

**SANPAOLO IMI S.p.A.**  
**Shareholders' Meeting of 24 and 25 November 2003**

*REPORT OF THE BOARD OF DIRECTORS  
EXTRAORDINARY POINT 2 OF THE AGENDA*

*Proposals to modify the Articles and By-Laws: Article 1, third paragraph (to be cancelled); Article 2, first paragraph; Article 4, third paragraph (to be cancelled); Article 6, first, (new) second and seventh paragraphs; Article 7, second paragraph; Article 8, second and third paragraphs; Article 11, first and third paragraphs (to be cancelled); Article 12, fourth paragraph; Article 13, second paragraph; Article 14, second and fourth paragraphs; Article 15, third and fifth paragraphs; Article 16, first and (new) second paragraphs; Article 17, fourth, fifth, sixth and eighth paragraphs; Article 18, first (to be cancelled), second and third paragraphs; Article 19, second and (new) nineteenth paragraphs; Article 20, second paragraph and Article 21, first paragraph.*

Shareholders,

We have called you to the extraordinary meeting to put before you for your examination the proposals of amendments to the Articles and By-Laws as illustrated below.

With the D. Lgs. of 17 January 2003, 6 (“Organic Reform of the discipline of limited and cooperative companies, pursuant to Law 3 October 2001, 366”) the regulatory framework of company law was fundamentally changed, through the introduction into the civil code of more flexible models and rules, which emphasise the importance of corporate autonomy and allow the objective of simplifying, also procedurally to be reached, which informed the overall structure of the reform.

In particular, pursuant to Article 10 of D. Lgs. 6/2003, the date of entry into force of the reform is set for 1 January 2004 and, pursuant to Article 223-bis of the new activating dispositions of the civil code, the Company would have the possibility to make the obligatory updates (required to implement the necessary rules introduced by the reform) to 30 September 2004; thus, the immediate adoption of the changes, including the facultative – as allowed by law – will enable the facilitation of the new opportunities of simplification starting immediately from next year.

It remains the case that the updating clauses pursuant to the new regulatory framework, and therefore both the obligatory and those whose adoption is chosen by the shareholders, pursuant to Article 223-bis, paragraph 6, will have effect from the moment, following 1 January 2004, in which they are registered in the Company Register, with related deposit of the updated text of the Articles and By-Laws. For the sake of uniformity, we propose to you that the further proposed amendments – not connected to the reform - also have the same effectiveness.

Given the above, we propose to you to modify the clauses of the Articles and By-Laws hereafter reported: some for the necessary dispositions of the reform, others to take the

opportunities allowed by the new regulatory framework and others again to introduce simplifications and changes also of purely formal nature; in particular:

- ✓ amendments to update and integrate the Articles and By-Laws according to the new regulations, in:
  - . address of the Registered Office and of the secondary offices (Article 2, 1 paragraph);
  - . equity capital, nominative status and dematerialisation of the equity shares (Article 6, 1 and new 2 paragraph, with consequent renumbering of the following paragraphs);
  - . terms of call of the annual Shareholders' Meeting and competence of the extraordinary Shareholders' Meeting (Article 8, 2 and 3 paragraphs);
  - . shareholders' meetings and calculation of majority resolutions (Article 11, 1 and 3 paragraph, this last to be cancelled);
  - . powers of the Chairman of the Shareholders' Meeting (Article 12, 4 paragraph);
  - . term in office of the Directors and call of the Shareholders' Meeting in the case of cessation of the majority of the same (Article 14, 2 and 4 paragraph);
  - . powers of management and matters delegated to the Board of Directors (Article 16, 1 and new 2 paragraph);
  - . methods of call and of meeting as well as calculation of majority resolutions of the Board of Directors (Article 17, 4, 5 and 6 paragraph);
  - . powers of the Chairman (Article 18, 1 paragraph, formerly 2 paragraph);
  - . term in office of the Board of Statutory Auditors and methods of call of the Board (Article 19, 2 and new 19 paragraph);
  
- ✓ amendments – also of a purely formal nature – or cancellations to simplify and coordinate the text of the Articles and By-Laws, also following the changes in prospect:
  - . trademarks (Article 1, 3 paragraph, to be cancelled);
  - . authorised activities of “San Paolo” and “I.M.I.” (Article 4, 3 paragraph, to be cancelled);
  - . increases in capital connected to share incentive plans (Article 6, 7 paragraph);
  - . reference to the “official discount rate”, no longer in use, replaced with “official reference rate” (Article 7, 2 paragraph);
  - . copies and extracts of the minutes of Shareholders' Meeting (Article 13, 2 paragraph);
  - . functions of the special Committees set up among the members of the Board of Directors (Article 15, 3 paragraph);
  - . powers that may be delegated by the Board of Directors (Article 15, 5 paragraph),
  - . copies and extracts of the Board minutes (Article 17, 8 paragraph);
  - . criteria to replace the Chairman (Article 18, 1 paragraph, to be cancelled, with reformulation and consequent renumbering of the paragraphs 1 and 2 and amendment of the new 2 paragraph);
  - . legal representation of the Company (Article 21, 1 paragraph);
  - . reference to the term “Funzionari”, deleted in that the CCNL has cancelled this category of employees (Article 15, 5 paragraph, Article 20, 2 paragraph and Article 21, 1 paragraph).

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There follows the schedule of the above proposals of amendments - containing the relative reasons and the comparative texts of the current rules and those intended to be adopted – and Shareholders, if agreed, are invited to approve the proposals, as evidenced in the schedule.

## Article 1

	Text currently		Text proposed
1.1	The Company is called “SANPAOLO IMI S.p.A.” and is established as a company limited by shares.	1.1	The Company is called “SANPAOLO IMI S.p.A.” and is established as a company limited by shares.
1.2	The Company is a Bank according to the terms of Legislative Decree 385 of September 1, 1993.	1.2	The Company is a Bank according to the terms of Legislative Decree 385 of September 1, 1993.
1.3	<u>The Company can use in its corporate design the trademarks of the incorporating Company and of the incorporated companies as long as they are accompanied by their own name.</u>	1.3	<i>[cancelled]</i>

### Reason

*For simplification it is proposed to cancel the 3 paragraph of Article 1 concerning the use, in any case allowed, by the Bank of its brands or those of the companies incorporated.*

## Article 2

	Text currently		Text proposed
2.1	The Company has its registered office at <u>Piazza San Carlo 156</u> , Turin, Italy and secondary offices, with permanent establishment, <u>Viale dell'Arte 25</u> , Rome, and <u>Via Farini</u> , Bologna.	2.1	The Company has its registered office <i>in Turin</i> and secondary offices, with permanent establishment, <i>Rome and Bologna</i> .
2.2	Within the observance of the regulations in force, it may open and close branches and representative offices in Italy and abroad.	2.2	Within the observance of the regulations in force, it may open and close branches and representative offices in Italy and abroad.

