



Banca Popolare dell'Alto Adige

società cooperativa per azioni
registered office and head office in Bolzano

tax code, VAT number and member of the Business Register of Bolzano
no.00129730214
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www.bancapopolare.it

This document is translated from the italian original

Articles of Association

approved by the Extraordinary Shareholders' Meeting of 21 April 2009

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 at the Extraordinary Shareholders' Meeting of Banca Popolare di Merano on 29.05.1995 and of Banca Popolare dell'Alto Adige on 07.06.1995.

The amendments to the Articles of Association prior to the 2009 edition were last approved by the Extraordinary Shareholders' Meeting of 22.04.2008 and duly registered pursuant to law.

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 Soc. Coop. a r.l. (in German: Südtiroler Volksbank Gen.mbH) 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.

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Title I

Establishment of the Company

Art. 1 **Name**

- 1) Banca Popolare dell'Alto Adige società cooperativa per azioni (in German: Südtiroler Volksbank Genossenschaft auf Aktien) has been established.
- 2) The Company is governed by these Articles of Association and by law.

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, in relations with both shareholders and non-shareholders, based on the mutual and credit banking for the people principles.
- 2) For this purpose the Bank's services are concentrated in Italy where it operates through its own branch network, particularly for small to medium enterprises and cooperatives. In compliance with its banking purpose, the Company can agree preferential terms with its shareholder customers with regard to specific services.
- 3) The Company may perform all banking, financial and security brokerage service transactions, including activities of mutual benefit, and perform all other transactions instrumental to or in any event related to achievement of the corporate purpose.
- 4) 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 approval as stated herein, the Company may establish, transfer and suppress branches and representative offices in Italy and abroad.

Art. 4 **Duration**

- 1) The duration of the Company shall end on 31 December 2100, and may be extended.

Title II

Corporate equity and economic rights

Art. 5

Corporate equity

- 1) The corporate equity comprises:
 - a) the share capital;
 - b) the legal reserve;
 - c) the share premium reserve;
 - d) the reserve for treasury shares;
 - e) all other reserves allocated from net profit for the year or in application of international accounting standards.

Art. 6

Share capital

- 1) The share capital may vary and is represented by shares with a par value of 2 Euro each, which may be issued in unlimited numbers.
- 2) The Extraordinary Shareholders' Meeting of 22 April 2008 resolved as follows:
 - a) To grant powers to the Board of Directors to issue bonds convertible to ordinary Banca Popolare dell'Alto Adige shares, in one or more stages and by no later than 10 April 2013, for an overall maximum of 200,000,000 Euro, offered on option to shareholders and bondholders pursuant to art. 2420-*bis* and art. 2441 subsection 1 of the Italian Civil Code, and art.8 of the Articles of Association, with subsequent share capital increase for the bond conversion, together with powers to determine the related terms.
 - b) To confer mandate upon the Board of Directors to determine any other implementation terms of the transaction and, in general, take all action necessary and/or useful to ensure success of the transaction as resolved.

Art. 7

Company shares, characteristics

- 1) The shares are registered and indivisible, and registration in more than one name or in the name of trusts is not permitted. In the event of co-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 notified to the Company, notifications and declarations issued by the representative to any one of the co-owners shall be deemed valid notification/declaration to all co-owners.
- 2) The shares are issued in dematerialised format on the central depository system in accordance with current law.

Art. 8

Company shares, issue

- 1) The issue of shares for the entry of new shareholders, for which art. 16 of the Articles of Association shall apply, shall not imply amendment to the Articles of Association.

By specific resolution, for each financial year and in consideration of the company's interests, the Board of Directors may decide the number of shares to be issued and the issue method, also with regard to the number of shares assigned to persons admitted as shareholders.

- 2) The Extraordinary Shareholders' Meeting may resolve upon share capital increases with 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.
- 3) The Extraordinary Shareholders' Meeting may resolve to issue bonds convertible to Company shares.

Art. 9

Company shares, shareholding thresholds

- 1) No individual may directly or indirectly hold Company shares totalling more than the percentage of share capital envisaged by law. On learning that such a threshold has been exceeded, the Company shall claim violation of shareholding regulations. Shares in excess of the threshold shall be sold within one year of the date of claim. On lapse of said term, related economic rights matured up to disposal of the shares in excess of the threshold shall be acquired by the Company and allocated to reserves.
- 2) For the purpose of admission as shareholder, certification confirming ownership of at least 100 Company shares is required.

