

THE CHOICE OF BANCA VALSABBINA

The Banca Valsabbina Group, based on the Guidelines of the Italian Banking Association (ABI) for the adoption of organisational models on the administrative liability of banks, as integrated with reference to the offences introduced at a later date, decided to adopt and effectively implement its own Organisational, management and control model suitable for preventing the commission of the Offences referred to in Italian Legislative Decree 231/2001, considering it a fundamental element of the overall system of governance in that it ensures that the company's activities are in line with the company's strategies and policies and are based on the principles of sound and prudent management.

Taking into account the regulatory and sector references, and the special attention that Banca Valsabbina pays to the issues covered by Italian Legislative Decree 231, the Board of Directors resolved to implement and adopt a 231 Model, the main features of which are described below.

The Model aims to:

- a) prepare a structural system of prevention and control aimed at reducing the risk of committing crimes related to business with a special attention to the prevention and countering of any unlawful behaviour;
- b) determine, in all those who work in the name and on behalf of the Bank in "risk activity areas", the *awareness of being able to incur*, in case of violation of the provisions therein indicated, *an offence punishable by criminal and administrative sanctions*, not only against themselves but also against the company;
- c) inform all those who operate for any reason in the name, on behalf or in any case in the interest of the Bank that the violation of the provisions contained in the Model will result in the *application of appropriate sanctions or the termination of the contractual relationship*;
- d) reaffirm that Banca Valsabbina does not tolerate any type of unlawful behaviour for any purpose whatsoever, in that such behaviour (even if the Bank seems to be in a position to take advantage of it) is in any case contrary to the ethical principles on which the Bank is based and intends to abide by.

THE ORGANISATIONAL SYSTEM OF THE BANK

Banca Valsabbina defined and documented its organisational system and related operating mechanisms, which are constantly reviewed and modified to meet strategic and structural needs and to comply with the requirements of sector regulations.

The main documentary references that describe the organisation of Banca Valsabbina are:

- the Articles of Association, which define the corporate structure, the bodies entrusted with the administration, management and control, the tasks and responsibilities of the top management, as well as the rules of operation of the company;
- the Organisational Structure of the Bank that regulates the areas of competence and the levels of responsibility and relations within the Bank.

The code of conduct, the code of ethics, the circulars and the communications to the personnel - documents that contain the rules defined by the Bank regarding the carrying-on of the business - are also managed and made available to all the persons involved.

THE 231 DISCIPLINARY SYSTEM

Defining a system of internal disciplinary sanctions (commensurate with the violation and deterrent), applicable in case of violation of the rules set forth in the Model in force, makes the supervisory action of the 231 Body efficient and its aim is to guarantee the effectiveness of the Model itself.

In fact, the provision of such a Disciplinary System constitutes an essential element of the Model, without which it would be difficult for the exemption from liability of the Entity to operate with full effect.

The application of the Disciplinary system and related sanctions does not depend on the course and outcome of the criminal proceedings started by the Court should the wrongdoing also constitute a relevant offence under the Decree.

CODE OF ETHICS AND CODE OF CONDUCT

Banca Valsabbina was founded in 1898 with the aim of providing banking services and promoting economic growth in the local area, collecting private savings to direct them towards new productive investments.

In line with the mission assigned by the Articles of Association, which was pursued based on the principles of cooperative credit and with a special attention to the area in which it is located, the Bank has always been characterised as a local and independent bank, operating in the traditional banking sector, with a particular focus on small and medium-sized enterprises and households.

Continuing in the wake of its tradition, the Banca Valsabbina Group pays particular attention to the relationship with shareholders, to whom it reserves facilities in the use of specific banking services, to the centrality of the customer and to the strong orientation towards a transparent relationship, constantly improving its services. In order to pursue this mission, the Group enhances human resources and maintains a system of relations with employees aimed at fostering their motivation and sense of belonging.

By virtue of these principles and strategies, each behaviour must be based on the principles of ethics, legality, transparency and respect for each individual without distinction, in line with the Group's values, guiding principles and processes and aware not to expose the Group to sanction and reputational risks.

This Code of Ethics expresses the ethical commitments and responsibilities and defines the set of values, principles on which the Group's business management and corporate activities are based, excluding any behaviour contrary to rules of criminal law.

The Code of Conduct, in turn, summarises and systematises the principles and rules of conduct relevant for the purposes of the reasonable prevention of the offences referred to in Italian Legislative Decree 231, as well as the main lines of behaviour that the recipients of the regulations in question are required to comply with when carrying out activities relevant for the purposes of 231/01.

