

Item 1 on the agenda of the Extraordinary and Ordinary Shareholders' Meeting

Report of the Board of Directors – pursuant to Article 72 of Consob Regulation no. 11971/1999 (and subsequent amendments) – in relation to the proposals for an amendment of Articles 31, 32, 33, 36, 41, 44, 45 and for the introduction of Article 50 in the Articles of Association.

(in compliance with Reporting Format no. 3, Annex 3A of Consob Regulation no. 11971/1999 and subsequent amendments).

Dear Shareholders,

This report, prepared by the Board of Directors of the Bank, pursuant to Article 72, paragraph 1 of the Consob Issuers Regulations in force – aims to illustrate and support the proposal – as indicated in item 1 of the Meeting's Agenda (extraordinary part) – for the amendment of Articles 31, 32, 33, 36, 41, 44 and 45 of the Articles of Association of the Bank, as well as to introduce new Article 50.

The proposed amendments to the Articles of Association are in compliance with the governance guidelines issued by the Bank of Italy, following internal assessments that were recently carried out at BPM. As is known, the Supervisory Authority had in fact recommended – also in line with the new provisions for organisation and corporate governance of the banks issued by the Bank of Italy itself, last March – the reduction, among other things, in the number of members of the administrative body, a higher representation in the administrative body of various components of the shareholders base, an increase in the number of independent directors, a reduction in the meeting quorums required for the approval of amendments to the Articles of Association (in particular those requested by the Supervisory Authority) and a more clear distribution of functions between the administrative body and general management.

Besides complying with specific requests by the Supervisory Authority, some of the proposed amendments to the Articles of Association form part of the process to gradually adopt a more open and consistent approach to the market and the various components of the shareholders base, by further strengthening the representation of shareholders minority groups on the Board of Directors as well as enabling institutional investors to be represented on the control body. This process has been voluntarily implemented by the Bank since the December 2002 Shareholders' Meeting.

As mentioned above, the text of the proposed amendments to the Articles of Association, already reflects, for the most part, the Bank of Italy's regulations regarding "Supervisory Provisions on Banks' organisation and corporate governance", issued on 4 March 2008 (also called "Supervisory Provisions on Governance"), which, among other things, have also translated certain principles and best practice of corporate governance, developed at national and international levels, into binding regulations for the banks (such as, for example, some guidelines already included in the "Code of Corporate Governance for Listed Companies", in the version submitted in March 2006 by Borsa Italiana SpA, to which the Bank has adhered accordingly).

Following are the proposed amendments to the Articles of Association, already authorised by the Bank of Italy through an assessment provision, pursuant to Article 56 of Legislative Decree 385/1993 of the Banking Act (TUB), issued on 22 October 2008.

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Meeting Quorums (Article 31)

In relation to shareholder meeting quorums and in accordance with Bank of Italy requirements, it is hereby proposed that a new paragraph be added to Article 31 of the current Articles of Association, stating that "resolutions to be taken in order to comply with the rules issued by the Supervisory Authority for purposes of stability or compliance with regulatory or legislative provisions, must be adopted with the quorums specified in the Articles of Association regarding Ordinary Meetings".

Consequently, by virtue of this reference to Ordinary Shareholders Meeting quorums required for the constitution of and resolutions by the meeting, any shareholders' meeting resolution, even of an extraordinary nature, required by the Supervisory Authority for purposes of stability or compliance with regulatory or legislative provisions, does not require, in second call, any particular quorum for the valid constitution of the Meeting, which may deliberate with an absolute majority of votes, thus without the application of any "strengthened" quorums provided for (and that are still valid if no amendments on the subject are required by the Supervisory Authority).

Likewise, the same article of the Articles of Association provides for a lower quorum required for resolutions related to mergers and/or acquisitions, by reducing it to at least two thirds of the votes, whereas the current Articles of Association provide for a higher quorum equal to at least three quarters of the votes.

Appointment and composition of the Board of Directors (Articles 32, 33 and 50)

Size of the Board of Directors: With regard to the numeric composition of the Board of Directors, a reduction from the current maximum number of twenty Directors to sixteen Directors, is being proposed. This amendment intends to comply also with the guidelines set forth in the aforementioned Governance Supervisory Regulations, that provide for a review, carried out by each institution, of the number of members on the Board of Directors which “shall be adjusted to the size and complexity of the bank’s organisational structure”.

It is also stated that, following a Shareholders’ Meeting’s resolution regarding the total number of Directors, the number sixteen may be increased by two members, if necessary, in order to fulfil commitments already made by the Bank towards Fondazione Cassa di Risparmio di Alessandria and Crédit Industriel et Commercial (Crédit Mutuel Group), as part of the business and strategic partnership agreements that were approved at the time by the Board of Directors.

In this event, in order to fulfil the agreements concluded with the aforementioned partners, until their expiration or termination, the new Article 50 states that the appointment of the two additional Directors shall take place by open vote with a majority of the votes, from a list of candidates reflecting the two aforesaid Shareholders, submitted by the Board of Directors itself.

