

FIFTH SUPPLEMENT DATED 25 NOVEMBER 2019 TO THE

BASE PROSPECTUS DATED 8 MARCH 2019

**Banca Monte dei Paschi di Siena S.p.A.**  
*(Incorporated with limited liability in the Republic of Italy)*



**€50,000,000,000**

### **Debt Issuance Programme**

This fifth supplement (the “**Supplement**”) to the Base Prospectus dated 8 March 2019, as supplemented by the first supplement dated 15 April 2019, the second supplement dated 31 May 2019, the third supplement dated 2 July 2019 and the fourth supplement dated 6 September 2019 (the “**Base Prospectus**”) constitutes a supplement for the purposes of Article 13.1 of Chapter 1 of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the “**Prospectus Act**”) and Article 64 of the Luxembourg Prospectus Law dated 16 July 2019 (the “**Prospectus Law**”) and is prepared in connection with the €50,000,000,000 Debt Issuance Programme (the “**Programme**”) established by Banca Monte dei Paschi di Siena S.p.A. (“**BMPS**” or the “**Issuer**”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement will be published on the website of the Luxembourg Stock Exchange website [www.bourse.lu](http://www.bourse.lu).

### **Purpose of the Supplement**

The purpose of the submission of this Supplement is to (i) update the “*Risk Factors*” section of the Base Prospectus; (ii) update the “*Documents incorporated by reference*” section of the Base Prospectus to incorporate by reference the BMPS Unaudited Consolidated Interim Financial Report as at 30 September 2019 (as defined below); (iii) update the “*Banca Monte dei Paschi di Siena*” and the “*Management of the Bank*” sections of the Base Prospectus and (iv) update the “*General Information*” section of the Base Prospectus.

### **Risk Factors**

*Risks associated with the investigations of supervisory authorities*

The subparagraph (b) “*Investigations of the ECB and the Bank of Italy and UIF*” of the paragraph titled “*Risks associated with the investigations of supervisory authorities*” on pages 20-21 of the Base Prospectus is deleted in its entirety and replaced as follows:

“b) *Investigations of the ECB and the Bank of Italy and UIF*

The ECB and the Bank of Italy, within the limits of their competence and powers, may carry out investigations, both ordinary and extraordinary, on the Bank and/or the other supervised Group companies.

For more information on inspection activities carried out by the supervisory authority, please see “*Banca Monte dei Paschi di Siena S.P.A. – Major Events – ECB/Bank of Italy inspections concluded during the period 2015-2019*” of the Base Prospectus.

*Ordinary inspection activity on credit risk and the portfolio of receivables (OSI 3435)*

During the period January-May 2015, an ordinary investigation was conducted by the ECB and the Bank of Italy in relation to the credit risk and the loan portfolio and the relevant final “follow-up” letter was sent to the Bank on 30 November 2015 with 31 recommendations provided by the investigation bodies and to which the Bank formally responded on 20 January 2016 indicating the relevant remedial actions identified. Such actions are of organisational, internal regulation, process and control nature, as well as of structural enhancement for supporting IT tools. For the purpose of implementing the necessary actions in response to the observations raised further to the aforementioned investigations, the Issuer internally activated a programme called ARGO 2 (“**ARGO 2**”), established on 14 January 2016, for the purpose of responding to such 31 recommendations.

As of the date of the fifth supplement to this Base Prospectus dated 25 November 2019 (the “**Supplement**”), all activities provided for the 31 recommendations have been completed, with the exception of some technical solutions related to remedy action no. 31 which will be implemented by the Bank on a later stage.

The final accounting relating to ARGO 2 was sent by the Issuer. However, as evidenced by the ECB's assessment carried out in October 2018, some of the requests in relation to the findings related to the proceeding in respect of which the Bank has started the intervention and remedy programme named ARGO 3 (“**ARGO 3**”), issued in the context of the inspection activity OSI 1238, which replicate the findings set out in ARGO 2. The release of the deliverables of the ARGO 3 programme is, therefore, a further element to support the conclusion of the ARGO 2 programme. As at the date of the Supplement, all the projects monitored by ARGO 2 and ARGO 3 programmes have been completed, with the exception of certain remedial actions relating to the review of the IT systems dedicated to credit, whose activities are due to be continued during 2019.

*Thematic Review on Risk Governance and Appetite carried out by the ECB*

The investigation relating to the functioning of the offices responsible for the strategic, control and management supervision and to the Risk Appetite Framework (“**RAF**”) was carried out in 2015 in respect of the significant entities of the Euro zone. In particular, the ECB recommended: (i) raising the competence and expertise of the board of directors in respect of risk management, control and back office activities, enhancing the appointment procedure of its members, and reviewing the functioning mechanisms of internal board committees, in particular the risk committee, in respect of the role and guidance by the chief risk officer.

As at the date of this Base Prospectus, remedial actions are almost entirely completed in compliance with the deadlines requested and evidence of the implemented remedial actions has been provided to the supervisory authority.

Ordinary inspection activity on the governance of the Banks and the risk management system (OSI 3233)

During the period September 2015-January 2016 an ordinary investigation was carried out by the ECB and the Bank of Italy concerning the Bank's governance and the risk management system, OSI 3233. On 28 February 2017, the Bank received the relevant follow-up letter. The ECB, in this respect, highlighted some improvement areas associated with the risk management system and the organisational aspects thereof, for which the Issuer has already undertaken the requested mitigation actions.

Inspection activity on the risks relating to credit, counterparty and control system (OSI 1238)

In May 2016, the ECB and the Bank of Italy started an inspection (OSI 1238) within the Bank concerning the control system of credit and counterparty risk with respect to the retail portfolio, SMEs portfolio and corporate portfolio of the Bank, MPS Capital Services and MPS Leasing Factoring that ended in February 2017. The findings relating to the inspection were mainly relating to identification of exposures to credit risk, classification, monitoring, reporting, organisation, data base and collateral management, policy and determination of provisions, and specific disclosure to corporate bodies on the deterioration of credit quality.

In order to ensure the monitoring of the interventions, the Bank started a project named ARGO 3, managed by the Chief Lending Officer. In this respect, the activities are in line with the scheduled planning, and all the project targets deliverables scheduled for 31 December 2018 have been concluded and therefore the ARGO 3 programme is considered completed. The requests underlying some findings of ARGO 3, as evidenced by the assessment of the ECB, reiterate and/or reinforce certain aspects already highlighted by the findings of the ARGO 2 programme (relating to OSI 3435). At the date of the Supplement, all the projects monitored by the ARGO 2 and ARGO 3 programmes have been completed, with the exception of certain remedial actions relating to the review of the IT systems dedicated to credit, whose activities are due to be continued during 2019.

Verification activity on banking transparency

During the period September-December 2016, the Bank of Italy carried out a verification activity within sample branches of the Bank for the verification of compliance with the provisions relating to transparency of contractual conditions and the fairness of the relationships with retail customers, pursuant to article 128 of the Italian Banking Act. In a note dated 28 August 2017, the Bank was informed of the results (six findings) of the investigation activity.

On 7 August 2018, the Bank of Italy sent a further notice inviting the Bank to (i) re-examine the fees schemes relating to the advances on invoices transactions, (ii) strengthen the Bank capacity to quickly face other criticalities found during the inspections and (iii) give updates on the state of implementation of the planned activities. The reply was sent on 19 October 2018 coupled with the assessments of the compliance and audit offices. With regard to points (i) and (ii) the Bank undertook to implement the requests of the Bank of Italy; with regard to point (iii) the state of implementation was provided.

On 11 February 2019, the supervisory authority was provided with a new report stating that the actions requested had almost been completed.

On 7 October 2019 the Bank of Italy started a new inspection with the aim of verifying compliance with the transparency regulations and the fairness of the Bank's relationship with its customers.