THE MODEL

1.1 The construction of the Model

However, when introducing the administrative liability system, the Decree (articles 6 and 7) envisages a form of exemption, if the entity proves that:

- a) the governing body adopted and effectively implemented, before committing the offence, organisation, management and control models fit for preventing offences such as the one

occurred;

- b) the task of supervising the operation of and compliance with the models, as well as their updating, has been entrusted to a body of the entity with autonomous powers of initiative and control;
- c) the persons who committed the offence have fraudulently circumvented the aforementioned organisation and management models;
- d) there has been no omitted or insufficient supervision by the body referred to in letter b) above.

Therefore, the Banca Valsabbina Group has deemed it compliant with its corporate policy to implement the Organisation and Management Model envisaged by Italian Legislative Decree 231/2001, feeling the need to ensure conditions of fairness and transparency in the management of business and corporate activities, to protect its position and image and the expectations of its shareholders and the work of its employees and collaborators.

Although the adoption of the Model is an "option" of the entity and not an obligation, the Banca Valsabbina Group implemented and adopted it in that aware that this control system is an effective tool to raise awareness among the resources employed and direct them, in the carrying-out of their activities, towards a correct and consistent behaviour aimed at an "active" prevention of crimes.

1.2 The function of the Model

The purpose of the Model is to prepare a structural system of control procedures and activities aimed at reducing the risk of offences being committed by identifying the so-called "sensitive processes" and their consequent regulations.

The principles contained in the Model must lead, on the one hand, to a full awareness in the potential perpetrator of the Offence of committing an offence, and on the other hand - thanks to constant monitoring of the company's activities - to enabling the Banca Valsabbina Group to react promptly by carrying out activities that prevent and obstruct the commission of the offence itself.

Therefore, one of the aims of the Model is to develop the awareness of the Corporate Bodies, Employees, Suppliers/Customers and Partners - who operate on behalf or in the interest of the Banca Valsabbina Group - that they may incur offences liable to have significant criminal consequences not only for themselves, but also for the Group.

Furthermore, it is intended to actively censure any unlawful behaviour through the constant activity of the "231 Body" on the work of persons with regard to Sensitive Processes and the imposition of disciplinary sanctions provided for in the contracts.

1.3 Guiding principles of the Model

The Model approved by the Board of Directors of Banca Valsabbina is based on a structural system of protocols, procedures and control activities that:

- a) identify in advance the *areas of activity and the processes of possible risk* in the company's operations, in which the possibility of committing crimes falling within the scope of application of the regulations in question is considered to be higher;
- b) define an internal regulatory system aimed at planning the formation and implementation of the decisions of the Bank in relation to risks/offences to be prevented by means of:
 - a Code of Ethics, which sets the general guidelines;
 - formalised protocols and procedures, aimed at regulating in detail the operating procedures in the "sensitive" sectors;

- a system of delegations and powers that ensures a clear and transparent representation and traceability of the process of formation and implementation of decisions;
- c) determine a consistent organisational structure aimed at inspiring and controlling the correctness of behaviour, guaranteeing a clear and systematic assignment of tasks and responsibilities, applying an adequate level of segregation of duties and ensuring that the internal organisational structures are actually observed and implemented;
- d) identify the *processes for the management and control of financial resources* as part of risk activities;
- e) entrust the Supervisory Body with the task of *monitoring the operation of and compliance with the Model* and of preparing and proposing its updating to the Board of Directors.

1.4 The adoption of the Model and subsequent amendments

By resolution of the Board of Directors of 24/03/2004, Banca Valsabbina approved the "Code" and set up the 231 Body.

Since the Model is a "deed issued by the governing body" (in compliance with the requirements of Article 6, first paragraph, letter a), of Italian Legislative Decree 231/2001), the subsequent substantial amendments and additions are the responsibility of the Board of Directors of the Parent Company, therefore any amendment to the Model must be approved by the Board of Directors:

- on the initiative of the "231 Body";
- on the initiative of the Board of Directors, after informing the 231 Body, which may make observations in this regard.

MAPPING OF AREAS OF ACTIVITY AND DEFINITION OF "SPECIFIC CRIMES" AND "SENSITIVE PROCESSES".

For the purposes of preparing the Model in force, reference was made to the results that emerged during the mapping activities of the processes carried out by the competent internal office of the Bank.

