



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

Credit Risk Reporting

update as at the 31st of December 2018

Direzione Chief Risk Officer
Area Lending Risk Officer

February, 2019

Executive Summary – key points as at the 31st of December 2018

In December End of Year values have substantially confirmed the dynamics highlighted in previous months.

□ About the performing portfolio End of Year (EoY) values highlight the following:

- ✓ lending quality on strengthening flow in terms of probability of default has been confirmed (actual average PD at 1,12% vs. a target of 1,64%);
- ✓ in December new lending volume's growth slowed down sharply, so that actual EoY strengthening flow is lower than expected value (actual €9,2 bn vs. €10,3 bn expected);
- ✓ it's worth highlighting, therefore, the significant decrease of EAD and RWAs of AIRB performing portfolio observed in December (-€2019 mln and -€1.387 respectively), driven by Corporate Division (-€1.646 mln and -€1.219 respectively);
- ✓ actual EoY default flow's volume reached €1.727 bn, €78 mln higher than expected, due to the default flow observed in December (€271 mln), while EoY default flow's cost reached €557 mln, €115 mln higher than budget;
- ✓ in December, the decrease of average LGD of the AIRB performing portfolio observed in November continued (25,57% , -45 bps vs. November, -57 bps vs. December 2017): to highlight the decrease (-27 bps) of Corporate Division (mainly due to the decrease of unsecured loans by €1499 mln) and the decrease of Retail Division by 10 bps, mainly driven, also in this case, by a lower weight of unsecured loans.

□ On the other side, the highlights concerning the non-performing portfolio:

- ✓ EoY Utop cure rate (restructured and "rischio anomalo" loans) remained lower than the target (6,85% actual vs. 8,5% expected);
- ✓ EoY bad loans portfolio recovery rate reached 5,2%, far lower the expected value (10,2%), affected by a delay of the Juliet's start;
- ✓ in December the exposures related to the disposals of **Merlino** (€1.993 mln) and **Alpha2** (€465 mln) have been derecognized.

□ The cost of credit as of the 31st of December 2018 is equal to €653 mln, €111 mln lower than budget value of €764 mln (€255,5 mln the gap vs. budget in November); the performing portfolio's cost reached €388 mln, substantially in line with the budget (-€ 96,9 mln the gap vs. budget in November), while the cost of non-performing portfolio is equal to €265 mln, €115 lower than the expected value of 380 mln (-€ 158,6 mln the gap vs. budget in November).



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	Sep-18	Oct-18	Nov-18	Dec-18			
Standard	7.543	7.448	7.050	6.597	6.426	6.399	6.367	-0,50%	-15,59%	7.057
- of which Performing	6.580	6.493	6.272	5.894	5.750	5.609	5.705	1,71%	-13,30%	6.169
- of which Non-Performing	963	955	778	703	676	790	662	-16,20%	-31,26%	888
AIRB	26.631	27.238	30.475	31.372	31.495	29.824	28.214	-5,40%	5,94%	34.544
- of which Performing	26.631	27.238	27.555	27.318	27.379	25.931	24.543	-5,35%	-7,84%	28.487
- of which Non-Performing	0	0	2.920	4.054	4.116	3.893	3.671	-5,70%	0,00%	6.058
TOTAL	34.174	34.686	37.525	37.969	37.921	36.223	34.581	-4,53%	1,19%	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	Sep-18	Oct-18	Nov-18	Dec-18			
Standard	22.049	16.330	18.076	17.501	16.820	19.007	20.938	10,16%	-5,04%	19.231
- of which Performing	21.027	15.337	17.260	16.719	16.051	18.106	20.196	11,54%	-3,95%	17.555
- of which Non-Performing	1.022	993	816	782	769	901	742	-17,65%	-27,40%	1.676
AIRB	105.672	106.133	83.530	83.377	83.768	81.980	77.555	-5,40%	-26,61%	79.022
- of which Performing	62.863	63.750	64.638	64.636	64.886	63.449	61.429	-3,18%	-2,28%	64.194
- of which Non-Performing	42.809	42.383	18.892	18.741	18.882	18.531	16.126	-12,98%	-62,33%	14.828
TOTAL	127.721	122.463	101.606	100.878	100.588	100.987	98.493	-2,47%	-22,88%	98.253

Values in €/mln, regulatory risk measures	Shortfall							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18			
Performing	-48	-314	-296	-299	-217	-207	-228	10,14%	375,00%	-242
Non-Performing	-7.058	-8.090	-1.723	-1.423	-1.371	-1.412	-879	-37,75%	-87,55%	-1386
PD	16	17	24	20	30	12	7	-41,67%	-56,25%	27
UtoP	-517	-1.058	-602	-496	-448	-481	-372	-22,66%	-28,05%	-461
Sofferenza	-6.557	-7.049	-1.145	-947	-953	-943	-514	-45,49%	-92,16%	-953
TOTAL	-7.106	-8.404	-2.019	-1.722	-1.588	-1.619	-1.107	-31,62%	-84,42%	-1.628

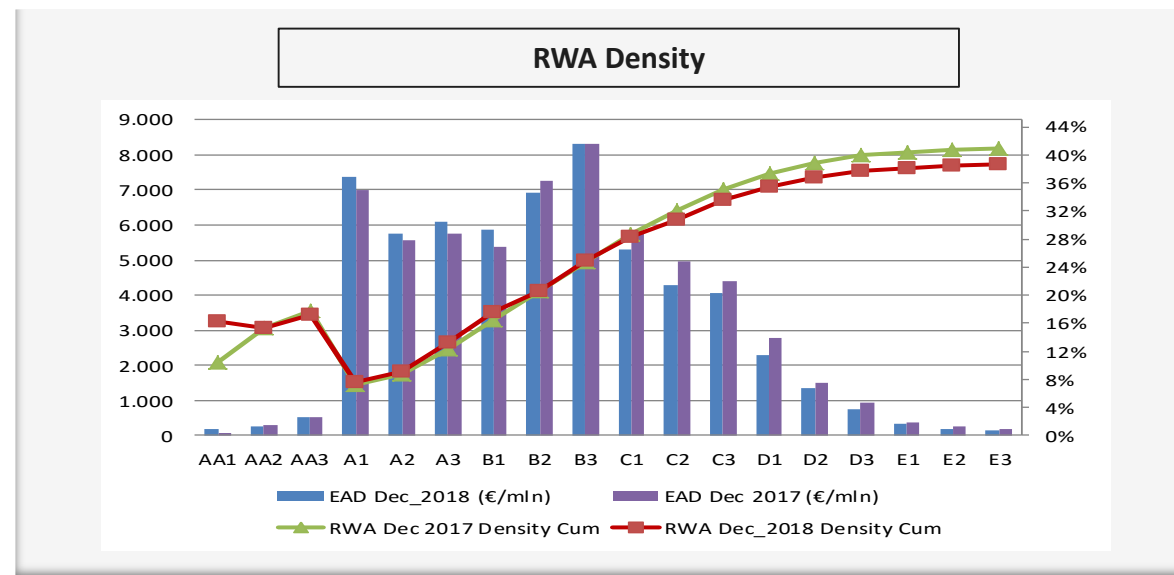
In December:

- ❑ **EAD** down by €4.680 mln net of Bankit, mainly due to the decrease of **Airb Performing Portfolio of Corporate Division** (-€1.646 mln vs. November), driven by the reduction of short term exposures and to the **Merlino** disposal by an amount equal to €1.993 mln and **Alpha2** by €465 mln.
- ❑ **RWAs** down by €1.642 mln vs. November, driven by a **decrease of AIRB Performing Portfolio** (-€1.387 mln vs. November), mainly due to the decrease of EAD on **Corporate Division** (-6,50%) but also on **Retail** (-2,36%), both affected by a seasonal concentration of repayment at the end of December.
- ❑ **Shortfall** increased by €512 mln vs. November (decreased the surplus of accounting provisions vs. expected losses), of which €456 mln due to **Merlino** disposal, totally attributable to bad loans.



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		Sep-18		Oct-18		Nov-18		Dec-18	
FINANCIAL COLLATERAL		406	0,7%	367	0,6%	360	0,6%	351	0,6%	343	0,5%	343	0,6%	328	0,5%
LGD		0,00%		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%	37.124	58,8%	37.124	58,6%	36.392	58,7%	36.194	60,4%
LGD		16,15%		16,02%		16,02%		16,04%		16,04%		15,06%		15,08%	
PERSONAL GUARANTEES		1.226	2,0%	1.393	2,2%	1.404	2,2%	1.351	2,1%	1.410	2,2%	1.457	2,4%	1.365	2,3%
LGD		37,43%		37,58%		37,89%		37,93%		38,08%		37,56%		37,54%	
UNSECURED		22.670	37,0%	23.955	38,5%	24.618	39,0%	24.290	38,5%	24.515	38,7%	23.781	38,4%	22.066	36,8%
LGD		42,32%		42,32%		42,35%		42,49%		42,55%		42,46%		42,43%	
TOTAL EAD		61.353	100%	62.187	100%	63.157	100%	63.116	100%	63.392	100%	61.973	100%	59.953	100,0%
AVERAGE LGD		26,14%		26,54%		26,68%		26,60%		26,69%		26,02%		25,57%	



		PD Evolution						
		EAD			AVG PD			
Values in €/mln, regulatory risk measures		Dec-17	Nov-18	Dec-18	Dec-17	Nov-18	Dec-18	Δbps
Upgrading		16.277	15.233	15.257	2,75%	1,16%	1,14%	-42
Stable		25.770	26.234	24.219	1,64%	1,59%	1,58%	-2
Downgrading		14.862	14.322	14.055	1,51%	3,49%	3,29%	43
Default flow		1.425	1.120	1.360	10,39%	100,00%	100,00%	-21
Out		3.018	0	0	2,36%	0,00%	0,00%	-2
Cured		687	544	592	100,00%	9,68%	9,99%	9
New Inputs		0	5.642	5.832	0,00%	1,27%	1,25%	-7
Total Performing		61.352	61.975	59.955	2,14%	1,96%	1,92%	-22

- ❑ The **Average LGD of AIRB Performing Portfolio** at 25,57%, improving vs. November (-45 bps), mainly due to Corporate Division driven by a lower weight of the unsecured loans (-€1.715 mln vs. November).
- ❑ **Average PD** improving by 4 bps vs. previous month and by 22 bps vs. December 2017:
 - ✓ improvements by **Default flow** (-21 bps), **New Inputs** (-7 bps) and **Out** (-2 bps), partially offset by
 - ✓ worsening of **Cured positions** (+9 bps); the **positions classified performing from the begin of the year** instead, are stable both vs. November 2018 and December 2017.
- ❑ **Average RWA Density** equal to 38,6%, improving vs. December 2017 (40,9%).



Credit Portfolio: Performing and Non-Performing Exposures

Values in €/mln

		Dec-17 IAS39			Dec-17 FTA			Sep-18			Nov-18			Dec-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%	28.863	10,3	0,04%	30.245	9,6	0,03%	32.032	9,9	0,03%
	A*	24.117	12,8	0,05%	24.117	8,6	0,04%	25.319	10,3	0,04%	25.923	9,6	0,04%	25.524	9,9	0,04%
	B	22.339	54,1	0,24%	22.339	35,9	0,16%	23.124	35,8	0,15%	23.897	28,6	0,12%	24.254	31,0	0,13%
	C	11.229	81,0	0,72%	11.229	39,4	0,35%	10.771	32,7	0,30%	12.110	39,0	0,32%	10.771	35,6	0,33%
	D	840	21,3	2,53%	840	8,1	0,96%	904	7,8	0,86%	1.049	6,8	0,64%	1.062	7,5	0,70%
	E	57	6,4	11,08%	57	2,0	3,48%	30	0,1	0,49%	20	0,1	0,58%	20	0,2	0,85%
TOTAL*		58.582	175,5	0,30%	58.582	93,9	0,16%	60.148	86,8	0,14%	62.997	84,0	0,13%	61.631	84,2	0,14%

Values in €/mln

		Dec-17 IAS39			Dec-17 FTA			Sep-18			Nov-18			Dec-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%	320	2,6	0,80%	335	2,5	0,75%	320	2,6	0,80%
	A	870	1,3	0,15%	870	7,9	0,90%	742	5,2	0,71%	335	2,5	0,75%	320	2,6	0,80%
	B	1.839	16,7	0,91%	1.839	36,7	1,99%	2.111	30,9	1,46%	1.463	22,1	1,51%	1.523	31,0	2,04%
	C	8.034	78,7	0,98%	8.034	233,7	2,91%	7.372	210,0	2,85%	5.639	170,4	3,02%	5.595	176,9	3,16%
	D	5.711	180,1	3,15%	5.711	341,9	5,99%	5.264	330,9	6,29%	4.740	270,2	5,70%	4.646	266,4	5,73%
	E	1.148	91,9	8,00%	1.148	124,2	10,81%	1.212	117,9	9,72%	1.146	97,0	8,46%	977	89,7	9,18%
TOTAL		17.602	368,7	2,09%	17.602	744,3	4,23%	16.702	694,9	4,16%	13.323	562,2	4,22%	13.060	566,5	4,34%

Values in €/mln

		Dec-17 IAS39			Dec-17 FTA			Sep-18			Nov-18			Dec-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%	379	140,5	37,04%	301	123,3	40,96%	181	42,2	23,33%
	IP Rete	1.532	450,7	29,42%	1.532	553,5	36,13%	922	285,2	30,94%	597	192,0	32,16%	660	211,0	31,96%
	Ristrutturati	3.888	1.577,8	40,58%	3.888	1.701,7	43,76%	3.438	1.546,3	44,98%	3.536	1.581,5	44,73%	3.164	1.502,8	47,50%
	Massivo	774	302,5	39,07%	774	386,6	49,94%	1.062	556,6	52,42%	1.026	525,8	51,27%	823	347,6	42,24%
	Rischio Anomalo	5.312	2.331,8	43,90%	5.312	2.609,8	49,13%	4.303	2.078,0	48,29%	4.154	1.977,3	47,60%	3.776	1.711,1	45,31%
	Bad loans	9.295	5.965,9	64,18%	9.295	6.567,4	70,65%	10.514	7.400,4	70,39%	11.017	7.719,0	70,06%	9.167	5.951,9	64,93%
TOTAL		21.332	10.768,3	50,48%	21.332	12.013,9	56,32%	20.618	12.007,0	58,24%	20.630	12.118,9	58,74%	17.772	9.766,6	54,96%

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

❑ In the month of December **Performing Exposure** down by €1.629 mln vs. November. In particular:

- ✓ **Stage1 GBV** -€1.366 mln mainly due to the rating class C (-€1.339 mln) driven by the reduction of short term exposures on Corporate portfolio.
- ✓ **Stage2 GBV** -€263 mln vs. November.

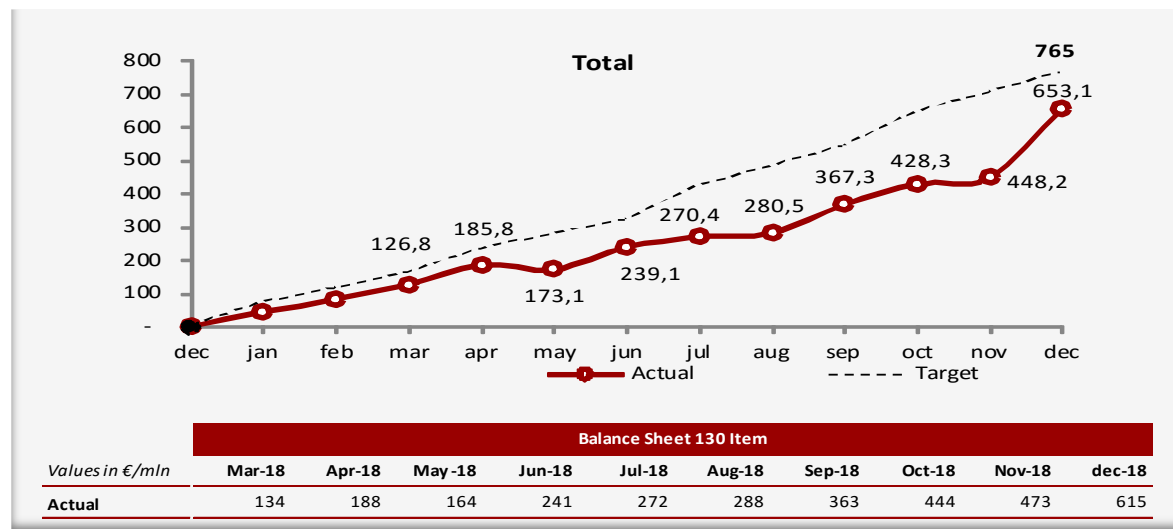
❑ The month of December registers a substantial **decrease in Stage3 GBV** of €2.858 mln vs. November, concentrated primarily on the Bad Loans positions (-€1.850 mln). This trend is mainly due to the disposals of Merlino by an amount equal to €1993 mln and Alpha2 by €456 mln on UtoP positions.



