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

ORDINARY SHAREHOLDERS' MEETING

15 April 2026 (single call)

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS

CONCERNING ITEM 3) ON THE AGENDA

OF THE ORDINARY PART

pursuant to Articles 114-*bis* and 125-*ter* of Italian Legislative Decree no. 58 of 24 February 1998

as subsequently amended (“**the Consolidated Financial Act**” or “**TUF**”)

PROPOSAL FOR THE APPROVAL OF THE INCENTIVE SYSTEMS AND RELATED PAYMENT MODALITIES TO MONTEPASCHI GROUP'S PERSONNEL BASED ON “PHANTOM SHARES”, PURSUANT TO THE COMBINED PROVISIONS OF ARTICLES 114-*BIS* AND 125-*TER* OF THE CONSOLIDATED FINANCIAL ACT AS WELL AS ART. 84-*BIS* OF THE REGULATION ADOPTED WITH CONSOB RESOLUTION NO. 11971 OF 14 MAY 1999 (“ISSUERS' REGULATION”); RELATED AND CONSEQUENT RESOLUTION.



REPORT BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLES 114-*BIS* AND 125-*TER* OF TUF

Dear Shareholders,

You have been called to the Shareholders' General Meeting to resolve upon the following topic put on the agenda under **point 3)**:

“Proposal for the approval of the incentive systems and related payment modalities to Montepaschi Group’s personnel based on “phantom shares”, pursuant to the combined provisions of Articles 114-*bis* and 125-*ter* of the Consolidated Financial Act as well as art. 84-*bis* of the Regulation adopted with Consob resolution no. 11971 of 14 May 1999 (“Issuers’ Regulation”); related and consequent resolution.”

Foreword¹

In line with applicable supervisory regulations and guidelines on the matter and in compliance with the specific supervisory provisions on remuneration and incentive policies and practices issued by the Bank of Italy² (hereinafter the "**Supervisory Provisions**"), the Group's Remuneration Policies (hereinafter the "**2026 Remuneration Policies**") - as set forth in the "Report on the remuneration policy and on compensation paid" pursuant to Article 123-*ter* of Consolidated Financial Act - submitted for the necessary and prior approval of the Shareholders' Meeting of Banca Monte dei Paschi di Siena S.p.A. (hereinafter, the "**Bank**" or "**BMPS**"), provide for beneficiaries who are included among the "Identified Staff" (i.e. those individuals whose activities have an impact on the risk profile of the Bank or the Banking Group, hereinafter also referred to as "**MRT**" ("**Material Risk Takers**" or "**Identified Staff**") to be awarded part of their variable remuneration in financial instruments³.

The concept of variable remuneration, as defined by the Supervisory Provisions in force, includes:

- the amounts paid to the **MRT** as incentives for achieving the 2026 Business Plan targets set out in the 2026 Incentive System (the "**2026 Incentive System**"). The 2026 Incentive System is a variable remuneration scheme for the Identified Staff and additional key resources not belonging to the Identified Staff, linked to the 2026 targets. The Group's variable remuneration policy and the related annual incentive systems represent a strategic lever for:
 - enhancing the value of human capital;
 - ensuring alignment between management and the interests of shareholders and investors;

¹ The text of this Report considers the Definitions contained in the Information Document prepared pursuant to art. 84-*bis* of the Issuers' Regulations (as defined below).

² See Bank of Italy Circular no. 285 of 17 December 2013 as amended, Part One - Title IV - Chapter 2 - Section III.

³ See 2026 Remuneration Report.



- facilitating the achievement of the challenging objectives defined for 2026 by creating value and the prerequisites for the full execution of strategic objectives;
- guaranteeing sustainable development in the ESG (Environmental, Social and Governance) area through the adoption of incentive parameters related to the achievement of the Group's strategic guidelines on environmental, social and governance issues;
- any amounts paid to the Identified Staff as an incentive for early termination of employment or for early termination of office for the portion exceeding the notice period cost (so-called **Severance**)⁴ or for the payment in financial instruments of any buy-outs, entry bonuses or retention arrangements, in line with the provisions of the Remuneration Policy.

2026 Incentive System

Given this requirement, it is necessary for the Bank to define the type of financial instruments and the relative amounts to be reserved for such possible future commitments through the drafting of a specific plan (hereinafter, the "**Plan**") to be submitted to the Shareholders' Meeting in accordance with the provisions of Article 114-*bis* of the Consolidated Law on Finance and Article 13 of BMPS' By-Laws.