The specific methods proposed by the new Article 50 for the appointment of these Directors, whose rights, powers and obligations do not differ in any way from those of the other Directors, intend to differentiate between the system applied to the appointment of these “non permanent” Directors and whose presence is tied to the commitments assumed by the Bank (and therefore limited to their term and validity), and the system applied to the appointment of other Directors, which is traditionally based on a list voting criteria of a majority versus minority votes that would not be appropriate in the case of stable shareholders of a strategic nature. Conversely, this responsibility assumed by the Board, which aims solely to fulfil agreements made with external partners, does not undermine the power of free choice held by the shareholders who are entitled anyway to vote against the proposal of the Board: in this case the Board of Directors will remain composed of sixteen Directors only, with a wide representation (seven Directors) from the minority lists.

Independent Directors: As is known, the rising importance of the “independent directors” role has recently been reiterated also in the Governance Supervisory Regulations which provide for the “presence of a number of independent members on the Board of Directors based on the size of the Board and on the Bank’s operations” and that these Directors must “exercise autonomy of judgment in overseeing company operations, helping to ensure that they are aimed in the interest of the company as well as in compliance with sound and prudent management objectives”. In consideration of the above, the proposed rewording of Article 32 doubles the minimum number of independent members on the Bank’s Board of Directors, from two (as set forth by the regulations) to four.

Notwithstanding that the determination of the requirements for independence applied to the bank’s officers, Article 26 of the Banking Act (TUB), is delegated to a specific regulation, not yet issued, of the Ministry of Economy and Finance, the Articles of Association make reference to the independence requirements of Article 147-ter, paragraph 4, Legislative Decree 58/1998 (and subsequent amendments, TUF – Consolidated Finance Act). In order to guarantee and ensure complete compliance with this obligation, each list is required to include, or risk being excluded, at least two candidates (or four if only one list is submitted) who meet such independence requirements.

Furthermore, in order to ensure, also throughout the mandate, the minimum presence of at least four independent directors, guaranteeing at the same time, as much as possible, the continuity and full operating capability of the Board, the proposed addition to the Articles of Association states, on one hand, that “*the failure of a director to continue to meet independence requirements, does not necessarily involve his/her termination if the requirements are still met overall by at least four other directors*” and, on the other hand, provides for the calling of a special Shareholders’ Meeting if the Board of Directors cannot be appointed in the “*number of members and composition*” that is required (including the presence of at least four independent directors).

Strengthening of a Minority Representation on the Board of Directors: In order to increase the representation of minority shareholders on the Board of Directors, a partial change to the current system for the appointment of Directors is being proposed. The current system provides for assignments based on different lists that are validly voted on at the Shareholders’ Meeting and that have reached the minimum quorum of votes, whereas the change contemplates a significant reduction of the so-called “bonus majority”, that is, the number of Directors attributed to the list that has obtained the highest number of votes at the Shareholders’ Meeting.

The proposed changes to the current allocation of sixteen out of twenty Directors provide for the assignment to the list that has obtained the majority of votes from the Shareholders Meeting of “*half plus one of the total number (..) of Directors to be appointed*” including the two directors designated, pursuant to Article 50 of the Articles of Association, by the

business and strategic partners, and therefore, in reality, ten Directors out of eighteen and, in the absence of the Directors contemplated in Article 50, nine out of sixteen.

The significant reduction in the “bonus majority”, besides complying with a specific guideline formulated on this matter by the Supervisory Authority, automatically results in a significant increase in the representation on the Board of the minority components of the Shareholders’ Meeting.

Internal Structure of the Board of Directors (Article 36)

Executive Committee: The Bank’s Board of Directors, based also on the results of a process of self-evaluation of its own functional efficiency conducted in the last few months (a task performed annually in line with the recommendations of the Corporate Governance Code), has considered the possibility of strengthening the powers assigned to the Executive Committee, a body that currently in BPM carries out mainly investigative and/or proposal activities regarding the resolutions to be taken by the Board. In consideration of the proposed reduction in the size of the Board of Directors (from the current twenty to sixteen/ eighteen members), another reduction to a maximum of seven members of the Executive Committee is also deemed appropriate. The proposal includes the requirement for a favourable vote of at least ten Directors (compared to the twelve contemplated in the current text) concerning any resolutions voted by the Board for the appointment of, or assignment of responsibilities to, the Committee itself.

In relation to the Executive Committee’s work, the amendments proposed for Article 36 provide for a list of activities that cannot be delegated, according to the law or regulations in force, in line with the provisions set forth by the Governance Supervisory Regulations. In particular, the formulation of guidelines and instructions regarding management, organisation, granting of loans, as well as strategic operations, business and financial plans, purchase and sale of properties and material investments, approval of, and amendment to, internal regulations, are activities explicitly assigned to the Board of Directors. Without prejudice to the Board’s exclusive responsibility for the above matters, the Articles of Association specify the possible areas of responsibility that can be delegated to the Executive Committee, particularly concerning matters of personnel, organisation, buying and selling of immaterial investments (that is, those that do not affect the scope of the Banking Group or those that are not included in the Group) with a value equal to Euro 20 million or less.

