



Explanatory Report of the Board of Directors on Item 5 on the Agenda - Extraordinary Part

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

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

29 October 2026 (single call)

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS

ON ITEM 5) ON THE AGENDA OF THE EXTRAORDINARY PART

prepared pursuant to Article 125-*ter* of Legislative Decree No. 58 of 24 February 1998, as subsequently amended (the “**CFA**”), and pursuant to Article 72 of the Regulation adopted by CONSOB by resolution No. 11971 of 14 May 1999, as subsequently amended (the “**Issuers’ Regulation**”), and in accordance with Annex 3A, scheme No. 3, of the same CONSOB Regulation.

APPROVAL, ALSO PURSUANT TO ARTICLE 104, PARAGRAPH 1, OF THE CFA, OF THE VOLUNTARY REDUCTION OF THE SHARE CAPITAL PURSUANT TO ARTICLE 2445 OF THE ITALIAN CIVIL CODE, ALLOCATING THE RESULTING AMOUNT – SUBJECT TO THE PRIOR INCREASE OF THE LEGAL RESERVE TO MORE THAN 1/5 OF THE REDUCED SHARE CAPITAL – TO AN AVAILABLE EQUITY RESERVE; CONSEQUENT AMENDMENT TO ARTICLE 6 OF THE BY-LAWS.



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REPORT OF THE BOARD OF DIRECTORS PREPARED PURSUANT TO ARTICLE 125-TER OF THE CFA AND PURSUANT TO ARTICLE 72 OF THE ISSUERS' REGULATION AND IN ACCORDANCE WITH ANNEX 3A, SCHEME NO. 3, OF THE SAME CONSOB REGULATION

Dear Shareholders,

the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. (the “**Bank**” or the “**Company**”, or the “**Offeror**” or “**BMPS**”) has convened you to the Ordinary and Extraordinary Shareholders’ Meeting on 29 October 2026 at 10:00 a.m., in a single call, to submit for your approval the matter referred to in **item 5** of the agenda in the extraordinary part, concerning the proposal for the “*approval, also pursuant to Article 104, paragraph 1, of Legislative Decree No. 58/1998, as subsequently amended and/or supplemented, of the voluntary reduction of the share capital pursuant to Article 2445 of the Italian Civil Code, allocating the resulting amount – subject to the prior increase of the legal reserve to more than 1/5 of the reduced share capital – to an available equity reserve; consequent amendment to Article 6 of the by-laws*”.

In particular, the Board of Directors intends to submit for your approval the proposal to reduce the share capital of BMPS, pursuant to Article 2445 of the Italian Civil Code, to Euro 10,000,000,000.00, with the primary purpose of optimising the structure of the share capital and reserves of the Bank and, in such context, creating a specific available equity reserve, subject to the prior increase of the legal reserve to more than 1/5 of the share capital (the “**Capital Reduction**”).

It is noted, preliminarily, that on 8 June 2026, Intesa Sanpaolo S.p.A. (“**Intesa**”) announced, pursuant to and for the purposes of Article 102, paragraph 1, of the CFA and Article 37 of the Issuers’ Regulation, that it had taken the decision to launch a voluntary full public purchase and exchange offer pursuant to and for the purposes of Articles 102 and 106, paragraph 4, of the CFA for all of the shares of BMPS (the “**Intesa Offer**”). In light of the pending Intesa Offer, therefore, the Board of Directors of BMPS has convened you to the Ordinary and Extraordinary Shareholders’ Meeting to approve, *inter alia*, the Capital Reduction also pursuant to and for the authorisation purposes of Article 104 of the CFA, which provides that Italian listed companies whose securities are the subject of a public purchase or exchange offer shall refrain from carrying out acts or transactions that may frustrate the achievement of the objectives of such offer, except where the carrying out of such acts or transactions is the subject of a specific shareholders’ authorisation, thereby authorising the Board of Directors of BMPS to act in derogation from the provisions of that same provision.

It is also noted that on 21 August 2026 BMPS announced, pursuant to and for the purposes of Article 102 of the CFA and Article 37 of the Issuers’ Regulation, that on 20 August 2026 it had taken the decision to launch (i) a voluntary full public exchange offer pursuant to and for the purposes of Articles 102 and 106, paragraph 4, of the CFA for the shares of Banca Generali S.p.A. (respectively, the “**Banca Generali Offer**” and “**Banca Generali**”); and (ii) a voluntary full public exchange offer pursuant to and for the purposes of Articles 102 and 106, paragraph 4, of the CFA for the shares of Banco BPM S.p.A. (the “**BPM Offer**” and, together with the Banca Generali Offer, the “**Offers**”). The Offers are part of the broader consolidation process in the Italian and European banking sector, and the decision to launch them pursues the objective of creating a new leading banking and financial group in Italy, characterised by greater operational scale, a more diversified and resilient business model and a strengthened territorial presence across the entire national territory, with a particular focus on the most economically dynamic areas of the country.



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In this context, BMPS announced its intention to carry out, subject to approval by the Shareholders' Meeting, also for the authorisation purposes of Article 104 of the CFA, an extraordinary distribution of reserves, including those resulting from the Capital Reduction, partly in cash and partly in shares of Assicurazioni Generali S.p.A. (respectively, “**AG Shares**” and “**Assicurazioni Generali**”), equal to a gross amount of Euro 1.208 per each outstanding BMPS share at the record date (the “**Extraordinary Distribution**”). The Extraordinary Distribution therefore requires (i) the approval by the Shareholders' Meeting of BMPS convened for 29 October 2026 of the proposal for the acquisition by BMPS of all of the AG Shares from the MPS subsidiary that, at the time of such acquisition, will hold such shares (for further information on such resolution, reference is made to the explanatory report prepared pursuant to Article 125-*ter* of the CFA relating to item No. 4 on the agenda of the ordinary part of the Shareholders' Meeting of BMPS, available, among other places, on BMPS's internet website at www.gruppompis.it); (ii) the approval by the Shareholders' Meeting of BMPS of the Capital Reduction proposal. The Extraordinary Distribution is also conditional upon the declaration of effectiveness, by the Board of Directors of BMPS, of the BPM Offer or the Banca Generali Offer or both.

In addition to the above, it is recalled that the Board of Directors has submitted to the Shareholders' Meeting convened for 29 October 2026 the approval of the plan for the merger by incorporation of Mediobanca – Banca di Credito Finanziario S.p.A. (“**Mediobanca**”) into BMPS, already approved by the respective management bodies on 10 March 2026 (the “**Merger**”), which sets the exchange ratio of the Merger at 2.450 ordinary shares of BMPS, ranking *pari passu* with the existing shares, for each ordinary share of Mediobanca (the “**Exchange Ratio**”). As a consequence of the effectiveness of the Merger, BMPS will increase its share capital by an amount of up to a maximum of Euro 1,609,487,836.43 through the issuance of up to a maximum of 272,012,804 ordinary shares, with no indication of par value, in application of the exchange ratio of the Merger; therefore, the share capital of BMPS will be equal to a maximum of Euro 19,587,675,023.28. The number of shares of BMPS to be issued to service the Exchange Ratio is determined by taking as reference the entire share capital of Mediobanca represented by the shares currently issued by it (net of the portion held by BMPS, equal to 86.3% of the share capital of Mediobanca). For such purpose, the treasury shares of Mediobanca currently held by it are therefore also considered, given that they could, prior to the effectiveness of the Merger, be allocated to the beneficiaries of the 2025-2026 Performance Shares Plan, where the relevant conditions are met, and/or be sold on the market, in whole or in part. Conversely, should the treasury shares currently held by Mediobanca remain in the portfolio of Mediobanca at the date of implementation of the Merger, such treasury shares will be cancelled as a result of the Merger, without any exchange for shares issued by BMPS, as the incorporating company, given the prohibition set out in Article 2504-*ter* of the Italian Civil Code.

This explanatory report (the “**Report**”), approved by majority by the Board of Directors of BMPS on 24 September 2026, has been prepared pursuant to Article 125-*ter* of the CFA, as well as Article 72 of the Issuers' Regulation and in accordance with Annex 3A, scheme No. 3, of the same CONSOB Regulation, in order to illustrate the reasons underlying the Capital Reduction proposal.

1. Description of the Capital Reduction and rationale for the proposal

The Capital Reduction proposal pursuant to and for the purposes of Article 2445 of the Italian Civil Code consists of:

- (i) the reduction of the share capital to Euro 10,000,000,000.00;



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- (ii) the allocation to the legal reserve of a portion of the amount resulting from the reduction of the share capital, to more than one fifth of the share capital (as reduced);
- (iii) the creation of an available equity reserve, to which the remaining portion of the amount resulting from the Capital Reduction will be allocated;

it being understood in any event that the Capital Reduction will leave the total number of BMPS shares issued unchanged, as no cancellation will be carried out, without prejudice to the reduction of the implied par value as a result thereof.

That said, and in relation to the reasons underlying the proposal, the following is noted.

As at 30 June 2026, the net equity of the Company amounted to Euro 26,642,734,342.17, the share capital amounted to Euro 17,978,187,186.85 and distributable reserves to Euro 2,086,476,819.18. The structure of the Bank's net equity is therefore characterised by a high incidence of share capital (over 67%) and by limited distributable reserves. The current composition of net equity and the high incidence of share capital are affected, in particular, by the acquisition, in September 2025, of Mediobanca by BMPS carried out through the launch of a voluntary public exchange offer, which required the issuance of new BMPS shares at a price higher than the implied par value (calculated as the ratio between the share capital of BMPS and the number of outstanding shares), resulting in a mandatory allocation of over Euro 10 billion to share capital.

From a prudential standpoint, the Bank, as at 30 June 2026, showed a Common Equity Tier 1 (CET1) ratio of 16.34% and 36.07%, on a consolidated and individual basis respectively, and a CET1 surplus of over Euro 3 billion compared with the level that also includes the Pillar 2 Guidance buffer. It is clear that, notwithstanding the stringent regulatory constraints, the civil law structure of the Bank's current net equity places additional and unnecessary constraints on distributions of regulatory capital surpluses, all the more so when such distributions have no impact on compliance with capital requirements.

Therefore, the Capital Reduction is functional to acquiring greater flexibility in the adoption of capital management measures. The Capital Reduction is also independent of, and unrelated to, the approval and subsequent execution of the Extraordinary Distribution.

That said, it is recalled that, as of the date of this Report, the share capital of the Bank is equal to Euro 17,978,187,186.85 and, therefore, in order for it to be in any event equal to Euro 10,000,000,000.00 following the Capital Reduction, it will have to be reduced by an amount equal to Euro 7,978,187,186.85. However, should the Merger become effective prior to the effective date of the Capital Reduction, the share capital will be equal, as a result of the Merger, to a maximum (as clarified above with reference to the treasury shares of Mediobanca) of Euro 19,587,675,023.28. Therefore, in such case the Capital Reduction will be equal to a maximum of Euro 9,587,675,023.28.

For the sake of clarity, it is also specified that, taking into account that the Capital Reduction will become effective prior to the execution of the capital increases that will be resolved by the Board of Directors under the delegations granted



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to it pursuant to Article 2443 of the Italian Civil Code to service the respective Offers, the latter will not have any impact on the proposed resolution that is the subject of this Report.

It is therefore proposed to reduce the share capital of BMPS to Euro 10,000,000,000.00, thereby increasing:

- (i) in the event that the Capital Reduction becomes effective on a date prior to the effective date of the Merger, distributable reserves from the current approximately Euro 2 billion to approximately Euro 13.3 billion;
- (ii) in the event that the Capital Reduction becomes effective on a date subsequent to the effective date of the Merger, distributable reserves from the current approximately Euro 2 billion to approximately Euro 16.3 billion;

without prejudice to the simultaneous increase of the legal reserve by an amount equal to Euro 1,500,000,000.00 and therefore, taking into account the legal reserve already set aside, by an amount greater than that provided for by Article 2430 of the Italian Civil Code.

Furthermore, given the elimination of the provision for the statutory reserve resulting from the amendment to the by-laws approved by the Bank's Extraordinary Shareholders' Meeting of 4 February 2026, it is proposed to allocate the statutory reserve existing as of the date of this Report, equal to Euro 591,663,488.77, to increase the extraordinary reserve.

2. Considerations on the results as at 30 June 2026: Financial Statements, Income Statement and net financial position of the Bank as at 30 June 2026

As at 30 June 2026 the Bank reported a profit of Euro 1,246 million. At consolidated level, again as at 30 June 2026, the group headed by BMPS (the “**Group**”) reported a profit of Euro 1,117 million.

Without prejudice to the fact that, for further information on the Group, reference is made to the Consolidated Half-Yearly Financial Report as at 30 June 2026, available at www.gruppompis.it, section Investor Relations - Financial Results, set out below is the income statement of the Bank (in Euro/million) as at 30 June 2026 and certain further information on the economic and financial statements position of the Bank at the same reference date.



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Voci	30 06 2026	30 06 2025	Variazione Y/Y	
			ass.	%
10. Interessi attivi e proventi assimilati	1.865,6	1.973,6	(108,0)	-5,5%
<i>di cui interessi attivi calcolati con il metodo dell'interesse effettivo</i>	1.613,9	1.653,2	(39,3)	-2,4%
20. Interessi passivi e oneri assimilati	(798,9)	(937,1)	138,2	-14,7%
30. Margine di interesse	1.066,7	1.036,5	30,2	2,9%
40. Commissioni attive	893,5	869,1	24,5	2,8%
50. Commissioni passive	(75,4)	(84,0)	8,5	-10,2%
60. Commissioni nette	818,1	785,1	33,0	4,2%
70. Dividendi e proventi simili	631,2	43,1	588,2	n.s.
80. Risultato netto dell'attività di negoziazione	75,9	66,3	9,7	14,5%
90. Risultato netto dell'attività di copertura	0,4	(0,4)	0,8	n.s.
100. Utili (perdite) da cessione o riacquisto di:	19,9	37,8	(17,9)	-47,4%
a) attività finanziarie valutate al costo ammortizzato	24,9	43,2	(18,3)	-42,4%
b) attività finanziarie valutate al fair value con impatto sulla redditività complessiva	(3,9)	(5,1)	1,2	-23,5%
c) passività finanziarie	(1,1)	(0,2)	(0,9)	n.s.
110. Risultato netto delle altre attività e passività finanziarie valutate al fair value con impatto a conto economico	0,5	(10,1)	10,6	n.s.
a) attività e passività finanziarie designate al fair value	2,0	0,8	1,2	n.s.
b) altre attività finanziarie obbligatoriamente valutate al fair value	(1,5)	(10,9)	9,4	-86,2%
120. Margine di intermediazione	2.612,8	1.958,3	654,5	33,4%
130. Rettifiche/riprese di valore nette per rischio di credito di:	(104,2)	(136,9)	32,7	-23,9%
a) attività finanziarie valutate al costo ammortizzato	(104,0)	(136,2)	32,2	-23,6%
b) attività finanziarie valutate al fair value con impatto sulla redditività complessiva	(0,2)	(0,7)	0,5	-71,4%
140. Utili/perdite da modifiche contrattuali senza cancellazioni	(0,6)	(4,6)	4,0	-87,0%
150. Risultato netto della gestione finanziaria	2.508,0	1.816,8	691,2	38,0%
160. Spese amministrative:	(983,7)	(985,9)	2,2	-0,2%
a) spese per il personale	(656,2)	(634,8)	(21,4)	3,4%
b) altre spese amministrative	(327,6)	(351,1)	23,5	-6,7%
170. Accantonamenti netti ai fondi per rischi e oneri	(10,1)	(29,9)	19,8	-66,2%
a) impegni e garanzie rilasciate	(13,2)	(4,6)	(8,5)	n.s.
b) altri accantonamenti netti	3,0	(25,3)	28,3	n.s.
180. Rettifiche/riprese di valore nette su attività materiali	(41,8)	(42,8)	1,0	-2,3%
190. Rettifiche/riprese di valore nette su attività immateriali	(27,4)	(29,9)	2,5	-8,4%
200. Altri oneri/proventi di gestione	128,1	118,7	9,4	7,9%
210. Costi operativi	(935,0)	(969,9)	34,9	-3,6%
220. Utili (Perdite) delle partecipazioni	52,5	0,1	52,4	n.s.
230. Risultato netto della valutazione al fair value delle attività materiali e immateriali	(2,1)	(2,9)	0,8	-27,6%
250. Utili (Perdite) da cessione di investimenti	0,1	0,0	0,1	n.s.
260. Utile (Perdita) della operatività corrente al lordo delle imposte	1.623,5	844,1	779,3	92,3%
270. Imposte sul reddito di periodo dell'operatività corrente	(377,1)	38,7	(415,8)	n.s.
280. Utile (Perdita) della operatività corrente al netto delle imposte	1.246,3	882,8	363,5	41,2%
300. Utile (Perdita) di periodo	1.246,3	882,8	363,5	41,2%

As at 30 June 2026 total income amounted to Euro 2,612.8 million, up compared with Euro 1,958.3 million in the first half of 2025 (+33.4%, equal to +Euro 654.5 million), thanks above all to the positive trend in Dividends and similar



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income (+Euro 588.2 million) and to the growth in both Net interest income (+2.9%, equal to +Euro 30.2 million) and Net fee and commission income (+4.2%, equal to +Euro 33.0 million).

Net Interest Income as at 30 June 2026 amounted to Euro 1,066.7 million, slightly up compared with Euro 1,036.5 million in the same period of 2025 (+Euro 30.2 million). The growth was recorded in particular on relationships with customers at amortised cost (+Euro 62.0 million), on hedging derivatives (+Euro 2.3 million) and on financial assets measured at fair value through other comprehensive income (+Euro 3.7 million), partly offset by the trend in relationships with central banks (-Euro 26.1 million) and in trading portfolios (-Euro 4.3 million). The trend observed in relationships with customers at amortised cost is attributable to the increase in average lending volumes; the decline in average lending rates, also linked to monetary policy decisions, was offset by effective management of the cost of commercial funding, notwithstanding the growth in volumes. The reduction in the contribution of relationships with central banks, in addition to being affected by monetary policy decisions, reflects a reduction in the average balances deployed, in support of lending activity with customers.

Net Fee and Commission Income as at 30 June 2026 amounted to Euro 818.1 million, up compared with the same period of the previous year (+4.2%, equal to +Euro 33 million), thanks to the growth in both the management/brokerage and advisory segment (+5.3%, equal to +Euro 21.4 million), which benefited from higher income linked to asset management (higher flows placed with customers and growth in average managed volumes), and fees on commercial banking activity (+3.0%, equal to +Euro 11.5 million). In particular, in the first fee area, a positive contribution came from the distribution and portfolio management components (+8.5%, equal to Euro 20.9 million) and from the distribution of insurance products (+3.1%, equal to +Euro 3.2 million), whereas revenues from brokerage and placement of securities and currencies decreased (-2.9%, equal to -Euro 1.2 million) and other brokerage and advisory fees remained substantially stable. In the commercial banking area, a positive contribution came from fees on loans (+10.2%, equal to +Euro 13.5 million) and fees on collection and payment services (+Euro 0.7 million); conversely, fees on ATM and credit card services decreased (-10.6%, equal to -Euro 4.6 million) and, to a lesser extent, those on guarantees (-Euro 0.4 million).

Dividends and similar income amount to Euro 631.2 million, up compared with Euro 43 million in 2025, mainly in relation to the subsidiary Mediobanca for Euro 442.4 million and to the insurance associates AXA MPS Vita and AXA MPS Danni for Euro 135.6 million.

Net impairment losses/reversals for credit risk amounted to Euro 104.2 million, compared with Euro 136.9 million recorded in the same period of the previous year. The trend is mainly attributable to lower provisions on performing positions (as a result of a higher flow of exposures migrated from stage 2 to stage 1 compared with the first half of 2025) and on non-performing positions, only partly offset by higher provisions recorded on new positions moving from performing to non-performing loans.

Administrative Expenses stood at Euro 983.7 million and are substantially stable compared with 30 June 2025 (-0.2%). Within the aggregate:

- Personnel Expenses, which amount to Euro 656.2 million, are higher than those recorded in the previous year (+3.4%), mainly due to the costs connected with the second and third salary increases provided for by the



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renewal of the national collective bargaining agreement (CCNL) for the banking sector (effective, respectively, from 1 September 2024 and from 1 June 2025) and to higher provisions on the variable component of remuneration, in line with the 2024-2028 Strategic Plan;

- Other Administrative Expenses, which amount to Euro 327.6 million, are down compared with 30 June 2025 (-6.7%), due both to the reduction in the cost relating to the DTA Fee, equal to Euro 3.0 million compared with approximately -Euro 29 million recorded in the same period of the previous year, and to the full implementation of a rigorous expenditure governance process and the focus on cost optimisation actions.

Gains (losses) on equity investments amount to Euro 52.5 million, up compared with Euro 0.1 million in 2025, in relation to the completion of the disposal of the subsidiary MP Banque S.A., which resulted in a positive impact of Euro 52.5 million.

Income taxes for the period show a charge of Euro 377.1 million, which represents the ordinary taxation relating to the economic result for the period; the item is affected by the measures imposed on the banking system by the 2026 Budget Law, in particular the non-deductible portion of interest expense (4%) and the two percentage point increase in the IRAP rate. As at 30 June 2025 the corresponding item showed a positive contribution of Euro 38.7 million, mainly attributable to the revaluation of DTAs, net of the taxation relating to the economic result for the half-year.

As a result of the trends described above, the Bank's Profit for the period amounts to Euro 1,246.3 million as at 30 June 2026, compared with the profit of Euro 882.8 million achieved in the first half of 2025.

For further information on the financial position, while making reference to the Consolidated Half-Yearly Financial Report as at 30 June 2026, it is noted that the Bank, given the solid liquidity position built up in previous years and the good level of its indicators, estimates that it will be able to maintain its targets above the minimum threshold, with an adequate buffer. As at 30 June 2026, on a consolidated basis, the LCR is equal to 169.3%, the NSFR is equal to 122.3% and the operating liquidity position shows a level of unencumbered Counterbalancing Capacity of approximately Euro 47.8 billion.

3. Technical sustainability of the Capital Reduction

Since the Capital Reduction does not entail, as mentioned, any repayment to shareholders, except as noted in relation to the potential Extraordinary Distribution, and consists of the simultaneous increase by the same amount of the share premium reserve, subject to the prior increase of the legal reserve, it does not entail any change in the amount of the net equity of BMPS, changing only its qualitative composition; therefore, it has no impact on the economic and financial statements position of the Company. In particular, the transaction does not entail a distribution of the liquid resources, although existing, but creates the possibility for them to be used to service capital optimisation for shareholders as well as in the context of the Extraordinary Distribution.