Art. 10

Company shares, price

- 1) Pursuant to art. 2528 of the Italian Civil Code, on subscription of newly issued shares the new shareholder, in addition to the par value, shall be obliged to pay the share premium established on an annual basis by the Shareholders' Meeting, based on a proposal from the Board of Directors and after consulting the Board of Statutory Auditors, at the time of approval of the financial statements.
- 2) For newly issued shares subscribed during the year, payment of a sum for interest adjustments shall also be made, established on an annual basis by the Shareholders' Meeting, based on a proposal from the Board of Directors and after consulting the Board of Statutory Auditors, at the time of approval of the financial statements.
- 3) In the event of termination of relations as envisaged in the Articles of Association, the exiting shareholder shall repay the shares in accordance with the financial statements for the financial year in which relations are terminated in the sum of the par value, as established under art. 6 of the Articles of Association, plus the related share premium.

Art. 11

Company shares, restrictions

- 1) Pledges and any other restrictions shall take effect on the Company from the date of their registration in the shareholders' register, without prejudice to any case of exclusion as envisaged by law.
- 2) The shares, deposited or otherwise, shall be restricted by a shareholders' agreement from their date of issue in favour of the Company, with direct or indirect preferential credit guarantee, liquid or illiquid, as identified by the Board of Directors and relating to any form of entitlement claim against the shareholder. In the event of serious breach of shareholder obligations to the Company, the Board of Directors, without prejudice to any other action that the Company may take and subject to notification to the defaulting shareholder, may exclude the shareholder and offset any sum due to the shareholder, also pursuant to art.

1252 of the Italian Civil Code and with effect upon third parties, against the shareholder's debt up to the total value of the shares established pursuant to art. 10 - as an exception to art. 2535 of the Italian Civil Code - subject to cancellation of the shares to the value offset as compensation or for their purchase, by utilisation of the provisions allocated pursuant to art. 51 of the Articles of Association.

Art. 12

Company shares, transfer

- 1) In the event of transfer to a non-shareholder, the acquiring party, without prejudice to the provisions of art. 9 of the Articles of Association, shall acquire the title of shareholder subject to acceptance of the shareholder admission application pursuant to art. 15 et seq of the Articles of Association. Failing which the party acquiring the shares may not exercise rights other than those of an economic nature.

Art. 13

Company shares, purchase of treasury shares

- 1) By resolution of the Board of Directors, the Company may purchase or repay treasury shares up to the limit of the available reserve pursuant to art. 51 of the Articles of Association and up to the limit of distributable profit and available reserves as recorded in the last duly approved financial statements. The resolution of the Board of Directors envisages the replacement or cancellation of treasury shares purchased or repaid.

Art. 14

Company shares, dividend

- 1) Payment of the dividend resolved by the Shareholders' Meeting shall be made in full to the registered shareholder or other party entitled by restriction registered in accordance with law and these Articles of Association.
- 2) The subscription of newly issued shares during the year, pursuant to art. 8 of the Articles of Association, shall offer entitlement to the full dividend for that year. Subscribers to new shares must however pay a sum for interest adjustments to the Company established pursuant to art. 10.
- 3) The Board of Directors may suspend payment of the dividend on any share for which ownership is pending definition.
- 4) Dividends not collected by the end of the fifth day after the payment date shall be deemed transferred to the Company and allocated to a reserve.

Title III

Shareholders and voting rights

Art. 15

The shareholder, requisites

- 1) The following may be admitted as shareholders:
 - a) natural persons and
 - b) legal persons, companies of any legal form, consortiums, associations and other entities.

Should the shareholders indicated under point a) be minors, their rights shall be exercised by their legal representative, subject to approval of the judge supervising guardianship where envisaged under current law. Shareholders indicated under point b) must appoint a natural person authorised in writing to represent them. No claim to amend said appointment may be made to the Company unless notified by recorded delivery letter.

- 2) The legal representatives of shareholders, and persons appointed pursuant to subsection 1 point b) above, may exercise all voting rights due to the parties they represent but may not be elected as such to corporate office.
- 3) Any one of the following terms applying to the applicant shall result in non-admission as shareholder of the Company:
 - a) prohibition, disqualification or conviction involving permanent or temporary prohibition from taking up public office or inability to exercise directorship;
 - b) bankruptcy or other form of proceedings involving arrangements with creditors;
 - c) significant breach of contractual obligations to the Company;
 - d) proven responsibility for acts contrary to the interest and image of the Company.

