



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

1Q22 Financial Results

6 May 2022

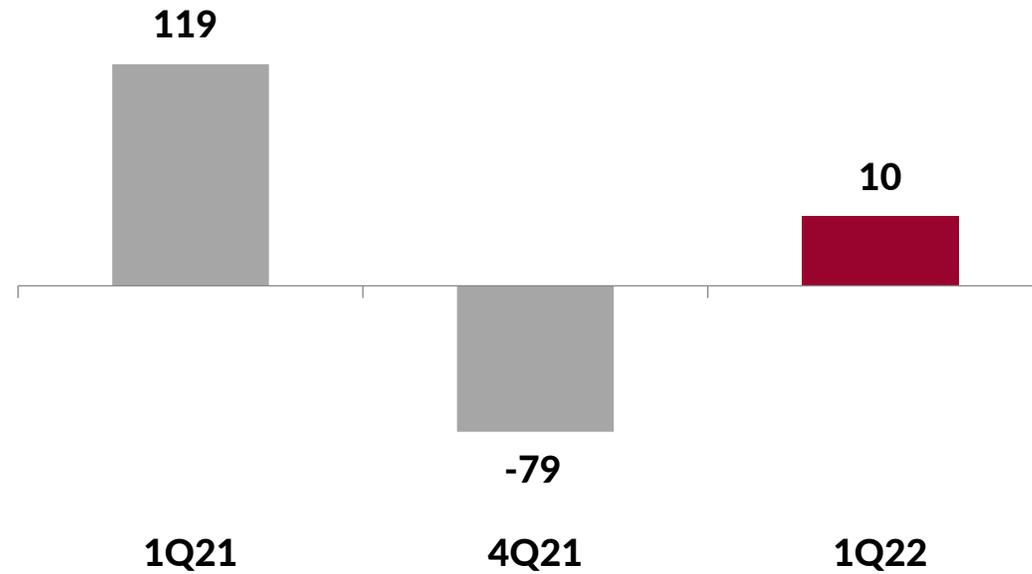
Executive summary

- **Positive net profit of EUR 10mln in 1Q22 after loss reported in 4Q21, y/y comparison impacted by 1Q21 higher gains on securities, lower provisions for risks and lower systemic charges**
- **Gross operating profit up by +23.3% q/q thanks to NII and gains on securities, offsetting higher cost base, up also y/y excluding gains on securities in both periods**
- **Net customer loans up 0.9% y/y, supported by growth in the quarter in both retail and corporate**
- **Optimisation of commercial funding with ongoing rate reduction, while maintaining stable retail volumes**
- **Gross NPE ratio fairly stable at 4.8% with NPE coverage improved to 50.8%. CoR at 56bps, reflecting also the current macro-scenario uncertainty**
- **Fully loaded CET1 at 10.8%, +32 bps y/y, lower by 28 bps vs. Dec 21. Phased-in CET1 at 11.6% vs 8.80% SREP requirement**



Net profit

€/mln

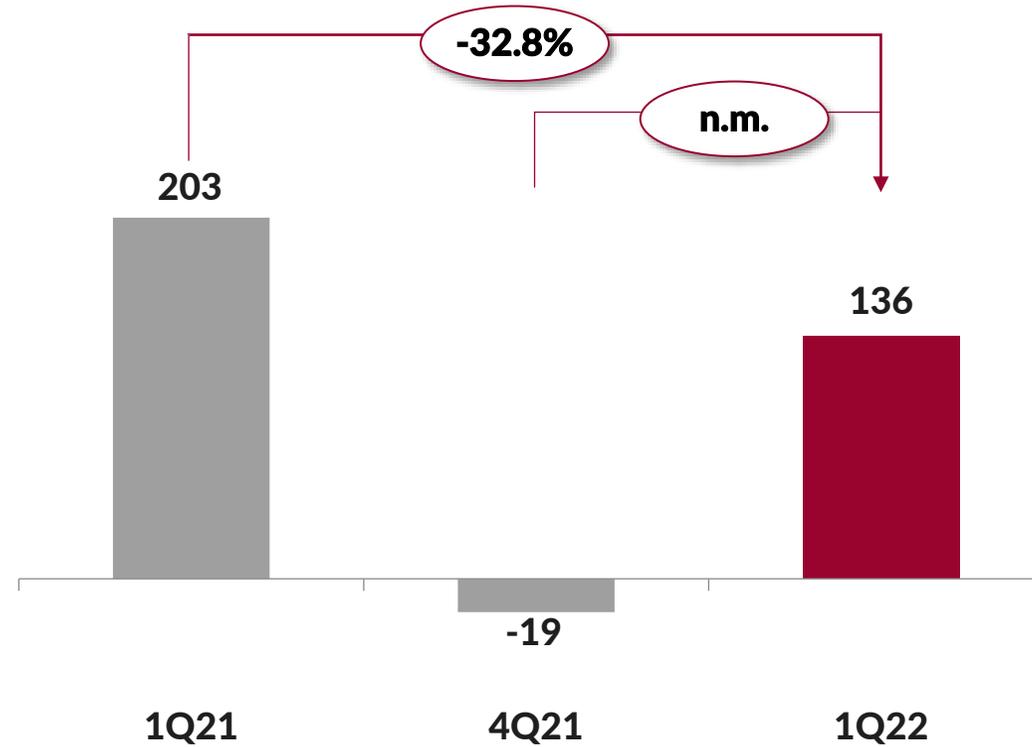


- **Positive net profit in 1Q22 after loss reported in 4Q21**
- **Y/y comparison impacted by 1Q21 higher gains on securities, lower provisions for risks and lower systemic charges**



Net operating profit

€/mln

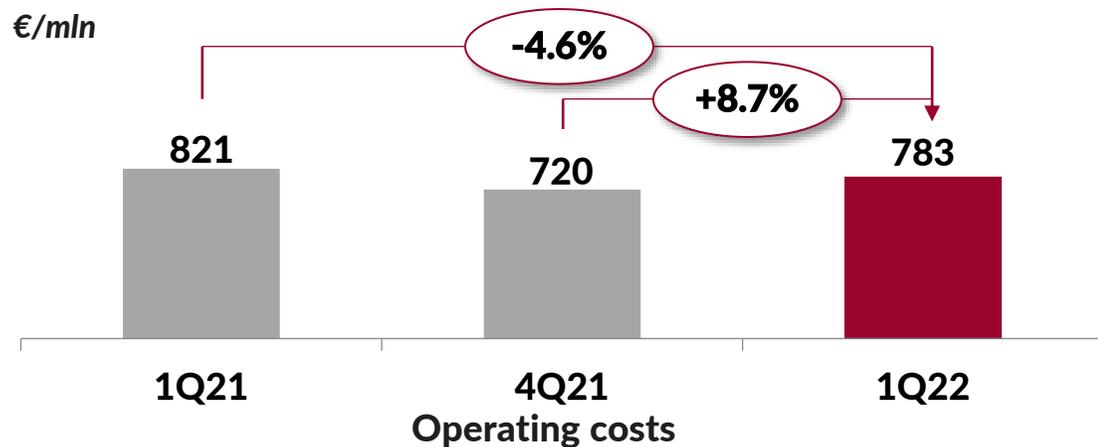


- Net operating profit at EUR 136 mln after negative result in 4Q21
- Y/y performance impacted by lower gains on securities in 1Q22 and lower provisions in 1Q21