Set out below is a statement illustrating the accounting effects of the Capital Reduction on the basis of the financial statements position as at 30 June 2026, attached hereto as Annex A:

(in Euro million)



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Net Equity	30/06/2026 (A)	Share Capital Reduction (B)	Reallocati on of Reserves (C)	Pro Forma Net Equity (D)= (A)+(B)+(C)
Share capital	17,978	(7,978)	-	10,000
Share premium	3,062	-	6,478	9,540
Reserves	4,331	-	1,500	5,831
<i>of which Legal reserve</i>	<i>550</i>	<i>-</i>	<i>1,500</i>	<i>2,050</i>
<i>of which Statutory reserve</i>	<i>592</i>	<i>-</i>	<i>(592)</i>	<i>-</i>
<i>of which Extraordinary reserve</i>	<i>1,177</i>	<i>-</i>	<i>592</i>	<i>1,769</i>
Valuation reserves	26	-	-	26
Profit for the period	1,246	-	-	1,246
Total	26,643	(7,978)	7,978	26,643

Also set out below is a statement which, assuming the completion of the Merger on a date prior to the effective date of the Capital Reduction, illustrates the accounting effects of the transaction on the basis of the financial statements as at 30 June 2026.

Net Equity	30/06/2026 (A)	Merger (B)	Share Capital Reduction (C)	Reallocation of Reserves (D)	Pro Forma Net Equity (E)=(A)+(B)+(C)+(D)
Share capital	17,978	1,609	(9,587)	-	10,000
Share premium	3,062	1,346 (*)	-	8,087	12,495
Reserves	4,331	-	-	1,500	5,831
<i>of which Legal reserve</i>	<i>550</i>	<i>-</i>	<i>-</i>	<i>1,500</i>	<i>2,050</i>
<i>of which Statutory reserve</i>	<i>592</i>	<i>-</i>	<i>-</i>	<i>(592)</i>	<i>-</i>
<i>of which Extraordinary reserve</i>	<i>1,177</i>	<i>-</i>	<i>-</i>	<i>592</i>	<i>1,769</i>
Valuation reserves	26	-	-	-	26
Profit for the period	1,246	-	-	-	1,246
Total	26,643	2,955	(9,587)	9,587	29,598

(*) The amount of the Share premium reserve was estimated on the basis of the price of BMPS as at 30 June 2026 equal to Euro 10.864 and is, therefore, equal to the difference between the total increase in net equity equal to Euro 2,955,147,102.66 and the amount allocated to share capital equal to Euro 1,609,487,836.43. The exact amount of the Share Capital and of the reserves will, in any event, be defined at the time of completion of the Merger.

As regards the impact of the Capital Reduction on the own funds of BMPS, at both individual and consolidated level, it is noted that it is financially sustainable and that BMPS will continue to comply with, and to exceed, all applicable own funds requirements following its execution.

In particular, following the Capital Reduction, BMPS will continue to comply with all applicable own funds requirements, including the CET1, Tier 1 and Total Capital requirements provided for by Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (the “CRR”), the combined buffer



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requirements and the SREP requirements applicable to BMPS. Furthermore, BMPS has assessed that it will maintain adequate margins with respect to all minimum requirements and capital buffers, in both baseline and stress scenarios, for a forward-looking period of at least three years.

4. Amendments to the By-laws

The approval of the Capital Reduction entails the amendment of Article 6 of the by-laws of BMPS which (as better specified in paragraph 5 below) is subject, among other things, to the successful conclusion of the assessment procedure before the European Central Bank pursuant to Article 56 of Legislative Decree No. 385 of 1 September 1993 (the “CBA”).

Set out below is a comparison of the aforementioned Article 6 in the text in force as of the date of this Report and in the text proposed with the Report itself (the text proposed to be inserted is highlighted in bold).

It is specified, in any event, that, in the event of (i) approval of the Merger by the forthcoming Shareholders’ Meeting of BMPS and (ii) implementation of the Merger, and as a consequence thereof, Article 6 of the by-laws of BMPS may undergo, prior to those resulting from the Capital Reduction, certain amendments in order to reflect (i) the share capital, as increased, and (ii) the new number of shares issued on the basis of the Exchange Ratio.

Current Text	Proposed Text
Art. 6	Art. 6
1. The share capital of the Company is Euro 17,978,187,186.85 (seventeen billion nine hundred seventy-eight million one hundred eighty-seven thousand one hundred eighty-six point eighty-five) and is fully paid-up.	1. The share capital of the Company is Euro 17,978,187,186.85 (seventeen billion nine hundred seventy-eight million one hundred eighty-seven thousand one hundred eighty-six point eighty-five) 10,000,000,000.00 (ten billion) and is fully paid-up.
2. It is represented by 3,038,418,183 (three billion thirty-eight million four hundred eighteen thousand one hundred eighty-three) ordinary shares with no par value. All shares are issued in a dematerialised regime. The procedures for the circulation and legitimation of the shares are governed by law. The right of withdrawal does not apply to shareholders who did not take part in the approval of resolutions concerning the introduction or removal of restrictions on the circulation of shares.	2. <i>(unchanged)</i>
3. The shares are registered and indivisible. Each share entitles the holder to one vote.	3. <i>(unchanged)</i>



Explanatory Report of the Board of Directors on Item 5 on the Agenda - Extraordinary Part

The approval of the Capital Reduction proposal does not give rise to the right of withdrawal for the shareholders of the Company who did not take part in the approval of the resolution in question, as none of the conditions provided for by Article 2437 of the Italian Civil Code or by other provisions of law are met.

5. Effectiveness of the Capital Reduction and Authorisations

Without prejudice to what is indicated below, it is recalled that the Capital Reduction resolution may be executed, pursuant to Article 2445, paragraph 3, of the Italian Civil Code, only once the period of ninety days from the date of registration of the shareholders' resolution approving the Capital Reduction with the Companies' Register has elapsed, provided that within such period no creditor of the Company whose claim predates the registration has filed an opposition. Notwithstanding the opposition, pursuant to Article 2445, paragraph 4, of the Italian Civil Code, the Court may order that the transaction be carried out in any event, where it considers the risk of prejudice to creditors to be unfounded or where the Company has provided adequate security. In the event that an opposition is filed, the Board of Directors proposes that the Shareholders' Meeting establish that the Capital Reduction may be executed provided that such authorisation is granted within the term of six months (which may be extended by the Company by up to a maximum of a further three months) from the registration of the related resolution with the Companies' Register.

Furthermore, the Capital Reduction and the related amendments to the by-laws of BMPS, as better described in paragraph 4 above, are subject to the prescribed authorisations by the competent Supervisory Authorities and in particular: (i) the verification that the amendments to the by-laws do not conflict with the sound and prudent management of BMPS, pursuant to Article 56 of the CBA, and (ii) the authorisation for BMPS to reduce own funds pursuant to Articles 77, paragraph 1, and 78, paragraph 1, letter (b), of the CRR, and the related implementing provisions.

BMPS filed the application for the aforementioned regulatory authorizations with the European Central Bank and the Bank of Italy on 9 September 2026. As of the date of this Report, the authorization process before the competent Supervisory Authorities is ongoing, and the timeframe available to the Authority to approve the transaction is 90 days.

Further information relating to the Capital Reduction will be disclosed to the market in the manner provided for by applicable legal and regulatory provisions, by means of communications published on the Company's internet website (gruppompis.it, Section "Corporate Governance – Shareholders' Meetings and BoD").

Proposed resolution

Dear Shareholders, in light of the above, we invite you to adopt the following resolution:

"The Shareholders' Meeting of Banca Monte dei Paschi di Siena S.p.A., in extraordinary session, having examined the Report of the Board of Directors (which, to the extent necessary, is hereby approved in its entirety) and the proposal formulated therein;

NOTED



Explanatory Report of the Board of Directors on Item 5 on the Agenda - Extraordinary Part

- *the financial statements of Banca Monte dei Paschi di Siena S.p.A. as at 30 June 2026, prepared for the purposes of Article 2445 of the Italian Civil Code, approved by the Board of Directors on 24 September 2026;*
- *the provisions of Article 104, paragraph 1, of the CFA and the terms and conditions of the Intesa Offer;*
- *the elimination of the statutory reserve by resolution adopted by the Extraordinary Shareholders' Meeting of 4 February 2026;*

RESOLVES

1. *to allocate the former statutory reserve existing as of the date of this Report, equal to Euro 591,663,488.77, to increase the extraordinary reserve, resulting in a change in its balance from Euro 1,177,131,260.29 to Euro 1,768,794,749.06;*
2. *to approve, also pursuant to and for the authorisation purposes of Article 104 of the CFA, the reduction of the share capital, pursuant to Article 2445 of the Italian Civil Code, to Euro 10,000,000,000.00 (and thus by a maximum of Euro 9,587,675,023.28 as set out in the Report of the Board of Directors), in the following more precise manner:*
 - (i) *should the Capital Reduction become effective on a date prior to the effective date of the Merger or in the event that the Merger is not approved by the Shareholders' Meeting of BMPS, reduction by Euro 7,978,187,186.85, allocating Euro 1,500,000,000.00 to increase and complete the legal reserve up to an amount exceeding one fifth of the share capital and the remaining portion, equal to Euro 6,478,187,186.85, to the share premium reserve;*
 - (ii) *should the Capital Reduction become effective on a date subsequent to the effective date of the Merger, reduction by a maximum of Euro 9,587,675,023.28, allocating Euro 1,500,000,000.00 to increase and complete the legal reserve up to an amount exceeding one fifth of the share capital and the remaining portion, of a maximum of Euro 8,087,675,023.28, to the share premium reserve;*

in any event, without prejudice to the number of shares outstanding at the effective date of the Capital Reduction, with no indication of par value;
3. *to consequently amend Article 6, paragraph 1, of the by-laws, in accordance with what is indicated in the recitals;*
4. *to acknowledge that, pursuant to Article 2445, paragraph 3, of the Italian Civil Code, the resolutions referred to in items 2 and 3 above may be executed only after ninety days from the day of registration with the Companies' Register or, in the event of opposition, where the authorisation of the Court is granted, pursuant to Article 2445, paragraph 4, of the Italian Civil Code, within the term of six months – which may be extended by the Company by up to a maximum of a further three months – from the registration of this capital reduction resolution with the Companies' Register, it being specified that, should such term elapse to no avail, this condition shall be deemed not fulfilled, as well as subject to the successful outcome of the assessment initiated pursuant to Article 56 of Legislative Decree No. 385 of 1 September 1993 and Articles 77, paragraph 1, letter (b) and 78, paragraph 1, letter (b), of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013, if such a positive outcome has not been achieved prior to the date of this resolution;*
5. *to grant the Chairman of the Board of Directors currently in charge and the Chief Executive Officer of the Company currently in charge, severally and with the right to sub-delegate, within the limits set out by the law, all power and authority to provide for all*



Explanatory Report of the Board of Directors on Item 5 on the Agenda - Extraordinary Part

that is necessary or even just appropriate for the implementation, in full and in part, of the resolutions referred to in items 1, 2 and 3, for the completion of the consequent legislative and regulatory formalities, including, in particular, the completion of any formality necessary for them to be registered with the Companies' Register pursuant to Article 2436 of the Italian Civil Code, the power to make to the shareholders' resolution all non-substantial amendments and/or supplements that may be required by the competent authorities or by the notary, or that are in any event deemed useful or appropriate, as well as to proceed with the deletions, replacements and supplements of the article of the by-laws indicated above, filing and publishing, in accordance with the law, the text of the by-laws updated with the changes made as a result of the above resolutions and the necessary certifications regarding the reduction of the share capital.

* * *

Siena, 29 September 2026

On behalf of the Board of Directors

The Chairman

Prof. Cesare Bioni



Explanatory Report of the Board of Directors on Item 5 on the Agenda - Extraordinary Part

Annex A – Financial Statements as at 30 June 2026

Annex A

Financial Statements of Banca Monte dei Paschi di Siena S.p.A. As at 30 June 2026 pursuant art. 2445 c.c.

Financial Statements of Banca Monte dei Paschi di Siena S.p.A. As at 30 June 2026



Registered office in Piazza Salimbeni 3, Siena, Italy

Share Capital: EUR 17,978,187,186.85 fully paid in

Registered with the Arezzo-Siena Companies' Register – registration no. and tax code 00884060526

MPS VAT Group - VAT number 01483500524

Member of the Italian Interbank Deposit Protection Fund. Registered with the Register of Banks under no. 5274

Monte dei Paschi di Siena Banking Group, registered with the Register of Banking Groups.

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Financial Statements

Balance sheet

		(Eur/mln)	
Assets		30 06 2026	31 12 2025
10.	Cash and cash equivalents	12,417.4	14,949.5
20.	Financial assets measured at fair value through profit or loss	10,876.3	8,225.7
	a) financial assets held for trading	10,398.8	7,845.9
	c) other financial assets mandatorily measured at fair value	477.5	379.8
30.	Financial assets measured at fair value through other comprehensive income	1,907.7	1,836.4
40.	Financial assets measured at amortised cost	99,944.6	94,206.8
	a) Loans to banks	6,159.4	4,087.1
	b) Loans to customers	93,785.2	90,119.7
50.	Hedging derivatives	504.1	720.7
60.	Change in value macro-hedged financial assets (+/-)	(754.9)	(907.8)
70.	Equity investments	16,190.6	16,182.1
80.	Property, plant and equipment	1,948.9	1,967.6
90.	Intangible assets	137.1	134.8
100.	Tax assets	3,430.0	3,786.6
	a) current	51.4	65.3
	b) deferred	3,378.6	3,721.2
110.	Non-current assets held for sale and disposal groups	96.8	935.9
120.	Other assets	2,982.7	3,135.5
Total assets		149,681.4	145,173.9

continues: Balance sheet

		(Eur/mln)	
Total Liabilities and Shareholders' Equity		30 06 2026	31 12 2025
10.	Financial liabilities measured at amortised cost	113,211.7	110,155.9
	a) due to banks	18,197.2	16,936.2
	b) due to customers	81,464.0	81,876.5
	c) debts securities issued	13,550.5	11,343.1
20.	Financial liabilities held for trading	4,132.2	2,878.6
30.	Financial liabilities designated at fair value	125.1	126.4
40.	Hedging derivatives	270.7	216.2
60.	Tax liabilities	32.4	12.3
	a) current	32.4	12.3
80.	Other liabilities	4,394.2	2,834.4
90.	Provision for employees severance pay	67.6	67.4
100.	Provisions for risks and charges:	804.8	860.5
	a) financial guarantees and other commitments	159.7	146.5
	b) post-employment benefits	2.9	3.0
	c) other provisions	642.2	711.0
110.	Valuation reserves	25.7	38.2
140.	Reserves	4,331.0	3,754.2
150.	Share premium reserve	3,061.5	3,146.6
160.	Share capital	17,978.2	17,978.2
180.	Profit (loss) (+/-) for the period	1,246.3	3,104.8
Total Liabilities and Shareholders' Equity		149,681.4	145,173.9

Income statement

Items	30 06 2026	30 06 2025
10. Interest income and similar revenues	1,865.6	1,973.6
<i>of which interest income calculated applying the effective interest rate method</i>	<i>1,613.9</i>	<i>1,653.2</i>
20. Interest expense and similar charges	(798.9)	(937.1)
30. Net interest income	1,066.7	1,036.5
40. Fee and commission income	893.5	869.1
50. Fee and commission expense	(75.4)	(84.0)
60. Net fee and commission income	818.1	785.1
70. Dividends and similar income	631.2	43.1
80. Net profit (loss) from trading	75.9	66.3
90. Net profit (loss) from hedging	0.4	(0.4)
100. Gains/losses) on disposal/repurchase of:	19.9	37.8
a) financial assets measured at amortised cost	24.9	43.2
b) financial assets measured at fair value through other comprehensive income	(3.9)	(5.1)
c) financial liabilities	(1.1)	(0.2)
110. Net profit (loss) from financial assets and liabilities measured at fair value through profit or loss	0.5	(10.1)
a) financial assets and liabilities measured at fair value	2.0	0.8
b) other financial assets mandatorily at fair value through profit or loss	(1.5)	(10.9)
120. Net interest and other banking income	2,612.8	1,958.3
130. Net impairment (losses)/reversals on	(104.2)	(136.9)
a) financial assets measured at amortised cost	(104.0)	(136.2)
b) financial assets measured at fair value through other comprehensive income	(0.2)	(0.7)
140. Modification gains/(losses)	(0.6)	(4.6)
150. Net income from banking activities	2,508.0	1,816.8
160. Administrative expenses:	(983.7)	(985.9)
a) personnel expenses	(656.2)	(634.8)
b) other administrative expenses	(327.6)	(351.1)
170. Net provision for risks and charges:	(10.1)	(29.9)
a) commitments and guarantees issued	(13.2)	(4.6)
b) other net provisions	3.0	(25.3)
180. Net adjustments to/recoveries on property, plant and equipment	(41.8)	(42.8)
190. Net adjustments to/recoveries on intangible assets	(27.4)	(29.9)
200. Other operating expenses/income	128.1	118.7
210. Operating expenses	(935.0)	(969.9)
220. Gains (losses) on investments	52.5	0.1
230. Valuation differences on property, plant and equipment and intangible assets measured at fair value	(2.1)	(2.9)
250. Gains (losses) on disposal of investments	0.1	0.0
260. Profit (loss) before tax from continuing operations	1,623.5	844.1
270. Tax (expense)/recovery on income from continuing operations	(377.1)	38.7
280. Profit (loss) after tax from continuing operations	1,246.3	882.8
300. Profit (loss) for the period	1,246.3	882.8

Statement of comprehensive income

Items	30 06 2026	30 06 2025
10. Profit (loss) for the period	1,246.3	882.8
Other comprehensive income after tax not recycled to profit or loss	(2.9)	(6.6)
20. Equity instruments measured at fair value through other comprehensive income	0.3	0.2
30. Financial liabilities designated at fair value through profit or loss (change in the entity's own credit risk)	(0.7)	(2.0)
50. Property, plant and equipment	(2.4)	0.7
60. Intangible assets	-	-
70. Defined benefit plans	(0.1)	0.1
80. Non-current assets held for sale and disposal groups	-	(5.6)
Other comprehensive income after tax recycled to profit or loss	(9.7)	12.2
110. Exchange differences	1.0	(2.9)
120. Cash flow hedges	(9.2)	(2.6)
140. Financial assets (other than equity securities) measured at fair value through other comprehensive income	(1.5)	17.7
170. Total other comprehensive income after tax	(12.5)	5.6
180. Total comprehensive income (Item 10+170)	1,233.8	888.4

Statement of changes in shareholders' equity– 30 June 2026

(Eur/mln)

	Balance sheet as at 31 12 2025	Change in opening balance	Balance sheet 01 01 2026	Allocation of profit from prior year		Change during the year									Total comprehensive income as at 30 06 2026	Total Equity as at 30 06 2026
				Reserve	Dividends and other payments	Change in Reserve	Shareholder's equity transactions						Change in Equity investments			
							Issues of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in Equity instruments	Treasury shares derivatives	Stock options				
Share capital	17,978.2	-	17,978.2	-	-	-	-	-	-	-	-	-	-	-	17,978.2	
a) ordinary shares	17,978.2	X	17,978.2	-	X	-	-	-	X	X	X	X	X	-	17,978.2	
b) other shares	-	X	-	-	X	X	-	-	X	X	X	X	X	-	-	
Share premium reserve	3,146.6	X	3,146.6	-	X	(85.1)	-	X	X	X	X	X	X	-	3,061.5	
Reserves	3,754.2	-	3,754.2	491.8	-	85.0	-	-	-	-	-	-	-	-	4,331.0	
a) profits	2,199.4	-	2,199.4	491.8	X	0.1	-	-	-	X	X	X	X	-	2,691.3	
b) others	1,554.8	-	1,554.8	-	X	84.9	-	X	-	X	-	-	X	-	1,639.7	
Valuation reserves	38.2	-	38.2	X	X	-	X	X	X	X	X	X	-	(12.5)	25.7	
Equity instruments	-	X	-	-	X	X	X	X	X	-	X	X	-	-	-	
Treasury shares	-	X	-	-	X	X	-	-	X	X	X	X	X	-	-	
Net profit(loss)	3,104.8	-	3,104.8	(491.8)	(2,613.0)	X	X	X	X	X	X	X	-	1,246.3	1,246.3	
Total equity	28,022.1	-	28,022.1	-	(2,613.0)	(0.1)	-	-	-	-	-	-	-	1,233.8	26,642.7	

As at 30 June 2026, shareholders' equity amounted to EUR 26,642.7 mln, compared with EUR 28,022.1 mln as at 31 December 2025, representing a net decrease of EUR 1,379.4 mln. This performance was mainly due to: (i) profit for the period equal to EUR 1,246.3 mln; (ii) the distribution of the 2025 dividend by the Bank in the amount of EUR 2,613.0 mln and (iii) to the net negative change in valuation reserves amounting to EUR 12.5 mln, the breakdown of which is shown in the statement of comprehensive income, to which reference is made.

It should be noted that the reduction in the share premium reserve, amounting to EUR 85.1 mln, is offset by an increase of the same amount in the "Other reserves" heading, as resolved by the Bank's Annual General Meeting on 15 April 2026. The aforementioned amount, relating to the contribution to be paid to release the extra-profit reserve, had been allocated as at 31 December 2025 to the "Other reserves" heading; the aforementioned General Meeting resolved to allocate this negative reserve to offset the share premium reserve, reducing its amount from EUR 3,146,6 mln to EUR 3,061,5 mln.

Statement of changes in shareholders' equity– 30 June 2025

(Eur/mln)

	Balance sheet as at 31 12 2024	Change in opening balance	Balance sheet 01 01 2025	Allocation of profit from prior year		Change during the year										Total comprehensive income as at 30 06 2025	Total Equity as at 30 06 2025
				Reserve	Dividends and other payments	Change in Reserve	Shareholder's equity transactions										
							Issues of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in Equity instruments	Treasury shares derivatives	Stock options	Change in Equity investments				
Share capital	7,453.5	-	7,453.5	-	-	-	-	-	-	-	-	-	-	-	-	7,453.5	
a) ordinary shares	7,453.5	-	7,453.5	-	-	-	-	-	X	X	X	X	-	-	-	7,453.5	
b) other shares	-	-	-	-	-	X	-	-	X	X	X	X	-	-	-	-	
Share premium reserve	-	-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	
Reserves	1,855.6	-	1,855.6	839.6	-	5.8	-	-	-	-	-	-	-	-	-	2,700.9	
a) profits	1,353.5	-	1,353.5	839.6	-	5.8	-	-	-	X	X	X	-	-	-	2,198.9	
b) others	502.1	-	502.1	-	-	-	-	X	-	X	-	-	-	-	-	502.1	
Valuation reserves	52.6	-	52.6	X	-	-	X	X	X	X	X	X	-	5.6	-	58.1	
Equity instruments	-	-	-	-	-	X	X	X	X	-	X	X	-	X	-	-	
Treasury shares	-	-	-	-	-	X	-	-	X	X	X	X	-	X	-	-	
Net profit(loss)	1,922.9	-	1,922.9	(839.6)	(1,083.3)	X	X	X	X	X	X	X	-	882.8	-	882.8	
Total equity	11,284.5		11,284.5	-	(1,083.3)	5.8	-	-	-	-	-	-	-	888.4	-	11,095.3	

As at 30 June 2025, shareholders' equity amounted to EUR 11,09.3 mln, compared with EUR 11,284.5 mln as at 31 December 2024, representing a net decrease of EUR 189.2 mln. This performance was mainly due to: (i) profit for the period equal to EUR 882.8 mln; (ii) the distribution of the 2024 dividend by the Parent Company in the amount of EUR 1,083.3 mln and (iii) to the net positive change in valuation reserves amounting to EUR 5.6 mln, the breakdown of which is shown in the statement of comprehensive income, to which reference is made.

