



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

SHAREHOLDERS' MEETING

11 April 2019 (on single call)

EXPLANATORY NOTE BY THE BOARD OF DIRECTORS

ON ITEM 1. ON THE AGENDA FOR THE EXTRAORDINARY SESSION OF THE MEETING

drawn up pursuant to art. 125 ter of Law Decree no. 58 of 24 February 1998, as subsequently supplemented and amended pursuant to Article 72 of the Regulation adopted by Consob with Resolution no.11971 of 14 May 1999, as subsequently amended.

- 1. Amendments of the By-Laws of the Bank relating to the Employer (“Datore di Lavoro”) for the purposes of protection of health and safety at work; related and consequent resolutions.**

ENGLISH TRANSLATION FOR COURTESY PURPOSES ONLY. IN CASE OF DISCREPANCIES BETWEEN THE ITALIAN VERSION AND THE ENGLISH VERSION, THE ITALIAN VERSION SHALL PREVAIL.

REPORT OF THE BOARD OF DIRECTORS' PURSUANT TO ARTICLE 125-TER OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998 AND TO ARTICLES 72 OF THE REGULATION ADOPTED BY CONSOB WITH RESOLUTION NO. 11971 OF 14 MAY 1999, AS SUBSEQUENTLY AMENDED.

Dear Shareholders,

You have been called to this Shareholders' Meeting to resolve upon the following item on the agenda of the Extraordinary session:

1. **Amendments of the By-Laws of the Bank relating to the Employer (“Datore di Lavoro”) for the purposes of protection of health and safety at work; related and consequent resolutions.**

Introduction

The project that is being put before the Shareholders' Meeting includes proposed amendments to the By-Laws concerning the identification of the Bank's Employer pursuant to Italian Legislative Decree no. 81/2008, for the protection of health and safety at work.

The regulatory framework and the identification of the Employer

Health and safety in the workplace is regulated by the **Consolidated Act on Health and Safety at work** (or *Testo Unico in materia di Salute e Sicurezza nei luoghi di lavoro* - hereinafter, **TUS**), a set of rules issued with **Legislative Decree 81/2008** (compliant with current EU and international regulations on occupation safety) which constitutes the legal basis of the strategy to prevent accidents and occupational illnesses. Among the changes introduced by Legislative Decree no. 81/2008 was the primary focus given to the World Health Organisation's definition of "health" as a "state of complete, physical, mental and social well-being and not merely the absence of disease or infirmity" as a basic premise for guaranteeing the protection of workers' health, including against psychosocial risks.

The TUS is based on participatory processes requiring companies to organise and manage themselves by assigning obligations and therefore responsibilities to the Employer and senior managers, as well as to managers and workers, each according to their own duties, skills and abilities to develop and grow through participation, information, training and education.

According to the law, the "Employer" (or "*Datore di Lavoro*", hereinafter "**DL**") is the main person charged with the duty of safety and with ensuring that the related requirements are met, and is the "*holder of the employment relationship with the worker or, in any case, the person who, according to the type and structure of the organisation in which the worker carries out activities, has the responsibility of the organisation or of the productive unit because he/she exercises the decision-making power and those related to income*" (Legislative Decree 81/08 Article 2 para.1 lett.b).

In correctly identifying this figure, therefore, the law establishes the so-called "**principle of effectiveness**", which effectively separates the concept of the DL as defined under "labour law" (as the person who maintains the employment relationship) ¹ from the DL intended "for preventive purposes" (i.e. the figure of the "guarantor" as established in the TUS): the latter, in fact, is understood as the one who, "in any case" has all the effective powers within the organisation necessary to control and contain the health and safety risk connected with each work activity.

The definition of the DL for the purposes of the TUS, therefore, takes concrete form in the actual availability and effective exercise of decision-making and spending powers, combined with the authority to make use of

¹ Under labour law, the DL is the holder of the employment relationship with the worker and, therefore, of obligations regarding salary, insurance, social security and the employment contract. In BMPS this figure has been identified as the General Manager.

general powers of hierarchical super-ordination that make it possible to have access to both internal and external staff reporting to him/her directly or referring to **non-hierarchically subordinate** units. On this, it should be noted that, in the event of the identification/appointment of a DL that does not in fact have the powers and requirements required by legislation, the law itself provides that the DL is to coincide with the company's top management body (in the case of BMPS, therefore, this is the Board of Directors).

The tasks of the DL

The law assigns the DL with certain obligations that **"cannot be delegated"** (see Article 17 of Legislative Decree 81/2008), namely the overall assessment of risks, the preparation of the Risk Assessment Document and the appointment of the person in charge of Prevention and Risk Protection. It further specifies that, in compliance with specific conditions, other obligations may be delegated to the **"Delegate of the Employer"** (*Delegato del Datore di Lavoro*, hereinafter **"DDL"**).

The delegation of tasks does not, however, exclude the liability of the DL, who, together with the DDL, may be held **liable, including under criminal law**, for any violations committed (Article 55 of the TUS): the DL, in fact, remains responsible for the obligation to ensure that all safety requirements for workers are adhered to.

In order to ensure the DL's ability to align the company organisation with the rules of occupational health and safety, **the law sets out, in detail, the set of professional figures** that support the DL, establishing their tasks, responsibilities and powers. All of these rules and processes are incorporated across the organisational structure as well as in the Group's internal regulations.

Finally, it should be noted that, pursuant to Legislative Decree 81/2008 (Article 30), *"the organisational and management models adopted and effectively implemented may have exemplary effect on the **administrative liability** of legal persons, companies and associations, including those without legal personality, as established in legislative decree no. 231 of 8 June 2001"*. To this end, therefore, Banca MPS has adopted health and safety as well environmental management systems. These are the **Occupational Health and Safety System**, which has been certified under OHSAS 18001, and the **Environmental Management System**, certified according to ISO14001:2015.

The current structure and opportunities for improvement

In compliance with the current regulatory framework in force, the Bank established, by way of a specific **Board resolution on 23.11.1995**, that the "DL" is identified in the figure of the **General Manager** pro-tempore, in light of and according to the powers granted to the GM under the applicable **By-Laws** (see **Art 22**, letter a/f): *"the General Manager is the head of personnel and exercises, in respect of personnel, the functions assigned to him/her by labour laws and regulations" and "oversees the Company's organisational structure and is responsible for it."*

For the full and effective appointment of the DL, the **Board of Directors**, on the basis of the current By-Laws in force, has therefore vested the General Manager with *"all powers of disposal, commitment of economic/financial resources and organisation of personnel, means and structures in order to comply with Occupational Health and Safety regulations"* – in this way, the GM has all the autonomies and powers necessary to fulfill the legal requirements (and therefore also overcome the statutory limits of "ordinary administration", as well as any other limits assigned to him/her by the Board itself - as GM - on the various corporate matters).

To support the DL, the aforementioned Board resolution of 1995, establishes that the DDL is to be appointed from within the Bank on the basis of his/her appropriate and specific skills. The DL has always chosen to be assisted by the DDL in order to provide the greatest protection to his/her tasks, and have a specialist figure able to professionally and specifically monitor the aspects of health and safety at work.

The General Manager has a task that is as **broadly transversal** as possible with respect to the entire company; in order to effectively carry out the tasks of the DL, he/she is **directly assisted by specialist figures** (internal or external to the Bank) established in compliance with current legislation on the subject, regardless of their hierarchical position in the company's organisational chart. In addition to the aforementioned DDL, such specialist figures include: the person in charge of the Prevention and Protection Service Unit, the occupational Doctor, the Health and Safety Managers (i.e. Heads of the Area Department in accordance with the company's internal regulations); finally, the GM consults with the Workers' Safety Representatives. These roles are also formalised in the regulations and in the company organisational chart (with the exception of the occupational Doctor), and are therefore also subject to pre-established reporting lines, for the exercise of the "ordinary" responsibilities assigned to their organisational structures.

Although there is a **solid regulatory framework** that now gives the General Manager the main levers on health and safety, since this is a subject that evolves in parallel with the transformation of 'work organization' (innovation work models, digitization, increase in regulatory complexity), a specific process of **consolidation of responsibilities has been undertaken**. In line with what has been done by other market players, possible opportunities have been identified to increase the effectiveness of the figure of the DL, both from the point of view of **formalisation, identification and internal and external recognition**, and from the point of view of a greater **integration and proactivity within the company's operational structure**. To this end, it has been proposed to separate the figures of the General Manager and the DL, creating, from an organisational point of view of the company, a function that has all the powers, none excluded, concerning the organisation, management and control of the Bank in matters of occupational safety and, in particular, to ensure the complete discharge of the company's obligations to implement hygiene and prevention measures and the relevant controls, with full and unlimited power of expenditure in relation to all that is necessary to ensure the protection of the safety and health of workers across the entire company.

In order to maximise the focus being given to this issue and continue the process already being undertaken to strengthen models and structures, with a view to reducing and monitoring the risks related to health and safety at work, the following opportunities for improvement are being pursued:

- Identification of the **DL in a dedicated, recognisable figure that is more accessible** both to external stakeholders (mainly Supervisory Bodies) and to the internal health and safety chain (Executives, Supervisors, Workers' Safety Representatives), through this proposal to **incorporate it into the Bank's By-Laws**;
- Further integration of the fundamental activities (risk detection, identification and monitoring of mitigation actions, etc.) of Prevention and Protection within the mainly impacted operational processes (e.g. work organisation, work environment logistics, plant maintenance, physical security, etc.), through specific change to the organisational structure that would be implemented by the Board of Directors following the amendments to the By-Laws in question.

