



# Banco Desio

Banco di Desio e della Brianza SpA

## ARTICLES OF ASSOCIATION APRIL 2017

**BANCO DI DESIO E DELLA BRIANZA SPA**

**ARTICLES OF ASSOCIATION**

updated following the amendments resolved by the Shareholders' Meeting of 6 April 2017

**Article 1 – Business Name and Registered Office**

1. - The Company, incorporated in Desio, Italy, by the deed of the Notary Public Dr Innocente Arnaboldi, son of Giovanni, on 4 August 1909 as a *società commerciale cooperativa in nome collettivo* (cooperative general- partnership) named “Cassa Rurale di Desio”, transformed by the Extraordinary Shareholders' Meeting of 20 December 1920 into a *società anonima cooperativa a capitale illimitato* (limited cooperative company with unlimited capital) under the name “Cassa Rurale di Depositi e Prestiti in Desio”, and changed by the Extraordinary Shareholders' Meeting of 21 March 1926 into a *società anonima* (limited company) named “BANCO DI DESIO”, acquired its present name “BANCO DI DESIO E DELLA BRIANZA – Società per Azioni” on 31 December 1967, following the merger by incorporation of “Banca della Brianza S.p.A.”

2. - The Company, a bank under legislative decree no. 385 of 1 September 1993, has its registered offices in Desio and may, subject to resolution of the Board of Directors and in compliance with existing laws and regulations, set up and close down secondary divisions, branches and representative offices in Italy and abroad.

**Article 2 - Corporate Purpose**

1. - The Company's corporate purpose is to collect savings and conduct various forms of lending.

2. - Subject to existing laws and regulations, the Company, including through its subsidiaries, may perform all lawful banking, financial and investment operations and services, as well all other operations pertaining to or associated with the attainment of its corporate purpose, after obtaining the necessary authorizations, where required.

3. - Within the scope of operations pertaining to and associated with the corporate purpose, the Company can, among other things and always in compliance with current applicable regulatory provisions, carry out the purchase, sale, exchange, beneficial use, rent, grant of use, enjoyment and utilization of personal and real property of all types, including that which is subject to recording in public registers.

4. - The Company may issue bonds pursuant to the current provisions of law.

5. - The Company, in its capacity as parent company of the banking group “Banco di Desio e della Brianza” (in brief, “Banco Desio Group”) under article 61 of legislative decree no. 385 of 1 September 1993, in pursuance of its managerial and coordination functions, shall issue directives to the other

companies of the group for the performance of instructions received from Banca d'Italia to guarantee that the Group operates in a harmonious manner.

### **Article 3 – Duration**

1. - The expiry date of the Company is fixed at 31 December 2100 and may be extended according to law.
2. - The shareholders shall have no right of withdrawal even if they have not approved the resolution extending the duration of the Company.

### **Article 4 - Share Capital**

1. - The share capital amounts to Euro 67,705,040.00, divided into 130,202,000 shares with a nominal value of Euro 0.52 each, comprising 117,000,000 ordinary shares and 13,202,000 non-convertible savings shares.
2. - In relation to the remuneration policies pursuant to art. 21 paragraph 4 of these articles of association, in accordance with art. 2349 of the Italian Civil Code, the Extraordinary Shareholders' Meeting may pass a resolution on the allocation of profits and/or profit reserves to employees of the company or of subsidiaries, through a share issue or issue of other financial instruments to be allocated on an individual basis, in accordance with prevailing law.

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### **Article 5 - Shares**

1. - The shares are indivisible.
2. - In the event of joint-ownership of a share, the provisions of law shall apply.
3. - The transfer of shares shall be performed as prescribed by law.
4. - If the applicable law enforces clauses in the Articles of Association that constrain the circulation of shares, or resolutions that introduce, amend or remove them, shareholders shall have no right of withdrawal, even in the event that they do not approve such resolutions.
5. - Shares may be registered or bearer shares, as required by law.
6. - In the event that bearer shares are permitted by law, such shares may be converted into registered shares and vice-versa, at the simple request of the holders or owners, at their expense.
7. - For purposes of their dealings with the Company, the domicile of shareholders shall be that entered in the shareholders' register.

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<sup>1</sup> Transitional clause that is deleted because the Plan has been exhausted in the meantime. The same applies to the following paragraphs 4, 5 and 6.

8. – The Company may at any time, at its own expense and through a clearing house, ask intermediaries to provide the personal details of shareholders and holders of other financial instruments that have not specifically denied their disclosure, together with the number of shareholders and holders of other financial instruments registered on accounts in their name.

#### **Article 6 - Savings Shares**

1. - Non-convertible savings shares can be bearer shares, unless prohibited by law, and holders may exercise the rights specified in the following subsection of this Article, as well as in Articles 31 and 32 of these Articles of Association.

2. - Such shares shall be automatically transformed into registered or bearer shares when permitted by law, with voting rights limited to resolutions of the Extraordinary Shareholders' Meeting, without prejudice to the rights specified in the following subsection of this Article and in Articles 31 and 32 of these Articles of Association, in the event that ordinary shares issued by the Company, or savings shares, are debarred from trading in all the regulated markets of Italy or other member states of the European Union.

3. - Without prejudice to reference to applicable provisions of law, the reduction in share capital on account of losses incurred shall not entail a reduction in the nominal value of the savings shares, except for that portion of the losses that exceeds the overall nominal value of the other shares.

#### **Article 7 – Corporate Governance**

1. - The following are the bodies responsible for corporate governance:

- The Shareholders' Meeting
- the Board of Directors
- the Executive Committee
- the Board of Statutory Auditors

#### **Article 8 – The Shareholders' Meeting**

1. - Duly convened and constituted, Shareholders' Meetings shall represent all the shareholders, and Shareholders' Meeting resolutions, made in observance of the law and these Articles of Association, shall be binding upon all shareholders, regardless of whether they attend the meeting or approve the resolutions.

2. - Shareholders' Meetings are ordinary and extraordinary in accordance with law.

3. - Shareholders' Meetings shall be convened at the registered office of the Company or elsewhere in Italy, as indicated in the notice of call. If stated in the notice of call, those holding voting rights may

attend the Shareholders' Meeting via telecommunications links and exercise their right to vote electronically in accordance with the methods indicated in the notice.

4. - Shareholders' Meetings shall be convened in the cases and within the terms laid down by law.

5. - The Ordinary Shareholders' Meeting shall be convened at least once a year, within one hundred and twenty days of the close of the financial year.

#### **Article 9 - Convocation of the Shareholders' Meeting**

1. - The Shareholders' Meeting shall be convened by means of a notice published on the company website as well as by the other methods stated by Consob in its regulations issued pursuant to article 113-ter third paragraph of Italian Legislative Decree no. 58 dated 24 February 1998 or other provisions in force on the subject, within the terms prescribed by law.

