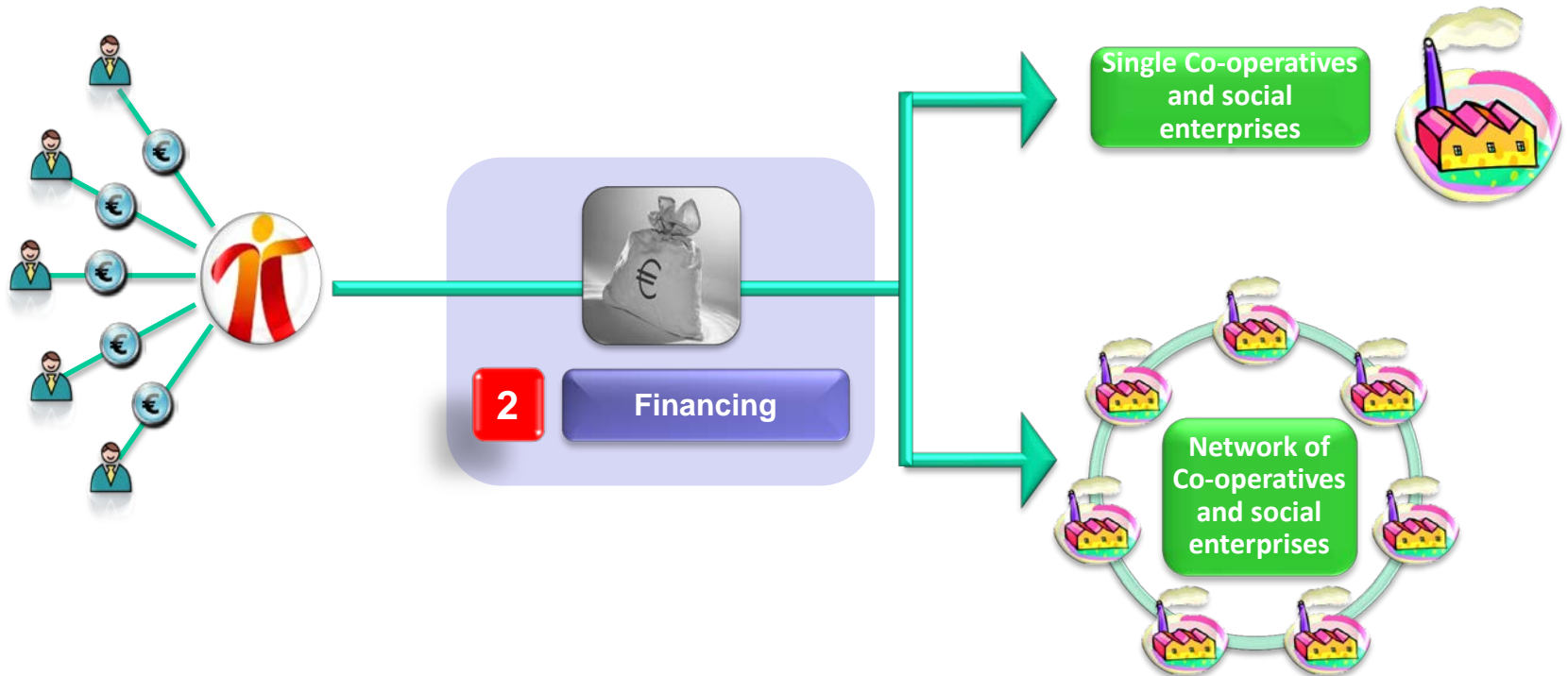
The beneficiaries must have good capabilities to enlist stakeholders in local communities and efficient management and they must operate preferably in the areas of health, disabilities, new poverty, infancy, education, the elderly and the environment.



UBI Community Social Bonds (3 of 3)

The bank uses social bonds which allow the **use of the funding placed to grant loans** at competitive terms and conditions to non profit sector organisations and/or those associated with them to **help develop social forms of enterprise in local communities** that are able to provide social innovation (i.e. efficient answers to new social needs in a context of the severe crisis of current economic and welfare systems).

