

SUPPLEMENT DATED 4 APRIL 2024

TO THE BASE PROSPECTUS DATED 12 OCTOBER 2023 AND SUPPLEMENTED ON 16 NOVEMBER 2023, ON 12 JANUARY 2024 AND ON 15 FEBRUARY 2024



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

*(incorporated as a joint stock company (società per azioni) in the Republic of Italy)*

**€ 20,000,000,000 Covered Bond Programme**

**unconditionally and irrevocably guaranteed as to payments of interest and principal by**

**MPS Covered Bond S.r.l.**

*(incorporated as a limited liability company (società a responsabilità limitata) in the Republic of Italy)*

**IN ACCORDANCE WITH ARTICLE 6, PARAGRAPH 4, OF THE LUXEMBOURG LAW (AS DEFINED BELOW), THE COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER ("CSSF") ASSUMES NO UNDERTAKING AS TO THE ECONOMIC OR FINANCIAL OPPORTUNENESS OF THE TRANSACTION OR THE QUALITY AND SOLVENCY OF THE ISSUER.**

This supplement (the "**Supplement**") constitutes a Supplement to the base prospectus dated 12 October 2023, as supplemented on 16 November 2023, on 12 January 2024 and on 15 February 2024 (the "**Base Prospectus**"), for the purposes of Article 23(1) of Regulation (EU) 2017/1129 (as subsequently amended and supplemented, the "**Prospectus Regulation**") and Article 30 of the Luxembourg Law on Prospectuses for Securities dated 16 July 2019, as subsequently amended (the "**Luxembourg Law**") and is prepared in connection with the Euro 20,000,000,000 covered bond programme (the "**Programme**") of Banca Monte dei Paschi di Siena S.p.A. ("**BMPS**" or the "**Issuer**" or the "**Bank**"), unconditionally and irrevocably guaranteed as to payments of interest and principal by MPS Covered Bond S.r.l. (the "**Guarantor**").

This Supplement constitutes a supplement to, and should be read in conjunction with, the Base Prospectus.

Capitalised terms used in this Supplement and not otherwise defined herein shall have the same meaning ascribed to them in the Base Prospectus.

This Supplement has been approved by the *Commission de Surveillance du Secteur Financier*, which is the Luxembourg competent authority for the purposes of the Prospectus Regulation and Luxembourg Law, as a supplement issued in compliance with the Prospectus Regulation in order to:

- (i) incorporate by reference in the Base Prospectus:
  - (a) the consolidated audited annual financial statements of the Issuer for the financial year ended on 31 December 2023;
  - (b) the financial statements of the Guarantor as at and for the year ended on 31 December 2023;
  - (c) the auditors' report for the Guarantor for financial statements as at and for the year ended on 31 December 2023; and
- (ii) update the sections entitled "*Risk Factors*", "*Documents incorporated by reference*", "*Banca Monte dei Paschi di Siena S.p.A.*" and "*General Information*" included in the Base Prospectus.

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## RESPONSIBILITY STATEMENT

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Supplement, with respect to those sections which already fall under the responsibility of each of them under the Base Prospectus and which are supplemented by means of this Supplement. To the best of the knowledge of the Issuer and the Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

## NOTICE

Neither the Joint-Arrangers nor the Dealers nor any person mentioned in the Base Prospectus, as supplemented by this Supplement, with exception of the Issuer and the Guarantor, is responsible for the information contained in the Base Prospectus, as supplemented by this Supplement, any document incorporated by reference in the Base Prospectus or this Supplement or any Final Terms and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

The Joint-Arrangers and the Dealers have not verified the information contained in the Base Prospectus, as supplemented by this Supplement. None of the Joint-Arrangers or the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in the Base Prospectus, as supplemented by this Supplement. Neither the Base Prospectus, as supplemented by this Supplement, nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Joint-Arrangers or the Dealers that any recipient of the Base Prospectus, this Supplement or any other financial statements should purchase the Covered Bonds. Each potential purchaser of Covered Bonds should determine for itself the relevance of the information contained in the Base Prospectus, as supplemented by this Supplement, and its purchase of Covered Bonds should be based upon such investigation as it deems necessary. None of the Joint-Arrangers or the Dealers undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Banca Monte dei Paschi Group during the life of the arrangements contemplated by the Base Prospectus nor to advise any investor or potential investor in Covered Bonds of any information coming to the attention of any of the Joint-Arrangers or the Dealers.

The distribution of the Base Prospectus, this Supplement and any document incorporated by reference in the Base Prospectus or this Supplement and any Final Terms and the offering, sale and delivery of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession the Base Prospectus, this Supplement or any Final Terms come are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions.

For a description of certain restrictions on offers, sales and deliveries of Covered Bonds and on the distribution of the Base Prospectus, this Supplement or any Final Terms and other offering material relating to the Covered Bonds, see section "*Selling Restrictions*" of the Base Prospectus, as supplemented by this Supplement.

Save as disclosed in this Supplement, there has been no other significant new factor and there are no material mistakes or inaccuracies relating to information included in the Base Prospectus which is capable of affecting the assessment of Covered Bonds issued under the Programme since the publication of the Base Prospectus. To the extent that there is any inconsistency between (i) any statement in or incorporated by reference into this Supplement and (ii) any statement in or incorporated by reference into the Base Prospectus, the statements in or incorporated by reference into this Supplement will prevail.

Copies of this Supplement and of the documents incorporated by reference in this Supplement and in the Base Prospectus may be inspected during normal business hours at the Specified Office of the Luxembourg Listing Agent and of the Representative of the Covered Bondholders. Copies of this Supplement and the documents incorporated by reference in this Supplement and in the Base Prospectus are available on the Luxembourg Stock Exchange's website (<https://www.luxse.com>) and on the Issuer's website (<https://www.gruppomps.it/en/>).

## RISK FACTORS

On page 35 of the Base Prospectus, the paragraph "*FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE COVERED BONDS*" under section headed "*Risk Factors*" is deleted in its entirety and replaced as follows:

*"The risks below have been classified into the following categories:*

- 1. Risks factors relating to the Issuer and the Group;*
- 2. Risk factors related to the operating activity and the industry in which the Issuer and the Group operate;*
- 3. Risk factors related to the legal and regulatory framework of the sector of business in which the Issuer and the Group operate; and*
- 4. Risk factors related to environmental, social and governance factors"*

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On pages 35–53 of the Base Prospectus, the paragraph "*Risk factors relating to the Issuer and the Group*" under section headed "*Risk Factors*" is deleted in its entirety and replaced as follows:

### ***"1. Risk factors relating to the Issuer and the Group***

#### *1.1. Risks related to capital adequacy*

*The Issuer is subject to the capital adequacy requirements of the Directive (EU) 2013/36 of the European Parliament and European Council in relation to credit institutions' activities, credit institutions' prudential supervision and investment undertakings, as amended by Directive (EU) 2019/878 (the "CRD IV") and of the Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions (the "CRR") as amended by Regulation (EU) 2019/876.*

*As of 31 December 2023, the Group has a CET 1 Ratio and a Tier 1 ratio of 18.1%, a Total Capital Ratio of 21.6%<sup>1</sup>.*

*It should be noted that the Group has a leverage ratio of 7% as at 31 December 2023<sup>2</sup> which is above the minimum requirement of 3%.*

*The Group, on a consolidated basis, meets all capital requirements, including those related to the Pillar II Capital Guidance ("P2G").*

*The European Banking Authority ("EBA"), in cooperation with the relevant supervisory authorities, may in the future decide to recommend a new asset quality review (or "Asset Quality Review" or "AQR") on the most important European banks, including the Issuer, in order to verify the classifications and assessments they have made on their loans for addressing concerns related to the deterioration of the asset quality. Such review exercise of the asset quality may also be combined with an additional stress test conducted by the European Central Bank (the "ECB") as part of a new global assessment exercise.*

*Given the impossibility of quantifying the impacts arising from the stress tests before the stress tests are conducted, there can be no assurance that, should the EBA and other relevant supervisory authorities conduct new comprehensive assessment exercises (or stress test exercises or asset quality review exercises), the Issuer will not have significant financial impacts from these exercises.*

*However, it should be noted that during 2023 the Bank obtained the best result ever in the EBA stress test (with stressed capital ratios well above the required regulatory minimums), and that in 2022 it was subject to on site investigation ("OSI") by the ECB on credit portfolio without any significant impact on the adequacy profile of the Group.*

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<sup>1</sup> Coefficients calculated considering the transitional provisions of the regulatory framework in force on the reference date.

<sup>2</sup> Coefficients calculated considering the transitional provisions of the regulatory framework in force on the reference date.

*For further information in such regard, please refer to the “Capital adequacy” paragraph of the 2022 Consolidated Financial Statements, to the “Capital adequacy” paragraph of the 2023 Consolidated Financial Statements and to the information set out in the Results as at 31 December 2023 – Press Release.*

### *1.2. Risks related to non-compliance with MREL requirements*

*Pursuant to Article 45 of Directive 2014/59/EU, as amended by Directive (EU) 2019/879, institutions must meet at all times a minimum requirement for own funds and eligible liabilities (“MREL”) defined by the resolution authority for each institution, in order to ensure that a bank, in the event of the application of the bail-in procedure, has sufficient liabilities to absorb losses and to ensure compliance with the Primary Tier 1 Capital requirement for the authorization to conduct banking activities, as well as to generate sufficient confidence in it in the market.*

*Notwithstanding the Issuer plans to meet all MREL requirements on a consolidated basis over the next 12 months thanks to its solid capital position and sound funding strategies, the Group is exposed to the risk of incurring breaches of the MREL requirements, in the event of failure to meet the institutional issuance volume required in order to comply with MREL targets, which could be challenged by any systemic tensions in the debt markets and/or idiosyncratic circumstances of the Group.*

*In addition, it cannot be excluded that in the future the Group will breach the MREL and/or the combined buffer requirement (“CBR”) targets, due to, among other things, possible changes in bank resolution regulations and/or the criteria for determining MREL requirements by the resolution authorities, such as raising the requirements or reducing the instruments that are eligible for MREL purposes. Such circumstance could lead, in addition to the prohibition on dividend distributions and the prohibition to perform certain activities already imposed by the resolution authorities, to the adoption of specific measures against the Issuer by the same authorities; should the Issuer and/or the Group be unable to comply with such measures or to fulfil the obligations imposed by such authorities, there could be significant consequences for the Issuer's and/or the Group's economic, equity and financial situation.*

### *1.3. Liquidity risk for the 12-month period and risks related to the Issuer's indebtedness and system liquidity support measures*

*The Group's liquidity position could be exposed, in a time horizon beyond 12 months from the date of this Base Prospectus, to a series of both external and internal events that could generate a decrease in its customers' deposits, difficulties or inability to have access to markets, to receive funds from counterparties outside the Group, or result in the impairment of certain assets and/or the inability to finance or liquidate them. Among these, the possible systemic economic/financial crisis (e.g., in case of escalation of the conflicts in Russia/Ukraine and in the Middle East), the worsening of the Issuer's reputational profile, and possible tensions in the debt market (making more difficult to implement the Group's issuance programme) are of particular relevance. As of the date of this Base Prospectus, the Issuer has reserves that are deemed sufficient for the twelve months following such date even in the case that severe adverse events should occur.*

*With respect to risks related to the Issuer's indebtedness and interventions to support system liquidity, significant reduction or withdrawal of systemic liquidity support by governments and central authorities or reduction of liquidity obtainable through access to the Eurosystem could generate difficulties and/or higher costs in accessing market sources of liquidity, with potential significant adverse effects on the Bank's and/or the Group's activities and economic, capital and/or financial position.*

*The ECB, within the 2023 SREP Decision, also gave its opinion on the Internal Liquidity Adequacy Assessment Process (“ILAAP”) implemented by the Group, concluding that no additional liquidity requirements are deemed necessary.*

*Compared to the previous year, the Issuer reduced its reliance on ECB funding, represented by targeted longer-term refinancing operations (“TLTRO III”), Main Refinancing Operations (“MRO”) and Long Term Refinancing Operations (“LTRO”) (indeed, ECB funding/total liabilities decreased from 16% as at December 2022 to 11% as at December 2023). As of 31 December 2023 any adverse change to the ECB's lending policy or funding requirements, including changes to the asset class criteria accepted by the ECB as collateral could affect the*

*Group's results of operations, business and financial condition. However, in light of the findings set forth in the EBA third report on LCR and NSFR monitoring<sup>3</sup>, the Issuer remains attentive to the evolution of the funding market to ensure that its ordinary refinancing strategies and normal businesses are not affected by the cumulative effect of the maturity of all the remaining central bank funding and additional outflows due to the impact of adverse market liquidity scenarios.*

#### *1.4. Risks related to the rating assigned to the Issuer and its debt*

*The Issuer and its debt are subject to ratings by Moody's Investors Service ("**Moody's**"), Fitch Ratings Ireland Limited ("**Fitch**"), and Morningstar DBRS ("**DBRS**", and together with Moody's and Fitch, the "**Agencies**"), which, as of the date of this Base Prospectus, have assigned ratings to the Issuer that fall into the non-investment grade category, which is characterised by an accentuated risk profile and includes debt securities that are particularly exposed to adverse economic, financial, and sectoral conditions.*

*The Issuer's rating may also be affected by the rating of the Italian State: any significant downgrade in Italy's sovereign rating could adversely affect the Issuer's ratings, with consequent negative effects on the Bank's and/or the Group's business and economic, capital, and/or financial position.*

*Should the Issuer experience a deterioration (so-called "downgrading") in the ratings assigned by one or more Agencies, there could be a greater burden in raising financing, a more difficult and/or expensive recourse to the capital market, additional collateral could be required in specific transactions or agreements and, more generally, it could have potential negative repercussions for the Group's liquidity and on the Group's reputation among institutional, retail investors and clients.*

#### *1.5. Risks related to deterioration in credit quality and the impacts of the worsening economic environment, particularly in Italy, on credit quality and banking in general*

*The Group is exposed to risks relating to lending activities and to the possibility that its contractual counterparties fail to fulfil all or part of their payment obligations. These risks have been rendered even more severe considering the interest rate trends which may negatively affect payment obligations of the clients. As of 31 December 2023: (i) the Group has an amount of customer loans classified as non-performing exposures (i.e., including non-performing loans, unlikely-to-pay and past due exposures) of Euro 3,485 million gross, Euro 1,774 million net; (ii) the Group's coverage ratio of impaired loans to customers for the Group as a whole is 49.1%; and (iii) the incidence rates of net loans to customers at amortised cost classified as stage 1 (financial instruments that have not experienced a significant increase in credit risk since initial recognition) and stage 2 (financial instruments that have experienced a significant increase in credit risk since initial recognition but have no objective evidence of loss) are substantially in line with what was observed at the end of December 2023 (85.2% and 12.5% respectively), respectively. Considering the uncertainties associated with the conflicts in Ukraine and in Israel, in the event of a deterioration in credit quality the provisions to be set aside to manage this risk may have a significant adverse effect on the Group's operating results and economic, equity and/or financial position.*

*For more information, please refer to the 2023 Consolidated Financial Statements and to the information set out in the Results as at 31 December 2023 – Press Release.*

*It is to be noted that the 2023 SREP Decision contains a requirement to submit a strategic plan to address the high level of non-performing exposures ("**NPEs**") in the CRE and SME portfolio. ECB pointed out that the BMPS' level of NPEs for the CRE and SME portfolios is still high in comparison with the average gross level of NPEs of credit institutions under the direct supervision of the ECB. Taking this into account, on 29 March 2024 BMPS has presented, as every year, to the ECB a three-year strategic plan for the management of NPEs, with a specific focus on CRE and SME portfolios. As part of this plan, the Bank is already planning sales of non-performing loans ("**NPL**") in 2024 in order to achieve the NPL objectives required for the CRE and SME portfolios over time.*

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<sup>3</sup> EBA Report on "Monitoring of liquidity coverage ratio and net stable funding ratio implementation in the EU" of 15 June 2023.

Finally, it should be noted that in the 2023 SREP Decision there are no references to the remaining credit portfolios (such as, for example, Retail Mortgages, Consumer Credit, Corporate).

The Group is in line with the non-performing exposures coverage targets set out in the 2023 SREP Decision. These coverage levels have already been factored into both the prospective calendar provisioning impact estimates in the business plan 2022–2026 headed “A clear and simple commercial bank” approved by its Board of Directors on 22 June 2022 (the “**Business Plan 2022–2026**”) and the non-performing exposure strategy. In the event that the provisions in the financial statements, determined in accordance with the accounting standards, are not sufficient to align with the minimum coverage required by the so-called “calendar provisioning”, the Group proceeds to apply deductions from regulatory capital up to the amount necessary to adjust to the minimum coverage required, as provided by the applicable regulations.

The Bank is also exposed to the risk of deteriorating credit quality as a result of the domestic and international economic situation.

To assess the effects of a worsening scenario, the Group estimated that a cumulative negative change in Italian gross domestic product (“GDP”) of about 100 basis points could determine an increase in the cost of risk of about Euro 90 million.

#### 1.6. Risk of exposure to debt securities issued by sovereign states

The Group is exposed to the risk of exposure to debt securities issued by sovereign states and has exposure to bonds issued by central and local governments and government entities of the Republic of Italy. As of 31 December 2023, the overall exposure in securities to the Italian government is about Euro 10 billion, stable in respect to the exposure as at December 2022.

Tensions in the sovereign bond market and the volatility of government bonds, significant increases in inflation, and increases in interest rates by the ECB may therefore have negative effects on the Group’s business, economic, capital and/or financial position, operating results, and prospects. In particular, rising rates may have a negative effect on the Group’s positions measured at fair value by virtue of the short exposure, in terms of sensitivity, to a +1 basis point change in interest rates.

Similarly, any deterioration in the yield differential of Italian government bonds compared to other European benchmark government bonds and/or any joint actions by the major rating agencies, such as to result in a credit rating of the Italian government below investment grade, could result in negative impacts on the Group’s liquidity position and negative impacts on the value of the portfolio, as well as on capital ratios.

For more information on the Issuer’s risks related to the exposure to debt securities issued by sovereign states, please refer to the “Exposure to sovereign debt risk” paragraph of the 2023 Consolidated Financial Statements and to the information set out in the Results as at 31 December 2023 – Press Release.

#### 1.7. Risks associated with assignments of impaired loans

In the Business Plan 2022–2026, non-performing exposure disposals for a total of Euro 2 billion are envisaged; as of the date of this Base Prospectus, the sales planned for 2022–2023 have been carried out, sales for approximately Euro 900 million remain to be carried out in 2024–2026 according to the business plan.

With exclusive reference to the sales of impaired receivables already completed as of the date of this Base Prospectus, the Group is also exposed to risks attributable to (a) any potential indemnity obligations to which it would be subject if the representations and warranties issued in relation to each portfolio of receivables sold turned out to be untrue or incorrect; and (b) the risk that the claims already notified to it would be deemed well-founded or, in any case, founded to a greater extent than estimated by the same.