In fact, the mentioned mapping constitutes an integral and absolutely necessary part of the Organisational Model. The update of the mentioned mapping by the Bank's internal office will be periodically reviewed by the Bank's Supervisory Body.

As things stand, the cases that are considered to be relevant for the purposes of the regulations in question that are more directly related to the managed processes (known as "sensitive processes" for the purposes of the "Decree") and to which the Banca Valsabbina Group is potentially exposed - given the activities carried out, the operating characteristics and the methods of distribution used - are as follows (known as "specific offences"):

1. Offences against Public Administration (Article 24 and 25 of the Decree)
2. Computer crimes and unlawful data processing (Article 24 bis of the Decree)
3. Organised crime offences (Article 24 ter of the Decree) and transnational offences
4. Counterfeiting currencies, securities and other (Article 25 bis of the Decree)
5. Crimes against the industry and trade (Article 25 bis.1 of the Decree)
6. Corporate offences (Article 25 ter of the Decree)
7. Crimes for the purposes of terrorism or against democracy (Article 25 of the Decree)
8. Market abuse (Article 25 sexies of the Decree)
9. Violation of regulations on health and safety at work (Article 25 septies of the Decree)

10. Receiving stolen goods, money laundering, re-use of money and self-money laundering (Article 25 octies of the Decree)
11. Crimes relating to copyright violation (Article 25 novies of the Decree)
12. Inducement not to make statements or to make false statements in court (Article 25 decies of the Decree)
13. Environmental offences (Article 25 undecies of the Decree)
14. Employment of illegally staying third-country nationals (Article 25 duodecies of the Decree)

THE 231 SUPERVISORY BODY

1.1 Identification of the internal supervisory body - Appointment and dismissal.

The Decree (Article 6, first paragraph, letter b) envisages that the body entrusted with the task of monitoring the operation and observance of the Model, as well as its updating, must be endowed with autonomous powers of initiative and control.

The ABI Guidelines and the Ministerial Report accompanying the Decree suggest the establishment of an internal body other than the Board of Directors, characterised by autonomy, independence, professionalism and continuity of action.

The Bank of Italy Circular no. 285/2013 requires that the body with control function normally performs the functions of the supervisory body that may be established pursuant to Italian Legislative Decree no. 231/2001.

In the light of these principles - as well as the company context and in consideration of the specific nature of the tasks assigned to the 231 Body - the Board of Statutory Auditors was appointed by resolution of the Board of Directors of 15/11/2017.

Therefore, in accordance with the provisions of the Model in force, the task of carrying out the envisaged supervisory and control functions of the Bank, as well as of the subsidiary, is entrusted to the said body.

Taking into account the specific nature of the responsibilities assigned to the 231 Body and the specific professional contents required by them, in carrying out its supervisory and control tasks, this body may avail itself of other internal functions that may be necessary for this purpose from time to time.

The Board of Directors is responsible for appointing and dismissing the 231 Body. The requirements of independence and professionalism of the members are periodically checked by the Board.

The meetings of the 231 Body are adequately put on record. The minutes are filed with the Bank.

1.2 Functions and powers of the 231 Body

The 231 Body, as a collective body, has autonomous powers of initiative, intervention and control, which extend to all the operating units of the Body, powers that are exercised in order to carry out effectively and immediately the functions envisaged in the Model.

In order to perform its functions with absolute independence, the 231 Body has autonomous spending powers on the basis of an annual budget, approved by the Board of Directors at the Body's suggestion.

The Body may autonomously commit resources that exceed its spending powers, when it is necessary to use such resources to deal with exceptional and urgent situations. In these cases, the Body must inform the Board of Directors.

The 231 Body is entrusted with the task of:

- monitoring the effectiveness and adequacy of the Model in relation to the corporate structure and the actual capacity to prevent the commission of the Offences;
- making sure that the Corporate Bodies, Employees, Suppliers/Customers/Mediators/Agents comply with the Model;
- assessing the advisability of updating the Model, where there is a need to adapt it in relation to changed company and/or regulatory conditions and, consequently, proposing to the Board of Directors amendments and/or additions to the powers and functions of the 231 Body itself.

To this end, for the effective and efficient performance of the aforesaid functions, the 231 Body is also entrusted with the tasks of:

- checking the implementation of the Procedures;
- checking that the section on the Entity's Intranet containing all the information relating to the Decree and the Model is continuously updated by the competent functions;
- monitoring initiatives for the dissemination of knowledge and understanding of the Model, the Code of Conduct and the Code of Ethics, for the training of personnel and for raising their awareness to comply with the principles contained in them.