2. - The notice must contain the list of matters to be dealt with at the Shareholders' Meeting, as well as the place, date and time of the meeting, and every other indication stated in article 125-bis of Italian Legislative Decree no. 58 dated 24 February 1998 or in other provisions in force on the subject.

3. - The notice can also set the place, date and time for a second meeting if a quorum is not reached on first call.

#### **Article 10 - Participation and Representation in the Shareholders' Meeting**

1. - The participation by and representation of those who have voting rights at the Shareholders' Meetings shall be governed by law and these Articles of Association. The Company has the right to appoint a representative to act as proxy for shareholders at Shareholders' Meetings pursuant to article 135-undecies, Italian Legislative Decree no. 58 of 24 February 1998 or other current regulations on such matters, indicating this in the notice of call. Proxy may be delegated by means of a document in digital format and electronically signed in accordance with current regulations. The electronic notice of call may be made by using the appropriate section of the company website, according to the methods indicated in the notice of call, or, alternatively, by certified email, to the email address shown in the notice of call.

2. - Legally entitled persons with voting rights may participate in the Shareholders' Meeting.

3. - Each share entitles its holder to cast one vote.

#### **Article 11 – Chairing the Shareholders' Meeting**

1. - Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors, or, in his/her absence or impediment, by the most senior Deputy Chairman in terms of age, or in the event of his/her absence or impediment, by another Deputy Chairman, if appointed, or, in the event of his/her absence

or impediment, by the most senior of the Directors present at the meeting, or in the event of the absence or impediment of all the Directors, by a person designated by the Shareholders' Meeting.

2. - If the Chairman is appointed by the Shareholders' Meeting, the chair shall be temporarily held by the Chairman of the Board of Statutory Auditors, or in his/her absence or impediment by the most senior Statutory Auditor among those present at the meeting, in order to ascertain the regular constitution of the meeting. The resolution appointing the Chairman shall be passed by a majority vote.

3. - The Chairman of the Shareholders' Meeting shall exercise the powers attributed to him/her by law and these Articles of Association.

4. - The Chairman of the Shareholders' Meeting is assisted by a secretary, who need not be a shareholder, appointed by the Shareholders' Meeting with a majority of votes, and, if deemed appropriate, shall be assisted by two scrutineers appointed in the same way, chosen from among the shareholders and the Auditors.

5. - The Minutes of the Extraordinary Shareholders' Meeting must be drawn up by a Notary Public appointed by the Chairman of the Board of Directors, or by whoever acts in his/her stead.

6. - The Chairman may, at his/her discretion, instruct that the minutes of the Ordinary Shareholders' Meeting be drawn up by a Notary Public.

#### **Article 12 – Validity of Resolutions Passed by the Shareholders' Meeting**

1. - Resolutions of Shareholders' Meetings shall be deemed valid if they are taken with the types of majority vote and quorum established by law.

2. - Without prejudice to article 8 in cases of attendance via telecommunications link, resolutions are normally passed by a show of hands.

3. - The Chairman can, according to circumstances, require a different voting or ballot procedure with respect to the usual arrangements and make use of information technology or electronic means.

4. - Voting by secret ballot is not permitted.

#### **Article 13 - Minutes of the Shareholders' Meeting**

1. - Resolutions of the Shareholders' Meeting are recorded in the minutes and drawn up according to the terms and methods laid down by law and signed by the Chairman, the Secretary or Notary Public, and, if appointed, by the scrutineers.

2. - The minutes of each Shareholders' Meeting shall be transcribed into the specific corporate minutes book required by law.

3. - Within legally permitted limits, the copies and extracts of the minute book of the Shareholders'

Meeting shall constitute full proof of the proceedings of the Shareholders' Meetings held and the resolutions passed, if certified as a true copy by whoever chaired the Shareholders' Meeting, or by a Director with representative powers pursuant to article 25, or alternatively by the General Manager or Secretary.

**Article 14 - Special Meeting of Savings Shareholders**

1. - For the convocation, quorum and validity of resolutions passed by the Special Meeting of Savings Shareholders as well as for the appointment and activity of their Joint Representative, the pertinent provisions of law shall apply and likewise the provisions of articles 8 and 13 of these Articles of Association where also applicable to the Special Meeting of Savings Shareholders.

**Article 15 - Shareholders' Meeting Regulations**

1. - The regulations that govern the conduct of Ordinary and Extraordinary Shareholders' Meetings as well as, to the degree applicable, special meetings of categories of shareholders, and which fall outside any regulations laid down by law or these Articles of Association, are set forth in the Shareholders' Meeting Regulations which may only be approved and amended by the Ordinary Shareholders' Meeting.

**Article 16 - Board of Directors - Composition - Requirements and Appointment**

1. - The company is governed by a Board of Directors made up of a minimum of eight to a maximum of twelve members, as determined by the Shareholders' Meeting and in compliance with gender balance requirements pursuant to Article 147-ter, section 1-ter of Legislative Decree no. 58/1998, introduced in Law no. 120 of 12 July 2011. Thus, for the first mandate following the effective date of Law no. 120 of 12 July 2011, at least 1/5 of the members of the Board of Directors must belong to the less represented gender, and in the two subsequent mandates, at least 1/3 of the members must belong to the less represented gender, with rounding to the higher number in the event of a fraction.

2. - Directors are not required to be shareholders. They shall hold office, as per the resolutions of the Shareholders' Meeting, for one or more financial years, with a maximum term of three years, Such period terminating at the date of the Shareholders' Meeting called to approve the financial statements for their last year in office. Directors may be re-elected.

3. - Persons who are impeded by circumstances, are ineligible or lack the requirements of reliability and professionalism set forth by applicable regulations cannot be appointed as directors and, if appointed, must relinquish their office.

