BMPS 1Q20 Results

7 May 2020

Highlights of 1Q20 Results

Pre-provision profit

EUR 181mln

NII: essentially stable net of "calendar effect"
Fees: strong WM performance before Covid-19
Costs: constantly under strict control

Cost of risk

EUR 315mln

of which EUR 193mln additional provisions related to the impact of more adverse macroeconomic forecasts*

c. 60bps
Ordinary component

c. 83bps
Including additional provisions

Net income

EUR -244mln

Including non-operating costs for EUR 112mln. Quarterly reassessment of DTAs from fiscal losses prudentially not booked

Gross NPE ratio

11.8%
(vs 12.4% in Dec-19)

11.1% (EBA definition)**

Net NPE ratio

6.4%

CET1

13.6% (transitional)

11.9% (fully loaded)***

Total Capital

16.2% (transitional)

14.5% (fully loaded)***

Liquidity indicators

>150% LCR

>100% NSFR

EUR 21.7bn

Unencumbered Counterbalancing Capacity
(c.16% of total assets)

* In analogy with what had already been done in 1Q19, additional provisions for c. EUR 193 million prudentially booked in the quarter to account for the updated macroeconomic scenario, which anticipates a cumulative 3.4% drop in GDP in 2020-21. See slide 17.

** As per EBA guidelines, ratio between gross impaired 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. As at 31 December 2019 the ratio stood at 11.3%.

*** Ratios calculated considering the full deduction of IFRS9 FTA.

Covid-19 immediate response

Smart working:

- **90% of staff** able to promptly & efficiently work from home, thanks to extensive investments in IT infrastructure and security. Weekly average of employees working remotely surpassing 85%
- Corporate VPN perimeter greatly strengthened and expanded (peaks of c. **19,000 remotely connected users** reached)
- **Daily updates** on new national and corporate rules, FAQs and live streaming meetings with top management

Branch access & digital channel drive:

- Only **1.6% of branches closed** during pandemic
- Since mid March, **branches open 3 mornings a week**, accessible by appointment, with new health protection protocols introduced*. Ongoing contact with clients through digital channels
- **Digital Retail Banking** transactions increased from 25% in 2019 to 40%
- **ATM deposit transactions** increased from 55% to over 60%
- **Web Collaboration increased 10x** (>10k online deals in April vs. <1k in January and February), thanks to extension to Affluent market in addition to Private

Sustaining the economy:

- **Timely rollout of financial relief measures** introduced by the government**: moratorium and guarantees
- Launch of **ad-hoc initiatives**
- **Helping clients access relief measures**: dedicated area on the Bank's website, providing information and forms needed to activate public and BMPS financial relief measures, Covid-19 toll-free number
- Free offer of 1,200 vouchers to access "**UGO**" caregiving services***
- **AXA MPS** hospitalisation allowance doubled for insurance holders

Standing by our customers, protecting our employees and safeguarding business continuity

* Starting from May 5th, the 1,100 largest branches are open all day, five days a week; 300 more branches are open all day, three days a week. Access to all branches only by appointment, to ensure smooth operations and social distancing.

** Law Decrees no. 18 of 17 March 2020 ("*Decreto Cura Italia*") and no. 23 of 8 April 2020 ("*Decreto Liquidità*").

*** UGO start-up won the 2019 Officina MPS competition. At the beginning of the Covid-19 lockdown, its caregiving services were extended from Milan to Florence and Siena.

Supporting the economy - Moratorium

Moratorium

- c. 90k moratorium applications received, for a total GBV of EUR 10.2bn
- c. **25% applications pertain to GMPS ad-hoc initiatives,** mainly in favour of households
- **Good quality customers applying for moratorium**: only 7% of retail portfolio and 15% of corporate portfolio classified as High risk**
- Loans suspended in the framework of "Covid-19" relief measures are **not automatically classified as "forborne"** (no automatic migration between risk stages) but are clearly identified for monitoring purposes
- The automatic classification as NPEs of past due forborne exposures has been temporarily suspended
- **Early warning detection system** activated on all Covid-19 relief measures, including new indicators of potential financial difficulties

Applications received*

	Applications (#)	Exposure (€/bn)	
Total	*90k*	10.2	
Corporates	*48k*	6.1	*c. 15% High risk portfolio***
% on total corporate portfolio	c. 30 %	c. 21%	
Households	*42k*	4.1	*c. 7% High risk portfolio***
% on total household portfolio	c. 4%	c.13%	

* Figures related to MPS Group. Latest update: 30 April 2020 for MPS and 24 April 2020 for subsidiaries.

** High Risk portfolio: portfolio with average PD >8%, included in stage 2 bucket.

Supporting the economy - Guarantees

Guarantees

- New facilities introduced by the "Cura Italia" and "Liquidità" decrees* are entering in the decision-making framework, being factored into strategies and credit standards
- The intensified use of loans guaranteed by the SME Fund and by SACE, which entail reduced RWAs and cost of credit, will allow the Bank to provide greater liquidity to businesses

Applications received**

- Applications for loans up to EUR 25k, 100% guaranteed by Fondo Garanzia Imprese***:

Applications (#)	Exposure (€/bn)
21.8k	0.45

c. 12 %
*High risk portfolio*****

c. 6% market share on application sent to MCC

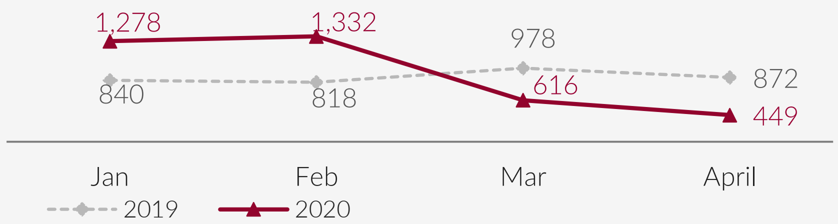
- Granting process started for other forms of guaranteed loans (loans 90% guaranteed by Fondo Garanzia Imprese, loans to tourist sector, debt renegotiations, ...)

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

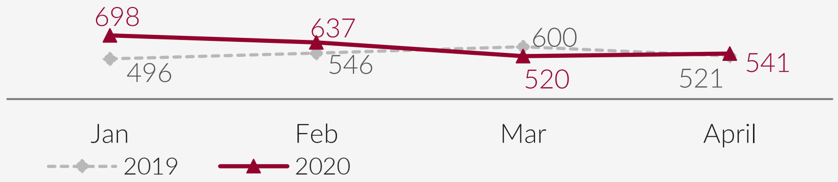
* See Annex for guarantee schemes introduced by Government with "Cura Italia" and "Liquidità" decrees.
** Latest update: 4 May 2020.
*** Liquidità decree, art 13 par 1m.
**** High Risk portfolio: portfolio with average PD >8%, included in Stage 2.

Good commercial performance before Covid-19 crisis

Wealth management gross inflows* *(€/mln)*



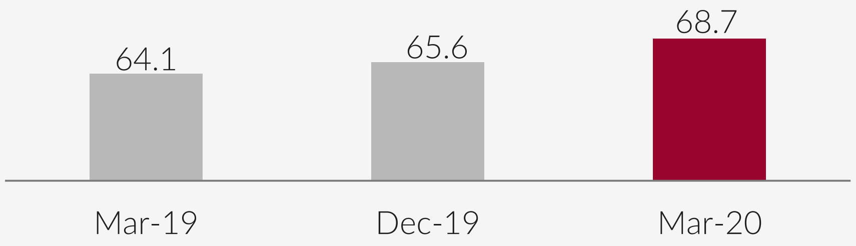
New mortgage flows** *(€/mln)*



Good performance in the first months of the year, confirming franchise solidity

- Positive commercial dynamics in 1Q20:
  - ✓ WM gross flows at EUR 3.2bn, c. +22% YoY and +8% QoQ, driven by WM product placement
  - ✓ New mortgage flows at EUR 1.9bn, +13% YoY and c. -5% QoQ
- Covid-19 impacts: March and April flows show a slowdown due to implemented lockdown measures and to the volatility of the financial markets on WM product placements

Current accounts & time deposits *(€/bn)*



Market confidence restored despite the Covid-19 crisis

- Commercial direct funding: positive quarterly trend (current accounts and time deposits increased by c. EUR 3.1bn vs. Dec-19 and by c. EUR 4.7bn vs. Mar-19), also sustained by higher preference of clients for liquid products considering current emergency

* Bancassurance + pension funds + mutual funds/sicav + individual portfolios under management.
** New mortgage flows: closings.

Widiba's first quarter 2020: no impact from Covid-19

widiba

First quarter 2020 characterised by **Covid-19 impact**, but **no setbacks** on business or innovation

As a native Digital Bank, Widiba kept on working by means of **100% paperless processes** with **smart working & remote advisory** enabled for all employees and financial advisors

In **April** the **acceleration continues** through **all economic** and main **commercial metrics:**

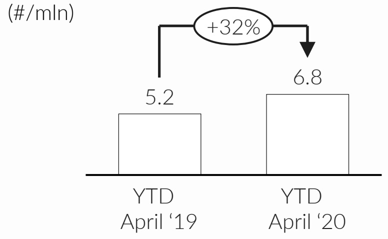
- ✓ **c.EUR +230mln** net direct and indirect flows YTD
- ✓ **c.EUR +20k** new customers YTD

Business Continuity

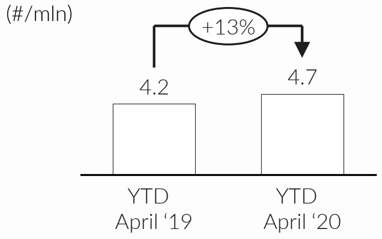
Bank's, current Customers' and Advisors' **activities did not come to a halt**, showing on the contrary an **increase throughout all business fields** vs. the same period of last year

Transactional

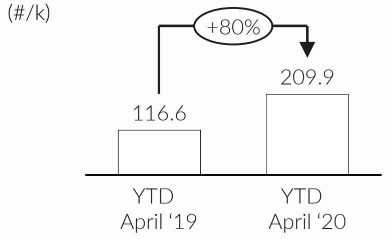
Platform



Banking



Investments*



(*) Advisory + execution

Innovation Continuity

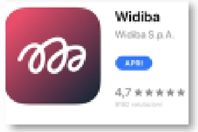
The innovation plan remains the main **focus of the Bank**, despite the contingency, with relevant features for customers and advisors launched during the Covid-19 pandemic

Open Banking

Connection with other banks completed and **multi-account solution** launched

Mobile Platform

Technology and **user experience upgraded,** with the launch of the new **conversational tool**

