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

SHAREHOLDERS' MEETING

24 November 2016 (on single call)

EXPLANATORY REPORT BY THE BOARD OF DIRECTORS  
CONCERNING ITEM 4. ON THE AGENDA - Ordinary session

drawn up pursuant to Article 125-ter of Legislative Decree no. 58 of 24 February 1998,  
as subsequently amended and supplemented.

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ITEM 4. ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING

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

Dear Shareholders,

you were convened to attend a meeting to resolve upon the following item on the agenda of the ordinary meeting:

**4) Appointment of the Chairman (and the Deputy Chairman, if necessary) among the members of the board of directors. Connected and consequent resolutions.**

Subsequent to the resolution adopted in relation to item 3) on the agenda of the ordinary Shareholders' Meeting (*Appointment of a director to complete the board of directors. Connected and consequent resolutions*) and following Mr Massimo Tononi's resignation effective as from the end of this Shareholders' Meeting, the Shareholders are convened to resolve upon the appointment of the Chairman, to be chosen from the members of the board of directors appointed by the Shareholders' Meeting; among the members of the Board of Directors are included two directors appointed to complete the Board of Directors according to items 2) and 3) on the agenda of the ordinary meeting.

Considering the explanatory report concerning item 3) on the agenda of the ordinary meeting - drawn up pursuant to Article 125-ter of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented ("**TUF**") - and also considering that the appointed Director will replace Mr. Massimo Tononi who holds also the office of Chairman until the conclusion of the current Shareholders' Meeting, , the candidate appointed by way of the resolution referred to in item 3) on the agenda of the ordinary meeting will be the first candidate to be voted upon for the role of Chairman.

Should such voting fail to appoint a Chairman, other candidates (among the members of the Board of Directors) may be submitted to the Shareholders' Meeting, whether at the Shareholders' Meeting or before. The candidatures will be voted upon in accordance with the Shareholders' Meeting Rules.

This item on the agenda also provides for the possible appointment of a new Deputy Chairman in the event that the Shareholders' Meeting appoints Mr. Roberto Isolani (who currently holds the office of Deputy Chairman) as Chairman. If this were to occur, the Shareholders' Meeting shall resolve upon the appointment of a new Deputy Chairman among the directors, pursuant to Article 13, paragraph 3, b) of the Articles of Association.

Please note that the resolution upon this item on the agenda will be adopted with the quorum required by law, as provided by the Articles of Association.

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Dear Shareholders,

you are invited to appoint the new Chairman, selected from the members of the Board of Directors, as well as the Deputy Chairman, if necessary, for the remaining period of the current office, i.e. until the date of the Shareholders' Meeting convened for the approval of the financial statements for the 2017 financial year.

Unless otherwise resolved upon by the Shareholders' Meeting, the Chairman shall be entitled to receive the remuneration for the members of the Board of Directors as established by the Shareholders' Meeting held on 16 April 2015 for the 2015-2016-2017 financial years, to the following extent pro tempore due: EUR 500,000 (five hundred thousand) as fixed annual gross remuneration, which includes the remuneration of EUR 65,000 (sixty-five thousand) due for the office of member of the Board of Directors.

Milan, 24 October 2016

For the Board of Directors  
Mr Massimo Tononi  
The Chairman of the Board of Directors