Bank of Italy inspection on transparency in relation to Banca Widiba S.p.A.

During the period between 13 November 2017 and 9 January 2018, the Bank of Italy carried out an inspection on Banca Widiba S.p.A.

On 10 April 2018, the Bank of Italy notified the inspection report to Banca Widiba S.p.A. setting out ten issues and an assessment "partially compliant" due to weakness in the control structure.

On 28 September 2018, Banca Widiba S.p.A. sent a letter to Bank of Italy setting out the state of interventions implemented in relation to the issue raised by the authority highlighting that, as of that date, 21 interventions had been completed, five interventions were about to be completed, 14 interventions were still being implemented and one intervention had yet to be started. In addition, as requested by the supervisory authority, Banca Widiba S.p.A. reimbursed the amount wrongfully charged to its customers.

In March 2019, Banca Widiba S.p.A. notified to the supervisory authority that the actions requested are almost completed.

#### Inspection activity on anti-money laundering

Between 8 May and 28 August 2018, the UIF carried out the inspection activity relating to the assessment of the procedures created to verify potential anomalies relating to the activity of the Issuer's clients.

The supervisory authority (UIF) raised to eight branch-managers eight notices of infringement for alleged omitted SAR's (suspicious activity report) , for which the Issuer is jointly liable. The bank issued in December 2018 the relevant defences to MEF (Ministry of Economy and Finance). The administrative procedures are still in course.

A further inspection, started on 6 June and completed on 28 September 2018, has been conducted on the Bank and on Banca Widiba S.p.A which were formally subject to inspections with the aim of verifying the compliance with the anti-money laundering provisions.

On 28 February 2019 the supervisory authority reported the results of its inspection to the Bank's board of directors, indicating a number of requests, mainly in relation to adequate auditing and internal controls. The findings of the supervisory authority have been carefully assessed by the Bank, specifying the remedial action taken, undertaken and planned. The Bank's letter of reply – the contents of which were approved by the Bank's board of directors – was sent on 29 March 2019 in order to report on existing, ongoing and planned activities.

On 26 September 2019, the Bank updated the Bank of Italy on the results achieved, which showed significant progress in the planned activities, even though they did not fully achieve the levels of the required.

The same results were reported to the Bank of Italy for the inspection of Banca Widiba S.p.A.. Both the reply to the Bank of Italy of 29 March and the update letters of 26 June and 26 September sent to the supervisory authority include the business plan implemented for Banca Widiba S.p.A..

In November 2019 the Bank of Italy informed the Issuer about the sanction to be submitted for approval to their competent body. The sanction takes in consideration both the detected breaches as well the financial capacity of the Bank and the remedial actions initiated and for the most part implemented.

#### Bank of Italy inspection on advisory activities to customers in relation to investment diamonds

In the context of the same inspection activity initiated on 6 June 2018, it is highlighted that the supervisory authority also provided the Bank with findings with regard to the reporting of investment diamonds to customers, carried out by the Bank until February 2017. Also with reference to these findings, it is highlighted that the Issuer provided timely responses to the supervisory authority by a letter dated 29 March 2019.

#### Bank of Italy inspection activity on usury

Starting from 6 June 2018, the Bank of Italy commenced an inspection aimed at verifying the appropriateness of the organisational structures in order to correctly set out the global average interest rates and prevent risks linked to a violation of the provisions on usury. The inspection ended in September 2018 and the supervisory authority informed the Bank of the results on 28 February 2019. Two observations were made: the first, of a managerial nature, is linked to deficiencies emerged in the usury process; the second concerns the detection by the compliance function of the Bank of episodes of exceeding the usury threshold rate and the relative actions of reimbursement of customers.

The Bank, in order to mitigate such critical issues, is carrying out a project aimed at reviewing the internal rules, strengthening controls and remedy actions. As at the date of this Base Prospectus the findings of the supervisory authority have been carefully assessed by the Bank, specifying the remedial action taken, undertaken and planned. The Bank's letter of reply – the contents of which were approved by the Bank's board of directors – was sent on 29 March 2019 in order to report on existing, ongoing and planned activities.

#### Inspection activity in relation to the IT Risk (OSI 3832)

During the period between 26 March 2018 and 26 June 2018, the ECB carried out an on-site inspection relating to the Information Technology risk (IT Risk) of the Group. The inspection report was issued on 20 November 2018 and on 8 July 2019, the Bank received a draft version of the follow-up letter from the supervisory authority, highlighting 15 findings and the relevant remedial action. The Bank replied to the letter with a request to postpone certain deadlines. On 22 August 2019, the Bank received the final version of the letter, confirming the contents of the draft version, in which were reported 15 findings relating to IT security procedures, project management and the effectiveness of control systems.

#### Inspection activity on legal risk (OSI 4125)

During the period from 28 January to 26 April 2019, an on-site inspection was carried out at the Issuer's and the Group's premises. Such inspection was related to the legal risks within the context of the management of operational risk and mainly focusing on (i) the scope of legal risks, processes and procedures for its prevention, management and monitoring (ii) assessment of legal risks arising from inappropriate practices with respect to the relations with customers, marketing and in relation to the business activity in general (iii) the process of allocations for risks and charges with respect to legal proceedings and claims for compensation (iv) level of reporting to, and involvement of, the board of directors on legal risks, with particular reference to litigation and legal proceedings.

The subject matter of the inspection did not expressly include the assessment of individual cases and the adequacy of provisions in relation to the existing legal risks.

In August 2019 the Bank received the draft inspection report setting out certain significant procedural findings relating, *inter alia*, to (a) an unsatisfactory supervision by the board of directors of the legal risk and of the relevant risk management; (b) deficiencies and weaknesses in the overall organisational profiles and in certain management activities, monitoring, data supply, line controls and internal reporting as part of certain phases of the process concerning the Bank's litigation and related internal procedures; (c) the need to supplement the Bank's risk appetite statement with a number of granular indicators suitable for monitoring the exposure to legal risk in terms of *petitum*, provisions and losses; (d) certain critical issues and shortcomings of a procedural nature regarding the definition of provisions relating to ordinary and extraordinary proceedings concerning the 2008-2011 capital increases and the securities subject to Burden Sharing; (e) the need to define guidelines in the governance of the sanction procedures notified to the Bank in the period 2012-2015; and (f) certain shortcomings relating to internal audit activities.

After a careful analysis of the findings, the Bank formulated its counterclaims in an articulated manner by targeting each finding and highlighting its disagreement with certain positions adopted during the inspection by the supervisory authority on such matters; in particular, the Bank pointed out the considerable

commitment of the board of directors in the management and assessment of legal risk, both from a quantitative and qualitative perspective, in order to highlight the extensive activity of guidance carried out on numerous important legal and litigation issues submitted to the attention of the board of directors, all in close coordination with the accounting authority.

With regard to the critical issues raised in relation to the allocation of provisions processes, the Bank has pointed out that the findings do not take into account the Bank's extensive activity relating to the evaluation of the various scenarios of extraordinary proceedings which, with the help of primary level independent experts, financial lawyers and accountants, have made possible the development of guidelines for the definition of the procedures relating to the assessment of legal and litigation risks and for the allocation of provisions for risks and charges, which, moreover, were one of the key aspects of the auditing activities (the so-called "Key Audit Matters" or "KAM") as well as one of the most significant aspects in the context of the audit of the consolidated financial statements as described in the auditors' report on the Issuer's consolidated financial statements as at 31 December 2017 and as at 31 December 2018.

With regard to the other findings, in respect of which the shortcomings highlighted are mainly of procedural nature, the Bank replied providing certain preliminary information in order to allow the supervisory authority a broader view of the current situation compared to what was found during the inspection.

