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

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

17 April 2025 (on a single call)

EXPLANATORY REPORT BY THE BOARD OF DIRECTORS

CONCERNING ITEM 1) ON THE ORDINARY SESSION OF THE AGENDA

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

as subsequently amended.

INDIVIDUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024, ACCOMPANIED BY THE REPORTS OF THE BOARD OF DIRECTORS, THE INDEPENDENT AUDITORS AND THE BOARD OF STATUTORY AUDITORS. PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024; RELATED AND CONSEQUENT RESOLUTIONS:

- 1.1) APPROVAL OF 2024 PARENT COMPANY'S FINANCIAL STATEMENTS;**
- 1.2) PROFIT ALLOCATION AND DIVIDEND DISTRIBUTION TO SHAREHOLDERS.**



**REPORT BY 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 1)** on the agenda of the Ordinary Shareholders' Meeting:

“Individual financial statements as at 31 December 2024, accompanied by the Reports of the Board of Directors, the Independent Auditors and the Board of Statutory Auditors. Presentation of the Consolidated financial statements as at 31 December 2024, related and consequent resolutions:

- 1.1) approval of 2024 Parent Company's 2024 financial statements;**
- 1.2) profit allocation and dividend distribution to shareholders.”**

1.1) Approval of 2024 Parent Company's financial statements;

Pursuant to article 2364 of the Italian Civil Code and articles 13 and 30 of the By-Laws of Banca Monte dei Paschi di Siena S.p.A. (the “**Bank**” or the “**Parent Company**”), the Shareholders' Meeting is called to approve the Bank's financial statements for the year ended on 31 December 2024, which show a EUR 1,922,898,241.70 net profit for the year.

Moreover, the Shareholders' Meeting is presented with the consolidated financial statements of the Monte dei Paschi di Siena Group as at 31 December 2024, which closed with a net profit of EUR 1,950,623,209, of which EUR 1,950,783,031 pertaining to the Parent Company.

For more detailed information, please refer to 2024 draft individual financial statements approved by the Board of Directors on 6 March 2025, together with the reports of the Board of Directors, the Independent Auditors and the Board of Statutory Auditors, as well as the 2024 consolidated financial statements approved by the Board of Directors in the same date, together with the reports of the Board of Directors and the Independent Auditors, made available to Shareholders in accordance with the procedures and deadlines prescribed by current laws and regulations and which may be consulted on the www.gruppompis.it website, in the Shareholder's Meetings and BoD section at the link:

<https://www.gruppompis.it/en/corporate-governance/shareholders-meeting-and-bod/shareholders-meeting-and-bod.html>

Resolution proposal.

Dear Shareholders, we invite you to resolve on the following:

“The Shareholders' Meeting of Banca Monte dei Paschi di Siena S.p.A., in ordinary session,

- *examined the individual financial statements as at 31 December 2024, including the reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors;*
- *having acknowledged the data of the consolidated financial statements as at 31 December 2024 with the related reports submitted by the Board of Directors and the Independent Auditors;*

RESOLVES

- *to approve the individual financial statements as at 31 December 2024 of Banca Monte dei Paschi di Siena S.p.A., which closed with a profit of EUR 1,922,898,241.70.*



1.2) Profit allocation and dividend distribution to shareholders.

As anticipated on 6 February 2025, the Bank's Board of Directors informed the market about the distribution of a dividend. On 6 February 2025, the Board of Directors resolved to propose to the Shareholders' Meeting the payment of a dividend under the terms and conditions outlined below.

Referring to this proposal to distribute profits to Shareholders, it should be noted that the European Central Bank, in December 2024, removed the obligation for the Bank to obtain prior authorisation from the Supervisory Authority for distribution of dividends¹.

It is therefore proposed that the Shareholders' Meeting resolve on the distribution of the net profit for the year 2024, according to the allocation showed below, in compliance with the laws and regulations in force.

