



GENERAL MEETING OF THE SHAREHOLDERS 9TH/10TH OCTOBER 2015

EXTRAORDINARY SESSION

**A PROPOSAL FOR TRANSFORMATION INTO A JOINT STOCK COMPANY AND THE ADOPTION
OF NEW ARTICLES OF ASSOCIATION: RELEVANT AND CONSEQUENT RESOLUTIONS.**

ILLUSTRATIVE REPORT TO THE SHAREHOLDERS' MEETING

Report to the Shareholders Meeting for the transformation of UBI Banca from a Joint Stock Co-operative Company into a Joint Stock Company

Adoption of new articles of association

Dear Registered Shareholders,

Article 1 of Decree Law No. 3 of 24th January 2015 converted into Law No. 33 of 24th March 2015 amended some of the provisions of the Consolidated Banking Act (Legislative Decree No. 385/93, TUB) on the question of “popular” co-operative banks.

The reform of the law governing “popular” banks reserves the ability to adopt a “popular” corporative bank model solely to banks with assets that do not exceed €8 billion, if the bank is the parent of a banking Group, then the limit is determined at consolidated level (*article 29, paragraph 2-bis, the Consolidated Banking Act*).

Banks that exceed that threshold must take the measures needed to ensure compliance with the law within twelve months of exceeding it, as follows:

- reduction of the assets below the threshold;
- transformation into a joint stock company; or
- voluntary liquidation (*article 29, paragraph 2-ter of the Consolidated Banking Act*).

Furthermore, in the event of failure to undertake the necessary initiatives designed to ensure compliance with this law, the Bank of Italy, having taken account of the circumstances and amount of the excess assets:

- may enforce the ban on undertaking new operations in accordance with article 78 of the Consolidated Banking Act, or it may take the measures provided for in Title IV, Chapter I, Section I of the Consolidated Banking Act (extraordinary administration); or
- propose to the European Central Bank that it revoke authorisation to carry on banking business and to the Ministry of the Economy and Finance to put the bank into forced administrative liquidation.

Nevertheless, in any event, the powers attributed to the Bank of Italy to intervene and impose penalties remain.

A transition regime is provided for applicable to “popular” banks authorised on the date of entry into force of the decree, which must comply with the provisions of article 29, paragraphs *2-bis* and *2-ter* of the Consolidated Banking Act within 18 months of the entry into force of the implementation provisions issued by the Bank of Italy.

Where banks have assets above the threshold set by the law, they have 90 days from when they are notified of exceeding the aforementioned threshold to draw up a plan which identifies initiatives that they intend to take or propose to the competent authorities.

Any failure to approve the proposed resolution for transformation into a joint stock company would have serious consequences which would be reflected on the price of the share, on the possibility of being able to continue normal banking business which, in the event of intervention by the supervisory authority, could be interrupted with repercussions on the general context and on support to the community in terms of lending; this would also result in negative impacts in terms of employment. This is a set of consequences which would extremely impair the image and reputation of the Bank.

In relation to the above, UBI Banca has decided to commence without delay the process to implement the provisions of the new legislation in order to immediately ensure the stability of the Bank and also with a view to prudent management.

In this context, the competent bodies of UBI Banca, having verified that UBI Banca exceeds the amount of €8 billion of assets, have set a project in motion, submitted to the Shareholders' Meeting today, for the transformation of the Bank into a joint stock company.

Acting in this manner allows the registered shareholders to make the assessments it feels most appropriate in view of the 2016 annual general meeting in a carefully considered manner on the basis of clearly defined rules. In fact the requirements for stability lead to the conclusion that it is in the interests of the Bank and the Group to reach the 2016 Shareholders' Meeting that must appoint new governing bodies already in the new legal form, in a context of clear rules with which the shareholders meetings will be able to define governance for the next three years, in compliance with the deadlines set by the legislation in force.

In this context, a new version of the Articles of Association has been drawn up, by following an approach that concentrates specifically on the provisions of the current articles of association that are no longer compatible with the status of a joint stock company and on other changes that are in any case related to, connected with and a consequence of the amendments mentioned. While we refer you to the full text of the proposed articles of association, here below we report the main issues subject to amendment:

- Acceptance as a registered shareholder: the repeal of the provisions relating to acceptance as a registered shareholder is made, because it is not compatible with the form of a joint stock company, where the figure of the registered shareholder is precisely the same as that of any other shareholder. In a joint stock company the mere ownership of shares normally automatically grants the bearer both financial rights and corporate management rights.
- Provision of a limit on voting rights: as is permitted in the transition period by the law in question, a proposal is made to insert a limit on voting rights equal to 5% of the share capital for 24 months from the date of entry into force of the law (until 26th March 2017).

- Convening of a shareholders' meeting: in accordance with article 2369 of the Italian Civil Code, unless the articles of association make other provision, the shareholders meetings of companies that are not co-operative companies, which make recourse to the market for risk capital are held in one single session; in this respect it is proposed to allow the Management Board to issue a single notice to convene in one session, but being able as an alternative to convene a second session and, limited to extraordinary shareholders' meetings, a third session.
- Proxy to participate in shareholders meetings: because of the change in the form of company, the status of registered shareholder as a requirement to be held by persons holding proxies to participate in shareholders meetings no longer exists, nor does the limit on the number of proxies that may be conferred on the same person exist any more. Consequently, the new articles of association no longer contain the relative provisions.
- Electronic notification of proxies for participation in shareholders' meetings: introduction of the possibility to notify the Bank of proxies for participation in shareholders meetings also electronically in accordance with article 135-novies of Legislative Decree No. 58/98 (Consolidated Finance Act).
- Appointment of a representative designated by a company with listed shares: article 135-undecies of the Consolidated Finance Act states that, unless the articles of association provide otherwise, a company designates a person for each shareholders meeting to which shareholders may grant a proxy with voting instructions; it is proposed in this respect to provide a "partial" exception stating that the Management Board has the power to proceed to the designation in question.
- Composition of the Management Board and the Supervisory Board: in compliance with and in observance of the provisions of the Bank of Italy on the question of corporate governance, it is proposed to set the number of members of the Management Board at 7 and the number of members of the Supervisory Board at 15 (*supervisory regulations state that the total number of members of the Management Board and the Supervisory Board must not be greater than 22*).
- Secret ballot for shareholders' resolutions to appoint company officers: the repeal of this is proposed because it constitutes a specific feature of co-operative companies, where a secret ballot, if it is provided by the articles

of association, is considered legitimate in virtue of the particular features of the company and the interests of worker-members and customer-members to a cast a vote that is free from potential conditioning.

- Increased forums for shareholders resolutions provided for by article 28, paragraphs 3 and 4: it is noted that, in accordance with articles 2368 and 2369 of the Italian Civil Code, extraordinary shareholders' meetings of listed joint-stock companies vote on resolutions in first session with the presence of at least one half of the share capital and with a vote in favour of at least two thirds of the share capital represented in the shareholders meetings and in second session with the participation of over one third of the share capital and with the vote in favour of at least two thirds of the share capital present. In view of the provisions of that legislation, and considering that it is not possible for joint stock companies to bind the quorum for resolutions to a per capita vote, the proposal is made to repeal the increased quorum for resolutions provided for by article 28, paragraphs 3 and 4 of the current articles of association.
- Simul stabunt simul cadent: a proposal is made to introduce a "*simul stabunt simul cadent*" (together they stand, together they fall) clause also for the Supervisory Board (already present for the Management Board) stating that if the positions of more than half of the members of the Supervisory Board originally elected are vacated then the entire board is retired.
- Criterion for the appointment of the Supervisory Board: in accordance with article 144-*quater* of Consob Resolution No. 11971/99 (Issuers' Regulations) (applicable also to the Supervisory Board in accordance with the combined provisions of articles 144-*ter*, paragraph 2 and 144-*sexies*, paragraph 2, Issuers' Regulations), on the basis of the capitalisation of UBI Banca, the percentage of the share capital required to present lists of candidates for election to the Supervisory Board is 1% of the share capital, unless a lower percentage is provided for in the articles of association. The current articles of association provide for the presentation of lists:
 - o directly by at least 500 registered shareholders representing at least 0.5% of the share capital;
 - o by UCITSs holding a total of at least 1% share capital;

- by the Supervisory Board, with the support of 500 registered shareholders.

In view of the above, a proposal is made to set the percentage of the share capital needed to present a list for the appointment of the Supervisory Board at 1% of the share capital, or at a different percentage established by the legislation in force.

It is proposed to eliminate the possibility of a list being submitted by the Supervisory Board.

Furthermore, it is proposed to maintain the current criterion by which board members are drawn from lists, adapting it to percentages of the share capital (*only two lists, those with a majority vote; assignment to the minority list of the number of board members determined on the basis of the percentage in favour obtained in the shareholders meeting; elimination of the provision relating to a share capital “premium”, because it is no longer consistent in the context of a joint stock company*). Therefore, continuing with the same guiding criteria provided by the current Articles of Association, the new text of the articles provides for the assignment to the list that obtained the second highest numbers of votes of a number of Supervisory Board members varying from 1 to 3 on the basis of the percentage of votes received in the shareholders meeting.

- Internal committees of the Supervisory Board: it is proposed to standardise the provisions of the Articles of Association on the subject of internal committees of the Supervisory Board.
- Composition of the Appointments Committee: it is proposed to reduce the number of members of the Appointments Committee (currently six), providing for a minimum of three and a maximum of five members and this is in line with Bank of Italy provisions on corporate governance.
- Transition measures: with account taken of the current composition of the Management Board and the Appointments Committee two transition regulations would be introduced designed to maintain the aforementioned composition until the next renewal of company officers; furthermore, for the remaining transition regulations, the reference to the date of the shareholders meeting would be updated, replacing the date of 10th May 2014 with that of the date of today's Shareholders' Meeting.

Right of withdrawal

The right of withdrawal is recognised to shareholders and registered shareholders (hereinafter collectively just “shareholders”) who did not approve today’s resolution regarding the transformation of the Bank. The shares possessed for which the right of withdrawal is being exercised must be deposited at the registered address of the company (article 2437-*bis* of the Italian Civil Code).

In accordance with article 2437-*ter*, paragraph 3 of the Italian Civil Code the amount paid for shares listed on regulated markets is calculated by making reference to the arithmetic average of the closing prices in the six months prior to the date of publication of the notice to convene. The amount of the payment is disclosed by means of a publication in the daily newspapers “Il Sole 24 Ore” and “MF”.

The information relating to the procedures and terms for the exercise of withdrawal that cannot be defined before the Shareholders’ Meeting will be disclosed according to the procedures and in compliance with the deadlines indicated by the current provisions, with the publication of the relative notices in the daily newspapers “Il Sole 24 Ore” and “MF”.

Withdrawal must be exercised by means of a specific communication to the Bank in the form of a registered letter with advice of receipt, to be sent within fifteen days of the filing of the transformation resolution with the Company Registrar; that date will be communicated to shareholders by means of a press release and a notice published in the daily newspapers “Il Sole 24 Ore” and “MF”.

The communication to the Bank must indicate general particulars of the shareholder withdrawing, the service address for communications concerning the procedure and the number of shares for which the shareholder intends to withdraw.

The board members must grant an option to purchase the shares of withdrawing shareholders to the other shareholders in proportion to the number of shares that they possess. The grant of the option must be filed by the Bank with the Company Registrar. A period of not less than 30 days from the filing of the grant will be given for exercising the option right, disclosed by means of a press release and a notice published in the daily newspapers “Il Sole 24 Ore” and “MF”.

