Courtesy translation: in case of discrepancy between the Italian language original text and the English language translation, the Italian version shall prevail

BANCA MONTE DEI PASCHI DI SIENA S.P.A.

EXTRAORDINARY SHAREHOLDERS' MEETING

14 April 2015 (first call), 15 April 2015 (second call) and 16 April 2015 (third call)

BOARD OF DIRECTORS' REPORT

ON ITEM 3) ON THE AGENDA

drafted pursuant to art. 125-*ter* of Legislative Decree no. 58 of 24 February 1998, as amended and integrated, and pursuant to art. 72 of the Regulations adopted by Consob by resolution No. 11971 of 14 May 1999, as amended.

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Foreword

Dear Shareholders,

The Board of Directors of Banca Monte dei Paschi di Siena S.p.A. (hereafter the "**Bank**" or the "**Company**" or "**BMPS**") has convened you, inter alia, to attend the Extraordinary Shareholders' Meeting in Siena, Viale Mazzini 23, on 14 April 2015 at 9.00 a.m. on first call and, if necessary, on second call on 15 April 2015, same time and same location. If the respective quorum required for the above-mentioned meetings are not met, the Extraordinary Shareholders' Meeting is convened on third call for 16 April 2015, same time and same location, to discuss and pass resolutions on the following item on the agenda:

> *"Proposal to increase the share capital up to EUR 3,000,000,000.00, including share premiums if any, to be carried out no later than 30 September 2015, in tranches, through the issuance of ordinary shares with regular dividend rights, offered as an option to the Shareholders of the Company, in accordance with art. 2441 of the Italian Civil Code; relative amendments to the By-Laws and resolutions pertaining thereto and resulting therefrom.".*

This Report of the Board of Directors (the "**Report**") – drawn up pursuant to art. 125-*ter* of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and integrated (the "**Consolidated Law on Finance"** or "**TUF**") and pursuant to art. 72 of the Regulations adopted by Consob resolution no. 11971 of 14 May 1999, as subsequently amended (the "**Issuers' Regulation**"), as well as according to the provisions set out in Appendix 3A) of the Issuers' Regulation – is aimed at providing the necessary information on the item on the agenda of the Extraordinary Shareholders' Meeting.

1 Grounds for the proposal and corporate interest

On 4 November 2014 the European Central Bank ("ECB") was assigned the supervisory duties envisaged by the so-called Single Supervisory Mechanism, including the supervision of very large banking groups.

As it is known, in preparing for such supervisory duties, from November 2013 to October 2014, in collaboration with the national authorities in charge of banking supervision, the ECB has carried out a thorough assessment (a.k.a. comprehensive assessment) involving Europe's major credit institutions including the Bank.

The comprehensive assessment is comprised of 2 element: (i) an examination of the quality of assets (asset quality review) that provided a prompt assessment of the accuracy of the assets' book value at 31 December 2013; and (ii) a stress test that provided a prospective analysis of the degree of the banks' solvency (assessed over the 2014-2016 three years' period) under two scenario assumptions: "basic scenario" and "adverse scenario".

The results of the comprehensive assessment, disclosed by the ECB on 26 October 2014, highlighted that the Bank failed the stress test assuming an "adverse scenario", with a 2.7% Common Equity Tier 1 Ratio vs. the 5.5% minimum threshold resulting in a capital shortfall of EUR 2.1 billion.

Following the publication of the results of the comprehensive assessment, the Bank presented the ECB with its capital strengthening plan (the "**Capital Plan**") aimed at making up the aforesaid capital shortfall within 9 months (i.e. by the end of July 2015) and which also provided for a Share Capital Increase with pre-emption rights of up to max. EUR 2.5 billion, as well as non-diluting shares for the shareholders (capital management shares such as sale of non-core investments and assets of own portfolio characterised by high capital absorption) as well as a request to mitigate the deficit resulting from the *comprehensive assessment* equal to the positive difference between the operating income estimated for 2014 (the so-called "expected pre-provision profit") and the same values estimated assuming an adverse scenario, that have contributed to the resulting capital shortfall.

On 10 February 2015 the ECB communicated the result of the Supervisory Review and Evaluation Process ("**SREP**") to the Bank and, inter alia, it confirmed that, by the end of July, the Bank needs to make up the capital shortfall resulted from the comprehensive assessment through a share capital increase of EUR 2.5 billion, as provided in the Capital Plan. In addition, the ECB has informed the Bank that the minimum thresholds for the Common Equity Tier 1 Ratio and the Total Capital Ratio, are respectively 10.2% and 10.9%, that must be complied with by the Bank at consolidated level as from July 2015.

