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**Report for the Extraordinary Shareholders' Meeting
of 19th October 2018**

**Approval of new Articles of Association in relation to the adoption
of the one-tier management and control system:
related and consequent resolutions**

Dear Shareholders,

You have been convened to the Extraordinary Shareholders' Meeting in order to discuss and resolve on the approval of a new text of the articles of association in relation to the adoption by Unione di Banche Italiane Società per azioni (**UBI Banca** or the **Bank**) of the one-tier management and control system.

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1. REASONS AT THE BASIS OF THE CHOICE OF THE ONE-TIER MANAGEMENT AND CONTROL SYSTEM

On 1 April 2007, upon the finalisation of the merger by incorporation operation of Banca Lombarda e Piemontese S.p.A. into the then Banche Popolari Unite S.c.p.A., the acquiring company Unione di Banche Italiane Società cooperativa per azioni – now Unione di Banche Italiane Società per azioni - had adopted the two-tier management and control system, based upon the presence (i) of a Supervisory Board, with functions of guidance, strategic supervision and control, and (ii) of a Management Board, with management functions. That management and control system had been deemed to be the most adequate to the nature of a cooperative bank and the overall governance requirements of the UBI Banca Group, to allow for the best protection and representation of the shareholders by way of the Supervisory Board.

During recent years - particularly from 2014, the Bank has experience a significant period of profound changes with reference to its corporate structure. In particular, we note the following:

- the amendment to the articles of association resolved by the shareholders' meeting on 10 May 2014 to align its governance with Italian and foreign best practices (known as “integrated cooperative”);
- the transformation from a cooperative joint stock company (S.c.p.A.) to a joint stock company (S.p.A.) resolved by the shareholders' meeting on 10 October 2015, in implementation of Italian Decree Law 24 January 2015, no. 3 (the so-called “Decreto Banche Popolari”);
- the merger by incorporation into UBI Banca, resolved by the Bank's shareholders' meeting on 14 October 2016 and concluding in February 2017, of the seven territorial banks of the UBI Banca Group (Banca Regionale Europea S.p.A., Banca Popolare Commercio e Industria S.p.A., Banca Carime S.p.A., Banca Popolare di Ancona S.p.A., Banca Popolare di Bergamo S.p.A., Banco di Brescia San Paolo CAB S.p.A. and Banca di Valle Camonica S.p.A.), which marked the transition from a “federal” type group model to the “Single Bank” model;
- the expansion of the operating perimeter following the acquisition and subsequent incorporation operation into UBI Banca - an operation concluding overall in February 2018 - of Nuova Banca dell'Etruria e del Lazio S.p.A. (later Banca Tirrenica S.p.A.), Nuova Banca delle Marche S.p.A. (later Banca Adriatica S.p.A.) and Nuova Cassa di Risparmio di Chieti S.p.A. (later Banca Teatina S.p.A.), together with that of the respective subsidiaries Banca Federico del Vecchio S.p.A. and CARILO-Cassa di Risparmio di Loreto S.p.A.;
- the parallel continuation of the simplification process of the corporate perimeter of the UBI Banca Group, with a very significant reduction of the number of subsidiaries from 2007 to today.

In view of the aforementioned changes, the Bank's Supervisory Board and Management Board, as part of their respective self-assessment process also in conformity with supervisory regulations, have identified the opportunity of commencing analyses on the *governance* of UBI Banca, also assessing the possible transition to a different management and control system.

In addition, with the launch, on 4 November 2014, of the *Single Supervisory Mechanism*, by virtue of which the European Central Bank was assigned specific duties in relation to prudential supervision with direct supervision of major banks (therein including UBI Banca), the need emerged to adopt governance models that were clearly comprehensible even in the supranational area.

Therefore, in light of the foregoing, on 11 May 2017 the Supervisory Board agreed upon the opportunity of an overall assessment of the UBI Group's *governance* model and its mechanisms of functioning.

The assessments concerning the governance models and the respective mechanisms of functioning were entrusted to a specially established commission within the Supervisory Board (the “**Governance Commission**”), consisting of the Chairman, Deputy Vice Chairman and by the two Vice Chairmen of the Supervisory Board, as well as the Chairman of the Internal Control Committee, and having the duty of identifying the governance model most suitable to the concrete case in order to guarantee management efficiency and the effectiveness of the controls of UBI Banca and the UBI Banca Group considering the strategic objectives.

Preliminarily, the Governance Commission, also obtaining support from qualified experts, assessed the possibility of performing improvement interventions of the two-tier system, but the overall complexity and uncertainty of those interventions led the Governance Commission to deem it appropriate to transition to a different management and control system.

In that context, the Governance Commission also assessed as unfavourable the option of adopting the traditional management and control system, as that system, despite allowing for the strategic supervision function and that of management to be centralised into a single body - the Board of Directors, entrusts the control function to a body - the Board of Statutory Auditors – external to the body with strategic supervision function. In that regard, it was ascertained that companies were tending to use governance systems that guarantee interaction and continuous information exchanges between the corporate bodies, particularly by attributing the control function to a body in close contact with that which performs the strategic supervision function, and that those governance systems were also more recognisable at European and international level.

In light of the foregoing, the Governance Commission positively assessed the option of adopting the one-tier management and control system which, as is known, is characterised by the conduct of the control function by some members of the Board of Directors forming part of the Management Control Committee. The Governance Commission's assessments were agreed by the Supervisory Board at the meeting on 12 December 2017.

As partly already highlighted, the one-tier management and control system presents the following benefits:

- centralisation of the strategic supervision function and the management function in a single body – the Board of Directors – with optimisation, in addition, of the streamlining and efficiency of the decision-making process, subject to the possibility of the Board of Directors to delegate its powers, in respect of regulatory and statutory rules, to the Chief Executive Officer - which may assume, in those areas and in implementation of the strategic guidelines defined by the Board, the function of current management - or to committees and/or managers as part of a balanced system of delegations;
- strengthening of the effectiveness of the board committees, considering that the same are established in the body with management function as well as that of strategic supervision;
- participation of the control function in strategic decisions: the composition of the control body - the Management Control Committee – with members who also form part of the Board of Directors strengthens the activity of the control function, replicating the positive experience accrued from that perspective with the current two-tier management and control system which centralises the strategic supervision and control functions within the Supervisory Board;
- optimisation of information flows: the joint presence within the Board of Directors of the strategic supervision and management functions and the presence of the members of the Management Control Committee facilitates the completeness and immediacy of the circulation of information;
- the presence of the Chief Executive Officer within the strategic supervision body brings clear benefits in terms of sharing and alignment between the board plenum which determines the strategic guidelines and

the entity which is assigned their respective implementation, ensuring, therefore, interaction and dialectics between the different Board members;

- predominant presence of independent and/or non-executive directors who contribute actively to the *check and balance* process in relation to the executive component of the Board of Directors;
- expansion of the decision-making areas reserved to the Shareholders' Meeting, with attribution to the same of responsibility for approving the financial statements and the set of remuneration and incentive policies, as well as the appointment of the board *plenum*;
- recognisability at international level: the one-tier management and control system is broadly used in advanced countries, not representing, therefore, an obstacle to any interventions by foreign investors, or the application of the regulatory rules of the supervisory authorities.

With reference to the application of the one-tier management and control system within UBI Banca, the following main key lines have been identified:

- **clear identification of roles and responsibilities between the bank's bodies**, and in particular:
 - allocation to the Board of Directors of the duties currently attributed to the Supervisory Board as body with strategic supervision function and to the Management Board as body with management function, subject to the possibility of the Board of Directors to delegate its powers, within the limits of regulatory and statutory provisions;
 - the presence of board Committees (Risks Committee, Remuneration Committee, Appointments Committee and Related Parties and Connected Entities Committee) which support - with investigative, consultation and advisory functions - the Board of Directors in conducting its functions;
 - attribution to the Management Control Committee of the powers and duties assigned by existing regulations to the Board with control function and by Italian Legislative Decree no. 39/2010 to the internal control and accounts audit committee;
 - conduct by the Chief Executive Officer of management activities as part of the powers delegated to the same by the Board of Directors and with the support of the Bank's managers;
- **predominant presence of non-executive and/or independent directors**, able to guarantee correct and balanced dialectics within the Board of Directors and adequate *check and balance* mechanisms in relation to the Chief Executive Officer and, more generally, management, with adequate monitoring activity of the decisions made by the same;
- attribution of a **significant role to the Chairman of the Board of Directors**, aimed at encouraging *(i)* concrete and effective dialectics within the Board as well as *(ii)* the effective functioning of the same with the proactive contribution of all directors. Special attention has also been paid to the Chairman's role as a linchpin of the *check and balance* process in relation to the executive component;
- **presence of an adequate and prompt system of information flows**, within the corporate bodies, between the corporate bodies and between the corporate bodies and the company functions;
- **adequate safeguarding of the internal controls system.**

2. NEW ARTICLES OF ASSOCIATION OF UBI BANCA

The text of the new articles of association of UBI Banca (the “**New Articles of Association**”), approved by the Management Board and by the Supervisory Board – for the profiles under their remits –, obtained the necessary authorisation from the European Central Bank on 24 August 2018.

The New Articles of Association are attached at Annex A to this Report. In that regard, it is not deemed appropriate to provide a comparison table between the text in force and the New Articles of Association, as the Shareholders' Meeting will be asked to resolve on the adoption of new articles of association that involve the adoption of a new governance model and whose provisions are not easily compared with the provisions of the existing Articles of Association.

2.1 Incorporation, name, duration and registered office of the Company (Articles from 1 to 3 of the New Articles of Association)

The articles in question have not undergone particular changes following the adoption of the one-tier management and control system.

The Bank's abbreviated name has been identified in more detail (from UBI Banca to UBI Banca S.p.A.) and the references to the Bank's incorporation phase have been simplified (Article 1), and Milan has been included among the operating offices, along with Bergamo and Brescia (Article 3).

2.2 Corporate purpose (Article 4 of the New Articles of Association)

The provisions of the New Articles of Association on the corporate purpose are actually aligned with those of the existing articles of association.

2.3 Share capital, shareholders and shares (Articles from 5 to 8 of the New Articles of Association)

In connection with the adoption of the one-tier management and control system, any delegation by the Shareholders' Meeting to increase the share capital in accordance with Art. 2443 of the Italian Civil Code and to issue convertible bonds in accordance with Art. 2420 ter of the Italian Civil Code is given to the Board of Directors, rather than to the Management Board (Article 5).

In addition, the following are provided:

- the introduction of the possibility to issue categories of shares having different rights (Article 8);
- the elimination of the following statutory articles currently in force:
 - Article 8, concerning the possibility for the Company to proceed with the foreclosure of the shares of the company itself in any case of breach of the obligations of the shareholder towards the same;
 - Article 10, concerning the fixing of the 5% limit of the total number of shares with voting right of UBI Banca, introduced in accordance with Italian Decree Law 24 January 2015, no. 3, converted with Law 24 March 2015, no. 33, for the purposes of exercising the voting right in the Bank's Shareholders' Meeting until the date of 26 March 2017: that elimination is linked to the fact that, as the latter deadline has elapsed, the provisions contained in the Article itself are no longer effective.

2.4 Corporate bodies (Article 9 of the New Articles of Association)

The list of the Bank's corporate bodies has been changed, essentially to adjust it to the configuration of the corporate governance structure in the one-tier management and control system. In detail, the following corporate bodies are provided:

- Shareholders' Meeting
- Board of Directors
- Management Control Committee
- Chairman of the Board of Directors
- Vice Chairman of the Board of Directors
- Chief Executive Officer
- General Management

The corporate bodies to be removed include the Board of Arbitrators, as this figure is not coherent with the system of joint stock companies. Consequently, Article 43 of the existing articles of association will be eliminated, as it relates to the rules of the aforementioned body, along with any reference to the body itself within the text of the articles of association.

2.5 Shareholders' Meeting (Articles from 10 to 18 of the New Articles of Association)

The adoption of the one-tier management and control system involves expanding the duties of the Shareholders' Meeting, as, in accordance with the existing regulation, some powers currently entrusted to the Supervisory Board and, among others, the approval of the financial statements, are transferred to the Shareholders' Meeting.

Highlighted below, in brief, is the set of powers attributed to the ordinary shareholders' meeting by the New Articles of Association:

- appoint and revoke members of the Board of Directors, therein including the Chairman and Vice Chairman, and the members of the Board of Directors who also form part of the Management Control Committee, therein including the respective Chairman;
- determine the fee of the corporate bodies, according to what is illustrated in the point “Remuneration for corporate roles” indicated in paragraph 2.5;
- resolve on the liability action of members of the Board of Directors;
- grant and revoke the statutory accounts auditing assignment;
- approve (i) remuneration and incentive policies in favour of the Board Directors and personnel; (ii) remuneration/incentive plans based upon financial instruments; (iii) criteria for determining the fee to be granted in the case of early termination of the employment relationship or early cessation from the role; (iv) a higher ratio to that of 1:1 between the variable and fixed component of individual remuneration of key personnel and in any case in respect of the maximum limit established by the regulations in force each time;
- approve the financial statements, therein including the profit sharing resolution;
- approve the regulation on functioning of the Shareholders' Meetings;
- resolve on the other matters attributed by the regulations and the articles of association of the company to its remit.