Explanatory notes

Accounting Policies

Basis of preparation

The financial statements of Banca Monte dei Paschi di Siena at 30 June 2026 (the “Financial Statements”), approved by the Board of Directors on 24 September 2026, have been prepared to present the financial position of Banca MPS as at 30 June 2026. They take into account the proposed reduction in share capital pursuant to Article 2445 of the Italian Civil Code, which will be submitted for approval to the Shareholders’ Meeting convened for 29 October 2026. The amount of the reduction will be transferred to the share premium reserve, following an EUR 1.5 billion increase of the legal reserve, thus exceeding the amount provided for in Article 2430 of the Italian Civil Code. The capital reduction is intended to optimise the Bank’s capital structure and reserves by achieving a more balanced composition of shareholders’ equity items, thereby providing appropriate flexibility in implementing capital management measures.

The Financial Statements, presented in millions of euros, comprise the Balance Sheet, Income Statement, Statement of Comprehensive Income and Statement of Changes in Equity, together with these Explanatory Notes.

The Financial Statements are not interim financial statements of Banca Monte dei Paschi di Siena as prepared in accordance with International Financial Reporting Standards, in particular IAS 34, Interim Financial Reporting, which sets out the minimum content and requirements for the preparation of interim financial statements.

In preparing the Financial Statements, the provisions of Bank of Italy Circular no. 262 of 22 December 2005 “Banks’ financial statements: layouts and preparation”, and subsequent updates (most recently, the 8th update, published on 17 November 2022) were applied.

In addition to amounts for the reporting period, the Financial Statements also show Balance Sheet comparison figures as at 31 December 2025 and comparison figures for the first half of 2025 for the:

- Income Statement;
- Statement of Comprehensive Income;
- Statement of Changes in Equity.

In preparing the Financial Statements, the recognition and measurement criteria provided for in the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee, as endorsed by the European Commission and in effect as at 30 June 2026 under EC Regulation no. 1606 of 19 July 2002, were applied.

With reference to the classification, recognition, valuation and derecognition of the various asset and liability entries, as well as the methods for recognising revenue and costs, the accounting principles used for the preparation of these Financial Statements are set forth in these Explanatory Notes.

The Financial Statements of Banca Monte dei Paschi di Siena at 30 June 2026 are voluntarily subject to a limited review by PricewaterhouseCoopers S.p.A., save for the corresponding figures at 30 June 2025.

An illustration of the new accounting standards, or the changes to existing standards approved by the IASB is provided below, as well as the new interpretations or changes to existing interpretations published by IFRIC, with separate reporting on those applicable in 2026 from those applicable in subsequent years.

IAS/IFRS accounting standards and related SIC/IFRIC interpretations endorsed whose application is mandatory as of the 2026 financial statements

Regulation (EU) 2025/1047 of 28 May 2025 endorsed the amendment to IFRS 9 and IFRS 7, titled “**Amendments to the Classification and Measurement of Financial Instruments**”. The amendments to the two standards clarify certain critical aspects of the classification and measurement of financial instruments pursuant to IFRS 9 that emerged from the post-implementation review of the standard. In particular, the amendments addressed:

- the classification of financial instruments with variable returns linked to contingency events that modify future cash flows, with particular reference to contingency events linked to ESG targets. On this topic, the IASB has listed some examples of financial instruments to determine whether the SPPI requirement is met. More specifically:

- an arrangement whereby interest is to be paid if the borrower meets a contracted ESG target (e.g. to reduce carbon emissions) is consistent with a basic lending arrangement and, therefore, enables a positive assessment;
- an arrangement that provides for the adjustment of a market variable-linked interest rate (e.g. the carbon price index) does not compensate the lender for the risks and costs associated with lending the principal amount; therefore, no basic lending arrangement is identified.
- settling financial liabilities using an electronic payment systems. The amendments permit liability to be settled in cash using an electronic payment system before the settlement date (by exception from the applicable rules) only when the payment instruction issued by the entity:
 - a) cannot be withdrawn, stopped or cancelled;
 - b) the cash to be used for settlement of the payment instruction cannot be accessed and
 - c) the settlement risk associated with the electronic payment system is insignificant (i.e. when a standard procedure is used to execute the payment instruction and there is a short period between the fulfilment requirements (a) and (b) and the delivery of the cash to the counterparty. However, the settlement risk is not insignificant if the execution of the payment instruction is contingent on the entity's ability to deliver cash on the settlement date.

Lastly, it should be noted that, with this amendment, the IASB also introduced further disclosure requirements, in order to improve transparency for the benefit of investors, with regard to equity instruments for which the option has been exercised to recognise fair value changes in the statement of comprehensive income (OCI election). The amendments apply to financial years beginning on or after 1 January 2026.

The aforementioned amendment is not expected to have a significant impact on the Bank's financial position and equity.

Regulation (EU) 2025/1266 of 1 July 2025 endorsed the amendment to IFRS 9 and IFRS 7 titled **"Contracts Referencing Nature-dependent Electricity"**, published by the IASB on 18 December 2024, with the aim of including in financial reporting specific disclosure requirements for this type of contract.

Nature-dependent contracts relate to the procurement of electricity from renewable sources and are characterised by contractual terms that expose the company to variability in the quantity of underlying electricity, as the electricity generation source depends on uncontrollable weather conditions (e.g. wind, sun, etc.); these may include both 'buy or sell' contracts and financial instruments referencing electricity. Such contracts are often structured as long-term *Power Purchase Agreements* ("PPA") that:

- supply the purchaser with a quantity of electricity generated from the energy source dependent on natural factors at a fixed price per unit ("physical PPAs"), together with environmental certificates; or
- contain a swap that pays out the net difference between a fixed-price cash flow and a variable-price cash flow related to a quantity of nature-dependent energy source ("virtual PPPs" or "VPPAs") and provide the corresponding environmental certificates.

A unique feature of these Power Purchase Agreements is that nature-dependent sources determine whether and how much electricity is generated by the reference plant at any given time. The IASB's amendments:

- introduce guidelines to assess whether contracts meet "own use" requirements and, therefore, can continue to be considered to be held for the purpose of the receipt of energy in accordance with the entity's expected usage requirements, thus exempting the contract from the accounting treatment provided for contracts to buy or sell non-financial items and therefore the classification as financial instruments to be measured at *fair value*. This occurs if the entity has been, and expects to be, a net purchaser of electricity for the contract period, that is, if it purchases sufficient electricity to offset any sales of unused electricity in the same market in which it sold the electricity;
- The integration of the hedge accounting treatment provided under IFRS 9, where the contract is designated as a hedging instrument in a cash flow hedge relationship. In this case, it is possible to designate as the hedged item the variable nominal amount of forecast electricity transactions, so that it is aligned with the variable amount of the volume of electricity expected to be delivered by the generation facility, as indicated in the hedging instrument;
- The introduction of specific disclosures with regard to contracts to purchase energy from natural sources that meet "own use" requirements.

The amendments apply as of 1 January 2026. Early application is permitted. In particular, the changes relating to the "own use" exemption apply retrospectively under IAS 8, while the changes relating to hedge accounting treatment apply prospectively to relationships designated on or after the date of first application.

The aforementioned amendment is not expected to have a significant impact on the Bank's financial position and equity.

Finally, Regulation (EU) 2025/1331 of 10 July 2025 endorsed the document “**Annual Improvements Volume 11**”, published by the IASB on 18 July 2024, which includes clarifications, simplifications, corrections, and minor amendments to IFRS standards aimed at enhancing consistency. These concerned the following accounting standards:

- IFRS 1 “**First-time Adoption of International Financial Reporting Standards**”,
- IFRS 7 “**Financial Instruments**” Disclosures’ and Guidance on implementing IFRS 7,
- IFRS 9 “**Financial Instruments**”,
- IFRS 10 “**Consolidated Financial Statements**”; and
- IAS 7 “**Statement of Cash Flows**”.

The amendments apply as of 1 January 2026. Early application is permitted.

The adoption of this document is not expected to have a significant impact on the Bank’s financial statements.

IAS/IFRS accounting standards and related SIC/IFRIC interpretations endorsed, the application of which is mandatory after 31 December 2026

Regulation (EU) 2026/338 of 16 February 2026 endorsed IFRS 18 “**Presentation and Disclosure in Financial Statement**”, published by the IASB on 9 April 2024, which replaces IAS 1 “*Presentation of Financial Statements*”. The new standard establishes the presentation and disclosure requirements for financial statements with the aim of making the information more transparent and comparable and to ensure that it faithfully represents the assets, liabilities, shareholders’ equity, revenues and costs of the entity. The main changes compared to IAS 1 are:

- the classification of income and expenses into five categories (operating, investing, financing, income taxes, discontinued operations) on the basis of the entity’s main business activities, the identification of which, both at the level of the individual reporting entity and at Group level, is crucial for the correct classification of income and expenses within the statement of profit or loss for the year;
- new statement items relating to intermediate results, known as sub-totals: operating profit; profit before financing and income taxes);
- increased obligations relating to the aggregation and disaggregation of information based on characteristics that agree (or not) with financial statement items; in particular, with regard to expenses to be presented within the “operating” category, items must be presented in the most useful way possible, choosing between a classification by nature, by function, or a combination of both;
- the presentation of goodwill in a separate balance sheet item;
- the introduction of the concept of performance measurement indicators (MPMs), understood as income statement subtotals other than those provided for by IFRS 18 or specifically required by other IFRS accounting standards, which are used in public communications other than the financial statements to reflect management’s view of the company’s financial performance; with regard to MPMs, the standard also introduces specific disclosure requirements to be provided in a dedicated section of the Notes, including the reconciliation with IFRS subtotals and an explanation of the reasons underlying their use.

The new standard also involves limited amendments to other standards, including IAS 7 “**Statement of Cash Flows**”, IAS 33 “**Earnings per Share**” and IAS 34 “**Interim Financial Reporting**”.

Application runs from 1 January 2027, with the possibility of early application, together with the obligation to present comparative disclosure for the previous year; Pursuant to IAS 34, the entity will be required to present its income statement in compliance with IFRS 18 requirements in the 2027 half-yearly financial statements.

The above amendments mainly affect the presentation of the income statement and financial statement disclosure and will be aligned with the provisions of the 9th update of Bank of Italy Circular no. 262, which has not yet been published. In this regard, the analysis of the Bank’s main business activities takes into account that, within the framework of the proposed amendments to the income statement applicable to the financial statements of banks, the Bank of Italy conventionally assumes that the main activity of a banking group is to grant loans and invest in financial assets.

The Bank has planned a specific project with the aim of determining the practical implications arising from the application of the standard. The project is divided into several phases: i) analysis of the legislation and operational implications, ii) definition of implementation requirements, iii) implementation activities. The project activities relating to the first module are intended to analyse the new regulatory provisions with the aim of identifying all the measures necessary to comply with the standard within the deadlines for its entry into force.

In addition to the impacts in terms of a different presentation of disclosures, the introduction of the standard under review is not expected to have a significant impact on the Bank’s equity, financial position or results of operations.

On 26 June, the IASB published the amendment to IAS 28 **“Amendments to the Fair Value Option for Investments in Associates and Joint Ventures”**. The document clarifies which entities may avail themselves of the option provided for by IAS 28 for the measurement at fair value of investments in associated companies and joint ventures; this clarification responds to the need to standardise the application of that option, and the consequent effects on the income statement, pursuant to the new IFRS 18. The amendments come into force at the same time as the first-time application of IFRS 18 and therefore as from 1 January 2027.

No significant effect on the Bank's financial statements is expected from the adoption of this amendment.

IAS/IFRS accounting standards and related SIC/IFRIC interpretations issued by IASB and still awaiting approval from the European Commission

On 9 May 2024, the IASB published IFRS 19 **“Subsidiaries without Public Accountability: Disclosures”**. Under certain conditions, the new standard allows subsidiaries that apply the international accounting standards to provide reduced financial statement disclosures, thus lowering their financial statement preparation costs. In order to apply the standard, the subsidiary: i) it must not have “public accountability”, meaning it has not issued, is not in the process of issuing, equity or debt instruments in a regulated market, and does not hold assets in a fiduciary capacity for a broad group of outsiders; and ii) it must have a parent company, either ultimate or intermediate, that prepares consolidated financial statements in accordance with international accounting standards. On 21 August 2025, the IASB published an amendment to IFRS 19 to allow further reductions in the disclosures required under certain standards that were not considered at the time IFRS 19 was first issued.

The application of IFRS 19, for the financial statements of subsidiaries controlled by a Parent Company that prepares consolidated financial statements in accordance with IFRS, is optional for eligible subsidiaries and runs from 1 January 2027. No significant effect is expected for those financial statements.

On 13 November 2025, the IASB published the amendment to IAS 21 **“The Effects of Changes in Foreign Exchange Rates: translation to a Hyperinflationary Presentation Currency”**. The document clarifies how to perform the conversion from a non-hyperinflationary currency to a hyperinflationary currency.

The entity applies the amendments if:

- its functional currency is that of a non-hyperinflationary economy and it is translating its financial results and financial position into the currency of a hyperinflationary economy; or
- it is translating into the currency of a hyperinflationary economy the financial results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

Application becomes effective from 1 January 2027 and early application is permitted.

The adoption of this standard is not expected to have a significant impact on the Banks's financial statements.

Lastly, on 27 May 2026 the IASB published the standard IFRS 20 **“Regulatory Assets and Regulatory Liabilities”**. The document replaces IFRS 14 and is intended to improve the transparency and comparability of the information provided by companies operating in regulated sectors. In particular, the new standard sets out the requirements for the recognition, measurement, presentation and disclosure of assets, liabilities, income and expenses arising from regulated activities. Regulatory assets and regulatory liabilities constitute a subset of the rights and obligations created by a regulatory agreement. Information relating to this subset of rights and obligations enables users of the financial statements to understand:

- an entity's income and expenses arising from regulated activities, which derive from regulatory assets and regulatory liabilities, and thus to obtain an indication of the total allowed compensation for regulated goods or services supplied by the entity in a reporting period and, consequently, of the entity's financial performance and of the prospects for future cash flows.
- an entity's regulatory assets and regulatory liabilities and thus to obtain information on the entity's financial position at the end of a reporting period and on the amount, timing and uncertainty of the entity's future cash flows.

Application becomes effective from 1 January 2029 and early application is permitted.

No significant effect on the Bank's financial statements is expected from the adoption of this standard, as it concerns companies subject to tariff regulation.

Accounting standards

The following is a description of the accounting standards that have been adopted with reference to the main asset and liability items for the preparation of these financial statements, unchanged from those published as of 31 December 2025, with reference to the classification, recognition, measurement and derecognition of the various asset and liability items, as well as for the methods of recognising revenues and costs. These principles are aligned with those adopted for the preparation of the corresponding comparative financial statements.

1 Financial assets measured at fair value through profit or loss (FVTPL)

a) classification criteria

These assets include financial assets other than those classified under “Financial assets measured at fair value through other comprehensive income” and “Financial assets measured at amortised cost”. The item in particular includes:

- debt securities or loans that are included in an “Other” Business Model, i.e., a procedure for managing financial assets that does not have the objective of collecting contractual cash flows (“Held to Collect” business model) or collecting contractual cash flows and selling financial assets (“Hold to Collect and Sell” business model);
- debt securities, loans and units of UCITS whose contractual terms do not exclusively provide for repayments of principal and interest on the amount of principal to be repaid (i.e., that do not pass the so-called Solely Payment of Principal and Interest (SPPI) test);
- equity instruments that cannot be classified as representing control, affiliation, and joint control, held for trading purposes or for which, upon initial recognition, the fair value through other comprehensive income option was not chosen;
- derivative contracts, recognised in financial assets held for trading, that are recognised as assets if the fair value is positive, or liabilities if the fair value is negative.

With reference to the latter, it is possible to offset current positive and negative values deriving from outstanding transactions with the same counterparty - including in the case of derivative contracts allocated to the trading portfolio and hedging derivative contracts, as required by Circular 262 - only if the legal right to offset the amounts recognised is currently in place and the entity intends to proceed with the net settlement of offsetting positions.

More detailed information is provided below on the three sub-items that comprise this category, represented by: “Financial assets held for trading”, “Financial assets measured at fair value”, and “Other financial assets mandatorily measured at fair value”.

Financial assets held for trading

Financial assets (debt securities, equity securities, loans, units of UCITS) are classified as held for trading purposes if they are managed with the objective of generating cash flows through their sale, as they are:

- acquired for the purpose of selling them in the short-term;
- part of a portfolio of financial instruments that are managed on an individual basis and for which there is proven existence of a strategy targeted at earning a profit in the short term.

It also includes derivatives with a positive fair value not designated as having an accounting hedge relationship. Derivative contracts include those embedded in complex financial instruments, in which the primary contract is a financial liability, which were subject to separate accounting as:

- their economic characteristics and risks are not strictly related to the characteristics of the underlying contract;
- the embedded instruments, even if separate, satisfy the definition of derivative;
- hybrid instruments to which they belong are not measured at fair value with the relative changes posted to the income statement.

Financial assets designated at fair value

A financial asset (debt securities and loans) can be designated at fair value irrevocably at the time of initial recognition, only when this designation makes it possible to eliminate or significantly reduce a measurement inconsistency (“accounting mismatch”). This category is not used by the Bank at present.

Other Financial assets mandatorily measured at fair value

Other Financial assets mandatorily measured at fair value represent a residual category and include:

- debt securities and loans, when: i) the relative contractual cash flows do not represent solely payments of principal and interest on the residual principal (SPPI test failed), or ii) are not held as part of a Business Model whose objective is the ownership of assets for purposes of collecting contractual cash flows ("Hold to Collect" Business Model) or those whose objective is achieved either by collecting contractual cash flows or by selling financial assets ("Held to Collect and Sell" Business Model);
- UCITS units;
- equity securities held for purposes other than trading for which the option of classification at fair value through other comprehensive income is not exercised.

b) recognition criteria

Initial recognition of financial assets occurs at settlement date for debt securities, equities and units of UCITS, at disbursement date for loans, and at trade date for derivative contracts. Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, which usually corresponds to the amount paid, without considering transaction costs or revenues directly attributable to the instrument, which are directly recognised in the income statement.

c) measurement criteria

After initial recognition, financial assets measured at fair value through profit or loss are recorded at fair value, with changes recognised as an offsetting entry in the income statement.

To determine the fair value of financial instruments listed on an active market, market prices recorded at the reporting date are used. In the absence of an active market, commonly adopted estimation methods and valuation models are used, which take into account all the risk factors related to the instruments and which are based on data recorded on the market such as: valuation of listed securities with similar characteristics, discounted cash flow calculations, option pricing models and values recognized in recent comparable transactions. For equity securities and derivatives on equity securities that are not listed on an active market, the cost criterion is used as an estimate of the fair value only on a residual basis and limited to rare circumstances, i.e., if none of the measurement models previously mentioned can be applied, or if there is a wide range of possible fair value measurements, in which case the cost represents the most meaningful estimate.

d) revenue recognition criteria

The interest of the three sub-items that comprise this category is recorded under item "10 - Interest income and similar revenues".

Realised gains and losses, the gains and losses from measurements for "Financial assets held for trading", including derivatives associated with financial assets/liabilities measured at fair value, are booked to the income statement under item "80 - Net trading income (expenses)". These income effects pertaining to "Financial liabilities measured at fair value" as well as "Other Financial assets mandatorily measured at fair value" are booked to the income statement under item "110 - Net profit/loss from financial assets and liabilities measured at fair value through profit and loss", in the sub-items "a) financial assets and liabilities measured at fair value" and "b) other Financial assets mandatorily measured at fair value", respectively.

e) derecognition criteria

Financial assets are derecognised from financial statements: i) upon expiration of the contractual rights on the cash flows resulting from the assets, or ii) when the financial assets are sold and all related risks/benefits are transferred. However, if a relevant portion of the risks and benefits associated with disposed financial receivables have been maintained, they continue to be posted in the financial statements, even if legal ownership of the asset has been effectively transferred.

If it is not possible to ascertain a substantial transfer of risks and benefits, the financial assets are derecognised when control of the assets has been surrendered. Conversely, if such control has been maintained, even partly, the assets should continue to be recognised to the extent of residual involvement, as measured by the exposure to the changes in value of the assets disposed and to the changes in their cash flows.

Finally, disposed financial assets are derecognised if the contractual rights to receive the cash flows are maintained and a contractual obligation is simultaneously undertaken to pay only said flows, without a significant delay, to third parties.

f) reclassification criteria

According to the general rules established by IFRS 9 on reclassifying financial assets (with the exception of equity securities, for which reclassification is not permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its Business Model for managing financial assets. In these cases, which are expected to be highly infrequent, financial assets may be reclassified from the category 'measured at fair value through profit or loss' to one of the other two categories envisaged by IFRS 9 (financial assets measured at amortised cost or financial assets measured at fair value through other comprehensive income). The transfer value is represented by the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification date. In this case, the effective interest rate of the reclassified financial asset is calculated based on its fair value at the reclassification date and this date is considered as the initial recognition date in assigning it to the various credit risk stages (stage assignment) for purposes of impairment.

2 Financial assets designated at fair value through other comprehensive income (FVTOCI)

a) classification criteria

This category includes financial assets represented by:

- debt securities, managed as part of a "Hold to collect and sell" business model and whose contractual flows represent only payments of principal and interest on the residual capital (SPPI test passed);
- equity instruments (not qualifiable as control, association and joint control), held as part of a Business Model other than trading for which the option for recognition in the individual instrument was irrevocably exercised at the time of initial recognition of the individual instrument, the option for recognition in the statement of comprehensive income from changes in fair value after initial recognition (OCI election).

b) recognition criteria

Financial assets are initially recognised on the date of settlement, with reference to debt or equity instruments, and on the date of disbursement with reference to loans.

On initial recognition, the assets are measured at their fair value, which normally corresponds to the price paid, inclusive of transaction costs or income directly attributable to the instrument.

c) measurement criteria

Financial assets represented by debt securities and loans, following initial recognition, continue to be measured at *fair value*, with recognition in the income statement of interest (based on the effective interest rate method), *expected credit losses* and any exchange rate effect, while other gains or losses arising from a change in *fair value* are allocated to a specific shareholders' equity reserve net of the related tax effect (item "110 - valuation reserves"). Upon cancellation of the financial asset, the accumulated profits or losses in the valuation reserve will be subject to recycling to the Income Statement (item "100. Gains (losses) on disposal / repurchase of: b) financial assets measured at fair value through other comprehensive income).