In this regard, it should be noted in particular that as of the date of this Base Prospectus: (i) in relation to certain sale transactions, all claims notified to the Bank have not yet been analyzed; (ii) the terms for the notification of claims arising from the incorrectness of the representations and warranties of the Issuer have not yet expired; (iii) there is uncertainty as to the occurrence of a future and uncertain event that could expose the Bank to

indemnifications<sup>4</sup>; and (iv) there is no certainty as to the fate of the claims assessed as unfounded by the Issuer (both in the event that such assessment has been rejected by the counterparties and in the event that the counterparties have not expressed an opinion in this regard).

It should be noted that as of the date of this Base Prospectus, the Group has received notifications of disputes related to:

- the securitization transaction "Valentine/Crystal" carried out by the Group in December 2017 in favour of Siena NPL 2018 S.r.l. (concerning Euro 22 billion of impaired loans) in the context of which the Group has analyzed a significant share of the total number of claims notified, considering as grounded only a limited percentage of the claims analyzed. All claims deemed grounded have been paid<sup>5</sup>;
- the deleverage transaction "Morgana" carried out in 2019 concerning Euro 0.7 billion of gross non-performing leasing loans whose representation and warranties expired in October 2021. As of 31 December 2023, the Group has analysed all the notified claims<sup>6</sup>;
- the demerger transaction "Hydra-M" finalized in fiscal year 2020 concerning Euro 7.2 billion of impaired loans and whose deadline for sending claims expired on 1 December 2022. In the context of this transaction all the notified claims have been analyzed and those deemed grounded have also been paid;
- the securitization "Fantino" in the context of which the Group is exposed to the following disbursement risk:
  - illimity Bank S.p.A.: sale of Euro 0.3 billion of impaired loans; the deadline for notifying claims has expired on 4 March 2024; and
  - AMCO – Asset Management Company S.p.A.: sale of Euro 0.2 billion of impaired loans; the assignee will have the right to notify claims until the deadline of 20 May 2024.

No residual risks are remaining for the sale to Intrum Holding S.r.l. of Euro 0.4 billion of impaired loans and for which the deadline for notifying claims has expired on 20 October 2023. In this respect, all the notified claims have been analysed and those deemed grounded have also been paid<sup>7</sup>.

- "Mugello" deleverage transaction completed in the last quarter of 2023, concerning a portfolio of non-performing loans for a total amount of Euro 0.2 billion, whose R&W will expire by the deadline of the first quarter of 2025.

In this regard, it should be noted that as of the date of this Base Prospectus further disputes to the detriment of the Group could emerge from the aforementioned transactions.

Finally, it should be noted that, without prejudice for provisions set aside by the Group, for the overall disposal transactions they are also determined through the use of statistical techniques to take into account the overall expected risk. It cannot be ruled out that the provisions set aside by the Group will prove to be insufficient, or with possible negative effects on the Bank's and/or Group's economic, equity and/or financial situation.

#### 1.8. Risks related to the impairment of DTAs

As of the date of this Base Prospectus, the Issuer is exposed to the risk that the recorded deferred tax assets ("DTAs") may in the future be subject to partial or full impairment in the financial statements (i) should the Issuer's future profitability levels be lower than estimated and insufficient to ensure the reabsorption of DTAs

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<sup>4</sup> In particular, in relation to the assignment in favour of Siena NPL 2018 S.r.l. (Pjt. "Valentine/Crystal"), the Bank is exposed to the risk of receiving further claims since: (i) in relation to certain receivables in respect of which are pending passive judicial proceedings (listed in a specific annex of the relevant receivables transfer agreement), Siena NPL 2018 S.r.l. has the right to notify a claim until the conclusion of the aforementioned judicial proceedings; and (ii) Siena NPL 2018 S.r.l. has notified, before 31 July 2021 (i.e. the deadline for the notification of claims), certain claims having a "preventive" nature (so called "pre-claims"), which could give right to indemnification, also beyond the aforementioned date, upon the occurrence of the future and uncertain event deducted in the relevant pre-claim.

<sup>5</sup> As regards the claims deemed unfounded, the positions of BMPS and the assignee are not yet aligned.

<sup>6</sup> See previous footnote.

<sup>7</sup> See footnote 5.

*(including in view of the possible impacts resulting from the COVID-19 pandemic and the conflict in Ukraine), or (ii) should significant changes in current tax legislation and related practice occur.*

*As at 31 December 2023, DTAs at the Group level amounted to Euro 1,842.6 million, of which Euro 522.7 million can be converted into a tax credit under Law of 22 December 2011, no. 214 (“Law 214/2011”). The recognition was made to the extent that the contingent DTAs were deemed, under the assumption of continuity of current tax legislation and related practice, recoverable (so-called “probability test”) either because they can be transformed into tax credits pursuant to Law 214/2011 (DTAs with guaranteed recovery), or because they can be offset against the taxes that will be due against estimated future taxable income. As a result of the aforementioned probability test as of 31 December 2023, DTAs amounting to an additional Euro 2,575.7 million are unrecognized.*

*With regard to insufficient future taxable income, the risk of impairment would concern only the DTAs that cannot be transformed into tax credits (amounting to Euro 1,319.9 million as of 31 December 2023), since the recovery of the transformable DTAs is irrespective of the Issuer’s future earning capacity. In the event of future regulatory changes, on the other hand, the risk of impairment could affect the total amount of DTAs recorded in the financial statements.*

*The effects of the aforementioned write-downs (as well as any revaluations) on capital ratios for regulatory supervisory purposes would differ depending on the type of DTAs affected, depending on the different prudential treatment provided. Specifically, the impact of any write-down or revaluation: (i) with regard to DTAs from tax losses would be nil, (ii) with regard to DTAs that can be transformed into tax credits under Law 214/2011 would be high, and (iii) with respect to DTAs having a different nature from the previous ones, the impact on capital ratios would be nil up to the point at which said DTAs exceed given thresholds and relevant for the part within them.*

*In addition, the Issuer is exposed to the risk that unrecognized DTAs could also be subject to partial or total write-downs in the future, resulting in the non-existence of the associated latent assets. In particular, they could be subject to reduction if significant changes to current tax regulations and related practices occur, as well as a result of any denials made by the tax authorities with respect to disapplication rulings submitted by the Issuer in connection with the business combination transactions carried out in 2023 as envisaged in the Business Plan 2022–2026. In particular, Articles 172 and 173 of the D.P.R. 30 December 2023, no. 917 provide, inter alia, limitations on the carry-forward of tax losses and “ACE” surpluses (with respect to merger and demerger transactions, respectively).”*

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On pages 53–67 of the Base Prospectus, the paragraph “*Risk factors related to the operating activity and the industry in which the Issuer and the Group operate*” under section headed “*Risk Factors*” is deleted in its entirety and replaced as follows:

**“2. Risk factors related to the operating activity and the industry in which the Issuer and the Group operate**

**2.1. Risks related to outstanding legal proceedings**

*The Group is involved in various capacities in certain legal proceedings (civil, tax, labour, criminal and administrative) originated either in the ordinary course of business and in an extraordinary and exceptional context related to the criminal investigations that specifically affected the Issuer in the years 2012, 2013, and from 2015 until the date of this Base Prospectus.*

*As at 31 December 2023, the overall petitum of court proceedings, where quantified, equals to Euro 3.5 billion (rounded) and the out-of-court claims’ petitum equals to Euro 0.063 billion; in this respect it should be noted that only a portion of the relevant proceedings and out-of-court claims brought against the Issuer were classified as “probable” for the purposes of estimating the relevant provisions under the accounting and financial reporting rules applicable to the Issuer.*

*As at the date of this Base Prospectus, the Bank is involved in two criminal proceedings with respect to which the Bank has been charged with liability under Legislative Decree No. 231/2001 dated 8 June 2001 (as amended, the “Legislative Decree No. 231/2001”), specifically:*



- (i) *criminal proceeding no. 955/16, settled by a decision of the Court of Appeal of Milan against which, as at date of this Base Prospectus, the terms for the appeal to the Court of Cassation are pending, and relating to the accounting of the Alexandria and Santorini transactions, in which: (a) the Bank and all the defendants were discharged from administrative liability pursuant to Legislative Decree No. 231/01 due to the absence of the requirements for the liability of the Bank, and (b) the decisions taken in the first instance court in favour of the civil plaintiffs as to compensation for damages and the reimbursement of court costs were revoked; and*
- (ii) *criminal proceeding no. 33714/2016 which is still in the early phase of preliminary hearing (udienza preliminare) before the Court of Milan for the charge of the crime of false corporate communications pursuant to Article 2622 of the Royal Decree 16 March 1942 no. 262 (the "Italian Civil Code") relating to the Issuer's financial statements for 2012, 2013, 2014 and to the half-yearly report as at 30 June 2015, in the course of which the Bank's position as responsible party pursuant to Legislative Decree No. 231/2001 was eliminated.*

*Without prejudice for the positive jurisprudential trend which, in the fourth quarter 2023, registered important verdicts in favour of the Bank, allowing a release of provisioning, as of 31 December 2023, of Euro 466.1 million, it cannot be excluded that the costs, expenses, penalties, claims for damages and restitution related to pending or future proceedings may in any case exceed the provisions made by the Issuer in accordance with the applicable accounting and financial reporting rules, due to possible court outcomes that differ from the estimates made by the Bank, the establishment of further significant litigation in the future and/or due to developments in case law, which could have an adverse effect on the Issuer's and/or the Group's economic and financial situation and prospects; the above with a possible negative impact on the economic and financial situation and prospects of the Issuer and/or the Group.*

*In this regard, it should be noted that as part of the analysis carried out on the individual SREP pillars, the ECB highlighted among the Bank's weaknesses/points of attention the persistence of, among other things, the operational risk, to which the Issuer is exposed, as a result of past legal proceedings which have weakened the Group's reputation, and of the number of pending lawsuits.*

*For further information in respect of the proceedings mentioned in this paragraph, please see paragraph 10 "Legal Proceedings" of "Banca Monte dei Paschi di Siena S.p.A." section of this Base Prospectus.*

## *2.2. Risks related to the administrative liability of legal persons and the possible inadequacy of the Issuer's organization and management model pursuant to Legislative Decree No. 231/2001*

*Although the Issuer and the Group adopted, dispose and maintain organization, management and control models provided for under Legislative Decree No. 231/2001 and subsequent amendments and additions (the "231 Model"), it cannot be excluded that they remain exposed to the application of sanctions resulting from any assessment of the inadequacy of the 231 Model adopted and/or the commission of an offence entailing the administrative liability of the Issuer and the Group pursuant to Legislative Decree No. 231/2001, as well as pursuant to similar provisions applicable in countries the Group operates in.*

*In fact, the adequacy and suitability of the 231 Model to prevent the crimes covered by the legislation is ascertained from time to time by the judicial authority who verifies the individual offences. Where the 231 Model is not considered adequate by the judicial authorities and, in the event of an offence, the Issuer is not recognized as exempted from liability, a fine and the confiscation of any price or profit of the offence, if any, may be applied against the Issuer together with the publication of the conviction, as well as, in more serious cases, the possible application of prohibitive sanctions, such as the suspension or revocation of authorizations, licenses or concessions, the prohibition to contract with the public administration, the exclusion from facilitations, financing, subsidies and the possible revocation of those already granted as well as, finally, the prohibition to advertise goods and services, with consequent significant negative effects on the activity, the prospects, the economic, equity and financial situation of the Issuer and the Group.*

## *2.3. Risks related to bancassurance relationships*

*As at the date of this Base Prospectus, the Group carries out bancassurance activities on the basis of an agreement with the group headed by AXA S.A. concerning the development of activities in the bancassurance, life and non-life and supplementary pension business, effective until 2027, the date of natural dissolution, unless otherwise agreed between the parties.*

*The shareholders' agreement originally entered into between MPS Finance Banca Immobiliare S.p.A. ("**MPS Finance**") (which was later universally succeeded by the Bank) and AXA Mediterranean Holding S.A. ("**AXA MH**") with the Bank and AXA S.A. also participating, aimed at regulating the governance of certain joint ventures between the two companies, provides that upon the occurrence of certain material events – such as change of control, breach of lock-up clauses, natural expiration of the agreement, serious default of one of the parties and/or invalidity of the agreement itself – the following rights arise: (a) the right of AXA MH to sell to the Bank the shares of AXA MPS Assicurazioni Vita S.p.A. ("**AMAV**") and AXA MPS Assicurazioni Danni S.p.A. ("**AMAD**") held by AXA MH (the "**Put Option**") as well as (b) the right of MPS Finance (as at the date of this Base Prospectus, the right is of BMPS) to purchase the shares of AMAV and AMAD held by AXA MH (the "**Call Option**"). Depending on the relevant event that triggers the exercise of the Call Option or the Put Option, it is expected that the sale or purchase price of the shares AMAV and AMAD will vary between 80% and 120% of the value of the shares of the two aforementioned companies, as determined by the Bank and AXA MH and/or a team of independent experts. This value of the shares will be determined: (i) for the life business, taking into consideration the embedded value and goodwill, whereas (ii) for the non-life business, using the discounted cash flow methodology.*

*Should the relevant framework agreement terminate (as a result of the activation of the Put Option or the Call Option arising from the occurrence of one of the relevant events), the Bank would be required to purchase the entire share capital of the existing joint ventures with AXA S.A., under the terms and conditions described above. The resulting investment is not envisaged under the Business Plan 2022–2026 and, as at the date of this Base Prospectus, cannot be quantified, even taking into account existing contractual provisions; such an investment could hinder the Bank's ability to pursue the Business Plan 2022–2026's capital targets, making it necessary to revise the Business Plan 2022–2026.*

*The actual exercise of the Put Option by AXA MH – on the occurrence of one of the relevant events provided for in the shareholders' agreement, including the change of control in the Bank resulting from the sale by the MEF of the stake held in it – and consequently the obligation of BMPS to purchase the shares of AMAV and AMAD held by AXA MH could result in, even significant, negative effects on the Bank's and/or the Group's economic, equity and/or financial situation. In particular, said purchase transactions could have significant impacts on the Issuer's solvency ratios based on the rules in force from time to time relating to the prudential treatment of insurance holdings.*

#### *2.4. Operational risks*

*The Group is exposed to operational risk, which consists of the risk of incurring losses resulting from internal or external fraud, the inadequacy or improper functioning of business procedures, errors or deficiencies in human resources and internal systems, interruptions or malfunctions of services or systems, errors or omissions in the provision of services offered, or exogenous events.*

*The ECB, in the 2023 SREP Decision, observes that the main element of BMPS' exposure to operational risk remains its exposure to legal risk. Furthermore, with respect to BMPS' exposure to the ICT risk, the ECB stressed the need to strengthen cyber risk prevention and mitigation processes with a view to minimizing the risk of the occurrence of major cyber incidents.*

*Finally, the ECB acknowledges that BMPS started addressing the deficiencies highlighted in the decision of the ECB regarding the capital requirements to be respected starting from 1 January 2023 and also completed the follow-up actions in response to most of the findings reported in the previous SREP Decisions. Despite these improvements, in the 2023 SREP Decision, the ECB highlighted weaknesses in the governance and IT infrastructure, data aggregation and reporting that BMPS itself has self-assessed.*

#### *2.5. Interest Rate Risk in the Banking Book (IRRBB)*

*The Group is exposed to interest rate trends in the markets in which it operates, changes in which (both positive and negative) can have a negative impact on the value of the Group's assets and liabilities and on net interest income.*

*The banking book identifies all the Group's commercial operations related to the maturity transformation of balance sheet assets and liabilities, treasury, foreign branches, and reference hedging derivatives. The Group is exposed to interest rate trends in the markets in which it operates, changes in which (both positive and negative) can have an impact on the value of the Group's assets and liabilities and on net interest income. In turn, interest rate trends are driven by a number of factors outside the Group's control, such as monetary policies, macroeconomic trends, and political conditions in the relevant countries. In addition, it has to be considered that the results of banking and financing operations also depend on the management of the Group's exposure to interest rates.*

*The banking book's interest rate risk measurements are mainly based on the exposure to interest rate risk for a change in the interest margin (short-term perspective) and economic value (long-term perspective) of assets and liabilities in the banking book, applying both parallel shifts, of varying magnitude, to all rate curves and non-parallel shifts in rate curves.*

## **2.6. Market risks**

*The Group is exposed to market risk represented by potential losses in the value of financial instruments held by the Issuer, including securities of sovereign states, as a result of movements in market variables (such as, by way of example, interest rates, credit spreads, share prices, exchange rates, inflation levels) or other factors, which could generate a deterioration in the Issuer's and/or the Group's capital strength, both with regard to the trading portfolio (so-called "trading book"), and with regard to the portion of the banking portfolio (so-called "banking book") subject to market risks.*

*The Issuer quantifies this type of risk through the use of a "Value at Risk" measure (the "VaR").*

*The Group believes that it is particularly exposed to market risks, both with reference to external elements (the potential volatility of underlying risk factors) and to internal factors related, for example, to the VaR methodology used to estimate unexpected losses related to the overall trading and banking book portfolio. Please refer to the "Market Risks" paragraph of the 2023 Consolidated Financial Statements for more information on VaR methodology.*

*Banking portfolios, in particular, represent the main component of the Group's market in terms of VaR, mainly attributable to BMPS' exposure to debt securities, concentrated on the component of Italian government securities measured at amortized cost (i.e., positions in amortizing cost).*

*With regard to the trading book, the market risk, measured in terms of VaR, is lower than in the past and stems from liquidity providing/market making activities in the markets concerned, from trading with customers with a related risk taking activity, from offering products and services for corporate and institutional customers (bancassurance products, hedging derivatives, structured bonds and certificates) with active risk management from a risk warehousing perspective, and from the Bank's treasury hedging activities for customer service transactions. The short/medium-term proprietary trading component is insignificant, limited to liquid instruments with low transaction costs.*

## **2.7. Risks related to the impact of current uncertainties in the macroeconomic, financial and political environment on the performance of the Issuer and the Group**

*The economic results of the Issuer and the Group companies, in view of their activities, are significantly influenced by the dynamics of global financial markets as well as by the macroeconomic environment (with particular regard to growth outlook) of Italy.*

*The national and global macroeconomic scenario is marked by significant profiles of uncertainty in terms of magnitude of the dampening effects on demand due to monetary policies' measures, the prices' dynamic, the conflict between Ukraine and Russia and growing geopolitical tensions. Since October 2023, geopolitical risk has increased following the Israel-Palestine conflict. A possible escalation in the Middle East area could result*

*in significant disruptions in energy markets and major trade routes and, moreover, additional risk repricing in financial markets could slow growth and add to inflation. Headwinds from rising trade restrictions, inward-looking policies and the restructuring of global value chains could also dampen global growth via global trade deceleration.*

