MPS 2Q21 & 1H21 Results

5 August 2021

1H21 Highlights

E-MARKET SDIR CERTIFIED

Business activity & commercial revamp

Commercial machine performing well, with increasing level of activity

- ✓ EUR 7.9bn WM gross inflows, ~+50% vs. pre-Covid levels
- ✓ EUR 5.1bn new customer loans; acceleration of ordinary lending (90% secured) and reduced reliance on State-guaranteed loans
- ✓ Time deposits decreased by EUR -1.4bn since Dec-20; cost of funding gap vs. the market reduced to 11bps in May-21 (vs. 14bps in May-20)

Covid portfolio & Asset quality

Ongoing support to customers, with attention to the risk profile

Gross NPEs stable and "Covid portfolio" under strict control

- ✓ EUR 4bn moratoria (-74% June 2020 volumes)
- ✓ Coverage of moratorium portfolio significantly higher than observed level of default
- ✓ EUR 10.3bn State-guaranteed loans (3x vs. Jun-20), driving lower cost of risk
- ✓ Gross NPE ratio at 4.5%, stable vs. Dec-20 adjusting for the impact of the new definition of default

Capital & Stress Test

CET1 ratios in line with Dec-20, despite IFRS9 and RWA inflation

1Q22 expected capital shortfall further reduced and manageable

Result of EBA Stress Test consistent with capital plan submitted to ECB

- ✓ Transitional CET1* at 12.1% stable vs. Dec-20. Fully-loaded CET1* at 10.6% (up 70bps vs. Dec-20), despite 1 p.p. regulatory headwinds
- ✓ Expected 1H22 regulatory shortfall** at EUR -0.5bn, vs. EUR 1.5bn estimated in Nov-20 – including the postponement of redundancies plan and related expenses. No shortfall expected on CET1; shortfall within the Capital Conservation Buffer
- ✓ BoD has approved agreement reached with Fondazione MPS for the settlement of EUR 3.8bn claim (~40% of total petitum as at Mar-21)

* Pro forma capital ratios including 1H21 net income.

** Capital shortfall as at 1H22 calculated with respect to SREP requirements on the basis of the expected result for 2021, which was updated since the Strategic Plan estimates and of 1H22 RWA projections. Expected results for 2021 based on the following assumptions: no capital strengthening in 2021, deferral of staff exits, no senior bond issuance in 2021, no contribution from in-house consumer credit business, partial execution of capital management actions (i.e. lower synthetic securitisations factored in and revision of Anima deal not factored in), RWA increase of EUR 4.5bn due to model updates (EUR 1.2bn RWA increase already accounted for in 2Q21) and of EUR 4.5bn in 2022 due to EBA guidelines.

1H21 Results

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Pre-provision profit

EUR 491mln

(EUR 375mln in 1H20)

NII stable YoY adjusting for NPE reduction

Fees up 8.7% YoY; best result in 3 years

Costs under control with potential for significant reduction

Cost of risk

41bps

Including 13bps related to model changes and 9bps as managerial overlay

Reversal of Covid provisions (~EUR 300mln) not yet booked

Proactive monitoring of loan portfolio

Net operating result

EUR 327mln

(EUR -149mln in 1H20)
Best semester in 5 years

Net result

EUR 202mln

7% ROTE

Gross NPE ratio

4.5%

stable vs. 2020 YE*

3.7%

(EBA definition)**

CET1 ratios***

Transitional: **12.1%**

stable vs. Dec-20, notwithstanding regulatory headwinds

Fully loaded****: **10.6%**

(vs. 9.9% in Dec-20)

Liquidity

Counterbalancing capacity almost stable vs. Dec-20

EUR 31bn

(21% on total assets)

Ongoing activity to manage excess liquidity deposited with central banks

* Adjusting for impact of the introduction of new definition of default.

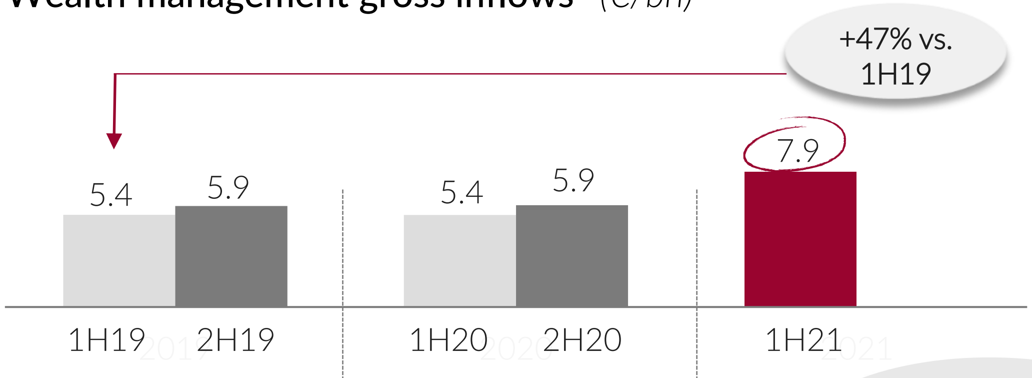
** As per EBA guidelines, ratio between gross impaired loans to customers and banks, net of assets held for sale, and total gross loans to customers and banks, net of assets held for sale.

***Pro forma capital ratios including 1H21 net income.

****Including full impact of IFRS9 and FVTOCI reserve on govies.

Ongoing commercial momentum despite Covid restrictions in 1H21

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



Pre-Covid

Resilient commercial activity despite Covid

Best results in over 3 years despite Covid restrictions on branch activities

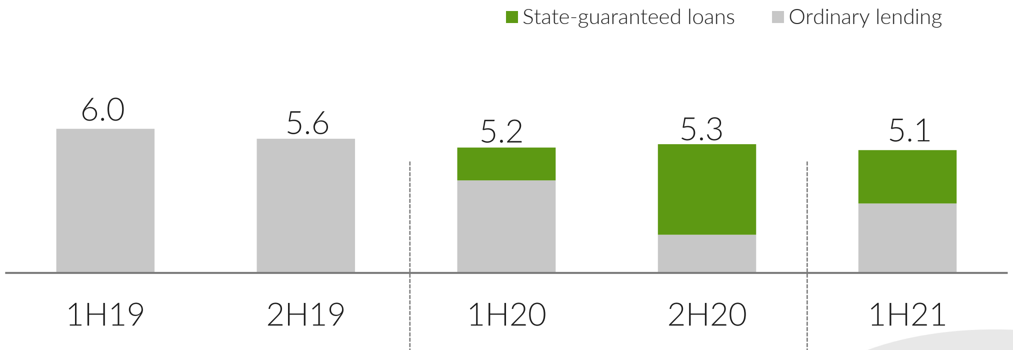
Wealth management net inflows (€/bln)*

0 | +0.7 | +2.2 > *3% of WM Stock*

WM fees +22% YoY

- Wealth management gross and net inflows with best result in over 3 years
- Gross inflows +47% vs. pre-Covid levels
- AuM stock up 11% YoY

New lending *(€/bn)*



Pre-Covid

Covid: supporting customers through State-guaranteed loans

Stable new lending with State-guaranteed loan slowdown offset by ordinary lending

% Ordinary lending 74% | 30% | 57%

- EUR 5.1bn of new lending in 1H21, sustained by State-guaranteed loans and pick-up of ordinary lending, in particular in 2Q21
- Continuous focus on asset quality: 90% of new ordinary lending secured
- Room for further increase in lending volumes subject to capital position

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

Proactive management of deposits, with further upside

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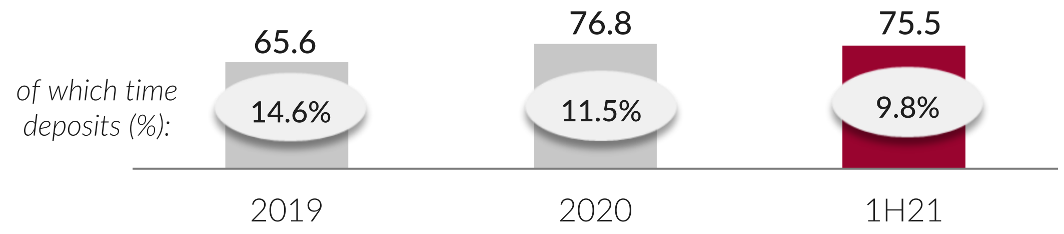
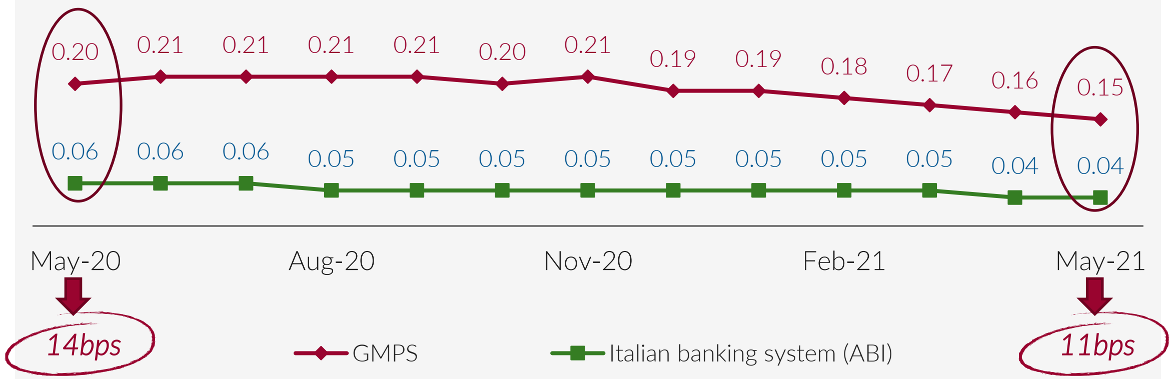
Current accounts & time deposits *(€/bn)*



*Market shares**

	2019	2020	1H21
*Deposits***	4.08%	4.29%	4.18%
Time deposits	9.87%	9.44%	8.53%

Cost of deposits*** *(%)*



- Proactive management of BMPS deposits
  - **Time deposits decreased by EUR -1.4bn** since Dec-20
  - **Cost of deposits gap vs. market average reduced:** +11bps in May-21 (+14bps in May-20)
- **Ongoing initiatives to further reduce cost of funding:**
  - removal of all time deposits from the product catalogue****
  - gradual (and ongoing) introduction of liquidity fees from the end of 1Q21

* Market share as at Apr-21. Latest available data.

** Sight deposits + deposits redeemable at notice + time deposits + repos (net of those with central counterparties).

*** Sight deposits + deposits redeemable at notice + time deposits.

**** Ongoing activity in Widiba.

Banca Widiba: 2Q growth and innovation achievements

BANCAWIDIBA

Solid growth in all **business metrics continues**, with a strong focus on **investment products.**

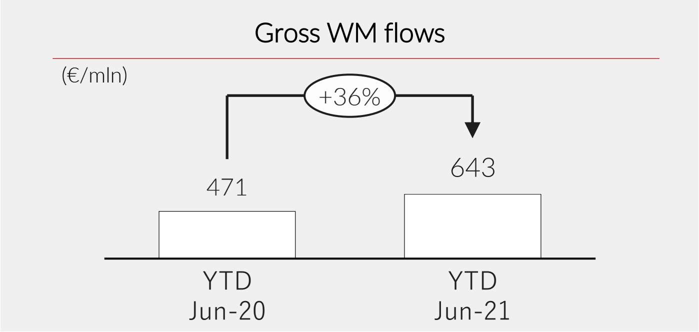
2021 YTD asset growth equal to EUR 534mln, totally driven by WM

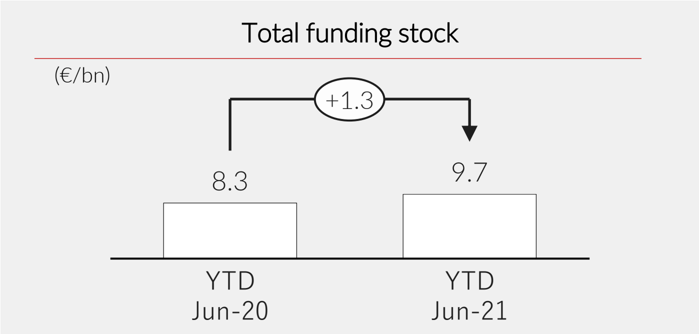
Most relevant innovation facts & initiatives:

- Winner of annual **ABI innovation award** in digital transformation field **(5th award in 7 years)**
- First bank to launch the integration of **SPID** in the **account opening process**
- **New pricing positioning** introduced for banking offer
- **Motor insurance product launched** in partnership with Quixa

