ORDINARY SHAREHOLDERS' MEETING

OF

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

12 APRIL 2022

Proposal No. 2 by Bluebell Partners Ltd:

"Liability action
against
Maria Patrizia Grieco (Chairwoman), Francesca Bettio, Rita Laura D'Ecclesia, Luca Bader, Marco Bassilichi, Francesco Bochicchio, Paola de Martini, Alessandra Giuseppina Barzaghi, Guido Bastianini, Rosella Castellano Raffaele Di Raimo, Marco Giorgino, Roberto Rao, Nicola Maione
Related and consequent resolutions"

15 March 2022

Bluebell Partners Limited
2 Eaton Gate
London SW1W 9BJ

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15 March 2022

Dear Shareholders,

The Shareholder Bluebell Partners Ltd ("**Bluebell**"), holder of twenty-five ordinary shares of Banca Monte dei Paschi di Siena ("**MPS**" or the "**Bank**") proposes:

to resolve on a joint and several liability action or, in the alternative, for their respective share of responsibility against (i) the directors Maria Patrizia Grieco (Chairwoman), Francesca Bettio, Rita Laura D'Ecclesia, Luca Bader, Marco Bassilichi, Francesco Bochicchio, Paola de Martini, Alessandra Giuseppina Barzaghi, Guido Bastianini, Rosella Castellano Raffaele Di Raimo, Marco Giorgino, Roberto Rao, Nicola Maione pursuant to arts. 2392 and 2393 of the Italian Civil Code; (ii) the former General Manager Guido Bastianini pursuant to Article 2396 of the Italian Civil Code; Information to Shareholders. Related and consequent resolutions.

Significant events occurring during the 2021 financial year pursuant to Article 2393 of the Italian Civil Code are described below.

WHEREAS

On **7 April 2021**, the Tribunal of Milan published the sentence convicting the former directors Alessandro Profumo (former Chairman) and Viola Fabrizio (former Chief Executive Officer and General Manager) as part of criminal proceedings (955/2016 RGNR) before the Court of Milan, which found them guilty of the offences of false corporate communications (art. 2622 of the Italian Civil Code) in relation to the recognition as government securities transactions of two transactions for a nominal amount of €5 billion that turned out to be hidden derivatives (Credit Default Swaps), with reference to the financial statements, reports and other corporate communications of the Bank from 31 December 2012 to 31 December 2014 and with reference to the half-yearly report as at 30 June 2015, as well as of market manipulation (Article 185 of the Consolidated Law on Finance) in relation to the announcements made to the public concerning the approval of the above-mentioned financial statements and balance sheets.

The Court of Milan has issued a judgment of conviction in first instance (the "**Sentence**"[3]) against former directors Alessandro Profumo and Fabrizio Viola for false corporate communications in relation to the half-yearly report of 30 June 2015 and for market manipulation for press releases relating to the approval of the financial statements as at 31 December 2012, 31 December 2013 and 31 December 2014 and the half-yearly report of 30 June 2015.

On the basis of a "***granitic compendium of (documented) evidence***", the Judgment allowed MPS shareholders to learn that the former directors PROFUMO Alessandro and VIOLA Fabrizio are individuals characterised by considerable "***social dangerousness***" for the conducts of "***singular offensiveness***" committed as directors of MSP (2012-2015), guilty of having implemented "***the same criminal plan***" with a recognizable "***inclination to deceit***", disguised with conduct aimed at "***offering an immaculate, providential and saving image of themselves***" with the aim of "***seeing their personal prestige (illegitimately) increased***". The sentence recognised the "***insidiousness of the falsehood (knowingly perpetrated)***" in their role at the time of the facts as directors of MPS with the "***fraudulent compilation of financial statements***". The Court of Milan, again as established in the Judgment, recognized the "***full and conscious adherence to the criminal plan***" by the former directors PROFUMO Alessandro and VIOLA Fabrizio stigmatizing the "***seriousness of the conduct (of singular insidiousness and also repeatedly perpetrated)***" and the "***seriousness of the charges (stubbornly repeated in the insidious manner described)***" having acted in "**absolute bad faith**" to gain an "***unfair profit***". The Sentence therefore allowed the shareholders to learn that the former directors PROFUMO Alessandro and VIOLA Fabrizio are individuals with a "***marked capacity to commit crimes***".

