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Oggetto : BMPS: BOARD APPROVES  
PRELIMINARY 2021 FY RESULTS

*Testo del comunicato*

Vedi allegato.

**PRESS RELEASE**

**BANCA MPS: BOARD APPROVES PRELIMINARY 2021 FY RESULTS**

**POSITIVE REVENUE TREND CONFIRMED FOR THE YEAR (+1.3% Y/Y<sup>1</sup> +3.2 Q/Q)**

**NET INTEREST INCOME (-5.4% Y/Y<sup>2</sup>, +3.1 Q/Q, AND +3.6%<sup>3</sup> VS. 4Q20)**

**ONGOING REDUCTION IN COMMERCIAL SPREAD VS. SYSTEM: COST OF DEPOSITS REDUCED BY 9 BPS OVER THE YEAR AND INTEREST RATES ON NEW LOANS HIGHER THAN ON BACKBOOK**

**GROWTH IN COMMISSIONS FOR THE YEAR (+3.8% Y/Y<sup>4</sup>) AND THE QUARTER (+3.6% Q/Q), DRIVEN BY WEALTH MANAGEMENT FLOWS OF OVER EUR 14 BILLION, WELL ABOVE PRE-COVID FIGURE (EUR +3 BILLION VS. 2019)**

**COST RATIONALISATION PROCESS CONTINUES:**

**OPERATING COSTS FALL 3.6% Y/Y, WITH PERSONNEL COSTS REMAINING STABLE DESPITE NO RENEWAL OF TRADE UNION AGREEMENTS; SHARP REDUCTION IN OTHER COSTS AND AMORTISATION (EUR -11.9% Y/Y, EUR -179 MILLION VS. 2019)**

**PRE-PROVISION PROFIT AT EUR 874 MILLION (+15.3% Y/Y)**

**COST OF CREDIT AT 31 BPS, IN LINE WITH THE COST OF CREDIT IN 2020 (EXCLUDING HYDRA TRANSACTION CONTRIBUTION AND COVID-RELATED WRITE-DOWNS)**

**2021 NET OPERATING PROFIT AT EUR 629 MILLION (EUR -20 MILLION<sup>5</sup> IN 2020)**

**NET PROFIT FOR THE YEAR AT EUR 310 MILLION (EUR -1,687 MILLION IN 2020)**

**ROTE AT 5.3% DESPITE NEGATIVE IMPACT OF SYSTEMIC CHARGES OF AROUND 3 PERCENTAGE POINTS**

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<sup>1</sup> +5.0 % proforma, net of Hydra transaction in 2020 figures.

<sup>2</sup> +2.2 % proforma, net of Hydra transaction in 2020 figures.

<sup>3</sup> +9.4 % proforma, net of Hydra transaction in 2020 figures.

<sup>4</sup> +5.6% net of the cost of synthetic securitisation transactions.

<sup>5</sup> EUR +48 millions proforma, net of Hydra transaction in 2020 figures.

**SIGNIFICANT PROGRESS MADE IN 2021 TO IMPROVE THE BANK'S RISK PROFILE:**

**MORATORIA: -98% VS. JUNE 2020**

**STAGE 2 GROSS LOANS REDUCED BY EUR 2.7 BILLION IN 2021, WITH IMPACT ON PERFORMING LOANS IN LINE WITH PRE-COVID LEVELS**

**TOTAL GROSS NPE STABLE AT EUR 4 BILLION, DESPITE NO LOAN DISPOSALS AND INTRODUCTION OF NEW DEFINITION OF DEFAULT**

**COVERAGE LEVELS UP 3.8 PERCENTAGE POINTS<sup>6</sup> VS. DECEMBER 2020**

**"EXTRAORDINARY" LEGAL DISPUTES RELATED TO FINANCIAL DISCLOSURE DOWN 70% VS. 2020**

**TOTAL ASSETS REDUCED BY OVER EUR 12 BILLION THANKS TO ASSET OPTIMISATION EFFORTS**

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**STRONGER CAPITAL LEVELS: 140 BPS OF CAPITAL GENERATION IN 2021, THANKS TO PROFIT FOR THE YEAR AND CAPITAL MANAGEMENT ACTIONS, ONLY PARTLY OFFSET BY REGULATORY IMPACTS (-30 BPS)**

**FULLY LOADED CET 1 RATIO AT 11.0%  
(9.9% IN DECEMBER 2020)**

**TRANSITIONAL CET1 RATIO: 12.5%  
(12.1% IN DECEMBER 2020)**

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**COMPARED TO PUBLIC TARGETS<sup>7</sup>:**

**REVENUES: +2.9% THANKS TO IMPROVEMENT IN COMMISSIONS (+3.2%)**

**OPERATING COSTS: -2.3%, WITH OTHER OPERATING COSTS DOWN -14%**

**COST OF CREDIT AT 31 BPS COMPARED TO 87 BPS EXPECTED**

**HIGHER CAPITAL LEVELS<sup>8</sup> WITH NO SHORTFALL COMPARED TO THE EUR 1.5 BILLION EXPECTED**

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<sup>6</sup> Proforma figure that takes into account the impacts of calendar provisioning recognised under equity. "Stated" coverage: 47.9%.

<sup>7</sup> The comparison of P&L and balance sheet results refers to 2021 targets set in the 2021-2025 Plan, published on 17 January 2021 on the Bank's Group website.

<sup>8</sup> 2021 fully loaded CET1 ratio at 11% vs. a target (including capital increase of EUR 2 billion) of 10.9%.

*Siena, 7 February 2022* – The Board of Directors of Banca Monte dei Paschi di Siena S.p.A. has reviewed and approved the results as at 31 December 2021.

### **Group profit and loss results as at 31 December 2021**

The Group's **total revenues** as at 31 December 2021 stand at **EUR 2,980 million**, up 1.3% Y/Y. Excluding the estimated contribution of the Hydra transaction, revenue growth would stand at 5%.

This increase is largely due to the rise in net fees and commissions, mainly as a result of higher income from wealth management, especially product placements and an increase in other income from banking business due to higher profits from the sale of securities and the greater contribution from the bancassurance partnership with AXA. In contrast, net interest income registers a downturn Y/Y, mainly owing to the lower contribution (approximately EUR 106 million) of the non-performing portfolio as a result, in particular, of the deconsolidation of the Hydra transaction portfolio at the end of 2020, as well as to the decline in asset yields caused by the trend in interest rates and a shift in the composition of exposures with a decrease in sight and short-term components and an increase in the medium/long term component. Net interest income, on the other hand, benefitted from the lower cost of commercial funding and from the positive effects of access to TLTRO3 auctions, albeit partly offset by the cost of increased deposits with central banks. Excluding the estimated contribution of the Hydra portfolio, net interest income would register a year-on-year increase of 2.2%.

Revenues in 4Q21 are up 3.2% from the previous quarter. More specifically, there is a rise in net interest income (+3.1%), which benefitted from the ongoing cost of funding optimisation measures, as well as net fees and commissions (+3.6%), especially fees and commissions on payment services. The quarter-on-quarter comparison shows a decrease in other income from banking business, which was affected by the decline in the trading/hedging result. On the other hand, the contribution from bancassurance partnership with AXA has increased.

**Net interest income** as at 31 December 2021 stands at **EUR 1,222 million**, down 5.4% Y/Y. The decrease is mainly driven (i) by the lower contribution (approximately EUR 106 million) of the non-performing portfolio, particularly as a result of the deconsolidation of the Hydra transaction portfolio at the end of 2020, and also (ii) by the higher cost of institutional funding linked to the issues in the second half of 2020, (iii) by the lower contribution from BMPS' securities portfolio, partly as a consequence of sales carried out in 2020 and 2021, (iv) by the negative contribution from hedging derivatives, and v) by the decline in asset yields caused by interest rate trends and a shift in the composition of exposures with a decrease in sight and short-term components and an increase in the medium/long term component. Net interest income, on the other hand, benefitted from the lower cost of commercial funding and from the positive effects, totalling EUR 279 million, of access to the TLTRO3 auctions, albeit partly offset by the cost, amounting to approximately EUR 93 million, of increased deposits with central banks. Excluding the estimated contribution of the Hydra transaction portfolio, net interest income would register a year-on-year increase of 2.2%

Net interest income in 4Q21 is up compared to the previous quarter (+3.1%), mainly thanks to the ongoing measures put in place by the Parent Company to optimise the cost of customer funding, the

higher contribution from the MPS Capital Services portfolio as well as the lower cost of deposits with central banks as result of a decrease in average volumes.

**Net fees and commissions** as at 31 December 2021, amounting to **EUR 1,484 million**, are up compared to the previous year (+3.8%). The increase is attributable to the higher income from wealth management (+17.3%), driven both by higher commissions from product placements and higher continuing fees, which benefitted from an increase in average managed volumes and average yields. In contrast, commissions from traditional banking services register a downturn owing to the decline in commissions on loans (-5.3%), partly as a result of the shift in loans towards longer-term forms.

The 4Q21 result is up from the previous quarter (+3.6%) mainly due to the increase in commissions from traditional banking services (EUR +16.0 million), driven by income from payment services.

**Dividends, similar income and profit (loss) on investments** amount to **EUR 113 million** and are up from 31 December 2020 (EUR +12 million) thanks to the growth in income from the Bancassurance partnership with AXA<sup>9</sup>, which led to a higher contribution in the fourth quarter 2021 compared to the previous quarter.

