Banca Monte dei Paschi di Siena

Una storia italiana dal 1472

FY and 4Q15 GMPS Results

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CEO & General Manager

5th February 2016

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

Executive Summary

Profitability highlights	➢ **Net profit for the year at EUR 388mln**, including the effect of the restatement of the Alexandria transaction, equal to EUR 500mln. Excluding the restatement, net loss of EUR 112mln, affected by extraordinary items, including EUR 88mln (post tax) due to one-off contribution to SRF* ➢ **Pre provision profit** at ca. EUR 1,873mln, **up c. 27% vs. 2014** (excluding the restatement of Alexandria transaction), supported by the positive performance in the core banking business. Significant increase in pre provision profit achieved despite the reduction in total assets: pre provision profit/average total assets** of 1.1%, up from 0.8% in 2014
Non core unit results	➢ **First positive results of non core unit: reduced stock of gross and net NPEs**, with coverage ratios at 48.5%, substantially stable vs. September 2015 and confirming BMPS's best-in-class positioning in the Italian banking system ➢ **Gross NPEs down EUR 0.6bn in 4Q15**, driven by the slowdown in gross NPEs inflows, a more effective recovery activity and the EUR 1bn bad loans disposal completed in December 2015
Capital Position	➢ **Solid CET1 transitional at 12.0% (fully loaded at 11.7%)** substantially stable versus September 2015 and comfortably above the regulatory requirement
Balance Sheet and Liquidity	➢ **Strong liquidity position, with unencumbered counterbalancing capacity at EUR 23.9bn**, the highest level in the last 4 years. Current accounts and time deposits at EUR 68.9bn (+7.4% YoY) ➢ LCR 222% as at Dec-15 ➢ Liquidity adequate to absorb pressure in direct funding related to recent market turmoil

*Single Resolution Fund
**Including the effect of the restatement of the Alexandria transaction, pre provision profit/average total assets of 1.5%, up from 0.7% in 2014

2015FY and 4Q15 Performance

P&L (€/m)	Alexandria as CDS derivative (with restatement)			Alexandria as long term repo (without restatement)			Alexandria as long term repo (without restatement)		
	2014YE	2015YE	Change (%)	2014YE	2015YE	Change (%)	3Q 2015	4Q 2015	Change (%)
Net interest income	2,142	2,259	5.4%	2,163	2,281	*5.4%*	568	541	*-4.8%*
Net F&C income	1,698	1,810	6.6%	1,698	1,810	*6.6%*	431	452	*4.7%*
Total revenues	4,151	5,216	25.7%	4,232	4,502	*6.4%*	957	1,118	*16.7%*
Operating costs	-2,755	-2,629	-4.6%	-2,755	-2,629	*-4.6%*	-656	-662	*0.8%*
Pre provisions profit	1,396	2,587	85.4%	1,477	1,873	*26.8%*	301	456	*51.4%*
Loan loss provisions	-7,821	-1,991	*n.m.*	-7,821	-1,991	*n.m.*	-430	-577	*34.3%*
Net income (loss)	-5,399	388	*n.m.*	-5,343	-112	*n.m.*	-109	-197	*n.m.*

Balance sheet (€/m)									
Loans to customers	119,676	111,366	-6.9%	119,676	111,366	*-6.9%*	112,513	111,366	*-1%*
Direct Funding	122,870	119,275	-2.9%	126,224	119,275	*-5.5%*	122,717	119,275	*-2.8%*
Total Assets	179,918	169,012	-6.1%	183,444	169,088	*-7.8%*	170,126	169,088	*-0.6%*

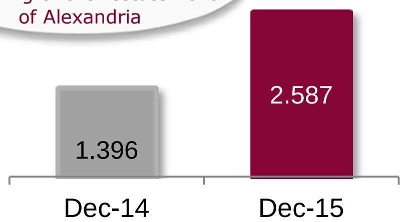
Key ratios (%)									
CET phased-in	8.5%	12.0%		8.7%	12.2%		12.0%	12.2%	
CET fully-loaded	*n.a.*	11.7%		*n.a.*	11.7%		11.7%	11.7%	

In accordance with IAS 8 (accounting policies, changes in accounting estimates and errors), figures prior to 31/12/15 were restated in order to account for the different classification of the so-called “Alexandria” transaction. Such different classification, as requested by Consob, is referred to the accounting of the transaction as a CDS derivative instead of a long term repo, as it was represented in the previous financial accounts and until the unwinding of such transaction completed in September 2015

Pre Provision Profit

Pre Provision Profit *(€/mln)*

+85.4%
Including the impact on trading of the restatement of Alexandria

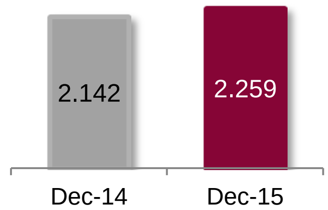


Alexandria as «long term repo» **1,477** **1,873** **+26.8%**

Net Interest Income *(€/mln)*

-1.3% net of the cost related to NFIs price adjustment

+5.4%

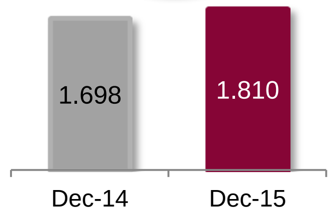


Main drivers:

- NFIs full reimbursement
- Cost of funding optimization partially offset asset spread reduction
- Lower contribution of AFS portfolio due to its optimization

Net Fees *(€/mln)*

+6.6%

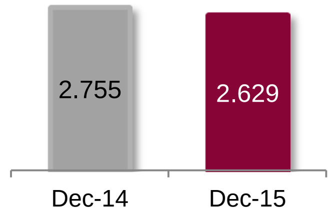


Main drivers:

- Strong commercial productivity
- Higher WM component (+16.2% YoY), in terms of both placement (+17.5% YoY) and continuing (+17.8% YoY)

Operating Costs *(€/mln)*

-4.6%

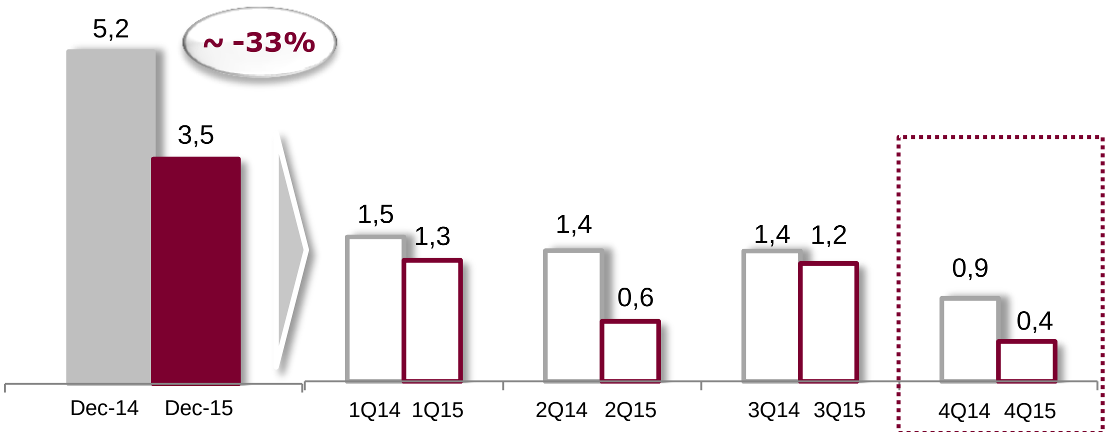


Main drivers:

