



**MONTE
DEI PASCHI
DI SIENA**
BANCA DAL 1472

MPS 3Q21 & 9M21 Results

4 November 2021

9M21 Highlights



Focused Business machine

- ✓ Ongoing improvement in NII; commercial spread gap vs the market reduced by >40% in 12M
- ✓ 9M21 fees up 6% YoY; fees + income from AXA-MPS close to 60% of core revenues
- ✓ 9M21 WM gross inflows: + 35% vs 9M19 pre-Covid level



Asset Quality under Control

- ✓ Moratoria down 80% since Jun-20 peak, now representing 4% of performing loan book*
- ✓ Coverage of moratoria higher than the cost observed on default flow (default rate at 1.7%)
- ✓ Gross NPE** at 4.4% stable vs Dec-20, adjusted for the New Definition of Default



Ongoing Deleverage of Legal Risks

- ✓ Legal & threatened claims at EUR 6bn in 3Q21***, -40% since Dec-20 and back to 2019 level
- ✓ 2/3 of the overall petitum related to ordinary business
- ✓ Coverage of legal risk at one of the highest level among Italian banks



Further Improvement in Capital Ratios

- ✓ CET1 (transitional) 12.8%**** (12.1% in Jun-21 and in Dec-20), 400bps above regulatory requirement
- ✓ 170bps of capital generation in 9M21. CET1 fully loaded 11.3% (+70bps vs Jun-21; 9.9% in Dec-20)
- ✓ Next 12 months EUR 1.5bn regulatory capital shortfall estimated in Nov-20 now reduced to zero



* Figures from operational data management system.

** Gross NPE ratio pro-forma, excluding a big ticket back to performing on 1st October 2021.

*** Pro-forma, including the effect of the settlement with Fondazione MPS, reached on 7th October 2021.

****Pro-forma, including 3Q21 net income.

Pre-provision profit

EUR 679mln

(EUR 503mln in 9M20)*

NII stable YoY*

Fees up 6.0% YoY

Costs -2% YoY, despite non-renewal of company trade union agreement

Cost of risk

32bps

“Ordinary” cost of risk, including voluntary cost of calendar provisioning accounted on capital

In line with 2020 level (adjusted for Covid- and Hydra-related provisions)

EUR 131mln net release of provisions in 3Q due to two large tickets back to bonis

Net operating result

EUR 648mln

(EUR 39mln in 9M20*)

Best result of the last 6 years

Net result

EUR 388mln

(including EUR -159mln for systemic charges)

8.9% ROTE

Gross NPE ratio

4.4%**

stable vs. 2020 YE

3.9%

(EBA definition)***

CET1 ratios****

Transitional: **12.8%**

up +70bps vs Jun-21

Fully loaded*****: **11.3%**

(vs. 9.9% in Dec-20, 10.6% in Jun-21)

Liquidity

Counterbalancing capacity

EUR 26bn

(18% on total assets)

Ongoing activity to manage excess liquidity deposited with central banks



* Adjusted for Hydra transaction.

** 9M21 ratio pro-forma for a big ticket back to performing on 1st October 2021.

*** 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 3Q21 net income.

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

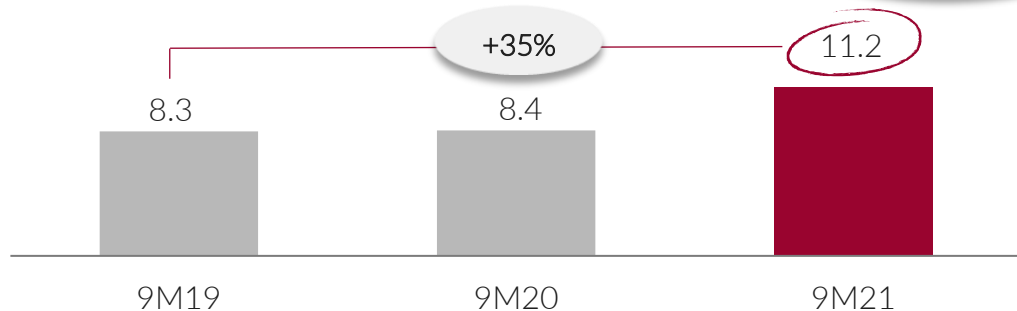


Business machine – Focus on fees



Wealth management gross inflows* (€/bn)

WM gross & net inflows with best result in over 3 years

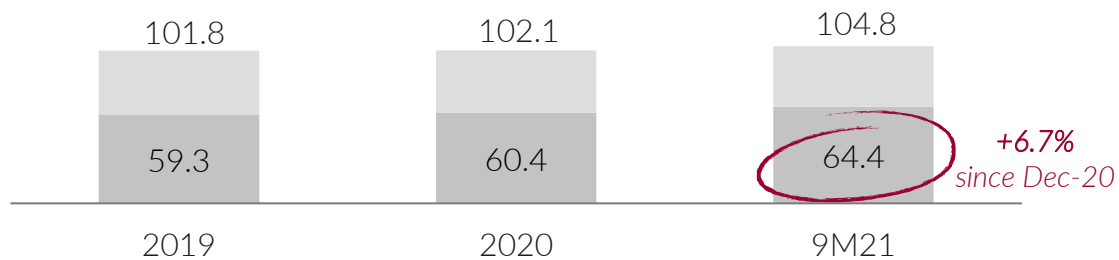


Wealth management net inflows* (€/bn)

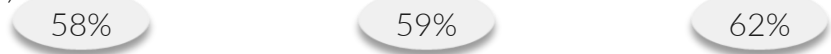


Total indirect funding (€/bn)

■ Asset under Custody
 ■ Asset under Management

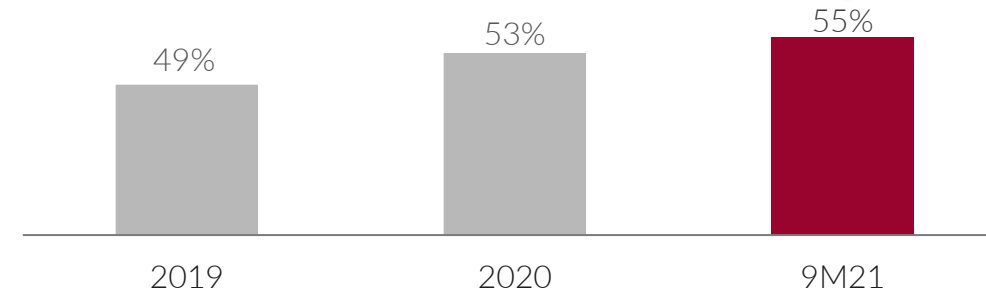


AuM / Total indirect funding (%)

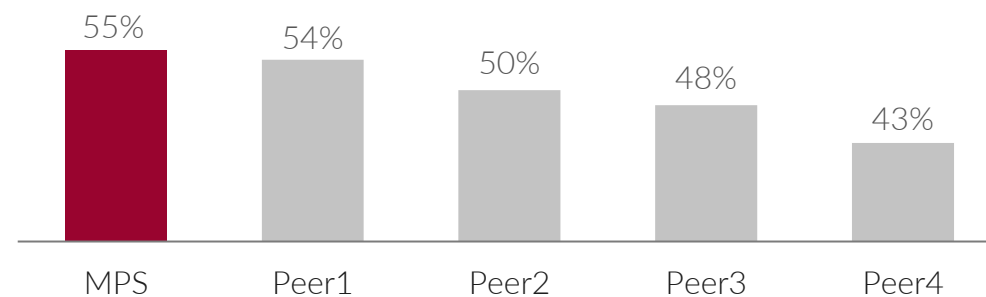


Fees / (Net interest income + Fees)

57% including income from investment in AXA MPS



Fees / (Net interest income + Fees)**



- Business model increasing focused on fees, representing now 55% of core revenues
- Adjusted fees (including income from AXA MPS, participated at 50% less 1 share) at 57%

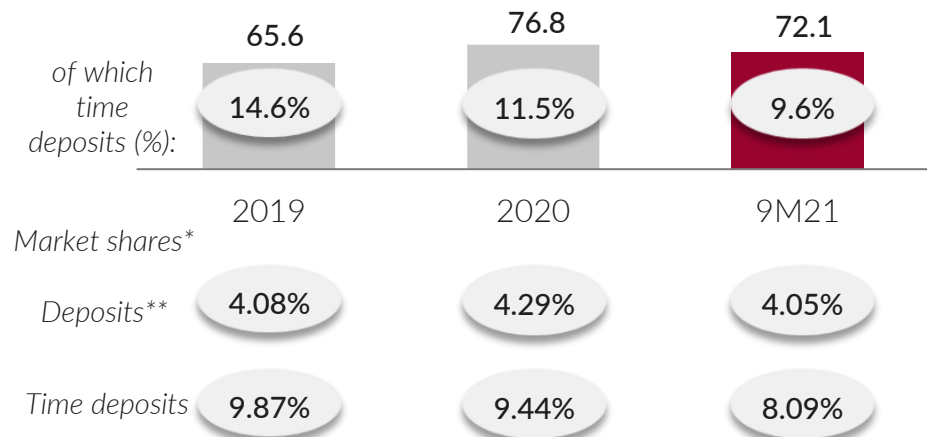


* Bancassurance + pension funds + mutual funds/sicav + individual portfolios under management.
 ** Peers: ISP, UniCredit, BAMl, BPER as at Jun-21. MPS data as at Sep-21.



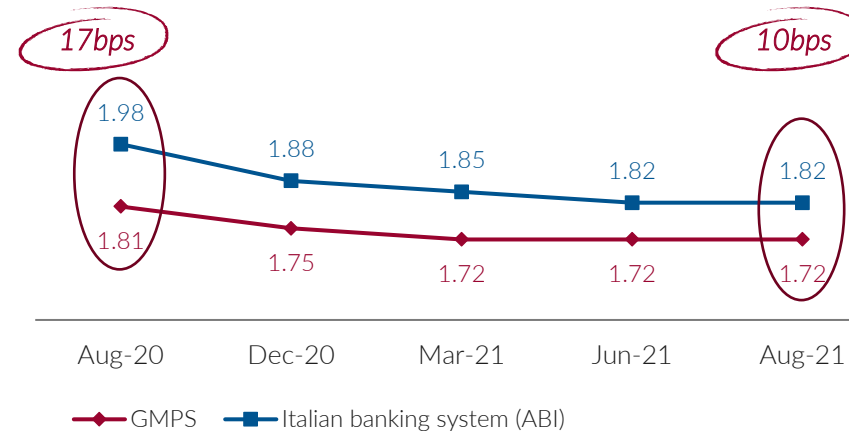
Business machine - Deposits and Lending: closing the gap vs the market

Current accounts & time deposits (€/bn)



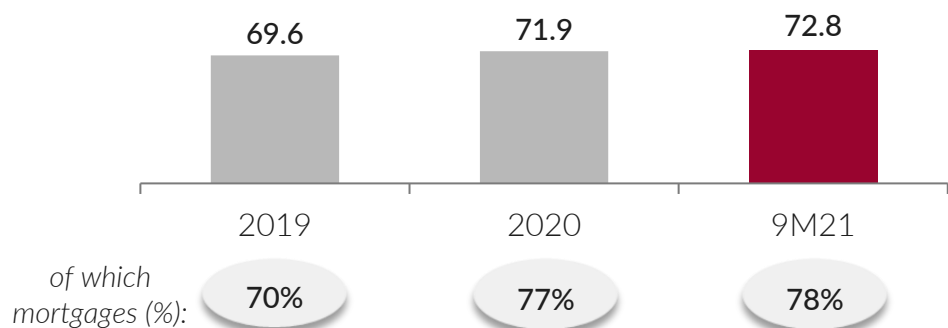
- ✓ Cost of deposit gap vs market reduced to 9bps in Aug-21 (16bps as of Aug-20)
- ✓ Further opportunity from the reduction of time deposits

Commercial spread (%)



- Commercial spread gap vs the market decreased by >40% YoY and now at 10bps, thanks to lower cost of deposits and resilience of loans rate
- Ongoing initiatives to further reduce cost of funding
- Launch of consumer finance in 4Q21 to help reducing remaining gap

Net Lending stock (excluding repos & impaired loans, €/bn)



- ✓ Continuous focus on pricing and asset quality:
 - rate on new loans up 25bps YoY
 - ~85% of new ordinary lending are secured
- ✓ Lending market share*** at 4.5%
 - Retail mortgages market share*** at 6.3%

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

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

*** Market share on loans (net of bad loans and of repos with central counterparties) as at Jul-21, latest available data.





