
Report of the Management Board

Approval of new Articles of Association in relation to the adoption of the one-tier corporate governance system; related and consequent resolutions

Dear Shareholders,

We have called this extraordinary shareholders' meeting to discuss and vote on the approval of a new text of the Articles of Association in connection with the adoption, by Intesa Sanpaolo, of the one-tier corporate governance system.

1. THE REASONS BEHIND THE ONE-TIER CORPORATE GOVERNANCE SYSTEM

The choice to adopt the two-tier governance system was one of the requirements for the establishment of the Intesa Sanpaolo Group: although there were no significant experiences, in 2006 the functionality of this model was clear with respect to the needs of an integration that was set to be complex and to be carried out according to a road map to be strictly adhered to in terms of time and content.

The experience of both the originating Groups (Banca Intesa and Sanpaolo IMI) - in turn characterised by some major and difficult business combinations, some of which had not yet been fully carried out at the time - suggested a complex monitoring system with a clear assignment of responsibilities among the bodies and the related specific skills.

Nine years on from the merger, it is possible to consider that choice as being appropriate, insofar as the integration has now been fully and positively made and time is now ripe for assessing the opportunity of a change in the governance system.

To briefly explain the reasons for the proposed change, it is first of all useful to refer to the results of the self-assessment process carried out by the two Boards which, while showing the wide and extensive suitability of each Board concerning all profiles examined, has identified the following main areas for improvement:

- long and not always straight-forward decision-making chain;
- information asymmetries within the Bodies and among the Bodies themselves, despite adequate information flows in terms of quality and quantity;
- excessive distance of the management function from those of strategic supervision and control.

In this context, other factors suggested a wide-ranging assessment on the adequacy of the corporate governance system: first and foremost, the amendments introduced in the regulatory framework as well as the ongoing developments at Supervision level (with the transition of prudential supervision to the ECB, with a view to the Single Supervisory Mechanism) and the shareholder base of Intesa Sanpaolo (with the strong growth of foreign investors).

The assessment of the opportunity to confirm or change the corporate governance system adopted by Intesa Sanpaolo in 2006 was entrusted to a Commission set up *ad hoc* within the Supervisory Board at the end of 2014 with the task to analyse the benefits and specific advantages expected to be derived from the various governance models, in order to identify possible areas for improvement of the existing two-tier governance system or, alternatively, possible reasons leading to the decision of its replacement.

The Commission, which kept the Supervisory Board and the Management Board constantly updated on the progress of its work, carried out a thorough evaluation, not only analysing the theoretical and legal profiles of the applicable regulations and the different models available at the national and European

level, but also verifying in practice - through testimonies and experiences from top managers of some competing banks - their implementation and their areas of strength and weakness, with specific attention also to the point of view of institutional investors. It has not committed to identify the best abstract governance model, but the most appropriate in concrete terms, to ensure the efficient management and effectiveness of controls of Intesa Sanpaolo, taking into account the medium and long term strategic objectives, as well as the size and the operational complexity of the Bank and the Group.

The Commission, in particular, conducted its own survey by using as a guiding criterion the functions that the regulations assign to the bank's corporate bodies (strategic supervision, management and control), considering that - in the light of the evolution recorded at the international level, especially in the banking sector, with regard to the meaning and scope of the control activity (which is increasingly focused in a previous phase and on interaction and the exchange of flows, in order to safeguard the necessary availability of information on an ongoing basis as well as ex ante) - the choice of the new governance system could not fail to take account of the assignment of the control function to the body in charge of strategic supervision, as a key prerequisite for safeguarding the immediacy, the incisiveness and effectiveness of the control function. This consideration led to exclude the usefulness of a return to the so-called "traditional" corporate governance system based on the existence of a Board of Directors and of a separate body with control functions such as the Board of Statutory Auditors.

As noted above, in the performance of its duties, the Commission took cue - as well as from internal factors (the aforesaid results of the Bodies' self-assessment process) - also from the amendments made to the regulatory framework, in their application to the two-tier governance system, that have impacted on the set of relations between the Supervisory Board and the Management Board: the emphasis and importance placed on the strategic function, once the Supervisory Board has been identified as the body in charge thereof, has led to a noticeable compression of the powers and role of the Management Board, also from the point of view of its contribution - through the power to make proposals - towards the performance of the strategic supervision function. This has also resulted in a heavier decision-making process, with effects on the efficiency and rapidity of the decisions which - together with the increasing attention to risk governance, strategic vision and the transparency of relations with the market - represents an important critical success factor.

In this new context, it has emerged that it would be more effective to overcome the typical set up of the two-tier governance system in order to adopt the so-called one-tier corporate governance system (which, as is widely known, is considered the most prevalent system in the advanced countries). This system, which after the company law reform of 2003, is regulated both by the Italian Civil Code and by the Consolidated Law on Finance (TUF), is characterized by the fact that the control function is not entrusted to persons outside the supervisory body (Board of Directors) as is the case of the Board of Statutory Auditors in the traditional system, but to some members (who constitute the Management Control Committee) of the Board of Directors itself.

The one-tier governance system has been considered as the system that best replicates, in practice, the positive simultaneous exercise of the strategic supervision and control function, which has proved its efficiency and effectiveness in the implementation of the two-tier system.

Moreover, the adoption of such a system also allows to centralise the strategic supervision and management function in one single body, while at the same time providing a balanced system of delegated powers assigning - where appropriate and permitted by law - the management function (understood as the day-to-day management), in implementation of the strategic guidelines defined by the Board to a Board member (Managing Director and Chief Executive Officer), and, for specific business areas, to Managers outside of the Board (Bank Managers).

The one-tier system therefore has the following additional advantages:

- optimisation of the efficiency of the governance function in terms of streamlining and immediacy in the relations between strategic supervision and management, without losing the in-depth examination and decision-making support that the internal Board committees proved to be able to perform effectively;
- removal at the root of the main inefficiencies of the two-tier system that emerged during the self-assessment: a more direct relationship between the Body with strategic supervision and control functions (the Supervisory Board), the Body with the management function (the Management Board) and the person in charge of the day-to-day management (the Managing Director and Chief Executive Officer), with clear benefits also in terms of alignment and sharing of information flows.

The centralisation in a single body of the strategic supervision and management functions thus allows to "bring closer" the two distinct moments of the governance activity, thereby making it possible to:

- create a more direct relationship between those in charge of determining the strategic direction (the Board in its plenary session) and those in charge of implementing it (the Person in charge of day-to-day management);
- favour the immediacy in the flow of information, thus saving time and costs;
- promote a greater interaction and dialogue between those in charge of monitoring the consistency of the management with the strategic guidelines (the Board as a whole but especially the non-executive Board members) and the person in charge of management;

with benefits, ultimately, in terms of efficiency in the performance of the governance function, while still safeguarding - in line with the two-tier system - the effectiveness of the control function, which remains centralised in a Committee (the Management Control Committee) established within the Board.

The practical application of the one-tier governance system to Intesa Sanpaolo focuses on the following main guidelines:

- (i) a clear division of roles and responsibilities among the various Bodies:
 - the new framework of the Articles of Association provides for the assignment to the Board of Directors of the powers previously vested in the Supervisory Board, as the body with strategic supervision function, as well as of the powers assigned to the Management Board that the Articles of Association qualifies as necessarily reserved for the Board resolution;
 - the internal Committees within the Board (Risk, Remuneration, Nomination) shall support - with assessment, advisory and propositional tasks, each within its own remit - the Board of Directors in carrying out its functions, in order to facilitate the adoption of fully informed decisions;
 - the Management Control Committee shall perform the powers and functions conferred by the current regulations upon the Body with the control function and upon the Audit Committee, pursuant to Legislative Decree 39/2010;
 - the Managing Director and CEO shall perform the day-to-day management function, within the scope of the powers that the Board of Directors shall deem fit to delegate;
 - the Managers shall support the CEO in the performance of the day-to-day management function:
 - gathered in Management Committees, in the performance of the duties and powers conferred upon them by the Board of Directors as part of specific Regulations;
 - individually or jointly, in the performance of the powers that shall be granted to them by the Board of Directors upon the proposal of the Managing Director;
- (ii) the predominant presence of non-executive and/or independent Board members capable of ensuring a fair and balanced debate within the Board, an effective counterweight to the Managing Director and CEO and the Bank's Management, and adequate monitoring activities on the choices made by them;
- (iii) the important role of the Chairman of the Board of Directors, aimed at encouraging the effective debate within the Board, ensuring its effective functioning and actual contribution of all Board members, countering the risk of hegemony of a single person;
- (iv) a system of adequate and timely information flows within the Bodies and between the Bodies and the company departments.

Furthermore, it must not be forgotten that these guidelines are included within an adequately structured, functional and effective framework of internal controls, which will not undergo significant changes following the adoption of the new corporate governance system.

Moreover, in line with recent developments in the ownership structure of Intesa Sanpaolo - which has among its main shareholders major international institutional investors that hold overall 65% of the capital - the new corporate governance system, being in line with best international practices, is widely known among foreign shareholders and should therefore enhance their representation in the Bank's board.

2. THE NEW TEXT OF THE ARTICLES OF ASSOCIATION.

The new Articles of Association is attached to this Report and marked as sub A ⁽¹⁾.

¹ It was not deemed appropriate to provide a detailed comparative representation of the new text and of the text of the Articles of Association previously in force, having been decided to propose the adoption of a new governance system and not to reformulate individual provisions.

The amendments to the Articles of Association also took account of the need to align the corporate governance system to the Italian legislative context, the regulation of listed companies and the banking supervisory rules.

A. CONSTITUTION, NAME, REGISTERED OFFICE AND DURATION OF THE COMPANY (ARTICLES 1 TO 6)

The adoption of the one-tier system does not imply the need to change these articles, which essentially reproduce the existing provisions of the Articles of Association.

The powers to increase the share capital for free and against payment granted to the Management Board by the Extraordinary Shareholders' Meeting of 8 May 2014 were referred to the Board of Directors.

B. THE SHAREHOLDERS' MEETING (ARTICLES 7 TO 11)

In the one-tier corporate governance system pursuant to the Articles of Association approved by the Boards, the Shareholders' Meeting increases its powers compared to those it had in the two-tier system which - as known - assigned some important powers to the Supervisory Board, rather than to the Shareholders' Meeting.

According to Article 7 of the Articles of Association, the Shareholders' Meeting shall have the power, among other things, to resolve on the following items: i) the financial statements and net income allocation; ii) the appointment, removal and determination of remuneration of the Board of Directors' members and the appointment of the Chairman and of one or more Deputy Chairpersons of the Board of Directors; the appointment, removal and determination of the specific remuneration of the Board of Directors' members who are part of the Management Control Committee; iii) the responsibility of the members of the Board of Directors; iv) (upon the reasoned proposal of the Management Control Committee) the appointment and removal of the independent auditors, as well as the determination of the corresponding remuneration; v) the approval of the Board of Directors' members' and Personnel's remuneration policies, as well as of the plans based on financial instruments; vi) the most significant transactions with related parties in the cases and in the manner envisaged by the procedures adopted in accordance with the relevant regulations.

On the matter of remuneration, in line with the banking supervisory rules, it was decided to exercise the option that assigns the Shareholders' Meeting, in addition to the task of approving the criteria and limits to determine compensation in the event of early termination of or early retirement from office, the authority to resolve, with a qualified majority threshold defined by the supervisory regulations in force, a ratio between the fixed and the variable component of the individual remuneration of staff greater than the ratio of 1:1 and however not exceeding the maximum provided for by that regulation.

The new Shareholders' Meeting powers on transactions with related parties are aimed at aligning the Articles of Association to the relevant regulations for companies having the one-tier governance system. Only the Shareholders' Meeting may, in fact, be called to authorize, by way of a special decision making process, the most significant transactions with related parties approved by the Board of Directors in the presence of a contrary opinion of the specific Committee of independent directors.

During the extraordinary session, the Shareholder's Meeting will have the authority to resolve on the changes to the Articles of Association (without prejudice to the powers of aligning the articles of association to the law recognised to the Board of Directors), as well as on the other matters falling within its remit pursuant to the law.

