MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

PRESS RELEASE

BANCA MPS: BOARD APPROVES RESULTS AS AT 30 JUNE 2020

PRE-PROVISION PROFIT AT EUR 186 MILLION, UP (+2.9%) COMPARED TO Q1. REVENUES HOLD OUT THANKS TO THE CONTRIBUTION OF FINANCIAL OPERATIONS; OPERATING COSTS DOWN DESPITE EXPENSES INCURRED FOR COVID-19 EMERGENCY

GOOD RECOVERY OF COMMERCIAL BUSINESS STARTING FROM THE MONTH OF JUNE, WITH BRANCHES RETURNING TO FULL OPERATION: WEALTH MANAGEMENT PRODUCTS FOR EUR 5.4 BILLION PLACED DURING THE FIRST HALF OF THE YEAR (IN LINE WITH THE FIRST HALF OF 2019, NOTWITHSTANDING THE 3-MONTH LOCKDOWN) AND NEW MORTGAGE AGREEMENTS FOR EUR 4.7 BILLION CLOSED (+33% Y/Y)

SUSTAINED GROWTH OF COMMERCIAL DIRECT FUNDING (CURRENT ACCOUNTS AND TIME DEPOSITS): EUR +1.5 BILLION IN THE QUARTER, EUR +4.6 BILLION YTD

NET RESULT FOR THE QUARTER NEGATIVE FOR EUR 845 MILLION, INCLUDING THE EUR 476 MILLION WRITE-DOWN OF DTAs, NEGATIVE NON-OPERATING ITEMS FOR EUR 384 MILLION AND ADDITIONAL LOAN LOSS PROVISIONS FOR EUR 107 MILLION

GROSS NPE RATIO AT 11.8%[1], IN LINE WITH 31 MARCH 2020

CAPITAL RATIOS ABOVE REQUIREMENTS:
TRANSITIONAL CET1 RATIO: 13.4% vs. 8.8% SREP
TOTAL CAPITAL RATIO: 16.0% vs. 13.6% SREP

SOLID LIQUIDITY POSITION: LCR >150%, NSFR >100%

DE-RISKING PROJECT WITH AMCO: THE TRANSACTION WAS DEEMED IN LINE WITH MARKET CONDITIONS BY DG COMP AND IS SUBJECT TO AUTHORISATION BY THE ECB

- **Gross operating result for the quarter at EUR 186 million:**
  - **net interest income at EUR 320 million, down 2.2% Q/Q due to the persisting pressure on loan rates and to the cost of bonds issued at the beginning of the year, in the face of a EUR 0.7 billion overall growth in average loan volumes**
  - **net fees and commissions at EUR 324 million, down 12.3% Q/Q due to the sharp slowdown in branch operations in the months of April and May, which led to reduced fees and commissions from wealth management product placement and from credit services**

[1] Pro forma gross NPE ratio <4% considering the current de-risking transaction, subject to approval by the ECB, which entails the partial, non-proportional demerger, with asymmetric option, of a compendium consisting of non-performing exposures (for a GBV as at 31/12/2019 of EUR 8.1 billion) from MPS in favour of AMCO.

- **other income from banking business significantly increases Q/Q, sustained by income from the investment in AXA-MPS, by trading activities and by the optimisation of the govies portfolio**
- **operating costs at EUR 537 million, down Q/Q (-2.1%) both on personnel costs and on other administrative expenses, despite increased expenses for the implementation of anti-Covid safety measures**

- **Further update of the 1Q20 post-Covid macroeconomic scenario revision, which determined additional loan loss provisions for EUR 107 million (of which EUR 86 million on the performing portfolio and EUR 21 million on the non-performing portfolio). The cost of customer loans thus amounts to EUR 205 million, with an 89 bps annualised cost of risk, of which 53 bps related to the ordinary component**
- **Negative tax contribution essentially due to the EUR -476 million write-down of recorded DTAs, determined by the update of future taxable income estimates according to the new macroeconomic scenario**
- **EUR 845 million net loss for the quarter, which also includes EUR 384 million negative non-operating components for provisions for legal claims and contractual commitments (related to the disposal of assets), extraordinary contributions to system funds and charges related to the de-risking transaction.**

Siena, 06 August 2020 – Today the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. reviewed and approved the results as at 30 June 2020.

Group profit and loss results at 30 June 2020

The Group's **total revenues** as at 30 June 2020 stand at **EUR 1,453 million**, down 8.4% Y/Y mainly due to the fall in net interest income following a decrease in interest-bearing commercial assets and related yields and net fees and commissions. An improvement was recorded for other income from banking business thanks to an increased contribution from AXA and higher profits from the sale of securities, only partially offset by the decline in trading results, which were affected in the first quarter by tensions in the financial markets related to the COVID-19 emergency. Finally, an improvement was also registered for other operating income/expenses, which in the first half of 2019 included the recognition of approximately EUR 49 million in costs relating to the unwinding of the Juliet agreement.

In the quarter-on-quarter comparison, revenues remain essentially stable (EUR -6 million) thanks to the increased contribution from AXA and the higher trading/hedging results, both of which had been penalised in 1Q20 by the negative performance of the financial markets as a result of the COVID-19 emergency. Net interest income and net fees and commissions are down Q/Q, having been affected by the sharp reduction in network operations during the lockdown period due to the COVID-19 emergency. Other operating income/expenses are also down as a result of the increase in contingent liabilities.

Net interest income as at 30 June 2020 stands at **EUR 647 million**, down 20.5% Y/Y mainly due to the decline in interest-bearing commercial assets and related yields, which were also impacted by the disposal of unlikely-to-pay loans in 2019 and the completed sale of the subsidiary BMP Belgio S.A. in June 2019. The aggregate was also affected by the higher cost of market funding, largely due to the return to the bond-issuing market in the second half of 2019 and first quarter of 1Q20. The result in 2Q20 is down Q/Q (-2.2%) primarily due to the lower contribution from commercial lending and from the securities portfolio.

Net fees and commissions in the first half of 2020, amounting to **EUR 694 million**, register a downturn of 3.9% Y/Y.

The trend was influenced by reduced network operations during the months of lockdown, which penalised fees and commission on loans – due to the fall in commissions on intermediated loans – and on services. Commissions on asset management are essentially stable, thanks to the positive placement trends achieved in the first two months of the year and the upturn recorded in June, as well as to proceeds from the placement of the sixteenth issuance of BTP Italia in May. Finally, other net fees and commissions are up due to the lower cost of government guarantees following the reimbursement of Government-Guaranteed Bonds in 1Q20.

The 2Q20 contribution is down against the previous quarter (-12.3%), with a decline in income from asset management, particularly product placements, fees and commissions on loans – due to the decline in commissions on intermediated loans - and fees and commissions on services. The trend was largely the result of the reduced network operations following the COVID-19 emergency. By contrast, other net fees and commissions are up due to the absence of the cost of government guarantees following the reimbursement of the Government-Guaranteed Bonds.

