Banca Monte dei Paschi di Siena

Una storia italiana dal 1472

2014 GMPS Results

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MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

Siena, 11 February 2015

Contents

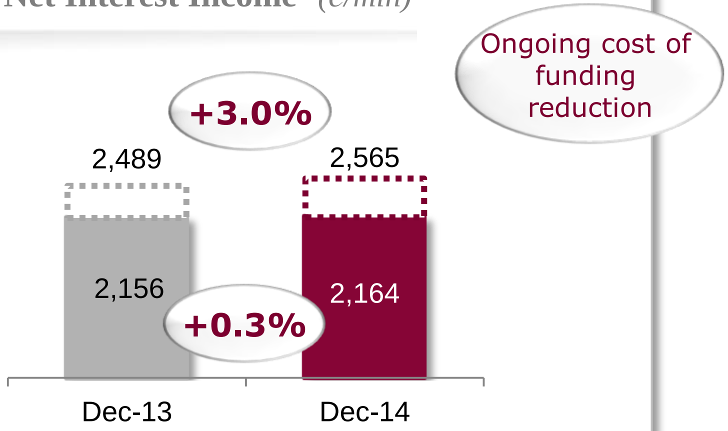
Executive Summary

FY14Results Highlights	➢ **Solid results of underlying business,** with "Core" NII* up 3.0% YoY, fees up 2.4% and continued focus on cost reduction (-2.2% YoY) ➢ **Pre provision profit at EUR 1,473mln, up 28% YoY** ➢ **Result for the period** (-EUR 5,343mln) **affected by AQR driven provisions, goodwill impairment and other one-off components** ➢ Ongoing funding re-mix and derisking of the financial portfolio
AQR Driven Provisions and Reclassifications	➢ Updated methodologies and parameters applied for classification and evaluation of credit exposures, **with reference to the entire credit portfolio**: ▪ **Provisions: EUR 6.0bn** (of which EUR 1.2bn accounted in 9M14) ▪ **Reclassifications**: **EUR 7.0bn** (of which EUR 2.6bn in 9M14) ▪ **Increase in loan coverage ratios****: NPL coverage at 65.3% (+650bps vs. Dec-13); Impaired loans coverage at 48.9% (+710bps vs. Dec-13)
Capital Plan	➢ **CET1 target required by *SREP*** (Supervisory Review Evaluation Process): **10.2%** following the completion of the Capital Plan and to be maintained at all time ➢ In order to have a buffer vs. SREP target, BoD approved to **increase the maximum size of the rights issue from EUR 2.5bn up to EUR 3bn** ➢ **CET1 ratio as at Dec-14*** at 11.4%**

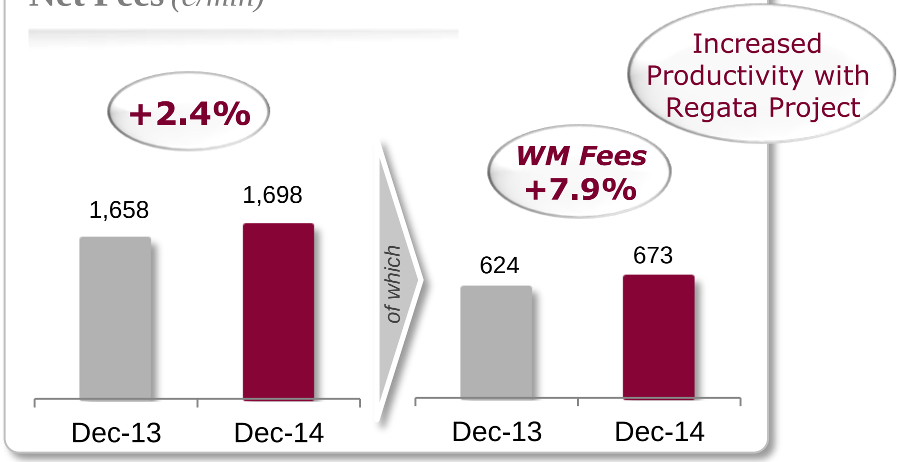
*Excluding costs related to NFIs (coupon and price adjustment)
** Including ordinary provisions
*** Transitional ratio, pro-forma including EUR 3bn capital increase, the payment of NFIs coupon through the issue of new shares and the repayment of remaining NFIs

FY14 : Solid performance trends of underlying business

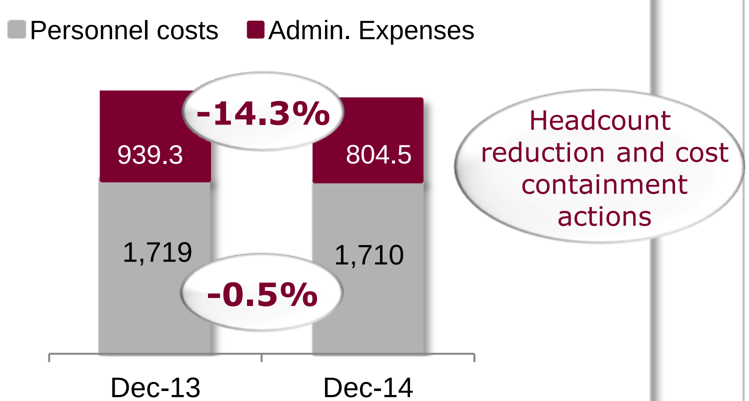
Core Net Interest Income* (€/mln)



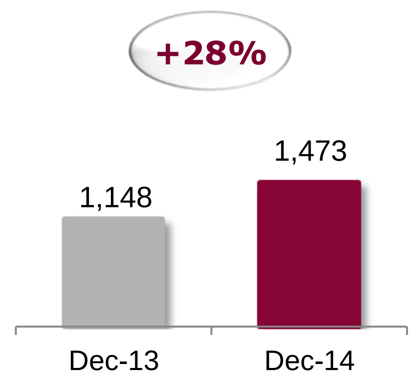
Net Fees (€/mln)



Operating Costs (€/mln)



Pre Provision Profit (€/mln)

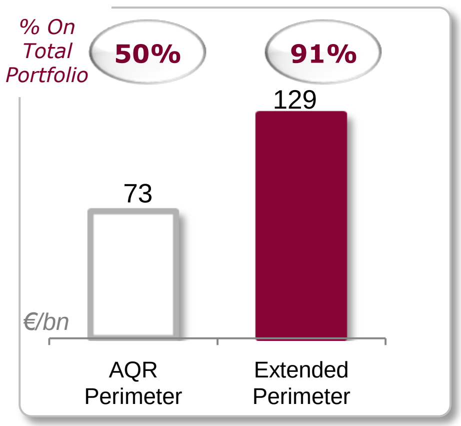


* Excluding costs related to NFIs (coupon and price adjustment)

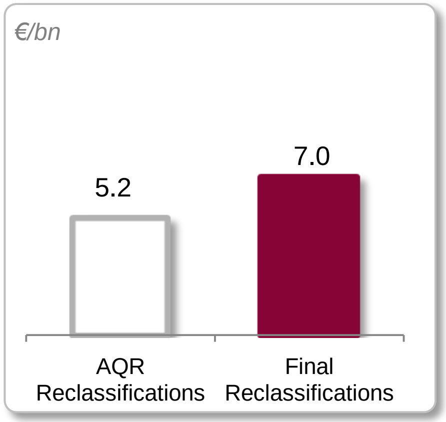
…but results for the period significantly impacted by AQR

- **Updated methodologies and parameters** of classification and evaluation of credit exposures, applied to the **entire credit portfolio*** (and not only to the three portfolios - Large SMEs, Large Corporate and Real Estate Related - in the AQR scope)
- Scope of analysed portfolio **EUR 129bn vs. EUR 73bn in scope of AQR**

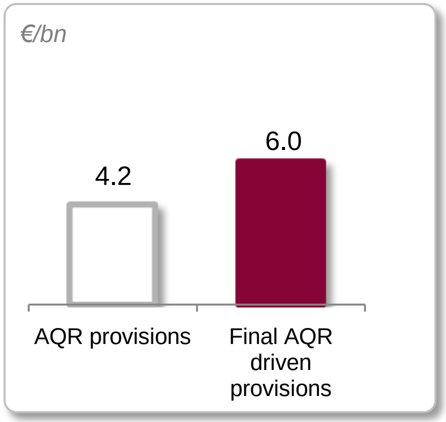
Portfolio Analysed**



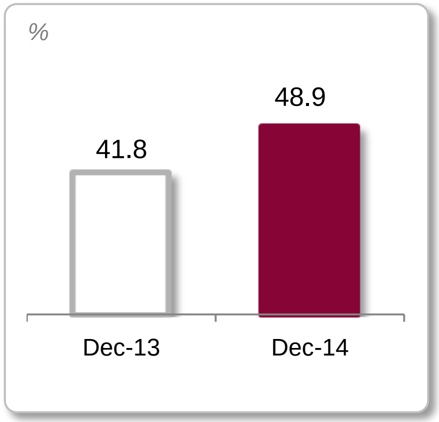
Reclassifications



Impact on P&L



Overall increase in Coverage:
Impaired Loans coverage +710bps*** YoY



*Perimeter extended to Retail, Small Business, Consumer Credit and other. Excluding credits towards institutional clients (State, local authorities, CDP…..)
** Gross figures
***Including ordinary provisions

2014 milestones

Banking Business

- New on-line Bank widiba fully operational
- "**Regata** Retail" Project completed
- Definition of the target distribution model ("**Banca 2020**")
- Strengthened consumer credit business through COMPASS GRUPPO MEDIOBANCA **distribution agreement**

