



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

## Credit Risk Reporting

update as at the 30th of September 2018

Direzione Chief Risk Officer  
Area Lending Risk Officer

October, 2018

## Executive Summary – key points as at the 30th of September 2018

In September the different dynamics highlighted in previous months between performing and non performing portfolio have been substantially confirmed. Anyway there are some signals it's worth highlighting.

❑ In particular, about the three positive signals observed on performing portfolio in previous months it's worth highlighting the following:

- ❑ the default flow reached €1.084 mln in the first nine months of 2018, €153 mln lower than budget value (€340 mln the gap as of the 31st of August); the increase of default flow in September, and the consequent reduction of the gap vs. the budget value, is mainly due to the default of only one counterparty (Astaldi Spa, €168 mln);
- ❑ new lending quality in terms of probability of default continues to be better than expected (PD substantially stable at 1,12% against a goal of 1,64%);
- ❑ new lending volume growth continues to be higher than budget value (actual €8,4 bn vs. expected €7,9 bn as of the 30th of September 2018).

It should also be noted that the decrease of average LGD of the AIRB performing portfolio, started in August, continued in September (26,60% , -5 bps vs. August; +46 bps vs. December 2017).

❑ In relation to the non performing portfolio, about the three key trends observed in previous month:

- ❑ Utop cure rate (restructured and “rischio anomalo” loans) continues to remain not in line with both the cure rate achieved by peers and with the Budget, despite a strong acceleration occurred in September on Restructured Loans.
- ❑ The GBV of Utop's loans with vintage>60 months continues to be high and stable in absolute value vs. August but increasing the weight on total Utop's GBV (20,54% in September vs. 19,91% of August).
- ❑ Bad loans portfolio recovery rate, which has been affected by a delay of the Juliet's start, is still lower than target.

To highlight the continuous trend of the reduction of Utop, which reached € 975 mln in September against € 846 mln as of the 31<sup>st</sup> of August.

The cost of credit as of the 30<sup>th</sup> of September 2018 is equal to €367,3 mln, €176,7 mln lower than budget value of €544 mln (€202,5 mln the gap in August).



## 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			
<b>Standard</b>	7.543	7.448	7.050	6.858	6.626	6.597		-0,44%	-12,54%	7.057
- of which Performing	6.580	6.493	6.272	6.127	5.902	5.894		-0,14%	-10,43%	6.169
- of which Non-Performing	963	955	778	731	724	703		-2,90%	-27,00%	888
<b>AIRB</b>	26.631	27.238	30.475	31.729	31.597	31.372		-0,71%	17,80%	34.544
- of which Performing	26.631	27.238	27.555	27.536	27.446	27.318		-0,47%	2,58%	28.487
- of which Non-Performing	0	0	2.920	4.193	4.151	4.054		-2,34%	0,00%	6.058
<b>TOTAL</b>	34.174	34.686	37.525	38.587	38.223	37.969		-0,66%	11,10%	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			
<b>Standard</b>	22.049	16.330	18.076	16.497	15.589	17.501		12,27%	-20,63%	19.231
- of which Performing	21.027	15.337	17.260	15.715	14.799	16.719		12,97%	-20,49%	17.555
- of which Non-Performing	1.022	993	816	782	790	782		-1,01%	-23,48%	1.676
<b>AIRB</b>	105.672	106.133	83.530	83.337	83.194	83.377		0,22%	-21,10%	79.022
- of which Performing	62.863	63.750	64.638	64.589	64.518	64.636		0,18%	2,82%	64.194
- of which Non-Performing	42.809	42.383	18.892	18.748	18.676	18.741		0,35%	-56,22%	14.828
<b>TOTAL</b>	127.721	122.463	101.606	99.834	98.783	100.878		2,12%	-21,02%	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			
<b>Performing</b>	-48	-314	-296	-284	-302	-299		-0,99%	522,92%	-242
<b>Non-Performing</b>	-7.058	-8.090	-1.723	-1.482	-1.464	-1.423		-2,80%	-79,84%	-1386
PD	16	17	24	25	22	20		-9,09%	25,00%	27
UtoP	-517	-1.058	-602	-576	-566	-496		-12,37%	-4,06%	-461
Sofferenza	-6.557	-7.049	-1.145	-931	-920	-947		2,93%	-85,56%	-953
<b>TOTAL</b>	-7.106	-8.404	-2.019	-1.766	-1.766	-1.722		-2,49%	-75,77%	-1.628

### In September:

- ❑ **RWAs at €38,0 bn**, down by €254 mln vs. August, mainly due to the **Corporate Division of AIRB performing portfolio** (-€125 mln, driven by classification in Utop of Astaldi spa) and to **CLO AIRB non performing portfolio** (-€87 mln).
- ❑ **EAD up by approx. €2,1 bn** vs. August, mainly due to **CFO Standard performing portfolio** (+€1.638 mln including exposure vs. Bankit, +€87 mln excluding it).
- ❑ **Shortfall remains substantially stable** vs. the previous month (expected losses exceeding accounting provisions).



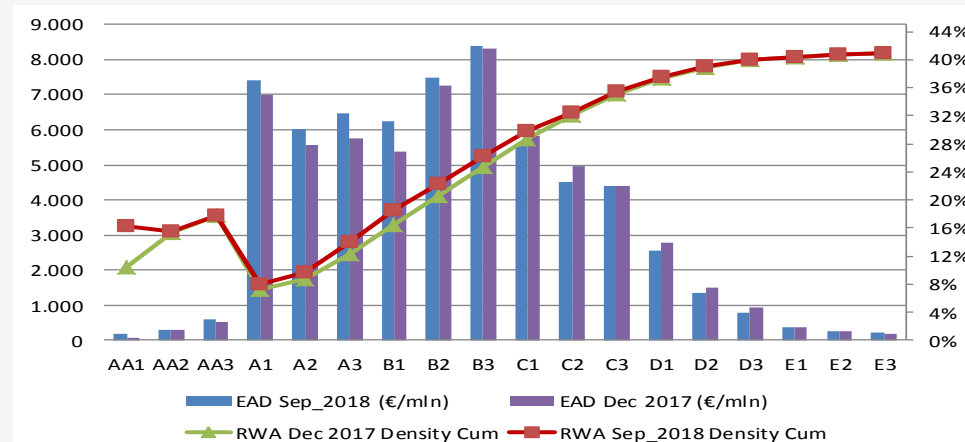
# AIRB Performing Portfolio\*: RWA Density by Rating Classes, PD and LGD Evolution

LGD Evolution

Values in €/mln,  
regulatory risk measures

	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18
<b>FINANCIAL COLLATERAL</b>	406	367	360	356	355	351	
	0,7%	0,6%	0,6%	0,6%	0,6%	0,6%	
<b>LGD</b>	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	
<b>REAL ESTATE COLLATERAL</b>	37.051	36.472	36.775	36.713	36.996	37.124	
	60,4%	58,6%	58,2%	58,2%	58,7%	58,8%	
<b>LGD</b>	16,15%	16,02%	16,02%	16,05%	16,05%	16,04%	
<b>PERSONAL GUARANTEES</b>	1.226	1.393	1.404	1.385	1.373	1.351	
	2,0%	2,2%	2,2%	2,2%	2,2%	2,1%	
<b>LGD</b>	37,43%	37,58%	37,89%	38,20%	38,02%	37,93%	
<b>UNSECURED</b>	22.670	23.955	24.618	24.629	24.275	24.290	
	37,0%	38,5%	39,0%	39,0%	38,5%	38,5%	
<b>LGD</b>	42,32%	42,32%	42,35%	42,50%	42,56%	42,49%	
<b>TOTAL EAD</b>	<b>61.353</b>	<b>62.187</b>	<b>63.157</b>	<b>63.083</b>	<b>62.999</b>	<b>63.116</b>	
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>AVERAGE LGD</b>	<b>26,14%</b>	<b>26,54%</b>	<b>26,68%</b>	<b>26,77%</b>	<b>26,65%</b>	<b>26,60%</b>	

RWA Density



PD Evolution

Values in €/mln,  
regulatory risk measures

	EAD			AVG PD			
	Dec-17	Aug-18	Sep-18	Dec-17	Aug-18	Sep-18	Δ bps
<b>Upgrading</b>	13.281	13.114	14.039	2,97%	1,29%	1,26%	-38
<b>Stable</b>	32.136	31.740	29.752	1,67%	1,59%	1,58%	-4
<b>Downgrading</b>	13.167	13.034	13.546	1,84%	4,18%	3,75%	46
<b>Default flow</b>	708	669	917	12,38%	100,00%	100,00%	-15
<b>Out</b>	2.060	0	0	2,64%	0,00%	0,00%	-2
<b>Cured</b>	409	363	444	100,00%	10,50%	10,08%	6
<b>New Inputs</b>	0	4.748	5.338	0,00%	1,28%	1,23%	-7
<b>Total Performing</b>	<b>61.352</b>	<b>62.999</b>	<b>63.118</b>	<b>2,14%</b>	<b>2,09%</b>	<b>2,00%</b>	<b>-14</b>

- ❑ The Average LGD of AIRB Performing Portfolio at 26,60%, improving vs. August (-5 bps), driven by a lower average LGD on unsecured loans (-7 bps vs. August).
- ❑ Average PD improving by 9 bps vs. previous month and by 14 bps vs. December 2017:
  - ✓ improvements by **Default flow** (-15 bps), **New Inputs** (-7 bps) and **Out** (-2 bps), *partially offset by*
  - ✓ worsening of **positions classified performing from the begin of the year** (+4 bps vs. December 2017, improving by 6 bps vs. +10 bps as of August 2018) and by **Cured positions** (+6 bps).
- ❑ Average RWA Density equal to 41%, substantially stable vs. December 2017 (40,9%).



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• Excluded Specialized Lending

# Credit Portfolio: Performing and Non-Performing Exposures

Values in €/mln

		Dec-17 IAS39			Dec-17 FTA			Jun-18			Aug-18			Sep-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%	27.013	10,3	0,04%	28.863	10,3	0,04%
	A**	24.117	12,8	0,05%	24.117	8,6	0,04%	25.391	11,5	0,05%	25.021	10,3	0,04%	25.319	10,3	0,04%
	B	22.339	54,1	0,24%	22.339	35,9	0,16%	23.146	28,3	0,12%	22.855	27,6	0,12%	23.124	35,8	0,15%
	C	11.229	81,0	0,72%	11.229	39,4	0,35%	11.326	47,3	0,42%	10.875	33,1	0,30%	10.771	32,7	0,30%
	D	840	21,3	2,53%	840	8,1	0,96%	932	7,8	0,83%	894	7,3	0,81%	904	7,8	0,86%
	E	57	6,4	11,08%	57	2,0	3,48%	51	1,5	2,98%	68	0,9	1,30%	30	0,1	0,49%
TOTAL**		58.582	175,5	0,30%	58.582	93,9	0,16%	60.845	96,4	0,16%	59.712	79,1	0,13%	60.148	86,8	0,14%

Values in €/mln

		Dec-17 IAS39			Dec-17 FTA			Jun-18			Aug-18			Sep-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%	728	5,1	0,71%	742	5,2	0,71%
	B	1.839	16,7	0,91%	1.839	36,7	1,99%	2.110	31,5	1,49%	2.163	40,0	1,85%	2.111	30,9	1,46%
	C	8.034	78,7	0,98%	8.034	233,7	2,91%	7.273	206,4	2,84%	7.251	207,5	2,86%	7.372	210,0	2,85%
	D	5.711	180,1	3,15%	5.711	341,9	5,99%	5.533	306,3	5,54%	5.411	294,9	5,45%	5.264	330,9	6,29%
	E	1.148	91,9	8,00%	1.148	124,2	10,81%	1.268	164,2	12,95%	1.247	155,0	12,43%	1.212	117,9	9,72%
TOTAL		17.602	368,7	2,09%	17.602	744,3	4,23%	16.862	713,2	4,23%	16.801	702,5	4,18%	16.702	694,9	4,16%

Values in €/mln

		Dec-17 IAS39			Dec-17 FTA			Jun-18			Aug-18			Sep-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%	384	139,3	36,30%	379	140,5	37,04%
	IP Rete	1.532	450,7	29,42%	1.532	553,5	36,13%	858	285,0	33,24%	807	262,5	32,52%	922	285,2	30,94%
	Ristrutturati	3.888	1.577,8	40,58%	3.888	1.701,7	43,76%	3.773	1.690,2	44,80%	3.594	1.598,6	44,48%	3.438	1.546,3	44,98%
	Massivo	774	302,5	39,07%	774	386,6	49,94%	1.038	528,7	50,92%	1.090	564,5	51,77%	1.062	556,6	52,42%
	Rischio Anomalo	5.312	2.331,8	43,90%	5.312	2.609,8	49,13%	4.774	2.322,9	48,66%	4.539	2.213,2	48,76%	4.303	2.078,0	48,29%
	Bad loans	9.295	5.965,9	64,18%	9.295	6.567,4	70,65%	9.989	7.026,2	70,34%	10.126	7.136,3	70,47%	10.514	7.400,4	70,39%
TOTAL		21.332	10.768,3	50,48%	21.332	12.013,9	56,32%	20.841	12.005,1	57,60%	20.541	11.914,4	58,00%	20.618	12.007,0	58,24%

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

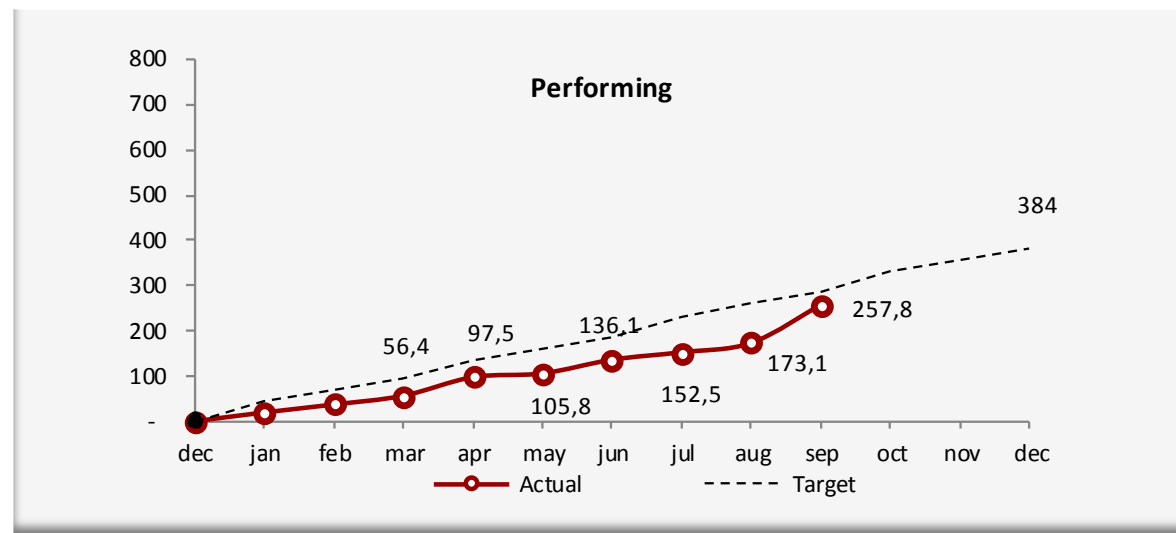
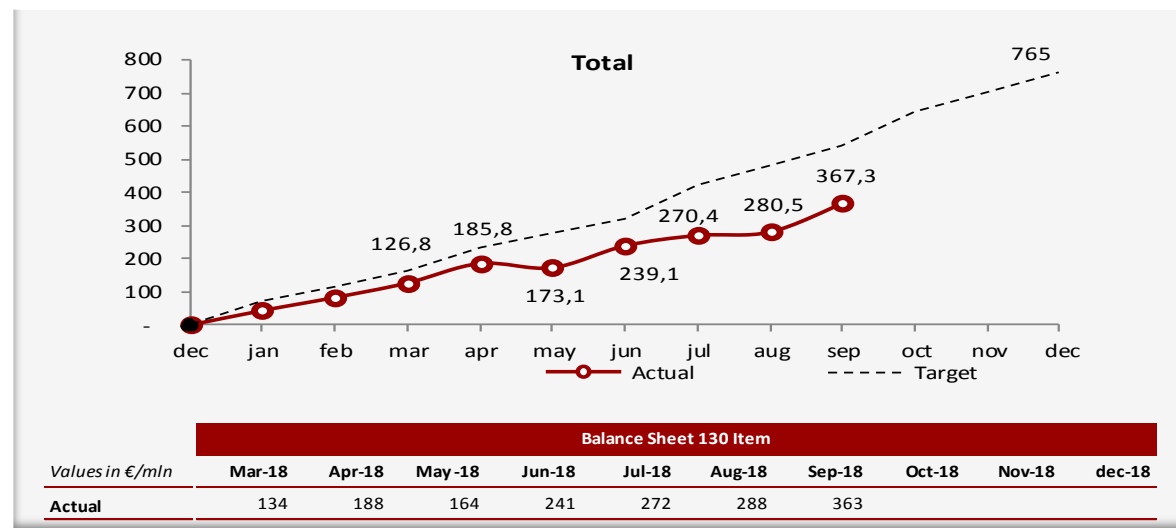
❑ In the month of September **Performing Exposure** up by €337 mln vs. August. In particular:

- ✓ **Stage1 GBV up** by €435 mln vs. August, mainly due to **new customers** on classes A and B;
- ✓ **Stage2 GBV decreases** by €98 mln vs. August; it's worth highlighting the decrease due to the **default flow of September** (€262 mln, whose €160 mln referred to Astaldi SpA).

