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

SHAREHOLDERS' MEETING

May 18, 2020 (on single call)

EXPLANATORY REPORT BY THE BOARD OF DIRECTORS

CONCERNING ITEM 1) ON THE AGENDA

pursuant to Article 125-ter of Legislative Decree no. 58 of 24 February 1998,
as subsequently amended and supplemented.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019, INCLUDING THE REPORTS OF THE BOARD OF DIRECTORS, OF THE INDEPENDENT AUDITORS AND OF THE BOARD OF STATUTORY AUDITORS. PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019, RELATED AND CONSEQUENT RESOLUTIONS.



Dear Shareholders,

You have been called to the Shareholders' Meeting to resolve on the following topic, listed as **item 1)** of the agenda:

Financial statements as at 31 December 2019, including the Reports of the Board of Directors, of the Independent Auditors and of the Board of Statutory Auditors. Presentation of the consolidated financial statements as at 31 December 2019, related and consequent resolutions.

In compliance with the provisions of article 2364 of the Italian Civil Code and by articles 13 and 30 of the Company's By-laws, the Shareholders' Meeting is called to approve the financial statements of Banca Monte dei Paschi di Siena S.p.A. for the year ended 31 December 2019 and the proposal to carry forward the loss for the year equal to EUR 1,174,539,220.41.

The consolidated financial statements as at 31 December 2019 of the Monte dei Paschi di Siena Group are also presented to the Shareholders' Meeting, which closed with a total loss for the year of EUR 1,033,142,114.47, of which EUR 1,033,010,784.18 pertaining to the Parent Company.

With regard to the detailed contents, please refer to the 2019 financial statements approved by the Board of Directors on 25 February 2020, together with the Reports of the Board of Directors, of the Independent Auditors and of the Board of Statutory Auditors, made available to shareholders according to the procedures and terms prescribed by governing law and regulations and available on the website www.gruppomps.it, in the section *Corporate Governance - Shareholders' Meetings and BoD*, at the link:

<https://www.gruppomps.it/corporate-governance/assemblea-azionisti/archivio-assemblee.html>

Given the above, it is proposed to carry forward the 2019 loss of Banca Monte dei Paschi di Siena S.p.A., which amounts to EUR 1,174,539,220.41.

If the proposal formulated is approved, the share capital and reserves of Banca Monte dei Paschi di Siena S.p.A. will be as indicated in the table below.

	2019 Financial Statements	Changes	Share capital and reserves of the 2019 financial statements after the Shareholders' Meeting resolutions
Share capital	10,328,618,260.14		10,328,618,260.14
Reserves	- 1,361,989,957.39	- 1,174,539,220.41	- 2,536,529,177.80
Valuation reserves	- 28,398,877.58		- 28,398,877.58
Treasury shares in portfolio	- 185,957,994.10		-185,957,994.10
Total reserves	- 1,576,346,829.07	- 1,174,539,220.41	- 2,750,886,049.48
TOTAL	8,752,271,431.07	- 1,174,539,220.41	7,577,732,210.66



Dear Shareholders, We ask you to make the following resolution:

“The Shareholders’ Meeting of Banca Monte dei Paschi di Siena S.p.A., in ordinary session, having shared the contents and topics presented in the Report of the Board of Directors, having viewed the contents of the Report of the Board of Statutory Auditors and of the Independent Auditors,

resolves

- to approve the financial statements as at 31 December 2019 of Banca Monte dei Paschi di Siena S.p.A., which closed with a loss for the year of EUR 1,174,539,220.41;
- to approve the carry forward of the loss for the year of EUR 1,174,539,220.41.”

Siena, 25 February 2020

For the Board of Directors
Prof. Avv. Stefania Bariatti
Chairman of the Board of Directors