The 231 Body must coordinate with the line and control functions responsible for the various specialist profiles. In this context, relations with the following services are particularly important:

- the Legal and Disputes Service, the Strategic Planning and Corporate Affairs Sector and the Compliance Service for the interpretation of the relevant law and regulatory provisions, the modification or integration of the mapping of sensitive processes, for company obligations that may have specific relevance for the purposes of committing corporate crimes;
- the Anti-Money Laundering Service for prevention and control activities regarding the risks of involvement in money laundering and the financing of international terrorism and the reporting of related violations;
- the Internal Audit Service for checks on the overall adequacy of organisational and control safeguards;
- the Organisation Service and the Personnel Service/Training Division for personnel training and disciplinary procedures related to compliance with the Model, the Code of Conduct and the Code of Ethics;
- the Administration Sector for the procedures followed when preparing the financial statements;
- the Financial Sector for transactions in financial instruments that are relevant for the purposes of the offences underlying the Decree.

The Board of Directors has the right to convene the 231 Body, which, in turn, may request the Chairman of the Board of Directors and/or the Board of Statutory Auditors to convene the above-mentioned Bodies for urgent reasons.

1.3 Reporting guidelines of the 231 Body

The 231 Body reports the results of its activities regarding the implementation of the Model and the emergence of any critical issues to the attention of the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors.

At least once a year, the 231 Body prepares a written report on the activity carried on, sending it to the Board of Directors and to the Board of Statutory Auditors in the person of their respective Chairmen. These periodic reports are also prepared in order to allow the Board of Directors to make the necessary assessments in order to make any updates or amendments to the Model, and must at least contain:

- indication of the activities carried out during the reference period;
- any problems arising from the checks on the implementation of the Model;
- summary of reports received from internal and external subjects regarding the Model;
- the disciplinary procedures and any sanctions applied by the Entity with exclusive reference to the risk activities;
- an overall assessment on the implementation and effectiveness of the Model, with any indications for additions, corrections or amendments;
- the possible use of the budget made available.

The meetings with the Bodies to which the 231 Body refers must be put on record and copies of the minutes must be kept by the 231 Body itself.

If, in the carrying-on of the activities, it seems appropriate to examine in depth aspects for which specialist skills are required, it may assign external professionals, after they have issued a declaration to the effect that there are no impeding circumstances (conflicts of interest, family relationships with executive directors, etc.). It informs the Chairman of the Board of Directors of these assignments.

1.4 Information flows to the 231 Body

The Entity activates systems able to collect and process information - both from internal and external sources - useful to know in a timely manner and hence to be able to manage risks.

When such information has "231 sensitive" profiles, it is brought to the attention of the 231 Body (without prejudice to any confidentiality constraints imposed by the authorities) so that it can also assess it in relation to the level of anomalies or criticalities found and the advisability of proposing the introduction of new or different Risk Mitigation Procedures.

The 231 Body exercises its supervisory duties by analysing:

- the internal reports referred to above by accessing the electronic mailboxes indicated therein;
- systematic information flows received by it under the Bank's internal regulations;
- the "reports" made by anyone of information relating to the commission, or reasonable belief in the commission, of the Offences to which the Decree is applicable, including the start of legal proceedings against Top Management, Employees and Collaborators for the Offences envisaged in the Decree;
- information relating to violations or presumed violations of the rules of behaviour or procedures contained in the Model, including the Code of Conduct and the Code of Ethics;
- the procedures and/or information coming from the criminal police bodies or from any other Authority, which show that investigations are being carried out, even against unknown

persons, for the Offences, if such investigations involve the Entity, the Top Management, the Employees and the Collaborators;

- requests for legal assistance made by Top management and Employees if legal proceedings are started for the offences envisaged by the Decree;
- information relating to the disciplinary or sanctioning proceedings promoted against Top management, Employees and Collaborators;
- the reports prepared by the heads of other company functions as part of their control activities and that might give rise to facts, acts, events or omissions with critical profiles in relation to the compliance with the regulations of the Decree.

The Body considers the received reports and adopts any consequent measures according to its reasonable discretion and responsibility, by listening, if necessary, to the author of the report and/or the person responsible for the alleged violation and giving reasons in writing for its decisions. Any consequent measures apply in compliance with the provisions of the Penalty system.