In this regard, please note that:

- art. 2430 of the Italian Civil Code states that an amount corresponding to at least the twentieth part of the annual net profits must be deducted from them to constitute the legal reserve, until the latter has reached one-fifth of the share capital;
- art. 31 of the Bank's By-Laws states that: *"the net profits resulting from the financial statements are assigned as follows:*
 - a) 10% to the legal reserve, until this reaches the amount of 1/5 of the share capital;*
 - b) to the creation and growth of a statutory reserve for no less than 15% and at least 25% once the legal reserve has reached the amount of 1/5 of the share capital.*

The residual net profits are available to the Shareholders' Meeting for distribution to shareholders and/or for the creation and growth of other reserves".

- art. 6 of Legislative Decree No. 38/2005 states that profits for the year may not be distributed to the extent of the capital gains that are recognised in the income statement, net of the relevant tax burden and other than those relating to financial trading instruments if they result from the financial statements and to foreign exchange and hedging transactions, resulting from the application of the fair value or equity method (paragraph 1, letter a) and that the profits corresponding to such capital gains are recognised in an unavailable reserve (paragraph 2).

Accordingly, it is proposed to allocate the net profit for the year 2024 as follows:

- (i) to legal reserve for an amount equal to 10% of the accrued profit corresponding to EUR 192,289,824.17, pursuant to art. 31 of the By-Laws;
- (ii) to statutory reserve for an amount equal to 15% of the accrued profit corresponding to EUR 288,434,736.26, pursuant to art. 31 of the By-Laws;
- (iii) to unavailable reserve for an amount equal to EUR 19,970,421.59, pursuant to art. 6 of Legislative Decree No. 38/2005;
- (iv) to Shareholders, with distribution of a unit dividend of EUR 0.86 for each outstanding share entitled to the payment of dividend, for a maximum total amount of EUR 1,083,333,147.16;

¹See press release dated 11 December 2024 <https://www.gruppompis.it/en/media-and-news/press-releases/pr-11-12-2024.html>



(v) to extraordinary reserve for the remaining profit of EUR 338,870,112.52.

If this proposal is approved by the Shareholders' Meeting, the consolidated capital requirements would show a Common Equity Tier 1 Ratio of 18.2% and a Total Capital Ratio of 20.5%, both amply meeting the requirements of the competent Authorities".

Pursuant to the laws and regulations in force, it is proposed that the distribution of the dividend takes place with the following methods and timing:

- ✓ ex-dividend date: 19 May 2025;
- ✓ payment date: 21 May 2025.

Pursuant to art. 83-*terdecies* of Legislative Decree no. 58/1998, as subsequently amended ("Consolidated Financial Act" or TUF"), those who are shareholders on the basis of the accounting records at the end of the accounting day of 20 May 2025 (record date) will be entitled to receive the dividend.

If this proposal is approved, the net equity of Banca Monte dei Paschi di Siena S.p.A. will be as shown in the table below:

(EUR/million)

Net Equity	Financial Statements 2024	Changes	Pro- forma Net equity in the 2024 Financial Statements after Shareholders' Meeting resolutions and dividend payment
Capital	7,453	-	7,453
Reserves	1,855	840	2,695
Valuation reserves	53	-	53
Profit for the year	1,923	(1,923)	-
Total	11,284	(1,083)	10,201

Resolution proposal.

Dear Shareholders, we invite you to resolve on the following:

"The Shareholders' Meeting of Banca Monte dei Paschi di Siena S.p.A.

following the approval of Separate Financial Statements of the Bank as at 31 December 2024

RESOLVES

to allocate the net profit for the year 2024 as follows:

- (i) *to legal reserve for an amount equal to 10% of the accrued profit corresponding to EUR 192,289,824.17 pursuant to art. 31 of the By-Laws;*
- (ii) *to statutory reserve for an amount equal to 15% of the accrued profit corresponding to EUR 288,434,736.26 pursuant to art. 31 of the By-Laws;*
- (iii) *to unavailable reserve for an amount equal to EUR 19,970,421.59, pursuant to article 6 of Legislative Decree No. 38/2005;*



- (iv) to Shareholders, with distribution of a unit dividend of EUR 0.86 for each outstanding share entitled to the payment of dividends, for a maximum total amount of EUR 1,083,333,147.16;*
- (v) to extraordinary reserve for the remaining profit of EUR 338,870,112.52.*

Siena, 26 March 2025

On behalf of the Board of Directors
Nicola Maione
Chairperson of the Board of Directors