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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

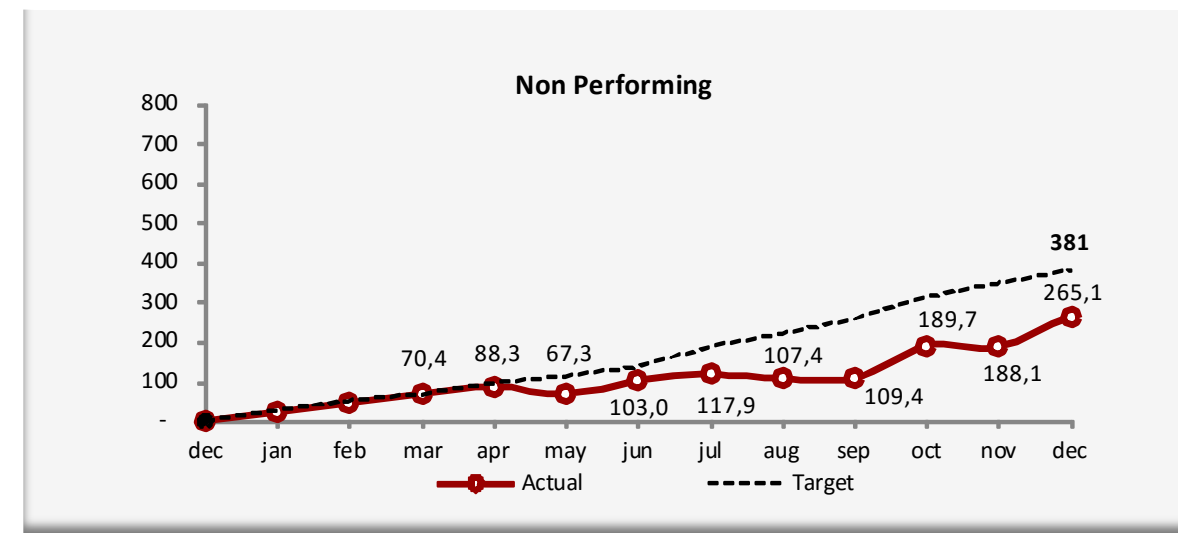
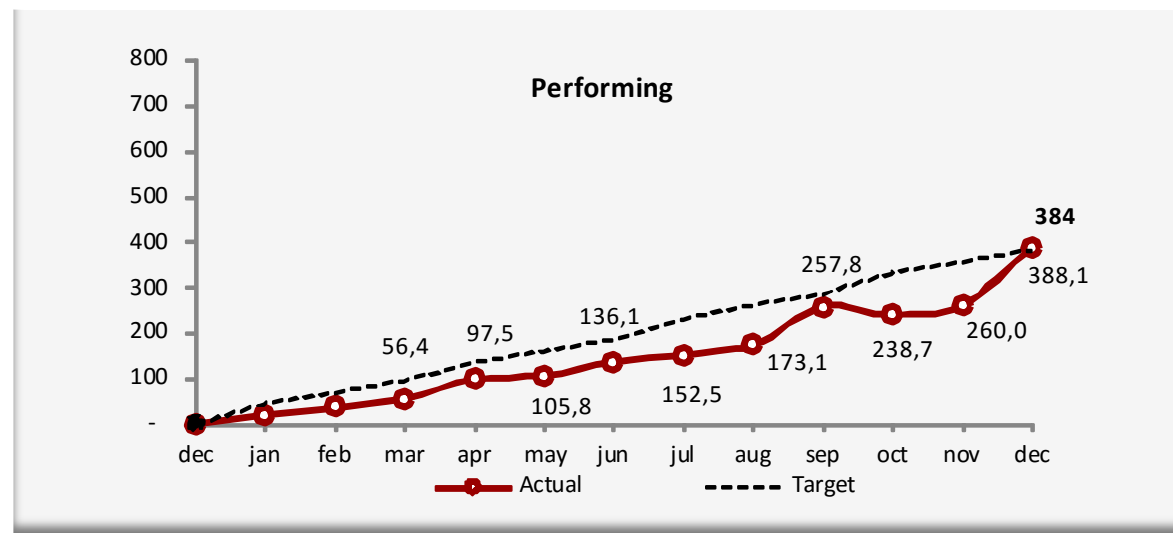


❑ **Net Loan Loss Provisions** as of December 2018 equal to €653 mln, €111,4 mln lower than budget value of €764,6 mln (-€255,5 mln the gap vs. budget as of the 30th of November 2018), in particular:

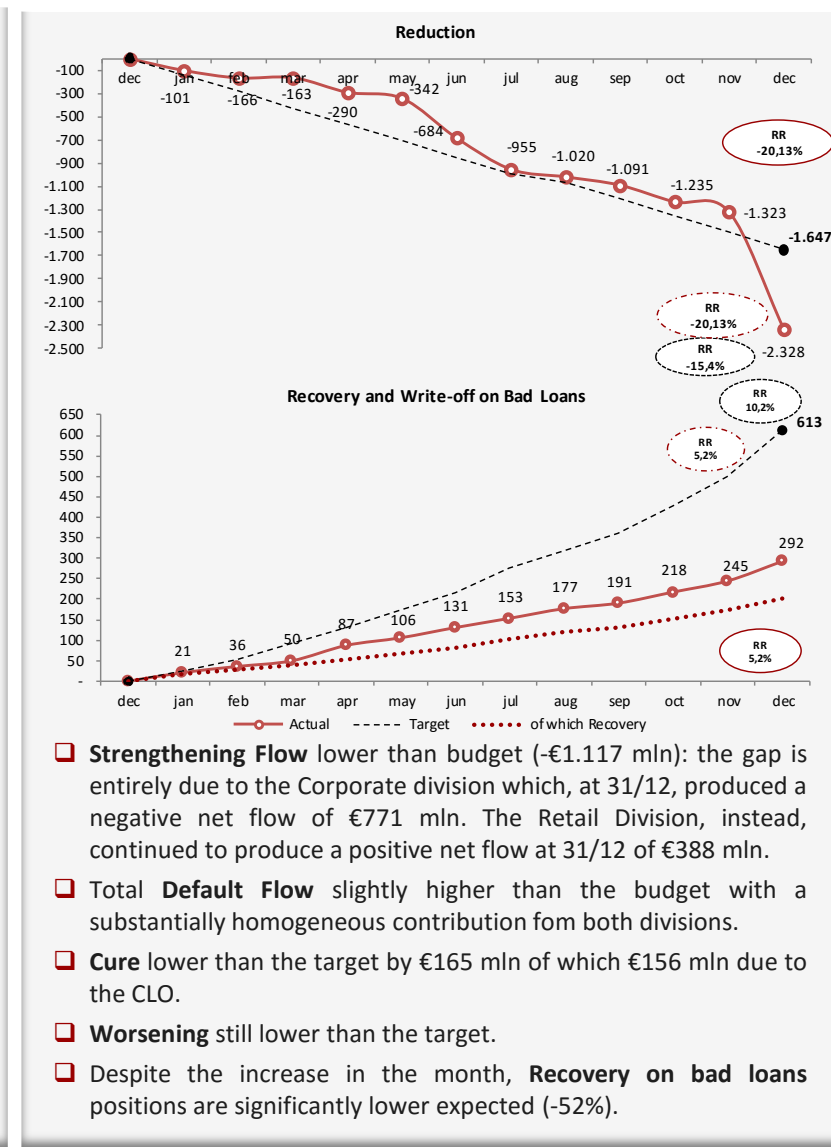
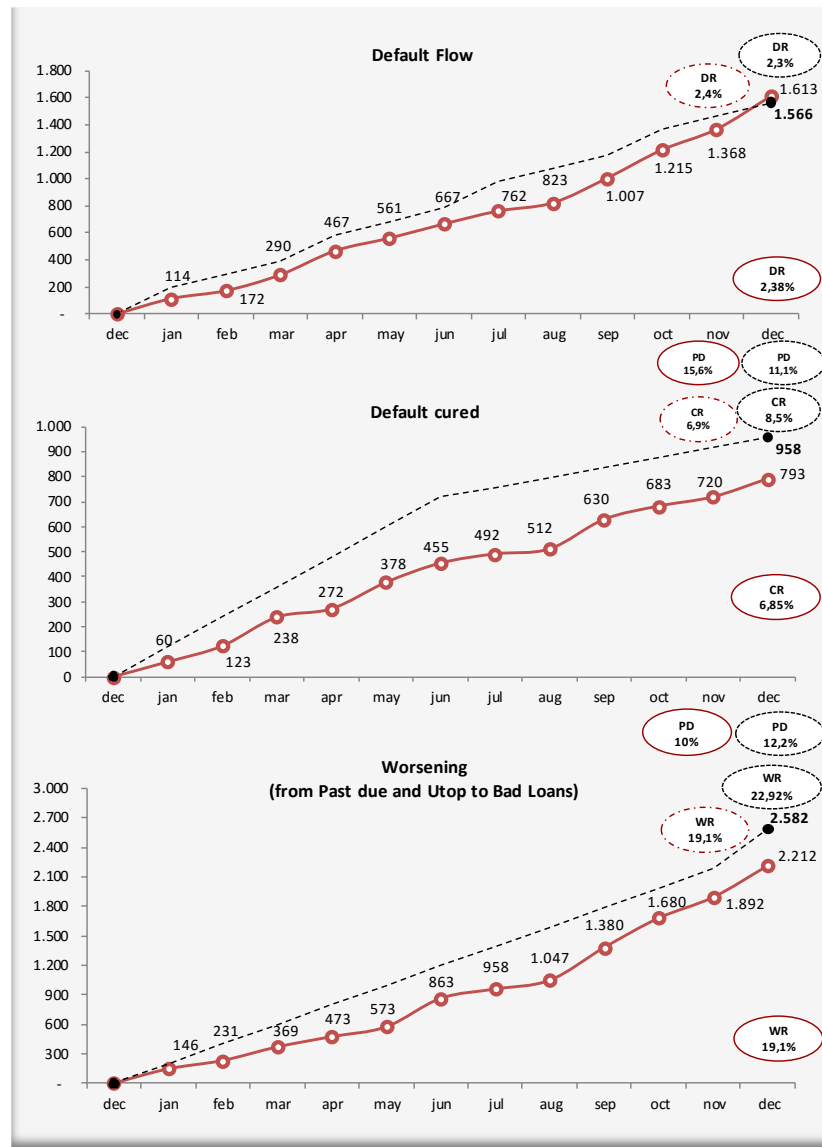
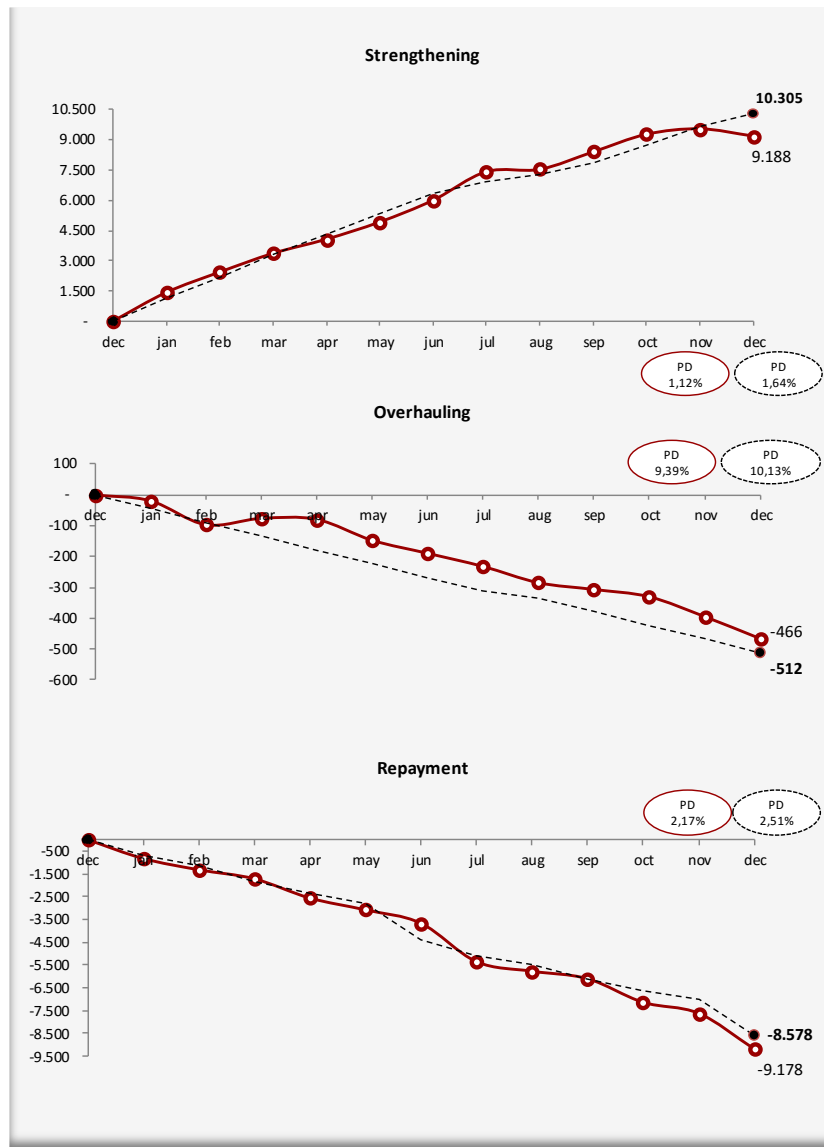
✓ **Cost of the Performing Loans** at €388,1 mln, in line with the budget value of €384 mln (-€96,9 mln the gap vs. budget as of the 30th of November 2018);

✓ **Cost of the Non Performing Loans** at €265,1 mln, €115,5 mln lower than budget value of €380,5 mln (-€115,5 mln the gap vs. budget as of the 30th of November 2018);

❑ **The month of December** registers a net cost of about €205 mln, with a **Performing Cost** of €128 mln and a **Non Performing Cost** of €77 mln.



Dashboard: Parameters - Credit Policies*



- Strengthening Flow lower than budget (-€1.117 mln): the gap is entirely due to the Corporate division which, at 31/12, produced a negative net flow of €771 mln. The Retail Division, instead, continued to produce a positive net flow at 31/12 of €388 mln.
- Total Default Flow slightly higher than the budget with a substantially homogeneous contribution from both divisions.
- Cure lower than the target by €165 mln of which €156 mln due to the CLO.
- Worsening still lower than the target.
- Despite the increase in the month, Recovery on bad loans positions are significantly lower expected (-52%).



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○—○ Actual
- - - Target

○—○ Actual annualized

* Included only on balance exposures and commercial exposures

Credit Risk Limits: Summary of limits breach

Risk Limits		Aggregation Level	FY17	31/03/2018	30/06/2018	30/09/2018	31/10/2018	30/11/2018	31/12/2018	EXPECTED SIGN	LIMITS				
				mar-18	jun-18	sep-18	dec-18								
Cure Rate on UtoP Loans	CLO	4,04%	0,62%	2,13%	3,57%	3,89%	3,91%	4,82%	>	1,93%	3,86%	4,50%	5,15%		
Reduction (Bad Loans)	CLO	1.231	49	131	191	218	245	292	>	83	196	330	558		
Net Default Flow	CCO	2.190	304	645	1.080	1.303	1.456	1.730	<	428	855	1.283	1.710		
Average Pd (Airb)	CCO Corporate	2,64%	2,73%	2,70%	2,48%	2,49%	2,47%	2,44%	<	2,58%	2,51%	2,45%	2,39%		
Net Default Flow	CCO Corporate	1.289	130	267	563	693	809	1.012	<	227	453	680	906		
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Retail	601	109	368	482	540	605	596	<	123	246	369	533		
Net Default Flow	MPS CS	170	34	71	88	120	167	210	<	50	99	149	199		
Reduction (Bad Loans)	MPS CS	152	9	25	36	38	48	56	>	16	38	64	108		
Exposures Amount (Performing)	MPS CS	4.435	4.504	4.398	4.518	4.503	4.501	4.377	<	4.514	4.393	4.271	4.150		
Average Pd (Airb)	MPS LF	2,68%	2,74%	2,82%	2,84%	2,71%	2,67%	2,59%	<	2,68%	2,60%	2,51%	2,42%		
Exposures Amount (Performing)	MPS LF	3.745	3.643	3.681	3.684	3.554	3.645	3.833	<	3.869	3.854	3.839	3.819		
Exposures Amount (Performing)	WIDIBA	241	297	341	391	447	471	492	<	432	432	432	432		

Risk Limits		Aggregation Level	FY17	31/03/2018	30/06/2018	30/09/2018	31/10/2018	30/11/2018	31/12/2018	EXPECTED SIGN	LIMITS				
				mar-18	jun-18	sep-18	dec-18								
Cure Rate on UtoP Loans	MPS CS	8,00%	1,43%	2,40%	3,78%	3,90%	4,09%	6,27%	>	2,34%	4,67%	5,45%	6,23%		

- ❑ The table above summarizes the limits breaches as of the 31st of December 2018; the following breaches have been authorized by CEO until 31/12/2018 except for the Net Default Flow and the Exposure Amount Performing of MPSLF.
- **Cure Rate on Utop Loans** (CLO) and **Reduction on Bad Loans** (CLO, MPSCS) continue to show values lower than floor limits;
 - **Worsening towards UtoP/Bad Loans** (CCO Retail) continues to register a value higher than cap limit;
 - **Exposures Amount (Performing)** (MPSCS and Widiba) show values higher than the cap limit. **Average PD (Airb)** (CCO Corporate and MPSLF) continues to show a value higher than cap limit;
 - **Net Default Flow** (CCO, CCO Corporate and MPSCS) register values higher than the cap limit.



