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Societa' : BANCA MONTE DEI PASCHI DI SIENA

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PRESS RELEASE

BMPS: EBA 2021 STRESS TEST RESULTS

Siena, 30 July 2021 – 2021 EU-Wide Stress Test Results. In light of the upcoming completion of the 2017-2021 Restructuring Plan – and in particular of the successful de-risking of its balance sheet - Banca Monte dei Paschi di Siena S.p.A. (the “Bank” or “BMPS”) was subject to the 2021 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Bank of Italy, the European Central Bank (ECB), and the European Systemic Risk Board (ESRB).

The Bank notes the announcements made today by the EBA on the EU-wide stress test and fully acknowledges the outcomes of this exercise.

The 2021 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 - as part of the ongoing dialogue with the relevant regulators - will assist competent authorities in assessing the Bank ability to meet applicable prudential requirements under stressed scenarios.

The results are coherent with the Capital Plan sent to ECB on the 29 January 2021. The Capital Plan envisages a EUR 2.5 billion capital strengthening transaction and - as per Press Release dated 30 June 2021 - the Bank has sent to the ECB - upon their request - a potential schedule which provides for the issuance of the new shares by March / April 2022, specifying that, at present, any capital increase – currently only hypothetical and the implementation of which is in any case subject to approval by DG Comp and the European Central Bank for the relevant aspects - represents a fall back option compared to the pursuit of the "structural solution", with reference – in particular – to the press release issued by UniCredit S.p.A. on the 29 July 2021.

Considerations on the Baseline Scenario

Under the Baseline Scenario, the CET1 ratio go from 9.9% to 9.3% at the end of the three year horizon, on a fully loaded basis.

The ability to generate capital under the Baseline Scenario is hampered by the impact of operational risk calculated as part of the exercise. The Bank is aiming to reduce such risk with limited impact on its capital position, as testified by the Preliminary Agreement with the Fondazione Monte dei Paschi di Siena announced on 21 July 2021 and reducing the total *petitum* by Euro 3.8 Bn.

At the same time, the capital generation under the Baseline Scenario does not include any effect of the reduction of costs that could be expected in the context of a Structural Solution, or of the meaningful operating expenses and cost of funding reduction measures envisaged in the 2021-2025 Strategic Plan submitted for approval to DG Competition.

Importantly, the capital drawdown deriving from credit risk is significantly lower than Italian banks' sample, as testament to the significant de-risking of the Bank, with an NPE ratio passing from 34.5% in 2016 to 4.3% at the end of 2020¹.

The Baseline does not include the effect of the capital management actions already announced to the market, nor of the commercial performance presented in the context of 1Q results presentation.

¹ Ratio between Gross non-performing exposures to customers / Gross exposures to customers, including the securities component. 2016 ratio includes interest in arrears.

The Bank takes the opportunity to remind investors of its 2Q21 & 1H21 Results Presentation taking place on Thursday, 5 August 2021 at 4.30 p.m. CEST (3.30 p.m. BST, 10.30 a.m. EDT)

Considerations on the Adverse Scenario

The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2021-2023). The stress test has been carried out applying a static balance sheet assumption as of December 2020, and therefore does not take into account future business strategies and management actions. It is not a forecast of the Bank profits.

Including the impact of the sale of own shares, of change of valuation criteria for the real estate portfolio, of the synthetic securitisation announced on 23 July, and of the profit of 1Q21, the Fully Loaded CET1 of the Bank - post the hypothetical Euro 2.5 Bn capital increase and in the adverse scenario – would stand at 6.6%.

Based on the results of the exercise and under the supervisor's control, the Bank – without prejudice to the pursue of the Structural Solution – will continue to implement management actions that are part of the 2021-2025 Strategic Plan, which are expected to have further positive impact on both capital and profitability.

As per the Baseline Scenario, the Bank notes that the capital drawdown deriving from credit risk is lower than Italian banks' sample.

In addition, the cumulative 2021-2023 cost of risk in the Adverse Scenario stands at Euro 2.1 Bn, substantially in line with the Euro 1.9 Bn credit losses included in the 2021-2025 Strategic Plan.

The Adverse Scenario CET1 ratio is impacted for 2.3 p.p. by operational risk which is significantly higher than EBA sample and does not reflect the effects of the Preliminary Agreements announced with the Fondazione Monte dei Paschi di Siena.

This press release is available on www.gruppomps.it

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