4. - At least one-fourth of the Board of Directors must meet the independence requirements established by the applicable provisions and those adopted by the company in observance of the recommendations of the Corporate Governance Code for Listed Companies. Specifically, the following parties do not meet these requirements without prejudice to other supervisory provisions on the subject:

a) the spouse, relatives and kin to the fourth degree of the Company's directors; the directors, spouse, relatives and kin to the fourth degree of the directors of subsidiaries, parent companies and companies subject to joint control;

b) persons linked to the Company or its subsidiaries or parent companies or companies subject to joint control, or to the Company's directors and to persons set forth in point a) through independent contract work or employment or other types of equity or professional relationships which may compromise independence, in addition to what is indicated in the subsequent paragraphs.

c) those who have control relationships (direct or indirect) or considerable influence with the companies pursuant to the law, also through shareholders' agreements.

d) those who hold, or have held during the three previous years, the position of Chairman, Deputy Chairman, Executive Director or Executive with Strategic Responsibilities ("Key Representatives") of the company, of subsidiaries or of companies placed under common control, of companies able to exercise control, even joint, or considerable influence of the company pursuant to the law.

e) those who have, or have had during the previous year, significant economic, financial, business and/or professional relationships, even indirect, with the company, the parent company or the parties able to exercise control, even joint, of the company, or through shareholders' agreements or the subsidiaries, and with the respective Key Representatives; those who are employed, or have been employed during the three previous years, by the aforesaid parties.

f) those who receive, or have received during the three previous years, from the bank or a parent company a significant additional remuneration (possibly based on the corporate results, also through share-based incentive plans) as compared to the minimum compensation set for the non-executive Directors and for being members of the Committees recommended by the Corporate Governance Code for Listed Companies;

g) those who hold the position of executive Director in other companies in which an executive Director of the company holds the office of Director;

h) those who hold the position of Shareholder or Director of entities of the network to which the company appointment to audit the accounts of the company belongs;

i) those who have close family ties with the individuals who find themselves in one of the situations described in the foregoing paragraphs.



The independent director is required to immediately inform the Board of Directors if, following appointment, they should no longer meet the independence requirements. Such independent directors shall, in any case, forfeit their office.

5. - By determining the number of members of the Board of Directors, the Ordinary Shareholders' Meeting shall elect the directors on the basis of lists presented by shareholders, which must indicate no more than twelve candidates, in sequential order.

6. - Shareholders entitled to submit lists are those which, alone or together with other shareholders, represent at least 2.5% of the share capital, represented by ordinary shares, or a different amount provided by CONSOB through their regulations, taking into account the capitalisation, free float and shareholding structures of the Company.

7. - Lists must be filed at the Company's registered office by the twenty-fifth day before the date of the Shareholders' Meeting called to decide the appointment of the members of the Board of Directors.

8. - Shareholders shall provide evidence of their ownership of the number of ordinary shares required to submit lists, by producing the relative certificate; this may also occur after the filing of the list, as long as within the terms stated by the law or by the regulations in force on the subject, for the publication of the lists by the company.

9. - The lists must be presented along with:

- information regarding the identity of the shareholders submitting them, indicating the total shareholding percentage held;
- a statement by the submitting shareholders, other than those holding, even jointly, a controlling interest or relative majority of shares, certifying the absence of any relationships connecting the former to the latter, as identified by law and the regulations set forth for electing the Board of Statutory Auditors and also taking into consideration any Consob recommendations on such matters;
- the curriculum vitae of the candidates and statements from each candidate whereby they accept their candidacy and declare that there are no grounds for debarment or ineligibility, and that they meet the requirements of reliability, professionalism and, if applicable, independence, set forth by law and the Articles of Association.

10. - The lists must indicate which candidates meet the requirements of independence. Shareholders submitting a list with a number of candidates equal to or greater than eight are required to indicate at least two candidates who meet the independence requirements. For lists with three or more candidates, both genders must be included, so that, in the first mandate following the effective date of Law no. 120 of 12 July 2011, the candidates of the less represented gender make up at least 1/5 of the total and

in the two subsequent mandates, at least 1/3 of the total, with rounding to the higher number in the event of a fraction.

11. - Shareholders may not submit or vote on more than one list, even through third parties or through trust companies. Shareholders belonging to the same group and shareholders who are subscribers of the same shareholders' agreement regarding shares of the Bank may not submit or vote on more than one list, even through third parties or through trust companies.

12. - Each candidate may be included on only one list, on pain of ineligibility. A Director leaving office may renew his candidacy on a list submitted by shareholders other than those who previously nominated and elected him, without prejudice to the conditions set forth in the previous subsections.

13. - Lists submitted which fail to observe the above indications shall be considered as not submitted. Votes exercised in breach of the above restrictions shall be considered as not exercised.

14. - If two or more lists of candidates are submitted, the directors shall be elected as follows:

- a) according to the sequential order in which they are listed, the number of Directors which the Shareholders' Meeting preventatively determined, minus one, shall be elected from the list that obtained the most votes (majority list);
- b) from the among the other lists which are not connected in any manner, even indirectly, with the shareholders who submitted or voted the list which obtained the most votes, the first candidate on the list which obtained the most votes in the Shareholders' meeting is elected as director (minority list).

If the resulting Board composition does not meet the gender balance requirements, then based on the order in the list, the last members elected from the majority list of the more represented gender must forfeit their position for the number necessary to ensure compliance, and are replaced by the first candidates that were not elected from said list from the less represented gender. If there are not enough candidates of the less represented gender on the majority list to satisfy the requirement, the Shareholders' Meeting shall supplement the Board through a legal majority to ensure compliance.

In the event of a tie vote between two or more minority lists which were second in terms of number of votes, after the list as per point a), the Shareholders' Meeting shall perform a new round of voting on said lists, and the candidate from the list which obtains the relative majority of votes shall be elected, and according to the apportionment criterion provided for in Article 147-ter, section 1-ter of Legislative Decree no. 58 of 24 February 1998.

15. - For the purposes of allocating the directors to be elected, lists are not taken into consideration unless they obtain a percentage of votes equal to at least half the percentage required for submitting the lists.

16. - Relationships connecting shareholders, even for the purposes of calculating the list votes, exist in the cases set forth by law and the regulations established for electing the Board of Statutory Auditors. Nonetheless, when a party connected to a shareholder which has submitted or voted the list that obtained the most votes has voted for a minority list, the existence of this connection takes on significance only if the vote was a determining vote for the election of the director.

17. - If only one list of candidates is submitted, or if no lists are submitted, or if the directors are not appointed, for any reason whatsoever, pursuant to the above procedure, the Shareholders' Meeting shall pass a resolution with the majority required by law, and according to the apportionment criterion provided for in Article 147-ter, section 1-ter of Legislative Decree no. 58 of 24 February 1998.

18. - Verification of grounds for debarment and ineligibility, as well as the requirements of reliability, professionalism and independence, shall be performed according to the methods and terms prescribed by the current supervisory regulations.

#### **Article 17 - Replacement of Directors**

1. - If, during the year, one or more directors leave office, or the number of independent directors falls below the minimum number required, the procedures necessary for their immediate replacement shall be carried out, in compliance with the law, the Articles of Association and the apportionment criterion provided for in Article 147-ter, section 1-ter of Legislative Decree no. 58 of 24 February 1998.

2. - Should the director elected from the minority list leave office, the Board of Directors shall replace him, where possible, with a candidate chosen from among those not elected on the same list as the director leaving office, according to the apportionment criterion provided for in Article 147-ter, section 1-ter of Legislative Decree no. 58 of 24 February 1998.