**Net profit (loss) from trading, financial assets/liabilities measured at fair value and gains from disposals/repurchases** as at 31 December 2021 amounts to **EUR 185 million**, up EUR 16 million from the figures recorded in the same period of the previous year. The 4Q21 contribution, however, registers a downturn of EUR 20 million compared to the previous quarter. An analysis of the main aggregates shows the following:

- **Net profit from trading positive for EUR 25 million**, down by EUR 11 million from the previous year owing to the lower contribution from MPS Capital Services, which also resulted in a 4Q21 result lower compared to previous quarter (EUR -18million).
- **Net profit from other financial assets and liabilities measured at fair value through profit and loss shows a positive balance of EUR 19 million**, up from the positive contribution of EUR 15 million recorded in the previous year, also due to the capital gains registered on UCITS. The 4Q21 result amounts to **EUR +5 million**; essentially no contribution for 3Q21 affected by capital losses on debt securities.
- **Gains on disposals/repurchases** (excluding customer loans at amortised cost) **show a positive balance of EUR 141 million**, up 19.6% year-on-year thanks to the higher profits from the sale of securities. The 4Q21 result is down EUR 7 million from the previous quarter owing to the lower profits from the sale of securities.

The following items also contribute to revenues:

- **Net income from hedging, in the amount of EUR +13 million**, up from 31 December 2020 (at EUR +3.0 million) and with a lower contribution in 4Q21 compared to the previous quarter.

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<sup>9</sup> AXA-MPS is consolidated at net equity in the Group's financial accounts.

- **Other operating expenses/income show a negative balance of EUR 36 million**, an improvement on the result recorded in 2020 (at EUR -51 million) and with the 4Q21 contribution (EUR -11 million) registering an upturn from the previous quarter (EUR -13 million).

As at 31 December 2021, **operating expenses** amount to **EUR 2,106 million**, down from the previous year (-3.6%) and with the 4Q21 result rising against the previous quarter (+1.1%). An analysis of the individual aggregates shows that:

- **Administrative expenses** stand at **EUR 1,926 million** and are down 2.6% Y/Y, with the 4Q21 contribution remaining largely steady against the previous quarter. Within the aggregate:
  - **Personnel expenses**, amounting to **EUR 1,428 million**, are up 0.9% Y/Y despite the downward headcount trend (due, first and foremost, to the 560 Solidarity Fund exits registered between 1 November 2020 and 1 January 2021), related to the contractual salary increases resulting from the renewed National Collective Labour Agreement and to the absence of savings resulting from the non-renewal of the company trade union agreement. The result in 4Q21 is down 2% from the previous quarter.
  - **Other administrative expenses**, amounting to **EUR 498 million**, are down compared to the previous year (-11.6%) thanks to the cost efficiency measures put in place. The 4Q21 rises against the previous quarter (+7.4%) following the typical year-end increase in expenditure.
- **Net value adjustments to tangible and intangible assets** as at 31 December 2021 stand at **EUR 180 million**, down from the previous year (-12.7%), partly due to the introduction of the fair value measurement of real estate. The aggregate registers an increase from the previous quarter (+10.1%).

As a result of the above trends, the Group's **pre-provision profit** amounts to **EUR 874 million** (EUR 758 million as at 31 December 2020) with the 4Q21 result amounting to EUR 201 million, up by approximately EUR 16 million compared to the previous quarter.

The **cost of customer loans** booked by the Group as at 31 December 2021 amounts to **EUR -250 million**, compared to EUR -773 million in the previous year. The 2021 figure includes:

- a positive effect of approximately EUR 124 million of lower provisioning resulting from the updated macroeconomic scenarios.
- a negative impact of EUR 136 million deriving from the update of statistical valuation models (including EUR -99 million and EUR -37 million from the update of LGD and PD models respectively).
- A negative impact of EUR -75 million as a result of methodological refinements relating to the valuation of government-backed exposures and unsecured UTPs with a certain vintage.

The figure for 2020 included a negative effect of around EUR 348 million linked to the changed macroeconomic scenario that emerged following the outbreak of the COVID-19 pandemic.

Excluding these effects, however, the aggregate is still down compared to 2020, mainly due to the writebacks (amounting to approximately EUR 130 million) registered on some significant positions where company events occurred that improved their risk profile. The cost of credit in 2021 also benefitted from the absence of provisioning on tickets included in the “Hydra M” portfolio, which was deconsolidated at the end of December 2020.

The cost of customer loans in 4Q21, totalling EUR +222 million, increases by EUR 357 million compared to the previous quarter, which included the aforementioned (i) effects from the updated macroeconomic scenario (EUR 124 million), (ii) the cost from the update of the LGD models (EUR -99 million), (iii) the writebacks registered on some significant positions (approximately EUR 130 million). Even net of these components, the 4Q21 cost is still higher compared to the previous quarter, mainly due to capital losses registered on securities from disposals/ securitisations of NPLs, to the effect of the above-mentioned methodology refinement for the valuation of UTPs and to higher default flows.

As at 31 December 2021, the ratio between the cost of customer loans and the sum of customer loans plus the value of securities from disposals/securitisations of NPLs reflects a **provisioning rate of 31 bps** (93 bps as at 31 December 2020).

The Group’s **net operating result** as at 31 December 2021 shows a **positive balance of approximately EUR 629 million** against a negative balance of EUR 20 million recorded for the previous year. The 4Q21 result of EUR -19 million is down from the previous quarter, which registered a positive balance of approximately EUR 321 million.

The following items also contribute to the **result for the year**:

- **Net provisions for risks and charges** amounting to **EUR -99 million**, an improvement on previous year (equal to EUR -984 million) owing to the lower provisions for legal risks. The result in 4Q21 is down from the previous quarter due to the higher provisions for legal risks.
- **Other gains (losses) on investments** amounting to **EUR +2 million**, against a gain of EUR 3 million registered in 2020, with essentially no contribution from 4Q21 against the EUR 2 million registered in the third quarter.
- **Restructuring costs/one-off charges** totalling **EUR -7 million di euro**, improving from the EUR -154 million recorded for the same period of the previous year, which included expenses (interests, fees & commissions and other administrative expenses) related to the Hydra transaction and to the cost of staff exits. The 4Q21 result (equal to EUR +0.8 million) is up compared to the previous quarter (at EUR -3.9 million).
- **Risks and charges related to SRF, DGS and similar schemes**, totalling **EUR -169 million**, consisting of the Group’s contribution to the Single Resolution Fund (SRF), booked in 1Q21 in the amount of EUR 67 million, the additional contribution to the National Resolution Fund (NRF), booked in 2Q21 in the amount of EUR 22 million, and the total amount of EUR 77 million paid to the FITD (DGS), booked in 3Q21 in the amount of EUR 69 million and in 4Q21 for EUR 8 million, as well as the net loss recorded on the exposure to the FITD Voluntary Scheme (mainly for the

Carige initiative) totalling EUR 3 million. The amount due to FITD (DGS) is higher than the amount registered in the previous year due to the increase in deposit volumes.

- **DTA fees**, totalling **EUR -63 million**. The amount, which was calculated according to the criteria of Law Decree 59/2016 converted into Law no. 119 of 30 June 2016, consists of the fees due as at 31 December 2021 for DTAs (*Deferred Tax Assets*) which are convertible into tax credit.
- **Net gains (losses) from measurement at fair value of tangible and intangible assets** amounting to approx. **EUR -44 million**, include the write-down of instrumental real-estate properties (as per IAS 16), in application of the new valuation criterion for the Group's real-estate assets.
- **Gains on disposal of investments** for **EUR 14 million** from the sale of real estate properties. The aggregate showed a positive balance of EUR 54 million as at 31 December 2020.

As a result of the above trends, the Group's **pre-tax profit for the period** amounts to **EUR 263 million** vs. EUR -1,341 million registered as at 31 December 2020.

**Taxes on profit (loss) from continuing operations** record a positive contribution of **EUR 49 million** (EUR -342 million as at 31 December 2020) mainly owing to the valuation of DTAs.

With regard to taxable income for future financial years, it should be noted that the valuation was determined on the basis of the same income projections used for the 2020 Consolidated Financial Report and the 2021 Consolidated Half-Year Report. The income projections included in the new 2022-2026 Strategic Plan, approved by the Board of Directors on 17 December 2021, have not been used as this document is still being examined by the competent authorities.

Considering the net effects of PPA (EUR -3.6 million), **the Group's consolidated profit amounts to EUR 310 million** against a loss of EUR -1,687 million reported for in 2020. The fourth quarter of 2021 registers a loss for the Parent Company EUR -79 million, compared to a profit of EUR 186 million registered in the third quarter.

### **Group balance sheet aggregates as at 31 December 2021**

The Group's **total funding** volumes as at 31 December 2021 amount to **EUR 194.7 billion**, down EUR 2.9 billion from 30 September 2021, owing to the decrease in direct funding (EUR -2.6 billion).

The aggregate is down EUR 11.1 billion compared to 31 December 2020 owing to the decrease of direct funding (EUR -13.4 billion) only partly offset by the increase in indirect funding (EUR +2.4 billion).

**Direct funding** volumes stand at **EUR 90.3 billion**, down EUR 2.6 billion vs. the end of September 2021. The downturn is mainly due to the decrease in repos (EUR -2.7 billion) owing to the decreased operations of MPS Capital Services, only partly offset by the increase in current accounts (EUR +1 billion). A downward trend is registered for time deposits (EUR -0.5 billion), other forms of funding (EUR -0.4 billion) and bonds (EUR -0.1 billion).



The aggregate is down by EUR 13.4 billion from 31 December 2020, with a downturn registered across all funding types. More specifically, there is a decrease in current accounts (EUR -1.8 billion) and time deposits (EUR -2.4 billion) driven by the ongoing measures put in place by the Parent Company to optimise the cost of funding. A decline is also registered for repo transactions (EUR -5.2 billion), other forms of funding (EUR -2.2 billion) and bonds (EUR -1.8 billion), the latter mainly due to the maturity of a covered bond.

The Group's direct funding market share<sup>10</sup> stands at 3.54% (updated to October 2021), down from December 2020 (at 3.93%).