Dividends, similar income and profit (loss) on investments amount to **EUR 46 million** and include the contribution from the AXA-MPS joint venture[2]. The item shows an increase from 30 June 2019 (EUR +3 million) with the result in 2Q20 improving against the previous quarter (EUR +23 million), which had been affected by tensions in the financial markets related to the COVID-19 emergency.

Net profit (loss) from trading, financial assets/liabilities measured at fair value and on gains from disposals/repurchases as at 30 June 2020 amounts to **EUR 92 million**, registering a year-on-year increase (+16.4%) with the contribution in 2Q20 improving from 1Q20 (EUR +32.5 million).

An analysis of the main aggregates shows the following:

- **net profit from trading comes to EUR +22 million,** down from 30 June 2019 due to the lower contribution of the subsidiary MPS Capital Services – affected in the first quarter of the year by the negative performance of the financial markets owing to the COVID-19 emergency – and of BMPS owing to the lack of positive effects registered on hedging derivatives of liabilities at fair value. Performance in 2Q20 is up on the previous quarter thanks to the results of the subsidiary MPS Capital Services, which benefitted from the recovery of the financial markets in 2Q20.
- **net profit from other financial assets and liabilities measured at fair value through profit and loss shows a negative balance of EUR 6 million**, down from the previous year (at EUR

[2] AXA-MPS is consolidated at net equity in the Group's financial accounts.

+2 million), which had benefitted from the revaluation of securities recognised as assets resulting from the debt restructuring of Gruppo Sorgenia. The contribution of 2Q20 is weaker than the essentially nil contribution of 1Q20, largely due to the recognition of capital losses on securities and UCITS.

- **gains on disposals/repurchases** (excluding customer loans at amortised cost) **show a positive balance of EUR 76 million**, up from the EUR 18 million registered for the same period of the previous year thanks to the higher gains from the sale of securities in 1H20, particularly Italian government bonds. The 2Q20 result, amounting to EUR 24 million, is down EUR 27 million from 1Q20 due to lower profits from the sale of securities.

The following items also contribute to total revenues:

- **net income from hedging in the amount of EUR +0.5 million,** registering an improvement from 30 June 2019 (EUR -0.6 million) with the contribution in 2Q20 (EUR +3.3 million) improving from the one registered in 1Q20 (equal to EUR -2.8 million);

- **other operating expenses/income negative for EUR 28 million,** an improvement on the result recorded in 1H19 (EUR -71 million), which included the recognition of approximately EUR 49 million in costs relating to the unwinding of the Juliet agreement; the 2Q20 result, of EUR -21 million, is down from 1Q20 (equal to EUR -6 million), owing to increased contingent liabilities.

As at 30 June 2020, **operating expenses** amount to **EUR 1,085 million,** down 5.3% Y/Y, with the 2Q20 figure also decreasing vs. 1Q20 (-2.1%). An analysis of the individual aggregates shows that:

- **administrative expenses** stand at **EUR 973 million**, falling by approx. EUR 45 million Y/Y, with 2Q20 contributing EUR 480 million, down by approx. EUR 13 million against 1Q20. A closer look at the aggregate shows that:
    - **personnel expenses**, amounting to **EUR 708 million**, are down 2.5% Y/Y, having benefitted from the reduced average headcount (in particularly as a result of the 750 Solidarity Fund exits in 2019 and the deconsolidation of BMP Belgio S.A. in June 2019). The trend was only partially offset by the contractual salary increases/adjustments largely resulting from the renewed National Collective Labour Agreement. The aggregate shows a decrease of 1.5% Q/Q due also to the savings resulting from the increase in remote working following the COVID-19 emergency.
    - **other administrative expenses,** amounting to **EUR 265 million**, are down 9.1% Y/Y. Despite additional expenses for the purchase of Personal Protective Equipment (PPE) required to deal with the COVID-19 emergency, the aggregate benefitted from the deconsolidation of BMP Belgio S.A. in June 2019, savings related to the branch closures in 2019 and reduced operations resulting from the lockdown period, as well as from the implementation of saving measures. The aggregate is down 5.4% Q/Q, despite the additional expenses for Personal Protection Equipment.

- **net value adjustments to tangible and intangible assets** as at 30 June 2020 stand at **EUR 112 million,** down 12.7% Y/Y, mainly due to the lower depreciation of intangible assets. Compared to the previous quarter, the aggregate is essentially stable.

As a result of the above trends, the Group's **pre-provision profit** amounts to **EUR 367 million** (EUR 440 million as at 30 June 2019), with the 2Q20 contribution up by approx. EUR 5 million from the previous quarter.

The **cost of customer loans** registered by the Group as at 30 June 2020 amounts to **EUR 519 million**, up EUR 266 million from the same period of the previous year (EUR 254 million).

The figure for the first half of 2020 includes around EUR 300 million of increases in adjustments resulting from the changed macroeconomic scenario that emerged with the outbreak of the COVID-19 pandemic, which affected the portfolio's risk levels. The figure for the first half of 2019, on the other hand, included a negative effect of approx. EUR 37 million connected with the updated macroeconomic scenario and a net positive effect of approx. EUR 209 million from the unwinding of the servicing agreement with Juliet (which eliminated the prospective costs of the agreement reflected in the loan portfolio value adjustments) and the simultaneous review of the NPE reduction strategy, which provided for an acceleration of the 2019 disposal plan. Excluding these effects, the aggregate registers a yearly downturn, mainly due to the lower provisions on already-impaired positions and the reduced impact of loans migrating to bad loan status.

The 2Q20 figure registers a downturn from the previous quarter owing to the increases in adjustments resulting from the change in the macroeconomic scenario, which amounted to EUR 193 million in 1Q20 and EUR 107 million 2Q20.

The ratio of linearly annualised half-year cost of customer loans over total customer loans as at 30 June 2020 reflects a provisioning rate of 126 bps (73 bps as at 31 December 2019). The provisioning rate is 89 bps considering the EUR 300 million increase in adjustments linked to the updated scenario as a one-off effect for the first half of 2020 only.

The Group's **net operating result** shows a **negative balance of approx. EUR 158 million** against a positive balance of EUR 185 million recorded in the same period of the previous year.

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

- **Net provisions for risks and charges** amounting to **EUR -357 million**, mainly attributable to legal risks and risks relating to contractual agreements. A negative balance of EUR 58 million was registered as at 30 June 2019, largely due to the provisions for commitments undertaken by the Parent Company against settlements related to diamond transactions.

- **Gains on investments** amounting to approx. **EUR 0.7 million**, against a profit of EUR 3 million recorded in the same period of the previous year, with a contribution of EUR +0.5 million in 2Q20 compared to approximately EUR +0.2 million registered in 1Q20.

- **Restructuring costs/one-off charges** totalling **EUR -28 million**, mainly including expenses relating to the project for the non-proportional demerger with asymmetric option of a compendium of non-performing exposures in favour of AMCO, booked in 2Q20. As at 30 June 2019, the aggregate shows a positive balance of EUR 3 million.