Other Committees and Appointment of the Secretary for the Board of Directors: Given that the current Articles of Association already allow the Board of Directors to set up Commissions and Committees for fact-finding and proposal purposes, in order to confer statutory relevance on the Internal Control Committee and to the Remuneration Committee, both recommended by the Corporate Governance Code and already included on the administrative body of BPM since November 2001 and May 2001 respectively, the inclusion of a special paragraph in Article 36 of the Articles of Association is being proposed. This paragraph shall provide explicitly for the appointment by the Board of an Internal Control Committee and a Remuneration Committee for decisions currently assigned to the Board, with regard to remuneration and compensation. Lastly, in order to streamline current operations, it is proposed that a regulation be introduced in the Articles of Association vesting the Board with authority to nominate its own Secretary from non-members as well, as is common practice in many other banks.

Appointment and Composition of the Board of Statutory Auditors (Article 41)

In consideration of the growing presence in the last few years, within BPM’s shareholding structure, of institutional investors who often hold significant capital shares, the Board has deemed it appropriate to facilitate the possibility of appointing one acting and one alternate member to the Board of Statutory Auditors from lists submitted by the shareholders within the category of mutual investment funds.

Without prejudice to full compliance with the regulations regarding the election of internal control bodies in listed companies and in particular the rule stating that the chairmanship of the Board of Auditors must come from the list that has obtained the highest number of votes after the majority list, it is stated that in the event of more than two lists, of which one is from the mutual investment funds category, one acting and one alternate member shall be appointed from this list on the sole condition that it has reached a quorum representing at least 5% of the total votes cast by the Shareholders’ Meeting. This is an innovation not imposed by the regulations in force, but that demonstrates a further and particularly significant commitment to openness towards the market and the different components of the shareholding body, and also because it enables the mutual investment funds to assume a position of control, appropriate to the nature and professionalism that typically characterize this category of shareholders.

General Management (Articles 44 and 45)

With regards to the concise provisions contained in the current Articles of Association on the subject, the proposed amendments to Articles 44 and 45 clarify in more detail the role of the General Manager as “head of the Bank’s entire structure” attributing more specifically to this role the management of all current affairs, the operational coordination of the Bank and of the Group (overseeing the organisation and operation of networks and services), the exercise of any powers related to granting of loans, expenditure and financial transactions, as well as the execution of the resolutions of the Board of Directors and the Executive Committee.

Article 44 of the Articles of Association also contemplates a General Management structure where the Board may designate one of its member to serve as a replacement, with full authority and power, in the event of the absence or impediment of the General Manager.

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Based on the reasons described above, the Bank’s Board of Directors is proposing to the Shareholders’ Meeting amendments to Articles 31, 32, 33, 36, 41, 44, 45 and the introduction of Article 50 into the Articles of Association, with the following text:

Current text	Proposed text
Article 31	Article 31
The Shareholders’ Meeting deliberates by absolute majority of votes of those taking part in the voting.	The Shareholders’ Meeting deliberates by absolute majority of votes of those taking part in the voting.
Any amendment to the Articles of Association must be approved with a favourable vote of at least two thirds of the voting shareholders, but in no case by less than five hundred votes.	Any amendment to the Articles of Association, including those regarding mergers and/or acquisitions , must be approved with a favourable vote of at least two thirds of the voting shareholders, but in no case by less than five hundred votes.
Any resolution inherent to mergers and/or acquisitions must be approved with a favourable vote of at least 3/4 of the voting shareholders, but in no case by less than five hundred votes.	Any resolution inherent to mergers and/or acquisitions must be approved with a favourable vote of at least 3/4 of the voting shareholders, but in no case by less than five hundred votes.
Therefore, any resolution involving an amendment to Article 5 of the Articles of Association, as well as to the regulations concerning the shares held and the voting right, or involving the transformation of the company, or its winding-up, or finally any amendment to this paragraph, must be approved by at least one seventh of the shareholders with voting rights.	Therefore, any resolution involving an amendment to Article 5 of the Articles of Association, as well as to the regulations concerning the shares held and the voting right, or involving the transformation of the company, or its winding-up, or finally any amendment to this paragraph, must be approved by at least one seventh of the shareholders with voting rights.
Company offices are appointed by secret ballot.	Company offices are appointed by secret ballot, without prejudice to the provisions of art. 50.
	Resolutions to be taken in order to comply with Supervisory Authority requirements issued for purposes of stability or for regulatory or legislative compliance are adopted with the quorums specified in these Articles of Association for the ordinary Shareholders’ Meeting.

Article 32

The Board of Directors is comprised of a minimum of sixteen and a maximum of twenty Directors, including the Chairman and two Deputy Chairmen, elected in a single ballot.

All members of the Board of Directors must be shareholders.

The Directors may not be appointed for a period exceeding three financial years and their appointments expire on the date when the Shareholders' Meeting approves the financial statements for the last year of their term. They are re-electable.

The Shareholders' Meeting appoints the Directors using ballot papers, based on lists of candidates submitted by the shareholders and where the candidates are listed by consecutive numbers. Each list must indicate at least two candidates who meet the independence requirements, as set forth in Article 147-ter, fourth paragraph, Legislative Decree 58/1998 (and subsequent amendments).