The New Articles of Association, in continuity with those currently in force, provide that if the Shareholders' Meeting, both ordinary and extraordinary, is asked to resolve on a proposal regarding a transaction with related parties made by the members of the Company bodies in the presence of contrary advice by the Related Parties and Connected Entities Committee and has approved that proposal in respect of the decision-making quorums laid down by these Articles of Association, the finalisation of that transaction will be prevented if a number of unrelated Shareholders is present in the Shareholders' Meeting representing at least 5% of the share capital and the majority of those unrelated shareholders who are voting have expressed their contrary vote (known as *whitewash*). In extraordinary session, the Shareholders' Meeting resolves on any amendments of the Company's Articles of Association and on the other matters attributed to the same by existing regulations.

With reference to the convocation, the conduct of the works, the voting rights and the constitutive and decision-making quorums of the Shareholders' Meeting, the New Articles of Association do not provide substantial changes compared to the text in force and are aligned to existing regulations on the one-tier management and control system. In fact, aside from modifications of formal nature and the physiological replacement of references to the Supervisory Board and Management Board with those, as appropriate and in respect of legal provisions, to the Board of Directors and Management Control Committee, the New Articles of Association are not substantially altered.

In addition, in accordance with Art. 13.3 of the New Articles of Association, if indicated by the notice to convene, there is the possibility of attending the Shareholders' Meeting by means of telecommunication and exercising the right to vote electronically.

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the Vice Chairman or, in the absence of the latter, by another person designated by the Board of Directors or, failing that, by the Shareholders' Meeting itself.

2.6 Board of Directors (Articles from 19 to 25 of the New Articles of Association)

As previously noted, the one-tier management and control system is based upon the establishment, in accordance with Art. 2409-*sexiesdecies* of the Italian Civil Code, of a Board of Directors including within it some members who, in turn, are also members of the Management Control Committee, as body with control function.

The New Articles of Association provide for the appointment by the ordinary Shareholders' Meeting of a Board of Directors consisting of 15 members, 5 of whom are also members of the Management Control Committee, the latter also appointed by the shareholders' meeting as required by the Supervisory Provisions for Banks. The members of the Board of Directors include the Chairman, Vice Chairman and Chief Executive Officer.

The Board of Directors is characterised by the predominant presence of non-executive and/or independent Directors: at least two-thirds of the Directors must, in fact, be in possession of requirements of independence as indicated in Art. 21 of the New Articles of Association (at least 10 members out of 15). That stance is aimed at guaranteeing correct and balanced dialectics within the Board of Directors and suitable check and balance mechanisms both in relation to the Chief Executive Officer and the Bank's management.

The Board Directors remain in office for three financial years, they expire with the Shareholders' Meeting asked to approve the financial statements relating to the final financial year of their role and they may be elected.

In relation to meetings and resolutions of the Board of Directors, the main provisions of the New Articles of Association schedule (Article 25): (i) the Board must meet at least on a monthly basis and the meetings usually, with alternating criteria, take place in the city of Bergamo, in the city of Brescia and in the city of Milan, or, if particular circumstances so require, in other locations even outside of the European Union; (ii) the convocation occurs, *inter alia*, at the initiative of the Chairman or at the written request of the Chief Executive Officer or of at least four of its members; (iii) for resolution purposes, the need for the presence of the majority of directors in office and the favourable vote of the absolute majority of the attendees, subject to the need for the favourable vote of the absolute majority of the Directors in office for the appointment/revocation of the Chief Executive Officer, the attribution/modification/revocation of the respective delegations and the determination of his fee, as well as for the replacement of the directors terminated by way of co-opting; (iv) the possibility of remote attendance at board meetings using suitable telecommunication systems.

The General Manager (where appointed, the Chief Financial Officer and the Chief Risk Officer are usually invited to the meetings, with advisory functions; the managers of the Bank and those of the other Group companies may also be invited to provide the necessary information on the items on the agenda.

The Board of Directors may appoint, even permanently, a secretary chosen from outside its members.

Powers of the Board of Directors (Article 24 of the New Articles of Association)

With the exception of matters reserved to the exclusive remit of the Board of Directors in accordance with the regulations and the articles of association, the Board has the power to delegate its powers to one of its members who assumes the role of Chief Executive Officer – subject to the rules for cases of urgency cited by Art. 26.2 of the New Articles of Association – or to specific committees, consisting of directors and/or managers and also, within predetermined limits on amount, to the General Manager (where appointed), to managers, senior managers as well as to officers under its employ. For the purposes of completing individual deeds or business deals, the Board may also delegate powers to its individual members.

Therefore, the Board of Directors exclusively performs all strategic supervision duties provided by the regulations and thus, *inter alia*, it defines and approves (i) the business model, the general planning and strategic guidelines, the objectives and governance and risk management policies of the Bank and the UBI Banca Group, therein including the *Risk Appetite Framework*, as well as the general lines of the process of assessment of adequacy of its own funds; (ii) the overall architecture of the internal control system and in that context the approval of the rules with which the duties and responsibilities of the control bodies and functions are defined along with the respective coordination methods, ensuring that the heads of the control

functions as defined by the supervisory regulation (therein including the Head of Anti-Money Laundering) have direct access to the corporate bodies, to which they report periodically (and promptly where necessary) without restrictions or intermediations on the results of the control activities performed; (iii) the corporate governance, organisational and management structure; (iv) the accounting and reporting systems.

The Board is also exclusively granted the following powers: (i) approval of the business/financial plans and budgets of the Bank and the UBI Banca Group, as well as acquisition and disposal operations and agreements having strategic significance; (ii) approval of the system of delegations with particular regard to those in relation to provision of credit; (iii) approval of the main internal regulation; (iv) appointment and revocation, at the proposal of the Risks Committee and having heard from the Management Control Committee, of the heads of the company control functions as defined by existing regulations, including the Head of Anti-Money Laundering; (v) development of the remuneration and incentive policies; (vi) definition, at the Chairman's proposal, of guidelines and plans relating to cultural and charitable initiatives as well as the image of the Bank and the Group; (vii) supervision of the Bank's public reporting and communication process; (viii) guarantee of effective dialectic discussion with the management function and with the heads of the main company functions and check over time of the choices and decisions made by them.

The Board of Directors is also reserved, without the right of delegation and subject to any non-delegable power based upon the regulations in force each time, inter alia, the following matters: (i) the appointment and revocation of the Chief Executive Officer; (ii) the attribution, modification and revocation of delegations and powers as well as the granting of particular assignments or delegations to one or more directors; (iii) any appointment and revocation of the General Manager and the other members of General Management, the definition of the respective functions and duties as well as the designations of the hierarchical first line reporting of the Chief Executive Officer and the Board of Directors of the Bank as well as the management and control bodies and general management of the Group companies; (iv) the establishment of a Steering Committee chaired by the Chief Executive Officer and made up of managers responsible for the main business functions, whose composition, powers and rules of functioning are regulated by a specific regulation approved by the Board of Directors; the members of the Steering Committee may participate, without voting rights, at meetings of the Board of Directors in accordance with the provisions of the internal regulation on functioning of the Board itself; (v) any establishment, at the proposal of the Chief Executive Officer, of additional Managerial Committees provided by the organisational structure and the determination of their composition, duties and respective powers; (vi) the appointment and revocation of the Manager in charge of preparing the corporate accounting documents; (vii) in conformity with the provisions of Art. 2365 of the Italian Civil Code, the resolution on merger and demerger in the cases provided by Articles 2505 and 2505 bis of the Italian Civil Code, the establishment and closure of secondary headquarters, the reduction of the share capital in the event of shareholder withdrawal, the adjustment of the Bank's articles of association to regulatory provisions; (viii) the determination of the criteria for the coordination and management of Group companies; (ix) the definition and supervision of the implementation of criteria for identifying transactions with related parties and connected entities as well as in general in relation to transactions in conflict of interest and the approval of the respective regulation.

The Chief Executive Officer, as part of the powers attributed to him, has the right to propose resolutions of the Board of Directors. This is without prejudice to the advisory, investigative and proposal powers reserved by existing regulations to the statutory committees.

Requirements of members of the Board of Directors (Articles 20 and 21 of the New Articles of Association)

The New Articles of Association require that Board Directors must be suitable to conduct their assignment, in accordance with the provisions of existing regulations and the articles of association.

In particular, Board Directors must be in possession of requirements of integrity and professionalism, meet criteria of competence, fairness, dedication of time and specific limits on the accumulation of roles

prescribed by existing regulations, and in any case those provided by European Directive 26 June 2013, no. 36 (CRD IV), for the completion of the role of director of a bank issuing listed shares on regulated markets.

The New Articles of Association also provide additional suitability requirements in relation to professionalism and competence with respect to those identified by existing regulations (Article 20.7) and the presence of at least two members who are registered on the Register of Statutory Auditors and who have exercised statutory auditing activity for at least three years (Article 20.8).

The New Articles of Association also specify that the composition of the Board must ensure the gender balance; in particular, each slate containing at least three candidates must be made up of candidates belonging to both genders, so that at least one-third of the candidates belong to the least represented gender. In that way, the transitory nature of the provisions introduced by Italian Law 12 July 2011, no. 120 (known as the “Golfo-Mosca” law) on gender equality is overcome.

The New Articles of Association provide enhanced criteria on the requirement of independence, as at least 2/3 of the members of the Board of Directors must possess the requirements of independence indicated in Article 21 and that statutory article requires the adoption of a particularly strict requirement of independence: that requirement, in fact, is deemed to be satisfied where not only the rules indicated in Art. 148 of Italian Legislative Decree 24 February 1998, no. 58 and Art. 26 of Italian Legislative Decree 1st September 1993, no. 385 are respected, but also that dictated by the Corporate Governance Code for listed companies issued by Borsa Italiana S.p.A..

Additional restrictions on the appointment are represented by respect of the limit of 75 years of age at the time of appointment itself and by the prohibition on appointment to the role of Chairman or Vice Chairman when exercising the specific role continuously for the previous three mandates.

Members of the Board of Directors are required to communicate promptly the loss of the necessary requirements or the onset of a cause of incompatibility. The effects of the loss of suitability requirements for the Board Directors are regulated in Articles 20.13 and 20.14.

Members of the Board of Directors who are also members of the Management Control Committee – in addition to the requirements required for all members of the Board of Directors – must be in possession of specific requirements of integrity and professionalism and must guarantee respect of the limits on accumulation of roles provided by the existing regulations for the performance of the assignment as member of the control bodies of a bank issuing shares listed on regulated markets.

In particular, with reference to the limits on the accumulation of roles, the New Articles of Association provide that the Directors who are also members of the Management Control Committee may not (i) be executive directors in other companies with total revenues exceeding 50 million Euros or (ii) assume more than two non-executive roles in management bodies of other enterprises aimed at producing and/or trading goods or services with revenues exceeding 500 million Euro, of bank or financial enterprises having total assets of at least 5 billion Euro, of insurance enterprises with a gross value of annual premiums collected of at least 1 billion Euro.

In addition, at least two members of the Management Control Committee must be registered on the Register of Statutory Auditors and must have exercised statutory accounts auditing activity for a period of no less than three years.

Finally, all members of the Management Control Committee must be in possession of the aforementioned requirements of independence indicated in Article 21 of the New Articles of Association.

Election of the Board of Directors (Article 22 of the New Articles of Association)

The members of the Board of Directors are elected based upon slates submitted by the Shareholders, according to methods coherent - in particular - with the regulations on listed companies.

The candidate slates must be filed at the registered office by the twenty-fifth day before the Shareholders' Meeting at first or only one call and must contain the name of at least two and no more than fifteen candidates, of which at least one must appear in the second section. Each slate must be split into two sections of names, both ordered sequentially by number, and must indicate, separately, in the first section the candidates to the role of Board Director different from candidates also to the role of member of the Management Control Committee who must be indicated in the second section. The slates may be submitted also by way of distance communication techniques defined by the Board of Directors according to methods notified in the notice to convene, which allow for the submitting entities to be identified.

The slates must also be accompanied by information on the identity of the Shareholders who submitted them, indicating the number of shares and therefore the percentage of share capital held overall by the submitting Shareholders and, in the terms established by existing regulations, a communication certifying ownership of that investment, as well as any other information required by the regulations in force each time. In order to prove the ownership of the number of shares required to submit the slates, the respective communication may be produced even after the filing of the slate, provided that it occurs at least twenty-one days before the date of the Shareholders' Meeting by the methods scheduled by existing regulations.

Together with each slate, comprehensive information must be filed on the personal and professional characteristics of the candidates, including assignments as director or auditor covered in other companies, along with: *(i)* a declaration by those candidates certifying possession of the requirements required by the regulations in force each time and the Articles of Association as well as any other informative element useful for the overall assessment of suitability for the role, according to the outline that will be made public in advance by the Company, also taking account of the guidelines of the Supervisory Authorities on the suitability of representatives, as well as any internal Company rules on the requirements of Directors; *(ii)* their acceptance of the candidacy.