To make up the capital shortfall resulting from the comprehensive assessment and comply with the requests of the ECB following the results of the SREP, especially as regards compliance with the aforesaid minimum Capital Ratios, we hereby propose to approve a share capital increase by up to EUR 3 billion (the "**Share Capital Increase"**) that will enable the Bank to avail of more funds to:

(i) offset the negative impacts deriving from the "adverse scenario" of the stress test, continuing to meet the commitments undertaken in the Restructuring Plan of BMPS, approved by the European Commission on 24 November 2013 (the "**Restructuring Plan**");

(ii) fully repay the remaining new financial instruments of EUR 1,071 billion nominal value pursuant to articles 23-*sexies* and following of Law Decree no. 95 of 6 July 2012, converted by amendments of Law no. 135 of 7 August 2012 and amended by Law Decree no. 216 of 11 December 2012 (the "**New Financial Instruments**") and in advance of the last maturity date of 2017 of the commitments linked to the Restructuring Plan;

(iii) create an additional buffer for the purpose of complying with the capital requirements following the results of the SREP.

Especially with regard to the repayment of the New Financial Instruments, it is worth noting that the capital shortfall resulting from the stress test assumes the repayment of two tranches of the New Financial Instruments (foreseen by the Restructuring Plan in 2015 and 2016) for a total of EUR 750 million nominal value, whilst the planned Share Capital Increase will also enable the repayment of the last tranche due in 2017, equal to a residual amount of EUR 321 million nominal value.

For more details on the capital, financial and dilution effects please refer to Paragraph 3 below.

Considering the grounds specified above, we therefore recommend that the Shareholders' Meeting resolves:

1. the approval of the Share Capital Increase up to EUR 3,000,000,000.00, including share premiums if any, to be carried out no later than 30 September 2015, in tranches, through the issuance of ordinary shares with regular dividend rights, offered as an option to the Shareholders of the Company, in accordance with art. 2441 of the Italian Civil Code, providing that if the Share Capital Increase is not fully subscribed by 30 September 2015, deadline set for its subscription, the share capital will be deemed to have increased by an amount equal to the subscriptions collected to that date, without prejudice to the possible issue of new shares for the subscriptions made before the aforesaid date;

2. to confer upon the Board of Directors the widest possible powers:

   (i) to establish the timing of the offer in accordance with point 1 above, and file it with the Companies' Register;

(ii) to establish, close to the start of the period of the offer in option relating to the Share Capital Increase, the number of shares to be issued, the Option Ratio and the Issue Price, including the amount allocated to capital and that allocated to the share premium account, determining the Issue Price by also taking account of market conditions and, more generally, the performance of the security as well as the outlook of the Company and considering market practices for similar transactions and without prejudice to the provisions of art. 2346, Paragraph 5 of the Italian Civil Code. The Issue Price will be determined, close to the start of the period of the offer in option of the Share Capital Increase, applying, according to market practices for similar transactions, a discount on the Theoretical Ex Right Price ("TERP" in short) of ordinary shares, calculated according to current methodologies, based on the official Stock Exchanges price of the trading day preceding the price-fixing date;

(iii) to establish the final amount of the Share Capital Increase within the max. limit resolved by this Meeting;

(iv) to determine any other element that is necessary for the above purposes.

3. to implement the ensuing change in art. 6 of the By-Laws.

2 Further information on the transaction

2.1 *Modality of the Share Capital Increase*

The Share Capital Increase is a share capital increase by payment, to be offered in option to ordinary shareholders of the Company pursuant to art. 2441 of the Italian Civil Code for a total max. counter value of EUR 3,000,000,000.00 including any share premium, to be carried out no later than 30 September 2015, in tranches, through the issuance of ordinary shares with regular dividend rights, and providing that if the share capital is not fully subscribed by 30 September 2015, deadline set for its subscription, the share capital will be deemed to have increased by an amount equal to the subscriptions collected to that date, without prejudice to the possible issue of new shares for the subscriptions made before that date.

