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

EXTRAORDINARY SHAREHOLDERS' MEETING

15 September 2022 (on a single call)

EXPLANATORY REPORT BY THE BOARD OF DIRECTORS

CONERNING ITEM 2) ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS'  
MEETING

drafted pursuant to article 125-*ter* of D. Lgs. no. 58 dated 24 February 1998 as subsequently amended (“**TUF**” or “**Consolidated Financial Act**”) and pursuant to article 72 of Consob Regulation adopted with Resolution no. 11971 dated 14 May 1999, as subsequently amended (“**Issuers’ Regulation**”).

**REVERSE SPLIT OF THE ORDINARY SHARES OF BANCA MONTE DEI PASCHI DI SIENA S.P.A. AT A RATIO OF 1 NEW ORDINARY SHARE WITH REGULAR DIVIDEND ENTITLEMENT FOR EVERY 100 EXISTING ORDINARY SHARES; RELATED AMENDMENTS TO THE BY-LAWS AND RELATED AND CONSEQUENT RESOLUTIONS.**



## BOARD OF DIRECTORS' REPORT DRAFTED PURSUANT TO ART. 125-*TER* OF THE TUF AND ART. 72 OF ISSUERS' REGULATION

Dear Shareholders,

the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. (hereinafter, the “**Bank**” or the “**Company**” or “**BMPS**”) has called an Extraordinary Shareholders' Meeting in Siena on 15 September 2022 at 2.30 p.m., on a single call, to discuss and resolve, *inter alia*, upon the following item **no. 2** on the Agenda:

**“Reverse split of the ordinary shares of Banca Monte dei Paschi di Siena S.p.A. at a ratio of 1 new ordinary share with regular dividend entitlement for every 100 existing ordinary shares; related amendments to the By-Laws and related and consequent resolutions.”**

This Report by the Board of Directors (the “**Report**”) is prepared pursuant to article 125-*ter* of the Legislative Decree no. 58/1998 (“**TUF**” or “**Consolidated Financial Act**”) and article 72 of Issuers' Regulation, in accordance with the indications set out in Appendix 3A) to the aforementioned Issuers' Regulation, in order to illustrate to the Shareholders the proposal of the reverse split of the ordinary shares of the Bank.

### 1. Illustration of the transaction

The Company's share capital is currently divided into no. 1.002.405.887 ordinary shares.

In connection with the proposed capital increase against payment up to a maximum overall amount of Euro 2,500,000,000.00 to be carried out, in divisible form, through the issuance of ordinary shares, with regular dividend entitlement, to be offered to the Company's Shareholders, pursuant to article 2441 of the Italian Civil Code referred to in item 3 on the Agenda of the Shareholders' Meeting (the “**Capital Increase**”), this reverse share split proposal, involving the reduction of the outstanding number of shares, is aimed at simplifying the administrative management of the shares, that will increase in number as a result of the Capital Increase.

The proposed reverse split will also support the liquidity of trading in the stock market also in the context of the Capital Increase.

The reverse split is proposed at a ratio of no. 1 new ordinary share with regular dividend rights every no. 100 existing ordinary shares (the “**Reverse Share Split**”).

Considering the purposes and the correlation with the Capital Increase, the Reverse Share Split is expected to be executed before the Capital Increase itself, in the timeline and modalities which will be agreed with Borsa Italiana and the other competent Authorities and in any case no later than the beginning of the offering period for subscription of the Capital Increase. The Reverse Share Split will be carried out pursuant to the legal regulations applicable by the authorised intermediaries belonging to the centralised system managed by Euronext Securities S.p.A. and without any charge for the shareholders.

Considering that the Company's shares have no par value, the reverse split will cause the increase of the implied par value of the shares in accounting terms.

In order to optimize the ratio associated with the Reverse Share Split, it will be necessary to proceed with the cancellation of a maximum number of 87 ordinary shares, based on the waiver of shares that will be expressed by one or more shareholders and/or an intermediary available to carry out a reconciliation of the transaction before the latter takes place, without changing the amount of the share capital and, as a result, proceeding to modify the number of the shares indicated in Article 6, Paragraph 2 of the By-Laws.



In any case, for the management of any possible residual portion of shares which may result from the Reverse Share Split, a service for the treatment of any fractions of shares in relation to which it was not possible to execute the Reverse Share Split, will be made available to shareholders, on the basis of the official market price and without fees or commissions and in accordance with to the technical procedures that will be communicated at the time of execution of the transaction.