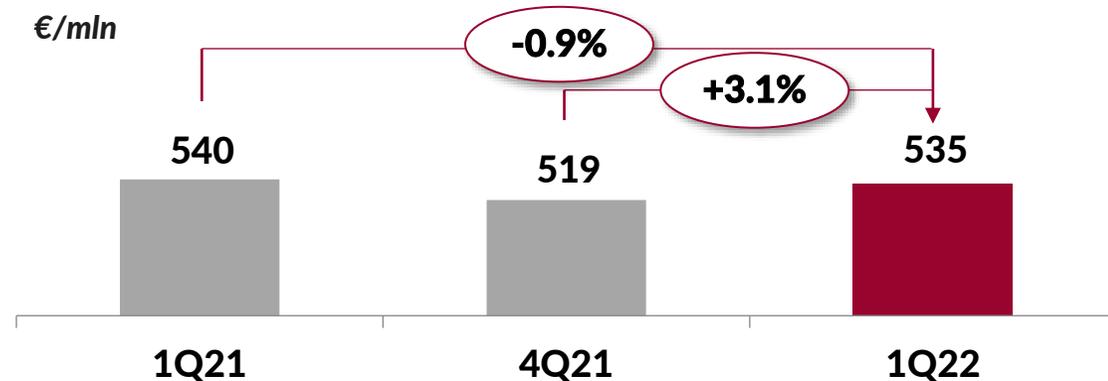


Gross operating profit

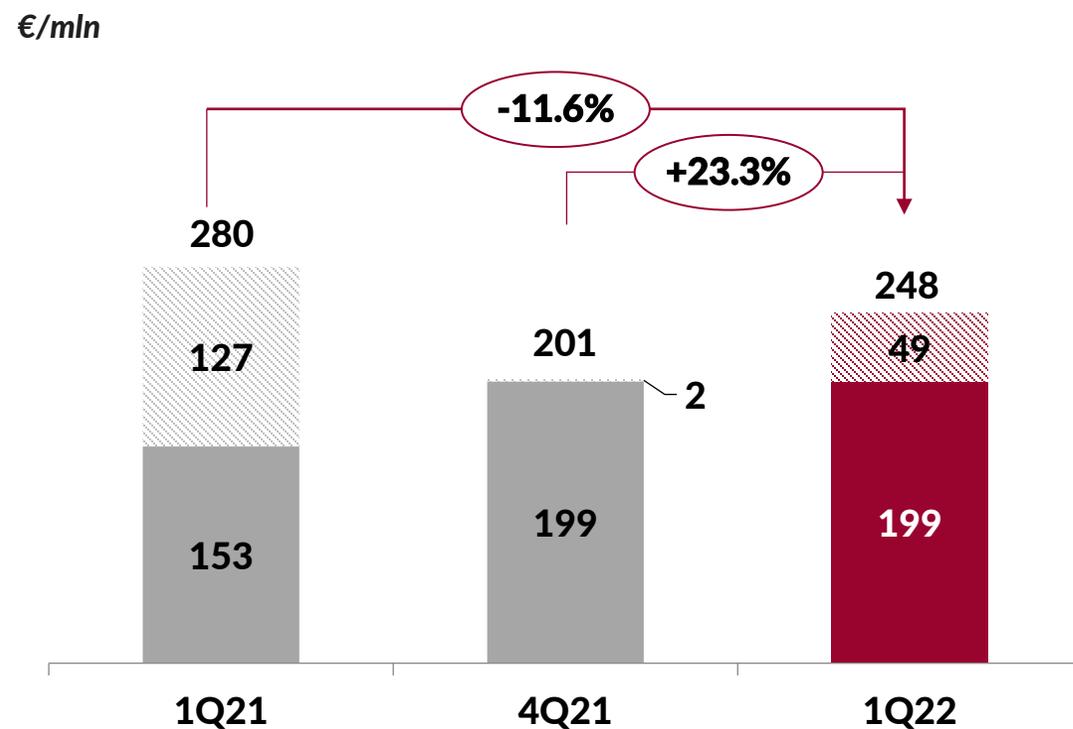
Operating income



Operating costs



Gross operating profit



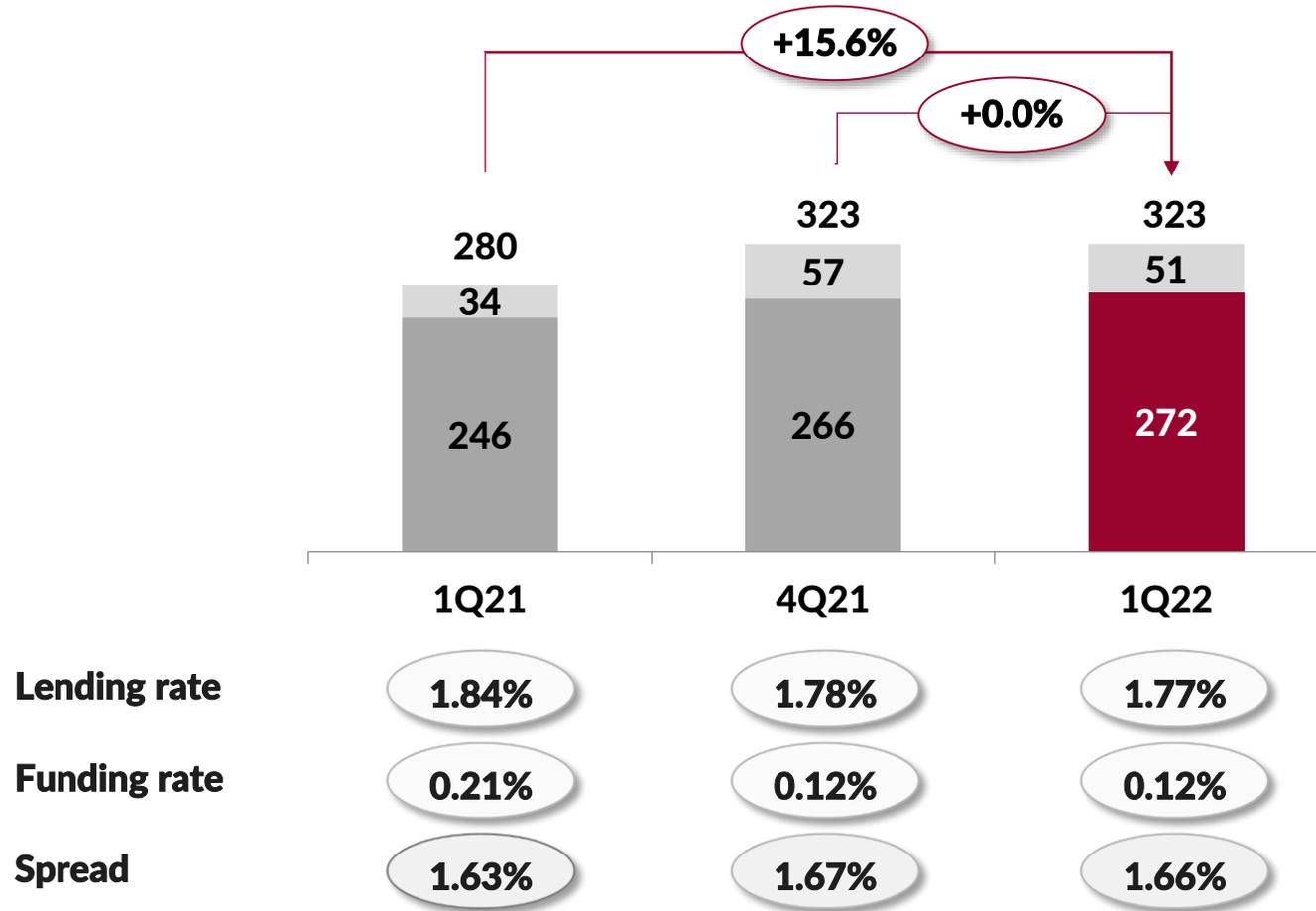
▨ Capital gain from securities disposal

- Gross operating profit up by +23.3% q/q thanks to NII (both TLTRO and commercial) and gains on securities, offsetting also higher cost base
- Y/y gross operating profit lower by -11.6% due to lower gains on securities



