MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

A Clear and Simple Commercial Bank
4Q 23 & FY 23 Preliminary Results

Siena, 7 February 2024

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

4Q23 & FY23 Executive Summary 1/2

- **FY23 net profit at EUR 2,052mln (vs EUR -178mln in FY22), with 4Q23 contribution of EUR 1,123mln, driven by solid underlying quarterly operating performance and supported by net release of provisions related to legal risks (EUR 466mln) and positive tax component (EUR 339mln)**
- **FY23 gross operating profit at EUR 1,954mln (EUR 508mln in 4Q23), almost double FY22, thanks to higher operating income (+21.7% y/y) driven by NII increase and operating costs down -12.6% y/y**
- **Core revenues at EUR 3,614mln in 2023, up by +24.6% y/y, thanks to NII growing +49.3% y/y, stable in 4Q at ca. EUR 600mln level, and resilient fee income generation (-3.1% y/y, adj. -1.5% (2)), with a strong contribution of 4Q23 (+5.9% q/q)**
- **Total commercial savings(1) grew by almost EUR 10bn in 2023, continuing the positive trend also in 4Q23 in all lines, confirming the strong customer franchise. Total loans dynamic reflects overall lower market demand for credit**
- **Gross NPE stable in the quarter at EUR 3.5bn, with NPE coverage at 49.1% (+1 p.p. vs Dec-22). Cost of risk at 57bps in line with the guidance**
- **Sound liquidity position with counterbalancing capacity close to EUR 30bn and reduced reliance on ECB funding down to 11%**
- **Massive downgrading (EUR -1.6bn q/q) of extraordinary litigations and extrajudicial claims, now at EUR 0.89bn plus EUR 0.45bn related to Alken case, for which positive 2nd degree sentence was issued in December 2023**
- **Return to dividend with proposal to the upcoming AGM for a distribution of dividend(3) out of 2023 profit …**

(1) Direct and indirect funding
(2) Adjusted for third parties consumer loan fees and current account fees manouevre
(3) The dividend payment will be subject to the ECB and the AGM approval

4Q23 & FY23 Executive Summary 2/2

EUR 0.25 per share, a total of EUR 315 mln

D/Y 7.5%(1)

CET1 FL at 18.1%, already factoring in the dividend distribution

+248bps y/y

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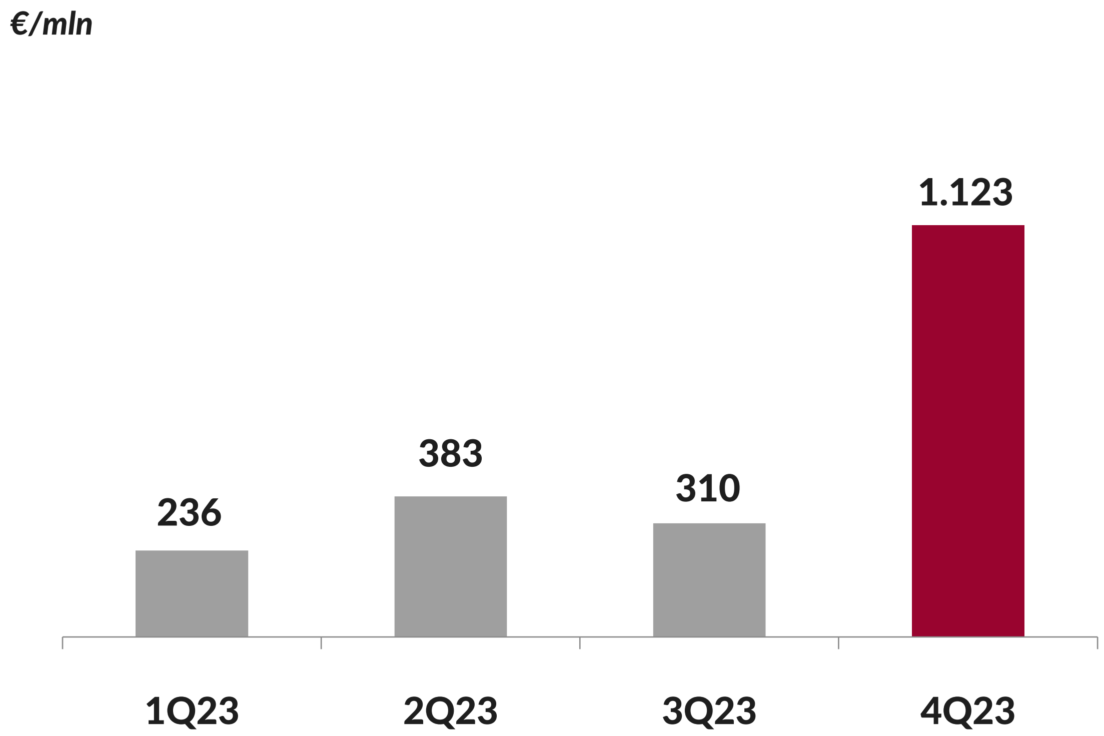
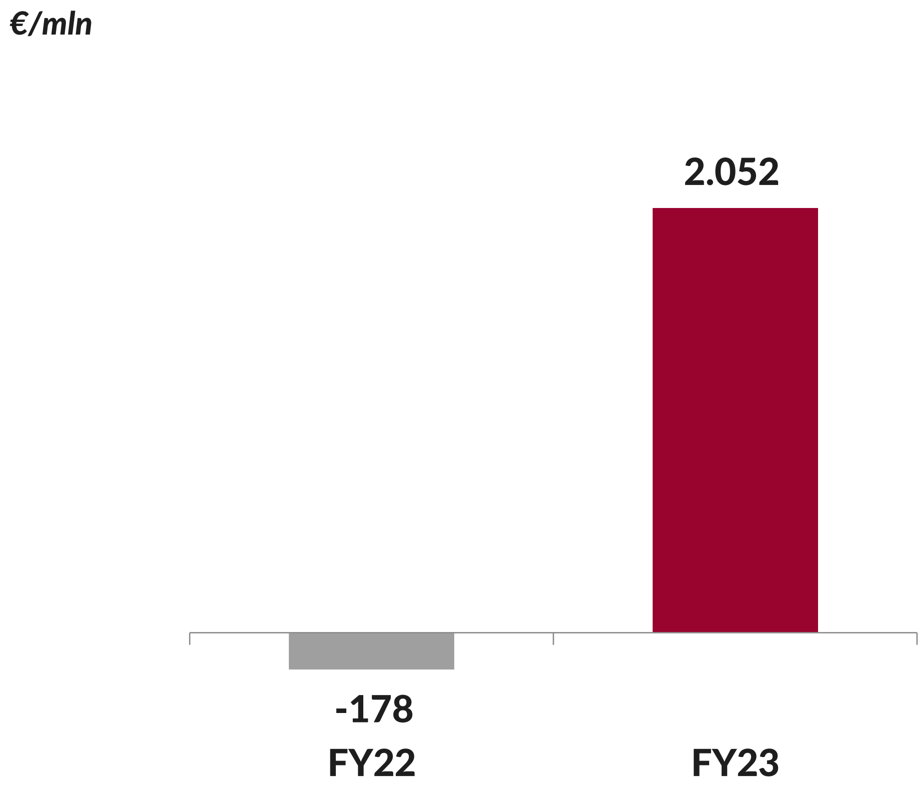
Note: The dividend distribution will be subject to the ECB authorization and the AGM approval
Dec-23 ratios include FY23 net profit, reduced by proposed dividend, subject to ECB authorisation
(1) On the basis of stock price as at 5 February 2024

Net profit

Quarterly evolution



Yearly evolution

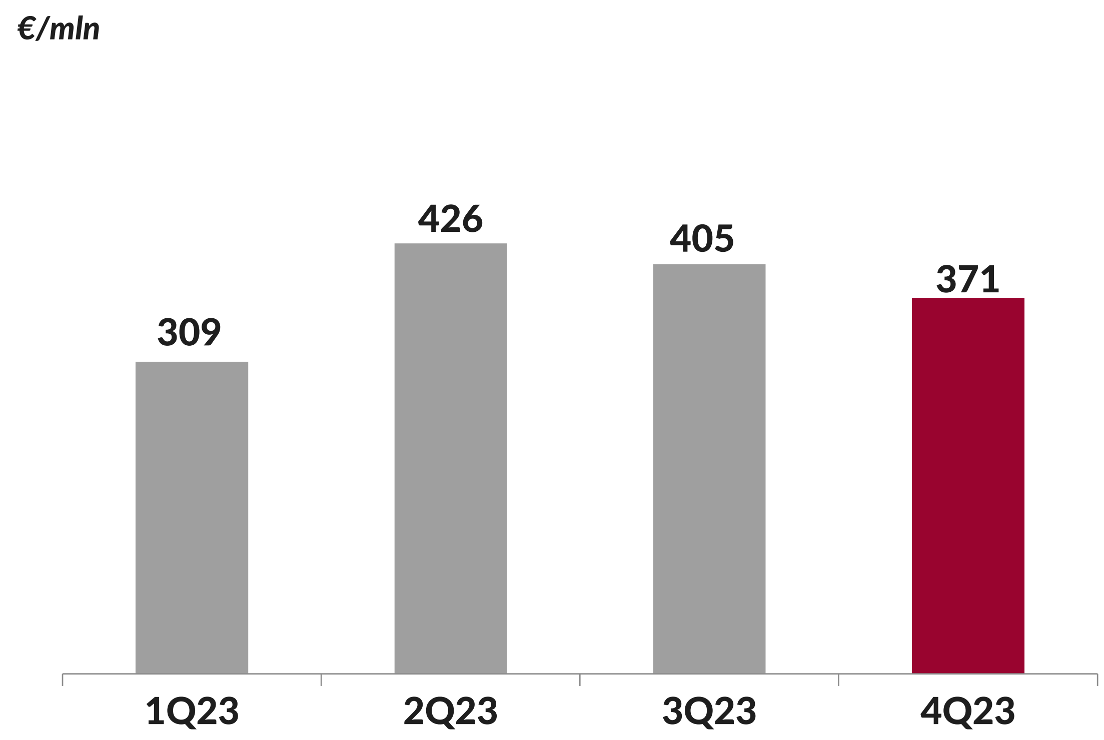


- **FY23 net profit at EUR 2,052mln (EUR -178mln in FY22), sustained by solid operating performance and, in 4Q23, by net release of provisions for legal risks (EUR 466mln), following the recent Court sentences, and by the positive tax component (EUR 339mln) (4Q23 net profit of EUR 1,123mln)**

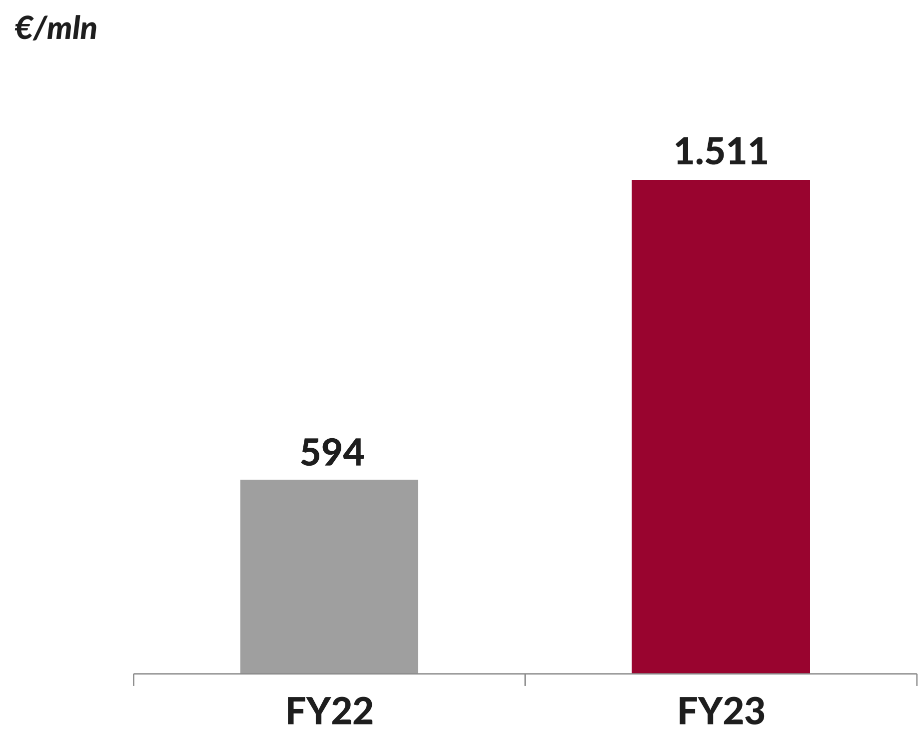
2022 figures have been restated to take into account the effects of the adoption of IFRS 17 and IFRS 9 on the insurance associates

