

JST quarterly meeting

13 - 14 December 2018

Siena

Participants:

Bdl

Carlo Bertini
Andrea Cirilli
Igino Guida
Antonio Bova
Jelena Pajic
Daniele Nardella

ECB

Celeste Kearney
Carlo Di Maio
Stephan Ende
Fernando Emanuel Escada
Felix Lerchner [tentative]
Alessandra Pettavino

13 December (tentative order)	
9:30 – 11:30	ICAAP
11:30 – 13:30	Risk appetite
Lunch break	
14:30- 16:00	Financials and Capital session
16:00 – 18:00	Organisational structure
18:00 – 18:30	Legal risk

14 December	
9:00 – 10:30	Meeting with Mr Riccaboni
11:00 – 12:30	Meeting with Ms Kostoris

Thursday 13 December 2018

Time	Session	Description	JST participants	MPS participants	Notes
1.5 / 2 hours	Organisational structure	MPS to present: <ol style="list-style-type: none"> 1. An overview of recent major changes to the organisational chart and reporting lines (covering e.g. the new 'Direzione Rete' within the CCO department; Widiba's and COG's reporting lines; COO reorganisation; etc.) 2. An overview of the management/coordination committees in place to date 3. The main initiatives (undertaken and/or planned) to strengthen product approval and related governance processes and policies 4. An update on the "Venere" project 5. An overview of the main changes to the outsourcing policy 	All	TBD	
2 hours	ICAAP	1) Presentation from the Bank on the ICAAP process and main methodological changes (e.g. relating to risk and internal capital quantifications) 2) Q&A arising from the ICAAP process assessment 3) Actions envisaged by the Bank to keep improving the ICAAP process in accordance with regulatory expectations	All	TBD	
1.5 hours	Financials and capital session	Financials. Please provide: A brief update (including figures) of expected P&L figures compared to YE 2018 forecasts. Please outline the reasons for any material deviations. An overview of how the de-risking measures planned and or/ undertaken will effects P&L forecasts for 2019, 2020 and 2021 relative to Restructuring plan forecasts. Please provide the information in terms of revenue lines affected as well as the overall impact on Net Income. The analysis carried out in terms of NFCI productivity that you mention in the answer to the JST questions on 3Q18 results. Please also provide the remedial actions implemented and the outcome.	All	TBD	

Please provide an explanation regarding the proposed movements in the slide below.

Conto Economico – Impatti possibile riallocazione costo del credito

PRELIMINARE

	2018 - Actual			
CONTO ECONOMICO (Mln €, %)	1Q18	2Q18	3Q18	Cons set-18
Margine di interesse	421	449	442	1.312
Commissioni nette	407	403	353	1.163
Altri ricavi della gestione finanziaria	57	34	17	60
di cui: 100 a) - att. fin. al costo ammortizzato	9	0	3	11
di cui: 110 b) - Finanziamenti	-9	-22	-22	-53
Altri proventi e oneri di gestione	-8	-5	-3	-16
Totale Ricavi	877	832	809	2.518
Spese per il personale	-368	-366	-364	-1.098
Altre spese amministrative	-148	-160	-140	-448
Rettifiche su attività mat. ed imm.li	-57	-55	-57	-169
Oneri Operativi	-573	-581	-561	-1.715
Risultato Operativo Lordo	304	251	248	803
Rettifiche di valore nette	-138	-109	-121	-368
Att. fin. al costo ammort. (ordinarie)	-176	-108	-116	-400
Att. fin. al costo ammort. (straordinarie)	39			39
Att. fin. al FV con impatto su redd. complessiva	-1	-1	-6	-7
Risultato operativo netto	166	142	127	435
Canone DTA	-18	-18	-18	-53
Rischi e oneri SRF, DGS, FNR	-69	-26	-29	-124
Accantonamenti fondi rischi ed oneri	53	-51	-17	-15
di cui: a) impegni e garanzie rilasciate	45	2	-10	37
di cui: ordinari	-3	-4	-10	-16
di cui: straordinari	48	6		53
di cui: b) altri accantonamenti netti	8	-53	-7	-53
Oneri di ristrutturazione	-17	-16	-28	-61
Utili (Perdite) da partecipazioni/cessioni inv.	-4	50	5	51
Componenti non operative	-55	-62	-86	-202
Utile (Perdita) al lordo delle imposte	111	80	41	233
Imposte sul reddito dell'esercizio	83	26	55	164
Utile (Perdita) al netto delle imposte	195	107	96	398
Impairment, PPA ed altre poste	-7	-6	-5	-18
Utile (Perdita) di periodo	188	101	91	379