**Indirect funding** amounts to **EUR 104.4 billion**, down EUR 0.3 billion from 30 September 2021 due to the reduction in assets under custody (EUR -1.2 billion), which were impacted by negative net inflows (due to transactions on one key client), partly offset by a positive market effect. On the other hand, a rise is registered for assets under management (EUR +0.9 billion), largely owing to the positive market effect.

Compared to 31 December 2020, indirect funding is up EUR 2.4 billion, driven by assets under management (EUR +4.9 billion), which benefitted from positive net inflows and a positive market effect. On the other hand, assets under custody register a fall (EUR -2.5 billion) as a result of the transactions of two major clients, partly offset by the positive market effect.

As at 31 December 2021, Group **customer loans** amount to **EUR 79.4 billion**, down from the end of September 2021 (EUR -1.8 billion), due to the decrease in repos (EUR -1.0 billion), mortgages (EUR -0.7 billion) and a slight reduction in current accounts (EUR -0.2 billion). Other forms of lending register an upturn (EUR +0.2 billion).

Compared to 31 December 2020, the aggregate registers a decrease of EUR 3.3 billion largely due to the reduction in repos (EUR -3.5 billion) as well as a decline in other forms of lending (EUR -0.5 billion) and current accounts (EUR -0.3 billion). Mortgages, on the other hand, record an increase (EUR +1.1 billion), having been influenced in part by disbursements granted as part of the government decrees issued following the COVID-19 emergency.

The Group's market share<sup>11</sup> stands at 4.53% (updated to October 2021), up 10 bps from the end of 2020.

The gross exposure of stage 1 loans, amounting to EUR 64.9 billion, register a decrease from both 30 September 2021 (at EUR 67.2 billion) and 31 December 2020 (at EUR 65.5 billion).

Stage 2 loans, with a gross exposure of EUR 12.7 billion, are up from the EUR 12.0 billion recorded as at 30 September 2021 and down from the EUR 15.4 billion as at 31 December 2020.

The trend for stage 1 loans is mainly attributable to the acquisition of companies' 2020 Financial Statements in the last quarter of 2021, which led to the classification of certain positions to High Risk and, consequently, their transition from stage 1 to stage 2. Added to this is the natural reduction in

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<sup>10</sup> Deposits and repos (excluding repos with central counterparties) from resident consumer customers and bonds net of repurchases placed with resident consumer customers as first-instance borrowers.

<sup>11</sup> Loans to resident consumer customers, including non-performing loans and net of repos with central counterparties.

stage 1 loans from the normal flow of maturities on medium/long term loans with the payment of instalments due at the end of December 2021. The decrease in stage 2 compared to 31 December 2020 is largely due to the improvement in the quality of loans subject to Covid-related moratoria, for which regular repayments have resumed. The overall trend shows that the level of stage 3 loans is essentially stable, with coverage levels increasing.

**The Group's total non-performing customer exposures** as at 31 December 2021 stand at **EUR 4.1 billion** in terms of gross exposure, slightly decreasing from 30 September 2021 (at EUR 4.3 billion) and up from the 31 December 2020 figure (equal to EUR 4.0 billion). In particular,

- the gross exposure of bad loans, totalling EUR 1.7 billion, remains steady against 30 September 2021 (at EUR 1.7 billion) and registers an increase from 31 December 2020 (at EUR 1.5 billion);
- the gross exposure of unlikely-to-pay loans, amounting to EUR 2.3 billion, is down from both 30 September 2021 (EUR 2.5 billion) and 31 December 2020 (at EUR 2.4 billion);
- the gross exposure of non-performing past-due exposures, totalling EUR 60.7 million, is down from both the EUR 89.4 million registered as at 30 September 2021 and up from the EUR 75.6 million as at 31 December 2020.

As at 31 September 2021, the Group's **net non-performing customer exposures** stand at **EUR 2.1 billion**, slightly decreasing from 30 September 2021 (at EUR 2.3 billion) and remaining essentially steady against 31 December 2020 (at EUR 2.2 billion).

The ratio of net non-performing customer loans to total net customer loans at 31 December 2021 is 2.7%, (2.8% as at 30 September 2021 and 2.6% at 31 December 2020). In more detail, the percentage of bad loans (equal to 0.8%) and non-performing past due loans (0.1%) remains largely unchanged compared to both September 2021 and December 2020. The percentage of UTPs, at 1.8%, is down from both September 2021 and December 2020 (2.0% and 1.9% respectively).

As at 31 December 2021, **coverage of non-performing loans** stands at 47.9%, slightly higher compared to 30 September 2021 (46.5%), mainly as a result of the increased coverage of UTPs (up from 34.5% to 36.7%).

The coverage of UTPs as at 30 September 2021 was influenced by the writebacks registered on one significant position, for which the classification from UTP to performing took place on 1 October 2021. If the reclassification had taken place in September, the coverage of UTPs would have been 38.2%. All else being equal, there is a decrease in the coverage of UTPs, essentially due to the migration of positions with very high coverage to bad loans accompanied by the inflow of mainly secured positions and, therefore, with a below-average percentage of coverage. These trends are partly offset by the increase in coverage resulting from the methodological refinements concerning unsecured UTPs with a certain vintage.

Compared to 30 September 2021, on the other hand, a decrease in coverage is registered for non-performing past due loans (from 25.2% to 22.7%) as well as for bad loans (from 64.9% to 63.7%). The latter is attributable to the writeoffs carried out during the quarter, which concerned positions

having very high, above average coverage. This effect has been only partly offset by the inflows in the category of the positions with coverage above the average.

Coverage of non-performing loans also rises from 31 December 2020, when it was 46.2%, thanks to the increased coverage of bad loans (from 62.3% to 63.7%).

As at 31 December 2021, the Group's **securities assets** amount to **EUR 22.1 billion**, down from 30 September 2021 (EUR -2.8 billion) due to the decrease in financial assets held for trading, largely attributable to the subsidiary MPS *Capital Services*. Securities at amortised cost also fall (EUR 0.5 billion) owing to the disposals and the maturities of the quarter. The other components remain stable.

The aggregate is up compared to 31 December 2020 (EUR +0.5 billion) due to the increase in financial assets held for trading, largely attributable to the subsidiary MPS *Capital Services*, offset by the decline in financial assets measured at fair value through other comprehensive income and at amortised cost, owing to the disposals carried during the year. It should be noted that the market value of the securities booked as loans to customers at amortised cost is equal to EUR 8,871.5 million (with implicit capital gains of approximately EUR 59.9 million).

**Financial liabilities held for cash trading**, attributable especially to the subsidiary MPS *Capital Services*, amount to **EUR 3.1 billion** as at 31 December 2021, registering a decrease from both 30 September 2021 (EUR -0.2 billion) and 31 December 2020 (EUR -1.4 billion).

As at 31 December 2021, the **net position in derivatives, amounting to EUR -255 million**, registers a downturn vs. both 30 September 2021 (EUR -227 million) and 31 December 2020 (EUR -235 million).

The Group's **net interbank position** as at 31 December 2021 stands at **EUR 7.0 billion** in funding, against EUR 8.0 billion in funding as at 30 September 2021. The difference is largely linked to the decline in repos in funding with banks.

Compared to 31 December 2020 (when the net interbank position stood at EUR 4.0 billion in lending), the difference is due to an increase in funding as a result of further access to TLTRO3 auctions for a total of EUR 5.5 billion, partly offset by a decrease in repo transactions as well as a reduction in lending owing to the decline in deposits on the required reserve account.

As at 31 December 2021, the operational liquidity position shows an **unencumbered counterbalancing capacity of approximately EUR 25.4 billion**, remaining largely stable against 30 September 2021. The result is down compared to 31 December 2020 (EUR -7.8 billion) due to lower commercial funding and the maturity of market bonds (in particular, the maturity of covered bonds in the second quarter of 2021). The balance at 31 December 2020 included also the liquidity coming from the closing of "Hydra M" transaction.

The item **Other Assets** includes tax credits relating to the "Relaunch" Decree Law, which introduced tax incentives for specific energy efficiency improvements, anti-seismic works, the installation of photovoltaic systems as well as electric vehicle charging infrastructures in buildings (known as Superbonus).

As at 31 December 2021, the Group has completed approximately 5,000 purchase transactions, of which around 66% with retail customers and apartment buildings, for a nominal value of EUR 189 million, which can be used starting from this year. The book value of the tax credits recognised under “Other Assets” amounts to EUR 168 million as at 31 December 2021.

It should also be noted that, as at 31 December 2021, the Group has received requests for the sale of tax credits for approximately EUR 1.8 billion in total. These are currently in the process of being checked/processed.

As at 31 December 2021, the **Group’s shareholders’ equity and non-controlling interests** amount to **approximately EUR 6.2 billion**, down EUR 78 million from 30 September 2021, due to the loss registered in the fourth quarter.

Compared to 31 December 2020, the Group’s shareholders’ equity and non-controlling interests register an increase of EUR 401 million, attributable to (i) the increase in valuation reserves, (ii) the profit for the year and (iii) the net effect of the EUR 313.7 million decrease in treasury shares as a result of the sales carried out by the Group, offset by the negative trading result of EUR 270.7 million recognised in other reserves.

As regards capital ratios, the **common equity tier 1 ratio** stands at **12.5%** as at 31 December 2021 (vs. 12.1% at the end of 2020 and 12.3% as at 30 September 2021) and the **total capital ratio** is **16.1%** (vs. 15.8% at the end of 2020 and 15.9% as at 30 September 2021).

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Information provided at the request of Consob pursuant to Article 114, paragraph 5 of Legislative Decree No. 58/98

Compared to the estimates made in the 2020 Financial Report, which indicated a shortfall from as early as the first quarter of 2021 with an increase to EUR 1.5 billion as at 1 January 2022, it should be highlighted that, as in the previous quarters, no shortfall occurred. In 12 months from the reporting date, i.e. 31 December 2022, and assuming alignment of the internal models with EBA Guidelines is completed by the end of 2022, a shortfall of EUR 150 million could emerge.

