English translation for courtesy pourpose only. In case of discrepancies between the Italian version and the English version, the Italian version shall prevail

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

SHAREHOLDERS' MEETING

18 December 2017 (on single call)

EXPLANATORY REPORT BY THE BOARD OF DIRECTORS

CONCERNING ITEM 2) ON THE AGENDA - ORDINARY SESSION

pursuant to Article 125-*ter* of Legislative Decree no. 58 of 24 February 1998,

as subsequently amended and supplemented.

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 attend a meeting to resolve upon the following item on the agenda of the ordinary session of the Shareholders' Meeting:

- **Determination of the number of the Deputy Chairmen for the financial years 2017 - 2018 – 2019**

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Before passing the resolution on the appointment of the Deputy Chairmen from among the members of the Board of Directors for the financial years 2017 - 2018 - 2019 (and, more specifically, in the present case, the last part of the 2017 financial year, which has not yet been concluded, and the entire financial years 2018 and 2019), as set forth in item 4 of the Agenda for this Meeting in ordinary session, it is necessary to determine the number of the Deputy Chairmen.

Please note that, in this respect, - pursuant to Article 13.3 letter b) of the By-Laws - the Ordinary Shareholders' Meeting chooses "*one or two Deputy Chairmen*" from among the members of the Board of Directors.

It is recalled that the Shareholders' Meeting of April 16, 2015 had determined in 1 (one) the number of Deputy Chairmen of the Board of Directors for the financial years 2015-2016-2017.

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Dear Shareholders, you are therefore invited to adopt the relevant resolution.

Siena, 7 November 2017

For the Board of Directors

Mr. Alessandro Falciai

Chairman of the Board of Directors