3. - During the Shareholders' Meeting called to resolve on the replacement of a director leaving office who was elected by the minority, the names of candidates, to be filed according to the methods, restrictions and terms provided by Article 16, may only be submitted by shareholders different to and not connected with those who submitted or voted the list which obtained the most votes in the appointment of the entire Board of Directors. The candidate who obtains the relative majority of votes in the Shareholders' Meeting shall be appointed as director, in accordance with the apportionment criterion provided for in Article 147-ter, section 1-ter of Legislative Decree no. 58 of 24 February 1998. In the case where, for any reason whatsoever, the above procedure cannot be applied, the Shareholders' Meeting shall pass a resolution with the majority required by law, and according to the apportionment criterion provided for in Article 147-ter, section 1-ter of Legislative Decree no. 58 of 24 February 1998.

4. - If at least one half of the posts on the Board of Directors become vacant, the entire Board shall be considered as expired from the effective date of the resolutions of the Shareholders' Meeting to resolve on the appointment of the new Board, which must be called as a matter of urgency for such purpose

#### **Article 18 – Chairmanship of the Board**

1. - The Board of Directors shall elect a Chairman from its own members and may also elect one or two Deputy Chairmen.

2. - The Chairman of the Board of Directors shall be vested with all the powers provided for by law and these Articles of Association, which shall be exercised according to the general principles of internal dialogue and the balancing of powers laid down by supervisory regulations. The Chairman encourages actual functioning of the corporate governance system and guarantees a balance of powers; he or she places himself or herself as a stakeholder of the internal control bodies and internal committees.

3. - In the event of the absence or impediment of the Chairman, his/her place will be taken by the most senior Deputy Chairman in terms of age or, alternatively, the Managing Director if appointed, or the most senior Director in terms of age.

4. - In these cases the exercise of the powers vested in the person of the Chairman shall, on its own, attest to the absence or impediment of the person replaced.

5. - The Board shall appoint the Secretary, who may be chosen from outside the Board but in this case the Secretary shall have no voting rights. The Secretary shall be expected to comply with the rules of business and professional secrecy.

#### **Article 19 – Powers of the Board of Directors**

1. - The Board of Directors has unlimited powers to perform the ordinary and extraordinary management of the Company, with the sole exception of those powers that the law and/or the supervisory regulations implemented into the Articles of Association vest exclusively in the Shareholders' Meeting.

2. - In addition to powers that may not be delegated by law, the Board shall have exclusive decision-making powers on the following matters:

- the formulation of policies that impact the general management of Company and Group business; as well as, within this scope, decisions concerning strategic policies and transactions and business and financial plans, and likewise, again at strategic supervisory level, those concerning the internal control and risk management system, approval of the organisational and corporate governance

structure, approval of the accounting and reporting systems and the supervision of the public information and bank communication process in compliance with supervisory instructions as may be in force;

- the issue and amendment of the main internal regulations, and, specifically, the “Internal Regulations of Company Bodies” and the “Group Regulations”, with the exception of amendments of mere adaption to provisions of current law, or to Shareholders’ Meeting or Board resolutions that have already been approved and are in effect; after obtaining the favourable opinion of the Board of Statutory Auditors where this regards regulatory provisions concerning the internal control system;
  - the establishment, transfer and closure of branches or representation offices;
  - the acquisition, construction and sale of real estate, other than that acquired through financial leasing from the Bank in the performance of its business activities;
  - the acquisition and disposal of strategic equity investments or of equity investments that however bring about changes to the Banking Group, or the acquisition or disposal of controlling shares, connecting shares, or shares which exceed authorized thresholds according to applicable provisions. The Board has the power to delegate, setting limits, conditions and procedures, the sale of shares in subsidiaries listed in regulated markets, provided these operations take place: a) in compliance with current laws on issuers, brokers and markets; b) below said authorized thresholds
  - fixing the criteria for the management and coordination of the Companies in the Banking Group and other subsidiaries, as well as the criteria for carrying out the instructions of the Banca d'Italia;
  - the appointment and revocation of the General Manager, of Deputy General Managers and Senior Managers and determining their powers and responsibilities and those of Executive Managers;
  - the appointment and revocation of the heads of the internal audit, compliance and control of risks functions and the definition of the essential elements of the overall system of internal controls after obtaining the favourable opinion of the Board of Statutory Auditors;
  - the appointment and revocation of the members of the Board of Directors committees required by applicable provisions of law and regulations (more specifically, the Nomination Committee, the Remuneration Committee, the Control and Risks Committee and the Related Party Committee), and the creation, appointment and regulation of additional committees, with proactive, consultative, supervisory and/or coordination functions, with their duties defined.
3. - The Board of Directors is also vested with powers and responsibilities that may not be delegated to other bodies, pursuant to article 22 below, but which may, in any case, be referred to the Shareholders’ Meeting, for resolutions on the following matters, when necessary:

- the merger by incorporation of wholly-owned or at least 90%-owned companies;
- the setting up and closing down of branches;
- the reduction in share capital in the event that a shareholder withdraws from the Company;
- the amendment to the Articles of Association to bring them into line with regulatory provisions;
- the transfer of the registered office of the Company within the territory of Italy.

#### **Article 20 - Meetings of the Board of Directors**

1. - The Board shall meet in the registered offices of the Company or elsewhere at least once every two months or whenever the Chairman considers it necessary, or when a request is made to the Chairman of the Board of Directors by at least two directors or by one member of the Board of Statutory Auditors.

2. - The Board Meeting shall be convened by a written communication sent to the Directors and the Statutory Auditors by mail, hand-delivered, by fax, e-mail or telegram, at least five days before the date fixed for the meeting, with the exception of urgent circumstances when the notice may be sent by fax, e-mail or telegram at least one day earlier. If the fifth day prior to the date set for the meeting falls on a non-working day, the notice may be sent no later than the first working day thereafter.

3. - Meetings of the Board of Directors shall be deemed valid when held by videoconference or teleconference, on condition that all participants can be identified by the Chairman and all the other persons attending the meeting, that all participants can follow the discussion, participate in real time on the issues discussed and exchange documents on such issues, and that all of the foregoing is recorded in the minutes of the meeting. When such conditions are met, the meeting of the Board of Directors shall be deemed to have taken place at the location where both the Chairman and the Secretary of the Board are situated in order that the minutes can be taken accordingly.

4. - Meetings shall be deemed legally valid when the majority of the Directors in office attend and resolutions are passed by an absolute majority of the votes cast in an open ballot, with the exception of those cases in which the law prescribes a qualified majority vote. Abstentions shall not be included in the count of the votes cast. In the event of a tie vote the person chairing the meeting shall have the casting vote.

5. - The General Manager shall attend the meetings of the Board.

