

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



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

SHAREHOLDERS' MEETING

extraordinary session

28 April 2014 (first call) 29 April 2014 (second call) and 30 April 2014 (third call)

EXPLANATORY REPORT BY THE BOARD OF DIRECTORS

REGARDING POINT 1) ON THE AGENDA OF THE EXTRAORDINARY SESSION

drawn up pursuant to article 125-ter of Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended, and pursuant to article 72 of the Regulation adopted by Consob by resolution no. 11971 of 14 May 1999, as subsequently amended.

POINT NO. 1 ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

“AMENDMENTS TO ARTICLES 15 and 26 OF THE ARTICLES OF ASSOCIATION”

Dear Shareholders,

you have been called to the Shareholders' Meeting in order to resolve upon the following matter under point no. 1 of the agenda of the Extraordinary Shareholders' Meeting:

“Amendments to Articles 15 and 26 of the Articles of Association”

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***Introduction***

The project brought to the attention of the Shareholders' Meeting regards a proposal for amendments to the Articles of Association regarding the composition of the corporate bodies.

A part of the amendments regards the integration of Article 15 and Article 26 of the Articles of Association with clarifications in respect of gender balance in the composition of the Board of Directors and Board of Statutory Auditors, in implementation of the guidelines expressed by the Bank of Italy.

The other amendments regard the raising of the minimum number of independent directors referred to in Article 15 of the Articles of Association which, in order to comply with the commitment undertaken by Banca Monte dei Paschi di Siena (the “Bank”) and the “Commitments” of the Restructuring Plan approved by the European Commission on 27 November 2013, is set as at least 1/3 of Board of Director members.

The amendments to the Articles of Association submitted to the approval of the Shareholders' Meeting are set out below, divided by topic and referring to the articles concerned.

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*Explanation of the proposed amendments to the Articles of Association*

**1. Articles 15 and 26 of the Articles of Association: gender balance**

Articles 15 and 26 of the Articles of Association lay down the rules for the composition of the Board of Directors and the Board of Statutory Auditors, respectively, and govern the mechanism for appointing the members of these Corporate Bodies by way of the so-called list voting system.

It is recalled that the BMPS Extraordinary Shareholders' Meeting resolution of 18 July 2013 approved various amendments to Articles 15 and 26, in order to adjust them to the criteria introduced by Law no.

120/2011 with regard to ensuring gender balance in the composition of the Board of Directors and of the Board of Statutory Auditors.

It is now advisable to newly amend Article 15 and Article 26 of the Articles of Association by introducing supplemental and replacement criteria that ensure gender balance in the composition of the Board of Directors and Board of Statutory Auditors, in keeping with the guidelines expressed by the Bank of Italy.

More specifically, paragraph 1(1.6) of Article 15, without prejudice to compliance with the principle of necessary representation of minority shareholders, introduces a supplemental mechanism that allows the candidate of the most represented gender to be replaced by the candidate of the least represented gender, in order to meet the gender balance requirements provided for by legislation. In particular, it has been clarified that upon application of the mechanisms that allow the candidate of the most represented gender to be replaced by the candidate of the least represented gender, should it not be possible to complete the number of directors in accordance with the principles of independence and gender balance, due to an insufficient number of candidates of the least represented gender, the Shareholders' Meeting shall elect 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 to be replaced. On a supplemental basis, this mechanism allows the number of directors of the least represented gender to be reached in the proportions required by law.

Furthermore, paragraph 1(1.7) and paragraph 3 of Article 15 include explicit reference to compliance with the principle of gender balance also for the election of directors who were not appointed with the list voting system and for the replacement of directors who terminate their office during their term.

Similarly, Article 26 has been integrated by providing details of the supplemental appointment and replacement mechanism for the members of the Board of Statutory Auditors so as to ensure that its composition complies with the gender balance requirements laid down in existing legislation, even in the event of replacement of members during their term of office.

Lastly, both Article 15 (paragraph 1(1.2)) and Article 26 clarify that the gender balance provisions concerning the composition of the lists shall not be applied to lists with less than three candidates. This clarification has been included because the Consob regulations, under Article 144 *undecies*, paragraph 2, letter a) of Regulation no. 11971/1999 (the "Issuer Regulations"), establishes that Articles of Association cannot provide for compliance with the gender balance principle in the case of lists with less than three candidates.