Each list must be submitted by at least three hundred shareholders or, alternatively, by shareholders who jointly represent at least 0.5% of the share capital, who have been registered in the Shareholders' Register for at least ninety days and who can document, according to the methods set forth, their right to participate and vote at the Shareholders' Meeting. Each shareholder may participate in the submission of only one list; failing to do so will result in his/her vote not being counted for any of the lists.

The lists of candidates, signed by those who submit them, must be filed at the Company's registered office at least fifteen days prior to the date scheduled for the first call of the shareholders' meeting; they must also be accompanied by each candidate's CV and declarations of acceptance of the candidacy, as well as a declaration stating, under their own responsibility, that there are no grounds for ineligibility or incompatibility, and that the requirements provided for by the law or by the Articles of Association for holding this office, are met.

Article 32

The Board of Directors is comprised of a ~~minimum~~ of sixteen and a ~~maximum of twenty~~ Directors, including the Chairman and two Deputy Chairmen, elected in a single ballot. **The number can be increased by two at most in accordance with art. 50.**

The Shareholders' Meeting decides on the number of Directors at the time of appointment.

All members of the Board of Directors must be shareholders.

At least four members of the Board of Directors must possess the independence requisites established in art. 147-ter, fourth paragraph, Legislative Decree 58/1998 (and subsequent amendments).

The Directors may not be appointed for a period exceeding three financial years and their appointments expire on the date when the Shareholders' Meeting approves the financial statements for the last year of their term. They are re-electable.

The Shareholders' Meeting appoints the Directors using ballot papers, based on lists of candidates submitted by the shareholders and where the candidates are listed by consecutive numbers. Each list must indicate, **or risks not being admitted**, at least two (**or four when only one list is presented**) candidates who meet the independence requirements, as set forth in Article 147-ter, fourth paragraph, Legislative Decree 58/1998 (and subsequent amendments). Each list must be submitted by at least three hundred shareholders or, alternatively, by shareholders who jointly represent at least 0.5% of the share capital, who have been registered in the Shareholders' Register for at least ninety days and who can document, according to the methods set forth, their right to participate and vote at the Shareholders' Meeting. Each shareholder may participate in the submission of only one list; failing to do so will result in his/her vote not being counted for any of the lists.

The lists of candidates, signed by those who submit them, must be filed at the Company's registered office at least fifteen days prior to the date scheduled for the first call of the shareholders' meeting; they must also be accompanied by each candidate's CV and declarations of acceptance of the candidacy, as well as a declaration stating, under their own responsibility, that there are no grounds for ineligibility or incompatibility, and that the requirements provided for by the law or by the Articles of Association for holding this office, are met.

The lists submitted without compliance to the methods described above, shall be considered not submitted. However, if a candidate does not submit the required documentation, only this candidate shall be excluded with no effect on the validity of the submission of the list to which he/she belongs.

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

Candidates who do not meet the set requirements may not be elected to the role of Director and, if elected, cease to hold office.

Without prejudice to any grounds of incompatibility provided for by the regulations in force, those who are or who subsequently become Directors, employees or statutory auditors of other banks or their subsidiaries, may not hold the office of Director, except in the case of a centralised co-operative banking structure or a bank or company that belong to an affiliated banking group.

If the cause for incompatibility is not removed within 60 days from the election, or if occurring at a later time, within sixty days from the communication to the interested party, the Director shall be deemed to be removed from office automatically.

Anyone entitled to vote may vote on one list only.

Only lists that have obtained at least one hundred and fifty valid votes at the Shareholders' Meeting are considered for nomination purposes.

The procedure for the election of Directors, Chairman or Deputy Chairmen is the following:

If more than one list has reached the required threshold:

- a) sixteen Directors are selected from the list that has obtained the majority of votes cast, in the consecutive order in which they are shown in the list;
- b) the remaining Directors up to a maximum of four are selected from the other lists. For this purpose the votes obtained from the lists are then divided by one, two, three and four. The quotients thus obtained are assigned progressively to the candidates of each of these lists, in the order specified therein respectively. The quotients

The lists submitted without compliance to the methods described above, shall be considered not submitted. However, if a candidate does not submit the required documentation, only this candidate shall be excluded with no effect on the validity of the submission of the list to which he/she belongs.

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

Candidates who do not meet the set requirements may not be elected to the role of Director and, if elected, cease to hold office. **If the independence requisites, as defined above, cease to apply as regards one Director he/she is not removed from office if the requisites continue to apply overall as regards at least four directors.**

Without prejudice to any grounds of incompatibility provided for by the regulations in force, those who are or who subsequently become Directors, employees or statutory auditors of other banks or their subsidiaries, may not hold the office of Director, except in the case of a centralised co-operative banking structure or a bank or company that belong to an affiliated banking group.

If the cause for incompatibility is not removed within 60 days from the election, or if occurring at a later time, within sixty days from the communication to the interested party, the Director shall be deemed to be removed from office automatically.

Anyone entitled to vote may vote on one list only.

Only lists that have obtained at least one hundred and fifty valid votes at the Shareholders' Meeting are considered for nomination purposes.

