



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

MPS: A Clear and Simple Commercial Bank


Kepler Italian Financial Conference

Franciacorta, 20th November 2023

- **The starting point: a nationwide simple commercial bank**
- A successful relaunching path
- The latest performance
- A supportive outlook



Historic franchise with a view to innovation


Scale	Franchise	Reach	Capabilities
<p>€153bn Total commercial savings^(1,2)</p>	<p>Historic franchise with ~550 years of history</p>	<p>#1.4k Branches covering all Italian regions (6.7% m.s. nationwide ⁽⁴⁾)</p>	<p> BANCAWIDIBA Digital platform with 554 financial advisors</p>
<p>€70bn Net customer loans^(1,3)</p>	<p>#1 in Tuscany (19.6% m.s.⁽⁴⁾) #3 in Veneto (8.6% m.s. ⁽⁴⁾) #5 in Lombardy (4.9% m.s. ⁽⁴⁾)</p>	<p>#127 Specialised client centres⁽¹⁾</p>	<p>Strong and established wealth management partnerships (Anima, AXA)</p>
<p>€2.8bn Operating income in 9M23</p>	<p>#5 Italian bank by Total Assets⁽¹⁾</p>	<p>#3.7m Clients⁽¹⁾ (mainly retail and SME customers)</p>	<p>Proprietary platforms for Consumer Finance and Wealth Management effective distribution</p>



A nationwide simple commercial bank

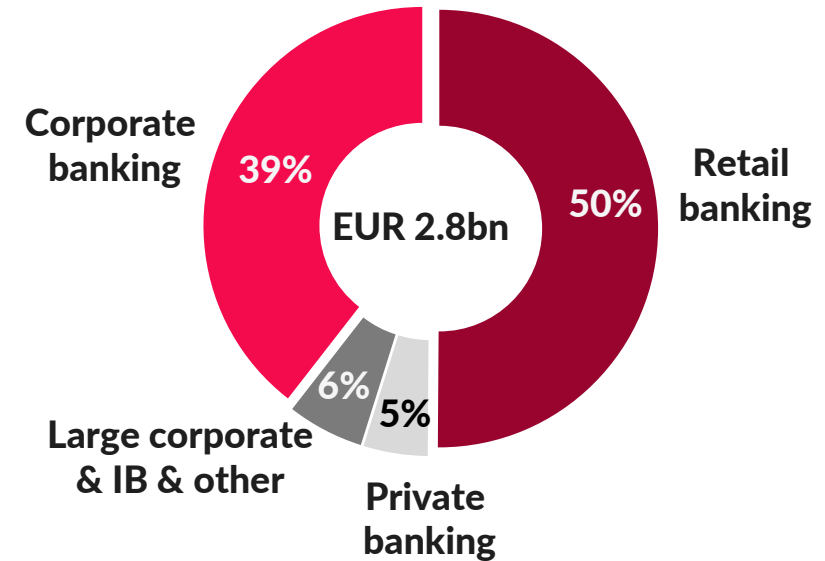
Market shares and GDP coverage ⁽¹⁾

Ranked by % Italian GDP per area	% Italian GDP	Branches (#)	Market shares by Branches (%)	GDP Coverage ⁽¹⁾
North-West	33.4%	241	3.9%	1.3%
Lombardia	22.8%	189	4.9%	1.1%
Liguria	2.7%	17	3.0%	0.1%
Valle d'Aosta	0.3%	2	3.0%	0.0%
Piemonte	7.7%	33	2.0%	0.2%
North-East	23.3%	303	5.5%	1.3%
Veneto	9.2%	179	8.6%	0.8%
Friuli Venezia Giulia	2.2%	35	6.1%	0.1%
Emilia Romagna	9.2%	87	4.1%	0.4%
Trentino Alto Adige	2.7%	2	0.3%	0.0%
Center	21.2%	478	11.5%	2.4%
Toscana	6.5%	297	19.6%	1.3%
Umbria	1.3%	33	9.9%	0.1%
Lazio	11.1%	113	6.8%	0.8%
Marche	2.4%	35	5.4%	0.1%
South & Islands	22.1%	340	7.5%	1.7%
Calabria	1.8%	37	11.5%	0.2%
Sicilia	5.0%	94	8.9%	0.4%
Puglia	4.3%	81	8.6%	0.4%
Campania	6.2%	77	7.3%	0.5%
Abruzzo	1.8%	27	6.5%	0.1%
Basilicata	0.7%	10	5.8%	0.0%
Molise	0.4%	4	5.0%	0.0%
Sardegna	1.9%	10	2.1%	0.0%
Total	100.0%	1,362	6.7%	6.7%

 Top 5 regions by number or branches

9M23 operating income: breakdown by commercial segments

Ca. 90% of operating income are related to Retail and SMEs



Best-in-class nationwide distribution network deeply rooted across the wealthiest regions in Italy, with a 6.7% market share at national level, 19.6% in Tuscany, 8.6% in Veneto and 4.9% in Lombardy



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Market shares as at Jun-23.

(1) Computed as sum of market share by regions times GDP by region as per latest figures as of Dec-21 (latest available data released in Dec-22)