Achieved

Asset Quality

- Full implementation of AQR driven policies and procedures
- **Sale of non-performing loans** (approx. EUR 1bn)
- **Credit Department reorganization**

Achieved

Operational excellence

- **Largest banking Business Process Outsourcing deal in Europe (approx. 1,100 employees)** fruendo
- Digitalization of activities and client communications
- **Further reduction of approx. 1,400 employees** through early retirement scheme

Achieved

Capital & liquidity

- **Completion of the EUR 5bn rights issue** and reimbursement of EUR 3bn of NFIs
- Sale of non-core equity investments
- LTRO reduced by EUR 20bn
- Successful return to fixed income capital markets

Achieved

New organizational structure for the Credit Department

- **Organizational restructuring of credit recovery** through introduction of Portfolio Managers, Asset Managers and Real Estate experts and creation of a dedicated unit for the management of both watchlist loans and NPLs in order to increase effectiveness of recovery process

- **Strengthening of management** with the new hires of Credit Recovery professionals from the market

- **Leverage existing REOCo** (Real Estate Owned Company) platforms to better protect value of loans subject of legal proceeding

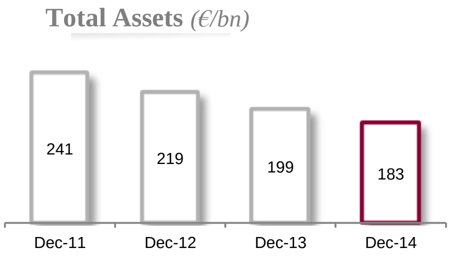
- **Kick-off of program for the sale of NPL portfolios** (2 portfolios sold in 2014)

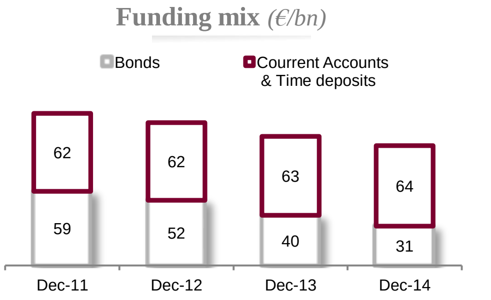
- **Outsourcing of management of NPL small tickets** (up to Eur 0-150K) through competitive selection process of services: 89K files (80% of NPL files), Eur 3.4 bn (16% of total volume)

Commitments agreed with DG Comp on track (1/2)

Downsizing, Derisking, Liquidity & Funding

- **Total assets** decreased more than EUR 50bn since Dec-11, well ahead of 2017 target
- **Deleverage of customer loans** ahead of Plan due to slowing economic cycle
- **Financial assets** decreased by >EUR 15 bn from Dec-11 to Dec-14
- Reduction of **AFS sovereign bonds** ahead of target (from EUR 22bn* as at Dec-12 to EUR 19bn* as at Dec-14)
- **Optimization of funding mix**, with decrease in higher cost of funding sources
- **Reduced dependence on interbanking funding** from EUR 32bn as at Dec-12 to EUR 20bn as at Dec-14





Full transparency and balance sheet restructuring

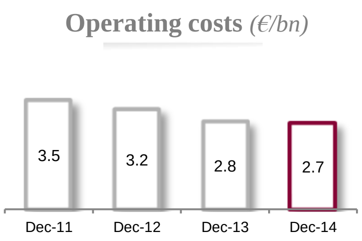
- **Review of accounting treatment** of three structured transactions (of which Alexandria and Santorini accounted for with a loss of approx. EUR 730mln)
- **Closing of Santorini** succesfully achieved in December 2013. Ongoing legal proceedings with regards to "Alexandria" transaction
- **Balance sheet restructuring**: loan loss provisions of EUR 2.7bn in 2012, EUR 2.7bn in 2013 and EUR 8bn 2014
- **Impairment of goodwill** fully written off (EUR 6.6bn in 2011-2014 period), intangibles and software
- **Restructuring of Chianti Classico** real estate securitisation

*Nominal Value

Commitments agreed with DG Comp on track (2/2)

Cost containment

- **Operating costs**: Reduced by approx. EUR 750mln (-21.3%) since Dec-11*, with 2014 results well ahead of 2014 BP target (-2.5%)
- **Closure of domestic branches** ahead of the Plan (from 2,915# as at Dec-11* to 2,186# as at Dec-14)
- **Exit of 5,200 employees** (of which approx. 180 executives) since start of the Plan (reached 65% of BP Target)



Capital & disposal of equity investments

- **Completion of EUR 5bn capital increase in 2014**
- **Reimbursement of State Aid**: EUR 3bn NFIs reimbursed in July 2014
- **Disposal of non strategic assets** (Biverbanca, Anima, Sia, Sorin...) with a positive P&L impact of EUR 230mln
- **Ongoing deals:** MPS Leasing, Banca Monte Paschi Belgio, MP Banque, closure of NY branch
- **Consum.it will be fully incorporeted by April 2015**; distribution agreement with Compass already in place

New management, New organization & Corporate Governance

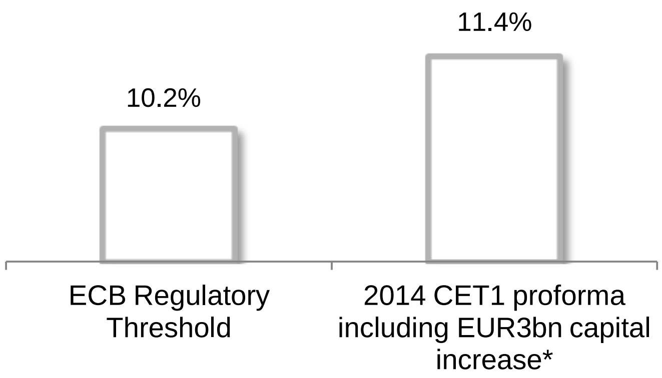
- **New top-line managers** appointed for the restructuring of the bank
- **Reorganization of corporate structure**, in a logic of simplification and strengthening of governance and control functions
- **Removal of the 4% cap on voting rights**
- **New cornerstone investors**

*Including BIverbanca

Capital increase update

- **Size:** up to max. of EUR 3.0bn right issue, increased by EUR 0.5bn from initial EUR 2.5bn, in order to comply, with ECB CET1 target threshold of 10.2%
- **Other Capital management initiatives:** ongoing review of potential further asset disposals and capital optimisation initiatives
- **Timing:** expected during 2Q15, with in the Comprehensive Assessment deadline for remedial actions (9 months from 26 October 2014)
- **Pre-underwriting syndicate**: consortium of banks which entered into pre-UWA in November 2014 have already increased commitment to cover full EUR 3.0bn

CET1 ratio



* Transitional ratio, pro-forma including EUR 3bn capital increase and the payment of NFIs coupon through the issue of new shares

Contents

Assets & Liabilities trends

Total Assets*

€/mln	Dec-13	Sep-14	Dec-14	QoQ%	YoY%
Customer loans	130,598	126,307	119,676	-5.2%	-8.4%
Loans to banks	10,485	6,884	7,723	12.2%	-26.3%
Financial assets	42,919	41,856	39,776	-5.0%	-7.3%
PPE and intangible assets	4,046	3,934	3,229	-17.9%	-20.2%
Other assets**	10,413	11,716	13,040	11.3%	25.2%
Total Assets	**198,461**	**190,697**	**183,444**	**-3.8%**	**-7.6%**

Total Liabilities*

€/mln	Dec-13	Sep-14	Dec-14	QoQ%	YoY%
Deposits from customers and securities issued	129,836	126,610	126,224	-0.3%	-2.8%
Deposits from banks	37,279	29,425	27,648	-6.0%	-25.8%
Other liabilities***	25,166	24,299	23,583	-2.9%	-6.3%
Group equity	6,147	10,340	5,965	-42.3%	-3.0%
Minority interests	33	24	24	-2.2%	-28.8%
Total Liabilities	**198,461**	**190,697**	**183,444**	**-3.8%**	**-7.6%**

- Downsizing of the Balance Sheet continues, in line with Restructuring Plan, with Customer loans down 8.4% YoY and Financial assets down 7.3% YoY as a result of the ongoing derisking activity
- Deposits from customers down vs. Dec-13 as a result of deleveraging and cost of funding optimization
- Reduced reliance on Deposits from Banks
- Shareholders' equity down QoQ driven by the net loss for the period

*2013 balance sheet figures have been restated to reflect changes to the scope of consolidation (following the introduction of new accounting standards which came into force on 1 January 2014)
**Cash and cash equivalents, equity investments, DTAs and other assets
*** Financial liabilities held for trading, provision for specific use, other liabilities

