

Translation from original Italian document

## Articles of Association

Edition 30 March 2019

The original text of the Articles of Association was approved by the Extraordinary Shareholders' Meetings of Banca Popolare di Bolzano and Banca Popolare di Bressanone, called to approve the merger between these two banks on 15.05.1992, later reviewed at the time of the merger with Banca Popolare di Merano on 07.06.1995.

The amendments to the Articles of Association prior to this 30 March 2019 edition were last approved by the Extraordinary Shareholders' Meeting on 8 June 2018. The amendments are all duly registered pursuant to law.

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### Banca Popolare dell'Alto Adige Società per azioni

Registered office in I-39100 Bolzano, via del Macello 55

Tax code, VAT number and Business Register of Bolzano n. 00129730214 – share capital euro 201,993,752 subscribed to and paid in  
Intermediary List code 5856 - ABI code 05856 - LEI code 52990033C5FUEN4LMC06

[www.volksbank.it](http://www.volksbank.it)

The first credit cooperative bank of Alto Adige was founded in Merano on 10 January 1886 under the name: "Gewerbliche Spar- und Vorschuss-Casse Meran reg.Gen.mbH" (Savings and lending bank for Industry and Commerce duly constituted by limited tender). The later name of *Banca Popolare di Merano Soc. coop. arl* was adopted in 1972.

In 1889 the "Spar- & Darlehenskassenverein für die Pfarrgemeinde Brixen" (Rural savings and lending bank for the parish of Bressanone) was founded in Bressanone. The later name of *Banca Popolare di Bressanone Soc. coop. arl* was adopted in 1969.

The "Spar- und Vorschußkasse für Handel und Gewerbe" (Savings and Lending Consortium for Commerce and Industry) was established in Bolzano in 1902. The later name of *Banca Popolare di Bolzano Soc. coop. arl* was adopted in 1969.

**Banca Popolare dell'Alto Adige** (in German: Südtiroler Volksbank) was created in 1992 from the merger of Banca Popolare di Bolzano and Banca Popolare di Bressanone. The merger with Banca Popolare di Merano followed in 1995. In 2015, the Banca Popolare di Marostica banking group merged with the Bank.

The Extraordinary Shareholders' Meeting of 26 November 2016 approved the transformation of the legal format of Banca Popolare dell'Alto Adige from a "cooperativa per azioni" (joint-stock cooperative) to a company "per azioni" (joint-stock company).

**Title I Establishment of the Company**

- Art. 1 Name
- Art. 2 Corporate purpose
- Art. 3 Registered office and branches
- Art. 4 Duration

**Title II Share capital and shares**

- Art. 5 Share capital
- Art. 6 Voting rights and limits
- Art. 7 Transfer of shares and possible restrictions
- Art. 8 Dividend and share of liquidation proceeds
- Art. 9 Withdrawal of the shareholder

**Title III Corporate bodies**

- Art.10 Corporate bodies
- Art.11 Calling of the Shareholders' Meeting
- Art.12 Shareholder attendance at the Shareholders' Meeting and representation
- Art.13 Responsibilities of the Shareholders' Meeting
- Art.14 Shareholders' Meeting regulations
- Art.15 Chairmanship of the Shareholders' Meeting
- Art.16 Constitution of the Shareholders' Meeting
- Art.17 Validity of Shareholders' Meeting resolutions
- Art.18 Adjournment of the Shareholders' Meeting
- Art.19 Minutes of the Shareholders' Meeting
- Art.20 Composition of the Board of Directors
- Art.21 Election of the Board of Directors
- Art.22 Replacement of directors
- Art.23 Board offices
- Art.24 Fees to directors
- Art.25 Meetings of the Board of Directors
- Art.26 Resolutions of the Board of Directors
- Art.27 Minutes of the Board of Directors
- Art.28 Powers of the Board of Directors
- Art.29 Executive Committee
- Art.30 Risk Committee
- Art.31 Delegation of powers of the Board of Directors
- Art.32 Board of Statutory Auditors
- Art.33 Election and replacement of statutory auditors
- Art.34 Duties of the Board of Statutory Auditors
- Art.35 Operations of the Board of Statutory Auditors
- Art.36 Auditing of the accounts
- Art.37 General management
- Art.38 Duties of the general manager

**Title IV Representation of the Company and corporate signature**

- Art.39 Signatory powers

**Title V Financial statements**

- Art.40 Financial statements
- Art.41 Allocation of profits

**Title VI Winding-up and liquidation**

- Art.42 Winding-up and liquidation regulations

**Title VII Temporary provisions**

- Art.43 Board composition, appointment of directors and replacement of directors who vacate office during the term. Appointment of a deputy chairman.

# Title I

## Establishment of the Company

### Art. 1

#### Name

- 1) Banca Popolare dell'Alto Adige società per azioni (in German: Südtiroler Volksbank Aktiengesellschaft) has been established.
- 2) The Company is governed by these Articles of Association and by law. The Company is subject to supervisory control in compliance with the provisions of Testo Unico Bancario. The Company's Articles of Association are subject to review by the Bank of Italy.
- 3) In addition to its historically used names, the Company may operate using, in addition to its own name, as traditional distinctive signs of local importance, the names and/or trademarks or distinctive signs of the companies incorporated in it.

### Art. 2

#### Corporate purpose

- 1) The purpose of the Company is the collection of savings and the provision of lending services in its various forms.
- 2) The Company may perform, in observance of legal and regulatory provisions, all banking, financial and security brokerage services and transactions, including activities of mutual benefit, and perform all other transactions instrumental to or in any event related to achievement of the corporate purpose.
- 3) The Company, in its capacity as Parent Bank of the Banca Popolare dell'Alto Adige Banking Group (in Italian: Gruppo bancario Banca Popolare dell'Alto Adige), pursuant to Article 61 of the Testo Unico Bancario, issues, in the exercise of its management and coordination activities, instructions to Group companies for the execution of instructions issued by Banca d'Italia and other supervisory authorities in the interest of the stability of the Group.
- 4) The Company pays special attention to the enhancement of local resources, where it is present through its own distribution network and that of the Group.
- 5) In order to pursue its banking purpose, the Company may take up membership with associations and consortiums and stipulate agreements both in Italy and abroad.

### Art. 3

#### Registered office and branches

- 1) The Company's registered office and head office are located in the municipality of Bolzano. With consent as required, the Company may establish, transfer and suppress branches and representative offices in Italy and abroad.

### Art. 4

#### Duration

- 1) The duration of the Company will run until 31 December 2100 and may be extended.

# Title II

## Share capital and shares

### Art. 5

#### Share capital

- 1) The share capital subscribed to and paid in amounts to Euro 201,993,752 and is broken down into 50,498,438 common registered shares.
- 2) The shares are indivisible and registration in more than one name is not permitted. In the event of joint-ownership of shares, the rights of the co-owners shall be exercised by one joint representative. If a joint representative is not appointed or if said appointment is not reported to the Company, notifications and declarations issued by the Company to any one of the co-owners shall be deemed valid notification/declaration to all co-owners.
- 3) The shares are issued in dematerialised format on the central depository system in accordance with current law.
- 4) Categories of shares with different rights may be created by amendment of the Articles of Association.