The gradual reduction of the shortfall expected at 12 months, compared to the estimates made in the 2020 Financial Report, results from the effects of the capital management actions already implemented as well as the evolution of capital and risk-weighted assets. The projected capital position is estimated taking into account the 2021 results and assuming confirmation of the current business/operating model, excluding the capital strengthening transaction, or other extraordinary capital contributions and subordinated issues.

It should also be noted that in the first quarter of 2023, in view of the planned reduction in capital linked to the IFRS9 phase-in and assuming the full implementation in 4Q22 of the inflationary effects on risk-weighted assets related to the changes in credit risk measurement models according to EBA Guidelines, the shortfall on the Tier 1 capital aggregate could reach EUR 500 million. This shortfall does not take account of potential capital management actions available to the Bank.

With reference to a potential "structural solution", as already reported, in the second half of 2021 UniCredit conducted its due diligence to assess the acquisition of a selected perimeters of MPS, based on certain assumptions agreed on with the MEF. On 24 October, the parties announced the interruption of negotiations.

Following the press release and having acknowledged the current infeasibility of a "structural solution", activities were initiated for the necessary measures that the Bank will have to take in terms of capital.

In view of the above, on 17 December, the Board of Directors approved the 2022-2026 Strategic Plan, which fully replaces the previous 2021-2025 Strategic Plan, which was approved by the Bank in December 2020, and which had been prepared on the basis of a structural transaction to be carried out in the short term. The 2022-2026 Plan confirms the size of the capital increase already estimated in the previous 2021-2025 Plan in the amount of EUR 2.5 billion, for which it is reasonable to expect the support of the reference shareholder.

The Plan was submitted to the European Central Bank, the Single Resolution Board and DG Competition as part of the relevant information, approval and regulatory processes, to which it is subject.

The positions of the above Authorities are a prerequisite for the capital strengthening transaction provided for in the Plan. The Bank is giving all the necessary clarifications requested by the Authorities, but at present there is no precise estimate of the time required by the Authorities to complete their respective processes.

The Plan, which is the basis for starting the approval processes referred to above, may also have to include any amendments and changes, even significant ones, in order to reflect the outcome of the discussions with the relevant Authorities.

Within this context, DG Comp and the ECB must assess, to the extent of their competence, the State's intervention on the basis of the Parent Company's stand-alone viability in the light of the 2022-2026 Strategic Plan. It cannot be excluded that this assessment may, in principle, include unforeseeable elements that could affect the Parent Company's capital strengthening process as well as the structure and feasibility of a capital increase at market conditions; DG Comp's assessment therefore poses, in principle, significant uncertainties. However, the Bank notes the confirmation of the P2R requirement received from the ECB on 3 February 2022 and has already included it in the projected capital estimates.

With a view to facilitating any solution, following the incisive credit risk measures taken since 2018, which have significantly reduced the weight of non-performing exposures, the Parent Company is continuing its initiatives aimed at reducing business risks and is working actively to reduce legal risks. During 2021, the Bank completed transactions that reduced legal risks by approximately 40%; this reduction is a significant enabling factor for any transaction aimed at improving the capital position.

Given the postponement of a potential capital increase to 2022 and the absence of any debt issuances in 2021, the Bank reports a temporary breach of the existing MREL requirements as at 1 January 2022. This is being examined by the SRB as part of discussions on the 2022-2026 Strategic

Plan. That breach would be however included, in case it will be actually finalised, as part of the capital increase of the 2022-2026 Strategic Plan.

In relation to the above breach, on 25 January 2022 the SRB notified the Bank of its request for monthly monitoring reports, pursuant to paragraph 140 of the SRB- MREL Policy 2021.

Taking into account these elements and the significant improvements recorded by the Group during 2021 in terms of capital and risk reduction, as well as the talks held with the Authorities so far, the Bank believes that the capital shortfall can be overcome through a capital strengthening transaction on a stand-alone basis, subject to DG Comp's approval of the 2022-2026 Strategic Plan.

The implementation of the Strategic Plan could be updated in light of further developments in the economic scenario, and, in any event, be subject to amendments – even significant ones – should the preconditions arise again for a potential “structural solution” that provides for the implementation of a business combination project, as moreover established by the Prime Ministerial Decree of 16 October 2020.

Therefore, even after taking into account the significant uncertainty concerning how the capital strengthening will be executed, there is a reasonable expectation that the Bank will continue to operate as a going concern in the foreseeable future, and thus the use of the going concern basis in the preparation of the Financial Statements as at 31 December 2021 is considered appropriate.

This information, at the request of CONSOB, is disclosed on a monthly basis and in conjunction with the release of the periodic financial information required by current regulations.

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**Pursuant to paragraph 2, article 154-bis of the “Consolidated Finance Act”, the Financial Reporting Officer, Nicola Massimo Clarelli, declares that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.**

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*This press release will be available at [www.gruppomps.it](http://www.gruppomps.it)*

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## Income statement and balance sheet reclassification principles

Starting from 31 March 2021 and limited to real estate assets, the Group has opted to change the post-recognition valuation criteria, providing for:

- the transition from the cost model to the revaluation model for properties held for instrumental purposes, based on the rules of IAS 16 “Property, Plant and Equipment”;
- the transition from the cost model to the fair value model for properties held for investment purposes, in accordance with IAS 40 “Investment Property”.

The income statement figures for 2020 have been restated, compared to those published at the respective reporting dates, following the retrospective application of the change in valuation criteria for investment properties (ex IAS 40). Conversely, the change in valuation criteria for operating properties (ex IAS 16) was applied prospectively starting from 31 March 2021, in accordance with the provisions of IAS 8.

As a result of the change in the valuation criteria for real estate assets, as of the reporting date of 31 March 2021:

- Item “property, plant and equipment” in the balance sheet includes the valuation of instrumental property as per IAS 16 and investment property as per IAS 40, at “revalued value” and “fair value” respectively;
- Item “net adjustments to tangible and intangible assets” in the income statement includes, as regards property, plant and equipment, only depreciation relating to instrumental real-estate properties, since investment properties measured at fair value are not depreciated;
- Item “net gains (losses) from measurement at fair value of tangible and intangible assets” includes the result of the change in the fair value of real estate properties during the period, in accordance with the new valuation criterion adopted.

It should also be noted that, for the sake of greater comparability, impairment losses of instrumental properties (ex IAS 16) referring to 2020 were reclassified from item “net value adjustments on tangible and intangible assets” to item “net gains (losses) from measurement at fair value of tangible and intangible assets”.

It should also be noted that, starting from December 2021, the following changes have been introduced:

- the economic effects relating to securities from multi-originator disposals of NPL portfolios involving the sale to (i) a mutual fund with allocation of the relative amounts to the selling intermediaries, or to (ii) a securitisation vehicle pursuant to Law 130/99 with simultaneous subscription of ABS securities by the selling banks, and booked under item 110 “net profit (loss) on other financial assets and liabilities measured at fair value through profit and loss”, have been reclassified under the item “cost of customer loans”. This reclassification has also been adopted for previous quarters and for the previous financial year in order to allow for a like-for-like comparison.

- in compliance with the 7th update of Bank of Italy Circular no. 262, the balances of on-demand loans with bank, previously reported under “Loans to Banks” in the Balance Sheet, are now recognised under “Cash and cash equivalents”. The balance sheet data for previous quarters and for the previous financial year have been re-stated on a proforma basis to allow for a like-for-like comparison.

It should be noted that the independent auditors are in the process of completing the audit of the financial statements as well as the activities for the issue of the declaration provided for in Article 26 (2) of EU Regulation no. 575/213 and ECB Decision no. 2015/656.

### **Reclassified income statement**

The reconciliation criteria adopted for the preparation of the reclassified income statement are as follows:

- Item “**interest income**” was cleared of the negative contribution (EUR -4.4 million) of the Purchase Price Allocation (PPA), referable to past business combinations, which was reclassified to a specific item.
- Item “**net fees and commissions**” includes item 40 “fee and commission income” and 50 “fee and commission expense” and has been reduced by the positive contribution (equal to EUR 0.1 million) from the reversal of commission expenses related to “Hydra M” transaction, which has been recognised under the reclassified item “Restructuring costs/one-off charges”.
- Item “**dividends, similar income and gains (losses) on investments**” incorporates item 70 “dividends and similar income” and the share of profit for the period contributed by investments in the associate AXA, consolidated at net equity, equal to EUR 104.4 million, included under item 250 “gains (losses) on investments”. The aggregate was furthermore cleared of dividends earned on securities other than equity investments (EUR 4.7 million), reclassified under “Net profit (loss) from trading, financial assets/liabilities measured at fair value and on gains from disposals/repurchases”.
- Item “**net profit (loss) from trading, financial assets/liabilities measured at fair value and on gains from disposals/repurchases**” includes item 80 “net profit (loss) from trading”, item 100 “gains (losses) on disposals/repurchases, net of the contribution of loans to customers (EUR -1.5 million), reclassified under “cost of customer loans” and 110 “net profit (loss) on financial assets measured at fair value through profit and loss”, net of the contribution of loans to customers (EUR -10.1 million) and securities from the disposals/securitisations of NPLs (EUR -38.4 million), reclassified under “cost of customer loans”. The item also includes dividends earned on securities other than equity investments (EUR 4.7 million), while the capital loss recorded on the exposure to the FITD Voluntary Scheme for approximately EUR 2.7 million has been deducted from the item and reclassified to “Risks and charges related to SRF, DGS and similar schemes”.
- Item “**net income from hedging**” includes item 90 “net income from hedging”.