Net interest income

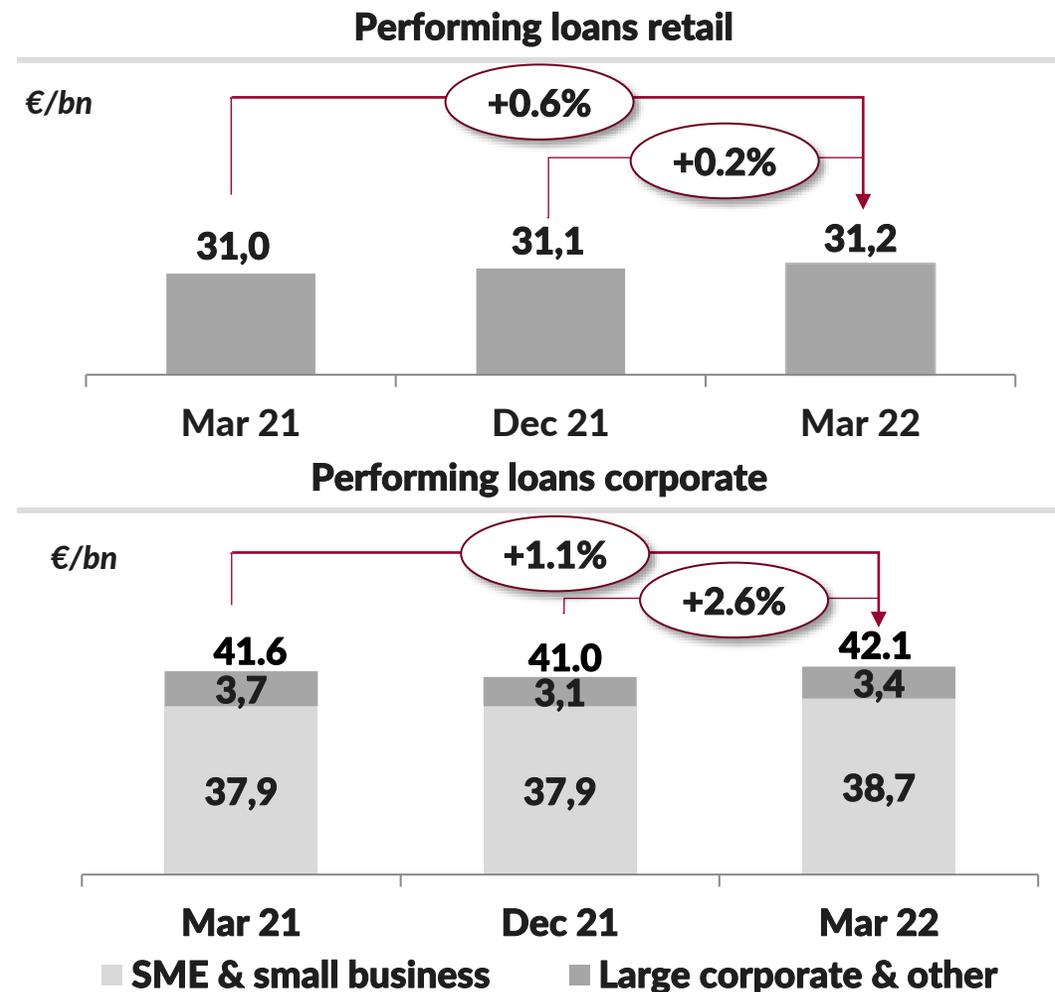
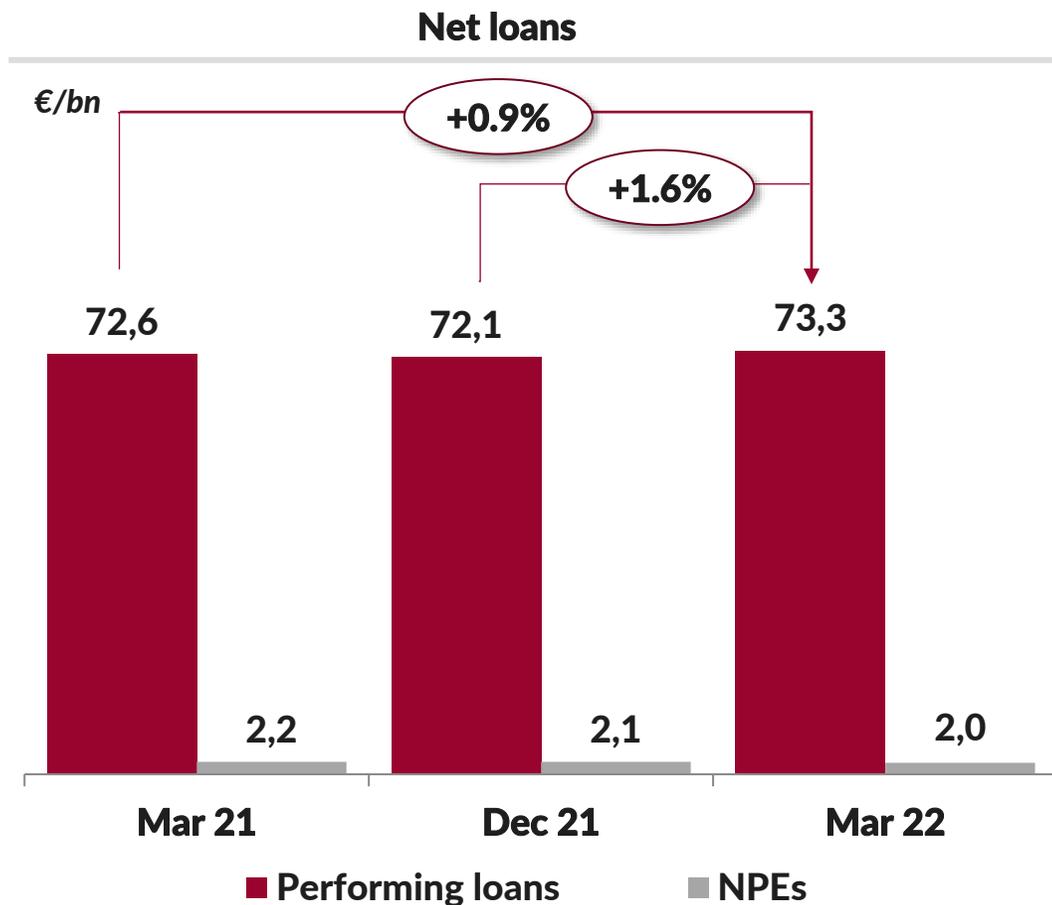
€/mln



- NII excluding TLTRO up +10.6% y/y, mainly thanks to lower cost of bonds due to maturities, reduction of term deposits and corporate volumes, improving also q/q
- Improved commercial spread y/y (+3bps) thanks to lower funding rate, marginally lower q/q



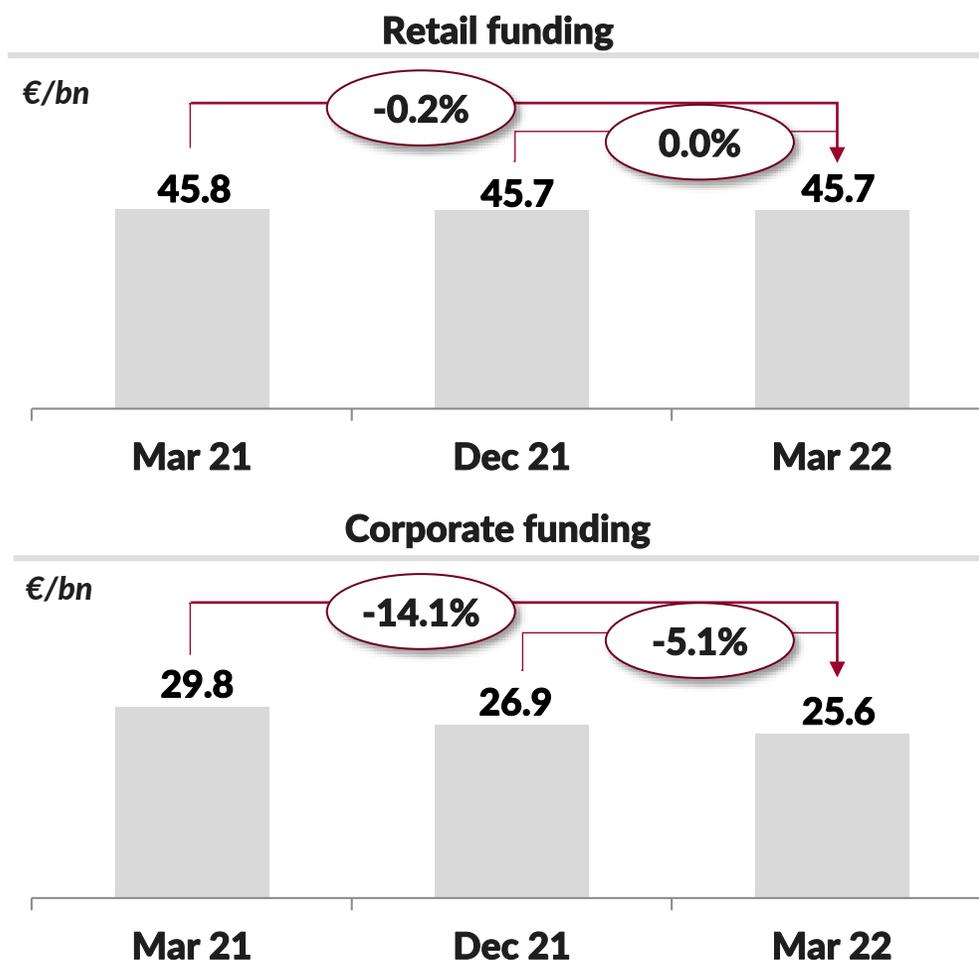
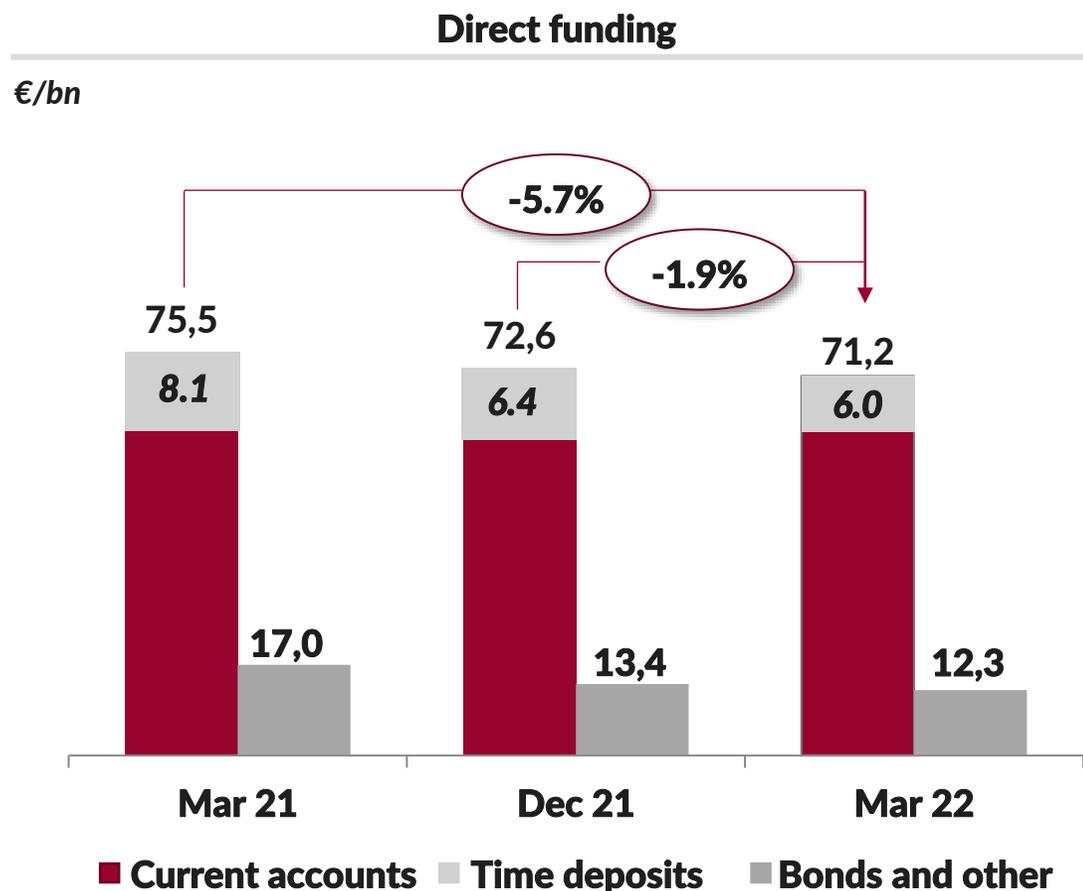
Net customer loans