1.5 Collection and storage of information

All information and reports envisaged by the Model are kept by the 231 Body in a specific database (computer or paper) for a period of 10 years.

1.6 Confidentiality obligation

The Members of the 231 Body, as well as the subjects who, for any reason and for whatever reason, are heard by it or are the recipients of its deeds, are bound by the duty of confidentiality on all information known in the performance of their functions or activities.

DISSEMINATION OF THE MODEL AND TRAINING OF RESOURCES

1.1 Advertising and dissemination of the Model

Adequate training and constant information of the recipients on the principles and requirements contained in the Model are extremely important factors for the correct and effective implementation of the adopted prevention system.

All recipients of the Model, including partners and external collaborators, are required to be fully aware of the objectives of fairness and transparency that are intended to be pursued with the Model and of the methods through which the Bank intended to pursue them.

Communication activities are carried out to all employees, collaborators, management and top management of the Bank through:

- an initial communication: the adoption of the Model is communicated to all the resources that the company makes use of at the time of its adoption. The newly recruited resources are given an information set containing the text of the Decree, the document "Organisation, management and control model pursuant to Italian Legislative Decree no. 231 of 8 June 2001", the Code of Ethics and the Code of Conduct, with which to ensure that they have the knowledge considered of primary importance. The delivery of the above mentioned documentation must result from mechanisms - computerised or otherwise - to prove that it has been actually received in an informed manner;
- a specific training activity: this "ongoing" training activity can be developed using IT tools and procedures (company intranet, self-assessment tools, etc.) and/or regular meetings and training and refresher seminars and is differentiated, in terms of contents and delivery

methods, according to the recipients' qualification, the level of risk in the area in which they operate and whether or not they represent the Bank.

The Bank makes its Code of Ethics and the general principles on which its Model is based available to all third parties with whom it comes into contact in its operations, such as consultants and business partners.

The communication of any update made to the Model and approved by the Board of Directors is guaranteed.

1.2 Information to Employees

New employees are required to sign a specific declaration of compliance with the Code of Ethics and a commitment to comply with the procedures adopted to implement the reference principles of the Model when accepting the hiring proposal.

1.3 Information to Executives

The Code of Ethics, the Model and the principles of reference contained therein must be communicated to each Executive, who, in relation to the special trustworthy relation and to the margin of managerial autonomy given to the position, is called upon to collaborate effectively for its correct and positive implementation.

The Executives must sign a declaration of commitment to comply with and collaborate to the application of the Code of Ethics and the reference principles used for the construction of the Model referred to in this document.

1.4 Information to Directors and Statutory Auditors

The members of the Board of Directors and the Board of Statutory Auditors, when accepting their appointment, must declare and/or sign a declaration of commitment to comply with and collaborate to the application of the Code of Ethics and the reference principles used for the construction of the Model.

1.5 Information for consultants and external collaborators

The Bank informs its consultants, external collaborators and sensitive suppliers (i.e. those suppliers who, due to the type/value of service offered to the Bank, do not form part of an occasional supply relationship) of the contents of the Code of Ethics by any means deemed useful for the purpose.

These subjects are informed of the need that their behaviour does not force employees, managers or any other person working for the Bank to violate procedures, control systems, rules of behaviour and the Code of Ethics and/or to behave in a manner that does not comply with the principles expressed in the Model based on the provisions of the Decree in force at the Bank.

Compliance with the Code of Ethics and the rules of conduct adopted is prescribed by a specific clause included in the negotiating agreements with these recipients and is subject to specific approval.

1.6 Training

Different interventions are envisaged according to the role, responsibility of the recipients and the circumstance that they operate in risk areas, with a view to personalising the processes and genuinely responding to the needs of individual structures/resources. Therefore, a common module and specific and targeted in-depth modules are envisaged for each area considered to be at risk.

More specifically:



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- a) training module for all employees: to be developed through specific classroom sessions or through self-training courses to be activated on the company intranet. In any case, the certification of use and the evaluation related to the learning will be envisaged;
- b) in-depth modules: to be developed through targeted meetings in each of the risk areas in order to illustrate, with reference to the individual company processes, the operating methods related to the carrying-out of the individual risk activity areas and the protocols set up to monitor them, with training methods that are as interactive as possible;
- c) modules for new recruits: as part of the training modules for newly hired personnel, there is a section dedicated to the issues relating to the Decree.