Net operating profit

Quarterly evolution



Yearly evolution

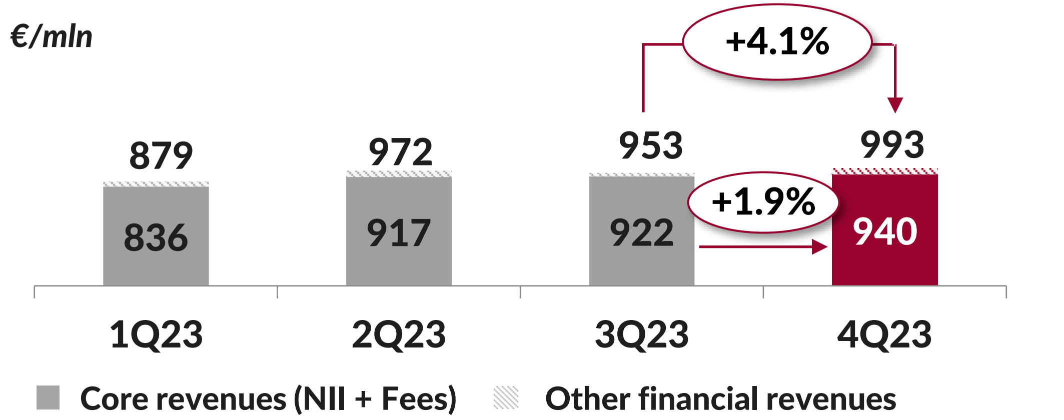


- 4Q23 net operating profit at EUR 371mln, including the impact of labour contract renewal on HR cost (EUR 40mln)
- FY23 net operating profit at EUR 1,511mln, almost 3x FY22 result

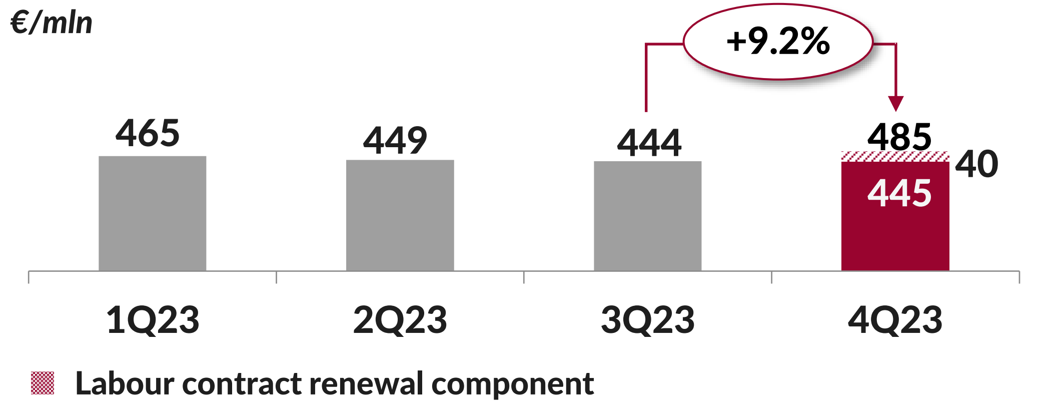
2022 figures have been restated to take into account the effects of the adoption of IFRS 17 and IFRS 9 on the insurance associates

Gross operating profit
quarterly evolution

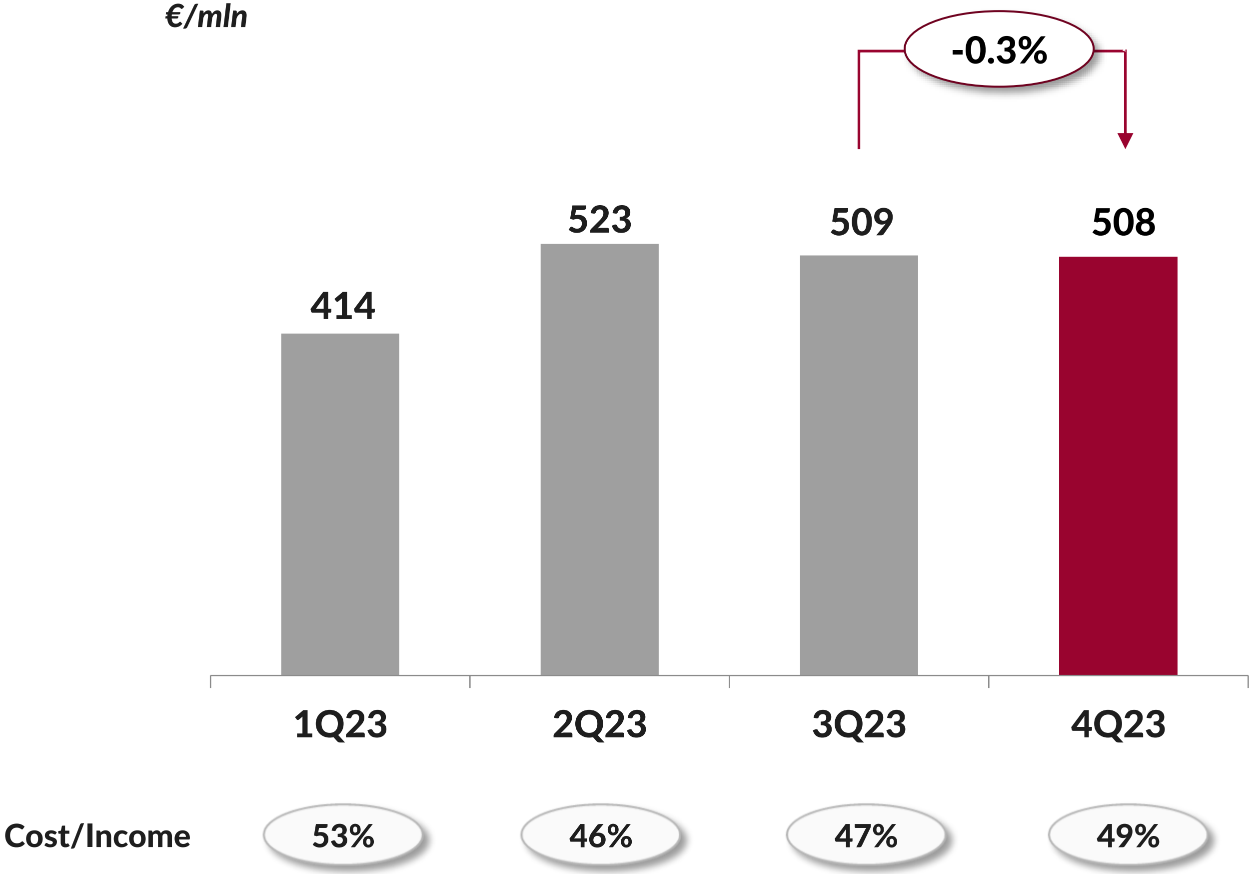
Operating income



Operating costs

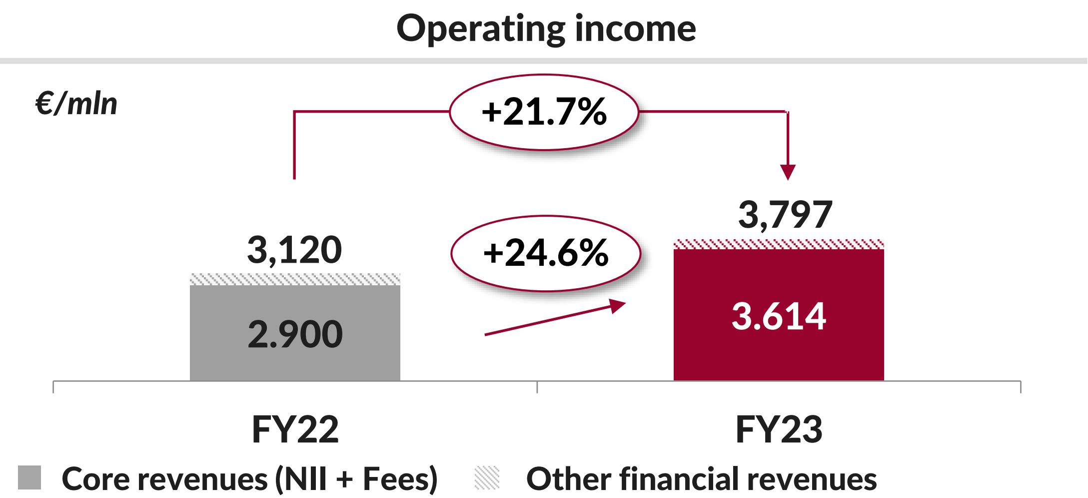


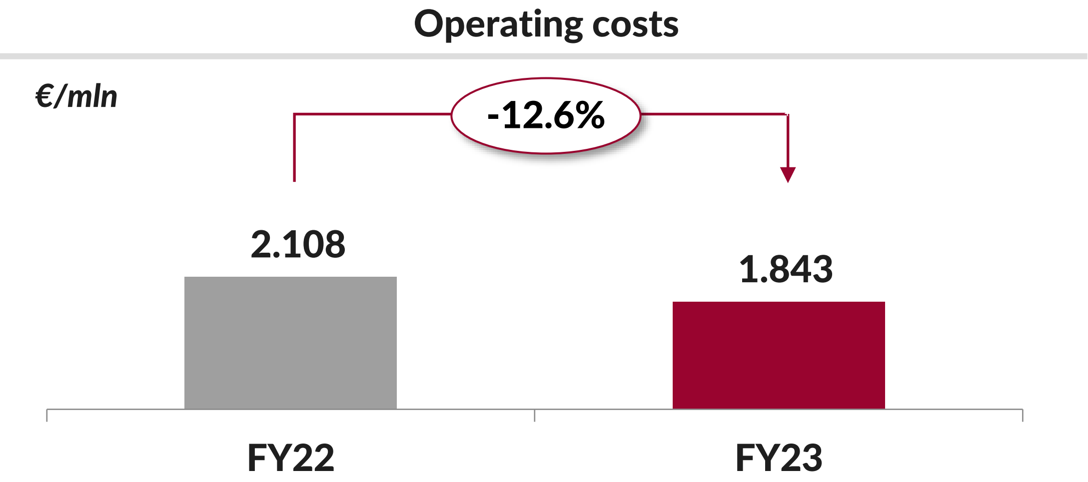
Gross operating profit

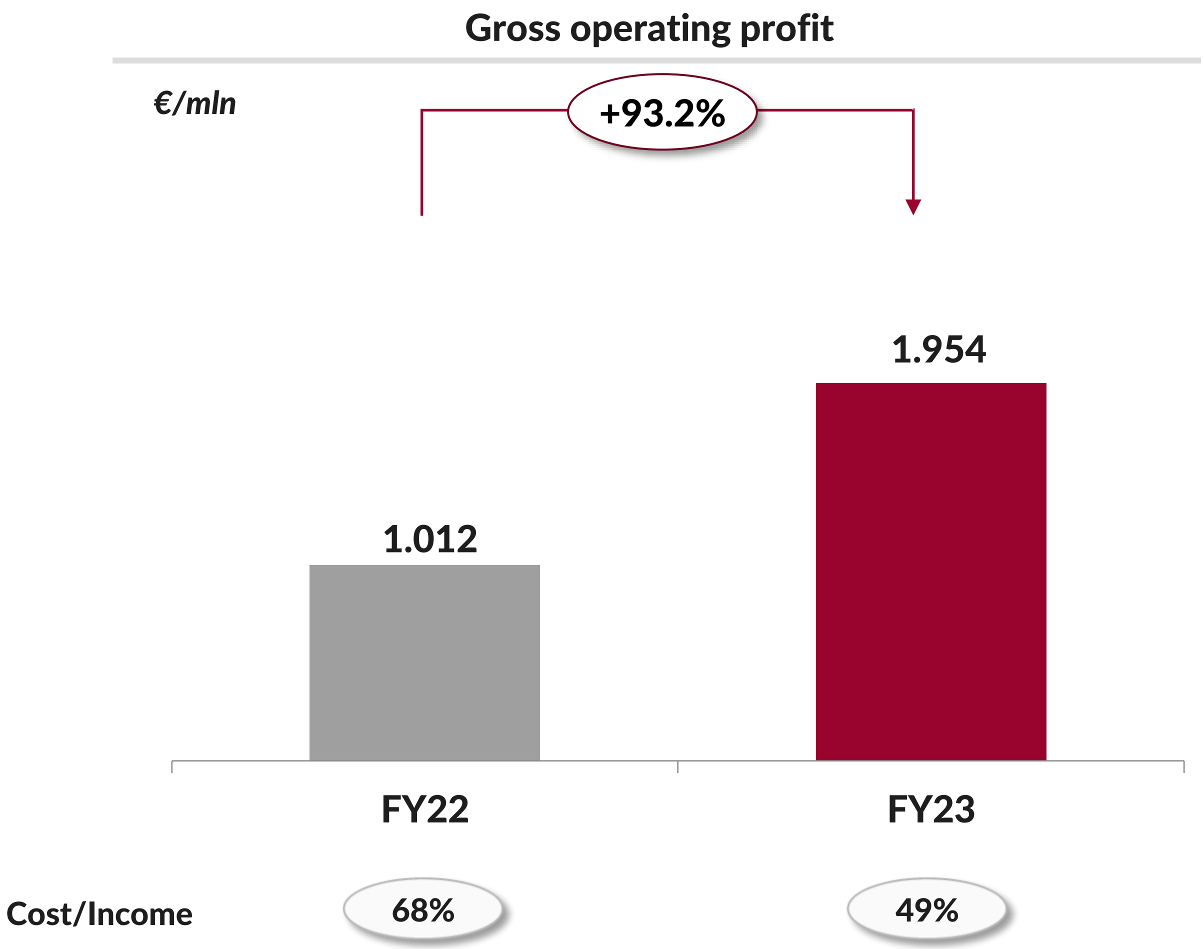


- 4Q23 gross operating profit at EUR 508mln, stable q/q, with operating income up 4.1% q/q, offsetting the increase of operating costs almost entirely due to labour contract renewal (> EUR -40mln)