- Personnel cost (-3.3% YoY), mainly thanks to headcount reduction (-1,425 exits between end 2014 and beginning 2015)
- Cost containment actions especially in real estate and logistics (Admin. exp. -5.6% YoY)

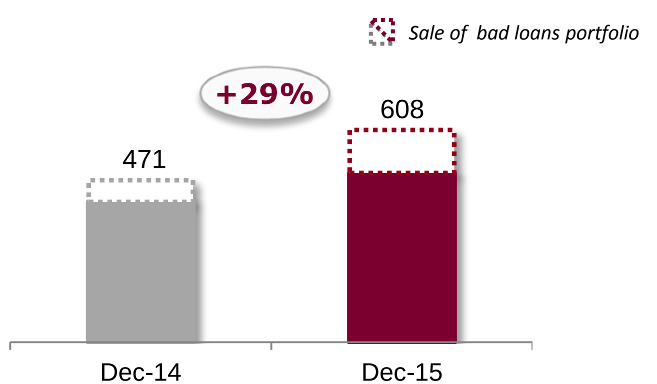
Reduction in gross and net NPEs

Inflows of gross NPEs* *(Delta stock €/bn)*



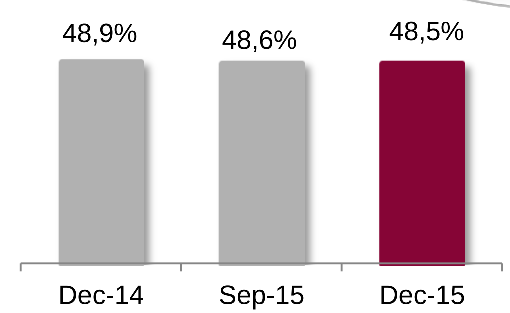
- Inflows of gross NPEs down by EUR 0.4bn (EUR 1.2bn in 3Q15) at the lowest level in the last 8 quarters
- Including EUR 1bn bad loans disposal concluded in Dec 2015, delta stock of gross NPEs is negative by EUR 0.6bn
- Net NPEs stock down by EUR 0.2bn QoQ

Increase in recovery of bad loans** *(€/mln)*



Stable NPEs coverage *(%)*

Stable NPEs coverage despite **EUR 2bn bad loans disposals** with high coverage

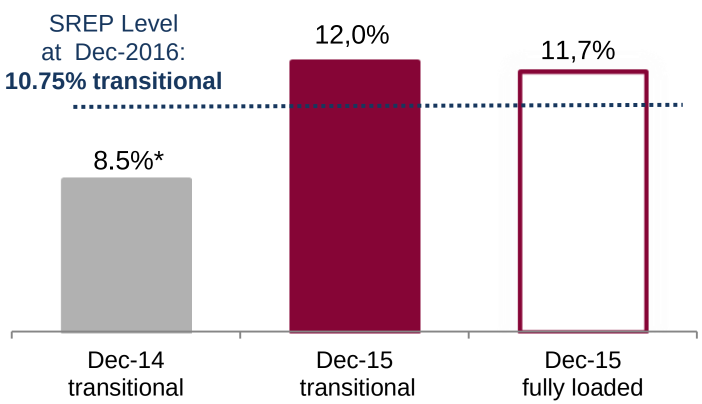


*2014 figures net of AQR effects; figures exclude effect of bad loans disposal

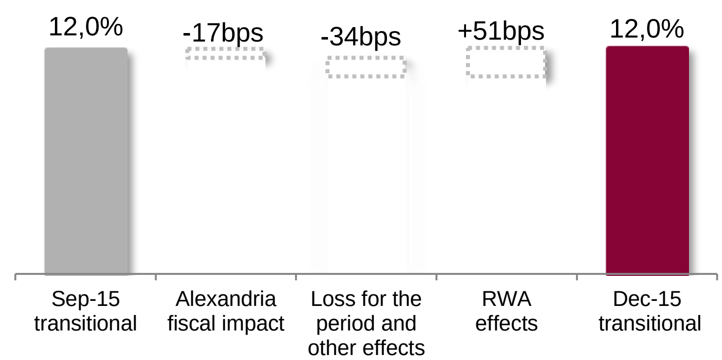
** Figures from operational data management system (Planning Area and Risk Management)

CET1 ratio 12% transitional (11.7% fully loaded)