❑ The month of September registers a slight **increase in Stage3 GBV** of €76 mln vs. August. In particular it is observed an increase of bad loans by €387 mln, partially offset by a reduction of Utop loans by €421 mln (except IP Rete).



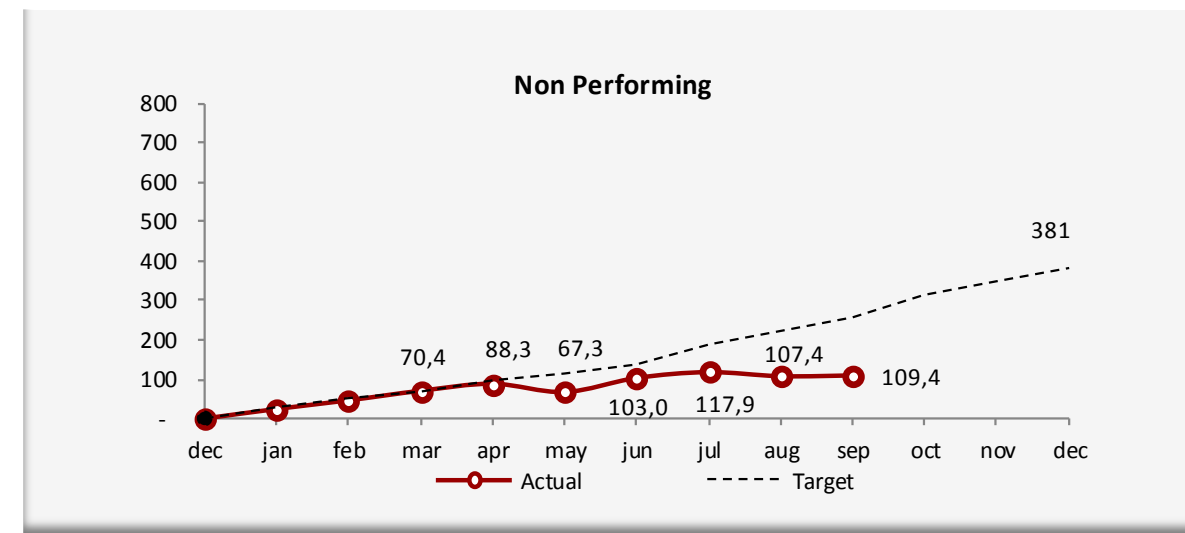
## Net Loan Loss Provision: Cost of Performing and Non-Performing Loans



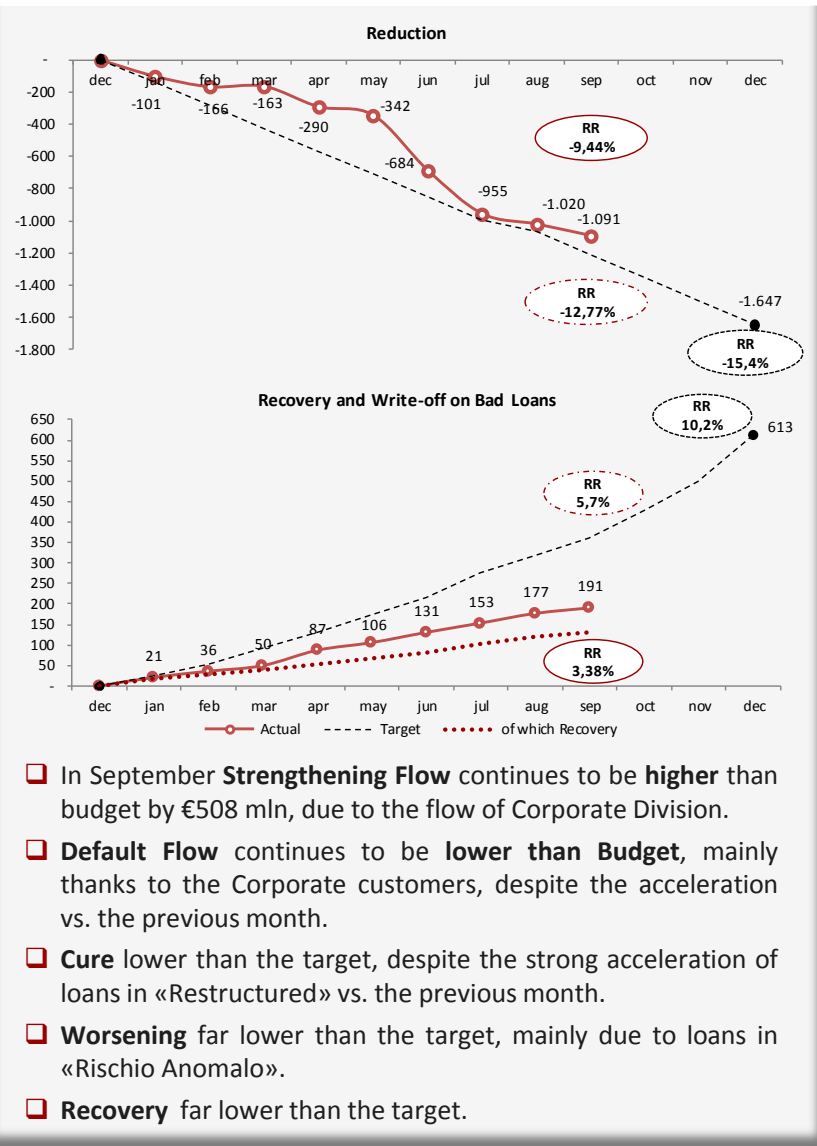
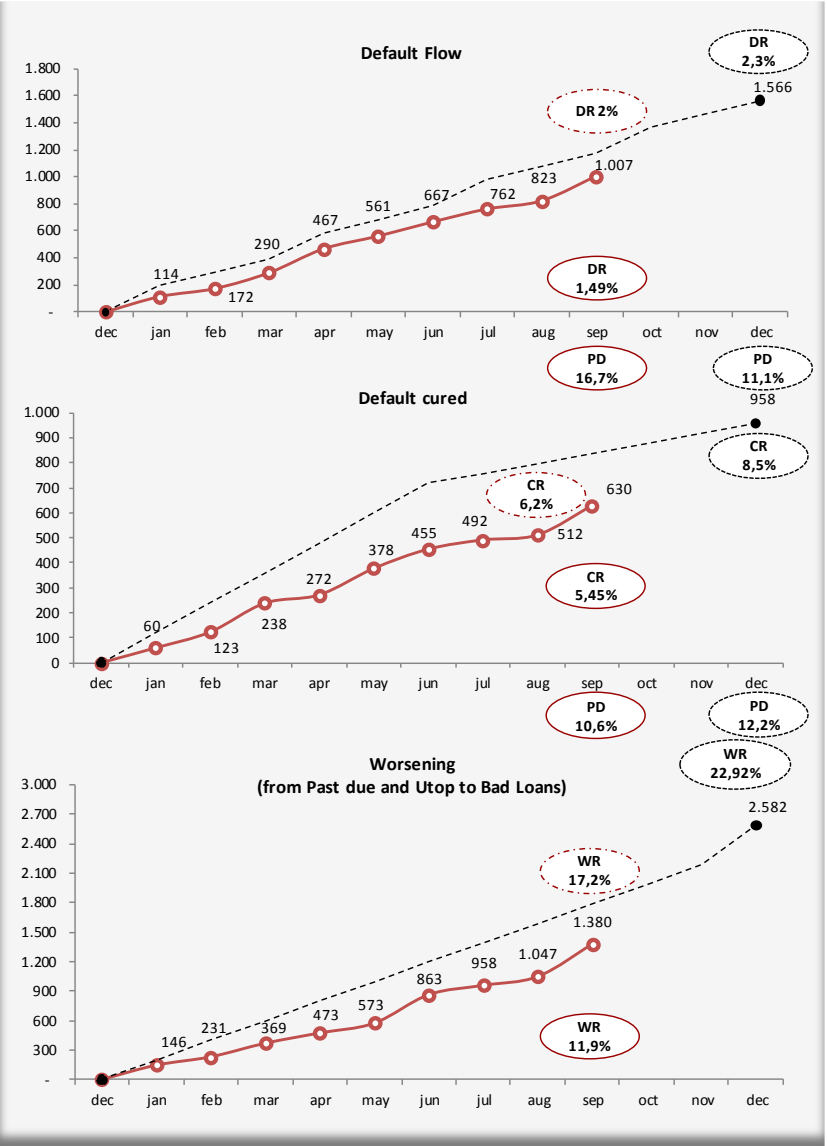
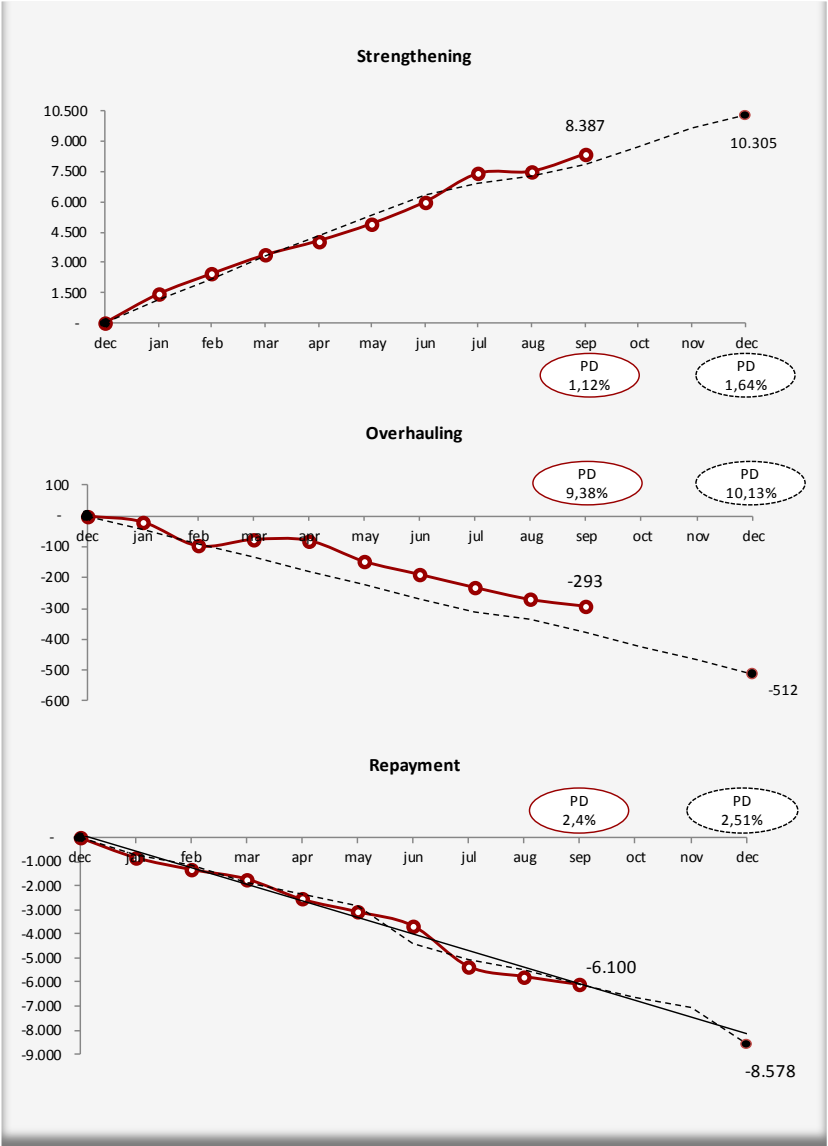
Net Loan Loss Provision as of September 2018 equal to €367,3 mln, €176,7 mln lower than budget value of €544 mln, in particular:

- ✓ **Cost of the Performing Loans** at €257,8 mln, €28,1 mln lower than budget value of €285,9 mln (€85,8 mln the gap as of the 31th of August 2018), mainly due to the **default flow still lower than expected**, despite the acceleration occurred in September, primarily driven by the classification in Utop of Astaldi Spa (cost €35,4 mln);
- ✓ **Cost of the Non Performing Loans** at €109,4 mln, €148,5 mln lower than budget value of €258 mln (€111 mln the gap as of the 31th of August 2018), mainly due to a **worsening flow lower than expected** both in terms of **volume** (actual €1.972 mln vs. €2.449 mln expected) and **cost** (actual worsening cost at 10,5% vs. 17,6% expected);

The month of September registers a cost of about €87 mln, with **Performing Cost** at €85 mln (totally driven by default flow) and **Non Performing Cost** at €2 mln.



Dashboard: Parameters - Credit Policies\*



- ❑ In September **Strengthening Flow** continues to be **higher** than budget by €508 mln, due to the flow of Corporate Division.
- ❑ **Default Flow** continues to be **lower than Budget**, mainly thanks to the Corporate customers, despite the acceleration vs. the previous month.
- ❑ **Cure** lower than the target, despite the strong acceleration of loans in «Restructured» vs. the previous month.
- ❑ **Worsening** far lower than the target, mainly due to loans in «Rischio Anomalo».
- ❑ **Recovery** far lower than the target.

Actual annualized

\* Included only on balance exposures and commercial exposures



## Credit Risk Limits: Summary of limits breaches

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	30/09/2018		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%	3,57%	>	1,93%	3,86%	4,50%	5,15%
Reduction (Bad Loans)	CLO	1.231	49	87	106	131	154	177	191	>	83	196	330	558
Average Pd (Airb)	CCO	2,13%	2,17%	2,16%	2,13%	2,12%	2,08%	2,09%	2,00%	<	2,08%	2,03%	1,98%	1,93%
Cured Exposures	CCO	270	180	195	226	249	266	276	293	>	126	252	294	336
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO	1.442	383	468	516	701	745	775	844	<	258	516	775	1.119
Average Pd (Airb)	CCO Corporate	2,64%	2,73%	2,76%	2,73%	2,70%	2,65%	2,69%	2,48%	<	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	33.837	<	33.398	33.298	33.198	33.098
Cured Exposures	CCO Retail	170	111	123	138	159	174	186	201	>	86	173	202	230
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Retail	601	109	164	201	368	404	428	482	<	123	246	369	533
Cure Rate on UtoP Loans	MPS CS	8,00%	1,43%	1,60%	2,18%	2,40%	2,93%	3,08%	3,78%	>	2,34%	4,67%	5,45%	6,23%
Reduction (Bad Loans)	MPS CS	152	9	10	15	25	28	34	36	>	16	38	64	108
Exposures Amount (Performing)	MPS CS	4.435	4.504	4.492	4.476	4.398	4.406	4.399	4.518	<	4.514	4.393	4.271	4.150
Average Pd (Airb)	MPS LF	2,68%	2,74%	2,79%	2,91%	2,82%	2,76%	2,84%	2,84%	<	2,68%	2,60%	2,51%	2,42%

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	30/09/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	MPS CS	3,32%	3,18%	3,66%	3,57%	3,15%	3,18%	3,11%	2,86%	<	3,22%	3,11%	3,01%	2,91%
Cure Rate on UtoP Loans	MPS LF	3,16%	0,91%	1,42%	2,11%	2,42%	2,38%	2,85%	4,14%	>	1,56%	3,13%	3,65%	4,17%

□ The table above summarizes the limits breaches as of the 30<sup>th</sup> of September 2018:

- **Cure Rate on Utop Loans** (CLO, MPSCS) and **Reduction on Bad Loans** (CLO, MPSCS) continue to show values lower than floor limits, except for Cure Rate of MPSLF;
- **Worsening** towards UtoP/Bad Loans (CCO, CCO Retail) continues to register a value higher than cap limit;
- **Exposures Amount Performing** (CCO Corporate Division and MPSCS) remains higher than the cap limit;
- **Average PD (Airb)** (CCO, CCO Corporate, MPSLF) continues to show a value higher than cap limit, except for MPSCS.





