

**ARTICLES OF ASSOCIATION**

**BANCA POPOLARE DI SONDRIO**

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of

Banca Popolare di Sondrio

Società cooperativa per azioni – founded in 1871

Head Office and General Management in Piazza Garibaldi 16, Sondrio

Sondrio Companies Register code: 00053810149

Cooperative Societies Register no. A160536

Banks Register no. 842

Holding company of the Banca Popolare di Sondrio Banking Group

Banking Groups Register no. 5696.0

Member of the Interbank Deposits Protection Fund

UPDATED EDITION

AS OF 28 APRIL 2018

Approved by the Extraordinary Shareholders' Meeting held on 27 March 1949

Modified by the Extraordinary Meetings:

of 25 March 1962, 19 February 1967, 30 March 1969 and 28 March 1971,

with the public deed of 8 June 1971 and by the Extraordinary Meetings of 26 March 1972,

18 March 1978 and 3 March 1990

Fully revised by the Extraordinary Meeting of 6 March 1993

Modified by the Extraordinary meetings of 18 September 1993, 23 September 1995,

19 September 1998, 4 March 2000 and 3 March 2001

Fully revised by the Extraordinary Meeting of 8 April 2006

Modified by the Board of Directors' meetings of 27 September 2007, 7 January 2008,

14 May 2009, 14 November 2011, 13 November 2012, 10 November 2015,

29 June 2017 and 9 August 2017,

Modified by the Extraordinary meetings of 28 April 2018

CHAPTER I  
**FORMATION,  
NAME, OBJECTS, DURATION AND  
REGISTERED OFFICES**

**Article 1  
Formation, Name**

The company originally set up under the name of Banca Mutua Popolare della Provincia di Sondrio with a public deed dated 4 March 1871 of G. B. Caimi, and authorised to conduct business under the Royal Decrees of 8 April 1871 and 19 July 1874, became a Cooperative Society with limited liability and took the name of “Banca Popolare di Sondrio – società cooperativa a responsabilità limitata”, with the decision of the Extraordinary Shareholders’ Meeting of 27 March 1949 and the current name of “Banca Popolare di Sondrio – società cooperativa per azioni”, with the decision of the Extraordinary Shareholders’ Meeting of 8 April 2006.

The company’s business is inspired by the principles of mutuality and cooperation and is based on the legal pronouncements and by the regulations contained in these articles of association.

**Article 2  
Company Objects**

The company’s objects are to take deposits and to make loans in their different forms both to members and non-members.

The company can carry on all the banking and financial transactions and services allowed by the current provisions of the law, as well as any other transaction which is instrumental to or connected with the attainment of its corporate objectives.

The company can issue bonds in line with the current regulatory framework.

In its institutional role of contributing to the development of productive activities, the company, in line with the particular objectives of a “banca popolare”, aims particularly to support the smaller businesses and the cooperatives operating in the area served by the company. In addition the company aims to implement any appropriate initiative necessary to spread and encourage savings.

As the Parent Company of the "Banca popolare di Sondrio" Banking Group, as defined in art. 61 of Decree 385/1993, in carrying out its management and coordination activities, the company issues directives to the members of the Group for implementation of the instructions received from the Bank of Italy and other Supervisory Authorities in the interests of the Group's stability.

**Article 3  
Duration of the company**

The duration of the Company is fixed until 31 December 2050, and may be extended.

## **Article 4** **Registered offices of the company**

The registered offices of the Company are in piazza Garibaldi,16, Sondrio, where the shareholders are considered to be domiciled for the purposes of the law as far as the contacts with the company are concerned.

With the decision of the relevant company authority and in line with the regulatory framework, branches of any type, representatives and offices can be set up, purchased, sold or closed either in Italy or abroad.

## CHAPTER II **SHAREHOLDERS' EQUITY, SHAREHOLDERS AND SHARES**

### **Article 5** **Shareholders' Equity**

The shareholders' equity of the Company comprises:

- a) share capital;
- b) the ordinary/legal reserve;
- c) the statutory or extraordinary reserve;
- d) the share premium reserve;
- e) other provisions and reserves made up of net profits for the periods and/or through the application of the provisions of the law and of the international accounting principles.

### **Article 6** **Share Capital** **Procedure for variation** **Price of shares**

Share capital is variable and it is represented by registered shares with no nominal value.

The issue of new shares, which in principle is without limit, may be decided upon in the following ways:

- 1 – Routinely by the Board of Directors;
- 2 – Exceptionally, by a resolution adopted by an Extraordinary Shareholders' Meeting in accordance with the provisions in article 2441 of the Civil Code.

So long as the bank shares are quoted on a regulated market, the issue of new shares can only take place by a resolution of the Extraordinary Shareholders' Meeting.

Pursuant to article 2443 of the Civil Code, the Extraordinary Shareholders' Meeting may assign a special power to the Board of Directors to increase the share capital, possibly with the exclusion and/or limitation of the option right as per paragraph four, period one, and paragraph five in article 2441 of the Civil Code.

The share capital may also be increased by means of contributions in kind and receivables.

The Extraordinary Shareholders' Meeting held on 28<sup>th</sup> April 2018 resolved – pursuant to the provisions in article 2443 of the Civil Code – to assign the power to the Board of Directors to enforce a paid capital increase with the exclusion of the option right as per article 2441, paragraph four, period one of the Civil Code, in one or more instalments. The total maximum

amount for such increase shall be equal to EUR 40,000,000.00 (forty million/00), including a possible share premium, and it shall be completed by issuing ordinary shares having the same characteristics as those already issued at the issue date. The Board of Directors shall define their maximum number depending on the issue price. Such increase shall be released by a contribution in kind of shareholdings in banks, as identified in the Board of Directors' explanatory report drawn up for the meeting held on 28<sup>th</sup> April 2018, subject to the required legal authorizations.

The said power shall be exercised within 12 (twelve) months from the date of the meeting resolution. The Board of Directors shall be assigned with the widest power to define from time to time the modalities, terms and conditions for the resolution/s to increase the share capital in compliance with the procedures and criteria provided for in the regulations in force at the time. Among them, their enjoyment, the issue price of shares (and the parameters to define it upon execution) and the calculation of its part to be allocated to the share capital and that to be possibly allocated for share premium. It remains however understood that the Board of Directors shall establish the issue price, including the possible premium on the new shares to be issued.

## **Article 7 Shareholders**

Physical persons may be admitted as members even if minors. In addition, legal persons, companies of all types, consortia and associations and other collective bodies may also be admitted as members. These are required to nominate in writing, a physical person who is authorized to represent them; any change to such nomination cannot be enforced upon the company until it has been duly notified.

In all cases persons who represent members in any capacity, acting in that role, are not eligible for election as officers of the company.

Membership is denied to banned, forbidden or bankrupt persons who have not obtained a sentence to discharge them from that status. Similarly anyone convicted of an offence resulting in a ban from public offices, even if of a temporary nature, is also denied membership.

