

## **BANCA GENERALI S.p.A.**

### **EXTRAORDINARY SHAREHOLDERS' MEETING 22-23 June 2007**

## **AGENDA**

### **Illustrative report of the Board of Directors in Respect of Item 1 on the Agenda**

*Amendment of articles 15, 18, 21 and 24 of the Articles of Association.  
Relevant and ensuing resolutions.*

Shareholders,

We convened this extraordinary shareholders' meeting so as to submit to you, proposals for the amendment of the Articles of Association, as illustrated below.

As you are well aware, on 18 July 2006, the Shareholders' Meeting of Banca Generali — which approved the application for the listing of the company's ordinary shares for trading on the electronic share market (MTA), organised and managed by Borsa Italiana S.p.A. — so as to fully implement the procedure for listing, also approved certain amendments to the Articles of Association in order to conform it to the provisions set forth in Legislative Decree No. 58/98 with regard to listed companies.

The Articles of Association (in alternativa: The said document), which entered into force on 15 November 2006, as starting day of company's ordinary shares' negotiation on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A., therefore already take into account the novelties introduced by Law No. 262 of 28 December 2005, containing "Provisions for the protection of savings and regulation of financial markets" (so-called "Law on Savings"), including, inter alia, certain provisions aimed at ensuring greater representation of minority shareholders, especially on the company's corporate organs, the presence of independent directors on the company's Board of Directors, as well as increased transparency of corporate information.

This law was followed by Legislative Decree No. 303 of 29 December 2006 (known as Pinza Decree) aimed at coordinating, inter alia, the Banking Consolidation Law (Testo Unico Bancario) and the Consolidation Law on Financial Intermediation (Testo Unico sull'Intermediazione Finanziaria), and bringing the same in line with the provisions introduced by the aforesaid law No. 262/2005.

Moreover, by resolution No. 15915 of 3 May 2007, CONSOB approved new regulations, which will enter into force following their publication in the Italian Official Journal, implementing certain provisions of the Law on Savings, and regarding, inter alia, the appointment of the members of administrative and internal control organs, as well as the limits on the number of assignments that the members of the supervisory boards of issuers, may hold simultaneously.

In compliance with the changed normative framework, the Articles of Association requires to be brought in line with the principles set forth in the new statutory and regulatory provisions. The final deadline for amending the Articles of Association towards such end has been established at 30 June 2007.

In light of all the above, we now call upon you to approve the amendments to the Articles of Association as required to bring the same in line with the new regulations; at the same time, we feel it is also useful to submit to your approval, certain further changes aimed at rendering the current text of the Articles of Association, easier to read. The amendments pertain to Articles: 15 (regarding the appointment of the Board of Directors), 18 (regarding the tasks and duties of the Board of Directors), 21 (regarding the appointment of the Board of Statutory Auditors) and 24 (regarding the appointment of the Manager in charge of drawing up the company's accounting documents) With regard to the amendments' procedure of authorization, it must be borne in mind that by Order No. 311041 dated 23 March 2007, the Governor of the Bank of Italy modified the provisions of Title III, Chapter I of the Bank of Italy Circular No. 229 of 21 April 1999 — Supervisory Instructions for Banks — regulating amendments to the Articles of Association, requiring the Supervisory Body to issue the related finding of compliance before the amendments are submitted to the Shareholders' Meeting for approval.

It must also be pointed out that proposed amendments to the Articles of Association, do not invest shareholders with any right of withdrawal within the meaning and for the intents and purposes of section 2437 of the Italian Civil Code and Article 7 of the Articles of Association.

The amendments to the Articles of Association that we submit for your approval, are illustrated in detail below:

Article 15 of the Articles of Association: given that this Article already provides for the use of voting lists for the appointment of the administrative organ and a minimum percentage of share capital for the submission of lists of candidates, in light of the amendments brought by Legislative Decree No. 303/2006 to article 147<sup>ter</sup> of Legislative Decree No.

58/1998 and the amendments to the Rules for Issuers recently approved by CONSOB, we propose to revise the text of the Article with a view to ensuring that the same entrenches the new regulatory provisions, and endowing the text with the required degree of flexibility, through references to current statutory and regulatory provisions, so as to avoid the need for subsequent amendments to the Articles of Association in function of changes introduced to the regulatory framework. In particular, we propose to eliminate the rule which establishes that only shareholders registered in the Shareholders' Register for at least 30 days prior to the scheduled date of the Shareholders' Meeting, may submit lists; to assess the minimum amount of shareholdings required for the submission of lists of candidates at the percentage applicable to the Company as per CONSOB regulations; to specify the information and disclosures to be filed with the registered office together with the list; to update the concept of corporate association in light of the provisions of Article 147<sup>ter</sup>, paragraph 3, of Legislative Decree No. 58/1998 as amended by Legislative Decree No. 303/2006; to introduce the new paragraph 12 (with the consequent re-numbering of the current paragraph 12 as paragraph 13), with a view to setting up a safeguard mechanism designed to ensure the appointment of the established minimum number of independent directors and to introduce specific provisions regulating the replacement of directors before the expiry of their terms of appointment, where necessary;

