



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

## **Risk Management Report**

MPS Group Risk Profile as at 31-10-2018  
*Financial Risks*

Direzione Chief Risk Officer

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## **Annexes**

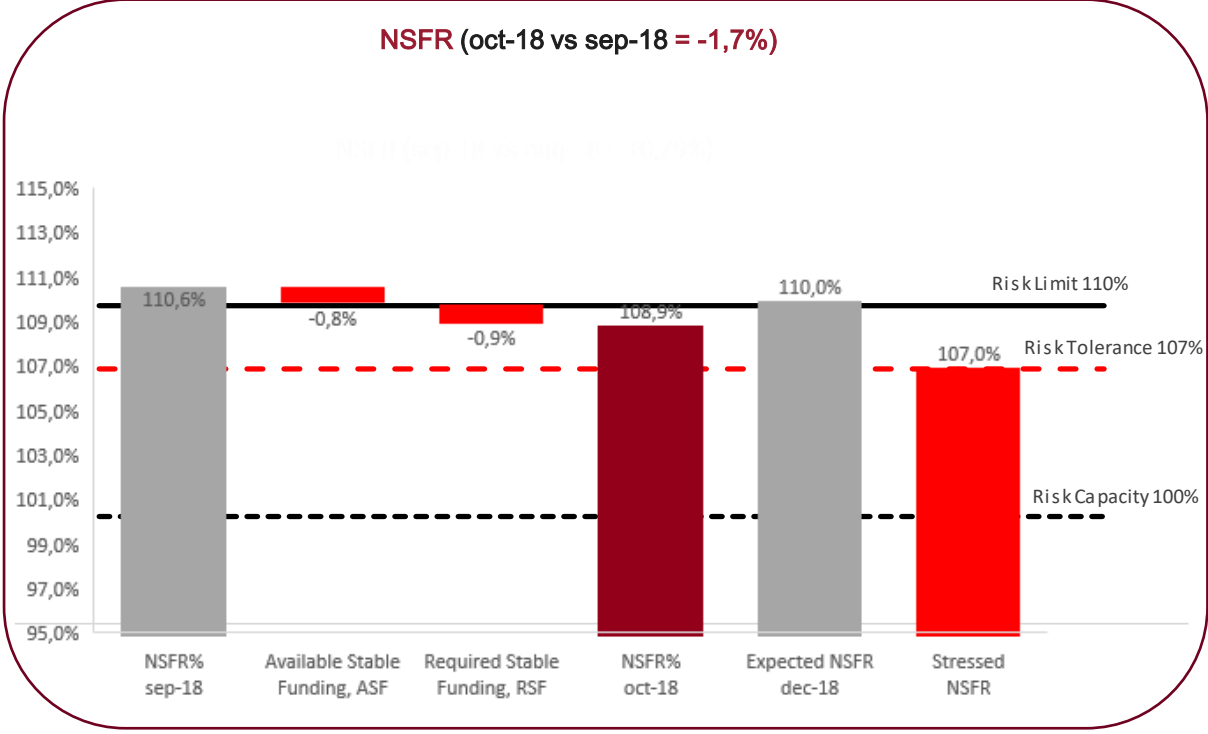
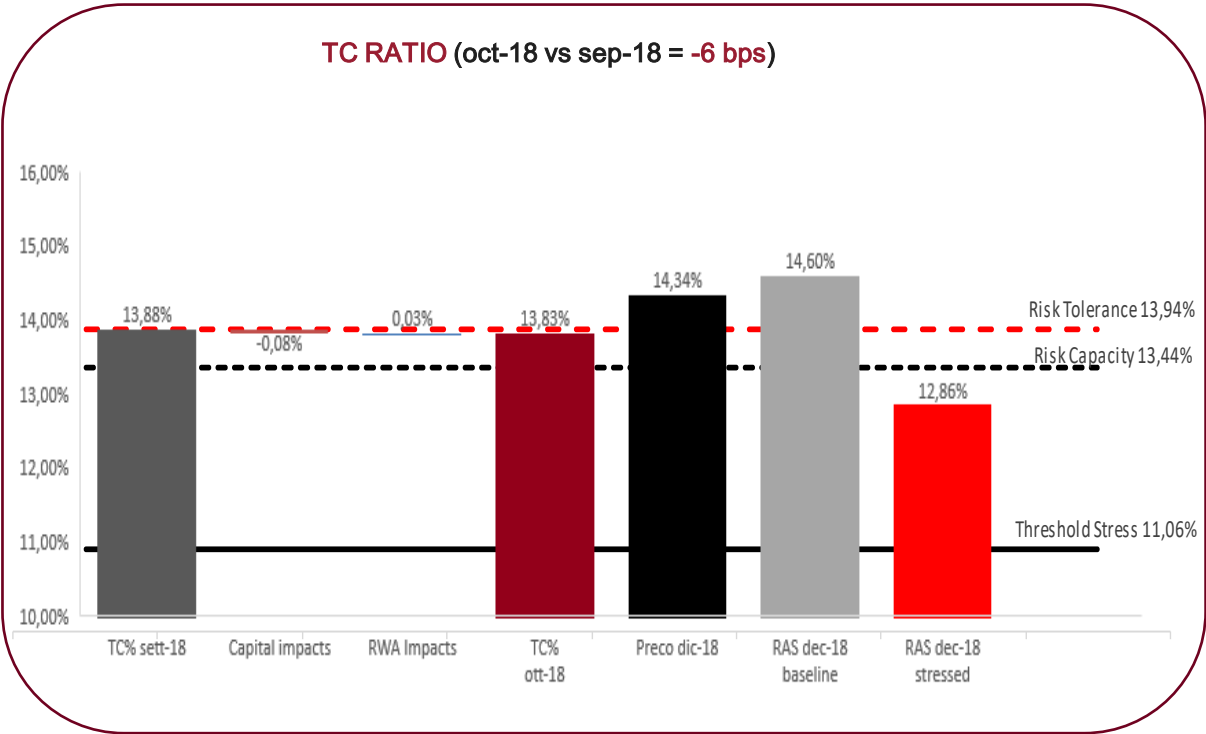


## Executive Summary – Highlights as at 31-10-2018

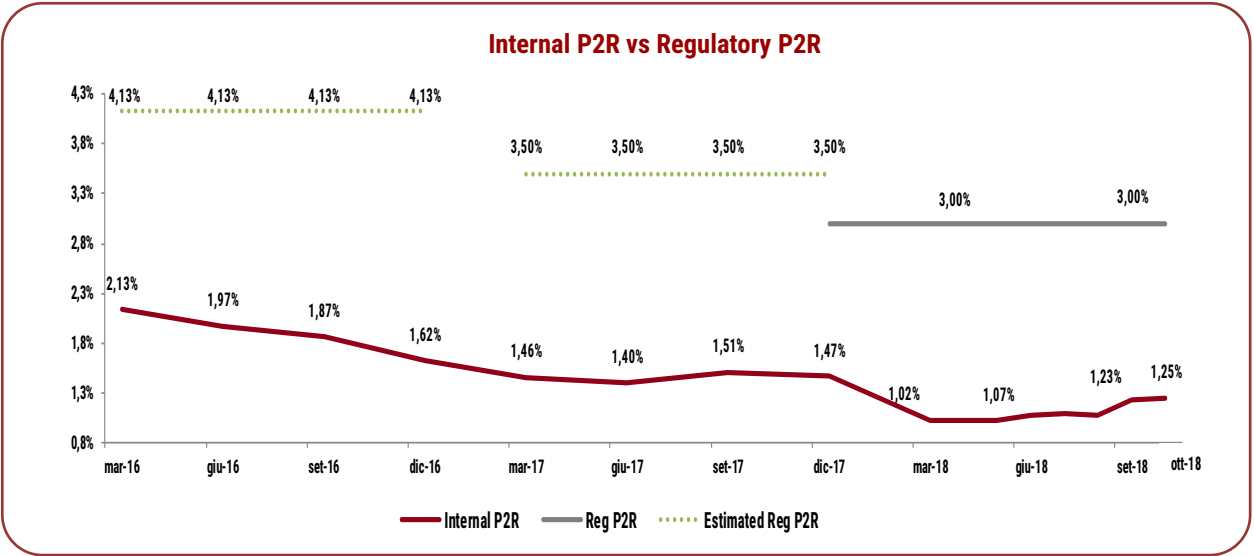
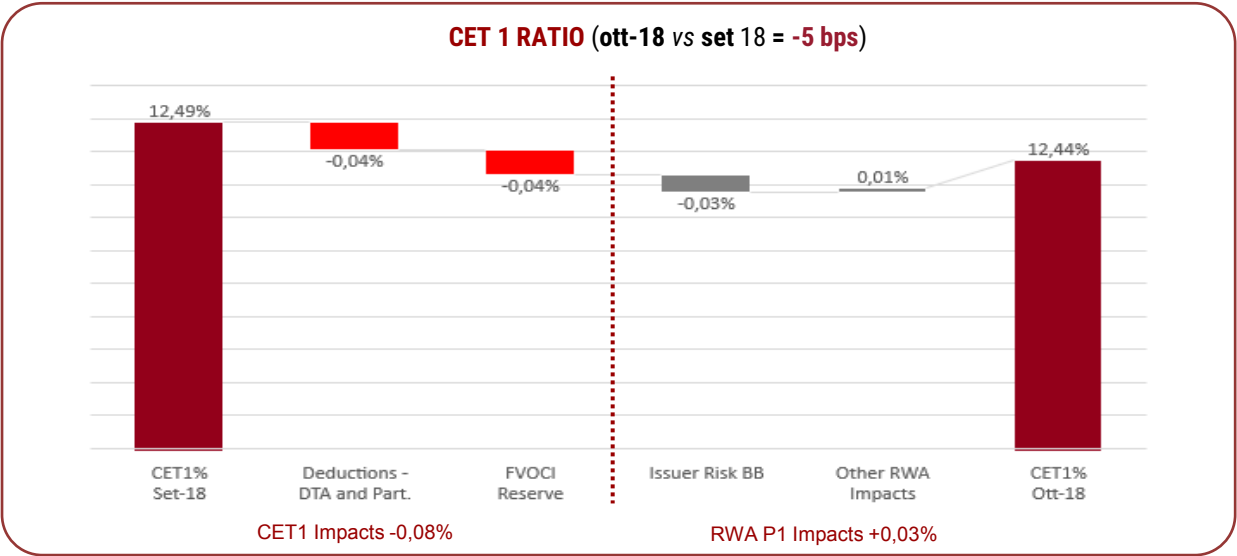
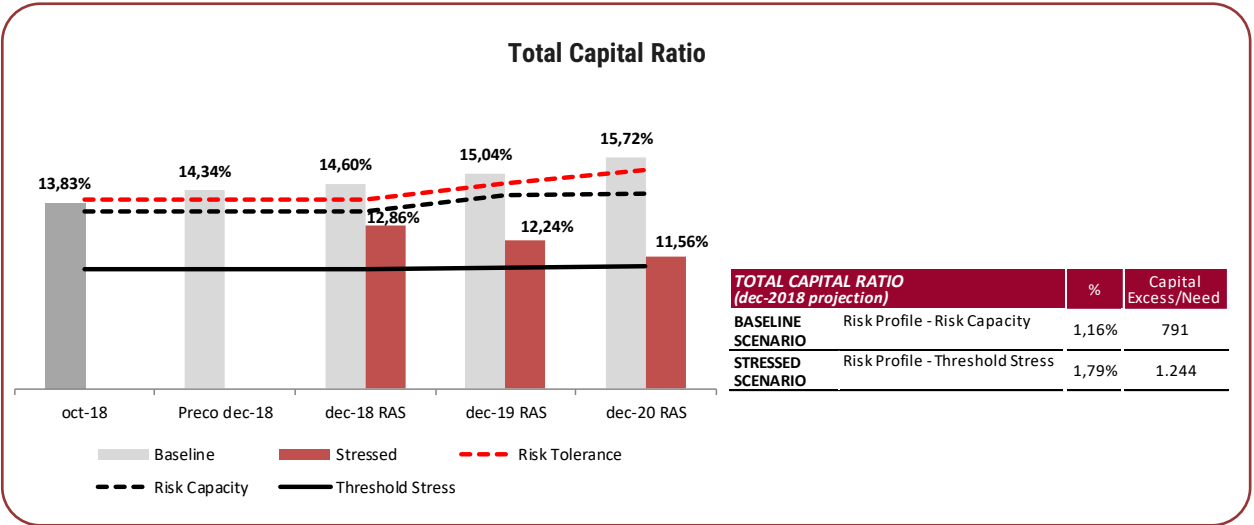
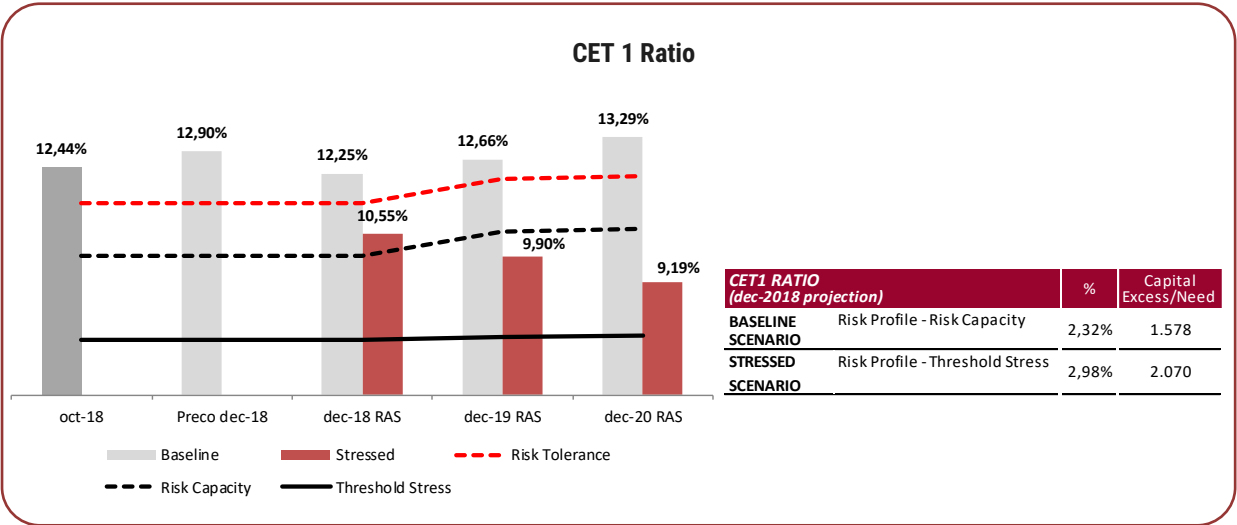
- ❑ Capital Adequacy: the Total Capital Ratio is in line with September while the year end estimate (last Preco) is expected to improve significantly and above the Tolerance limit (thanks to the expected completion of the derisking action and a further restraint of the commercial credit related RWA). The CET1 ratio results well above the Tolerance limit, both as October final data and expected year end projection.
- ❑ Liquidity Adequacy: the short term profile keeps being positive; the LCR benefits from an increase of the buffer (numerator) due to new Government Guaranteed Bond funding and the cash amount from the divestment of assets non computable in the Ratio. On the other hand the medium/long term profile is still weak, which in October includes a commercial funding reduction; the NSFR comes back below the risk limit and the Gap ratios shift downwards further (GapRatio 3y confirmed below the Tolerance level).
- ❑ Pillar1 RWAs are slightly lower w.r.t. September. Within the Pillar2 RWAs the Banking Book Market Risk shows an increase, while IRRBB and the Business risk decrease.
  - Market Risk Pillar2 RWA of the Banking Book rise because of the inclusion, in the rolling 1 year average, of the October 2018 monthly average that substitutes for the much lower October 2017 value. Looking at the Banking Book VaR, the growth is attributable to the increase of AC bond portfolio (taken with the purpose of hedging the global Banking Book IR sensitivity).
  - Market Risk Pillar2 RWA of the Trading Book increase mainly due to the inclusion, within the Stressed VaR, of some recent significantly negative scenarios for the Italian spread.
  - The Interest Rate Risk of the Banking Book (IRRBB) is still led by the DeltaNII profile (vs the Delta EVE profile); its reduction during October (taking profit from hedging the TLTRO II vs the 1 month Euribor) has also induced a decrease in the relevant Pillar2 RWA.
- ❑ At the end of October, the Market Risk indicator «Average VaR TB» recovers (by a slight margin) from the risk limit breach.
- ❑ Widiba continues to breach the IRRBB risk limit, however in November a plafond has been deliberated to allow the subsidiary to proceed with infra-Group deposits in order to close the gap.



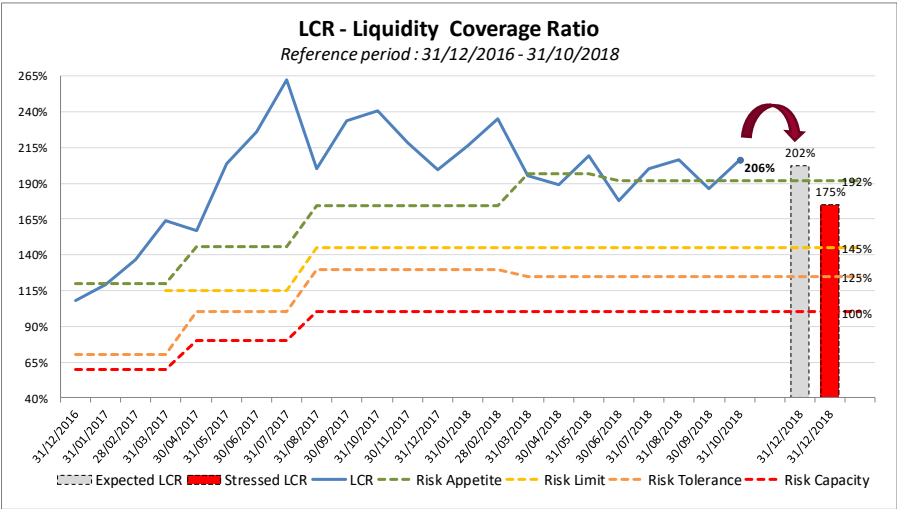
Section 1 – IXAAP on-going as at 31-10-2018



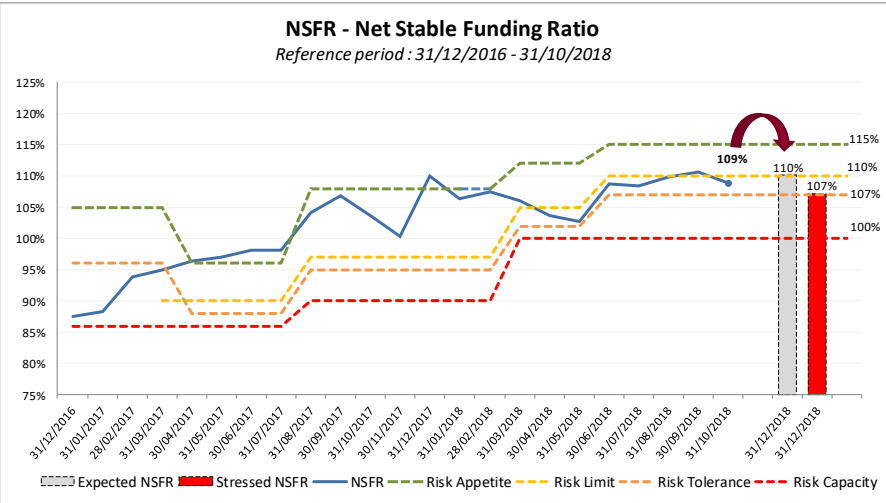
# Section 1 – Capital Adequacy overview



# Section 1 – Liquidity Adequacy overview



Expected LCR and NSFR are from the Preco dec-18 figures.  
Stressed LCR and NSFR are calculated with reference to September 2018 data as starting point.

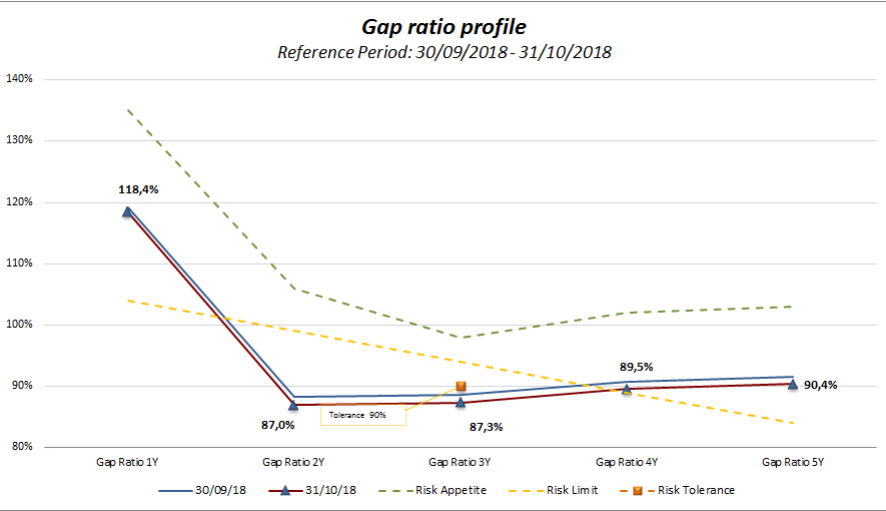
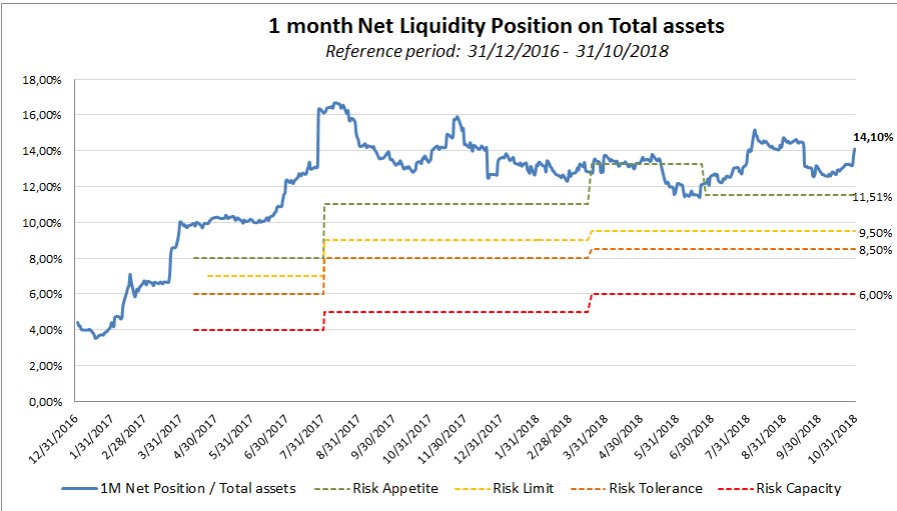


## Monthly Overview

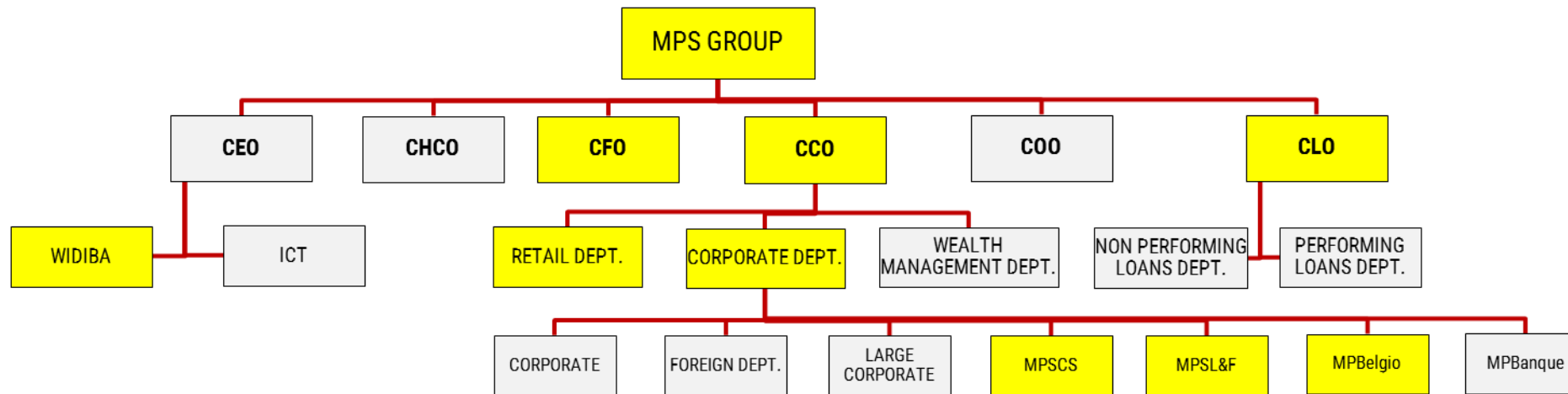
Main elements concerning the overall liquidity profile:

- commercial funding reduction (-1,1 €/bn);
- non eligible assets disposal, about -0,6 €/bn;
- reverse repos increase, around +0,6 €/bn.