Description of proposed amendments to the By-Laws

For the purposes of implementing the above, illustrated below are the necessary amendments to the By-Laws, for each article, to be submitted to the resolution of the Shareholders' Meeting.

i) Amendment to Article 17 paragraph 2 of the Company By-Laws: introduction of the new letter q) Reason and explanation

With reference to the powers granted exclusively to the Board of Directors, it is proposed to include the Board's power "*resolving upon the appointment and revocation of the Employer for the purposes of protecting health and safety at work, on the basis of the criteria provided for by law.*".

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The amendments to the By-Laws proposed to shareholders are aimed at giving greater weight and autonomy to the figure of the Employer as its powers are based solely on a specific provision of the By-Laws.

To this end, it should be noted that the autonomous powers of the statutory figure of Employer will be attributed through the introduction of a special Article dedicated to him/her, as specified below.

The amendment of Art. 17 necessarily results in the re-adjustment of the subsequent letters of the alphabet, which constitute the list of powers exclusively reserved to the Board of Directors, and the consequent amendment of the references contained in the By-Laws to the aforementioned letters.

ii) **Amendments to Article 22 paragraph 1 lett. b) of the Company By-Laws. Reason and explanation.**

The second change to the By-Laws concerns the powers of the General Manager, which are modified as a result of the fact that he/she will no longer hold the role of Employer, pursuant to current legislation on the subject.

To this end, the following amendment to the By-Laws is proposed:

- The General Manager [...] carries out all transactions of ordinary business which are neither specifically reserved to (i) the Board of Directors, nor delegated by the Board of Directors to the Chief Executive Officer or Chief Executive Officers, "or (ii) to the Employer for the protection health and safety at work" (Art. 22, paragraph 1, letter b)

The amendment to the By-Laws proposed to shareholders is aimed at better clarifying the separation between the figures of:

- the Employer, as established by "labour law", who is the holder of the employment relationship with the worker and, therefore, of the obligations regarding salary, insurance, social security and the employment contract and who is, and remains, identified in the By-Laws as the General Manager.
- And the Employer for "preventive" purposes, who is the figure of the guarantor subject to legal obligations regarding the protection of health and safety under Legislative Decree 81/08, identified - according to the principle of "effectiveness" of powers - as the person who, "in any case", within the organisation has all the effective powers necessary to control and contain the health and safety risks associated with work activities.

The amendment to Art. 22 does not result in any adjustment to other articles in the By-Laws.

iii) **Introduction of a new Title IX "Health and safety in the workplace - The Employer for the Protection of health and safety at work" and a new Article 24, with consequent renumbering of the titles and subsequent articles of the By-Laws. Reason and explanation.**

The following additional amendments are proposed in order to regulate the figure of the Employer in the By-Laws in accordance with the legislation on the protection of health and safety at work and related powers.

It is therefore proposed to introduce a new Title IX dedicated to the employer consisting of a single article (new Article 24), as set out below:

TITLE IX -- HEALTH AND SAFETY AT WORK - THE EMPLOYER FOR THE PROTECTION OF HEALTH AND SAFETY AT WORK

Article 24

- 1 The Board of Directors is responsible for appointing and revoking the Employer for the protection of health and safety at work pursuant to Legislative Decree No. 81 of 9 April 2008, as subsequently amended, as well as any other legislation that may regulate the same matter.*
- 2 The Employer for the protection of health and safety at work is the person with specific and proven technical skills who, according to the type and structure of the organisation in which the worker operates, due to the organisation of the functions he/she performs for the protection of health and safety at work, is responsible for the organisation itself.*
- 3 The Employer has the broadest and most autonomous decision-making, organisational and spending powers, also with respect to the workers and their activities, for ensuring the proper implementation of obligations, provided for by legal and regulatory provisions, regarding the protection of safety and health in the workplace*
- 4 The Employer informs the Board of Directors of the implementation of the relevant obligations and manages, within its competence and with full decision-making autonomy, without spending limits, any necessary plan or action relating to organisation, real estate and human resources.*
- 5 In addition to the duties established by the Law and by these By-Laws, and any other duties within his/her area of competence, the Employer - as the person responsible for the organisation of the Company in the area of health and safety at work - with full decision-making, spending and operational autonomy:*
 - a) defines, implements and controls the necessary strategies to make the Company's organisational model effective for meeting the obligations to protect health and safety in the workplace, identifying and implementing the general measures to protect the health, hygiene and safety of workers in the workplace, also in terms of prevention;*
 - b) defines, implements and supervises the processes and activities of the Company to provide the entire Company with all the appropriate means for the protection of the safety and health of workers in order to ensure full compliance with the corporate obligations to implement hygiene and prevention measures and the related controls, ensuring full and timely compliance and scrupulous adherence by the Company and all workers to the rules on safety and hygiene at work;*
 - c) manages working relationships with exclusive regard to the protection of health and safety in the workplace;*
 - d) may delegate his/her duties with the contents and within the limits provided for by law.*

The amendments to the By-Laws proposed to shareholders are aimed at vesting the Employer with the broadest decision-making, organisational and spending powers in matters of health and safety, in strict compliance with the provisions of Legislative Decree 81/08, so that these are established directly in the Bank's By-Laws as the primary source of the decision-making powers of the DL.

With this solution, therefore, it is the By-Laws that give the Employer all the powers, none excluded, concerning the organization, management and control of the Bank in relation to health and safety at work, technopathy and occupational health and, in particular, the powers of organization and decision-making when it comes to hygiene and accident prevention measures, in order to guarantee full compliance with the company's obligations to implement hygiene and prevention measures and the related controls, ensuring full

and timely compliance and scrupulous observance by the Bank and all employees of the rules on safety and hygiene at work, appropriately informing and instructing the staff and all employees, with full and unlimited power of expenditure in relation to all that is necessary to provide the entire company with all appropriate means to protect the safety and health of workers. Such an organisational change would make it possible to create a structure with all the necessary powers to deal exclusively with these issues.

Again, it is the By-Laws that assign - an essential aspect in light of the contents of the position of the guarantor in question - to the Employer specific powers with respect to personnel management, of course with exclusive regard to the aspects of health and safety at work and matters within its competence and without assuming the prerogatives of the "labor law" employer (which would remain the DG, as "head of staff").

These powers take the form - in detail and in coordination with the Bank's various central units responsible for these matters - of: (a) organisational powers (management and coordination of the Bank's employees and units with regard to health and safety aspects), (b) management powers (staff training, always with regard to prevention profiles), (c) control powers (free access to the workplace, possibility of free dialogue with workers and external parties), the right to access company documents in order to acquire information relevant to the choices to be made on the subject of prevention, supervision of compliance with preventive measures by workers, (d) powers to contribute to the application of disciplinary sanctions in the event of violation of accident prevention regulations and company safety procedures.

The introduction of the new Title IX and of the new Article 24 entails the re-numbering of the following titles and articles of the By-Laws and consequent modification of the references contained in the By-Laws to the aforesaid articles.

iv) **Amendments to Article 32 paragraph 1 lett. b) of the Company By-Laws (per Art.31). Reason and explanation.**

The last change to the By-Laws concerns the signing powers of the Employer, which are recognised at statutory level, the same as those already established for the Chairperson and Deputy Chairperson, the CEO and the GM.

To this end, the following amendment to the By-Laws is proposed:

- The authority to sign on behalf of the Company is held severally by: [...] *"e) the Employer, in the matter of health and safety at work and to the extent of his/her competence"* (Art. 32, paragraph 1 lett.e -per art.31).

The amendments to the By-Laws proposed to the shareholders are aimed at recognising - within the occupational health and safety framework - the independence and autonomy of the Employer, also in exercising his power of representation and signature with respect to third parties, in the same way as the other corporate bodies provided for in the By-Laws. This also makes it possible to make his position fully recognisable outside the Bank, without the restriction of his powers being subject to the discretion of other corporate functions

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It should be noted that the proposed amendments to the By-Laws are subject to authorisation by the Supervisory Authorities pursuant to Article 56 of Legislative Decree no. 385/1993.

The attached text (Annex sub 1) contains the proposed amendments to the By-Laws, comparing the current text with the proposed text; the full text of the By-Laws is also attached, resulting from an assumed approval of the proposed amendments (Annex 2), including adjustments to the numbering of articles and titles and to the references made to them.

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With regard to the proposal to amend the articles of the By-Laws, the Board of Directors has determined, with the support of its own consultants, that there are no grounds for the right of withdrawal provided for by current regulations.

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Dear Shareholders,

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

“The Extraordinary Shareholders' Meeting,

having reviewed the proposals submitted by the Board of Directors

RESOLVES

(a) to amend Articles 17 and 22 of the By-Laws, which will be worded as follows:

Article 17

1. Unchanged

2. In addition to the provisions of Article 2381, para. 4 of the Italian Civil Code, the Board of Directors has exclusive responsibility, which may not be delegated, for:

Unchanged from letter a) to letter p)

q) resolving upon the appointment and revocation of the Employer for the purposes of protection of health and safety at work, on the basis of the criteria provided for by law;

Unchanged from letter r) to letter z), without prejudice to the re-adjustment of the letters of the alphabet in the list following the introduction of the new letter q).