In addition, each slate containing at least three candidates must: *(i)* consist of candidates belonging to both genders, so that at least one-third of candidates belong to the least represented gender, *(ii)* contain a number of candidates in the first section with at least half equipped with requirements of independence (rounding upwards to the higher unit if the application of that quota is not a whole number), while all candidates from the second section must be equipped with the requirements of independence indicated in these Articles of Association and in the regulations in force each time. The slate must also contain in the second section at least two candidates equipped with the requirements indicated in Art. 20.8 (statutory auditors).

Each Shareholder and the Shareholders who join a shareholder agreement concerning the Company's shares may not submit more than one slate, even if by way of interposing person or trust companies: in the event of a breach, his/her signature is not calculated for any slate.

Each candidate may be entered in just one slate under penalty of ineligibility.

Slates submitted without complying with the above methods are considered not to have been submitted.

Each Shareholder may vote on only one slate.

The appointment system is based upon a majority principle aimed in any case at ensuring the adequate presence of minorities within the corporate bodies. In particular, the New Articles of Association introduce the possibility also for the slate coming third by number of votes to be represented, upon certain conditions, in the Board of Directors.

The election of the Board occurs as follows:

- a) if several slates are submitted, the first three which obtained the highest number of votes expressed by the Shareholders and which are not connected, in accordance with existing regulations, are considered;
- b)
 - b.1) if the slate that obtained the second highest number of votes earned less than 15% of the votes expressed in the Shareholders' Meeting, 10 candidates will be taken from the first section of the slate that obtained the majority of votes while 4 will be taken from the second section. One candidate will be taken from the second section of the slate that obtained the second highest number of votes. In that case, the slate that came third by number of votes obtained in the Shareholders' Meeting will not provide any candidate, irrespective of the number of votes obtained;
 - b.2) if the slate that obtained the second highest number of votes earned a percentage of votes expressed in the Shareholders' Meeting of at least 15% and less than 30%, 9 candidates will be taken from the first section of the slate that obtained the majority of votes and 4 candidates will be taken from its second section, while 1 candidate will be taken from the first section of the slate that obtained the second highest number of votes and 1 candidate from its second section. If the slate that came third by number of votes obtained in the Shareholders' Meeting earned more than 15% of the votes expressed, 9 candidates will be taken from the first section of the slate that obtained the majority of the votes while 3 candidates will be taken from the second section; 2 candidates will be taken from the second section of the slate that came second by number of votes obtained in the Shareholders' Meeting, while the remaining candidate will be taken from the first section of the slate that came third by number of votes obtained in the Shareholders' Meeting;
 - b.3) if the slate that obtained the second highest number of votes earned at least 30% of the votes expressed in the Shareholders' Meeting, 9 members will be taken from the first section of the slate that obtained the majority of votes while 3 will be taken from the second section; 1 candidate will be taken from the first section of the slate that obtained the second highest number of votes and 2 from the second section. In that case, no candidate will be taken from the slate that came third by number of votes earned in the Shareholders' Meeting, irrespective of the number of votes obtained.

If the slate that obtained the highest number of votes does not present a number of candidates in the first and/or second section sufficient to reach the number of directors to be elected, the remaining directors will be taken from the slate that obtained the second highest number of votes and that earned at least 20% of the votes expressed in the Shareholders' Meeting; if no further candidates remain from the aforementioned slate, the Shareholders' Meeting resolves by relative majority again in respect of the requirements for the appointment.

With reference to the appointment mechanism, the following provisions are also, *inter alia*, laid down:

- if a single slate is submitted, appointment of all Directors on that slate, provided that it earned the required majority for resolutions of the ordinary Shareholders' Meeting;
- if no slate is submitted or for the appointment of those Directors that it could not be taken from the submitted slates, attribution of the respective responsibility to the Shareholders' Meeting with resolution by relative majority, in respect of the requirements of composition of the Board of Directors and the Management Control Committee provided by the regulations and by the New Articles of Association.

The roles of Chairman and Vice Chairman of the Board of Directors are due, respectively, to the candidates indicated in first and second position of the first section of the slate from which the majority of Directors is taken or, if no slate is submitted, to the members appointed as such by the Shareholders' Meeting. The role of Chairman of the Management Control Committee is due to the candidate indicated in the first position of the second section of the slate with the highest number of votes from which, however, the majority of Directors has not been taken, or in first position of the second section of the only slate submitted, or – if no slates have been submitted - to the member appointed as such by the Shareholders' Meeting.

Termination from the role and replacement (Articles from 22.20 to 22.26 of the New Articles of Association)

If a Director not forming also part of the Management Control Committee leaves, the candidates not elected from the first section of the slate to which the leaving Director belonged shall take over, in respect of the requirements of composition of the Board of Directors provided by the regulations and by the New Articles of Association; if this is not possible, the appointment occurs by way of co-opting in accordance with Art. 2386 of the Italian Civil Code, with the favourable vote of the absolute majority of the Directors in office and again in respect of the requirements of composition of the Board of Directors. In derogation of what is highlighted above, the replacement of the Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer occurs exclusively by co-opting, again in respect of the requirements of composition of the Board of Directors.

In the event of termination from the role of a member of the Management Control Committee, the first candidate not elected from the second section of the slate to which the terminated Director belonged shall take over, in respect of the requirements of composition of the Board of Directors provided by the regulations and by the New Articles of Association; if this is not possible, the ordinary Shareholders' Meeting proceeds with a resolution by relative majority, again in respect of the requirements of composition of the Board of Directors. In the event of termination from the role of the Chairman of the Management Control Committee, the second member, where existing, elected in the second section of the slate from which the Chairman was taken assumes the chairmanship; if this is not possible, the ordinary Shareholders' Meeting makes a resolution by relative majority, again in respect of the requirements of composition of the Board of Directors.

If the majority of the members originally appointed come to be missing, for any reason, the entire Board of Directors is understood to be terminated and the Shareholders' Meeting is convened without delay to appoint the new Board of Directors.

The members of the Board of Directors, therein including the members of the Management Control Committee, may be revoked by the Shareholders' Meeting at any time, subject to the right of the revoked Director to compensation for damages if the revocation occurs without just cause. The revocation of the members of the Management Control Committee, moreover, must be duly motivated and also implies the revocation from the role of member of the Board of Directors.

Remuneration for corporate roles (Article 23 of the New Articles of Association)

The Shareholders' Meeting establishes at the time of appointing the Board of Directors, in respect of the regulations in force, an overall fee for (i) the members of the Board (therein including the Chairman and the Vice Chairman), (ii) the members of the committees indicated in Art. 31 of the New Articles of Association (including the Risk Committee, the Remuneration Committee, the Appointments Committee and the Related Parties and Connected Entities Committee). The Board of Directors divides within it that overall fee.

The Board of Directors, at the proposal of the Remuneration Committee, may establish an additional fee for Directors invested with particular roles (therein including the Chief Executive Officer) but not for the Chairman, the Vice Chairman and the members of the committees indicated in Art. 31 of the New Articles of Association. The remuneration is determined in a fixed amount, except for that due to the Chief Executive Officer and to the General Manager, if appointed, which may be established even in a variable amount in coherence with the remuneration policies approved by the Shareholders' Meeting and by existing regulations.

In accordance with Art. 23.4 of the New Articles of Association the Shareholders' Meeting is responsible for establishing at the time of appointing the members of the Management Control Committee their remuneration in a fixed and per capita amount for the whole duration of the role. Increased remuneration is scheduled for the Chairman of the Management Control Committee.

The Directors are also granted the reimbursement of expenses incurred for their role.

2.7 Chairman of the Board of Directors (Article 26 of the New Articles of Association)

The Chairman of the Board of Directors plays an important role of balancing and coordination of powers both within the Board of Directors and between the Bank's various corporate bodies, with particular reference to the executive component of the Board of Directors.

In that context, as part of the duties and powers attributed by the regulations - particularly supervisory - and by the New Articles of Association, the Chairman has the following powers: *(i)* legal representation of the Bank and company signature; *(ii)* convene the Shareholders' Meeting and oversee its works; *(iii)* convene the Board of Directors establishing its agenda, chair the meetings and coordinate the works; *(iv)* guarantee adequate dialectics and the effectiveness of the board debate, with particular regard to dialectics between the Chief Executive Officer and the other Directors; *(v)* supervise the correct and effective functioning of corporate governance; *(vi)* deal with relationships with the Supervisory Authorities as part of the activity of the Board of Directors; *(vii)* request and receive information on specific management aspects of the Company and the Group and on the management performance in general, even prospective, having, for that purpose, access to all company functions; *(viii)* deal with relationships with the Chief Executive Officer and guarantee the balance of powers with particular reference to the delegated powers of current management, also acting as interlocutor of the Management Control Committee and its Chairman, as well as the Board Committees indicated in Article 31 of the New Articles of Association; *(ix)* deal with the external communication of information relating to the Company and supervise the management of relationships with Shareholders, in agreement with the Chief Executive Officer.

In the event of justified urgency and in the impossibility of a prompt communication of the Board of Directors, the Chairman of the Board of Directors (or, in the event of his absence or impediment, the Vice Chairman or, in the event of the latter's absence or impediment, the Chief Executive Officer) may make decisions on operations under the remit of the Board of Directors, and in particular on the provision of credit, with the exception of matters not delegable by the management body. The decision made must be brought to the attention of the Board of Directors at its next meeting.

In any case, the Chairman of the Board of Directors does not have an executive role and may not perform, even de facto, management functions.

In the event of the absence or impediment of the Chairman, the Vice Chairman of the Board of Directors fulfils his functions.

2.8 Legal Representation and company signature (Articles 27 and 28 of the New Articles of Association)

In the New Articles of Association, the legal representation of the company in relation to third parties and in court, before any Court of any level and grade, with free company signature, are held severally by the Chairman and the Vice Chairman.

Subject to the foregoing, the legal representation of the Company before third parties and in court and the company signature are held severally by the Chief Executive Officer and the General Manager, where appointed, in the matters under their remit in accordance with the Articles of Association and/or delegated by the Board of Directors.

The Chairman, the Vice Chairman of the Board, the Chief Executive Officer and the General Manager, if appointed, have, individually, the right to bring judicial actions for all acts regarding the company management and administration, to submit appeals before all judicial and jurisdictional Authorities, the administrative and tax Authorities and Commissions and to issue general and special powers of attorney with election of domicile, also for the appearance as civil party.

The Chairman, Vice Chairman, Chief Executive Officer and General Manager, if appointed, individually and as part of their powers, may appoint special attorneys for certain acts or categories.

2.9 Chief Executive Officer (Articles 29 and 30 of the New Articles of Association)

The Board of Directors, having heard from the Appointments Committee and with the favourable vote of the majority of Directors in office, elects from its members a Chief Executive Officer, determining his powers and any additional remuneration in conformity with the provisions of Article 23 of the New Articles of Association and indicated in the section “*Remuneration for corporate roles*” in above paragraph 2.6.

The Chief Executive Officer has, within the limits of his powers, always as part of the general, planning and strategic guidelines resolved by the Board, responsibility for:

- a) overseeing the management of the Company and the Group and dealing with implementing the regulations of the Board of Directors;
- b) overseeing the execution of the Company and Group strategy;
- c) overseeing the implementation of the organisational, administrative and accounting structure determined by the Board;
- d) implementing the resolutions and guidelines (therein including strategic) of the Board of Directors;
- e) determining the operational directives for General Management;
- f) making proposals to the Board, within the limits of his responsibilities, in relation to the definition of the general planning and strategic guidelines of the Company and the Group as well as preparing business and/or financial plans and budgets of the Company and the Group; suggesting guidelines in relation to optimising the use and development of resources and submitting to the Board the draft financial statements and periodic situations;
- g) suggesting to the Board the designations *(i)* of the hierarchical first line reporting of the Chief Executive Officer; *(ii)* of the management and control bodies and general management of the Group companies, in agreement with the Chairman and Vice Chairman of the Board.

The Chief Executive Officer reports to the Board of Directors – usually on a monthly basis and, in any case, at least quarterly - on the management performance and on its outlook and on the most significant transactions performed by the Bank and by its subsidiaries, except in cases of urgency when the Chief Executive Officer must report without delay.

As illustrated in paragraph 2.7 - *Chairman of the Board of Directors (Article 26 of the New Articles of Association)* above, in the event of justified absolute urgency, and in the impossibility of prompt convocation of the Board, the Chairman of the Board or, in the event of his absence or impediment, the Vice Chairman or, in the event of the absence or impediment of the latter, the Chief Executive Officer, may assume decisions on any operation under the remit of the Board, and in particular on the provision of credit, with the exception of matters under the exclusive remit of the Board. The decisions thus assumed must be brought to the attention of the Board at its next meeting.

In addition, as already highlighted in the point “*Powers of the Board of Directors*” indicated in above paragraph 2.6 - *Board of Directors (Articles from 19 to 25 of the New Articles of Association)*, the Chief Executive Officer chairs the Steering Committee, made up of managers responsible for the main company functions and regulated by a specific regulation approved by the Board of Directors.