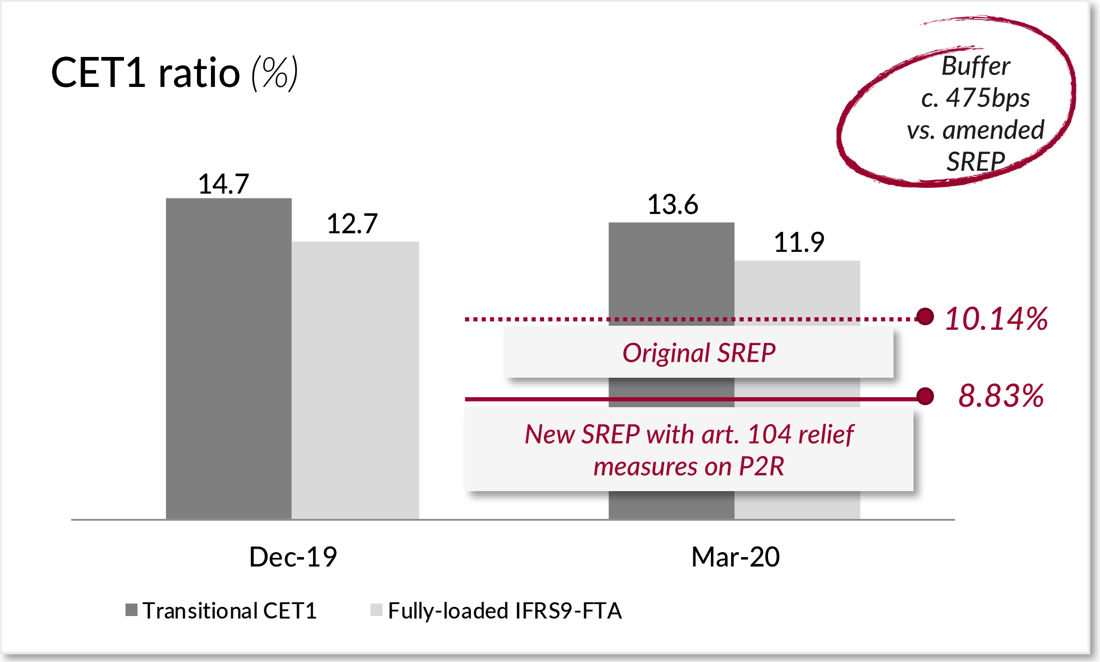


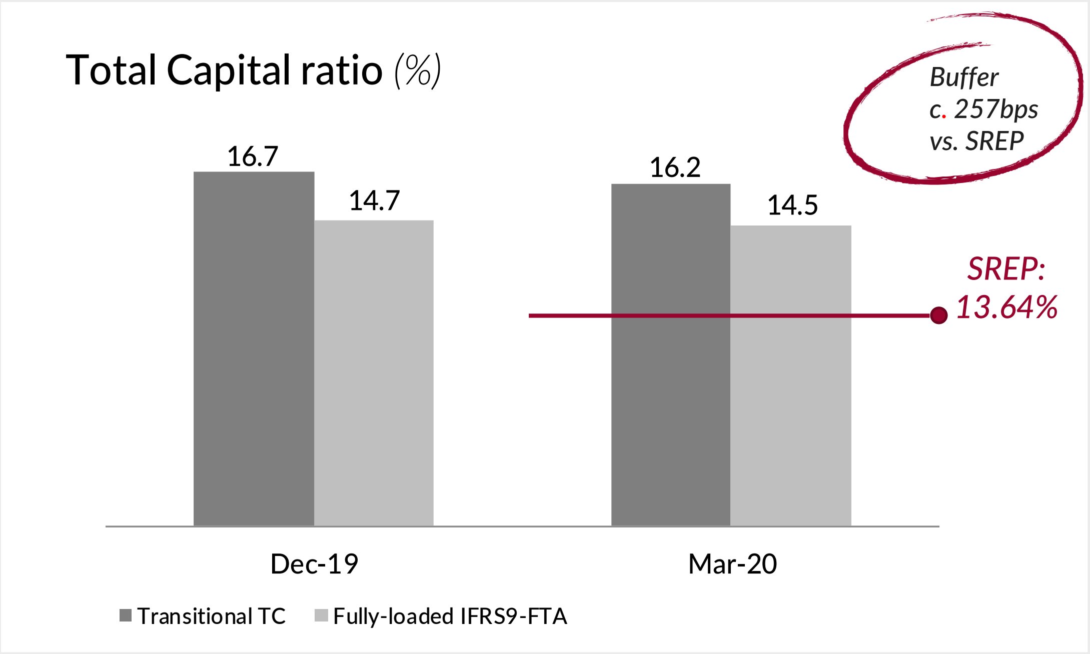
Robo for Advisor

Fully digital transactions in place for Widiba Advisors, including **insurance products**

AXA MPS

Solid capital ratios, above regulatory requirements





- Solid capital ratios, with buffers above 2020 SREP Overall Capital Requirements
- Capital relief from amendments to SREP decision and flexibility on capital requirements/RWA for Covid 19 crisis:
  - Buffer at c. 475bps following the anticipated application of CRD V art. 104 (c. 344bps vs. original SREP)
  - Buffer at c. 725bps including flexibility on CCB
  - Expected impact from TRIM/update models (c. EUR 3bn RWA increase*) postponed to end 2020/beginning 2021
- Quarterly trend mainly impacted by the phase-in of the IFRS9 FTA, 1Q20 net result, worsened FVTOCI reserves affected by spread widening for Covid-19 crisis and increase in RWA mainly due to credit risk

* MPS internal estimates, to be confirmed by ECB.

Funding & Liquidity

Main liquidity indicators

Counterbalancing Capacity	LCR	NSFR
EUR 21.7bn (c. 16% of total assets)	>150%	>100%

All liquidity indicators well above requirements after reimbursement of EUR 8bn GGBs in 1Q20

Main events of the quarter:

- **Access to wholesale funding market:** EUR 400mln T2 bonds (Jan-20) + EUR 750mln senior bonds (Jan-20)
- **Complete reimbursement of Government Guaranteed Bonds (GGBs)** matured in January (EUR 4bn) and March (EUR 4bn). Expected positive contribution to P&L for c. EUR 140mln per year, coming from the savings on fees paid for the State guarantee and for coupons, plus reduced liquidity excess
- **Covid-19 impact:** no impact in Q1 on liquidity position and indicators:
  - Credit lines: to date, negligible impact in the use of credit lines for non-financial companies (almost stable). Probable increased drawing over coming months is expected to be matched by positive components (i.e. increased value of counterbalancing for reduction of ECB haircuts)
  - Direct funding: commercial direct funding in retail segment sustained by higher preference of clients for liquid products (current accounts and time deposits) considering strong financial market volatility

Funding strategy:

In the coming months, the **funding strategy will be designed and adapted according to the evolution of the scenario**:

- **Bond issues:** will be planned or postponed, depending on primary market conditions
- **TLTRO III:** use may be increased, compared with original plans, considering that maximum available amount for BMPS has been increased to c. EUR 26bn (vs. previous limit of c. EUR 16bn)
- **LTRO:** New LTROs and Pandemic Emergency LTROs (PELTROs) will be drawn according to needs and positive impact on NII

Actions will be designed so as to be neutral or positive on liquidity position and LCR/NSFR

Agenda

- 1Q20 Results
- Details on 1Q20 Results
- Annex

1Q20 P&L: highlights

P&L (€/mln)	1Q19	2Q19	3Q19	4Q19	1Q20
Net Interest Income	409	404	355	333	327
Fees and commissions	359	364	356	371	370
Financial revenues*	45	77	141	151	39
Other operating income/expenses**	-8	-63	-11	2	-6
Total revenues	804	782	840	857	729
Operating costs	-569	-577	-549	-594	-548
Pre-provision profit	235	205	291	263	181
Total provisions***	-144	-110	-139	-194	-316
Net operating result	91	95	152	69	-135
Non-operating items	-114	-60	-70	-109	-112
Profit (Loss) before tax	-23	35	82	-40	-246
Tax expense/recovery	57	34	13	-1,179	4
PPA & other items	-6	-4	-1	-1	-1
Net income (loss)	28	65	94	-1,220	-244

- **Pre-provision profit at EUR 181mln:**
  - NII impacted by ongoing pressure on lending (lower average volumes and asset spread) and increased cost of wholesale funding for the bonds issued in Jan-20
  - Fees & commissions almost stable QoQ, despite the sharp reduction in placement flows which occurred progressively in March as a result of Covid-19, thanks to the sustained activity in the first months of the year and to the lower cost of State guarantee following the reimbursement of GGBs
  - Ongoing reduction of operating costs
- **Cost of risk at 83bps,** affected by the changed macroeconomic scenario emerging from the spread of the pandemic; **ordinary cost of risk at c. 60bps**
- **Net result at EUR -244mln,** including non-operating costs for EUR 112mln. Quarterly reassessment of DTAs from fiscal losses prudentially not booked

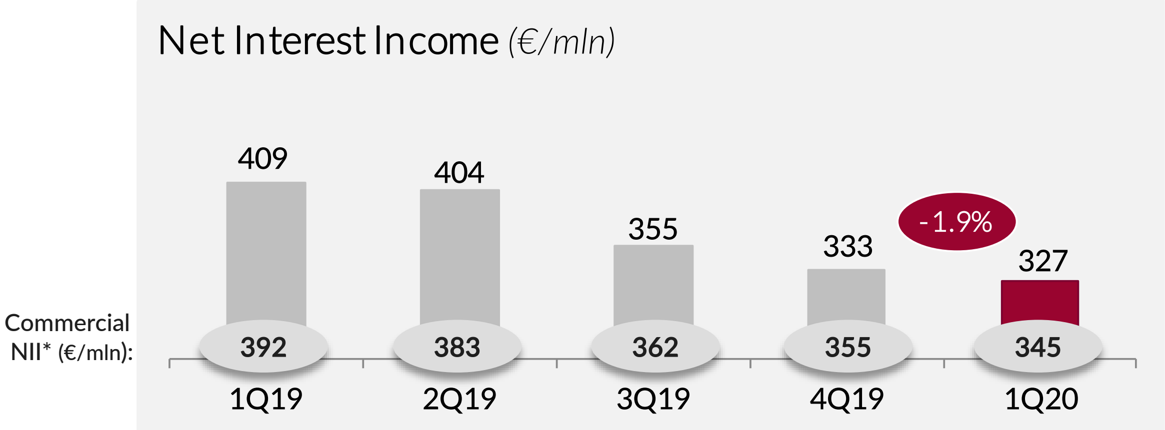
Starting from 1Q20, the portion relating to loans to customers of P&L items 100a, 110b, 130a and 140, plus item 200a, have been traced back to a single aggregate called «Cost of customer loans», with main impacts on items «Financial revenues», «Total provisions» and «Non-operating items». 2019 figures were restated to ease the comparison of the Group's performance results. (See Annex)

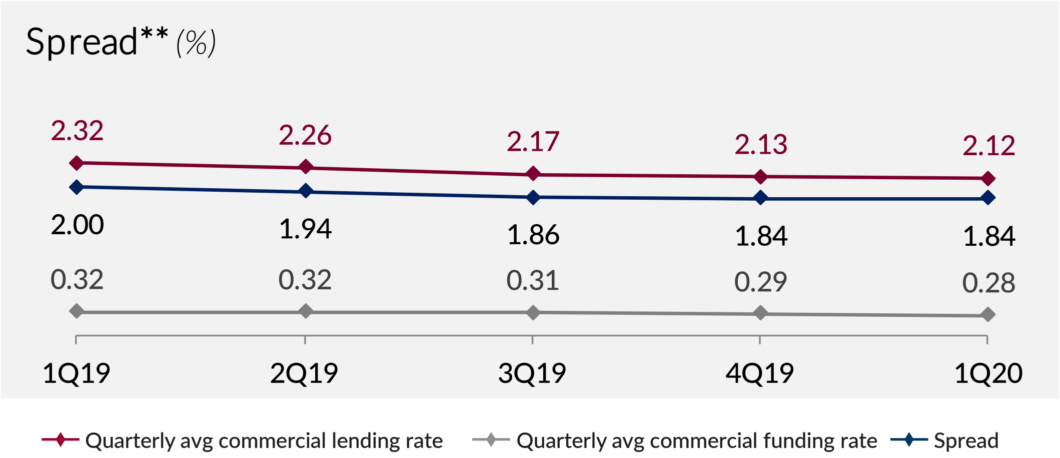
* Financial revenues include: dividends/income from trading investments, net result from trading/hedging, gains/losses on disposals/repurchases, net result from financial assets/liabilities at FVTPL.

** 2Q19 includes EUR -49mln costs for the unwinding of the Juliet servicing agreement.

*** Includes the new item "Cost of customer loans" (see Annex), provisions on securities at amortised cost and FVTOCI, and provisions on loans to banks.

Net Interest Income





- **Net interest income** down by 1.9% QoQ, mainly impacted by:
  - persisting pressure on asset margins
  - slightly decreased average loan volumes (EUR -0.7bn in the quarter)
  - increased cost of wholesale funding, ascribable to institutional bonds issued in January 2020, only partially offset by the reimbursement of GGBs
  - "calendar effect": 1 less day in 1Q20 than in 4Q19 (EUR -4mln)
- **Commercial rates spread** stable QoQ, with a simultaneous marginal decline in lending rates and cost of funding