*Even if inflation is currently normalizing and central banks are expected to ease monetary policy, renewed rises in energy and food prices, cost pressure or signs of an upward drift in inflation expectations, could compel central banks to keep policy rates higher for longer than expected, potentially generating additional stress in financial markets, tighter credit standards and leading to a more severe slowdown in economic activity. Tighter than expected global financial conditions would also intensify financial vulnerabilities to the economies and add to debt-servicing pressures.*

*The global macroeconomic picture could also be influenced by: (a) spillovers from weaker growth in China and tensions in the Chinese residential property market, (b) other global geopolitical tensions (i.e. disputes between the United States of America and China on Taiwan), (c) the sovereign debt sustainability of certain countries, (d) banking sector's crisis, (e) competitive devaluations of some countries domestic currencies, (f) upward pressure to inflation due to wages renegotiation and the effects of unfolding climate changes, (g) a resurgence of the pandemic and (h) international terrorism.*

*Alongside the international macroeconomic situation, there are also specific risks associated with the current economic, financial and political conditions in Italy. In fact the Issuer operates mainly in the domestic market and therefore, its business is particularly sensitive to investor perception of Italy's reliability and financial solidity as well as its prospects of economic growth. A partial implementation of the National Recovery and Resilience Plan that failing in supporting growth, could affect investors' perception of country risk, by being reflected in a high yield differential between the Italian 10-year (the "BTP10Y") and the German bund. Also a potential failure in complying with the domestic debt reduction trajectories agreed with the EU could put the BTP10Y-Bund spread under pressure. On the other hand, the requested tightening of the Italian fiscal policy might weigh on domestic households disposable income and on corporate profits.*

*Any risk which may lead to a stagnation or recessionary trend in the Italian economy in the short to medium term could adversely affect the dynamics of the main banking aggregates and the specific impacts on the Bank's and Group's economic, financial and capital position could be relevant.*

*In this context, there is the possibility, in particular for the banking sector, that the economic slowdown will lead to a deterioration in the quality of the loan portfolio, with a consequent increase in the incidence of non-performing loans and the need to increase provisions in the income statement. Also, as a result, the Group's ability to generate revenues may be affected due to the weakening of demand for both financing and investment services and products from customers.*

*Any recessionary scenario would also therefore have negative impacts on: (i) commissions, with negative effects due to the volatility of financial markets, which are reflected in securities prices and on the contribution from indirect deposits, operations and products placed; (ii) net interest income, which, in addition to the reduction in intermediated volumes, would suffer due to higher "funding" spreads and potential constraints on repricing; (iii) the result of securities portfolio management activities due to the aforementioned volatility of financial markets; and (iv) the fair value measurements of financial assets and liabilities, due to their lower market value.*

## **2.8. Counterparty Risks**

*As part of its operations, the Group trades derivative contracts on a wide variety of underlying assets, such as interest rates, foreign exchange rates, prices in equity indices, commodity derivatives, and credit rights with counterparties in the financial services sector, commercial banks, government departments, financial and insurance companies, investment banks, funds, and other institutional clients, and with non-institutional clients.*

*For the purpose of mitigating the counterparty risk exposure, credit risk mitigation techniques (i.e. netting agreement, collateral agreement) are widely used in the Group, in compliance with the requirements set by current regulations. The Group also oversees the counterparty risk associated with derivative and repo*

*transactions through the definition of guidelines and policies for management, measurement and monitoring differentiated according to counterparty characteristics.*

*In light of the above, the Group is exposed to the risk of default by its counterparties to derivative contracts, or that they become insolvent before the maturity of the relevant contract. This risk, which has been exacerbated as a result of the volatility of financial markets, may also arise in the presence of collateral, when any such collateral provided by the counterparty in favour of the Bank, or other Group company, against derivative exposures is not realized or settled at a value sufficient to cover the exposure with respect to the relevant counterparty.*

#### *2.9. Risks related to the purchase and use of Superbonus/Ecobonus/Sismabonus tax credits*

*The Bank is exposed to the risk of non-recoverability of tax credits purchased for transactions under Article 121, of Law Decree No. 34/2020.*

*As of 31 December 2023, the nominal amount of such tax credits is Euro 2,279.4 million. As of the same date, such receivables have already been offset for an amount of Euro 441.8 million; the remaining nominal amount (Euro 1,837.6 million) will be subject to recovery in subsequent annual instalments (up to a maximum of ten annual instalments).*

*The Issuer has purchased tax credits arising from transactions related to interventions in the construction sector (so-called "superbonus", "ecobonus", "sismabonus", "bonus facciate", etc.) in accordance with Article 121 of Law Decree No. 34/2020 ("Urgent measures on health, support for labor and the economy, as well as social policies related to the epidemiological emergency from COVID-19"). According to such provisions, tax credits shall be used in order to offset payments of taxes and contributions due (the so-called "tax capacity") or shall be transferred to third parties for use by the transferees. Failure to use or transfer such tax credits within the terms provided by law results in a loss equal to the value not used or not transferred. Notwithstanding the controls and preliminary verifications provided by the relevant legislation - which aims at ascertaining the existence of all the requirements prescribed by law for the regular accrual of credits in the hands of taxpayers - that the Issuer carries out as part of the credit purchase process, the Issuer is subject to the risk of challenge by the tax authorities for alleged breach by the taxpayers from which the tax credits are originated. In such circumstance, the Issuer would be subject to administrative sanctions and to joint and several liability for the payment of taxes and interest with the taxpayer.*

*It should be noted that if, for any reason, (i) significant changes in the current tax legislation were to occur or (ii) the payments on which to offset were less than the amount of the credits acquired, and the credits acquired in excess of the offsetting "tax capacity" were not sold to third parties in a timely manner or (iii) joint responsibility arose for breach by the taxpayers, or, (iv) credits were purchased despite the fact that there are situations for which the conditions set forth in Articles 35 ("obligation to report suspicious transactions") and 42 ("abstention") of Legislative Decree 231/2007 apply, then the value of the purchased tax credit not to be recovered would have to be charged to loss, with negative effects on the Issuer's economic, asset and/or financial situation.*

#### *2.10. Risks related to the territorial concentration of the Group's activities*

*The operations of BMPS's commercial network show a concentration of branches and volumes of deposits and loans in the Tuscan administrative region, in terms of incidences related to the total of BMPS in Italy, with average values of market shares fluctuating in a range between 19.1% and 21.3%, significantly higher than the other administrative regions, which show values in a range between 4.1% and 4.3%. Similarly, the Group's distribution network is strongly rooted in the reference territories, as is also evident from the market shares in Tuscany of loans (14.6% compared to 4.3% of all of total Italy as of 31 January 2024) and deposits (13.3% compared to 3.7% of all of total Italy as of 31 January 2024).*

*In light of the above, it cannot be excluded that the specific regional context may change and deteriorate, even in relative terms compared to the trend of the national economy, with possible negative effects on the Group's activities and economic, equity and/or financial situation. Adverse changes in credit quality of the Issuer's borrowers and counterparties, particularly concentrated in the region of Tuscany, could affect the recoverability*

and value of the Issuer's assets and require an increase in impairment provisions for bad and doubtful loans and other provisions. Nevertheless, the effects of unfolding climate changes (for example the flood that hit some areas of the region in November 2023) could also have negative impacts on the Bank's activity in Tuscany.

#### 2.11. Risks related to supervisory authority investigations

Since the Issuer carries out banking activities and provides investment services, it is subject to extensive regulation and supervision by, among others, the ECB, Bank of Italy, and CONSOB, each for the aspects under its jurisdiction.

The regulatory authorities, in the exercise of their supervisory powers, subject the Issuer to various ordinary and extraordinary inspection and/or verification activities in order to carry out their prudential supervisory tasks and to assure that the credit institution is equipped with appropriate capital and organizational safeguards with respect to the risks assumed, ensuring the overall management balance.

In light of the foregoing, the Group is exposed to the risk that as a result of the aforementioned inspections and/or verification activities, procedural deficiencies may emerge that could imply the need to take organizational actions and reinforce safeguards aimed at addressing these deficiencies.

For further information on the assessment procedures on the Issuer please refer to paragraph "ECB/Bank of Italy and CONSOB inspections" of "Banca Monte dei Paschi di Siena S.p.A." section of this Base Prospectus.

#### 2.12. Risks related to Sanctioned Countries

The Issuer and the Group have customers and partners located in various countries around the world, some of which are, or may become, subject to comprehensive country-wide or territory-wide sanctions issued by the United States of America, the European Union and/or the United Nations Organisation (e.g., the Russian Federation, Iran, Syria and Cuba) (the "**Sanctioned Countries**"). Such measures may limit the ability of the Issuer and/or the Group to maintain their operativity with such customers and partners in the future.

As of the date of this Base Prospectus, the Bank carries out commercial transactions with a limited number of private and state-owned banks with registered addresses in Sanctioned Countries. All such commercial transactions have been, and will be, conducted in full compliance with all sanctions laws and regulations applicable to the Bank (including Council Regulation (EC) No 2271/96 of 22 November 1996, the so-called "Blocking Regulation") and the Bank's internal constantly updated sanctions-related policies and procedures for the purpose of supporting the Bank's selected Italian customers. Neither the Bank nor the Group maintains a physical presence in Iran, Cuba and/or Syria and the Bank's existing activities as described above are conducted solely through the use of correspondent banking relationships. The Bank and/or the Group do not otherwise engage in any other material business with such sanctioned persons or entities. As at the date of this Base Prospectus, this position is not expected to materially change going forward.

In addition, it should be noted that the Group operates in compliance with the sanctions regime imposed on the Russian Federation since 2014, including the new financial and economic sanctions implemented by NATO and other countries against the Russian Federation and certain Russian organisations and/or individuals (the "**Russia Sanctions**"), constantly adapting its operations to the international development on this matter. In fact, since the beginning of the Russia's invasion of Ukraine in February 2022, the operations of the Group in the Russian Federation have drastically decreased and are likely to reduce further in case the Russia Sanctions should be maintained or strengthened.

The Groups' ability to engage in activity with certain customers and institutional businesses in the above mentioned Sanctioned Countries or involving certain businesses and customers in these countries, is dependent in part upon whether such engagements are restricted under any current or future new sanctions and may be discontinued in light of any developments.

Notwithstanding the foregoing, if the Group's counterparties or the Group itself were to be subject to sanctions investigations and/or sanctions, the investigation costs, remediation required and/or payments or other legal liabilities incurred could potentially adversely affect the net assets and results of operations of BMPS. Such an

*adverse outcome could have a material adverse effect on the Group's reputation and business, results of operations or financial condition."*

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On page 67 of the Base Prospectus, the paragraph "*Risk factors related to environmental, social and governance factors*" under section headed "*Risk Factors*" is (i) moved after paragraph "*Risk factors related to the legal and regulatory framework of the sector of business in which the Issuer and the Group operate*" and (ii) deleted in its entirety and replaced as follows:

**"4. Risk factors related to environmental, social and governance factors**

**4.1. Risks related to the Group's key figures and the Group's ability to retain or attract certain professional skills**

*The Group's results and the future success of its activities depend to a significant extent on the Group's ability to attract, retain and motivate qualified personnel with considerable experience in the business sectors in which the Group operates, as well as on the work of certain key figures, who, in view of their consolidated experience in the sector in which the Group operates, as well as their technical and professional skills, have contributed and continue to contribute significantly to the development of the Group's activities and its business strategies.*

*In particular, the Issuer counts among the key figures of its Board of Directors and key managers the Managing Director Luigi Lovaglio and the members of the Management Committee.*

*In this regard, it should be noted that, in view of the regulations applicable to the Bank, its ability to attract and retain key personnel could be hindered by:*

- (i) the commitments entered into between the Republic of Italy and the European Commission in relation to the Bank (the "**Commitments**"), pursuant to which, among other things, the Bank shall implement stringent executive compensation policies and the remuneration of any employee shall not exceed ten times the average remuneration of the Bank's employees (so-called "salary cap"); and,*
- (ii) the provisions pursuant to Part One, Title IV, Chapter 2, Section V of the supervisory provisions, for banks and banking groups benefiting from exceptional public interventions; in such cases, in fact, variable remuneration is strictly limited as a percentage of net operating income when it is not compatible with the maintenance of an adequate level of capitalization and with a timely exit from public support; moreover, no variable remuneration must be paid to corporate officers unless justified.*

*In fact, the aforementioned conditions could lead to a reduction in the Group's competitive capacity, hindering its ability to retain key personnel and undermining the activities, where necessary, of identifying, in a short time, equally qualified persons capable of replacing them and providing the same operational and professional contribution to the Issuer. The occurrence of the aforementioned circumstances could therefore lead to a slowdown in the Group's growth and development process, a reduction in the Group's competitive ability, and affect its achievement of its set objectives, with potential negative effects on its economic, equity and/or financial situation and/or prospects".*

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On pages 67–70 of the Base Prospectus, the paragraph "*Risk factors related to the legal and regulatory framework of the sector of business in which the Issuer and the Group operate*" under section headed "*Risk Factors*" is deleted in its entirety and replaced as follows:

**"3. Risk factors related to the legal and regulatory framework of the sector of business in which the Issuer and the Group operate**

**3.1. Risks associated with uncertainty about the future results of stress tests or Asset Quality Review exercises**

*The Single Supervisory Mechanism (the "**SSM**") is responsible for the prudential supervision of all credit institutions in participating member states and ensures that the EU policy on the prudential supervision of credit institutions is implemented consistently and effectively and that credit institutions are subject to the highest quality of supervision. In this context, the ECB has been entrusted with specific prudential supervisory tasks over credit institutions by, among other things, providing for the possibility for credit institutions to*

*conduct, where appropriate in coordination with the EBA, stress tests (supervisory stress tests) to ascertain whether the measures, strategies, processes and mechanisms put in place by credit institutions and the own funds they hold would enable sound risk management and hedging in dealing with future, but plausible, adverse events. The stress tests are designed to serve as inputs to the SREP: the outcome of the SREP could result in an additional own funds requirement, as well as other qualitative and quantitative measures.*

*The EBA conducted an EU-wide stress test for 2023 aimed at assessing the resilience of the European banking sector, including the Group.*

*On 28 July 2023, the EBA announced the results of the 2023 EU-wide stress test to which Banca MPS was subject. Such test was conducted by the EBA, in cooperation with the ECB and the European Systemic Risk Board (the "ESRB"). The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2023–2025). The stress test has been carried out applying a static balance sheet assumption as of December 2022 and a number of constraints to the profit and loss accounts. The results, best ever in the Group's stress test exercises, have confirmed the strong solidity achieved by the Group and its capability to generate sustainable profitability, proven also by the positive net results in years 2024 and 2025 even in the adverse scenario, considering the human resources cost savings. For further information in such regard, please refer to the paragraph "Recent developments" of "Banca Monte dei Paschi di Siena S.p.A." section of this Base Prospectus.*

### *3.2. Risks related to changes in banking and financial sector regulations and additional regulations to which the Group is subject*

*The Group is subject to compliance with a complex set of regulations and supervision by, among others, the Bank of Italy, CONSOB and, from 4 November 2014, the ECB, which is entrusted, pursuant to the regulations establishing the SSM, with the task of, inter alia, ensuring the homogeneous application of the regulatory provisions of the Euro Area and is responsible for the prudential supervision of all "significant" credit institutions in the participating member states. In addition, the Bank is subject to the supervision of the EU Directorate-General for Competition (the "DG Comp") until the completion of the Restructuring Plan (as defined in "Banca Monte dei Paschi di Siena S.p.A." section of this Base Prospectus). Supervision by the aforementioned authorities covers various areas of the Issuer's and the Group's activities and may concern, among other things, levels of liquidity, capital adequacy and leverage, regulations on transactions with related parties and connected persons, prevention and combating of money laundering, protection of privacy, transparency and fairness in customer relations, and reporting and record-keeping obligations.*

*Any changes in the regulations, or even in the manner in which they are applied, as well as the possibility that the Issuer and/or Group companies fail to ensure compliance with the applicable regulations, could result in adverse effects on the Bank's and/or Group's activities, assets, liabilities, and financial position, as well as on the products and services they offer.*

*It should be noted that simulations run so far did not evidence increase in risk-weighted assets, therefore the impact of this risk is considered not material.*

*Moreover, as at the date of this Base Prospectus, the Bank of Italy's authority to implement a systemic risk buffer has recently been introduced into the Bank of Italy Regulations. In this regard, on 8 March 2023, the Bank of Italy launched a public consultation on its intention to implement for all banks and banking groups authorized in Italy a systemic risk capital buffer (systemic risk buffer, SyRB) equal to 1.0 percent of domestic risk-weighted exposures for credit and counterparty risk. The target buffer of 1.0 percent would be achieved gradually: 0.5 percent would have to be met by December 31, 2024; the remaining 0.5 percent by June 30, 2025."*



## DOCUMENTS INCORPORATED BY REFERENCE

By virtue of this Supplement, the English language versions of the (i) consolidated audited annual financial statements of the Issuer for the financial year ended on 31 December 2023, (ii) financial statements of the Guarantor as at and for the year ended on 31 December 2023 and (iii) auditors' report for the Guarantor for financial statements as at and for the year ended on 31 December 2023, are incorporated by reference in, and form part of, the Base Prospectus.

The following tables show, *inter alia*, the information that can be found in each of the abovementioned documents incorporated by reference into the Base Prospectus and which shall be included under paragraph "Cross-reference List" on page 98 of the Base Prospectus.

<b><i>Issuer's Audited Consolidated Annual Financial Statements</i></b>	<b>2023</b>
Consolidated Balance Sheet	Pages 130–131 of the pdf
Consolidated Income Statement	Page 132 of the pdf
Consolidated statement of comprehensive income	Page 133 of the pdf
Consolidated Statement of Changes in Equity	Pages 134 – 135 of the pdf
Consolidated Cash Flows Statement	Pages 136 – 137 of the pdf
Notes to the Consolidated Financial Statements	Pages 138 – 519 of the pdf
Independent Auditors' Report	Pages 520 – 530 of the pdf
<b><i>Guarantor Annual Financial Statement</i></b>	<b>2023</b>
Directors' Report on Operations	Pages 3 – 10
Balance Sheet	Pages 11 – 12
Income Statement	Pages 13 – 14
Statement of Comprehensive Income	Page 15
Statement of Changes in Equity	Pages 16 – 17
Cash Flow Statement	Pages 18 – 19
Notes to the Separate Financial Statements	Pages 20 – 93
<b><i>Guarantor Independent Auditors' Report as at 31 December 2023</i></b>	Entire Document

Pursuant to Article 19(1) of Regulation (EU) 2017/1129, the information not listed in the cross-reference lists above are not incorporated by reference and are either not relevant for investors or covered elsewhere in the Base Prospectus.