- Performing loans increase by +0.9% y/y driven by both retail (+0.6% y/y) and corporate (+1.1% y/y), mainly in SME supported by 1Q22 dynamics



Funding composition



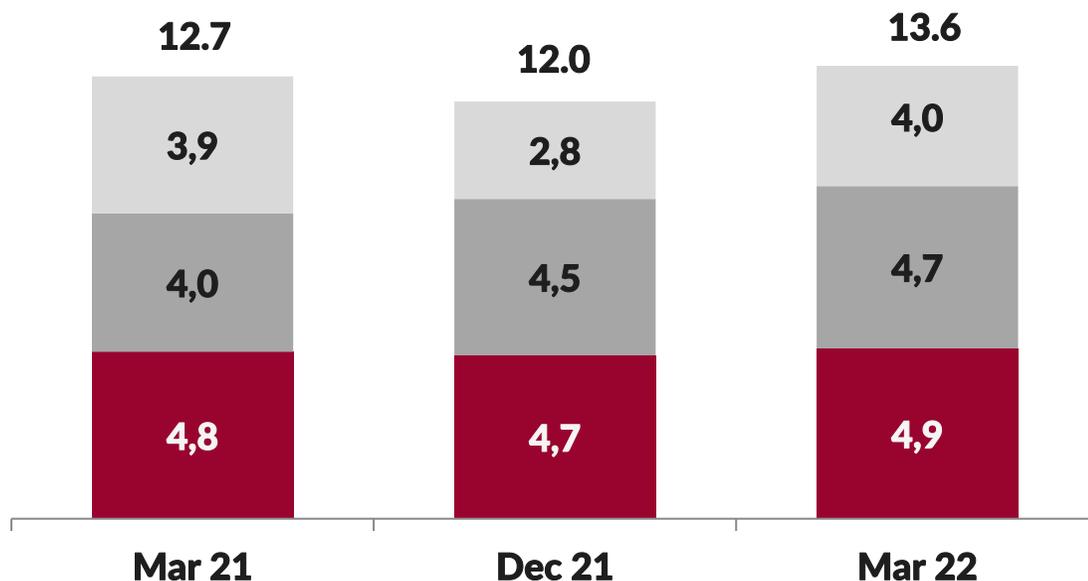
- **Optimisation of commercial funding with ongoing reduction of term deposits, while maintaining stable retail volumes**



Italian govies portfolio

Italian govies portfolio breakdown

€/bn



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

Italian govies portfolio at FVTOCI

	Mar 21	Dec 21	Mar 22
FVTOCI Duration (years)	~2.3	~2.1	~1.8
FVTOCI Credit spread sensitivity (€/mln)	-1.0	-1.1	-1.1

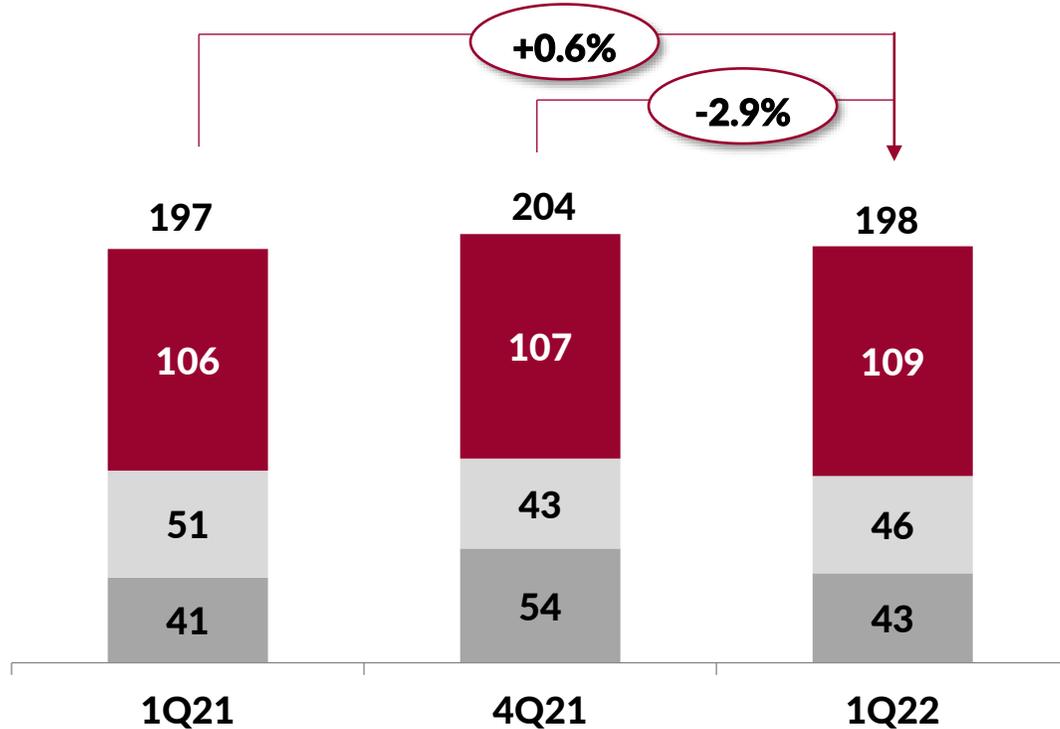
- Slight increase of banking book portfolio, with stable credit spread sensitivity and lower duration in the FVTOCI component
- FVTPL portfolio driven by MPS Capital Services' market-specialist activity, with maturity of 78% of the portfolio <1 year