In accordance with market practices, the Board of Directors will determine the terms and modalities of the Share Capital Increase and, more specifically:

(i) will establish the timing of the offer in accordance with the above terms, and file it with the Companies' Register;

(ii) will establish, close to the start of the period of the offer in option relating to the Share Capital Increase, the number of shares to be issued, the Option Ratio and the Issue Price, including the amount allocated to capital and that allocated to the share premium account, determining the Issue Price by also taking account of market conditions and, more generally, the performance of the security as well as the outlook of the Company and considering market practices for similar transactions and without prejudice to the provisions of art. 2346, paragraph 5 of the Italian Civil Code. The Issue Price will be determined, close to the start of the period of the offer in option of the Share Capital Increase, applying, according to market practices for similar transactions, a discount on the Theoretical Ex Right Price ("TERP" in short) of ordinary shares, calculated according to current methodologies, based on the official Stock Exchanges price of the trading day preceding the price-fixing date;

(iii) will establish the final amount of the Share Capital Increase within the max. limit resolved by this Meeting;

(iv) will determine any other element that is necessary for the above purposes.

2.2 *Authorization by the Competent Authorities*

The proposed transaction is subject to the competent Supervisory Authorities, based on their respective jurisdiction, as well as to the approval by CONSOB of the prospectus and listing of the shares issued as a result of the Share Capital Increase, carried out pursuant to articles 94 and ff. and 113 of the Consolidated Financial Act , and drawn up in accordance with the format prescribed by EU regulations.

2.3 *Guarantee Consortium*

UBS will act as global coordinator and joint bookrunner, whilst Citi, Goldman Sachs and Mediobanca will act as co-global coordinators and joint bookrunners. In addition, Barclays, BofA Merrill Lynch, COMMERZBANK, Deutsche Bank and Société Générale will act as joint bookrunners of the Share Capital Increase (the "**Joint Bookrunners**").

As regards the above, the financial institutions, signed a pre-underwriting agreement guaranteeing the subscription of that part of the Share Capital Increase that may remain unsubscribed at the end of the offer period, up to max. EUR 3 billion. The pre-underwriting agreement expires on 30 June 2015 and is subject to the terms and conditions usually applied to similar transactions. Furthermore, 14 (fourteen) more financial institutions have already expressed their commitment to guarantee the positive outcome of the Share Capital Increase as co-lead managers and co-bookrunners.

2.4 *Other forms of placement envisaged*

Being an offer under pre-emption rights, the shares will be directly offered by the Bank and no other forms of placements are envisaged.

2.5 *Criteria to determine the issue price of the new shares and allocation ratio*

The issue price of the new ordinary shares will be determined by the Board of Directors taking account, inter alia, of general market conditions and the performance of the security, as well as the economic and financial outlook of the Bank and considering market practices for similar transactions. The Issue Price will be determined close to the start of the period of the offer in option of the Share Capital Increase, applying, according to market practices for similar transactions, a discount on the Theoretical Ex Right Price ("TERP" in short) of ordinary shares, calculated according to current methodologies, based on the official Stock Exchanges price of the trading day preceding the price-fixing date.

2.6 *Shareholders that expressed their willingness to subscribe newly issued shares as well as any unexercised option rights*

At the date of this Report, BMPS has not received any communication by the shareholders of their willingness to subscribe the ordinary shares issued as a result of the Share Capital Increase.

On the other hand, according to the media and as far as it is known by BMPS, shareholder AXA expressed its willingness to subscribe its share of the Share Capital Increase.

2.7 *Period envisaged to carry out the transaction*

For the reasons set out in this Report, where market conditions so allows and subject to obtaining the prescribed authorisations, at the date of this Report the Share Capital Increase is expected to start by the end of the first half of 2015.

On the other hand, it is worth noting that according to the rules of the comprehensive assessment and the commitments undertaken by the Bank through the Capital Plan, the Share Capital Increase must take place by the end of July 2015.

2.8 *Dividend pay-out date of the newly issued shares*

The ordinary shares issued as a result of the Share Capital Increase will have regular dividend rights.