With regards to the calling, work of meetings, voting rights and voting and constituting quorums of the Shareholders' Meeting, the proposed Articles of Association do not contain substantial changes *vis-à-vis* the current ones and are in line with the provisions of law. It was specified that the Shareholder's Meeting shall be held in a single call, without prejudice to the possibility, for the Board of Directors, to establish a second call for the ordinary Meeting and, limited to the extraordinary Meeting, even a third call. Moreover, if specified in the notice of call, it is possible to attend the Meeting through telecommunication means and exercise the right to vote electronically.

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in case of his/her absence or impediment, by the Deputy Chairperson of the Board of Directors with the longest

uninterrupted service or, in the case of equal term of service, by the eldest Deputy Chairperson, or in the case of his/her absence or impediment, by another person appointed by the same Shareholders' Meeting.

C. THE BOARD OF DIRECTORS (ARTICLES FROM 13 TO 18)

In the new one-tier corporate governance structure pursuant to Articles 2409-*sexiesdecies* and following of the Italian Civil Code, Intesa Sanpaolo operates through a Board of Directors, some members of which are part of the Management Control Committee.

The Articles of Association has therefore arranged the structure of the Board of Directors providing that it is composed of a minimum of 15 to a maximum of 19 members, appointed by the Shareholders' Meeting **(Article 13.1)**.

In this context, the Management Control Committee consists of five Directors, also appointed directly by the Shareholders' Meeting, in accordance with the requirements laid down by the banking supervision regulations.

The presence within the Board of a large majority of independent Directors (at least two thirds of the Board members, including the directors intended to form part of the Management Control Committee) and the appointment by the Board of a single managing director and chief executive officer (CEO and General Manager), excluding that other directors may hold executive positions and that the Board may delegate its duties to an executive committee, was considered a priority.

The Directors remain in office for three years (except in cases of replacement) and may be re-elected **(Article 13.2)**.

As for the meetings and resolutions of the Board of Directors, the provisions of the Articles of Association **(Article 17)** are substantially the same as the current provisions for the Management Board. It was specified that a resolution by a qualified majority (a majority vote of the members of the Board of Directors in office) is required for the replacement of Directors terminated by co-option and for the proposal to remove members of the Management Control Committee, as well as for the appointment and removal of the Managing Director and of the Manager responsible for preparing the Company's financial reports **(Article 17.9)**. In addition, the obligation of Directors to provide information and to abstain from voting in case of interest in Bank transactions **(Article 17.10)** is regulated.

Powers of the Board of Directors (Article 18)

The duty to resolve on all the relevant corporate deeds is reserved for the Board of Directors.

The Board of Directors - without prejudice to its powers that cannot be delegated, according to the law and the Articles of Association - delegates to the Managing Director the necessary and appropriate powers to ensure consistency with day-to-day management, in implementation of the guidelines decided by the same Board. The Board, when delegating the powers to the CEO, determines the content, limits and methods of exercise, also defining the manner in which the information on any delegated activities shall be ensured to the Board.

Therefore, the Board of Directors shall exercise **(Article 18.2.1)** all the Company's strategic supervision duties required by the law currently in force in terms of defining and approving the business model, the strategic guidelines and risk appetite, the risk management objectives and policies, the guidelines of the internal control system and the Company's organisational structure.

Furthermore, the Board of Directors is solely responsible for those powers and duties specified by the Articles of Association **(Article 18.2.2)** including, but not limited to 1) the appointment and removal of the Managing Director and the General Manager, the granting, amendment or termination of his/her powers and the remuneration relating to the office; 2) the appointment and removal of the members of Committees appointed by the Board provided for by the Articles of Association, including their Chairman and the establishment, if any, of any additional committees within the Board with assessment and advisory functions; 3) the establishment of a Steering Committee chaired by the Managing Director and composed of the heads of the main corporate functions; upon the Managing Director's proposal, the Board determines the composition, duties and powers of such Committee and approves its operating regulations; the Board determines the manner in which the Board is ensured to receive information on the activity carried out. The members of the Committee may attend, without voting rights, the meetings of

the Board of Directors; 4) the establishment, upon the proposal of the Managing Director, of the other Managerial Committees in the first-tier organisational structure, of which it determines the composition, powers and duties, approves the operating regulations and determines the manner in which the Board is ensured to receive information on the activity carried out; 5) the appointment and removal of the Manager responsible for preparing the Company's financial reports, of the heads of company control functions, and of the head of the Safety and Protection Department; 6) the approval of major internal regulations and the amendment thereof; 7) the decisions concerning i) the purchase and sale of shareholdings amending the composition of the Banking Group, as well as the investments considered strategic under the supervisory regulations or according to the plans and policies adopted by the Board itself, and in any case ii) the purchase, transfer, contribution of companies, business units, assets and legal relationships identified *en bloc* under Article 58 of the Consolidated Law on Banking deemed strategic pursuant to the criterion specified in point i) above and (iii) the investments and divestments, including real estate, deemed to be strategic under the criterion specified in point i) above and in any event iv) any transactions having a unit value above the value of 3% of the total own funds of the Company calculated at the consolidated level for supervisory purposes.

The Managing Director, within the scope of the powers assigned to him/her, is vested with the power to propose the resolutions of the Board of Directors. This is without prejudice to advisory, assessment and propositional powers reserved by the regulations currently in force for the Committees provided for by the Articles of Association and the power of the individual Directors to submit proposals of resolutions.

Requirements of the members of the Board of Directors (Article 13.4)

The members of the Board of Directors shall qualify to undertake the position, as provided by the law currently in force and the Articles of Association and, in particular, they shall meet the professionalism and integrity requirements and meet the criteria of competence, fairness and time commitment and the specific limits on concurrent positions prescribed by the current regulations, and in any event those laid down by the Directive 2013/36/EU of 26 June 2013, for the performance of the role of director of a bank issuing shares listed in regulated markets.

As provided by the current regulations and as long as such regulations will remain applicable, at least one third of the Directors shall be reserved for the less-represented gender.

In addition to the statutory requirements, the members of the Board of Directors shall also meet the following additional requirements:

- a) (Professionalism) At least four members shall be enrolled with the Register of Independent Auditors and have practised as auditors or acted as member of a limited company control body for a period of at least three years;
- b) (Independence) At least two thirds of the members shall meet the independence requirements laid down by the Articles of Association; if the application of this ratio does not result in a whole number, the requirement shall be referred to a number of Board members rounded up to the next higher unit.

To this end, Intesa Sanpaolo has chosen to adopt, in the Articles of Association, a particularly strict requirement of independence thereby imposing, upon independent Directors, the obligation to accumulate the conditions required by the Corporate Governance Code for listed companies promoted by the Italian Stock Exchange and the independence requirements provided for by Article 148, third paragraph, of Legislative Decree 58 of 1998, where they set out more restrictive conditions. The definition of independence is set out in detail in Article 13.4.3 of the Articles of Association.

The Directors who hold the position of Chairman, Managing Director or other special positions shall also meet the specific requirements established by the current regulations for such offices.

As regards the members of the Management Control Committee, specific requirements have been provided for, in addition to those generally applicable to the members of the Board of Directors, further described below (see par. F).

The Articles of Association govern the effects of the loss of the requirements of independence or professionalism (Article 13.6).

Appointment of the Board of Directors (Article 14)

The election of members of the Board of Directors shall take place on the basis of slates prepared by Shareholders in line with the regulations for listed companies. The lists may be submitted - in line with the provisions of the current Articles of Association - by as many shareholders representing at least 0.5%, or such other lower percentage established by law, of the capital represented by ordinary shares.

The election system defined in the Articles of Association is based on a majority principle, moderated through the provision of a share of members of the Board of Directors and of the Management Control Committee assigned to minority lists according to the criteria provided by the Articles of Association. The mechanism put in place thus makes it possible to ensure adequate representation of minority shareholders within the corporate bodies, by submitting slates of candidates to the Shareholders' Meeting during the renewal of the Board of Directors and, subsequently, also during the replacement of any outgoing board members.

The model provides a single vote for the Board of Directors and the Management Control Committee, on the basis of lists of candidates submitted in two separate sections.

In particular, as defined in the Articles of Association (**Article 14.2.1**), all members of the Board of Directors are drawn from the list that obtained the highest number of votes (majority list), with the exception of five or four Directors depending on their total number (around one fourth of the total number).

In particular, three Directors are drawn from the majority list to also take up the position of Management Control Committee members.

Among the Directors expressed by the minority lists, two are in any case reserved (**Article 14.2.2**) to the minority list that obtained the second highest number of votes (first minority list) and has no connection with the majority, as laid down by the regulations. The first of said Directors is appointed Chairman of the Management Control Committee. The other members of the Board of Directors are drawn (**Article 14.2.3**) proportionately from other lists than the one that obtained the highest number of votes, it being understood to be included among these also the first minority list, provided that such lists, taken as a whole, obtained votes at least equal to 10% of the ordinary capital represented at the Shareholders' Meeting.

Where it is necessary to complete the composition of the Board of Directors upon the outcome of the proportional division, all the other additional members of the same Board are drawn from the list that obtained the most votes, until the exhaustion of the candidates present therein.

Specific procedures are intended to regulate the election mechanism in case of equal ratio (**Article 14.3**) and to ensure that the election by list vote allows a proper composition of the Board in line with the requirements of professionalism, independence and gender balance (**Article 14.4**). Additional completion provisions are also included (**Articles 14.5, 14.6, 14.7**). The Shareholders' Meeting elects by relative majority the Chairman of the Board of Directors and one or more Deputy Chairpersons (**Article 14.8**).

Termination of the office and replacements (Article 15)

If, for whatever reason, more than half the members of the Board of Directors leave service, the entire Board shall be regarded as terminated and the remaining members shall urgently convene the Shareholders' Meeting for the appointment of the new Board.

The members of the Board of Directors, including the members of the Management Control Committee, may be removed by the Shareholders' Meeting at all times, notwithstanding the right of the removed Member to be indemnified if the removal occurs without just cause.

The removal of the members of the Management Control Committee shall be duly justified and also involves the removal as member of the Board of Directors. In this regard, the Articles of Association provide that the same removal proposal of one or more members of the Management Control Committee should provide an adequate explanation of the reasons. This proposal, where submitted by the Board of Directors, or by the Management Control Committee, must follow a special decision-making process.

In the event of a Director's termination of office, the Board of Directors may proceed with the replacement of the outgoing Director by co-option, in compliance with the applicable requirements, provided that the majority continues to consist of members appointed by the Shareholders' Meeting.

If, on the contrary, a member of the Management Control Committee should leave his/her office, the first unelected member from the second section of the list to which the previous member belonged - in possession of the prescribed requirements - shall take up the position or, failing that, the Shareholders' Meeting, convened without delay, shall see to it.

The new members of the Management Control Committee and the members appointed by the Board by co-option shall hold office until the next Shareholders' Meeting that proceeds in accordance with the principle of necessary representation of minorities and gender balance and taking into account the slate from which the removed Director had been drawn.

Reimbursement of expenses and remuneration for corporate offices (Article 16)

The members of the Board of Directors are entitled to reimbursement of the expenses incurred in connection with their office.

The members of the Board of Directors are entitled to a fixed remuneration determined, for the entire period of their office, by the Shareholders' Meeting upon the appointment of the Board itself. The Shareholders' Meeting also determines the fixed additional remuneration for the office of Chairman and Deputy Chairperson.

The Shareholders' Meeting has the duty to determine, at the time of the appointment of the Management Control Committee and for the entire term of office, specific remuneration for the members of said Committee, consisting of a fixed, equal amount for each one but with a special addition for the Chairman.

Notwithstanding the foregoing, the Board of Directors has the duty, upon the proposal of the Remuneration Committee, to determine, in addition to the remuneration determined by the Shareholders' Meeting, the remuneration of the Board members to whom the Board itself assigns further special duties in compliance with the Articles of Association. Said remuneration is determined in a fixed sum, with the exception of that owed to the Managing Director and General Manager, determined also in a variable amount, in line with the remuneration policies approved by the Shareholders' Meeting.

D. Chairman of the Board of Directors (Article 19)

The Chairman of the Board of Directors shall oversee the work of the Board, organise and direct the activity and perform all the tasks set by the supervisory regulations in force from time to time.

In determining the responsibilities of the Chairman of the Board of Directors the different tasks that the current Articles of Association reserve to the Chairman of the Supervisory Board and to the Chairman of the Management Board were taken into account.

