



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

# A Clear and Simple Commercial Bank 1Q 24 Results

**Siena, 7<sup>th</sup> May 2024**

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# 1Q24 Executive Summary

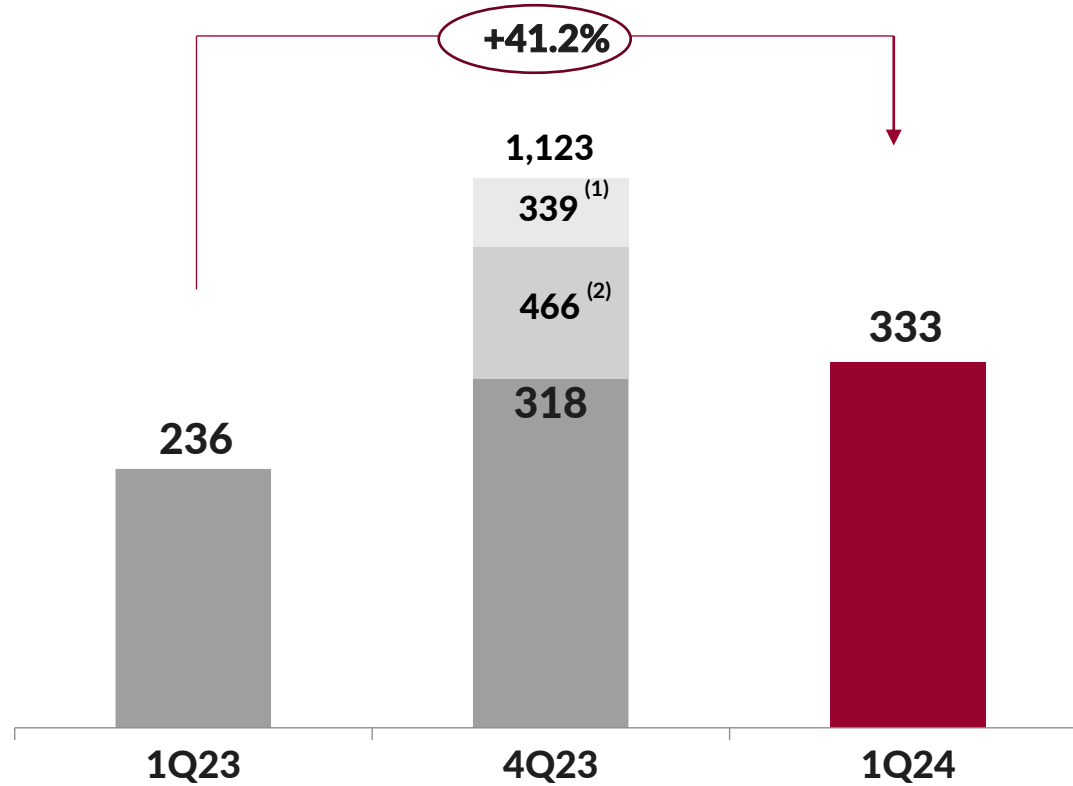
- 1Q24 net profit at EUR 333mln, up +41.2% y/y, thanks to further improvement in operating performance; q/q comparison affected by extraordinary legal risks provisions release and end of the year positive net tax in 4Q23
- Gross operating profit at EUR 551mln, up +32.9% y/y and +8.5% q/q, supported by higher revenues and lower costs. C/I at 46% vs 49% in 4Q23 and 53% in 1Q23
- Revenues at EUR 1,013mln, up +15.2% y/y and +2.0% q/q, supported by strong dynamics of Wealth management fees (+25.7% q/q) and resilient NII
- Operating costs down -0.6% y/y and -4.7% q/q thanks to non-HR costs ongoing optimization and processes streamlining (-11.0% y/y and -4.1% q/q) offsetting the impact of labour contract renewal and inflation
- Total commercial savings <sup>(1)</sup> up EUR +3.8bn q/q, with growth on both deposits and indirect funding, supported by continuously growing commercial activity; total net customer loans up +0.8% q/q
- Cost of risk at 54bps in line with the guidance. Gross NPE ratio at 4.5% and net NPE ratio at 2.3%, both almost at the same level as year-end 2023; NPE coverage increased to 49.5% (+40bps q/q)
- Sound liquidity position with counterbalancing capacity close to EUR 30bn and reduced reliance on ECB funding down to 9%
- CET1 FL ratio at 18.2% pro forma, including 1Q24 net profit net of 50% dividend pay-out<sup>(2)</sup>, buffer on Tier 1 ratio over 760bps



(1) Direct and indirect funding

(2) 2024 dividend pay out guidance: 50% on pre-tax profit

€/mln

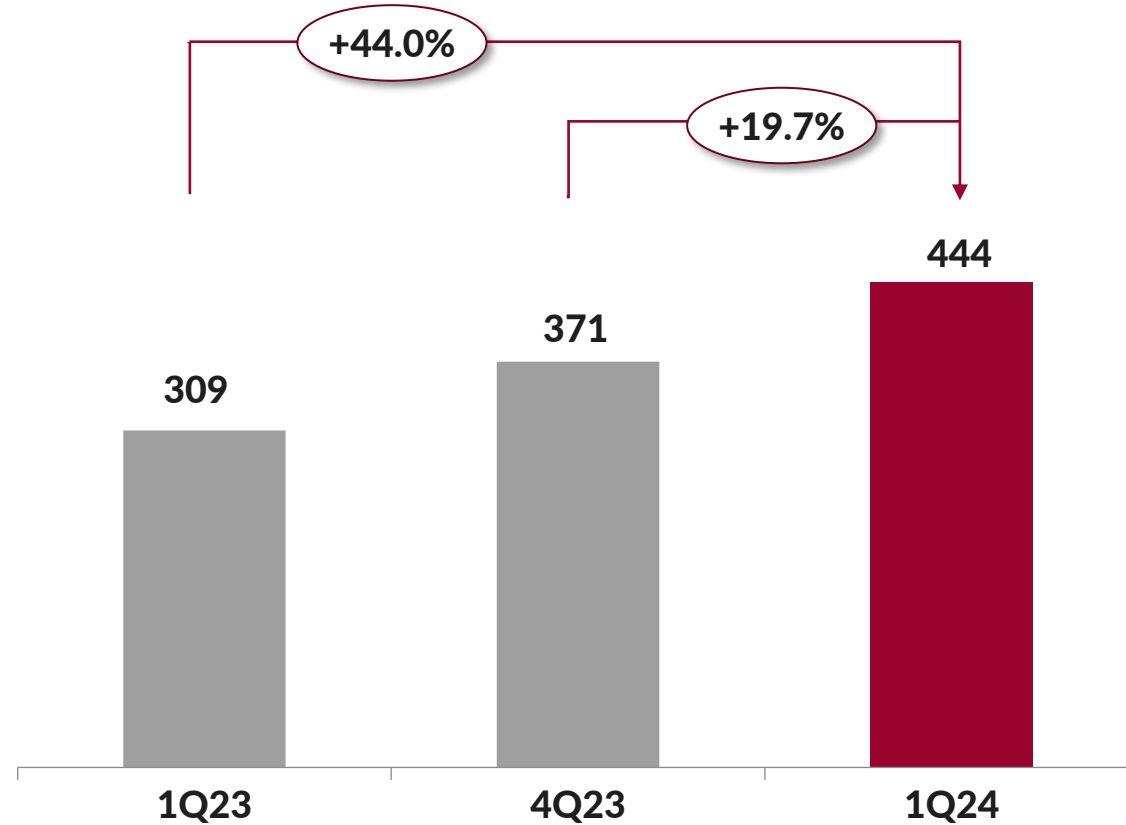


- 1Q24 net profit at EUR 333mln, up +41.2% y/y, with also positive quarterly dynamics if adjusted for extraordinary legal risks provisions release and end of the year positive net tax in 4Q23