More specifically, during the 2021 financial year, the shareholders were able to acquire the following information as reported in the aforementioned Sentence:

[3] Available at the following link:
https://www.dropbox.com/sh/j2ksby27ielq4az/AABGkbnj0afRB_imdcQKstuLa?dl=0

- "*There is no doubt that the transactions replicated the flows of a credit derivative*" (the Judgment, p. 161) and "*it has been definitively proven, beyond reasonable doubt, that even the new management* [NDR Profumo - Viola] *knew, for some time, of the failure to purchase the BTPs 2034 by Nomura and, therefore, of the fictitious purchase and sale simulated with the Japanese counterpart, as an empty contractual wrapping functional to the accounting of the transaction with open balances, for the reasons now (widely) known*" (Sentence, p. 243);

- *"As effectively stated by the counsel for the civil parties [NDR Bivona], 'the difference between negotiating a credit default swap on Italian risk and investing in Italian government bonds (however financed, e.g. with a repurchase agreement) is the same as between buying a house (however financed, e.g. with a mortgage) and betting on the trend of the real estate market'".* (Sentence, p. 187);

- *"The first one was clear and immediately readable, neatly indexed (as to the schemes composing it) as well as covered by any kind of reassuring certification of goodness (as per the positive review of the authoritative company in charge and comforting report of the board of auditors). The second was incomplete (due to the above considerations), relegated to a mere (neglected) attachment [NDR pro-forma notes] (lacking suitable indexing) and also surrounded by dissuasive attestations of low reliability. However, the former was false and the latter true"* (Sentence, p. 230, original bold);

- *"In other words - according to the Defence of the defendants and of the Entity - the disclosure of two different reports (of opposite sign), one of which necessarily false and the other true (due to the specularity of the alternative accounting approaches), would determine the criminal irrelevance of the fact (due to the elision of the falsity or, at least, the deceptiveness of the same). In the Court's view, the argument is frankly inadmissible"* (Sentence, p. 227-228);

- *"In clear violation (rectius abuse) of the joint document of 8 March 2013, which - given the central principle of the prevalence of substance over form - allowed recourse to the notes only in the event of correct open balance accounting of structured transactions (not applicable in this case, BMPS only communicated the real impact of structured transactions (such as derivatives) to the market (moreover, only partially) by means of pro forma prospectuses"* (Sentence, p. 228);

- *"Pursuant to the aforementioned Article 186 of the TUF, PROFUMO and VIOLA shall also be declared banned from the management offices of legal persons and companies as well as incapable of contracting with the public administration for two years (the maximum sentence is justified in consideration of the singular offensiveness of the charges and the social dangerousness of the defendants inferred from the same)"* (Sentence, p. 286);

- *"Effectively stated by counsel for the civil parties Bivona in his submission of 10 October 2019 (p. 55), "the directors had no option to choose whether (i) to account for the transactions as a derivative or (ii) to account for the transactions as separate transactions with the addition of pro forma schedules: if the transaction was substantively a derivative, they had to account for it as a derivative. The only option available to the directors was to decide whether to comply with the law or violate it, or whether to prepare the financial statements in accordance with the accounting standards (IAS) or not, in which case they would be liable"* (Sentence, p. 115);

- *"It is the Court's firm conviction that the defendants, well aware of the true nature of the structured transactions and of the related huge criticalities (as can be deduced from the incomplete, contradictory and, therefore, misleading financial statements), have - with a censurable wait-and-see attitude (facilitated by a certain institutional absenteeism) - reproposed ... the same accounting solution adopted by the previous management (whose unlawful inspiration, however, was known), for the time strictly necessary to complete the authorization procedure of the huge state aid (which should not be hindered in any way, given the already disastrous conditions in which the Bank was)".* (Sentence, p. 11);

- *"the facts in respect of which proceedings are being brought were the subject of a single original plan (at least in outline) and the same criminal design ..." (judgment, p. 284)* (Sentence, p. 284);

- *"In short, the Bank - in order to reassure shareholders - had made statements that were clearly untrue, ... The fact seems crucial, since the deceptive manipulation of information - which precludes any deduction on the good faith of the new top management - reveals....the inclination to lie of the new management [NDR Profumo, Viola], willing to affirm falsehood in order to preserve the existing"* (Sentence, p. 74);

- *"The new management [NDR Profumo/Viola] aimed to offer an immaculate image of itself, providential and salvific, based on a clear discontinuity with the past, from which they should be distanced, a narrative also supported by the vulgate on the fortuitous discovery of the Mandate Agreement, in fact since July 2009 the subject of thick correspondence between employees of the Bank "* (Sentence, p. 273);

- *"There was - as a further purpose (not immediately financial) - the aspiration of the new top management [NDR Profumo, Viola] to see increased (illegitimately) their personal prestige, as promoters of the rebirth of the Bank "*(Sentence, p. 273);