The beneficiaries must have a strong capacity to enlist stakeholders in local communities, efficient management, adequate cash flow and good credit rating assessments (carried out following specific criteria for the non profit sector).



The strengths of Social Bonds

FOR CUSTOMERS

- ❑ In line with the expectations of a growing number of investors to **combine individual and general interest objectives** in their investment decisions, social bonds provide adequate remuneration and at that time help – by acting as “social financiers/bankers” – to implement projects which create value for society and favour the development of an “economy of the common good”.
- ❑ They represent an **extra investment opportunity** for investors/savers in addition to conventional instruments on the market (like ordinary bond, ethical funds).

FOR NPOs

- ❑ They represent an **alternative fundraising/financing instrument**, which increases the autonomy that is indispensable to this sector, which is an increasingly more important player in the satisfaction of emerging social needs.
- ❑ They are in synergy with the action plan drawn up by the European Commission to **support social enterprises** as fundamental players for sustainable growth.

FOR THE BANK

- ❑ They are consistent with the mission of the UBI Group, a federal alliance of retail banks who base their common identity on the **values of co-operation and local communities**, interpreted as a desire to be close, both physically and in terms of values, to stakeholders (particularly those who create value for society and favour the development of an economy for the common good).
- ❑ They are consistent with the commercial strategy of the UBI Group – firmly based on the UBI Community service model – to **accompany nonprofit organisations on a path to growth and innovation** and also to support projects with a high social impact organised by public and private sector organisations in local communities.

UBI Community Social Bonds won the 2013 Italian Banking Association prize for Innovation...

The "UBI Community Social Bond" project won the **2013 edition of the Italian Banking Association prize for innovation in banking services in the "Social Bank" category.**

The award was made following a selection from projects on social, humanitarian and environmental initiatives submitted by the banks participating .

The "Italian Banking Association for Innovation" jury awarded the prize to the UBI Banca project for *"its concreteness and effectiveness in generating immediate positive impacts on the social and environmental context, contributing directly to support development of the welfare economy, by increasing social cohesion"*.



...and the 2013 – 5th Edition of the National Prize for Innovation

Last June the “UBI Community Social Bond” project won the prestigious **2013 National Prize for Innovation (known as the “Prize of Prizes”)** in the category “Services – Innovation in Banking Services”.

The “Prize of Prizes” is **awarded by the President of the Republic of Italy** to winners of awards for innovation made periodically in the following sectors: industry and services, university and public research, public administration and advanced services. The objective is to underline the importance attributed to companies, public and private sector authorities and individual innovators as protagonists of innovation, by supporting their role in the social, economic and scientific development of the country.



Some of the UBI Community Social Bonds placed since April 2012



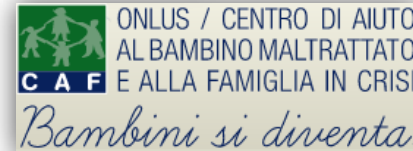
ASL Vallecamonica-Sebino



ANFFAS ONLUS DI DESENZANO DEL GARDA

Fondazione Casa dell'Immacolata di don Emilio de Roja

Comitato Provinciale CRI Varese




Most of the social bonds were subscribed before the end of the offer period, which demonstrates the alignment of the Group's values and objectives with those of the community.



VALTROMPIACUORE



Focus: UBI Community Social Bonds for Comunità di Sant'Egidio

	AVVISO		
	n.17841	17 Ottobre 2012	MOT - DomesticMOT

Società emittente: **UNIONE DI BANCHE ITALIANE**

Titolo: "UBI Tasso Fisso Step Up 4,00% - 19.10.2012-2016 Welcome Edition - UBI per la Comunità di Sant'Egidio" (Codice ISIN IT0004851728)

Rating Emittente:	Società di Rating	Long Term	Data Report
UNIONE DI BANCHE ITALIANE	Moody's	Baa2	15/05/2012
	Standard & Poor's	BBB	03/08/2012
	Fitch Ratings	BBB+	06/02/2012