2.10 Powers and functioning of the Management Control Committee (Articles 33 and 34 of the New Articles of Association)

The Management Control Committee is the body in charge of performing the control function and to that end it has all powers - including those of inspection and reporting to the competent Authority - provided by law and by the supervisory regulations.

The various powers of the Management Control Committee include: *(i)* to oversee compliance with the rules of law, regulatory and statutory, and respect of the principles of correct management; *(ii)* to oversee the adequacy, efficiency, functionality of the Company's organisational structure and the internal control system,

as well as the management and accounting system, all also in relation to the Group; *(iii)* to ascertain the effectiveness of all structures and functions involved in the control system and the adequate coordination of the same, promoting corrective interventions of any deficiencies and irregularities identified; *(iv)* to oversee the methods of concretely implementing the corporate governance rules provided by codes of conduct with which the Bank declares to comply; *(v)* to propose to the Shareholders' Meeting the auditing company to which to attribute the statutory accounts audit and the fee for the respective performances, to oversee its actions, to exchange with it the relevant data and information for the conduct of the respective duties and to exercise the duties assigned by Art. 19 of Italian Legislative Decree 39/2010 to the control and accounts auditing committee; *(vi)* to report promptly to the Supervisory Authority and to Consob, as well as to the Board of Directors, on management irregularities or violations of the regulations on banking activity; *(vii)* to report on the supervisory activity performed, on the omissions and on the censurable facts notified to the Shareholders' Meeting convened to approve the financial statements and, if censurable facts of significant severity are identified and there is an urgent need to proceed, to convene the Shareholders' Meeting, subject to communication to the Chairman of the Board of Directors; *(viii)* to express opinions if the regulations in force on the audit body so require; *(ix)* to act in close collaboration with the corresponding bodies of the subsidiaries; *(ix)* to perform, in coherence with its control function, the additional duties entrusted to it by the Board of Directors. In addition, the Management Control Committee is specifically consulted, as well as in relation to decisions regarding the appointment and revocation of the Manager in charge of preparing the corporate accounting documents and the appointment and revocation, at the proposal of the Risks Committee, of the managers of the company control functions as defined by the supervisory regulations (therein including the Head of Anti-Money Laundering), also on the definition of the essential elements of the overall architecture of the control system (powers, responsibilities, resources, information flows, management of conflicts of interest).

For the purposes of conducting its duties, the Management Control Committee has the power, *inter alia*, to *(i)* request information and news from other Directors and management and control bodies of the subsidiary companies; *(ii)* convene the Board of Directors, subject to communication to the Chairman of the Board of Directors itself; *(iii)* to proceed at any time, even through a specifically delegated member, with inspection and control actions.

The Management Control Committee may use the internal control functions and structures and direct their verifications and assessments. To that end, the internal control functions and structures also inform the Committee of their significant reports, data and information, by their own initiative or at the request of even just one of its members, through adequate periodic information flows or in relation to specific situations or business performances.

The Management Control Committee is constituted by the presence of the majority of its members and it resolves by majority of the attendees. Its meetings may take place also by distance communication techniques. The methods of functioning are regulated by a specific regulation adopted by the Management Control Committee itself.

2.11 Board Committees (Articles 31 and 32 of the New Articles of Association)

In continuity with the existing articles of association, there is provision for the establishment - within the body granted the strategic supervision function (*i.e.* the Board of Directors in the one-tier management and control system) – of *(i)* a Risks Committee, *(ii)* an Appointments Committee, *(iii)* a Remuneration Committee, with the duties provided by the regulations in force each time in support of the Board of Directors for the respective themed areas (Article 31 of the New Articles of Association). In addition, the articles of association explicitly provide for the constitution of a Transactions with Related Parties and Connected Entities Committee. In addition, the Board of Directors may, within the limits of the regulations, combine the functions of several Committees. With respect to the articles of association in force, on the other hand, the Internal Control Committee has been removed because, in the one-tier management and control

system, the functions of the control bodies are attributed to the Management Control Committee which does not have strategic supervision functions.

The Committees are constituted by a minimum of three and a maximum of five members each, all non-executive and with the majority in possession of the requirements of independence required by Art. 21 of the New Articles of Association. The Board of Directors appoints the chairman of each Committee; the chairman of each of the Committees may not be the chairman of another Committee and the Chairman of the Board of Directors may not form part of any of the Committees.

The New Articles of Association specify that the members of the Management Control Committee may not be members of committees other than the Risks Committee and the Related Parties and Connected Entities Committee.

Without prejudice to the obligation to establish the additional committees required mandatorily by the existing regulations in force, the Board of Directors may establish within it – again with advisory, investigatory and consultation functions - other committees, including a Strategic Committee with duties to support the definition of the strategic scenarios, the business model and the business plans (Article 32 of the New Articles of Association).

2.12 General Management (Article 35 of the New Articles of Association)

The rules provided by the New Articles of Association on General Management reflect what is contained in the articles of association in force, except for the introduction of references to the new management body.

In particular, General Management is made up of the General Manager, if appointed, and by other members appointed for that purpose by the Board of Directors; the members of General Management also include the member to whom - in the absence or impediment of the Chief Executive Officer and, where appointed, the General Manager - the deputy function is attributed, with full powers and rights.

The members of General Management are appointed with the favourable vote of two-thirds of the members of the Board of Directors.

The General Manager, where appointed:

- a) is the head of the operating structure;
- b) is the head of personnel;
- c) usually deals (unless otherwise indicated by the competent management bodies) with executing the resolutions of the Board of Directors and the Chief Executive Officer;
- d) manages the current business in conformity with the guidelines of the management bodies;
- e) if not already a Board Director, attends, with advisory vote, the meetings of the Board of Directors;
- f) deals with the operational coordination of the business and the Group.

2.13 Financial statements, profits, reserves (Article 36 of the New Articles of Association)

The most significant change in relation to financial statements, profits and reserves compared to the text in force is represented by the attribution to the Shareholders' Meeting of the responsibility to approve the financial statements, in coherence with the already noted structure of responsibilities of the corporate bodies in one-tier management and control system.

The further changes concern, in fact, the introduction of the specification concerning the responsibility of the Shareholders' Meeting to examine the Bank's consolidated financial statements.

2.14 Dissolution and placement into liquidation of the Company (Article 37 of the New Articles of Association)

In relation to dissolution and liquidation, there is no planned change with respect to the existing articles of association.

Transitory rules

The New Articles of Association will apply upon the first renewal of the corporate bodies after the approval of the New Articles of Association by today's Shareholders' Meeting, with the exception of the provisions indicated in Articles 20, 21 and 22 of the New Articles of Association on requirements and methods of submitting slates to appoint the members of the Board of Directors: the cited provisions, in fact, will apply from the date of convocation of the Shareholders' Meeting which will be called to appoint the new corporate bodies.

3. WITHDRAWAL

The adoption of the New Articles of Association does not grant the right to exercise the right of withdrawal indicated in Art. 2437 of the Italian Civil Code to shareholders who have not contributed to the resolution subject to this Report.

Dear Shareholders,

You are therefore invited to approve the resolution proposal indicated below:

Resolution Proposal

The extraordinary Shareholders' Meeting of "UBI Banca S.p.A.", having heard the report of the Management Board and the Supervisory Board

Resolves

- 1) to adopt, with effect from the date of renewal of the corporate bodies currently in force, the one-tier management and control system, in accordance with Articles 2409-sexiesdecies et seq of the Italian Civil Code, based upon a Board of Directors made up of fifteen members, five of whom are also members of the Management Control Committee;*
- 2) to approve, as a whole, the new text of the Articles of Association consisting of 38 articles and annexed to the report of the Management Board and Supervisory Board;*
- 3) to establish that all statutory amendments will apply upon the first renewal of the corporate bodies to which they apply after today's Shareholders' Meeting, with the exception of Articles 20, 21 and 22 which will apply from the date of convocation of the Shareholders' Meeting called to resolve on the appointment of the new corporate bodies;*
- 4) to attribute to the Chairman of the Management Board, to the Vice Chairman of the Management Board and to the Chief Executive Officer, severally and with the right of sub-delegation, all the widest powers to complete any act - with no exclusions or exceptions – that becomes necessary or opportune in order to execute what is resolved.*

THE SUPERVISORY BOARD

THE MANAGEMENT BOARD

September 2018

ANNEX A

UBI BANCA'S NEW ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION

TITLE I

COMPANY INCORPORATION, NAME, DURATION AND REGISTERED OFFICE

ARTICLE 1

The Company **Unione di Banche Italiane Società per azioni**, also named in abbreviated form as just **UBI Banca S.p.A.** (the "**Company**") is incorporated, resulting from the aggregation of banks having common values and principles with a view to supporting and developing the best resources of their local territory by way of their own distribution network and that of the group.

The Company may use, also in combination with its own name, the names, trademarks and distinctive signs of the companies incorporated therein by the Company itself from time to time, mainly as distinctive instruments at local geographical level.

ARTICLE 2

The Company duration is established until 31 December 2100 and may be extended.

ARTICLE 3

The Company has its registered office in Bergamo and operating offices in Brescia, Bergamo and Milan.

TITLE II

CORPORATE PURPOSE

ARTICLE 4

4.1.- The Company has as its purpose the deposit-taking and carrying out of all forms of lending activities, both directly and through subsidiary companies.

4.2.- To this end, it may complete, in compliance with existing provisions and subject to obtaining the required authorisations, both directly and by way of subsidiary companies, all banking and financial transactions and services, as well as any other activity performed by credit institutions, including the issuance of bonds and the granting of loans regulated by special laws.

4.3.- The Company may also carry out any other transaction that is instrumental to or connected with the achievement of its corporate purpose.

4.4.- The Company shall pay particular attention to enhancing the value 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 purposes, the Company may become a member of associations and consortia of the finance industry, both in Italy and abroad.

4.6.- The Company, in its capacity as parent of the Unione di Banche Italiane Group, in abbreviated form also UBI Banca Group (the "**Group**"), in accordance with Art. 61, fourth paragraph of Italian Legislative Decree no. 385 dated 1 September 1993, shall issue, in the exercise of its management and coordination activity, instructions to the Group's member companies, also to implement the instructions given by the Bank of Italy and in the interest of the stability of the Group itself.

TITLE III

SHARE CAPITAL, SHAREHOLDERS AND SHARES

ARTICLE 5

5.1.- The subscribed and paid-up share capital amounts to Euro 2,843,177,160.24 divided into 1,144,285,146 registered shares without nominal value.

5.2.- Any new shares issuance may be resolved upon by the extraordinary Shareholders' Meeting, in compliance with the applicable laws and regulations, with the majorities and quorums required by these Articles of Association for the constitution and resolutions of the extraordinary Shareholders' Meeting, with the right to delegate to the Board of Directors, always in accordance with the *pro tempore* laws and

regulations in force, the powers provided for by Articles 2420-ter and 2443 of the Italian Civil Code.

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

ARTICLE 6

The withdrawal from the Company is only permitted in those cases permitted by law, according to the methods and the effects provided for by the laws and regulations in force.

ARTICLE 7

7.1.- The share is indivisible.

7.2.- If a share is jointly owned, the rights of the co-owners must be exercised by a common representative appointed according to the procedures laid down by laws and regulations in force. If a common representative has not been appointed or if that appointment has not been notified to the Company, the communications and declarations made by the Company to any one of the co-owners shall be effective for all of them.

7.3.- The shares are transferrable as permitted by Law.

ARTICLE 8

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

The Company, within the limits of and in compliance with the laws and regulations in force, even prudential, may issue categories of shares having different rights.

8.2.- Dividends not collected within the fifth year from the day on which they became due and payable are devolved to the Company in increase of the statutory reserve.

TITLE IV

CORPORATE BODIES

ARTICLE 9

The exercise of the corporate functions, in accordance with the respective roles, is delegated to:

- a) the Shareholders' Meeting;
- b) the Board of Directors (hereafter also the “**Board**”);
- c) the Management Control Committee (hereafter also the “**Control Committee**”);
- d) the Chairman of the Board of Directors;
- e) the Deputy Chairman of the Board of Directors;
- f) the Chief Executive Officer;
- g) the General Management.

TITLE V

SHAREHOLDERS' MEETING

ARTICLE 10

The Shareholders' Meeting, duly convened and constituted, represents all the Shareholders and its resolutions, passed in compliance with the law and these Articles of Association, are binding on all Shareholders, even if absent or dissenting.

ARTICLE 11

11.1.- The Shareholders' Meeting is either ordinary or extraordinary.