Net fee and commission income

Banking fees

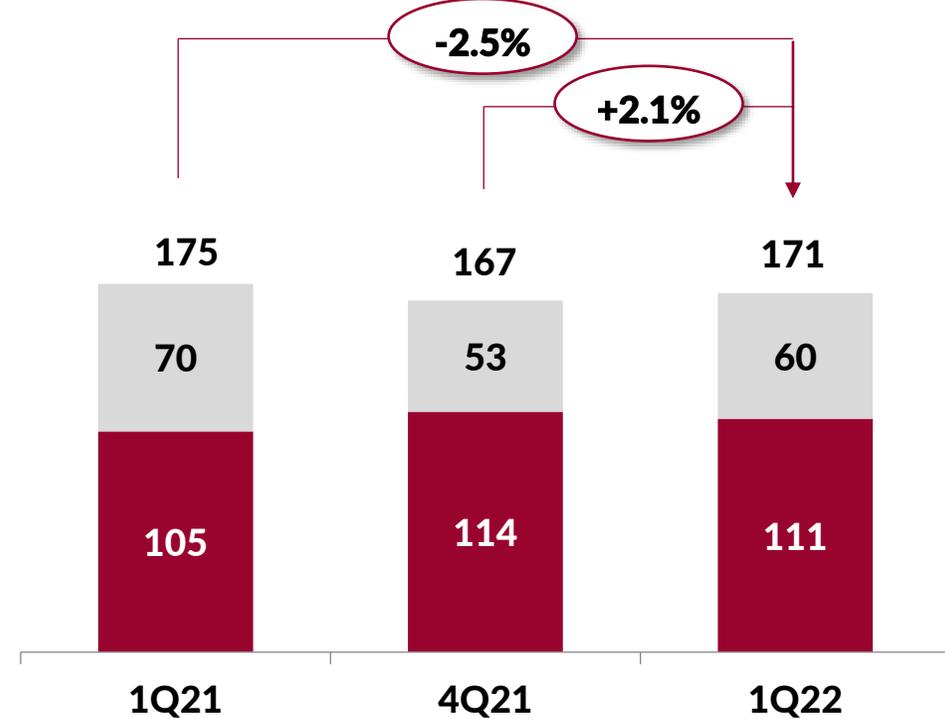
€/mln



■ Payments and cards ■ Current accounts and other ■ Loans

AuM fees

€/mln

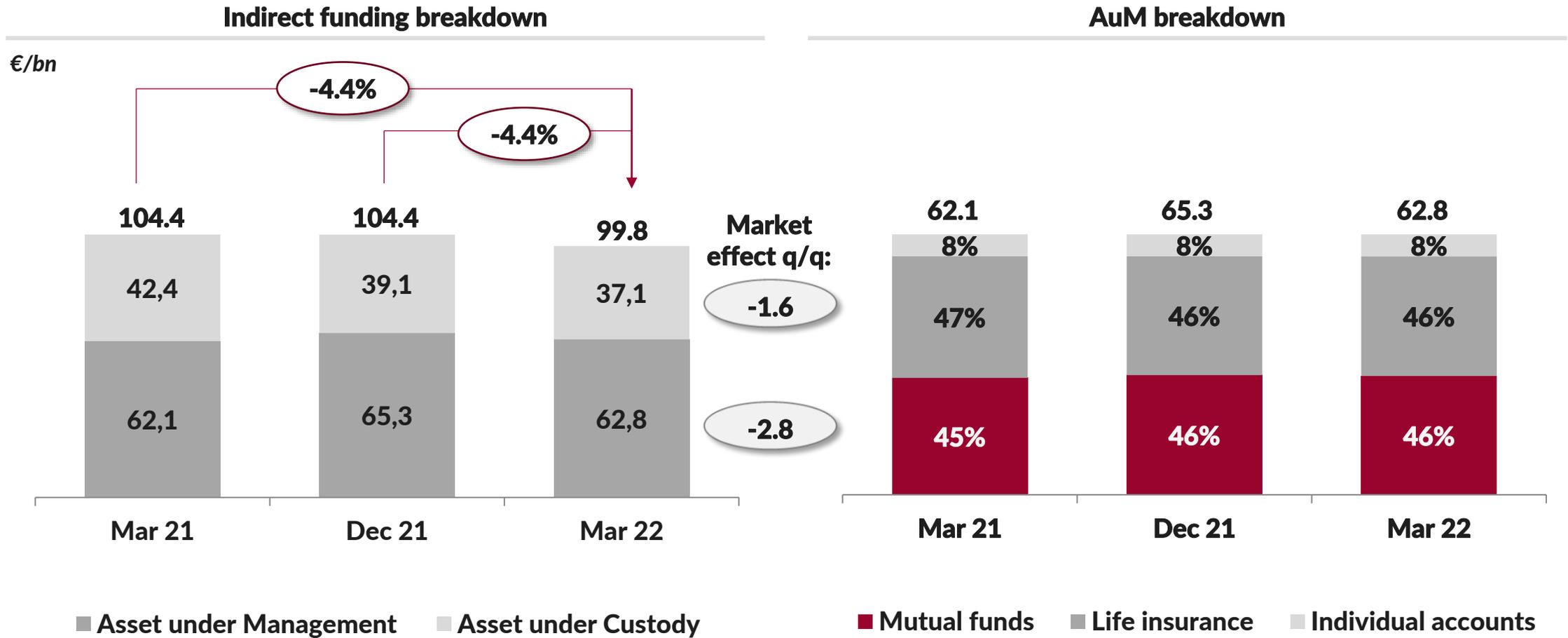


■ Management fees ■ Up-front fees

- Banking fees substantially in line with 1Q21, seasonally lower q/q
- AuM almost at the level of last year and previous quarter, although with the different mix



Indirect funding

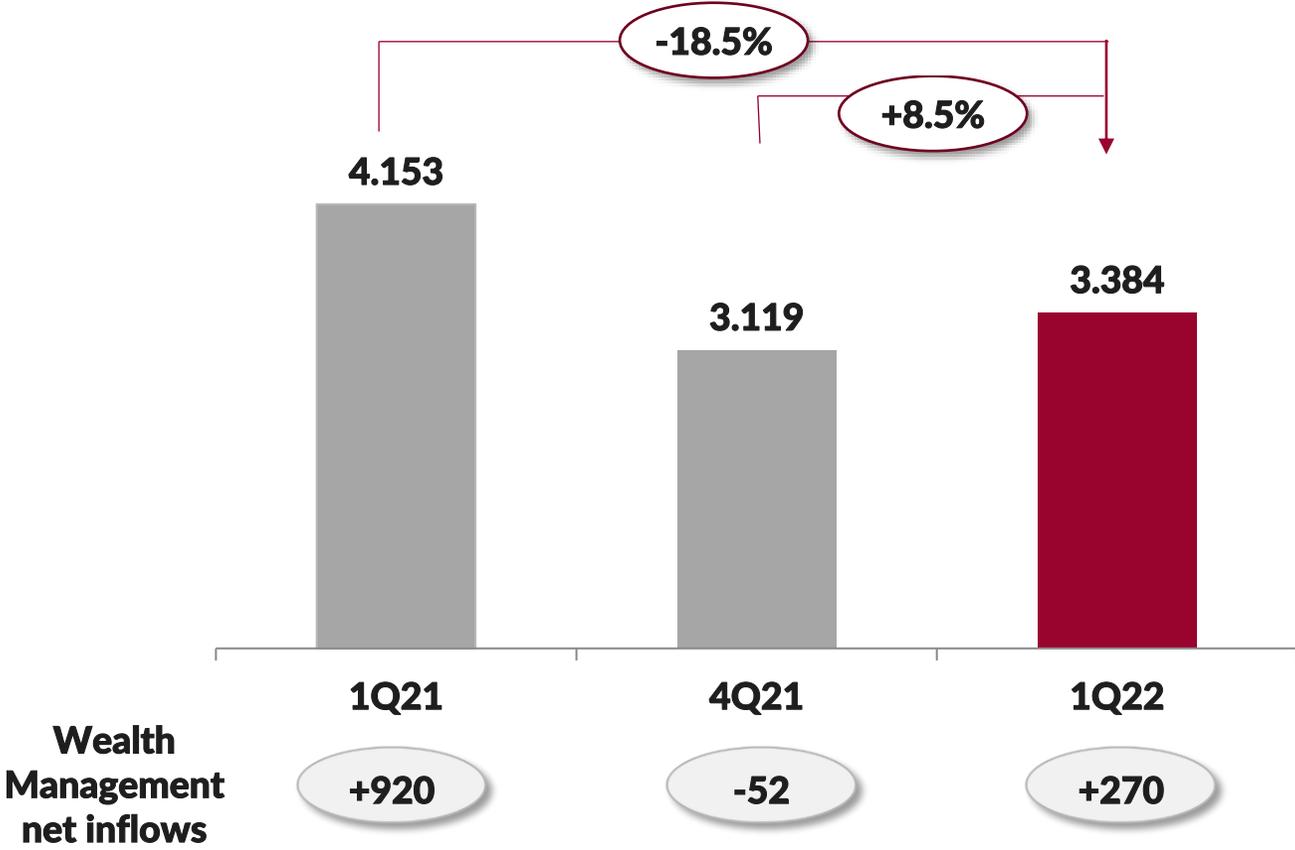


- Decrease of indirect funding both y/y and q/q driven by market valuation effects and some single large financial companies outflows in AuC during 2021