Financial assets represented by equity instruments, following initial recognition, continue to be measured at *fair value* with changes recognised in a specific shareholders' equity reserve net of the related tax effect (item "110 - valuation reserves"). The amounts recognised in this reserve will never be transferred to the income statement, even in the event of a sale; in this case, a reclassification is made to another Shareholders' equity item (item "140 - Reserves"). Furthermore, no write-down to the income statement is envisaged for these assets as they are not subject to any impairment process. The only component of these equity securities that is recognised in the income statement is represented by the related dividends (item "70 - Dividends and similar income").

For equity securities included in this category, which are not listed on an active market, the cost criterion is used as an estimate of the fair value only on a residual basis and limited to rare circumstances, i.e., if none of the measurement models previously mentioned can be applied, or if there is a wide range of possible fair value measurements, in which case the cost represents the most meaningful estimate.

Financial assets measured at fair value through other comprehensive income - both in the form of debt securities and loans - are subject to verification of the significant increase in credit risk (impairment) as required by IFRS 9, similar to assets measured at amortised cost, with the consequent recognition in the income statement of a value adjustment to cover expected losses. In summary, an estimated loss at one year is recognised, at the initial recognition date and at every subsequent reporting date, on instruments classified in stage 1 (i.e., on financial assets at the origination date, if

not impaired, and on instruments for which there has not been a significant increase in credit risk compared to the initial recognition date). Instead, for instruments classified in stage 2 (performing, for which there has been a significant increase in credit risk compared to the initial recognition date) and stage 3 (non-performing exposures) an expected loss is recorded for the entire residual life of the financial instrument. Conversely, equity securities are not subject to the impairment test.

d) revenue recognition criteria

As regards financial instruments represented by debt instruments:

- interest is recorded under item "10 - Interest income and similar revenues";
- expected credit losses recognised for the year are accounted for in item "130 - "Net impairment losses/reversals on credit risk of: (b) financial assets measured at fair value through other comprehensive income as a balancing entry to the specific Shareholders' equity valuation reserve ("110. Valuation reserves"); the same applies to recoveries of part or all of the write-downs made in previous financial years;
- at the moment of derecognition, valuations accumulated in the specific equity reserve are reversed to the income statement under item "100 - Gains/losses from disposal/repurchase of: b) financial assets measured at fair value through other comprehensive income".

As regards financial instruments represented by equity instruments, for which the "OCI election", only dividends are recognised in the income statement (item "70 - dividends and similar income").

e) derecognition criteria

Financial assets are derecognised from financial statements: i) upon expiration of the contractual rights on the cash flows resulting from the assets, or ii) when the financial assets are sold and all related risks/benefits are transferred. However, if a relevant portion of the risks and benefits associated with disposed financial receivables have been maintained, they continue to be posted in the financial statements, even if legal ownership of the asset has been effectively transferred.

If it is not possible to ascertain a substantial transfer of risks and benefits, the financial assets are derecognised when control of the assets has been surrendered. Conversely, if such control has been maintained, even partly, the assets should continue to be recognised to the extent of residual involvement, as measured by the exposure to the changes in value of the assets disposed and to the changes in their cash flows.

Finally, disposed financial assets are derecognised if the contractual rights to receive the cash flows are maintained and a contractual obligation is simultaneously undertaken to pay only said flows, without a significant delay, to third parties.

f) reclassification criteria

According to the general rules established by IFRS 9 on reclassifying financial assets (with the exception of equity securities, for which reclassification is not permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its Business Model for managing financial assets. In these cases, which are expected to be highly infrequent, financial assets may be reclassified from the category 'measured at fair value through other comprehensive income' to one of the other two categories envisaged by IFRS 9 (financial assets measured at amortised cost or financial assets measured at fair value through profit or loss). The transfer value is represented by the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification date. If assets are reclassified from this category to the amortised cost category, the cumulative gain (loss) recorded in the valuation reserve is adjusted to the fair value of the financial asset at the reclassification date. If, instead, assets are reclassified to the fair value through profit or loss category, the cumulative gain (loss) recorded previously in the valuation reserve is reclassified from shareholders' equity to profit (loss) for the year.

3 Financial assets measured at amortised cost

a) classification criteria

Included in this category are financial assets represented by Loans and Debt securities held according to a *business* model whose objective is achieved through the collection of contractually stipulated cash flows (Business Model "Hold to collect") and whose contractual flows represent only payments of principal and interest on the principal to be repaid (SPPI test passed).

The portfolio of financial assets measured at amortised cost includes:

- the entire portfolio of loans in the various technical forms that satisfy the above requirements (including repurchase agreements), stipulated with both banks and customers;

- debt securities, mainly government bonds, which satisfy the above requirements;
- operating receivables connected with providing financial assets and services as defined in the Consolidated Banking Law and the Consolidated Law on Finance (e.g., for distribution of financial products and servicing activities);
- receivables originating from financial lease transactions which, in accordance with IFRS 16, are recognised as credits as they transfer risks and benefits to the lessee, including the values referring to assets pending financial leasing, such as properties under construction;
- loans to banks and central banks other than “at sight”.

b) recognition criteria

Financial assets are initially recognised on the date of settlement, with reference to debt securities, and on the date of disbursement, with reference to loans. In particular, as far as loans are concerned, the disbursement date normally coincides with the contract execution date. If this coincidence does not occur, at the time of the contract execution, a commitment to disburse funds is recorded, which closes on the date of disbursement of the loan. The initial recognition is based on the fair value of the financial instrument (which is normally equal to the amount disbursed or price of underwriting), inclusive of the costs/income directly related to the individual instruments and determinable as of the transaction date, even if such costs/income are settled at a later date. This does not include costs which have these characteristics but are subject to repayment by the debtor or which can be encompassed in ordinary internal administrative expenses.

Repurchase agreements with forward repurchase or resale obligation are recorded in the Financial Statements as funding or lending transactions. In particular, spot sales and forward repurchase transactions are recognised in the financial statements as payables for the spot amount received, while spot purchase and forward resale transactions are recognised as receivables for the spot amount paid.

c) measurement criteria and revenue recognition criteria

Following initial recognition, financial assets booked to this category are measured at amortised cost using the effective interest rate criterion. This interest is recorded under item “10 - Interest income and similar revenues”. The gross book value is equal to the first-time recognition value:

- less principal repayments;
- less/plus amortisation – calculated using the effective interest rate method – of the difference between the amount disbursed and the amount repayable upon maturity, typically attributable to the costs/income directly charged to each receivable.

The effective interest rate is identified by calculating the rate that equals the present value of future flows of the asset, in terms of principal and interest, to the amount disbursed including the costs/income related to the asset. The estimate of cash flows must take into account all contractual clauses that may affect amounts and maturities, without considering the expected losses on the asset. This accounting method, using a financial logic, makes it possible to distribute the economic effect of all transaction costs, commissions, premiums or discounts considered an integral part of the effective interest rate over the expected residual life of the asset. The amortised cost method is not used for short-term receivables, for which the effect of applying a discounting approach is negligible, for loans without a defined maturity, and for revocation loans.

The book value of financial assets at amortised cost is adjusted to take into account any provision to cover expected losses (expected credit losses). For each reporting period, the aforementioned assets are subject to impairment testing with the aim of estimating expected losses in value for credit risk (ECL - Expected Credit Losses). These losses are recorded in the income statement under item “130 - Net impairment losses/reversals on credit risk”. If there is no reasonable expectation of recovery, the gross exposure is written-off: in this case, the gross exposure will be reduced by the amount deemed non-recoverable, as a balancing entry to the reversal of the provision to cover expected losses and impairment losses in the income statement, for the part not covered by the provision. For further details on the accounting treatment of “write-offs”, please refer to the following paragraph on “derecognition criteria”.

More specifically the impairment model classifies the assets into three separate stages (stage 1, stage 2, stage 3), according to trends in the debtor’s creditworthiness, each of which has different criteria for measuring expected losses:

- stage 1: includes performing financial assets for which there has been no significant increase in credit risk with respect to the initial recognition date, or for which credit risk is considered low. Impairment is based on an estimate of expected loss over a one-year time horizon (expected loss that would result from default events on financial assets that are deemed possible within one year of the reference date);

- stage 2: includes performing financial assets that have undergone a significant deterioration in credit risk with respect to initial recognition. Impairment is measured as the estimated expected loss with reference to a timespan equal to the residual life of the financial asset;
- stage 3: represents non-performing financial assets (probability of default equal to 100%), to be assessed based on an estimate of expected loss over instrument's life.

For performing assets, expected losses are determined according to a collective process based on certain risk parameters represented by the probability of default (PD), the loss rate in the event of default (LGD, Loss Given Default) and the exposure value (EAD, Exposure At Default) deriving from internal models for the calculation of regulatory credit risk, appropriately adjusted in order to take into account the specific requirements envisaged by accounting regulations.

For non-performing assets, i.e., assets for which, in addition to a significant increase in credit risk, objective evidence of impairment has been found, impairment losses are quantified based on an analytical or lump-sum measurement process by homogeneous risk categories, aimed at determining the present value of expected future recoverable cash flows, discounted using the original effective interest rate or a reasonable approximation thereof, if the original interest rate cannot be directly determined.

The non-performing asset category includes exposures assigned with the status of bad loan, unlikely to pay, or past-due/overdrawn for more than ninety days, in accordance with the definitions established by supervisory regulations in effect (Bank of Italy Circular no. 272 "Accounts Matrix") and referred to in Bank of Italy Circular no. 262, as these definitions are deemed consistent with accounting regulations envisaged in IFRS 9 for objective evidence of impairment.

In the event of sale scenarios, the cash flows are calculated based not only on the forecast of the recoverable amounts through internal management activity, but also on the basis of the flows that can be obtained from any sale on the market.

In addition, the expected cash flows include forecasts for collection timing and the realisable value of any guarantees as well as the costs connected with obtaining and selling the guarantee. In this regard, in the event that the Bank uses a third party to collect non-performing loans, the fees paid to the outsourcer for activities strictly related to collection are considered for the purpose of estimating impairment losses. These costs are considered for both non-performing and performing exposures, if for the latter it is probable that in the event of a transfer to bad loans, the collection activities will be assigned to third parties.

For fixed-rate positions, the original effective rate used to discount the expected cash flows from collection, calculated as described above, remains unchanged over time even if there is a change in the contractual rate due to the debtor's financial difficulties. For floating-rate positions, the rate used to discount cash flows is updated for the indexing parameter (e.g., Euribor), while keeping the fixed spread at the original level.

The financial asset's original value is restored in subsequent financial years when there is an improvement in the exposure's creditworthiness compared to that which had led to the previous write-down. The reversal is posted to the same item in the income statement ("130 - Net impairment losses/reversals on credit risk") and may not, in any case, exceed the amortised cost that the asset would have had without prior adjustments.

For non-performing exposures, accrued interest is calculated based on amortised cost, i.e., using the value of the exposure - calculated with the effective interest rate - adjusted for expected losses. In case of management of non-performing exposures, or of transfer from stage 3 to stage 2 or stage 1, interest will once again be calculated based on the gross exposure value; the positive difference is recognised, as the recovery of previous impairment losses, as an offsetting entry to item "130. Net impairment losses/reversals on credit risk". The same accounting entry is made in the event that the interest collected is greater than the expected cash flows.

Finally, for non-performing exposures that do not accrue contractual interest, such as bad loans, this interest corresponds to the progressive release of the discounting of collection forecasts, as the effect of the simple passage of time.

d) derecognition criteria

Financial assets are subject to derecognition when: (i) the contractual rights to the cash flows arising therefrom have expired, or when (ii) the financial assets are sold with the substantial transfer of all risks and benefits resulting from the ownership. However, if a relevant portion of the risks and benefits associated with disposed financial receivables have been maintained, they continue to be posted in the financial statements, even if legal ownership of the asset has been effectively transferred.

If it is not possible to ascertain a substantial transfer of risks and benefits, the financial assets are derecognised when control of the assets has been surrendered. Conversely, if such control has been maintained, even partly, the assets

should continue to be recognised to the extent of residual involvement, as measured by the exposure to the changes in value of the assets disposed and to the changes in their cash flows.

Disposed financial assets are derecognised if the contractual rights to receive the cash flows are maintained and a contractual obligation is simultaneously undertaken to pay only said flows, without a significant delay, to third parties.

Finally, assets subject to substantial changes are derecognised.

With regard to non-performing financial assets, the asset may be derecognised following the acknowledgement of the non-recoverability of the exposure and the resulting closure of the collection process (definitive derecognition), and entails the reduction of the nominal value and of the gross book value of the loan. This case occurs when settlement agreements have been reached with the debtor that entail a reduction in the loan (resolution agreement) or in the presence of specific situations such as, for example:

- a judgement has been handed down by the court that declares the loan all or partially settled;
- the conclusion of bankruptcy or enforcement proceedings against both the principal debtors and guarantors;
- the conclusion of all possible judicial and extra-judicial actions for credit collection;
- the completion of a mortgage lien on an asset under guarantee, with the resulting derecognition of the loan guaranteed by the property under lien, in the absence of further specific guarantees or other actions that can be taken to recover the exposure.

These specific situations may result in a full or partial derecognition of the exposure but do not necessarily imply a waiver of the legal right to collect the loan.

In addition, non-performing financial assets may be derecognised following their “write-off”, upon acknowledgement that there are no reasonable expectations of collection, while continuing with actions aimed at their recovery. This write-off is carried out in the financial year in which the loan, or part of it, is considered non-recoverable - despite not closing the legal procedure - and can take place before the legal actions taken against the debtor and guarantors for credit collection. It does not imply the waiver of the legal right to collect the loan and is made if the loan documentation contains reasonable financial information indicating that the debtor will be unable to repay the loan amount. In this case, the gross nominal value of the loan remains unchanged, but the gross book value is reduced by an amount equal to the amount to be written off, which may represent the full exposure or a portion of it. The write-off amount cannot be subjected to subsequent write-backs following an improvement in collection forecasts, rather only as the result of amounts effectively collected.

In the event of derecognition, the difference between the book value of the asset at the derecognition date and consideration received, inclusive of any assets received net of any liabilities assumed, must be recognised in the income statement, under item “100. a) Profits/(Losses) from disposal or repurchase of: financial assets measured at amortised cost”.

e) reclassification criteria

According to the general rules established by IFRS 9 on reclassifying financial assets, reclassifications to other categories of financial assets are not permitted unless the entity changes its Business Model for managing financial assets. In these cases, which are expected to be highly infrequent, financial assets may be reclassified from the category ‘measured at amortised cost’ to one of the other two categories envisaged by IFRS 9 (financial assets measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss). The transfer value is represented by the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification date. Gains or losses resulting from the difference between the amortised cost of the financial asset and the associated fair value are booked to the income statement in the case of reclassification under “Financial assets measured at fair value through profit or loss” and, under equity, in the appropriate valuation reserve, in the case of the reclassification under “Financial assets measured at fair value through other comprehensive income”.

4 Hedging transactions

The Bank availed itself of the possibility, envisaged on first-time application of IFRS 9, to continue to use all of the provisions of IAS 39 (carved out version endorsed by the European Commission) as regards hedge accounting for all types of hedge (both micro and macro hedges).

a) reclassification criteria - type of hedge

Risk-hedging transactions are aimed at offsetting any potential losses on a certain financial instrument or group of financial instruments that may arise from a specific risk should it occur. The following types of hedging are included:

- fair value hedges, which are intended to hedge the exposure to changes in fair value of a recognised asset or liability that are attributable to a particular risk. These include generic fair value hedges (macro-hedges) having the objective of reducing fluctuations in fair value due to interest rate risk, of a monetary amount, arising from a portfolio of financial assets and liabilities (including core deposits). Generic hedges cannot be used to cover net amounts resulting from the offsetting of assets and liabilities;
- cash flow hedges, which are intended to hedge the exposure from variability in future cash flows attributable to particular risks associated with a recognised asset or liability or a transaction that is deemed highly likely;
- hedges of a net investment in a foreign operation, which refers to hedging the risks of an investment in a foreign operation denominated in a foreign currency.

Only instruments that involve a counterparty outside the Bank can be designated as hedging instruments. Given the decision of the Bank to avail itself of the option of continuing to fully apply the rules of IAS 39 for hedging relationships, it is not possible to designate equity instruments classified among financial assets measured at *fair value* through other comprehensive income (FVOCI) as hedged items for price or exchange rate risk, since these instruments do not impact, even in the event of sale, the Income statement (except for dividends, which are recognised in the Income statement).

b) recognition criteria

Financial hedging derivatives, just as for all derivatives, are initially recognised at fair value on the date the contract is stipulated and are classified, as a function of their positive or negative value, in the asset item "50. Hedging derivatives" or in the liability item "40. Hedging derivatives".

A relationship qualifies as a hedge, and is represented in the accounts, if and only if all the following conditions are met:

- at the start of the hedge there is a formal designation and documentation of the hedging relationship, the company's objectives in managing the risk and the strategy in carrying out the hedge. This documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the hedged risk and how the company assesses the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged element or cash flows attributable to the hedged risk;
- the hedge is expected to be highly effective;
- the planned transaction subject to hedging, for cash flow hedges, is highly probable and presents an exposure to changes in cash flows that could affect the income statement;
- the effectiveness of the hedge can be reliably measured;
- the hedge is valued on the basis of a continuity criterion and is considered highly effective for all the reference financial years for which the hedge was designated.

Hedge effectiveness depends on the extent to which changes in the fair value or expected cash flows of the hedged item are offset by corresponding changes in the hedging instrument. Therefore, effectiveness is measured by comparing these changes, taking into account the intent pursued by the company at the time the hedge is put in place. Hedge effectiveness is achieved when the changes in *fair value* (or in cash flows) of the hedging instrument almost entirely offset (within the limits set by the 80-125% range) the changes in the hedged item attributable to the hedged risk component.

Effectiveness is assessed at year-end or at interim reporting dates by using:

- prospective tests, which justify the application of hedge accounting, as they demonstrate its expected effectiveness;
- retrospective tests, which show how effective the hedging relationship has been in the period under review (i.e. measure how far the actual results have deviated from a perfect hedge).

c) measurement criteria and revenue recognition criteria

Hedging derivatives are measured at fair value. In particular:

Fair value hedging

In the case of specific fair value hedging, the change in the fair value of the hedged element (for changes generated by the underlying risk factor) adjusts the book value of the hedged element and is immediately recognised, regardless of the category to which the hedged asset or liability belongs, along with the change in the fair value of the hedging

instrument, in income statement item “90 - Net profit (loss) from hedging”. Any difference, i.e. partial ineffectiveness of the hedging derivatives, reflects their net P&L impact.

If the hedging relationship is suspended, the hedged instrument, if not derecognised from financial statements, is returned to the original valuation criterion of the class to which it belongs. Specifically, for instruments measured at amortised cost, the cumulative revaluations/write-downs recognised as a result of changes in the *fair value* of the hedged risk are recognised in the income statement among interest income and expense over the residual life of the hedged item, based on the revision of the effective interest rate. If, however, upon termination of the hedge the hedged item is also derecognised from the financial statements (e.g. sale or early repayment), the portion of *fair value* not yet amortised is immediately recognised in the income statement under the item that includes the effect of derecognition of the instrument.

With regard to generic fair value hedging transactions (macro-hedges), changes in fair value of the hedged risk of assets and liabilities subject to hedging are recorded in the balance sheet, respectively, under item “60 - Change in value of macro-hedged financial assets” or “50 - Change in value of macro-hedged financial liabilities”. The offsetting item for changes in value in both the hedged element and the hedging instrument, similar to specific fair value hedges, is item “90 - Net profit (loss) from hedging” in the income statement. In the event of termination of a generic fair value hedging relationship, the cumulative revaluations/write-downs recorded in the above-mentioned balance sheet items are recognised in the income statement under interest income or expense for the residual duration of the original hedging relationships, subject to verification that the prerequisites have been met.

Cash flow hedging

The changes in *fair value* of the hedging instrument are recognised in shareholders' equity in a specific reserve (included in item “110 - valuation reserves”) for the effective portion of the hedge, while changes in *fair value* of the hedging instrument not offset by changes in the cash flows of the hedged transaction are recognised in the income statement under item “90 - net profit (loss) from hedging”. If the cash flow hedge is no longer considered effective, or the hedging relationship is terminated, the total amount of profits or losses on the hedging instrument, already recognised under “Valuation reserves”, is recognised in the income statement only when the hedging transaction will take place or when it is no longer considered possible for the transaction to occur; in the latter circumstance, the profits or losses are transferred from the shareholders' equity item to the income statement item “90. Net profit (loss) from hedging”.

Hedges of foreign currency investments

Hedges of foreign currency investments are accounted for similarly to cash flow hedges.

d) derecognition criteria

If the tests do not confirm hedge effectiveness, both retrospectively and prospectively, hedge accounting is discontinued as described above. In this circumstance, the hedging derivative contract is reclassified under “Financial assets measured at fair value through profit or loss” and in particular under financial assets held for trading.

In addition, the hedging relationship ceases when:

- the derivative expires, is extinguished or exercised;
- the hedged item is sold, expires, or is repaid;
- the hedge no longer fulfils the aforementioned hedge accounting requirements;
- the company revokes the designation of the hedging relationship.

As an exception to the provisions of IAS 39, discontinuing is not carried out following the updating of the documentation on the hedging relationship (due to the change in the hedged risk, the hedged underlying, the hedging derivative or the method for verifying the resilience of the hedge) in the event of changes necessary as a direct consequence of the Reform of the reference indices for the determination of interest rates (IBOR Reform) and carried out on an equivalent economic basis.

5 Equity investments

a) classification criteria

This item includes equity interests held in subsidiaries, associates or joint ventures, which are recognised in accordance with the cost method.

Equity investments and equity securities are considered subject to control (subsidiaries) if the Bank directly or indirectly holds the absolute majority of voting rights and such rights are substantive, or if the Bank holds the relative majority of voting rights and the other voting rights are widely dispersed among shareholders. Control may also exist in situations in which the Bank does not hold the majority of voting rights, but holds sufficient rights to have the practical ability to unilaterally direct relevant activities of the investee or in the presence of:

- substantive potential voting rights through underlying call options or convertible instruments;
- rights deriving from other contractual arrangements which, combined with voting rights, give the Bank the de facto ability to direct production processes, other operating or financial activities able to significantly influence the investee's returns;
- power to influence, through rules of the articles of association or other contractual arrangements, governance and decision-making procedures regarding relevant activities;
- majority of voting rights through contractual arrangements formalised with other holders of voting rights (i.e., shareholders' agreements).

As regards structured entities - investment funds the Bank takes the following positions with respect to funds:

- subscriber of units, held for long-term investment purposes or for trading;
- counterparty to loans/derivatives.

A controlling relationship is established if the Bank meets simultaneously the following conditions:

- has the power to direct the relevant activities, if:
 - it acts as fund manager and there are no substantial rights of dismissal by other investors; or
 - has a substantive right to dismiss the fund manager (outside the Bank) without just cause or for reasons attributable to the performance of the funds; or
 - the governance of the fund is such as to allow the Bank to substantially govern the relevant activities;
- has a significant exposure to the variable returns of the fund, through the direct holding of units deemed significant, in addition to any other form of exposure related to the economic results of the fund;
- it is in a position to affect these returns through the exercise of power, if:
 - it is the fund manager;
 - it has a substantial right to dismiss the fund manager (external to the Bank);
 - it has a right to participate in the fund's committees such as to give to the Bank the legal and/or practical authority to control the activities carried out by the manager;
 - there are contractual relationships that bind the fund to the Bank for the subscription or placement of units.