The increase of the forecasted year-end NSFR value (w.r.t. the previous estimate, 107%) is mainly due to a revised funding plan that reflects an improved expected dynamics of the net commercial result.



## Section 1 – Main issues as at 31-10-2018



: Risk Limits breach

- **MPS Group:**
  - Market Limits Breaches [see page 18]
  - Liquidity Limits Breaches [see pages 7, 13]
- **CCO Corporate:**
  - Credit Limits Breaches [see Credit Report]
- **CCO Retail:**
  - Credit Limits Breaches [see Credit Report]
- **CFO:**
  - Market Limits (AFTCM) Breaches [see page 18]
- **CLO:**
  - Credit Limits Breaches [see Credit Report]
- **MPBelgio:**
  - Market Limits Breaches [see page 18]
- **Widiba:**
  - IRRBB Limits Breaches [see page 15]
  - Credit Limits Breaches [see Credit Report]
- **MPSCS:**
  - Credit Limits Breaches [see Credit Report]
- **MPSL&F:**
  - Credit Limits Breaches [see Credit Report]

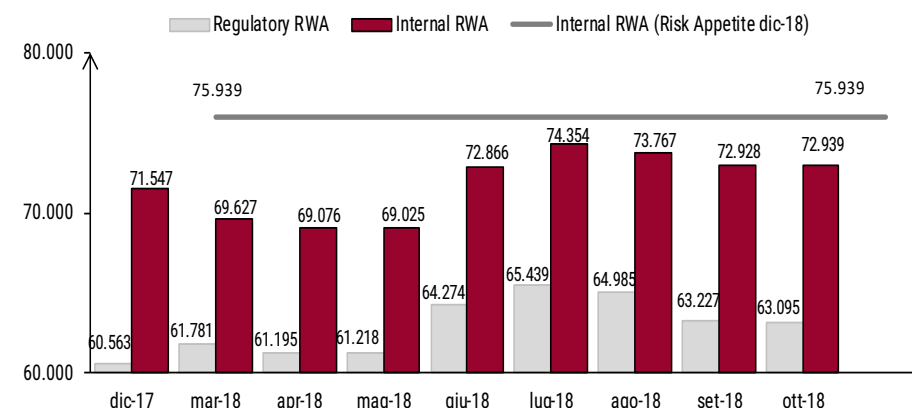


## Section 2 – Integrated Risks: Group Regulatory RWA (Pillar1) and Internal RWA (Pillar2) as at 31-10-2018

(Eur mln)		GROUP MPS										
		Risk Profile						Risk Appetite			% /INT.RWA	
		Regulatory / Internal RWA	dic-17	mar-18	giu-18	set-18	ott-18	ΔQ	ΔQ%	dic-18		Δ
P I L L A R  1	Credit and Counterparty Risk	47.713	47.963	50.590	50.206	50.044	-161	0%	54.512	-4.468	-8%	68,6%
	Credit Risk	35.600	36.172	38.956	39.380	39.329	-51	0%	41.601	-2.272	-5%	53,9%
	AIRB	26.650	27.241	30.489	31.385	31.508	123	0%	34.544	-3.037	-9%	43,2%
	Standard**	8.951	8.932	8.467	7.996	7.822	-174	-2%	7.057	765	11%	10,7%
	Counterparty Risk - Default Risk	1.429	1.370	1.284	1.408	1.513	104	7%	1.207	306	25%	2,1%
	Issuer Risk Banking Book	1.705	1.796	1.990	1.619	1.521	-97	-6%	3.687	-2.166	-59%	2,1%
	Market Risk Banking Book	228	195	197	184	184	0	0%	146	39	27%	0,3%
	Participation Risk	2.525	2.438	2.076	1.694	1.680	-15	-1%	2.229	-549	-25%	2,3%
	Real Estate Risk	2.157	2.173	2.167	2.161	2.162	1	0%	2.057	105	5%	3,0%
	DTA Risk	2.697	2.252	2.368	2.053	2.043	-10	0%	2.215	-172	-8%	2,8%
	Other Risk	1.371	1.565	1.551	1.707	1.613	-94	-5%	1.371	242	18%	2,2%
	Market Risk	2.493	3.628	3.198	2.880	2.886	6	0%	3.046	-160	-5%	4,0%
	Market Risk Trading Book	2.177	3.113	2.694	2.533	2.494	-39	-2%	2.810	-317	-11%	3,4%
	Issuer Risk Trading Book	315	515	503	347	392	45	13%	235	157	67%	0,5%
	Operational Risk	10.012	9.816	10.037	9.721	9.721	-	-	10.158	-437	-4%	13,3%
Counterparty Risk - CVA Risk	346	375	451	421	444	24	6%	402	42	10%	0,6%	
REGULATORY RWA		60.563	61.781	64.274	63.227	63.095	-132	0%	68.117	-5.022	-7%	86,5%
P I L L A R  2	PILLAR 1 Component *	58.157	58.473	61.383	60.510	60.417	-93	0%	65.161	-4.744	-7%	
	Market Risk	5.450	3.157	3.816	4.939	5.540	601	12%	3.236	2.304	71%	7,6%
	Market Risk BB	4.620	2.393	2.980	4.034	4.557	523	13%	2.406	2.151	89%	6,2%
	Market Risk TB	829	764	836	904	982	78	9%	829	153	18%	1,3%
	Interest Rate Risk BB	1.959	2.029	2.089	2.334	1.938	-396	-17%	1.964	-27	-1%	2,7%
	Concentration Risk	1.145	1.193	1.102	1.081	1.081	-	-	1.145	-64	-6%	1,5%
	Business and Strategic Risk	4.837	4.774	4.476	4.065	3.963	-101	-2%	4.432	-469	-11%	5,4%
INTERNAL RWA		71.547	69.627	72.866	72.928	72.939	10	0%	75.939	-3.000	-4%	100,0%

\* = Regulatory RWA - Market Risk banking Book - Market Risk Trading Book

\*\* BMPBelgio and MPBanque set-18 : 1.332€/mln



- 1 Market Risk P2 BB (+523 €/mln):** Rolling of the time window with increase of average VaR.
- 2 Market Risk P2 TB (+78 €/mln):** mainly due to the increase of Stressed VaR measure caused by the inclusion of recent severe scenarios in Stressed VaR selection window, (May 2018 - June 2018), related to the worsening of the Italian Credit Spread.
- 3 IRRBB (-396 €/mln):** mainly due to new 4€/bn hedging of TLTRO II (vs EUR1M).
- 4 Business and Strategic Risk (-101 €/mln):** business margin standard deviation decrease (from 8,1% in sep-18 to 7,9% in oct-18) .

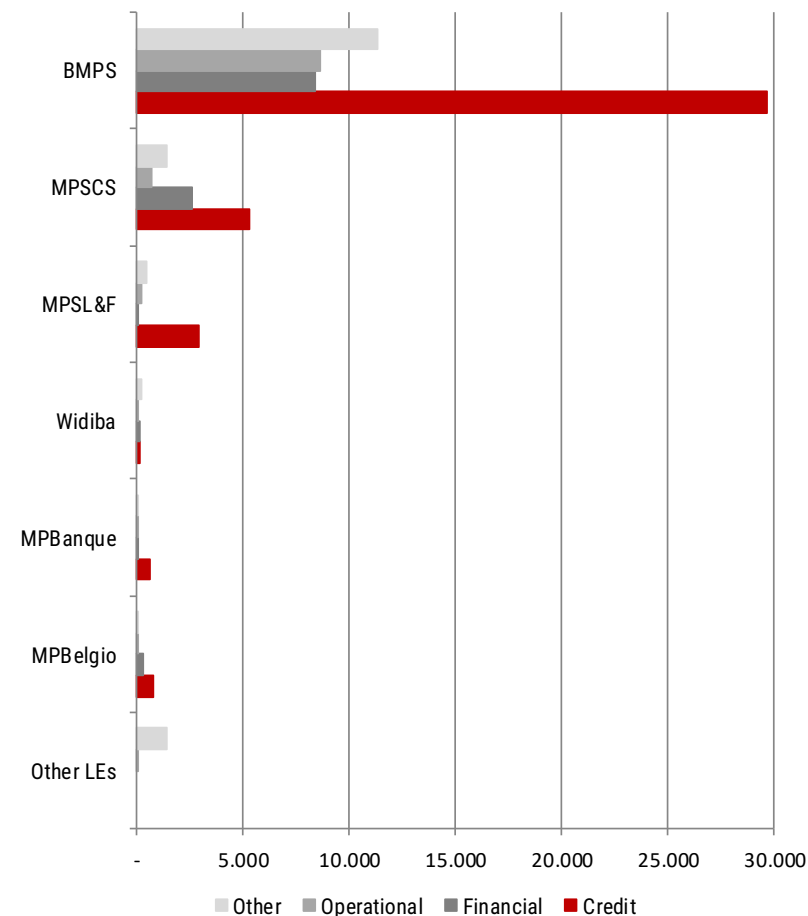




## Section 2 – Integrated Risks: RWA per BU/LE's as at 31-10-2018

(Eur mln)		ott-18						
Regulatory / Internal RWA		GROUP MPS	CCO	CFO	CEO	COO	CLO	CHCO
P I L L A R 1	<b>Credit and Counterparty Risk</b>	<b>50.044</b>	<b>34.743</b>	<b>6.808</b>	<b>2.356</b>	<b>2.162</b>	<b>4.383</b>	-
	<b>Credit Risk</b>	<b>39.329</b>	<b>33.452</b>	<b>747</b>	<b>785</b>	-	<b>4.382</b>	-
	<i>AIRB</i>	<i>31.508</i>	<i>27.712</i>	<i>0</i>	<i>13</i>	-	<b>3.783</b>	-
	<i>Standard</i>	<i>7.822</i>	<i>5.740</i>	<i>747</i>	<i>772</i>	-	<b>599</b>	-
	<b>Counterparty Risk - Default Risk</b>	<b>1.513</b>	<b>838</b>	<b>675</b>	-	-	-	-
	<b>Issuer Risk Banking Book</b>	<b>1.521</b>	<b>133</b>	<b>1.371</b>	<b>15</b>	-	-	-
	<b>Market Risk Banking Book</b>	<b>184</b>	<b>21</b>	<b>161</b>	<b>0</b>	-	-	-
	<b>Participation Risk</b>	<b>1.680</b>	-	<b>1.729</b>	-	-	-	-
	<b>Real Estate Risk</b>	<b>2.162</b>	-	-	-	<b>2.162</b>	-	-
	<b>DTA Risk</b>	<b>2.043</b>	<b>192</b>	<b>2.117</b>	<b>35</b>	<b>0</b>	<b>0</b>	-
	<b>Other Risk</b>	<b>1.613</b>	<b>106</b>	<b>8</b>	<b>1.520</b>	<b>0</b>	<b>0</b>	-
	<b>Market Risk</b>	<b>2.886</b>	<b>2.823</b>	<b>62</b>	-	-	-	-
	<i>Market Risk Trading Book</i>	<i>2.494</i>	<i>2.431</i>	<i>62</i>	-	-	-	-
	<i>Issuer Risk Trading Book</i>	<i>392</i>	<i>392</i>	<i>0</i>	-	-	-	-
	<b>Operational Risk</b>	<b>9.721</b>	<b>6.674</b>	<b>523</b>	<b>1.359</b>	<b>606</b>	-	<b>606</b>
	<b>Counterparty Risk - CVA Risk</b>	<b>444</b>	<b>272</b>	<b>173</b>	-	-	-	-
<b>REGULATORY RWA</b>		<b>63.095</b>	<b>44.512</b>	<b>7.567</b>	<b>3.716</b>	<b>2.767</b>	<b>4.383</b>	<b>606</b>
P I L L A R 2	<b>PILLAR 1 Component</b>	<b>60.417</b>	<b>42.059</b>	<b>7.343</b>	<b>3.716</b>	<b>2.767</b>	<b>4.383</b>	<b>606</b>
	<b>Market Risk</b>	<b>5.540</b>	<b>1.085</b>	<b>4.437</b>	<b>134</b>	-	-	-
	<i>Market Risk BB</i>	<i>4.557</i>	<i>130</i>	<i>4.407</i>	<i>124</i>	-	-	-
	<i>Market Risk TB</i>	<i>982</i>	<i>956</i>	<i>30</i>	<i>10</i>	-	-	-
	<b>Interest Rate Risk BB</b>	<b>1.938</b>	-	<b>1.937</b>	-	-	-	-
	<b>Concentration Risk</b>	<b>1.081</b>	<b>1.930</b>	-	<b>1</b>	-	-	-
	<b>Business and Strategic Risk</b>	<b>3.963</b>	<b>705</b>	<b>0</b>	<b>4.389</b>	-	-	-
	<b>INTERNAL RWA</b>	<b>72.939</b>	<b>45.780</b>	<b>13.718</b>	<b>8.240</b>	<b>2.767</b>	<b>4.383</b>	<b>606</b>
<b>INTERNAL RWA - Dec-18 *</b>		<b>75.939</b>	<b>46.786</b>	<b>12.309</b>	<b>8.379</b>	<b>2.691</b>	<b>4.960</b>	<b>634</b>
<b>Internal RWA Ott-18/Internal RWA Dic-18</b>		<b>96%</b>	<b>98%</b>	<b>111%</b>	<b>98%</b>	<b>103%</b>	<b>88%</b>	<b>95%</b>

**Internal RWA**  
Breakdown per Legal Entity/Risk  
Eur/mln as at 31-10-2018



\* The CFO and CLO estimated Internal RWA at dec-18 are updated according to Appetite deliberated by BoD of 06-09-2018; the CLO estimated Internal RWA at dec-18 include the RWA on defaulted asset expected by December 2018.



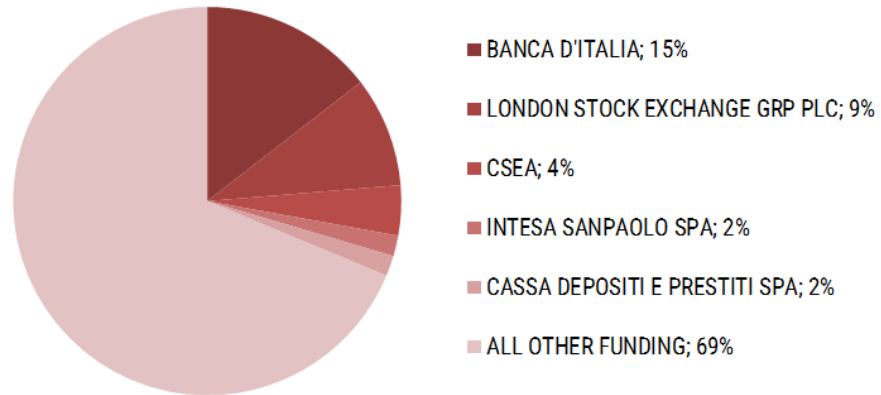
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The Group is based on consolidated data. Chief Level RWA drill down are based on "individual" data.

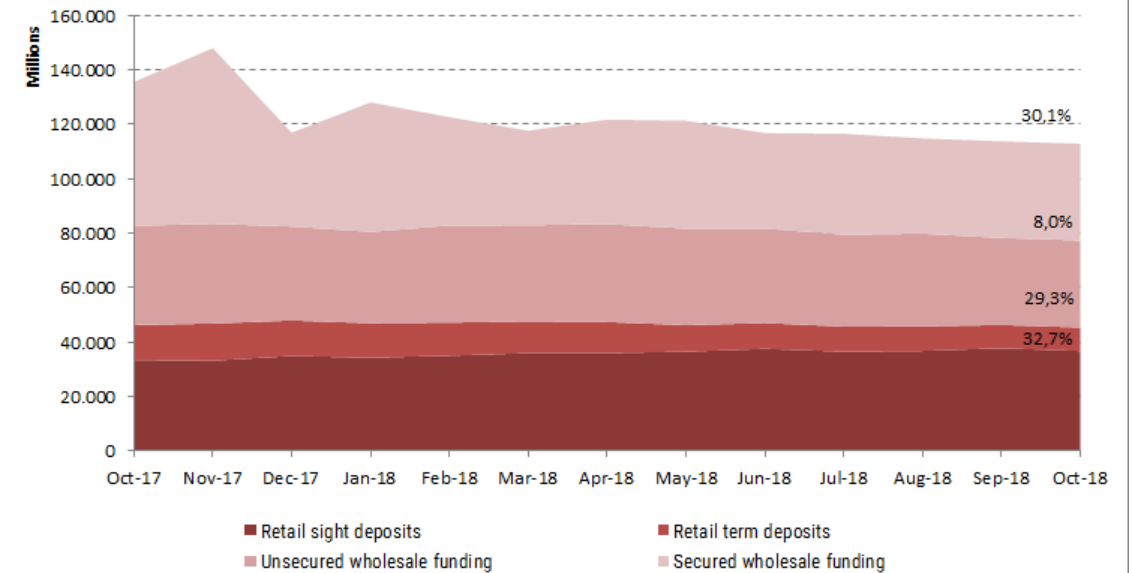
## Section 2 – Integrated Risks: Risk Concentrations as at 31-10-2018

### Concentrations of Funding

CONCENTRATION OF FUNDING BY COUNTERPARTY



C 68.00 - CONCENTRATION OF FUNDING BY PRODUCT TYPE

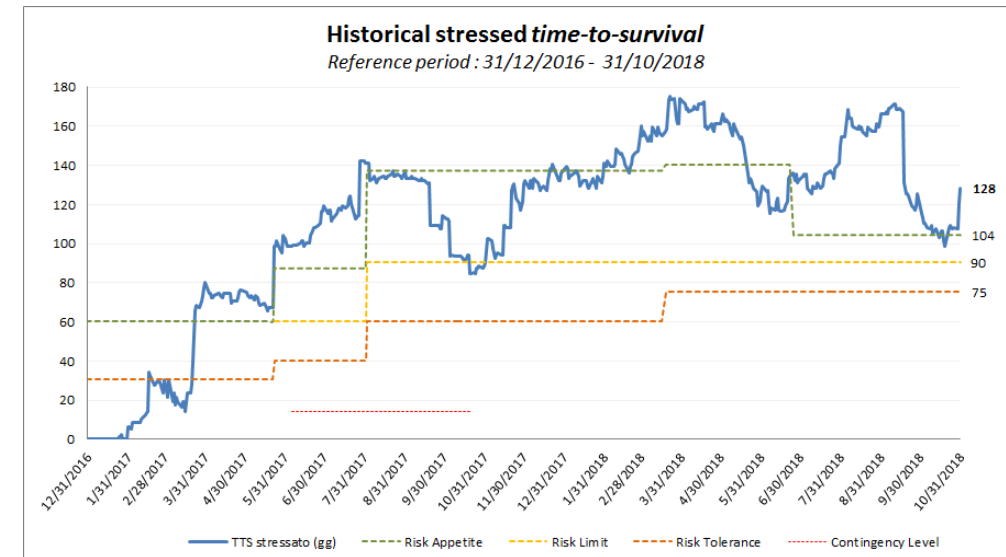
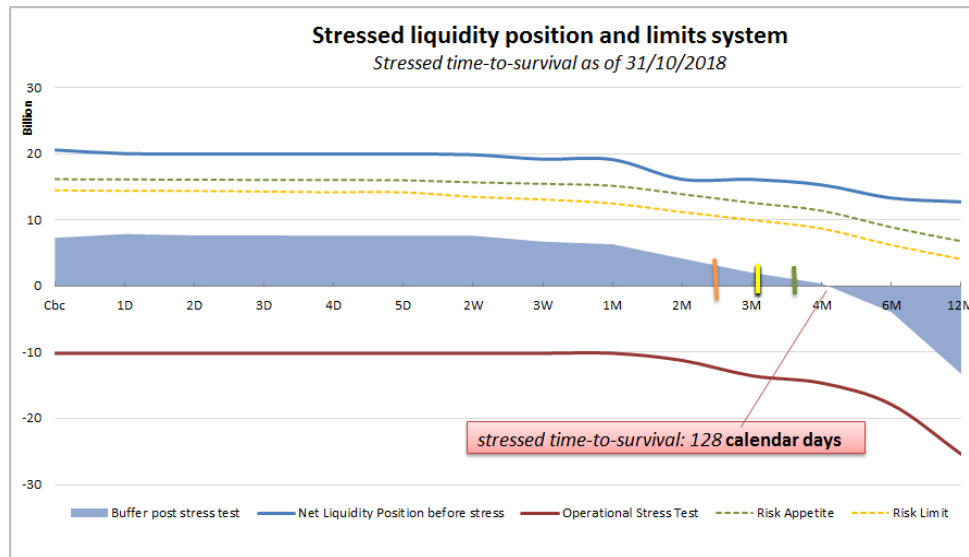
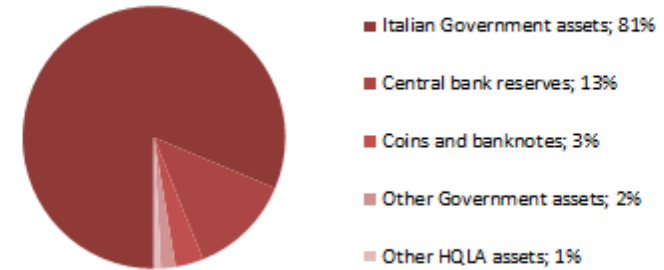


## Section 5 – Financial Risks: Short Term Liquidity Inherent Risk

	LCR DA	30/09/18	31/10/18	Δ
(a)	buffer	17.441	18.873	1.432
(b)	outflows	11.871	11.815	-56
(c)	inflows	2.491	2.672	181
	ratio [a/(b-c)]	186%	206%	20%

LCR increase is mainly due to a growth in financial flows related to new Government Guaranteed Bond funding transactions (+0,76 €/bn) and to a non HQLA bonds sale (+0,43 €/bn).