- Item “**other operating income (expense)**” includes item 230 “Other operating expenses (income)” net of stamp duty and other expenses recovered from customers, which are stated under the reclassified item “other administrative expenses” (EUR 237.7 million), net of other expense recoveries, which are reclassified under item “net value adjustments to tangible and intangible assets” (EUR 20.2 million) and net of releases on provisions set aside in previous years (EUR 1.9 million) reclassified under the item “restructuring costs/one-off charges”.
- Item “**personnel expenses**” includes the balance of item 190a “personnel expenses” reduced by EUR 3.7 million relating to costs for consensual terminations of employment by the Group through bilateral agreements with employees, partially offset by the release of provisions set aside in previous years, which were reclassified under item “restructuring costs/one-off charges”.
- Item “**other administrative expenses**” includes the balance of item 190b “other administrative expenses”, reduced by the following cost items:
  - expenses, amounting to EUR 166.6 million, resulting from the EU Deposit Guarantee Schemes Directive – hereinafter DGSD – and Bank Recovery and Resolution Directive – hereinafter BRRD – for the resolution of bank crises, reclassified under “risks and charges associated with SRF, DGS and similar schemes”;
  - fee on DTAs convertible into tax credits, for EUR 63.2 million, reclassified under the item “DTA fees”;
  - charges of EUR 4.3 million, relating to project activities that include those aimed at implementing the commitments undertaken with DG Comp, reclassified under item “restructuring costs/one-off charges”.

The item also incorporates stamp duty and other expenses recovered from clients (EUR 237.7 million) posted under item 230 “other operating expenses/income”.

- Item “**net value adjustments to tangible and intangible assets**” includes the amounts from items 210 “net adjustments to/recoveries on property, plant and equipment” and 220 “net adjustments to/recoveries on intangible assets”, and was cleared of the negative contribution (EUR -0.9 million) referable to the Purchase Price Allocation (PPA), which was reclassified to a specific item, whereas it includes expense recoveries (EUR 20.2 million) posted under item 230 “other operating expenses/income”. In addition, costs of EUR 0.7 million relating branch closures have been deducted from the item.
- Item “**cost of customer loans**” includes the income statement components relating to loans to customers under item 100a “gains (losses) on disposal/repurchase of financial assets measured at amortised cost” (EUR -1.5 million), 110b “net profit (loss) on financial assets and liabilities measured at fair value” (EUR -10.1 million), 130a “net value losses/reversals for credit risk on financial assets measured at amortised cost” (EUR -198.9 million), 140 “modification gains/(losses) without derecognition” (EUR -7.6 million) and 200a “net provisions for risks and charges for commitments and guarantees issued” (EUR +6.5 million). The item also includes the P&L components relating to securities from disposal/securitisations of NPLs recognised under 110b “net profit (loss) on other assets financial assets measured at fair value” (EUR -38.4 million).

- Item “**net value adjustments on impairment of securities and bank loans**” includes the portion relating to securities (EUR 2.0 million) and loans to banks (EUR +0.5 million) under item 130a “net losses/reversals for credit risk on financial assets measured at amortised cost” and item 130b “net losses/reversals for credit risk on financial assets measured at fair value through other comprehensive income” (EUR +2.8 million).
- Item “**other net provisions for risks and charges**” includes item 200 “net provisions for risks and charges” reduced by the component relating to loans to customers in item 200a “net provisions for risks and charges on commitments and guarantees issued” (EUR +6.5 million), which has been reclassified to the specific item “cost of customer loans”.
- Item “**profit (loss) on equity investments**” incorporates the balance of item 250 “profits (losses) on equity investments” reduced by the portion of the profit on the connected equity investments in AXA, consolidated at net equity, equal to EUR 104.4 million reclassified under “dividends, similar income and gains (losses) on investments”.
- Item “**restructuring costs/one-off charges**” includes the following amounts:
  - contribution of EUR 0.1 million for the reversal of commission expenses relating to the “Hydra M transaction”, booked in the financial statements under item 60 “net fees and commissions”;
  - charges of EUR 3.7 million, posted under item 190a “personnel expenses”;
  - charges of EUR 4.3 million, relating to project activities that include those aimed at implementing the commitments undertaken with DG Comp, posted under item 190b “other administrative expenses”;
  - charges of EUR 1.3 million relating to the branch closures during the year, booked in the amount of EUR 0.6 million under item 260 “**net gains (losses) on property, plant and equipment and intangible assets measured at fair value**” and of EUR 0.7 million under item 210 “net adjustments to property, plant and equipment.
  - positive contribution of EUR 1.9 million for releases of provisions set aside in previous years, posted under item 230 “other operating expenses/income”.
- Item “**risks and charges related to the SRF, DGS and similar schemes**” includes the charges deriving from the EU’s Deposit Guarantee Schemes Directive (DGSD) and Bank Recovery and Resolution Directive (BRRD), equal to EUR 166.6 million, posted under item 190b “other administrative expenses”, as well as the capital loss recorded on the exposure to the FITD Voluntary Scheme for EUR 2.7 million, recognised under item 110 “net profit (loss) on other financial assets and liabilities measured at fair value through profit and loss”.
- Item “**DTA fees**” contains the costs relating to the fees on DTAs which are convertible into tax credits, provided for by art. 11 of Law Decree no. 59 of 3 May 2016 converted into Law no. 119 of 30 June 2016, booked under item 190b “Other Administrative Expenses” for EUR 63.2 million.
- Item “**net gains (losses) from measurement at fair value of tangible and intangible assets**” includes the balance of item 260 “**net gains (losses) on property, plant and equipment and**

**intangible assets measured at fair value**", cleared of the negative contribution of EUR 0.6 million relating to branch closures, which have been posted under "Restructuring costs/one-off charges".

- Item "**gains (losses) from disposal of investments**" includes the balance of item 280 "Gains (losses) from disposal of investments".
- Item "**tax expense (recovery) on income**" includes the balance of item 300 "tax expense/recovery on income from continuing operations" and is net of the theoretical tax component relating to the Purchase Price Allocation (PPA), which was reclassified to a specific item in the amount of EUR 1.7 million.
- The overall negative effects of **Purchase Price Allocation (PPA)** have been reclassified to the specific item, thereby separating them from the economic items concerned (in particular "net interest income" for EUR -4.4 million and "net value adjustments on tangible assets" for EUR -0.9 million, net of a theoretical tax burden of EUR +1.7 million which integrates the item).

### **Reclassified balance sheet**

The reconciliation criteria adopted for the preparation of the reclassified balance sheet are as follows:

- Asset item "**loans to central banks**" includes the portion relating to transactions with central banks under balance sheet item 40 "financial assets measured at amortised cost";
- Asset item "**loans to banks**" includes the portion relating to transactions with banks under balance sheet items 40 "financial assets measured at amortised cost" and 20 "financial assets measured at fair value through profit and loss";
- Asset item "**loans to customers**" includes the portion relating to loans to customers under balance sheet items 20 "financial assets measured at fair value through profit and loss", 40 "financial assets measured at amortised cost" and 120 "non-current assets held for sale and discontinued operations";
- Asset item "**securities assets**" includes the portion relating to securities under balance sheet items 20 "financial assets measured at fair value through profit and loss", 30 "financial assets measured at fair value through other comprehensive income", 40 "financial assets measured at amortised cost" and 120 "non-current assets held for sale and discontinued operations";
- Asset item "**derivatives**" includes the portion relating to derivatives under items 20 "financial assets measured at fair value through profit and loss" and 50 "hedging derivatives";
- Asset item "**equity investments**" includes balance sheet item 70 "equity investments" and the portion relating to equity investments under item 120 "non-current items held for sale and discontinued operations";
- Asset item "**tangible and intangible assets**" includes balance sheet items 90 "property, plant and equipment", 100 "intangible assets" and the amounts relating to property, plant and

equipment and intangible under item 120 “non-current assets held for sale and discontinued operations”;

- Asset item “**other assets**” includes balance sheet items 60 “change in value of macro-hedged financial assets”, 130 “other assets” and the amounts under item 120 “non-current assets held for sale and discontinued operations” not reclassified under the previous items;
- Liability item “**deposits from customers**” includes balance sheet item 10b “financial liabilities measured at amortised cost – deposits from customers” and the component relating to customer securities of item 10c “financial liabilities measured at amortised cost – debt securities issued”;
- Liability item “**securities issued**” includes balance sheet items 10c “financial liabilities measured at amortised cost – debt securities issued”, cleared of the component relating to customer securities, and 30 “Financial liabilities designated at fair value”;
- Liability item “**deposits from central banks**” includes the portion of balance sheet item 10a “Financial liabilities valued at amortised cost - deposits from central banks” relating to transactions with central banks;
- Liability item “**deposits from banks**” includes the portion of balance sheet item 10a “financial liabilities valued at amortised cost – deposits from banks” relating to transactions with banks (excluding central banks);
- Liability item “**financial liabilities held for cash trading**” includes the portion of balance sheet item 20 “financial liabilities held for trading” net of the amounts relating to trading derivatives;
- Liability item “**derivatives**” includes balance sheet item 40 “hedging derivatives” and the portion relating to derivatives under item 20 “financial liabilities held for trading”;
- Liability item “**provisions for specific use**” includes balance sheet items 90 “provision for employee severance pay” and 100 “provisions for risks and charges”;
- Item “**other liabilities**” includes balance sheet items 50 “changes in value of macro-hedged financial liabilities”, 70 “liabilities associated with non-current assets held for sale and discontinued operations” and 80 “other liabilities”;
- Liability item “**group net equity**” includes balance sheet items 120 “valuation reserves”, 130 “redeemable shares”, 150 “reserves”, 170 “capital”, 180 “treasury shares” and 200 “profit (loss) for the period”.

