



Banca Monte dei Paschi di Siena

Una storia italiana dal 1472

BMPS presentation

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29th July 2016



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



□ *Structural and definitive solution to bad loan legacy*

□ *Key messages on 2Q16 results*

□ *2Q16 results*

Transaction at a glance



- ❑ **BMPS to separate and deconsolidate its whole bad loans portfolio into a securitisation vehicle**
- ❑ **BMPS to replenish up to EUR 5bn of capital through a capital plan to restore a solid capital position and to ensure a sound return on equity**



De-risked balance sheet and significant asset quality improvement, with best in class unlikely to pay and past due loans coverage ratio



Complete de-recognition of the bad loans portfolio ("*sofferenze*"), meeting ECB guidelines



Significantly improved future profitability



Solid capital position post rights issue

Transaction structure



A

Increase coverage of impaired loans

- ❑ Increase in bad loans coverage to 67%* from 63%
- ❑ Increase in other impaired loans coverage to 40%*, the highest coverage in the Italian market

B

De-recognition of Sec.Co.

- ❑ Transfer of all BMPS current stock of Bad Loans* into a Sec.Co. (SPV ex Law130)
- ❑ De-recognition at a price of 33%* of gross book value ("GBV")
- ❑ Sec.Co. expected to be funded through the issuance of:
 - Up to EUR 6bn senior notes, for the portion that is investment grade assisted by GACS
 - Up to EUR 1.6bn mezzanine notes underwritten by Atlante Fund
 - EUR 1.6bn junior tranches assigned to BMPS shareholders prior to the launch of the rights issue
- ❑ Sec.Co. separation conditional to the completion of the Rights Issue

C

Recapitalization of the Bank

- ❑ Recapitalization of EUR 5.0bn through a capital plan consisting of a number of actions aiming at restoring an adequate capital position, including a share capital increase of up to EUR 5.0bn
 - Capital increase (with pre-emption rights) supported by a EUR 5bn pre-underwriting agreement with a consortium of primary national and international banks
 - Capital increase conditional to the completion of Sec.Co. deconsolidation
- ❑ Warrants issued to Atlante by way of capital increase with the exclusion of pre-emption rights at a price in line with rights issue for up to 7% of fully diluted share capital
 - Maturity: 5 years; Style: American; Strike: Subs. Price + Weighted Average Trading Price of the Rights
 - Restrictions: no sale to third parties or hedging activity

* As at 31 March 2016, unaudited pro-forma for the Transaction

** Pro-forma figures as at 30 June 2016 (net of write-offs) do not significantly change the percentage of the price on net book value

Transaction rationale



Highest Italian coverage of unlikely to pay and past due loans

- ❑ Full de-recognition of current bad loan portfolio, in line with ECB targets
- ❑ Gross NPEs / gross loans at 18%*
- ❑ Average coverage of unlikely to pay and past due loans at 40%*

Reduced complexity/ risk profile of BMPS

- ❑ De-risk of balance sheet
- ❑ Stronger liquidity position, with reduced loan / deposit ratio
- ❑ Improvement of BMPS financial strength perception and likely subsequent increase of customers' confidence

Positive impact on potential future earnings

- ❑ Decreasing cost of funding thanks to the stronger balance sheet and the expected credit rating upgrades
- ❑ Cost of risk reduction, due to best-in-class provisioning and unique asset quality mix

Potential upside for BMPS shareholders

- ❑ BMPS shareholders will retain a potential upside arising from maximization of bad loans recoveries through the junior notes assignment

Set-up & de-recognition of Sec.Co



❑ **BMPS to sell a EUR 27.7bn* gross book value ("GBV") bad loan portfolio (EUR 9.2bn Net Book Value**)** to a securitization vehicle at a price equal to 33%* of GBV

❑ **Sec.Co. expected to be funded through the issuance of:**

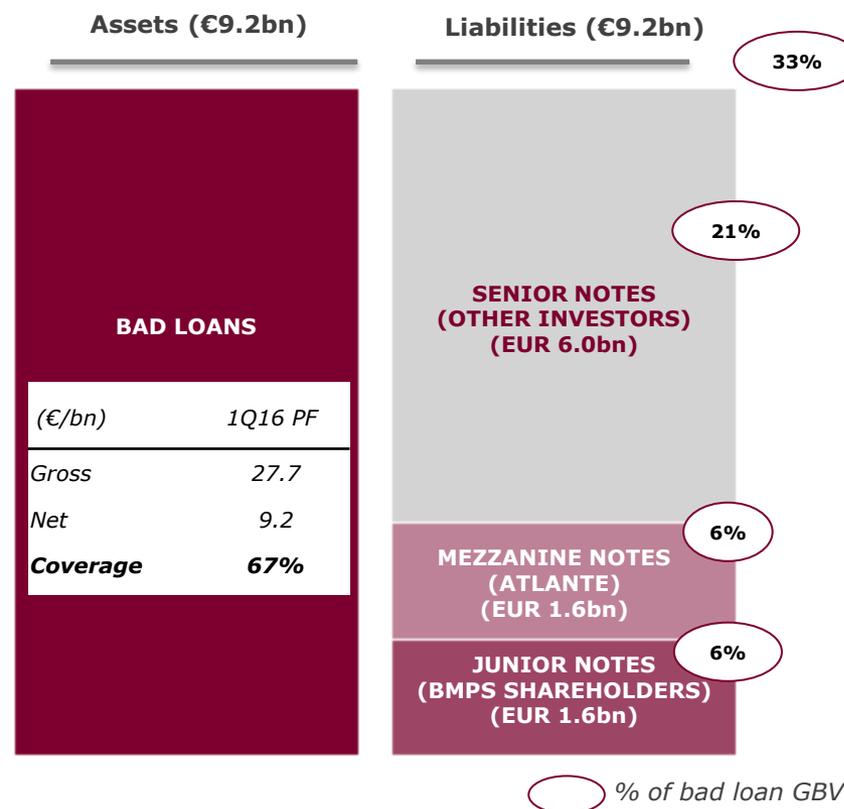
- Senior notes (up to 65% of total price, 21% of Bad Loans GBV): to be placed to investors and, for the portion that is investment grade, assisted by GACS
- Mezzanine notes (17% of total price, 6% of bad loans GBV): underwritten by Atlante Fund
- Junior notes (17% of total price, 6% of bad loan GBV). Transaction envisages a separation of the junior notes from BMPS through the assignment to current BMPS shareholders, in order to achieve full deconsolidation of the bad loan portfolio from BMPS balance sheet

❑ **Potential bridge facility:**

- In the event a term financing is not closed by the time of the signing of the underwriting agreement for the Rights Issue, a syndicated bridge facility would be arranged to complement any financing that BMPS could directly provide, on a residual basis, without affecting the de-recognition of Sec.Co.

Sec.Co

Bad loans	EUR 10.2bn
Extra provisioning	EUR -1.0bn
Pro-forma Bad Loans transferred	EUR 9.2bn