Business Growth

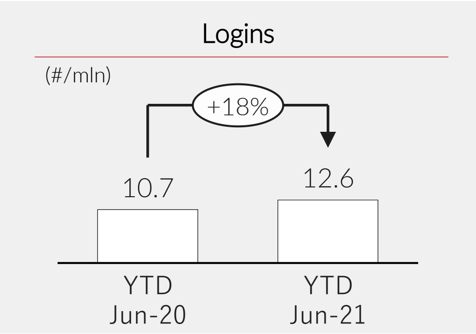
Growth acceleration: solid growth of investment placements following the bank's strategy to transform liquidity into assets under management

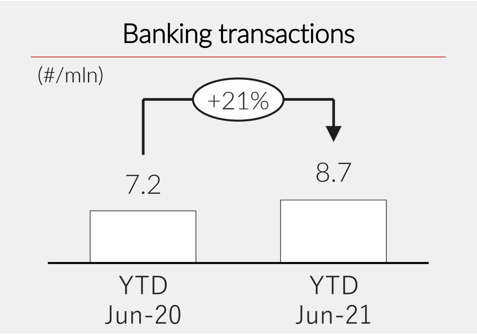


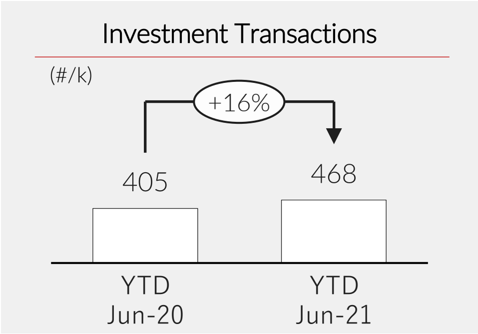


Transaction Growth

Double-digit growth on **platform usage** and **transactions continuing** on the back of last year's record, mainly driven by the advisory business







Covid measures: ongoing reduction on moratoria and increased guaranteed loan

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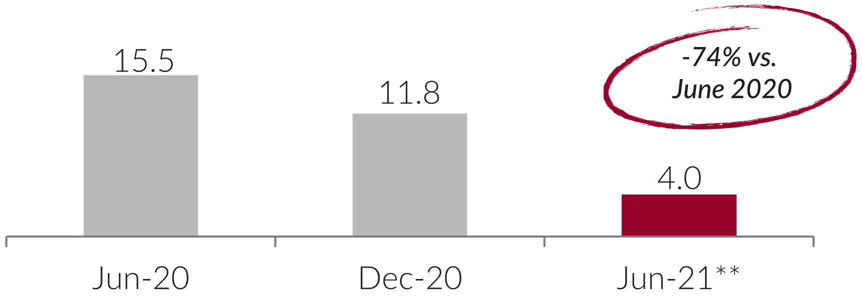
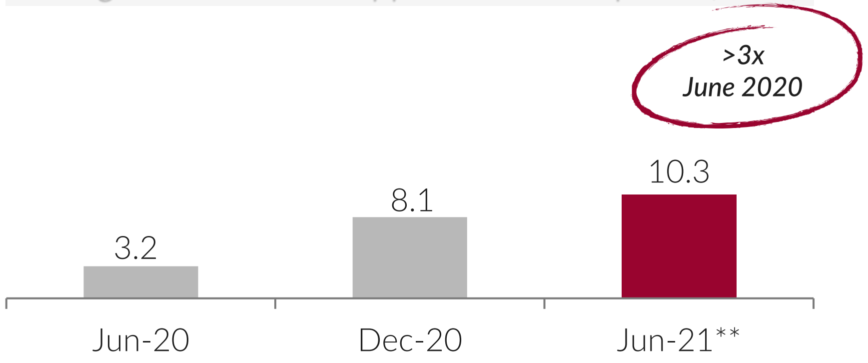
Moratoria on performing book (€/bn)*



*Default rate on expired moratoria at 1.2%****

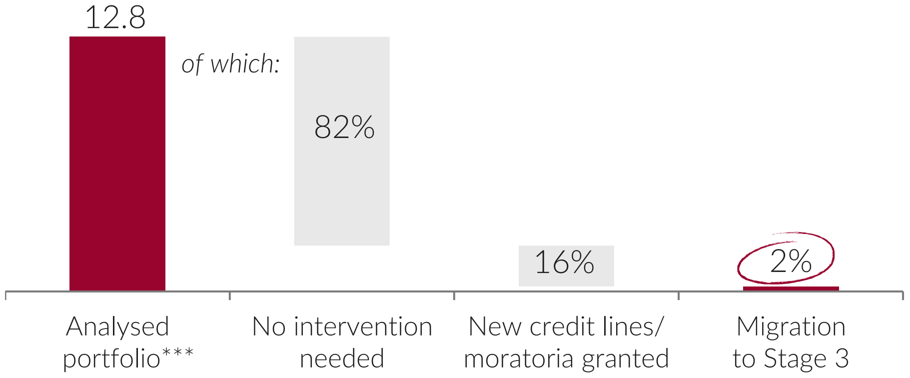
- **~EUR 4bn outstanding moratoria,** 6% of performing loan book
- **The riskiest part of the moratoria portfolio analysed in the Crash Programme and ~50% classified as stage 2,** (average coverage of ~5.4%)
- **Current coverage of moratorium portfolio significantly higher** than observed level of default

New guaranteed loan applications accepted (€/bn)*



- **~EUR 10bn of State-guaranteed loan applications accepted** (EUR 9.3bn disbursed), ~14% of performing loan book
- **5/6% market share** (in line with MPS natural market share)
- **27% of disbursed exposures to clients already classified as stage 2**, despite the guarantees
- Driver for future lower cost of risk

Crash Programme (€/bn)



~26k clients involved, for an overall portfolio of EUR 12.8bn

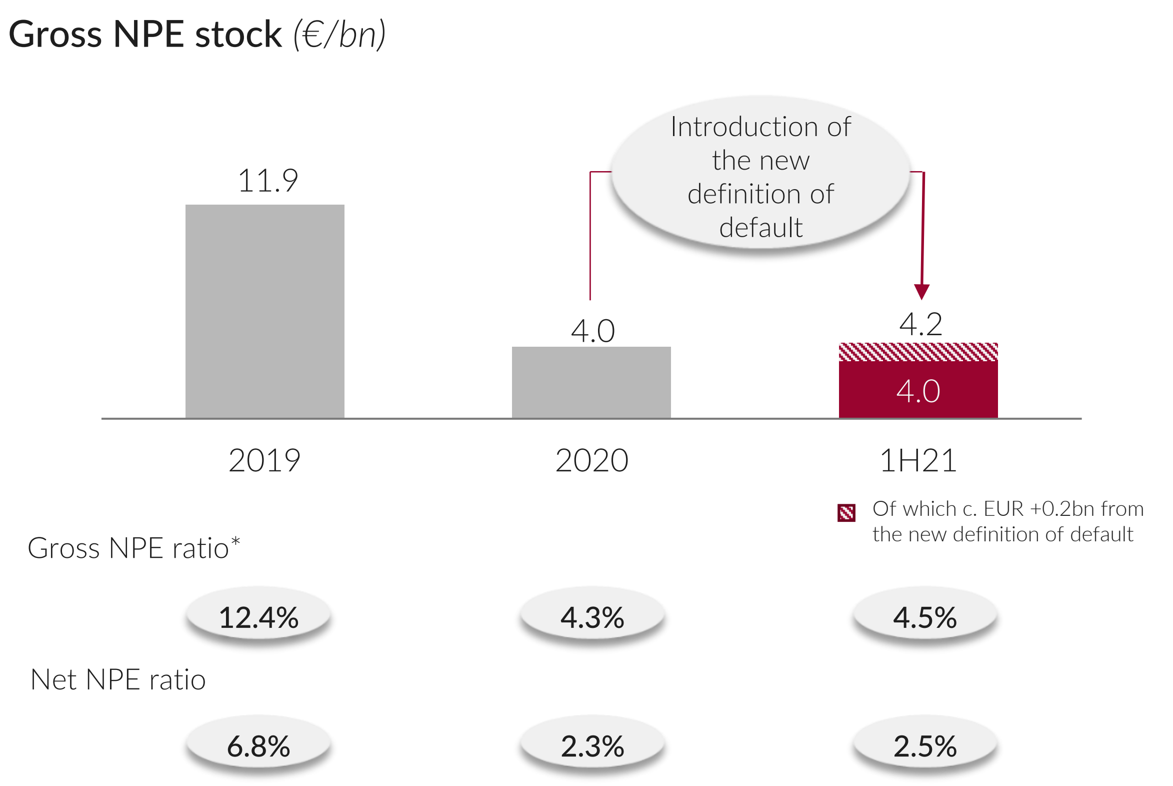
- Portfolio completely reviewed, with marginal migration to stage 3

* Figures related to MPS Group.

** Latest updates: 1 July 2021 for moratoria, 30 June 2021 for new state-guaranteed loans.

***Portfolio including moratoria, state-guaranteed loans and ordinary lending granted to beneficiaries of support measures.

Focus on maintaining low risk profile with one of the lowest NPE ratios in Italy

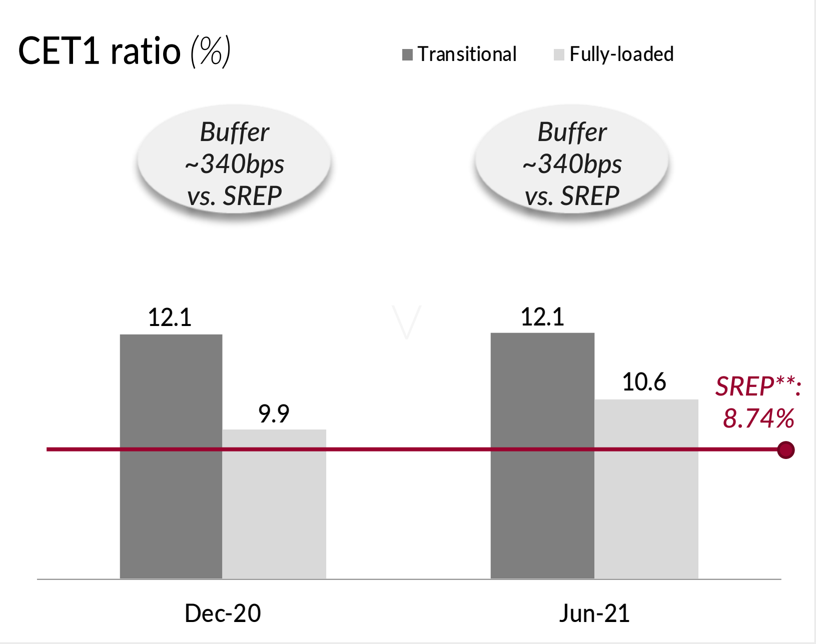


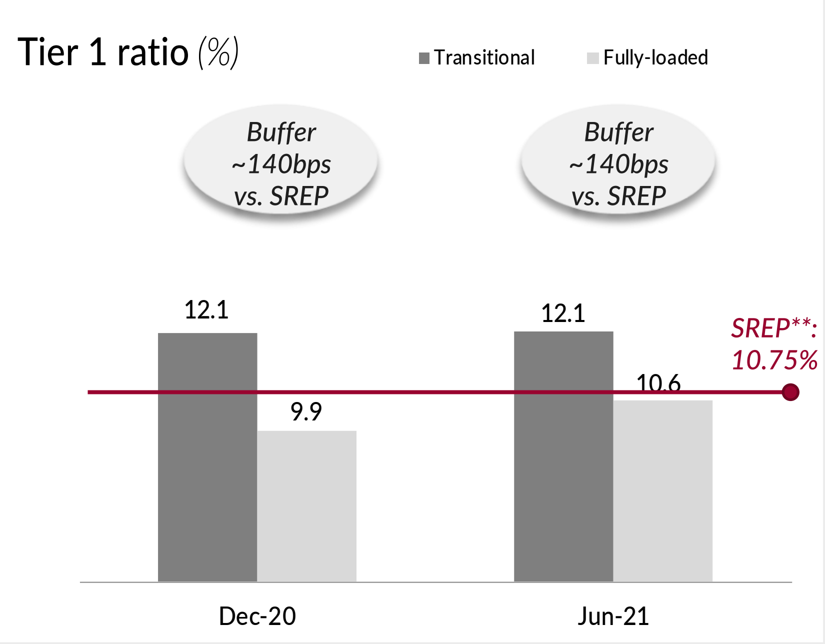
- In 1H21 default rate at 0.9% (vs. 1.1% in 2020), danger rate at 14.1% (10.6% in 2020)