6. - At the request of the Board, Senior and Executive Managers, as well as external consultants may attend the meeting, in an advisory role.

7. - The minutes of the Board of Directors shall be signed by whoever chairs the meeting as well as by the Secretary to the Board.

8. - Within legally permitted limits, the copies and extracts of the minute book of meetings of the

Board of Directors shall constitute full proof of the meetings held and the resolutions passed, if signed by whoever chaired the meeting, or by a Director with representative powers pursuant to article 25, or by the General Manager or Secretary.

#### **Article 21 – Compensation of Directors – Remuneration and Incentive Mechanisms**

1. - Board members and the members of the Executive Committee are entitled to the reimbursement of expenses incurred in the performance of their official duties and to an attendance fee, the amount of which shall be fixed by the Ordinary Shareholders' Meeting.

2. - The Ordinary Shareholders' Meeting is also responsible for determining total compensation, which the Board shall divide, according to the proportions it establishes, among Directors other than the Chairman, Deputy Chairman/Chairmen and the Managing Director (if appointed), without prejudice to that set forth in subsection 4 below.

3. - Compensation of the Chairman, Deputy Chairman/Chairmen and Managing Director (if appointed), as well as any additional compensation for other Directors who have been delegated powers or special functions<sup>2</sup>, shall be determined by the Board of Directors, having heard the opinion of the Board of Statutory Auditors, without prejudice to that set forth in subsection 4 below.

4. – The Ordinary Shareholders' Meeting approves the compensation policies, comprehensive of share-based plans, for members of the bodies playing a strategic supervision, management and control role and the personnel according to the definitions established by the applicable provisions, and the criteria for determining the compensation to give in the event of early termination of employment or the office, including the limits applied to said compensation in terms of year's payment of the fixed remuneration and the maximum amount that arises from their application, in compliance with prudent risk management and long-term strategies. The Shareholders' Meeting must receive adequate information on the implementation of the compensation policies.

#### **Article 22 - Bodies and Persons with Delegated Powers**

1. - In compliance with existing law and the Articles of Association, the Board of Directors may delegate part of its powers and responsibilities to an Executive Committee, composed of some of its members, a Managing Director, when appointed, and the General Manager. The system of delegation of powers is based on the general principle of the distinction of roles, duties and responsibilities, as laid down by the supervisory regulations.

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<sup>2</sup> The provision of Article 2389, paragraph 3, of the Italian Civil Code, which refers to "managers who perform special functions in accordance with the by-laws," are also extended to any managers with non-operating responsibilities or who perform special functions.

2. - As a rule the bodies so empowered shall report to the Board of Directors and the Board of Statutory Auditors during Board Meetings or, in any case, at least once every quarter. They shall report on the activities undertaken in exercising their delegated powers and provide appropriate information, especially as concerns present and forecast business performance and the most important operations carried out by the Company *and* its subsidiaries.

3. - The Board of Directors can delegate powers to one or more of its members, to Managers, Middle Managers and Employees of the Company within preset limits of expenditure, whose amount shall vary according to the respective functions and posts, with sub-delegation options available in accordance with criteria established by the Board.

4. - Decisions taken by persons with the foregoing delegated powers must be reported to the Board of Directors, generally at their first working meeting, or at least on a quarterly basis, according to procedures set forth by the Board.

#### **Article 23 – Executive Committee**

1. - The Board of Directors shall appoint an Executive Committee comprising three to five members of the Board.

2. - The term of office of the Executive Committee shall be aligned to that of the Board of Directors unless otherwise indicated in the appointment resolution.

3. - The Executive Committee shall be chaired by one of its own members, designated by the Committee itself.

4. - The Committee shall, as a rule, meet at the registered offices of the Company or elsewhere, once a month or whenever the need arises, or when request is made to the Chairman by at least two of the Committee's members or by a member of the Board of Statutory Auditors.

5. - Resolutions of the Executive Committee shall be deemed valid when passed by a majority vote of its members and shall be recorded in the minutes signed by the Chairman and the Secretary appointed by the Committee, who need not be a member of the Committee. However, in this case the Secretary shall not be entitled to vote. The Secretary shall be expected to comply with the rules of business and professional secrecy.

6. - In circumstances of particular urgency, the Executive Committee may take any decision, including on matters falling under the responsibility of the Board but excluding those matters reserved to the Board by law and those listed in the last subsection of article 19. Decisions taken in response to urgent needs must be reported to the Board of Directors during the next meeting.

7. - The meetings of the Executive Committee may be attended, without voting rights, by the



Chairman<sup>3</sup>, the Deputy Chairman (or, if more than one Deputy Chairman has been appointed, the one designated by the Board) and the General Manager.

8. - At the request of the Executive Committee, Senior and Executive Managers as well as external consultants may attend the meeting, in an advisory role.

9. - The regulations regarding participation via videoconference and teleconference shall also apply to meetings of the Executive Committee, as well as the regulations regarding the validity of copies of and extracts from the minute book as set forth for the Board of Directors under article 20.

#### **Article 24 - Managing Director - General Manager - Manager in charge of drawing up Company accounting documents**

1. - The specific duties of the Managing Director, if appointed, and the General Manager, with regard to - among other things - bank management, group coordination and relationships with investors, shall be defined, distinctly for each of the two figures, by the Board of Directors. Generally speaking, the relative regulations are contained in the "Internal Regulations of Company and Group Bodies" approved by the Board.

2. - The General Manager is responsible for the organization and functioning of company structures, managing day-to-day business and personnel management, according to the general policies established by the Board, the Executive Committee and the Managing Director (if appointed), to whom the General Manager answers.

3. - In the event of his or her absence or impediment, the General Manager shall be replaced by the Deputy General Manager, if appointed, or, in the event that more than one Deputy has been appointed, by the Deputy chosen by the Board.

4. - The Board of Directors, after obtaining the favourable opinion of the Board of Statutory Auditors, appoints and revokes the Manager in charge of drawing up company accounting documents, and establishes his related powers.

5. - The Manager in charge of drawing up company accounting documents must possess, on pain of forfeiture of his position, the requirements of reliability envisaged for Company Officers in Banks, as well as specific expertise in financial-accounting issues acquired over a period of no less than three years in positions of operational responsibility within the Company, the group or other companies or entities with comparable business and organisational structure.

6. - The Manager is attributed the duties and responsibilities established by law, the Articles of

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<sup>3</sup> Circular no. 285 of the Bank of Italy states that the Chairman may participate, without voting rights, in the meetings of the Executive Committee if this is useful for ensuring an effective information link between the strategic supervision and management functions.

Association and by the Board of Directors.