The proposal for the Plan covered by this Report was approved by the Bank's Board of Directors on 10 March 2026, with the favourable opinion of the Remuneration Committee and the Board of Statutory Auditors (the latter pursuant to Article 2389, paragraph 3, of the Italian Civil Code).

The Remuneration Policies of the Montepaschi Group outlined in the Remuneration Report (both as defined below) for the year 2026 and submitted for the necessary prior approval of BMPS' Shareholders' Meeting, in application of the provisions of the applicable remuneration legislation (see below) - provide for beneficiaries to be included among the Identified Staff of Montepaschi Group (hereinafter also the "**Group**"), *i.e.* those persons whose activities have a significant impact on the Group's risk profile, the allocation of part of the variable remuneration in financial instruments.

In accordance with current regulations, payments to the Identified Staff are subject to rules governing composition and deferral between cash and financial instruments, *i.e.* Phantom Shares or Shares, subsequent to the authorisation to set aside the relevant provision, as granted by a specific resolution of the Shareholders' Meeting.

⁴ "Severance" refers to the amount recognised in the context of agreements for early termination of employment (for the amount exceeding the cost of notice and excluding what is required by law) or early termination of the office and to be paid in part in the form of financial instruments pursuant to the Supervisory Provisions and the Remuneration Policies (including the consideration for any non-compete covenants, for the amount exceeding one year of fixed remuneration of the beneficiary).



It should be noted that – again in accordance with the provisions of the Supervisory Provisions and the Group Remuneration Policies – Phantom Shares or, where authorised by a specific Shareholders' Meeting resolution, Shares will also be used in the context of any agreements for the termination of employment or early termination of office, for the part exceeding the cost of the notice period (known as ‘Severance’) or for the payment in financial instruments of any buy-outs, entry bonuses or forms of retention, in line with the provisions of the Remuneration Policy. In line with current legislation, the Financial Instruments will be paid in accordance with the mechanisms provided for variable remuneration (payment in cash and financial instruments, deferral, holding period) and are subject to the same malus and claw back rules described below.

The characteristics of the Plan are in line with the provisions of the applicable remuneration laws, more specifically the Supervisory Provisions, as better described below and which will be described in further detail in the disclosure that will be made available to the public, in accordance with article 84-*bis* of the Consob regulation adopted with resolution no. 11971 of 14 May 1999, as subsequently amended (hereinafter the “**Issuers’ Regulations**”), along with this Explanatory report.

1. Beneficiaries of the Plan

The potential beneficiaries of the Plan for the awarding of the 2026 Incentive System based on financial instruments and for the payment of any Severance are the Executive Directors and staff of the Montepaschi Group, included in the scope of the Group’s MRT (identified annually by the relevant bodies on the basis of the criteria established by the regulations *pro tempore* in force) in accordance with the Supervisory Provisions and the Group Remuneration Policy.

To date (and subject to changes in the period of validity thereof), the afore-mentioned potential beneficiaries include, among others, the Chief Executive Officer and General Manager of the Bank, and the "Key Managers" of the Group - who in any case fall within the category of Identified Staff - identified, pursuant to the regulations in force⁵, in the Bank's Departments Managers and the other Managers of structures reporting directly to the Chief Executive Officer and the Board of Directors.

2 Reasons behind adoption of the Plan

The Plan aims to enable the Bank and its subsidiaries to comply with the Supervisory Provisions that require the awarding of the 2026 Incentive System and any Severance payments to be made, in part⁶, through financial instruments.

⁵ These are individuals who perform management functions, have regular access to inside information and can make management decisions that can affect the Bank's development and prospects.

⁶ See previous notes 2 and 3.



Therefore, the Plan specifically permits alignment with the provisions of the regulations on the awarding of 2026 Incentive System and on the payment of any amounts determined upon mutual agreement for early termination of the employment relationship or early termination of office.

At the same time, it aligns management interests with those of the Shareholders toward the creation of medium-term value.

3. Governance of the Plan

Under the Plan, the Board of Directors is granted all the powers necessary to implement it, including, purely by way of an example, that of approving, as part of the 2026 Remuneration Policies endorsed by the Shareholders' Meeting, the proposals with regard to:

- the Plan Regulations and any updates;
- the allocation of financial instruments to the beneficiaries of the Plan.

