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

**SHAREHOLDERS' MEETING**

18 May 2020 (on a single call)

**EXPLANATORY REPORT BY THE BOARD OF DIRECTORS**

**CONCERNING ITEM 11) ON THE AGENDA**

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

**APPOINTMENT OF THE CHAIRPERSON AND OF THE OTHER MEMBERS OF THE BOARD  
OF STATUTORY AUDITORS FOR FINANCIAL YEARS 2020-2021-2022**



**REPORT OF THE BOARD OF DIRECTORS PURSUANT TO ARTICLE 125-TER OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS SUBSEQUENTLY AMENDED.**

Dear Shareholders,

you were convened to resolve upon the following **item 11)** on the agenda of the Shareholders' Meeting:

**Appointment of the Chairperson and of the other members of the Board of Statutory Auditors for financial years 2020-2021-2022.**

The Board of Statutory Auditors of Banca Monte dei Paschi di Siena S.p.A. (hereinafter the "**Bank**") appointed by the Ordinary Shareholders' Meeting on 18 December 2017 for financial years 2017-2018-2019, also expires with the Shareholders' Meeting called today. It is therefore necessary to proceed to appoint the members of the Board of Statutory Auditors for financial years 2020-2021-2022.

In this respect, please note that under the provisions of Article 25 of the By-Laws, the Board of Statutory Auditors is made up of three effective members and two alternate members.

Pursuant to the above mentioned provision of the By-Laws, the members of the Board of Statutory Auditors will be appointed on the basis of lists submitted by the Shareholders, divided into two sections: one for the appointment of the effective 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 (3) must include candidates of different gender in the first two (2) places of the list under the section of the candidates for the office of Statutory Auditors, in compliance with the applicable on gender balance legislation (currently the least represented gender shall obtain at least two-fifths of the elected Statutory Auditors - see article 148 of Legislative Decree no. 58/98 Consolidated Financial Act (hereinafter the "**TUF**") as amended by Law no. 160/2019).

In this regard, it should be noted that Consob Communication no. 1 of 30 January 2020 "*Clarifications on the amendments to the provisions of Articles 147-ter and 148 of Legislative Decree 58/98 (TUF) on gender balance in the bodies of listed companies introduced by Law 27 December 2019, no. 160 (Budget Law 2020)*" with reference to the new legislation which provides that the least represented gender shall obtain at least two-fifths of the members, considering that from an arithmetical standpoint it would be impossible to ensure for both genders the presence of at least two-fifths in corporate bodies composed of three members (and in particular, in the cases where the Board of Statutory Auditors is composed of three effective Statutory Auditors), specified that the rounding down to the lower unit shall be considered in line with the new legislation. The above shall apply pending an adjustment to the regulatory



framework, taking into account the urgency connected with the application of the new provisions already starting from the next renewals of the corporate bodies.

If the section of the Alternate Auditors of the above mentioned lists has two (2) candidates, the latter shall belong to different genders.

It should also be noted that individuals who are in a situation of incompatibility under the applicable law or do not meet the requirements set forth in the applicable law provisions, cannot be elected as Statutory Auditors and if elected, shall forfeit their office. All of the above, without prejudice to the limits to the cumulation of appointments set forth by the applicable legislation. Auditors are not allowed to hold office in banks other than those belonging to Monte dei Paschi Siena Banking Group and in 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 in which the Bank holds, also indirectly, a strategic shareholding.

At least one of the effective Statutory Auditor and at least one Alternate Auditor 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 effective 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 Euro two million, or
- b) professional work or university teaching in law, economics, finance, credit, insurance or technical and scientific subjects strictly related to the Bank's activities, or
- c) a managerial position in public entities or institutions operating in credit, finance and insurance sectors or other sectors strictly related to the Bank's field of business.

It should be noted that Statutory Auditors shall meet the requirements of current applicable legislation; in this regard please refer to the report on the appointment of the Board of Directors on the legislative requirements set forth by Legislative Decree no. 385 of 1 September 1993 (Consolidated Banking Act), recalling that the competent body will verify the requirements of its members, after their appointment.

In particular, on the basis of Article 25 of the By-Laws, the Board of Statutory Auditors are appointed as follows:

- the first two (2) 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 effective 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 candidate 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 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;
- 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 effective 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 parties who submitted or voted the list ranking first by number of votes, shall be elected *Chairperson*.

Please also note that each shareholder who has the right to vote, may vote one list only.

Dear Shareholders, you are therefore invited to appoint the members of the Board of Statutory Auditors.

Siena, 25 February 2020

For the Board of Directors  
Prof. Avv. Stefania Bariatti  
Chairperson of the Board of Directors