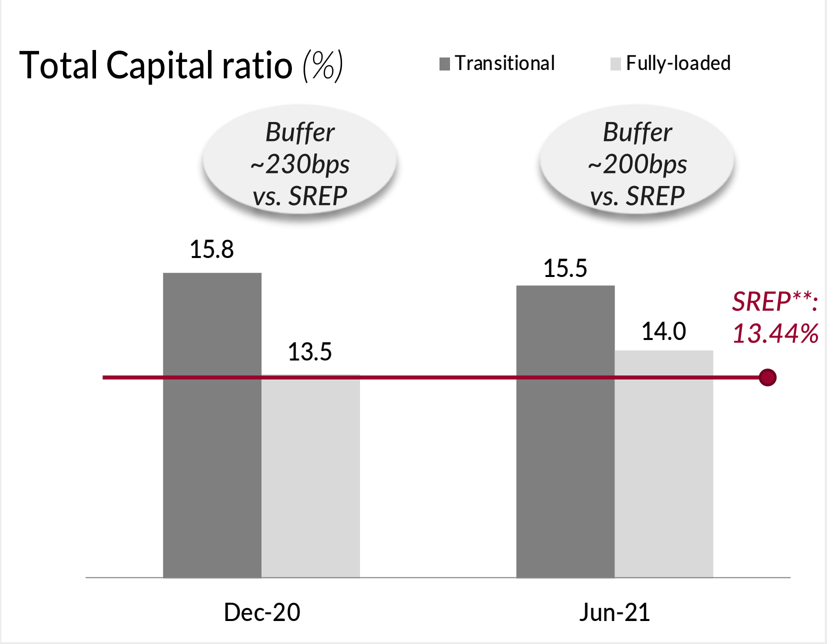
- Gross NPE stock at EUR 4.2bn, stable vs. Dec-20 adjusting for the impact of the introduction of the new definition of default in 1Q21:
  - EUR 1.6bn bad loans: 64.5% coverage (~80% for unsecured bad loans), **~60% of stock is secured**
  - EUR 2.5bn UTPs: 36.3% coverage (~43% for unsecured UTPs), **~48% of stock with vintage below 2 years**
  - EUR 0.1bn past-due exposures
- Process for the early management of overdrafts has been activated in order to mitigate the impact of the introduction of the new definition of default

* Gross NPE ratio calculated as ratio between gross non-performing exposures to customers and total gross exposures to customers. The indicator, calculated according to EBA guidelines, is 3.7% as at June 2021.

Capital ratios* sustained by capital management actions







- Transitional CET1 and Tier1 ratios stable vs. Dec-20, notwithstanding RWA increase for model changes and impact of IFRS 9 FTA phase-in, thanks to capital generation in 1H21
- Fully-loaded CET1 ratio up 70bps in 6 months (from 9.9% to 10.6%)

✓ In 1H22: expected capital shortfall at EUR -0.5bn***, reduced from the EUR -1.5bn shortfall as at 1 Jan-22 forecasted in Nov-20 thanks to commercial performance and capital management actions and including the postponement of redundancies and relates expenses

✓ No shortfall on CET1; shortfall within the Capital Conservation Buffer

* Pro forma capital ratios including 1H21 net income.

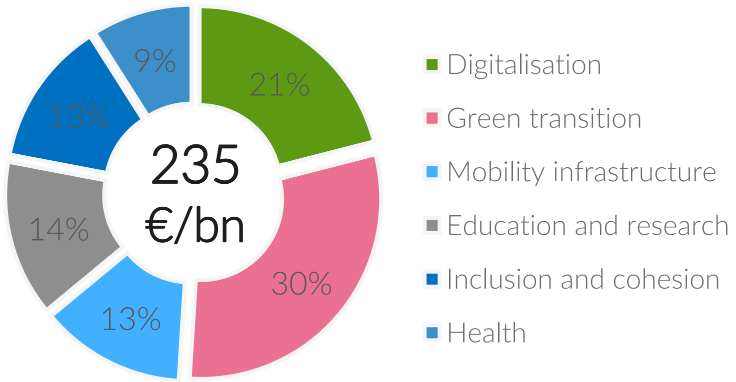
** 2021 SREP Overall Capital Requirement, as per art. 104a CRD V.

***Capital shortfall as at 1H22 calculated with respect to SREP requirements on the basis of the expected result for 2021, which was updated since the Strategic Plan estimates and of 1H22 RWA projections. Expected results for 2021 based on the following assumptions: no capital strengthening in 2021, deferral of staff exits, no senior bond issuance in 2021, no contribution from in-house consumer credit business, partial execution of capital management actions (i.e. lower synthetic securitisations factored in and revision of Anima deal not factored in), RWA increase of EUR 4.5bn due to model updates (EUR 1.2bn RWA increase already accounted for in 2Q21) and of EUR 4.5bn in 2022 due to EBA guidelines.

NRRP: the means to unlock the ESG potential of the bank

- The **National Recovery and Resilience Plan** (NRRP) driver for the expansion of ESG-related investments
- Enabler for ongoing MPS ESG strategy

Relevance of ESG themes in PNRR*



- Out of 118 NRRP initiatives, priority given to **34 projects in 6 ESG-related areas embedded within MPS DNA**

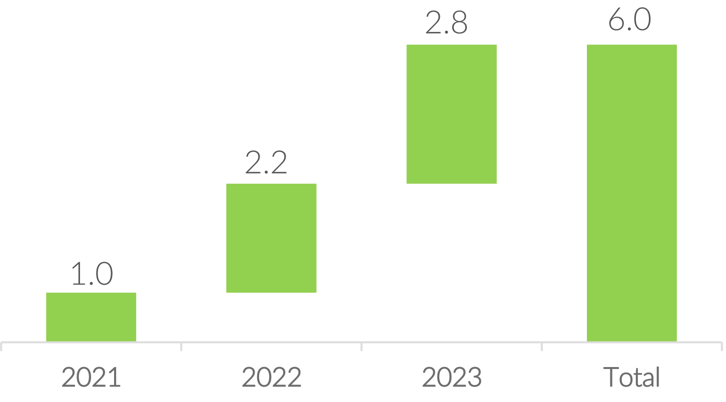
6 flagship areas for MPS linked to 34 NRRP priority initiatives

2021 Focus

Superbonus	Agri-green	Agri Supply Chain
Tourism	Transition 4.0	Social

- **Already launched 10 dedicated territorial centres,** managed by sector experts, to support businesses, households and local authorities in seizing and deploying the NRRP incentives with ESG Focus

Estimated EUR 6bn in ESG volumes on identified 2021-23 projects



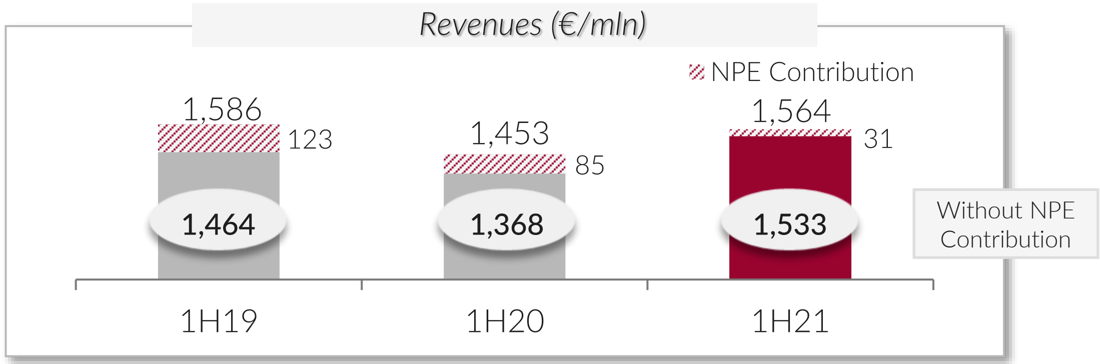
* Source: "Il Piano Nazionale di Ripresa e Resilienza" dossier published by the Italian Parliament's House and Senate Research Services on 15 July 2021.

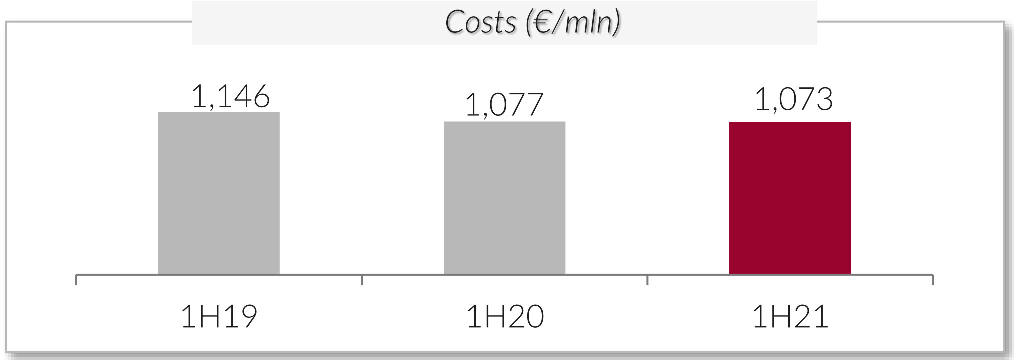
Agenda

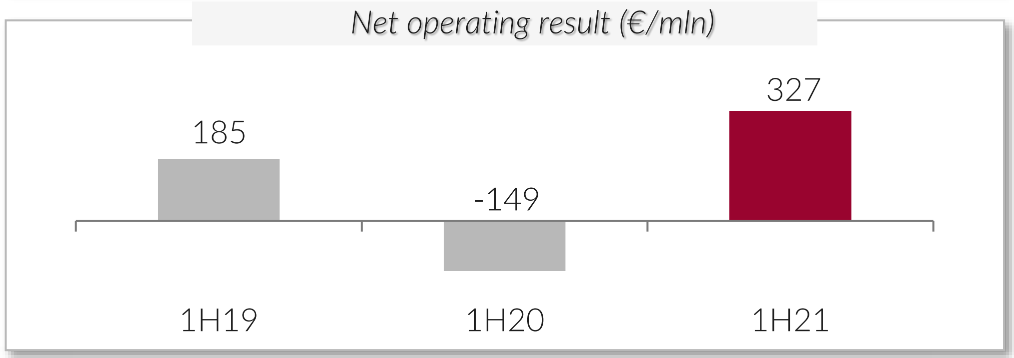
- 2Q21 Results
- Annex

1H21 main indicators

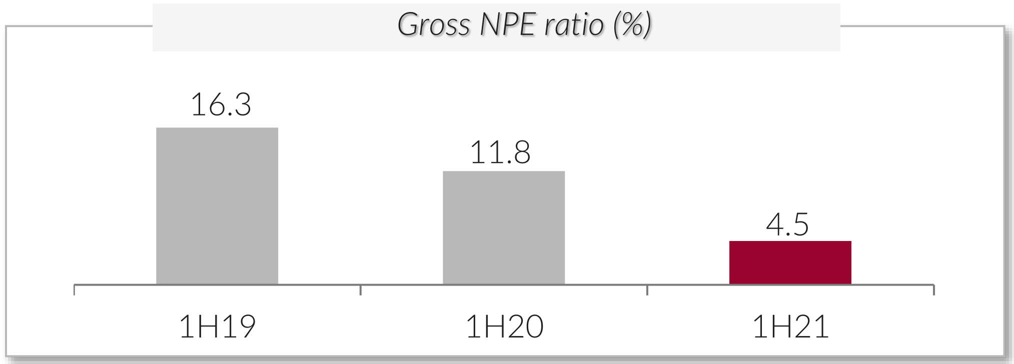
P&L

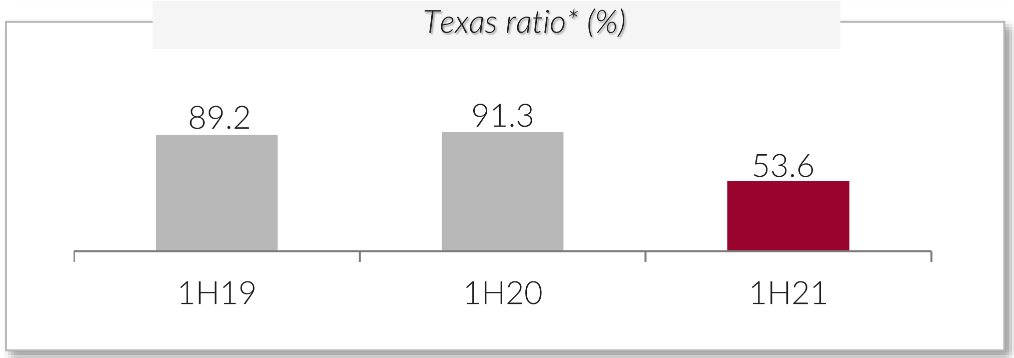


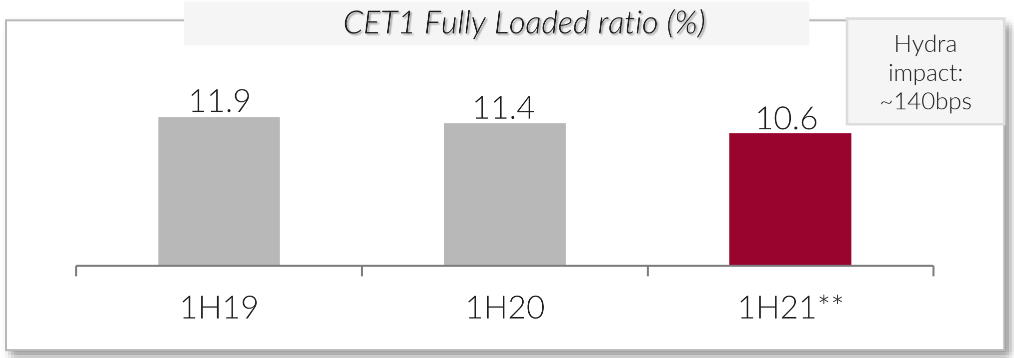




Capital/Asset quality







* Gross impaired loans to customers /(LLPs + tangible shareholders' equity).