Admission to membership is decided upon having regard also to any existing relationships.

## **Article 8 Request for admission to membership**

Persons wishing to be admitted as members must submit a written application to the Board of Directors, indicating the number of shares purchased or subscribed for, their personal information, domicile and any other information and/or declaration required by law or generally required by the company and must expressly declare their acceptance of the articles of association. For minors the application must be signed by the person having legal representation rights.

Until membership has been requested and granted, the only rights that may be exercised by the owner of shares are those relating to the equity.

## **Article 9 Decision making authority**

The Board of Directors decides, with reasons, on applications for admission as a member, having regard for the interests of the Company, the cooperative spirit and the requirements of the articles of association.

## **Article 10 Admission to membership**

When the application by a shareholder for admission as a member is accepted by the Board of Directors, the Register of Members is updated and the interested party is notified, by a letter sent to the address indicated by the applicant, within ninety days of the date of receipt of the application.

**Article 11**  
**Refusal of an application for membership**  
**Procedure for reconsideration**

The refusal of admission to membership must be communicated to the applicant within ninety days of the date of receipt of the application by the company.

Within thirty days of receipt of the communication of refusal the applicant may present a request for reconsideration of the request to the Board of Arbiters.

The Board of Arbiters, nominated in accordance with the articles of association, and with the addition of a representative of the applicant, takes a decision within thirty days of the receipt of the request for reconsideration either allowing the request to be reconsidered or rejecting that request. In any case, the Board of Arbiters informs the Board of Directors of its decision. If the Board of Arbiters allows the request to be reconsidered, the Board of Directors expresses its final decision on the request explaining the reasons for its decision.

**Article 12**  
**Acquisition of membership**

Membership status is acquired on inclusion in the Register of Members, after completing the necessary formalities.

**Article 13**  
**Members' rights**

A member may obtain credit in preference to non-members offering the same guarantees, within the limits and the procedures set by the relevant company authority.

A member, if included in the members' register for at least ninety days, has the right to attend the Shareholders' Meeting, to vote and to be elected to a company office.

In case of an increase in share capital in accordance with article 6, paragraph 2), point 2) the Shareholders' Meeting decides also on the date of payment of dividends for the new shares issued on an extraordinary basis.

**Article 14**  
**Limits on shareholdings**

No one, whether a member or a non-member, may hold shares with a total nominal value in excess of the limit on the ownership of share capital established by law.

For any shares in excess the limit mentioned above, the company will proceed in accordance with the law.

**Article 15**  
**Dividend**

Dividends that are not collected within five years of becoming payable are devolved to the Company.

## **Article 16**

### **Withdrawal of a member**

Withdrawal from the company is only allowed in the cases envisaged by law following the procedures and with the consequences set out by the law.

So long as the bank's shares are quoted on the regulated markets, in case of repayment of shares to an outgoing shareholder, whether through withdrawal or by exclusion, the shares will be paid as per the procedures and the conditions provided for by article 2437 ter, third paragraph of the Civil Code. Should the bank's shares cease to be quoted on regulated markets, these will be settled at a price determined by the Board of Directors which shall decide thereupon in line with the criteria set in article 2535 of the Civil Code.

## **Article 17**

### **Reasons for exclusion**

Members who find themselves in any of the cases envisaged by the third paragraph of the article 7 are excluded from company membership after scrutiny by the Board of Directors.

In addition the Board of Directors may exclude from company membership:

- a) a member who is responsible for acts that damage the interests or the prestige of the Company.
- b) A member who forces the Company to take legal action by failing to comply with contractual obligations;
- c) a member who is in default against the company, or is the subject of bankruptcy proceedings as per the provisions of article 22.

Members notified of exclusion by registered letter may appeal to the Board of Arbiters within thirty days of notification, requesting a reconsideration of the decision. In the meantime the decision being challenged is not suspended.

The Board of Arbiters decides within thirty days of receiving the appeal, either ordering a reconsideration or rejecting the request.

If the Board of Arbiters allows the request to be reconsidered, the Board of Directors expresses its final decision on the request explaining the reasons for its decision.

Excluded members are entitled to the redemption of their shares pursuant to article 16 of the articles of association.

If the exclusion is a result of the circumstances described in paragraph (c) then the rule set out in article 22 paragraphs 2, 3 and 4 is applied up to the amount of compensation of the money due to the company.

## **Article 18**

### **Death of a member**

In the event of the death of a member, the heirs can continue the relationship with the company provided that they meet the requirements to be admitted to membership and provided that they apply for admission and the application is accepted.

Joint ownership is governed by article 19 paragraph 2.

## **Article 19**

### **Shares**

The shares are indivisible.

In case of joint ownership, the rights of the joint owners must be exercised by a common representative nominated according to the law. If the common representative is not nominated or if such nomination has not been communicated to the company, any communications or declarations sent by the company to any one of the joint owners are effective for all joint owners.

The joint owners of shares are jointly and severally accountable for the obligations deriving from that ownership.

Shares may not be pledged or otherwise restricted in favour of third parties with effects for the Company without agreement from the Board of Directors.

Pledges and all other restrictions against the Company are effective in relation to the Company from the time they are recorded in the Register of Members.

In the case of a pledge or beneficial interest in the shares, the shareholder still retains the right to vote at Shareholders' Meetings.

## **Article 20**

### **Transferability of shares**

The shares are transferable in the ways allowed by the law.

## **Article 21**

### **Purchase of own shares**

The Board of Directors may decide upon the purchase of own shares by the Company in line with the provisions of article 2529 of the Civil Code and within the limits of the reserve set up for that specific purpose by the Shareholders' Meeting out of distributable earnings.

The shares thus acquired may be re-sold or cancelled.

## **Article 22**

### **Restrictions on shares**

Under a shareholders' agreement, the shares are subject from the outset to a lien and privilege in favour of the Company as a guarantee against any direct and indirect obligation that the member may have towards the Company, even if the shares are not deposited with the Company.

To this end the Company in any case has retention rights over the shares that are deposited with the Company or which are in any case in the Company's possession.

If the member is in default towards the Company or is involved in bankruptcy proceedings, the Board of Directors may at its discretion, without prejudice against any other action and without the need for an advance intimation and legal formalities, sell all or part of the shares held by the member for a value up to the amount owed to the Company, including any expenses and incidental costs, or otherwise use the reserve referred to in article no. 21 above to compensate the amounts owed to the Company using the closing price recorded on the day of the compensation on the regulated market where the share is traded.

In the event of the member's bankruptcy, the compensation is automatically carried out on the date of declaration of bankruptcy.

When the shares are not held at the Company and the member does not comply on a timely basis with the order sent by registered letter to deposit them with the Company, the Board of Directors goes ahead with the cancellation and issue of duplicates without the need for any formalities or restrictions in time, putting into effect the provisions of the previous paragraph.

