



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

Credit Risk Reporting

update as of 31 August 2018

Direzione Chief Risk Officer
Area Lending Risk Officer

October, 2018

Executive Summary – key points as at 31 August 2018

In August the two different dynamics of the performing and the non performing portfolio, highlighted in the previous months, have continued their trend.

- ❑ The three positive signals on the performing portfolio have been confirmed; in particular:
 - ❑ the default flow has reached 793 mln in the first eight months of 2018, lower than the budget value by 340 mln (300 mln the gap as at 31 July);
 - ❑ the quality of the new lending in term of the probability of default continues to be better than expected, despite a slight decrease in August (PD 1,13% vs. 1,12% of previous month against a goal of 1,64%);
 - ❑ the growth of the volume of the new lending is slowing down, though the amount of new lending as at 31 August 2018 is 7,5 bn vs. a budget value of 7,3 bn.

It's highlighted that the average LGD of AIRB performing portfolio decreasing in August at 26,65% (-12 bps vs. July; +51 bps vs. December 2017); the decrease vs. July is due to the lower weight of unsecured positions (decreased to 38,5% as at August vs. 39% as at July 2018) and to the higher weight of real estate collateral positions (increased to 58,7% as at August vs. 58,2% as at July 2018);

- ❑ Regarding the non performing portfolio:
 - ❑ the cure rate of Utop (restructured and “rischio anomalo” Loans) continues to remain not in line either with the cure rate achieved by the peers and with the Budget;
 - ❑ the growth of Utop's loans with vintage>60 months is continuing (increased of 218 mln vs. December 2017 and of 57 mln vs. July);
 - ❑ the recovery rate on the bad loans portfolio, which has been affected by a delay of the Juliet's start, is still lower than the target.

The growing trend of Utop's reduction (846 mln as at 31 July since the beginning of 2018), with low disposal's costs, has decreased in August (only 57 mln the flow in August).

Consequently the cost of the credit is under the budget by about 197 mln (mainly due to the lower flows of default and worsening, whose cost is lower than budget).



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	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
Standard	7.543	7.448	7.050	6.858	6.626			-3,38%	-12,16%	7.057
- of which Performing	6.580	6.493	6.272	6.127	5.902			-3,67%	-10,30%	6.169
- of which Non-Performing	963	955	778	731	724			-0,96%	-24,82%	888
AIRB	26.631	27.238	30.475	31.729	31.597			-0,42%	18,65%	34.544
- of which Performing	26.631	27.238	27.555	27.536	27.446			-0,33%	3,06%	28.487
- of which Non-Performing	0	0	2.920	4.193	4.151			-1,00%	0,00%	6.058
TOTAL	34.174	34.686	37.525	38.587	38.223			-0,94%	11,85%	41.601

Values in €/mln, regulatory risk measures	EAD by Portfolio							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
Standard	22.049	16.330	18.076	16.497	15.589			-5,50%	-29,30%	19.231
- of which Performing	21.027	15.337	17.260	15.715	14.799			-5,83%	-29,62%	17.555
- of which Non-Performing	1.022	993	816	782	790			1,02%	-22,70%	1.676
AIRB	105.672	106.133	83.530	83.337	83.194			-0,17%	-21,27%	79.022
- of which Performing	62.863	63.750	64.638	64.589	64.518			-0,11%	2,63%	64.194
- of which Non-Performing	42.809	42.383	18.892	18.748	18.676			-0,38%	-56,37%	14.828
TOTAL	127.721	122.463	101.606	99.834	98.783			-1,05%	-22,66%	98.253

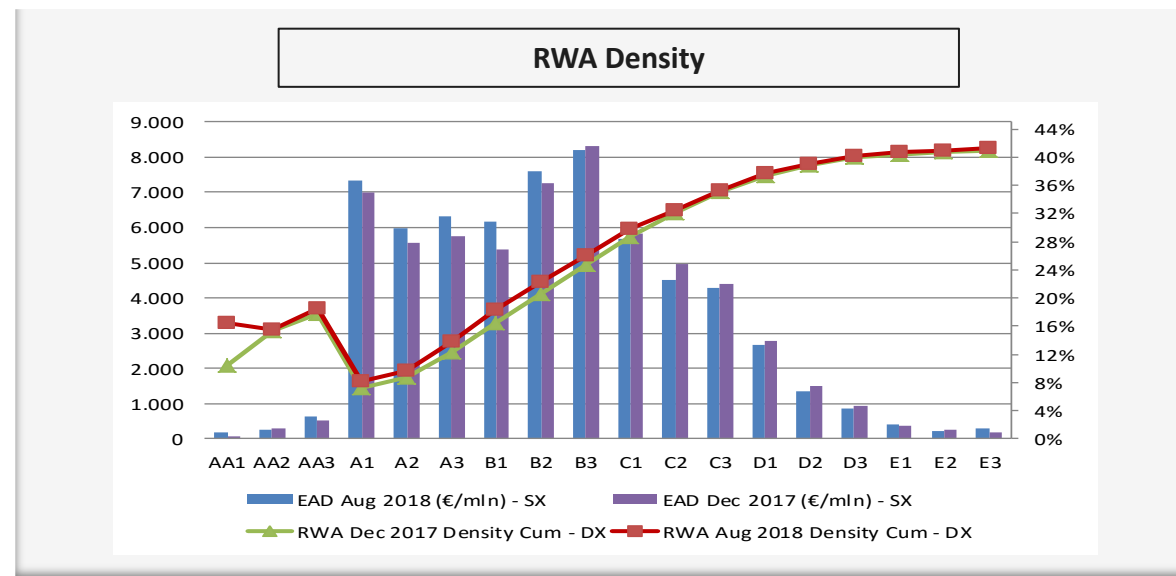
Values in €/mln, regulatory risk measures	Shortfall							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
Performing	-48	-314	-296	-284	-302			6,34%	529,17%	-242
Non-Performing	-7.058	-8.090	-1.723	-1.482	-1.464			-1,21%	-79,26%	-1386
PD	16	17	24	25	22			-12,00%	37,50%	27
UtoP	-517	-1.058	-602	-576	-566			-1,74%	9,48%	-461
Sofferenza	-6.557	-7.049	-1.145	-931	-920			-1,18%	-85,97%	-953
TOTAL	-7.106	-8.404	-2.019	-1.766	-1.766			0,00%	-75,15%	-1.628

- ❑ **RWAs at 38,2 €/bn**, down by 0,4 €/bn vs. July mainly due to **strengthening** flows in August lower than the target and the repayments.
- ❑ In August, **EAD** down by approx. 1 €/bn vs. July, mainly due to **CFO**, whose exposure, excluding Bankit, decreases by approx. 0,4 €/bn.
- ❑ **Shortfall** remains **stable** vs. the previous month.



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

LGD Evolution										
Values in €/mln, regulatory risk measures										
	Dec-17		Mar-18		Jun-18		Jul-18		Aug-18	
FINANCIAL COLLATERAL	406	0,7%	367	0,6%	360	0,6%	356	0,6%	355	0,6%
LGD	0,00%		0,00%		0,00%		0,00%		0,00%	
REAL ESTATE COLLATERAL	37.051	60,4%	36.472	58,6%	36.775	58,2%	36.713	58,2%	36.996	58,7%
LGD	16,15%		16,02%		16,02%		16,05%		16,05%	
PERSONAL GUARANTEES	1.226	2,0%	1.393	2,2%	1.404	2,2%	1.385	2,2%	1.373	2,2%
LGD	37,43%		37,58%		37,89%		38,20%		38,02%	
UNSECURED	22.670	37,0%	23.955	38,5%	24.618	39,0%	24.629	39,0%	24.275	38,5%
LGD	42,32%		42,32%		42,35%		42,50%		42,56%	
TOTAL EAD	61.353	100%	62.187	100%	63.157	100%	63.083	100%	62.999	100%
AVERAGE LGD	26,14%		26,54%		26,68%		26,77%		26,65%	



PD Evolution							
Values in €/mln, regulatory risk measures							
	EAD			AVG PD			
	Dec-17	Jul-18	Aug-18	Dec-17	Jul-18	Aug-18	Δ bps
Upgrading	13.281	12.056	13.114	2,97%	1,35%	1,29%	-36
Stable	32.136	34.214	31.740	1,67%	1,61%	1,59%	-4
Downgrading	13.167	12.220	13.034	1,84%	4,17%	4,18%	50
Default flow	708	615	669	12,38%	100,00%	100,00%	-12
Out	2.060	0	0	2,64%	0,00%	0,00%	-2
Cured	409	348	363	100,00%	11,17%	10,50%	5
New Inputs	0	4.244	4.748	0,00%	1,24%	1,28%	-7
Total Performing	61.352	63.082	62.999	2,14%	2,08%	2,09%	-5

❑ The Average LGD of AIRB Performing Portfolio at 26,65%, improving vs. July (-12 bps), due to the growth of secured exposures towards Valore and Premium segment (+0,25 €/bn) and to negative strenghtening flows on unsecured loans to SME and Top SME (-0,25 €/bn).

❑ Average PD worsening by 1 bps vs. previous month but slightly improved vs. December 2017 (-5 bps):

- ✓ improvements by **Default flow** (-12 bps), **New Inputs** (-7 bps) and **Out** (-2 bps), *partially offset by*
- ✓ worsening of **positions classified performing from the begin of the year** (+10 bps, increasing vs. +7 bps as of July 2018) and by **Cured positions** (+5 bps).

❑ Average RWA Density equal to 41,3%, higher than December 2017 (40,9%).



Credit Portfolio: Performing and Non-Performing Exposures

Values in €/mln

		Dec-17 IAS39			Dec-17 FTA			Jun-18			Jul-18			Aug-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%	29.168	11,5	0,04%	27.613	11,3	0,04%	27.013	10,3	0,04%
	A**	24.117	12,8	0,05%	24.117	8,6	0,04%	25.391	11,5	0,05%	25.078	11,3	0,04%	25.021	10,3	0,04%
	B	22.339	54,1	0,24%	22.339	35,9	0,16%	23.146	28,3	0,12%	23.266	27,3	0,12%	22.855	27,6	0,12%
	C	11.229	81,0	0,72%	11.229	39,4	0,35%	11.326	47,3	0,42%	11.116	46,1	0,41%	10.875	33,1	0,30%
	D	840	21,3	2,53%	840	8,1	0,96%	932	7,8	0,83%	888	7,6	0,86%	894	7,3	0,81%
	E	57	6,4	11,08%	57	2,0	3,48%	51	1,5	2,98%	61	1,1	1,88%	68	0,9	1,30%
	TOTAL**	58.582	175,5	0,30%	58.582	93,9	0,16%	60.845	96,4	0,16%	60.409	93,4	0,15%	59.712	79,1	0,13%

Values in €/mln

		Dec-17 IAS39			Dec-17 FTA			Jun-18			Jul-18			Aug-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%	678	4,8	0,71%	648	6,1	0,94%	728	5,1	0,71%
	B	1.839	16,7	0,91%	1.839	36,7	1,99%	2.110	31,5	1,49%	2.101	31,2	1,48%	2.163	40,0	1,85%
	C	8.034	78,7	0,98%	8.034	233,7	2,91%	7.273	206,4	2,84%	7.193	218,1	3,03%	7.251	207,5	2,86%
	D	5.711	180,1	3,15%	5.711	341,9	5,99%	5.533	306,3	5,54%	5.467	297,4	5,44%	5.411	294,9	5,45%
	E	1.148	91,9	8,00%	1.148	124,2	10,81%	1.268	164,2	12,95%	1.237	155,0	12,53%	1.247	155,0	12,43%
	TOTAL	17.602	368,7	2,09%	17.602	744,3	4,23%	16.862	713,2	4,23%	16.648	707,7	4,25%	16.801	702,5	4,18%

Values in €/mln

		Dec-17 IAS39			Dec-17 FTA			Jun-18			Jul-18			Aug-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%	409	152,0	37,13%	410	147,9	36,03%	384	139,3	36,30%
	IP Rete	1.532	450,7	29,42%	1.532	553,5	36,13%	858	285,0	33,24%	827	270,5	32,70%	807	262,5	32,52%
	Ristrutturati	3.888	1.577,8	40,58%	3.888	1.701,7	43,76%	3.773	1.690,2	44,80%	3.635	1.632,4	44,90%	3.594	1.598,6	44,48%
	Massivo	774	302,5	39,07%	774	386,6	49,94%	1.038	528,7	50,92%	1.071	549,8	51,32%	1.090	564,5	51,77%
	Rischio Anomalo	5.312	2.331,8	43,90%	5.312	2.609,8	49,13%	4.774	2.322,9	48,66%	4.586	2.231,0	48,64%	4.539	2.213,2	48,76%
	Sofferenze ***	9.295	5.965,9	64,18%	9.295	6.567,4	70,65%	9.989	7.026,2	70,34%	10.035	7.090,6	70,66%	10.126	7.136,3	70,47%
	TOTAL	21.332	10.768,3	50,48%	21.332	12.013,9	56,32%	20.841	12.005,1	57,60%	20.566	11.922,1	57,97%	20.541	11.914,4	58,00%

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

❑ In the month of August **Performing Exposure** down by 0,5 €/bn vs. July. In particular:

- ✓ **Stage1 GBV** down by about 0,7 €/bn vs. July, mainly on rating classes B and C; consequently in the month the **Coverage**, at 0,13%, shows a decrease of 2 bps vs. July;
- ✓ **Stage2 GBV** increases by about 0,2 €/bn vs. July, with **Provisions** substantially **stable** and **Coverage** decreased by 7 bps.

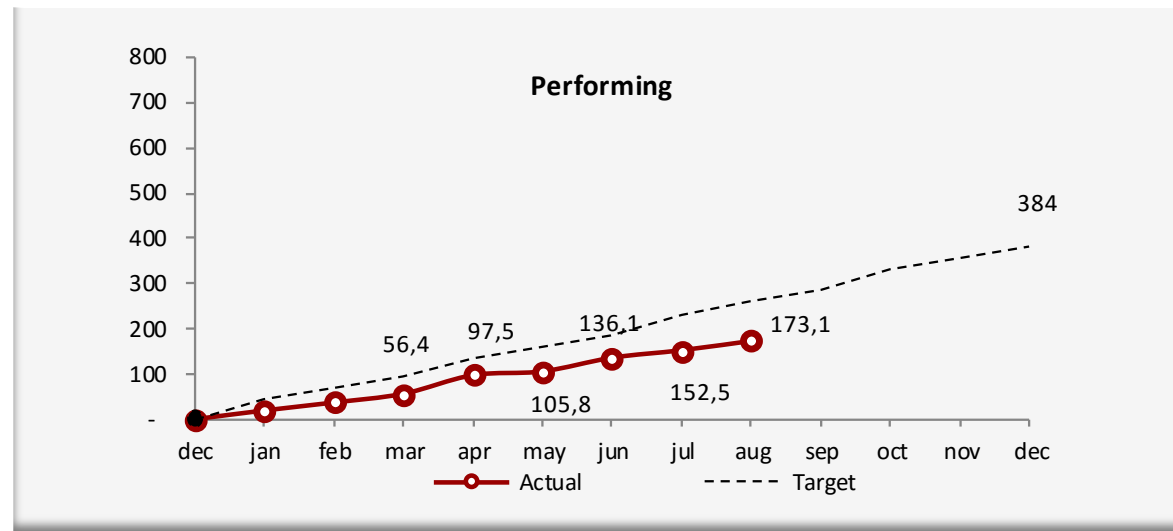
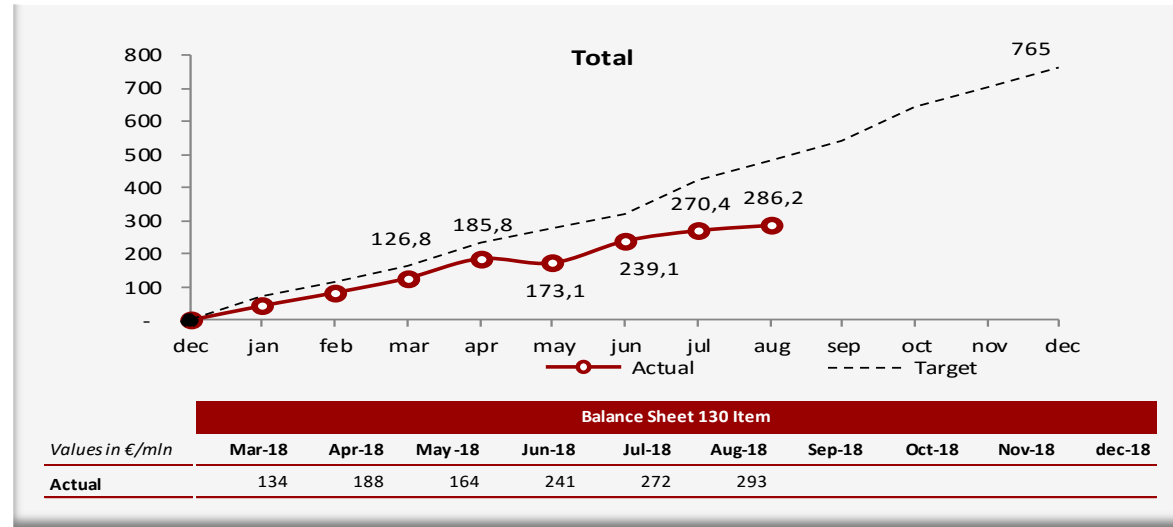
❑ The month of August shows a **decrease in Stage3 GBV** of 25 €/mln vs. July.