Provided they make a request at the time, those exercising their option rights are granted pre-emptive rights for the purchase of the remaining shares for which options are not taken up (article 2437-*quater*, paragraphs 2 and three of the Italian Civil Code).

If the shares of the withdrawing shareholders are not purchased, either in whole or in part, by the other shareholders, the shares will then be placed by means of an offer on regulated markets (article 2437-*quater*, paragraph 4 of the Italian Civil Code).

In the event of failure to sell the shares subject to withdrawal by means of the aforementioned procedures, article 2437-*quater* of the Italian Civil Code provides for redemption by means of the purchase by the issuer.

With reference to the redemption of the shares subject to withdrawal, as part of the provisions of the aforementioned Law No. 33 of 24th March 2015, paragraph 2-*ter* was introduced to article 28 of the Consolidated Banking Act and it states *“The right in ‘popular’ banks to the redemption of shares in the event of withdrawal, even following transformation, death or exclusion of the registered shareholders, is limited according to the provisions made by the Bank of Italy, even as an exception to the provisions of the law, where that is necessary to ensure the inclusion of the shares in the Common Equity Tier 1 regulatory capital of the bank. The Bank of Italy may limit the right to the redemption of other capital instruments issued for the same purposes”*.

The Bank of Italy therefore issued the relative implementation regulations, stating that the articles of association of the bank shall grant the body responsible for strategic supervision (based on proposals from the body with

the management function and having received an opinion from the control functions) the power to limit or reject, wholly or in part and with no limit on the time, the redemption of shares and other capital instruments of registered shareholders withdrawing from the company. That power is granted, in accordance with article 28, paragraph 2-ter of the Consolidated Banking Act, even as an exception to the provisions of the Italian Civil Code on the matter and other provisions of the law.

In that sense and with account taken of recommendations from the Bank of Italy to make amendments to the articles of association purely to comply with the provisions introduced by Law No. 33 of 24th March 2015 as soon as possible, the above-mentioned powers of the Supervisory Board were implemented in the articles of association with a resolution of the Supervisory Board of 4th September 2015.

On the question of the limit to the redemption of shares subject to withdrawal, the necessary authorisation from the Bank of Italy to reduce the own funds of the bank remains unchanged, according to the provisions of article 77 of regulation (EU) No. 575/2013 and the Commission Delegated Regulation No. 241/2014.

With specific reference to a possible postponement or limitation of the right to redemption in relation to the transformation operation in question, it is considered that, also consistent with that which is considered appropriate by the supervisory authority, the decision to postpone or limit the redemption may only be taken with proper knowledge by the bank subsequent to the transformation resolution, once the amount of the capital held by the withdrawing shareholders is known.

Furthermore, in order to allow shareholders to exercise the right to withdraw with the greatest possible knowledge, it is best to report now the basic criteria which the Bank intends to follow in decisions on any possible withdrawal

communications, here too in line with observations on the matter made by the supervisory authority.

That criteria, as identified by the Supervisory Board on the basis of a proposal from the Management Board and having received an opinion from the Internal Control Committee, consists of compliance with a threshold of 11.74% with regard to the “**fully loaded**” Common Equity Tier 1 ratio (CET1r) (i.e. when fully phased in), with exception made for additional facts or requirements which might arise and with account taken in any case of specific recommendations that might arrive from the supervisory authority before the official resolution is passed by the Management Board concerning redemptions. That ratio, identified as the ratio between the Common Equity Tier 1 capital and risk-weighted assets is in fact the main indicator of capital strength monitored by the ECB.

The aforementioned threshold, which represents the limit below which the “**fully loaded**” CET1r may not fall as a result of the repurchase of shares subject to withdrawal, which might remain following the options granted to shareholders and the placement on the stock exchange, is calculated on the basis of the following criteria:

- a) **an examination of UBI Banca’s capital ratios**
- b) **an examination of a European benchmark.**

a) With regard to an **examination of UBI Banca’s capital ratios**, an assessment was made of the overall prospects for growth in the UBI Group’s assets, the ability to withstand possible shocks (in this respect reference is made to the next EBA/ECB stress test exercise), the certainty and reliability of financial communication, with overall considerations of future forecasts of expected capital requirements. In this regard we report the following:

- (i) 9.5% is the CET1r threshold requested of the UBI Group by the ECB in a note dated 25th February 2015 (known as the “SREP Decision”), for which it is expected that an update might result in a further rise;

- (ii) 10% is the CET1r threshold set by the Supervisory Board for 2015 as part of its responsibilities regarding the “Risk Appetite Framework” (RAF);
- (iii) when it approved its results for the period ended 30th June 2015, UBI Banca reported a “fully loaded” CET1r of 12.33% to the market.

As concerns the above, a threshold was identified equal to that of the “SREP Decision” plus 150 bps, the latter being designed to withstand possible shocks as mentioned above.

- b) as concerns a comparison with European benchmark, we report that as at 31st December 2014, the average CET1 ratio of banks subject to Single European Supervision (significant institutions) was 12.48% in terms of the CET1 ratio (transitional)¹.

The results of an examination of the current and future capital position of UBI Banca as stated in item a) were then weighted with the results of an examination of the European benchmark as stated in item b), in order to identify a level of capitalisation considered adequate, which would protect the Group now and in the future and would be appropriate to maintaining it at the levels of excellence in the industry².

As explained, the threshold defined in this manner must be considered as the limit below which the competent bodies of the Bank reserve the right to exercise their power to limit the redemption of the shares subject to withdrawal as provided for by the regulations in force. The necessary authorisation from the Bank of Italy to reduce the own funds of the bank remains unchanged, according to the provisions of article 77 of the CRR and the Commission Delegated Regulation No. 241/2014.

¹ Source ECB, Supervisory Statistics, <https://www.bankingsupervision.europa.eu/banking/supervisory-statistics/html/index.en.html>

² The threshold of 11.74% (as stated above) is the result, at the date of publication, of the arithmetic average between the 12.48% of the European average covered by the ECB as at 31/12/2014 and the latest available SREP recommendation plus 150 bp, where the latter is a prudential assessment of the margin needed to withstand both growth in lending and potential market shocks.

Therefore, if, after granting options and, should it be necessary, also after the placement on the stock exchange, the total amount to be paid for the remaining shares subject to withdrawal (calculated in accordance with article 2437-ter of the Italian Civil Code) is greater than the sum that can be redeemed – calculated with account taken of the capital threshold identified by the Supervisory Board –, the Bank intends to limit the redemption of those shares by making use of the power granted by article 46.1 of the Articles of Association introduced in compliance with the provisions of article 28, paragraph 2-ter of the Consolidated Banking Act.

More precisely, in this circumstance, with full and meticulous respect for the equal treatment of withdrawing shareholders, the Bank could (i) redeem the shares subject to withdrawal on a proportionate basis up to the amount available by recognising the amount of the payment calculated in accordance with article 2437-ter of the Italian Civil Code and (ii) remove the restricted constraint of unavailability on the shares in excess of that amount which as a consequence could be freely transferred by the owner.

On the basis of the criteria defined above, once the option grants and the placement on the stock exchange procedures have been completed and having verified the existence of remaining shares subject to withdrawal, by making reference to the latest published “**fully loaded**” CET1r available and the latest “SREP Decision” available, the Supervisory Board will calculate the amount available for the redemption. That amount will be divided by the payment price per share thereby determining (i) the number of shares that will be redeemed – which, as a result, will be paid proportionately to shareholders withdrawing subject to obtaining the required authorisation from the Bank of Italy – and, consequently, (ii) the number of shares that will be made available again to the withdrawing shareholder.

The Bank does in fact consider that the alternative solution of postponing the payment procedure – a possibility, moreover, which is complemented by the implementation provisions issued by the Bank of Italy – would result in a serious damage to the shareholder due to (i) the continued existence, for a period of time not known beforehand, of the impossibility of selling the shares

subject to withdrawal granted by the Italian Civil code and therefore (ii) the impossibility of benefiting from possible positive performance of the share in the stock exchange following the transformation.

At the same time, from the viewpoint of the Bank, the ability to immediately complete the process of paying for the shares subject to withdrawal by using the sums available at that time would have considerable benefits in terms of the following: stability and regulatory capital strength; flexibility in terms of capital allocation policies and operational decisions; the possibility to further strengthen future regulatory capital according to the guidelines emerging at European level; and certainty in financial communication.

The Management Board

The Supervisory Board

Bergamo, September 2015

ARTICLES OF ASSOCIATION

TITLE I

INCORPORATION, CORPORATE NAME, DURATION AND REGISTERED OFFICE OF THE BANK

ARTICLE 1

The bank, *Unione di Banche Italiane Società per azioni*, is established, also named in abbreviated form as just **UBI Banca** (the “**Bank**”), resulting from the transformation of *Unione di Banche Italiane Società cooperativa per azioni* following a resolution passed by an Extraordinary General Meeting of the Shareholders on [.....] pursuant to Law No. 33 of 24th March 2015, which had assumed that name as a result of the merger, based on the principal of equal dignity between the companies participating in it, of "Banche Popolari Unite Società cooperativa per azioni" and "Banca Lombarda e Piemontese Società per Azioni", in observance of the common values that characterised those banks.

ARTICLE 2

The duration of the Bank is established as until 31st December 2100 and may be extended.

ARTICLE 3

The registered office of the Bank shall be in Bergamo and its operating headquarters shall be in Bergamo and Brescia.

TITLE II

COMPANY OBJECTS

ARTICLE 4

4.1.- The objects of the Bank are to borrow and lend money in the various ways in which it is performed, both directly and through its subsidiary undertakings.

4.2.- To this end, it may, provided it complies with the legislation in force and subject to the obtainment of the prescribed authorisations, both directly and through subsidiary companies, carry out any transactions and banking or financial services, as well as any other activity banks are allowed to conduct, including issue of bonds and granting of loans regulated by special laws.

4.3.- The Bank may also carry out any other transaction necessary to or in any way connected with achieving its company objects.

4.4.- The Bank shall pay special attention to enhancing the value of the resources of the community in which it is located through its own distribution network and that of the Group.

4.5.- In order to achieve its objects, the Bank may become a member of associations and consortia of the banking sector, both in Italy and abroad.

4.6.- The Bank, in its capacity as parent of the Unione di Banche Italiane Group, also named the UBI Banca Group in

abbreviated form (hereinafter, the “Group”), pursuant to Article 61, paragraph four of Legislative Decree No. 385 of 1st September 1993, shall issue - in exercising its respective management and co-ordination activities – directives to Group member companies, which may also be to implement instructions given by the Bank of Italy (Banca d’Italia) and in the interest of the Group’s stability.

TITLE III SHARE CAPITAL, SHAREHOLDERS AND SHARES

ARTICLE 5

5.1.- The subscribed and paid-up share capital amounts to €2,254,371,430.00 and is divided into 901,748,572 nominal shares with no nominal value.

5.2.- The issue of new shares may be resolved by an Extraordinary General Meeting of the Shareholders, in compliance with Article 2441 of the Italian Civil Code, with the majorities and quorums specified in these Articles of Association for the convening and resolutions of Extraordinary General Meetings of the Shareholders, with the right to delegate the power to the Management Board, but subject to authorisation from the Supervisory Board for the exercise, in compliance with the legislation and regulations in force, of the powers provided by Articles 2420 *ter* and 2443 of the Italian Civil Code;

5.3.- The share capital may also be increased by contributions of loans and assets in kind.