- 5) The Extraordinary Shareholders' Meeting may resolve upon share capital increases by amendment to the instrument of incorporation, in the forms envisaged under current law, and on justified proposal from the Board of Directors may resolve to exclude or restrict option rights.  
The Extraordinary Shareholders' Meeting may resolve to issue bonds convertible into Company shares.
- 6) The Extraordinary Shareholders' Meeting may resolve to assign profits to personnel in compliance with current law.
- 7) In accordance with art. 2420-ter of the Italian Civil Code, the Extraordinary Shareholders' Meeting of 23 February 2015 vested the Board of Directors with the power:
  - i) to resolve and issue, setting the conditions, in one or more stages and no later than 23.02.2020, a bond for an overall maximum nominal amount of Euro 100,000,000 (one hundred million) in bonds and/or bonds cum warrants, convertible into common shares of the Company, to be offered on option to shareholders and any holders of convertible bonds of the Company, with subsequent divisible capital increase for the conversion.  
The Board of Directors is vested with the broadest power to determine the time limits and methods for implementing the delegations of powers described in point (i) of this paragraph 7, and in general to resolve and fulfil any other requirement deemed necessary or useful for the purposes of this resolution of the Meeting.
- 8) The Board of Directors is vested with the power, pursuant to art. 2443 of the Italian Civil Code, to resolve, also in divisible form and in tranches, for up to five years from the shareholders' meeting resolution of 26 November 2016, a bonus share capital increase pursuant to art. 2349, paragraph 1 of the Italian Civil Code of up to Euro 300,000.00 (three hundred thousand/00), for share-based remuneration plans to be granted in execution of the remuneration policies in force over time to the personnel of Banca Popolare dell'Alto Adige with positions of particular relevance for the achievement of the Company's overall objectives.  
The bonus share capital increase will take place by using the restricted share capital increase reserve - to be used for the 2016 Stock Grant Plan approved by the Ordinary Shareholders' Meeting of 26 November 2016 as well as any other Stock Grant Plans to be approved for 2017 and 2018 - the formation of which, in the amount of Euro 300,000.00 (three hundred thousand/00), was approved by the Ordinary Shareholders' Meeting also on 26 November 2016.  
The shares subject to the bonus share capital increase will provide regular entitlement and will be issued in multiple tranches, with the means and timing established in the Plan regulation.  
The Board of Directors is vested - with the right of sub-delegation to its members - with all required authorities relating to the execution of the share capital increase mentioned above, and in particular the granting and issue of new Plan shares within the terms and under the conditions established therein, as well as the right to make the resulting amendments to this article in order to adjust the amount of the share capital over time.  
After the period within which the share capital increase referred to above must be carried out, under the conditions established in the Plan, the share capital shall be deemed increased by an amount corresponding to the shares issued.

#### **Art. 6**

##### **Voting rights and limits**

- 1) Each share gives the right to one vote.

#### **Art. 7**

##### **Transfer of shares and possible restrictions**

- 1) Without prejudice to any legal limits, the shares are freely transferrable, with the means in force pro-tempore, on any basis *inter vivos* and *mortis causa*.
- 2) The shares may be subject to compulsory enforcement at the initiative of the Company in the event of breach of shareholder obligations with respect to the Company according to what is established by law.
- 3) Restrictions and real rights may be placed on the shares, always within the limits permitted by regulations in force.

#### **Art. 8**

##### **Dividend and share of liquidation proceeds**

- 1) The stake in the profits and corporate equity is proportionate with the shares held.
- 2) Dividends not collected within five years of the day on which they become collectable shall be deemed transferred to the Company.

#### **Art. 9**

##### **Withdrawal of the shareholder**

- 1) Withdrawal is permitted in the cases and with the means, limits and effects provided by law and regulations in force pro-tempore and by these Articles of Association.
- 2) In any event, withdrawal is excluded where the duration of the Company is extended and if restrictions on circulation of shares are introduced, amended or removed, as well as in all other cases of withdrawal deriving from provisions of law that may be derogated by the Articles of Association.
- 3) Provisions of law shall apply for the redemption of the withdrawn shareholder's shares.

## **Title III**

### **Corporate bodies**

#### **Art. 10**

##### **Corporate bodies**

- 1) Corporate decisions, in accordance with their respective duties, shall be made by:
  - a) the Shareholders' Meeting
  - b) the Board of Directors
  - c) the chairman
  - d) the Executive Committee, if appointed
  - e) the Board of Statutory Auditors
  - f) the General management.

#### **Art. 11**

##### **Calling of the Shareholders' Meeting**

- 1) The Shareholders' Meeting shall be called at least once a year within 120 days of the end of the financial year, by the methods and under the terms established by law, by the Board of Directors – or, if necessary, by the Board of Statutory Auditors – at the registered office of the Company or other venue in the province of Bolzano as indicated in the notice of call.
- 2) The ordinary and extraordinary Shareholders' Meeting is held in general on a single call. However, if the Board of Directors deems appropriate and expressly indicates this in the notice of call, it may schedule multiple calls for both the Ordinary and Extraordinary Shareholders' Meeting.
- 3) The notice of call shall be published with the timing and with the other means established by law and regulations applicable over time. The notice of call must indicate:
  - a) the indication of the date, time and place of the single call and, if the Meeting is scheduled to be held in more than one call, the details of the first and second call;
  - b) the agenda, as well as the other information that must be included according to law and regulations in force over time.The notice of call shall be published in the Official Journal (Gazzetta Ufficiale) of the Republic of Italy or in one of the two national daily newspapers "Il Sole 24 ore" or "Milano Finanza" at least 20 days prior to the date established for the single or first call of the the Shareholders' Meeting.
- 4) The Shareholders' Meeting may also be conducted with attendance at different venues, near or far from each other, located inside or outside the province of Bolzano, connected via audio/video link to the place where the Meeting is held and where the chairman and the secretary are in attendance, provided that the overall plenary method and the principles of good faith and equal treatment are applied and, specifically, provided that all attendees can be identified and are able to follow discussions and intervene in real time in negotiation of items on the agenda, and can examine, receive and discuss the related documentation and express their vote.

In such cases the notice of call shall indicate the venues with audio/video link that may be used by attendees, the meeting being deemed to be held at the venue at which the chairman and person drafting the minutes are present.
- 5) Should there be technical obstacles such so as to prevent the holding or continuation of the duly constituted Meeting, impeding its conclusion in the course of the same day, the chairman shall suspend the meeting, after recording this in the minutes and briefly indicating the reasons. In any event, this is without prejudice to the resolutions already passed by the Meeting and which must be recorded in the minutes. For the discussion of the agenda items not yet examined and resolved upon due to the above-mentioned obstacles, the Meeting must be reconvened within the terms established by law and the Articles of Association and the provisions of the previous paragraphs shall apply to those other meetings.
- 6) The Board of Directors shall also call the Shareholders' Meeting without delay when written request to do so is made, indicating the items on the agenda, from a number of voting shareholders which as at the date of the request represent the percentage of share capital required by applicable law. A call at the request of shareholders is not permitted for topics on which, by law, the Shareholders' Meeting resolves on the basis of proposals from the directors or based on a project or report prepared by the directors.

#### **Art. 12**

##### **Shareholder attendance at the Shareholders' Meeting and representation**

- 1) The Shareholders' Meeting may be attended by the persons entitled to vote and for whom the Company has obtained, within the terms provided for by the regulations, a certificate of legitimacy, communicated by the depositary intermediary adhering to the service of centralised management of financial instruments.
- 2) Those who have the right to vote may be represented at the Shareholders' Meeting in accordance with the provisions of the law. The proxy may be granted and may also be notified to the Company by electronic means, as indicated in the notice of call of the Shareholders' Meeting.
- 3) The Board of Directors may designate one or more persons to whom the holders of voting rights may, in accordance with the procedures laid down by current legislation for companies with shares listed on regulated Italian markets, applicable to the Company as a result of the reference in these Articles of Association, grant a proxy for all or part of the proposals on the agenda

with the necessary indication of the voting instructions, on penalty of nullity of the proxy or of the part of the proxy without instructions. The designation shall be mentioned in the notice of call.

- 4) If indicated in the notice of call, those who have the right to vote may attend the Shareholders' Meeting by means of telecommunications and exercise their right to vote electronically in accordance with the procedures set out in the notice itself.