3. Unchanged

4. Unchanged.”

Article 22

1. *The General Manager, in addition to the duties assigned to him/her by these By-Laws, to the powers granted to him/her by the Board of Directors and to any other duties within his/her competence:*

a) *Unchanged*

b) *carries out all transactions of ordinary business not specifically reserved to (i) the Board of Directors, nor delegated by the Board of Directors to the Chief Executive Officer or Chief Executive Officers, or (ii) to the Employer for the protection of health and safety at work;*

Unchanged from letter c) to letter f);

(b) to introduce in the By-Laws a new Title IX "**Health and safety at work - The Employer for the Protection of health and safety at work**" and a new Article 24, which will be worded as follows:

TITLE IX -- HEALTH AND SAFETY AT WORK - THE EMPLOYER FOR THE PROTECTION OF HEALTH AND SAFETY AT WORK

Article 24

- 1 *The Board of Directors is responsible for appointing and revoking the Employer for the protection of health and safety at work pursuant to Legislative Decree no. 81 of 9 April 2008, as subsequently amended, as well as any other legislation that may regulate the same matter.*
- 2 *The Employer for the protection of health and safety at work is the person with specific and proven technical skills who, according to the type and structure of the organisation in which the worker operates, due to the organisation of the functions he/she performs for the protection of health and safety at work, is responsible for the organisation of the same.*
- 3 *The Employer has the broadest and most autonomous decision-making, organisational and spending powers, also with respect to the workers and their activities, for ensuring the proper implementation of obligations, provided for by legal and regulatory provisions, regarding the protection of safety and health in the workplace*
- 4 *The Employer informs the Board of Directors of the implementation of the relevant obligations and manages, within its competence and with full decision-making autonomy, without spending limits, any necessary plan or action relating to organisation, real estate and human resources.*
- 5 *In addition to the duties established by the Law and by these By-Laws, and any other duties within his/her area of competence, the Employer - as the person responsible for the organisation of the Company in the area of health and safety at work - with full decision-making, spending and operational autonomy:*
 - a) *defines, implements and controls the necessary strategies to make the Company's organisational model effective for meeting the obligations to protect health and safety in the workplace, identifying and implementing the general measures to protect the health, hygiene and safety of workers in the workplace, also in terms of prevention;*
 - b) *defines, implements and supervises the processes and activities of the Company to provide the entire Company with all the appropriate means for the protection of the safety and health of workers in order to ensure full compliance with the corporate obligations to implement hygiene and prevention measures and the related controls, ensuring full and timely compliance and scrupulous adherence by the Company and all workers to the rules on safety and hygiene at work;*
 - c) *manages working relationships with exclusive regard to the protection of health and safety in the workplace;*

d) may delegate his/her duties with the contents and within the limits provided for by law.

Following the introduction of the new Title IX and the new Article 24, the numbering of the following Articles will be modified accordingly; in addition, the references to the various Articles and paragraphs of the By-Laws will also be modified accordingly, in relation to the proposed amendments

(c) to amend Article 31, re-numbered as Article 32 of the By-Laws, which will be worded as follows:

Article 32

1. The authority to sign on behalf of the Company is held severally by:

Unchanged from letter a) to letter d)

“e) the Employer, in the matter of health and safety at work and to the extent of his/her competence.

2. Unchanged

(d) to grant the Board of Directors, and through it its Chairman and Chief Executive Officer in office pro tempore, jointly or severally and having the power to appoint special attorneys to this end, with any and all powers necessary or appropriate to implement the resolutions approved, exercising all powers necessary and expedient for this purpose, without exception, including the power to introduce any amendments, additions or suppressions that are not substantial but deemed as necessary or appropriate, as required by any competent authority or for filing the By-Laws in the Companies' Register as a representative of the Bank, with all powers necessary and expedient for this purpose, and all with promise of ratification and approval as of now.

Milan, 11 March 2019

For the Board of Directors
Professor Stefania Bariatti
Chair of the Board of Directors

Annex 1

Overview of the amendments to the By-Laws

current version ⁽²⁾	amended version ⁽³⁾
<p><i>Article 17</i></p> <p>1. The Board of Directors holds all powers of ordinary and extraordinary management in order to achieve the company purpose, with the exception of the powers assigned to the Shareholders' Meeting according to the law, and of any other matter submitted to the Board by the Chairman and the Chief Executive Officer or the Chief Executive Officers. Pursuant to Article 2365, para. 2, of the Italian Civil Code, the Board of Directors resolves upon any mergers as provided for by Articles 2505 and 2505-bis of the Italian Civil Code, the establishment or closing of secondary offices and any adjustments to the By-Laws in order to comply with regulations.</p> <p>2. In addition to the provisions of Article 2381, para. 4 of the Italian Civil Code, the Board of Directors has exclusive responsibility, which may not be delegated, for:</p> <p>a) defining and approving the business model, strategic guidelines for the Company and the Banking Group to which it belongs and approving the respective business and financial plans as well as the strategic transactions and providing for their periodic review;</p> <p>b) monitoring the correct and consistent implementation of the guidelines and plans as per a) into the management of the Company and of the Banking Group;</p>	<p><i>1. Unchanged;</i></p> <p>2. In addition to the provisions of Article 2381, para. 4 of the Italian Civil Code, the Board of Directors has exclusive responsibility, which may not be delegated, for:</p> <p><i>Unchanged from letter a) to letter p);</i></p>

⁽²⁾ The column contains the current version of the By-Laws.

⁽³⁾ The column contains the proposed amendments. The marked text indicates the part of the text which elimination is proposed and the text in bold indicates the part of the text which insertion is proposed.

current version ⁽²⁾	amended version ⁽³⁾
<p>c) establishing the Company's organisational guidelines and approving its organisational structure, monitoring their adequacy over time, as well as approving and modifying its main internal regulations;</p> <p>d) defining and approving risk governance objectives and policies, as well as the process of risk reporting, management and assessment over time;</p> <p>e) defining and approving the guidelines of the internal control system and verifying its adequacy, consistency, functioning, efficiency and effectiveness in compliance with supervisory regulations in force on the matter;</p> <p>f) approving the policies and processes for the assessment of company assets and particularly financial instruments, verifying their constant adequacy;</p> <p>g) approving the accounting and reporting system;</p> <p>h) taking general responsibility for setting guidelines for and controlling the information system;</p> <p>i) drawing up guidelines for the organisation and operation of the Banking Group, by establishing criteria to co-ordinate and manage the subsidiaries belonging to the Banking Group as well as for the implementation of Bank of Italy's instructions;</p> <p>j) appointing the General Manager, as well as resolving upon his/her revocation, suspension, removal and termination as well as upon the determination of his/her remuneration;</p>	

current version ⁽²⁾	amended version ⁽³⁾
<p>k) resolving upon rules concerning the legal and economic conditions of staff, including salary scales and allowances thereof, and any other rule which must be approved according to the law;</p> <p>l) preparing the financial statements and submitting them to the Shareholders' Meeting;</p> <p>m) approving, upon the General Manager's proposal, the appointment of one or more Senior Executives as Deputy General Manager of the Company and indicating from year to year, which one shall be the Acting Deputy General Manager, and taking any measure in relation to their remuneration and legal status;</p> <p>n) approving, upon the Chief executive officer's proposal, or, if the latter has not been appointed, the General Manager's proposal, the appointment and revocation of the Senior Executives and of the Executives in charge of the units directly reporting to the Chief executive Officer or to the General Manager and taking any measure in relation to their remuneration and legal status;</p> <p>o) approving the appointment and the revocation of the Managers in charge of the units directly reporting to the Board of Directors, and taking any measure in relation to their remuneration and legal status;</p> <p>p) approving the appointment and the revocation of the Manager in charge of Internal Audit, Compliance and risk control, after hearing the Board of Statutory Auditors and adopting all measures relating to their legal and economic status;</p>	<p>q) resolving upon the appointment and revocation of the Employer for the</p>

current version ⁽²⁾	amended version ⁽³⁾
<p>q) resolving upon the establishment of committees with advisory and proposal-making duties towards the Board;</p> <p>r) approving the acquisition and disposal of strategic equity investments in companies, or those which in any event involve changes to the Banking Group, subject to the provisions of Article 13, para. 3, letter g), and the purchase and disposal of business units;</p> <p>s) approving the budget on a yearly basis;</p> <p>t) resolving on the establishment or the closing of secondary offices;</p> <p>u) resolving on the reduction of share capital in the event of withdrawal by shareholders;</p> <p>v) ensuring that the executive in charge of drafting the corporate accounting documents has the appropriate powers and means to fulfill his/her duties pursuant to the law, and that the administrative and accounting procedures are actually complied with;</p> <p>w) passing resolutions on major transactions with related parties or on minor transactions falling within the discretionary powers of the Board;</p> <p>x) approving major transactions with related parties falling within the competence of the Board of Directors in the presence of an adverse opinion of the Committee on Related-Party Transactions and submitting to the Shareholders' Meeting the major transactions with related parties falling within the competence of the Shareholders' Meeting in the presence of an adverse</p>	<p>purposes of protection of health and safety at work, on the basis of the criteria provided for by law;</p> <p>r) resolving upon the establishment of committees with advisory and proposal-making duties towards the Board;</p> <p>s) approving the acquisition and disposal of strategic equity investments in companies, or those which in any event involve changes to the Banking Group, subject to the provisions of Article 13, para. 3, letter g), and the purchase and disposal of business units;</p> <p>t) approving the budget on a yearly basis;</p> <p>u) resolving on the establishment or the closing of secondary offices;</p> <p>v) resolving on the reduction of share capital in the event of withdrawal by shareholders;</p> <p>w) ensuring that the executive in charge of drafting the corporate accounting documents has the appropriate powers and means to fulfill his/her duties pursuant to the law, and that the administrative and accounting procedures are actually complied with;</p> <p>x) passing resolutions on major transactions with related parties or on minor transactions falling within the discretionary powers of the Board;</p> <p>y) approving major transactions with related parties falling within the competence of the Board of Directors in the presence of an adverse opinion of the Committee on Related-Party Transactions and submitting to the Shareholders' Meeting the major transactions with related parties falling within the competence of the Shareholders' Meeting in the presence of an adverse</p>