# Net operating profit

€/mln

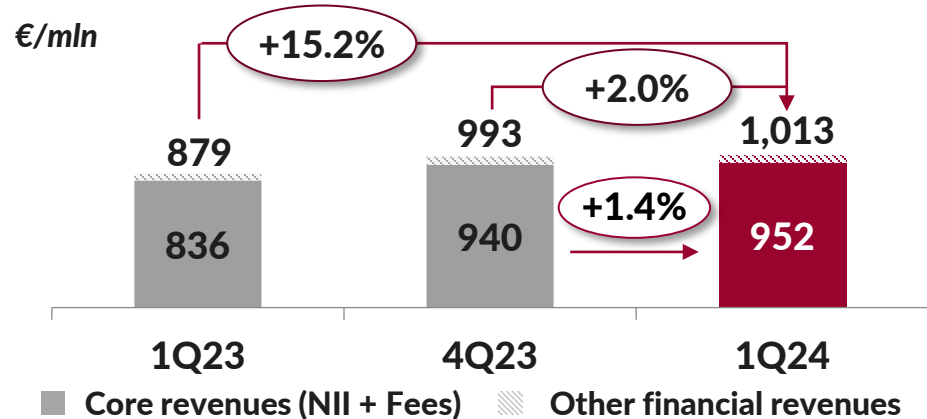


- 1Q24 net operating profit at EUR 444mln, +44.0% y/y and +19.7% q/q, thanks to positive commercial dynamics, ongoing costs optimization and stable cost of risk

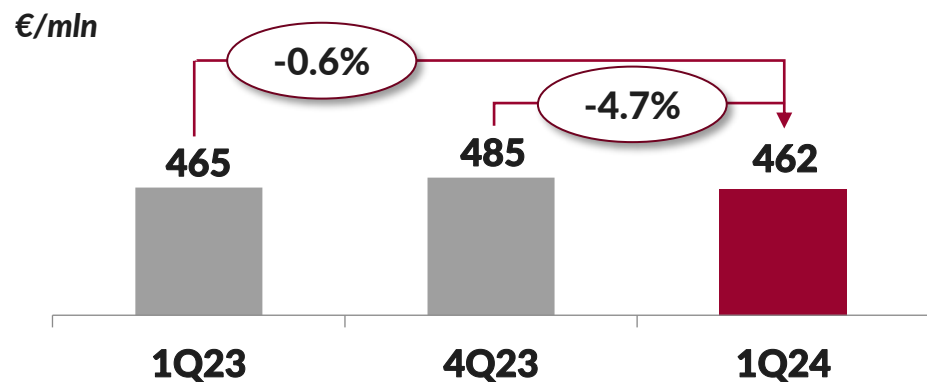


# Gross operating profit

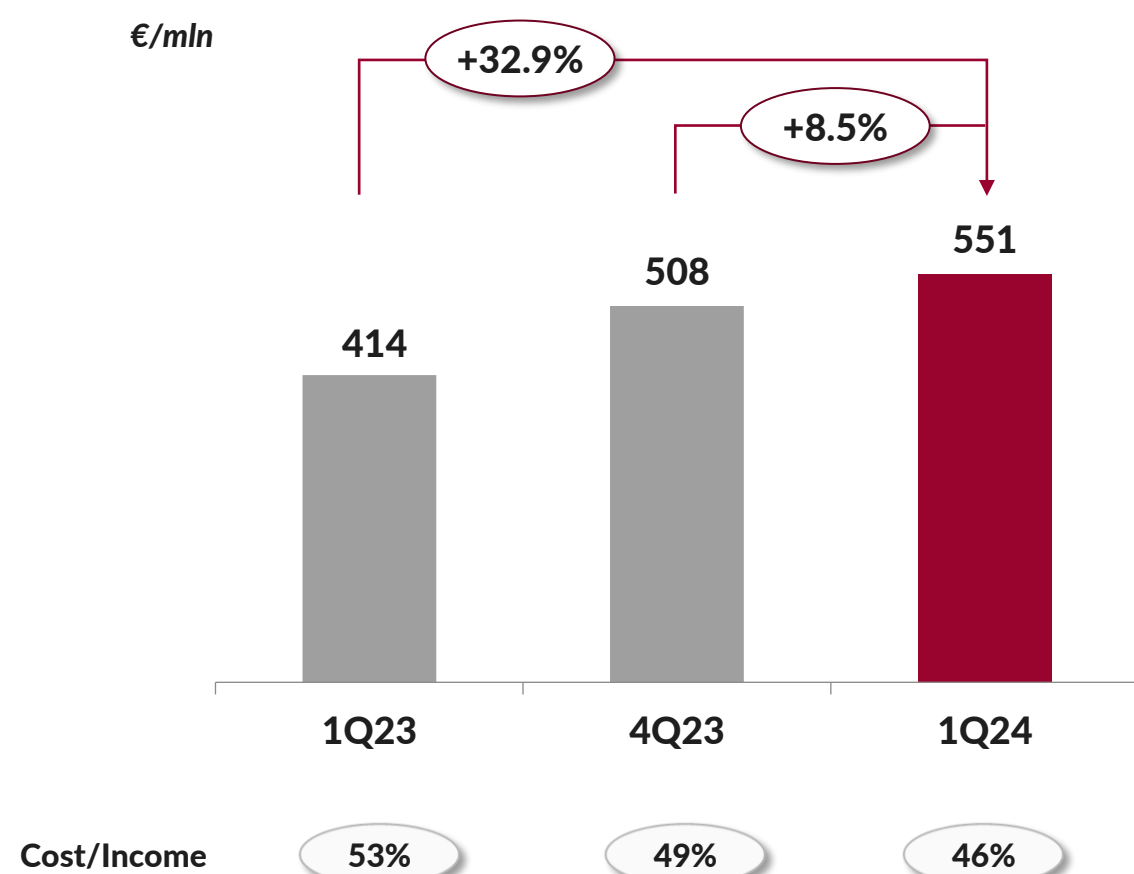
## Operating income



## Operating costs



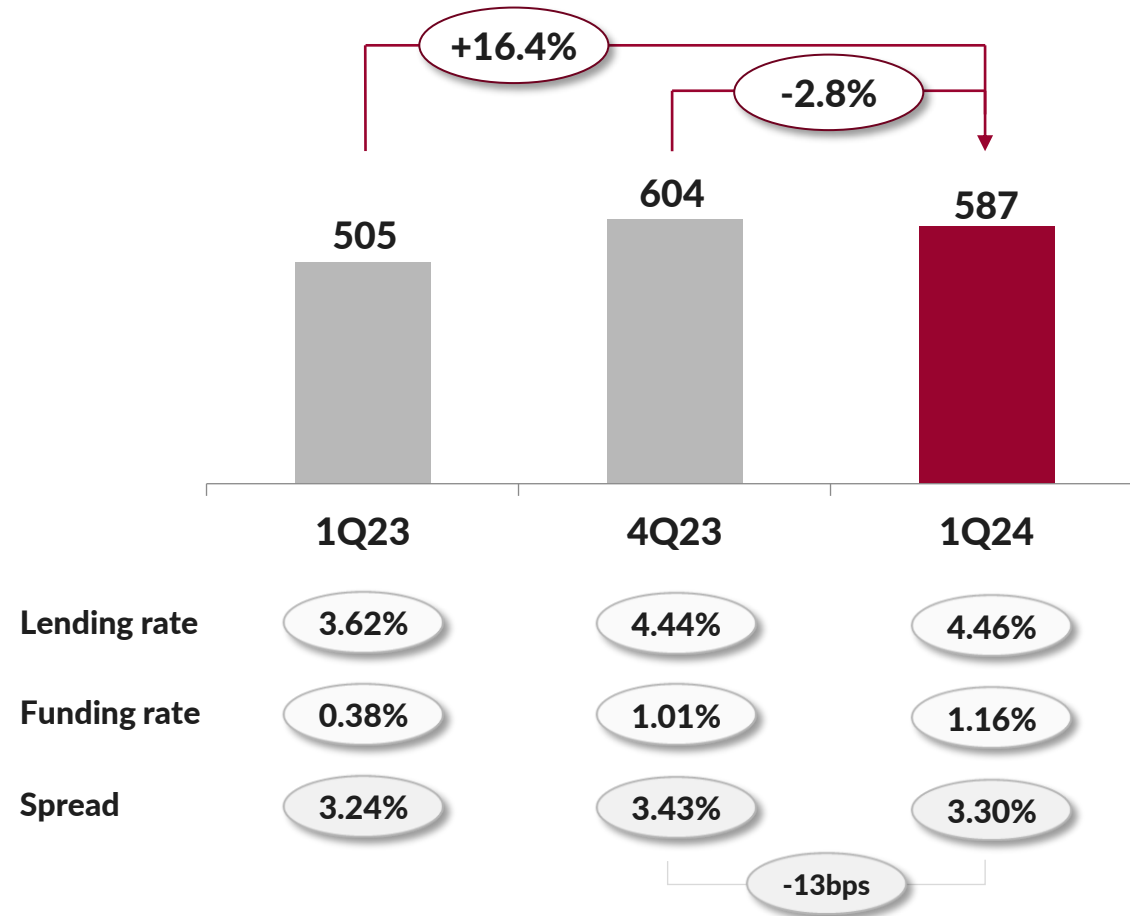
## Gross operating profit



- 1Q24 gross operating profit at EUR 551mln (+32.9% y/y and +8.5% q/q) thanks to both revenues and operating costs, despite the impact of labour contract renewal and inflation
- C/I down at 46% from 49% in 4Q23 and 53% in 1Q23