**Article 25 – Authority to Act as Representative and Decisions of the Chairman**

1. - The representation of the Company before third parties and courts of law is vested severally, in the Chairman and, if appointed, the Deputy Chairman or Chairmen of the Board of Directors and the Managing Director (if appointed).
2. - The Board of Directors may delegate specific powers of company representation to one or more of its members, as well as delegate corporate signature to one or more of its members for specific acts and individual matters.
3. - The Board of Directors may delegate representative powers for specific acts or categories of acts to Bank employees, based on their business functions, or to parties outside the company.
4. - In especially urgent cases, the Chairman, in the interest of the Company and upon the binding proposal of the Managing Director (or, in case the Managing Director has not been appointed, upon the binding proposal of the General Manager), may take decisions which fall under the responsibility of the Board of Directors or the Executive Committee, except for attributions of powers which the law and these articles remit to the exclusive responsibility of the Board of Directors.
5. - The Board must be promptly notified of any decisions made, at the first effective meeting.

**Article 26 - Board of Statutory Auditors - Composition, Remuneration and Requirements**

1. - The Ordinary Shareholders' Meeting shall elect a Board of Statutory Auditors made up of three Statutory and three Alternate Auditors in compliance with gender balance requirements envisaged in Article 148, section 1-*bis* of Legislative Decree no. 58 of 24 February 1998, introduced in Law no. 120 of 12 July 2011. Thus, for the first mandate subsequent to the effective date of Law no. 120 of 12 July 2011, at least 1/5 of the members of the Board of Statutory Auditors must be of the less represented gender, and in the two subsequent mandates, at least 1/3 of the members must be of the less represented gender, rounding to the higher number in the event of a fraction. The Ordinary Shareholders' Meeting is responsible for establishing their remuneration. The Auditors shall remain in office for three financial years and their term of office shall expire on the date fixed for the convocation of the Shareholders' Meeting to approve the financial statements of the last financial year of their term. They may be re-elected.
2. - In addition to the remuneration fixed by the Shareholders' Meeting in compliance with law and supervisory regulations, Statutory Auditors are entitled to the reimbursement of expenses sustained in the performance of their office.
3. - The following persons cannot be elected as Statutory Auditors, and if elected shall relinquish their

office: persons to whom one of the conditions of debarment and ineligibility apply or persons who lack the necessary requirements of reliability and independence laid down by law and applicable regulations;

4. - The Statutory Auditors are also required to comply with the current law and regulatory provisions in force regarding the limit to the number of management and control positions which may be held. The Statutory Auditors are also subject to the prohibition of taking on roles in bodies other than control bodies in other group companies as well as in companies in which the Bank directly or indirectly holds a strategic equity investment as defined by the supervisory regulations.

5. - The Statutory Auditors must also meet the following professional conditions, without prejudice to any additional legal and regulatory requirements:

- I. at least one of the Statutory Auditors and at least one of the Alternate Auditors must be chosen from auditors entered in the register of legal auditors which have performed the legal auditing of accounts for a period of no less than three years. This requirement must, in any case, be met by the Chairman of the Board of Statutory Auditors;
- II. Statutory Auditors who do not meet the conditions indicated under point 1) shall be chosen from auditors who have at least three years experience in:
  - a) administrative or auditing activities, or management functions at public companies in the banking, financial or insurance sectors, that have a share capital of no less than two million euro; or
  - b) professional work or university teaching as a full professor of legal, economic, financial or technical-scientific subjects closely related to the Company's business; or
  - c) executive functions in public organisations or public administrations operating in the banking, financial or insurance sectors or in sectors closely related to the Company's business.

6. - The following are considered subjects and areas of activity closely related to the Company's activities:

- legal, economic, financial and technical-scientific areas regarding banks, stock brokerage companies, asset management companies, financial companies in general and insurance companies;
- areas of activity involving lending operations, stock brokerage, asset management and finance management in general, or insurance and technical, economic and legal consultancy in such areas.

#### **Article 27 - Appointment of the Board of Statutory Auditors and its Chairman - Meetings**

1. - The Board of Statutory Auditors is appointed on the basis of lists submitted by shareholders, which must indicate no more than six candidates, in sequential order: three for the post of Statutory Auditor and three for the post of Alternate Auditor. In any event, the lists must contain a minimum of

at least two candidates: one for the post of Statutory Auditor and one for the post of Alternate Auditor. The lists must expressly indicate the candidates for the post of Statutory Auditor and the candidates for the post of Alternate Auditor.

For both auditor categories, lists that contain three or more candidates must also include candidates of both genders, to ensure a Board of Statutory Auditors whose composition is compliant with regulatory provisions in effect regarding gender balance.

2. - Shareholders entitled to submit lists of candidates are those which, alone or together with other shareholders, represent at least 2.5% of the share capital, represented by ordinary shares, or a different amount provided by CONSOB through their regulations regarding the voting of lists for the appointment of the Board of Directors.

3. - Lists must be filed at the Company's registered office by the twenty-fifth day before the date of the Shareholders' Meeting called to decide the appointment of the members of the Board of Directors.

In the event that, on expiration of said term:

- only one list has been submitted;
- several lists have been filed, but the lists have been submitted by connected shareholders pursuant to the current law and regulations in force;
- several lists have been filed, but only one list is considered to be validly filed in compliance with current regulations in force and the Articles of Association;

the Company shall provide notification thereof according to the methods required by law and regulations.

4. - In each of these cases, lists may be submitted until the terms established for that purpose by the law or by regulations in force on the subject, and the minimum shareholdings required for submitting lists shall be halved.

5. - Shareholders shall provide evidence of their ownership of the number of shares required to submit lists, by producing the relative certificate; this may also occur after the filing of the list, as long as within the terms stated, by the law or by the regulations in force on the subject, for the publication of the lists by the company.

6. - The lists must be presented along with:

- information regarding the identity of the shareholders submitting them, indicating the total shareholding percentage held;
- a statement by the submitting shareholders, other than those holding, even jointly, a controlling interest or relative majority of shares, certifying the absence of any relationships connecting the former to the latter, as identified by current law and the regulations in force and also taking into consideration any Consob recommendations on such matters;

- the curriculum vitae of the candidates, as well as statements from each candidate whereby they accept their candidacy and declare, under their responsibility, that there are no grounds for debarment or ineligibility, and that they meet the requirements of reliability, professionalism and independence set forth by law and the Articles of Association.

7. - Shareholders may not submit or vote on more than one list, even through third parties or through trust companies. Shareholders belonging to the same group and shareholders who are subscribers of the same shareholders' agreement regarding shares of the Bank may not submit or vote on more than one list, even through third parties or through trust companies.

8. - Each candidate may be included on only one list, on pain of ineligibility. A Statutory Auditor leaving office may renew his candidacy on a list submitted by shareholders other than those who previously nominated and elected him, without prejudice to the conditions set forth in the previous subsections.