Gross operating profit
yearly evolution





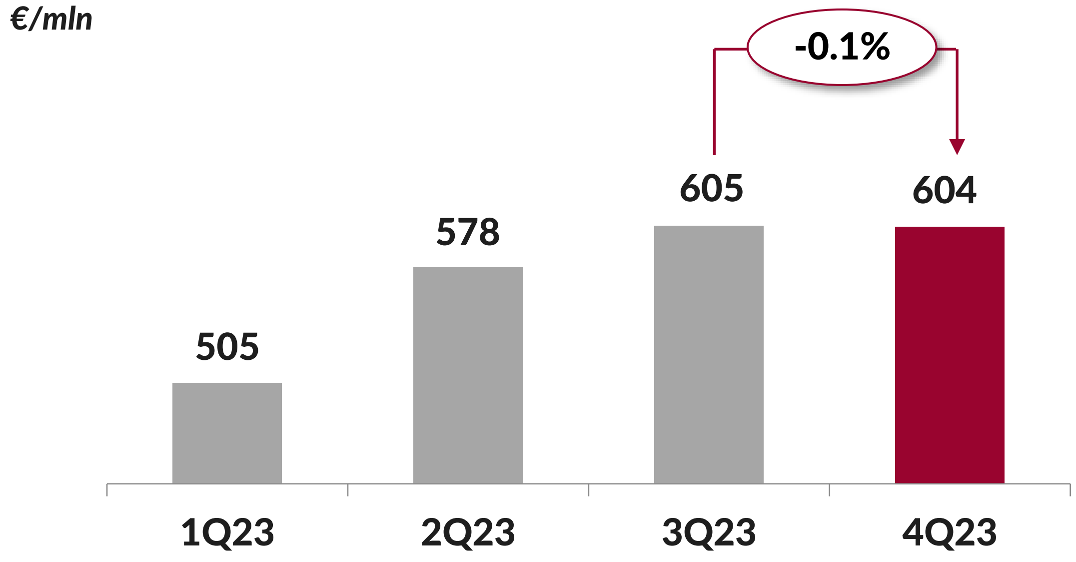


- FY23 gross operating profit at EUR 1,954mln, almost 2x FY22, with core revenues up by 24.6% y/y, driven by NII increase, and costs down -12.6% y/y, fully benefitting of staff reduction (>4k FTE) implemented in 2022, and ongoing Non-HR costs optimization
- C/I at 49% vs 68% in FY22, well advanced vs 2026 Business Plan target of 57%

2022 figures have been restated to take into account the effects of the adoption of IFRS 17 and IFRS 9 on the insurance associates

Net interest income

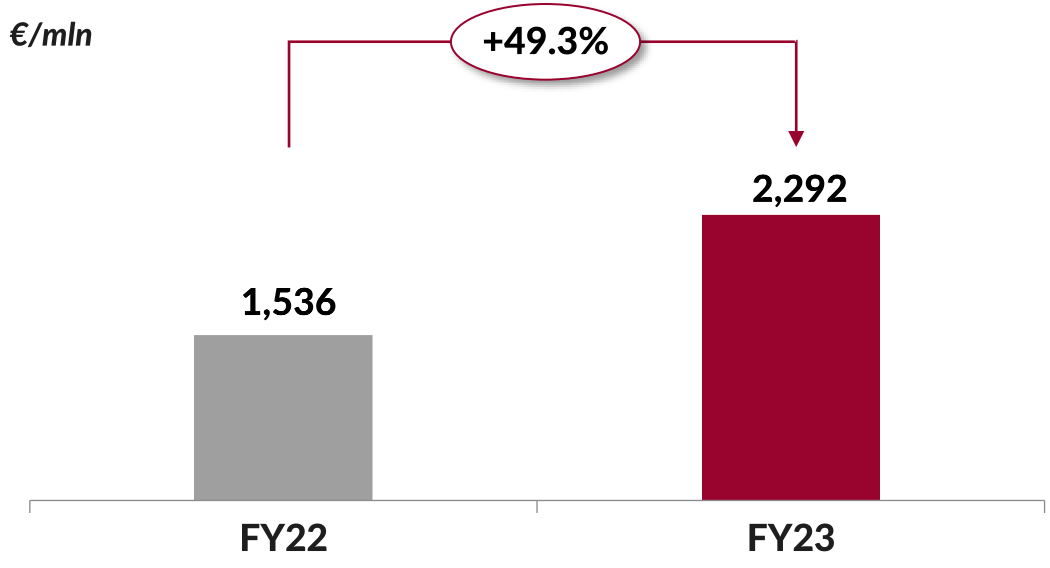
Quarterly evolution



	1Q23	2Q23	3Q23	4Q23
Lending rate	3.62%	3.98%	4.34%	4.46%
Funding rate	0.38%	0.59%	0.78%	1.01%
Spread	3.24%	3.39%	3.56%	3.45%

-11bps

Yearly evolution

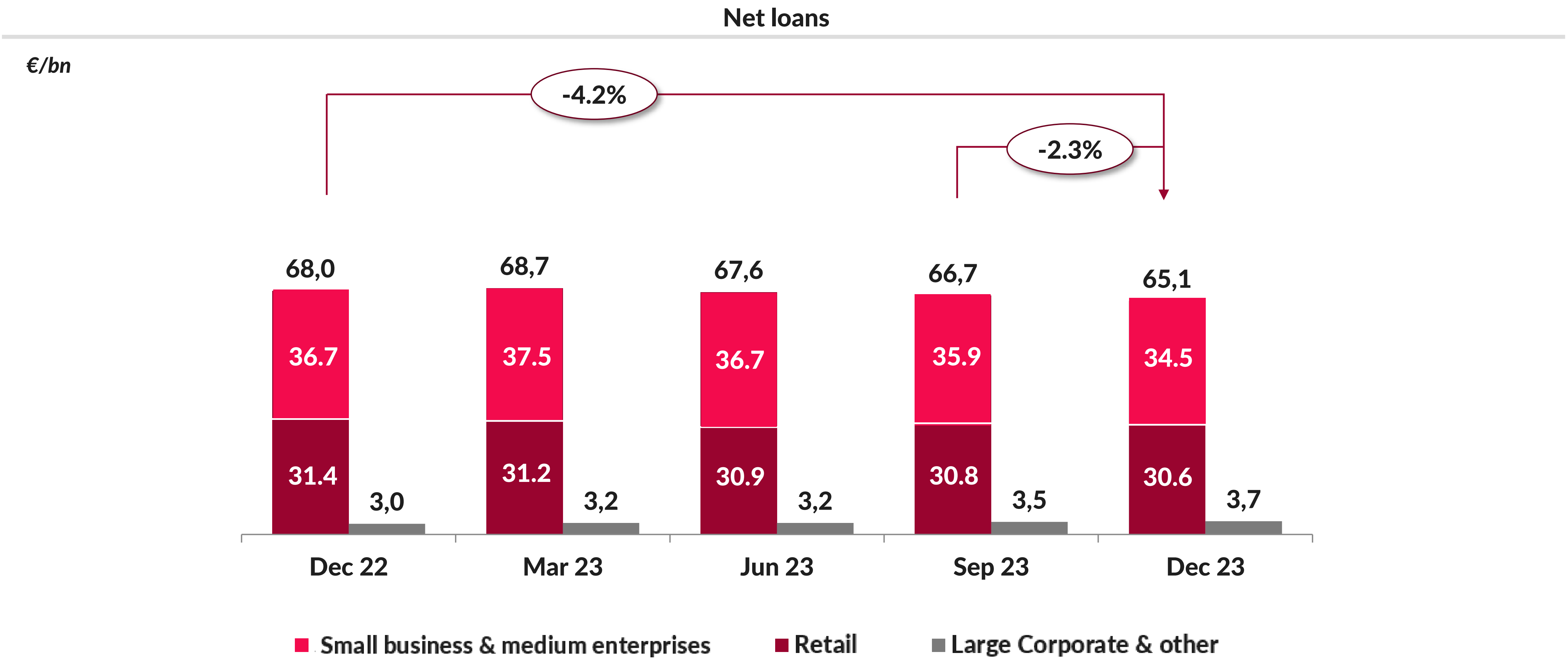


	FY22	FY23
Lending rate	2.11%	4.10%
Funding rate	0.14%	0.69%
Spread	1.97%	3.41%

144bps

- NII stable q/q driving FY NII to EUR 2.3bn, up by +49% y/y, with a customer spread at 3.4% thanks to increasing lending rate combined with careful monitoring of funding costs

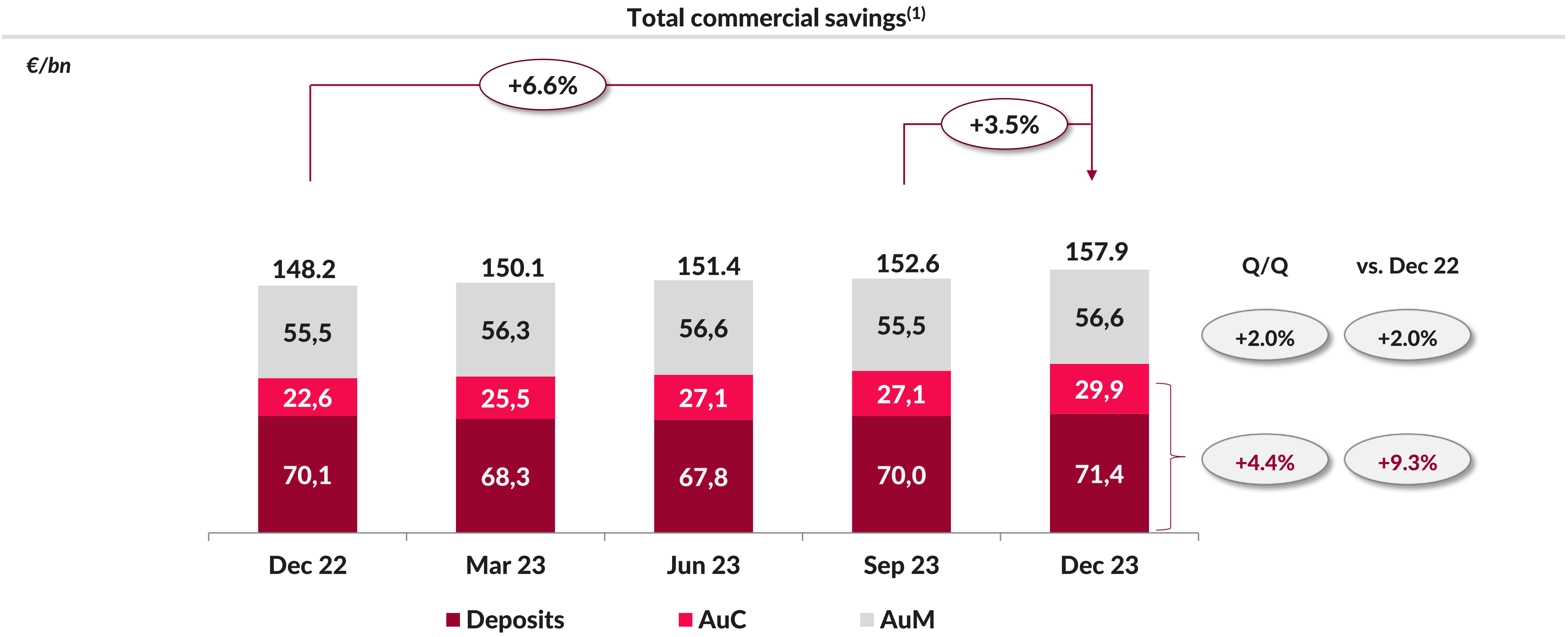
Net customer loans



- Net loans stock dynamic reflecting market trend impacted by the overall lower demand for credit