# Net interest income



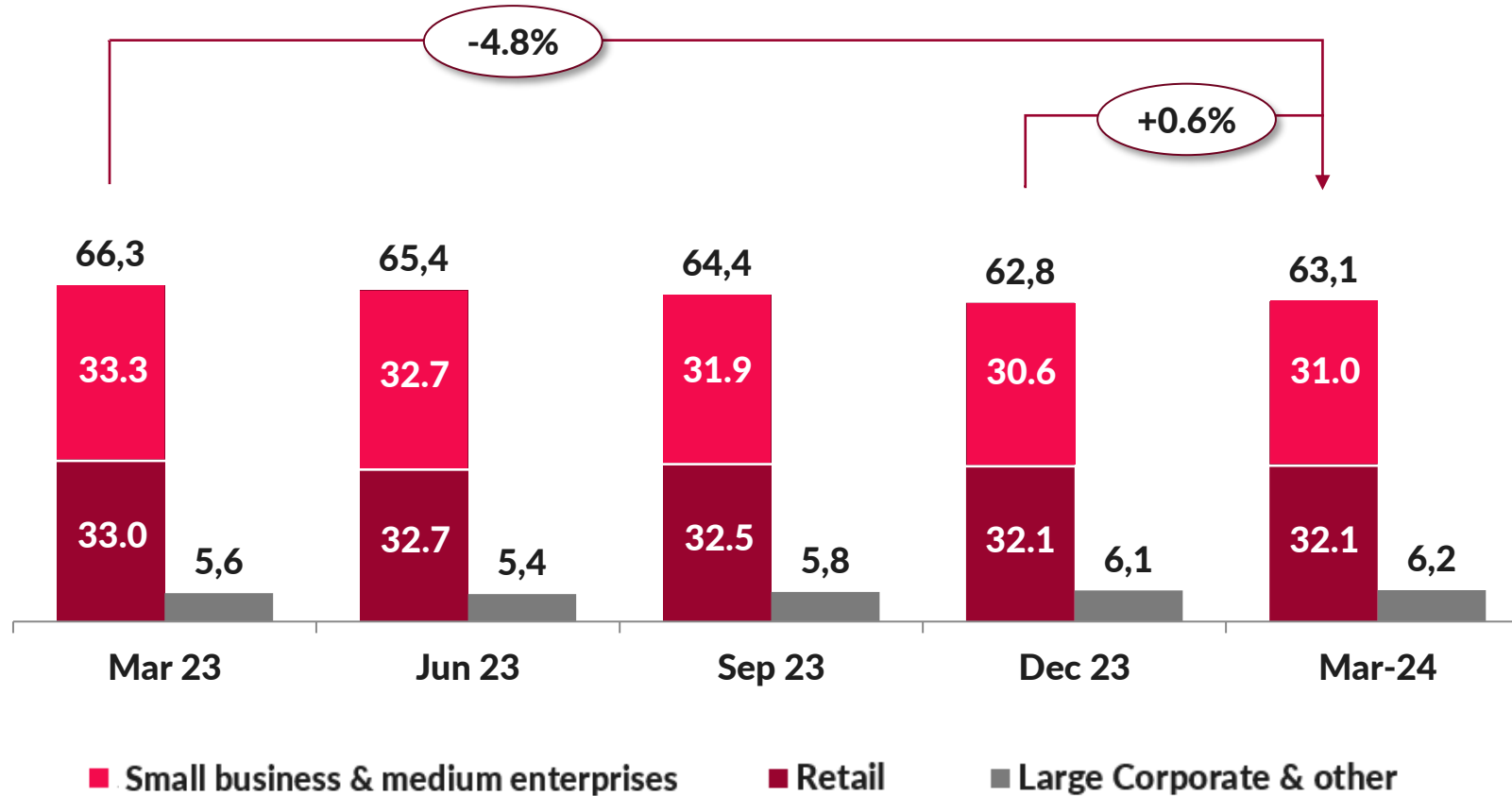
- NII at EUR 587mln, up +16.4% y/y, NII quarterly dynamics (-2.8% q/q) affected by higher cost of deposits following volumes expansion partially compensated by benefits from higher ECB placement
- Quarterly commercial spread resilient despite the increase of commercial funding rate



# Net customer loans

## Net loans

€/bn



- Total net customer loans up +0.8% q/q, driven by small business and medium enterprises increase



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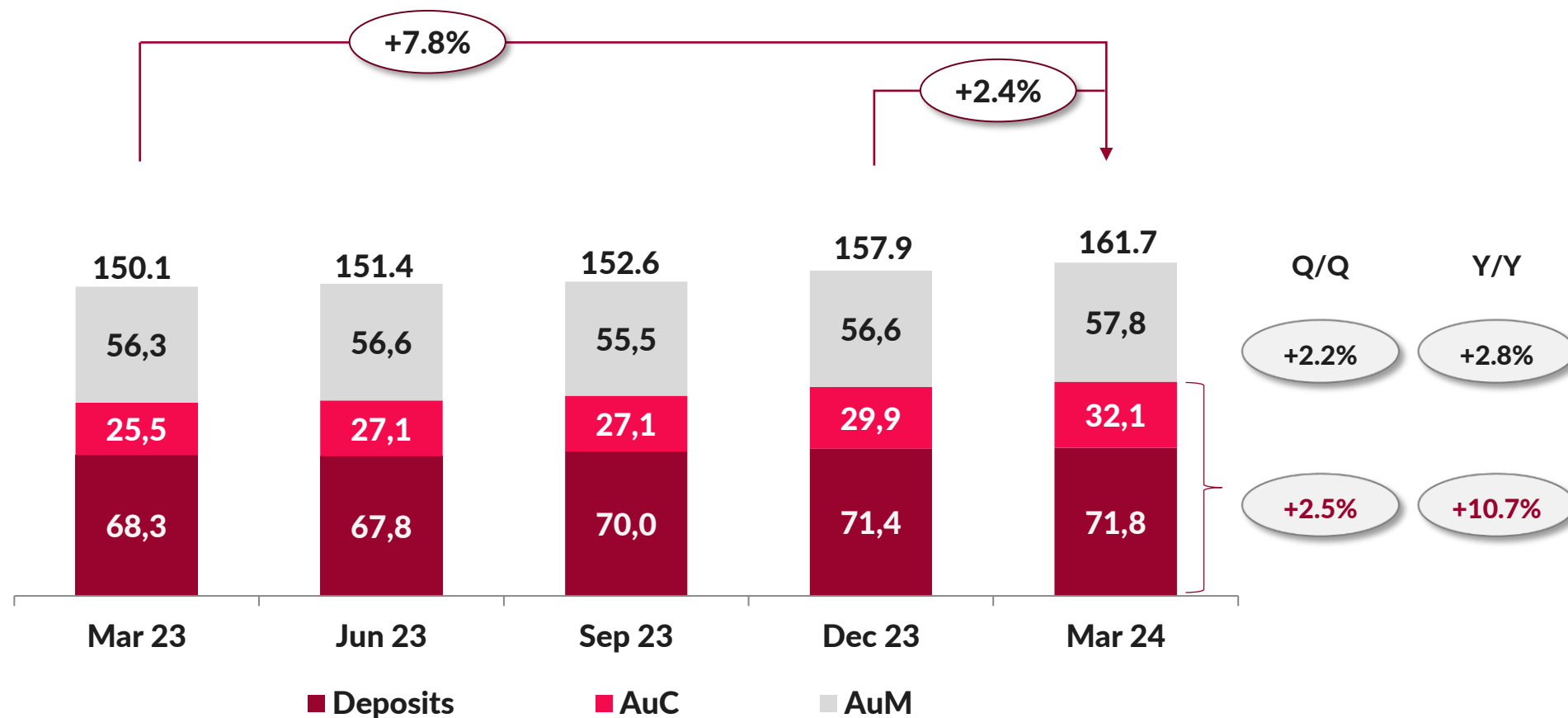
Loans presented net of repos and NPEs  
2023 figures have been recast on the basis of a different client segmentation and including the effect of the merger of MPS CS and L&F