current version ⁽²⁾	amended version ⁽³⁾
<p>opinion of the Committee on Related-Party Transactions for the purposes of implementing the resolutions as per Article 14, para. 7 of these Articles of Association;</p> <p>y) supervising the public disclosure and bank communications process.</p> <p>3. The Board of Directors promptly reports to the Board of Statutory Auditors on the business activities carried out and on the main economic and financial transactions carried out by the Company, also through its Delegated Bodies, and by its subsidiaries; in particular, it reports on any transactions in which the Directors have an interest on their own account or on behalf of third parties. This report is made verbally, at least on a quarterly basis, when the Board of Directors meets or by written notice to the Board of Statutory Auditors. The obligation of each Director to inform the other directors and the Board of Statutory Auditors of any interest he/she may have in a specified transaction of the Company on his/her own account or on behalf of third parties and to refrain from any resolutions in which he or she has a conflict of interest, on their own behalf or on behalf of a third party, pursuant to the applicable legislation, remains unaffected.</p> <p>4. The Committees required under current regulations must be established within the Board of Directors, which have advisory and proposal-making duties. They are composed of a number between three (3) and five (5) non-executive mainly independent directors (except to the extent provided by letter d) that follows); if there are directors elected by the minority shareholders, one of them must be part of at least one committee. The committees carry out their activities in compliance with special regulations approved by the Board of Directors;</p>	<p>opinion of the Committee on Related-Party Transactions for the purposes of implementing the resolutions as per Article 14, para. 7 of these Articles of Association;</p> <p>z) supervising the public disclosure and bank communications process.</p> <p><i>3.Unchanged;</i></p> <p><i>4.Unchanged;</i></p>

current version ⁽²⁾	amended version ⁽³⁾
<p>supervisory regulations and the Code of conduct for the listed companies in force. Specifically, the following are established within the Board of Directors:</p> <p>a) a Remuneration Committee that carries out the following tasks:</p> <ul style="list-style-type: none"> i) submitting, to the Board, proposals for the remuneration of the chief executive Officers and of the other directors holding special offices, as well as of the General Manger, and monitoring application of the resolutions adopted by the Board; ii) periodically assessing the criteria adopted for the remuneration of executives with strategic responsibilities, monitoring their application and submitting general recommendations on the matter to the Board of Directors; <p>b) a Risks Committee with the main function of supporting the Board of Directors in fulfilling its tasks to define the guidelines of the internal control and risk governance system and assess that the internal control and risk governance system is adequate, effective and properly functioning, as well as to approve the company asset assessment policies and processes;</p> <p>c) an Appointment Committee with the following main tasks:</p> <ul style="list-style-type: none"> i) supporting the Board of Directors in the process of appointing directors, proposing, in the case provided for by Article 2386, first paragraph, of the Italian Civil Code, candidates for the office of director; ii) supporting the Board of Directors in processes of self-assessment and verification of requirements, as well as of defining top management succession plans; 	

current version ⁽²⁾	amended version ⁽³⁾
<p>iii) submitting proposals to the Board of Directors for the appointment of the Chief executive Officer.</p> <p>d) a Committee on Related-Party Transactions, exclusively made up of Independent Directors, with at least advisory functions in the field of transactions with related parties.</p>	
<p><i>Article 22</i></p> <p>1. The General Manager, in addition to the duties assigned to him/her by these By-Laws, to the powers granted to him/her by the Board of Directors and to any other duties within his/her competence:</p> <p>a) has the power to sign all documents relating to current business, oversees the Company's organisational structure and is responsible for it;</p> <p>b) carries out all transactions of ordinary business which are neither specifically reserved to the Board of Directors, nor delegated by the Board to the Chief Executive Officer or Chief Executive Officers;</p> <p>c) makes reasoned proposals to the competent governing bodies with regard to lending operations, the co-ordination of the Banking Group, personnel matters and general expenses; submits reasoned reports to these governing bodies on any other matter falling under their authority;</p> <p>d) ensures that the resolutions taken by the Board of Directors and Chief Executive Officer/Officers are implemented, and that the activities of the subsidiaries belonging to</p>	<p><i>Article 22</i></p> <p>1. The General Manager, in addition to the duties assigned to him/her by these By-Laws, to the powers granted to him/her by the Board of Directors and to any other duties within his/her competence:</p> <p><i>a) Unchanged;</i></p> <p>b) carries out all transactions of ordinary business which are neither specifically reserved (i) to the Board of Directors, nor delegated by the Board to the Chief Executive Officer or Chief Executive Officers, or (ii) to the Employer for the protection of health and safety at work;</p> <p><i>Unchanged from letter c) to letter f);</i></p>

current version ⁽²⁾	amended version ⁽³⁾
<p>the Group are coordinated, in accordance with the criteria and general guidelines established by the Board of Directors pursuant to Article 17, second paragraph, letter i);</p> <p>e) allows the cancellation of mortgage registrations, transcriptions, liens and any other formalities thereof, the subrogations in favour of third parties and the release of liens once secured credit is fully paid-off or non-existent;</p> <p>f) is the head of personnel and exercises, in respect of personnel, the functions assigned to him/her by labour laws and regulations.</p>	
	<p>TITLE IX -- HEALTH AND SAFETY AT WORK - THE EMPLOYER FOR THE PROTECTION OF HEALTH AND SAFETY AT WORK</p> <p>Article 24</p> <p>1. The Board of Directors is responsible for appointing and revoking the Employer for the protection of health and safety at work pursuant to Legislative Decree No. 81 of 9 April 2008, as subsequently amended, as well as any other legislation that may regulate the same matter.</p> <p>2. The Employer for the protection of health and safety at work is the person with specific and proven technical skills who, according to the type and structure of the organisation in which the worker operates, due to the organisation of the functions he/she performs for the protection of health and safety at work, is responsible for the organisation of the same.</p> <p>3. The Employer has the broadest and most autonomous decision-making,</p>

current version ⁽²⁾	amended version ⁽³⁾
	<p>organisational and spending powers, also with respect to the workers and their activities, for ensuring the proper implementation of obligations, provided for by legal and regulatory provisions, regarding the protection of safety and health in the workplace.</p> <p>4.The Employer informs the Board of Directors of the implementation of the relevant obligations and manages, within its competence and with full decision-making autonomy, without spending limits, any necessary plan or action relating to organisation, real estate and human resources.</p> <p>5. In addition to the duties established by the Law and by these By-Laws, and any other duties within his/her area of competence, the Employer - as the person responsible for the organisation of the Company in the area of health and safety at work - with full decision-making, spending and operational autonomy:</p> <p>a) defines, implements and controls the necessary strategies to make the Company's organisational model effective for meeting the obligations to protect health and safety in the workplace, identifying and implementing the general measures to protect the health, hygiene and safety of workers in the workplace, also in terms of prevention;</p> <p>b) defines, implements and supervises the processes and activities of the Company to provide the entire Company with all the appropriate means for the protection of the safety and health of workers in order to ensure full compliance with the corporate obligations to implement hygiene and</p>

current version ⁽²⁾	amended version ⁽³⁾
	<p>prevention measures and the related controls, ensuring full and timely compliance and scrupulous adherence by the Company and all workers to the rules on safety and hygiene at work;</p> <p>c) manages working relationships with exclusive regard to the protection of health and safety in the workplace;</p> <p>d) may delegate his/her duties with the contents and within the limits provided for by law.</p>
<p style="text-align: center;"><i>Article 31</i></p> <p>1. The authority to sign on behalf of the Company is held severally by:</p> <p>a) the Chairman;</p> <p>b) the Deputy Chairman or each of the Deputy Chairmen;</p> <p>c) the Chief Executive Officer or each of the Chief Executive Officers;</p> <p>d) the General Manager.</p> <p>2. The Deputy General Manager, Senior Executives, other Executives, as well as senior-middle-junior managers and - on the basis of the office held or in the event of exceptional and temporary needs - other clerical staff of the Bank have the authority to sign within the limits of the powers granted to them.</p>	<p style="text-align: center;"><i>Article 32</i></p> <p>1. The authority to sign on behalf of the Company is held severally by:</p> <p>a) the Chairman;</p> <p>b) the Deputy Chairman or each of the Deputy Chairmen;</p> <p>c) the Chief Executive Officer or each of the Chief Executive Officers;</p> <p>d) the General Manager.</p> <p>e) the Employer, in the matter of health and safety at work and to the extent of his/her competence.</p> <p>1. <i>Unchanged;</i></p>

Annex 2

Full text of the By-Laws as resulting from the eventual approval of the proposed amendments

BY-LAWS

of Banca Monte dei Paschi di Siena SpA, a public limited company established as a result of Monte dei Paschi di Siena, a public-law credit institution (approval decree from the Minister of Treasury no. 721602 dated 8 August 1995), transferring its banking activities to it by a deed dated 14 August 1995 under the hand and seal of Mr. Giovanni Ginanneschi, notary public in Siena, and a supplementary deed dated 17 August 1995 by said notary public. Both deeds were filed and registered with the Court of Siena on 23 August 1995 under no. 6679.