The Company has the right, also pursuant to article 1252 of the Civil Code, to compensate monies owed by the excluded member, either through the proceeds of sale of shares, through the amount corresponding to the shares purchased directly or through the settlement rights of the member following the exclusion order, when such compensation does not come into automatic effect.

Any difference in excess is held for the benefit of the member in a non-interest bearing account.

### **Article 23** **Refund of the shares**

The Board of Directors may use the reserve referred to in article 21 to cover the reimbursement to an excluded member or a member who has exercised the right of withdrawal.

Pursuant to Article 28, paragraph 2-ter of Legislative Decree 385/1993, in the event of a withdrawal, even after transformation of the bank into a joint stock company, death or exclusion of a member, the Board of Directors, taking into consideration the bank's prudential situation in accordance with the provisions of the Supervisory Authority, after hearing the Board of Statutory Auditors, may limit or postpone, in whole or in part and without time limitation, the repayment to the retiring shareholder of the shares or equity instruments computable in the capital of the bank's primary quality, also in derogation to the provisions of the Civil Code and other law provisions, and in any case leave the Supervisory Authority's permissions as may be required.

The reimbursed shares may be resold or cancelled.

## CHAPTER III **Corporate bodies of the Company**

### **Article 24**

#### **Names**

Having regard for the duties imposed by law and the following provisions, the corporate functions are carried out by:

- a) the Shareholders' Meeting
- b) the Board of Directors
- c) the Presidential Committee (Executive Committee), where nominated
- d) the Chairman
- e) the Managing Director, where nominated
- f) the Board of Statutory Auditors
- g) the Board of Arbiters
- h) General Management

## FIRST SECTION **Shareholders' Meeting**

### **Article 25**

#### **General rules**

A regularly convened Shareholders' Meeting represents the universality of the shareholders and its decisions taken in accordance with the law and these articles of association, are binding upon all members even if not in attendance or dissenting.

## **Article 26**

### **Calling of the shareholders' meeting**

The Shareholders' Meeting is called, in the manner and the timing set by the law, by the Board of Directors to be held at the Company's head office or in any other location specified in the notice of meeting.

The Shareholders' Meeting may be ordinary or extraordinary.

The Board of Directors must call a Shareholders' Meeting without delay in the circumstances envisaged by the law but also on receipt of a written request by at least one tenth of the shareholders entitled to vote at the date of the request, with signatures authenticated as provided for by the law, and indicating the matters to be discussed.

The Board of Statutory Auditors may call the Shareholders' Meeting as provided for by the law.

One or more shareholders holding the requisites of article 13 paragraph 2 above and holding total shares of at least 2.5% of the share capital may ask for integrations in the Meeting agenda or may advance proposals for deliberations on matters already included in the agenda, pursuant to art. 126 bis of Legislative Decree 58 of 24 February 1998. Shareholders shall indicate the quantity of shares totally owned and certify the legal entitlement to such shares.

The Meeting can be validly held also through remote communication systems connected to the place of the Meeting, where those systems allow shareholders who do not wish to reach the Meeting's place and participate to the discussion, to follow the development of the Meeting and to cast their vote. This procedure is conditional upon the secure identification of the shareholders and upon the communication of this possibility and of its conditions in the Notice of Meeting. In any case, the Chairman and the Secretary of the Meeting shall be present in the physical place where the Assembly is held.

## **Article 27**

### **Attendance and representation at the Shareholders' Meeting**

The right to attend and vote at the Shareholders' Meeting is reserved for those members who comply with the conditions set out in article 13 paragraph 2 and who have sent the necessary communication to the bank head offices at least two working days prior to the date set for first call of the Shareholders' Meeting. This communication has to be forwarded to the issuer by the intermediary who is responsible for the accounting. This requirement does not apply to those members who have deposited their shares with the bank or with other banks belonging to the group.

The shares cannot be withdrawn before the Shareholders' Meeting has taken place. Each shareholder has one vote, regardless of the number of shares held. Shareholders may be represented at the Meeting by another shareholder, in accordance with paragraph 5 of article 2372 of the Civil Code. The proxies must be in writing indicating the name of the proxy-holder and the meeting to which it refers, and are valid both for the first and the second call.

A shareholder can not represent more than ten other shareholders. Shareholders who are minors can all be represented at the Shareholders- meeting by their legal representative even if the latter finds himself in the situation contemplated by paragraph 5 of article 2372 of the Civil Code and moreover if the legal representative is not a member.

Postal voting is not allowed.

**Article 28**  
**Chairman of the Shareholders' Meeting**  
**Secretary**  
**Scrutineers**

The Meeting, whether ordinary or extraordinary, is chaired by the Chairman of the Board of Directors or in his absence or other impediment, by his deputy or, by the person elected by those present.

The Chairman of the Meeting has full authority to manage the meeting and in particular, to verify the identity and rights of those present, to check if the meeting has been properly convened and has the quorum to be able to take decisions, to manage and direct the discussion and the general conduct of the meeting and to set out the procedure for voting and to check the results of voting.

The Shareholders' Meeting, based on the proposal of the Chairman, nominates a secretary who will prepare minutes of the meeting. In the case of an Extraordinary Shareholders' Meeting and whenever the Chairman of the meeting deems it appropriate, the secretary's role is performed by a notary.

The Shareholders' Meeting, based on the proposal of the Chairman chooses two or more scrutineers from the members present.

**Article 29**  
**Ordinary Shareholders' Meeting**

The Ordinary Shareholders' Meeting called to discuss matters as per article 2364 of the Civil Code, must be held at least once a year, normally within one hundred and twenty days after the end of the financial period. The Ordinary Shareholders' meeting is empowered to approve the remuneration and incentive policies as envisioned by legislation and regulations in force, the remuneration plans based on financial instruments, as well as the criteria to define any compensation in case of early termination of the employment contract or mandate, including limitations and maximum amounts.

The Ordinary Shareholders' Meeting is quorate at first calling with the presence, in person or by legal representation or proxy, of at least a quarter of the shareholders entitled to vote; it is quorate at second calling regardless of the number present or represented.

The Ordinary Shareholders' Meeting adopts resolutions by absolute majority; nomination to company offices is made according to the specific provisions of these articles of association.

Voting at the Meeting is conducted in public but the nomination of company officers is by secret ballot.

For the nomination of company officers, in the case of a tie, the rules set out within these articles of association apply.

In all other votes, in the case of a tie, the proposal being voted is rejected.

**Article 30**  
**Extraordinary Shareholders' Meeting**

The Extraordinary Shareholders' Meeting must be called in all cases envisaged by the law.

The Extraordinary Shareholders' Meeting adopts resolutions by absolute majority of the votes cast, but that majority - even in cases where the law requires a special majority – on first call must represent a vote in favour of the resolution of at least one-fifth of all shareholders entitled to vote and on second call a vote in favour of the resolution by at least one-hundredth of shareholders entitled to vote.