Oggetto: **INIZIO DELLE NEGOZIAZIONI IN BORSA**

Data inizio negoziazioni: **19/10/2012**

Mercato di negoziazione: Borsa - Mercato telematico delle obbligazioni (MOT), segmento DomesticMOT, 'classe altri titoli di debito'

EMS: 25.000

CARATTERISTICHE SALIENTI DEI TITOLI OGGETTO DI QUOTAZIONE

"UBI Tasso Fisso Step Up 4,00% - 19.10.2012-2016 Welcome Edition - UBI per la Comunità di Sant'Egidio"

Modalità di negoziazione: **corso secco**

N. obbligazioni in circolazione: 20.000



**€100,000 for
Comunità di
Sant'Egidio**

Obbligazioni UBI Comunità per la Comunità di Sant'Egidio: un investimento per poter dare agli altri, e anche a te.

Scegli anche tu le obbligazioni "UBI Comunità per la Comunità di Sant'Egidio": UBI Banca devotterà alla Comunità di Sant'Egidio un contributo pari allo 0,50% del valore nominale delle obbligazioni da te sottoscritte. Il contributo verrà utilizzato dalla Comunità di Sant'Egidio per la prevenzione dell'isolamento sociale e per il sostegno alle condizioni di vita della popolazione anziana, importante risorsa per la nostra collettività.

Il contributo complessivamente devoluto, a titolo di liberalità alla Comunità di Sant'Egidio, può arrivare fino a 100.000 euro in caso di sottoscrizione dell'intero ammontare nominale delle obbligazioni oggetto di offerta.

Le obbligazioni, emesse da UBI Banca, hanno taglio minimo di sottoscrizione pari a 1.000 euro, durata 4 anni, cedola semestrale, tasso annuo lordo pari al 4% per il primo anno, 4,20% per il secondo, 4,70% per il terzo, 5,50% per il quarto anno; possono essere sottoscritte dal 20 settembre 2012 al 12 ottobre 2012, salvo chiusura anticipata o estensione del periodo di offerta. Per una più dettagliata informativa circa le condizioni, i costi e i rischi che comporta l'investimento si rinvia alle Condizioni Definitive e, in particolare, alla sezione "Avvertenze per l'investitore".

Comunità di
SANT'EGIDIO



L'offerta è riservata a chi apporta nuove disponibilità durante il periodo di offerta presso le filiali di Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Regionale Europea, Banca Popolare di Ancona, Banca Carime, Banco di San Giorgio, Banca di Valle Camonica, UBI Banca Private Investment e UBI Banca.

Aiutaci a sostenere le attività "Viva gli anziani" della Comunità di Sant'Egidio.

A project designed to prevent social isolation and support the living conditions of the elderly, an important resource for our society.

Focus: UBI Community Social Bonds for Fondazione Cesvi Onlus

€100,000 for Cesvi

 Borsa Italiana London Stock Exchange Group		AVVISO n.5866	03 Aprile 2013	MOT - DomesticMOT
Società emittente:		UNIONE DI BANCHE ITALIANE		
Titolo:		"UBI - Tasso Fisso Step Up 2,00% - 05.04.2013-2016 Welcome Edition - UBI Comunità per Cesvi" (Codice ISIN IT0004895352)		
Rating Emittente:		Società di Rating	Long Term	Data Report
UNIONE DI BANCHE ITALIANE		Moody's	Baa2	15/05/2012
		Standard & Poor's	BBB	03/08/2012
		Fitch Ratings	BBB+	04/03/2013
Oggetto:		INIZIO DELLE NEGOZIAZIONI IN BORSA		
Data inizio negoziazioni:		05/04/2013		
Mercato di negoziazione:		Borsa - Mercato telematico delle obbligazioni (MOT), segmento DomesticMOT, 'classe altri titoli di debito'		
EMS:		25.000		
CARATTERISTICHE SALIENTI DEI TITOLI OGGETTO DI QUOTAZIONE				
"UBI - Tasso Fisso Step Up 2,00% - 05.04.2013-2016 Welcome Edition - UBI Comunità per Cesvi"				
Modalità di negoziazione:		<u>corso secco</u>		
N. obbligazioni in circolazione:		20.000		
Valore nominale unitario:		1.000 EUR		
Valore nominale complessivo delle obbligazioni in circolazione:		20.000.000 EUR		



Obbligazioni UBI Comunità per Cesvi: un investimento per poter dare agli altri, e anche a te.