- The starting point: a nationwide simple commercial bank

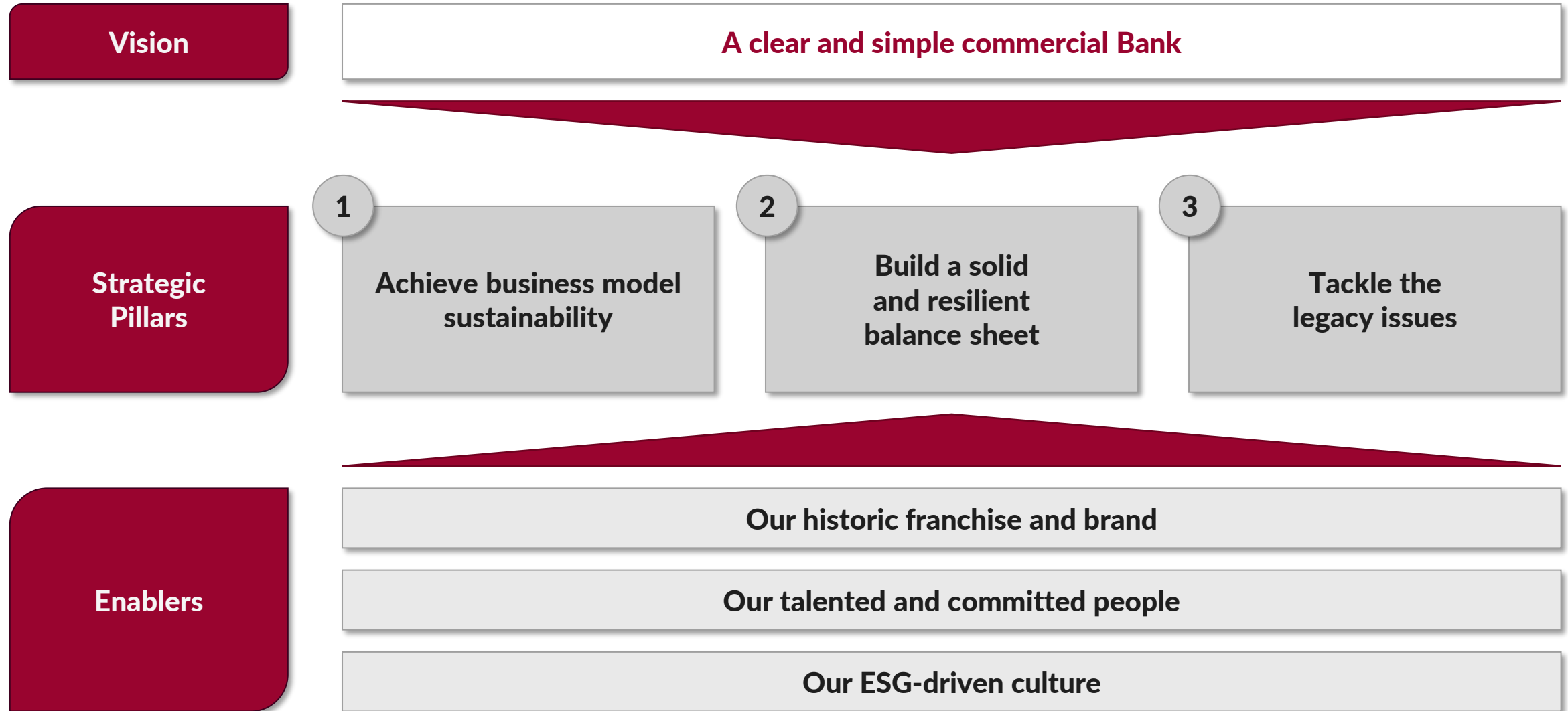
- **A successful relaunching path**

- The latest performance

- A supportive outlook



Business plan built on solid strategic pillars



Speed of execution has been decisive...

2022

Feb
2022

✓ New CEO appointment

✓ New Business Plan
✓ Execution of merger of subsidiaries
✓ Pre-underwriting agreement signed for share capital increase

✓ Agreement with trade union organizations on voluntary exits plan
✓ EUR 0.9bn NPEs disposal announcement

✓ EUR 2.5bn share capital increase completed

✓ Fitch rating upgrade by 1 notch

✓ Completion of over 4,000 voluntary staff exits, above BP target

Dec
2022

✓ Effectiveness of merger with IT structure Consorzio Operativo

2023

Jan
2023

✓ Moody's rating upgrade by 2 notches

✓ EUR 750mln Senior preferred bond issue

✓ Effectiveness of merger with Capital Services and L&F

✓ DBRS rating upgrade by 1 notch

✓ Moody's outlook improved to "positive"

✓ 2023 EBA EU-wide stress test positive results

✓ EUR 0.2bn NPEs disposal

✓ EUR 500mln Senior preferred bond issue

✓ Acquittal by supreme court in Vigni/Mussari case

✓ EUR 450mln Alken's claim rejected also by Court of Appeal

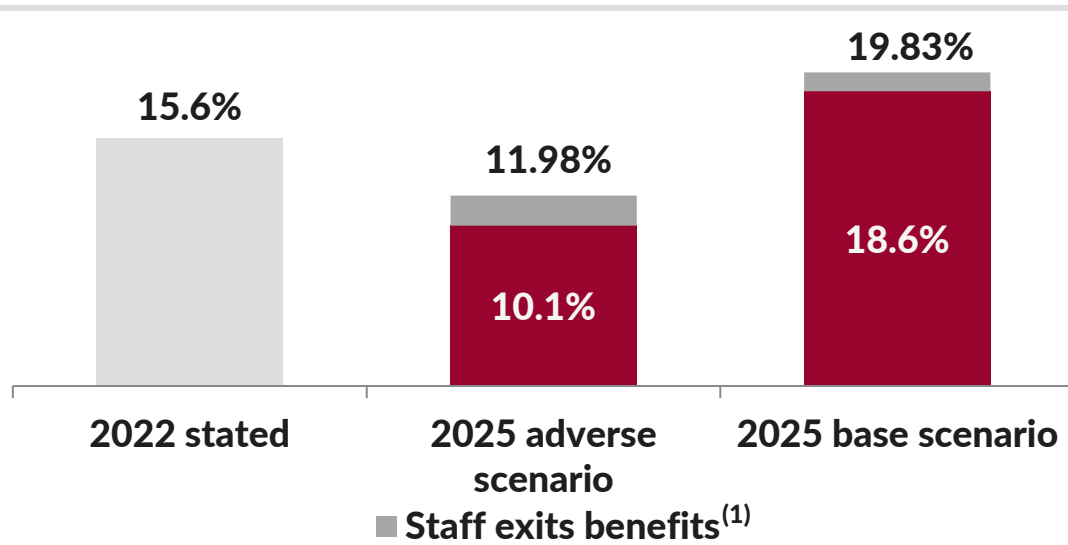
Nov
2023

✓ New Fitch rating upgrade by 2 notches

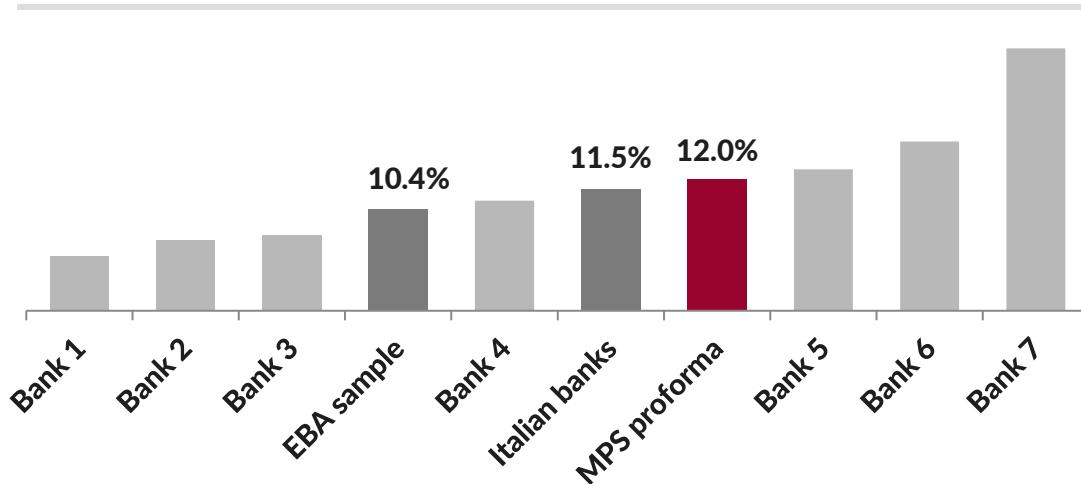


... leading also to acknowledgment by the Supervisory Authorities, as per the 2023 EBA EU-Wide Stress Test results

CET1 ratio fully loaded in the Stress Test



2025 CET1 ratio in the adverse scenario: MPS ranking⁽²⁾



- **Best ever results in Stress Tests:**
 - Adverse scenario: 11.98% considering the cost savings stemming from over 4,000 staff exits concluded on 1st Dec 22
 - Base scenario: 2025 FL CET1 ratio 19.83% (+419bps vs FY22) considering the benefits of the HR cost savings
- **Positive net results in years 2024 and 2025 even in the adverse scenario, considering the HR cost savings**
- **Buffer >300bps vs CET1 SREP requirement, best among Italian commercial banks**

- **The MPS ratio of 11.98% in the adverse scenario is above the European and Italian average and above the current regulatory requirements**