By-Laws amended by:

- Shareholders' Meeting resolution of 8 November 1995 (articles 6, 7 and 29);
- Shareholders' Meeting resolution of 29 April 1998 (articles 17, 24, 27 and 30; cancellation of "Interim rule");
- Shareholders' Meeting resolution of 31 March 1999 (articles 3, 6, 7, 9, 12, 14, 15, 16, 17, 19, 25, 27, 28, 29, 30 and 31; "Interim Rule");
- Board of Directors meeting resolution of 15 July 1999 (article 6);
- Shareholders' Meeting resolution of 7 June 2000 (articles 6, 7 and 9);
- Shareholders' Meeting resolution of 13 July 2000 (articles 10, 14, 16, 17, 18, 19, 22, 23, 24, 25, 26, 27, 28, 29, 30 and 31; cancellation of "Interim rule");
- Board of Directors meeting resolution of 30 September 2000 (article 6);
- Board of Directors meeting resolution of 12 October 2000 (article 6);
- Board of Directors meeting resolution of 30 November 2000 (article 6);
- Shareholders' Meeting resolutions of 30 April 2001 (articles 6 and 14);
- Shareholders' Meeting resolutions of 20 December 2001 (articles 6, 8 and 26);
- Board of Directors meeting resolution of 20 December 2001 (article 6);
- Board of Directors meeting resolution of 7 February 2002 (article 6);
- Shareholders' Meeting resolutions of 30 November 2002 (article 6);
- Shareholders' Meeting resolutions of 28 February 2003 (articles 6, 12, 13, 15, 19, 22, 23 and 32);
- Shareholders' Meeting resolution of 26 April 2003 (article 27);
- Shareholders' Meeting resolution of 14 June 2003 (articles 6, 31 and 33 - new; 9, 14, 15, 16, 19 and 26);
- Shareholders' Meeting resolution of 3 December 2003 (articles 7, 16, 18, 19 and 32);
- Board of Directors meeting resolution of 18 December 2003 (article 6);
- Shareholders' Meeting resolution of 15 January 2004 (article 6);
- Shareholders' Meeting resolution of 28 April 2004 (article 1);
- Shareholders' Meeting resolution of 24 June 2004 (articles 5, 6, 7, 8, 10, 12, 13, 14, 15, 17, 18 and 26);

- Shareholders' Meeting resolution of 15 December 2005 (article 6);
- Board of Directors meeting resolution of 7 September 2006 (article 6);
- Shareholders' Meeting resolution of 20 June 2007 (articles 7, 9, 12, 13, 14, 15, 16, 17, 19, 22, 23, 25, 26 and 27; introduction to new Chapter XIV and new articles 30 and 31; consequent new numbering of following Chapters, articles and references);
- Shareholders' Meeting resolution of 5 December 2007 (articles 18 and 26);
- Shareholder's Meeting resolution of 6 March 2008 (article 6);
- Board of Directors meeting resolution of 20 March 2008 (article 6);
- Board of Directors meeting resolution of 10 April 2008 (article 6);
- Board of Directors meeting resolution of 24 April 2008 (article 6);
- Board of Directors meeting resolution of 2 October 2008 (article 6);
- Shareholders' Meeting resolution of 4 December 2008 (article 15);
- Shareholders' Meeting resolution of 25 June 2009 (article 13, 15, 17, 23 and 26);
- Board of Directors meeting resolutions of 17 September and 15 October 2009 (article 6);
- Shareholders' Meeting resolution of 3 December 2010 (articles 6, 10, 12, 13, 14, 15, 26 and 30).
- Shareholders' Meeting resolution of 29 April 2011 (articles 13, 14, 17, 33 and 35).
- Shareholders' Meeting resolution of 6 June 2011 (articles 4, 6, 18, 29, 33, 34, 35 and Chapter XIII);
- Board of Directors meeting resolution of 7 June 2011 (article 6);
- Board of Directors meeting resolution of 16 June 2011 (article 6);
- Board of Directors meeting resolution of 21 July 2011 (article 6);
- Board of Directors meeting resolution of 16 December 2011;
- Shareholders' Meeting resolution of 1 February 2012 (articles 6, 7, 28, 33 and 35);
- Shareholders' Meeting resolution of 9 October 2012 (articles 6, 12, 13, 14, 16, 17 and 27);
- Shareholders' Meeting resolution of 25 January 2013 (article 6);
- Shareholders' Meeting resolution of 18 July 2013 (articles 9, 13, 15, 16, 17, 18, 21, 22, 26, 27);
- Shareholders' Meeting resolution of 28 December 2013 (article 6);
- Shareholders' Meeting resolution of 29 April 2014 (articles 15 and 26);
- Shareholders' Meeting resolution of 21 May 2014 (article 6)
- Shareholders' Meeting resolution of 16 April 2015 (article 6, cancellation of "Interim rule");
- Board of Directors meeting resolution of 21 May 2015 (article 6);
- Shareholders' Meeting resolution of 16 April 2015 (article 12, 13, 14, 15, 17 and 23);
- Shareholders' Meeting resolution of 24 November 2016 (article 6);
- Board of Directors meeting resolution of 2 August 2017 (article 6).
- Shareholders' Meeting resolution of 18 December 2017 (articles 6, 10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 23, 24, 26, 27, 28 and 33);
- Shareholders' Meeting resolution of 11 April 2019 (articles 17, 22, 32 (former art. 31))

ENGLISH TRANSLATION FOR COURTESY PURPOSES ONLY. IN CASE OF DISCREPANCIES BETWEEN THE ITALIAN VERSION AND THE ENGLISH VERSION, THE ITALIAN VERSION SHALL PREVAIL.

and the provision of the new Chapter IX and of the new article 24, consequent renumbering of the subsequent Chapter and articles and adjustments of the references to the amended articles).

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CHAPTER I

Origin – Name - Purpose - Registered Office – Duration of the Company

Article 1

1. A joint stock company called "Banca Monte dei Paschi di Siena S.p.A." which carries out banking activities has been established. The bank is entitled to use, among its trademarks, the brands of incorporated companies as well as the brands owned by such companies, provided that they appear alongside its name.
2. The Company is the transferee of the banking business of Monte dei Paschi di Siena, a public-law credit institution, founded by the vote of the Magistrature and the Sienese people with Grand-Ducal rescript of 30 December 1622 and legally established in the form of a Foundation on 2 November 1624, for the purpose of fruitfully developing, organising and regulating, to the advantage of private citizens and public institutions of the City and State of Siena, lending activities in addition to cash advances against pledge of personal property made by the second Monte di Pietà di Siena, a public pawnbroking institution set up on 14 October 1568 and then merged into the prior Monte dei Paschi which had been founded in 1472.
3. The banking business was transferred in accordance with Article 1 of Law no. 218 of 30 July 1990, and Articles 1 and 6 of Legislative Decree no. 356 of 20 November 1990, within the framework of the restructuring project resolved upon by the Board of Directors of Monte dei Paschi di Siena in its meeting of 31 July 1995 and approved by Ministerial Decree no. 721602 of 8 August 1995.

Article 2

1. Pursuant to Article 61 of Legislative Decree no. 385 of 1 September 1993, in its capacity as parent company of the "Monte dei Paschi di Siena" banking group, the Company, in its function of direction and coordination, issues instructions to Group companies, for the execution of guidance received from the Bank of Italy in the interest of Group stability.

Article 3

1. The Company's purpose is the gathering of deposits and the granting of various forms of credit in Italy and abroad, including all activities which the Transferring Institute was authorised to carry out pursuant to laws or administrative provisions.
2. In conformity with the regulations in force, the Company may affect all banking and financial transactions and services allowed, establish and manage supplementary pension schemes as well as carry out any other transaction which is instrumental for or connected with the pursuit of the Company's purpose.
3. The Company may make cash advances against the pledge of precious objects or commonly used articles.

Article 4

1. The Company has its registered office in Piazza Salimbeni, 3 - Siena.
2. The Head Office of the Company is located in Siena.
3. The Company carries out its activities in the domestic market through head office and outer units and may, in conformity with the law, establish specific units and representative offices abroad.

Article 5

1. The duration of the Company shall be until 2100 and may be further extended by resolution of the Extraordinary Shareholders' Meeting.
2. Shareholders who did not participate in the approval of resolutions regarding the extension of the Company's duration shall have no right of withdrawal.

CHAPTER II

Share Capital - Shares

Article 6

1. The Company's share capital amounts to EUR 10,328,618,260.14 (ten billion, three hundred twenty-eight million, six hundred and eighteen thousand and two hundred and sixty point fourteen) and is fully paid up.
2. The Company's share capital is represented by no. 1,140,290,072 (One billion one hundred and forty million two hundred and ninety thousand and seventy-two) ordinary shares with no par value. All shares are issued in dematerialised form. Procedures for the circulation and legitimation of shares are governed by law. Shareholders who did not participate in the approval of resolutions regarding the introduction or removal of constraints on the circulation of shares shall have no right of withdrawal.
3. Shares are registered and indivisible. Each share entitles the holder to a vote.

Article 7

1. The Shareholders' Meeting may approve increases in capital, which may also be carried out through the contribution of assets in kind or receivables, as well as the issuance of shares bearing differing rights.
2. The extraordinary Shareholders' Meeting may approve the issuance of bonds convertible into own shares, establishing the conversion ratio as well as the terms and conditions applicable to the conversion.

Article 8

1. In accordance with the Company's interest and the other provisions of Article 2441 of the Italian Civil Code, the Company may reserve issuances of shares for Local Authorities in Siena, employees of the Company and the "Monte dei Paschi di Siena" Group, depositors, and other persons operating in sectors of activity which are particularly important for the economic and social development of the Province of Siena.
2. Pursuant to Article 2349 of the Italian Civil Code, share capital may be increased also while allocating profits to employees of the Company or its subsidiaries, for an amount equal to the profits themselves through the assignment of Company shares.
3. The payment in cash of capital quotas against shares subscribed and already paid-up for at least 25% shall be carried out at the request of the Board of Directors, with a fifteen days' prior notice.

Article 9

1. No limits are set on the ownership of the Company's shares.

CHAPTER III

Corporate Bodies

Article 10

1. The Company has a management and control system in compliance with paragraphs 2 and 3 of Book V, Title V, Chapter V, Section VI *bis* of the Italian Civil Code which provide for a Board of Directors and a Board of Statutory Auditors according to the following articles. Statutory audits of accounts are carried out by a legally qualified Independent Auditor.
2. The Company's Corporate Bodies are listed below:
 - a) Shareholders' Meeting;
 - b) Board of Directors;
 - c) Chief Executive Officer (CEO) or Chief Executive Officers (if appointed);
 - d) Chairman;
 - e) Board of Statutory Auditors.