#### **Art. 13**

##### **Responsibilities of the Shareholders' Meeting**

- 1) The Shareholders' Meeting may be ordinary or extraordinary pursuant to the law.  
In addition to provisions of law and the Articles of Association, conduct of the Shareholders' Meeting shall be governed by the Shareholders' Meeting regulations.
- 2) The ordinary Shareholders' Meeting shall:
  - a) discuss and resolve upon the financial statements, having heard the report of the Board of Directors and Board of Statutory Auditors, and allocate profits;
  - b) appoint and dismiss directors; appoint statutory auditors and the Chairman of the Board of Statutory Auditors. Having consulted the Board of Statutory Auditors, it shall appoint or dismiss the independent auditors;
  - c) resolve upon director and statutory auditor responsibilities;
  - d) determine the fees to directors, statutory auditors and independent auditors, together with attendance fees payable to directors and statutory auditors;
  - e) approve the regulation governing the limits regarding accumulation of offices as director and statutory auditors;
  - f) approve remuneration and incentive policies in favour of members of the Management body and employees;
  - g) approve share-based remuneration plans;
  - h) approve criteria for the determination of the remuneration to be provided in the event of early termination of employment or early departure from office, including the limits established on that remuneration in terms of yearly fixed remuneration and the maximum amount deriving from their application;
  - i) approve the Shareholders' Meeting regulations;
  - j) resolve upon other matters reserved to the Shareholders' Meeting by law or the Articles of Association.
- 3) The Extraordinary Shareholders' Meeting shall resolve upon amendments to the Articles of Association, without prejudice to art. 28, paragraph 2, points s), u) and v) below, and on any other matter reserved to the Extraordinary Shareholders' Meeting by law or the Articles of Association.

#### **Art. 14**

##### **Shareholders' Meeting regulations**

- 1) The conduct of the Shareholders' Meeting, both ordinary and extraordinary, is governed by law and the Articles of Association as well as by regulations approved by the Ordinary Shareholders' Meeting and valid, until amended or replaced, for all subsequent meetings. The Meeting, with the quora required by law and by the Articles of Association for the Ordinary Shareholders' Meeting, may decide, on a case by case basis, not to apply one or more parts of the regulations.

#### **Art. 15**

##### **Chairmanship of the Shareholders' Meeting**

- 1) The Shareholders' Meeting, both ordinary and extraordinary, shall be chaired by the chairman of the Board of Directors or, in his absence for any reason, by his/her appointed delegate, failing which by a person appointed by the attendees.
- 2) The chairman shall have full powers to conduct the Meeting and, in particular, to verify the right of the attendees to participate in the Shareholders' Meeting and check whether it is duly constituted and has enough attendees to pass resolutions, to direct and regulate the discussion and to propose methods for voting and proclaim the results.
- 3) The Shareholders' Meeting shall appoint a secretary and choose the scrutineers on proposal from the chairman. In an Extraordinary Shareholders' Meeting, or when the chairman deems this appropriate, the function of secretary shall be carried out by a notary public designated by the chairman. The chairman may appoint one or more scrutineers.

#### **Art. 16**

##### **Constitution of the Shareholders' Meeting**

- 1) When the Shareholders' Meeting is held on a single call:
  - a) the Ordinary Shareholders' Meeting shall be duly constituted irrespective of the portion of the share capital represented in the Shareholders' Meeting, in compliance with what is established by law;
  - b) the Extraordinary Shareholders' Meeting shall be duly constituted with the attendance in person or by legal representative or by proxy of at least one-fifth of the share capital and, for the matters specified in paragraph 3 below, with the portion of the share capital specified therein.
- 2) In the event of multiple calls:
  - a) the Ordinary Shareholders' Meeting shall be duly constituted on first call when at least half of the share capital is represented at the Meeting, excluding the shares without voting rights from the calculation;  
the Ordinary Shareholders' Meeting shall be duly constituted on second and subsequent calls irrespective of the amount of the share capital represented;

- b) the Extraordinary Shareholders' Meeting shall be duly constituted on first call when at least half of the share capital is represented in the Meeting and, for the matters specified in paragraph 3 below, with the portion of the share capital specified therein;  
the Extraordinary Shareholders' Meeting shall be duly constituted on second call with the participation of more than one-third of the share capital;  
the Extraordinary Shareholders' Meeting shall be duly constituted on calls subsequent to the second when at least one-fifth of the share capital is represented.
- 3) For the resolutions set forth in art. 2441, paragraph 5 of the Italian Civil Code, the Shareholders' Meeting shall be duly constituted with the majorities required for the Extraordinary Shareholders' Meeting.  
To resolve on the transfer of the registered office and of the general management headquarters, the presence of at least half of the share capital (on single call) or, if the Meeting is called in multiple calls, at least two-thirds of the share capital on first call and at least half of the share capital on second call, attending in person or through a legal representative or by proxy, is required.

#### **Art. 17**

##### **Validity of Shareholders' Meeting resolutions**

- 1) The Shareholders' Meeting resolutions shall be carried on single call with the favourable vote of the absolute majority of the share capital represented in the Shareholders' Meeting. Election to corporate office for directors and statutory auditors shall take place by list vote as prescribed in articles 20 and 21 and articles 32 and 33, respectively, of the Articles of Association.  
The Extraordinary Shareholders' Meeting resolutions shall be carried, on single call, with the favourable vote of at least two-thirds of the share capital represented in the Meeting, except for the transfer of the registered office and of the general management headquarters, which are carried by a three-quarters majority of the share capital represented in the Meeting.
- 2) In the event of multiple calls, the Ordinary Shareholders' Meeting resolutions shall be carried on first and subsequent calls by absolute majority of the share capital represented in the Shareholders' Meeting.  
In the event of multiple calls, the Extraordinary Shareholders' Meeting resolutions shall be carried on first and subsequent calls with the favourable vote of at least two-thirds of the share capital represented in the Meeting, except for the transfer of the registered office and of the general management headquarters, which are carried by a three-quarters majority of the share capital represented in the Meeting.
- 3) Voting at the Shareholders' Meeting shall be by open vote, irrespective of the matter subject to the vote.

#### **Art. 18**

##### **Adjournment of the Shareholders' Meeting**

- 1) If it is not possible to discuss the entire agenda in one session, the Shareholders' Meeting may be adjourned by the chairman to no later than the eighth day thereafter, informing the meeting of said adjournment without further requirement to issue notice of call.
- 2) At the second session the Shareholders' Meeting shall be deemed constituted and may resolve with the same majorities established for constitution and resolutions of the first session of that same Shareholder's Meeting.

#### **Art. 19**

##### **Minutes of the Shareholders' Meeting**

- 1) Shareholders' Meeting resolutions shall be recorded in dedicated minutes which, transcribed in the Shareholders' Meeting register of minutes, are signed by the chairman of the meeting and the secretary or notary public, if appointed to that position.
- 2) This register and related abstracts, certified as true copies of the original by the chairman and secretary, shall be accepted as proof of the Shareholders' Meetings and related resolutions.

#### **Art. 20**

##### **Composition of the Board of Directors**

- 1) The Company is directed by a Board of Directors comprising between nine and twelve members, elected by the Shareholders' Meeting – once their number has been established by the Shareholders' Meeting called to approve the financial statements of the year that precedes the appointment – and selected as follows:
  - a) If the Board of Directors is composed of nine directors
    - at least six among those who have been residents of the Province of Bolzano for at least three years;
    - at least two among those who have been residents of the Veneto Region for at least three years;
    - the remaining director with no residency restrictions;
  - b) If the Board of Directors is composed of ten directors
    - at least seven among those who have been residents of the Province of Bolzano for at least three years;
    - at least two among those who have been residents of the Veneto Region for at least three years;
    - the remaining director with no residency restrictions;
  - c) If the Board of Directors is composed of eleven directors
    - at least eight among those who have been residents of the Province of Bolzano for at least three years;
    - at least two among those who have been residents of the Veneto Region for at least three years;
    - the remaining director with no residency restrictions;



- d) If the Board of Directors is composed of twelve directors
  - at least eight among those who have been residents of the Province of Bolzano for at least three years;
  - at least two among those who have been residents of the Veneto Region for at least three years;
  - the remaining directors with no residency restrictions.

