

FIRST SUPPLEMENT DATED 29 DECEMBER 2017 TO THE

BASE PROSPECTUS DATED 15 DECEMBER 2017

**Banca Monte dei Paschi di Siena S.p.A.**

*(Incorporated with limited liability in the Republic of Italy)*



**€50,000,000,000**

**Debt Issuance Programme**

This first supplement (the “**Supplement**”) to the Base Prospectus dated 15 December 2017 (the “**Base Prospectus**”), constitutes a supplement for the purposes of Article 13.1 of Chapter 1 of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the “**Prospectus Act**”) and is prepared in connection with the Debt Issuance Programme (the “**Programme**”) established by Banca Monte dei Paschi di Siena S.p.A. (“**BMPS**” or the “**Issuer**”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement will be published on the website of the Luxembourg Stock Exchange website [www.bourse.lu](http://www.bourse.lu).

**Purpose of the Supplement**

The purpose of the submission of this Supplement is to:

- (i) update the "*Important Information*" section, and the "*Form of Final Terms*" and the "*Applicable Pricing Supplement*" sections of the Base Prospectus with the MiFiD II Product Governance language; and
- (ii) update the "*Banca Monte dei Paschi di Siena*" and the "*Management of Bank*" sections of the Base Prospectus to reflect, *inter alia*, the appointment of the new board of directors of the Issuer by the shareholders' meeting of the Issuer held on 18 December 2017.

**Important Information**

The "*Important Information*" section of the Base Prospectus shall be deemed to be supplemented with the following paragraph at the beginning of page 4 after the paragraph titled “IMPORTANT INFORMATION – EEA RETAIL INVESTORS”:

**"MIFID II product governance / target market** – The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) will include a legend entitled “MiFiD II Product Governance”

which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules."

### **Form of Final Terms**

The "*Form of Final Terms*" section of the Base Prospectus shall be deemed to be supplemented on page 125 with the following paragraph to be included after the paragraph titled "PROHIBITION OF SALES TO EEA RETAIL INVESTORS":

**"MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels."

### **Applicable Pricing Supplement**

The "*Applicable Pricing Supplement*" section of the Base Prospectus shall be deemed to be supplemented with the following wording to be included at the beginning of page 136 after the paragraph titled "PROHIBITION OF SALES TO EEA RETAIL INVESTORS":

**"MiFID II product governance / target market** - [*appropriate target market legend to be included*]

### **Description of Banca Monte dei Paschi di Siena S.p.A.**

#### **Banca Monte dei Paschi di Siena S.p.A.**

##### ***General***

The last paragraph in the section "*Banca Monte dei Paschi di Siena S.p.A. – General*" on page 178 of the Base Prospectus is deleted in its entirety and replaced with the following:

"Pursuant to article 2497 and subsequent articles of the Italian Civil Code, the role of the parent company is carried out by BMPS which directs and coordinates the activities of its direct and indirect subsidiaries, including companies that, under current regulations, do not belong to the BMPS Group. Founded in 1472 as a public pawn broking establishment (*Monte di Pietà*), BMPS has been a member of FTSE MIB40 since September 1999 with a share capital of Euro 10,328,618,260.14 as at the date of this Base Prospectus."

## **Major Events**

- a) The sub-paragraph entitled "*Extraordinary and ordinary shareholders' meeting summon*" in the section "*Major Events – Recent developments - 2017*" on pages 220-221 of the Base Prospectus is deleted in its entirety.
- b) The sub-paragraph entitled "*Resignation of the members of the board of directors and board of auditors*" in the section "*Major Events – Recent developments - 2017*" on page 221 of the Base Prospectus is deleted in its entirety and replaced with the following:

### *"Resignation of the members of the board of directors and board of auditors"*

Upon completion of the Precautionary Recapitalisation process, that – together with the application of the “sharing commitments” principle – has given a significant discontinuity in the ownership profiles of the Bank with the acquisition by the Ministry of Economy and Finance of the control in the Bank’s capital share together with the entry of new shareholders, the members of the board of directors and of the board of statutory auditors resolved, on 7 November 2017, the resignations from their respective offices effective on 21 December 2017 (after the registration at the Business Register of the deliberation referred to amendments of the by-laws proposed in extraordinary part of shareholders’ meeting called on 18 December 2017)."