The procedure for the election of Directors, Chairman or Deputy Chairmen is the following:

If more than one list has reached the required threshold:

- a) ~~sixteen Directors~~ **half plus one of the number (including those indicated in art. 50) of Directors to be appointed** are selected from the list that has obtained the majority of votes cast, in the consecutive order in which they are shown in the list;
- b) the remaining Directors (**excluding those to be elected pursuant to art. 50**) ~~up to a maximum of four~~ are selected from the other lists. For this purpose the votes obtained from the lists are then divided by one, two, three and four, **five, six and, in the absence of the two directors pursuant to art. 50, by seven.** The quotients thus obtained are

thus attributed to the candidates of the various lists are ranked in a single descending order: those who have obtained the highest quotients are elected. If several candidates have the same quotient, the candidate on the list that has not yet elected any Director or has elected the least number of Directors is elected. In the lists where votes are equal, and hence the quotients are equal, the Directors are allocated to the lists by the drawing of lots;

c) the Director indicated as the first candidate on the list that has obtained most votes is elected to the office of Chairman;

d) the second and third candidates indicated in the majority list are elected Deputy Chairmen.

If only one list has reached the above-mentioned threshold, the first sixteen candidates of that list shall be elected as Directors. The first, second and third candidates shall be elected respectively as Chairman and Deputy Chairmen.

A new Shareholders' Meeting must be convened whenever it is not possible to appoint, in the manner indicated above, the Board of Directors.

Article 33

If during the financial year, one or more Directors ceases to serve, the others will proceed to replace them, with a resolution approved by the Board of Statutory Auditors and provided that the majority is still represented by the Directors appointed by the Shareholders' Meeting. The replacements should be chosen if possible, from among the non-elected candidates of the same list of the Directors no longer serving.

The newly appointed Directors shall remain in office until the next Shareholders' Meeting. The Directors nominated as replacements by the Shareholders' Meeting, shall remain in office until the end of the same period of time that was set for the replaced Directors.

Therefore, if the Shareholders' Meeting has to replace Directors who were elected from the majority list, the appointment must be made through a vote based on a relative majority without any list restriction.

If Directors belonging to minority lists have to be replaced, the Shareholders' Meeting does so by means of a relative majority vote, choosing them, if possible, from among the

assigned progressively to the candidates of each of these lists, in the order specified therein respectively. The quotients thus attributed to the candidates of the various lists are ranked in a single descending order: those who have obtained the highest quotients are elected. If several candidates have the same quotient, the candidate on the list that has not yet elected any Director or has elected the least number of Directors is elected. In the lists where votes are equal, and hence the quotients are equal, the Directors are allocated to the lists by the drawing of lots;

c) the Director indicated as the first candidate on the list that has obtained most votes is elected to the office of Chairman;

d) the second and third candidates indicated in the majority list are elected Deputy Chairmen.

If only one list has reached the above-mentioned threshold, the first sixteen candidates of that list shall be elected as Directors. The first, second and third candidates shall be elected respectively as Chairman and Deputy Chairmen.

A new Shareholders' Meeting must be convened whenever it is not possible to appoint, in the manner indicated above, the Board of Directors **in the number and composition specified**.

Article 33

If during the financial year, one or more Directors ceases to serve, the others will proceed to replace them, with a resolution approved by the Board of Statutory Auditors and provided that the majority is still represented by the Directors appointed by the Shareholders' Meeting. The replacements should be chosen if possible, from among the non-elected candidates of the same list of the Directors no longer serving.

The newly appointed Directors shall remain in office until the next Shareholders' Meeting. The Directors nominated as replacements by the Shareholders' Meeting, shall remain in office until the end of the same period of time that was set for the replaced Directors.

Therefore, if the Shareholders' Meeting has to replace Directors who were elected from the majority list, the appointment must be made through a vote based on a relative majority without any list restriction.

If Directors belonging to minority lists have to be replaced, the Shareholders' Meeting does so by means of a relative majority vote, choosing them, if possible, from among the

candidates on the same list as the Director being replaced; such candidates shall confirm their candidacy in writing at least fifteen days prior to the date set for the Shareholders' Meeting, together with their declarations that there is no reason why they should be ineligible for election, that there are no grounds for incompatibility, and that they have the prerequisites for the position set forth by the Law or by the Articles of Association.

Should the majority of Directors appointed by the Shareholders' Meeting cease to hold office, the whole Board is deemed to have lapsed and the Meeting must be convened to appoint new Directors.

Should the whole Board cease to hold office, the Board of Statutory Auditors must urgently convene the Shareholders' Meeting for its replacement and in the meantime it will exercise out ordinary administration functions.

If the Chairman or the Deputy Chairmen cease to hold office, without prejudice to the reinstatement of the required number of Directors as described above, the procedure is as follows:

- a) if the Chairman ceases to hold office, his/her functions are performed by the Deputy Chairman most senior in terms of age up to the next Shareholders' Meeting called to elect the Chairman;
- b) if one or both Deputy Chairmen cease to hold office, the next Shareholders' Meeting shall appoint a replacement;
- c) if the Chairman and the Deputy Chairmen cease to hold office, a Director elected from the majority list shall be designated by the Board to assume the role of Chairman.

In both cases the next Shareholders' Meeting provides for the offices to be filled.

Article 36

The Board of Directors is vested with all powers of ordinary and extraordinary management, except for those reserved for the Shareholders' Meeting by law or the Articles of Association. The Board of Directors may adopt, pursuant to Article 2365, second paragraph, of the Italian Civil Code, resolutions concerning the compliance of the Articles of Association to legislative provisions.