Among the various duties, the Chairman of the Board of Directors shall i) call and chair the meetings of the Board and set the agenda, ii) ensure the effectiveness of Board discussions and a proper debate, iii) ensure that the self-assessment process be conducted in an effective manner, iii) chair the Shareholders' Meeting and oversee its work and proceedings; iv) promote and supervise the effective functioning of the corporate governance system; v) entertain the necessary and appropriate relations with the Managing Director; vi) request and receive information also on specific aspects of the Company's and the Group's operations, having access to all corporate functions to this end; vii) oversee, thereby verifying the accuracy thereof, the management of Shareholders' relations, in agreement with the Managing Director; viii) take care of relations with the Supervisory Authorities within the scope and for the purposes of his/her functions and activities as liaison for the Board and the Shareholders' Meeting; ix) have the power to appear in court and delegate the legal representation of the Company *vis-à-vis* any judicial or administrative authority.

The Chairman of the Board of Directors has a non-executive role and does not carry out, not even *de facto*, management functions.

In urgent cases, the Chairman of the Board of Directors or, in the case of his/her absence or impediment, the Deputy Chairperson or the eldest Director, upon the binding proposal of the Managing Director, may take resolutions on any matters within the powers of the Management Board, with the exception of the strategic matters or those which may not be delegated and are solely within the powers of the same Board.

In cases of urgency, the Managing Director has the sole lending power.

The Board of Directors shall be informed of such resolutions at the next meeting.

In case of absence or impediment of the Chairman of the Board of Directors, his/her functions shall be performed by the Deputy Chairperson of the Board of Directors with the longest uninterrupted service or otherwise by the eldest Deputy Chairperson.

E. Managing Director (Article 20)

The Board of Directors, upon consultation with the Nomination Committee and proceeding with the favourable vote of the majority of members in office, shall elect from among its members, except for the Chairman of the same Board, the members of the Management Control Committee and the minimum number of Independent Directors, a Managing Director vested with the powers related to the Company's day-to-day management.

The Managing Director is the Chief Executive Officer and General Manager and supervises the company's management to the extent of his/her assigned powers, in compliance with the strategic guidelines set forth by the Board of Directors. He/she is responsible for personnel management and determines operational directives. Within the scope of the duties assigned, he/she shall be vested with powers of proposal for the resolutions of the Board of Directors, notwithstanding in any case the right to propose of any other Director and the powers typically within the remit of the Committees provided for by the Articles of Association, as defined by the current regulations and the Articles of Association.

The Managing Director shall implement the resolutions of the Board of Directors, with particular reference to the implementation of the strategic guidelines, the risk appetite framework and the risk governance policies defined by the Board of Directors.

He/she shall also ensure that the organisational, administrative and accounting structure as well as the internal control system are adequate considering the nature and size of the Company and suited to furnishing a proper representation of operations.

In urgent cases, the Managing Director and CEO may propose that the Chairman take decisions on all matters pertaining to the Board (except for those that cannot be delegated); still in urgent cases and on an exclusive basis, he/she shall take decisions on lending matters.

In case of absence or impediment of the Managing Director, i) the functions of General Manager shall be assigned by joint signature to two Top Managers belonging to the Steering Committee (provided in Article 18.2.2 lett. c)), as identified by the Board of Directors upon the Managing Director's proposal and ii) the powers delegated to the Managing Director shall be exercised by the Board of Directors.

F. The Management Control Committee (Article 23)

The Management Control Committee carries out particularly pervasive tasks, being qualified by the same regulations as the company's control body and for that purpose it is vested with all the powers, including inspection and reporting to the Authorities, as provided for by the law and the supervisory regulations.

As previously mentioned, the Management Control Committee is reserved a special position within the Board to which it belongs. Its members are appointed directly by the Shareholders' Meeting and their removal shall also be approved by the Shareholders' Meeting, which also directly determines the remuneration, taking into account the different duties that may be assigned to the same Committee.

The Committee, in particular, carries out all the tasks assigned to the control body pursuant to the law.

Among its various duties, the Committee shall: i) oversee the compliance with legal and regulatory provisions and the Articles of Association and the observance of the principles of correct management; ii)

supervise the adequacy, efficiency and functionality of the organisational structure of the company and the internal control system, as well as of the administration and accounting system; iii) ensure the effectiveness of all the structures and functions involved in the control system and the proper coordination thereof, promoting the corrective measures of any deficiencies and irregularities detected; iv) oversee the methods for the actual implementation of the corporate governance rules laid down by codes of conduct; v) propose to the Shareholders' Meeting the auditing firm to which to assign the audits of accounts and the fee for its mandate, supervise its work, share with it the relevant data and information for the performance of the respective duties and carry out the duties assigned, pursuant to Article 19 of Legislative Decree 39/2010 to the audit committee; vi) promptly report to the supervisory authority and Consob on any management irregularities and breaches of the regulations; vii) report on the supervisory activities carried out, on any omissions and reprehensible facts detected to the Shareholders' Meeting called to approve the financial statements; viii) subject to notice to the Chairman of the Board of Directors, call the Shareholders' Meeting, if, in the performance of its duties, it should detect particularly serious reprehensible facts and urgent measures need to be taken and, where necessary, for the performance of its functions; ix) perform, in line with its control function, the additional duties assigned to it by the Board of Directors.

The Committee is also vested with powers to request information, call the Board of Directors and conduct inspections, as well as the power to avail of the company's employees for the performance of its functions, in the manner and according to the procedures established by the Consolidated Law on Finance (Article 151 - ter of Legislative Decree 58 of 24 February 1998).

The Committee shall work closely with the control bodies of the subsidiaries.

Requirements of the members of the Management Control Committee (Article 13.5)

The members of the Management Control Committee - in addition to the requirements requested for all the Board members - shall be in possession of specific professional requirements and shall ensure compliance with the limits on concurrent positions provided by the law and by the current regulations for the performance of the duty of member of the control bodies of a bank issuing shares listed on regulated markets.

All members of the Management Control Committee, in addition to the requirements prescribed by the regulations applicable to them, shall also meet the more stringent independence requirements defined by the Articles of Association.

Furthermore, they shall have acquired proven professional experience of at least five years in the internal control, administration and finance sectors. This special requirement of professionalism shall have been acquired as board members or as executives in banking, financial, insurance companies or other companies of qualified size, or in Public Administrations at least at the regional level and Authorities whose area of expertise is connected with the aforesaid activities or for the performance of professional activities targeted at them or of activities of university lecturing in legal and economic subjects.

At least three members of the Management Control Committee shall be enrolled with the Register of Independent Auditors and have practised as auditors or acted as member of a limited company control body for a period of at least three years.

Notwithstanding the application of the current regulations on concurrent positions (and in any event the limits laid down by the Directive 2013/36/EU of 26 June 2013), the members of the Committee may not take up positions of an executive nature in other companies or more than two positions of non-executive nature in corporate bodies (including those of supervisory body member) of other large companies. To this end, the candidates for the office of member of the Control Committee shall expressly undertake the obligation to immediately step down from any incompatible offices in the event of their appointment.

The members of the Management Control Committee may not be members of other Committees appointed by the Board.

For each member of the Management Control Committee, the loss of the requirements of independence or professionalism or the failure to comply with the limits to the number of offices pursuant to the Articles

of Association as set out above, shall result in the disqualification from the office of Board of Directors' member.

G. The other mandatory Board Committees (Articles 24 to 28)

The Board of Directors shall establish its own internal Nominations Committee, Remuneration Committee and Risk Committee, which perform the duties required by law to support the Board.

Each Committee is composed of a minimum of three and a maximum of five non-executive Directors who are mainly Independent Directors.

The Director appointed as Chairman of a Committee must be independent, in compliance with the supervisory provisions, and may not hold the office of Chairman of another Committee appointed by the Board.

The Board of Directors may establish other Committees, such as the Committee for transactions with related parties and associated entities, entrusted with assessment and advisory tasks (Article 28).

H. Financial statements, net income and savings shares, audits of accounts, withdrawal of shareholders and winding-up of the Company (Articles 29 to 34)

With regard to these provisions of the Articles of Association, no material changes have been made *vis-à-vis* the Articles of Association in force.

I. Transitory and final provisions (Articles 35 and 36)

The text of the new Articles of Association shall become effective upon the first renewal of the corporate bodies following the approval by the Shareholders' Meeting of the new provisions of the Articles of Association, except for the provisions governing the composition and the requirements set for the Board of Directors (Article 13) and the election of the Board of Directors (Article 14), which shall apply from the date of the notice convening the Shareholders' Meeting, called to vote on the appointment of the new corporate bodies (Article 35).

The final provisions of the Articles of Association, also provide that the Chairman of the Supervisory Board that terminates office with the adoption of the new Articles of Association shall assume the uncompensated position of Chairman Emeritus (Article 36). The Chairman Emeritus shall not be a member of the Board of Directors.

In relation to that office, the Chairman Emeritus may express opinions and participate in meetings, in a consultative capacity, at the request of the Chairman of the Board of Directors and/or of the Managing Director, so as to ensure that the new governance may be deployed on a continuous basis in terms of efficiency and rigour, and he shall collaborate with the Chairman of the Board of Directors in the design and development of cultural initiatives of the Company and the Group.

The provision shall apply for the three-year period from the first application of the changes introduced by the Shareholders' Meeting called to approve the new corporate governance system.

The proposed amendments do not grant the shareholders who did not participate in the resolutions being the subject matter of this Report the right to withdraw.

* * *

Dear Shareholders, you are therefore invited to approve the resolution proposed below:

Resolution

The extraordinary shareholders' meeting of "Intesa Sanpaolo S.p.A.", having examined the report of the Management Board made available to the public pursuant to the law and distributed to those present,

resolves

- 1) *to adopt the one-tier corporate governance system, with effect from the date of the renewal of the corporate bodies currently in office, pursuant to Articles 2409-sexiesdecies and following of the Italian Civil Code, based on a Board of Directors composed of a minimum of 15 (fifteen) to a maximum of 19 (nineteen) members, 5 (five) members of which are part of the Management Control Committee;*
- 2) *to establish that the powers to increase the share capital for free and against payment, pursuant to Articles 2443 and 2441, paragraph 8, of the Italian Civil Code granted to the Management Board by the Extraordinary Shareholders' Meeting of 8 May 2014 shall be construed as consequently conferred, for the unused part and for all their content, to the Board of Directors;*
- 3) *to approve, as a whole, the new text of the Articles of Association consisting of 36 (thirty-six) articles and attached to the report of the Management Board acknowledging that, with respect to the current text, the following remained unchanged, namely: the name, registered office, secondary office, activity that constitutes the corporate purpose, duration, share capital, number, nominal value and characteristics of the ordinary and savings shares, closing date of financial years and rules on the distribution of profits;*
- 4) *to establish, moreover, that all changes to the Articles of Association shall become effective upon the first renewal of the corporate bodies to which they apply following today's Shareholders' Meeting, except for articles 13 and 14, which shall apply from the date of the notice convening the Shareholders' Meeting, called to resolve on the appointment of the new corporate bodies.*

12 January 2016

For the Management Board
the Chairman – Gian Maria Gros-Pietro

INTESA SANPAOLO S.p.A.

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TITLE I

CONSTITUTION, NAME, REGISTERED OFFICE AND DURATION OF THE COMPANY

Article 1. Name.

1.1.- The Company is incorporated under the name "Intesa Sanpaolo S.p.A.", without any restriction in the form of graphic presentation. In the use of brands and logos of the Company and the Group, the words that compose the name of the Company may be combined in a different manner. The Company may use, as brands and logos, names and/or brands used by itself and/or by the companies incorporated therein.

1.2.- The Company is a Bank pursuant to the provisions laid down in Legislative Decree 385 of 1 September 1993.

Article 2. Registered office.

2.1.- The Company has its registered office in Torino and a secondary registered office in Milano. Central operations are divided between Milano and Torino, provided, however, that in any case "Administration, Financial statements, Tax", "Internal Audit" and "General Secretariat" shall be in Torino.

2.2.- Subject to being granted the authorisations provided for by laws and regulations in force from time to time, the Company may establish and wind up secondary registered offices, branches and representative offices, both in Italy and abroad.

Article 3. Duration.

The duration of the Company shall be until 31 December 2100 and may be extended.

TITLE II

CORPORATE PURPOSE

Article 4. Corporate purpose.

