



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

Credit Risk Reporting

update as of 30 June 2018

Direzione Chief Risk Officer
Area Lending Risk Officer

August, 2018

Executive Summary – key points of 1H2018

In the first semester of 2018 the performing portfolio and the non performing portfolio highlight two different dynamics.

- ❑ Regarding the performing portfolio we can observe a lot of positive signal, among which:
 - ❑ the default flow, 645 mln in the first semester lower than the budget value of 825 mln and of 2,2 bln on a yearly basess (2017)
 - ❑ the quality of the new lending in term of the probability of default equal to 1,13%, against a goal of 1,7% and the 1,24% in the 2017
 - ❑ volumes of new lending equal to 6 bln in line with the budget of 6,3 bln.

The only signals of alert are due to the different mix of new lending, more focused on corporate management expectations (+0,6 bln) and less on retail management (-0,9 bln), with consequent lower secured loans deriving from mortgage loans and worsening of the average lgd rate of the portfolio. We can observe furthermore a worsening of the average pd of performing customers both at the beginning and at the end of the first half of 2018, for about +9 bps, entirely due to the deterioration of the creditworthiness of a limited number of corporate counterparties.

- ❑ Regarding the Non performing portfolio we can detect points of improvements :
 - ❑ the improvement of the Cure Rate of Utop, Restructured and Rischio Anomalo Loans. Nevertheless the value observed is not in line either with the cure rate achieved by the peers or with the Budget
 - ❑ the management of the Loans classified to Bad Loans by Centrale Rischio but not by MPS Group; the trend observed (a growing of 20 mln from the beginning of the current year) is opposite to the Utop's one (reduction of 1,1 bln in the 1H of 2018, from 11,5bln to 10,4 bln)
 - ❑ the management of the Utop's portfolio (increased of about 100 mln on loans with vintage>60 months)
 - ❑ the improvement of the Recovery rate on the Bad loans portfolio, which is been affected by a delay of the Juliet's start, and the conclusion of the Valentine's securitization

Positive trend of the Utop's reduction, from 185 in the 1Q to 659 in the 1H with low disposal 's cost.

Consequently the Cost of the Credit is under the budget by about 80 million (mainly due to the lower flows of default) and the Rwa of Performing portfolio is over budget because of the less weight of the secured portfolio , the greater concentration of new exposures on Large Corporate and PMI and the slightly increase of the probability of the default on the stock of performing portfolio at the beginning of 2018.



Total Credit Portfolio: AIRB and Standard

Values in €/mln, regulatory risk measures	RWA by Portfolio							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
Standard	7.543	7.448	7.358	7.229	7.050			-2,48%	-6,54%	7.057
- of which Performing	6.580	6.493	6.382	6.213	6.272			0,94%	-4,68%	6.169
- of which Non-Performing	963	955	976	1.016	778			-23,38%	-19,22%	888
AIRB	26.631	27.238	27.250	27.294	30.475			11,66%	14,44%	34.544
- of which Performing	26.631	27.238	27.250	27.294	27.555			0,96%	3,47%	28.487
- of which Non-Performing	0	0	0	0	2.920			0,00%	0,00%	6.058
TOTAL	34.173	34.687	34.608	34.523	37.525			8,70%	9,81%	41.601

Perimeter: MPS, MPS CS, MPS LF, WIDIBA

Values in €/mln, regulatory risk measures	EAD by Portfolio							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
Standard	22.049	16.330	16.081	17.075	18.076			5,86%	-18,02%	19.231
- of which Performing	21.027	15.337	15.069	16.048	17.260			7,55%	-17,92%	17.555
- of which Non-Performing	1.022	993	1.012	1.027	816			-20,56%	-20,15%	1.676
AIRB	105.671	106.133	106.167	106.405	83.530			-21,50%	-20,95%	79.022
- of which Performing	62.863	63.750	63.811	64.184	64.638			0,71%	2,82%	64.194
- of which Non-Performing	42.809	42.383	42.355	42.221	18.892			-55,25%	-55,87%	14.828
TOTAL	127.721	122.463	122.248	123.481	101.606			-17,72%	-20,45%	98.253

Values in €/mln, regulatory risk measures	Shortfall							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18*	May-18	Jun-18	Sep-18	Dec-18			
Performing	-48	-314	-311	-294	-296			0,72%	519,89%	-242
Non-Performing	-7.059	-8.090	-8.423	-8.061	-1.723			-78,63%	-75,59%	-1386
PD	16	17	25	27	24			-11,17%	53,07%	27
UtoP	-517	-1.058	-945	-1.043	-602			-42,29%	16,28%	-461
Sofferenza	-6.557	-7.049	-7.503	-7.045	-1.145			-83,75%	-82,54%	-953
Total	-7.107	-8.404	-8.733	-8.355	-2.019			-75,84%	-71,59%	-1.628

Perimeter: MPS, MPS CS, MPS LF, WIDIBA

❑ **RWAs at 37,5 €/bn**, up by 3 €/bn (+8,70%) vs. May due to **RWAs of AIRB Non Performing Portfolio**. In particular, at the end of June has been introduced the RWAs on defaulted asset (UTP and Past due, while the RWAs on Bad Loans will introduce in July 2018) by 2,9 €/bn, that affect CLO Division by 2,7 €/bn and CCO Division by 0,2 €/bn;

- ❑ In June, **EAD** down by approx. 22 €/bn (-17,72%) vs. May, in particular:
- ✓ **CLO** down by 23 €/bn due to a reduction of Bad Loans in the Valentine perimeter;
 - ✓ **CFO** up by 1,3 €/bn due to the increase of the exposure vs. Bankit.

❑ In June, **Shortfall** up by 6,3 €/bn due to the reduction of Bad Loans in the Valentine perimeter and the introduction of the floor on the ELBE (with effect of +331 €/mln on EL)

* Shortfall as at April is affected by overestimation by approx. 300 €/mln

** In May the RWAs of standard non performing portfolio are affected by an error related to the calculation of provisions, excluding that they would be lower by approx. 25 €/mln

*** In June, EAD and Shortfall are calculated using temporary data which resulted in immaterial differences.



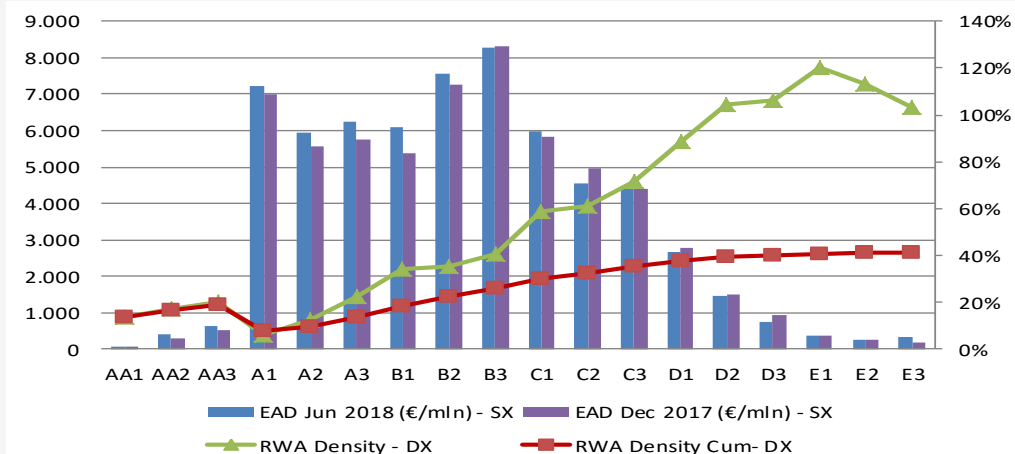
AIRB Performing Portfolio*: RWA Density by Rating Classes, PD and LGD Evolution

LGD Evolution

Values in €/mln,
regulatory risk measures

Values in €/mln, regulatory risk measures	Dec-17		Mar-18		Apr-18		May-18		Jun-18		Sep-18		Dec-18	
FINANCIAL COLLATERAL	406	0,7%	367	0,6%	367	0,6%	365	1%	360	1%				
LGD	0,00%		0,00%		0,00%		0,00%		0,00%					
REAL ESTATE COLLATERAL	37.051	60,4%	36.472	58,6%	36.393	58,5%	36.537	58%	36.775	58%				
LGD	16,15%		16,02%		16,01%		16,03%		16,02%					
PERSONAL GUARANTEES	1.226	2,0%	1.393	2,2%	1.445	2,3%	1.433	2%	1.404	2%				
LGD	37,43%		37,58%		37,78%		37,84%		37,89%					
UNSECURED	22.670	37,0%	23.955	38,5%	24.055	38,6%	24.278	39%	24.618	39%				
LGD	42,32%		42,32%		42,31%		42,32%		42,35%					
TOTAL EAD	61.352	100%	62.187	100%	62.260	100%	62.612	100%	63.157	100%				
AVERAGE LGD	26,14%		26,54%		26,58%		26,63%		26,68%					

RWA Density



PD Evolution

Values in €/mln,
regulatory risk measures

	EAD		AVG PD		
	Dec-17	Jun-18	Dec-17	Jun-18	Δ bps
Upgrading	10.900	10.974	3,13%	1,39%	-31
Stable	36.832	37.074	1,72%	1,65%	-5
Downgrading	11.291	11.291	1,91%	4,36%	45
Default flow	558	539	12,78%	100,00%	-10
Out	1.772	0	2,88%	0,00%	-2
Cured	346	316	100,00%	11,63%	5
New Inputs	0	3.502	0,00%	1,32%	-5
Total Performing	61.352	63.157	2,14%	2,12%	-2

- ❑ The Average LGD of AIRB performing Portfolio at 26,68% continues to grow (+5 bps vs. May; +14 bps vs. March) due to the increase of the weight of unsecured position (at 39% as at June);
- ❑ Average PD slightly improved vs. December 2017 (-2 bps): the contribution of position classified performing from begin of the year (+9 bps, affected by Downgrading on 11 €/bn of EAD with a PD increase of +245 bps from 2017 end) and the position cured (+5 bps) is substantially off-set by the benefit of default flows (-10 bps), outputs (-2 bps) and new production (-5 bps).
- ❑ Average RWA Density equal to approx. 41,4%.



Credit Portfolio: Performing and Non-Performing Exposures

Values in €/mln

		Dec-17 IAS39			Dec-17 FTA			Mar-18			May-18			Jun-18		
Stage 1		GBV	Provisions	Coverage	GBV	Provisions	Coverage	GBV	Provisions	Coverage	GBV	Provisions	Coverage	GBV	Provisions	Coverage
RATING	A	30.729	12,8	0,04%	30.729	8,6	0,03%	26.338	11,3	0,04%	27.995	10,7	0,04%	29.168	12	0,04%
	A**	24.117	12,8	0,05%	24.117	8,6	0,04%	24.516	11	0,05%	25.077	10,7	0,04%	25.391	11,5	0,05%
	B	22.339	54,1	0,24%	22.339	35,9	0,16%	22.477	31	0,14%	22.558	26,2	0,12%	23.146	28,3	0,12%
	C	11.229	81,0	0,72%	11.229	39,4	0,35%	11.523	37	0,32%	11.312	35,7	0,32%	11.326	47,3	0,42%
	D	840	21,3	2,53%	840	8,1	0,96%	870	10	1,11%	907	7,6	0,84%	932	7,8	0,83%
	E	57	6,4	11,08%	57	2,0	3,48%	60	2	3,08%	48	0,6	1,17%	51	1,5	2,98%
TOTAL**		58.582	175,5	0,30%	58.582	93,9	0,16%	59.447	90,6	0,15%	59.902	80,7	0,13%	60.845	96,4	0,16%

□ The month of June shows an increase in Stage1 of about +943 €/mln vs. May due to the growth of rating classes A and B. The provisions shows an increase (+3 bps) in particular on rating class C.

Values in €/mln

		Dec-17 IAS39			Dec-17 FTA			Mar-18			May-18			Jun-18		
Stage 2		GBV	Provisions	Coverage	GBV	Provisions	Coverage	GBV	Provisions	Coverage	GBV	Provisions	Coverage	GBV	Provisions	Coverage
RATING	A	870	1,3	0,15%	870	7,9	0,90%	1.068	8	0,71%	663	4,6	0,70%	678	5	0,71%
	A**	870	1,3	0,15%	870	7,9	0,90%	1.068	8	0,71%	663	4,6	0,70%	678	5	0,71%
	B	1.839	16,7	0,91%	1.839	36,7	1,99%	2.016	31	1,54%	2.199	33,2	1,51%	2.110	32	1,49%
	C	8.034	78,7	0,98%	8.034	233,7	2,91%	7.613	217	2,85%	7.672	214,7	2,80%	7.273	206	2,84%
	D	5.711	180,1	3,15%	5.711	341,9	5,99%	5.717	321	5,62%	5.413	300,2	5,55%	5.533	306	5,54%
	E	1.148	91,9	8,00%	1.148	124,2	10,81%	1.337	163	12,17%	1.358	167,9	12,37%	1.268	164	12,95%
TOTAL		17.602	368,7	2,09%	17.602	744,3	4,23%	17.751	739,6	4,17%	17.304	720,6	4,16%	16.862	713,2	4,23%

□ The month of June shows a decrease in Stage2 of about -442 €/mln vs. May mainly due to the decrease of exposures of positions that continue to be classified in Stage2.

Values in €/mln

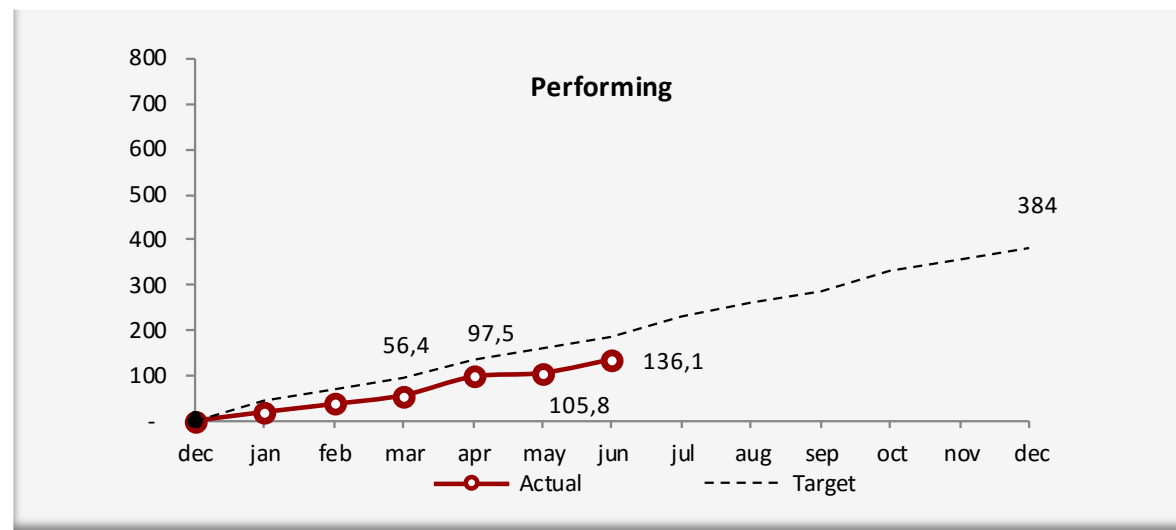
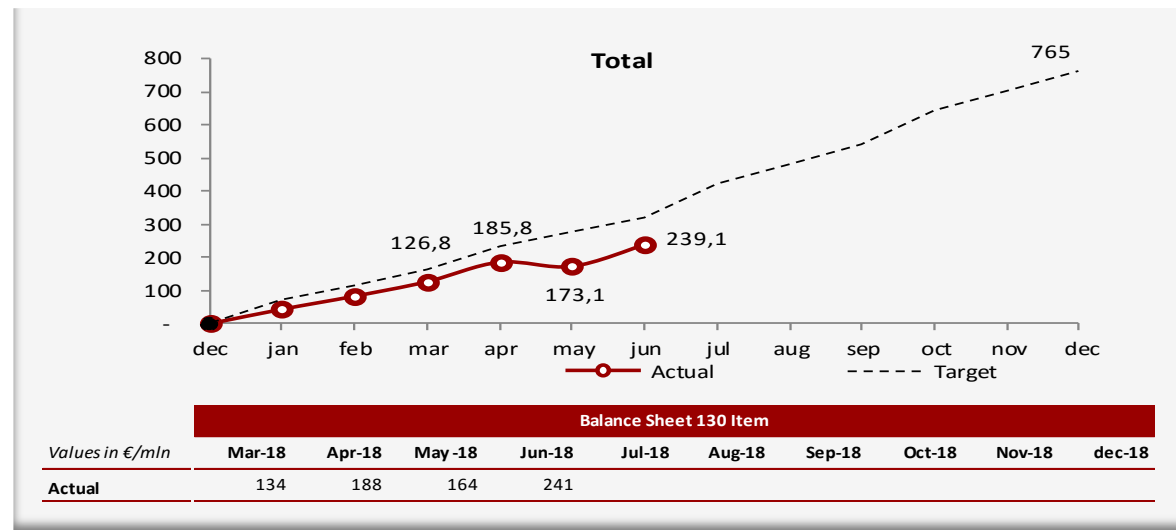
		Dec-17 IAS39			Dec-17 FTA			Mar-18			May-18			Jun-18		
Stage 3		GBV	Provisions	Coverage	GBV	Provisions	Coverage	GBV	Provisions	Coverage	GBV	Provisions	Coverage	GBV	Provisions	Coverage
DEFAULT	Past due	530	139,6	26,35%	530	194,8	36,79%	479	173	36,12%	542	187,0	34,48%	409	152	37,13%
	IP Rete	1.532	450,7	29,42%	1.532	553,5	36,13%	1.205	429	35,64%	1.011	347,7	34,40%	858	285	33,24%
	Ristrutturati	3.888	1.577,8	40,58%	3.888	1.701,7	43,76%	4.069	1.851	45,48%	4.005	1.816,1	45,34%	3.773	1.690	44,80%
	Massivo	774	302,5	39,07%	774	386,6	49,94%	986	476	48,33%	1.016	500,7	49,30%	1.038	529	50,92%
	Rischio Anomalo	5.312	2.331,8	43,90%	5.312	2.609,8	49,13%	4.929	2.446	49,63%	4.822	2.410,2	49,99%	4.774	2.323	48,66%
	Sofferenze ***	9.295	5.965,9	64,18%	9.295	6.567,4	70,65%	9.590	6.775	70,65%	9.779	6.865,0	70,20%	9.989	7.026	70,34%
TOTAL		21.332	10.768,3	50,48%	21.332	12.013,9	56,32%	21.257	12.150	57,16%	21.175	12.126,8	57,27%	20.841	12.005	57,60%

Budget format - Loans on/off balance sheet and related provisions both inclusive of default interest **net of exposures to Bankit ***net of Valentine Perimeter

□ The month of June shows an decrease in Stage3 of about -334 €/mln vs. May, in particular on the Restructured, IPRE and Rischio Anomalo but it shows an increase on the Bad Loans and related coverage .