- c) The "*Major Events – Recent developments - 2017*" on page 221 of the Base Prospectus shall be deemed to be supplemented with the following new sub-paragraph entitled "*Extraordinary and ordinary shareholders' meeting of 18 December 2017*":

### *Extraordinary and ordinary shareholders' meeting of 18 December 2017*

On 18 December 2017, the ordinary and extraordinary shareholders’ meeting of the Bank approved:

- a) a reduction in share capital due to losses, pursuant to article 2446 of the Italian Civil Code, in the amount of EUR 5,364,181,090.83;
- b) amendments to articles 6, 10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 23, 24, 26, 27, 28 and 33 of the by-laws;
- c) the appointment of the new members (14) of the board of directors for the financial years 2017, 2018 and 2019;
- d) the appointment of the new board of the statutory auditors for the financial years of 2017, 2018 and 2019; and
- e) compensations of the members of the board of directors and the board of the statutory auditors for the financial years of 2017, 2018 and 2019.

## **Management of the Bank**

The section "*Management of the Bank*" starting on page 267 of the Base Prospectus is deleted in its entirety and replaced with the information set out in Annex 1 hereto.

## **General**

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or any other document incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

Copies of this Supplement and all documents incorporated by reference in the Base Prospectus can be obtained free of charge from the office of the Issuer and, in case of Notes admitted to the Official List and to trading on the Luxembourg Stock Exchange's regulated market, from the principal office in Luxembourg of *Banque Internationale à Luxembourg, société anonyme*.

In accordance with Article 13.2 of Chapter 1 of Part II of the Prospectus Act, investors who have agreed to purchase or subscribe for Notes issued under the Programme before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances. This right to withdraw shall expire by close of business on 3 January 2018.

## ANNEX 1

### MANAGEMENT OF THE BANK

The Bank is managed by a board of directors tasked with the strategic supervision. The board of directors in office consists of 14 members. Each member of the board of directors meets the requirements prescribed by the BMPS by-laws.

The chief executive officer is appointed by the board of directors.

Under the Italian civil code, the Bank is required to have a board of statutory auditors.

#### Board of directors

The board of directors was appointed by the ordinary shareholders' meeting of 18 December 2017 and such appointment will expire on the date of the shareholders' meeting approving the financial statements for the year ending on 31 December 2019.

The board of directors is currently made up as follows.

<u>Name</u>	<u>Position</u>	<u>Date of birth</u>
Stefania Bariatti	chairman	28 October 1956
Antonino Turicchi	deputy chairman	13 March 1965
Marco Morelli	chief executive officer	08 December 1961
Giuseppina Capaldo (**)	director	22 May 1969
Maria Elena Cappello (**)	director	24 July 1968
Marco Giorgino (**)	director	11 December 1969
Fiorella Kostoris (**)	director	5 May 1945
Roberto Lancellotti (**)	director	21 July 1964
Nicola Maione(**)	director	9 December 1971
Stefania Petruccioli (**)	director	5 July 1967
Salvatore Fernando Piazzolla (*)	director	5 March 1953
Angelo Riccaboni (**)	director	24 July 1959
Michele Santoro (**)	director	28 March 1955
Giorgio Valerio (**)	director	13 July 1966

Notes:

(\*)Independent director pursuant to the Consolidated Finance Act.

(\*\*) Independent director pursuant to the Consolidated Finance Act and the Corporate Governance Code of Listed Companies (the "Corporate Governance Code").

Each member of the board of directors must be suitable for carrying out its role. To this extent each member of the board of directors shall meet the requirements prescribed by law and BMPS' by-laws. In particular, in addition to the requirements of integrity (that are the same for all the members), professionalism and independence (that are instead graduated according to the proportionality principle), each director shall meet the requirements of competence and fairness, also in respect of the timeframe needed to fulfil its mandate. Such requirements have been carefully evaluated by the Supervisory Authorities (the European Central Bank and the Bank of Italy) in accordance with their supervisory provisions and notified to the public pursuant to the Issuers' Regulations and the self-regulatory code.

The members of the board of directors are all domiciled for their position at the Bank's registered office.

The following table sets out the positions of members of administrative, management and supervisory bodies held by the current members of the Bank's board of directors in the five years prior to the date hereof.