Wealth management inflows

€/mln

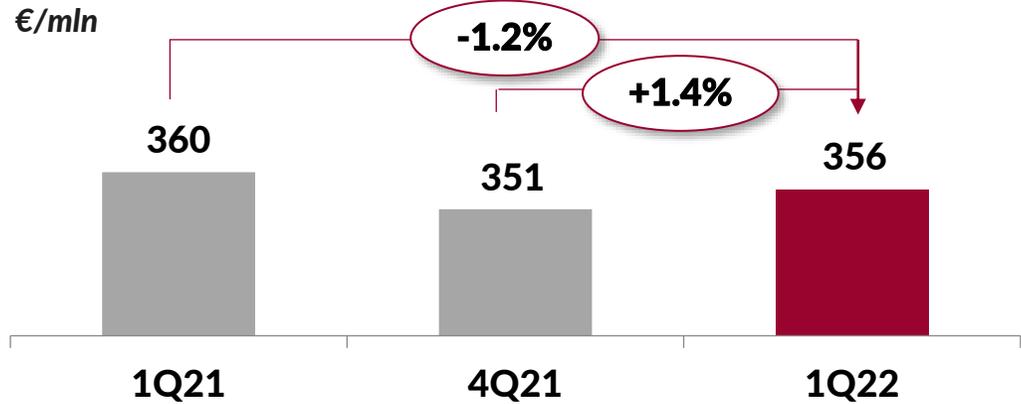


• Wealth management gross and net inflows recovering compared with the last quarter, despite last months unfavourable market conditions

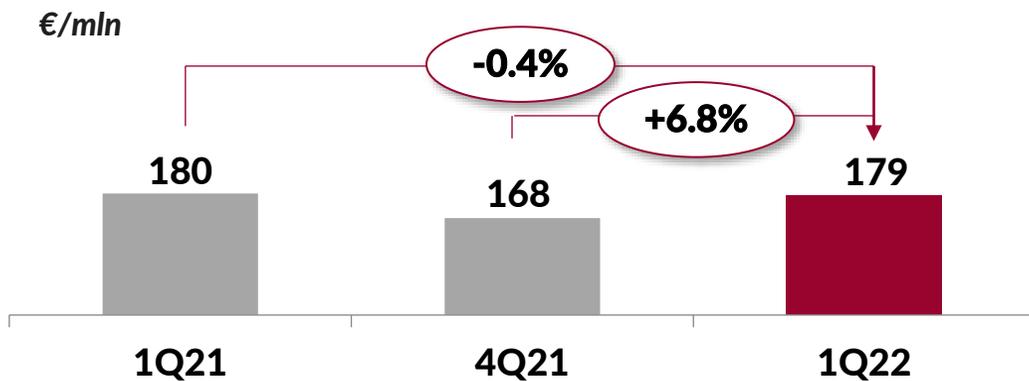


Operating costs

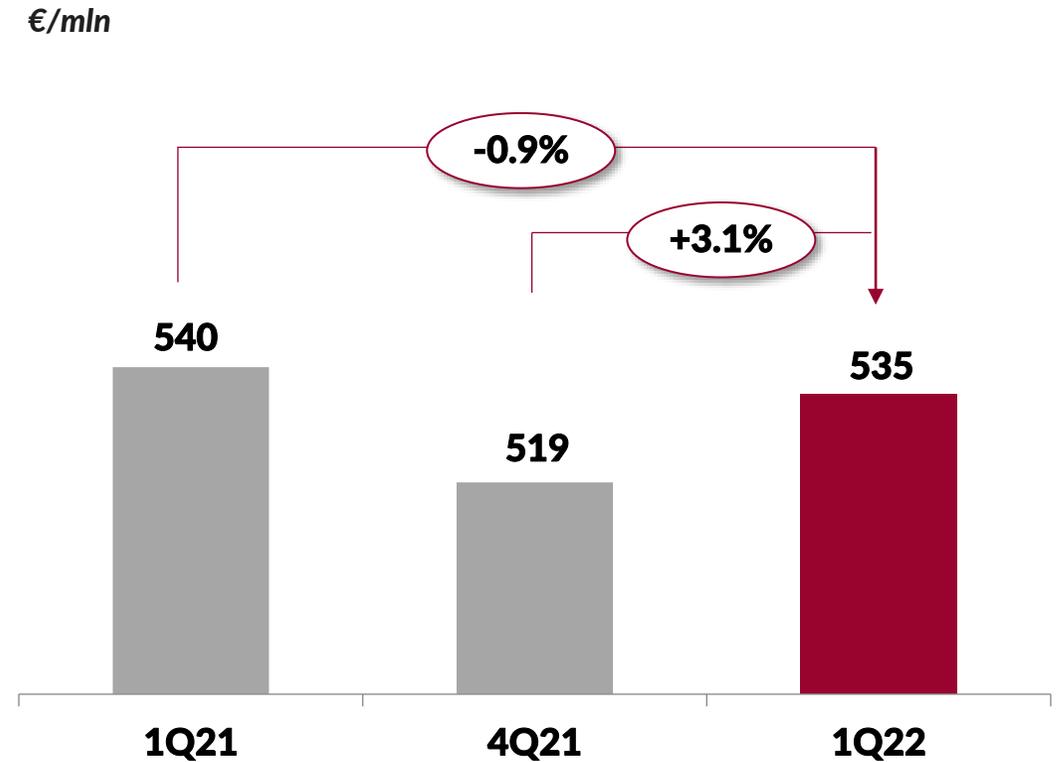
HR costs



Non-HR costs



Operating costs

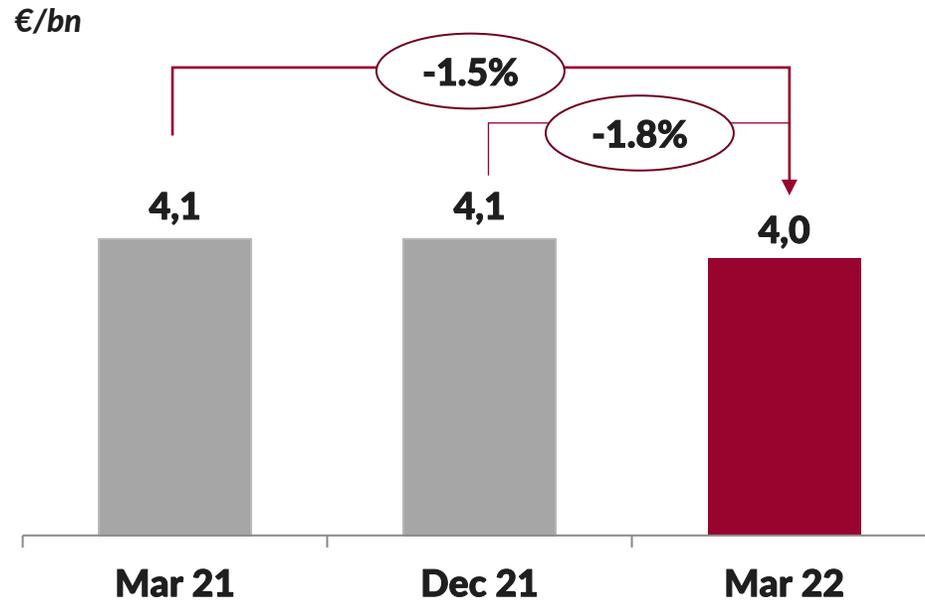


- Total operating costs slightly below the previous year, while higher compared to 4Q21, which was positively impacted by some accruals adjustments, both in HR and Non-HR

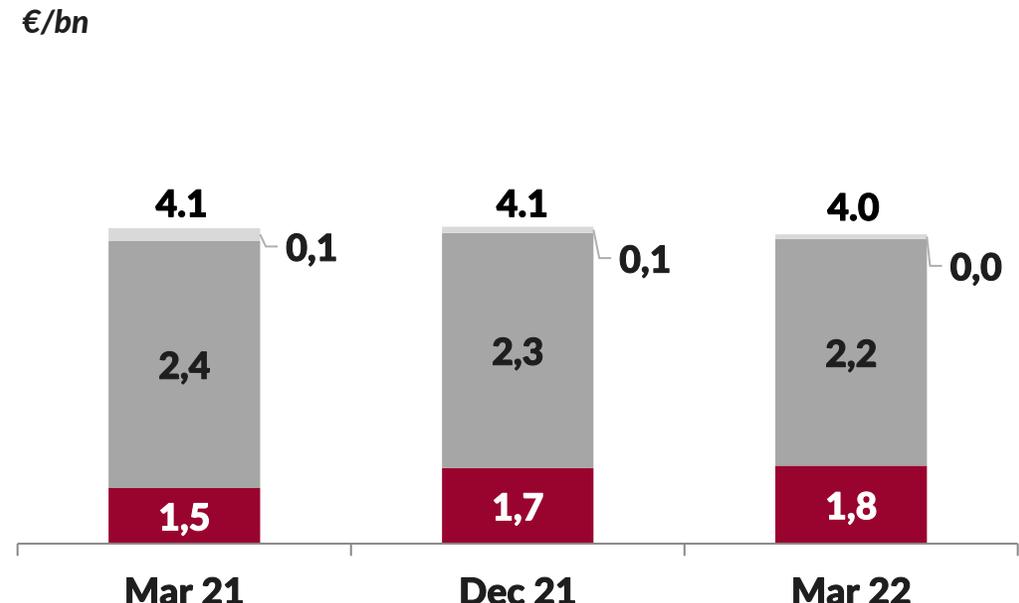


Gross NPE stock

Gross NPE stock



Breakdown by category



	Mar 21	Dec 21	Mar 22
Gross NPE ratio	4.7%	4.9%	4.8%
	4.4%	4.5%	4.5%
Net NPE ratio	2.5%	2.6%	2.4%
	2.4%	2.4%	2.3%