LCR Buffer Composition  
MPS Group - 31.10.2018



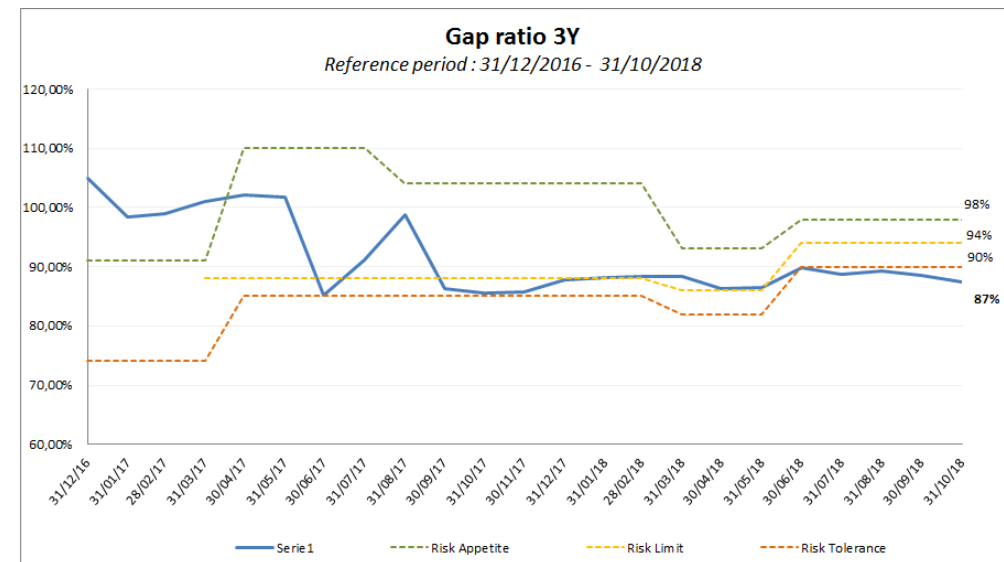
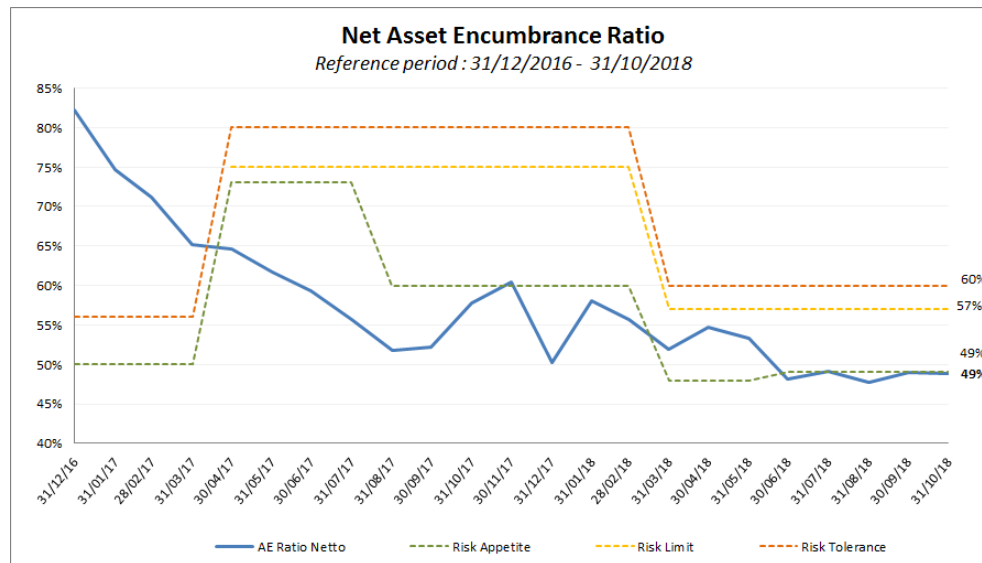
## Section 5 – Financial Risks: M/L Term Liquidity Inherent Risk

NSFR Basel III		30/09/18	31/10/18	Δ
(a)	ASF	95.054	94.364	-690
(b)	RSF	85.964	86.680	716
ratio [a/b]		110,6%	108,9%	-1,71%

The decrease of NSFR is mainly due to decrease of commercial funding (-1,1 €/bn) and to an increase of financial assets (+0,3 €/bn).

NSFR breaches Risk Limit (110%) as at 31/10/2018.

As of 31/10/2018, Gap Ratio 2Y still breaches Risk Limit (99%) and Gap Ratio 3Y still breaches Risk Tolerance (90%). Both indicators decrease this month due to a reduction of commercial funding.



## Section 5 – Financial Risks: Liquidity Limits/Processes

				LIQUIDITY RISK LIMITS - MPS GROUP															
				dec-17	jan-18	feb-18	mar-18	apr-18	may-18	jun-18	jul-18	aug-18	sep-18	oct-18	nov-18	dec-18	Risk Limits	Check	
SHORT TERM	Short Term Liquidity Indicators	Counterbalancing Capacity	€/mln	21.095	20.450	18.936	19.555	19.810	17.289	19.330	19.294	20.522	18.463	20.588			14.500	✓	
		Net 1M Position	€/mln	18.726	18.402	17.933	18.764	18.249	16.314	17.009	18.739	19.991	17.869	19.133			12.500	✓	
		Net 1M Position/tot assets	%	12,89%	12,67%	12,89%	13,72%	13,34%	11,93%	12,53%	13,81%	14,73%	13,17%	14,10%			9,50%	✓	
		Time-to-Survival	days	136	141	160	174	161	126	132	150	166	125	128			90	✓	
		Contingency Reserve	€/mln				6.668	7.891	7.881	7.925	8.370	6.425	5.830	4.679			4.000	✓	
	Regulatory Indicators	LCR		199%	216%	235%	196%	189%	209%	178%	200%	206%	186%	206,4%			145%	✓	
MEDIUM & LONG TERM	Indicators	NSFR		110,0%	106,3%	107,6%	106,0%	103,7%	102,7%	108,7%	108,4%	109,8%	110,6%	108,9%			110%	✗	
	Asset Encumbrance	Net Asset Encumbrance ratio		50,2%	58,0%	55,6%	51,9%	54,7%	53,3%	48,2%	49,1%	47,7%	49,0%	48,9%			57%	✓	
	Gap Ratio	MPS GROUP	Gap Ratio 1 Y		125,7%	125,9%	124,9%	114,7%	114,0%	115,9%	118,2%	117,8%	119,5%	119,2%	118,4%			104%	✓
			Gap Ratio 2 Y		121,8%	115,8%	115,9%	108,3%	108,8%	111,2%	99,5%	98,2%	98,6%	88,2%	87,0%			99%	✗
			Gap Ratio 3 Y		87,7%	88,2%	88,3%	88,3%	86,3%	86,4%	89,8%	88,7%	89,2%	88,5%	87,3%			94%	✗
			Gap Ratio 4 Y		86,8%	85,9%	86,1%	88,7%	88,8%	88,9%	92,6%	91,3%	91,6%	90,7%	89,5%			89%	✓
			Gap Ratio 5 Y		86,0%	86,9%	86,7%	90,6%	90,5%	90,6%	94,0%	92,6%	92,8%	91,6%	90,4%			84%	✓
			Com Gap Ratio		78,8%	78,0%	78,9%	81,2%	80,3%	78,7%	85,6%	82,3%	83,3%	82,0%	80,5%			75%	✓
					LIQUIDITY RISK LIMITS														
					dec-17	jan-18	feb-18	mar-18	apr-18	may-18	jun-18	jul-18	aug-18	sep-18	oct-18	nov-18	dec-18	Risk Limits	Check
DOMESTIC SUBSIDIARIES	MPS CS	Gap Ratio 1 Y		109,6%	109,5%	107,7%	105,6%	101,4%	104,3%	104,7%	105,0%	104,8%	106,8%	107,8%			103%	✓	
		Gap Ratio 2 Y		106,1%	105,4%	105,2%	107,9%	108,4%	103,7%	105,1%	105,8%	105,7%	105,3%	103,6%			103%	✓	
		Gap Ratio 3 Y		109,2%	109,3%	108,5%	116,4%	116,8%	109,4%	104,3%	105,8%	105,5%	106,8%	107,0%			103%	✓	
		Gap Ratio 4 Y		121,6%	121,6%	120,9%	107,9%	108,6%	103,5%	106,1%	106,6%	107,4%	110,6%	110,5%			103%	✓	
		Gap Ratio 5 Y		120,3%	121,4%	120,2%	113,5%	114,1%	115,7%	107,9%	108,2%	107,6%	104,7%	104,7%			103%	✓	
	MPS L&F	Gap Ratio 1 Y		117,9%	117,3%	117,7%	103,7%	104,0%	102,2%	113,2%	112,4%	112,0%	111,6%	108,4%			103%	✓	
		Gap Ratio 2 Y		122,8%	124,5%	125,1%	109,3%	109,8%	109,8%	120,3%	119,8%	118,9%	118,7%	114,8%			103%	✓	
		Gap Ratio 3 Y		132,3%	134,5%	135,2%	117,8%	118,4%	118,6%	128,6%	128,4%	128,7%	128,4%	124,1%			103%	✓	
		Gap Ratio 4 Y		144,4%	147,3%	148,3%	128,7%	129,7%	130,0%	138,9%	139,4%	137,3%	136,9%	132,5%			103%	✓	
		Gap Ratio 5 Y		154,9%	158,0%	158,9%	135,2%	136,1%	136,6%	145,1%	146,0%	143,1%	142,8%	144,4%			103%	✓	
	WIDIBA	Gap Ratio 1 Y		204,9%	226,3%	227,0%	243,2%	252,9%	261,3%	299,0%	287,6%	288,5%	297,0%	312,3%			130%	✓	
		Gap Ratio 2 Y		202,2%	226,2%	223,0%	260,5%	269,0%	276,7%	308,6%	294,5%	296,0%	306,8%	321,9%			130%	✓	
		Gap Ratio 3 Y		209,8%	238,8%	232,4%	300,0%	307,9%	315,2%	301,7%	288,0%	289,5%	300,8%	314,4%			130%	✓	
		Gap Ratio 4 Y		187,9%	214,5%	206,8%	293,8%	301,3%	308,5%	295,2%	281,9%	283,5%	295,2%	307,8%			130%	✓	
		Gap Ratio 5 Y		170,7%	195,1%	186,1%	288,2%	295,3%	302,4%	289,2%	276,3%	278,1%	290,1%	301,6%			130%	✓	
FOREIGN SUBSIDIARIES	MP BANQUE	LCR		562%	702%	325%	352%	340%	441%	443%	376%	411%	279%	285%			145%	✓	
		NSFR		121%	-	-	119%	-	-	119%	-	-	114%	114%			110%	✓	
	MPS BELGIO	LCR		556%	225%	628%	366%	262%	403%	202%	234%	290%	251%	228%			145%	✓	
		NSFR		117%	118%	115%	124%	121%	118%	119%	115%	116%	116%	119%			110%	✓	

### Liquidity Operating Limits

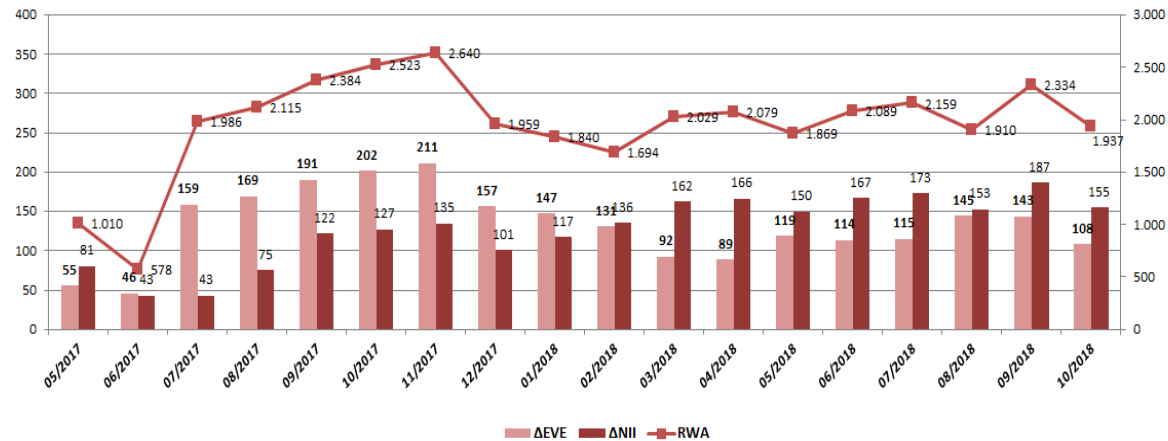
#### ➤ MPS Group: breaches

- GR2Y breaches Risk Limit
- GR3Y breaches Risk Tolerance.
- NSFR breaches Risk Limit



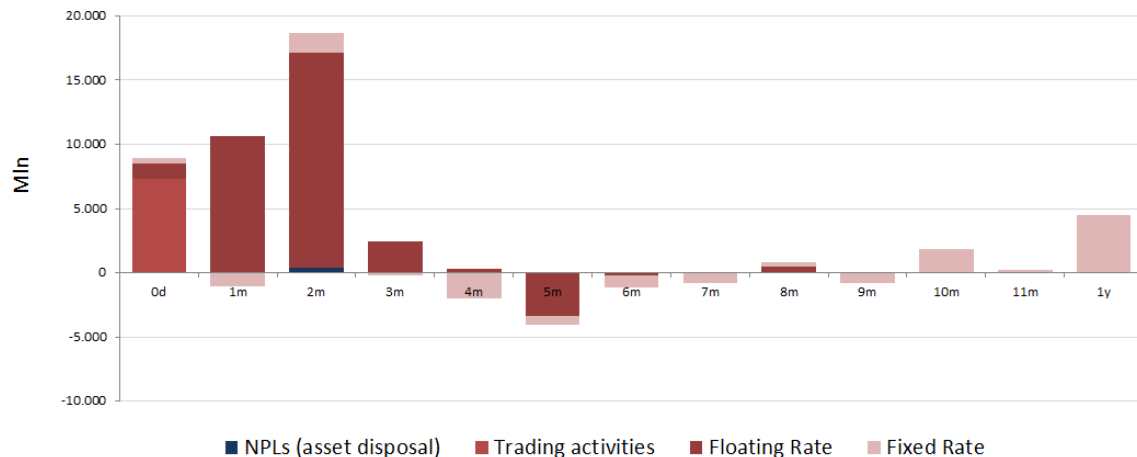
## Section 5 – Financial Risks: IRRBB Inherent Risk

IRRBB RWA and Internal Capital  
Historical Time Series

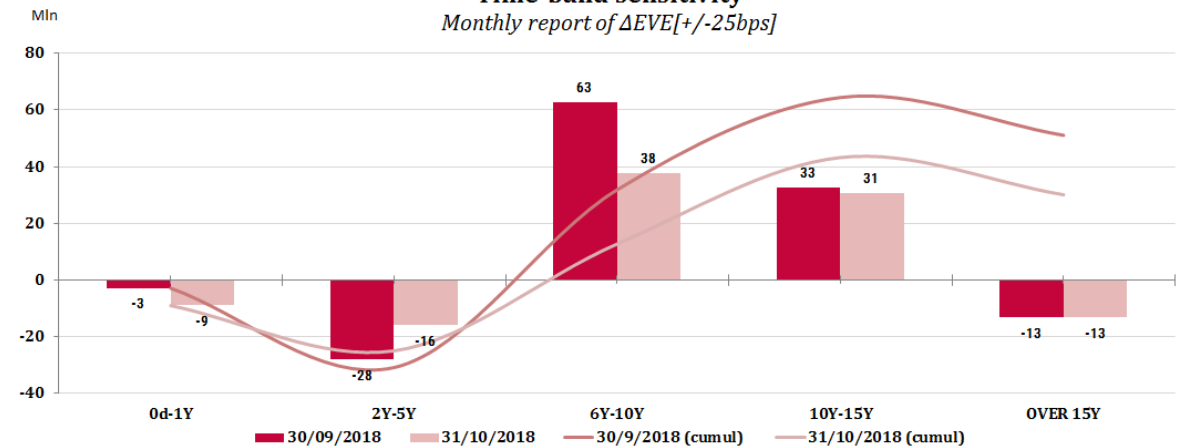


Repricing Gap analysis

Assets/Liabilities in maturing/repricing up to 1Y



Time-band sensitivity  
Monthly report of ΔEVE[+/-25bps]



Gap Risk		ΔEVE +25 bps	Δ	ΔEVE -25 bps	Δ
Contractual Maturity Mismatch		-177	-24	183	25
Derivatives		-270	-54	284	56
NPLs ("Sofferenza")		120	29	-128	-30
Other (NPLs "Sofferenza" disposal)		-27	0	27	0
Option Risk		0	0	0	0
Behavioral model		206	3	-190	4
NMDs		231	3	-239	-3
Prepayment		168	0	-172	0
Automatic Options		63	2	-67	-3
Embedded		-26	1	49	7
Explicit		-47	-2	85	13
		21	3	-36	-6

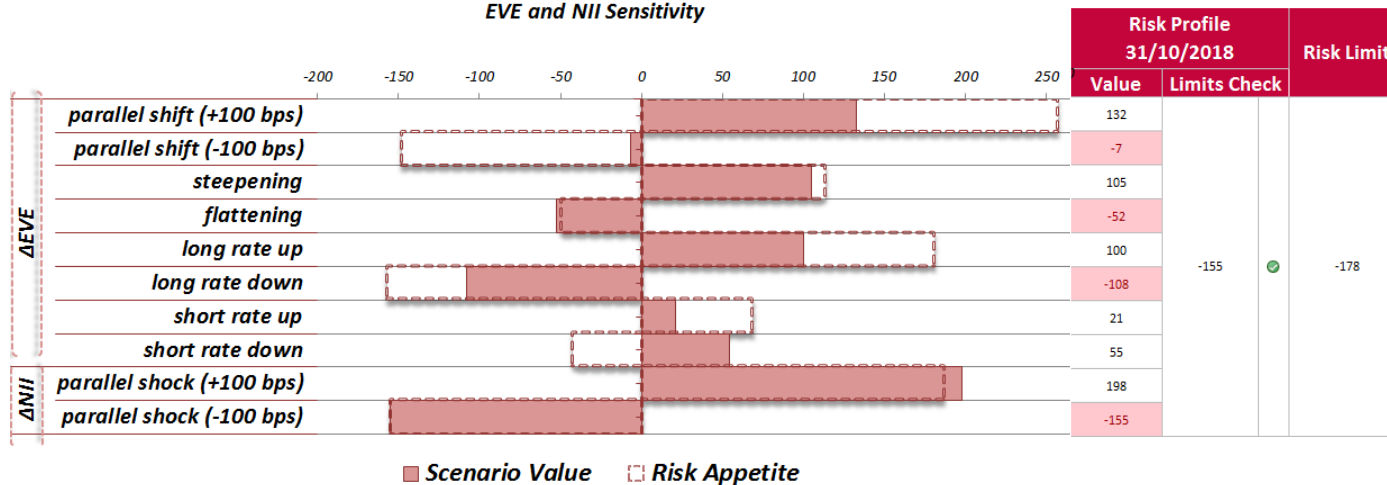
- IRRBB Internal Capital is equal to 155 €/mln and it has been evaluated as the highest loss in terms of the actual sensitivity of GMPS stemming from a set of rate scenarios (both ΔEVE and ΔNII sensitivities).
- Monthly Internal Capital variation is mainly due to new 4€/bn hedging of TLTRO II (vs EUR1M).



## Section 5 – Financial Risks: IRRBB Limits/Processes

### Scenario Analysis

EVE and NII Sensitivity



#### IRRBB Limits: Group MPS

- Risk Limit: -155 €/mIn (around 87%) due to the NII sensitivity stemming from the parallel down interest rate scenario (-100 bps).

Entity	Owner	IRRBB Indicators		Risk Profile 31/10/2018			Risk Limit
		Metrics	Scenario	Value	Tier 1 capital 30/09/2018	Limits Check	
Italian Legal Entities	MPS Capital Services	ΔEVE	parallel shift (+100 bps)	-21	1.149	1,9% Tier 1 capital	2,5% Tier 1 capital
			parallel shift (-100 bps)	12			
	MPS Leasing & Factoring	ΔEVE	parallel shift (+100 bps)	0	557	0,9% Tier 1 capital	2,5% Tier 1 capital
			parallel shift (-100 bps)	-5			
	WIDIBA	ΔEVE	parallel shift (+100 bps)	-9	97	9,8% Tier 1 capital	2,5% Tier 1 capital
			parallel shift (-100 bps)	15			

#### IRRBB Limits: Italian Legal Entities

- Widiba: Risk Limit breach (9,8% absorption versus 2,5% threshold). Extension of credit line of the Parent Company was carried out on 9 November.





## Section 5 – Financial Risks: Market Inherent Risk – Trading Book

MPS GROUP - REGULATORY CAPITAL REQUIREMENTS - P1 TB			
PILLAR 1 Market risk TB	set-18	ott-18	Δ
<b>Position Risk on Debt</b>			
Generic	1,448	1,380	-68
Specific	102	103	0
Funds	2	2	-0
Gamma Vega	71	82	11
Securization	244	289	45
<b>Total</b>	<b>1,867</b>	<b>1,856</b>	<b>-11</b>
<b>Position Risk on Capital</b>			
Generic	99	82	-17
Specific	278	225	-53
Funds	181	182	1
Gamma Vega	192	224	32
<b>Total</b>	<b>750</b>	<b>713</b>	<b>-37</b>
<b>Position Risk on FX</b>			
FX	96	116	20
Gamma Vega	3	12	9
<b>Total</b>	<b>99</b>	<b>127</b>	<b>29</b>
<b>Position Risk on Commodities</b>			
Commodity	160	184	24
Gamma Vega	3	5	1
<b>Total</b>	<b>163</b>	<b>189</b>	<b>26</b>
<b>TOTAL RWA</b>	<b>2,880</b>	<b>2,886</b>	<b>6</b>
<b>TOTAL CAP. REQ.</b>	<b>230</b>	<b>231</b>	<b>1</b>

€/mln

MPS GROUP - INTERNAL CAPITAL REQUIREMENTS - P2 TB			
PILLAR 2 Market risk	set-18	ott-18	Δ
Market Risk TB	904	982	78

€/mln

**P1 RWA:** Oct-Sept slight increase (+6€/mln). The increase in Securitization (+45€/mln) is mainly related to a downgrade of an ABS position (NOP 4.4€/mln – weight from 100% to 1250%). Decrease of EQ Generic/Specific Risk (about -70€/mln), attributable to the correct representation in regulatory systems of structured products carried out by the subsidiary MPSCS. Reduction of exposure on IR generic Risk (-68€/mln).

**P2 RWA:** Oct-Sept increase (+78€/mln), related to the increase of sVaR measure caused by the inclusion of recent severe scenarios in sVaR selection window, (May 2018 - June 2018), related to the worsening of the Italian Credit Spread.