ARTICLE 6

Withdrawal from the Bank is only permitted in those cases permitted by law, according to the procedures and with the effects provided for by the legislation and regulations in force.

ARTICLE 7

7.1.- Shares are indivisible.

7.2.- If a share is jointly owned, then the rights of the joint owners must be exercised by a common representative appointed according to the procedures provided for by the legislation and regulations in force. If a common representative has not been appointed or if that appointment has not been communicated to the Bank, then the communications and declarations made by the Bank to one of the joint owners are valid for all of them.

7.3.- Shares are transferable as permitted by Law.

ARTICLE 8

The shares may be subject to foreclosure on them by the Bank in all cases of the failure of Shareholders to meet obligations towards the Bank in accordance with the Law.

ARTICLE 9

9.1.- Interests held in assets and profits are in proportion to the shares owned.

9.2.- Dividends not collected within five years from the day on which they are payable become the property of the Bank and increase the statutory reserve.

ARTICLE 10

Until 26th March 2017 no party with the right to vote may exercise it, for any reason, with a quantity of shares greater than 5% of the share capital with voting rights. For this purpose, votes are considered that are cast in relation to shares possessed directly and indirectly, through subsidiary companies, trust companies or nominees and those cast in any other case in which the right to vote is attributed, for any reason, to a party other than the owner of the shares; shares held by Italian or foreign collective investment undertakings, are never counted for the purposes of this limit. Control exists in those cases specified by Article 23 of the consolidated text of legislative decree No. 385 of 1st September 1993 and subsequent amendments. In cases of violation of the provisions of this paragraph, any shareholders’ resolution that

is passed may be annulled in accordance with Article 2377 of the Italian civil code, if the required majority would not have been reached without that violation. Shares for which the right to vote cannot be exercised are not counted for the purposes of the proper convening of meetings.

TITLE IV GOVERNING BODIES AND COMPANY OFFICERS

ARTICLE 11

Performance of the functions of the Bank is delegated, according to their respective responsibilities to:

- a) Shareholders' Meetings;
- b) the Management Board;
- c) the Supervisory Board;
- d) the Chief Executive Officer;
- e) the General Management;
- f) the Board of Arbitrators.

TITLE V SHAREHOLDERS' MEETINGS

ARTICLE 12

Shareholders' meetings, properly convened and constituted, represent the Shareholders as a whole and resolutions of those meetings, passed in compliance with the law and the Articles of Association, are binding on all Shareholders, even if absent or dissenting.

ARTICLE 13

13.1.- Shareholders' Meetings are either ordinary or extraordinary.

13.2.- An ordinary Shareholders' Meeting:

- a) appoints and removes members of the Supervisory Board and sets the fees of the members of the Supervisory Board, as well as an additional total sum for the remuneration for those assigned particular offices, powers or functions, which is allocated in accordance with Article 44. It elects the Chairman and the Senior Deputy Chairman of the Supervisory Board according to the procedures set out in Article 45. Proper grounds must be given for the removal of members of the Supervisory Board;
- b) approves:
 - remuneration and incentive policies for members of the Supervisory Board and members of the Management Board;
 - remuneration and/or incentive schemes based on financial instruments;
 - criteria and limits for the determination of remuneration to be agreed in the event of the early termination of an employment relationship or early retirement from corporate office, inclusive therein of the limits set to said remuneration in terms of years of fixed remuneration and the maximum amount resulting from their application;
 - on the basis of a proposal from the Supervisory Board, a higher ratio than that of 1:1 between the individual variable and the fixed remuneration of key personnel, but nevertheless not higher than the maximum limit set by the regulations in force from time to time";
- c) decides on the liability of the members of the Supervisory Board and, pursuant to Article 2393 and Article 2409-decies of the Italian Civil Code, on the liability of the members of the Management Board, without prejudice to the concurrent liability of the Supervisory Board;
- d) decides on the distribution of profits, subject to the presentation of the financial statements and of the consolidated financial statements approved pursuant to Article 2409-terdecies of the Italian Civil Code;

- e) appoints and dismisses the external statutory auditors responsible for auditing the accounts;
- f) approves the separate financial statements if the Supervisory Board fails to approve them or if this is requested by at least two thirds of the members of the Supervisory Board;
- g) approves and amends the regulations for Shareholders' Meetings;
- h) appoints the Board of Arbitrators;
- i) decides on the other matters that fall within its competence either by law or by these Articles of Association.

13.3.- An Extraordinary Shareholders' Meeting makes amendments to the Articles of Association, decides the appointment, removal, replacement and powers of receivers and all other matters for which it is responsible by law.

13.4.- Shareholders' Meetings shall be held in all the cases provided for by law and by these Articles of Association and they are convened by the Management Board, or, pursuant to Article 151-*bis* of Legislative Decree No. 58 of 24th February 1998, by the Supervisory Board or by at least two of its members, without prejudice to the other powers to convene provided for by law.

13.5.- Ordinary Shareholders' Meetings are convened in any event at least once a year within 120 (onehundredandtwenty) days of the end of each financial year to pass resolutions on matters for which it holds responsibility by law or in accordance with these Articles of Association.

13.6.- Ordinary and Extraordinary Shareholders' Meetings may be convened by Shareholders who represent at least one twentieth of the share capital and shall be held without delay following the presentation of the request, giving the grounds and the agenda.

13.7.- In compliance with the procedures, according to the terms and within the time limits set by law, Shareholders who, even jointly, represent at least one fortieth of the share capital, may make an application in writing for additions to be made to the agenda to be dealt with in the Shareholders' Meeting, as it results from the notice convening the Shareholders' Meeting, with the indication in the request of the additional items proposed by them and they may also submit proposals for resolutions on matters already on the agenda. Legitimation to exercise the right is given by filing a copy of the communication issued by the intermediary in accordance with the law and regulations in force.

ARTICLE 14

Shareholders' Meetings shall be held, alternately, in the city or province of Bergamo and in the city or province of Brescia.

ARTICLE 15

15.1.- Shareholders' Meetings shall be convened by means of notices – containing the items on the agenda, the place, the day and the time of the meeting and all other information required by the relevant legislation – published within the time limits specified by the legislation and regulations in force on the website of the Bank and also according to the other procedures provided for by the law and regulations. Notices must also be affixed in the branches of the Bank.

15.2.- A notice to convene may contain a second call for a Shareholders' Meeting and, limited to Extraordinary Shareholders' Meetings, also a third call. The Management Board may decide that a Shareholders' Meeting, whether ordinary or extraordinary, is held in a single session, excluding sessions subsequent to the first, with the majorities required by the applicable regulations. Details of that decision are contained in the notice to convene.

15.3.- A Shareholders' Meeting is also validly held when remote connection systems are used that ensure the identification of Shareholders with a legitimate right to participate, the possibility for them to take part in the proceedings of the meetings and to vote on deliberations and, if expressly provided for by the notice of call, the possibility to take part in the discussion of the items dealt with. However, the Chairman and the Secretary must be present in the place indicated in the notice of call where it is considered that the meeting is taking place.

The Management Board, in agreement with the Chairman of the Supervisory Board, identifies, from time to time, the locations connected by means of remote systems for each call, taking account in particular of the composition of the Shareholders.

The Regulations for Shareholders' Meetings establish the criteria and procedures for holding Shareholders' Meetings by means of the use of remote connection systems.

ARTICLE 16

Those with the right to vote for whom the Bank has received a communication from the authorised intermediary certifying their legitimate right may take part in Shareholders' Meetings.

ARTICLE 17

17.1.- Each ordinary share gives the right to one vote, exception being made for the provisions of Article 10.

17.2.- Those with the right to vote may have themselves represented in Shareholders' Meetings in compliance with the provisions of the law. Notification of the proxy may be performed electronically by means of electronic mail according to the procedures contained in the notice to convene or using other procedures chosen from among those provided for by the laws and also the regulations in force.

17.3.- The Management Board has the right, reporting this information in the notice to convene, to designate one or more parties to whom those with the right to vote may grant, following the procedures provided for by the applicable legislation and regulations, a proxy with voting instructions on all or some of the items on the agenda. The proxy is valid solely with regard to those proposals for which voting instructions have been given.

17.4.- Without prejudice to the provisions of Article 2372, paragraph 2, of the Italian Civil Code, the proxy may be granted for a single Meeting only, effective also for subsequent calls, but may not be granted without specifying the name of the representative.

17.5.- Voting by post is not permitted.

17.6.- Members of the Management Board and similarly members of the Supervisory Board may not vote on resolutions concerning their areas of responsibility

ARTICLE 18

18.1.- The relative laws and regulations apply for the validity of a Shareholders' Meeting that has been convened and also for the validity of the relative resolutions, except for the provisions of Article 19, paragraph one and Article 37 for the election of the Supervisory Board.

18.2.- If it is not possible to complete the agenda in one day, the Chairman of the Shareholders' Meeting may decide to continue it but not longer than the seventh following day, informing those present verbally without the need for further notice. In second call a Shareholders' Meeting is constituted and passes resolutions with the same majorities established for the validity of that constitution and resolutions of the Shareholders' Meeting that is being continued.

ARTICLE 19

19.1.- The proposal contained in Article 13, paragraph 2, letter b), item 4 is approved by an ordinary shareholders meeting when (i) the Meeting is convened with at least half of the share capital and the resolution is passed with a vote in favour of at least two thirds of the share capital represented in the Meeting, (ii) the resolution is passed with a vote in favour of at least three quarters of the share capital represented in the Meeting, whatever the amount of the share capital present. If a Shareholders' Meeting, whether in ordinary or extraordinary session, is called upon to consider a proposal concerning a transaction with related parties, where the committee formed in compliance with Consob Regulation No. 17221 of 12th March 2010 and subsequent amendments has expressed an opinion against the transaction and if the Shareholders' Meeting has approved that proposal with the quorum for resolutions required by these Articles of Association, the conclusion of that transaction shall be forbidden if a number of non-related party shareholders who represent at least 5% of the share capital is present in the Shareholders' Meeting and the majority of those non-related party shareholders have voted against the transaction.

19.2.- For resolutions to be passed upon request of the Banking Supervisory Authority in relation to amendments to legal regulations, both ordinary and extraordinary shareholders' meetings shall pass resolutions by an absolute majority vote. In these cases, the provisions of Article 40, paragraph five apply for resolutions for which the Supervisory Board is responsible.

ARTICLE 20

20.1.- Both ordinary and extraordinary Shareholders' Meetings are chaired by the Chairman of the Supervisory Board or, if absent, by the Senior Deputy Chairman of the Supervisory Board or, in the event of absence or impediment, by the Chairman of the Management Board or, in the event of absence or impediment, by the Deputy Chairman of the Management Board and if the latter is absent or impeded, by another person appointed by the meeting itself.

20.2.- The Chairman of the Supervisory Board may in any event always delegate and appoint the Chairman of the Management Board to chair the Shareholders' Meeting and the Chairman of the Management Board shall report that appointment when the proceedings of the meeting commence.

20.3.- The Chairman of General Meetings is responsible for verifying the validity of proxies and in general the right of those present to participate in Shareholders' Meetings, for verifying that the meeting has been properly convened with a proper quorum for resolutions, and also for leading and moderating discussion as well as for deciding the procedures for voting, and for ascertaining the relative results.