Business machine – Banca Widiba: Leverage on Technology and FAs



Solid growth in all business metrics continues, with a strong focus on investments and mortgages

Reached EUR 9.6bn of total funding stock (EUR +1bn YoY), driven by WM

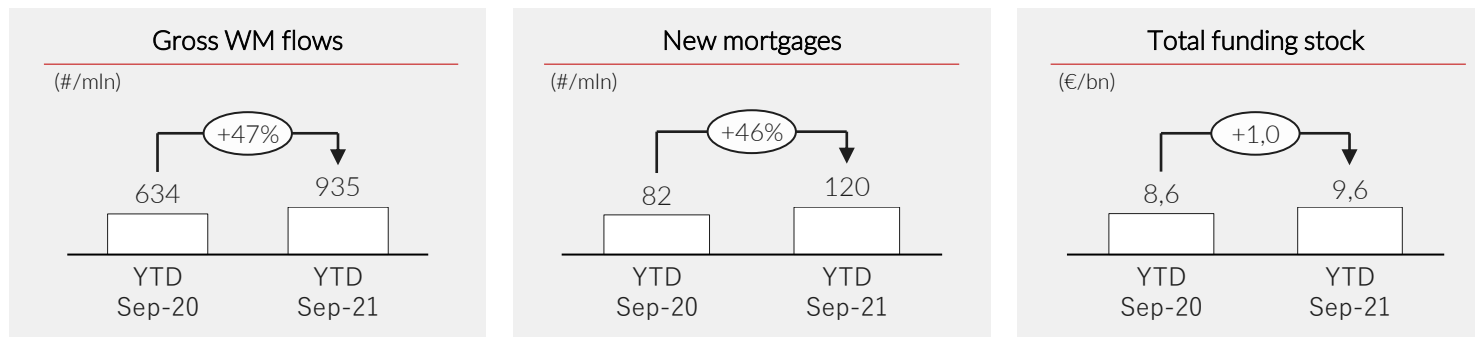
EUR 0.7bn of loans stock; New mortgages up 46% YoY

Most relevant innovation facts & initiatives:

- Video-banking solution launched to interact with customers and FAs
- Chatbot service evolution through predictive technology
- Enrichment of global advisory financial planning platform nearly completed with a new tools (real estate, pension, succession)

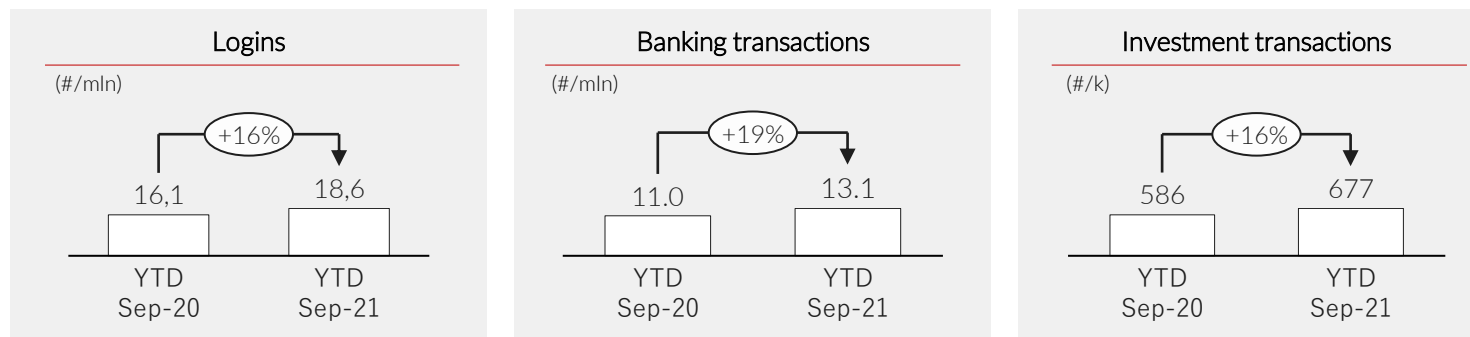
Business Growth

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



Transaction Growth

Second year of double-digit growth on platform usage and transactions mainly driven by the advisory business and digital innovation

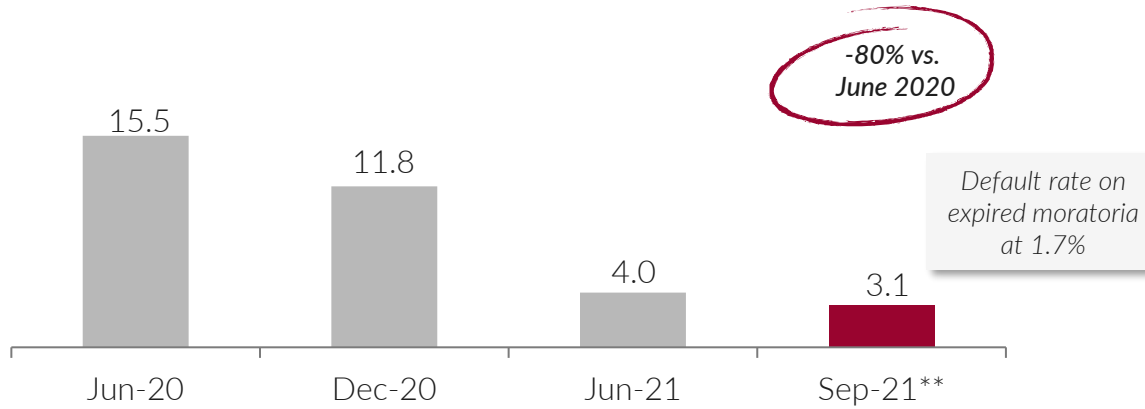




Asset quality - Ongoing reduction on moratoria and increased guaranteed loans

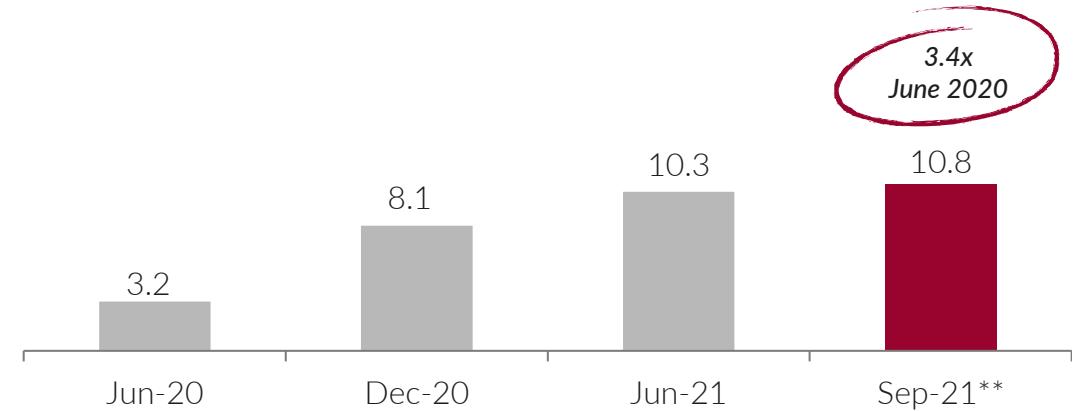


Moratoria on performing book* (€/bn)



- ~EUR 3bn outstanding moratoria, 4% of performing loan book***
- Riskiest part of the moratoria portfolio analysed in the Crash Programme
- ~50% classified as stage 2 (coverage of ~5%)
- Coverage of moratoria portfolio significantly higher than the cost observed on default flow (default rate on expired moratoria at 1.7%)

New guaranteed loan applications accepted* (€/bn)



- ~EUR 11bn of State-guaranteed loan applications accepted, ~15% of performing loan book***
- 5% market share (in line with MPS natural market share)
- Driver for future lower cost of risk



* Figures related to MPS Group.

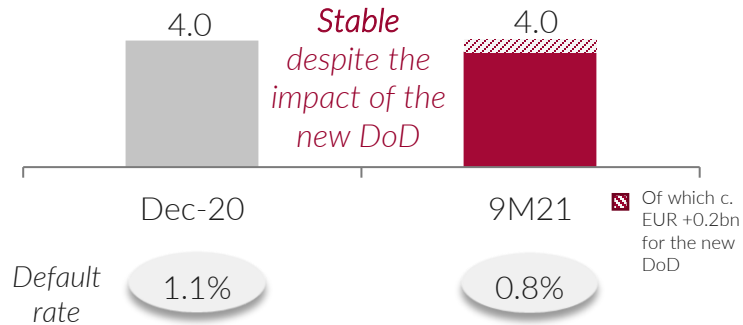
** Latest updates: 1 October 2021 for moratoria, 30 September 2021 for new-guaranteed loans.