MPS GROUP - SENSITIVITY			TB	
Risk Area	Shock		Delta	Vega*
IR	+1 bp	IR sens.	-220	169
		of which: EUR	-201	
		USD	-18	
		Other	-0.4	
EQ	+1%	EQ sens.	-3,493	539
CO	+1%	CO sens.	13	-8
CS	+1 bp	CS sens.	-299	0
		of which: Sovereign Italy	-235	
		Other	-64	
FX	+1%	FX sens.	-97	521
		of which: EURUSD	-14	
		EURJPY	-29	
		Other	-54	

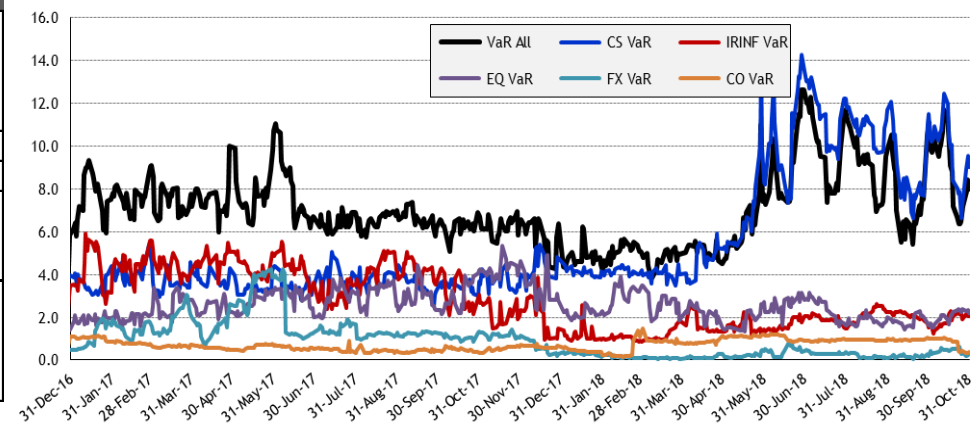
31/10/2018 - K€

\* Vega sens. are calculated by 1 point vol shock

**SENSITIVITY:** TB sensitivities are related to the activity of the subsidiary MPSCS (short delta EQ exposure due to options and futures on EU market indices, short CS delta exposure mainly on short-term Italian Gov. bonds with related hedge on mid-long term BTP futures).

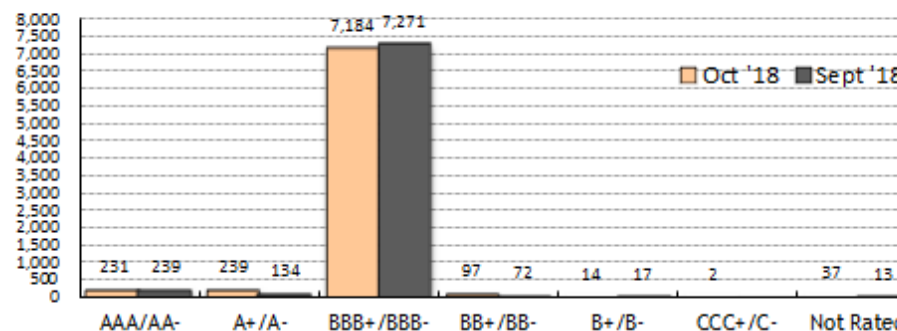
MPS Group: Trading Book

- VaR 99% 1 day in EUR/mln -



**TB VaR:** Phase of decrease: 8€/mln by the end of Oct2018 from previous 10.5€/mln (end Sep 2018). Decrease in VaRALL and VaRCS of about 2.5 €/mln and 2 €/mln respectively. The VaR measure pattern is due to cycles of trading/primary broker activity of the subsidiary MPS Capital Services amplified in the latest few months (May-October) by the severe credit spread risk factors scenarios in the P&L series caught in VaR measures.

MPS Group: Issuer Risk (Trading Book)  
Net Notional Amount (Bond & Credit Derivatives)  
31-10-2018 in EUR/mln



**Issuer Risk:** on a monthly basis (end of Oct18-Sep18) decrease of about 85 €/mln on Italian Sovereign position in FVTPL portfolio of MPSCS (bond and CDS).





## Section 5 – Financial Risks: Market Inherent Risk – Banking Book

MPS GROUP - REGULATORY CAPITAL REQUIREMENTS - P1 BB			
PILLAR 1 Market risk BB	set-18	ott-18	Δ
Market Risk BB (Eq. exposure)	184	184	0
Issuer Risk BB	1,619	1,521	-98
<b>TOTAL RWA</b>	<b>1,803</b>	<b>1,705</b>	<b>-98</b>
<b>TOTAL CAP. REQ.</b>	<b>144</b>	<b>136</b>	<b>-8</b>

€/mln

MPS GROUP - INTERNAL CAPITAL REQUIREMENTS - P2 BB			
PILLAR 2 Market risk BB	set-18	ott-18	Δ
Market Risk BB	4,034	4,557	523

€/mln

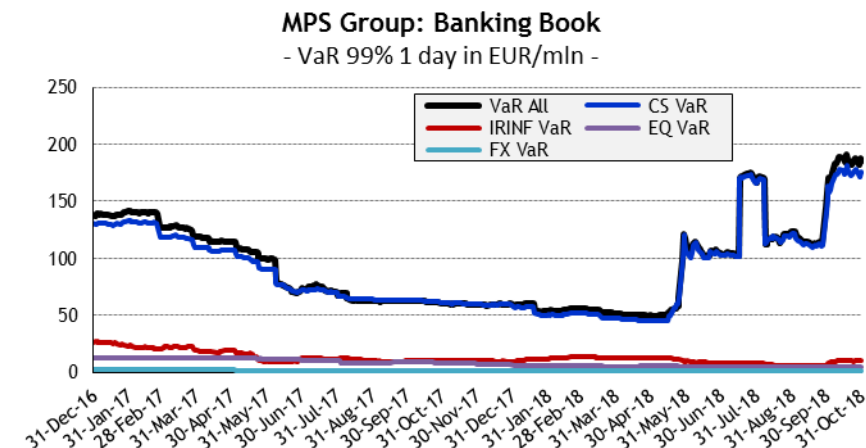
**P1 RWA:** the RWA decrease (-98€/mln) on Issuer Risk BB is mainly attributable to the sell off of Corporate and Financial positions (reduction of 78€/mln in terms of nominal amount) accounted in FVOCI (de-risking strategy).

**P2 RWA:** The delta RWA increase of Market Risk BB is mainly related to the time window considered for the calculation of the internal capital, based on a 1year rolling VaR average. The new monthly average VaR for october 2018 is higher than the monthly average VaR no longer considered in the previous period of detection.

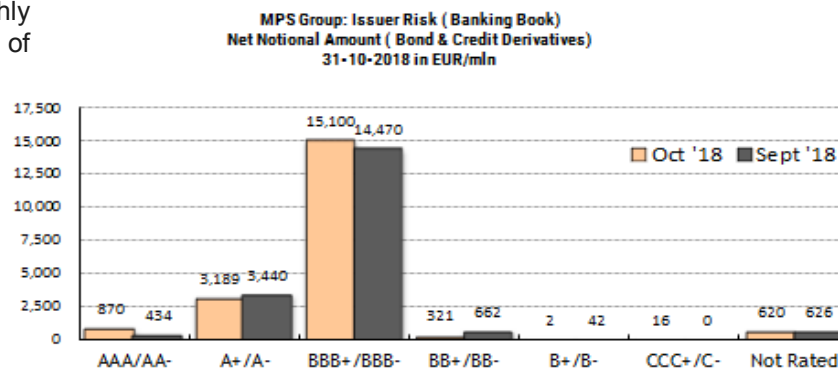
MPS GROUP - SENSITIVITY			BB (no AC)
Risk Area	Shock	Delta	
IR	+1 bp	IR sens. of which:	-1,623
		EUR	-1,568
		USD	-55
		Other	-0
EQ	1%	EQ sens.	1,243
CO	1%	CO sens.	0
CS	+1 bp	CS sens. of which:	-3,377
		Sovereign Italy	-3,035
		Other	-342
FX	1%	FX sens. of which:	41
		EURUSD	42
		EURJPY	-1
		Other	0

31/10/2018 - K€

**SENSITIVITY:** BB CS sens. is attributable to exposure on mid/long- term Italy Gov. bonds in FVOCI portfolio. After the rebalancing of Italian Sovereign portfolio from FVOCI to AC categories, the Italian Sov. Credit sens. of AC portfolio amounts to -3.17 €/mln (the total BB, AC+FVOCI sums up to -6.2 €/mln).



**BB VaR (FV+AC):** increase of about 40 €/mln (185 €/mln end-Oct2018 vs. about 145€/mln as of end-Sept2018), mainly due to new positions in Italian government bonds purchased in AC as a rollover of maturing or sold Italian Govies in FVOCI portfolio. The rebalancing of AC vs FVOCI components of Italian Sovereign portfolio was conducted coherently with the purpose of hedging the global Banking Book IR sensitivity, beyond paying attention to NII.



**Issuer Risk:** as described above, in the chart on the left can be spotted the net increase of about 700 €/mln in the BBB cluster, given by the combined sell/maturing of 2 €/bln in Italian Sovereign bonds in FVOCI portfolio of MPS and the purchase of about 2.7 €/bln of Italian Govies in the AC portfolio. The decrease of about 0.35 €/bln in BB+/BB- cluster is due to the reduction on Financial bonds holdings in the BB of MPS. The increase in AAA/AA-cluster is due to a rating upgrade in internal systems.



## Section 5 – Financial Risks: Market Limits/Processes

€/mln		RISK LIMITS							Check	Breaches Recorded
		mar-18	jun-18	set-18	ott-18	Limit	Usage%			
<b>MPS GROUP</b>	Issuer OCI Bond Portfolio *	12,342	12,890.78	12,530.45	10,525.45	14,000	75%	✓		✓
<b>MPS GROUP</b>	VaR Trading Book (PNV) °	4.93	12.61	10.48	8.02	15.00	53%	✓		✓
	Average VaR Trading Book (3M PNV)	4.90	6.97	8.55	8.33	8.50	98%	✓	Oct 1-24	
	Stop Loss Annual Drawdown Trading	0.00	-10.96	-5.83	-1.86	-30.00	6%	✓		✓
	Monthly Stop Loss Trading Book ***	11.24	25.04	26.63	10.12	-21.50	0%	✓		✓
<b>MPS GROUP</b>	VaR Banking Book (PB)	32.80	85.44	116.35	112.36	75.00	150%	✗	Oct 1-31	
	VPB Limit	210.46	-174.25	-272.95	-322.69	-200.00	161%	✗	Oct 1-31	
<b>AFTCM</b>	VaR Trading Book (PNV)	0.39	0.35	0.35	0.33	2.80	12%	✓		✓
	Average VaR Trading Book (3M PNV)	0.07	0.35	0.35	0.35	1.80	19%	✓		✓
	Stop Loss Annual Drawdown Trading	-0.27	-1.74	-0.73	-0.06	-6.00	1%	✓		✓
	Monthly Stop Loss Trading Book	0.15	1.36	0.81	0.77	-2.50	0%	✓		✓
	Stress Limit Trading Book (PNV)	-13.31	-3.71	-2.64	-1.58	-60.00	3%	✓		✓
	VaR Banking Book (PB)	31.33	82.78	113.40	106.50	70.00	152%	✗	Oct 1-31	
	VPB Limit	210.09	-189.76	-283.54	-335.99	-190.00	177%	✗	Oct 1-31	
	Hedge fund - complessivo	1.01	1.01	1.01	1.01	5.00	20%	✓		✓
	Hedge fund - singola società***	0.36	0.34	0.34	0.34	5.00	7%	✓		✓
	Defaulted - complessivo	0.00	0.03	0.00	0.00	10.00	0%	✓		✓
<b>MPS CS</b>	Defaulted - singolo emittente***	0.00	0.44	0.56	0.56	5.00	11%	✓		✓
	VaR Trading Book (PNV)	4.90	12.14	10.08	7.68	13.50	57%	✓		✓
	Average VaR Trading Book (3M PNV)	4.92	6.82	8.07	7.90	8.00	99%	✓	Oct 1 - 26	
	Stop Loss Annual Drawdown Trading	0.00	-10.11	-5.69	-1.83	-23.50	8%	✓		✓
	Monthly Stop Loss Trading Book - TP	2.66	25.30	19.39	9.84	-8.00	0%	✓		✓
	Stress Limit Trading Book (PNV)	-208.98	-129.05	-112.97		-260.00	0%	✓		✓
	VaR Banking Book (PB)	0.30	0.38	0.39	0.40	3.00	13%	✓		✓
	VPB Limit	0.60	-1.61	-3.00	-3.29	-7.50	44%	✓		✓
	Hedge fund - complessivo	0.00	0.00	0.00	0.00	5.00	0%	✓		✓
	Hedge fund - singola società***	0.00	0.00	0.00	0.00	5.00	0%	✓		✓
<b>MP Belgio</b>	Defaulted - complessivo	0.00	0.00	0.00	0.00	30.00	0%	✓		✓
	Defaulted - singolo emittente***	0.00	0.00	7.50	7.50	10.00	75%	✓		✓
<b>MP Belgio</b>	VaR Banking Book (PB)	0.87	2.21	2.27	2.23	2.00	112%	✗	Oct 1 - 31	
	VPB Limit	8.40	-0.15	-2.23	-3.28	-16.00	21%	✓		✓
<b>MP Banque</b>	VaR Banking Book (PB)	0.09	0.08	0.14	0.11	0.50	23%	✓		✓
	VPB Limit	5.41	4.43	4.50	4.12	-4.00	0%	✓		✓

° Commitment DG Comp limit 20 €/mln

∞ Commitment DG Comp limit 14.4 €/mln

\*\*\* Commitment DG Comp limit -31 €/mln

\* The limit will tend towards the end of 2018 on the level of 13,5 €bn

\*\*\* For Single Issuer the maximum utilization is reported

Operating Limits are monitored and reported, with respect to the autonomies approved by the resolution of the CEO dated 14-03-18 (2018 authorizations are active since 19-03-18).

### Operating Limits

The Breaches recorded have been ratified directly by the CEO.

Actual breaches have been ratified by the CEO with the following details:

### AFTCM

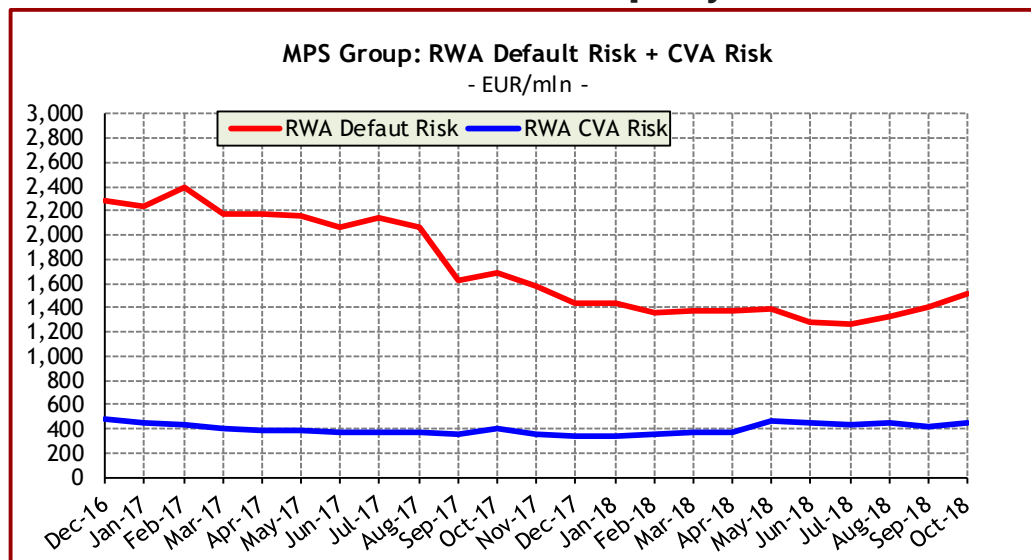
- VaR Banking Book (PB) and VPB Limit: breaches ratified until 31.12.18 with commitment to hold/reduce current risk exposure on FVOCI Italian Government Bond.

### MP Belgio

- VaR Banking Book (PB): breach ratified until 31.12.18 with commitment to hold/reduce current risk exposure.



## Section 5 – Financial Risks: Counterparty Inherent Risk



€/mln, Regulatory Metrics

		MPS GROUP - COUNTERPARTY RISK							
		dec-17	mar-18	jun-18	sept-18	oct-18	Δ%	ΔQ%	ΔY%
RWA	<b>DEFAULT RISK</b> of which:	1,429	1,370	1,284	1,408	1,512	7.4%	7.4%	5.8%
	Derivatives + LST	505	518	541	510	495	-2.8%	-2.8%	-1.9%
	STANDARD SFT	567	489	367	513	636	24.0%	24.0%	12.3%
	<b>Total</b>	1,072	1,007	908	1,022	1,132	10.7%	10.7%	5.6%
	Derivatives + LST	352	361	360	369	354	-4.0%	-4.0%	0.4%
	AIRB SFT	5	2	15	17	27	58.1%	58.1%	479.5%
	<b>Total</b>	357	363	376	385	380	-1.3%	-1.3%	6.6%
	<b>CVA RISK</b>	346	375	451	421	444	5.5%	5.5%	28.5%
<b>TOTAL RWA</b>		1,774	1,744	1,734	1,829	1,956	7.0%	7.0%	10.3%

€/mln, Regulatory Metrics

		MPS GROUP - COUNTERPARTY RISK							
		dec-17	mar-18	jun-18	sept-18	oct-18	Δ%	ΔQ%	ΔY%
EAD	<b>DEFAULT RISK</b> of which:	3,711	3,912	3,937	4,010	4,337	8.2%	8.2%	16.9%
	Derivatives + LST	1,812	1,903	2,081	1,996	2,002	0.3%	0.3%	10.5%
	STANDARD SFT	1,551	1,637	1,466	1,610	1,931	19.9%	19.9%	24.5%
	<b>Total</b>	3,363	3,541	3,547	3,606	3,932	9.1%	9.1%	16.9%
	Derivatives + LST	345	370	358	365	353	-3.2%	-3.2%	2.5%
	AIRB SFT	3	1	32	38	51	33.8%	33.8%	1419.5%
	<b>Total</b>	348	371	390	404	405	0.3%	0.3%	16.3%
	<b>CVA RISK</b>	674	714	798	726	706	-2.7%	-2.7%	4.7%
<b>TOTAL EAD</b>		4,385	4,626	4,735	4,735	5,043	6.5%	6.5%	15.0%

Relevant RWA variations – Oct 18 / Sept 18

**STANDARD : increase (+109 €/mln)**

**SFT: increase (+123 €/mln)**

- For BMPS increase on THE ROYAL BANK OF SCOTLAND PLC (+95 €/mln) due to opening of new financing repo on SI NPL18 A JA33, this variation is lower than expected (+120 €/mln) due to the application of a wrong haircut (to be fixed from the next month). For the same entity increase on BANCA IMI S.P.A. (+41 €/mln) due to change in fair value of existing financing repo.

**Derivatives+LST: reduction (-14€/mln)**

- For MPSCS reduction on J.P. MORGAN SECURITIES PLC (-13 €/mln) due to expiry of credit derivatives transactions.

**AIRB: reduction (-5 €/mln)**

**SFT: increase (+10 €/mln)**

- For MPSCS increase on POSTE ITALIANE SPA (+9 €/mln) due to opening of new repurchase agreement.

**Derivatives+LST: reduction (-15 €/mln)**

- For MPSCS reduction on RETE RINNOVABILE S.R.L. (-9 €/mln) due to unwinding of interest rate derivatives and on SPIGAS S.R.L. (-9 €/mln) due to change in fair value of commodity derivatives.

**CVA risk : increase (+23 €/mln)**

**RWAs Composition – October 18**

GMPS level:

- SFT: relevant activity in structured funding mainly on BANCA IMI S.P.A. (244 €/mln) and THE ROYAL BANK OF SCOTLAND (204€/mln) for about 68% of total RWAs of SFT;
- Derivatives & LST: 44% for activity with commercial (non financial) customers and 24% for activity in AXA products;

Exposure with Central Counterparties (1.691 €/mln) is about 39% of total outstanding EAD - Default Risk - that is 3.4% of total RWAs.



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

## Annexes



## Allegato Sezione 2 – GRUPPO: RWA Pillar 1 e Pillar 2 al 31-10-2018

		(Eur mln)	GROUP MPS			
			Risk Profile	Risk Appetite		
Regulatory / Internal RWA		ott-18	dic-18	Δ	Δ%	
P I L L A R  1	Credit and Counterparty Risk	50.044	54.512	-4.468	-8%	
	Credit Risk	39.329	41.601	-2.272	-5%	
	AIRB	31.508	34.544	-3.037	-9%	
	Standard**	7.822	7.057	765	11%	
	Counterparty Risk - Default Risk	1.513	1.207	306	25%	
	Issuer Risk Banking Book	1.521	3.687	-2.166	-59%	
	Market Risk Banking Book	184	146	39	27%	
	Participation Risk	1.680	2.229	-549	-25%	
	Real Estate Risk	2.162	2.057	105	5%	
	DTA Risk	2.043	2.215	-172	-8%	
	Other Risk	1.613	1.371	242	18%	
	Market Risk	2.886	3.046	-160	-5%	
	Market Risk Trading Book	2.494	2.810	-317	-11%	
	Issuer Risk Trading Book	392	235	157	67%	
	Operational Risk	9.721	10.158	-437	-4%	
Counterparty Risk - CVA Risk	444	402	42	10%		
REGULATORY RWA		63.095	68.117	-5.022	-7%	
P I L L A R  2	PILLAR 1 Component *	60.417	65.161	-4.744	-7%	
	Market Risk	5.540	3.236	2.304	71%	
	Market Risk BB	4.557	2.406	2.151	89%	
	Market Risk TB	982	829	153	18%	
	Interest Rate Risk BB	1.938	1.964	-27	-1%	
	Concentration Risk	1.081	1.145	-64	-6%	
	Business and Strategic Risk	3.963	4.432	-469	-11%	
	INTERNAL RWA	72.939	75.939	-3.000	-4%	

### Principali variazioni rispetto al Risk Appetite Dic-2018

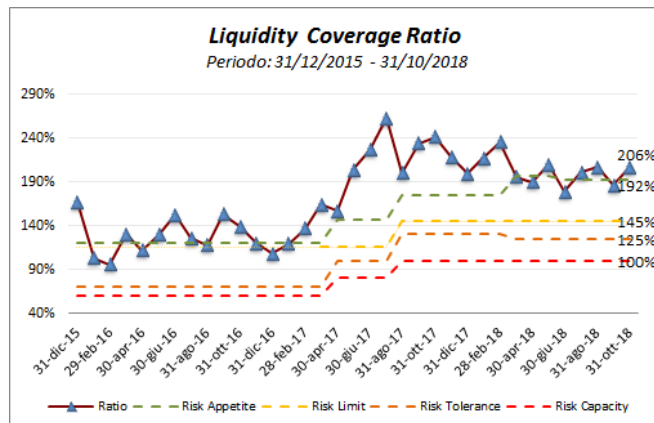
- **Credit Risk:** per la parte AIRB, la differenza è principalmente riconducibile a minori RWA sui defaulted assets, rispetto a quelli considerati in sede RAS, per variazione del perimetro di applicazione; per la parte STANDARD, la differenza è principalmente causata dalla cessione di MPS Belgio e MP Banque.
- **Issuer Risk Banking Book:** gli RWA dell'Appetite incorporano l'ipotesi di un risk weight al 100% sulle note senior della cartolarizzazione retained.
- **Other Risk:** La differenza è dovuta all'ingresso dei risconti attivi tra le attività ponderate per il rischio.
- **Market Risk Pillar 2:** la differenza è principalmente dovuta all'incremento del fattore di backtesting in seguito all'aumento di volatilità dello spread BTP-BUND.