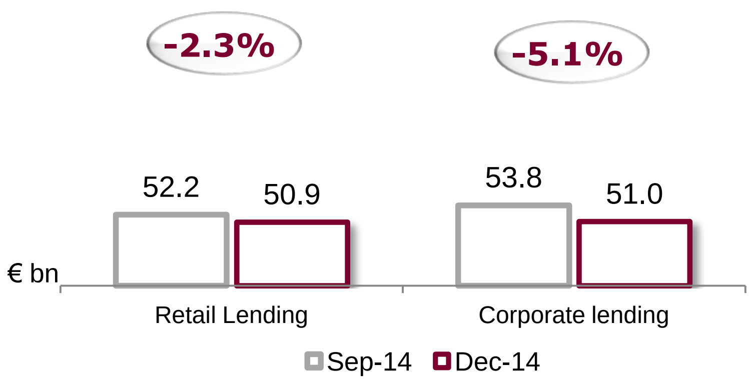
Lending

Total Lending*

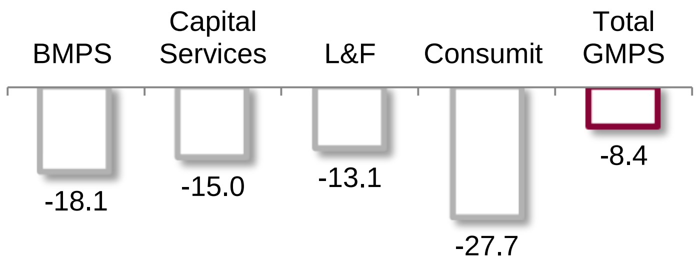
€/mln	Dec-13	Sep-14	Dec-14	QoQ%	YoY%
Current accounts	10,953	10,041	8,745	-12.9%	-20.2%
Mortgages	64,757	58,541	55,328	-5.5%	-14.6%
Other forms of lending	29,710	27,930	27,276	-2.3%	-8.2%
Reverse repurchase agreements	2,737	4,113	4,142	0.7%	51.4%
Loans represented by securities	1,449	1,366	1,042	-23.7%	-28.1%
Impaired loans	20,992	24,315	23,143	-4.8%	10.2%
Total	**130,598**	**126,307**	**119,676**	**-5.2%**	**-8.4%**

- **Loans to customers** down 5.2% QoQ and 8.4% YoY, with **a downward trend in retail and corporate lending** (especially in the medium/long term), due to sluggish growth and overall negative macro environment and the Group's more selective credit policies; quarterly trend also affected by reclassifications and the **increase of coverage driven by AQR**

Interest Bearing** Loans by segment



Loans breakdown by Business unit*** (% YoY)



*2013 balance sheet figures have been restated to reflect changes in the scope of consolidation, following the introduction of new accounting standards which came into force on 1 January 2014
**Loans excluding net NPLs
*** Figures from operational data management system (Planning Area)

Focus on Asset Quality:
AQR driven actions

Overview of AQR Perimeter and Results

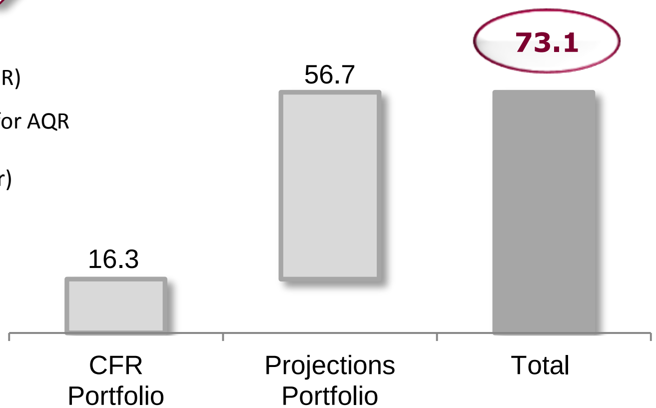
As at December 2013

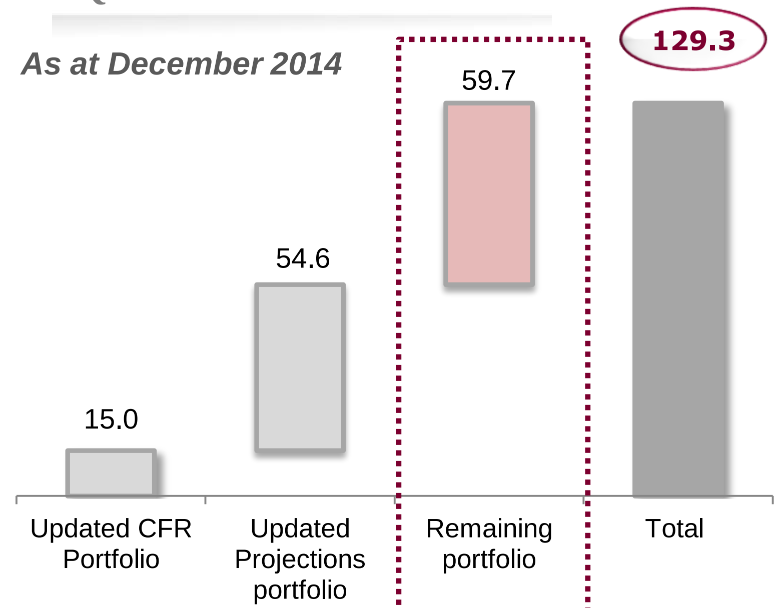
AQR driven actions and results

As at December 2014

Perimeter

- Portfolio in scope AQR (LSMEs, L.Corporate, RER)
- Portfolio not in scope for AQR (Retail, Small Business, Consumer Credit, Other)





	CFR Portfolio (Dec 2013)	Projections Portfolio (Dec 2013)	Total (Dec 2013)	Updated CFR Portfolio (Dec 2014)	Updated Projections portfolio (Dec 2014)	Remaining portfolio (Dec 2014)	Total (Dec 2014)
Loan Loss Provisions (€bn)	1,130	2,196	**4,180**	1,529*	2,917	1,517	**5,963**
Reclassifications from PE to NPE (€bn)	2,852	2,310	**5,162**	2,816**	2,608	1,598	**7,022**

Including EUR 854mln of Collective Provisioning Review

Ptf non in scope AQR

*Of which EUR 1.2bn included in 9M14
** Of which EUR 2.6bn included in 9M14

Focus on Asset Quality:
AQR driven reclassifications from PE to NPE

To

Non Performing Loans

From

€/bn	Past Due	Restructured	Watchlist	NPLs	Total
Performing Loans	0.2	0.3	6.2	0.2	**7.0**
Past Due		0.2	1.0	0.1	**1.3**
Restructured		-	0.5	0.1	**0.6**
Watchlist		-	-	1.2	**1.2**
		0.2	1.5	1.4	**3.1**

Perimeter: MPS, MPS Capital Services and MPS L&F. On Blalanc and Off Balance

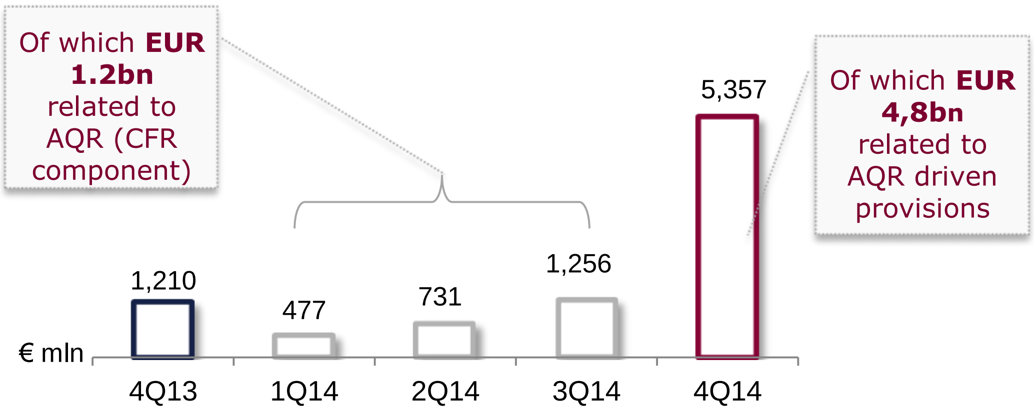
- AQR driven reclassifications (on and off balance sheet) from performing to non performing amounted to about EUR 7bn
- In addition, approx. EUR 4.2bn of ordinary reclassifications from PE to NPE where also booked in 2014

Main initiatives already implemented

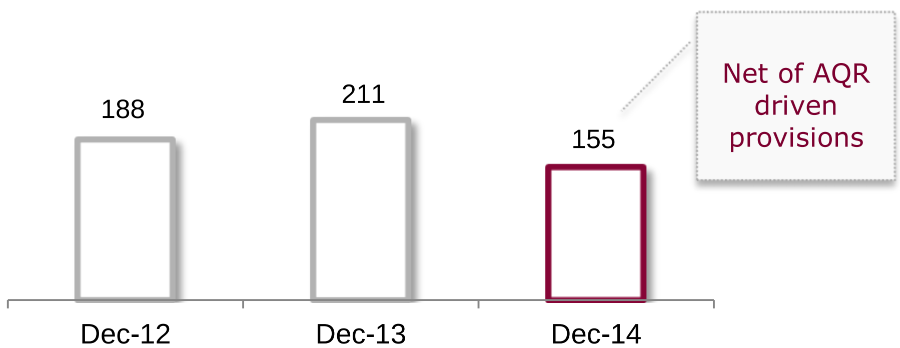
- Introduction of new accounting policies and procedures
- New impairment triggers for the automatic reclassification of exposures from PE to NPE
- Forecast of indicative maximum time for exposures to remain as past due, objective watchlist and subjective watchlist
- Application of haircuts for the evaluation of collateral received on the positions classified NPE
- Application of specific loss rate for collective valuation of past due and objective watchlist
- Revised methodologies for calculation of collective provisioning/valution of performing portolio