## **2. Article 15 of the Articles of Association: minimum number of independent directors**

It is recalled that within the scope of the "Commitments" of the Restructuring Plan approved by the European Commission on 27 November 2013, the Bank agreed to submit a proposal to a Shareholders' Meeting, to be held as soon as possible, regarding the inclusion of a specific provision in the Articles of Association requesting that at least one third of the members of the Board of Directors meet the independence requirements provided for by Italian legislation and regulations.

For this reason, it is necessary to amend paragraphs 1(1.2),(1.5),(1.6),(1.7) and paragraph 3 of Article 15, in order to raise the number of independent directors to at least one third of Board of Director members.

More specifically, without prejudice to the minimum number of independent directors (two) provided for by paragraph 1(1.1) of Article 15 in compliance with the requirements of Article 147-*ter* of Italian Legislative Decree no. 58/1998 ("Consolidated Finance Act"), paragraph 1(1.2) of said article clarifies that lists with a number of candidates equal to or above three must include at least two candidates meeting the independence requirements and that they must in any case be equal to at least one third of the candidates in the list; in the event that this share is not a whole number, it shall be rounded up.

Furthermore, paragraph 1(1.7) and 3 of Article 15 include explicit reference to compliance with the principle of independence also for the election of directors who were not appointed with the list voting system and for the replacement of directors who terminate office during their term.

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It is recalled that amendments to the Articles of Association are subject to authorisation by the Bank of Italy pursuant to Article 56 of Italian Legislative Decree no. 385/1993 (“Consolidated Banking Act”).

The proposals for the amendments to Articles 15 and 26 of the Articles of Association are written out below. The current text is presented next to the proposed text.

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ARTICLES OF ASSOCIATION IN FORCE <sup>1</sup>	PROPOSALS FOR AMENDMENT <sup>2</sup>
<p><b>CHAPTER V</b> <b>(Board of Directors)</b></p> <p><b>Article 15</b></p> <p>1. The Board of Directors is composed of a number of members established by the Ordinary Shareholders' Meeting which cannot be less than nine or more than seventeen. 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 BMPS Group, have a banking license issued by the Italian 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. Directors' term of office is three years and expires on the day of the shareholders' meeting called to approve the financial statements of the most recent financial year of their term. Directors may be re-appointed for a maximum of two consecutive terms after the first one, and are elected according to the list voting system, as follows.</p> <p>(1.1) The Board of Directors is appointed on the basis of lists submitted by the</p>	<p><b>CHAPTER V</b> <b>(Board of Directors)</b></p> <p><b>Article 15</b></p> <p>1. <i>Unvaried</i></p> <p>(1.1) <i>Unvaried</i></p>

<sup>1</sup> The text of the Articles of Association in force is included in this column

<sup>2</sup> The proposals for amendment are included in this column. Strikethrough wording indicates the part of the text suggested for elimination and boldface wording indicates the part suggested for inclusion.