## Allegato Sezione 5 - Liquidity Risk: Analisi regolamentare

### Liquidity Coverage Ratio (LCR): indicatore secondo Atto Delegato al 31-10-2018

L'aumento dell'indicatore è principalmente determinato dal beneficio generato dalle nuove operazioni di secured funding aventi sottostante GGB e dalla vendita di titoli non HQLA.

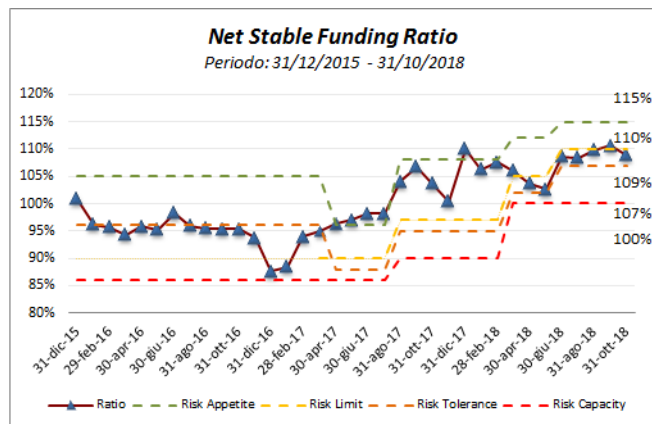


LCR DA		30/09/18	31/10/18	Δ
(a)	buffer	17.441	18.873	1.432
(b)	outflows	11.871	11.815	-56
(c)	inflows	2.491	2.672	181
ratio [a/(b-c)]		186%	206%	20%

- (a) La variazione del *liquidity buffer* è principalmente spiegata dagli effetti generati dall'andamento positivo delle *dinamiche di natura finanziaria* (+1,07 €/mld, di cui +0,76 €/mld riconducibili a nuove operazioni di secured funding aventi sottostante GGB ed a operazioni di vendita di titoli non HQLA per +0,43 €/mld).
- (b) Gli *outflows* sono sostanzialmente stabili. La riduzione della raccolta con *controparti wholesale* viene compensata dall'incremento delle emissioni proprie in scadenza nell'orizzonte temporale di analisi.
- (c) L'incremento degli inflows è principalmente riconducibile all'aumento degli afflussi da *controparti non finanziarie* (+0,15 €/mld), imputabili all'inclusione del fine mese all'interno dell'orizzonte di analisi.

### Net Stable Funding Ratio (NSFR): indicatore stimato al 31-10-2018

La variazione dell'indicatore è principalmente determinata dalla diminuzione della raccolta commerciale, oltre che dal maggior attivo finanziario. Sforata la soglia di risk limit al 31/10/2018.



NSFR Basel III		30/09/18	31/10/18	Δ
(a)	ASF	95.054	94.364	-690
(b)	RSF	85.964	86.680	716
ratio [a/b]		110,6%	108,9%	-1,71%

- (a) La diminuzione dell'*Available Stable Funding* è dovuta prevalentemente alla riduzione della raccolta commerciale retail (-0,8 €/mld) e wholesale (-0,3 €/mld), effetti parzialmente compensati dall'aumento del secured funding (+0,4 €/mld).
- (b) L'aumento del *Required Stable Funding* è dovuto prevalentemente alla crescita della componente finanziaria (+0,7 €/mld, dovuto a reverse repo e a nuovo encumbrance da repo oltre i 6 mesi).

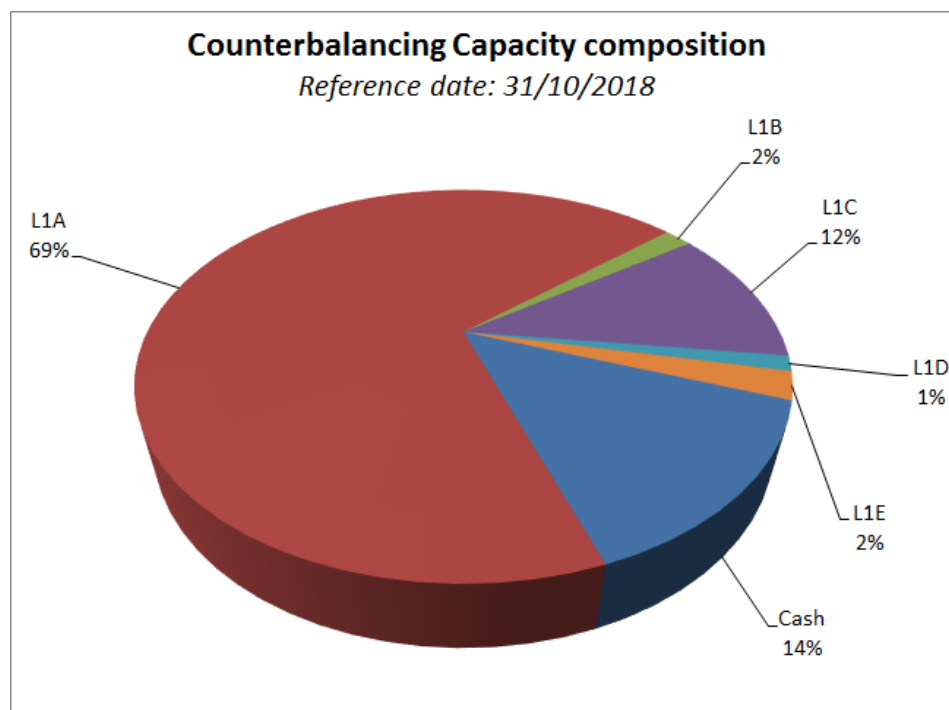




## Allegato Sezione 5 - Liquidity Risk: Analisi della Counterbalancing Capacity

Di seguito si propone, per la data del 31-10-2018, l'analisi della composizione della Counterbalancing Capacity e il confronto tra il saldo del buffer di liquidità del LCR-DA e il saldo della CBC operativa.

Asset Class Liquidity	Encum.	Unencum.	Tot.	% Unencum.	Δ Encum. MoM	Δ Unencum. MoM	Δ Tot. MoM
Cash (RTGS account)	0	2.895	2.895	14,1%	0	-649	-649
L1A - Central government and Debt securities issued by central banks	12.674	14.235	26.910	69,1%	-160	1.844	1.684
L1B - Local/Regional Government+Agency+ Supranational + Jumbo covered bonds	45	353	398	1,7%	-2	0	-2
L1C - Non-Jumbo, Credit institution, Corporate/other issuer securities	9.122	2.375	11.497	11,5%	-9	869	859
L1D - Credit institution securities	605	258	863	1,3%	-101	86	-15
L1E - Asset-backed securities	2.202	471	2.673	2,3%	-14	-26	-40
A.BA.CO.	5.147	0	5.147	0,0%	147	0	147
	<b>29.795</b>	<b>20.588</b>	<b>50.382</b>	<b>100%</b>	<b>-140</b>	<b>2.124</b>	<b>1.985</b>



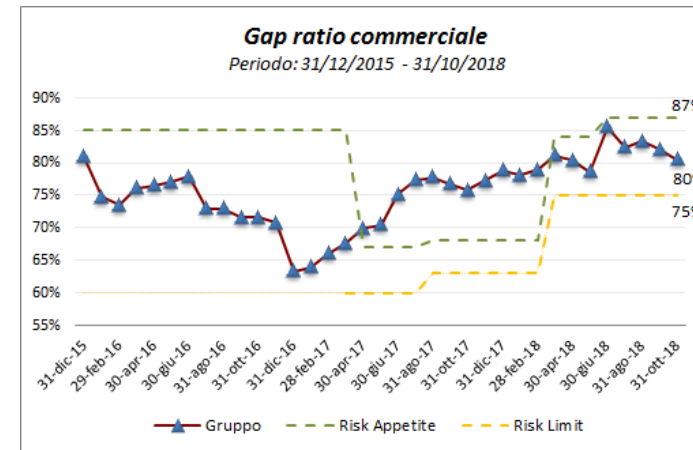
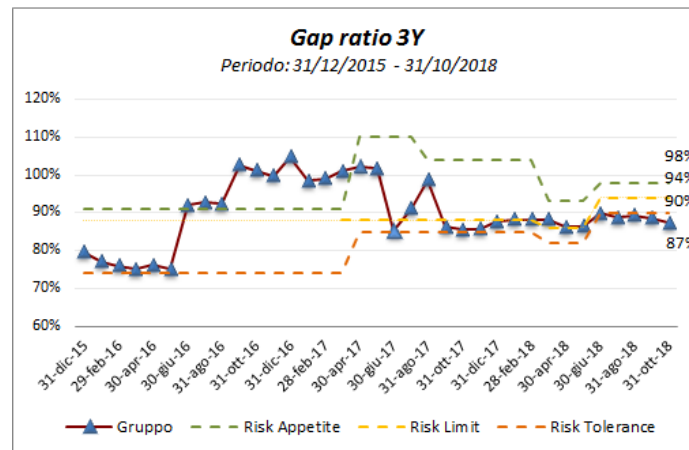
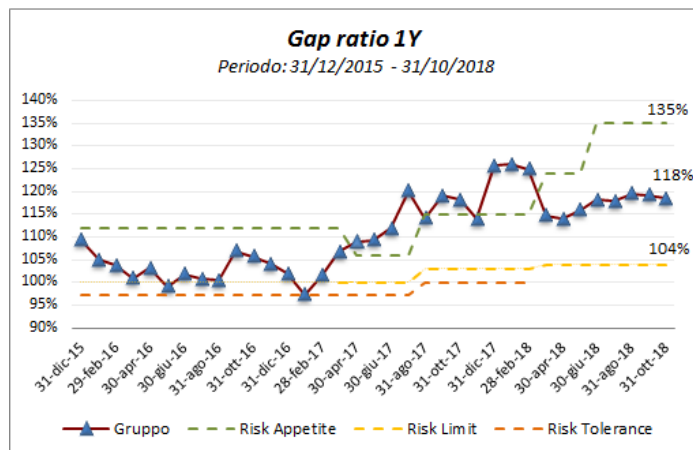
€/mln	LCR Buffer	CBC	Δ
<b>Coins and banknotes</b>	<b>645</b>	<b>0</b>	<b>645</b>
<b>Central bank reserves</b>	<b>2.327</b>	<b>2.895</b>	<b>-569</b>
ECB Mandatory Reserve	-638	0	-638
RTGS Account	2.895	2.895	0
Deposit Facility	0	0	0
Foreign branches	69	0	69
<b>ECB pooling credit line</b>	<b>301</b>	<b>1.328</b>	<b>-1.027</b>
Level 1	208	184	24
Level 2	94	82	11
Level 3	0	1.062	-1.062
<b>MIC pledged (eligible assets)</b>	<b>-43</b>	<b>194</b>	<b>-237</b>
Level 1	0	194	-194
Level 2	-43	0	-43
Level 3	0	0	0
<b>ECB eligible assets</b>	<b>15.366</b>	<b>16.170</b>	<b>-804</b>
Level 1	15.303	13.876	1.427
Level 2	64	28	35
Level 3	0	2.265	-2.265
<b>Equities</b>	<b>43</b>	<b>0</b>	<b>43</b>
Level 2	43	0	43
Level 3	0	0	0
<b>Foreign entities</b>	<b>233</b>	<b>0</b>	<b>233</b>
MPS Banque	67	0	67
MPS Belgio	166	0	166
<b>Total</b>	<b>18.873</b>	<b>20.588</b>	<b>-1.715</b>



## Allegato Sezione 5 - Liquidity Risk: Liquidità Strutturale Gruppo MPS

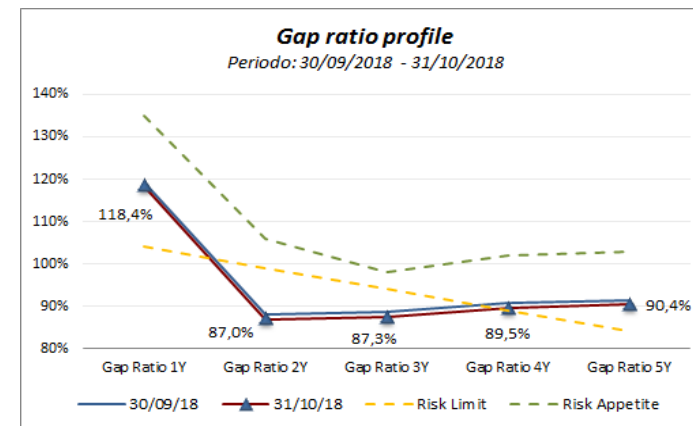
### Analisi su base consolidata: sintesi

- Gap Ratio 1Y in riduzione per la diminuzione del passivo oltre 1 anno, dovuta prevalentemente alla diminuzione della raccolta commerciale a vista. Gap Ratio 3Y in riduzione per la diminuzione del passivo oltre 3 anni, dovuta prevalentemente a raccolta commerciale a vista, oltre che per l'aumento dell'attivo commerciale oltre i 3 anni. Gap Ratio commerciale in riduzione nel mese per la diminuzione della raccolta commerciale.



### Analisi su base consolidata: dettagli

- Gap Ratio 1Y in riduzione per la diminuzione del passivo (-643 €/mln oltre 1 anno), dovuta prevalentemente alla diminuzione della raccolta commerciale (-658 €/mln oltre 1 anno, -863 da poste a vista). L'aumento dell'attivo commerciale risulta compensato dall'ottimizzazione del Pooling Bce e dalla riduzione dei titoli non eligibile.
- Gap Ratio 3Y in riduzione per la diminuzione del passivo (-131 €/mln oltre 3 anni), dovuta prevalentemente alla diminuzione della raccolta commerciale (-153 €/mln oltre 3 anni, -284 da poste a vista), oltre che per l'aumento dell'attivo commerciale (+378 €/mln oltre 3 anni).
- Gap Ratio Commerciale in riduzione nel mese per la diminuzione della raccolta commerciale (-1.422 €/mln, di cui -1.643 €/mln da poste a vista e +221 €/mln da poste a scadenza).

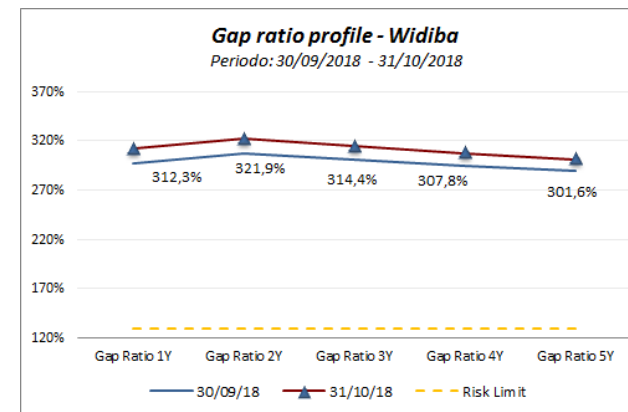
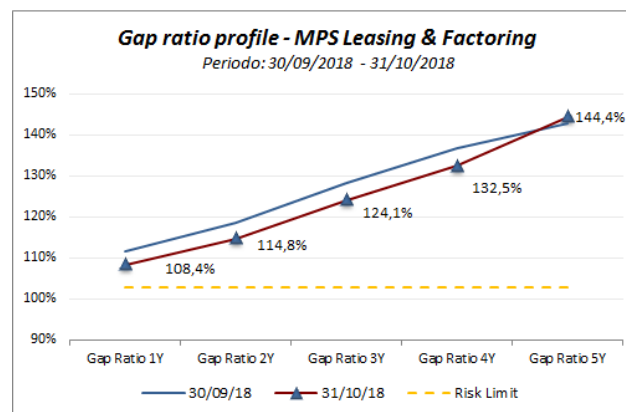
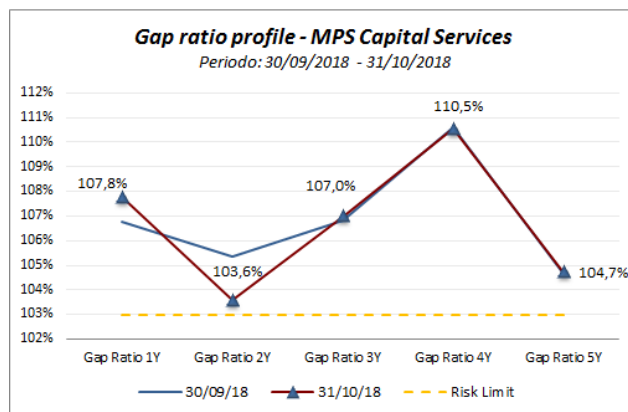




## Allegato Sezione 5 - Liquidity Risk: Liquidità Strutturale su base individuale

### Analisi su base individuale: sintesi

- ❑ **MPS CS:** *Gap Ratio* 1Y in aumento nel mese per la riduzione della vita residua della SIENA NPL 2018. *Gap Ratio* 3Y risulta stabile nel mese. **MPS L&F:** *Gap Ratio* 1Y e 3Y in riduzione nel mese per la riduzione della raccolta infragruppo. **WIDIBA:** *Gap Ratio* 1Y e 3Y in aumento per l'aumento delle poste a vista commerciali dovuto alla migrazione dei clienti da Banca MPS.

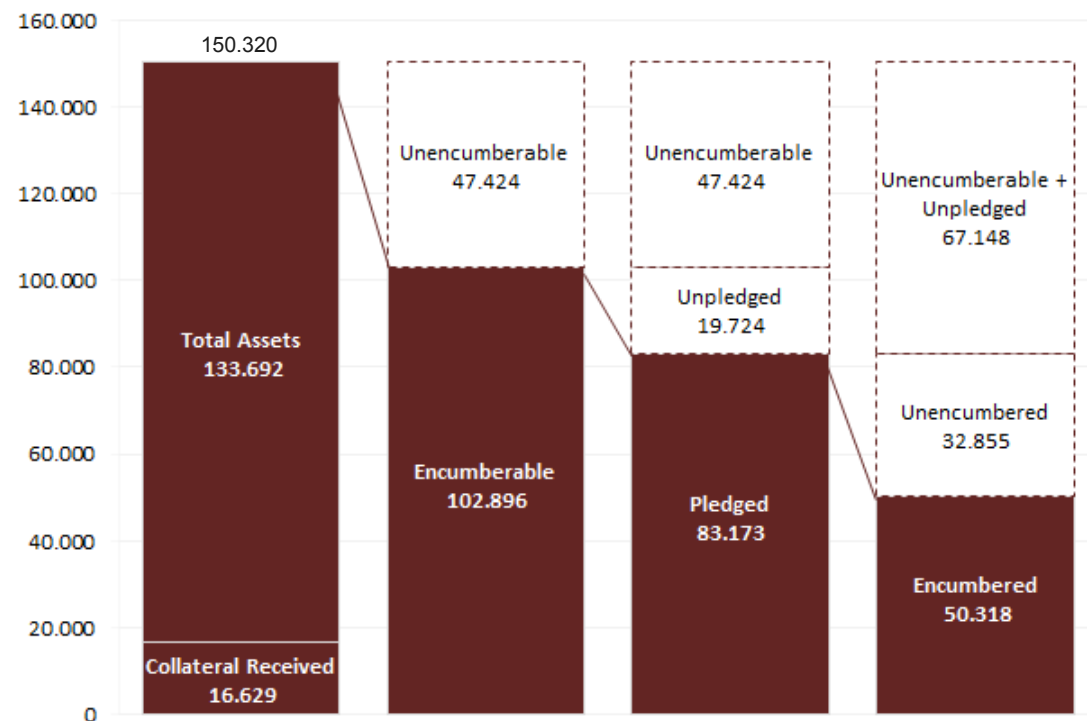


### Analisi su base individuale: dettagli

- ❑ **MPS CS:** rispetto al mese precedente, in aumento l'attivo (-232 €/mln) e il passivo (+137 €/mln). *Gap Ratio* 1Y in aumento per la riduzione della vita residua della SIENA NPL 2018 (-38 €/mln oltre 1 anno). *Gap Ratio* 2Y in diminuzione per la riduzione della raccolta (-123 €/mln oltre i 2 anni, prevalentemente infragruppo). *Gap Ratio* 3Y risulta stabile nel mese.
- ❑ **MPS L&F:** rispetto al mese precedente, in riduzione sia l'attivo (-54 €/mln) che il passivo (-118 €/mln). *Gap Ratio* 1Y in diminuzione nel mese per la riduzione della raccolta infragruppo (-116 €/mln oltre 1 anno). *Gap Ratio* 3Y in diminuzione nel mese per la riduzione della raccolta infragruppo (-112 €/mln oltre 3 anni).
- ❑ **WIDIBA:** rispetto al mese precedente, in aumento sia l'attivo (+404 €/mln) sia il passivo (+425 €/mln). *Gap Ratio* 1Y in aumento prevalentemente per l'aumento delle poste a vista commerciali (+250 €/mln oltre 1 anno, prevalentemente per migrazione clienti da Banca MPS). *Gap Ratio* 3Y in aumento prevalentemente per l'aumento delle poste a vista commerciali (+214 €/mln oltre 3 anni, prevalentemente per migrazione clienti da Banca MPS).



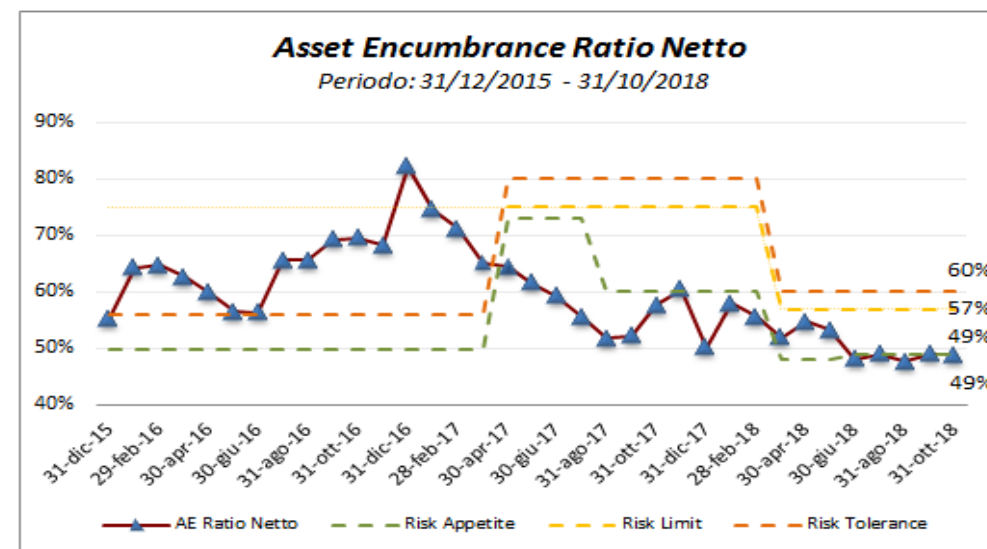
## Allegato Sezione 5 - Liquidity Risk: Asset Encumbrance



L'indicatore di Asset Encumbrance Netto in data 31-10-2018 è pari al 48,9%, in lieve miglioramento rispetto al 30-09-2018 (49,02%) a seguito di dinamiche commerciali positive intercorse nel mese.