CHAPTER IV

Shareholders' Meeting

Article 11

1. A duly constituted Shareholders' Meeting represents the entire body of shareholders and its resolutions, passed in compliance with the law and these By-Laws, are binding upon all the shareholders, including absent or dissenting shareholders.

Article 12

1. Without prejudice to the powers of convocation established by specific legal provisions, the Shareholders' Meeting is convened by the Chairman of the Board of Directors or by the person acting on his/her behalf, as resolved upon by the Board of Directors. The Meeting is convened through notice containing indication of the day, time, location of the meeting and the list of items to be discussed as well as any further data and information established by applicable regulations, to be published in accordance with the time-limits and procedures provided for by law.

2. The Shareholders' Meeting, both ordinary and extraordinary session, shall be held in a single session.

3. Shareholders that represent, even jointly, at least one fortieth (1/40) of the share capital may request, within the time-limits laid down by law, that the items on the agenda be supplemented, indicating the additional items proposed by them in their request, or may submit resolution proposals on items already on the agenda. In this case, the requesting shareholders must submit a report, according to the time-limits and procedures provided for by law, indicating the reasons for their request and - notwithstanding the provisions of Article 14 - must file the documents concerning their entitlement to participate in the Shareholders' Meeting, together with the request. The Chairman shall ascertain their entitlement.

Notice of any supplements to the list of items to be dealt with by the Shareholders' Meeting and of the submission of additional resolution proposals on issues already on the agenda following the request under this paragraph, is given in the same forms required for publishing the notice of call, within the time-limits laid down by law. Any integration to the list of items to be dealt with under this paragraph is not allowed for items upon which the Shareholders' Meeting resolves by law upon the directors' proposal or on the basis of a plan or a report prepared by them other than those provided for by Article 125 *ter*, para. 1 of Legislative Decree no. 58/98.

4. The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his/her absence or impediment, by the person replacing him/her in compliance with para. 2 of Article 23. In the event of absence or impediment of the Chairman, the Deputy Chairman or Deputy Chairmen, the Meeting is chaired by a director appointed by the attendees.

5. The Chairman of the Meeting is responsible for ensuring that the meeting is duly constituted and verifying the attendees' identity and entitlement; he/she has the power to guide the discussion, to establish the voting procedures - anyhow by open vote - on individual cases, and to ascertain and proclaim the results of the voting, which shall be registered in the minutes.

After ascertaining that the Shareholders' Meeting has been duly constituted, it shall remain as such, even if some of the attendees subsequently leave for any reason whatsoever.

6. The Chairman is assisted by a secretary proposed by him/her and designated by the attendees; the secretary is responsible for drawing up the minutes of the meeting, which shall report the Meeting's resolutions. The secretary is not necessary whenever the

minutes are drawn up by a notary public. The Chairman chooses two scrutineers among the attending shareholders.

Article 13

1. The Shareholders' Meeting is normally convened in Siena; it may also be convened in a location other than the registered office, as long as in Italy.
2. Ordinary Shareholders' Meetings must be held at least once a year, within 120 days of the corporate year end.
3. The ordinary Shareholders' Meeting shall:
 - a) approve the financial statements;
 - b) appoint the members of the Board of Directors and select the Chairman, who shall be under 70 years of age as of the date of appointment, and one or two Deputy Chairmen from among them; remove directors from office;
 - c) appoint the Chairman and the other members of the Board of Statutory Auditors, as well as the Alternate Auditors;
 - d) assign the Statutory audit of accounts, upon the Board of Statutory Auditors' justified proposal, and approve its remuneration;
 - e) establish the remuneration of directors and Statutory Auditors, according to Article 27, and approve the remuneration and incentive policies and compensation plans based on financial instruments in favour of directors, employees and staff – who are not under a contract of employment – of the Bank, the criteria for calculating compensation to be granted in the case of early termination of the employment relationship or early termination of office, including the limits established for such compensation in terms of annual fixed remuneration, and the maximum amount deriving from their application;
 - f) resolve upon the responsibilities of the directors and statutory auditors;
 - g) resolve upon the acquisition of equity investments in other companies, implying unlimited liability for their obligations;
 - h) resolve upon other matters attributed by law to the Shareholders' Meeting.
 - i) authorise the implementation of major transactions with related parties falling within the competence of the Board of Directors, in the event that the Board has approved these transactions despite the adverse opinion of the Committee on Related-Party Transactions;
4. The Extraordinary Shareholders' Meeting shall:
 - a) resolve upon mergers, split-ups, early winding-up of the Company or extension of its duration, capital increases, and any other amendments to the By-Laws;

b) resolve upon the appointment and replacement of official receivers, their competence and any other matter assigned to its approval by law.

Article 14

1. Shareholders with voting right who provide proof of their entitlement may participate in the Shareholders' Meetings. Shareholders with voting right may be represented by a proxy-holder during Shareholders' Meetings in compliance with the provisions of law. Shareholders with voting right are entitled to grant proxy also by electronic means in compliance with the procedures established by law. The proxy may be electronically notified also using the special section of the Company's website or, as an alternative, by certified electronic mail to a special electronic address according to the procedures stated in the notice of call.
2. The Ordinary Shareholders' Meeting is duly constituted irrespective of the portion of share capital being represented by the shareholders in attendance.
3. The Ordinary Shareholders' Meeting resolves by absolute majority of the votes, except for the appointment of the members of the Board of Directors and of the Board of Statutory Auditors, who are nominated according to the procedures referred to in Articles 15 and 25, respectively.
4. The Extraordinary Shareholders' Meeting is duly constituted when the percentage of the share capital required by law for the extraordinary shareholders' meeting in single session is represented and resolves with the favourable vote of the majority of the share capital represented at the meeting required by law for the extraordinary shareholders' meeting in single session.
5. In order to calculate the majority and the percentage of capital required for approval of the resolution, shares for which the voting right cannot be exercised or shares for which the voting right has not been exercised following the declaration of abstention by the party with voting rights due to conflict of interests are not calculated.
6. If during an Ordinary Shareholders' Meeting a bank foundation – according to the findings of the Chairman of the Shareholders' Meeting during the course of the meeting and immediately before each voting - is able to vote, on the basis of the shares held by the parties in attendance, by majority of the shares present and entitled to vote, the Chairman takes due note of this situation and debars the bank foundation from voting with respect to the resolution concerning said situation, limited to a number of shares representing the difference plus one share between the number of ordinary shares held by said foundation and the overall amount of ordinary shares held by the remaining parties who are present and entitled to vote when the voting takes place.
7. Subject to the provisions of the previous paragraphs, the Ordinary or Extraordinary Shareholders' Meeting passes resolutions, with the favourable vote of the majority of the voting non-related shareholders, when it is called to resolve upon proposals concerning:
 - a) transactions as per art. 13, paragraph 3, letter i) of these By-Laws,

or

b) major transactions with related parties falling within the competence of the shareholders' meeting submitted to the Shareholders' Meeting should the Committee on Related-Party Transactions issue an adverse opinion.

CHAPTER V

(Board of Directors)

Article 15

1. The Board of Directors is composed of a number of members established by the Ordinary Shareholders' Meeting which cannot be less than nine (9) or more than fifteen (15). 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 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:
2. The Board of Directors is appointed on the basis of lists submitted by the 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 - or the only candidate or at least a third of the present candidates in case of lists where there are more than six (6) 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. In the event that the mentioned quota of one-third does not correspond to a whole number of candidates, this number shall be rounded up.
3. Lists must include candidates of both gender in compliance 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 Chief Executive Officer, as provided for by Article 13, para. 3 letter b) and Article 18, para. 2, 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 and published in accordance with applicable regulations.
4. Each shareholder may submit or contribute to the submission of one list only, in compliance with the provisions of the ninth paragraph of this article, and each candidate may stand for election in one list only, under penalty of ineligibility.
5. 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.

6. Each list shall be filed at the Company's registered office, within the deadline for their filing, together with the documents specified in the notice calling the meeting, including: (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.2; 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 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.

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

a) all of the Directors to be elected less three (3) or the smallest number of Directors that exhausts the candidates of the list shall be drawn from the list obtaining the majority of the votes expressed, in the progressive order with which they are listed in that list;

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 2 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.

8. 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 By-Laws with regard to independent directors and gender balance.
9. The members of the Board of Directors must meet the requirements provided for by pro-tempore laws and regulations in force.
10. 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 By-Laws 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 16

1. As a rule, the Board of Directors meets at the Head Office normally once a month, when convened by the Chairman, or, upon motivated request by at least three Board members, indicating the items to be discussed. The Chairman sets the agenda accordingly. The Board of Directors may also be convened by the Board of Statutory

Auditors, or by each member of the Board of Statutory Auditors separately, prior written notice to the Chairman of the Board of Directors.

2. The meeting is convened through notice by any mean of communication with notice of receipt, which must indicate the place, date, time and items to be discussed, at least five (5) days prior to the date scheduled for the meeting and, in case of an emergency, or in relation to integrations to the Agenda, at least twenty four (24) hours prior to the date set for the meeting. Notice is given to the Statutory Auditors in the same manner.
3. The Board of Directors' meeting is duly constituted if at least the majority of its members is present.
4. The General Manager attends the Board meetings without the right to vote.
5. Resolutions are taken by the majority of those present.
6. The Board of Directors appoints a Secretary chosen among the Company's Executives, upon the Chairman's proposal.
7. Minutes of each Board meeting are drawn up.
8. Directors are entitled to attend Board meetings also by using teleconference and videoconference systems provided that all the attendees:
 - a) may be identified;
 - b) may follow the debate and intervene in the discussion of the items in real time;
 - c) may exchange documentation regarding the items.

