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BANCA MONTE DEI PASCHI DI SIENA S.P.A.
ORDINARY SHAREHOLDERS' MEETING
15 September 2015 (single convocation)
BOARD OF DIRECTORS' REPORT
ON ITEM 1) OF THE AGENDA

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

**APPOINTEMENT OF A DIRECTOR FOR INTEGRATION OF THE BOARD OF DIRECTORS.
INHERENT AND SUBSEQUENT RESOLUTIONS.**

ITEM 1) OF THE AGENDA OF THE ORDINARY SHAREHOLDERS'

BOARD OF DIRECTORS' REPORT PREPARED PURSUANT TO ARTICLE 125-TER OF THE LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998

Dear Shareholders,

You have been called to the Ordinary Shareholders' Meeting in order to resolve upon the following item, set forth in item No. 1 of the agenda:

- **Appointment of one Director for integration of the Board of Directors. Inherent and subsequent resolutions.**

As known, on 24 July 2015, Mr. Alessandro Profumo resigned as Chairman and member of the Board of Directors (hereinafter the "**BoD**") of Banca Monte dei Paschi di Siena S.p.A. (hereinafter the "**Company**" or "**BMPS**"), with effect from 6 August 2015.

Therefore you are invited to proceed with the reintegration of the BoD of the Company, pursuant to Art. 15, subsection 1, paragraph 1.7 of the By-Laws. The resolution at hand shall be adopted with the majorities required by law, since in this case the rules governing the voting list required by the By-Laws and by the Legislative Decree No. 58/1998, as subsequently amended (hereinafter the "**TUF**"), do not apply, being the appointment of one director only and the Chairman of the BoD to be resolved upon.

Even though the candidacies may also be submitted during the Shareholders' Meeting, in order to facilitate the adoption of the resolutions to be passed by the Shareholders' Meeting, the shareholders are kindly invited to submit in advance any proposal at the Company's Registered Office, and approximately at least 5 (five) days before the Shareholders' Meeting. Each candidacy may be accompanied by a declaration by the candidate, in which he/she accepts the appointment and certifies, under his/her own responsibility, the absence of any circumstance by reason of which he/she is ineligible or incompatible, the compliance with the age limits set forth in the By-Laws, the absence of any situation pursuant to Article 36 "*Protection of competition and personal cross shareholdings in the credit and financial markets*" of the Law Decree No. 201/2011, converted by Law No. 214/2011, the fact that he/she meets the requirements prescribed for the role by the applicable laws and by the By-Laws, if he/she eventually meets the independence criteria provided for by articles 147 and 148-ter, paragraph 3 of the TUF and by the Code of Conduct for listed companies; as well as a *curriculum vitae*, both in Italian and English language, containing complete information about his/her professional characteristics and the list of any positions of administration and control held in other companies. The candidates will be requested also to declare that they do not hold the office of director or member of the board of directors, council of management or supervisory board of competitor banks, which do not belong to the *Gruppo Bancario Monte dei Paschi di Siena*, having a banking license issued by the Supervisory Authority and operating in the markets of funds collections (*raccolta bancaria*) or the exercise of the ordinary credit in Italy.

Please bear in mind that each candidate, as representatives of the Company, must meet the requirements of integrity and competence provided for by the Civil Code, the Legislative Decree. No. 385 of 1993 (hereinafter the “TUB”) and by the Supervisory Authority regulations.

In particular, the appointment procedure is made in accordance with the provisions of the TUB and the criteria established by the rules issued by the Bank of Italy on banks corporate governance, as well as the EU Directive No. 2013/36/ EU and Regulation (EU) No. 575/2013 regarding the so-called Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD IV), with particular reference to the previous identification by the BoD, with the support of the Appointments Committee, of its optimum composition from a qualitative and quantitative point of view, identifying and explaining the theoretical profile (including characteristics of competence and possible independence) of the candidates deemed suitable for this purpose, so that the choice of candidates to be presented take into account the competences required. In this respect, reference is made to the document dated 4 March 2015 on “Quantitative and qualitative composition of the board of directors”, to the extent applicable, already made available to the shareholders since the appointment of the new members of the BoD resolved upon by the last Shareholders’ Meeting held on April 16, 2015 (this document is available on the Bank's website www.mps.it under “Investors & Research - Corporate Governance – Shareholders’ meeting and BoD” - <http://english.mps.it/Investor+Relations/Corporate+Governance/Assemblee+ordinarie/> - and deposited at the Registered Office of BMPS and the management company of the regulated market on which the Company is listed).

Please bear in mind that the Shareholders’ Meeting held on 16 April 2015 resolved upon the appointment of the current BoD, establishing that the BoD shall be made of 14 (fourteen) members, that eight (8) directors appointed by the Shareholders’ Meeting were in possession of the independence requirements provided by the TUF and the Code of Conduct for Listed Companies and both male and female gender are represented in the BoD in an equivalent number (7 men and 7 women). Therefore, the minimum standards required by law and by the By-Laws regarding the number of independent directors (at least 1/3) and the gender quotas (at least 1/5) to be in the BoD are widely met.

Please remember that on the same day (24 July 2015) on which BMPS published the press release announcing Mr. Profumo’s resignation, Fondazione MPS, Fintech Advisory Inc. and BTC Pactual, as shareholders of the Company, identified Mr. Massimo Tononi as a suitable candidate for the position of Director and Chairman, in place of Mr. Profumo. This candidacy will then be submitted to the Shareholders’ Meeting for the purposes of the appointment of Mr. Massimo Tononi as Director, together with any other applications that may be filed by the shareholders directly during the Shareholders’ Meeting. Each candidate will be voted in the order in which his/her candidacy as has been presented to the Shareholders’ Meeting, provided that, after the appointment, the BoD will be required to carry out its own checks in accordance with the applicable laws and regulations relating to the compliance with the integrity and competence requirement, as well as the checks for the so-called “prohibition of interlocking”.

Please note that, given the necessity to appoint a new Chairman of the Company, and also in view of the presentation of the aforesaid candidacy by the abovementioned shareholders, the BoD decided not to carry out the procedure for the appointment by co-optation by the BoD itself pursuant to Art. 2386 of the Italian Civil Code to replace the resigning Director, provided that such provision of law in any event requires that the director appointed by virtue of cooptation is to be

confirmed by a resolution to be adopted by the first Shareholders' Meeting convened after the appointment. On the contrary, the BoD resolved upon the immediate convening of the Shareholders' Meeting, in order for the appointment of the new director to be resolved upon directly by the Shareholders, convened at the same time for the choice of the new Chairman of the BoD.

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Dear Shareholders,

In light of the above, you are invited to resolve upon the appointment of one Director for the integration of the BoD, confirming and maintaining the total number of the Members of the BoD for the years 2015, 2016 and 2017, determined by the Shareholders' Meeting on 16 April 2015 in 14 (fourteen) members; the Director will hold the office for the remaining period of the current mandate and, therefore, until the date of the approval of the financial statements for 2017; the new Director will receive the remuneration provided for the Members of the BoD for the years 2015-2016-2017, as determined by the Shareholders' Meeting held on 16 April, 2015, *i.e.* the annual remuneration of the Director equal to EUR 65,000.00; additional compensation for the Members of the Executive Committee, if established, equal to EUR 15,000.00; a fee for the attendance to each BoD and Executive Committee's meeting equal to EUR 400,00 per meeting, provided that should more than one meeting take place on the same day, the fee will be paid only once; reimbursement to the Director of any costs incurred in the exercise of his/her office.

Siena, 6 August 2015