# 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			
<b>CCO</b>	4.951	5.037	4.806	4.615	4.478	4.482	0,09%	-9,47%	4.810
- of which Div. Corporate	3.805	3.814	3.675	3.510	3.470	3.484	0,40%	-8,44%	3.686
- of which Div. Retail	1.134	1.212	1.100	1.074	977	967	-1,02%	-14,73%	1.113
- of which Div. Wealth	12	11	31	31	31	31	0,00%	158,33%	11
<b>WIDIBA</b>	112	126	145	152	153	162	5,88%	44,64%	185
<b>CLO</b>	0	0	0	0	0	0	0,00%	0,00%	0
<b>CFO</b>	572	653	752	836	756	724	-4,23%	26,57%	910
<b>AD</b>	943	678	569	523	516	526	1,94%	-44,22%	264
<b>TOTAL</b>	<b>6.578</b>	<b>6.494</b>	<b>6.272</b>	<b>6.126</b>	<b>5.903</b>	<b>5.894</b>	<b>-0,15%</b>	<b>-10,40%</b>	<b>6.169</b>

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			
<b>CCO</b>	8.909	9.207	8.979	8.658	8.412	8.597	2,20%	-3,50%	7.664
- of which Div. Corporate	6.786	6.855	6.730	6.459	6.379	6.440	0,96%	-5,10%	5.960
- of which Div. Retail	2.107	2.338	2.214	2.165	1.999	2.122	6,15%	0,71%	1.690
- of which Div. Wealth	16	14	35	34	34	35	2,94%	118,75%	15
<b>WIDIBA</b>	247	298	346	364	370	391	5,68%	58,30%	399
<b>CLO</b>	0	0	0	0	0	0	0,00%	0,00%	0
<b>CFO</b>	8.742	4.380	6.736	5.534	4.961	6.595	32,94%	-24,56%	2.244
<b>AD</b>	3.129	1.451	1.199	1.158	1.055	1.137	7,77%	-63,66%	7.248
<b>TOTAL</b>	<b>21.027</b>	<b>15.336</b>	<b>17.260</b>	<b>15.714</b>	<b>14.798</b>	<b>16.720</b>	<b>12,99%</b>	<b>-20,48%</b>	<b>17.555</b>

Values in €/mln, regulatory risk measures	RWA/EAD						Δ (MoM)	Δ vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18			
<b>CCO</b>	55,6%	54,7%	53,5%	53,3%	53,2%	52,10%	-1,1%	-3,5%	62,8%
- of which Div. Corporate	56,1%	55,6%	54,6%	54,3%	54,4%	54,10%	-0,3%	-2,0%	61,8%
- of which Div. Retail	53,8%	51,8%	49,7%	49,6%	48,9%	45,60%	-3,3%	-8,2%	65,9%
- of which Div. Wealth	75,0%	78,6%	88,6%	91,2%	91,2%	88,60%	-2,6%	13,6%	75,8%
<b>WIDIBA</b>	45,3%	42,3%	41,9%	41,8%	41,4%	41,40%	0,0%	-3,9%	46,3%
<b>CLO</b>	0,0%	0,0%	0,0%	0,0%	0,0%	0,00%	0,0%	0,0%	0,0%
<b>CFO</b>	6,5%	14,9%	11,2%	15,1%	15,2%	11,00%	-4,2%	4,5%	40,6%
<b>AD</b>	30,1%	46,7%	47,5%	45,2%	48,9%	46,30%	-2,6%	16,2%	3,6%
<b>TOTAL</b>	<b>31,3%</b>	<b>42,3%</b>	<b>36,3%</b>	<b>39,0%</b>	<b>39,9%</b>	<b>35,3%</b>	<b>-4,6%</b>	<b>4,0%</b>	<b>35,1%</b>

In September:

- ✓ **RWAs** €9 mln **lower** than August and €684 mln **lower** than December 2017.
- ✓ **EAD** €1.922 mln **higher** than August, primarily due to the increase of the exposure vs. Bankit (+€1.551 mln) in the **CFO** segment. The growing trend on Widiba, due to the new mortgages, is continuing.

The fact that the **EAD's** increase is mainly driven by the growth of the position zero risk weighted vs. Bankit affects the evolution of RWA/EAD ratio, that decreases at 35,3% from 39,9% as of August .

Standard Portfolio includes Specialized Lending



**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	79		-2,5%	-53,0%	140
- of which Div. Corporate	38	26	27	25	23	22		-4,3%	-42,1%	50
- of which Div. Retail	130	73	60	59	58	57		-1,7%	-56,2%	90
- of which Div. Wealth	0	0	0	0	0	0		0,0%	0,0%	1
WIDIBA	3	3	4	4	4	0		-100,0%	-100,0%	3
CLO	791	852	688	643	639	615		-3,8%	-22,3%	694
CFO	1	0	0	0	0	5		0,0%	400,0%	44
AD	0	0	0	0	0	4		0,0%	0,0%	6
<b>TOTAL</b>	<b>963</b>	<b>954</b>	<b>779</b>	<b>731</b>	<b>724</b>	<b>703</b>		<b>-2,9%</b>	<b>-27,0%</b>	<b>888</b>

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	80		-1,2%	-53,8%	150
- of which Div. Corporate	44	30	27	25	24	25		4,2%	-43,2%	46
- of which Div. Retail	129	76	59	58	57	55		-3,5%	-57,4%	104
- of which Div. Wealth	0	0	0	0	0	0		0,0%	0,0%	0
WIDIBA	2	2	3	3	3	3		0,0%	50,0%	3
CLO	845	884	728	695	706	694		-1,7%	-17,9%	1.485
CFO	1	0	0	0	0	5		0,0%	400,0%	32
AD	0	0	0	0	0	3		0,0%	0,0%	5
<b>TOTAL</b>	<b>1.021</b>	<b>992</b>	<b>817</b>	<b>781</b>	<b>790</b>	<b>785</b>		<b>-0,6%</b>	<b>-23,1%</b>	<b>1.676</b>

Values in €/mln, regulatory risk measures	RWA/EAD							Δ (MoM)	Δ 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%	98,8%		-1,2%	1,7%	93,2%
- of which Div. Corporate	86,4%	86,7%	100,0%	100,0%	95,8%	88,0%		-7,8%	1,6%	107,4%
- of which Div. Retail	100,8%	96,1%	101,7%	101,7%	101,8%	103,6%		1,8%	2,8%	86,7%
- of which Div. Wealth	0,0%	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%		-133,3%	-150,0%	95,2%
CLO	93,6%	96,4%	94,5%	92,5%	90,5%	88,6%		-1,9%	-5,0%	46,7%
CFO	100,0%	0,0%	0,0%	0,0%	0,0%	100,0%		100,0%	0,0%	138,8%
AD	0,0%	0,0%	0,0%	0,0%	0,0%	133,3%		133,3%	133,3%	117,3%
<b>TOTAL</b>	<b>94,3%</b>	<b>96,2%</b>	<b>95,3%</b>	<b>93,6%</b>	<b>91,6%</b>	<b>89,6%</b>		<b>-2,0%</b>	<b>-4,7%</b>	<b>53,0%</b>

□ In September, EAD and RWAs of standard portfolio remain substantially stable.

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	27.315		-0,48%	2,57%	28.484
- of which Div. Corporate	18.268	19.020	19.389	19.453	19.407	19.282		-0,64%	5,55%	19.489
- of which Div. Retail	8.237	8.095	8.036	7.954	7.910	7.903		-0,09%	-4,05%	8.870
- of which Div. Wealth	125	124	131	129	129	130		0,78%	4,00%	125
CLO	0	0	0	0	0	0		0,00%	0,00%	0
CFO	0	0	0	0	0	0		0,00%	0,00%	0
AD	0	0	0	0	0	2		0,00%	0,00%	2
<b>TOTAL</b>	<b>26.630</b>	<b>27.239</b>	<b>27.556</b>	<b>27.536</b>	<b>27.446</b>	<b>27.317</b>		<b>-0,47%</b>	<b>2,58%</b>	<b>28.487</b>

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	64.633		0,18%	2,82%	64.192
- of which Div. Corporate	25.466	26.489	27.126	27.172	27.017	26.950		-0,25%	5,83%	26.159
- of which Div. Retail	36.847	36.731	36.977	36.886	36.967	37.147		0,49%	0,81%	37.457
- of which Div. Wealth	549	530	536	531	534	536		0,37%	-2,37%	576
CLO	0	0	0	0	0	0		0,00%	0,00%	0
CFO	0	0	0	0	0	0		0,00%	0,00%	0
AD	0	0	0	0	0	2		0,00%	0,00%	2
<b>TOTAL</b>	<b>62.862</b>	<b>63.750</b>	<b>64.639</b>	<b>64.589</b>	<b>64.518</b>	<b>64.635</b>		<b>0,18%</b>	<b>2,82%</b>	<b>64.194</b>

Values in €/mln, regulatory risk measures	PD							Δ bps (MoM)	Δ bps 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%	2,00%		-9	-14	1,81%
- of which Div. Corporate	2,64%	2,73%	2,70%	2,65%	2,69%	2,48%		-21	-16	2,25%
- of which Div. Retail	1,83%	1,79%	1,72%	1,68%	1,68%	1,68%		0	-15	1,52%
- of which Div. Wealth	1,73%	1,95%	2,06%	1,97%	1,92%	1,83%		-9	11	1,45%
CLO	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%		0	0	0,00%
CFO	0,13%	0,05%	1,84%	0,00%	0,00%	0,00%		0	-13	0,13%
AD	3,81%	6,53%	5,19%	3,53%	4,19%	3,21%		-98	-60	2,43%
<b>TOTAL</b>	<b>2,14%</b>	<b>2,17%</b>	<b>2,12%</b>	<b>2,08%</b>	<b>2,09%</b>	<b>2,00%</b>		<b>-9</b>	<b>-14</b>	<b>1,81%</b>

Values in €/mln, regulatory risk measures	LGD							Δ bps (MoM)	Δ bps 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%	26,60%		-5	46	28,84%
- of which Div. Corporate	37,54%	38,11%	38,31%	38,50%	38,42%	38,48%		6	94	41,25%
- of which Div. Retail	18,82%	18,79%	18,71%	18,71%	18,62%	18,55%		-7	-27	20,76%
- of which Div. Wealth	19,27%	19,23%	19,75%	19,80%	19,74%	19,83%		9	56	19,06%
CLO	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%		0	0	0,00%
CFO	38,00%	46,41%	38,11%	0,00%	0,00%	0,00%		0	-3800	42,19%
AD	33,55%	11,09%	16,42%	26,88%	24,08%	1,31%		-2277	-3224	44,40%
<b>TOTAL</b>	<b>26,14%</b>	<b>26,54%</b>	<b>26,68%</b>	<b>26,77%</b>	<b>26,65%</b>	<b>26,60%</b>		<b>-5</b>	<b>46</b>	<b>28,84%</b>

❑ In September, **RWAs** of AIRB Performing Portfolio **decreased** by €129 mln vs. August, while **EAD** increased by €117 mln. It's worth highlighting that **Retail Division** EAD increased by €180 mln vs. a RWAs decrease by €7 mln, while **Corporate Division** EAD decreased by €67 mln and RWAs decreased by €125 mln (primarily driven by the classification in Utop of Astaldi Spa, occurred in September).

❑ **Average Pd** at 2%, improving by 9 bps vs. August, primarily due to Corporate Division.



## 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			
<b>CCO</b>	0	0	248	254	239	242		1,26%	0,00%	292
- of which Div. Corporate	0	0	162	168	157	169		7,64%	0,00%	125
- of which Div. Retail	0	0	86	86	82	73		-10,98%	0,00%	166
- of which Div. Wealth	0	0	0	0	0	0		0,00%	0,00%	2
<b>CLO</b>	0	0	2.673	3.937	3.899	3.812		-2,23%	0,00%	5.765
<b>CFO</b>	0	0	0	0	0	0		0,00%	0,00%	0
<b>AD</b>	0	0	0	1	12	0		-100,00%	0,00%	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>2.921</b>	<b>4.192</b>	<b>4.150</b>	<b>4.054</b>		<b>-2,31%</b>	<b>0,00%</b>	<b>6.058</b>

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			
<b>CCO</b>	1.753	1.410	1.101	1.080	1.038	1.116		7,51%	-36,34%	1.197
- of which Div. Corporate	746	499	421	424	408	558		36,76%	-25,20%	407
- of which Div. Retail	1.004	909	678	653	628	556		-11,46%	-44,62%	780
- of which Div. Wealth	3	2	2	3	2	2		0,00%	-33,33%	9
<b>CLO</b>	40.997	40.965	17.781	17.667	17.629	17.616		-0,07%	-57,03%	13.631
<b>CFO</b>	2	0	0	0	0	0		0,00%	-100,00%	0
<b>AD</b>	57	8	9	2	9	9		0,00%	-84,21%	0
<b>TOTAL</b>	<b>42.809</b>	<b>42.383</b>	<b>18.891</b>	<b>18.749</b>	<b>18.676</b>	<b>18.741</b>		<b>0,35%</b>	<b>-56,22%</b>	<b>14.828</b>

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			
<b>CCO</b>	55	-45	13	21	20	48		140,00%	-12,73%	-9
- of which Div. Corporate	43	5	34	39	37	59		59,46%	37,21%	15
- of which Div. Retail	12	-50	-21	-18	-17	-11		-35,29%	-191,67%	-25
- of which Div. Wealth	0	0	0	0	0	0		0,00%	0,00%	1
<b>CLO</b>	-7.095	-8.041	-1.732	-1.505	-1.488	-1.467		-1,41%	-79,32%	-1.378
<b>CFO</b>	0	0	0	0	0	0		0,00%	0,00%	0
<b>AD</b>	-19	-4	-4	1	4	-4		-200,00%	-78,95%	0
<b>TOTAL</b>	<b>-7.059</b>	<b>-8.090</b>	<b>-1.723</b>	<b>-1.483</b>	<b>-1.464</b>	<b>-1.423</b>		<b>-2,80%</b>	<b>-79,84%</b>	<b>-1.386</b>

Values in €/mln, regulatory risk measures	LGD							Δbps (MoM)	Δbps vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18			
<b>CCO</b>	28,55%	26,25%	29,65%	29,89%	29,84%	32,40%		256	385	26,95%
- of which Div. Corporate	36,40%	33,43%	38,57%	38,93%	38,71%	40,69%		198	428	36,06%
- of which Div. Retail	22,74%	22,33%	24,13%	24,07%	24,11%	24,11%		0	137	22,41%
- of which Div. Wealth	19,54%	20,65%	20,87%	18,52%	20,88%	21,03%		14	148	19,79%
<b>CLO</b>	49,72%	49,96%	47,16%	49,22%	49,35%	49,75%		40	4	43,07%
<b>CFO</b>	71,01%	0,00%	0,00%	0,00%	0,00%	0,00%		0	-7101	37,72%
<b>AD</b>	67,20%	50,16%	42,73%	62,06%	42,48%	39,58%		-291	-2762	41,93%
<b>TOTAL</b>	<b>48,86%</b>	<b>49,16%</b>	<b>46,12%</b>	<b>48,09%</b>	<b>48,24%</b>	<b>48,70%</b>		<b>45</b>	<b>-16</b>	<b>41,74%</b>

❑ In September, **RWAs** of AIRB Non Performing Portfolio down by €96 mln, mainly due to **CLO** (- €87 mln, whose -€17,9 mln due to the cure of Panapesca S.p.A. and -€12 mln due to the reduction of Rummo S.p.A). **EAD** of AIRB Non Performing Portfolio, instead, up by €65 mln, mainly due to Corporate Division.

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



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

Values in €/mln, regulatory risk measures	Total						
	EAD			AVG PD			
	Dec-17	Aug-18	Sep-18	Dec-17	Aug-18	Sep-18	Δ bps
Upgrading	13.281	13.114	14.039	2,97%	1,29%	1,26%	-38
Stable	32.136	31.740	29.752	1,67%	1,59%	1,58%	-4
Downgrading	13.167	13.034	13.546	1,84%	4,18%	3,75%	46
Default flow	708	669	917	12,38%	100,00%	100,00%	-15
Out	2.060	0	0	2,64%	0,00%	0,00%	-2
Cured	409	363	444	100,00%	10,50%	10,08%	6
New Inputs	0	4.748	5.338	0,00%	1,28%	1,23%	-7
<b>Total Performing</b>	<b>61.352</b>	<b>62.999</b>	<b>63.118</b>	<b>2,14%</b>	<b>2,09%</b>	<b>2,00%</b>	<b>-14</b>

+ 4 bps

Values in €/mln, regulatory risk measures	Corporate						
	EAD			AVG PD			
	Dec-17	Aug-18	Sep-18	Dec-17	Aug-18	Sep-18	Δ bps
Upgrading	5.518	5.637	6.215	2,98%	1,36%	1,34%	-41
Stable	11.476	12.117	10.981	2,41%	2,16%	2,20%	-10
Downgrading	5.790	5.912	6.135	2,29%	5,12%	4,17%	52
Default flow	86	77	239	10,52%	100,00%	100,00%	-6
Out	1.100	0	0	4,50%	0,00%	0,00%	-10
Cured	71	54	57	100,00%	9,95%	8,49%	1
New Inputs	0	1.800	2.066	0,00%	2,19%	2,19%	-3
<b>Total Performing</b>	<b>23.970</b>	<b>25.597</b>	<b>25.454</b>	<b>2,64%</b>	<b>2,69%</b>	<b>2,48%</b>	<b>-16</b>

+ 1 bps

Values in €/mln, regulatory risk measures	Retail						
	EAD			AVG PD			
	Dec-17	Aug-18	Sep-18	Dec-17	Aug-18	Sep-18	Δ bps
Upgrading	7.658	7.378	7.712	2,95%	1,24%	1,19%	-37
Stable	20.397	19.374	18.523	1,26%	1,23%	1,22%	-1
Downgrading	7.190	6.936	7.226	1,49%	3,41%	3,40%	41
Default flow	202	185	183	12,37%	100,00%	100,00%	-6
Out	1.384	0	0	4,22%	0,00%	0,00%	-11
Cured	171	154	168	100,00%	12,32%	12,39%	5
New Inputs	0	3.103	3.496	0,00%	1,14%	1,14%	-6
<b>Total Performing</b>	<b>36.832</b>	<b>36.945</b>	<b>37.125</b>	<b>1,83%</b>	<b>1,68%</b>	<b>1,68%</b>	<b>-15</b>

+ 3 bps

Values in €/mln, regulatory risk measures	Wealth						
	EAD			AVG PD			
	Dec-17	Aug-18	Sep-18	Dec-17	Aug-18	Sep-18	Δ bps
Upgrading	97	92	100	3,18%	1,46%	1,40%	-33
Stable	246	232	227	1,26%	1,26%	1,22%	1
Downgrading	170	157	153	1,46%	3,42%	3,29%	54
Default flow	0	0	0	6,69%	100,00%	100,00%	0
Out	36	0	0	2,34%	0,00%	0,00%	-3
Cured	0	0	0	100,00%	17,49%	18,63%	1
New Inputs	0	52	56	0,00%	1,05%	1,06%	-9
<b>Total Performing</b>	<b>549</b>	<b>534</b>	<b>536</b>	<b>1,73%</b>	<b>1,92%</b>	<b>1,83%</b>	<b>11</b>

+ 22 bps

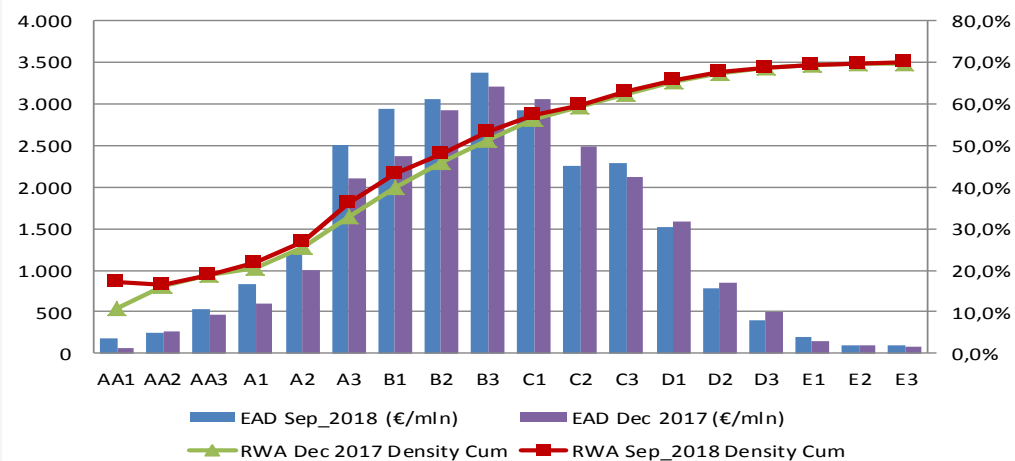
❑ **PD Retail down** by 15 bps, mainly due to New Inputs less risky than Outputs and to the Default flow; trend stable vs. the previous month;

❑ **PD Corporate down** by 16 bps, improved by 21 bps vs. the previous month, mainly due to a higher default flow and to the improvement of stable positions (+1 bps as at 2018/09/30 vs. +18 bps of August).