These modules are managed by the competent company function, in agreement with the Supervisory Body.

Participation in the training sessions described above (compulsory) is formalised by requesting the signature of attendance and the inclusion of the names of those present in the Bank's database.

As part of its powers, the Supervisory Body may envisage specific controls, also on a sample basis or through assessment/self-assessment tests, aimed at verifying the quality of the contents of the training programmes and the actual effectiveness of the provided training.

DISCIPLINARY SYSTEM

1.1 Function of the penalty system

Defining a system of internal disciplinary sanctions (commensurate with the violation and deterrent), applicable in case of violation of the rules set forth in this Model, makes the supervisory action of the 231 Body efficient and its aim is to guarantee the effectiveness of the Model itself.

In fact, the provision of such a Disciplinary System constitutes, pursuant to Article 6, first paragraph, of the Decree, an essential element of the Model, without which it would be difficult for the exemption from liability of the Entity to operate with full effect.

The application of the Disciplinary system and related sanctions does not depend on the course and outcome of the criminal proceedings started by the Court should the wrongdoing also constitute a relevant offence under the Decree.

1.2 Measures against the personnel

1.2.1 Measures against the personnel

Any violation of the individual rules of behaviour referred to in the Model by Employees subject to the National Collective Labour Agreement is considered as a disciplinary offence.

The disciplinary measures that can be imposed on such workers - in compliance with the procedures envisaged by Article 7 of Italian Law No. 300 of 30 May 1970 (Workers' Statute characterised by the type and category of violations and sanctions) and/or by special regulations, where applicable, in relation to the prior notification of the charge to the Employee in order to allow the Employee to defend himself/herself - are those envisaged by the sanctioning system set forth in the articles of reference of the National Collective Labour Agreement, and precisely:

- verbal reprimand;
- written reprimand;
- suspension from service and pay for a period not exceeding 10 days;



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- dismissal due to considerable non-fulfilment of contract obligations by the employee (justified reason);
- dismissal due to such gross negligence that the relationship cannot be continued even temporarily (just cause).

With regard to the assessment of the offences, disciplinary proceedings and imposition of sanctions, the powers already granted to the company's management to the extent of its remit remain unchanged.

1.2.2 Violations of the Model and related sanctions

The types of behaviour that could be subject to sanction and constitute a violation of this Model are as follows:

- violation of internal procedures envisaged by the Model (for example, failure to comply with established procedures, failure to notify the 231 Body of prescribed information, etc.), or adoption, in the performance of activities related to Sensitive Processes, of types of behaviour that do not comply with the provisions of the Model itself;
- adoption of types of behaviour that expose the Entity to the real risk of committing one of the Offences;
- adoption of types of behaviour that do not comply with the requirements of the Model and are unambiguously aimed at committing one or more Offences;
- adoption of types of behaviour such as to determine the concrete application of sanctions envisaged by the Decree against the Entity.

The sanctions and any request for compensation for damages are commensurate with the level of responsibility and autonomy of the Employee, the possible existence of previous disciplinary measures against him/her, the intentionality or the degree of fault attributable to his/her behaviour as well as its seriousness, meaning the level of risk to which the Entity can reasonably be considered exposed - pursuant to and for the purposes of the Decree - following the censured behaviour.

1.3 Measures against Executives

In case of violation by Executives of the procedures envisaged by this Model or in case of adoption, when carrying out activities related to Sensitive Processes, of a behaviour that does not comply with the requirements of the Model, the Entity applies the most appropriate measures to the persons liable in compliance with the provisions of the National Collective Labour Agreement for Executives and the Civil Code.

1.4 Measures against Directors

Upon notification of a significant failure by the directors to comply with the regulations set out in the Model and/or the Code of Ethics or of a behaviour, during the carrying-out of risk activities pursuant to the Decree, not in accordance with the provisions of the Model itself, the 231 Body must promptly inform the entire Board of Directors and the Board of Statutory Auditors of the event, with a view to adopting any appropriate initiative.

Serious failures to comply include failure to report to the Supervisory Body any violation of the regulations set out in the Model of which the directors become aware, as well as failure to identify - through negligence or inexperience - and consequently eliminate violations of the Model and, in the most serious cases, the commission of crimes.