*** Figures from operational data management system.

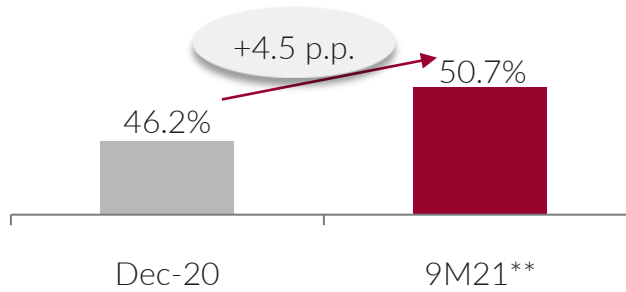


Asset quality – Ongoing De-Risking of Portfolio

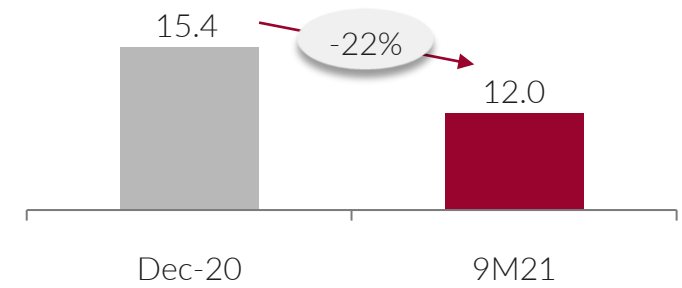
Gross NPE* (€/bn)



NPE Coverage (%)



Gross Stage 2 (€/bn)



- Gross NPE stock at EUR 4bn, stable vs Dec-20 despite the impact of the new definition of default (EUR +0.2bn in 1Q21)

- NPE coverage at 50.7% , +4.5 p.p. vs. Dec-20

- Stage 2 stock reduction (EUR -3.4bn vs Dec-20), with a coverage at 3%



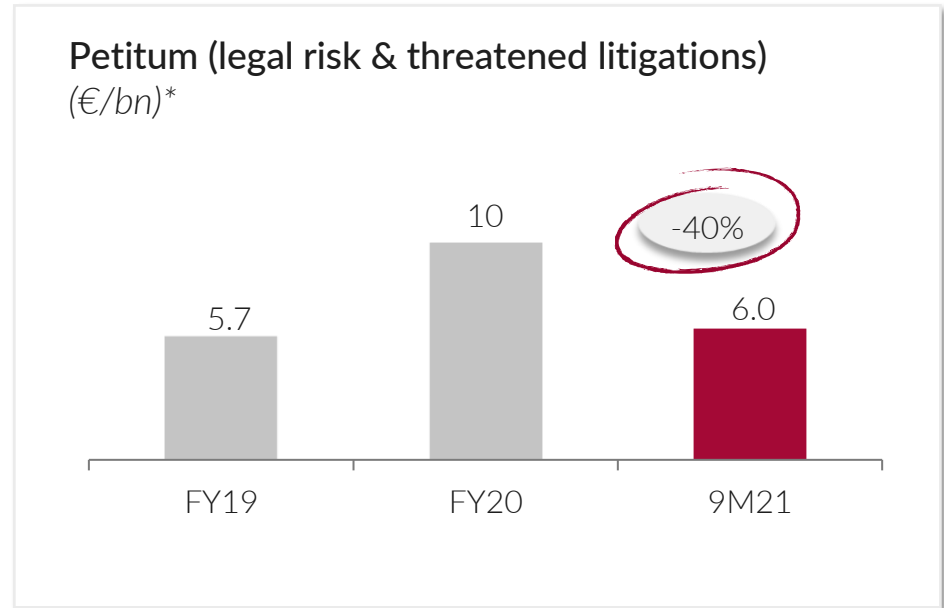
* 9M21 figures pro-forma for a big ticket back to performing on 1st October 2021.

** 9M21 NPE Coverage pro-forma considering the impact of a big ticket back to performing on 1st October 2021 and voluntary calendar provisions booked on capital. NPE Coverage pro-forma considering only the impact of the big ticket at 49.2%.



Legal risk – Petitem* reduced by c. 40%

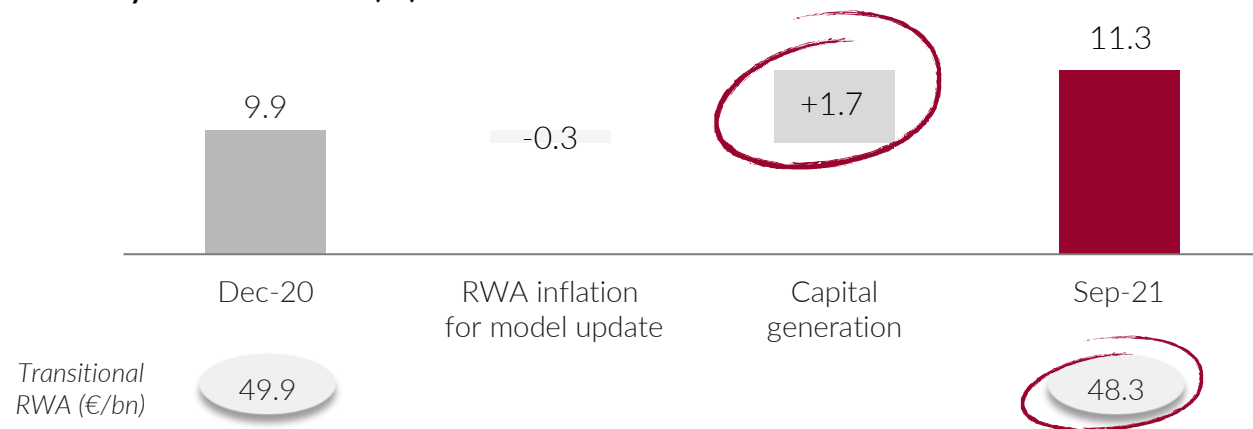
- ❑ Settlement with Fondazione MPS finalized on 7th October
 - Payment covered by provision already taken
- ❑ Overall Petitem (legal risk + threathened litigation) at EUR 6bn, reduced by 40% compared to December 2020
 - Petitem related to disclosed financial information at EUR 1.9bn (vs EUR 5.7bn in Dec-20)
 - Petitem related to ordinary business represent 2/3 of the total
- ❑ Coverage of legal risk at one of the highest level among main Italian banks
 - Coverage of legal risk classified as “probable” (EUR 2.2bn) at 45%



* Legal risk at EUR 4.8bn and threathened litigation at EUR 1.2bn pro-forma for the settlement with Fondazione MPS reached on 7th October 2021.

Capital ratios* – No shortfall thanks to capital generation and better RWA dynamic

CET1 Fully Loaded ratio (%)

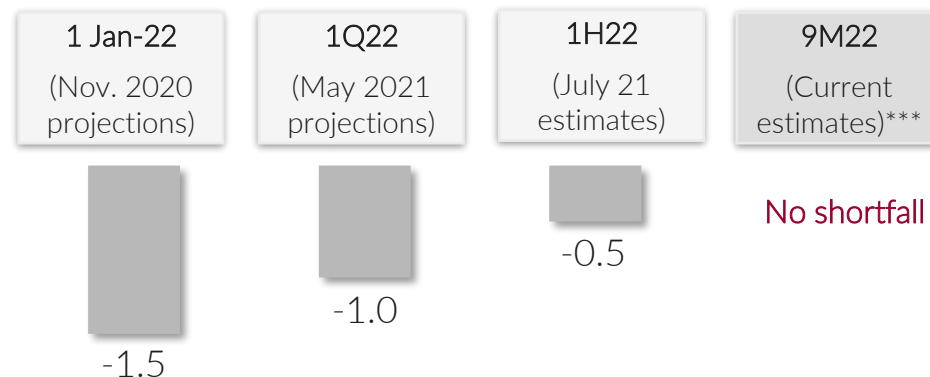


Transitional Capital ratios (%)

	Dec-20	Jun-21	Set-21	Buffer vs SREP (bps)
CET 1 Ratio	12.1%	12.1%	12.8%	~400
Tier 1 Ratio	12.1%	12.1%	12.8%	~200
Total Capital Ratio	15.8%	15.5%	16.4%	~290

- ❑ CET1 Fully loaded up by 1.4 p.p. since Dec-20 (0.7 p.p. since Jun-21)
- ❑ Voluntary add-on for Calendar provisions accounted for as deduction to capital
- ❑ Ongoing RWA reduction, despite EUR 1.2bn increase for model update booked in 2Q, and significant below 9M21 Business Plan projections**
- ❑ Additional benefits expected from securitization completed in July and potentially from other capital management actions

Evolution of regulatory capital shortfall (€/bn)



* Pro-forma capital ratios including 3Q21 net income.

** 2021-2025 Group Strategic Plan submitted to DG Comp in December 2020 and currently being evaluated.

*** Capital position as at 9M22 assumes no capital strengthening in 2021 and in 2022, no staff exits, no senior bond issuance in 2021, no further capital management actions. By 9M22 expected RWA increase of EUR 4.1bn due to model updates. A further EUR 3.7bn increase in RWA due to EBA guidelines is expected after 3Q22.



- ❑ The analysis of the NRRP, with a focus on the initiatives scheduled for 2021, has led to the identification of **6 flagship areas of intervention for MPS**
- ❑ Such areas were later detailed into **5 commercial campaigns**

NRRP Commercial Campaigns

	Easy 4.0: Artisans' & Agri bundle
	Agri-green bundle
	Tourism bundle
	Superbonus 2.0
	Agri supply chain integration

- ❑ The Bank has put in place a series of **enabling factors** to facilitate the go-live of the first PNRR commercial campaigns (21K clients targeted)

Key enabling factors put in place

Dedicated structures were defined and trained to support the commercial effort	Target clients prioritised according to likelihood of their application being accepted
Superbonus demands' processing made leaner thanks to revised procedures	Product flexibility conditions were pre-approved to better address client needs

- 3Q21 Results

- Annex



9M21 P&L highlights

(€/mln)	9M20 [*]	9M21	Change (YoY, %)	
Net Interest Income	900	899	-0.2%	➤ Stable NII , despite: i) the systemic-wide margin pressure and ii) increase in deposit base
Fees and commissions	1,050	1,113	6.0%	➤ Fees revamp , sustained by WM growth
Dividends/Income from investments	58	76	31.6%	➤ Increasing contribution from AXA-MPS JV
Core revenues	2,007	2,087	4.0%	
Total revenues	2,122	2,266	6.8%	
Operating costs	-1,619	-1,587	-2.0%	➤ Operating costs down significantly, despite non-renewal of unions agreement
Pre-provision profit	503	679	35.0%	
Total provisions**	-464	-31	-93.3%	➤ 9M21 «ordinary» CoR in line with 9M20 level, confirming a conservative approach
Net operating result	39	648	n.m.	
Non-operating items	-1,028	-292	-71.6%	➤ Non operating items composed for 70% by systemic charges and DTA fees
Profit (Loss) before tax	-989	356	n.m.	
Net income (loss)	-1,409	388	n.m.	➤ ROTE 8.9%*** , with positive and negative extraordinary component broadly offsetting



* 9M20 managerial figures pro-forma, net of Hydra contribution: EUR 78mln NII, EUR 164mln LLP and EUR 37mln restructuring cost.

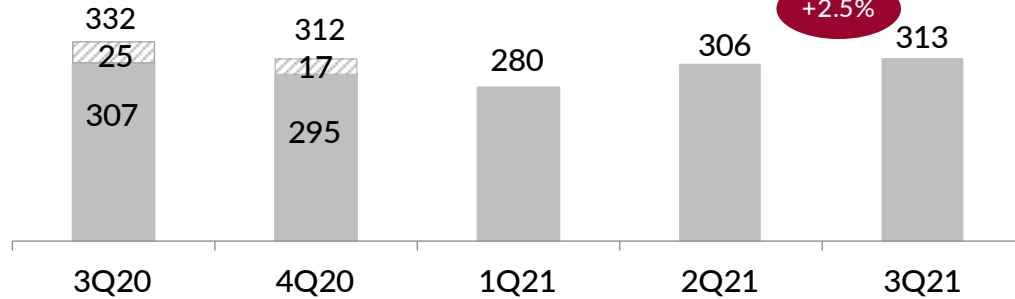
** "Cost of customer loans", provisions on securities at AC and FVTOCI and provisions on loans to banks.