(1) As reported in the EBA note, the results under the stress test methodology do not consider the benefits – in terms of higher profits and additional capital – generated by the HR cost savings of EUR 857mln over the 3-year horizon, related to >4,000 staff exits concluded on 1st December 2022

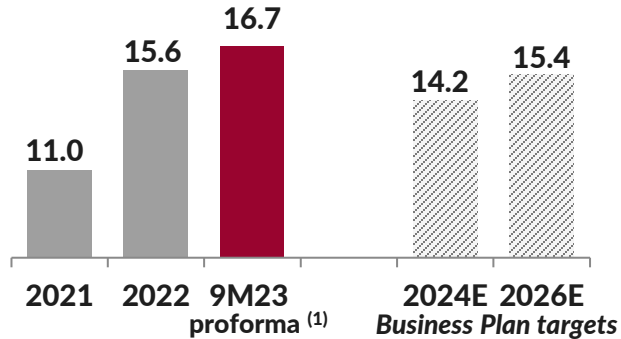
(2) Italian banks that participated in the Stress Test: ISP, UCI, BBPM, ICCREA, BPER, CCB, Mediobanca

Today a stronger, more efficient and profitable Bank, well on track in reaching Business Plan targets

Stronger Solidity: CET1 ratio FL

%

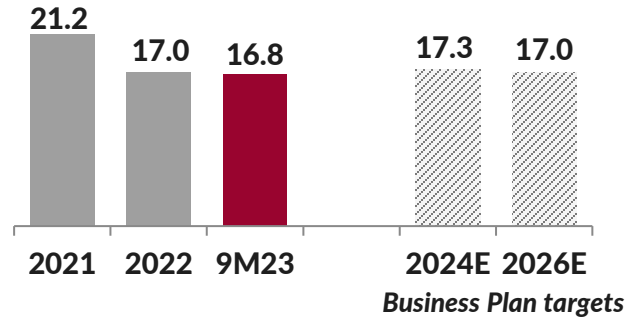
- CET1 FL stronger thanks to capital increase and ongoing organic capital generation



Cost savings: FTE reduction

#k

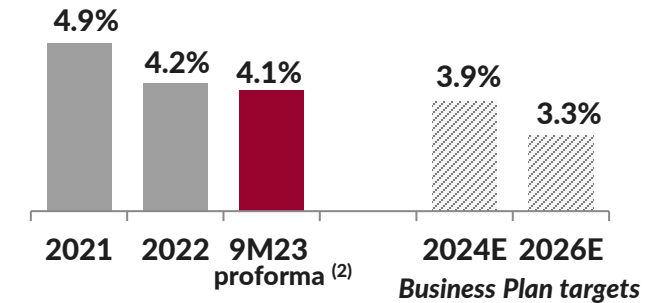
- FTE optimization with evolution in line with 2026 Plan target, thanks to >4k voluntary FTE exits already implemented



Improved Balance Sheet: Gross NPE Ratio

%

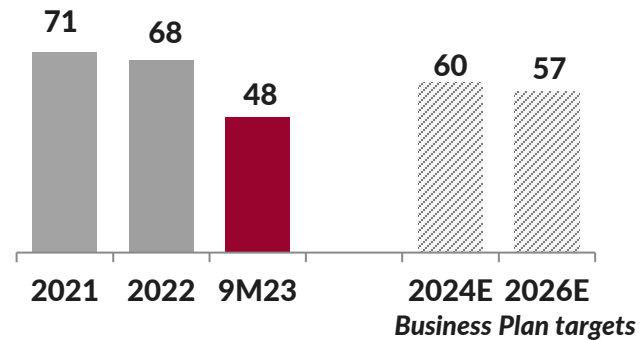
- NPE stock down ~-20% vs 2021, following EUR 1.1bn NPE disposals, with NPE ratio close to Plan target



Efficiency improvements: Cost/Income

%

- Strong improvement in C/I, already below 2026 Business Plan factoring in acceleration of operating performance



Simplification of Group Structure

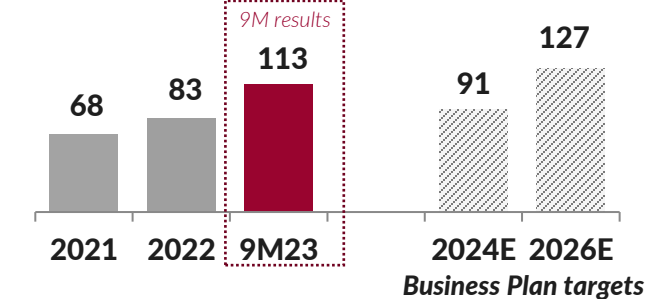
- Merger of subsidiaries completed in 1H23

- ✓ Merger of Consorzio Operativo (IT unit) effective from Dec-22
- ✓ Merger of MPS Leasing & Factoring and MPS Capital Services effective from April and May 2023, respectively

Focus on Widiba: Revenues

€/mln

- 9M23 total revenues up 101% y/y
- Investments in communications (at the beginning of the year) and ongoing FAs recruiting



(1) September 2023 CET1 ratio FL includes net profit for the period

(2) September 2023 Gross NPE ratio proforma for the EUR 0.2bn NPE portfolio disposal signed in August 2023

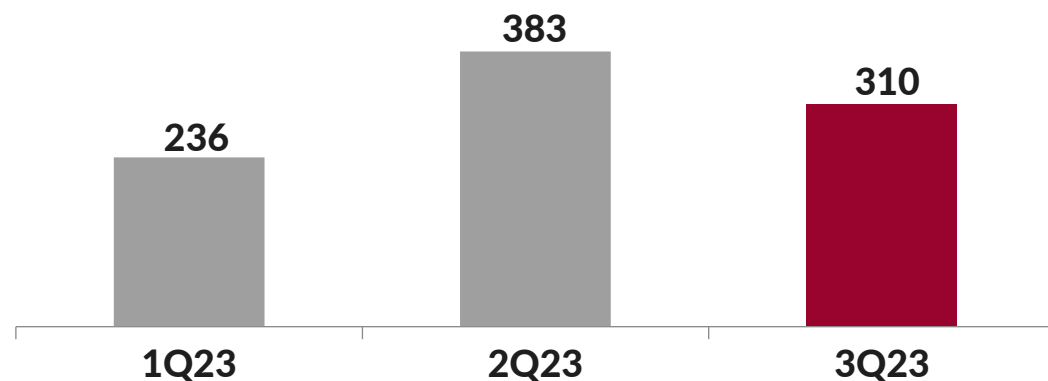
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Net profit