3 Capital, financial and diluting effects of the Share Capital Increase

3.1 *Economic and capital effects of the Share Capital Increase*

As regards capital adequacy, at 31 December 2014 the Group's situation was as follows:

Regulatory Capital	31/12/14	31/12/13	Var. Ass. vs 31/12/13	Var. % vs 31/12/13
	Proforma Bis3 (regole al 31/12/14)			
Common Equity Tier 1	6.608	8.752	-2.144	*-24,5%*
Tier 1	6.608	8.752	-2.144	*-24,5%*
Tier 2	3.293	3.528	-235	*-6,7%*
Total Capital	**9.900**	**12.279**	**-2.379**	***-19,4%***
Risk Weighted Assets	**76.220**	**83.749**	**-7.529**	***-9,0%***
Common Equity Tier 1 Ratio	**8,7%**	**10,4%**	**-1,8%**	***n.s.***
Tier 1 Ratio	8,7%	10,4%	-1,8%	*n.s.*
Total Capital Ratio	13,0%	14,7%	-1,7%	*n.s.*

At 31/12/2014 equity was lower than the figure reported in the Basel 3 pro-forma accounts at 31/12/2013, mainly adversely affected by the loss for the year largely due to the change in the coverage levels on credits resulting from the AQR and the repayment of the EUR 3 billion Monti Bond. Conversely, a partial positive effect is attributable to the EUR 5 billion Share Capital Increase and the cancellation of the difference in expected loss as the change in the coverage levels of the credit portfolio has more than offset the corresponding level of expected loss.

Therefore, based on the trend recorded during the year, CET1 (Common Equity Tier 1) and T1 (Tier 1) stand at EUR 6,608 million (EUR -2,144 million compared to the figure in the Basel 3 pro-forma accounts at 31/12/2013).

Total Capital was instead EUR 9,900 million (EUR -2,379 million compared to the figure in the Basel 3 pro-forma accounts as at 31/12/2013) and, in addition to changes affecting CET1, also reflects the negative impact of the regulatory amortisation of subordinated securities.

RWAs were down (EUR -7,529 million compared to the figure in the pro-forma accounts at 31/12/2013). In particular, the absorptions linked to credit risk are lower due to the fall in performing loans, also following the reclassifications made under the AQR, market risk due to portfolio optimization and reduced operations, whilst DTAs that can be converted into credits increase due to greater provisions in the financial statements following the AQR.

As a result of the above, the CET1 ratio and T1 ratio as at 31/12/2014 are equal to 8.7% (approximately -180 bps compared to the figure in the Basel 3 pro-forma accounts at 31/12/2013) and the Total Capital ratio is 13.0% (approximately -170 bps compared to the figure in the Basel 3 pro-forma accounts at 31/12/2013).

Here below are the consolidated pro-forma accounts of BMPS at 31 December 2014, prepared to show the effect of the Share Capital Increase.

The pro-forma accounts were prepared in accordance with CONSOB Communication no. DEM/1052803 of 5 July 2001 and the basis of preparation set out in the technical document attached thereon; they were drawn up adjusting the historical figures of the consolidated accounts at 31 December 2014, prepared in accordance with IAS/IFRS and approved by the Board of Directors on 4 March 2015. The pro-forma figures show the effects of the Share Capital Increase assuming that the latter took place on 31 December 2014 and amounted to EUR 3 billion. The total expenses associated with the Share Capital Increase, including consultancy fees, out-of-pocket expenses and guarantee commissions, are estimated at approximately EUR 130 million (approx. EUR 94 million after tax) and are to be set off against net equity reserves. In accordance with the provisions of the CONSOB Communication referred to above, the income statement does not show the effect of the reduction in interest expense resulting from the increased availability of liquid funds generated by the EUR 3 billion Share Capital Increase.

Assets	**31 12 2014**	**Share Capital Increase**	**31 12 2014 *pro forma***
10 Cash and cash equivalents	1,006,586	1,884,029	2,890,615
20 Financial assets held for trading	16,928,788		16,928,788
40 Financial assets designated available for sale	22,847,582		22,847,582
60 Loans to banks	7,722,753		7,722,753
70 Loans to customers	119,676,132		119,676,132
80 Hedging derivatives	612,957		612,957
90 Change in value of macro-hedged financial assets(+/-)	178,613		178,613
100 Equity investments	1,013,899		1,013,899
120 Property, plant and equipment	8,787,083		8,787,083
130 Intangible assets	441,693		491,693
140 Tax assets	7,562,419	35,750	7,598,169
150 Non-current assets and groups of assets held for sale and discontinued operations	21,805		21,805
160 Other assets	2,643,513		2,643,513
Total assets	**183,443,823**	**1.919,779**	**185,363,602**