Loans presented net of repos and NPEs

Total commercial savings

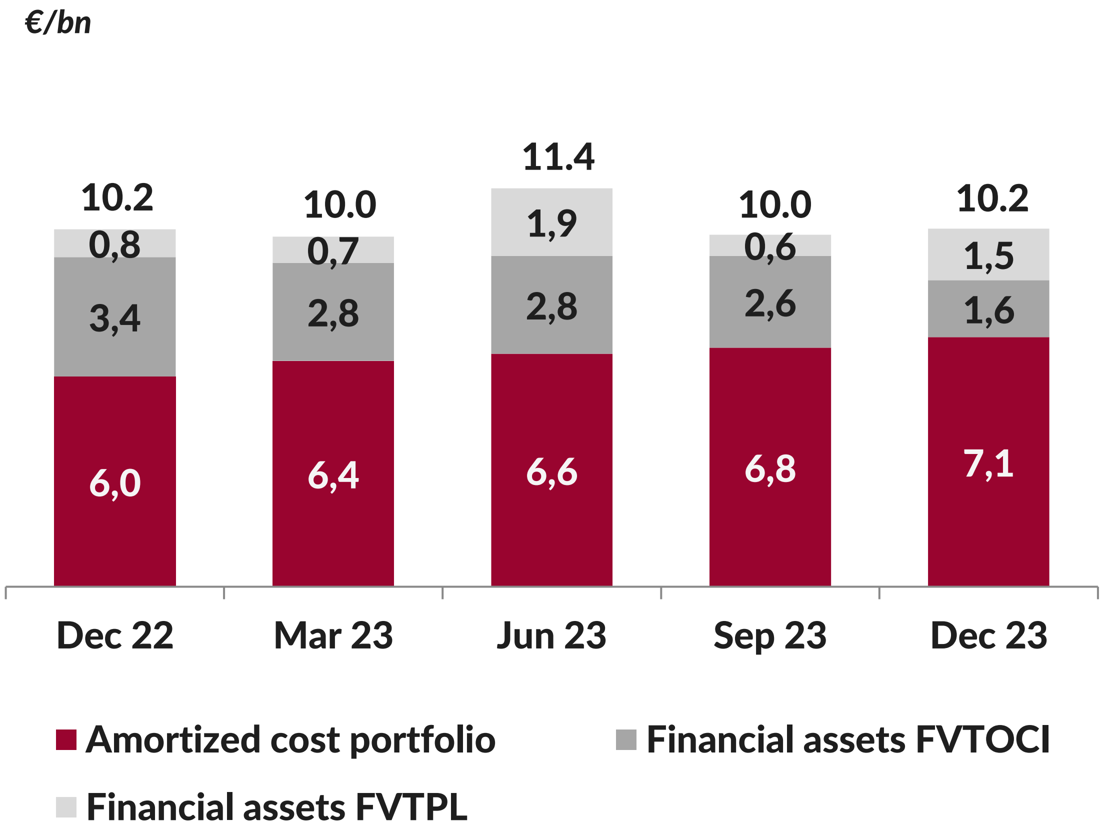


- **Total commercial savings up by EUR 9.7bn since the beginning of the year (+6.6%), supported by a strong performance in Q4 (+3.5%)**

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

Italian govies portfolio

Italian govies portfolio breakdown



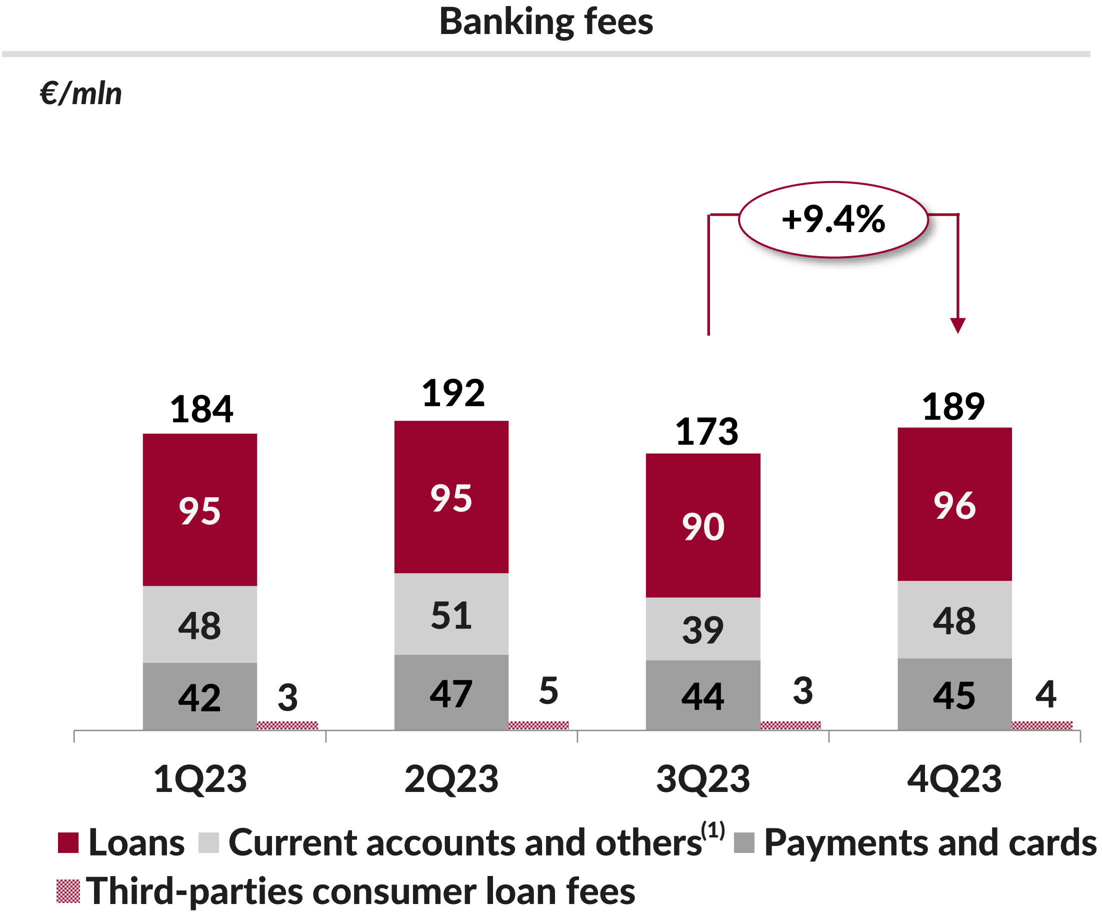
Italian govies portfolio at FVTOCI

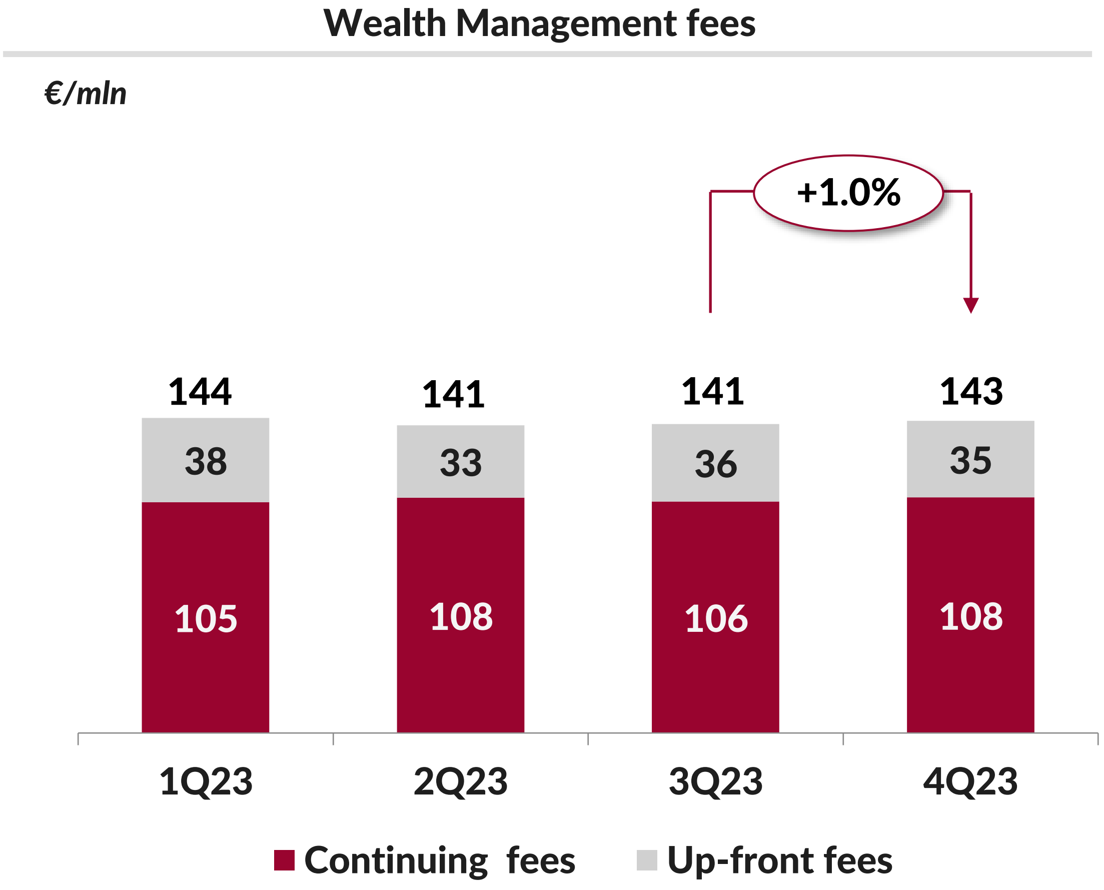
	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23
FVTOCI Duration *(years)*	~1.9	~2.1	~1.9	~1.8	~2.8
FVTOCI Credit spread sensitivity *(€/mln)*	-0.7	-0.7	-0.6	-0.5	-0.5

- **Overall amount of Italian govies portfolio stable at the level of ca. EUR 10bn, with progressing re-mix towards AC component**
- **FVTOCI increase of duration due to maturities not yet fully reinvested. Credit spread sensitivity stable at a low level**
- **Temporary increase of FVTPL portfolio for market making activity, already back in January**

Banking book: Amortized cost portfolio + Financial assets FVTOCI
FVTOCI credit spread sensitivity: before tax, for 1bp increase in the BTP/Bund spread
Figures from operational data management system. Nominal value for Italian govies at amortized cost. Net position for Italian govies at FVTPL