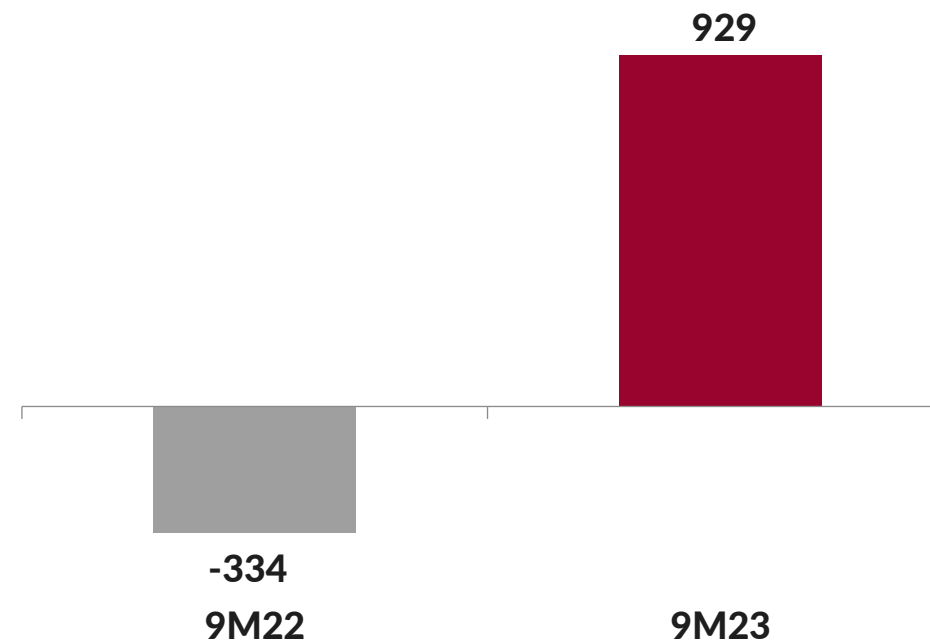
Quarterly evolution

€/mln



Yearly evolution

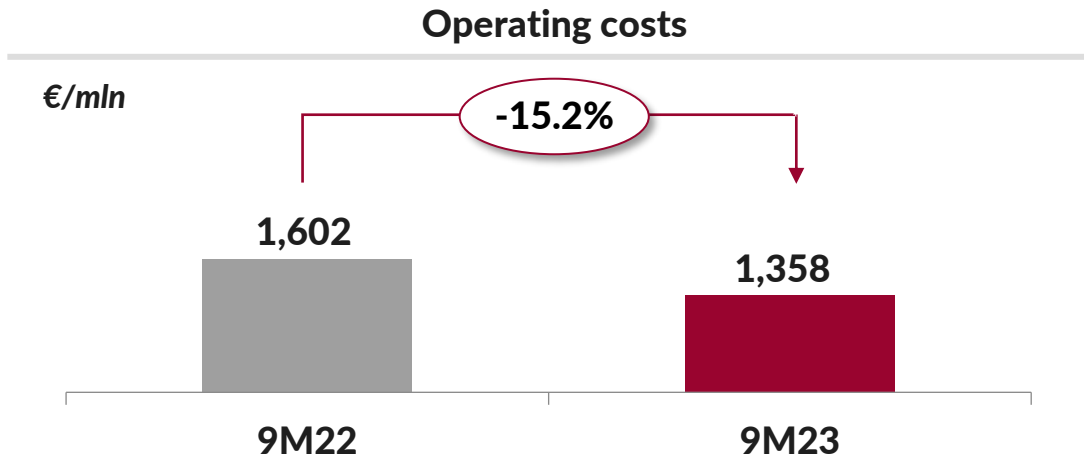
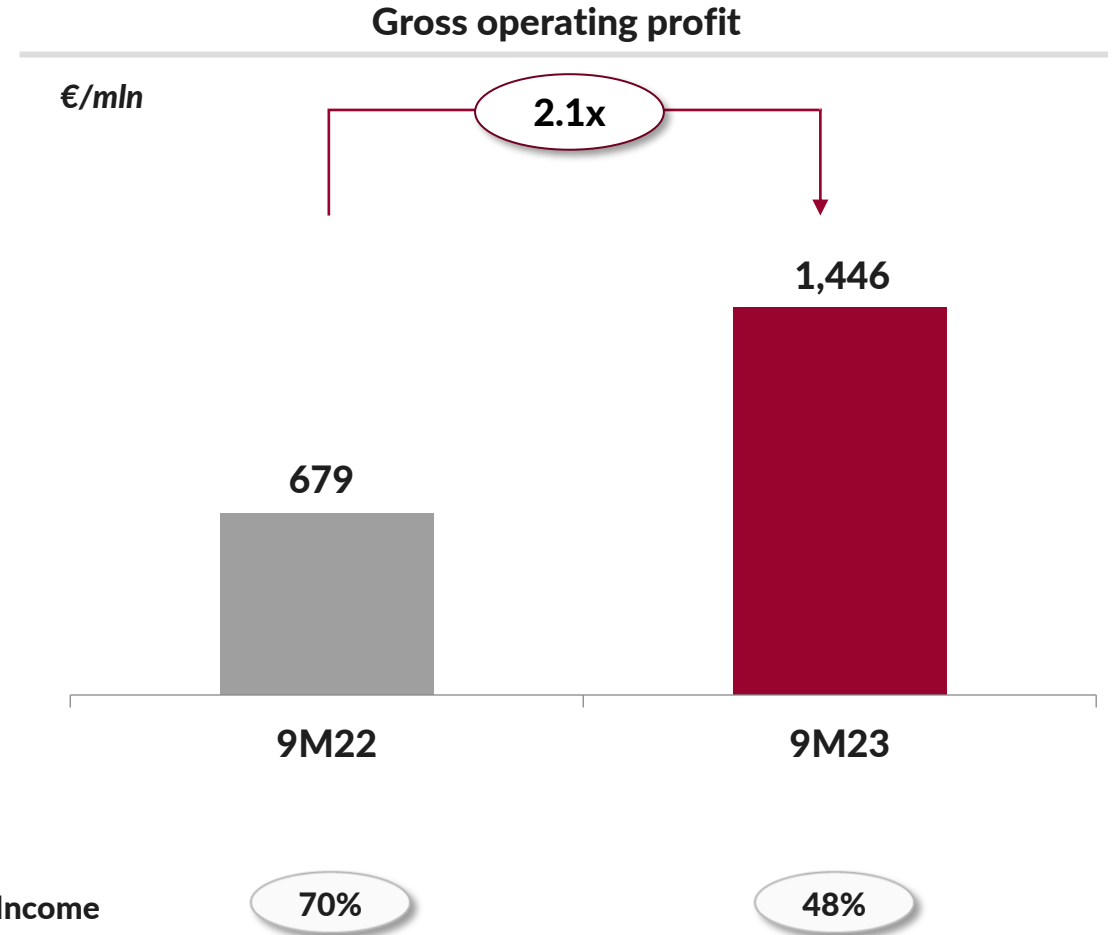
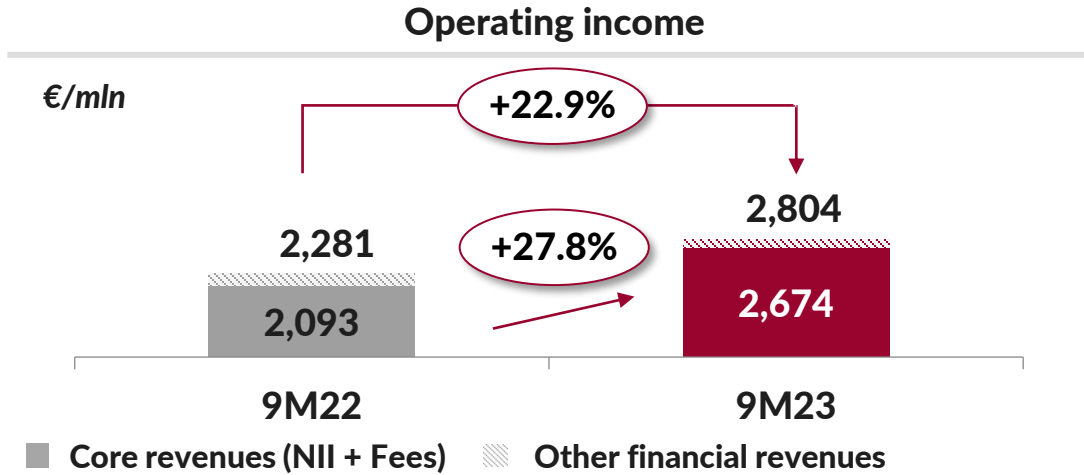
€/mln