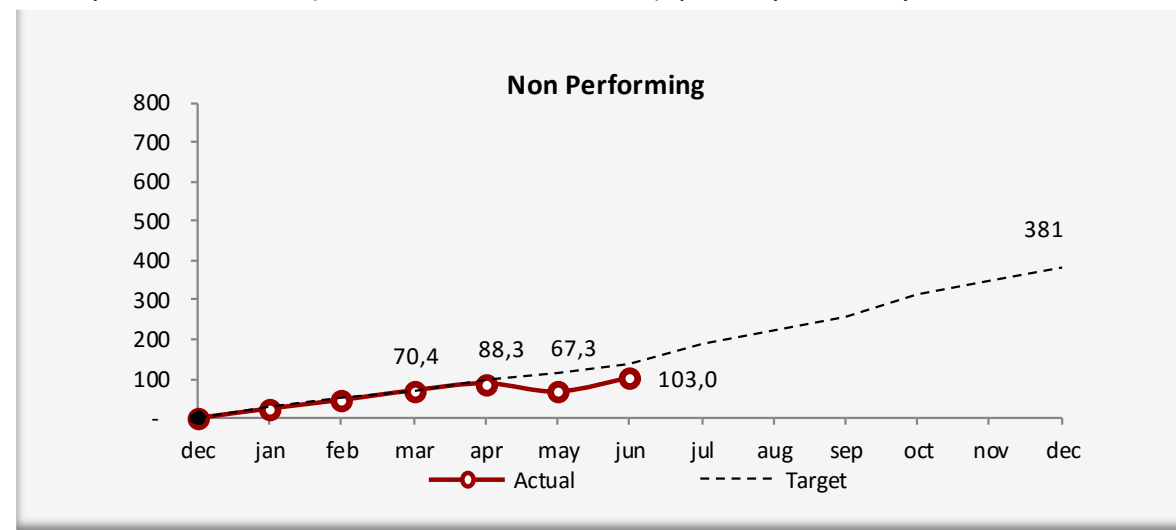


Net Loan Loss Provision: Cost of Performing and Non-Performing Loans

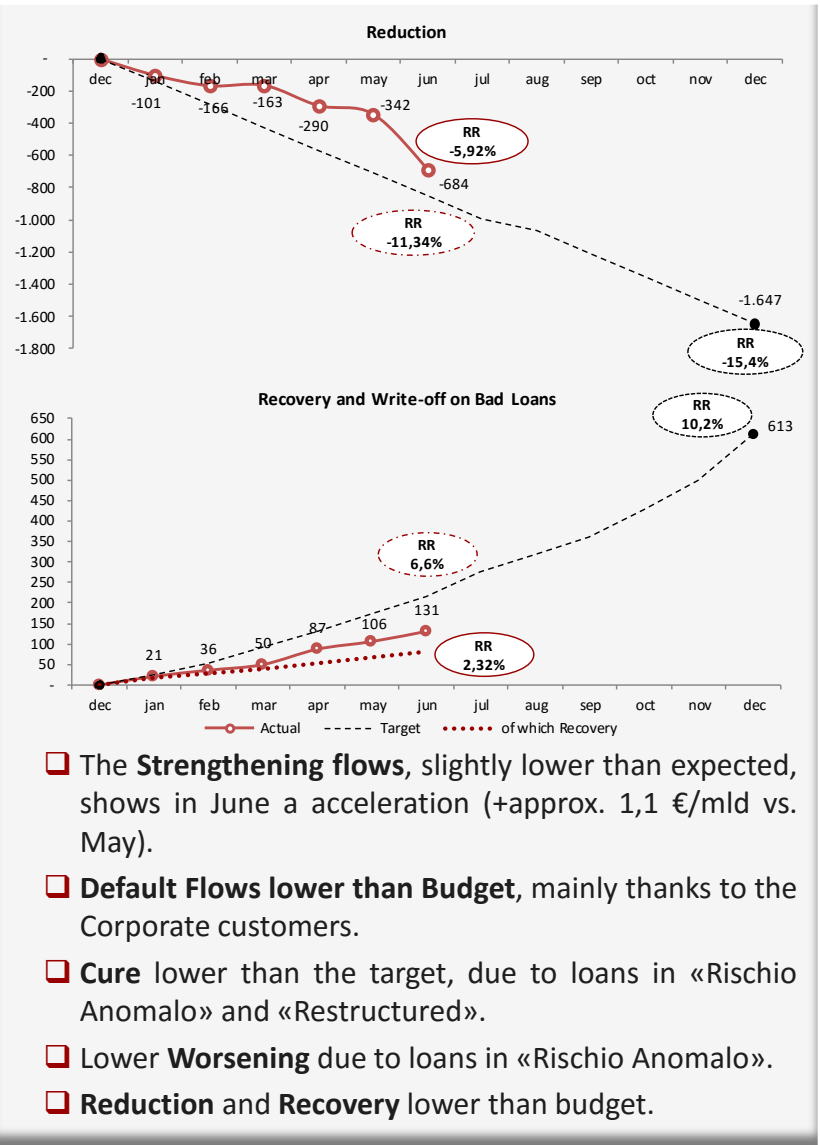
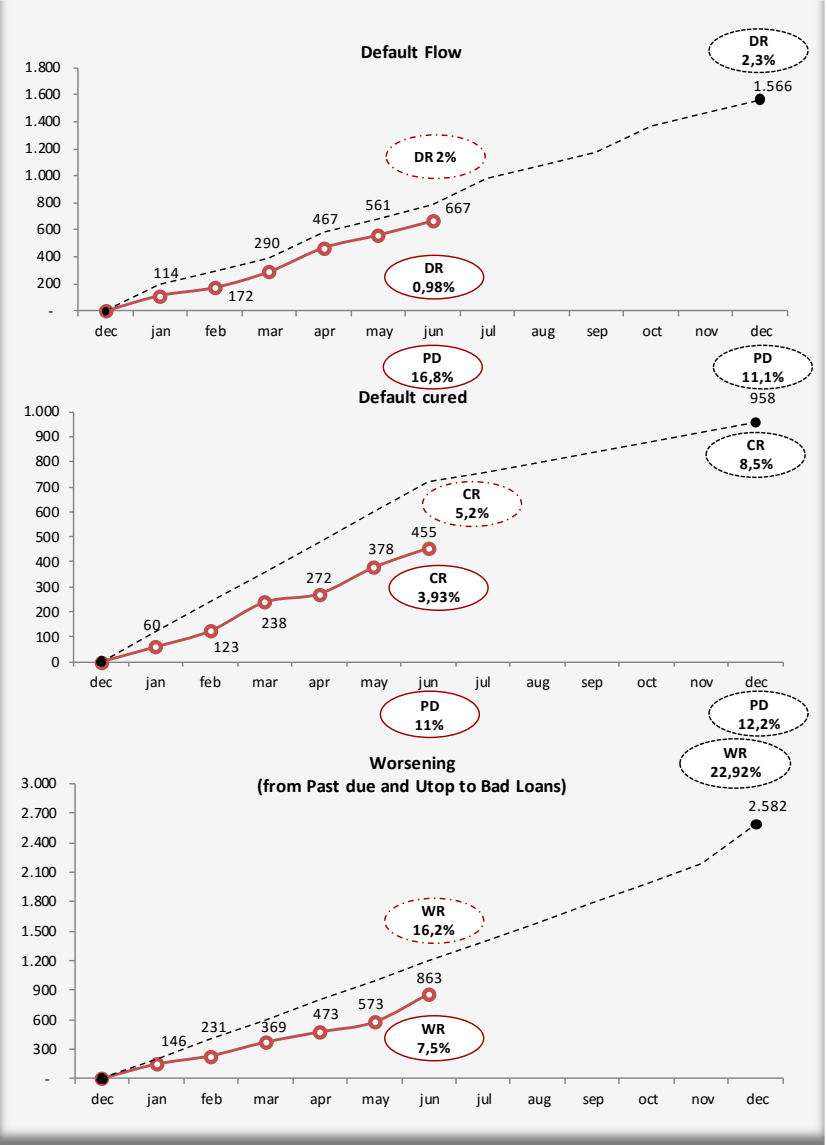
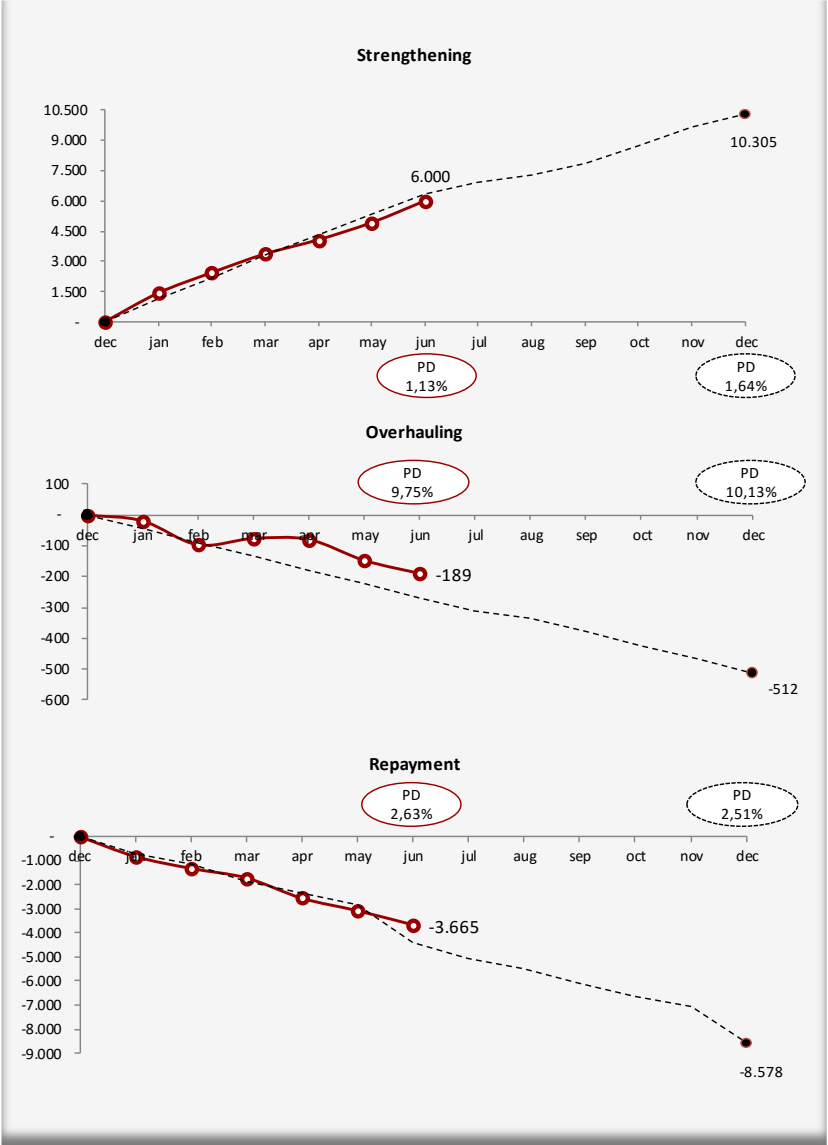


Net Loan Loss Provision as of June 2018 at 239,1 €/mln vs. 323,3 €/mln of the Budget, In particular:

- ✓ **Cost of the Performing Loans** at 136,1 €/mln vs. 187,8 €/mln of the Budget, mainly due to the default flow lower than expected;
- ✓ **Cost of the Non Performing Loans** at 103 €/mln vs. 135,4 €/mln of the Budget, mainly due to Worsening, partially off-set by Cure and Cost of Stable positions other by Bad Loans;
- ✓ **The month of June shows a cost of about +66 €/mln**, with **Performing Cost** at +30,3 €/mln and **non Performing** cost at +35,7 €/mln, due to the acceleration of the Worsening flows vs. the previous months, in particular to Bad Loans (+43,4 €/mln);
- ✓ **As at II Q18, Cost of Credit at 112,3 €/mln vs. 126,8 €/mln of IQ18** (165,8 €/mln excluding reversal of provision related to "Fidi Toscana"), with a decrease mainly due to the substantially null cost of worsening to UTP of II Q18 (51,6 €/mln on GBV by 355 €/mln as at 31/03/18 vs. -0,4 on GBV by 254 €/mln of the IIQ18) and stable positions in NPE (50,2 €/mln vs. 33,8 €/mln), partially off-set by the cost of default.



Dashboard: Parameters - Credit Policies*



- ❑ The **Strengthening flows**, slightly lower than expected, shows in June a acceleration (+approx. 1,1 €/mld vs. May).
- ❑ **Default Flows lower than Budget**, mainly thanks to the Corporate customers.
- ❑ **Cure** lower than the target, due to loans in «Rischio Anomalo» and «Restructured».
- ❑ Lower **Worsening** due to loans in «Rischio Anomalo».
- ❑ **Reduction and Recovery** lower than budget.

Actual annualized

* Included only on balance exposures and commercial exposures



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Actual
Target

Credit Risk Limits: Summary of limits breach

Risk Limits	Aggregation Level	FY17					EXPECTED SIGN	LIMITS			
			31/03/2018	30/04/2018	31/05/2018	30/06/2018		mar-18	jun-18	sep-18	dec-18
Cure Rate on UtoP Loans	CLO	4.04%	0.62%	0.78%	1.74%	2.13%	>	1.93%	3.86%	4.50%	5.15%
Reduction (Bad Loans)	CLO	1,231	49	87	106	131	>	83	196	330	558
Average Pd (Airb)	CCO	2.13%	2.17%	2.16%	2.13%	2.12%	<	2.08%	2.03%	1.98%	1.93%
Cured Exposures	CCO	270	180	195	226	249	>	126	252	294	336
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO	1,442	383	468	516	701	<	258	516	775	1,119
Exposures Amount (Performing)	CCO	72,262	73,444	73,162	73,463	73,900	<	74,016	73,816	73,616	73,416
Average Pd (Airb)	CCO Corporate	2.64%	2.73%	2.76%	2.73%	2.70%	<	2.58%	2.51%	2.45%	2.39%
Average Lgd (Airb)	CCO Corporate	37.54%	38.11%	38.18%	38.23%	38.31%	<	38.23%	38.23%	41.94%	41.94%
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Corporate	841	273	303	315	332	<	132	264	396	572
Exposures Amount (Performing)	CCO Corporate	32,853	34,074	33,919	34,137	34,488	<	33,398	33,298	33,198	33,098
Cured Exposures	CCO Retail	170	111	123	138	159	>	86	173	202	230
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Retail	601	109	164	201	368	<	123	246	369	533
Average Pd (Airb)	MPS CS	3.32%	3.18%	3.66%	3.57%	3.15%	<	3.22%	3.11%	3.01%	2.91%
Cure Rate on UtoP Loans	MPS CS	8.00%	1.43%	1.60%	2.18%	2.40%	>	2.34%	4.67%	5.45%	6.23%
Reduction (Bad Loans)	MPS CS	152	9	10	15	25	>	16	38	64	108
Exposures Amount (Performing)	MPS CS	4,435	4,504	4,492	4,476	4,398	<	4,514	4,393	4,271	4,150
Average Pd (Airb)	MPS LF	2.68%	2.74%	2.79%	2.91%	2.82%	<	2.68%	2.60%	2.51%	2.42%
Cure Rate on UtoP Loans	MPS LF	3.16%	0.91%	1.42%	2.11%	2.42%	>	1.56%	3.13%	3.65%	4.17%

The table above summarizes the limits breaches at 30/6/2018. It is confirmed the breaches already reported in May and it is noticed several new breaches mainly related to:

- Cure and Reduction (Bad Loans) continue to shows a trend lower than expected.
- Worsening towards UtoP/Bad Loans is affected by reclassification of several positions Past due and without forbearance measures from “IP RETE” to “Rischio Anomalo” and “Massivo”.
- Exposures Amount (Performing) is affected by repayment lower than budget in the month of June mainly for technical reasons (the last day of the month was non-working, consequently a lot of repayments was accounted in the first days of July).
- Average PD (Airb) mainly due to downgrading of some big counterparties.