Art. 16

The shareholder, approval of admission as shareholder

- 1) Admission as shareholder, either following subscription to new shares or purchase of shares outstanding, must be requested by written application to the Board of Directors, containing personal details, address and all other information and/or declaration as required by law or the Articles of Association or in general requested by the Board of Directors.
- 2) For the purpose of admission as shareholder it is also necessary that the applicant has an ongoing customer account with the Company, for which the shareholder has complied with all relevant legal obligations and that the condition pursuant to art. 9 subsection 2 of the Articles of Association is met.
- 3) The Board of Directors shall resolve upon acceptance or, if justified, rejection of the application for admission as shareholder, with due regard to the interests of the Company, the cooperative spirit of the bank and to provisions of the Articles of Association.
- 4) The resolution regarding admission must be notified to the applicant and noted in the shareholders' register by the Directors.
- 5) A resolution to reject the application must be notified to the address of the applicant by recorded delivery letter within sixty days of receipt of the Board of Directors' receipt of the application.
- 6) The applicant may submit a claim against rejection of the application to the Board of Arbitrators, in which case the provisions of art. 20 of the Articles of Association shall apply.

Art. 17

The shareholder, acquisition of membership

- 1) Membership as shareholder is acquired on registration in the shareholders' register, subject to payment of related admission fees established as an annual lump sum by the Board of Directors by resolution carried after the Shareholders' Meeting's approval of the financial statements, plus, if following subscription to new shares, the value of the new shares subscribed, the share premium and any interest adjustments.
- 2) Failure to pay such sums by the applicant, either wholly or in part, within thirty days of the related payment notice shall, subject to notification by the Board of Directors, be deemed justification for denial of admission.
- 3) Membership as shareholder requires acceptance and observance of the Company Articles of Association.

Art. 18

The shareholder, voting rights

- 1) All persons entered in the shareholders' register for at least ninety days prior to the date established for the meeting on first call shall have the right to vote at the Shareholders' Meeting.
- 2) Each shareholder has the right to one vote only, regardless of the number of shares held. In the event of a share pledge or similar, the related voting right may be exercised by the shareholder only. In the event of expropriation of shares, the voting right may be exercised by the custodian.

Art. 19

The shareholder, termination of relations of an individual shareholder

- 1) Relations as shareholder may terminate due to:
 - a) withdrawal of the shareholder
Withdrawal is permitted in cases permitted by law, by the means and with effects as stated therein. Withdrawal may not be partial. In any event, withdrawal is excluded where the duration of the Company is extended and if restrictions on circulation of shares are introduced or removed.
 - b) exclusion of the shareholder
The Board of Directors may exclude a shareholder from the Company should any one of the grounds for non-admission pursuant to art. 15, subsection 3 of the Articles of Association be confirmed. Exclusion as shareholder is notified to the interested party by recorded delivery letter.
 - c) death of the shareholder
On the death of the shareholder, relations may continue with heirs of the deceased that meet the requirements for admission as Company shareholders, provided that the inherited shares are duly divided and assigned to such heirs and that application for admission is submitted and accepted. Cases of co-ownership are governed by art. 7 of the Articles of Association.
- 2) Heirs requesting repayment of shares inherited from the former shareholder, in cases of withdrawal or exclusion from the Company, shall receive settlement at the repayment price of the shares. Art. 10 of the Articles of Association shall apply, without prejudice to the right to compensation envisaged under art. 11.

The amount due on repayment shall be made available to the entitled parties in an interest-free account.

Art. 20

The shareholder, claim to the Board of Arbitrators

- 1) An applicant whose application for admission as shareholder is rejected may submit a claim for review, by recorded delivery letter and within thirty days of receipt of the rejection notification, to the Board of Arbitrators. No such claim may be considered if submitted after the thirty-day deadline. The Board of Arbitrators shall meet under the terms of the Articles of Association with a representative of the applicant and shall issue their decision within thirty days of the claim, notifying the Board of Directors of its decisions. Based on the justified decision of the Board of Arbitrators, the Board of Directors must review the application for admission as shareholder within sixty days of the notified decision. The decision of the Board of Directors is final and without right of appeal.
- 2) The shareholder may submit a claim against exclusion to the Board of Arbitrators within thirty days, on penalty of lapse, of receipt of the exclusion notice. Pending award, the exclusion order may not be suspended. The Board of Arbitrators shall make a final decision within thirty days of receipt of such claim.

Recourse to the Board of Arbitrators shall not preclude the right of the shareholder to challenge exclusion before the Court, within sixty days of issue of the exclusion notice.