Scegli anche tu le obbligazioni "UBI Comunità per Cesvi": UBI Banca devolerà a Cesvi un contributo pari allo 0,50% del valore nominale delle obbligazioni da te sottoscritte. Il contributo verrà utilizzato da Cesvi per consentire alle popolazioni locali di recuperare le attività agricole e di allevamento in Uganda Centrale, dove molti anni di guerra hanno interrotto la produzione agricola e il sistema di autosufficienza alimentare delle famiglie.

Il contributo complessivamente devoluto, a titolo di liberalità, a Cesvi può arrivare fino a 100.000 euro in caso di sottoscrizione dell'intero ammontare nominale delle obbligazioni oggetto di offerta.

Le obbligazioni, emesse da UBI Banca, hanno taglio minimo di sottoscrizione pari a 1.000 euro, durata 3 anni, cedola semestrale, tasso annuo lordo pari al 2% per il primo anno, al 3% per il secondo e al 4% per il terzo anno; possono essere sottoscritte dal 25 febbraio 2013 al 29 marzo 2013, salvo chiusura anticipata o estensione del periodo di offerta. Per una più dettagliata informativa circa le condizioni, i costi e i rischi che comporta l'investimento si rinvia alle Condizioni Definitive e alla Nota di Sintesi relative all'emissione.

L'offerta è riservata a chi apporta nuove disponibilità durante il periodo sopra indicato presso le filiali di Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Regionale Europea, Banca Popolare di Ancona, Banca Carime, Banca di Valle Camonica, UBI Banca Private Investment e UBI Banca.



Aiutaci a sostenere i progetti per la Sicurezza Alimentare di Cesvi: la fame non aspetta!

A project designed to allow local populations to **restart their farming activities** in Central Uganda, where many years of war have interrupted agricultural production and subsistence farming by families.

Focus: UBI Community Social Bonds for social enterprises in the CGM system



AVVISO
n.20607

03 Dicembre 2012

MOT - DomesticMOT

Società emittente: **UNIONE DI BANCHE ITALIANE**
 Titolo: "UBI - TV - 23.11.2012-2016 Welc. Ed. - Comunità per l'imprenditoria sociale del sistema CGM" (Codice ISIN IT0004851710)
 Rating Emittente: UNIONE DI BANCHE ITALIANE
 Società di Rating: Moody's, Standard & Poor's, Fitch Ratings
 Long Term: Baa2, BBB, BBB+
 Data Report: 15/05/2012, 03/08/2012, 06/02/2012
 Oggetto: **INIZIO DELLE NEGOZIAZIONI IN BORSA**
 Data inizio negoziazioni: **04/12/2012**
 Mercato di negoziazione: Borsa - Mercato telematico delle obbligazioni (MOT), segmento DomesticMOT, 'classe altri titoli di debito'
 EMS: 25.000

CARATTERISTICHE SALIENTI DEI TITOLI OGGETTO DI QUOTAZIONE

"UBI - TV - 23.11.2012-2016 Welc. Ed. - Comunità per l'imprenditoria sociale del sistema CGM"
 Modalità di negoziazione: **corso secco**
 N. obbligazioni in circolazione: 17.552
 Valore nominale unitario: 1.000 EUR
 Valore nominale complessivo delle obbligazioni in circolazione: 17.552.000 EUR