Lastly, with reference to structured entities - special purpose securitisation vehicles, the Bank checks the fulfilment of requirements of control over special purpose securitisation vehicles, considering both the possibility of exercising power over the relevant assets for its own benefit and the ultimate purpose of the transaction, as well as the involvement of the investor/sponsor in the structuring of the transaction.

For autopilot entities, the subscription of the substantial entirety of the notes by the Bank is considered an indicator of the presence, particularly during the structuring phase, of the power to manage relevant activities to influence the economic returns of the transaction.

Companies subject to significant influence are considered associates. It is assumed that the company exercises significant influence in all cases in which it holds at least 20% of the voting rights (including "potential" voting rights) and, regardless of the interest held, if the company has the power to participate in management and financial decisions of the investee, by virtue of specific legal connections, such as shareholders' agreements, with the purpose for the agreement's participants to ensure representation in management bodies and to ensure management unity, without having control.

Entities are considered to be jointly controlled companies when control is shared between the Bank and one or more other parties based on contracts or agreements of another nature, according to which financial and management decisions with strategic purposes are made through the unanimous consent of all parties that share control. This occurs when the voting rights and control of the economic activity of the investee are shared equally by Banca MPS and another entity. In addition, a joint investment is defined as an equity investment in which, even in the absence of an equal share of voting rights, the unanimous consent of all parties sharing control is required for the making of resolutions concerning the relevant activities.

b) recognition criteria

Initial recognition of financial assets classified in this category occurs on the settlement date, for a total value equal to the cost, including any goodwill paid at the time of acquisition, which is therefore not subject to independent and separate recognition.

c) measurement criteria and revenue recognition criteria

Equity investments in subsidiaries, associates and joint ventures are recognised at cost. At each date of the financial statements or interim reports, the equity investments are tested for indicators of impairment. If evidence of impairment indicates that there may have been a loss in value of an equity investment, then the recoverable value of the equity investment (which is the higher of the fair value, less costs to sell, and the value in use) should be estimated. The value in use is the present value of the future cash flows expected to be derived from the equity investment, including those arising from its final disposal.

Should the recoverable value be less than its book value, including any goodwill, the difference is recognised immediately in the income statement under item "220 - Gains (losses) on investments". Should the reasons for impairment no longer apply as a result of an event occurring after the impairment was recognised, reversals of impairment losses are charged to the same item in the income statement, up to the amount of the previously recognised impairment.

The dividends from these equity investments are recognised in the Parent Company's income statement, regardless of whether it was generated by the investee before or after the acquisition date. The result of the disposal of equity investments is recognised in the income statement under item "220 - Gains (losses) on investments".

d) derecognition criteria

Equity investments are derecognised upon maturity of the contractual rights on the cash flows resulting from the assets or when all related risks/benefits associated to them are transferred. If there is a situation that results in loss of significant influence or of joint control, any residual equity investment is reclassified in the IFRS 9 financial asset portfolios.

6 Property, plant and equipment**a) classification criteria**

Property, plant and equipment include land, properties for business use, investment properties, systems, furnishings and fixtures, equipment of any type that is expected to be used for more than one period, as well as artworks.

Operating properties are properties owned by the Bank and used in the production or supply of goods and services or for administrative purposes (classified as "Property, plant and equipment used in the business" and recognised in accordance with IAS 16), whereas investment properties are those owned by the Bank for the purpose of collecting rents and/or held for appreciation of capital invested (classified as "Property, plant and equipment held for investment" and follow the rules set forth in IAS 40).

This item also includes tangible assets classified according to IAS 2 "Inventories", which mainly relate to assets arising from the enforcement of guarantees or from the purchase at auction that the company intends to sell in the near future, without carrying out significant restructuring work, and which do not qualify for classification in the previous categories.

Property, plant and equipment includes those assets associated with finance lease contracts that were returned to the company, as lessor, following contract termination and the simultaneous closure of the original credit position.

This category also includes i) rights of use acquired through leasing, both financial and operating, relating to property, plant and equipment that the Bank uses as lessee in the business or for investment purposes, ii) assets granted under operating leases (for lessors), as well as iii) improvements and incremental expenses incurred on owned assets and third-party assets, the latter provided they are identifiable and separable (e.g. ATMs).

b) recognition criteria

Property, plant and equipment are originally recognised at cost, which includes the purchase price and any additional charges directly attributable to the purchase and installation of the assets.

Non-recurring expenditures for maintenance which involve an increase in future economic benefits are booked as an increase in the value of the assets, while expenses for ordinary maintenance are booked to the income statement.

c) measurement criteria and revenue recognition criteria

Subsequent to initial recognition, property, plant and equipment for business use are valued at cost, as defined above, net of cumulative depreciation and any cumulative impairment, with the exception of:

- real estate used in the business for which the Bank has adopted the option allowed by IAS 16, to measure them on the basis of the revaluation method;
- properties held for investment purposes, for which the Bank has adopted the option, permitted by IAS 40, of measuring them on the basis of the fair value method;
- property, plant and equipment falling under IAS 2 are valued at the lower of the cost and the net realisable value, represented by the estimated sale price less the presumed costs for completion and the other costs necessary to make the sale.

The revaluation method requires that assets be carried at a restated amount, equal to the fair value at the date of revaluation, less any accumulated depreciation and value adjustments. More specifically:

- if the carrying amount increases following a revaluation, the increase is recognised with an offsetting entry in liability item "110 - valuation reserves", except for write-backs of value in respect of a previous impairment previously recognised in the income statement. In this case, the increase is recognised in the income statement under item "230 - Net gains (losses) on property, plant and equipment and intangible assets measured at *fair value*" within the limits of the above-mentioned impairment;
- If the carrying amount of an asset has decreased following a remeasurement, the decrease is recognised in the income statement under item "230 - Net result of measurement at fair value of property, plant and equipment and intangible assets" unless the asset has previously been revalued, in which case the decrease in value is recognised as a reduction of the liability item "110 - Valuation reserves" up to the amount of the same.

The Bank revalues the properties held for business use every six months, using appraisals prepared by independent experts.

Property, plant and equipment held for business use, including operating properties measured at the "restated value", are systematically depreciated over their useful life. The depreciable amount, equal to cost (or the net revalued value, if the revaluation method is adopted for valuation purposes) less the residual value (or the amount normally expected to be obtained from disposal, after deducting expected costs to sell, if the asset is already in the conditions, including in relation to age, expected at the end of its useful life), is broken down on a straight-line basis throughout the useful life of the asset, adopting the straight-line approach as the depreciation method. The useful life, subject to periodic review to identify any estimates significantly different from the previous ones, is defined as:

- the period of time in which it is expected that an asset will be usable by the company or,
- the quantity of products or similar units that the company expects to obtain from the use of the asset.

Depreciation begins when the asset is available for use and ends at the most recent date between that on which the asset is classified as held for sale and that of derecognition. For property, plant and equipment valued at cost, depreciation does not end when the asset becomes unused or is withdrawn from active use, unless the asset has already been fully depreciated. If a property for business use becomes unusable or is withdrawn from active use, it is necessary to promptly evaluate the change in the intended use and the resulting reclassification to property held for investment purposes or assets held for sale. In these cases, depreciation is discontinued.

The following are not amortised:

- land, either on its own or included in the property value, is not subject to depreciation as it has an indefinite useful life;
- works of art as their value is generally bound to increase over time;
- investment properties, as required by IAS 40, which are measured at fair value with a balancing entry in the Income Statement and therefore must not be depreciated;
- tangible assets recognised in accordance with IAS 2.

For leasehold improvements, represented by identifiable and separable tangible assets, depreciation is determined according to the useful life of these assets.

Periodic depreciation is posted to the income statement under item "180 - Net Value Adjustments/recoveries on Property, Plant and Equipment".

The presence of any signs of impairment, or indications that assets might have lost value, shall be tested at the end of each reporting period. Should there be indications of impairment, for properties that are owned, with the exception of investment property, and those that are leased, a comparison is made between the book value of the asset and the asset's recoverable value, i.e. the higher of the fair value, less any costs to sell, and the relevant value in use, which is the present value of the future cash flows generated by the asset.

Where the reasons for impairment cease to exist, a reversal is made, which shall not exceed the value that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior periods.

The fair value method used for property investments provides that the positive or negative change in fair value is recognised in the income statement under item "230 - Net result of property, plant and equipment and intangible assets measured at fair value". For the measurement of the fair value of the property assets in question, a fair value estimation process is carried out at least half-yearly.

Property, plant and equipment falling under IAS 2 are valued in the same way as inventories and, therefore, at the lower of the cost at initial recognition and the net realisable value, represented by the estimated sale price less the presumed costs for completion and the other costs necessary to make the sale. Any losses in value are posted to the income statement under item "180 - Net Value Adjustments/recoveries on Property, Plant and Equipment".

Property, plant and equipment represented by the right of use of assets under lease agreements

Pursuant to IFRS 16, a "lease" is a contract, or part of a contract, which, in exchange for a consideration, transfers the right of use (RoU) of an asset (the underlying asset) for a period of time.

The right-of-use asset acquired through the lease is recognised in the financial statements at the start date of the contract, i.e. at the date on which the asset is made available to the lessee and is initially valued at cost. This cost includes:

- the initial measurement of the lease liability, net of VAT;
- any lease payments made by the start date, net of any lease incentives;
- any initial direct costs incurred, understood as incremental costs incurred to obtain the lease that would not have otherwise been incurred (e.g. brokerage commissions and success fees);
- estimated costs of refurbishment and dismantling, in cases where the contract provides for them.

In connection with the right of use asset, the lessee recognises a liability for the lease under item "10 - Financial liabilities measured at amortised cost" corresponding to the present value of payments due for the lease. The discount rate used is the implicit interest rate, if it can be determined; otherwise, the lessee's marginal borrowing rate is used. The Bank uses as the discount rate, where there is no implicit interest rate in the contract, the maturity curve aligned to the individual lease contracts consisting of the Euribor 6M base rate and the blended funding spread, the latter equal to the weighted average of the funding curves for unsecured senior bonds, protected deposits and preference deposits. The adoption of this curve is in line with the characteristics of leasing agreements, which typically provide for fixed fees throughout the duration of the contract, and of the underlying assets. The discount rate so defined takes into account the creditworthiness of the tenant, the duration of the lease, the asset underlying the right of use and the economic environment, identified in the Italian market, where the transaction takes place and therefore it is in line with the requirements of the standard.

The lessee may opt to recognise the payments due for the lease directly as a charge in the income statement, on a straight-line basis over the life of the lease agreement or according to another systematic method that represents the manner in which the economic benefits are used in the case of:

- short-term leases (equal to or less than 12 months) that do not include a purchase option of the asset leased by the lessee;
- leases in which the underlying asset is of modest value¹.

The Bank has chosen to recognise the cost in the income statement on a straight-line basis over the life of the lease agreement.

The lease term is determined taking into account:

¹ The significance threshold identified is EUR 5,000.

- periods covered by an option to extend the lease, if the exercise of the same is reasonably certain;
- periods covered by a lease termination option, if the exercise of said option is reasonably certain.

During the term of the lease, the lessee must:

- measure the right of use at cost, net of accumulated amortisation² and cumulative value adjustments determined and recognised on the basis of the provisions of IAS 36 "Impairment of assets", adjusted to take into account any restatements of the lease liabilities;
- increase the liability deriving from the lease transaction following the accrual of interest expense calculated at the implicit interest rate of the lease, or, alternatively, at the marginal borrowing rate and reduce it for payments of principal and interest.

In the event of changes in the payments due for the lease, the liability must be restated; the impact of the recalculation of the liability is recognised as a contra-entry to the asset consisting of the right of use.

d) derecognition criteria

Property, plant and equipment are derecognised from the balance sheet upon their disposal or when the assets are permanently withdrawn from use and no future economic benefits are expected as a result of their disposal.

Any capital gains or capital losses deriving from the disposal or sale of property, plant and equipment are calculated as the difference between the net sale price and the book value of the asset and are recognised in the income statement under item "250 - Gains (losses) on disposals of investments".

In the case of the sale of a property for business use, the corresponding valuation reserve accrued is transferred to other components of Shareholders' equity, specifically liability item "140 – Reserves", not reclassified to profit or loss.

The right of use assets, accounted for according to IFRS 16, are derecognised at the end of the lease term.

7 Intangible assets

a) classification criteria

Intangible assets are non-monetary assets, identifiable and without physical substance, originating from legal or contractual rights, held for use over a multi-year or indefinite period, from which it is probable that future economic benefits will flow and whose cost can be reliably measured.

Intangible assets include:

- technology-related intangible assets including software licenses, internal capitalised costs, projects and licenses under development; in particular, internally incurred costs for software project development are intangibles recognised as assets if, and only if: a) the cost for development can be measured reliably, b) the entity intends and is financially and technically able to complete the intangible asset and either use it or sell it, c) the entity is able to demonstrate that the asset will generate future economic rewards. Capitalised costs for software development only include the expenses that are directly attributable to the development process.
- Customer relationship intangible assets, represented by the value of assets under management/custody and core deposits in the event of business combinations;
- goodwill, equal to the positive difference between the consideration paid for a business combination and the fair value of the assets and liabilities pertaining to a company.

b) recognition criteria

They are recognised at cost, adjusted by any additional charges only if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably. The cost of intangible assets is otherwise posted to the income statement in the financial period it was incurred.

c) measurement criteria and revenue recognition criteria

² In determining the amortisation period, account must be taken of whether or not the transfer of ownership of the underlying asset is envisaged at the end of the lease term or whether the cost of the asset consisting of the right of use reflects the fact that or not that the lessee will exercise the purchase option. In the first case, the amortisation period coincides with the useful life of the underlying asset, determined at the start date. In the second case, the amortisation period coincides with the useful life of the asset consisting of the right of use or, if shorter, the duration of the lease.

The cost of intangible assets with a finite useful life is amortised on a straight-line basis over their useful life. In particular, for intangible assets originating from software developed internally and acquired from third parties, amortisation begins when the applications are completed and become operational. Instead, intangible assets with indefinite useful life are not amortised but the book value is periodically assessed for impairment.

At each annual and interim reporting date, the recoverable amount of the assets is estimated where there is evidence of impairment. The amount of the loss recognised in the income statement is equal to the difference between the book value and the recoverable amount of the assets.

The goodwill recognised is not subject to amortisation, but its book value is tested annually (or more frequently) when there are signs of impairment. To this end, the cash flow generating units to which goodwill is attributable are identified. These units represent the lowest level at which goodwill is monitored for internal management purposes and should not be larger than an operating segment as defined by IFRS 8.

The amount of the impairment loss is determined by the difference between the book value of goodwill and its recoverable amount, if lower. Said recoverable amount is the higher of the cash generating unit's fair value, less costs to sell, and its value in use. Value in use is the present value of future cash flows expected to arise from the years of operation of the cash generating unit and its disposal at the end of its useful life. The resulting value adjustments are posted to the income statement under item "190 - Net Value Adjustments/recoveries on Intangible Assets". The same item includes the periodic amortisation of intangible assets with a finite useful life. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

d) derecognition criteria

Intangible assets are derecognised from the balance sheet upon disposal and when no future economic benefits are expected.

8 Non-current assets held for sale and disposal groups

a) classification criteria

Non-current assets/liabilities and groups of assets/liabilities whose book value will presumably be recovered through sale rather than through continuous use are classified under assets in item "110 - Non-current assets held for sale and disposal groups" and under liabilities in item "70 - Liabilities associated with assets held for sale".

To be classified in these items, the assets or liabilities (or disposal groups) must be immediately available for sale and there must be active and tangible programmes such as to suggest that their disposal is highly probable within one year of the date of classification in this category.

b) measurement criteria and revenue recognition criteria

Following initial recognition, non-current assets held for sale and disposal groups, with the relative liabilities, are valued at the lower of the book value and the fair value net of selling costs, with the exception of certain types of assets, such as, for example, all financial instruments falling under the scope of IFRS 9 - for which IFRS 5 specifically envisages that the measurement criterion of the reference accounting standard must be applied.

Amortisation/depreciation is discontinued at the date the non-current asset is classified as a non-current asset held for sale.

Should the disposal groups be attributable to discontinued operations (identifiable with the operations of a significant independent business unit or geographical area, also as part of a single coordinate disposal project, rather than an investee company acquired exclusively for resale), the relative revenues and charges, net of tax, are recognised in the income statement under item "290 - Profit (Loss) after tax from discontinued operations" of the income statement. Profit and loss associated with individual assets under disposal are recognised in the most appropriate income statement item.

c) derecognition criteria

Non-current assets and group of assets/liabilities held for sale and disposal groups are derecognised from the balance sheet upon disposal.

9 Current and deferred tax

a) recognition criteria

The effects relating to current and deferred Taxes calculated in compliance with national tax legislation are recognised on an accrual basis, consistently with the methods of recognition in the financial statements of the costs and revenues that generated them, by applying the applicable tax rates.

Income taxes are posted to the income statement, excluding those relating to items directly credited or charged to equity.

Income tax provisions are determined on the basis of a prudential forecast of current tax expense, deferred tax assets and liabilities.

Current tax includes the net balance of current tax liabilities for the financial year and current tax assets with the Financial Administration, comprising tax advances, tax credit arising from prior tax returns and other withholding tax credits. In addition, current tax includes tax credits for which reimbursement has been requested from the relevant tax authorities. Tax credits transferred as a guarantee of own debts shall also be recorded within this scope.

Deferred taxes assets and deferred taxes liabilities are determined on the basis of temporary differences – with no time limits – between the value assigned to an asset or a liability according to statutory principles and the corresponding values for tax purposes, applying the so-called *balance sheet liability method*; deferred tax assets and liabilities are not recognised in respect of temporary differences for which it is considered unlikely that the conditions for their taxation will arise in the future, in relation to the long-term nature of the investments to which they relate. It should be noted that the Bank has not recognised and does not provide information on deferred tax assets and liabilities relating to Pillar 2 income taxes published by the Organization for Economic Co-operation and Development (OECD), as stated in paragraph 4A of IAS 12.

Deferred tax assets determined on the basis of deductible temporary differences are recognised in financial statements or interim disclosures for the extent to which they are likely to be recovered on the basis of the capacity of the company involved or all of the participating companies – as a result of exercising the option concerning “Tax consolidation” – to generate a positive taxable profit on an ongoing basis, in light of a probability test.

The probability of the recovery of deferred taxes relative to goodwill, other intangible assets and write-downs on loans (known as “convertible DTAs”) is to be automatically considered probable because of existing regulations that provide for conversion into tax credits, if a statutory and/or tax loss is incurred.

In particular, art. 2 - paragraphs 55 et seq. - of Italian Law Decree no. 225 of 29 December 2010 (and subsequent amendments) provides that:

- if the financial statements filed by the company show a statutory loss for the year, deferred tax assets (IRES and IRAP) relating to goodwill, other intangible assets, and loan write-downs will be converted into tax credits for a portion equivalent to the ratio between the statutory loss and the book value of shareholders’ equity prior to said loss. The conversion into tax credits becomes effective from the date when the ‘loss-incurring’ separate financial statements are approved by the Shareholders’ Meeting;
- if there is a tax loss for the year (that is, for IRAP purposes, a negative production value), the deferred tax asset relating to the deductions for goodwill, other intangible assets, and loan write-downs, which contributed to the formation of the tax loss (i.e., the negative production value) is transformed into a tax credit. Conversion will be effective as of the date of submission of the tax return for the financial year in which the loss is incurred.

As a result of the provisions contained in Italian Law Decree no. 83 of 27 June 2015, the convertible DTAs ceased to increase starting from 2016. In particular:

1. for deferred tax assets relating to goodwill, other intangible assets newly recognised in financial statements from 2016 onwards are excluded from the regulations pursuant to art. 2 - paragraphs 55 et seq. - of Italian Law Decree 225/2010;
2. for deferred tax assets relating to loan write-downs, from 2016 onwards, the accounting assumption for recognition in financial statements has ceased and these write-downs are entirely deductible in the accounting period. Note that the 2019 financial manoeuvre (Law no. 145 of 30 December 2018) repealed the full deductibility of loan write-downs upon first-time application of IFRS 9, exclusively following the adoption of the model for recognising the provision to cover expected losses (ECL), providing for the deductibility (IRES and IRAP) of these write-downs on a straight-line basis over 10 years. It was, however, explicitly stated that the relative DTAs

recorded in financial statements as a result, although referring to write-downs on loans to customers, cannot be converted into tax credits pursuant to Italian Law Decree 225/2010.

Furthermore, note that the Bank exercised the irrevocable option provided in Italian Law Decree no. 59 of 3 May 2016 (and subsequent amendments) to maintain the right to convert DTAs relative to goodwill, other intangible assets, and loan write-downs and losses into tax credits; thus, it is necessary to pay an annual fee for each financial year from 2016 onwards, if the conditions apply, until 2030.

Deferred tax assets on unused tax losses are recognised based on the same criteria as those used to recognise deferred tax assets on deductible temporary differences: therefore, they are shown in the balance sheet to the extent to which they are likely to be recovered on the basis of the capacity of the company to generate a positive taxable profit in the future. Since the existence of unused tax losses may be symptomatic of difficulties to generate positive taxable profit in the future, IAS 12 establishes that if losses have been posted in recent periods, suitable evidence must be provided to support the existence of such profit in the future. Furthermore, current Italian tax law allows for IRES losses to be carried forward indefinitely (art. 84, paragraph 1, TUIR); as a result, verifying the existence of future taxable profit against which to use such losses is not subject to any time limits.

As mentioned above, the Bank verifies the probability that there will be future taxable income (probability test) using the risk-adjusted approach, which provides for the application of a discount factor to future income. This factor, applied with the compound interest criterion, discounts future income at an increasing rate to reflect its uncertainty.

Deferred tax assets and liabilities are calculated using the tax rates expected at the date on which the temporary differences are reversed, on the basis of the provisions in force at the reporting date. Any changes in tax rates or tax standards having a significant effect on deferred tax assets and liabilities that are issued or announced after the reporting date and before the publication authorisation date are treated as events after the balance sheet date that do not entail an adjustment pursuant to IAS 10, with the resulting disclosure in the notes.

Deferred tax assets and liabilities are posted to the balance sheet by offsetting each tax against the defined asset or liability to which it relates.

b) classification and measurement criteria

Deferred tax assets and liabilities are systematically measured to take account of any changes in regulations or tax rates and of any different subjective situations of Group companies.