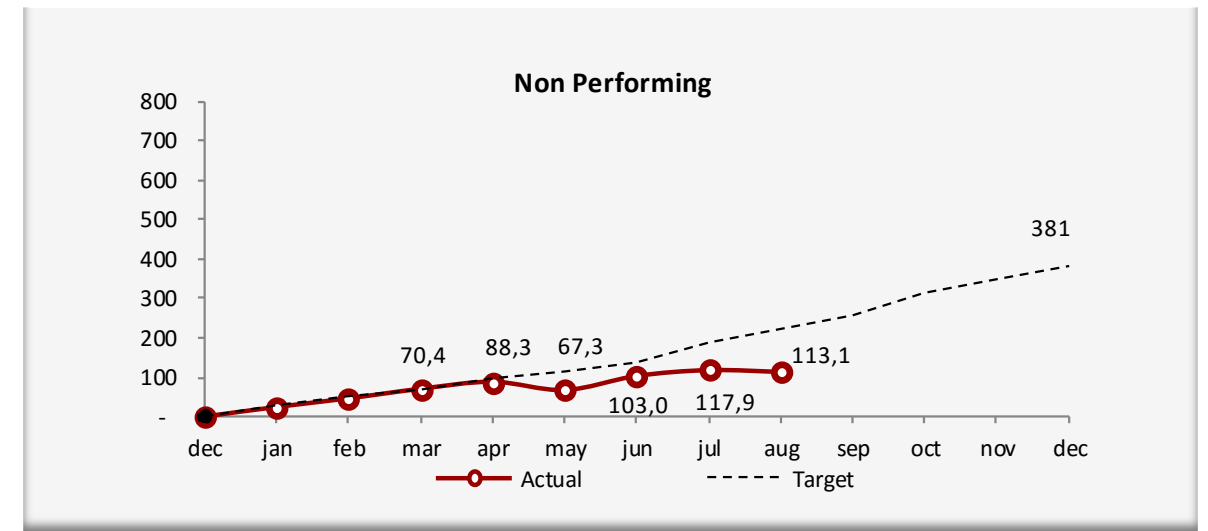
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The GBV includes the loans that breach SPPI test, and that are designated at FVTPL; consequently the provisions include the difference between nominal value and fair value of these assets
The GBV and Provision include also interests for late payments

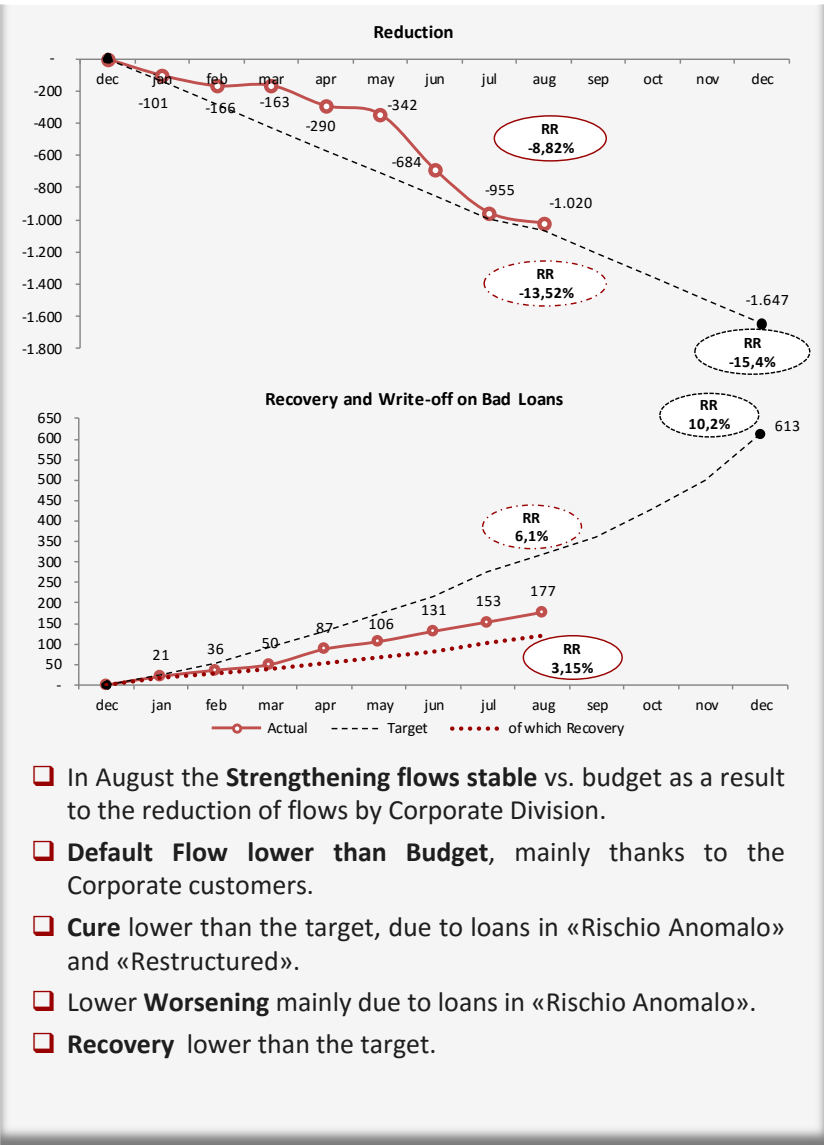
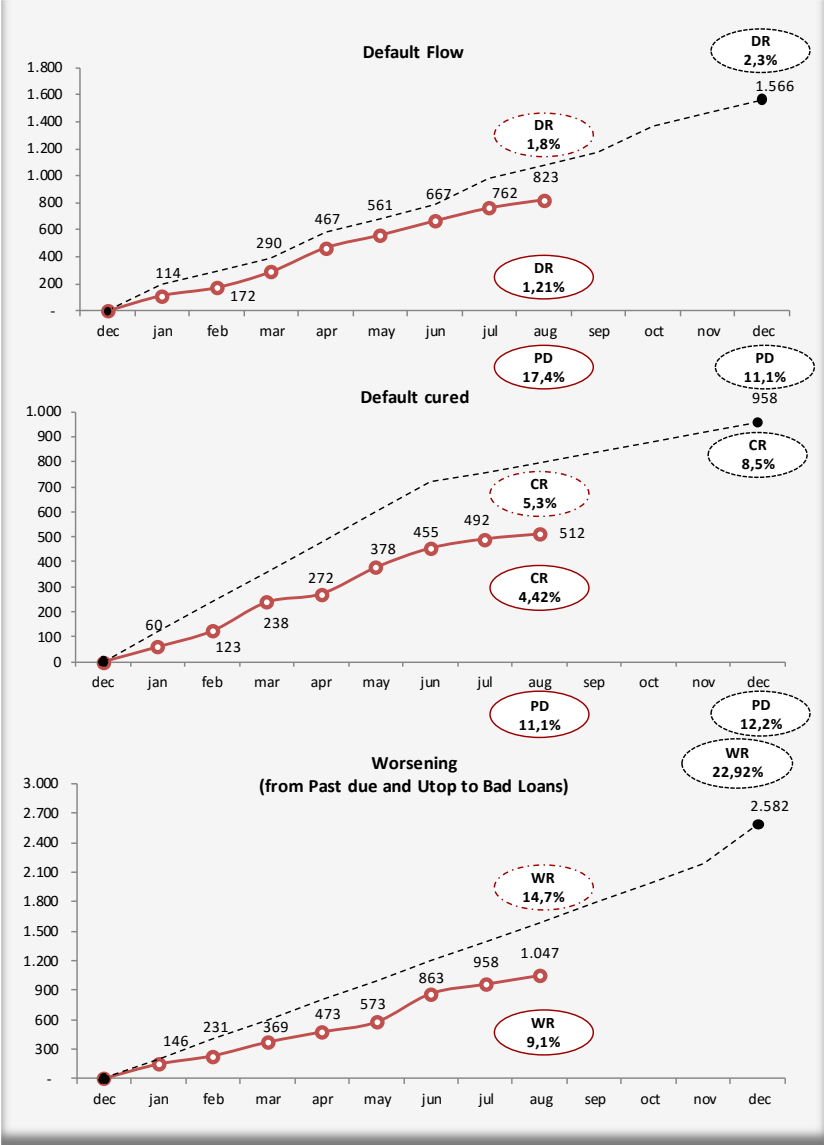
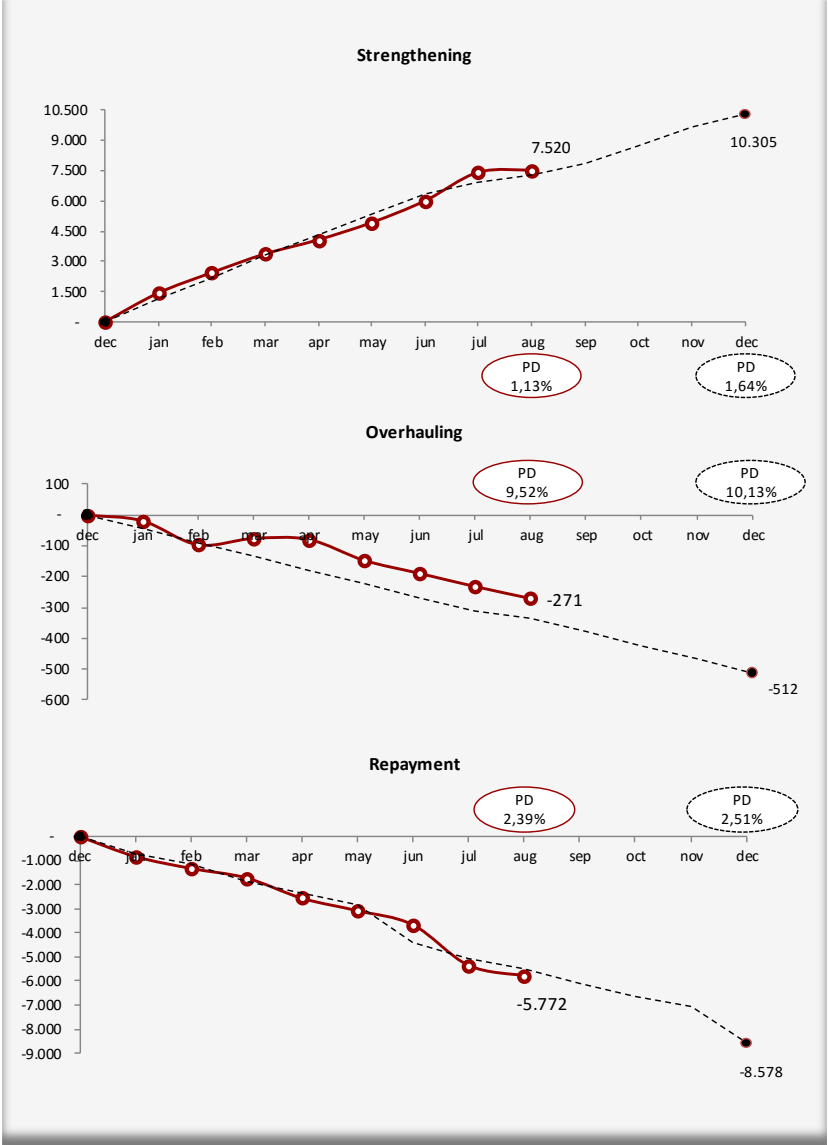
Net Loan Loss Provision: Cost of Performing and Non-Performing Loans



- ❑ **Net Loan Loss Provision** as of August 2018 equal to 286,2 €/mln vs. 483 €/mln of the Budget, in particular:
 - ✓ **Cost of the Performing Loans** at 173,1 €/mln vs. 258,9 €/mln of the Budget, mainly due to the default flow lower than expected (Annualized Default Rate 1,39% vs. 1,99% of the Budget);
 - ✓ **Cost of the Non Performing Loans** at 113,1 €/mln, lower than the Budget equal to 224,2 €/mln, mainly due to the low cost of the Worsening (Annualized Worsening Rate at 12% vs 22% of the Budget), partially off-set by the Cure (Cure Rate 5,23% vs. 8,15% off the Budget) and cost of Stable positions.
- ❑ **The month of August** shows a cost of about 16 €/mln, with **Performing Cost** at 21 €/mln partially off-set by **Reversal of Provision of non Performing** at 5 €/mln.



Dashboard: Parameters - Credit Policies*



- ❑ In August the **Strengthening flows stable** vs. budget as a result to the reduction of flows by Corporate Division.
- ❑ **Default Flow lower than Budget**, mainly thanks to the Corporate customers.
- ❑ **Cure** lower than the target, due to loans in «Rischio Anomalo» and «Restructured».
- ❑ Lower **Worsening** mainly due to loans in «Rischio Anomalo».
- ❑ **Recovery** lower than the 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	31/07/2018	31/08/2018		mar-18	jun-18	sep-18	dec-18
Cure Rate on UtoP Loans	CLO	4,04%	0,62%	0,78%	1,74%	2,13%	2,30%	2,38%	>	1,93%	3,86%	4,50%	5,15%
Reduction (Bad Loans)	CLO	1.231	49	87	106	131	154	177	>	83	196	330	558
Average Pd (Airb)	CCO	2,13%	2,17%	2,16%	2,13%	2,12%	2,08%	2,09%	<	2,08%	2,03%	1,98%	1,93%
Average Pd (Airb)	CCO Corporate	2,64%	2,73%	2,76%	2,73%	2,70%	2,65%	2,69%	<	2,58%	2,51%	2,45%	2,39%
Exposures Amount (Performing)	CCO Corporate	32.853	34.074	33.919	34.137	34.488	34.236	33.814	<	33.398	33.298	33.198	33.098
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Retail	601	109	164	201	368	404	428	<	123	246	369	533
Average Pd (Airb)	MPSCS	3,32%	3,18%	3,66%	3,57%	3,15%	3,18%	3,11%	<	3,22%	3,11%	3,01%	2,91%
Cure Rate on UtoP Loans	MPSCS	8,00%	1,43%	1,60%	2,18%	2,40%	2,93%	3,08%	>	2,34%	4,67%	5,45%	6,23%
Reduction (Bad Loans)	MPSCS	152	9	10	15	25	28	34	>	16	38	64	108
Exposures Amount (Performing)	MPSCS	4.435	4.504	4.492	4.476	4.398	4.406	4.399	<	4.514	4.393	4.271	4.150
Average Pd (Airb)	MPSLF	2,68%	2,74%	2,79%	2,91%	2,82%	2,76%	2,84%	<	2,68%	2,60%	2,51%	2,42%
Cure Rate on UtoP Loans	MPSLF	3,16%	0,91%	1,42%	2,11%	2,42%	2,38%	2,85%	>	1,56%	3,13%	3,65%	4,17%

□ The table above summarizes the limits breaches at 31/8/2018. During August any new breach has been observed, while have been confirmed the breaches related to:

- **Cure Rate on Utop Loans** (CLO, MPSCS, MPSLF) and **Reduction on Bad Loans** (CLO, MPSCS) continue to show a trend lower than expected;
- **Worsening** towards UtoP/Bad Loans (CCO Retail) continues to show a trend higher than expected;
- **Exposures Amount Performing** (CCO Corporate Division and MPSCS) remains higher than the limit, notwithstanding the decrease of strengthening flows;
- **Average PD (Airb)** (CCO, CCO Corporate, MPSCS, MPSLF) continues to show a trend higher than expected.



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	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	4.951	5.037	4.806	4.615	4.478			-2,97%	-9,55%	4.810
- of which Div. Corporate	3.805	3.814	3.675	3.510	3.470			-1,14%	-8,80%	3.686
- of which Div. Retail	1.134	1.212	1.100	1.074	977			-9,03%	-13,84%	1.113
- of which Div. Wealth	12	11	31	31	31			0,00%	158,33%	11
WIDIBA	112	126	145	152	153			0,66%	36,61%	185
CLO	0	0	0	0	0			0,00%	0,00%	0
CFO	572	653	752	836	756			-9,57%	32,17%	910
AD	943	678	569	523	516			-1,34%	-45,28%	264
TOTAL	6.578	6.494	6.272	6.126	5.903			-3,64%	-10,26%	6.169

Values in €/mln, regulatory risk measures	RWA/EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	55,6%	54,7%	53,5%	53,3%	53,2%			-0,1%	-4,2%	62,8%
- of which Div. Corporate	56,1%	55,6%	54,6%	54,3%	54,4%			0,1%	-3,0%	61,8%
- of which Div. Retail	53,8%	51,8%	49,7%	49,6%	48,9%			-1,5%	-9,2%	65,9%
- of which Div. Wealth	75,0%	78,6%	88,6%	91,2%	91,2%			0,0%	21,6%	75,8%
WIDIBA	45,3%	42,3%	41,9%	41,8%	41,4%			-0,97%	-8,81%	46,3%
CLO	0,0%	0,0%	0,0%	0,0%	0,0%			0,0%	0,0%	0,0%
CFO	6,5%	14,9%	11,2%	15,1%	15,2%			0,9%	132,9%	40,6%
AD	30,1%	46,7%	47,5%	45,2%	48,9%			8,29%	62,29%	3,6%
TOTAL	31,3%	42,3%	36,3%	39,0%	39,9%			2,32%	27,51%	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	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	8.909	9.207	8.979	8.658	8.412			-2,84%	-5,58%	7.664
- of which Div. Corporate	6.786	6.855	6.730	6.459	6.379			-1,24%	-6,00%	5.960
- of which Div. Retail	2.107	2.338	2.214	2.165	1.999			-7,67%	-5,13%	1.690
- of which Div. Wealth	16	14	35	34	34			0,00%	112,50%	15
WIDIBA	247	298	346	364	370			1,65%	49,80%	399
CLO	0	0	0	0	0			0,00%	0,00%	0
CFO	8.742	4.380	6.736	5.534	4.961			-10,35%	-43,25%	2.244
AD	3.129	1.451	1.199	1.158	1.055			-8,89%	-66,28%	7.248
TOTAL	21.027	15.336	17.260	15.714	14.798			-5,83%	-29,62%	17.555

❑ In August RWAs down by 223 €/mln, mainly due to the decrease of **CCO** (-137 €/mln).