** Pro forma ratio including 1H21 net income.

2Q21 P&L highlights

P&L (€/mln)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Net Interest Income	327	320	332	312	280	306
Net Interest Income excl. interests on NPEs	283	279	289	279	265	289
Fees and commissions	370	324	355	380	372	383
Core revenues	**697**	**644**	**687**	**692**	**652**	**688**
Core revenues excl. interests on NPEs	**653**	**603**	**644**	**659**	**637**	**672**
Financial revenues*	39	100	73	35	183	54
Other operating income/expenses	-7	-21	-13	-10	-11	-2
Total revenues	**729**	**723**	**748**	**717**	**824**	**740**
Operating costs	-544	-533	-542	-566	-540	-533
Pre-provision profit	**185**	**190**	**206**	**151**	**283**	**207**
Total provisions**	-316	-209	-103	-125	-80	-83
Net operating result	**-130**	**-19**	**103**	**26**	**203**	**124**
Non-operating items	-109	-384	-573	-255	-89	-93
Profit (Loss) before tax	**-239**	**-403**	**-470**	**-229**	**114**	**31**
Tax expense/recovery	2	-439	20	76	6	53
PPA & other items	-1	-1	-1	-1	-1	-1
Net income (loss)	**-239**	**-842**	**-451**	**-154**	**119**	**83**

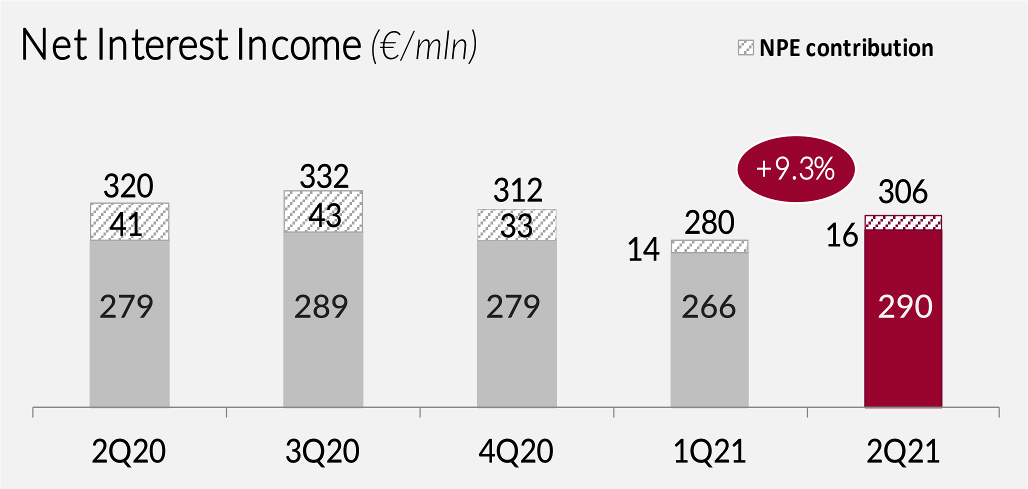
- **Core Revenues:**
  - NII up 9.3% QoQ underpinned by reduced cost of deposits
    - up vs. 2Q20 excluding NPE contribution
  - Fees and commissions up 2.8% QoQ; best quarter in the last 3 years
- **Operating Costs:** strict control on administrative expenses and D&A offset the effect of postponement of negotiations with unions
- **Cost of Risk:**
  - 41bps, of which 13bps related to model changes and 9bps to managerial overlay
  - no release of provisions related to Covid macro scenario
- **Net operating result** of EUR 124mln
  - Excluding one-off items related to cost of risk for model changes **net operating result at approx EUR 175mln**
- **Net result** positive for EUR 83mln

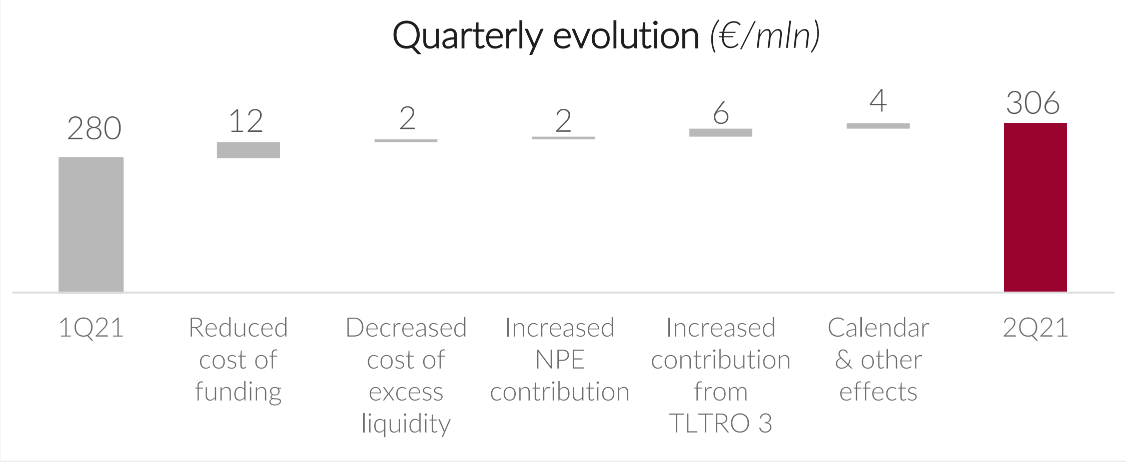
* Financial revenues include: dividends/income from trading investments, net result from trading/hedging, gains/losses on disposals/repurchases, net result from financial assets/liabilities at FVTPL.

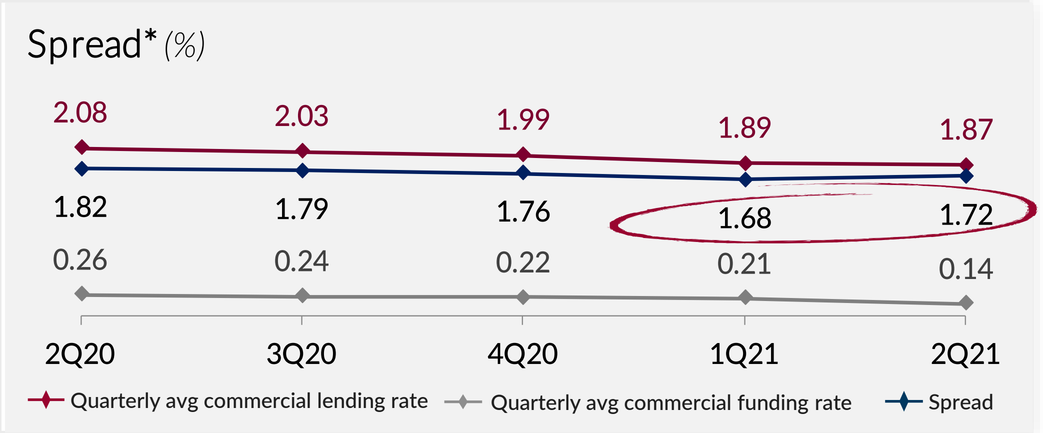
** Including "Cost of customer loans", provisions on securities at amortised cost and FVTOCI, and provisions on loans to banks.

N.B.: 2020 figures may differ from those published, due to the retrospective application of the change in the valuation criteria for investment properties (ex IAS 40).

Net Interest Income







Average 3M Euribor	-0.30%	-0.47%	-0.52%	-0.54%	-0.54%

- Quarterly net interest income rebound (+9.3%) driven by reduced cost of funding thanks to initiatives initiated in 1Q21
  - up vs. 2Q20 level adjusting for Hydra transaction
- Stabilised asset spread, with pick-up in ordinary lending
- Commercial spread increased 4bps QoQ

MONTE DEI PASCHI DI SIENA
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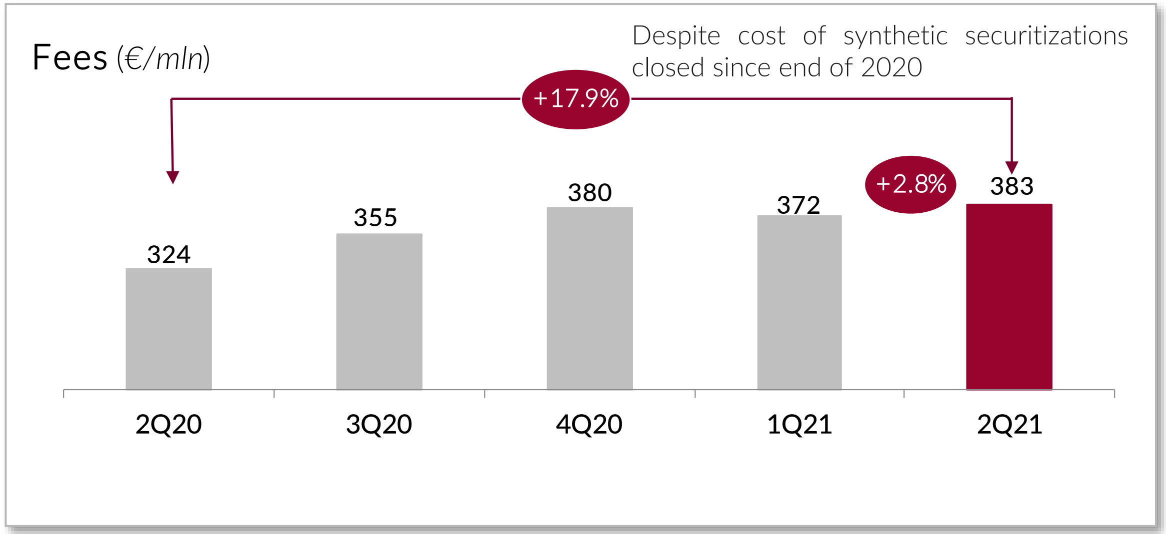
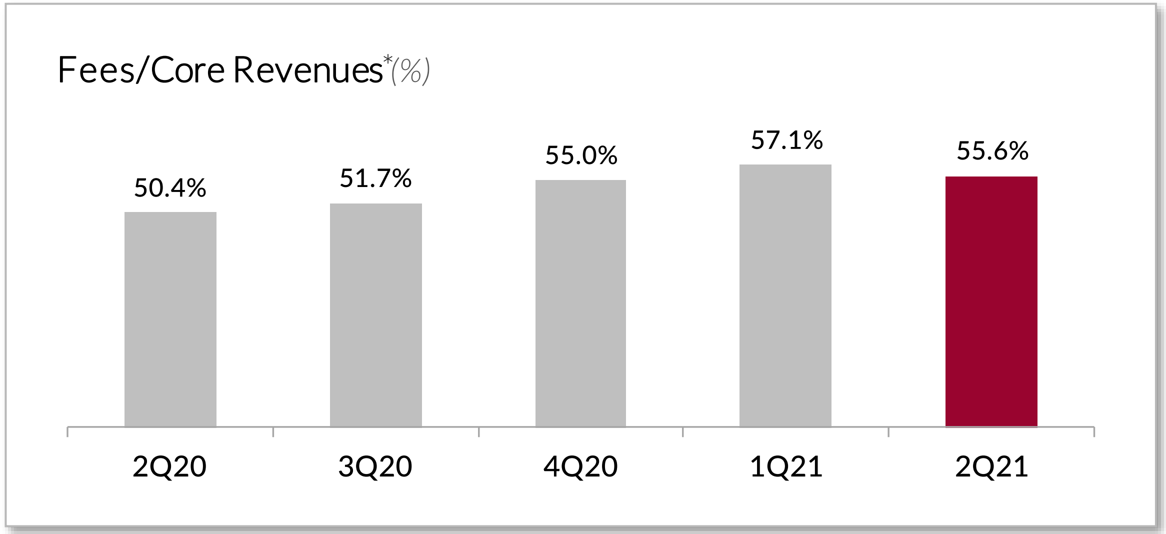
* Figures from operational data management system.