The meeting of the Board is deemed to be held in the venue indicated in the notice of call.

Article 17

1. The Board of Directors holds all powers of ordinary and extraordinary management in order to achieve the company purpose, with the exception of the powers assigned to the Shareholders' Meeting according to the law, and of any other matter submitted to the Board by the Chairman and the Chief Executive Officer or the Chief Executive Officers. Pursuant to Article 2365, para. 2, of the Italian Civil Code, the Board of Directors resolves upon any mergers as provided for by Articles 2505 and 2505-*bis* of the Italian Civil Code, the establishment or closing of secondary offices and any adjustments to the By-Laws in order to comply with regulations.
2. In addition to the provisions of Article 2381, para. 4 of the Italian Civil Code, the Board of Directors has exclusive responsibility, which may not be delegated, for:
 - a) defining and approving the business model, strategic guidelines for the Company and the Banking Group to which it belongs and approving the respective business and financial plans as well as the strategic transactions and providing for their periodic

review;

b) monitoring the correct and consistent implementation of the guidelines and plans as per a) into the management of the Company and of the Banking Group;

c) establishing the Company's organisational guidelines and approving its organisational structure, monitoring their adequacy over time, as well as approving and modifying its main internal regulations;

d) defining and approving risk governance objectives and policies, as well as the process of risk reporting, management and assessment over time;

e) defining and approving the guidelines of the internal control system and verifying its adequacy, consistency, functioning, efficiency and effectiveness in compliance with supervisory regulations in force on the matter;

f) approving the policies and processes for the assessment of company assets and particularly financial instruments, verifying their constant adequacy;

g) approving the accounting and reporting system;

h) taking general responsibility for setting guidelines for and controlling the information system;

i) drawing up guidelines for the organisation and operation of the Banking Group, by establishing criteria to co-ordinate and manage the subsidiaries belonging to the Banking Group as well as for the implementation of Bank of Italy's instructions;

j) appointing the General Manager, as well as resolving upon his/her revocation, suspension, removal and termination as well as upon the determination of his/her remuneration;

k) resolving upon rules concerning the legal and economic conditions of staff, including salary scales and allowances thereof, and any other rule which must be approved according to the law;

l) preparing the financial statements and submitting them to the Shareholders' Meeting;

m) approving, upon the General Manager's proposal, the appointment of one or more Senior Executives as Deputy General Manager of the Company and indicating from year to year, which one shall be the Acting Deputy General Manager, and taking any measure in relation to their remuneration and legal status;

n) approving, upon the Chief executive officer's proposal, or, if the latter has not been appointed, the General Manager's proposal, the appointment and revocation of the Senior Executives and of the Executives in charge of the units directly reporting to the Chief executive Officer or to the General Manager and taking any measure in relation to their remuneration and legal status;

o) approving the appointment and the revocation of the Managers in charge of the

units directly reporting to the Board of Directors, and taking any measure in relation to their remuneration and legal status;

p) approving the appointment and the revocation of the Manager in charge of Internal Audit, Compliance and risk control, after hearing the Board of Statutory Auditors and adopting all measures relating to their legal and economic status;

q) resolving upon the appointment and revocation of the Employer for the purposes of protection of health and safety at work, on the basis of the criteria provided for by law;

r) resolving upon the establishment of committees with advisory and proposal-making duties towards the Board;

s) approving the acquisition and disposal of strategic equity investments in companies, or those which in any event involve changes to the Banking Group, subject to the provisions of Article 13, para. 3, letter g), and the purchase and disposal of business units;

t) approving the budget on a yearly basis;

u) resolving on the establishment or the closing of secondary offices;

v) resolving on the reduction of share capital in the event of withdrawal by shareholders;

w) ensuring that the executive in charge of drafting the corporate accounting documents has the appropriate powers and means to fulfill his/her duties pursuant to the law, and that the administrative and accounting procedures are actually complied with;

x) passing resolutions on major transactions with related parties or on minor transactions falling within the discretionary powers of the Board;

y) approving major transactions with related parties falling within the competence of the Board of Directors in the presence of an adverse opinion of the Committee on Related-Party Transactions and submitting to the Shareholders' Meeting the major transactions with related parties falling within the competence of the Shareholders' Meeting in the presence of an adverse opinion of the Committee on Related-Party Transactions for the purposes of implementing the resolutions as per Article 14, para. 7 of these Articles of Association;

z) supervising the public disclosure and bank communications process.

3. The Board of Directors promptly reports to the Board of Statutory Auditors on the business activities carried out and on the main economic and financial transactions carried out by the Company, also through its Delegated Bodies, and by its subsidiaries; in particular, it reports on any transactions in which the Directors have an interest on their own account or on behalf of third parties. This report is made verbally, at least on a quarterly basis, when the Board of Directors meets or by written notice to the Board of Statutory Auditors. The obligation of each Director to inform the other directors and the

Board of Statutory Auditors of any interest he/she may have in a specified transaction of the Company on his/her own account or on behalf of third parties and to refrain from any resolutions in which he or she has a conflict of interest, on their own behalf or on behalf of a third party, pursuant to the applicable legislation, remains unaffected.

4. The Committees required under current regulations must be established within the Board of Directors, which have advisory and proposal-making duties. They are composed of a number between three (3) and five (5) non-executive mainly independent directors (except to the extent provided by letter d) that follows); if there are directors elected by the minority shareholders, one of them must be part of at least one committee. The committees carry out their activities in compliance with special regulations approved by the Board of Directors; supervisory regulations and the Code of conduct for the listed companies in force. Specifically, the following are established within the Board of Directors:
- a) a Remuneration Committee that carries out the following tasks:
 - iii) submitting, to the Board, proposals for the remuneration of the chief executive Officers and of the other directors holding special offices, as well as of the General Manger, and monitoring application of the resolutions adopted by the Board;
 - iv) periodically assessing the criteria adopted for the remuneration of executives with strategic responsibilities, monitoring their application and submitting general recommendations on the matter to the Board of Directors;
 - b) a Risks Committee with the main function of supporting the Board of Directors in fulfilling its tasks to define the guidelines of the internal control and risk governance system and assess that the internal control and risk governance system is adequate, effective and properly functioning, as well as to approve the company asset assessment policies and processes;
 - c) an Appointment Committee with the following main tasks:
 - i) supporting the Board of Directors in the process of appointing directors, proposing, in the case provided for by Article 2386, first paragraph, of the Italian Civil Code, candidates for the office of director;
 - ii) supporting the Board of Directors in processes of self-assessment and verification of requirements, as well as of defining top management succession plans;
 - iii) submitting proposals to the Board of Directors for the appointment of the Chief executive Officer.
 - d) a Committee on Related-Party Transactions, exclusively made up of Independent Directors, with at least advisory functions in the field of transactions with related parties.

Article 18

1. The Board of Directors may propose amendments, if any, to the By-Laws to the Shareholders' Meeting.
2. The Board of Directors may appoint one or more Chief Executive Officers, who cannot be over 67 years of age, establishing the limits of their authority and the procedure for exercising it.
3. The Board of Directors may furthermore delegate lending and ordinary management

powers to the General Manager, Management Committees, Executives, Senior-Middle-Junior Managers and Branch Managers.

4. The Board of Directors may grant powers to individual Directors for specific acts or individual transactions.
5. The decisions taken by the delegates shall be brought to the attention of the Board of Directors in the manner established by the latter. In any case, the delegates report to the Board of Directors and to the Board of Statutory Auditors, at least on a quarterly basis, on the overall trend of management and on its expected development as well as on major transactions, given their size or features, carried out by the Company or by its subsidiaries.
6. The Board of Directors determines the limits for exercising the powers set forth in following Article 21, first paragraph letter d), as well as the procedures for reporting any suits involving the Company to the Board.
7. The Board of Directors may also grant powers of representation and powers of signature both personally to individuals and to the positions existing in all of the Company's organisation units, and determine the extent and the limits, also geographically, of such powers from time to time.

Article 19

1. In addition to complying with the provisions of Articles 136 of Legislative Decree no. 385 of 1 September 1993, the members of the Board of Directors must inform the Board of Directors and the Board of Statutory Auditors of any business in which they are personally involved or which relates to entities or companies of which they are directors, auditors or employees, except for companies of the MPS Group and they shall refrain from any resolutions in which they have a conflict of interest, on their own behalf or on behalf of any third party, pursuant to the applicable legislation.

CHAPTER VI

Chief Executive Officers

Article 20

1. The Chief Executive Officer (CEO) or the Chief Executive Officers exercise their functions within the limits of the powers assigned to them and according to the procedures established by the Board of Directors.
2. In the case of absence or impediment of the Chairman or of the Deputy Chairman pursuant to para. 2 of Article 23, the powers in cases of urgency, which must be exercised according to the time-limits and procedures as per para. 1 letter c) of Article 23, are assigned to the Chief Executive Officer or Chief Executive Officers, also separately.

1. The limits pursuant to Article 15, paragraph 1, regarding the maximum number of terms shall not apply to the outgoing Chief Executive Officer or the outgoing Chief Executive Officers.