The Board of Directors draws up schemes, which may also be long-term, for the assignment of shares reserved

candidates on the same list as the Director being replaced; such candidates shall confirm their candidacy in writing at least fifteen days prior to the date set for the Shareholders' Meeting, together with their declarations that there is no reason why they should be ineligible for election, that there are no grounds for incompatibility, and that they have the prerequisites for the position set forth by the Law or by the Articles of Association.

Should the majority of Directors appointed by the Shareholders' Meeting cease to hold office, the whole Board is deemed to have lapsed and the Meeting must be convened to appoint new Directors. **The provisions of art. 50 continue to apply.**

Should the whole Board cease to hold office, the Board of Statutory Auditors must urgently convene the Shareholders' Meeting for its replacement and in the meantime it will exercise out ordinary administration functions.

If the Chairman or the Deputy Chairmen cease to hold office, without prejudice to the reinstatement of the required number of Directors as described above, the procedure is as follows:

- a) if the Chairman ceases to hold office, his/her functions are performed by the Deputy Chairman most senior in terms of age up to the next Shareholders' Meeting called to elect the Chairman;
- b) if one or both Deputy Chairmen cease to hold office, the next Shareholders' Meeting shall appoint a replacement;
- c) if the Chairman and the Deputy Chairmen cease to hold office, a Director elected from the majority list shall be designated by the Board to assume the role of Chairman.

In both cases the next Shareholders' Meeting provides for the offices to be filled.

Article 36

The Board of Directors is vested with all powers of ordinary and extraordinary management, except for those reserved for the Shareholders' Meeting by law or the Articles of Association. The Board of Directors may adopt, pursuant to Article 2365, second paragraph, of the Italian Civil Code, resolutions concerning the compliance of the Articles of Association to legislative provisions.

The Board of Directors draws up schemes, which may also be long-term, for the assignment of shares reserved

for employees or mutual funds to which they subscribe, proposing to the Shareholders' Meeting the issue of shares pursuant to art. 2349 Civil Code or art. 2441 Civil Code, or assigning Treasury shares or issues issued by subsidiaries, or in another form.

The Board may also delegate annually some of its functions to an Executive Committee composed of the Chairman, Deputy Chairmen and other Directors, in such a way that the total number of Committee members is no less than five and no more than nine. The appointment of members and the Committee's powers must be deliberated with the favourable vote of at least twelve directors.

The delegated authority may not concern, apart from matters that cannot by law be delegated, the buying and selling of shareholdings and property, the matter covered by art. 44 of these Articles of Association and the definition of general, management and organisation policies and policies related to the granting of loans.

At the time of appointment the Board determines the operating procedures for the Committee which, in principle, shall meet at weekly intervals.

The delegated bodies report to the Board of Directors and the Board of Statutory Auditors, at least once every quarter, on the Bank's general performance (including its exposure to risks) and future outlook, as well as on the most important transactions, in terms of size and nature, carried out by the Bank and its subsidiaries.

The Board may confer special duties on one or more of its members, establishing the limits of the delegated authority, always subject to the above limits. It may also establish Commissions and Committees for purposes of fact-finding and making proposals, defining their composition and the scope of their remit; one member of each such Commission or Committee is selected from the Directors elected on a minority list.

for employees or mutual funds to which they subscribe, proposing to the Shareholders' Meeting the issue of shares pursuant to art. 2349 Civil Code or art. 2441 Civil Code, or assigning Treasury shares or issues issued by subsidiaries, or in another form.

The Board ~~may also~~ delegates annually some of its functions to an Executive Committee composed of the Chairman, Deputy Chairmen and other Directors, in such a way that the total number of Committee members is no less than five and no more than ~~nine~~ **seven**. **Without prejudice to the Board's exclusive powers, the delegated authority may concern in particular matters relating to personnel, organisation and the buying and selling of immaterial shareholdings.** The appointment of members and the Committee's powers must be deliberated with the favourable vote of at least ~~twelve~~ **ten** directors.

The delegated authority may not concern, apart from matters that cannot ~~by law~~ be delegated **by law or by supervisory provisions, general policies regarding management, organisation and granting of loans, strategic operations, business and financial plans, buying and selling of property and material shareholdings (namely, those that alter the Banking Group's scope or, in the case of non-Group shareholdings, those having a value or more than 20 million euro), the approval and amendment of internal regulations, the matter indicated in art. 44 and the appointment of the officer responsible for internal audit and compliance functions.** ~~the buying and selling of shareholdings and property, the matter covered by art. 44 of these Articles of Association and the definition of general, management and organisation policies and policies related to the granting of loans.~~

At the time of appointment the Board determines the operating procedures for the Committee which, in principle, shall meet at weekly intervals.

The delegated bodies report to the Board of Directors and the Board of Statutory Auditors, at least once every quarter, on the Bank's general performance (including its exposure to risks) and future outlook, as well as on the most important transactions, in terms of size and nature, carried out by the Bank and its subsidiaries.