- **Risks and charges related to SRF, DGS and similar schemes,** totalling **EUR -77 million**, consisting of the Group's contribution to the Single Resolution Fund (SRF), which amounted to EUR 58 million in 1Q20, and the additional contribution to the National Resolution Fund (NRF) booked for EUR 18 million in 2Q20. The first half of 2019 (totalling EUR -87.5 million) included the annual contribution of EUR 54 million to the Single Resolution Fund (SRF), the extraordinary contribution of EUR 20 million to the National Resolution Fund (NRF) and the capital loss of EUR 13 million on the exposure towards to the IDPF Voluntary Scheme (for the Carige intervention).

- **DTA fees**, totalling **EUR -36 million.** The amount, which was calculated according to the criteria of Law Decree 59/2016 converted into Law no. 119 of 30 June 2016, consists of the fees due as at 30 June 2020 for DTAs (Deferred Tax Assets) which are convertible into tax credit.
- **Gains on disposal of investments** for **EUR 1 million** from the sale of real estate properties. The aggregate showed a positive balance of EUR 0.7 million as at 30 June 2019.

As a result of the above trends, the Group's **pre-tax loss for the period** amounts to **EUR -653 million**, vs. the EUR +11 million result recorded at 30 June 2019.

Taxes on profit (loss) from continuing operations record a negative contribution of **EUR 434 million** (EUR +91 million in 1H19) owing almost entirely to the revised value of deferred tax assets (DTAs) recorded in the financial statements, carried out by virtue of the update of multi-year internal estimates (2020-2024) of income statement and balance sheet figures effected to take into account the evolution of the macroeconomic scenario which occurred following the pandemic.

Considering the net effects of PPA (EUR -2 million), **the Parent Company's loss for the period amounts to EUR -1,089 million** against a profit of EUR 93 million reported for the same period in 2019.

Group balance sheet aggregates as at 30 June 2020

The Group's **total funding** volumes as at 30 June 2020 amount to **EUR 196.3 billion**, up by EUR 11.8 billion from 31 March 2020, mainly in indirect funding (EUR +9.6 billion). The aggregate is also up from 31 December 2019 (EUR +0.3 billion) thanks to the increase in direct funding (EUR +3.4 billion), more than offsetting the decline in indirect funding, which was negatively affected by the market.

Direct funding volumes, which stand at **EUR 97.6 billion**, are up by EUR 2.2 billion vs. the end of March 2020, with an increase in current accounts (EUR +1.6 billion), repos (EUR +0.8 billion) and other forms of funding (EUR +0.2 billion). A downtrend was recorded for time deposits (EUR -0.2 billion) and bonds (EUR -0.2 billion). The aggregate is up by EUR 3.4 billion from the end of December 2019 due to the increase in current accounts (EUR +4.9 billion) and repos (EUR +4.1 billion). Other forms of funding register a downturn against 31 December 2019 (EUR -2.6 billion) as do bonds (EUR -2.7 billion), largely due to the impact from the repayment of Government-Guaranteed Bonds and closure of the connected structured funding transactions in 1Q20.

The Group's direct funding market share[3] stands at 3.80% (updated to April 2020), increasing from December 2019 (3.70%).

Indirect funding amounts to **EUR 98.7 billion**, up EUR 9.6 billion from 31 March 2020. In particular, assets under custody (EUR +6.3 million Q/Q) benefitted from the positive market effect, from the deposit with the Parent Company, by a large industrial group, of shares which had been withdrawn in 1Q20 and by the placement of "BTP Italia XVI issue" bonds in May.

Assets under management, amounting to **EUR 57.7 billion,** are up by EUR 3.3 billion from March 2020 across all segments, thanks to the positive market effect connected with the recovery of financial markets, which in the first quarter had been affected by the tensions linked to the outbreak of the COVID-19 emergency.

Compared with 31 December 2019, the aggregate registers a fall of EUR 3.1 billion owing to the negative market effect that affected both assets under management and assets under custody.

As at 30 June 2020, Group **customer loans** amount to **EUR 82.5 billion**, up by EUR 0.3 billion Q/Q due to the increase in repos (EUR +0.7 billion) and mortgages (EUR +1.4 billion), the latter partly influenced by the effect of disbursements and moratoria connected with the government decrees issued following th COVID-19 emergency. A decrease was registered for current accounts (EUR -0.7 billion) and other forms of lending (EUR -1.2 billion). The aggregate is also up compared to 31 December 2019 (EUR +2.4 billion) largely owing to the increase in repos (EUR +2.0 billion) and the rise in mortgages (EUR +1.9 billion), partially influenced by the effect mentioned above. By contrast, a downturn was registered for current accounts (EUR -0.7 billion), other forms of lending (EUR -0.6 billion) and net impaired loans (EUR -0.3 billion).

The Group's market share[4] stands at 4.85% (updated to April 2020), down 8 bps from the end of 2019.

Medium/long term loans recorded new disbursements of EUR 3.3 billion in 2Q20, registering an upturn from both 1Q20 (EUR +1.0 billion) and Y/Y, thanks also to the disbursements relating to the "Liquidity Decree".

Stage 1 loans decrease compared to both 1Q20 and 31 December 2019. In fact, the gross exposure of these loans amounts to EUR 61.8 billion at 30 June 2020, vs. EUR 62.5 billion at the end of 2019 and EUR 63.8 billion at 31 March 2020. On the other hand, there is an increase in Stage 2 loans, whose gross exposure total EUR 15.3 billion at 30 June 2020, vs. EUR 11.9 billion at 31 December 2019 and EUR 13 billion at 31 March 2020. This trend is affected by the worsened macroeconomic forecasts resulting from the spread of the COVID-19 emergency.

The Group's **total non-performing customer exposures** as at 30 June 2020 stands at **EUR 11.6 billion**, in line with the figure at 31 March 2020 and down from 31 December 2019 (EUR -0.3 billion) thanks to the disposals completed during the period and the closure of some significant tickets.

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[3] Deposits and repos (excluding repos with central counterparties) from resident consumer customers and bonds net of repurchases placed with resident consumer customers as first-instance borrowers.

[4] Loans to resident consumer customers, including non-performing loans and net of repos with central counterparties.

In particular, the gross exposure of bad loans is essentially stable compared to 31 March 2020 (EUR +30.7 million) and down (EUR -128 million) compared to 31 December 2019, largely owing to the aforesaid disposals, to recoveries and to the closure of some large tickets, only partly offset by the new inflows for the period. Gross unlikely-to-pay exposures are also down, by EUR 77 million Q/Q and by EUR 281 million from 31 December 2019, largely the result of migrations to bad loans, cure and disposals, partly offset by new entries. Past-due exposures are up from both 31 March 2020 (EUR +69 million) and 31 December 2019 (EUR +96 million).

As at 30 June 2020, the Group's **net non-performing customer exposures** stand at **EUR 5.9 billion,** remaining steady against 31 March 2020 and down from 31 December 2019 (EUR -253 mln) thanks to reduced gross exposures accompanied by the increase in average coverage resulting from the higher adjustments owing to the post-pandemic macroeconomic scenario, which impacted the portfolio's risk levels.