*** Annualized.

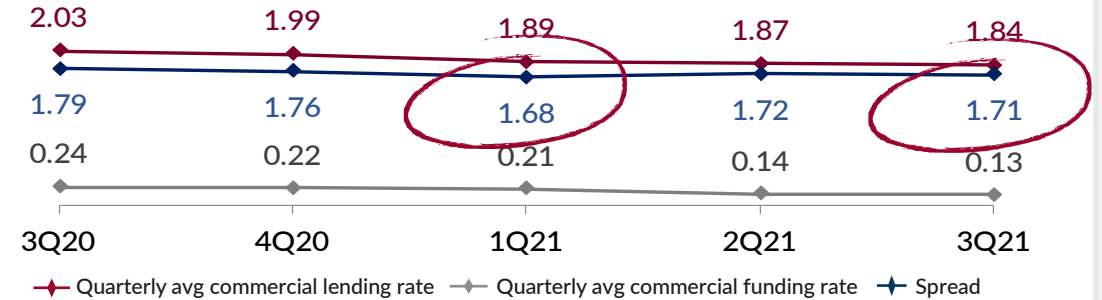
Net Interest Income – Sustaining the recovery

Net Interest Income (€/mln)

Hydra contribution



Commercial Spread* (%)



Average 3M Euribor:

-0.47%

-0.52%

-0.54%

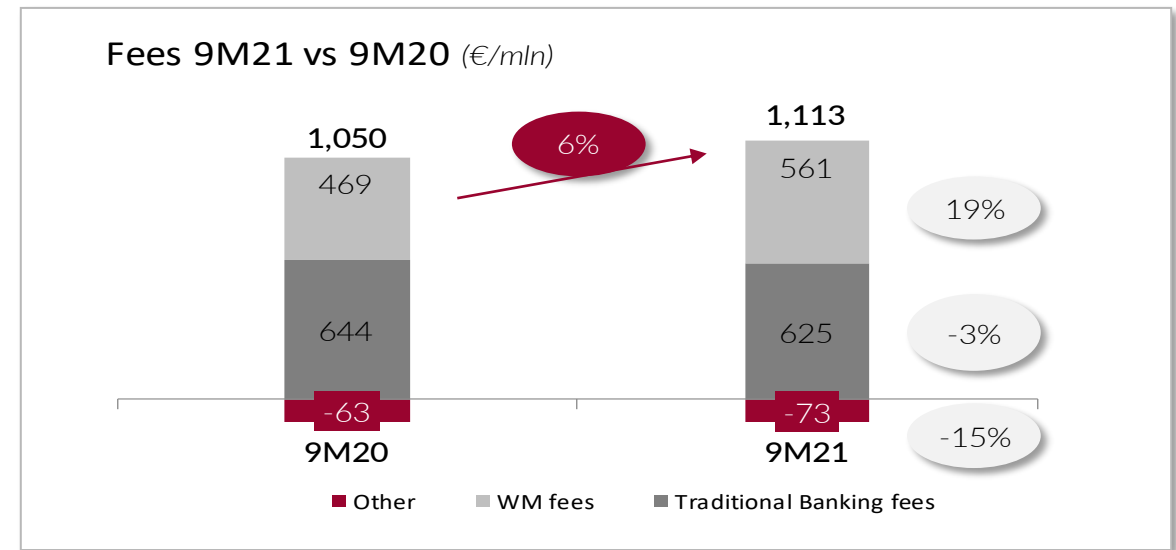
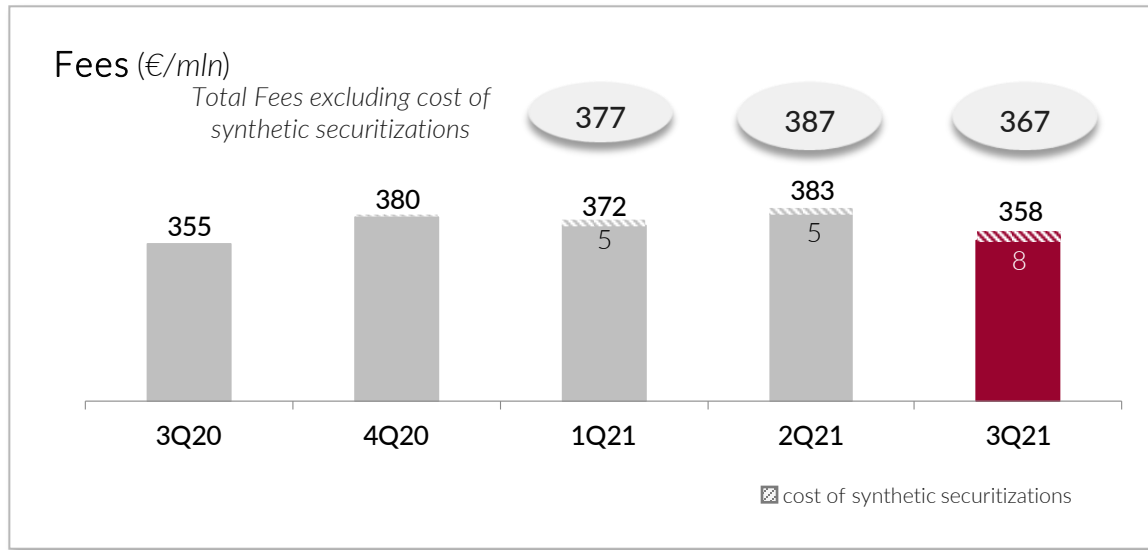
-0.54%

-0.55%

- ❑ Ongoing quarterly net interest income rebound vs previous quarters (+2.5% QoQ, +12% vs 1Q21)
 - Up also vs. 3Q20 level adjusting for Hydra transaction
- ❑ Commercial spread up in the last 6 months and stable QoQ, despite persistent pressure on asset spread
 - Ongoing management of cost of deposits
 - Front book rates are now above back book rates and have now been for the last 2 quarters
 - Closing the gap on asset side, as we have focused on guaranteed loans due to capital position and consumer finance is to be launched



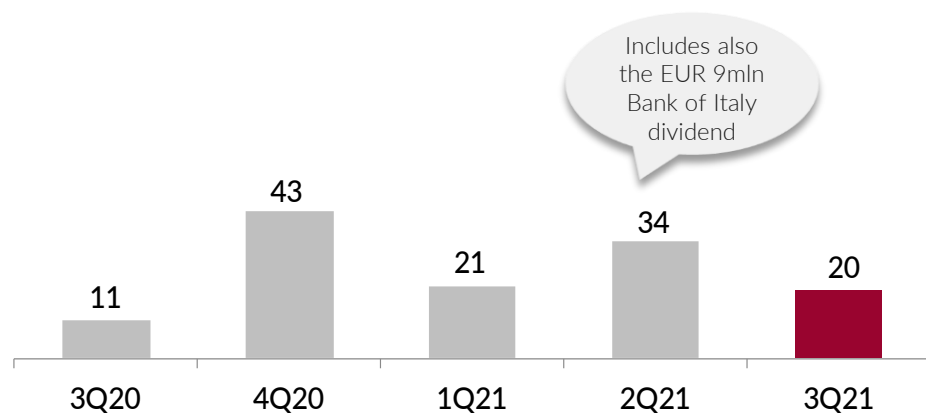
Fee and Commission Income – Counterbalancing seasonality



- ❑ Quarterly evolution affected by:
 - typical seasonality
 - increased cost of securitizations done in July
- ❑ 3Q fees confirming the good momentum in WM, with resilient contribution from traditional banking business, despite lower production of guaranteed loans
- ❑ In 9M21 WM placement fees up 38% YoY and continuing fees up 15% YoY driving the total fees up (+6% YoY)

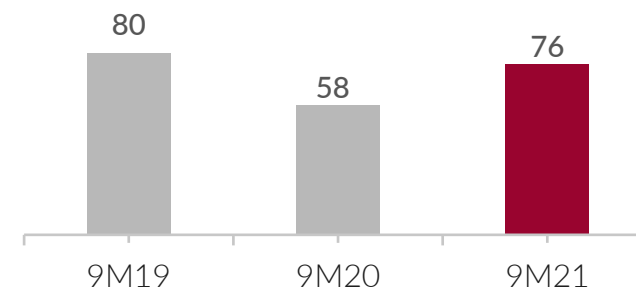
Financial Revenues* - Sustainable income from AXA MPS JV

Dividends/Income from investments (€/mln)

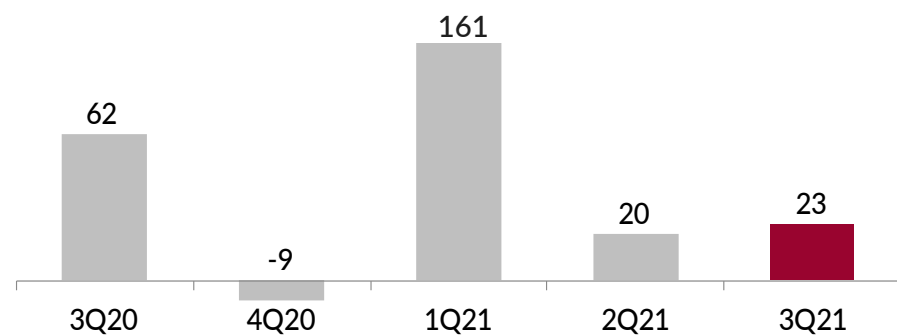


□ Dividend/Income from investments include contribution from the JV with AXA:

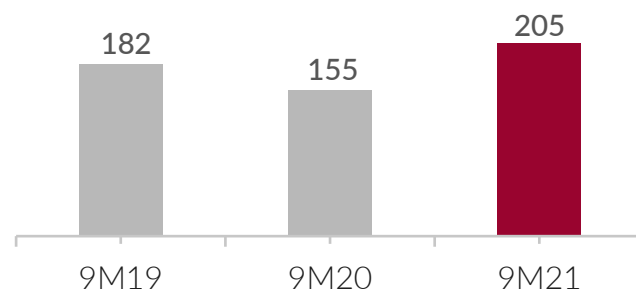
- Low volatility
- Stable source of income



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



□ 9M21 trading income representing 9% of total revenues, in line with main Italian banks**



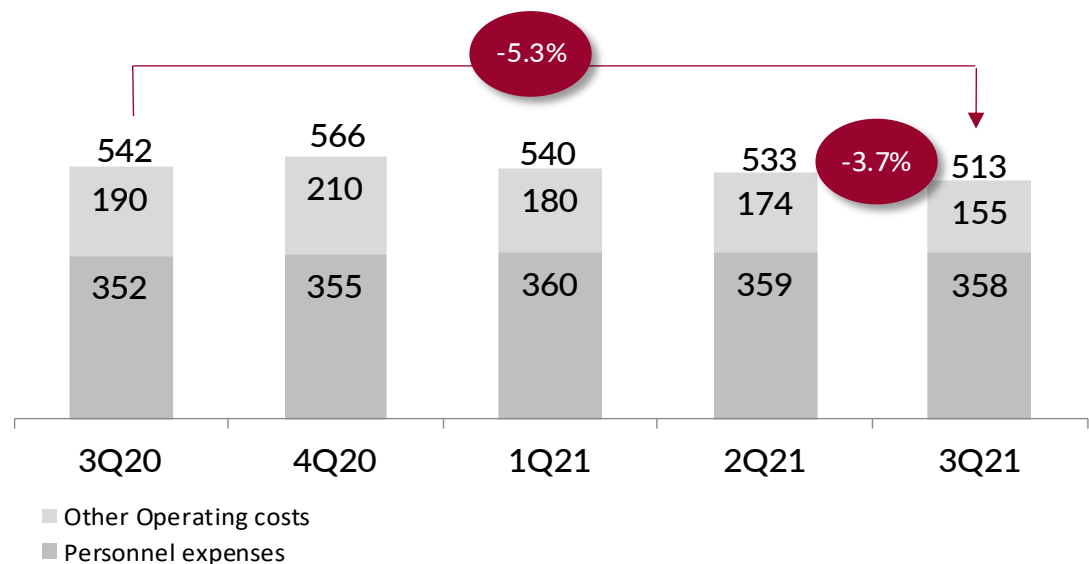
* The item includes: dividends, similar income and gains (losses) on investments, net profit (loss) from trading, the fair value measurement of assets/liabilities and net gains (losses) on disposals/repurchases, net profit (loss) from hedging.