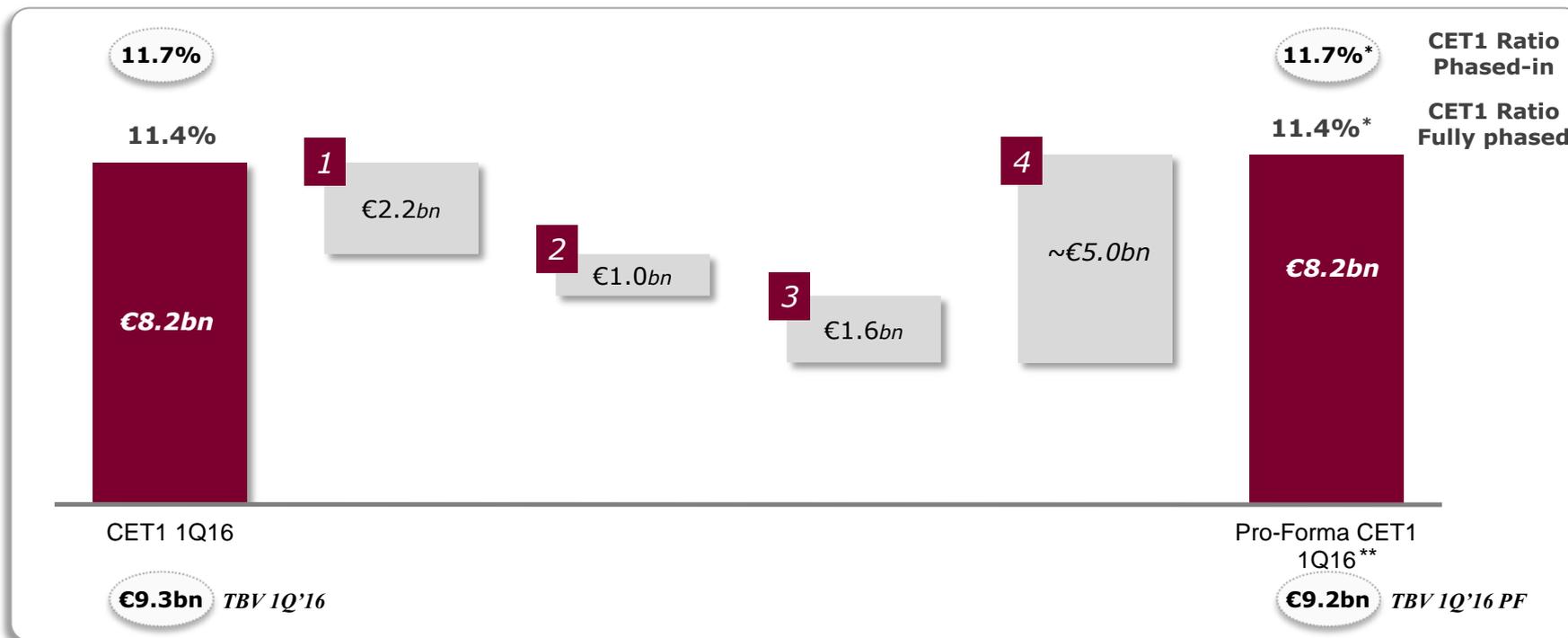
* As at 31 March 2016, unaudited, pro-forma for the Transaction. Pro-forma figures as at 30 June 2016 (net of write-offs) do not significantly change the percentage of the price on net book value

** Following extra provisioning

Recapitalization of the Bank



- CET1 calculation excludes tax benefits of approx. EUR 1bn as they would not be entirely recognized in the balance sheet at the time of the transaction. However, off-balance sheet DTA may provide potential future earning upside throughout a lower tax rate



1 Provisions on remaining NPEs

Loss from additional loan loss provisions to reach 40% target coverage on unlikely to pay and past due loans

2 Provisions on Bad Loans

Loss from additional loan loss provisions to reach 67% target coverage on bad loans ahead of transfer to Sec.Co.

3 Equity spin-off

Equity spin-off and full deconsolidation of bad loans from BMPS balance sheet

4 Capital increase

Target capital increase to restore adequate capital position

* Including benefits from de-recognition of standard portfolio bad loans

** Net of capital increase related costs estimated at EUR 0.3bn

A Bank with solid balance sheet structure



1Q2016 - Pro-Forma Balance sheet (€/m)

	BMPS	BMPS proforma
Loans to customers	113,544	101,178
<i>o/w: NPEs</i>	24,069	11,703
HFT+AFS	40,000	40,000
Other Assets*	20,102	32,702
Total Assets	173,646	173,880
Direct Funding	119,508	119,508

Ratio (%)

	BMPS	BMPS proforma
CET1 Fully Phased (%)	11.4	11.4
Gross Bad Loans Ratio (%)	20.2	-
Gross NPEs Ratio (%)	34.4	17.8
Loan to Deposit Ratio (%)	95%	85%

- ❑ **Coverage ratio of remaining impaired loans at 40%****
- ❑ Gross NPEs/gross loans to 18%** from 34% and net NPEs/net loans to 12%** from 21%
- ❑ **AFS portfolio** almost entirely composed of **Italian Government bonds**
- ❑ **CET1 ratio fully phased** in line with sector peers
- ❑ **Stronger liquidity position, with reduced loan to deposit ratio**

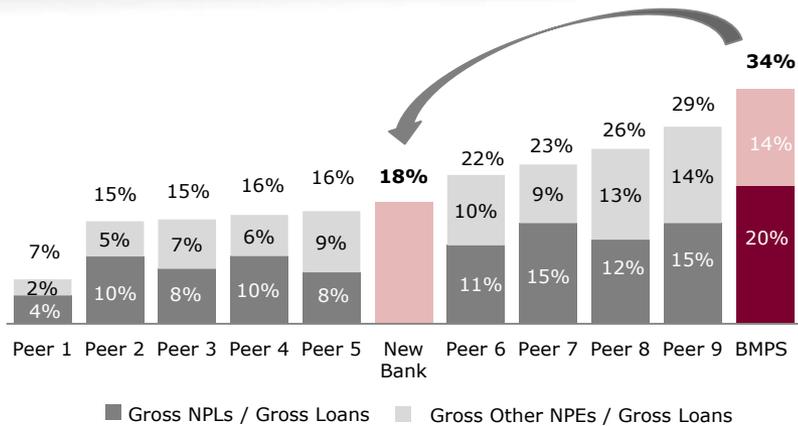
*Cash and cash equivalents, equity investments, DTAs, PPE and intangibles, Loans to banks and other assets

** As at 31 March 2016, unaudited, pro-forma for the Transaction

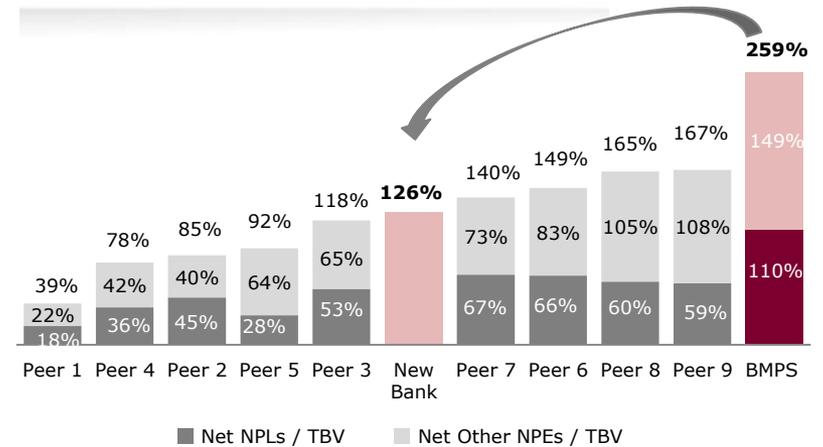
Best-in-class asset quality and liquidity profile



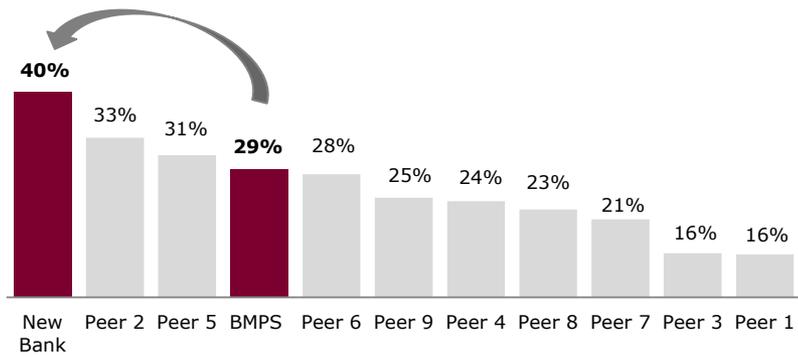
Gross NPEs / Gross Loans*



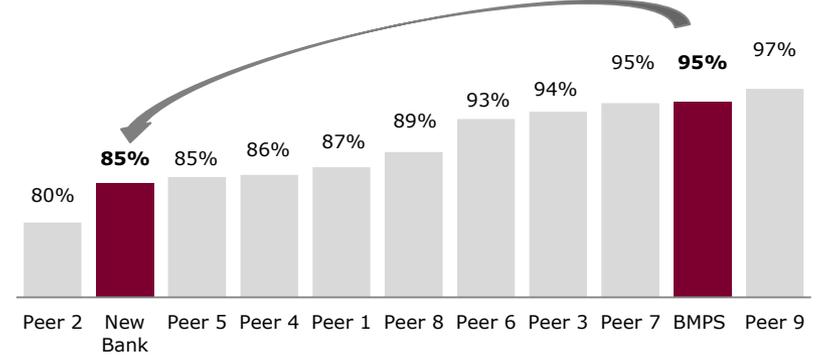
Net NPEs / Tangible Book Value



Other NPEs coverage ratio



Loan-to-deposit ratio**



Source: 1Q 2016 peer company data. Peer group includes ISP, UniCredit, UBI, BP + BPM, BPER, Credem, Creval, BPSO, Carige