The ratio of net non-performing exposures to net customer loans as at 30 June 2020 is 7.1%, remaining stable against March 2020 and down from December 2019 (7.6%). During the first half of the year, a lower percentage was registered for both UTPs (from 3.8% in December 2019 to 3.4% in June 2020) and bad loans (from 3.7% in December 2019 to 3.5% in June 2020). The percentage of past-due exposures, on the other hand, increases from 0.1% in December 2019 to 0.2% in June 2020.

As at 30 June 2020, **coverage** of total non-performing customer exposures stands at 49.5%, basically stable compared to 31 March 2020 (49.6%) and up compared to 31 December 2019 (48.7%) mainly due to the increase in adjustments resulting from the changed macroeconomic scenario following the spread of the COVID-19 emergency.

As at 30 June 2020, the Group's **securities assets** amount to **EUR 25.6 billion**, up EUR 1.4 billion from 31 December 2019, mainly due to the increase in financial assets held for trading (EUR +1.6 billion) attributable to MPS Capital Services following increased trading in Italian government bonds. By contrast, a decrease was recorded for financial assets measured at fair value through other comprehensive income (EUR -0.7 billion), largely attributable to the Parent Company, whose sales and maturities were only partially offset by purchases.

The aggregate is down compared to 31 March 2020 (EUR -0,4 billion) due to the decrease in trading, attributable to the subsidiary MPS Capital Services, only partially offset by net purchases and sale of securities, classified under loans to customers at amortised cost of the Parent Company. Financial assets measured at fair value through other comprehensive income are basically stable. It should be noted that the market value for securities booked as loans to customers at amortised cost is equal to EUR 9,720.9 million (with implicit capital gains of approx. EUR 85.4 million).

As at 30 June 2020, financial **liabilities held for cash trading** are down from both the end of December 2019 (EUR -0.2 billion) and 31 March 2020 (EUR -0.2 billion).

As at 30 June 2020, the **net position in derivatives** records a decrease against both 31 December 2019 (EUR -0.6 billion) and 31 March 2020 (EUR -0.3 billion).

As at 30 June 2020, the Group's **net interbank position** stands at **EUR 5.4 billion** in funding, down by EUR 2.3 billion vs. the figure of EUR 7.7 billion recorded as at 31 March 2020 due to the growth in deposits with the ECB and increase in reverse repos, only partly offset by further access to the TLTRO3 auctions. Net interbank deposits are stable compared to December 2019.

As at 30 June 2020, the operational liquidity position shows an **unencumbered counterbalancing capacity of approx. EUR 25.0 billion,** up EUR 3.4 billion from 31 March 2020 and EUR 0.3 billion from 31 December 2019, thanks to the roll-out of funding plan measures (institutional issues, access to TLTRO3 and reimbursements of LTRO and TLTRO2), which enabled the reimbursement of government guaranteed bonds without affecting the Group's liquidity profile, and to the growth in commercial funding.

As at 30 June 2020, the **Group's shareholders' equity and non-controlling interests** amount to approx. **EUR 7.2 billion**, down EUR 1.1 billion from 31 December 2019, impacted by the negative result for the period.

The aggregate is also down from 31 March 2020 (-9.7%), largely due to the 2Q20 result, partly offset by the improvement in valuation reserves.

As for capital ratios, the **common equity tier 1 ratio** as at 30 June 2020 is **13.4%** (vs. 14.7% at the end of 2019) and the **total capital ratio** is **16.0%**, vs. 16.7% recorded at the end of December.

On 31 July 2020, additional extrajudicial claims for EUR 3.8 billion were received from Fondazione MPS ("FMPS"). These claims were assessed for the purposes of the condensed consolidated half-year financial statements. Taking into account these claims, total threatened litigations rise to EUR 4.8 billion. The Bank expresses critical opinions with respect to the contentions put forward. The arguments supporting this interpretation will be fully developed in the response that will be sent to FMPS. The Bank reserves all actions to protect its assets in response to the FMPS initiative.

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

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This press release will be available at www.gruppomps.it

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Income statement and balance sheet reclassification principles

Reclassified Income statement

To allow a better reading of the Group's performance results, starting from 2020, impairment losses/reversals and disposal gains/losses on loans to customers have been reclassified under a single item called **"Cost of customer loans"**. The aggregate therefore includes:

- the portion relating to loans to customers of balance sheet items 130a "net impairment (losses)/reversals on financial assets measured at amortised cost" and 140 "modification gains/(losses)", previously included in the reclassified item "net impairment (losses)/reversals on financial assets measured at amortised cost" (item no longer present);

- the portion relating to loans to customers of balance sheet items 100a "gains (losses) on disposal/repurchase of financial assets measured at amortised cost" and 110b "net profit (loss) from other financial assets measured at fair value", previously included in the reclassified item "net profit (loss) from trading and financial assets/liabilities measured at amortised cost and at fair value through profit and loss";

- balance sheet item 200a "net provisions for risks and charges – financial guarantees and other commitments" previously included in the reclassified item "net provisions for risks and charges".

Impairment losses/reversals relating to financial assets represented by securities and loans to banks have been traced back to an item called **"net impairment (losses)/reversals on securities and loans to banks"**. This aggregate therefore includes the portion relating to securities and loans to banks of balance sheet item 130a "financial assets measured at amortised cost" and item 130b "net impairment losses (reversals) on financial assets measured at fair value through other comprehensive income".

2019 figures have been restated to ensure continuity in the reporting of the Group's performance results. It should be noted that the limited audit of the 2020 half-year financial report has not yet been completed.

Finally, it should be noted that for 2019, the financial data pertaining to the subsidiary BMP Belgio S.A. – which was sold on 14 June 2019 – have been included in the individual income statement items instead of in the balance sheet item "profit (loss) from discontinued operations after tax".

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

- Item "**interest income**" was cleared of the negative contribution (EUR -2.6 million) of the purchase price allocation (PPA), referable to past business combinations, which was reclassified to a specific item.

- Item "**net fees and commissions**" was cleared of the negative contribution (eur 24.5 million), consisting of the commission expense relating to the project for the non-proportional demerger with asymmetric option of a compendium of non-performing exposures in favour of AMCO, which were reclassified under “restructuring costs/one-off charges”.

- Item “**dividends, similar income and gains (losses) on investments**” incorporates item 70 “dividends and similar income” and the share of profit for the period contributed by investments in the associate AXA, consolidated at net equity, equal to EUR 37.7 million, included under item 250 “gains (losses) on investments”. The aggregate was furthermore cleared of dividends earned on securities other than equity investments (EUR 1.1 million), reclassified under “Net profit (loss) from trading, financial assets/liabilities measured at fair value and on gains from disposals/repurchases”.