Di seguito il dettaglio delle principali variazioni dell'Asset Encumbrance Netto:

- gli Assets Encumbered risultano stabili nel mese, il maggior impegno di financial assets (+0,8 €/mld), risultano compensati dal minore impegno di commercial assets (-0,7 €/mld). Gli Assets Encumberable risultano in aumento a seguito prevalentemente della maggiore componente finanziaria (+0,8 €/mld, di cui +0,6 di reverse repos), nonostante una riduzione dei commercial assets encumberable (-0,4 €/mld).



Net Asset Encumbrance Ratio	Sep	Oct	Δ
Total Assets Encumbered	50.225	50.318	93
Total Assets Encumberable	102.465	102.896	432
	49,02%	48,90%	-0,12%

Risk Tolerance	✓ 60,00%	✓ 60,00%
Risk Limit	✓ 57,00%	✓ 57,00%
Risk Appetite	✗ 49,00%	⚠ 49,00%

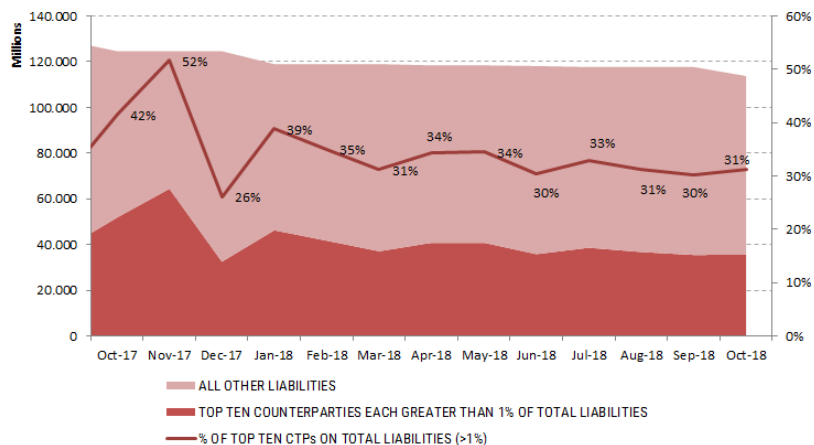
Gross Asset Encumbrance Ratio	Sep	Oct	Δ
Total Assets Encumbered	50.225	50.318	93
Total Assets + Total collateral Received	148.339	150.320	1.981
	33,86%	33,47%	-0,38%



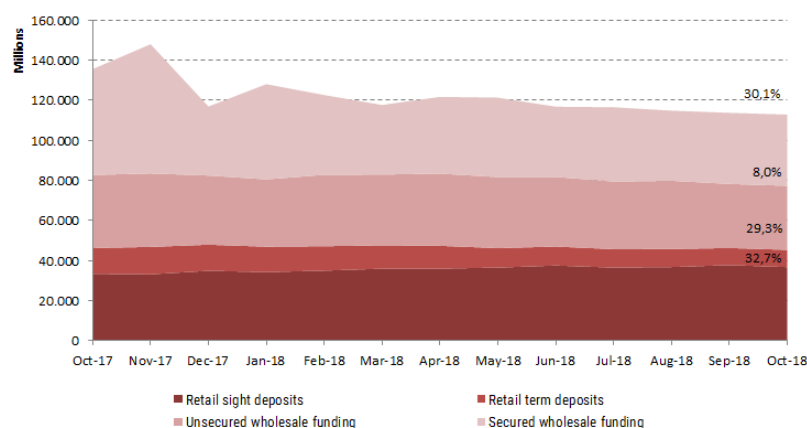
## Allegato Sezione 5 - Liquidity Risk: Additional Liquidity Monitoring Metrics (ALMM)

Di seguito si propone l'andamento dei template 67, 68 e 71 afferenti agli *Additional Liquidity Monitoring Metrics* oggetto di segnalazione di vigilanza.

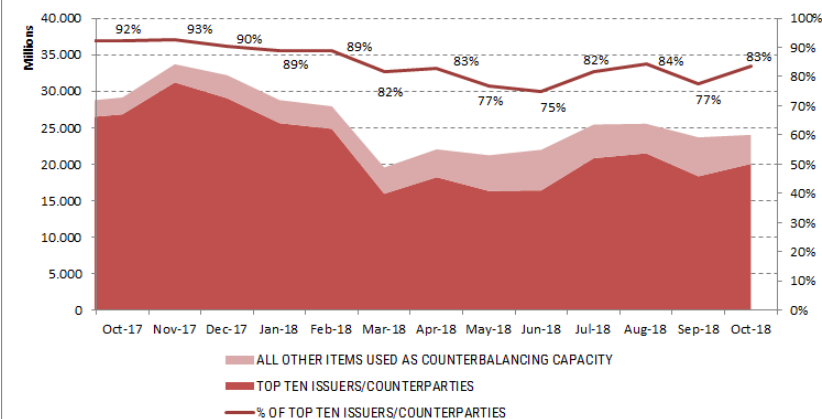
C 67.00 - CONCENTRATION OF FUNDING BY COUNTERPARTY



C 68.00 - CONCENTRATION OF FUNDING BY PRODUCT TYPE



C 71.00 - CONCENTRATION OF COUNTERBALANCING CAPACITY BY ISSUER/COUNTERPARTY



Counterparty Name	30/09/2018		31/10/2018		Δ	
	Amount	%	Amount	%	Amount	%
<b>TOP TEN COUNTERPARTIES (&gt;1% TOTAL LIABILITIES)</b>	<b>35.437</b>	<b>30%</b>	<b>35.556</b>	<b>31%</b>	<b>120</b>	<b>1%</b>
BANCA D'ITALIA	16.500	14,0%	16.500	14,5%	0	0,5%
LONDON STOCK EXCHANGE GRP PLC	10.592	9,0%	10.438	9,2%	-154	0,2%
CSEA	4.616	3,9%	4.731	4,2%	116	0,2%
INTESA SANPAOLO SPA	1.821	1,6%	1.958	1,7%	137	0,1%
CASSA DEPOSITI E PRESTITI SPA	1.907	1,5%	1.928	1,7%	21	0,1%
<b>ALL OTHER FUNDING</b>	<b>82.252</b>	<b>70%</b>	<b>78.156</b>	<b>69%</b>	<b>-4.096</b>	<b>-1%</b>

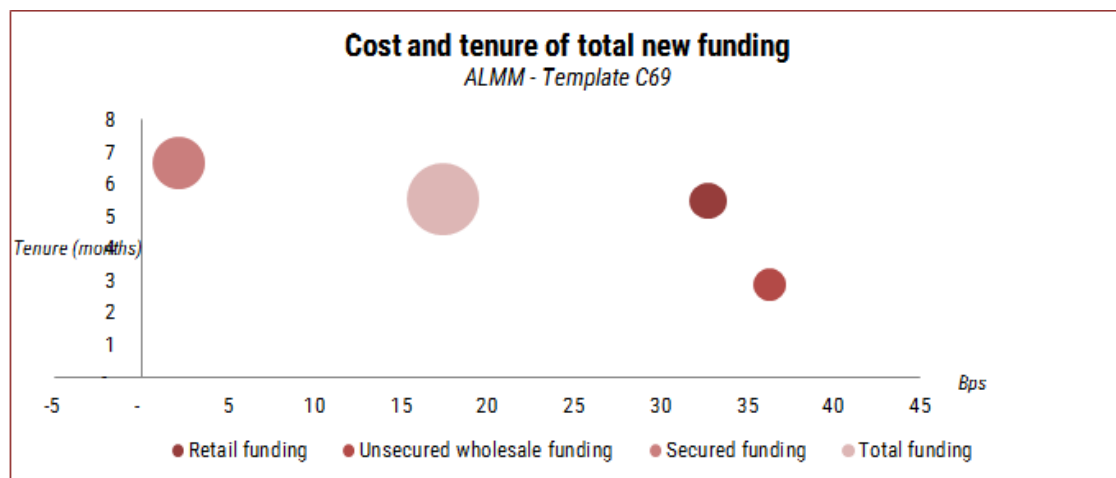
Counterparty Name	30/09/2018		31/10/2018		Δ	
	Amount	%	Amount	%	Amount	%
<b>RETAIL FUNDING</b>	<b>46.234</b>	<b>40,7%</b>	<b>45.317</b>	<b>40,2%</b>	<b>-917</b>	<b>-0,5%</b>
Sight retail deposits	37.702	33,2%	36.698	32,5%	-1.004	-0,6%
Fixed term retail deposits	8.532	7,5%	8.619	7,6%	87	0,1%
<b>WHOLESALE FUNDING</b>	<b>67.451</b>	<b>59,3%</b>	<b>67.508</b>	<b>59,8%</b>	<b>57</b>	<b>0,5%</b>
Unsecured wholesale funding	31.973	28,1%	31.949	28,3%	-25	0,2%
Secured wholesale funding	35.478	31,2%	35.560	31,5%	82	0,3%

Issuer/Counterparty Name	30/09/2018			31/10/2018			Δ		
	MtM value/ nominal	Collateral value CB-eligible	%	MtM value/ nominal	Collateral value CB-eligible	%	MtM value/ nominal	Collateral value CB-eligible	%
<b>TOP TEN ISSUERS/COUNTERPARTIES</b>	<b>18.345</b>	<b>13.355</b>	<b>82%</b>	<b>20.046</b>	<b>15.283</b>	<b>83%</b>	<b>1.701</b>	<b>1.927</b>	<b>2%</b>
TESORO DELLO STATO	13.526	12.327	62,4%	15.393	13.985	64,1%	1.867	1.657	1,7%
SIENA NPL 2018 S.R.L.	2.871	0	11,4%	2.783	0	11,6%	-88	0	0,2%
MEDIOBANCA SPA	494	357	2,1%	486	352	2,0%	-8	-6	0,0%
SPAGNA	117	52	1,4%	326	251	1,4%	209	199	-0,1%
UNICREDIT SPA	267	254	1,1%	275	256	1,1%	8	2	0,1%
INTESA SANPAOLO SPA	234	127	1,0%	226	123	0,9%	-8	-4	-0,1%
BANCO BPM SPA	181	140	0,9%	174	136	0,7%	-7	-5	-0,2%
NORMA SPV S.R.L.	167	0	0,7%	164	0	0,7%	-3	0	0,0%
CASSA DEPOSITI E PRESTITI SPA	125	97	0,5%	124	95	0,5%	-1	-1	0,0%
FERROVIE DELLO STATO SPA	59	52	0,4%	95	85	0,4%	35	33	0,0%
<b>ALL OTHER ITEMS USED AS CBC</b>	<b>5.335</b>	<b>459</b>	<b>18%</b>	<b>3.973</b>	<b>417</b>	<b>17%</b>	<b>-1.362</b>	<b>-42</b>	<b>-2%</b>

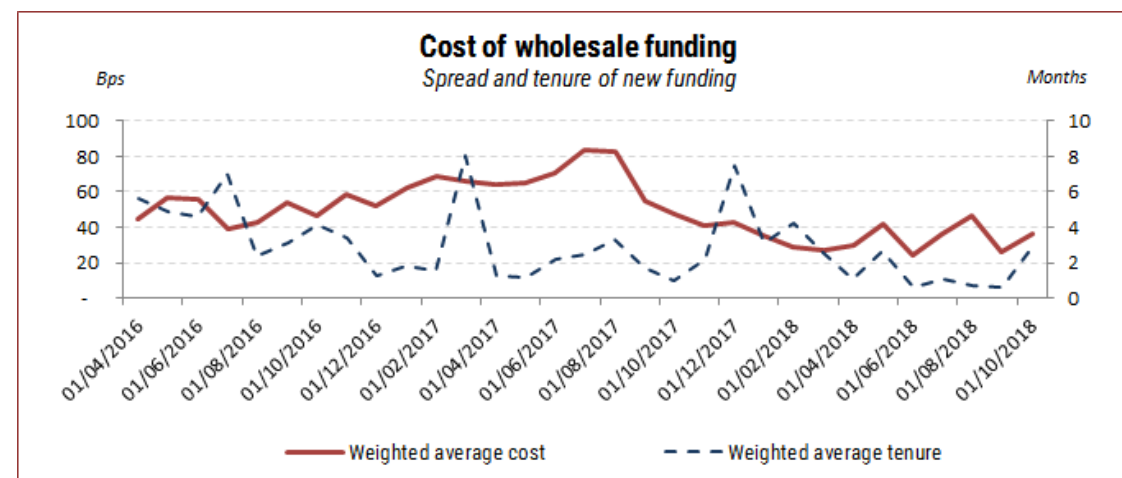
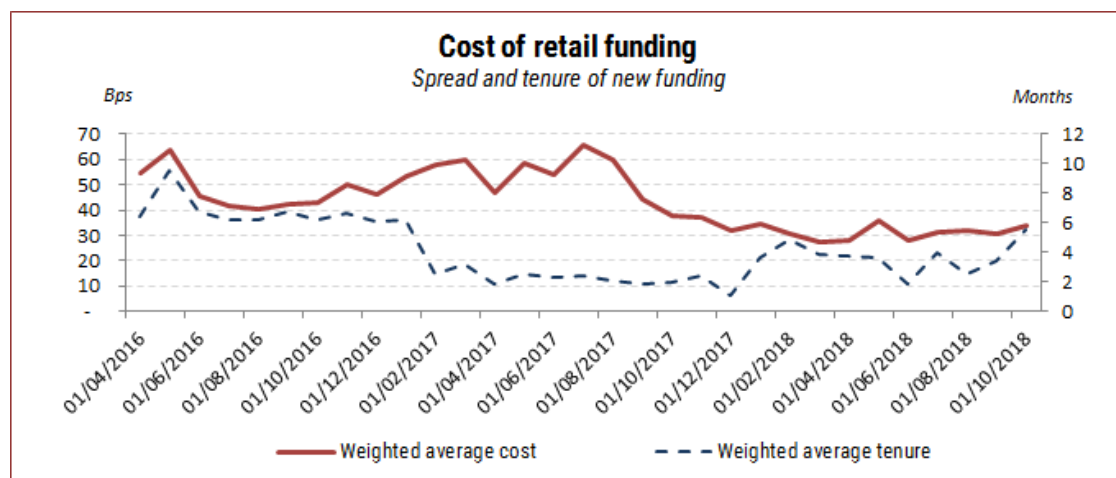


## Allegato Sezione 5 - Liquidity Risk: Additional Liquidity Monitoring Metrics (ALMM)

Di seguito si propone un'analisi del template 69 afferente alle *Additional Liquidity Monitoring Metrics* oggetto di segnalazione di vigilanza.



	Weighted average cost of funding (Bps)	Weighted average tenure of funding (Months)	Volume (mln)
<b>Total Funding</b>	<b>17</b>	<b>6</b>	<b>14.922</b>
of which: Retail funding	33	5	3.888
of which: Unsecured wholesale funding	36	3	3.194
of which: Secured funding	2	7	7.840
of which: Senior unsecured securities			0
of which: Covered bonds			0
of which: Asset backed securities including ABCP			0



## Allegato Sezione 5 - Liquidity Risk: Controllate estere

Limiti operativi Controllate Estere al 31-10-2018

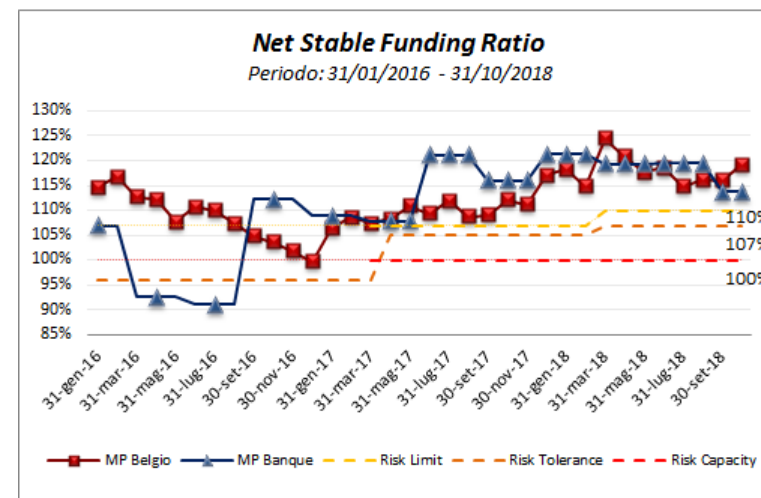
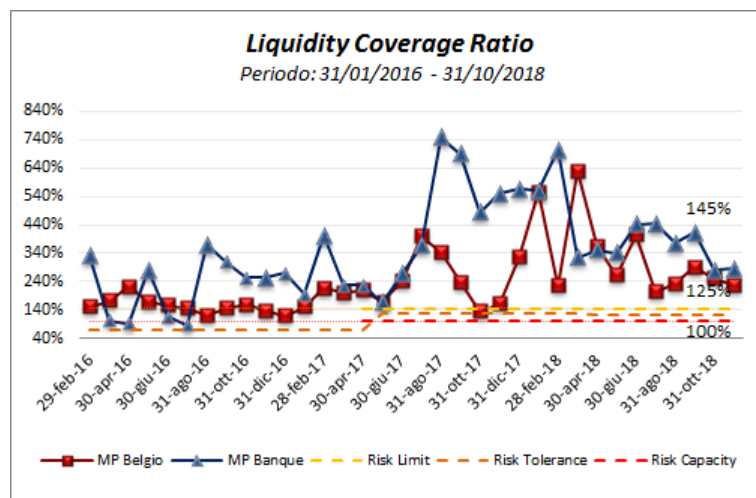
	LCR (DA)					NSFR				
	Sep-18	Oct-18	Risk Limit	Risk Tolerance	Risk Capacity	Sep-18	Oct-18	Risk Limit	Risk Tolerance	Risk Capacity
<b>Monte Paschi Banque S.A.</b>	279%	285%	145%	125%	100%	114%		110%	107%	100%
<b>Monte Paschi Belgio</b>	251%	228%	145%	125%	100%	116%	119%	110%	107%	100%

### Monte Paschi Banque S.A.

L'indicatore di Liquidità di breve termine **LCR**, stimato in data 31-10-2018, è pari a 285%, in aumento rispetto alla stima del 30-09-2018 (279%) e superiore al limite di 145%. L'indicatore Strutturale di equilibrio finanziario **NSFR** stimato in data 30-09-2018 è pari a 114%, in diminuzione rispetto all'ultima rilevazione trimestrale di giugno 2018 (119%) e superiore al Risk Limit di 110%.

### Monte Paschi Belgio

L'indicatore di Liquidità di breve termine **LCR**, stimato in data 31-10-2018, è pari a 228%, in diminuzione rispetto alla stima del 30-09-2018 (251%). L'indicatore Strutturale di equilibrio finanziario **NSFR** stimato in data 31-10-2018 è pari a 119%, in aumento rispetto all'ultima rilevazione (116%) e superiore al Risk Limit di 110%.





**Di seguito il monitoraggio mensile degli Early warning Indicators previsto dal Liquidity Risk Framework:**

**Di seguito il monitoraggio mensile degli Early warning Indicators previsto dal Liquidity Risk Framework:**

[illegible]

1. Indice azionario europeo;
2. Indice azionario del comparto bancario;
3. Indice che combina spread, volatilità ed indici relativi ai mercati finanziari dell'area Euro;
4. Riffinanziamento marginale delle banche europee presso la BCE;
5. Valore assoluto del delta tra Euribor (tasso di riferimento unsecured) ed EONIA;
6. Spread tra rendimento dei Titoli di Stato tedeschi e quelli italiani.

1. Indice del Rating di Lungo Termine di BMPS (Second Best);
2. Cash flows dei Canali al dettaglio;
3. Cash flows dai Canali all'ingrosso;
4. Spread tra performance del titolo azionario rispetto all'andamento dei titoli del settore;
5. Spread del CDS emissioni Senior di MPS a 5 anni di BMPS rispetto all'indice;
6. Spread del CDS emissioni Subordinati di MPS a 5 anni di BMPS rispetto all'indice;
7. Riacquisto delle obbligazioni del Gruppo;
8. Rapporto tra il valore di quotazione dell'azione BMPS ed il rispettivo Book value;
9. Counterbalancing Capacity;
10. Saldo netto di liquidità ad 1M;
11. Time to Survival.

Gli indicatori di Early Warnings sono metriche di breve termine che consentono di individuare tempestivamente le vulnerabilità della Banca sia di natura specifica sia sistemica. Per ciascun indicatore vengono calcolate due tipologie di segnale: 1) Variazione: il segnale si attiva quando la variazione della metrica rispetto al valore precedente eccede predeterminate soglie; 2) Livello: il segnale si riferisce al livello corrente rispetto a predeterminate soglie di livello.

- **ANALISI PER LIVELLO** - Nel corso del mese di ottobre non si rilevano segnali di tensione tra gli indicatori generici ad eccezione dell'indicatore '3. BFCIEU Index' per cui si denota una discesa dell'indice di riferimento nell'ultima decade del mese tale da dare un segnale giallo e dell'indicatore '6. BTPBUND Index' che permane in zona rossa per tutto il corso del mese. Da segnalare tra gli indicatori specifici l'alternanza tra la zona ambra e rossa dell'indicatore '8. BMPS Stock price/Book value' dovuto alla discesa della quotazione del titolo BMPS, dell'indicatore '5. MONTE 5 YRS SEN - ITRAXX EURO FIN SEN' che risulta in zona gialla per le prime due decadi per entrare in quella rossa nell'ultima decade del mese e l'indicatore '6. MONTE 5YRS SUB – ITRAXX EURO FIN SUB' che permane in zona rossa.
- **ANALISI PER VARIAZIONE** - Nel corso del mese di ottobre alcuni indicatori tra quelli generici e specifici hanno evidenziato variazioni su cui porre particolare attenzione. Da sottolineare tra gli indicatori specifici l'accensione dei segnali color ambra per gli indicatori '3 FLUSSI CANALI WHOLESAL' l'ultimo giorno del mese in cui è stato scorporato dai canali wholesale l'ingresso di fondi da parte di CSEA, '6. MONTE 5YRS SUB – ITRAXX EURO FIN SUB' per la variazione del subordinato BMPS di circa 80 figure del prezzo dello stesso rispetto al giorno precedente ed infine per l'indicatore '11. TIME TO SURVIVAL (t-2)' il primo giorno del mese quando il TTS ha perso rispetto al fine mese precedente circa 10gg perdita derivante dallo scorrimento di fascia sul nodo a 6M (TTS cadeva a inizio ottobre tra nodo 4M e 6M) del subordinato BMPS 3.625 AP19 (exp 01/04/2019) per circa -700 €/mln.