* Excluding write-offs

** Loan to deposit ratio computed as net customer loans over direct funds (customer deposits + securities in issue + financial liabilities at FV)

Significant earnings upside potential



P&L (€/mln)

	1Q16
Net Interest Income	548
Net F&C income	457
Total revenues	1,186
Operating costs	-645
Pre provision profit	541
Loan loss provisions	-346
<i>o/w: on existing NPE loans</i>	-209
<i>o/w: on new NPE loans</i>	-137
Net income (loss)	93

- ❑ **Decreasing cost of funding** thanks to stronger balance sheet, with **expected credit rating upgrades**
- ❑ **Improving customers' perception** of the New Bank solidity, with possibility to strengthen **commercial actions**, leading to **higher commissions**
- ❑ **Reduced cost of risk**, due to best-in-class provisioning since inception: provisions of existing non-performing exposures amounted to EUR 209mln in 1Q16

Indicative timeline



**September
2016**

- ❑ **Board of Directors to call Extraordinary Shareholders' Meeting**
 - ❑ **Business Plan of the Bank presented**
-

**October /
November
2016**

- ❑ **Extraordinary Shareholders' Meeting for the approval of the transaction**
-

**By year end
2016**

- ❑ **Capital increase and de-recognition of bad loans completed***
-



□ *Structural and definitive solution of bad loan legacy*

□ *Key messages on 2Q16 results*

□ *2Q16 results*

Executive Summary



Profitability highlights

- **Net profit for the quarter at EUR 209mIn**, including -EUR 109mIn “DTA fees”^{1*} related to 2015 and 1H16 and +EUR134mIn tax benefit due to a positive advance ruling related to Alexandria transaction
- **Pre-provision profit at ca. EUR 525mIn**, with NII (-11.2% QoQ) impacted by lower contribution from interest-earning assets mainly due to Euribor repricing and volume effects, commissions (+5.9% QoQ) driven by WM placement, and a further decrease in operating costs (-1.7% QoQ)
- **Loan loss provisions at EUR 372** (+7.7% QoQ), impacted by one-off increase in coverage on small tickets

Asset quality

- **Decrease in gross NPE stock by ca. EUR 1.9bn**, benefiting from the write-off of arrears interests (EUR 1.4bn), the disposal of the consumer credit portfolio (EUR 0.3bn) and the improvement of NPE management with inflow from performing loans to NPEs down 40% Q/Q
- **Decrease in net NPE stock** (-2.1% QoQ)
- **NPE coverage at 48%**, mainly impacted by write-offs; net of this component NPE coverage would stand at 49.6% in 2Q16 vs. 49% in 1Q16

Capital Position

- **Solid CET1 transitional at 12.1% (fully loaded at 11.8%)** due to RWA reduction and 2Q16 net income

Balance Sheet and Liquidity

- **Loans down 5.3% QoQ**, mainly due to a decrease in repos with institutional counterparties, a reduction of net NPE and commercial loans maturities
- **Commercial direct funding up** with current accounts and time deposits +1.7% QoQ; decrease in repos and funding with institutional counterparties (-EUR 8.7bn)
- **Unencumbered counterbalancing capacity recovery continues:** EUR 20.9bn at 30 June 2016

¹ Under article 11 of Law Decree no. 59/2016, companies may continue to apply current rules on conversion of deferred tax assets (DTAs) into tax credits, provided they pay an annual fee until 2029. Following the exercise of this option, the Group booked the entire fee for 2015 and the pro-rata share of the amount estimated for 2016 at June 30, 2016.

2Q16 and 1H2016



P&L (€/mln)	2Q16	1Q16	Change (QoQ %)	1H16	1H15	Change* (YoY %)
Net Interest Income	487	548	-11.2	1,035	1,161	-10.8
Fees and Commissions	484	457	+5.9	941	927	+1.5
Total revenues	1,159	1,186	-2.2	2,345	2,628	-10.8
Operating costs	-634	-645	-1.7	-1,279	-1,311	-2.4
Pre-provision profit	525	541	-2.8	1,066	1,318	-19.1
Loan loss provisions	-372	-346	+7.7	-718	-984	-27.0
Net income (loss)	209	93	n.m.	302	329	-8.2

Balance sheet (€/bn)	2Q16	1Q16	Change (QoQ %)	1H16	1H15	Change* (YoY %)
Loans to customers	107.5	113.5	-5.3	107.5	117.4	-8.4
Direct Funding	112.0	119.5	-6.2	112.0	122.9	-8.8
Total Assets	164.4	173.6	-5.3	164.4	174.2	-5.6

Ratio (%)	2Q16	1Q16	Change (QoQ bps)	1H16	1H15**	Change (YoY bps)
CET1 phased-in	12.1	11.7	+40	12.1	11.3	+80
CET fully-loaded	11.8	11.4	+35	11.8	10.7	+109

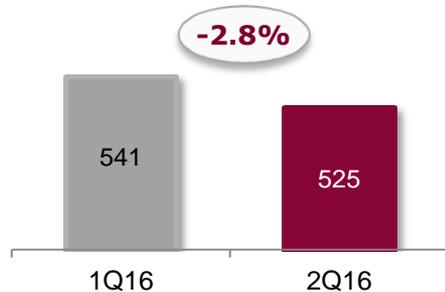
* Change from 1H15 restated data

** Basel 3 ratios, pro-forma including the payment of NFIs coupon related to 2014 through the issue of new shares

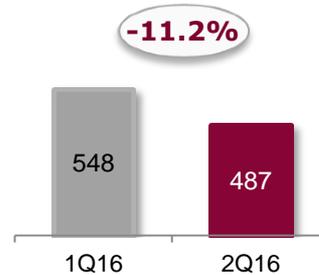
Pre-Provision Profit



Pre-Provision Profit (€/mln)



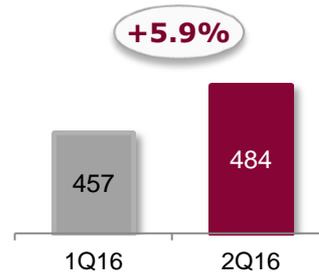
Net Interest Income (€/mln)



Main drivers:

- **Lower interests on interest-earning assets** due to both rate effect and volume effect, only partially offset by lower cost of funding
- **Lower contribution from AFS/HFT portfolio** (compensated by capital gains booked as Trading/disposal/valuation of financial assets)

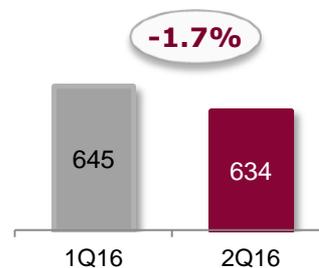
Net Fees (€/mln)



Main drivers:

- **Placement fees** up 25.5% QoQ; payment services and **client expense fees** up 4.9% QoQ
- **Credit facility fees** down 2.4% QoQ, impacted by lower lending

Operating Costs (€/mln)



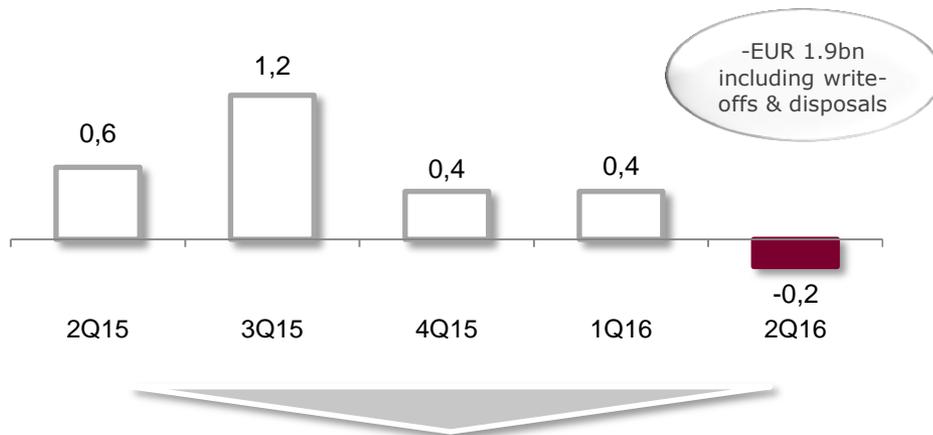
Main drivers:

- **Personnel expenses** down 3.4% QoQ impacted also by one-off components
- **Other Admin Expenses** stable QoQ

Decrease in net NPEs

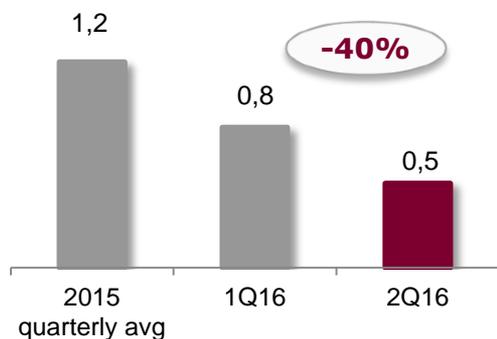


Delta gross NPE stock* (€/bn)

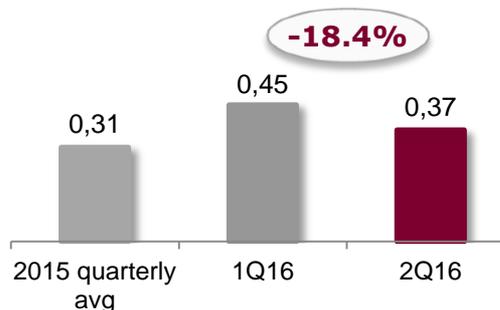


- Decrease in gross NPE stock by -4.1% QoQ (-EUR 1.9bn) due to write-offs (-EUR 1.4bn), disposals (-EUR 0.3bn) and the improvement of NPE management (-EUR 0.2bn), confirming the positive trend of previous quarters
- Inflow from performing loans into NPEs down approx. 40% QoQ
- Decrease in net NPEs by EUR 0.5bn QoQ, mainly driven by unlikely-to-pay (-EUR 0.6bn)

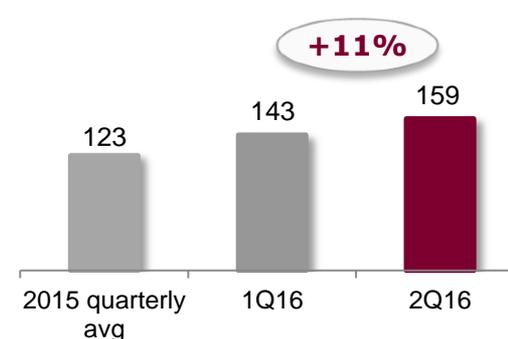
Inflows from performing (€/bn)



Outflows to performing (€/bn)



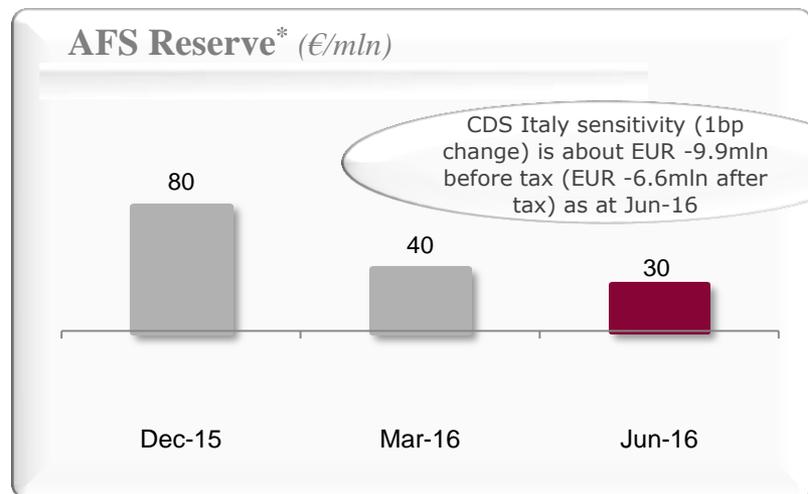
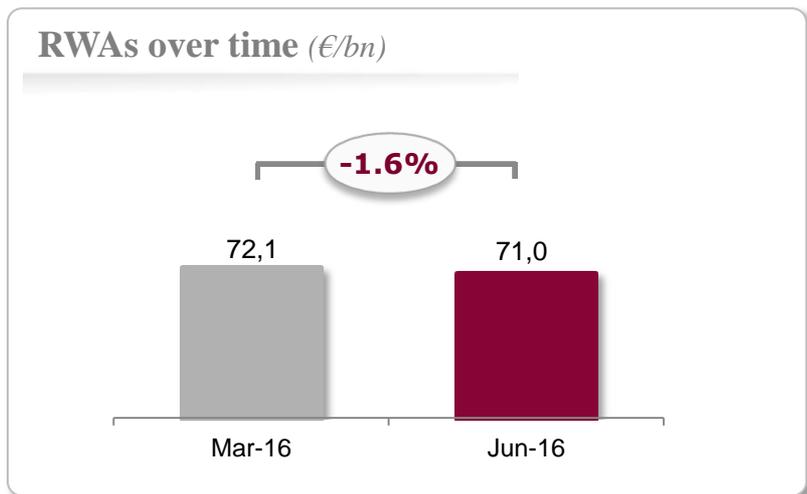
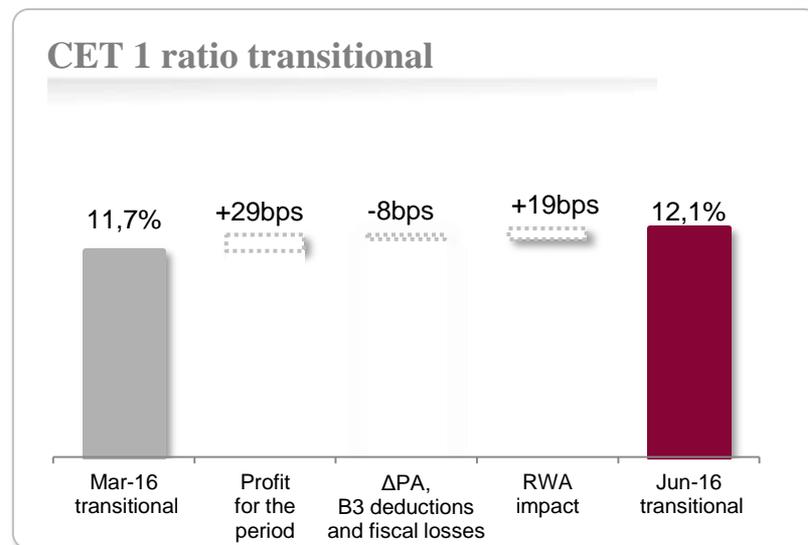
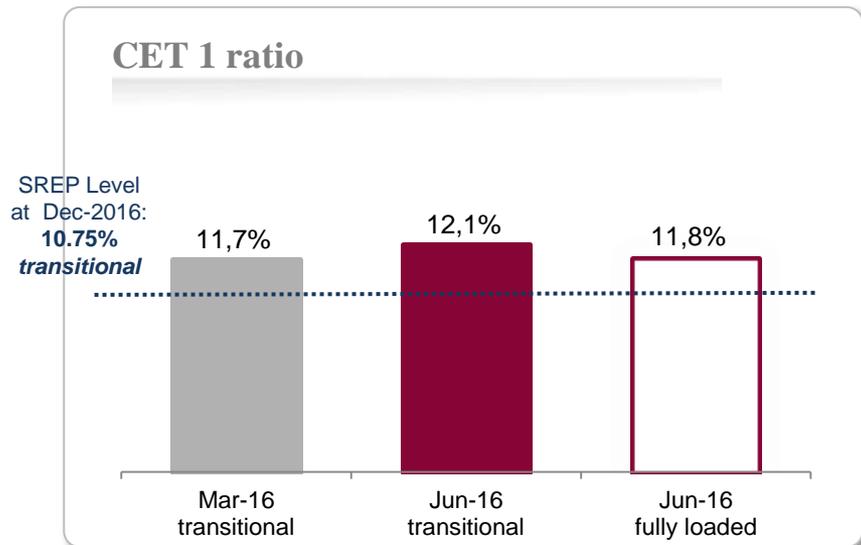
Recovery of bad loans** (€/mln)



* Figures exclude effect of bad loan disposals and write-offs

** Figures from operational data management system (Planning Area and Risk Management). Recovery excluding bad loans disposal

Transitional CET1 ratio 12.1% (fully loaded 11.8%)