Focus on Asset Quality: *Provisions and Cost of Risk*

Net loan loss provisions and Cost of Risk



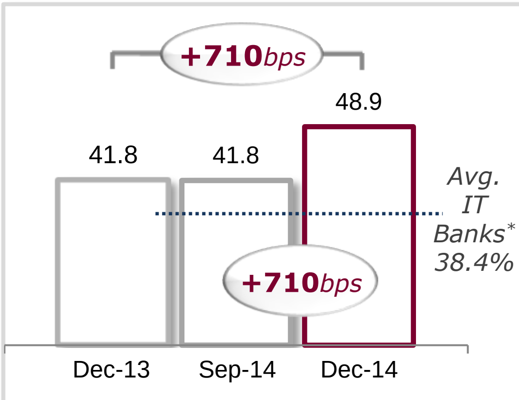
Cost of Risk *(bps)*



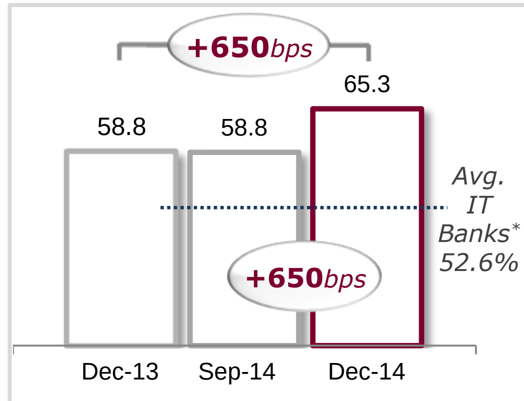
- Loan loss provisions at EUR 7,821mln in Dec-14, of which:
  - EUR 1,529mln related to CFR
  - EUR 4,434mln related to additional provisions as a result of the update of methodologies and application parameters for evaluation of credit exposures
- Cost of credit at 654bps (including AQR driven actions)
- Excluding AQR driven non-recurring impacts, loan loss provisions declined by more than 30% YoY, with a cost of credit at 155bps in 2014 vs. 211 of 2013

Focus on Asset Quality:
Increase in Coverage ratios, in line with best practise

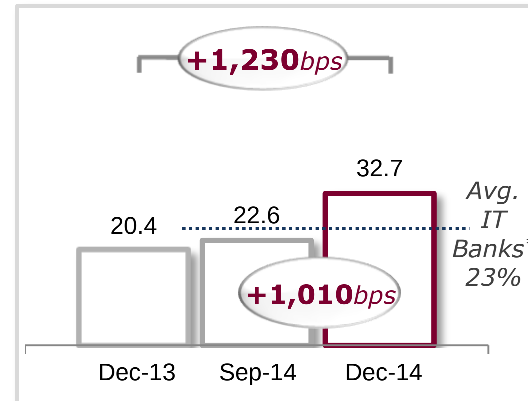
Impaired Loans Coverage *(%)*



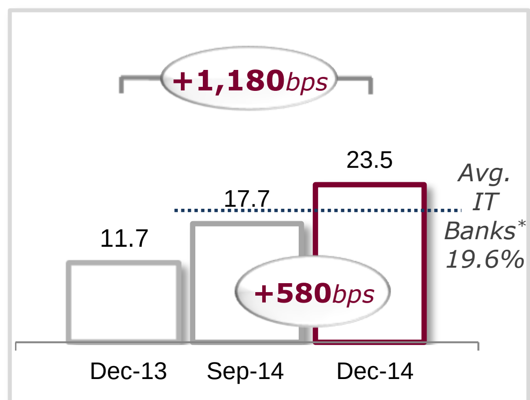
NPL Coverage *(%)*



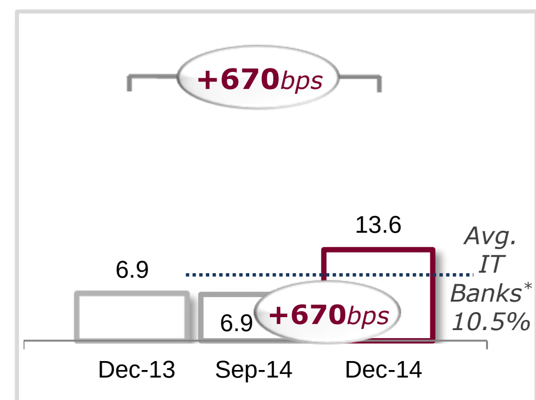
Watchlist Coverage *(%)*



Restructured Coverage *(%)*



Past Due Coverage *(%)*

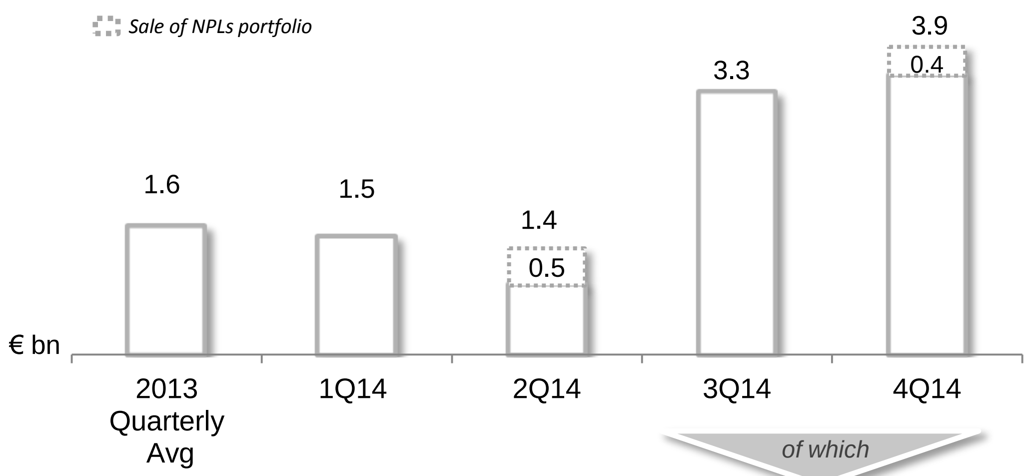


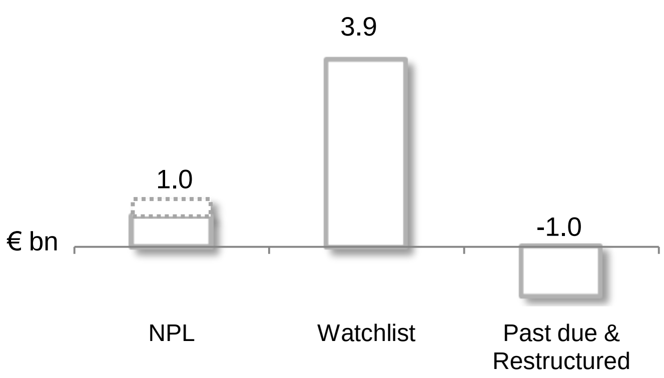
- Total loans (performing and non-performing) coverage increases from 10.7% as at Dec-13 to 16.2% as at Dec-14
- Increase in **performing loans coverage**, from 0.6% as at Dec-13 to 0.9% as at Dec-14

*Avg. Italian Banks: UCI, ISP, BAPO,UBI, BPM, BPER. Source 9M2014 Company Reports

Focus on Asset Quality:
Impaired loans stock impacted by AQR

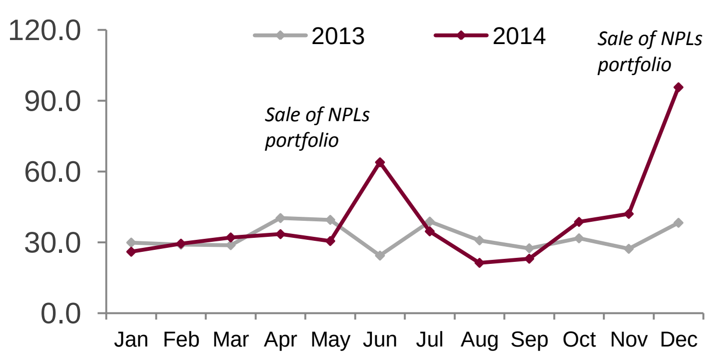
Gross Impaired loans*: increase in stock





- Volume of impaired loans affected by AQR related reclassification of exposures, with significant increase in watchlist loans
- Total amount of on balance reclassification done in 2014: approx EUR 10bn, of which EUR 5.7bn related to AQR
- Disposed of a NPL portfolio of approx. 16k non performing files with a total book value, gross of provisions, of almost EUR 1bn
- 2014 Recovery inflows at EUR 407mln, up +35% YoY; recovery inflows in 4Q14 up 97% vs. 4Q13

Monthly Recovery – Inflows *(€/mln)*

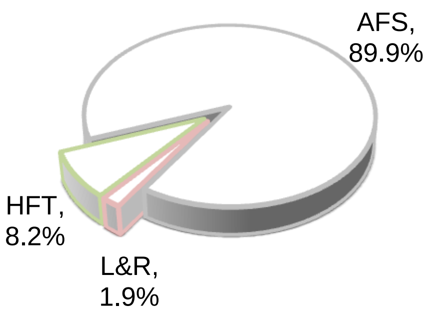


* NPL, Watchlist, Restructured and Past due

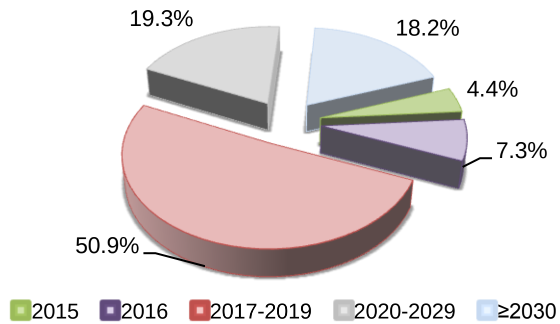
Financial Assets: focus on Italian Govies Portfolio