- *"The intention to deceive the shareholders or the public .... can also be deduced from the insidiousness of the falsehood (knowingly perpetrated) as well as from the very manner in which the alternative accounting was disclosed, the pro forma prospectuses being the most sophisticated of deceptions (rather than an additional transparency, as has been vainly attempted to demonstrate)".* (Sentence, p. 273);

- *"... full awareness (also marked by the aim of unfair profit) underlying the fraudulent preparation of financial statements, whose inevitable dissemination to the public was known, as required by law ... ... such was the purpose that animated the new management, namely to reassure the market in view of the hoarding of money that would be perpetrated shortly thereafter with capital increases"* (Sentence, p. 284);

- *the "seriousness of the conduct (of singular insidiousness and also repeatedly perpetrated, as regards Profumo and Viola) ...".* (Sentence, p. 284);

- *"... seriousness of the charges (stubbornly repeated in the insidious manner described) and marked capacity to commit crimes ...".* (Sentence, p. 285);

- *"Effectively states the counsel for the civil parties Bivona in his paper of 10 October 2019 (p. 55) .... "The only option available to the directors was to decide whether to comply with the law or to violate it, or whether to draw up the financial statements by applying the accounting standards (IAS) or not, assuming the responsibility in this case"* (Sentence, p. 115);

- *"With regard to the generic element of intent, there are no doubts, at the outcome of the preliminary investigation, about the full awareness of the incorrectness of the accounting ...*

inferable from the granite compendium of evidence collected, articulated in multiple and converging elements of significant significance" (Sentence, p. 271);

- *"...obscure and tortuous indications provided in the notes to the 2012 and 2013 financial statements, as a sterile attempt to credit the falsehood, even through unfounded deductions"* (Sentence, p. 271);

- *"it has been proven, beyond reasonable doubt, not only that the government bonds were never purchased, but - also - that BMPS was fully aware of the circumstance"* (Sentence, p. 272);

- *"Definitive proof of awareness of the failure to purchase the securities is found in the deceptive responses to shareholders .... the circumstance - which reveals the Bank's absolute bad faith (which is the basis of malice) - appears to be decisive, since the need for deception implicitly demonstrates full awareness of the critical nature of the underlying situation"* (Sentence, p. 272);

- *"There is .... there is also the aim of unfair profit, mainly in favour of the Bank itself, which appeared to be sailing in better waters thanks to the falsehood, which increased its perception of reliability (in terms of capital, regulatory and strategic aspects), the massive transactions in unsaleable - and therefore even more risky - credit derivatives for more than five billion euro) were concealed, in a particularly sensitive period for the Bank, i.e. pending the authorization of state aid and in the imminence (and then constant) of large capital increases (for a total of eight billion euro)";* (Sentence, p. 273);

- *"The unbundled representation had, moreover, allowed the undue settlement of losses amounting to more than one billion euros (1,301,231,403 euros, to be precise), by altering the consistency of the reserves ..."* (Sentence, p. 279);

- *"Indeed, there can be no doubt as to the purpose .... of guaranteeing BMPS unjust profits ....: the alteration of the financial statements ... responded to the need to offer investors a more prosperous and reassuring corporate scenario (inspiring reliability and trust), in terms of accounting and supervisory capital and, more generally, stability (it was necessary to avoid, at all costs, the unveiling of the risks connected with the massive exposure to credit derivatives, which would have exposed the Bank to unpredictable market fluctuations, destined to impact on the result for the year)".* (Sentence, p. 290);

- *"It will be demonstrated, in particular, the singular chronological concatenation of events, which allowed the Bank, in the time interval indicated, to hoard liquidity (public and private) stubbornly (and knowingly) lingering in the accounting error"* (Sentence, p. 231);

- *"In particular, the shortfall for which State aid had been requested amounted to €2 billion (the maximum amount provided for by domestic regulations), equal - as clarified in the responses to shareholders for the shareholders' meeting of 29 April 2013 (Exhibit 10.10 to the Bivona consultancy) - only to the portion of the negative AFS reserve attributable to the two structured transactions"* (Sentence, p. 232);

- *"Therefore, the argument of the civil plaintiffs' counsel, who sees in the provision for repayment within a limited timeframe (as an alternative to the conversion of the bonds into shares) a compromise between institutions, as a precipitate of the need for a more incisive restructuring, resulting from the nature of the problems that afflicted BMPS, due to excessive risk-taking as well as poor management of assets and liabilities (see paragraph 35 of the decision), is not peregrinatory"* (Sentence, p. 236);