Art. 21

Domicile and place of jurisdiction

- 1) Voting and non-voting shareholders shall notify the Company of their address valid for relations with the Company.
- 2) Any dispute arising between voting or non-voting shareholders and the Company, without prejudice to art. 20 of the Articles of Association, shall be settled exclusively by the legal authorities of Bolzano.

Title IV

Corporate offices

Art. 22

Corporate bodies, type

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

Art. 23

The Shareholders' Meeting, classification

- 1) The ordinary or Extraordinary Shareholders' Meeting.
In addition to provisions of law and the Articles of Association, conduct of the Shareholders' Meeting shall be governed by the specific 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, shall appoint or dismiss the independent auditors;
 - c) appoint the arbitrators;
 - d) resolve upon director and statutory auditor responsibilities;
 - e) determine the fees to directors, statutory auditors and independent auditors, together with attendance fees payable to directors and statutory auditors;
 - f) approve the regulation governing the limits regarding accumulation of offices as director;
 - g) approve remuneration policies and any share-based remuneration plan in favour of directors, employees or collaborators not bound to the Company by established employment contracts;
 - h) approve the Shareholders' Meeting regulations;
 - i) 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. 36, subsection 2, points t), v) and w) below, and on any other matter reserved to the Extraordinary Shareholders' Meeting by law or the Articles of Association.

Art. 24

The Shareholders' Meeting, call

- 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.

The notice of call must indicate:

- a) the date, time and venue of the meeting and, if not duly constituted on first call, details of the meeting in second call;
- b) the agenda, including shareholder proposals pursuant to subsection 3 below.

The notice of call shall be published in the Official Journal of the Republic of Italy or in the national daily newspaper “Il Sole 24 ore” at least 15 days prior to the date established for the Shareholders’ Meeting.

- 2) The Shareholders’ Meeting may also be conducted with attendance at more than one venue via audio/video link in the municipality in which the Shareholders’ Meeting is based, 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.

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. Voting may be by correspondence or other telecommunications means. In this case, the notice of call must contain the full text of the proposed resolution. If proposals other than those indicated in the notice of call are put to the vote, votes expressed via telecommunications means are not calculated for the purpose of due constitution of the Shareholders’ Meeting.

- 3) The Board of Directors shall also call the Shareholders’ Meeting without delay when written request to do is made, indicating the items on the agenda, from a number of voting shareholders which as at the date of the request represent at least 1/10 of shareholders with voting rights at the Shareholders’ Meeting called. The request must be signed by all applicant shareholders, with signatures authenticated in accordance with 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. 25

The Shareholders’ Meeting, attendance

- 1) In order to attend the Shareholders’ Meeting, certification is required from the share custodian as envisaged under current law.
- 2) A shareholder may be represented by another shareholder with the right to intervene and vote at Shareholders’ Meeting that is not a director, auditor or employee of the Company or a subsidiary. Proxies completed in accordance with law and the Shareholders’ Meeting regulations shall be valid for both first and second call.
- 3) No individual shareholder may act as proxy at the Meeting, pursuant to subsection 2 above, for more than five shareholders. Proxy by a non-shareholder is not permitted, even if in possession of a general mandate. The aforementioned restrictions shall not apply in cases of legal representation.

Art. 26

The Shareholders' Meeting, due constitution

- 1) The ordinary Shareholders' Meeting is deemed duly constituted on first call with the attendance in person or via legal representative or proxy of one-thirtieth of shareholders, and in second call with any number of shareholders attending or represented.
- 2) The Extraordinary Shareholders' Meeting is deemed duly constituted on first call with the attendance in person or via legal representative or proxy of one-twentieth of shareholders, and in second call with attendance of at least one-fortieth of shareholders. For resolutions pursuant to art. 2441, subsection 5 of the Italian Civil Code the attendance in person or via legal representative or proxy of at least one-thirtieth of shareholders is required.
- 3) Should it prove impossible to complete discussion of items on the agenda in just one day, the Shareholders' Meeting may be adjourned by the meeting chairman to no later than the eighth day thereafter, informing the meeting of said adjournment without further requirement to issue notice of call. 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.
- 4) Once due constitution of the Extraordinary Shareholders' Meeting is confirmed, it shall be deemed duly constituted also in any person present should leave the Meeting, provided at least one-fortieth of shareholders remains in attendance.
- 5) The duly constituted Shareholders' Meeting shall represent all shareholders and its resolutions shall be carried in compliance with law, these Articles of Association and by the Shareholders' Meeting regulations, and valid for all shareholders, even if absent, abstaining or expressing vote against the motion.