11.2.- The ordinary Shareholders' Meeting shall:

- a) appoint and remove the members of the Board of Directors and determine the remuneration of the Directors according to the provisions of Art. 23 of the Articles of Association; it appoints the Chairman and the Deputy Chairman of the Board, without prejudice to the provisions of Art. 22.21 of the Articles of Association;
- b) appoint and remove the members of the Board of Directors who are members of the Management Control Committee, therein including the Chairman in accordance with the provisions of Art. 22.19 of the Articles of Association, and determine their remuneration;
- c) approve:
 - the remuneration and incentive policies for the members of the Board Directors and staff;
 - the remuneration and/or incentive plans based upon financial instruments;
 - the criteria for determining the indemnity to be granted in the case of early termination of the employment relationship or early cessation from the role, therein including the limits fixed to that remuneration in terms of annual payment of fixed remuneration and the maximum amount deriving from their application;
 - on the Board of Directors' proposal, a ratio higher than 1:1 between the variable and fixed

component of the individual remuneration of key personnel, in any case no higher than the maximum limit established by the *pro tempore* laws and regulations in force;

- d) resolve on the liability action of members of the Board of Directors;
- e) at the reasoned proposal of the Management Control Committee, appoint the external statutory auditors responsible for auditing the accounts and, if necessary, having heard from that Committee, remove or modifies the appointment;
- f) approve the financial statements and resolve upon the net income allocation;
- g) approve and amend the Shareholders' Meeting Regulation;
- h) resolve upon the other matters attributed by law or by these Articles of Association to its competence.

11.3.- The extraordinary Shareholders' Meeting shall resolve on amendments to the Articles of Association, on the appointment, removal, replacement and powers of the liquidators and on any other matter within its purview pursuant to the law.

11.4.- The Shareholders' Meeting meets in all cases provided by law and by these Articles of Association, and is convened by the Board of Directors or by the Management Control Committee subject to communication to the Chairman of the Board of Directors; this is without prejudice to the other powers of convocation provided by law.

11.5.- In any case, the ordinary Shareholders' Meeting is convened at least once a year within 120 (one hundred and twenty) days from the end of each financial year to resolve upon the matters for which it holds responsibility by law or in accordance with these Articles of Association.

11.6.- Ordinary and extraordinary Shareholders' Meetings are convened without delay at the request of Shareholders who represent at least one-twentieth of the share capital following submission of a request indicating the grounds and the agenda.

11.7.- In compliance with the procedures, according to the terms and within the time limits set forth by the law, the Shareholders who, jointly, represent at least one-fortieth of the share capital may, by written application, request additions to the items to be discussed at the Shareholders' Meeting, as recorded by the notice of convocation of the same, indicating in the application the additional matters proposed by them as well as they may submit resolution proposals on matters already on the agenda. Legitimacy to exercise that right is proven by the filing of a copy of the communication issued by the intermediary in accordance with the laws and regulations in force.

ARTICLE 12

The Shareholders' Meeting usually shall meet alternatively in the city, or province, of Bergamo or in the city, or province, of Brescia.

ARTICLE 13

13.1.- The Shareholders' Meetings are convened by notice - containing an indication of the matters to be discussed, the location, day and time of the meeting and anything else required by the *pro tempore* laws and regulations in force - published within the time limits set forth by the laws and regulations in force on the Company's internet website, as well as according to the other procedures provided by such laws and regulations. The notice must also be affixed at the branches of the Company.

13.2.- The notice to convene may contain a second call for the Shareholders' Meeting and, limited to the extraordinary Shareholders' Meeting, even a third call. The Board of Directors may establish that the Shareholders' Meeting, ordinary or extraordinary, is held in a single meeting, excluding subsequent calls after the first, applying the majorities required by the applicable regulations. That decision is indicated in the notice to convene.

13.3.- If indicated in the notice to convene, those entitled to vote may attend at the Shareholders' Meeting by means of telecommunication and exercise the right to vote electronically according to the methods provided in the notice itself.

ARTICLE 14

Persons having the right to vote, for which the Company has received, within the time limits provided for by the law, the notice of the authorised intermediary certifying their voting right, may attend at the Shareholders' Meeting.

ARTICLE 15

15.1.- Each ordinary share attributes the right to one vote.

15.2.- Those who have the right to vote may be represented at the Shareholders' Meeting in compliance with existing regulations. The delegation may be notified electronically by e-mail, according to the instructions contained in the notice to convene, or by another method chosen from those provided by applicable laws and regulations.

15.3.- The Board of Directors may designate for each Shareholders' Meeting, reporting this information in the notice to convene, one or more persons to whom the holders of the voting right may grant, following the procedures provided for by applicable laws 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 items for which the voting instructions have been granted.

15.4.- Without prejudice to the provisions of Art. 2372, second paragraph of the Italian Civil Code, the delegation may only be granted for individual Shareholders' Meetings, with effect also for any subsequent calls, but may not be granted without specifying the name of the representative.

15.5.- The vote by correspondence is not permitted.

15.6.- The members of the Board of Directors, including the members of the Management Control Committee, may not vote in resolutions concerning their liability.

ARTICLE 16

16.1.- In order for the Shareholders' Meeting constitution to be valid, as well as for the validity of its respective resolutions, the *pro tempore* laws and regulations in force are applied, without prejudice to the provisions of Art. 22 below for the appointment of the Board of Directors and the Management Control Committee.

16.2.- If it is not possible to complete the agenda during one day, the Chairman of the Shareholders' Meeting arranges for it to be continued no more than seven days afterwards, giving verbal communication thereof to the attendees without the need for further notice. At the second call, the Shareholders' Meeting is constituted and resolves with the same majorities established for the validity of the constitution and resolutions of the Shareholders' Meeting being continued.

ARTICLE 17

17.1.- The proposal indicated in Art. 11, second paragraph, letter c) fourth line is approved by the ordinary Shareholders' Meeting when (i) the Shareholders' Meeting is convened by at least half of the share capital and the resolution is passed with the favourable vote of at least 2/3 of the share capital represented in the Shareholders' Meeting or (ii) the resolution is passed with the favourable vote of at least 3/4 of the share capital represented in the Shareholders' Meeting, whatever the amount of the share capital present.

17.2.- If the Shareholders' Meeting, both ordinary and extraordinary, is convened to resolve on a proposal relating to a transaction with related parties made by the competent bodies of the Company in the presence of a contrary opinion of the committee constituted in accordance with the *pro tempore* regulations in force on transactions with related parties and the Shareholders' Meeting has approved that proposal in respect of the quorum provided for by these Articles of Association, the finalisation of that transaction shall be forbidden if a number of unrelated Shareholders representing at least 5% of the share capital is represented at the Shareholders' Meeting and the majority of those unrelated voting shareholders have voted against that transaction.

ARTICLE 18

18.1.- The Shareholders' Meeting, both ordinary and extraordinary, is chaired by the Chairman of the Board of Directors or, in his absence, by the Deputy Chairman or in the latter's absence, by another person designated by the Board of Directors or, failing that, by the Shareholders' Meeting itself.

18.2.- The Chairman of the Shareholders' Meeting is responsible for verifying the regularity of the proxies and in general the right of the attendees to participate in the Shareholders' Meeting, to verify if the Shareholders' Meeting is duly convened and fit to resolve, to manage and regulate the discussion, as well as to establish the procedures for conducting the votes, ascertaining their respective results.

18.3.- The Shareholders' Meeting, at the proposal of the Chairman, appoints the Secretary and the scrutineers.

18.4.- In the case of an extraordinary Shareholders' Meeting, or when the Chairman deems it opportune, the duties of Secretary are fulfilled by a notary appointed by the Chairman of the Shareholders' Meeting.

TITLE VI

BOARD OF DIRECTORS

ARTICLE 19

The Company adopts, in accordance with Art. 2409 *sexiesdecies* of the Italian Civil Code, the one-tier management and control system articulated in a Board of Directors (the “**Board**”) including some members who are also members of the Management Control Committee (the “**Control Committee**”).

ARTICLE 20

20.1.- The Board of Directors is made up of 15 (fifteen) members including the Chairman, the Deputy Chairman, the Chief Executive Officer and 5 (five) members of the Management Control Committee.

20.2.- The members of the Board of Directors remain in office for three financial years and expire with the Shareholders' Meeting convened to resolve upon the financial statements relating to the final financial year of their office.

20.3.- In any case, they remain in office, with full powers, until their renewal and they may, within the limits of laws and regulations in force and the Articles of Association, be re-elected.

20.4.- If, during the mandate, one or more members of the Board cease their office, the replacement is made in accordance with the provisions of Art. 22 below.

20.5.- The members of the Board must not yet have passed, at the time of their appointment, 75 years of age.

20.6.- Those who have covered the respective specific office continuously for three previous mandates may not be appointed to the role of Chairman or Deputy Chairman.

20.7.- Subject to any further requirement prescribed for the Directors making up the Management Control Committee, the members of the Board of Directors must be fit to perform the duties of their office, in accordance with the provisions of existing laws and regulations and the Articles of Association; they must, in particular, satisfy the requirements of personal integrity and professionalism and respect criteria of competence, fairness and sufficient time commitment provided by the *pro tempore* laws and regulations in force and the specific limits on number of directorships prescribed by applicable laws and regulations to perform the role of director of a bank issuing shares listed on regulated markets.

In any event, any member of the Board of Directors shall satisfy the requirements set forth in Directive 2013/36/EU of 26 June 2013, to carry out the duties of director of a bank issuing shares listed on regulated markets.

In addition to the requirements established by existing regulations, all members of the Board must have accrued overall experience - through the exercise, in Italy and abroad - of at least three years as chairman or at least five years in the field of:

- management and/or strategic supervision
- direction

or

- control

in

- banks, financial companies, asset management companies or insurance companies;
- independent public authorities;
- enterprises aimed at the production and/or exchange of goods or services that have exceeded, for the periods of stay in office provided for in this paragraph, two of the following limits: (a) 20 million Euros of balance sheet assets; (b) 40 million Euros of revenues from sales and services; (c) 250 employees employed on average during the financial year calculated on the figures of the latest approved financial statements or, if prepared, consolidated financial statements;
- company with shares traded on an Italian or foreign regulated market.

Candidates who have not accrued that professional experience may even be elected provided that:

- they have been tenured university professors for at least five years in legal or economic or mathematical sciences/statistics/management engineering subjects;
- they are or have been registered for at least a decade on the professional register of Chartered Accountants, Notaries or Lawyers.

20.8.- At least 2 (two) of the members of the Board must be chosen from persons registered on the Register of Statutory Auditors who have exercised statutory accounts auditing activity for a period of no less than three years.

20.9.- In addition, the composition of the Board must ensure the gender balance according to Art. 22.5(i) of these Articles of Association.

20.10.- At least 2/3 of the members of the Board of Directors must satisfy the requirements of independence provided for in Art. 21 of these Articles of Association and in any case by the *pro tempore* laws and regulations in force.

20.11.- The members of the Board of Directors who are members of the Management Control Committee:

- must satisfy the personal integrity and professionalism requirements and ensure the respect of the limits to the number of directorships provided by existing laws and regulations for the conduct of the role of member of the control body of a bank issuing listed securities on a regulated market and of the limits on number of directorships provided for by existing Italian and/or European applicable laws and regulations;
- subject to the foregoing, in relation to the limits on number of directorships, may not (a) hold the role of executive director in other companies having total revenues exceeding 50 million Euros or (b) assume non-executive roles in the management bodies of other enterprises aimed at the production and/or trading of goods or services having revenues exceeding 500 million Euros, of banking or financial enterprises having total assets at least equal to 5 billion Euros, of insurance companies with a gross value of annual premiums collected at least equal to 1 billion Euros, in a number higher than two. The dimensional data under letter (a) and (b) above are calculated on the data of the last approved financial statements or, if prepared, consolidated financial statements. In any case, the *pro tempore* applicable regulations on interlocking restriction shall be applied.
- they must all satisfy the independence requirements provided for in Art. 21;
- at least 2 (two) members must be enrolled with the Register of Statutory Auditors and must have exercised statutory auditing activity for a period of at least three years.

20.12.- The members of the Board of Directors must promptly communicate the loss of the requirements required for the role held by them or the occurrence of a cause of incompatibility. To this purpose, without prejudice to the provisions of Art. 22, the members of the Board of Directors are required to update, giving prompt notice to the Chairman of the Board of Directors, the certifications of satisfaction of the requirements and any information useful to an overall assessment of fitness for the office held, according to the scheme envisaged in Art. 22.4.

20.13.- Without prejudice to Art. 20.14 below:

- the loss of the requirements provided for by applicable laws and regulations or by the Articles of Association determines the disqualification from the office of director;
- the occurrence, even after appointment, of a cause of incompatibility, therein including the exceeding of the limits on the number of directorships, if not removed within 30 days from its occurrence as notified by the interested party or from the longer term provided for by the *pro tempore* applicable laws and regulations, determines the disqualification from the office of director;
- the loss of one of the requirements laid down in the Articles of Association for the Directors who are members of the Management Control Committee determines in any case their disqualification from the Board of Directors.

20.14.- If the existence of particular requirements, conditions, personal capacities for only a minimum number of Directors is provided for by this Art. 20, the loss of those requirements, conditions, capacities by one Director, does not determine his/her disqualification from the office if the minimum number of Directors meeting such established requirements is still satisfied.