Fee and Commission Income





€/mln	1Q21	2Q21	2Q21 vs. 1Q21	1H20	1H21	1H21 vs. 1H20
Wealth Management fees:	188	193	2.9%	312	381	22.2%
WM Placement	70	71	1.0%	98	141	44.1%
Continuing	94	98	3.9%	170	192	12.8%
Custody	11	11	4.9%	23	22	-4.1%
Protection	13	14	4.1%	21	26	25.0%
Traditional Banking fees:	207	209	1.1%	430	417	-3.1%
Credit facilities	94	93	-0.3%	198	187	-5.6%
International business	12	13	5.6%	23	25	5.4%
Payment services and client expense recovery	102	104	1.8%	209	205	-1.8%
Other	-23	-20	12.1%	-48	-44	9.2%
TOTAL NET FEES	372	383	2.8%	694	755	8.7%

- Good momentum in Asset Management: in 1H21 WM placement fees up 44% YoY and continuing fees up 13% YoY
- First signs of economic rebound lead to increased customer activity: traditional banking fees +1.1% QoQ
- Increasing contribution of fees to core revenues

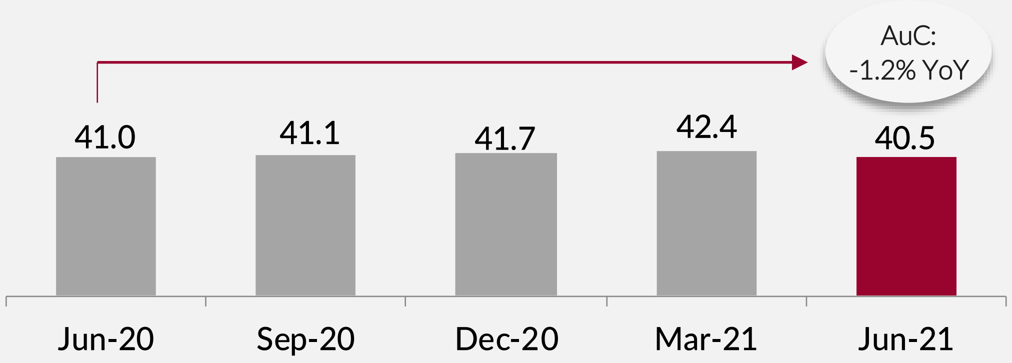
* Core Revenues = Net interest income + fees.

Assets Under Management and Assets Under Custody

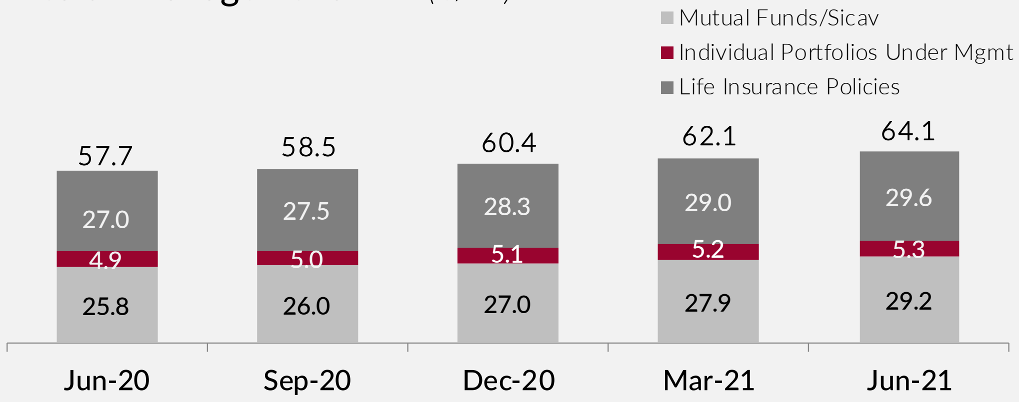
Asset Under Management* (€/bn)

	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
AuM / Total indirect funding	58%	59%	59%	59%	61%

Assets Under Custody (€/bn)



Wealth Management Mix (€/bn)

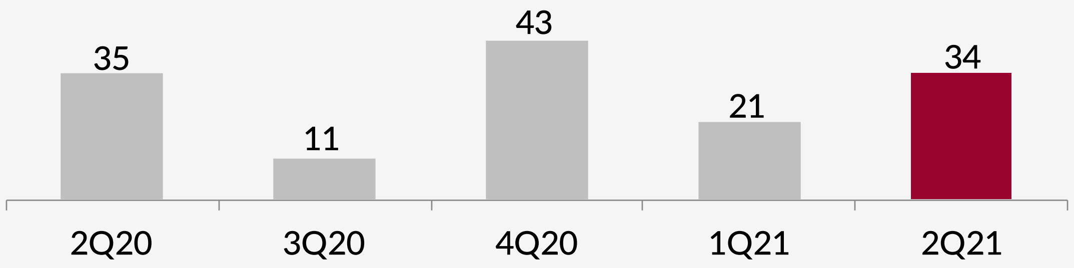


- AuM up 11% YoY
  - EUR 3.7bn increase vs. Dec-20 level, mainly driven by net inflows
  - despite limited impact of switch from deposits
- Strong performance of both mutual funds and bancassurance
- AuC slightly down also due to business mix recomposition

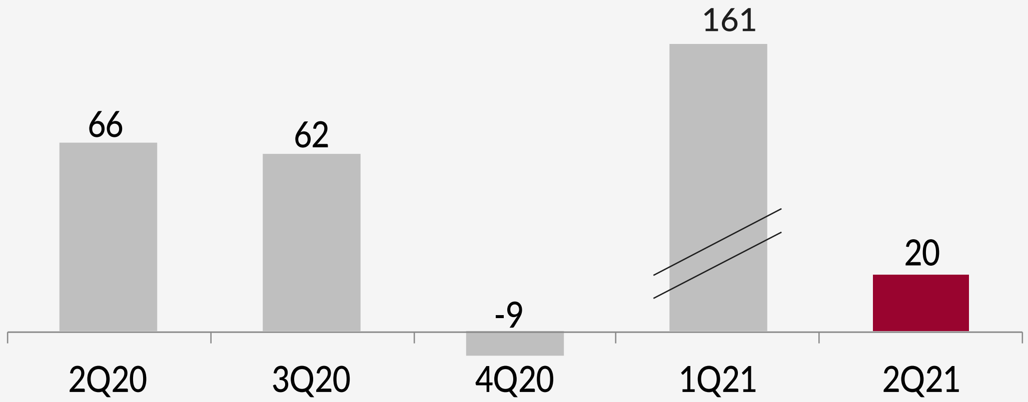
* Bancassurance + pension funds + mutual funds/sicav + individual portfolios under management.

Financial Revenues*

Dividends/Income from investments (€/mln)



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



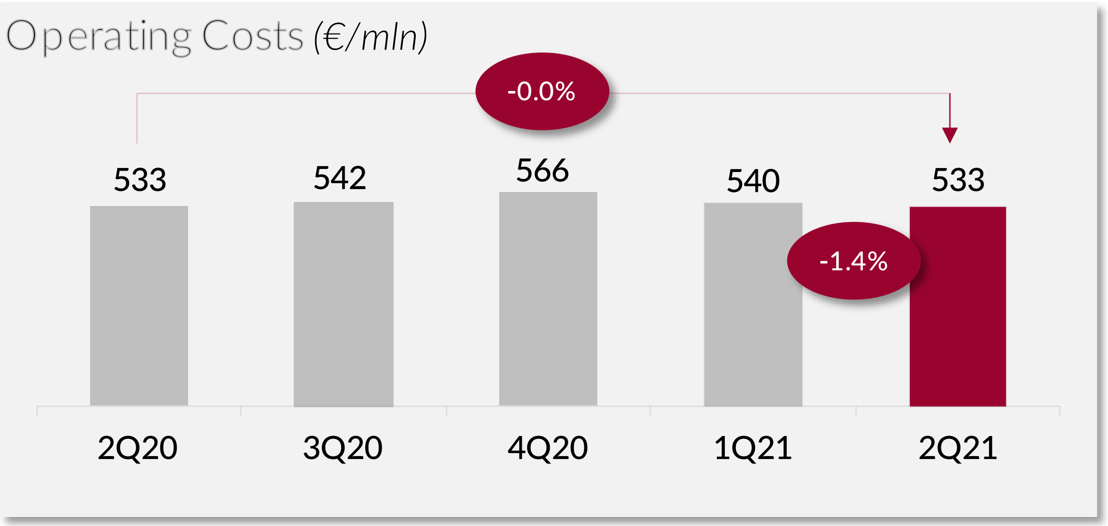
Including contribution from joint venture with AXA (EUR 25mln) and dividend from Bank of Italy (EUR 9mln)

Relatively weak quarter, given low rates and volatility

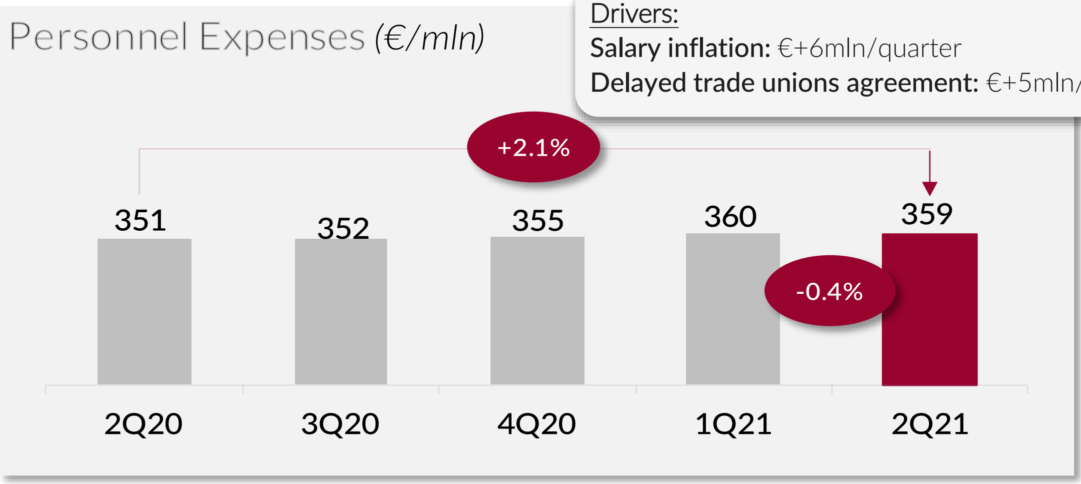
2021 quarterly average Financial Revenues* at EUR 118mln, vs. EUR 98mln quarterly average of last two years

* 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

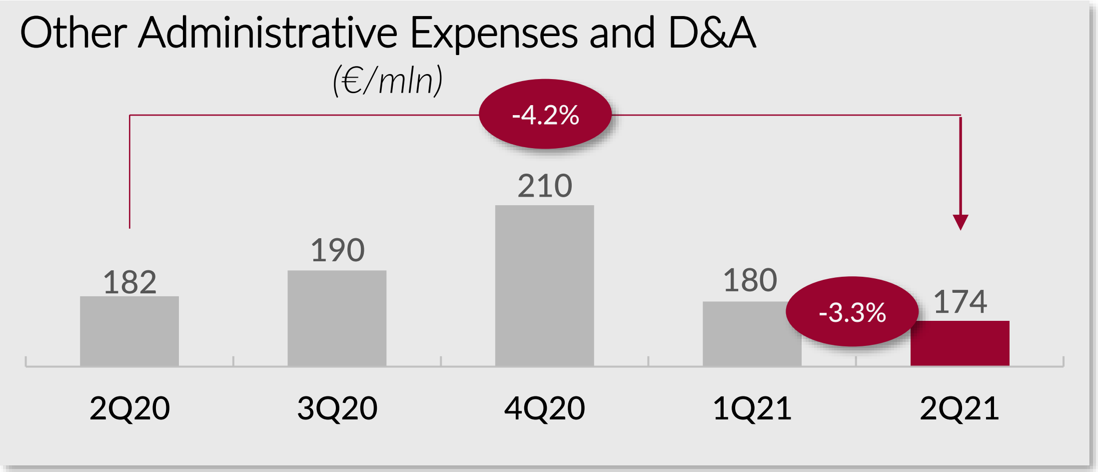


- Operating costs
  - stable YoY despite headwinds (no union negotiation, renewal of the National Collective Labour Agreement)
  - down QoQ
- Personnel expenses
  - stable QoQ
  - slightly up YoY despite ~735 headcount reduction, due to the non-renewal of the company-specific trade union agreement and the renewal of national labour contract
- Other administrative expenses and Depreciation & Amortisation:
  - under strict control
  - allowing to keep operating cost constant