❑ **EAD** down by approx. 1 €/bn, mainly due to the decrease of **CFO** (down by 0,6 €/bn, due to the decrease of the exposure vs. Bankit) and **CCO** (down by 0,3 €/bn). The growing trend on Widiba, due to the new mortgages, is continuing.

The **EAD** decrease, mainly on position zero risk weighted vs. Bankit, affects the evolution of RWA/EAD ratio (at 39,9% in August vs. 39% in July).



MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

Perimeter: MPS, MPS CS (except Global Market), 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	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	168	99	87	84	81			-3,57%	-51,79%	140
- of which Div. Corporate	38	26	27	25	23			-8,00%	-39,47%	50
- of which Div. Retail	130	73	60	59	58			-1,69%	-55,38%	90
- of which Div. Wealth	0	0	0	0	0			0,00%	0,00%	1
WIDIBA	3	3	4	4	4			0,00%	33,33%	3
CLO	791	852	688	643	639			-0,62%	-19,22%	694
CFO	1	0	0	0	0			0,00%	-100,00%	44
AD	0	0	0	0	0			0,00%	0,00%	6
TOTAL	963	954	779	731	724			-0,96%	-24,82%	888

Values in €/mln, regulatory risk measures	EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	173	106	86	83	81			-2,41%	-53,18%	150
- of which Div. Corporate	44	30	27	25	24			-4,00%	-45,45%	46
- of which Div. Retail	129	76	59	58	57			-1,72%	-55,81%	104
- of which Div. Wealth	0	0	0	0	0			0,00%	0,00%	0
WIDIBA	2	2	3	3	3			0,00%	50,00%	3
CLO	845	884	728	695	706			1,58%	-16,45%	1.485
CFO	1	0	0	0	0			0,00%	-100,00%	32
AD	0	0	0	0	0			0,00%	0,00%	5
TOTAL	1.021	992	817	781	790			1,15%	-22,62%	1.676

Values in €/mln, regulatory risk measures	RWA/EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	97,1%	93,4%	101,2%	101,2%	100,0%			-1,2%	3,0%	93,2%
- of which Div. Corporate	86,4%	86,7%	100,0%	100,0%	95,8%			-4,2%	11,0%	107,4%
- of which Div. Retail	100,8%	96,1%	101,7%	101,7%	101,8%			0,0%	1,0%	86,7%
- of which Div. Wealth	0,0%	0,0%	0,0%	0,0%	0,0%			0,0%	0,0%	132,9%
WIDIBA	150,0%	150,0%	133,3%	133,3%	133,3%			0,0%	-11,1%	95,2%
CLO	93,6%	96,4%	94,5%	92,5%	90,5%			-2,2%	-3,3%	46,7%
CFO	100,0%	0,0%	0,0%	0,0%	0,0%			0,0%	-100,00%	138,8%
AD	0,0%	0,0%	0,0%	0,0%	0,0%			0,0%	0,0%	117,3%
TOTAL	94,3%	96,2%	95,3%	93,6%	91,6%			-2,1%	-2,8%	53,0%

□ In August, EAD and RWAs of standard portfolio remain substantially flat.

Standard Portfolio includes Specialized Lending



MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

Perimeter: MPS, MPS CS (except Global Market), 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	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	26.630	27.239	27.556	27.536	27.446			-0,33%	3,06%	28.484
- of which Div. Corporate	18.268	19.020	19.389	19.453	19.407			-0,24%	6,23%	19.489
- of which Div. Retail	8.237	8.095	8.036	7.954	7.910			-0,55%	-3,97%	8.870
- of which Div. Wealth	125	124	131	129	129			0,00%	3,20%	125
CLO	0	0	0	0	0			0,00%	0,00%	0
CFO	0	0	0	0	0			0,00%	0,00%	0
AD	0	0	0	0	0			0,00%	0,00%	2
TOTAL	26.630	27.239	27.556	27.536	27.446			-0,33%	3,06%	28.487

Values in €/mln, regulatory risk measures	EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	62.862	63.750	64.639	64.589	64.518			-0,11%	2,63%	64.192
- of which Div. Corporate	25.466	26.489	27.126	27.172	27.017			-0,57%	6,09%	26.159
- of which Div. Retail	36.847	36.731	36.977	36.886	36.967			0,22%	0,33%	37.457
- of which Div. Wealth	549	530	536	531	534			0,56%	-2,73%	576
CLO	0	0	0	0	0			0,00%	0,00%	0
CFO	0	0	0	0	0			0,00%	0,00%	0
AD	0	0	0	0	0			0,00%	0,00%	2
TOTAL	62.862	63.750	64.639	64.589	64.518			-0,11%	2,63%	64.194

Values in €/mln, regulatory risk measures	PD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	2,14%	2,17%	2,12%	2,08%	2,09%			0,42%	-2,46%	1,81%
- of which Div. Corporate	2,64%	2,73%	2,70%	2,65%	2,69%			1,17%	1,91%	2,25%
- of which Div. Retail	1,83%	1,79%	1,72%	1,68%	1,68%			-0,14%	-8,05%	1,52%
- of which Div. Wealth	1,73%	1,95%	2,06%	1,97%	1,92%			-2,22%	11,11%	1,45%
CLO	0,00%	0,00%	0,00%	0,00%	0,00%			0,00%	0,00%	0,00%
CFO	0,13%	0,05%	1,84%	0,00%	0,46%			0,00%	253,85%	0,13%
AD	3,81%	6,53%	5,19%	3,53%	4,19%			18,72%	9,97%	2,43%
TOTAL	2,14%	2,17%	2,12%	2,08%	2,09%			0,43%	-2,45%	1,81%

Values in €/mln, regulatory risk measures	LGD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	26,14%	26,54%	26,68%	26,77%	26,65%			-0,46%	1,95%	28,84%
- of which Div. Corporate	37,54%	38,11%	38,31%	38,50%	38,42%			-0,19%	2,35%	41,25%
- of which Div. Retail	18,82%	18,79%	18,71%	18,71%	18,62%			-0,46%	-1,08%	20,76%
- of which Div. Wealth	19,27%	19,23%	19,75%	19,80%	19,74%			-0,29%	2,44%	19,06%
CLO	0,00%	0,00%	0,00%	0,00%	10,00%			0,00%	0,00%	0,00%
CFO	38,00%	46,41%	38,11%	0,00%	46,41%			0,00%	22,12%	42,19%
AD	33,55%	11,09%	16,42%	26,88%	24,08%			-10,41%	-28,22%	44,40%
TOTAL	26,14%	26,54%	26,68%	26,77%	26,65%			-0,46%	1,95%	28,84%

- ❑ In August, **RWAs** of AIRB Performing Portfolio **decreased** by approx. 90 €/mln vs. July, as well as the **EAD** (-71 €/mln). The decrease of RWAs and EAD is mainly due to **Corporate Division** (-46 €/mln of RWAs and -155 €/mln of EAD vs. July).
- ❑ **Average Pd** at 2,09%, in slight worsening by 1 bps vs. July.



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	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	0	0	248	254	239			-5,91%	0,00%	292
- of which Div. Corporate	0	0	162	168	157			-6,55%	0,00%	125
- of which Div. Retail	0	0	86	86	82			-4,65%	0,00%	166
- of which Div. Wealth	0	0	0	0	0			0,00%	0,00%	2
CLO	0	0	2.673	3.937	3.899			-0,97%	0,00%	5.765
CFO	0	0	0	0	0			0,00%	0,00%	0
AD	0	0	0	1	12			1100,00%	0,00%	0
TOTAL	0	0	2.921	4.192	4.150			-1,00%	0,00%	6.058

Values in €/mln, regulatory risk measures	EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	1.753	1.410	1.101	1.080	1.038			-3,89%	-40,79%	1.197
- of which Div. Corporate	746	499	421	424	408			-3,77%	-45,31%	407
- of which Div. Retail	1.004	909	678	653	628			-3,83%	-37,45%	780
- of which Div. Wealth	3	2	2	3	2			-33,33%	-33,33%	9
CLO	40.997	40.965	17.781	17.667	17.629			-0,22%	-57,00%	13.631
CFO	2	0	0	0	0			0,00%	-100,00%	0
AD	57	8	9	2	9			350,00%	-84,21%	0
TOTAL	42.809	42.383	18.891	18.749	18.676			-0,39%	-56,37%	14.828

Values in €/mln, regulatory risk measures	SHORTFALL							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	55	-45	13	21	20			-4,76%	-63,64%	-9
- of which Div. Corporate	43	5	34	39	37			-5,13%	-13,95%	15
- of which Div. Retail	12	-50	-21	-18	-17			-5,56%	-241,67%	-25
- of which Div. Wealth	0	0	0	0	0			0,00%	0,00%	1
CLO	-7.095	-8.041	-1.732	-1.505	-1.488			-1,13%	-79,03%	-1.378
CFO	0	0	0	0	0			0,00%	0,00%	0
AD	-19	-4	-4	1	4			300,00%	-121,05%	0
TOTAL	-7.059	-8.090	-1.723	-1.483	-1.464			-1,28%	-79,26%	-1.386

Values in €/mln, regulatory risk measures	LGD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
CCO	28,55%	26,25%	29,65%	29,89%	29,84%			-0,16%	4,53%	26,95%
- of which Div. Corporate	36,40%	33,43%	38,57%	38,93%	38,71%			-0,57%	6,33%	36,06%
- of which Div. Retail	22,74%	22,33%	24,13%	24,07%	24,11%			0,14%	6,03%	22,41%
- of which Div. Wealth	19,54%	20,65%	20,87%	18,52%	20,88%			12,75%	6,86%	19,79%
CLO	49,72%	49,96%	47,16%	49,22%	49,35%			0,27%	-0,73%	43,07%
CFO	71,01%	0,00%	0,00%	0,00%	0,00%			0,00%	-100,00%	37,72%
AD	67,20%	50,16%	42,73%	62,06%	42,48%			-31,54%	-36,78%	41,93%
TOTAL	48,86%	49,16%	46,12%	48,09%	48,24%			0,32%	-1,26%	41,74%

❑ In August, **RWAs** and **EAD** of AIRB Non Performing Portfolio down respectively by approx. -42 €/mln and -73 €/mln, mainly due to **CLO**.

❑ **Shortfall** remains **stable** vs. the previous month.



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

Total							
Values in €/mln, regulatory risk measures	EAD			AVG PD			
	Dec-17	Jul-18	Aug-18	Dec-17	Jul-18	Aug-18	Δ bps
Upgrading	13.281	12.056	13.114	2,97%	1,35%	1,29%	-36
Stable	32.136	34.214	31.740	1,67%	1,61%	1,59%	-4
Downgrading	13.167	12.220	13.034	1,84%	4,17%	4,18%	50
Default flow	708	615	669	12,38%	100,00%	100,00%	-12
Out	2.060	0	0	2,64%	0,00%	0,00%	-2
Cured	409	348	363	100,00%	11,17%	10,50%	5
New Inputs	0	4.244	4.748	0,00%	1,24%	1,28%	-7
Total Performing	61.352	63.082	62.999	2,14%	2,08%	2,09%	-5

+ 10 bps

Corporate							
Values in €/mln, regulatory risk measures	EAD			AVG PD			
	Dec-17	Jul-18	Aug-18	Dec-17	Jul-18	Aug-18	Δ bps
Upgrading	5.518	4.958	5.637	2,98%	1,45%	1,36%	-38
Stable	11.476	13.596	12.117	2,41%	2,12%	2,16%	-12
Downgrading	5.790	5.421	5.912	2,29%	5,16%	5,12%	68
Default flow	86	85	77	10,52%	100,00%	100,00%	-3
Out	1.100	0	0	4,50%	0,00%	0,00%	-8
Cured	71	58	54	100,00%	11,57%	9,95%	2
New Inputs	0	1.655	1.800	0,00%	2,12%	2,19%	-4
Total Performing	23.970	25.688	25.520	2,64%	2,65%	2,69%	5

+ 18 bps

Retail							
Values in €/mln, regulatory risk measures	EAD			AVG PD			
	Dec-17	Jul-18	Aug-18	Dec-17	Jul-18	Aug-18	Δ bps
Upgrading	7.658	6.998	7.378	2,95%	1,28%	1,24%	-36
Stable	20.397	20.369	19.374	1,26%	1,26%	1,23%	-1
Downgrading	7.190	6.614	6.936	1,49%	3,38%	3,41%	38
Default flow	202	180	185	12,37%	100,00%	100,00%	-6
Out	1.384	0	0	4,22%	0,00%	0,00%	-10
Cured	171	144	154	100,00%	12,54%	12,32%	5
New Inputs	0	2.737	3.103	0,00%	1,18%	1,14%	-5
Total Performing	36.832	36.863	36.945	1,83%	1,68%	1,68%	-15

+ 1 bps

Wealth							
Values in €/mln, regulatory risk measures	EAD			AVG PD			
	Dec-17	Jul-18	Aug-18	Dec-17	Jul-18	Aug-18	Δ bps
Upgrading	97	91	92	3,18%	1,30%	1,46%	-30
Stable	246	234	232	1,26%	1,27%	1,26%	1
Downgrading	170	159	157	1,46%	3,63%	3,42%	60
Default flow	0	1	0	6,69%	100,00%	100,00%	0
Out	36	0	0	2,34%	0,00%	0,00%	-2
Cured	0	0	0	100,00%	17,53%	17,49%	1
New Inputs	0	47	52	0,00%	0,97%	1,05%	-9
Total Performing	549	531	534	1,73%	1,97%	1,92%	19