	2018 - New			
CONTO ECONOMICO (Mln €, %)	1Q18	2Q18	3Q18	Cons set-18
Margine di interesse	421	449	442	1.312
Commissioni nette	407	403	353	1.163
Altri ricavi della gestione finanziaria	57	24	24	72
di cui: Costo Garanzia Statale	-25	-24	-24	-72
Altri proventi e oneri di gestione	-8	-5	-3	-16
Totale Ricavi	878	854	829	2.560
Spese per il personale	-368	-366	-364	-1.098
Altre spese amministrative	-148	-160	-140	-448
Rettifiche su attività mat. ed imm.li	-57	-55	-57	-169
Oneri Operativi	-573	-581	-561	-1.715
Risultato Operativo Lordo	305	273	268	845
Costo del credito	-141	-134	-145	-419
130 a) Att. fin. al costo ammort. (ordinarie)	-176	-108	-116	-400
130 a) Att. fin. al costo ammort. (straordinarie)	39			39
100 a) - Att. fin. al costo ammortizzato	9	0	3	11
110 b) - Finanziamenti	-9	-22	-22	-53
170 a) Impegni e garanzie rilasciate	-3	-4	-10	-16
Att. fin. al FV con impatto su redd. complessiva	-1	-1	-6	-7
Risultato operativo netto	163	138	117	419
Canone DTA	-18	-18	-18	-53
Rischi e oneri SRF, DGS, FNR	-69	-26	-29	-124
Accantonamenti fondi rischi ed oneri	55	-48	-7	1
Oneri di ristrutturazione	-17	-16	-28	-61
Utili (Perdite) da partecipazioni/cessioni inv.	-4	50	5	51
Componenti non operative	-52	-58	-76	-186
Utile (Perdita) al lordo delle imposte	111	80	41	233
Imposte sul reddito dell'esercizio	83	26	55	164
Utile (Perdita) al netto delle imposte	195	107	96	398
Impairment, PPA ed altre poste	-7	-6	-5	-18
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An update on any potential purchase by MPS' to the Carige rescue bonds? As well as an update on the DGS credit facility and any agreed contribution by MPS.

Capital:

1. Update on the execution of the de-risking measures in order to achieve regulatory capital limits by YE2018. Please provide any updated projections on capital for YE 2018 and start 2019 if available.
2. Update on capital projections considering the impact on RWAs due to the possible not fulfilment of the de-recognition of project Morgana and Merlino and additional UTPs disposals (total or partial)

		3. Update on the efforts to issue Tier 2 of EUR 700mln.			
2 hours	Risk Appetite	<p>MPS to present the recent developments in the RAF methodology and the construction of the 2019 Risk Appetite Statement. The presentation shall cover amongst others:</p> <ol style="list-style-type: none"> 1. Risk indicators framework for 2019 (new KRIs and removed KRIs, if any; recalibration of thresholds) 2. Implementation of the 2018 RAF, including, if available, the results of the review of its efficacy 3. Governance-related aspects (monitoring and reporting, escalation, link with other processes, including remuneration) 4. Please provide an overview of the development of the scenario analysis and how it is going to be developed to take into account the current Italian government budget and what impact this is likely to have on the banks risk appetite levels, thresholds and capacity levels and if in fact we are likely see an overall increase in the risk appetite of the bank for 2019. 	All	TBD	
30/45 min.	Legal risk	MPS to provide an updated overview of the litigations, with a particular focus on investor-related cases	All	TBD	