4.1.- The purpose of the Company is the deposit-taking and the carrying out of all forms of lending activities, both directly and through its subsidiaries. To this end, the Company may, in compliance with

laws and regulations in force from time to time and subject to being granted the required authorisations, directly and also through its subsidiaries, provide all banking and financial services, including the establishment and management of open-end and closed-end pension schemes as well as carry out any other transactions that are instrumental for, or related to, the achievement of its corporate purpose.

4.2.- Acting in its capacity as Parent Company of the “Intesa Sanpaolo” banking group, pursuant to Article 61 of Legislative Decree 385 of 1 September 1993, the Company issues, in connection with its management and coordination capacity, instructions to the Group companies, including with respect to the implementation of the instructions of the Supervisory Authorities in the interest of the Group’s stability.

4.3.- The Company acts in the capacity of Parent Company of the financial conglomerate, pursuant to Article 3 of Legislative Decree 142 of 30 May 2005.

TITLE III

CAPITAL AND SHARES

Article 5. Share capital.

5.1.- The Company’s subscribed and paid-in share capital amounts to 8.731.874.498,36 euro, represented by 16.792.066.343 shares with a nominal value of 0.52 euro each, comprising 15.859.575.782 ordinary shares and 932,490,561 non-convertible savings shares ⁽¹⁾.

5.2.- The Extraordinary Shareholders' Meeting may resolve upon the allocation of net income to the employees of the Company or of its subsidiaries by issuing financial instruments in accordance with the applicable legislation.

5.3. - By virtue of the combined provisions of the resolution of 8 May 2014 and the resolution of [...] 2016 ⁽²⁾, the Extraordinary Shareholders' Meeting conferred upon the Board of Directors (i) delegated powers pursuant to Article 2443 of the Italian Civil Code, for a free share capital increase within 28 February 2018, in one or more tranches, by up to 53,101,088.56 euro, through the issue of up to 102,117,478 ordinary shares of Intesa Sanpaolo with the same characteristics as those shares already outstanding, to which dividends and other entitlements accrue in the usual way, for allocation to the

¹ The information regarding the share capital amount and the number of the ordinary shares has been updated following the merger by incorporation of Cassa di Risparmio della Provincia di Viterbo S.p.A. into Intesa Sanpaolo S.p.A. The updated Articles of Associations have been filed in the Torino Company Register on 2 December 2015.

² In the resolution to be submitted to the Shareholders' Meeting, it will be clarified that "The Shareholders' Meeting, to this end, confers on the Board of Directors the delegated powers already granted to the Management Board under the resolution of 8 May 2014".

recipients of the "Investment Plan", approved on that same date, subject to the terms and conditions of the Investment Plan; through the allocation - pursuant to Article 2349 of the Italian Civil Code - up to the amount corresponding to the profits and/or reserves shown in the most recently approved set of financial statements; and (ii) all widest powers to duly identify the net income and/or net income reserves shown in the most recent approved set of financial statements, for application to the purpose described in (i) above, with a mandate to make such accounting records as may be consequent to the issue of the shares, in compliance with the law and the accounting standards in force from time to time.

5.4. - By virtue of the combined provisions of the resolution of 8 May 2014 and the resolution of [...] 2016 ⁽³⁾, the Extraordinary Shareholders' Meeting conferred on the Board of Directors, pursuant to Articles 2441, eighth paragraph, and 2443, of the Italian Civil Code, delegated powers for a share capital increase, for an amount of up to 213,073,650.40, without a pre-emptive subscription right and in favour of the employees, in one or more tranches and on one or more occasions, within 28 February 2018, with the issue of up to 409,757,020 shares, at a price that incorporates a discount against the market value of Intesa Sanpaolo ordinary shares, servicing the implementation of the Investment Plan approved on such date. The same Extraordinary Shareholders' Meeting granted the Board of Directors all the widest powers as may be required for: (i) settling the issue price of the newly-issued ordinary shares; the issue price shall be determined by applying a discount on the market price of the shares, calculated as the average of the prices observed during the 30 days preceding the issue date, provided in any event that it may not be less than the nominal value per share (0.52 euro); (ii) establishing the maximum number of ordinary shares that may be issued and allocated for subscription by employees receiving the Investment Plan, upon the terms and conditions thereof; and (iii) determining the timetable for the execution of the resolution on the share capital increase.

Article 6. Shareholders' address for service.

The address for service of each Shareholder, for the purposes of their relations with the Company, is the address recorded in the Shareholders' Register.

TITLE IV

SHAREHOLDERS' MEETING

Article 7. Shareholders' Meeting.

³ Cf. Note 2.

7.1.- The Shareholders' Meeting, duly called and established, is deemed to represent all Shareholders. Resolutions passed in accordance with the law and the Articles of Association are binding on all Shareholders, irrespective of their attendance or agreement.

7.2.- The Shareholders' Meeting shall be ordinary and extraordinary pursuant to the law.

7.3.- The Ordinary Shareholders' Meeting shall:

- 1) approve the financial statements and resolve upon the net income allocation;
- 2) appoint, subject to determining the number of, and remove the members of the Board of Directors, determine their remuneration as per Article 16 and elect the Chairman and one or more Deputy Chairpersons, according to provisions of Article 14.8 below;
- 3) appoint and remove members of the Board of Directors who are members of the Management Control Committee and appoint the Chairman of such Committee, all according to the provisions of Article 14, and determine their remuneration as per Article 16.3;
- 4) resolve upon the responsibilities of the members of the Board of Directors;
- 5) assign the engagement for the audit of the accounts and determine the relevant fees upon the reasoned proposal of the Management Control Committee and, once the opinion of the Management Control Committee has been sought, revoke or amend the engagement granted, where necessary;
- 6) approve the remuneration policies for members of the Board of Directors and staff and plans based on financial instruments; in this context, it shall approve the criteria for determining the compensation to be granted in the event of early termination of employment or early departure from office, including the limits on such compensation in accordance with applicable laws and regulations, and it may also resolve upon a ratio of the variable component to the fixed component of individual remuneration for personnel in excess of 1:1, but not in excess of the maximum according to Supervisory laws and regulations, with the qualified majorities defined in those same laws and regulations;
- 7) approve the regulations, if any, of the Shareholders' Meeting;
- 8) resolve upon the other matters assigned to it by the regulations in force or by the Articles of Association;
- 9) authorise the most significant transactions with related parties in the cases and according to the conditions provided for in the procedures adopted pursuant to Art. 18.2, paragraph 2, letter h), in accordance with applicable laws and regulations.

7.4.- The Extraordinary Shareholders' Meeting shall resolve upon the amendments of the Articles of Association (without prejudice to the powers of the Board of Directors pursuant to Art. 18.2, paragraph 2, letter m), on the appointment, removal, replacement and powers of liquidators and on any other matter within its purview pursuant to the law.

Article 8. Calling of meetings.

8.1.- The Shareholders' Meeting is called by the Board of Directors whenever the Board of Directors deems it appropriate or, according to the provisions of Article 2367 of the Italian Civil Code, upon request by Shareholders representing at least one twentieth of the share capital.

The Ordinary Shareholders' Meeting shall be called at least once a year, no later than a hundred and eighty days after the end of the financial year.

8.2.- Without prejudice to the other provisions of law setting forth the powers to call meetings, the Management Control Committee may call the Shareholders' Meeting, where necessary for the exercise of its functions, subject to prior notice to the Chairman of the Board of Directors.

8.3.- The Shareholders' Meeting is called at the registered office of the Company or in another location in the municipality where the Company has its registered office by a notice of call stating the information required by the law.

Such notice shall be published within the timeframe provided for by the law on the Company's website, as well as in the ways provided for by applicable laws and regulations.

8.4.- The Shareholders' Meeting is held in single call.

The Board of Directors may establish a second call for the Shareholders' Meeting, and, limited to Extraordinary Shareholders' Meetings, a third call. This decision is disclosed in the notice of call.

8.5.- Shareholders who, either jointly or severally, represent at least one-fortieth of the share capital may request, within the terms and scope and in the manner provided for by law, additions to the agenda of the meeting, specifying in their request the additional items they propose. Notices with respect to the additions to the agenda as a result of such requests shall be given in the forms required for the publication of the notice of call.

Article 9. Right to attend and vote in the Shareholders' Meeting.

9.1.- Persons with the right to vote may attend the Shareholders' Meeting provided a notice by the authorised intermediary certifying their voting right has been submitted to the Company within the time limits provided by law.

9.2.- Each ordinary share confers the right to cast one vote.

9.3.- Persons having voting rights may be represented by proxy subject to relevant provisions of law. The proxy may be notified electronically, using the designated section of the Company's website, or by e-mail, following the instructions provided in the notice of call.

9.4.- For each Meeting, the Company appoints, disclosing it in the notice of call, one or more parties upon whom holders of voting rights may confer a proxy with instructions to vote on all or some of the items on the agenda, in accordance with the terms of applicable laws and regulations. The proxy is valid only to the extent of the proposals upon which instructions to vote have been conferred.

9.5.- Where so indicated in the notice of call, persons entitled to vote may participate in the Shareholders' Meeting by telecommunications systems and exercise the right to vote by electronic channels, according to the conditions specified in that same notice of call.

Article 10. Chair and conduct of the Shareholders' Meeting. Secretary.

10.1.- The Shareholders' Meeting is chaired by the Chairman of the Board of Directors, or, in case of his/her absence or impediment, by the longest-serving Deputy Chairperson of the Board of Directors who is not also absent or impeded, or, in the case of equal term of service, by the eldest Deputy Chairperson. If all of the above are absent or impeded, the Shareholders' Meeting is chaired by a person designated by the Shareholders' Meeting.

10.2.- The Chairman of the Shareholders' Meeting, including through persons appointed by himself/herself, shall verify that the meeting has been duly established, shall ascertain the entitled persons' right to attend the meeting and vote, shall verify the validity of the proxy, shall preside over the discussions and works of the meeting, and shall determine the voting procedures and announce the relevant results.

10.3.- The Chairman shall be assisted by a Secretary, represented by the Secretary of the Board of Directors or, in case of his/her absence or impediment, the person appointed by the Shareholders attending the Meeting if the minutes are not drafted by a Notary Public. The Chairman may also appoint, as the case may be, specific individuals chosen among the Meeting's attendees.

10.4.- If the discussion of the items on the agenda of the meeting is not exhausted on the day of the meeting, the Shareholders' Meeting may continue on the following business day.

Article 11. Validity of resolutions.

The validity of the Shareholders' Meeting and the validity of the resolutions taken shall be governed by applicable laws and regulations, except as otherwise provided for in Article 14 concerning the election of the Board of Directors and the Management Control Committee.

TITLE V**CORPORATE GOVERNANCE SYSTEM****Article 12. One-tier governance system.**

The Company adopts a one-tier governance system pursuant to Articles 2409-sexiesdecies and following of the Italian Civil Code. It therefore operates through a Board of Directors (hereinafter also the "Board"), some members of which are also members of the Management Control Committee (hereinafter also the "Committee").

Article 13. Board of Directors and Management Control Committee.**13.1. – Composition.**

The Board of Directors is composed of a minimum of 15 (fifteen) and a maximum of 19 (nineteen) members, including non-Shareholders, appointed by the Shareholders' Meeting.

The less-represented gender shall be reserved at least one-third of the seats on the Board of Directors, unless otherwise provided for by the law. If this does not yield a whole number, the result shall be rounded up to the next whole number.

The Management Control Committee is composed of five Directors.

13.2. – Duration.

The members of the Board of Directors shall remain in office for three years and their term shall expire on the date of the next Shareholders' Meeting provided for in the second paragraph of Article 2364 of the Italian Civil Code. They may be re-elected.

13.3. – Integration.

In the event that the number of members of the Board of Directors originally determined is lower than the maximum number, the Shareholders' Meeting may subsequently increase such number, but not beyond that maximum number. The new members shall be appointed by the Shareholders' Meeting in accordance with Article 14, while preserving the ratio between the genders through the application,

where necessary, of the supplementary mechanism provided for in Art. 14.4. The newly elected members shall end their terms of office on the same date as the members already in office.

13.4. – Requirements for members of the Board of Directors.