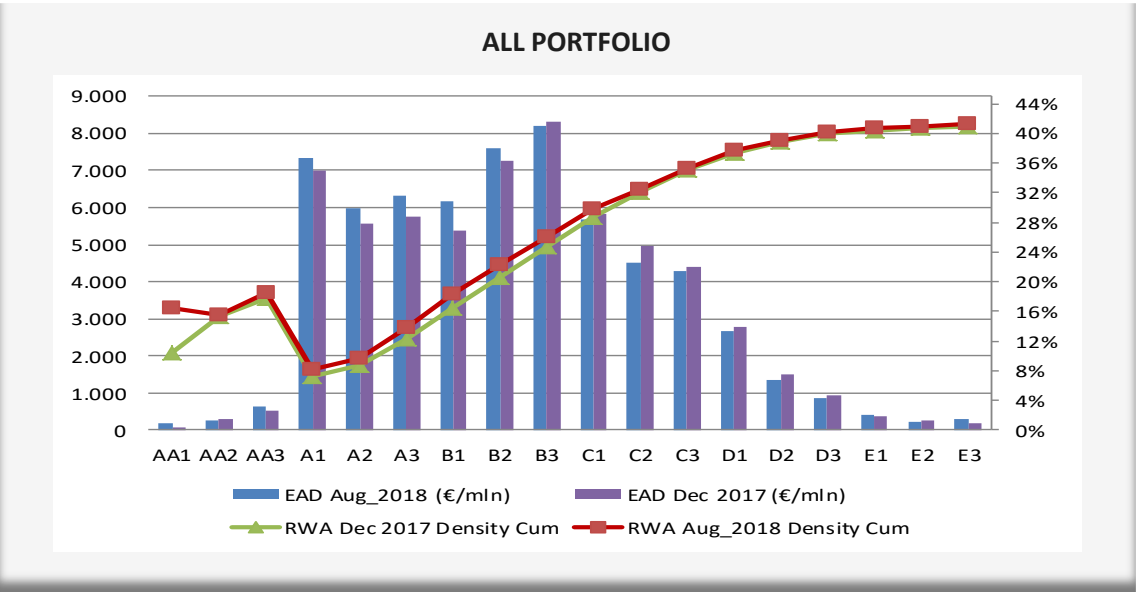
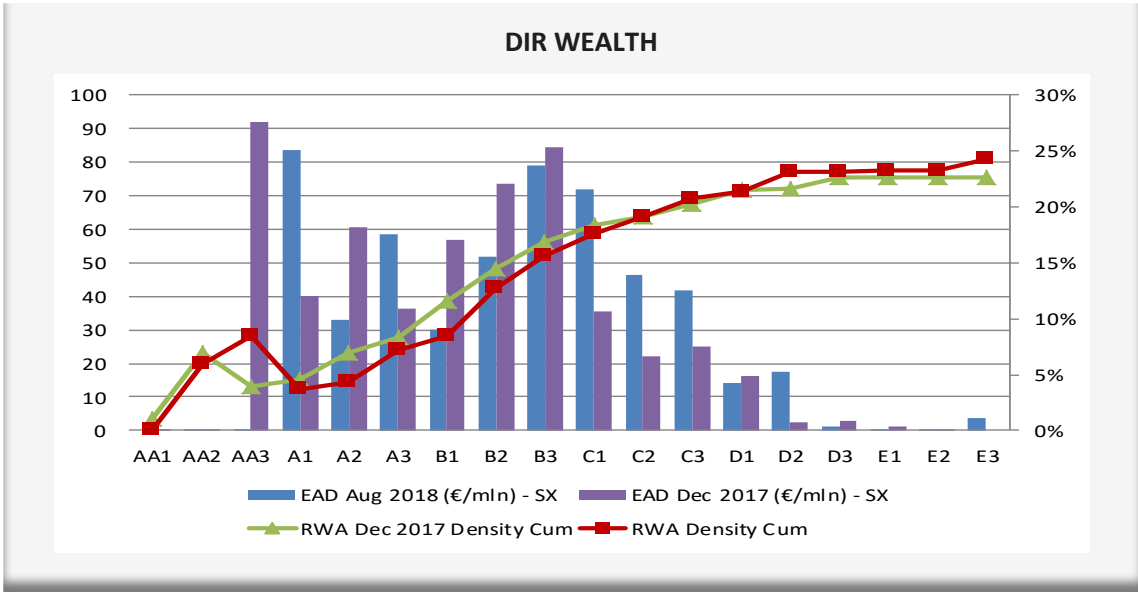
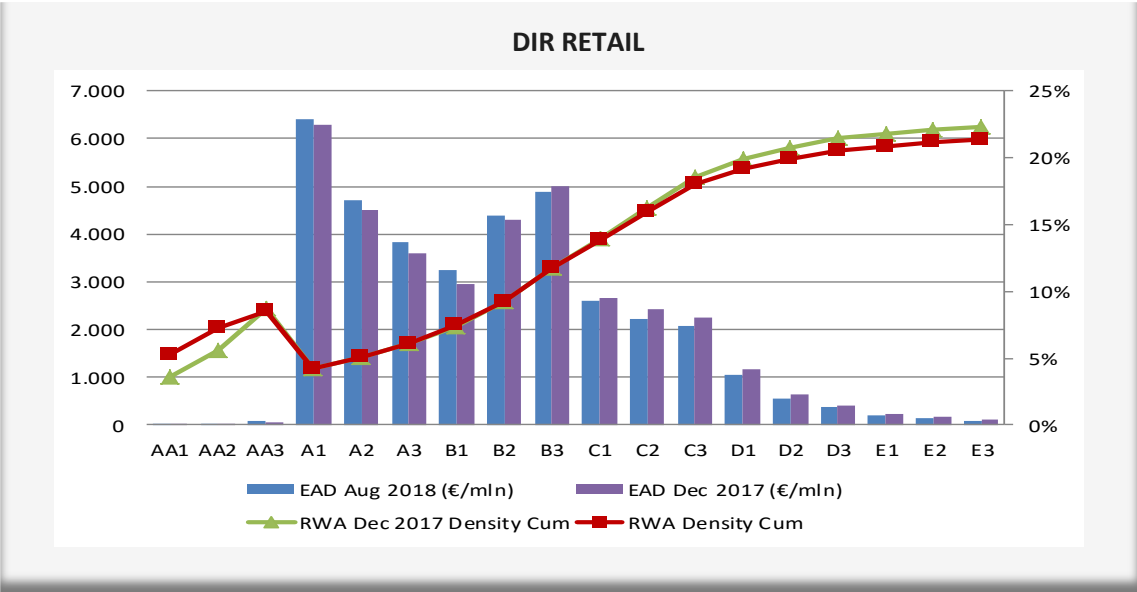
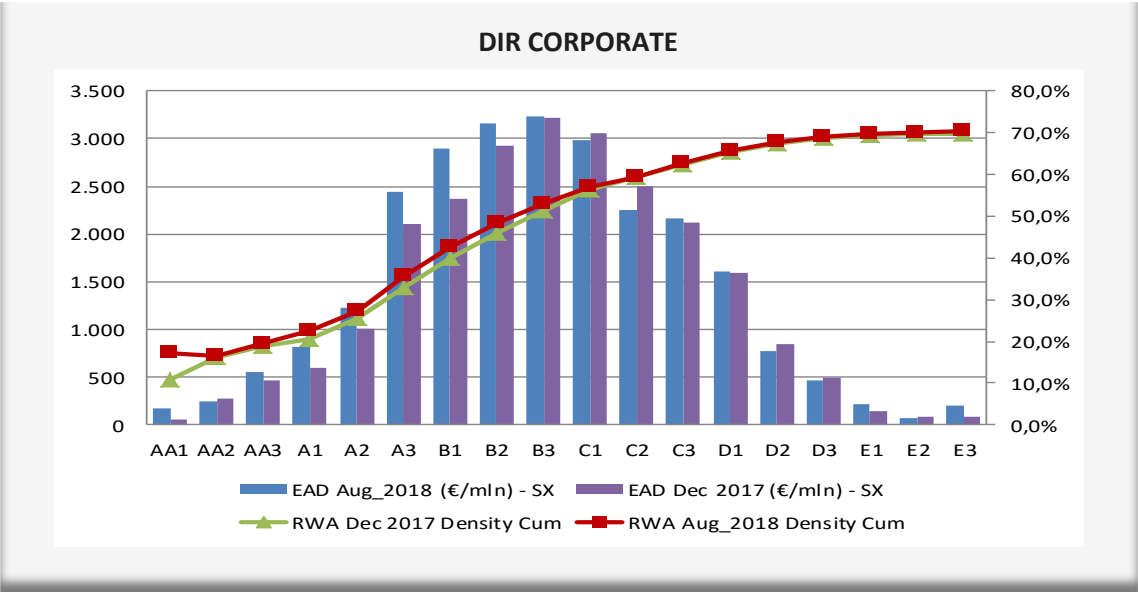
+ 31 bps

❑ PD Retail down by 15 bps, stable vs. the previous month, mainly due to the improvement of the Outputs replaced by New Inputs less risky.

❑ PD Corporate up by 5 bps, worsening by 4 bps vs the previous month, mainly due to the worsening of stable positions (+18 bps as at 31/08/18 vs. +13 bps of July).



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		Jun-18		Jul-18		Aug-18	
FINANCIAL COLLATERAL	406	0,7%	367	0,6%	360	0,6%	356	0,6%	355	0,6%
LGD	0,00%		0,00%		0,00%		0,00%		0,00%	
REAL ESTATE COLLATERAL	37.051	60,4%	36.472	58,6%	36.775	58,2%	36.713	58,2%	36.996	58,7%
LGD	16,15%		16,02%		16,02%		16,05%		16,05%	
PERSONAL GUARANTEES	1.226	2,0%	1.393	2,2%	1.404	2,2%	1.385	2,2%	1.373	2,2%
LGD	37,43%		37,58%		37,89%		38,20%		38,02%	
UNSECURED	22.670	37,0%	23.955	38,5%	24.618	39,0%	24.629	39,0%	24.275	38,5%
LGD	42,32%		42,32%		42,35%		42,50%		42,56%	
TOTAL EAD	61.353	100%	62.187	100%	63.157	100%	63.083	100%	62.999	100%
AVERAGE LGD	26,14%		26,54%		26,68%		26,77%		26,65%	

	Corporate									
Values in €/mln, regulatory risk measures	Dec-17		Mar-18		Jun-18		Jul-18		Aug-18	
FINANCIAL COLLATERAL	122	0,5%	106	0,4%	109	0,4%	105	0,4%	105	0,4%
LGD	0,00%		0,00%		0,00%		0,00%		0,00%	
REAL ESTATE COLLATERAL	7.500	31,3%	7.005	28,1%	6.982	27,2%	6.941	27,0%	6.990	27,4%
LGD	24,70%		24,70%		24,71%		24,82%		24,83%	
PERSONAL GUARANTEES	694	2,9%	793	3,2%	810	3,2%	789	3,1%	797	3,1%
LGD	37,33%		37,61%		38,18%		38,54%		38,22%	
UNSECURED	15.654	65,3%	17.037	68,3%	17.758	69,2%	17.853	69,5%	17.628	69,1%
LGD	44,00%		43,88%		43,89%		44,04%		44,05%	
TOTAL EAD	23.970	100%	24.941	100%	25.659	100%	25.688	100%	25.520	100,0%
AVERAGE LGD	37,54%		38,11%		38,31%		38,50%		38,42%	

	Retail									
Values in €/mln, regulatory risk measures	Dec-17		Mar-18		Jun-18		Jul-18		Aug-18	
FINANCIAL COLLATERAL	236	0,6%	215	0,6%	206	0,6%	207	0,6%	205	0,6%
LGD	0,00%		0,00%		0,00%		0,00%		0,00%	
REAL ESTATE COLLATERAL	29.326	79,6%	29.252	79,7%	29.578	80,0%	29.559	80,2%	29.788	80,6%
LGD	13,99%		13,96%		13,99%		14,01%		14,01%	
PERSONAL GUARANTEES	529	1,4%	597	1,6%	591	1,6%	594	1,6%	574	1,6%
LGD	37,54%		37,52%		37,48%		37,73%		37,73%	
UNSECURED	6.741	18,3%	6.651	18,1%	6.587	17,8%	6.503	17,6%	6.378	17,3%
LGD	39,05%		38,95%		38,80%		38,91%		39,05%	
TOTAL EAD	36.832	100%	36.715	100%	36.962	100%	36.863	100%	36.945	100%
AVERAGE LGD	18,82%		18,79%		18,71%		18,71%		18,62%	

	Wealth									
Values in €/mln, regulatory risk measures	Dec-17		Mar-18		Jun-18		Jul-18		Aug-18	
FINANCIAL COLLATERAL	47	8,6%	45	8,5%	45	8,4%	43	8,1%	44	8,3%
LGD	0,00%		0,00%		0,00%		0,00%		0,00%	
REAL ESTATE COLLATERAL	224	40,8%	214	40,5%	214	40,0%	212	39,9%	217	40,7%
LGD	13,58%		13,37%		13,41%		13,39%		13,33%	
PERSONAL GUARANTEES	3	0,5%	3	0,6%	3	0,6%	3	0,6%	3	0,6%
LGD	40,95%		40,38%		40,06%		40,00%		40,55%	
UNSECURED	275	50,1%	267	50,5%	273	51,0%	273	51,4%	269	50,5%
LGD	26,99%		26,96%		27,73%		27,73%		27,91%	
TOTAL EAD	549	100%	529	100%	535	100%	531	100%	533	100%
AVERAGE LGD	19,27%		19,23%		19,75%		19,80%		19,74%	

❑ The Average LGD of AIRB Performing Portfolio, at 26,65%, improving vs. July (-12 bps), due to the growth of secured exposures towards Valore and Premiun segment (+0,25 €/bn) and to negative strenghtening flows on unsecured loans to SME and Top SME (-0,25 €/bn).



Credit Portfolio – Transition Matrix

	Tot Stock T0	GBV-Dec17							GBV-Aug18						
		State T1							State T1						
		Bonis Stage1	Bonis Stage2	Past due/lp rete	Ip r.a./lp ristr	Bad Loans	Client Out		Bonis Stage1	Bonis Stage2	Past due/lp rete	Ip r.a./lp ristr	Bad Loans		
New Client	-								3.449	364	6	52	32		
Bonis Stage1	58.582	53.195	3.732	71	49	20	1.515		52.967	3.443	51	32	4	Default Flow(T1)	793
Bonis Stage2	17.602	3.403	13.023	283	324	92	478		3.269	12.563	274	324	109	Worsening(T1)	1.576
Past due/lp rete	2.062	15	261	893	661	187	45		19	214	853	656	188	Cure(T0)	524
Ip r.a./lp ristr	9.974	6	234	81	8.217	699	737		7	212	5	8.072	732		
Bad Loans	9.295	1	8	3	91	8.998	194		1	5	2	88	9.062		
Total	97.516	56.620	17.257	1.331	9.342	9.996	2.970		59.712	16.801	1.191	9.224	10.126		

	Tot Stock T0	GBV-Dec17 vs. Total Stock GBV-Dec17							GBV-Aug18 vs. Total Stock GBV-Dec17						
		State T1							State T1						
		Bonis Stage1	Bonis Stage2	Past due/lp rete	Ip r.a./lp ristr	Bad Loans	Client Out		Bonis Stage1	Bonis Stage2	Past due/lp rete	Ip r.a./lp ristr	Bad Loans		
Bonis Stage1	100,00%	90,80%	6,37%	0,12%	0,08%	0,03%	2,59%		90,41%	5,88%	0,09%	0,05%	0,01%		
Bonis Stage2	100,00%	19,33%	73,99%	1,61%	1,84%	0,52%	2,71%		18,57%	71,37%	1,56%	1,84%	0,62%		
Past due/lp rete	100,00%	0,74%	12,64%	43,31%	32,06%	9,05%	2,20%		0,91%	10,37%	41,37%	31,80%	9,13%		
Ip r.a./lp ristr	100,00%	0,06%	2,34%	0,81%	82,38%	7,01%	7,39%		0,07%	2,12%	0,05%	80,92%	7,34%		
Bad Loans	100,00%	0,01%	0,08%	0,03%	0,98%	96,81%	2,09%		0,01%	0,06%	0,03%	0,95%	97,49%		

	Tot Stock T0	GBV-Dec17 focused on Performing in T0							GBV-Aug18 focused on Performing in T1						
		State T1							State T1						
		Bonis Stage1	Bonis Stage2	Past due/lp rete	Ip r.a./lp ristr	Bad Loans	Client Out		Bonis Stage1	Bonis Stage2	Past due/lp rete	Ip r.a./lp ristr	Bad Loans		
Stage 1	58.582	53.195	3.732	71	49	20	1.515		52.967	3.443	51	32	4		
Stage 2	17.602	3.403	13.023	283	324	92	478		3.269	12.563	274	324	109		
Tot Performing	76.185	56.598	16.755	354	373	112	1.993		56.236	16.006	325	356	113		
% stage 1 on Tot	76,90%	93,99%	22,27%	20,07%	13,22%	17,64%	76,04%		94,19%	21,51%	15,67%	8,91%	3,50%		
% stage 2 on Tot	23,10%	6,01%	77,73%	79,93%	86,78%	82,36%	23,96%		5,81%	78,49%	84,33%	91,09%	96,50%		

	Tot Stock T0	%							%						
		State T1							State T1						
		Bonis Stage1	Bonis Stage2	Past due/lp rete	Ip r.a./lp ristr	Bad Loans	Client Out		Bonis Stage1	Bonis Stage2	Past due/lp rete	Ip r.a./lp ristr	Bad Loans		
Stage 1	100,00%	90,80%	6,37%	0,12%	0,08%	0,03%	2,59%		93,75%	6,09%	0,09%	0,06%	0,01%		
Stage 2	100,00%	19,33%	73,99%	1,61%	1,84%	0,52%	2,71%		19,77%	75,96%	1,66%	1,96%	0,66%		
Tot Performing	100,00%	74,29%	21,99%	0,46%	0,49%	0,15%	2,62%		77,00%	21,92%	0,44%	0,49%	0,15%		

	Tot Stock T0	-Def Flow(T0)	+Cure(T1)	-Client Out(T0)	+ New Client(T1)	-Out From Other Stage(-) +In To Other Stage(T1)	+Loan Change (T1-T0)	TOT Stock T1	
Stage 1	58.582	-	140	27 -	1.515	3.449 -	3.732	3.269	-228
Stage 2	17.602	-	699	431 -	478	364 -	3.403	3.443	-460
Tot Performing	76.185	-	839	458 -	1.993	3.813 -	7.135	6.712	-688



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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	584,3	960,5				
Forborne	2.259,8	2.277,1	2.223,6	2.285,1	2.241,0	2.292,6	2.220,5				
High Risk	2.920,0	2.584,9	2.529,9	2.428,8	2.574,0	2.614,2	2.496,8				
Ebitda	1.886,7	1.873,1	1.824,8	1.676,4	1.726,9	1.837,1	1.857,2				
Riquallifica	4.489,1	3.976,8	4.015,5	3.777,7	3.637,0	3.247,1	3.055,2				
Quantitativo	5.417,7	6.164,9	6.136,4	6.207,1	6.133,6	6.072,2	6.210,4				
Totale	17.602,3	17.751,2	17.554,1	17.304,1	16.862,1	16.647,5	16.800,5	-	-	-	-

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	33,9	50,2				
Forborne	182,7	183,7	178,4	172,6	170,1	173,2	167,5				
High Risk	120,0	100,9	95,6	98,2	113,7	144,2	133,4				
Ebitda	51,6	45,5	42,8	40,1	44,7	47,2	45,2				
Riquallifica	221,0	210,2	224,6	209,4	204,3	160,7	151,8				
Quantitativo	132,6	150,5	145,0	152,2	149,4	148,5	154,4				
Totale	744,3	739,6	733,6	720,6	713,2	707,7	702,5	-	-	-	-

% 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	5,78%	5,59%	5,72%	5,18%	5,67%	5,81%	5,22%	-	-	-	-
Forborne	8,09%	8,07%	8,02%	7,55%	7,59%	7,55%	7,54%	-	-	-	-
High Risk	4,11%	3,90%	3,78%	4,04%	4,42%	5,52%	5,34%	-	-	-	-
Ebitda	2,73%	2,43%	2,34%	2,39%	2,59%	2,57%	2,43%	-	-	-	-
Riquallifica	4,92%	5,28%	5,59%	5,54%	5,62%	4,95%	4,97%	-	-	-	-
Quantitativo	2,45%	2,44%	2,36%	2,45%	2,44%	2,45%	2,49%	-	-	-	-
Totale	4,23%	4,17%	4,18%	4,16%	4,23%	4,25%	4,18%	-	-	-	-



Credit Portfolio: Non Performing Exposures by Vintage*

Values in €/mln	PAST DUE											
	Dec -17 IAS 39		Dec -17 FTA		Mar -18		Jun -18		Jul -18		Aug -18	
	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage
0-6	207	23,10%	207	30,22%	232	25,94%	207	24,29%	221	24,00%	205	24,11%
6-12	99	19,96%	99	28,27%	72	31,03%	51	33,90%	53	28,95%	49	27,86%
>12	223	32,20%	223	46,67%	176	51,65%	151	55,75%	136	58,31%	130	58,75%
TOTAL	530	26,35%	530	36,79%	479	36,12%	409	37,13%	410	36,03%	384	36,30%

❑ **Decrease of Past due** by approx. -26 €/mln vs. July, on all the vintage classes, mainly on class 0-6 months.