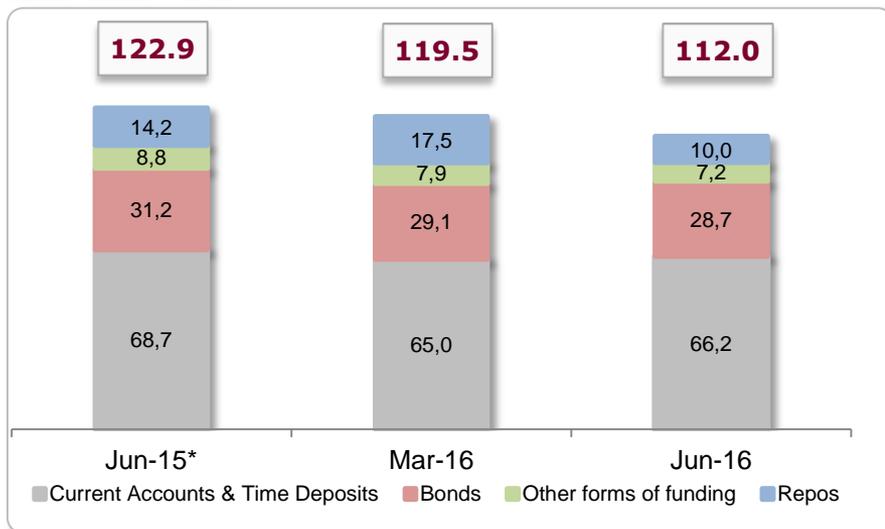


* Accounting figures on Italian Government Bonds. Figures from operational data management system

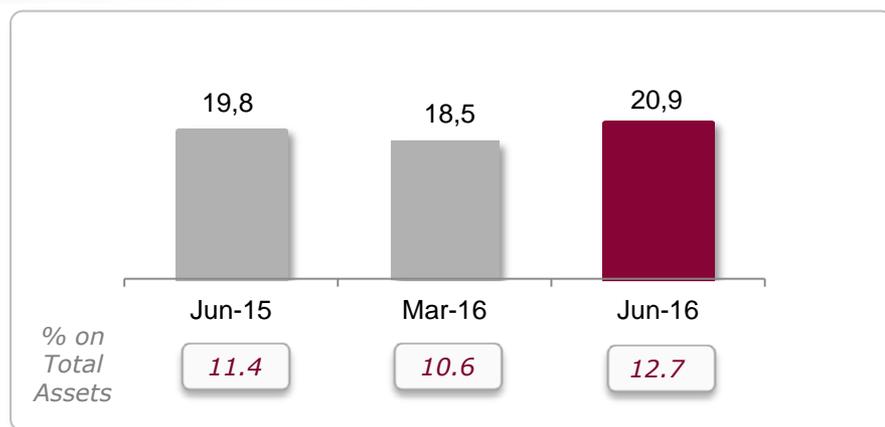
Direct funding and liquidity



Direct Funding (€/bn)



Unencumbered Counterbalancing Capacity (€/bn)



- **Direct funding decreased vs. Mar-16**, mainly due to the decline in repos and funding with institutional counterparties
- **Commercial direct funding up** with current accounts and time deposits (+1.7% QoQ)
- **Liquidity position** (Counterbalancing capacity) at EUR 20.9bn (EUR 18.5bn as at 31 March 2016)
- TLTRO2 exposure at ~ EUR 10bn
- NSFR: ~100%
- LCR: ~ 171%

* Restated figures

Agenda

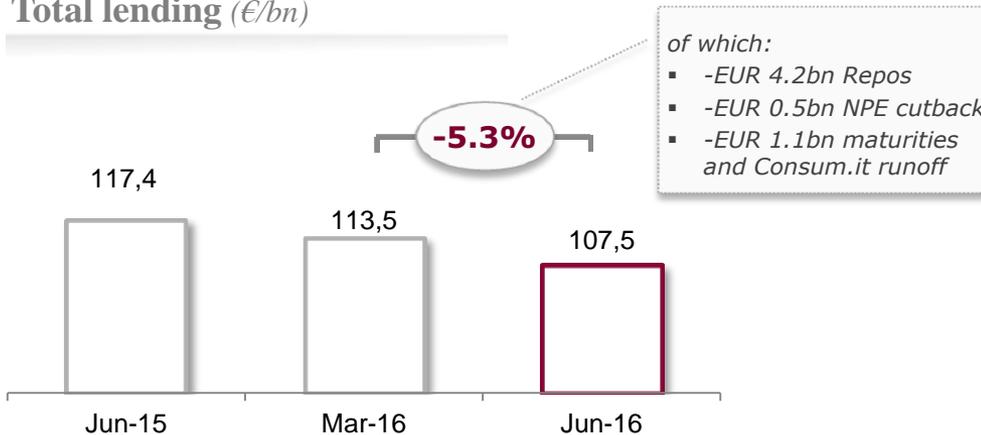


- *Structural and definitive solution of bad loan legacy*
- *Key messages on 2Q16 results*
- *2Q16 results*

Lending and funding



Total lending (€/bn)

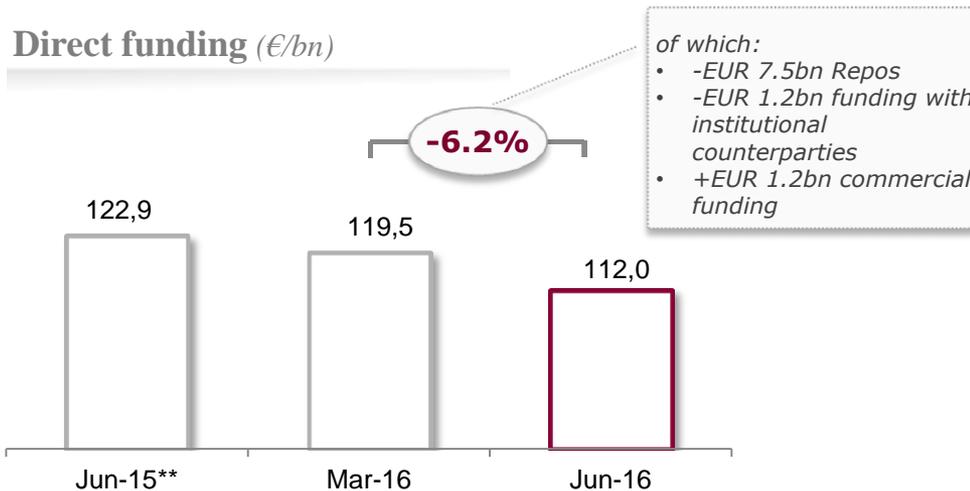


❑ **Customer loans** down by approx. EUR 6.0bn QoQ, due to the decrease in repos and the decrease in commercial lending, driven by some maturities, the runoff of the consumer finance portfolio and the decline of net NPEs (EUR 0.5bn)

❑ **New mortgages and other medium to long-term loans** at EUR 2bn in the second quarter, of which EUR 1.8bn in mortgages. New MLT lending was offset by matured stock

❑ **Direct funding** down by ca. EUR 7.5bn QoQ as a result of the decrease in repos* and funding with institutional counterparties (-EUR 8.7bn QoQ) and the increase in commercial funding (+EUR 1.2bn QoQ)

Direct funding (€/bn)



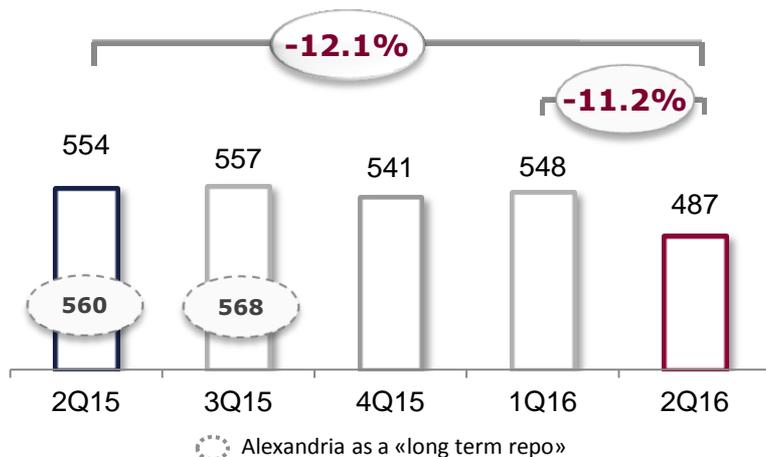
* In 2Q16 BMPS closed about EUR 4bn of passive and active repos. The remaining decline in passive repos is due to the reallocation of deposits with banks (mainly ECB).