■ NPL ■ UTP ■ Past due

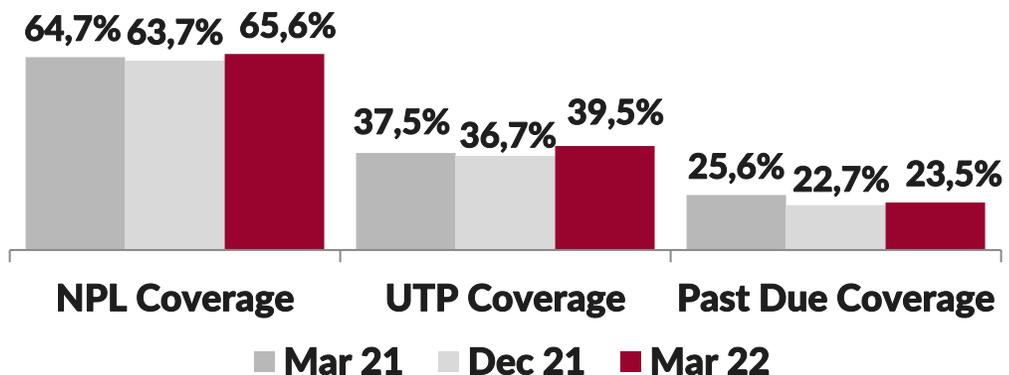
- Gross NPE stock slightly down, both y/y and q/q
- Gross NPE ratio fairly stable at 4.8% while net NPE ratio down to 2.4%



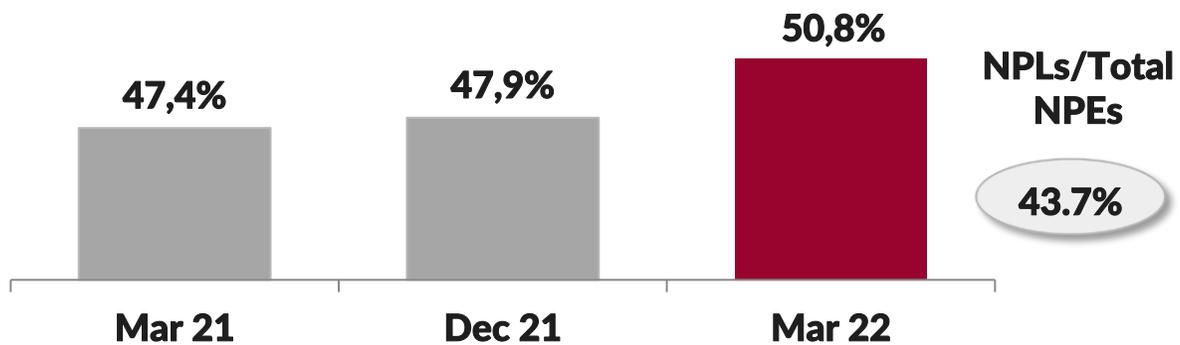
○ Gross NPE ratio calculated as ratio of gross non-performing exposures to customers and total gross exposures to customers (no government securities).
○ Gross NPE ratio calculated as ratio of gross non-performing exposures to customers and total gross exposures to customers plus government securities.

Coverage and cost of risk

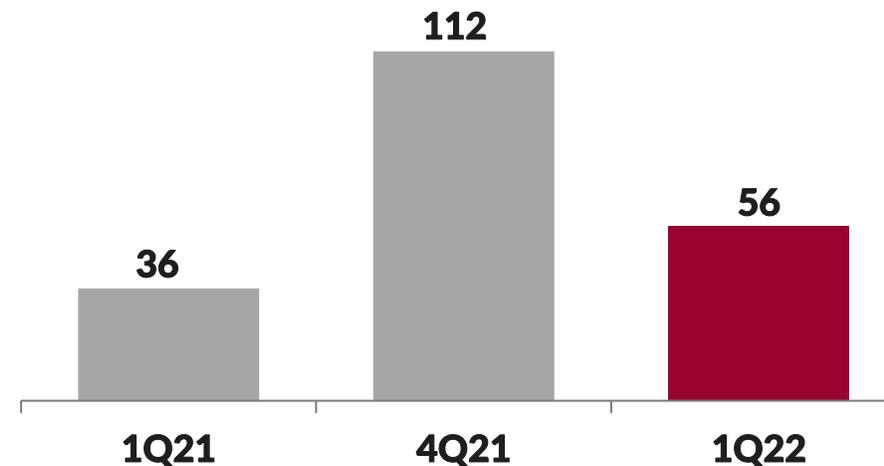
NPE coverage breakdown



Total NPE coverage



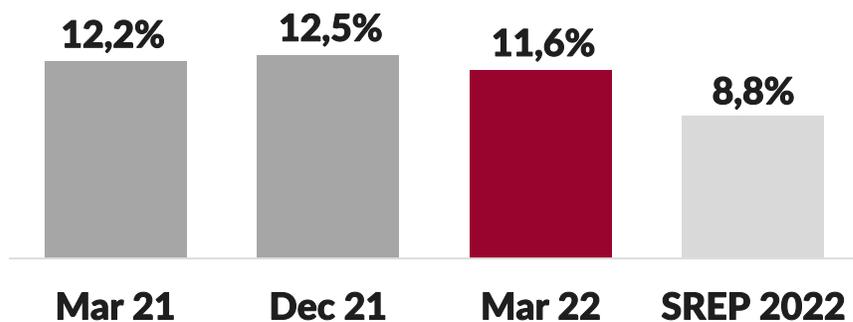
Cost of risk (bps)



- NPE coverage at 50.8% improving both y/y and q/q on NPLs and UTPs
- CoR at 56bps, reflecting also the current macro-scenario uncertainty
- 1Q21 cost of risk positively impacted by lower provisions for risks while 4Q21 included non recurring charges



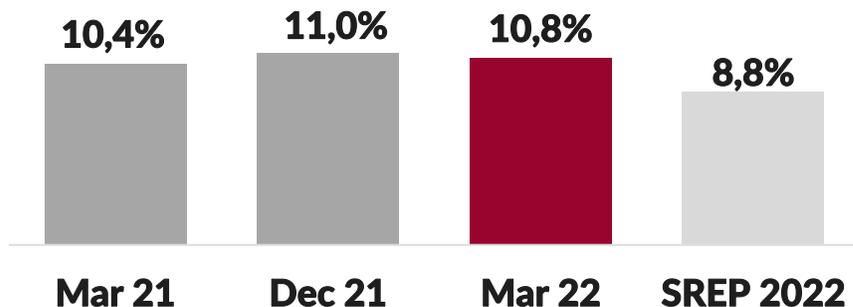
CET1 ratio phased-in



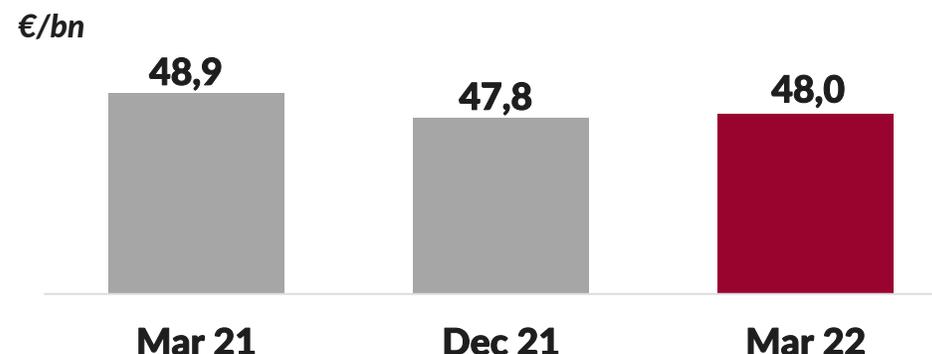
Regulatory capital ratios phased-in

	Mar 21	Dec 21	Mar 22	SREP
CET1 ratio (%)	12.2%	12.5%	11.6%	8.80%
Tier 1 ratio (%)	12.2%	12.5%	11.6%	10.81%
Total capital ratio (%)	15.9%	16.1%	15.3%	13.50%