**INCOME STATEMENT AND BALANCE SHEET FIGURES**
**MPS GROUP**

<b>INCOME STATEMENT FIGURES (EUR mln)</b>	<b>31 12 2021</b>	<b>31 12 2020*</b>	<b>Chg.</b>
Net interest income	1,221.5	1,290.6	-5.4%
Net fee and commission income	1,484.0	1,430.1	3.8%
Other income from banking business	310.8	272.2	14.2%
Other operating income and expenses	(36.5)	(50.5)	-27.8%
Total Revenues	2,979.8	2,942.4	1.3%
Operating expenses	(2,106.0)	(2,184.6)	-3.6%
Cost of customer credit	(250.0)	(772.7)	-67.6%
Other value adjustments	5.3	(5.4)	n.m.
Net operating income (loss)	629.2	(20.3)	n.m.
Non-operating items	(365.8)	(1,320.4)	-72.3%
Parent company's net profit (loss) for the period	309.5	(1,686.5)	n.m.
<b>EARNINGS PER SHARE (EUR)</b>	<b>31 12 2021</b>	<b>31 12 2020*</b>	<b>Chg.</b>
Basic earnings per share	0.314	(1.544)	n.m.
Diluted earnings per share	0.314	(1.544)	n.m.
<b>BALANCE SHEET FIGURES AND INDICATORS (EUR mln)</b>	<b>31 12 2021</b>	<b>31 12 2020*</b>	<b>Chg.</b>
Total assets	137,868.6	150,345.0	-8.3%
Loans to customers	79,380.3	82,632.3	-3.9%
Direct funding	90,300.3	103,719.3	-12.9%
Indirect funding	104,429.7	102,067.3	2.3%
of which: assets under management	65,285.5	60,400.3	8.1%
of which: assets under custody	39,144.2	41,667.0	-6.1%
Group net equity	6,172.7	5,771.6	6.9%
<b>OPERATING STRUCTURE</b>	<b>31 12 2021</b>	<b>31 12 2020</b>	<b>Chg.</b>
Total headcount - end of period	21,244	21,432	-188
Number of branches in Italy	1,368	1,418	(50)

\* Balance sheet and income statement figures as at 31 December 2020 have been restated, compared to those published at the reporting date, following the retrospective application of the change in valuation criteria for investment properties (pursuant to IAS 40). Furthermore, for the sake of greater comparability, impairment losses on functional properties (ex IAS 16) referring to 31 December 2020 were reclassified from item "net value adjustments on tangible and intangible assets" to item "net gains (losses) from measurement at fair value of tangible and intangible assets". Finally, the restatement also concerned the economic effects of securities from disposals/ securitisations of NPLs reclassified under the item "cost of customer loans".

ALTERNATIVE PERFORMANCE MEASURES			
MPS GROUP			
PROFITABILITY RATIOS (%)	31 12 2021	31 12 2020*	Chg.
Cost/Income ratio	70.7	74.2	-3.5
ROE (on average equity)	5.2	(24.0)	29.2
ROA	0.2	(1.1)	1.3
ROTE	5.3	(24.6)	29.9
CREDIT QUALITY RATIOS (%)	31 12 2021	31 12 2020	Chg.
Net non performing loans to customers / Loans to Customers (Net NPL ratio)	2.7	2.6	0.1
Gross NPL ratio	3.8	3.4	0.4
Rate of change of non-performing loans to customers	2.5	(64.8)	67.3
Bad loans to customers/ Loans to Customers	0.8	0.7	0.1
Loans to customers measured at amortised cost - Stage 2/Performing loans to customers measured at amortised cost	16.0	18.5	-2.5
Coverage of non-performing loans to customers	47.9	46.2	1.7
Coverage of bad loans to customers	63.7	62.3	1.4
Cost of customers credit/Customers loans (Provisioning)	0.31	0.93	-0.62
Texas Ratio	51.6	53.9	-2.3

\* Balance sheet and income statement figures as at 31 December 2020 have been restated, compared to those published at the reporting date, following the retrospective application of the change in valuation criteria for investment properties (pursuant to LAS 40). Furthermore, for the sake of greater comparability, impairment losses on functional properties (ex LAS 16) referring to 31 December 2020 were reclassified from item "net value adjustments on tangible and intangible assets" to item "net gains (losses) from measurement at fair value of tangible and intangible assets". Finally, the restatement also concerned the economic effects of securities from disposals/ securitisations of NPLs reclassified under the item "cost of customer loans".

**Cost/Income ratio:** ratio between operating expenses (administrative expenses and net value adjustments to property, plant and equipment and intangible assets) and total revenues (for the composition of this aggregate, see the reclassified income statement)

**Return On Equity (ROE):** ratio between annualised net profit (loss) for the period and the average between the Group shareholders' equity (including profit and valuation reserves) at end of period and the Group shareholders' equity at the end of the previous year.

**Return On Assets (ROA):** ratio between annualised net profit (loss) for the period and total assets at the end of the period.

**Return On Tangible Equity (ROTE):** ratio between annualised net profit (loss) for the period and the average between the tangible shareholders' equity<sup>12</sup> at the end of the period and that of the end of the previous year.

**Gross NPL Ratio:** gross weight of non-performing loans calculated, as per EBA guidelines<sup>13</sup>, as the ratio between gross non-performing loans to customers and banks, net of assets held for sale, and total gross loans to customers and banks, net of assets held for sale.

**Rate of change of impaired loans to customers:** represents the annual growth rate of gross non-performing loans to customers based on the difference between annual stocks.

**Coverage of impaired loans to customers and coverage of bad loans to customers:** the coverage ratio on impaired and bad loans to customers is calculated as the ratio between the relative loan loss provisions and the corresponding gross exposures.

**Provisioning:** ratio between the cost of customer loans and the sum of loans to customers to the sum of customer loans and the value of securities from disposals/securitisations of NPLs.

**Texas Ratio:** ratio between gross impaired loans to customers and the sum, in the denominator, of the related loan loss provisions and of the tangible shareholders' equity<sup>2</sup>.

<sup>12</sup> Book value of the Group's shareholders' equity, inclusive of the profit (loss) for the period, cleared of goodwill and other intangible assets.

<sup>13</sup> EBA GL/2018/10.

<b>MPS GROUP</b>			
<b>CAPITAL RATIOS (%)</b>	<b>31 12 2021</b>	<b>31 12 2020</b>	<b>Chg.</b>
Common Equity Tier 1 (CET1) ratio - phase in	12.5	12.1	0.4
Common Equity Tier 1 (CET1) ratio - fully loaded	11.0	9.9	1.1
Total Capital ratio - phase in	16.1	15.8	0.3
Total Capital ratio - fully loaded	14.6	13.5	1.1
<b>FINANCIAL LEVERAGE INDEX (%)</b>	<b>31 12 2021</b>	<b>31 12 2020</b>	<b>Chg.</b>
Leverage ratio - transitional definition	4.7	4.4	0.3
Leverage ratio - fully phased	4.2	3.6	0.6
<b>LIQUIDITY RATIO (%)</b>	<b>31 12 2021</b>	<b>31 12 2020</b>	<b>Chg.</b>
LCR	172.7	196.7	-24.0
NSFR	129.6	123.8	5.8
Encumbered asset ratio	40.7	39.8	0.9
Loan to deposit ratio	87.9	79.7	8.2
Unencumbered Counterbalancing capacity (bn of Eur)	25.4	33.1	-7.7

In the determination of capital ratios, the “phase-in” (or “transitional”) version represents the application of calculation rules according to the regulatory framework in force at the reporting date, while the “fully loaded” version incorporates in the calculation the rules as expected when fully operational.

**Common equity Tier 1 (CET1) ratio:** ratio between core capital<sup>14</sup> and total risk-weighted assets (RWAs)<sup>15</sup>.

**Total Capital ratio:** ratio between own funds and total RWAs.

**Leverage ratio:** indicator calculated as the ratio between Tier 1 capital<sup>16</sup> and total assets, introduced by Basel regulations with the objective of containing the increase in leverage in the banking sector and strengthening risk-based requirements through a different measure based on financial statement aggregates.

**Liquidity Coverage Ratio (LCR):** short-term liquidity indicator corresponding to the ratio between the amount of high-quality liquid assets and the total net cash outflows in the subsequent 30 calendar days.

**Net Stable Funding Ratio (NSFR):** structural 12-month liquidity indicator corresponding to the ratio between the available stable funding amount and the required stable funding amount.

**Encumbered asset ratio:** ratio between the book value of encumbered assets and collateral and total assets and collateral (XVII, section 1.6, point 9, of Regulation (EU) 79/2015).

**Loan to deposit ratio:** ratio between net loans to customers and direct funding (deposits from customers and securities issued).

**Unencumbered counterbalancing capacity:** sum of items that are certain and free from any commitment that the Group can use to meet its liquidity requirements, consisting of financial and commercial assets eligible for refinancing operations with the ECB and assets granted on the collateralised interbank market and not used, to which a haircut, published on a daily basis by the ECB, is prudentially applied.

<sup>14</sup> Defined by art. 4 of Regulation (EU) no. 575/2013 (Capital Requirements Regulation, CRR). It consists of the eligible elements and capital instruments, net of the envisaged adjustments and deductions.

<sup>15</sup> Risk-weighted assets: the result of the application of certain risk weights to exposures, determined according to supervisory rules.

<sup>16</sup> Sum of Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1) capital of the entity, as defined by art. 25 of Regulation (EU) no. 575/2013.