Values in €/mln	UtoP											
	Dec -17 IAS 39		Dec -17 FTA		Mar -18		Jun -18		Jul -18		Aug -18	
	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage
0-12	1.830	39,47%	1.830	44,31%	1.809	47,94%	1.722	46,59%	1.602	47,66%	1.611	47,65%
12-24	1.239	35,73%	1.239	41,74%	1.196	42,90%	1.115	43,51%	1.088	42,49%	1.079	42,52%
24-36	1.353	37,50%	1.353	44,62%	1.307	43,40%	976	45,72%	1.020	46,27%	926	46,20%
36-48	3.645	39,52%	3.645	44,40%	3.565	45,30%	3.266	44,62%	3.056	45,09%	3.029	45,35%
48-60	1.660	46,03%	1.660	50,73%	1.557	51,08%	1.460	48,65%	1.415	47,11%	1.389	47,03%
>60	1.779	44,17%	1.779	48,84%	1.755	48,13%	1.904	48,62%	1.940	48,54%	1.997	47,95%
TOTAL	11.507	40,52%	11.507	45,72%	11.188	46,50%	10.443	46,22%	10.120	46,28%	10.031	46,24%

❑ **Decrease of Utop** by approx. -89 €/mln vs. July. It is worth highlighting a decrease of 12-60 classes by -160 €/mln, offset by an increase of 0-12 class (+10 €/mln) and over 60 months class (+57 €/mln).

Values in €/mln	BAD LOANS											
	Dec -17 IAS 39		Dec -17 FTA		Mar -18		Jun -18		Jul -18		Aug -18	
	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage
1	3.917	59,93%	3.917	66,35%	4.069	65,96%	3.690	63,68%	3.358	63,76%	3.209	63,23%
2	1.602	53,86%	1.602	60,91%	1.658	61,87%	2.476	64,06%	2.816	64,70%	3.039	64,64%
3	647	58,08%	647	67,04%	664	67,46%	563	71,91%	555	71,94%	553	72,01%
4	495	60,99%	495	68,06%	501	67,94%	441	72,24%	441	73,53%	438	73,35%
5	408	66,80%	408	75,01%	417	75,41%	527	72,36%	531	71,54%	532	71,44%
>5	2.227	81,10%	2.227	86,05%	2.281	86,04%	2.293	86,62%	2.334	86,72%	2.355	86,75%
TOTAL	9.295	64,18%	9.295	70,65%	9.590	70,65%	9.989	70,34%	10.035	70,66%	10.126	70,47%

❑ **Increase of Bad Loans Portfolio** vs. July by 91 €/mln, driven by 2 years class (+223 €/mln), offset by a decrease of 1 year class (-149 €/mln).



Addendum – 1/2

The table shows the trend of the **default flow observed from April 2018 onwards**, open by vintage months of default, distinguished between positions in forbearance 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.

after 2018/03/31		Vintage (months)												Total
		1	2	3	4	5	6	7	8	9	10	11	12	
Total	GBV	114,75	106,25	133,22	107,04	133,99	-	-	-	-	-	-	-	595,25
	Provision	36,26	27,84	42,76	36,28	42,39	-	-	-	-	-	-	-	185,54
	Coverage	31,60%	26,21%	32,10%	33,90%	31,64%								31,17%
Of Which Forborne Paying	GBV	5,21	8,01	8,75	7,08	10,69	-	-	-	-	-	-	-	39,75
	Provision	1,28	2,74	2,25	2,28	2,47	-	-	-	-	-	-	-	11,02
	Coverage	24,55%	34,25%	25,70%	32,13%	23,12%								27,73%
Of Which other Not Paying Secured	GBV	30,27	50,33	65,98	31,20	61,00	-	-	-	-	-	-	-	238,78
	Provision	5,30	7,58	13,21	6,02	15,09	-	-	-	-	-	-	-	47,19
	Coverage	17,51%	15,06%	20,01%	19,29%	24,74%								19,76%
Of Which other Not Paying Unsecured	GBV	79,27	47,91	58,48	68,76	62,30	-	-	-	-	-	-	-	316,72
	Provision	29,69	17,52	27,30	27,99	24,82	-	-	-	-	-	-	-	127,32
	Coverage	37,45%	36,57%	46,69%	40,70%	39,85%								40,20%

The table shown above 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%



Addendum – 2/2

The table shows the trend of the **default flow observed until April 2018**, open by vintage years 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.

before 2018/03/31		Vintage (years)								Total
		0-1	1-2	2-3	3-4	4-5	5-6	6-7	>7	
Total	GBV	1.091,46	1.873,66	1.876,98	4.450,38	2.638,81	2.230,25	1.572,20	4.212,04	19.945,80
	Provision	498,27	933,80	997,43	2.236,50	1.478,32	1.361,05	995,35	3.228,12	11.728,83
	Coverage	45,65%	49,84%	53,14%	50,25%	56,02%	61,03%	63,31%	76,64%	58,80%
Of Which Forborne Paying	GBV	163,73	231,60	193,89	884,36	406,68	231,73	163,08	371,00	2.646,08
	Provision	57,26	82,18	73,10	335,05	172,80	114,53	37,36	164,89	1.037,18
	Coverage	34,97%	35,49%	37,70%	37,89%	42,49%	49,42%	22,91%	44,45%	39,20%
Of Which other Not Paying Secured	GBV	325,10	738,81	781,03	1.695,46	1.115,77	854,80	540,80	772,61	6.824,38
	Provision	105,25	280,67	289,50	721,72	555,90	443,33	284,37	443,48	3.124,20
	Coverage	32,37%	37,99%	37,07%	42,57%	49,82%	51,86%	52,58%	57,40%	45,78%
Of Which other Not Paying Unsecured	GBV	602,62	903,26	902,05	1.870,56	1.116,36	1.143,73	868,32	3.068,43	10.475,33
	Provision	335,77	570,95	634,83	1.179,73	749,62	803,18	673,62	2.619,75	7.567,45
	Coverage	55,72%	63,21%	70,38%	63,07%	67,15%	70,23%	77,58%	85,38%	72,24%
delta addendum unsecured	Provision	-	-	267,22	690,83	366,74	340,54	194,70	448,68	2.308,72
delta addendumm secured	Provision	-	-	-	-	57,78	155,02	175,32	329,13	717,24
total delta addendumm	Provision	-	-	267,22	690,83	424,52	495,57	370,01	777,81	3.025,96

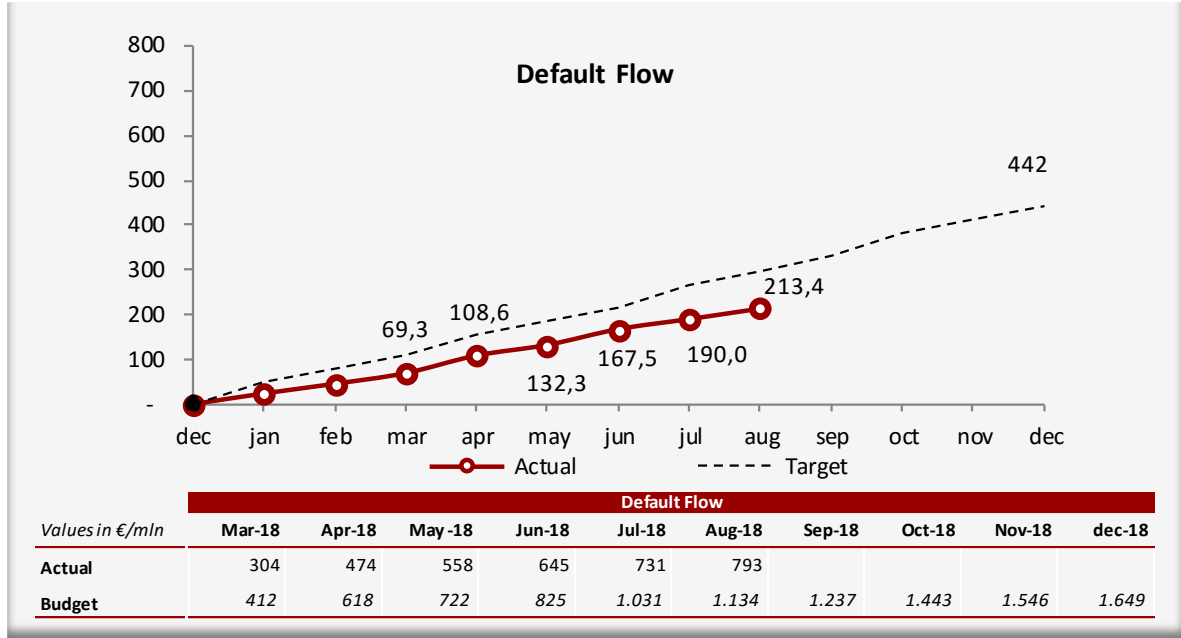
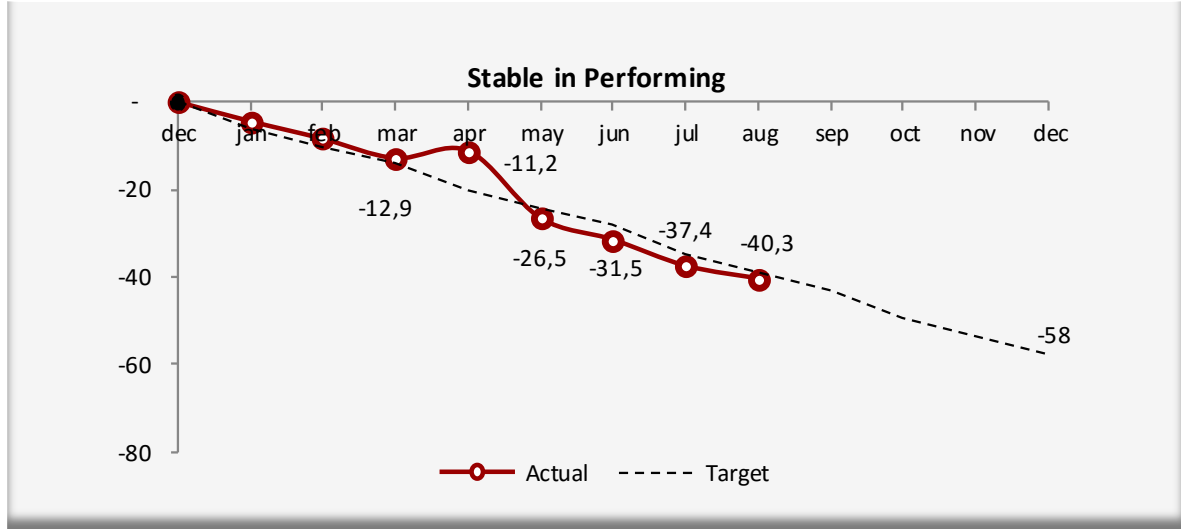
The table above summarizes the potential impact of the addendum in the last three lines if it would applied to the default stock generated before April 2018:

- 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



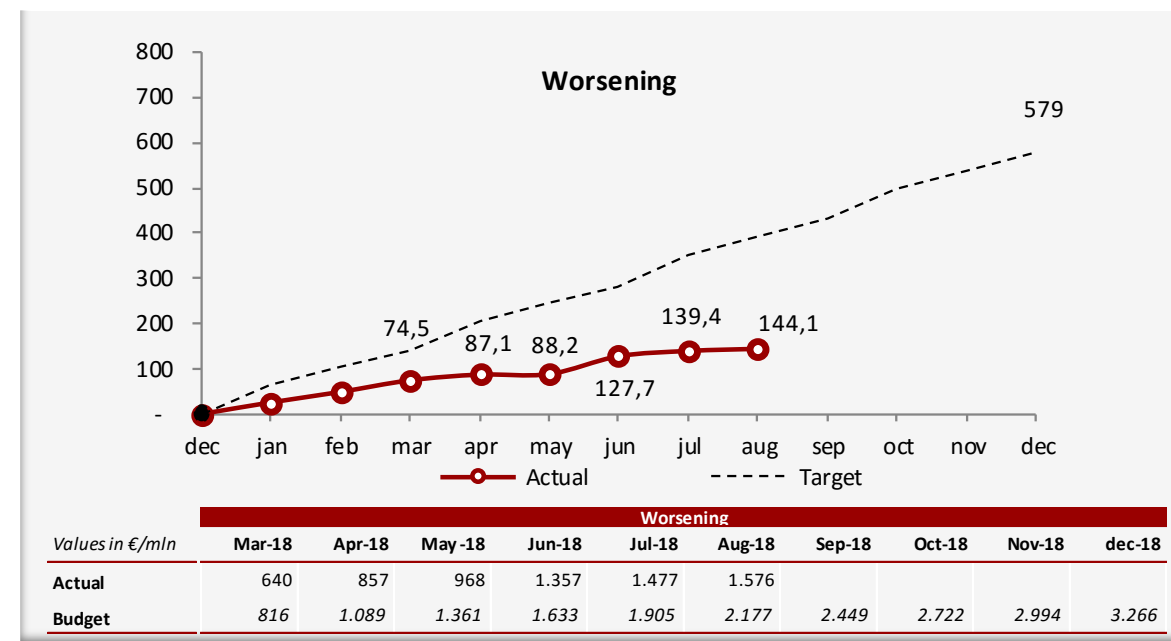
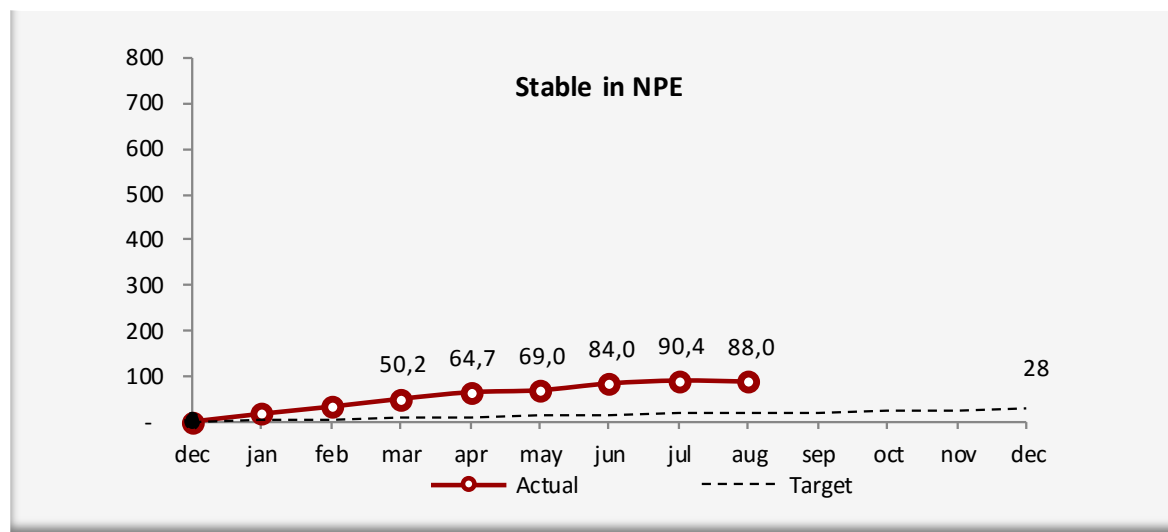
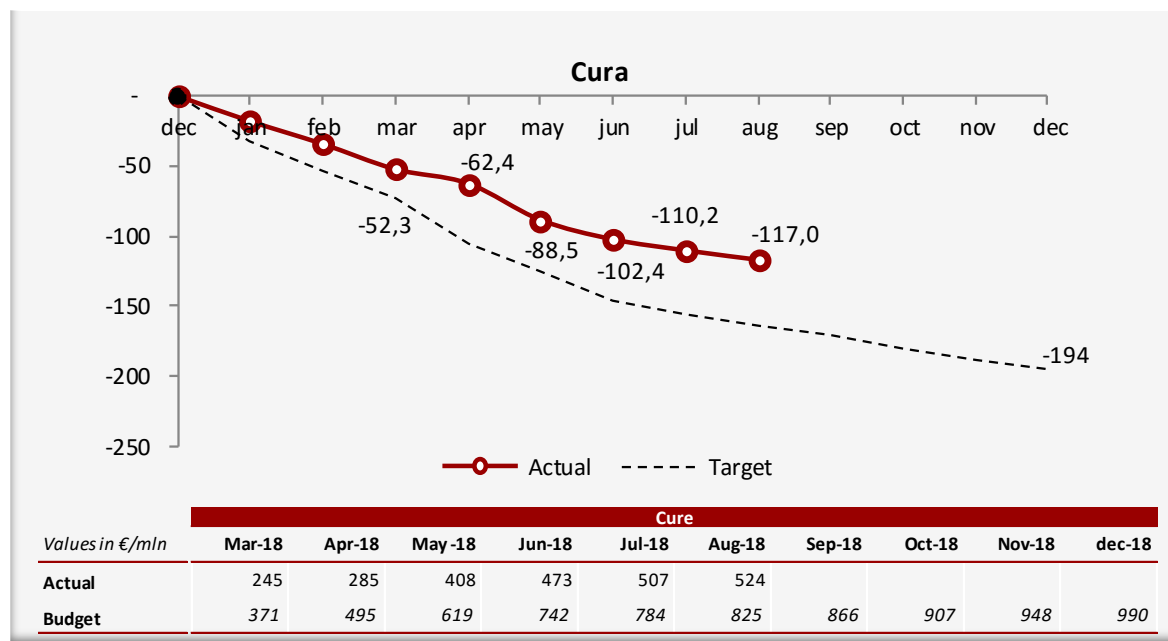
❑ **Cost of the Performing Loans** at 173,1 €/mln vs. 258,9 €/mln of the Budget, in particular:

- ✓ the **stable positions** in Performing from the beginning of the year, show a reversal of provision of about 40,3 €/mln, in line with the Budget;
- ✓ **cost of the Default Flow** at 213,4 €/mln, vs. 297,8 of the Budget, -84 €/mln, thanks to flows from PE lower than expected (793 €/mln vs. 1.134 €/mln of the budget).