- *"Furthermore, it can certainly be affirmed that - despite the positive outcome [of the authorization of the State Aid granted by the European Commission], which was not at all predictable at the time - it was preferable not to inject further criticism into the authorization procedure [NDR of the State Aid] (which was already based on a situation that was far from reassuring). It therefore seems reasonable to maintain that, in the prognostic assessment of the new management, a change in the accounting of the operations - at that time only vaguely known to the Commission (as emerges from paragraph 16 of the provisional decision), at least until the discussion with Codacons and Mr Bivona (mentioned in paragraphs 34 and 35 of the final decision) - could undermine or, at least, make more uncertain the path towards the coveted authorisation"* (Sentence, p. 237);

- *"as the pro forma information can only be appreciated in terms of its impact on the deceptiveness of the false information (in the present case - it should be pointed out - not eliminated by the alternative statement, for the reasons set out below)".* (Sentence, p. 115);

- *"the falsity of the information represented in the official accounting schedules"* (Sentence, p. 125);

- *"In extreme synthesis, BMPS - in clear violation of Consob's provision (..... has stubbornly persisted in the opaque way of communicating the pro forma notes, as a neglected attachment at the end of the financial statements. The unfulfilled request reveals, unquestionably, the aim of disorienting the reader (and consequently deceiving him) always pursued by BMPS, with the unclear and confusing expedient of the oblique communication of the only true financial statement data (as will be said)".* (Sentence, p. 129-130, original boldface);

- *"the Bank ... offered the market oblique, incomplete and captious information"* (Sentence, p. 143);

- *"It is pure misrepresentation to claim that the transactions made a positive contribution to the interest margin (i.e. that they were carry trades) and that this purpose required them to be shown as open balances"* (Sentence, p. 183);

- *"The Bank, ... tried in vain to maintain the validity of its actions and, in detail, the correctness of the accounting"* (Sentence, p. 174);

- *"if the Bank had, as early as 2012, acknowledged the erroneous nature of the open balances, there would have been a serious problem in covering the deficit, moreover in the delicate phase of recapitalisation (obtained with State aid, still to be approved), undertaken following a rigorous examination of the bank's financial conditions (with a result that was anything but flattering). The failure to disclose the false accounting also responded to further (obvious) purposes (by no means secondary), namely to ensure continuity in the preparation of financial statements (so as not to inject additional criticality in the overall scenario, already discouraging), to avoid any actions for damages by investors (which therefore should not be offered remedies) and, finally, not to include in the financial reports the inevitable volatility arising from the mark-to-market valuation of derivatives, with unpredictable fluctuations in the result for the year (always negative in previous years, with the exception of 2012, which at the date of approval of the financial statements - or rather in February 2013, when it was decided not to reclassify - was an isolated case, which did not offer any guarantee on future market trends)".* (Sentence, p. 194);

- *"Therefore, it is confirmed what has been argued by the consultant of the civil parties [NDR Bivona], namely that the open balance accounting had led to the artificial increase of the*

reserves that can be used to cover losses, to the detriment of other reserves (the valuation reserves) otherwise not useful for the purpose" (Sentence, p. 200);

- *"In other words, the persistent representation of open balances, precisely in the year 2012 (at the end of which it was decided, as amply demonstrated, to persevere in the accounting error), allowed the Bank to neutralise losses of over one billion euros (in detail, 1,301,231,403 euros). An argument that even more persuades the Court of the full and conscious adherence to the delinquent plan (inherited from the previous management), which undoubtedly offered - in the immediate future - advantages to the bank" (p. 225, original bold)* (Sentence, p. 201);

- *"the disastrous data released in November 2015"* (Sentence, p. 207, original bold);

- *"the disclosure of two different accounting readings of the same phenomenon (i.e. structured transactions), far from representing "a supplement of transparency" (borrowing the words of Professors Petrella and Resti), integrates a confusing and incorrect expedient of evasion of the fundamental principles of truth and clarity underlying the preparation of financial statements."* (Sentence, p. 219);

- *"In other words, ancipitous and contradictory prospectuses are unacceptable, a practice that the Board does not intend to legitimise, due to the inevitable and pernicious consequences that would ensue, in particular in terms of the tightness of the entire regulatory system governing corporate communications, since, in addition to the feared deresponsibility of the management body (dispensed from the formulation of a single and prudent assessment), it would lead to the substantial sterilisation of legal reactions to accounting offences (which must be absolutely avoided). In short, we cannot endorse underhand communication strategies which, by means of the pre-establishment of sophisticated exculpatory arguments (to be used in possible liability judgments, as occurred in the case in question), constitute a concrete obstacle to the repression of false accounting (unequivocally found in the financial statements under examination)".* (Sentence, p. 220);