Art. 27

The Shareholders' Meeting, chairmanship

- 1) The Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors or, in his absence for any reason, by his appointed delegate pursuant to art. 31 of the Articles of Association, failing which by a person appointed by majority vote from among attendees.
- 2) Powers to conduct the Shareholders' Meeting are governed by law, the Articles of Association and the Shareholders' Meeting regulations.

Art. 28

The Shareholders' Meeting, resolution validity

- 1) The ordinary Shareholders' Meeting resolutions shall be carried by absolute majority of votes expressed. Appointment to corporate office shall be by relative majority. The Extraordinary Shareholders' Meeting resolutions shall be carried by a 2/3 majority of votes expressed. For appointment to corporate office, in the event of equal votes, the youngest candidate shall be deemed to be elected.
- 2) Voting at the Shareholders' Meeting shall be by open vote. In votes for the appointment to corporate office a secret ballot shall be held, unless the Shareholders' Meeting – on proposal by the Chairman – should agree to adopt the open vote. In voting by secret ballot, on request shareholders are entitled to have their vote or abstention, as appropriate, to be noted in the minutes.

- 3) Resolutions of the Shareholders' Meeting must be transcribed to the Shareholders' Meeting register of minutes and countersigned by the meeting chairman, secretary or notary public and the scrutineers. The Shareholders' Meeting register of minutes and related abstracts, certified as true copies of the original by the Meeting chairman and secretary, shall be accepted as proof of the Shareholders' Meetings and related resolutions.

Art. 29

Board of Directors, composition

- 1) The Company is directed by a Board of Directors comprising twelve members in possession of the requisites envisaged by current law and regulatory provisions, elected by the Shareholders' Meeting from among shareholders entered in the shareholders' register for at least ninety days.
At least two directors must be non-executive. Non-executive directors may not form part of the Executive Committee, may not accept delegated powers and may not perform any ongoing or single task relating to management of the company.
- 2) By special regulation approved by the ordinary Shareholders' Meeting, limits are set with regard to accumulation of offices that may be held at any one time by directors, taking into account the nature of the office and the characteristics and size of the company directed. Where of a stricter nature, limits to cumulative offices envisaged by law and regulatory provisions shall prevail.
- 3) 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.
- 4) One third of the Board membership shall be renewed each year. If expiry of the term of office cannot be determined by seniority, the term shall be established by the drawing of names. Said draw shall be performed at the last meeting of the Board of Directors immediately prior to the date of the general Shareholders' Meeting in first call.
- 5) Candidate applications for appointment as director must be filed with the registered office of the Company in accordance with methods envisaged in the Shareholders' Meeting regulations.
- 6) No person connected to the Company by an ongoing freelance or employment contract, or who are or become director, statutory auditor or employee of a company operating in direct competition with the Company, or in any event with other banks or companies subsidiaries to such competitors, may hold the office of director, unless the company concerned is a central authority or an investee. Former employees of the Company may be elected provided the related employment contract was terminated at least ten years previously.
- 7) At least two directors must possess independence requisites, i.e.:
 - a) having 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 entertained significant business relations with the Company's appointed independent auditors;
 - d) must not be the spouse, relative or similar up to four times removed of a person in any position indicated under points a), b) or c) above.
- 8) Any person reaching seventy years of age shall be ineligible for appointment as director of the Company. For any director in office, said office shall lapse on the date of the annual Shareholders' Meeting immediately after the age of seventy is reached. The chairman of the Board of Directors may be elected up to seventy-five years of age and remain in office until the date of the annual Shareholders' Meeting after said age is reached.

- 9) Directors shall act in an informed manner. Given the duties performed by directors and in order to fulfil duties associated with the office of director, 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, individual directors shall confirm that the language requirements are met.

Art. 30

Board of Directors, replacement of directors

- 1) If for any reason during the course of the financial year one or more directors should terminate office, the remaining directors shall arrange their replacement via co-opting, provided that the majority of the Board continues to be composed of directors appointed by the Shareholders' Meeting. Co-opting shall be by vote carried by a two-thirds majority of members in office and by resolution approved by the Board of Statutory Auditors.
- 2) Co-opted directors shall remain in office until the next Shareholders' Meeting. Directors appointed by the Shareholders' Meeting in replacement of former directors shall assume the seniority of the directors replaced. In the event of appointment of several directors at the same time but with different terms of office, the longer terms shall be assigned to the directors appointed by the highest number of votes, the younger age taking precedence in the event of equal votes.