❑ **The monthly cost of August** is higher than July by 4,2 €/mln; this increase is mainly due to stable performing positions (+3,3), while default flow cost is substantially stable (+ 1 mln vs July).



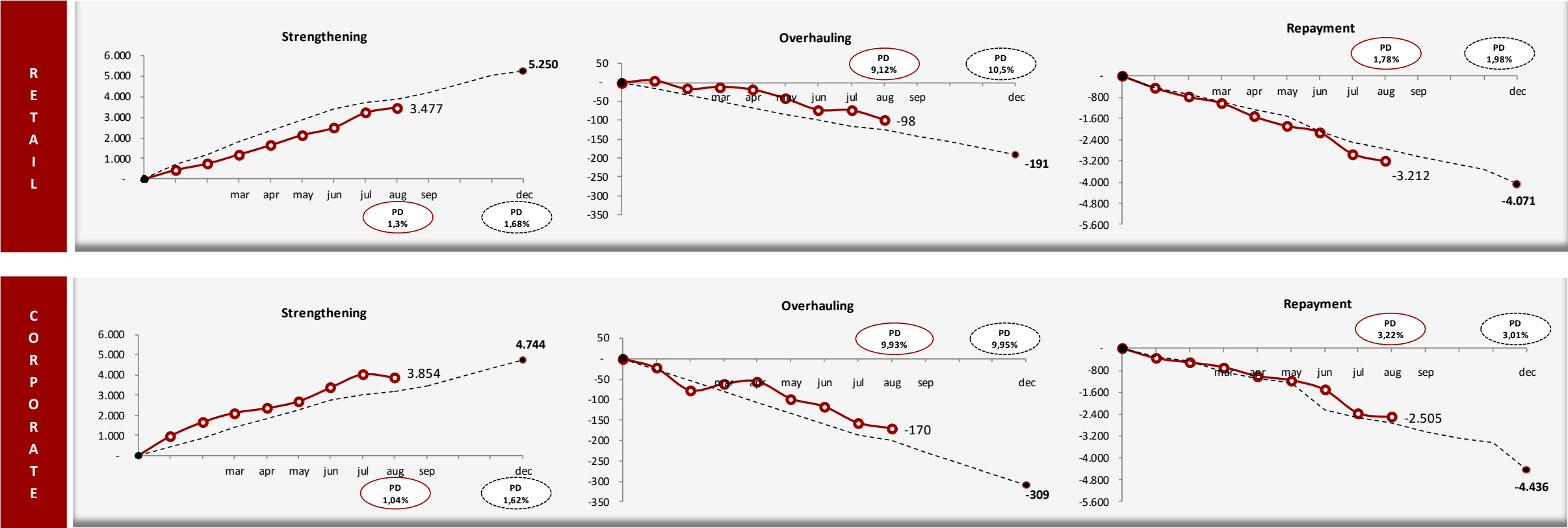
Net Loans Loss Provision: Cost of Non Performing Loans



- ❑ **Cost of the Non Performing Loans** at 113,1 €/mln, lower than Budget equal to 224,2 €/mln, in particular:
 - ✓ **Reversal of Provision related to Cured Position** at 117 €/mln, lower than the Budget (163,4 €/mln); cure rate at 5,23% vs. 8,15% of the target;
 - ✓ **Cost of Worsening of NPE Loans** at 144,1 €/mln, significantly better of the budget (equal to 390,5 €/mln), mainly due to a lower flows from Restructured and Rischio Anomalo to Bad Loans;
 - ✓ **Cost of stable position** at 88 €/mln (+91 €/mln vs. Budget).
- ❑ **In the month of August**, it is observed a Reversal of Provision of non Performing Loans by 4,7 €/mln vs. a cost by 15 €/ml of the month of July.



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



Retail = Valore, Premium e Small Business

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

Actual
Target

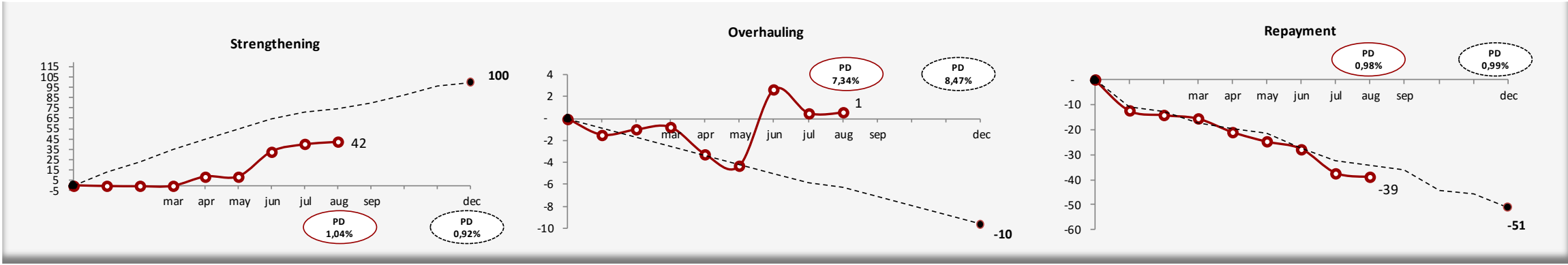


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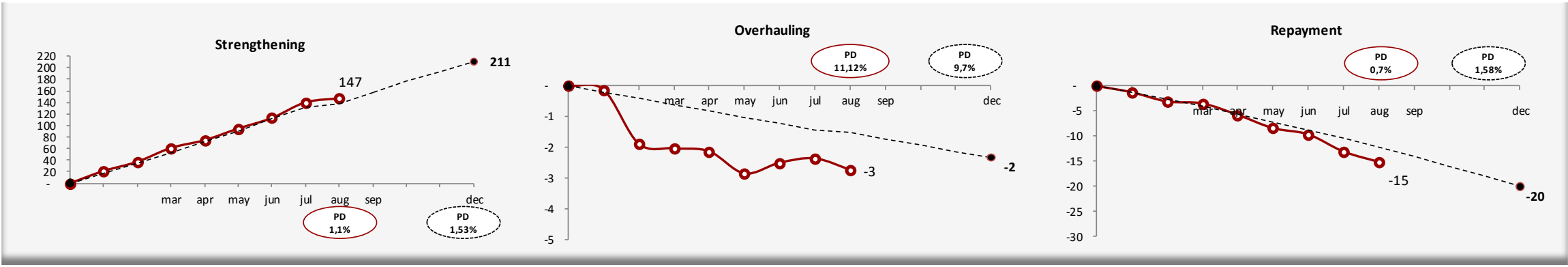
The figures include only to on-balance exposures

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

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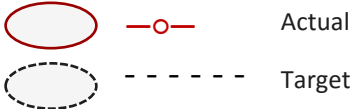


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Retail = Valore, Premium e Small Business

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

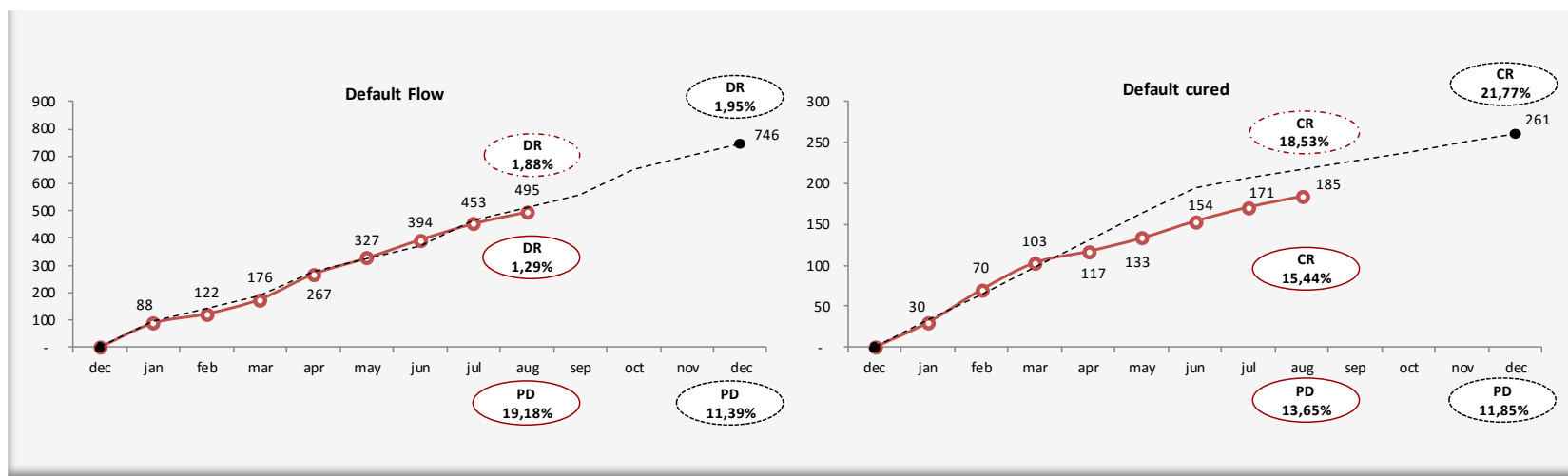


MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

The figures include only to on-balance exposures

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

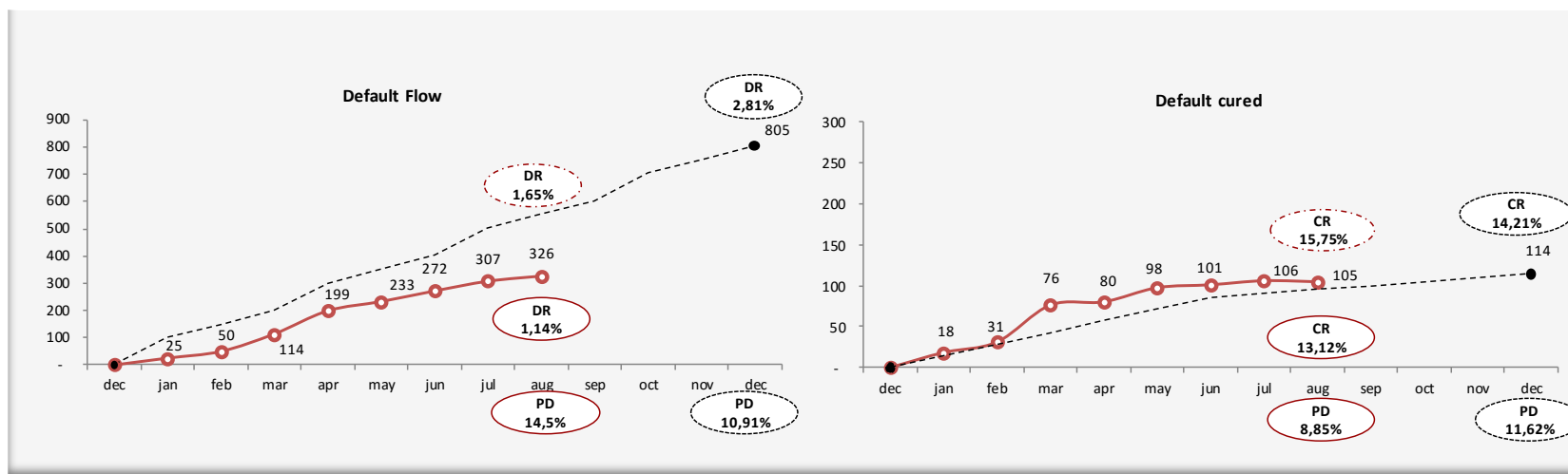
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❑ **Default Flows** as of August 2018 at 822 €/mln, -244 €/mln vs. budget:

- ✓ **Retail** at 495 €/mln, -17 €/mln vs. Budget;
- ✓ **Corporate** at 326 €/mln, increasing Δ vs. Budget at -227 €/mln.

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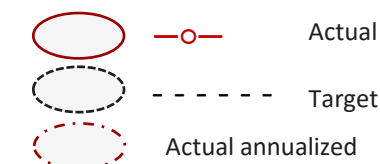
❑ **Default cured** at 289 €/mln, -23 €/mln vs. budget, in particular:

- ✓ **Retail** at 185 €/mln, -33 €/mln vs. Budget;
- ✓ **Corporate** at 105 €/mln, +9 €/mln vs. Budget.



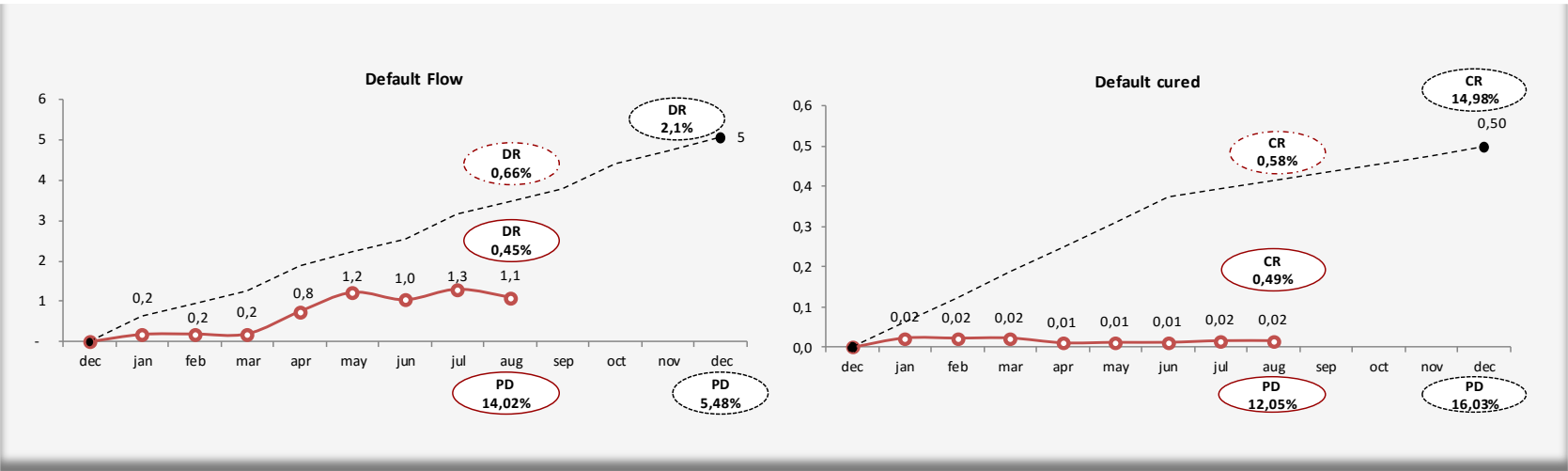
MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