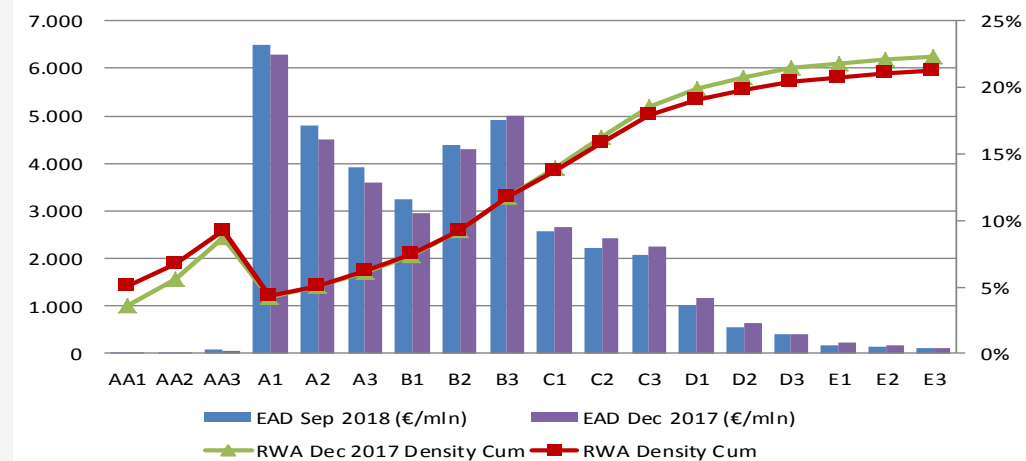


## AIRB Performing Portfolio: RWA Density by Rating Classes (2/3)

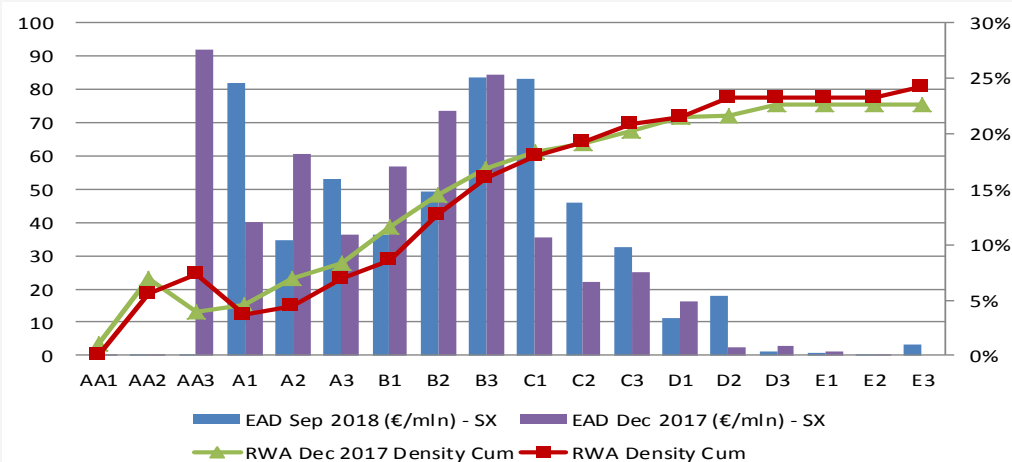
### DIR CORPORATE



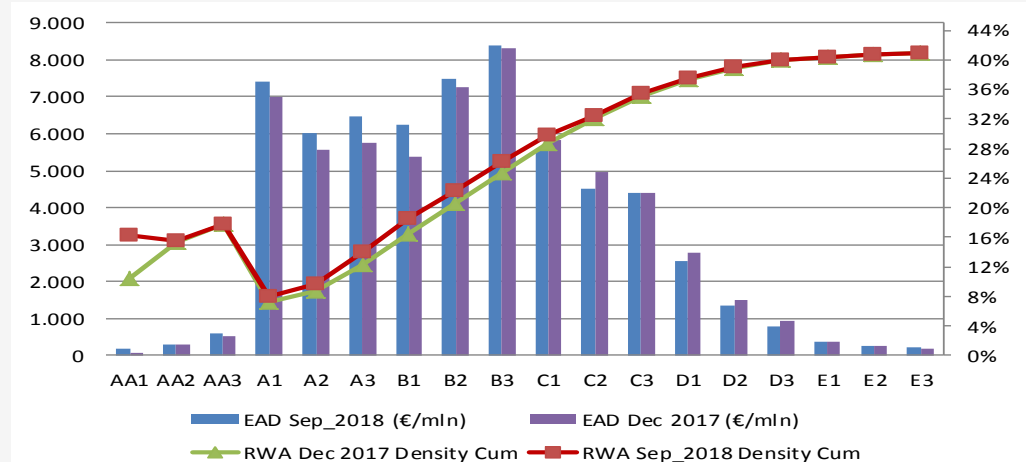
### DIR RETAIL



### DIR WEALTH



### ALL PORTFOLIO



## 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		Sep-18		Dec-18
FINANCIAL COLLATERAL	406	0,7%	367	0,6%	360	0,6%	356	0,6%	355	0,6%	351	0,6%	
LGD	0,00%		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%	37.124	58,8%	
LGD	16,15%		16,02%		16,02%		16,05%		16,05%		16,04%		
PERSONAL GUARANTEES	1.226	2,0%	1.393	2,2%	1.404	2,2%	1.385	2,2%	1.373	2,2%	1.351	2,1%	
LGD	37,43%		37,58%		37,89%		38,20%		38,02%		37,93%		
UNSECURED	22.670	37,0%	23.955	38,5%	24.618	39,0%	24.629	39,0%	24.275	38,5%	24.290	38,5%	
LGD	42,32%		42,32%		42,35%		42,50%		42,56%		42,49%		
TOTAL EAD	61.353	100%	62.187	100%	63.157	100%	63.083	100%	62.999	100%	63.116	100%	
AVERAGE LGD	26,14%		26,54%		26,68%		26,77%		26,65%		26,60%		

Corporate													
Values in €/mln, regulatory risk measures	Dec-17		Mar-18		Jun-18		Jul-18		Aug-18		Sep-18		Dec-18
FINANCIAL COLLATERAL	122	0,5%	106	0,4%	109	0,4%	105	0,4%	105	0,4%	104	0%	
LGD	0,00%		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%	6.849	27%	
LGD	24,70%		24,70%		24,71%		24,82%		24,83%		25,01%		
PERSONAL GUARANTEES	694	2,9%	793	3,2%	810	3,2%	789	3,1%	797	3,1%	792	3%	
LGD	37,33%		37,61%		38,18%		38,54%		38,22%		38,11%		
UNSECURED	15.654	65,3%	17.037	68,3%	17.758	69,2%	17.853	69,5%	17.628	69,1%	17.710	70%	
LGD	44,00%		43,88%		43,89%		44,04%		44,05%		43,94%		
TOTAL EAD	23.970	100%	24.941	100%	25.659	100%	25.688	100%	25.520	100,0%	25.455	100%	
AVERAGE LGD	37,54%		38,11%		38,31%		38,50%		38,42%		38,48%		

Values in €/mln, regulatory risk measures	Retail											
	Dec-17		Mar-18		Jun-18		Jul-18		Aug-18		Sep-18	
FINANCIAL COLLATERAL	236	0,6%	215	0,6%	206	0,6%	207	0,6%	205	0,6%	206	1%
LGD	0,00%		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%	30.051	81%
LGD	13,99%		13,96%		13,99%		14,01%		14,01%		14,02%	
PERSONAL GUARANTEES	529	1,4%	597	1,6%	591	1,6%	594	1,6%	574	1,6%	556	1%
LGD	37,54%		37,52%		37,48%		37,73%		37,73%		37,66%	
UNSECURED	6.741	18,3%	6.651	18,1%	6.587	17,8%	6.503	17,6%	6.378	17,3%	6.312	17%
LGD	39,05%		38,95%		38,80%		38,91%		39,05%		39,05%	
TOTAL EAD	36.832	100%	36.715	100%	36.962	100%	36.863	100%	36.945	100%	37.125	100%
AVERAGE LGD	18,82%		18,79%		18,71%		18,71%		18,62%		18,55%	

	Wealth												
Values in €/mln, regulatory risk measures	Dec-17		Mar-18		Jun-18		Jul-18		Aug-18		Sep-18		Dec-18
FINANCIAL COLLATERAL	47	8,6%	45	8,5%	45	8,4%	43	8,1%	44	8,3%	41	8%	
LGD	0,00%		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%	224	42%	
LGD	13,58%		13,37%		13,41%		13,39%		13,33%		13,63%		
PERSONAL GUARANTEES	3	0,5%	3	0,6%	3	0,6%	3	0,6%	3	0,6%	3	1%	
LGD	40,95%		40,38%		40,06%		40,00%		40,55%		40,77%		
UNSECURED	275	50,1%	267	50,5%	273	51,0%	273	51,4%	269	50,5%	269	50%	
LGD	26,99%		26,96%		27,73%		27,73%		27,91%		27,81%		
TOTAL EAD	549	100%	529	100%	535	100%	531	100%	533	100%	537	100%	
AVERAGE LGD	19,27%		19,23%		19,75%		19,80%		19,74%		19,83%		

□ The Average LGD of AIRB Performing Portfolio at 26,60%, improving vs. August (-5 bps), driven by a lower average LGD on unsecured loans (-7 bps vs. August).





# Credit Portfolio – Transition Matrix

		GBV-Dec17							GBV-Sep18						
		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	-							4.135	437	7	52	38		
	Bonis Stage1	58.589	52.947	3.809	82	56	43	1.651	52.814	3.628	54	37	7	Default Flow(T1)	1.084
	Bonis Stage2	17.595	3.452	12.654	469	382	110	528	3.145	12.099	466	377	142	Worsening(T1)	1.972
	Past due/lp rete	2.062	17	275	803	711	206	49	19	226	764	704	204	Cure(T0)	661
	lp r.a./lp ristr	9.974	18	342	84	7.731	1.031	769	32	307	7	7.546	1.064		
	Bad Loans	9.294	1	8	3	96	8.989	197	1	5	3	86	9.059		
	Total	97.515	56.435	17.089	1.440	8.977	10.380	3.195	60.148	16.702	1.301	8.803	10.514		
		GBV-Dec17 vs. Total Stock GBV-Dec17							GBV-Sep18 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%	90,37%	6,50%	0,14%	0,10%	0,07%	2,82%	90,14%	6,19%	0,09%	0,06%	0,01%		
	Bonis Stage2	100,00%	19,62%	71,92%	2,66%	2,17%	0,63%	3,00%	17,88%	68,76%	2,65%	2,14%	0,81%		
	Past due/lp rete	100,00%	0,84%	13,35%	38,93%	34,50%	9,99%	2,40%	0,93%	10,98%	37,06%	34,12%	9,90%		
	lp r.a./lp ristr	100,00%	0,18%	3,43%	0,84%	77,51%	10,34%	7,71%	0,32%	3,08%	0,07%	75,66%	10,67%		
Bad Loans		100,00%	0,01%	0,09%	0,03%	1,04%	96,72%	2,12%	0,02%	0,06%	0,03%	0,92%	97,47%		
		GBV-Dec17 focused on Performing in T0							GBV-Sep18 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	58.589	52.947	3.809	82	56	43	1.651	52.814	3.628	54	37	7		
	Stage 2	17.595	3.452	12.654	469	382	110	528	3.145	12.099	466	377	142		
	Tot Performing	76.185	56.399	16.464	551	439	153	2.179	55.959	15.727	520	415	149		
	% stage 1 on Tot	76,90%	93,88%	23,14%	14,92%	12,87%	28,18%	75,77%	94,38%	23,07%	10,37%	9,03%	4,67%		
	% stage 2 on Tot	23,10%	6,12%	76,86%	85,08%	87,13%	71,82%	24,23%	5,62%	76,93%	89,63%	90,97%	95,33%		
		%							%						
		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%	90,37%	6,50%	0,14%	0,10%	0,07%	2,82%	93,41%	6,42%	0,10%	0,07%	0,01%		
	Stage 2	100,00%	19,62%	71,92%	2,66%	2,17%	0,63%	3,00%	19,38%	74,55%	2,87%	2,33%	0,87%		
	Tot Performing	100,00%	74,03%	21,61%	0,72%	0,58%	0,20%	2,86%	76,90%	21,61%	0,71%	0,57%	0,20%		
		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		58.589	-	182	53 -	1.651	4.135 -	3.809	3.145	-133	60.148				
Stage 2		17.595	-	961	538 -	528	437 -	3.452	3.628	-556	16.702				
Tot Performing		76.185	-	1.143	591 -	2.179	4.572 -	7.261	6.774	-689	76.850	VERO			



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

\*\*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	714,1			
Forborne	2.259,8	2.277,1	2.223,6	2.285,1	2.241,0	2.292,6	2.220,5	2.195,4			
High Risk	2.920,0	2.584,9	2.529,9	2.428,8	2.574,0	2.614,2	2.496,8	3.351,8			
Ebitda	1.886,7	1.873,1	1.824,8	1.676,4	1.726,9	1.837,1	1.857,2	1.345,8			
Riquallifica	4.489,1	3.976,8	4.015,5	3.777,7	3.637,0	3.247,1	3.055,2	3.000,4			
Quantitativo	5.417,7	6.164,9	6.136,4	6.207,1	6.133,6	6.072,2	6.210,4	6.094,8			
Totale	17.602,3	17.751,2	17.554,1	17.304,1	16.862,1	16.647,5	16.800,5	16.702,3	-	-	-

### 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	40,4			
Forborne	182,7	183,7	178,4	172,6	170,1	173,2	167,5	154,7			
High Risk	120,0	100,9	95,6	98,2	113,7	144,2	133,4	158,1			
Ebitda	51,6	45,5	42,8	40,1	44,7	47,2	45,2	32,7			
Riquallifica	221,0	210,2	224,6	209,4	204,3	160,7	151,8	158,9			
Quantitativo	132,6	150,5	145,0	152,2	149,4	148,5	154,4	150,3			
Totale	744,3	739,6	733,6	720,6	713,2	707,7	702,5	694,9	-	-	-

### % 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%	5,66%	-	-	-
Forborne	8,09%	8,07%	8,02%	7,55%	7,59%	7,55%	7,54%	7,04%	-	-	-
High Risk	4,11%	3,90%	3,78%	4,04%	4,42%	5,52%	5,34%	4,72%	-	-	-
Ebitda	2,73%	2,43%	2,34%	2,39%	2,59%	2,57%	2,43%	2,43%	-	-	-
Riquallifica	4,92%	5,28%	5,59%	5,54%	5,62%	4,95%	4,97%	5,30%	-	-	-
Quantitativo	2,45%	2,44%	2,36%	2,45%	2,44%	2,45%	2,49%	2,47%	-	-	-
Totale	4,23%	4,17%	4,18%	4,16%	4,23%	4,25%	4,18%	4,16%	-	-	-



## Credit Portfolio: Non Performing Exposures by Vintage\*

Values in €/mln	PAST DUE											
	Dec -17 IAS 39		Dec -17 FTA		Mar -18		Jun -18		Aug -18		Sep -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%	205	24,11%	196	25,26%
6-12	99	19,96%	99	28,27%	72	31,03%	51	33,90%	49	27,86%	54	25,32%
>12	223	32,20%	223	46,67%	176	51,65%	151	55,75%	130	58,75%	129	59,90%
<b>TOTAL</b>	<b>530</b>	<b>26,35%</b>	<b>530</b>	<b>36,79%</b>	<b>479</b>	<b>36,12%</b>	<b>409</b>	<b>37,13%</b>	<b>384</b>	<b>36,30%</b>	<b>379</b>	<b>37,04%</b>

- At September, continues the **decreasing** trend of **Past due** vs. the beginning of year (€-5 mln vs. August, €-150 mln vs. December 2017). The month shows mainly a decrease on class 0-6 months.