However for decisions about change of company name, the transformation or the merger of the company, its early winding up in accordance with article 2484 number 6 of the Civil Code and to

change this clause, the absolute majority on first call must represent at least one third of the members entitled to vote and on second call to at least one-thirtieth of the members.

**Article 31**  
**Minutes of the Shareholders' Meeting**

The resolutions adopted at the Meeting must be recorded in the minutes that are signed by the Chairman, the Secretary and filed in the Minute Book which must also contain the minutes prepared by a public deed.

The Minute Book of the Meetings and extracts from it, the conformity of which is certified by the Chairman and the Secretary of the Shareholders' Meeting or by the President of the Board of Director or his alternate represent complete evidence of the business and the resolutions adopted at the Meeting.

SECOND SECTION  
**Board of Directors**  
**Article 32**  
**Composition and nomination**

The Board of Directors comprises fifteen Directors elected at the Meeting.

The Directors are exempt from providing guarantees and do not incur any responsibility for their administration, other than that envisaged by the law.

The composition of the Board of Directors must ensure gender balance in accordance with current regulations.

In accordance with article 34 paragraph 2 of these articles of association, for the first three partial renewals of the Board of Directors occurring after the law no. 120 of 12 July 2011 comes into force, gender balance is realized by guaranteeing to the less represented gender, at least one fifth of the directors elected for the three year mandate.

**Article 33**  
**Requisites – Reasons for ineligibility**

Members of the Board of Directors must satisfy the personal requirements set by the law as well as those set by the oversight regulations for the banks.

At least a fourth of the Directors must also meet the independence requirements specified by article 147 ter, fourth paragraph of the Legislative Decree 58 of 24 February 1998.

With specific regulations approved by the Board of Directors, limits are set with reference to offices held by the directors in other companies.

**Article 34**  
**Duration of office**

The members of the Board of Directors remain in office for three years subject to the rotation procedure set out in the following paragraph and they can be re-elected. The directors' mandate expires on the date of the Meeting called to approve the financial statements for the last year of their appointment.

The Board is renewed to the extent of one third every year. In this regard, where the expiry of the directors' mandate cannot be determined by the duration for which they have held office, then names are drawn.

Directors may be removed by the Shareholders meeting at any time subject to payment of damages where the removal is without a just cause.

### **Article 35** **Presentation of the lists of candidates**

The members of the Board of Directors are elected on the basis of lists containing as many candidates as the number of directors to be appointed; in the lists the candidates are listed with a progressive number.

The lists must be deposited at the Company's registered offices in compliance with the terms and procedures established by current regulations.

The lists must be compiled so as to ensure both the minimum number of independent Directors and gender balance in the Board of Directors resulting from the voting, as per the principles set out by the law and the articles of association, having regard, in the progressive numbering of the candidates, to the election mechanism set out in article 36.

Each member may only present or contribute to the presentation of one list of candidates and each candidate may only appear on one list.

The lists may be presented by a minimum of 500 members, complying with the requirements set out in article 13 paragraph 2 above.

Additionally, in compliance with the requirements set out in article 13 paragraph 2 above, lists can be presented by one or more members, who separately or together hold shares representing not less than 0.50% of the share capital. The members must indicate the number of shares held in total and certify the legal entitlement to such shares.

The signature of each presenting member has to be authenticated according to the law or by employees of the bank nominated for that purpose by the Board of Directors.

By the deadline set for the submission of the lists, the curriculum of each candidate must be submitted, together with a declaration of acceptance of the candidacy and an attestation under the candidate's own responsibility confirming the absence of any reasons for their non-eligibility and the absence of incompatibility, as well as a confirmation that they hold the necessary requirements to take office as Director, as set out by the law and by the articles of association.

Candidates must declare if they possess the independence requirements as per article 33, paragraph 2. The fulfillment of that criteria should be shown in the lists.

Any list deposited without complying with procedure and deadlines set out above will be considered as if it had not been presented.

### **Article 36** **Election of the directors**

Each member may vote for only one list of candidates.

The elections of the Directors shall be carried out as follows:

- a) From the list that obtained the highest number of votes are selected, in the progressive order in which they are listed, all of the Directors to be elected, except the last one;
- b) From the list that obtained the second highest number of votes, the first listed candidate is selected.

If two or more lists receive the same number of votes, the list whose first listed candidate is the oldest by age shall be considered as winning.

The lists which do not obtain votes equal in number to at least half the number necessary for the presentation of the lists, shall not be considered. If only one list exceeds that limit and similarly if only one list is presented, then all the Directors shall be chosen from that list.

If no valid lists are presented by the shareholders, the Board of Directors may present to the Shareholders' Meeting a pre-compiled voting card containing a non-binding list of candidates. In this case, each shareholder may alter all or part of the voting form, deleting the candidates that they do not intend to vote for and, if they want, adding one or more new candidates in place of those

deleted. Following the counting of the votes, the candidates obtaining the highest number of votes are elected. If no valid list is presented and the Board of Directors does not make a proposal pursuant to this article, the Meeting shall elect the Directors by relative majority among the individual candidates.

If the composition of the Board of Directors resulting from the votes does not respect the gender balance principle or the minimum number of independent Directors, the Director who does not comply with the principle in question and is placed at the highest position in the winning list, is replaced by the next candidate from the same list who complies with that principle.

If even after applying this criteria suitable replacements are not identified, then the replacement criteria is applied to the Director elected in the list obtaining the second highest number of votes. If even then suitable replacements are not identified or in case it is impossible to apply this mechanism, the Shareholders' Meeting decides by simple majority among the individual candidates, thereby identifying replacements in the order indicated above.

For partial renewals of the Board as provided for by article 34, paragraph 2, when a director is not to be named for the first time, or due to the expiry of term, or to other reasons, from the list with the second highest number of votes, all candidates from the list with the highest number of votes will be elected.

### **Article 37** **Replacement of directors**

If, during the year, one or more Directors are no longer available for whatever reason, the other directors proceed with the replacement with the approval of the Board of Statutory Auditors, wherever possible, choosing the replacement from amongst the non-elected candidates of the same list. The directors thereby nominated shall remain in office until the next shareholders' meeting.

If there is no longer the majority of directors nominated by the shareholder' meeting the remaining directors must call the Shareholders' Meeting so that it can decide on the replacements.

If the Shareholders' Meeting has to find replacements from only one list or in case of more than one list, directors nominated from the winning list, the election is by a relative majority from amongst the individual candidates without any list restriction.

If the Shareholders' Meeting has to find replacements from the other list according to article 36 above, the election is by a relative majority from amongst the individual candidates choosing them where possible from the unelected candidates from the lists to which the departing directors belonged.