Annexes



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Standard Portfolio: Performing (1/2)

Values in €/mln, regulatory risk measures	RWA							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	4.951	5.037	4.878	4.816	4.806			-0,20%	-2,92%	4.810
- of which Div. Corporate	3.805	3.814	3.753	3.675	3.675			0,00%	-3,41%	3.686
- of which Div. Retail	1.134	1.212	1.114	1.129	1.100			-2,57%	-2,97%	1.113
- of which Div. Wealth	12	11	11	12	31			166,45%	154,41%	11
WIDIBA	112	126	131	137	145			5,97%	28,78%	185
CLO	0	0	0	0	0			1045,07%	-82,67%	0
CFO	572	653	603	674	752			11,58%	31,29%	910
AD	943	678	770	588	569			-3,13%	-39,68%	264
TOTAL	6.580	6.493	6.382	6.213	6.272			0,94%	-4,68%	6.169

Values in €/mln, regulatory risk measures	RWA/EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	55,6%	54,7%	54,1%	53,3%	53,5%			0,3%	-3,7%	62,8%
- of which Div. Corporate	56,1%	55,6%	55,3%	54,1%	54,6%			0,9%	-2,6%	61,8%
- of which Div. Retail	53,8%	51,8%	50,5%	50,8%	49,7%			-2,2%	-7,6%	65,9%
- of which Div. Wealth	77,8%	75,8%	75,1%	73,2%	89,6%			22,4%	15,2%	75,8%
WIDIBA	45,4%	42,2%	42,0%	41,8%	41,8%			0,16%	-7,92%	46,3%
CLO	57,6%	100,0%	100,0%	100,0%	100,0%			0,0%	73,7%	0,0%
CFO	6,5%	14,9%	15,7%	12,3%	11,2%			-9,2%	70,4%	40,6%
AD	30,2%	46,7%	40,4%	48,4%	47,5%			-1,97%	57,36%	3,6%
TOTAL	31,3%	42,3%	42,4%	38,7%	36,3%			-6,15%	16,13%	35,1%

Standard Portfolio includes Specialized Lending

Values in €/mln, regulatory risk measures	EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	8.909	9.208	9.013	9.027	8.978			-0,54%	0,78%	7.664
- of which Div. Corporate	6.786	6.855	6.790	6.789	6.730			-0,87%	-0,82%	5.960
- of which Div. Retail	2.107	2.338	2.208	2.222	2.214			-0,36%	5,06%	1.690
- of which Div. Wealth	16	14	14	16	35			117,63%	120,81%	15
WIDIBA	247	298	311	327	346			5,80%	39,85%	399
CLO	0	0	0	0	0			1045,07%	-90,03%	0
CFO	8.742	4.380	3.838	5.480	6.736			22,91%	-22,95%	2.244
AD	3.129	1.451	1.908	1.214	1.199			-1,18%	-61,67%	7.248
TOTAL	21.027	15.337	15.069	16.048	17.260			7,55%	-17,92%	17.555

❑ In June RWAs up by 58 €/mln, mainly on CFO (+78 €/mln).

❑ EAD up by approx. 1,2 €/bn, mainly on **CFO** that up by 1,3 €/bn due to the increase of the exposure vs. Bankit (by approx. +860 €/mln). EAD also increased on Widiba due to the new mortgages.

The EAD increase, mainly on position zero risk weight, affects the evolution of RWA/EAD ratio (at 36,3% in June vs. 38,7% in May).



MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

Perimeter: MPS, MPS CS, MPS LF, Widiba

Standard Portfolio: Non-Performing (2/2)

Values in €/mln, regulatory risk measures	RWA							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	168	99	117	117	86			-25,91%	-48,66%	140
- of which Div. Corporate	38	26	39	43	27			-38,17%	-30,33%	50
- of which Div. Retail	130	73	78	74	60			-18,75%	-54,09%	90
- of which Div. Wealth	0	0	0	0	0			-2,09%	389,03%	1
WIDIBA	3	3	3	4	4			-1,24%	19,73%	3
CLO	791	852	855	895	688			-23,15%	-13,07%	694
CFO	1	0	0	0	0			-26,33%	-66,68%	44
AD	0	0	0	0	0			12,92%	8,20%	6
TOTAL	963	955	976	1.016	778			-23,38%	-19,22%	888

Values in €/mln, regulatory risk measures	EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	174	106	123	115	86			-25,50%	-50,71%	150
- of which Div. Corporate	44	30	42	39	27			-31,71%	-39,92%	46
- of which Div. Retail	129	76	80	76	59			-22,29%	-54,45%	104
- of which Div. Wealth	0	0	0	0	0			-2,86%	244,73%	0
WIDIBA	2	2	2	3	3			-4,17%	9,91%	3
CLO	845	884	887	909	728			-19,98%	-13,93%	1.485
CFO	1	0	0	0	0			-26,33%	-66,49%	32
AD	0	0	0	0	0			54,93%	381,47%	5
TOTAL	1.022	993	1.012	1.027	816			-20,56%	-20,15%	1.676

Values in €/mln, regulatory risk measures	RWA/EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	97,1%	93,5%	95,2%	101,6%	101,1%			-0,6%	4,2%	93,2%
- of which Div. Corporate	86,0%	86,7%	92,2%	110,1%	99,7%			-9,5%	16,0%	107,4%
- of which Div. Retail	100,9%	96,2%	96,7%	97,2%	101,7%			4,6%	0,8%	86,7%
- of which Div. Wealth	101,8%	143,1%	144,1%	143,2%	144,3%			0,8%	41,9%	132,9%
WIDIBA	129,9%	139,0%	138,3%	137,3%	141,5%			3,1%	8,9%	95,2%
CLO	93,6%	96,4%	96,5%	98,4%	94,5%			-4,0%	1,0%	46,7%
CFO	100,6%	100,0%	100,0%	100,0%	100,0%			0,0%	-0,6%	138,8%
AD	546,0%	133,2%	101,6%	168,4%	122,7%			-27,1%	-77,5%	117,3%
TOTAL	94,3%	96,2%	96,4%	98,9%	95,4%			-3,6%	1,2%	53,0%

□ In June, EAD and RWAs of standard portfolio down respectively by approx. -211 €/mln and -237 €/mln, mainly due to on CLO.

Standard Portfolio includes Specialized Lending



MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

Perimeter: MPS, MPS CS, MPS LF, Widiba

AIRB Portfolio: Performing (1/2)

Values in €/mln, regulatory risk measures	RWA							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	26.630	27.238	27.250	27.294	27.555			0,96%	3,47%	28.484
- of which Div. Corporate	18.268	19.020	19.047	19.103	19.389			1,50%	6,13%	19.489
- of which Div. Retail	8.237	8.095	8.078	8.066	8.036			-0,37%	-2,45%	8.870
- of which Div. Wealth	125	124	125	125	131			4,48%	4,81%	125
CLO	0	0	0	0	0			0,00%	0,00%	0
CFO	0	0	0	0	0			133,15%	-44,64%	0
AD	0	0	0	0	0			-83,11%	-80,24%	2
TOTAL	26.631	27.238	27.250	27.294	27.555			0,96%	3,47%	28.487

Values in €/mln, regulatory risk measures	EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	62.862	63.750	63.811	64.184	64.638			0,71%	2,82%	64.192
- of which Div. Corporate	25.466	26.489	26.528	26.785	27.126			1,27%	6,52%	26.159
- of which Div. Retail	36.847	36.731	36.756	36.873	36.977			0,28%	0,35%	37.457
- of which Div. Wealth	549	530	528	526	536			1,78%	-2,49%	576
CLO	0	0	0	0	0			0,00%	0,00%	0
CFO	0	0	0	0	0			31,89%	-84,97%	0
AD	0	0	0	0	0			-66,16%	-51,28%	2
TOTAL	62.863	63.750	63.811	64.184	64.638			0,71%	2,82%	64.194

Values in €/mln, regulatory risk measures	PD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	2,14%	2,17%	2,16%	2,13%	2,12%			-0,50%	-1,09%	1,81%
- of which Div. Corporate	2,64%	2,73%	2,76%	2,73%	2,70%			-1,16%	2,26%	2,25%
- of which Div. Retail	1,83%	1,79%	1,76%	1,73%	1,72%			-0,26%	-5,87%	1,52%
- of which Div. Wealth	1,73%	1,95%	2,03%	1,88%	2,06%			9,37%	18,91%	1,45%
CLO	0,00%	0,00%	0,00%	0,00%	0,00%			0,00%	0,00%	0,00%
CFO	0,13%	0,05%	0,00%	1,32%	1,84%			39,48%	1318,40%	0,13%
AD	3,81%	6,53%	1,92%	5,52%	5,19%			-6,04%	36,12%	2,43%
TOTAL	2,14%	2,17%	2,16%	2,13%	2,12%			-0,50%	-1,09%	1,81%

Values in €/mln, regulatory risk measures	LGD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	26,14%	26,54%	26,58%	26,63%	26,68%			0,21%	2,06%	28,84%
- of which Div. Corporate	37,54%	38,11%	38,18%	38,23%	38,31%			0,20%	2,04%	41,25%
- of which Div. Retail	18,82%	18,79%	18,79%	18,78%	18,71%			-0,39%	-0,61%	20,76%
- of which Div. Wealth	19,27%	19,23%	19,51%	19,45%	19,75%			1,54%	2,49%	19,06%
CLO	0,00%	0,00%	0,00%	0,00%	0,00%			0,00%	0,00%	0,00%
CFO	38,00%	46,41%	0,00%	45,24%	38,11%			-15,77%	0,29%	42,19%
AD	33,55%	11,09%	36,96%	32,90%	16,42%			-50,10%	-51,06%	44,40%
TOTAL	26,14%	26,54%	26,58%	26,63%	26,68%			0,21%	2,06%	28,84%

- ❑ In June, **RWAs of AIRB Performing Portfolio up by approx. 262 €/mln vs. May**, as well as the **EAD (+454 €/mln)**. The increase mainly due to on **Corporate Division** (+286 €/mln of RWAs vs. May and +341 €/mln of EAD) and on **Retail Division** whose EAD up by 104 €/mln. Compared to March, RWAs show an increase by approx. +317 €/mln due to the EAD (+888 €/mln), affected by the activity of the **CCO Division**.
- ❑ **Average Pd** at 2,12%, improves by 1 bps vs. May, with a decrease of **Corporate Division** (-3 bps, due to the correction of the rating of Milano Serravalle, wrong in the month of April and May) and of **AD** (-33 bps).



AIRB Portfolio: Non-Performing (2/2)

Values in €/mln, regulatory risk measures	RWA							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	0	0	0	0	247			0,00%	0,00%	292
- of which Div. Corporate	0	0	0	0	162			0,00%	0,00%	125
- of which Div. Retail	0	0	0	0	86			0,00%	0,00%	166
- of which Div. Wealth	0	0	0	0	0			0,00%	0,00%	2
CLO	0	0	0	0	2.673			0,00%	0,00%	5.765
CFO	0	0	0	0	0			0,00%	0,00%	0
AD	0	0	0	0	0			0,00%	0,00%	0
TOTAL	0	0	0	0	2.920			0,00%	0,00%	6.058

Values in €/mln, regulatory risk measures	EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	1.753	1.410	1.387	1.336	1.101			-17,57%	-37,18%	1.197
- of which Div. Corporate	746	499	494	471	421			-10,66%	-43,56%	407
- of which Div. Retail	1.004	909	891	862	678			-21,37%	-32,45%	780
- of which Div. Wealth	3	2	2	2	2			-5,52%	-32,44%	9
CLO	40.997	40.965	40.961	40.877	17.781			-56,50%	-56,63%	13.631
CFO	2	0	0	0	0			0,00%	-100,00%	0
AD	57	8	8	8	9			21,22%	-83,62%	0
TOTAL	42.809	42.383	42.355	42.221	18.892			-55,25%	-55,87%	14.828

Values in €/mln, regulatory risk measures	SHORTFALL							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18*	May-18	Jun-18	Sep-18	Dec-18			
CCO	56	-45	-32	-32	13			-140,57%	-76,42%	-9
- of which Div. Corporate	43	5	13	12	34			176,10%	-21,28%	15
- of which Div. Retail	12	-50	-45	-44	-21			-52,96%	-274,12%	-25
- of which Div. Wealth	0	0	0	0	0			-3,79%	-337,35%	1
CLO	-7.095	-8.041	-8.387	-8.032	-1.732			-78,43%	-75,59%	-1.378
CFO	0	0	0	0	0			0,00%	-100,00%	0
AD	-19	-4	-4	4	-4			-197,65%	-79,91%	0
TOTAL	-7.059	-8.090	-8.423	-8.061	-1.723			-78,63%	-75,59%	-1.386

Values in €/mln, regulatory risk measures	LGD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18			
CCO	28,55%	26,25%	25,96%	25,95%	29,65%			14,27%	3,85%	26,95%
- of which Div. Corporate	36,40%	33,43%	32,64%	32,18%	38,57%			19,85%	5,96%	36,06%
- of which Div. Retail	22,74%	22,33%	22,37%	22,65%	24,13%			6,54%	6,14%	22,41%
- of which Div. Wealth	19,54%	20,65%	20,92%	20,86%	20,87%			0,08%	6,82%	19,79%
CLO	49,72%	49,96%	51,39%	50,63%	47,16%			-6,84%	-5,14%	43,07%
CFO	71,01%	0,00%	0,00%	0,00%	0,00%			0,00%	-100,00%	37,72%
AD	67,20%	50,16%	50,13%	50,04%	42,73%			-14,61%	-36,42%	41,93%
TOTAL	48,86%	49,16%	50,94%	49,84%	46,12%			-7,47%	-5,61%	41,74%

- ❑ In June, RWAs of AIRB Non Performing Portfolio up by approx. 2,9 €/mld vs. May following the introduction, expected in IHH 2018, of the RWAs on defaulted assets.
- ❑ Shortfall down by 6,3 €/bn vs. May due to a reduction of Bad Loans in the Valentine perimeter and to the introduction of the floor on the ELBE which accounts by 331 €/mln.



AIRB Performing Portfolio: PD Evolution vs. 2017 Year-End (1/3)

Total					
Values in €/mln, regulatory risk measures	EAD		AVG PD		Δ bps
	Dec-17	Jun-18	Dec-17	Jun-18	
Upgrading	10.900	10.974	3,13%	1,39%	-31
Stable	36.832	37.074	1,72%	1,65%	-5
Downgrading	11.291	11.291	1,91%	4,36%	45
Default flow	558	539	12,78%	100,00%	-10
Out	1.772	0	2,88%	0,00%	-2
Cured	346	316	100,00%	11,63%	5
New Inputs	0	3.502	0,00%	1,32%	-5
Total Performing	61.352	63.157	2,14%	2,12%	-2

+ 9 bps

Corporate					
Values in €/mln, regulatory risk measures	EAD		AVG PD		Δ bps
	Dec-17	Jun-18	Dec-17	Jun-18	
Upgrading	4.160	4.331	3,27%	1,50%	-31
Stable	14.100	15.026	2,38%	2,18%	-12
Downgrading	4.706	4.829	2,33%	5,43%	59
Default flow	74	70	9,70%	100,00%	-2
Out	930	0	4,65%	0,00%	-7
Cured	72	61	100,00%	12,73%	3
New Inputs	0	1.413	0,00%	2,14%	-3
Total Performing	23.970	25.660	2,64%	2,70%	6

+ 16 bps

Retail					
Values in €/mln, regulatory risk measures	EAD		AVG PD		Δ bps
	Dec-17	Jun-18	Dec-17	Jun-18	
Upgrading	6.633	6.530	3,05%	1,32%	-31
Stable	22.450	21.778	1,32%	1,29%	-1
Downgrading	6.414	6.298	1,62%	3,56%	34
Default flow	165	158	13,60%	100,00%	-5
Out	1.170	0	4,24%	0,00%	-8
Cured	142	130	100,00%	13,33%	4
New Inputs	0	2.225	0,00%	1,27%	-3
Total Performing	36.832	36.962	1,83%	1,72%	-11

+ 2 bps

Wealth					
Values in €/mln, regulatory risk measures	EAD		AVG PD		Δ bps
	Dec-17	Jun-18	Dec-17	Jun-18	
Upgrading	100	94	3,09%	1,41%	-31
Stable	266	253	1,33%	1,36%	2
Downgrading	156	150	1,44%	3,87%	70
Default flow	1	0	3,06%	100,00%	0
Out	27	0	2,28%	0,00%	-1
Cured	0	0	100,00%	17,41%	1
New Inputs	0	38	0,00%	1,04%	-8
Total Performing	549	536	1,73%	2,06%	33