**Trading=Trading investments, net result from trading/hedging, gains/losses on disposals/repurchases, net result from financial assets/liabilities at FVTPL. Trading/Total revenues for peers at 10% in 1H21 (average rate of ISP, UCI, BPM and BPER).

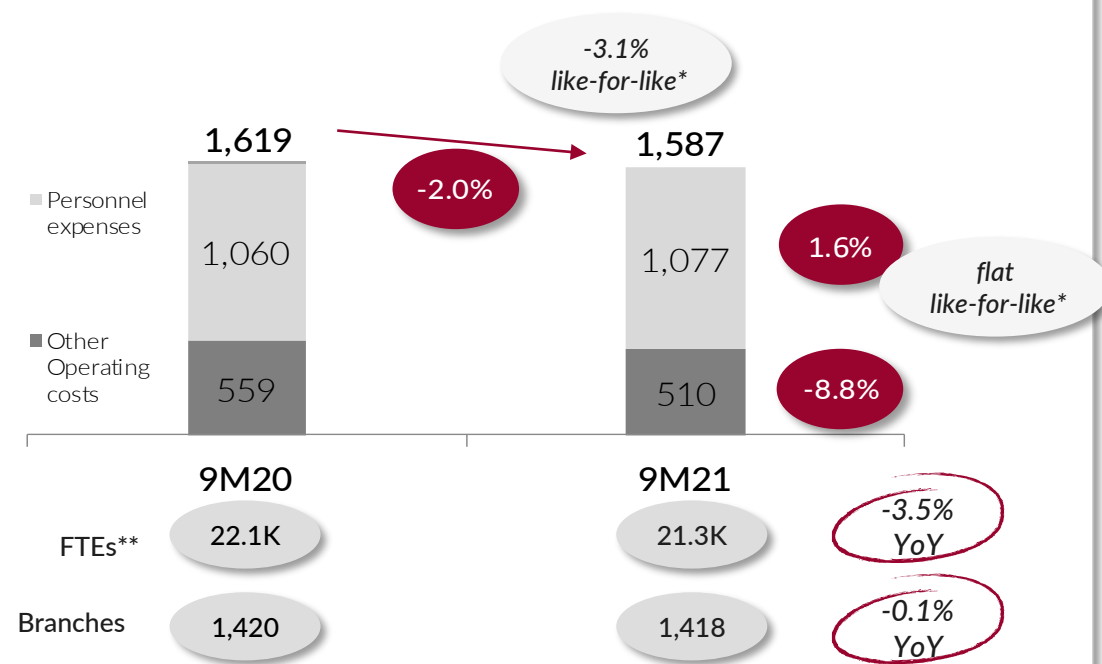


Operating Costs – Strict control pending union negotiations

Operating Costs (€/mln)



Operating Costs 9M21 vs 9M20 (€/mln)



□ Operating costs: Down -3.7% QoQ and -2.0% YoY (-3.1% adjusting for non renewal of labour contract)*

- Personnel expenses:
 - Like-for-like* cost almost flat YoY
 - Non-renewal of labor contract costs about EUR 26mln per year
- Other administrative expenses and Depreciation & Amortisation:
 - Down 8.8% YoY
 - Ongoing strict cost discipline

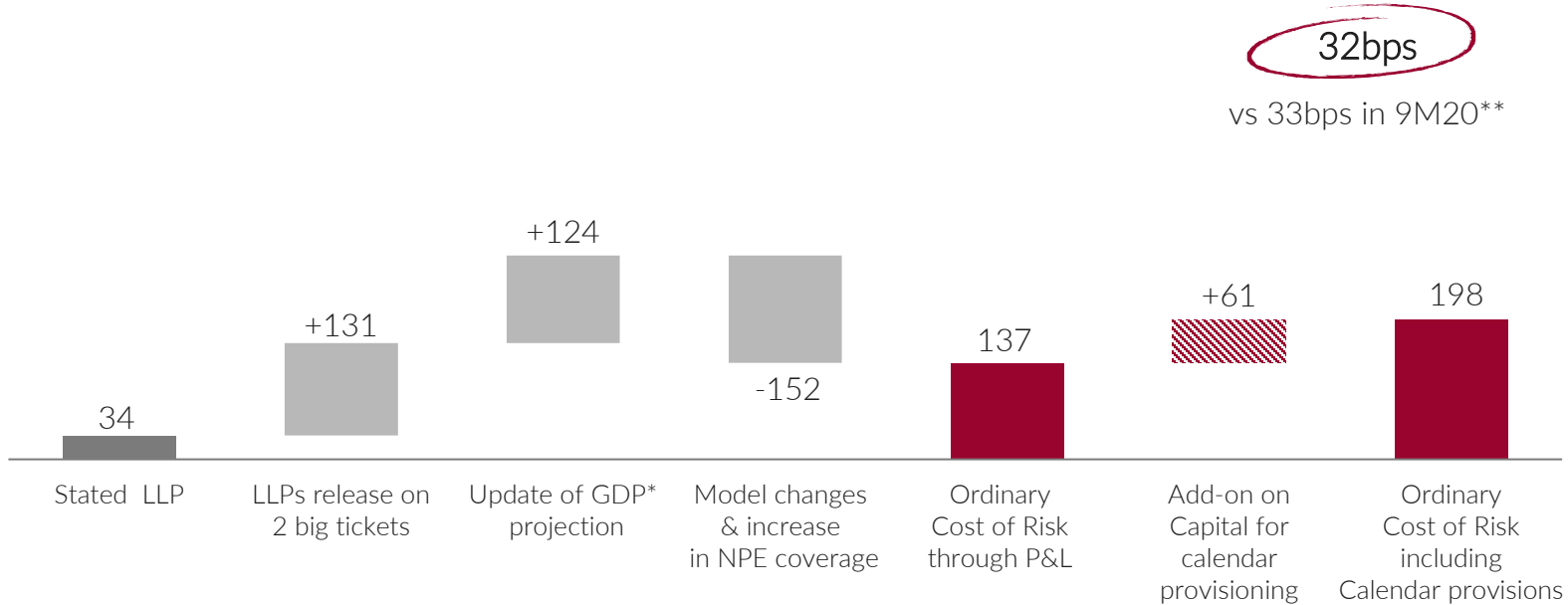


* Like-for-like, excluding EUR 17mln savings in 2020 from union agreement.

** 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 – Increasing NPE coverage and accounting for calendar provisioning

9M21 Cost of Risk (€/mln)



3Q21 Cost of Risk (€/mln)

	3Q21
Cost of risk	+132
- Ordinary cost of risk	-24
- Release of provisions on large tickets	+131
- Increase in NPE coverage	-99
- Update base case 2021 GDP*	+124

- Additional deduction of EUR 61mln from capital due to full reception of calendar provisioning not flowing through P&L

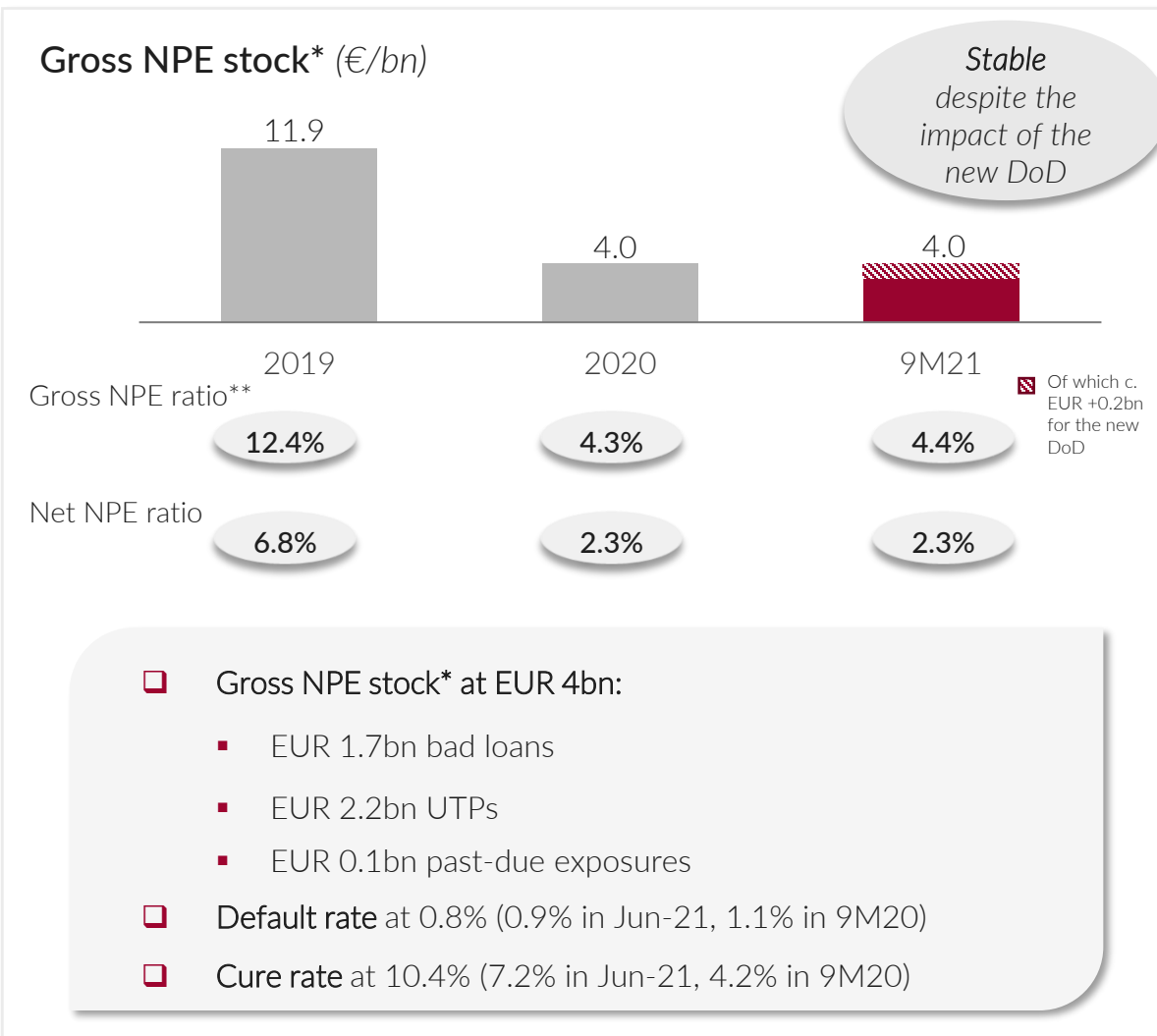
- Ordinary cost of risk at 32bps, also benefitting from Hydra de-risking
- Conservative approach confirmed - Managerial overlays maintained
- Voluntary calendar provisioning impact deducted from capital
- Release of provisions on 2 big UTPs, moved back to performing between September and October



* Release of provisions due to update on GDP estimates, previously based on 2020-2022 projections (with year 1 GDP growth of ca. -10%) and now based on 2022-2024 GDP (with year 1 growth below 4%).