Values in €/mln	UtoP											
	Dec -17 IAS 39		Dec -17 FTA		Mar -18		Jun -18		Aug -18		Sep -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%	1.611	47,65%	1.703	43,34%
12-24	1.239	35,73%	1.239	41,74%	1.196	42,90%	1.115	43,51%	1.079	42,52%	977	41,99%
24-36	1.353	37,50%	1.353	44,62%	1.307	43,40%	976	45,72%	926	46,20%	881	47,48%
36-48	3.645	39,52%	3.645	44,40%	3.565	45,30%	3.266	44,62%	3.029	45,35%	2.078	48,77%
48-60	1.660	46,03%	1.660	50,73%	1.557	51,08%	1.460	48,65%	1.389	47,03%	2.089	44,16%
>60	1.779	44,17%	1.779	48,84%	1.755	48,13%	1.904	48,62%	1.997	47,95%	1.997	48,26%
<b>TOTAL</b>	<b>11.507</b>	<b>40,52%</b>	<b>11.507</b>	<b>45,72%</b>	<b>11.188</b>	<b>46,50%</b>	<b>10.443</b>	<b>46,22%</b>	<b>10.031</b>	<b>46,24%</b>	<b>9.725</b>	<b>45,93%</b>

- Decrease of Utop** by approx. €306 mln vs. August. It is worth highlighting a decrease of 12-48 classes by €-1.097 mln, offset by an increase of 48-60 class (€+700 mln) and of 0-12 months class (€+92 mln). Stable in absolute value the >60 class, which increases its weight on total Utop GBV (20,54% as of September vs. 19,91% of previous month).

Values in €/mln	BAD LOANS											
	Dec -17 IAS 39		Dec -17 FTA		Mar -18		Jun -18		Aug -18		Sep -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%	3.209	63,23%	3.388	64,04%
2	1.602	53,86%	1.602	60,91%	1.658	61,87%	2.476	64,06%	3.039	64,64%	3.151	63,59%
3	647	58,08%	647	67,04%	664	67,46%	563	71,91%	553	72,01%	615	73,78%
4	495	60,99%	495	68,06%	501	67,94%	441	72,24%	438	73,35%	450	73,43%
5	408	66,80%	408	75,01%	417	75,41%	527	72,36%	532	71,44%	532	71,71%
>5	2.227	81,10%	2.227	86,05%	2.281	86,04%	2.293	86,62%	2.355	86,75%	2.378	86,69%
<b>TOTAL</b>	<b>9.295</b>	<b>64,18%</b>	<b>9.295</b>	<b>70,65%</b>	<b>9.590</b>	<b>70,65%</b>	<b>9.989</b>	<b>70,34%</b>	<b>10.126</b>	<b>70,47%</b>	<b>10.514</b>	<b>70,39%</b>

- Increase of Bad Loans Portfolio** vs. August by €387 mln, mainly due to a acceleration on 1-2 vintage classes.



## 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 forborne 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	332,07	99,73	98,64	129,83	103,12	132,88	-	-	-	-	-	-	896,27
	Provision	96,43	32,66	29,50	42,85	35,84	45,36	-	-	-	-	-	-	282,65
	Coverage	29,04%	32,75%	29,91%	33,00%	34,76%	34,14%							31,54%
Of Which Forborne Paying	GBV	37,08	5,18	8,53	8,18	7,26	10,77	-	-	-	-	-	-	76,99
	Provision	9,92	1,32	2,60	2,25	2,33	2,47	-	-	-	-	-	-	20,89
	Coverage	26,75%	25,39%	30,44%	27,56%	32,07%	22,97%							27,13%
Of Which other Not Paying Secured	GBV	50,62	27,46	44,52	63,99	29,40	60,30	-	-	-	-	-	-	276,29
	Provision	11,07	4,95	8,28	13,64	5,82	16,77	-	-	-	-	-	-	60,54
	Coverage	21,88%	18,02%	18,61%	21,31%	19,79%	27,82%							21,91%
Of Which other Not Paying Unsecured	GBV	244,36	67,09	45,59	57,66	66,47	61,82	-	-	-	-	-	-	542,99
	Provision	75,44	26,40	18,62	26,96	27,70	26,12	-	-	-	-	-	-	201,23
	Coverage	30,87%	39,35%	40,84%	46,75%	41,67%	42,25%							37,06%

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	844,88	1.874,78	1.850,76	3.521,69	3.442,77	2.224,27	1.647,03	4.315,23	19.721,40
	Provision	390,21	934,37	984,86	1.888,71	1.816,23	1.359,46	1.043,29	3.307,27	11.724,40
	Coverage	46,19%	49,84%	53,21%	53,63%	52,75%	61,12%	63,34%	76,64%	59,45%
Of Which Forborne Paying	GBV	138,15	230,37	181,19	468,14	845,55	252,68	168,59	377,09	2.661,75
	Provision	50,56	82,50	69,19	214,80	317,38	121,12	37,72	167,81	1.061,08
	Coverage	36,60%	35,81%	38,19%	45,88%	37,54%	47,93%	22,38%	44,50%	39,86%
Of Which other Not Paying Secured	GBV	240,70	718,88	770,39	1.436,80	1.304,24	845,92	589,62	795,79	6.702,33
	Provision	77,09	273,73	286,41	607,55	657,11	437,39	320,98	458,68	3.118,94
	Coverage	32,03%	38,08%	37,18%	42,29%	50,38%	51,71%	54,44%	57,64%	46,54%
Of Which other Not Paying Unsecured	GBV	466,03	925,54	899,18	1.616,75	1.292,98	1.125,66	888,81	3.142,35	10.357,31
	Provision	262,56	578,14	629,26	1.066,35	841,74	800,95	684,59	2.680,78	7.544,38
	Coverage	56,34%	62,47%	69,98%	65,96%	65,10%	71,15%	77,02%	85,31%	72,84%
delta addendum unsecured	Provision	-	-	269,92	550,40	451,24	324,71	204,23	461,58	2.262,07
delta addendumm secured	Provision	-	-	-	-	60,22	154,75	180,20	337,10	732,27
total delta addendumm	Provision	-	-	269,92	550,40	511,46	479,46	384,43	798,68	2.994,34

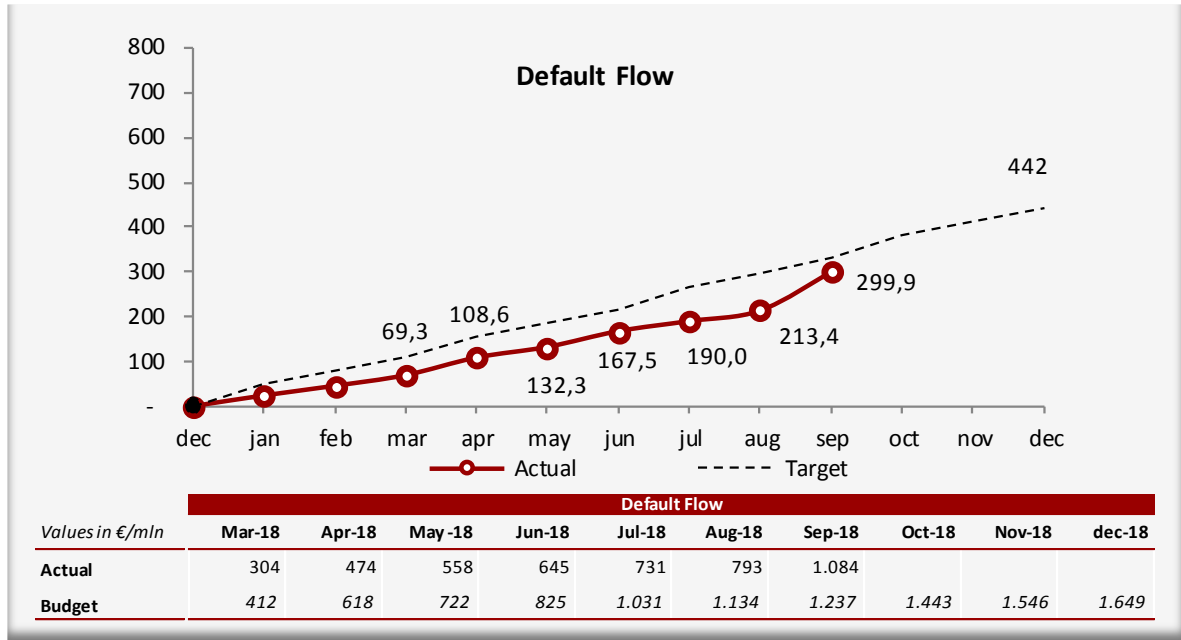
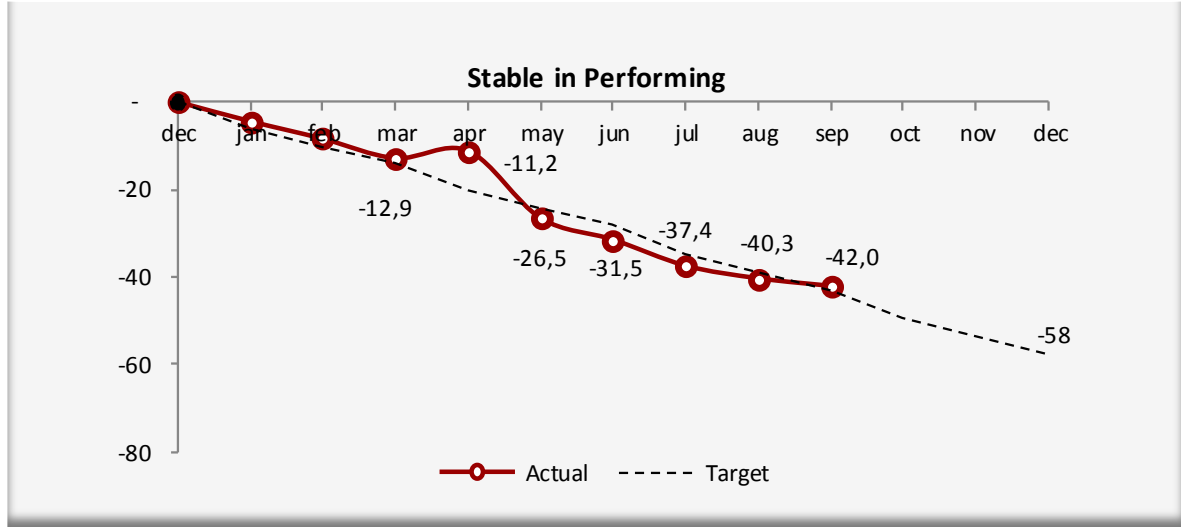
The table above summarizes the potential impact of the addendum in the last three lines if it would applied to the default stock generated before April 2018:

- 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%



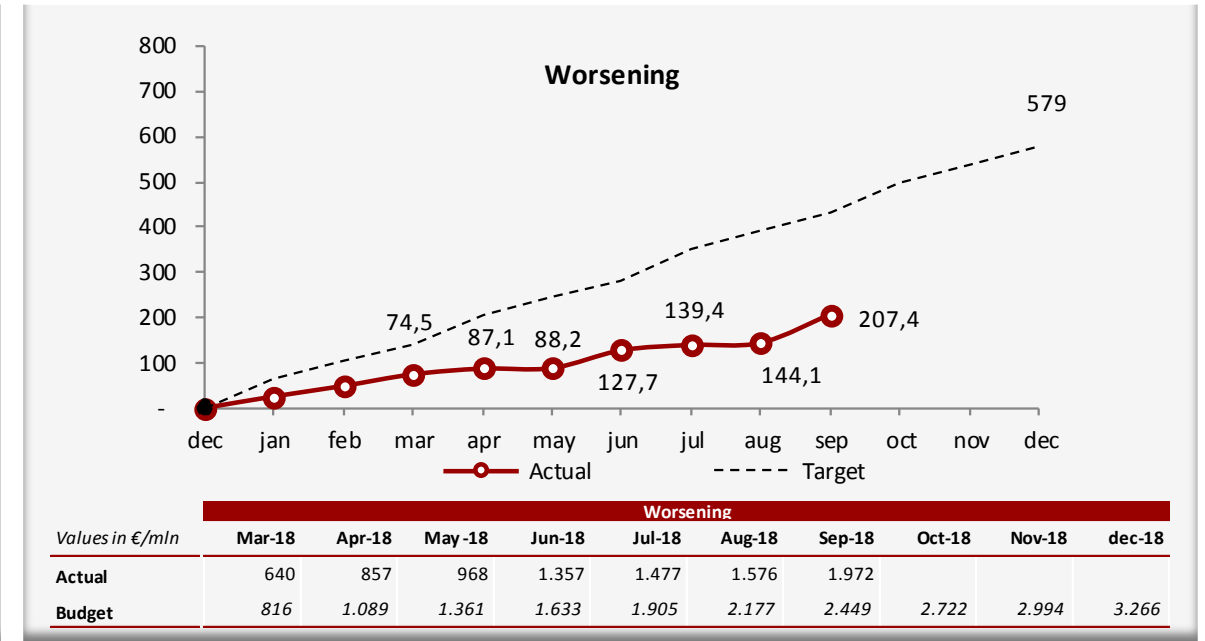
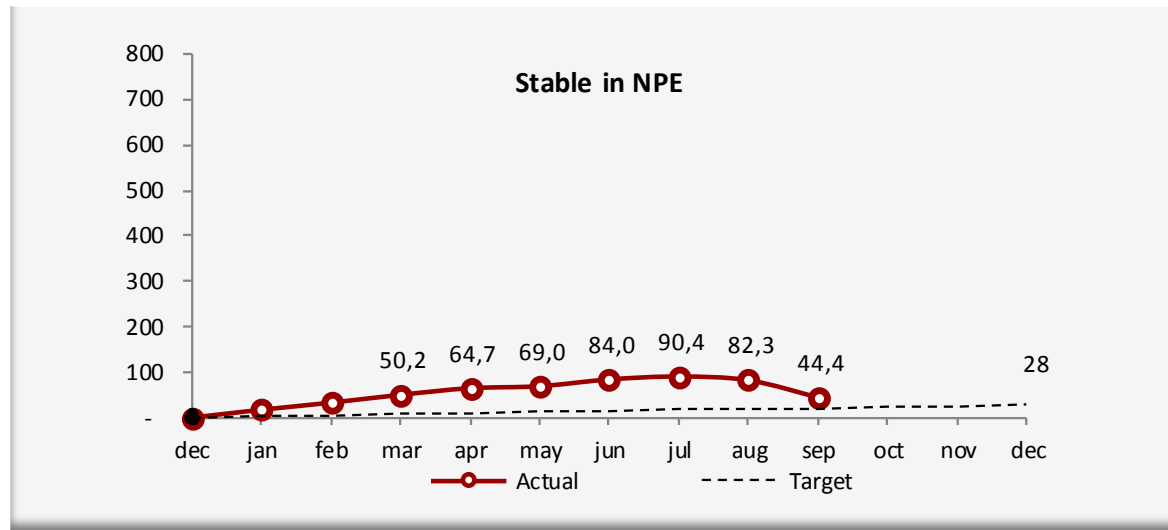
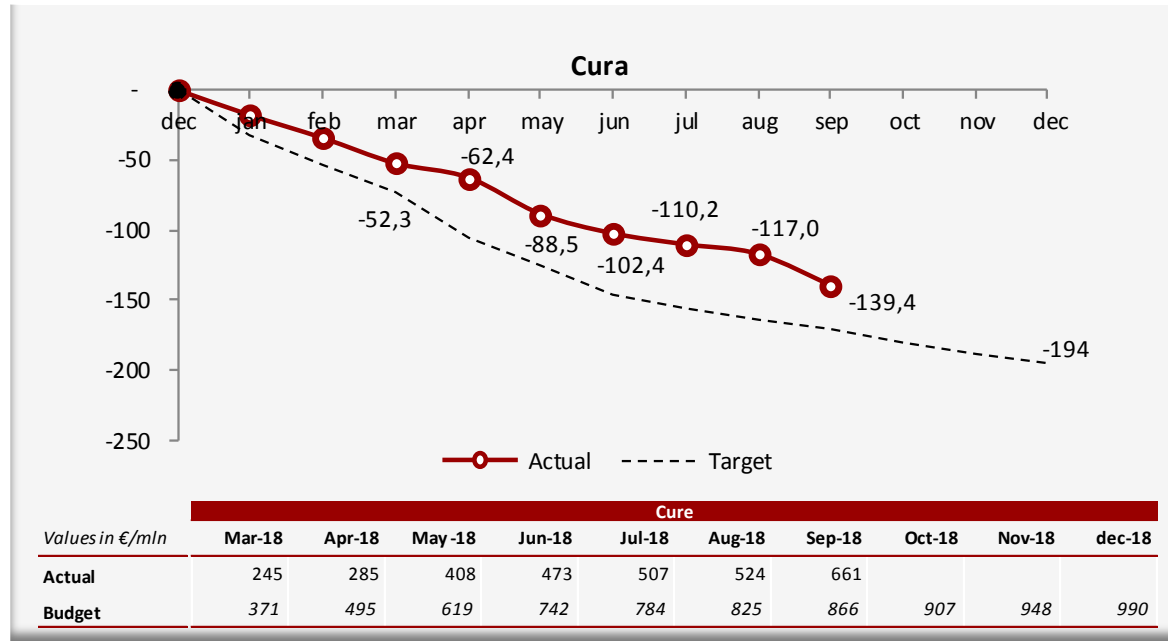
# Net Loans Loss Provision: Cost of Performing Loans



- ❑ Cost of **Performing Loans** at €257,8 mln, €28,1 lower than budget value of €285,9 mln, in particular:
  - ✓ the **stable positions** in Performing from the beginning of the year show a reversal of provision of about €42 mln, in line with the Budget;
  - ✓ cost of **Default Flow** at €299,9 mln, -€29,1 mln lower than budget value of €329 mln, driven by flows from PE lower than expected (€1.084 mln vs. a budget value of €1.237 mln).
- ❑ **The monthly cost of September** is at €84,7 mln, €64,2 mln higher than August; the monthly cost's increase is almost wholly driven by the default flow cost (+€63 mln vs. August, €33 mln referred to Astaldi S.p.A.).