Art. 31

Board of Directors, offices

- 1) The Board of Directors shall elect the chairman and two vice chairmen, who shall remain in office until expiry of their term of office as directors, from among its members by two-thirds majority vote.
- 2) The vice chairmen shall replace the chairman in the event of his/her absence, assuming all related powers and duties, in order of seniority of office and, if equal, in order of age seniority. In the event of absence for any reason 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.
- 3) If during the course of the financial year the chairman or a vice chairman should cease to hold office, the Board shall arrange for a replacement by co-opting pursuant to art. 30 of the Articles of Association.
- 4) The Board of Directors may elect a secretary from among its members or call upon a member of General Management to cover this role.

Art. 32

Board of Directors, chairman

- 1) The chairman of the Board of Directors shall promote effective corporate governance, guaranteeing the balance of powers with respect to executive directors, with particular reference to delegated powers.

- 2) The chairman shall call and preside over meetings of the Board of Directors and the Executive Committee, if appointed, establishing the agenda and ensuring that information on matters on the agenda are adequately provided to all directors. The chairman shall also coordinate the work of the Board and Executive Committee, if appointed, confirming due constitution of the meetings and confirming the identity and legitimate title of members present and the results of votes.
- 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 notified to the body normally responsible at the next available meeting.

Art. 33

Board of Directors, meetings

- 1) The ordinary meeting of the Board of Directors is called once a month, and extraordinary meetings at any time deemed necessary by the chairman or should a request be received from at least one third of Company directors.
- 2) The chairman shall issue the notice of call, also via fax, e-mail or any other electronic means, containing an indication of the matters to be discussed, to the domicile or address notified by each director, 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. Standing auditors must also receive a copy of the notice of call, issued by the same methods.
- 3) If deemed appropriate by the chairman, meetings of the Board of Directors may also be held via teleconferencing or videoconferencing link and, in more general terms, by any telecommunications means, provided that all attendees may be identified and can follow discussions and intervene in real time in matters negotiated, and can examine, receive and discuss related documentation. In such cases, the Board of Directors shall be deemed to be held at the venue indicated in the notice of call at which the chairman, or delegated officer, and the meeting secretary are present.
- 4) Meetings of the Board of Directors shall be deemed valid with the attendance of an absolute majority of the directors.
- 5) The chairman, or delegated officer, shall preside over meetings of the Board of Directors.

Art. 34

Board of Directors, resolutions

- 1) Resolutions of the Board of Directors shall be determined by open vote. Unless otherwise indicated in the Articles of Association, resolutions of the Board of Directors are carried on an absolute majority of votes in favour by members present. In the event of equal votes, the resolution is considered not to be carried.

- 2) If for a certain transaction, one or more directors have a direct or third party interest, the provisions of current law shall apply.

Art. 35

Board of Directors, minutes

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

Art. 36

Board of Directors, powers

- 1) The ordinary and extraordinary administration of the Company is the exclusive responsibility of the directors, who shall take all action necessary to implement the corporate purpose, without prejudice to specific authorisation requirements in cases envisaged by law and without prejudice to decisions reserved to the Shareholders' Meeting.
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 to the Company.
- 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;
 - 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 disclosures system and constant monitoring of its adequacy, completeness and timely implementation;
 - 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, other members of General Management and executives;
 - i) the appointment and dismissal, after consulting the Board of Statutory Auditors, of the internal audit and compliance manager;
 - 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 operating methods;
- 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 to securities in other companies;
- p) the acquisition, cancellation and disposal of treasury shares;
- q) share capital increases and the issue of bonds convertible to 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 issue of shares pursuant to art. 8, subsection 1 of the Articles of Association;
- s) the admission, withdrawal and exclusion of shareholders;
- t) resolutions with regard to mergers in cases pursuant to art. 2505 and art. 2505-*bis* of the Italian Civil Code;
- u) transfer of the registered office within the municipality;
- v) the setup and organisation, also for the purpose of assigning signatory powers, of secondary offices, branches and representative offices, including their transfer or suppression;
- w) adaptation of the Articles of Association to legal provisions;
- x) the establishment of criteria for the implementation of Bank of Italy instructions.