- 3Q23 net profit at EUR 310mln, after EUR -75mln charge to DGS scheme, confirming MPS's capability to deliver sustainable profitability
- 9M23 net profit at EUR 929mln, driven by strong operating performance supported by NII growth and structural costs reduction relating mainly to last year's 4k voluntary early retirements, with related restructuring costs impacting 9M22 result (EUR -334mln)



Gross operating profit: strong increase, supported by materially improving jaws



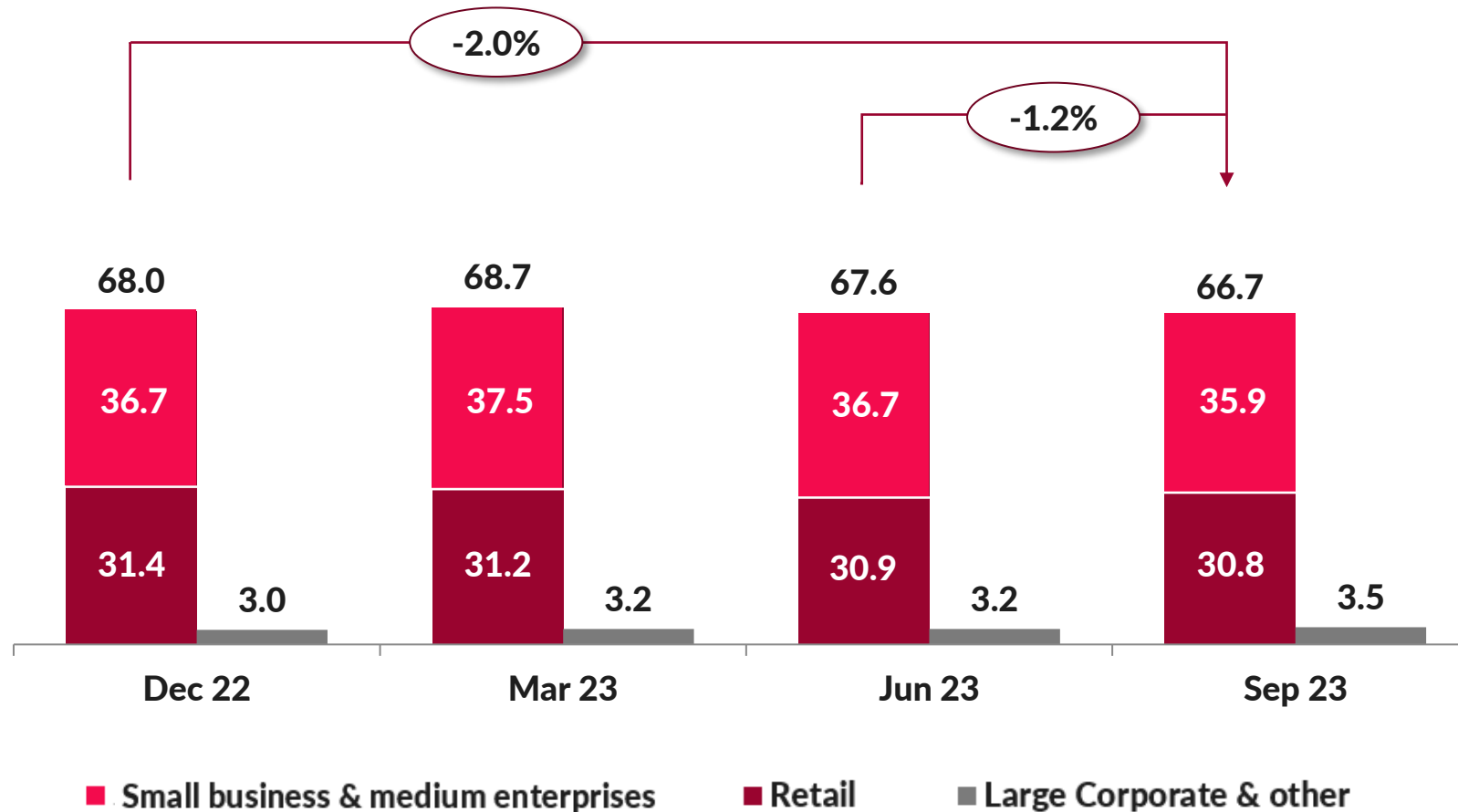
- 9M23 operating profit more than double vs 9M22, thanks to higher operating income, driven by NII and lower operating costs (-15.2% y/y) mainly thanks to structural 4k FTE reduction completed on 1st December 2022 and persisting cost control
- 9M23 cost income at 48% vs 70% in 9M22, well advanced vs 2026 Business Plan target



Net customer loans built on solid commercial basis

Net loans

€/bn

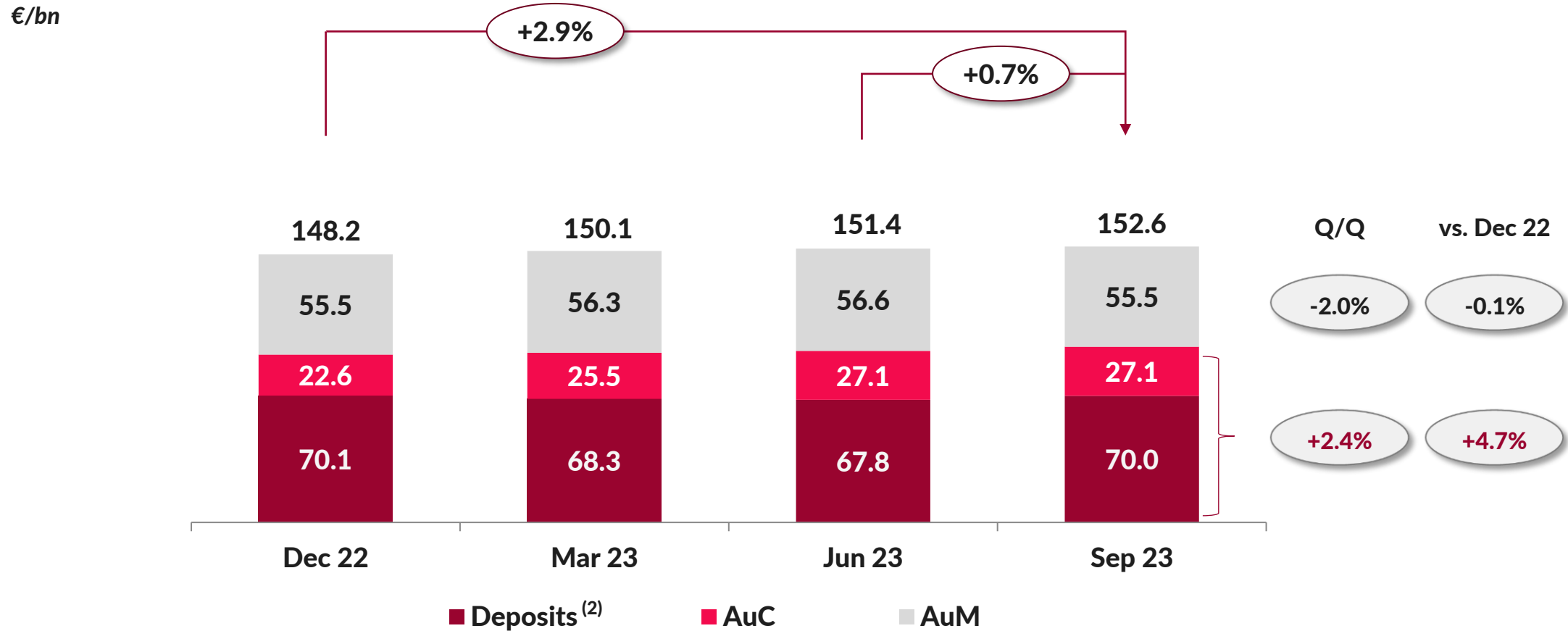


- Resilient net loans stock, in a high interest rates environment, which led to a lower credit demand