Reclassified Consolidated Income Statement				
MONTEPASCHI GROUP	31 12 2021	31 12 2020*	Change	
			Abs.	%
Net interest income	1,221.5	1,290.6	(69.1)	-5.4%
Net fee and commission income	1,484.0	1,430.1	53.9	3.8%
<b>Income from banking activities</b>	<b>2,705.5</b>	<b>2,720.7</b>	<b>(15.2)</b>	<b>-0.6%</b>
Dividends, similar income and gains (losses) on investments	113.4	101.0	12.4	12.3%
Net profit (loss) from trading, the fair value measurement of assets/liabilities and Net gains (losses) on disposals/repurchases	184.8	168.6	16.2	9.6%
Net profit (loss) from hedging	12.6	2.6	10.0	n.m.
Other operating income (expenses)	(36.5)	(50.5)	14.0	-27.8%
<b>Total Revenues</b>	<b>2,979.8</b>	<b>2,942.4</b>	<b>37.4</b>	<b>1.3%</b>
Administrative expenses:	(1,926.1)	(1,978.4)	52.4	-2.6%
a) personnel expenses	(1,428.0)	(1,415.1)	(12.9)	0.9%
b) other administrative expenses	(498.1)	(563.3)	65.2	-11.6%
Net value adjustments to property, plant and equipment and intangible assets	(179.9)	(206.2)	26.3	-12.7%
<b>Operating expenses</b>	<b>(2,106.0)</b>	<b>(2,184.6)</b>	<b>78.6</b>	<b>-3.6%</b>
<b>Pre-Provision Operating Profit</b>	<b>873.8</b>	<b>757.8</b>	<b>116.1</b>	<b>15.3%</b>
<b>Cost of customer credit</b>	<b>(250.0)</b>	<b>(772.7)</b>	<b>522.7</b>	<b>-67.6%</b>
<b>Net impairment (losses)/reversals on securities and loans to banks</b>	<b>5.3</b>	<b>(5.4)</b>	<b>10.7</b>	<b>n.m.</b>
<b>Net operating income</b>	<b>629.2</b>	<b>(20.3)</b>	<b>649.5</b>	<b>n.m.</b>
Net provisions for risks and charges	(99.0)	(984.0)	885.0	-89.9%
Other gains (losses) on equity investments	2.2	2.8	(0.6)	-21.1%
Restructuring costs / One-off costs	(7.3)	(153.7)	146.3	-95.2%
Risks and charges associated to the SRF, DGS and similar schemes	(169.3)	(140.3)	(29.0)	20.6%
DTA Fee	(63.2)	(71.0)	7.8	-11.0%
Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	(43.5)	(27.6)	(15.9)	57.6%
Gains (losses) on disposal of investments	14.4	53.5	(39.1)	-73.1%
<b>Profit (Loss) for the period before tax</b>	<b>263.4</b>	<b>(1,340.7)</b>	<b>1,604.1</b>	<b>n.m.</b>
Tax (expense)/recovery on income from continuing operations	49.5	(341.6)	391.0	n.m.
<b>Profit (Loss) after tax</b>	<b>312.9</b>	<b>(1,682.3)</b>	<b>1,995.1</b>	<b>n.m.</b>
<b>Net profit (loss) for the period including non-controlling interests</b>	<b>312.9</b>	<b>(1,682.3)</b>	<b>1,995.1</b>	<b>n.m.</b>
Net profit (loss) attributable to non-controlling interests	(0.2)	(0.1)	(0.1)	n.m.
<b>Parent Company's Profit (loss) for the period before PPA</b>	<b>313.1</b>	<b>(1,682.2)</b>	<b>1,995.2</b>	<b>n.m.</b>
PPA (Purchase Price Allocation)	(3.6)	(4.3)	0.8	-18.3%
<b>Parent company's net profit (loss) for the period</b>	<b>309.5</b>	<b>(1,686.5)</b>	<b>1,996.0</b>	<b>n.m.</b>

\* Income statement figures as at 31 December 2020 have been restated, compared to those published, following the retrospective application of the change in valuation criteria for investment properties (ex LAS 40). Furthermore, for the sake of greater comparability, impairment losses on functional properties (ex LAS 16) referring to 31 December 2020 were reclassified from item "net value adjustments on tangible and intangible assets" to item "net gains (losses) from measurement at fair value of tangible and intangible assets". Finally, the restatement also concerned the economic effects of securities from disposals/ securitisations of NPLs reclassified under the item "cost of customer loans".



**Quarterly trend in reclassified consolidated income statement**

MONTEPASCHI GROUP	2021				2020*			
	4 <sup>Q</sup> 2021	3 <sup>Q</sup> 2021*	2 <sup>Q</sup> 2021*	1 <sup>Q</sup> 2021*	4 <sup>Q</sup> 2020	3 <sup>Q</sup> 2020	2 <sup>Q</sup> 2020	1 <sup>Q</sup> 2020
Net interest income	323.0	313.3	305.6	279.6	311.9	331.8	319.8	327.1
Net fee and commission income	371.2	358.3	382.5	372.0	380.4	355.4	324.4	369.9
<b>Income from banking activities</b>	<b>694.2</b>	<b>671.6</b>	<b>688.1</b>	<b>651.6</b>	<b>692.3</b>	<b>687.3</b>	<b>644.1</b>	<b>697.0</b>
Dividends, similar income and gains (losses) on investments	37.7	20.3	34.2	21.2	43.5	11.2	34.5	11.8
Net profit (loss) from trading, the fair value measurement of assets/liabilities and Net gains (losses) on disposals/repurchases	(5.9)	14.0	19.7	157.0	4.9	61.6	71.2	30.9
Net profit (loss) from hedging	4.9	5.8	0.3	1.6	1.6	0.5	3.3	(2.8)
Other operating income (expenses)	(10.6)	(13.4)	(1.8)	(10.7)	(10.1)	(12.9)	(21.0)	(6.5)
<b>Total Revenues</b>	<b>720.3</b>	<b>698.3</b>	<b>740.5</b>	<b>820.7</b>	<b>732.2</b>	<b>747.6</b>	<b>732.2</b>	<b>730.4</b>
Administrative expenses:	(471.3)	(470.0)	(492.0)	(492.9)	(514.7)	(490.6)	(480.2)	(493.0)
a) personnel expenses	(351.1)	(358.1)	(358.7)	(360.1)	(355.2)	(352.0)	(351.2)	(356.7)
b) other administrative expenses	(120.2)	(111.9)	(133.3)	(132.7)	(159.5)	(138.5)	(129.0)	(136.3)
Net value adjustments to property, plant and equipment and intangible assets	(47.9)	(43.5)	(41.0)	(47.5)	(51.0)	(51.3)	(52.9)	(51.0)
<b>Operating expenses</b>	<b>(519.2)</b>	<b>(513.5)</b>	<b>(533.0)</b>	<b>(540.4)</b>	<b>(565.6)</b>	<b>(541.9)</b>	<b>(533.1)</b>	<b>(544.0)</b>
<b>Pre-Provision Operating Profit</b>	<b>201.1</b>	<b>184.8</b>	<b>207.5</b>	<b>280.4</b>	<b>166.5</b>	<b>205.7</b>	<b>199.0</b>	<b>186.5</b>
<b>Cost of customer credit</b>	<b>(222.3)</b>	<b>135.1</b>	<b>(88.9)</b>	<b>(73.9)</b>	<b>(141.7)</b>	<b>(101.7)</b>	<b>(213.8)</b>	<b>(315.5)</b>
<b>Net impairment (losses)/reversals on securities and loans to banks</b>	<b>2.4</b>	<b>1.2</b>	<b>5.4</b>	<b>(3.7)</b>	<b>1.2</b>	<b>(1.1)</b>	<b>(4.4)</b>	<b>(1.1)</b>
<b>Net operating income</b>	<b>(18.7)</b>	<b>321.1</b>	<b>124.0</b>	<b>202.7</b>	<b>26.0</b>	<b>103.0</b>	<b>(19.2)</b>	<b>(130.2)</b>
Net provisions for risks and charges	(32.9)	(23.8)	(50.8)	8.5	(216.2)	(410.7)	(317.0)	(40.1)
Other gains (losses) on equity investments	(0.0)	2.4	2.6	(2.8)	1.7	0.4	0.5	0.2
Restructuring costs / One-off costs	0.8	(3.9)	(4.0)	(0.1)	(25.1)	(100.7)	(30.4)	2.6
Risks and charges associated to the SRF, DGS and similar schemes	(10.3)	(69.4)	(21.8)	(67.8)	(22.7)	(41.0)	(18.4)	(58.3)
DTA Fee	(15.8)	(15.8)	(15.9)	(15.7)	(17.8)	(17.8)	(17.7)	(17.8)
Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	(15.3)	-	(0.4)	(27.8)	(28.9)	(3.1)	0.4	4.0
Gains (losses) on disposal of investments	-	-	(2.6)	17.0	53.9	0.3	(0.9)	0.2
<b>Profit (Loss) for the period before tax</b>	<b>(92.3)</b>	<b>210.6</b>	<b>31.1</b>	<b>114.0</b>	<b>(229.0)</b>	<b>(469.6)</b>	<b>(402.7)</b>	<b>(239.4)</b>
Tax (expense)/recovery on income from continuing operations	14.5	(23.7)	52.6	6.1	75.8	20.0	(439.0)	1.6
<b>Profit (Loss) after tax</b>	<b>(77.8)</b>	<b>186.9</b>	<b>83.7</b>	<b>120.1</b>	<b>(153.2)</b>	<b>(449.6)</b>	<b>(841.7)</b>	<b>(237.8)</b>
<b>Net profit (loss) for the period including non-controlling interests</b>	<b>(77.8)</b>	<b>186.9</b>	<b>83.7</b>	<b>120.1</b>	<b>(153.2)</b>	<b>(449.6)</b>	<b>(841.7)</b>	<b>(237.8)</b>
Net profit (loss) attributable to non-controlling interests	(0.1)	-	-	(0.1)	-	-	(0.1)	-
<b>Parent Company's Profit (loss) for the period before PPA</b>	<b>(77.7)</b>	<b>186.9</b>	<b>83.7</b>	<b>120.2</b>	<b>(153.2)</b>	<b>(449.6)</b>	<b>(841.6)</b>	<b>(237.8)</b>
PPA (Purchase Price Allocation)	(0.9)	(0.9)	(0.9)	(0.9)	(1.3)	(1.1)	(0.9)	(1.1)
<b>Parent company's net profit (loss) for the period</b>	<b>(78.6)</b>	<b>186.0</b>	<b>82.8</b>	<b>119.3</b>	<b>(154.5)</b>	<b>(450.6)</b>	<b>(842.4)</b>	<b>(239.0)</b>

\* 2020 quarterly income statement figures have been restated, compared to those published at the respective reporting dates, following the retrospective application of the change in valuation criteria for investment properties (ex LAS 40). Furthermore, for the sake of greater comparability, impairment losses on functional properties (ex LAS 16) referring to 31 December 2020 were reclassified from item "net value adjustments on tangible and intangible assets" to item "net gains (losses) from measurement at fair value of tangible and intangible assets". Finally, the restatement also concerned the economic effects of securities from disposals/ securitisations of NPLs reclassified under the item "cost of customer loans".