CET 1 ratio

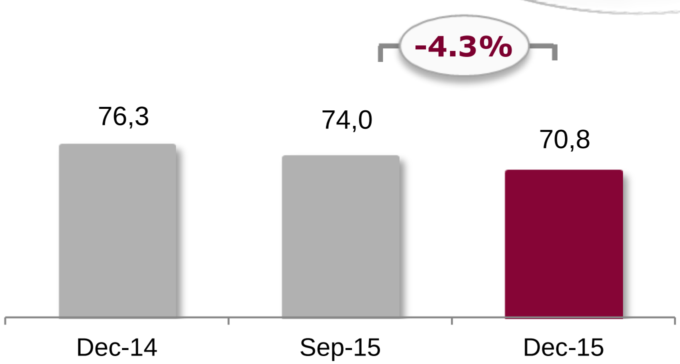


CET 1 ratio transitional

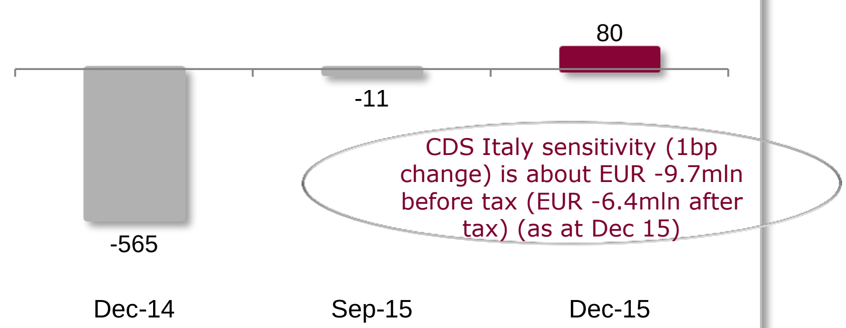


RWAs over time *(€/bn)*

Reduction of customer loans and market risks



AFS Reserve** *(€/mln)*

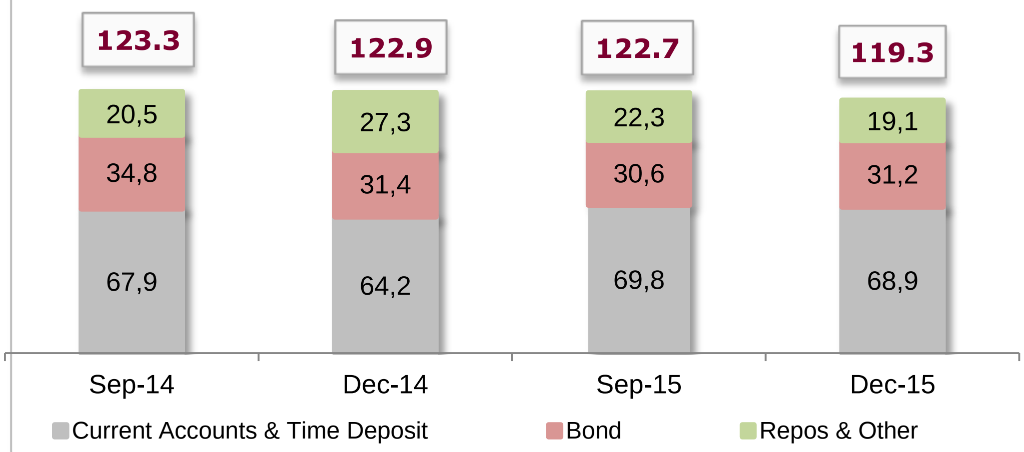


*Restated figure

**Accounting figures on Italian Government Bonds. Figures (without restatment) from operational data management system

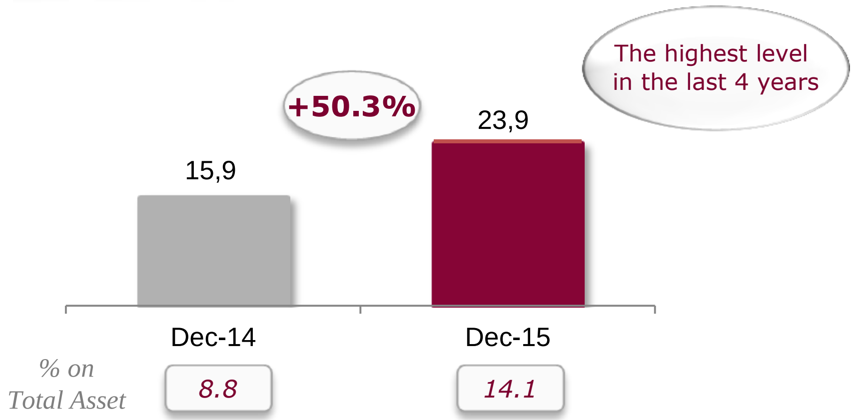
Funding & liquidity

Direct Funding *(€/bn)*



- Direct funding mainly impacted by the decrease in repos with institutional counterparties (from EUR 17.8bn to EUR 10.6bn), also due to the disposal of Italian Government bonds
- Retail banking +2.6% YoY and corporate banking +4.9% YoY
- NSFR: ~100% (~100 % in Q3 2015)
- LCR: 222% (193% in Q3 2015)

Unencumbered counterbalancing capacity *(€/bn)*



- Liquidity position was extremely robust at Dec-15, above targets and able to withstand the liquidity outflows
- The liquidity position, although lower than year-end, remains on comfortable levels

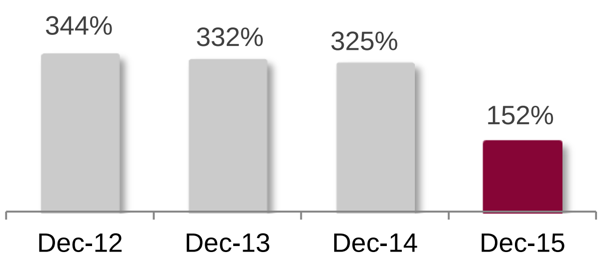
MPS track-record: key results achieved since 2011*

Balance Sheet	Downsized derisked	❑ **Total assets** down ~EUR 72bn ❑ **Italian Govies**** from EUR 26bn in 2011 to EUR 18.4bn in 2015; Duration from 6.6Y in 2012 to 4.2Y in 2015 ❑ **Positive AFS reserve on Italian Govies** (EUR 0.1bn as at Dec-15 from EUR -4.2bn as at Dec-11) ❑ **Full goodwill write-off**
Liquidity	Strengthened	❑ **Full LTRO reimbursement** ❑ Reimbursement of EUR 6.5bn Government guaranteed bonds expired in 1Q2015 ❑ Funding from ECB only related to TLTRO
Non core unit	Ongoing	❑ **NPEs reduction**, with a dedicated team and identified targets in terms of recovery and cure rates ❑ **Increase coverage on total NPEs** from 41% to 48.5% and on Bad loans from 55% to 63.4%, at best-in-class levels ❑ Total loan loss losses in 2012-2015 of EUR 15.2bn
Capital	Secured	❑ Completion of EUR 5bn **capital increase** in 2014 and of EUR 3bn in 2015 ❑ **Fully reimbursed NFIs** (EUR 3bn in 2014 and EUR 1.1bn in Jun-15)
Network	Rationalized	❑ **Closure of 660 domestic branches** (currently 2,133 branches)
Efficiency	Improved	❑ **Operating costs**: reduced by ca. EUR 800mln
Commercial productivity	Enhanced	❑ Revenues/Total assets at 3.1% in Dec-15 vs. 2.2% in Dec-11 ❑ Wealth management stock increased by 23% vs. Dec-11 ❑ Fees/FTE increased by 21% from Dec-11 to Dec-15

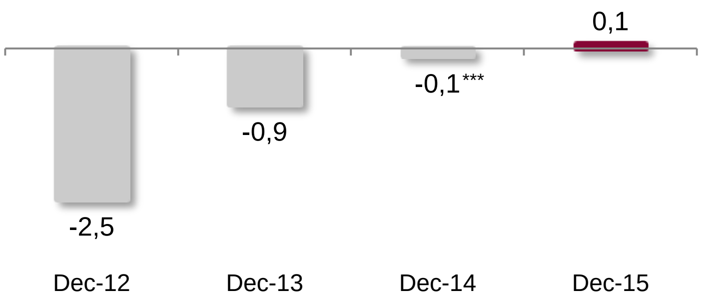
*2011 excluding Biverbanca. Source: 2012 Financial Report
**Nominal Value

MPS track-record in AFS downsizing and derisking

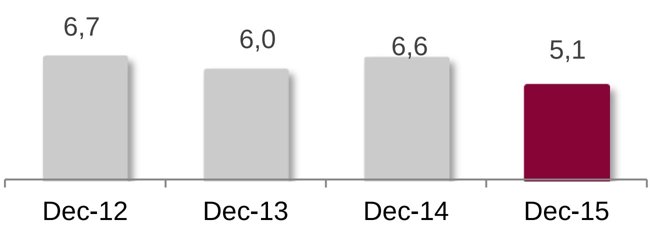
Govies AFS Portfolio*/Net Equity *(%)*



AFS Reserve** *(€/bn)*



Govies AFS portfolio avg. duration *(Years)*



- **Proved track record in downsizing and derisking, fully benefiting from improving market conditions**
- Positive AFS reserve of approx. EUR 80mln (negative EUR 4.2bn as at Dec-11)
- Closing of Santorini and Alexandria transactions
- Capital gain realized with portfolio optimization: EUR 281mln in 2015 (EUR 199mln in 2014)

*Nominal Value
**Accounting figures on Italian Government Bonds
***Restated data (AFS reserve net of Alexandria impact)