The figures include only to on-balance exposures



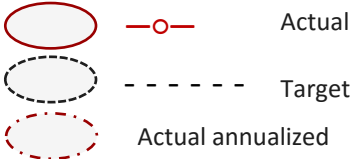
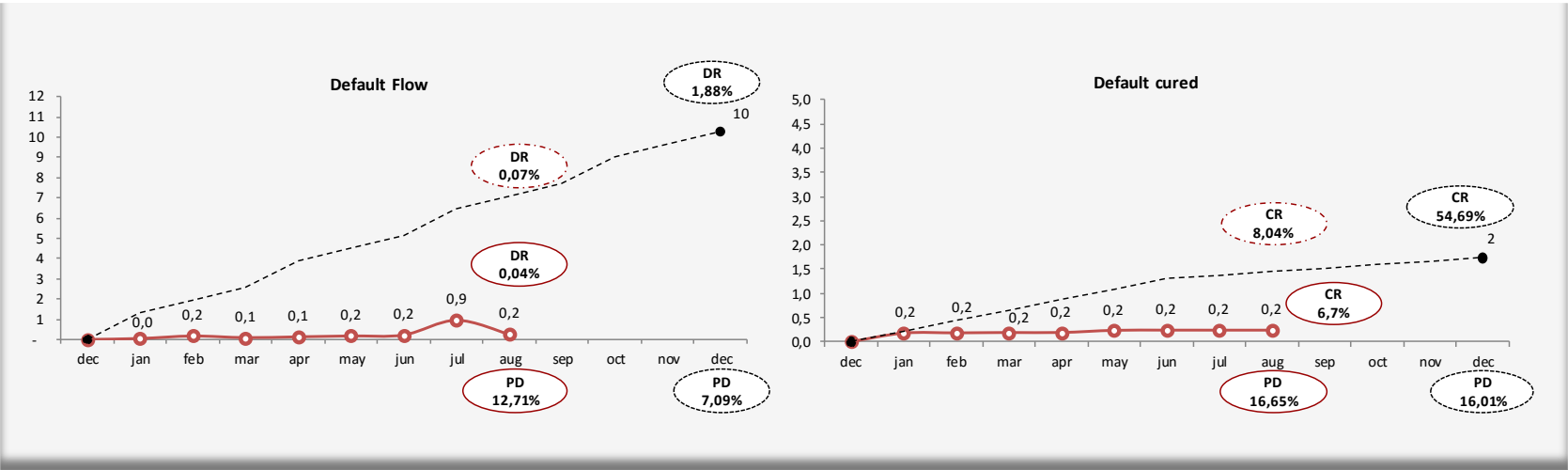
Widiba and Wealth: Cure and Default Flow (2/2)

W
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D
I
B
A



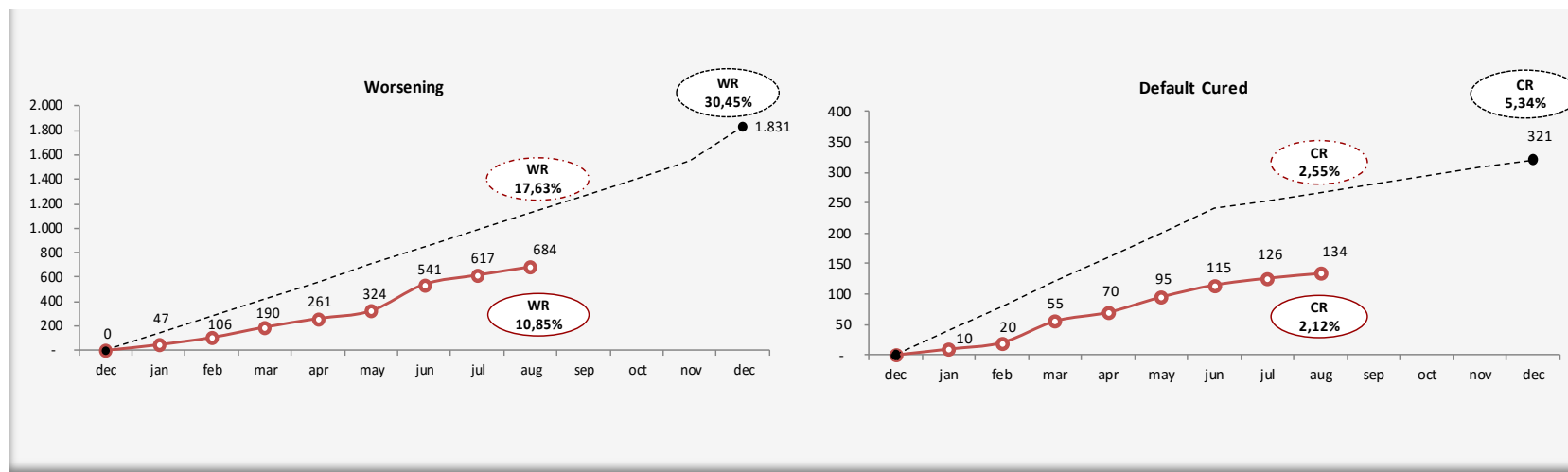
- Default flows better than budget for Widiba and Wealth and decreasing vs. the previous month.
- Default cured, lower than budget for both divisions and stable vs. the previous months.

W
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H



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

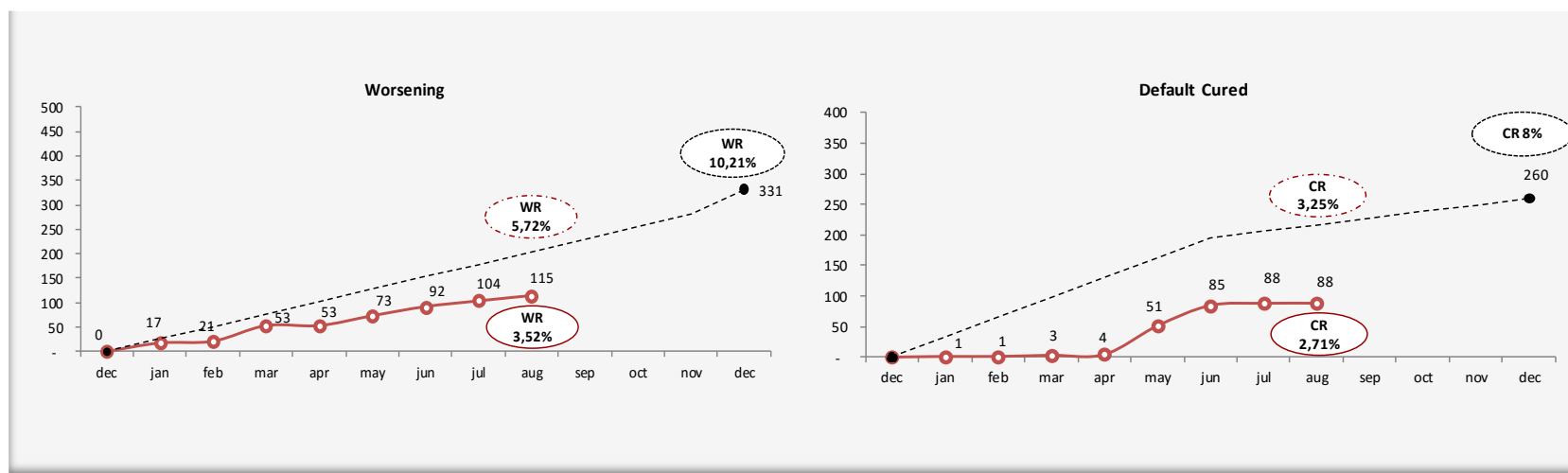
R
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O



Flows from «Rischio Anomalo» and «Restructured» to Bad Loans for August 2018 at 799 €/mln, -532 €/mln vs. Budget:

- ✓ «Rischio Anomalo» at 684 €/mln, -442 vs Budget;
- ✓ «Restructured» at 115 €/mln, -89 €/mln vs Budget.

R
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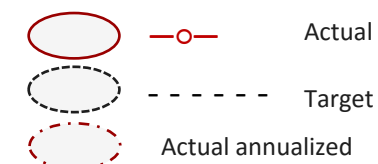
Default Cured at 222 €/mln, -262 €/mln vs. Budget:

- ✓ «Rischio Anomalo» at 134 €/mln, -133 vs Budget;
- ✓ «Restructured» at 88 €/mln, -128 €/mln vs Budget.

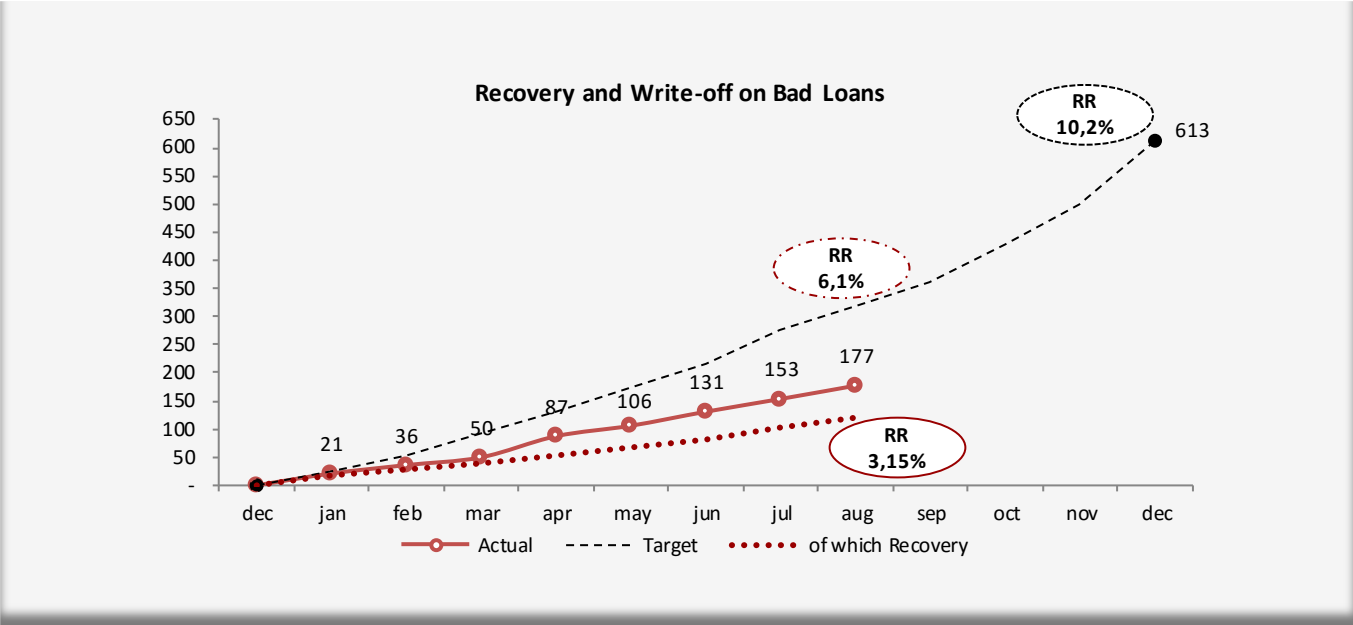


MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

The figures include only to on-balance exposures



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



Recovery on bad loans positions growing since the beginning of the year but still lower than expected (-44%).

Values in €/mln

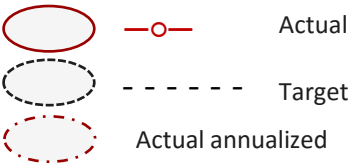
		GBV									
		Dec-17		Mar-18		Jun-18		Jul-18		Aug-18	
BAD LOANS	Without Business Plan	2.427	38%	2.600	39%	2.815	40%	2.872	40%	2.927	40%
	With Business Plan	3.966	62%	4.083	61%	4.240	60%	4.276	60%	4.311	60%
	- of which Validated	1.416	22%	1.991	30%	2.910	41%	3.027	42%	3.010	42%
	- of which No Validated	2.550	40%	2.092	31%	1.330*	19%	1.248	17%	1.301	18%
TOTAL		6.394	100%	6.683	100%	7.055	100%	7.147	100%	7.238	100%

Perimeter: MPS, MPS CS, MPS LF

Business Plan validated decrease compared to the previous month of about 18 €/mln while those not validated increase of about 53 €/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	31/03/2018	31/05/2018	30/06/2018	31/07/2018	31/08/2018	EXPECTED SIGN	LIMITS			
									mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	CCO	2,13%	2,17%	2,13%	2,12%	2,08%	2,09%	<	2,08%	2,03%	1,98%	1,93%
Average Lgd (Airb)	CCO	26,10%	26,54%	26,63%	26,68%	26,77%	26,65%	<	26,83%	26,83%	29,57%	29,57%
Net Default Flow	CCO	2.190	304	558	645	731	793	<	428	855	1.283	1.710
Cured Exposures	CCO	270	180	226	249	266	276	>	126	252	294	336
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO	1.442	383	516	701	745	775	<	258	516	775	1.119
Exposures Amount (Performing)	CCO	72.262	73.444	73.463	73.900	73.533	73.049	<	74.016	73.816	73.616	73.416

❑ As at 31/08/2018, it is reported the breach of the limit of **Average Pd (Airb)**, at 2,09%, still above the limit (equal to 1,98% as at 30/09/2018).



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	31/05/2018	30/06/2018	31/07/2018	31/08/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	CCO Corporate	2,64%	2,73%	2,73%	2,70%	2,65%	2,69%	<	2,58%	2,51%	2,45%	2,39%
Average Lgd (Airb)	CCO Corporate	37,54%	38,11%	38,23%	38,31%	38,50%	38,42%	<	38,23%	38,23%	41,94%	41,94%
Net Default Flow	CCO Corporate	1.289	130	241	267	299	324	<	227	453	680	906
Cured Exposures	CCO Corporate	100	68	87	90	92	90	>	37	74	87	99
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Corporate	841	273	315	332	340	346	<	132	264	396	572
Exposures Amount (Performing)	CCO Corporate	32.853	34.074	34.137	34.488	34.236	33.814	<	33.398	33.298	33.198	33.098

❑ As at 31/08/2018, it is reported the breach of the limits of the following indicators:

- ✓ **Average Pd (Airb)**, at 2,69%, up by 4 bps vs. the previous month, above the limit (equal 2,45% as at 30/09/2018);
- ✓ **Exposure Amount** (performing), at 33,8 €/bn, down by approx. 422 €/mln vs. the previous month, but still above the limit (equal to 33.198 as at 30/09/2018), mainly due to strengthening flows, about 700 €/mln over the budget and default flows, by 227 €/mln lower than the target.
- ❑ **Average Lgd (Airb)**, at 38,42:%, down by 8 bps vs July, is below the limit as at 30/9/2018, equal to 41,94%. It's highlighted that that the increase of the limit between June and September is only due to the impact of re-estimate of LGD model, that will be run in October; therefore the indicator could breach again the limit in IVQ18.



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	31/03/2018	31/05/2018	30/06/2018	31/07/2018	31/08/2018	EXPECTED SIGN	LIMITS			
									mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	CCO Retail	1,83%	1,79%	1,73%	1,72%	1,68%	1,68%	<	1,78%	1,73%	1,69%	1,64%
Average Lgd (Airb)	CCO Retail	18,82%	18,79%	18,78%	18,71%	18,71%	18,62%	<	19,58%	19,58%	21,52%	21,52%
Net Default Flow	CCO Retail	896	174	316	377	430	468	<	196	392	588	784
Cured Exposures	CCO Retail	170	111	138	159	174	186	>	86	173	202	230
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Retail	601	109	201	368	404	428	<	123	246	369	533
Exposures Amount (Performing)	CCO Retail	38.605	38.822	38.782	38.843	38.733	38.667	<	40.016	39.916	39.816	39.716

□ As at 31/08/2018, it is reported the breach of the limit on **Portfolio worsening**, at 428 €/mln, up by approx. 24 €/mln vs. July, confirmed 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	31/03/2018	31/05/2018	30/06/2018	31/07/2018	31/08/2018	EXPECTED SIGN	LIMITS			
									mar-18	jun-18	sep-18	dec-18
Average PD (AIRB) on New Lending	CLO	1,24%	1,17%	1,15%	1,13%	1,12%	1,13%	<	1,70%	1,70%	1,70%	1,70%
Cure Rate on UtoP Loans	CLO	4,04%	0,62%	1,74%	2,13%	2,30%	2,38%	>	1,93%	3,86%	4,50%	5,15%
Danger Rate on UtoP Loans	CLO	24,50%	2,20%	3,42%	5,55%	6,28%	6,93%	<	5,16%	10,33%	15,49%	22,37%
Reduction (UtoP Loans)	CLO	1.706	185	338	659	846	904	>	311	621	879	1.190
Reduction (Bad Loans)	CLO	1.231	49	106	131	154	177	>	83	196	330	558

❑ As at 31/08/2018, it is reported the breach of the limits of the following indicators, that continue to show a trend significantly lower than expected:

- ✓ **Cure Rate on Utop Loans**, at 2,38%, below both the limit of June and September;
- ✓ **Reduction on Bad Loans** at 177 €/mln, up by 23 €/mln vs. July, both below the limit of June and September.