In any case, the replacement of directors must be in compliance with the provisions of article 33, paragraph 2 and must ensure gender balance in the Board of directors according to the principles set by the law and by these articles of association.

At least fifteen days prior to the date of the first call of the Shareholders' Meeting the curriculum of each candidate must be deposited at the company's head office, together with a declaration of acceptance of the candidature and an attestation under the candidate's own responsibility confirming the absence of any reasons for their non-election and absence of incompatibility and confirmation of having the necessary requirements to hold the office of the director as set out by the law and by the articles of association.

The candidates must declare if they possess the independence requirements as per article 33, paragraph 2.

The directors elected by the Shareholders' Meeting take office and for the purposes of rotation as set out in article 34, paragraph 2, assume the residual period of office of the person they replaced.

In case of simultaneous nominations to offices of differing durations, the longer duration offices are to be assigned to the elected directors with the highest votes, and in the case of equal number of votes, the age of the directors becomes the deciding factor.

## **Article 38**

### **Offices within the Board**

The Board of Directors elects from among its number the Chairman and one or two Deputy Chairmen and may also appoint a Managing Director and determine the powers to be delegated. These remain in office until the end of their mandate as Directors.

The Deputy Chairman, replaces the Chairman in all his functions, if absent or unavailable. If there are two Deputy Chairmen then this function is performed by the Deputy Chairman to whom the Board has assigned the specific function of deputizing for the Chairman. If there is no such specific assignment then the alternate is chosen based on the seniority of appointment.

If the Deputy Chairman or Chairmen are also absent or unavailable, the related functions are performed by the Chief Executive Officer, if appointed, or otherwise by the eldest director, or in case of more than one director being of the same age, by the director who has been in office the longest, unless the Board assigns that function to another director who will hold that office until the end of the mandate as director.

The Board of Directors appoints a Secretary, chosen from among its members or may ask the General Manager of the Company or another person from the General Management or another senior member of staff to be the secretary.

If during the year the office of Chairman or Deputy Chairman becomes vacant, the Board of Directors - with its number being completed through cooptation as provided for by article 37 - proceeds with the nomination thereof.

## **Article 39**

### **Meetings of the Board of Directors**

The Board of Directors normally meets every two months and on an extraordinary basis whenever deemed necessary by the Chairman.

Additionally, the Board meets if a reasoned request is presented by at least one third of the Directors; in this case, the meeting must be held within fifteen days of the request unless the nature of the matters to be discussed requires more time.

Meetings are called by a notice sent by the Chairman or a person deputizing for him by any appropriate means to the domicile of each Director and Statutory Auditor, at least five days prior to the date set for the meeting. This notice may be waived in urgent cases and the meeting may be called by a simple twenty-four hours' notice or shorter if so allowed by the urgent matters to be dealt with.

The Board of Statutory Auditors may call a meeting of the Board of Directors and so can the Executive Committee based on the provisions of the law.

The General Manager attends the meetings of the Board of Directors as per the provisions of article 56.

So long as this is expressly provided for in the convocation notice, the meetings may also be held by audio/video-conference connection or similar IT systems. However, the meeting attendants may always be identified with certainty and they may act during the meeting and read, receive or send documents, and the modalities to hold the meeting must not oppose the needs for correct and complete minute-taking. If required, the notice shall specify the places too, where the meeting may be attended by a remote connection. The minutes shall report the details if such

modalities apply. In this case, the meetings shall be intended as held in the place where the Chairman and the secretary are present.

#### **Article 40**

#### **Chairing and the decisions of the meetings**

Meetings of the Board of Directors are chaired by the Chairman or by his alternate as per article 38. The Chairman, in addition to calling the meeting, sets its agenda and coordinates the meeting ensuring that adequate information about items on the agenda is provided to all the directors. For the decisions to be valid, the presence of absolute majority of the Board is necessary. Votes are cast by members of the Board of Directors on a public basis and resolutions are adopted by a majority of the votes cast by those present. In the event of a tie, the Chairman of the meeting has the casting vote.

For the nomination of the Chairman or of the Deputy Chairman or Chairmen, of the Managing Director and the director as per paragraph 3 of article 38, at least ten directors must vote in favour. For resolutions concerning the General Manager and other members of General management, the provisions of article 55 are applied.

#### **Article 41**

#### **Remuneration of the Board of Directors**

The remuneration of the Board of Directors is set annually by the Shareholders' Meeting. The Shareholders' Meeting also determines the amount of the attendance fee and if appropriate also as fixed amount the reimbursement of expenses for the directors' attendance at the meetings of the corporate bodies. The Board of Directors, having heard the opinion of the Board of Statutory Auditors, sets the remuneration of Directors that perform special duties pursuant to the articles of association.

#### **Article 42**

#### **Minutes of Board of Directors' meetings**

The business and the resolutions adopted by the Board are documented in minutes that are recorded in a Minute Book and signed by the Chairman and the Secretary. The minutes are presented for approval at the following meeting of the Board or at the latest in the second meeting following the meeting in question. The above mentioned Minute Book and extracts from it, certified as authentic by the Chairman and the Secretary, or by the Chairman of the Board of Directors or his alternate, provide evidence of the business and the resolutions adopted by the Board.

#### **Article 43**

#### **Duties of the Board of Directors**

The Board exercises the widest powers of ordinary and extraordinary administration of the Company, except for those that can only be exercised by the Shareholders' Meeting. In addition to the responsibilities that under current legislation cannot be delegated, the following decisions are the sole prerogative of the Board of Directors:

- determining general guidelines and criteria for the business;

- approval of the financial and business plans;
- the appointment of the Presidential Committee or the Executive Committee and determining its duties;
- the appointment of the Managing Director and setting the powers granted to him;
- the appointment of members of General Management, their grades and their powers; appointment, suspension and termination of its members;
- the appointment and termination of managers;
- the appointment, having heard the opinion of the Board of Statutory Auditors, of the manager responsible for preparing the accounting documents, and of the heads of the internal audit and compliance functions;
- the setting up of internal committees within operating structure, or commissions with consulting roles, deciding on their composition, their powers, their operativity as well as any attendance fees for members who are not directors;
- the delegation of powers in relation to the granting of credit;
- the approval of and changes to the main internal regulations;
- the decisions in relation to equity investments, with the exception of those that result in taking on unlimited liability for the bonds of the company in which the investment is made. These latter decisions are to be taken by the Shareholders' Meeting;
- the decisions concerning start of legal and administrative proceedings of any sort and of any jurisdiction with the exception of those related to credit collection;
- determining general operating guidelines and criteria for the coordination and management of Group Companies, as well as for the implementation of instructions received from the Bank of Italy.

The Board also has exclusive powers to decide on the changes to the articles of association to align them to the provisions of the regulations, to set up or to close any secondary offices, and also to incorporate fully owned and subsidiaries or companies in which the investment level is of at least 90%.