# Total commercial savings

## Total commercial savings<sup>(1)</sup>

€/bn



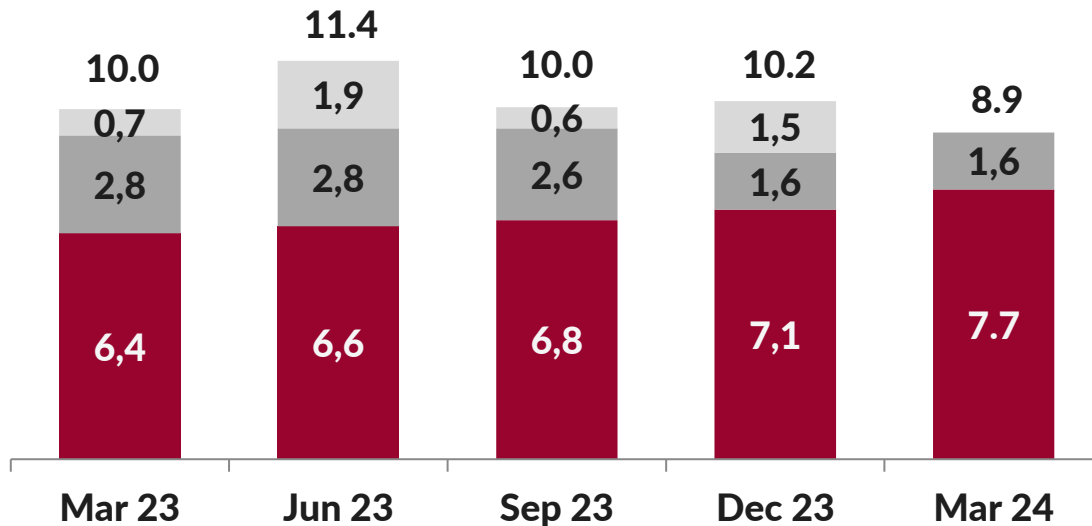
- Total commercial savings up EUR +3.8bn q/q on both deposits and indirect funding, supported by the continuously growing commercial activity



# Italian govies portfolio

## Italian govies portfolio breakdown

€/bn



- Amortized cost portfolio
- Financial assets FVTOCI
- Financial assets FVTPL

## Italian govies portfolio at FVTOCI

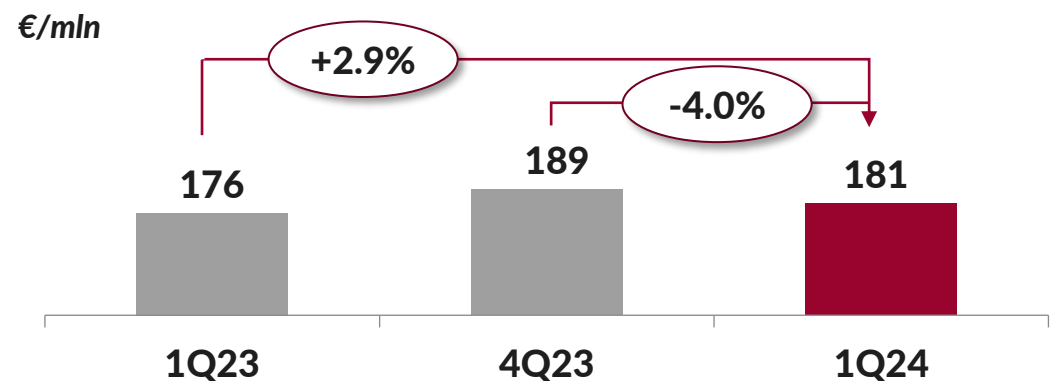
	Mar 23	Jun 23	Sep 23	Dec 23	Mar 24
FVTOCI Duration (years)	~2.1	~1.9	~1.8	~2.8	~2.6
FVTOCI Credit spread sensitivity (€/mln)	-0.7	-0.6	-0.5	-0.5	-0.5

- Banking book portfolio (AC + FVTOCI) at EUR 9.3bn, in line with previous quarters, with progressive remix towards bonds booked in AC
- FVTPL portfolio reflecting the typical fluctuation of the market making activity, with slightly negative exposure turned to positive at the beginning of April