## 2. Amendments to the By-Laws and right of withdrawal

In relation to the above, please find below the text of the current Article 6 of the By-Laws assuming the approval of the resolution proposal referred to in item 1 on the Extraordinary Shareholders' Meeting Agenda, together with the comparison column relating to the amendments proposed (the amendments are in bold).

Actual text of the By-Laws	Proposed amendments
The Company's share capital amounts to Euro 4,954,119,492.44 (four billion, nine hundred fifty-four million, one hundred nineteen thousand, four hundred ninety-two and forty-four cents) and is fully paid up.	<i>(Unchanged compared to the text proposed in item 1 on the Extraordinary Shareholders' Meeting Agenda and assuming approval of the same).</i>
The Company's share capital is represented by no. 1,002,405,887 (one billion, two million, four hundred five thousand, eight hundred eighty-seven) 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.	<i>(Unchanged)</i>
Shares are registered and indivisible. Each share entitles the holder to a vote.	<i>(Unchanged)</i>
	<p><b>On 15 September 2022 the Extraordinary Shareholders' Meeting resolved:</b></p> <p><b>a) to approve the reverse split of the outstanding ordinary shares of Banca Monte dei Paschi di Siena S.p.A. at a ratio of 1 new ordinary share with regular dividend entitlement for every no. 100 existing ordinary shares;</b></p>



	<p>b) in order to optimize the numerical ratios of the aforementioned reverse share split, to grant to the Board of Directors the power to proceed with the cancellation of a maximum no. 87 ordinary shares of Banca Monte dei Paschi di Siena on the basis of the waiver of shares that will be expressed by one or more shareholders and/or an intermediary available to carry out a reconciliation of the transaction before the latter takes place, all without changing the amount of the share capital and, as a result, proceeding to modify the number of the shares indicated in Article 6, Paragraph 2 of the By-Laws. All of the above without prejudice to the fact that in any case, for the management of any possible residual portion of shares which may result from the reverse share split, a service for the treatment of any fractions of shares in relation to which it was not possible to execute the reverse share split, will be made available to shareholders, on the basis of the official market price and without fees or commissions;</p> <p>c) to grant the <i>pro-tempore</i> Chairperson of the Board of Directors and the <i>pro tempore</i> Chief Executive Officer, also acting severally, with the power to sub-delegate, within the limits of law:</p> <ul style="list-style-type: none"><li>(i) the power to determine the date when the reverse share split is to take place, in line with the technical timing required and indicated by the competent subjects and, in any case, no later than the beginning of the offering period for subscription of the capital increase resolved on the date hereof;</li><li>(ii) the power to make the consequent By-Laws amendments and/or integrations upon execution of the reverse share split,</li></ul>
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	<p>adjusting the numerical values set out therein, with explicit early declaration of approval and ratification, as well as to file the updated text of the By-Laws with the Companies' Register;</p> <p>(iii) all the widest possible powers to do, in general, all that is necessary, or even merely useful, to carry out, the resolutions passed, as well as to comply with all the formalities required, so that all the resolutions adopted today obtain the approvals required by the competent authorities, with all the widest powers required for and appropriate, none excluded and with no exceptions, to the full execution of the passed resolutions, including the power to add in the resolutions and in compliance with their substance, all the amendments deemed necessary in order take into account the number of the newly issued shares following the share capital increase resolved on the date hereof or which could be possibly requested by the competent authorities when granting authorization and registration.</p>
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The above outlined amendments to the By-Laws do not entitle the shareholders who will not have participated in the resolutions covered by this Report to any right of withdrawal.

The proposed amendments to the By-Laws are subject to the approval by the competent authorities in accordance with applicable laws and regulations.

Please consider that following the execution of the Reverse Share Split the By-Laws will be amended in order to: (i) update the number of shares of the Bank; and (ii) delete the description of the Extraordinary Shareholders' Meeting resolution indicated in Article 6, paragraph 4.

### Resolution proposal

Dear Shareholders, we invite you to adopt the following resolution:



“The Extraordinary Shareholders’ Meeting of Banca Monte dei Paschi di Siena S.p.A.