CHAPTER VII

Chairman

Article 21

1. The Chairman:

- a) is vested with general representation of the Company before third parties;
 - b) calls and chairs the Shareholders' Meeting; calls and chairs the Board of Directors' meetings;
 - c) if necessary and in urgent cases may take decisions with regard to any business or transaction falling under the Board of Directors' competence, with the exception of those reserved to the latter's exclusive authority. Such decisions must be taken upon the binding proposal of the General Manager and/or Chief Executive Officer, if appointed. Such decisions must be brought to the attention of the competent body at the first subsequent meeting;
 - d) upon proposal of the General Manager, promotes and upholds any suits involving the Company, at all levels of jurisdiction and before any Court or arbitrator, with the authority to abandon them, to withdraw from any actions and proceedings, and to accept similar withdrawals from other parties involved;
 - e) appoints solicitors and attorneys with special power in all law-suits and before any judicial, administrative, special or arbitral court, which may somehow involve the Company;
 - f) grants special powers of attorney to employees or third parties, also for questionings, third-party statements and suppletory or decisory oaths;
 - g) promotes the effective functioning of corporate governance, ensures the balance of powers with special reference to the delegated bodies and acts as interlocutor for the internal control bodies and the internal committees.
2. In the case of absence or impediment of the Chairman, the authority and powers conferred upon him/her are exercised by the Deputy Chairman or, if two Deputy Chairmen are appointed, by the Deputy Chairman designated by the Board of Directors during the first Meeting following the Shareholders' Meeting which appointed the two Deputy Chairmen; in the case of absence or impediment of the latter, the Chairman's powers and authority are exercised by the other Deputy Chairman.
 3. The signature of the Deputy Chairman or, in the case of appointment of two Deputy Chairmen, the signature of the Deputy Chairman designated by the Board of Directors in

accordance with the provisions of the foregoing para. 2 or, in the case of absence or impediment of the latter, the signature of the other Deputy Chairman is full evidence of the absence or impediment of the Chairman or the Deputy Chairman designated by the Board of Directors, before third parties.

CHAPTER VIII

General Manager

Article 22

1. The General Manager, in addition to the duties assigned to him/her by these By-Laws, to the powers granted to him/her by the Board of Directors and to any other duties within his/her competence:
 - a) has the power to sign all documents relating to current business, oversees the Company's organisational structure and is responsible for it;
 - b) carries out all transactions of ordinary business which are neither specifically reserved (i) to the Board of Directors, nor delegated by the Board to the Chief Executive Officer or Chief Executive Officers, or (ii) to the Employer for the protection of health and safety at work;
 - c) makes reasoned proposals to the competent governing bodies with regard to lending operations, the co-ordination of the Banking Group, personnel matters and general expenses; submits reasoned reports to these governing bodies on any other matter falling under their authority;
 - d) ensures that the resolutions taken by the Board of Directors and Chief Executive Officer/Officers are implemented, and that the activities of the subsidiaries belonging to the Group are coordinated, in accordance with the criteria and general guidelines established by the Board of Directors pursuant to Article 17, second paragraph, letter i);
 - e) allows the cancellation of mortgage registrations, transcriptions, liens and any other formalities thereof, the subrogations in favour of third parties and the release of liens once secured credit is fully paid-off or non-existent;
 - f) is the head of personnel and exercises, in respect of personnel, the functions assigned to him/her by labour laws and regulations.

Article 23

1. In order to fulfill his/her duties and exercise his/her powers, or any powers delegated to him/her, the General Manager is assisted by the Deputy General Managers, Senior Executives and other Executives.
2. In order to facilitate the smooth performance of operations both at the Head Office and the Branches, the General Manager - again to fulfill his/her duties and exercise his/her

powers or any powers delegated to him/her - may delegate signing authority, either jointly or severally, to the employees stated in the second paragraph of Article 32, and may also grant special power of attorney to third parties for carrying out individual transactions or signing specific deeds and contracts.

3. In the case of absence or impediment, the General Manager is replaced by the Deputy General Manager. The Acting Deputy General Manager's signature is full proof of the General Manager's absence or impediment before third parties.

CHAPTER IX

HEALTH AND SAFETY AT WORK - THE EMPLOYER FOR THE PROTECTION OF HEALTH AND SAFETY AT WORK

Article 24

- 1 The Board of Directors is responsible for appointing and revoking the Employer for the protection of health and safety at work pursuant to Legislative Decree no. 81 of 9 April 2008, as subsequently amended, as well as any other legislation that may regulate the same matter.
- 2 The Employer for the protection of health and safety at work is the person with specific and proven technical skills who, according to the type and structure of the organisation in which the worker operates, due to the organisation of the functions he/she performs for the protection of health and safety at work, is responsible for the organisation of the same.
- 3 The Employer has the broadest and most autonomous decision-making, organisational and spending powers, also with respect to the workers and their activities, for ensuring the proper implementation of obligations, provided for by legal and regulatory provisions, regarding the protection of safety and health in the workplace.
- 4 The Employer informs the Board of Directors of the implementation of the relevant obligations and manages, within its competence and with full decision-making autonomy, without spending limits, any necessary plan or action relating to organisation, real estate and human resources.
- 5 In addition to the duties established by the Law and by these By-Laws, and any other duties within his/her area of competence, the Employer - as the person responsible for the organisation of the Company in the area of health and safety at work - with full decision-making, spending and operational autonomy:
 - a) defines, implements and controls the necessary strategies to make the Company's organisational model effective for meeting the obligations to protect health and safety in the workplace, identifying and implementing the general measures to protect the health, hygiene and safety of workers in the workplace, also in terms of prevention;
 - b) defines, implements and supervises the processes and activities of the Company to provide the entire Company with all the appropriate means for the protection of the safety

and health of workers in order to ensure full compliance with the corporate obligations to implement hygiene and prevention measures and the related controls, ensuring full and timely compliance and scrupulous adherence by the Company and all workers to the rules on safety and hygiene at work;

c) manages working relationships with exclusive regard to the protection of health and safety in the workplace;

d) may delegate his/her duties with the contents and within the limits provided for by law.

CHAPTER X

Board of Statutory Auditors

Article 25

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 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.
4. 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 and published in accordance with applicable regulations.
5. Each shareholder may submit or contribute to the submission of one list only, in compliance with the provisions of paragraph 11 of this article. Each candidate may stand for election in one list only, under penalty of ineligibility.
6. 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.

7. Each list shall be filed at the Company's registered office, within the deadline for their filing, together with the documents specified in the notice calling the meeting, including (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 curricula vitae 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.

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.

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 another, has/have been filed, other lists may be submitted until the subsequent deadline provided for by regulations in force. In this case, the percentages for the submission of the lists as provided for by the foregoing paragraph 6 are reduced by half.

8. 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.

9. 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.

10. The Board of Statutory Auditors, subject to prior written notice to the Chairman, may convene the Shareholders' Meeting or the Board of Directors.

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.

11. 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.

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.

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.

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:

- 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
- 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
- c) a managerial position in public entities or institutions working in the field of credit, 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.

12. 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. 11, third subparagraph.

13. 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.

14. The meetings of the Board of Statutory Auditors may be attended using teleconference and videoconference systems according to the provisions of the By-Laws 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.

CHAPTER XI

Fees and Reimbursement of Expenses for Directors and Statutory Auditors

Article 26

1. The members of the Board of Directors and of the Board of Statutory Auditors are entitled to annual fees and attendance fees for attending the meetings of the Board of Directors - up to an amount which is determined by the Shareholders' Meeting - as well as to the

reimbursement of expenses incurred in performing their duties.

The Shareholders' Meeting may also determine the amount of the attendance fees to be paid to the members of the Board of Statutory Auditors called to take part in the meetings of the committees as indicated by Article 17, second paragraph, point **r**).

2. More than one attendance fee for the same day cannot be paid to the Directors and Statutory Auditors.
3. Subject to the opinion of the Board of Statutory Auditors and as proposed by the Remuneration Committee, the Board of Directors sets the remuneration for the Directors holding specific offices in compliance with the By-Laws, including the Directors who are part of the committees within the Board of Directors as per article 17, para. 4, subject to the power of the Shareholders' Meeting to determine the remuneration of the Chairman of the Board of Directors.

CHAPTER XII

Outer Units

Article 27

1. The outer units consist of secondary units and local units, under the supervision of the Head Office and in conformity with its directives, in compliance with the organisational model.

CHAPTER XIII

Auditing and drafting of corporate accounting documents

Article 28

1. In compliance with provisions in force, the statutory audit of accounts is carried out by an Independent Auditor entered in the specific register, which is appointed pursuant to the law.

Article 29

1. Upon proposal of the General Manager, subject to the prior mandatory opinion of the Board of Statutory Auditors, the Board of Directors appoints a person in charge of drawing up the corporate accounting documents, to be chosen among the Company's executives with proven accounting and financial experience. He/she shall be vested with appropriate powers and means for accomplishing his/her duties pursuant to the law. The Board of Directors also has the power to remove the appointed executive.

CHAPTER XIV

Financial Statements and Profits

Article 30

1. The financial year ends on 31 December of each year.

Article 31

1. The net profits resulting from the financial statements are assigned as follows:

a) 10% to the legal reserve until this reaches the amount of 1/5 of the share capital;

b) to the creation and growth of a statutory reserve for no less than 15% and at least 25% once the legal reserve has reached the amount of 1/5 of the share capital.

2. The residual net profits are made available to the Shareholders' Meeting for distribution to shareholders and/or for the creation and growth of other reserves.

3. The Company is entitled to distribute interim dividends, in compliance with the provisions of law.

CHAPTER XV

Signing Authority

Article 32

1. The authority to sign on behalf of the Company is held severally by:

a) the Chairman;

b) the Deputy Chairman or each of the Deputy Chairmen;

c) the Chief Executive Officer or each of the Chief Executive Officers;

d) the General Manager;

e) the Employer, in the matter of health and safety at work and to the extent of his/her competence.

2. The Deputy General Manager, Senior Executives, other Executives, as well as senior-middle-junior managers and - on the basis of the office held or in the event of exceptional and temporary needs - other clerical staff of the Bank have the authority to sign within the limits of the powers granted to them.

CHAPTER XVI (Winding-up)

Article 33

1. Without prejudice to any other law provisions, in the event of dissolution, the Shareholders' Meeting shall indicate the winding-up procedures and appoint one or more

receivers.