Liabilities and Shareholders'Equity	31 12 2014	Share Capital Increase	31 12 2014 *pro forma*
10 Deposits from banks	27,647,671	130,000	27,777,671
20 Deposits from customers	93,144,981		93,144,981
30 Debt securities issued	30,455,439	(1,115,971)	29,339,468
40 Financial liabilities held for trading	13,701,789		13,701,789
50 Financial liabilities designated at fair value	2,623,620		2,623,620
60 Hedging derivatives	4,112,108		4,112,108
80 Tax liabilities	163,510		163,510
110 Provision for employee severance pay	271,434		271,434
120 Provision for risks and charges	1,151,049		1,151,049
140 Valuation reserves	(685,460)		(685,460) (*)
160 Equity instruments carried at equity	3,002		3,002 (*)
170 Reserves	(496,120)	(94,250)	(590,370) (*)
180 Share premium	2,291		2,643,513
190 Share capital	12,484,207	3,000,000	15,484,207 (*)
200 Treasury shares (-)	0		0
210 Non controlling interest (+/-)	23,625		23,625
220 Profit (loss) (+/-)	(5,342,892)		(5,342,892) (*)
Total liabilities and Sahreholders' Equity	**183,443,823**	**1.919,779**	**185,363,602**

(*)the effects of the reduction of the share capital ex art. 2446 are not considered

Items	31 12 2014	Share Capital Increase	31 12 2014 *pro forma*
10 Interest income ad similar revenues	5,213,287	-	5,213,287
20 Interest expense and similar charges	(3,079,016)	-	(3,079,016)
30 Net interest income	2,134,271		2,134,271
40 Fee and commission income	2,087,059		2,087,059
50 Fee and commission expense	(389.328)		(389.328)
60 Net fee and commission income	1,697,731		1,697,731
70 Dividends and similar income	36,944		36,944
80 Net profit (loss) from trading	80,738		80,738
90 Net profit (loss) from hedging	(15,759)		(15,759)
100 Gain/losses on disposal/repurchase	159,001		159,001
110 Net profit (loss) from financial assets and liabilities designated at fair	1,832		1,832
120 Net interest and other banking income	4,094,758		4,094,758
130 Net impairment losses (reversals)	(8,025,266)		(8,025,266)
140 Net income from banking activities	(3,930,508)		(3,930,508)
180 Administrative expenses	(3,220,412)		(3,220,412)
190 Net provisions for risks and charges	(176,551)		(176,551)
200 Net adjustments to (recoveries on) property, plant and equipment	(158,220)		(158,220)
210 Net adjustments to (recoveries on) intangible assets	(149,137)		(149,137)
220 Other operating expenses/income	333,845		333,845
230 Operating expenses	(3,370,475)		(3,370,475)
240 gains (losses) on investments	194,328		194,328
260 Impairment on goodwill	(661,792)		(661,792)
270 Gains (losses) on disposal of investments	84,701		84,701
280 Profit (loss) before tax from continuing operations	(7,683,746)		(7,683,746)
290 Tax expense (recovery) on income from continuing operations	2,336,479		2,336,479
300 Profit (loss) after tax from continuing operations	(5,347,267)		(5,347,267)
310 Profit (loss) after tax from groups of assets held for sale and discontinued operations	-	-	-
320 Profit (loss)	(5,347,267)		(5,347,267)
330 Profit (loss) for the period attributable to non-controlling interests	(4,375)		(4,375)
340 Parent company's net profit (loss)	**(5,342,892)**		**(5,342,892)**

Notes to the pro-forma accounts

The balance sheet shows the increase in liquid funds generated by the Share Capital Increase posted to the related net equity item for EUR 3 billion which entailed EUR 130 million transaction costs (approximately EUR 94 million after tax) also posted to net equity reserves.

The liquid funds obtained as a result of the transaction reduced the liability item “debt securities issued” and, more specifically NFIs for EUR 1,116 million. This amount assumes that the redemption of the NFIs takes place on 30 June 2015; in other words, the redemption includes EUR 1,071 million nominal value as well as the effects of the terms and conditions of the NFIs following the sale of shares by Monte dei Paschi di Siena Foundation. If the redemption occurs on 1 July 2015, the redemption amount will increase by EUR 9 million.

The transaction costs are shown in Deposits from banks, as they are more or less associated with the commissions due under the pre-underwriting agreement. The tax effect of EUR 36 million was conventionally included in deferred tax assets. If the transaction had been carried out at the start of 2014, the lower amount of NFIs would have entailed less interest expense at 31 December 2014. As already highlighted, this effect was not shown in the pro-forma income statement.

3.2 *Diluting effects of the Share Capital Increase*

Being a share capital increase in option, there are no diluting effects on the stakes held by the Bank’s shareholders that will decide to subscribe the newly issued shares based on their option rights.