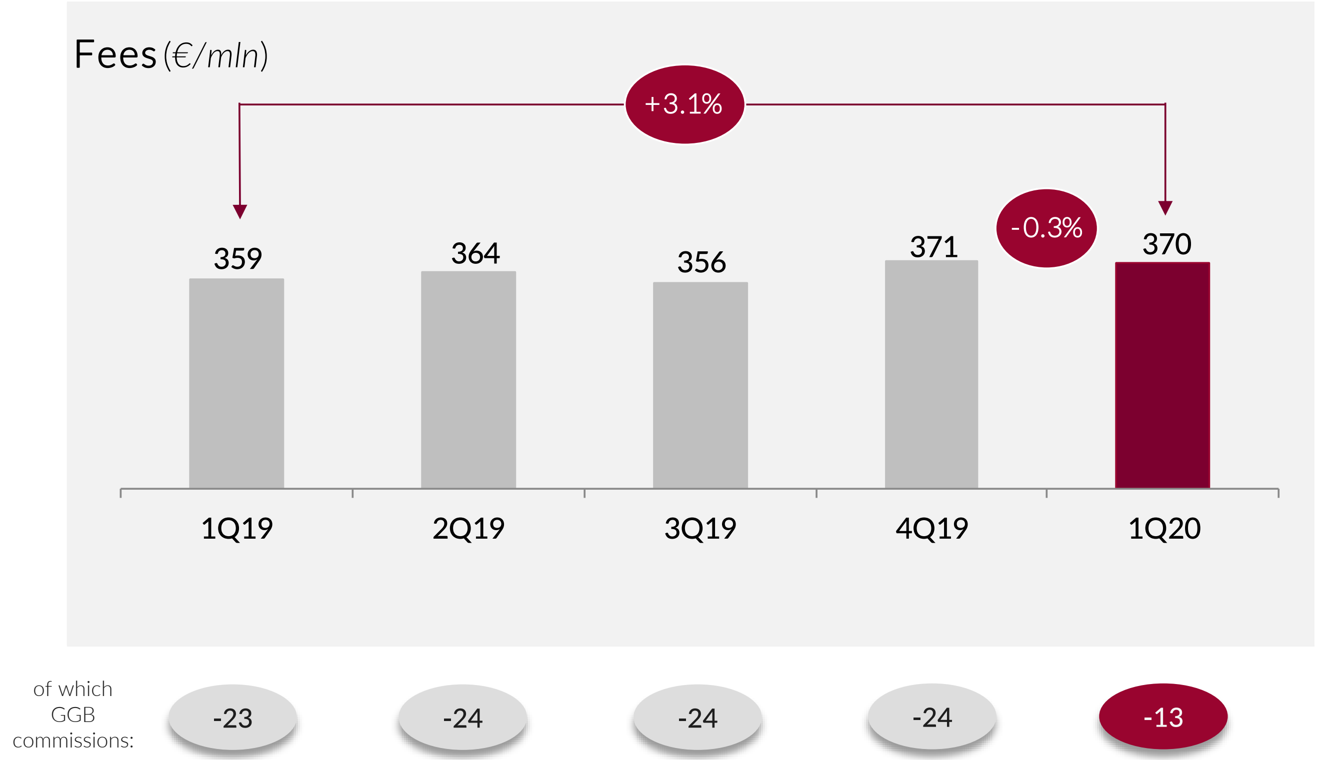
Average rates on new mortgage flows**

	1Q19	2Q19	3Q19	4Q19	1Q20
Households	2.4%	2.0%	1.6%	1.7%	2.1%
Small businesses	2.9%	3.0%	2.8%	2.5%	2.4%
Corporates	1.9%	1.9%	2.1%	1.5%	1.3%
Total	2.3%	2.2%	1.8%	1.8%	1.8%

* Net interest income on commercial loans to customers and on commercial direct funding.

** Figures from operational data management system.

Fee and Commission Income



€/mln	1Q19	4Q19	1Q20	1Q20 vs. 4Q19	1Q20 vs. 1Q19
Wealth Management fees:	155	166	174	4.6%	11.7%
WM Placement	49	53	63	18.6%	27.8%
Continuing	85	89	88	-0.9%	4.0%
Custody	10	9	10	18.2%	-1.1%
Protection	11	15	12	-21.2%	10.8%
Traditional Banking fees:	246	260	228	-12.5%	-7.5%
Credit facilities	119	126	107	-15.1%	-10.2%
International business	12	11	13	10.5%	1.9%
Payment services and client expense recovery	115	123	108	-11.9%	-5.7%
Other	-43	-55	-31	-43.1%	-26.6%
TOTAL NET FEES	359	371	370	-0.3%	3.1%

- Net fees and commissions almost stable QoQ and increased by 3.1% vs. 1Q19 despite sharp slowdown in operations linked to Covid-19 pandemic:
  - WM fees increase, sustained by the significant placement flows observed in the first months of the year
  - Traditional banking fees trend impacted by lower income from Compass and from payment services (which had benefited from typical end-of-year movements in 4Q19)
  - Reduced cost of State guarantee resulting from the reimbursement of Government Guaranteed Bonds (EUR 4bn in January and EUR 4bn in March)

Financial Revenues*

Dividends/Income from investments (€/mln)

	1Q19	2Q19	3Q19	4Q19	1Q20
Dividends/Income from investments	16	27	37	15	12

Trading/Disposal/Valuation Hedging of Financial Assets (€/mln)

	1Q19	2Q19	3Q19	4Q19	1Q20
Net result from trading/hedging	36	23	31	-8	-25
Gains/losses on disposals/repurchases	6	13	91	8	52
Net result from financial assets/liabilities at FVTPL	-13	15	-19	136	0
Total	29	50	104	135	27

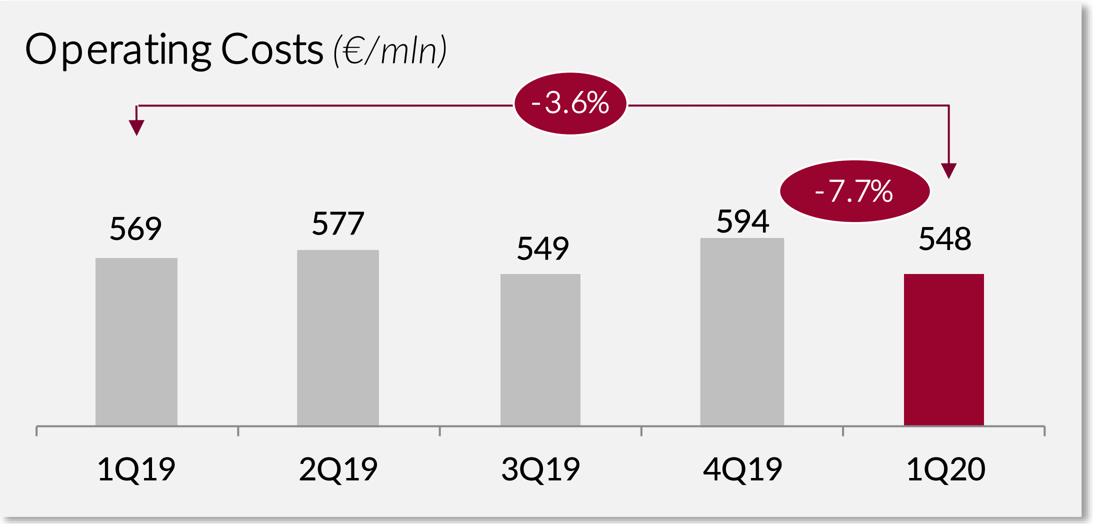
Starting from 1Q20, the portion relating to loans to customers of P&L items 100a, 110b, 130a and 140, plus item 200a, have been traced back to a single aggregate called «Cost of customer loans», with main impacts on items «Financial revenues», «Total provisions» and «Non-operating items». 2019 figures were restated to ease the comparison of the Group's performance results. (See Annex)

- **Dividends, similar income and gains (losses) on equity investments** include the contribution from the joint venture with AXA

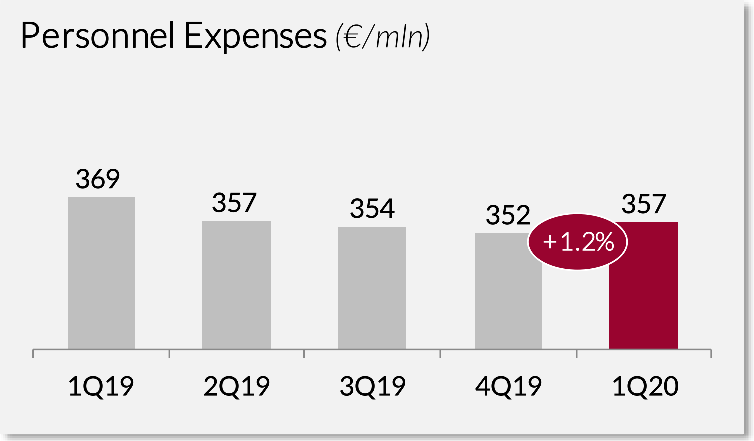
- **Trading/disposal/valuation/hedging of financial assets/others:**
  - EUR -25mln from trading/hedging, mainly due to MPS Capital Services results, impacted by the unfavorable financial markets context. MPS Capital Services Govies portfolio has shown an increase in Italian Govies at FVTPL in the quarter
  - EUR +52mln positive results from gains on disposals/repurchases, mainly generated (c. EUR +49mln) by recomposition of Govies portfolio in the Banking Book
  - Nil net result from financial assets/liabilities at FVTPL. 4Q19 impacted by the revaluation of financial assets (Sorgenia and Tirreno Power)

* The item includes: Dividends/income from trading investments, Net result from trading/hedging, Gains/losses on disposals/repurchases, Net result from financial assets/liabilities at FVTPL.

Operating Costs

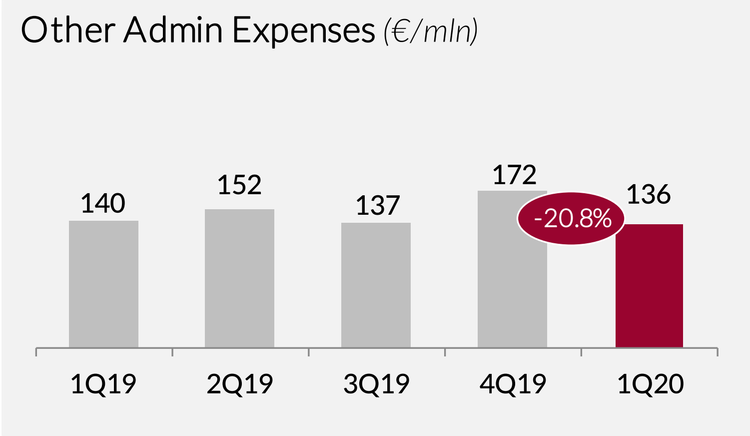


- **Operating costs** for 1Q20 decrease by c. EUR 46mln (-7.7%) QoQ and by c. EUR 21mln (-3.6%) YoY
  - **Personnel expenses** increase by 1.2% QoQ due to collective labour agreement renewal effects; on a yearly basis, 3.2% decrease driven by personnel exits (mainly through the Solidarity Fund in Mar/May-19 and for the deconsolidation of MP Belgio in Jun-19)
  - **Other admin expenses** are lower than 4Q19, when they had been affected by seasonality, and down by -2.4% compared to 1Q19
  - **Depreciation & Amortisation** decreases in the quarter by c. EUR 14mln, mostly for lower impairments