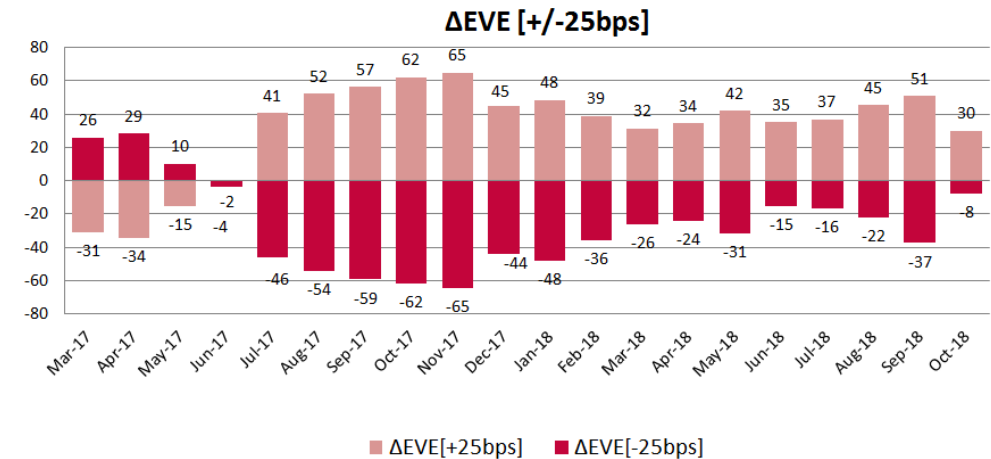


## Allegato Sezione 5 – IRRBB profile: parallel 25bps sensitivity

### $\Delta$ EVE Exposure:

( $\Delta$ EVE[+25bps]): an interest rates parallel shift would imply an increase of economic value of equity of around +30 €/mln (-21€/mln compared to September)

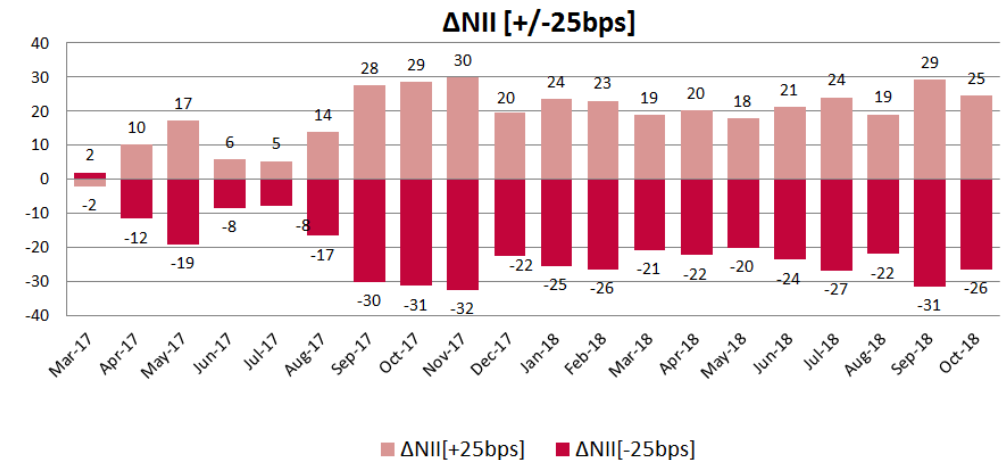
( $\Delta$ EVE[-25bps]): an interest rates parallel shift would imply a reduction of economic value of equity of around -8€/mln (+30 €/mln compared to September)



### $\Delta$ NIIE Exposure:

( $\Delta$ NIIE[+25bps]): an interest rates parallel shift would imply a reduction of Net Interest Income is equal to +25€/mln (-5€/mln compared to September)

( $\Delta$ NIIE[-25bps]): an interest rates parallel shift would imply a increase of Net Interest Income is equal to -26€/mln (+5€/mln compared to September)



Since May 2017 ALM measures include modeling of negative rates.



## Allegato Sezione 5 – IRRBB profile: monthly analysis

	GMPS Exposure	Δ	ΔEVE			
			Shock + 25 bp	Δ	Shock - 25 bp	Δ
<b>Contractual Maturity Mismatch</b>	<b>36.604</b>	<b>801</b>	<b>-87</b>	<b>-22</b>	<b>88</b>	<b>23</b>
<b>Fixed Rate</b>	<b>7.933</b>	<b>2.493</b>	<b>-49</b>	<b>-20</b>	<b>49</b>	<b>20</b>
Short Term	1.218	4.090	-11	-8	11	8
Long Term	6.715	-1.597	-38	-12	38	12
<b>Floating Rate</b>	<b>28.671</b>	<b>-1.692</b>	<b>-38</b>	<b>-2</b>	<b>40</b>	<b>3</b>
Short Term	-3.954	-4.052	1	1	-1	-1
Long Term	32.625	2.361	-39	-3	40	4
EONIA	715	116	0	0	0	0
MRO	0	0	0	0	0	0
EUR1M	7.301	-99	-2	0	2	0
EUR3M	10.755	-38	-10	-2	11	2
EUR6M	13.526	2.367	-26	-1	27	2
ALTRO	327	15	0	0	0	0
<b>Non Maturing Operation Mismatch</b>	<b>-39.393</b>	<b>946</b>	<b>168</b>	<b>0</b>	<b>-172</b>	<b>0</b>
Contractual	-1.769	-759	0	0	0	0
Core Quote	-24.543	0	168	0	-172	0
No Core Quote	-13.081	1.705	0	0	0	0
<b>Automatic Options</b>	<b>-</b>	<b>-</b>	<b>-26</b>	<b>1</b>	<b>49</b>	<b>7</b>
Embedded	-	-	-47	-2	85	13
Explicit	-	-	21	3	-36	-6
<b>NPLs ("Sofferenze")</b>	<b>2.676</b>	<b>0</b>	<b>-27</b>	<b>0</b>	<b>27</b>	<b>0</b>
<b>Financial Held for Trading Mismatch</b>	<b>7.307</b>	<b>-271</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Item</b>	<b>-6.724</b>	<b>-625</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Subsidiary</b>	<b>-715</b>	<b>-284</b>	<b>1</b>	<b>0</b>	<b>-1</b>	<b>0</b>
<b>Total Exposure</b>	<b>-244</b>	<b>567</b>	<b>30</b>	<b>-21</b>	<b>-8</b>	<b>30</b>

	ΔEVE			
	Shock + 25 bp	Δ	Shock - 25 bp	Δ
<b>Currency</b>				
EUR	57	-21	-35	30
USD	-1	0	1	0
OTHER	0	0	0	0
<b>NPLs ("Sofferenze")</b>	<b>-27</b>	<b>0</b>	<b>27</b>	<b>0</b>
<b>Financial Held for Trading Mismatch</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Item</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Exposure</b>	<b>29</b>	<b>-21</b>	<b>-7</b>	<b>29</b>
<b>Subsidiary</b>	<b>1</b>	<b>0</b>	<b>-1</b>	<b>0</b>
<b>Total</b>	<b>30</b>	<b>-21</b>	<b>-8</b>	<b>30</b>

### Legenda

- **Contractual Maturity Mismatch:** IRR stemming from operations with contractual maturity. W.r.t long term loans portfolio, (either fixed rate or floating rate) reported figures include Prepayment Risk.
- **Non Maturing Mismatch:** IRR stemming from operations without contractual maturity (i.e. NMDs).
- **Automatic Options** (Embedded ed Explicit): IRR arising from Automatic options.
- **Non performing loans (NPLs "Sofferenze")** evaluated as an amortizing fixed rate loan.
- **Financial held for trading mismatch:** replicating portfolio loan financing the TB mismatch (o/n loan fully repricing within 12 months).





## Allegato Sezione 5 – IRRBB profile: monthly analysis

The table highlights sensitivity and monthly evolution with different business type drill down.

**ΔEVE[+25bps]: +30€/mln.** (-21€/mln compared to September)

- **Debt Securities:** -49€/mln. Sale of around 2€/bn of FVOCI Italian government bonds (maturity 2019-2020) and purchase of around 2,7€/bn of Italian government bond and 200€/mln of Spanish government bond with a longer maturity (2021-2033) classified as “Financial asset at amortized cost”. Sale of around 350 €/mln of Generali Tier 1 bond classified as “Non trading financial assets mandatorily at fair value through profit or loss”.
- **Derivatives:** +29 €/mln: Total unwinding of 1,75€/bn of Covered Bond hedging (impact of around +15€/mln), total unwinding of 0,75€/bn of Subordinated debt securities issued (impact of around +8€/mln). New Debt securities hedging: 200€/mln on 2033 Spanish government bond and 750€/mln forward start (start date 2023) on BTP 2028 with a total impact of around +16€/mln. New 4€/bn of TLTRO II hedging (impact of around -9€/mln) and and new forward start time deposits hedging (around 132€/mln).

**ΔNII[+25bps]: +25€/mln.** (-5€/mln compared to September)

- **Derivatives:** -6€/mln: Total unwinding of 1,75€/bn of Covered Bond hedging (impact of around +4€/mln), total unwinding of 0,75€/bn of Subordinated debt securities issued (impact of around +1€/mln). New 4€/bn of TLTRO II hedging (vs EUR1M with an impact of around -9€/mln).

AGGREGATO GESTIONALE		Stock						DELTA	EV Sens +25bps 31/10/2018	DELTA	NII Sens +25bps 31/10/2018	DELTA
		31/10/2018										
		Fixed	Variable	Mix	Mix	Vista	Total					
ASSET EXPOSURE	Loans&Advances at amortized cost	24.339	47.489	805	1.601	14.677	88.911	392	-234	-1	127	5
	Performing Loans	22.933	43.392	791	1.504	12.439	81.059	619	-217,09	-2	112	5
	Central banks and general governments	0	0	0	0	2.895	2.895	-649	-0,02	0	7	-2
	Credit Institutions and other financial corporations	519	1.691	0	0	2.173	4.384	317	-2,12	0	11	1
	Reverse Repo	4.880	0	0	0	0	4.880	605	-5,65	-1	9	1
	Non-financial corporation	8.722	15.706	106	204	5.758	30.496	-26	-47,75	2	26	2
	Households	7.765	18.448	684	1.297	1.024	29.218	175	-147,84	-2	40	1
	Mps Capital Services	51	4.397	0	0	0	4.449	57	-3,05	1	9	1
	Mps Leasing&Factoring	504	2.647	0	0	340	3.491	-31	-2,98	0	8	0
	Widiba	288	129	0	0	30	447	58	-7,27	-1	0	0
	Foreign Branch	106	179	0	0	94	379	-5	-0,10	0	1	0
	Other	97	195	0	2	125	419	117	-0,32	0	1	0
	Non performing loans	1.405	4.097	15	98	2.238	7.852	-228	-17,08	1	15	0
	MP Belgio	0	0	0	0	0	0	0	0,00	0	0	0
	Debt Securities	14.280	5.073	55	9	0	19.417	531	-225,40	-49	10	-3
	Held for trading	10.445	0	0	0	0	10.445	-49	0,00	0	24	0
	Other Items	12.331	0	0	0	0	12.331	0	-0,15	0	1	0
	NPLs "Sofferenze"	6.834	0	0	0	0	6.834	0	-26,67	0	0	0
	Unpaid installments	1.644	0	0	0	0	1.644	-625	0,00	0	0	0
	Provisions	-9.324	0	0	0	0	-9.324	0	0,00	0	-10	0
TOTAL ASSETS	60.550	52.561	860	1.610	14.677	130.259	248	-486,39	-50	152	2	
Derivatives	22.956	6.056	0	0	0	29.012	1.428	-129	15	15	0	
ASSET EXPOSURE	Credit Institutions and other financial corporations	-869	-2.335	0	0	-1.335	-4.540	-245	22	0	-7	-1
	Non-financial corporation	-3.395	0	0	0	-16.335	-19.731	724	24	1	-21	1
	Households	-6.157	0	0	0	-29.538	-35.695	808	202	2	-4	0
	Widiba	-1.122	0	0	0	-1.607	-2.728	-332	2	0	-5	0
	Foreign Branch	-36	0	0	0	-47	-83	20	0	0	0	0
	Other	-1	0	0	0	-5.207	-5.208	-69	0	0	-13	0
	Central banks	-16.500	0	0	0	0	-16.500	0	72	-3	0	0
	Repo	-11.759	-2.917	0	0	0	-14.676	-83	10	2	-29	1
	Debt securities issued	-9.218	-666	-750	-1.306	0	-11.939	10	89	-2	-7	-1
	MP Belgio	0	0	0	0	0	0	0	0	0	0	0
	Held for trading	-3.138	0	0	0	0	-3.138	-222	0	0	-7	-1
	Other Items	-15.533	0	0	0	0	-15.533	0	0	0	0	0
	TOTAL LIABILITIES	-67.729	-5.918	-750	-1.306	-54.070	-129.772	610	421	-1	-93	0
	Derivatives	-4.695	-24.333	0	0	0	-29.028	-1.436	248	15	-49	-6
Automatic Embedded Option on Asset Side	0	50.230	805	1.610	11.418	64.064	-58	-233	1	0	0	
Automatic Embedded Option on Liability Side	0	-18.310	-750	-1.306	-52.446	-72.811	1.319	11	2	0	0	
Automatic Explicit Option Bought	0	2.918	0	0	0	2.918	-11	8	0	0	0	
Automatic Explicit Option Sold	0	315	0	0	0	315	-310	13	2	0	0	
Subsidiary	-1.315	192	0	0	707	-416	14	1	0	0	0	

30 -21 25 -5

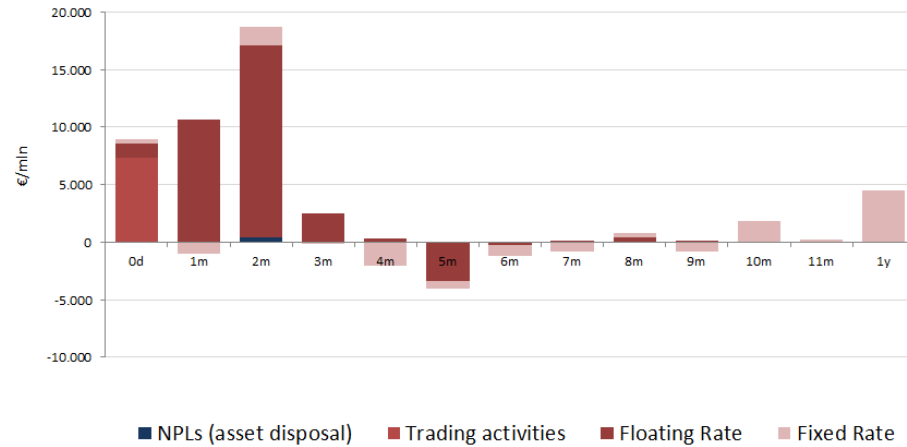


**MONTE DEI PASCHI DI SIENA**  
BANCA DAL 1472

## Allegato Sezione 5 – IRRBB profile: indexation analysis

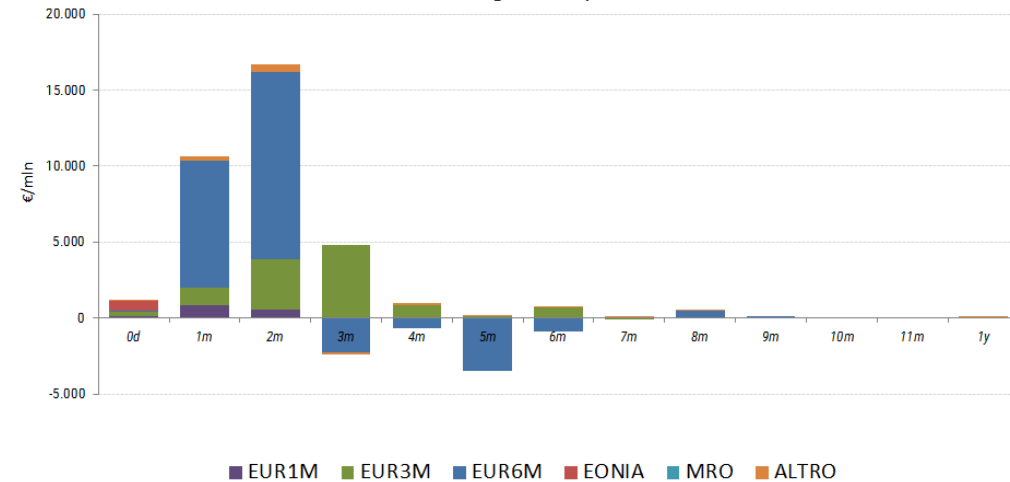
### Repricing Gap analysis

Assets/Liabilities in maturing/repricing up to 1Y



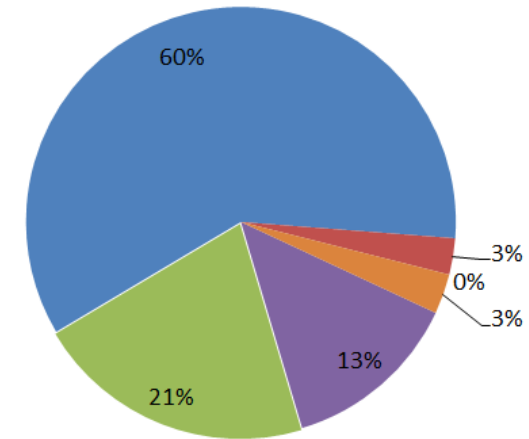
### Indexes analysis

Floating-rate up to 1Y



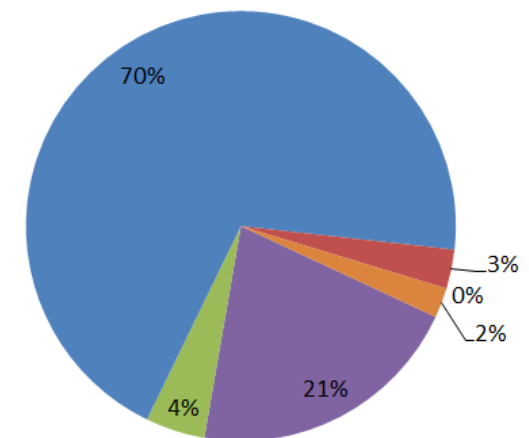
### Asset Index Composition

EUR1M EUR3M EUR6M EONIA MRO ALTRO



### Liability Index Composition

EUR1M EUR3M EUR6M EONIA MRO ALTRO



## Allegato Sezione 5 – GMPS Trading Book Portfolio Composition as of 31.10.18

### ■ Mps Group: Trading Book Portfolio Analysis

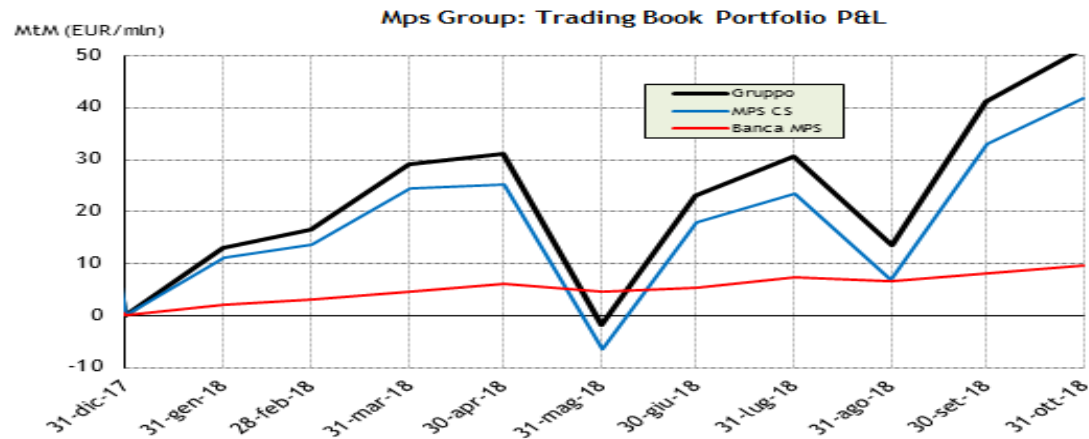
Market Value in EUR/mln at 31.10.2018

Instruments	TB
Bond Portfolio	5,472.50
Credit Derivatives	-38.02
Interest rate Derivatives	1,730.32
Equity Portfolio	65.28
Equity Derivatives	27.77
Forex Derivatives	-9.67
<b>Total</b>	<b>7,248.17</b>

Mps Group: Trading Book Portfolio P&L

EUR/mln	31-03-2018	30-06-2018	30-09-2018	31-10-2018
MPS Capital Services	24.55	17.91	32.96	41.82
Banca MPS	4.54	5.28	8.27	9.73
Mps Group	29.09	23.19	41.23	51.55

- **MPS Group Trading Book:** mkt value at 31-10-2018 is about 7.25 €/bn (5.47 €/bn of Bond Portfolio positions).
- Trading Book is split into **MPS Capital Services** positions (7.2 €/bn) and **Banca MPS** positions (5.9 €/mln).
- **MPS Group Trading Book PL :** (mark-to-market) at the end of October 2018 amounts to about +51.5 €/mln, of which +41.8 €/mln on MPS Capital Services and +9.7 €/mln on Banca MPS. The delta P&L is due to the monthly update of CVA for Banca MPS (about +1€/mln) and in MPS Capital Services is due to the reduction of Italian credit spread short-term (-18 bp asw spread 1y) (about +4 €/mln).



MPS GROUP - SENSITIVITY			TB	
Risk Area		Shock	Delta	Vega*
IR	IR sens.		-220	169
	of which:			
	EUR	+1 bp	-201	
	USD		-18	
	Other		-0.4	
EQ	EQ sens.	+1%	-3,493	1,077
CO	CO sens.	+1%	13	-17
CS	CS sens.		-299	0
	of which:			
	Sovereign Italy	+1 bp	-235	
	Other		-64	
FX	FX sens.		-97	521
	of which:			
	EURUSD	+1%	-14	
	EURJPY		-29	
	Other		-54	

31/10/2018 - K€

\*Vega sens. are calculated by 1 point vol shock

- **GMPS TB Sensitivities as of 31.10.18:** GMPS sens. are related to activities of the subsidiary MPSCS as follows:
  - Total short delta EQ exposure is mainly related to options and futures EU market indices.
  - Long vega sens. exposure for EQ risk is due to trading activity on equity options on European indices.
  - CS short delta exposure (mainly on long term corporate bonds and short term sovereign Italy bonds with related hedge on mid-long term btp futures) is due to bancassurance structuring activities and liquidity providing and market making/specialist activity on Italian Sovereign Bonds.
  - FX shows a non significant delta exposure to major currencies. To be noticed the fx vega exposure (i.e. 521K) on bancassurance products structuring activities.