20.4.- On the basis of proposals from the Chairman, Shareholders' Meetings shall appoint a Secretary and the scrutineers.

20.5.- In extraordinary Shareholders' Meetings, or when the Chairman deems it appropriate, the functions of the secretary shall be performed by a notary appointed by the Chairman of the meeting.

TITLE VI MANAGEMENT BOARD

ARTICLE 21

21.1.- The Management Board shall be composed of 7 (seven) members, inclusive of a Chairman, a Deputy Chairman and a Chief Executive Officer; the members of the Management Board are appointed by the Supervisory Board, on the basis of a proposal from the Appointments Committee, according to a criterion which, in compliance with Law No. 120 of 12th July 2011, ensures a balance between genders for the period provided for by that law.

21.2.- Without prejudice to legal obligations, 2 (two) members of the Management Board shall be selected from among the senior management of the Bank. The Board Member nominated as the Chief Executive Officer in accordance with Article 33 of the Articles of Association is not counted in that number even if he is a senior manager of the Bank at the time of his appointment or is appointed to that position subsequently.

21.3.- The members of the Management Board shall remain in office for three financial years. Their term of office shall expire on the date of the Supervisory Board meeting convened to approve the financial statements relating to their last year in office. They nevertheless shall remain in office until a new Management Board is appointed in accordance with Article 38, letter a) and they may be re-appointed. Members of the Management Board who also hold positions as senior managers of the Bank shall vacate their office as Board Members immediately, the moment they leave their positions as senior managers, no matter what the reason.

21.4.- The Chief Risk Officer attends meetings of the Management Board in a consultative capacity only, unless supervisory regulations provide otherwise.

21.5.- Persons who are ineligible or debarred within the meaning of Article 2382 of the Italian Civil Code, or who do not satisfy the requirements of integrity, professionalism or any other requirement contained in the relevant legislation and regulations, also with regard to the limits on the accumulation of positions imposed by internal regulations, may not be appointed as members of the Management Board. However, at least one member of the Management Board must possess the requirements of independence set forth in Article 148, paragraph three of Legislative Decree No. 58 of 24th February 1998.

21.6.- Nevertheless, members of the Management Board must not yet have reached 70 years of age at the time of appointment and they must have acquired overall experience – through holding the office in Italy or abroad – of at least three years as chairman or at least five years of working in:

- senior management and/or strategic supervision
- or
- management
- in
- banks, finance companies, asset management companies or insurance companies;
- independent public authorities;

- companies which carry out manufacturing and/or trade in goods or services;
- companies with shares traded on an Italian or foreign regulated market.

21.7.- Candidates can also be elected who have not acquired that career experience provided they are or have been members of the professional associations of accountants, notaries or lawyers for at least ten years.

21.8.- The members of the Supervisory Board cannot be appointed as members of the Management Board as long as they continue to hold that office.

ARTICLE 22

22.1.- The Chairman of the Management Board and the Deputy Chairman of the Management Board – called upon to perform the functions of chairman if the Chairman is absent or subject to impediment – shall be appointed by the Supervisory Board in accordance with the provisions of Article 38.

22.2.- Secretarial functions are delegated by the Management Board to one of its members or even to a senior manager or to another person outside the Bank or the Group.

ARTICLE 23

23.1.- If the positions of one or more members of the Management Board become vacant, the Supervisory Board replaces them without delay, again on the basis of a proposal submitted by the Appointments Committee in compliance with the proportions established by Law No. 120 of 12th July 2011 for the purposes of ensuring balance between genders. The term of office of members appointed in this manner shall expire at the same time as that of those in office when they were appointed.

23.2.- If for any reason positions of the majority of the members originally appointed by the Supervisory Board become vacant, then the entire Management Board is considered as removed from office from the date of the appointment of new members. The latter shall remain in office for the remaining term of office that the original Board would have served.

ARTICLE 24

24.1.- Meetings of the Management Board shall be chaired by the Chairman or, in his absence, by the Deputy Chairman. In their absence they shall be chaired by the most senior member by age.

24.2.- The minutes of meetings of the Management Board, taken by the Secretary, are read and submitted for approval to the Board itself in the meeting that immediately follows or, at the very latest, the one after; they are signed by the person who chaired the meeting and by the Secretary.

ARTICLE 25

25.1.- The Management Board shall meet at least once a month, as well as each time the Chairman thinks it fit to call a meeting or when a request is submitted by at least half of the members in office.

25.2.- Meetings are held alternating between the city of Bergamo and the city of Brescia and around once a year in the city of Milan.

25.3.- Without prejudice to the powers to call meetings reserved to the Supervisory Board, meetings are convened by the Chairman with details given, which may be brief, of the agenda and notice of at least 3 (three) days prior to the date set for the meeting, sent by any appropriate means to the domicile of each member, except in urgent cases when notice is reduced to one day. Members of the Supervisory Board must also be notified of meetings in the same way.

25.4.- In order for meetings of the Management Board to be valid - without prejudice to the provisions of Article 27 - the presence of more than half the members in office is required.

25.5.- Remote participation in meetings of the Management Board is admissible by means of appropriate audio-video conference and/or teleconference systems on condition that all those with the right may participate and be identified and that they are able to follow the meeting and intervene in the matters dealt with in real time as well as receive, transmit or view documents, examining them and deciding on resolutions simultaneously with other members. In these cases, the meeting of the Management Board shall be considered as being held in the place where the person chairing the meeting

and the secretary are located.

ARTICLE 26

In addition to the reimbursement of expenses incurred in performing their duties in office, the Members of the Supervisory Board also have the right to remuneration determined by the Supervisory Board in accordance with paragraph one, letter a) of Article 46 of these Articles of Association, inclusive of remuneration – again set by the Supervisory Board – for members of the Management Board appointed to particular positions in compliance with these Articles of Association.

ARTICLE 27

27.1.- Resolutions of the Management Board are passed by open vote, with the vote in favour of the majority of the members present.

27.2.- Nevertheless, the vote in favour of at least two thirds of the members of the Management Board is required for the resolutions concerning:

- a) proposals for amendments to the Articles of Association, to be submitted for authorisation to the Supervisory Board for subsequent approval by an Extraordinary Shareholders' Meeting;
- b) proposals to be submitted for approval to the Supervisory Board, concerning:
 - the total or partial transfer of the shareholdings held in the following companies: Banca Popolare Commercio e Industria S.p.A., Banca Popolare di Bergamo S.p.A., Banca Popolare di Ancona S.p.A., Banca Carime S.p.A., Banco di Brescia S.p.A. and Banca Regionale Europea S.p.A., and the constitution of any kind of lien or encumbrance on their shares;
 - determination of the vote to be cast in Shareholders' Meetings of the above companies convened for the approval of increases in share capital with option rights excluded (upon payment in cash or contribution in kind), the issuance of convertible bonds or cum warrant bonds, without option rights;
 - determination of the vote to be cast in the meetings of the above companies convened for deciding on the merger into the Bank or into other companies, on their transformation, demerger, early dissolution, changes in the company objects, name changes or relocation of the registered offices out of the municipality in which they are currently located and on the transfer of the banking company or of a substantial part of it to third parties not forming part of the Group;
- c) appointments to the office of member of the Board of Directors and of the Board of Auditors of the companies listed in the preceding paragraph b), after taking into account the non-binding opinion of the Supervisory Board communicated by the Chairman of that body;
- d) the assignment, if considered appropriate, of one member of the board to the office pursuant to Article 35.

ARTICLE 28

28.1.- The Management Board is responsible for the management of the Bank in compliance with the strategic policies and plans approved by the Supervisory Board, with account also taken of the proposals formulated concerning them by the Management Board itself. For this purpose, it carries out all the transactions that are necessary, useful or advisable for achieving the corporate purpose, whether they refer to ordinary or extraordinary management.

28.2.- In addition to those matters that cannot be delegated by law and to those pursuant to the last paragraph of Article 27, the Management Board has exclusive responsibility for the following:

- a) the formulation of the strategic policies and plans of the Bank and the Group, on the basis of proposals from the Chief Executive Officer, to be submitted to Supervisory Board for approval with account also taken of recommendations concerning them made by the Supervisory Board;
- b) granting and revoking the powers of the Chief Executive Officer. The selection of the member of the Management Board to whom powers are granted must be performed on the basis of a non binding proposal from the Supervisory Board, decided in turn, subject to a proposal by the Appointments Committee. If this proposal has not been made by the Appointments Committee with the quorum required by the relative regulations, the proposal submitted by the Supervisory Board to the Management Board shall be decided with the vote in favour of at least two thirds of the

members of the Supervisory Board. The revocation of the powers is decided by the Management Board with the vote in favour of all the members of the Management Board, except for the person concerned, after consultation with the Supervisory Board;

- c) the formulation, on the basis of proposals from the Chief Executive Officer, of the business and/or financial plans and the budgets of the Bank and the Group to be submitted to the Supervisory Board for approval pursuant to Article 2409-terdecies of the Italian Civil Code;
- d) setting of risk management guidelines and policies including those relating to non-compliance with internal regulations and controls, to be submitted to the approval of the Supervisory Board
- e) conferring, modifying or revoking authorisations and powers and assigning specific functions or authorisations to one or more Board Members;
- f) the appointment and removal of the General Manager and other members of General Management, defining their functions and responsibilities and also the appointment of the senior management of the Bank and companies in the Group;
- g) the designation of members of the Board of Directors and of the Board of Statutory Auditors of the companies belonging to the Group, without prejudice to the provisions of the preceding Article 27, paragraph two, letter e);
- h) proposals concerning the acquisition or disposal of controlling investments in companies and the acquisition or disposal of non-controlling investments where the amount is greater than 0.01% of the regulatory capital eligible for calculating the consolidated core tier one capital as stated in the latest report to the Bank of Italy in accordance with the regulations in force;
- i) opening and closing down of branches and agencies;
- l) determination of the organisational, administrative and accounting structure of the Bank, to be submitted to the Supervisory Board for approval, and, without prejudice to the exclusive powers of the Supervisory Board pursuant to Article 41 of these Articles of Association, the creation of committees or commissions with advisory, investigative, controlling or co-ordinating functions, without prejudice to Article 33, paragraph two;
- m) the approval and amendment of the regulations of the Bank and the Group, with exception made for the responsibilities and powers of the Supervisory Board pursuant to Article 38, paragraph one, letter s) of these Articles of Association;
- n) determination of the criteria for the co-ordination and management of Group member companies and also the criteria for implementing instructions issued by the Bank of Italy;
- o) subject to the mandatory opinion of the Supervisory Board, the appointment and removal of the Senior Officer Responsible for the corporate accounting documents, pursuant to Article 154-*bis* of Legislative Decree No. 58 of 24th February 1998, and determination of the relative remuneration. In addition to the requirements of integrity prescribed by the current regulations in force for persons performing administrative and management functions, the Senior Officer Responsible for preparing financial reporting documents officer must also possess requirements of professionalism with specific administrative and accounting expertise in the banking, finance, investment or insurance fields. This expertise, to be verified by the Management Board, must have been acquired through experience in positions of appropriate levels of responsibility for a reasonable period of time and in comparable companies;
- p) the appointment and removal, in agreement with the Supervisory Board, of the Anti Money-Laundering Officer;
- q) the preparation of separate financial statements and consolidated financial statements for approval;
- r) the exercise of powers to increase the share capital granted pursuant to Article 2443 of the Italian Civil Code and also to issue convertible bonds pursuant to Article 2420-*ter* of the Italian Civil Code, subject to authorisation by the Supervisory Board;
- s) obligations of the Management Board pursuant to Articles 2446 and 2447 of the Italian Civil Code;
- t) formulation of merger or demerger plans;
- u) proposals for strategic transactions pursuant to Article 38, paragraph one, letter m) to submit to the Supervisory Board for approval;
- v) definition of criteria to identify related-party transactions for which responsibility will lie with the board itself.