The Directors, at meetings of the Board of Directors report to the Board of Statutory Auditors on the activities performed and on the principal economic, financial and capital transactions carried out by the bank and its subsidiaries.

In particular they report any transactions in which they have personal interest either directly or on behalf of third parties.

#### **Article 44**

##### **Delegation of powers assigned to the directors**

Acting in compliance with the law and the articles of association, the Board of Directors may delegate its powers, to the Executive Committee, referred to as the Presidential Committee, composed as defined in article 45, and to one of its members who thereby takes on the role of Managing Director, determining the extent of the powers delegated.

The parties holding delegated powers report to the Board of Directors and to the Board of Statutory Auditors every three months, on the general business trends including the risk trends, its expected evolution and on important transactions entered into by the Company or its subsidiaries.

The Board may also delegate specific powers in relation to certain categories of transactions, to its members or to the General Manager and to members of General Management also on a single signature basis.

With regard to the granting of credit, decision-making powers may be delegated, determining the extent of such powers, in addition to the Presidential Committee and the Managing Director, also to bodies with specific powers, to the General Manager, to members of General Management, as well

as to managers, supervisors of grades 3 and 4, branch managers and to their alternates and close collaborators. These powers may be on a joint or an individual basis subject to limits of value in proportion to the role and level of responsibility held.

The decisions taken by the holders of delegated powers must be reported to the Board of Directors at the next board meeting in the manner set by the Board.

### **Presidential Committee Article 45**

The Executive Committee, known as Presidential Committee, is appointed by the Board of Directors and is composed of:

- a) the Deputy Chairman or Deputy Chairmen, the Managing Director, if appointed, and the Director referred to in paragraph 3 of article 38;
- b) three Directors appointed for one year by the Board of Directors in its first meeting following the Shareholders' Meeting.

The meetings are attended also by the General Manager as per article 56 paragraph 2, or in his absence or other hindrance, by his alternate as per article 57. The Chairman of the Board of Directors may participate to the meetings without right to vote, in order to ensure an effective information flow between the Presidential Committee and the Board of Directors.

For discussion of specific matters or cases, the person chairing the meetings may invite to the meetings but without voting rights, other directors, members of General Management, managers and officers of grades 3 and 4.

The meetings of the Presidential Committee, which are held with the frequency set by the Committee itself, are valid when attended by the absolute majority of its members, of which at least one of those indicated in paragraph 1 letter (a) above. The General Manager, or in his absence or other hindrance, his deputy, is counted when determining the majority.

The meetings are chaired by the Deputy Chairman or, in his absence or other hindrance, they are chaired according to the provisions of paragraph 3 of article 38. In case two Deputy Chairmen exist, meetings are chaired by the Deputy Chairman who holds the role of vicar of the Chairman by express decision of the Board of Directors; if this role has not been attributed, the meeting is chaired by the Deputy Chairman who has been in office for longer.

The decisions are taken by open vote and are based on absolute majority.

The function of secretary is carried out by the person identified by the Committee according to paragraph 4 of article 38.

The decisions taken by the Presidential Committee are reported to the Board of Directors in its first meeting including global values related to decisions concerning granting of credit.

The proceedings and decisions of the meeting of the Presidential Committee are recorded in minutes which are then registered in the minutes book, and these minutes must be signed by all participants of the meeting. The provisions of paragraph 2 of article 42 apply.

### **The Chairman Article 46**

The Chairman of the Board of Directors, in addition to exercising the functions and powers envisaged by other provisions of the articles of association, supervises the business of the Company and may take decisions and measures as a matter of urgency – including taking legal and administrative actions at every level of jurisdiction, also for revision and cassation – which are otherwise to be taken by the Board of Directors informing it of such decisions at its first meeting. The Chairman takes his decisions based on a binding proposal of the Managing Director or, in his absence, of the General Manager.

The Chairman promotes the effective functioning of the system of governance of the Company, facilitates internal dialogue and ensures the balance of powers.

In cases of absence or other hindrance, the functions and powers of the Chairman are carried out and exercised by his deputy according to article 38 of these articles of association.

The existence of the conditions to exercise the powers envisaged in the previous paragraphs and the obligation to inform the Board of Directors with regard to the decisions taken and measures adopted cannot be questioned by third parties.

### **Managing Director Article 47**

The Managing Director, if appointed according to article 38, performs the functions envisaged by the articles of association and exercises powers conferred to him by the Board of Directors.

He works in close contact with the Chairman and the Presidential Committee and normally through them reports to the Board of Directors on the decisions taken.

THIRD SECTION  
**Board of Statutory Auditors**  
**Article 48**  
**Composition - Duration – Non-eligibility**

The Board of Statutory Auditors comprises of three Serving members and two Alternate members, chosen from members and non-members, elected by the Ordinary Shareholders' Meeting which also appoints the Chairman of the Board of Statutory Auditors.

The Statutory Auditors remain in office for three years and their mandate expires on the date of the Meeting called to approve the financial statements for the third year of their appointment; they can be re-elected.

The Board of Statutory Auditors may be removed by the Shareholders' Meeting only for justified reasons.

The decision of removal must be approved by the court having heard the interested party.

In addition to the reasons for ineligibility and forfeiture envisaged by the law, there also the provisions of article 17 above. In any case the Statutory Auditors cannot take up offices in corporate bodies other than those of control in other companies of the Group as well as in companies where the bank holds a strategic investment, even if held indirectly.

Further, the office of Statutory Auditor cannot be held by persons who exceed the limit of cumulative holding of offices of administration and control as fixed by the law and by the relative implementation regulations or by those who are members of administrative or control bodies of other banks with the exception of the associations which represent trade institutes and the subsidiaries.

The Statutory Auditors must also meet the standards of integrity, professionalism and independence set by current regulations.

The composition of the Board of Statutory Auditors must ensure gender balance in accordance with current regulations.

**Article 49**  
**Presentation of the lists of candidates**

The election of the members of the Board of Statutory Auditors is made on the basis of the lists presented by the shareholders where candidates are listed with progressive numberings. Each list is split into two sections, one for the candidates for the position of serving Statutory Auditor and one for the candidates for the position of Alternate Auditor. Each list must indicate three candidates for serving statutory auditors and two candidates for alternate statutory auditors.

The lists must be filed at the Company's registered offices within the terms laid down in current regulations.

The lists must ensure gender balance in accordance with current regulations and these articles of association. For this purpose one of the candidates for serving statutory auditor must belong to the less represented gender.

Each member may only present or contribute to the presentation of one list of candidates and each candidate may only appear on one list.

The lists may be presented by at least 500 members with the requirements set out in article 13, paragraph 2 above.

Lists can be presented by shareholders who, having the requisites set out in article 13 paragraph 2 above, individually or collectively, hold at least 0.50% of the share capital.

The shareholders must indicate the total number of shares held and must certify that shareholding.