### Reason

*Pursuant to new Article 2328, paragraph 2, 2, civil code, it is no longer necessary to indicate in the Articles and By-Laws the address of the Registered Office and secondary offices, only the name of the city. The formulation proposed would allow for any changes, within the respective cities, without the need to make amendments and, thus, to hold a Shareholders' Meeting.*

## Article 4

	<b>Text currently</b>		<b>Text proposed</b>
4.1	The Company has as its purpose the collection of deposits from the public and the business of lending in its various forms, in Italy and abroad.	4.1	The Company has as its purpose the collection of deposits from the public and the business of lending in its various forms, in Italy and abroad.
4.2	The Company may undertake, within the limits of the regulations in force, all banking and financial transactions and services as well as any other transaction in the way of business and in whatever way related to the achievement of its corporate objective.	4.2	The Company may undertake, within the limits of the regulations in force, all banking and financial transactions and services as well as any other transaction in the way of business and in whatever way related to the achievement of its corporate objective.
4.3	<u>The Company may also undertake all the activities which the Istituto Bancario San Paolo di Torino and the Istituto Mobiliare Italiano were authorised to carry out according to law or administrative regulations.</u>		<i>[cancelled]</i>
4.4	The Company - in its capacity as Reporting Bank for Bank of Italy purposes of the SANPAOLO IMI Banking Group according to the terms of Article 61 of Legislative Decree 385 of September 1, 1993 - issues, in the exercise of its function of management and coordination, instructions to the members of the Group for the execution of the instructions issued by the Regulatory Authorities in the interests of stability of the Group itself as a whole.	4.3	The Company - in its capacity as Reporting Bank for Bank of Italy purposes of the SANPAOLO IMI Banking Group according to the terms of Article 61 of Legislative Decree 385 of September 1, 1993 - issues, in the exercise of its function of management and coordination, instructions to the members of the Group for the execution of the instructions issued by the Regulatory Authorities in the interests of stability of the Group itself as a whole.

### **Reason**

*The proposed cancellation of 3 paragraph of Article 4, inserted in the Articles and By-Laws in occasion of the merger by incorporation of the Istituto Mobiliare Italiano into the Istituto Bancario San Paolo di Torino, would respond to the need to streamline the article, also in expectation of the general descriptiveness of the clause, which does not appear consistent with the specific criteria of the social activity contained in the reform.*

## Article 6

	<b>Text currently</b>		<b>Text proposed</b>
6.1	The share capital is Euro 5,144,064,800	6.1	The share capital is Euro 5,144,064,800

(five billion, one hundred and forty four million, sixty four thousand, eight hundred Euro) divided into 1,448,831,982 ordinary shares and 388,334,018 preference shares with a nominal unit value of Euro 2.8. The share capital may be increased through the issue of shares with rights different from those included in the shares already issued.

**fully paid**, (five billion, one hundred and forty four million, sixty four thousand, eight hundred Euro) divided into 1,448,831,982 **registered** ordinary shares and 388,334,018 **registered** preference shares with a nominal unit value of Euro 2.8. The share capital may be increased through the issue of shares with rights different from those included in the shares already issued.

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|     |   | <b>6.2</b> | <b><i>The shares are issued in dematerialised form.</i></b>  |
| 6.2 | The preference shares are placed centrally in one or more deposits administered by the Company and the Company is the only authorised depository. The sale of preference shares is to communicate without delay to the Company by the selling shareholder and triggers the automatic one for one conversion of the preference shares into ordinary shares, except in the case where it is disposed to a company whose capital is wholly controlled. On July 1, 2012, the preference shares will be converted one for one into ordinary shares with the same characteristics as the ordinary shares in circulation at that moment. | 6.3        | The preference shares are placed centrally in one or more deposits administered by the Company and the Company is the only authorised depository. The sale of preference shares is to communicated without delay to the Company by the selling shareholder and triggers the automatic one for one conversion of the preference shares into ordinary shares, except in the case where it is disposed to a company whose capital is wholly controlled. On July 1, 2012, the preference shares will be converted one for one into ordinary shares with the same characteristics as the ordinary shares in circulation at that moment. |
| 6.3 | In the case of paid issues of capital, when there is no exclusion or limit on option rights, the holders of preference shares have option rights on preference shares with the same characteristics or, if not or differently, in order, preference shares with different characteristics, savings shares or ordinary shares.   | 6.4        | In the case of paid issues of capital, when there is no exclusion or limit on option rights, the holders of preference shares have option rights on preference shares with the same characteristics or, if not or differently, in order, preference shares with different characteristics, savings shares or ordinary shares.  |
| 6.4 | The Board of Directors has the power to increase the share capital, in one or more issues, up to a maximum amount of Euro 7,500,000,000 (seven billion, five hundred million Euro) nominal value, and issue, on one or more occasions, convertible bonds and with or without warrants, up to the same amount but for a sum that on no occasion exceeds the limit provided for by the law. This power may be exercised before April 28, 2004.  | 6.5        | The Board of Directors has the power to increase the share capital, in one or more issues, up to a maximum amount of Euro 7,500,000,000 (seven billion, five hundred million Euro) nominal value, and issue, on one or more occasions, convertible bonds and with or without warrants, up to the same amount but for a sum that on no occasion exceeds the limit provided for by the law. This power may be exercised before April 28, 2004.   |
| 6.5 | The Board of Directors also has the power to increase the share capital by means of a paid up rights issue, in one or more issues, up to a maximum amount of Euro 51,440,648 (fifty one million, four hundred and forty thousand and six hundred and forty eight Euro) nominal value, through the issue of ordinary shares reserved, according to Article 2441, par. 8, of the Civil Code and Article 134 of Legislative Decree 58 of February 24,  | 6.6        | The Board of Directors also has the power to increase the share capital by means of a paid up rights issue, in one or more issues, up to a maximum amount of Euro 51,440,648 (fifty one million, four hundred and forty thousand and six hundred and forty eight Euro) nominal value, through the issue of ordinary shares reserved, according to Article 2441, par. 8, of the Civil Code and Article 134 of Legislative Decree 58 of February 24, to employees of the Company or also to  |

1998, to employees of the Company or also to employees of subsidiary companies according to Article 2359 of the Civil Code who participate in the share incentive schemes approved by the Board itself. This power may be exercised before April 27, 2007.

employees of subsidiary companies according to Article 2359 of the Civil Code who participate in the share incentive schemes approved by the Board itself. This power may be exercised before April 27, 2007.