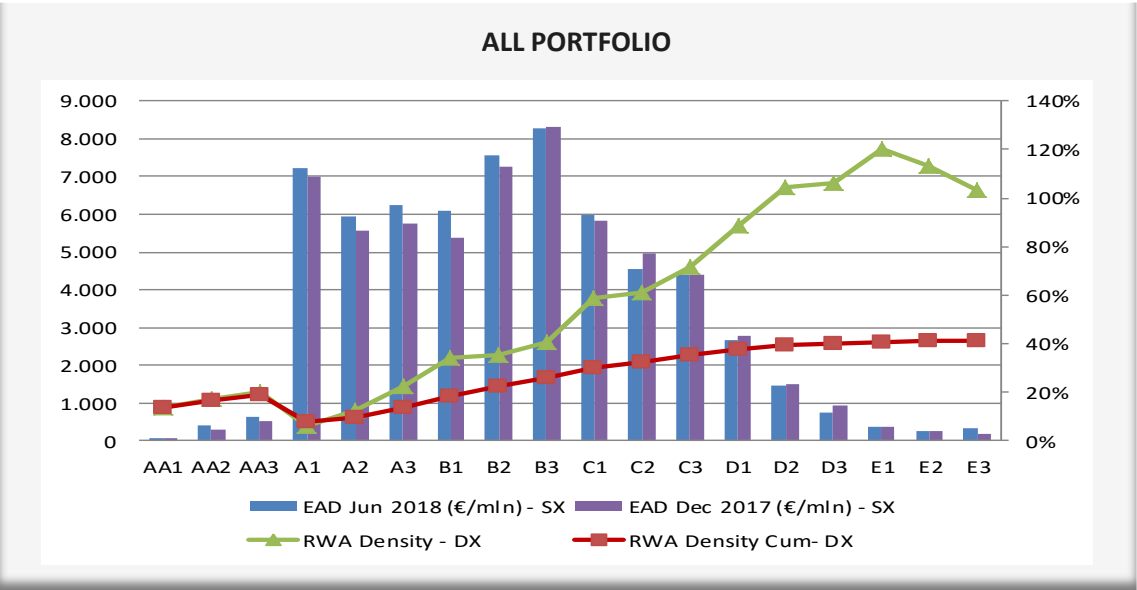
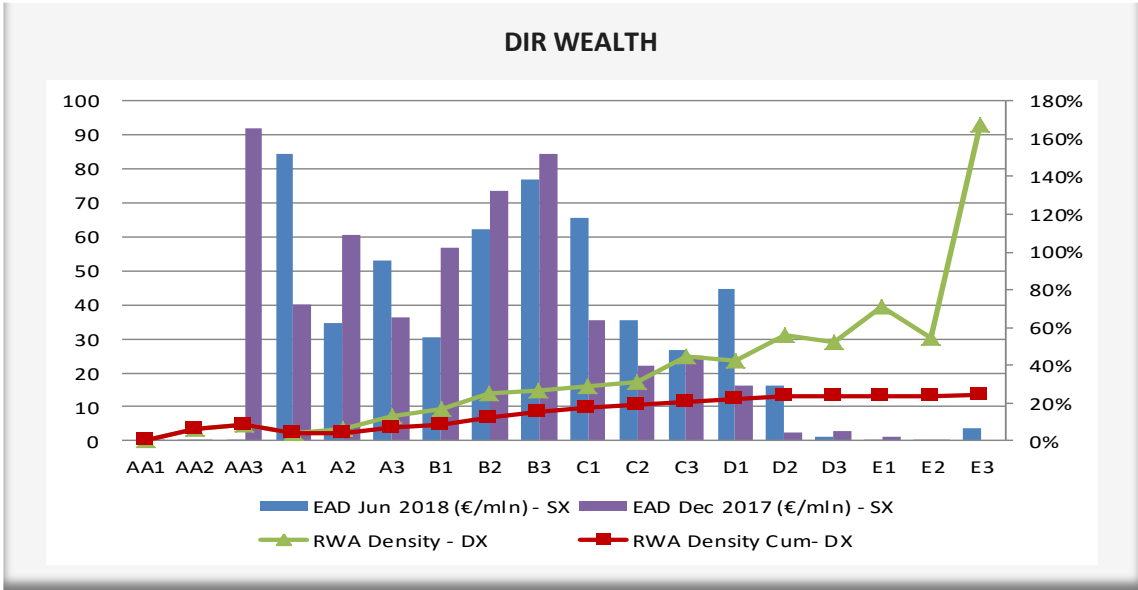
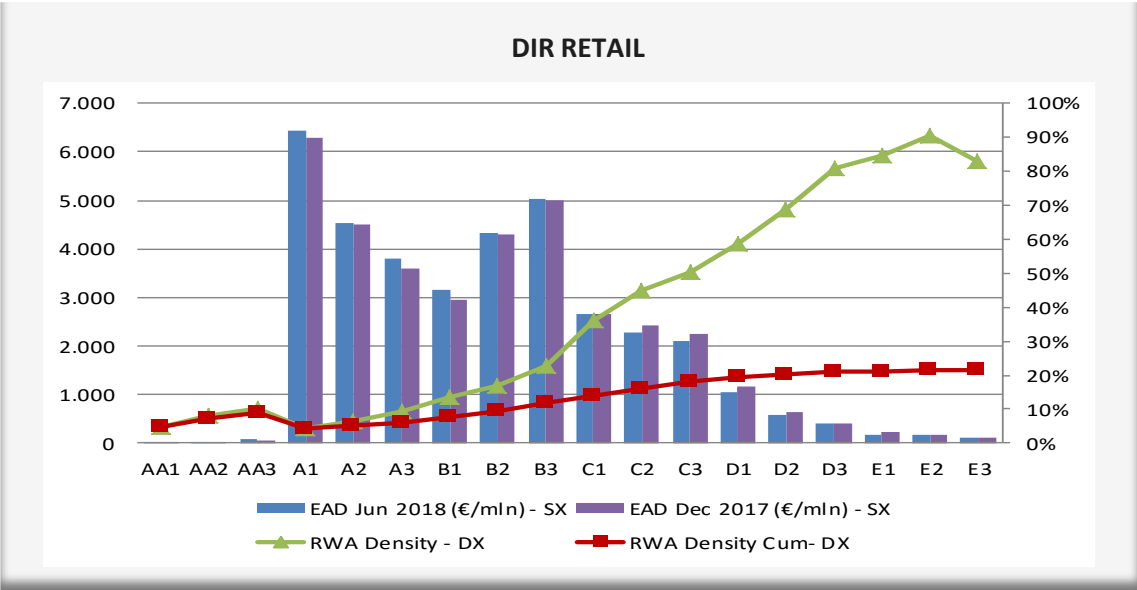
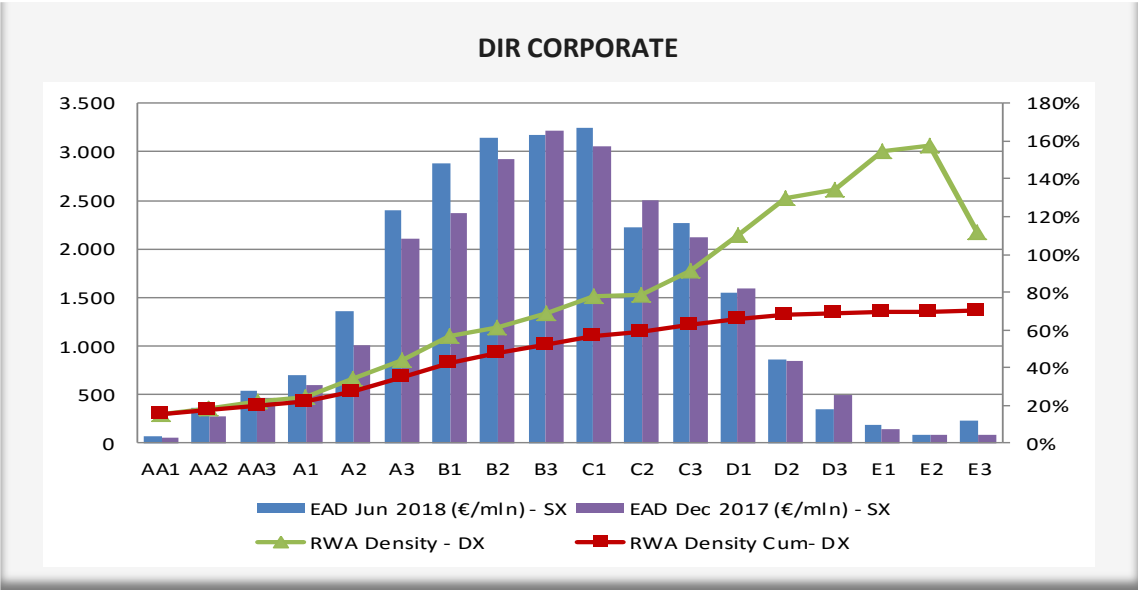
+ 41 bps

❑ **Average PD slightly improved vs. December 2017 (-2 bps):** the contribution of position classified performing from begin of the year (+9 bps, affected by Downgrading on 11 €/bn of EAD with a PD increase of +245 bps from 2017 end) and the position cured (+5 bps) is substantially off-set by the benefit of default flows (-10 bps), outputs (-2 bps) and new production (-5 bps).

❑ **PD Retail down by 11 bps; PD Corporate up by 6 bps,** due to an higher effect of downgrading (+59 bps) and lower effect of Default Flow (-2 bps).



AIRB Performing Portfolio: RWA Density by Rating Classes (2/3)



AIRB Performing Portfolio: LGD by type of Collateral (3/3)

	Total									
Values in €/mln, regulatory risk measures	Dec-17		Mar-18		Apr-18		May-18		Jun-18	
FINANCIAL COLLATERAL	406	0,7%	367	0,6%	367	0,6%	365	1%	360	1%
LGD	0,00%		0,00%		0,00%		0,00%		0,00%	
REAL ESTATE COLLATERAL	37.051	60,4%	36.472	58,6%	36.393	58,5%	36.537	58%	36.775	58%
LGD	16,15%		16,02%		16,01%		16,03%		16,02%	
PERSONAL GUARANTEES	1.226	2,0%	1.393	2,2%	1.445	2,3%	1.433	2%	1.404	2%
LGD	37,43%		37,58%		37,78%		37,84%		37,89%	
UNSECURED	22.670	37,0%	23.955	38,5%	24.055	38,6%	24.278	39%	24.618	39%
LGD	42,32%		42,32%		42,31%		42,32%		42,35%	
TOTAL EAD	61.352	100%	62.187	100%	62.260	100%	62.612	100%	63.157	100%
AVERAGE LGD	26,14%		26,54%		26,58%		26,63%		26,68%	

	Retail									
Values in €/mln, regulatory risk measures	Dec-17		Mar-18		Apr-18		May-18		Jun-18	
FINANCIAL COLLATERAL	236	0,6%	215	0,6%	212	0,6%	209	1%	206	1%
LGD	0,00%		0,00%		0,00%		0,00%		0,00%	
REAL ESTATE COLLATERAL	29.326	79,6%	29.252	79,7%	29.239	79,6%	29.363	80%	29.578	80%
LGD	13,99%		13,96%		13,96%		13,98%		13,99%	
PERSONAL GUARANTEES	529	1,4%	597	1,6%	621	1,7%	606	2%	591	2%
LGD	37,54%		37,52%		37,53%		37,51%		37,48%	
UNSECURED	6.741	18,3%	6.651	18,1%	6.669	18,2%	6.676	18%	6.587	18%
LGD	39,05%		38,95%		38,83%		38,81%		38,80%	
TOTAL EAD	36.832	100%	36.716	100%	36.741	100%	36.853	100%	36.962	100%
AVERAGE LGD	18,82%		18,79%		18,80%		18,78%		18,71%	

	Corporate									
Values in €/mln, regulatory risk measures	Dec-17		Mar-18		Apr-18		May-18		Jun-18	
FINANCIAL COLLATERAL	122	0,5%	106	0,4%	109	0,4%	110	0%	109	0%
LGD	0,00%		0,00%		0,00%		0,00%		0,00%	
REAL ESTATE COLLATERAL	7.500	31,3%	7.005	28,1%	6.942	27,8%	6.962	28%	6.982	27%
LGD	24,70%		24,70%		24,72%		24,74%		24,71%	
PERSONAL GUARANTEES	694	2,9%	793	3,2%	821	3,3%	824	3%	810	3%
LGD	37,33%		37,61%		37,96%		38,07%		38,18%	
UNSECURED	15.654	65,3%	17.037	68,3%	17.119	68,5%	17.336	69%	17.758	69%
LGD	44,00%		43,88%		43,90%		43,89%		43,89%	
TOTAL EAD	23.970	100%	24.941	100%	24.991	100%	25.232	100%	25.660	100%
AVERAGE LGD	37,54%		38,11%		38,18%		38,23%		38,31%	

	Wealth									
Values in €/mln, regulatory risk measures	Dec-17		Mar-18		Apr-18		May-18		Jun-18	
FINANCIAL COLLATERAL	47	8,6%	45	8,6%	45	8,6%	46	9%	45	8%
LGD	0,00%		0,00%		0,00%		0,00%		0,00%	
REAL ESTATE COLLATERAL	224	40,9%	214	40,4%	212	40,2%	212	40%	214	40%
LGD	13,58%		13,37%		13,37%		13,39%		13,41%	
PERSONAL GUARANTEES	3	0,5%	3	0,6%	3	0,6%	3	1%	3	1%
LGD	40,95%		40,38%		40,62%		40,60%		40,06%	
UNSECURED	275	50,1%	267	50,4%	267	50,6%	265	50%	273	51%
LGD	26,99%		26,96%		27,45%		27,43%		27,73%	
TOTAL EAD	549	100%	530	100%	528	100%	526	100%	536	100%
AVERAGE LGD	19,27%		19,23%		19,51%		19,45%		19,75%	

❑ The Average LGD of AIRB performing Portfolio at 26,68% continues to grow (+5 bps vs. May; +14 bps vs. March) due to the increase of the weight of the corporate unsecured position.



MONTE DEI PASCHI DI SIENA
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Perimeter: MPS, MPS CS, MPS LF

Credit Portfolio – Transition Matrix

		GBV-Dec17							GBV-Jun18						
		State T1							State T1						
	Tot Stock T0	Bonis Stage1	Bonis Stage2	Past due/lp rete	lp r.a./lp ristr	Bad Loans	Client Out		Bonis Stage1	Bonis Stage2	Past due/lp rete	lp r.a./lp ristr	Bad Loans		
State T0	New Client	-							2.461	236	5	50	26		
	Bonis Stage1	58.582	53.843	3.338	51	34	14	1.304	55.395	3.143	40	22	5	Default Flow(T1)	645
	Bonis Stage2	17.602	3.031	13.678	245	257	69	322	2.965	13.086	242	257	80	Worsening(T1)	1.357
	Past due/lp rete	2.062	11	239	1.002	611	163	37	16	200	974	609	166	Cure(T0)	473
	lp r.a./lp ristr	9.974	6	209	5	8.714	559	481	8	192	4	8.558	582		
	Bad Loans	9.295	1	8	3	92	9.078	114	1	6	3	89	9.130		
	Total	97.516	56.891	17.471	1.306	9.707	9.884	2.257	60.845	16.862	1.267	9.585	9.989		
		GBV-Dec17 vs. Total Stock GBV-Dec17							GBV-Jun18 vs. Total Stock GBV-Dec17						
		State T1							State T1						
		Bonis Stage1	Bonis Stage2	Past due/lp rete	lp r.a./lp ristr	Bad Loans	Client Out		Bonis Stage1	Bonis Stage2	Past due/lp rete	lp r.a./lp ristr	Bad Loans		
State T0	Bonis Stage1	100,00%	91,91%	5,70%	0,09%	0,06%	0,02%	2,23%	94,56%	5,37%	0,07%	0,04%	0,01%		
	Bonis Stage2	100,00%	17,22%	77,71%	1,39%	1,46%	0,39%	1,83%	16,84%	74,34%	1,37%	1,46%	0,45%		
	Past due/lp rete	100,00%	0,52%	11,58%	48,59%	29,61%	7,92%	1,78%	0,76%	9,69%	47,23%	29,53%	8,04%		
	lp r.a./lp ristr	100,00%	0,06%	2,09%	0,05%	87,37%	5,61%	4,82%	0,08%	1,92%	0,04%	85,80%	5,83%		
	Bad Loans	100,00%	0,01%	0,08%	0,03%	0,99%	97,66%	1,23%	0,01%	0,06%	0,03%	0,96%	98,22%		
		GBV-Dec17 focused on Performing in T0							GBV-Jun18 focused on Performing in T1						
		State T1							State T1						
	Tot Stock T0	Bonis Stage1	Bonis Stage2	Past due/lp rete	lp r.a./lp ristr	Bad Loans	Client Out		Bonis Stage1	Bonis Stage2	Past due/lp rete	lp r.a./lp ristr	Bad Loans		
State T0	Stage 1	58.582	53.843	3.338	51	34	14	1.304	55.395	3.143	40	22	5		
	Stage 2	17.602	3.031	13.678	245	257	69	322	2.965	13.086	242	257	80		
	Tot Performing	76.185	56.874	17.016	296	291	83	1.625	58.359	16.229	281	279	85		
	% stage 1 on Tot	76,90%	94,67%	19,61%	17,07%	11,53%	16,90%	80,21%	94,92%	19,37%	14,13%	7,95%	5,63%		
	% stage 2 on Tot	23,10%	5,33%	80,39%	82,93%	88,47%	83,10%	19,79%	5,08%	80,63%	85,87%	92,05%	94,37%		
		%							%						
		State T1							State T1						
		Bonis Stage1	Bonis Stage2	Past due/lp rete	lp r.a./lp ristr	Bad Loans	Client Out		Bonis Stage1	Bonis Stage2	Past due/lp rete	lp r.a./lp ristr	Bad Loans		
Stage T0	Stage 1	100,00%	91,91%	5,70%	0,09%	0,06%	0,02%	2,23%	94,52%	5,36%	0,07%	0,04%	0,01%		
	Stage 2	100,00%	17,22%	77,71%	1,39%	1,46%	0,39%	1,83%	17,83%	78,69%	1,45%	1,55%	0,48%		
	Tot Performing	100,00%	74,65%	22,33%	0,39%	0,38%	0,11%	2,13%	77,57%	21,57%	0,37%	0,37%	0,11%		



MONTE DEI PASCHI DI SIENA
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*Net of Valentine Perimeter

**Net of exposures to Bankit

*** The GBV includes the loans that breach SPPI test

Stage 2 allocation criteria - Marginal contributions

GBV											
	Dec-17 IFRS9	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Past due	628.9	874.4	823.9	929.0	549.6						
Forborne	2,259.8	2,277.1	2,223.6	2,285.1	2,241.0						
High Risk	2,920.0	2,584.9	2,529.9	2,428.8	2,574.0						
Ebitda	1,886.7	1,873.1	1,824.8	1,676.4	1,726.9						
Riquallifica	4,489.1	3,976.8	4,015.5	3,777.7	3,637.0						
Quantitativo	5,417.7	6,164.9	6,136.4	6,207.1	6,133.6						
Totale	17,602.3	17,751.2	17,554.1	17,304.1	16,862.1	-	-	-	-	-	-

LLP IFRS9											
	Dec-17 IFRS9	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Past due	36.4	48.9	47.1	48.2	31.2						
Forborne	182.7	183.7	178.4	172.6	170.1						
High Risk	120.0	100.9	95.6	98.2	113.7						
Ebitda	51.6	45.5	42.8	40.1	44.7						
Riquallifica	221.0	210.2	224.6	209.4	204.3						
Quantitativo	132.6	150.5	145.0	152.2	149.4						
Totale	744.3	739.6	733.6	720.6	713.2	-	-	-	-	-	-

% PROVISIONING											
	Dec-17 IFRS9	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Past due	5.8%	5.6%	5.7%	5.2%	5.7%	-	-	-	-	-	-
Forborne	8.1%	8.1%	8.0%	7.6%	7.6%	-	-	-	-	-	-
High Risk	4.1%	3.9%	3.8%	4.0%	4.4%	-	-	-	-	-	-
Ebitda	2.7%	2.4%	2.3%	2.4%	2.6%	-	-	-	-	-	-
Riquallifica	4.9%	5.3%	5.6%	5.5%	5.6%	-	-	-	-	-	-
Quantitativo	2.4%	2.4%	2.4%	2.5%	2.4%	-	-	-	-	-	-
Totale	4.2%	4.2%	4.2%	4.2%	4.2%	-	-	-	-	-	-



Credit Portfolio: Non Performing Exposures by Vintage*

Values in €/mln	PAST DUE									
	Dec - 17 IAS 39		Dec - 17 FTA		Mar - 18		May - 18		Jun - 18	
	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage
0-6	207	23,10%	207	30,22%	232	25,94%	306	24,17%	207	24,29%
6-12	99	19,96%	99	28,27%	72	31,03%	65	31,77%	51	33,90%
>12	223	32,20%	223	46,67%	176	51,65%	172	53,85%	151	55,75%
TOTAL	530	26,35%	530	36,79%	479	36,12%	542	34,48%	409	37,13%

- Decrease of the Past Due on all vintage classes (-133 €/mln) vs. May, in particular on vintage class 0-6 month (-99 €/mln).