Any document incorporated by reference into any of the documents which are incorporated in, and form part of, the Base Prospectus, shall not constitute a part of the Base Prospectus.

Copies of the (i) consolidated audited annual financial statements of the Issuer for the financial year ended on 31 December 2023, (ii) financial statements of the Guarantor as at and for the year ended on 31 December 2023 and (iii) auditors' report for the Guarantor for financial statements as at and for the year ended on 31 December 2023, may be obtained from the registered office of the Issuer and the Issuer's website (respectively at <https://www.gruppomps.it/static/upload/ann/annual-report-31-12-2023.pdf>, at

[https://www.gruppomps.it/static/upload/mps/mps-cb-ni-31-12-2023\\_definitiva\\_en.pdf](https://www.gruppomps.it/static/upload/mps/mps-cb-ni-31-12-2023_definitiva_en.pdf) and at [https://gruppomps.it/static/upload/mps/mps-cb\\_opinion-31-12-2023\\_eng.pdf](https://gruppomps.it/static/upload/mps/mps-cb_opinion-31-12-2023_eng.pdf) and will also be available on the Luxembourg Stock Exchange's web site (<https://www.luxse.com/>).

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On page 97 of the Base Prospectus, the first paragraph of section “*Documents Incorporated by Reference*” is amended as follows:

*“the press release of the Issuer headed “Board approves preliminary consolidated results as at 31 December 2023” and published on 7 February 2024, which is available at the following link: <https://www.gruppomps.it/static/upload/pr-/pr-fy2023-results.pdf> (the “Results as at 31 December 2023 – Press Release”),”*

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On page 97 of the Base Prospectus, the following items are added under first paragraph of section “*Documents Incorporated by Reference*” and the relevant numbering of the list of documents shall be adapted accordingly:

- “(a) the consolidated audited annual financial statements of the Issuer for the financial year ended on 31 December 2023, published on 28 March 2024, which is available at the following link: <https://www.gruppomps.it/static/upload/ann/annual-report-31-12-2023.pdf>;*
- “(b) the financial statements of the Guarantor as at and for the year ended on 31 December 2023, published on 2 April 2024, which is available at the following link: [https://www.gruppomps.it/static/upload/mps/mps-cb-ni-31-12-2023\\_definitiva\\_en.pdf](https://www.gruppomps.it/static/upload/mps/mps-cb-ni-31-12-2023_definitiva_en.pdf);*
- “(c) the auditors' report for the Guarantor for financial statements as at and for the year ended on 31 December 2023, published on 2 April 2024, which is available at the following link: [https://gruppomps.it/static/upload/mps/mps-cb\\_opinion-31-12-2023\\_eng.pdf](https://gruppomps.it/static/upload/mps/mps-cb_opinion-31-12-2023_eng.pdf);*”

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

On page 196 of the Base Prospectus, the sub-paragraph headed "*Accelerated book building process for the sale process of 25% of MEF' shareholding*" is deleted in its entirety and replaced as follows:

"k) *First Accelerated book building process for the sale of 25% of MEF's shareholding*

*On 20 November 2023, the MEF announced that it had successfully completed the sale of 314,922,429 ordinary shares of BMPS, representing approximately 25% of the share capital, through an accelerated book building ("ABB") process reserved to Italian and foreign institutional investors.*

*The price per share was Euro 2.92 for a total value of approximately Euro 920 million. Further to completion of the transaction, MEF's shareholding in BMPS has decreased from 64.23% to 39.23% of the share capital."*

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On page 196 of the Base Prospectus, the following paragraphs are added under the sub-paragraph headed "*Accelerated book building process for the sale process of 25% of MEF' shareholding*" as follows:

"l) *Second ABB process for the sale of 12.5% of MEF's shareholding*

*On 26 March 2024, the MEF announced that it had successfully completed the sale of 157,461,216 ordinary shares of BMPS, representing 12.5% of the share capital, through a second ABB process reserved to Italian and foreign institutional investors.*

*The price per share was Euro 4.15 for a total value of approximately Euro 650 million. Further to completion of the transaction (with settlement date on 2 April 2024), MEF's shareholding in BMPS has decreased from 39.23% to 26.73% of the share capital.*

m) *Approval by the ECB of the 2023 dividend proposal*

*On 27 March 2024 BMPS has received the approval from the ECB regarding the proposal for the payment of a cash dividend per share of Euro 0.25, for a total amount of approximately Euro 315 million, to be submitted to the Bank's Shareholders' Meeting convened on 11 April 2024. The decision was taken following the application submitted by the Bank, in compliance with the provisions set forth by the 2023 SREP Decision."*

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On page 196 of the Base Prospectus, the sub-paragraph headed "*Recent developments*" under paragraph headed "*Major events*" is deleted in its entirety and replaced as follows:

"a) *EU-wide stress test*

*On 28 July 2023 the European Banking Authority (EBA), in cooperation with the European Central Bank (ECB) and the European Systemic Risk Board (ESRB), announced the outcomes of the EU-wide stress test.*

*The 2023 EU-wide stress test does not contain a pass fail threshold and instead is designed to be used as an important source of information for the purposes of the SREP. The results of the stress test will assist the competent Authorities in assessing the Group's ability to meet the applicable prudential requirements under stressed scenarios.*

*The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2023–2025). The stress test has been carried out applying a static balance sheet assumption as of December 2022 and a number of constraints to the profit and loss accounts.*

*The results for BMPS, as reported in the EBA note, under the stress test methodology, do not consider the benefits – in terms of higher profits and additional capital – generated by the HR cost savings of 857 million euro over the 3-year horizon, related to more than 4,000 staff exits concluded on 1st December 2022.*

*The Common Equity Tier 1 ratio (CET1%) fully loaded in 2025 as per the stress test exercise is equal to (the delta vs the level of 15.64% reported as at 31 December 2022 is between parentheses):*

*Base scenario:*

*18.61% (+297bps) rising to 19.83% (+419bps) considering the benefits of the abovementioned HR cost savings;*

*Adverse scenario:*

*10.13% (-551bps) rising to 11.98% (-366bps) considering the benefits of the abovementioned HR cost savings.*

*On 3 August 2023, the Bank signed an agreement for the disposal of NPEs for a gross book value of approximately Euro 0.2 billion to a group of Italian and foreign institutional investors. The deconsolidation of the loans is expected by year-end.*

*On 29 August 2023 BMPS has successfully completed the issue of a Euro 500 million Senior Preferred unsecured bond with a 4-year maturity (callable after 3 years), placed to institutional investors, in line with the 2023 funding plan objectives and in compliance with MREL targets.*

*b) ECB final decision on capital requirements*

*On 4 December 2023 BMPS received the final decision of the ECB regarding the capital requirements to be observed as from 1 January 2024, following the conclusion of the yearly Supervisory Review and Evaluation Process performed in 2023.*

*The Pillar II Capital Guidance "P2G" has been set at 1.15% (from the previous level of 2.50%, as a consequence of the positive outcome of the 2023 stress test).*

*The overall minimum requirement in terms of Common Equity Tier 1 ratio is 8.56%, the sum of P1R (4.50%), P2R (1.55%, unchanged from the previous level) and CBR (2.515%, decreasing from the previous level since the Bank is no longer identified as "O-SII" as from 1 January 2024).*

*Accordingly, the overall minimum requirement in terms of Total Capital ratio has decreased to 13.27%.*

*c) Issuance of a new bond*

*On 8 March 2024 BMPS has successfully completed the issue of a Euro 500 million Senior Preferred unsecured bond with a 5-year maturity (callable after 4 years), placed to institutional investors."*

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On page 197 of the Base Prospectus, the sub-paragraph "2022 SREP Decision" under paragraph headed "Major events" is deleted in its entirety and replaced as follows:

**"3.2.1 2023 SREP Decision**

*On 4 December 2023, the Bank announced that it had received the final decision of the ECB regarding the capital requirements to be observed as from 1 January 2024, following the conclusion of the yearly Supervisory Review and Evaluation Process performed in 2023, related to 31 December 2022 reference date and to any other subsequent relevant information.*

*The Group is required to meet a P2R of 2.75% and a TSCR of 10.75%.*

*The Pillar II Capital Guidance "P2G" has been materially reduced to 1.15%, from the current level of 2.50%, as a consequence of the positive outcome of the 2023 Stress Test.*

*Following the recent conclusion of the process performed by Bank of Italy to identify the domestic systemic institutions licensed in Italy, the Bank is no longer identified as "O-SII" and, therefore, starting from 1 January 2024, it will no longer be subject to observe an additional capital buffer of 25 bps.*

*The overall minimum requirement in terms of Common Equity Tier 1 ratio decreases to 8.56%, the sum of P1R (4.50%), P2R (1.55%, remained unchanged) and CBR (2.515%, decreased since the Bank is no longer identified as "O-SII").*

*Accordingly, the overall minimum requirement in terms of Total Capital ratio decreases to 13.27%.*

*On the basis of the financial statements as at 31 December 2023, the Bank is well above such requirements, with Group's capital ratios of:*

- 18.1% of Common Equity Tier 1 ratio vs a requirement of 8.56%;*
- 21.6% of Total Capital ratio vs a requirement of 13.27%."*

\*\*\*

On page 199 of the Base Prospectus, the paragraph headed “*BMPS Group Profile*” is deleted in its entirety and replaced as follows:

*“As at 31 December 2023, the BMPS Group is an Italian banking institution with approximately more than 3.6 million customers, assets of Euro 122.6 billion (rounded) and significant market shares in all the areas of business in which it operates.*

*Based on the agreement reached on 4 August 2022 with the trade unions for the management of about 3,500 voluntary exits as of 1 December 2022, thanks to an early-retirement scheme and the activation of the sector’s Solidarity Fund, as at 31 December 2023 BMPS Group counts approximately 16,737 employees following the exit of more than 4,000 resources.*

*The Group’s main activity is retail banking which involves the provision of banking services for individuals such as financial and insurance products, financial promotion, wealth management and third entities’ securities offers. Other areas of business are: leasing and factoring; consumer lending; corporate finance and investment banking.*

*Customers are divided by target segments to which an ad hoc service model is applied in order to best respond to the specific needs and demands expressed, and are served through an integrated combination of “physical” and “remote” distribution channels.*

*The Group mainly operates in the Republic of Italy through, as at 31 December 2023, 1,362 branches, 127 specialised centres, enhanced by Widiba financial advisor network.*

*The foreign network includes, as at 31 December 2023, an operational branch in Shanghai, eight representative office boards located in various “target areas” (Central-Eastern Europe, North Africa, India and China) and a bank under foreign law, Monte Paschi Banque S.A. in respect of which the Issuer has already resolved in 2018 to start an orderly winding-down process by setting up a plan in compliance with the provisions set out in Commitment no.14 “Disposal of Participations and business”. As of 31 December 2023 the operational branch in Shanghai is in the process of being closed.”*

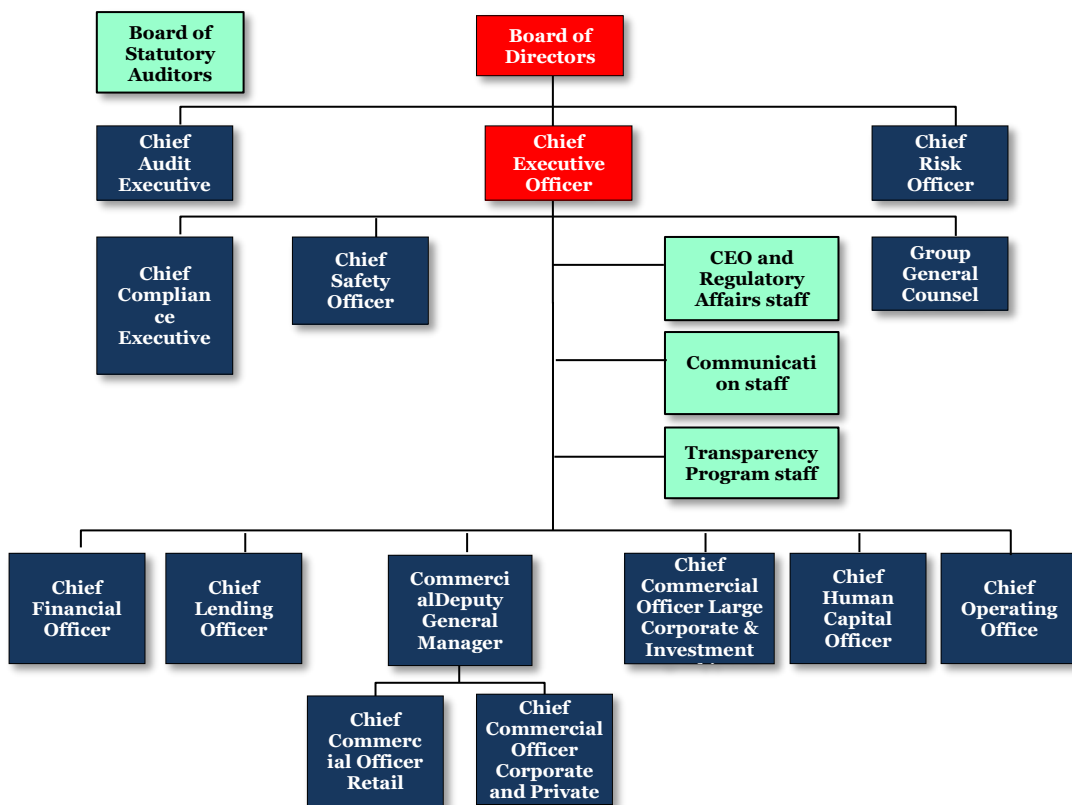
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On pages 200–201 of the Base Prospectus, the third and the fourth items of the sub-paragraph headed “*BMPS as parent company of the Group*” under the paragraph “*Organisational structure*” are deleted in their entirety and replaced as follows:

*“As at the date of this Base Prospectus, the Bank is divided into the following structures reporting directly to the Chief Executive Officer:*

- *the Chief Lending Officer department;*
- *the Deputy Commercial General Manager;*
  - *the Chief Commercial Officer Retail department;*
  - *the Chief Commercial Officer Corporate and Private;*
- *the Chief Commercial Officer Large Corporate & Investment Banking;*
- *the Chief Safety Officer department;*
- *the Group General Counsel department;*
- *the Chief Financial Officer department;*
- *the Chief Operating Officer department;*
- *the Chief Human Capital Officer department;*
- *the Chief Compliance Executive department;*
- *the Communication staff;*
- *the CEO and Regulatory Affairs staff; and*
- *the Transparency Program staff.*

The organisational chart of the Bank's head offices as at the date of this Base Prospectus is set out below:



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On pages 201–202 of the Base Prospectus, the third and the fourth items of the paragraph headed “Funding” are deleted in their entirety and replaced as follows:

*“As at the date of this Base Prospectus, the outstanding issues under the Euro Medium Term Note Programme are equal to a total aggregate notional amount of Euro 5.75 billion (rounded).”*

*A significant funding source (about 11% of the Bank's total liabilities as at 31 December 2023) is also represented by the refinancing operations put in place by the ECB (TLTROIII, MRO and LTRO) guaranteed by assets pledged by the Bank, within the limits and according to the rules established in the Eurosystem.”*

\*\*\*

On pages 202–206 of the Base Prospectus, the paragraph headed “ECB/Bank of Italy and Consob inspections during the period 2019–2023” is deleted in its entirety and replaced as follows:

**“9. ECB/Bank of Italy and Consob inspections**

**9.1. Inspection activity on anti-money laundering**

*In October 2021, the supervisory division of the Venice branch of the Bank of Italy carried out inspections at three BMPS branches, mainly aimed at investigating the operations of a number of cooperative companies subject to bankruptcy proceedings, which are active in the goods transportation sector.*

*In August 2022, Bank of Italy communicated the findings of the anti-money laundering desk audit, which revealed some areas of weaknesses that resulted in the dependencies' lack of ability to intercept the overall phenomenon of cash transactions of cooperatives. The aforementioned weaknesses concerned the process of adequate verification and active cooperation, which need the strengthening of safeguards in order to identify, characterize and, consequently, address the objective and subjective elements of anomaly in the operations of cooperatives, referring both to corporate characteristics and modus operandi.*

*The findings of the Supervisory Authority were duly taken into consideration, and the Bank's response letter, accompanied by the ongoing and planned corrective measures, and the contents of which were approved by the Board of Directors, was sent to the Bank of Italy on 20 December 2022.*

*In November 2022, the Bank of Italy's Anti-Money Laundering Supervision Division II performed an inspection at Banca Widiba, aimed at verifying the controls adopted by the Bank to mitigate the money laundering risks associated with the digital on-boarding process.*

*In December 2022, the Bank of Italy communicated the outcome of the review, signalling some needs of strengthening.*

*The findings of the Supervisory Authority were duly taken into consideration and the Bank's response letter, attached by the corrective measures included in the 2023 anti-money laundering and combating the financing of terrorism ("AML-CFT") plan and with its contents approved by the Widiba Board of Directors, was sent to Bank of Italy on 4 April 2023; as of 4 April 2024, the corrective measures have been implemented.*

### **9.2. Internal Model Investigation (IMI-2022-ITMPS-0197502)**

*In February 2022, the ECB conducted an on-site investigation to approve the application for authorization (submitted by the Bank to the ECB on 9 November 2021) for material changes to the credit risk models. The material changes relate to the adaptation of the AIRB models (PD and LGD) to the new regulatory reference legislation (EBA/GL/2017/16), to the resolution of observations from previous investigations and to the roll-out of the EAD parameter. The investigation activities ended on 13 May 2022. On 1 March 2023, the Bank received the ECB's final decision letter with the approval of model change. All the finding of the previous inspections on IRB models were considered as remediated; while an appropriate action plan has been developed in order to remedy the findings detected by IMI 0197502. The models have been implemented into the Group's management systems since February 2023 and these models were used starting the IQ 2023 regulatory reporting. The Action Plan will be completed by September 2024, in line with the ECB's expectations.*

### **9.3. Supervisory assessment, implementation plan and ECB Thematic Review on climate and environmental risks**

*Throughout 2023 the Bank continued the implementation of the plan to integrate climate and environmental risks (the "C&E Risks") into the risk management framework, in line with the indications received from the ECB following a Thematic Review launched at the beginning of 2022.*

*On 19 September 2023, the ECB sent to the Bank the decision on the risk identification process for C&E Risks, requiring further strengthening efforts related to the identification of material C&E Risks, the monitoring of the impact of C&E Risks on the business environment in which it operates and recommending the review of the materiality assessment for liquidity risk; in this respect, the Bank defined dedicated actions which will be deployed during the years 2024 and 2025.*

*On 3 February 2023, the ECB sent to the Bank a letter relating to the results of the analysis conducted on the adequacy of the information provided on C&E Risks. This letter requests the Issuer to further improve its information on C&E Risks, identifying suitable actions to address the shortcomings highlighted. On 17 March 2023, the Bank responded to the EU Joint Supervisory Team providing evidence of the improvements already implemented and those planned.*