## RESOLVES

1. *to approve the reverse split of the outstanding ordinary shares of Banca Monte dei Paschi di Siena S.p.A. at a ratio of 1 new ordinary share with regular dividend entitlement for every no. 100 existing ordinary shares;*
2. *in order to optimize the numerical ratios of the aforementioned reverse share split, to grant to the Board of Directors the power to proceed with the cancellation of a maximum no. 87 ordinary shares of Banca Monte dei Paschi di Siena on the basis of the waiver of shares that will be expressed by one or more shareholders and/or an intermediary available to carry out a reconciliation of the transaction before the latter takes place, all without changing the amount of the share capital and, as a result, proceeding to modify the number of the shares indicated in Article 6, Paragraph 2 of the By-Laws. All of the above without prejudice to the fact that in any case, for the management of any possible residual portion of shares which may result from the reverse share split, a service for the treatment of any fractions of shares in relation to which it was not possible to execute the reverse share split, will be made available to shareholders, on the basis of the official market price and without fees or commissions;*
3. *to grant the pro-tempore Chairperson of the Board of Directors and the pro tempore Chief Executive Officer, also acting severally, with the power to sub-delegate, within the limits of law:*
  - (i) *the power to determine the date when the reverse share split is to take place, in line with the technical timing required and indicated by the competent subjects and, in any case, no later than the beginning of the offering period for subscription of the capital increase resolved on the date hereof;*
  - (ii) *the power to make the consequent By-Laws amendments and/ or integrations upon execution of the reverse share split, adjusting the numerical values set out therein, with explicit early declaration of approval and ratification, as well as to file the updated text of the By-Laws with the Companies’ Register;*
  - (iii) *all the widest possible powers to do, in general, all that is necessary, or even merely useful, to carry out, the resolutions passed, as well as to comply with all the formalities required, so that all the resolutions adopted today obtain the approvals required by the competent authorities, with all the widest powers required for and appropriate, none excluded and with no exceptions, to the full execution of the passed resolutions, including the power to add in the resolutions and in compliance with their substance, all the amendments deemed necessary in order take into account the number of the newly issued shares following the share capital increase resolved on the date hereof or which could be possibly requested by the competent authorities when granting authorization and registration;*
4. *to approve the consequent amendments to Article 6 of the By-Laws in the wording quoted below:*

“Article 6:

1. *Unchanged compared to the text proposed in item 1 on the Extraordinary Shareholders’ Meeting Agenda.*
2. *Unchanged.*
3. *Unchanged.*



4. On 15 September 2022 the Extraordinary Shareholders' Meeting resolved:

- a) *to approve the reverse split of the outstanding ordinary shares of Banca Monte dei Paschi di Siena S.p.A. at a ratio of 1 new ordinary share with regular dividend entitlement for every no. 100 existing ordinary shares;*
- b) *in order to optimize the numerical ratios of the aforementioned reverse share split, to grant to the Board of Directors the power to proceed with the cancellation of a maximum no. 87 ordinary shares of Banca Monte dei Paschi di Siena on the basis of the waiver of shares that will be expressed by one or more shareholders and/or an intermediary available to carry out a reconciliation of the transaction before the latter takes place, all without changing the amount of the share capital and, as a result, proceeding to modify the number of the shares indicated in Article 6, Paragraph 2 of the By-Laws. All of the above without prejudice to the fact that in any case, for the management of any possible residual portion of shares which may result from the reverse share split, a service for the treatment of any fractions of shares in relation to which it was not possible to execute the reverse share split, will be made available to shareholders, on the basis of the official market price and without fees or commissions;*
- c) *to grant the pro-tempore Chairperson of the Board of Directors and the pro tempore Chief Executive Officer, also acting severally, with the power to sub-delegate, within the limits of law:*
  - (i) *the power to determine the date when the reverse share split is to take place, in line with the technical timing required and indicated by the competent subjects and, in any case, no later than the beginning of the offering period for subscription of the capital increase resolved on the date hereof;*
  - (ii) *the power to make the consequent By-Laws amendments and/or integrations upon execution of the reverse share split, adjusting the numerical values set out therein, with explicit early declaration of approval and ratification, as well as to file the updated text of the By-Laws with the Companies' Register;*
  - (iii) *all the widest possible powers to do, in general, all that is necessary, or even merely useful, to carry out, the resolutions passed, as well as to comply with all the formalities required, so that all the resolutions adopted today obtain the approvals required by the competent authorities, with all the widest powers required for and appropriate, none excluded and with no exceptions, to the full execution of the passed resolutions, including the power to add in the resolutions and in compliance with their substance, all the amendments deemed necessary in order take into account the number of the newly issued shares following the share capital increase resolved on the date hereof or which could be possibly requested by the competent authorities when granting authorization and registration."*

Siena, 12 August 2022

On behalf of the Board of Directors  
Patrizia Grieco  
Chairperson of the Board of Directors