Article 18 of the Articles of Association: in light of the provisions of article 154<sup>bis</sup> of Legislative Decree No. 58/1998, as amended by Legislative Decree No. 303/2006, we propose to invest the Board of Directors with sole competence to appoint and dismiss the Manager in charge of drawing up the company's accounting documents. The other proposed amendments to this Article are aimed at clarifying the literal meaning of the text, by specifying, in paragraph 4, that the shareholdings in question are those held in companies belonging to the banking group;

Article 21 of the Articles of Association: given that this Article already provides for list-based voting procedures for the appointment of the Board of Statutory Auditors and a minimum percentage of share capital for the submission of lists of candidates, according to the amendments brought by Legislative Decree No. 303/2006 to Article 148 of Legislative Decree No. 58/1998 and to the amendments to the Rules for Issuers recently approved by CONSOB, we propose to revise the text of the Article with a view to ensuring that the same entrenches the new regulatory provisions, and endowing the text with the required degree of flexibility, if possible. In detail, taking into consideration the fact that it is no longer necessary to establish, in the Article of Association, the limit on the

accumulation of appointments and posts held by company directors and officers, we propose to amend this Article by inserting a reference to applicable statutory and regulatory provisions, with regard to the said limit; to eliminate the rule which establishes that only shareholders registered in the Shareholders' Register for at least 30 days prior to the scheduled date of the Shareholders' Meeting, may submit lists; to assess — insofar as permitted under CONSOB regulations — the minimum amount of shareholdings required for the submission of lists of candidates at the percentage established under CONSOB regulations as the threshold for the submission of lists of candidates for the appointment of the Board of Directors; to specify the information and disclosures to be filed with the registered office together with the list; to require — as already required for the lists of candidates for appointment to the Board of Directors, and in the interest of the market in general — the lists of candidates to be published in a daily newspaper; to specify that in case, by the established deadline, only one list or only lists composed by shareholders associated amongst themselves have been deposited, the relevant statutory and regulatory provisions shall apply; to specify the concept of minority shareholder, in accordance with the provisions of article 148, paragraphs 2 and 2bis of Legislative Decree No. 58/1998 as amended by Legislative Decree No. 303/2006; and to introduce specific provisions regulating the replacement of members of the Board of Statutory Auditors, before the expiry of their terms of appointment, where necessary;

Article 24 of the Articles of Association: bearing in mind that article 154*bis*, introduced into Legislative Decree No. 58/1998 by Law No. 262/2005, requires procedures for the appointment of an executive in charge of drawing up the company's accounting documents to be specified in the Articles of Association, and that this rule has been amended by Legislative Decree No. 303/2006 that requires, in particular, the Articles of Association to also specify the professional qualifications of the said executive, we propose, in light of article 154*bis* that grants broad discretion on the matter, to define in the greater detail the professional qualifications of the said executive, as already set forth in the current text of the Articles of Association, taking due account of the tasks, duties and responsibilities of the same.

The following table provides a comparison between the current text of the Articles of Association, and the proposed amendments and extensions, with graphical highlighting of the changes:

Current text	Proposed amendments
<p style="text-align: center;"><b>ARTICLE 15</b></p> <p>1. The Company is managed by a Board made up of no less than 7 (seven) and no more than 12 (twelve) members, appointed by the Shareholders' Meeting after determination of the number of members.</p> <p>2. Members of the Board of Directors hold office for a maximum of three financial years. Their mandate ends on the date of the meeting called to approve the financial statements of the last financial year of said term and they are eligible for reappointment. In the case of appointment during the period of office, the mandate of the newly appointed members will expire with that of members already in office.</p> <p>3. Board members must possess the legal requisites also, within the limits established by law, in terms of independence.</p> <p>4. Members of the Board of Directors are appointed on the basis of lists of candidates, in accordance with the procedures set forth below.</p> <p>5. Those shareholders enrolled in the Shareholders' Register at least 30 days prior to the date established for the Shareholders' Meeting in first call, who alone or in conjunction with other shareholders represent at least one fortieth of share capital, are entitled to submit a list. Each shareholder may contribute to the submission of only one list. In the event of breach, account will not be taken of the relative backing given to any of the lists.</p> <p>6. The lists contain a number of candidates no higher than the number of members to be elected, listed by progressive number. Each candidate may appear on only one list, upon penalty of ineligibility.</p> <p>7. Should the outgoing Board of Directors submit its own list, this will be filed at the registered office and</p>	<p style="text-align: center;"><b>ARTICLE 15</b></p> <p>1. The Company is managed by a Board made up of no less than 7 (seven) and no more than 12 (twelve) members, appointed by the Shareholders' Meeting after determination of the number of members.</p> <p>2. Members of the Board of Directors hold office for a maximum of three financial years. Their mandate ends on the date of the meeting called to approve the financial statements of the last financial year of said term and they are eligible for reappointment. In the case of appointment during the period of office, the mandate of the newly appointed members will expire with that of members already in office.</p> <p>3. Board members must possess the legal requisites also, within the limits established by law, in terms of independence.</p> <p>4. Members of the Board of Directors are appointed on the basis of lists of candidates, in accordance with the procedures set forth below.</p> <p>5. <u>Those shareholders enrolled in the Shareholders' Register at least 30 days prior to the date established for the Shareholders' Meeting in first call who alone or in conjunction with other shareholders represent the percentage at least one fortieth of share capital envisaged for the Company by current applicable regulations, are entitled to submit a list. Each shareholder may contribute to the submission of only one list. In the event of breach, account will not be taken of the relative backing given to any of the lists. Each shareholder (as well as (i) shareholders belonging to the same group, the latter being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of article 122 of Legislative Decree no. 58 of 24 February 1998, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) may submit, either on their own or jointly with other shareholders, directly or through third party intermediaries, or trust companies, a single list of candidates, under pain of disqualification of the list.</u></p> <p>6. The lists contain a number of candidates no higher than the number of members to be elected, listed by progressive number <u>with a specific indication of the candidates who fulfil the statutory requirements of independence.</u> Each candidate may appear on only one list, upon penalty of ineligibility.</p> <p>7. Should the outgoing Board of Directors submit its own list, this will be filed at the registered office and published in at least one newspaper with national</p>

published in at least one newspaper with national circulation, at least twenty days prior to the date set for the Shareholders' Meeting in first call together with the documentation referred to in paragraph 9 below.

8. The lists submitted by shareholders are filed at the registered office and published in at least one newspaper with national circulation, at least fifteen days prior to the date set for the Shareholders' Meeting in first call.

9. In order to prove their entitlement to submit lists, shareholders will file at the registered office the documentation proving legal ownership of their shareholdings within the term specified in the previous paragraph. Within the same term, each candidate will file a declaration in which he accepts nomination and also certifies, under his own responsibility, the inexistence of causes of incompatibility and of ineligibility, possession of the requisites of integrity and professionalism which prevailing laws require for the office of director of the Company, as well as those of independence provided by the law and by the codes of conduct promoted by companies managing regulated markets or by trade categories, to which the Company adheres.

10. Each shareholder is entitled to vote for only one list. The first candidates on the list obtaining the greatest number of votes, equal to eight ninths of the number of members of the Board of Directors determined by Shareholders' Meeting — with rounding down in the case of split number, will be elected Board members. The remaining directors will be taken from other lists, not linked in any way to the list which gained the highest number of votes, and to this end the votes obtained by said lists will subsequently be divided by one, two, three and so on, according to the number of directors to be elected. The ratios obtained in this way will be progressively assigned to the candidates of each of the lists, according to the respectively established order of said lists. The ratios thus attributed to the candidates of the various lists will be set out in a single decreasing list.

circulation, at least twenty days prior to the date set for the Shareholders' Meeting in first call together with the documentation referred to in paragraph 9 below.

8. The lists submitted by shareholders are filed at the registered office and published in at least one newspaper with national circulation, at least fifteen days prior to the date set for the Shareholders' Meeting in first call.

9. In order to prove their entitlement to submit lists, shareholders will file at the registered office the documentation proving legal ownership of their shareholdings within the term specified in the previous paragraph. Within the same term, shareholders who submitted the lists, shall also file at the registered office:

- information pertaining to the identity of the shareholders submitting the lists, with an indication of the percentage of share capital they jointly hold;

- exhaustive information on the personal and professional features of the candidates included in the list;

- a declaration by shareholders other than those who, even jointly, hold a controlling interest or relative majority stake, attesting the absence of associative relationships with the latter;

- the declarations filed by each candidate, in which each candidate accepts his nomination and also certifies, under his own responsibility, the inexistence of causes of incompatibility and of ineligibility, possession of the requisites of integrity and professionalism which prevailing laws require for the office of director of the Company, as well as those of independence, if applicable, provided by the law and by the codes of conduct promoted by companies managing regulated markets or by trade categories, to which the Company adheres.