*Finally, the Bank has been selected to participate throughout the first quarter of 2024 in the "Fit-for-55 climate risk scenario analysis", carried out by the EBA together with the other European Supervisory Agencies, the ECB and the ESRB. This exercise is intended to evaluate the advancements made by banks in managing climate-related data and in aligning with the ECB Banking Supervision's good practices.*

### **9.4. Credit and Counterparty Credit Risk Investigation Activity (OSI 0198380)**

*On 19 April 2022, the ECB conducted a credit and counterparty risk investigation with the aim of (i) identifying and quantifying any deterioration effects on surveyed portfolios, (ii) verifying the IFRS 9 provisioning model for the portfolios under consideration, and (iii) reviewing the credit classification and provisioning process. The inspection activity was completed in August 2022 and on 10 July 2023 the ECB sent the final follow up letter setting forth its recommendations associated to the findings mentioned in the final report. Afterwards the Bank defined a specific action plan based on these recommendations, the activities are expected to be completed by the first half of 2024.*

### **9.5. Residential Real Estate Targeted Review**

*During the last quarter of 2022 the Bank was included in a targeted review of the “Residential Real Estate” portfolio, with a focus on credit underwriting practices for newly originated loans. The exercise was carried out in several steps focusing on both qualitative and quantitative aspects.*

*On 31 October 2023, the Bank received an Operational Act indicating nine findings and related recommendations. The main areas of action are related to the delegation of credit granting authority, the stress test framework and the process of evaluation of the borrower’s repayment capacity.*

*The implementation of the remedial actions to resolve the findings is expected within the first half of 2024.*

#### **9.6. Cyber Resiliency Stress Test 2024**

*The Bank has been selected by the ECB for participation to the Thematic Stress Test on Cyber Resilience throughout the first half of 2024; the stress test is aimed at assessing the digital operational resilience of Significant Institutions to withstand a severe but plausible cybersecurity event.*

*The outcome of the exercise will be communicated to the Bank by the third quarter of 2024.*

#### **9.7. IFRS9 Exercise 2022**

*During the second half of 2022, the Bank took part in the EBA IFRS9 benchmarking exercise, with the aim of assessing whether the use of different modelling techniques can lead to significant inconsistencies in terms of expected credit losses (ECL) amount that directly impacts own funds and regulatory ratios. Two main findings have arisen from the exercise, related to the governance of the management overlays process and the adoption of a collective stage assessment to complement the individual assessment.*

*The related remedial action is implemented by the Bank starting from the financial statements for the financial year ended 31 December 2023.*

#### **9.8. Internal Model Investigation (IMI 0227377)**

*On 19 June 2023, the ECB started an internal model investigation with the purpose of assessing the Bank’s application for the roll-out to the subsidiary WIDIBA of the credit risk model (corporate and retail) adopted by the Bank. The investigation was concluded during August 2023 and, on 23 October 2023, the ECB sent to the Bank the final report notifying 12 findings; on 19 March 2024 the Bank has submitted to ECB an appropriate action plan in order to remedy all the relevant findings.*

#### **9.9. Consob inspection activity on investment services**

*From 3 May 2022 to 17 February 2023, a Consob inspection was carried out on the parent company aimed at ascertaining the state of compliance with the new legislation following the transposition of Directive 2014/65/EU (so-called MiFID II) with respect to the following: (i) the procedural structures defined in relation to product governance; and (ii) the procedures for assessing the adequacy of transactions carried out on behalf of customers. Following the aforementioned inspections, on 28 July 2023 Consob communicated to the Bank that, notwithstanding a context of substantial compliance with the regulatory framework and oversight by the control functions, the inspection highlighted some aspects which should be subject to further investigation and update; in particular, in relation to such aspects an intervention plan has already been adopted and is still being implemented by the Bank.”*

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On pages 206–231 of the Base Prospectus, the paragraph headed “*Legal Proceedings*” is deleted in its entirety and replaced as follows:

#### **“10.1. Judicial and arbitration proceedings**

*On 31 December 2023 the following legal disputes and out-of-court claims were pending:*

- *legal disputes with a petitum, where quantified, of Euro 3.5 billion (rounded) and, in particular:*
  - *Euro 1.6 billion (rounded) of claims regarding disputes classified as having a “probable” risk of losing the lawsuit;*
  - *Euro 1.9 billion (rounded) in claims attributable to disputes classified as having a “possible” risk of losing the lawsuit;*



- *out-of-court claims totalling, where quantified, Euro 0.063 billion (rounded), of which Euro 0.048 billion (rounded) related to claims classified at “probable” risk of losing the lawsuit and Euro 0.015 billion (rounded) related to claims classified at “possible” risk of losing the lawsuit.*

*For further information regarding the petitem and the related provisions, please refer to the section “Main types of legal, employment and tax risks” of the 2022 Consolidated Financial Statements and the section “Main types of legal, employment and tax risks” of the 2023 Consolidated Financial Statements.*

*As of 31 December 2023, after the consolidation of the positive jurisprudential trend occurred in the fourth quarter of the year, the petitem of disputes and out-of-court claims related to financial information distributed in the 2008–2015 period is of Euro 1.3 billion (rounded). Provisions have been made to the “Provision for risks and charges” for amounts that represent the best possible estimate related to each litigation, quantified with sufficient reasonableness and, in any case, in accordance with the criteria set forth in the Issuer’s policies.*

*In this regard, it should be noted that only a part of the proceedings and the out-of-court claims made against the Issuer have been classified as “probable risk” for the purposes of estimating the related provisions in accordance with the accounting and financial reporting rules applicable to the Issuer.*

*The overall components of the “Provisions for risks and charges” include, in addition to the provisions set aside for “legal and tax disputes”, provisions for expected losses on estimated client complaints.*

## **10.2. Disputes related to criminal investigations and legal affairs in connection with events occurred 2012 and 2013**

*As at the date of this Base Prospectus, the Issuer and certain of its representatives have been involved in various criminal proceedings and/or, to the Issuer’s knowledge, are under investigation by the competent authorities for possible liability relating to various offences concerning banking transactions, including, for example, those relating to the ascertainment of liability for potential usury offences under Article 644 of the Italian Criminal Code.*

*It should be noted that directors, representatives and employees, including those who have ceased to hold office, may be involved in criminal proceedings arising from disputes connected with the performance of their activities at the Issuer. Nevertheless, such criminal proceedings are of a residual nature in terms of damages that may be suffered by the Bank and, therefore, such proceedings cannot have a possible negative impact on the Issuer’s and/or the Group’s financial situation.*

*In particular, as a result of criminal investigations involving the Issuer, various criminal, sanctioning and civil proceedings have been brought by judges, supervisory authorities, consumer associations, investors and the Issuer itself. In this regard, it should be specified that the Issuer has been involved in two criminal proceedings (identified as no. 955/16 and no. 33714/16), summarised and described below.*

### **10.2.1 Criminal investigations and proceedings**

#### **(A) Proceedings before the Court of Milan no. 955/2016**

*On 12 May 2017, the officers Alessandro Profumo, Fabrizio Viola and Paolo Salvadori were committed for trial within the context of new criminal proceedings before the Court of Milan, in which they were charged for false corporate communications (Article 2622 of the Italian Civil Code) in relation to the accounting of the “Santorini” and “Alexandria” transactions with reference to the Issuer’s financial statements, reports and other corporate communications from 31 December 2012 to 31 December 2014 and with reference to the half-yearly report as of 30 June 2015, as well as for market manipulation (Article 185 of the Financial Services Act) in connection with the disclosure to the public relating to the approval of the aforementioned financial statements and accounts.*

*Following the formalisation of the appearance in court by the Issuer, the Public Prosecutor requested the issuance of a ruling of acquittal because there was no case to answer or because the matter did not constitute an offence, depending on the charge in question.*

*Following the outcome of the preliminary hearing, the Judge for the Preliminary Hearing (“GUP”) did not find the necessary prerequisites for the decision not to proceed to trial and ordered the committal for trial of the defendants, the natural persons (Mr. Viola, Mr. Profumo and Mr. Salvadori) and the Issuer (as the liable party*

pursuant to Legislative Decree No. 231/2001). Only Mr. Salvadori was not charged under Article 185 of the Financial Services Act.

At the hearing of 16 June 2020, following the indictment, the representatives of the Public Prosecutor's Office requested the acquittal of the defendants.

On 15 October 2020, the Court of Milan read the conclusions of the first instance ruling, registered under no. 10748/20, convicting all the defendants and the Issuer pursuant to Legislative Decree No. 231/2001. The grounds were filed on 7 April 2021.

In the grounds, the Court analysed the conduct charged against the defendants with reference to the incriminating circumstances pursuant to Article 2622 of the Italian Civil Code (false corporate communications of listed companies) and pursuant to Article 185 of the Financial Services Act (market manipulation) and confirmed the grounds for the administrative offences charged against the Issuer pursuant to Articles 5, 6, 8 and 25 ter, letter b) of Legislative Decree No. 231/2001, limited to the crime of false information in relation to the 2012 financial statements and the 2015 half-yearly report, as well as pursuant to Articles 5, 8 and 25-sexies of Legislative Decree No. 231/2001 due to market manipulation in relation to press releases concerning the approval of the financial statements as of 31 December 2012, 31 December 2013, 31 December 2014 and the half-yearly report as of 30 June 2015, imposing an administrative fine of Euro 0.8 million.

With reference to the Issuer's position as plaintiff in civil proceedings, the grounds of the judgment explained the reasons for the generic sentence of compensation for damages under which the claims of civil parties can be accepted, pursuant to Article 2049 of the Italian Civil Code, in separate civil proceedings.

The Issuer appealed against the first instance judgment before the Court of Appeal of Milan, in its capacity as civil liable party, jointly and severally with the defendants, having administrative liability pursuant to Legislative Decree No. 231/2001.

On 11 December 2023, the Court of Appeal of Milan overturned the first instance ruling. In particular, the defendants were acquitted because there was no case to answer, and consequently the Issuer was acquitted of administrative liability pursuant to Legislative Decree No. 231/01 due to the non-existence of the predicate offences. The Court also revoked, against the defendants and the Issuer as civilly liable, the sentences relating to compensation for damages and the reimbursement of legal costs, and sentenced those who had appealed to pay the legal costs at first instance.

At the request of the Judge, the President of the Milan Court of Appeal granted to defer the filing of the grounds of the judgment, scheduled for 11 March 2024, for an additional 90 days. The new filing deadline is, therefore, 8 June 2024. Only after the filing of the grounds of judgement will start the period for challenging the verdict before the Supreme Court.

(B) Audits of the 2012, 2013, 2014 and 2015 interim financial statements in respect of the non-performing loans- Criminal proceedings 33714/16

In relation to criminal proceedings no. 33714/16 which is still in the early phase of preliminary hearing (udienza preliminare) before the Court of Milan, the Issuer was originally summoned as administrative manager pursuant to Legislative Decree No. 231/2001 in connection with a charge of false corporate communications (pursuant to Article 2622 of the Italian Civil Code) relating to the 2012, 2013, 2014 financial statements and the 2015 half-yearly report due to the alleged overstatement of so-called non-performing loans.

On 4 May 2018, the Issuer's position was dismissed by the Public Prosecutor's Office due to the groundlessness of the offence (order also confirmed by the General Prosecutor's Office on 15 March 2019).

On 25 July 2019, the Judge for the Preliminary Investigations of the Court of Milan, acknowledged the dismissal of the proceedings against the Issuer, as a liable party pursuant to Legislative Decree No. 231/2001 (moreover, the Issuer had also assumed the role of plaintiff in the proceedings) and ordered the continuation of the investigations against the defendants (i.e. Chairman of the Board of Directors, Chief Executive Officer and pro-tempore Chairman of the Board of Statutory Auditors), thus rejecting the request by the Public Prosecutor to dismiss the case (accompanied by a detailed expert's report prepared in the interest of the Public Prosecutor's Office). The investigation continued in the form of the pre-trial hearing (in which the Issuer did not take part), where two experts were appointed by the Judge for Preliminary Investigations, who filed their report on 30 April

2021. The questions submitted to the experts mainly concerned the verification of the correctness and timeliness of the value adjustments of non-performing loans recorded by the Issuer in the period 2012–2017 in compliance with the accrual principle and the other accounting principles in force at the time of the events.

The conclusions of the experts (which contradicted those of the experts initially called upon by the Public Prosecutor's Office) were then included in the notice of conclusion of the investigation.

At the hearing of 8 June 2021, the pre-trial hearing was closed and the Judge for the Preliminary Investigations forwarded the documents to the Public Prosecutor's Office granting it a period of 45 days to carry out any further investigations and make its own decisions.

As part of this further investigation phase, the Public Prosecutor ordered two new technical consultations. In particular, on 16 November 2021, the Public Prosecutor instructed two additional consultants to examine the documentation relating to the 100 positions for which the ECB, in the context of the 2015–2016 inspection, had indicated the greatest difference between the provisions set aside by the Issuer and those indicated by the same Supervisory Authority, in order to identify the actual incidence of such variance.

This analysis was concluded with the preparation of additional technical opinions. The Public Prosecutor's consultants, while finding certain alleged accounting errors, came to different conclusions from those of the expert report ordered by the Judge for the Preliminary Investigations in 2020 on the same credit positions.

In addition, the Public Prosecutor instructed two officials of the Bank of Italy to examine the effects on regulatory capital of significant adjustments to non-performing loans that the Issuer should have made in the financial years covered by the aforementioned 2020 report. Also in this case the two appointees filed their expert report.

On 25 February 2022, the Judge for the Preliminary Investigations informed the defendants of the extension of the deadline for the conclusion of the investigation (until 31 May 2022) requested by the Public Prosecutor.

On 16 September 2022, a notice was received regarding the conclusion of preliminary investigations pursuant to Article 415-bis of the Italian Code of Criminal Procedure against three former members of the Issuer (two Chairmen of the Board of Directors and one Chief Executive Officer) and a former manager (responsible for preparing the corporate accounting documents). Notwithstanding the previous dismissal, the Issuer also received the same notice in its capacity as administrative liable party pursuant to Legislative Decree No. 231/01.

On 14 December 2022, an indictment was issued against the above-mentioned executives and the former manager for the crimes of false corporate communications (pursuant to Article 2622 of the Italian Civil Code) and market manipulation (pursuant to Article 185 of Legislative Decree no. 58/1998) with reference to the 2013–2014–2015 financial statements and the 2015–2016 half-yearly report, as well as false accounting statements (pursuant to Article 173-bis of Legislative Decree no. 58/1998) in relation to the 2014–2015 financial statements.

According to the charges, in the aforementioned corporate communications, the defendants allegedly accounted for adjustments relating to non-performing loans in violation of accounting principles, thereby misrepresenting the Issuer's economic-financial situation. According to the prosecution, this misrepresentation was also reflected in the communications and statements issued at the same time by the Issuer.

On 12 December 2022, on the other hand, the Issuer was disqualified as being administratively liable under the 231 Model in relation to the administrative offences set forth in Articles 5, 6, 7, 8 and 25-ter, letter b) and 25-sexies of Legislative Decree No. 231/2001, arising from the aforementioned cases of false corporate communications and market manipulation.

Over 5,200 civil parties took part in the hearings held on 12 May 2023 and 26 June 2023. Consob and the Bank of Italy did not join as civil parties. Almost all of the civil parties requested that the Issuer be summoned as a civilly liable party.

On 19 September 2023, the Judge issued a decree summoning the civil liable party and at the hearing of 10 November 2023, the Issuer joined the proceedings. At the hearing held on 22 December 2023, the cross-examination on the issues concerning the civil party's joinder took place and the Judge adjourned the hearing to 22 April 2024.

## **10.2.2 Civil Proceedings**

(A) Litigation and Out-of-Court Requests Related to Financial Information Disseminated in the 2008-2015 period

*The Issuer is exposed to both civil proceedings and out-of-court claims in relation to the financial information disclosed in the period 2008–2015, as shown in the financial statements and interim accounts.*

*The outcome of the civil proceedings has an undeniable connection with the outcome of the criminal proceedings described above (no. 955/16 and 33714/16). In addition, in December 2023, the Milan Court of Appeal in the proceedings no. 955/16 overturned the first instance judgment in favour of the defendants and the Issuer as described above.*

*In any case, the Issuer availed itself of the option granted by IAS 37 not to disclose information on the provisions recorded in the accounts as it believes that such information could seriously jeopardise its position in litigation and any settlement agreements.*

(i) *Legal dispute Banca Monte dei Paschi di Siena S.p.A./the holders of FRESH 2008*

*Certain holders of FRESH 2008 securities maturing in 2099, by writ of summons served on 15 November 2017, brought an action before the Court of Luxembourg against the Issuer, the company Mitsubishi UFJ Investors Services & Banking Luxembourg SA (which replaced the Bank of New York Mellon Luxembourg, the bond issuer), the English company JP Morgan Securities PLC and the American company JP Morgan Chase Bank N.A. (which entered into a swap agreement with the bond issuer) in order to: (i) ascertain the inapplicability of the decree that ordered the burden sharing to the holders of the FRESH 2008 securities and, consequently, to declare that the said bonds cannot be forcibly converted into shares; (ii) affirm the validity and effectiveness of the aforesaid bonds in accordance with the terms and conditions of their issue, as governed by Luxembourg law, and, in addition, to ascertain that the Issuer is not to obtain from JP Morgan the payment of Euro 49.9 million to the detriment of the holders of the FRESH 2008 securities. The Court of Luxembourg, by order of 11 January 2022, rejected the Issuer's requests for a stay of the proceedings until the international courts have ruled on the preliminary objections; on the other hand, it upheld the plea of lack of jurisdiction of the Court in relation to the claim concerning the usufruct agreement entered into by the Issuer in the context of the 2008 share capital increase transaction. With respect to the aforementioned usufruct agreement, the Luxembourg Court reserved its decision pending the resolution of the Italian Court and, on the contrary, declared that it had jurisdiction in relation to the swap agreement entered into by the Issuer also in the context of the 2008 share capital increase transaction.*

*It should be noted that, following the commencement of the proceedings in question by the holders of the FRESH 2008 securities, the Issuer, on 19 April 2018, commenced proceedings before the Court of Milan against JP Morgan Securities, Ltd JP Morgan Chase Bank N.A. London Branch, as well as against the representative of the holders of the FRESH 2008 securities and Mitsubishi Investors Services & Banking Luxembourg SA in order to obtain a declaration that the Italian Court is the only court having jurisdiction and power to decide on the above-described usufruct agreement and company swap agreement.*

*The Court of Milan, considering the preliminary nature of the matter of jurisdiction raised by the defendants and the pendency of a dispute with the same petitum and the same causa petendi before the Luxembourg Court, in 2019 had ordered the suspension of the proceedings pending the decision of the aforementioned Luxembourg Court, a decision confirmed by the Italian Supreme Court in 2021.*