As the issue price of the new shares, the number of shares to be issued and the related option ratio have not yet been determined – they will be established only close to the date of the actual Share Capital Increase based on the market trend – it is not possible, at present, to determine or formulate an estimate of the diluting effect on the unit value of the shares for the shareholders that decide to abstain from exercising their pre-emption rights, either fully or in part. On the other hand, considering the Bank’s capitalization (equal to EUR 2,845 billion at 4 March 2015) and the amount of the Share Capital Increase, as of now we can expect a considerable diluting effect.

4 Amendments to article 6 of the By-Laws

In relation to the above, here below is the text of art. 6 of the By-Laws assuming approval of the resolution proposals referred to in item 1) on the Agenda of the Extraordinary Session, together with the comparison column relating to the amendments proposed (the changes are in bold).

CURRENT TEXT **INCLUDING THE PROPOSALS SET OUT IN ITEM 1) ON THE AGENDA OF THE EXTRAORDINARY SESSION**	**PROPOSED AMENDMENTS**
Article 6	**Article 6**
1. The Company’s share capital amounts to EUR 5,765,522,412.60 (five billion seven hundred sixty-five million five hundred twenty-two thousand four hundred twelve point six zero) and is fully paid up.	*(unchanged compared to the text proposed in item 1) on the agenda of the extraordinary session and assuming approval of the same)*
2. The Company's share capital is represented by 5,116,513,875 (five billion one hundred	*(unchanged)*

sixteen million five hundred thirteen thousand eight hundred seventy five) ordinary shares with no par value. All shares are issued in dematerialised form. Procedures for the circulation and legitimation of shares are governed by law. Shareholders who did not participate in the approval of resolutions regarding the introduction or removal of constraints on the circulation of shares shall have no right of withdrawal.	
3. Ordinary and preference shares are registered in the name of their holders and are indivisible. Each share entitles to one vote. Preference shares do not entitle to vote in the ordinary shareholders' meetings.	*(unchanged)*
4. Preference shares are held in one or more deposit accounts managed with the Company and the Company shall be the sole authorised depositary. The transfer of preference shares are promptly notified to the Company by the transferring shareholder and determine the automatic at par conversion of preference shares into ordinary shares.	*(unchanged)*
5. Under no circumstances shall the shareholder that qualifies as a Bank Foundation ("Bank Foundation") under Law no. 461 of 23 December 1998 and Legislative Decree no. 153 of 17 May 1999, as subsequently amended and supplemented, or that is directly or indirectly controlled by a foundation, obtain conversion under its name of the preference shares it holds into ordinary shares.	*(unchanged)*
6. In the event of a capital increase with consideration not excluding or limiting the pre-emptive rights of existing shareholders, holders of preference shares shall have a right of pre-emption on preference shares having the same characteristics.	*(unchanged)*
7. The Shareholders' Meeting of 15 January 2004 resolved to increase the share capital of Banca Monte dei Paschi di Siena S.p.A. in support of the issuance of Convertible Preferred Securities by up to 2,639,915	*(unchanged)*

ordinary shares, as later adjusted by the Shareholders' Meeting of 3 December 2010, and further to the implementation of the reverse stock split of ordinary shares, with effect from 5 May 2014, in compliance with the resolution of the Shareholders' Meeting held on 28 December 2013, with dividend payable as of date of conversion, with no par value, for an amount of up to EUR 176,874,323.76, as adjusted by the Shareholders' Meetings of 15 December 2005 and 3 December 2010. It is understood that (i) the capital increase in support of the issuance will expire on 30 September 2099, (ii) directors will procure that shares are issued to holders of Convertible Preferred Securities by the end of the calendar month following the date of request for conversion, which may be submitted each year in September from 2004 to 2010 and subsequently at any time, no later than the end of the month following automatic conversion (or conversion upon redemption of the Convertible Preferred Securities), so that shares are eligible for dividend payment as of the date of conversion and (iii) directors will file the notarial deed attesting to the increase in share capital with the Register of Companies, within one month from the date of conversion. In response to the requests for conversion of Preferred Securities received as at 30 December 2011, a total of 221,755,923 ordinary shares (before the implementation of the reverse stock split of ordinary shares, with effect from 5 May 2014, in compliance with the resolution of the Shareholders' Meeting held on 28 December 2013), were issued, for an amount of EUR 134,952,651.33.	
8. By a resolution of the Extraordinary Shareholders' Meeting of 25 January 2013 the Board of Directors was empowered (i) to increase share capital, in one tranche, under exclusion of pre-emptive rights of existing shareholders, pursuant to Articles 2443 and 2441 para. 5 of the Italian Civil Code through the issuance of ordinary shares for an amount of up to EUR 4,500,000,000.00 (four billion five hundred million/00), including share	*(unchanged)*