9. - Lists submitted which fail to observe the above indications shall be considered as not submitted. Votes exercised in breach of the above restrictions shall be considered as not exercised.

10. - If two or more lists of candidates are submitted, the statutory auditors shall be elected as follows:

- a) according to the sequential order in which they are listed, two Statutory Auditors and two Alternate Auditors shall be elected from the list that obtained the most votes in the Shareholders' Meeting (majority list);
- b) from the among the other lists which are not connected in any manner, even indirectly, with the shareholders who submitted or voted the list which obtained the most votes (minority list), a Statutory Auditor, who shall take the post of Chairman of the Board of Statutory Auditors, and an Alternate Auditor are elected.

If the composition of the Board of Statutory Auditors or the category of Alternate Auditor do not meet gender balance requirements, then, based on their order in the lists, the last members elected from the majority list of the more represented gender must forfeit their position for the number necessary to ensure compliance, and are replaced by the first candidates that were not elected from said list from the less represented gender. If there are not enough candidates of the less represented gender within an auditor category on the majority list to satisfy the requirement, the Shareholders' Meeting shall appoint the necessary Statutory Auditors and Alternate Auditors supplement the Board through a legal majority to ensure compliance with the requirement.

In the event of a tie vote between minority lists which were second in terms of number of votes, after the list as per point a), the Shareholders' Meeting shall perform a new round of voting on said lists, and the candidates from the list which obtains the relative majority of votes shall be elected and in accordance with regulatory provisions regarding gender balance.

11. - Relationships connecting shareholders, even for the purposes of calculating the list votes, exist in the cases set forth by law and the regulations. Nonetheless, when a party connected to a shareholder which has submitted or voted the list that obtained the most votes has voted for a minority list, the existence of this connection takes on significance only if the vote was a determining vote for the election of the Statutory Auditor.

12. - In the event that only one list of candidates is submitted, the Statutory Auditors and the Alternate Auditors shall be elected from said list, provided that the list contains a sufficient number of candidates for the established number of Statutory Auditors and Alternate Auditors and in accordance with regulatory provisions regarding gender balance. The first candidate on the list shall be elected as Chairman.

13. - If no lists are submitted, or if the single list presented contains an insufficient number of candidates for the appointment of all the Statutory Auditors and Alternate Auditors, or if the Statutory Auditors and Alternate Auditors are not appointed, for any reason whatsoever, pursuant to the procedure envisaged herein, the Shareholders' Meeting shall pass a resolution with the majority required by law and in accordance with regulatory provisions regarding gender balance.

14. - Verification of grounds for debarment and ineligibility, as well as the requirements of reliability, professionalism and independence, shall be performed according to the methods and terms prescribed by the current supervisory regulations.

15. - If a Statutory Auditor leaves office, he will be replaced by the first Alternate Auditor indicated on the same list from which the auditor leaving office was elected. If the Chairman of the Board of Statutory Auditors leaves office, the post of Chairman shall be taken by the auditor replacing him, coming from the same list from which the Chairman leaving office was elected.

16. - At the first opportune moment, the Ordinary Shareholders' Meeting will appoint the Statutory Auditors required to complete the Board of Statutory Auditors, according to the following procedure:

- a) when the Statutory Auditors elected from the list which obtained the most votes, or from the only list submitted, or appointed by absolute majority must be replaced, the Shareholders' Meeting shall pass a resolution with the majority required by law and in accordance with the apportionment criterion that ensures gender balance as per Article 148, section 1-bis of Legislative Decree no. 58 of 24 February 1998;
- b) when the Statutory Auditors elected from the minority list must be replaced, the Shareholders' Meeting shall appoint the replacements by relative majority vote, but the names of the candidates, to be filed according to the methods, restrictions and terms provided for the appointment of the entire Board of Statutory Auditors, may only be submitted by shareholders different to and not connected with those who submitted or voted the list which obtained the most votes in the

appointment of the entire Board of Statutory Auditors and in accordance with the apportionment criterion that ensures gender balance as per Article 148, section 1-bis of Legislative Decree no. 58 of 24 February 1998.

17. - In the case where, for any reason whatsoever, the above procedure cannot be applied, the Shareholders' Meeting shall pass a resolution with the majority required by law and in accordance with the apportionment criterion that ensures gender balance as per Article 148, section 1-bis of Legislative Decree no. 58 of 24 February 1998.

18. – Meetings of the Board of Statutory Auditors may also be held via teleconferencing or videoconferencing links, in compliance with the methods referred to in Article 20, paragraph 3 above

#### **Article 28 - Responsibilities of the Board of Statutory Auditors – Legal auditing of the Accounts**

1. - As regards the attribution of the duties of the Board of Statutory Auditors, reference should be made to the pertinent law and supervisory provisions. Specifically, as a body with control duties, the Board of Statutory Auditors performs the duties established in prudential supervisory instructions and, in this respect, for example:

- oversees compliance with the law, regulations and the Articles of Association, and with correct corporate governance principles and the adequacy of the organisational and accounting structures, promptly inform the Supervisory Authorities of all facts or deeds of which it becomes aware that may constitute an irregularity in management or a breach of the rules governing banking and corporate operations;
- is responsible for overseeing the operation of the internal control system, as a whole, and for verifying the effectiveness and adequate coordination of all structures and functions involved in said system, promoting measures to correct the gaps and irregularities detected;
- makes use of the control structures and functions within the Company to carry out the required audits and inspections, and receives suitable reporting directly from these structures on a periodic basis or in relation to specific business situations or trends;
- oversees the adequacy of the risk management and control system, as well as the suitability and compliance of the process for determining internal capital with the requirements set forth by the specific regulations.
- as part of the controls relating to correct corporate governance, verifies and investigates causes and solutions for irregularities in management, performance anomalies, and gaps in the organisational and accounting structures, with specific attention to compliance with conflict of interest regulations;
- in effectively determining the scope and methods for the audits to be conducted (which must, in any event, regards the entire Company organisation, in a transversal manner) as well as in assessing the

irregularities detected, takes into consideration both the significance of the losses which could result for the Company and the effects in terms of reputation and protection of the public's trust;

- verifies the correct performance of strategic and management control activities by Group companies, working closely with the Boards of Statutory Auditors of the subsidiaries;

- periodically verifies the adequacy of its own powers, operations and composition, taking into account the size and operational complexity of the Company;

- without prejudice to the duties attributed to the auditing company assigned to legally audit the accounts, assesses the adequacy and operation of the accounting structure, including the related IT systems, in order to ensure the correct representation of company events. To this end, the Board of Statutory Auditors coordinates its activities with the auditing company, on a continuous basis.