- *"Once again, a situation of uncertainty was staged, depending on factors extraneous to the management (i.e. possible second thoughts of the competent Supervisory Authorities) whereas, instead, there was no doubt whatsoever as to the real nature of the transactions nor, even less, as to the interpretative criteria to be applied"* (Sentence, p. 238);

- *"As effectively stated by the counsel for the civil parties, Mr. Bivona, there was no risk of new pronouncements on the abstract methods of accounting for certain transactions, but only the danger that the competent bodies "would notice that the defendants falsified the financial statements by entering non-existent investments in place of reckless speculation in derivatives"* (Sentence, p. 238);

- *"Even in the transaction with NIP [NDR Nomura] the defendants falsely resorted to the unbundled representation of the agreements, based on the fictitious purchase of the BTP 2034 (not even subject to restitution, of course) and on the spot sale of the same (equally fictitious)".* (Sentence, p. 241);

- *"despite the fact that ... since April 2015 ... it was known that proceedings were pending against the Bank ..., specifically concerning the deceptive accounting of the transaction, nevertheless the parties persisted in the error, even demanding [NDR that in the contract to prematurely close the Nomura transaction] ... an explicit denial of the accusatory assumption was included, labelled as a colossal misunderstanding of the transaction ... by the Public Prosecutor's Office of Milan* (Sentence, p. 241);

- *"As, in short, correctly pointed out by the counsel for the civil parties [NDR Bivona] the settlement agreements were based on the fraudulent fiction that the transactions were investments in government securities; they were signed in the documented knowledge that ...[NDR the transactions] were, otherwise, derivatives"* (Sentence, p. 241);

- *"The communiqué (annex 10.9 to the Bivona consultancy) [NDR with which the Bank in December 2015 had announced the correction of the financial statements due to the late impetus of CONSOB although without admitting any wrongdoing] integrates admirable exercise of sophisticated rhetoric, through skillful combination of suggestive exculpatory arguments (obviously unfounded), repeated comforting reassurances (on the absence of appreciable consequences for the Bank) and malicious reticence"* (Sentence, p. 242);

- *" ... it has been definitively proven, beyond any reasonable doubt, that also the new management knew, for a long time, of the failure to purchase the BTP 2034 by NIP and, therefore, of the fictitious purchase and sale simulated with the Japanese counterpart, as an*

empty contractual wrapping functional to the accounting of the transaction with open balances, for the reasons now (widely) known" (Sentence, p. 243);

- *"This emerges from the copious documentation on file ..., from the depositions of the witnesses examined (including the diligent Borghese, who had even taken care to represent the circumstance to the new top management in writing, as per Nomura Memo of November 2012) as well as, finally, from the deceptive information given to the shareholders at the shareholders' meetings of 28 December 2013 and 29 April 2014 (annexes 10.5 and 10. 6 to the Bivona consultancy), on the actual withdrawal of the securities and simultaneous delivery to NIP in the execution of the repo (obviously never happened), in clear friction with what really happened and known to the new management (at least since October 2013), namely that the sale and coinciding return of the BTPs (notional) had proceeded - inevitably, due to the absence upstream of the securities - by means of settlement on a net basis (and not gross, as suggestively communicated to the shareholders)".* (Sentence, p. 243);

- *"Similarly unfaithful is the representation of uncertainties in the regulatory framework of reference, since ... there were indeed no gaps to be filled, the prudent and judicious application of the accounting standards and relevant interpretations already provided being sufficient .... which otherwise BMPS consciously decided to violate, resorting to rhetorical virtuosity, fallacious reconstructions of events and malicious silence".* (Sentence, p. 243);

- *"having adopted the correct accounting [NDR with the 2015 Financial Statements], BMPS continued to prepare pro forma notes on the impacts of the accounting alternative, namely ... the opposite representation with open balances (definitively surpassed following the Consob resolution of December 2015), objectively useless (given what was ascertained by the Supervisory Authority, which now made the nature of the transaction undoubted), as an accounting superfetation that, far from providing additional transparency (which was not required), it constituted a vain attempt by the Bank to project an image of absolute clarity and, at the same time, to raise doubts about the solution imposed by Consob (however, based on granite and never again discussed evidence)".* (Sentence, p. 245);