<b>Name</b>	<b>Position held</b>	<b>Status of position</b>
<b>Stefania Bariatti</b>	chairman of the board of directors of SIAS S.p.A.	Current
	director of ASTM S.p.A.	Current
	sole director of Canova Guerrazzi s.s.	Current
<b>Antonino Turicchi</b>	director of Centro Nazionale di Prevenzione e Difesa Sociale CNPDS	Past
	director of Autostrade per l'Italia S.p.A.	Current
	director of CAI (Compagnia Aerea Italiana) S.p.A.	Current
	director of Leonardo S.p.A.	Current
	chairman of STMicroelectronics Holding N.V.	Current
	manager of Direzione VII - Finanze e privatizzazioni of MEF	Current
	chairman of the board of directors of Alstom S.p.A.	Past
	chairman of the board of directors of Alstom Power Italia S.p.A.	Past
	chairman of the board of directors of Alstom Grid S.p.A.	Past
	director of Alstom Ferroviaria S.p.A.	Past
	director of Alitalia S.p.A.	Past
director of Atlantia S.p.A.	Past	
<b>Marco Morelli</b>	deputy chairman of the executive committee of Onlus Foundation Gino Rigoldi	Current
	director of AXA MPS Assicurazioni Vita S.p.A.	Past
	director of AXA MPS Assicurazioni Danni S.p.A.	Past

<b>Name</b>	<b>Position held</b>	<b>Status of position</b>
	chairman of Widiba S.p.A	Past
	Vice chairman of Bank of America Merrill Lynch for Europe, Middle-East and Africa	Past
	chief executive officer of Bank of America Merrill Lynch Italy	Past
	deputy general manager and deputy chief executive officer of Gruppo Intesa Sanpaolo	Past
<b>Giuseppina Capaldo</b>	director, member of audit committee and chairman of compensation committee of Ferrari N.V.	Current
	director, member of control and risk committee and related party transaction committee of Salini-Impregilo S.p.A.	Current
	director of Credito Fondiario S.p.A.	Current
	director and member of compensation and nomination committee of Exor S.p.A.	Past
	director of Ariscom Compagnia di Assicurazioni S.p.A.	Past
	member of committee of Vi.se.s. o.n.g.	Current
	director of Istituto Pasteur - Fondazione Cenci Bolognetti	Past
<b>Maria Elena Cappello</b>	director and member of the internal control and risk committee of Prysmian S.p.A.	Current
	director and chairman of the Remuneration and Designation Committee of Saipem S.p.A.	Current
	director and member of the internal control committee of Italia Online S.p.A.	Current
	director of FEEM Fondazione Eni Enrico Mattei	Current
	director of A2A S.p.A.	Past
	director and chairman of the remuneration and nomination committee of SACE S.p.A.	Past
	Member of supervisory board of A2A S.p.A.	Past
	chief executive officer and deputy chairman of Nokia Siemens Networks Italia S.p.A. (today Nokia)	Past
	chief executive officer and deputy chairman of Nokia Siemens Networks S.p.A. (today Nokia)	Past
<b>Marco Giorgino</b>	chairman of Vedogreen S.r.l.	Current
	Director and chairman of the control and risks committee of GE Capital Interbanca	Past

<b>Name</b>	<b>Position held</b>	<b>Status of position</b>
	chairman of Opera SGR	Past
	director of Greenitaly1	Past
	director of Prisma SGR	Past
	director of SSBT	Past
	director and chairman of the Control and risks committee of Emoi S.p.A.	Past
	director of Duemme Servizi Fiduciari	Past
	Chairman of surveillance body of Banca Esperia	Past
	Chairman of surveillance body of Duemme SGR	Past
	Chairman of surveillance body of Esperia Fiduciaria	Past
	Chairman of surveillance body of Fondamenta SGR	Past
	Chairman of surveillance body of Prisma SGR	Past
	statutory auditor of Banca Popolare di Vicenza	Past
	statutory auditor of GE Capital Interbanca	Past
	statutory auditor of GE Capital Finance	Past
	statutory auditor of GE Capital Servizi Finanziari	Past
<b>Fiorella Kostoris</b>	-	
<b>Roberto Lancellotti</b>	Senior partner McKinsey & Company inc. Italy	Past
<b>Nicola Maione</b>	director of ENAV S.p.A.	Current
	director of Prelios Credit Servicing S.p.A.	Past
<b>Salvatore Fernando Piazzolla</b>	director of AXA Assicurazioni Italia	Past
	chairman of the board of directors of AXA Assicurazioni Servizi	Past
	deputy chairman of AXA Equitable	Past
<b>Stefania Petruccioli</b>	director of Dé Longhi S.p.A.	current
	director of Interpump Group S.p.A.	current
	director of RCSMediaGroup S.p.A.	current
	director of Best Union Company	current
<b>Angelo Riccaboni</b>	member of the board of auditors of Bank of Italy	Current
	chairman of Fundacion PRIMA	Current
	director of Fondazione Smith Kline	Current
	chairman of Fondazione Selavo	Current
<b>Michele Santoro</b>	-	