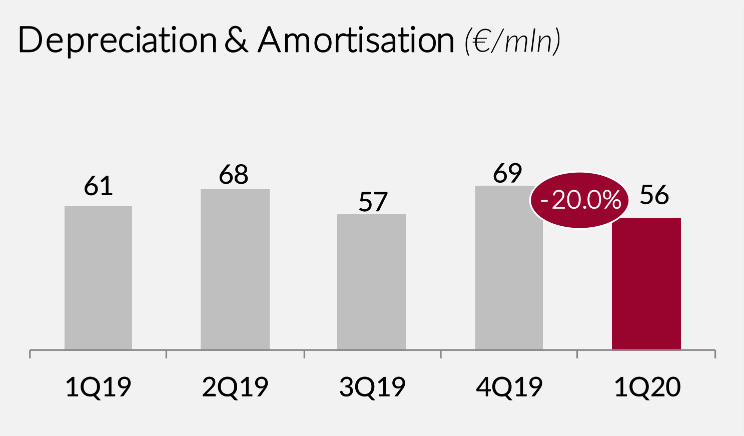
FTEs*	22.5K	22.2K	22.2K	22.0K	22.1K

-1.9% YoY



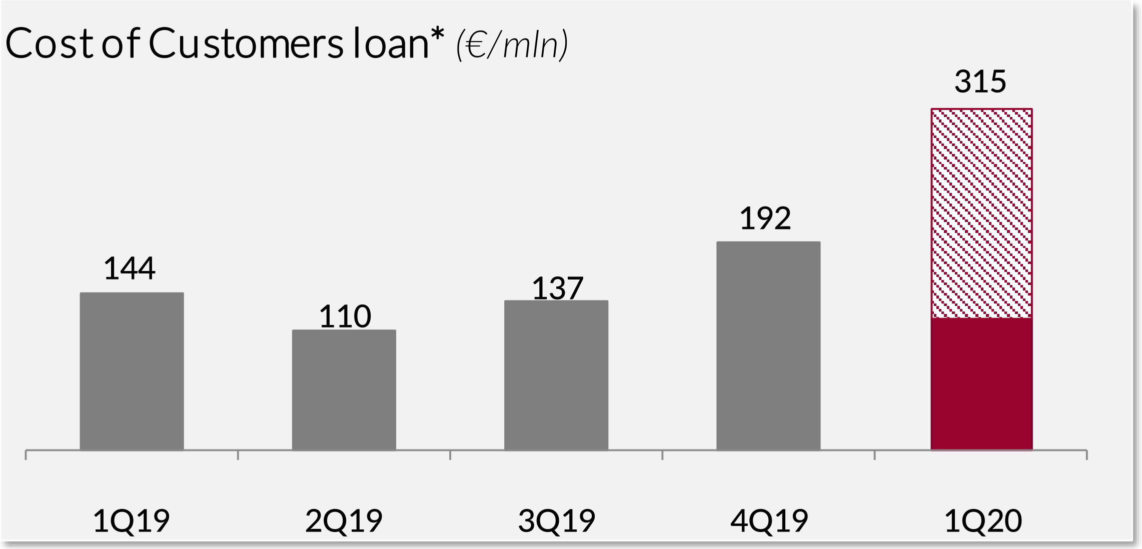
Branches	1,529	1,529	1,529	1,422	1,421

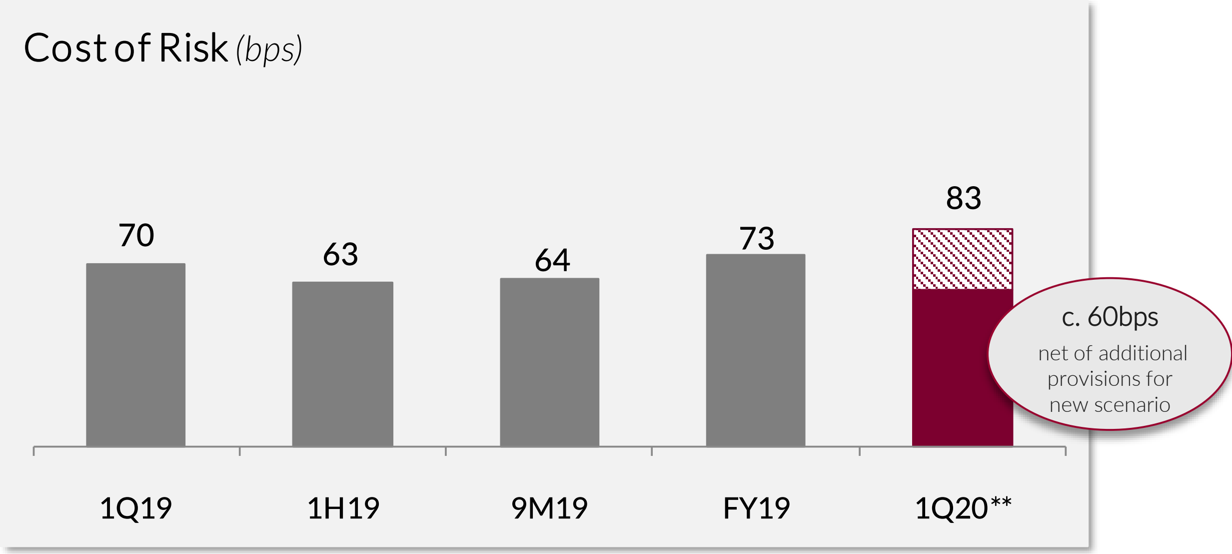
-7.1% YoY



* The number of FTEs refers to the effective workforce and therefore does not include employees who were seconded outside of the Group's perimeter.

Cost of Risk & Coverage





Non-performing Exposures Coverage *(%)*

	Mar-19	Dec-19	Mar-20
Bad Loans *(sofferenze)*	61.3	53.6	54.5
Unlikely-to-Pay Loans	45.3	43.4	44.3
Past Due Loans	17.4	23.5	25.4
Total NPEs	**53.3**	**48.7**	**49.6**

- Cost of customer loans at EUR 315mln for the quarter, prudentially including c. 193mln of additional provisions related to update macroeconomic scenario post Covid-19 (see next slide)
- Ongoing reduction of Gross NPE ratio: 11.8% (vs. 12.4% in Dec-19), with NPE stock down from EUR 11.9bn in Dec-19 to EUR 11.6bn. Net NPE ratio at 6.4% (6.8% in Dec-19)

* Starting from 1Q20, the portion relating to loans to customers of P&L items 100a, 110b, 130a and 140, plus item 200a, have been traced back to a single aggregate called «Cost of customer loans», with main impacts on items «Financial revenues», «Total provisions» and «Non-operating items». 2019 figures were restated to ease the comparison of the Group's performance results. (See Annex)

** Net loan loss provisions since the beginning of the period (annualised ordinary component + extraordinary component)/end-of-period loans.

Focus on Cost of customer loans: Covid-19 impacts

Cost of risk affected by the downward revision of GDP growth estimates induced by the changed macroeconomic scenario emerging from the spread of Covid-19 (expected c. 3.4% cumulative drop in GDP in 2020-21).

(€/mln)	1Q20
Extraordinary reassessment of loans to include macro scenario update for Covid-19 crisis	193
o.w. additional provisions on PE portfolio	119
o.w. additional provisions on NPE portfolio	74
Ordinary cost of customer loans	122
Total cost of customers loans 1Q20	315

PE portfolio: prudentially, performing loan portfolio revised ahead of publication of ECB scenario expected by June and full implementation of national economic relief measures (moratorium and guarantees). Worsening scenario lead to a migration of EUR 1.7bn from Stage 1 to Stage 2.

PE portfolio	Cost of credit impact (€/mln)	Exposures pre-update (€/bn)	Coverage pre-update (%)	Exposures post-update (€/bn)	Coverage post-update (%)
Stage 1	15	74.7	0.10%	73.0	0.12%
Stage 2	104	11.9	3.36%	13.6	3.70%
Total	119	86.5	0.54%	86.5	0.68%

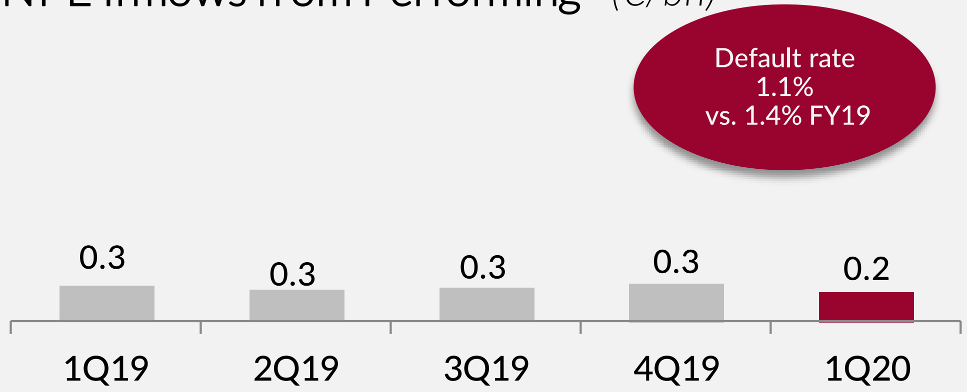
NPE portfolio: reassessment of portfolio **subject to statistical evaluation** (c. 35% of total loan book GBV)

NPEs	Cost of credit impact (€/mln)	Exposures subject to update (€/bn)	Coverage pre-update (%)	Coverage post-update (%)
Past due	1	0.1	25.68%	26.71%
UTP	51	1.6	34.30%	37.47%
Bad loans	22	3.3	42.06%	42.74%
Total	74	5.0	39.17%	40.66%

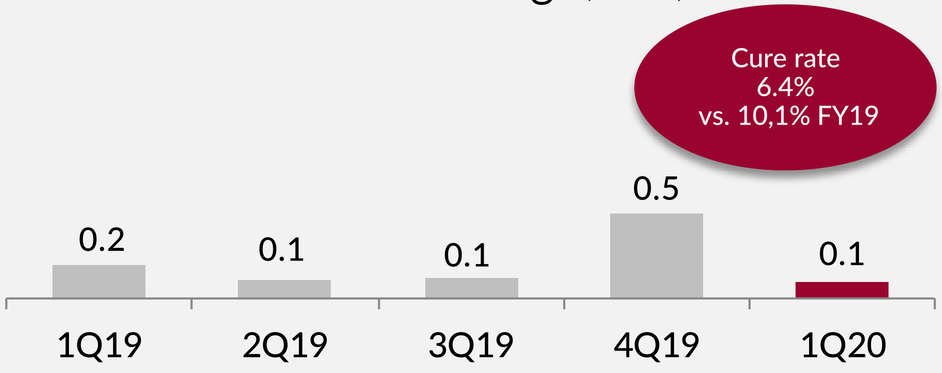
Review of the remaining part of the NPE portfolio, subject to analytical assessment, will be carried out in 2020 based on the analysis of debtors' situations at the time

Asset Quality Migration Matrix

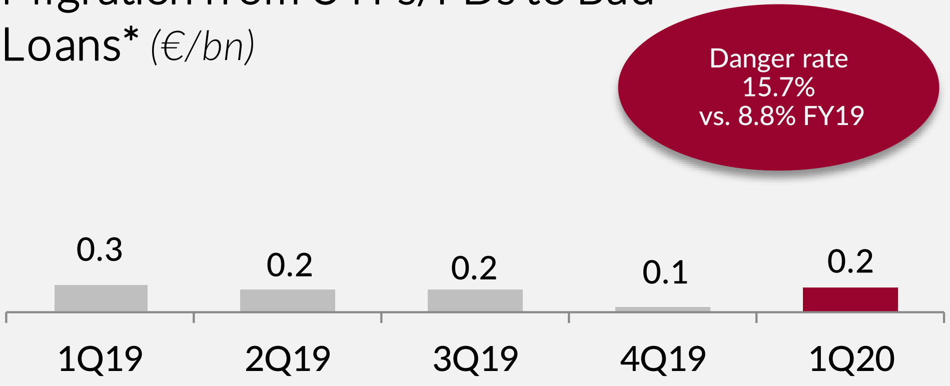
NPE Inflows from Performing* *(€/bn)*



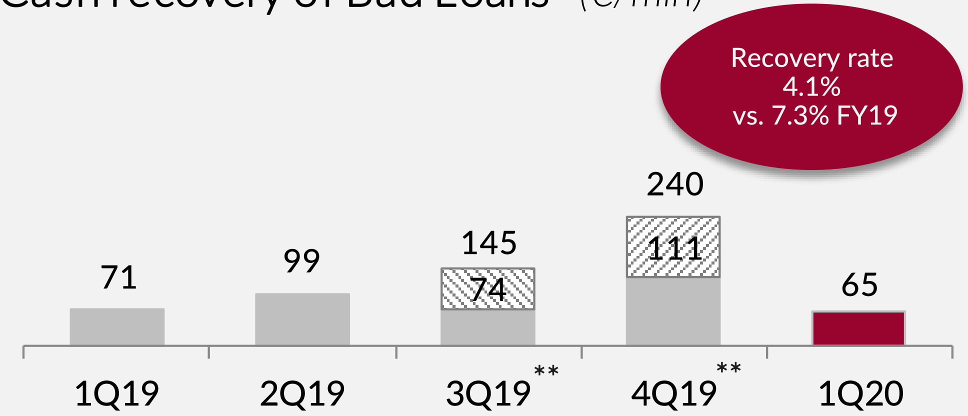
NPE Outflows to Performing* *(€/bn)*



Migration from UTPs/PDs to Bad Loans* *(€/bn)*



Cash recovery of Bad Loans* *(€/mln)*

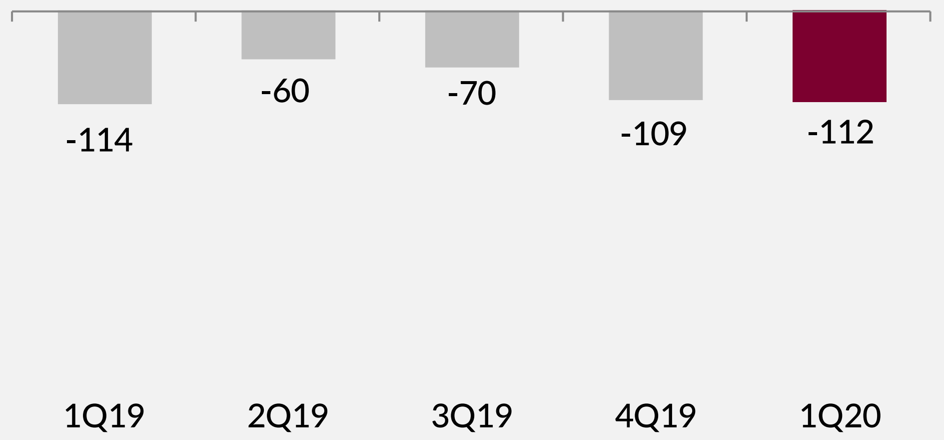


* Data from operational data management system. For 2020: cash + signature + FV. For 2019: cash + signature.