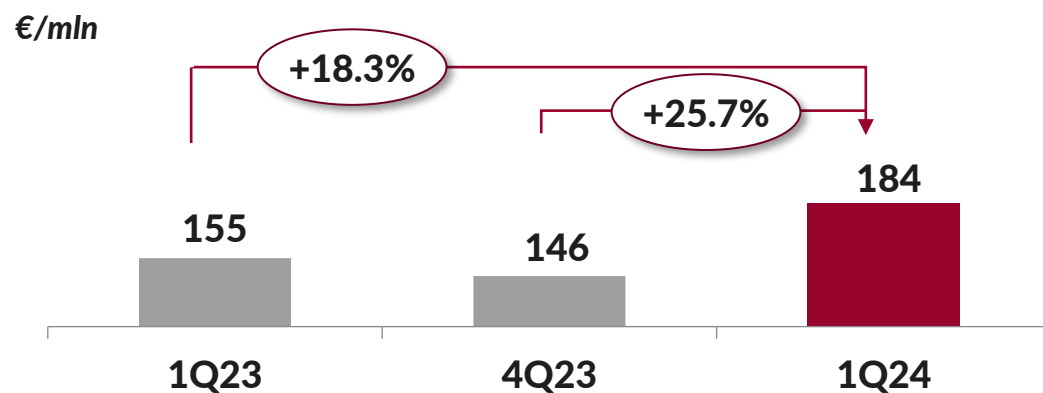


# Net fee and commission income

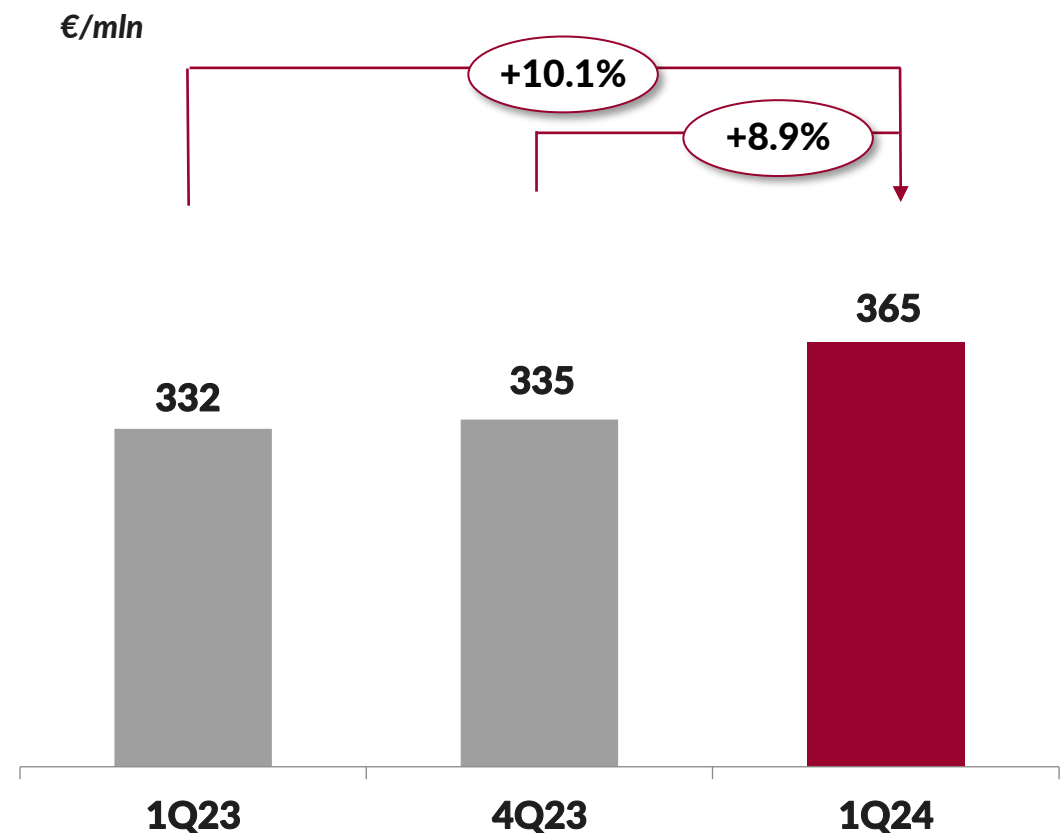
## Commercial banking fees



## Wealth management and advisory fees



## Total fees

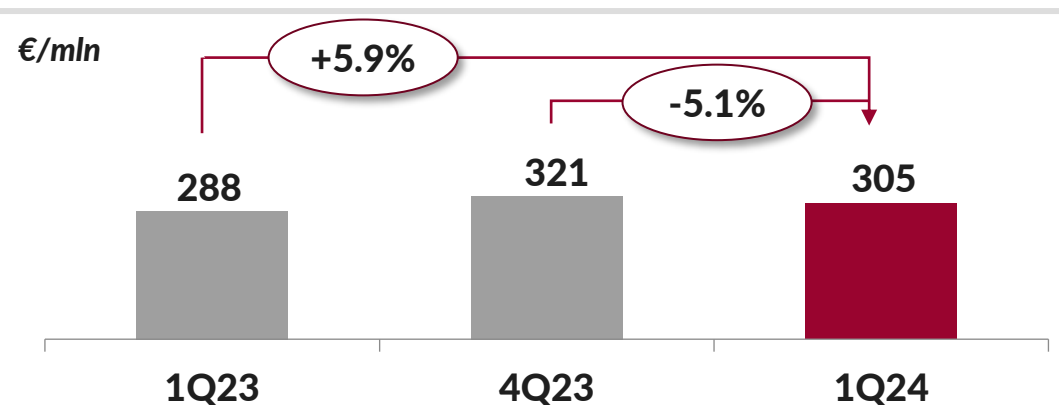


- Total fees at EUR 365mln up +10.1% y/y and +8.9% q/q, with increase driven by management and advisory fees (+18.3% y/y and +25.7% q/q) thanks to a revamp of placement activity in 1Q24
- Commercial banking fees up +2.9% y/y, quarterly dynamics reflecting year-end seasonality

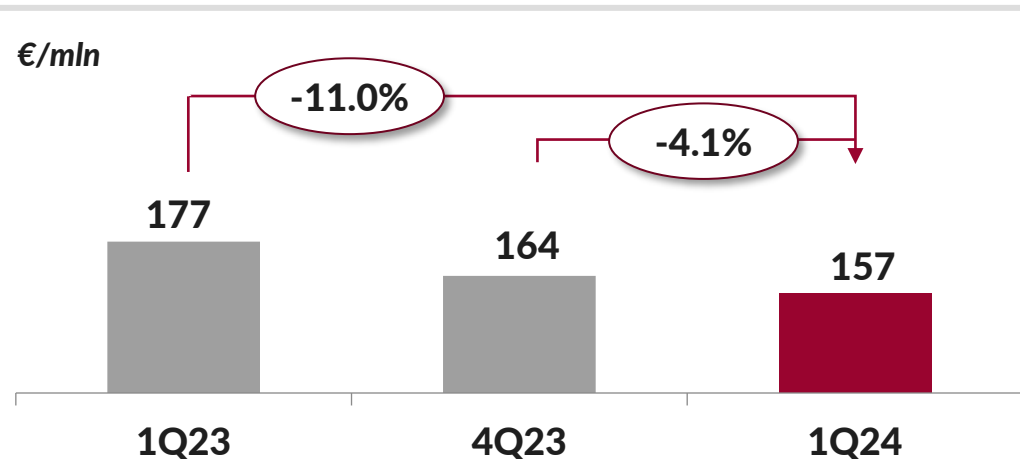


# Operating costs

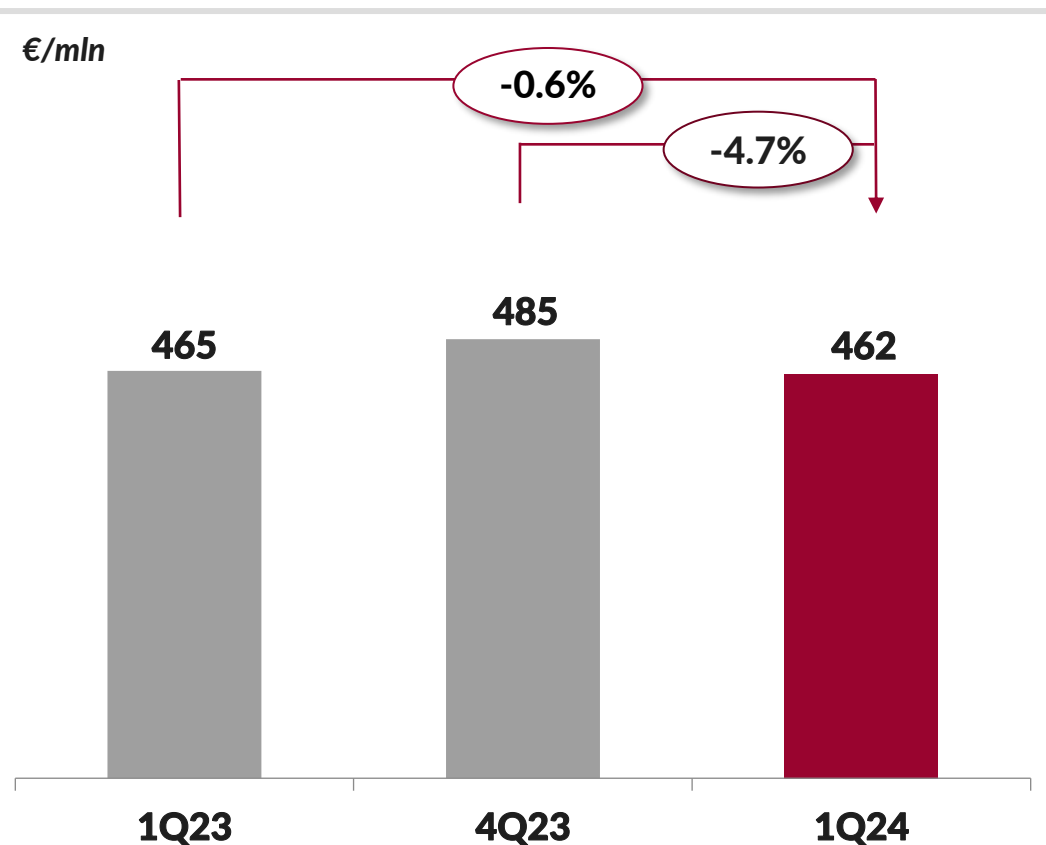
## HR costs



## Non-HR costs



## Operating costs



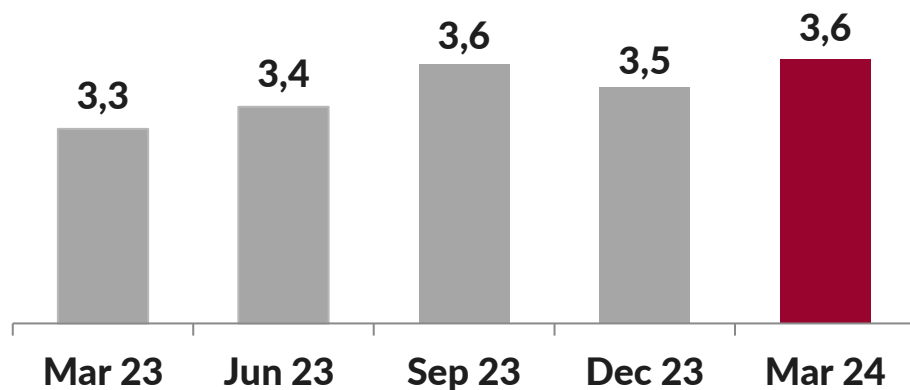
- 1Q24 operating costs down -0.6% y/y and -4.7% q/q thanks to non-HR costs ongoing optimization and processes streamlining (-11.0% y/y and -4.1% q/q) offsetting the impact of labour contract renewal and inflation