Total commercial savings: client assets increasing

Total commercial savings⁽¹⁾



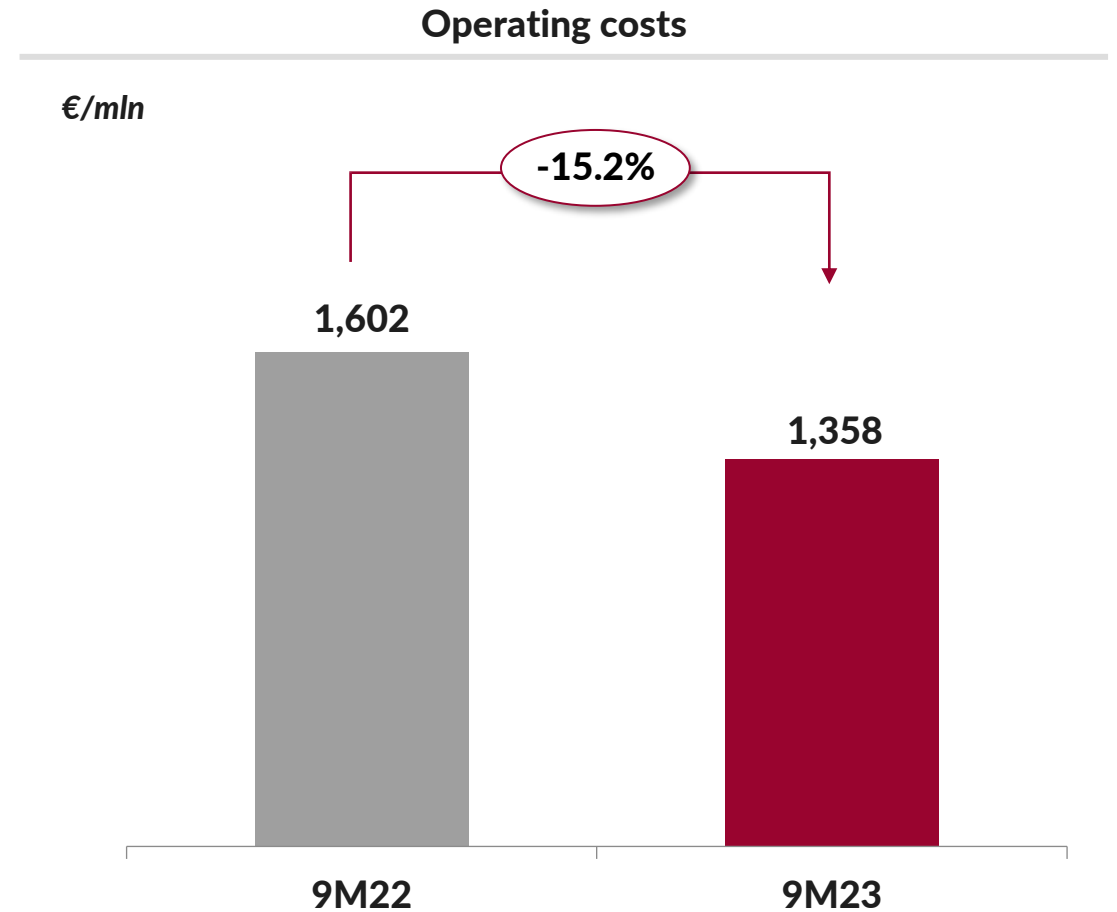
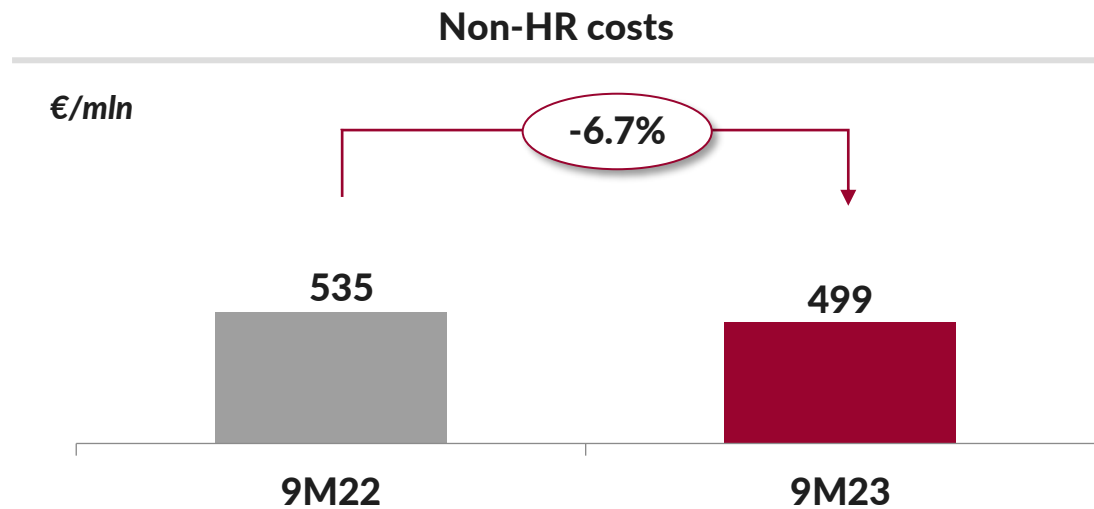
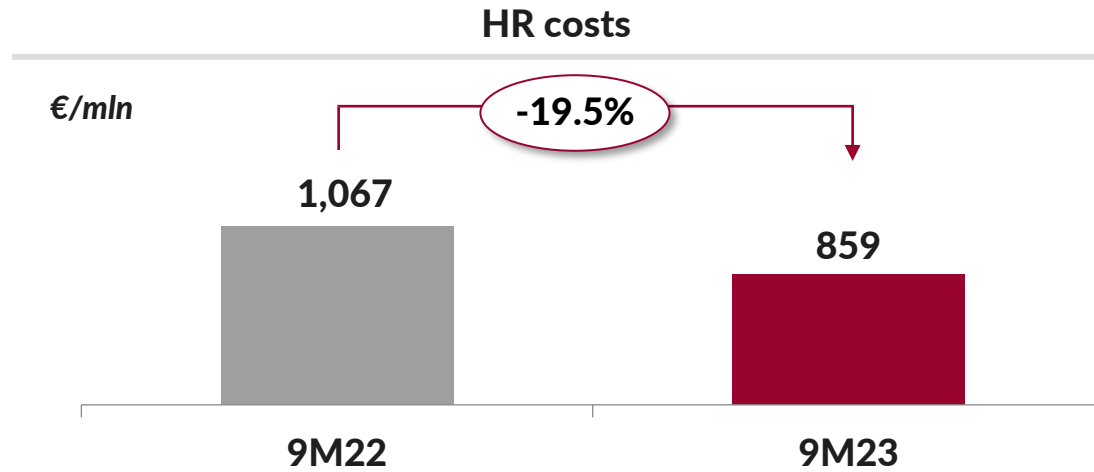
- Total commercial savings steadily increasing (+2.9% since Dec-22 and +0.7% q/q)
- Confirmed resilience of customer deposits, increasing q/q and stable YTD despite customers' appetite for investment in fixed income securities