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| 6.6 | Following the deliberations of the Board of Directors on February 9, 1999, December 21, 1999, June 27, 2000, December 18, 2001 and 17 December 2002, on the basis of the mandates given by the Shareholders' Meetings of July 31, 1998 and April 30, 2002, the share capital may be increased up to a maximum nominal amount of Euro <u>62,804,756 (sixty two million, eight hundred and four thousand, seven hundred and fifty six)</u> . | 6.7 | Following the deliberations of the Board of Directors on February 9, 1999, December 21, 1999, June 27, 2000 <b>and</b> December 18, 2001, <b><i>based on the mandate of the Shareholders' Meeting on 31 July 1998,</i></b> and 17 December 2002, on the basis of the mandates given by the Shareholders' Meetings of July 31, 1998 and April 30, 2002, the share capital may be increased up to a maximum nominal amount of Euro <b>56,487,491.20 (fifty six million, four hundred and eighty seven thousand, four hundred and ninety one point two)</b> . |
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**Reason**

*In the first paragraph of Article 6 it is made clear, pursuant to Article 2328, paragraph 2, 4, civil code, that the equity capital is fully paid. In that same first paragraph the registered nature of the equity shares issued by the Bank is specified, for greater clarity and also in expectation of the contents of the new Article 2354 civil code.*

*A new second paragraph is inserted in which the circumstances of the issue of the shares in dematerialised form, pursuant to Article 2328, paragraph 2, 5, civil code, are specified.*

*Again in the light of greater clarity the new seventh paragraph is added, concerning capital increases connected to share incentive schemes for Group employees, to achieve a dynamic information – taking account of the increases already effected - and no longer historical on the basis of deliberations taken by the shareholders' meetings. Consequently the value of the maximum increase has been updated.*

**Article 7**

	<b>Text currently</b>		<b>Text proposed</b>
7.1	In the case of an increase in the share capital, approved by the Shareholders' Meeting, the methods and the conditions related to the issue of new capital, the dates and the methods of payment will be determined by the Board of Directors.	7.1	In the case of an increase in the share capital, approved by the Shareholders' Meeting, the methods and the conditions related to the issue of new capital, the dates and the methods of payment, will be determined by the Board of Directors.
7.2	In the case of late payment, annual interest, set by the Board of Directors but in any case not exceeding 3% more than <u>the official discount rate</u> , will be applied. The legal consequences for any shareholder who does not execute the payments due and the responsibility of the assignors or endorsers of shares not released remain the same.	7.2	In the case of late payment, annual interest, set by the Board of Directors but in any case not exceeding 3% more than the <b>official reference rate</b> , will be applied. The legal consequences for any shareholder who does not execute the payments due and the responsibility of the assignors or endorsers of shares not released remain the same.
7.3	Delivery may be made against goods different from cash.	7.3	Delivery may be made against goods different from cash.

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| 7.4 | The Company can acquire its own shares within the limits and according to the procedures established by the laws in force. | 7.4 | The Company can acquire its own shares within the limits and according to the procedures established by the laws in force. |
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**Reason**

*The reference to “official discount rate”, no longer in use, is replaced by “official reference rate”.*

**Article 8**

	<b>Text currently</b>		<b>Text proposed</b>
8.1	The Shareholders’ Meeting is ordinary or extraordinary according to the terms of the law and can be called in Italy not necessarily at the registered office.	8.1	The Shareholders’ Meeting is ordinary or extraordinary according to the terms of the law and can be called in Italy not necessarily at the registered office.
8.2	The ordinary Shareholders’ Meeting is called at least once a year within <u>four months</u> of the end of the financial year or, <u>when particular circumstances demand, within six months.</u>	8.2	The ordinary Shareholders’ Meeting is called at least once a year within <b>120 days</b> of the end of the financial year. <b><i>In cases allowed by Law, the Shareholders’ Meeting can be called within 180 days.</i></b>
8.3	The extraordinary Shareholders’ Meeting is called to approve matters reserved to it by law <u>or by these articles of association.</u>	8.3	The extraordinary Shareholders’ Meeting is called to approve matters reserved to it by law.
8.4	Allowing for the faculty of summons established by specific legal requirements, the Shareholders’ Meeting must be called by the Chairman of the Board of Directors or by his Deputy, within the terms and according to the procedures laid down by the current regulatory provisions.	8.4	Allowing for the faculty of summons established by specific legal requirements, the Shareholders’ Meeting must be called by the Chairman of the Board of Directors or by his Deputy, within the terms and according to the procedures laid down by the current regulatory provisions.

**Reason**

*The amendment to the second paragraph of article 8 reflects the terms for calling the ordinary Shareholders’ Meeting as envisaged by the new text of Article 2364, paragraph 2, civil code. It should be noted, in this regard, that the new disposition allows recourse to the wider period of 180 days to companies required to prepare consolidate financial statements, such as Sanpaolo Imi, and when particular needs concerning the structure and purpose of the company require it.*

*The amendment proposed to the third paragraph takes account of the need to clarify – also on the light of Article 2365 civil code – that there are not, other than indicated by Law, further competences of the extraordinary Shareholders’ Meeting.*

**Article 11**

	<b>Text currently</b>		<b>Text proposed</b>
11.1	The validity of the Shareholders’ Meeting, both ordinary and extraordinary, and	11.1	The validity of the Shareholders’ Meeting, both ordinary and extraordinary, and both at



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| <p><u>both at the first call and at the second or third calls, as established by law</u>, as also for the validity of related motions, is determined by the law.</p>   | <p>the first call and at the second <u>call or, for the extraordinary</u>, third call, as established by law, as also for the validity of related motions, is determined by the law.</p>   |
| <p>11.2 For the nomination of the corporate officers a relative majority is sufficient. In the case of a tie, the older candidate will be elected. For the nominations to the Board of Statutory Auditors, the procedure follows that established by Article 19.</p> | <p>11.2 For the nomination of the corporate officers a relative majority is sufficient. In the case of a tie, the older candidate will be elected. For the nominations to the Board of Statutory Auditors, the procedure follows that established by Article 19.</p> |
| <p>11.3 <u>Deliberative majorities are calculated without taking account of abstentions.</u></p>   | <p><b>[cancelled]</b></p>  |

**Reason**

*The first paragraph, pursuant to new Article 2369, paragraph 6, civil code, expressly indicates the number of the allowed shareholders' meetings.*

*The elimination of the third paragraph is also proposed in the light of the regulation – concerning treatment of the shares of abstainers – contained in the new Article 2368, paragraph 3, civil code. This states in fact that the shares "... whose voting right has not been exercised following the declaration by the shareholder to abstain for conflict of interest are not counted to calculate the majority and the quota of capital required to approve the motion".*