# Gross NPE stock

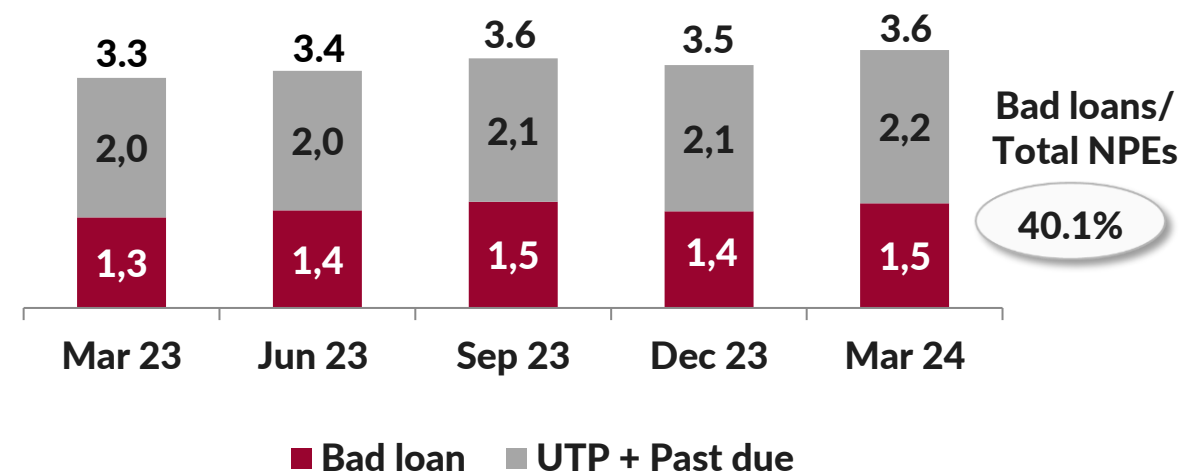
## Gross NPE stock

€/mln



## Breakdown by category

€/mln

Gross NPE ratio<sup>(1)</sup>

4.1%

4.3%

4.4%

4.4%

4.5%

Net NPE ratio

2.1%

2.1%

2.2%

2.3%

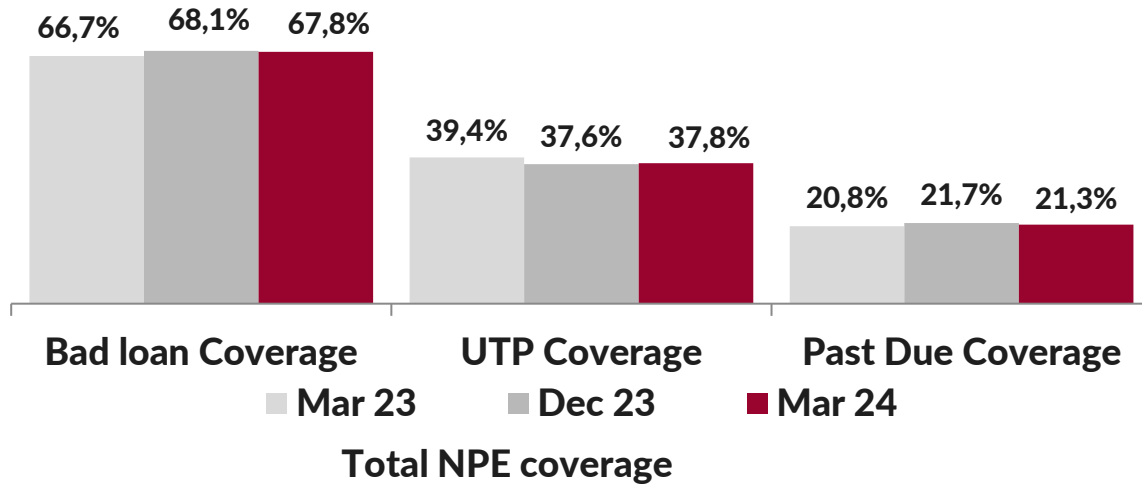
2.3%

- Gross NPE stock at EUR 3.6bn, with Gross NPE ratio at 4.5% and Net NPE at 2.3%, both almost at the same level as year-end 2023

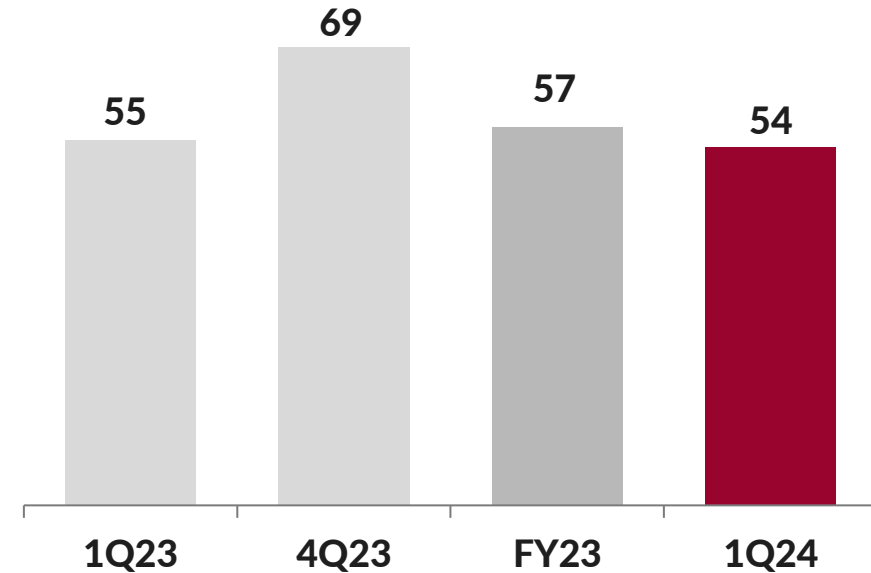


# Coverage and cost of risk

## NPE coverage breakdown



## Cost of risk (bps)

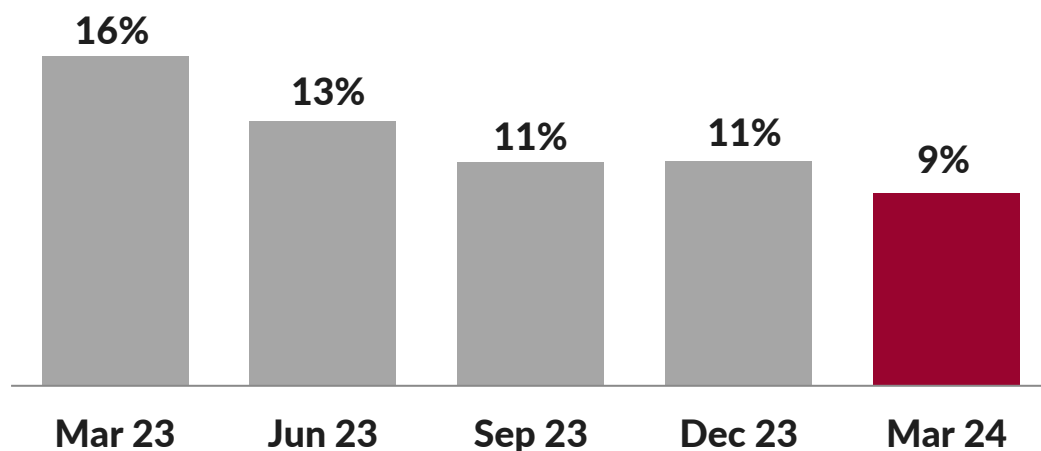


- 1Q24 cost of risk at 54bps, in line with 2024 guidance
- NPE coverage at 49.5%, increased +40bps q/q

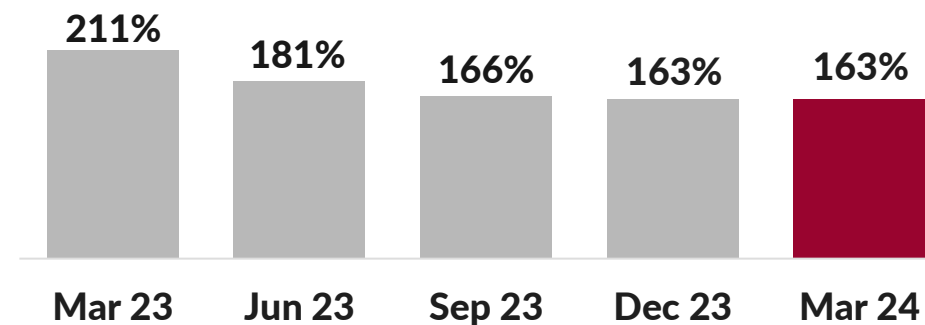


# Funding & Liquidity

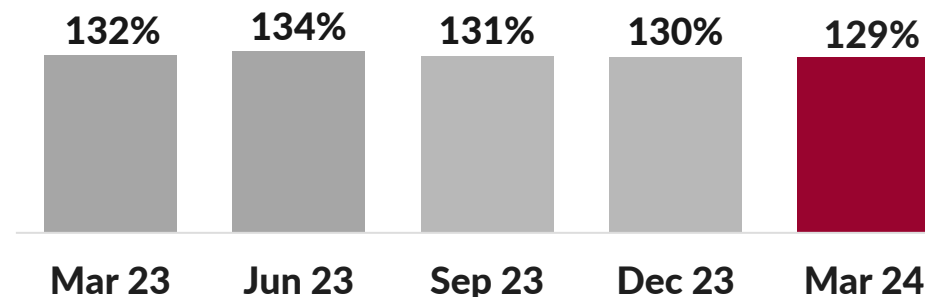
## Reduced reliance on ECB funding (ECB funding/Total liabilities)