ARTICLE 21

For the purposes of these Articles of Association, independent directors are considered to be directors in possession of the independence requirements provided for by Art. 148 of the Italian Legislative Decree no. 58 dated 24 February 1998 and the implementing regulation of Art. 26 of the Italian Legislative Decree no. 385 dated 1 September 1993. Notwithstanding the above, the independent members of the Board of Directors shall satisfy the requirements set forth in the Corporate Governance Code of Italian listed companies issued by Borsa Italiana S.p.A., from time to time applicable. The existence of the independence requirement is verified by the Board of Directors, in accordance with the application criteria defined by the above-mentioned Corporate Governance Code and incorporated in the relevant internal Regulation approved by the Board itself.

ARTICLE 22

22.1.- The Shareholders' Meeting shall appoint the members of the Board of Directors based upon slates

submitted by the Shareholders according to the following procedures.

22.2.- The slates of candidates must be filed at the registered office within the twenty-fifth day before the Shareholders' Meeting at first or only one call and they must contain the name of at least two and no more than fifteen candidates, of which at least one must be included in the second section. Each slate must be split into two sections of names, both ordered sequentially by number, and they must indicate, separately, in the first section, candidates to the role of Board Directors different from candidates also to the role of member of the Management Control Committee who must be indicated in the second section. The slates may also be submitted using means of distance communication defined by the Board of Directors according to methods illustrated in the notice to convene, which allow for the submitting entities to be identified.

22.3.- The slates must also be accompanied by information on the identity of the Shareholders submitting them, indicating the number of shares and thus the percentage of share capital held overall by the submitting Shareholders and, within the time limits established by laws and regulations in force, a communication indicating the ownership of that investment, as well as any other information required by the *pro tempore* regulations in force. In order to prove the ownership of the number of shares required to submit the slates, the respective communication may be produced even after the submission provided that this takes place at least twenty-one days before the date of the Shareholders' Meeting by the methods provided by existing regulations.

22.4.- Together with each slate, comprehensive information must be filed on the personal and professional characteristics of the candidates, including any management or control offices held in other companies, along with:

- a) a declaration by those candidates certifying their possession of the requirements required by the *pro tempore* regulations in force and the Articles of Association, along with any useful information for the overall assessment of fitness for the office held, according to the scheme that will be previously published by the Company, taking also in consideration the guidelines of the Supervisors Authorities concerning the suitability of the management body members as well as any Company's internal regulations regarding the requirements of the Directors; and
- b) their acceptance of the candidature.

22.5.- Each slate containing at least three candidates must (i) be made up of candidates representing both genders, so that at least a third of the candidates belongs to the less represented gender, (ii) contain a number of candidates in the first section with at least half in possession of the requirements of independence (should the application of such quota not result in a whole number, the resulting number shall be rounded up to the higher unit), while all candidates in the second section must be equipped with the independence requirements indicated in these Articles of Association and the *pro tempore* regulations in force. The second section must also contain at least two candidates equipped with the requirements indicated in Art. 20.8.

22.6.- If, at the deadline indicated in paragraph 2 of this Article, only one slate has been filed, or a slate has been filed having candidates only in the first section or only in the second section, or, in any case, in the circumstances provided by the regulations in force, the Company promptly communicates this by way of a notice sent to at least two press agencies; in that case, slates may be submitted up to the third day after the above-mentioned deadline and the thresholds provided by the next paragraph are reduced to half.

22.7.- In order to appoint the members of the Board one or more Shareholders who represent at least 1% of the share capital, or the different percentage established by the *pro tempore* regulations in force, may submit a slate of candidates.

22.8.- Each Shareholder and the Shareholders who are a parties to a shareholders' agreement involving the Company's shares may not submit more than one slate, even through third person or trust companies: in the event of a breach, his/her signature is not calculated for any slate.

22.9.- Each candidate may be entered in just one slate under penalty of ineligibility.

22.10.- Slates submitted without respecting the above methods are considered not to have been submitted.

22.11.- Each Shareholder may vote on only one slate.

22.12.- The election of the Board takes place as follows:

- a) if multiple slates are submitted, the first three that have obtained the highest number of votes expressed by the Shareholders and that are not connected in accordance with the applicable regulations are taken into consideration;
- b) b.1) if the slate that obtained the second highest number of votes has obtained less than 15% of the votes expressed in the Shareholders' Meeting, 10 candidates are taken from the first section and 4 candidates

are taken from the first section and the second section of the slate that obtained the majority of votes. One candidate is taken from the second section of the slate that obtained the second highest number of votes. In such case, no candidate is taken by the slate that obtained the third highest number of votes expressed in the Shareholders' Meeting, regardless of the number of votes that has obtained;

b.2) if the slate that obtained the second highest number of votes has obtained a percentage of votes expressed in the Shareholders' Meeting of at least 15% and less than 30%, 9 candidates are taken from the first section and 4 candidates from the second section of the slate that obtained the majority of votes, while 1 candidate is taken from the first section and 1 candidate from the second section of the slate that obtained the second highest number of votes. In the event that the slate that obtained the third highest number of votes expressed in the Shareholders' Meeting has obtained more than 15% of the votes expressed in the Shareholders' Meeting, 9 candidates are taken from the first section and 3 candidates from the second section of the slate that obtained the majority of votes; 2 candidates are taken from the second section of the slate that has obtained the second highest number of votes expressed in the Shareholders' Meeting, while the remaining candidate is taken from the first section of the slate that obtained the third highest number of votes expressed in the Shareholders' Meeting;

b.3) if the slate that obtained the second highest number of votes has obtained at least 30% of the votes expressed in the Shareholders' Meeting, 9 members will be taken from the first section and 3 from the second section of the slate that has obtained the majority of the votes, while 1 candidate will be taken from the first section and 2 candidates from the second section of the slate that obtained the second highest number of votes. In such case, no candidate will be taken by the slate that obtained the third highest number of votes expressed in the Shareholders' Meeting, regardless of the number of votes that has obtained.

22.13.- If the slate that obtained the highest number of votes does not have a number of candidates in the first and/or the second section sufficient to constitute the number of directors to be elected, the remaining directors will be taken from the slate that obtained the second highest number of votes and that obtained at least 20% of the votes expressed in the Shareholders' Meeting; if no further candidates remain from the aforementioned slate, the Shareholders' Meeting resolves by relative majority again in respect of the requirements required for the appointment.

22.14.- If, following the identification of the candidates to be taken from the most voted slates according to the procedures set forth in Art. 22.12 above, based upon the sequential order in which the same candidates were indicated in the respective slate, the gender proportions ratified by Art. 22.5(i) or the further proportion required by Art. 20.10 or the provisions of Art. 20.8 of these Articles of Association are not respected, the additional names taken from the aforementioned slates whose appointment would involve the violation of the aforementioned regulation shall not be considered elected. In this case, the persons indicated in the same slate in the number that allows for respect of the composition requirements of the Board of Directors provided by applicable laws and regulations in force and by the Articles of Association shall be appointed as Directors, again proceeding according to the sequential order by which the same candidates are indicated in the respective section of the relevant slate. In particular, in that circumstance, the candidates to be appointed belonging to the least represented gender based upon the outcome of the votes or that allow for respect of the further proportion provided for by Art. 20.10 above must be taken from each slate in proportion to the total number of candidates elected in each slate according to the outcome of the votes. In that case, if the minority slates have not respected the gender proportions established by Art. 22.5(i) of these Articles of Association, the candidates to be appointed in order to re-establish the correct gender proportion will be taken solely from the slate that obtained the majority of votes, or from the slate from which the majority of Directors is taken pursuant to Artt. 22.12 and 22.13 above.

22.15.- If only one slate is validly submitted and this has obtained the majority required for the ordinary Shareholders' Meeting, all 15 Board Directors shall be taken from that slate, including the 5 members of the Management Control Committee.

22.16.- For the appointment of those Directors who, for any reason, have not been able to be elected by means of the procedures indicated in the above paragraphs or if no slate is submitted, the Shareholders' Meeting resolves by relative majority, again in respect of the requirements necessary for the appointment; if the votes are equal, the eldest candidate is appointed.

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

22.18.- The roles of Chairman and Deputy Chairman of the Board are held, respectively, by the candidate indicated in first and second place of the first section of the slate that obtained the majority of votes, or of the slate from which, in accordance with Articles 22.12 and 22.13 above, the majority of directors was taken or of the only slate submitted or by the members appointed as such by the Shareholders' Meeting, if no slate has been submitted.

22.19.- The role of Chairman of the Management Control Committee is held by the candidate indicated at the first place in the second section of the slate that obtained the second highest number of votes except where the majority of Board Directors have been taken from that slate in application of Art. 22.13; in the latter case, the role of Chairman of the Management Control Committee is held by the candidate indicated at the first place in the second section of the slate from which the highest number of members of the Board of Directors has not been taken and which is the slate that has obtained the majority of votes expressed in the Shareholders' Meeting. Failing that, the role of Chairman of the Management Control Committee is held by the candidate indicated in first place in the second section of the only slate submitted or by the member appointed as such by the Shareholders' Meeting, if no slate has been submitted.

22.20.- Without prejudice to the contents of the paragraphs below, if, during the financial year, one or more Directors not forming part of the Management Control Committee cease(s) their office, the first candidate not elected in the section of the slate to which the ceased Director belonged, and who guarantees respect of the composition requirements of the Board provided by existing regulations and by the Articles of Association, takes over; failing that, the appointment occurs by way of co-option in accordance with Art. 2386 of the Italian Civil Code, in respect of the majorities provided by Art. 25.6(ii).

22.21.- If the Chairman and/or Deputy Chairman of the Board and/or the Chief Executive Officer ceases their office, the relevant appointment shall be made for co-optation pursuant to art. 2386 of the Italian Civil Code in compliance with the majorities provided by for Art. 25.6(ii), not operating in that case the replacement mechanism referred to above. In such case, as an exception to Art. 11.2 of the Articles of Association, the Board of Directors shall appoint the Chairman and/or the Deputy Chairman of the Board until the first available Shareholders' Meeting.

22.22.- If it is necessary to replace a Director member of the Management Control Committee, the first candidate not elected in the respective section of the slate from which the replaced member was taken takes over; if this is not possible, also in relation to the need to respect the composition and gender balance requirements, the Shareholders' Meeting proceeds by relative majority in respect of the principle of the necessary representation of minorities. If the Chairman of the Board ceases office, the Chairmanship is taken on by the second member elected in the second section of the slate from which the outgoing Chairman had been taken. If this is not possible, the Shareholders' Meeting proceeds by relative majority and in respect of the principle of necessary representation of minorities.

22.23.- The candidates taking over, identified in accordance with this article, must confirm their acceptance of the office together with declarations relating to the inexistence of causes of ineligibility or incompatibility, as well as the existence of the requirements prescribed by applicable laws and regulations in force or by the Articles of Association for the role.

22.24.- The member of the Board asked to replace the outgoing member remains in office until the original expiry date of the replaced Director, unless the application of art. 2386, paragraph 1, of the Italian Civil Code.

22.25.- If, for any reason, the majority of members originally appointed comes to be missing, the entire Board of Directors is understood to be terminated commencing from the date of assumption of the office by the newly-appointed members. The Shareholders' Meeting is convened without delay in order to appoint the new Board.

22.26.- The members of the Board of Directors, therein including the members of the Management Control Committee, may be removed by the Shareholders' Meeting at any time, subject to the right of the removed Director to compensation for damages if the removal occurs without just cause.

The proposal concerning the removal of one or more members of the Management Control Committee must also adequately illustrate its reasons. That proposal, if submitted by the Board of Directors, must be adopted with the favourable vote of the absolute majority of members in office and the advance favourable opinion expressed unanimously by the Nomination Committee; if the proposal is submitted by the Management Control Committee, it must be adopted unanimously among the members of that Committee, except the vote of the member subject to the removal proposal

The removal of the members of the Management Control Committee must be properly reasoned.
The removal of a member of the Management Control Committee also implies the removal as member of the Board of Directors.

ARTICLE 23

23.1. – The Shareholders' Meeting establishes when appointing the Board of Directors, in respect of existing regulations, an overall remuneration for the members of the Board, therein including the Chairman, the Deputy Chairman, the members of the committees provided for by Art. 31 of the Articles of Association, excluding the members of the Management Control Committee. The Board of Directors allocates internally such overall remuneration.

23.2. – The Board of Directors, on proposal of the Remuneration Committee, may establish an additional remuneration for Directors invested with particular roles provided by the Articles of Association as well as for the Chief Executive Officer and the Directors who are members of the committees provided for in Art. 32 of the Articles of Association, but not for the Chairman, the Deputy Chairman, the members of the committees provided for by Art. 31 of the Articles of Association.

23.3. – The remunerations, including the overall remuneration provided for by Art. 23.1 above, are determined as a fixed sums, with the exception of what is due to the Chief Executive Officer and the General Manager, where appointed, that can be established also as a variable sums, in accordance with the remuneration policies approved by the Shareholders' Meeting and the applicable laws and regulations.

23.4. – The Shareholders' Meeting establishes at the time of appointment as a fixed and per capita quota – but with an increase for the Chairman – for the entire duration of the office, the remuneration for the members of the Management Control Committee.