The Bank is waiting for the delivery of the final report which will be followed by further formal discussions with the supervisory authority that will lead to a final discussion on the actual remedial actions to be planned and implemented.

#### Inspection activity on Interest Rate Risk Inspection (OSI 3834)

During the period between 26 June and 27 September 2019 the ECB conducted an on-site inspection regarding the interest rate risk of the Group. The inspection exit meeting has not yet been carried out.

#### Inspection activity on Liquidity Allocation and Internal Funds' Transfer Pricing (OSI 4356)

On 18 October 2019 will be started a review of the liquidity allocation and internal funds' transfer pricing.

#### ECB inspection activity in relation to the review of the internal models

The Targeted Review of Internal Models ("**TRIM**") is a multi-year project conducted by the ECB in 2016 (to be concluded in 2019) aimed at assessing the compliance with regulatory requirements of the internal models currently used by banks, as well as their reliability and comparability.

The following is a summary of the inspection activities relating to the revision of the internal models on credit risk:

- TRIM - 2939: The on-site inspection was carried out in the period from 22 November 2017 to 18 April 2018, relating to the internal models on credit risk with reference to the parameters PD and LGD within the perimeter of retail providing real estate guarantees (excluding SMEs). On 10 July 2018, the Bank received the ECB's assessment report, and subsequently, on 5 July 2019, the draft version of the decision, in which 21 findings were reported (instead of 19 as highlighted in the assessment report). On 16 July 2019, the Bank responded to this draft decision by accepting what was reported and requesting the postponement of certain deadlines.
- TRIM General Topics: Off-site inspection carried out during 2017. In January 2018 the ECB reported 7 deviations from its requests. On 22 March 2018, the Bank sent a letter of reply indicating the remedial actions and their timing.

- TRIM 3917: On-site inspection carried out during 2019. On 18 September 2019, the Bank received the final assessment report with the results of the revision.

#### Internal Model Investigation IMI 40

On 14 June 2018, the ECB formally notified the Issuer of its final decision relating to the internal inspection on the models for the calculation of the requirements in relation to the credit risk ended on 4 December 2015, setting out 21 findings. On 11 July 2018, the Issuer sent to the ECB its plan setting out the relevant remedial actions and implemented the limitations set out in the prudential data.

#### Internal Model Investigation (IMI) 4357

On 1 October 2019 the ECB started an inspection relating to the credit risks models adopted by the Bank focusing on certain parameters (PD, LGD, Expected Loss Best Estimate ("**ELBE**")) for corporate and retail exposures. The revision of the internal models could have significant impacts on RWAs, in particular, the introduction of the new definition of default (expected by 31 December 2020) and the introduction of specific models for the calculation of LGD on the defaulted asset and ELBE could imply a revision of all PD and LGD models, resulting in a possible change in capital requirements that is not yet quantifiable. In this case, it cannot be excluded that the Issuer may have to resort to capital strengthening measures and that it may not be able to establish and/or maintain the capital requirements established by the supervisory authority from time to time.

#### Banca d'Italia on Site Inspection ECAF\IRB systems

On 13 November 2019 Banca d'Italia reported the result "*In Prevalenza Soddisfacente*" of its inspection on "*Utilizzo del sistema IRB di Banca MPS in ambito ECAF*" carried out during the period 21-23 May 2019.

As at the date of the Base Prospectus, the Bank is not subject to further inspections or significant specific supervisory activities by the competent supervisory authorities, other than the one herein described."

#### ***Risks deriving from judicial and administrative proceedings***

- (a) The seventh paragraph of the paragraph titled "*Risks deriving from judicial and administrative proceedings*" on page 41 of the Base Prospectus is deleted in its entirety and replaced as follows:

"In relation to disputes in which the Bank is involved, it has to be specified that, as at the date of the Base Prospectus, it cannot be excluded that disputes against the Bank may increase in number, also in consideration of the criminal proceedings pending and/or concluded before the Courts of Milan as well as the extraordinary transactions put in place by the Bank, in particular in relation to the civil plaintiffs in the context of such proceedings and/or the filing of civil claims for damages following the conviction sentence of the Court of Milan of 8 November 2019 (for more information, reference is made to paragraphs (a) to (c) below)."

- (b) The following paragraph is deemed to be included at the end of letter (a1) "*Risks deriving from disputes initiated against former representatives and representatives of the Bank*" of the paragraph titled "*Risks deriving from judicial and administrative proceedings*" on page 42 of the Base Prospectus:

"In the context of criminal proceedings no. 29634/14, by way of sentence dated 8 November 2019, the Court of Milan sentenced at first instance all accused natural persons and - pursuant to Legislative Decree 231/2001 - Deutsche Bank AG and Nomura International PLC.

The Issuer, in its capacity as civil responsible (not indicted pursuant to Legislative Decree 231/2001), has been ordered - jointly and severally with the natural persons and with the two foreign

banks - to pay damages to the civil parties who were still part of the proceeding (to be settled in separate civil proceedings); the Court of Milan rejected the request for the concession of an immediately enforceable provisional request pursuant to art. 539 of the Italian Criminal Code. Such individuals were sentenced to pay damages on an equitable basis in the amount of Euro 50,000 in favour of the civil parties Federconsumatori and Confconsumatori. In addition, the Issuer, jointly and severally with Nomura International Plc. London and a number of the defendants, was ordered to pay damages in favour of the CONSOB - equitably settled in the amount of Euro 300,000.”

- (c) The last paragraph of letter (a2) “*Risk deriving from dispute against former representatives charged with the crimes of false corporate communications and market manipulation*” of the paragraph titled “*Risks deriving from judicial and administrative proceedings*” on pages 43-44 of the Base Prospectus is deleted in its entirety and replaced as follows:

“In relation to the aforementioned risks under points (a1) and (a2) above, investors must take into account that, as at the date of the Base Prospectus, a precise monetary figure relating to the total of the compensatory requests and accordingly the economic burden the Bank will have to bear cannot be predicted, except to the extent of the *petitum* quantified as highlighted above, since most of the civil plaintiffs’ requests with specific reference to criminal proceedings 955/16 are not quantified and such quantification shall wait for the development of the of the proceedings or the filing of civil claims for damages following the conviction sentence of the Court of Milan of 8 November 2019, which, however, rejected the request for the concession of an immediately enforceable provisional request pursuant to art. 539 of the Italian Criminal Code. Furthermore, there is the risk that, should the Bank and/or other Group companies or their representatives (even former) be convicted after the established violation of criminally relevant provisions, such circumstance may have an impact under a reputational point of view for the Bank and/or the Group, as well as entail a liability under the Legislative Decree No. 231/2001. For further information, reference is made to “*Risks associated with the organisation and management model pursuant to Legislative Decree 231/2001*” below.”

### ***Risks deriving from tax disputes***

The fifth paragraph of the paragraph titled “*Risks deriving from tax disputes*” on page 68 of the Base Prospectus is deleted in its entirety and replaced as follows:

“It should be noted that, on 10 April 2018, the revenue agency, regional office for Tuscany, started a control proceedings on the Bank for the 2015 tax period. Following the conclusion of such controls, on 17 December 2018 a tax police audit report was notified to the Bank objecting (i) the incorrect calculation with regard to IRES of the benefits deriving from the provisions of EGS and (ii) with regard to Italian regional tax on productive activities (“**IRAP**”) the non-taxation of certain revenues recorded under items not relevant for the purpose of the mentioned tax. The higher potential taxes associated with the EGS finding are equal to Euro 3.3 million, while the findings relating to IRAP entail higher taxes for approximately Euro 3.9 million. On the basis of the abovementioned tax assessment report, on 14 November 2019 the tax authorities notified the Bank challenging the ACE benefits (*aiuto alla crescita economica* or allowance for corporate equity) with respect to the effects on the amount of the surplus available for the 2014 tax period. In-depth assessments of the complaints raised are still on-going in order to identify the appropriate initiatives to be carried out.