13.4.1. Members of the Board of Directors must be fit to perform the duties of their office, as established by applicable laws and regulations and the Articles of Association. In particular, they must satisfy the requirements of professionalism, personal integrity, competence, fairness, and time commitment and the specific limits on concurrent positions prescribed by applicable laws and regulations, and in any event those set forth in Directive 2013/36/EU of 26 June 2013, to carry out the duties of director of a bank that has issued shares listed on regulated markets.

13.4.2. In addition to the requirements laid down in applicable laws and regulations, the members of the Board of Directors must satisfy the following additional requirements:

- a) (Professionalism) At least four members i) must be enrolled with the Register of Independent Auditors and ii) have practised as auditors or performed the functions of member of a control body of a joint-stock company for a period of at least three years;
- b) (Independence) At least two-thirds of the members must satisfy the independence requirements established in paragraph 13.4.3 of this article below. In these Articles of Association, such directors are designated "Independent Directors". When the application of this quota does not yield a whole number, the requirement must be regarded as referring to a number of Directors rounded up to the next whole number.

13.4.3. A Director may not be regarded as Independent if:

- a) directly or indirectly, also through subsidiaries, trustees or intermediaries, he/she controls the Company, may exercise a significant influence over the Company or is a party to a shareholders' agreement through which one or more parties may exercise control or significant influence over the Company;
- b) he/she is, or has been in the previous three years, a senior representative of the Company, of a subsidiary of the Company of strategic importance, of a company under common control with the Company, or of a company or entity that, separately or together with other parties through a shareholders' agreement, controls or may exercise a significant influence over the Company;
- c) he/she has, or had in the previous year, directly or indirectly (for example, through subsidiaries or companies of which he/she is a senior representative, or in the capacity of partner in a professional firm or consulting company), a significant commercial, financial or professional relationship:
 - with the Company, a subsidiary of the Company, or one of the senior representatives of such companies;
 - with a party who, separately or together with others through a shareholders' agreement, controls the Company or, in the case of a company or entity, with the senior representatives of the company or entity; or he/she is, or has been in the previous three years, an employee of one of the foregoing parties;
- d) he/she receives, or has received in the previous three years, from the Company, a subsidiary or a parent company, significant additional remuneration (in addition to "fixed" remuneration as a non-executive

director of the Company and compensation for participation in committees recommended by the Corporate Governance Code promoted by Borsa Italiana S.p.A.), which may take the form of participation in incentive plans tied to company performance, including share-based plans;

e) he/she has been a director of the Company for more than nine of the past twelve years;

f) he/she serves as executive director of another company at which an executive director of the Company serves in the office of director;

g) he/she is a shareholder or director of a company or entity belonging to the same network as the Company's independent auditors;

h) he/she is a close family member of a person who is in one of the situations described in the foregoing points.

For the purposes of the categories described above, the definitions set forth in the Corporate Governance Code promoted by Borsa Italiana S.p.A. shall apply. With specific regard to the situation described in letter d), the fact that a Director collected deferred remuneration for activities concluded more than three years prior is not of itself relevant.

In addition, a Director may not be regarded as Independent in the cases indicated in Art. 148, third paragraph, of Legislative Decree 58 of 24 February 1998, where these establish more restrictive conditions.

13.4.4. The specific requirements established by applicable laws and regulations must also be met in the cases of the Chairman, the Managing Director and those who serve in other offices to which the requirements apply. Members of the Management Control Committee must also satisfy the requirements that apply to them under Art. 13.5 of the Articles of Association.

13.4.5. Persons who are employees of the Company or another Group company, or who serve in executive positions at Group companies, where they have been elected to Company's Board of Directors, unless they opt for termination of their employment or resign from their executive positions, shall be considered disqualified from the Board of Directors, except in the case of appointment to the office of Managing Director.

13.4.6. Without prejudice to the provisions of Article 14, each Director, for the duration of his or her term of office, is required to update certification of satisfaction of the requirements and all information useful to an overall assessment of fitness for the office filled, according to the scheme envisaged in Article 14.1, by timely notice to the Chairman of the Board of Directors.

13.5.- Requirements for members of the Management Control Committee.

13.5.1. The members of the Committee must also satisfy the requirements of integrity and professionalism and are required to abide by the limits on concurrent offices established by applicable laws and regulations for fulfilling the duties of member of the control body of a bank that has issued shares listed on regulated markets.

13.5.2. In addition to meeting the requirements established by applicable laws and regulations, the members of the Committee must also satisfy the independence requirements laid down in the Article 13.4, paragraph 3, of Articles of Association for Independent Directors.

13.5.3. The members of the Committee must also have obtained at least five years of proven experience in the fields of internal controls, administration and finance:

a) serving as a member of company bodies or performing executive duties at entities that conduct banking or financial business with total assets of at least 5 billion euro, or at entities that conduct insurance business with annual gross premium income of at least 1 billion euro, or at entities or enterprises with total revenues of at least 500 million euro (sizes are understood to be calculated on the basis of the company's most recent financial statements or consolidated financial statements, where prepared by the entity); or

b) lecturing at the university level in a tenured position in economics or law, or performing, over an extended period, significant professional services or activities related to the duties typical of a control body for the benefit of the entities and enterprises indicated in point a); or

c) serving as senior officials or carrying out executive duties at public administrations of at least regional importance or authorities whose responsibilities concern banking, finance or insurance business.

At least three of them must also i) be enrolled with the Register of Independent Auditors and ii) have worked as an independent auditor or performed the functions of member of a control body of a joint-stock company for a period of at least three years.

13.5.4. Without prejudice to the application of laws and regulations concerning concurrent positions (and, in any event, to the limits established in Directive 2013/36/EU), the members of the Committee may not serve i) in offices of an executive nature at other firms or ii) in non-executive offices in bodies (including control bodies) at more than two other firms of significant size – by which are meant those indicated in Art. 13.5.3, letter a). To that end, candidates for the office of Committee member expressly assume an obligation to immediately resign from incompatible offices in the event of their appointment.

13.5.5. In any event, without prejudice to all other cases of incompatibility envisaged in applicable laws and regulations, members of the Committee are prohibited from accepting positions on bodies other than those with control functions at other Group or financial conglomerate companies, or at companies in which the bank holds a strategic equity interest, in accordance with supervisory regulations. However, any control offices filled in accordance with this paragraph are counted for the purposes of the limits laid down in paragraph 13.5.4 above.

13.5.6. Members of the Management Control Committee may not be members of the other committees appointed by the Board of Directors indicated in Articles 24 and 28.

13.6 Loss of requirements.

The loss of the independence or professional requirements laid down in Article 13.4, paragraph 2, by a Director shall not result in disqualification if the minimum number of Directors meeting the established requirements is still satisfied.

However, the loss of the independence or professionalism requirements established in Article 13.4, paragraph 2, shall nonetheless result in termination from the offices for which those requirements are imposed by applicable laws or regulations or the Articles of Association.

For each member of the Management Control Committee, the loss of the independence or professional requirements indicated in Article 13.5, paragraphs 2 and 3, or failure to abide by the limits on concurrent positions set forth in Article 13.5, paragraph 4, results in disqualification from the office of Director.

13.7. – Secretary of the Board of Directors.

The Board of Directors may appoint a Secretary, who may also not be a member.

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 then be transcribed into the specific mandatory company books and then duly signed by the chairman of the meeting and the Secretary.

Copies and extracts of the minutes, when not drafted by a Notary, are certified by the declaration of conformity signed by the Director chairing the meeting and the Secretary.

Article 14. Election of the Board of Directors.

14.1 - Slates of candidates.

The election of members of the Board of Directors shall take place on the basis of slates prepared by Shareholders according to the following rules:

a) Shareholders representing at least 0.5%, or the lesser percentage set forth in applicable laws and regulations, of the ordinary share capital may submit a slate of candidates of a minimum of 2 (two) to a maximum of 19 (nineteen) names. Each slate must be divided into two sections of names, both numbered sequentially (i.e., with candidates listed with a number, starting at one in each section), and must indicate separately, in the first section, the candidates for the Board of Directors other than candidates also nominated for the Management Control Committee, and, in the second section, only candidates for the Management Control Committee. The slates shall be filed at the Company's registered office at least twenty-five days before the date of the Shareholders' Meeting called to elect the Directors, together with the information relative to the Shareholders presenting the slates, including the indication of the total percentage stake held, along with a declaration of each candidate accepting his/her candidacy and attesting that he/she meets the requirements, applicable to all or some Directors provided for by law, regulations and the Articles of Association, and providing exhaustive information on the personal and professional characteristics of each candidate and the executive, administrative and control positions that each fills at other companies, in addition to all information useful to an overall assessment of fitness for the office to be filled, according to the scheme to be published by the Company in advance, while taking account of the guidelines of the supervisory authorities. In order to give evidence of the number of shares necessary to submit a slate, the relevant communication may also be submitted after filing of the slate,

but not later than twenty-one days before the date of the Shareholders' Meeting, following the procedure set out in the applicable law;

b) each Shareholder or Shareholders belonging to the same group or who are parties to a shareholders' agreement governing the Company's shares may not submit - and the persons having voting rights may no vote for - more than one slate of candidates, even by a third party or fiduciary companies. Shareholders who submit a slate other than Shareholders who hold a controlling or relative majority interest must also submit a declaration in which they certify there are no connections with such Shareholders deemed relevant in accordance with applicable legislation. On pain of ineligibility, each candidate may be presented on a single slate and, within a slate, in a single section of that same slate;

c) each slate containing a number of candidates equal to or greater than 3 (three): *c.i)* shall be composed in such a way to ensure the gender balance envisaged by current law; *c.ii)* shall also contain a number of candidates satisfying the independence requirement laid down in Article 13.4 of the Articles of Association equal to at least two-thirds of the total candidates presented on the slate; and *c.iii)* shall contain, in its first section, at least one candidate satisfying the professionalism requirement set forth in Article 13.4, paragraph 2, letter a), of the Articles of Association and, in its second section, at least one out of every two, or fractions of two, candidates satisfying that same professionalism requirement. For the present purposes, the rounding criteria pertinent to each requirement, as governed, respectively, by Articles 13.1 and 13.4, paragraph 2, letter b), of the Articles of Association, shall apply to the portion of the candidates who satisfy the requirements included in each slate;

d) if, upon the expiry of the term provided for by letter a), the Shareholders have filed: *d.i)* a single slate; *d.ii)* a single slate, with candidates limited to the second section only; *d.iii)* one or more slates with candidates limited to the first section only; or *d.iv)* only slates presented by Shareholders who according to applicable laws and regulations are considered connected to one another, the Company promptly informs the market via press release sent to at least two press agencies; in this case, slates may be presented within the time limit set out in the legislation in force, without prejudice to the other conditions and means of presentation provided for above;

e) the foregoing shall be without prejudice to the other and further provisions set forth by applicable laws and regulations as concerns the means and terms of submission and publication of the slates.

Slates which do not comply with the above provisions shall be considered as not submitted. However, any irregularities in the slates concerning single candidates shall not result in the automatic exclusion of the entire slate, but only of the candidates involved in the irregularities.

14.2.- Voting.

14.2.1 All members of the Board of Directors, except for five, when the Board of Directors has 19 or 18 members, or all members of the Board of Directors, except for four, in all other cases, are selected from the slate that has obtained the greatest number of votes (the "majority slate"), according to the sequential order in which the candidates have been listed on the slate concerned, until there are no more candidates in the pertinent section of the slate. In particular, three Directors are drawn in their sequential

order from the second section of the slate that received the greatest number of votes, and those Directors are also appointed members of the Management Control Committee. The other Directors reserved for that slate are selected from its first section according to the sequential order in which they are listed.

14.2.2 Two Directors are selected, in their sequential order, from the first two positions of the second section of the slate that has candidates who qualify for the Management Control Committee and, has obtained the second-greatest number of votes (“the first minority slate”) and has not been submitted or voted for by Shareholders considered connected, as defined in applicable laws and regulations, with the Shareholders who submitted or voted for the slate that obtained the greatest number of votes. The first of the above Directors takes up the office of Chairman of the Management Control Committee.