Set up of a non core unit

- Assets included in non core unit: total NPEs of EUR 40.4bn, of which EUR 26.6bn of bad loans, EUR 13.8bn of unlikely to pay (ca. 79% of total) and new inflows
- ~ #700 FTE allocated to bad loans and unlikely to pay
- Clear targets and KPI assigned in terms of recovery and cure rates
- Process reorganization, strengthening of the operating model
- Dedicated IT system to support credit processes and risk management

- Single centre of excellence with expertise in recovery and cure rate and assets disposal
- Maximize recovery and cure rate
- Streamlining efficiency also by strengthening the specialization level
- Reinforcing monitoring and default detection processes

Focus on higher value positions

- Outsourcing the management of small-ticket positions
  - Outsourcing of about 82,000 bad loans, approx. 70% of the total positions, representing just about 12% of the total under management
  - Selected segments and substandard loans outsourced

- **Increase in recovery and cure rates** ✓

Bad loans disposals

- Multiannual structured program to dispose of portfolios, of which ~EUR 5.5bn to be realized between 2015 and 2018

- **Successfully disposed EUR 2bn** of bad loans in 2015 ✓

REOCO

- Further intensify the use of REOCOs to favour competitive bidding and maximizing sale price of mortgaged real estate collaterals

- **First acquisitions** on selective residential and commercial real estates ✓

Figures from operational data management system

Further actions to address bad loans ("sofferenze")

1 **Today the Board of Directors has decided to consider further initiatives to accelerate and increase bad loans disposal above Business Plan targets, within BMPS capital targets**

2 **The Board of Directors has decided to initiate a process to optimize the recovery of bad loans, through a partnership with a specialized operator, leveraging on the partner's best practice in terms of bad loans management**

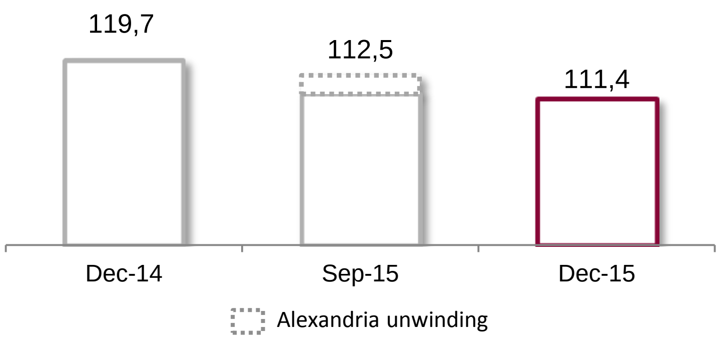
- Long term servicing agreement for the management of outstanding MPS Group bad loans and future inflows
- Creation of an independent platform to benefit from the recently approved Government guarantee scheme for the voluntary securitization of bad loans ("GACS")

Agenda

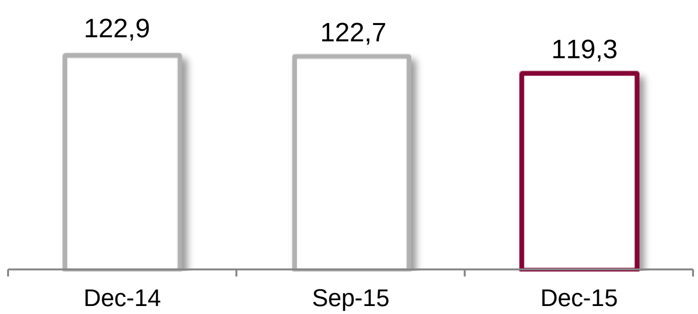
Key messages on 4Q15 results

Lending and funding

Total lending *(€/bn)*



Direct funding *(€/bn)*

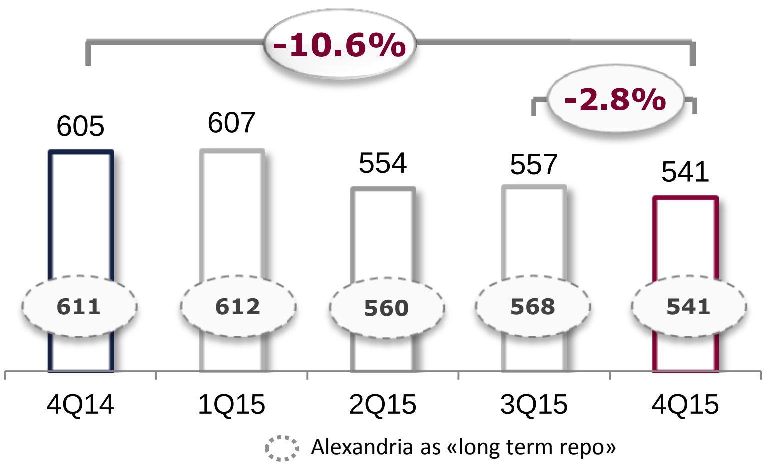


- **Customer loans** decreased 6.9% YoY impacted by the unwinding of the Alexandria transaction
  - Consum.it run-off impact of EUR 1.3bn, of which EUR 0.3bn in 4Q15
- **New mortgages and other medium long term loans** at EUR 7.7bn, up 90% YoY of which EUR 2bn in 4Q15. However offset by stock maturing
- 4Q15 direct funding impacted by:
  - Seasonality due to fiscal and commercial deadlines of some large clients
  - Decrease in institutional repos due to the disposal of Italian Govies
- **Direct Funding market share*: +37bps vs. Dec-14**

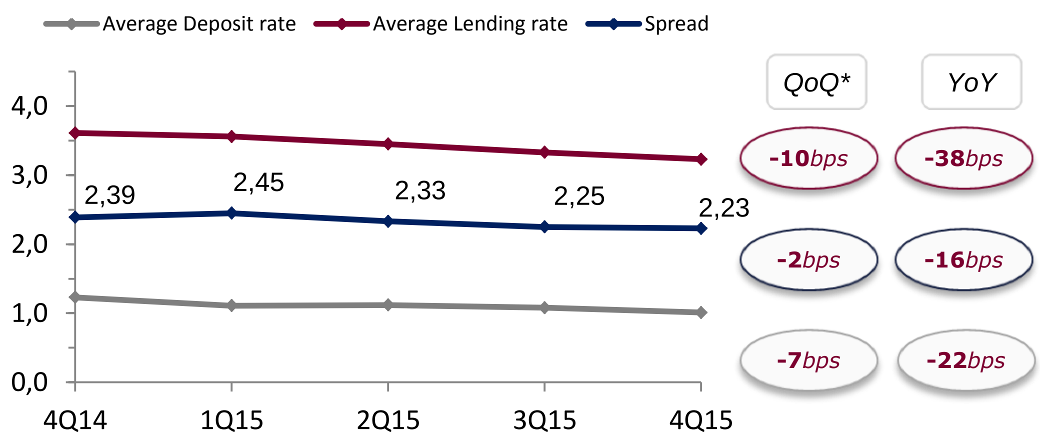
*Market share as at Oct-15, latest available data