**Article 12**

<b>Text currently</b>	<b>Text proposed</b>
<p>12.1 The Shareholders' Meeting, whose workings are governed by the relevant Regulation approved in the ordinary session, is chaired by the Chairman of the Board of Directors or by his Deputy.</p>	<p>12.1 The Shareholders' Meeting, whose workings are governed by the relevant Regulation approved in the ordinary session, is chaired by the Chairman of the Board of Directors or by his Deputy.</p>
<p>12.2 The Shareholders' Meeting nominates, on the motion of the Chairman, when held appropriate, two or more scrutineers and a Secretary not necessarily shareholders.</p>	<p>12.2 The Shareholders' Meeting nominates, on the motion of the Chairman, when held appropriate, two or more scrutineers and a Secretary not necessarily shareholders.</p>
<p>12.3 The assistance of the Secretary is not necessary when the minutes of the Shareholders' Meeting are taken by a Notary Public. The Notary is designated by the Chairman of the Shareholders' Meeting.</p>	<p>12.3 The assistance of the Secretary is not necessary when the minutes of the Shareholders' Meeting are taken by a Notary Public. The Notary is designated by the Chairman of the Shareholders' Meeting.</p>
<p>12.4 It is the responsibility of the Chairman <u>to control the right to speak, including proxies, to ascertain if the Shareholders' Meeting is properly constituted and the presence of the legal quorum to approve motions, to manage and regulate the proceedings of the Shareholders' Meeting, to fix the methods of voting and to announce the results of such votes.</u></p>	<p>12.4 It is the responsibility of the Chairman <b>to verify regular constitution, ascertain the identity and legitimacy of those present, to check proceedings and certify the voting results.</b></p>

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| 12.5 | If debate concerning the agenda of the day is not finished within the day, the Shareholders' Meeting can proceed to a further meeting on the following non-holiday day. | 12.5 | If debate concerning the agenda of the day is not finished within the day, the Shareholders' Meeting can proceed to a further meeting on the following non-holiday day. |
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***Reason***

*The proposed amendment to the fourth paragraph of the article takes account of the regulation concerning the powers of the Chairman of the Shareholders' Meeting contained in the first paragraph of Article 2371 civil code and fully reflects the content.*

**Article 13**

**Text currently**

**Text proposed**

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| 13.1 | The discussions of the Shareholders' Meeting must be recorded in the minutes signed by the Chairman, by the scrutineers, if nominated, and by the Secretary or Notary Public. | 13.1 | The discussions of the Shareholders' Meeting must be recorded in the minutes signed by the Chairman, by the scrutineers, if nominated, and by the Secretary or Notary Public.     |
| 13.2 | <u>Copies of the minutes</u> will be certified with the declaration of conformity, signed by the Chairman and by the Secretary.   | 13.2 | <b>Copies and extracts</b> of the minutes, <b>when not taken by a Notary</b> , will be certified with the declaration of conformity, signed by the Chairman and by the Secretary. |

***Reason***

*The second paragraph is intended simply to clarify the procedures for copies and extracts of the minutes through the declaration of conformity refer to cases when the minutes are not taken by a Notary.*

**Article 14**

**Text currently**

**Text proposed**

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| 14.1 | The Company is directed by a Board of Directors composed of a number of members between seven and 20 according to motions approved by the Shareholders' Meeting. The Shareholders' Meeting itself appoints one of them as Chairman. | 14.1 | The Company is directed by a Board of Directors composed of a number of members between seven and 20 according to motions approved by the Shareholders' Meeting. The Shareholders' Meeting itself appoints one of them as Chairman. |
| 14.2 | The Directors' term of office is three <u>years</u> and they may be re-elected.   | 14.2 | The Directors' term of office is three <b>periods</b> and they may be re-elected.   |
| 14.3 | Termination, substitution, resignation and annulment on the part of the Directors are governed according to the law.  | 14.3 | Termination, substitution, resignation and annulment on the part of the Directors are governed according to the law.  |
| 14.4 | If, because of resignation or other reasons, there is no longer a majority of the Directors elected by the Shareholders'  | 14.4 | If, because of resignation or other reasons, there is no longer a majority of the Directors elected by the Shareholders'  |

Meeting, the whole Board of Directors must give its resignation and proceed to call a Shareholders' Meeting as soon as possible for its re-election.

Meeting, the whole Board of Directors **ceases and the Directors still in office must urgently** call a Shareholders' Meeting **to nominate the new Board of Directors.**

### **Reason**

*The amendment to the second paragraph conforms to the new measure of Article 2383, paragraph 2, civil code, which defines the period of office of the Directors in terms of "periods" and no longer "years".*

*The same formal need is reflected in the proposed amendment to the fourth paragraph, which reproduces the formula adopted by the legislator in the new fourth paragraph of the Article 2386 civil code, concerning the clause "simul stabunt simul cadent" and responsibility of the Directors.*

### **Article 15**

<b>Text currently</b>	<b>Text proposed</b>
15.1 The Board of Directors may appoint, from among its members, one or more Deputy Chairmen.	15.1 The Board of Directors may appoint, from among its members, one or more Deputy Chairmen.
15.2 The Board of Directors nominates one or more Managing Directors, determining his or their roles, as well as the Executive Committee, laying down the number of its members, its authority, its duration, rules and powers. In the Executive Committee the Chairman and the Deputy Chairman or Deputy Chairmen sit <i>ex officio</i> as well as the Managing Director or Managing Directors.	15.2 The Board of Directors nominates one or more Managing Directors, determining his or their roles, as well as the Executive Committee, laying down the number of its members, its authority, its duration, rules and powers. In the Executive Committee the Chairman and the Deputy Chairman or Deputy Chairmen sit <i>ex officio</i> as well as the Managing Director or Managing Directors.
15.3 The Board of Directors may also elect from among its members special Committees, with a consultative and deliberative role.	15.3 The Board of Directors may also elect from among its members special Committees, with a consultative and deliberative <b>and supervisory</b> role.
15.4 The General Manager or General Managers take part in the meetings of the Board of Directors and of the Executive Committee in a consultative role.	15.4 The General Manager or General Managers take part in the meetings of the Board of Directors and of the Executive Committee in a consultative role.
15.5 <u>In the matter of extending loans and current management, powers can also be delegated to the General Manager or General Managers, to the Deputy General Manager or Deputy General Managers, to Central Management, to Top and Senior Management, individually or collectively in committees as well as to employees and other personnel within predetermined limits of responsibility.</u>	15.5 <b><i>For determined types of acts and business, powers may also be delegated, according to Law, to the General Manager or General Managers, to the Deputy General Manager or General Managers, to Central Management, to Top Management, to employees as well as to other Personnel, with determination of the limits and methods to exercise the delegated powers also with reference to the possibility that the delegated parties may undertake individually or in committees.</i></b>