- "*The settlement agreement with Deutsche Bank dates back to 19 December 2013 (all 11.6 to the Bivona consultancy), made known to the market with a press release issued on the same date (all 11.7). The contract - in which the false prospect of an investment in BTPs financed by means of a long term repo of the same duration, with the addition of an IRS to cover the*

interest rate risk, was continued.... No return of securities was foreseen in the settlement agreements, as evidence of the unavailability of the BTPs by DB, which, as is now known, had immediately put them back on the market, thus closing the short-term repo with which it had procured them for the time strictly necessary for the conclusion of the TRS (in order to offer a semblance of plausibility to the fictitious and deceptive accounting approach)". (Sentence, p. 240);

- "*On 23 September 2015, on the other hand, the transaction with NIP [NDR Nomura] was concluded (at! 12.4), as per the press release issued on the same day (at. 12. 5), i.e. - it should be noted - on a date subsequent to the committal for trial of 24 April 2015 (parallel proceedings in Milan) against both banks (as administrative managers) ..... even in the transaction with NIP, there was a misleading recourse to a disaggregated representation of the agreements, based on the fictitious purchase of the BTP 2034 (not even subject to restitution, obviously) and on the spot sale of the same (equally fictitious) despite the fact that, since the summer of 2015, there had already been an intense discussion with Consob concerning precisely the failure to procure government bonds and, since April 2015 (therefore even before), the pending proceedings against the Bank were known (pursuant to Legislative Decree no. 231/01). Legislative Decree no. 231/01), specifically concerning the deceptive accounting of the transaction. Nonetheless, the parties persisted in the error, even demanding that the NIP include in the premises of the settlement agreement - with reference to the request for committal for trial - an explicit denial of the accusation, labelled as a colossal misunderstanding of the Alexandria transaction by the Milan Public Prosecutor's Office ("whose conclusions Nomura rejects as based in a misinterpretation of the Structured Transactions")*". (Sentence, 240-241);

- "*As, in summary, correctly noted by the civil parties' counsel (pp. 228 ff. of the submission of 10 October 2019): (a) the settlement agreements were based on the fraudulent fiction that the transactions were investments in government securities; (b) they were entered into in the documented knowledge that Alexandria and Santorini were, otherwise, derivatives (on July l0, 2013 NIP had already admitted - and the Bank was aware of this - that the economic substance of the transaction corresponded, "without possibility of contradiction", to the sale of a credit derivative, specifying that it had never sold to BMPS the securities that the Bank continued to record on its balance sheet; on 18 October 2013 DB had already approved the reclassification of the transaction, as per the report of the analysts of PSP [NDR Peters*

Schonberger GmbH Wirtschaftsprilfungsgesellschaft] for Bafin dated31 December 2014)"
(Sentence, p. 241).

In summary, the Court of Milan therefore found that the former directors PROFUMO Alessandro and VIOLA Fabrizio

As a result, the Bank was declared liable for the administrative offences under Legislative Decree 231/01 and sentenced to a fine of €800,000.00. The Bank, also in its capacity as civilly liable, was also jointly and severally sentenced with the former directors Alessandro Profumo and Fabrizio Viola to pay damages in favour of the admitted civil parties to be settled in separate civil proceedings, as well as to pay court costs. The petitum, if any, amounts, with reference to the proceedings in question, to approximately €177 million.

Following the conviction, on 5 November 2020 the Bank announced provisions for legal risks of approximately €400 million. The aforesaid provisions, with a consequent reduction in equity, related to legal disputes concerning the facts alleged against the former directors Alessandro Profumo and Fabrizio Viola in the criminal proceedings.

The former directors Alessandro Profumo and Fabrizio Viola, due to the top positions they held, are responsible for the conclusion of two settlement agreements entered into in the period 2012-2015 with the two foreign banks Deutsche Bank and Nomura with which the hidden derivatives had been negotiated - the two foreign banks have also already been sentenced in separate criminal proceedings - thereby committing the Bank to (i) waive the actions for damages brought against the foreign banks in civil proceedings in order to obtain compensation for the damage that the former directors Alessandro Profumo and Fabrizio Viola had quantified in the total amount of €1.2 billion and (ii) to pay a total of €800 million to the two foreign banks to terminate in advance the hidden derivatives which, even at the time of the closing of the transactions, were concealed, thereby causing overall damage to the Bank's assets of €2 billion.

In addition, the settlement agreements decided in 2013 (Deutsche Bank) and 2015 (Nomura) by former directors Alessandro Profumo and Fabrizio Viola, contained clauses designed to prevent MPS from exercising recourse and regress against Deutsche Bank and

Nomura in the event that "one or more investors in shares or other financial instruments issued by MPS promote, in any forum, claims for compensation and/or restitution based on disputes that are wholly or partly related or connected", thereby creating an irreparable prejudice for the Bank which today, unless it brings an action for nullity, is precluded by the above-mentioned settlement agreements from exercising its right to seek recovery and recourse against the foreign banks in the event of losing the lawsuits brought against it.