Name	Position held	Status of position
<b>Giorgio Valerio</b>	director of MyBeauty S.p.A.	Current
	member of the investment committee of Enovia S.p.A.	Current
	director and member of the control and risk committee, the nominating and compensation committee and the Related Party committee of Massimo Zanetti Beverage Group S.p.A.	Current
	director of Niuma s.r.l.	Current
	director and member of the control and risk committee of Telecom Italia SpA	Past
	director of Gruppo Argenta S.p.A.	Past
	director of Prelios S.p.A.	Past
	director of Primi sui Motori S.p.A.	Past
	Director of Lastminute.com Group N.V.	Past
director of Dada S.p.A.	Past	

The business address of each member of the board of directors is Banca Monte dei Paschi di Siena S.p.A., Piazza Salimbeni 3, 53100, Siena, Italy.

The board of directors meets regularly at the Bank's registered office. Meetings of the board of directors are convened on a monthly basis upon request of the chairman. Meetings may also be convened upon reasonable and detailed request of at least three directors or upon written request of the board of statutory auditors or at least every statutory auditor addressed to the chairman. Meetings may be held in person or through video-conference. The quorum for meetings of the board of directors is a majority of the directors in office. Resolutions are adopted by the vote of a majority of the directors attending the meetings.

### **Chief Executive Officer**

The chief executive officer carries out its functions within the limits of the delegated powers and in the manner determined by the board of directors. The chief executive officer also holds powers to be exercised as a matter of urgency by the chairman of the board of directors, in the event of an absence or impediment of him or any substitute.

The address of the CEO for the duties he discharges is: Piazza Salimbeni 3, Siena, Italy.

### **General Manager**

The current general manager is Marco Morelli who was appointed by the board of directors on 14 September 2016. Marco Morelli has also been appointed as chief executive officer. The general manager is appointed by the board of directors which may also remove or suspend from his office.

The General Manager attends the meeting of the board of directors but has no right to vote on proposed resolutions at such meetings.

The general manager undertakes all operations and acts which are not expressly reserved for the board of directors or the executive committee. He oversees and is responsible for the overall administration and structure of the

Bank and implements resolutions of the board of directors. He participates in meetings of the board of directors and proposes matters to the board of directors for approval, including matters relating to loans, the coordination of activities of the Group and the employees.

The address of the general manager for the duties he discharges is: Piazza Salimbeni 3, Siena, Italy.

### **Financial Reporting Officer**

On 26 November 2016, the board of directors appointed Nicola Massimo Clarelli as financial reporting officer, pursuant to article 31 of the by-laws.

### **Managers with strategic responsibilities**

The table below sets forth the names of the current management of the Bank with strategic responsibilities, together with their positions.

<b>Name</b>	<b>Position</b>	<b>Date of birth</b>
Marco Morelli	general manager	08 December 1961
Angelo Barbarulo	deputy general manager	17 November 1954
Antonio Nucci	deputy general manager and chief commercial officer	13 June 1955
Giampiero Bergami	head of corporate	27 February 1968
Pierfrancesco Cocco	chief audit executive	07 June 1954
Eleonora Cola	head of retail	18 July 1965
Ilaria Dalla Riva	chief human capital officer	20 November 1970
Enrico Grazzini	chief operating officer	14 August 1954
Fabrizio Leandri	chief lending officer	21 April 1966
Francesco Renato Mele	chief financial officer	10 February 1969
Fausto Moreni	head of organization and operations	31 March 1971
Marco Palocci	head of external relations	02 December 1960
Riccardo Quagliana	head of group general counsel	04 April 1971
Andrea Rovellini	chief risk officer	15 February 1959
Lucia Savarese	head of non performing loan	30 March 1964
Emanuele Scarnati	head of performing loan	11 August 1965
Federico Vitto	head of wealth management	14 November 1968