To the extent permitted by the regulations, in force at the time, the Board of Directors may delegate its powers to the Chief Executive officer or other Director(s), with the support of the Chief Human Capital Officer, and/or confer specific powers to perform any activity related to the management of the Plan.

4. Method of allocation of financial instruments for the 2026 Incentive System

Depending on the level of achievement of the objectives defined both at Bank and individual level, and once the activation conditions have been verified, the Plan provides for the awarding of a *bonus* - partly in cash and partly in financial instruments - to be paid to the Beneficiary according to the timing and methods defined by the 2026 Remuneration Policies approved by the Shareholders' Meeting. In particular, any *bonus* accrued within the defined terms is attributed for at least 50% in Financial Instruments and, for a component between 40% and 60%, deferred for 4 or 5 years.

With reference to the criteria and conditions for the awarding of financial instruments, reference is made to the objectives and conditions described in the information document drawn up pursuant to art. 114-*bis* of the Consolidated Law on Finance and art. 84-*bis* of the Issuers' Regulations and the 2026 Remuneration Policies described in the 2026 Report on the remuneration policy and on compensation paid pursuant to art. 123-*ter* of the Consolidated Financial Act.

As set forth in the Supervisory Provisions and in the 2026 Remuneration Policies, the Bank and its subsidiaries activate *malus* and/or clawback mechanisms in the cases envisaged by the 2026 Remuneration Policies of *ex-post* correction



suitable, among other things, to reflect corporate performance levels once the risks actually taken have been accounted for, and to take into consideration individual behaviours, as well as the Bank's equity and liquidity levels.

5. Characteristics of the instruments granted

The Plan is based on the allocation of financial instruments granted for the payment of a portion of the *bonus* accrued in accordance with the 2026 Incentive System, in favour of the beneficiary personnel of the Montepaschi Group who fall within the category of the Group's Identified Staff.

6. Funding

It is not possible to indicate the exact amount of the expected cost of the 2026 Incentive System, as it will depend, *inter alia*, on the overall results achieved by the Group and the individual results achieved by the beneficiaries included in the Identified Staff, to date no. 131. The actual amount will be disclosed in the section on remuneration paid in the Report on the remuneration policy and on compensation paid pursuant to art. 123-*ter* of the Consolidated Financial Act - TUF), which will be submitted to the Shareholders' Meeting called to approve the Financial Statements of 2026.

9. Further information

The Plan does not receive any support from the Special Fund for the promotion of employees' profit sharing, referred to in article 4, paragraph 112 of Italian Law no. 350 of 24 December 2003.

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Dear Shareholders, we invite you to approve this proposal under **item 3)** on the agenda and, therefore, to pass the following resolution:

“The Ordinary Shareholders’ Meeting of Banca Monte dei Paschi di Siena S.p.A., having heard the motion by the Board of Directors,

RESOLVES

1. to approve the 2026 Incentive System and the related payment methods to the personnel of the Montepaschi Group based on financial instruments, in line with current legislation, in the terms and with the modalities described above, as well as contained in the information document made available to Shareholders pursuant to art. 84-*bis* of the Issuers' Regulations; it being understood that the awarding of financial instruments in relation to Severances will be carried out in accordance with the methods applied to the 2026 Incentive System;
2. to grant, the Board of Directors, Chairperson of the Board of Directors and the Chief Executive Officer, each acting separately and with the express authority to sub-delegate, all the broadest powers required or useful to:
 - a) implement this resolution and provide information to the market, prepare and/or finalise and sign any document necessary or useful to the implementation thereof, and adopt any further measures that are necessary, or simply useful, for the implementation of the resolution, also with reference to Identified Staff of the Group companies, providing them with indications in this regard so that they can adopt the necessary and appropriate decisions in order to fully implement this resolution, as well as carrying out any regulatory activity, also at the request of the supervisory authorities;
 - b) make any change and/or addition to this resolution and to the aforementioned documents that constitute an integral part thereof (without altering their substance), as necessary or appropriate to adjust them to any new intervening legal provisions, regulations, corporate governance codes or guidelines of regulatory agencies and/or supervisory authorities.

Siena, 16 March 2026

For the Board of Directors
Nicola Maione
Chairperson of the Board of Directors