Finally, it should be noted that the Siena Economic-Financial Police Unit of the Italian tax police notified on 5 and 9 September 2019 the Bank and its subsidiary MPS Leasing & Factoring that it had begun a tax verification concerning the sponsorships granted to Mens Sana Basket S.p.A. in the period from 2010 to 2014. Following the conclusion of the verification operations (assessment reports notified on 30 September 2019) the tax police requested the Bank and its subsidiary the recovery of unpaid taxes relating to most of the sponsorship costs incurred in the period from 2010 to 2014, for a total taxable income (both IRES and IRAP) of approximately Euro 38.8 million.”

### **Documents incorporated by reference**

The section titled “*Documents Incorporated by Reference*” on page 110 of the Base Prospectus shall be deemed to be supplemented with the following:

**BMPS Unaudited Consolidated Interim Financial Report as at 30 September 2019**

On 6 November 2019, the Board of Directors of the Issuer approved the unaudited consolidated interim financial report as at 30 September 2019, which has not been reviewed by the auditors (the “**BMPS Unaudited Consolidated Interim Financial Report as at 30 September 2019**”).

A copy of the BMPS Unaudited Consolidated Interim Financial Report as at 30 September 2019 has been filed with the CSSF and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus.

| <b>Document</b>  | <b>Information Incorporated</b>                     | <b>Page Reference</b> |
|--|---|-----------------------|
| BMPS Unaudited Consolidated Interim Financial Report as at 30 September 2019 | Introduction  | p 3                   |
|  | Results in brief                                    | pp 4-6                |
|  | Executive summary                                   | pp 7-8                |
|  | Reference context                                   | p 9                   |
|  | Shareholders  | p 10                  |
|  | Information on the BMPS share                       | p 11                  |
|  | Significant events in the first nine months of 2019 | pp 12-14              |
|  | Significant events after 30 September 2019          | p 15                  |
|  | Strategy  | pp 16-18              |
|  | Explanatory Notes                                   | pp 19-23              |
|  | Reclassified Income Statement                       | pp 24-32              |
|  | Reclassified Balance Sheet                          | pp 33-45              |
|  | Disclosure on risks                                 | pp 46-52              |
|  | Results by operating segment                        | pp 53-66              |
| Prospects and outlook on operations  | pp 67-68  |                       |
| Declaration of the financial reporting officer                               | p 69  |                       |

## **Description of Banca Monte dei Paschi di Siena S.p.A.**

### **Banca Monte dei Paschi di Siena S.p.A.**

#### ***Recent developments***

- (a) The following paragraph is deemed to be included at the end of the paragraph titled “*ECB/Bank of Italy inspections concluded during the period 2015-2019 – Verification activity on banking transparency*” of section titled “*Banca Monte dei Paschi di Siena S.P.A. – Major Events – Recent developments – 2013-2019*” on page 203 of the Base Prospectus:

“On 7 October 2019 the Bank of Italy started a new inspection with the aim of verifying compliance with the transparency regulations and the fairness of the Bank's relationship with its customers.”

- (b) The fourth paragraph of the paragraph titled “*ECB/Bank of Italy inspections concluded during the period 2015-2019 – Inspection activity on anti-money laundering*” of section titled “*Banca Monte dei Paschi di Siena S.P.A. – Major Events – Recent developments – 2013-2019*” on page 204 of the Base Prospectus is deleted in its entirety and replaced as follows:

“Between 8 May and 28 August 2018, the UIF carried out the inspection activity relating to the assessment of the procedures created to verify potential anomalies relating to the activity of the Issuer's clients.

The supervisory authority (UIF) raised to eight branch-managers eight notices of infringement for alleged omitted SAR's (suspicious activity report), for which the Issuer is jointly liable. The bank issued in December 2018 the relevant defences to MEF (Ministry of Economy and Finance). The administrative procedures are still in course.”

- (c) The following paragraphs are deemed to be included at the end of the paragraph titled “*ECB/Bank of Italy inspections concluded during the period 2015-2019 – Inspection activity on anti-money laundering*” of section titled “*Banca Monte dei Paschi di Siena S.P.A. – Major Events – Recent developments – 2013-2019*” on page 204 of the Base Prospectus:

“On 26 September 2019, the Bank updated the Bank of Italy on the results achieved, which showed significant progress in the planned activities, even though they did not fully achieve the levels of the required.

The same results were reported to the Bank of Italy for the inspection of Banca Widiba S.p.A.. Both the reply to the Bank of Italy of 29 March and the update letters of 26 June and 26 September sent to the supervisory authority include the business plan implemented for Banca Widiba S.p.A..

In November 2019 the Bank of Italy informed the Issuer about the sanction to be submitted for approval to their competent body. The sanction takes in consideration both the detected breaches as well the financial capacity of the Bank and the remedial actions initiated and for the most part implemented.”

- (d) The following paragraph is deemed to be included at the end of the paragraph titled “*ECB/Bank of Italy inspections concluded during the period 2015-2019 – ECB inspection activity in relation to the review of the internal models (TRIM-2939)*” of section titled “*Banca Monte dei Paschi di Siena S.P.A. – Major Events – Recent developments – 2013-2019*” on pages 204-205 of the Base Prospectus:

“On 5 July 2019, the Bank received from the ECB the draft decision authorising the Bank to continue using internal models to calculate capital requirements for retail - not SMEs - with real

estate guarantees. This decision requires the Bank to remedy the 21 findings (instead of 19 as highlighted in the assessment report) and related obligations, within established deadlines. On 16 July 2019, the Bank replied to the decision with a request to postpone some of the above deadlines. The Bank is waiting to receive the final version of the decision.”

- (e) The paragraph titled “*ECB/Bank of Italy inspections concluded during the period 2015-2019 – Inspection OSI IT Risk*” of section titled “*Banca Monte dei Paschi di Siena S.P.A. – Major Events – Recent developments – 2013-2019*” on page 205 of the Base Prospectus is deleted in its entirety and replaced as follows:

**“Inspection activity in relation to the IT Risk (OSI 3832)**

During the period between 26 March 2018 and 26 June 2018, the ECB carried out an on-site inspection relating to the Information Technology risk (IT Risk) of the Group. The inspection report was issued on 20 November 2018 and on 8 July 2019, the Bank received a draft version of the follow-up letter by the ECB from the supervisory authority, highlighting 15 findings and the relevant remedial action. The Bank replied to the letter with a request to postpone certain deadlines. On 22 August 2019, the Bank received the final version of the letter, confirming the contents of the draft version, in which were reported 15 findings relating to IT security procedures, project management and the effectiveness of control systems.”

- (f) The paragraph titled “*ECB/Bank of Italy inspections concluded during the period 2015-2019 – TRIM Inspection on the revision of internal model*” of section titled “*Banca Monte dei Paschi di Siena S.P.A. – Major Events – Recent developments – 2013-2019*” on page 205 of the Base Prospectus is deleted in its entirety and replaced as follows:

**“Inspection activity on the revision of internal model on credit risk (TRIM 3917)**

On 27 November 2018, in the context of the revision process of the internal models (TRIM – Targeted Review of Internal Models), the Issuer has received notice from the ECB of an on-site inspection, starting 21 January 2019, relating to the internal model on credit risk for the Issuer and the Group, with respect to the PD, LGD and credit conversion factor (“CCF”) parameters on corporate credit exposures and others. The inspections were carried out from 21 January 2019 to 29 March 2019. On 18 September 2019, the Bank received the final assessment report with the results of the inspections, in which were reported 17 findings.”