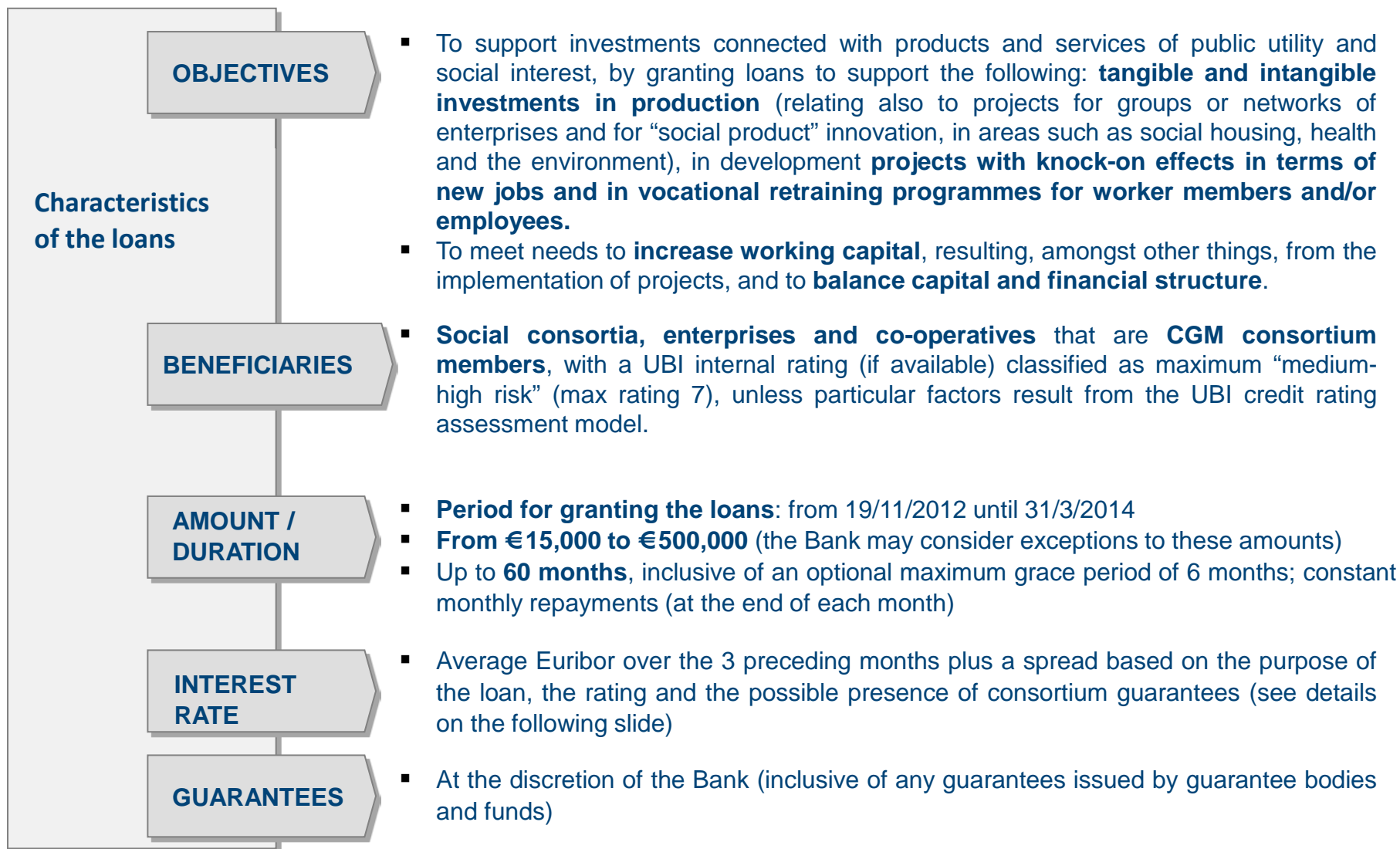
Oltre 17 milioni di euro a sostegno dell'imprenditoria sociale del sistema CGM

- > Deadline for grant of loans: **30/04/2014**
- > Amount of the loans: **€15,000 – €500,000**
- > beneficiaries: **CGM social consortia, enterprises and co-ops**
- > Duration: **up to 60 months**
- > Rate: **Euribor 3 m + spread (from 330 bps to 500 bps)**