ARTICLE 29

29.1.- The Management Board shall report in writing to the Supervisory Board on the general performance of operations, on the business outlook and on the most important transactions in terms of size and nature performed by the Bank and its subsidiaries as well as on the principal accounting figures for the Bank, its main subsidiaries and the Group and it shall also report in any event on transactions in which the members of the Management Board themselves hold an interest either on their own account or on behalf of third parties. The Chairman of the Supervisory Board may invite the Chairman of the Management Board and/or the Chief Executive Officer to illustrate the relative report to the Supervisory Board.

29.2.- The report shall be made at least on a quarterly basis.

ARTICLE 30

30.1.- The Chairman of the Management Board:

- a) is the legal representative of the Bank and may sign on its behalf, as explained in greater detail in the subsequent Article 31;
- b) shall convene the Management Board and set the agenda taking into account, amongst other things, proposals formulated by the Deputy Chairman and by the Chief Executive Office and he shall co-ordinate the proceedings, ensuring that all members are furnished with adequate information concerning the items on the agenda;
- c) shall maintain relations with the Supervisory Authority, in agreement with the Chief Executive Officer, as part of the activities of the Management Board;
- d) shall maintain relations with the Supervisory Board and its Chairman;
- e) shall ensure that the Supervisory Board is informed at least quarterly pursuant to the previous Article 29;
- f) shall be responsible, in agreement with the Chairman of the Supervisory Board and the Chief Executive Officer, for the external communication of information concerning the Bank;
- g) shall exercise all the other powers involved in performance of his duties.

30.2.- In cases of extreme and justified urgency, and if the Management Board cannot be immediately convened, the Chairman of the Management Board or, in the event of his absence or impediment, the Deputy Chairman or, in the event of the absence or impediment of the foregoing, the Chief Executive Officer may take decisions concerning any transaction within the remit of the Management Board, and in particular in the field of loan disbursement, except for matters for which the Management Board has exclusive responsibility. The decisions taken in this manner must be reported to the Management Board in the first subsequent meeting.

ARTICLE 31

31.1.- The Chairman of the Management Board, the Deputy Chairman of the Management Board and the Chief Executive Officer shall represent the Bank severally before third parties and in legal proceedings, before any courts at any levels and at any level and they may sign singly on behalf of the Bank.

31.2.- The Chairman of the Management Board, the Senior Deputy Chairman, the Deputy Chairman and the Chief Executive Officer, each individually, have the power to initiate legal proceedings for all matters concerning the management and administration of the Bank, to make appeals before all judicial and jurisdictional authorities and before administrative and tax authorities and commissions, to grant authorisations for joint and special proceedings with the election of domicile and to initiate civil proceedings within criminal actions.

31.3.- The Chairman, the Deputy Chairman and the Chief Executive Officer, individually and in the exercise of their powers, may appoint persons with special powers of attorney for determined actions or categories of actions.

ARTICLE 32

32.1.- The Management Board may grant the power to sign on behalf of the Bank, either jointly or individually, within the limits and under the conditions that it considers appropriate, to the General Manager, to senior managers, to middle managers and other personnel in offices and branches and it may also grant specific powers to individuals.

32.2.- Similarly, the Management Board may delegate its powers concerning the cancellation and reduction of mortgages to those indicated in the previous paragraph even in cases where there is no corresponding settlement of or

decrease in loans granted and secured.

TITLE VII CHIEF EXECUTIVE OFFICER

ARTICLE 33

33.1.- The Management Board, in compliance with the law and the Articles of Association and in particular with regard to Article 37, may delegate its own powers, that do not fall within its exclusive competence pursuant to the law or these Articles of Association, to one of its members, who acts as the Chief Executive Officer, without prejudice to what is provided for in the event of urgency by the last paragraph of Article 30.

33.2.- Decision-making powers concerning the disbursement of loans and connected with the assumption of risk in typical banking activities may be delegated, with the exception of those powers that may not be delegated, to special committees composed of board members and senior managers and also, within the limits of set amounts, to the General Manager, to senior managers, middle managers and branch managers.

33.3.- The Management Board may also delegate powers to individual members to perform individual actions and negotiations.

ARTICLE 34

34.1.- The Chief Executive Officer may also be granted, amongst others, the following powers:

- a) to supervise the management of the Bank and the Group;
- b) to perform strategic co-ordination and operational control for the Bank and the Group;
- c) to supervise the implementation of the organisational, administrative and accounting structure decided by the Management Board and approved by the Supervisory Board;
- d) to issue operational directives for General Management;
- e) to supervise the integration of the Group;
- f) to submit proposals to the Management Board for the formulation of the general plans and strategic policies of the Bank and the Group and to draw up the business and/or financial plans and budgets of the Bank and the Group to be submitted for the approval of the Supervisory Board and to supervise implementation through the General Management;
- g) to propose budget policies and guidelines to optimise the use of resources and to submit draft annual financial statements and interim financial statements to the Management Board;
- h) to propose appointments to the senior operational and executive management of the Bank and Group member companies to the Management Board, in agreement with the Chairman and Deputy Chairman of the Management Board and after consultation with the General Manager;
- i) to promote integrated risk management;
- l) to make extraordinary requests for inspections and/or investigations to the internal control function through the Internal Control Committee.

34.2.- The Chief Executive Officer shall report quarterly to the Management Board on the performance of operations, the business outlook and the most important transactions performed by the Bank and its subsidiaries. The Chief Executive Officer reports monthly to the Management Board on the results of the Bank and the main subsidiaries of the Group as a whole.

ARTICLE 35

The Management Board may assign duties to one of its members, exclusively in support of the Management Board itself, with organisational, proposal-making and reporting functions on internal control matters, to be performed in close co-operation and agreement with the Chief Executive Officer and the General Manager, in observance of the responsibilities of the Supervisory Board on those matters and decisions made by it.

**TITLE VIII
SUPERVISORY BOARD**

ARTICLE 36

36.1.- The Supervisory Board is composed of 15 (fifteen) members, including a Chairman and a Senior Deputy Chairman appointed by a Shareholders' Meeting in compliance with Article 37. The Supervisory Board may appoint one or two Deputy Chairmen from among its members. The members of the Supervisory Board shall remain in office for three financial years and they shall retire from office on the date of the Shareholders' Meeting convened in compliance with paragraph two of Article 2364-*bis* of the Italian Civil Code.

36.2.- Their retirement, due to the expiry of their term of office, shall be effective from the time at which a new Supervisory Board is appointed, the outgoing board maintaining its full powers in the meantime.

36.3.- If, during the course of a financial year, one or more members of the Supervisory Board retires, provision is made to replace them in accordance with Article 37.

36.4.- The members of the Supervisory Board must be in possession of the requirements of integrity, professionalism and independence prescribed by regulations currently in force. All members of the Supervisory Board must not yet have reached 75 years of age at the time of appointment and they must have acquired overall experience – through holding the office in Italy or abroad – of at least three years as chairman or at least five years of working in:

- senior management and/or strategic supervision
- management

or

- control

in

- banks, finance companies, asset management companies or insurance companies;
- independent public authorities;
- companies which carry out manufacturing and/or trade in goods or services;
- companies with shares traded on an Italian or foreign regulated market.

36.5.- Candidates can also be elected who have not acquired that career experience provided they:

- are or have been tenured university professors for at least five years in the subjects of law, economics, mathematics, statistics, or management engineering;
- are or have been members of the professional associations of accountants, notaries or lawyers for at least ten years.

36.6. - Persons who have occupied the position of Chairman or Senior Deputy Chairman for the three preceding terms of office may not be appointed to the relative position.

36.7.- At least 3 (three) members of the Supervisory Board must be chosen from amongst persons enrolled in the register of external statutory auditors who have exercised statutory auditing activities for a period of not less than three years.

36.8.- Furthermore, the composition of the Supervisory Board must ensure, in compliance with the provisions of Law No. 120 of 12th July 2011, that a balance is maintained between genders for the period provided for by that law and at least the majority of the members of the Supervisory Board must not have occupied the position of member of the Supervisory Board and/or member of the Management Board of the Bank continuously for the three previous terms of office.

36.9.- While mandatory regulations of the law, the Supervisory Authority or other regulations must be complied with, persons already holding the office of full statutory auditor, or who are members of other supervisory bodies in more

than five listed companies and/or their parent companies or subsidiaries, cannot hold office as a member of the Supervisory Board.

36.10.- If the cause of incompatibility just mentioned is not eliminated within 60 days of election or, if it occurs subsequently, of communication of the fact to those concerned the member of the board is automatically deemed to have retired from office.

36.11.- In addition to the reimbursement of expenses incurred in performing their duties in office, the Members of the Supervisory Board also have the right to remuneration determined for the entire period of office in accordance with these Articles of Association.

36.12.- The Supervisory Board, after consulting with the Remuneration Committee, shall allocate the remuneration set by a Shareholders' Meeting pursuant to Article 22 and it shall set the remuneration for the Chairman, the Senior Deputy Chairman, the Deputy Chairmen if appointed and those members of the Supervisory Board to whom specific offices, powers or duties have been assigned by these Articles of Association or by the Supervisory Board itself. This allocation shall, amongst other things, take account of participation in committees created by the Supervisory Board itself and any possible allocation of Supervisory Body functions pursuant to Legislative Decree No 231/2001.

ARTICLE 37

37.1.- Members of the Supervisory Board shall be elected by a Shareholders' Meeting on the basis of lists submitted by Shareholders, in accordance with the procedures set forth below.

37.2.- The lists of candidates must be deposited at the registered offices of the Bank by the twentyfifth day prior to the Shareholders' Meeting in first call and they must contain the names of at least two candidates and also, where they are composed of at least three candidates, comply with the gender proportions established by Law No. 120 of 12th July 2011 in order to ensure that a balance is maintained between them within the Supervisory Board as well as with the additional proportion specified in paragraph 8 of **Article 36**. Submission of the lists may be performed by remote means of communication defined by the Management Board in a manner, stated in the notice to convene, which allows those depositing the lists to be identified.

37.3.- The lists must also be accompanied by information concerning the identity of the Shareholders who have submitted them, with details of the number of shares and therefore the total percentage of the shares held by the Shareholders submitting them and, within the time limits set by the legislation and regulations in force, by a communication which demonstrates ownership of the investment, as well as all other information required by the regulations in force. In order to prove ownership of the number of shares necessary for the submission of lists, the relative communication must also be produced at least twenty one days before the date of the Shareholders Meeting according to the procedures provided for by the legislation and regulations in force.

37.4.- Exhaustive information must be deposited together with each list on the personal and professional characteristics of the candidates as well as a declaration by the candidates themselves stating that they are in possession of the requirements specified by the law and by regulatory and Articles of Association provisions and also that they accept their candidature.

37.5.- In cases where only one list has been presented within the time limit mentioned in paragraph two of this article, or in any event in the cases provided for by the regulations in force, the Bank reports this immediately with a press release sent to at least two press agencies. In this case lists may be submitted up until the third day following the date of the time limit cited. In this case the limits laid down in the subsequent paragraph are reduced by half.