The Bank incurred costs for legal assistance in favour of the former directors Alessandro Profumo and Fabrizio Viola amounting to over 3.3 million euros, in addition to costs for technical accounting consultancy of approximately 700 thousand euros. To these costs must be added the costs of legal and technical-accounting assistance in favour of the Bank in civil and criminal proceedings and out-of-court disputes which have as their underlying fact the unlawful conduct of the former directors Alessandro Profumo and Fabrizio Viola as ascertained by the Court of Milan with the sentence published on 7 April 2021.

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In addition, the former directors PROFUMO Alessandro and VIOLA Fabrizio are under investigation in a second proceeding (No. 33714/16 RGNR Mod. 21 and No. 3502/17 RG GIP) with the alleged crime of false accounting, manipulation of information and false prospectus for the false accounting of receivables in the period 2012-2015.

As part of this second criminal proceeding, on 26 April 2021, the expert witnesses Prof. Gaetano Bellavia and dr. Fulvia Ferradini, appointed by the Judge for Preliminary Investigations Guido Salvini (Court of Milan), filed a technical report in the context of an evidentiary incident - i.e. an expert's report (the **"Expert's Report"**[4]) which has the value of evidence in the trial - from which it emerged that the financial statements prepared by the former directors PROFUMO Alessandro and VIOLA Fabrizio were non-compliant (or, more simply, false) for having concealed losses on receivables. In particular, the expert's report established the following:

[4] Available at the following link:
https://www.dropbox.com/sh/j2ksby27ielq4az/AABGkbnj0afRB_imdcQKstuLa?dl=0

- "*All the interventions of the Supervisory Authorities over time have revealed very significant operational criticalities in the credit sector, communicating them accordingly to the Bank's bodies*";

- "*the loss shown in the 2013 consolidated financial statements of € 1,438.92 million rises to € 4,469.00 million, taking into account higher adjustments to impaired loans of € 3,030.08 million, considered net of the tax effect*";

- "*the loss shown in the 2014 consolidated financial statements of € 5,347.27 million decreases to € 2,308.35 million, taking into account lower adjustments on impaired loans moved to the 2013 accrual year amounting to € 3,038.92 million, considered net of the tax effect*";

- "*the profit shown in the 2015 consolidated financial statements of € 389.87 million is transformed into a loss of € 4,285.27 million, taking into account higher adjustments to impaired loans of € 4,675.14 million, considered net of the tax effect*";

- "*the loss shown in the 2016 consolidated financial statements of € 3,231.37 million decreases to € 1,468.81 million, taking into account lower adjustments on impaired loans shifted to the 2015 accrual year amounting to € 1,762.56 million, considered net of the tax effect and finally*";

- "*the loss shown in the 2017 consolidated financial statements of € 3,502.24 million decreases to € 782.24 million, taking into account lower adjustments on impaired loans shifted to the 2015 accrual year amounting to € 2,720.00 million, considered net of tax effect*"

- "*consolidated shareholders' equity for the 2013 financial year of € 6,164.00 million decreased to € 3,081.83 million, due to higher adjustments to impaired loans pertaining to the 2013 financial year*";

- "*consolidated shareholders' equity for the 2014 financial year, which incorporated the July 2014 share capital increase of € 5 billion, decreased from € 5,989.00 million to € 5,945.75 million, as a result of lower adjustments to impaired loans moved to the 2013 financial year of € 3,038.92 million ...*";

- *"consolidated shareholders' equity for the 2015 financial year, which incorporated the June 2015 share capital increase of € 3 billion, decreases from € 9,623 million to € 4,904.61 million, as a result of higher adjustments to impaired loans moved to the 2015 financial year of € 4,675.14 million";*

- *"consolidated shareholders' equity for the 2016 financial year of € 6,460.30 million decreased to € 3,504.47 million, due to lower adjustments on impaired loans moved to the 2015 accrual year";*

- *"it was found that the net adjustments to loans not accounted for on an accrual basis in the years mentioned above [NDR 2012-2015] totalling € 11,420.81 million, equal to € 7,766.15 million*

net of the tax effect, are of an amount almost similar to the capital increases that took place between 2014 and 2015, amounting as mentioned to € 8 billion".