** Restated figures

Net interest income



Net Interest Income (€/mln)

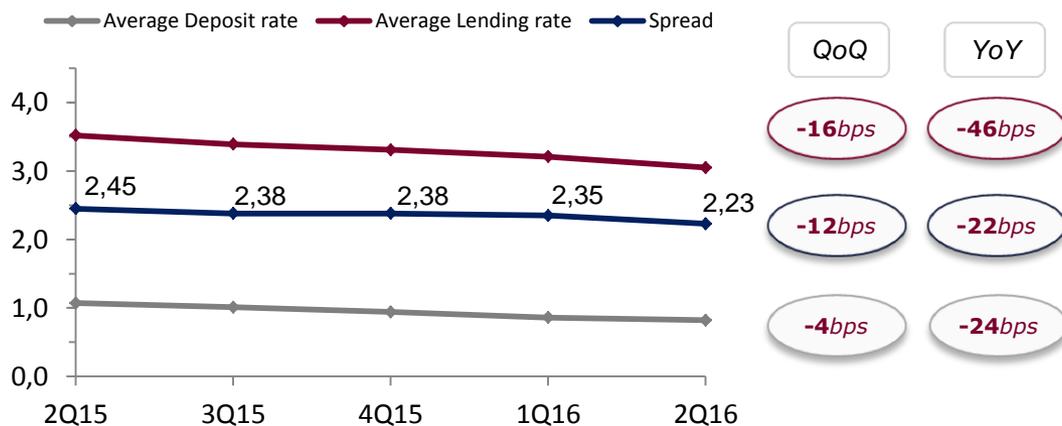


□ **Net Interest Income** -11.2% QoQ; the negative quarterly evolution is mainly due to lower interest rate/Euribor repricing (-EUR 36mln), lower volumes (-EUR 12mln), lower interest on AFS/HFT portfolio (-EUR 4mln)

□ **Average spread:**

- Lending rate decreased, chiefly as a consequence of Euribor repricing in lower rate environment
- Cost of funding decreased thanks to a more favorable funding mix

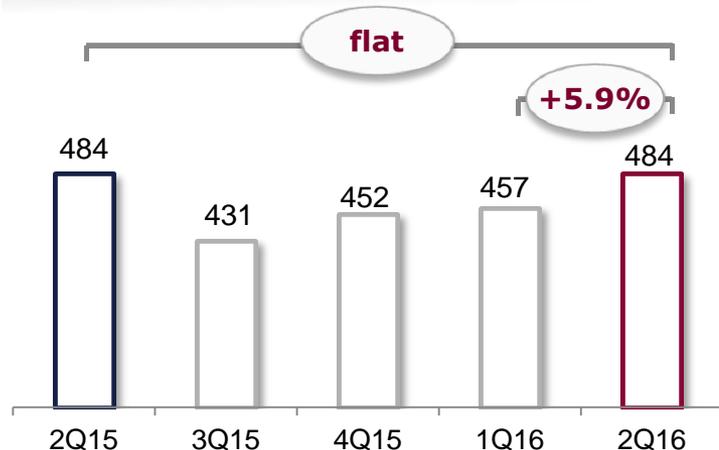
Spread trend (%)



Fees and commissions income



Fees (€/mln)



- ❑ **Net fees and commissions** increased by 5.9% QoQ, driven by WM placement fees (+25.5% QoQ) and payment services and client expense fees (+4.9% QoQ)
- ❑ **Asset management stock** (EUR 55.5bn) up EUR 0.3bn vs. 1Q16
- ❑ **Assets under custody stock** at EUR 42.2bn (-EUR 7.5bn) mainly due to an M&A deal of a key client (-EUR 6.4bn, with no impact on P&L)

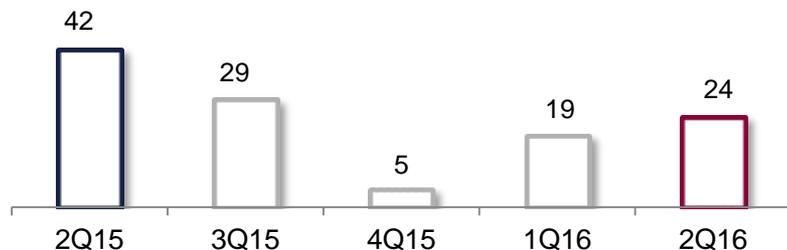
Fee Breakdown

€/mln	2Q15	1Q16	2Q16	QoQ	2Q16/2Q15
Wealth Management fees, o/w	217	177	194	9.8%	-10.6%
WM Placement	114	76	95	25.5%	-16.4%
Continuing	77	73	75	3.4%	-1.4%
Bond Placement	18	15	14	-8.6%	-23.6%
Protection	9	13	10	-24.4%	10.4%
Traditional Banking fees, o/w	321	320	323	0.9%	0.5%
Credit facilities	155	152	149	-2.4%	-3.9%
Trade finance	23	21	20	-3.3%	-11.8%
Payment services and client expense recovery	144	147	154	4.9%	7.1%
Other	-54	-40	-33	-16.6%	-38.7%
Total Net Fees	484	457	484	5.9%	-0.1%

Dividends and trading income



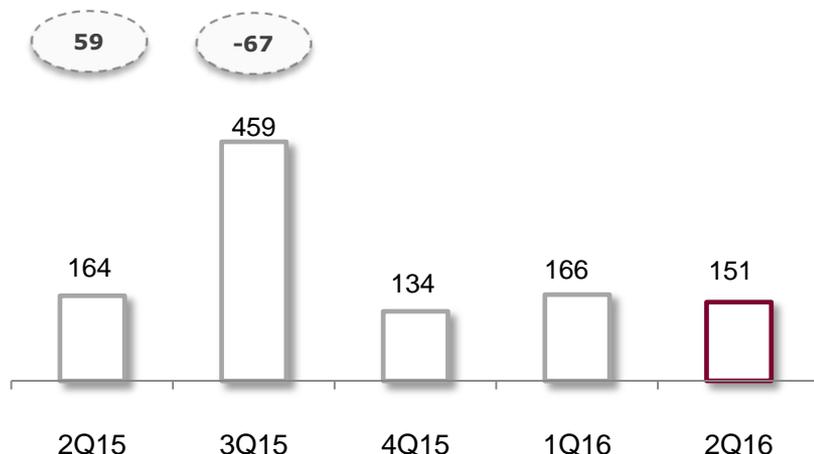
Dividends /Income from investments (€/mln)



□ **Dividends, similar income and gains (losses) on investments** up vs. 1Q16, thanks to Bank of Italy dividends for EUR 9mln

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

○ Alexandria as «long term repo»



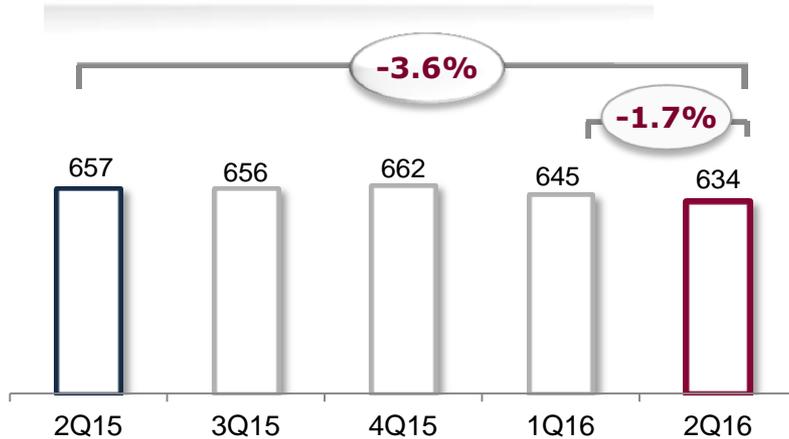
□ **Trading/disposal/valuation of financial assets** in 2Q16 at EUR 151mln, the main components of which are:

- +EUR 38mln due to optimization of AFS portfolio
- +EUR 24mln capital gain on Visa Europe
- +EUR 4mln gain from consumer credit bad loan disposal
- +EUR 42mln due to repurchase of financial liabilities (TLTRO1)
- -EUR 14mln from the value increase of liabilities at fair value