14.2.3. The other members of the Board of Directors - for whatever reason not elected according to the previous paragraphs 14.2.1 and 14.2.2 also due to the lack of candidates in the lists - are selected proportionally from the slates other than that which obtained the greatest number of votes (the “minority slates”, which are also understood to include the first minority slate), provided that such slates, collectively considered, have received votes corresponding to at least 10% of the ordinary capital represented in the Shareholders’ Meeting. The votes obtained by each of the slates are divided by one, two, three, four, and so on, according to the number of members to be appointed. The resulting ratios are progressively attributed to the candidates of each section of the above slates, according to the order of each of the two sections. The ratios attributed to the candidates on the various slates are organised into two sets of rankings, from highest to lowest, one for each section of the slates, except for the first two ratios of the second section of the slate from which the candidates appointed in accordance with paragraph 14.2.2 above have already been selected. The candidates with the highest ratios in the respective ranking of the slates other than that which obtained the greatest number of votes are elected to the Board of Directors, up to the number required to complete the composition of the Board of Directors.

14.2.4 If the composition of the Board of Directors and the Management Control Committee cannot be completed according to the procedure laid down in the foregoing paragraphs, the necessary candidates shall be obtained by selecting any as yet unelected candidates who satisfy the requirements imposed by applicable laws and regulations and the Articles of Association from the slate that obtained the greatest number of votes, according to the order in which the candidates are presented on that slate.

14.3.- Equality of ratio and ballot.

Should more than one candidate obtain the same ratio, the preferred candidate shall be the candidate belonging to the slate from which no Director, or the lowest number of Directors has been appointed.

If no Director has been appointed from those slates or the same number of Directors has been appointed from those slates, the preferred candidate shall be drawn from the slate which has obtained the highest number of votes. In case of equality of votes and ratio, a new vote is held by the whole Shareholders’ Meeting in the form of a ballot, with the candidate who obtains a simple majority of votes being elected.

14.4.- Supplementary mechanism.

If, upon termination of voting procedures, the composition of the Board of Directors does not reflect the gender balance envisaged by current regulations, the candidate of the over-represented gender with the lowest ratio shall be excluded. The excluded candidate shall be replaced by the subsequent candidate of the less-represented gender within the same slate. If necessary, this procedure shall be repeated until the composition of the Board of Directors complies with current regulations.

If, even following the above replacement procedure, an insufficient number of Directors with the requirements provided for by Article 13.4 of the Articles of Association have been appointed, new replacements shall be performed according to a procedure similar to that set forth in paragraph 1, excluding the candidates who have the lowest ratio and do not meet all of the requirements, always in compliance with the current regulations on gender balance.

For the sole purposes of this provision, candidates on all slates shall be progressively assigned the ratios corresponding to the votes obtained by each slate, according to the procedure defined in Article 14.2.3, sentences two and three.

14.5. - Completion of composition.

If the application of the criteria laid down in the foregoing paragraphs does not result in the appointment of all members of the Board of Directors or does not allow them to be appointed in accordance with the independence and gender requirements, the Shareholders' Meeting shall promptly appoint the missing members by resolution adopted by simple majority of votes on proposal submitted by persons having voting rights attending the meeting, in compliance with the principle of the due representation of minorities, according to the criteria set forth in Article 15.3.5.

14.6.- Single slate.

If only one slate is presented, the members of the Board of Directors shall be elected from that single slate, up to the number of candidates on that slate, selecting all members of the Management Control Committee from the second section of the slate.

14.7.- No slates.

Should no slate be submitted in a timely manner, the Shareholders' Meeting shall pass a resolution (for the appointment of both the Board of Directors and the Management Control Committee) by the relative majority of the capital represented at the Shareholders' Meeting, without prejudice to the necessary compliance with the requirements of applicable laws and regulations and the Articles of Association. In case of equality of votes, candidates shall be appointed by means of a further ballot.

14.8. - Election of the Chairman and Deputy Chairpersons.

The Shareholders' Meeting appoints the Chairman of the Board of Directors and one or more Deputy Chairpersons by relative majority.

Article 15. Termination of office.

15.1. – Simul stabunt simul cadent.

If, for any reason, more than one-half of the members of the Board of Directors leave service, the entire Board of Directors shall be regarded as terminated with effect from the date on which the new Directors take office and the remaining members must call an urgent session of the Shareholders' Meeting to appoint a new Board of Directors.

15.2. – Removal.

The members of the Board of Directors, including the members of the Management Control Committee, may be removed by the Shareholders' Meeting at any time, without prejudice to the right of the removed Director to be indemnified if removal occurs without just cause.

The proposal to remove one or more members of the Management Control Committee must provide an adequate account of the reasons for such removal. Such proposal, where submitted by the Board of Directors, must be adopted with the favourable vote of the absolute majority of its members in office and with the advance opinion of the Nomination Committee, expressed unanimously by those in attendance; where such proposal is submitted by the Management Control Committee, it must be adopted unanimously by the Committee's members.

Removal of members of the Management Control Committee must be duly justified.

Removal of a member of the Management Control Committee also entails the removal of that same member from the Board of Directors.

15.3. – Replacements.

15.3.1. If a member of the Board of Directors other than a member of the Management Control Committee leaves service, the Board of Directors shall replace the outgoing member by co-opting a new member onto the Board of Directors, provided that the majority of Directors have still been appointed by the Shareholders' Meeting, in compliance with the applicable requirements, the number of independent Directors and Directors of the less represented gender required by the Articles of Association and applicable laws and regulations.

15.3.2. If a member of the Management Control Committee leaves service, he or she shall be replaced by the first non-appointed candidate from the second section of the slate of the member leaving service. If the person identified on the basis of the foregoing criterion does not meet the requirements applicable to the outgoing member under laws, regulations or the Articles of Association, the outgoing member shall be replaced by the first unelected member from the second section of that same slate and in possession of the same requirements envisaged for the member to be replaced. If the Chairman of the Management Control Committee leaves service, the member from the same list as the outgoing member and next in the ranking upon appointment shall become Chairman.

15.3.3. If, for whatever reason, it is impossible to proceed with the replacement on the basis of the above criteria, the member of the Management Control Committee who has left service shall be replaced by the Shareholders' Meeting, called without delay in accordance with paragraph 15.3.5 below.

15.3.4. The new members of the Management Control Committee and members co-opted onto the Board of Directors shall remain in office until the next Shareholders' Meeting.

15.3.5. The Shareholders' Meeting called to appoint a new Director in replacement of the outgoing member shall proceed with appointment or replacement in accordance with the principle of due representation of minorities, the balance of the genders and the other requirements established by the laws, regulations and these Articles of Association.

Accordingly, the Shareholders' Meeting proceeds as follows: when it is tasked with replacing Directors appointed from the majority slate or the single slate, or Directors appointed directly by the Shareholders' Meeting, it shall appoint them by relative majority vote without restriction by slate. If, on the other hand, it is tasked with replacing Directors appointed from a minority list, the Shareholders' Meeting shall replace them by relative majority, selecting them from amongst the candidates on the slate of the Director to be replaced or, alternatively, from amongst the candidates on any additional minority slates, or by relative majority but without taking account of the vote of the Shareholders who submitted the majority slate during the most recent appointment of corporate bodies, or who, according to disclosures presented in accordance with applicable laws and regulations, directly or indirectly hold the relative majority of votes that may be cast in the Shareholders' Meeting and connected Shareholders, as defined in applicable laws and regulations.

15.3.6. The term of office of Directors appointed by the Shareholders' Meeting expires simultaneously with the term of the members in office at the time of their appointment.

Article 16. Reimbursement of expenses, compensation and remuneration for company offices.

16.1. – Reimbursement of expenses.

Members of the Board of Directors are entitled to reimbursement of expenses incurred due to their office.

16.2. – Remuneration of the members of the Board of Directors.

Upon appointing the Board of Directors, the Shareholders' Meeting determines the remuneration of Directors in a fixed amount, in accordance with applicable laws and regulations, for the entire period of their office, as well as the additional remuneration for the office of Chairman and Deputy Chairperson.

16.3. – Remuneration of the members of the Management Control Committee.

Upon the appointment of the Management Control Committee and for the entire period of its office, the Shareholders' Meeting is responsible for determining specific remuneration for the Committee's members, which must always be of a fixed, equal amount for each member, but with a specific additional amount for the Chairman.

16.4. – Remuneration for particular offices.

Without prejudice to Art. 16.2, the Board of Directors is responsible for establishing, by the proposal of the Remuneration Committee, in addition to the remuneration determined by the Shareholders' Meeting, the remuneration of members of the Board of Directors to whom the Board of Directors assigns additional particular offices in accordance with the Articles of Association. Such remuneration is determined in a fixed amount, with the exception of the remuneration of the Managing Director and General Manager, also established in a variable amount, in accordance with the remuneration policies approved by the Shareholders' Meeting.

Article 17. Meetings and resolutions of the Board of Directors.

17.1.- Calling of meetings.

The Chairman of the Board of Directors shall summon the Board of Directors on his/her own initiative and in the cases provided for by law or by the Articles of Association. He/she shall chair meetings of the Board of Directors and set the agenda, ensuring that adequate information on the matters on the agenda of the meeting is promptly provided to all members of the Board of Directors.

17.2.- Frequency of meetings.

The Board of Directors shall meet, as a rule, once a month.

17.3.- Calling request.

The Chairman shall call the Board of Directors upon the written request of the Managing Director or at least two members of the Board of Directors stating the matters to be discussed, without prejudice to Article 23.5.

17.4.- Place.

Meetings of the Board of Directors shall generally be held alternatively at the registered office and at the secondary office of the Company or exceptionally in another location on the Italian territory.

17.5.- Notice of call.

The notice of call, including the agenda of the meeting, shall be sent to the members of the Board of Directors at least four days before the date scheduled for meeting, by any means appropriate to supply evidence of receipt thereof. In particularly urgent situations, the meeting may be called by giving 24 hours' notice. The notice of call may also contain the indication of the places from which to participate in the meeting through the use of remote connection systems as provided for in Article 17.6 below.

17.6.- Meetings.

Valid meetings of the Board of Directors may also be held through remote connection systems, provided that the identity of those attending can be verified and that all are able to follow discussions and intervene in real time with regard to the matters on the agenda as well as view, receive and transmit documents. However, at least the Chairman and the Secretary must be physically present at the venue officially designated as that in which the Board meeting is deemed to have taken place.

17.7. Assistance at meetings.

Without prejudice to the provisions of Article 18.2, paragraph 2, letter c) concerning members of the Steering Committee, the Board of Directors may admit Group employees and/or members of Group corporate bodies, as well as consultants or experts from outside the Company to its proceedings, for matters of their competence and to satisfy the Board of Directors' need for improved information.

17.8.- Validity and majority.

Each member of the Board of Directors is entitled to submit proposals or motions concerning matters on the agenda.

For the validity of the decisions of the Board of Directors, a majority of its members in office shall be in attendance at the meeting. Save as indicated in Art. 17.9 below, decisions are taken with the absolute majority of the votes of the members attending the meeting; in the event of a tie, the board member in the Chair shall have the casting vote.

17.9.- Resolutions with qualified majorities.

The favourable vote of the majority of the members in office of the Board of Directors is required for resolutions concerning:

- the appointment and removal of the Managing Director, the attribution, modification or removal of his/her powers, and the determination of his/her remuneration;
- the replacement of Directors by co-option in accordance with the provisions of Article 15.3;
- the proposal to remove members of the Management Control Committee, in accordance with the provisions of Article 15.2;
- the appointment and removal of the Manager responsible for preparing the Company's financial reports, in accordance with Art. 154-*bis* of Legislative Decree 58 of 24 February 1998, and determination of the related powers.

17.10.- Interests of members of the Board of Directors

A member of the Board of Directors who has an interest, on his/her own account or on that of third parties, in a certain transaction of the Company submitted for the attention of the Board of Directors, shall promptly disclose such interest and state its nature, terms, origin and extent. If there is a conflict of interest, he/she must abstain from the decision. The resolution of the Board of Directors approving the

transaction shall provide adequate reasons for the transaction and explain its profitability for the Company.

17.11. – Board regulations.

The Board of Directors may adopt regulations that, in accordance with the law and Articles of Association, more specifically determine its organisational methods.

Article 18. Powers of the Board of Directors.

18.1. – Duties of the Board of Directors.

The Board of Directors is responsible for corporate management.

For this purpose, the Board of Directors may undertake all transactions considered useful or appropriate in achieving the corporate purpose, relating to both ordinary and extraordinary administration.