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	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	4.951	5.037	4.806	4.482	4.216	4.074	4.182	2,65%	-15,53%	4.810
- of which Div. Corporate	3.805	3.814	3.675	3.484	3.244	3.174	3.198	0,76%	-15,95%	3.686
- of which Div. Retail	1.134	1.212	1.100	967	939	870	963	10,69%	-15,08%	1.113
- of which Div. Wealth	12	11	31	31	33	30	21	-30,00%	75,00%	11
WIDIBA	112	126	145	162	187	200	205	2,50%	83,04%	185
CLO	0	0	0	0	0	0	0	0,00%	0,00%	0
CFO	572	653	752	724	742	804	845	5,10%	47,73%	910
AD	943	678	569	526	605	530	473	-10,75%	-49,84%	264
TOTAL	6.578	6.494	6.272	5.894	5.750	5.608	5.705	1,73%	-13,27%	6.169

Values in €/mln, regulatory risk measures	EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	8.909	9.207	8.979	8.597	8.342	8.965	8.757	-2,32%	-1,71%	7.664
- of which Div. Corporate	6.786	6.855	6.730	6.440	6.179	6.082	5.840	-3,98%	-13,94%	5.960
- of which Div. Retail	2.107	2.338	2.214	2.122	2.126	2.848	2.891	1,51%	37,21%	1.690
- of which Div. Wealth	16	14	35	35	37	35	26	-25,71%	62,50%	15
WIDIBA	247	298	346	391	449	473	492	4,02%	99,19%	399
CLO	0	0	0	0	0	0	0	0,00%	0,00%	0
CFO	8.742	4.380	6.736	6.595	5.995	7.558	10.112	33,79%	15,67%	2.244
AD	3.129	1.451	1.199	1.137	1.266	1.110	835	-24,77%	-73,31%	7.248
TOTAL	21.027	15.336	17.260	16.720	16.052	18.106	20.196	11,54%	-3,95%	17.555

Values in €/mln, regulatory risk measures	RWA/EAD							Δ (MoM)	Δ vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	55,6%	54,7%	53,5%	52,10%	50,5%	45,4%	47,8%	2,4%	-7,8%	62,8%
- of which Div. Corporate	56,1%	55,6%	54,6%	54,10%	52,5%	52,2%	54,8%	2,6%	-1,3%	61,8%
- of which Div. Retail	53,8%	51,8%	49,7%	45,60%	44,2%	30,5%	33,3%	2,8%	-20,5%	65,9%
- of which Div. Wealth	75,0%	78,6%	88,6%	88,60%	89,2%	85,7%	80,8%	-4,9%	5,8%	75,8%
WIDIBA	45,3%	42,3%	41,9%	41,40%	41,6%	42,3%	41,7%	-0,6%	-3,6%	46,3%
CLO	0,0%	0,0%	0,0%	0,00%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
CFO	6,5%	14,9%	11,2%	11,00%	12,4%	10,6%	8,4%	-2,2%	1,9%	40,6%
AD	30,1%	46,7%	47,5%	46,30%	47,8%	47,7%	56,6%	8,9%	26,5%	3,6%
TOTAL	31,3%	42,3%	36,3%	35,3%	35,8%	31,0%	28,2%	-2,8%	-3,1%	35,1%

In December:

- ✓ **RWAs** €97 mln **higher** than November while it decreases by €873 mln vs. December 2017.
- ✓ **EAD** €2.090 mln **higher** than November, due to the increase of **CFO** Division (+€2.554 mln, of which +€2.186 mln due to the exposure vs. Bankit). Therefore, net of the exposure vs. Bankit, EAD decreases by €96 mln.
- ✓ **RWA/EAD** ratio decrease by 180 bps (+100 bps net of Bankit, from 40,7% as of November to 41,7%).

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	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	168	99	87	79	67	65	48	-26,2%	-71,4%	140
- of which Div. Corporate	38	26	27	22	14	18	18	0,0%	-52,6%	50
- of which Div. Retail	130	73	60	57	53	47	30	-36,2%	-76,9%	90
- of which Div. Wealth	0	0	0	0	0	0	0	0,0%	0,0%	1
WIDIBA	3	3	4	0	0	0	0	0,0%	-100,0%	3
CLO	791	852	688	615	599	720	609	-15,4%	-23,0%	694
CFO	1	0	0	5	5	0	1	0,0%	0,0%	44
AD	0	0	0	4	5	5	5	0,0%	0,0%	6
TOTAL	963	954	779	703	676	790	663	-16,1%	-31,2%	888

Values in €/mln, regulatory risk measures	EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	173	106	86	80	71	67	47	-29,9%	-72,8%	150
- of which Div. Corporate	44	30	27	25	19	22	20	-9,1%	-54,5%	46
- of which Div. Retail	129	76	59	55	52	45	27	-40,0%	-79,1%	104
- of which Div. Wealth	0	0	0	0	0	0	0	0,0%	0,0%	0
WIDIBA	2	2	3	3	3	3	3	0,0%	50,0%	3
CLO	845	884	728	694	690	831	691	-16,8%	-18,2%	1.485
CFO	1	0	0	5	5	0	1	0,0%	0,0%	32
AD	0	0	0	3	3	3	3	0,0%	0,0%	5
TOTAL	1.021	992	817	785	772	904	745	-17,6%	-27,0%	1.676

Values in €/mln, regulatory risk measures	RWA/EAD							Δ (MoM)	Δ vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	97,1%	93,4%	101,2%	98,8%	94,4%	97,0%	102,1%	5,1%	5,0%	93,2%
- of which Div. Corporate	86,4%	86,7%	100,0%	88,0%	73,7%	81,8%	90,0%	8,2%	3,6%	107,4%
- of which Div. Retail	100,8%	96,1%	101,7%	103,6%	101,9%	104,4%	111,1%	6,7%	10,3%	86,7%
- of which Div. Wealth	0,0%	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%	0,0%	0,0%	0,0%	0,0%	0,0%	-150,0%	95,2%
CLO	93,6%	96,4%	94,5%	88,6%	86,8%	86,6%	88,1%	1,5%	-5,5%	46,7%
CFO	100,0%	0,0%	0,0%	100,0%	100,0%	0,0%	100,0%	100,0%	0,0%	138,8%
AD	0,0%	0,0%	0,0%	133,3%	166,7%	166,7%	166,7%	0,0%	166,7%	117,3%
TOTAL	94,3%	96,2%	95,3%	89,6%	87,6%	87,4%	89,0%	1,6%	-5,3%	53,0%

- ❑ In December, EAD and RWAs of Standard Non-Performing portfolio decrease by €159 mln and €127 mln respectively, driven by **CLO division** (EAD down by €140, RWAs down by €111 mln).
- ❑ The decrease of CLO Division's EAD and RWAs is attributable to **Merlino disposal** for €39 mln (equal value for EAD and RWAs) and to the disposals of some top non-performing counterparties for nearly €150 mln.

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	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	26.630	27.239	27.556	27.315	27.377	25.929	24.542	-5,35%	-7,84%	28.484
- of which Div. Corporate	18.268	19.020	19.389	19.282	19.393	18.740	17.521	-6,50%	-4,09%	19.489
- of which Div. Retail	8.237	8.095	8.036	7.903	7.857	7.066	6.899	-2,36%	-16,24%	8.870
- of which Div. Wealth	125	124	131	130	127	123	122	-0,81%	-2,40%	125
CLO	0	0	0	0	0	0	0	0,00%	0,00%	0
CFO	0	0	0	0	0	0	0	0,00%	0,00%	0
AD	0	0	0	2	2	1	1	0,00%	0,00%	2
TOTAL	26.630	27.239	27.556	27.317	27.379	25.930	24.543	-5,35%	-7,84%	28.487

Values in €/mln, regulatory risk measures	EAD							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	62.862	63.750	64.639	64.633	64.884	63.447	61.428	-3,18%	-2,28%	64.192
- of which Div. Corporate	25.466	26.489	27.126	26.950	27.159	26.361	24.715	-6,24%	-2,95%	26.159
- of which Div. Retail	36.847	36.731	36.977	37.147	37.194	36.556	36.184	-1,02%	-1,80%	37.457
- of which Div. Wealth	549	530	536	536	531	530	529	-0,19%	-3,64%	576
CLO	0	0	0	0	0	0	0	0,00%	0,00%	0
CFO	0	0	0	0	0	0	0	0,00%	0,00%	0
AD	0	0	0	2	2	2	2	0,00%	0,00%	2
TOTAL	62.862	63.750	64.639	64.635	64.886	63.449	61.430	-3,18%	-2,28%	64.194

Values in €/mln, regulatory risk measures	PD							Δ bps (MoM)	Δ bps vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	2,14%	2,17%	2,12%	2,00%	1,97%	1,96%	1,92%	-5	-23	1,81%
- of which Div. Corporate	2,64%	2,73%	2,70%	2,48%	2,49%	2,47%	2,44%	-3	-19	2,25%
- of which Div. Retail	1,83%	1,79%	1,72%	1,68%	1,61%	1,62%	1,58%	-4	-25	1,52%
- of which Div. Wealth	1,73%	1,95%	2,06%	1,83%	1,83%	1,81%	1,78%	-3	5	1,45%
CLO	0,00%	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%	2,36%	0,10%	0,00%	-10	-13	0,13%
AD	3,81%	6,53%	5,19%	3,21%	2,84%	1,71%	1,47%	-24	-234	2,43%
TOTAL	2,14%	2,17%	2,12%	2,00%	1,97%	1,96%	1,92%	-5	-23	1,81%

Values in €/mln, regulatory risk measures	LGD							Δ bps (MoM)	Δ bps vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	26,14%	26,54%	26,68%	26,60%	26,69%	26,02%	25,57%	-45	-57	28,84%
- of which Div. Corporate	37,54%	38,11%	38,31%	38,48%	38,58%	38,30%	38,03%	-28	49	41,25%
- of which Div. Retail	18,82%	18,79%	18,71%	18,55%	18,58%	17,75%	17,65%	-9	-117	20,76%
- of which Div. Wealth	19,27%	19,23%	19,75%	19,83%	19,56%	19,31%	19,31%	0	4	19,06%
CLO	0,00%	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%	38,05%	40,08%	0,00%	-4008	-3800	42,19%
AD	33,55%	11,09%	16,42%	1,31%	1,86%	2,11%	1,54%	-57	-3201	44,40%
TOTAL	26,14%	26,54%	26,68%	26,60%	26,69%	26,02%	25,57%	-45	-57	28,84%

- ❑ In December, **RWAs** and **EAD** of AIRB Performing Portfolio **decreased** vs. November by €1.387 mln and by €2.019 mln respectively. This dynamic is primarily due to the decrease of EAD on **Corporate Division** (-€1.646 mln, of which €1.130 mln on rating classes higher than C) but also on **Retail** (-€372 mln), both affected by a seasonal concentration of repayment at the end of December.
- ❑ **Average Pd** at 1,92%, improving by 4 bps vs. November and by 22 bps vs. December 2017.
- ❑ **Average LGD** at 25,57%, decreasing by 45 bps vs. November, mainly due to Corporate Division (-27 bps vs. November) driven by a lower weight of the unsecured loans (-€1.445 mln vs. November).



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	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	0	0	248	242	322	276	273	-1,09%	0,00%	292
- of which Div. Corporate	0	0	162	169	253	218	220	0,92%	0,00%	125
- of which Div. Retail	0	0	86	73	69	58	53	-8,62%	0,00%	166
- of which Div. Wealth	0	0	0	0	0	0	0	0,00%	0,00%	2
CLO	0	0	2.673	3.812	3.783	3.617	3.398	-6,05%	0,00%	5.765
CFO	0	0	0	0	0	0	0	0,00%	0,00%	0
AD	0	0	0	0	12	0	0	0,00%	0,00%	0
TOTAL	0	0	2.921	4.054	4.117	3.893	3.671	-5,70%	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	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	1.753	1.410	1.101	1.116	925	793	828	4,41%	-52,77%	1.197
- of which Div. Corporate	746	499	421	558	435	413	437	5,81%	-41,42%	407
- of which Div. Retail	1.004	909	678	556	490	376	387	2,93%	-61,45%	780
- of which Div. Wealth	3	2	2	2	0	4	4	0,00%	33,33%	9
CLO	40.997	40.965	17.781	17.616	17.949	17.738	15.297	-13,76%	-62,69%	13.631
CFO	2	0	0	0	0	0	0	0,00%	-100,00%	0
AD	57	8	9	9	8	0	1	0,00%	-98,25%	0
TOTAL	42.809	42.383	18.891	18.741	18.882	18.531	16.126	-12,98%	-62,33%	14.828

Values in €/mln, regulatory risk measures	SHORTFALL							Change (MoM)	Change vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	55	-45	13	48	39	40	34	-15,00%	-38,18%	-9
- of which Div. Corporate	43	5	34	59	48	45	27	-40,00%	-37,21%	15
- of which Div. Retail	12	-50	-21	-11	-9	-5	7	-240,00%	-41,67%	-25
- of which Div. Wealth	0	0	0	0	0	0	0	0,00%	0,00%	1
CLO	-7.095	-8.041	-1.732	-1.467	-1.414	-1.452	-913	-37,12%	-87,13%	-1.378
CFO	0	0	0	0	0	0	0	0,00%	0,00%	0
AD	-19	-4	-4	-4	3	0	0	0,00%	-100,00%	0
TOTAL	-7.059	-8.090	-1.723	-1.423	-1.372	-1.412	-879	-37,75%	-87,55%	-1.386

Values in €/mln, regulatory risk measures	LGD							Δ bps (MoM)	Δ bps vs 2017	Expected FY 2018
	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18			
CCO	28,55%	26,25%	29,65%	32,40%	31,41%	31,64%	33,79%	215	524	26,95%
- of which Div. Corporate	36,40%	33,43%	38,57%	40,69%	39,57%	39,13%	40,90%	177	450	36,06%
- of which Div. Retail	22,74%	22,33%	24,13%	24,11%	24,66%	24,09%	25,89%	180	316	22,41%
- of which Div. Wealth	19,54%	20,65%	20,87%	21,03%	35,65%	20,39%	19,98%	-41	44	19,79%
CLO	49,72%	49,96%	47,16%	49,75%	49,95%	50,00%	48,16%	-184	-156	43,07%
CFO	71,01%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0	-7101	37,72%
AD	67,20%	50,16%	42,73%	39,58%	39,48%	44,72%	43,27%	-145	-2393	41,93%
TOTAL	48,86%	49,16%	46,12%	48,70%	49,05%	49,22%	47,40%	-182	-146	41,74%

- ❑ In December, **RWAs** of AIRB Non Performing Portfolio down by €222 mln, mainly due to **CLO Division** (-€219 mln). **EAD** of AIRB Non Performing Portfolio down by €2.405 mln vs. November, totally driven by **CLO Division** (-€2.441 mln, of which €1.954 mln due to **Merlino** disposal and €464 mln due to **Alpha2** disposal).
- ❑ **Shortfall** up by €533 mln vs. the previous month, driven by CLO Division (+€539 mln, of which +€456 mln due to **Merlino** disposal and +€106 to **Alpha2** disposal).



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

Values in €/mln, regulatory risk measures	Total						
	EAD			AVG PD			
	Dec-17	Nov-18	Dec-18	Dec-17	Nov-18	Dec-18	Δ bps
Upgrading	16.277	15.233	15.257	2,75%	1,16%	1,14%	-42
Stable	25.770	26.234	24.219	1,64%	1,59%	1,58%	-2
Downgrading	14.862	14.322	14.055	1,51%	3,49%	3,29%	43
Default flow	1.425	1.120	1.360	10,39%	100,00%	100,00%	-21
Out	3.018	0	0	2,36%	0,00%	0,00%	-2
Cured	687	544	592	100,00%	9,68%	9,99%	9
New Inputs	0	5.642	5.832	0,00%	1,27%	1,25%	-7
Total Performing	61.352	61.975	59.955	2,14%	1,96%	1,92%	-22

- 1 bps

Values in €/mln, regulatory risk measures	Corporate						
	EAD			AVG PD			
	Dec-17	Nov-18	Dec-18	Dec-17	Nov-18	Dec-18	Δ bps
Upgrading	7.188	6.824	6.696	2,78%	1,23%	1,25%	-44
Stable	8.302	9.219	8.001	2,55%	2,31%	2,38%	-6
Downgrading	6.458	6.464	6.115	1,84%	4,01%	3,70%	50
Default flow	180	109	181	10,57%	100,00%	100,00%	-6
Out	1.843	0	0	4,49%	0,00%	0,00%	-17
Cured	102	81	82	100,00%	7,93%	9,00%	2
New Inputs	0	2.314	2.361	0,00%	2,34%	2,53%	1
Total Performing	23.970	24.902	23.256	2,64%	2,47%	2,44%	-20

0 bps

Values in €/mln, regulatory risk measures	Retail						
	EAD			AVG PD			
	Dec-17	Nov-18	Dec-18	Dec-17	Nov-18	Dec-18	Δ bps
Upgrading	8.963	8.288	8.439	2,73%	1,10%	1,05%	-40
Stable	17.207	16.777	15.987	1,21%	1,19%	1,18%	-1
Downgrading	8.241	7.668	7.769	1,25%	3,07%	2,96%	39
Default flow	173	153	147	10,68%	100,00%	100,00%	-4
Out	2.247	0	0	4,40%	0,00%	0,00%	-18
Cured	214	187	190	100,00%	11,51%	11,45%	6
New Inputs	0	3.620	3.784	0,00%	1,18%	1,15%	-5
Total Performing	36.832	36.541	36.169	1,83%	1,62%	1,58%	-25

- 2 bps

Values in €/mln, regulatory risk measures	Wealth						
	EAD			AVG PD			
	Dec-17	Nov-18	Dec-18	Dec-17	Nov-18	Dec-18	Δ bps
Upgrading	111	99	106	2,62%	1,35%	1,25%	-28
Stable	230	213	204	1,33%	1,32%	1,35%	2
Downgrading	151	151	146	1,44%	3,09%	3,09%	47
Default flow	4	4	4	0,42%	100,00%	100,00%	1
Out	54	0	0	2,51%	0,00%	0,00%	-7
Cured	0	0	0	100,00%	17,79%	17,76%	1
New Inputs	0	67	73	0,00%	1,09%	1,10%	-11
Total Performing	549	530	529	1,73%	1,81%	1,78%	5

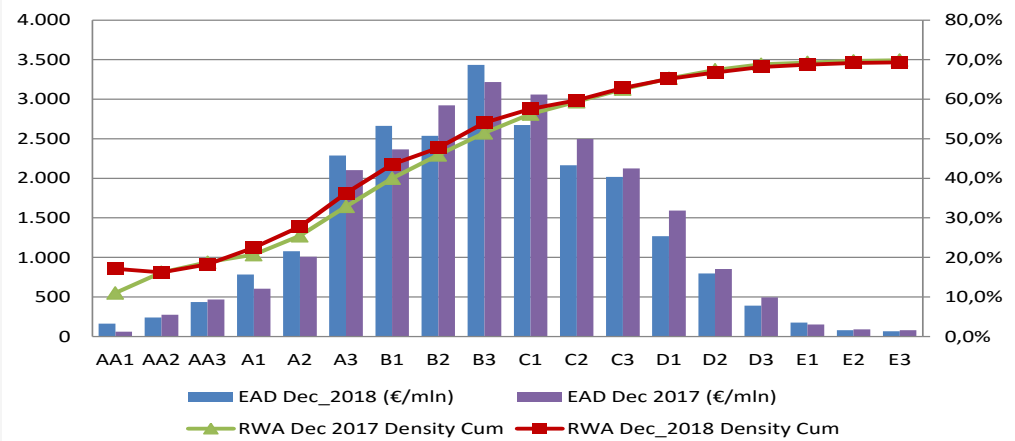
+ 22 bps

- ❑ PD Retail down by 25 bps vs. December, down by 26 bps net of Default Flow and Cured, mainly due to New Inputs less risky than Out (-24 bps).
- ❑ PD Corporate down by 20 bps vs. December, down by 16 bps net of Default Flow and Cured, due to New Inputs less risky than Outputs (-16 bps).