37.6.- For the purpose of the election of members of the Supervisory Board, one or more Shareholders who represent at least 1% of the share capital, or a different percentage established by the regulations in force, may present one list of candidates ordered consecutively by number, containing between a minimum of 2 (two) and a maximum of 15 (fifteen) names.

37.7.- Each Shareholder may participate in the presentation of one list only: if this rule is not observed, the Shareholder's signature is not counted as valid for any list.

37.8.- Each candidate may be included in one list only on pain of ineligibility.

37.9.- Lists presented that fail to observe the procedures reported above are considered as not presented.

37.10.- Each Shareholder may vote for one list only.

37.11.- The election of the Supervisory Board is performed as follows:

a) if one or more lists are submitted, the first two which received the greatest number of votes cast by the Shareholders and which are not connected within the meaning of the regulations in force are considered;

b.1) if the list which received the second greatest number of votes received less than 15% of votes cast in the Shareholders' Meeting, then 14 members of the Supervisory Board are taken from the list that obtained the majority of the votes and one member of the Supervisory Board is taken from the list which received the second greatest number of votes;

b.2) if the list which received the second greatest number of votes, received at least 15% and less than 30% of the votes cast in the Shareholders' Meeting, then 13 members of the Supervisory Board shall be taken from the list which received the majority of the votes and two members of the Supervisory Board shall be taken from the list which received the second greatest number of votes;

b.3) if the list which received the second greatest number of votes received at least 30% of the votes cast in the Shareholders' Meeting, then the 12 members of the Supervisory Board shall be taken from the list which received the majority of the votes and three members of the Supervisory Board shall be taken from the list which received the second greatest number votes;

37.12.- If, after identifying the candidates to be taken from the two lists which received the majority of the votes on the basis of the order in which they are indicated on the lists to which they belong, the gender proportions required under Law No. 120 of 12th July 2011 or the additional proportion specified in paragraph 8 of Article 36 are not complied with, then those members of the Supervisory Board taken last from the aforementioned lists whose appointment would violate the said legislation and regulations are considered not elected. In this event the number of those Board Members indicated on the same list to which they belong shall be appointed which allows compliance with the composition requirements for the Supervisory Board in accordance with Law No. 120 of 12th July 2011 and with the Articles of Association, again proceeding in the order in which those persons are indicated on the list to which they belong. In particular, in this circumstance, the candidates to be appointed belonging to the gender that is less represented on the basis of the results of the vote or which allow compliance with the additional proportion specified in paragraph 8 of Article 36 shall be taken from each list in proportion to the total number of candidates elected on each list according to the results of the voting. In this event, if the minority has not complied with the gender proportions established by Law No. 120 of 12th July 2011, or do not allow compliance with the additional proportion specified in paragraph 8 of Article 36 the candidates to be appointed shall be taken from the list that obtained the greatest number of votes only.

37.13.- If only one list is validly proposed and this obtained the majority required for an ordinary Shareholders' Meeting, then all 15 members of the Supervisory Board shall be taken from that list.

37.14.- The Shareholders' Meeting shall proceed by a relative majority vote to appoint those members of the Supervisory Board, who for any reason whatsoever could not be elected by means of the procedures mentioned in the preceding paragraphs or if no list at all is submitted, again in compliance with the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12th July 2011 and to the Articles of Association; in the event of a tied vote the candidate more senior by age is elected.

37.15.- If two or more lists obtain an equal number of votes, those lists must be voted on again until they no longer receive an equal number of votes.

37.16.- The positions of Chairman and Senior Deputy Chairman of the Board are reserved to the first and second members respectively on the list that obtains a majority of votes, or on the only list presented or to the members appointed as such by the Shareholders' Meeting if no list is presented at all.

37.17.- If, during the course of the financial year, the Board lacks one or more members, where it is a case of replacing members elected in the majority list, the first candidate not elected on that list shall be appointed who guarantees compliance with the requirements for the composition of the Supervisory Board provided for by Law No. 120 of 12th July 2011 and the Articles of Association. In the absence of such a candidate, the appointment shall be by a relative majority vote with no list obligation.

37.18.- If the positions of Chairman of the Supervisory Board and/or the Senior Deputy Chairman of the Supervisory Board should become vacant, an Ordinary Shareholders' Meeting shall proceed without delay to restore the membership of the Board and to appoint a Chairman and/or a Senior Deputy Chairman not by using in this case the

replacement procedure just mentioned.

37.19.- If, however, Board Members belonging to the minority list must be replaced the following procedure is employed:

- if only one Board Member has been appointed from the minority list, then the first candidate not elected on the list from which the member to be replaced was drawn shall be appointed, or, in the absence of such a candidate, the first candidate on any other minority lists there may be shall be taken on the basis of the number of votes received in descending order. Should this not be possible or, if application of the above criterion means that the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12th July 2011 and the Articles of Association are not met, then the Shareholders' Meeting shall make the replacement in compliance with the principle of the necessary representation of minorities;
- if further Board Members have been elected from the minority list, the relative replacements shall be taken from the list from which the members to be replaced were drawn or in the absence of such a candidate from any other minority lists there may be, identified on the basis of the number of votes received in descending order and which have received the majorities in the Shareholders' Meeting specified in paragraph 11 of this Article. In the absence of such candidates, the Board Members shall be drawn from the majority list or in the absence again of such candidates, or, if application of the above criterion means that the requirements for the composition of the Supervisory board pursuant to Law No. 120 of 12th July 2011 and the Articles of Association are not met, the Shareholders' Meeting shall proceed to decide by relative majority vote.

37.20.- The replacement candidates, identified in accordance with the provisions of this article, must confirm that they accept their appointment and also make declarations that no cause for ineligibility and incompatibility exists and that they possess the requirements prescribed by law and by these Articles of Association for the office.

37.21.- A member of the Supervisory Board called upon to replace a previous member remains in office until the original mandate of the replaced member expires.

37.22.- If for any reason the positions of the majority of the members originally appointed become vacant, then the entire Supervisory Board is considered as removed from office from the date of the appointment of new members. A Shareholders' Meeting is convened without delay to appoint a new Supervisory Board.

ARTICLE 38

38.1.- The Supervisory Board, in the context of the matters for which it is responsible, carries out the functions of strategic policy making, supervision and control in the terms governed by this article. Without prejudice to the responsibilities assigned by law and regulations to its internal committees, the Supervisory Board:

- a) on the basis of proposals from the Appointments Committee, shall appoint and remove all or part of the members of the Management Board and its Chairman and Deputy Chairman, in compliance with the provisions of paragraph 2 of Article 21, determining their remuneration, in compliance with Article 13, paragraph two, letter b), after consulting with the Remuneration Committee. It also determines, after consulting with the Remuneration Committee and in compliance with Article 13, paragraph two, letter b), the remuneration of the members of the Management Board vested with special functions, duties or powers or assigned to committees. Without prejudice to the provisions of Article 23, paragraph two of these Articles of Association, and without effect for members of the Management Board who vacate their positions, the Supervisory Board appoints the members of the Management Board in the first meeting following its own appointment by a shareholders' meeting;
- b) on the basis of proposals from Management Board, shall set the general plans and strategic policies of the Bank and of the Group and shall also be able to make recommendations to the management;
- c) approves the separate financial statements and the consolidated financial statements prepared by the Management Board;
- d) authorises the Management Board to exercise the authority to increase the share capital or to issue convertible bonds that may have been granted by a Shareholders' Meeting pursuant to Article 2443 and/or to Article 2420-*ter* of the Italian Civil Code;
- e) with regard to its control function, performs supervisory functions in compliance with Article 149, paragraphs

one and three of Legislative Decree No. 58 of 24th February 1998;

f) initiates liability actions against members of the Management Board;

g) submits the statement to Bank of Italy pursuant to Article 70, paragraph 7 of Legislative Decree No. 385 of 1st September 1993;

h) reports in writing to the Shareholders' Meeting called pursuant to Article 2364- *bis* of the Italian Civil Code on the supervisory activity performed, on omissions and irregularities observed as well as, in any other ordinary or extraordinary Shareholders' Meeting called, on matters considered to fall within its authority;

i) informs the Bank of Italy without delay of all events or facts it may learn of in the performance of its duties, which might constitute a management irregularity or an infringement of banking regulations;

l) expresses a binding opinion concerning the person in charge of preparing the corporate accounts pursuant to Article 154-*bis* of Legislative Decree No. 58 dated 24th February 1998;

m) on the basis of proposals submitted by the Management Board, to which it may formulate possible policies, decides on business and/or financial plans and budgets for the Bank and the Group prepared by the Management Board and on the strategic operations listed here below, but nevertheless without prejudice to the responsibility of the Management Board for its actions and while the aforementioned decision of the Supervisory Board shall not be necessary for the operations considered in points (iii), (iv), (v), (vi) and (vii), where these are operations for which the main elements have already been defined in business plans already approved by the Supervisory Board itself:

(i) transactions on the share capital, the issuance of convertible bonds and bonds cum warrants in shares of the Bank, mergers and demergers;

(ii) amendments to the Articles of Association, for which purpose it may make specific recommendations to the Management Board;

(iii) operations pursuant to Article 27, paragraph two, letter b);

(iv) purchases by the Bank and by its subsidiaries of controlling interests in companies and transactions involving a reduction in directly or indirectly held investments in subsidiaries;

v) purchases or disposals by the Bank and its subsidiaries of companies, business en bloc, business units, spin-offs, and investments or disinvestments which involve commitments where the amount for each transaction is greater than 4% of the regulatory capital eligible for the purposes of calculating the consolidated core tier one capital or affects the core tier one ratio by more than 50 basis points as stated in the latest report to the Bank of Italy in accordance with the regulations in force;

(vi) purchases or disposals by the Bank and its subsidiaries of investments in companies that are not controlled, the amount of which for each transaction is greater than 1% of the regulatory capital eligible for calculating the consolidated core tier one capital as stated in the latest report to the Bank of Italy in accordance with the regulations in force, or which are significant from an institutional viewpoint or that of the system;

(vii) stipulation of strategically important trade, co-operation and corporate agreements, with account taken of the activities and/or volumes involved and/or of the nature of the partners and in relation to programmes and objectives contained in the Business Plan approved;

n) expresses a non-binding opinion with a vote in favour of at least two thirds of its members on the candidates proposed by the Management Board to the position of Board Member and Statutory Auditor of the subsidiary undertakings listed in Article 27, paragraph two, letter b) of these Articles of Association;

o) sets, on the basis of proposals from the Management Board, strategic guidelines and policies for the management and control of risks, constantly verifying that they are adequate and implemented by the Management Board;

p) on the basis of proposals from the Management Board, sets policies for the management of compliance risk and makes decisions for the creation of a regulatory compliance function;

q) formulates its considerations concerning the basic elements of the general architecture of the internal control system; assesses, with regard to those aspects that concern it, the efficiency and adequacy of the internal control system, with particular regard to risk management, to the functioning of the internal audit and the accounting reporting system; it also verifies that the strategic management control activities carried out by the Bank on Group member companies are properly performed; on the basis of a proposal from the Risk Committee and in consultation with the Internal Control

- Committee, it appoints and removes the heads of compliance, risk management and internal audit functions;
- r) approves and periodically verifies the corporate governance, organisational and administrative structure and the accounting and reporting systems of the Bank, determined by the Management Board;
 - s) approves corporate regulations concerning its functioning and, in co-operation with the Management Board, approves reporting systems between corporate bodies as well as those with the internal control system;
 - t) approves remuneration policies for employees or associate workers not linked to the Bank by regular employee contracts;
 - u) decides, on the basis of a proposal by the Chairman of the Supervisory Board, drafted in compliance with Article 39, paragraph two letter h), on policies and projects for cultural and charitable initiatives and for the image of the Bank and the Group, with special reference to the enhancement of historical and artistic heritage, while it verifies that initiatives planned coincide with the objectives set; supervises the public disclosure process and the Bank's communication process; ensures, through the Chairman of the Supervisory Board, that there is effective discussion with the management function and with the managers of the principal corporate functions and verifies on an ongoing basis the decisions that they take.
 - v) decides on mergers and demergers pursuant to Articles 2505 and 2505-*bis* of the Italian Civil Code;
 - z) exercises any other powers conferred by the legislation and regulations currently in force or by these Articles of Association.