<p>shareholders in accordance with the following paragraphs, in which the candidates are listed by consecutive number. 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 Self-regulation Code of listed companies.</p> <p>(1.2) In order to comply with current regulations on gender balance, the lists must include candidates of both gender in equal proportions and in alternating order, as provided for in the Shareholders' Meeting notice of call. The lists shall not include candidates who are 75 years of age as of the date of the Shareholders' Meeting for the renewal of the Corporate Bodies, also in view of the age limits indicated for the office of Chairman of the Board of Directors and for the office of Managing Director, as provided for by Article 13, para. 3 letter b) and Article 18, para. 4, respectively. The lists submitted by the shareholders must be filed at the Company's registered office at least twenty-five days prior to the date set for the Shareholders' Meeting on first call, and published in accordance with applicable regulations.</p> <p>(1.3) Each shareholder may submit or contribute to the submission of one list only, in compliance with the provisions of the second paragraph of this article, and each candidate may stand for election in one list only, under penalty of ineligibility.</p>	<p>(1.2) <del>In order to comply with current regulations on gender balance, the</del> <b>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</b>, in any case, as provided for in the Shareholders' Meeting notice of call, <b>for the purpose of complying with applicable legislation regarding gender balance.</b> The lists shall not include candidates who are 75 years of age as of the date of the Shareholders' Meeting for the renewal of the Corporate Bodies, also in view of the age limits indicated for the office of Chairman of the Board of Directors and for the office of Managing Director, as provided for by Article 13, para. 3 letter b) and Article 18, para. 4, respectively. The lists submitted by the shareholders must be filed at the Company's registered office at least twenty-five days prior to the date set for the Shareholders' Meeting on first call, and published in accordance with applicable regulations. <b>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 Self-regulation Code of listed companies. In the event that this share is not a whole number, it shall be rounded up.</b></p> <p>(1.3) <i>Unvaried</i></p>
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<p>(1.4) Only shareholders that, either individually or together with other shareholders, collectively hold shares representing at least 1% of the Company's share capital with voting rights at the Ordinary Shareholders' Meeting or a different percentage required by applicable regulations are entitled to submit lists. In order to prove ownership of the number of shares required for submission of lists, shareholders who submitted the lists must submit and/or send the documentation proving ownership of the minimum shareholding required to submit lists to the Company's registered office, when filing the lists or at a later date but within the term provided for the publication of the lists. Ownership is determined by taking into account the shares registered to the shareholder on the date on which the lists are filed.</p> <p>(1.5) Each list shall be filed at the Company's registered office, within the deadline for their filing, together with: (i) declarations by the candidates in which they accept their candidacy and certify, under their own responsibility, that there are no reasons for ineligibility and incompatibility, as well as the fact that they meet the requirements prescribed for the office as laid down by applicable law and regulations; (ii) declarations by at least two candidates certifying that they meet the independence requirements pursuant to foregoing para. 1.1; and (iii) the <i>curricula vitae</i> showing the personal and professional characteristics of each candidate, indicating the management and control positions held in other companies. In particular, the candidates must declare that they do not 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 BMPS Group, have a banking license issued by the Italian supervisory authority and operate in the markets of bank funding or ordinary credit in Italy. Lists submitted that do not comply with the statutory provisions cannot be voted.</p> <p>(1.6) Each shareholder entitled to vote may</p>	<p>(1.4) <i>Unvaried</i></p> <p>(1.5) Each list shall be filed at the Company's registered office, within the deadline for their filing, together with: (i) declarations by the candidates in which they accept their candidacy and certify, under their own responsibility, that there are no reasons for ineligibility and incompatibility, as well as the fact that they meet the requirements prescribed for the office as laid down by applicable law and regulations; (ii) declarations <del>by at least two</del> <b>by the candidates indicated as independent in the list</b> certifying that they meet the independence requirements pursuant to foregoing para.1.1; and (iii) the <i>curricula vitae</i> showing the personal and professional characteristics of each candidate, indicating the management and control positions held in other companies. In particular, the candidates must declare that they do not 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 BMPS Group, have a banking license issued by the Italian supervisory authority and operate in the markets of bank funding or ordinary credit in Italy. Lists submitted that do not comply with the statutory provisions cannot be voted.</p> <p>(1.6) Each shareholder entitled to vote may</p>
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<p>vote only one list. The Board of Directors is elected as follows:</p> <p>a) 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;</p> <p>b) 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.</p> <p>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.</p> <p>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 hold a new voting and elect the candidate obtaining the simple majority of the votes.</p> <p>However, also notwithstanding the foregoing provisions, at least one director must be drawn from the minority list which has obtained the highest number of votes and is in no way linked, either directly or indirectly, with the parties that submitted or voted the list ranking first by number of votes.</p> <p>If, as a result of the voting, no director has been appointed who meets the independence requirements established by law for statutory auditors:</p> <p>(i) in replacement of the last non-independent candidate taken from the list which obtained the majority of votes, the first independent candidate in the same list shall be appointed according to the progressive order of listing;</p> <p>(ii) in replacement of the last non-independent candidate taken from the other</p>	<p>vote only one list. The Board of Directors is elected as follows:</p> <p>a) 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;</p> <p>b) 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.</p> <p>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.</p> <p>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 hold a new voting and elect the candidate obtaining the simple majority of the votes.</p> <p>However, also notwithstanding the foregoing provisions, at least one director must be drawn from the minority list which has obtained the highest number of votes and is in no way linked, either directly or indirectly, with the parties that submitted or voted the list ranking first by number of votes.</p> <p>If, as a result of the voting, <del>no director meets</del> <b>at least one third of the directors that meet the independence requirements provided for by previous paragraph 1.1</b> have not been appointed, <del>established by law for statutory auditors</del> <b>the required number of last non-independent directors appointed shall be replaced with independent candidates - drawn from the same lists of the replaced candidates - who have obtained the highest quotient.</b></p>
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<p>lists, the candidate who obtained the highest quotient shall be appointed among the independent candidates included in the same lists.</p> <p>If, as a result of the voting, only one candidate meeting the independence requirements established by law for statutory auditors, is appointed and this candidate comes from the list which obtained the majority of votes, in replacement of the last non-independent candidate taken from the other lists, the candidate with the highest quotient shall be appointed among the independent candidates included in these lists.</p> <p>If, as a result of the voting, only one candidate meeting the independence requirements established by law for statutory auditors, is appointed and this candidate comes from a list other than the one which obtained the majority of votes, the first, on the basis of the progressive order of listing, among the independent candidates in the same list shall be appointed as the second independent director, in replacement of the last non-independent candidate taken from the list which obtained the majority of votes.</p> <p>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 no way be 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 which ranked last but one by quotient achieved shall be replaced.</p> <p>In addition, if application of the foregoing procedures does not ensure compliance with current regulations on gender balance, 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 indicated (with the lowest progressive number of listing) in the same list as the replaced candidate. If candidates from different lists have obtained</p>	<p><del>(i) in replacement of the last non-independent candidate taken from the list which obtained the majority of votes, the first independent candidate in the same list shall be appointed according to the progressive order of listing;</del></p> <p><del>(ii) in replacement of the last non-independent candidate taken from the other lists, the candidate who obtained the highest quotient shall be appointed among the independent candidates included in the same lists.</del></p> <p><del>If, as a result of the voting, only one candidate meeting the independence requirements established by law for statutory auditors, is appointed and this candidate comes from the list which obtained the majority of votes, in replacement of the last non-independent candidate taken from the other lists, the candidate with the highest quotient shall be appointed among the independent candidates included in these lists.</del></p> <p><del>If, as a result of the voting, only one candidate meeting the independence requirements established by law for statutory auditors, is appointed and this candidate comes from a list other than the one which obtained the majority of votes, the first, on the basis of the progressive order of listing, among the independent candidates in the same list shall be appointed as the second independent director, in replacement of the last non-independent candidate taken from the list which obtained the majority of votes.</del></p> <p>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 no way be 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 which ranked last but one by quotient achieved shall be replaced.</p> <p>In addition, if application of the foregoing procedures does not ensure compliance with current regulations on gender balance, 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</p>
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<p>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.</p>	<p>represented gender with the lowest quotient among the candidates taken from all the lists is replaced by the candidate of the least represented gender <b>who has obtained the highest quotient</b> indicated <del>(with the lowest progressive number of listing)</del> 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.</p> <p><b>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.</b></p>
<p>(1.7) With respect to the appointment of the Directors who were not appointed for any reason whatsoever in compliance with the procedure provided for herein, the Shareholders' Meeting shall resolve pursuant to and with the majorities provided for by law.</p>	<p>(1.7) With respect to the appointment of the Directors who were not appointed for any reason whatsoever in compliance with the procedure provided for herein, the Shareholders' Meeting shall resolve pursuant to and with the majorities provided for by law, <b>without prejudice to the criteria envisaged by legislation in force and by the Articles of Association with regard to independent directors and gender balance.</b></p>
<p>2. The members of the Board of Directors must meet the requirements provided for by pro-tempore laws and regulations in force.</p> <p>3. In order to replace any Directors terminating their office, the provisions of law shall apply. If the majority of Directors terminates office, the whole Board of</p>	<p>2- <i>Unvaried</i></p> <p>3- In order to replace any Directors terminating their office <b>during their term</b>, the provisions of law shall apply, <b>in accordance with the criteria envisaged by legislation in</b></p>