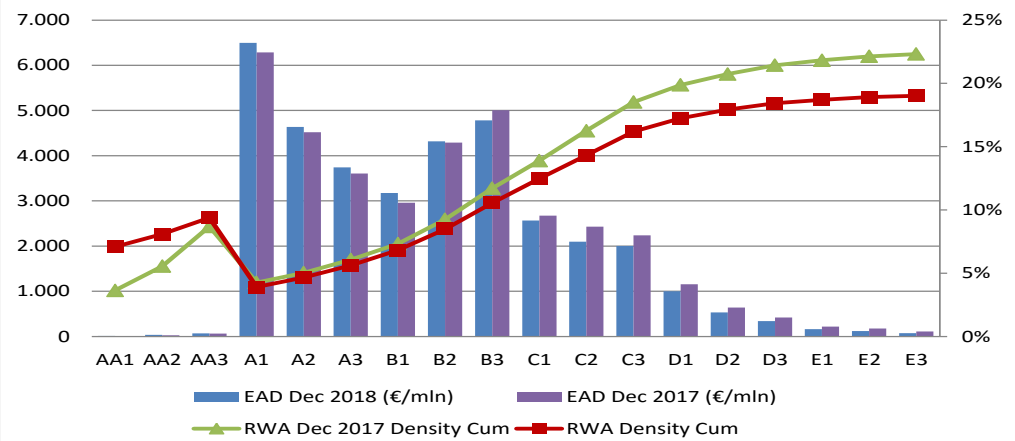


AIRB Performing Portfolio: RWA Density by Rating Classes (2/3)

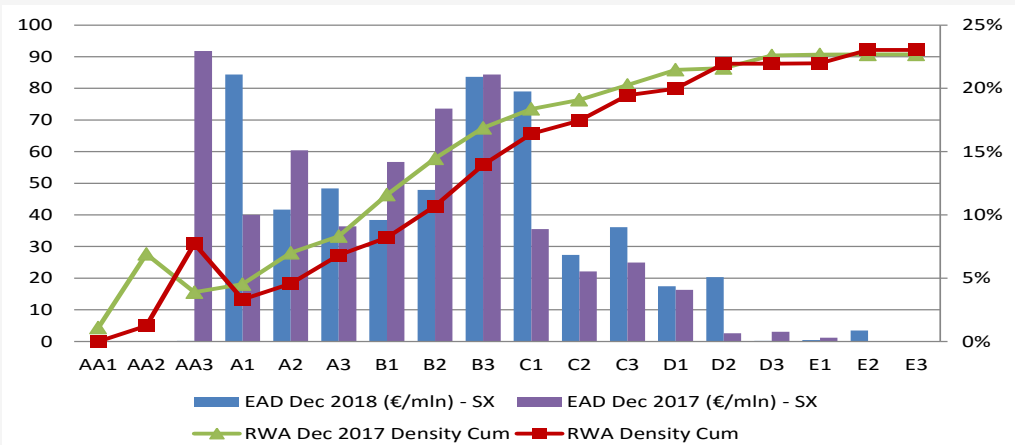
DIR CORPORATE



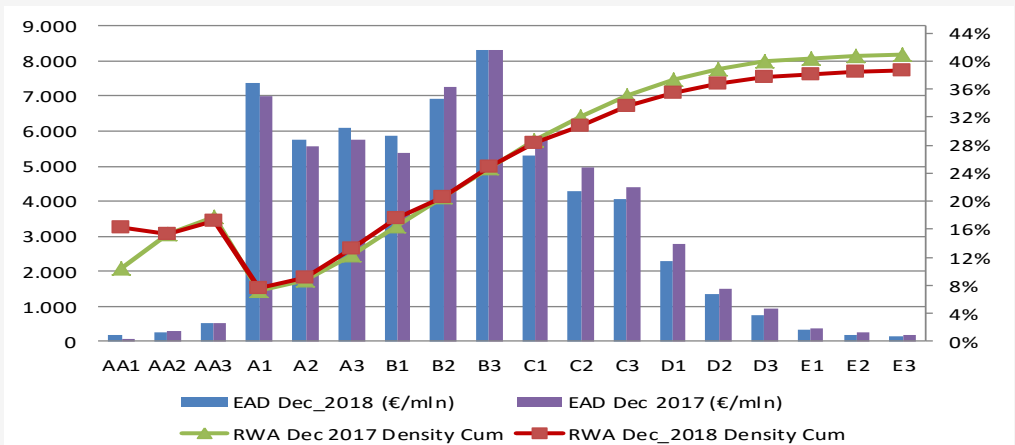
DIR RETAIL



DIR WEALTH



ALL PORTFOLIO



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

Values in €/mln, regulatory risk measures	Total													
	Dec-17		Mar-18		Jun-18		Sep-18		Oct-18		Nov-18		Dec-18	
FINANCIAL COLLATERAL	406	0,7%	367	0,6%	360	0,6%	351	0,6%	343	0,5%	343	0,6%	328	0,5%
LGD	0,00%		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%	37.124	58,8%	37.124	58,6%	36.392	58,7%	36.194	60,4%
LGD	16,15%		16,02%		16,02%		16,04%		16,04%		15,06%		15,08%	
PERSONAL GUARANTEES	1.226	2,0%	1.393	2,2%	1.404	2,2%	1.351	2,1%	1.410	2,2%	1.457	2,4%	1.365	2,3%
LGD	37,43%		37,58%		37,89%		37,93%		38,08%		37,56%		37,54%	
UNSECURED	22.670	37,0%	23.955	38,5%	24.618	39,0%	24.290	38,5%	24.515	38,7%	23.781	38,4%	22.066	36,8%
LGD	42,32%		42,32%		42,35%		42,49%		42,55%		42,46%		42,43%	
TOTAL EAD	61.353	100%	62.187	100%	63.157	100%	63.116	100%	63.392	100%	61.973	100%	59.953	100,0%
AVERAGE LGD	26,14%		26,54%		26,68%		26,60%		26,69%		26,02%		25,57%	

Values in €/mln, regulatory risk measures	Corporate													
	Dec-17		Mar-18		Jun-18		Sep-18		Oct-18		Nov-18		Dec-18	
FINANCIAL COLLATERAL	122	0,5%	106	0,4%	109	0,4%	104	0,4%	102	0,4%	108	0,4%	96	0,4%
LGD	0,00%		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%	6.849	26,9%	6.839	26,6%	6.823	27,4%	6.761	29,1%
LGD	24,70%		24,70%		24,71%		25,01%		25,03%		24,92%		25,10%	
PERSONAL GUARANTEES	694	2,9%	793	3,2%	810	3,2%	792	3,1%	816	3,2%	814	3,3%	741	3,2%
LGD	37,33%		37,61%		38,18%		38,11%		38,42%		37,60%		37,53%	
UNSECURED	15.654	65,3%	17.037	68,3%	17.758	69,2%	17.710	69,6%	17.924	69,8%	17.157	68,9%	15.658	67,3%
LGD	44,00%		43,88%		43,89%		43,94%		43,98%		43,90%		43,87%	
TOTAL EAD	23.970	100%	24.941	100%	25.659	100%	25.455	100%	25.681	100%	24.902	100%	23.256	100,0%
AVERAGE LGD	37,54%		38,11%		38,31%		38,48%		38,58%		38,30%		38,03%	

Values in €/mln, regulatory risk measures	Retail													
	Dec-17		Mar-18		Jun-18		Sep-18		Oct-18		Nov-18		Dec-18	
FINANCIAL COLLATERAL	236	0,6%	215	0,6%	206	0,6%	206	0,6%	201	0,5%	196	0,5%	193	0,5%
LGD	0,00%		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%	30.051	80,9%	30.060	80,8%	29.348	80,3%	29.213	80,8%
LGD	13,99%		13,96%		13,99%		14,02%		14,01%		12,79%		12,78%	
PERSONAL GUARANTEES	529	1,4%	597	1,6%	591	1,6%	556	1,5%	590	1,6%	639	1,7%	621	1,7%
LGD	37,54%		37,52%		37,48%		37,66%		37,62%		37,50%		37,55%	
UNSECURED	6.741	18,3%	6.651	18,1%	6.587	17,8%	6.312	17,0%	6.329	17,0%	6.357	17,4%	6.142	17,0%
LGD	39,05%		38,95%		38,80%		39,05%		39,11%		39,19%		39,38%	
TOTAL EAD	36.832	100%	36.715	100%	36.962	100%	37.125	100%	37.180	100%	36.540	100%	36.169	100,0%
AVERAGE LGD	18,82%		18,79%		18,71%		18,55%		18,58%		17,75%		17,65%	

Values in €/mln, regulatory risk measures	Wealth													
	Dec-17		Mar-18		Jun-18		Sep-18		Oct-18		Nov-18		Dec-18	
FINANCIAL COLLATERAL	47	8,6%	45	8,5%	45	8,4%	41	7,6%	41	7,7%	39	7,3%	39	7,4%
LGD	0,00%		0,00%		0,00%		0,00%		0,00%		0,00%		0,00%	
REAL ESTATE COLLATERAL	224	40,8%	214	40,5%	214	40,0%	224	41,7%	225	42,4%	221	41,6%	219	41,4%
LGD	13,58%		13,37%		13,41%		13,63%		13,53%		12,09%		12,05%	
PERSONAL GUARANTEES	3	0,5%	3	0,6%	3	0,6%	3	0,6%	3	0,6%	4	0,8%	4	0,8%
LGD	40,95%		40,38%		40,06%		40,77%		39,86%		38,83%		38,63%	
UNSECURED	275	50,1%	267	50,5%	273	51,0%	269	50,1%	262	49,3%	267	50,3%	267	50,5%
LGD	26,99%		26,96%		27,73%		27,81%		27,51%		27,81%		27,87%	
TOTAL EAD	549	100%	529	100%	535	100%	537	100%	531	100%	531	100%	529	100,0%
AVERAGE LGD	19,27%		19,23%		19,75%		19,83%		19,56%		19,31%		19,31%	

❑ **Average LGD of AIRB Performing Portfolio at 25,57%, improving vs. December (-57 bps) and vs. November (-45 bps): in December, to highlight the decrease (-27 bps) of Corporate Division (mainly due to the decrease of unsecured loans by €1.499 mln) and the decrease of Retail Division by 10 bps.**



Credit Portfolio – Transition Matrix

		GBV-Dec17							GBV-Dec18					
		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	-						5.644	602	10	60	49		
	Bonis Stage1	80.240	74.204	2.848	173	145	77	51.572	2.571	56	107	15	Default Flow(T1)	1.727
	Bonis Stage2	24.833	9.382	13.179	258	956	201	4.367	9.239	345	953	252	Worsening(T1)	2.551
	Past due/lp rete	2.062	21	333	464	734	248	25	266	408	677	248	Cure(T0)	905
	lp r.a./lp ristr	9.996	21	465	22	6.543	1.517	21	385	13	5.883	1.626		
	Bad Loans	9.297	1	63	10	95	6.996	2	58	9	84	6.977		
	Total	126.429	83.628	16.889	927	8.472	9.038	7.474	61.631	13.121	841	7.763	9.167	
GBV-Dec17 vs. Total Stock GBV-Dec17							GBV-Dec18 vs. Total Stock GBV-Dec17							
State T1							State T1							
State T0	Bonis Stage1	100,00%	92,48%	3,55%	0,22%	0,18%	0,10%	3,48%	64,27%	3,20%	0,07%	0,13%	0,02%	
	Bonis Stage2	100,00%	37,78%	53,07%	1,04%	3,85%	0,81%	3,45%	17,59%	37,20%	1,39%	3,84%	1,02%	
	Past due/lp rete	100,00%	1,00%	16,16%	22,49%	35,61%	12,02%	12,72%	1,19%	12,90%	19,79%	32,82%	12,02%	
	lp r.a./lp ristr	100,00%	0,21%	4,66%	0,22%	65,45%	15,18%	14,28%	0,21%	3,85%	0,13%	58,85%	16,27%	
	Bad Loans	100,00%	0,01%	0,68%	0,11%	1,02%	75,25%	22,94%	0,03%	0,63%	0,10%	0,90%	75,05%	
GBV-Dec17 focused on Performing in T0							GBV-Dec18 focused on Performing in T1							
State T1							State T1							
State T0	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		
	Stage 1	80.240	74.204	2.848	173	145	77	2.793	51.572	2.571	56	107	15	
	Stage 2	24.833	9.382	13.179	258	956	201	858	4.367	9.239	345	953	252	
	Tot Performing	105.073	83.585	16.028	431	1.100	277	3.651	55.939	11.810	401	1.060	267	
	% stage 1 on Tot	76,37%	88,78%	17,77%	40,18%	13,14%	27,61%	76,51%	92,19%	21,77%	13,97%	10,10%	5,45%	
% stage 2 on Tot	23,63%	11,22%	82,23%	59,82%	86,86%	72,39%	23,49%	7,81%	78,23%	86,03%	89,90%	94,55%		
%							%							
State T1							State T1							
Stage T0	Stage 1	100,00%	92,48%	3,55%	0,22%	0,18%	0,10%	3,48%	94,94%	4,73%	0,10%	0,20%	0,03%	
	Stage 2	100,00%	37,78%	53,07%	1,04%	3,85%	0,81%	3,45%	28,81%	60,96%	2,27%	6,29%	1,66%	
	Tot Performing	100,00%	79,55%	15,25%	0,41%	1,05%	0,26%	3,47%	80,52%	17,00%	0,58%	1,53%	0,38%	
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		80.240	- 394	49 -	2.793	5.644 -	2.848	4.367	-22.631	61.631	VERO			
Stage 2		24.833	- 1.415	709 -	858	602 -	9.382	2.571	-3.940	13.121				
Tot Performing		105.073	- 1.809	758 -	3.651	6.246 -	12.230	6.938	-26.572	74.753				



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**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	551,0	607,2	680,5
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	2.169,5	2.112,7	2.027,8
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	3.372,4	3.338,8	3.271,6
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	1.353,3	1.260,3	1.243,4
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	3.076,0	2.743,3	2.649,1
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	3.182,0	3.261,0	3.187,8
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	13.704,2	13.323,3	13.060,1

LLP IFRS9

	Dec-17 IFRS9	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Past due	36,4	48,9	47,1	48,2	31,2	33,9	50,2	40,4	32,0	34,0	29,6
Forborne	182,7	183,7	178,4	172,6	170,1	173,2	167,5	154,7	151,0	155,5	159,4
High Risk	120,0	100,9	95,6	98,2	113,7	144,2	133,4	158,1	151,4	124,5	124,7
Ebitda	51,6	45,5	42,8	40,1	44,7	47,2	45,2	32,7	28,8	27,1	29,1
Riquallifica	221,0	210,2	224,6	209,4	204,3	160,7	151,8	158,9	138,1	131,8	132,6
Quantitativo	132,6	150,5	145,0	152,2	149,4	148,5	154,4	150,3	76,4	89,4	89,0
Totale	744,3	739,6	733,6	720,6	713,2	707,7	702,5	694,9	577,7	562,2	564,3

% 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%	5,80%	5,61%	4,34%
Forborne	8,09%	8,07%	8,02%	7,55%	7,59%	7,55%	7,54%	7,04%	6,96%	7,36%	7,86%
High Risk	4,11%	3,90%	3,78%	4,04%	4,42%	5,52%	5,34%	4,72%	4,49%	3,73%	3,81%
Ebitda	2,73%	2,43%	2,34%	2,39%	2,59%	2,57%	2,43%	2,43%	2,13%	2,15%	2,34%
Riquallifica	4,92%	5,28%	5,59%	5,54%	5,62%	4,95%	4,97%	5,30%	4,49%	4,80%	5,00%
Quantitativo	2,45%	2,44%	2,36%	2,45%	2,44%	2,45%	2,49%	2,47%	2,40%	2,74%	2,79%
Totale	4,23%	4,17%	4,18%	4,16%	4,23%	4,25%	4,18%	4,16%	4,22%	4,22%	4,32%



Credit Portfolio: Non Performing Exposures by Vintage*

Values in €/mln	PAST DUE									
	Dec - 17 IAS 39		Dec - 17 FTA		Sep - 18		Nov - 18		Dec - 18	
	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage
0-6	207	23,10%	207	30,22%	196	25,26%	127	20,56%	101	22,57%
6-12	99	19,96%	99	28,27%	54	25,32%	46	24,08%	34	20,16%
>12	223	32,20%	223	46,67%	129	59,90%	128	67,31%	46	27,36%
TOTAL	530	26,35%	530	36,79%	379	37,04%	301	40,96%	181	23,33%

❑ In December down by €120 mln vs. November. The month shows mainly a decrease on class >12 months (-€82 mln).

Values in €/mln	UtoP									
	Dec - 17 IAS 39		Dec - 17 FTA		Sep - 18		Nov - 18		Dec - 18	
	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage
0-12	1.830	39,47%	1.830	44,31%	1.343	37,00%	1.409	36,25%	1.398	35,25%
12-24	1.239	35,73%	1.239	41,74%	977	41,99%	1.005	43,45%	1.105	46,34%
24-36	1.353	37,50%	1.353	44,62%	881	47,48%	817	47,09%	797	40,99%
36-48	3.645	39,52%	3.645	44,40%	2.078	48,77%	1.349	46,89%	1.127	44,83%
48-60	1.660	46,03%	1.660	50,73%	2.089	44,16%	2.470	46,71%	2.009	45,76%
>60	1.779	44,17%	1.779	48,84%	2.357	51,13%	2.262	51,20%	1.988	51,14%
TOTAL	11.507	40,52%	11.507	45,72%	9.725	45,93%	9.312	45,93%	8.423	44,79%

❑ The decreasing trend of Utop has been continuing in December (-€889 mln vs. November) on all classes except 12-24 months class.