Without prejudice to the powers defined in Article 18.2, the Board of Directors delegates to the Managing Director the powers necessary and appropriate to ensure consistency with day-to-day management, in implementation of the guidelines approved by the Board of Directors.

The Board of Directors determines, in a clear, detailed and precise manner, the content, limits in terms of quantity and/or value, and conditions for the exercise of the powers delegated to the Managing Director, establishing the methods whereby the Board of Directors is to be ensured adequate information concerning the delegated activity, in a manner respectful of the balance of powers.

18.2. – Powers which shall not be delegated.

18.2.1 The Board of Directors is responsible for all duties of strategic supervision provided for in applicable laws and regulations. In this context, the Board of Directors:

- defines and approves the business model, strategic guidelines and the risk appetite, and thus approves the risk appetite framework, the strategic, industrial and financial plans of the Company and the Group;
- defines and approves the risk management objectives and policies of the Company and Group, as well as the general guidelines of the Internal Capital Adequacy Assessment Process (ICAAP);
- defines and approves the guidelines of the internal control system of the Company and the Group and, in this context, approves the rules according to which the duties and responsibilities of the bodies and control functions and the methods of coordination thereof are defined;
- defines the overall governance structure, approves the Company's organisational structure and identifies the information flows required to ensure the full circulation of information within the Board of Directors and the information flows that must be sent to the Bodies and Committees also by company structures; it also passes resolutions concerning the system of delegated powers relating to lending and assesses the general performance of the Company and the Group;

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- approves accounting and reporting systems and supervises the process of public disclosure and communication by the Company and the Group;
 - periodically reviews the previous decisions in the above areas;
 - ensures effective dialogue with the heads of the main company functions and assesses their choices and decisions over time.

18.2.2 In addition to the matters that cannot be delegated under applicable laws and regulations, the following are also reserved solely for the Board of Directors:

- a) appointment and removal of the Managing Director and the General Manager, the assignment, modification or termination of his/her powers, and the remuneration for the office;
- b) the appointment and removal of members of committees appointed by the Board of Directors instituted in accordance with the Articles of Association, including their chairman and the institution of additional committees within the Board of Directors with assessment and advisory functions in accordance with Article 28;
- c) the institution of a Steering Committee, chaired by the Managing Director and composed of the executives in charge of major company functions; by proposal of the Managing Director, 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 it is to be informed of the activity performed. Members of the Steering Committee may participate in meetings of the Board of Directors without voting rights, as provided for by the Board regulations according to the subsequent letter i);
- d) the institution, by proposal of the Managing Director, of the other Managerial Committees envisaged in the first level organisational structure and the determination of their composition, duties and related powers, approval of their operating regulations and determination of the manner in which the Board of Directors is informed of the activity performed;
- e) the appointment, removal and supervision of the Manager responsible for preparing the Company's financial reports, in accordance with Art. 154-*bis* of Legislative Decree 58 of 24 February 1998, the determination of the said Manager's powers and means and the remuneration to which he/she is entitled;
- f) the appointment and removal of the heads of company control functions, as defined in supervisory regulations, and the appointment of the head of the Safety and Protection function, who is the employer for safety purposes pursuant to Legislative Decree 81 of 9 April 2008, with the broadest decision-making, organisational and spending powers for the fullest fulfilment of obligations relating to the protection of health and safety in the workplace;
- g) the drafting of the remuneration and incentive policy to be submitted to the Shareholders' Meeting and the definition of the remuneration and incentive systems of persons for whom supervisory regulations require this task be performed by the body charged with strategic supervision;

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- h) the determination of criteria to identify the related-party transactions under the powers of the Board of Directors and the approval of the procedures applicable to transactions with related parties and associated entities of the Group;
 - i) the approval and modification of any regulations governing the organisation and functioning of the Board of Directors and committees appointed by the Board of Directors instituted by the Articles of Association;
 - j) the approval and modification of the main internal regulations;
 - k) decisions concerning i) the purchase and sale of equity investments resulting in changes in the composition of the Banking Group, and equity investments regarded as strategic in accordance with supervisory regulations or plans and policies adopted by the Board of Directors, in addition to ii) the purchase, sale, contribution of firms, business lines, assets and legal relationships identifiable en bloc under Article 58 of Legislative Decree 385 of 1 September 1993 deemed strategic according to the criterion indicated in point *λ*) above and iii) investments and disinvestments, including of real estate, considered strategic according to the criterion indicated in point i) above and , in any event, iv) transactions with a value of more than 3% of the total own funds of the Company calculated at the consolidated level for supervisory purposes;
 - l) the designation of members of corporate bodies of subsidiaries, including executive Directors;
 - m) in application of Art. 2365, paragraph 2, of the Italian Civil Code, merger and demerger resolutions in the cases envisaged in Articles 2505 and 2505-*bis* of the Italian Civil Code, the institution or elimination of secondary registered offices, the reduction of share capital in cases of withdrawal by Shareholders and the amendment of the Articles of Association to comply with laws and regulations;
 - n) guidelines concerning the Company's and the Group's cultural initiatives, with particular reference to the enhancement of the historic, archaeological and artistic heritage and the management of the Fund for charitable, social and cultural contributions, verifying that the planned initiatives are consistent with declared objectives.

The Managing Director exercises the power to submit proposals pursuant to Article 20.2. The foregoing is without prejudice to the advisory, assessment and propositional powers that applicable laws and regulations reserve for committees instituted by the Articles of Association and the power of individual Directors to submit proposals of resolution.

18.2.3 The Board of Directors assesses the fitness of its members, taking account of applicable laws and regulations and the specific rules adopted by the Board of Directors concerning quantitative and qualitative composition deemed optimal for the Body as a whole and for its Committees, including in light of the characteristics of the Company and the established corporate governance objectives. The Board of Directors adopts the measures necessary to that end to ensure that each Director and the Board of Directors as a whole are fit in terms of competence, fairness, reputation, autonomy of judgement, time commitment and degree of diversification, including in respect of experience, age, gender and international orientation, where necessary, proposing the removal or announcing the disqualification or

suspension of Directors who do not demonstrate that they satisfy the prescribed requirements, in the cases envisaged in applicable laws and regulations.

For members of the Management Control Committee, the declaration of disqualification is rendered by the Committee itself.

18.3. – Specific offices.

The Board of Directors may confer on its members specific offices and, by proposal of the Managing Director, confer on Executives, managers of individual branches or other personnel specific powers for certain activities or categories of transactions and dealings, while determining the content, limits and methods of exercise of such powers, by establishing when the delegated parties may act individually or jointly or through a committee.

18.4. - Subsidised and special lending.

With respect to activities concerning subsidised and special lending provided for by specific laws and regulations, decision-making and granting powers may be delegated to banks belonging to the Group, according to the limits and criteria which shall be subject to agreement among the counterparties involved.

Article 19. Chairman of the Board of Directors.

19.1. – Powers.

The Chairman of the Board of Directors supervises the works of the Board of Directors, organises and directs its activity and carries out all of the duties provided for in supervisory regulations in effect from time to time.

In this context, he/she:

- a) calls and chairs meetings of the Board of Directors and sets the agenda, ensuring that adequate information and documentation concerning the matters on the agenda are provided in a timely manner to all members;
- b) ensures the efficacy of debate within the Board of Directors and acts in a neutral way to ensure that the resolutions adopted by the Board of Directors are the result of adequate discussion, particularly between the Managing Director and the other Directors, and of the informed, reasoned contribution of all of its members;
- c) ensures that the self-assessment process is effectively performed;
- d) sees to the calling of the Shareholders' Meeting;
- e) chairs the Shareholders' Meeting and supervises its conduct and proceedings;
- f) promotes and supervises the effective functioning of the corporate governance system, including with regard to aspects concerning internal and external communication, liaising with the committees instituted by the Articles of Association in which he/she does not participate, and

ensures the balance of powers, with particular regard to the day-to-day management powers delegated;

- g) liaises as necessary and appropriate with the Managing Director;
- h) requests and receives information, including information regarding specific aspects of the Company's and the Group's management and current and future trends of operations, with access to all company functions for this purpose;
- i) supervises and verifies the propriety of the management of Shareholders' relations, in agreement with the Managing Director;
- j) manages relations with the supervisory authorities with regard to matters in his/her purview and his/her activities as liaison to the Board of Directors and Shareholders' Meeting;
- k) has the power to appear in court and delegate representation of the Company at trial before any judicial or administrative authority, including the power to commence court actions, as well as to grant mandates, even of a general nature, in court proceedings, with the obligation of informing the Board of Directors on decisions taken;
- l) plans, after consulting with Managing Director, in accordance with the guidelines set by the Board of Directors, and manages the Company's and the Group's cultural initiatives, with particular reference to the enhancement of the historic, archaeological and artistic heritage and to the management of the "Fund for charitable, social and cultural contributions";
- m) exercises all other functional powers in the exercise of his/her office.

19.2. – Supplementary powers in urgent cases.

The Chairman of the Board of Directors has a non-executive role and does not perform management functions, either formally or on a de-facto basis.

In urgent cases, the Chairman of the Board of Directors or, in the case of his/her absence or impediment, the Deputy Chairperson or the eldest Director, as provided for by Article 19.3, upon a binding proposal from the Managing Director, may take resolutions on any matters within the powers of the Board of Directors, with the exception of the strategic matters as well as matters which may not be delegated and are solely within the powers of the same Board.

In cases of urgency, decisions with regard to lending may only be adopted by the Managing Director.

The Board of Directors shall be informed of such resolutions at the first next meeting.

19.3. - Deputy Chairpersons.

If the Chairman of the Board of Directors is absent or impeded, his/her functions shall be performed by the longest-serving Deputy Chairperson, or, if length of service is equal, the eldest Deputy Chairperson. If he/she is absent or impeded, he/she shall be replaced by a Deputy Chairperson chosen according to the criteria indicated above. If the latter is also absent or impeded, the functions of Chairman are performed by the longest-serving member of the Board of Directors who is not a member of the Management Control Committee or, if length of service is equal, by the eldest such member of the Board of Directors.

Article 20. Managing Director

20.1. - Appointment and powers.

After consultation with the Nomination Committee, the Board of Directors with the qualified majority set forth in Article 17.9 appoints a Managing Director from amongst the members of the Board of Directors, not including the Chairman of the Board of Directors, the members of the Management Control Committee and the minimum number of Independent Directors indicated in Article 13.4, paragraph 2, letter b; the Board of Directors delegates the Managing Director the powers relating to the day-to-day management of the Company, in accordance with Article 18.1.

20.2. – Functions.

The Managing Director

- a) is the Chief Executive Officer and General Manager and supervises the company's management to the extent of his/her assigned powers, in compliance with the general, programmatic and strategic guidelines established by the Board of Directors;
- b) determines and issues operational directives and is responsible for personnel management;
- c) submits proposals for resolutions by the Board of Directors, in the context of his/her powers, without prejudice to the provisions of Article 18.2, paragraph 2, final subparagraph;
- d) ensures the implementation of the resolutions of the Board of Directors, with particular reference to the implementation of the strategic guidelines, risk appetite framework and the risk governance policies defined by the Board of Directors;
- e) also ensures that the organisational, administrative and accounting structure and the internal control system are adequate considering the nature and size of the Company and suited to furnishing a proper representation of operations.

In performing his/her functions, the Managing Director relies on the Committees provided for in Article 18.2, paragraph letters c) and d).

In case of absence or impediment of the Managing Director:

- the functions of General Manager, as described in this paragraph 20.2, shall be assigned by joint signature to two Top Managers belonging to the Steering Committee provided in Article 18.2.2 lett. c), as identified by the Board of Directors upon the Managing Director's proposal;
- the powers delegated to the Managing Director shall be exercised by the Board of Directors.

20.3. – Reporting.

The Managing Director provides the Board of Directors with the information requested of him/her by the Chairman or the Directors and reports, in any event, with generally monthly frequency, at least quarterly frequency, on general operating performance, as well as on the most significant transactions carried out by the Company and its subsidiaries. The information periodically provided to the Board of Directors is

also specifically presented to the Management Control Committee. The foregoing is without prejudice to cases of particular urgency, in which the Managing Director reports without delay.

Article 21. Manager responsible for preparing the Company's financial reports.