Italian Government Bonds: EUR 25bn*

Breakdown by IAS category



Breakdown by maturity



- **Securities and Derivatives Portfolio** at EUR 33.3bn in Dec-14, down 3.2% QoQ and 6.4% YoY, thanks to interventions aimed at:
  - simplification and rationalization of the portfolio
  - reduction of overall risks, in particular on the Italian Govies portfolio
  - reduction of high capital absorption assets

of which

AFS Italian Government Bonds**: Nominal Value

	Nominal Value *(€bn)*	Duration *(years)*	AFS Net Reserve *(€bn)*
Outright	8.7	2.57	+0.1
in ASW	10.3	9.78	-0.7
in ASW ex Alexandria	7.3	7.93	-0.3
Total	**19.0**	**6.47**	**-0.6**

- **Nominal Value of the Italian Government Bond Portfolio in AFS**: EUR 19bn vs. EUR 21bn in Dec-13, **-7.7% YoY**
- Change in the composition of the portfolio has resulted **in a drastic reduction in the overall level of risk** and an increase in its liquidity, achieved through a reduction of less liquid segments (inflation-linked securities, CCT)
- The proportion of short-term securities (not covered) of the portfolio of government bonds has increased, **with a corresponding reduction in the weight of the securities covered by interest rate hedges**
- Active Portfolio Management: turnover of about EUR 8.7bn with a positive contribution of EUR 160 mln

*Market Value
** Figures from operational data management system (Risk management)

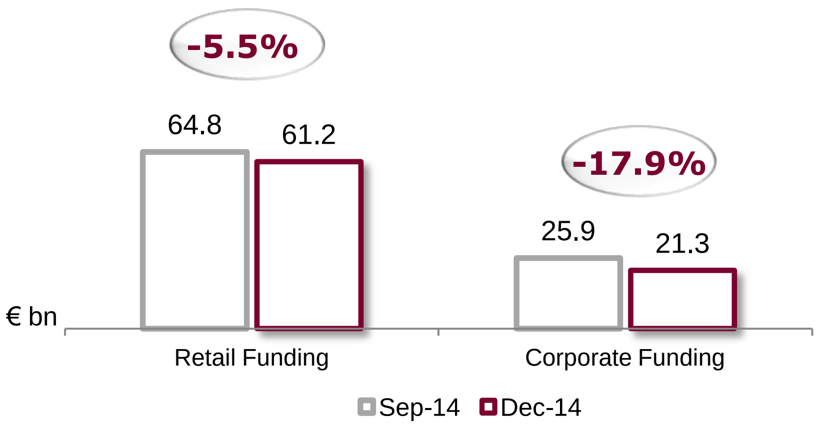
Direct funding optimization

Direct funding* by Source

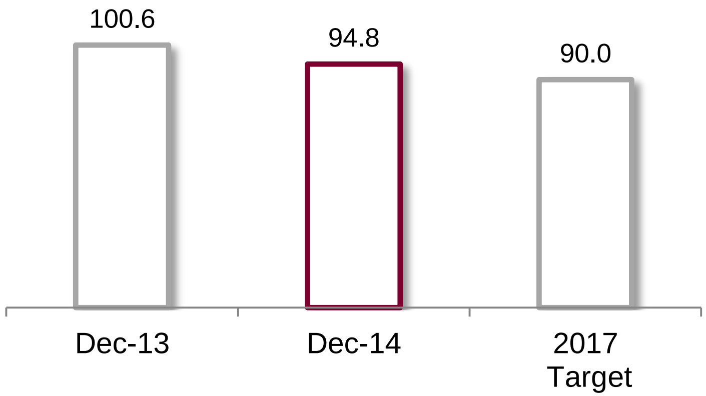
€/mln	Dec-13	Sep-14	Dec-14	QoQ%	YoY%
Current accounts	55,076	57,014	53,373	-6.4%	-3.1%
Time deposits	8,003	10,900	10,800	-0.9%	34.9%
Repos	16,096	13,551	21,158	56.1%	31.4%
Bonds	39,909	34,818	31,406	-9.8%	-21.3%
Other types of direct funding**	10,751	10,327	9,487	-8.1%	-11.8%
Total	**129,836**	**126,610**	**126,224**	**-0.3%**	**-2.8%**

- **Direct funding** down 0.3% QoQ and approx. 2.8% YoY, with a recomposition towards cheaper forms of funding (Time Deposits +35% YoY, Bonds -21% YoY)
- Increase in Repos with institutional counterparties (+EUR 7.6bn vs. Sep-14) due to low cost of channel
- **L/D ratio** at 94.8%, well on track vs 2017 BP Target

Direct Funding by Segment***



Loan/Deposit ratio**** (%)



*2013 balance sheet figures have been restated to reflect changes to the scope of consolidation (following the introduction of new accounting standards which came into force on 1 January 2014)
** As at Dec-14, the item includes EUR 1,350bn in NFIs, including accrued, unpaid interest
*** Customer accounts and securities - Distribution network
**** Customer Loans/Deposits from customers and securities issued

Indirect funding: increase driven by Wealth Management

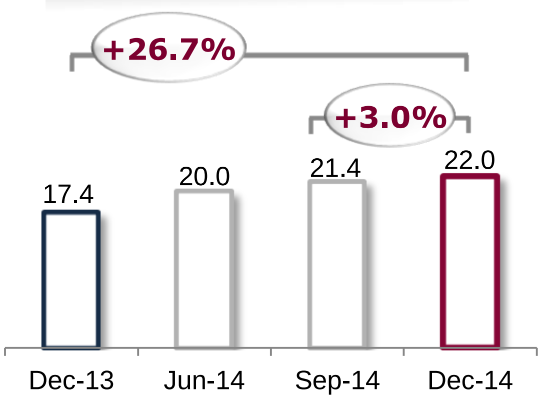
WM/AC

€/mln	Dec-13	Sep-14	Dec-14	QoQ%	YoY%
Assets under custody	58,292	57,568	54,622	-5.1%	-6.3%
Wealth Management	45,106	50,390	51,519	2.2%	14.2%
Total	**103,397**	**107,958**	**106,140**	**-1.7%**	**2.7%**

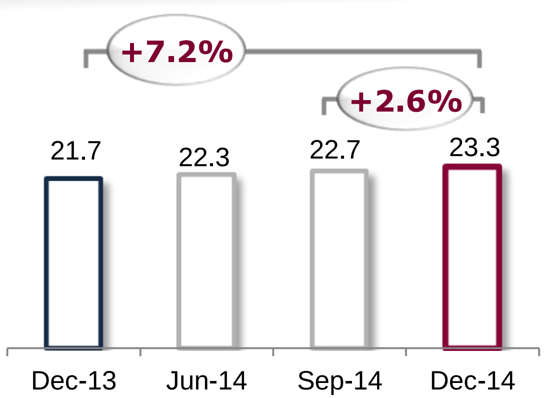
- **Indirect funding** was up 2.7% YoY, mainly thanks to **Wealth Management** increased 14.2% YoY
  - **Mutual funds** increased 26.7% YoY, due to positive inflows and market impact
  - **Life insurance** increased 7.2%
- Slight decrease in the 4Q (-1.7% QoQ) mainly driven by the reduction of Assets under Custody

Breakdown WM
(€/bn)