The signature of each presenting member has to be authenticated according to the law or by employees of the bank delegated to that function by the Board of Directors.

By the deadline set for the submission of lists, the curriculum of each candidate must be submitted, together with a declaration of acceptance of the candidature and an attestation under the candidate's own responsibility confirming the absence of any reasons for their non-election and absence of incompatibility and confirmation of having the necessary requirements to hold the office of Statutory Auditor as set out by the law and by the articles of association.

Any lists which are deposited without complying with procedure and deadlines set out above will be considered as if they were not presented.

## **Article 50 Election of Statutory Auditors**

Each shareholder may only vote for one list.

The procedure for the election of the Board of Statutory Auditors is described below:

- a) Two Serving Statutory Auditors and one Alternate Statutory Auditor are taken from the list that obtained the highest number of votes, in the order that they are listed in each section.
- b) One Serving Statutory Auditors and one Alternate Statutory Auditor are taken from the list that obtained the second highest number of votes, in the order that they are listed in each section. The serving Statutory Auditor chosen from this list is nominated the Chairman of the Board of Statutory Auditors.

If two or more lists receive the same number of votes, the list whose first listed candidate for alternate Statutory Auditor is the oldest by age shall be considered the winner.

If only one list is presented, then all the serving and alternate Statutory Auditors shall be chosen from that list. In that case the Chairmanship of the Board of Statutory Auditors goes to the first listed candidate in the list.

If no valid lists are presented by the shareholders, the Board of Directors may present to the Shareholders' Meeting a pre-compiled voting card containing a non-binding list of candidates. In this case, each shareholder may alter all or part of the voting form, deleting the candidates they do not intend to vote for and, if they want, adding one or more new candidates in place of those deleted.

Following the counting of the votes, the candidates obtaining the highest number of votes are elected.

If no valid list is presented and the Board of Directors does not make a proposal pursuant to this article, the Meeting shall elect the Directors by a relative majority among the individual candidates.

If the composition of the Board of Statutory Auditors resulting from the votes does not respect the gender balance principle the Statutory Auditor who does not comply with that principle and placed at the highest position in the winning list is replaced by the candidate from the same list who complies with that principle.

If even after applying this criteria suitable replacements are not identified then the replacement criteria is applied to the Statutory Auditor elected in the list obtaining the second highest number of votes. If even then suitable replacements are not identified or in case it is impossible to apply this mechanism then the Shareholders' Meeting decides by simple majority from amongst the individual candidates, thereby putting in replacements in the order indicated above.

## **Article 51**

### **Replacement of Statutory Auditors**

If one or more Serving Auditor is no longer available, the Alternate Statutory Auditors from the same list take over following the order in which they are listed. The new Serving Auditors remain in office until the next Shareholders' Meeting, which has to replenish the number of members of the Board of Statutory Auditors.

In the above case the functions of the Chairman who is no longer available are exercised, up to the next Shareholders' Meeting, by a serving Statutory Auditor following the progressive numbering in the list or in the absence by the first replacement alternate Statutory Auditor from the same list.

In case it is not possible to proceed as described above the provisions of the law are to be followed.

The Shareholders' Meeting proceeds with the replacement of the Statutory auditors as follows:

a) where it is necessary to replace Statutory auditors taken from the only presented list or in the case of more than one list, from the list with the highest number of votes, the election of the new Statutory Auditor or Statutory auditors, if necessary designating the Chairman of Board of Statutory Auditors, is through voting for individual candidates by a relative majority without the necessity to use lists;

b) where it is necessary to replace Statutory Auditors taken from the other list as per article 50 second paragraph, letter (b), the election is through a relative majority from amongst the candidates from the list to which the Statutory Auditors to be replaced belonged.

Where it is not possible to proceed in this way, the Shareholders' Meeting decides by voting based on the relative majority of individual candidates without the need for lists. In any case the gender balance in the Board of Statutory Auditors must be guaranteed according to the principles set out by the law and by these articles of association.

At least fifteen days prior to the date of the first call of the Shareholders' Meeting the curriculum of each candidate must be deposited at the company's head office, together with a declaration of acceptance of the candidature - and where appropriate - acceptance of designation as Chairman of the Board of Statutory Auditors, an attestation confirming the absence of any reasons for their non-election and absence of incompatibility and confirmation of having the necessary requirements to hold the office of the Statutory Auditor.

## **Article 52**

### **Duties of the Board of Statutory Auditors**

The Board of Statutory Auditors monitors compliance with the law, the articles of association, regulations and company decisions; respect for the principles of correct administration of the Company, the adequacy of the organisational structure for aspects of competency, of the overall system of internal control and of the accounting and administrative system as well as the reliability of this latter system to correctly represent the management of company business. The Board of Statutory Auditors may ask directors for information also related to subsidiaries, about the performance of company business or about certain deals.

The Board can also exchange information with corresponding bodies of the subsidiary companies regarding systems of administration and control and on the general performance of the company activities. The Board of Statutory Directors immediately informs Bank of Italy of any facts or actions which come to their notice in the performance of their duties, which may constitute an irregularity in the management of the bank or a violation of the rules governing banking activity.

The Board performs all duties assigned to it by the law, having regard also to the role which supervisory authorities for banks assign to the body that has the control function.

The Statutory auditors must attend the Shareholders' Meetings and the meetings of the Board of Directors and those of the Presidential Committee.

The minutes and deeds of the Board of Statutory Auditors must be signed by all of the participants at the meeting.

### **Article 53** **Emoluments of the Statutory Auditors**

The Shareholders' Meeting determines the annual emoluments of Statutory auditors, valid for the entire duration of the mandate, and also the attendance fees for participation in the meetings of the Board of Directors and of the Presidential Committee and also, if necessary a fixed amount for expenses incurred in performing the duties of statutory auditors.

## FOURTH SECTION **BOARD OF ARBITERS**

### **Article 54**

The Board of Arbiters is composed of three Serving Arbiters and two Alternate Arbiters elected by Shareholders' Meeting from amongst the shareholders.

These remain in office for three years and the mandate expires on the date of the Shareholders' Meeting called to approve the financial statements for the third year of the mandate, may be re-elected and provide their services free of charge, except for reimbursement of expenses.

Their removal must be duly motivated.

The Board of Arbiters may elect a Chairman from among its number, who calls meetings of the Board when necessary and directs its proceedings.

The Alternate Arbiters, in order of age, replace until the next Shareholders' Meeting, any members who are no longer available as well as, from time to time those Serving Arbiters who have to abstain from office as a consequence of blood or marriage ties or other legitimate impediment.