** Including recoveries on bad loan disposals. EUR 185mln recoveries on bad loan disposals in 3Q19 & 4Q19.

Non-Operating Items and Taxes

Non-operating items* (€/mln)



	1Q19	2Q19	3Q19	4Q19	1Q20
DGS, NRF & SRF	-61	-27	-36	0	-58
DTA Fees	-18	-17	-18	-18	-18
Other	-35	-16	-17	-91	-35
Total	-114	-60	-70	-109	-112

Starting from 1Q20, the portion relating to loans to customers of P&L items 100a, 110b, 130a and 140, plus item 200a, have been traced back to a single aggregate called «Cost of customer loans», with main impacts on items «Financial revenues», «Total provisions» and «Non-operating items». 2019 figures were restated to ease the comparison of the Group's performance results. (See Annex)

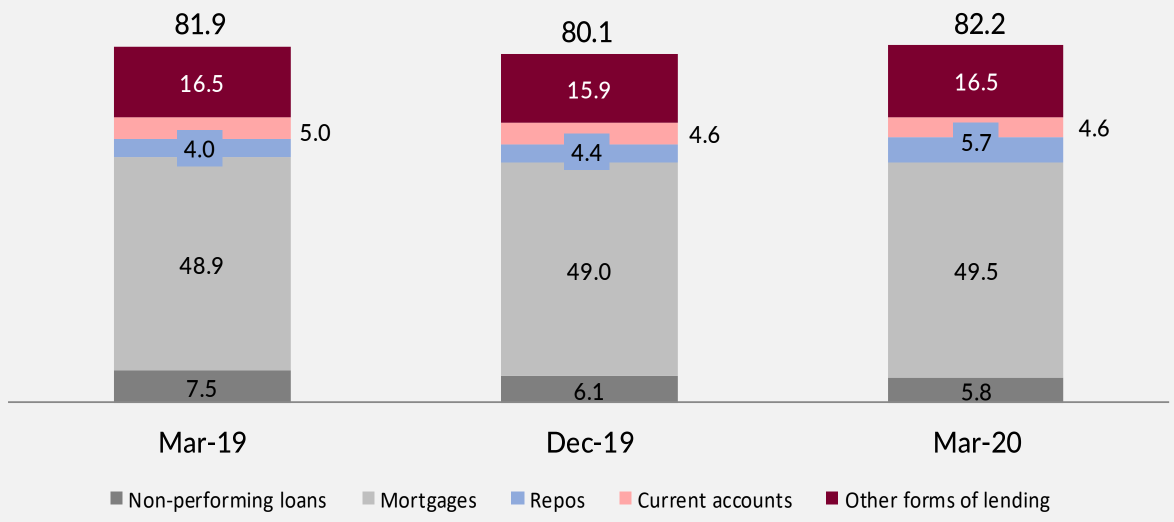
- Non-operating items at EUR -112mln including:
  - EUR -58mln for the annual contribution to the Single Resolution Fund
  - EUR -18mln for quarterly DTA fees introduced by Law Decree 59/2016
  - EUR -35mln mainly related to provisions for risks and charges (EUR -40mln), partially offset by the price adjustment on the sale of MP Belgio (EUR +2mln) and by profits related to the sale of properties (EUR +2mln)

- Taxes for the quarter at EUR 4mln, mainly coming from ACE (Aiuto alla Crescita Economica) benefit.
  - Quarterly reassessment of DTAs from fiscal losses prudentially not booked because of the variability and uncertainty that characterise current macroeconomic estimates and due to the temporary unavailability of updated multi-year projections incorporating the macroeconomic and banking scenarios as modified by the spread of the COVID-19 pandemic

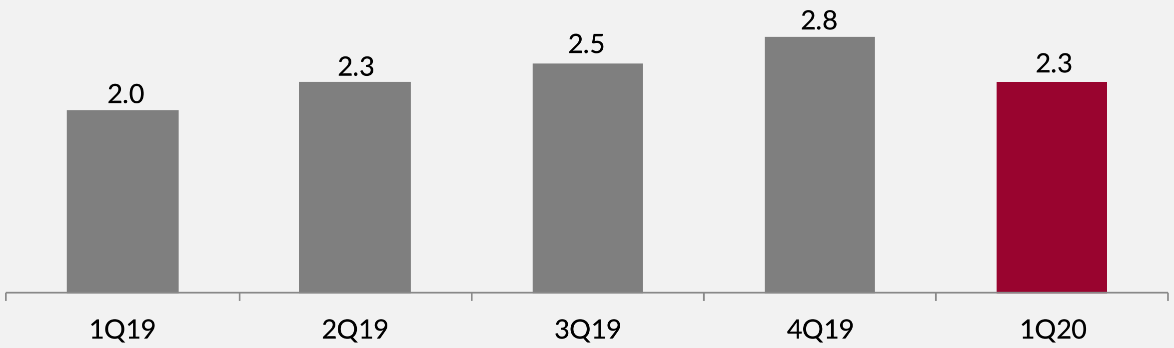
* Net provisions for risks and charges, gains (losses) on investments/disposals, restructuring costs/one-off costs, DTA fees and SRF, NRF & DGS and gains (losses) on disposal of investments.

Customer Loans

Loans to Customers *(€/bn)*



Medium & Long-Term Lending – New Loans *(€/bn)***



- Customer loans up by c. EUR 2.1bn QoQ:
  - EUR +0.5bn increase in mortgages, with new inflows higher than maturities
  - EUR +1.3bn increase in repos
  - EUR +0.6bn increase in other forms of lending
  - EUR -0.3bn decrease in non-performing exposures
- Customer loans up by EUR 0.3bn YoY (c. +EUR 1bn without considering MP Belgio disposal) with the increase on repos and mortgages partly offset by the 2019 NPE disposals/reductions
- Average commercial loans: EUR 72.5bn in 1Q20, decreased by EUR 0.7bn vs. 4Q19 (-1.0% QoQ), mainly on corporate customers
- Group's loan market share at 4.70%* as at Jan-20, down 15bps YoY

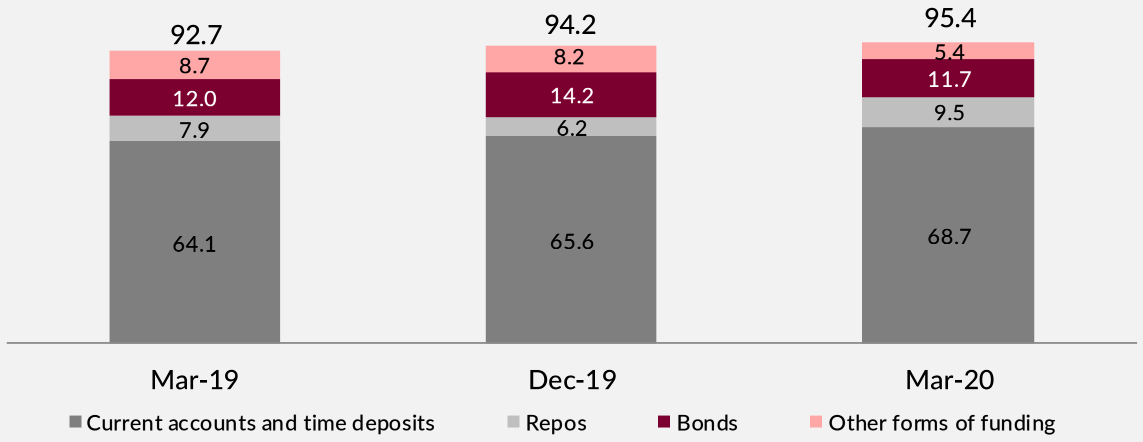
Starting from 1Q20, the reclassified balance sheet was revised in order to ensure greater consistency of the aggregates with the instruments that constitute them. Among the main changes, the introduction of the "Loans" aggregate, subdivided, according to the counterparty, into "Loans to central banks", "Loans to banks" and "Loans to customers". These items comprise credit instruments, regardless of their accounting allocation among financial assets measured at AC or measured at FVTPL or among non-current assets/groups of assets held for sale. 2019 figures were restated to favour the comparison of the Group's performance results (see Annex)

* Lending to domestic customers, comprehensive of non-performing exposures (net of bad loans) and net of institutional repos.

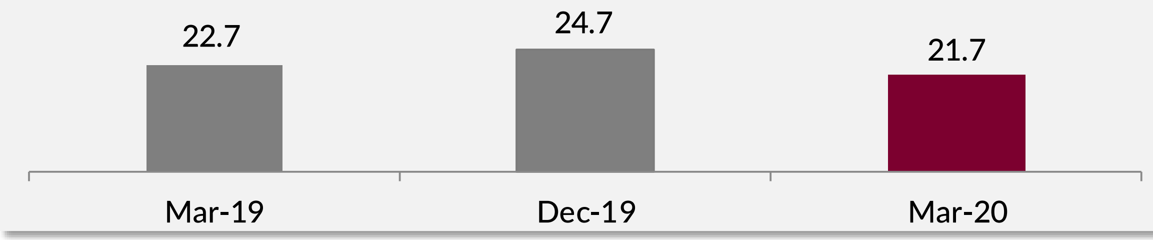
** Figures from operational data management system.

Direct Funding and Liquidity

Direct Funding *(€/bn)*



Unencumbered Counterbalancing Capacity *(€/bn)*



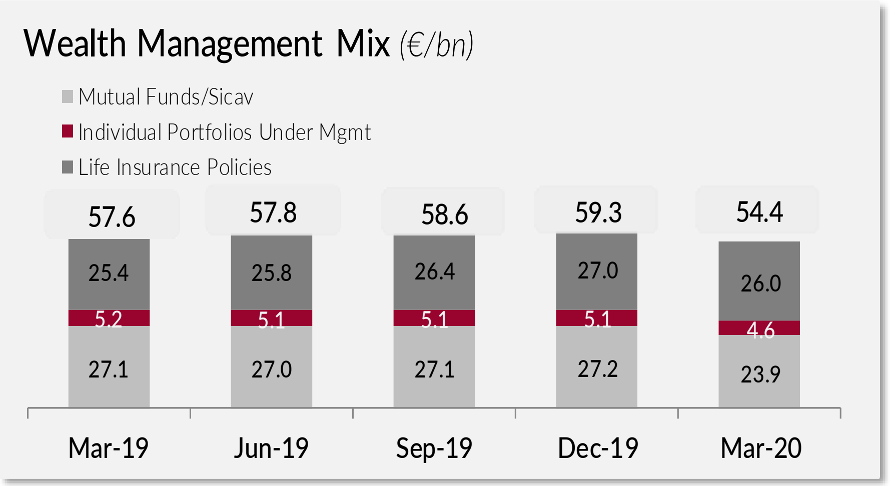
% of Total Assets	17.2%	18.7%	16.1%

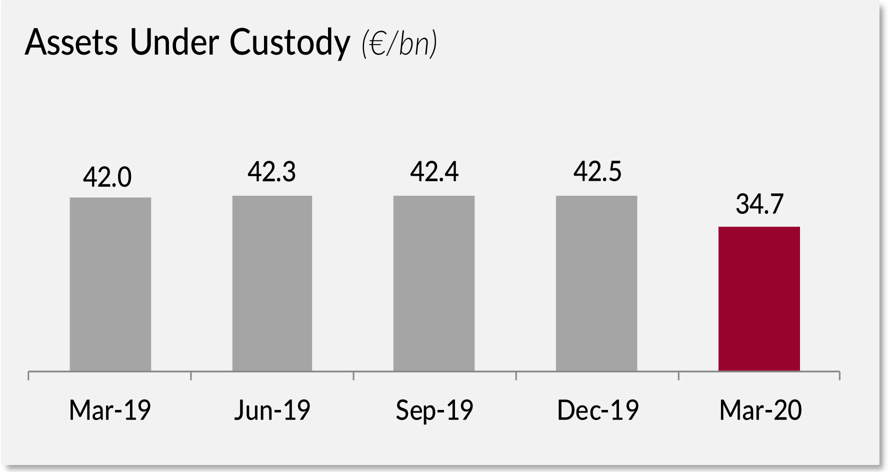
- Total direct funding up by c. EUR 1.2bn QoQ
  - EUR +0.4bn increase in funding from commercial customers (mainly in the retail segment)
  - EUR +1.7bn increase in the current account deposit held by an institutional client
  - EUR -1.0bn decrease in funding from institutional counterparties: GBBs expired in the quarter partly offset by the issuance of senior unsecured (EUR 0.75bn) and T2 (EUR 0.4bn) bonds and by an increase in Repos
- Average commercial direct funding: EUR 71.1bn in 1Q20, stable vs. 4Q19
- Group's direct funding market share at 3.75%* in Jan-20, a 3bps YoY increase
- Unencumbered Counterbalancing Capacity at EUR 21.7bn, 16.1% of total assets (vs. 18.7% in Dec-19) after the reimbursement of GGBs in 1Q20
- LCR: >150% and NSFR: >100%

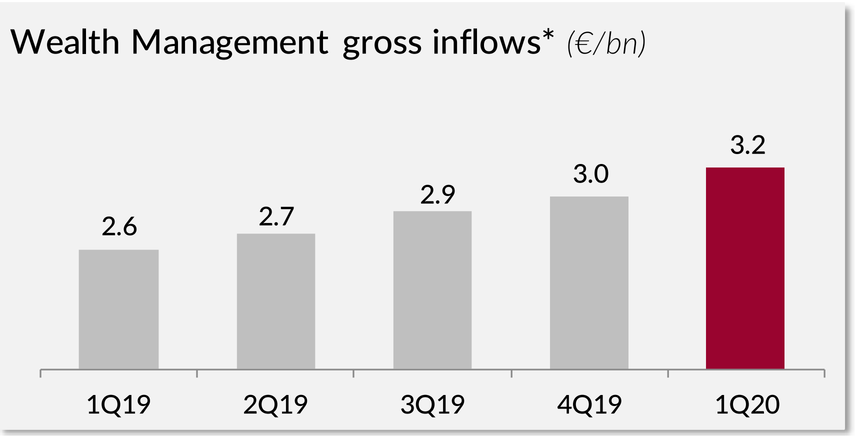
* Deposits and repurchase agreements (excluding repurchase agreements with central counterparties) from resident clients and bonds, net of repurchases, placed with resident clients as first-instance borrowers.

