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31st March 2025

Dear Shareholders,

As you may be aware, Institutional Shareholder Services ("ISS") has recently published its voting recommendations for the 17th April 2025 Shareholders' Meeting of Banca Monte dei Paschi di Siena S.p.A. ("BMPS" or the "Company").

While we appreciate the support from ISS on most of the proposed items on the agenda of the Shareholder's Meeting, <u>we respectfully disagree with its recommendation with Item 1 of the Extraordinary Shareholders' Meeting</u> regarding the grant to the Company's Board of Directors the power to increase the share capital in relation to service a voluntary public exchange offer (the "Offer") on all the ordinary shares of Mediobanca - Banca di Credito Finanziario S.p.A. ("Mediobanca"), (the "Transaction" or the "Combination").

We feel ISS has overlooked some key elements in reaching this recommendation. Moreover, we are concerned that ISS appears to be inaccurate and incomplete in its analysis, which may be misleading for our shareholders.

In particular, we were surprised to see that ISS took as its base case of the recommendation to vote against the capital increase that the Offer is made with *"**no access to due diligence, no final price, and uncertainty of deal closing**"*.

In fact, standard unsolicited tender offers, by definition, do not provide for ***any due diligence activity*** of the target. Additionally, ISS does not acknowledge the extensive number of precedent successful transactions (and others currently ongoing) completed in the Italian market following the same *modus operandi*.

As far as its consideration about ***no final price,*** we strongly reaffirm that the economic terms of the Transaction, based on an exchange ratio, were set by BMPS at announcement (2.300x newly issued BMPS shares for every Mediobanca share) and recognize a premium to Mediobanca shareholders in line with those offered in other unsolicited tender offers recently announced in the Italian market. The possibility to modify the Offer terms is provided by the applicable law for any tender offer.

As previously indicated, another standard feature of unsolicited public transactions is that there is ***no certainty of deal closing***. It means that the capital increase is executed only if the Offer closes, otherwise, the capital increase resolution will not be executed.

Therefore, *"no access to due diligence, no final price, and uncertainty of deal closing"* should not be factors affecting the recommendation of vote.

In addition, we feel that ISS has also not fully considered certain elements in conducting its review on ***post-merger integration*** and the realization of ***synergies*.**

In fact, the high complementarity of the two business models significantly reduces the risk of execution. The integration process is expected to encounter minimal disruption as it requires fewer efforts than standard M&A transactions involving overlapping businesses where, for example, the largest portion of synergies is expected to derive from the optimization of the distribution networks**.**

We envision maintaining the identity of each business, allowing us to foster an inclusive culture, granting executives and employees of each institution the opportunity to develop their careers to the fullest within a larger, more competitive organization. We believe we can retain and attract top talent in all the markets where we operate, not just through ad hoc engagement actions, but with talent valorization initiatives and enhanced opportunities for mutual enrichment, all in the best interest of the new group, with no cultural clash. We expect, therefore, any revenue attrition to be minimal, while the strong Mediobanca brand will be preserved and leveraged across a wider client base.

With regard to ISS's analysis of the ***relative size*** of the two groups, we note that the banking operations of BMPS are actually larger than those of Mediobanca - in the range of ~58%/42% (based on customer loans, total assets, direct funding as of Dec-24). The relative contribution of the respective market capitalizations is also heavily influenced by Mediobanca's 13% stake in Assicurazioni Generali (~47% of Mediobanca market cap as of 23rd January 2025). Therefore, from an operational point of view, the Transaction involves comparable businesses.

Among the more surprising omissions, we highlight the failure of ISS in its assessment of ***Mediobanca's current valuation*** not to take into account the fact that the exchange ratio shows a limited discount (~1% based on latest official prices) if compared to the Offer terms. This is a clear indication that the current Offer terms reflect a fair valuation of the deal and a clear market appreciation of the premium offered.

Similarly, ISS relies on sloppy evidence to support its negative conclusion, including selected quotes from analyst reports that were published on, or shortly after, the day the Offer was announced, including some produced by analysts who do not cover BMPS. On the contrary, ISS negligently ignores more recent analysts' reports with positive views on the Transaction. For instance, Deutsche Bank, Mar. 19, 2025 and BNP Paribas Exane, Mar. 25, 2025.

To conclude, we are confident that the strong industrial rationale of the Transaction will create a new top-tier player in the Italian banking sector, with a distinctive and more resilient business model, characterized by a diversified mix of revenue streams, solid capital and strong liquidity position. This is a unique and value-creative business proposition to establish a challenger to the larger, diversified banking groups in the country.

The Combination is entirely coherent with BMPS's strategic guidelines, as defined in the 2024-2028 business plan, aimed at enriching the group's revenue power with new services and product factories and enhanced distribution reach.

BMPS's management team has a proven execution and delivery track record having successfully turned around the Company, leveraging relevant international experience and with precedents on complex and large-scale integrations.

A strong contribution to the enhancement of the new group's management team will be provided by Mediobanca's talent pool, ensuring an appropriate industry-leading mix of skills and culture.

Finally, shareholders will benefit from a best-in-class profitability (~14% pro-forma RoTE), double-digit accretion in adjusted earnings per share and a dividend policy that is sustainable over time, with growth in dividends per share, while confirming BMPS's robust capital position (~16% pro-forma Common Equity Tier 1 ratio upon completion of the Transaction).

In a market currently experiencing significant consolidation, BMPS intends to play an active role. This proposed combination represents a unique opportunity to strengthen its positioning in specific areas and key sectors, as well as to better seize on future growth options. Without this Transaction, in the current landscape, there is a risk for BMPS to remain with limited strategic alternatives which, we believe, would be detrimental for our shareholders.

In this context, we genuinely hope that the additional information provided in this letter will enable you to make a more informed voting decision. **The Transaction has a strong strategic, industrial and financial rationale for all BMPS stakeholders, so we invite our shareholders to vote in favor of the capital increase proposal.**