For appointment purposes, the Board of Directors shall:

- a) identify beforehand, and bring to the awareness of shareholders in due time, its optimal qualitative/quantitative composition, identifying and justifying the theoretical profile of the candidates deemed appropriate for these purposes;
- b) subsequently verify the equivalence between the optimal qualitative/quantitative composition and the actual composition resulting from the appointment process.

The directors must meet the requisites of honourability, professional competence and independence envisaged by current law as well as all provisions included in all regulations and the Articles of Association.

The composition of the Board of Directors must ensure balance between genders to the extent required by laws and regulations in force and, lacking any express regulatory provision, in any event it must include at least two members of the less represented gender.

No person connected to the Company by an on-going freelance or employment contract may hold the office of director. Former employees of the Company may be elected, provided the related employment contract was terminated at least ten years previously.

No person who is or becomes a director, statutory auditor or employee of a company operating in direct competition with the Company, or in any event of other banks or company subsidiaries of such competitors, may hold the office of director, unless the company concerned is a central authority or an investee.

Anyone past the age of seventy is ineligible to become a company director and for directors in office, said office shall lapse on the date of the annual Shareholders' Meeting immediately after the age of seventy is reached.

- 2) By special regulation approved by the ordinary Shareholders' Meeting, limits are set with regard to the number of offices that may be held at one time by directors, which take into account the nature of the office and the characteristics and size of the company where they hold the office. Where of a stricter nature, limits to cumulative offices envisaged by law and regulatory provisions shall prevail.
- 3) Directors shall act in an informed manner. In order to ensure the correct performance of their duties, the directors must have the professional skills and competence their office requires. Given the duties performed by directors and in order to fulfil duties associated with the office of director, exclusively for the directors of the Province of Bolzano, a perfect understanding of both Italian and German is required with reference to corporate business and the professional requirements necessary to hold office. On a special self-certification form made available by the Company, individual directors shall confirm that the language requirements are met.
- 4) At least three directors must be non-executive. Non-executive directors may not form part of Committees with executive duties, may not accept delegated powers and may not perform any on-going or single task relating to the management of the company. To that end, directors shall be considered executive if they:
  - a) are members of the Executive Committee, if established, have delegated powers or carry out, also de facto, tasks relating to Company management;
  - b) hold management offices in the Company, supervise specific areas of company operations or participate in management committees.
- 5) At least three directors, who may coincide with the three non-executive directors, must meet the following requirements of independence:
  - a) have had no direct or indirect commercial, credit or significant professional relations with the Company in the previous financial year;
  - b) do not hold office as executive director in any subsidiary of the Company;
  - c) must not be shareholders or directors or have had significant business relations with the Company's appointed independent auditors;
  - d) must not be the spouse or a relative by blood or marriage up to four times removed of a person in any position indicated under points (a), (b) or (c).

The significance of the relationships listed above should be evaluated based on the financial position of the individual director and based on the relevance/importance of the relationship for the Company.

Failure to meet these independence requirements for a director does not mean the forfeiture of the office providing the minimum number of independent directors that must comply with these requisitions is met.
- 6) The term of office of directors shall be three financial years and re-election is permitted. Expiry of the term of office coincides with the Shareholders' Meeting called to approve the financial statements for the last financial year of office.
- 7) Directors may be removed in accordance with the methods provided by law.

## **Art. 21**

### **Election of the Board of Directors**

- 1) The Shareholders' Meeting appoints members of the Board of Directors on the basis of lists. A list of candidates may be presented by one or more shareholders with voting rights in the Meeting called to elect the Board that together represent at least 1% of share capital or any lower percentage established by law or regulation.
- 2) The lists of candidates, signed by those who present them, must be deposited, under penalty of forfeiture, at the Company offices at least fifteen days prior to the date set for the Shareholder's Meeting on first call. The signature of each presenting shareholder must be certified by a notary public or by a Company employee authorised by the Board of Directors.

- Each shareholder may present only one list. In case of failure to comply with this provision, the shareholder's signature shall not be taken into account for any list.
- 3) The lists must contain, in sequence order, as many candidates as the number of directors to be elected in accordance with article 20, paragraph 1 of the Articles of Association, and must be compliant with the residency requirements therein. At least three candidates, within the first seven in the list, must be in possession of the independence requirements set out in art. 20, paragraph 5 of the Articles of Association. Each candidate may be enrolled in one list only, under penalty of ineligibility.
  - 4) The lists must contain information on the identity of the presenting shareholders, the number of shares each of them holds, and a certification attesting to the ownership of said shares for the purposes of art. 21, paragraph 1 of the Articles of Association, as well as any other information required under any law, regulation or the Articles of Association.
  - 5) Comprehensive information on the personal and professional status of the candidates must be submitted with each list, and a certification from said candidates certifying that they meet the requirements set forth by legal, regulatory and statutory provisions, including those of independence and their acceptance of the candidature.
- 5-bis) In addition to what is set forth in paragraphs 4 and 5 above:
- a) the candidatures submitted by shareholders shall illustrate the reasons for any differences with respect to the analyses carried out by the Board concerning its optimal qualitative/quantitative composition;
  - b) the candidatures submitted by the Board shall be accompanied by the opinion of the independent directors concerning the suitability of the candidates which, based on the analysis carried out beforehand, the Board has identified to hold office.
- 6) If for any reason, individual candidates of the regularly presented lists are missing, the validity of the lists presented is not affected. Vacant positions are filled by the candidates immediately following in order of enrolment in the list.
  - 7) At the Shareholders' Meeting, shareholders may exercise their vote by indicating solely the pre-selected list, without the right to modify and/or supplement it or vote for more than one list.
  - 8) Directors are elected as follows:
    - a) If more than one list has been presented, from the list that obtained the highest number of votes ("majority" list), all directors are appointed in order of progressive numerical enrolment, except for those that pertain to the minority lists. From the lists that obtained the second and third highest number of votes, presented or voted for by shareholders not related in any way, directly or indirectly, to the shareholders who presented or voted for the majority list and each of which obtained a number of votes representing at least 1% of the share capital (the "minority lists"), is elected, in order of progressive numerical enrolment, the first eligible name of a person who meets the residency requirements set out in art. 20, paragraph 1 of the Articles of Association. If there is only one minority list as a result of the threshold described above, from this list are elected, in order of progressive numerical enrolment, the first two names of people who meet the residency requirements set out in art. 20, paragraph 1 of the Articles of Association.
    - b) If only one list has been validly presented, or no minority list obtains the minimum vote threshold set out in letter (a) above, all directors are taken from the only list.
    - c) If, in the case described in paragraph 6 above, it is impossible to elect all the directors according to the procedure indicated under the above letters (a) and (b), or if no list has been validly presented within the prescribed time limit, then the members still required to form the Board of Directors are elected from the candidates, meeting – among others – of the requirements set out in art. 20, paragraphs 1 and 5 of the Articles of Association, proposed directly by the retiring Board, by resolution approved by the majority of directors in office and/or by the Shareholders' Meeting; the candidates who obtain the highest number of votes are elected.
    - d) In the event of a tie between lists or candidates, the Shareholders' Meeting proceeds with a second relative majority ballot.
    - e) In addition, if the election of the candidates from the lists with the methods specified above does not ensure that the composition of the Board of Directors will comply with regulations on gender balance pursuant to art. 20, paragraph 1 of the Articles of Association above, the candidate of the more represented gender elected last in order on the list which received the highest number of votes shall be replaced by the first, unelected candidate of the less represented gender from the same list based on the progressive order. If it is necessary to appoint more than one director of a different gender, this replacement procedure shall continue until the composition of the Board of Directors is compliant with the regulations in force pro-tempore regarding gender balance. If even with this approach it is not possible to identify directors with the above-mentioned characteristics, the specified replacement method shall be applied to the minority lists progressively receiving the most votes, from which the elected candidates have been selected; when suitable replacements have not been identified even after applying the above-mentioned replacement method, the Shareholders' Meeting shall resolve by relative majority upon submission of candidatures of parties belonging to the less represented gender.