Net interest income

Net Interest Income *(€/mln)*



Spread trend *(%)*

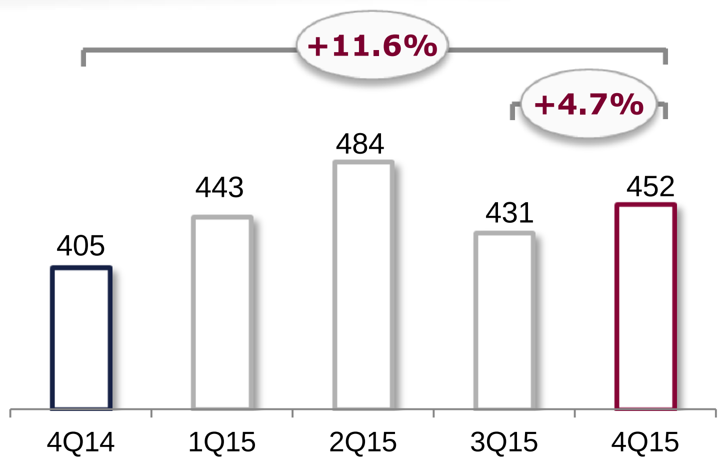


- **Net Interest Income** -2.8% QoQ:
  - **Positive impact:** cost of funding optimization
  - **Negative impacts:** balance sheet downsizing (including Consum.it run-off), lower yields environment and AFS portfolio optimization
- **Average spread:**
  - In 4Q15, further actions to reduce cost of funding implemented, with benefits in 1Q16
  - Lending rate pressure due to strong competition for high rated customers

*Excluding Consum.it in run-off

Fees and commissions income

Fees* (€/mln)



- **Net fees and commissions increased +4.7% QoQ**
- **Asset management stock** (EUR 55.5bn) **up 1.5%** vs. 3Q15, thanks to **positive net inflows (+EUR 0.8bn)** and to market effect
- **Asset under custody stock** at EUR 50.7bn (-1.6% QoQ)

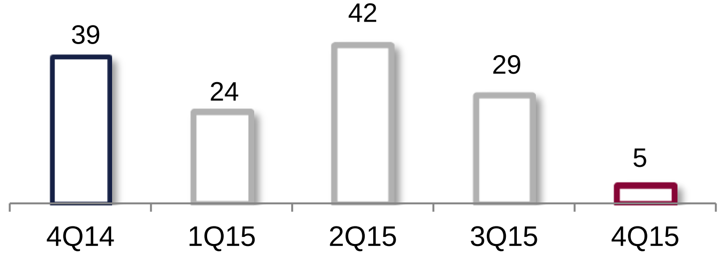
Fees Breakdown

€/mln	FY14	FY15	YoY	3Q15	4Q15	3Q15 vs 4Q14
Wealth Management fees, o/w	**673**	**782**	**16.2%**	**184**	**183**	**-0.7%**
AuM Placement	*329*	*387*	*17.5%*	*88*	*82*	*-6.6%*
Continuing	*248*	*292*	*17.8%*	*72*	*77*	*5.9%*
Bond Placement	*65*	*63*	*-2.6%*	*15*	*13*	*-9.2%*
Protection	*31*	*40*	*29.5%*	*9*	*11*	*16.7%*
Traditional Banking fees, o/w	**1,236**	**1,233**	**-0.3%**	**302**	**306**	**1.2%**
Credit facilities	*588*	*570*	*-3.1%*	*136*	*135*	*-0.7%*
Trade finance	*74*	*80*	*7.9%*	*19*	*18*	*-6.3%*
Payment services and client expense recovery	*574*	*582*	*1.4%*	*147*	*153*	*4.1%*
Other	-211	-205	*3.1%*	-55	-37	*32.9%*
Total Net Fees	**1,698**	**1,810**	**6.6%**	**431**	**452**	**4.7%**

*No impact from Alexandria restatement as CDS derivative

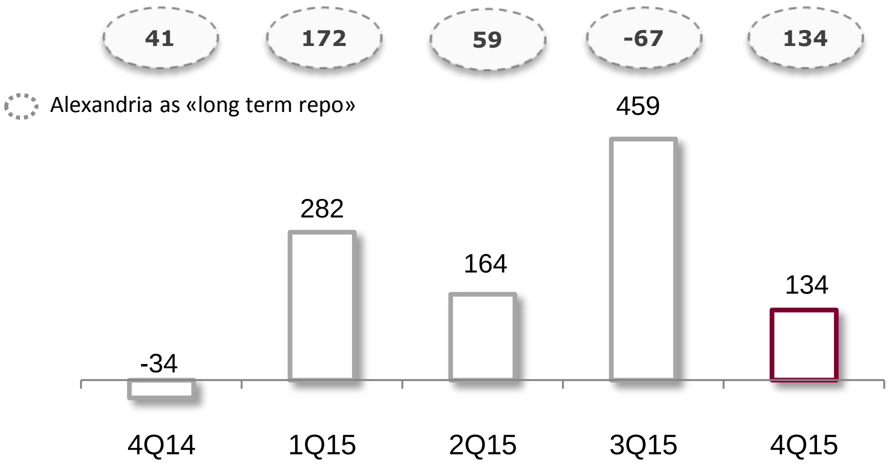
Dividends and trading income

Dividends /Profit from investments* *(€/mln)*



- **Dividends, similar income and gains (losses) on investments** down vs. 3Q15 due to lower contribution from AXA-MPS

Trading/disposal/valuation of financial assets *(€/mln)*

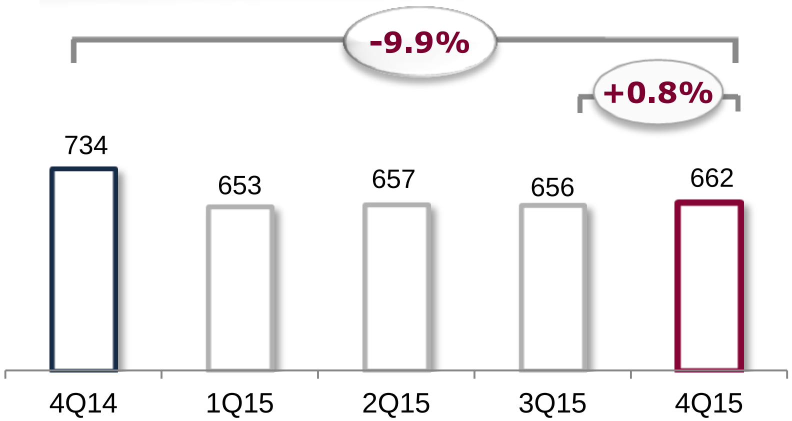


- **Trading/disposal/valuation of financial assets** in 4Q15 at EUR 134mln, of which:
  - +EUR 113mln due to optimization of AFS portfolio
  - +EUR 56mln from the reduction of liabilities at fair value
  - -EUR 35mln from trading and other components

*No impact from Alexandria restatement as CDS derivative

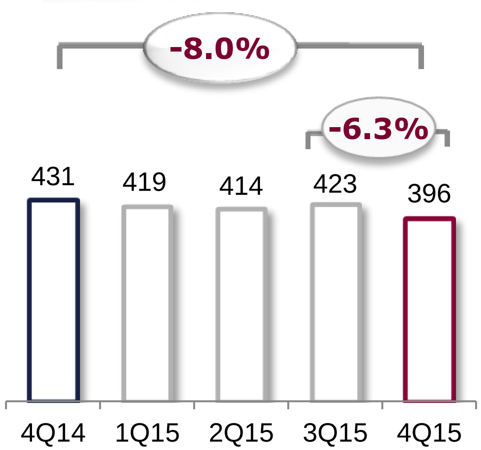
Operating costs

Operating costs*(€/mln)