38.2.- The Supervisory Board also has exclusive powers, in compliance with Article 2436 of the Italian Civil Code, for decisions concerning:

- a) the opening and closing of secondary offices;
- b) the decrease in the share capital in case of a Shareholder's withdrawal;
- c) amendments to the Articles of Association to comply with legislation and regulations, subject to consultation with the Management Board.

38.3.- The Supervisory Board and its members exercise the powers set forth in Article 151- *bis* of Legislative Decree No. 58 dated 24th February 1998, pursuant to the terms and conditions provided therein.

For the purpose of a more effective and functional exercise of powers to acquire information pursuant to Article 151- *bis*, paragraph one of Legislative Decree No. 58 of 24th February 1998, normally the relative requests are addressed to the Chairman of the Management Board and to the Chief Executive Officer via the Chairman of the Supervisory Board. The information is distributed to all Members of the Supervisory Board.

ARTICLE 39

39.1.- The Chairman of the Supervisory Board convenes on his own initiative and, in any event, in the cases prescribed by Law or the Articles of Association and chairs and co-ordinates the meetings of the Board itself, setting the agendas, taking account of the proposals formulated by the Senior Deputy Chairman and the other Deputy Chairmen, if appointed, and ensuring that adequate information on the items contained on the agenda are provided to all the members of the Supervisory Board.

39.2.- Furthermore, the Chairman of the Supervisory Board, consistent with the functions attributed to the Board itself:

- a) in compliance with the legislation and regulations in force, maintains the necessary relations with the Management Board and, in particular, with its Chairman, Deputy Chairman and the Chief Executive Officer, in compliance with the relative regulations. He receives proposals from the Management Board concerning matters to be submitted to the Supervisory Board for approval. He requests and receives information on specific aspects of the operations of the Bank and the Group and on the performance of operations in general, and also on the business outlook;
- b) formulates proposals to submit to the Supervisory Board concerning activities to control the Bank's operations, with particular regard to the consistency of that activity with the strategies and general policies approved by the Supervisory Board;
- c) supervises and introduces procedures and systems to control the activities of the Bank and the Group. He performs this by requesting and receiving information from the Senior Officer Responsible for the preparation of financial reporting documents and the managers of the various functions concerned;

- d) puts reporting procedures in place required to monitor the appropriateness and adequacy of the organisational units and the administrative and accounting systems adopted by the Bank and the Group;
- e) convenes and chairs the Appointments Committee;
- f) maintains relations with the Supervisory Authorities as part of the activities of the Supervisory Board;
- g) supervises, for matters within the remit of Supervisory Board, the management of external communications concerning the Bank, in agreement with the Chairman of the Management Board and the Chief Executive Officer;
- h) formulates proposals, subject to prior consultation with the Senior Deputy Chairman, on policies and projects for cultural and charitable initiatives of the Bank and the Group, to be submitted to the Supervisory Board, with special reference to the enhancement of historical and artistic heritage.

The proposals and projects shall be drawn up in consultation with the Chairman of the Management Board and taking account of his recommendations.

The Supervisory Board shall allocate an amount not greater than 5% of the sum annually allocated by the Shareholders in compliance with Article 44, paragraph three, to a specific fund to be used by the Chairman of the Supervisory Board for donations to minor charitable initiatives which do not form part of the projects approved above.

The Supervisory Board shall also allocate an amount not greater than 5% of the sum annually allocated by the Shareholders in compliance with Article 44, paragraph three, to a specific fund available to the Chairman of the Management Board, which he shall use for donations to minor charitable initiatives which do not form part of the projects approved above;

- i) exercises all other powers relevant to the performance of his duties.

39.3.- In the event of the absence or impediment of the Chairman of the Supervisory Board, the Senior Deputy Chairman of the Supervisory Board performs his duties. In the further event of the absence or impediment of the latter, the duties are performed by the Deputy Chairman if appointed or, if two Deputy Chairman have been appointed, by the most senior Deputy Chairman by age or in the event of the absence or impediment of the latter by the other Deputy Chairman and in the event of their absence or impediment by the most senior member of the Supervisory Board in terms of length of office present at headquarters of equal seniority, by the youngest.

ARTICLE 40

40.1.- The Supervisory Board must meet at least every 60 (sixty) days. The location of the meetings alternates between the cities of Bergamo and Brescia and a meeting is held around once a year in the city of Milan.

40.2.- It is convened by registered letter, telegram, fax, email or other means which leaves a record of the receipt of the notification.

40.3.- Notices to convene meetings shall contain a list of the items on the agenda and this is sent at least four days prior to the date set for the meeting, except in urgent circumstances, when the time limit may be reduced to one day.

40.4.- The meetings shall be deemed as validly convened when they are attended by the majority of the Board Members in office.

40.5.- The Board passes resolutions with a vote in favour of the absolute majority of the Board Members present for the vote.

40.6.- The Supervisory Board shall pass resolutions with the vote in favour of at least two thirds of its members for proposals to amend the Articles of Association and for resolutions concerning proposals pursuant to article 27, paragraph two, letter b).

40.7.- The members of the Supervisory Board shall report all interests which, either directly or through third parties, they may have in a determined transaction of the Bank or the Group, stating the nature, the terms, origin and extent. The relative resolution of the Supervisory Board must give adequate reasons, explaining the reasons and the interest of the Bank in the transaction, without prejudice to other provisions of the law or regulations which may apply.

40.8.- Remote participation in meetings of the Supervisory Board is permitted subject to the limitations and conditions contained in the last paragraph of Article 25 of these Articles of Association.

40.9.- The Board may appoint a secretary who need not be a member of the Board and may be permanent.

ARTICLE 41

41.1.- The Supervisory Board shall appoint an Internal Control Committee composed of between 3 (three) and 5 (five) of the Board Members, determining its powers and regulations for its proceedings.

41.2.- At least the majority of the members of the Internal Control Committee must be in possession of the requirements specified in paragraph seven of Article 36 of these Articles of Association. The Internal Control Committee shall perform supervisory functions pursuant to Article 19 of Legislative Decree No. 39 of 27th January 2010 and, making use of the relevant organisational units of the Bank, may proceed at any time, to carry out inspections and controls and it may also exchange information with the supervisory bodies of Group member companies concerning management and control systems and the performance of corporate activities.

41.3.- Justifiable grounds must be given for the replacement of members of the Internal Control Committee by the Supervisory Board.

41.4.- At least one member of the Internal Control Committee shall attend meetings of the Management Board in compliance with regulations in force.

41.5.- The Supervisory Board shall also form a committee for the remuneration of executives and the key personnel composed of between 3 (three) and 5 (five) Board Members, determining its powers and regulations for its proceedings.

41.6.- The Supervisory Board shall also form an Appointments Committee composed of between 3 (three) and 5 (five) Board Members, of which the Chairman of the Supervisory Board, who chairs it, and the Senior Deputy Chairman form part, determining its powers and regulations for its proceedings.

41.7.- The Appointments Committee, in compliance with provisions contained elsewhere in these Articles of Association, identifies, amongst other things, candidates for the positions of Member of the Management Board to submit to the Supervisory Board.

41.8.- The Supervisory Board shall appoint a Risk Committee composed of between 3 (three) and 5 (five) of the Board Members, determining its powers and regulations for its proceedings.

TITLE IX GENERAL MANAGEMENT

ARTICLE 42

42.1.- The General Management is composed of a General Manager and, if appointed, one or more Deputy General Managers according to the organisation chart decided by the Management Board which determines their powers.

42.2.- 50.2 The Management Board may assign senior functions to one of the Deputy General Managers .

42.3.- The members of General Management are appointed with the vote in favour of two thirds of the members of the Management Board.

42.4.- The General Manager:

- a) is the chief operating officer;
- b) is the head of personnel;
- c) is generally responsible for (unless otherwise indicated by the management bodies responsible) the implementation of decisions taken by the Management Board and the Chief Executive Officer;
- d) manages everyday business in compliance with the policies set by the management bodies;
- e) unless not already a Member of the Management Board, attends Management Board meetings with a consultative vote;
- f) is responsible for co-ordinating the operations of the Bank and the Group.

TITLE X BOARD OF ARBITRATORS

ARTICLE 43

43.1.- The Board of Arbitrators is composed of a Chairman, 2 (two) full members and 2 (two) alternate members,

elected by a Shareholders' Meeting. The arbitrators shall remain in office for 3 (three) years and may be re-elected. They provide their services free of charge, except for the reimbursement of expenses. Justifiable grounds must be given for their removal.

43.2.- If a Full Arbitrator vacates his position during his three year period of office, he is replaced by the most senior alternate member by age. If the Chairman of the Arbitrators vacates his position, the chairmanship is taken by the most senior Full Arbitrator by age for the remainder of the three year period.

If as a result of replacements, the number of the remaining alternate members falls to one, then a Shareholders' Meeting shall elect the Arbitrator required to make up the total number.

43.3.- The election of the arbitrators takes place on the basis of individual candidates submitted by Shareholders and/or by the Supervisory Board, where the maximum number is that of the number of Arbitrators to be elected.

The candidature, signed by the person or persons submitting it, must indicate the name of the candidate to the office of Arbitrator, with no distinction made between full and alternate, and it must be deposited at the registered offices within the time limit set by the regulations in force for the submission of lists of candidates for election to the Supervisory Board. It must be accompanied: (i) by information on the identity of the Shareholder or Shareholders submitting it, with an indication of the number of shares and therefore the percentage totally held, to be certified when the candidature is deposited according to the procedures set by the regulations in force; (ii) by exhaustive information on the personal and professional characteristics of the candidate and (iii) by the declaration with which the candidate accepts their candidature.

The signature of each Shareholder submitting a list must be duly authenticated in accordance with the law by employees of either the Bank or its subsidiaries specifically authorised by the Management Board.

Candidatures submitted that fail to observe the procedures reported above are considered as not submitted.

If no candidatures are submitted within the time limit set, the Shareholders' Meeting votes on candidatures submitted during the meeting by the Shareholders present.

Each person with the right to vote may vote for a maximum number of candidates equal to that of the Arbitrators to be elected.

The candidates are ranked in decreasing order on the basis of the number of votes obtained.

The first three candidates voted are elected as Full Arbitrators and the next two candidates voted are elected as Alternate Arbitrators.

In the event of a tied vote between candidates, the Shareholders' Meeting votes by ballot in order to establish the rank order.