## **Art. 22**

### **Replacement of directors**

- 1) If, for any reason during the course of the financial year one or more directors should terminate their office, they are replaced by the first non-elected candidate, in order of enrolment in the list, indicated in the list of candidates from which the replaced director was selected. Said candidate must again indicate acceptance and meet the requirements of the office in question, including residency requirements, and, if other Board members need to be elected in order to comply with the prescriptions of art. 20, paragraph 5 of the Articles of Association, the necessary independence requirements, without prejudice to the fact that, if with the termination of the directors the gender balance requirements are no longer met, the replacements will need to belong to the same gender as the directors leaving office. Non-elected candidates over the age of seventy are not entitled to be appointed as a replacement director.

- 2) If by adopting the procedures detailed in the above paragraph 1, the Board of Directors cannot be completed, the Board of Directors may replace the missing directors, provided that the majority continues to be composed of directors appointed by the Shareholders' Meeting. Co-opting takes into account whether the candidates meet office and residency requirements and, if other Board members need to be elected in order to comply with the prescriptions of art. 20, paragraph 5 of the Articles of Association, the necessary independence requirements. In any event, the provisions pursuant to paragraph 5-bis of art. 21 above of the Articles of Association shall apply to co-opting.  
Co-opting shall be carried by absolute majority vote of members in office rounded up to the nearest unit, and by resolution approved by the Board of Statutory Auditors.
- 3) The directors called in as replacements according to the procedures indicated in paragraph 1 shall remain in office for the remainder of term of office of the director they are replacing.
- 4) Co-opted directors shall remain in office until the next Shareholders' Meeting; this shall then see to a replacement from individual candidates without any list restrictions based on a majority vote. The individual candidates must have presented their candidature and documented their fulfilment of the requirements as prescribed by art. 20 of the Articles of Association, at least 10 days prior to the day set for the Shareholder's Meeting, on first call, at the Company premises.  
Directors appointed in replacement of former directors shall each assume the residual term of office of the directors replaced.

#### **Art. 23**

##### **Board offices**

- 1) The Board of Directors shall elect the chairman and one or two vice chairmen, who shall remain in office until the expiry of their term of office as directors, from among its members by absolute majority vote rounded up to the nearest unit.
- 2) The chairman shall promote the effective functioning of the corporate governance system and the proper functioning of the Board of Directors, guarantee the effectiveness of board debates, working to ensure that resolutions adopted are the result of adequate discussion and the knowledgeable and justified contribution of all directors, shall also guarantee the balance of powers with respect to the other executive directors and shall act as a point of contact for the Board of Statutory Auditors and the board committees. To effectively fulfil his or her function, the chairman has a non-executive role and does not carry out, even de facto, management tasks, without prejudice to what is set forth below.
- 3) In urgent situations and on recommendation from the general manager or delegated officer of the general manager, the chairman, or in his/her absence a vice chairman, may adopt measures normally decided by the Board of Directors or Executive Committee, if appointed. Such decisions must be reported to the body normally responsible at the next available meeting.
- 4) The chairman shall also ensure that:
  - a) the Board self-evaluation process is conducted effectively, the relative methods are consistent with the degree of complexity of the Board's work and all necessary corrective measures are adopted to deal with any gaps found;
  - b) the Company prepares and implements orientation programmes and training plans for members of the corporate bodies.
- 5) The vice chairmen shall replace the chairman in the event of his/her absence or impediment, assuming all related powers and duties; if the Board has appointed two vice chairmen, the replacement takes place in order of seniority of office and, if equal, in order of age seniority. In the event of absence or impediment of the chairman and both vice chairmen, the related duties shall be assumed by the most senior director in terms of office and, if equal, by the director most senior in terms of age, unless otherwise decided by the Board of Directors.
- 6) If, during the course of the financial year, the chairman or a vice chairman should cease to hold office, the Board, once completed according to the provisions of art. 22 of the Articles of Association, shall arrange for a replacement.
- 7) The Board of Directors may elect a secretary from among its members or call upon the General Manager, or, on his suggestions, a Company employee.

#### **Art. 24**

##### **Fees to directors**

- 1) The ordinary Shareholders' Meeting, when appointing the Board of Directors, shall determine for the duration of the mandate the annual fees payable to the directors and the attendance fees payable for their participation in Board of Directors' meetings and meetings of the Board Committees.
- 2) After consulting the Board of Statutory Auditors, the Board of Directors may determine fees payable to directors with special offices as envisaged in the Articles of Association, consistent with the remuneration and incentive policies established by the Shareholders' Meeting.
- 3) Directors shall have the right to reimbursement of expenses incurred in the course of their duties.

#### **Art. 25**

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

- 1) The ordinary meeting of the Board of Directors is called at least once a month, and extraordinary meetings at any time deemed necessary by the chairman or should a justified request be received from the Board of Statutory Auditors or at least one-third of the members of the Board of Directors.

- 2) The chairman or his/her appointed delegate shall issue the notice of call at least five days prior to the date established for the meeting. In urgent cases the notice of call must be issued at least twenty-four hours prior to the meeting for the Board of Directors meeting to the validly called. The notice may be drafted on any media (paper or magnetic) and may be sent by any means of communication that can guarantee proof of receipt.

Standing auditors shall also be informed of the meeting called in the same form and with the same methods.

- 3) Meetings may be held by teleconferencing or videoconferencing or via similar electronic means, provided it is possible to identify with certainty the participants in the meeting and they may participate in the meeting and view, receive or transmit documents. The methods for conducting the meeting shall not conflict with the requirement of correct and complete minute-taking; the existence of each of these methods must be acknowledged in the meeting minutes. In this case, the meetings must be deemed held in the place where the chairman and secretary are located.
- 4) The meetings are chaired by the chairman and are duly constituted when the absolute majority of members in office are in attendance.
- 5) A dedicated regulation approved by the Board of Directors shall formalise methods for defining the optimal qualitative/quantitative composition of the Board and methods for the Board's functioning and self-evaluation.

#### **Art. 26**

##### **Resolutions of the Board of Directors**

- 1) The Board of Directors shall pass resolutions on proposal from one of its members or the general manager.
- 2) Without prejudice to anything that may be laid out in the relative internal regulation, Board of Directors resolutions shall be adopted by open vote.  
Resolutions shall be carried by absolute majority vote of those present; in the event of a tie vote, the vote of the meeting chairman shall break the tie.
- 3) Directors must inform other directors and the Board of Statutory Auditors of any interest, personal or on behalf of third parties, in a given Company transaction, specifying its nature, terms, source and extent. In such cases, the resolution of the Board of Directors must adequately justify the rationale and convenience of said transaction for the Company.

#### **Art. 27**

##### **Minutes of the Board of Directors**

- 1) For meetings and resolutions of the Board, minutes must be drafted for inclusion in the related register and be countersigned by the meeting chairman and secretary.
- 2) This register and related abstracts, certified as true copies of the original by the chairman or his/her appointed delegate and the secretary, shall be accepted as proof of the meetings and related resolutions.