Values in €/mln	BAD LOANS									
	Dec - 17 IAS 39		Dec - 17 FTA		Sep - 18		Nov - 18		Dec - 18	
	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage	GBV	Coverage
1	3.917	59,93%	3.917	66,35%	3.388	64,04%	3.302	62,68%	3.120	61,53%
2	1.602	53,86%	1.602	60,91%	3.151	63,59%	3.623	64,98%	3.242	60,41%
3	647	58,08%	647	67,04%	615	73,78%	630	72,72%	440	60,76%
4	495	60,99%	495	68,06%	450	73,43%	494	73,53%	427	72,23%
5	408	66,80%	408	75,01%	532	71,71%	546	71,72%	418	67,67%
>5	2.227	81,10%	2.227	86,05%	2.378	86,69%	2.422	85,96%	1.520	79,93%
TOTAL	9.295	64,18%	9.295	70,65%	10.514	70,39%	11.017	70,06%	9.167	64,93%

❑ The decreasing trend of Bad Loans has been continuing in December (-€1.850 mln vs. November).



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	334,67	212,67	197,78	306,53	93,68	88,71	120,87	95,62	124,77	-	-	-	1.575,29
	Provision	115,66	78,92	67,98	106,93	36,82	30,73	40,93	39,33	48,17	-	-	-	565,47
	Coverage	34,56%	37,11%	34,37%	34,88%	39,31%	34,64%	33,86%	41,13%	38,61%				35,90%
Of Which Forborne Paying	GBV	41,35	72,09	35,18	12,37	6,81	12,38	10,77	6,38	10,96	-	-	-	208,29
	Provision	12,03	30,22	14,41	3,80	2,12	3,16	3,88	1,91	2,53	-	-	-	74,05
	Coverage	29,08%	41,92%	40,97%	30,73%	31,05%	25,55%	35,99%	29,86%	23,03%				35,55%
Of Which other Not Paying Secured	GBV	75,30	83,06	68,08	44,19	24,16	33,81	55,81	26,92	55,05	-	-	-	466,39
	Provision	18,34	26,86	12,58	11,00	5,28	8,00	11,30	6,28	16,48	-	-	-	116,12
	Coverage	24,35%	32,33%	18,48%	24,90%	21,88%	23,68%	20,24%	23,34%	29,93%				24,90%
Of Which other Not Paying Unsecured	GBV	218,01	57,52	94,52	249,97	62,71	42,52	54,29	62,32	58,75	-	-	-	900,61
	Provision	85,30	21,84	40,99	92,12	29,42	19,56	25,76	31,14	29,17	-	-	-	375,30
	Coverage	39,13%	37,97%	43,37%	36,85%	46,92%	45,99%	47,44%	49,97%	49,65%				41,67%

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	158,59	1.664,92	1.704,50	2.284,08	3.884,85	1.958,14	1.377,08	3.164,17	16.196,33
	Provision	62,34	800,91	837,29	1.201,95	2.053,90	1.162,78	839,52	2.242,42	9.201,10
	Coverage	39,31%	48,10%	49,12%	52,62%	52,87%	59,38%	60,96%	70,87%	56,81%
Of Which Forborne Paying	GBV	27,10	154,19	172,45	213,38	689,57	243,77	160,04	406,71	2.067,22
	Provision	7,05	46,92	45,19	83,49	258,18	105,83	41,72	183,15	771,53
	Coverage	26,00%	30,43%	26,20%	39,13%	37,44%	43,41%	26,07%	45,03%	37,32%
Of Which other Not Paying Secured	GBV	40,31	579,31	740,23	908,32	1.708,31	775,95	528,45	816,20	6.097,10
	Provision	9,05	193,24	279,45	346,58	814,88	414,01	274,35	487,10	2.818,65
	Coverage	22,45%	33,36%	37,75%	38,16%	47,70%	53,36%	51,92%	59,68%	46,23%
Of Which other Not Paying Unsecured	GBV	91,17	931,42	791,82	1.162,37	1.486,97	938,42	688,58	1.941,25	8.032,01
	Provision	46,24	560,75	512,66	771,88	980,83	642,94	523,45	1.572,18	5.610,92
	Coverage	50,72%	60,20%	64,74%	66,41%	65,96%	68,51%	76,02%	80,99%	69,86%
delta addendum unsecured	Provision	-	-	279,16	390,49	506,14	295,47	165,13	369,08	2.005,48
delta addendumm secured	Provision	-	-	-	16,75	124,69	129,16	174,84	329,11	774,54
total delta addendumm	Provision	-	-	279,16	407,25	630,83	424,63	339,97	698,18	2.780,02

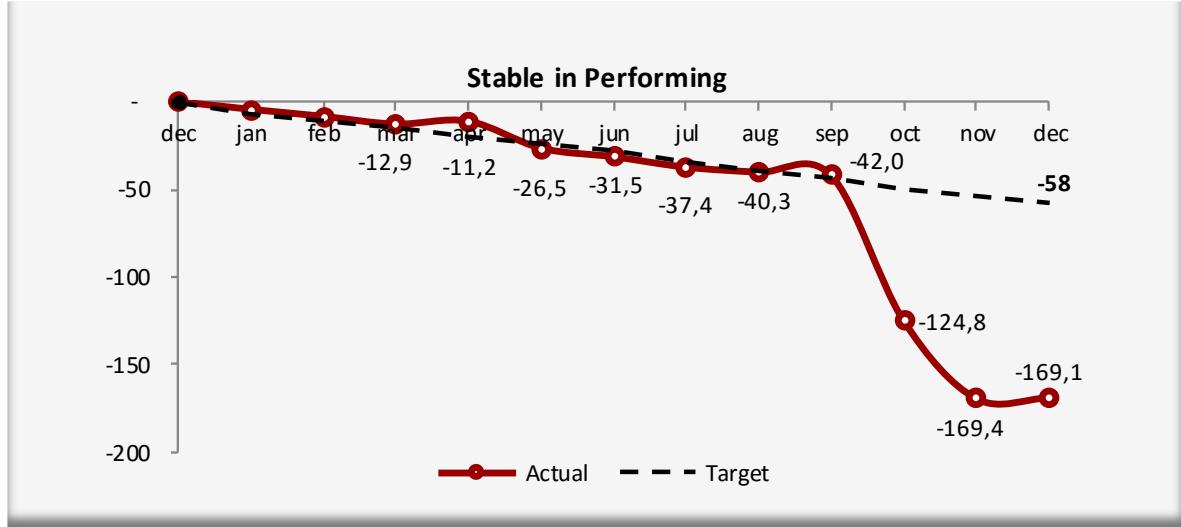
The table above summarizes the potential impact of the addendum in the last three lines if it would applied to the default stock generated before April 2018:

- 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%

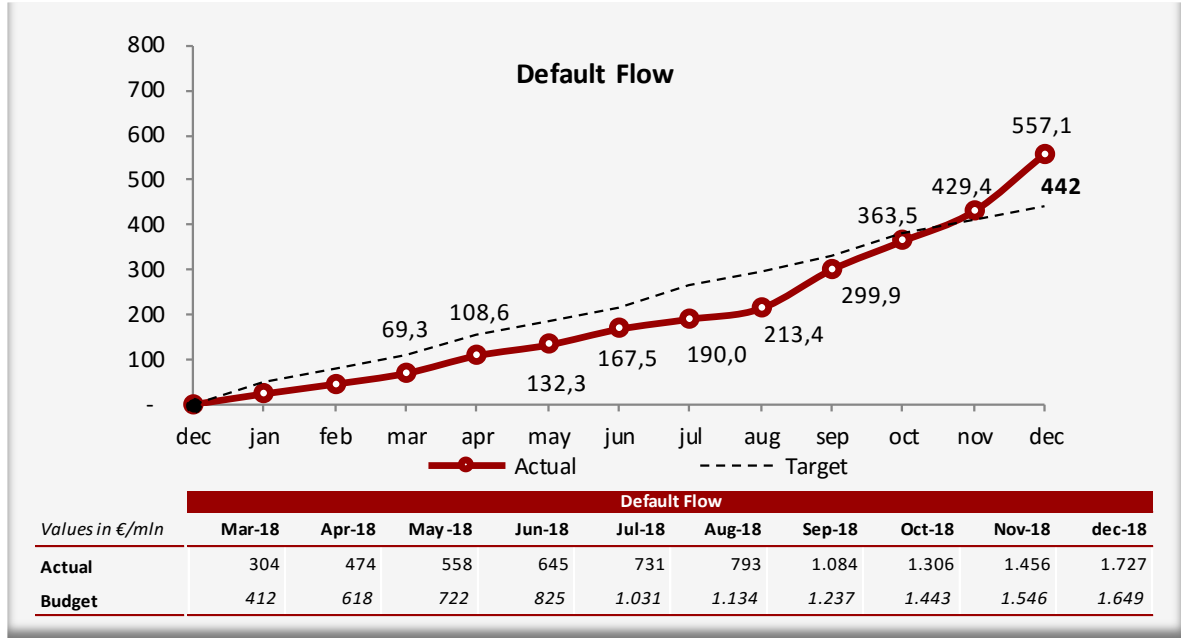


Net Loans Loss Provision: Cost of Performing Loans



❑ **Cost of the Performing Loans** at €387,2 mln, in line with the budget value of €384 mln (-€96,9 mln the gap vs. budget as of the 30th of November 2018):

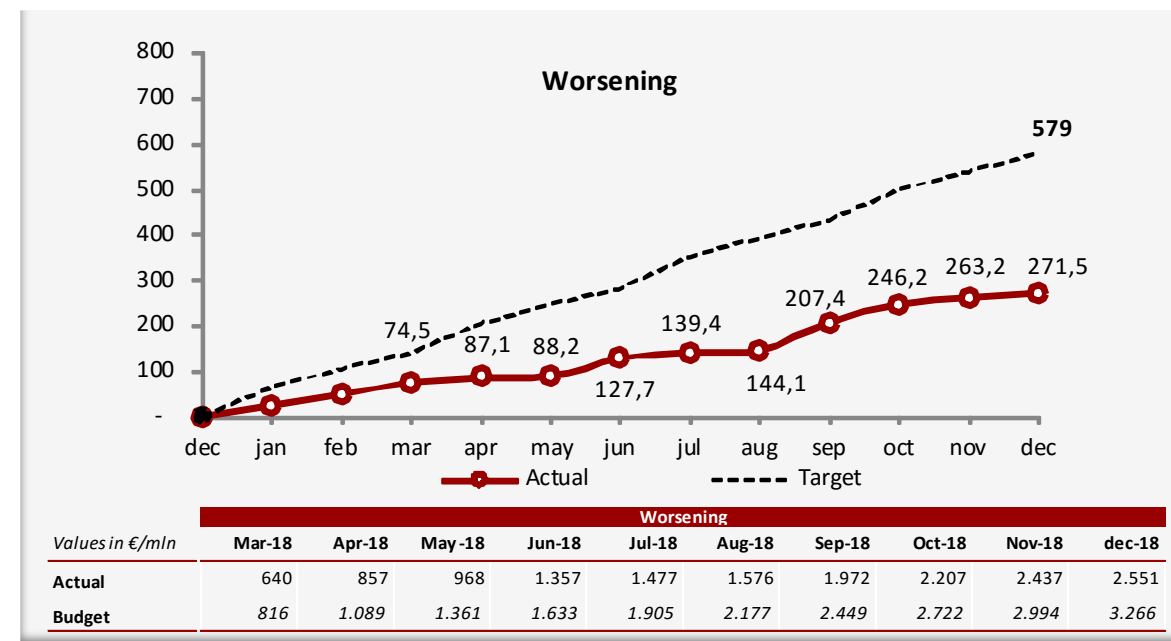
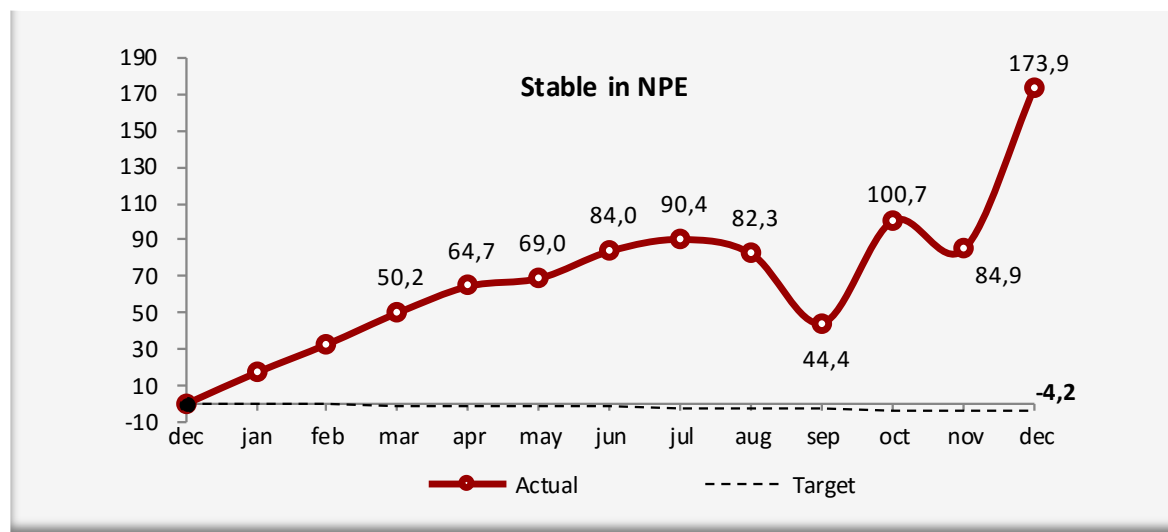
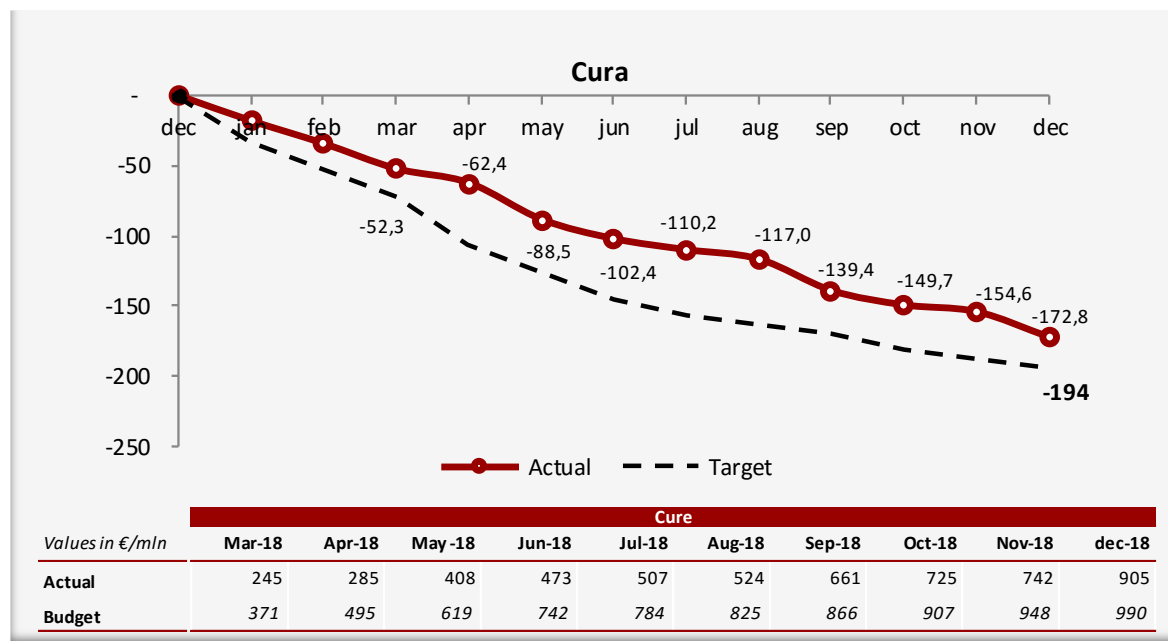
- ✓ the **stable positions** in Performing from the beginning of the year show a reversals of provisions of €169,1 mln, better than the target of €57,8 mln (actual reversals of provisions higher than expected by €111,3 mln);
- ✓ cost of **Default Flow** at €557,1 mln, with a monthly cost of €128 mln, €115,3 mln higher than budget value of €441,8 mln (+€18,7 mln the difference vs. budget as of the 30th of November 2018).



❑ **The monthly cost of December** is at €128 mln, €107 mln higher than November, mainly due to the a **higher monthly default flow**, resulting in a higher montly cost (+€128 mln, €62 mln higher than November).



Net Loans Loss Provision: Cost of Non Performing Loans



❑ **Cost of the Non Performing Loans** at €265,1 mln, €115,5 mln lower than budget value of €380,5 mln (-€158,6 mln the gap vs. budget as of the 30th of November 2018), in particular:

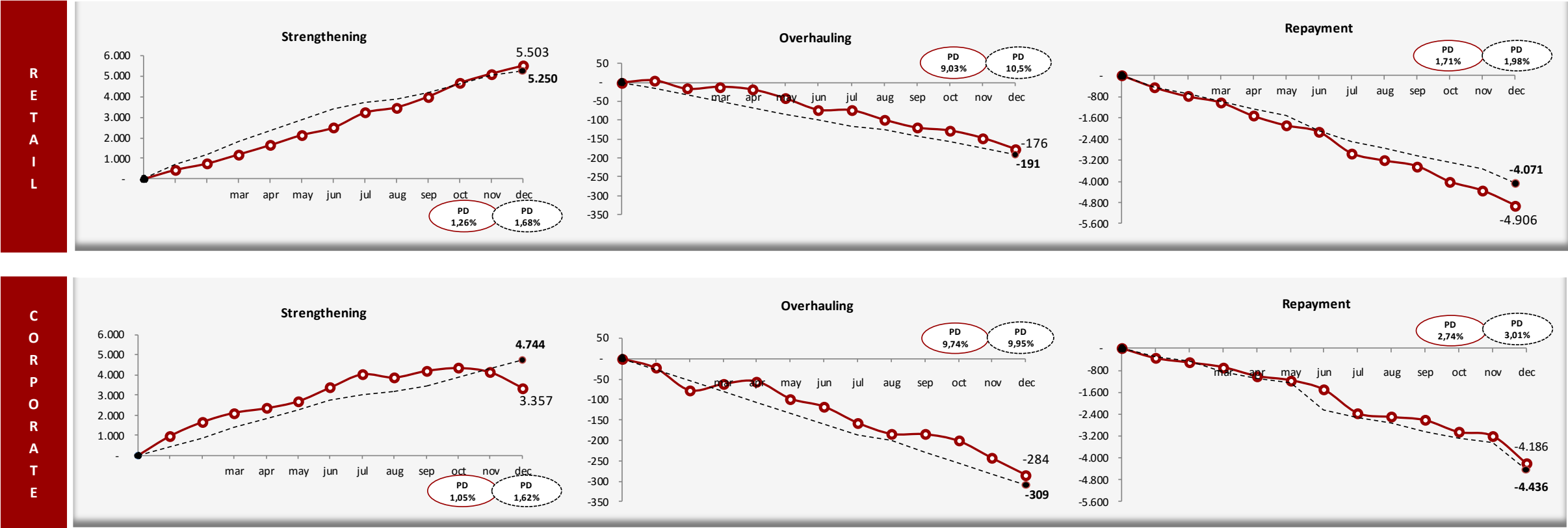
- ✓ reversal of provisions related to **Cured Position** at €172,8 mln, lower by €21,7 mln than the budget value of €194,5 mln; cure rate at 7,52% vs. 8,15% of the target;
- ✓ **Cost of Worsening of NPE Loans** at €271,5 mln, significantly lower than the budget value (€307,7 mln the gap), mainly due to flows from Restructured and Rischio Anomalo to Bad Loans lower than expected;
- ✓ **Cost of stable positions** at €173,9 mln (+€178,1 mln vs. Budget), with a montly amount by €89 mln.