The candidate who receives the majority of the votes is elected Chairman.

43.4.- Appeal may be made to the Board of Arbitrators to settle any disputes that may arise between the Bank and/or Shareholders over the interpretation or application of the Articles of Association and over any other resolutions or decisions taken by the governing bodies of the Bank concerning its business. It decides as a friendly arbiter by absolute majority vote.

43.5.- Without prejudice to the legislation and regulations currently in force, application to the Board of Arbitrators is not compulsory. Its decisions are not binding on the parties and do not constitute a hindrance to taking disputes before the courts or any other any authority with jurisdiction for settlement.

43.6.- The Board of Arbitrators regulates its own proceedings as it deems appropriate without being bound by procedural formalities.

43.7.- The Management Board and the General Manager or an employee designated by him shall be required to provide the arbitrators with all the information that they may request concerning disputes to be settled.

43.8.- The address for service of the Board of Arbitrators for all purposes shall be the registered address of the Bank.

TITLE XI FINANCIAL STATEMENTS, PROFITS AND RESERVES

ARTICLE 44

44.1.- The financial year shall end on 31st December of each year.

44.2.- The Management Board shall prepare the financial statements in compliance with the law.

44.3.- The profit recognised in the financial statements, after deducting the allocation to the legal reserve in the minimum amount required by law and any amounts decided by Shareholders for the formation or increase of reserves, including extraordinary or other reserves, as prudence shall dictate, may be allocated by Shareholders, in an amount not greater than 1.5% of the part distributable, to initiatives and institutions with charitable, humanitarian, social, cultural and artistic purposes. This is implemented by the Management Board, subject to a prior report and illustration furnished by the Chairman of that Board, in compliance with the policies and projects approved by the Supervisory Board, with particular regard to the local areas in which the Group operates.

44.4.- The remaining amount shall be distributed as a dividend on shares, in accordance with a Shareholders' resolution, which shall also decide on the allocation of any remaining excess amounts.

44.5.- Reserves of profits and fair value and valuation reserves formed by the application of international accounting standards may not be distributed to Shareholders in those cases provided for by law.

44.6.- The Management Board may, in agreement with the Supervisory Board, pass resolutions concerning payments on account of dividends during a financial year, in compliance with legislation and regulations in force at the time.

TITLE XII DISSOLUTION AND LIQUIDATION OF THE BANK

ARTICLE 45

45.1.- In the event of a Shareholders' resolution to dissolve the Bank, an Extraordinary Shareholders' Meeting shall appoint receivers and shall determine their powers and the method of liquidation without prejudice to mandatory provisions of the law and the authorisations and prescriptions of the relevant laws.

45.2.- A resolution of an Extraordinary Shareholders' Meeting may remove the receivers.

* * *

TRANSITION MEASURES

I

The provision contained in paragraph one of article 21 of these Articles of Association on the composition of the Management Board shall become effective from the date of the meeting of the Supervisory Board called to appoint the Management Board which replaces that in office on the date on which the resolution for the transformation into a joint stock company approved by the Extraordinary Shareholders' Meeting of [.....] becomes effective.

Until that date, the text of paragraph 1 of article 21 of the current Articles of Association reads as follows:

Article 21, paragraph 1

The Management Board shall be composed of between 7 (seven) and a maximum of 9 (nine) members, inclusive of a Chairman, a Deputy Chairman and a Chief Executive Officer; the members of the Management Board are appointed by the Supervisory Board, on the basis of a proposal from the Appointments Committee, after determining their number, according to a criterion which, in compliance with Law No. 120 of 12th July 2011, ensures a balance between genders for the period provided for by that law.

II

The provision contained in paragraph five of article 21 of these Articles of Association on the requirements of Members of the Management Board shall become effective from the date of the meeting of the Supervisory Board called to

appoint the Management Board which replaces that in office on the date on which the resolution for the transformation into a joint stock company approved by the Extraordinary Shareholders' Meeting of [.....] becomes effective. Until that date, the text of paragraph five of article 21 of the current Articles of Association reads as follows:

Article 21, paragraph 5

Persons who are ineligible or debarred within the meaning of Art. 2382 of the Italian Civil Code, or who do not satisfy the requirements of integrity, professionalism or any other requirement contained in the relevant legislation and regulations, also with regard to the limits on the accumulation of positions imposed by internal regulations, may not be appointed as members of the Management Board. However: i) at least one member of the Management Board must possess the requirements of independence set forth in Art. 148, paragraph three of Legislative Decree No. 58 of 24th February 1998; ii) at least the majority must have a total of at least three years experience in professional and/or management activities in financial and/or investment and/or banking and/or insurance companies in Italy or abroad.

III

The provisions contained in paragraphs 6 and 7 of article 21 of these Articles of Association on the further requirements for members of the Management Board become effective from the date of the meeting of the Supervisory Board called to appoint the Management Board which replaces that in office on the date on which the resolution for the transformation into a joint stock company approved by the Extraordinary Shareholders' Meeting of [.....] becomes effective.

IV

The provision contained in paragraph 1 of article 36 on the number of members of the Supervisory Board becomes effective from the date of the meeting of the Ordinary Shareholders' Meeting called to appoint the Supervisory Board which replaces that in office on the date on which the resolution for the transformation into a joint stock company approved by the Extraordinary Shareholders' Meeting of [.....] becomes effective.

Until that date, the text of paragraph 1 of article 36 of the current Articles of Association reads as follows:

Article 36, paragraph 1

The Supervisory Board is composed of 23 (twentythree) members, including a Chairman and a Senior Deputy Chairman appointed by a Shareholders' Meeting in compliance with article 45 and two Deputy Chairmen chosen by the Supervisory Board itself from among its members. The members of the Supervisory Board shall remain in office for three financial years and they shall retire from office on the date of the Shareholders' Meeting convened in compliance with paragraph two of Art. 2364-bis of the Italian Civil Code.

For the sole purposes of submitting lists for the election of a new Supervisory Board, the measure contained in paragraph 1 of article 36 of these Articles of Association shall take early effect from the date on which the Ordinary Shareholders' Meeting is convened for the appointment of the Supervisory Board which will replace that in office on the date on which the resolution for the transformation into a joint stock company approved by the Extraordinary Shareholders' Meeting of [.....] becomes effective.

V

The provision contained in paragraph 4 of article 36 of these Articles of Association on the requirements of members of the Supervisory Board becomes effective from the date of the meeting of the Ordinary Shareholders' Meeting called to appoint the Supervisory Board which replaces that in office on the date on which the resolution for the transformation into a joint stock company approved by the Extraordinary Shareholders' Meeting of [.....] becomes effective.

Until that date, the text of paragraph 4 of article 36 of the current Articles of Association reads as follows:

Article 36, paragraph 4

The members of the Supervisory Board must be in possession of the requirements of integrity, professionalism and independence prescribed by regulations currently in force. At least 15 (fifteen) of the members of the Supervisory Board must be in possession of the requirements of professionalism required by the legislation currently in force for persons who perform functions as directors of banks.

For the sole purposes of submitting lists for the election of a new Supervisory Board, the measure contained in paragraph 4 of article 36 of these Articles of Association shall take early effect from the date on which the Ordinary Shareholders' Meeting is convened for the appointment of the Supervisory Board which will replace that in office on

the date on which the resolution for the transformation into a joint stock company approved by the Extraordinary Shareholders' Meeting of [.....] becomes effective.

VI

The provisions contained in paragraphs 5 and 6 of article 36 of these Articles of Association on the further requirements for members of the Supervisory Board become effective from the date of the meeting of the Ordinary Shareholders' Meeting called to appoint the Supervisory Board which replaces that in office on the date on which the resolution for the transformation into a joint stock company approved by the Extraordinary Shareholders' Meeting of [.....] becomes effective.

For the sole purposes of submitting lists for the election of a new Supervisory Board, the measure contained in paragraphs 5 and 6 of article 36 of these Articles of Association shall take early effect from the date on which the Ordinary Shareholders' Meeting is convened for the appointment of the Supervisory Board which will replace that in office on the date on which the resolution for the transformation into a joint stock company approved by the Extraordinary Shareholders' Meeting of [.....] becomes effective.

VII

The provisions contained in paragraphs 6, 11 and 13 of article 37 on procedures for submitting lists for the appointment of the Supervisory Board and criteria for appointing that body take effect from the date on which the Ordinary Shareholders' Meeting is convened for the appointment of the Supervisory Board which will replace that in office on the date on which the resolution for the transformation into a joint stock company approved by the Extraordinary Shareholders' Meeting of [.....] becomes effective.

VIII

The provision contained in paragraph 19 of article 37 of these Articles of Association on the replacement of Members of the Supervisory Board taken from the list which received the second greatest number of votes becomes effective from the date of the appointment of the Supervisory Board which will replace that in office on the date on which the resolution for the transformation into a joint stock company approved by the Extraordinary Shareholders' Meeting of [.....] becomes effective. Until that date, the text of paragraph 19 of article 37 of the current Articles of Association reads as follows:

Article 37, paragraph 19

If, however, Board Members belonging to the minority list must be replaced the following procedure is employed:

- *if only one Board Member has been appointed from the minority list, then the first candidate not elected on the list from which the member to be replaced was drawn shall be appointed, or, in the absence of such a candidate, the first candidate on any other minority lists there may be shall be taken on the basis of the number of votes received in descending order. Should this not be possible or, if application of the above criterion means that the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12th July 2011 and the Articles of Association are not met, then the Shareholders' Meeting shall make the replacement in compliance with the principle of the necessary representation of minorities;*
- *if a further 2 (two) or 4 (four) Board Members have been elected from the minority list, on the basis of the votes cast by the Registered Shareholders, the relative replacements shall be taken from the list from which the member to be replaced was drawn or in the absence of such a candidate from any other minority lists there may be, identified on the basis of the number of votes received in descending order and which have received, according to the case, 15% or 30% of the votes cast by the Shareholders' Meeting. In the absence of such candidates, the board members shall be drawn from the majority list or in the absence again of such candidates, or, if application of the above criterion means that the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12th July 2011 and the Articles of Association are not met, the Shareholders' Meeting shall proceed to decide by relative majority vote;*
- *if two or four board members belonging to the minority list have already been replaced, in accordance with the preceding clause, by drawing them from the majority list or by a relative majority vote of the Shareholders' Meeting to appoint them, as just described, the replacement of a further minority board member is by the first candidate named on any other minority lists there may be, on the basis of the descending number of votes received*

by these. Should this not be possible or, if application of the above criterion means that the requirements for the composition of the Supervisory Board pursuant to Law No. 120 of 12th July 2011 and the Articles of Association are not met, the Shareholders' Meeting shall make the replacement in compliance with the principle of the necessary representation of minorities.

IX

The provision contained in paragraph six of article 41 of these Articles of Association on the composition of the Appointments Committee becomes effective from the date of the appointment of the Supervisory Board which will replace that in office on the date on which the resolution for the transformation into a joint stock company approved by the Extraordinary Shareholders' Meeting of [.....] becomes effective. Until that date, the text of paragraph 6 of article 41 of the current Articles of Association reads as follows:

Article 41, paragraph 6

41.6.- The Supervisory Board shall also form an Appointments Committee composed of six members, of which the Chairman of the Supervisory Board, who presides it, and the Senior Deputy Chairman form part. The remaining members of the Appointments Committee shall be appointed by a resolution of the Supervisory Board passed with the vote in favour of at least two thirds of its members.