10. Each shareholder (as well as (i) shareholders belonging to the same group, the latter being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of article 122 of Legislative Decree No. 58 of 24 February 1998, and subsequent amendments, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) is entitled to vote for only one list. Should only one list be submitted, all the members of the Board of Directors shall be appointed from the said list. Should, on the other hand, two or more lists be submitted, the first candidates on the list obtaining the greatest number of votes, equal to eight ninths of the number of members of the Board of Directors determined by Shareholders' Meeting — with rounding down in the case of split number — will be elected Board members. The remaining directors will be taken from other lists, not linked in any way, not even indirectly, with the shareholders who submitted or voted for ~~to~~ the list which gained the highest number of votes, and to this end the votes obtained by said lists will

<p>11. In the event of votes being equal between two or more lists, the younger candidates will be elected until all the posts to be assigned have been filled.</p> <p>12. If during the term of office one or more Board members should leave office for whatsoever reason, they will be replaced according to the procedures established by law. If the leaving director was taken from the minority list that had obtained the greatest number of votes, replacement will occur with appointment of a person taken, in accordance with the progressive order, from the same list as the leaving director and still eligible and willing to accept office.</p>	<p>subsequently be divided by one, two, three and so on, according to the number of directors to be elected. The ratios obtained in this way will be progressively assigned to the candidates of each of the lists, according to the respectively established order of said lists. The ratios thus attributed to the candidates of the various lists will be set out in a single decreasing list.</p> <p>11. In the event of votes being equal between two or more lists, the younger candidates will be elected until all the posts to be assigned have been filled.</p> <p><u>12. Should at the end of voting, it emerge that a sufficient number of independent Directors, within the meaning of applicable regulations, has not been elected, the director bearing the highest serial number in the list that obtained the greatest number of votes, and who does not meet the requirements of independence, shall be replaced by the next candidate on the same list, who does meet the said requirements. If necessary, this procedure shall be repeated until all the vacancies of independent directors on the Board, have been filled. Should it not be possible to cover all the vacancies on the Board, even after following the procedure mentioned above, the Shareholders' Meeting shall immediately proceed with the appointment of the remaining directors, at the proposal of the shareholders in attendance and by resolution approved by simple majority.</u></p> <p><u>13. 42 If during the term of office one or more Board members should leave office for whatever reason, they will be replaced according to the procedures established by law. If the leaving director was taken from the minority list that had obtained the greatest number of votes, replacement will occur with appointment of a person taken, in accordance with the progressive order, of the first eligible candidate taken from the same list as the leaving director and still eligible and willing to accept office and willing to accept office or, where this is not possible, with the appointment of the first eligible candidate who is willing to accept office, and taken, in serial order, from the list to which the first unappointed candidate belonged. The term of the replacement director shall expire together with the term of the directors in office at the time of the replacement director's appointment to the Board.</u></p> <p><u>14. Where it is not possible to proceed as described above, either because of too few candidates being presented on the lists or as a result of non-acceptance of appointments, the Board of Directors shall co-opt, within the meaning of article 2386 of the Italian Civil Code, a director selected by the Board in accordance with the criteria established under law. The director thus co-opted shall remain in office through to the next Shareholders' Meeting that shall either confirm or replace him following the ordinary procedures and with ordinary majorities, in departure from the list-based voting system mentioned in this Article 15.</u></p>
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Current text	Proposed amendments
<p style="text-align: center;"><u>ARTICLE 18</u></p> <p>1. The Board of Directors is vested with full powers of ordinary and extraordinary management of the Company, including the authority to grant cancellation and reduction of mortgages even against incomplete credit payment. It has the authority to deliberate on all matters pertaining to the corporate purpose that are not reserved to the exclusive competence of the Shareholders' Meeting as required by regulations in force.</p> <p>2. The Board of Directors is exclusively qualified to deliberate on matters pertaining to the setting up or closing down of secondary offices, indication of which Directors may represent the Company and use the company signature, mergers, in the cases permitted by law, amendments to the provisions of the Articles of Association that no longer comply with new and mandatory regulatory provisions.</p> <p>3. In addition to powers that cannot be delegated pursuant to law, resolutions concerning the following are also reserved to the exclusive competence of the Board of Directors:</p> <p>a) establishing the general management policies, approving the Company's strategic, industrial and financial plans and the transactions of considerable economic, equity and financial importance, including those with related parties;</p> <p>b) appointing, when it sees fit, a General Manager, Joint General Managers and Deputy General Managers, assigning their relative powers and deciding upon their retirement;</p> <p>c) setting up, relocating and closing down branches, agencies and offices;</p> <p>d) authorising company representatives and representatives of companies belonging to the Banking Group fulfilling managerial, executive and supervisory roles and other parties identified by law to perform transactions or assume obligations of any kind with the Company or to carry out direct or indirect sales and purchases;</p> <p>e) purchasing, building, selling and transferring property, excepting the judicial and extrajudicial actions and transactions necessary to credit recovery; purchasing or selling shareholdings that cause changes in the Banking Group or controlling or associative shareholdings; selling companies and/or company branches; entering into agreements pertaining to joint ventures or strategic alliances;</p> <p>f) establishing the general organisational structure and</p>	<p style="text-align: center;"><u>ARTICLE 18</u></p> <p>1. The Board of Directors is vested with full powers of ordinary and extraordinary management of the Company, including the authority to grant cancellation and reduction of mortgages even against incomplete credit payment. It has the authority to deliberate on all matters pertaining to the corporate purpose that are not reserved to the exclusive competence of the Shareholders' Meeting as required by regulations in force.</p> <p>2. The Board of Directors is exclusively qualified to deliberate on matters pertaining to the setting up or closing down of secondary offices, indication of which Directors may represent the Company and use the company signature, mergers, in the cases permitted by law, amendments to the provisions of the Articles of Association that no longer comply with new and mandatory regulatory provisions.</p> <p>3. In addition to powers that cannot be delegated pursuant to law, resolutions concerning the following are also reserved to the exclusive competence of the Board of Directors:</p> <p>a) establishing the general management policies, approving the Company's strategic, industrial and financial plans and the transactions of considerable economic, equity and financial importance, including those with related parties;</p> <p>b) appointing, when it sees fit, a General Manager, Joint General Managers and Deputy General Managers, assigning their relative powers and deciding upon their retirement;</p> <p><u>c) upon hearing the Board of Statutory Auditors, the appointment and dismissal of the Manager in charge of drawing up the company's accounting documents, the determination of the powers and resources thereof, as well as the supervision of the tasks carried out by the same and the monitoring of actual compliance with administrative and accounting procedures;</u></p> <p><u>de)</u> setting up, relocating and closing down branches, agencies and offices;</p> <p><u>ed)</u> authorising company representatives and representatives of companies belonging to the Banking Group fulfilling managerial, executive and supervisory roles and other parties identified by law to perform transactions or assume obligations of any kind with the Company or to carry out direct or indirect sales and purchases;</p> <p><u>fe)</u> purchasing, building, selling and transferring property, excepting the judicial and extrajudicial actions and transactions necessary to credit recovery; purchasing or selling shareholdings that cause changes in the Banking Group or controlling or associative shareholdings; selling companies and/or company branches; entering into agreements pertaining to joint ventures or strategic alliances;</p> <p><u>gf)</u> establishing the general organisational structure and</p>