❑ **In the month of December** it is observed a cost of €77 mln, +€79 mln vs. November; the increase is mainly due to the stable positions (+€105 mln).



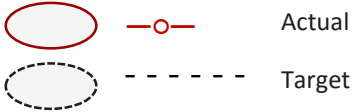
MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

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



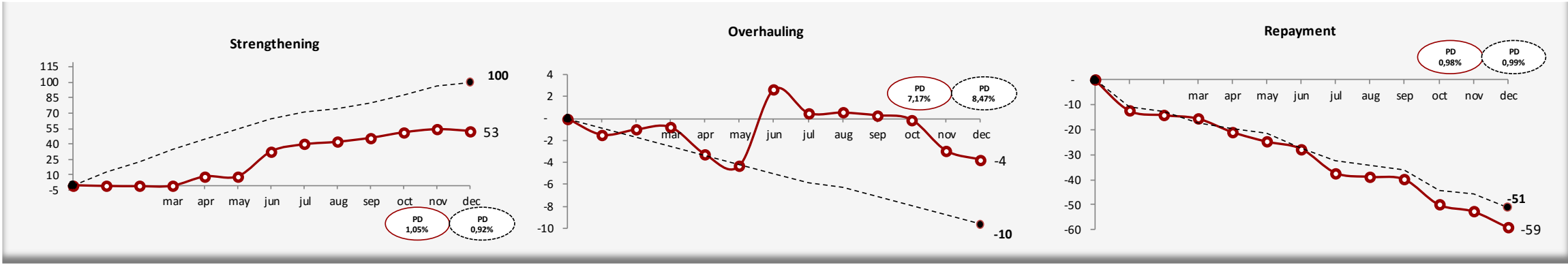
Retail = Valore, Premium e Small Business

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

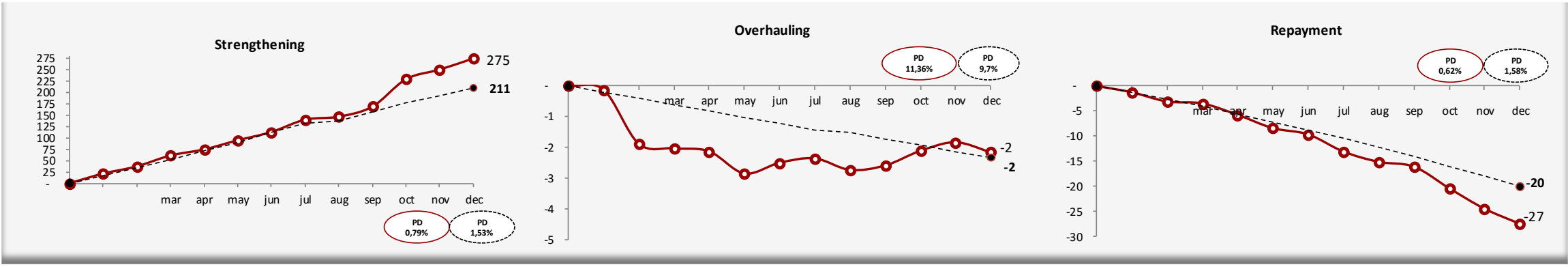


Wealth and Widiba: strengthening, overhauling and repayment flows (2/2)

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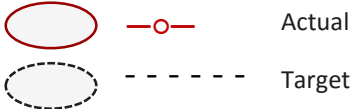


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Retail = Valore, Premium e Small Business

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

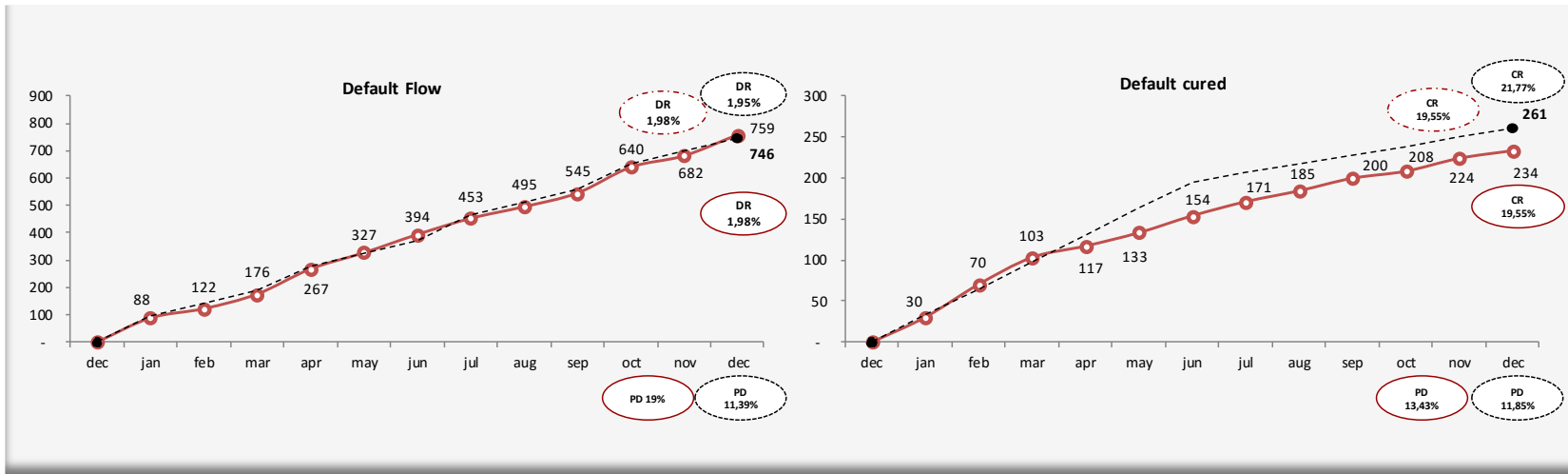


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The figures include only to on-balance exposures

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

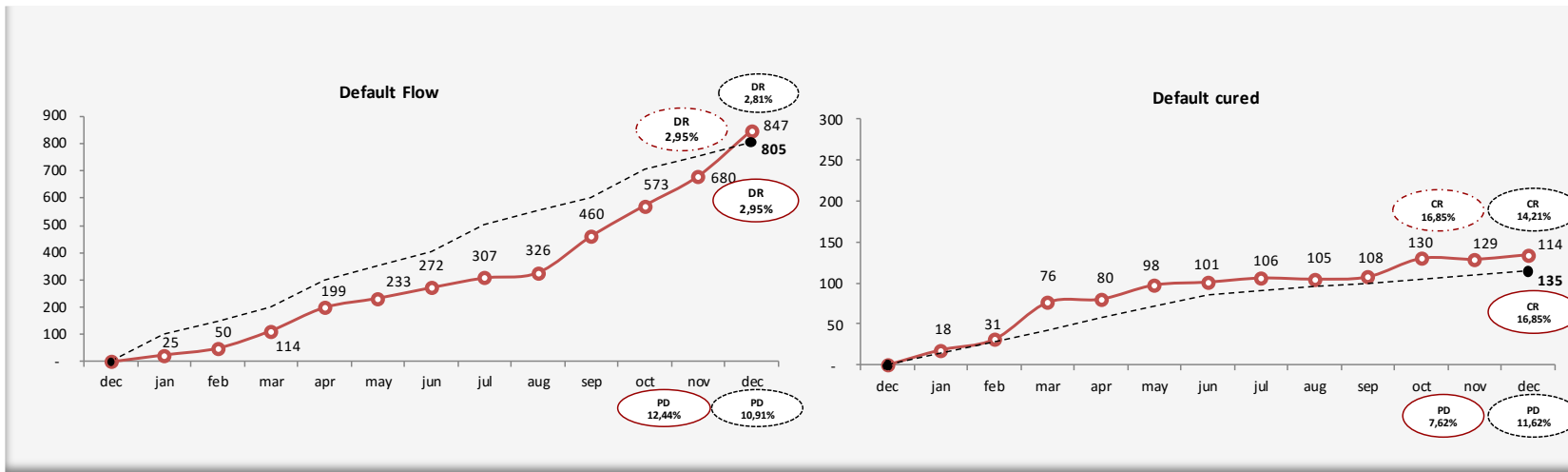
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❑ **Default Flow** as of December 2018 at €1.606 mln, €+55 mln vs. budget:

- ✓ **Retail** at €759 mln, in line with Budget (€+13 mln);
- ✓ **Corporate** at €847 mln, slight increasing vs. Budget (€+43 mln). In December, Default Flow equal to €168 mln mainly due to COOPERATIVA MURATORI E CEMENTISTI C.M.C. DI RAVENNA (€27,2 mln), PISAMOVER S.P.A (€25,4 mln) and CINA MERCATO S.R.L (€21,5 mln).

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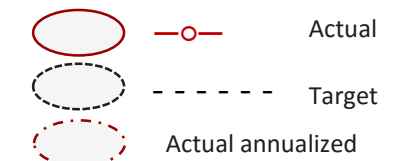
❑ **Default cured** at €368 mln, substantially in line with Budget (€375 mln):

- ✓ **Retail** at €234 mln, €-27 mln vs. Budget;
- ✓ **Corporate** at €135 mln, €+20 mln vs. Budget.



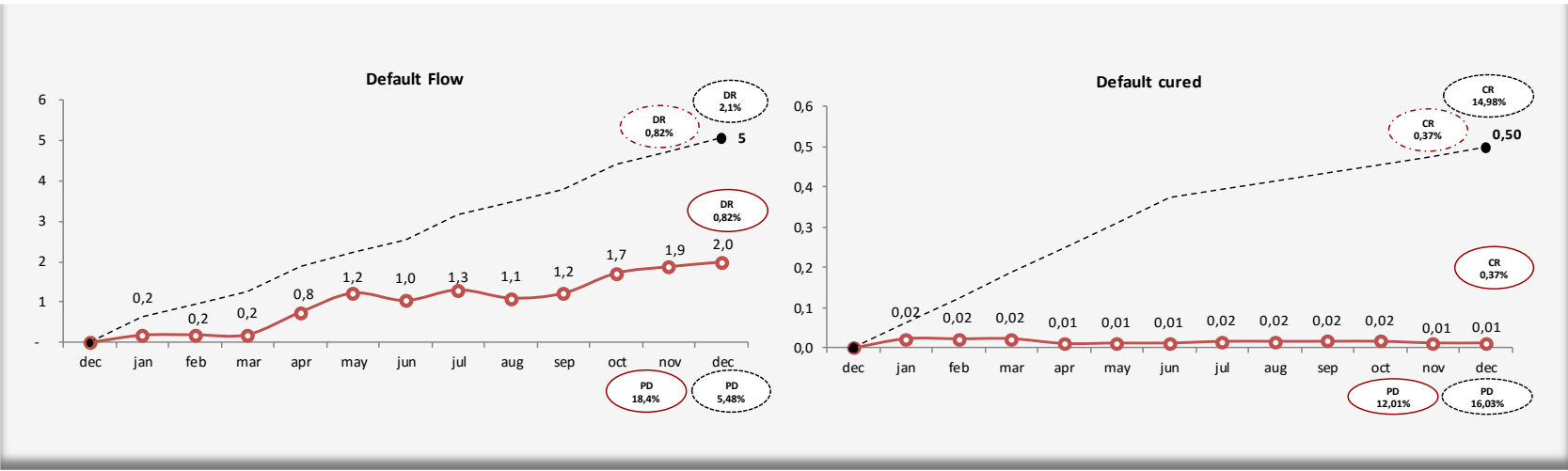
MONTE DEI PASCHI DI SIENA
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The figures include only to on-balance exposures



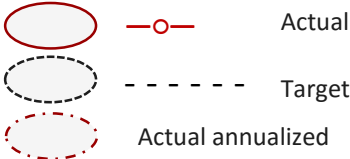
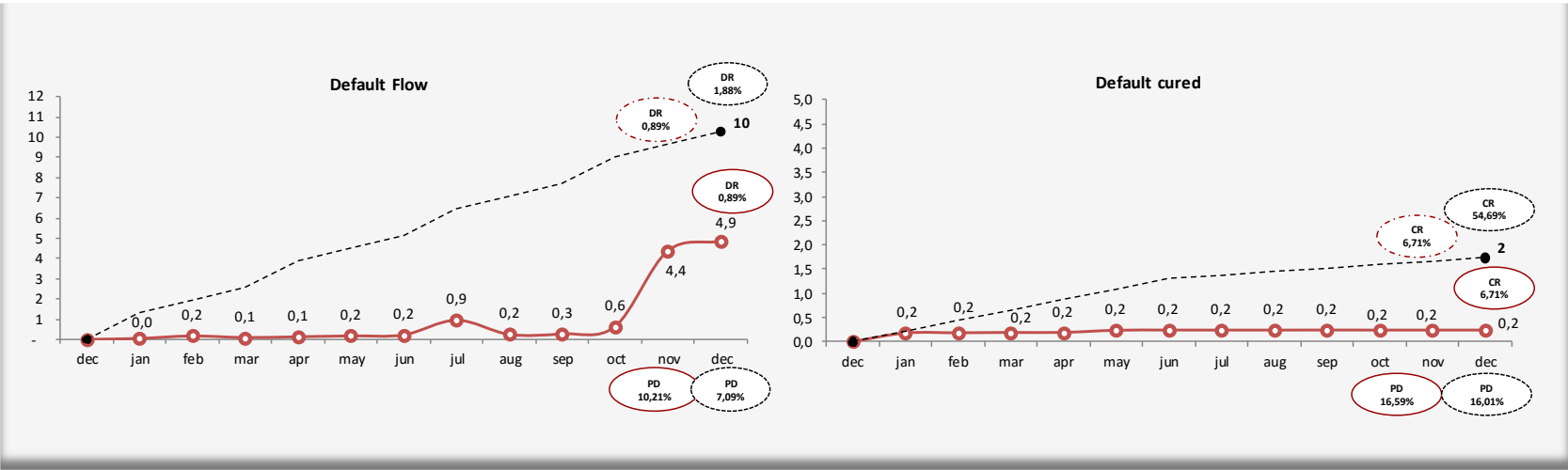
Widiba and Wealth: Cure and Default Flow (2/2)

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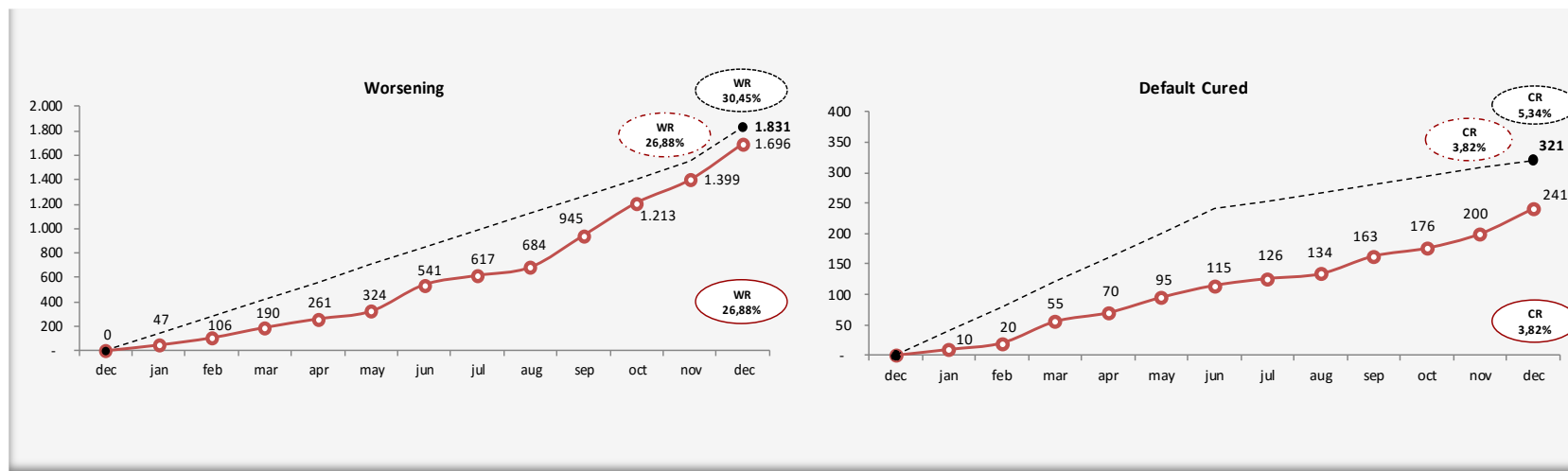
- Default flows better than the budget for both divisions and stable vs. the previous months.
- Default cured, lower than budget for both divisions and stable vs. the previous months.