## LCR evolution



## NSFR evolution

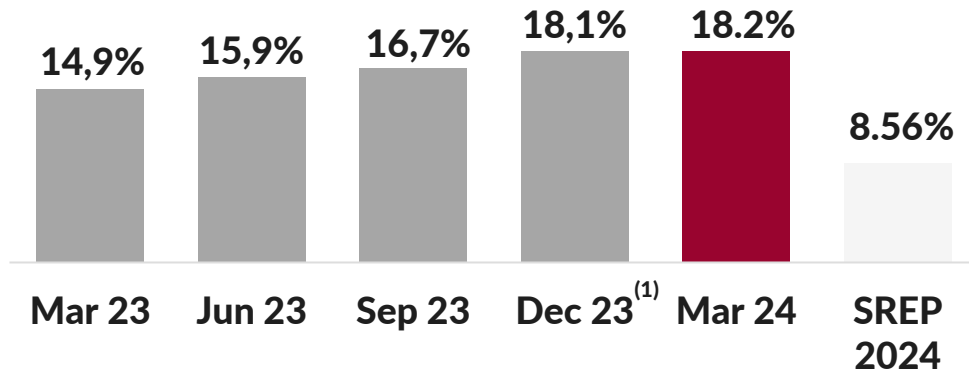


- Solid liquidity position, with unencumbered counterbalancing capacity at about EUR 30bn, LCR at 163% and NSFR at 129%
- Further decrease of the share of ECB funding down to 9%
- In the first months of the year, successful issuances of a EUR 500mln senior preferred and a EUR 750mln covered bonds



# Capital

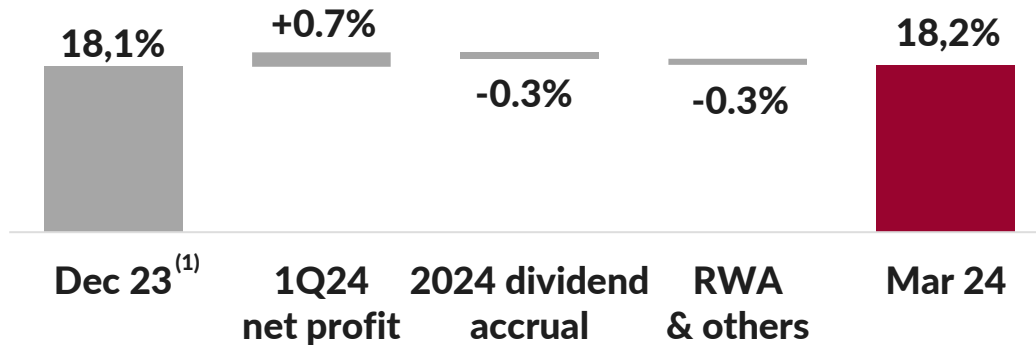
## CET1 ratio fully loaded



## Fully loaded capital ratios

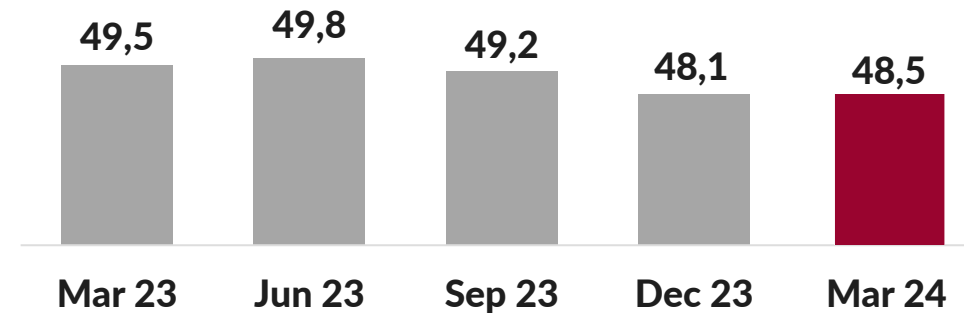
	Mar 23	Jun 23	Sep 23	Dec 23 <sup>(1)</sup>	Mar 24	SREP 2024
CET1 ratio (%)	14.9%	15.9%	16.7%	18.1%	18.2%	8.56%
Tier 1 ratio (%)	14.9%	15.9%	16.7%	18.1%	18.2%	10.58%
Total capital ratio (%)	18.5%	19.4%	20.2%	21.6%	21.6%	13.27%

## CET1 ratio fully loaded: quarterly dynamic



## RWA fully loaded

€/bn



- CET1 FL ratio at 18.2% pro forma, including 1Q24 net profit net of 50% dividend pay-out
- Buffer on Tier 1 ratio over 760bps



(1) Net of EUR 315mln of dividend distribution

Mar 23, Sep 23 ratios are pro forma, including net profit of the period. Mar 24 includes net profit of the period net of 2024 dividends (pay-out guidance: 50% on pre-tax profit) **16**



# Conclusions

- **Net income of EUR 333mln, driven by further improving operating performance, supported by the acceleration of fees and increased efficiency**
- **Commercial savings growing by additional EUR +3.8bn in the quarter, both on deposits and indirect commercial funding, and positive dynamics of net customer loans**
- **Cost risk in line with expectations at 54bps**
- **CET1 FL ratio at 18.2% pro forma, including 1Q24 net profit net of 50% dividend pay-out<sup>(1)</sup>, further increasing thanks to organic capital generation**
- **2024 guidance of pre-tax profit higher than 2023 adjusted for release of provisions for legal risks (ca. EUR 1.3bn) is confirmed**
- **An update of medium-term strategic targets will be given in the context of the 2Q24 results presentation**



# Annexes



# Reclassified Income Statement

€ mln	1Q23	2Q23	3Q23	4Q23	1Q24	Change (QoQ%)	Change (YoY%)
Net Interest Income	505	578	605	604	587	-2.8%	+16.4%
Net fees and commission income	332	338	317	335	365	+8.9%	+10.1%
Profit (loss) of equity-accounted investments (AXA)	18	24	14	30	15	-49.2%	-14.5%
<b>Core Revenues</b>	<b>854</b>	<b>941</b>	<b>936</b>	<b>970</b>	<b>968</b>	<b>-0.2%</b>	<b>+13.3%</b>
Financial revenues	27	32	11	14	38	n.m.	+42.4%
Other operating net income	-2	0	6	9	7	-14.4%	n.m.
<b>Operating Income</b>	<b>879</b>	<b>972</b>	<b>953</b>	<b>993</b>	<b>1,013</b>	<b>+2.0%</b>	<b>+15.2%</b>
Personnel expenses	-288	-287	-284	-321	-305	-5.1%	+5.9%
Other administrative expenses	-133	-119	-115	-120	-115	-3.9%	-13.8%
Depreciations/amortisations and net impairment losses on PPE	-44	-43	-45	-44	-42	-4.6%	-2.5%
<b>Operating Costs</b>	<b>-465</b>	<b>-449</b>	<b>-444</b>	<b>-485</b>	<b>-462</b>	<b>-4.7%</b>	<b>-0.6%</b>
<b>Gross operating profit</b>	<b>414</b>	<b>523</b>	<b>509</b>	<b>508</b>	<b>551</b>	<b>+8.5%</b>	<b>+32.9%</b>
Net impairment losses for credit risk	-107	-98	-102	-133	-106	-20.7%	-1.4%
Net impairment losses for other financial assets	2	0	-2	-3	-1	-72.4%	n.m.
<b>Net operating profit</b>	<b>309</b>	<b>426</b>	<b>405</b>	<b>371</b>	<b>444</b>	<b>+19.7%</b>	<b>+44.0%</b>
Net gains/losses on equity investments, PPE and intangible assets at FV, and disposal of investments	-2	-28	-2	-24	-6	-74.8%	n.m.
Systemic funds contribution	-58	0	-75	0	-75	n.m.	+28.4%
DTA Fee	-16	-16	-16	-16	-15	-2.5%	-2.5%
Net accruals to provisions for risks and charges	-6	4	7	466	-4	n.m.	-38.5%
Restructuring costs / one-off costs	-6	10	-13	-13	-8	-42.5%	+24.2%
<b>Pre-tax profit (loss)</b>	<b>220</b>	<b>395</b>	<b>307</b>	<b>784</b>	<b>336</b>	<b>-57.1%</b>	<b>+52.6%</b>
Income taxes	15	-12	3	339	-4	n.m.	n.m.
<b>Profit (loss) for the period</b>	<b>236</b>	<b>383</b>	<b>310</b>	<b>1,123</b>	<b>333</b>	<b>-70.4%</b>	<b>+41.2%</b>