Operating costs

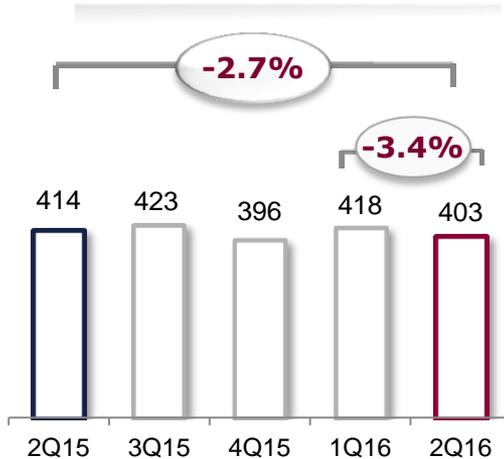


Operating costs (€/mln)

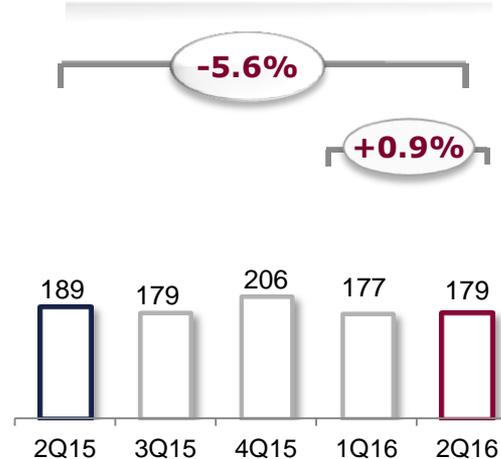


- ❑ Ongoing cost containment with total operating costs down 1.7% QoQ
- ❑ Personnel expenses down 3.4% QoQ due to one-off components related to the Union agreement signed in December 2015
- ❑ Other Admin Expenses almost stable vs. 1Q16, but down 5.6% vs. 2Q15
- ❑ Depreciation up 3% QoQ due to software amortization

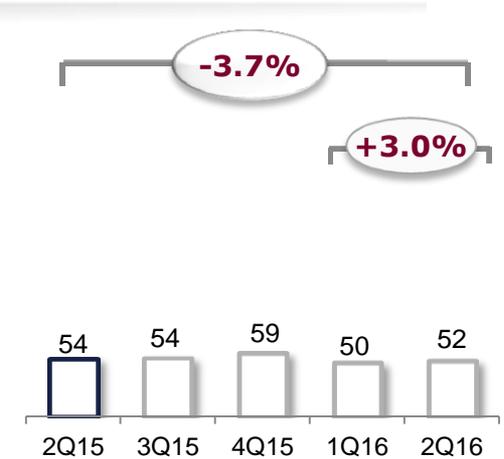
Personnel expenses (€/mln)



Admin expenses (€/mln)



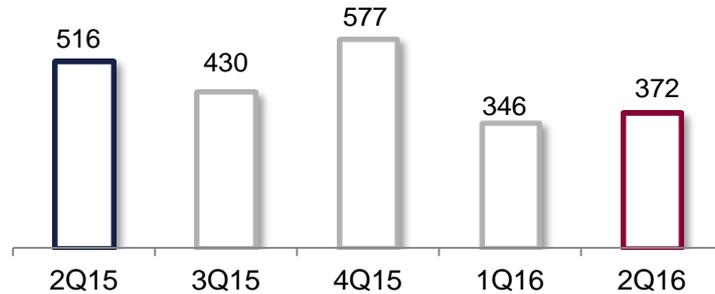
Depreciation and amortization (€/mln)



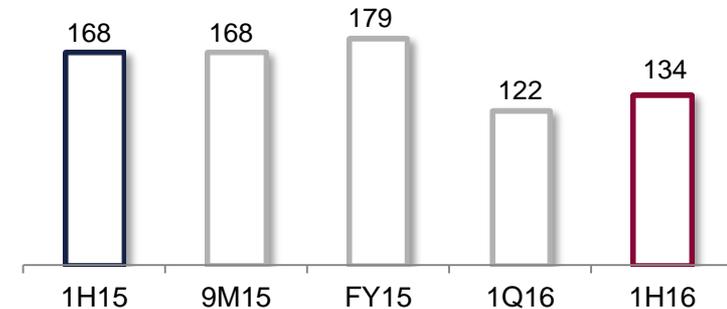
Provisions, cost of risk and coverage



Net loan loss provisions (€/mln)



Cost of risk* (bps)



Non-performing exposures coverage

%	Jun-15	Mar-16	Jun-16
Bad loans (sofferenze)	64.3	63.3	61.2
Unlikely to Pay	31.2	29.1	28.9
NP past due / overdue exposures	22.8	27.2	21.6
Total NPE	48.8	49.0	48.0

49.6% net of write-offs

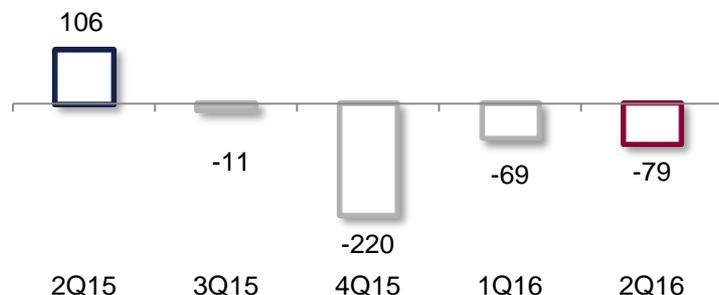
- ❑ Positive results of the ongoing restructuring process, confirming the trends of the previous quarters
- ❑ Loan loss provisions at EUR 372mln, impacted also by one-off provisions on small ticket loans
- ❑ Net NPE stock down -2.1% QoQ
- ❑ Coverage: bad loans -206bps due to write offs, unlikely to pay -16bps and past due (-559bps) due to the reduction of positions with high coverage

* Net loan loss provisions since the beginning of the period (annualized) / End-of-period loans

Non-operating income and Taxes



Non-operating income (€/mln)



of which

€/mln	2Q15	3Q15	4Q15	1Q16	2Q16
DGS & SRF	-	-55	-141	-71	-
DTAs Fees	-	-	-	-	-109
Other*	106	44	-80	2	29

Non-operating income (-EUR 79mln) includes:

- +EUR 29mln mainly due to release of funds allocated for risks that did not occur or occurred to a lesser extent than previously expected
 - - EUR 109mln of the DTA fees introduced by the Law Decree 59/2016 and related to full year 2015 (-EUR 73mln) and first six months of 2016 (-EUR 36mln)
- According to the Law Decree 59/2016, the annual DTA fee is determined by applying the 1.5% rate to a "basis" obtained as following:
- (+) The difference between the convertible DTAs recorded in the annual report for that financial year and the corresponding DTAs recorded in the 2007 annual report
 - (+) The amount of DTA converted into tax credit since 2008 (until the year in question)
 - (-) The taxes paid between that financial year and 2008

Taxes include ca. EUR 134mln related to the positive outcome of an advance ruling related to the so called "Alexandria" transaction

* Include: Net provisions for risks and charges and Gains (losses) on investments



Thank you for your attention

Q&A



Annexes

2Q16 and 1H16 P&L: Highlights



€ mln	2Q16	1Q16	Change (QoQ %)	1H16	1H15*	Change (YoY %)
Net Interest Income	487	548	(11.2%)	1,035	1,161	(10.8%)
Net Fees	484	457	5.9%	941	927	1.5%
Other revenues**	188	180	4.4%	369	540	(31.8%)
Total Revenues	1,159	1,186	(2.2%)	2,345	2,628	(10.8%)
Operating Costs	(634)	(645)	(1.7%)	(1,279)	(1,311)	(2.4%)
Personnel costs	(403)	(418)	(3.4%)	(821)	(834)	(1.5%)
Other admin expenses	(179)	(177)	0.9%	(356)	(375)	(5.1%)
Pre-provision profit	525	541	(2.8%)	1,066	1,318	(19.1%)
Total provisions	(368)	(349)	5.4%	(717)	(982)	(27.0%)
Non- operating items	(79)	(69)	14.4%	(148)	77	n.m.
Profit (Loss) before tax	78	122	(36.0%)	201	412	(51.4%)
Taxes	139	(21)	n.m.	119	(61)	n.m.
PPA & Other items	(8)	(9)	(2.6%)	(16)	(21)	(24.4%)
Net income	209	93	n.m.	302	329	(8.2%)

* Restated figures

** Dividends, similar income and gains (losses) on investments, revenues from financial activities, other operating income (expenses)