Art. 37

Board of Directors, Executive Committee

- 1) Should operational or dimensional complexity so require, on an annual basis and by two-thirds majority vote of the members in office, determining the content, limits and operating methods of the delegation, the Board of Directors 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 including the chairman, and excluding non-executive directors pursuant to art. 29 of the Articles of Association.
- 2) The Executive Committee shall meet whenever deemed appropriate by the chairman. The Committee is chaired by the chairman of the Board of Directors or, in his/her absence for any reason, by the director appointed for this purpose. 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 same terms indicated in art. 33 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 a member of General Management to cover this role.
- 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. 38

Board of Directors, delegation of powers

- 1) As part of current operations and by two-thirds majority vote of its members, the Board of Directors may delegate duties and decision-making powers to directors, the general manager, other members of General Management if appointed, and to employees.
- 2) Decision-making powers with regard to allocation of credit may be delegated on an annual basis by the Board of Directors, with majority vote by two-thirds of its members, to a Loan Committee composed of three to five directors and by the general manager with the casting vote, to other members of General Management and employees assigned to specific duties, up to a preset amount proportionate to the duties and grade of the officer.
- 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. 39

Board of Directors, fees

- 1) Every three financial years, the ordinary Shareholders' Meeting shall determine the annual fees payable to the Board of Directors and the attendance fees payable for directors' participation in Board of Directors' meetings and meetings of the consulting Commissions and/or Committees, if appointed.
- 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, consistency with the remuneration policies established by the Shareholders' Meeting.
- 3) Directors shall have the right to reimbursement of expenses incurred in the course of their duties.

Art. 40

Board of Statutory Auditors, composition

- 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 expiry of term of office of a standing auditor, he/she will be replaced by a substitute auditor as envisaged by law. Should the chairman of the Board of Statutory Auditors terminate office for any reason, the most senior of the standing auditors appointed by the Shareholders' Meeting shall take on the chairman's duties until the next Shareholders' Meeting called to appoint a replacement.
- 3) Statutory auditors must be entered on the Register of Auditors and must possess the professional, integrity 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 third party companies in which the Company has a direct or indirect strategic investment;
 - e) members of administrative or control bodies of companies and entities in a number exceeding the maximum established by current pro tempore law or regulatory provisions.

Any person reaching seventy years of age shall be ineligible for appointment as 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, 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, individual directors shall confirm that the language requirements are met.

Art. 41

Board of Statutory Auditors, appointment

- 1) Candidate applications for appointment as statutory auditor must be filed with the registered office of the Company in accordance with methods envisaged in the Shareholders' Meeting regulations.
- 2) In the event of death, withdrawal or expiry of term of office of a standing auditor, he/she will be replaced by a substitute auditor as envisaged by law. Should it be necessary to replace the chairman, chairmanship is taken over by the most senior member of the Board until the next ordinary Shareholders' Meeting.

- 3) If the established number of members of the Board cannot be reached from available substitute auditors, a Shareholders' Meeting must be called to appoint members as required.

Art. 42

Board of Statutory Auditors, powers

- 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 structure adopted by the Company and their effective operations;
 - d) other events and facts as specified by law;
 - e) the adequacy and operations of the internal control system, particularly with regard to risk management;
 - f) the adequacy of instructions issued by the Company to subsidiaries during the financial year with regard to management and coordination;
- 2) The Board of Statutory Auditors specifically monitors the adequate coordination of all departments and offices involved in the internal control system, including the independent auditors appointed for audit purposes, arranging 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) In performing the required audits and verification, the Board of Statutory Auditors may make use of the internal control offices and departments 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 with regard to administration and control systems and on 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 banking regulations.
- 7) Without prejudice to the obligation referred to in subsection 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, omissions and any reprehensible facts discovered.

- 10) The Board of Statutory Auditors shall attend Shareholders' Meetings, Board of Directors' meetings and meetings of the Executive Committee, if appointed.

Art. 43

Board of Statutory Auditors, operations

- 1) Meetings of the Board of Statutory Auditors, which must be held 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 shall be carried on an absolute majority vote by members present.
- 3) The chairman, or delegated officer, shall preside over meetings of the Board of Statutory Auditors.
- 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. In such cases, the Board of Statutory Auditors shall be deemed to be held at the venue indicated in the notice of call at which the chairman, or delegated officer, 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 matters discussed and shall be signed by all attending members 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 shall be in writing and addressed to the chairman of the Board of Statutory Auditors.