Drivers:
Salary inflation: €+6mln/quarter
Delayed trade unions agreement: €+5mln/quarter

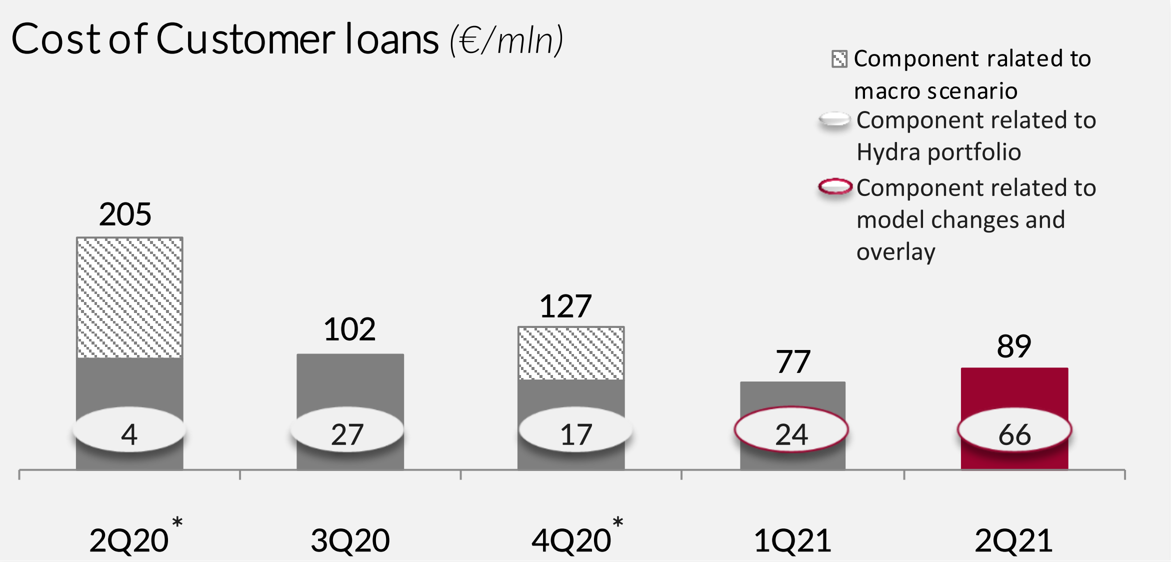
	2Q20	3Q20	4Q20	1Q21	2Q21	
FTEs*	22.1K	22.1K	21.4K	21.5K	21.4K	-3.3% YoY

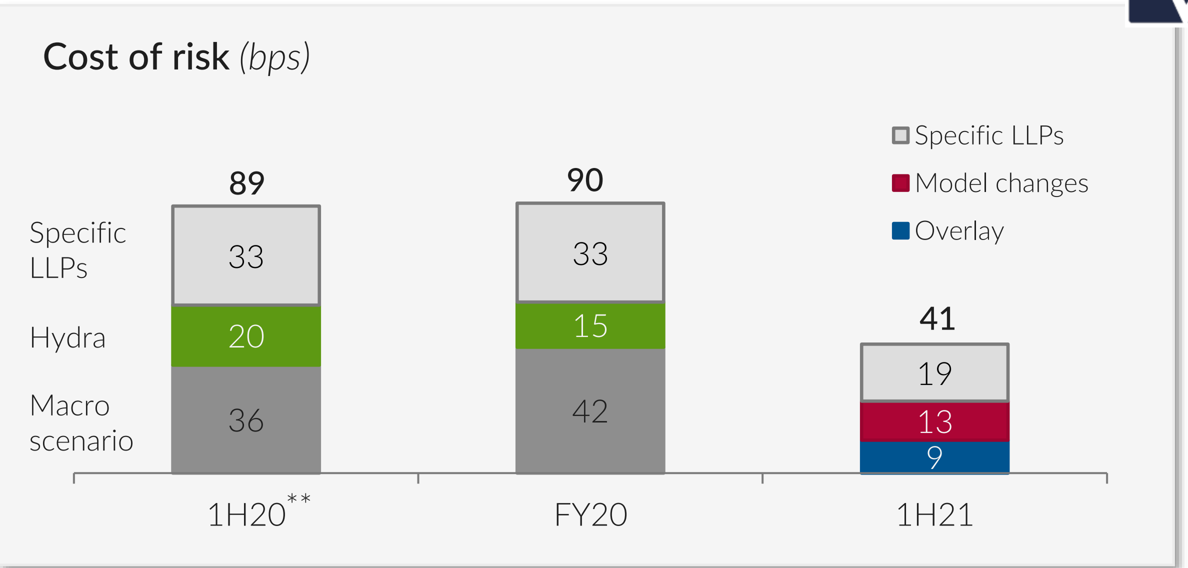


	2Q20	3Q20	4Q20	1Q21	2Q21	
Branches	1,421	1,420	1,418	1,418	1,418	-0.2% YoY

* 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 (%)

	Jun-20	Dec-20	Jun-21
Bad Loans *(sofferenze)*	54.5	62.3	64.5
Unlikely-to-Pay Loans	44.3	36.8	36.3
Past Due Loans	23.8	27.8	26.0
Total NPEs	**49.5**	**46.2**	**46.9**

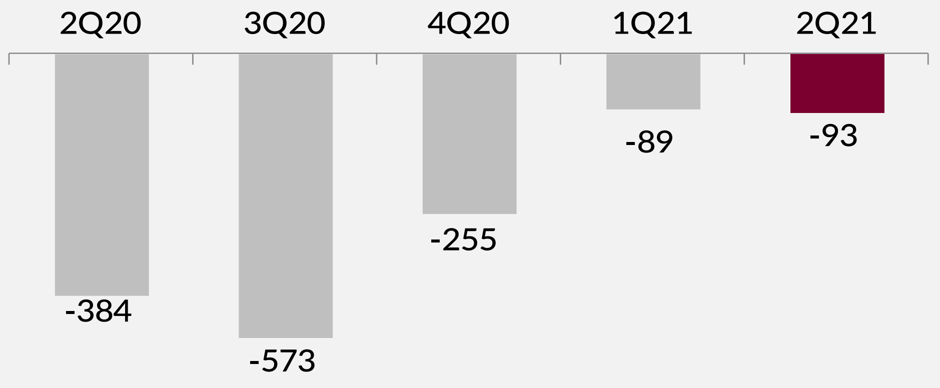
- Cost of customer loans at EUR 166mln in H1, for a cost of risk of 41bps, including 13bps related to model changes and 9bps to managerial overlays
- Bad loans coverage up +2.2 p.p. since December
- UTP coverage slightly down due to the exit of large and well-covered tickets
- Reversal of Covid provisions (~EUR 300mln in 2020) prudentially not booked

* Including additional provisions related to updated post Covid-19 macroeconomic scenario (~EUR 107mln in 2Q20 and ~EUR 48mln in 4Q20). In 1Q20, EUR 193mln were booked.

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

Non-Operating Items and Taxes

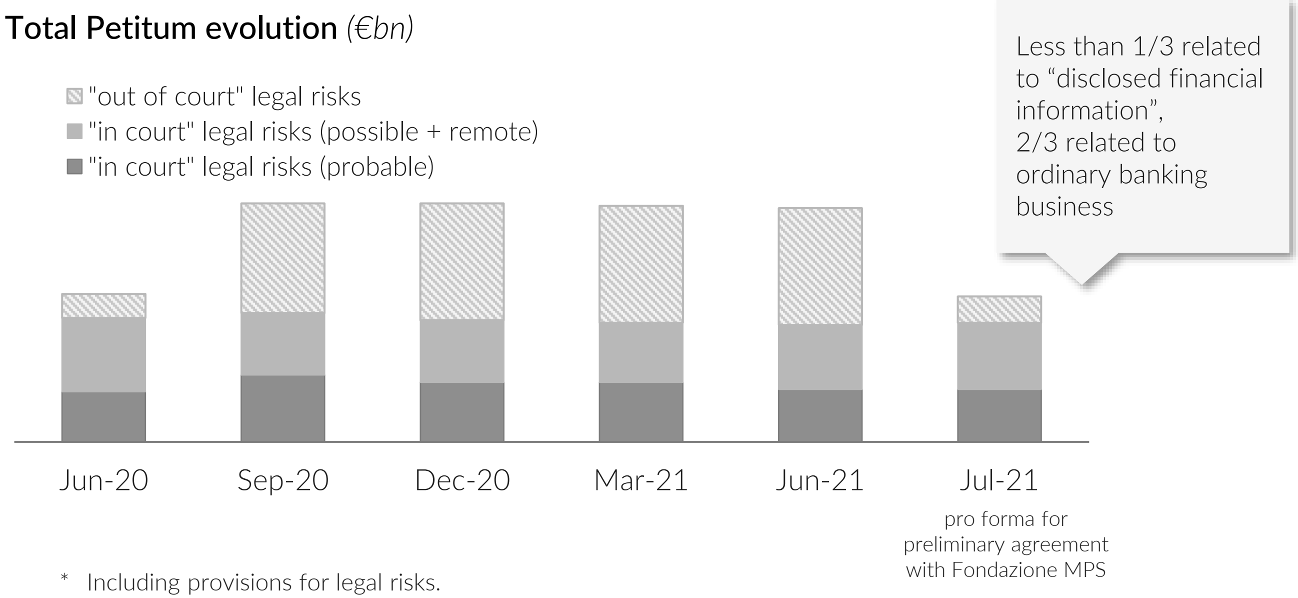
Non-operating items (€/mln)



	2Q20	3Q20	4Q20	1Q21	2Q21
Net provisions for risks and charges *	-317	-411	-216	9	-51
Systemic Funds contribution	-18	-41	-23	-68	-22
DTA Fees	-18	-18	-18	-16	-16
Restructuring costs	-30	-101	-25	0	-4
Other	0	-2	27	-14	0
Total	-384	-573	-255	-89	-93

- Non-operating items at EUR -93mln including:
  - EUR -51mln for provisions connected to risk & charges including provisions for legal risk and contractual agreement
  - EUR -22mln for the extraordinary contribution to the National Resolution Fund (FRN)
  - EUR -16mln for quarterly DTA fees introduced by Law Decree 59/2016
  - EUR -4mln for restructuring costs
- Taxes for the quarter positive for EUR 53mln, mainly due to reassessment of DTAs**
  - Significant upside from adoptions of revised projections

Total Petitum evolution *(€bn)*



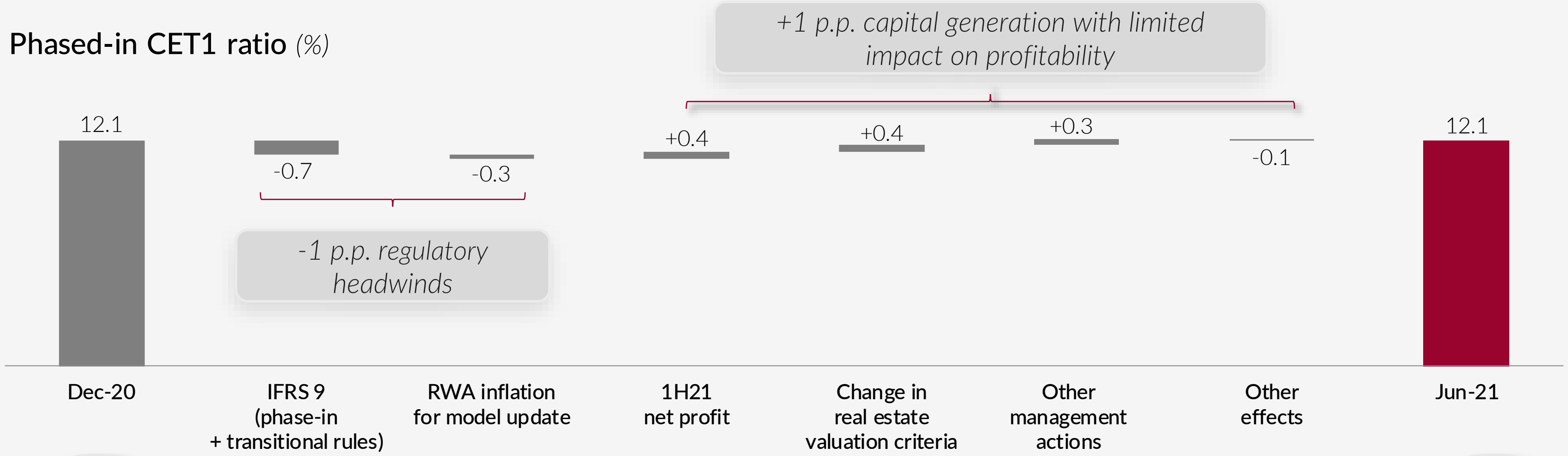
* Including provisions for legal risks.