<b>Reclassified Balance Sheet</b>				
<b>Assets</b>	<b>31 12 2021</b>	<b>31 12 2020*</b>	<b>Chg</b>	
			<b>abs.</b>	<b>%</b>
Cash and cash equivalents	1,741.8	2,319.5	(577.7)	-24.9%
Loans to central banks	20,769.7	28,526.2	(7,756.5)	-27.2%
Loans to banks	3,493.3	3,896.6	(403.3)	-10.4%
Loans to customers	79,380.3	82,632.3	(3,252.0)	-3.9%
Securities assets	22,127.1	21,623.3	503.8	2.3%
Derivatives	2,431.6	3,018.6	(587.0)	-19.4%
Equity investments	1,095.4	1,107.5	(12.1)	-1.1%
Property, plant and equipment/Intangible assets	2,743.5	2,614.2	129.3	4.9%
<i>of which:</i>				
a) goodwill	7.9	7.9	-	0.0%
Tax assets	1,774.0	1,991.6	(217.6)	-10.9%
Other assets	2,311.9	2,615.2	(303.3)	-11.6%
<b>Total assets</b>	<b>137,868.6</b>	<b>150,345.0</b>	<b>(12,476.4)</b>	<b>-8.3%</b>
<b>Liabilities</b>	<b>31 12 2021</b>	<b>31 12 2020*</b>	<b>Chg</b>	
			<b>abs.</b>	<b>%</b>
Direct funding	90,300.3	103,719.3	(13,419.0)	-12.9%
a) Due to customers	79,859.5	91,506.9	(11,647.4)	-12.7%
b) Securities issued	10,440.8	12,212.4	(1,771.6)	-14.5%
Due to central banks	29,154.8	23,933.6	5,221.2	21.8%
Due to banks	2,125.1	4,484.5	(2,359.4)	-52.6%
On-balance-sheet financial liabilities held for trading	3,104.1	4,545.5	(1,441.4)	-31.7%
Derivatives	2,686.1	3,253.5	(567.4)	-17.4%
Provisions for specific use	1,814.0	2,059.2	(245.2)	-11.9%
a) Provision for staff severance indemnities	159.3	166.6	(7.3)	-4.4%
b) Provision related to guarantees and other commitments given	144.0	154.1	(10.1)	-6.6%
c) Pension and other post-retirement benefit obligations	29.7	33.0	(3.3)	-10.0%
d) Other provisions	1,481.0	1,705.5	(224.5)	-13.2%
Tax liabilities	7.1	4.1	3.0	73.2%
Other liabilities	2,503.1	2,572.4	(69.3)	-2.7%
Group net equity	6,172.7	5,771.6	401.1	6.9%
a) Valuation reserves	306.8	260.9	45.9	17.6%
d) Reserves	(3,638.6)	(1,684.0)	(1,954.6)	n.m.
f) Share capital	9,195.0	9,195.0	-	-
g) Treasury shares (-)	-	(313.7)	313.7	-100.0%
h) Net profit (loss) for the period	309.5	(1,686.5)	1,996.0	n.m.
Non-controlling interests	1.3	1.3	-	0.0%
<b>Total Liabilities and Shareholders' Equity</b>	<b>137,868.6</b>	<b>150,345.0</b>	<b>(12,476.4)</b>	<b>-8.3%</b>

\* Balance sheet figures as at 31 December 2020 have been restated, compared to those published, following the retrospective application of the change in valuation criteria for investment properties (ex IAS 40). Moreover, the comparative figures for "cash and cash equivalents" and "loans to banks" have been restated in line with the 7th update of Bank of Italy Circular no. 262.

Reclassified Balance Sheet - Quarterly Trend								
Assets	31 12 2021	30 09 2021*	30 06 2021*	31 03 2021*	31 12 2020*	30 09 2020*	30 06 2020*	31 03 2020*
Cash and cash equivalents	1,741.8	2,121.6	1,745.3	1,853.4	2,319.5	1,760.5	2,243.8	2,067.2
Loans to central banks	20,769.7	20,940.8	25,570.5	26,116.8	28,526.2	18,679.7	15,037.8	8,109.5
Loans to banks	3,493.3	3,344.0	3,133.9	2,975.3	3,896.6	3,836.8	4,193.4	3,482.8
Loans to customers	79,380.3	81,199.8	81,355.8	82,259.0	82,632.3	87,098.7	82,510.6	82,206.1
Securities assets	22,127.1	24,961.0	23,121.9	22,562.0	21,623.3	23,041.0	25,569.4	26,006.3
Derivatives	2,431.6	2,591.8	2,689.5	2,757.5	3,018.6	3,023.0	3,129.1	3,233.8
Equity investments	1,095.4	1,041.8	1,027.7	1,069.2	1,107.5	991.8	953.9	892.0
Property, plant and equipment/Intangible assets	2,743.5	2,757.9	2,760.0	2,784.5	2,614.2	2,823.0	2,849.9	2,850.0
<i>of which:</i>								
a) goodwill	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9
Tax assets	1,774.0	1,758.7	1,800.4	1,919.8	1,991.6	2,114.1	2,196.1	2,768.0
Other assets	2,311.9	2,400.5	2,544.7	2,361.3	2,615.2	2,906.0	2,965.8	2,644.0
<b>Total assets</b>	<b>137,868.6</b>	<b>143,117.9</b>	<b>145,749.7</b>	<b>146,658.8</b>	<b>150,345.0</b>	<b>146,274.6</b>	<b>141,649.9</b>	<b>134,259.7</b>
Liabilities	31 12 2021	30 09 2021	30 06 2021	31 03 2021	31 12 2020*	30 09 2020*	30 06 2020*	31 03 2020*
Direct funding	90,300.3	92,901.5	94,036.5	99,053.6	103,719.3	98,418.1	97,585.2	95,367.2
a) Due to customers	79,859.5	82,389.2	83,315.3	87,124.1	91,506.9	86,827.3	86,139.8	83,680.4
b) Securities issued	10,440.8	10,512.3	10,721.2	11,929.5	12,212.4	11,590.8	11,445.4	11,686.8
Due to central banks	29,154.8	29,230.2	29,305.6	26,373.1	23,933.6	23,994.9	21,330.6	15,997.9
Due to banks	2,125.1	3,019.5	3,854.3	3,816.4	4,484.5	4,733.6	4,853.9	4,752.1
On-balance-sheet financial liabilities held for trading	3,104.1	3,325.0	3,819.3	3,179.5	4,545.5	3,122.2	2,192.1	2,407.1
Derivatives	2,686.1	2,819.1	2,730.1	2,759.0	3,253.5	3,293.9	3,419.2	3,174.4
Provisions for specific use	1,814.0	1,969.0	2,016.9	2,011.3	2,059.2	1,942.4	1,570.9	1,310.3
a) Provision for staff severance indemnities	159.3	162.2	163.3	164.2	166.6	182.1	180.3	166.4
b) Provision related to guarantees and other	144.0	121.5	144.6	147.1	154.1	153.0	152.6	155.3
c) Pension and other post-retirement benefit	29.7	30.7	31.4	32.3	33.0	33.1	34.0	35.2
d) Other provisions	1,481.0	1,654.6	1,677.6	1,667.7	1,705.5	1,574.2	1,204.0	953.4
Tax liabilities	7.1	8.0	8.0	8.1	4.1	3.0	3.0	3.3
Other liabilities	2,503.1	3,593.5	3,912.3	3,451.0	2,572.4	4,001.0	3,541.4	3,327.7
Group net equity	6,172.7	6,250.7	6,065.3	6,005.4	5,771.6	6,764.2	7,152.2	7,918.0
a) Valuation reserves	306.8	302.3	324.7	367.6	260.9	153.5	35.2	(41.5)
d) Reserves	(3,638.6)	(3,630.7)	(3,521.0)	(3,415.8)	(1,684.0)	(1,872.1)	(1,816.5)	(1,816.4)
f) Share capital	9,195.0	9,195.0	9,195.0	9,195.0	9,195.0	10,328.6	10,328.6	10,328.6
g) Treasury shares (-)	-	(4.0)	(135.5)	(260.7)	(313.7)	(313.7)	(313.7)	(313.7)
h) Net profit (loss) for the period	309.5	388.1	202.1	119.3	(1,686.5)	(1,532.1)	(1,081.4)	(239.0)
Non-controlling interests	1.3	1.4	1.4	1.4	1.3	1.3	1.4	1.7
<b>Total Liabilities and Shareholders' Equity</b>	<b>137,868.6</b>	<b>143,117.9</b>	<b>145,749.7</b>	<b>146,658.8</b>	<b>150,345.0</b>	<b>146,274.6</b>	<b>141,649.9</b>	<b>134,259.7</b>

\* 2020 quarterly balance sheet figures have been restated, compared to those published at the respective reporting dates, following the retrospective application of the change in valuation criteria for investment properties (ex LAS 40). Moreover, the comparative figures for "cash and cash equivalents" and "loans to banks" have been restated in line with the 7th update of Bank of Italy Circular no. 262.

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