<p>approving and amending internal regulations;</p> <p>g) creating committees or commissions with consultation or coordination functions, also for the purpose of ensuring that corporate governance complies with prevailing recommendations on the matter, establishing the components, the duration, the powers and authority of said committees or commissions at the time they are set up;</p> <p>h) approving supplementary corporate contracts and general trade union agreements.</p> <p>4. In its capacity as leader of the Banking Group, the bank's Board of Directors is also assigned exclusive competence over resolutions concerning the purchase and sale of shareholdings, as well as the establishment of the criteria for coordinating and managing the group companies and for implementing the instructions issued by the Bank of Italy in the interest of group stability.</p> <p>5. Within the limits permitted by law and by the Articles of Association, the Board of Directors may delegate its non-exclusive duties to one or more Managing Directors as well as to an Executive Committee, establishing their duties and term of office.</p> <p>6. Moreover, the Board of Directors may delegate decision-making powers, within pre-set limits, on matters concerning credit disbursement and management and current corporate operations to Company directors and employees according to their role or level, either individually or in committees, which may also be made up of employees from companies belonging to the Banking Group.</p> <p>7. On at least a quarterly basis, the delegated bodies will report to the Board of Directors and to the Board of Auditors on management performance and on the activities performed by the Company and by its subsidiaries, on the business outlook, on the most significant economic, financial and equity transactions implemented by the Company and its subsidiaries, with particular regard to transactions in which Directors have a direct or third-party interest or which are influenced by a party exercising management and coordination activities, as well as on decisions on the matter of credit disbursement and management, on which a report containing global figures must be provided. The Board will also establish how and when it should be informed of other decisions of greater importance taken by subjects entrusted with management of current operations.</p> <p>8. In the event of absolute, unavoidable urgency, where the matter cannot be delegated to the Managing Director, the Chairman or the person replacing him pursuant to Article 16 of the Articles of Association, may take Board decisions, with the exception of those that cannot be delegated pursuant to law. The Board will be informed of such decisions at the next board meeting.</p>	<p>approving and amending internal regulations;</p> <p>hg) creating committees or commissions with consultation or coordination functions, also for the purpose of ensuring that corporate governance complies with prevailing recommendations on the matter, establishing the components, the duration, the powers and authority of said committees or commissions at the time they are set up;</p> <p>ih) approving supplementary corporate contracts and general trade union agreements.</p> <p>4. In its capacity as leader of the Banking Group, the bank's Board of Directors is also assigned exclusive competence over resolutions concerning the purchase and sale of shareholdings <u>by subsidiaries belonging to the banking group</u>, as well as the establishment of the criteria for coordinating and managing the <u>banking</u> group companies and for implementing the instructions issued by the Bank of Italy in the interest of group stability.</p> <p>5. Within the limits permitted by law and by the Articles of Association, the Board of Directors may delegate its non-exclusive duties to one or more Managing Directors as well as to an Executive Committee, establishing their duties and term of office.</p> <p>6. Moreover, the Board of Directors may delegate decision-making powers, within pre-set limits, on matters concerning credit disbursement and management and current corporate operations to Company directors and employees according to their role or level, either individually or in committees, which may also be made up of employees from companies belonging to the Banking Group.</p> <p>7. On at least a quarterly basis, the delegated bodies will report to the Board of Directors and to the Board of Auditors on management performance and on the activities performed by the Company and by its subsidiaries, on the business outlook, on the most significant economic, financial and equity transactions implemented by the Company and its subsidiaries, with particular regard to transactions in which Directors have a direct or third-party interest or which are influenced by a party exercising management and coordination activities, as well as on decisions on the matter of credit disbursement and management, on which a report containing global figures must be provided. The Board will also establish how and when it should be informed of other decisions of greater importance taken by subjects entrusted with management of current operations.</p> <p>8. In the event of absolute, unavoidable urgency, where the matter cannot be delegated to the Managing Director, the Chairman or the person replacing him pursuant to Article 16 of the Articles of Association, may take Board decisions, with the exception of those that cannot be delegated pursuant to law. The Board will be informed of such decisions at the next board meeting.</p>