(1) Commercial savings, in indirect funding, not including certain institutional assets under custody, as per business plan targets

(2) Current accounts + Time deposits
Managerial data

Operating costs benefiting of decisive business plan actions



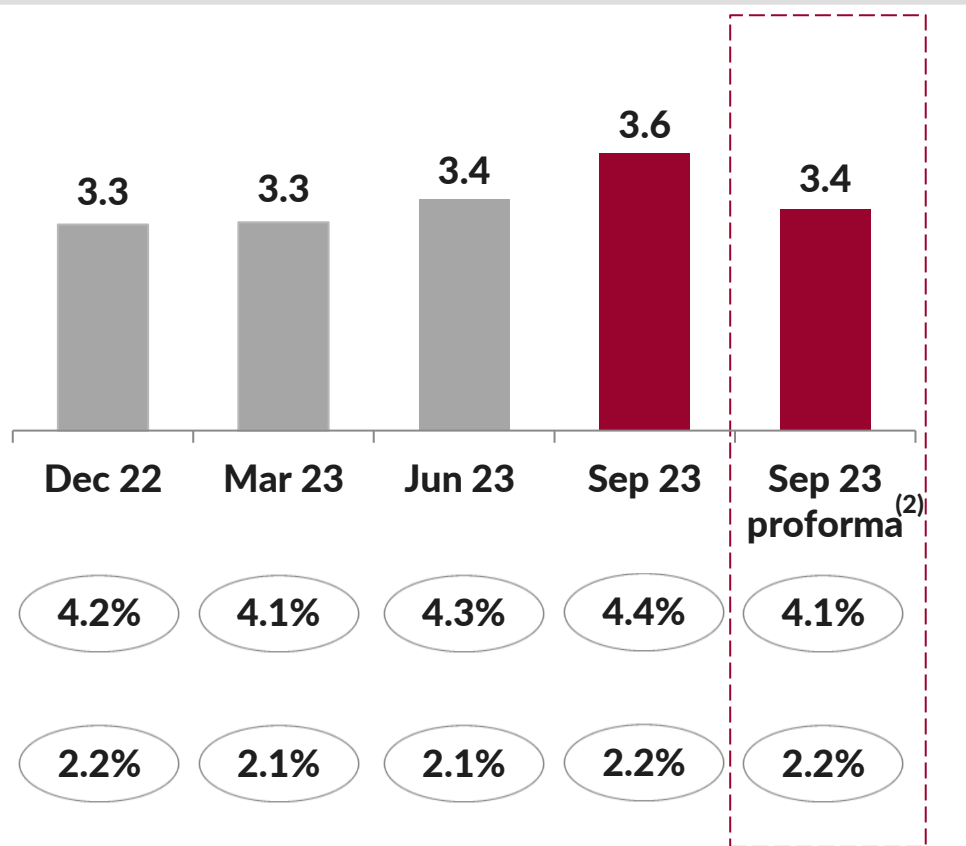
- 9M23 operating costs down by 15.2% vs 9M22, fully benefitting from structural FTE reduction and managerial expertise in cost governance



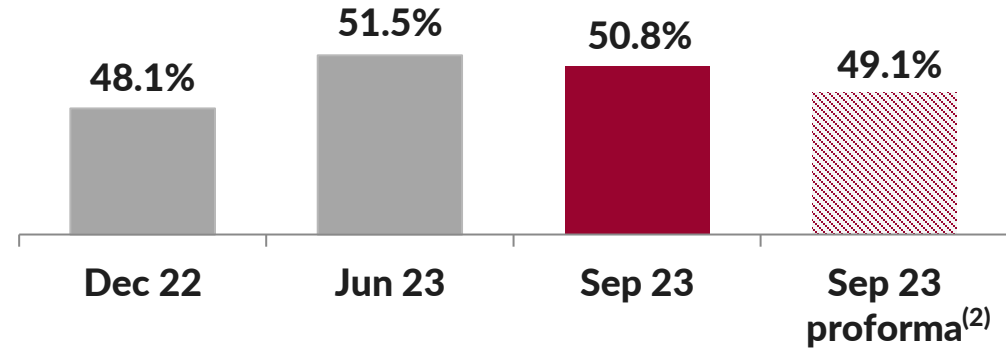
Gross NPE stock

Gross NPE stock

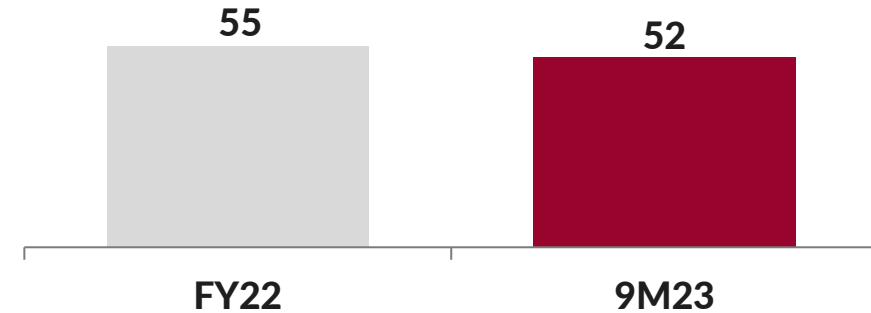
€/bn



Total NPE coverage



Cost of risk (bps)



Gross NPE ratio⁽¹⁾

4.2% 4.1% 4.3% 4.4% 4.1%

Net NPE ratio

2.2% 2.1% 2.1% 2.2% 2.2%

- Gross NPE stock proforma at EUR 3.4bn, net of EUR 0.2bn NPE portfolio disposal
- Gross NPE ratio proforma at 4.1%, close to 2024 Business Plan target
- 9M23 Cost of risk at 52bps, with 3Q23 at the level of previous quarter, in line with 2023 guidance
- NPE coverage proforma at 49.1%, increased by 1p.p. vs Dec-22, also after EUR 0.2bn NPE disposal