The Board of Statutory Auditors in addition exercises all the other activities regarding internal control and account auditing for it stated pursuant to Italian Legislative Decree no. 39 of 27 January 2010 and subsequent amendments, additional or implementation provisions and also duties of the Supervisory Body established in accordance with Italian Legislative Decree no. 231 of 8 June 2001 and subsequent amendments, additional or implementation provisions.

2. - Without prejudice to the disclosure obligations of corporate bodies which have been delegated specific powers, the Directors shall report to the Board of Statutory Auditors, generally when the Board meets and, in any case, at least once every quarter, on the activities performed and the most important economic, equity and financial operations undertaken by the Company and its subsidiaries. Specifically, the Directors shall report those operations in which they have an interest, on their own behalf, or on behalf of third parties, without prejudice to the obligations of prior disclosure set forth by law. The Board of Statutory Auditors notifies the Board of Directors, the Managing Director (if appointed) and the General Manager of the gaps and irregularities detected, requesting the adoption of suitable corrective measures and verifying the effectiveness thereof over time.

3. - Equal consideration will be given to notifications performed in compliance with the specific obligations of disclosure to the Board of Statutory Auditors and the contents of the minutes of the meetings of the Board of Directors, whether or not the Statutory Auditors participated in these meetings.

4. – The legal auditing of the accounts shall be performed by an auditing company appointed and operating in accordance with the law, chosen by way of a careful assessment of the company's professionalism and experience, so that these requirements are proportionate to the size and operational complexity of the Bank. The auditing company is also subject to the obligations regarding disclosure to the Supervisory Authorities set forth for the Board of Statutory Auditors in subsection 1 above.



**Article 29 - Joint Representative of the Holders of Savings Shares - Disclosure and Compensation**

1. - The Chairman or whoever acts in his stead, the Managing Director, if appointed, and the General Manager, severally and also through appointed employees, shall provide the joint representative with prompt and appropriate written disclosure on operations that can influence the performance of the savings shares.
2. - The transmission of extracts of the minutes of the meetings of the administrative bodies on the foregoing operations to the joint representative in an agreed manner shall be deemed appropriate disclosure, as well as the documentation made public in compliance with law.
3. - The compensation of the joint representative, fixed by a Special Meeting of Savings Shareholders, can be paid by the Company after an specific resolution of the Ordinary Shareholders' Meeting.
4. - The joint representative shall, in addition, be vested with the powers of administration of the fund, if any, set up for the expenses necessary to safeguard the interests of holders of savings shares, and shall report thereon to the Special Meeting of Savings Shareholders.

**Article 30 - Financial Year - Advances on Dividends**

1. - The financial year closes on 31 December each year.
2. - The Board of Directors may pass resolutions on the distribution of advances on dividends and in such cases, in the manner and within the limits laid down by law.

**Article 31 - Net Profit for the Period**

1. - The net profit posted in the financial statements, minus 10% for the legal reserve as well as a further amount of no less than 10% for the statutory reserve, shall be distributed as follows:
  - a) An amount that may in no case be less than 7% of the nominal value of non-convertible savings shares, as a preference dividend, to the holders of such shares. If the net profit for the financial year does not allow for the distribution in full of the preference dividend as indicated above, the overall non-distributed amount of the profits will be calculated, for the next four financial years, by including the preference dividend to be paid. The overall undistributed amount shall be understood as the sum to be shared among all the outstanding non-convertible savings shares at the time when the dividends fall due for payment in the following four financial years, without prejudice to the principle that the offsetting shall take place when the dividends are distributed in the first successive year, within the limits of the surplus verified after the distribution of the preference dividend for that financial year. The same procedure shall be followed in the successive years until the credit is used up but after the four-year period the right to receive the balance outstanding shall

lapse. In the event that additional credits accrue for the same reason, each credit shall be satisfied as and when it arises.

- b) The residual profit, after paying the amount due to the savings shares as set forth under a), shall, if and when the Shareholders' Meeting so decides, be distributed among all the shares comprising the share capital in such a manner that the non-convertible savings shares receive a unitary dividend that, taking account of the provisions of sub-section a), is at least 20% higher than that due to ordinary shares.
- c) Any remainder shall be allocated as a further increase in the statutory reserve, or allocated to other reserves, or used as contributions for socio-cultural purposes, or carried forward in compliance with resolutions of Shareholders' Meetings.

**Article 32 - Winding up and liquidation**

- 1. - In the event of the winding up of the Company, at any time and for any reason, the Shareholders' Meeting shall establish the arrangements for liquidation, appoint one or more liquidators and determine their powers.
- 2. - The holders of savings shares shall have, in the course of the liquidation, pre-emptive rights to the reimbursement of their capital, for its entire nominal value.

**Article 33 - Final Provisions**

- 1. - For all that is not expressly provided for under these Articles of Association the provisions of law shall apply.
- 2. - If any provision of the Articles of Association becomes repugnant to peremptory provisions of law it shall be overridden by the law and the Shareholders' Meeting, when amendments are made to other Articles of Association, or the Board of Directors shall make the necessary adjustments in compliance with article 19, unless the law lays down an alternative procedure.

\* \* \*

Articles of Association updated pursuant to the resolutions passed by the Extraordinary Shareholders' Meeting of 6 April 2017.

Previous amendments to the Articles were resolved on the date:

|    |          |      |    |         |      |
|----|----------|------|----|---------|------|
| 14 | December | 1949 | 20 | April   | 1977 |
| 19 | April    | 1950 | 17 | October | 1979 |
| 13 | March    | 1952 | 6  | April   | 1981 |

|    |           |      |    |          |      |
|----|-----------|------|----|----------|------|
| 20 | March     | 1954 | 7  | October  | 1988 |
| 7  | September | 1955 | 16 | November | 1990 |
| 15 | March     | 1956 | 23 | April    | 1993 |
| 5  | September | 1957 | 18 | November | 1994 |
| 23 | October   | 1961 | 28 | April    | 1997 |
| 14 | November  | 1966 | 16 | November | 1998 |
| 11 | May       | 1967 | 29 | April    | 1999 |
| 19 | April     | 1968 | 28 | April    | 2000 |
| 20 | March     | 1969 | 27 | April    | 2001 |
| 15 | April     | 1972 | 30 | April    | 2002 |
|    |           |      | 29 | June     | 2004 |
|    |           |      | 28 | April    | 2006 |
|    |           |      | 28 | June     | 2007 |
|    |           |      | 25 | June     | 2009 |
|    |           |      | 27 | January  | 2011 |
|    |           |      | 29 | November | 2011 |
|    |           |      | 30 | May      | 2013 |
|    |           |      | 29 | April    | 2014 |
|    |           |      | 28 | April    | 2015 |

and were regularly recorded pursuant to law.