The address of the managers with strategic responsibilities of the Bank for the duties they discharge is: Piazza

Salimbeni 3, Siena, Italy

### **Board of Statutory Auditors**

The board of statutory auditors is composed of three standing members and two alternate members. Statutory auditors are appointed by the ordinary shareholders' meeting for a three year term and may be re-elected. The shareholders' meeting also sets the remuneration of the statutory auditors for their entire term.

The board of statutory auditors is required to verify that the Bank complies with applicable law and its by-laws, respects the principles of correct administration, and maintains an adequate organisational structure, internal controls and administrative and accounting systems. The board of statutory auditors has a duty to shareholders to whom they report at the annual general shareholders' meeting approving the financial statements.

The members of the board of statutory auditors are required to meet at least once every 90 days and take part in meetings of the board of directors, the shareholders' meetings and meetings of the executive committee.

The board of statutory auditors was appointed by the ordinary shareholders' meeting of 18 December 2017 and such appointment will expire on the shareholders' meeting called to approve the 2019 financial statements.

The following table sets out the positions of members of administrative, management and supervisory bodies held by the current members of the Bank's board of statutory auditors:

<b>Name</b>	<b>Title</b>	<b>Position held</b>
Elena Cenderelli	chairman of the board of statutory auditors	-
Raffaella Fantini	auditor	auditor of SO.G.IM S.p.A. auditor of ICCAB S.r.l. auditor of Ecuador S.p.A. auditor of Minerva Immobiliare S.r.l. auditor of BP Real Estate S.p.A. auditor of Istituto Nazionale Previdenza Giornalisti Italiani auditor of Coni Servizi S.p.A.
Paolo Salvadori	auditor	chairman of the board of statutory auditors of AXA MPS Assicurazioni Vita S.p.A. chairman of the board of statutory auditors of AXA MPS Assicurazioni Danni S.p.A. chairman of the board of statutory auditors of Sevia S.r.l. auditor of AXA Italia Servizi S.c.p.a. chairman of the board of statutory auditors of Immobiliare Due Ponti S.p.A. chairman of the board of statutory

		auditors of MA Centro Inossidabili S.p.A.
Daniele Federico Monarca	alternate auditor	auditor of ICM Industrie Costruzioni Maltauro S.p.A. director of BFC Blue Financial Communication S.p.A. chief executive officer of Pigreco Corporate Finance S.r.l. chairman of the board of statutory auditors of Advalora S.p.A.
Carmela Regina Silvestri	alternate auditor	chairman of the board of statutory auditors of Sansedoni S.p.A. chairman of the board of statutory auditors of Valorizzazioni Immobiliari S.p.A. in liquidation

### Statutory Auditing

Pursuant to article 30 of the Bank's by-laws, the ordinary shareholders' meeting appointed, on 29 April 2011, EY S.p.A., as independent auditors for a nine-year period (2011-2019) pursuant to articles 13 and seq. of the Legislative Decree no. 39 of 27 January 2010 (the "**Decree 39**") and article 2409-bis of the Italian civil code.

The statutory audit shall be performed by an independent auditor meeting the requirements established by law.

### Conflict of Interest

BMPS is an Italian bank with shares listed on regulated markets and as such deals with any conflicts of interest of the members of its administrative, management and supervisory body in accordance with the requirements of article 2391 ("*Directors' interests*") and article 2391-bis of the Italian Civil Code ("*Related party transactions*"), article 53, paragraph 4 ("*Regulatory supervision*") and article 136 ("*Obligations of bank corporate officers*") of the Italian Consolidated Banking Law and the regulatory provisions on related party transactions adopted by CONSOB with Resolution no. 17221 of 12 March 2010 ("*Regulation on Related Party transactions*") and by the Bank of Italy on 12 December 2011 ("*Circular 263/2006—Update no. 9 on risk and conflicts of interest with respect to affiliated parties*").