*In the meantime, in November 2022, the holders of the FRESH 2008 securities appealed against the first instance judgment issued by the Luxembourg Court, against which the Bank in turn lodged a cross appeal.*

*At the same time, the Issuer – on the basis of the ruling issued by the Court of Luxembourg – filed an appeal with the Court of Milan for the resumption of the proceedings brought therein in 2018, but the Court of Milan, with a recent order dated 11 January 2024, declared it inadmissible, pointing out that the suspension of the Italian proceedings had been ordered at the time (2 December 2019) until the decision of the Luxembourg Court became final, which had not occurred due to the appeals described above.*

*In the event of a favourable outcome of the litigation for the Bank, the FRESH 2008 securities will be converted into the shares, already issued, of the Issuer, which will also collect the amount of Euro 49.9 million, recording a corresponding economic income. In the event of an unfavourable outcome of the litigation, the burden sharing*

*principle will not apply and therefore the bondholders will retain the right to receive the coupon (equal to Euribor 3M+425bps on a notional amount of Euro 1 billion) provided that the Issuer generates distributable profits and pays dividends. Considering that the Bank is going to pay dividends with the financial statements as of 31 December 2023, it is worth to point out that the Issuer considers any perspective right of the FRESH 2008 bondholder null and void pursuant to the application of Article 22 paragraph 4 of Legislative Decree 237/2016.*

*(ii) Dispute Banca Monte dei Paschi di Siena S.p.A./Alken Fund Sicav and Alken Luxembourg S.A. (now Virmont SA)*

*On 22 November 2017, the counterparties (the “Funds”) served a writ of summons at the Court of Milan against the Issuer, as well as Nomura International (“Nomura”), Giuseppe Mussari, Antonio Vigni, Alessandro Profumo, Fabrizio Viola and Paolo Salvadori, requesting the Court to confirm and declare: (i) the alleged liability of the Issuer pursuant to Article 94 of the Financial Services Act, as well as for the acts of the defendants Mussari, Vigni, Profumo and Viola pursuant to Article 2935 of the Italian Civil Code for the offences committed against the plaintiffs; (ii) the alleged liability of the defendants Mussari and Vigni in relation to the investments made by the Funds in 2012 on the basis of false information; (iii) the alleged liability of the defendants Viola, Profumo and Salvadori in relation to the investments made by the Funds after 2012; and (iv) the alleged liability of Nomura pursuant to Article 2043 of the Italian Civil Code and, consequently, to order the Issuer and Nomura jointly and severally to pay compensation for pecuniary damage in the amount of Euro 423.9 million to Alken Funds Sicav and Euro 10 million for lower management fees and reputational damage to the management company Alken Luxembourg SA, as well as compensation for non-pecuniary damage arising from the crime of false corporate information. The Issuer duly joined the proceedings, challenging all opposing arguments. It should be noted that four individuals intervened in the proceedings, claiming damages totalling approximately Euro 0.7 million. With a ruling issued on 7 July 2021, the Court of Milan rejected all the claims made by the Funds, which were ordered to reimburse the Issuer’s legal expenses. The claim of a single intervener for Euro 52,000 (for principal and interest), jointly and severally with Nomura and partly with Antonio Vigni and Giuseppe Mussari, was partially upheld. Both the Issuer and Nomura, as well as the Funds, appealed (the latter for a petitum of approximately Euro 454 million) against the judgment before the Court of Appeal of Milan, before which the aforesaid intervener Gaetano Longobardi (whose claim had been only partially upheld by the Court) and another intervener Giulio Longobardi (whose claim had been rejected) appeared, lodging a cross-appeal against the Issuer for approximately Euro 0.6 million. On 13 July 2022, the first hearing of the three pending appeal proceedings was held, the joinder of which was ordered. The Court of Appeal of Milan subsequently retained the case for decision at the hearing of 10 May 2023, which was followed by the ruling published on 9 November 2023 in which the Court fully rejected both the claims of the Funds and the cross-appeals of the interveners, accepting instead the appeals of the Issuer, Nomura, Mussari and Vigni. The Funds appealed to the Italian Supreme Court on 9 January 2024 against the aforementioned judgment of the Court of Appeal.*

*(iii) Dispute BMPS, Alessandro Profumo, Fabrizio Viola, Paolo Salvadori and Nomura International PLC, York and York Luxembourg Funds*

*On 11 March, 2019, the York and York Luxembourg Funds served a writ of summons at the Issuer’s registered office, proposing an action before the Court of Milan against the Issuer and Mr. Alessandro Profumo, Fabrizio Viola, Paolo Salvadori, as well as Nomura International PLC (“Nomura PLC”), to claim damages for a total of Euro 186.7 million and – subject to the incidental finding of the perpetration of the crime of false corporate communications – compensation for non-pecuniary loss to be paid on an equitable basis, plus interest, revaluation and expenses.*

*The plaintiffs’ claim relates to the losses (quantified, as mentioned above, at Euro 186.7 million) suffered in connection with the investment transactions in the Issuer’s capital for a total of Euro 520.3 million, carried out both through the purchase of shares (investment of Euro 41.4 million by York Luxembourg) and through the execution of derivative instruments (investment of Euro 478.9 million by York Funds).*

*The disputed investment transactions began in March 2014, when Mr. Fabrizio Viola and Mr. Alessandro Profumo held the positions of Chief Executive Officer and Chairman of the Issuer, respectively. The plaintiffs allege unlawful conduct on the part of the Issuer’s top management, who allegedly misrepresented the financial statement data to the market by circulating erroneous and deceptive price-sensitive information.*

*The Issuer duly joined the proceedings and, after the filing of the preliminary briefs, the Court of Milan, at the hearing of 15 July 2022: (i) declared inadmissible the witness evidence requested by York, Nomura PLC, Profumo and Viola and (ii) deferred to the panel of judges – following the outcome of the decision on the causal link – the assessment of the need to order the expert accounting report requested by York. At the hearing of 23 November 2023, the parties therefore filed their conclusions and the case was retained for decision with the legal deadline to file the final documents.*

**(B) Out-of-Court claims for the repayment of sums and/or compensation for damages by Shareholders and Investors of Banca Monte dei Paschi di Siena S.p.A. in relation to the 2008, 2011, 2014 and 2015 share capital increases**

*The Issuer received numerous out-of-court claims (complaints and mediations), relating to capital increase transactions and alleged inaccurate financial information contained in prospectuses and/or financial statements and/or confidential information, as represented in the financial statements and interim reports. In the third quarter, also as a result of the ruling of the Italian Supreme Court regarding criminal proceedings no. 29634/14, the positive verdicts issued by the Civil Court of Appeal of Milan in the “Alken Case”, the positive verdict issued by the Criminal Court of Appeal in connection with criminal proceeding no. 955/16, as of 31 December 2023, the risk was reclassified from “possible” to “remote” in relation to a portion of petitem amounting to approximately Euro 1.9 billion.*

**10.2.3 Disputes relating to securities subject to the Burden Sharing**

*Following the burden-sharing ordered in the course of 2017 in application of Legislative Decree no. 237/2016, a number of investors who purchased subordinated bonds issued by the Bank (which then became shareholders as a result of the aforementioned measure, with the consequent emergence of capital losses compared to the amount initially invested) sued the Issuer.*

*It should be noted that, for part of the litigation, the plaintiffs are no longer holders of the securities as they sold the securities prior to the entry into force of Decree 237/2016. It should also be mentioned that the counterparties sued the Issuer claiming that the latter, at the time of the investment, failed to inform clients about the nature and characteristics of the financial instruments purchased, also raising further objections on the proper fulfilment of the Issuer's obligations as an intermediary in breach of the Financial Services Act (and its implementing rules), as well as in violation of the general principles of fairness, transparency and diligence.*

**10.2.4. Civil disputes arising in connection with the ordinary business of the Issuer**

*The most relevant proceedings in terms of petitem and status of the lawsuit are listed below.*

**i. Civil dispute brought by Fatrotek S.r.l. before the Courts of Salerno**

*By a writ of summons dated 27 June 2007, the Issuer was sued to pay damages for the alleged pecuniary and non-pecuniary loss suffered by the bankruptcy petitioner, as a result of an alleged unlawful reporting in the Central Credit Register for Euro 157 million.*

*The Court of Salerno, with a judgment dated 11 November 2022, ascertained and settled only the non-pecuniary damage, amounting to Euro 20,000 for each bank (therefore for a total of Euro 100,000) plus interest and legal costs. The Issuer paid the portion equal to Euro 34,151.69. The substantially successful outcome of the proceedings led to the conclusion that an appeal was not admissible, which, however, was filed by the bankruptcy petitioner with a summons served on 10 July 2023. A hearing based on paperwork was held on 11 January 2024 and the Court's decision on the continuation of the proceedings is pending.*

**ii. Civil disputes instituted by Riscossione Sicilia S.p.A. and the Assessorato of Economy of Sicily before the Courts of Palermo**

*By a writ of summons served on 15 July 2016, Riscossione Sicilia S.p.A. (now Agenzia delle Entrate – Riscossione, “ADER”) summoned the Issuer to appear before the Court of Palermo, seeking an order to collect a total amount of Euro 106.8 million. Riscossione Sicilia S.p.A.'s claim, as set out in the writ of summons, is part of the complex relationship between the Issuer and the plaintiff, which arose from the sale to Riscossione Sicilia S.p.A. (pursuant to Legislative Decree 203/05 converted into Law 248/05) of the Bank's former stake in Monte Paschi Serit S.p.A. (later Serit Sicilia S.p.A.).*

*In judgment no. 2350/22, filed on 30 May 2022, the Court of Palermo, substantially in line with the conclusions of the court-appointed expert's report ordered in the lawsuit, rejected the claims brought by Riscossione Sicilia and upheld the counterclaim brought by the Issuer, ordering the latter to pay the Issuer the sum of approximately Euro 2.9 million plus legal interest and legal costs. Said judgment was appealed on 27 December 2022 with a summons before the Court of Appeal of Palermo. The Bank joined the proceedings with a statement filed on 15 April 2023 filing a cross-appeal. The first appearance at the hearing of 5 May 2023 was held with written hearing and the case was adjourned for closing arguments to 7 November 2025.*

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*On 17 July 2018, the Department of Economy of Sicily served the Issuer with an order of injunction pursuant to Article 2 of Royal Decree no. 639/1910 (the "Order") and of repayment pursuant to Article 823, paragraph 2, of the Italian Civil Code of the sum of approximately Euro 68.6 million, and with Judgment no. 3649/2021, published on 4 October 2021 and served on 5 October 2021, the Court of Palermo dismissed the Issuer's objection against the aforesaid Order, ordering the Issuer to pay the costs of the litigation. The judgment has been appealed against before the Court of Appeal of Palermo. At present, the case has been adjourned to the hearing of 22 November 2024 for closing arguments.*

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*For the sake of completeness, it should be noted that the Issuer, with an appeal dated 16 October 2018 (GR 2201/2018), also brought an administrative lawsuit before the Regional Administrative Court of Sicily – Palermo Branch for the declaration of voidness and/or the annulment of the Order. In its decision no. 3043 of 17 November 2023, the Regional Administrative Court of Sicily upheld the Issuer's appeal, annulling the challenged measure limited to the claim made in the alternative by the Sicily Region Councillorship, deeming that the latter's right could not be protected by possession pursuant to Article 823 of the Italian Civil Code, since it was a credit right and not a right in rem, and awarding costs.*

*Another legal action was filed in opposition to the execution of the tax bill as an enforceable act, pursuant to Article 615 of the Italian Code of Civil Procedure, before the Court of Siena on 21 November 2022 (GR 2737/2022) and was concluded with a ruling on 13 December 2023 that rejected the Issuer's opposition, sentencing it to pay the costs of Euro 91,595 (the possible appeal against the ruling is currently being assessed).*

*The other initiatives taken by the Issuer to react to the credit claim of the Agenzia delle Entrate/Sicilia – namely the petition before the Court of Auditors filed on 21 November 2022 pursuant to Article 172 paragraph 1 letter d) to obtain the declaratory judgment of the voidness of the acts for the recovery of the sums and the petition of 16 November 2022 pursuant to Law 228/2012 to obtain the suspension of the collection of the sum brought by the aforementioned tax bill – were unsuccessful and, therefore, on 27 January 2023 the payment of the sum of Euro 74 million was ordered. The necessary steps are under way to recover the aforementioned receivable of approximately Euro 68.6 million from ADER, to which the Issuer is entitled, as the universal successor to Riscossione Sicilia, since the true debtor for repayment to the Region of Sicily of the taxes collected is Riscossione Sicilia (holder of the current account) and not the Issuer, with which the account was opened.*

*iii. Civil Case brought by Marcangeli Giunio S.r.l.*

*By a writ of summons dated 28 November 2019, Marcangeli Giunio S.r.l. requested the Court of Siena to assess, firstly, the contractual liability of the Issuer for the failure to provide a facility of Euro 24.2 million – necessary for the purchase of a plot of land and the construction of a shopping centre with spaces to be rented or sold – and subsequently the Issuer's sentence to pay damages and loss of profits for Euro 43.3 million.*

*With a judgment filed on 6 June 2022, the Court of Siena rejected the plaintiff company's claims for damages for contractual and non-contractual liability. The Court only upheld the refund claim proposed by the counterparty concerning the possible illegitimacy of the interest applied in relation to the land advances, quantified in Euro 58,038.27, in addition to legal interest and the allocation of expenses. By a writ of summons dated 23 December 2022, the company filed an appeal before the Court of Appeal of Florence, which, with judgment no. 2058/2023 of 12 October 2023, substantially confirmed the favourable decision of first instance, partially offsetting costs. The favourable judgment will become final on 12 April 2024, at the moment no opposing appeal has been received.*

*iv. Civil Case brought by Nuova Idea S.r.l.*

*By a writ of summons served on 21 December 2021, Nuova Idea S.r.l. sued the Issuer before the Court of Caltanissetta to have the latter declared obliged to pay compensation for all pecuniary and non-pecuniary damages suffered by the company as a result of the protest of a bill of exchange for Euro 2,947 domiciled at the Caltanissetta branch, which, according to the plaintiff's point of view, was raised due to the Issuer's sole negligence.*

*The plaintiff claims that the unlawful protest constituted the sole causal antecedent of a chain of events described in the writ of summons which resulted in the net reduction of its shareholding in a Temporary Grouping of Enterprises awarded a service contract with ASL Napoli 1 Centro, and consequently requested, principally, that the Issuer be ordered to pay in its favour the amount of Euro 57.3 million by way of loss of revenue due to the failure to maintain the original shareholding in the Temporary Grouping of Enterprises, as well as an amount of Euro 2.8 million by way of loss of profit, making a total of Euro 60.1 million, in addition to compensation for the damage to the company's image and commercial reputation to be paid on an equitable basis.*

*At the preliminary hearing held in 22 May 2023 the Issuer promptly appeared, declaring the correctness of its conduct at the time of the filing of the complaint and the absence of any causal link between the Issuer's actions and the alleged damage.*

*The case is currently at the preliminary investigation stage. Since the witnesses' statements were inconsistent on a number of points, the Judge ordered a further direct confrontation of the witnesses by the Investigating Judge, setting the next hearing for 17 April 2024 in order to obtain a final clarification.*

v. Banca Monte dei Paschi di Siena S.p.A. vs. EUR S.p.A.

*EUR S.p.A. sued before the Court of Rome the former subsidiary MPS Capital Services S.p.A. (now merged by incorporation into the Issuer), jointly with three other lenders, principally to obtain the declaration of voidness or, in the alternative, the cancellation and/or ineffectiveness of the following agreements: (i) interest rate swap (IRS) entered into on 24 April 2009; (ii) IRS dated 29 July 2009; (iii) the Novation Confirmation dated 15 July 2010 by which the IRS sub 2 was transferred from Eur Congressi S.p.A. to Eur S.p.A.; (iv) the close out agreement dated 29 July 2010 relating to the IRS sub 1; (v) the termination agreement dated 18 December 2015 relating to the IRS sub 2. Also as main claim, the plaintiff requested that the pool banks be ordered, jointly and severally, by way of reimbursement of undue payments and compensation for pre-contractual and/or contractual and/or extra-contractual damages, to pay the amount of approximately Euro 57.7 million representing the petitum indicated by the plaintiff.*

*Since this amount relates to all derivatives entered into by the four banks in the pool with EUR S.p.A., it should be noted that in the unlikely event of a loss, the Issuer may apportion the amount of any condemnation with the other banks in the pool in proportion to its own share in the facility, which for the former subsidiary MPS Capital Services S.p.A. was 12.61%.*

*MPS Capital Services S.p.A. joined the proceedings challenging all the adverse claims and objected in limine litis to the lack of jurisdiction of the Court, given that the agreements regulating the derivative transactions between the subsidiary and EUR S.p.A. are ISDA Master Agreements subject to the law and jurisdiction of the Anglo-Saxon courts. The jurisdiction of the Italian Court, according to the plaintiff, is due to the negotiated connection of the IRSs to the facility agreements, which are subject to Italian law, as well as to the public nature of EUR S.p.A. "as a company wholly owned by public entities", reasons that appear to be groundless.*

*On 21 April 2023, the Court of Rome rejected the requests made by EUR S.p.A. and issued a ruling whereby: (1) the Italian Court was declared to have no jurisdiction in favour of the English Court; (2) the objection of lis pendens raised by the defendant Banks pursuant to Article 7 paragraph 1 of Law no. 218 of May 31, 1995 was declared to be incorporated; (3) the parties were ordered to fully offset the litigation costs.*

*On 5 December 2023, EUR S.p.A. notified the appeal against the first instance ruling challenging the decision of the Court to refer the case to the jurisdiction of the English court and re-proposing in substance all the claims and arguments made in the first instance, thus urging a different decision by the Court of Appeal of Rome. The Issuer will take steps to join the other defendant Banks in the proceedings.*

vi. Banca Monte dei Paschi di Siena S.p.A. against Italtrading



*In February 2020, the bankrupt Italtrading sued MP&F, as civilly liable for the damage pursuant to Article 2049 of the Italian Civil Code caused through a former employee, consisting in the irregular recording in the financial statements of lower payables to the banking system and, at the same time, lower receivables from subsidiaries and certain clients. This was in breach of the provisions of Article 2423 of the Italian Civil Code, resulting in a concealment of the loss of the share capital and, therefore, an aggravation of the insolvency. The claim for damages was quantified in Euro 132,758,926.*

*During the proceedings, in which MP&F was represented by Studio Mucciarelli, following the conclusions reached by the bankruptcy proceedings, the claim was reduced to Euro 63 million with a request for a provisional payment of Euro 6 million.*