23.5. – The Board Directors are entitled to the reimbursement of the expenses incurred by reason of their office.

TITLE VII

POWERS AND FUNCTIONING OF BOARD OF DIRECTORS AND THE CHAIRMAN

ARTICLE 24

24.1.- The Board of Directors, as a whole, is the Company's management and strategic supervision body. It is responsible for managing the business with the power to implement any transaction of both ordinary and extraordinary management necessary or in any case useful or appropriate for the best implementation of the corporate purpose.

24.2.- The Board of Directors shall fulfil exclusively, without the right of delegation, all duties of strategic supervision indicated in the *pro tempore* laws and regulations in force and amongst other things it shall:

- a) define and approve the business model, the general planning and strategic guidelines, the governance and risk management objectives and policies of the Company and the Group, including the risk appetite framework, as well as the general lines of the assessment process of the adequacy of its own funds;
- b) resolve on business and/or financial plans and on the budgets of the Company and the Group prepared by the Chief Executive Officer to whom the Board may give instructions in advance, as well as on strategic operations such as:
 - (i) acquisitions by the Company and the subsidiary companies of controlling investments in companies as well as operations involving the reduction of the investment held directly or indirectly in subsidiary companies;
 - (ii) acquisitions or disposals by the Company and the subsidiary companies of businesses, business branches, legal relationships as a block, contributions, spin-offs, investments or divestments that involve commitments whose value, for each transaction, is higher than 5% of the Regulatory Capital useful for determining the consolidated Common Equity Tier 1 or has more than a 50 b.p. incidence on the Common Equity Tier 1 Ratio as recorded by the last report sent to the competent Supervisory Authorities in accordance with existing laws and regulations;
 - (iii) acquisitions or disposals by the Company and the subsidiary companies of non-controlling investments whose value, for each operation, is higher than 1% of the Regulatory Capital useful for determining the consolidated Common Equity Tier 1, as recorded by the last report sent to the competent Supervisory Authorities in accordance with existing provisions, or having relevance from an institutional or System point of view;
 - (iv) signing of commercial, collaboration and corporate agreements of strategic significance, taking

account of the activities and/or volumes involved and in relation to the planning lines and objectives provided by the approved Business Plan;

- c) determine the strategic guidelines and risk management and control policies, continuously verifying their adequacy and implementation by the Chief Executive Officer and by Management;
- d) resolve on the compliance risk management policies and on the constitution of the compliance function;
- e) approve the accounting and reporting systems;
- f) approve the system of delegated powers with particular regard to the delegated powers relating to lending;
- g) define the overall structure of the internal control system and, in that context, approve the rules concerning the duties and the responsibilities of the control bodies and functions and the relevant procedures of coordination, ensuring that any head of the control functions – as defined by the supervisory regulations – (including the Head of Anti-Money Laundering) have direct access to the Company's bodies, to which they shall periodically (and promptly, in case of necessity) report, without limitations and intermediaries, the results arising from the control activity performed by the Company; assess the level of efficiency and adequacy of the internal control system with particular regard to the control of risks, the functioning of the internal audit and accounts information system; it also shall verify the correct implementation of the strategic and management control activity performed by the Company on the Group companies; appoint and remove, on the proposal of the Risks Committee and having heard from the Management Control Committee, the persons who are responsible of the company control functions as defined by the supervisory regulations, therein including the Head of Anti-Money Laundering;
- h) approve and periodically verify the corporate governance, organisational, administrative structure and assess the general performance of the Company and the Group;
- i) approve the main internal regulation and that relating to its functioning as well as regulations on information flows necessary in order to ensure the full circulation of information within the Board and the information flows that must be sent to the Company's bodies and committees also by company structures with particular regard to the internal control system;
- j) develop the remuneration and incentive policies to be submitted to the Shareholders' Meeting and establish the definition of the remuneration and incentive systems of persons for whom supervisory regulations require this task to be performed by the body charged with strategic supervision functions;
- k) resolve, on the proposal of the Chairman of the Board, on the guidelines and plans relating to the cultural and charitable initiatives, as well as the image of the Company and the Group verifying that the planned initiatives are consistent with the identified objectives;
- l) approve the guidelines and supervise the process of public disclosure and communication of the Company;
- m) ensure effective dialogue with the management function and with the heads of the main company functions and verify their decisions and choices over time.

24.3.- Furthermore, the Board of Directors, without the right of delegation and without prejudice to any duty that may not be delegated pursuant to the pro tempore laws and regulations in force, shall resolve on:

- a) the granting and removal of powers to the Chief Executive Officer, having heard from the Appointments Committee;
- b) the granting, modification or removal of delegations and powers as well as the granting of particular assignments or delegations to one or more Directors;
- c) any possible appointment and removal of the General Manager and other members of the General Management, the definition of the respective functions and duties, as well as the appointments of the senior hierarchic figures reporting to the Chief Executive Officer and to the Board of Directors of the Company, of the management and control bodies and of the general management of the Group companies;
- d) the institution of a Steering Committee, chaired by the Chief Executive Officer and composed of the executives in charge of major company functions; upon the proposal of the Chief Executive Officer, the Board Of Directors determines the composition, duties and powers of the Steering Committee and approves its operating regulations; the Board of Directors determines the manner in which any information on the activity performed must be ensured to the Board of Directors. Members of the Steering Committee may participate in meetings of the Board of Directors without voting rights, as

- provided for by the internal operating regulations of the Board of Directors according to Art. 24.2, let. i) of the Articles of Association;
- e) the possible institution, on proposal of the Chief Executive Officer, of additional Managerial Committees envisaged in the organizational structure and the determination of their composition, duties and related powers; the Board of Directors approves their operating regulations and determines the manner in which any information on the activity performed must be ensured to the Board of Directors;
 - f) the determination of the criteria for the coordination and management of the Group companies, as well as the criteria for executing the instructions imparted by the competent Supervisory Authorities;
 - g) the appointment and removal of the Manager in charge of preparing the company accounting documents, in accordance with Art. 154-bis of Italian Legislative Decree 24 February 1998, no. 58 and the determination of the respective fee. The Managing in charge of preparing the accounting documents must be in possession, in addition to integrity requirements as prescribed by existing laws and regulations for those who perform management and control functions, requirements of professionalism characterised by specific expertise, from the administrative and accounting perspective, in credit, financial, securities or insurance matters. That expertise must be acquired through work experience in a position of adequate responsibility for an appropriate period of time;
 - h) the preparation of the draft financial statements and the consolidated financial statements;
 - i) the exercise of the delegation for the increase of share capital contributed in accordance with Art. 2443 of the Italian Civil Code, as well as the issuance of convertible bonds in accordance with Art. 2420-ter of the Italian Civil Code;
 - j) in accordance with Art. 2365, paragraph 2 of the Italian Civil Code merger or demerger resolutions in the cases provided by Articles 2505 and 2505-bis of the Italian Civil Code, the opening or closure of secondary offices, the reduction of capital following Shareholder withdrawal and the adjustments of the Articles of Association to regulatory provisions;
 - k) the preparation of merger or demerger projects;
 - l) the definition of identification and supervision on the implementation of the criteria for transactions with related parties and connected persons as well as, in general, in relation to transactions in conflict of interests and the approval of the respective regulation.

ARTICLE 25

25.1.- The Board must meet at least on a monthly basis; the meetings are usually held, with criteria of trend alternation, in the city of Bergamo, in the city of Brescia, and in the city of Milan, or, if particular circumstances so require, in other locations, even outside the European Union.

25.2.- The Board is convened by recorded delivery letter, telegram, fax, e-mail or another means that documents receipt of the notice at the initiative of the Chairman or when a written request is made by the Chief Executive Officer or by at least four of its members as well as in the cases provided by Art. 33.2 and/or by any other *pro tempore* laws and regulation in force.

25.3.- The notice to convene also shall contain the slate of items to be discussed and it is sent at least four days before the day fixed for the meeting except in cases of urgency in which the deadline may be reduced to one day.

25.4.- The majority of the Directors in office must be present in order for the meetings to be valid.

25.5.- The Board shall resolve with the favourable vote of the absolute majority of the Directors present at the vote.

25.6.- The Board shall resolve with the favourable vote of the absolute majority of the Directors in office for resolutions concerning:

- (i) the appointment or removal of the Chief Executive Officer, the attribution, modification, revocation of his powers and the determination of his remuneration;
- (ii) the replacement of the terminated Directors by way of co-option under the remit of the Board.

25.7.- The members of the Board report on any interest that, on their own behalf or on behalf of third parties, they may have in a certain transaction of the Company or the Group, specifying its nature, terms, origin and scope. The respective Board resolution must adequately motivate the reasons and convenience for the Company of the transaction, subject to any other provision of law or regulation applicable in that regard. Notwithstanding the above, the members of the Board shall comply with the Company conflict of interest regulations as well as with the Company's internal regulations regarding the requirements of the Directors.

25.8.- Attendees may attend at Board meetings remotely, using suitable audio/video conferencing and/or

teleconferencing systems, provided that all those entitled can participate in the meeting and be identified and they are able to follow the meeting and to intervene in real time in the discussion, as well as to receive, send or view documents, with simultaneous examination and decision-making. In that case, the Board is deemed to be held in the location in which the chairman of the meeting and the secretary are found.

25.9.- The General Manager (if appointed), the Chief Financial Officer and the Chief Risk Officer are usually invited to the meetings of the Board of Directors, with consultative functions; the managers of the Company and those of the Group companies may also be invited to the aforementioned meetings, to provide appropriate information on the items on the agenda.

25.10.- The Board may appoint, even permanently, a secretary chosen even from outside its members. The Secretary is responsible for drafting the minutes of the meetings and resolutions of the Board of Directors, in concert with the person chairing each session, unless the minutes are drafted by a notary. Such minutes must be transcribed in the relevant mandatory books of the Company and then duly signed by the president of the meeting of the Board and the Secretary.

ARTICLE 26

26.1.- The Chairman of the Board:

- a) is granted with signing powers and legal representation of the Company, as specified in more detail at subsequent Art. 27;
- b) without prejudice to Art. 11.4 of the Articles of Association, sees to the calling of the Shareholders' Meeting;
- c) chairs the Shareholders' Meeting and supervises its conduct and proceedings;
- d) calls and chairs meetings of the Board of Directors, establishes the agenda, also considering the proposals made by the Deputy Chairman and the Chief Executive Officer and coordinates its works, ensuring that adequate information on the items on the agenda is provided to all members and ensuring that the works of the Board are performed with adequate dialogue between all members, with particular regard to the dialogue between the Chief Executive Officer and the other Directors in a such manner to ensure the Board to take decision arising from the mediated and active contribution from all Directors;
- e) supervises the correct and effective functioning of the corporate governance and activates the informative instruments required to monitor the correctness and adequacy of the Company's administrative, accounting and organisational system, maintains relationships with the Supervisory Authorities, in the context of the activity of the Board;
- f) manages relations with the Chief Executive Officer and ensures the balance to the powers with particular regard to the delegated powers relating to ordinary management; liaises with the Management Control Committee and its Chairman, and with the Committees indicated in Art. 31; it also manages, in agreement with the Chief Executive Officer, with the external communication of information concerning the Company and oversees, again in agreement with the Chief Executive Officer, the fairness of the relationships with Shareholders;
- g) makes proposals, subject to consultation with the Deputy Chairman, on guidelines and plans relating to cultural and charitable initiatives of the Company and the Group, to be submitted to the Board of Directors;
- h) requests and receives information, including information concerning specific aspects of the Company's and the Group's management and current and future trend of operations, with access to all company functions for this purpose;
- i) shall exercise all other powers, provided by these Articles of Association, functional to the exercise of his office.

26.2.- In the case of absolute justified urgency, if it is impossible to promptly convene the Board, the Chairman of the Board or, in his absence or impediment, the Deputy Chairman, or, in the absence or impediment of the foregoing, the Chief Executive Officer, may pass resolutions on any transaction under the remit of the Board, and in particular on the provision of credit, with the exception of matters under the exclusive remit of the Board. The decisions thus assumed must be brought to the attention of the Board at its next meeting.

ARTICLE 27

27.1.- The responsibility for representing the Company legally towards third parties and in court, before any Court of any level or stage, and for freely using the company signature, is held severally by the Chairman

and the Deputy Chairman.

27.2.- Without prejudice to the above, the responsibility for representing the Company legally towards third parties and in court and for using the company signature is held severally by the Chief Executive Officer and General Manager, if appointed, in relation to the matters assigned to them under the Articles of Association and/or delegated by the Board of Directors.

27.3.- The Chairman, Deputy Chairman of the Board, the Chief Executive Officer and the General Manager, if appointed, have, severally, the right to bring judicial actions for all acts regarding company management and administration, to submit appeals before all judicial and jurisdictional Authorities, Administrative and Tax Authorities and Commissions, to issue general and special powers of attorney with election of domicile, also for the appearance as civil party.

27.4.- The Chairman, the Deputy Chairman, the Chief Executive Officer and the General Manager, if appointed, severally and as part of their powers, may appoint special attorneys for certain acts or categories.