The Manager responsible for preparing the Company's financial reports shall be chosen among the Company's executives and shall meet professional requirements consisting of specific experience in:

- a) financial and accounting disclosures of issuers listed in regulated markets or their subsidiaries and
- b) management or control of the relevant administration procedures, matured for a period of at least five years in positions of responsibility of operating structures within the Company, the Group or other companies or entities comparable in terms of activities and organisational structures.

The Manager responsible for preparing the Company's financial reports must also meet integrity requirements for members of control bodies of listed companies envisaged under current regulations.

The Board of Directors verifies that all of the foregoing requirements have been met upon appointment.

Article 22. Representation. Signature powers.

22.1. - Chairman of the Board of Directors

The Company's legal representative vis-à-vis third parties and in court shall be the Chairman of the Board of Directors, who also has signature powers, and in the case of his/her absence or impediment, the person who replaces him/her in accordance with Article 19.3. The signature of whoever substitutes the Chairman shall constitute evidence of absence or impediment of the Chairman vis-à-vis third parties.

22.2. – Managing Director.

Without prejudice to the foregoing, the Managing Director and General Manager shall also be the Company's legal representatives vis-à-vis third parties and in court and he/she shall have signature powers with respect to the matters assigned to him/her by the Articles of Association and delegated to him/her by the Board of Directors.

22.3. – Other parties.

For specific acts or categories of acts, the Board of Directors may issue powers of attorney, with the related power to sign on behalf of the Company, to individuals outside the Company.

The Board of Directors may authorise Company personnel to sign on behalf of the Company, normally jointly, but for the categories of acts determined by the Board, even individually.

The Chairman of the Board of Directors may grant special powers of attorney also to individuals outside the Company, to sign specific acts or categories of acts, contracts and documents relating to transactions approved by the Company's competent bodies.

The same faculty, within the limits of delegated powers, is granted to the Managing Director and General Manager as part of his/her duties and powers.

Article 23. Management Control Committee.

23.1. – Functions.

The Committee carries out the duties assigned to the control body by applicable laws and regulations.

In this context, the Committee:

- a) supervises compliance with laws, regulations and the Articles of Association and observance of the principles of correct management;
- b) supervises the adequacy, efficiency and functionality of the Company's organisational structure and internal control system, as well as of the administrative and accounting system and its suitability to furnishing a proper representation of operations, while also taking account of the Group controlled by the Company;
- c) determines the efficacy of all structures and functions involved in the control system and the adequate coordination thereof, promoting corrective measures for the deficiencies and irregularities identified;
- d) is specifically consulted, besides with regard to decisions involving the appointment and removal of the Manager responsible for preparing the Company's financial reports and the appointment and removal, by proposal of the Risks Committee, of heads of company control functions, as defined in supervisory regulations, also with regard to the definition of the essential elements of the overall control system (powers, responsibilities, resources, information flows and management of conflicts of interest);
- e) supervises the methods for the actual implementation of the corporate governance rules laid down by codes of conduct drawn up by management companies of regulated markets or by trade associations to which the Company declares its adherence by public disclosure;
- f) proposes to the Shareholders' Meeting the independent auditors to which to assign the audit and the fees for the related services, supervises their actions and exchanges with the independent auditors the data and information relevant to the performance of their respective duties;
- g) carries out the duties assigned by Art. 19 of Legislative Decree 39 of 27 January 2010 to the internal control and audit committee;
- h) reports in a timely manner to the supervisory authority and Consob with regard to management irregularities or violations of statutes, in accordance with Art. 52, paragraph 1, of Legislative Decree 385 of 1 September 1993, and Art. 149, paragraphs 3 and 4-*ter* of Legislative Decree 58 of 24 February 1998;
- i) submits filings to the Bank of Italy pursuant to Art. 70, paragraph 7, of Legislative Decree 385 of 1 September 1993;
- j) reports on the supervisory activity performed, omissions and reprehensible facts identified to the Shareholders' Meeting called to approve the annual financial statements;

k) with prior notice to the Chairman of the Board of Directors, calls the Shareholders' Meeting, when in the course of carrying out its duties it identifies reprehensible facts of significant severity and there is an urgent need to take action, as well as in the other cases envisaged in Article 8.2;

l) expresses opinions where so required by applicable laws and regulations governing the control body;

m) performs, in accordance with its control function, the additional duties assigned to it by the Board of Directors, or the activities requested of it by the Chairman of the Board of Directors for the purposes and in the context of the powers set forth in Article 19 of the Articles of Association.

The Committee coordinates with the Manager responsible for preparing the Company's financial reports and the Risks Committee with respect to obligations and disclosures of mutual interest.

23.2. – Organisation.

The Committee determines its own operating regulations, which must firstly be submitted to the assessment and opinion of the Board of Directors.

The Committee is duly constituted with the majority of its members and passes resolutions by the majority of those in attendance.

Committee meetings may also be held via telecommunications systems, as indicated in the Articles of Association with respect to meetings of the Board of Directors. In such cases, the Committee meeting shall be regarded as held in the place in which the Chairman is located.

23.3. – Relations with the independent auditors and internal control managers.

The heads of internal control functions and structures also report relevant data and information to the Committee, on their own initiative or also at the request of one or more of its members. Reports by company control functions must also be directly submitted by the heads of the respective functions to the Committee.

23.4. - Group coordination.

The Committee operates in close coordination with the control bodies of subsidiaries, while also promoting the timely exchange of all useful information.

23.5. – Powers of the Committee.

The Committee or its individual members hold the following powers, within the limits and according to the conditions permitted under Art. 151-*ter* of Legislative Decree 58 of 24 February 1998: *i)* the powers to request news and information from the other Directors or governance bodies of subsidiaries, on the understanding that such information must be provided to all members of the Committee; *ii)* the power to request that the Chairman of the Committee call the Committee, with an indication of the subjects to be discussed; *iii)* the power, with prior notice to the Chairman of the Board of Directors, to call the Board of Directors and avail of the company's employees in performing its duties; the Committee has the power to

proceed, at any time, including through a specifically delegated member, with inspections and controls, as well as to exchange information with the corresponding bodies of subsidiaries regarding governance systems and the general course of company activity.

Article 24. Mandatory board committees.

The Board of Directors shall institute a Nomination Committee, Remuneration Committee and Risks Committee within its scope.

Each Committee is composed of a minimum of three to a maximum of five non-executive Directors, with a majority being independent.

A Director appointed chairman of one committee may not serve as chairman of another committee appointed by the Board of Directors.

The Board of Directors shall also institute the other committees required by applicable laws and regulations.

Article 25. Nomination Committee.

The Nomination Committee performs assessment and advisory functions in support of the Board of Directors with regard to the nomination of members and the composition of the Board of Directors, when the Board of Directors holds such power, and also performs the additional duties assigned to it by applicable laws and regulations or the Board of Directors.

Article 26. Remuneration Committee.

The Remuneration Committee has propositional and advisory functions with regard to compensation and remuneration and incentive systems and performs the additional duties assigned to it by applicable laws and regulations or the Board of Directors.

Article 27. Risks Committee.

The Risks Committee carries out the duties assigned to it by applicable laws and regulations and the Board of Directors.

Article 28. Other Committees.

The Board of Directors may institute other Committees with assessment and advisory duties of a permanent or limited duration, determining the functions of such Committees from time to time,

selecting members from amongst Directors and determining their remuneration in accordance with the remuneration policies approved by the Shareholders' Meeting.

TITLE VI

FINANCIAL STATEMENTS - NET INCOME – SAVINGS SHARES

Article 29. Financial statements and net income.

29.1.- The Company's financial year closes on 31 December of each year.

29.2.- The Board of Directors shall examine and approve the draft separate financial statements and consolidated financial statements in accordance with legal requirements.

29.3.- Net income as reported in the financial statements, net of the portion allocated to legal reserves, and the portion which is not available pursuant to the law, shall be allocated as follows:

- a) a dividend of up to 5% of the nominal value of the non-convertible savings shares shall be distributed to non-convertible savings shares. If, in a financial year, the dividend of non-convertible savings shares is less than 5% of the nominal value of the non-convertible savings shares, the difference shall be added to the preferred dividend paid in the following two accounting periods;
- b) the remaining net income made available for distribution by the Shareholders' Meeting, shall be allocated to all shares so that the dividend attributable to non-convertible savings shares shall exceed the dividend attributable to ordinary shares by an amount equal to 2% of the nominal value of the shares;
- c) any excess funds shall be allocated to the extraordinary reserve and other reserves, without prejudice to the fact that a portion of such earnings may be used for charities and to support social and cultural activities, through the creation of a specific reserve.

29.4.- Unclaimed and forfeited dividends shall be remitted to the Company and allocated to the extraordinary reserve.

Article 30. Savings shares.

30.1.- Savings shares, which may be in bearer form, entitle the holder to attend and vote at the Special Meeting of savings shareholders.

30.2.- Savings shares shall receive privileged dividends as set forth in Article 29.3.

30.3.- Savings shares have the same rights as other shares in the event of the distribution of reserves.

30.4.- In the case of liquidation of the Company, savings shares shall have pre-emptive rights with regard to the reimbursement of the entire nominal value of the shares. The reduction of share capital due to losses does not result in the reduction in the nominal value of savings shares, with the exception of the part of the loss which exceeds the total nominal value of other shares.

30.5.- In the case of exclusion of the Company's ordinary or savings shares from trading in regulated markets, the savings shares retain their rights and characteristics, unless otherwise approved by the Extraordinary Shareholders' Meetings and by the Special Shareholders' Meetings.

30.6.- The Common Representative of savings shareholders is appointed for three financial years. The remuneration of the Common Representative is approved by the Special Meeting. Such remuneration shall be paid by the Company, up to the amount of 25,000 euro for the entire three-year period. The Special Meeting may resolve upon a further remuneration, which shall be paid drawing on a fund set up to cover expenses necessary to safeguard common interests.

30.7.- The Common Representative shall be required to fulfil the obligations and powers provided for by law. The Chairman of the Board of Directors shall inform the Common Representative without delay, by means of specific communications, of Company operations which may influence the price of savings shares, in particular of proposals which the Board of Directors has approved to submit to the Shareholders' Meeting with regard to capital transactions, mergers and spin-offs.

TITLE VII

AUDITS OF ACCOUNTS – WITHDRAWAL – WINDING UP – APPLICATION OF ORDINARY REGULATIONS.

Article 31. Audits of accounts.

The audit of the accounts shall be carried out by an independent auditing firm which meets the applicable legal requirements. The assignment and the revocation of the engagement, the duties, and the responsibilities are provided for by law and the Articles of Association.

Article 32. Withdrawal.

32.1.- The right of withdrawal may be exercised only in those cases exclusively provided by law. The right of withdrawal is excluded for those shareholders who did not participate in the approval of the resolutions regarding:

- the extension of the Company's duration;
- the introduction or cancellation of restrictions of the circulation of shares.

32.2. - The terms and methods of the exercise of the right of withdrawal, the criteria to determine the value of the shares and the related liquidation procedure are governed by the law.

Article 33. Winding up.

Save as otherwise provided pursuant to the law, if there is a reason for winding up, the Shareholders' Meeting shall establish the manners of liquidation, and appoint one or more liquidators.

Article 34. Application of ordinary regulations.

The provisions of law apply to any matter not regulated by the Articles of Association.

TITLE VIII

TRANSITORY AND FINAL RULES

Article 35. Provisions of the Articles of Association introduced by the Shareholders' Meeting on [...] 2016.

All of the modifications introduced by the Shareholders' Meeting held on [...] 2016 shall be applied upon the first appointment of the company bodies to which they apply following the approval by the Shareholders' Meeting of the new text of the Articles of Association, with the exception of Articles 13 and 14, which shall apply starting from the date of calling of the Shareholders' meeting called to appoint the new company bodies.

Article 36. Chairman Emeritus.

The Chairman of the Supervisory Board who leaves office upon the adoption of these Articles of Association shall assume the uncompensated position of Chairman Emeritus.

He is not a member of the Board of Directors. He may express opinions and participate in meetings, in a consultative capacity, at the request of the Chairman and/or Managing Director, so as to ensure that the new governance may be deployed on a continuous basis in terms of efficiency and rigour.

He shall collaborate with the Chairman of the Board of Directors with regard to the planning and implementation of the cultural initiatives of the Company and Group in accordance with Article 19.1, letter I).

This provision shall apply for the three years following first application of the amendments introduced by the Shareholders' Meeting held on [...] 2016.