Wealth Management and Assets Under Custody

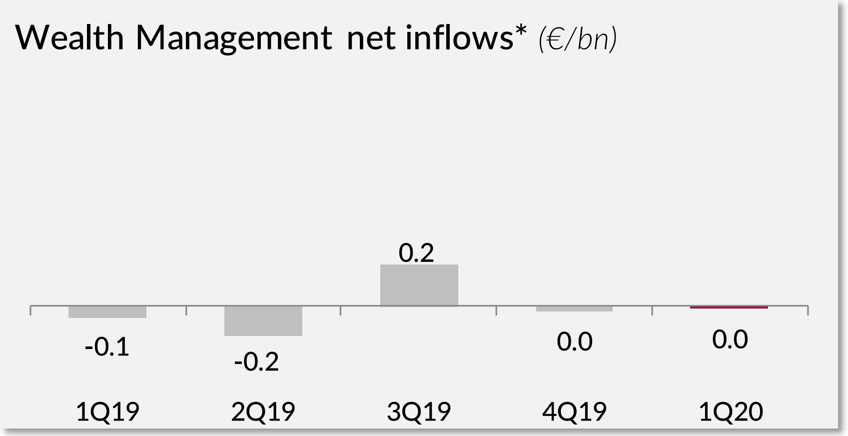
- **Stock of assets under management** down QoQ, due to strong negative market effect
- **Stock of assets under custody** down QoQ due to a corporate customer's withdrawal (c. EUR 4.4bn) and the negative market effect
- **Market shares:**
  - Mutual funds stock: 4.7%**
  - Bancassurance savings: 7.2%** (+110bps YoY)
  - Bancassurance protection: 6.3%*** (o/w motor 9.6%***)







of which Bancassurance (€/bn): 1.2 | 1.2 | 1.2 | 1.3 | 1.3



of which Bancassurance (€/bn): 0.3 | 0.3 | 0.3 | 0.3 | 0.4

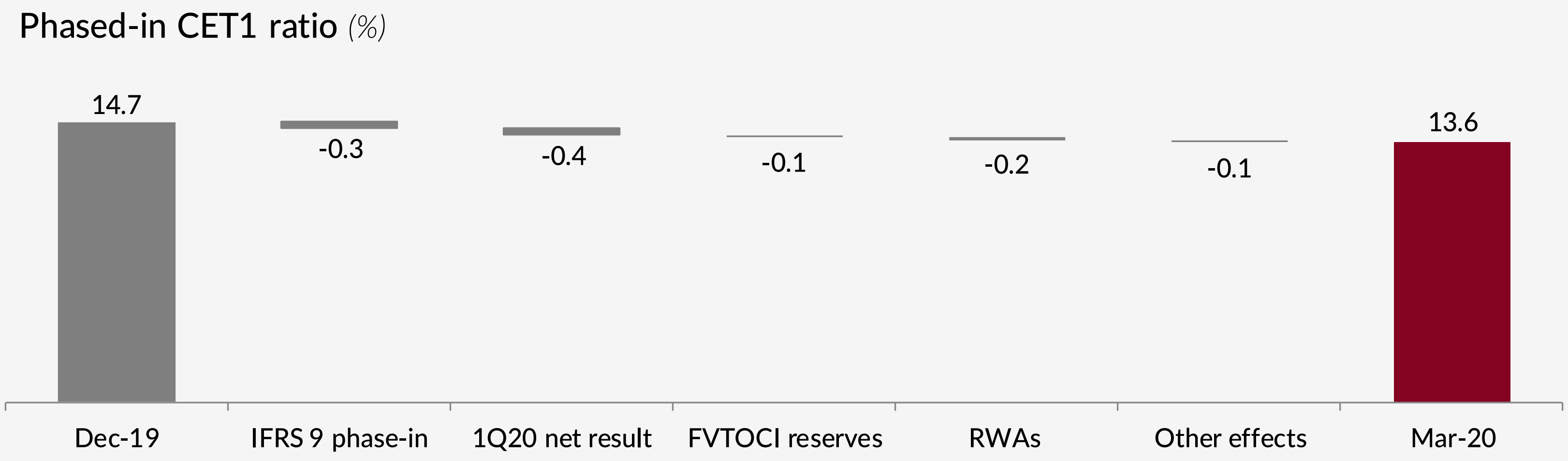
* Bancassurance + pension funds + mutual funds/sicav + individual portfolios under management.

** Mutual funds market share as at Jan-20, bancassurance savings products market share related to AXA products as at Feb-20. Latest available data. For mutual funds market share, data is not comparable with previous quarter as the analysis methodology has changed.

*** Market share related to AXA products as at Dec-19. Latest available data.

Capital Structure

(€/bn)	4Q19	1Q20
TBV	8.1	7.8
Transitional CET1	8.6	8.0
Fully loaded CET1*	7.4	7.0
RWAs	58.6	59.3

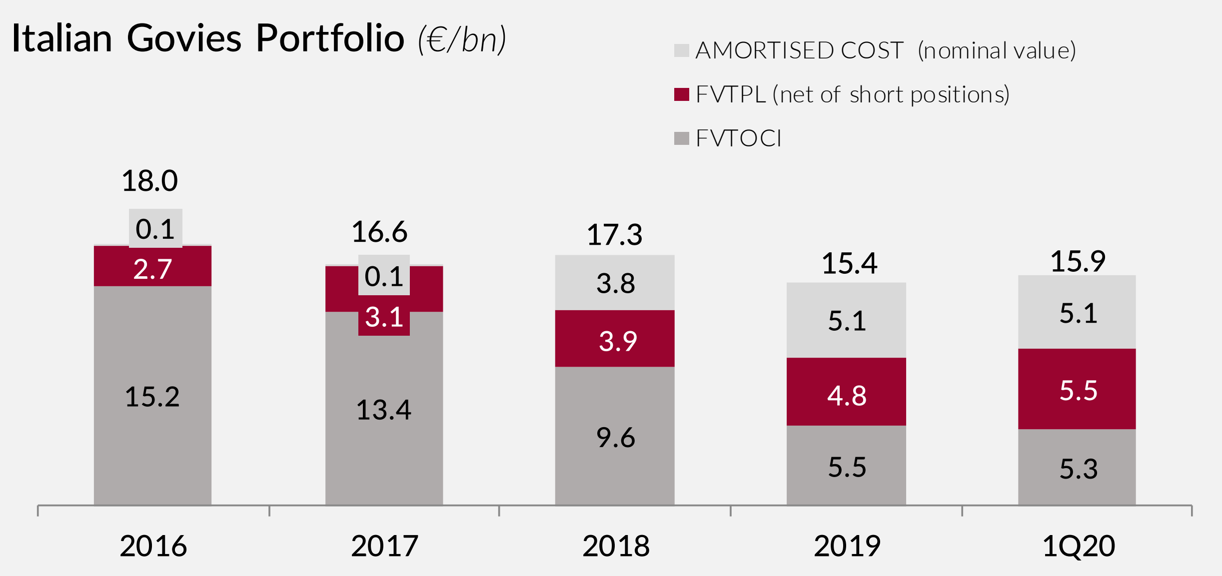


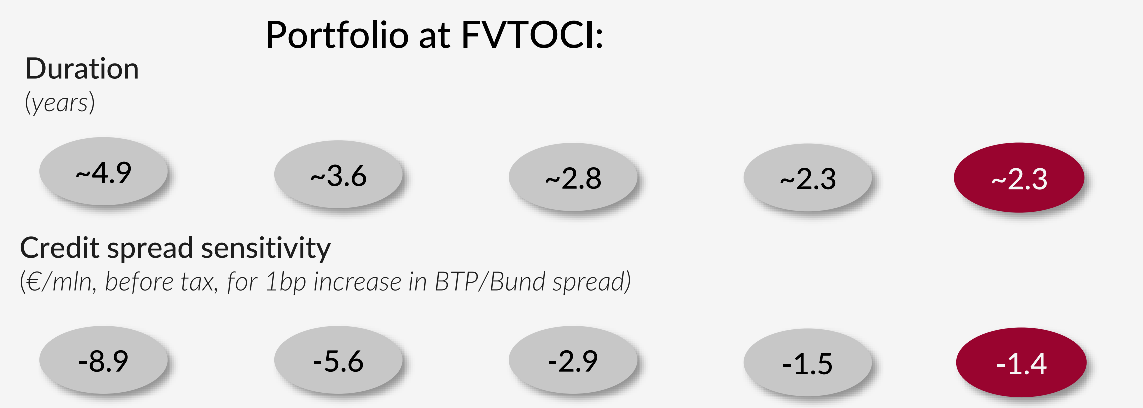
	Dec-19	Mar-20
Fully loaded CET1* (%)	12.7	11.9
Total Capital (%)	16.7	16.2
Fully loaded Total Capital* (%)	14.7	14.5

- Phased-in CET1 at 13.6% (c. -114bps vs. 4Q19). Phased-in Total Capital at 16.2% (c. -48bps vs. 4Q19)
- Quarterly capital ratios evolution mainly affected by:
  - phase-in of the IFRS9 FTA (EUR –176mln)
  - 1Q20 net result
  - FVTOCI reserves negatively impacted by spread widening for Covid-19 pandemic
  - Increased RWAs (c. EUR +0.7bn) mainly in credit risk (c. EUR +0.5bn) and in market & operational risk (c. EUR +0.2bn)

* Including EUR 1.4bn full impact of IFRS9 FTA.

Focus on Italian Govies Portfolio*





- Italian Govies portfolio slightly increased QoQ mainly due to FVTPL component, with banking book (FVTOCI/AC) slightly decreased. Sensitivities virtually unchanged
  - FVTPL (trading) portfolio increases due to MPS Capital Services' activity as primary dealer for Italian government bonds
    - Average portfolio duration: ~0.7Y
    - Credit spread sensitivity: c. EUR –0.3mln, before tax, for 1bp change (c. EUR -0.1mln in Dec-19)
  - FVTOCI slightly decreases with maturities/sales more than offsetting purchases
    - Gross FVTOCI** reserves negative at c. EUR -59mln, worsened vs. December (EUR -11mln) due to impact of Covid-19 financial and economic shock on BTP-Bund spread
  - AC portfolio stable QoQ for the compensation between purchases and maturities/sales
    - Average portfolio duration: 8Y (8.1Y in Dec-19)
    - Marginal portfolio re-composition, with positive impact on P&L of c. EUR 50mln

* Figures from operational data management system. Nominal values for Italian govies at amortised cost.

** Net FVTOCI reserve deducted from capital for regulatory purposes: c. EUR -40mln in Mar-20 (c. EUR -8mln in Dec-19).

Potential impacts on capital from newly approved and proposed measures*

Capital ratios

Measures	Potential impact
▪ Opportunity to operate temporarily below P2G and CCB capital levels	▪ Potential buffer on CET1 and Total Capital of c. EUR 2.3bn
▪ Six-month postponement of TRIM impact on books	▪ c. EUR 3bn RWA increase** at end of 2020/beginning of 2021
▪ Early introduction of revised SME Supporting Factor	▪ Estimated benefit of 35-40bps on CET1
▪ Exemption of certain software assets from capital deduction	▪ Estimated max. benefit of 20-25bps on CET1
▪ Conversion of DTAs into tax credits upon disposal of impaired loans	▪ Estimated max EUR 110mln benefit from conversion of DTAs in case of NPE disposals for EUR 2bn
▪ IFRS 9 transitional rules - add back to CET1 of increases in provisions as of 1/1/2020 on performing loans	▪ CET1 increase (estimated at 31 March) for c. EUR 107mln (+16bps)

These potential impacts are on top of the relief of CET1 for EUR 370mln (c. 60bps) coming from the new composition of the P2R

* ECB decisions of 12 March and 20 March 2020; EBA proposal of 22 April 2020; Italian Law Decree no. 18 of 17 March 2020 (so-called «Cura Italia» Decree); Targeted changes to CRR proposed by the European Commission on 28 April 2020.