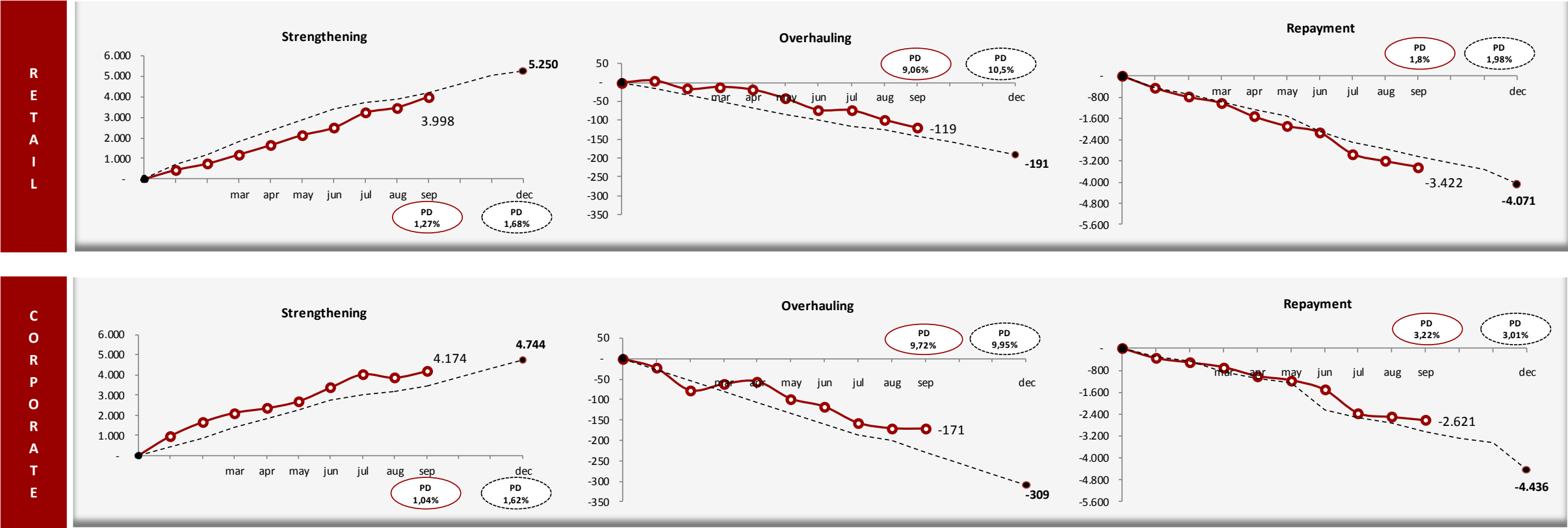
## Net Loans Loss Provision: Cost of Non Performing Loans



- ❑ Cost of the **Non Performing Loans** at €109,4 mln, €148,5 mln lower than the budget value of €258 mln, in particular:
  - ✓ **Reversal of Provision related to Cured Position** at €139,4 mln, lower than the budget value of €170,2 mln; cure rate at 6,28% vs. 8,15% of the target;
  - ✓ **Cost of Worsening of NPE Loans** at €207,4 mln, significantly lower than the budget value of €431,3 mln, mainly due to flows from Restructured and Rischio Anomalo to Bad Loans lower than expected;
  - ✓ **Cost of stable position** at €44,4 mln (-€47,5 mln vs. Budget).
- ❑ **In the month of September**, it is observed a cost by €2 mln (€63 mln due to worsened exposures, -€22 mln to cured exp. and -€38 mln to stable positions).

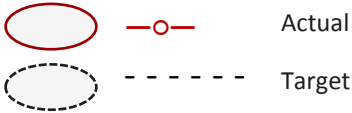


Retail and Corporate: strengthening, overhauling and repayment flows (1/2)



Retail = Valore, Premium e Small Business

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



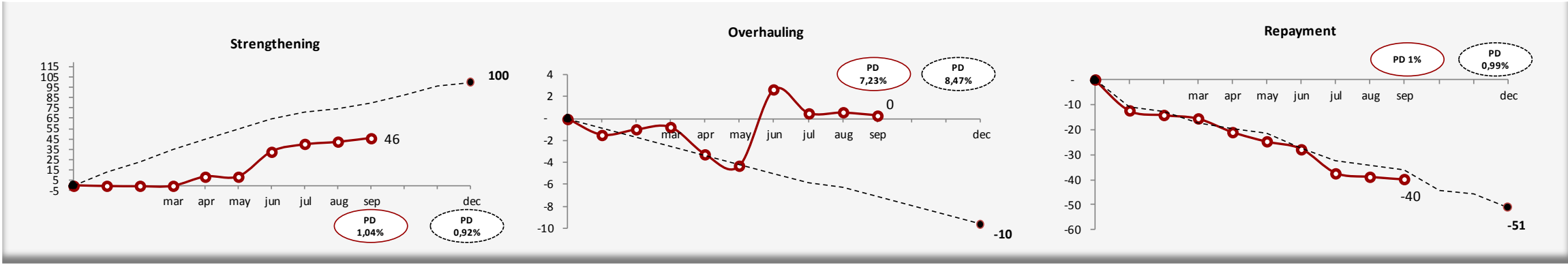
MONTE DEI PASCHI DI SIENA  
BANCA DAL 1472

The figures include only to on-balance exposures

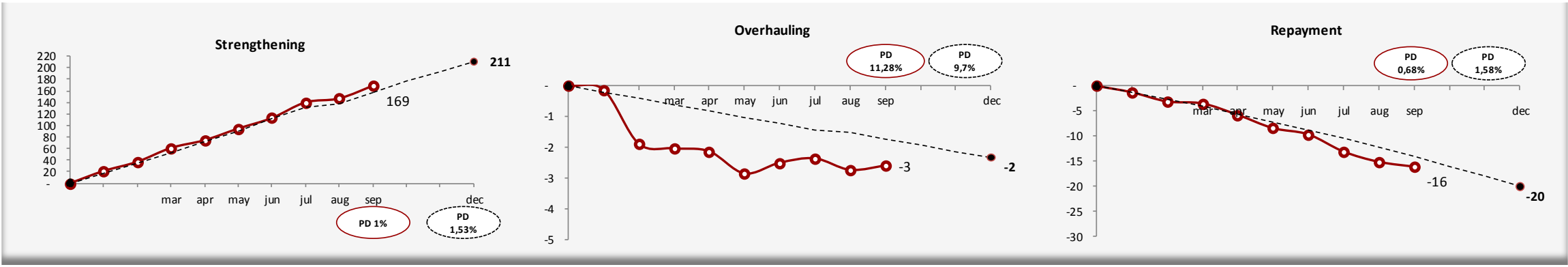


Wealth and Widiba: strengthening, overhauling and repayment flows (2/2)

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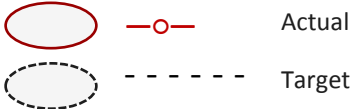


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Retail = Valore, Premium e Small Business

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

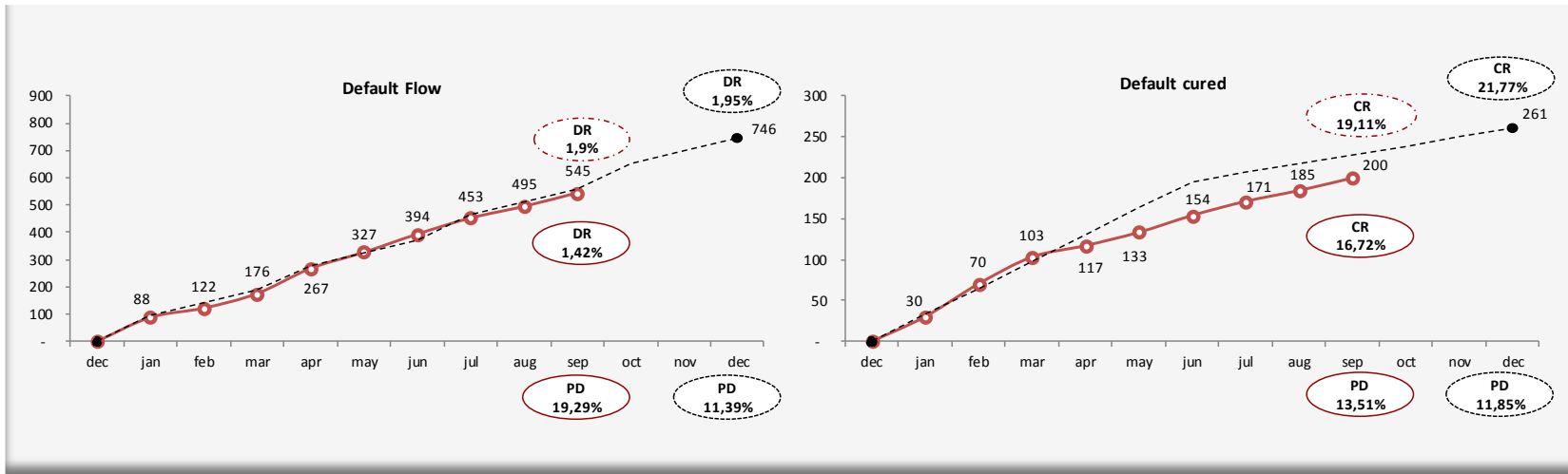


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The figures include only to on-balance exposures

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

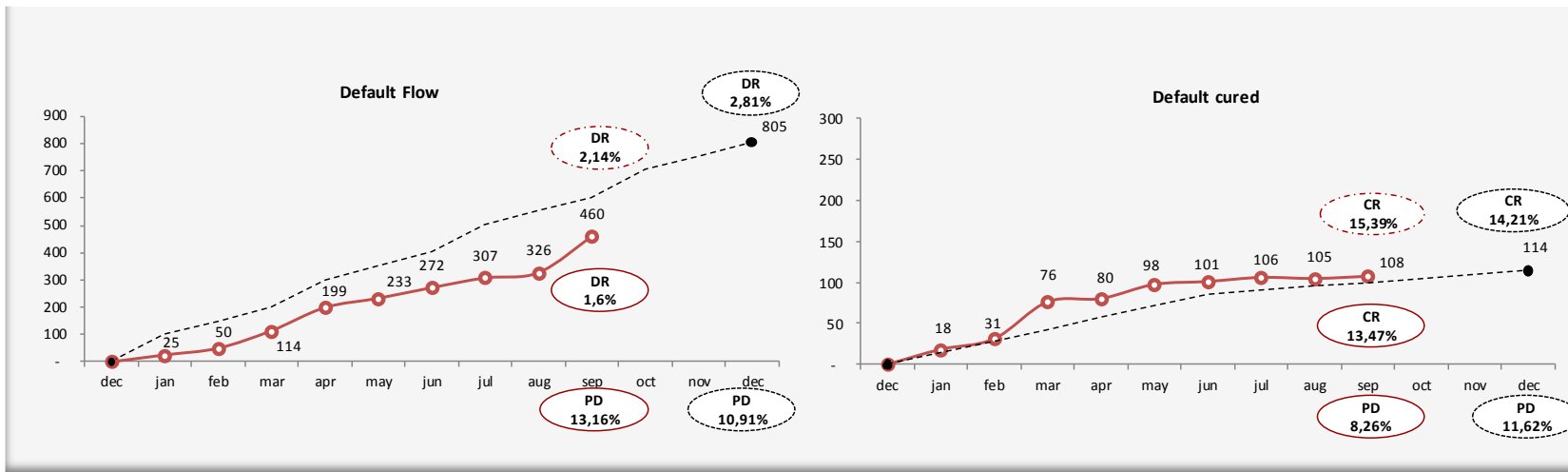
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□ **Default Flow** as of September 2018 at €1.006 mln, €-158 mln vs. budget:

- ✓ **Retail** at €545 mln, substantially in line with Budget;
- ✓ **Corporate** at €460 mln, €-143 mln vs. Budget. In September, Default Flow equal to €134 mln mainly due to Astaldi S.p.A. (€62 mln).

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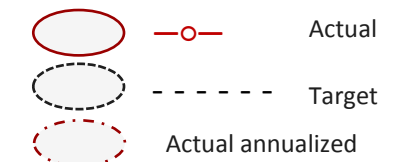
□ **Default cured** at €307 mln, substantially in line with Budget:

- ✓ **Retail** at €200 mln, €-28 mln vs. Budget, with a trend converging on to the end year target;
- ✓ **Corporate** at €108 mln, €+7 mln vs. Budget.



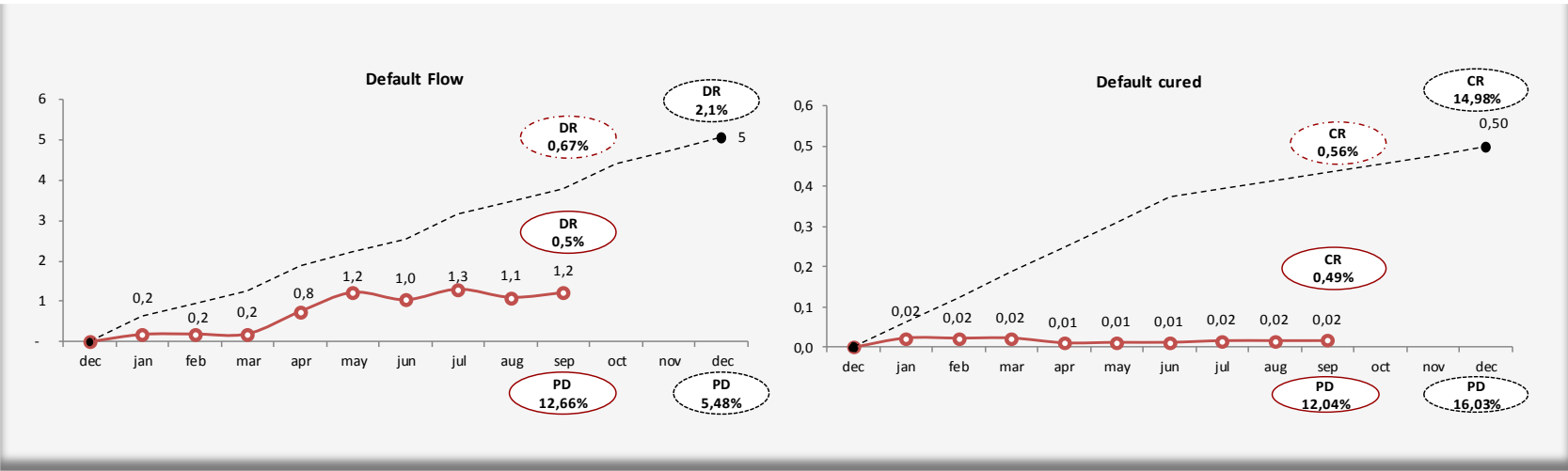
**MONTE DEI PASCHI DI SIENA**  
BANCA DAL 1472

The figures include only to on-balance exposures



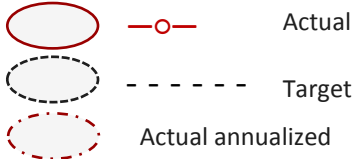
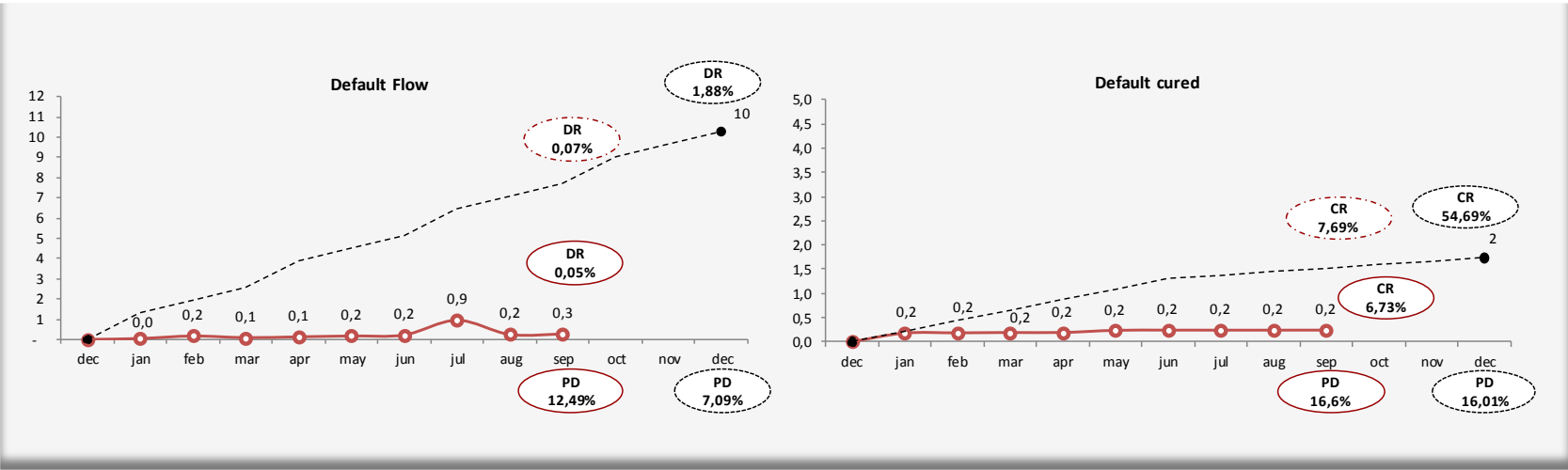
Widiba and Wealth: Cure and Default Flow (2/2)