- Item “**net profit (loss) from trading, financial assets/liabilities measured at fair value and on gains from disposals/repurchases**” includes item 80 “net profit (loss) from trading”, item 100 “gains (losses) on disposals/repurchases, net of the contribution of loans to customers (EUR +0.8 million) reclassified under “cost of customer loans” and 110 ““net profit (loss) on financial assets measured at fair value through profit and loss”, net of the contribution of loans to customers (EUR +5.6 million) under “cost of customer loans”. The item also incorporates dividends earned on securities other than equity investments (EUR 1.1 million).

- Item “**other operating income (expense)**” includes item 230 “Other operating expenses (income)” net of stamp duty and other expenses recovered from customers, which are stated under the reclassified item “other administrative expenses” (EUR 128.4 million) and net of other expense recoveries, which are reclassified under item “net value adjustments to tangible assets” (EUR 10.2 million).

- Item “**personnel expenses**” includes the balance of item 190a “personnel expenses” reduced by EUR 0.4 million, relating primarily to INPS recoveries on provisions for the Solidarity Fund exits, reclassified under item “restructuring costs/one-off charges”.

- Item “**other administrative expenses**” includes the balance of item 190b “other administrative expenses”, reduced by the following cost items:

    - expenses, amounting to EUR 76.7 million, resulting from the EU Deposit Guarantee Schemes Directive – hereinafter DGSD – and Bank Recovery and Resolution Directive – hereinafter BRRD – for the resolution of bank crises, reclassified under “risks and charges associated with SRF, DGS and similar schemes”;

    - fee on DTAs convertible into tax credits, for EUR 35.5 million, reclassified under the item “DTA fees”;

    - extraordinary charges of EUR 5.8 million relating to project activities that include those aimed at implementing the commitments undertaken with DG Comp, among which the expenses relating to the project for the non-proportional demerger with asymmetric option of a compendium of non-performing exposures in favour of AMCO, reclassified under item “restructuring costs/one-off charges”.

The item also incorporates stamp duty and other expenses recovered from clients (EUR 128.4 million) posted under item 230 “other operating expenses/income”.

- Item “**net value adjustments to tangible and intangible assets**” includes the amounts from items 210 “net adjustments to/recoveries on property, plant and equipment” and 220 “net adjustments to/recoveries on intangible assets”, and was cleared of the negative contribution (EUR -0.4 million), referable to the Purchase Price Allocation (PPA), which was reclassified to a specific item, whereas it includes expense recoveries (EUR 10.2 million) posted under item 230 “other operating expenses/income”.

- Item “**cost of customer loans”** includes the income statement components relating to loans to customers under item 100a “gains (losses) on disposal/repurchase of financial assets measured at amortised cost” (EUR +0.8 million), 110b “net profit (loss) on financial assets and liabilities measured at fair value” (EUR +5.6 million), 130a “net impairment losses/reversals on financial assets measured at amortised cost” (EUR -529.8 million), 140 “modification gains/(losses) without derecognition” (EUR -2.8 million) and 200a “net provisions for risks and charges: net provisions for commitments and guarantees issued” (EUR +6.2 million).

- Item “**net value adjustments on securities and bank loans**” includes the portion relating to securities (EUR -2-4 million) and loans to banks (EUR -0.5 million) under item 130a “financial assets measured at amortised cost” and item 130b “net impairment losses/reversals on financial assets measured at fair value through other comprehensive income” (EUR -2.6 million).

- Item **“profit (loss) on equity investments”** incorporates the balance of item 250 “profits (losses) on equity investments” reduced by the portion of the profit on the connected equity investments in AXA, consolidated at net equity, equal to EUR 37.7 million reclassified under “dividends, similar income and gains (losses) on investments”.

- Item “**restructuring costs/one-off charges**” includes the following amounts:

    - commission expenses in the amount of EUR 24.5 million relating to the project for the non-proportional demerger with asymmetric option of a compendium of non-performing exposures in favour of AMCO, posted under item 60 “net fees and commissions”.

    - recoveries of EUR 0.4 million recognised by INPS for the previous headcount reduction/solidarity fund schemes, booked under item 190a “personnel expenses”

    - charges of EUR 5.8 million relating to project activities that include those aimed at implementing the commitments undertaken with DG Comp, among which the expenses relating to the project for the non-proportional demerger with asymmetric option of a compendium of non-performing exposures in favour of AMCO, booked under item 190b “other administrative expenses”.

    - profit of EUR 2 million from the definition of the price adjustment on the sale of BMP Belgio S.A., booked under item 280 “gains (losses) on disposal of investments”.

- Item “**risks and charges related to the SRF, DGS and similar schemes**” includes the charges deriving from the EU Directives DGSD and BRRD, equal to EUR 76.7 million, posted under item 190b “other administrative expenses”.

- Item “**DTA fees**” contains the costs relating to the fees on DTAs which are convertible into tax credits, provided for by art. 11 of Law Decree no. 59 of 3 May 2016 converted into Law no. 119 of 30 June 2016, booked under item 190b “other administrative expenses” for EUR 35.5 million.

- Item “**gains (losses) from disposal of investments**” includes the balance of item 280 “gains (losses) from disposal of investments” reduced by the positive effect from the definition of the price adjustment on the sale of MP Belgio (EUR +2 million), which was reclassified under “restructuring costs/one-off charges”.

- Item “**tax expense (recovery) on income**” includes the balance of item 300 “tax expense/recovery on income from continuing operations” and is net of the theoretical tax component relating to the Purchase Price Allocation (PPA), which was reclassified to a specific item in the amount of EUR 1 million.

The overall negative effects of **Purchase Price Allocation (PPA)** have been reclassified to the specific item, thereby separating them from the economic items concerned (in particular “net interest income” for EUR -2.6 million and “net value adjustments on tangible and intangible assets” for EUR 0.4 million, net of a theoretical tax burden of EUR +1 million which integrates the item).

Reclassified balance sheet

To allow a better reading of the Group's performance results, starting from 2020, 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".

2019 figures have been restated to ensure continuity in the reporting of the Group’s performance results.

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

- Asset item “**loans to central banks**” includes the portion relating to transactions with central banks under balance sheet item 40 “financial assets measured at amortised cost”.

- Asset item “**loans to banks**” includes the portion relating to transactions with banks under balance sheet items 40 “financial assets measured at amortised cost” and 20 “financial assets measured at fair value through profit and loss”.

- Asset item “**loans to customers**” includes the portion relating to loans to customers under balance sheet items 20 “financial assets measured at fair value through profit and loss”, 30 “financial assets measured at fair value through other comprehensive income”, 40 “financial assets measured at amortised cost” and 120 “non-current assets held for sale and discontinued operations”.

- Asset item “**securities assets**” includes the portion relating to securities under balance sheet items 20 “financial assets measured at fair value through profit and loss”, 30 “financial assets measured at fair value through other comprehensive income”, 40 “financial assets measured at amortised cost” and 120 “non-current assets held for sale and discontinuing operations”.

- Asset item “**derivative assets**” includes the portion relating to derivatives under items 20 “financial assets measured at fair value through profit and loss” and 50 “hedging derivatives”.

- Asset item “**equity investments**” includes balance sheet item 70 “equity investments” and the portion relating to equity investments under item 120 “non-current items held for sale and discontinuing operations”.