Values in €/mln	UtoP									
	Dec - 17 IAS 39		Dec - 17 FTA		Mar - 18		May - 18		Jun - 18	
	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage
0-12	1.830	39,47%	1.830	44,31%	1.809	47,94%	1.718	48,34%	1.722	46,59%
12-24	1.239	35,73%	1.239	41,74%	1.196	42,90%	1.137	43,06%	1.115	43,51%
24-36	1.353	37,50%	1.353	44,62%	1.307	43,40%	1.134	44,37%	976	45,72%
36-48	3.645	39,52%	3.645	44,40%	3.565	45,30%	3.559	45,26%	3.266	44,62%
48-60	1.660	46,03%	1.660	50,73%	1.557	51,08%	1.526	50,49%	1.460	48,65%
>60	1.779	44,17%	1.779	48,84%	1.755	48,13%	1.780	48,91%	1.904	48,62%
TOTAL	11.507	40,52%	11.507	45,72%	11.188	46,50%	10.854	46,76%	10.443	46,22%

- Decrease of Utop by approx. -411 €/mln vs. May in particular on vintage classes 24-48 months partially off-set by increase on vintage class >60 months.

Values in €/mln	BAD LOANS									
	Dec - 17 IAS 39		Dec - 17 FTA		Mar - 18		May - 18		Jun - 18	
	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage
1	3.917	59,93%	3.917	66,35%	4.069	65,96%	3.796	65,67%	3.690	63,68%
2	1.602	53,86%	1.602	60,91%	1.658	61,87%	2.044	61,06%	2.476	64,06%
3	647	58,08%	647	67,04%	664	67,46%	652	69,05%	563	71,91%
4	495	60,99%	495	68,06%	501	67,94%	532	69,38%	441	72,24%
5	408	66,80%	408	75,01%	417	75,41%	434	75,32%	527	72,36%
>5	2.227	81,10%	2.227	86,05%	2.281	86,04%	2.321	85,22%	2.293	86,62%
TOTAL	9.295	64,18%	9.295	70,65%	9.590	70,65%	9.779	70,20%	9.989	70,34%

- Increase of Bad Loans Portfolio by approx. +210 €/mln vs. May due to a acceleration on vintage class 2 years.



Addendum

The table shows the trend of the default flow observed from April 2018 onwards, open by vintage months of default, distinguished between positions in forbore with regular payment and remaining positions open between secured and unsecured. Finally, the floor of the addendum of pillar2 provided by the ECB from 2020 onwards are shown below.

		Vintage (months)												Total
		1	2	3	4	5	6	7	8	9	10	11	12	
Total	GBV	146,81	119,55	148,43	-	-	-	-	-	-	-	-	-	414,79
	Provision	43,61	37,93	44,17	-	-	-	-	-	-	-	-	-	125,71
	Coverage	29,70%	31,73%	29,76%										30,31%
Of Which Forborne Paying	GBV	8,84	6,88	13,84	-	-	-	-	-	-	-	-	-	29,56
	Provision	2,26	2,23	3,44	-	-	-	-	-	-	-	-	-	7,93
	Coverage	25,58%	32,38%	24,88%										26,83%
Of Which other Not Paying Secured	GBV	73,53	34,55	69,41	-	-	-	-	-	-	-	-	-	177,49
	Provision	14,13	6,04	15,76	-	-	-	-	-	-	-	-	-	35,93
	Coverage	19,22%	17,48%	22,71%										20,25%
Of Which other Not Paying Unsecured	GBV	64,44	78,12	65,18	-	-	-	-	-	-	-	-	-	207,73
	Provision	27,22	29,66	24,96	-	-	-	-	-	-	-	-	-	81,84
	Coverage	42,24%	37,97%	38,30%										39,40%

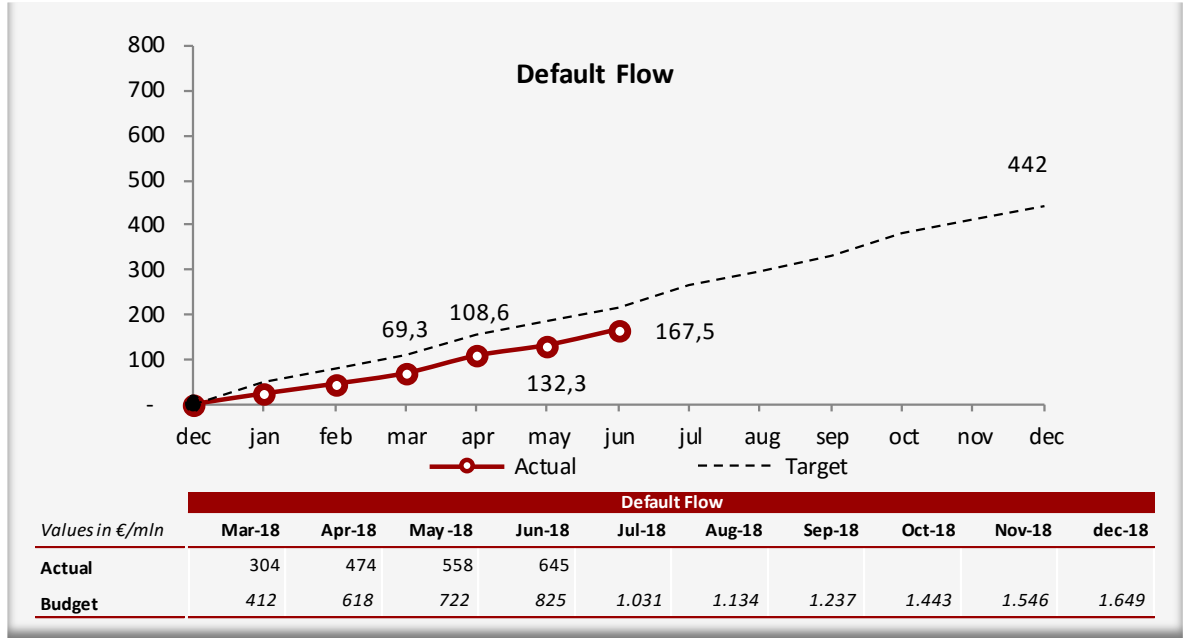
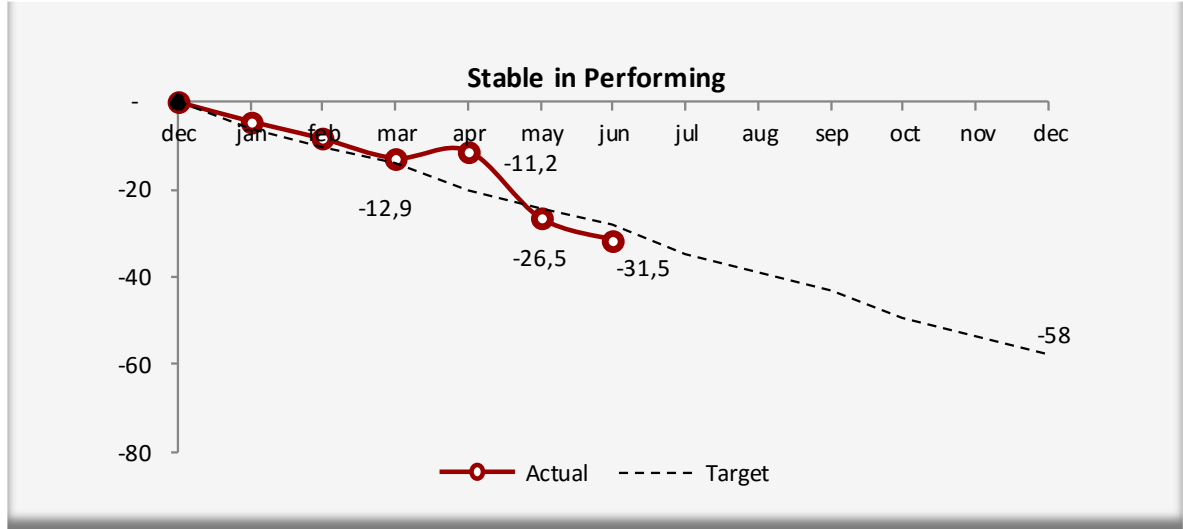
The table shown below summarizes the quantitative expectations of the SSM:

- the floor on the unsecured affected only from second year onwards, with 100% expected coverage;
- the floor on the secured affected only from third year onwards, with progressive coverage from initial 40% to 100% of the seventh year.

Expected time of application	Unsecured	Secured
After 2 years in default	100%	
After 3 years in default		40%
After 4 years in default		55%
After 5 years in default		70%
After 6 years in default		85%
After 7 years in default		100%



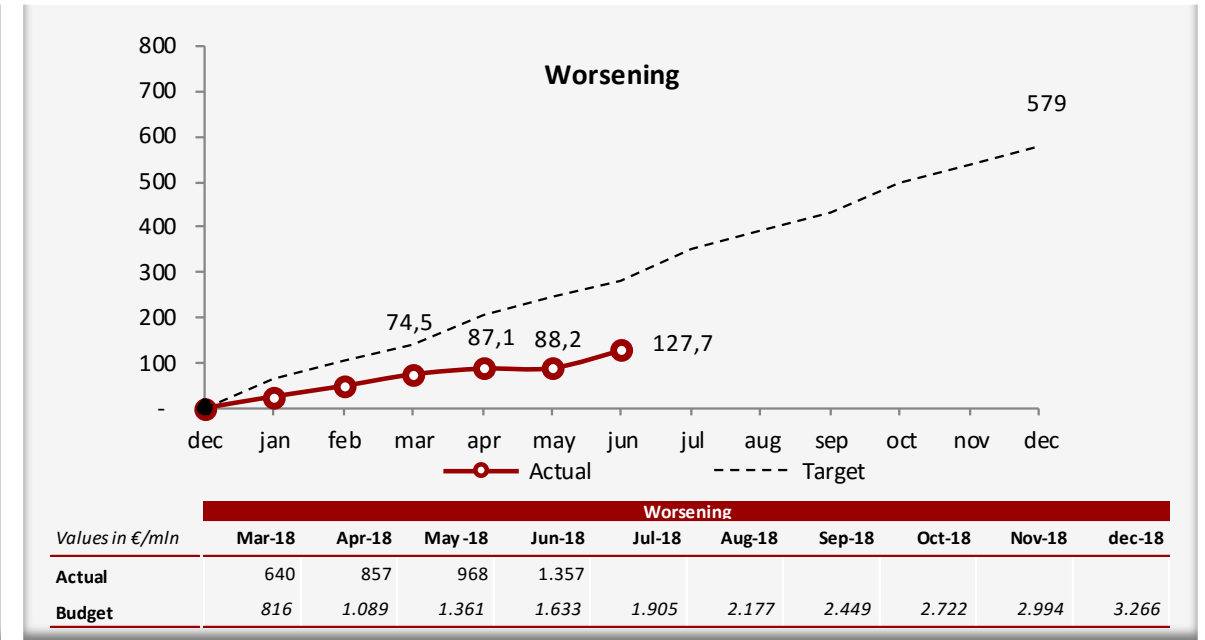
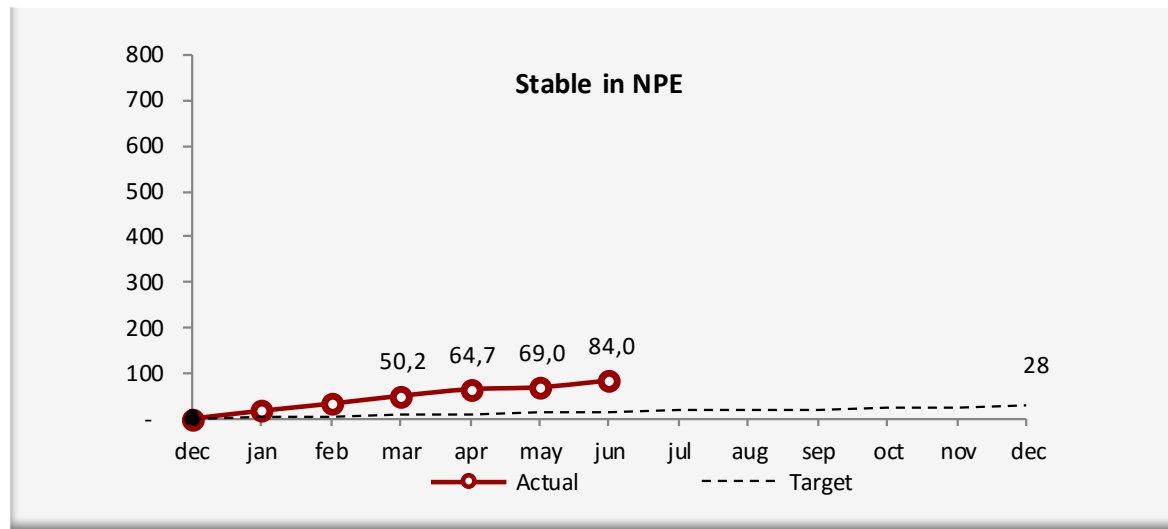
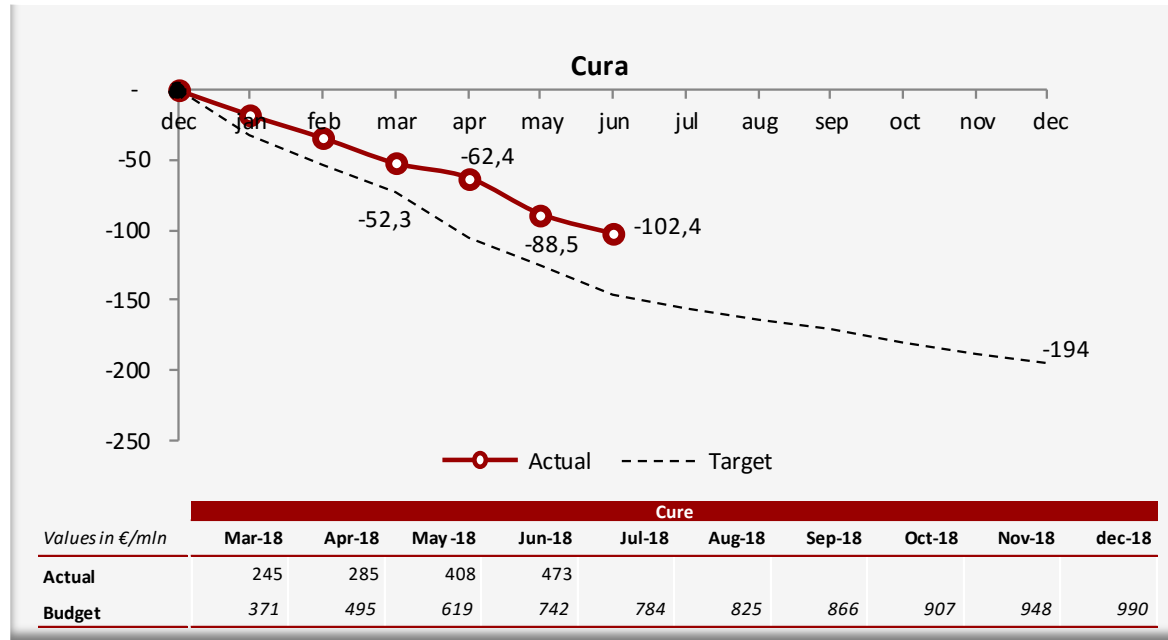
Net Loans Loss Provision: Cost of Performing Loans



- ❑ **Cost of the Performing Loans** at 136,1 €/mln vs. 187,8 €/mln of the Budget. In particular:
 - ✓ the **stable positions** in Performing from the beginning of the year, show a reversal of provision of about 31,5 €/mln, higher than the budget;
 - ✓ **cost of the default flow** at 167,5 €/mln, vs. 216,1 of the Budget, -48,6 €/mln, thank to flows from PE lower than expected (645 €/mln vs. 825 €/mln of the budget).
- ❑ **The cost of the month of June**, equal to 30,3 €/mln, in acceleration respect May because the reversal of Stable positions is smaller than in May.
- ❑ In the IIQ 2018, the cost equals to 80 €/mln vs. 56 €/mln of IQ 2018, increasing of 24 €/mln due to worsening of Default Flows (+29 €/mln vs. IQ 2018).