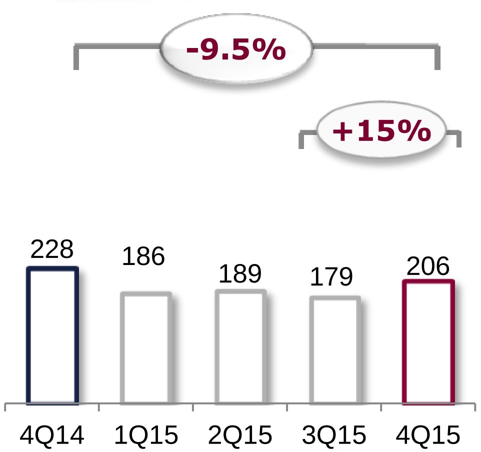


- **Overall costs continue to be well managed**
- **Personnel expenses** down 6.3% QoQ and 8.0% vs. 4Q14
- **Other Admin Expenses** upward seasonal trend (+15% QoQ), but -9.5% vs. 4Q14 thanks to the effectiveness of the savings actions implemented
- D&A impacted in 4Q15 by extraordinary write-offs

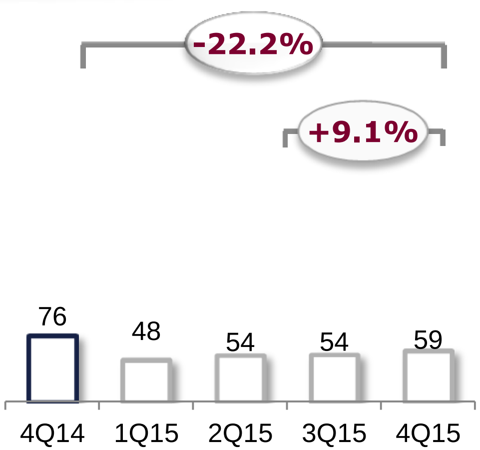
Personnel expenses (€/mln)



Admin expenses (€/mln)



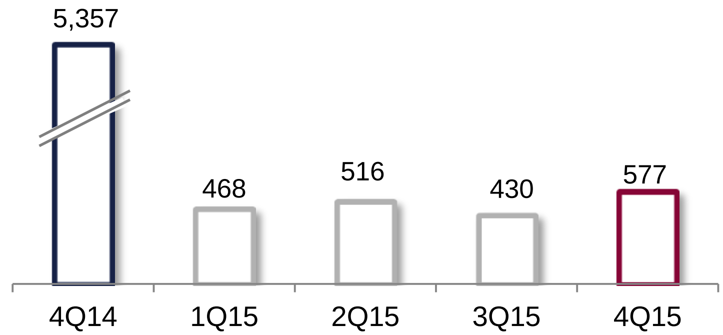
Depreciation and amortization (€/mln)



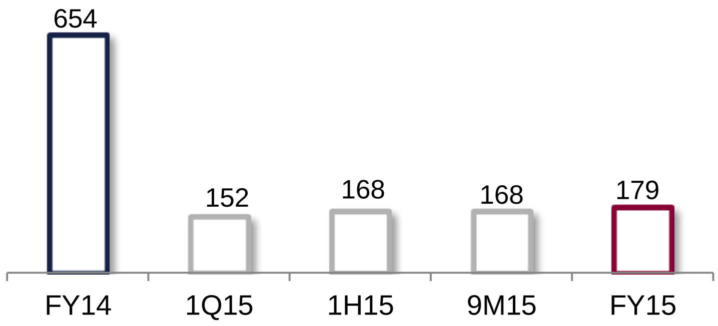
*No impact from Alexandria restatement as CDS derivative

Provisions, cost of risk and coverage

Net loan loss provisions *(€/mln)*



Cost of risk* *(bps)*



Non performing exposures coverage

%	Dec-14	Sep-15	Dec-15
Bad loans (sofferenze)	65.3	64.0	63.4
Unlikely to Pay	32.3	30.8	29.2
NP past due / overdue exposures	19.6	23.4	26.1
Total NPE	**48.9**	**48.6**	**48.5**

- **Coverage on NPEs unchanged vs. September and at best-in-class positioning** in the Italian banking system despite EUR 1bn bad loans (with high provisions) disposal closed in December 2015 (with negligible P&L impact)
- **Increase in recovery of bad loans to EUR 608mln** in 2015 from EUR 471mln** in 2014**
- Expected future benefits driven by new bankruptcy law approved in 2015. Further regulations are under review by the Government

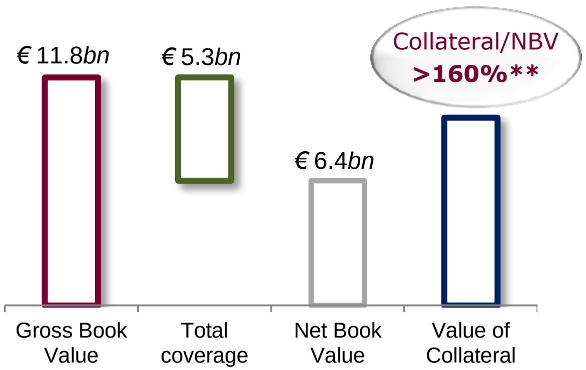
*Net loan loss provisions since the beginning of the period / End-of-period loans
** Figures from operational data management system (Planning Area and Risk Management)

MPS bad loans "Sofferenze": breakdown (1/2)

Total net bad loans: ***EUR 9.7bn***

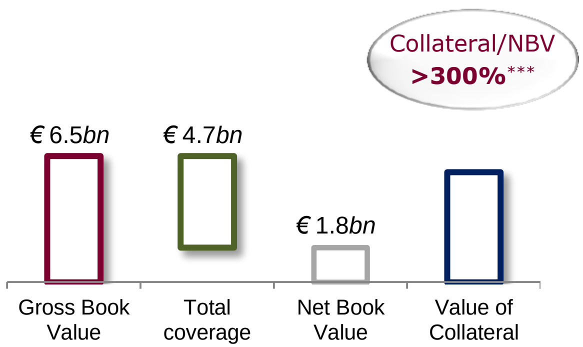
of which

Secured Bad Loans *with RE Guarantee: 66.2%**



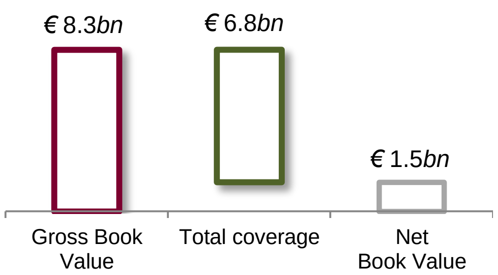
- Value of collateral of > 160% the value of net securitized bad loans**

Secured Bad Loans *with Personal Guarantee: 18.4%**



- Value of collateral of > 300% the value of net bad loans
- Provisions at ca. 73% of bad loans