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| 15.6  | For special and/or subsidized lending governed by specific regulations, powers of approval and drawdown can be delegated to the Group's banking subsidiaries within the limits and according to the criteria agreed between the parties.  | 15.6  | For special and/or subsidized lending governed by specific regulations, powers of approval and draw down can be delegated to the Group's banking subsidiaries within the limits and according to the criteria agreed between the parties.   |
| 15.7  | The Board will determine the methods through which decisions taken by those delegated are brought to the attention of the Board itself.   | 15.7  | The Board will determine the methods through which decisions taken by those delegated are brought to the attention of the Board itself.   |
| 15.8  | The annual remuneration of the members of the Board of Directors as well as that of the Executive Committee is determined by the Shareholders' Meeting. The annual remuneration will be in part fixed and in part variable.   | 15.8  | The annual remuneration of the members of the Board of Directors as well as that of the Executive Committee is determined by the Shareholders' Meeting. The annual remuneration will be in part fixed and in part variable.   |
| 15.9  | The remuneration of the executive directors with particular responsibilities according to the Articles of Association will be fixed by the Board of Directors, having heard the opinion of the Board of Statutory Auditors.   | 15.9  | The remuneration of the executive directors with particular responsibilities according to the Articles of Association will be fixed by the Board of Directors, having heard the opinion of the Board of Statutory Auditors.   |
| 15.10 | The Shareholders' Meeting may decide, in addition to the remuneration above, the payment to each executive director of a fixed sum for every attendance at the meetings; the Executive Directors have the further right to reimbursement of expenses incurred in the course of their duties and to the payment of daily allowances as decided by the Shareholders' Meeting. | 15.10 | The Shareholders' Meeting may decide, in addition to the remuneration above, the payment to each executive director of a fixed sum for every attendance at the meetings; the Executive Directors have the further right to reimbursement of expenses incurred in the course of their duties and to the payment of daily allowances as decided by the Shareholders' Meeting. |

### **Reason**

*The proposed amendment to the third paragraph is intended to clarify the functions which may given to the special Committees therein envisaged.*

*In terms of delegated powers, the fifth paragraph has been reformulated retaining the specific criteria of the delegated powers and their limitations; for those to whom powers may be delegated, the reference to Funzionari has been eliminated, in that this category has been removed in the context of the latest national collective contract.*

### **Article 16**

<b>Text currently</b>	<b>Text proposed</b>		
16.1	The Board of Directors has all powers to exercise <u>the ordinary and extraordinary management of the Company except those expressly accorded by law or by the Articles of Association to the exclusive responsibility of the Shareholders'</u>	16.1	The Board of Directors has all powers for <b><i>the management of the Company.</i></b>

Meeting.

- 16.2 The following matters are the exclusive responsibility of the Board of Directors:
- approvals regarding general management direction, the approval and modification of general regulations regarding business relationships, investment and divestment of shareholdings which may modify the composition of the Banking Group, the nomination of responsibilities in accordance with paragraph 1 of Article 20;
  - the establishment of the criteria for coordination and management of the Group's Companies and for the execution of instructions received from the Bank of Italy.
- 16.2 **The Board of Directors is also empowered to take the deliberations concerning:**
- **merger, as envisaged by articles 2505 and 2505-bis civil code, according to the methods and the terms therein described;**
  - **establishment and closing of secondary offices;**
  - **reduction of capital in case of withdrawal of the shareholder;**
  - **update of the Articles and By-Laws according to regulation.**
- 16.3 The following matters are the exclusive responsibility of the Board of Directors:
- approvals regarding general management direction, the approval and modification of general regulations regarding business relationships, investment and divestment of shareholdings which may modify the composition of the Banking Group, the nomination of responsibilities in accordance with paragraph 1 of Article 20;
  - the establishment of the criteria for coordination and management of the Group's Companies and for the execution of instructions received from the Bank of Italy.

**Reason**

*The new formulation of the first paragraph takes account of the exclusive attribution of the management powers to the Board of Directors, as contained in Article 2380-bis civil code.*

*To make the functioning of the company more responsive and to take the opportunities offered by the reform, the second paragraph assigns to the Board of Directors - consistently with Article 2365, paragraph 2 civil code - the taking of deliberations, otherwise belonging to the extraordinary Shareholders' Meeting, of strictly organizational content and in any case without effect on the positions of the shareholders. This choice, in addition to providing a significant procedural simplification, provides a considerable saving in terms of costs, connected principally to the management of shareholders' meetings. In terms of articles 2505 and 2505-bis civil code, it should be noted that these refer, in the new formulation, to the merger by incorporation of wholly owned companies (Article 2505) or held 90% (Article 2505-bis).*

**Article 17**

**Text currently**

- 17.1 The Board of Directors is convened whenever the Chairman considers it necessary or opportune and generally every two months, also to refer to the

**Text proposed**

- 17.1 The Board of Directors is convened whenever the Chairman considers it necessary or opportune and generally every two months, also to refer to the

	Board of Statutory Auditors on business carried out and transactions of greatest importance in economic, financial and equity capital terms undertaken by the Company and/or by subsidiary companies as well as, in particular, transactions with potential conflicts of interest.		Board of Statutory Auditors on business carried out and transactions of greatest importance in economic, financial and equity capital terms undertaken by the Company and/or by subsidiary companies as well as, in particular, transactions with potential conflicts of interest.
17.2	Leaving those powers reserved by law to the Statutory Auditors, a meeting must also take place when at least three Directors or a Managing Director make a written request to the Chairman with an indication of their reasons.	17.2	Leaving those powers reserved by law to the Statutory Auditors, a meeting must also take place when at least three Directors or a Managing Director make a written request to the Chairman with an indication of their reasons.
17.3	Meetings of the Board of Directors are usually held at the registered office of the Company. The Board of Directors may also meet in any other place in Italy or abroad.	17.3	Meetings of the Board of Directors are usually held at the registered office of the Company. The Board of Directors may also meet in any other place in Italy or abroad.
17.4	Notice of the meeting, with a summary agenda of the matters to be discussed, must be sent to the Directors and to the Statutory Auditors in office at least five days before that fixed for the meeting by registered post or telegram or telex or telefax. In cases of particular urgency, the meeting may be held with simple advance notice of 24 hours by any suitable means.	17.4	Notice of the meeting, with a summary agenda of the matters to be discussed, must be sent to the Directors and to the Statutory Auditors in office at least five days before that fixed for the meeting by registered post or telegram or telex or telefax <b>or through any other means of electronic communication which can provide guaranteed receipt of the same.</b> In cases of particular urgency, the meeting may be held with simple advance notice of 24 hours by any suitable means.
17.5	Meetings of the Board of Directors can be validly held <u>by videoconference</u> , provided that the precise identification of the persons qualified to participate can be validly ensured, as well as the possibility for all participants to take part, in real time, in the discussion about all the business on the agenda. However, at least the Chairman and the Secretary must be present in the location where the Board meeting has been called, wherever the same shall be considered held.	17.5	Meetings of the Board of Directors can be validly held by <b>telecommunication</b> , provided that the precise identification of the persons qualified to participate can be validly ensured, as well as the possibility for all participants to take part, in real time, in the discussion about all the business on the agenda <b>and to view, receive and transmit documents.</b> However, at least the Chairman and the Secretary must be present in the location where the Board meeting has been called, wherever the same shall be considered held.
17.6	To approve the decisions of the Board a majority of the Directors in office must be present at the meeting. Decisions are taken according to absolute majority of the votes of the members present excluding abstentions. Decisions concerning the nomination of the Deputy Chairman or Deputy Chairmen, of the Executive Committee, of the Managing Director or Managing Directors are properly taken with a yes vote from half	17.6	To approve the decisions of the Board a majority of the Directors in office must be present at the meeting. Decisions are taken according to absolute majority of the votes of the members present excluding abstentions. Decisions concerning the nomination of the Deputy Chairman or Deputy Chairmen, of the Executive Committee, of the Managing Director or Managing Directors are properly taken with a yes vote from half