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

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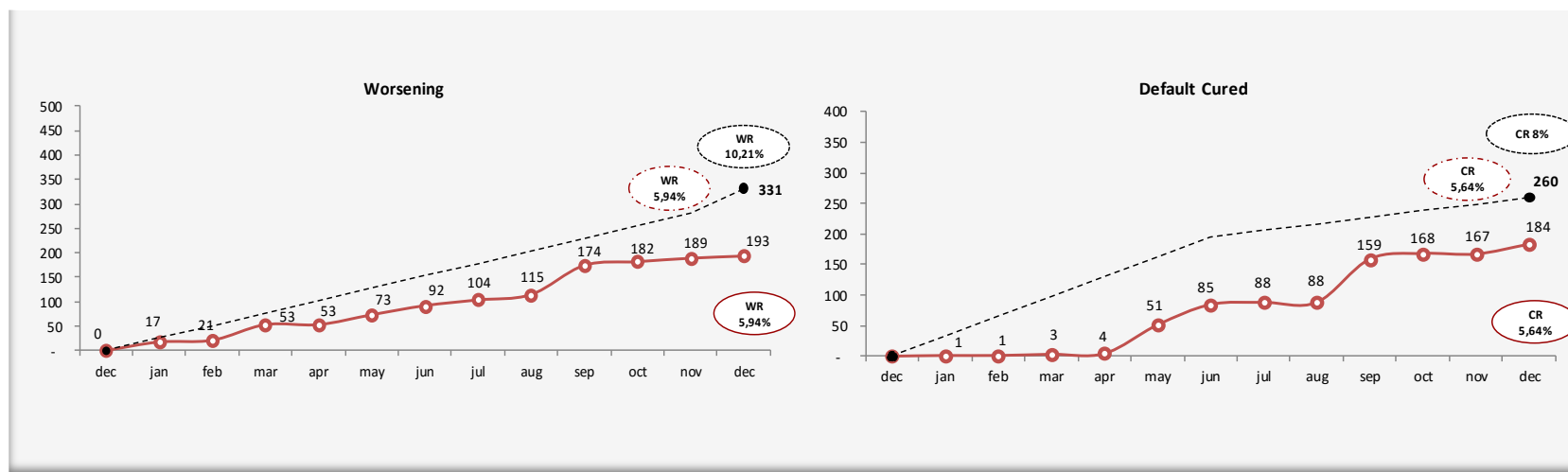


Flows from «Rischio Anomalo» and «Restructured» to Bad Loans in December lower than Budget value (€-273 mln) despite the acceleration in the last month of «Rischio Anomalo» (+€110 mln):

✓ «Rischio Anomalo» at €1.696 mln (€-135 mln vs. Budget); in December, Worsening equal to €110 mln mainly due to BAIANO HOLDING S.P.A. (€7,6 mln), MAGNA STABIAE S.P.A. (€6,8 mln) and IMMOBILIARE VIA VENETO S.A.S. (€ 5,6 mln).

✓ «Restructured» at €193 mln, €-138 mln vs. Budget.

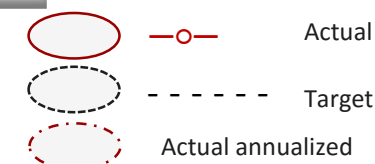
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Default Cured at €424 mln, €-156 mln vs. Budget:

✓ «Rischio Anomalo» at €241 mln, €-80 mln vs. Budget; in December, Default Cured equal to €41 mln mainly due to AUTOSTRADA PEDEMONTANA LOMBARDAS (€40 mln).

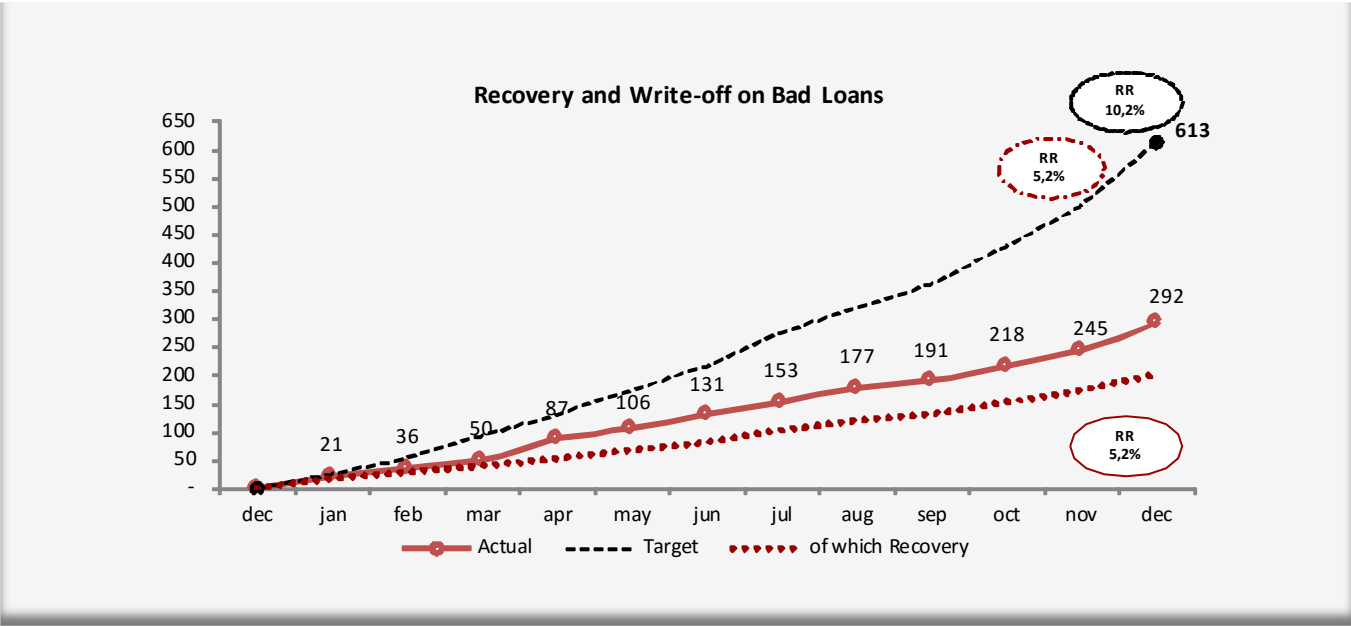
✓ «Restructured» at €184 mln, €-76 mln vs. Budget; in December, Default Cured equal to €16 mln mainly due to CENTRO GAMMA S.P.A. (€9,2 mln) and CENTRO GAMMA TERMOSANITARIA S.P.A. (€4,2 mln).



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The figures include only to on-balance exposures

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



Despite the increase in the month of December, **Recovery on bad loans** positions are significantly lower expected (-52%).

Values in €/mln

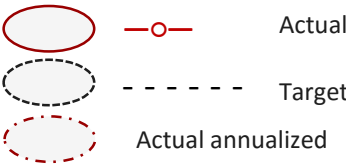
		GBV													
		Dec-17		Mar-18		Jun-18		Sep-18		Oct-18		Nov-18		Dec-18	
BAD LOANS	Without Business Plan	2.427	38%	2.600	39%	2.815	40%	3.061	40%	3.278	41%	3.434	42%	3.593	39%
	With Business Plan	3.966	62%	4.083	61%	4.240	60%	4.568	60%	4.649	59%	4.795	58%	5.570	61%
	- of which Validated	1.416	22%	1.991	30%	2.910	41%	2.978	39%	3.228	41%	3.262	40%	3.203	35%
	- of which No Validated	2.550	40%	2.092	31%	1.330*	19%	1.590	21%	1.421	18%	1.533	19%	2.367	26%
	TOTAL	6.394	100%	6.683	100%	7.055	100%	7.629	100%	7.927	100%	8.229	100%	9.162	100%

Perimeter: MPS, MPS CS, MPS LF

In December the **growing trend continues** for **not validated Business Plans** (+€834 mln) while the **validated Business Plans decrease** (-€59 mln).



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



Credit Risk Limits: CCO (1/7)

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

Risk Limits	Aggregation Level	FY17							EXPECTED SIGN	LIMITS			
			31/03/2018	30/06/2018	30/09/2018	31/10/2018	30/11/2018	31/12/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	CCO	2,13%	2,17%	2,12%	2,00%	1,97%	1,96%	1,92%	<	2,08%	2,03%	1,98%	1,93%
Average Lgd (Airb)	CCO	26,10%	26,54%	26,68%	26,60%	26,69%	26,02%	25,57%	<	26,83%	26,83%	29,57%	29,57%
Net Default Flow	CCO	2.190	304	645	1.080	1.303	1.456	1.730	<	428	855	1.283	1.710
Cured Exposures	CCO	270	180	249	293	324	339	350	>	126	252	294	336
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO	1.442	383	701	844	910	983	981	<	258	516	775	1.119
Exposures Amount (Performing)	CCO	72.262	73.444	73.900	73.342	73.094	72.600	70.559	<	74.016	73.816	73.616	73.416

As at the 31st of December 2018, it is reported the breach of the limit of the **Net Default Flow**, at €1.730 mln, increased vs. previous month by €274 mln and €20 mln higher than the cap limit of €1.710 mln as at the 31st of December 2018. The increase is mainly due to the Corporate Division (€1.012 mln as at the 31st of December 2018 vs. €809 mln as at the 30th of November 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	30/06/2018	30/09/2018	31/10/2018	30/11/2018	31/12/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	CCO Corporate	2,64%	2,73%	2,70%	2,48%	2,49%	2,47%	2,44%	<	2,58%	2,51%	2,45%	2,39%
Average Lgd (Airb)	CCO Corporate	37,54%	38,11%	38,31%	38,48%	38,58%	38,30%	38,03%	<	38,23%	38,23%	41,94%	41,94%
Net Default Flow	CCO Corporate	1.289	130	267	563	693	809	1.012	<	227	453	680	906
Cured Exposures	CCO Corporate	100	68	90	91	116	115	117	>	37	74	87	99
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Corporate	841	273	332	361	367	375	382	<	132	264	396	572
Exposures Amount (Performing)	CCO Corporate	32.853	34.074	34.488	33.837	33.568	32.989	31.236	<	33.398	33.298	33.198	33.098

□ As of the 31st of December 2018 it is confirmed the breach of the limits of the following indicators:

- ✓ **Average Pd (Airb)**, at 2,44%, down by 3 bps vs. the previous month, but however it closes above the limit (equal to 2,39% as at 31/12/2018). In December, the decrease of PD is mainly due to the improvement of Cinecittà Centro Commerciale (PD equals to 22,12% as at 30/11/2018, 9,95% as at 31/12/2018);
- ✓ **Net Default Flow**, at €1.012 mln, increased vs. previous month by €203 mln and €106 mln higher than the cap limit of €906 mln as at the 31st of December 2018.



Credit Risk Limits: Retail Division (3/7)

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

Risk Limits	Aggregation Level	FY17							EXPECTED SIGN	LIMITS			
			31/03/2018	30/06/2018	30/09/2018	31/10/2018	30/11/2018	31/12/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	CCO Retail	1,83%	1,79%	1,72%	1,68%	1,61%	1,62%	1,58%	<	1,78%	1,73%	1,69%	1,64%
Average Lgd (Airb)	CCO Retail	18,82%	18,79%	18,71%	18,55%	18,58%	17,75%	17,65%	<	19,58%	19,58%	21,52%	21,52%
Net Default Flow	CCO Retail	896	174	377	516	608	641	711	<	196	392	588	784
Cured Exposures	CCO Retail	170	111	159	201	208	224	233	>	86	173	202	230
Portfolio worsening towards UtoP / Bad Loans (flow)	CCO Retail	601	109	368	482	540	605	596	<	123	246	369	533
Exposures Amount (Performing)	CCO Retail	38.605	38.822	38.843	38.935	38.960	39.046	38.768	<	40.016	39.916	39.816	39.716

As at the 31st of December 2018, it is confirmed the breach of the limit of the **Portfolio worsening**, at €596 mln, €63 mln higher than the cap limit of €533 mln as at 2018/12/31, despite the decrease vs. previous month (-€9 mln vs. 2018/11/30).

The above mentioned breach has been authorized by the CEO of the Parent Company BMPS until the 31st of December 2018.



Credit Risk Limits: CLO (4/7)

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

Risk Limits	Aggregation Level	FY17							EXPECTED SIGN	LIMITS			
			31/03/2018	30/06/2018	30/09/2018	31/10/2018	30/11/2018	31/12/2018		mar-18	jun-18	sep-18	dec-18
Average PD (AIRB) on New Lending	CLO	1,24%	1,17%	1,13%	1,12%	1,12%	1,13%	1,12%	<	1,70%	1,70%	1,70%	1,70%
Cure Rate on UtoP Loans	CLO	4,04%	0,62%	2,13%	3,57%	3,89%	3,91%	4,82%	>	1,93%	3,86%	4,50%	5,15%
Danger Rate on UtoP Loans	CLO	24,50%	2,20%	5,55%	10,23%	12,28%	13,68%	15,76%	<	5,16%	10,33%	15,49%	22,37%
Reduction (UtoP Loans)	CLO	1.706	185	659	975	1.114	1.350	2.173	>	311	621	879	1.190
Reduction (Bad Loans)	CLO	1.231	49	131	191	218	245	292	>	83	196	330	558

❑ As of the 31st of December 2018 it is confirmed the breach of the limits of the following indicators:

- ✓ **Cure Rate on Utop Loans**, at 4,82%, increasing vs. to the previous month but still less than the limit of 5,15% of December 2018;
- ✓ **Reduction on Bad Loans**, at €292 mln, €266 mln lower than the limit of €558 mln of December 2018, despite the increase vs. previous month (+€47 mln).

The above mentioned breaches have been authorized by the CEO of the Parent Company BMPS until the 31st of December 2018.



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

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

Risk Limits	Aggregation Level	FY17							EXPECTED SIGN	LIMITS			
			31/03/2018	30/06/2018	30/09/2018	31/10/2018	30/11/2018	31/12/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	MPS CS	3,32%	3,18%	3,15%	2,86%	2,87%	2,86%	2,78%	<	3,22%	3,11%	3,01%	2,91%
Average Lgd (Airb)	MPS CS	33,38%	33,79%	34,09%	35,03%	34,97%	35,10%	34,83%	<	34,09%	34,09%	37,39%	37,39%
Average PD (AIRB) on New Lending	MPS CS	0,90%	0,96%	0,85%	0,86%	1,02%	1,02%	1,02%	<	1,82%	1,82%	1,82%	1,82%
Net Default Flow	MPS CS	170	34	71	88	120	167	210	<	50	99	149	199
Cure Rate on UtoP Loans	MPS CS	8,00%	1,43%	2,40%	3,78%	3,90%	4,09%	6,27%	>	2,34%	4,67%	5,45%	6,23%
Danger Rate on UtoP Loans	MPS CS	16,82%	0,49%	2,52%	4,34%	5,27%	5,61%	6,40%	<	4,56%	9,12%	13,69%	19,77%
Reduction (UtoP Loans)	MPS CS	453	58	204	316	332	365	616	>	64	129	182	246
Reduction (Bad Loans)	MPS CS	152	9	25	36	38	48	56	>	16	38	64	108
Exposures Amount (Performing)	MPS CS	4.435	4.504	4.398	4.518	4.503	4.501	4.377	<	4.514	4.393	4.271	4.150

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

- ✓ **Net Default Flow**, at €210 mln, increased vs. previous month by €43 mln and €11 mln higher than the cap limit of €199 mln as at the 31st of December 2018;
- ✓ **Reduction on Bad Loans**, at €56 mln, despite the increase vs. the previous month (+€9 mln), continues to be far below the floor limit of December (-€52 mln);
- ✓ **Exposure Amount (Performing)**, at €4.377 mln, despite the decrease vs. the previous month (-€123 mln), continues to be above the cap limit of December (-€227 mln).

❑ As at the 31st of December 2018, **Cure Rate on UtoP Loans** has reached the value of 6,27%, 4 bps higher than the floor limit of 6,23% as of 2018/12/31 (the increase is mainly driven by Autostrada Pedemontana Lombarda).

The above mentioned breaches, except for the limit on the Net Default Flow, have been authorized by the CEO of the Parent Company BMPS until the 31st of December 2018.



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

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

Risk Limits	Aggregation Level	FY17							EXPECTED SIGN	LIMITS			
			31/03/2018	30/06/2018	30/09/2018	31/10/2018	30/11/2018	31/12/2018		mar-18	jun-18	sep-18	dec-18
Average Pd (Airb)	MPS LF	2,68%	2,74%	2,82%	2,84%	2,71%	2,67%	2,59%	<	2,68%	2,60%	2,51%	2,42%
Average Lgd (Airb)	MPS LF	32,23%	32,00%	32,28%	32,42%	32,42%	32,40%	32,46%	<	33,09%	33,09%	36,87%	36,87%
Average PD (AIRB) on New Lending	MPS LF	1,11%	1,12%	1,12%	1,11%	1,12%	1,11%	1,07%	<	1,70%	1,70%	1,70%	1,70%
Net Default Flow	MPS LF	117	12	38	44	59	51	61	<	26	52	79	105
Cure Rate on UtoP Loans	MPS LF	3,16%	0,91%	2,42%	4,14%	5,10%	4,97%	5,00%	>	1,56%	3,13%	3,65%	4,17%
Danger Rate on UtoP Loans	MPS LF	23,49%	0,89%	2,96%	5,97%	8,50%	9,49%	12,24%	<	4,54%	9,09%	13,63%	19,69%
Exposures Amount (Performing)	MPS LF	3.745	3.643	3.681	3.684	3.554	3.645	3.833	<	3.869	3.854	3.839	3.819

□ As at the 31st of December 2018, it is reported the breach of the limits of the following indicators:

- ✓ **Average Pd (Airb)**, at 2,59%, down by 8 bps vs. the previous month, but however it closes above the limit (equal to 2,42% as at 31/12/2018). In December, the decrease of PD is mainly due to the improvement of Immobiliare Logistica S.p.A. (PD equals to 16,03% as at 30/11/2018, 3,99% as at 31/12/2018);
- ✓ **Exposure Amount (Performing)**, at €3.833 mln, increased vs. previous month by €188 mln and €14 mln higher than the cap limit of €3.819 mln as at the 31st of December 2018.

Only the breach on **Average Pd (Airb)** has been authorized by the CEO of the Parent Company BMPS until the 31st of December 2018.