** The estimate of taxable income for future financial years was determined on the basis of the income projections used for the 2020 Financial Statements, with the exception of the expected result for 2021, which has been increased, for the purposes of the valuations in this half-yearly report, to take into account the better-than-expected evolution of the year; the income projections included in the new 2021-2025 Strategic Plan, approved by the Board of Directors on 17 December 2020, have not been used as this document is still being examined by the competent authorities.

Capital Structure*

(€/bn)	4Q20	1H21
TBV	5.6	5.9
Transitional CET1	6.1	6.1
Fully-loaded CET1*	4.9	5.3
RWAs	49.9	50.0

Phased-in CET1 ratio *(%)*



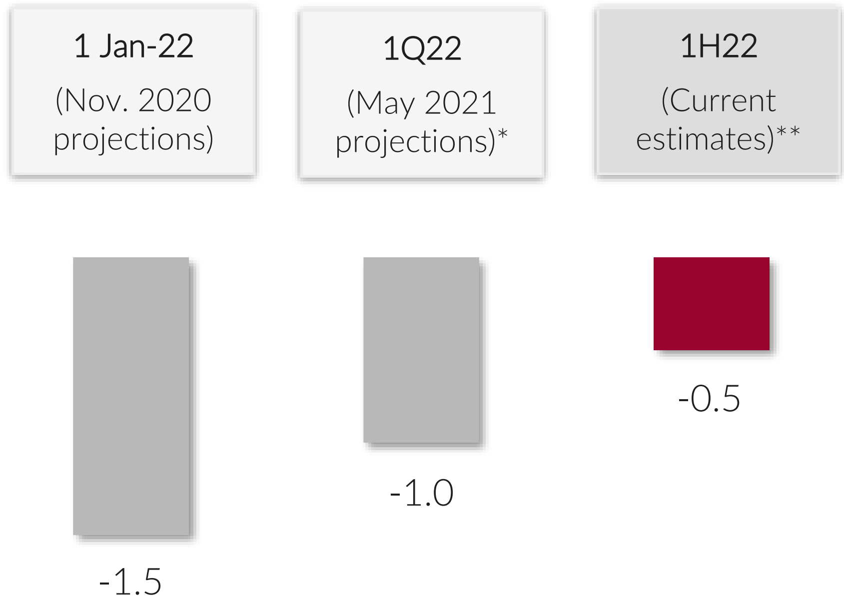
	Dec-20	Jun-21
Fully-loaded CET1** (%)	9.9	10.6
Total Capital (%)	15.8	15.5
Fully-loaded Total Capital** (%)	13.5	14.0

- Transitional CET1 and Tier1 ratios stable vs. Dec-20 thanks to capital generated during 1H21, notwithstanding:
  - Phase-in of the IFRS9 FTA (~EUR –270mln) and lower add-backs for transitional rules on performing loans (~EUR -100mln)
  - Increased RWAs in 2Q21 for the initial roll-out of model updates (+EUR 1.2bn), offset by credit risk optimisation in 1H21
- Fully-loaded CET1 ratio up 70bps in 6 months (from 9.9% to 10.6%)
- Benefits from securitizations recently concluded, not included in the ratios

* Pro forma capital ratios as at 30 June 2021 including 1H21 net income.
**Including full impact of IFRS9 and FVTOCI reserve on govies.

Capital plan: current estimates

Evolution of Regulatory Capital shortfall (€/bn)



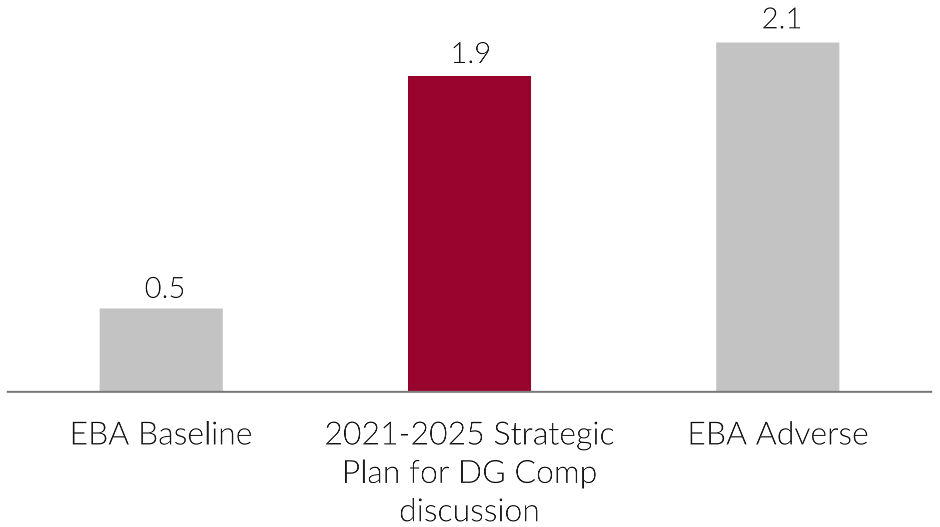
- **Ongoing downward revision of the expected regulatory shortfall (vs. SREP requirement):** EUR -0.5bn in 1H22 vs. EUR -1.5bn on 1 Jan-22 estimated in November 20, thanks to:
  - 1H21 capital generation against previously expected losses
  - **Ongoing focus on guaranteed loans**
  - **Capital management actions implemented** since November 2020, worth EUR 0.5bn of capital
    - Valuation of real-estate portfolio at FV and no longer at cost
    - Sale of BTP portfolio
    - 3 Synthetic securitisations and SACE portfolio guarantees
    - Disposal of own shares
  - **One additional securitisation factored in the estimates**
    - Including the postponement of redundancies plan and related expenses
- **No shortfall expected on CET1**; shortfall within Capital Conservation Buffer
  - **Further potential capital actions not included in estimates** (with exception of one securitisation)

* Estimated assuming P&L evolution for the remaining part of the year in line with the assumptions of the 2021-2025 Strategic Plan, submitted to DG Comp in Dec-2020 and currently being evaluated. Capital ratios estimated assuming staff exits in 2021 and no capital strengthening. Regarding RWA projected increase: the final decisions of the inspections carried out on the AIRB models in 2019 and 2020 by the ECB are expected in 2021. Following the decision, the Group will roll out the model updates carried out in the last years. These updates will result in an increase in RWAs of approximately EUR 4.9bn. Also in 2021, the Group will re-estimate the models for full alignment with EBA Guidelines (EBA-GL-2017-16), with expected increases in RWAs estimated at around EUR 4.3bn. This estimate will be reviewed by the ECB during the second half of 2021 and the impact will not be booked before 1Q22.

** Capital shortfall as at 1H22 calculated with respect to SREP requirements on the basis of the expected result for 2021, which was updated since the Strategic Plan estimates and of 1H22 RWA projections. Expected results for 2021 based on the following assumptions: no capital strengthening in 2021, deferral of staff exits, no senior bond issuance in 2021, no contribution from in-house consumer credit business, partial execution of capital management actions (i.e. lower synthetic securitisations factored in and revision of Anima deal not factored in), RWA increase of EUR 4.5bn due to model updates (EUR 1.2bn RWA increase already accounted for in 2Q21) and of EUR 4.5bn in 2022 due to EBA guidelines.

Key highlights from 2021 EBA Stress Test

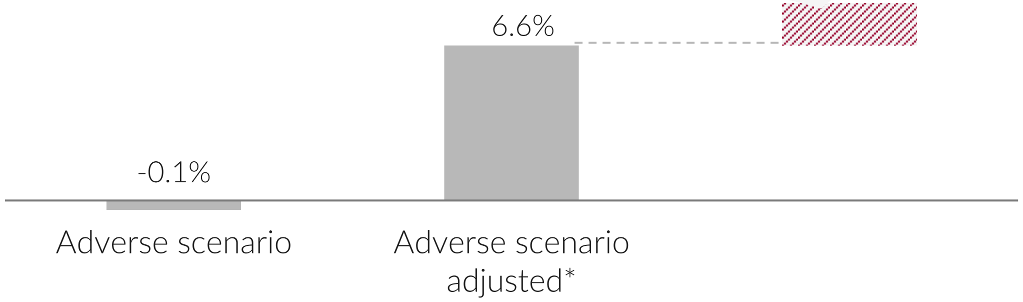
Cost of Risk: 2021-2023 cumulative (€/bn)



2023 CET1 Fully Loaded

Additional upside not included given Static Balance Sheet:

- EUR 200mln cost reductions not included in the exercise
- Legal petitum down by 40% since date of balance sheet (~2.3 p.p. from operational risks (EUR 1.1bn) vs. EBA average of 0.7%)



- **Impact of cost of credit lower than average of Italian banks' sample**, thanks to the significant de-risking realized since 2016
- **EBA Stress Test consistent with Capital Plan** sent to ECB on 29 January 2021

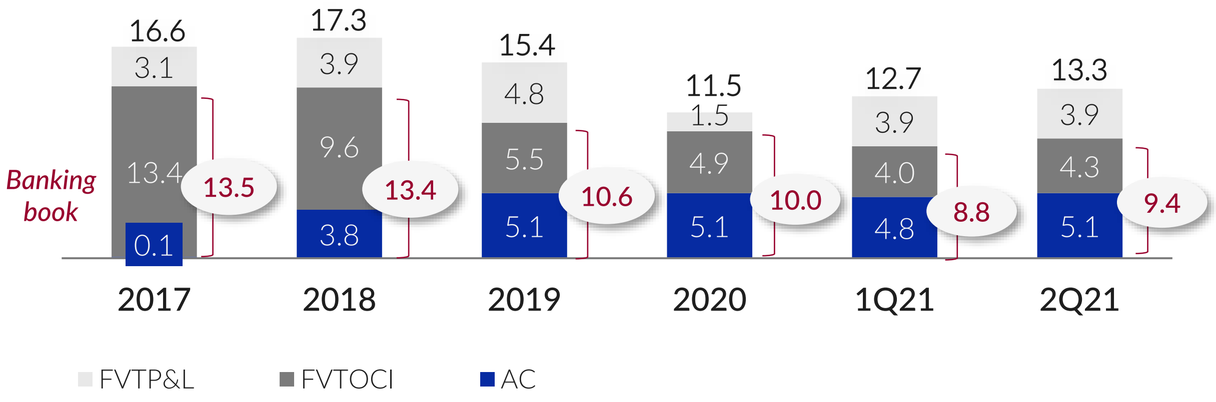
"The results of the exercise are an input to the SREP. Supervisors should consider the individual results, together with managerial decisions and capital actions put forward by bank that may mitigate the impact of the Stress, to understand their resilience and capital position and assess the potential need to set a Pillar 2 capital guidance. Supervisors may also consider the impact of the static balance sheet assumption [...] in evaluating the results of the Stress Test during the SREP"

(EBA Communication on 2021 Stress Test Results)

* Including the impact of the sale of own shares, the change of valuation criteria for the real estate portfolio, the impact of the synthetic securitisation announced on 23 July, the profit of 1Q21 and the EUR 2.5bn capital increase (currently only hypothetical and the implementation of which is in any case subject to approval by DG Comp and the European Central Bank for the relevant aspects).

Italian Govies Portfolio*

Italian Govies Portfolio (€/bn)



	2017	2018	2019	2020	1Q21	2Q21
FVTOCI / Banking book (%)	99%	72%	52%	49%	45%	46%
FVTOCI Duration *(years)*	~3.6	~2.8	~2.3	~2.1	~2.3	~2.4
FVTOCI Credit spread sensitivity *(€/mln, before tax, for 1bp increase in the BTP/Bund spread)*	-5.6	-2.9	-1.5	-1.1	-1.0	-1.1

- **FVTOCI & AC components** stable post strong derisking
  - Positive reserves for ~EUR 300mln**
  - Credit spread sensitivity to capital at ~EUR 1mln for 1bps
- **FVTP&L component** stable QoQ and driven by MPS Capital Services "BTP Specialist" market-making activity

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

** Gross FVTOCI reserves for c. EUR 49mln in Jun-21 + Unrealised gains on AC banking book for c. EUR 250mln at the end of July (managerial figures).