Unsecured Bad Loans: *15.4%**



- Unsecured Bad loans are provisioned at 82%, with a 18% recovery rate in line with MPS IBRD model and historical records

*Percentage on total net bad loans
** Value of the collateral capped at the gross book value
*** Value of the personal guarantee when the loan was granted capped at the gross book value
Figures from operational data management system

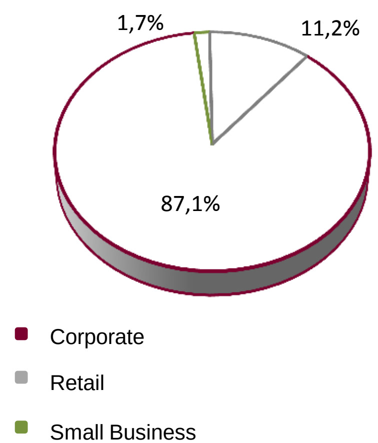
MPS bad loans “Sofferenze”: breakdown (2/2)

MPS gross bad loans breakdown by region

Italian Regions	Bad Loans *Gross Book Value (%)*	Loans *Gross Book Value (%)*
Abruzzo	2.1%	1.7%
Basilicata	0.8%	0.4%
Calabria	2.0%	1.3%
Campania	10.1%	7.3%
Emilia Romagna	6.4%	6.3%
Friuli Venezia Giulia	1.0%	1.3%
Lazio	12.3%	16.7%
Liguria	1.2%	1.0%
Lombardia	12.9%	14.4%
Marche	2.8%	2.2%
Molise	0.5%	0.4%
Piemonte	3.5%	2.9%
Puglia	5.8%	5.5%
Sardegna	0.7%	0.7%
Sicilia	5.4%	4.7%
Toscana	17.9%	16.9%
Trentino Alto Adige	0.3%	0.6%
Umbria	2.2%	2.1%
Valle d'Aosta	0.1%	0.1%
Veneto	9.5%	9.7%
Foreign loans & other	2.4%	3.7%
Total	**100.0%**	**100.0%**

- GDP growth: +1.4% expected in 2016, from +0.8% in 2015; 2016 will be the first year of GDP above 1% in the last six years
- Strong improvement of business confidence in 2015
- Construction and services expected to accelerate the most in 2016

MPS gross bad loans breakdown by borrower



MPS gross bad loans breakdown by segment

	Bad loans ("Sofferenze")
Agriculture	5.7%
Commerce	15.2%
Construction	17.4%
Manufacture	25.2%
Services	22.2%
Other	14.4%
Total	100.0%

Figures from operational data management system

Final remarks

- *Confirmed positive performance of core business*
- *Accelerated recovery of NPEs, with a decline in NPEs stock*
- *Further reduction in loan loss provisions*
- *Ongoing actions to improve direct funding*

Thank you for your attention

Q&A

Annexes

FY2015 P&L: Highlights

€ mln	Alexandria as long term repo FY14	Alexandria as long term repo FY15	Alexandria as long term repo Change (YoY %)	Alexandria as CDS derivative FY14	Alexandria as CDS derivative FY15	Alexandria as CDS derivative Change (YoY %)
Net Interest Income	2,163	2,281	5.4%	2,142	2,259	5.4%
Net Fees	1,698	1,810	6.6%	1,698	1,810	6.6%
Other revenues from financial activities	371	410	10.5%	311	1,147	n.m.
Total Revenues	**4,232**	**4,502**	**6.4%**	**4,151**	**5,216**	**25.7%**
Operating Costs	**(2,755)**	**(2,629)**	**(4.6%)**	**(2,755)**	**(2,629)**	**(4.6%)**
Personnel costs	(1,710)	(1.653)	(3.3%)	(1,710)	(1.653)	(3.3%)
Other admin expenses	(805)	(760)	(5.6%)	(805)	(760)	(5.6%)
Pre provision profit	**1,477**	**1,873**	**26.8%**	**1,396**	**2,587**	**85.4%**
Total provisions	**(8,025)**	**(1,993)**	**(75.2%)**	**(8,025)**	**(1,993)**	**(75.2%)**
Non operating items	(378)	(155)	(59.1%)	(378)	(155)	(59.1%)
Profit (Loss) before tax	**(6,926)**	**(274)**	**n.m.**	**(7,007)**	**439**	**n.m.**
Taxes	2,305	202	n.m.	2,330	(11)	n.m.
PPA & Other items	(722)	(40)	n.m.	(722)	(40)	n.m.
Net income	**(5,343)**	**(112)**	**n.m.**	**(5,399)**	**388**	***n.m.***

4Q15 P&L: Highlights

€ mln	4Q15	Alexandria as long term repo: 3Q15	Alexandria as long term repo: Change (QoQ %)	Alexandria as CDS derivative: 3Q15	Alexandria as CDS derivative: Change (QoQ %)
Net Interest Income	541	568	(4.8%)	557	(2.8%)
Net Fees	452	431	4.7%	431	4.7%
Other revenues from financial activities	125	(43)	n.m.	481	n.m.
Total Revenues	**1,118**	**957**	**16.7%**	**1,470**	**(24.0%)**
Operating Costs	**(662)**	**(656)**	**0.8%**	**(656)**	**0.8%**
Personnel costs	(396)	(423)	(6.3%)	(423)	(6.3%)
Other admin expenses	(206)	(179)	15.0%	(179)	15.0%
Pre provision profit	**456**	**301**	**51.4%**	**813**	**(43.9%)**
Total provisions	**(575)**	**(435)**	**32.2%**	**(435)**	**32.2%**
Non operating items	(220)	(11)	n.m.	(11)	n.m.
Profit (Loss) before tax	**(340)**	**(145)**	**n.m.**	**367**	**n.m.**
Taxes	152	45	n.m.	(102)	n.m.
PPA & Other items	(9)	(9)	(1.5%)	(9)	(1.5%)
Net income	**(197)**	**(109)**	**(80.4%)**	**256**	**n.m.**

Assets & Liabilities trends

Total Assets

€/mln	Dec-14	Sep-15	Dec-15	QoQ%	YoY%
Customer loans	119,676	112,513	111,366	-1.0%	-6.9%
Loans to banks	7,723	6,432	8,242	28.1%	6.7%
Financial assets	36,339	36,297	35,209	-3.0%	-3.1%
PPE and intangible assets	3,229	3,090	3,142	1.7%	-2.7%
Other assets*	12,951	11,794	11,053	-6.3%	-14.7%
Total Assets	**179,918**	**170,126**	**169,012**	**-0.7%**	**-6.1%**

Total Liabilities

€/mln	Dec-14	Sep-15	Dec-15	QoQ%	YoY%
Deposits from customers and securities issued	122,870	122,717	119,275	-2.8%	-2.9%
Deposits from banks	27,648	17,805	17,493	-1.8%	-36.7%
Other liabilities**	23,607	19,848	22,621	14.0%	-4.2%
Group equity	5,769	9,730	9,596	-1.4%	66.3%
Minority interests	24	26	26	2.8%	11.1%
Total Liabilities	**179,918**	**170,126**	**169,012**	**-0.7%**	**-6.1%**

*Cash and cash equivalents, equity investments, DTAs and other assets
** Financial liabilities held for trading, provision for specific use, other liabilities