<p>Directors shall be deemed to have resigned, with effect from the date it is re-established. Directors may be revoked by the Shareholders' Meeting at any time, subject to the Director's right to compensation for damages, if his/her revocation is without just cause.</p>	<p><b>force and by the Articles of Association with regard to independent directors and gender balance.</b> If the majority of Directors terminates office, the whole Board of Directors shall be deemed to have resigned, with effect from the date it is re-established. Directors may be revoked by the Shareholders' Meeting at any time, subject to the Director's right to compensation for damages, if his/her revocation is without just cause.</p>
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**CHAPTER X  
(Board of Statutory Auditors)**

Article 26

1. The Board of Statutory Auditors is composed of three Statutory Auditors and two Alternate Auditors.
2. Statutory Auditors remain in office for three financial years and their term expires on the date of the Shareholders' Meeting called to approve the financial statements of the most recent financial year of their term; they may be re-elected.
3. The members of the Board of Statutory Auditors are appointed on the basis of lists submitted by the Shareholders, in compliance with the following paragraphs. The lists are divided into two sections: one for the appointment of the Statutory Auditors and one for the appointment of the Alternate Auditors. The candidates must be listed by progressive number and their number must not exceed the number of members to be elected. The lists must include candidates of different gender in the first two places of the list under the section of the candidates for the office of Statutory Auditors, as provided for in the notice of call of the Shareholders' Meeting, in compliance with current regulation on gender balance. If the section of the alternate Auditors of the above lists has two candidates, they must be of different gender.