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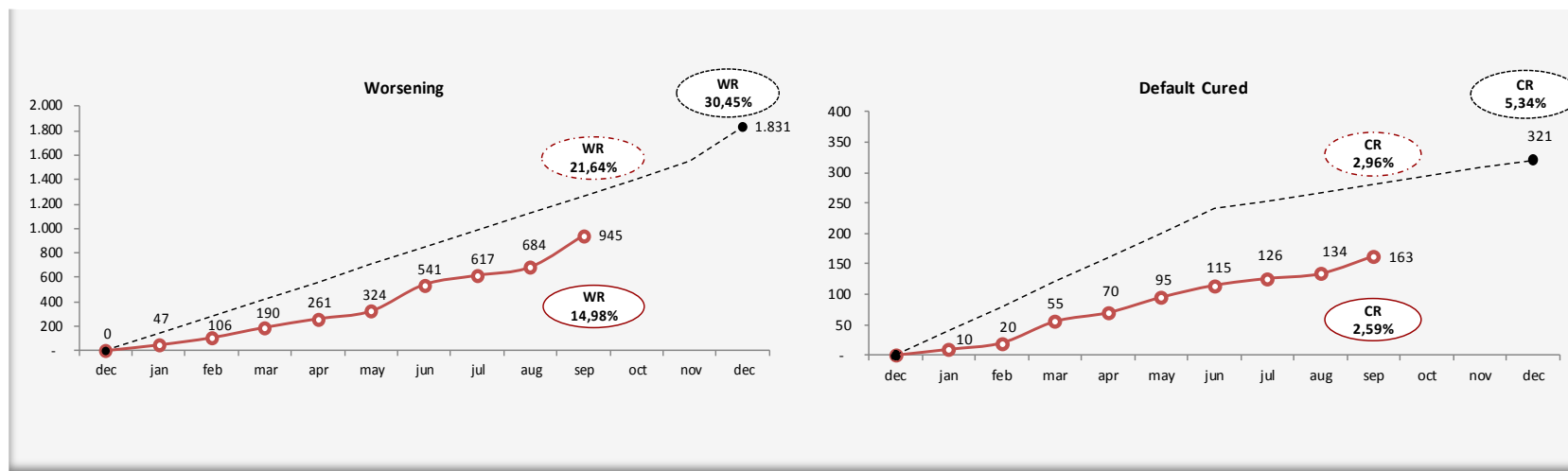
- Default flows better than budget for Widiba and Wealth and slightly increasing vs. the previous month.
- Default cured, lower than budget for both divisions and stable vs. the previous months.

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

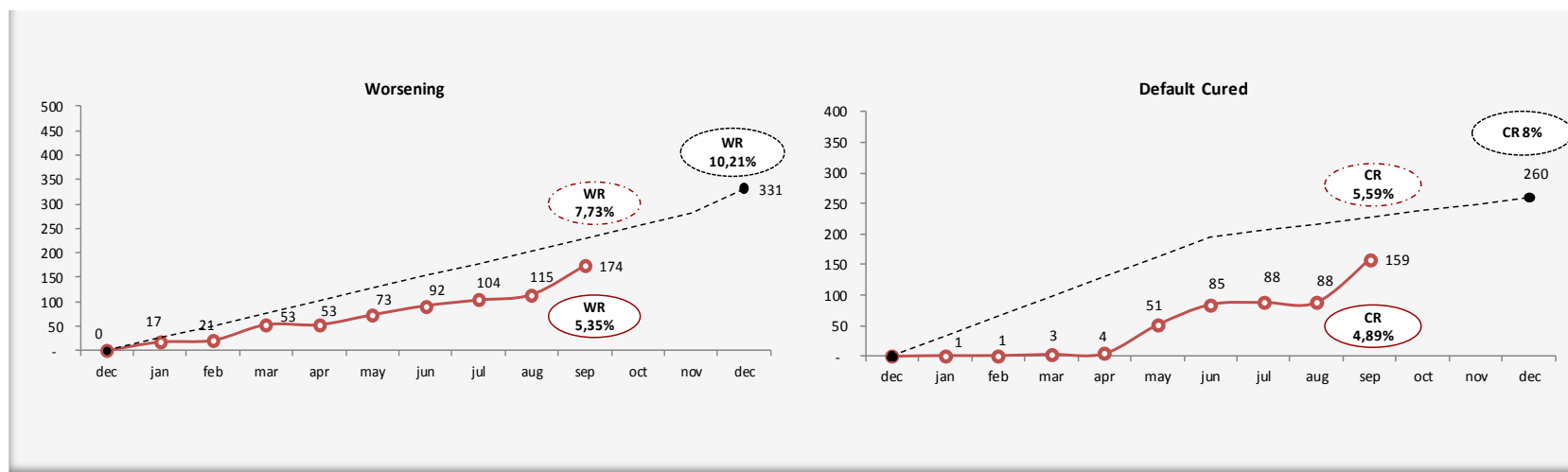
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Flows from «Rischio Anomalo» and «Restructured» to Bad Loans for September 2018 at €1.119 mln, €-378 mln vs. Budget:

- ✓ «Rischio Anomalo» at €945 mln (€-323 mln vs. Budget) with a contribution by €261 mln in September (Palaponticelli €27 mln, Butterfly AM €12 mln and Marinagri S.p.A. €10 mln);
- ✓ «Restructured» at €174 mln, €-55 mln vs. Budget. In September, Worsening Flows equal to €60 mln mainly due to Società Italiana Condotte (€49 mln).

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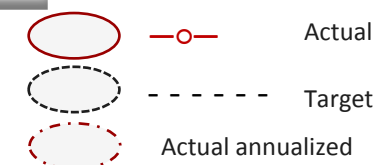
Default Cured at €322 mln, €-186 mln vs. Budget:

- ✓ «Rischio Anomalo» at €163 mln, €-118 mln vs. Budget;
- ✓ «Restructured» at €159 mln, €-68 mln vs. Budget, with a contribution by €71 mln in September (Panapesca €12,9 mln, Costieri D'Alesio €10,8 mln, Dalmare €10,7 mln).

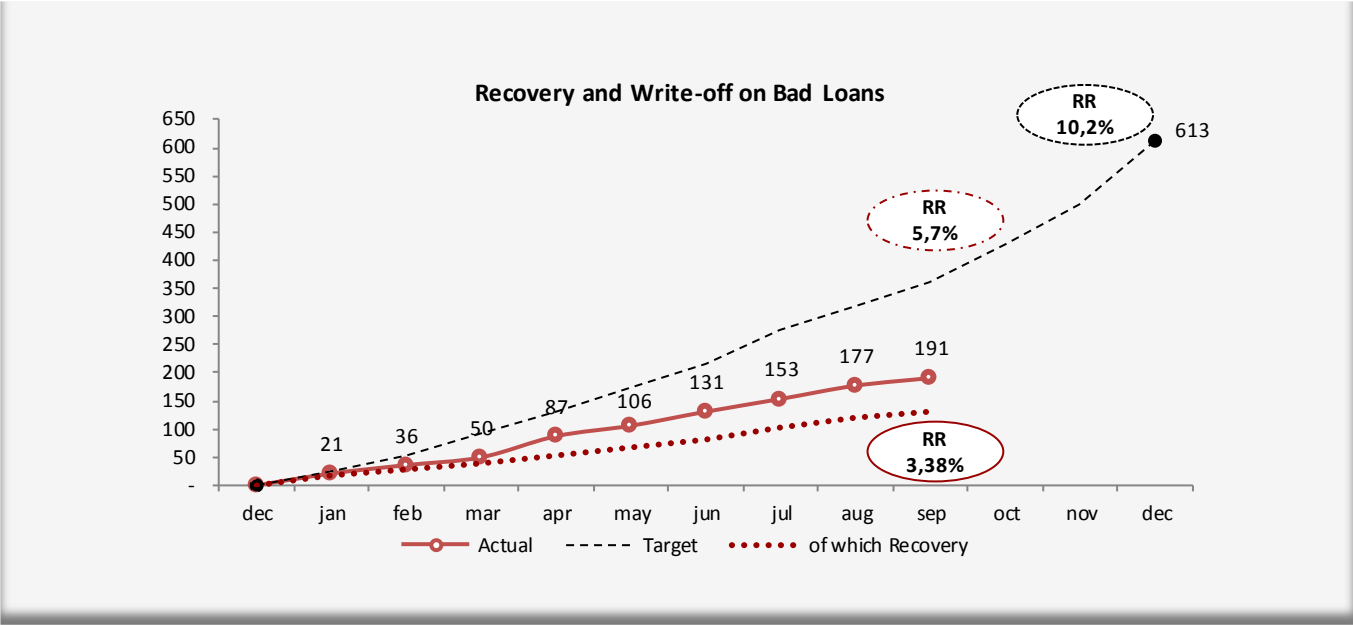


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The figures include only to on-balance exposures



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



Recovery on bad loans positions growing since the beginning of the year but still far lower than expected (-47%).

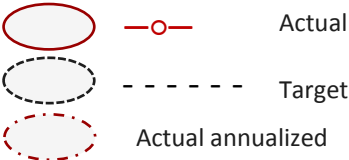
Values in €/mln		GBV													
		Dec-17		Mar-18		Jun-18		Jul-18		Aug-18		Sep-18		Dec-18	
BAD LOANS	Without Business Plan	2.427	38%	2.600	39%	2.815	40%	2.872	40%	2.927	40%	3.061	40%		
	With Business Plan	3.966	62%	4.083	61%	4.240	60%	4.276	60%	4.311	60%	4.568	60%		
	- of which Validated	1.416	22%	1.991	30%	2.910	41%	3.027	42%	3.010	42%	2.978	39%		
	- of which No Validated	2.550	40%	2.092	31%	1.330*	19%	1.248	17%	1.301	18%	1.590	21%		
	TOTAL	6.394	100%	6.683	100%	7.055	100%	7.147	100%	7.238	100%	7.629	100%		

Perimeter: MPS, MPS CS, MPS LF

Business Plans validated decrease, compared to the previous month, by about €32 mln, while not validated ones increase by about €289 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	30/09/2018	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%	2,00%	<	2,08%	2,03%	1,98%	1,93%
Average Lgd (Airb)	CCO	26,10%	26,54%	26,63%	26,68%	26,77%	26,65%	26,60%	<	26,83%	26,83%	29,57%	29,57%
Net Default Flow	CCO	2.190	304	558	645	731	793	1.080	<	428	855	1.283	1.710
Cured Exposures	CCO	270	180	226	249	266	276	293	>	126	252	294	336
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO	1.442	383	516	701	745	775	844	<	258	516	775	1.119
Exposures Amount (Performing)	CCO	72.262	73.444	73.463	73.900	73.533	73.049	73.342	<	74.016	73.816	73.616	73.416

❑ As at the 30<sup>th</sup> of September 2018, it is reported the breach of the limits of the following indicators:

- ✓ **Average Pd (Airb)**, at 2,00%, down by 9 bps vs. the previous month, above the cap limit (equal to 1,98% as of the 30<sup>th</sup> of September 2018);
- ✓ **Cured Exposures**, at €293 mln, €1 mln lower than the floor limit as at the 30<sup>th</sup> of September 2018;
- ✓ **Portfolio worsening**, at €844 mln, €69 mln higher than the cap limit of €775 mln as at the 30<sup>th</sup> of September 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	30/09/2018		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%	2,48%	<	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%	38,48%	<	38,23%	38,23%	41,94%	41,94%
Net Default Flow	CCO Corporate	1.289	130	241	267	299	324	563	<	227	453	680	906
Cured Exposures	CCO Corporate	100	68	87	90	92	90	91	>	37	74	87	99
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Corporate	841	273	315	332	340	346	361	<	132	264	396	572
Exposures Amount (Performing)	CCO Corporate	32.853	34.074	34.137	34.488	34.236	33.814	33.837	<	33.398	33.298	33.198	33.098

❑ As at the 30<sup>th</sup> of September 2018, it is reported the breach of the limits of the following indicators:

- ✓ **Average Pd (Airb)**, at 2,48%, down by 21 bps vs. the previous month, 3 bps higher than the cap limit of 2,45% as at the 30<sup>th</sup> of September 2018;
- ✓ **Exposure Amount** (Performing), at €33.837 mln, up by €23 mln vs. the previous month, €639 mln higher than the cap limit of €33.198 mln as at the 30<sup>th</sup> of September 2018.
- ❑ **Average Lgd (Airb)**, at 38,48%, up by 6 bps vs August, is lower than the cap limit as at 2018/09/30, equal to 41,94%. It's worth highlighting 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							EXPECTED SIGN	LIMITS			
			31/03/2018	31/05/2018	30/06/2018	31/07/2018	31/08/2018	30/09/2018		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%	1,68%	<	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%	18,55%	<	19,58%	19,58%	21,52%	21,52%
Net Default Flow	CCO Retail	896	174	316	377	430	468	516	<	196	392	588	784
Cured Exposures	CCO Retail	170	111	138	159	174	186	201	>	86	173	202	230
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Retail	601	109	201	368	404	428	482	<	123	246	369	533
Exposures Amount (Performing)	CCO Retail	38.605	38.822	38.782	38.843	38.733	38.667	38.935	<	40.016	39.916	39.816	39.716

□ As at the 30<sup>th</sup> of September 2018 , it is reported the breach of the limits of the following indicators:

- ✓ **Cured Exposures**, at €201 mln, € 1 mln below the floor limit of € 202 mln as at 2018/09/30;
- ✓ **Portfolio worsening**, at €482 mln, up by €54 mln vs. August, still €113 mln higher than the cap limit of €369 mln as at 2018/09/30.





## 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	30/09/2018	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%	1,12%	<	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%	3,57%	>	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%	10,23%	<	5,16%	10,33%	15,49%	22,37%
Reduction (UtoP Loans)	CLO	1.706	185	338	659	846	904	975	>	311	621	879	1.190
Reduction (Bad Loans)	CLO	1.231	49	106	131	154	177	191	>	83	196	330	558

❑ As of the 30<sup>th</sup> of September 2018 it is reported the breach of the limits of the following indicators:

- ✓ **Cure Rate on Utop Loans**, at 3,57%, 119 bps higher than August, but still 93 bps lower than the floor limit of September, despite the significant growth vs. previous month;
- ✓ **Reduction on Bad Loans**, at €191 mln, up by €14 mln vs. August, still below the floor limit of September (-€139 mln).



## 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	30/09/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	MPSCS	3,32%	3,18%	3,57%	3,15%	3,18%	3,11%	2,86%	<	3,22%	3,11%	3,01%	2,91%
Average Lgd (Airb)	MPSCS	33,38%	33,79%	33,97%	34,09%	34,26%	34,58%	35,03%	<	34,09%	34,09%	37,39%	37,39%
Average PD (AIRB) on New Lending	MPSCS	0,90%	0,96%	0,82%	0,84%	0,97%	0,95%	0,86%	<	1,82%	1,82%	1,82%	1,82%
Net Default Flow	MPSCS	170	34	75	71	79	75	88	<	50	99	149	199
Cure Rate on UtoP Loans	MPSCS	8,00%	1,43%	2,18%	2,40%	2,93%	3,08%	3,78%	>	2,34%	4,67%	5,45%	6,23%
Danger Rate on UtoP Loans	MPSCS	16,82%	0,49%	1,59%	2,52%	2,66%	2,77%	4,34%	<	4,56%	9,12%	13,69%	19,77%
Reduction (UtoP Loans)	MPSCS	453	58	147	204	297	313	316	>	64	129	182	246
Reduction (Bad Loans)	MPSCS	152	9	15	25	28	34	36	>	16	38	64	108
Exposures Amount (Performing)	MPSCS	4.435	4.504	4.476	4.398	4.406	4.399	4.518	<	4.514	4.393	4.271	4.150

❑ As at the 30<sup>th</sup> of September 2018 , it is reported the breach of the limits of the following indicators:

- ✓ **Cure Rate on Utop Loans**, at 3,78%, increased vs. previous month by 70 bps but still far below the floor limit of September (-€167 bps);
- ✓ **Reduction on Bad Loans**, at €36 mln, continues to be far below the floor limit of September (-€28 mln);
- ✓ **Exposure Amount** (Performing), at €4.518 mln, increasing the gap vs. the limit of September (+€247 mln).