The Board decides on the basis of equity, by a majority of the votes cast without the need for any procedural formalities, on the controversies that may arise between the Company and the shareholders and between the shareholders themselves in relation to the interpretation or the application of the articles of association or any other decision by the corporate bodies in relation to the Company relationships excluding the rejection of requests of admission to membership and in relation to exclusion of members where the Board of Arbiters has expressed an opinion on reconsideration applications as per articles 11, 2<sup>nd</sup> paragraph, and 17, 3<sup>rd</sup> and 4<sup>th</sup> paragraphs.

FIFTH SECTION  
**General Management**  
**Article 55**  
**Composition and decisions regarding its components**

General Management comprises the General Manager and other components decided upon by the Board of Directors which decides its composition and its powers. Resolutions concerning the appointment, suspension, removal or sacking of the General Manager are adopted by the favourable vote of at least ten members of the Board of Directors; for the appointment, suspension, removal or sacking of other components of general Management, a favourable vote by the absolute majority of the Board of Directors is needed.

**Article 56**  
**General Manager**  
**Functions and powers**

Assisted by the other members of General Management, the general Manager implements the decisions taken by the Board of Directors and the Executive Committee, as well as the instructions given by the Managing Director, if appointed; he supervises the functioning of the Company, the performance of operations and services exercising the powers conferred to him by these articles of association and by other corporate bodies; and autonomously initiates legal actions necessary for credit collection.

The General Manager attends the meetings of the Board of Directors and the Executive Committee in a pro positive role and with consultative vote.

The General Manager is the head of personnel. He may propose hirings, promotions, removals and take disciplinary action against employees as envisaged by the Collective National Labour Contracts, but excluding firing. When necessary, he can provisionally suspend any employee awaiting definitive action.

On the questions of granting credit, the General Manager exercises those powers conferred to him by the Board of Directors in accordance with the provisions of article 44, 3<sup>rd</sup> paragraph and acts as a proposer in any other case.

**Article 57**  
**Replacements of the General Manager**

If absent or unavailable, the General Manager is replaced in the exercise of all attributed powers and functions by one or more members of General Management designated by the Board of Directors as his alternate; if such nomination has not been made or if these are also absent or unavailable, such functions and powers are exercised by an executive who is second to the General manager in grade and in length of service in that grade.

CHAPTER IV  
**Company representation and signatures**  
**Article 58**  
**Company representation and signatures**  
**Mandates and powers**

The Chairman represents the Company in dealings with third parties and in judgement, for both jurisdiction and administrative purposes, including judgements handed down by the Courts of Cassation and Appeal, and signs on behalf of the Company as sole signatory. If absent or unavailable, temporarily or otherwise, these powers are delegated to his alternate as per articles 38 and 46 of these articles of association.

Company representation and signatures on behalf of the Company as sole signatory may also be conferred by the Board of Directors to the Managing Director, if appointed or to individual directors, to the General Manager or members of General management for the purposes of specific deeds or categories of deeds.

Signatory powers are also conferred on each member of the Board of Directors jointly with the General Manager or with a member of the General Management.

The General Manager has the sole signature authority on behalf of the Company for all ordinary administrative business and in case of his absence or hindrance, such authority passes to his alternate.

Signatory powers may also be granted by the Board of Directors and by the Executive Committee if the latter has been conferred that authority by the Board, to the General Management, to managers, to supervisors of the 3<sup>rd</sup> and 4<sup>th</sup> grade and to employees of the Company, setting limits and rules for exercising such powers.

The Board of Directors may confer mandates and powers to Company employees and to third parties for completion of certain deeds or category of deeds.

The existence of the prerequisites for a legitimate exercise in concrete terms, of the powers of Company representation, also in judgement, and the use of Company signatures cannot be questioned by third parties.

CHAPTER V  
**Financial Statements - Income - Reserves**  
**Article 59**  
**Financial Statements**

The financial year ends on 31 December of each year.

Following the end of each financial year, the Board of Directors arranges for the preparation and presentation of financial statements and a report on the Company's performance in accordance with the law.

**Article 60**  
**Allocation of Earnings**

From the net profit resulting from the financial statements approved by the Shareholders' Meeting, the following are to be deducted:

- a part allocated to the Legal or Ordinary Reserve to the extent set by law;
- a part which is not less than 20% and not more than 30% allocated to the Statutory or Extraordinary Reserve.

The other earnings are to be allocated as follows:

- a) to the Shareholders, to the extent set on a prudent basis following a proposal from the Board of Directors;

b) any residual amount, again on a proposal from the Board of Directors and following the resolution of the Shareholders' Meeting, can be used to create or increase specific reserves, as well as to reserves for the purchase of the Company's own shares and a fund which can be used for aid, charitable, cultural and public interest initiatives.

When preparing the financial statements, the Board of Directors may allocate earnings to new or existing reserves prior to determining the net profit referred to in the first paragraph.

### **Article 61 Reserves**

In addition to the allocations of net profit envisaged in article 60 above, the reserves also comprise:

- dividends from own shares held by the bank;
- dividends devolved to the Company pursuant to the of article 15 above and any other amount due to the Shareholders in relation to capital related transactions or other transactions envisaged by the articles of association which have not been collected by the Shareholders and which have fallen into statute limitation.

## **CHAPTER VI Other dispositions Article 62**

### **Duplicates of savings books**

If savings books containing amounts not exceeding those envisaged by special laws are stolen, lost or destroyed, the Board of Directors may decide that a duplicate be issued to the party notifying the loss after thirty days have elapsed from the posting of a notice in the public areas of the branch that issued the book, indicating that any interested parties should let their reasons be known, on condition that no opposition is presented during that period.

In this last case, the duplicate is only issued on receipt of an order from the judicial authorities.

### **Article 63 Audit of accounting records**

Pursuant to current regulations, the accounting records are audited for legal purposes by a registered auditing firm, appointed in accordance with the law, by the Shareholders' Meeting with prior opinion of the Statutory Auditors.

### **Article 64 Manager responsible for preparing the Company's accounting documents**

Having received the necessary but not binding opinion of the Board of Statutory Auditors, the Board of Directors appoints a Manager responsible for preparing the Company's accounting documents, granting him appropriate powers and resources to perform the tasks assigned in accordance with the law. The Board of Directors is also entitled to revoke the appointment of the Manager responsible for preparing the Company's accounting documents.

The Manager responsible for preparing the Company's accounting documents must have an adequate level of professional experience in the accounting and/or administrative environment for an adequate length of time, in the banking, financial or insurance sectors.

CHAPTER VII  
**Winding up and liquidation**  
**Article 65**

Without prejudice to the provisions of article 30, paragraph 3, regarding the early winding up of the Company according to article 2484, no.6 of the Civil Code, in all cases of winding up, the Shareholders' Meeting appoints the liquidators, establishes their powers, determines how the liquidation will be performed, and the allocation of the surplus reported in the final liquidation balance sheet.

Any available amounts are allocated to the shareholders in proportion to their respective shareholdings.

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*This English translation is provided only for the convenience of the reader. In the event of discrepancies the Italian original text shall prevail.*