** MPS internal estimates, to be confirmed by ECB.

Potential impacts on funding & liquidity from newly approved measures*

	Measures	Potential impact
Funding & Liquidity	▪ Opportunity to operate temporarily below the 100% LCR requirement, if needed	▪ LCR target confirmed well above minimum threshold
	▪ Changes to TLTRO3: ▪ increased potential access ▪ removal of bid limit per operation ▪ early repayment option available after one year ▪ reduced interest rate ▪ lending performance threshold reduction to 0%	▪ Possible increased access to TLTRO3 up to a maximum of c. EUR 26bn (compared to the previous ceiling of c. EUR 16bn), potentially as early as the June auction. Potential impact on NII up to 1% for the first year (from June 2020 to June 2021) and of 0.5% for the following 2 years
	▪ Introduction of new LTROs until Jun-20 and of the new PELTROs from May-20 to Dec-20 (at a more favourable rate than MROs)	▪ Flexibility with LTRO/PELTRO in case of short/medium term liquidity needs and/or to optimise cost of funding. LTROs accessed for EUR 5bn to date, with a c. EUR 6.5 million benefit on Q2 NII
	▪ Easing of collateral eligibility criteria for access to liquidity providing operations	▪ c. EUR 2.5 billion positive contribution to counterbalancing capacity from Q2

* ECB decisions of 12 March, 8 April, 22 April and 30 April 2020.

Agenda

- 1Q20 Results
- Details on 1Q20 Results
- Annex

1Q20 P&L: Highlights

€ mln	4Q19	1Q20	Change (QoQ%)	1Q19	1Q20	Change (YoY%)
Net Interest Income	333	327	-1.9%	409	327	-20.0%
Net Fees	371	370	-0.3%	359	370	+3.1%
Financial revenues*	151	39	-74.2%	45	39	-12.9%
Other operating income/expenses	2	-6	n.m.	-8	-6	-22.7%
Total revenues	**857**	**729**	**-14.9%**	**804**	**729**	**-9.3%**
Operating Costs	**-594**	**-548**	**-7.7%**	**-569**	**-548**	**-3.6%**
of which personnel costs	-352	-357	+1.2%	-369	-357	-3.2%
of which other admin expenses	-172	-136	-20.8%	-140	-136	-2.4%
Pre-provision profit	**263**	**181**	**-31.3%**	**235**	**181**	**-23.0%**
Total provisions**	**-194**	**-316**	**+62.4%**	**-144**	**-316**	**n.m.**
of which cost of customer loans	-192	-315	+64.0%	-144	-315	n.m.
Net Operating Result	**69**	**-135**	**n.m.**	**91**	**-135**	**n.m.**
Non-operating items***	-109	-112	+2.6%	-114	-112	-2.3%
Profit (Loss) before tax	**-40**	**-246**	**n.m.**	**-23**	**-246**	**n.m.**
Taxes	-1,179	4	n.m.	57	4	-93.2%
PPA & Other Items	-1	-1	-10.5%	-6	-1	-79.6%
Net profit (loss)	**-1,220**	**-244**	**+80.0%**	**28**	**-244**	**n.m.**

Starting from 1Q20, the portion relating to loans to customers of P&L items 100a, 110b, 130a and 140, plus item 200a, have been traced back to a single aggregate called «Cost of customer loans», with main impacts on items «Financial revenues», «Total provisions» and «Non-operating items». 2019 figures were restated to ease the comparison of the Group's performance results. (See Annex)

* Including dividends/income from investments, trading/disposal/valuation/hedging of financial assets.

** Includes the new item "Cost of customer loans" (see Annex), provisions on securities at amortized cost and FVTOCI, and provisions on loans to banks.

*** Net provisions for risks and charges, gains (losses) on investments/disposals, restructuring costs/one-off costs, DTA fees and SRF, NRF & DGS and gains (losses) on disposal of investments.

Balance Sheet

Total Assets *(€/mln)*

	Mar-19	Dec-19	Mar-20	QoQ%	YoY%
Loans to Central banks	5,773	9,405	8,110	-13.8%	40.5%
Loans to banks	4,571	5,543	4,939	-10.9%	8.0%
Loans to customers	81,901	80,135	82,206	2.6%	0.4%
Securities assets	25,749	24,185	26,006	7.5%	1.0%
Tangible and intangible assets	2,993	2,909	2,871	-1.3%	-4.1%
Other assets*	11,136	10,019	10,138	1.2%	-9.0%
Total Assets	**132,122**	**132,196**	**134,269**	**1.6%**	**1.6%**

Total Liabilities *(€/mln)*

	Mar-19	Dec-19	Mar-20	QoQ%	YoY%
Deposits from customers	80,728	80,063	83,680	4.5%	3.7%
Securities issued	11,958	14,154	11,687	-17.4%	-2.3%
Deposits from central banks	16,694	16,042	15,998	-0.3%	-4.2%
Deposits from banks	5,476	4,137	4,752	14.9%	-13.2%
Other liabilities**	8,175	9,520	10,223	7.4%	25.1%
Group net equity	9,089	8,279	7,927	-4.3%	-12.8%
Non-controlling interests	2	2	2	-5.6%	-29.2%
Total Liabilities	**132,122**	**132,196**	**134,269**	**1.6%**	**1.6%**

Starting from 1Q20, the reclassified balance sheet was revised in order to ensure greater consistency of the aggregates with the instruments that constitute them. The main changes concerned:

- The introduction, in the Assets side, of a "Loans" aggregate, subdivided, according to the counterparty, into "Loans to central banks", "Loans to banks" and "Loans to customers". These items comprise credit instruments, regardless of their accounting allocation among financial assets measured at amortised cost or measured at fair value through profit & loss, or among non-current assets/groups of assets held for sale.
- The introduction, in the Assets side, of a "Securities assets" aggregate, which includes the more specifically financial instruments, regardless of their accounting allocation among financial assets measured at fair value through profit & loss, measured at fair value through other comprehensive income or measured at amortised cost, or among non-current assets/groups of assets held for sale.
- The introduction, in the Liabilities side, of a "Securities issued" aggregate, separating it from the previous reclassified item "Deposits from customers and securities issued"

(see Annex)

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* Cash and cash equivalents, derivatives assets, equity investments, tax assets, other assets.
** Financial liabilities held for cash trading, derivatives, provisions, tax liabilities, other liabilities.

Lending & Direct Funding

Total Lending *(€/mln)*

	Mar-19	Dec-19	Mar-20	QoQ%	YoY%
Current accounts	4,997	4,626	4,552	-1.6%	-8.9%
Mortgages	48,878	49,046	49,549	1.0%	1.4%
Other forms of lending	16,458	15,921	16,550	3.9%	0.6%
Reverse repurchase agreements	4,033	4,434	5,723	29.1%	41.9%
Impaired loans	7,534	6,108	5,833	-4.5%	-22.6%
Total	**81,901**	**80,135**	**82,206**	**2.6%**	**0.4%**

Direct Funding * *(€/mln)*

	Mar-19	Dec-19	Mar-20	QoQ%	YoY%
Current accounts	54,652	56,046	59,299	5.8%	8.5%
Time deposits	9,441	9,594	9,449	-1.5%	0.1%
Repos	7,943	6,174	9,516	54.1%	19.8%
Bonds	11,958	14,154	11,687	-17.4%	-2.3%
Other types of direct funding	8,691	8,250	5,416	-34.3%	-37.7%
Total	**92,686**	**94,217**	**95,367**	**1.2%**	**2.9%**

* Deposits from customers and Securities Issued

Focus on commercial net interest income*

Net interest income (€/mln, %)	1Q19 average volumes	1Q19 average rates	2Q19 average volumes	2Q19 average rates	3Q19 average volumes	3Q19 average rates	4Q19 average volumes	4Q19 average rates	1Q20 average volumes	1Q20 average rates
Commercial Loans	74.6	2.32%	74.9	2.26%	73.5	2.17%	73.2	2.13%	72.5	2.12%
Retail (including small businesses)	39.5	2.49%	39.7	2.46%	39.8	2.38%	40.4	2.32%	40.5	2.30%
Corporate	30.3	2.01%	30.7	1.94%	29.6	1.87%	29.3	1.86%	28.6	1.84%
Non-performing	4.8	2.81%	4.5	2.66%	4.1	2.29%	3.5	2.23%	3.4	2.26%
Commercial Direct funding	67.8	-0.32%	69.0	-0.32%	69.9	-0.31%	71.0	-0.29%	71.1	-0.28%
Retail (including small businesses)	45.6	-0.31%	46.5	-0.31%	47.9	-0.31%	48.5	-0.31%	48.3	-0.29%
Corporate	18.2	-0.27%	18.3	-0.25%	17.7	-0.21%	18.8	-0.17%	18.2	-0.13%
Non-performing	0.3	-0.07%	0.3	-0.04%	0.3	-0.02%	0.4	-0.02%	0.3	-0.02%
Other customers	3.7	-0.72%	4.0	-0.75%	4.0	-0.75%	3.4	-0.75%	4.2	-0.75%
Other commercial components**	19		17		14		13		12	
Commercial NII	392		383		362		355		345	
Non-commercial NII***	17		21		-8		-21		-18	
Total Interest Income	409		404		355		333		327	

* Figures from operational data management system.
** Including commissions on advances, amortised cost, interest on arrears, interest adjustments.
*** Positive contribution mainly from govies portfolio and, starting from 2Q18, from the securitised senior notes retained by the Bank. Negative contribution from cost of institutional funding.

Focus on DTAs

Current Italian fiscal regulations do not set any time limit to the use of fiscal losses against the taxable income of subsequent years.

	Definition	Regulatory treatment	1M20
1 Convertible DTAs	○ DTAs related to write-downs of loans, goodwill and other intangible assets are convertible into tax credits (under Law 214/2011)*	➢ 100% included in Risk-Weighted Assets like any credit	EUR 1.0 bn (stable vs.4Q19)
2 Non-convertible losses	○ DTAs on non-convertible fiscal losses and DTAs on ACE (Allowance for Corporate Equity) deductions ○ May be recovered in subsequent years only if there is positive taxable income, but may both be carried forward indefinitely	➢ 100% deducted from shareholders' equity (CET1)	EUR 0.4 bn (stable vs.4Q19)
3 Other non-convertible DTAs	○ DTAs generated as a result of negative valuation reserves, provisions for risks and charges, capital increase costs and temporary differences primarily relating to provisions for guarantees and commitments, provisions for doubtful debts vs. Banks, impairments on property, plant and equipment and personnel costs (pension funds and provisions for staff severance indemnities) ○ May only be used in case of tax gains**, and therefore carry an average recoverability risk	➢ Deducted from CET1 if they exceed 10% of adjusted CET1 and if, added to significant holdings, they exceed 17.65% of adjusted CET1. Amounts in excess of the two thresholds are deducted from CET1. Amounts equal to the thresholds 250% included in Risk-Weighted Assets	EUR 0.5 bn (stable vs.4Q19)
4 DTAs not recorded in balance sheet	○ DTAs not recorded in balance sheet due to the probability test	➢ N.A.	EUR 3.1 bn (+0.1bn vs.4Q19)

* Recovery is certain, regardless of the presence of future taxable income.
** In the case of IRES DTAs, the part that is not absorbed by taxable profit before reversal of convertible DTAs is transformed into non-convertible losses DTAs; in the case of IRAP DTAs, the part that is not absorbed by taxable profit before reversal of convertible DTAs is not recoverable.

