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

SHAREHOLDERS' MEETING

6 April 2021 (single call)

EXPLANATORY REPORT BY THE BOARD OF DIRECTORS

CONCERNING ITEM 1) ON THE EXTRAORDINARY SESSION OF THE AGENDA

pursuant to Article 125-*ter* of Legislative Decree no. 58 of 24 February 1998, as subsequently supplemented and amended, and Article 72 of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended

**AMENDMENT TO ARTICLE 23, PARAGRAPH 1 OF THE BY-LAWS;  
RELATED AND CONSEQUENT RESOLUTIONS.**



**REPORT BY THE BOARD OF DIRECTORS PURSUANT TO ARTICLE 125-TER OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998 AND ARTICLE 72 OF CONSOB REGULATION NO. 11971/99 ON ITEM 1 ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING CONVENED ON 6 APRIL 2021**

Dear Shareholders,

You were convened to the Shareholders' Meeting to resolve upon the following **item 1)** on the agenda of the Extraordinary Session:

**“Amendment to Article 23, paragraph 1 of the By-Laws; related and consequent resolutions”.**

**Reasons and explanation of the proposed amendment to the By-Laws.”**

The amendment to the By-Laws submitted to the resolution of the Shareholders' Meeting and the relevant explanation are illustrated below.

Pursuant to Article 23, paragraph 1 of the By-Laws currently in force, the General Manager may avail himself of the Deputy General Managers, Senior Executives and other Executives in order *”to fulfill his/ her duties and exercise his/ her powers, or any powers delegated to him/ her”*.

The increasingly stringent objectives of timeliness, effectiveness and efficiency in operational processes, imposed also by the external context, suggest to update the General Manager's powers of delegation and at the same time introducing greater flexibility in their operational management, to be achieved also through the faculty to sub-delegate to structures/roles of the General Management Department and the Network of Banca Monte dei Paschi di Siena S.p.A. (hereinafter the **“Bank”**) in matters concerning lending and ordinary management activities.

The above is also consistent with the possibility to assign positions of responsibility to non-executive personnel.

The proposed amendment also responds to the need to improve the delegation of powers system and the corporate governance of the Bank, making more effective the performance by the Board of Directors of its own duties of strategic supervision, thus allowing the redistribution of certain ordinary activities having non-strategic content or importance, to the body with management functions (the General Manager is the head of the internal structure), also with a view to streamlining the agenda of Board of Directors' meetings, in line with the requests of the European Central Bank, as well as with the principles set forth by the provisions concerning banks' corporate governance.

Therefore, in order to meet the above-mentioned requirements and in line with Article 18, paragraph 3 of the By-Laws, which establishes the Board of Directors' right to *“delegate lending and ordinary management powers”* also to Senior - Middle - Junior Managers and Branch Managers, the amendment to the By-Laws that is the subject of this Report proposes to set forth directly in the By-Laws that the General Manager and the persons delegated by him pursuant



to Article 23, paragraph 1 of the By-Laws in the exercise of their own, delegated or sub-delegated powers in matters relating to lending and ordinary management activities, may avail themselves also of Senior – Middle -Junior Managers and Branch Managers, on the basis of the offices held.

It should also be noted that, with reference to the powers delegated by the Board of Directors, Article 18, paragraph 5 of the By-Laws expressly provides that: *“The decisions taken by the delegates shall be brought to the attention of the Board of Directors in the manner established by the latter. In any case, the delegates report to the Board of Directors and to the Board of Statutory Auditors, at least on a quarterly basis, on the overall trend of management and on its expected development as well as on major transactions, given their size or features, carried out by the Company or by its subsidiaries.”*

With reference to the proposed amendment to the By-Laws, it is specified that the aforementioned principle of reporting on the delegated powers - which is intended to protect the validity of the overall structure of the delegated powers themselves - will also apply to the delegated powers and sub-delegated powers exercised by the General Manager, so that the delegates pursuant to Article 23, paragraph 1, in the new proposed wording, must inform the General Manager on the decisions taken in accordance with the procedures that, to this effect, will be provided for by the internal rules of the Bank.