The Board may confer special duties on one or more of its members, establishing the limits of the delegated authority, always subject to the above limits. It may also establish Commissions and Committees for purposes of fact-finding and making proposals, defining their composition and the scope of their remit; one member of each such Commission or Committee is selected from the Directors elected on a minority list.

The Board selects its Secretary from amongst its members.

Without prejudice to the obligations of each Director as indicated in art. 2391 Civil Code, the Board of Directors reports promptly, including through the delegated bodies, to the Board of Statutory Auditors on the work carried out and on the most important economic, financial and capital transactions carried out by the Bank and the subsidiaries; in particular, it reports on the transactions in which Directors have an interest, on their own behalf or on behalf of third parties. The information is delivered, at quarterly intervals at least, during the meetings of the Board or Executive Committee or by written notice to the Board of Statutory Auditors.

Article 41

The ordinary Shareholders' Meeting elects the Board of Statutory Auditors; the election of two Acting auditors and two Alternate auditors is reserved to the minority.

Without prejudice to the provisions of the last paragraph of this article, the Board of Statutory Auditors is appointed on the basis of lists presented by the Shareholders in which the candidates are listed in consecutive order.

Each list must be presented by at least 300 Shareholders or alternatively by Shareholders representing overall 0.5% of the share capital, who have been registered in the Shareholders' Register for at least ninety days, and can document in the prescribed manner their right to attend and vote in the Meeting; each Shareholder may contribute to one list only; if this rule is not respected, the signature of the Shareholder in question will not be taken into account for any of the lists.

The lists of candidates, signed by those presenting them, must be lodged at the Company's registered office at least fifteen days before the date scheduled for the Shareholders' Meeting first called; they must also be accompanied by the CVs of the designated persons and the declarations in which individual candidates accept the candidacy and take personal responsibility for confirming

In particular, the Board appoints the following committees, defining their specific powers by special regulation, for all fact-finding matters and proposals, and their operating procedures:

- (i) a Remuneration Committee for decisions regarding the Board's remuneration and compensation;**
- (ii) an Internal Control Committee**

The Board selects its Secretary ~~from amongst its members~~ **from non-Board members as well.**

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that there are no grounds for ineligibility or incompatibility, and that the requirements prescribed by law or by the Articles of Association for holding office have been met.

For this purpose it should be borne in mind that the areas of business strictly related to the Company's activities are banking, finance and insurance.

Lists presented without following the above procedures are deemed not to have been presented. However, the absence of documentation relating to individual candidates on a list will merely result in the candidates themselves being excluded and will have no effect on the valid presentation of the lists to which they belong.

Each candidate may be included on one list only or risk being ineligible.

Those who do not possess the prescribed requisites or are members of other Banks' administrative or control bodies may not be elected as Auditors and, if elected, cease to hold office, unless the entity concerned is an affiliate Company or centralised cooperative banking structure. They are subject to the restrictions on multiple office holding for administrative and control bodies established by art. 148-bis, Legislative Decree 58/1998 (and subsequent amendments) and related implementing regulations.

Any person entitled to vote may vote on one list only.

The following procedures apply for the election of the Board of Statutory Auditors.

Three Acting auditors and two Alternate auditors are selected, in consecutive order, from the list with the most votes obtained from the Meeting. One Acting auditor and one Alternate auditor are selected, also in consecutive order, from the list with the second highest number of votes. The remaining Acting auditors and Alternate auditors are selected, in consecutive order, from the list with the third highest number of votes.

If only one list is presented, all the Acting auditors and all the Alternate auditors are selected from that list; if only two lists are presented, the two Acting auditors and the two Alternate auditors reserved for election by the minority are all selected from the list with the second highest number of votes.

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If more than two lists are presented, one of which is presented by mutual investment funds, one Acting auditor and one Alternate auditor are selected from that list, on condition that it has obtained at least 5% of the total votes cast; if several mutual investment

funds all present their own list and said list obtains the aforesaid minimum votes, the Acting auditor and Alternate auditor are selected from the list that has obtained most votes.

If several lists have obtained the same number of votes and this is relevant for purposes of the Board's composition, all the Shareholders at the Meeting will be re-balloted from those lists.

The Chairman of the Board of Statutory Auditors is the leading Acting auditor on the minority list with the most number of votes.

In the event of an Auditor's death, withdrawal or expiry of term of office, the Alternate auditor belonging to the same list as the auditor who has left office takes his/her place, and, if the list has several Alternate auditors, the most senior in terms of age steps in.

If the Chairman of the Board of Statutory Auditors is replaced, the Chairmanship is taken over by the Acting auditor selected from the list to which the previous Chairman belonged or, by default, by the most senior Alternate auditor in terms of age selected from the same list; if it is not possible to implement the replacements according to the aforesaid criteria, a Shareholders' Meeting will be called to reform the Board of Statutory Auditors.

When the Shareholders' Meeting is required to appoint the Acting and/or Alternate auditors needed to reform the Board of Statutory Auditors, in accordance with the previous paragraph or pursuant to the law, the following action is taken.