Net fee and commission income
quarterly evolution

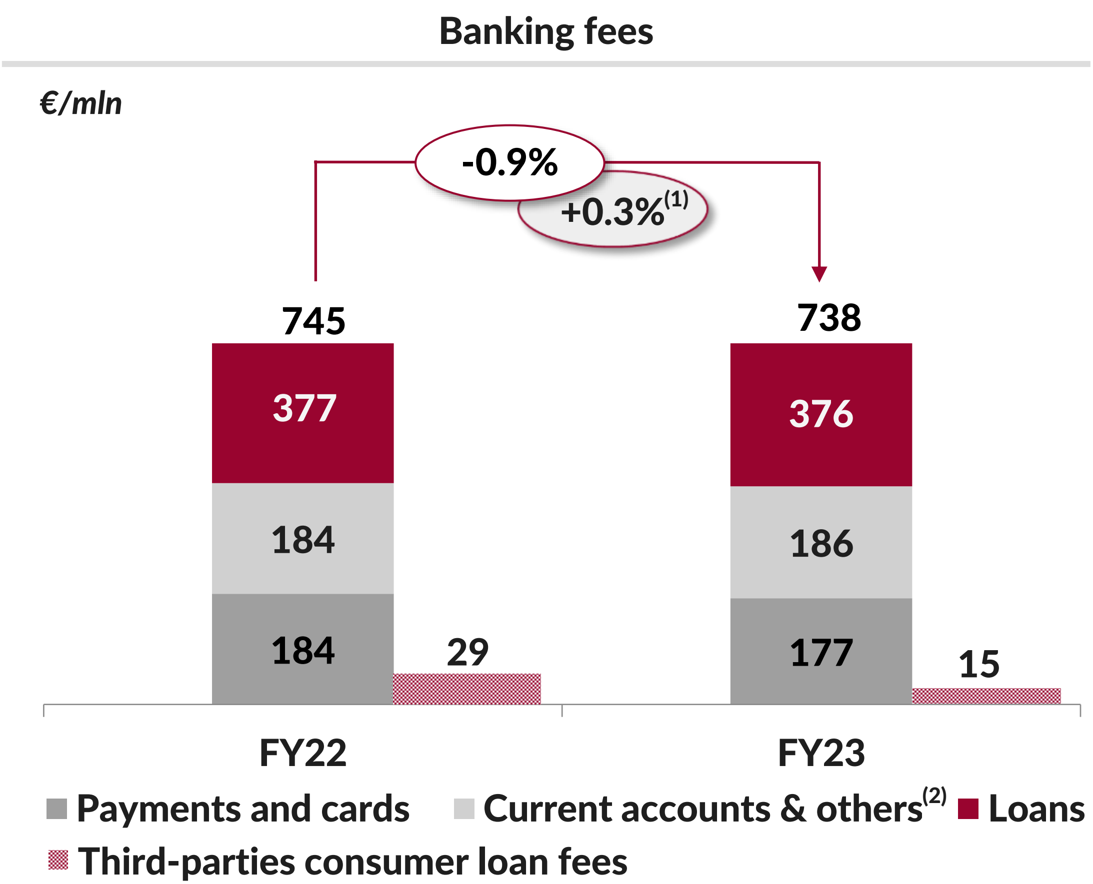


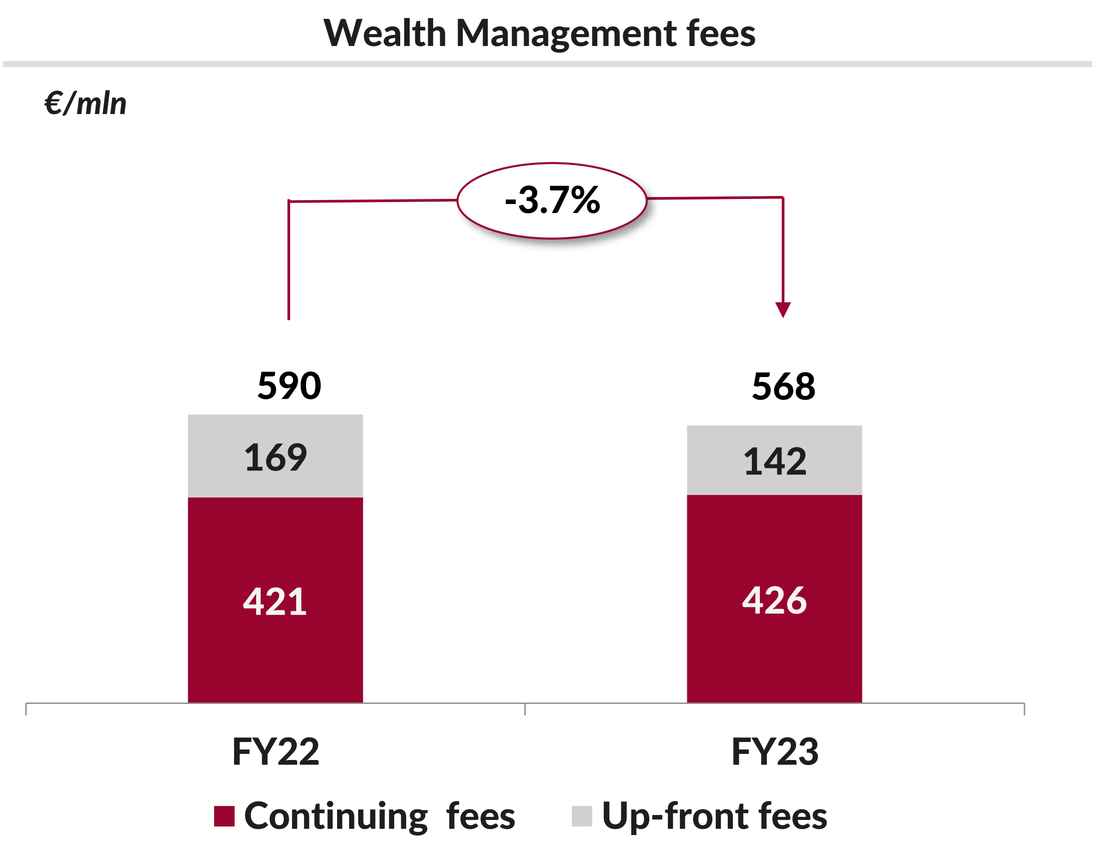


- 4Q23 total fees at EUR 335mln, up 5.9% q/q, with a rebound of traditional banking fees (+9.4% q/q), mainly driven by recovery in loans component and wealth management fees resilient (+1% q/q)

(1) Including Protection fees

Net fee and commission income
yearly evolution



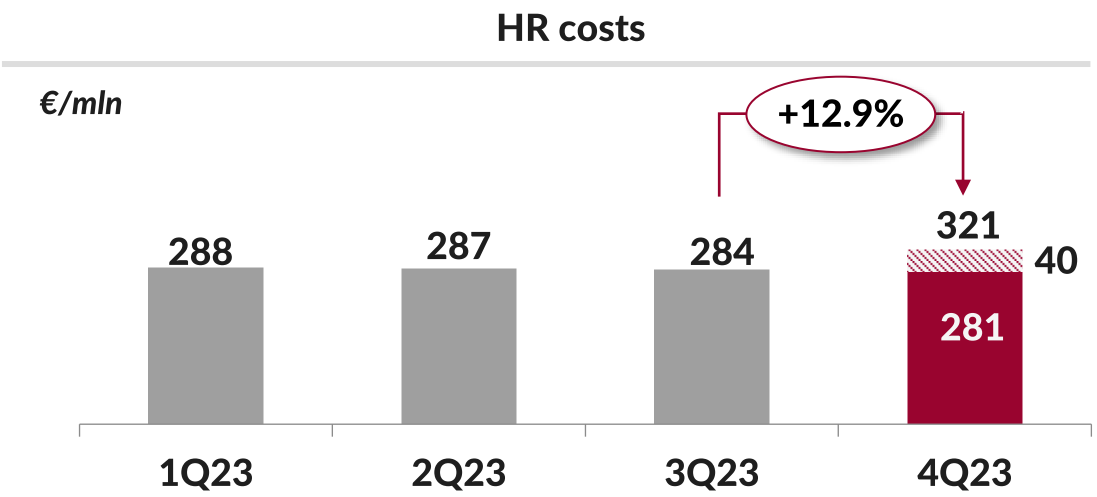


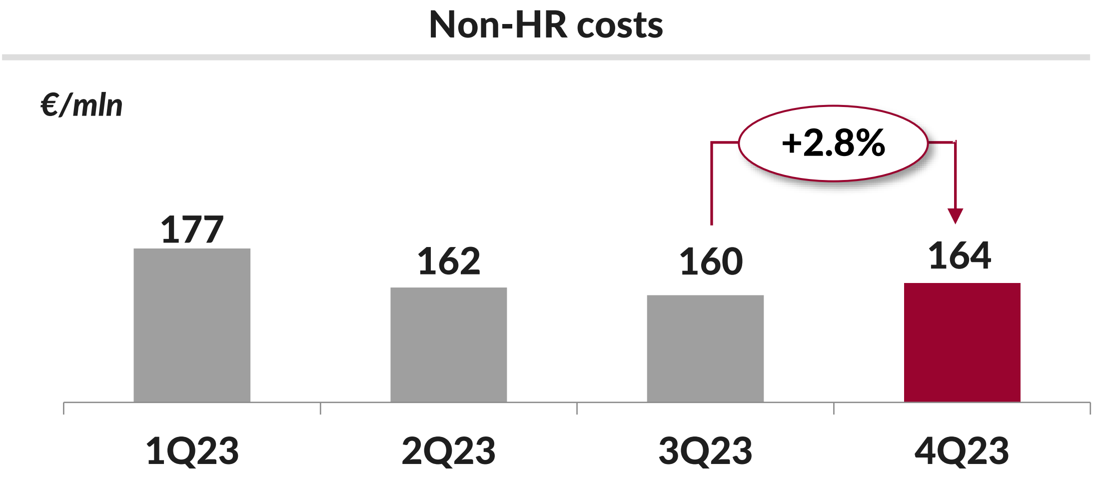
- **FY23 total fees at EUR 1,322mln (-3.1% y/y) with lower contribution from third-parties consumer loan fees, due to the development of the internal business unit, and the reduction of current account fees introduced in 3Q23**
- **Resilient banking fees and WM continuing fees, while up-front component impacted by market volatility and increased appetite for investment in fixed income securities**

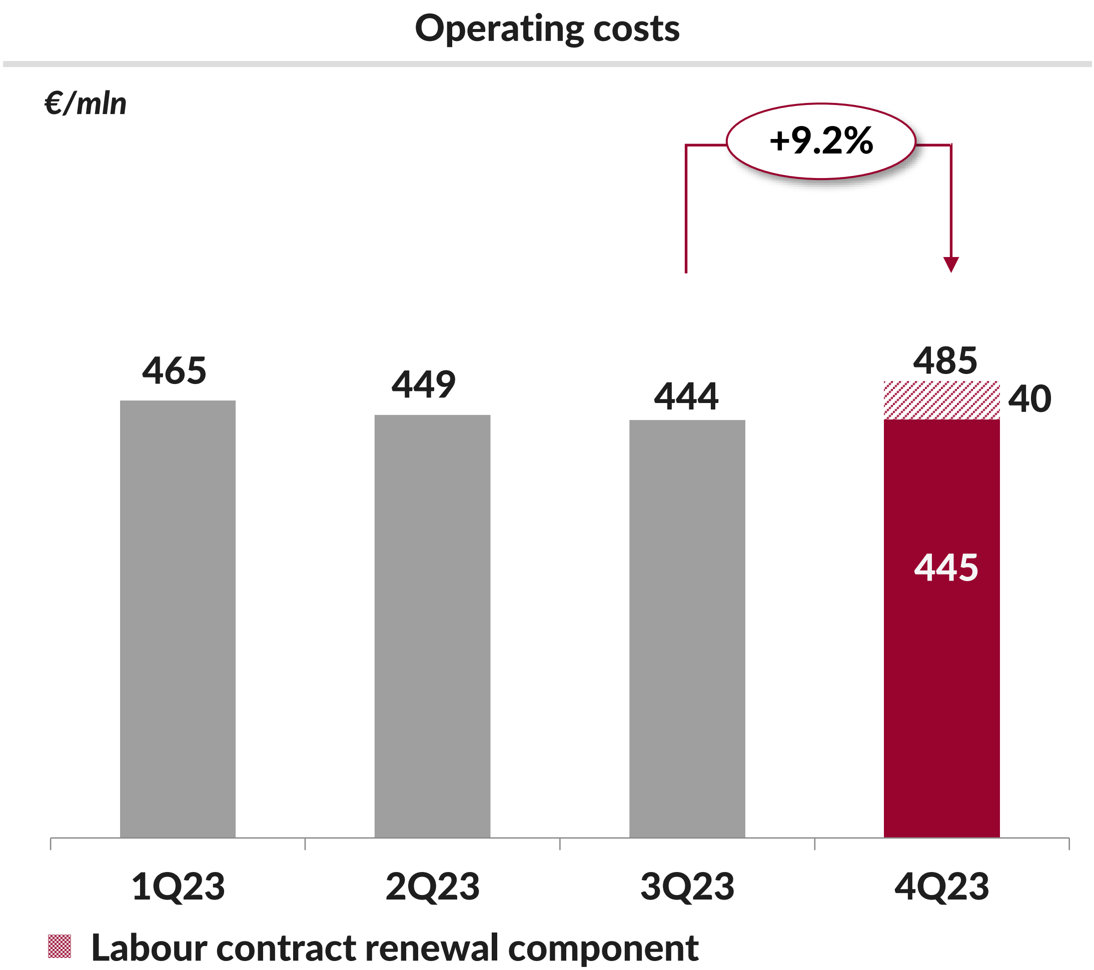
(1) Adjusted for the reduction of current account fees
(2) Including Protection fees

2022 figures have been restated to take into account the effects of the adoption of IFRS 17 and IFRS 9 on the insurance associates