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Please note that the proposed amendments to the By-Laws are subject to authorisation by the Supervisory Authorities pursuant to Article 56 of Legislative Decree No. 385/1993.

**1. By-Laws with facing text of the amendment proposed.**

Pursuant to Scheme no. 3 of Annex 3A of the Issuer Regulations adopted by Consob Resolution no. 11971 of 14 May 1999, as subsequently amended, the proposal to amend Article 23, paragraph 1 of the By-Laws is set out below, comparing the current text with the proposed text. **Bold type** indicates the part of the text whose insertion is proposed.

CURRENT BY-LAWS	PROPOSED AMENDMENTS
<p style="text-align: center;">Article 23</p> <p>1. In order to fulfill his/her duties and exercise his/her powers, or any powers delegated to him/her, the General Manager is assisted by the Deputy General Managers, Senior Executives and other Executives.</p>	<p style="text-align: center;">Article 23</p> <p>1. In order to fulfill his/her duties and exercise his/her powers, or any powers delegated to him/her, the General Manager is assisted by the Deputy General Managers, Senior Executives and other Executives. <b>In exercising their own, delegated or sub-delegated powers in relation to lending and ordinary management powers the General Manager,</b></p>



	<p><b>the Deputy General Managers, Senior Executives and other Executives may also avail themselves of the assistance of Senior - Middle - Junior - Managers and Branch Managers, on the basis of the office held.</b></p>
<p>2. In order to facilitate the smooth performance of operations both at the Head Office and the Branches, the General Manager - again to fulfill his/her duties and exercise his/her powers or any powers delegated to him/her - may delegate signing authority, either jointly or severally, to the employees stated in the second paragraph of Article 32, and may also grant special power of attorney to third parties for carrying out individual transactions or signing specific deeds and contracts.</p>	<p>2. <i>Unchanged</i></p>
<p>3. In the case of absence or impediment, the General Manager is replaced by the Deputy General Manager. The Acting Deputy General Manager's signature is full proof of the General Manager's absence or impediment before third parties.</p>	<p>3. <i>Unchanged</i></p>

## **2. Occurrence of the right of withdrawal**

With respect to the proposed amendment of the By-Laws, the Board of Directors has determined that the conditions required for the exercise of the right of withdrawal provided for by the current laws and regulations have not been met.

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Dear Shareholders,

in light of the above, we invite you to approve the following proposal:

"The Extraordinary Shareholders' Meeting, having regard to the proposal made by the Board of Directors

RESOLVES

(a) to amend Article 23, paragraph 1 of the By-Laws which will be worded as follows:

***“Article 23***

1. *“In order to fulfill his/ her duties and exercise his/ her powers, or any powers delegated to him/ her, the General Manager is assisted by the Deputy General Managers, Senior Executives and other Executives. In exercising their own, delegated or sub-delegated powers in relation to lending and ordinary management powers the General Manager, the Deputy General Managers, Senior Executives and other Executives may also avail themselves of the assistance of Senior - Middle - Junior - Managers and Branch Managers, on the basis of the office held.”*

(b) to grant the Board of Directors, and through it the Chairperson of the Board of Directors and the Chief Executive Officer in office *pro tempore*, jointly or severally, and having the power to appoint special attorneys to this end, with any and all powers necessary or appropriate to implement the resolutions approved, exercising all powers necessary and expedient for this purpose, without exception, including the power to introduce any amendments, additions or suppressions that are not substantial but deemed as necessary or appropriate, as required by any competent authority or for filing the By-Laws in the Companies' Register as a representative of the Bank; all this with all powers necessary and expedient for this purpose, and with promise of ratification and approval as of now.”

Siena, 25 February 2021

For the Board of Directors

Maria Patrizia Grieco

Chairperson of the Board of Directors