#### **Art. 28**

##### **Powers of the Board of Directors**

- 1) The Board of Directors is responsible for the strategic supervision and management functions and is vested with all powers of ordinary and extraordinary administration of the Company for the implementation of the corporate purpose, without prejudice to specific authorisation requirements in cases envisaged by law and without prejudice to decisions reserved to the Shareholders' Meeting.
- 2) In addition to powers that cannot be delegated pursuant to art. 2381 of the Italian Civil Code, the Board of Directors shall have sole responsibility for decisions concerning:
  - a) the establishment of general management, ownership and organisational guidelines, strategic guidelines and operations and business and financial plans of the Company as well as the decisions concerning the acquisition and sale of shareholdings that modify the composition of the Banking Group and the determination of the general management guidelines and criteria for the coordination and management of the Group companies and for the execution of the instructions given by Banca d'Italia and the other supervisory authorities in the interest of the stability of the Group;
  - b) approval and periodic verification of the organisational structure, at least once a year;
  - c) the assignment of powers and responsibilities within the Company's organisational structure, and the approval and amendment of internal regulations;
  - d) assessment of the overall business performance;
  - e) risk management policies, including assessment of the operation, efficiency and efficacy of the internal control system and the adequacy of the organisational, administrative and accounting structure;
  - f) definition of the information flow system and constant monitoring of its adequacy, completeness and timeliness;
  - g) the establishment of criteria for the coordination and management of subsidiaries;
  - h) the appointment, dismissal and determination of economic treatment of the general manager, the other members of General Management and the executives;
  - i) the appointment and dismissal, after consulting the Board of Statutory Auditors, of the managers of the Corporate control functions;
  - j) the appointment, after compulsorily obtaining the opinion of the Board of Statutory Auditors, of the manager responsible for the preparation of corporate accounting documents, chosen from among the Bank's managers in possession of

- professional qualifications of a banking and financial administrative and accounting nature, acquired through experience in a position of adequate responsibility for a reasonable period of time.
- k) assessment of the consistency of the remuneration and incentives system for directors, employees and collaborators not bound to the Company by established employment contracts, in accordance with the Company's long-term strategies, ensuring that the system is adequate to limit corporate risk;
  - l) the setup of any committees with consulting duties or internal committees of the corporate bodies, establishing the composition, powers and working methods, in any event in compliance with applicable principles, including supervisory;
  - m) the acquisition and disposal of equity investments, companies and business segments, where the transaction involves a sum exceeding 0.1% of the shareholders' equity recorded in the most recently approved financial statements, or concerns the acquisition of an equity investment in excess of 10% of shares with voting rights in another company.
  - n) the acquisition, disposal and exchange of real estate and property rights, and the construction of property units;
  - o) the issue of non-convertible bonds or bonds convertible into securities of other companies;
  - p) the acquisition, cancellation and disposal of treasury shares;
  - q) share capital increases and the issue of bonds convertible into Company securities, under powers conferred by the Extraordinary Shareholders' Meeting and in compliance with principles established by the Extraordinary Shareholders' Meeting. In this context, the Board of Directors also has the express power to determine the format, method and transfer limits of newly issued shares, the rights of employee shareholders, and the criteria for assignment of shares to employees as a result of and in implementation of resolutions of the Extraordinary Shareholders' Meeting;
  - r) the admission, withdrawal and exclusion of shareholders;
  - s) resolutions with regard to mergers in cases pursuant to art. 2505 and art. 2505-*bis* of the Italian Civil Code;
  - t) transfer of the registered office within the municipality;
  - u) the setup and organisation, also for the purpose of assigning signatory powers, of secondary offices, branches and representative offices, including their transfer or suppression;
  - v) adaptation of the Articles of Association to legal provisions;
  - w) the establishment of criteria for the implementation of Bank of Italy instructions.
- 3) The Board of Directors shall report to the Board of Statutory Auditors in a dedicated quarterly report on the activities carried out and the most significant economic, financial and equity transactions carried out by the Company and its subsidiaries.

#### **Art. 29**

##### **Executive Committee**

- 1) Should operational or dimensional complexity so require, the Board of Directors, determining the content, limits and operating methods of the delegation, may delegate its own powers, excluding those reserved by law or these Articles of Association to the Board of Directors only, to an Executive Committee composed of three to five directors. The chairman of the Board of Directors cannot be appointed to the Executive Committee but may participate without voting rights in its meetings.  
In any case, any establishment of the Executive Committee shall entail no limitation of the decision-making powers and responsibilities of the Board.  
The Board of Directors shall designate the chairman of the Executive Committee and, for cases of absence or impediment, his/her replacement, with the voting methods specified above.
- 2) The Executive Committee shall meet whenever deemed appropriate by his chairman.  
Meetings of the Executive Committee may also be held via teleconferencing or videoconferencing link and, in more general terms, via any telecommunications means, under the terms indicated in art. 25 of the Articles of Association for meetings of the Board of Directors.
- 3) Meetings of the Executive Committee shall be valid with the attendance of the absolute majority of its members. Votes shall be carried on the absolute majority of members in office. In the event of equal votes, the resolution is considered not to be carried.
- 4) The Executive Committee may elect a secretary from among its members or call upon the General Manager, or, on his suggestions, a Company employee.
- 5) Decisions made by the Executive Committee shall be reported at the next meeting of the Board of Directors.
- 6) For meetings and resolutions of the Executive Committee, minutes must be drafted for inclusion in the related register and countersigned by the meeting chairman and secretary.
- 7) The Executive Committee must report to the Board of Directors and Board of Statutory Auditors at least quarterly, with regard to powers conferred, on overall business performance, business outlook and significant transactions, in terms of extent or characteristics, performed by the Company and its subsidiaries.

#### **Art. 30**

##### **Risk Committee**

- 1) The Board of Directors shall establish a Risk Committee within the board, which provides support to the body with strategic supervisory functions concerning risks and the internal control system. The Risk Committee shall have three to five members, all non-executive and the majority independent; when present, a director elected by the minority shareholders shall be a member of the Risk Committee. Members of the Committee shall have knowledge, skills and experience such so as to be able to fully understand and monitor the Company's strategies and orientation to risk. The Committee must be able to rely on external experts and - if necessary - interact directly with the internal audit, risk management and compliance functions. The work of the Committee shall be coordinated by a chairman selected from among the independent members.
- 2) The composition, term, powers and available resources of the Risk Committee shall be defined in a dedicated internal regulation approved by the Board of Directors.

**Art. 31****Delegation of powers of the Board of Directors**

- 1) Without prejudice to the exclusive responsibilities of the Board which cannot be delegated pursuant to law and these Articles of Association, within the scope of current operations, the Board of Directors may delegate functions and decision-making powers to directors, the general manager, other members of the General Management, if appointed, and employees.
- 2) Decision-making powers with regard to allocation of credit may be delegated on an annual basis by the Board of Directors to a Loan Committee composed of three to five directors, one of whom selected among the directors who are residents of the Veneto Region, and of the general manager with vote, as well as to the general manager, to other members of General Management and employees assigned to specific duties, within pre-established amount limits, graded based on duties and position held.
- 3) Decisions made by the Loan Committee and delegated officers on the allocation of credit, also with regard to their overall amounts, must be brought to the attention of the Board of Directors at the next Board of Directors' meeting.