In the context of these requirements, the board of directors has adopted, on 12 November 2014, a global policy for transactions with related parties and affiliated parties and the obligations of bank representatives (the "**Global Policy**"), which set out in a single document the provisions related to the conflicts of interest for the Group, without prejudice to the provisions of the Italian Civil Code. The Global Policy was approved by the board of directors after receiving the prior favourable opinion of the related party transactions committee (consisting of independent directors) and the board of statutory auditors.

In particular, the Global Policy set out the principles and rules for the BMPS Group in order to control the risk arising from the potential conflict of interests with certain individuals which are close to the Bank's decision-making centres. The Global Policy provides for, *inter alia*, the establishment, composition and functioning of the related parties committee, the borders of the related parties and affiliated parties, the authorisation of transactions with related parties and affiliated parties and the cases of exclusion from decision-making procedures with respect to such transactions.

In addition, having importance in this respect are certain provisions in the Bank's by-laws which require specific information flows in the case of interests held by members of the administrative, management and supervisory

bodies which are designed to ensure the independence of directors and statutory auditors. Article 17 of BMPS's by-laws requires the board of directors to promptly report on a timely basis to the board of statutory auditors on any transactions in which its members have an interest, on their own behalf or on behalf of third parties, while the obligation still remains for each director to inform the other directors and the board of statutory auditors of any interest which they may have in a specific transaction of BMPS, on their own behalf or on behalf of third parties, as required by article 2391 of the Italian Civil Code. In addition to requiring compliance with the provisions of article 136 of the Consolidated Banking Act, article 21 of BMPS's by-laws expresses the obligation for the members of the board of directors and the executive committee to inform the board of directors and the board of statutory auditors as to any affairs in which they personally have an interest or which regards entities or companies of which they are directors, statutory auditors or employees, unless Group companies are concerned.

Article 15 of BMPS's by-laws states that the directors shall not hold positions as members of the board of directors, the management board or the supervisory board of competitor banks. Article 24 of BMPS's by-laws states that the members of the board of statutory auditors shall not hold other positions in other banks (not belonging to the Group or subject to joint control) and may only hold positions in control bodies in other Group companies or in companies in which BMPS holds, directly or indirectly, a strategic interest.

To the best of BMPS's knowledge and belief, as of the date of this Base Prospectus there are no conflicts involving the members of its administrative, management and supervisory bodies, current or potential, between their obligations towards the Bank and their private interests and/or their obligations towards third parties, other than those occurring within the context of specific resolutions adopted by BMPS in accordance with the mentioned article 2391 of the Italian Civil Code and article 136 of the Italian Consolidated Banking Law. Given the BMPS's business, the private interests that can occur relate mainly to transactions which entail financing and loans typical of the bank business.

The means by which the board of directors is appointed, as governed by BMPS's by-laws, ensures that directors fulfil the independence requirements. More specifically, pursuant to article 15, when the board of directors is appointed, each list filed by shareholders would have a number of candidates, specifically indicated, fulfilling the independence requirements established for the statutory auditors by the law and the additional independence requirements prescribed by the corporate governance code, not lower than two and at least equal to 1/3 of the candidates in the list. Pursuant to article 3 of the corporate governance code, the board of directors has the duty to assess the independence of its non-executive members when they are appointed and on an annual basis.

As prescribed by the corporate governance code, the supervisory provisions on the organization and corporate governance of banks issued by the Bank of Italy (as amended by the title IV, chapter 1 of the Circular no. 285 of 17 December 2013), the board of directors performs the self-assessments at least annually.

The main transactions concluded with related parties are described in the consolidated financial statements as at 31 December 2016 and in the Consolidated Interim Report as at 30 September 2017, published and available on the Bank's website [www.gruppomps.it](http://www.gruppomps.it).

### **Main Shareholders as at the date of this Base Prospectus**

<b>Shareholders</b>	<b>% share capital on overall share capital</b>
Italian Ministry of Economy and Finance	<b>68.247%</b>

Assicurazioni Generali S.p.A. (indirectly through subsidiaries) 4.319%

Banca Monte dei Paschi di Siena S.p.A. 3.181%

**As at the date of this Base Prospectus, pursuant to article 93 of the Consolidated Finance Act the Issuer is controlled by the Italian Ministry of Economy and Finance, following the subscription of the share capital increase reserved to the MEF pursuant to the Decree of 23 December 2016, no. 237 and its related ministerial Decree adopted on 27 July 2017.**