	plus one of the Directors in office. In case of a tie, the Chairman's vote prevails.		plus one of the Directors in office. In case of a tie, the Chairman's vote prevails.
17.7	The minutes of the meeting of the Board of Directors are edited and transcribed in the register of minutes by a Secretary designated by the Board.	17.7	The minutes of the meeting of the Board of Directors are edited and transcribed in the register of minutes by a Secretary designated by the Board.
17.8	Copies and abstracts of the minutes are certified with the declaration of conformity, signed by the Chairman and by the Secretary.	17.8	Copies and abstracts of the minutes are certified with the declaration of conformity, signed by the Chairman and by the Secretary.
17.9	In meetings that the Board wishes to keep confidential, the duties of the Secretary will be carried out by the youngest Director present.	17.9	In meetings that the Board wishes to keep confidential, the duties of the Secretary will be carried out by the youngest Director present.
17.10	The agenda for the Board of Directors and for the Executive Committee are prepared by the Managing Director or Managing Directors according to the powers delegated to them.	17.10	The agenda for the Board of Directors and for the Executive Committee are prepared by the Managing Director or Managing Directors according to the powers delegated to them.
17.11	In particular, the Managing Director or Managing Directors are responsible for the general management of the Company, for business and lending as well as personnel management.	17.11	In particular, the Managing Director or Managing Directors are responsible for the general management of the Company, for business and lending as well as personnel management.

### **Reason**

*With regard to the methods of call of the directors' meetings, and facilitate smooth process, it is proposed, al fourth paragraph to allow the call through any telecommunications use which may guarantee receipt.*

*The fifth paragraph envisages the possibility that the meetings of the Board of Directors may be held, as well as in videoconference, by any other means of telecommunication; such means, already currently permitted, is explicitly envisaged by new Article 2388, first paragraph, civil code. Furthermore, for the sake of completeness, another condition is required for board meetings via telecommunication.*

*In the sixth paragraph it is proposed to delete the reference to abstentions in the calculation of the deliberative majority of the Board of Directors. This point in fact, in the light of the cancellation of the requirement to abstain in case of conflict interest of the Directors, could be problematic in terms of qualification (and legitimacy) of the abstention also facultative.*

*The addition to the eighth paragraph, finally, is intended simplify to clarify that the method of issuing copies of the minutes through declaration of conformity refers to when the minutes are not taken by the Notary.*

### **Article 18**

<b>Text currently</b>	<b>Text proposed</b>
18.1 <u>The Chairman is the legal representative of the Company in dealings with third parties.</u>	[cancelled]
18.2 Furthermore, the Chairman: a) chairs the meetings of the Board of Directors and the Executive Committee; b) prepares the agenda of the meetings of the Board of Directors and the Executive Committee, taking account also of the proposed agenda prepared by the Managing Director or Managing Directors;  c) authorises any legal, administrative and executive action in every competent court and in whatever level of jurisdiction with the ability to abandon it, to withdraw from proceedings and to accept similar withdrawals or relinquishments from other parties involved, with all subsequent powers and with the obligation to refer to the Executive Committee on the decisions taken; d) takes, in agreement with the Managing Director, or with the respective Managing Director in the case of more than one Managing Director, whatever provisions may be urgent in the interests of the Company, referring them to the Board of Directors or the Executive Committee at their next meeting; e) exercises the role of coordination of the business of the Company.	<b>18.1 The Chairman:</b> a) chairs the meetings of the Board of Directors and the Executive Committee, <b>coordinating their work</b> ; b) prepares the agenda of the meetings of the Board of Directors and the Executive Committee, taking account also of the proposed agenda prepared by the Managing Director or Managing Directors <b>and arranges for adequate information on the material under discussion to be provided to all Directors</b> ; c) authorises any legal, administrative and executive action in every competent court and in whatever level of jurisdiction with the ability to abandon it, to withdraw from proceedings and to accept similar withdrawals or relinquishments from other parties involved, with all subsequent powers and with the obligation to refer to the Executive Committee on the decisions taken; d) takes, in agreement with the Managing Director, or with the respective Managing Director in the case of more than one Managing Director, whatever provisions may be urgent in the interests of the Company, referring them to the Board of Directors or the Executive Committee at their next meeting; e) exercises the role of coordination of the business of the Company.
18.3 In the case of absence or other impediment of the Chairman, his powers in all respects will be taken on by the Deputy Chairman, or in the case of <u>the nomination of more than one Deputy Chairman according to Article 15 above, the first nominated Deputy Chairman or, in case of the same date of nomination, the oldest in age. In the case of absence or other impediment of the same, the oldest by age will take his position.</u>	<b>18.2</b> In the case of absence or other impediment of the Chairman, his powers in all respects will be taken on by the <b><i>Vice Chairman, or, in case of nomination of more than one, him designated according to the order of succession set by the Board of Directors.</i></b>
18.4 When all the Deputy Chairmen are absent or disabled, the powers of the Chairman pass to the Managing Director or Managing Directors and, in order, to the other directors, according to the order	<b>18.3</b> When all the Deputy Chairmen are absent or disabled, the powers of the Chairman pass to the Managing Director or Managing Directors and, in order, to the other directors, according to the order of succession fixed by the Board of



of succession fixed by the Board of Directors.

Directors.

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### **Reason**

*The first paragraph of the article is eliminated, for simplification, as the attribution of the legal representation is already covered by Article 21, and consequently the following paragraph is renumbered. In the new first paragraph, letters a) and b), in line with the new first paragraph of Article 2381 civil code, the responsibilities of the Chairman are clarified.*

*Also for simplification the text of the new second paragraph is amended, in the part concerning the substitution of the Chairman by a Vice Chairman, to adopt the same criterion of identifying the substitute – cleaner and more flexible – envisaged in the following paragraph.*