*By a judgment dated 19 May 2023, the Court of Milan acquitted the former employee of the charges against him, with the consequent effect of releasing BMPS, which took over MP&F by way of incorporation. An appeal is pending before the Court of Appeal of Milan filed in October 2023 by the bankrupt Italtrading. The next hearing has not still scheduled.*

*vii. Complaint to the Board of Statutory Auditors pursuant to article 2408 of the Italian Civil Code*

*The Board of Statutory Auditors, from the filing date of the last Report to the Shareholders' Meeting (on 27 March 2023) to date, has received of one complaint pursuant to article 2408 of the Italian Civil Code.*

*With reference to such complaint, entitled "Sanctioning proceedings by Consob MEF - MEF Decree No. 59326 of 30 May 2005", the Board of Statutory Auditors, after having preliminarily ascertained the status of the complaint as a shareholder of BMPS, conducted an initial in-depth investigation during a special meeting with the support of the Group General Counsel of the Bank.*

*Further and necessary assessments are currently being conducted by the Board of Statutory Auditors, the results of which will be included in the annual report to the financial statements for the year ended on 31 December 2023.*

*viii. Anti-money laundering*

*As at 31 December 2023, 24 judicial proceedings are pending before the ordinary judicial authority in opposition to sanctioning decrees issued by the MEF in the past years against some employees of BMPS and the Bank (as a jointly liable party for the payment) for infringements of reporting obligations on suspicious transactions pursuant to Legislative Decree No. 231/2007. The overall amount of the opposed monetary sanctions is equal to Euro 2.7 million (rounded).*

*The Bank's defence in the context of such proceedings aims, in particular, at illustrating the impossibility to detect, at the time of events, the suspicious elements of the transactions/subject matter of the allegations, usually emerging only after an in-depth analysis carried out by the tax authority and/or other competent authority. The upholding of the Bank's position may entail the avoidance by the judicial authority of the sanctioning measure imposed by the MEF and, in case the payment of the sanction has already been executed, the recovery of the related amount.*

*For the sake of completeness, it is worth noting that, as at 31 December 2023, 22 administrative proceedings are pending in addition to the abovementioned proceedings in respect of which the opposition proceedings are in progress and are instituted by the competent authorities for the alleged violation of the anti-money laundering regime. The overall amount of the petitum (the maximum amount of the applicable penalties) related to the abovementioned administrative proceedings is equal to Euro 0.32 million (rounded).*

### **10.2.5 Labour disputes**

*As at the date of this Base Prospectus, the Bank is involved in numerous judicial proceedings, both active and passive that relate to labour and concern inter alia, appeals against individual dismissals, declaration requests of subordinate employment relations with indefinite duration, challenge of the sale of the business unit, request for double remuneration following the illegitimate sale of the business unit, compensation for damages due to professional setbacks, requests for higher positions and miscellaneous economic claims.*

*As at 31 December 2023, the overall petitum relating to the passive labour proceedings is equal to Euro 77 million (Euro 90.2 million as at 31 December 2022) almost entirely relating to the Bank.*

*After the transfer of the back-office activities business unit to Fruendo S.r.l., which occurred in January 2014 and involved 1,064 employees, 634 of these (subsequently reduced to 242 as a result of reconciliations, deaths and retirements) sued the Bank before the Courts of Siena, Rome, Mantua and Lecce seeking, inter alia, the continuation of their employment relationship with the Bank, subject to prior declaration of ineffectiveness of the transfer agreement entered into with Fruendo S.r.l..*

*As of the date of this Base Prospectus, judgments unfavourable to the Bank have been declared in respect of 241 employees. With regard to the remaining 1 employee, a judgment of first and/or second instance unfavourable to the Bank was issued.*

*In the event the illegitimacy of the transfer of the employment relationship pursuant to article 2112 of the Italian Civil Code is ascertained, the Supreme Court, with reference to the remuneration obligation of the transferor, has recently ruled in a different way in relation to the approach that has been consolidated over time before the Supreme Court itself. In recent rulings, it has been held that the transferor employer bears the remuneration obligation in addition to that fulfilled by the transferee employer, since the principle of the liability discharge of the executed payment made by the latter does not apply to the present case.*

*Due to this amended jurisprudential opinion (so-called "double remuneration"), as at 4 April 2024, 169 employees, involved in the transfer of the branch and recipients of the judgments in their favour, have sued the Bank in order to claim the due remuneration. The legal proceedings have been brought before the Courts of Siena, Florence, Mantova and Roma with hearings scheduled between April 2024 and March 2025.*

*Noting the change of law on the "double remuneration" topic and verified the increasing number of judgments that differ from the previous consolidated approach, it has been decided, on a prudential basis, to allocate to the provision for risks and charges the company's cost relating to remunerations requested in court, in addition to a lump sum for out-of-court claims received to date.*

*It should also be noted that the Court of Siena - Labour Section, with a judgment of 25 January 2019, rejected the appeals of 52 Fruendo workers (later reduced to 32 following waivers/conciliations) who sued the Bank to request the continuation of the employment relationship with the latter, subject to declaration of the illegal interposition of labor (so-called illegal contract) in the context of the services outsourced by the Bank to Fruendo.*

*This judgment was appealed by 16 workers before the Court of Appeal of Florence - Labour Section which ascertained the illegality of the contract, ordering the readmission to service of 14 workers (as in relation to 2 workers the cessation of the matter of the dispute was declared following waivers/ conciliations), which was given effect from 1 March 2022. The judgment is currently pending before the Supreme Court.*

*Further actions were initiated to ascertain the illegality of the contract by 37 workers of Fruendo who appealed to the Court of Siena - Labour Section. The situation of the related judgments is summarised below:*

- for two groups of applicants (numbering 18 in total) who brought class actions, favourable judgments were issued at first instance by the Court of Siena - Labour Section which were appealed before the Court of Appeal of Florence: latest hearing on 27 February 2024;*
- for another group of applicants (numbering 18 in total), a first degree is currently pending and the first appearance hearing is scheduled for 14 February 2025. The judgment is pending for decision;*
- for the only applicant who has brought an individual case, the Court of Siena - Labour Section issued a favourable judgment. The worker has been readmitted to service in BMPS from 1 March 2024.*

#### **10.2.6 Refund action related to diamond transactions**

*With reference to the "diamonds" affair and the allegations of self-money laundering, the Public Prosecutor's Office at the Court of Siena, as part of the criminal proceedings, issued, on 12 September 2022, a request to dismiss the case against the natural persons (four former officers and the only officers still in charge), investigated for self-money laundering, as well as ordered the dismissal of the case against the Issuer as administrative liable and also ordered the revocation of the preventive seizure made in relation to the crime of self-money laundering pursuant to Legislative Decree No. 231/2001, for the sum of Euro 0.2 million.*

*The order of dismissal against the Issuer was forwarded to the General Prosecutor of the Court of Appeal of Florence, who ratified it on 16 November 2022, while on 5 October 2022 the Judge for the Preliminary Investigations issued an order of dismissal against the individuals.*

*With regard to the criminal proceedings pending before the Court of Rome under no. 44268/21, on 11 July 2023, the first preliminary hearing was held and postponed to 21 November 2023, due to issues concerning defects in the service of notice on certain defendants.*

*During the last hearing, the GUP found some procedural flaws, in particular, there was no proof of some service of notice, the appointments of some lawyers were missing and the notices pursuant to Article 415-bis of the Italian Code of Criminal Procedure of the previous Milan instance were not available in the file of the GUP and adjourned the hearing to 30 January 2024, setting a further hearing date for 12 March 2024 for the beginning of the discussions and forfeiture of the alternative procedures.*

*For the same matter, further criminal proceedings were brought before the Public Prosecutor's Office at the Court of Milan for the crimes of aggravated fraud, self-money laundering and obstructing the exercise of the functions of the Public Supervisory Authorities. On 28 September 2021, the Public Prosecutor filed a request for committal for trial against seven former executives (including the five in the main proceedings) and the Issuer's pro tempore CEO and General Manager.*

*The preliminary hearing was set for 30 September 2022. At that hearing, the GUP adjourned the hearing to 25 January 2023 for the possible joinder of civil parties and related issues, as well as for further preliminary issues, including those concerning lack of territorial jurisdiction.*

*At the hearing of 25 January 2023, the Court ordered an initial postponement to 5 April 2023 and subsequently to 22 June 2023 pending the filing of the grounds of the Italian Supreme Court decision that settled the conflict of jurisdiction between the Judicial Authorities of Rome and Verona in the IDB-Banco BPM case, which has the same indictment scheme as the proceedings in question.*

*At the hearing of 22 June 2023, the issue of lack of territorial jurisdiction was discussed. The Public Prosecutor did not oppose and referred to the Judge's assessments.*

*At the hearing of 10 July 2023, the GUP upheld the pleaded procedural issues by delivering three judgments on lack of territorial jurisdiction: (i) in favour of the Judicial Authority of Rome for the fraud alleged against the exponents of DPI and the Issuer; (ii) in favour of the Judicial Authority of Siena for the alleged self-money laundering and obstruction of the functions of the Public Supervisory Authorities alleged against the managers of the Issuer and (iii) in favour of the Judicial Authority of Verona for the alleged offences concerning Banco BPM.*

*With regard to the offence of self-money laundering and obstructing the functions of Public Supervisory Authorities, on 6 October 2023, the file was forwarded to the Public Prosecutor's Office at the Court of Siena, and following the Public Prosecutor's request for dismissal on 20 November 2023, the Judge for the Preliminary Investigations on 8 February 2024 filed the dismissal decree.*

*In these proceedings, the Issuer is not involved as administrative liable pursuant to Legislative Decree No. 231/2001.*

*For the initiatives taken, the Issuer has made provisions over time that take into account, among other things, the projection of expected requests and the current wholesale value of the stones to be withdrawn.*

*As at 31 December 2023, more than 12,500 requests had been received for a total countervalue of approximately Euro 318 million (of which approximately Euro 1.62 million during 2023), covered for the countervalue net of the market value of the stones by the provision for risks and charges set aside in previous years) and represented 92.3% of the Issuer's total volume of diamond offer notifications. The residual provisions for risks and charges recognised in respect of the relief initiative amounted to Euro 2.2 million at the end of December 2023.*

*As at 31 December 2023, the withdrawn stones are recorded at a total value of Euro 77.5 million.*

### **10.2.7 Sanctioning procedures**

#### **(I) CONSOB and Bank of Italy**

*During the twelve months preceding the date of this Base Prospectus, the Bank has not received any sanctions from CONSOB and the Bank of Italy for aspects falling within the responsibility area of the supervisory authorities.*

*For information in relation to inspection activity carried out on the Bank by supervisory authorities or the Bank of Italy, reference is made to this in paragraph "9. ECB/ Bank of Italy and Consob Inspections" of this "Banca Monte dei Paschi di Siena S.p.A." section.*

\* \* \*

*In the period between 2012 and 2016, the Bank was subject to various sanction proceedings initiated by the CONSOB and the Bank of Italy supervisory authorities. These proceedings related to events that concerned the accounting of the "Alexandria" and "Santorini" operations, the FRESH 2008 and the acquisition of Banca Antonveneta in addition to other events that were attributable to the behaviour of the management in office at the time of the individual infringements. These infringements were challenged and then subsequently sanctioned.*

*In the context of the sanction proceedings, the natural persons sanctioned and, in some cases, the Bank as a legal entity, were found to be in violation of regulatory and prudential provisions. As at the date of this Base Prospectus, these proceedings have concluded and the related sanctioning measures have been published by the authorities in accordance with current legislation. As a consequence thereof, the Bank paid the following amounts:*

- (i) Euro 9.9 million (rounded) with respect to four sanctioning measures imposed by the Bank of Italy directly on natural persons and paid by the Bank under the solidarity obligation pursuant to article 145 of the Italian Consolidated Banking Act;*
- (ii) Euro 7.5 million (rounded) for nine sanctioning measures imposed by CONSOB of which (a) Euro 6 million (rounded) imposed by the supervisory authority directly on natural persons and paid by the Bank under the solidarity obligation pursuant to article 195 of the Consolidated Finance Act and (b) Euro 1.5 million (rounded) paid as a directly sanctioned legal entity.*

*With regard to the proceedings for which the Bank is both jointly and severally liable (with respect to which the Bank executed the payment of the administrative sanctions imposed by the supervisory authorities on the individuals in office as at the time the facts subject to the sanction occurred), the Bank exercised mandatory recourse actions against such individuals subject to sanctions granting the suspension of such actions against those individuals in respect of which: (i) no wilful default or gross negligence conduct was detectable in relation to the alleged irregularities; (ii) no corporate liability action was brought; and (iii) there were no requests for a trial with criminal proceedings connected thereto within the time limits provided for lodging any appeal by the applicable relevant legislation. Some of the concerned individuals, after the letters of formal notice were sent, failed to fulfil the payment obligation and it was therefore necessary to take civil actions aimed at recovering amounts paid.*

*These activities and the related jurisprudential orientation could influence the duration of proceedings and decrease the possibility of recovery of the sums paid. With regard to the individuals who have benefited from the suspension of the recourse action and have brought the relevant appeals, it appears that various proceedings against the sanction by the sanctioned persons are still in progress at the various levels of judgment, according to what has been disclosed to the Issuer by the various individuals involved due to the fact that the Bank is not a party to the aforementioned proceedings. It should also be noted that, over the years, a number of sanctioned individuals have died and some of the measures have also been challenged before the European Court of Human Rights after the rulings issued by the Supreme Court.*

## **(II) Competition and Market Authority ("AGCM")**

### **Proceedings 1794 of the AGCM – Remuneration of the SEDA service**

*On 21 January 2016, the AGCM started proceedings 1794 against the Italian Banking Association concerning the remuneration of the SEDA service. This procedure was subsequently extended (on 13 April 2016) to the 11 largest Italian banks, including BMPS. According to the AGCM, the interbank agreement for the remuneration of the SEDA service may represent an agreement restrictive of competition within the meaning of Article 101*

of the Treaty on the Functioning of the European Union, as it would imply “the absence of any competitive pressure”, resulting in a possible increase in the overall prices charged to companies, which could in turn be charged to consumers.

The proceedings were closed by AGCM on 28 April 2017 and notified on 15 May 2017. The authority ruled: (i) that the parties (including BMPS) had put in place an agreement restrictive of competition, in breach of Article 101 of the Treaty on the Functioning of the European Union; (ii) that the same parties should cease such infringement and submit by 1 January 2018 a report outlining the measures taken to prevent such breach and refrain from engaging in such activity in the future; and (iii) since it was not a serious breach with respect to the legislative and economic framework in which it was implemented, no sanctions were applied.

BMPS challenged the measure before the Administrative Regional Court (“**TAR**”), which upheld the appeal and annulled the challenged measure with a ruling published on 1 July 2021. AGCM appealed the TAR ruling before the Council of State on 2 November 2021 and BMPS appealed. On 3 February 2023, the National Administrative Court dismissed the appeal, upholding the decision by the TAR.

### **10.2.8 Other proceedings pursuant to Italian Legislative Decree No. 231/2001**

#### **(A) Criminal proceedings 1670/2008 – Forlì – Republic of San Marino**

In the context of proceedings brought by the Public Prosecutor’s Office at the Court of Forlì against several natural persons and three legal entities for money laundering and obstructing the exercise of public supervisory functions, the Issuer was charged with three administrative offences of obstructing the exercise of public supervisory functions pursuant to Article 2638 of the Italian Civil Code, money laundering pursuant to Article 648-bis of the Italian Criminal Code and transnational criminal conspiracy (Article 416 of the Italian Criminal Code).

The activity of BMPS, which is the subject of the dispute, and which takes place in the period 2005–2008, concerns transactions carried out by the Forlì branch, on behalf of the Cassa di Risparmio di San Marino, on a current account opened at the Bank of Italy, Forlì branch on behalf of BMPS.

The Court of Forlì ordered the committal for trial of the defendants, including BMPS, on the grounds of administrative liability of the entities. At the hearing of 14 December 2021, the Court of Forlì pointed out the radical vagueness of the charges – also with respect to the specific charges against BMPS – and therefore annulled the order of committal for trial and arranged for the transfer of the proceedings to the Public Prosecutor’s Office.

The Public Prosecutor’s Office, on 18 February 2023, filed a motion for the dismissal of all the defendants, natural persons and legal entities, including the Issuer, with the exception of the top positions of the San Marino bank for which separate proceedings will be held.

On 16 October 2023, the Judge for the Preliminary Investigations ordered the dismissal of the case against the natural persons due to the limitation of the offences with the exception of money laundering, pursuant to Article 648 bis, for which he ordered the dismissal due to the absence of the psychological element of the offence. The integration of the order to dismiss was also requested for the Issuer, as the party responsible under Legislative Decree No. 231/2001.

#### **(B) Criminal proceedings 955/16 Court of Milan**

The Issuer appealed against the first instance judgment before the Court of Appeal of Milan, in its capacity as civilly liable party, jointly and severally with the defendants, having administrative liability pursuant to Legislative Decree no. 231/2001.

At the request of the Judge, the President of the Milan Court of Appeal granted to defer the filing of the grounds of the judgment, scheduled for 11 March 2024, for an additional 90 days. The new filing deadline is, therefore, 8 June 2024.

#### **(C) Criminal proceedings 33714/16 Court of Milan**

In this respect, please refer to paragraph “10.2.1(B) Audits of the 2012, 2013, 2014 and 2015 interim financial statements in respect of the non-performing loans– Criminal proceedings 33714/16” above.

### **10.2.9 Tax disputes**

The Bank and the main group companies are involved in a number of tax disputes. As at 31 December 2023 approximately 180 cases are pending, for a total amount at a consolidated level of Euro 49.3 million (rounded) for taxes, sanctions and interests set out in the relevant claim (of which Euro 49.3 million relate to the Bank). The value of disputes also include that associated with tax verifications closed for which no dispute is currently pending since the tax authority has not yet formalised any claim or contention.

In relation to pending tax disputes, which are associated with “probable” unfavourable outcomes, as at 31 December 2023 the Bank allocated to the overall provision for risks and charges an amount equal to Euro 17.3 million (rounded).

Please find below an overview of the most significant pending proceedings in terms of the petitum (over Euro 5 million for taxes and penalties), and the main investigations in progress.

(A) Deductibility and pertinence of some costs of the former consolidated company Prima SGR S.p.A.

The Bank is party to litigation brought by Anima SGR S.p.A. (which, at the time of the relevant events, was a shareholder of the Bank) in relation to tax claims brought by the Italian Revenue Agency, Regional Department of Lombardy against Prima SGR S.p.A. (already adhering to the tax consolidation, subsequently merged into Anima SGR S.p.A.). The tax claims related to non-compliance with the accrual principle of certain costs, considered also not pertaining to the business, deducted in the fiscal years 2006, 2007 and 2008. The Italian Revenue Agency has assessed Euro 20.6 million in total for taxes and penalties as follows: (i) for fiscal year 2006, taxes of approximately Euro 4.3 million and penalties of approximately Euro 5.1 million; (ii) for fiscal year 2007, taxes of approximately Euro 2.8 million and penalties of approximately Euro 3.6 million; (iii) for fiscal year 2008, taxes of approximately Euro 2.1 million and penalties of approximately Euro 2.7 million.