** Ordinary cost of risk calculated excluding Covid-related and Hydra-related provisions.

NPEs stock and Coverage



NPE coverage

NPEs coverage +4.5 p.p. vs. Dec-20

	2020	1H21	9M21 proforma***
Bad loans	62.3%	64.5%	65.4%
UTP loans	36.8%	36.3%	40.5%
Past due loans	27.8%	26.0%	25.2%
Total NPEs	46.2%	46.9%	50.7%

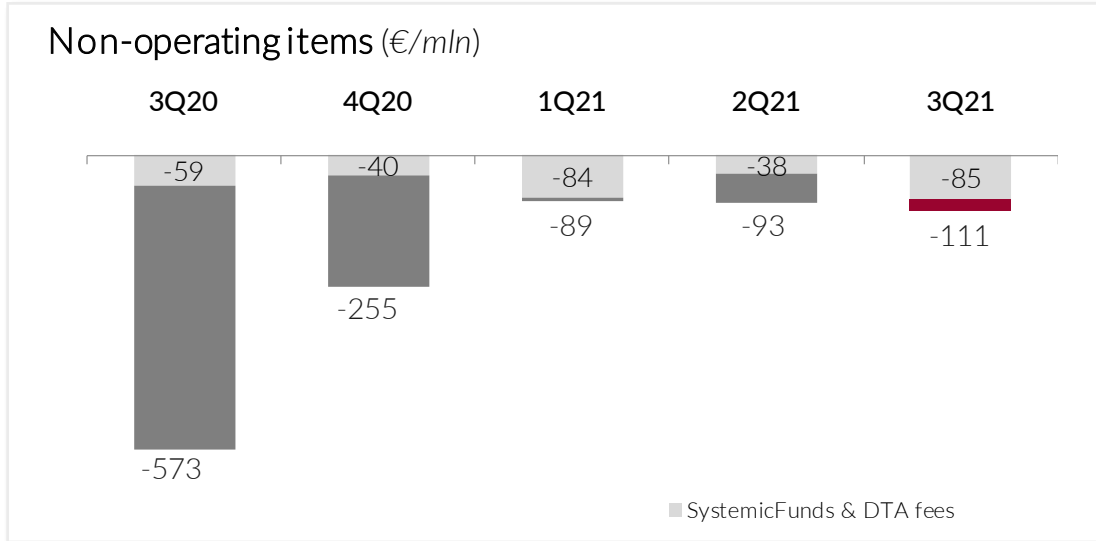
* 9M21 NPE stock and ratios pro-forma for a big ticket back to performing on 1st October 2021.

** 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 3.9%.

*** NPE coverage pro-forma considering the impact of a big ticket back to performing and calendar provisioning accounted on capital. Stated coverage: bad loans 64.9%, UTP 34.5%, Past due 25.2%, Total NPE 46.5%. NPE coverage pro-forma considering only the impact of the big ticket at 49.2% (of which UTP 38.2%).



Non-Operating Items – Affected by systemic charges

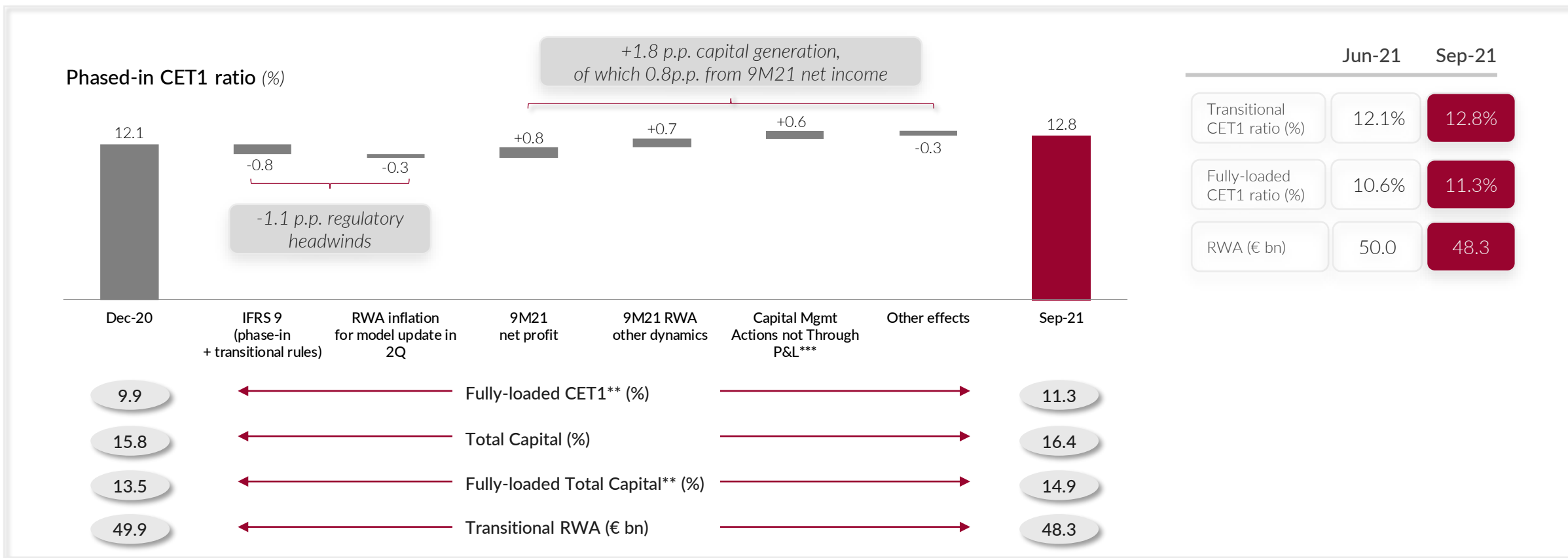


	3Q20	4Q20	1Q21	2Q21	3Q21	9M21
Systemic Funds contribution	-41	-23	-68	-22	-69	-159
DTA Fees	-18	-18	-16	-16	-16	-47
Sub-total	-59	-40	-84	-38	-85	-206
Net provisions for risks and charges*	-411	-216	9	-51	-24	-66
Restructuring costs	-101	-25	0	-4	-4	-8
Other	-2	27	-14	0	2	-12
Total	-573	-255	-89	-93	-111	-292

❑ 3Q Non operating items for EUR 111mln, largely represented by systemic charges:

- EUR -85mln for Systemic Funds Contribution and DTA fees (EUR -206mln for the first 9 months)
- EUR -24mln for provisions for risks and charges*
- EUR -2mln for restructuring costs and other non-operating items

Capital Structure*



- ❑ Phased in CET1 ratio up 70bps since Dec-20 despite regulatory headwinds, thanks to ~180bps of capital generation
- ❑ Fully loaded CET1 ratio up 140 bps since Dec-20
- ❑ RWA decrease despite kick-in of model updates and further impact from securitization expected

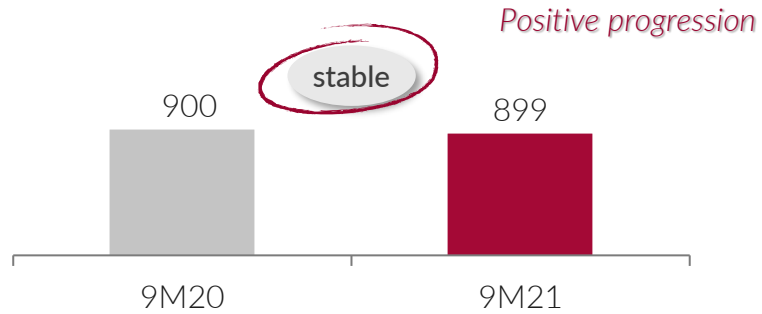


* Pro-forma capital ratios as at 30 September 2021 including 3Q21 net income.
 ** Including full impact of IFRS9 and FVTOCI reserve on govies.
 *** Change in RE valuation criteria, sale of own share, one synthetic securitization.

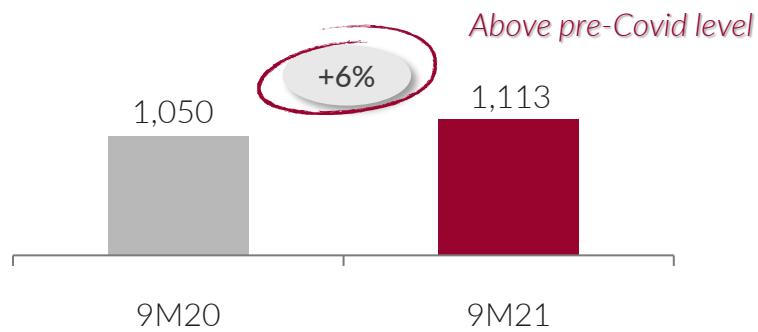
Key takeaways: 9M21 vs 9M20*

Commercial performance

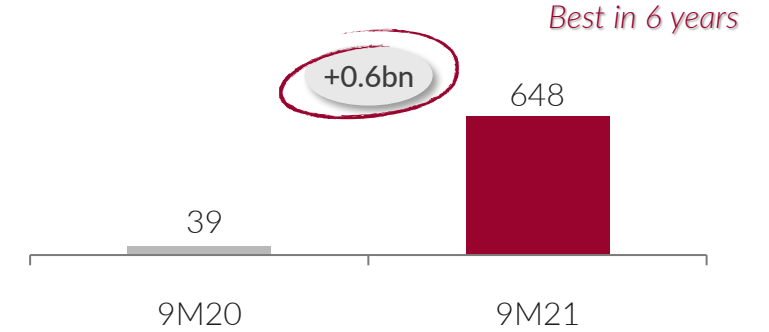
Net Interest Income (€/mln)



Fees (€/mln)