- (g) The paragraph titled “*ECB/Bank of Italy inspections concluded during the period 2015-2019 – OSI on legal risk*” of section titled “*Banca Monte dei Paschi di Siena S.P.A. – Major Events – Recent developments – 2013-2019*” on page 205 of the Base Prospectus is deleted in its entirety and replaced as follows:

**“Inspection activity on legal risk (OSI 4125)**

During the period from 28 January to 26 April 2019, an on-site inspection was carried out at the Issuer's and the Group's premises. Such inspection was related to the legal risks within the context of the management of operational risk and mainly focusing on (i) the scope of legal risks, processes and procedures for its prevention, management and monitoring (ii) assessment of legal risks arising from inappropriate practices with respect to the relations with customers, marketing and in relation to the business activity in general (iii) the process of allocations for risks and charges with respect to legal proceedings and claims for compensation (iv) level of reporting to, and involvement of, the board of directors on legal risks, with particular reference to litigation and legal proceedings.

The subject matter of the inspection did not expressly include the assessment of individual cases and the adequacy of provisions in relation to the existing legal risks.

In August 2019 the Bank received the draft inspection report setting out certain significant procedural findings relating, *inter alia*, to (a) an unsatisfactory supervision by the board of directors of the legal risk and of the relevant risk management; (b) deficiencies and weaknesses in the overall organisational profiles and in certain management activities, monitoring, data supply, line controls and internal reporting as part of certain phases of the process concerning the Bank's litigation and related internal procedures; (c) the need to supplement the Bank's risk appetite statement with a number of granular indicators suitable for monitoring the exposure to legal risk in terms of *petitum*, provisions and losses; (d) certain critical issues and shortcomings of a procedural nature regarding the definition of provisions relating to ordinary and extraordinary proceedings concerning the 2008-2011 capital increases and the securities subject to Burden Sharing; (e) the need to define guidelines in the governance of the sanction procedures notified to the Bank in the period 2012-2015; and (f) certain shortcomings relating to internal audit activities.

After a careful analysis of the findings, the Bank formulated its counterclaims in an articulated manner by targeting each finding and highlighting its disagreement with certain positions adopted during the inspection by the supervisory authority on such matters; in particular, the Bank pointed out the considerable commitment of the board of directors in the management and assessment of legal risk, both from a quantitative and qualitative perspective, in order to highlight the extensive activity of guidance carried out on numerous important legal and litigation issues submitted to the attention of the board of directors, all in close coordination with the accounting authority.

With regard to the critical issues raised in relation to the allocation of provisions processes, the Bank has pointed out that the findings do not take into account the Bank's extensive activity relating to the evaluation of the various scenarios of extraordinary proceedings which, with the help of primary level independent experts, financial lawyers and accountants, have made possible the development of guidelines for the definition of the procedures relating to the assessment of legal and litigation risks and for the allocation of provisions for risks and charges, which, moreover, were one of the key aspects of the auditing activities (the so-called "Key Audit Matters" or "KAM") as well as one of the most significant aspects in the context of the audit of the consolidated financial statements as described in the auditors' report on the Issuer's consolidated financial statements as at 31 December 2017 and as at 31 December 2018.

With regard to the other findings, in respect of which the shortcomings highlighted are mainly of procedural nature, the Bank replied providing certain preliminary information in order to allow the supervisory authority a broader view of the current situation compared to what was found during the inspection.

The Bank is waiting for the delivery of the final report which will be followed by further formal discussions with the supervisory authority that will lead to a final discussion on the actual remedial actions to be planned and implemented.”

- (h) The paragraph titled “*ECB/Bank of Italy inspections concluded during the period 2015-2019 – OSI – Interest Rate Risk Inspection*” of section titled “*Banca Monte dei Paschi di Siena S.P.A. – Major Events – Recent developments – 2013-2019*” on page 205 of the Base Prospectus (as supplemented by the second supplement dated 31 May 2019) is deleted in its entirety and replaced as follows:

**“Inspection activity on Interest Rate Risk Inspection (OSI 3834)**

During the period between 26 June and 27 September 2019, the ECB conducted an on-site inspection regarding the interest rate risk of the Group. The inspection exit meeting has not yet been carried out.”

- (i) The following paragraphs are deemed to be included at the end of the paragraph titled “*ECB/Bank of Italy inspections concluded during the period 2015-2019 – OSI – Interest Rate Risk Inspection*” of

section titled “*Banca Monte dei Paschi di Siena S.P.A. – Major Events – Recent developments – 2013-2019*” on page 205 of the Base Prospectus (as supplemented by the second supplement dated 31 May 2019) of the Base Prospectus:

**“Inspection activity on Liquidity Allocation and Internal Funds' Transfer Pricing (OSI 4356)**

On 18 October 2019 will be started a review of the liquidity allocation and internal funds' transfer pricing.

**Inspection activity relating to the revision of the internal models on credit risk (Internal Model Investigation IMI 4357)**

On 1 October 2019 the ECB started an inspection relating to the credit risks models adopted by the Bank focusing on certain parameters (PD, LGD, ELBE) for corporate and retail exposures.

**Banca d'Italia On Site Inspection ECAF\IRB systems**

On 13 November 2019 Banca d'Italia reported the result “*In Prevalenza Soddisfacente*” of its inspection on “*Utilizzo del sistema IRB di Banca MPS in ambito ECAF*” carried out during the period 21-23 May 2019.”

***Legal Proceedings***

- (j) The seventh paragraph of the paragraph titled “*Banca Monte dei Paschi di Siena S.P.A. – Legal Proceedings – Judicial and arbitration proceedings*” on page 217 of the Base Prospectus:

“In addition, there were also 305 cases of threatened litigation relating to the 2014-2015 capital increases for a petitem of approximately Euro 257 million (approximately Euro 255 million in relation to those complainants who have not started any legal proceedings). There was a significant increase in the number of requests compared to 31 December 2018 (59 for a claimed amount of approximately Euro 17 million). The overall requested amount as at 30 June 2019 is therefore approximately equal to Euro 846 million.

As at 30 June 2019, the overall petitem in relation to civil and administrative proceedings of the Group is equal to approximately Euro 5.4 billion. In particular, as at 30 June 2019, the overall petitem in relation to the disputes and out-of-court claims related to financial information distributed in the 2008-2015 period amounts approximately to Euro 2.0 billion of which approximately Euro 896 million deriving from the civil proceedings, approximately Euro 267 million requested by the civil claimants and Euro 846 million deriving from the aforementioned out-of-court claims.

The overall petitem for tax proceedings of the Group is equal to approximately Euro 106 million (of which Euro 102 million relating to the Bank), the overall petitem relating to the passive labour proceedings is equal to Euro 63 million (including the labour proceedings brought by certain employees of Fruendo S.r.l.) almost entirely relating to the Bank, the overall petitem relating to disputes regarding compound interests, interests and conditions is equal to approximately Euro 326 million and the overall petitem regarding bankruptcy rescindments is equal to approximately Euro 206 million.

Furthermore, reference is made to the section “*Explanatory Notes*” of BMPS Unaudited Consolidated First Half Financial Report as at 30 June 2019 (incorporated by reference in the Base Prospectus) with respect to the classification of overall *petitem* into “probable”, “possible” or “remote” risk of losing categories.”

- (k) The following paragraph is deemed to be included following the eleventh paragraph of the paragraph titled “*Banca Monte dei Paschi di Siena S.P.A. – Legal Proceedings – Judicial and arbitration proceedings*” on pages 217-218 of the Base Prospectus:

“With respect to the civil and criminal disputes concerning the information disclosed solely in the period 2008-2011 and the criteria applied by the Bank in order to determine the relevant provisions for risks and charges, please refer to the section “*Explanatory Notes*” of BMPS Unaudited Consolidated First Half Financial Report as at 30 June 2019 and to the BMPS Unaudited Consolidated Interim Financial Report as at 30 September 2019, both incorporated by reference in the Base Prospectus.”