Operating costs
quarterly evolution

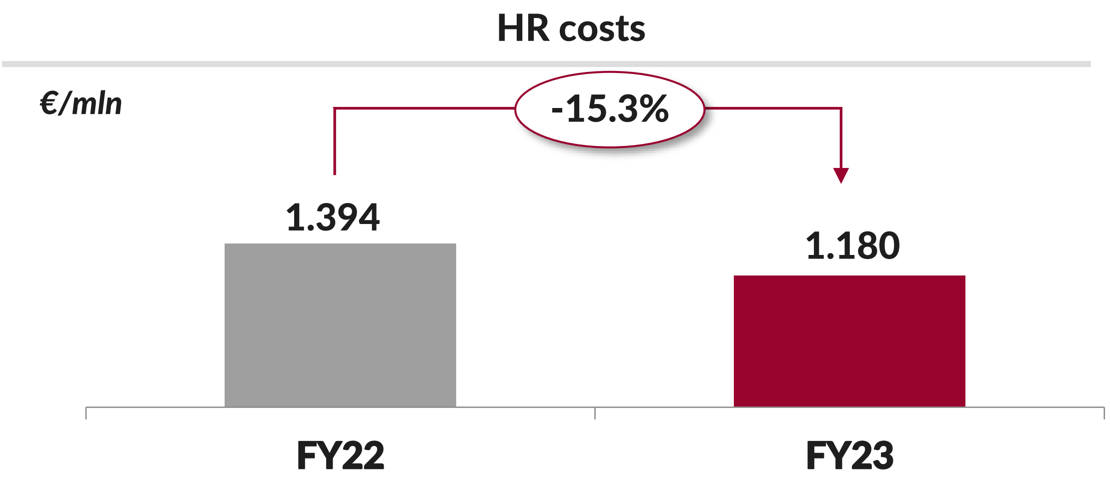


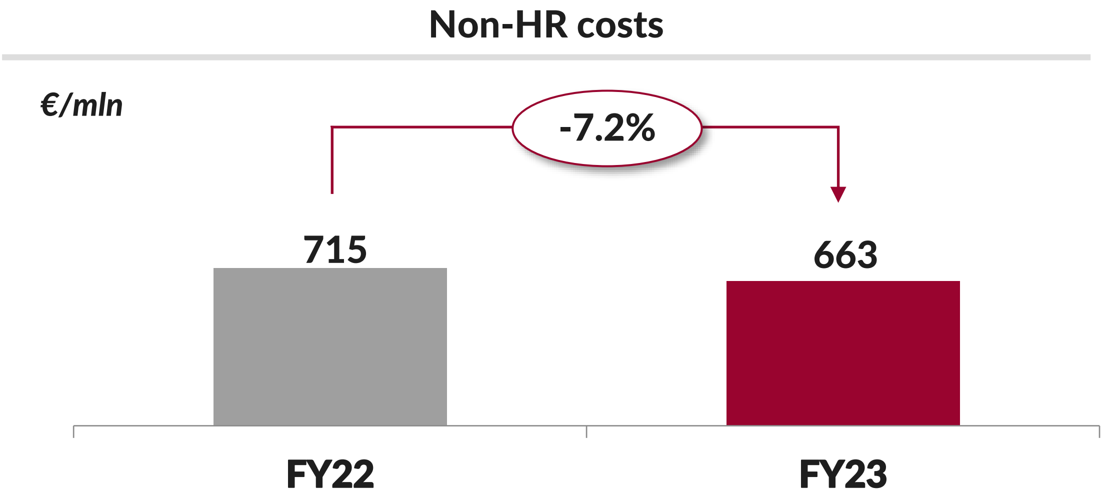


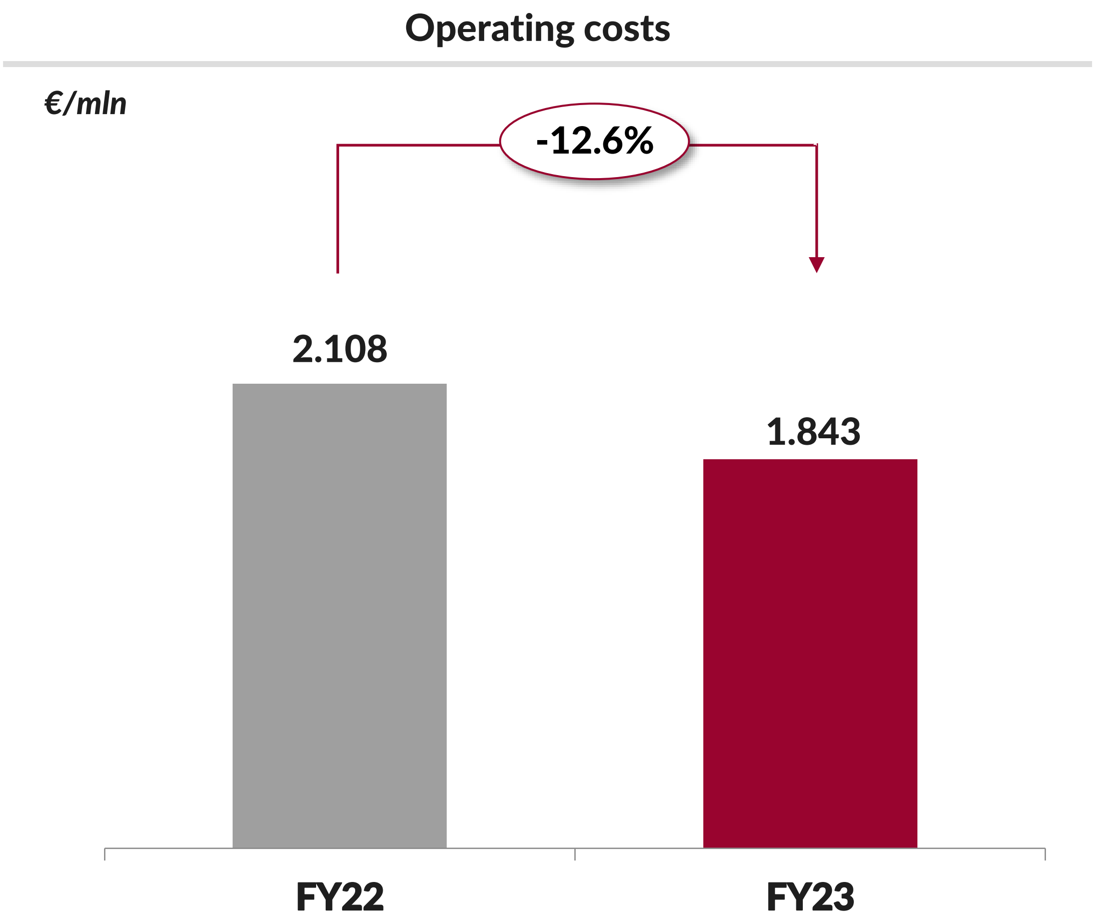


- 4Q23 HR costs impacted by the renewal of the national banking contract (effective since 1 July 2023, EUR 40mln)
- Non-HR costs at EUR 164mln, confirming the strong reduction achieved this year, even factoring in the typical Q4 seasonality

Operating costs
yearly evolution





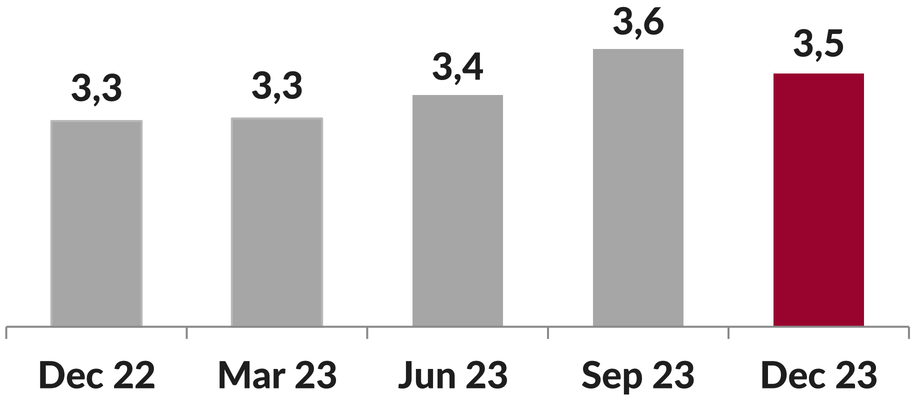


- Operating costs down by -12.6% y/y, with HR costs (-15.3% y/y) fully benefiting from structural FTE reduction and ongoing rationalization of Non-HR costs (-7.2% y/y)

Gross NPE stock

Gross NPE stock

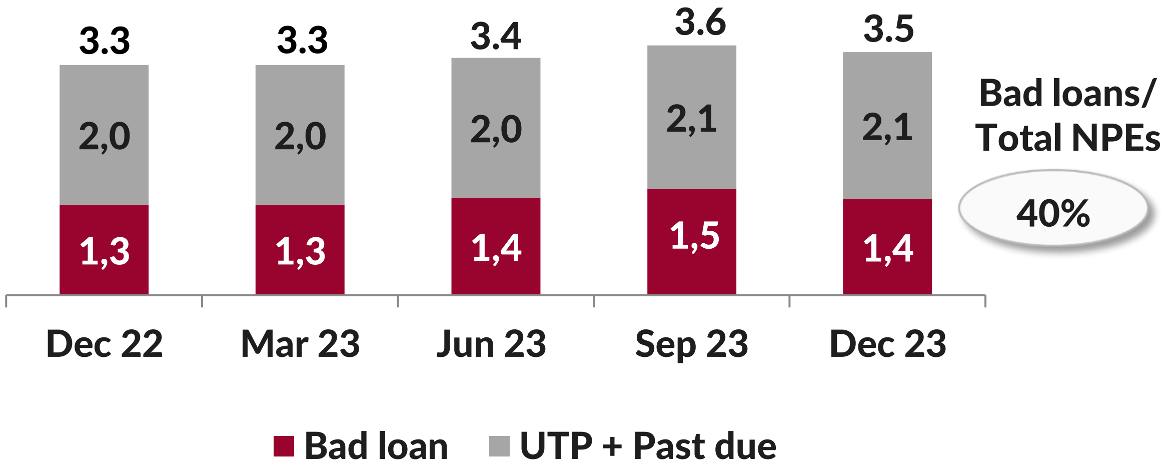
€/mln



	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23
Gross NPE ratio(1)	4.2%	4.1%	4.3%	4.4%	4.4%
Net NPE ratio	2.2%	2.1%	2.1%	2.2%	2.3%

Breakdown by category

€/mln

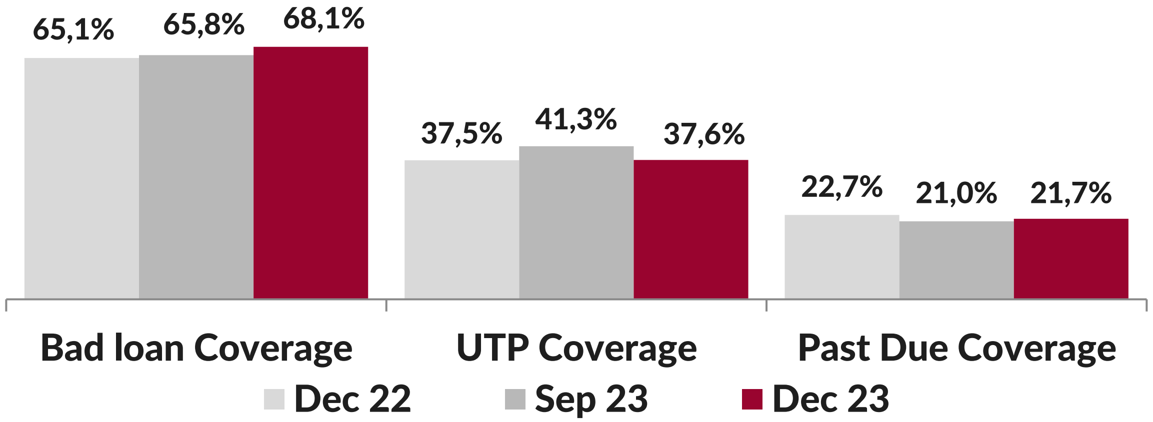


- Gross NPE stock at EUR 3.5bn, after de-recognition of EUR 0.2bn NPE portfolio sale finalized in August 2023
- Gross NPE ratio at 4.4% stable q/q, Net NPE ratio at 2.3% (+0.1 p.p. vs 3Q23)

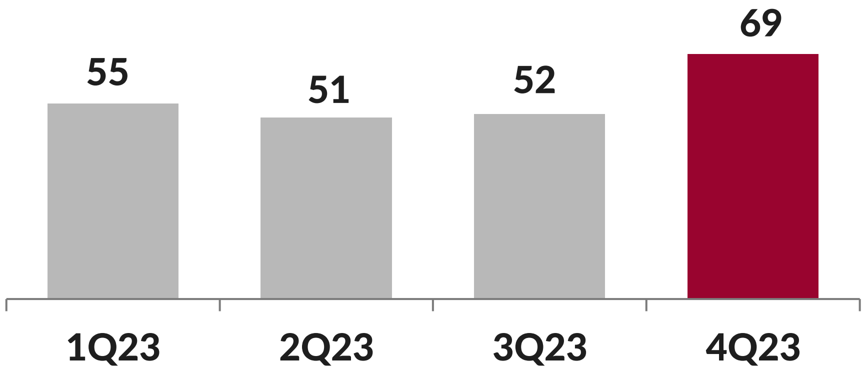
(1) NPE ratio calculated as ratio of gross non-performing exposures to customers on total gross exposures to customers (no government securities)