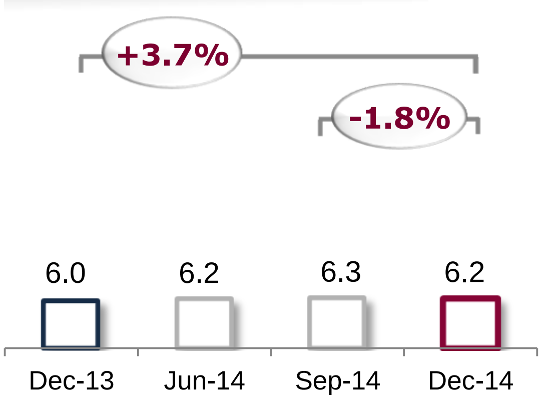
Mutual Funds/Sicav



Life insurance policies

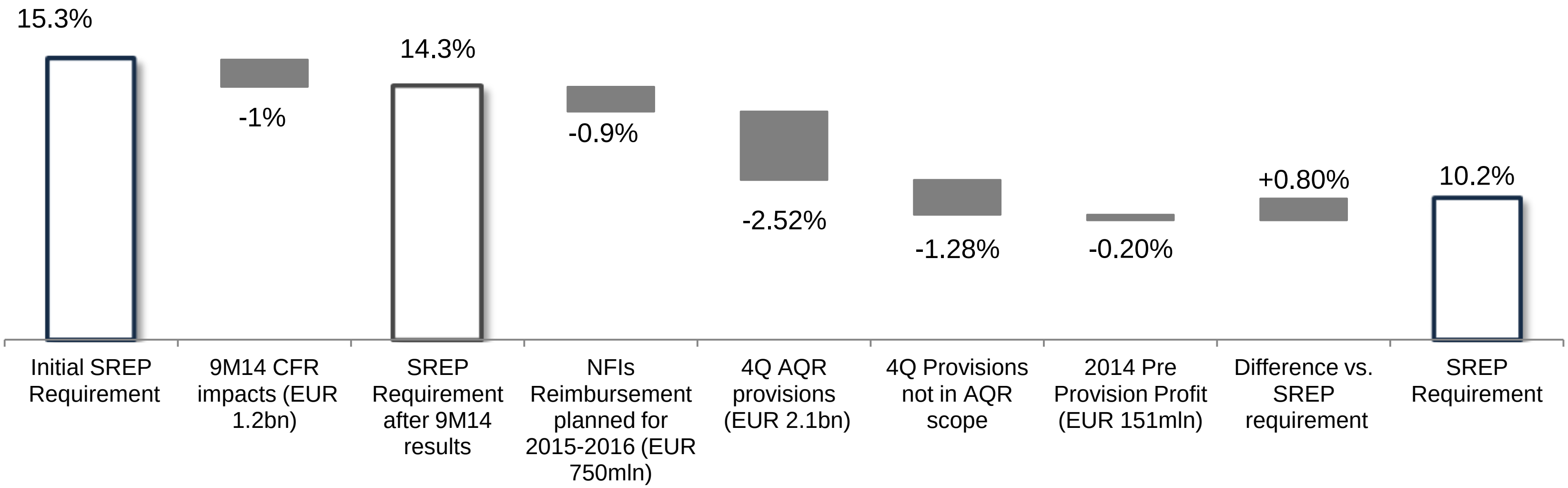


Individual portfolios under mgmt

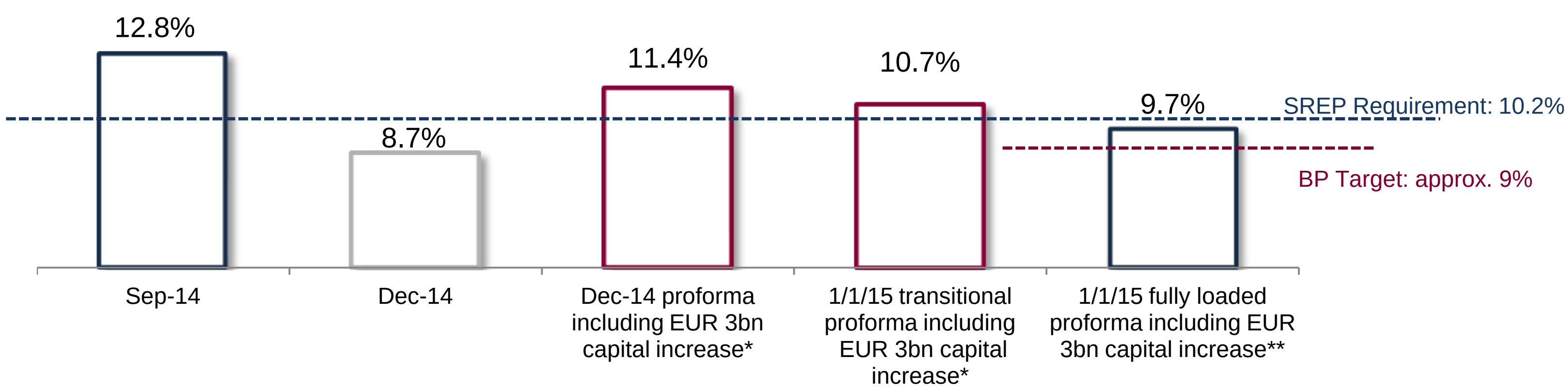


Capital Ratios and ECB Target

SREP Prudential Requirements



CET 1 ratio

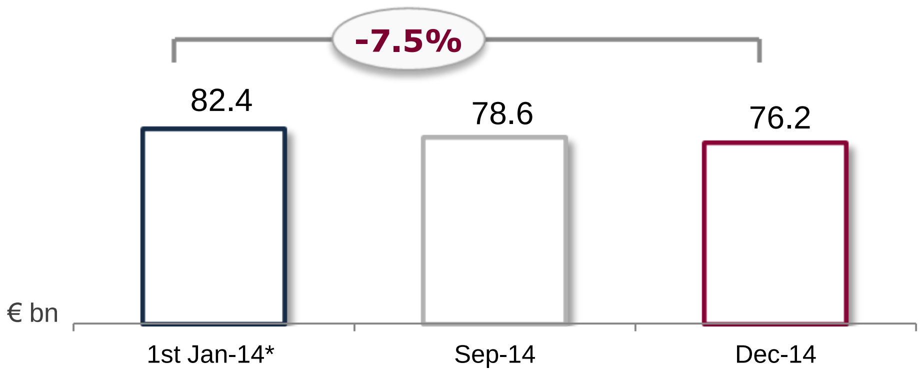


* Transitional ratio, pro-forma including EUR 3bn capital increase, the payment of NFIs coupon through the issue of new shares and the rapayment of remaining NFIs

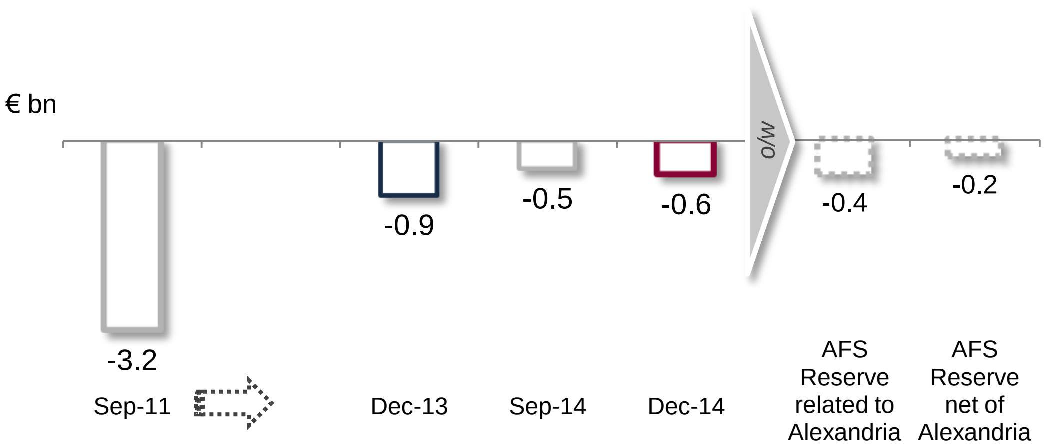
** Fully loaded, including EUR 3bn capital increase and the payment of NFIs coupon through the issue of new shares and the repayment of remaining NFIs

RWAs and AFS reserve

RWAs



EBA AFS Reserve**



- Ongoing reduction in **RWAs** (-EUR 6.2bn vs. Dec-13 proforma) following the decline of the absorption associated with the credit risk due to the reduction of performing loans (also following AQR driven reclassifications) and to market risk due to the optimization of the securities portfolio
- **AFS reserve** at Dec-14 was –EUR 0.6bn (compared to -EUR 3.2bn at time of EBA capital exercise in Sep-11)

AFS Reserve related to Alexandria restructuring already 100% deducted from capital

* Proforma BIS3
**Figures from operational data management system (Risk management)

Contents

- *Key messages*
- *FY14 Results - Balance sheet*
- ***FY14 Results - P&L***
- *Final remarks*

FY2014 P&L: Highlights

€ mln	FY13*	FY14	Change (YoY %)
Net Interest Income	2,156.2	2, 163.5	+0.3
Net Fees	1,657.5	1,697.7	+2.4
Other revenues	151.0	367.2	n.m.
Total Revenues	**3,964.7**	**4,228.4**	**+6.7**
Operating Costs	**(2,816.8)**	**(2,755.2)**	**-2.2**
Personnel costs	*(1,718.8)*	*(1,709.9)*	*-0.5*
Other admin expenses	*(939.3)*	*(804.5)*	*-14.3*
Pre Provision Profit	**1,147.9**	**1,473.2**	**+28.3**
Total provisions	(2,823.2)	(8,025.3)	n.m.
LLP	*(2,749.6)*	*(7,821.4)*	*n.m*
Non operating items**	(313.1)	(374.1)	-19.5
Profit (Loss) before tax	**(1,988.4)**	**(6,926.1)**	**n.m.**
Taxes	647.2	2,304.9	n.m.
PPA & Other item	(93.1)	(33.7)	n.m.
Impairment on goodwil and intagible assets	-	(687.9)	n.m.
Net income	**(1,434.3)**	**(5,342.9)**	**n.m.**

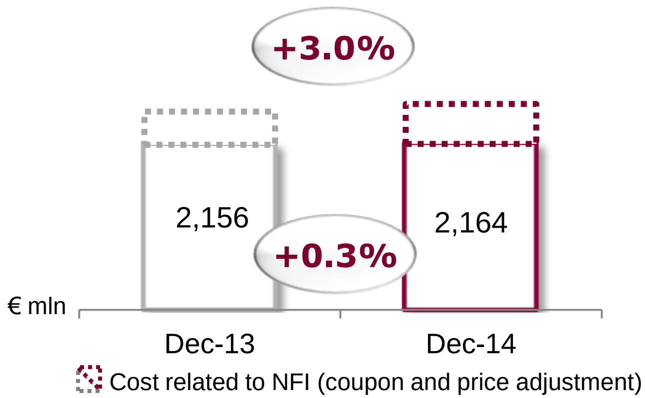
❑ **FY14 Results: main underlying trends**

- **Net interest income** stable on 2013 level, notwithstanding the downsizing of the balance sheet, but affected by the NFIs cost; net of this component up 3.0%
- **Cost of funding continues to decline**, allowing the absorption of the decline in lending
- **Fee performance** (**+2.4% YoY**) driven by WM fees increase (+7.9% YoY)
- **Ongoing structural cost containment**
- **LLP** impacted by AQR driven provisioning
- **Results** affected by AQR, impairment of Goodwill and fund for early retirement scheme