- (l) The twenty-fifth paragraph of section (C) ““*FRESH 2008*”, “*Alexandria*”, “*Santorini*”, “*Chianti Classico*” Transactions – Criminal proceedings before the Courts of Milan” of the paragraph titled “*Banca Monte dei Paschi di Siena S.P.A. – Legal Proceedings – Judicial and arbitration proceedings – Disputes related to criminal investigations and legal affairs in 2012 and 2013 – Criminal investigations and proceedings*” on pages 220-224 of the Base Prospectus is deleted in its entirety and replaced as follows:

“At the hearing of 18 July 2019, the defendants revoked their constitution against Deutsche Bank and Nomura, as well as their claims for damages against these banks. At the hearing of 19 September 2019, two revocations of claims for damages against the former managers of the Bank were filed together with the related waiver to the requests for compensation against the Bank as civil liable party.

On 30 September 2019 the discussions of Deutsche Bank and Nomura, charged pursuant to pursuant to Legislative Decree No. 231/2001, were concluded.

The proceedings, which continued on 31 October 2019 in order to include possible new revocations of constitution as civil party, ended on 8 November 2019, when the final hearing was held. The Court sentenced at first instance the accused natural persons and - pursuant to Legislative Decree 231/2001 - Deutsche Bank AG and Nomura International PLC; in particular, Giuseppe Mussari was sentenced to 7 years and 6 months imprisonment, Antonio Vigni to 7 years and 3 months imprisonment, Daniele Pirondini to 5 years and 3 months imprisonment and Gian Luca Baldassarri to 4 years and 3 months imprisonment.

The Issuer, in its capacity as civil responsible (not indicted pursuant to Legislative Decree 231/2001), has been ordered - jointly and severally with the natural persons and with the two foreign banks - to pay damages to the civil parties who were still part of the proceeding (to be settled in separate civil proceedings); the Court of Milan rejected the request for the concession of an immediately enforceable provisional request pursuant to art. 539 of the Italian Criminal Code. Such individuals were sentenced to pay damages on an equitable basis in the amount of Euro 50,000 in favour of the civil parties Federconsumatori and Confconsumatori. In addition, the Issuer, jointly and severally with Nomura International Plc. London and a number of the defendants, was ordered to pay damages in favour of the CONSOB - equitably settled in the amount of Euro 300,000.”

- (m) The subparagraph titled “*Civil disputes arising in connection with the ordinary business of the Issuer – (A) “Civil dispute instituted by the extraordinary administration of SNIA S.p.A. before the Courts of Milan*” of the paragraph titled “*Banca Monte dei Paschi di Siena S.P.A. – Legal Proceedings – Judicial and arbitration proceedings – Civil Proceedings*” on pages 239-240 of the Base Prospectus is deleted in its entirety.
- (n) The following paragraph is deemed to be included following the ninth paragraph of the subparagraph titled “*Civil disputes arising in connection with the ordinary business of the Issuer – (E) “Civil disputes instituted by Riscossione Sicilia S.p.A. and the Assessorato of Economy of Sicily before the*

*Courts of Palermo*” of the paragraph titled “*Banca Monte dei Paschi di Siena S.P.A. – Legal Proceedings – Judicial and arbitration proceedings – Civil Proceedings*” on page 242 of the Base Prospectus:

“In its ruling of 24 September 2019, the Court of Palermo rejected the opposition filed by Riscossione Sicilia S.p.A. and therefore upheld the injunction issued in favour of the Bank, ordering the counterparty to pay the costs of the proceedings (Euro 45,000.00 plus additional legal costs).”

- (o) The subparagraph titled “*Civil disputes arising in connection with the ordinary business of the Issuer – (G) “Civil dispute instituted by Mr. Giosuè Pagano and Lucia Siani pending before the Court of Appeal of Salerno*” of the paragraph titled “*Banca Monte dei Paschi di Siena S.P.A. – Legal Proceedings – Judicial and arbitration proceedings – Civil Proceedings*” on pages 243-244 of the Base Prospectus is deleted in its entirety.
- (p) The subparagraph titled “*Civil disputes arising in connection with the ordinary business of the Issuer – (J) “Civil dispute instituted by the receivership of CO.E.STRA. S.p.A. before the Courts of Florence*” of the paragraph titled “*Banca Monte dei Paschi di Siena S.P.A. – Legal Proceedings – Judicial and arbitration proceedings – Civil Proceedings*” on pages 244 – 245 of the Base Prospectus is deleted in its entirety and replaced as follows:

“On 4 December 2014, CO.E.STRA. S.p.A., within the context of the arrangement with creditors procedures, served a writ of summons to the Bank and the other banks participating in a pool to ascertain and declare their contractual or non-contractual liability in relation to the restructuring agreement signed by CO.E.STRA. S.p.A. on 30 November 2011, with subsequent request for joint liability of the banks with respect to the alleged damages suffered for having caused/worsened the distress of CO.E.STRA. S.p.A., quantified by the latter in the amount of Euro 34.6 million. The order of the judge has been challenged before the Supreme Court on the basis of lack of competence pursuant to article 42 of the Italian Code of Civil Procedure. The hearing was held on 12 April 2018 in private and the Supreme Court referred the proceedings to a public hearing held on 5 February 2019. Following the decision of the Supreme Court dated 23 July 2019 relating to a similar case of lack of competence, the public hearing for the discussion of the banks’ claim for lack of competence has been scheduled for 13 December 2019. The proceeding pending before the Court of Florence is still suspended.”

- (q) The subparagraph titled “*Civil disputes arising in connection with the ordinary business of the Issuer – (N) “Arbitration promoted by Cinecittà Centro Commerciale Srl*” of the paragraph titled “*Banca Monte dei Paschi di Siena S.P.A. – Legal Proceedings – Judicial and arbitration proceedings – Sanctioning procedures*” on page 246 of the Base Prospectus is deleted in its entirety.
- (r) The following paragraph is deemed to be included following the fourth paragraph of subparagraph titled “*CONSOB (B) “CONSOB’s sanctioning procedures for failed compliance with the provisions in the matter of a public offer of financial instruments and rules concerning the provision of investment services*” of the paragraph titled “*Banca Monte dei Paschi di Siena S.P.A. – Legal Proceedings – Judicial and arbitration proceedings – Civil Proceedings*” on page 250 of the Base Prospectus:

“With a ruling filed on 26 September 2019, the Supreme Court partially upheld the appeal filed by the Issuer against the decision of the Florence Court of Appeal, declaring: a) no longer applicable the sanction imposed on the Bank as jointly and severally liable for the sanction imposed on the previous director Carlo Querci of Euro 135,000 following his death and b) upheld the appeal concerning the position of Dr. Fabrizio Viola (sanctioned with €7,500), referring the decision to another section of the Court of Appeal.”

- (s) The fourth, fifth, sixth and seventh paragraphs of subparagraph titled “*AGCM (D) “Proceedings PS 10678 of the AGCM – Violations of the Consumer Code in the sale of investment diamonds*” of the

paragraph titled “*Banca Monte dei Paschi di Siena S.P.A. – Legal Proceedings – Judicial and arbitration proceedings – Civil Proceedings*” on page 251 of the Base Prospectus are deleted in their entirety and replaced as follows:

“BMPS had previously entered into a customer referral agreement with DPI, and the AGCM held that the Bank was actively involved in the promotion and sale of investment diamonds. The proceedings ended with the decision taken by AGCM during the hearing held on 20 September 2017, and notified to the parties on 30 October 2017. AGCM held that the breaches with which the parties had been charged had actually been committed, and sentenced BMPS to pay a fine of Euro 2 million. The Bank paid the fine within the relevant terms and challenged the decision before the Administrative Regional Court TAR of Lazio; at the hearing held on 17 October 2018, the Court reserved its decision. Meanwhile, the Bank has taken action to reimburse its customers previously referred to DPI, who have purchased diamonds from the latter and who intended to exit from their investment. In light of such reimbursement initiative, the Bank set up provisions to take into account, *inter alia*, the projection of expected requests and the current wholesale value of the diamonds to be withdrawn. As at 30 June 2019, the provisions for risks and charges in view of the reimbursement initiative amounted to Euro 160 million (Euro 127 as at 31 December 2018) and were partly used in the first half of the 2019 financial year to enter into settlement agreements for an amount equal to Euro 75 million.