Assets & Liabilities trends



Total Assets

€/mln	Jun-15*	Mar-16	Jun-16	QoQ%
Customer loans	117,436	113,544	107,548	-5.3%
Loans to banks	8,327	6,856	7,953	16.0%
Financial assets	32,990	40,000	36,023	-9.9%
PPE and intangible assets	3,122	3,112	3,060	-1.7%
Other assets**	12,326	10,133	9,802	-3.3%
Total Assets	174,201	173,646	164,385	-5.3%

Total Liabilities

€/mln	Jun-15*	Mar-16	Jun-16	QoQ%
Deposits from customers and securities issued	122,890	119,508	112,045	-6.2%
Deposits from banks	18,831	17,525	19,466	11.1%
Other liabilities***	23,222	26,912	22,920	-14.8%
Group equity	9,234	9,675	9,929	2.6%
Minority interests	24	26	26	1.1%
Total Liabilities	174,201	173,646	164,385	-5.3%

* Restated figures

** 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	Jun-15	Mar-16	Jun-16	QoQ%	YoY%
Current accounts	8,179	7,922	7,627	-3.7%	-6.7%
Mortgages	54,511	52,069	51,511	-1.1%	-5.5%
Other forms of lending	25,461	22,848	22,382	-2.0%	-12.1%
Reverse repurchase agreements	4,649	5,577	1,419	-74.6%	-69.5%
Loans represented by securities	938	1,060	1,043	-1.6%	11.2%
Impaired loans	23,699	24,069	23,565	-2.1%	-0.6%
Total	117,436	113,544	107,548	-5.3%	-8.4%

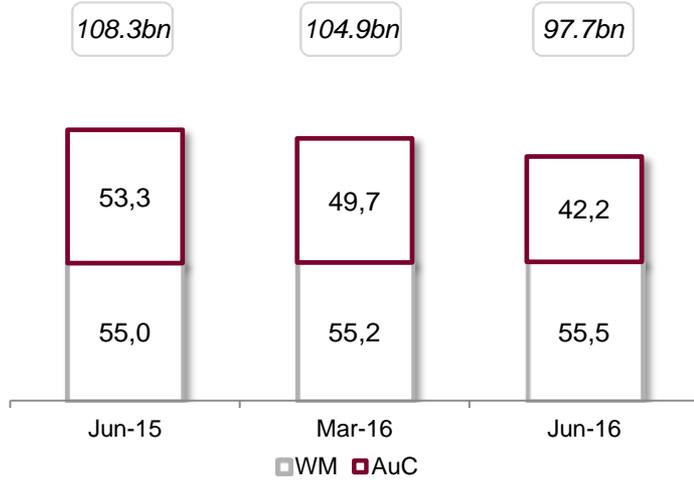
Direct funding

€/mln	Jun-15*	Mar-16	Jun-16	QoQ%	YoY%
Current accounts	55,585	51,509	52,924	2.7%	-4.8%
Time deposits	13,122	13,520	13,233	-2.1%	0.8%
Repos	14,214	17,501	9,958	-43.1%	-29.9%
Bonds	31,200	29,089	28,726	-1.2%	-7.9%
Other types of direct funding	8,769	7,889	7,205	-8.7%	-17.8%
Total	122,891	119,508	112,045	-6.2%	-8.8%

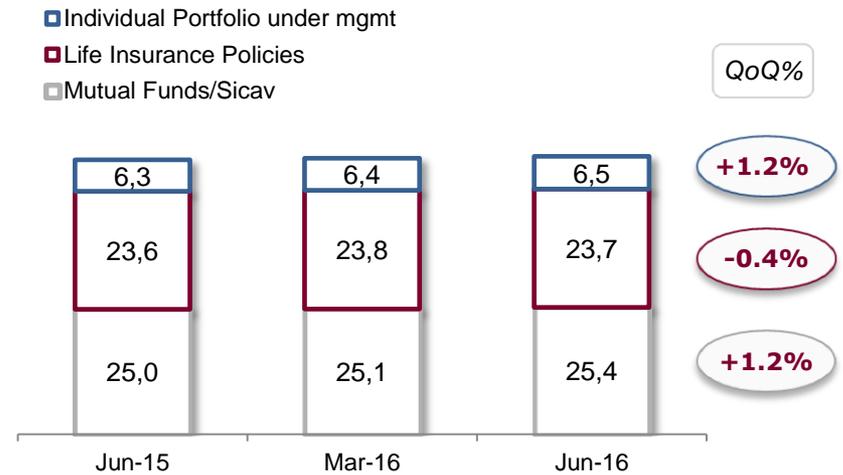
Indirect funding



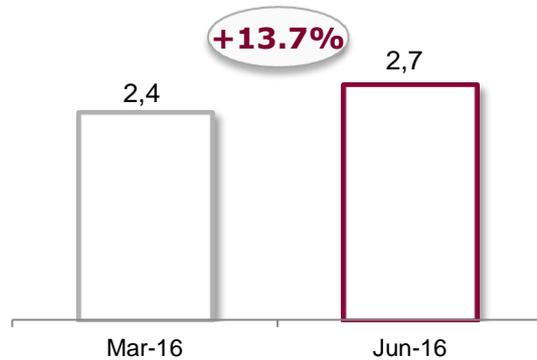
Indirect funding (€/bn)



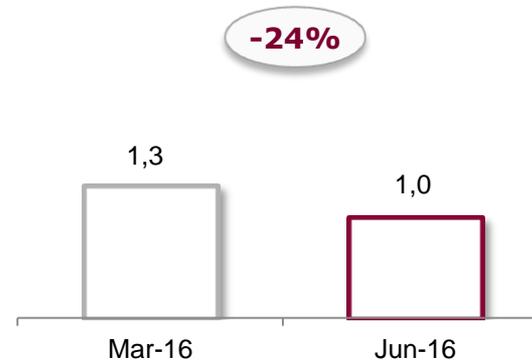
WM breakdown(€/bn)



Mutual Funds/Sicav* (€/bn)



Bancassurance** (€/bn)



* Placement of gross saving and Sicav products in 2Q16

** Placement of AXA-MPS Saving products (gross amount) in 2Q16

Financial assets: focus on Italian Govies portfolio



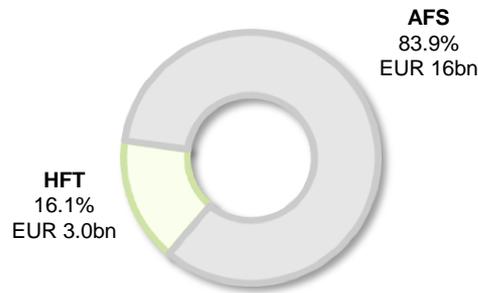
Financial Assets (€/mln)

	Jun-16	QoQ%	YoY%
HFT	18,596	-17.4	+9.7
AFS	17,426	-0.4	+8.7
Total	36,023	-9.9	+9.2

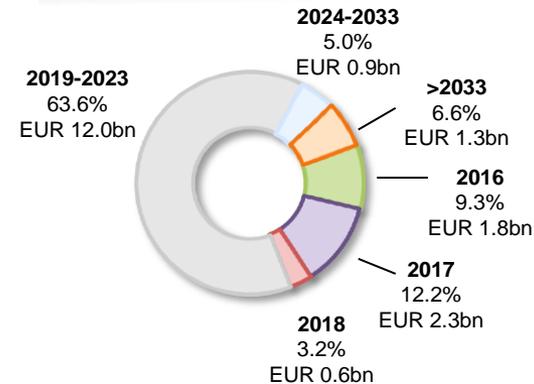
- Total Italian Government Bond portfolio duration 4.7 years as at Jun-16
- Total AFS Italian Government Bond portfolio duration 5.3 years as at Jun-16

Italian Government Bonds: ~EUR 19bn* (Market Value)

Breakdown by IAS category



Breakdown by maturity



* Figures from operational data management system (Risk Management)



Non- Performing Exposures (NPE)

<i>(€ mln)</i>	Net	QoQ (%)	YoY (%)	Gross	QoQ (%)	YoY (%)
Bad loans (<i>sofferenze</i>)	10.572	3,8	16,8	27.262	-1,7	7,5
Unlikely to Pay	11.348	-5,3	-5,7	15.963	-5,5	-8,8
NP past due / overdue exposures	1.645	-13,4	-37,1	2.097	-19,6	-38,1
Total NPE	23.565	-2,1	-0,6	45.322	-4,1	-2,0

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