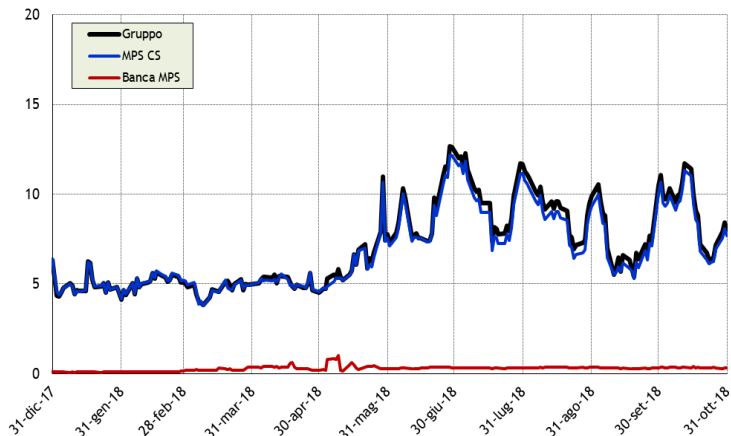
## Allegato Sezione 5 – Update of Risk Exposure: Trading Book VaR

### MPS Group: Trading Book Portfolio VaR

Values in EUR/mln

	30/03/2018	30/06/2018	30/09/2018	31/10/2018	
MPS Capital Services	4.90	12.14	10.08	7.68	96%
Banca MPS	0.36	0.32	0.33	0.30	4%
<b>MPS Group</b>	<b>4.93</b>	<b>12.61</b>	<b>10.48</b>	<b>8.02</b>	<b>100%</b>

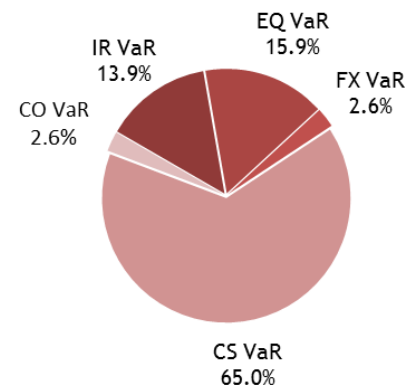
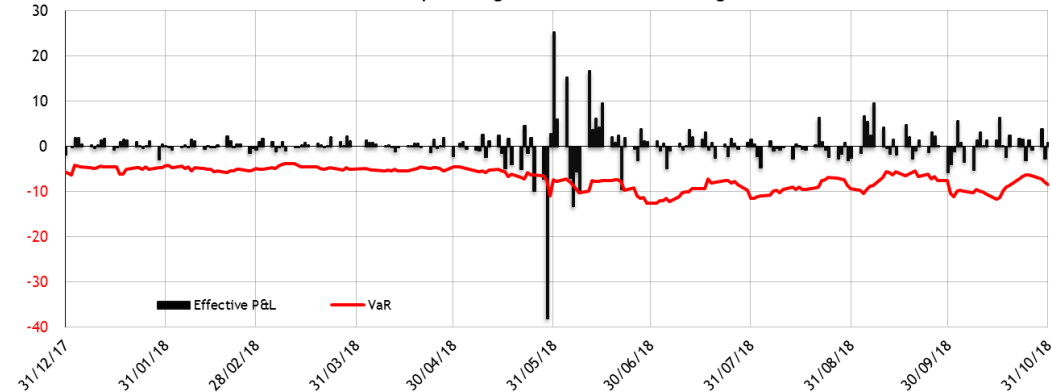
Mps Group : Trading Book VaR  
- VaR 99% 1 day in EUR/mln -



MPS CS: TRAD PROP & CLIENT DRIVEN  
- VaR 99% 1 day in EUR/mln -



MPS Group: Trading Book Effective Back Testing



### VaR Dynamic

In 2018, the market risks of the Group's Regulatory Trading Portfolio shows, in terms of VaR, a trend influenced by the subsidiary MPS Capital Services for Trading and Client Driven activities (structuring and hedging activities), mainly in Credit Spread and Interest Rate sectors (transactions in Italian Government securities and derivatives, mainly long futures and interest rate future options), and to a lesser extent in the Equity sector (options and equity futures on main equity indices).

In October it is recorded a consistent decrease: 8€/mln by the end of Oct2018 vs about 10.5€/mln by the end of Sept2018 (Decrease in VaRALL and VaRCS of about 2.5 €/mln and 2 €/mln respectively); The volatility of VaR is due to both changes in market parameters and trading activities of the subsidiary MPS Capital Services (mainly on short term Italian Government bonds and related hedge on mid-long term btp futures – reduction of Italy's credit sensitivity of about 65k).

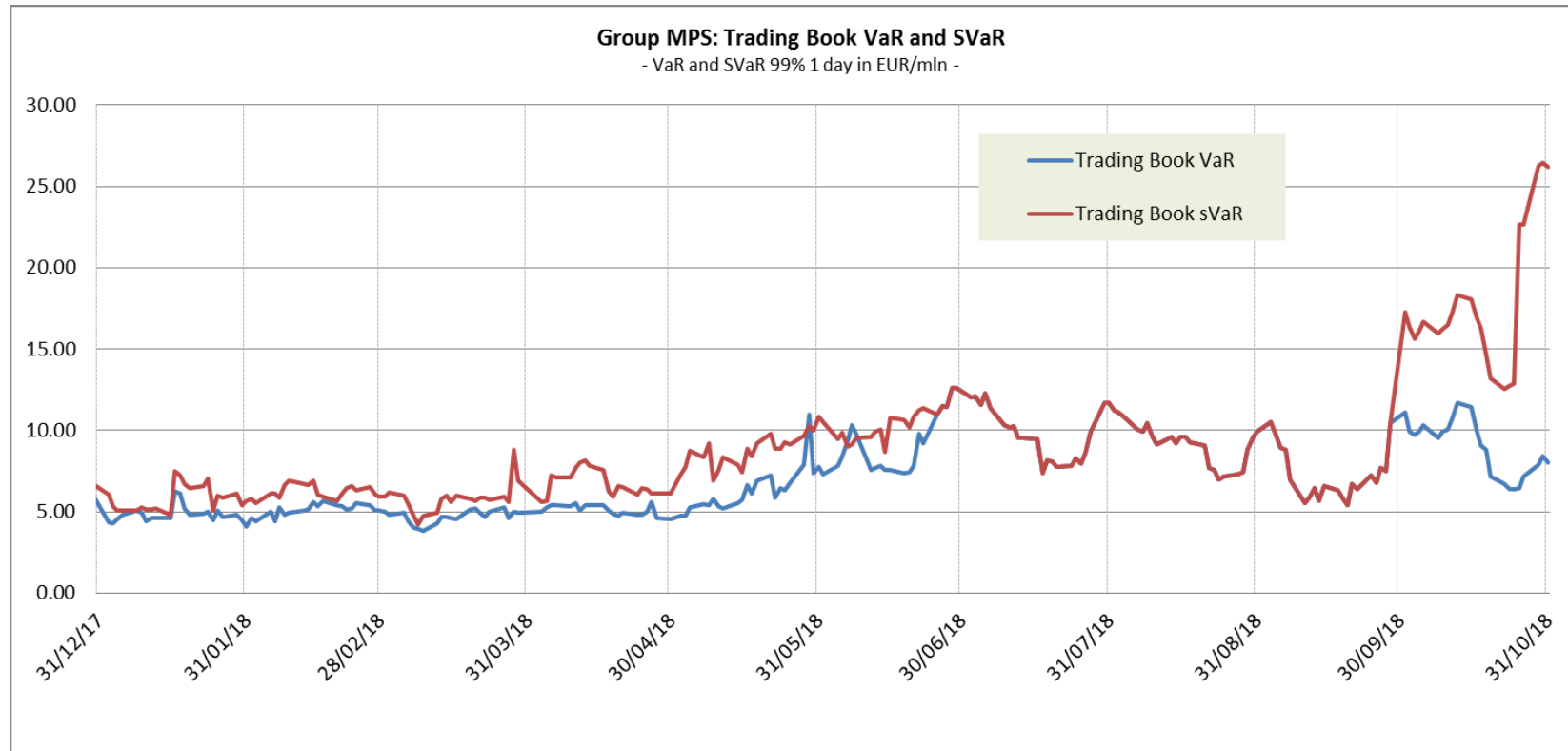
The **VaR breakdown** upon Risk Factor categories shows that CS is the most relevant risk factor, accounting for 65% of GMPS TB gross VaR, whereas EQ accounts for 15.9%, IR for 13.9%, FX for 2.6% and CO for 2.6%.

### GMPS TB Back Testing Analysis

Five breaches recorded during 2018, due to the worsening of Italian credit spread started from the second half of May (breaches on May 25, 28, 29 and June 06, 21).



## Allegato Sezione 5 – Update of Risk Exposure: Trading Book sVaR



- The increase of VaR and Stressed VaR measures starting in the second half of May18 is entirely driven by the widening of Italian credit spread.
- Starting on 25/06/2018 to 30/09, Stressed VaR and Point In Time (PIT) VaR coincide, since sVaR was prudentially floored to PIT VaR, to take into account recent, severe scenarios not yet incorporated in stressed VaR scenario quarterly updated “selection window”.
- Starting in October it is recorded a sharp divergence between VaR and sVaR. This is caused by the inclusion of recent severe scenarios in sVaR selection window, (May 2018 - June 2018), related to the worsening of the Italian Credit Spread.



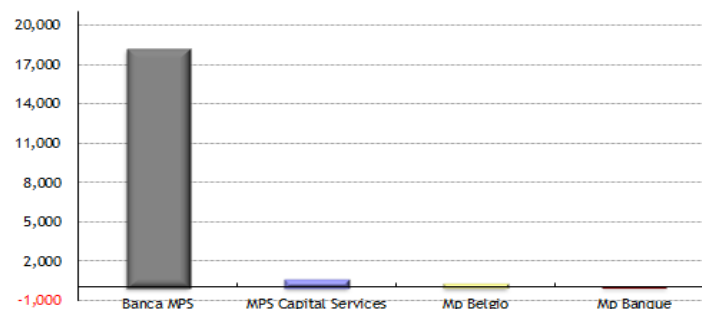
## Allegato Sezione 5 – Update of Risk Exposure: GMPS Banking Book Portfolio composition

### Mps Group: Banking Book Portfolio Analysis

Market Value in EUR/mlin at 31.10.2018

Instruments	BB
Bond Portfolio	19,252.90
Credit Derivatives	0.00
Interest rate Derivatives	-235.80
Equity Portfolio	250.45
Equity Derivatives	0.00
Forex Derivatives	0.00
<b>Total</b>	<b>19,267.55</b>

MPS Group: Banking Book Global Portfolio Analysis  
Market Value in EUR/mlin at 31.10.2018



- **MPS Group Banking Book:** market value at 31-10-2018 is about 19.27 €/bn (19.25 €/bn of Bond Portfolio positions). The main exposure is represented by Italian Sovereign Bonds (accounting category OCI for about 72%) in the Strategic Portfolio. Banking Book portfolio is split into **Banca MPS** (18.18 €/bn), **MPS Capital Services** (680.5 €/mlin), **MP Belgio** (342.1 €/mlin) and **MP Banque** (85.8 €/mlin) positions.

### Mps Group: Banking Book Portfolio P&L

EUR/mlin	31-03-2018	30-06-2018	30-09-2018	31-10-2018
Banca MPS	13.47	-511.37	-647.02	-741.02
MPS Capital Services	-77.58	-81.25	-94.61	-105.45
<b>MPS Group</b>	<b>-64.11</b>	<b>-592.62</b>	<b>-741.63</b>	<b>-846.47</b>

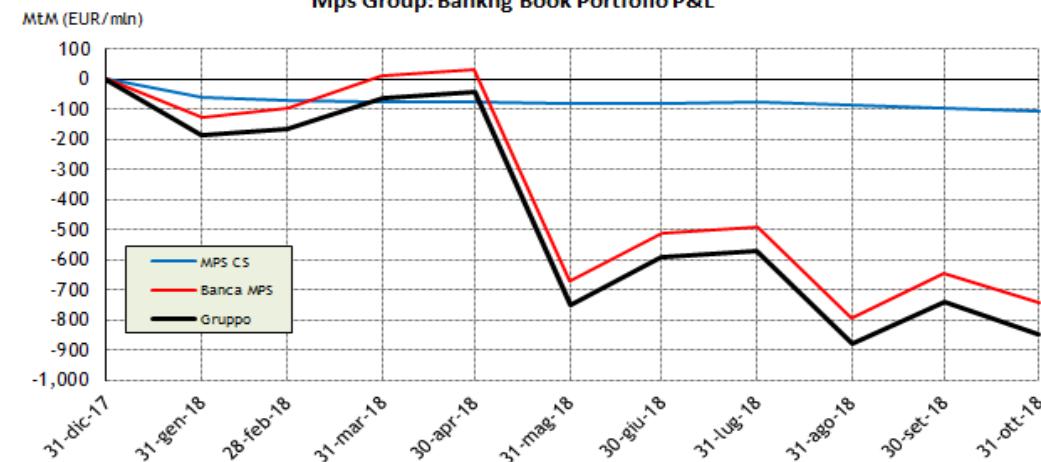
- **MPS Group Banking Book P&L** (mark-to-market) at the end of October 2018 is about -846.47 €/mlin, of which -105.45 €/mlin on MPS Capital Services and -741.02 €/mlin on Banca MPS. The delta P&L is due to mainly to the worsening Italian credit spread on the medium-term (+25 bp asw spread 10y) for Banca MPS( about -90 €/mlin) and in MPS Capital Services is due to a decrease in BMPS equity (about -11 €/mlin).

MPS GROUP - SENSITIVITIES BOND BB FVOCI		Profile	Appetite	Appetite - Profile
Portfolio	Sensitivity	ott-18	dic-18	Δ
Sov Ita	+1bp CR	-3.03	-3.83	-0.79
	+1bp IR	-1.19	-1.30	-0.11
Sov Other	+1bp CR	-0.11	-0.43	-0.31
	+1bp IR	-0.10	-0.06	0.04
Corp&Fin	+1bp CR	-0.23	-0.44	-0.21
	+1bp IR	-0.24	-0.45	-0.21

€/mlin

- **GMPS BB Sensitivities:** IR short sens. exposure is in line with Appetite target for the end of 2018. CS short sens. exposure is lower than Appetite target.

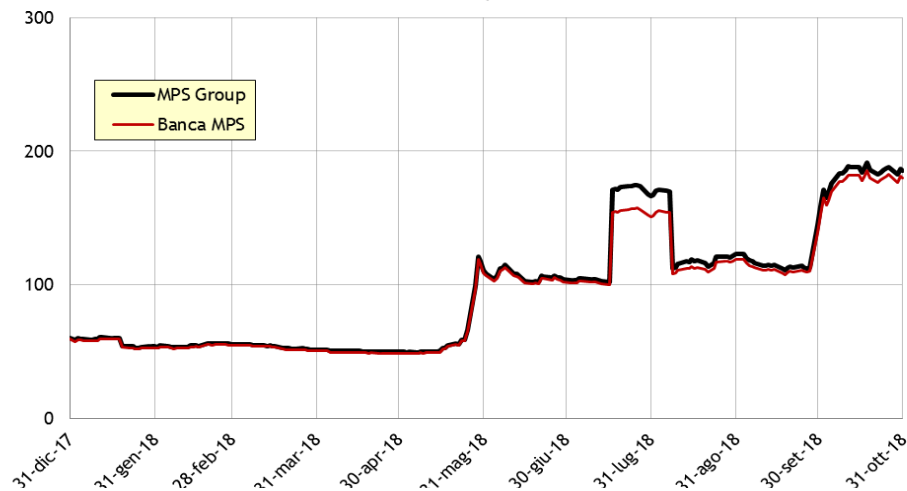
### Mps Group: Banking Book Portfolio P&L



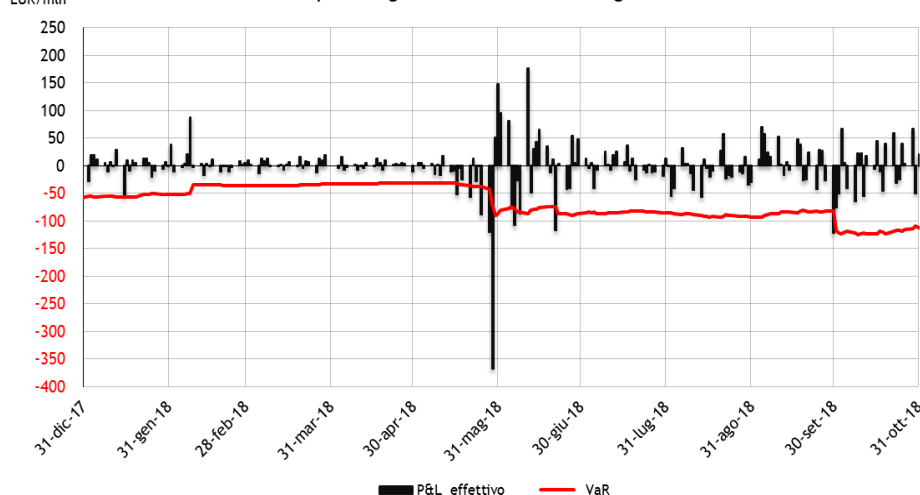


## Allegato Sezione 5 – Update of Risk Exposure: GMPS Banking Book VaR

MPS Group: Banking Book VaR  
- VaR 99% 1 day in EUR/mln -



MPS Group: Banking Book effective Back testing



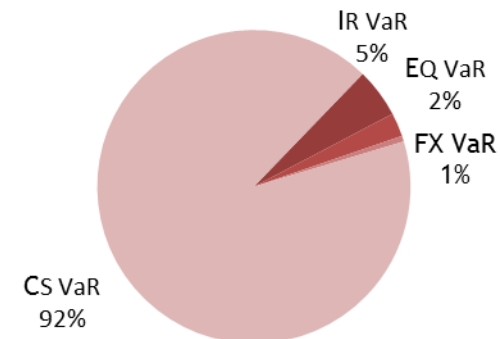
Mps Group:Banking Book Portfolio VaR

Values in EUR/mln	31/12/2017	30/03/2018	30/09/2018	31/10/2018
Banca MPS	59.56	50.46	139.21	180.04
MP Belgio	0.91	0.87	2.27	2.23
MPS Capital Services	0.00	0.30	2.76	2.50
MP Banque	0.09	0.09	0.14	0.11
<b>MPS Group</b>	<b>60.39</b>	<b>51.43</b>	<b>145.00</b>	<b>185.53</b>

**MPS Group Banking Book VaR:** risk exposure of the MPS Group portfolio is almost entirely associated to the Parent Company portfolio.

In October we recorded a sharp increase in BB VaR: 185 €/mln end-Oct2018 vs about 145€/mln at end-Sept2018, mainly due to new operations in Italian government bonds held in AC. This activity has been done interest rate margin purposes.

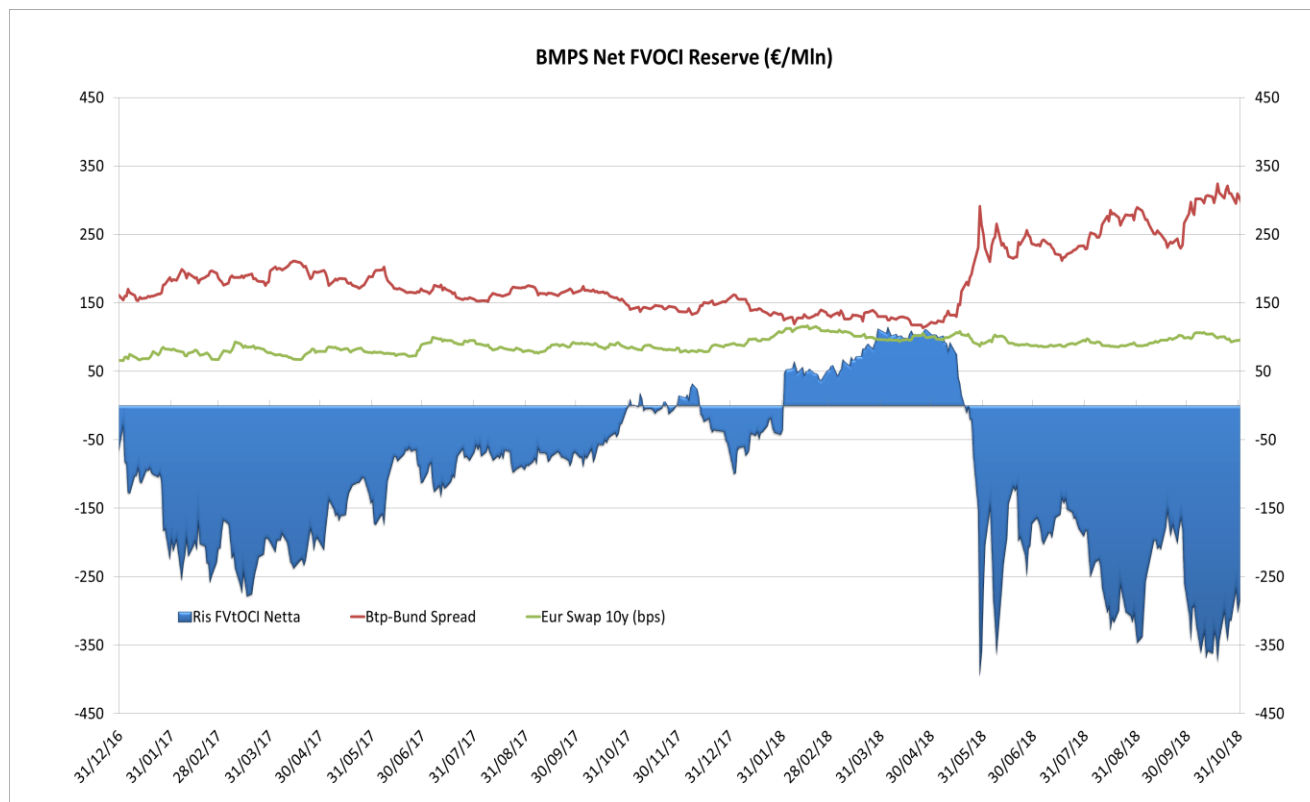
**Risk composition:** Credit spread is the most relevant risk factor (92% of gross GMPS BB VaR) followed by Interest Rate (5%), Equity (2%), and Forex (1%).



**GMPS BB Back Testing Analysis:** Ten breaches recorded during 2018, due to the worsening of Italian credit spread starting from the second half of May (breaches on May 16-21-25-28-29, June 05-06-08-21 and September 30). No breaches in October.



## Allegato Sezione 5 – Update of Risk Exposure: BMPS - FVOCI Reserve Trend up to 31.10.2018



### Gross Reserve on BMPS FVOCI Securities

- Gross FVOCI Reserve in late October 2018 is at about -461.49 €/mln with a decrease of about -52.6 €/mln compared to the end of September 2018 (-408.84 €/mln); the decrease is due to a combined effect: a raise of 10y Asw Spread of about 27 bps and a decrease of 10Y Eur Swap of about 4 bps.

Date	Grooss Oci Reserve	Net Oci Reserve	CDS Ita 5Y	Spread BTP/BUND	Asw Spread 10y	Eur Swap 10y
31-dic-17	-59.41	-40.10	118.37	154.10	125.26	0.90
31-gen-18	93.71	63.26	97.14	132.20	98.98	1.06
28-feb-18	94.18	63.57	98.51	131.31	93.41	1.09
31-mar-18	165.34	111.60	101.74	129.70	83.16	0.96
30-apr-18	148.63	100.33	89.81	121.60	80.40	0.99
31-mag-18	-413.77	-279.29	233.04	250.60	183.20	0.91
30-giu-18	-272.29	-183.80	218.69	236.30	172.39	0.87
31-lug-18	-284.35	-191.94	214.60	229.00	171.74	0.94
31-ago-18	-538.65	-363.59	265.38	289.40	218.78	0.87
30-set-18	-408.84	-275.97	249.66	266.10	204.77	0.99
31-ott-18	-461.49	-311.51	270.50	303.60	231.46	0.95

### GMPS Group: FVtOCI Italy Sovereign Bond

Nominal Amount EUR/mln - Duration Years

Date	Net Open Position	Modified Duration
31-Dec-17	12,892	3.55
31-Mar-18	12,342	2.82
30-Jun-18	12,891	2.64
31-Jul-18	12,891	2.55
30-Aug-18	12,691	2.47
30-Sep-18	12,530	2.44
31-Oct-18	10,525	2.65