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Current text	Proposed amendments
<p style="text-align: center;"><u>ARTICLE 21</u></p> <p>1. The Board of Statutory Auditors consists of three regular and two alternate Auditors, whose functions, duties and terms of office are defined by the law.</p> <p>2. Regular and alternate Auditors must possess the requisites required by law and are eligible for reappointment. Those whose situations are incompatible pursuant to law and those who hold the office of regular auditor in more than five (5) Italian companies listed on regulated markets may not be appointed Auditor and if so appointed will fall from office.</p> <p>3. For the purposes of defining the requisite of professionalism of those who have gained a total of at least three years' experience in the performance of:</p> <p>a) professional activities or permanent university teaching in legal, economic, financial and technical/scientific subjects strictly pertinent to the Company's business activities;</p> <p>b) senior management functions in public entities or public administration operating in sectors strictly pertinent to the Company's activity,</p> <p>the following is specified:</p> <ul style="list-style-type: none"> <li>▪ activities considered to be strictly pertinent to the Company's activity are all the activities referred to in letter a) above pertaining to banking activity and to the activities regarding the economic sectors strictly related to the banking sector;</li> <li>▪ economic sectors considered to be strictly pertinent to the banking sector are those relating to credit, parabanking, financial and insurance sectors.</li> </ul> <p>4. Auditors are appointed on the basis of lists of candidates, in accordance with the procedures set forth below.</p> <p>5. Those shareholders enrolled in the Shareholders' Register at least 30 days prior to the date established for the Shareholders' Meeting in first call, who alone or in conjunction with other shareholders represent at least one hundredth of share capital, are entitled to submit a list. Each shareholder may contribute to the submission of only one list. In the event of breach, account will not be taken of the relative backing given to any of the lists.</p>	<p style="text-align: center;"><u>ARTICLE 21</u></p> <p>1. The Board of Statutory Auditors consists of three regular and two alternate Auditors, whose functions, duties and terms of office are defined by the law.</p> <p>2. Regular and alternate Auditors must possess the requisites required by law and are eligible for reappointment. Those whose situations are incompatible pursuant to law and <u>persons who serve as company directors or officers in other companies beyond the thresholds established under applicable regulations, the office of regular auditor in more than five (5) Italian companies listed on regulated markets</u> may not be appointed to the Board of Statutory Auditors, and if so appointed, will fall from office.</p> <p>3. For the purposes of defining the requisite of professionalism of those who have gained a total of at least three years' experience in the performance of:</p> <p>a) professional activities or permanent university teaching in legal, economic, financial and technical/scientific subjects strictly pertinent to the Company's business activities;</p> <p>b) senior management functions in public entities or public administration operating in sectors strictly pertinent to the Company's activity,</p> <p>the following is specified:</p> <ul style="list-style-type: none"> <li>▪ activities considered to be strictly pertinent to the Company's activity are all the activities referred to in letter a) above pertaining to banking activity and to the activities regarding the economic sectors strictly related to the banking sector;</li> <li>▪ economic sectors considered to be strictly pertinent to the banking sector are those relating to credit, parabanking, financial and insurance sectors.</li> </ul> <p>4. Auditors are appointed on the basis of lists of candidates, in accordance with the procedures set forth below.</p> <p>5. Those shareholders <del>enrolled in the Shareholders' Register at least 30 days prior to the date established for the Shareholders' Meeting in first call</del> who, alone or in conjunction with other shareholders represent the percentage of share capital envisaged for the Company <u>to submit lists of candidates for appointment of the Board of Directors at least one hundredth of share capital,</u> are entitled to submit a list. Each shareholder <u>(as well as (i) shareholders belonging to the same group, the latter being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of article 122 of</u></p>