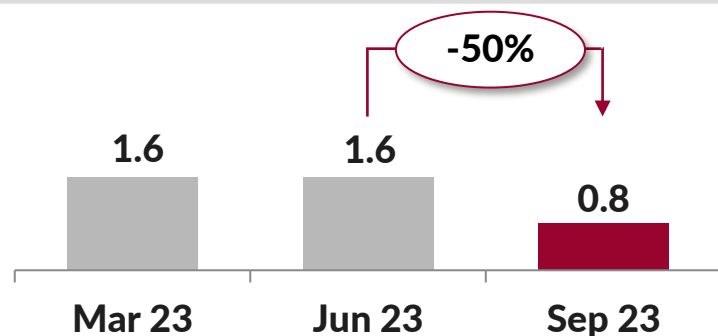


Extraordinary litigations and extrajudicial claims

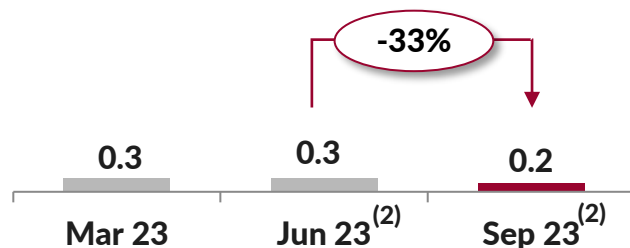
Gross petitem⁽¹⁾

€/bn

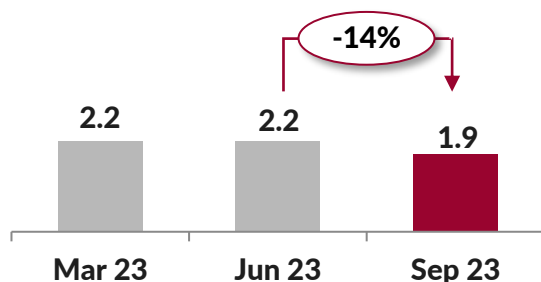
Civil litigations



Criminal proceedings



Extrajudicial claims



Key info

- Following the sentence of the Supreme Court on the Vigni/Mussari criminal proceeding, material downgrade in risk, from “possible” to “remote”, of ca. 50% of petitem
- About 70% of the other civil litigations petitem refers to two proceedings, one of which (ca. EUR 450mln petitem) registered a positive sentence in appeal instance
- In 3Q23 two additional positive judgements on civil proceedings relating to Viola/Profumo and NPEs matters, for a total number of 17 positive sentences up to now⁽³⁾
- Downgrade of petitem of extrajudicial claims also driven by the Vigni-Mussari sentence
- The majority of all extrajudicial claims are promoted by the same consulting company on behalf of institutional investors, in most cases characterized by lack of documentation, lack of legitimacy and causal nexus

Key upcoming events

- 27th November 2023: second degree sentence of Viola/Profumo hearing
- 10th November 2023 and 1st December 2023: preliminary hearing on NPEs proceeding

(1) Excluding remote risk litigations, in line with IAS 37.86

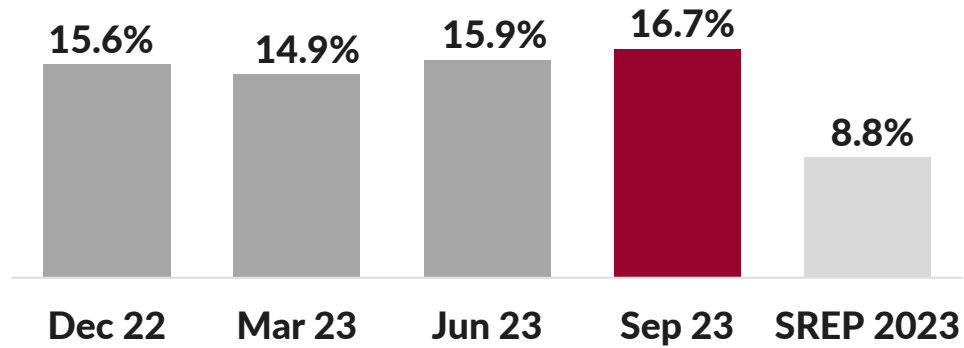
(2) Figures relating do not include the civil parties that are filing with the NPE criminal proceeding, pending the hearing scheduled on 10 November when the Bank will become party of the proceeding and the Court will start the assessment of the civil parties

(3) Of which 12 sentences relate also or exclusively to NPEs matters



Capital

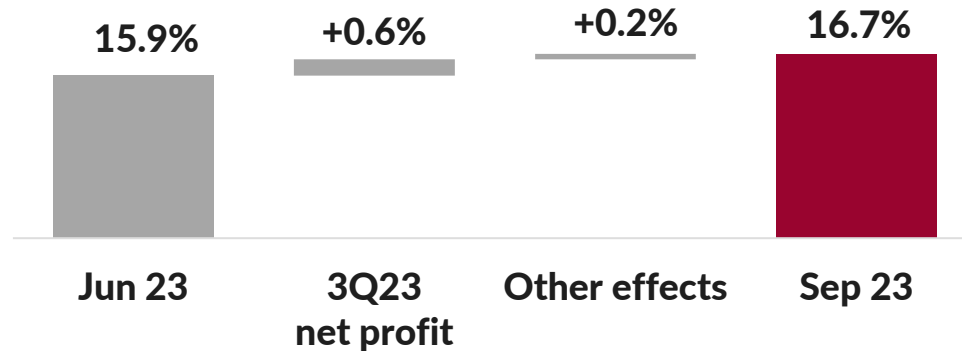
CET1 ratio fully loaded



Fully loaded capital ratios

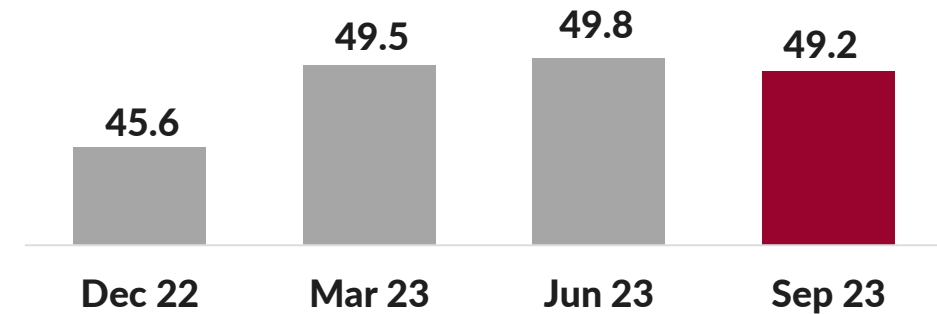
	Dec 22	Mar 23	Jun 23	Sep 23	SREP
CET1 ratio (%)	15.6%	14.9%	15.9%	16.7%	8.81%
Tier 1 ratio (%)	15.6%	14.9%	15.9%	16.7%	10.83%
Total capital ratio (%)	19.5%	18.5%	19.4%	20.2%	13.52%

CET1 ratio fully loaded: quarterly dynamic



RWA fully loaded

€/bn



- CET1 ratio proforma at 16.7%, confirming MPS as one of the Italian banks with the highest CET1 ratios
- Ample buffers on all capital requirements



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	2023 guidance
NII	>2.1bn
Fees	>1.3bn
Costs	<1.85bn
Cost of Risk	~55 bps
Net profit	>1.1bn
CET1 ratio FL	>17%



A promising future

Headwinds

- Euribor expected to go down
- National labour contract renewal
- Slightly deteriorating macro

Supporting factors

NII

- Average 3M Euribor in 2024 higher than 2023
- Backbook rollover
- Consumer loans acceleration

Fees

- Wealth management fees rebound

Costs

- Additional efficiency actions

Cost of Risk

- Strict and timely monitoring and proactive management

Risk & Charges

- Litigations: positive trend

DTA

- Acceleration of usage

Capital

- Strong capitalization supporting shareholders' remuneration



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