**Art. 32****Board of Statutory Auditors**

- 1) The Board of Statutory Auditors is composed of three standing auditors, one of which acting as chairman, and two substitute auditors, all appointed by the ordinary Shareholders' Meeting.
- 2) Statutory auditors remain in office for three financial years, expiring at the Shareholders' Meeting called to approve the financial statements in the third year of office, and may be re-elected. The termination of auditor office takes effect from the date of renewal of the Board. In the event of death, withdrawal or loss of requisites of a standing auditor, the provisions of art. 33 shall apply.
- 3) Statutory auditors must be entered on the Register of Auditors and must meet the professional integrity, honourability and independence requisites envisaged by current law.
- 4) In addition to restrictions specified by law, the following may not hold office as statutory auditor of the Company:
  - a) members of the administrative or control bodies of other banks or credit institutions, except for trade organisations;
  - b) members of administrative or control bodies of other companies with activities in direct competition with those of the Company;
  - c) employees of the Company, its subsidiaries or associate companies;
  - d) holders of office other than control in in other companies of the Group or in third party companies classified as associates pursuant to supervisory regulations;
  - e) members of administrative or control bodies of companies and entities in a number exceeding the maximum established by specific regulations, approved by the Shareholder's Meeting, that governs limits to cumulative offices which may be held simultaneously by the statutory auditors, bearing in mind the nature of the office and the type and size of the company where they hold said office. Where of a stricter nature, limits to cumulative offices envisaged by current pro-tempore law and regulatory provisions shall prevail.

Any person reaching seventy years of age shall be ineligible for statutory auditor of the Company. For any statutory auditor in office, said office shall lapse on the date of the annual Shareholders' Meeting immediately after the age of seventy is reached.
- 5) Statutory auditors may be dismissed from office only by resolution of the ordinary Shareholders' Meeting and with just cause. The resolution for dismissal must be approved by the court, after consulting the interested party.
- 6) Given the duties performed by statutory auditors and in order to fulfil duties associated with such office, exclusively for the auditors of the Province of Bolzano, a perfect understanding of both Italian and German is required in reference to corporate business and the professional requirements necessary to hold office; on a special self-certification form made available by the Company, each statutory auditor shall confirm that the language requirements are met.
- 7) The ordinary Shareholders' Meeting determines the annual emolument payable to standing members of the Board of Statutory Auditors for the entire term of office, together with attendance fees for their presence at meetings of the Board of Directors and the Board Committees.
- 8) Statutory Auditors shall have the right to reimbursement of expenses incurred in the course of their duties.

**Art. 33****Election and replacement of statutory auditors**

- 1) In order to elect the Board of Statutory Auditors, the Shareholder's Meeting proceeds on the basis of lists presented by shareholders.
- 2) A list may be presented by as many shareholders with voting rights in the Meeting called to elect the Board that together represent at least 1% of share capital or any lower percentage established by law or regulation.
- 3) The lists of candidates, signed by those who present them, must be deposited, under penalty of forfeiture, at the Company offices at least fifteen days prior to the date set for the Shareholder's Meeting on first call. The signature of each presenting shareholder must be certified by a notary public or by a Company employee authorised by the Board of Directors. Each shareholder may present only one list. In case of failure to comply with this provision, the shareholder's signature shall not be taken into account for any list.

- 4) The lists must include information on the identity of the presenting shareholders, with the indication of the number of shares held by them and a certification which should indicate the ownership of the equity specified in paragraph 2 of this article, as well as any other information required by laws and regulations and by the Articles of Association.
- 5) The lists are divided into two separate sections – the first for candidates as standing auditors and the second for candidates as substitute auditors – and must indicate, in a progressive numerical order, a number of candidates equal to the number of auditors to be elected. The candidate running for chairman of the Board of Statutory Auditors shall be placed first in the list.

Along with each list the presenting shareholders must also provide a thorough description of the personal and professional profiles of the candidates, including any indications relating to board and supervisory offices held in other companies, as well as the statement by which each candidate accepts the candidature and certifies, under his/her own responsibility, that no reasons for incompatibility or ineligibility exist and that they fulfil all requirements of the office in compliance with the law, current regulations and the Articles of Association.

Each candidate may be enrolled in one list only, under penalty of ineligibility.

- 6) The lists presented without complying with the above procedures shall be deemed not presented.
- 7) At the Shareholders' Meeting, shareholders may exercise their vote by indicating solely the pre-selected list, without the right to modify and/or supplement it or vote for more than one list.
- 8) The composition of the Board of Statutory Auditors must ensure balance between genders to the extent required by laws and regulations in force over time and, lacking any express regulatory provision, in any event it must include at least one standing auditor of the less represented gender.
- 9) Auditor elections take place as follows:
  - a) If more than one list is presented, the chairman, one standing auditor and one substitute auditor are selected, in the progressive order of enrolment, from the list that obtains the most votes (majority list).
  - b) One standing auditor and one substitute auditor shall be selected from the list that obtains the second most votes (most voted minority list) – that must not be connected in any way, even indirectly, to the shareholders who have presented the list ranked first in terms of number of votes – and on condition that this list is able to deliver as many votes as represent at least 1% of the share capital. Said auditors shall be selected according to the progressive order of listing. If no minority list reaches the threshold described above, or only one list is presented, the Chairman, standing auditors and substitute auditors will be taken from the majority list.
  - c) In the event of a tie between lists or candidates, the Shareholders' Meeting proceeds with a second relative majority ballot.
  - d) If the Board of Statutory Auditors thus formed does not ensure compliance with what is set forth in paragraph 8 above regarding gender balance, the last candidate elected from the majority list shall be replaced by the first unelected candidate from the same list belonging to the less represented gender or, otherwise, the first unelected candidate from the subsequent lists. If this is not possible, the standing member of the less represented gender shall be appointed by the Shareholders' Meeting with legal majorities, with no list restrictions, to replace the last candidate from the majority list.
  - e) If no list has been validly presented, all auditors to be elected are appointed by a relative majority without list restrictions, from among the candidates put up for election directly at the Shareholder's Meeting. The provisions laid out in paragraph 8 above regarding gender balance shall apply in any case.
- 10) If the chairman of the Board of Statutory Auditors terminates office, the office is held by the substitute auditor selected from the same list from which the chairman was selected until the Board of Statutory auditors is supplemented in compliance with art. 2401 of the Italian Civil Code.
- 11) If a standing auditor terminates office early he/she shall be replaced until the next Shareholder's Meeting, by the substitute auditor from the same list from which the missing standing auditor was selected. If only one list has been submitted, the substitute auditors shall enter in the order in which they are enrolled on the list.
- 12) If with the substitute auditors it is not possible to replace all standing auditors who have vacated office or it is not possible to comply with what is set forth in paragraph 8 above on gender balance, the Shareholders' Meeting shall be called to appoint new members of the Board of Statutory Auditors and votes based on legal majorities with no list restrictions. The newly appointed auditors lapse at the same time as the auditors in office.

#### **Art. 34**

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

- 1) The Board of Statutory Auditors supervises:
  - a) observance of the law, regulations and the Articles of Association;
  - b) compliance with the principles of correct administration;
  - c) the adequacy of the organisational, administrative and accounting structures adopted by the Company and their effectiveness;
  - d) the adequacy and effectiveness of the internal control system, particularly with regard to risk management, including the internal capital adequacy assessment process;
  - e) the adequacy of instructions issued by the Company to subsidiaries in exercising its activity of direction and coordination;
  - f) other events and facts as specified by law.
- 2) The Board of Statutory Auditors specifically monitors the adequate coordination of all functions and units involved in the internal control system, including the firm of independent auditors engaged to audit the accounts, and arranges corrective measures

where necessary. For this purpose the Board of Statutory Auditors and the independent auditors shall liaise promptly to exchange data and information relevant to the completion of their respective duties.