Agenda

- 2Q21 Results
- Annex

2Q21 & 1H21 P&L: Highlights

€ mln	1Q21	2Q21	Change (QoQ%)	1H20	1H21	Change (YoY%)
Net Interest Income	280	306	+9.3%	647	585	-9.5%
Net Fees	372	383	+2.8%	694	755	+8.7%
Financial revenues*	183	54	-70.4%	139	237	+70.4%
Other operating income/expenses	-11	-2	+83.2%	-28	-13	+54.5%
Total revenues	**824**	**740**	**-10.1%**	**1,453**	**1,564**	**+7.7%**
Operating Costs	**-540**	**-533**	**-1.4%**	**-1,077**	**-1,073**	**-0.3%**
of which personnel costs	-360	-359	-0.4%	-708	-719	+1.5%
of which other admin expenses	-133	-133	+0.4%	-265	-266	+0.3%
Pre-provision profit	**283**	**207**	**-26.7%**	**375**	**491**	**+30.7%**
Total provisions**	**-80**	**-83**	**+3.7%**	**-525**	**-164**	**-68.8%**
of which cost of customer loans	-77	-89	+15.8%	-519	-166	-68.1%
Net Operating Result	**203**	**124**	**-38.8%**	**-149**	**327**	**n.m.**
Non-operating items***	-89	-93	+4.7%	-493	-182	-63.1%
Profit (Loss) before tax	**114**	**31**	**-72.7%**	**-642**	**145**	**n.m.**
Taxes	6	53	n.m.	-437	59	n.m.
PPA & Other Items	-1	-1	+3.9%	-2	-2	-10.0%
Net profit (loss)	**119**	**83**	**-30.6%**	**-1,081**	**202**	**n.m.**

-1.4% excluding interests from NPEs

Comparative figures for 2020 may differ from those published, due to the retrospective application of the change in valuation criteria for investment properties (ex IAS 40). To facilitate comparability of 2020 balances, impairment losses on instrumental properties (IAS 16) have been reclassified from 'Net adjustments on tangible and intangible assets' to 'Gains (losses) from measurement at fair value of tangible and intangible assets' (included in non-operating items)

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

** Including cost of customer loans, provisions on securities at amortised cost and FVTOCI, and provisions on loans to banks.

*** Net provisions for risks and charges, contributions to SRF, NRF & DGS, DTA fees, restructuring costs/one-off costs, gains (losses) on investments/disposals and gains (losses) on disposal of investments, gains (losses) from measurement at fair value of tangible and intangible assets.

Balance Sheet

Total Assets *(€/mln)*

	Jun-20	Dec-20	Mar-21	Jun-21	QoQ%	YoY%
Loans to Central banks	15,038	28,526	26,117	25,571	-2.1%	70.0%
Loans to banks	5,757	5,452	4,278	4,292	0.3%	-25.4%
Loans to customers	82,511	82,632	82,259	81,356	-1.1%	-1.4%
Securities assets	25,569	21,623	22,562	23,122	2.5%	-9.6%
Tangible and intangible assets	2,560	2,520	2,785	2,760	-0.9%	7.8%
Other assets*	10,215	9,591	8,658	8,649	-0.1%	-15.3%
Total Assets	**141,650**	**150,345**	**146,659**	**145,750**	**-0.6%**	**2.9%**

Total Liabilities *(€/mln)*

	Jun-20	Dec-20	Mar-21	Jun-21	QoQ%	YoY%
Deposits from customers	86,140	91,507	87,124	83,315	-4.4%	-3.3%
Securities issued	11,445	12,212	11,930	10,721	-10.1%	-6.3%
Deposits from central banks	21,331	23,934	26,373	29,306	11.1%	37.4%
Deposits from banks	4,854	4,485	3,816	3,854	1.0%	-20.6%
Other liabilities**	10,727	12,435	11,409	12,487	9.4%	16.4%
Group net equity	7,152	5,772	6,005	6,065	1.0%	-15.2%
Non-controlling interests	1	1	1	1	0.0%	0.0%
Total Liabilities	**141,650**	**150,345**	**146,659**	**145,750**	**-0.6%**	**2.9%**

Comparative figures for 2020 may differ from those published, due to the retrospective application of the change in valuation criteria for investment properties (ex IAS 40). To facilitate comparability of 2020 balances, impairment losses on instrumental properties (IAS 16) have been reclassified from 'Net adjustments on tangible and intangible assets' to 'Gains (losses) from measurement at fair value of tangible and intangible assets' (included in non-operating items).

* 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)

	Jun-20	Dec-20	Mar-21	Jun-21	QoQ%	YoY%
Current accounts	3,896	3,039	2,935	2,824	-3.8%	-27.5%
Medium-long term loans	50,979	55,200	56,751	56,971	0.4%	11.8%
Other forms of lending	15,330	13,616	12,925	12,655	-2.1%	-17.5%
Reverse repurchase agreements	6,450	8,617	7,498	6,668	-11.1%	3.4%
Impaired loans	5,855	2,160	2,150	2,239	4.1%	-61.8%
Total	**82,511**	**82,632**	**82,259**	**81,356**	**-1.1%**	**-1.4%**

Direct Funding * (€/mln)

	Jun-20	Dec-20	Mar-21	Jun-21	QoQ%	YoY%
Current accounts	60,943	67,989	67,459	68,156	1.0%	11.8%
Time deposits	9,273	8,827	8,075	7,379	-8.6%	-20.4%
Repos	10,283	9,508	6,519	3,934	-39.6%	-61.7%
Bonds	11,445	12,212	11,930	10,721	-10.1%	-6.3%
Other forms of direct funding	5,640	5,182	5,071	3,846	-24.2%	-31.8%
Total	**97,585**	**103,719**	**99,054**	**94,037**	**-5.1%**	**-3.6%**

* Deposits from customers and securities issued.

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	2Q21
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 0.6bn (-0.2bn vs. 1Q21)
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 0.2bn (stable vs. 1Q21)
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 0.3bn (+0.1bn vs. 1Q21)
4 **DTAs not recorded in balance sheet**	○ DTAs not recorded in balance sheet due to the probability test	➢ N.A.	EUR 3.5bn (-0.1bn vs. 1Q21)

* 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 30/06/21

~EUR 4.9bn total *petita* for litigations, classified by disbursement risk profile:

- **Probable:** ~EUR 2.2bn (for which provisions of EUR 1bn have been booked; 45% coverage)
- **Possible:** ~EUR 1.0bn (no provisions are booked for such disputes: as required by accounting standards, significant amounts are disclosed)
- **Remote:** ~EUR 1.7bn (no provisions are allocated and no disclosures are provided for such disputes)

~EUR 1.2bn threatened litigations classified as "probable" (considering the effect of the preliminary agreement reached with Fondazione MPS in Jul-21)*

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 5.7bn at the end of June 2021 (EUR 1.9bn considering the effect of the preliminary agreement reached with Fondazione MPS)
- The Bank, after the verdict of 15 October 2020, deems the risk of disbursement "probable" for both claims regarding the 2008-2011 period (legal proceeding n° 29634/14, threatened litigations) and claims relating to the 2012-2015 period (legal proceeding n° 955/16, threatened litigations). Provisions have been booked for this risk
- The Bank does not disclose booked provisions, inasmuch this information could seriously affect its position in existing litigations and in the negotiations of potential out-of-court settlement agreements

Claims related to disclosed financial information (2008-2015) *€/bn*	31/03/21	30/06/21	Pro-forma at 30/06/21, including the effects of the settlement with Fondazione
Civil litigations brought by shareholders	0.7	0.7	0.7
Threatened litigations	4.7	4.7	0.9
Civil parties admitted to proceeding n° 29634/14	0.1	0.1	0.1
Civil parties admitted to proceeding nº 955/16	0.2	0.2	0.2
Total	5.6	5.7	1.9

* EUR 5.0bn as at 30 June 2021.

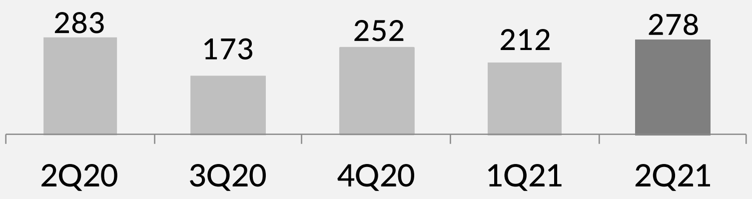
Asset Quality Migration Matrix

E-MARKET SDIR CERTIFIED

- Resilient asset quality (default rate at 0.9%) thanks to the existing support measures and the strong focus on proactive management of the portfolio in order to preserve asset quality
- Improved cure and recovery rates with reduced flows vs. 2020 due to the deconsolidation of Hydra portfolio

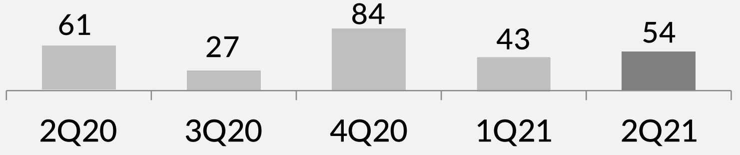
NPE inflows from performing
(€/mln)

Default rate 0.9%
(0.8% in 1Q21)



NPE outflows to performing
(€/mln)

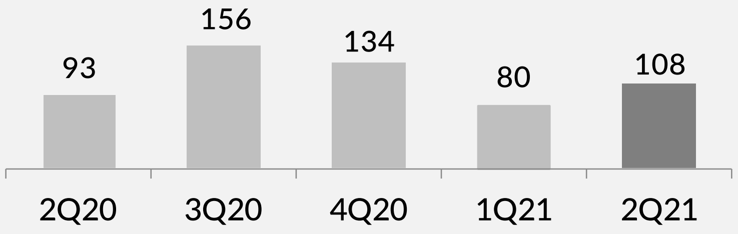
Cure rate 7.2%
(6.4% in 1Q21)



UTP & Past-due gross stock (€/bn) *5.3* — *Hydra transaction impact* — *2.6*

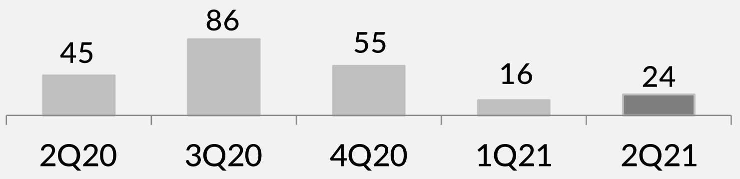
Migration from UTPs/PDs to bad loans *(€/mln)*

Danger rate 14.1%
(12% in 1Q21)



Cash recovery of bad loans *(€/mln)*

Recovery rate 5.6%
(4.5% in 1Q21)



Bad loan gross stock (€/bn) *6.3* — *Hydra transaction impact* — *1.6*

Focus on Asset Quality

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

	Gross Book Value		Net Book Value		Coverage	
	1Q21	*2Q21*	*1Q21*	*2Q21*	*1Q21*	*2Q21*
Bad loans *(sofferenze)*	1,544	1,615	544	573	64.7%	64.5%
Unlikely-to-Pay loans	2,424	2,501	1,516	1,592	37.5%	36.3%
Past due/overdue exposures	122	99	90	73	25.6%	26.0%
Total NPEs	4,090	4,215	2,150	2,238	47.4%	46.9%

Moratoria and guaranteed loans breakdown

*Moratoria**

	Applications #	Applications €/bn	Accepted (€/bn)	% of loan book
Performing customers	22k	4.1	4.0	6%
Households	6k	0.6	0.6	2%
Corporates & Institutions	16k	3.5	3.4	8%
Non-performing customers	1k	0.2	0.2	7%**

*New guaranteed loans**

	Applications #	Applications €/bn	Accepted (€/bn)	Disbursed (€/bn)
Total guaranteed loans	101.7k	10.8	10.3	9.3
100% guaranteed (≤€30k)	77.3k	1.6	1.6	1.6
90% guaranteed	9.8k	3.7	3.6	3.2
80% guaranteed	14.3k	3.4	3.3	3.0
guaranteed by SACE	0.3k	2.0	1.8	1.5

* Figures related to MPS Group. Latest update: 1 July 2021 for Moratoria, 30 June 2021 for new State-guaranteed loan.

** Bad loans not included in percentage calculation.

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