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

**SHAREHOLDERS' MEETING**

ordinary session

14 April 2015 (first call) and 16 April 2015 (second call)

**BOARD OF DIRECTORS' REPORT**

**ON ITEM 8) ON THE AGENDA OF THE ORDINARY SESSION**

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

**APPOINTMENT OF THE CHAIRMAN AND THE OTHER MEMBERS**

**OF THE BOARD OF STATUTORY AUDITORS FOR THE FINANCIAL YEARS 2015, 2016 AND 2017**

## **BOARD OF DIRECTORS' REPORT**

Dear Shareholders,

You have been called to the Ordinary Shareholders' Meeting to pass a resolution on the following matter, set forth in item No. 8 of the agenda:

- **Appointment of the Chairman and the other members of the Board of Statutory Auditors for the financial years 2015, 2016 and 2017**

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The term of office of the Board of Statutory Auditors appointed by the Ordinary Shareholders' Meeting on 27 April 2012 for the financial years 2012, 2013 and 2014 expires with the Shareholders' Meeting called today. Therefore, it is necessary to appoint the members of the above-mentioned control body for the financial years 2015, 2016 and 2017.

Please recall, in this regard, that pursuant to Art. 26 of the By-Laws, the Board of Statutory Auditors is composed of three Statutory Auditors and two Alternate Auditors.

According to the above-mentioned provision of the By-Laws , the members of the Board of Statutory Auditors are appointed on the basis of lists submitted by the Shareholders 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, in compliance with the 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.

Please also note that individuals who find themselves in situations of incompatibility and do not meet the requirements requested 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 shall be registered in the Register of Auditors 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 activities 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.

In particular, on the basis of Article 26 of the By-Laws, the Board of Statutory Auditors is elected as follows:

- 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;
- 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;
- in the case of parity of votes between the first two or more lists, the Shareholders' Meeting shall vote again, 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;
- 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;
- 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.

Please also note that each shareholder entitled to vote may vote only one list.

Dear Shareholders, you are therefore invited to appoint the members of the Board of Statutory Auditors in compliance with the provisions of the articles of association set forth above.

Siena, 4 March 2015

On behalf of Board of Directors  
Alessandro Profumo  
Chairman of the Board of Directors