Credit Risk Limits: Widiba (7/7)

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

Risk Limits	Aggregation Level	FY17	31/03/2018	30/06/2018	30/09/2018	31/10/2018	30/11/2018	31/12/2018	EXPECTED SIGN	LIMITS			
										mar-18	jun-18	sep-18	dec-18
Net Default Flow	WIDIBA	0,8	0,3	0,8	1,0	1,5	1,5	1,5	<	1,4	2,8	4,3	5,7
Average PD (AIRB) on New Lending	WIDIBA	1,08%	1,77%	1,31%	1,00%	0,77%	0,78%	0,79%	<	1,73%	1,73%	1,73%	1,73%
Exposures Amount (Performing)	WIDIBA	241	297	341	391	447	471	492	<	432	432	432	432

As at the 31st of December 2018, it is confirmed the breach of the limit on **Exposures Amount (Performing)**. The breach is mainly due to the execution, occurred in October, of the second wave of the operation approved on June 30th 2017 by the Board of Directors of the Parent Company Banca MPS, aiming to reallocate banking contracts referring to a selected range of retail customers from Banca MPS to Banca Widiba. This second wave involved, *inter alia*, 280 customers with loans for a total amount of approximately € 29 million.



Forborne: Performing (1/2)

Values in €/mln	GBV Performing by Rating						
	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18
A	5	4	6	6	6	6	6
B	59	23	61	54	120	84	107
C	922	1.015	906	924	938	861	845
D	936	918	871	908	854	911	848
E	426	486	459	368	293	301	295
NR	34	35	23	21	27	26	31
TOTAL	2.381	2.481	2.326	2.281	2.238	2.189	2.132

- As at the 31st of December 2018, the **Forborne Performing** decreasing trend continues, -€57 mln vs. the previous month mainly on the rating class D and -€249 mln vs. the end of the previous year mainly on the rating classe E.
- Forborne past due for more than 30 days** up by €21 mln vs. November, mainly due to good positions with entry date in forborne between 12-24 months and to bad positions with entry date in forborne over 12 months.

Values in €/mln	GBV Performing by Vintage														Change			
	Dec-17		Mar-18		Jun-18		Sep-18		Oct-18		Nov-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	1.339	50	1.292	30	1.256	36	1.176	47	-80	11	-426	-94
0-12	795	69	822	50	833	16	721	27	680	15	671	23	577	21	-94	-2	-218	-48
12-24	543	47	624	45	557	17	475	16	481	9	455	9	451	20	-4	11	-92	-27
24-36	119	11	96	4	62	3	41	2	37	2	43	1	69	2	26	1	-50	-9
over 36	144	14	126	16	114	7	102	5	94	4	87	3	79	4	-8	1	-65	-10
Bad, of which:	780	33	812	28	758	14	942	11	946	12	933	15	956	25	23	10	176	-8
0-12	139	7	156	5	127	1	194	2	171	3	147	7	109	3	-38	-4	-30	-4
12-24	283	12	303	13	271	7	383	3	392	3	405	4	427	11	22	7	144	-1
24-36	197	6	169	4	183	2	194	3	210	4	211	2	235	7	24	5	38	1
over 36	162	7	184	6	177	4	171	3	173	2	170	2	185	4	15	2	23	-3
TOTAL	2.381	174	2.480	143	2.324	57	2.281	61	2.238	42	2.189	51	2.132	72	-57	21	-249	-102



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	5.699,0
	Cure Rate	1,44%	1,93%	2,69%	2,99%	2,85%
	Danger Rate	6,50%	1,36%	2,51%	3,09%	3,98%
	Exposures Reduction on open positions	-3,30%	-1,92%	-1,84%	-1,23%	-4,53%
	Exposures Reduction on closed positions	-1,63%	-0,78%	-2,00%	-1,79%	-6,97%
UTOP NO FORBORNE	Initial Stock	5.348,1	5.028,0	4.617,0	4.273,0	3.745,0
	Cure Rate	0,28%	0,47%	0,70%	0,64%	0,49%
	Danger Rate	14,35%	4,53%	6,08%	6,98%	14,83%
	Exposures Reduction on open positions	-0,20%	-2,04%	-0,27%	-0,37%	-1,93%
	Exposures Reduction on closed positions	-1,28%	-1,80%	-5,12%	-4,19%	-7,89%
Forborne/Total		56,74%	56,62%	57,92%	58,01%	60,35%
No Forborne/Total		43,26%	43,38%	42,08%	41,99%	39,65%

Quarterly report

❑ **Utop Forborne** down by €205 mln, mainly due to the exposure reduction on open and closed positions.

❑ **Total non performing Forborne past due for more than 30 days** down by €200 mln vs. November, mainly due the positions with one concession and with entry date in forborne over 36 months.

Values in €/mln	GBV Non-Performing by Vintage														Change			
	Dec-17		Mar-18		Jun-18		Sep-18		Oct-18		Nov-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	4.108	2.016	4.017	1.897	3.963	1.894	3.328	1.688	-635	-206	-1.213	-767
0-12	736	131	968	117	737	111	705	138	694	122	700	140	455	153	-245	13	-281	22
12-24	540	202	548	225	918	337	836	268	824	295	844	280	802	198	-42	-82	262	-4
24-36	1.051	566	776	439	596	256	592	240	524	212	483	235	437	267	-46	32	-614	-299
over 36	2.213	1.557	2.094	1.568	2.089	1.455	1.975	1.370	1.975	1.268	1.936	1.239	1.634	1.070	-302	-169	-579	-487
Two or more concessions, of which	1.494	454	1.583	470	1.172	575	1.161	522	1.120	494	1.133	477	1.091	483	-42	6	-403	29
0-12	678	202	577	109	448	97	363	84	363	91	416	81	431	121	15	40	-247	-81
12-24	442	213	613	299	364	171	375	159	343	159	339	159	262	126	-77	-33	-180	-87
24-36	338	35	357	56	91	59	151	76	161	80	163	82	146	83	-17	1	-192	48
over 36	37	4	37	6	269	248	272	203	253	164	215	155	252	153	37	-2	215	149
TOTAL	6.035	2.909	5.970	2.818	5.512	2.734	5.269	2.538	5.137	2.391	5.096	2.371	4.419	2.171	-677	-200	-1.616	-738



Watchlist (only Past Due days)

Values in €/mln	EXPOSURE PERFORMING													
	Dec-17		Mar-18		Jun-18		Sep-18		Oct-18		Nov-18		Dec-18	
Non Past Due	74.462	97,5%	74.986	97,0%	79.915	97,9%	78.743	97,8%	77.974	97,8%	79.136	98,0%	79.835	98%
Past due 1 day	295	0,4%	763	1,0%	600	0,7%	482	0,6%	568	0,7%	515	0,6%	502	1%
Past due 30 days	606	0,8%	678	0,9%	506	0,6%	544	0,7%	633	0,8%	450	0,6%	240	0%
Past Due 60 days	205	0,3%	240	0,3%	144	0,2%	146	0,2%	105	0,1%	236	0,3%	307	0%
Past Due 90 days	362	0,5%	340	0,4%	115	0,1%	296	0,4%	100	0,1%	58	0,1%	136	0%
Past due >90 days	428	0,6%	335	0,4%	338	0,4%	310	0,4%	384	0,5%	346	0,4%	271	0%
TOTAL	76.358	100,0%	77.342	100,0%	81.618	100%	80.521	100%	79.764	100%	80.741	100%	81.291	100%
<i>of which Forborne</i>	2.381		2.480		2.325		2.281		2.238		2.189		2.132	

In December, net decrease of past due by €149 mln .



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	Oct-18	Nov-18	Dec-18	ytd	
PERFORMING PORTFOLIO	Stage 1	Volumes	61.256	61.204	62.795	64.597	62.919	61.677	63.639	65.870	67.273	68.091	n.a.	n.a.
Beginning of year stock (dic -17): 82.796		Volumes Net Bankit	59.434	59.623	59.877	60.820	60.385	59.685	60.095	62.975	62.951	61.583	n.a.	n.a.
		Cost	-40,9	-47,4	-54,1	-64,3	-69,7	-77,8	-80,8	-118,4	-129,2	-129,6	n.a.	n.a.
	Stage 2	Volumes	17.543	17.316	16.961	16.465	16.224	16.370	16.164	13.104	12.718	12.412	n.a.	n.a.
Cost		28,0	36,2	27,6	32,8	32,3	37,5	38,7	-6,4	-40,2	-39,4	n.a.	n.a.	
Stock at te reporting date: 82.230	Total Performing Portfolio *	Volumes*	76.976	76.939	76.837	77.285	76.609	76.055	76.259	76.079	75.669	73.995	75.689	1.694
		Cost	-12,9	-11,2	-26,5	-31,5	-37,4	-40,3	-42,0	-124,8	-169,4	-169,1	-57,8	111,3
	Net default flow (from PE to NPE)	Volumes	304	474	558	645	731	793	1.084	1.306	1.456	1.727	1.649	-78
Cost		69,3	108,6	132,3	167,5	190,0	213,4	299,9	363,5	429,4	557,1	441,8	-115,3	
	Sub Total Cost of Performing Portfolio		56,4	97,5	105,8	136,1	152,5	173,1	257,8	238,7	260,0	388,1	384,0	-4,0
DEFAULT	Cure of default (from NPE to PE)	Volumes	245	285	408	473	507	524	661	725	742	905	990	85
Beginning of year stock (dic -17): 21.332		Cost	-52,3	-62,4	-88,5	-102,4	-110,2	-117,0	-139,4	-149,7	-154,6	-172,8	-194,5	-21,7
	Worsening	Volumes	640	857	968	1.357	1.477	1.576	1.972	2.207	2.437	2.551	3.266	715
		Cost	74,5	87,1	88,2	127,7	139,4	144,1	207,4	246,2	263,2	271,5	579,3	307,7
Stock at te reporting date: 17.772	Improvements	Volumes	11	13	18	96	97	95	96	94	92	106	0	-106
		Cost	-2,0	-1,1	-1,5	-6,4	-1,7	-2,0	-2,9	-7,5	-5,3	-7,5	0,0	7,5
	Stable	Volumes	20.301	19.888	19.632	18.743	18.262	18.077	17.467	17.045	16.645	13.388	11.754	-1.633
Cost		50,2	64,7	69,0	84,0	90,4	82,3	44,4	100,7	84,9	173,9	-4,2	-178,1	
	of which bad loans	Volumes	9.281	9.253	9.250	9.157	9.099	9.094	9.097	9.087	9.091	7.027	5.515	-1.511
		Cost	-8,9	-1,5	-1,5	22,3	32,4	26,4	27,8	69,1	44,2	48,4	27,6	-20,8
	of which other default	Volumes	11.020	10.635	10.382	9.587	9.162	8.983	8.370	7.957	7.553	6.361	6.239	-122
Cost		59,0	66,2	70,5	61,7	58,0	55,9	16,6	31,6	40,7	125,4	-31,8	-157,3	
	Sub Total Cost of Non-Performing		70,4	88,3	67,3	103,0	117,9	107,4	109,4	189,7	188,1	265,1	380,5	115,5
	TOTAL COST		126,8	185,8	173,1	239,1	270,4	280,5	367,3	428,3	448,2	653,1	764,6	111,4
KPI**	% default flow		1,47%	1,53%	1,54%	1,56%	1,41%	1,39%	1,75%	1,80%	1,88%	2,09%	1,99%	-0,09%
	% default flow coverage		28,42%	27,91%	28,82%	31,22%	31,39%	32,26%	32,36%	32,73%	34,13%	36,65%	30,06%	-6,59%
	% cure rate		5,43%	4,73%	5,43%	5,24%	5,32%	5,23%	6,28%	6,57%	6,43%	7,52%	8,15%	0,63%
	% flow to bad loans from other Npe categories		10,29%	10,52%	10,27%	13,46%	12,93%	12,42%	15,22%	16,39%	16,68%	15,57%	21,58%	6,01%

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 YtD		Delta volumes from bdg	
		2017		Mar-18		Jun-18		Sep-18		Oct-18		Nov-18		Dec-18					
		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%	3.998	1,27%	4.659	1,26%	5.115	1,26%	5.503	1,26%	5.250	1,68%	253	4,8%
	Overhauling	-268	9,38%	-11	8,95%	-72	9,11%	-119	9,06%	-127	9,08%	-147	9,05%	-176	9,03%	-191	10,50%	15	-8,0%
	Repayment	-5.092	2,00%	-1.014	1,92%	-2.123	1,81%	-3.422	1,80%	-4.009	1,75%	-4.346	1,73%	-4.906	1,71%	-4.071	1,98%	-835	20,5%
Div. CORPORATE	Strengthening	2.142	1,16%	2.114	1,03%	3.363	1,02%	4.188	1,04%	4.335	1,04%	4.127	1,05%	3.357	1,05%	4.744	1,62%	-1.387	-29,2%
	Overhauling	-493	10,79%	-62	10,28%	-117	10,48%	-185	9,72%	-201	9,90%	-243	9,81%	-284	9,74%	-309	9,95%	24	-7,9%
	Repayment	-4.137	2,78%	-682	2,97%	-1.505	3,82%	-2.621	3,22%	-3.055	3,10%	-3.193	3,08%	-4.186	2,74%	-4.436	3,01%	250	-5,6%
Div. WEALTH MANAGEMENT	Strengthening	38	1,01%	-1	1,15%	33	1,08%	46	1,04%	51	1,05%	54	1,04%	53	1,05%	100	0,92%	-47	-47,2%
	Overhauling	-9	6,76%	-1	8,22%	3	7,46%	0	7,23%	0	7,00%	-3	6,89%	-4	7,17%	-10	8,47%	6	-61,1%
	Repayment	-57	1,06%	-16	0,70%	-28	0,95%	-40	1,00%	-50	0,97%	-53	0,97%	-59	0,98%	-51	0,99%	-8	15,7%
WIDIBA	Strengthening	202	1,08%	61	1,77%	113	1,31%	169	1,00%	229	0,77%	251	0,78%	275	0,79%	211	1,53%	65	30,7%
	Overhauling	4	7,40%	-2	8,40%	-3	11,22%	-3	11,28%	-2	11,38%	-2	11,58%	-2	11,36%	-2	9,70%	0	-7,4%
	Repayment	-6	1,42%	-3	1,08%	-10	0,78%	-16	0,68%	-20	0,64%	-24	0,63%	-27	0,62%	-20	1,58%	-7	37,2%
TOTAL	Strengthening	5.696	1,24%	3.364	1,17%	6.000	1,13%	8.401	1,12%	9.275	1,12%	9.547	1,13%	9.188	1,12%	10.305	1,64%	-1.117	-10,8%
	Overhauling	-766	10,05%	-76	9,58%	-189	9,75%	-307	9,38%	-330	9,49%	-395	9,42%	-466	9,39%	-512	10,13%	46	-9,0%
	Repayment	-9.291	2,34%	-1.716	2,33%	-3.665	2,63%	-6.100	2,40%	-7.134	2,32%	-7.617	2,29%	-9.178	2,17%	-8.578	2,51%	-600	7,0%

Retail = Valore, Premium e Small Business
Corporate = PMI, Enti, Corporate Top, Grandi Gruppi, Filiali Estere, MPS CS e MLS LF
Wealth Management = Private e Private Top

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

❑ **Total strengthening flow lower than the budget** (€-1.117 mln) entirely due to the Corporate Division which, following a reduction in loans, in the month of December, recorded a value equal to €-771 mln (€-563 mln vs. the previous month) closing significantly under the budget (€-1.387 mln). The Retail Division, although decreasing by €68 mln vs. the previous month, closed above the budget (€+253 mln).

❑ **Total overhauling flows lower than the budget** (-9%), mainly due to the Corporate Division (€+24 mln) and Retail Division (€+15 mln).



Dynamic «Sofferenze Allargate»

		GROUP MPS - "SOFFERENZE ALLARGATE"*										
Values in €/mln		Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	ΔMtD	ΔYtD
CLASSIFICATION	Performing	104	114	100	109	117	117	96	100		4,4%	-3,9%
	UtoP Network	366	328	381	359	361	322	306	299		-2,5%	-18,5%
	UtoP and Restructured	1.388	1.351	1.338	1.281	1.272	1.167	1.075	1.061		-1,3%	-23,5%
	TOTAL	1.858	1.793	1.818	1.749	1.750	1.607	1.477	1.460		-1,2%	-21,4%

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

- ❑ The decreasing trend of “Sofferenze Allargate” has been continuing in November (last data available at the date of the report) by -€17 mln vs. October.

		GROUP MPS - "SOFFERENZE ALLARGATE"*										
Values in €/mln		Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	ΔMtD	ΔYtD
Share current accounts group on net system group	up to 25%	390	384	448	429	428	372	343	343		0,1%	-12,1%
	25%-50%	423	363	462	443	444	391	251	252		0,2%	-40,4%
	50%-75%	157	144	142	133	145	136	245	232		-5,2%	47,8%
	over 75%	888	902	766	743	734	707	638	632		-0,9%	-28,8%
	TOTAL	1.859	1.793	1.818	1.749	1.750	1.607	1.477	1.460		-1,2%	-21,5%

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

- ❑ It is observed a decrease in absolute terms mainly on the 50%-75% class.

		Share current accounts group on net system group up to 25%										
Values in €/mln		Dec-17	Mar-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	ΔMtD	ΔYtD
Share bad loans on current accounts net system group	up to 25%	200	207	268	268	254	207	206	200		-2,5%	0,4%
	25%-50%	59	51	60	52	61	71	55	65		17,2%	8,6%
	50%-75%	28	23	24	24	27	25	24	17		-27,6%	-37,6%
	over 75%	104	104	96	85	86	70	59	61		4,4%	-41,0%
	TOTAL	390	384	448	429	428	372	343	343		0,1%	-12,1%

- ❑ The “Sofferenze Allargate” of the positions where the Group has a low market power (share of wallet up to 25%) remains stable vs. October.



Open Gaps

Scope	Mitigation	Expiry Date	Work Progress Status - 31/12/18	Risk Highlighted	Owner/Relevance
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
CRM Process Monitoring of collection times for guarantees.	Implementation of adequate monitoring and reports of collection times for guarantees (gap RM_2015_00013).	31/12/2019 	60% 	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).	31/12/2019 	50% 	Greater recovery times, losses in P&L and increase in RWA for higher LGD.	CLO - ACPG High