With reference to the tax consolidation between the Bank and the subsidiaries that have joined it, contracts have been stipulated to regulate offsetting flows relating to the transfers of tax profits and losses. Such flows are determined by administering the applicable IRES tax rate to the taxable income of participating companies. For companies that transfer tax losses, the offsetting flow, calculated as above, is recognised by the consolidating company to the consolidated company when and to the extent that the consolidated company itself transfers positive taxable income to the tax consolidation in tax periods subsequent to the one in which the loss was incurred. Offsetting flows so determined are posted as receivables and payables with companies participating in fiscal consolidation, classified under other assets and other liabilities, offsetting item "270 - Tax expense (recovery) on income from continuing operations".

c) revenue recognition criteria

Where deferred tax assets and liabilities refer to components which affected the income statement, they are offset by income tax. When deferred tax assets and liabilities refer to transactions which directly affected equity without impacting the income statement (e.g. measurement of financial instruments at fair value through other comprehensive income or cash flow hedging derivatives), they are posted as an offsetting entry to shareholders' equity, involving the special reserves if required.

10 Provisions for risks and charges

Provisions for risks and charges: commitments and guarantees given

The sub-item in question includes provisions for credit risk on commitments to disburse funds and guarantees given that fall under the scope of application of the impairment rules pursuant to IFRS 9, consistent with the provisions for "Financial assets measured at amortised cost" and "Financial assets measured at fair value through other comprehensive income".

In addition, the sub-item also includes provisions for risks and charges established for other types of commitments and guarantees given which, by virtue of their distinct characteristics, do not fall under the scope of application of the impairment rules pursuant to IFRS 9.

Provisions for risks and charges: post-employment benefits

The sub-item “Provision for risks and charges: b) post-employment benefits” includes appropriations, recognised based on IAS 19 “Employee Benefits”, for the purpose of closing the technical deficit of defined benefit supplementary pension funds. Pension plans are either defined benefit or defined contribution schemes. The charges borne by the employer for defined contribution schemes are pre-determined; charges for defined benefit plans are estimated and shall take account of any shortfall in contributions or poor investment performance of defined benefit plan assets. For defined benefit plans, the actuarial values are determined by an external actuary in accordance with the Projected Unit Credit method. Actuarial gains and losses – defined as the difference between the book value of the liability and the present value of commitments at the end of the financial year – were the result of changes made to actuarial assumptions and adjustments based on past experience, and are recognised for the full amount in the statement of comprehensive income, under the item “Valuation reserves”.

Provisions for risks and charges: other provisions

The sub-item “Provisions for risks and charges: c) other provisions” includes allocations made for estimated expenditures for legal or implicit obligations deriving from past events. Such disbursements may be i) contractual in nature - provisions for staff incentive schemes, staff exit incentives and compensation envisaged by contractual clauses upon the occurrence of certain events - or ii) compensatory and/or restitutionary in nature deriving, inter alia, from statutory obligations for environmental damage caused, from legal proceedings - including revocatory actions - from customer claims relating to securities intermediation activities and from tax disputes.

The sub-item also includes provisions established at the starting date of lease agreements, stipulated as lessee, which require the dismantling/refurbishment of the underlying assets at the end of the contract. These provisions are recognised as a contra-entry of the assets recognised for the value of rights of use of properties (see item “90 - Property, plant and equipment”).

Provisions for risks and charges consist of liabilities with uncertain amounts or payment dates and are recognised in the financial statements if:

- there is a current (legal or implicit) obligation resulting from a past event;
- an outflow of resources producing economic benefits is likely to be necessary in order to settle the obligation; and
- a reliable estimate can be made of the likely future disbursement.

The amount recognised as a provision represents the best estimate of the financial disbursement necessary to fulfil the obligation existing at the reporting date and reflects the risks and uncertainties inherent in the events and situations reviewed. Whenever the time element is meaningful, the provisions are discounted using the current market rates. With the exception of provisions associated with lease agreements, the allocation and the discounting effect are recognised in the income statement under item “170 - Net provisions for risks and charges”, as is the increase in the provision due to the passage of time. Provisions are reviewed at each reporting date and adjusted to reflect the best current estimate. When an outflow of resources, intended to produce economic benefits in fulfilment of an obligation, becomes unlikely or when the obligation has lapsed, the provision is reversed.

In addition, each provision is used solely for the expenditures for which it was originally established.

No provision is shown for contingent and unlikely liabilities, but information is provided in the notes to the financial statements, except in cases where the probability of an outflow of resources to settle the amount is remote or the amount is not significant.

In particular, it should be noted that the provisions relating to:

- civil and criminal disputes arising from financial information disclosed in the period 2008-2015 are determined as the weighted average of two estimates prepared by external experts:
 - 1) the “differential damage” criterion, which identifies the damage as the lowest price that the investor would have had to pay if he had access to complete and correct information;
 - 2) the “full compensation criterion”, which is based on the argument that false or incomplete information may have a causal impact on the consumer’s choice of investments such that, in the presence of correct information, they would not have *tout court* made the investment in question. On the basis of this argument, the refundable damage is deemed to be the entire amount invested, after deduction of (a) the residual value of the security (or

the amount obtained from the sale of the security), as well as (b) an additional amount that the investor could have obtained from the sale of the securities as soon as parity of information had been re-established;

- out-of-court claims relating to the period 2008-2015, in order to take into account the probability of their transformation into real disputes, the funds were determined by applying an experiential factor to requests made by counterparties;
- Representations and guarantees issued in connection with the transfer and demerger of non-performing loans are determined on the basis of the analysis of the validity of the claims received, or, in the absence of suitable elements to make a sufficiently reliable estimate, using a statistical method. In the second case, the estimate is based on the results of a representative sample of exposures transferred/demerged with respect to which the competent functions analytically evaluate the compliance or compliance risk for each of the representations and guarantees released; in the context of this estimate the sample to be analysed and whose results are extrapolated to the entire population is identified.

11 Financial liabilities measured at amortised cost

a) classification criteria

Item "10 - Financial liabilities measured at amortised cost" includes the sub-items "a) due to banks", "b) due to customers", and "c) debt securities issued" and comprises the various types of funding (both interbank and from customers) and funds raised through certificates of deposit and outstanding bonds, net of any repurchase. Debt securities issued include all securities that are not subject to "natural" hedging through derivatives and that are classified as liabilities measured at fair value.

This item also incorporates payables booked by the lessee in relation to any stipulated finance and operating lease transactions, as well as repurchase agreements for funding and securities lent against cash guarantees that are fully available to the lender. Finally, operating payables related to the provision of financial services, as defined in the Consolidated Banking Law and Consolidated Law on Finance, are included in this item.

b) recognition criteria

These financial liabilities are initially recognised upon receipt of the amounts collected or at the time of issuance of debt securities based on their fair value, which is generally equal to the amount received or the issue price, increased by any additional costs/income directly attributable to the individual funding or issuing transaction and not reimbursed by the creditors. Internal administrative expenses are excluded.

Repurchase agreement transactions with the obligation to repurchase are posted as funding transactions for the spot amounts collected.

Should the requirements provided for by IFRS 9 for the separate recognition of embedded derivatives be met in the case of structured instruments, they are separated from the host contract and reported at fair value as a trading asset or liability. Instead, the host contract is recognised at amortised cost.

Lease liabilities recognised in relation to the lessor are measured at the present value of future lease payments for the duration of the lease. For more information on determining the duration, please refer to paragraph 6 "Property, plant and equipment represented by the right of use of assets under lease contracts".

c) measurement criteria and revenue recognition criteria

Following initial recognition, financial liabilities issued, net of any reimbursements and/or repurchases, are measured at amortised cost using the effective interest rate method. Short-term liabilities for which time effect is immaterial are an exception, and are recognised at the amount collected. Interest is charged to the income statement under item "20 - Interest expense and similar charges".

Following the commencement date, the book value of lease liabilities:

- increases for accrued interest expense, charged to the income statement under item "20 - Interest expense and similar charges";
- decreases for lease instalment payments;
- is recalculated to take into account any new valuations (e.g., extension or reduction of the contract term) or changes in the lease (e.g., renegotiation of the lease payment) that occurred after the commencement date; the impact of the recalculation is recorded as a contra-entry of the asset for the right of use.

Moreover, funding instruments that have an effective hedging relationship are assessed based on the rules for hedging transactions.

d) derecognition criteria

Financial liabilities are derecognised upon maturity or extinction. Derecognition also occurs if previously issued securities have been repurchased. The difference between the book value of the liabilities and the amount paid to repurchase them is recorded in the income statement in item "100 - Gains (losses) on disposal or repurchase". A new placement in the market of own securities after their repurchase is considered a new issue and posted at the new price of placement, with no impact on the income statement.

12 Financial liabilities held for trading**a) classification criteria**

This item includes:

- financial liabilities issued with the intention to repurchase them in the short term;
- liabilities that are part of a jointly managed portfolio of financial instruments for which there is a proven strategy to obtain profits in the short term;
- derivative contracts with a negative fair value and not designated as hedging instruments, including both those embedded in complex financial instruments that have been unbundled from liabilities measured at amortised cost, as well as those related to assets/liabilities measured at fair value through profit or loss.

Moreover, liabilities that arise from technical overdrafts generated by securities trading activities are included.

b) recognition criteria

Financial liabilities held for trading are initially recognised on the settlement date for cash liabilities and on the subscription date for derivative contracts.

Upon initial recognition, they are measured at fair value, which usually corresponds to the amount collected net of any transaction costs or income directly attributable to the instrument itself, which are directly posted to the income statement.

c) measurement criteria

After initial recognition, financial liabilities held for trading are measured at fair value, with the result of the measurement recognised in the income statement.

d) revenue recognition criteria

Profit and losses from trading and capital gains and losses from valuation are recognised under item "80 - Net profit (loss) from trading" in the income statement, including those relating to derivative instruments related to the fair value option.

e) derecognition criteria

Trading financial liabilities are derecognised when the contractual rights on the related cash flows expire or when the financial liabilities are sold with the substantial transfer of all related risks and benefits arising from ownership.

13. Financial liabilities measured at fair value**a) classification criteria**

This category includes financial liabilities for which, upon initial recognition, the option of measurement at fair value through profit or loss was chosen; this option is allowed when:

1. a lack of standardisation in the measurement or recognition that would otherwise result from the valuation of assets or liabilities or the recognition of the related profits and losses on different bases (known as "accounting mismatch") is eliminated or significantly reduced; or
2. the management and/or measurement of a group of financial instruments at fair value through profit or loss is consistent with an investment or risk management strategy documented as such by senior management; or
3. a host instrument embeds a derivative which significantly modifies the cash flows of the host and should otherwise be unbundled.

The option to designate a liability at fair value is irrevocable, is carried out on an individual financial instrument, and does not require the same application to all instruments having similar characteristics. It is not permitted to use the fair value

designation for only one portion of a financial instrument, attributable to a single risk component to which the instrument is subject.

The Bank has exercised this option in relation to case 1, classifying under this item the financial liabilities that are subject to “natural hedging” through derivative instruments. Within Section 15 “Other information”, a chapter is included providing further details on the methods of managing hedges through the adoption of the Fair Value Option.

b) recognition criteria

Upon initial recognition, these financial liabilities are measured at fair value, which usually corresponds to the amount collected net of any transaction costs or income directly attributable to the instrument itself, which are directly posted to the income statement.

c) measurement criteria and revenue recognition criteria

Following initial recognition, financial liabilities are measured at fair value. Gains and losses arising from any changes in the fair value of these liabilities are recognised:

- under item “110 - Valuation reserves”, the portion relating to the change in fair value attributable to changes in the issuer’s creditworthiness is recognised, unless such treatment creates or amplifies an accounting mismatch in the profit (loss) for the year, in which case the entire change in *fair value* of the liability must be recognised in the Income statement. Effects associated with the change in own creditworthiness are recorded in the statement of comprehensive income, net of the related tax effect, along with the other income components that will not be reclassified to profit or loss. The amount charged to the specific equity reserve will never be not reclassified to profit or loss, even if the liability expires or lapses; in this case, it will be necessary to reclassify the cumulative gain (loss) in the specific valuation reserve to another shareholders’ equity item (“140 - Reserves”);
- in the income statement under item “110 - Net profit (loss) from financial assets and liabilities measured at fair value through profit or loss”, for the portion of the fair value change not attributable to changes in own creditworthiness.

d) derecognition criteria

Financial liabilities are derecognised when the contractual rights on the related cash flows expire or when the financial liabilities are sold with the substantial transfer of all risks and benefits resulting from the ownership.

For financial liabilities represented by securities issued, derecognition also occurs if previously issued securities have been repurchased. The difference between the book value of liabilities and the amount paid to purchase them is recorded in the income statement under item “110 - Net profit (loss) from financial assets and liabilities measured at fair value through profit or loss”, with the exception of profits/losses associated with the change in own creditworthiness, which continues to be recognised in an equity reserve, as described above. A new placement in the market of own securities after their repurchase is considered a new issue for accounting purposes and posted at the new price of placement, with no impact on the income statement.

14 Foreign currency transactions

a) Definition

Foreign currency means a currency other than the entity’s functional currency; more specifically, this is the currency of the prevailing economy where the entity itself operates.

b) recognition criteria

Upon initial recognition, foreign currency transactions are recognised in the currency of account using the foreign exchange rates on the date of the transaction.

c) measurement, derecognition and revenue recognition criteria

Financial statement entries denominated in foreign currencies are valued at the end of each reporting period as follows:

- monetary entries are converted using the exchange rate on the closing date;
- non-monetary entries valued at historical cost are converted using the exchange rate on the date of the transaction;
- non-monetary entries that are measured at fair value in a foreign currency are translated at the closing date rate.

Any exchange-rate differences resulting from the settlement of monetary elements, or from the conversion of monetary elements at rates other than those used for initial conversion or conversion in the previous financial statements, are posted to the income statement for the period in which they arise.

When a profit or a loss on a non-monetary element is recognised in equity, the exchange-rate difference in relation to said element is also posted to equity. However, when a profit or a loss is posted to the income statement, the relative exchange-rate difference is also posted there.

The accounting position of foreign branches with different operating currencies is converted into euros by using the exchange rates at the reporting date. Any exchange rate differences attributable to investments in such foreign branches, and those resulting from the conversion into euros of their accounting position, are recognised in equity reserves and transferred to the income statement only in the financial year when the investment is disposed of or reduced.

15 Other information

Other financial statement items

Cash and cash equivalents

This item includes currencies that are legal tender, including foreign banknotes and coins and all loans “on demand” in the form of current account and deposits with the central bank of the country or countries in which the Bank operates through its own companies or branches, with the exception of the compulsory reserve.

The item is posted at face value. For foreign currencies, the face value is converted into euros at financial year-end exchange rate.

Change in value of macro-hedged financial assets and liabilities

These items include, respectively, the positive or negative balance of changes in *fair value* of financial assets (item “60 Value adjustment of financial assets subject to macro-hedging”) and financial liabilities (item “50 change in value of macro-hedged financial liabilities”), subject to macro-hedging against interest rate risk, whose economic counter-entry is represented by item “90 net profit (loss) from hedging”, as is the case for specific *fair value* hedges. For more detailed information, please refer to the discussion in paragraph 4 “Hedging transactions”.

Other assets

This item shows assets not attributable to the other items on the asset side of the balance sheet. It may include, for example:

- gold, silver, metals and precious stones;
- items in processing;
- accrued income and prepaid expenses not attributable to their own separate item;
- receivables associated with the provision of non-financial goods or services and accrued income other than that which is capitalised on the related financial assets, including those resulting from contracts with customers pursuant to IFRS 15;
- costs incurred for the acquisition and fulfilment of contracts with customers with a multi-year duration, capitalised and amortised to the extent that they are incremental and it is expected to be recovered, as required by paragraphs 91 et seq. of IFRS 15;
- any inventories according to the definition of IAS 2, excluding those classified as inventories of property, plant and equipment;
- tax liabilities other than those recognised under item “100 - Tax assets”,
- the tax credits associated with the “Cura Italia” and “Rilancio” Law Decrees,
- improvements and incremental expenses incurred on third-party real estate other than those attributable to item “80 - Property, plant and equipment” and therefore not independently identifiable and separable.

The costs in the latter bullet point are posted to item “120 - Other assets”, since the user company exercises control of the assets for the purpose of the tenancy agreement and can obtain future economic benefits from them. Said costs are amortised according to the shorter of the period in which the improvements and incremental expenses can be used and the remaining term of the contract, including the renewal period, where applicable.

Other liabilities

This item shows liabilities not attributable to the other items on the liabilities side of the balance sheet and includes, for example:

- items in processing;
- payment agreements that must be classified as debit entries according to IFRS 2;
- debit entries connected with payment for provision of non-financial goods and services;
- accrued liabilities other than those to be capitalised for the respective financial liabilities, including those deriving from contracts with customers pursuant to IFRS 15;
- sundry tax liabilities other than those recognised under item "60 - Tax liabilities", associated, for example, with substitute tax assets.

Severance pay and other employee benefits.

Employee severance pay is defined as a "benefit subsequent to the employment relationship", in accordance with IAS 19, classified as:

- "defined contribution plan" for the portions of severance pay accrued starting from 1 January 2007 (when the supplementary social security reform under Legislative Decree No. 252 of 5 December 2005 entered into force), both for the case in which the employee opts for supplementary social security, as well as the case in which the employee opts for the allocation to the INPS treasury fund. For these portions, the amount recognised under personnel costs is determined on the basis of the contributions due, without applying any actuarial methodology;
- "defined benefit plan" for the portions of severance pay accrued up to 31 December 2006. These portions are recognised according to their actuarial values, as determined in accordance with the Projected Unit Credit Method, without being pre-rating for service rendered, since the current service cost of severance pay is almost fully accrued and its revaluation for the years to come is not expected to result in significant benefits for employees.

In general, "post-employment plans" - which include severance pay as well as pension funds - are divided into the two categories "defined benefit" or "defined contribution", based on their characteristics.

In particular, for defined contribution plans, the cost is represented by contributions accrued during the financial year, given that the company has only the obligation to pay the contractually established contributions to a fund and, consequently, has no legal or implicit obligation to pay, in addition to the contribution, additional amounts if the fund does not have sufficient assets to pay all the benefits to employees.

For defined benefit plans, the actuarial and investment risk, that is, the risk of a shortfall in contributions or poor investment performance of the assets in which the contributions are invested, is borne by the company. The liability is calculated by an external actuary based on the Projected Unit Credit method. Based on this method, future disbursements must be estimated based on demographic and financial assumptions, to be discounted to consider the time that will pass before the actual payment and to be adjusted for the ratio between the years of service accrued and the theoretical seniority estimate at the time the benefit is paid. For discounting purposes, the rate used is determined with reference to the market yield of primary corporate bonds taking into account the average residual duration of the liability, weighted according to the percentage of the amount paid and advanced, for each maturity, compared to the total to be paid and advanced up to the final settlement of the full bond.

The actuarial value of the liability thus calculated must then be adjusted for the fair value of any assets servicing the plan (net liabilities/assets). Actuarial gains and losses, which arise as a result of adjustments to previous actuarial assumptions formulated following the actual experience observed or due to changes in those same actuarial assumptions, entail a re-measurement of net liabilities and are recognised with a corresponding entry to a shareholders' equity reserve (item "110 - valuation reserves") and, therefore, are presented in the "Statement of Comprehensive Income". The change in the liability resulting from a change or reduction in the plan is recorded in the income statement as a profit or loss. More precisely, the specific case of a change applies if a new plan is introduced or an existing plan is withdrawn or modified. Instead, there is the case of a reduction due to a significant negative variation in the number of employees included in the plan, such as, for example, redundancy plans for redundant workers (access to the Solidarity Fund).

The Projected Unit Credit method, described above, is also used to measure long-term benefits, such as seniority bonuses for employees. Contrary to that which was described for defined benefit plans, actuarial gains and losses associated with the measurement of long-term benefits are immediately recognised in the income statement.

Valuation reserves

This item includes valuation reserves relating to equity securities designated at fair value through other comprehensive income, financial assets (other than equity securities) measured at fair value through other comprehensive income, foreign investment hedging, cash flow hedges, exchange rate differences, "individual assets" and groups of assets under disposal, the portion of valuation reserves of equity-accounted equity investments, actuarial gains (losses) on defined benefits investment plans, gains/losses related to the change in own creditworthiness relating to liabilities under fair value option, property for business use measured on the basis of the restated value method.

Share capital and Treasury shares

This equity item includes the amount of issued shares net of any capital subscribed but not yet paid at the reporting date. The item is shown including any treasury shares held by the Bank. Treasury shares are recognised in financial statements as a negative component of shareholders' equity.

The original cost of repurchased treasury shares and the profits or losses from their subsequent sale are recognised as changes in shareholders' equity. Transaction costs for a share capital transaction, such as an increase in share capital, are recorded as a reduction in shareholders' equity, net of any related tax benefits. Dividends on ordinary shares are recorded as a reduction of shareholders' equity in the financial year in which the Shareholders' Meeting approved their distribution.

Significant events of the first half of 2026

On **28 January 2026**, Banca MPS, together with the Italian Interbank Deposit Protection Fund (FITD), BPER Banca S.p.A., Banco BPM S.p.A., Intesa Sanpaolo S.p.A., UniCredit S.p.A. and Banca Progetto S.p.A. under extraordinary administration (BP), signed a binding term sheet for a restructuring transaction in favour of BP. The restructuring transaction provided for the participation of the FITD and the above-mentioned five leading Italian banks in the de-risking of BP's performing and non-performing assets, the recapitalisation of BP itself by the FITD and the subsequent sale to the five banks (through BP Holding, a company held in equal shares by them) of the share of BP capital subscribed by the FITD, with the FITD retaining a stake equal to 10% minus one share. AMCO – Asset Management Company S.p.A. also took part in the transaction for the de-risking of non-performing assets, together with other institutional investors for the de-risking of performing assets.

Between the end of March and the beginning of April of this year, the commitments for the restructuring of Banca Progetto S.p.A. under extraordinary administration (BP) provided for in the term sheet were executed through the signing of specific detailed agreements.

As at 30 June 2026, the following were recognised in the financial statements:

- the associate stake, with a book value of EUR 8.5 mln, equal to 20% of the share capital of BP Holding S.p.A., the financial holding company set up on 3 February 2026 by the above-mentioned 5 banks participating in the transaction with equal shareholdings and aimed at the indirect acquisition of 90% of BP's share capital;
- 5.8% of the units of the Ananteo Fund – an Italian closed-end reserved Alternative Investment Fund focused on credit – for an amount equal to EUR 79.9 mln, held by AMCO and the other 4 banks and aimed at the de-risking of BP's non-performing assets; the Fund invests predominantly in financial instruments classified as "asset backed securities", untranchised and partially paid, issued by special purpose vehicles pursuant to Article 3 of Law 130 in connection with securitisations of non-performing assets.
- 1.0% of the senior tranche (Class A1 Notes) issued by Flare S.r.l. (SPV) for a value of EUR 13.1 mln as part of a retained securitisation
- 2.9% of the senior tranche (Class A1 Notes), 11.1% of the mezzanine tranche (Class B) and 11.0% of the Junior tranche (Class J) issued by Ember BP S.r.l. for a value of EUR 16.9 mln, EUR 34.6 mln and EUR 0.2 mln respectively, as part of the SRT securitisation.

It should be noted that both securitisation transactions have BP's performing assets as their underlying.