(3.1) Without prejudice to any different deadlines established by law, the lists submitted by the shareholders must be filed at the Company's registered office at least twenty-five days prior to the date set for the Shareholders' Meeting on first call, and published in accordance with applicable regulations.

(3.2) Each shareholder may submit or contribute to the submission of one list only, in compliance with the provisions of paragraph 6 of this article. Each candidate may stand for election in one list only, under penalty of ineligibility.

**CHAPTER X  
(Board of Statutory Auditors)**

Article 26

1. *Unvaried*
2. *Unvaried*
3. The members of the Board of Statutory Auditors are appointed on the basis of lists submitted by the Shareholders, in compliance with the following paragraphs. The lists are divided into two sections: one for the appointment of the Statutory Auditors and one for the appointment of the Alternate Auditors. The candidates must be listed by progressive number and their number must not exceed the number of members to be elected. The lists **with a number of candidates equal to or above three** must include candidates of different gender in the first two places of the list under the section of the candidates for the office of Statutory Auditors, as provided for in the notice of call of the Shareholders' Meeting, in compliance with current regulation on gender balance. If the section of the alternate Auditors of the above lists has two candidates, they must be of different gender.

(3.1) *Unvaried*

(3.2) *Unvaried*

<p>(3.3) Without prejudice to any different percentage established by law, only shareholders that, either individually or together with other shareholders, collectively hold shares representing at least 1% of the Company's share capital with voting rights at the Ordinary Shareholders' Meeting, or a different percentage required by applicable regulations are entitled to submit lists.</p> <p>(3.4) Each list shall be filed at the Company's registered office, within the deadline for their filing, together with (i) information concerning the identity of the shareholders who submitted the lists, indicating the total shareholding percentage, in addition to the certificates proving ownership of the shareholding; this right shall be determined taking into account the shares registered to the shareholder on the date on which the lists are filed; (ii) declarations by the candidates in which they accept their candidacy and certify, under their own responsibility, that there are no reasons for ineligibility and incompatibility, including the limit on the number of offices that may hold as per the following para. 6, as well as the fact that they meet the requirements prescribed for the office which may be laid down by applicable law and regulations; and (iii) the <i>curricula vitae</i> showing the personal and professional characteristics of each candidate, indicating the management and control positions held in other companies. In addition, in the case of submission of a list by shareholders other than those holding, also jointly, a controlling interest or a relative majority share, the list must also be provided with a statement of the shareholders submitting it, proving that there are no connections, as defined by applicable laws and regulations, with the shareholders holding, also jointly, a controlling interest or relative majority share. Lists submitted that do not comply with the statutory provisions cannot be voted.</p> <p>The documentation proving ownership of the minimum shareholding required to submit lists may be produced after the filing of the lists but within the term provided for the publication of the lists.</p> <p>If, upon the deadline scheduled for the filing of the list, only one list, or only the lists submitted by shareholders who - according to applicable laws and regulations - are connected with one</p>	<p>(3.3) <i>Unvaried</i></p> <p>(3.4) <i>Unvaried</i></p>
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another, has/have been filed, other lists may be submitted until the subsequent deadline provided for by regulations in force. In this case, the percentage for the submission of the lists as provided for by the foregoing paragraph (3.3) is reduced by half.

(3.5) Each shareholder entitled to vote may vote only one list. The members of the Board of Statutory Auditors are appointed as follows:

- a) the first two candidates of the list which has obtained the majority of votes and the first candidate of the list ranking second by number of votes which is not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes shall be elected as Statutory Auditors;
- b) the first candidate of the list which has obtained the majority of votes and the first candidate of the list ranking second by number of votes which is not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes shall be elected as Alternate Auditors;
- c) in the case of parity of votes between the first two or more lists, the Shareholders' Meeting shall hold a new voting, voting only the lists with equal votes. The same rule shall apply in the case of parity between the lists ranking second by number of votes which are not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes;
- d) if an elected candidate cannot accept the appointment, the first non-elected candidate in the list of the candidate who did not accept shall be appointed;
- e) the Statutory Auditor taken from the list

(3.5) Each shareholder entitled to vote may vote only one list. The members of the Board of Statutory Auditors are appointed as follows:

- a) the first two candidates of the list which has obtained the majority of votes and the first candidate of the list ranking second by number of votes which is not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes shall be elected as Statutory Auditors;
- b) the first candidate of the list which has obtained the majority of votes and the first candidate - **or the second candidate if the first is of the same gender as the first candidate of the list which has obtained the highest number of votes** - of the list ranking second by number of votes which is not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes shall be elected as Alternate Auditors;
- c) in the case of parity of votes between the first two or more lists, the Shareholders' Meeting shall hold a new voting, voting only the lists with equal votes. The same rule shall apply in the case of parity between the lists ranking second by number of votes which are not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes;
- d) if an elected candidate cannot accept the appointment, the first non-elected candidate in the list of the candidate who did not accept shall be appointed;
- e) the Statutory Auditor taken from the list

<p>ranking second by number of votes which is not related, directly or indirectly, pursuant to applicable laws and regulations, to the shareholders who submitted or voted the list ranking first by number of votes shall be elected Chairman.</p> <p>In the event of death, resignation or termination of the Chairman of the Board of Statutory Auditors, the alternate Auditor taken from the list ranking second by number of votes which is not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes shall hold the office of Chairman, until the Board of Auditors is integrated in compliance with Article 2401 of the Italian Civil Code.</p> <p>In the event of death, resignation or termination of a Statutory Auditor, he/she shall be replaced by an alternate belonging to the same list as the Auditor being replaced.</p> <p>In order to appoint Auditors who have not been appointed for any reason whatsoever according to the above-mentioned process, the Shareholders' Meeting resolves by the majority provided for by law.</p> <p>The appointment of Statutory Auditors for the purpose of completing the Board pursuant to Article 2401 of the Italian Civil Code is resolved upon by the Shareholders' Meeting by relative majority. However, it is understood that the principle of necessary representation of minority shareholders shall be complied with.</p> <p>4. The members of the Board of Statutory Auditors may be revoked by the Shareholders' Meeting only if and how provided for by law and, therefore, only for just cause and by resolution approved by a decree of the Court, after hearing the interested party.</p>	<p>ranking second by number of votes which is not related, directly or indirectly, pursuant to applicable laws and regulations, to the shareholders who submitted or voted the list ranking first by number of votes shall be elected Chairman.</p> <p>In the event of death, resignation or termination of the Chairman of the Board of Statutory Auditors, the alternate Auditor taken from the list ranking second by number of votes which is not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes shall hold the office of Chairman, until the Board of Auditors is integrated in compliance with Article 2401 of the Italian Civil Code.</p> <p>In the event of death, resignation or termination of a Statutory Auditor, he/she shall be replaced by an alternate belonging to the same list as the Auditor being replaced.</p> <p><b>Based upon the above appointment criteria for Alternate Auditors, in the event that gender balance is not complied with, the Alternate Auditor of the least represented gender shall take office regardless of whether he/she is included in the same list as the Auditor being replaced.</b></p> <p>In order to appoint Auditors who have not been appointed for any reason whatsoever according to the above-mentioned process, the Shareholders' Meeting resolves by the majority provided for by law, without prejudice to the principle of necessary representation of minority shareholders <b>and the principle of gender balance provided for by legislation in force.</b></p> <p>The appointment of Statutory Auditors for the purpose of completing the Board pursuant to Article 2401 of the Italian Civil Code is resolved upon by the Shareholders' Meeting by relative majority. However, it is understood that the principle of necessary representation of minority shareholders <b>and the principle of gender balance provided for by legislation in force</b> shall be complied with.</p> <p><i>4 Unvaried</i></p>
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<p>5. The Board of Statutory Auditors, subject to prior written notice to the Chairman, may convene the Shareholders' Meeting, the Board of Directors or the Executive Committee. This authority can be exercised also separately by each member of the Board of Statutory Auditors, except for the power to call the Shareholders' Meetings which may be exercised by at least two members of the Board of Statutory Auditors.</p>	<p>5. <i>Unvaried</i></p>
<p>6. Individuals who find themselves in situations of incompatibility and do not meet the requirements provided for by applicable regulations, cannot be appointed as Statutory Auditors or, if appointed, fall from office. Any limits to the plurality of offices held as stated by applicable regulations remain unaffected. Auditors are not allowed to hold office in banks other than those belonging to the Monte dei Paschi di Siena Banking Group and the banks jointly controlled.</p> <p>Auditors are not allowed to hold office in bodies other than the control bodies in other companies of the group or of the financial conglomerate as well as in companies where the Bank also indirectly holds a strategic shareholding.</p> <p>At least one Statutory Auditor and at least one Alternate Auditor, appointed according to the procedures as per paragraph 3 of this Article, shall be registered in the Register of Chartered Accountants and have carried out statutory auditing for at least three years.</p> <p>A maximum number of two Statutory Auditors and one Alternate Auditor who do not meet the above-mentioned requirements, may be appointed if they have an overall experience of at least three years in:</p> <ul style="list-style-type: none"> <li>a) administration or control tasks or a managerial role in a joint stock company with a share capital of no less than EUR two million, or</li> <li>b) professional work or university teaching in law, economics, finance, credit, insurance or technical and scientific subjects strictly related to the Company's activities, or</li> <li>c) a managerial position in public entities or institutions working in the field of credit,</li> </ul>	<p>6. <i>Unvaried</i></p>