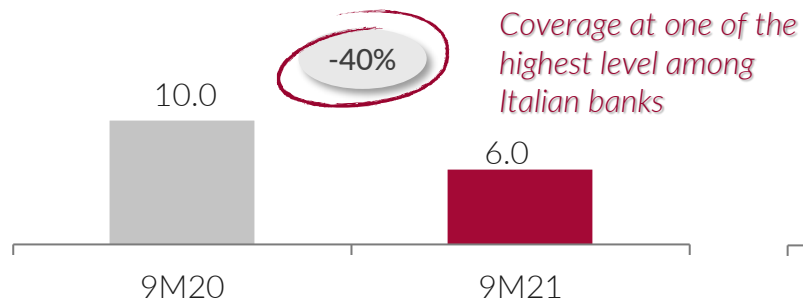


Net operating result (€/mln)

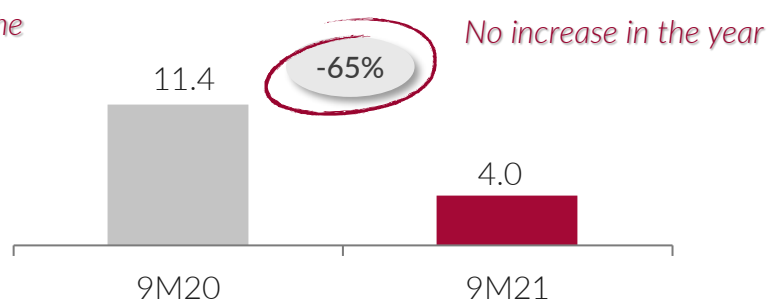


De-Risking

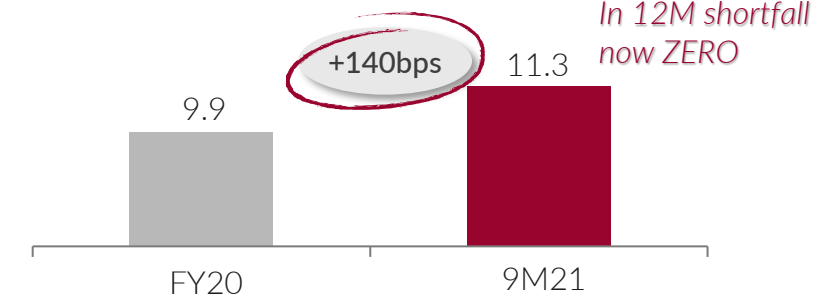
Legal claims** (€/bn)



Gross NPE*** (€/bn)



CET1 Ratio Fully Loaded (%)****



* Like-for-like, net of the Hydra contribution: in 9M20, EUR 78mln NII, EUR 164mln LLP and EUR 37mln restructuring cost (managerial figures).

** Including the effect of the settlement with Fondazione MPS reached on 7th October 2021.

*** 9M21 Gross stock pro-forma for a big ticket back to performing on 1st October.

****9M21 figure pro-forma, including 3Q21 net income.

- 3Q21 Results

- Annex



3Q21 & 9M21 P&L: Highlights

€ mln	2Q21	3Q21	Change (QoQ%)	9M20	9M21	Change (YoY%)
Net Interest Income	306	313	+2.5%	979	899	-8.2%
Net Fees	383	358	-6.3%	1,050	1,113	+6.0%
Financial revenues*	54	44	-19.2%	212	280	+32.1%
Other operating income/expenses	-2	-13	n.m.	-40	-26	+35.9%
Total revenues	740	702	-5.2%	2,200	2,266	+3.0%
Operating Costs	-533	-513	-3.7%	-1,619	-1,587	-2.0%
of which personnel costs	-359	-358	-0.2%	-1,060	-1,077	+1.6%
of which other admin expenses	-133	-112	-16.0%	-404	-378	-6.4%
Pre-provision profit	207	188	-9.2%	581	679	+16.8%
Total provisions**	-83	133	n.m.	-628	-31	-95.0%
of which cost of customer loans	-89	132	n.m.	-621	-34	-94.5%
Net Operating Result	124	321	n.m.	-46	648	n.m.
Non-operating items***	-93	-111	+18.9%	-1,065	-292	-72.6%
Profit (Loss) before tax	31	211	n.m.	-1,112	356	n.m.
Taxes	53	-24	n.m.	-417	35	n.m.
PPA & Other Items	-1	-1	n.m.	-3	-3	-12.5%
Net profit (loss)	83	186	n.m.	-1,532	388	n.m.

stable excluding Hydra contribution

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)

	Sep-20	Dec-20	Jun-21	Sep-21	QoQ%	YoY%
Loans to Central banks	18,680	28,526	25,571	20,941	-18.1%	12.1%
Loans to banks	4,935	5,452	4,292	4,855	13.1%	-1.6%
Loans to customers	87,099	82,632	81,356	81,200	-0.2%	-6.8%
Securities assets	23,041	21,623	23,122	24,961	8.0%	8.3%
Tangible and intangible assets	2,823	2,614	2,760	2,758	-0.1%	-2.3%
Other assets*	9,697	9,497	8,649	8,403	-2.8%	-13.3%
Total Assets	146,275	150,345	145,750	143,118	-1.8%	-2.2%

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).

Total Liabilities (€/mln)

	Sep-20	Dec-20	Jun-21	Sep-21	QoQ%	YoY%
Deposits from customers	86,827	91,507	83,315	82,389	-1.1%	-5.1%
Securities issued	11,591	12,212	10,721	10,512	-1.9%	-9.3%
Deposits from central banks	23,995	23,934	29,306	29,230	-0.3%	21.8%
Deposits from banks	4,734	4,485	3,854	3,020	-21.7%	-36.2%
Other liabilities**	12,363	12,435	12,487	11,715	-6.2%	-5.2%
Group net equity	6,764	5,772	6,065	6,251	3.1%	-7.6%
Non-controlling interests	1	1	1	1	0.0%	7.7%
Total Liabilities	146,275	150,345	145,750	143,118	-1.8%	-2.2%



Lending & Direct Funding

Total Lending (€/mln)

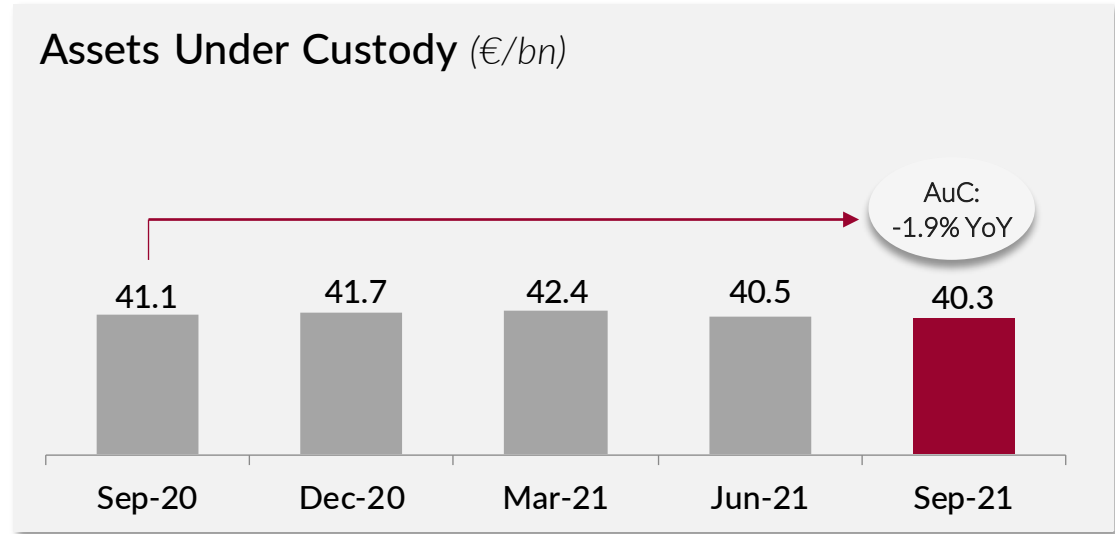
	Sep-20	Dec-20	Jun-21	Sep-21	QoQ%	YoY%
Current accounts	3,649	3,039	2,824	2,871	1.7%	-21.3%
Medium-long term loans	53,417	55,200	56,971	57,014	0.1%	6.7%
Other forms of lending	14,421	13,616	12,655	12,935	2.2%	-10.3%
Reverse repurchase agreements	9,829	8,617	6,668	6,095	-8.6%	-38.0%
Impaired loans	5,784	2,160	2,238	2,284	2.1%	-60.5%
Total	87,099	82,632	81,356	81,200	-0.2%	-6.8%

Direct Funding * (€/mln)

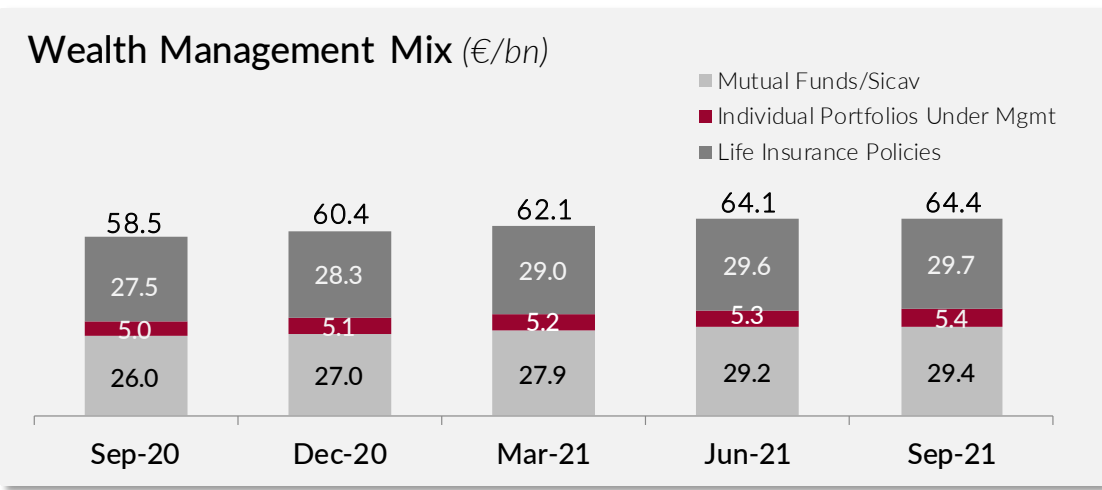
	Sep-20	Dec-20	Jun-21	Sep-21	QoQ%	YoY%
Current accounts	63,607	67,989	68,156	65,141	-4.4%	2.4%
Time deposits	9,544	8,827	7,379	6,924	-6.2%	-27.4%
Repos	8,010	9,508	3,934	6,998	77.9%	-12.6%
Bonds	11,591	12,212	10,721	10,512	-1.9%	-9.3%
Other forms of direct funding	5,667	5,182	3,846	3,326	-13.5%	-41.3%
Total	98,418	103,719	94,037	92,902	-1.2%	-5.6%