ALL OF THE ABOVE

IT IS PROPOSED THAT A RESOLUTION BE PASSED ON CORPORATE LIABILITY ACTION JOINTLY AND SEVERALLY OR IN THE ALTERNATIVE, OR IN THE ALTERNATIVE FOR THEIR RESPECTIVE SHARE OF RESPONSIBILITY AGAINST *(I)* THE DIRECTORS MARIA PATRIZIA GRIECO (CHAIRWOMAN), FRANCESCA BETTIO, RITA LAURA D'ECCLESIA, LUCA BADER, MARCO BASSILICHI, FRANCESCO BOCHICCHIO, PAOLA DE MARTINI, ALESSANDRA GIUSEPPINA BARZAGHI, GUIDO BASTIANINI, ROSELLA CASTELLANO RAFFAELE DI RAIMO, MARCO GIORGINO, ROBERTO RAO, NICOLA MAIONE PURSUANT TO ARTS. 2392 AND 2393 OF THE CIVIL CODE; *(II)* OF THE FORMER GENERAL MANAGER GUIDO BASTIANINI PURSUANT TO ART. 2396 OF THE CIVIL CODE IN THAT BY HIS GROSSLY OMISSIVE CONDUCT TO THE DETRIMENT OF THE COMPANY AFTER HAVING EXAMINED:

- **THE SENTENCE N. 10748/20 COURT OF MILAN, FILED ON 7 APRIL 2021;**
- **THE EXPERT REPORT BY EXPERTS PROF. GAETANO BELLAVIA AND DR. FULVIA FERRADINI APPOINTED BY THE PRELIMINARY INVESTIGATION JUDGE GUIDO SALVINI (COURT OF MILAN) IN PROCEEDINGS NO. 33714/16 RGNR MOD. 21 AND NO.3502/17 RG GIP, FILED ON 26 APRIL 2021;**

THEY FAILED TO PROPOSE TO SHAREHOLDERS THAT THEY RESOLVE TO BRING A CORPORATE LIABILITY ACTION AGAINST THE FORMER DIRECTORS PROFUMO ALESSANDRO AND VIOLA FABRIZIO AND THEY ABSTAINED FROM BRINGING AN ACTION FOR THE NULLITY OF THE SETTLEMENT AGREEMENTS SIGNED BY THE

FORMER CHIEF EXECUTIVE OFFICER VIOLA FABRIZIO WITH THE COUNTERPARTIES DEUTSCHE BANK AND NOMURA. THUS CAUSING A DAMAGE TO THE BANK EQUIVALENT TO THE DAMAGE THAT THEY FAILED TO RECOVER

Proposed resolution

The shareholder Bluebell Partners Ltd proposes to resolve to bring a liability action jointly and severally or in the alternative for their respective share of responsibility against (i) the directors Maria Patrizia Grieco (Chairwoman), Francesca Bettio, Rita Laura D'Ecclesia, Luca Bader, Marco Bassilichi, Francesco Bochicchio, Paola de Martini, Alessandra Giuseppina Barzaghi, Guido Bastianini, Rosella Castellano Raffaele Di Raimo, Marco Giorgino, Roberto Rao, Nicola Maione pursuant to articles 2392 and 2393 of the Italian Civil Code; (ii) the former general manager Guido Bastianini pursuant to article 2396 of the Italian Civil Code. 2392 and 2393 of the Italian Civil Code; (ii) the former General Manager Guido Bastianini pursuant to Article 2396 of the Italian Civil Code; Information to Shareholders. Related and consequent resolutions.

Resolution

to authorize the exercise of corporate liability action, pursuant to Articles 2392, 2393 and 2396 of the Italian Civil Code as well as any other appropriate action (also by way of recourse or regress) against the directors Maria Patrizia Grieco (Chairwoman), Francesca Bettio, Rita Laura D'Ecclesia, Luca Bader, Marco Bassilichi, Francesco Bochicchio, Paola de Martini, Alessandra Giuseppina Barzaghi, Guido Bastianini, Rosella Castellano Raffaele Di Raimo, Marco Giorgino, Roberto Rao, Nicola Maione for the purpose of claiming compensation for any damage, The purpose of the claim is to obtain compensation for all pecuniary and non-pecuniary damage (including reputational damage) suffered or to be suffered by the Bank as a result of the breach by the aforementioned corporate officers and members of the management body (including in conjunction with other persons), during the period in which they held their respective offices, of the obligations, within their respective spheres of competence, set out in Articles 2381, 2391, 2391 bis, 2392 and 2396

of the Italian Civil Code, as well as of the provisions of the Italian Civil Code. Civil Code, as well as any other provision of law or regulation governing the rules of conduct which the members of the general management and the directors must follow in their actions, and any other applicable regulatory provision, including Article 2043 of the Italian Civil Code and, thus, by way of example and not limited thereto, of all damages, financial and non-financial, including reputational damages for the above-mentioned facts.

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