Art. 44

Board of Statutory Auditors, fees

- 1) The ordinary Shareholders' Meeting shall establish the annual fees payable to members of the Board of Statutory Auditors for the entire term of office, together with attendance fees for their attendance of meetings of the Board of Directors and any Committees or Commissions.
- 2) Statutory Auditors shall have the right to reimbursement of expenses incurred in the course of their duties.

Art. 45

Audit

- 1) Audit of the Company shall be performed by independent auditors, on assignment conferred by the Shareholders' Meeting on recommendation from the Board of Statutory Auditors.
- 2) The duration of the assignment shall be three financial years, expiring on the date of the next Shareholders' Meeting thereafter called to approve the financial statements.
- 3) The assignment may be cancelled only with just cause by resolution of the Shareholders' Meeting, after consulting the Board of Statutory Auditors. The resolution for cancellation of the assignment must be approved by the court, having heard the interested party.

- 4) The independent auditors shall perform all tasks envisaged under current law.

Art. 46

Board of Arbitrators

- 1) From among the shareholders, the ordinary Shareholders' Meeting shall appoint three standing arbitrators and due substitute arbitrators. The term of office shall be three financial years and re-election is permitted.
- 2) Candidate applications for appointment as arbitrator must be filed with the registered office of the Company in accordance with methods envisaged in the Shareholders' Meeting regulations or, failing which, in the notice of call of the Shareholders' Meeting.
- 3) Arbitrators are elected by relative majority vote.
- 4) The Board of Arbitrators shall elect one of its members as chairman. In age order and until the next Shareholders' Meeting, the substitute arbitrators shall replace any standing arbitrator that terminates office for any reason and, as the need arises, to replace any standing arbitrator that cannot participate in decisions due to relationship or similar to the interested party or due to legal impediment.
- 5) Should it be deemed appropriate by the chairman of the Board of Arbitrators, the chairman shall call and conduct meetings of the Board.
- 6) Attendance fees shall be payable to members for attendance at meetings of the Board of Arbitrators in the sum established for members of the Board of Directors, and any expenses incurred for this purpose shall be reimbursed.
- 7) The decisions of the Board of Arbitrators, without recourse to appeal, shall be made on the basis of impartiality, absolute majority and without procedural restrictions, pursuant to the provisions of art. 20.

Art. 47

General Management, composition

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

Art. 48

General Management, 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. 32.
- 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 guarantee credit collection. 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 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 V

Representation of the Company and corporate signature

Art. 49

Signatory powers

- 1) The chairman or, in his/her absence, even if temporary, by the officer acting on the chairman's behalf, 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 officer acting on behalf 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 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 executives and employees of the Company, specifying the exercise limits and methods.
- 5) Where necessary for the completion of certain actions, the Board may also confer mandate and special attorney on persons from outside the Company.

Title VI

Corporate financial statements

Art. 50

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 preparation of the financial statements and the report on operations in compliance with law.

Art. 51

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) the reserve for treasury shares;
 - c) shareholders in the form of a dividend, pursuant to art. 14 of the Articles of Association, 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 VII

Winding-up of the Company

Art. 52

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 VIII

Transitional rules

The following transitional rules shall apply until the end of 2010:

Art. 53 (regarding Art. 29)

Electorates

- 1) For the appointment of Directors, three electorates A, B and C shall be formed.
- 2) Electorate A shall be composed of shareholders resident in the municipality of Bolzano and in municipalities forming the district and valley communities of Salto-Sciliar, Oltradige-Bassa Atesina and the province of Trento.
- 3) Electorate B shall be composed of shareholders resident in the municipality of Bressanone and in municipalities pertaining to the communities of Media Val d'Isarco, Bassa Val d'Isarco, Alta Val d'Isarco, Val Pusteria and the province of Belluno.
- 4) Electorate C shall be composed of shareholders resident in the municipality of Merano and in municipalities pertaining to the district communities of Burgraviato and Val Venosta.
- 5) Shareholders resident outside the provinces of Bolzano, Trento and Belluno must indicate the electorate in which they intend to vote.

Art. 54 (regarding Art. 29)

Appointment of directors

- 1) Shareholders in electorate A shall appoint and be represented on the Board of Directors by four directors.
- 2) Shareholders in electorate B shall appoint and be represented on the Board of Directors by five directors.
- 3) Shareholders in electorate C shall appoint and be represented on the Board of Directors by three directors.
- 4) Each electorate shall vote separately. Proposals or candidacy to offices to be assigned within an electorate shall be from shareholders forming part of the respective electorate. Those receiving the highest number of votes within their respective electorates shall be elected.