Focus on legal risks

Legal risks at 31/03/20

EUR 4.8bn total *petita*, classified by disbursement risk profile:

- Probable: c. EUR 2.2bn (for which provisions of 0.5bn have been allocated)
- Possible: c. EUR 1.7bn (no provisions are allocated for such disputes: as required by accounting standards, significant amounts are disclosed)
- Remote: c. EUR 0.9bn (no provisions are allocated and no disclosures are provided for such disputes)

Legal risks from financial information

- Overall claims connected to litigations arising from the financial information disclosed by the Bank to the market in the period between 2008 and 2015 are estimated in EUR 1.8bn at the end of March 2020
- The Bank deems the risk of disbursement "probable" for claims regarding the 2008-2011 period (legal proceeding n° 29634/14, threatened litigations) and thus recognises provisions, while deems risk "not probable" for claims (legal proceeding n° 955/16, threatened litigations) relating to the 2012-2015 period, for which no provisioning has been booked
- The Bank does not disclose booked provisions, inasmuch this information could seriously affect its position in the existing litigations and in the negotiations of potential out-of-court settlement agreements
- Agreements reached for the out-of-court settlement of no. 3 disputes, relating to civil litigations on capital increases, led to a c. EUR 90mln decrease in claims booked for the quarter

Claims related to disclosed financial information (2008-2015) €/mln	31/03/20	31/12/19
Civil litigations brought by shareholders	795	883
Threatened litigations*	809	858
Admitted civil parties proceeding n° 29634/14**	137	137
Admitted civil parties proceeding nº 955/16**	95	95
Total	1,836	1,973

Lockdown Impact

The ongoing Covid-19 health emergency, with the resulting suspension of the activity of all Italian Judicial Offices contained in the "Cura Italia" Decree, led to the postponement of all the hearings scheduled during the period, without producing significant effects on the developments in the Group's pending criminal and labour proceedings

* Neither threatened litigations nor diamonds claims are included in the total *Petitum* Amount.

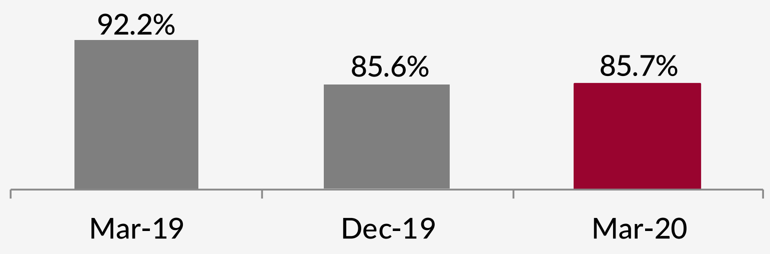
** Not all claiming parties have quantified damages.

Focus on Asset Quality

Non-Performing Exposures - NPEs *(€/mln)*

	Gross Book Value excluding interest in arrears on defaulted assets		Net Book Value		Coverage	
	FY19	*1Q20*	*FY19*	*1Q20*	*FY19*	*1Q20*
Bad loans *(sofferenze)*	6,424	6,265	2,982	2,853	53.6%	54.5%
Unlikely-to-Pay loans	5,386	5,182	3,051	2,887	43.4%	44.3%
Past due/overdue exposures	98	125	75	94	23.5%	25.4%
Total NPEs	11,908	11,572	6,108	5,833	48.7%	49.6%

Texas Ratio* *(%)*



* Gross NPEs / (tangible equity + provision funds for NPEs).

Restructured unlikely-to-pay loans*

Breakdown by Guarantees *(€/bn)*

	# Tickets**	GBV	Coverage	NBV	% NBV
Secured	155	0.4	34.4%	0.3	24.0%
Personal guarantees	149	0.3	54.5%	0.1	12.0%
Unsecured	483	1.6	51.5%	0.8	64.0%
Total	**787**	**2.3**	**48.7%**	**1.2**	**100.0%**
of which Pool other banks		*2.0*		*1.0*	*85.9%*

Breakdown by Vintage *(€/bn)*

	GBV	<3Y	>3Y
Secured	0.4	27.1%	72.9%
Personal guarantee	0.3	24.9%	75.1%
Unsecured	1.6	45.1%	54.9%
Total	2.3	39.0%	61.0%

Breakdown by Industry *(€/bn)*

	GBV	NBV	% on NBV
Construction	0.4	0.1	10.4%
Real estate	0.3	0.1	9.4%
Holdings	0.1	0.0	1.7%
Transportation and logistics	0.2	0.1	12.5%
Other industrial***	0.9	0.5	42.7%
Households	0.0	0.0	1.1%
Other	0.5	0.3	22.1%
Total	**2.3**	**1.2**	**100.0%**

- Average coverage of 48.7%, above Italian average. Net book value EUR 1.2bn (24% secured)
- Corporate and SME sectors represent c. 78% of total restructured UTPs
- Positions with GBV > EUR 1m represent >95% of total restructured UTPs
- No specific industry concentration. Construction and real estate sectors amount to c. 20% of total net restructured UTPs

* Figures from operational data management system.
** The Borrower's exposures may have been tranched based on the underlying collateral.
*** Other Manufacturing (excluding Construction, Real Estate and Transportation).

Other Unlikely-to-Pay*

Breakdown by Guarantees *(€/bn)*

	# Tickets**	GBV	Coverage	NBV	% NBV
Secured	8,432	1.4	22.9%	1.1	62.3%
Personal guarantees	8,616	0.5	53.0%	0.2	13.6%
Unsecured	98,548	1.0	59.4%	0.4	24.1%
Total	**115,596**	**2.9**	**40.9%**	**1.7**	**100.0%**
of which Pool other banks		*1.5*		*0.9*	*50.8%*

Breakdown by Vintage *(€/bn)*

	GBV	< 3Y	> 3Y
Secured	1.4	64.5%	35.5%
Personal guarantees	0.5	61.1%	38.9%
Unsecured	1.0	56.5%	43.5%
Total	**2.9**	**61.1%**	**38.9%**

Breakdown by Industry *(€/bn)*

	GBV	NBV	% on NBV
Construction	0.4	0.2	14.3%
Real estate	0.3	0.2	12.8%
Holdings	0.0	0.0	0.3%
Transportation and logistics	0.0	0.0	0.8%
Other industrial***	0.8	0.4	23.3%
Households	0.7	0.5	27.7%
Other	0.6	0.4	20.8%
Total	**2.9**	**1.7**	**100.0%**

- Average coverage of 40.9%, above Italian average. Net book value EUR 1.7bn (c. 62.3% secured)
- SME and small-business sectors represent about 68% of total other UTPs
- Lower vintage compared to restructured UTPs
- Positions with GBV > EUR 1m represent less than 43% of total other UTPs
- No specific industry concentration. Construction and real estate sectors amount to c. 27.0% of total net other UTPs

* Figures from operational data management system.
** The Borrower's exposures may have been tranched based on the underlying collateral.
*** Other Manufacturing (excluding Construction, Real Estate and Transportation).

Agenda

- 1Q20 Results
- Details on 1Q20 Results
- Annex

New cost of risk calculation

P&L (€ mln)	Dec-19
Net Interest Income	1,501
Net Fees and commissions Income	1,450
Financial revenues	353
100 a) Financial assets measured at amortised cost (loans)	-5
110 b) Other financial assets mandatorily at FVTPL (loans)	-56
Other operating income/expenses	-80
Total Revenues	**3,223**
Operating expenses	**-2,290**
Pre-Provision Profit	**934**
Net impairment losses (reversals) on:	-611
Financial assets measured at amortised cost (ordinary)	-814
Financial assets measured at amortised cost (extraordinary)	209
Financial assets measured at FVTOCI	-6
Net operating income	**323**
DTA Fees	-71
Risks and charges related to the SRF, DGS and similar schemes	-123
Net provisions for risks and charges	-72
a) Commitments and guarantees issued	84
b) Other net provisions	-156
Restructuring costs/one-off costs	0
Gains (losses) on disposal of investments	-3
Non-operating Items	**-269**
Profit (loss) before tax from continuing operations	**53**
Tax expense (recovery) on income from continuing operations	-1,075
Profit (loss) for the period after taxes	**-1,021**
Impairment, PPA and other	-12
Net profit (loss) for the period	**-1,033**

P&L (€ mln)	Dec-19
Net Interest Income	1,501
Fees and commissions	1,450
o/w: cost of State guarantee	*-94*
Financial revenues	413
Other operating income/expenses	-80
Total Revenues	**3,284**
Operating expenses	**-2,290**
Pre-Provision Profit	**994**
Cost of customer loans	-583
130a) Financial assets measured at amortised cost (ordinary)	-814
130a) Financial assets measured at amortised cost (extraordinary)	209
100a) Financial assets measured at amortised cost (loans)	-5
110b) Other financial assets mandatorily at FVTPL (loans)	-56
200a) Commitments and guarantees issued	84
Net provisions on securities and loans to banks	-5
Net operating income	**406**
DTA Fees	-71
Risks and charges related to the SRF, DGS and similar schemes	-123
Net provisions for risks and charges	-156
Restructuring costs / One-off costs	0
Gains (losses) on disposal of investments	-3
Non-operating Items	**-353**
Profit (loss) before tax from continuing operations	**53**
Tax expense (recovery) on income from continuing operations	-1,075
Profit (loss) for the period after taxes	**-1,021**
Impairment, PPA and other	-12
Net profit (loss) for the period	**-1,033**

Balance sheet reclassification

Reclassified consolidated Balance Sheet Assets	31 12 2019	Securities vs. banks and vs. customers measured at amortised cost	Loans measured at FV	Assets classified as held for sale	Central Banks	Derivatives	Tax assets	Reclassified consolidated Balance Sheet - new 31 12 2019	Assets
Cash and cash equivalents	835							835	Cash and cash equivalents
Financial assets measured at amortised cost - Banks	15,722	(774)			(9,405)			5,543	Loans to Banks
					9,405			9,405	Loans to Central Banks
Financial assets measured at amortised cost - Customers	88,985	(9,310)	324	136				80,135	Loans to Customers
Financial assets measured at fair value	17,393	10,084	(324)	-		(2,968)		24,185	Securities assets
						3,041		3,041	Derivatives assets
Equity investments	931			-				931	Equity investments
Tangible and intangible assets	2,885			24				2,909	Tangible and intangible assets
	-						2,763	2,763	Tax assets
Other assets	5,444			(160)		(73)	(2,763)	2,448	Other assets
Total assets	**132,196**	-	-	-	-	-	-	**132,196**	**Total assets**

Liabilities	31 12 2019	Securities issued measured at amortised cost & at FV	Tax liabilities	Central Banks	Derivatives	31 12 2019	Liabilities
Payables - a) Deposits from customers and securities issued	94,217	(14,154)				80,063	Deposits from customers
		14,154				14,154	Securities issued
Payables - b) Deposits from banks	20,178			(16,042)		4,137	Deposits from banks
				16,042		16,042	Deposits from central banks
Financial liabilities held for trading	3,883				(1,447)	2,436	Financial liabilities held for cash trading
	-				2,763	2,763	Derivatives
Provisions for specific use	1,389					1,389	Provisions
	-		3			3	Tax liabilities
Other liabilities	4,248		(3)		(1,316)	2,929	Other liabilities
Group net equity	8,279					8,279	Group net equity
Non-controlling interests	2					2	Non-controlling interests
Total Liabilities and Shareholders' Equity	**132,196**	-	-	-	-	**132,196**	**Total Liabilities and Shareholders' Equity**

Guarantees provided for by the "Decreto Liquidità"*

		Company size thresholds	Financeable amounts	Amount thresholds	% direct guarantee	Assessment of beneficiary by bank
SME Guarantee Fund (Businesses with up to 499 employees)	Art. 13	No limit on revenues	Up to €25k	25% of 2019 revenues	100%	Formal assessment of requirements by Bank
		2019 revenues up to €3.2mln	Up to €800k	25% of 2019 revenues	100% of which: ✓ 90% government ✓ 10% other**	✓Assessment of eligibility criteria ✓Document check list ✓Assessment by Bank (no evaluation by Fund) ✓Assessment guidelines
		No limit on revenues	Up to €5mln (max amount per business)	✓ 25% 2019 revenue **or** ✓ 2x personnel costs **or** ✓ Working capital req. for the year & investments in following 18 months	90%	
SACE	Art. 1	<5,000 employees in Italy & annual revenues <€1.5bn	Maximum value between: 25% of 2019 turnover in Italy 2x 2019 personnel costs in Italy In the case of a company belonging to a Group, the consolidated accounts are taken into account		90%	✓Simplified procedure with assessment by bank (if ITA employees <5,000 and legal entity turnover <€1.5bn) **or** ✓"Ordinary" procedure for major companies with assessment also by SACE and approval subject to MEF Decree
		>5,000 employees in Italy & annual revenues betw. €1.5bn & €5bn			80%	
		Businesses with annual revenues >€5bn			70%	

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* Company analysis based on the contents of Law Decree no. 23 of 8 April 2020 (so-called "Decreto Liquidità", to which reference should be made for more information), which details and expands the financial measures contained in Title III of Law Decree no. 18 of 17 March 2020 (so-called "Decreto Cura Italia")

** Mutual Guarantee Institutions (Confidi) or other funds

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