CET1 ratio fully phased



RWA – phased-in

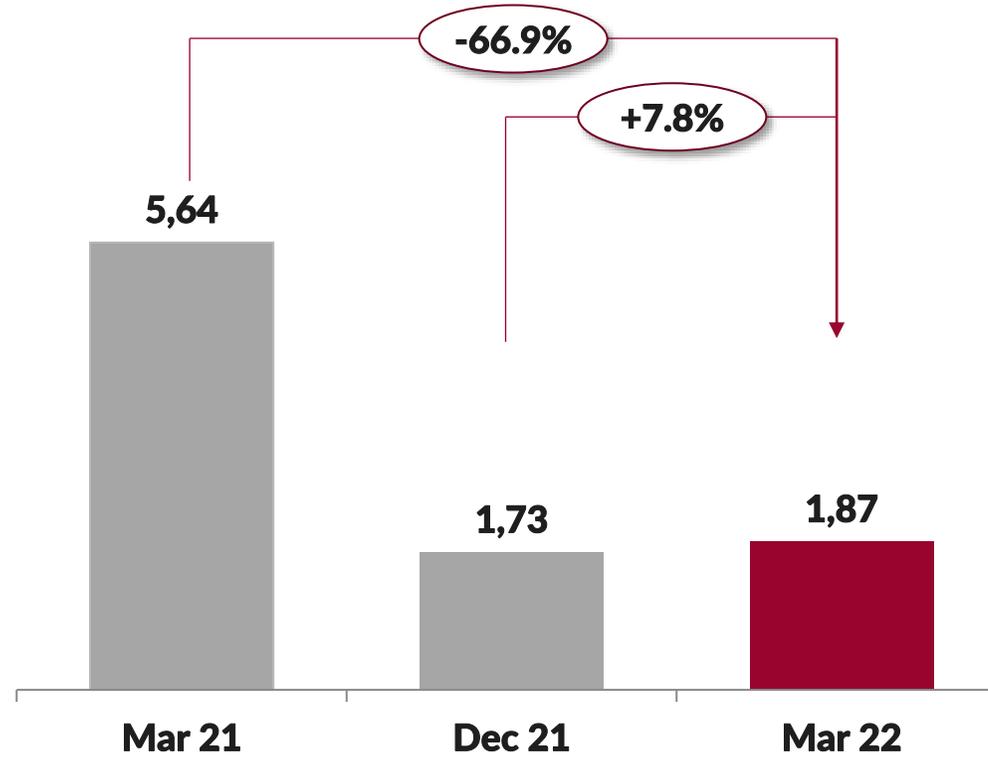


- Fully loaded CET1 at 10.8%, +32 bps y/y, lower by 28 bps vs. Dec 21, mainly due to FVTOCI reserve and marginal RWA increase
- CET1 phased-in down q/q and y/y mainly due to IFRS 9 FTA



Petitem related to disclosed financial information

€/bn



- **Petitem down 66.9% y/y**
- **Increase vs. Dec 21 mainly due to threatened litigations, conservatively provisioned for**



Conclusions

- **Net profit of EUR 10mln in 1Q22 after loss reported in 4Q21**
- **Positive signals of the commercial resilience reflected in volumes trends and commercial funding optimisation**
- **NPE coverage improved by 283 bps to 50.8%**
- **Fully loaded at 10.8%, higher by 32 bps y/y, and lower compared to Dec 21 by 28bps**
- **The Bank is progressing on the Business Plan review, focusing on clear priorities to support customers, drive operational efficiency, ensure low risk profile and sustainable profitability**
- **The Business Plan will be presented on 23 June 2022**



Annexes



Reclassified Income Statement

€ mln	1Q21	2Q21	3Q21	4Q21	1Q22	Change (QoQ%)	Change (YoY%)
Net Interest Income	280	306	313	323	323	+0.0%	+15.6%
Net fees and commission income	372	383	358	371	369	-0.6%	-0.8%
Profit (loss) of equity-accounted investments (AXA)	21	25	20	38	14	-62.7%	-33.8%
Core Revenues	673	713	692	732	706	-3.5%	+4.9%
Financial revenues	159	29	20	-1	80	n.m.	-49.3%
Other operating net income	-11	-2	-13	-11	-3	-69.8%	-69.7%
Operating Income	821	741	698	720	783	+8.7%	-4.6%
Personnel expenses	-360	-359	-358	-351	-356	+1.4%	-1.2%
Other administrative expenses	-133	-133	-112	-120	-136	+13.0%	+2.3%
Depreciations/amortisations and net impairment losses on PPE	-47	-41	-44	-48	-44	-8.8%	-8.1%
Operating Costs	-540	-533	-514	-519	-535	+3.1%	-0.9%
Gross operating profit	280	208	185	201	248	+23.3%	-11.6%
Net impairment losses for credit risk	-74	-89	135	-222	-111	-50.0%	+50.5%
Net impairment losses for other financial assets	-4	5	1	3	0	n.m.	-89.2%
Net operating profit	203	124	321	-19	136	n.m.	-32.8%
Net gains/losses on equity investments, PPE and intangible assets at FV, and disposal of investments	-14	0	2	-15	2	n.m.	n.m.
Systemic funds contribution	-68	-22	-69	-10	-89	n.m.	+30.8%
DTA Fee	-16	-16	-16	-16	-16	-0.4%	+0.3%
Net accruals to provisions for risks and charges	9	-51	-24	-33	-28	-13.7%	n.m.
Restructuring costs / one-off costs	0	-4	-4	1	0	n.m.	+92.8%
Pre-tax profit (loss)	114	31	211	-92	5	n.m.	-95.6%
Income taxes	6	53	-24	14	6	-61.9%	-10.0%
Post-tax profit (loss)	120	84	187	-78	10	n.m.	-91.3%
Impairment, PPA & others	-1	-1	-1	-1	-1	-1.1%	-8.6%
Profit (loss) for the period	119	83	186	-79	10	n.m.	-91.9%



Balance Sheet

Total Assets (€/mln)

	Mar-21	Dec-21	Mar-22	QoQ%	YoY%
Loans to Central banks	26,117	20,770	15,393	-25.9%	-41.1%
Loans to banks	2,975	3,493	2,425	-30.6%	-18.5%
Loans to customers	82,259	79,380	79,260	-0.2%	-3.6%
Securities assets	22,562	22,127	23,382	5.7%	3.6%
Tangible and intangible assets	2,785	2,744	2,719	-0.9%	-2.4%
Other assets	9,961	9,355	8,831	-5.6%	-11.3%
Total Assets	146,659	137,869	132,009	-4.3%	-10.0%

Total Liabilities (€/mln)

	Mar-21	Dec-21	Mar-22	QoQ%	YoY%
Deposits from customers	87,124	79,860	74,992	-6.1%	-13.9%
Securities issued	11,930	10,441	9,436	-9.6%	-20.9%
Deposits from central banks	26,373	29,155	29,081	-0.3%	10.3%
Deposits from banks	3,816	2,125	1,764	-17.0%	-53.8%
Other liabilities	11,409	10,114	10,729	6.1%	-6.0%
Group net equity	6,005	6,173	6,006	-2.7%	0.0%
Non-controlling interests	1	1	1	0.0%	-7.1%
Total Liabilities	146,659	137,869	132,009	-4.3%	-10.0%



Lending & Direct Funding

Total Lending (€/mln)

	Mar-21	Dec-21	Mar-22	QoQ%	YoY%
Current accounts	2,935	2,696	3,085	14.4%	5.1%
Medium-long term loans	56,751	56,268	56,418	0.3%	-0.6%
Other forms of lending	12,925	13,152	13,763	4.6%	6.5%
Reverse repurchase agreements	7,498	5,126	4,009	-21.8%	-46.5%
Impaired loans	2,150	2,138	1,984	-7.2%	-7.7%
Total	82,259	79,380	79,260	-0.2%	-3.6%

Direct Funding (€/mln)

	Mar-21	Dec-21	Mar-22	QoQ%	YoY%
Current accounts	67,459	66,159	65,186	-1.5%	-3.4%
Time deposits	8,075	6,438	6,040	-6.2%	-25.2%
Repos	6,519	4,299	904	-79.0%	-86.1%
Bonds	11,930	10,441	9,436	-9.6%	-20.9%
Other forms of direct funding	5,071	2,963	2,862	-3.4%	-43.6%
Total	99,054	90,300	84,428	-6.5%	-14.8%



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