premium if any, at the exclusive service of the exercise of the Bank's right to convert the New Financial Instruments provided for by Law Decree no. 95 of 6 July 2012, converted with amendments by Law no. 135 of 7 August 2012 as subsequently amended; and/or (ii) to increase share capital, in one or more tranches, again in exclusion of the pre-emptive rights of existing shareholders, pursuant to Articles 2443 and 2441, para. 5 of the Italian Civil Code, through the issuance of ordinary shares for an amount of up to EUR 2,000,000,000.00 (two billion/00), including share premium if any, at the exclusive service of the interest payments to be made in shares pursuant to the regulations applicable to the New Financial Instruments as set forth in Law Decree no. 95 of 6 July 2012, converted with amendments by Law no. 135 of 7 August 2012, as subsequently amended. Said power can be exercised for a maximum period of 5 (five) years as of the date of the above resolution of the Shareholders' Meeting of 25 January 2013. When exercising its delegated powers, the Board of Directors shall be entitled - inter alia - to set the date of the dividend payout and the price of issuance of newly-issued ordinary shares (including share premium if any) according to the above-mentioned limits, as set out in the Report of the Board of Directors to the Shareholders' Meeting and as required by relevant regulations.	
	9. On [DATE OF MEETING] the Extraordinary Shareholders' Meeting resolved to approve the Share Capital Increase up to EUR 3,000,000,000.00 (three billion/00), including share premiums if any, to be carried out no later than 30 September 2015, in tranches, through the issuance of ordinary shares with regular dividend rights, offered as an option to the Shareholders of the Company, in accordance with art. 2441 of the Italian Civil Code, providing that if the Share Capital Increase is not fully subscribed by 30 September 2015, deadline set for its subscription, the share capital will be

	deemed to have increased by an amount equal to the subscriptions collected to that date, without prejudice to the possible issue of new shares for the subscriptions made before the aforesaid date. **The same Extraordinary Shareholders' Meeting has also resolved to confer the widest possible powers to the Board of Directors:** **(i) to establish the timing of the offer in accordance with the above terms, and file it with the Companies' Register;** **(ii) to establish, close to the start of the period of the offer in option relating to the Share Capital Increase, the number of shares to be issued, the Option Ratio and the Issue Price, including the amount allocated to capital and that allocated to the share premium account, determining the Issue Price by also taking account, inter alia, of market conditions and, more generally, the performance of the security as well as the outlook of the Company and considering market practices for similar transactions and without prejudice to the provisions of art. 2346, Paragraph 5 of the Italian Civil Code. The Issue Price will be determined, close to the start of the period of the offer in option of the Share Capital Increase, applying, according to market practices for similar transactions, a discount on the Theoretical Ex Right Price ("TERP" in short) of ordinary shares, calculated according to current methodologies, based on the official Stock Exchanges price of the trading day preceding the price-fixing date;** **(iii) to establish the final amount of the Share Capital Increase within the max. limit resolved by this Meeting;** **(iv) to determine any other element that is necessary for the above purpose.**

5 Valuations of the right of withdrawal

Passing the resolutions relating to the amendments to article 6 of the By-Laws does not legitimize the shareholders to exercise their withdrawal right.

6 Resolution proposal

Now therefore, the Board of Directors proposes that the Shareholders pass the following resolution:

"Having read the proposal formulated by the Board of Directors, the Extraordinary Shareholders' Meeting:

resolves

1. *to increase the Share Capital Increase up to EUR 3,000,000,000.00, including share premiums if any, to carried out no later than 30 September 2015, in tranches, through the issuance of ordinary shares with regular dividend rights, offered as an option to the Shareholders of the Company, in accordance with art. 2441 of the Italian Civil Code, providing that if the Share Capital Increase is not fully subscribed by 30 September 2015, deadline set for its subscription, the share capital will be deemed to have increased by an amount equal to the subscriptions collected to that date, without prejudice to the possible issue of new shares for the subscriptions made before the aforesaid date;*