- Asset item “**tangible and intangible assets**” includes balance sheet items 90 “property, plant and equipment”, 100 “intangible assets” and the amounts relating to property, plant and equipment and intangible under item 120 “non-current assets held for sale and discontinuing operations”.

- Asset item “**other assets**” includes balance sheet items 60 “change in value of macro-hedged financial assets”, 130 “other assets” and the amounts under item 120 “non-current assets held for sale and discontinuing operations” not reclassified under the previous items.

- Liability item “**deposits from customers**” includes balance sheet item 10b “financial liabilities measured at amortised cost – deposits from customers” and the component relating to customer securities of item 10c “financial liabilities measured at amortised cost – debt securities issued”.

- Liability item “**securities issued**” includes balance sheet items 10c “financial liabilities measured at amortised cost – debt securities issued”, cleared of the component relating to customer securities, and 30 “financial liabilities designated at fair value”.

- Liability item "**deposits from central banks**" includes the portion of balance sheet item 10a "deposits from banks" relating to transactions with central banks.

- Liability item "**deposits from banks**" includes the portion of balance sheet item 10a "deposits from banks" relating to transactions with banks (excluding central banks).

- Liability item "**financial liabilities held for cash trading**" includes the portion of balance sheet item 20 "financial liabilities held for trading" net of the amounts relating to trading derivatives.

- Liability item "**derivatives**" includes balance sheet item 40 "hedging derivatives" and the portion relating to derivatives under item 20 "financial liabilities held for trading".

- Liability item "**provisions for specific use**" includes balance sheet items 90 "provision for employee severance pay" and 100 "provisions for risks and charges".

- Item "**other liabilities**" includes balance sheet items 50 "changes in value of macro-hedged financial liabilities", 70 "liabilities associated with non-current assets held for sale and discontinued operations" and 80 "other liabilities".

- Liability item "**group net equity**" includes balance sheet items 120 "valuation reserves", 130 "redeemable shares", 150 "reserves", 170 "capital", 180 "treasury shares" and 200 "profit (loss) for the period".

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INCOME STATEMENT AND BALANCE SHEET FIGURES			
MPS GROUP			
INCOME STATEMENT FIGURES (EUR mln)	**30 06 2020**	**30 06 2019**	**Chg.**
Net interest income	646.9	813.2	-20.5%
Net fee and commission income	694.3	722.5	-3.9%
Other income from banking business	138.9	121.9	13.9%
Other operating income	(27.5)	(71.3)	-61.4%
Total Revenues	1,452.5	1,586.3	-8.4%
Operating expenses	(1,085.4)	(1,146.4)	-5.3%
Cost of customer loans	(519.3)	(253.8)	n.m.
Other value adjustments	(5.5)	(0.7)	n.m.
Net operating income	(157.7)	185.4	n.m.
Net profit (loss) for the period	(1,088.7)	93.1	n.m.
EARNINGS PER SHARE (EUR)	**30 06 2020**	**30 06 2019**	**Chg.**
Basic earnings per share	(0.986)	0.084	n.m.
Diluted earnings per share	(0.986)	0.084	n.m.
BALANCE SHEET FIGURES AND INDICATORS (EUR mln)	**30 06 2020**	**31 12 2019**	**Chg.**
Total assets	141,656.1	132,196.0	7.2%
Loans to customers	82,510.6	80,135.0	3.0%
Direct funding	97,585.2	94,217.3	3.6%
Indirect funding	98,702.9	101,791.5	-3.0%
of which: assets under management	57,737.0	59,302.0	-2.6%
of which: assets under custody	40,965.9	42,489.6	-3.6%
Group net equity	7,158.4	8,279.1	-13.5%
OPERATING STRUCTURE	**30 06 2020**	**31 12 2019**	**Chg.**
Total headcount - end of period	22,123	22,040	83
Number of branches in Italy	1,421	1,422	(1)

N.B.: Total headcount refers to the effective workforce and therefore does not include resources posted outside the Group's perimeter

ALTERNATIVE PERFORMANCE MEASURES			
MPS GROUP			
PROFITABILITY RATIOS (%)	30 06 2020	31 12 2019	Chg.
Cost/Income ratio	74.7	69.7	5.0
R.O.E. (on average equity)	(28.2)	(12.0)	-16.2
Return on Assets (RoA) ratio	(1.5)	(0.8)	-0.7
ROTE (Return on tangible equity)	(28.9)	(12.2)	-16.7
KEY CREDIT QUALITY RATIOS (%)	30 06 2020	31 12 2019	Chg.
Net impaired loans to customers / Loans to Customers* (Net NPE ratio)	7.1	7.6	-0.5
Gross NPE ratio	10.4	11.3	-0.9
Rate of change of impaired loans to customers	0.2	(27.4)	27.6
Bad loans to custormers/ Loans to Customers	3.5	3.7	-0.2
Stage 2 loans to customers measured at amortised cost/Performing loans to customers measured at amortised cost	19.3	15.5	3.8
Coverage impaired loans to customers	49.5	48.7	0.8
Coverage bad loans to customers	54.5	53.6	0.9
Cost of customers loans/Cusotmers loans (Provisioning)**	1.26	0.73	0.6
Texas Ratio	91.2	85.6	5.6

* *At 31 December 2019 the indicator, calculated as net impaired loans/loans to customers, stood at 6.8% (6.3% at 30 June 2020).*

** *At 31 December 2019 the indicator, calculated as net provisions on loans at amortised cost/loans to customers at amortised cost, stood at 0.68% (1.16% at 30 June 2020).*

REGULATORY MEASURES			
MPS GROUP			
CAPITAL RATIOS (%)	30 06 2020	31 12 2019	Chg.
Common Equity Tier 1 (CET1) ratio - phase in	13.4	14.7	-1.3
Common Equity Tier 1 (CET1) ratio - fully loaded	11.4	12.7	-1.3
Total Capital ratio - phase in	16.0	16.7	-0.7
Total Capital ratio - fully loaded	14.0	14.7	-0.7
FINANCIAL LEVERAGE INDEX (%)	30 06 2020	31 12 2019	Chg.
Leverage ratio - transitional definition	4.9	6.1	-1.2
Leverage ratio - fully phased	4.2	5.3	-1.1
LIQUIDITY RATIO (%)	30 06 2020	31 12 2019	Chg.
LCR	171.5	152.4	19.1
NSFR	118.3	112.6	5.7
Encumbered asset ratio	40.4	36.0	4.4
Loan to deposit ratio	84.6	85.1	-0.5
Counterbalancing capacity	25.0	24.7	0.3

N.B. In the determination of capital ratios, the "phase-in" (or "transitional") version represents the application of calculation rules according to the regulatory framework in force on the reference date, while the "fully loaded" version incorporates in the calculation the rules as expected when fully operational.