•2013 P&L figures have been restated to reflect changes to the scope of consolidation (following the introduction of new accounting standards which came into force on 1 January 2014) and the reclassification of P&L items relating to the transfer of a business unit to the company "Fruendo Srl", effective as of 1 January 2014
** Net provisions for risks and charges, Other operating income (expenses), Non-operating item

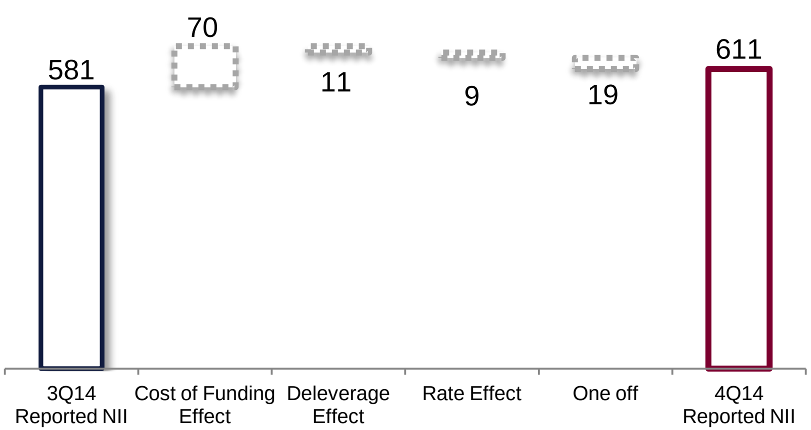
Net Interest Income

Net Interest Income* (YoY)

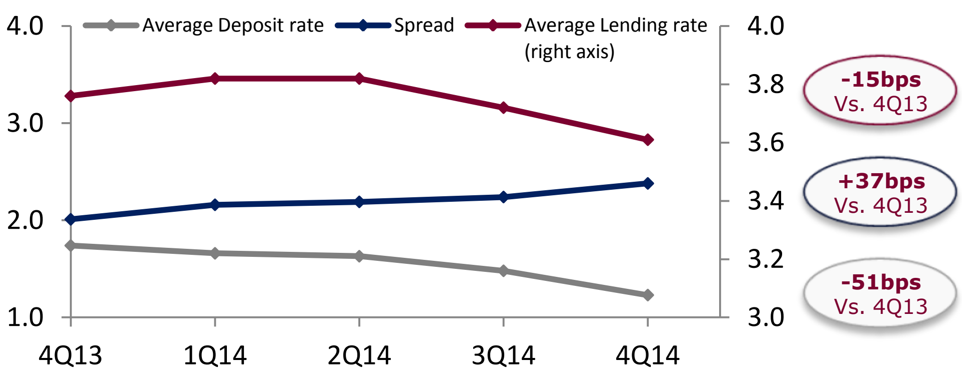


- "Core" Net Interest Income (net of costs related to NFIs) increased 3.0% YoY
- Quarterly evolution mainly affected by:
  - Ongoing cost of funding reduction
  - Downsizing of balance sheet
  - Repricing of Casaforte bonds

Net Interest Income (QoQ)



Spread trend (%)



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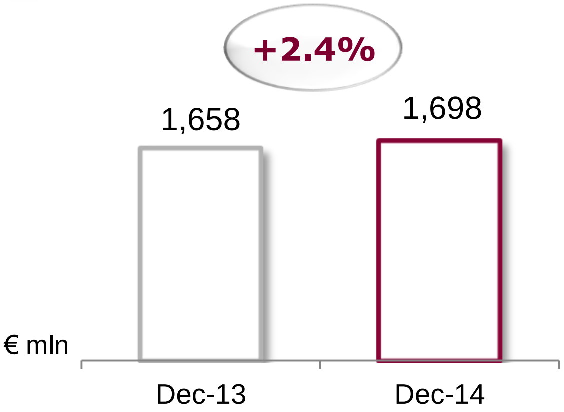
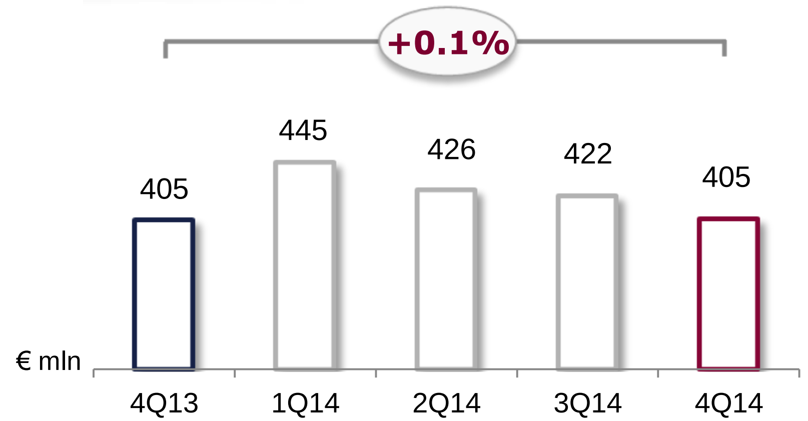
Fee and Commission Income

Fees YoY



Fees QoQ



- **Net fees and commissions** +2.4% YoY driven by the increase of WM components (+7.9% YoY) that more than offset the reduction of the traditional banking fee component

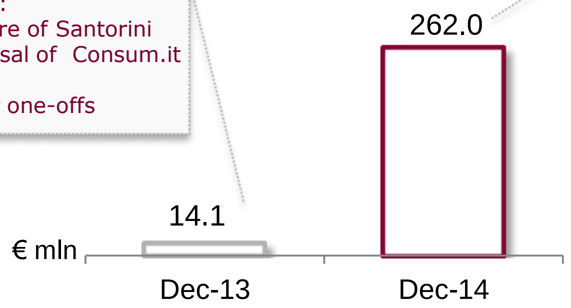
Fees Breakdown

€/mln	FY13	FY14	YoY	4Q13	4Q14	4Q14 vs 4Q13
Wealth Management fees, o/w	**624**	**673**	**7.9%**	**152**	**157**	**3.4%**
AuM Placement	*298*	*330*	*10.4%*	*72*	*63*	*-12.4%*
Continuing	*234*	*248*	*5.9%*	*58*	*66*	*13.1%*
Bond Placement	*71*	*65*	*-8.2%*	*17*	*17*	*-3.5%*
Protection	*21*	*31*	*47.5%*	*4*	*12*	*160.5%*
Traditional Banking fees, o/w	**1,298**	**1,236**	**-4.8%**	**313**	**298**	**-4.8%**
Credit facilities	*646*	*589*	*-8.9%*	*152*	*136*	*-10.4%*
Trade finance	*75*	*74*	*-1.1%*	*18*	*18*	*-2.7%*
Payment services and client expense recovery	*577*	*573*	*-0.6%*	*143*	*144*	*1.0%*
Other	**-264.4**	**-211.5**	*20.0%*	*-60*	*-49*	*17.7%*
Total Net Fees	**1,658**	**1,698**	**2.4%**	**404.8**	**405.2**	**0.1%**

Dividends and trading

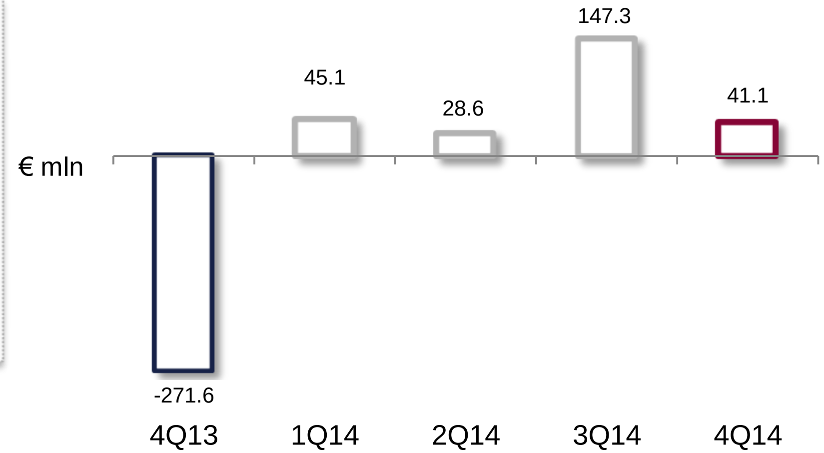
Trading*/valuation of financial assets YoY

2013 impacted by non recurring negative items:
- Closure of Santorini
- Disposal of Consum.it CQS
- Other one-offs

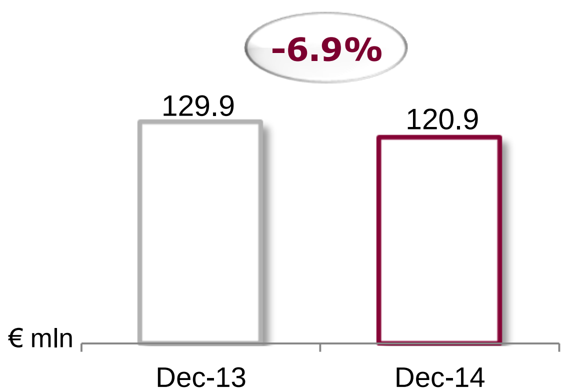


Of which:
- **~+EUR 100mln** net profit from trading
- **~+EUR 160mln** from optimization of AFS portfolio with marginal impact on NII, and asset disposals
- **~+EUR 2mln** net profit from financial assets and liabilities designated at fair value