# New representation of net fee and commission income

The split of net fee and commission income has been slightly changed to align with market best practices

In table below recast 2023 quarters are presented:

	1Q23	2Q23	3Q23	4Q23	1Q24
Commercial banking fees	176	192	171	189	181
Wealth management and advisory fees	155	147	146	146	184
<b>Total Fees</b>	<b>332</b>	<b>338</b>	<b>317</b>	<b>335</b>	<b>365</b>



# Balance Sheet

## Total Assets (€/mln)

	Mar-23	Dec-23	Mar-24	QoQ%	YoY%
Loans to Central banks	656	527	832	58.0%	26.8%
Loans to banks	2,126	2,582	2,313	-10.4%	8.8%
Loans to customers	77,756	76,816	78,423	2.1%	0.9%
Securities assets	18,652	17,277	18,176	5.2%	-2.6%
Tangible and intangible assets	2,567	2,483	2,423	-2.4%	-5.6%
Other assets	22,529	22,930	24,608	7.3%	9.2%
<b>Total Assets</b>	<b>124,286</b>	<b>122,614</b>	<b>126,775</b>	<b>3.4%</b>	<b>2.0%</b>

## Total Liabilities (€/mln)

	Mar-23	Dec-23	Mar-24	QoQ%	YoY%
Deposits from customers	74,708	80,558	83,204	3.3%	11.4%
Securities issued	9,359	10,081	9,514	-5.6%	1.7%
Deposits from central banks	19,317	13,148	11,629	-11.6%	-39.8%
Deposits from banks	1,885	1,351	1,304	-3.4%	-30.8%
Other liabilities	10,887	7,497	10,816	44.3%	-0.7%
Group net equity	8,129	9,979	10,307	3.3%	26.8%
Non-controlling interests	1	1	1	-14.3%	-33.3%
<b>Total Liabilities</b>	<b>124,286</b>	<b>122,614</b>	<b>126,775</b>	<b>3.4%</b>	<b>2.0%</b>



# Lending & Direct Funding

## Total Lending (€/mln)

	Mar-23	Dec-23	Mar-24	QoQ%	YoY%
Current accounts	3,358	2,756	2,668	-3.2%	-20.5%
Medium-long term loans	54,268	51,838	52,047	0.4%	-4.1%
Other forms of lending	14,245	14,219	14,628	2.9%	2.7%
Reverse repurchase agreements	4,236	6,230	7,241	16.2%	70.9%
Impaired loans	1,648	1,774	1,838	3.6%	11.5%
<b>Total</b>	<b>77,756</b>	<b>76,816</b>	<b>78,423</b>	<b>2.1%</b>	<b>0.9%</b>

## Direct Funding (€/mln)

	Mar-23	Dec-23	Mar-24	QoQ%	YoY%
Current accounts	63,532	65,446	64,459	-1.5%	1.5%
Time deposits	4,762	5,948	7,353	23.6%	54.4%
Repos	3,826	6,565	8,769	33.6%	n.m.
Bonds	9,359	10,081	9,514	-5.6%	1.7%
Other forms of direct funding	2,588	2,599	2,623	0.9%	1.4%
<b>Total</b>	<b>84,067</b>	<b>90,639</b>	<b>92,718</b>	<b>2.3%</b>	<b>10.3%</b>



# Focus on DTAs

## On and off balance sheet DTAs

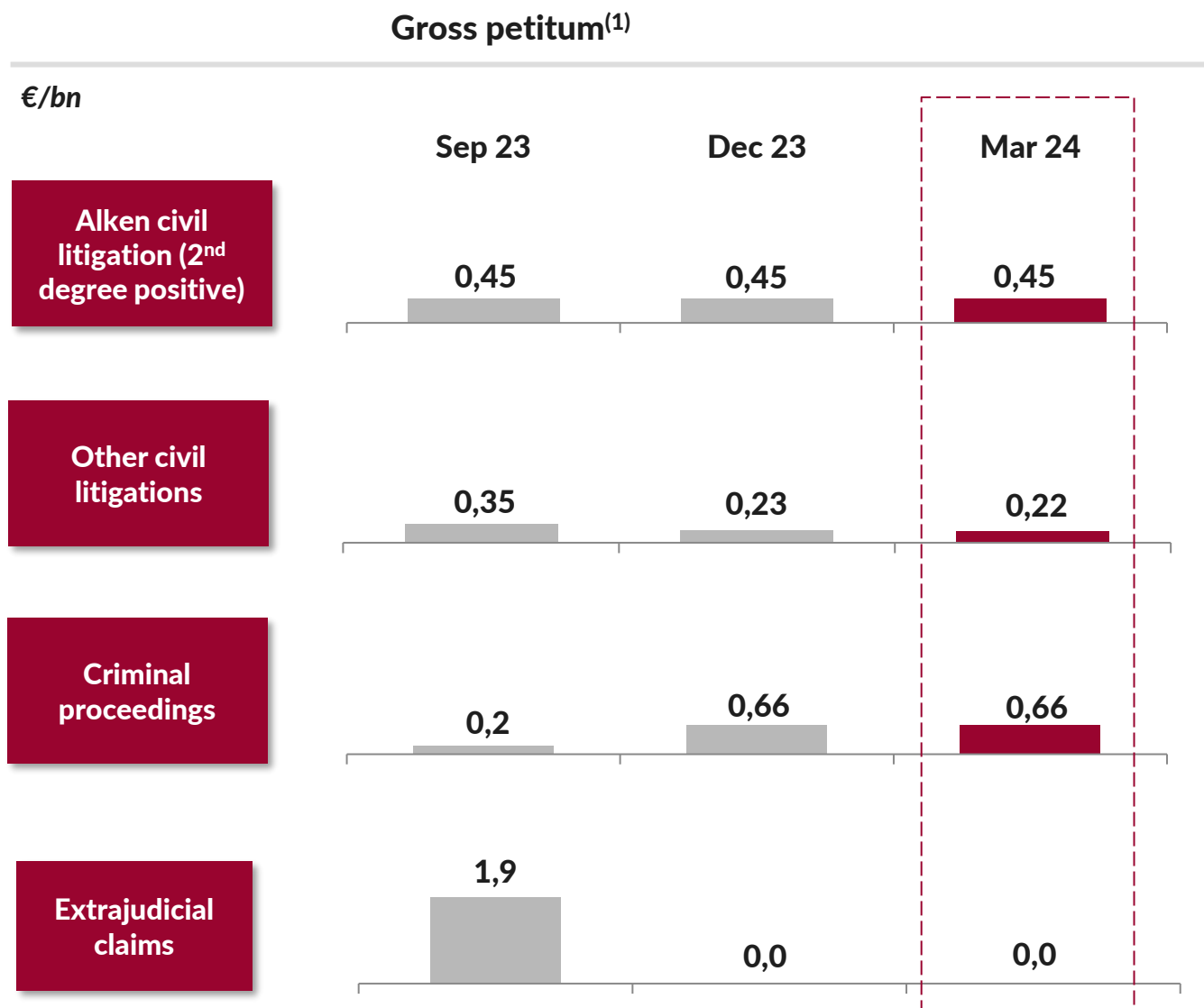
€/bn

	Dec 23	Mar 24
Convertible DTAs	0.5	0.5
DTAs on Tax loss carryforwards	0.7	0.8
Other non-convertible DTAs	0.6	0.6
<b>Total on balance sheet DTAs</b>	<b>1.8</b>	<b>1.9</b>
<b>DTAs not recorded in balance sheet</b>	<b>2.6</b>	<b>2.5</b>

- Stock of DTAs not recorded in Balance Sheet at EUR 2.5bn, almost entirely composed by DTAs on tax loss carryforwards
- Current Italian fiscal regulations do not set any time limit to the use of tax loss carryforwards against the taxable income of subsequent years



# Extraordinary litigations and extrajudicial claims



- Extraordinary litigations and extrajudicial claims stable vs December 2023
- The positive trend of civil sentences is continuing
- NPE proceeding still at preliminary hearings stage, with almost 300 civil parties excluded so far (quantified petitem of c. EUR 13mln)