Coverage and cost of risk

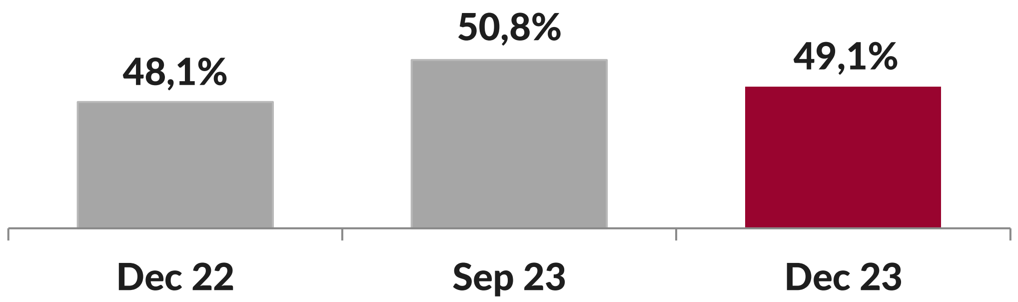
NPE coverage breakdown

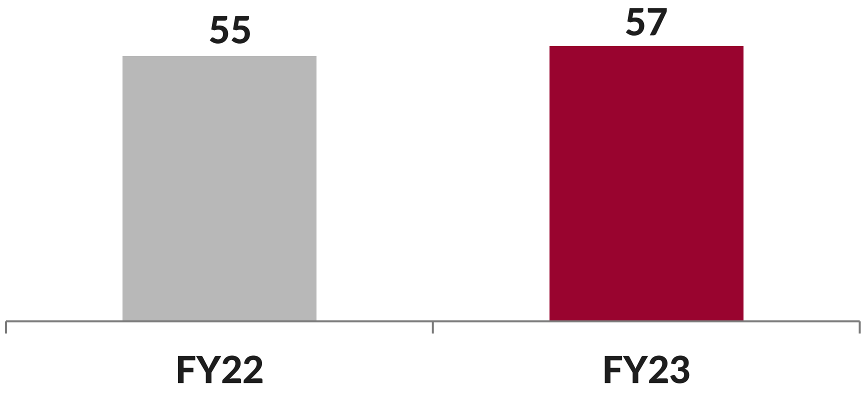


Cost of risk (bps)



Total NPE coverage

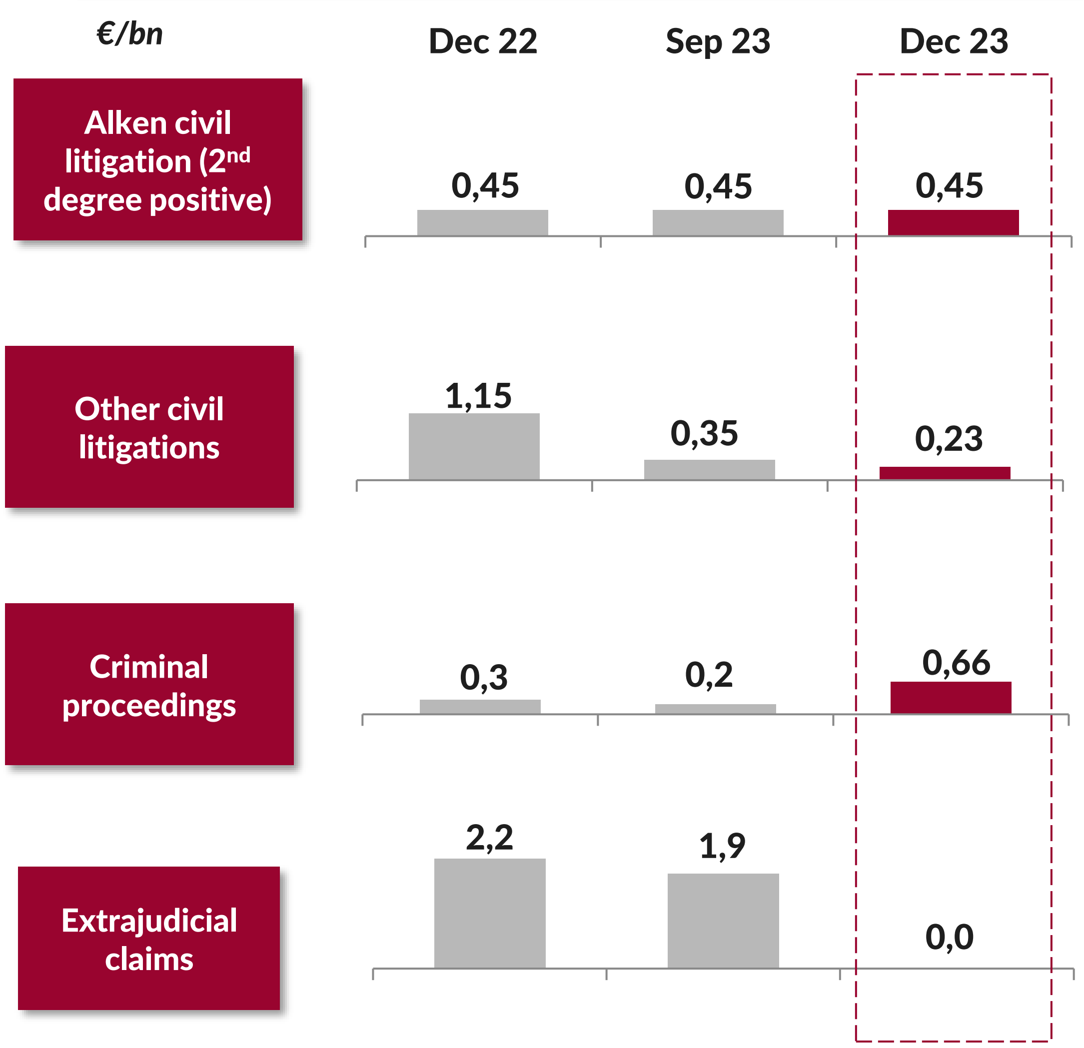




- FY23 cost of risk at 57bps in line with 2023 guidance
- Bad loans coverage at 68.1% (+3 p.p. y/y) while UTP coverage at 37.6% (+0.1% y/y) impacted in the quarter by some inflows of retail mortgage loans with lower expected loss

Extraordinary litigations and extrajudicial claims

Gross petitum(1)



Key info

- In November 2023 the Court of Appeal confirmed the first degree sentence completely rejecting Alken's claim
- In December 2023 full discharge of Profumo/Viola by the Criminal Court of Appeal
- Total number of positive sentences 17 up to now, of which 12 related also or exclusively to NPEs matters

As a consequence, in 4Q23:

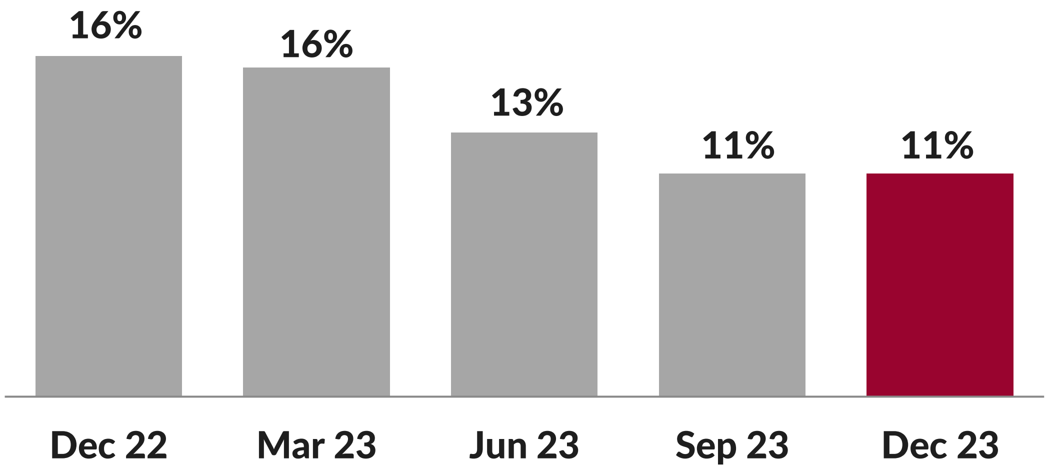
- Material downgrade in risk, from "probable" to "possible" in all clusters of extraordinary civil litigations.
- Petitum for criminal proceedings relates also to civil parties on NPE proceeding, still at a preliminary stage
- Total outstanding petitum for civil litigations and criminal proceedings, as at Dec 23, at EUR 0.89bn, excl. Alken
- Petitum of extrajudicial claims, downgraded to «remote» risk

Switch to an "ordinary mode" of management and reporting of litigations going forward

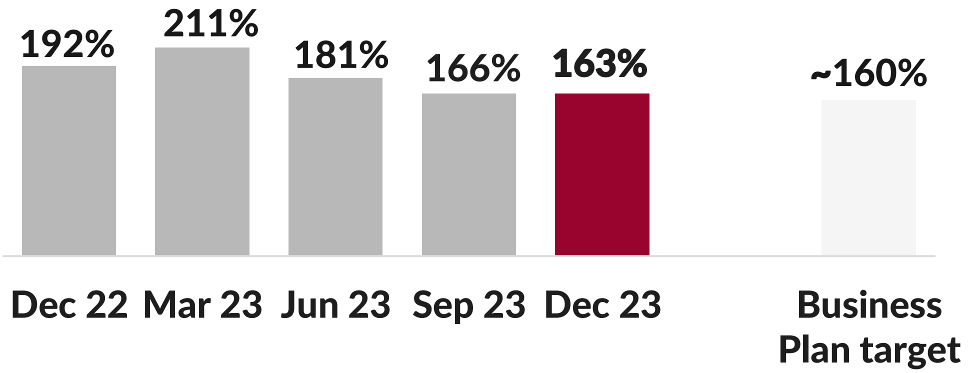
(1) Excluding remote risk litigations, in line with IAS 37.86
Extrajudicial claims as at Dec 22 are proforma for the claim received in January 2023 and disclosed in FY22 results presentation

Funding & Liquidity

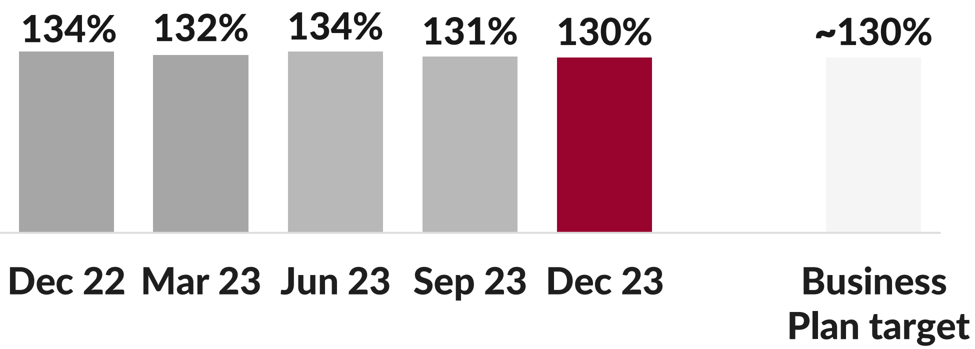
Reduced reliance on ECB funding (ECB funding/Total liabilities)



LCR evolution



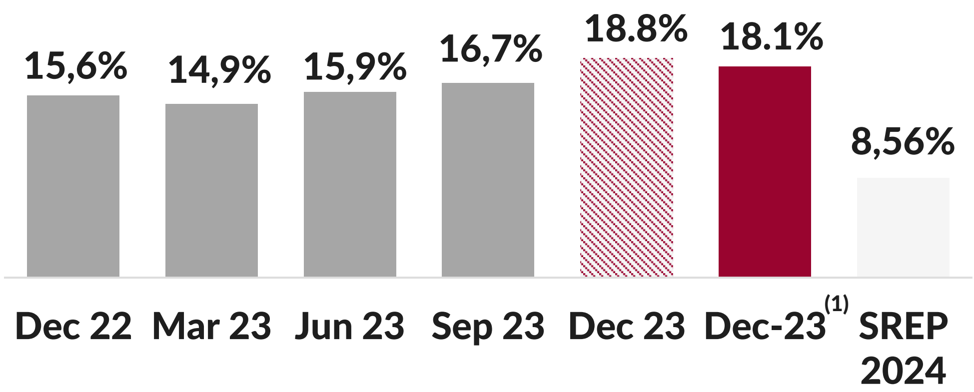
NSFR evolution



- Sound liquidity position, with unencumbered Counterbalancing capacity close to EUR 30bn, LCR >160% and NSFR at 130%
- Decreasing reliance on ECB funding (ECB funding /Total liabilities at 11%)