### **Article 19**

<b>Text currently</b>	<b>Text proposed</b>
19.1 The Shareholders' Meeting elects the Board of Statutory Auditors, composed of five Statutory Auditors in office and two Alternate Statutory Auditors.	19.1 The Shareholders' Meeting elects the Board of Statutory Auditors, composed of five Statutory Auditors in office and two Alternate Statutory Auditors.
19.2 The Statutory Auditors are in office for three <u>years - except for changes in law -</u> and they may be re-elected.	19.2 The Statutory Auditors are in office for three <b>periods</b> and they may be re-elected. <b><i>Their term is regulated by law.</i></b>
19.3 At least two of the Statutory Auditors in office and at least one of the Alternate Statutory Auditors are chosen from among those registered in the register of accounting auditors who have carried out legal accounting audit work for a period of no less than three years.	19.3 At least two of the Statutory Auditors in office and at least one of the Alternate Statutory Auditors are chosen from among those registered in the register of accounting auditors who have carried out legal accounting audit work for a period of no less than three years.
19.4 Those Statutory Auditors who do not possess the requirement set out in the preceding paragraph are chosen from among those who have obtained a total experience of at least three years in: 1) administration or control or management duties in companies with equity capital of no less than two million Euro, or 2) professional activities or regular university teaching in law, economics, finance, banking, insurance or other subjects related to banking activities, or 3) management duties in public bodies or public administration operating in the banking, finance and insurance sectors.	19.4 Those Statutory Auditors who do not possess the requirement set out in the preceding paragraph are chosen from among those who have obtained a total experience of at least three years in: 1) administration or control or management duties in companies with equity capital of no less than two million Euro, or 2) professional activities or regular university teaching in law, economics, finance, banking, insurance or other subjects related to banking activities, or 3) management duties in public bodies or public administration operating in the banking, finance and insurance sectors.
19.5 The whole Board of Statutory Auditors is nominated on the basis of lists presented by the shareholders in which the	19.5 The whole Board of Statutory Auditors is nominated on the basis of lists presented by the shareholders in which the

	candidates must be listed in numerical order.		candidates must be listed in numerical order.
19.6	To apply paragraphs 3 and 12 of the present article, when the list is composed of four or more candidates, the fourth candidate and at least one of the first three must have the requirements as in paragraph 3; when the list is composed of fewer than four candidates at least the first of them must have the same requirements.	19.6	To apply paragraphs 3 and 12 of the present article, when the list is composed of four or more candidates, the fourth candidate and at least one of the first three must have the requirements as in paragraph 3; when the list is composed of fewer than four candidates at least the first of them must have the same requirements.
19.7	The lists must be deposited at the registered office and published in at least two Italian daily newspapers with national distribution, of which one devoted to economic news, at least 10 days before the day fixed for the Shareholders' Meeting at first call.	19.7	The lists must be deposited at the registered office and published in at least two Italian daily newspapers with national distribution, of which one devoted to economic news, at least 10 days before the day fixed for the Shareholders' Meeting at first call.
19.8	Every Shareholder can present or contribute to the presentation of only one list and each candidate can present himself in only one list or otherwise be declared ineligible.	19.8	Every Shareholder can present or contribute to the presentation of only one list and each candidate can present himself in only one list or otherwise be declared ineligible.
19.9	Only those Shareholders who themselves or together with other shareholders represent at least 1% of the shares with voting rights in the ordinary shareholders' meeting have the right to present lists. In order to prove their ownership of the number of shares necessary for the presentation of the lists, the shareholders must at the same time present, at the registered office, the certificates confirming their participation in the central securities management system.	19.9	Only those Shareholders who themselves or together with other shareholders represent at least 1% of the shares with voting rights in the ordinary shareholders' meeting have the right to present lists. In order to prove their ownership of the number of shares necessary for the presentation of the lists, the shareholders must at the same time present, at the registered office, the certificates confirming their participation in the central securities management system.
19.10	Together with each list, and before the time of depositing the list at the registered office, the Curriculum Vitae of each candidate must be deposited, undersigned by the same, and the declarations by which the individual candidates accept their candidature and affirm, at their own responsibility, that there are no reasons for ineligibility or conflict of interest as well as the existence of the necessary qualification required by the regulations in force to carry out the duties of Statutory Auditor.	19.10	Together with each list, and before the time of depositing the list at the registered office, the Curriculum Vitae of each candidate must be deposited, undersigned by the same, and the declarations by which the individual candidates accept their candidature and affirm, at their own responsibility, that there are no reasons for ineligibility or conflict of interest as well as the existence of the necessary qualification required by the regulations in force to carry out the duties of Statutory Auditor.
19.11	Everyone having the right to vote may vote for only one list.	19.11	Everyone having the right to vote may vote for only one list.
19.12	At the election of the Board of Statutory Auditors, the procedures are as follows: a) from the list which obtains the	19.12	At the election of the Board of Statutory Auditors, the procedures are as follows:

majority of the votes by the shareholders, in the numerical order in which they are listed in the list, three Statutory Auditors in office and one Alternate Statutory Auditor;

b) the remaining two Statutory Auditors and one Alternate Statutory Auditor are taken from the other lists; in order to do this, the votes obtained by the lists themselves are divided successively by one, two and three. The quotients thus obtained are assigned in order to the candidates of each of the said lists according to the order set respectively in each. The quotients thus attributed to the candidates on the various lists are then placed in a single descending order: the Statutory Auditors in office are those who have obtained the highest two quotients and the supplementary Statutory Auditor is the one who has obtained the highest third quotient. In the case in which more than one candidate obtains the same quotient, the candidate from the list which has still not elected a Statutory Auditor will be elected; in the case in own responsibility, that there are no reasons for ineligibility or conflict of interest as well as the existence of the necessary qualification required by the regulations in force to carry out the duties of Statutory Auditor.

a) from the list which obtains the majority of the votes by the shareholders, in the numerical order in which they are listed in the list, three Statutory Auditors in office and one Alternate Statutory Auditor;

b) the remaining two Statutory Auditors and one Alternate Statutory Auditor are taken from the other lists; in order to do this, the votes obtained by the lists themselves are divided successively by one, two and three. The quotients thus obtained are assigned in order to the candidates of each of the said lists according to the order set respectively in each. The quotients thus attributed to the candidates on the various lists are then placed in a single descending order: the Statutory Auditors in office are those who have obtained the highest two quotients and the supplementary Statutory Auditor is the one who has obtained the highest third quotient. In the case in which more than one candidate obtains the same quotient, the candidate from the list which has still not elected a Statutory Auditor will be elected; in the case in own responsibility, that there are no reasons for ineligibility or conflict of interest as well as the existence of the necessary qualification required by the regulations in force to carry out the duties of Statutory Auditor.

- 19.13 For the nomination of Statutory Auditors not elected for whatsoever reason according to the aforesaid procedures, the Shareholders' Meeting will approve according to relative majority.
- 19.14 The chairmanship of the Board of Statutory Auditors is taken by person indicated in the first place in the list which has obtained the majority of the votes. In case of his substitution the chairmanship falls, until the end of term of the Board of Statutory Auditors, on the next following person indicated in the same list.
- 19.15 In case of the substitution of a Statutory Auditor taken from the list which has obtained the majority of the votes cast by shareholders, the alternate will come from the same list; in the case of the substitution of a Statutory Auditor taken from the other lists, the alternate will be nominated according to the method

- 19.13 For the nomination of Statutory Auditors not elected for whatsoever reason according to the aforesaid procedures, the Shareholders' Meeting will approve according to relative majority.
- 19.14 The chairmanship of the Board of Statutory Auditors is taken by person indicated in the first place in the list which has obtained the majority of the votes. In case of his substitution the chairmanship falls, until the end of term of the Board of Statutory Auditors, on the next following person indicated in the same list.
- 19.15 In case of the substitution of a Statutory Auditor taken from the list which has obtained the majority of the votes cast by shareholders, the alternate will come from the same list; in the case of the substitution of a Statutory Auditor taken from the other lists, the alternate will be nominated according to the method set out in point (b) in this article. Whenever