❑ **Average Pd (Airb)**, at 2,86%, down by 25 bps vs August, is **now 15 bps lower** than the cap limit of September.

❑ **Average Lgd (Airb)**, at 35,03%, up by 45 bps vs August, is below the cap limit as at 2018/09/30, equal to 37,39%. It's worth highlighting 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	30/09/2018		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%	2,84%	<	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%	32,42%	<	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%	1,11%	<	1,70%	1,70%	1,70%	1,70%
Net Default Flow	MPS LF	117	12	30	38	45	43	44	<	26	52	79	105
Cure Rate on UtoP Loans	MPS LF	3,16%	0,91%	2,11%	2,42%	2,38%	2,85%	4,14%	>	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%	5,97%	<	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	3.684	<	3.869	3.854	3.839	3.819

- ❑ As at the 30<sup>th</sup> of September 2018, it is reported the breach of the limit on **Average Pd (Airb)**, at 2,84%, stable vs. August and still 33 bps higher than the cap limit of September.
- ❑ As at the 30<sup>th</sup> of September 2018 , **Cure Rate on UtoP Loans** has reached the value of 4,14%, 49 bps higher than the floor limit of 3,65% as of 2018/09/30 (the increase is mainly driven by Aiga - Azienda Italiana di Gestione).



# 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	30/09/2018		mar-18	jun-18	sep-18	dec-18
Net Default Flow	WIDIBA	0,8	0,3	1,0	0,8	1,1	0,8	1,0	<	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%	1,00%	<	1,73%	1,73%	1,73%	1,73%
Exposures Amount (Performing)	WIDIBA	241	297	324	341	365	370	391	<	432	432	432	432

❑ As of the 30<sup>th</sup> of September 2018 no breach is reported.



## Forborne: Performing (1/2)

Values in €/mln

Values in €/mln	GBV Performing by Rating						
	Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18
AAA		0	0	0	0	0	
AA	0	0	0	0	0	0	
A	5	4	6	5	9	6	
B	59	23	61	86	101	54	
C	922	1015	906	896	883	924	
D	936	918	871	919	866	908	
E	426	486	459	468	459	368	
NR	34	35	23	26	25	21	
TOTAL	2381	2481	2326	2400	2343	2281	

❑ Forborne Performing down by €62 mln, mainly on rating classes B and E.

❑ Forborne past due for more than 30 days down at €61 mln from €118 mln of August, with a decrease of €57 mln, mainly due on good positions with entry date in forborne between 0 and 24 months.

Values in €/mln

Values in €/mln	GBV 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		Forborne	Of which past due >30 d	Forborne	Of which past due >30 d
Good	1.602	141	1.668	115	1.566	43	1.483	63	1.459	93	1.339	50			-120	-43	-263	-91
0-12	795	69	822	50	833	16	774	20	702	44	721	27			19	-17	-74	-42
12-24	543	47	624	45	557	17	417	30	458	34	475	16			17	-18	-68	-31
24-36	119	11	96	4	62	3	183	5	191	6	41	2			-150	-4	-78	-9
over 36	144	14	126	16	114	7	109	8	108	9	102	5			-6	-4	-42	-9
Bad, of which:	780	33	812	28	758	14	917	20	884	25	942	11			58	-14	162	-22
0-12	139	7	156	5	127	1	236	6	177	5	194	2			17	-3	55	-5
12-24	283	12	303	13	271	7	302	8	335	8	383	3			48	-5	100	-9
24-36	197	6	169	4	183	2	203	2	199	7	194	3			-5	-4	-3	-3
over 36	162	7	184	6	177	4	176	4	173	5	171	3			-2	-2	9	-4
TOTAL	2.381	174	2.480	143	2.324	57	2.400	83	2.343	118	2.281	61			-62	-57	-100	-113



## Forborne: Non Performing (2/2)

Valori in €/mln		Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
UTOP FORBORNE	Initial Stock	7.014,9	6.563,0	6.355,0	5.904,0	
	Cure Rate	1,44%	1,93%	2,69%	2,99%	
	Danger Rate	6,50%	1,36%	2,51%	3,09%	
	Exposures Reduction on open positions	-3,30%	-1,92%	-1,84%	-1,23%	
	Exposures Reduction on closed positions	-1,63%	-0,78%	-2,00%	-1,79%	
UTOP NO FORBORNE	Initial Stock	5.348,1	5.028,0	4.617,0	4.273,0	
	Cure Rate	0,28%	0,47%	0,70%	0,64%	
	Danger Rate	14,35%	4,53%	6,08%	6,98%	
	Exposures Reduction on open positions	-0,20%	-2,04%	-0,27%	-0,37%	
	Exposures Reduction on closed positions	-1,28%	-1,80%	-5,12%	-4,19%	
Forborne/Total		56,74%	56,62%	57,92%	58,01%	
No Forborne/Total		43,26%	43,38%	42,08%	41,99%	

Quarterly report

❑ **Utop Forborne** down by €451 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** down by €240 mln vs. August, 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	4.201	2.202	4.108	2.016			-93	-186	-433	-439
0-12	736	131	968	117	737	111	742	134	684	135	705	138			21	3	-31	7
12-24	540	202	548	225	918	337	940	253	837	260	836	268			-1	8	296	66
24-36	1.051	566	776	439	596	256	545	210	646	251	592	240			-54	-11	-459	-326
over 36	2.213	1.557	2.094	1.568	2.089	1.455	2.084	1.424	2.034	1.556	1.975	1.370			-59	-186	-238	-187
Two or more concessions, of which	1.494	454	1.583	470	1.172	575	1.215	551	1.185	576	1.161	522			-24	-54	-333	68
0-12	678	202	577	109	448	97	437	93	412	107	363	84			-49	-23	-315	-118
12-24	442	213	613	299	364	171	345	165	363	180	375	159			12	-21	-67	-54
24-36	338	35	357	56	91	59	152	72	154	76	151	76			-3	0	-187	41
over 36	37	4	37	6	269	248	281	221	256	213	272	203			16	-10	235	199
TOTAL	6.035	2.909	5.970	2.818	5.512	2.734	5.526	2.572	5.386	2.778	5.269	2.538			-117	-240	-766	-371



## Watchlist (only Past Due days)

Values in €/mln	EXPOSURE PERFORMING											
	Dec-17		Mar-18		Jun-18		Jul-18		Aug-18		Sep-18	
Non Past Due	74.462	97,5%	74.986	97,0%	79.915	97,9%	77.201	96,9%	76.533	97,3%	78.743	98%
Past due 1 day	295	0,4%	763	1,0%	600	0,7%	652	0,8%	576	0,7%	482	1%
Past due 30 days	606	0,8%	678	0,9%	506	0,6%	1.208	1,5%	527	0,7%	544	1%
Past Due 60 days	205	0,3%	240	0,3%	144	0,2%	245	0,3%	543	0,7%	146	0%
Past Due 90 days	362	0,5%	340	0,4%	115	0,1%	50	0,1%	124	0,2%	296	0%
Past due >90 days	428	0,6%	335	0,4%	338	0,4%	339	0,4%	335	0,4%	310	0%
TOTAL	76.358	100,0%	77.342	100,0%	81.618	100%	79.695	100%	78.638	100%	80.521	100%
of which Forborne	2.381		2.480		2.325		2.401		2.343		2.281	

In September, decrease of past due 60 days of €397 mln vs. August and increase of past due 90 days of €172 mln vs. the previous month.



# 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	Jul-18	Aug-18	Sep-18	Dec-18	ytd	
PERFORMING PORTFOLIO	Stage 1	Volumes	61.256	61.204	62.795	64.597	62.919	61.677	63.639		n.a.	n.a.
		Volumes Net Bankit	59.434	59.623	59.877	60.820	60.385	59.685	60.095		n.a.	n.a.
		Cost	-40,9	-47,4	-54,1	-64,3	-69,7	-77,8	-80,8		n.a.	n.a.
	Stage 2	Volumes	17.543	17.316	16.961	16.465	16.224	16.370	16.164		n.a.	n.a.
		Cost	28,0	36,2	27,6	32,8	32,3	37,5	38,7		n.a.	n.a.
	Total Performing Portfolio *	Volumes*	76.976	76.939	76.837	77.285	76.609	76.055	76.259		75.798	-461
		Cost	-12,9	-11,2	-26,5	-31,5	-37,4	-40,3	-42,0		-43,0	-1,0
	Net default flow (from PE to NPE)	Volumes	304	474	558	645	731	793	1.084		1.237	153
		Cost	69,3	108,6	132,3	167,5	190,0	213,4	299,9		329,0	29,1
	Sub Total Cost of Performing Portfolio			56,4	97,5	105,8	136,1	152,5	173,1	257,8	285,9	28,1
DEFAULT												
Beginning of year stock (dic -17): 21.332	Cure of default (from NPE to PE)	Volumes	245	285	408	473	507	524	661		866	205
		Cost	-52,3	-62,4	-88,5	-102,4	-110,2	-117,0	-139,4		-170,2	-30,7
	Worsening	Volumes	640	857	968	1.357	1.477	1.576	1.972		2.449	478
		Cost	74,5	87,1	88,2	127,7	139,4	144,1	207,4		431,3	223,9
	Improvements	Volumes	11	13	18	96	97	95	96		0	-96
		Cost	-2,0	-1,1	-1,5	-6,4	-1,7	-2,0	-2,9		0,0	2,9
	Stable	Volumes	20.301	19.888	19.632	18.743	18.262	18.077	17.467		15.094	-2.374
		Cost	50,2	64,7	69,0	84,0	90,4	82,3	44,4		-3,2	-47,5
	of which bad loans	Volumes	9.281	9.253	9.250	9.157	9.099	9.094	9.097		7.379	-1.718
		Cost	-8,9	-1,5	-1,5	22,3	32,4	26,4	27,8		20,5	-7,2
of which other default	Volumes	11.020	10.635	10.382	9.587	9.162	8.983	8.370		7.715	-656	
	Cost	59,0	66,2	70,5	61,7	58,0	55,9	16,6		-23,7	-40,3	
Sub Total Cost of Non-Performing			70,4	88,3	67,3	103,0	117,9	107,4	109,4	258,0	148,5	
TOTAL COST			126,8	185,8	173,1	239,1	270,4	280,5	367,3	543,9	176,7	
KPI**	% default flow		1,47%	1,53%	1,54%	1,56%	1,41%	1,39%	1,75%		1,99%	0,25%
	% default flow coverage		28,42%	27,91%	28,82%	31,22%	31,39%	32,26%	32,36%		30,06%	-2,30%
	% cure rate		5,43%	4,73%	5,43%	5,24%	5,32%	5,23%	6,28%		8,15%	1,87%
	% flow to bad loans from other Npe categories		10,29%	10,52%	10,27%	13,46%	12,93%	12,42%	15,22%		21,58%	6,36%

Perimeter: MPS, MPS CS (except Global Market), MPS LF, Widiba

\* Excluded Bank of Italy

\*\* Annualized Value

The GBV (volumes) doesn't include fair value mandatory exposures



**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%	3.998	1,27%			4.200	1,68%	-203	-4,8%
	Overhauling	-268	9,38%	-11	8,95%	-72	9,11%	-73	9,16%	-98	9,12%	-119	9,06%			-141	10,50%	22	-15,5%
	Repayment	-5.092	2,00%	-1.014	1,92%	-2.123	1,81%	-2.936	1,76%	-3.212	1,78%	-3.422	1,80%			-3.026	1,98%	-396	13,1%
Div. CORPORATE	Strengthening	2.142	1,16%	2.114	1,03%	3.363	1,02%	4.021	1,03%	3.854	1,04%	4.174	1,04%			3.441	1,62%	733	21,3%
	Overhauling	-493	10,79%	-62	10,28%	-117	10,48%	-157	10,25%	-170	9,93%	-171	9,72%			-228	9,95%	57	-25,1%
	Repayment	-4.137	2,78%	-682	2,97%	-1.505	3,82%	-2.364	3,22%	-2.505	3,22%	-2.621	3,22%			-3.042	3,01%	421	-13,8%
Div. WEALTH MANAGEMENT	Strengthening	38	1,01%	-1	1,15%	33	1,08%	40	1,07%	42	1,04%	46	1,04%			80	0,92%	-34	-42,4%
	Overhauling	-9	6,76%	-1	8,22%	3	7,46%	1	7,33%	1	7,34%	0	7,23%			-7	8,47%	7	-104,1%
	Repayment	-57	1,06%	-16	0,70%	-28	0,95%	-37	0,97%	-39	0,98%	-40	1,00%			-36	0,99%	-4	10,4%
WIDIBA	Strengthening	202	1,08%	61	1,77%	113	1,31%	140	1,10%	147	1,10%	169	1,00%			158	1,53%	11	7,0%
	Overhauling	4	7,40%	-2	8,40%	-3	11,22%	-2	11,16%	-3	11,12%	-3	11,28%			-2	9,70%	-1	50,3%
	Repayment	-6	1,42%	-3	1,08%	-10	0,78%	-13	0,74%	-15	0,70%	-16	0,68%			-14	1,58%	-2	14,2%
TOTAL	Strengthening	5.696	1,24%	3.364	1,17%	6.000	1,13%	7.420	1,12%	7.520	1,13%	8.387	1,12%			7.879	1,64%	508	6,4%
	Overhauling	-766	10,05%	-76	9,58%	-189	9,75%	-232	9,69%	-271	9,52%	-293	9,38%			-378	10,13%	86	-22,6%
	Repayment	-9.291	2,34%	-1.716	2,33%	-3.665	2,63%	-5.350	2,39%	-5.772	2,39%	-6.100	2,40%			-6.118	2,51%	18	-0,3%

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 higher than the budget (€+508 mln) due to the Corporate Division (€+733 mln) while the Retail Division decreasing (€-203 mln).

❑ Total overhauling flows lower than the budget (-22,6%), mainly due to the Corporate Division (€+57 mln) and Retail Division (€+22 mln).



## Dynamic «Sofferenze Allargate»

		GROUP MPS - "SOFFERENZE ALLARGATE"*											
Values in €/mln		Dec-17	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18	ΔMtD	ΔYtD	
CLASSIFICATION	Performing	104	114	112	106	100	109	117			7,7%	12,4%	
	UtoP Network	366	328	327	365	381	359	361			0,7%	-1,4%	
	UtoP and Restructured	1.388	1.351	1.355	1.407	1.338	1.281	1.272			-0,8%	-8,4%	
	TOTAL	1.858	1.793	1.793	1.878	1.818	1.749	1.750			0,1%	-5,8%	

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

		GROUP MPS - "SOFFERENZE ALLARGATE"*										
Values in €/mln		Dec-17	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18	ΔMtD	ΔYtD
Share current accounts group on net system group	up to 25%	390	384	394	390	448	429	428			-0,3%	9,5%
	25%-50%	423	363	345	492	462	443	444			0,2%	5,0%
	50%-75%	157	144	154	127	142	133	145			8,5%	-7,9%
	over 75%	888	902	900	869	766	743	734			-1,3%	-17,4%
	TOTAL	1.859	1.793	1.793	1.878	1.818	1.749	1.750			0,1%	-5,9%

\* 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	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Dec-18	ΔMtD	ΔYtD
Share bad loans on current accounts net system group	up to 25%	200	207	215	208	268	268	254			-5,1%	27,2%
	25%-50%	59	51	53	55	60	52	61			15,5%	1,9%
	50%-75%	28	23	22	21	24	24	27			11,5%	-3,0%
	over 75%	104	104	104	106	96	85	86			1,4%	-16,7%
	TOTAL	390	384	394	390	448	429	428			-0,3%	9,5%

□ The “Sofferenze Allargate” of August 2018 (last data available at the date of the report) slightly increase vs. July 2018 (€+1 mln, +0,1%).

□ It is observed an increase in absolute terms on class 50%-75% (€+11 mln ) partially offset by a decrease of over 75% class (€-9 mln).

□ The “Sofferenze Allargate” of the positions where the Group has a low market power (share of wallet up to 25%) slight decrease by 0,3% vs. July.

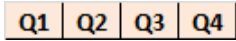

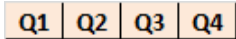

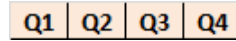



## Open Gaps (1/2)

Scope	Mitigation	Expiry Date	Work Progress Status - 30/09/18	Risk Highlighted	Owner/Relevance
<b>Classification</b> 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	<b>CLO – ACPG</b> <b>Medium</b>
<b>Proceeding Control</b> 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	<b>CLO – ACPG</b> <b>Medium</b>



## Open Gaps (2/2)

Scope	Mitigation	Expiry Date	Work Progress Status - 19/10/18	Risk Highlighted	Owner/Relevance
<b>CRM Process</b> Monitoring of collection times for guarantees.	Implementation of adequate monitoring and reports of collection times for guarantees (gap RM_2015_00013).	31/12/2019 	10% 	Greater recovery times, losses in P&L and increase in RWA for higher LGD.	<b>CLO - ACPG</b>  <b>Low</b>
<b>CRM Process</b> 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).	31/12/2019 	30% 	Greater recovery times, losses in P&L and increase in RWA for higher LGD.	<b>CLO - ACPG</b>  <b>High</b>
<b>CRM Process</b> 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).	31/12/2018 	90% 	Non-eligibility of real estate collateral for CRM purpose with a consequent increase in RWA.	<b>CLO – ACPG</b>  <b>Medium</b>