ARTICLE 28

28.1.- The Board may grant the company signature jointly or individually, with the limitations and specifications that it deems appropriate, to the managers, middle managers and other personnel of the offices and branches and even appoint attorneys with certain powers.

28.2.- The Board may similarly delegate its powers to the persons indicated in the above paragraph in relation to the cancellation and reduction of mortgages, even in cases when they are not related, respectively, to the extinction or corresponding reduction of the receivables claimed and guaranteed.

TITLE VIII

CHIEF EXECUTIVE OFFICER

ARTICLE 29

29.1.- The Board, in respect of the provisions of law and the Articles of Association, and in particular the provisions of Art. 24, can delegate its powers that are not reserved by law or by these Articles of Association to its exclusive remit to: one of its members, who assumes the title of Chief Executive Officer, subject to the provisions for the case of urgency indicated by Art. 26.2., or to specific committees, made up of Directors and/or managers and also, within predefined limits on amount, to the General Manager, if appointed, to managers, middle managers, as well as to the branch managers.

29.2.- For the completion of individual deeds and contracts, the Board may also delegate its powers to its individual members.

ARTICLE 30

30.1.- The Chief Executive Officer is responsible, within the limits of his/her powers, in the context of the general, planning and strategic guidelines resolved by the Board, for:

- a) supervising the management of the Company and the Group and dealing with implementing the resolutions of the Board of Directors;
- b) taking care of the execution of the strategy of the Company and the Group;
- c) implementing the organisational, administrative and accounting structure determined by the Board;
- d) implementing the resolutions and the guidelines (including the strategic guidelines) of the Board of Directors;
- e) determining the operational directives for General Management;
- f) making, within the limits of his/her competences, proposals to the Board in relation to the definition of the general planning and strategic guidelines of the Company and the Group as well as preparing the business and/or financial plans and the budgets of the Company and the Group;
- g) proposing guidelines in relation to optimising the use and development of resources and submitting to the Board the draft financial statements and the interim situations;
- h) suggesting to the Board the appointments of (i) senior figures reporting hierarchically to the Chief Executive Officer, (ii) management and control bodies and general management of the Group companies, in agreement with the Chairman and Deputy Chairman of the Board;

30.2.- In performing his/her functions, the Chief Executive Officer relies on the Committees provided for in Art. 24.3, let. d) and e).

30.3.- The Chief Executive Officer report usually on a monthly basis, and in any case quarterly, on the management performance, on its outlook and on the most significant operations performed by the Company and by its subsidiaries. The Chief Executive Officer also shall report on a monthly basis to the Board on the accounting results of the Company, the main subsidiary companies and the Group as a whole. Without

prejudice to particular cases of urgency when the Chief Executive Officer report without delay.

TITLE IX

BOARD COMMITTEES

ARTICLE 31

31.1.- The Board of Directors shall establish within it, with investigative, consultative and proactive functions and, in any case, with the functions required by the *pro tempore* existing regulations, a Risks Committee, an Appointments Committee, a Remuneration Committee, a Related Parties and Connected Persons Committee, as well as the other committees provided by legislation, including the regulations, in force, determining their duties and regulation of functioning. The Board of Directors, within the limits of existing regulations, may merge the functions of one or more committees or provide additional duties.

31.2.- The Committees are made up of 3 to 5 members each, all non-executive and the majority of whom have the independence requirements indicated in Art. 21; the Chairman of each Committee is appointed by the Board of Directors.

31.3.- The Chairman of one of the Committees indicated in this article may not assume the chairmanship of another Committee indicated in this Article.

31.4.- The Chairman of the Board may not form part of any of the Committees referred to in this article.

31.5.- The Risks Committee shall perform functions of support to the Board on matters of risks and internal controls system.

The Risks Committee shall exchange information with the Management Control Committee. The members of the Risks Committee may participate, limited to the profiles within their remit, at meetings of the Management Control Committee, even if they do not form part of it. At least one member of the Management Control Committee shall participate at meetings of the Risks Committee.

31.6.- The replacement of the members of the Risks Committee must be duly reasoned.

31.7.- The Remuneration Committee and the Appointments Committee shall perform the duties assigned to them by these Articles of Association, by the Board and by the *pro tempore* laws and regulations in force. The Related Parties and Connected Persons Committee shall perform the duties assigned to it by the Board, the regulations provided for in Art. 24.3, let. 1) of the Articles of Association and the *pro tempore* laws and regulations in force.

31.8.- The members of the Management Control Committee may not be members of committees other than the Risks Committee and the Related Parties and Connected Persons Committee.

ARTICLE 32

32.1.- The Board of Directors may establish other Committees with investigative, consultative and proactive functions, determining their composition, powers and remuneration each time.

32.2.- In particular, the Board may establish a Strategic Committee made up of some of its members with exclusively consultative duties in support of the definition of strategic scenarios, the *business model* and the business plans. Managers of the Bank or the Group may be invited to the Committee based upon their duties. This must all take place in the strictest respect of the duties of the Risks Committee.

TITLE X

MANAGEMENT CONTROL COMMITTEE

ARTICLE 33

33.1.- The Management Control Committee performs the duties assigned by existing regulations to the control body.

In that field, the Committee:

- a) shall oversee compliance with the rules of law, regulations and Articles of Association and respect of the principles of correct management;
- b) shall oversee the adequacy, efficiency, functionality of the organisational structure of the Company and the internal control system, as well as the administration and accounting system and its suitability to represent the management facts correctly, also in relation to the Group headed by the Company;
- c) shall verify the effectiveness of all structures and functions involved in the system of controls and the adequate coordination of the same, promoting corrective interventions for identified deficiencies and irregularities;
- d) is specifically consulted, as well as in relation to decisions concerning the appointment and revocation of the Manager in charge of preparing the accounting documents and the appointment and revocation, at the proposal of the Risks Committee, of the managers of the company control bodies as defined by the

supervisory regulation (therein including the Anti-Money Laundering Manager), also on the definition of the essential elements of the overall architecture of the controls system (powers, responsibilities, resources, information flows, management of conflicts of interest);

- e) shall oversee the methods of concrete implementation of the corporate governance rules provided by the codes of conduct drafted by management companies of regulated markets or by trade associations to which the Company, by way of information to the public, declares to belong;
- f) shall propose to the Shareholders' Meeting the auditing company to which to attribute the statutory accounts audit and the fee for the respective services, oversees its actions and exchanges with it the data and information for the conduct of the respective duties;
- g) shall exercise the duties assigned by Art. 19 of Italian Legislative Decree no. 39 dated 27 January 2010 to the accounts control and auditing committee;
- h) shall report promptly to the Supervisory Authority and to Consob in relation to management irregularities and any violation of the regulations connected to banking activity, in accordance with Art. 52, 1st paragraph of Italian Legislative Decree no. 385 dated 1 September 1993, and Art. 149, paragraphs 3 and 4-ter of Italian Legislative Decree no. 58 dated 24 February 1998;
- i) shall present the report to the Bank of Italy in accordance with Art. 70, seventh paragraph of Italian Legislative Decree no. 385 dated 1 September 1993;
- j) shall report on the supervisory activity performed, on the omissions and censurable actions identified, to the Shareholders' Meeting convened to approve the financial statements;
- k) may, subject to communication to the Chairman of the Board of Directors, convene the Shareholders' Meeting if, during the conduct of its assignment, it identifies censurable actions of significant severity and there is an urgent need to proceed;
- l) shall give opinions in cases where existing regulations on the control body so require;
- m) shall perform, in coherence with its control function, the further duties entrusted to it by the Board of Directors;
- n) shall work in connection with the control bodies of other Group companies, exchanging any useful information;
- o) can rely on the internal control functions and structures in order to perform and direct its verifications and necessary assessments. To this purpose, the internal control functions and structures also report to the Committee on their significant relationships, data and information, at its own initiative or at the request of even just one of its members, through adequate periodic flow of information or related to specific company circumstances or performances.
- p) shall liaise with the Manager in charge of preparing the accounting documents and with the Risks Committee for the duties and information of joint interest;
- q) shall report promptly to the Board of Directors and the body with management functions the deficiencies and irregularities identified, requests the adoption of suitable corrective measures and verifies their effectiveness over time;
- r) can request and receive information also in relation to specific aspects concerning the Company and the Group from the Committee referred to in Art. 24.3, let. d) of these Articles of Association or from any individual member of such Committee;
- s) shall verify causes and remedial actions related to management irregularities, performance anomalies, shortcomings of organization and accounting. Special attention shall apply in order to grant the respect of conflict of interest internal regulation.

33.2.- The Board or its individual members, within the limits of the methods permitted by Art. 151-ter of Italian Legislative Decree no. 58 dated 24 February 1998, have: (i) the powers to request news and information from the other Directors or from the management and control bodies of the subsidiary companies, subject to that information being provided to all members of the Committee itself; (ii) the power to request from the Chairman of the Committee the convocation of the Committee itself, indicating the matters to be discussed; (iii) the power, subject to communication to the Chairman of the Board of Directors, to convene the Board of Directors and the Shareholders' Meeting and to use employees of the Company for the performance of its functions. The Committee also has the power to proceed at any time, even through a specifically delegated member, with acts of inspection and control, as well as to exchange information with the corresponding control bodies of subsidiary companies on the management and control systems and the general performance of the company activity.

ARTICLE 34

34.1.- The Committee is duly constituted with the presence of the majority of its members; it is convened and functions according to the regulation adopted by the Committee itself.

34.2.- Meetings of the Committee may be held even using means of distance communication in accordance with the provisions of Art. 25.8 above in relation to the board meetings.

TITLE XI

GENERAL MANAGEMENT

ARTICLE 35

35.1.- The General Management is made up of the General Manager, if appointed, and by other members appointed for that purpose by the Board of Directors; the members of General Management also include the member who - in the absence or impediment of the Chief Executive Officer and, if appointed, the General Manager - is attributed the vicarious function, with full powers and rights.

35.2.- The members of General Management are appointed with the favourable vote of two-thirds of the members of the Board of Directors.

35.3.- The General Manager, if appointed:

- a) is the head of the operating structure;
- b) is the head of personnel;
- c) usually deals (unless otherwise indicated by the competent management bodies) with executing the resolutions of the Board of Directors and the Chief Executive Officer;
- d) manages the current business in conformity with the guidelines of the administrative bodies;
- e) if not already a board Director, attends, with consultative vote, at the meetings of the Board of Directors;
- f) deals with the operational coordination of the company and the Group.

TITLE XII

FINANCIAL STATEMENTS, PROFITS AND RESERVES

ARTICLE 36

36.1.- The company financial year closes on 31 December of each year.

36.2.- The Shareholders' Meeting approves the draft financial statements and examines the consolidated financial statements.

36.3.- Subject to what is established in paragraph 5 below, within the limits of the distributable profits, the Shareholders' Meeting will allocate to initiatives and institutions having charitable, humanitarian, social, cultural and artistic purposes an amount equal to two per cent of the distributable part of net profit resulting from the financial statements having deducted the provisioning to the legal reserve in the minimum amount required by law and any shares resolved by the Shareholders' Meeting for the constitution or increase of reserves, including extraordinary, or other reserves, according to criteria of prudence. In any case, that amount may not exceed twelve million Euro.

36.4.- The Board, subject to information and illustration by the Chairman of the same, implements the Shareholders' Meeting resolution referred to in the above paragraph in respect of the guidelines and plans resolved in line with Art. 26.1, letter g) above, with particular regard to the local territories of the Group also by way of foundations established by the Company or of which the latter is a supporter.

36.5.- The allocation of the sum determined in accordance with the above third paragraph will not be made, in whole or in part, if that allocation may in any way prejudice the full and unconditional respect of the capital requirements required each time of the Company by the competent Supervisory Authorities.

36.6.- The remainder is subdivided as a dividend to be attributed to the shares, according to the resolution of the Shareholders' Meeting, which also decides on the allocation of any surplus.

36.7.- The reserves from profits and from valuation formed in application of international accounting standards are not distributable between the Shareholders in the cases provided by law.

36.8.- The Board, in agreement with the Management Control Committee, may resolve upon the distribution, during the financial year, of advances on the dividend, in respect of the provisions of the *pro tempore* regulations in force.

TITLE XIII

DISSOLUTION AND PLACEMENT INTO LIQUIDATION OF THE COMPANY

ARTICLE 37

37.1.- If the Shareholders' Meeting resolves on the dissolution of the Company, the extraordinary Shareholders' Meeting appoints the liquidators, determining their powers, as well as the liquidation methods, subject to mandatory provisions of law and the authorisations and requirements provided by the legal rules in that regard.

37.2.- The extraordinary Shareholders' Meeting may resolve on the revocation of the liquidators.

TITLE XIV

TRANSITORY RULES

ARTICLE 38

All amendments introduced by the Shareholders' Meeting held on.....will be applied upon the first renewal of the corporate bodies to which they apply after the approval by the Shareholders' Meeting of the new text of the Articles of Association, with the exception of articles 20, 21 and 22 which will apply from the date of convocation of the Shareholders' Meeting called in relation to the appointment of the new corporate bodies.