<p>finance and insurance or in fields strictly related to the Company's field of business. It is understood that the strictly related subjects and fields are those linked with the activities listed in above-mentioned Article 3.</p> <p>7. In order to apply the provisions of para. 6, third sentence, of this article, at least the first candidate of each section of each list must meet the requirements as per above-mentioned para. 6, third sentence.</p> <p>8. Pursuant to Article 52 of Legislative Decree no. 385 of 1 September 1993, the Board of Statutory Auditors shall immediately inform the Bank of Italy of all acts or events it may become aware of while exercising its duties and which may constitute irregular management of the Company or may violate the rules governing the banking activity.</p> <p>9. The meetings of the Board of Statutory Auditors may be attended using teleconference and videoconference systems according to the provisions of the Articles of Association regarding the participation in the Board of Directors' meetings. The meeting of the Board of Statutory Auditors is deemed to be held in the place where the Chairman is situated.</p>	<p><i>7. Unvaried</i></p> <p><i>8. Unvaried</i></p> <p><i>9. Unvaried</i></p>
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With regard to the proposal for amendment of Articles 15 and 26 of the Articles of Association, the Board of Directors has decided that there are no grounds for the right of withdrawal provided for by regulations in force.

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Dear Shareholders,

with regard to the above, we invite you to approve the following proposal:

“ The Extraordinary Shareholders' Meeting,

having regard to the proposals put forward by the Board of Directors



## RESOLVES

- (a) to amend Articles 15 and 26 of the Articles of Association which will be therefore worded as follows:

### Article 15

#### 1. Unvaried

##### 1.1. Unvaried

1.2. 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, in any case, as provided for in the Shareholders' Meeting notice of call, for the purpose of complying with applicable legislation regarding gender balance. The lists shall not include candidates who are 75 years of age as of the date of the Shareholders' Meeting for the renewal of the Corporate Bodies, also in view of the age limits indicated for the office of Chairman of the Board of Directors and for the office of Managing Director, as provided for by Article 13, para. 3 letter b) and Article 18, para. 4, respectively. The lists submitted by the shareholders must be filed at the Company's registered office at least twenty-five days prior to the date set for the Shareholders' Meeting on first call, and published in accordance with applicable regulations.

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 Self-regulation Code of listed companies.

In the event that this share is not a whole number, it shall be rounded up.

##### 1.3. Unvaried

##### 1.4. Unvaried

1.5. Each list shall be filed at the Company's registered office, within the deadline for their filing, together with: (i) declarations by the candidates in which they accept their candidacy and certify, under their own responsibility, that there are no reasons for ineligibility and incompatibility, as well as the fact that they meet the requirements prescribed for the office as laid down by applicable law and regulations; (ii) declarations by the candidates indicated as independent in the list certifying that they meet the independence requirements pursuant to foregoing para.1.1; and (iii) the *curricula vitae* showing the personal and professional characteristics of each candidate, indicating the management and control positions held in other companies. In particular, the candidates must declare that they do not 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 BMPS Group, have a banking license issued by the Italian supervisory authority and operate in the markets of bank funding or ordinary credit in Italy. Lists submitted that do not comply with the statutory provisions cannot be voted.

1.6. Each shareholder entitled to vote may vote only one list. The Board of Directors is elected as follows:

a) 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;

b) 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 hold a new voting and elect the candidate obtaining the simple majority of the votes.

However, also notwithstanding the foregoing provisions, at least one director must be drawn from the minority list which has obtained the highest number of votes and is in no way 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 provided for by previous paragraph 1.1 have not been appointed, the required number of last non-independent directors 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 no way be 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 which ranked last but one by quotient achieved shall be replaced.