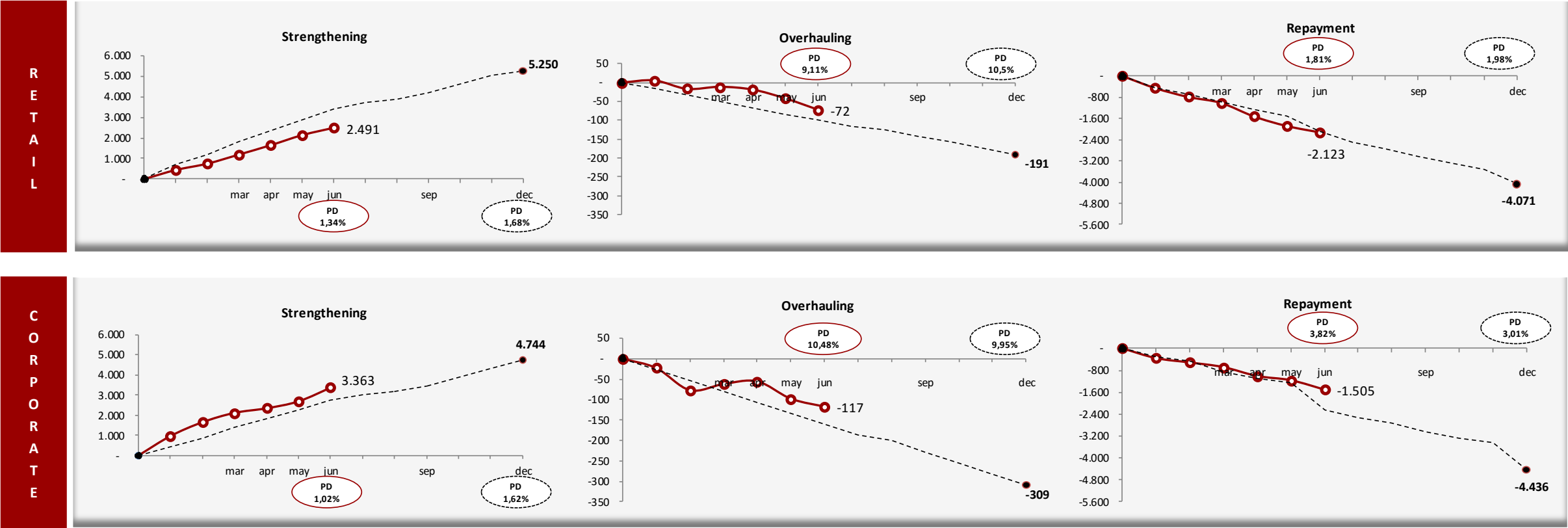
Net Loans Loss Provision: Cost of Non Performing Loans



- ❑ **Cost of the Non Performing Loans** at 103 €/mln vs. 135,4 €/mln of the Budget, in particular:
 - ✓ **Reversal of Provision related to Cured Position** at 102,4 €/mln, lower than the Budget (145,8 €/mln);
 - ✓ **Cost of Worsening of NPE Loans** at 127,7 €/mln, significantly better of the budget (equal to 283,4 €/mln), mainly due to a lower flows from Restructured and Rischio Anomalo to Bad Loans;
 - ✓ **Cost of stable position** at 84 €/mln (+86,1 €/mln vs. Budget).
- ❑ **In the month of June**, the Cost of non Performing Loans at +35,7 €/mln, mainly affected by the significant acceleration of the Worsening flows.
- ❑ **In the IIQ 2018**, the cost equals to 32,6 €/mln vs. 70,4 €/mln of previous quarter. The reversal of provision by 38 €/mln is justified of deceleration of Worsening and Stable partially off-set by Default Flows and releases of the Performing.

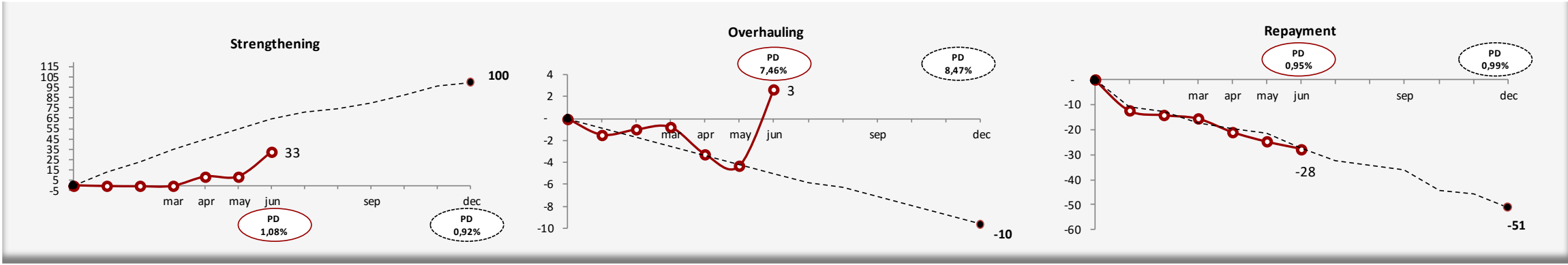


Retail and Corporate: strengthening, overhauling and repayment flows (1/2)

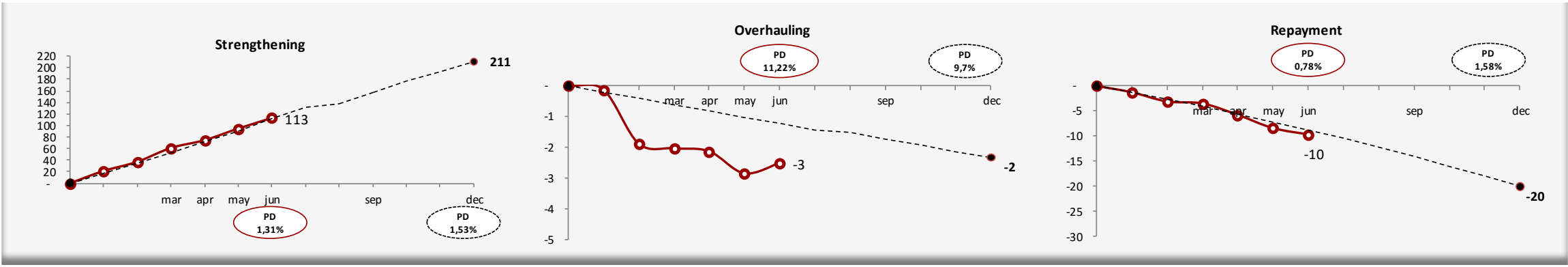


Wealth and Widiba: strengthening, overhauling and repayment flows (2/2)

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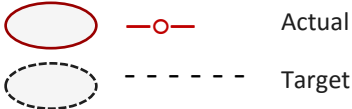


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Retail = Valore, Premium e Small Business

Corporate = PMI, Enti, Corporate Top, Grandi Gruppi, Filiali Estere, MPS CS e MLS LF

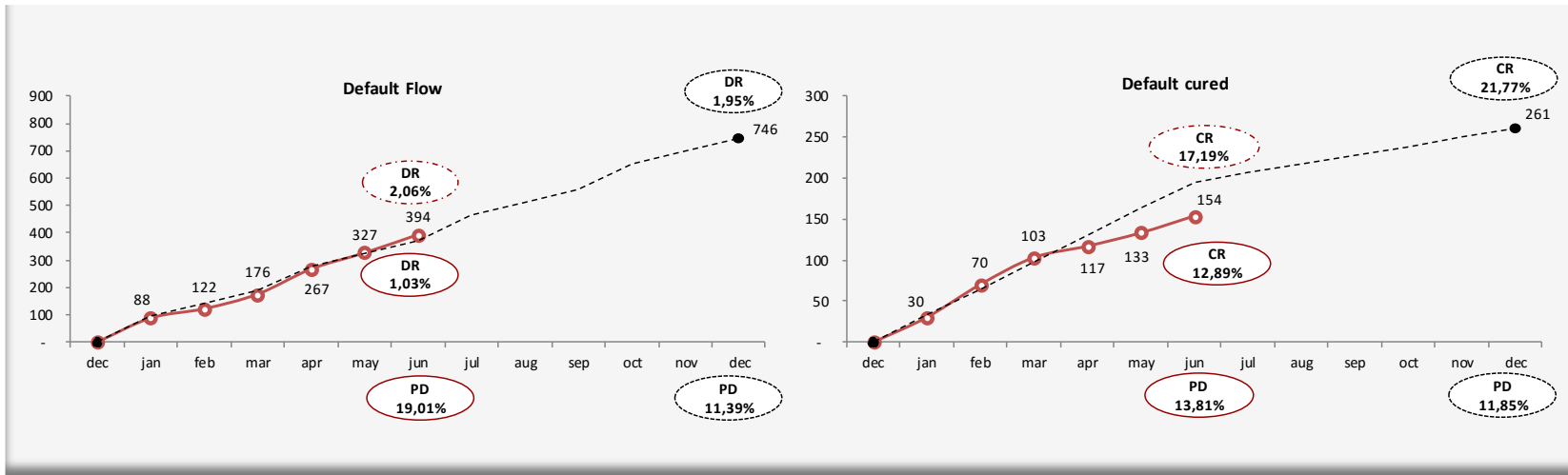


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The figures include only to on-balance exposures

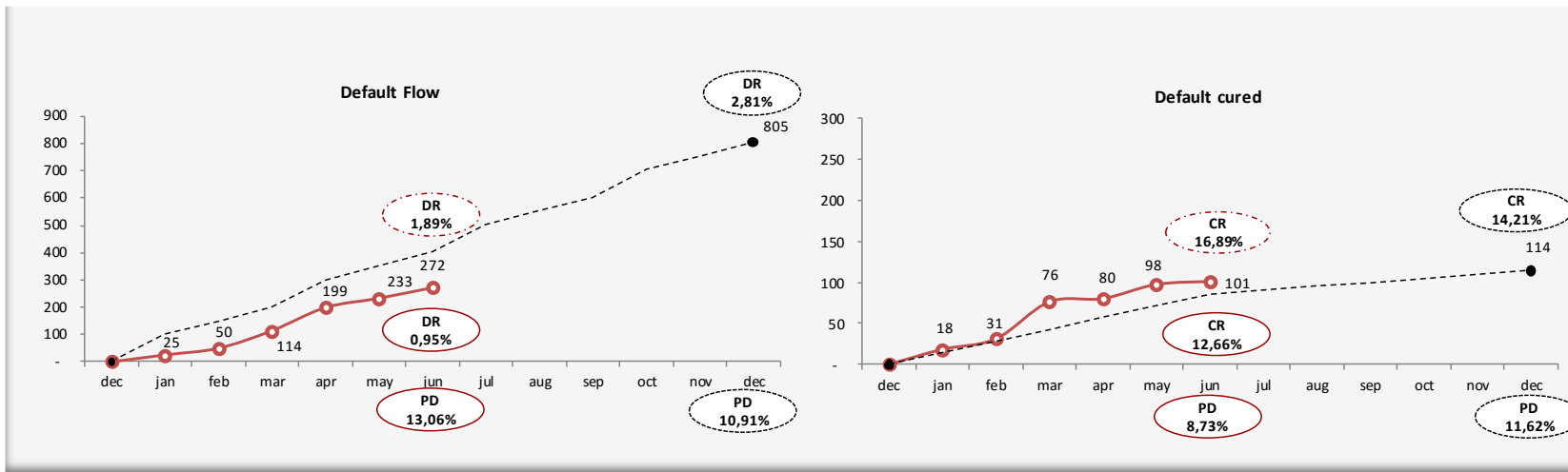
Retail and Corporate: Cure and Default Flow (1/2)

RETAIL



- ❑ **Default Flows** as of June 2018 at 665 €/mln, -110 €/mln vs. budget:
 - ✓ **Retail** at 394 €/mln, +21 €/mln vs. Budget;
 - ✓ **Corporate** at 272 €/mln, -131 €/mln vs. Budget.
- ❑ In the month of May the default flows at 105 €/mln, approx. -11 €/mln vs. average flows of the previous month.

CORPORATE



- ❑ **Default cured** at 255 €/mln, -26 €/mln vs. budget, in particular:
 - ✓ **Retail** at 154 €/mln, -41 €/mln vs. Budget, mainly due to the Valore segment;
 - ✓ **Corporate** at 101 €/mln, +15 €/mln vs. Budget.



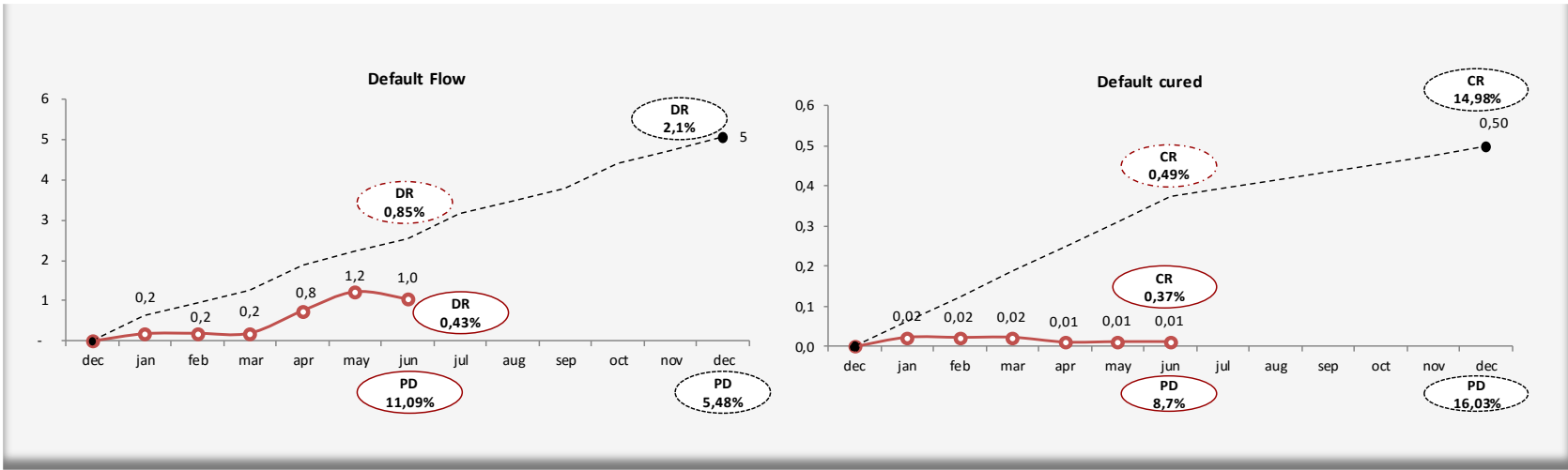
MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

The figures include only to on-balance exposures

Actual
 Target
 Actual annualized

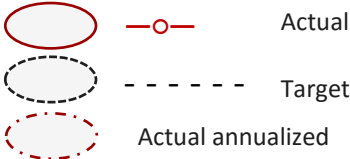
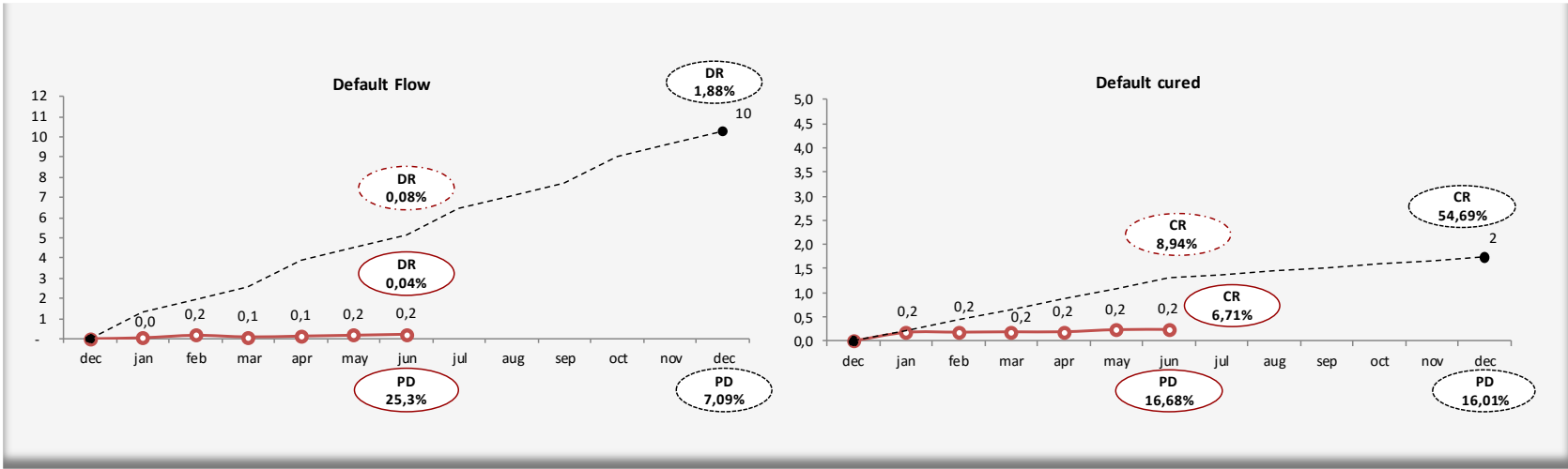
Widiba and Wealth: Cure and Default Flow (2/2)

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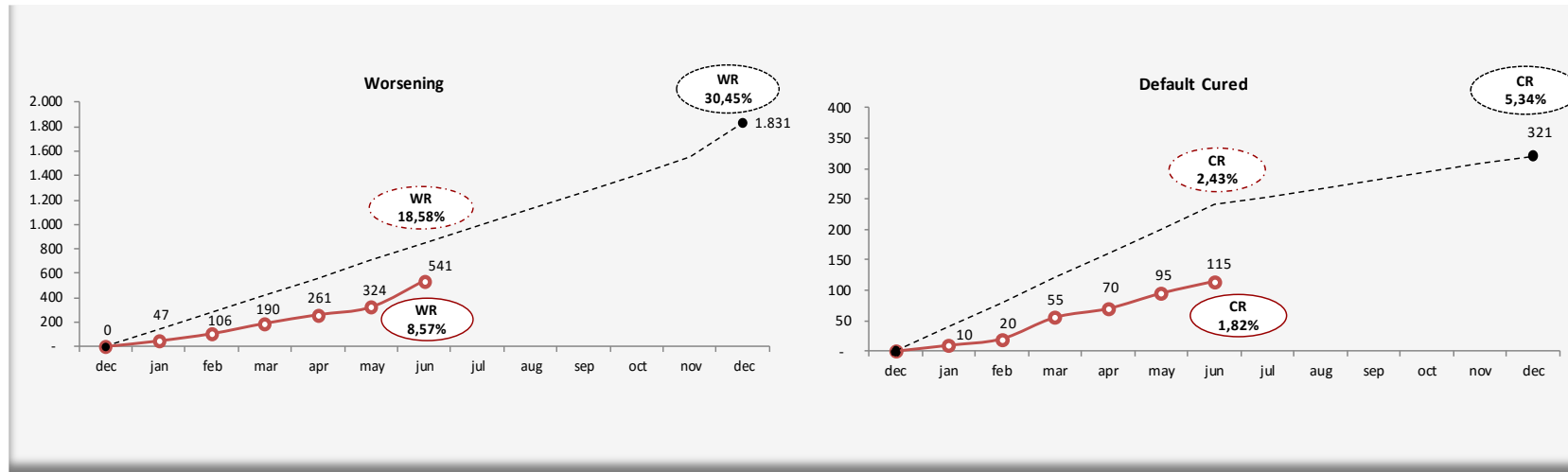
- Default flows, better than budget for Widiba and Wealth.
- Default cured, lower than budget for both divisions and stable vs. the previous month.