By way of example but not by way of limitation, a significant violation for the purposes of this paragraph is committed by the director who:



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- a) commits serious violations of the provisions of the Model and of the Code of Ethics or of the Code of Conduct
- b) fails to promptly report any situations of irregularities or anomalies relating to the correct fulfilment of the procedures set out in the Model of which he/she is aware, such as to compromise the effectiveness of the Model or determine a potential or actual danger for the Bank of imposing the sanctions set out in the Decree,
- c) does not promptly identify, even through negligence or inexperience, any violations of the procedures set out in the Model and does not eliminate such violations and the resulting commission of crimes;
- d) behaves in such a way as to constitute the type of offence envisaged by the Decree;
- e) creates any situation of conflict of interest - potential or otherwise - with the Bank or the Public Administration;
- f) gives gifts or presents to civil servants outside the scope of the Code of Ethics or other benefits of any kind (e.g. promises of employment)
- g) carries out services in favour of partners that are not adequately justified in the context of the contractual relationship established with the Partners themselves;
- h) makes false statements to national or EC public bodies in order to obtain public grants, contributions or subsidised loans;
- i) allocates amounts received from national or EC public bodies by way of disbursement, contributions or loans for purposes other than those for which they were intended;
- j) acknowledges fees in favour of External Collaborators that are not adequately justified in relation to the type of task to be carried out and to the practices locally in force;
- k) does not strictly comply with all the rules laid down by law to protect the integrity and effectiveness of the share capital, or does not act in compliance with the internal company procedures based on such rules,
- l) fails to ensure the smooth operation of the Bank and corporate bodies or fails to guarantee or facilitate any form of control over the management of the Bank as required by law, as well as the free and correct formation of the will of the shareholders' meeting;
- m) fails to observe the rules governing the correct formation of the price of financial instruments, or engages in a behaviour that causes a significant alteration with respect to the current market situation;
- n) fails to promptly, fairly and in good faith make all the communications required by law and regulations to the supervisory authorities, or obstructs the carrying-out of their supervisory functions;
- o) engages in unfair or untrue behaviour with the press and information media.

The Board of Directors carries out the necessary checks and may take, in accordance with the law and the Articles of Association, after consulting the Board of Statutory Auditors, appropriate measures, such as, for example, calling a Shareholders' Meeting to revoke the mandate, and/or taking action against the company for liability.

In any case, there is no prejudice to the right of the Bank to claim compensation for the additional damage suffered as a result of the behaviour of the director.

1.5 Measures against Statutory Auditors

Upon notification of a violation of the provisions and rules of behaviour of the Model by members of the Board of Statutory Auditors, the 231 Body must promptly inform the entire Board of Directors and the Board of Statutory Auditors of the event, so that they can adopt any appropriate initiative.

The Board of Statutory Auditors carries out the necessary checks and may, in accordance with the law and the Articles of Association, in agreement with the Board of Directors, take appropriate measures, such as, for example, calling a Shareholders' Meeting to revoke the mandate, and/or taking action against the company for liability.

In any case, there is no prejudice to the right of the Bank to claim compensation for the additional damage suffered as a result of the behaviour of the statutory auditor.

1.6 Measures against FCMA's and Partners

Any behaviour by collaborators, consultants or other third parties bound to the Bank by a contractual relationship (other than employment) in contrast with the lines of behaviour identified by the Model and/or the Code of Ethics may result in the termination of the contractual relationship, in accordance with the provisions of the specific contractual clauses included in the letters of appointment or in the contractual agreements.

In any case, there is no prejudice to the right of the Bank to claim compensation for the additional damage suffered as a result of the behaviour of its employee, consultant or third party, even regardless of the termination of the contractual relationship.

It is the responsibility of the 231 Body to monitor the constant suitability of the contractual clauses drawn up for the purpose referred to in this paragraph, as well as to assess the suitability of the initiatives taken by the company function of reference with regard to the aforesaid subjects.

CHECKS ON THE ADEQUACY OF THE MODEL

The 231 Body carries out specific checks on the real suitability of the Model for preventing Offences.

This activity takes the form of a sample check of the main company deeds and processes and of the most important contracts concluded in relation to the Sensitive processes and their compliance with the rules set out in the Model in force.

In addition, a review is carried out of all the reports received during the year, of the actions undertaken by the 231 Body, of the events considered risky and - with random checks - of the awareness of the Recipients with regard to the problem of the administrative liability of the Entity pursuant to the Decree.

The checks are carried out by the 231 Body, which normally avails itself of the support of other internal functions which, from time to time, are necessary for this purpose.