Lending & Direct Funding

Total Lending

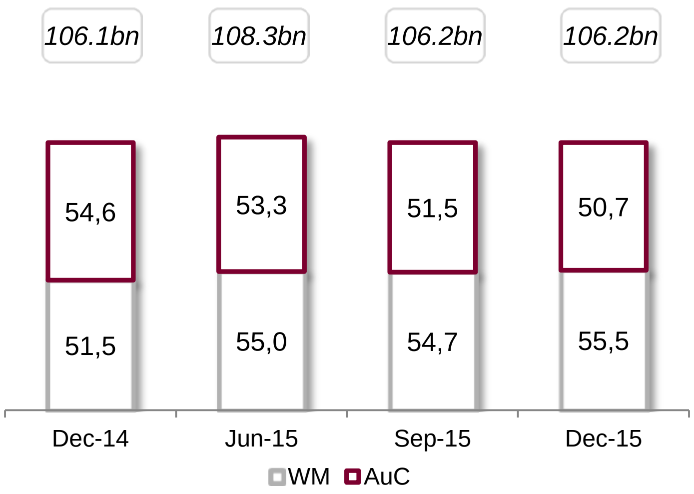
€/mln	Dec-14	Sep-15	Dec-15	QoQ%	YoY%
Current accounts	8,745	8,004	7,650	-4.4%	-12.5%
Mortgages	55,328	53,472	52,453	-1.9%	-5.2%
Other forms of lending	27,276	22,191	21,380	-3.7%	-21.6%
Reverse repurchase agreements	4,142	3,508	4,686	33.6%	13.1%
Loans represented by securities	1,042	951	1,043	9.7%	0.1%
Impaired loans	23,143	24,387	24,154	-1.0%	4.4%
Total	**119,676**	**112,513**	**111,366**	**-1.0%**	**-6.9%**

Direct funding

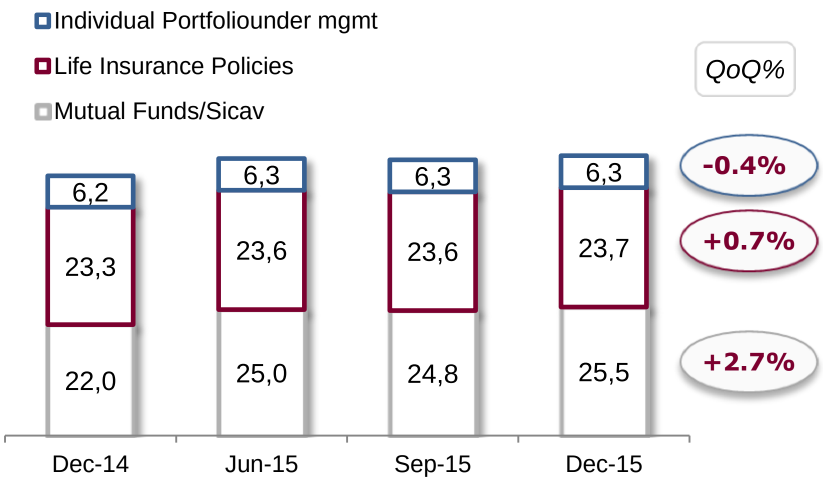
€/mln	Dec-14	Sep-15	Dec-15	QoQ%	YoY%
Current accounts	53,373	55,889	54,575	-2.4%	2.3%
Time deposits	10,800	13,863	14,343	3.5%	32.8%
Repos	17,805	13,012	10,575	-18.7%	-40.6%
Bonds	31,406	30,623	31,246	2.0%	-0.5%
Other types of direct funding	9,487	9,330	8,536	-8.5%	-10.0%
Total	**122,870**	**122,717**	**119,275**	**-2.8%**	**-2.9%**

Indirect funding

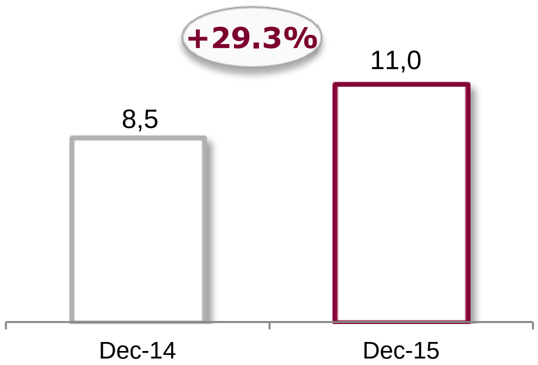
Indirect funding *(€/bn)*



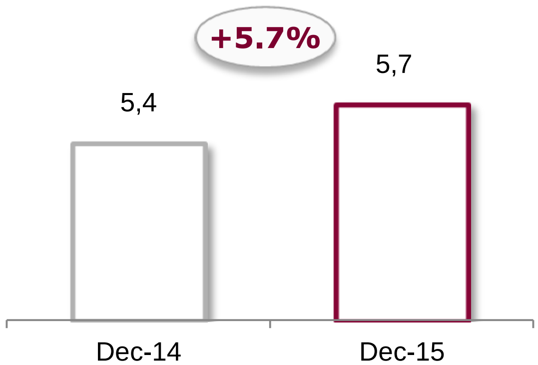
WM breakdown *(€/bn)*



Mutual Funds/Sicav* *(€/bn)*



Bancassurance** *(€/bn)*



*Placement of gross saving and Sicav products in FY15
**Placement of AXA-MPS Saving products (gross amount) in FY15

Financial assets: focus on Italian Govies portfolio

Securities and Derivatives Portfolio

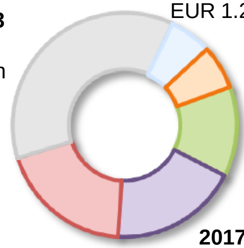
Market Value (€mln)	Dec-15	QoQ%	YoY%
HFT	9,359	-3.9%	+28.7%
AFS	17,191	-13.5%	-8.4%
L&R	1,954	-0.9%	-10.8%
Total	**28,504**	**-9.8%**	**+0.9%**

Total Italian Government Bond portfolio duration from 5.8 years as at Sep-15 to **4.2 years as at Dec-15**

Italian Government Bonds: ~EUR 20bn*

Breakdown by IAS category

Breakdown by maturity



*Market Value. Nominal Value at EUR 18.4bn
** Figures from operational data management system (Risk Management)

Asset Quality

Non Performing Exposures (NPE)

(€ mln)	**Net**	**QoQ** *(%)*	**YoY** *(%)*	**Gross**	**QoQ** *(%)*	**YoY** *(%)*
Bad loans (sofferenze)	9,733	2.7	15.2	26,627	1.2	9.4
Unlikely to Pay	12,325	1.5	5.8	17,400	-0.8	1.2
NP past due / overdue exposures	2,096	-24.5	-31.4	2,834	-21.8	-25.4
Total NPE	**24,154**	**-1.0**	**4.4**	**46,862**	**-1.3**	**3.4**

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Pursuant to paragraph 2, article 154-bis of the Consolidated Finance Act, the Financial Reporting Officer, Mr. Arturo Betunio, declares that the accounting information contained in this document corresponds to the document results, books and accounting records.

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