On **4 February 2026**, the Extraordinary Shareholders' Meeting of Banca MPS approved the amendments to the Articles of Association, subsequently authorised by the European Central Bank on 4 March 2026, concerning:

- i) Articles 13, paragraph 3, letter (e), and 14, paragraph 5, providing for the Ordinary Shareholders' Meeting to increase the 1:1 cap between the variable and fixed components of remuneration;
- ii) Article 15, paragraphs 2, 3, 5, 6 and 7, and the related amendment to Article 17, paragraph 4, providing for the outgoing Board of Directors to submit its own list of candidates for the renewal of the governing body;
- iii) Article 15, paragraph 10, concerning the replacement of directors during their term of office;
- iv) Article 15, paragraph 1, concerning the re-eligibility of directors, and the consequent repeal of Article 20, paragraph 3, of the Articles of Association, which provides that the maximum number of terms of office set out in the aforementioned Article 15, paragraph 1 (to be repealed) does not apply to the Chief Executive Officer;
- v) Articles 17, paragraph 2, letter (j), 18, paragraph 2, and 21, paragraphs 2 and 3, providing for the Board of Directors to appoint the Chairman and one or two Deputy Chairmen (one of whom acting as deputy), where the Shareholders' Meeting has not done so;
- vi) Article 25, paragraph 8, with provisions relating to the case where only one list is submitted for the appointment of the Board of Statutory Auditors;
- vii) Article 31, paragraph 1, letters (a) and (b), concerning the reduction to the statutory minimum of the percentage of profits to be allocated to the legal reserve and the elimination of the statutory reserve.

On **27 February 2026**, the Board of Directors of Banca MPS approved the 2026-2030 Industrial Plan, "*From deep roots to new frontiers – A leading competitive force in banking*". The new Industrial Plan marks a decisive step change in the Group's strategic positioning and structure, building on the successful transformation path undertaken in recent years and the integration with Mediobanca, with the aim of creating a leading, diversified and competitive banking group, characterised by solid profitability, capital strength and higher shareholder remuneration.

On **10 March 2026**, the Board of Directors of Banca MPS approved the merger plan for the incorporation of Mediobanca into Banca MPS (hereinafter the “Merger”. The merger is part of a broader reorganisation plan which also provides for:

- (i) the transfer of the corporate & investment banking and private banking activities serving high-end clients to an unlisted company wholly owned by Banca MPS, which will take the name “Mediobanca S.p.A.”, thereby preserving a brand of the highest value, with a unique heritage of expertise and synonymous with excellence in advisory services to corporates and private clients. In this context, the shareholding in Assicurazioni Generali S.p.A. will also be transferred to the new “Mediobanca S.p.A.”;
- (ii) the industrial integration of the financial advisors’ networks and of the retail and affluent wealth management activities of Mediobanca Premier and Banca Widiba. As part of this reorganisation project, on 22 June 2026 the Boards of Directors of Banca MPS, Mediobanca Premier and Banca Widiba unanimously approved the Demerger Plan by way of spin-off of Banca MPS in favour of Mediobanca Premier and the Partial Demerger Plan of Mediobanca Premier in favour of Widiba.

These transactions will be implemented, conditional upon the effectiveness of the Merger, by means of the Demerger by way of spin-off and the Partial Demerger respectively, which are subject, including for the purposes of Article 104 of Legislative Decree 58/1998 as amended and supplemented (“TUF”, Consolidated Law on Financial Intermediation), to the approval of the Shareholders’ Meetings of Banca Monte dei Paschi di Siena S.p.A., Mediobanca Premier S.p.A. and Wise Dialog Bank S.p.A., subject to obtaining the necessary authorisations from the competent Authorities.

The merger is consistent with the guidelines of the 2026-2030 Industrial Plan approved by Banca MPS in February 2026 and, together with the reorganisation transactions, will enable full implementation of the industrial and financial objectives and the industrial synergies, amounting to approximately EUR 0.7 bn, set out in the Plan and already communicated by Banca MPS with a view to maximising value creation for the benefit of all shareholders.

The Boards of Directors of the companies participating in the merger, with the assistance of their respective financial advisors, determined the exchange ratio at 2.450 BMPS shares, with no nominal value, for each ordinary Mediobanca share outstanding, likewise with no nominal value. The determination of the exchange ratio takes account of the distribution of the dividends relating to the year ended 31 December 2025, disclosed to the public by the Boards of Directors of BMPS and Mediobanca on 10 February 2026 and 9 February 2026 respectively. The exchange ratio is not subject to adjustments or cash settlements.

Accordingly, Banca MPS will proceed with an increase in its share capital of up to EUR 1,609,487,836.43 by issuing up to 272,012,804 ordinary shares, with no nominal value, pursuant to the exchange ratio and the share allotment procedures detailed in the merger plan.

On **15 April 2026** the Ordinary Shareholders’ Meeting voted in favour of all the items on the agenda with the exception of the request for derivative actions promoted by the shareholder Bluebell Partners Ltd against the former Chair of the Board of Directors and the former Chief Executive Officer of the Bank respectively. In ordinary session, the resolutions concerned, among others:

- i) the approval of the 2025 financial statements of the Parent Company Banca Monte dei Paschi and the allocation of the net profit for the year as follows: i) to shareholders by way of distribution of a unit dividend of EUR 0.86 per outstanding share entitled to the dividend payment, for a maximum aggregate amount of EUR 2,613,039,637.38; ii) to the legal reserve, for an amount equal to 5% of the profit accrued, corresponding to EUR 155,240,822.63, in accordance with Article 31 of the Articles of Association; and finally iii) to the extraordinary reserve of the residual profit, for an amount equal to EUR 336,535,992.58. The dividend was paid from 20 May 2026 (with ex-coupon date on 18 May and record date on 19 May);
- ii) the determination, at 15, of the number of members of the Board of Directors - appointed from among the candidates on the list for the office of director submitted by the outgoing Board of Directors pursuant to Article 147-ter.1 of Legislative Decree no. 58/1998 as amended (“TUF”), filed on 6 March 2026, and on two further alternative lists submitted by shareholders on 24 March 2026 - for the 2026, 2027 and 2028 financial years and their subsequent appointment, as well as the election of the Chair and of the other members of the Board of Statutory Auditors for the 2026, 2027 and 2028 financial years;
- iii) the election of the Chairman and the two Deputy Chairs of the Board of Directors for financial years 2026, 2027 and 2028: following the withdrawal of the candidacy for Chair by Mr Maione, announced directly at the Shareholders’ Meeting, and in the absence of proposals for other candidacies by the shareholders, pursuant to

the Articles of Association the Chair was elected by the Board of Directors from among its own members; the Shareholders' Meeting also resolved to grant a specific delegation to the Board of Directors for the determination – within the body itself – of the two Deputy Chairs;

- iv) the approval of the remuneration policies of the personnel incentive plans, as well as the raising of the cap between the variable and the fixed components of remuneration.

On **7 June 2026**, Banco BPM informed Banca MPS of its intention to discuss and agree a business combination carried out in the manner typical of a so-called merger of equals, aimed at creating a new leading banking and financial Group in Italy. The following day, the Board of Directors of Banca MPS acknowledged the communication received and began a preliminary assessments.

On **8 June 2026**, Intesa Sanpaolo S.p.A. announced, pursuant to and for the purposes of Article 102 of the TUF and Article 37 of the Issuers' Regulation (the "Notice 102"), the launch of a voluntary public tender and exchange offer for all shares ("OPAS"), not agreed in advance with the Bank, for all Banca MPS shares, including any newly issued shares that the Issuer may issue by MPS Bank for the purposes of the exchange under the MB Merger, should the OPAS be completed after the Merger takes effect. For further details, please refer to the section "Voluntary public tender and exchange offer promoted by Intesa Sanpaolo S.p.A. on Banca MPS shares".

On **22 June 2026** the Boards of Directors of Banca Monte dei Paschi di Siena S.p.A., Mediobanca Premier S.p.A. and Wise Dialog Bank S.p.A. unanimously approved the plan for the demerger by way of spin-off of BMPS in favour of MB Premier (the "Demerger by way of Spin-off") and the plan for the partial demerger of MB Premier in favour of Widiba (the "**Partial Demerger**" and, together with the Demerger by way of Spin-off, the "**Demergers**"), thereby enabling the aforementioned corporate reorganisation activities to continue.

Significant events after the end of the first half of 2026

It should be noted that the significant events described below, which occurred in the period between the reporting date of these Financial Statements (30 June 2026) and the date of approval by the Board of Directors (24 September 2026), are entirely attributable to “non adjusting events” pursuant to IAS 10, i.e. events that do not entail any adjustments to the balances in the financial statements, as they are the expression of situations arising after the reporting date.

On **16 July 2026**, with regard to the combination proposal with Banco BPM S.p.A., the Board of Directors of Banca MPS decided to continue, with the support of its advisors, thorough and rigorous technical analyses, taking into account also that the proposal envisages a possible industrial transaction based on the enhancement of the entire BMPS perimeter and does not presuppose the break-up of the Bank’s businesses, distribution network and brand. Subsequently, on **31 July 2026**, the Parent Company took note of the comments made by Crédit Agricole that day during the presentation of its half-year results and of the position subsequently expressed by the Board of Directors of Banco BPM, which, while reiterating the strong potential strategic and industrial rationale for the project outlined in the letter of 7 June, resolved to discontinue the consultations, regarded by BMPS as a preliminary step towards possible subsequent negotiations.

On **21 August 2026**, the Board of Directors of Banca Monte dei Paschi di Siena S.p.A., having met on 20 August 2026, announced, pursuant to Article 102 of the Consolidated Law on Finance (TUF) and Article 37 of the Issuers’ Regulation (the “Article 102 Notice”), its decision to launch – subject to approval by the Shareholders’ Meeting of MPS pursuant to Article 104 of the TUF – two simultaneous and parallel voluntary public exchange offers (the “Offers”) for the entirety of the ordinary shares of Banco BPM S.p.A and Banca Generali S.p.A., admitted to trading on Euronext Milan, the regulated market organised and managed by Borsa Italiana S.p.A.

More specifically, for the Banco BPM Offer, the exchange ratio was set at 1.567 newly issued Banca Monte dei Paschi di Siena shares for each Banca MPS share. Based on official prices at 19 August 2026, this corresponded to an implied offer price of EUR 16.729 per share.

For the Banca Generali Offer, the exchange ratio was set at 6.958 newly issued Banca Monte dei Paschi di Siena shares for each Banca Generali share. Based on official prices at 19 August 2026, this corresponded to an implied offer price of EUR 74.284 per share.

The exchange ratios were calculated factoring in the extraordinary distribution approved by the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. on the same date, which will be submitted to the Shareholders’ Meeting for approval.

The extraordinary distribution to MPS shareholders has been set at a maximum aggregate gross figure of EUR 4.0 billion, equivalent to EUR 1.208 gross per MPS share. Of this amount, EUR 0.302 per MPS share will be paid in cash and EUR 0.906 per MPS share in kind, through the allocation of shares in Assicurazioni Generali S.p.A. (“Assicurazioni Generali”) held by MPS through Mediobanca S.p.A. The number of Assicurazioni Generali shares to be allocated will be determined based on their official price on Euronext Milan on the relevant record date.

The proposed extraordinary distribution will therefore comprise EUR 1.0 billion in cash and approximately EUR 3.0 billion in Assicurazioni Generali shares and is subject to completion of the following preliminary steps:

- i) a statement by MPS confirming that the Banco BPM Offer, the Banca Generali Offer or both Offers have entered effect;
- ii) approval by the Extraordinary General Meeting of the reduction in share capital pursuant to Article 2445 of the Italian Civil Code. Share capital will be reduced to EUR 10 billion, with the difference from the current amount transferred to the share premium reserve, after restoring the legal reserve to EUR 1.5 billion – an amount exceeding that required under Article 2430 of the Italian Civil Code, with the reduction intended to optimise the Bank’s capital and reserve structure;
- iii) authorisation for MPS to acquire 204,341,658 shares in Assicurazioni Generali (AG), representing 13.32% of AG’s share capital and comprising the entire interest in AG currently held by its subsidiary Mediobanca (and which will be held by Mediobanca Premier S.p.A. upon completion of the Mediobanca Merger and the demerger by contribution).

The Offers, the Extraordinary Distribution and the related preliminary transactions, together with the two authorisations to increase the share capital pursuant to Articles 2441(4), first sentence, and 2443 of the Italian Civil Code in connection with the Offers, will be submitted to the MPS Shareholders’ Meeting convened for 29 October 2026. Shareholder approval will also be sought for the purposes of Article 104 of the Consolidated Law on Finance (TUF), in connection with the voluntary public tender and exchange offer for all MPS shares announced by Intesa Sanpaolo S.p.A. on 8 June 2026.

On **3 September 2026**, Banca Monte dei Paschi di Siena S.p.A. received the necessary authorisations from the European Central Bank for the merger of Mediobanca – Banca di Credito Finanziario S.p.A. into BMPS and the other planned corporate reorganisation transactions.

On **9 September 2026**, the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. – with the approval of the Board of Statutory Auditors and pursuant to Article 2396-*undecies* of the Italian Civil Code and Article 15 of the Articles of Association of BMPS – co-opted Gianluca Brancadoro (independent) and Alessandro Caltagirone (non-independent³) as non-executive directors of BMPS. They replaced two independent directors, both of whom had been appointed by the Shareholders' Meeting on 15 April 2026.

On **10 September 2026**, Banca Monte dei Paschi di Siena S.p.A. filed the offer documents relating to the voluntary public exchange offers for the entirety of the ordinary shares of Banco BPM S.p.A. ("BPM") and Banca Generali S.p.A. ("Banca Generali") with the Italian securities regulator (Consob) pursuant to Article 102(3) of the TUF and Article 37-ter(3) of the Issuers' Regulation. The offer documents will be published upon completion of Consob's review pursuant to Article 102(4) of the TUF. The Bank also announced that it had filed the applications and/or notifications required under the regulations applicable to each Offer to the competent authorities in order to obtain the necessary authorisations, pursuant to Article 102(4) of the TUF and Article 37-ter(1)(b) of the Issuers' Regulation.

On **14 September 2026**, Banca Monte dei Paschi di Siena S.p.A. provided additional information on the Offers for Banco BPM and Banca Generali at Consob's request, supplementing the information previously disclosed pursuant to Article 102 of the TUF on 21 August 2026. In particular, MPS clarified that: (i) the proposed exchange ratios, excluding the effects of Intesa Sanpaolo's public tender and exchange offer for MPS and the EUR 1.208 Extraordinary Distribution, would represent a discount to market prices prior to 5 June 2026; (ii) the total synergies expected from the two transactions are estimated at approximately EUR 1.8 billion per year once fully realised; and (iii) completion of Intesa Sanpaolo's offer and the resulting change of control of MPS would not, in themselves, cause the Offers launched by MPS for Banco BPM and Banca Generali to lapse or become ineffective.

Voluntary public tender and exchange offer promoted by Intesa Sanpaolo S.p.A. on Banca MPS shares

As already noted in the section "Significant events in the first half of 2026", on 8 June 2026 Intesa Sanpaolo S.p.A. issued Notice 102 concerning the launch of a public tender and exchange offer (OPAS) –not previously agreed with the Bank – for all the shares of Banca MPS.

In greater detail, the exchange ratio was set at 1.600 newly issued Intesa Sanpaolo shares and a cash component of EUR 1.000 for each Banca MPS share, which entailed, at the date of the announcement, an implied offer price of EUR 10.091 per share and total consideration of approximately EUR 30.6 bn.

The OPAS is subject to the conditions set out in Intesa's Notice 102, including approval by the Extraordinary Shareholders' Meeting of the offeror - convened for 10 September 2026 - of the proposal to delegate to the administrative body of Intesa Sanpaolo the capital increase serving the offer, and approval of the Offer Document by Consob upon completion of the related review within the time limits set out in Article 102, paragraph 4, of the TUF.

On the same date, Intesa Sanpaolo entered into an agreement with Unipol Assicurazioni S.p.A. intended to facilitate the resolution of the potential competition issues arising from the transaction, under which the latter undertook, as part of its own development strategy, to acquire a significant part of Banca MPS's business once the Offer has been completed.

On 8 June 2026, the Board of Directors of Banca MPS acknowledged the Offer received and, in compliance with laws and regulations, initiated its assessment of the offer, assisted by the financial advisors UBS Europe SE and BofA Securities and by BonelliErede and White & Case as legal advisors.

On 16 July 2026, the Board of Directors of Banca MPS examined the initial considerations presented by the financial advisors in relation to the voluntary Public Tender and Exchange Offer promoted by Intesa Sanpaolo S.p.A. for all the Bank's shares⁴. The Board considered the premium implicit in the OPAS (approximately 12.5% over the share price prior

³meets the independence requirements under Legislative Decree No. 58/1998 (the "TUF"), but not those under Ministerial Decree No. 169/2020 or the Corporate Governance Code and is therefore not considered independent under the Bank's Articles of Association, as declared by the director concerned.

⁴ Please refer to the press release published on the Banca MPS institutional website on 16 July 2026 for a full analysis of the considerations expressed by the Board of Directors.

to the announcement of the offer) to be lower than the average levels found in the main comparable transactions in the banking sector, and an implicit discount of 3.3% on the official price of 15 July 2026.

In this connection, the Board of Directors of Banca MPS pointed out that these terms reflect only a limited share of the estimated value of the synergies envisaged by the Offeror and do not appear to reflect, among other things, the change of control and the subsequent break-up of BMPS.

During the preliminary examination, certain reservations were also expressed regarding the actual achievability of the announced synergies, as well as potential issues connected with antitrust aspects, the treatment of the equity investment in Assicurazioni Generali for the purposes of the Danish Compromise regime, the planned disposal of assets to the Unipol Group and the possible impacts on the value of Banca MPS's franchise.

In addition to these considerations, it should be noted that the launch of the OPAS had the effect of making Banca MPS subject to the so-called passivity rule pursuant to Article 104 of the TUF, under which the performance of acts or transactions that may conflict with the objectives of the OPAS is subject to authorisation by the Ordinary Shareholders' Meeting of Banca MPS.

Estimates and assumptions when preparing the Financial Statements

The application of certain accounting standards necessarily implies the use of estimates and assumptions that impact the values of the assets and liabilities recognised in the financial statements as well as the disclosure provided on contingent assets and liabilities. The assumptions underlying the estimates developed take into consideration all available information at the date on which these Financial statements was drafted as well as the assumptions considered reasonable, also in light of historical experience. By their very nature, it is therefore not possible to exclude that the assumptions used, albeit reasonable, may not be confirmed in the future scenarios in which the Bank will be operating. In particular, it should be noted that significant elements of uncertainty persist in the reference macroeconomic scenario, linked to the continuing geopolitical instability associated with the conflicts still under way and to US trade policies. A further source of uncertainty is represented by the effects resulting from climate change, whose manifestations are becoming increasingly frequent and of serious impact.

These uncertainties affect the estimates in these Financial statements, requiring the use of significant judgement in selecting the underlying assumptions and hypotheses. The results achieved in the future therefore could differ from the estimates made for the purposes of these Financial Statements and as a result adjustments may be required, to an extent that cannot currently be predicted or estimated, with respect to the carrying amount of the assets and liabilities recognised. Lastly, it should be noted that the financial statement estimates are based on a stand alone perspective of the Bank and therefore do not reflect the possible effects of the Public Exchange Offer for all shares announced by Intesa Sanpaolo S.p.A. on 8 June 2026.

The following illustrates the new aspects and refinements in the valuation processes that were introduced during the first half-year of 2026, referring to the specific sections of the explanatory notes to the Separate Financial Statements as of 31 December 2025 for detailed information on the measurement processes conducted.

Macroeconomic forecast for 2026, 2027 and 2028

On 11 June 2026, the ECB published the periodic update of the macroeconomic forecasts for the Eurozone prepared by its staff. The baseline scenario of the June 2026 projections assumes a relatively rapid decrease in energy prices over the coming quarters, in line with the prices implied in futures contracts; nonetheless, the development of the conflict, together with its impact on energy prices, on the prices of certain non-energy commodities and on economic activity, as well as the pass-through of the energy price shock to consumer prices of non-energy goods, remain subject to considerable uncertainty, meaning that the economic outlook for the euro area remains highly uncertain.

In detail, the average annual growth rate of GDP in real terms is expected to be 0.8% in 2026, 1.2% in 2027, and 1.5% in 2028. Compared with the March 2026 projections, the uncertainty over the future development of the conflict and the consequent impact on energy prices resulted in a downward revision of 0.1 basis points for both 2026 and 2027, while the forecasts for 2028 were revised upwards by 0.1 basis points on the back of the recovery in domestic demand.

Headline inflation as measured by the Harmonised Index of Consumer Prices (HICP) is estimated at 3.0% in 2026, 2.3% in 2027 and 2.0% in 2028, up for the two-year period 2027-2028 by 0.4 percentage points and 0.3 percentage points respectively on the March forecasts (2.6% and 2.0%) and substantially unchanged for 2028; inflation was revised upwards for 2026 and 2027 on account of the increase in energy prices caused by the war in the Middle East.

The macroeconomic projections for Italy were released by the Bank of Italy in the document "Macroeconomic projections for the Italian economy" published on 12 June 2026 as part of the coordinated Eurosystem exercise. The gross domestic product growth projections assume contained growth in 2026 and 2027 - owing to the conflict in the Middle East and the resulting sharp rise in energy prices, which are weighing on the short-term outlook - that will tend to strengthen in 2028; GDP is expected to rise by 0.5% in 2026, 0.4% in 2027 and 0.9% in 2028. Compared with the April projections, output growth has been revised marginally downwards for 2027 - mainly because of the effects on consumption of higher commodity prices - and upwards for 2028 (0.5%, 0.5% and 0.8% respectively in the April forecasts).

The inflation forecasts, revised upwards above all for the current year mainly on account of assumptions of higher commodity prices than in the April forecasts, indicate consumer inflation - which averaged 1.6% in 2025 - at 3.1% in the current year (2.6% in April), and at 2.0% and 1.9% in 2027 and 2028 respectively (1.8% and 1.9% respectively in the April forecasts).

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In order to reflect the greater uncertainty of the recent environment, the Bank has updated its macroeconomic scenarios with respect to those adopted as at 31 December 2025 and 31 March 2026.

The set of forward-looking macroeconomic scenarios used for these Financial statements, based on the forecasts produced by an external provider in April 2026 and approved by the Board of Directors of the Bank at its meeting of 22 June 2026, makes it possible to reflect the increase in risks linked to the context of the war in the Middle East, the closure of the Strait of Hormuz and the high volatility of oil prices, as well as to the persistence of trade tensions between the European Union and the United States, which have helped to make the international trade environment more unstable and more costly.

The information relating to the main macroeconomic and financial indicators used in the “baseline”, “severe but plausible” and “best” scenarios, for the three-year period June 2026 - June 2029, is set out below.

