

PRESS RELEASE

MPS, BOARD APPROVES 2020 DRAFT FINANCIAL STATEMENTS

Siena, 25 February 2021 -The Board of Directors of Banca Monte dei Paschi di Siena, held today under the chairmanship of Patrizia Grieco, has approved the Bank's draft financial statements and the Montepaschi Group's draft consolidated financial statements as at 31 December 2020, confirming the preliminary results which had already been approved by the Board and disclosed to the market on 10 February 2021, to which reference should be made.

The documentation relating to the approval of the Financial Statements as at 31 December 2020, including the Report on corporate governance and ownership structures, the Non-Financial Statement and the Reports on the other items on the agenda of the Ordinary and Extraordinary Shareholders' Meeting convened on 6 April 2021 – approved during today's meetings – will be published and made available to the public in the manner and within the terms established by the applicable laws and regulations.

As already known, as a result of i) the significant provisions for legal risks made during the year, ii) the effects of the Hydra transaction, iii) the macroeconomic scenario penalised by the COVID-19 pandemic and iv) regulatory developments, a prospective capital shortfall emerged with respect to overall capital requirements. In this context, the Board of Directors approved the 2021-2025 Strategic Plan and the Capital Plan, which were sent to DG Comp and the ECB for their respective assessments. The Strategic Plan was prepared taking into account the commitments made by the Italian Government in 2017 with reference to the 2017-2021 Restructuring Plan, the Prime Ministerial Decree of 16 October 2020, which provides for “launching a process for the disposal of the investment held by the Ministry in the share capital of MPS, to be carried out through the market and also through operations aimed at consolidating the banking system”.

Should a structural solution not be implemented in the short/medium term, the Capital Plan foresees a capital strengthening of EUR 2.5 billion which, if carried out, will be executed at market conditions and with proportional subscription by the Italian State. In this context, DG Comp, according to current legislation, should assess the State's intervention on the basis of the Bank's stand-alone viability. This assessment, which is still in progress, presents – in principle – significant uncertainties regarding the Bank's capital strengthening process and the capital increase at market conditions. On the basis of preliminary interactions with DG Comp, the Bank has also presented compensation measures in addition to those already included in the 2021-2025 Business Plan. It must be pointed out that, subsequent to the enhanced credit risk measures taken since 2018 – which decreased the incidence of non-performing exposures to the lowest levels among significant Italian banks – the Bank is continuing with its efforts to curb business risk while actively working to reduce its legal risks.

In view of the above, it is believed that the capital shortfall can be overcome through the “structural solution” or through a capital increase which, if executed, is expected to take place at market conditions with proportional subscription by the Italian State.

As already communicated to the market at the time of the presentation of the 2020 annual results, the Bank registered capital ratios at year-end approximately 30 bps higher than those expected when preparing the 2021-2025 Strategic Plan.

This press release will be available at www.gruppomps.it

For further information, please contact:

Banca Monte dei Paschi di Siena S.p.A.

Media Relations

Tel. +39 0577 296634

ufficio.stampa@mps.it

Investor Relations

Tel: +39.0577.299350

investor.relations@mps.it