If Auditors elected in the majority list are to be replaced, the appointment is by relative majority vote without any list restriction; if, on the other hand, the Auditors designated by the minority are to be replaced, the Shareholders' Meeting replaces them, with a relative majority vote, where possible selecting them from the candidates indicated in the list to which the Auditor to be replaced belonged, who have confirmed their candidacy at least fifteen days before the date fixed for the Meeting, combined with declarations stating that there are no grounds for ineligibility or incompatibility, as well as that they possess the requisites prescribed for office.

If only one list has been presented, the Shareholders' Meeting votes on that list; the Acting auditors elected are the first five candidates indicated in consecutive order and the Alternate auditors are the next four candidates; the person at the top of the list presented becomes Chairman of the Board of Statutory Auditors; in the event of an

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Auditor's death, withdrawal or expiry of term of office and if the Chairman of the Board of Statutory Auditors is replaced, the Alternate auditor and Acting auditors most senior in terms of age take their place respectively.

If there are no lists, the Board of Statutory Auditors and its Chairman are appointed by the Shareholders' Meeting by a relative majority vote from the candidates presented at the Meeting.

Article 44

The structure and duties of General and Central Management, the appointment, removal from office, tasks, powers and emoluments of the Managers are deliberated by the Board with the favourable vote of at least ten Directors.

The same procedure is followed by the Board, after obtaining the mandatory opinion of the Board of Statutory Auditors, when appointing the senior manager responsible for preparing the company's accounting documents. This officer is designated from senior managers in the Bank who have carried out management functions for at least five years in the accounting and administrative field.

Article 45

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If there are no lists, the Board of Statutory Auditors and its Chairman are appointed by the Shareholders' Meeting by a relative majority vote from the candidates presented at the Meeting.

Article 44

General Management is composed of the General Manager and other persons appointed for the purpose by the Board. It also includes the person appointed to act as deputy – in the General Manager's absence or impediment – with full authority and powers. The signature of the General Manager's deputy constitutes proof, vis à vis third parties, of the General Manager's absence or impediment.

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Article 45

The General Manager exercises the powers with which he/she is vested by the Articles of Association and specific resolutions and/or internal regulations deliberated by the Board of Directors.

The General Manager is head of the bank's entire structure. Within the limits of the aforesaid powers vested and in line with the policies set by the Board of Directors, the General Manager manages all the bank's day to day affairs, is responsible for coordinating company and Group operations and overseeing the organisation and operation of networks and services, exercises any powers vested as regards granting of loans, expenditure and financial transactions and implements resolutions adopted

by the Board of Directors and Executive Committee.

The General Manager, after informing the Chairman, draws up proposals for the corporate bodies on matters within her/her remit and attends meetings of the Board of Directors and Executive Committee, with a consultative vote, and meetings of the Board's Financing Committee, where established, with a deliberative vote. In particular, the General Manager prepares proposals for the Board regarding delegated authorities to be attributed within General Management, as well as the structure and functions of central Management, appointment, removal from office, powers, functions and- having consulted with the Remuneration Committee- emoluments of Managers. The General Manager also has full powers to independently instigate any legal proceedings that he/she considers appropriate to recover the bank's receivables.

Management is responsible for the executive part of company transactions.

The General Manager attends Board meetings, which are not declared secret, with a consultative vote, and Financing Committee meetings, with a deliberative vote.

The Board is authorised to have one or more Managers, who are experts in the matters under discussion, attend its meetings, again with a consultative vote.

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Art. 50

The Shareholders' Meeting appoints, and may also exceed the number of sixteen, two Directors selected from the list that the Board of Directors is authorised to present in order to meet commitments undertaken with the Fondazione Cassa di Risparmio di Alessandria and Crédit Industriel et Commercial respectively until the conditions for applying the agreements expire or come to an end. For this purpose the Shareholders' Meeting deliberates by relative majority and with an open vote. If these Directors cease to serve their replacement and co-opting takes place in such a way as to ensure the terms of the agreements are met. The Shareholders' Meeting deliberates by relative majority and with an open vote on the Board's proposal. Directors appointed under this article have the same rights, powers and duties as every other Director and must possess the requisites laid down by the law and the Articles of Association for the office covered. Any reference to the number of Directors, including for purposes of calculating quorums for constitution and deliberation purposes, is understood, unless otherwise provided for, to refer to the number of Directors including those appointed under this article.

In accordance with current regulatory obligations – in particular, point 3), scheme no. 3, attachment 3A of the current Consob Issuers' Regulations – it should be noted that the amendments to the Articles of Association in question do not concern the right of withdrawal as embodied in legislation or the Articles of Association.

* * *

Dear Shareholders,

for the reasons illustrated above, the Board of Directors proposes the following resolution:

“The ordinary Shareholders' Meeting of the Banca Popolare di Milano:

- having heard and approved the Report of the Board of Directors;
- having acknowledged the favourable opinion of the Board of Statutory Auditors;
- having acknowledged the Bank of Italy's assessment order pursuant to art. 56, Legislative Decree 385/1993;

resolves

- to approve the new wording of Articles 31, 32, 33, 36, 41, 44, 45 and the introduction of art. 50 of the Articles of Association, in the text proposed by the Board of Directors;
- to confer upon the Chairman and each of the Deputy Chairmen, each separately from one another, all the widest powers to enact the above resolution in compliance with the provisions of law”.

Milan, 11 November 2008

The Board of Directors