- set out in point (b) in this article. Whenever it may be necessary to keep up minimum number of Statutory Auditors in office with the requirements as per paragraph 3 of the present article, the alternate with the same requirements will in case enter.
- it may be necessary to keep up minimum number of Statutory Auditors in office with the requirements as per paragraph 3 of the present article, the alternate with the same requirements will in case enter
- 19.16 The nomination of Statutory Auditors to make up the Board of Statutory Auditors according to Article 2401 of the Civil Code is made by a relative majority of the Shareholders' Meeting.
- 19.16 The nomination of Statutory Auditors to make up the Board of Statutory Auditors according to Article 2401 of the Civil Code is made by a relative majority of the Shareholders' Meeting.
- 19.17 The Shareholders' Meeting fixes the remuneration of the Statutory Auditors. The Shareholders' Meeting may also decide, in addition to the remuneration, the payment to each Statutory Auditor of a fixed sum for every attendance at the meetings; the Statutory Auditors have the further right to reimbursement of expenses incurred in the course of their duties and to the payment of daily allowances as decided by the Shareholders' Meeting.
- 19.17 The Shareholders' Meeting fixes the remuneration of the Statutory Auditors. The Shareholders' Meeting may also decide, in addition to the remuneration, the payment to each Statutory Auditor of a fixed sum for every attendance at the meetings; the Statutory Auditors have the further right to reimbursement of expenses incurred in the course of their duties and to the payment of daily allowances as decided by the Shareholders' Meeting.
- 19.18 The members of the Board of Statutory Auditors cannot be in office in more than five offices as Statutory Auditor in office in other quoted companies with the exception of companies controlled by SANPAOLO IMI S.p.A.
- 19.18 The members of the Board of Statutory Auditors cannot be in office in more than five offices as Statutory Auditor in office in other quoted companies with the exception of companies controlled by SANPAOLO IMI S.p.A.
- 19.19 *The meetings of the Board of Statutory Auditors may be validly held also by means of telecommunication, as long as there is a guarantee of the exact identification of the persons entitled to be present, the possibility for all participants to participate, in real time, in all the discussions and see, receive and transmit documents. The meetings are considered held in the place where the Board is called, where at least one Statutory Auditor must be present.***

#### **Reason**

*The amendment to the second paragraph takes account of the new provision of Article 2400, first paragraph, civil code, which defines the period of office of the statutory auditors as "three periods" and fixes the expiry "at the date of a of the Shareholders' Meeting called to approve the financial statements for the third period of office".*

*The insertion of paragraph 19 is opportune pursuant to the new provision of Article 2404, first paragraph, civil code, to allow Board of Statutory Auditors, as with Board of Directors, the possibility of holding their meeting also via telecommunication.*

## Article 20

	<b>Text currently</b>		<b>Text proposed</b>
20.1	The Board of Directors nominates one or more General Managers and one or more Deputy General Managers and determines their roles and the length of their term of office. Alternatively, the Board of Directors nominates a Central Management and determines the number of its members, establishing the assignment of responsibilities as well as the division of functions among the members.	20.1	The Board of Directors nominates one or more General Managers and one or more Deputy General Managers and determines their roles and the length of their term of office. Alternatively, the Board of Directors nominates a Central Management and determines the number of its members, establishing the assignment of responsibilities as well as the division of functions among the members.
20.2	The General Manager or General Managers, or the Central Management, report in the exercise of their responsibilities to the Managing Director or Managing Directors; they execute the decisions taken by the Board of Directors, by the Executive Committee, by the Chairman and by the Managing Director or Managing Directors; they manage all current business, supervise the structure and functioning of services, allocate responsibilities and positions to staff with the exclusion of Top Management. They may delegate, also internally and in continuity, their own powers to the Deputy General Managers, Top Management, <u>Senior Management</u> and other Personnel from Head Office, the regional organisation and the branches.	20.2	The General Manager or General Managers, or the Central Management, report in the exercise of their responsibilities to the Managing Director or Managing Directors; they execute the decisions taken by the Board of Directors, by the Executive Committee, by the Chairman and by the Managing Director or Managing Directors; they manage all current business, supervise the structure and functioning of services, allocate responsibilities and positions to staff with the exclusion of Top Management. They may delegate, also internally and in continuity, their own powers to the Deputy General Managers, Top Management, and other Personnel from Head Office, the regional organisation and the branches.

### **Reason**

*The amendment to the second paragraph – as already note with reference to Article 15 - is necessary, in that the category of the “funzionari” has been abolished in the la test national collective contract.*

## Article 21

	<b>Text currently</b>		<b>Text proposed</b>
21.1	The legal representation of the Company, concerning third parties and in proceedings, and the corporate seal lie with the Chairman and, in the case of his absence or inability, with the Deputy Chairman or Deputy Chairmen, <u>in order of length of service and</u>	21.1	The legal representation of the Company, concerning third parties and in proceedings, and the corporate seal lie with the Chairman and, in the case of his absence or inability, with the Deputy Chairman or Deputy Chairmen, <b>according to the order</b>

age and, in their absence, with the Managing Director or Managing Directors separately. The Board may, for specific types of actions and business, delegate representative powers, with the ability to sign on behalf of the Company, to the Managing Director or Managing Directors, to individual Directors, to the General Manager or General Managers, to the Deputy General Manager or Deputy General Managers, to the staff of the Central Management, to Top and Senior Management and to other employees of the Company, determining the limits and the methods of use of such seal.

21.2 In cases in which the current Articles of Association allow substitutions for absence or impediment, the action of the substitute has legal force in dealings with third parties.

**of succession fixed by the Board of Directors** and, in their absence, with the Managing Director or Managing Directors separately. **In respect of the above**, the Board may, **pursuant to Law**, for specific types of actions and business, delegate representative powers, with the ability to sign on behalf of the Company, to the Managing Director or Managing Directors, to individual Directors, to the General Manager or General Managers, to the Deputy General Manager or Deputy General Managers, to the staff of the Central Management, to Top Management and to other employees of the Company, determining the limits and the methods of use of such seal.

21.2 In cases in which the current Articles of Association allow substitutions for absence or impediment, the action of the substitute has legal force in dealings with third parties.

#### ***Reason***

*The amendment to the first paragraph is in the co-ordinating context of the proposed amendments to the (new) second paragraph of Article 18, concerning the substitution of the Chairman by the Deputy Chairmen.*

*The further amendment to the first paragraph is necessary, in line with the proposals to artt. 15, paragraph 5, and 20, paragraph 2, in that the category of the “funzionari” has been abolished in the latest national collective contract.*

Turin, 14 October 2003

THE BOARD OF DIRECTORS