In addition, if application of the foregoing procedures does not ensure compliance with current regulations on gender balance, 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.

1.7. With respect to the appointment of the Directors who were not appointed for any reason whatsoever in compliance with the procedure provided for herein, the Shareholders' Meeting shall resolve pursuant to and with the majorities provided for by law, without prejudice to the criteria envisaged by legislation in force and by the Articles of Association with regard to independent directors and gender balance.

2. Unvaried

3. In order to replace any Directors terminating their office during their term, the provisions of law shall apply, in accordance with the criteria envisaged by legislation in force and by the Articles of Association with regard to independent directors and gender balance. If the majority of Directors terminates office, the whole Board of Directors shall be deemed to have resigned, with effect from the date it is re-established. Directors may be revoked by the Shareholders' Meeting at any time, subject to the Director's right to compensation for damages, if his/her revocation is without just cause.

## **Article 26**

1. Unvaried

2. Unvaried

3. The members of the Board of Statutory Auditors are appointed on the basis of lists submitted by the Shareholders, in compliance with the following paragraphs. The lists are divided into two

sections: one for the appointment of the Statutory Auditors and one for the appointment of the Alternate Auditors. The candidates must be listed by progressive number and their number must not exceed the number of members to be elected. The lists with a number of candidates equal to or above three must include candidates of different gender in the first two places of the list under the section of the candidates for the office of Statutory Auditors, as provided for in the notice of call of the Shareholders' Meeting, in compliance with current regulation on gender balance. If the section of the alternate Auditors of the above lists has two candidates, they must be of different gender.

3.1. Unvaried

3.2. Unvaried

3.3. Unvaried

3.4. Unvaried

3.5. Each shareholder entitled to vote may vote only one list. The members of the Board of Statutory Auditors are appointed as follows:

- a) the first two candidates of the list which has obtained the majority of votes and the first candidate of the list ranking second by number of votes which is not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes shall be elected as Statutory Auditors;
- b) the first candidate of the list which has obtained the majority of votes and the first candidate - or the second candidate if the first is of the same gender as the first candidate of the list which has obtained the highest number of votes - of the list ranking second by number of votes which is not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes shall be elected as Alternate Auditors;
- c) in the case of parity of votes between the first two or more lists, the Shareholders' Meeting shall hold a new voting, voting only the lists with equal votes. The same rule shall apply in the case of parity between the lists ranking second by number of votes which are not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes;
- d) if an elected candidate cannot accept the appointment, the first non-elected candidate in the list of the candidate who did not accept shall be appointed;
- e) the Statutory Auditor taken from the list ranking second by number of votes which is not related, directly or indirectly, pursuant to applicable laws and regulations, to the shareholders who submitted or voted the list ranking first by number of votes shall be elected Chairman.

In the event of death, resignation or termination of the Chairman of the Board of Statutory Auditors, the alternate Auditor taken from the list ranking second by number of votes which is not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes shall hold the office of Chairman, until the Board of Auditors is integrated in compliance with Article 2401 of the Italian Civil Code.

In the event of death, resignation or termination of a Statutory Auditor, he/she shall be replaced by an alternate belonging to the same list as the Auditor being replaced.

Based upon the above appointment criteria for the Alternate Auditors, in the event that gender balance is not complied with, the Alternate Auditor of the least represented gender shall take office regardless of whether he/she is included in the same list as the Auditor being replaced.

In order to appoint Auditors who have not been appointed for any reason whatsoever according to the above-mentioned process, the Shareholders' Meeting resolves by the majority provided for by law, without prejudice to the principle of necessary representation of minority shareholders and the principle of gender balance provided for by legislation in force.

The appointment of Statutory Auditors for the purpose of completing the Board pursuant to Article 2401 of the Italian Civil Code is resolved upon by the Shareholders' Meeting by relative majority. However, it is understood that the principle of necessary representation of minority shareholders shall be complied with and the principle of gender balance provided for by legislation in force.

4. Unvaried
5. Unvaried
6. Unvaried
7. Unvaried
8. Unvaried
9. Unvaried

- (b)** to confer on the Chairman and the Deputy Chairmen, even separately, the broadest powers to execute the above resolution, including the authority to introduce any amendments, additions or deletions in the resolution, which are not of a substantive nature, deemed necessary or solely appropriate or which may be requested by the competent authorities during authorisation or registration.

Siena, 25 March 2014