MONTE DEI PASCHI DI SIENA
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Reclassified Consolidated Income Statement				
			Change	
MONTEPASCHI GROUP	30 06 2020	30 06 2019	Abs.	%
Net interest income	646.9	813.2	(166.3)	-20.5%
Net fee and commission income	694.3	722.5	(28.2)	-3.9%
Income from banking activities	**1,341.1**	**1,535.7**	**(194.6)**	**-12.7%**
Dividends, similar income and gains (losses) on equity investments	46.3	43.4	2.9	6.6%
Net profit (loss) from trading and financial assets/liabilities measured at amortised cost and maesured at fair value through profit and loss	92.1	79.1	13.0	16.4%
Net profit (loss) from hedging	0.5	(0.6)	1.1	n.m.
Other operating income (expenses)	(27.5)	(71.3)	43.8	-61.4%
Total Revenues	**1,452.5**	**1,586.3**	**(133.8)**	**-8.4%**
Administrative expenses:	(973.2)	(1,017.9)	44.7	-4.4%
a) personnel expenses	(707.9)	(726.0)	18.1	-2.5%
b) other administrative expenses	(265.3)	(291.9)	26.6	-9.1%
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(112.2)	(128.5)	16.3	-12.7%
Operating expenses	**(1,085.4)**	**(1,146.4)**	**61.0**	**-5.3%**
Pre-Provision Profit	**367.1**	**439.9**	**(72.8)**	**-16.5%**
Cost of customer loans	**(519.3)**	**(253.8)**	**(265.5)**	**n.m.**
Net impairment (losses)/reversals on securities and loans to banks	**(5.5)**	**(0.7)**	**(4.8)**	**n.m.**
Net operating income	**(157.7)**	**185.4**	**(343.1)**	**n.m.**
Net provisions for risks and charges	*(357.1)*	(58.4)	(298.7)	n.m.
Gains (losses) on investments	0.7	3.2	(2.5)	-78.1%
Restructuring costs / One-off costs	(27.9)	3.1	(31.0)	n.m.
Risks and charges related to the SRF, DGS and similar schemes	(76.7)	(87.5)	10.8	-12.3%
DTA Fees	(35.5)	(35.2)	(0.3)	0.9%
Gains (losses) on disposal of investments	1.1	0.7	0.4	57.1%
Profit (loss) before tax from continuing operations	**(653.0)**	**11.3**	**(664.3)**	**n.m.**
Tax expense (recovery) on income from continuing operations	(433.8)	91.2	(525.0)	n.m.
Profit (loss) after tax from continuing operations	**(1,086.8)**	**102.5**	**(1,189.3)**	**n.m.**
Net profit (loss) for the period including non-controlling interests	**(1,086.8)**	**102.5**	**(1,189.3)**	**n.m.**
Net profit (loss) attributable to non-controlling interests	(0.1)	-	(0.1)	n.m.
Profit (loss) for the period before PPA	**(1,086.7)**	**102.5**	**(1,189.2)**	**n.m.**
PPA (Purchase Price Allocation)	(2.0)	(9.4)	7.4	-78.7%
Net profit (loss) for the period	**(1,088.7)**	**93.1**	**(1,181.8)**	**n.m.**

Quarterly trend in reclassified consolidated income statement						
	2020		2019			
Montepaschi Group	2°Q 2020	1°Q 2020	4°Q 2019	3°Q 2019	2°Q 2019	1°Q 2019
Net interest income	319.8	327.1	333.4	354.7	404.3	408.9
Net fee and commission income	324.4	369.9	371.1	355.9	363.7	358.8
Income from banking activities	**644.1**	**697.0**	**704.5**	**710.6**	**768.0**	**767.7**
Dividends, similar income and gains (losses) on equity investments	34.5	11.8	15.3	36.9	27.5	15.9
Net profit (loss) from trading and financial assets/liabilities measured at amortised cost and maesured at fair value through profit and loss	62.3	29.8	141.1	102.0	50.5	28.6
Net profit (loss) from hedging	3.3	(2.8)	(5.8)	1.8	(0.6)	-
Other operating income (expenses)	(21.1)	(6.4)	2.2	(11.1)	(63.0)	(8.3)
Total Revenues	**723.1**	**729.4**	**857.3**	**840.2**	**782.4**	**804.0**
Administrative expenses:	(480.2)	(493.0)	(524.6)	(491.9)	(509.7)	(508.2)
a) personnel expenses	(351.2)	(356.7)	(352.5)	(354.5)	(357.4)	(368.6)
b) other administrative expenses	(129.0)	(136.3)	(172.1)	(137.4)	(152.3)	(139.6)
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(56.7)	(55.5)	(69.4)	(57.3)	(67.6)	(60.9)
Operating expenses	**(536.9)**	**(548.5)**	**(594.0)**	**(549.2)**	**(577.3)**	**(569.1)**
Pre-Provision Profit	**186.2**	**180.9**	**263.3**	**291.0**	**205.0**	**234.9**
Cost of customer loans	**(204.8)**	**(314.5)**	**(191.8)**	**(137.1)**	**(109.9)**	**(143.9)**
Net impairment (losses)/reversals on securities and loans to banks	**(4.4)**	**(1.1)**	**(2.4)**	**(2.2)**	**(0.6)**	**(0.1)**
Net operating income	**(23.0)**	**(134.7)**	**69.1**	**151.7**	**94.5**	**90.9**
Net provisions for risks and charges	(317.0)	(40.1)	(85.6)	(11.9)	(19.4)	(39.0)
Gains (losses) on investments	0.5	0.2	(9.3)	0.5	2.3	0.9
Restructuring costs / One-off costs	(30.4)	2.6	2.2	(5.6)	0.9	2.2
Risks and charges related to the SRF, DGS and similar schemes	(18.4)	(58.3)	(0.2)	(35.7)	(26.6)	(60.9)
DTA Fees	(17.7)	(17.8)	(17.7)	(17.7)	(17.3)	(17.9)
Gains (losses) on disposal of investments	(0.8)	1.9	1.9	0.4	0.1	0.6
Profit (loss) before tax from continuing operations	**(406.8)**	**(246.2)**	**(39.6)**	**81.7**	**34.6**	**(23.3)**
Tax expense (recovery) on income from continuing operations	(437.6)	3.8	(1,179.0)	13.3	34.4	56.7
Profit (loss) after tax from continuing operations	**(844.4)**	**(242.4)**	**(1,218.6)**	**95.0**	**69.0**	**33.5**
Net profit (loss) for the period including non-controlling interests	**(844.4)**	**(242.4)**	**(1,218.6)**	**95.0**	**69.0**	**33.5**
Net profit (loss) attributable to non-controlling interests	(0.1)	-	-	(0.1)	(0.2)	0.2
Profit (loss) for the period before PPA	**(844.3)**	**(242.4)**	**(1,218.6)**	**95.1**	**69.2**	**33.3**
PPA (Purchase Price Allocation)	(0.9)	(1.1)	(1.3)	(1.3)	(4.0)	(5.4)
Net profit (loss) for the period	**(845.2)**	**(243.5)**	**(1,219.9)**	**93.8**	**65.2**	**27.9**