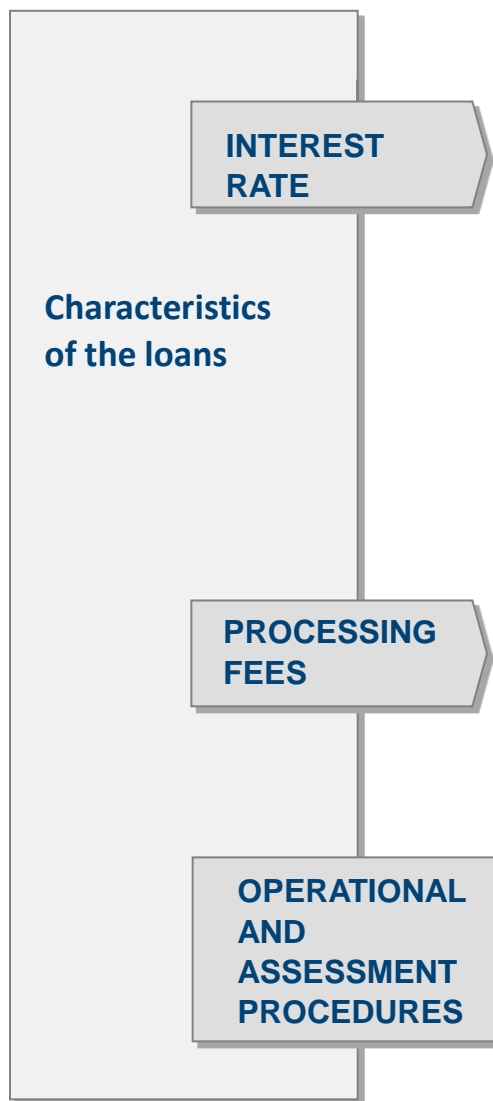
Support for social enterprise and co-operative members of the CGM system (the most important network of social enterprises in Italy) in **making investments** in social aggregation and innovation projects, in development programmes with knock-on effects in terms of new jobs and in meeting **needs to increase working capital** and **balance the capital and financial structure** of social enterprises themselves.



Focus: UBI Community Social Bonds for social enterprises in the CGM system



Focus: UBI Community Social Bonds for social enterprises in the CGM system



- Average Euribor over the 3 preceding months plus a spread based on the purpose of the loan, the rating and the possible presence of consortium guarantees as follows:

pricing range	spread for working capital/balancing financial structure	spread for development investment	spread for creating new jobs
A	380(360*)	360 (340*)	350 (330*)
B	420(400*)	400 (380*)	390 (370*)
C	500(450*)	480(430*)	470(420*)

(*) with Guarantee Body/Fund guarantees

- Reduced to 0.50%, a minimum of €100.00 (0.30%, a minimum of € 100.00 with guarantees from guarantee bodies or funds which have agreements with the bank, e.g. Cooperfidi Italia)
- Loan applications must be submitted to the bank subject to prior verification of the subjective requirements of the beneficiaries and the purposes of the loan by CGM or CGM Finance, which will also assist the beneficiaries in filling in the “*nonprofit organisation – social enterprises and co-operatives particulars form*”.

Focus: the UBI Community Banca Valle Camonica Social Bond for Fondazione Opera Caritas San Martino



- > Max nominal amount of bond: **€10 million**
- > Type: **Mixed Rate**
- > Duration: **36 months**
- > Offer period: **from 7/11/2013 until 07/12/2013**
- > Coupon payments: **half yearly**
- > Annual interest rate: **1st and 2nd year: 2.00%; 3rd year: Euribor 6m + 0.50%**
- > Donation: **0.40% (of €8 million)**

- > Amount of loan pool: **up to €2,000,000**
- > Deadline for grant of loans: **30/11/2013**
- > Amount of loans: **€30,000 – €50,000**
- > Beneficiaries: **firms located in Valle Camonica**
- > Duration: **up to 24 months**
- > Interest rate: **Eur 3m + 0.50%**

Banca di Valle Camonica has supported a project run by Caritas, called “*Valle Camonica – Brotherly hand – Support for employment*”, designed to **assist young jobseekers, vulnerable people and those at risk of social exclusion to find a first job or those who have lost work because of the economic and financial crisis to find new jobs.**