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	31/05/2018	30/06/2018	31/07/2018	31/08/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	MPS CS	3,32%	3,18%	3,57%	3,15%	3,18%	3,11%	<	3,22%	3,11%	3,01%	2,91%
Average Lgd (Airb)	MPS CS	33,38%	33,79%	33,97%	34,09%	34,26%	34,58%	<	34,09%	34,09%	37,39%	37,39%
Average PD (AIRB) on New Lending	MPS CS	0,90%	0,96%	0,82%	0,84%	0,97%	0,95%	<	1,82%	1,82%	1,82%	1,82%
Net Default Flow	MPS CS	170	34	75	71	79	75	<	50	99	149	199
Cure Rate on UtoP Loans	MPS CS	8,00%	1,43%	2,18%	2,40%	2,93%	3,08%	>	2,34%	4,67%	5,45%	6,23%
Danger Rate on UtoP Loans	MPS CS	16,82%	0,49%	1,59%	2,52%	2,66%	2,77%	<	4,56%	9,12%	13,69%	19,77%
Reduction (UtoP Loans)	MPS CS	453	58	147	204	297	313	>	64	129	182	246
Reduction (Bad Loans)	MPS CS	152	9	15	25	28	34	>	16	38	64	108
Exposures Amount (Performing)	MPS CS	4.435	4.504	4.476	4.398	4.406	4.399	<	4.514	4.393	4.271	4.150

❑ As at 31/08/2018, it is reported the breach of the limits of the following indicators:

- ✓ **Average Pd (Airb)**, at 3,11%, down by 7 bps vs. July but still above the limit of June;
- ✓ **Cure Rate on Utop Loans**, at 3,08%, increased vs. previous month but still under both the limit of June ad September;
- ✓ **Reduction on Bad Loans**, at 34 €/mln, continues to show a increasing trend beginning of the year but is still below the limit;
- ✓ **Exposure Amount** (Performing), despite decreasing by 7 €/mln vs. July, remains however over both the limit of June and September.

❑ **Average Lgd (Airb)**, at 34,58%, up by 32 bps vs July, is below the limit as at 30/9/2018, equal to 37,39%. It's highlighted that that the increase of the limit between June and September is only due to the impact of re-estimate of LGD model, that will be run in October; therefore the indicator could breach again the limit in IVQ18.



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	31/05/2018	30/06/2018	31/07/2018	31/08/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	MPS LF	2,68%	2,74%	2,91%	2,82%	2,76%	2,84%	<	2,68%	2,60%	2,51%	2,42%
Average Lgd (Airb)	MPS LF	32,23%	32,00%	32,11%	32,28%	32,38%	32,40%	<	33,09%	33,09%	36,87%	36,87%
Average PD (AIRB) on New Lending	MPS LF	1,11%	1,12%	1,15%	1,12%	1,13%	1,12%	<	1,70%	1,70%	1,70%	1,70%
Net Default Flow	MPS LF	117	12	30	38	45	43	<	26	52	79	105
Cure Rate on UtoP Loans	MPS LF	3,16%	0,91%	2,11%	2,42%	2,38%	2,85%	>	1,56%	3,13%	3,65%	4,17%
Danger Rate on UtoP Loans	MPS LF	23,49%	0,89%	2,71%	2,96%	3,04%	3,19%	<	4,54%	9,09%	13,63%	19,69%
Exposures Amount (Performing)	MPS LF	3.745	3.643	3.577	3.681	3.620	3.629	<	3.869	3.854	3.839	3.819

❑ As at 31/08/2018, it is reported the breach of the limits of the following indicators:

- ✓ **Average Pd (Airb)**, at 2,84%, increases by 8 bps vs. July and still over the limit of September;
- ✓ **Cure Rate on Utop Loans**, at 2,85%, increased by 47 bps vs. previous month but still under the limit both of June and September.



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						EXPECTED SIGN	LIMITS			
			31/03/2018	31/05/2018	30/06/2018	31/07/2018	31/08/2018		mar-18	jun-18	sep-18	dec-18
Net Default Flow	WIDIBA	0,8	0,3	1,0	0,8	1,1	0,8	<	1,4	2,8	4,3	5,7
Average PD (AIRB) on New Lending	WIDIBA	1,08%	1,77%	1,73%	1,31%	1,10%	1,10%	<	1,73%	1,73%	1,73%	1,73%
Exposures Amount (Performing)	WIDIBA	241	297	324	341	365	370	<	432	432	432	432

❑ As at 31/08/2018 no breach reported.



Forborne: Performing (1/2)

Values in €/mln	GBV Performing by Rating							
	Jun-17	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18
AA	1	-	-	-	-	-	-	-
A	11	5	4	6	5	9		
B	110	59	23	61	86	101		
C	1.023	922	1.015	906	896	883		
D	1.015	936	918	871	919	866		
E	404	426	486	459	468	459		
NR	18	34	35	23	26	25		
TOTAL	2.582	2.381	2.480	2.325	2.401	2.343		

- Forborne Performing down by approx. 58 €/mln, mainly on rating classes C and D.
- Forborne past due for more than 30 days up at 118 €/mln from 83 €/mln of July, with an increase of 35 €/mln, mainly due on good positions with entry date in forborne between 0 and 12 months.

Values in €/mln	GBV Performing by Vintage												Change			
	Jun-17	Dec-17	Mar-18	Jun-18	Jul-18	Aug-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	Of which past due > 30 d	Foreborne	Of which past due > 30 d	Foreborne	Of which past due > 30 d	Foreborne	Of which past due > 30 d	Foreborne	Of which past due > 30 d
Good	1.677	1.602	141	1.668	114	1.566	44	1.483	63	1.459	93		-24	30	-142	-48
0-12	840	795	69	822	50	833	16	774	20	702	44		-71	24	-93	-25
12-24	489	543	47	624	45	557	17	417	30	458	34		41	4	-85	-13
24-36	193	119	11	96	4	62	3	183	5	191	6		7	1	71	-5
>36	155	144	14	126	16	114	7	109	8	108	9		-1	2	-36	-5
Bad, of which:	906	780	33	812	28	758	15	917	20	883	25		-34	5	103	-8
0-12	164	139	7	156	5	127	1	236	6	177	5		-59	-1	38	-3
12-24	309	283	12	303	13	271	7	302	8	335	8		33	-0	52	-4
24-36	319	197	6	169	4	183	2	203	2	199	7		-4	5	2	1
>36	114	162	7	184	6	177	4	176	4	173	5		-3	1	11	-2
TOTAL	2.582	2.381	174	2.480	142	2.325	58	2.401	83	2.343	118		-58	35	-39	-55

Perimeter: MPS, MPS CS, MPS LF, WIDIBA



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 due to the cure process and to the exposure reduction on open positions.

❑ **Total non performing Forborne past due for more than 30 days** up by approx. 205 €/mln vs. July, mainly due the positions with one concession and with entry date in forborne older than 36 months.

Values in €/mln	GBV Non-Performing by Vintage											Change						
	Dec-17		Mar-18		Jun-18		Jul-18		Aug-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	4.340	2.159	4.311	2.021	4.200	2.202					-112	181	-341	-254
0-12	736	131	968	117	737	111	742	134	684	135					-58	1	-53	4
12-24	540	202	548	225	918	337	940	253	837	260					-104	7	297	58
24-36	1.051	566	776	439	596	256	545	210	646	251					101	41	-405	-315
>36	2.213	1.557	2.094	1.568	2.089	1.455	2.084	1.424	2.034	1.556					-51	132	-180	-1
Two or more concessions, of which	1.494	454	1.583	470	1.173	575	1.215	551	1.184	575					-31	24	-310	121
0-12	678	202	577	109	448	97	437	93	412	107					-25	14	-265	-95
12-24	442	213	613	299	364	171	345	165	363	180					17	15	-79	-33
24-36	338	35	357	56	91	59	152	72	154	76					2	3	-184	40
>36	37	4	37	6	269	248	281	221	256	213					-26	-8	218	209
TOTAL	6.035	2.909	5.970	2.818	5.512	2.734	5.527	2.572	5.384	2.777					-143	205	-651	-132



Watchlist (only Past Due days)

Values in €/mln	EXPOSURE PERFORMING									
	Dec-17		Mar-18		Jun-18		Jul-18		Aug-18	
Non Past Due	74.462	97,5%	74.986	97,0%	79.915	98%	77.201	97%	76.533	97%
Past due 1 day	295	0,4%	763	1,0%	600	1%	652	1%	576	1%
Past due 30 days	606	0,8%	678	0,9%	506	1%	1.208	2%	527	1%
Past Due 60 days	205	0,3%	240	0,3%	144	0%	245	0%	543	1%
Past Due 90 days	362	0,5%	340	0,4%	115	0%	50	0%	124	0%
Past due >90 days	428	0,6%	335	0,4%	338	0%	339	0%	335	0%
TOTAL	76.358	100,0%	77.342	100,0%	81.617	100%	79.695	100%	78.638	100%
of which Forborne	2.381		2.480		2.325		2.401		2.343	

In August, decrease of past due 30 days of 680 €/mln vs. July and increase of past due 60 days of 298 €/mln vs. the previous month.



Net Loan Loss Provision - Main KPI

			FLOWS AND COST OF CREDIT								Budget	Delta
Values in €/mIn (AIRB + STD)			Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18	ytd	
PERFORMING PORTFOLIO												
Beginning of year stock (dic -17): 82.796 Stock at te reporting date: 78.840	Stage 1	Volumes	61.256	61.204	62.795	64.597	62.919	61.677			n.a.	n.a.
		Volumes Net Bankit	59.434	59.623	59.877	60.820	60.385	59.685			n.a.	n.a.
		Cost	-40,9	-47,4	-54,1	-64,3	-69,7	-77,8			n.a.	n.a.
	Stage 2	Volumes	17.543	17.316	16.961	16.465	16.224	16.370			n.a.	n.a.
		Cost	28,0	36,2	27,6	32,8	32,3	37,5			n.a.	n.a.
		Total Performing Portfolio *	Volumes*	76.976	76.939	76.837	77.285	76.609	76.055		75.834	-220
		Cost	-12,9	-11,2	-26,5	-31,5	-37,4	-40,3			-39,0	1,4
	Net default flow (from PE to NPE)	Volumes	304	474	558	645	731	793			1.134	340
		Cost	69,3	108,6	132,3	167,5	190,0	213,4			297,8	84,4
	Sub Total Cost of Performing Portfolio			56,4	97,5	105,8	136,1	152,5	173,1		258,9	85,8
DEFAULT												
Beginning of year stock (dic -17):** 21.332 Stock at te reporting date:** 20.541	Cure of default (from NPE to PE)	Volumes	245	285	408	473	507	524			825	301
		Cost	-52,3	-62,4	-88,5	-102,4	-110,2	-117,0			-163,4	-46,5
	Worsening	Volumes	640	857	968	1.357	1.477	1.576			2.177	602
		Cost	74,5	87,1	88,2	127,7	139,4	144,1			390,5	246,4
	Improvements	Volumes	11	13	18	96	97	95			0	-95
		Cost	-2,0	-1,1	-1,5	-6,4	-1,7	-2,0			0,0	2,0
	Stable**	Volumes	20.301	19.888	19.632	18.743	18.262	18.077			16.869	-1.208
		Cost	50,2	64,7	69,0	84,0	90,4	88,0			-2,9	-90,9
	of which bad loans**	Volumes	9.281	9.253	9.250	9.157	9.099	9.094			8.662	-431
		Cost	-8,9	-1,5	-1,5	22,3	32,4	26,4			18,6	-7,8
	of which other default	Volumes	11.020	10.635	10.382	9.587	9.162	8.983			8.206	-777
		Cost	59,0	66,2	70,5	61,7	58,0	61,6			-21,5	-83,1
	Sub Total Cost of Non-Performing			70,4	88,3	67,3	103,0	117,9	113,1		224,2	111,0
	TOTAL COST			126,8	185,8	173,1	239,1	270,4	286,2		483,0	196,8
KPI***	% default flow		1,47%	1,53%	1,54%	1,56%	1,41%	1,39%			1,99%	0,60%
	% default flow coverage		28,42%	27,91%	28,82%	31,22%	31,39%	32,26%			30,06%	-2,20%
	% cure rate		5,43%	4,73%	5,43%	5,24%	5,32%	5,23%			8,15%	2,92%
	% flow to bad loans from other Npe categories		10,29%	10,52%	10,27%	13,46%	12,93%	12,42%			21,58%	9,16%

Perimeter: MPS, MPS CS (except Global Market), 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		Jun-18		Jul-18		Aug-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%	2.491	1,34%	3.219	1,31%	3.477	1,30%					3.885	1,68%	-408	-10,5%
	Overhauling	-268	9,38%	-11	8,95%	-72	9,11%	-73	9,16%	-98	9,12%					-125	10,50%	26	-21,1%
	Repayment	-5.092	2,00%	-1.014	1,92%	-2.123	1,81%	-2.936	1,76%	-3.212	1,78%					-2.735	1,98%	-477	17,5%
Div. CORPORATE	Strengthening	2.142	1,16%	2.114	1,03%	3.363	1,02%	4.021	1,03%	3.854	1,04%					3.166	1,62%	687	21,7%
	Overhauling	-493	10,79%	-62	10,28%	-117	10,48%	-157	10,25%	-170	9,93%					-201	9,95%	31	-15,5%
	Repayment	-4.137	2,78%	-682	2,97%	-1.505	3,82%	-2.364	3,22%	-2.505	3,22%					-2.709	3,01%	203	-7,5%
Div. WEALTH MANAGEMENT	Strengthening	38	1,01%	-1	1,15%	33	1,08%	40	1,07%	42	1,04%					74	0,92%	-32	-43,0%
	Overhauling	-9	6,76%	-1	8,22%	3	7,46%	1	7,33%	1	7,34%					-6	8,47%	7	-108,5%
	Repayment	-57	1,06%	-16	0,70%	-28	0,95%	-37	0,97%	-39	0,98%					-34	0,99%	-5	13,8%
WIDIBA	Strengthening	202	1,08%	61	1,77%	113	1,31%	140	1,10%	147	1,10%					137	1,53%	10	7,1%
	Overhauling	4	7,40%	-2	8,40%	-3	11,22%	-2	11,16%	-3	11,12%					-2	9,70%	-1	79,8%
	Repayment	-6	1,42%	-3	1,08%	-10	0,78%	-13	0,74%	-15	0,70%					-12	1,58%	-3	23,3%
TOTAL	Strengthening	5.696	1,24%	3.364	1,17%	6.000	1,13%	7.420	1,12%	7.520	1,13%					7.263	1,64%	257	3,5%
	Overhauling	-766	10,05%	-76	9,58%	-189	9,75%	-232	9,69%	-271	9,52%					-334	10,13%	63	-18,9%
	Repayment	-9.291	2,34%	-1.716	2,33%	-3.665	2,63%	-5.350	2,39%	-5.772	2,39%					-5.490	2,51%	-282	5,1%

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

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

❑ Total strengthening flow substantially stable than the budget (+257 €/mln), due to the Corporate Division (+687 €/mln) partially offset by the Retail Division (-408 €/mln).

❑ Total overhauling flows lower than the budget (-19%), mainly due to the Corporate Division (+31 €/mln) and Retail Division (+26 €/mln).



Dynamic «Sofferenze Allargate»

Values in €/mln		GROUP MPS - "SOFFERENZE ALLARGATE"*								ΔMtD	ΔYtD
		Dec-17	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Sep-18	Dec-18		
CLASSIFICATION	Performing	104	114	112	106	100	109			9,1%	4,3%
	UtoP Network	366	328	327	365	381	359			-5,7%	-2,1%
	UtoP and Restructured	1.388	1.351	1.355	1.407	1.338	1.281			-4,2%	-7,6%
	TOTAL	1.858	1.793	1.793	1.878	1.818	1.749			-3,8%	-5,9%

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

Values in €/mln		GROUP MPS - "SOFFERENZE ALLARGATE"*								ΔMtD	ΔYtD
		Dec-17	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Sep-18	Dec-18		
Share current accounts group on net system group	up to 25%	390	384	394	390	448	429			-4,2%	9,9%
	25%-50%	423	363	345	492	462	443			-4,2%	4,7%
	50%-75%	157	144	154	127	142	133			-6,2%	-15,1%
	over 75%	888	902	900	869	766	743			-3,0%	-16,3%
	TOTAL	1.859	1.793	1.793	1.878	1.818	1.749			-3,8%	-5,9%

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

Values in €/mln		Share current accounts group on net system group up to 25%								ΔMtD	ΔYtD
		Dec-17	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Sep-18	Dec-18		
Share bad loans on current accounts net system group	up to 25%	200	207	215	208	268	268			-0,2%	34,0%
	25%-50%	59	51	53	55	60	52			-11,9%	-11,8%
	50%-75%	28	23	22	21	24	24			0,0%	-13,0%
	over 75%	104	104	104	106	96	85			-11,7%	-17,9%
	TOTAL	390	384	394	390	448	429			-4,2%	9,9%

❑ The “Sofferenze Allargate” of July 2018 (last data available at the date of the report) decrease vs. June 2018 (- 69 €/mln, -3,8%).

❑ The decrease of 69 €/mln of the “Sofferenze Allargate” is distributed on all market power classes, with a peak in absolute terms of over 75% class (-23 €/mln).

❑ The “Sofferenze Allargate” of the positions where the Group has a low market power (share of wallet up to 25%) decrease by 4,2% vs. June.

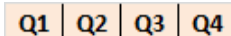

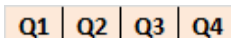

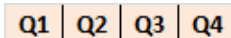

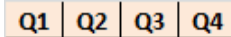



Open Gaps (1/2)

Scope	Mitigation	Expiry Date	Work Progress Status - 31/08/18	Risk Highlighted	Owner/Relevance
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