Reclassified Balance Sheet				
Assets	**30 06 2020**	**31 12 2019**	**Chg**	
			abs.	**%**
Cash and cash equivalents	679.9	835.1	(155.2)	-18.6%
Loans to central banks	15,037.8	9,405.4	5,632.4	59.9%
Loans to banks	5,757.3	5,542.7	214.6	3.9%
Loans to customers	82,510.6	80,135.0	2,375.6	3.0%
Securities assets	25,569.4	24,185.1	1,384.3	5.7%
Derivatives	3,129.1	3,041.2	87.9	2.9%
Equity investments	953.9	931.0	22.9	2.5%
Property, plant and equipment / Intangible assets	2,850.6	2,909.2	(58.6)	-2.0%
of which:				
a) goodwill	*7.9*	*7.9*	*-*	*0.0%*
Tax assets	2,193.1	2,763.0	(569.9)	-20.6%
Other assets	2,974.4	2,448.3	526.1	21.5%
Total assets	**141,656.1**	**132,196.0**	**9,460.1**	**7.2%**

Liabilities	**30 06 2020**	**31 12 2019**	**Chg**	
			abs.	**%**
Direct funding	97,585.2	94,217.3	3,367.9	3.6%
a) Deposits from customers at amortised cost	86,139.8	80,063.2	6,076.6	7.6%
b) Securities issued	11,445.4	14,154.1	(2,708.7)	-19.1%
Deposits from central banks at amortised cost	21,330.6	16,041.5	5,289.1	33.0%
Deposits from banks at amortised cost	4,853.9	4,136.6	717.3	17.3%
Financial liabilities held for cash trading	2,192.1	2,436.0	(243.9)	-10.0%
Derivatives	3,419.2	2,762.5	656.7	23.8%
Provisions for specific use	1,570.9	1,388.5	182.4	13.1%
a) Provisions for staff severance indemnities	180.3	178.7	1.6	0.9%
b) Provisions related to guarantees and other commitments given	152.6	158.8	(6.2)	-3.9%
c) Pensions and other post-retirement benefit obligations	34.0	36.1	(2.1)	-5.8%
d) Other provisions	1,204.0	1,014.9	189.1	18.6%
Tax liabilities	3.0	3.3	(0.3)	-9.1%
Other liabilities	3,541.4	2,929.4	612.0	20.9%
Group net equity	7,158.4	8,279.1	(1,120.7)	-13.5%
a) Valuation reserves	35.2	66.4	(31.2)	-47.0%
d) Reserves	(1,803.0)	(769.2)	(1,033.8)	n.m.
f) Share capital	10,328.6	10,328.6	-	0.0%
g) Treasury shares (-)	(313.7)	(313.7)	-	0.0%
h) Net profit (loss) for the period	(1,088.7)	(1,033.0)	(55.7)	5.4%
Non-controlling interests	1.4	1.8	(0.4)	-22.2%
Total Liabilities and Shareholders' Equity	**141,656.1**	**132,196.0**	**9,460.1**	**7.2%**

MONTE DEI PASCHI DI SIENA
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Reclassified Balance Sheet - Quarterly Trend						
Assets	**30/06/20**	**31/03/20**	**31/12/19**	**30/09/19**	**30/06/19**	**31/03/19**
Cash and cash equivalents	679.9	611.2	835.1	675.8	650.1	609.1
Loans to central banks	15,037.8	8,109.5	9,405.4	7,275.7	6,932.3	5,772.8
Loans to banks	5,757.3	4,938.8	5,542.7	5,577.2	4,776.8	4,571.0
Loans to customers	82,510.6	82,206.1	80,135.0	81,642.2	80,385.8	81,900.5
Securities assets	25,569.4	26,006.3	24,185.1	24,646.6	24,859.6	25,749.4
Derivatives	3,129.1	3,233.8	3,041.2	3,374.1	3,462.5	3,288.6
Equity investments	953.9	892.0	931.0	1,053.4	958.2	901.7
Property, plant and equipment / Intangible assets	2,850.6	2,870.5	2,909.2	2,921.8	2,943.1	2,992.6
of which:						
a) goodwill	*7.9*	*7.9*	*7.9*	*7.9*	*7.9*	*7.9*
Tax assets	2,193.1	2,763.6	2,763.0	3,913.6	4,065.7	4,062.6
Other assets	2,974.4	2,636.9	2,448.3	2,794.8	2,504.8	2,274.0
Total assets	**141,656.1**	**134,268.7**	**132,196.0**	**133,875.2**	**131,538.9**	**132,122.3**

Liabilities	30/06/20	31/03/20	31/12/19	30/09/19	30/06/19	31/03/19
Direct funding	97,585.2	95,367.1	94,217.3	92,246.3	92,215.9	92,686.1
a) Deposits from customers at amortised cost	86,139.8	83,680.4	80,063.2	79,263.3	80,639.8	80,728.1
b) Securities issued	11,445.4	11,686.7	14,154.1	12,983.0	11,576.1	11,958.0
Deposits from central banks at amortised cost	21,330.6	15,997.9	16,041.5	16,561.7	16,566.8	16,694.4
Deposits from banks at amortised cost	4,853.9	4,752.1	4,136.6	4,484.9	4,570.5	5,475.8
Financial liabilities held for cash trading	2,192.1	2,407.1	2,436.0	1,777.7	1,379.9	1,041.3
Derivatives	3,419.2	3,174.4	2,762.5	3,346.6	2,811.3	2,480.9
Provisions for specific use	1,570.9	1,310.3	1,388.5	1,417.2	1,462.5	1,513.7
a) Provisions for staff severance indemnities	180.3	166.4	178.7	184.7	182.8	182.1
b) Provisions related to guarantees and other commitments given	152.6	155.3	158.8	205.0	208.1	220.6
c) Pensions and other post-retirement benefit obligations	34.0	35.2	36.1	35.9	36.6	37.2
d) Other provisions	1,204.0	953.4	1,014.9	991.6	1,035.0	1,073.7
Tax liabilities	3.0	3.3	3.3	3.9	3.8	30.8
Other liabilities	3,541.4	3,327.8	2,929.4	4,448.0	3,189.9	3,108.3
Group net equity	7,158.4	7,927.0	8,279.1	9,587.0	9,336.3	9,088.6
a) Valuation reserves	35.2	(41.5)	66.4	153.0	(15.1)	(123.7)
d) Reserves	(1,803.0)	(1,802.9)	(769.2)	(767.8)	(756.6)	(830.5)
f) Share capital	10,328.6	10,328.6	10,328.6	10,328.6	10,328.6	10,328.6
g) Treasury shares (-)	(313.7)	(313.7)	(313.7)	(313.7)	(313.7)	(313.7)
h) Net profit (loss) for the period	(1,088.7)	(243.5)	(1,033.0)	186.9	93.1	27.9
Non-controlling interests	1.4	1.7	1.8	1.9	2.0	2.4
Total Liabilities and Shareholders' Equity	**141,656.1**	**134,268.7**	**132,196.0**	**133,875.2**	**131,538.9**	**132,122.3**

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