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DCNP: Default Cured and Flows to Bad Loans (1/2)

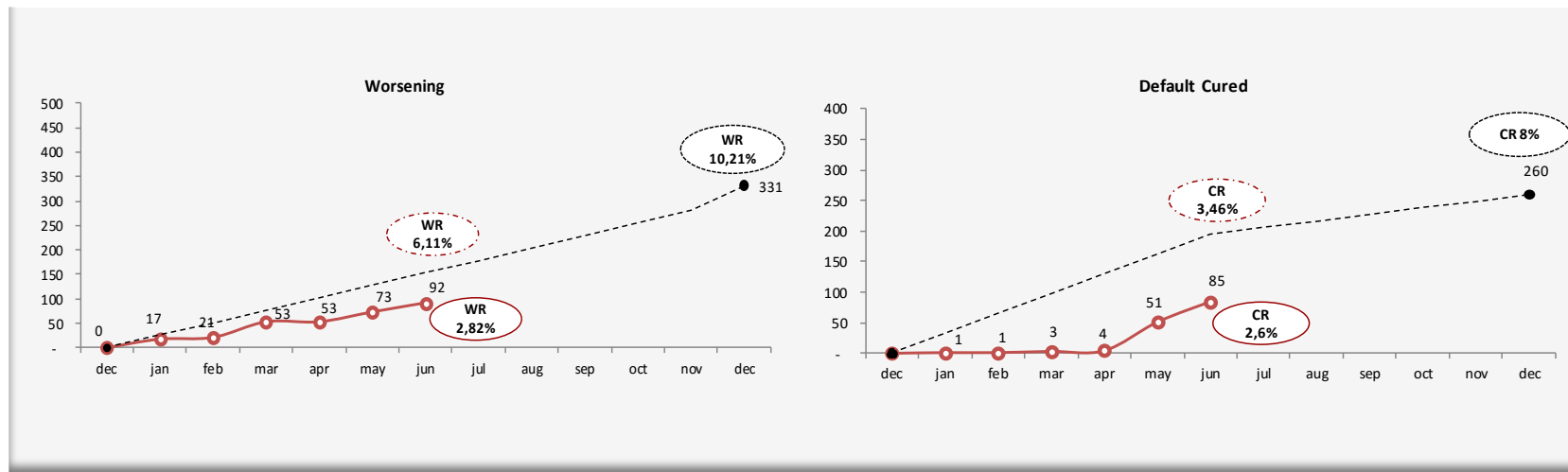
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Flows from «Rischio Anomalo» and «Rescructured» to Bad Loans for June 2018 at 633 €/mln, -365 €/mln vs. Budget:

- ✓ «Rischio Anomalo» at 541 €/mln, -304 vs Budget;
- ✓ «Restructured» at 92 €/mln, -61 €/mln vs Budget.

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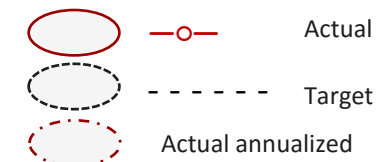
Default Cured at 199 €/mln, - 236 €/mln vs. budget:

- ✓ «Rischio Anomalo» at 115 €/mln, -126 vs Budget;
- ✓ «Restructured» at 85 €/mln, - 110 €/mln vs Budget.

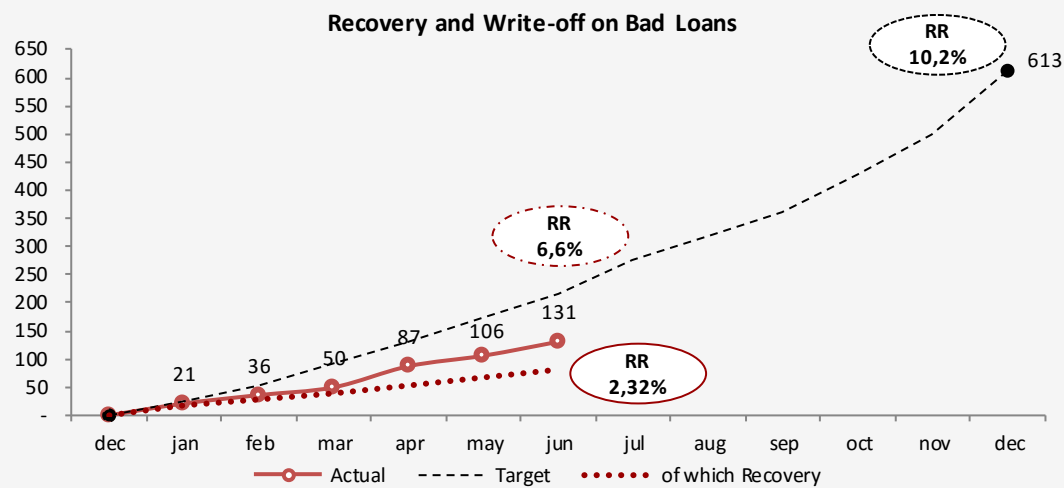


MONTE DEI PASCHI DI SIENA
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The figures include only to on-balance exposures



DCNP: Recovery on Bad Loans and Business Plan (2/2)



❑ Recovery on bad loans positions lower than expected (-39%).

Values in €/mln

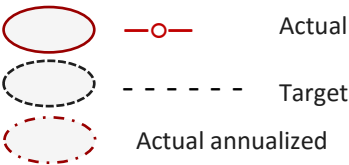
		GBV									
		Dec-17		Mar-18		Apr-18		May-18		Jun-18	
BAD LOANS	Without Business Plan	2.427	38%	2.600	39%	2.597	39%	2.646	39%	2.815	40%
	With Business Plan	3.966	62%	4.083	61%	4.136	61%	4.191	61%	4.240	60%
	- of which Validated	1.416	22%	1.991	30%	1.987	30%	2.492	36%	2.910	41%
	- of which No Validated	2.550	40%	2.092	31%	2.149	32%	1.699	25%	1.330*	19%
TOTAL		6.394	100%	6.683	100%	6.733	100%	6.837	100%	7.055	100%

Perimeter: MPS, MPS CS, MPS LF

❑ Business Plan validated increase compared to the previous month of about 418 €/mln while those **not validated continue to decrease** of about 370 €/mln.



The graph includes only on-balance exposures
The table includes on and off balance exposures
* Of which 263 €/mln attributable to the RBD securitization
and 131 €/mln to be reviewed after 30/06/18.



Credit Risk Limits: CCO (1/7)

The table below shows the monitoring of the operational limits of the Division with **the deviations highlighted in yellow**:

Risk Limits	Aggregation Level	FY17					EXPECTED SIGN	LIMITS			
			31/03/2018	30/04/2018	31/05/2018	30/06/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	CCO	2.13%	2.17%	2.16%	2.13%	2.12%	<	2.08%	2.03%	1.98%	1.93%
Average Lgd (Airb)	CCO	26.10%	26.54%	26.58%	26.63%	26.68%	<	26.83%	26.83%	29.57%	29.57%
Net Default Flow	CCO	2,190	304	474	558	645	<	428	855	1,283	1,710
Cured Exposures	CCO	270	180	195	226	249	>	126	252	294	336
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO	1,442	383	468	516	701	<	258	516	775	1,119
Exposures Amount (Performing)	CCO	72,262	73,444	73,162	73,463	73,900	<	74,016	73,816	73,616	73,416

❑ As at 30/06/2018, it is reported the breach of the limits of the following indicators:

- ✓ **Average Pd (Airb)**, at 2,12%, down by 1 bps vs. the previous month, but yet above the limit (equal to 2,03% as at 30/06/2018) mainly due to the worsening in E3 of Cinecittà and Wolt reported in March (impact +8 bps on average PD);
- ✓ **Cured Exposures**, at 249 €/mln, up by approx. 24 €/mln vs. May, slightly lower than the increase of the limit;
- ✓ **Portfolio worsening**, at 701 €/mln, up by 185 €/mln vs. previous month due to a reclassification of several positions past due and without forbearance measures from “IP RETE” to “Rischio Anomalo” and “Massivo”;
- ✓ **Exposures Amount Performing** at 73,9 €/bln, up by approx. 437 €/mln vs. May. The breach is affected also by repayments, in June significantly lower than the budget, mainly for technical reasons (the last day of the month was non-working, consequently a lot of repayments was accounted in the first days of July).



Credit Risk Limits: Corporate Division (2/7)

The table below shows the monitoring of the operational limits of the Division with **the deviations highlighted in yellow**:

Risk Limits	Aggregation Level	FY17					EXPECTED SIGN	LIMITS			
			31/03/2018	30/04/2018	31/05/2018	30/06/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	CCO Corporate	2,64%	2,73%	2,76%	2,73%	2,70%	<	2,58%	2,51%	2,45%	2,39%
Average Lgd (Airb)	CCO Corporate	37,54%	38,11%	38,18%	38,23%	38,31%	<	38,23%	38,23%	41,94%	41,94%
Net Default Flow	CCO Corporate	1.289	130	212	241	267	<	227	453	680	906
Cured Exposures	CCO Corporate	100	68	72	87	90	>	37	74	87	99
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Corporate	841	273	303	315	332	<	132	264	396	572
Exposures Amount (Performing)	CCO Corporate	32.853	34.074	33.919	34.137	34.488	<	33.398	33.298	33.198	33.098

❑ As at 30/06/2018, it is reported the breach of the limits of the following indicators:

- ✓ **Average Pd (Airb)**, at 2,70%, down by 3 bps vs. the previous month, but yet above the limit (equal 2,51% as at 30/06/2018). The decrease vs. May mainly due the correction of the rating of Milano Serravalle, wrong in the month of April and May;
- ✓ **Average Lgd (Airb)**, at 38,31%, exceed the limit by 8 bps, because the new business concentrated mainly on unsecured counterparties.
- ✓ **Portfolio worsening**, at 332 €/mln, still above the limit (264 €/mln as at 30/06/2018);
- ✓ **Exposure Amount** (performing), at 34,5 €/bn still above limits, mainly due to strengthening flows, about 618 €/mln over the budget, and repayment, -756 €/mln less than expected.



Credit Risk Limits: Retail Division (3/7)

The table below shows the monitoring of the operational limits of the Division, with the deviations highlighted in yellow:

Risk Limits	Aggregation Level	FY17					EXPECTED SIGN	LIMITS			
			31/03/2018	30/04/2018	31/05/2018	30/06/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	CCO Retail	1,83%	1,79%	1,76%	1,73%	1,72%	<	1,78%	1,73%	1,69%	1,64%
Average Lgd (Airb)	CCO Retail	18,82%	18,79%	18,79%	18,78%	18,71%	<	19,58%	19,58%	21,52%	21,52%
Net Default Flow	CCO Retail	896	174	261	316	377	<	196	392	588	784
Cured Exposures	CCO Retail	170	111	123	138	159	>	86	173	202	230
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Retail	601	109	164	201	368	<	123	246	369	533
Exposures Amount (Performing)	CCO Retail	38.605	38.822	38.694	38.782	38.843	<	40.016	39.916	39.816	39.716

❑ As at 30/06/2018, it is reported the breach of the limits of the following indicators:

- ✓ **Cured Exposures**, at 159 €/mln, shows a deceleration vs. March remaining under the limit;
- ✓ **Portfolio worsening**, at 368 €/mln, up by approx. 167 €/mln vs. May due to a reclassification of several positions past due and without forbearance measures from “IP RETE” to “Rischio Anomalo” and “Massivo” and then it over the limit.



Credit Risk Limits: CLO (4/7)

The table below shows the monitoring of the operational limits of the Division with **the deviations highlighted in yellow**:

Risk Limits	Aggregation Level	FY17					EXPECTED SIGN	LIMITS			
			31/03/2018	30/04/2018	31/05/2018	30/06/2018		mar-18	jun-18	sep-18	dec-18
Average PD (AIRB) on New Lending	CLO	1,24%	1,17%	1,16%	1,15%	1,13%	<	1,70%	1,70%	1,70%	1,70%
Cure Rate on UtoP Loans	CLO	4,04%	0,62%	0,78%	1,74%	2,13%	>	1,93%	3,86%	4,50%	5,15%
Danger Rate on UtoP Loans	CLO	24,50%	2,20%	2,83%	3,42%	5,55%	<	5,16%	10,33%	15,49%	22,37%
Reduction (UtoP Loans)	CLO	1.706	185	298	338	659	>	311	621	879	1.190
Reduction (Bad Loans)	CLO	1.231	49	87	106	131	>	83	196	330	558

❑ As at 30/06/2018, it is reported the breach of the limits of the following indicators:

- ✓ **Cure Rate on Utop Loans**, at 2,13% (3,86% the limit as of June), despite the acceleration in the month of May;
- ✓ **Reduction on Bad Loans** at 131 €/mln vs. 196 €/mln the limit as of June.



Credit Risk Limits: MPS Capital Services (5/7)

The table below shows the monitoring of the operational limits of the Division with **the deviations highlighted in yellow**:

Risk Limits	Aggregation Level	FY17					EXPECTED SIGN	LIMITS			
			31/03/2018	30/04/2018	31/05/2018	30/06/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	MPS CS	3,32%	3,18%	3,66%	3,57%	3,15%	<	3,22%	3,11%	3,01%	2,91%
Average Lgd (Airb)	MPS CS	33,38%	33,79%	33,86%	33,97%	34,09%	<	34,09%	34,09%	37,39%	37,39%
Average PD (AIRB) on New Lending	MPS CS	0,90%	0,96%	0,96%	0,82%	0,84%	<	1,82%	1,82%	1,82%	1,82%
Net Default Flow	MPS CS	170	34	69	75	71	<	50	99	149	199
Cure Rate on UtoP Loans	MPS CS	8,00%	1,43%	1,60%	2,18%	2,40%	>	2,34%	4,67%	5,45%	6,23%
Danger Rate on UtoP Loans	MPS CS	16,82%	0,49%	1,39%	1,59%	2,52%	<	4,56%	9,12%	13,69%	19,77%
Reduction (UtoP Loans)	MPS CS	453	58	145	147	204	>	64	129	182	246
Reduction (Bad Loans)	MPS CS	152	9	10	15	25	>	16	38	64	108
Exposures Amount (Performing)	MPS CS	4.435	4.504	4.492	4.476	4.398	<	4.514	4.393	4.271	4.150

❑ As at 30/06/2018, it is reported the breach of the limits of the following indicators:

- ✓ **Average Pd (Airb)**, at 3,15%, down by 42 bps vs. May. The improvement due to correction implemented in the month of June of Milano Serravalle S.p.A. (as at 30/04/2018 and 31/05/2018, it affected by the wrong rating assignment) off-set of the cure of SANTA RITA S.R.L. (PD equals 22,12% as at June);
- ✓ **Cure Rate on Utop Loans**, at 2,40% vs. 4,67% of the limit;
- ✓ **Reduction on Bad Loans**, at 25 €/mln vs. 38 €/mln of the limits;
- ✓ **Exposure Amount** (performing), despite the reduction vs. previous month, remain slightly lower the limit.



Credit Risk Limits: MPS Leasing & Factoring (6/7)

The table below shows the monitoring of the operational limits of the Division, with **the deviations highlighted in yellow**:

Risk Limits	Aggregation Level	FY17					EXPECTED SIGN	LIMITS			
			31/03/2018	30/04/2018	31/05/2018	30/06/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	MPS LF	2,68%	2,74%	2,79%	2,91%	2,82%	<	2,68%	2,60%	2,51%	2,42%
Average Lgd (Airb)	MPS LF	32,23%	32,00%	32,15%	32,11%	32,28%	<	33,09%	33,09%	36,87%	36,87%
Average PD (AIRB) on New Lending	MPS LF	1,11%	1,12%	1,11%	1,15%	1,12%	<	1,70%	1,70%	1,70%	1,70%
Net Default Flow	MPS LF	117	12	18	30	38	<	26	52	79	105
Cure Rate on UtoP Loans	MPS LF	3,16%	0,91%	1,42%	2,11%	2,42%	>	1,56%	3,13%	3,65%	4,17%
Danger Rate on UtoP Loans	MPS LF	23,49%	0,89%	1,81%	2,71%	2,96%	<	4,54%	9,09%	13,63%	19,69%
Exposures Amount (Performing)	MPS LF	3.745	3.643	3.620	3.577	3.681	<	3.869	3.854	3.839	3.819

❑ As at 30/06/2018, it is reported the breach of the limits of the following indicators:

- ✓ **Average Pd (Airb)**, at 2,82%, decreasing by 9 bps vs. May but yet above the limit (equal to 2,60% as at 30/06/2018). The improvement of the average PD mainly due to out of portfolio of IRIS S.R.L. (PD equals to 31,63% as at 31/05/2018), to upgrading of EDILIZIA SETTEMETRI 81 (31,63% as at 31/05/2018 vs. 22,12% as at 30/06/2018) and to sliding to default of ITALMARE S.P.A. (PD equals to 31,63% as at 31/05/2018);
- ✓ **Cure Rate on Utop Loans**, at 2,42%, improving vs. previous month mainly thanks to cure of EKOIMMOBILIARE SRL, GRAFICA EDITORIALE PRINTING and MT A.T.I. AZIENDA TABACCHI. It remains however under the limit.



Credit Risk Limits: Widiba (7/7)

The table below shows the monitoring of the operational limits of the Division, with **the deviations highlighted in yellow**:

Risk Limits	Aggregation Level	FY17	31/03/2018	30/04/2018	31/05/2018	30/06/2018	EXPECTED SIGN	LIMITS			
								mar-18	jun-18	sep-18	dec-18
Net Default Flow	WIDIBA	0,8	0,3	0,8	1,0	0,8	<	1,4	2,8	4,3	5,7
Average PD (AIRB) on New Lending	WIDIBA	1,08%	1,77%	1,70%	1,73%	1,31%	<	1,73%	1,73%	1,73%	1,73%
Exposures Amount (Performing)	WIDIBA	241	297	307	324	341	<	432	432	432	432

❑ As at 30/06/2018 no breach reported. The **Average Pd (Airb)** at 1,31%, down by 42 bps vs. May.