2. *to confer upon the Board of Directors the widest possible powers:*

(i) to establish the timing of the offer in accordance with point 1) above, and file it with the Companies' Register;

(ii) to establish, close to the start of the period of the offer in option relating to the Share Capital Increase, the number of shares to be issued, the Option Ratio and the Issue Price, including the amount allocated to capital and that allocated to the share premium account, determining the Issue Price by also taking account, inter alia, of market conditions and, more generally, the performance of the security as well as the outlook of the Company and considering market practices for similar transactions and without prejudice to the provisions of art. 2346, Paragraph 5 of the Italian Civil Code. The issue price will be determined close to the start of the period of the offer in option of the Share Capital Increase, applying, according to market practices for similar transactions, a discount on the Theoretical Ex Right Price ("TERP" in short) of ordinary shares, calculated according to current methodologies, based on the official Stock Exchanges price of the trading day preceding the price-fixing date;

(iii) to establish the final amount of the Share Capital Increase within the max. limit resolved by this Meeting;

(iv) to determine any other element that is necessary for the above purposes.

3. *to approve the ensuing amendments to article 6 of the By-Laws relating to the addition of a new paragraph, namely Paragraph 9, implementing the resolution referred to in items 1) and 2) above;*

4. *to consequently amend article 6 of the By-Laws as follows:*

"Article 6:

1. unchanged (*unchanged compared to the text proposed in item 1) on the Agenda of the Extraordinary Session and assuming approval of the same);*
2. unchanged;
3. unchanged;

4. unchanged;

5. unchanged;

6. unchanged;

7. unchanged;

8. unchanged;

9. On [DATE OF MEETING] the Extraordinary Shareholders' Meeting resolved to approve the Share Capital Increase up to EUR 3,000,000,000.00 (three billion/00), including share premiums if any, to be carried out no later than 30 September 2015, in tranches, through the issuance of ordinary shares with regular dividend rights, offered as an option to the Shareholders of the Company, in accordance with art. 2441 of the Italian Civil Code, providing that if the Share Capital Increase is not fully subscribed by 30 September 2015, deadline set for its subscription, the share capital will be deemed to have increased by an amount equal to the subscriptions collected to that date, without prejudice to the possible issue of new shares for the subscriptions made before the aforesaid date.

   The same Extraordinary Shareholders' Meeting has also resolved to confer the widest possible powers to the Board of Directors:

   (i) to establish the timing of the offer in accordance with the above terms, and file it with the Companies' Register;

   (ii) to establish, close to the start of the period of the offer in option relating to the Share Capital Increase, the number of shares to be issued, the Option Ratio and the Issue Price, including the amount allocated to capital and that allocated to the share premium account, determining the Issue Price by also taking account, inter alia, of market conditions and, more generally, the performance of the security as well as the outlook of the Company and considering market practices for similar transactions and without prejudice to the provisions of art. 2346, Paragraph 5 of the Italian Civil Code. The Issue Price will be determined, close to the start of the period of the offer in option of the Share Capital Increase, applying, according to market practices for similar transactions, a discount on the Theoretical Ex Right Price ("TERP" in short) of ordinary shares, calculated according to current methodologies, based on the official Stock Exchanges price of the trading day preceding the price-fixing date;

   (iii) to establish the final amount of the Share Capital Increase within the max. limit resolved by this Meeting;

   (iv) to determine any other element that is necessary for the above purposes."

5. *to confer upon the pro-tempore Chairman of the Board of Directors and the pro-tempore Chief Executive Officer, also separately, within the limits set by the law, the widest possible powers to do all that is necessary to carry out, fully and in each single part, the resolutions passed, as well as comply with all the formalities required so that all the resolutions adopted today obtain all the approvals prescribed by legal regulations and do, in general, all that is necessary for the full execution of the resolutions, with all the widest powers required for and appropriate to that end, none excluded and with no exceptions including the power to apply for a listing for the shares to be issued as well as file and publish the statement prescribed by art. 2444 of the Italian Civil Code, and the power to file, as and when required, with the*

Companies' Register, pursuant to art. 2436 of the Italian Civil Code, the text of the By-Laws updated for the new share capital amount and number of shares, including also the power to introduce in the resolutions and in line with their substance, all the amendments, additions and cancellations deemed fit or requested by the competent authorities upon granting the necessary authorization or making the appropriate registration".

Siena, 4 March 2015

On behalf of Board of Directors

Alessandro Profumo

Chairman of the Board of Directors