These funds are constantly monitored by the Bank, and periodically updated in light of the evolution of pending claims and disputes, in line with the accounting and financial statement criteria used by the Issuer in order to deal with the risks associated with claims for compensation arising from its customers.

By a decision published on 14 November 2018, the Regional Administrative Court of Lazio (TAR) rejected the appeal of BMPS and confirmed the AGCM sanctions; the Bank, following proper evaluations of the legal grounds of the events, has decided not to appeal against such decision which, consequently, became the final judgment.

On 2 July 2019, the Bank sent a report to the AGCM on the status of the reimbursement initiative as at 30 June 2019.

On 19 September 2019, the AGCM requested to receive a new report on the status of the reimbursement initiative by 15 January 2020, containing information on the progress and effects of the initiatives taken, updated to 31 December 2019, and hoping for a satisfactory definition of the complaints and reimburse requests received.”

- (t) the seventh paragraph of paragraph titled “*Banca Monte dei Paschi di Siena S.P.A. – Legal Proceedings – Judicial and arbitration proceedings – Administrative offences pursuant to Legislative Decree 231/2001 challenged in relation to the sale of investment diamonds based on alleged self-laundering crime (article 648-ter of the Italian Criminal Code)*” on page 254 of the Base Prospectus is deleted in its entirety and replaced as follows:

“On 15 April 2019, a request for the extension of the preliminary investigations was delivered.

On 28 September 2019, the notice of completion of the investigations was filed against the suspects held jointly liable for the alleged fraud against diamond investment investors. The notice concerns 87 natural persons and 7 legal persons, including the Bank.

Eight members of the Bank are involved, 5 of whom are managers (who are also held responsible for the criminal conduct referred to in art. 648 ter 1, 2 and 5 of the Italian Criminal Code) and three are branch owners. The Bank remains involved in the proceedings by virtue of the alleged administrative

offence referred to in Article 25-octies of Legislative Decree 231/01 in relation to Article 648 ter 1 of the Italian Criminal Code.”

## Management of the Bank

### (a) Board of Directors

The details relating to Board of Directors set out in the table on pages 257-259 of the Base Prospectus are deleted and replaced as follows:

“

| <u>Name</u>           | <u>Position</u>         | <u>Date of birth</u> | <u>Position held</u>   |
|-----------------------|-------------------------|----------------------|--|
| Stefania Bariatti (*) | Chairperson             | 28 October 1956      | Deputy Chairperson of the Board of Directors of SIAS S.p.A.<br><br>Sole Director of Canova Guerrazzi s.s.<br><br>Deputy Chairperson of the Board of Directors and member of the Executive Committee of the Italian Banking Association<br><br>Deputy Chairperson of the Board of Directors of A2A S.p.A. |
| Antonino Turicchi     | Deputy Chairperson      | 13 March 1965        | Director to Autostrade per l'Italia S.p.A.<br><br>Director of Leonardo S.p.A.<br><br>Chairman of the Board of Directors of STMicroelectronics Holding N.V.<br><br>Manager of Direzione VII – Finanze e privatizzazioni del Dipartimento del Tesoro del Ministero dell'Economia e delle Finanze           |
| Marco Morelli         | Chief Executive Officer | 08 December 1961     | Director and member of the Executive Committee of the Italian Banking Association<br><br>Deputy President of the Board of Directors of Fondazione Onlus Gino Rigoldi   |

| <u>Name</u>                  | <u>Position</u> | <u>Date of birth</u> | <u>Position held</u>  |
|------------------------------|-----------------|----------------------|---|
|                              |                 |                      | Director of Università Internazionale degli Studi Sociali LUISS Guido Carli   |
| Maria Elena Cappello (**)    | Director        | 24 July 1968         | Director of Prysmian S.p.A.<br><br>Director and member of the Sustainability, Scenarios and Governance Committee of Saipem S.p.A.<br><br>Director and member of the Related Party Committee of TIM S.p.A. |
| Roberta Casali (**)<br>(***) | Director        | 25 January 1962      | Director and member of Independent Directors and referent for Board of Directors on Audit, Compliance and <i>Risk Management</i> of Antirion SGR S.p.A.   |
| Marco Giorgino (**)          | Director        | 11 December 1969     | Chairman of the Board of Directors of Vedogreen S.r.l.<br><br>Director of REAL STEP SICAF S.p.A.<br><br>Statutory Auditor of RGI S.p.A.<br><br>Director of Terna S.p.A.                                   |
| Fiorella Kostoris (**)       | Director        | 5 May 1945           | //  |
| Roberto Lancellotti (**)     | Director        | 21 July 1964         | Director of Datalogic S.p.A.<br><br>Member of the Steering Committee of Fondazione Welfare Ambrosiano   |
| Nicola Maione (**)           | Director        | 9 December 1971      | Chairman of the Board of Directors of ENAV S.p.A.<br><br>Director of Associazione Bancaria Italiana   |
| Stefania Petruccioli (**)    | Director        | 5 July 1967          | Director of Dè Longhi S.p.A.<br><br>Director of Interpump Group   |

| <u>Name</u>                      | <u>Position</u> | <u>Date of birth</u> | <u>Position held</u>  |
|----------------------------------|-----------------|----------------------|---|
|                                  |                 |                      | S.p.A.<br><br>Director of RCS Media Group S.p.A.<br><br>Director of F2A S.p.A.<br><br>Director of Italian Banking Association   |
| Salvatore Fernando Piazzolla (*) | Director        | 5 March 1953         | //  |
| Angelo Riccaboni (**)            | Director        | 24 July 1959         | Chairman of Fundacion PRIMA<br><br>Chairman of Fondazione Sclavo<br><br>Director of Fondazione Smith Kline<br><br>Chairman of the Steering Committee of Santa Chaira Lab Innovation Center of University of Siena<br><br>Director of Università degli Studi di Milano – Bicocca |
| Michele Santoro (**)             | Director        | 28 March 1955        | //  |
| Giorgio Valerio (**)             | Director        | 13 July 1966         | Director and Member of the Control and Risk Committee, the Nominating and Compensation Committee and the related party Committee of Massimo Zanetti Beverage Group S.p.A.<br><br>Chairman of the Board of Directors of Niuma S.r.l.   |

”

**(b) Managers with strategic responsibilities**

The details relating to managers with strategic responsibilities set out in the table on pages 261-264 of the Base Prospectus are deleted and replaced as follows:

“

| <b>Name</b>        | <b>Position</b>                                   | <b>Date of birth</b> | <b>Position held</b>   |
|--------------------|---|----------------------|--|
| Marco Morelli      | General Manager and Chief Executive Officer       | 08 December 1961     | Director and member of Executive Committee of the Italian Banking Association<br><br>Deputy Chairman of the Board of Directors of Fondazione Onlus Gino Rigoldi<br><br>Director of Università Internazionale degli Studi Sociali LUISS Guido Carli |
| Giovanni Ametrano  | Head of performing loan                           | 06 April 1965        | Director of MPS Leasing & Factoring S.p.A.   |
| Maurizio Bai       | Head of network division                          | 23 July 1967         | //   |
| Leonardo Bellucci  | Chief risk officer                                | 21 February 1974     | //   |
| Giampiero Bergami  | Chief commercial officer – Deputy general manager | 27 February 1968     | Director of Wise Dialog Bank – Widiba S.p.A.<br><br>Director of Banca Monte Paschi Belgio S.A.<br><br>Director of Bonfiglioli Riduttori S.p.A.   |
| Vittorio Calvanico | Chief operating officer                           | 08 February 1964     | Director of Ausilia S.r.l.<br><br>CEO of Consorzio Operativo Gruppo Montepaschi S.c.p.a.   |

|                     |   |                      |   |
|---------------------|---|----------------------|---|
| Pierfrancesco Cocco | Chief audit executive                           | 07 June 1954         | //  |
| Roberto Coita       | Chief human capital officer                     | 28 January 1972      | //  |
| Eleonora Cola       | Head of retail                                  | 18 July 1965         | Director of<br>Consorzio<br>Operativo<br>Gruppo<br>Montepaschi<br>S.c.p.a.<br><br>Director of AXA<br>MPS<br>Assicurazioni<br>Vita S.p.A.<br><br>Director of AXA<br>MPS<br>Assicurazioni<br>Danni S.p.A.<br><br>Director of<br>Microcredito di<br>Solidarietà S.p.A. |
| Fiorella Ferri      | Chief safety officer                            | 5 June 1962          | //  |
| Fabiano Fossali     | Head of corporate                               | 22 March 1968        | Director of MPS<br>Leasing &<br>Factoring S.p.A.<br><br>Director of MPS<br>Capital Services<br>Banca per le<br>Imprese S.p.A.   |
| Fabrizio Leandri    | Chief lending officer                           | 21 April 1966        | //  |
| Ettore Minnella     | Head of operations                              | 18 September<br>1960 | //  |
| Marco Palocci       | Head of external and institutional<br>relations | 02 December<br>1960  | Deputy Chairman<br>of the Board of<br>Directors of<br>Fondazione<br>Banca Agricola<br>Mantovana<br><br>Member of the<br>Board of<br>Directors of<br>Fondazione<br>Banca   |

|                    |   |                  |  |
|--------------------|---|------------------|--|
|                    |   |                  | Antonveneta  |
| Riccardo Quagliana | Head of group general counsel                           | 04 February 1971 | Deputy Chairman of Wise Dialog Bank – Widiba S.p.A.<br><br>Director of MPS Capital Services Banca per le Imprese S.p.A.<br><br>Director of Conciliatore bancario finanziario                             |
| Andrea Rovellini   | Chief financial officer – Senior deputy general manager | 15 February 1959 | Director of Wise Dialog Bank – Widiba S.p.A.<br><br>Director of AXA MPS Assicurazioni Danni S.p.A.<br><br>Director of AXA MPS Assicurazioni Vita S.p.A.<br><br>Director of Nuova Sorgenia Holding S.p.A. |
| Lucia Savarese     | Head of non-performing loan                             | 30 March 1964    | Director of MPS Capital Services Banca per le Imprese S.p.A.   |
| Federico Vitto     | Head of wealth management                               | 14 November 1968 | Chairman of MPS Fiduciaria S.p.A.<br><br>Director of AXA MPS Assicurazioni Danni S.p.A.<br><br>Director of AXA MPS Assicurazioni Vita S.p.A.   |

Director of AXA  
MPS Financial  
Designated  
Activity  
Company (DAC)

Director of AIPE  
- Italian  
Association  
Private Banking

|                         |                                   |                 |    |
|-------------------------|-----------------------------------|-----------------|----|
| Ettore Carneade         | Head of compliance area           | 16 June 1961    | // |
| Nicola Massimo Clarelli | Chief financial reporting officer | 22 October 1971 | // |

»

(c) **Board of Statutory Auditors**

The details relating to the board of statutory auditors set out in the table on pages 265-266 of the Base Prospectus are deleted and replaced as follows:

“

| <b>Name</b>       | <b>Title</b> | <b>Position held</b>  |
|-------------------|--------------|---|
| Elena Cenderelli  | Chairperson  | Chairperson of the board of statutory auditors of AXA MPS Assicurazioni Vita S.p.A.<br><br>Chairperson of the board of statutory auditors of AXA MPS Assicurazioni Danni S.p.A.   |
| Raffaella Fantini | Auditor      | Auditor of SO.G.IM S.p.A.<br><br>Auditor of ICCAB S.r.l.<br><br>Auditor of Ecuador S.p.A.<br><br>Auditor of Società Immobiliare Minerva S.r.l.<br><br>Auditor of BP Real Estate S.p.A.<br><br>Auditor of Sport e Salute S.p.A.<br><br>Auditor of Istituto nazionale previdenza giornalisti italiani |
| Paolo Salvadori   | Auditor      | Chairman of the board of statutory auditors of SEVIAN S.r.l.  |

|                          |                   |  |
|--------------------------|-------------------|--|
|                          |                   | Chairman of the Board of Directors of AXA Italia Servizi S.c.p.a.            |
|                          |                   | Chairman of the Board of statutory auditors of Immobiliare Due Ponti S.p.A.  |
|                          |                   | Chairman of the Board of statutory auditors of MA Centro Inossidabili S.p.A. |
| Daniele Federico Monarca | Alternate auditor | Auditor of ICM S.p.A.  |
|                          |                   | Director of Blue Financial Communication S.p.A.                              |
|                          |                   | Chief executive officer of Pigreco Corporate Finance S.r.l.                  |
|                          |                   | Chairman of the Board of statutory auditors of ADVALORA S.p.A.               |
|                          |                   | Auditor of Fiera Milano S.p.A.   |
|                          |                   | Director of Il cielo in una stanza S.r.l.                                    |
|                          |                   | Chairman of the Board of directors Consaequo Partners S.r.l.                 |
|                          |                   | Auditor of Fiere di Milano Media S.p.A.                                      |
|                          |                   | Director of Pigreco Corporate Finance S.r.l.                                 |
| Claudia Mezzabotta       | Alternate auditor | Chairperson of the Board of statutory auditors of Carrara S.p.A.             |
|                          |                   | Auditor of Sabre Italia S.r.l.   |
|                          |                   | Auditor of AVIO S.p.A.   |
|                          |                   | Single auditor of RES – Research for enterprise systems S.r.l.               |
|                          |                   | Chairperson of the Board of statutory auditors of Fultes S.p.A.              |
|                          |                   | Auditor of Quadrifoglio Piacenza S.p.A. in liquidazione                      |
|                          |                   | Single auditor of GE Lighting S.r.l.   |
|                          |                   | Auditor of Pentagramma Perugia   |

S.p.A.

Auditor of Inalca S.p.A.

Auditor of Synopo S.p.A.

Single auditor of Winwin S.r.l.

Auditor of Pentragramma Piemonte  
S.p.A. in liquidazione

Auditor of Ente Nazionale Previdenza  
e assistenza degli psicologi

”

## **General Information**

### *Significant Change or Material Adverse Change*

The paragraph titled “Significant Change or Material Adverse Change” on page 282 of the Base Prospectus is deleted in its entirety and replaced as follows:

“Since 30 September 2019 there has been no significant change in the financial or trading position of the Issuer and/or the Group and since 31 December 2018 there has been no material adverse change in the prospects of the Issuer and/or the Group.”

### **General**

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or any other document incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

Copies of this Supplement and all documents incorporated by reference in the Base Prospectus can be obtained free of charge from the office of the Issuer and, in case of Notes admitted to the Official List and to trading on the Luxembourg Stock Exchange’s regulated market, from the principal office in Luxembourg of *Banque Internationale à Luxembourg, société anonyme*, being at 69 Route d’Esch, L-2953 Luxembourg. Copies of this Supplement and all documents incorporated by reference in the Base Prospectus will also be published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).