With respect to this matter, two separate proceedings are currently pending before the Italian Supreme Court: (i) one proceeding related to the fiscal year 2006 (brought by the Italian Revenue Agency against the appellate court judgment in favour of the company) and (ii) one related to the fiscal years 2007 and 2008 (brought by the company against the appellate court judgment in favour of the Italian Revenue Agency). As a consequence of the partial cancellation stemming from an internal review of the tax claims by Italian Revenue Agency and the payment of taxes in relation to a tax claim that was accepted by the company, the overall amount at issue has been reduced from Euro 20.6 million to Euro 18.8 million.

In the opinion of the Bank and its advisors, a negative outcome is probable as to a portion of the claim amounting to approximately Euro 1.8 million and possible as to a portion of the amounting to approximately Euro 17 million.

(B) Tax disputes involving the former consolidated company AXA MPS Assicurazioni Vita in respect of the securities held thereby in Monte Sicav

The Bank was party to litigation initiated by AXA MPS Assicurazioni Vita S.p.A. in relation to tax claims brought by the Italian Revenue Agency, Regional Department of Lazio. The claims related to the tax treatment of the write-downs carried out in respect of the shares held in Luxembourg's SICAV Monte SICAV. The Regional Department of Lazio assessed higher taxes and penalties amounting to Euro 26.2 million (plus interest) against the company, for fiscal year 2004.

The IRES dispute was settled on a favourable basis by AXA MPS Assicurazioni Vita S.p.A. pursuant to the Legislative Decree 119/2018 for Euro 11.6 million. The IRAP dispute was settled by the Italian Supreme Court, which dismissed the company's appeal on 12 December 2019.

The same applies to the fiscal year 2003, in respect of which the Italian Revenue Agency contested the full deductibility, for IRPEG (corporate income tax) and IRAP purposes, of the value adjustments entered by AXA MPS Assicurazioni Vita S.p.A. and relating to Monte SICAV securities. This dispute was settled by the Italian Supreme Court, which dismissed the company's appeal on 26 July 2019. The total liability arising from the litigation amounts to approximately Euro 7.5 million (plus interest).

With regard to the tax disputes, the Bank is liable due to the guarantee clauses contained in the contracts for the sale of AXA MPS Assicurazioni Vita S.p.A.. In this respect, during 2020, AXA Mediterranean Holding S.A. made a claim for approximately Euro 8.2 million and reserved the right to request additional sums as a result

of any subsequent events that would increase the damage related to the tax disputes. The Bank responded to the request by challenging most of the amounts that make up the total amount claimed.

In the Bank and its adviser's view, a negative outcome is probable as to a portion of the claim amounting to approximately Euro 6.6 million and remote as to a portion of the claim amounting to approximately Euro 1.6 million.

(C) IRAP assessment for tax year 2015

Following a tax audit concluded in 2018, the Italian Revenue Agency served the Bank with a notice of assessment for IRAP purposes for the fiscal year 2015. In the notice, the Italian Revenue Agency challenged the non-taxation of certain revenue accounted in the financial statements. The Bank appealed the notice of assessment, the total claim of which was approximately Euro 8 million (Euro 3.9 million in taxes, Euro 3.5 million in penalties and Euro 0.6 million in interest) before the competent tax court. On 18 January 2022, the initial tax claim was subsequently revised by the Italian Revenue Agency stemming from an internal review thereby cancelling all claims for additional tax, penalties and interests and reduced the tax claim to Euro 3.9 million. On 23 June 2022, the court issued a ruling partially unfavourable to the Bank, accepting only part of the appeal (for an amount of Euro 0.4 million) and rejecting the other petitions. The Bank has appealed.

In the Bank and its adviser's view, the likelihood of a negative outcome is possible.

(D) Refund of 2005 IRAP provisionally reimbursed

In relation to a litigation initiated by the Bank in order to obtain the refund of IRAP tax paid with reference to the 2005 financial year, amounting to Euro 3.6 million, plus interest, with a ruling filed on 1 December 2023, the Supreme Court rejected the refund request. Following the second instance ruling in favour of the Bank, in 2019 and 2022, the requested refund has been fully disbursed (albeit on a provisional basis). With respect to the aforementioned Supreme Court ruling, the Tax Revenue Office is obliged to request the Bank to repay the refund disbursed, plus interest as provided for by law from the dates of payment, for a total amount of approximately Euro 5.2 million.

The repayment of the disbursement related to the aforesaid matter must be considered highly probable.

### **10.3. New legal proceedings**

#### **10.3.1 Civil Case brought by Società Italiana per Condotte d'Acqua S.p.A. in amministrazione straordinaria**

By means of a writ of summons served on the Issuer on 23 December 2022, Società Italiana per Condotte d'Acqua S.p.A. under the control of a government appointed administrator brought an action for damages against the credit institutions in conjunction with the factoring companies (no. 32 opposing parties), the independent auditors PwC, the members of the Managing Board and of the Supervisory Board of the company in bonis, for having contributed – through the use and granting of credit – to the commission of acts of misadministration that caused (or contributed to causing) serious damage to the company and to the entire creditors. The damage is quantified:

- a. jointly and severally among all defendants in the amount of EUR 389.3 million;
- b. subordinately EUR 322.0 million (increase in insolvency liabilities);
- c. or subordinately in the amount of EUR 39.5 million with reference to individual transactions (referring to associates). The first hearing set for 12 July 2023 was postponed to 25 September 2023.

With a second writ of summons served on 19 April 2023, Società Italiana per Condotte d'Acqua S.p.A. under the control of a government appointed administrator also sued Cassa Depositi e Prestiti S.p.A. and SACE S.p.A. (case ref. no. 24431/2023) for the same factual events, in addition to all the parties already cited in the legal proceedings previously mentioned.

Given the obvious reasons for joinder (part-subjective and part-objective), in the same writ of summons the Judge was asked to order an immediate preliminary joinder to avoid duplicate decisions, as well as for obvious reasons of procedural economy.

By order of 25 July 2023, the judge ordered the ex officio consolidation of the second judgment (RG 24431/2023) with the judgment previously undertaken.

*The hearing of summons of the parties was held on 25 September 2023 with the next hearing set for 22 April 2024.”*

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On page 232 of the Base Prospectus, the following item is added after the first item of the section headed “*Management of the Bank*”

*“The Ordinary Shareholders’ Meeting of the Bank has been convened on 11 April 2024, on a single call, for the integration of the Board of Directors through the appointment of a Director; for further information please refer to the Bank’s website at [www.gruppomps.it/en](http://www.gruppomps.it/en) (section Corporate Governance – Shareholders’ Meeting and BoD).”*

\*\*\*

On pages 232–234 of the Base Prospectus, the paragraph headed “*Board of Directors*” is deleted in its entirety and replaced as follows:

*“The Ordinary Shareholders’ Meeting of the Bank held on 20 April 2023 appointed the following members to the Board of Directors for financial years 2023, 2024 and 2025 (save for what mentioned in Note (1) below):*

	<b>Name</b>	<b>Position</b>	<b>Place and date of birth</b>	<b>Main activities outside the Bank, deemed significant</b>
1.	Nicola Maione (*)	Chairperson	Lamezia Terme (CZ), 9 December 1971	Lawyer, owner of Studio Legale Maione
2.	Gianluca Brancadoro (*)	Deputy Chairperson	Napoli (NA), 8 September 1956	University Professor  Lawyer, partner of Studio Legale Brancadoro Mirabile  Director of Fondo Italiano di Investimento SGR S.p.A.  Chairperson of Firmis – Legal & Tax Advisory, Società tra avvocati S.r.l.
3.	Luigi Lovaglio	Chief Executive Officer and General Manager	Potenza, 4 August 1955	//
4.	Alessandra Giuseppina Barzaghi (*)	Director	Giussano (MB), 29 April 1955	//
5.	Paola De Martini (*)	Director	Genova, 14 June 1962	Director of Growens S.p.A.
6.	Stefano Di Stefano	Director	Casoli (Chieti), 5 May 1960	Head of Directorate VII Office – Enhancement of Public Assets at the MEF



	<b>Name</b>	<b>Position</b>	<b>Place and date of birth</b>	<b>Main activities outside the Bank, deemed significant</b>
				Member of the Supervisory Board of STMicroelectronics Holding N.V. – STH
7.	Paolo Fabris De Fabris (*)	Director	Conegliano (TV), 20 June 1970	University Professor Lawyer
8.	Lucia Foti Belligambi (*)	Director	Catania (CT), 19 July 1972	Partner of Studio Simonelli Associati  Standing Auditor of Manufactures Dior S.r.l.  Chairperson of the Board of Statutory Auditors of Orsero S.p.A.  Chairperson of the Board of Statutory Auditors of Galleria Commerciale Porta di Roma S.p.A.
9.	Domenico Lombardi (*)	Director	Napoli (NA), 7 May 1969	Member of Scottish Fiscal Commission  Member of Luiss Policy Observatory
10.	Paola Lucantoni (*)	Director	Roma (RM), 30 June 1968	University Professor
11.	Laura Martiniello (*)	Director	San Paolo Bel Sito (NA), 4 June 1976	University Professor  Standing Auditor of Angelini Technologies S.p.A.  Standing Auditor of TEQO S.r.l.  Standing Auditor of Renovars distribution S.r.l.
12.	Anna Paola Negri-Clementi (*)	Director	Milano (MI), 31 October 1970	Lawyer, partner of Pavesio e Associati with Negri-Clementi  Director of Azienda Elettrica Ticinese Italia S.r.l.  Director of Restart S.p.A.

	<b>Name</b>	<b>Position</b>	<b>Place and date of birth</b>	<b>Main activities outside the Bank, deemed significant</b>
13.	Renato Sala (*)	Director	Arcore (MI), 10 March 1953	CEO of Advisors S.r.l.
14.	Donatella Visconti (*)	Director	Roma (RM), 21 May 1956	Director of Assoholding S.p.A.  Member of the Advisory Board of IOAK Financial Group (Italian branch)
<i>(Note 1)</i>				

*(\*) Independent director, who declared to meet the independence requirements established by the laws and regulations in force, the By-Laws and the further independence requirements established by the Corporate Governance Code.*

*(Note 1) On 13th November 2023 Marco Giorgino (appointed by the Ordinary Shareholders' Meeting of the Bank held on 20 April 2023) resigned from his position as Director of the Bank."*

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On pages 234–235 of the Base Prospectus, the paragraph headed “*Managers with strategic responsibilities*” is deleted in its entirety and replaced as follows:

“

	<b>Name</b>	<b>Position</b>	<b>Place and date of birth</b>	<b>Main activities outside the Bank, deemed significant</b>
1.	Luigi Lovaglio	Chief Executive Officer and General Manager	Potenza, 4 August 1955	//
2.	Maurizio Bai	Deputy Commercial General Manager	Grosseto, 23 July 1967	//
3.	Leonardo Bellucci	Chief Risk Officer	Firenze, 21 February 1974	//
4.	Massimiliano Bosio	Chief Audit Executive	Torino, 26 July 1971	//
5.	Vittorio Calvanico	Chief Safety and Security Officer	Napoli, 8 February 1964	//
6.	Ettore Carneade	Compliance Officer	Mola di Bari, 16 June 1961	//
7.	Nicola Massimo Clarelli	Financial Reporting Officer	Caserta, 22 October 1971	//

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
8.	Fiorella Ferri	Chief Human Capital Officer	Sovicille (Siena), 5 June 1962	Chairperson of the Board of Directors of Cassa di Previdenza Aziendale per il personale di Monte dei Paschi di Siena
9.	Alessandro Giacometti	Chief Operating Officer	Faenza (Ravenna), 3 October 1965	//
10.	Fabrizio Leandri	Chief Lending Officer	Roma, 21 April 1966	Deputy Chairperson of Monte Paschi Banque S.A.
11.	Andrea Maffezzoni	Chief Financial Officer	Sesto San Giovanni (Milan), 27 March 1972	Chairperson of AXA MPS Assicurazioni Danni S.p.A. Chairperson of AXA MPS Assicurazioni Vita S.p.A. Director of Fondo Interbancario per la tutela dei depositi Member of the management board of Schema Volontario Fondo Interbancario Tutela dei Depositi
12.	Riccardo Quagliana	Group General Counsel	Milano, 4 February 1971	≠
13.	Emanuele Scarnati	Chief Commercial Officer Large Corporate & Investment Banking	Jesi (Ancona), 11 August 1965	≠
14.	Marco Tiezzi	Chief Commercial Officer Retail	Foiano della Chiana (Arezzo), 29 June 1962	Chairperson of Magazzini Generali Fiduciari Mantova S.p.A.
15.	Dimitri Bianchini	Chief Commercial Officer Corporate & Private	Firenze, 26 December 1970	//

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On page 236 of the Base Prospectus, the following item is added after the list item of the paragraph headed “Boards of Statutory Auditors” as follows:

*“The Ordinary Shareholders’ Meeting of the Bank has been convened on 11 April 2024, on a single call, for the integration of the Board of Statutory Auditors; for further information please refer to the Bank’s website at [www.gruppomps.it/en](http://www.gruppomps.it/en) (section Corporate Governance – Shareholders’ Meeting and BoD).”*

\*\*\*

On pages 237–238 of the Base Prospectus, the last item of the paragraph headed “Conflict of Interest” as follows is entirely deleted and replaced as follows:

*“Article 19 of BMPS’ By-Laws, in addition to article 136 of the Italian Consolidated Banking Act, obliges the members of the Board of Directors to inform the Board of Directors and the Board of Statutory Auditors of any deal in which they are personally interested or which regards entities or companies of which they are directors, auditors or employees (unless in the case of Group companies) and to abstain from resolutions in which they have an interest in conflict, on their own behalf or on behalf of third parties. The main transactions concluded with related parties are described in the 2023 Consolidated Financial Statements published and available on the Bank’s website [www.gruppomps.it](http://www.gruppomps.it).”*

\*\*\*

On pages 238 of the Base Prospectus, the paragraph headed “*Main Shareholders as at the date of this Base Prospectus*” is deleted in its entirety and replaced as follows:

*“According to the communications received by the Bank pursuant to applicable legislation, the entities that, as at 27 March 2024 directly and/or indirectly hold ordinary shares accounting for more than 3% of the Issuer’s share capital and that do not fall under the cases of exemption provided for by Article 119-bis of the CONSOB Regulation no. 11971/1999, are as follows:*

<i>Shareholders</i>	<i>% share capital on overall share capital</i>
<i>Italian Ministry of Economy and Finance (MEF)</i>	<i>26.73%</i>

*Updated information relating to public disclosure of major shareholdings of the Issuer pursuant to Article 120 of Legislative Decree No. 58 of 24 February 1998, as amended, are published on CONSOB’s website [www.consob.it](http://www.consob.it) in the relevant dedicated section.*

*Although the MEF is controlling shareholder, the Issuer is not under direction and coordination activities pursuant to Italian law, since the MEF has not made any communications regarding the exercise of direction and control over the Issuer. Furthermore, the MEF has stated that it does not exercise direction and coordination activities pursuant to Italian law with respect to the companies in which it has a participation.”*

## GENERAL INFORMATION

On page 330 of the Base Prospectus, the paragraph headed “*Documents Available*” is deleted and replaced as follows:

*“So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will, when published, be available (in English translation, where necessary) free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the Issuer:*

- (i) the Programme Documents, of which only the Guarantee is available at <https://www.gruppomps.it/investor-relations/programmi-di-emissione-e-prospetti/mps-covered-bond-programme.html>;*
- (ii) the by-laws of the Issuer (which is also available at: [https://www.gruppomps.it/static/upload/by\\_/by\\_laws.pdf](https://www.gruppomps.it/static/upload/by_/by_laws.pdf)) and the constitutive documents of the Guarantor;*
- (iii) the consolidated audited annual financial statements of the Issuer for the financial year ended on 31 December 2023;*
- (iv) the financial statements of the Guarantor as at and for the year ended on 31 December 2023;*
- (v) the auditors' report for the Guarantor for financial statements as at and for the year ended on 31 December 2023;*
- (vi) the press release of the Issuer headed “Board approves preliminary consolidated results as at 31 December 2023”, published on 7 February 2024;*
- (vii) the press release of the Issuer headed “Banca MPS: New appointments of Heads of key functions, exploiting the internal human capital”, published on 7 February 2024;*
- (viii) the press release of the Issuer headed “Group's Capital Ratios well above the Minimum Capital Requirements requested by ECB”, published on 4 December 2023;*
- (ix) the press release of the Issuer headed “Board approves consolidated results as at 30 September 2023”, published on 8 November 2023;*
- (x) the press release of the Issuer headed “Completion of the share capital increase of euro 2.5 billion with the full subscription of the new shares”, published on 4 November 2022;*
- (xi) the press release of the Issuer headed “Business Plan 2022 – 2026 “A clear and simple commercial bank””, published on 23 June 2022;*
- (xii) the unaudited consolidated interim financial statements of the Issuer as at 30 September 2023;*
- (xiii) the unaudited consolidated interim financial statements of the Issuer as at 30 June 2023;*
- (xiv) the consolidated and separate audited annual financial statements of the Issuer for the financial year ended on 31 December 2022;*
- (xv) the consolidated audited annual financial statements of the Issuer for the financial year ended on 31 December 2021;*
- (xvi) the separate audited annual financial statements of the Issuer for the financial year ended 31 December 2021;*
- (xvii) the consolidated non-financial statements of the Issuer for the financial year ended on 31 December 2022;*
- (xviii) the financial statements of the Guarantor as at and for the year ended on 31 December 2022;*
- (xix) the auditors' report for the Guarantor for financial statements as at and for the year ended on 31 December 2022;*
- (xx) the financial statements of the Guarantor as at and for the year ended on 31 December 2021;*
- (xxi) the auditors' report for the Guarantor for financial statements as at and for the year ended on 31*

*December 2021;*

- (xxii) a copy of the terms and conditions and the rules of the organisation of the covered bondholder set out under base prospectus approved on 19 January 2022;*
- (xxiii) a copy of this Base Prospectus;*
- (xxiv) any future offering circular, prospectuses, information memoranda and supplements to this Base Prospectus including Final Terms and any other documents incorporated herein or therein by reference;*

*Copies of all such documents shall also be available to Bondholders at the following website <https://www.gruppomps.it/>.*

*It being understood that this Base Prospectus, any supplement to this Base Prospectus, Final Terms and documents incorporated by reference shall remain publicly available in electronic form for at least 10 (ten) years after the relevant publication."*