Assets Under Management and Assets Under Custody



AuM / Total indirect funding



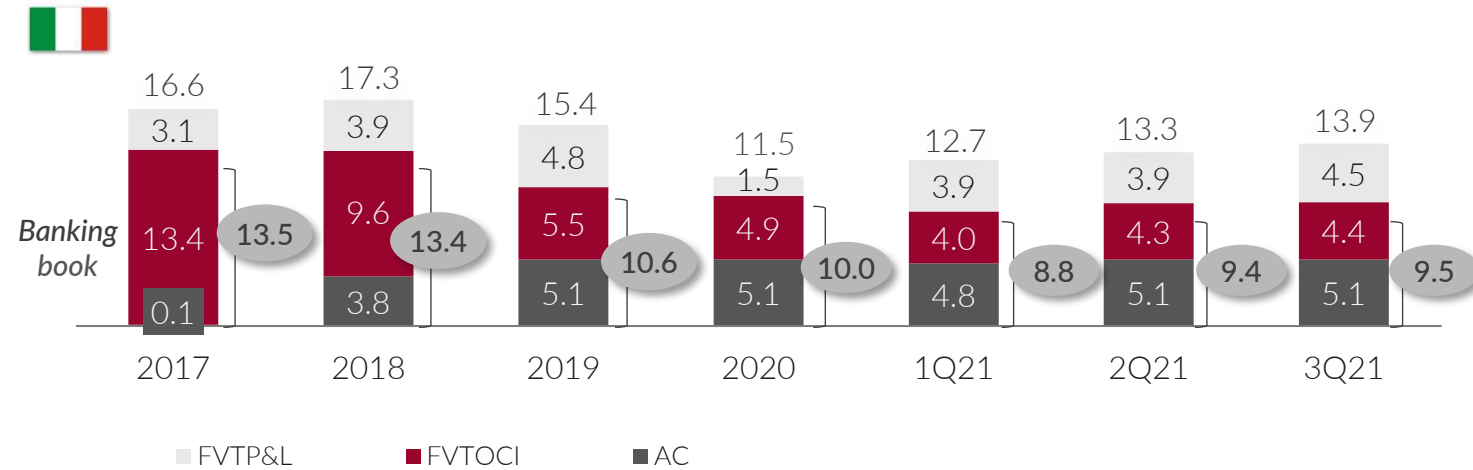
- ❑ AuM up 10% YoY
 - EUR 4bn increase vs. Dec-20 level, mainly driven by net inflows (EUR 2.7bn in 9M21)
 - Strong performance of both mutual funds (+13% YoY) and bancassurance (+8% YoY)
- ❑ Further upside by switch from deposits
- ❑ AuC slightly down due to business mix recomposition



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

Italian Govies Portfolio*

Italian Govies Portfolio (€/bn)



- FVTOCI & AC components stable post strong derisking
 - Positive reserves for ~EUR 180mln**
 - Credit spread sensitivity to capital at ~EUR 1mln for 1bps

- FVTP&L component driven by MPS Capital Services “BTP Specialist” market-making activity

FVTOCI / Banking book (%)

99% 72% 52% 49% 45% 46% **46%**

FVTOCI Duration (years)

~3.6 ~2.8 ~2.3 ~2.1 ~2.3 ~2.4 **~2.2**

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 **-1.1**



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

** Gross FVTOCI reserves for c. EUR 39mln in Sep-21 + Unrealised gains on AC banking book for c. EUR 140mln as at 30 Sep-21 (managerial figures).

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	3Q21
1 Convertible DTAs	<ul style="list-style-type: none"> DTAs related to write-downs of loans, goodwill and other intangible assets are convertible into tax credits (under Law 214/2011)* 	<ul style="list-style-type: none"> 100% included in Risk-Weighted Assets like any credit 	<p>EUR 0.6bn (stable vs. 2Q21)</p>
2 Non-convertible losses	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 100% deducted from shareholders' equity (CET1) 	<p>EUR 0.2bn (stable vs. 2Q21)</p>
3 Other non-convertible DTAs	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<p>EUR 0.2bn (-0.1bn vs. 2Q21)</p>
4 DTAs not recorded in balance sheet	<ul style="list-style-type: none"> DTAs not recorded in balance sheet due to the probability test 	<ul style="list-style-type: none"> N.A. 	<p>EUR 3.5bn (stable vs. 2Q21)</p>



* 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.

Legal risks at 30/09/21

~EUR 4.8bn 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 1.6bn (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 agreement reached with Fondazione MPS on 7th October 2021)*

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 September 2021 (EUR 1.9bn considering the effect of the agreement reached with Fondazione MPS in October 2021)
- ❑ The Bank deems the risk of disbursement "probable" for both claims regarding the 2008-2011 period (legal proceeding n° 29634/14, threatened litigations) and after the verdict of 15 October 2020, 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, since that this information could seriously affect its position in existing litigations and in the negotiations of potential out-of-court settlement agreements

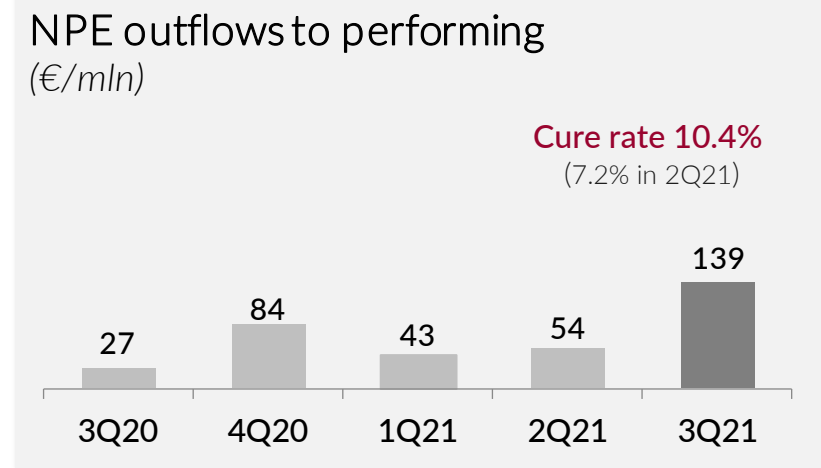
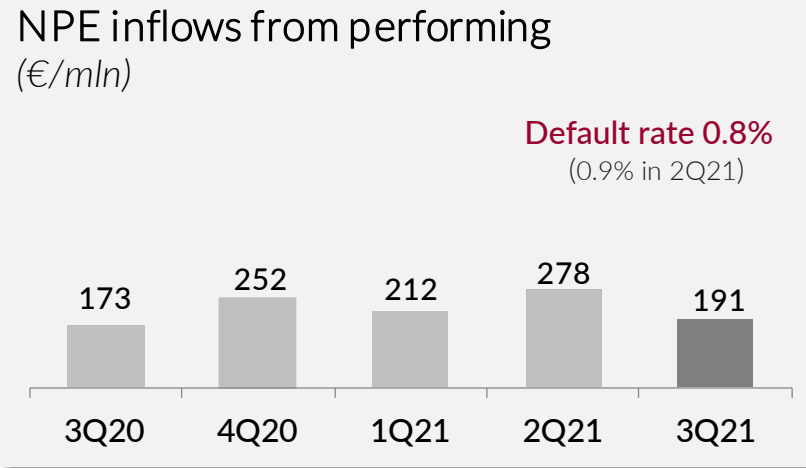
Claims related to disclosed financial information (2008-2015) €/bn

	30/06/21	30/09/21	Pro-forma at 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 n° 955/16	0.2	0.2	0.2
Total	5.7	5.7	1.9

Asset Quality Migration Matrix

Resilient asset quality (default rate at 0.8%) thanks to the existing support measures and the strong focus on proactive management of the portfolio in order to preserve asset quality

Strong improvement in the cure rate (10.4%) benefitting from the cure of a big ticket in 3Q21

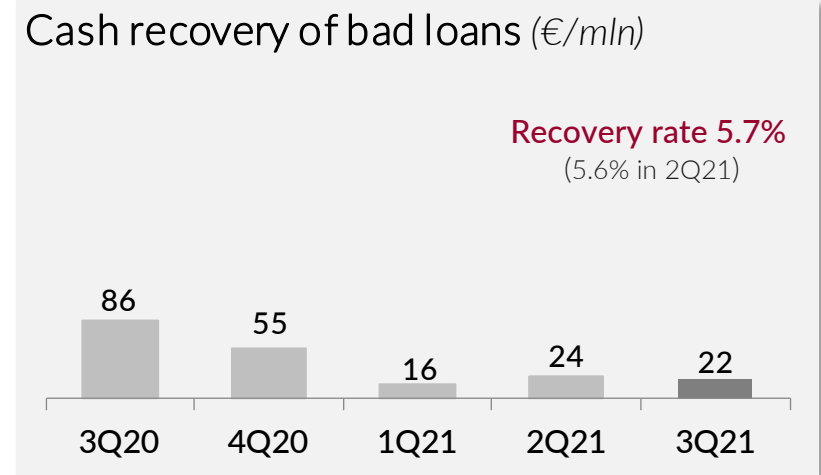
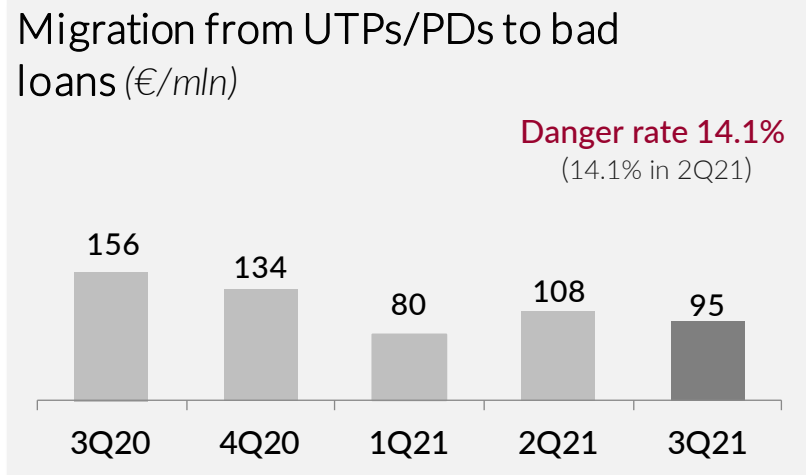


UTP & Past-due gross stock (€/bn)

5.2

Hydra transaction impact

2.6



Bad loan gross stock (€/bn)

6.3

Hydra transaction impact

1.7



Moratoria and guaranteed loans breakdown

Moratoria*

	Applications		Accepted (€/bn)	% of loan book**
	#	€/bn		
Performing customers	17k	3.2	3.1	4%
Households	3k	0.3	0.3	1%
Corporates & Institutions	14k	2.8	2.8	7%
Non-performing customers	2k	0.2	0.2	7%***

New guaranteed loans*

	Applications		Accepted (€/bn)	Disbursed (outstanding) (€/bn)
	#	€/bn		
Total guaranteed loans	106.4k	11.0	10.8	10.0
100% guaranteed (≤€30k)	78.6k	1.7	1.7	1.6
90% guaranteed	11.1k	3.7	3.6	3.3
80% guaranteed	16.4k	3.7	3.7	3.4
guaranteed by SACE	0.3k	1.9	1.9	1.7

* Figures related to MPS Group. Latest update: 1 October 2021 for moratoria, 30 September 2021 for new-guaranteed loans.

** Figures from operational data management system.

***Bad loans not included in percentage calculation.



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