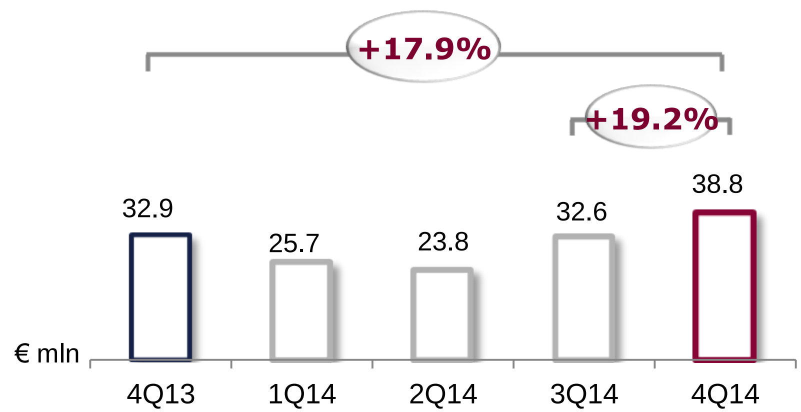
Trading*/valuation of financial assets QoQ



Dividends /Profit from investments YoY



Dividends /Profit from investments QoQ



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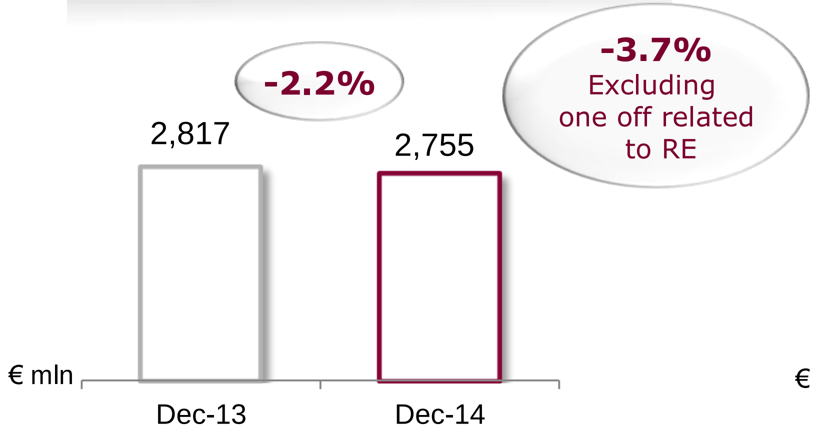
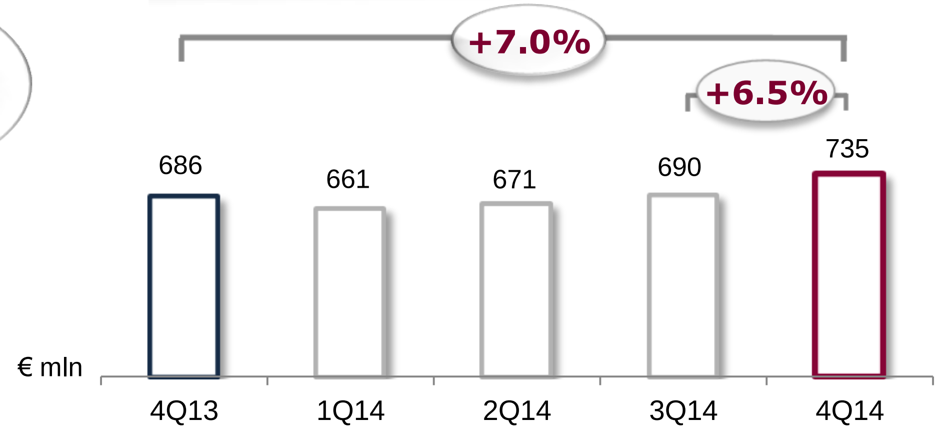
Operating Costs

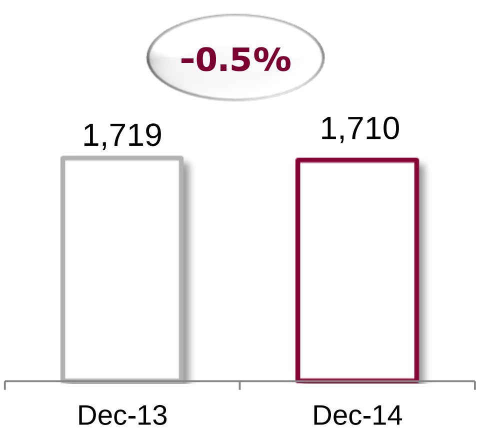
Total Costs* YoY



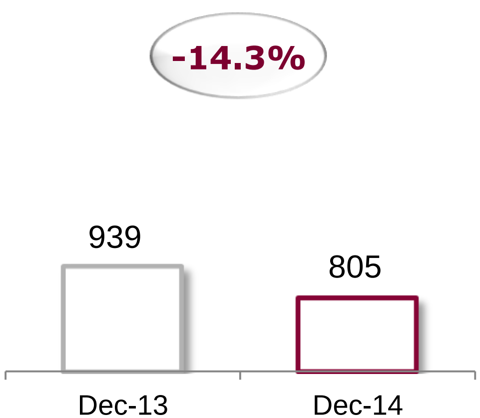
Operating Costs* QoQ



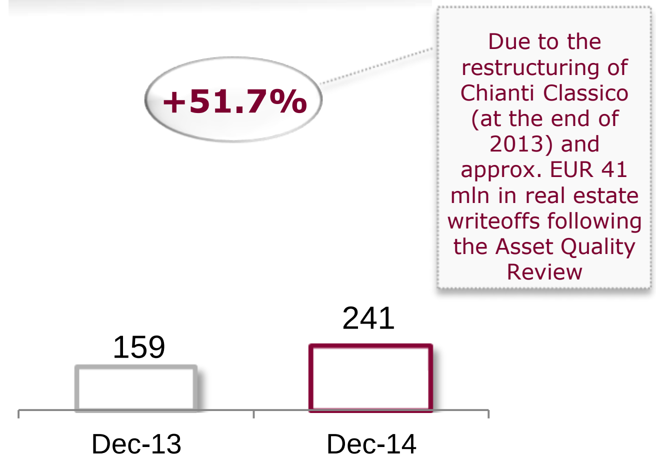
Personnel expenses* *(€/mln)*



Admin expenses* *(€/mln)*



Amortization and Depreciation* *(€/mln)*



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Contents

Final remarks

- *An eventful 2014:*
  - *First full year of Restructuring Plan with meaningful increase in operating performance and results*
  - *Recapitalisation and NFI reimbursement in line with DG Comp commitments*
  - *Comprehensive Assessment completed and Capital Plan approved*
- *Outlook for 2015:*
  - *Re-structuring with significant derisking and downsizing of balance sheet substantially complete*
  - *Rights Issue for reimbursement of remaining NFIs*
  - *Strong operating leverage*
  - *BMPS ready to face challenges ahead and continue to explore strategic options*

Thank you for your attention

Q&A

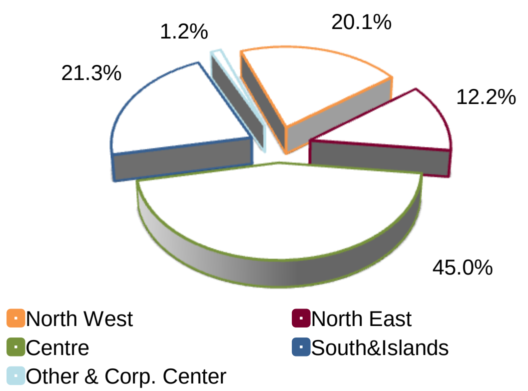
Annexes

Asset quality overview

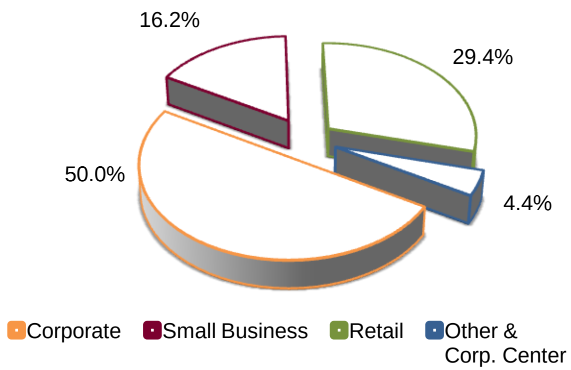
Impaired Loans as at 31 Dec-14

(€ mln)	**Gross**	**QoQ** *(%)*	**YoY** *(%)*	**Net**	**QoQ** *(%)*	**YoY** *(%)*
NPL	24,330	+2.7	+12.9	8,445	-13.4	-4.9
Watchlist	16,993	+30.3	+80.0	11,443	+13.4	+52.4
Restructured	2,043	+2.7	+7.2	1,562	-4.6	-7.2
Past Due	1,958	-35.6	-37.5	1,693	-40.2	-42.0
Total	**45,324**	**+8.5**	**+25.8**	**23,143**	**-4.8**	**+10.2**

Loan book by Geography



Loan book by Segment



Figures from operational data management system (Planning Area and Credit Department)

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Pursuant to para. 2, article 154-bis of the Consolidated Law on Finance, the Financial Reporting Officer, Mr. Arturo Betunio, declares that the accounting information contained in this document corresponds to the underlying documentary evidence and accounting records.

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