Scenario	Year	Gross Domestic Product	Unemployment rate	Consumer Price Index	3-month interbank interest rate	Eurirs 10y interest rate (%)	Interest rate on 10-year BTPs
Baseline	2026	0.33%	5.93%	1.04%	2.30%	3.24%	3.97%
	2027	0.60%	5.79%	2.02%	2.38%	3.47%	4.18%
	2028	0.42%	5.60%	2.03%	2.51%	3.67%	4.38%
	AVG	0.45%	5.77%	1.70%	2.39%	3.46%	4.18%
Severe But plausible	2026	-0.62%	6.61%	1.75%	2.27%	3.46%	4.66%
	2027	0.47%	6.96%	1.77%	2.35%	3.69%	4.85%
	2028	0.11%	7.03%	1.50%	2.48%	3.88%	5.01%
	AVG	-0.01%	6.87%	1.67%	2.36%	3.67%	4.84%
Best	2026	1.31%	5.37%	1.50%	2.52%	3.48%	3.92%
	2027	0.88%	4.67%	1.72%	2.54%	3.71%	4.15%
	2028	0.76%	4.31%	1.98%	2.54%	3.88%	4.35%
	AVG	0.98%	4.78%	1.74%	2.54%	3.69%	4.14%

The most relevant macroeconomic variable for the purposes of determining the ECL is GDP and, therefore, it is the representative variable that drives all the others: the average value over the three-year period 2026-2028 is 0.45%, -0.1% and 0.98% in the baseline, severe but plausible and best case scenarios respectively, a deterioration on the average observed in the previous set of macroeconomic scenarios in use (0.54%, 0.11% and 1.10% in the baseline, severe but plausible and best scenarios respectively).

The update of the macroeconomic scenarios led to the recognition of higher provisions for EUR 25.1 mln.

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With regard to management overlays, the Bank has decided, for the purposes of these financial statements, to operate with substantial methodological continuity compared with previous financial years. It should be remembered that, as at 31 December 2025, “post-model adjustments” had been applied to the results of the ECL estimation methods, within the framework of flexibility allowed by IFRS 9 and in light of the greater prudence necessary in relation to emerging risks deriving from the current and forward-looking contexts. The overlays were necessary to complement the results of the models in production, in order to better capture the uncertainties and risks inherent in the forecasts as well as the observed/predicted deviations from the long-term time series.

As at 30 June 2026, the Bank maintained the same overlays used for the accounting measurements as at 31 December 2025; taken together, the loss provisions include prudential elements of approximately EUR 133.3 mln, mainly with the aim of incorporating into coverage levels the persistent uncertainties of the geopolitical and macroeconomic

environment (EUR 21.2 mln) and climate risk (EUR 16.8 mln). The remaining part of the overlays relates mainly to the backtesting activities carried out on the expected loss rate on the individual models adopted by the Bank (EUR 93.0 mln).

For details of the types of overlay adopted, please refer to the information set out in the specific sections of the notes to the Separate financial statements as at 31 December 2025.

Overall, the management overlays used for the accounting measurements as at 30 June 2026 were down by EUR 12.5 mln compared with the figures as of 31 December 2025.

The downward trend is mainly attributable to the update of the historical series used for the backtesting analysis, which resulted, for certain statistical LGD clusters, in actual loss rates slightly lower than those estimated in previous periods, with consequent lower adjustments recognised in the income statement as at 30 June 2026 (EUR 93.0 mln compared with the EUR 112.3 mln recognised as at 31 December 2025).

This without prejudice to the transitional nature of the aforementioned management overlays linked to the implementation of IFRS 9 fine-tuning to the modelling framework remains unchanged, in addition to the consideration that the results deriving from the aforementioned models are influenced by macroeconomic scenarios largely dependent on phenomena that are not fully consolidated and in any case still subject to extreme variability and uncertainty.

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The determination of expected credit losses involves significant elements of judgment, with particular reference to the model used to measure losses and the related risk parameters, to the triggers deemed to express significant credit deterioration and the selection of macroeconomic scenarios. In particular, the inclusion of forward-looking factors is a particularly complex exercise, as it requires macroeconomic forecasts to be formulated, scenarios and associated probabilities of occurrence to be selected, and a model to be defined capable of expressing the relationship between the aforementioned macroeconomic factors and the default rates of the exposures subject to valuation.

In order to assess how forward looking factors may influence expected losses, it is considered reasonable to carry out a sensitivity analysis in the context of different scenarios based on forecasts consistent with the evolution of the various macroeconomic factors. The innumerable interrelations between the individual macroeconomic factors are such as to render a sensitivity analysis of expected losses based on the individual macroeconomic factor of little significance.

A table is therefore presented below showing the sensitivity for the Bank's main credit portfolios, consisting of cash loans to customers belonging to the corporate and retail segments net of the loans classified in the non-current assets held for sale and disposal groups portfolio.

The analysis shows, in line with the same approach adopted for 2025, the impact for each level of risk on gross exposures, on the adjustments and on the coverage ratio in the cases where a weight equal to 100% of the baseline, severe but plausible and best-case scenarios, respectively, is used instead of the scenario defined as weighted - i.e. based on weightings that the Bank has attributed to each scenario⁵ - used by the Bank for estimating the stages of risk and value adjustments as at 30 June 2026.

- The sensitivity of the portfolio to the severe but plausible scenario would result in (i) a shift of counterparties into Stage 2, with gross exposure increasing by EUR 1,020.4 mln (+11.88%), leading to an estimated rise in ECL of around 28.95% (approximately EUR 84.1 mln) and an increase in average coverage of around 52 basis points; (ii) a corresponding reduction in Stage 1 counterparties, with exposure decreasing by EUR 1,020.4 mln (-1.42%), an increase in ECL of 6.63% (around EUR 8.0 mln), and an average coverage that remains broadly unchanged;
- the sensitivity of the portfolio to the baseline scenario would show (i) a decrease in stage 2 counterparties, whose exposure would fall slightly by approximately EUR 113.8 mln (-1.32%), with a consequent decrease in ECL estimated at around 3.72% (approximately EUR 10.8 mln) and a substantially unchanged average coverage ratio, and (ii) a modest increase in terms of exposures of approximately EUR 113.8 mln (+0.16%), with a substantially unchanged ECL (+EUR 0.5 mln, or 0.38%) and average coverage ratio for stage 1;
- conversely, the sensitivity analysis of the portfolio to the best-case scenario would see (i) a reduction in the stock of stage 2 positions equal to EUR 491.4 mln (a reduction of 5.72%) with a potential economic benefit on the ECL of about EUR 59.0 mln (20.31%), and a consequent decrease in the coverage ratio of about 52 bps; (ii) an increase in Stage 1 counterparties, with exposure rising by EUR 491.4 mln (an increase of 0.69%), a decrease in ECL of approximately 8.55% (around EUR 10.3 mln), and an average coverage ratio that remains substantially unchanged.

⁵ The weighted scenario was determined using weightings of 21.05%, 52.6% and 26.32% for the Best, Baseline and Severe but Plausible scenarios, respectively.

The sensitivity analysis of the adjustments to non-performing exposures would show an increase of approximately EUR 113.6 mln (+6.39%) in the Severe but plausible scenario, and a decrease of EUR 10.8 mln (-0.61%) and EUR 95.1 mln (-5.35%) in the baseline and best scenarios respectively.

	Scenarios (Delta in € /mln)			
	Weighting	best	Severe but Plausible	Baseline
STAGE 1 Gross exposure	71,643.2	491.4	-1,020.4	113.8
of which CORPORATE	39,999.0	454.3	-946.9	105.5
of which RETAIL	31,644.2	37.1	-73.5	8.3
STAGE 1 Value adjustments	120.9	-10.3	8.0	0.5
of which CORPORATE	94.0	-4.9	2.5	1.2
of which RETAIL	27.0	-5.4	5.6	-0.7
STAGE 1 coverage ratio (%)	0.17%	-0.02%	0.01%	0.00%
of which CORPORATE	0.23%	-0.01%	0.01%	0.00%
of which RETAIL	0.09%	-0.02%	0.02%	0.00%
STAGE 2 Gross exposure	8,589.7	-491.4	1,020.4	-113.8
of which CORPORATE	6,754.2	-454.3	946.9	-105.5
of which RETAIL	1,835.5	-37.1	73.5	-8.3
STAGE 2 Value adjustments	290.5	-59.0	84.1	-10.8
of which CORPORATE	258.0	-52.5	76.1	-9.8
of which RETAIL	32.5	-6.5	8.0	-1.0
STAGE 2 coverage ratio (%)	3.38%	-0.52%	0.52%	-0.08%
of which CORPORATE	3.82%	-0.56%	0.52%	-0.09%
of which RETAIL	1.77%	-0.32%	0.35%	-0.05%
STAGE 3 Gross exposure	2,860.8	-	-	-
of which CORPORATE	2,241.7	-	-	-
of which RETAIL	619.1	-	-	-
STAGE 3 Value adjustments	1,366.0	-25.7	21.5	-0.5
of which CORPORATE	1,159.6	-17.4	14.6	-0.3
of which RETAIL	206.4	-8.3	6.9	-0.1
STAGE 3 coverage ratio (%)	47.75%	-0.90%	0.75%	-0.02%
of which CORPORATE	51.73%	-0.78%	0.65%	-0.02%
of which RETAIL	33.34%	-1.34%	1.12%	-0.02%
TOTAL ADJUSTMENTS	1,777.4	-95.1	113.6	-10.8
of which CORPORATE	1,511.6	-74.9	93.1	-8.9
of which RETAIL	265.9	-20.2	20.5	-1.9

However, it cannot be ruled out that a deterioration in the credit situation of debtors, also as a result of possible negative effects on the economy related to the macroeconomic environment, could lead to the recognition of further losses, including significant ones, compared with those considered at 30 June 2026.

Impairment test of equity instruments

In accordance with IAS 36, at each annual or interim reporting date, the Bank assesses, for the equity investments recognised in assets, whether there is any objective evidence indicating that the carrying amount of those assets may not be fully recoverable.

The methodology adopted by the Bank provides, in the first instance, for the use of a set of impairment indicators based on various factors relating to the investee company, including the type of business, its stock price and budget targets. The presence of impairment indicators entails the recognition of a write-down in the amount for which the recoverable value is lower than the book value. The recoverable amount pursuant to IAS 36 is the higher between its fair value, net of

costs to sell, and its value in use, equal to the present value of future cash flows that the company expects from continuous use of the asset and its disposal at the end of its useful life.

The analyses carried out by the Bank as at 30 June 2026 showed a potential indication of impairment for the subsidiaries Widiba and Monte Paschi Fiduciaria, due to their failure to respect certain impairment triggers indicators specifically identified.

The analyses also revealed, for the associates AXA Danni and AXA Vita, a potential indication of impairment due to their failure to respect certain impairment trigger indicators specifically identified for these two investees. The Bank therefore proceeded to determine the recoverable amount by adopting two distinct approaches:

- for AXA Danni, the valuation method based on the discounting of distributable dividend cash flows from the investee (DDM, Dividend Discount Model) was used;
- for AXA Vita, the Appraisal Value method was used.

For both associated companies, the impairment test confirmed that the recoverable amounts largely exceeded their respective carrying amounts. Consequently, no adjustments were made to the carrying amounts of the equity investments.

The Bank therefore determined the recoverable amount by applying the Dividend Discount Model (DDM); the impairment test confirmed that, for both companies, the recoverable amounts were significantly higher than their respective carrying amounts. Consequently, no adjustments were made to the carrying amounts of the equity investments.

Property valuation

The Bank applies the revaluation method for the measurement of property assets for business use pursuant to IAS 16 and of the fair value for investment properties pursuant to IAS 40, for measurement subsequent to the initial recognition. The revaluation method requires that the assets used in the business, whose fair value can be reliably measured, are recognised at a restated value, equal to their fair value at the date of the revaluation of value, net of depreciation and any losses for accumulated impairment. For properties held for investment purposes, the Bank has chosen the fair value measurement method, according to which, after initial recognition, all investment properties are measured at fair value.

The fair value of the properties, whether they are for business use or investment properties, is determined using the appropriate appraisals prepared by qualified independent companies operating in the specific sector able to provide property valuations based on the RICS Valuation standards, which guarantee that the fair value is determined in line with the indications of IFRS 13 and that the appraisers meet the professional, ethical and independence requirements in keeping with the provisions of international and European standards.

The bank carries out half-yearly valuations of real estate assets, both for investment property and properties for business use. At 30 June 2026, the entire property portfolio owned by the Bank was subjected to evaluation, consisting of 1,066 owned assets of which 619 properties for operating use (IAS 16), 5 goods buildings (IAS 2), 272 investment properties (IAS 40), 141 properties with mixed classification and 29 properties held for sale (IFRS5).

The assessment carried out as at 30 June 2026 took into account the reclassifications of assets among the various categories that occurred during the first half of the year.

The valuation methodologies applied by the appraiser are aligned with international IVS (International Valuation Standards) practices and with the provisions of the Red Book of the Royal Institute of Chartered Surveyors (RICS) and remained unchanged with respect to the previous valuations of property assets, which took place on 31 December 2025 and 30 June 2025.

The appraisals were prepared on a full basis for no. 168 of the properties within the perimeter (that is, for 16.0% of the total number and 28.5% of the total book value as at 30 June 2026) and on the basis of desktop analyses for the remaining properties (that is, for 84.0% of the total number and 71.5% of the total book value as at 30 June 2026).

The market value of the portfolio was estimated at a total of EUR 1,626.0 mln, which led to an overall write-down of property assets for EUR 10.6 mln, of which EUR 4.8 mln related to properties classified under IAS 40, EUR 5.6 mln to properties classified under IAS 16 and EUR 0.2 mln to properties classified under IAS 2.

The total impairment loss of EUR 10.6 mln was recognised as an offsetting entry to:

- Income statement item 230 - "Net gains (losses) on property, plant and equipment and intangible assets measured at fair value" – showed a total amount of EUR 7.0 mln, gross of the related tax effect;

- balance sheet item 110 - "Valuation reserve" – showed a total positive amount of EUR 3.6 mln, gross of the related tax effect.

For the sake of completeness, it should be noted that during the first half of the year no. 21 properties were classified under IFRS 5, with an overall positive effect of EUR 4.9 mln recognised under item 260 of the Income statement.

Estimation and assumptions on recoverability of deferred tax assets

In compliance with the provisions of IAS 12 and the ESMA communication issued on 15 July 2019, the initial recognition of DTAs and their subsequent retention in the financial statements require a *probability test* as to the recoverability of the amounts recognised. This assessment was carried out in substantial continuity with the methodology adopted for the Separate Financial Statements as at 31 December 2025. For more information in general concerning the methodological approach used by the Bank in the valuation of deferred tax assets, please refer to par. 10.7 "Other information" Part B of the Explanatory Notes to the Separate Financial Statements as at 31 December 2025.

The possibility of recognising tax assets in the half-year report as at 30 June 2026 was therefore verified as described below.

Future taxable income, which is calculated for the purposes of recovering deferred tax assets, was determined as follows:

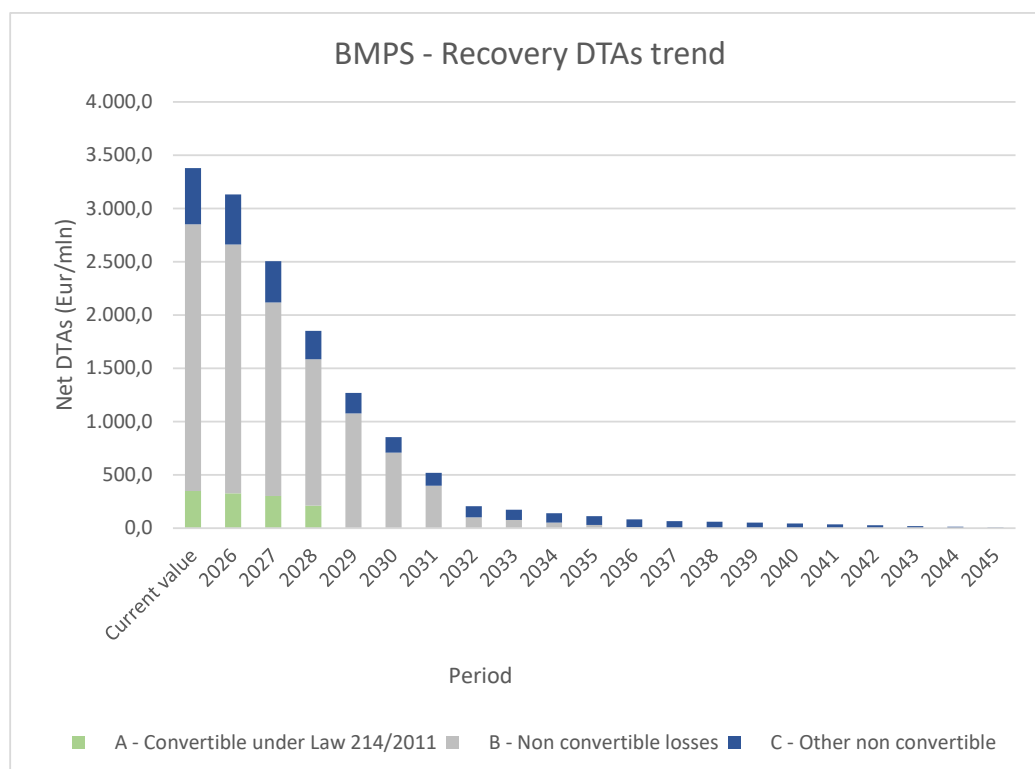
- for the three-year period following the reporting date, on the basis of the expected evolution of the Bank's income statement derived from the 2026-2030 Industrial Plan, approved by the Bank's Board of Directors on 26 February 2026, in lieu of the projections used for the Separate Financial Statements at 31 December 2025 which were derived from the combination of the 2024-2028 and 2025-2028 Industrial Plans approved, respectively, by Banca MPS and by Mediobanca;
- after the first three years and up to the twentieth year, by projecting forward the pre-tax profit of the Bank and of the Group, revalued at a growth rate (g) of 2% per annum, which allows for a Group average return on equity (ROE) that does not exceed the average ROE recorded in the banking sector over the last 20 years.

In order to reflect the uncertainty associated with realising the economic benefits assumed, a discount factor is used based on data observable on the market and consistent with the risk metrics of the investment in Banca MPS shares. This discount factor was equal to 9% at 30 June 2026, unchanged with respect to the one used for the financial statements as at 31 December 2025; in view of this uncertainty, it is believed that the time period considered for the purposes of the taxable income test, the realisation of which is considered likely, cannot exceed 20 years.

The development of the probability test, where applicable, takes into account the national tax consolidation agreements, for the Group companies participating in them, and the option exercised in the tax return with respect to the possible allocation of residual consolidated tax losses in the event of early termination of group taxation.

At 30 June 2026, the probability test, conducted in accordance with the above methodology, evidenced the full recognisability of the Bank's DTAs in the Balance Sheet assets, confirming the result of the same valuation referring to the Separate Financial Statements at 31 December 2025.

Based on the methodology used for the probability test, the following chart shows the expected recovery of the DTAs recognised in the financial statements as at 30 June 2026 – both in amount and over time – broken down into convertible DTAs pursuant to Italian Law 214/2011, DTAs from non-convertible losses and other non-convertible DTAs.



In addition to the economic projections derived from the Industrial Plan, the probability test model used in the MPS Group includes some other input data, fluctuations in the value of which may affect the final outcome of the measurement; Specifically, these are:

1. amount of the “average y/y income” or “cap” (pre-tax income, projected for the years beyond the first three years taken from the Industrial Plan – from 30 June 2029 for the present period – such as to express a profitability not higher than the average ROE of the banking sector);
2. discount rate of future results (coefficient used in the risk-adjusted profits approach);
3. growth rate *g*, assumed equal to the nominal growth rate of the economy.

Thanks to the level of forecast profitability estimated for the Group, reasonably conceivable fluctuations in the value of the above variables do not affect the full recognisability of Bank's DTAs as at 30 June 2026; the effect of such fluctuations is limited solely to the timing of recovery of DTAs from tax losses; in the following table, the sensitivity of the model in estimating such timing is shown for both increases and decreases in each of the input data listed above:

Recovery horizon	Forecast as at 30 June 2026		Projected trend in the Group's average revenue (per capita) from 2029						Discount rate for projected results				Growth rate <i>g</i>				Forecast without a discount rate	
	Recovery	%	-400 mln		+400 mln				-1%		+1%		-1%		+1%		Recovery	%
			Recovery	%	Recovery	%			Recovery	%	Recovery	%	Recovery	%	Recovery	%		
Within industrial plan (2030)	1,792.7	71.7%	1,722.4	68.9%	1,863.0	74.5%			1,852.2	74.0%	1,735.4	69.4%	1,788.7	71.5%	1,796.7	71.8%	2,187.7	87.4%
Within 6 years (2032)	609.0	24.3%	624.8	25.0%	550.6	22.0%			557.4	22.3%	652.4	26.1%	611.3	24.4%	606.7	24.3%	302.4	12.1%
Within 10 years (2036)	92.1	3.7%	124.0	5.0%	88.1	3.5%			92.1	3.7%	91.0	3.6%	87.2	3.5%	97.2	3.9%	11.6	0.5%
Over 10 years	7.9	0.3%	30.5	1.2%	0.0	0.0%			0.0	0.0%	22.9	0.9%	14.6	0.6%	1.0	0.0%	0.0	0.0%
Total recovery	2,501.7	100.0%	2,501.7	100.0%	2,501.7	100.0%			2,501.7	100.0%	2,501.7	100.0%	2,501.7	100.0%	2,501.7	100.0%	2,501.7	100.0%

This exercise shows that the model's sensitivity to changes in the indicated input parameters is relatively limited, due to the level of forecast profitability estimated for the Bank and for the Group. In the absence of the discount factor applied to future economic results, an assumption considered in the last columns of the table, DTAs from consolidated tax losses would be recoverable in full by 2031 and those from tax losses for the purposes of the IRES additional tax by 2033.

Rights of use in lease agreements

The standard IFRS 16 indicates that assets for rights of use acquired through lease agreements must be checked for indicators of impairment, similar to what takes place for owned assets. If they are identified, a comparison is made between the book value of the asset and the asset's recoverable amount, i.e. the higher of the fair value and the value in use, which is the present value of the future cash flows generated by the asset. Any adjustments are posted to the income statement.

In order to identify events or situations that could lead to impairment, IAS 36 specifies that reference should be made to indicators obtained from:

- internal sources, such as signs of obsolescence and/or physical deterioration of the asset, restructuring plans or branch closures;
- external sources, such as the increase in interest rates or other rates of return on the market for investments that may cause a significant decrease in the recoverable amount of the asset.

As at 30 June 2026, the Bank arranged the following checks:

- trend in interest rates used for discounting the payments;
- presence of unused leased properties.

The above assessments did not reveal any indication of impairment for the right-of-use assets recognised in the financial statements.

Going concern

These Financial Statements were prepared on a going concern basis.

After the forward-looking assessment of the financial and liquidity positions, with reference to indications provided in Document no. 2 of 6 February 2009 and Document no. 4 of 3 March 2010, issued jointly by the Bank of Italy, Consob and ISVAP, and subsequent amendments, the Directors can reasonably expect that the Bank and the Group will continue operating as a going concern in the foreseeable future and therefore deemed it appropriate to prepare these Financial Statements on a going concern basis.