- 3) The Board of Statutory Auditors shall also supervise the observance of rules adopted by the Company to guarantee material and procedural transparency and fairness of transactions with related parties, providing an annual report on findings to the Shareholders' Meeting.
- 4) The Board of Statutory Auditors shall rely on information flows from the internal control functions and units and, in performing the required audits and verifications, it may make use of the internal control functions and units and, at any time, also on an individual basis, instigate inspection and audit activities.
- 5) The Board of Statutory Auditors may request information from the directors, also with regard to subsidiaries, on business performance or on specific business matters. The Board of Statutory Auditors may also exchange information with the corresponding bodies of subsidiaries concerning the administration and control systems and general business performance.
- 6) The Board of Statutory Auditors shall inform the Bank of Italy, without delay, of all facts or events of which it may become aware, that may constitute irregular management of the Bank or a violation of the rules governing banking activities.
- 7) Without prejudice to the obligation referred to in previous paragraph 6, the Board of Statutory Auditors shall report to the Board of Directors on any shortcomings or irregularities found, request the adoption of appropriate corrective measures and monitor their efficacy.
- 8) The Board of Statutory Auditors shall express their opinion on decisions concerning the appointment of internal control managers and all decisions regarding the definition of essential elements of the internal control system.
- 9) At the time of approval of the financial statements, the Board of Statutory Auditors shall report on their supervisory activities and, if discovered, about omissions and any reprehensible facts
- 10) The Board of Statutory Auditors shall attend Shareholders' Meetings, Board of Directors' meetings and meetings of the Executive Committee, if appointed.

#### **Art. 35**

##### **Operations of the Board of Statutory Auditors**

- 1) Meetings of the Board of Statutory Auditors, which must be held at least every ninety days, shall be called by the chairman of the Board of Statutory Auditors.
- 2) Board of Statutory Auditors' meetings shall be valid if the absolute majority of auditors are present. Resolutions are approved by majority vote of attending auditors.
- 3) The chairman or his/her deputy presides over the meetings of the Board of Statutory Auditors.  
In addition, the chairman of the Board of Statutory Auditors shall:
  - a) guarantee the effectiveness of the debate within the Board, working to ensure that the resolutions adopted are the result of adequate discussion and the proactive contribution of all Statutory Auditors;
  - b) act to ensure that adequate information and documentation concerning the matters on the agenda are provided to all Statutory Auditors reasonably in advance;
  - c) ensure that the Board self-evaluation process is conducted effectively, the relative methods are consistent with the degree of complexity of the body's work and all necessary corrective measures are adopted to deal with any gaps found.
- 4) If deemed appropriate by the chairman of the Board of Statutory Auditors, board meetings may also be conducted via teleconferencing or videoconferencing link and, generally, by any telecommunications means, provided that the overall plenary method and the principles of good faith and equal treatment are applied and, specifically, provided that all attendees can be identified and are able to follow discussions and intervene in real time in negotiation of items on the agenda, and can examine, receive and discuss the related documentation. Under these conditions, the Board of Statutory Auditors' meeting shall be deemed to be held at the venue indicated in the notice of call at which the chairman or his/her deputy and the meeting secretary are present. The minutes of the meeting, read by the chairman at the meeting, shall contain a declaration of the exact correspondence of the minutes with the matters discussed and shall be signed by all attending auditors as soon as possible.
- 5) Reports to the Board of Statutory Auditors other than at meetings of the Board of Directors and of the Executive Committee, if appointed, are made in writing and addressed to the chairman of the Board of Statutory Auditors.

#### **Art. 36**

##### **Auditing of the accounts**

- 1) The Company's accounts are audited by a firm of independent auditors in accordance with provisions of law.

#### **Art. 37**

##### **General management**

- 1) General Management shall comprise the general manager and the other members appointed by the Board of Directors by absolute majority vote of the directors in office.
- 2) The Board of Directors shall determine the duties of members of General Management.



**Art. 38****Duties of the general manager**

- 1) To the extent of powers conferred and in accordance with guidelines of the Board of Directors as supervisory, executive coordination and control body, the general manager shall organise the management of all current business, exercise the powers conferred with regard to allocation of credit, expenditure and financial transactions, supervise the organisation and operations of the networks and services and implement resolutions carried by the Board of Directors and by the Executive Committee, if appointed, and urgent resolutions carried pursuant to art. 23 of the Articles of Association.
- 2) The general manager shall be the head of personnel and the organisational structure.
- 3) The general manager shall report to the Board of Directors on the exercise of his/her duties.
- 4) The general manager shall independently take any legal action deemed appropriate to ensure credit recovery. In such cases the general manager shall represent the Company before the courts and confer mandate upon the appointed lawyers, signing any related power of attorney.
- 5) The general manager shall formulate proposals to the corporate bodies and provide a consultative vote at meetings of the Board of Directors and Executive Committee, if appointed.
- 6) In exercising his/her duties, the general manager shall make use of other members of General Management.
- 7) In the event of absence for any reason, the general manager shall be replaced, with full powers and duties, by the General Management team member of a grade immediately below that of the general manager, and if more than one member is of the same grade, the most senior member of that grade.

**Title IV****Representation of the Company and corporate signature****Art. 39****Signatory powers**

- 1) The chairman or, in his/her absence, even if temporary, his/her deputy shall represent the Company before third parties and before the legal and administrative authorities, including Court of Cassation and revision proceedings, with full freedom of signatory powers.
- 2) The signature of the deputy of the chairman shall be acceptable proof of the chairman's absence to any third party.
- 3) For specific actions or types of action, representation of the Company and full freedom of signatory powers may also be conferred upon individual directors by the Board of Directors.
- 4) Signatory powers shall also be assigned by the Board of Directors to the general manager and to managers, officers and employees of the Company, specifying the extent and manner of exercise.
- 5) The Board may also confer mandate and special power of attorney on persons from outside the Company for the completion of certain actions.

**Title V****Corporate financial statements****Art. 40****Financial statements**

- 1) The financial year shall close on 31 December each year.
- 2) At the end of each financial year the Board of Directors shall arrange for the preparation of the financial statements and the report on operations in compliance with law.

**Art. 41****Allocation of profits**

- 1) The net profit recorded in the financial statements shall be allocated to:
  - a) the legal reserve, by the amount established by law;
  - b) shareholders, in the form of a dividend, to the extent established by the Shareholders' Meeting on proposal from the Board of Directors.
- 2) Any remaining profit shall be used, on proposal from the Board of Directors, to set up or increase additional reserves.

## **Title VI**

### **Winding-up and liquidation**

#### **Art. 42**

##### **Winding-up and liquidation regulations**

- 1) In the event of winding-up of the Company, the Shareholders' Meeting shall appoint the liquidators, establish their powers, the liquidation methods and the allocation of assets recorded in the final financial statements.
- 2) The distribution of available sums among shareholders shall be in proportion to their respective shareholdings.

## **Title VII**

### **Temporary provisions**

#### **Art. 43**

##### **Board composition, appointment of directors and replacement of directors who vacate office during the term. Appointment of a deputy chairman.**

- 1) Notwithstanding the provisions of art. 20, paragraph 1 of the Articles of Association, until the financial statements at 31.12.2019 are approved the Board of Directors shall be composed of twelve members.
- 2) Until the financial statements at 31.12.2019 are approved, when directors are elected and co-opted in accordance with articles 21 and 22 of the Articles of Association, at least three offices in the Board of Directors are reserved to candidates who have been residents of the Veneto Region for at least three years, of whom at least one shall meet the independence requirements set forth in art. 20, paragraph 5 of the Articles of Association.
- 3) From the date of approval of the financial statements at 31.12.2019 until approval of the financial statements at 31.12.2022, should the Shareholders' Meeting determine, in accordance with art. 20 paragraph 1, the number of members of the Board of Directors to be 11 or 12, at the time of electing and co-opting the directors in accordance with articles 21 and 22 of the Articles of Association, at least three offices in the Board of Directors shall be reserved to candidates who have been residents of the Veneto Region for at least three years, of whom at least one shall meet the independence requirements set forth in art. 20, paragraph 5 of the Articles of Association.
- 4) Until the financial statements at 31.12.2022 are approved, at least one deputy chairman shall be appointed from among the directors who are residents of the Veneto Region.