Capital

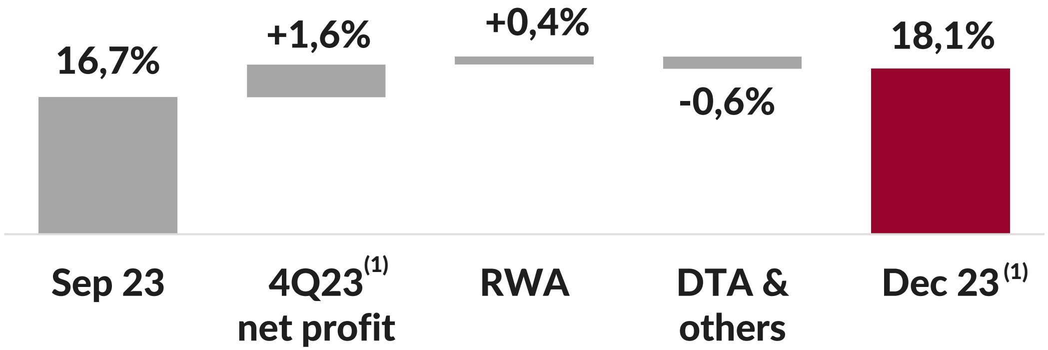
CET1 ratio fully loaded



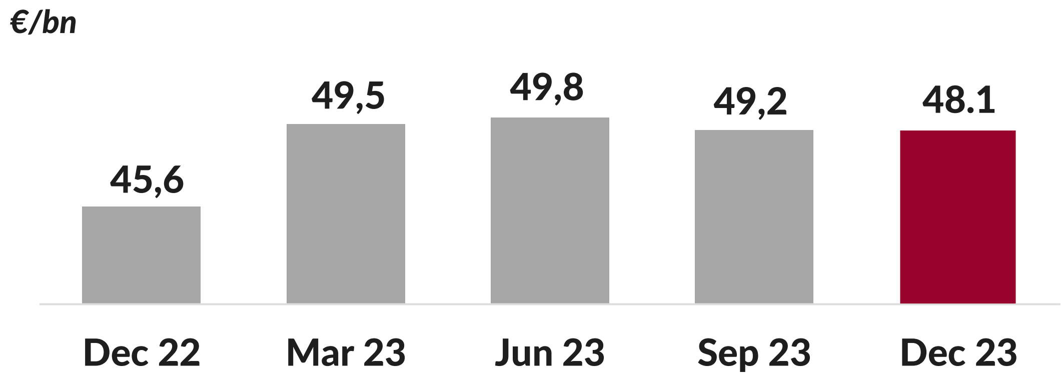
Fully loaded capital ratios

	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23(1)	SREP 2024
CET1 ratio (%)	15.6%	14.9%	15.9%	16.7%	18.1%	8.56%
Tier 1 ratio (%)	15.6%	14.9%	15.9%	16.7%	18.1%	10.58%
Total capital ratio (%)	19.5%	18.5%	19.4%	20.2%	21.6%	13.27%

CET1 ratio fully loaded: quarterly dynamic



RWA fully loaded



- CET1 FL ratio at 18.1% (18.8% before dividend distribution), confirming the Bank as one with the highest capital ratios in the European sector
- Buffer on Tier 1 ratio over 750bps

(1) Net of EUR 315mln of dividend distribution, subject to the ECB authorization and the AGM approval
Dec-23 ratios include FY23 net profit, reduced by proposed dividend, subject to ECB authorisation
Mar 23 and Sep 23 ratios are proforma, including net profit of the period

Outlook 2024

		2024 Outlook
Revenues	▪ NII resilient despite expected interest rates decreasing outlook, thanks to improving commercial lending assets mix. Fees income with positive dynamic supported by targeted commercial initiatives in Wealth Management	⇧
Costs	▪ Slightly up with ongoing cost efficiency actions mitigating the impact of the national labour contract renewal on personnel costs	⇧
Cost of Risk	▪ Expected to be at 2023 level thanks to effective credit underwriting process and continuous improvement of ongoing monitoring	=
Pre-tax Profit	▪ Higher than 2023 adjusted for the release of provisions on risks and charges	⇧
Dividend	▪ Pay-out 50% on pre-tax Profit	⬆
CET1 ratio FL	▪ Organic capital generation to allow to keep capital above the 2023 Tier 1 ratio level after dividend distribution	> 18%

Conclusions

- **Strong sustainable profitability, driven by improving operating performance and high efficiency, further supported by net release of provisions on risks and charges and positive tax impact in 4Q23**
- **EUR 2.6bn DTAs still off-balance sheet ensure further positive support to net profit in the next few years, given the expected taxable base projections and the relevant impact on the DTA probability test**
- **Acceleration of commercial performance, with EUR 10bn increase of total commercial savings and confirmation of strong deposit franchise**
- **High organic capital generation that allows to remunerate shareholders two years in advance, proposing a dividend of EUR 0.25 per share, for a total amount of EUR 315mln, and to guide for a pay-out ratio of 50% on 2024 net profit[(1)]**
- **Top tier capital position, with Tier1 ratio at 18.1% post dividend as at 31 December 2023**

(1) The dividend distribution will be subject to the ECB autohorization and the AGM approval

Annexes

Reclassified Income Statement

€ mln	4Q23	3Q23	2Q23	1Q23	FY23	FY22	4Q23/ 3Q23 (%)	FY23/ FY22 (%)
Net Interest Income	604	605	578	505	2,292	1,536	-0.1%	+49.3%
Net fees and commission income	335	317	338	332	1,322	1,365	+5.9%	-3.1%
Profit (loss) of equity-accounted investments (AXA)	30	14	24	18	87	90	n.m.	-4.2%
Core Revenues	**970**	**936**	**941**	**854**	**3,700**	**2,991**	**+3.6%**	**+23.7%**
Financial revenues	14	11	32	27	84	102	+31.9%	-17.9%
Other operating net income	9	6	0	-2	13	27	+43.2%	-53.5%
Operating Income	**993**	**953**	**972**	**879**	**3,797**	**3,120**	**+4.1%**	**+21.7%**
Personnel expenses	-321	-284	-287	-288	-1,180	-1,394	+12.9%	-15.3%
Other administrative expenses	-120	-115	-119	-133	-488	-527	+4.2%	-7.5%
Depreciations/amortisations and net impairment losses on PPE	-44	-45	-43	-44	-176	-188	-0.9%	-6.3%
Operating Costs	**-485**	**-444**	**-449**	**-465**	**-1,843**	**-2,108**	**+9.2%**	**-12.6%**
Gross operating profit	**508**	**509**	**523**	**414**	**1,954**	**1,012**	**-0.3%**	**+93.2%**
Net impairment losses for credit risk	-133	-102	-98	-107	-440	-417	+30.6%	+5.6%
Net impairment losses for other financial assets	-3	-2	0	2	-3	-1	+52.6%	n.m.
Net operating profit	**371**	**405**	**426**	**309**	**1,511**	**594**	**-8.3%**	**n.m.**
Net gains/losses on equity investments, PPE and intangible assets at FV, and disposal of inv.	-24	-2	-28	-2	-56	-27	n.m.	n.m.
Systemic funds contribution	0	-75	0	-58	-134	-180	n.m.	-25.6%
DTA Fee	-16	-16	-16	-16	-63	-63	+0.1%	+0.0%
Net accruals to provisions for risks and charges	466	7	4	-6	471	2	n.m.	n.m.
Restructuring costs / one-off costs	-13	-13	10	-6	-23	-931	+1.5%	-97.5%
Pre-tax profit (loss)	**784**	**307**	**395**	**220**	**1,707**	**-605**	**n.m.**	**n.m.**
Income taxes	339	3	-12	15	345	427	n.m.	-19.1%
Profit (loss) for the period	**1,123**	**310**	**383**	**236**	**2,052**	**-178**	**n.m.**	**n.m.**

The P&L figures as at FY22 have been restated compared to those published at the respective reporting dates following the discontinuation of reclassifications to PPAs and rental income and the retrospective adoption of IFRS 17 “Insurance contracts” and IFRS 9 “Financial Instruments” by the insurance associates.

Financial revenues include: dividends, trading/disposal/valuation/hedging of financial assets

Balance Sheet

Total Assets (€/mln)

	Dec-22*	Sep-23	Dec-23	QoQ%	YoY%
Loans to Central banks	628	523	527	0.8%	-16.1%
Loans to banks	1,950	2,270	2,582	13.7%	32.4%
Loans to customers	76,265	77,982	76,816	-1.5%	0.7%
Securities assets	18,394	18,323	17,277	-5.7%	-6.1%
Tangible and intangible assets	2,604	2,500	2,483	-0.7%	-4.7%
Other assets	20,394	21,595	22,930	6.2%	12.4%
Total Assets	**120,235**	**123,192**	**122,614**	**-0.5%**	**2.0%**

Total Liabilities (€/mln)

	Dec-22*	Sep-23	Dec-23	QoQ%	YoY%
Deposits from customers	73,357	79,495	80,558	1.3%	9.8%
Securities issued	8,641	9,920	10,081	1.6%	16.7%
Deposits from central banks	19,177	13,106	13,148	0.3%	-31.4%
Deposits from banks	2,206	1,791	1,351	-24.6%	-38.8%
Other liabilities	8,994	10,074	7,497	-25.6%	-16.6%
Group net equity	7,860	8,807	9,979	13.3%	27.0%
Non-controlling interests	1	1	1	0.0%	-22.2%
Total Liabilities	**120,235**	**123,192**	**122,614**	**-0.5%**	**2.0%**

* The balance sheet figures have been restated compared to the data published at the reporting date, following the retrospective application of the new IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" by the insurance associates

Other assets include: cash and cash equivalents, derivatives assets, equity investments, tax assets, other assets; from Dec-2022 other assets include also current accounts and sight deposits with banks and central banks, previously included in loans to central banks (according to 7th update of Circular 262 of the Bank of Italy)

Other liabilities include: financial liabilities held for cash trading, derivatives, provisions, tax liabilities, other liabilities

Lending & Direct Funding

Total Lending *(€/mln)*

	Dec-22	Sep-23	Dec-23	QoQ%	YoY%
Current accounts	2,883	2,766	2,756	-0.4%	-4.4%
Medium-long term loans	54,540	53,137	51,838	-2.4%	-5.0%
Other forms of lending	13,648	14,267	14,219	-0.3%	4.2%
Reverse repurchase agreements	3,483	6,051	6,230	3.0%	78.9%
Impaired loans	1,711	1,761	1,774	0.7%	3.6%
Total	**76,265**	**77,982**	**76,816**	**-1.5%**	**0.7%**

Direct Funding *(€/mln)*

	Dec-22	Sep-23	Dec-23	QoQ%	YoY%
Current accounts	65,783	65,308	65,446	0.2%	-0.5%
Time deposits	4,331	4,724	5,948	25.9%	37.3%
Repos	559	6,800	6,565	-3.5%	n.m.
Bonds	8,641	9,920	10,081	1.6%	16.7%
Other forms of direct funding	2,683	2,663	2,599	-2.4%	-3.1%
Total	**81,998**	**89,415**	**90,639**	**1.4%**	**10.5%**

BMPS is constantly committed the ESG factors into the Group's overall strategy

ESG achievements and commitments

Gender Equality Certification and Gender equality and Anti-Harassment Policy publication (2023)

Inclusion of ESG objectives in 22-26 Industrial Plan: implementation of initiatives in line with planning

ESG KPIs embedded in **performance management** and **variable incentive** schemes (2023)

General upgrade of ESG Ratings: Sustainalytics from High to Medium Risk; Moody' from Limited to Robust

Strengthening of commercial offering: Mortgage to green property 70% ESG compliant funds (art. 8 e 9 SFDR) Framework on SLL and Green Loan (ongoing)

Strong reduction in environmental impacts (scope 1 and 2 emissions vs 2017)

ESG Program update and definition of new project streams focalizing on CSRD and Green Loan/Bond

NZBA financed emission reduction targets set in August 2023 for the 3 highest emitting sectors of the Bank's covering 60% of high emissions sectors (NZBA perimeter)

Integration of the **ESG Directive** with Exclusion/Transition guidelines for controversial/high emission intensity sectors

Decarbonization strategy, differentiated by sectors and transition risk, integrated into credit strategies and commercial budget

Women's presence	**54% of total workforce** **50% in Board of Directors** **37% roles of responsibility** held by women in 2023
Scope 1 emissions	**-70 % Scope 1 emissions (2017 vs 2023)** **-33% Scope 2 emissions (2017 vs 2023)** **100% renewable energy since 2012)**
AuM	**~€ 10 bn AuM ESG products in 2023 (46% of total AuM)** **~ 17% of ESG financing**

Focus on DTAs

On and off balance sheet DTAs

€/bn

	Sep 23	Dec 23
Convertible DTAs	0.5	0.5
DTAs on Tax loss carryforwards	0.2	0.7
Other non-convertible DTAs	0.8	0.6
Total on balance sheet DTAs	**1.5**	**1.8**
DTAs not recorded in balance sheet	**3.1**	**2.6**

- **Stock of DTAs not recorded in Balance Sheet at EUR 2.6bn, 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**