6. The lists are made up of two sections: one for the appointment of the regular Auditors and the other for the appointment of the alternate Auditors. The lists contain a number of candidates no higher than the number of members to be elected, listed by progressive number. Each candidate may appear on only one list, upon penalty of ineligibility. Together with each list and within the term established for the filing of lists, each candidate must file at the registered office the declaration by which he certifies, under his own responsibility, the inexistence of causes of incompatibility and of ineligibility, as well as possession of the requisites which prevailing laws require for the office of Auditor of the Company.

7. The lists, signed by the person submitting them, must be filed at the Company's registered office at least fifteen days prior to the date set for the Shareholders' Meeting in first call.

8. Each shareholder is entitled to vote for only one list. The first two candidates on the list obtaining the greatest number of votes and the first candidate on the list coming second in terms of numbers of votes, will be elected regular Auditors. The first candidate on the list obtaining the greatest number of votes and the first candidate on the list coming second in terms of numbers of votes, will be elected alternate Auditors.

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Legislative Decree no. 58 of 24 February 1998, and subsequent amendments, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) may contribute to the submission of only one list. In the event of breach, account will not be taken of the relative backing given to any of the lists.

6. The lists are made up of two sections: one for the appointment of the regular Auditors and the other for the appointment of the alternate Auditors. The lists contain a number of candidates no higher than the number of members to be elected, listed by progressive number. Each candidate may appear on only one list, upon penalty of ineligibility. Together with each list and within the term established for the filing of lists, ~~file at the registered office~~ the shareholders submitting the lists must also file at the registered office, certification attesting their ownership of their respective shareholdings, and:

- information pertaining to the identity of the shareholders submitting the lists, within an indication of the percentage of share capital they jointly hold;

- exhaustive information on the personal and professional features of the candidates included in the list;

- a declaration by shareholders other than those who, even jointly, hold a controlling interest or relative majority stake, attesting the absence of associative relationships with the latter;

- the declarations in which each candidate accepts nomination and also certifies, under his own responsibility, the declaration by which he certifies, the inexistence of causes of incompatibility and of ineligibility, as well as possession of the requisites of integrity and professionalism which prevailing laws require for the office of Auditor of the Company.

7. The lists, signed by the person submitting them, must be filed at the Company's registered office and published in at least one national daily newspaper, at least fifteen days prior to the date set for the Shareholders' Meeting in first call. In the case where, by the aforesaid deadline, submission has been made of only one list or only of lists submitted by shareholders associated amongst themselves, the relevant statutory and regulatory provisions shall apply.

8. Each shareholder (as well as (i) shareholders belonging to the same group, the latter being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of article 122 of Legislative Decree no. 58 of 24 February 1998, and subsequent amendments, or (iii) shareholders who are otherwise associated with

