

*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.**

**SHAREHOLDERS' MEETING**

ordinary session

14 April 2015 (first call) and 16 April 2015 (second call)

**BOARD OF DIRECTORS' REPORT**

**ON ITEM 4) ON THE AGENDA OF THE ORDINARY SESSION**

drafted pursuant to Article 125-ter of Legislative Decree No. 58 of 24 February 1998, as amended.

**APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS  
FOR THE FINANCIAL YEARS 2015, 2016 AND 2017**

## **BOARD OF DIRECTORS' REPORT**

Dear Shareholders,

You have been called to the Ordinary Shareholders' Meeting to pass a resolution on the following matter, set forth in item No. 4 of the agenda:

- **Appointment of members of the Board of Directors for the financial years 2015, 2016 and 2017**

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The term of office of the Board of Directors appointed by the Ordinary Shareholders' Meeting on 27 April 2012 for the financial years 2012, 2013 and 2014 expires with the Shareholders' Meeting called today. Therefore, it is necessary to appoint the members of the above-mentioned administrative body for the financial years 2015, 2016 and 2017.

Please note, in this regard, that pursuant to Art. 15 of the By-Laws the Board of Directors is appointed on the basis of lists submitted by the shareholders.

Each list must contain and specifically indicate at least two candidates who meet the independence requirements established by law for Statutory Auditors and the further independence requirements established by the Code of conduct for the listed companies, followed by the Bank. Lists with a number of candidates equal to or above three must include candidates of both gender in alternating order and in equal proportions if there is an even number, for the purpose of complying with applicable legislation regarding gender balance. The lists shall not include candidates who are 75 old as of the date of the Shareholders' Meeting for the renewal of the Corporate Bodies, also taking into consideration the age limits indicated for the office of Chairman of the Board of Directors (no more than 70 years at the time of appointment) and for the office of Chief Executive Officer (no more than 67 years at the time of appointment), pursuant to the rules of the By-Laws. Lists with a number of candidates equal to or above three, furthermore, must specifically indicate at least two candidates and, in any case, equal to at least one third of the candidates in the list, who meet the independence requirements established by law for Statutory Auditors and the further independence requirements established by the Code of conduct for the listed companies. In the event that this share is not a whole number, it shall be rounded up.

Please also note that, subject to removal from office, no BMPS director shall be entitled, at the same time, to hold the office of director or of member of the council of management or the supervisory board of competitor banks, which do not belong to the Monte dei Paschi di Siena Banking Group, have a banking license issued by the Supervisory Authority and operate in the markets of bank funding or ordinary credit in Italy. In the event that a BMPS director accepts to hold one of the above-mentioned offices, he/she must promptly notify the BMPS Board of Directors which will declare his/her prompt removal from office.

In addition, the members of the Board of Directors must meet the requirements of the applicable law and regulations.

In compliance with the Supervisory Provisions for banks (Circular No. 285 of 17 December 2013) on the composition of the corporate boards and committees, today the Board of Directors has informed the shareholders of its evaluations on the qualitative and quantitative composition considered optimal in light of the objectives set forth in the above-mentioned provisions and the theoretical profile (including professional characteristics and possibly independence) of the candidates deemed appropriate for these purposes, in due time to ensure that candidates are selected on the basis of the required profile.

On the basis of the By-Laws, the Board of Directors is elected as follows:

- the Directors representing half of the members to be elected - with rounding down to the lower unit in the case of a fractional number – shall be drawn from the list obtaining the majority of the votes expressed, in the progressive order with which they are listed;
- the remaining Directors shall be drawn from the other lists; to this purpose, the votes obtained by the lists shall be divided subsequently by one, two, three, four and so on according to the number of directors still to be elected. The quotients obtained shall be assigned progressively to the candidates of each list according to their related order. The quotients assigned to the candidates of the various lists shall be listed in decreasing order.

The candidates obtaining the highest quotients shall be elected.

If several candidates have obtained the same quotient, the candidate of the list that has not yet elected a director or that has elected the lowest number of directors, shall be elected. If none of these lists has elected a director or if all of them have elected the same number of directors, the candidate of the list that has obtained the highest number of votes shall be appointed among these lists. In the event of equal number of votes and quotients, the entire Ordinary Shareholders' Meeting shall vote again. The candidate obtaining the simple majority of the votes will be appointed.

However, notwithstanding the foregoing provisions, at least one director must be drawn from the minority list which has obtained the highest number of votes and which is not linked, either directly or indirectly, with the parties that submitted or voted the list ranking first by number of votes.

If, as a result of the voting, at least one third of the directors that meet the independence requirements have not been appointed, the required number of non-independent directors last among the elect shall be replaced with independent candidates - drawn from the same lists of the replaced candidates who have obtained the highest quotient. The candidate replaced for the purpose of allowing the appointment of the minimum number of independent directors shall in no case be drawn from the minority list which obtained the majority of votes and which is not linked, directly or indirectly, with the parties that submitted or voted the list which obtained the majority of votes. In this case, the non-independent candidate for the penultimate result quotient obtained shall be replaced.

If, as a result of the voting, current regulations on gender balance - upon initial application requiring the least represented gender to account for at least one-fifth - are not observed, the quotient of votes to be assigned to each candidate from the lists shall be calculated by dividing the number of votes obtained by each list by the progressive number of listing of each candidate. The candidate of the most represented gender with the lowest quotient among the candidates taken from all the lists is replaced by the candidate of the least represented gender who has obtained the highest quotient in the same list as the replaced candidate. If candidates from different lists have obtained the same quotient, the candidate of the list with the highest number of directors, or the candidate from the list with the lowest number of votes or, at a parity of votes, the candidate obtaining the lowest number of votes from the Shareholders' Meeting during a specific voting, shall be replaced.

In the event of application of the above procedures, should the number of Directors necessary to comply with the minimum number of independent Directors and of Directors of the least represented gender not be appointed due to an insufficient number of independent directors or of the least represented gender, the Shareholders' Meeting shall appoint the missing Directors by resolution approved by simple majority on the basis of the candidatures proposed, there and then, primarily by the parties that submitted the list of the candidate or candidates to be replaced.

Please also recall that each shareholder entitled to vote may vote only one list.

Dear Shareholders, you are therefore invited to appoint the members of the Board of Directors in compliance with the provisions of the articles of association set forth above.

Siena, 4 March 2015

On behalf of Board of Directors  
Alessandro Profumo  
Chairman of the Board of Directors