Forborne: Performing (1/2)

Values in €/mln	GBV Performing by Rating						
	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18
AA	-	-	-	1	-		
A	5	4	4	36	6		
B	59	23	24	91	61		
C	922	1.015	936	955	906		
D	936	918	867	850	871		
E	426	486	502	510	459		
NR	34	35	25	20	23		
TOTAL	2.381	2.480	2.358	2.462	2.325		

- Forborne Performing down by approx. 57 €/mln, mainly on rating classes C and D.
- Forborne past due for more than 30 days down at 58 €/mln from 156 €/mln of May, 142 €/mln of March and 174 €/mln of December, mainly on bad positions with entry date in forborne over 36 months.

Values in €/mln	GBV Performing by Vintage										Change							
	Dec-17		Mar-18		Apr-18		May-18		Jun-18		Sep-18		Dec-18		MoM		Vs. 31/12/17	
		Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d	Foreborne	Of which past due > 30 d	Foreborne	Of which past due > 30 d
Good	1.602	141	1.668	114	1.588	80	1.599	85	1.566	44					-32	-41	-35	-97
0-12	795	69	822	50	822	33	847	30	833	16					-14	-13	38	-53
12-24	543	47	624	45	594	34	573	34	557	17					-16	-17	13	-29
24-36	119	11	96	4	57	4	64	10	62	3					-1	-7	-57	-8
>36	144	14	126	16	116	9	115	12	114	7					-1	-5	-29	-7
Bad, of which:	780	33	812	28	770	27	864	71	758	15					-106	-56	-22	-18
0-12	139	7	156	5	151	6	152	9	127	1					-24	-8	-11	-6
12-24	283	12	303	13	296	13	321	13	271	7					-51	-6	-12	-5
24-36	197	6	169	4	164	3	190	8	183	2					-7	-5	-14	-4
>36	162	7	184	6	159	5	201	41	177	4					-24	-37	15	-3
TOTAL	2.381	174	2.480	142	2.358	107	2.462	156	2.325	58					-138	-97	-57	-115



Forborne: Non Performing (2/2)

Valori in €/mln		IV Q 2017	I Q 2018	II Q 2018	III Q 2018	IV Q 2018
UTOP FORBORNE	Initial Stock	7.014,9	6.563,4	6.355,0		
	Cure Rate	1,44%	1,93%	2,69%		
	Danger Rate	6,50%	1,36%	2,51%		
	Exposures Reduction on open positions	-3,30%	-1,92%	-1,84%		
	Exposures Reduction on closed positions	-1,63%	-0,78%	-2,00%		
UTOP NO FORBORNE	Initial Stock	5.348,1	5.027,8	4.616,8		
	Cure Rate	0,28%	0,47%	0,70%		
	Danger Rate	14,35%	4,53%	6,08%		
	Exposures Reduction on open positions	-0,20%	-2,04%	-0,27%		
	Exposures Reduction on closed positions	-1,28%	-1,80%	-5,12%		
Forborne/Total		56,74%	56,62%	57,92%		
No Forborne/Total		43,26%	43,38%	42,08%		

Quarterly report

- Utop Forborne down by approx. 209 €/mln, mainly thank to the cure process and the exposure reduction on open positions.
- Total non performing Forborne past due for more than 30 days down by approx. 148 €/mln vs. May and by approx. 85 €/mln vs. the previous quarter.

Values in €/mln	GBV Non-Performing by Vintage										Change							
	Dec-17		Mar-18		Apr-18		May-18		Jun-18		Sep-18		Dec-18		MoM		Vs. 31/12/17	
	Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d		Of which past due > 30 d		Foreborne	Of which past due > 30 d	Foreborne	Of which past due > 30 d
One concession, of which	4.541	2.455	4.387	2.349	4.629	2.394	4.547	2.182	4.340	2.159					-208	-23	-201	-297
0-12	736	131	968	117	987	130	907	130	737	111					-169	-20	1	-20
12-24	540	202	548	225	789	208	797	270	918	337					121	67	378	135
24-36	1.051	566	776	439	981	458	676	275	596	256					-80	-19	-455	-311
>36	2.213	1.557	2.094	1.568	1.872	1.599	2.168	1.506	2.089	1.455					-79	-51	-125	-101
Two or more concessions, of which	1.494	454	1.583	470	1.329	479	1.351	700	1.173	575					-178	-125	-322	121
0-12	678	202	577	109	451	106	454	116	448	97					-5	-19	-229	-105
12-24	442	213	613	299	441	304	445	259	364	171					-81	-88	-77	-42
24-36	338	35	357	56	134	62	131	54	91	59					-40	5	-247	23
>36	37	4	37	6	302	6	321	272	269	248					-52	-24	232	245
TOTAL	6.035	2.909	5.970	2.818	5.957	2.872	5.898	2.882	5.512	2.734					-386	-148	-522	-176



Watchlist (only Past Due days)

Values in €/mln	EXPOSURE PERFORMING											
	Dec-17		Mar-18		Apr-18		May-18		Jun-18		Sep-18	Dec-18
Non Past Due	74.462	97,5%	74.986	97,0%	76.398	96,8%	78.336	98%	79.915	98%		
Past due 1 day	295	0,4%	763	1,0%	917	1,2%	654	1%	600	1%		
Past due 30 days	606	0,8%	678	0,9%	736	0,9%	295	0%	506	1%		
Past Due 60 days	205	0,3%	240	0,3%	197	0,2%	420	1%	144	0%		
Past Due 90 days	362	0,5%	340	0,4%	221	0,3%	86	0%	115	0%		
Past due >90 days	428	0,6%	335	0,4%	462	0,6%	483	1%	338	0%		
TOTAL	76.358	100,0%	77.342	100,0%	78.931	100,0%	80.274	100%	81.617	100%		
of which Forborne	2.381		2.480		2.358		2.462		2.325			

In June, decrease the past due > 1 day of about 54 €/mln, 60 days class by approx. 275 €/mln and the past due > 90 days of about 145 €/mln. Instead, increase the 30 and 90 days classes.



Net Loan Loss Provision - Main KPI

			FLOWS AND COST OF CREDIT						Budget	Delta
Values in €/mln (AIRB + STD)			Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18	ytd	
PERFORMING PORTFOLIO		Volumes	61.256	61.204	62.795	64.597			n.a.	n.a.
Beginning of year stock (dic -17): 82.796 Stock at te reporting date: 81.708	Stage 1	Volumes Net Bankit	59.434	59.623	59.877	60.820			n.a.	n.a.
		Cost	-40,9	-47,4	-54,1	-64,3			n.a.	n.a.
	Stage 2	Volumes	17.543	17.316	16.961	16.465			n.a.	n.a.
		Cost	28,0	36,2	27,6	32,8			n.a.	n.a.
		Total Performing Portfolio *	Volumes*	76.976	76.939	76.837	77.285			75.906
		Cost	-12,9	-11,2	-26,5	-31,5			-28,3	-3,2
	Net default flow (from PE to NPE)	Volumes	304	474	558	645			825	-179
		Cost	69,3	108,6	132,3	167,5			216,1	-48,6
	Sub Total Cost of Performing Portfolio		56,4	97,5	105,8	136,1			187,8	-51,8
DEFAULT		Volumes	245	285	408	473			742	-269
Beginning of year stock (dic -17):** 21.332 Stock at te reporting date:** 20.841	Cure of default (from NPE to PE)	Cost	-52,3	-62,4	-88,5	-102,4			-145,8	43,5
	Worsening	Volumes	640	857	968	1.357			1.633	-276
		Cost	74,5	87,1	88,2	127,7			283,4	-155,7
	Improvements	Volumes	11	13	18	96			0	96
		Cost	-2,0	-1,1	-1,5	-6,4			0,0	-6,4
of which bad loans**	Stable**	Volumes	20.301	19.888	19.632	18.743			16.954	1.789
		Cost	50,2	64,7	69,0	84,0			-2,1	86,1
	of which bad loans**	Volumes	9.264	9.241	9.228	9.157			7.764	1.393
		Cost	-8,9	-1,5	-1,5	22,3			13,5	8,8
	of which other default	Volumes	11.037	10.648	10.403	9.587			9.190	396
		Cost	59,0	66,2	70,5	61,7			-15,6	77,3
	Sub Total Cost of Non-Performing		70,4	88,3	67,3	103,0			135,4	-32,4
	TOTAL COST		126,8	185,8	173,1	239,1			323,3	-84,2
KPI***	% default flow		1,47%	1,53%	1,54%	1,56%			1,99%	-0,44%
	% default flow coverage		28,42%	27,91%	28,82%	31,22%			30,06%	1,16%
	% cure rate		5,43%	4,73%	5,43%	5,24%			8,15%	-2,91%
	% flow to bad loans from other Npe categories		10,29%	10,52%	10,27%	13,46%			21,58%	-8,12%

Perimeter: MPS, MPS CS, MPS LF, Widiba

* Excluded Bank of Italy

** Excluded Bad Loans in Valentine Perimeter

*** Annualized Value

**** The GBV (volumes) excludes SPPI test



MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

Credit Policies - strengthening, overhauling and repayment flows

Values in €/mln		DYNAMIC FLOWS STRENGTHENING AND OVERHAULING														Budget		Delta volumes	
		2017		Mar-18		Apr-18		May-18		Jun-18		Sep-18		Dec-18		YtD	from bdg		
		volumes	pd	volumes	pd	volumes	pd	volumes	pd	volumes	pd	volumes	pd	volumes	pd	volumes	pd	Δ	Δ%
Div. RETAIL	Strengthening	3.315	1,41%	1.190	1,51%	1.643	1,44%	2.134	1,39%	2.491	1,34%					3.413	1,68%	-922	-27,0%
	Overhauling	-268	9,38%	-11	8,95%	-19	9,07%	-42	9,17%	-72	9,11%					-100	10,50%	28	-27,6%
	Repayment	-5.092	2,00%	-1.014	1,92%	-1.524	1,85%	-1.885	1,82%	-2.123	1,81%					-2.078	1,98%	-45	2,2%
Div. CORPORATE	Strengthening	2.142	1,16%	2.114	1,03%	2.341	1,03%	2.684	1,04%	3.363	1,02%					2.746	1,62%	618	22,5%
	Overhauling	-493	10,79%	-62	10,28%	-55	10,83%	-98	10,94%	-117	10,48%					-161	9,95%	44	-27,3%
	Repayment	-4.137	2,78%	-682	2,97%	-1.008	2,70%	-1.161	2,99%	-1.505	3,82%					-2.260	3,01%	756	-33,4%
Div. WEALTH MANAGEMENT	Strengthening	38	1,01%	-1	1,15%	9	1,14%	9	1,19%	33	1,08%					65	0,92%	-32	-49,2%
	Overhauling	-9	6,76%	-1	8,22%	-3	7,82%	-4	7,35%	3	7,46%					-5	8,47%	8	-152,3%
	Repayment	-57	1,06%	-16	0,70%	-21	0,84%	-25	0,83%	-28	0,95%					-27	0,99%	0	1,4%
WIDIBA	Strengthening	202	1,08%	61	1,77%	75	1,70%	95	1,73%	113	1,31%					111	1,53%	2	1,5%
	Overhauling	4	7,40%	-2	8,40%	-2	11,96%	-3	11,09%	-3	11,22%					-1	9,70%	-1	105,6%
	Repayment	-6	1,42%	-3	1,08%	-6	0,97%	-8	0,76%	-10	0,78%					-9	1,58%	-1	10,5%
TOTAL	Strengthening	5.696	1,24%	3.365	1,17%	4.067	1,16%	4.921	1,15%	6.000	1,13%					6.335	1,64%	-335	-5,3%
	Overhauling	-766	10,05%	-76	9,58%	-79	9,91%	-147	10,01%	-189	9,75%					-267	10,13%	78	-29,2%
	Repayment	-9.291	2,34%	-1.716	2,33%	-2.559	2,17%	-3.079	2,25%	-3.665	2,63%					-4.374	2,51%	709	-16,2%

Retail = Valore, Premium e Small Business

Corporate = PMI, Enti, Corporate Top, Grandi Gruppi, Filiali Estere, MPS CS e MLS LF

Wealth Management = Private e Private Top

Perimeter: BMPS, MPS LF, MPS CS, Widiba – Cash Loans

- ❑ **Total strengthening flow lower than the budget** (-335 €/mln) due to the Retail Division (-922 €/mln) and Wealth (-32 €/mln) but both improved vs. the previous month.
- ❑ **Total overhauling flows lower than the budget** (-29%) mainly due to the Retail Division (+28 €/mln) and Corporate Division (+44 €/mln). Overhauling flows higher than the budget for Widiba (1 €/mln).



Dynamic «Sofferenze Allargate»

Values in €/mln		GROUP MPS - "SOFFERENZE ALLARGATE"*									ΔMtD	ΔYtD
		Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18		
CLASSIFICATION	Performing	104	105	108	114	112	106				-5,0%	2,2%
	UtoP Network	366	344	329	328	327	365				11,8%	-0,3%
	UtoP and Restructured	1.388	1.374	1.361	1.351	1.355	1.406				3,8%	1,4%
	TOTAL	1.858	1.823	1.798	1.793	1.793	1.878				4,7%	1,1%

* Positions classified as bad loans by the system but not by the MPS Group

		GROUP MPS - "SOFFERENZE ALLARGATE"*										
Values in €/mln		Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18	ΔMtD	ΔYtD
Share current accounts group on net system group	up to 25%	390	408	388	384	394	390				-1,0%	0,0%
	25%-50%	423	407	392	363	345	492				42,6%	16,4%
	50%-75%	157	143	142	144	154	127				-17,4%	-19,0%
	over 75%	888	867	877	902	900	868				-3,5%	-2,3%
	TOTAL	1.859	1.825	1.798	1.793	1.793	1.878				4,7%	1,0%

* Positions classified as bad loans by the system but not by the MPS Group

		Share current accounts group on net system group up to 25%										
Values in €/mln		Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Sep-18	Dec-18	ΔMtD	ΔYtD
Share bad loans on current accounts net system group	up to 25%	200	220	199	207	215	208				-3,1%	4,4%
	25%-50%	59	63	60	51	53	55				3,6%	-7,0%
	50%-75%	28	24	24	23	22	21				-5,2%	-25,4%
	over 75%	104	101	105	104	104	106				2,0%	2,3%
	TOTAL	390	408	388	384	394	390				-1,0%	0,0%

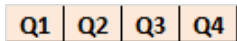

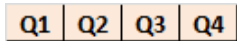

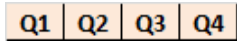

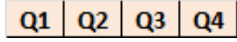

□ The “Sofferenze Allargate” increase vs. April 2018 (last data available at the date of the report).

□ The “Sofferenze Allargate” of the positions where the Group has a low market power (share of wallet from 25% to 50%) increase by 43% while it shows a decrease by 17% in the share of wallet from 50% to 75%.

□ The “Sofferenze Allargate” of the positions where the Group has a low market power (share of wallet up to 25%) decrease by 1% vs. April.

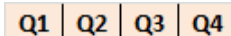

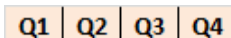

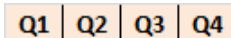

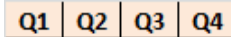



Open Gaps (1/2)

Scope	Mitigation	Expiry Date	Work Progress Status - 02/07/18	Risk Highlighted	Owner/Relevance
Classification Alignment with external legislation – Civil Insolvency Institution	Issue of operational indications for the management of the settlement proceedings of the over-indebtedness crisis and of liquidation for non-fallible subjects (gap EC_2015_00003)	30/09/2018 	30% 	Absence of operational indications for the correct management of a typology of impaired credit	CLO – ACPG Medium
Classification Detection Forbearance	Adaptation of the IT tools for the modification of some exclusion rules from the detection engines of Forbearance measures (gap EC_2016_00018)	31/12/2018 	20% 	Incorrect classification of impaired exposures due to limits of IT instruments	CLO – ACPG Medium
Proceeding Control Evaluation and decision of the granting	Adaptation of the PEF application to include all the types of the debtor exposures for the purpose of calculating the overall risk and the related deliberative autonomy (gap EC_2015_00005)	31/03/2019 	51% 	Credit assessment and approval with incomplete representation of the exposure volumes of the debtor in question	CLO – ACPG Medium
Proceeding Control Real Estate re-appraisal Management	Strengthening of the process document on the Management of Real Estate re-appraisal with the definition of specific line controls and responsibilities for action (gap EC_2018_00001)	30/09/2018 	30% 	Failure to use in the corporate processes updated elements of judgment already acquired by the Bank	CLO – ACPG Low



Open Gaps (2/2)

Scope	Mitigation	Expiry Date	Work Progress Status - 02/07/18	Risk Highlighted	Owner/Relevance
CRM Process Monitoring of collection times for guarantees.	Implementation of adequate monitoring and reports of collection times for guarantees (gap RM_2015_00013).	31/12/2018 	10% 	Greater recovery times, losses in P&L and increase in RWA for higher LGD.	CLO - ACPG Low
CRM Process Monitoring of guarantees and implementation of adequate reporting.	Implementation of adequate monitoring of guarantees and adequate reporting according to the internal CRM Process regulations (gap RM_2015_00011).	31/12/2018 	30% 	Greater recovery times, losses in P&L and increase in RWA for higher LGD.	CLO - ACPG High
CRM Process Process of re-appraisal of real estate collateral.	Definition and application of a process that ensure, with regard to real estate guarantees, the identification of the re-appraisal to be carried out, their execution and subsequent update bank's system (gap RM_2017_00006).	30/09/2018 	50% 	Non-eligibility of real estate collateral for CRM purpose with a consequent increase in RWA.	CLO – ACPG Medium
CRM Process Real estate monitoring reporting for CRM purpose.	Structuring of a reporting activity that provides for half-yearly monitoring of value of the real estate collateral (gap RM_2017_00005).	30/09/2018 	50% 	Non-eligibility of real estate collateral for CRM purpose with a consequent increase in RWA.	CLO – ACPG Medium