<p>9. In the event of votes being equal between two or more lists the younger candidates will be elected until all the posts to be assigned have been filled.</p> <p>10. The candidate of the list coming second in terms of numbers of votes will take the chairmanship. In the event of votes being equal between two or more minority lists, the provisions of paragraph 9 above will apply. In the event of submission of a single list, the first candidate specified therein will take the chairmanship.</p> <p>11. In the event of death, resignation or forfeiture of an acting Auditor, the alternate Auditor belonging to the same list as the replaced Auditor will succeed him.</p> <p>12. The Board of Statutory Auditors oversees compliance with the law and the Articles of Association, observance of fair management principles, adequacy of the Company's organisational structure as far as its authority permits, of the internal control system and of the administration-accounting system, as well as the</p>	<p><u>each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) is entitled to vote for only one list. The first two candidates on the list obtaining the highest number of votes and the first candidate on the list obtaining the highest number of votes and submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes, coming second in terms of numbers of votes, shall be deemed elected regular Auditors. Should no list be submitted, the Shareholders' Meeting shall appoint the Board of Statutory Auditors and the Chairman thereof, by majority of the votes cast, in accordance with law. In the case where only one list is submitted, the entire Board of Statutory Auditors is appointed from the said list, and the Chairman of the Board of Statutory Auditors shall be the first candidate on the said list. Should, on the other hand, two or more lists be submitted for the appointment of the Board of Statutory Auditors, the first candidate on the list obtaining the greatest number of votes and the first candidate on the list obtaining the highest number of votes, amongst those lists submitted and voted by shareholders who are not associated, not even indirectly, (i) with the shareholders who submitted the list obtaining the highest number of votes on the overall, (ii) with the shareholders who voted for that list coming second in terms of numbers of votes, will be elected alternate Auditors.</u></p> <p>9. In the event of votes being equal between two or more lists the younger candidates will be elected until all the posts to be assigned have been filled.</p> <p>10. The first candidate on the list <u>obtaining the highest number of votes, from amongst those lists submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes on the overall</u> <del>the list coming second in terms of numbers of votes</del>, shall be elected Chairman of the Board of Statutory Auditors. In the event of votes being equal between two or more minority lists, the provisions of paragraph 9 above will apply. In the event of submission of a single list, the first candidate specified therein will take the chairmanship.</p> <p>11. In the case of the death, resignation or forfeiture of an acting Auditor, the alternate Auditor belonging to the same list as the replaced Auditor will succeed him, such alternate <u>being appointed for a period coterminous with the term of the other acting Auditors in office at the time of his appointment as an acting Auditor, and moreover, serving as Chairman of the Board of Statutory Auditors.</u> In the case where it is not possible to proceed as indicated above, the term of</p>
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<p>latter's reliability in providing a true and fair view of management operations, procedures for sound implementation of the corporate governance rules provided by codes of conduct drawn up by companies managing regulated markets or by trade associations, with which the Company complies, as publicly declared, and adequacy of the instructions issued by the Company to subsidiary companies.</p> <p>13. In addition to the annual remuneration, established by Shareholders' Meeting upon their appointment, Auditors are entitled to refund of the expenses incurred in the performance of their duties.</p> <p>14. Audio and video conferencing may be used for the meetings of the Board of Auditors, provided that all participants can be clearly identified by everyone else and are able to follow the discussion and to take part in real-time debates. Where such conditions are met, the meeting is deemed to be held at the venue in which the Chairman is present.</p>	<p><u>the entire Board of Statutory Auditors shall be deemed to have expired in full with immediate effect, and accordingly, a Shareholders' Meeting must be called to pass resolutions on the appointment of a new Board of Statutory Auditors pursuant to the voting list system set forth in this Article 21.</u></p> <p>12. The Board of Statutory Auditors oversees compliance with the law and the Articles of Association, observance of fair management principles, adequacy of the Company's organisational structure as far as its authority permits, of the internal control system and of the administration-accounting system, as well as the latter's reliability in providing a true and fair view of management operations, procedures for sound implementation of the corporate governance rules provided by codes of conduct drawn up by companies managing regulated markets or by trade associations, with which the Company complies, as publicly declared, and adequacy of the instructions issued by the Company to subsidiary companies.</p> <p>13. In addition to the annual remuneration, established by Shareholders' Meeting upon their appointment, Auditors are entitled to refund of the expenses incurred in the performance of their duties.</p> <p>14. Audio and video conferencing may be used for the meetings of the Board of Auditors, provided that all participants can be clearly identified by everyone else and are able to follow the discussion and to take part in real-time debates. Where such conditions are met, the meeting is deemed to be held at the venue in which the Chairman is present.</p>
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<u>ARTICLE 24</u>	<u>ARTICLE 24</u>
<p>1. The Company's financial year ends on 31 December of each year.</p> <p>2. The Board of Directors draws up the financial statements pursuant to law.</p> <p>3. The Board of Directors, after consultation with the Board of Statutory Auditors, ensures compliance with the provisions of Article 154 <i>bis</i> of Legislative Decree no. 58 of 24 February 1998 by choosing from amongst the directors that have performed, for a suitable length of time, activities of administration, management or control or professional activities in the banking, insurance and financial sectors and that meet the requirements of integrity imposed under regulations governing the assumption of corporate offices.</p> <p>4. Loss of the requisite of integrity determines fall from office. In this case the Board of Directors will provide for timely replacement of the member that has fallen from office.</p>	<p>1. The Company's financial year ends on 31 December of each year.</p> <p>2. The Board of Directors draws up the financial statements pursuant to law.</p> <p>3. The Board of Directors, after consultation with the Board of Statutory Auditors, <del>ensures compliance</del> shall appoint and dismiss the Executive in charge of <u>drawing up the company's accounting documents, in compliance with Article 154 <i>bis</i> of Legislative Decree no. 58 of 24 February 1998, establishing the powers and resources of the same.</u></p> <p>4. <u>The said Executive shall be selected from amongst the company executives in possession of the following professional qualifications:</u></p> <ul style="list-style-type: none"><li>- <u>suitable professional experience for a suitable length of time or, in any event, of no less than three years, in activities of administration, management or control or professional activities in the banking, insurance and financial sectors;</u> or</li><li>- <u>specific know-how in the field of financial reporting and auditing, in respect of listed issuers or their subsidiaries, and in the management or oversight of related administrative procedures, acquired over at least five years of experience in positions of responsibility for operating structures within the company, the group or other comparable corporations or entities in terms of business sector and organisational structure.</u></li></ul> <p>5. <u>The said Executive must furthermore</u> meet the requirements of integrity imposed under regulations governing the assumption of corporate offices.</p> <p><del>6.4.</del> Loss of the requisite of integrity determines fall from office. In this case the Board of Directors will provide for timely replacement of the member that has fallen from office.</p>

With regard to all of the above, we invite you, should you agree, to approve the proposed amendments to Articles 15, 18, 21 and 24 of the Articles of Association, as illustrated above.

Milan, 7 May 2007

THE BOARD OF DIRECTORS