

CONSOLIDATED REPORT ON OPERATIONS

Highlights at 31/03/2015

INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

MPS GROUP

INCOME STATEMENT FIGURES (EUR mln)	31/03/15	31/03/14	% chg
Income from banking activities	1,054.9	891.0	18.4%
Income from banking and insurance activities	1,267.2	958.6	32.2%
Net operating income	159.6	(193.7)	n.m
Net profit (loss) for the period	72.6	(174.1)	n.m
BALANCE SHEET FIGURES AND INDICATORS (EUR mln)	31/03/15	31/12/14	% chg
Direct funding	131,511	126,224	4.2%
Indirect funding	111,175	106,140	4.7%
<i>of which: assets under management</i>	55,300	51,519	7.3%
<i>of which: assets under custody</i>	55,874	54,622	2.3%
Loans to customers	123,139	119,676	2.9%
Group net equity	6,471	5,965	8.5%
KEY CREDIT QUALITY RATIOS (%)	31/03/15	31/12/14	Abs. chg
Net doubtful loans/Loans to Customers	7.1	7.1	0.0
Net Unlikely to pay/Loans to Customers	9.9	9.7	0.2
Net NP past due and overdue exposures/Loans to Customers	2.3	2.6	-0.3
PROFITABILITY RATIOS (%)	31/03/15	31/12/14	Abs. chg
Cost/Income ratio	51.6	65.1	-13.5
Net loan loss provisions / End-of-period loans	1.52	6.54	-5.0
CAPITAL RATIOS (%)	31/03/15	31/12/14	Abs. chg
Total Capital ratio	12.6	13.0	-0.4
Common Equity Tier 1 (CET1) ratio	8.1	8.7	-0.6
Return on Assets (RoA) ratio	0.04	-2.91	2.95
INFORMATION ON BMPS STOCK	31/03/15	31/12/14	
Number of ordinary shares outstanding	5,116,513,875	5,116,513,875	
Price per ordinary share:	From 31/12/14 to 31/03/15	From 31/12/13 to 31/12/14	% chg
average	0.52	1.19	-56.0%
low	0.40	0.46	-13.8%
high	0.62	2.56	-75.8%
OPERATING STRUCTURE	31/03/15	31/12/14	Abs. chg
Total head count - end of period	25,763	25,961	(198)
Number of branches in Italy	2,185	2,186	(1)
Number of specialised centres	277	279	(2)
Financial advisory branches	115	118	(3)
Number of branches & representative offices abroad	40	40	-

Reclassified Income Statement (Euro mln)				
Montepaschi Group	31/03/15	31/03/14	Change	
			Abs.	%
Net interest income	611.9	445.8	166.1	37.3%
Net fee and commission income	443.0	445.2	(2.2)	-0.5%
Income from banking activities	1,054.9	891.0	163.9	18.4%
Dividends, similar income and gains (losses) on investments	24.3	25.7	(1.4)	-5.4%
Net profit (loss) from trading	171.8	45.1	126.7	n.m.
Net profit (loss) from hedging	14.8	(4.6)	19.4	n.m.
Other operating income (expenses)	1.4	1.3	0.1	3.9%
Income from banking and insurance activities	1,267.2	958.6	308.6	32.2%
Administrative expenses:	(604.9)	(611.9)	7.0	-1.1%
a) personnel expenses	(419.4)	(429.3)	10.0	-2.3%
b) other administrative expenses	(185.5)	(182.6)	(2.9)	1.6%
Net losses/reversal on impairment on property, plant and equipment / Net adjustm	(48.4)	(48.6)	0.2	-0.4%
Operating expenses	(653.3)	(660.5)	7.2	-1.1%
Pre Provision Profit	613.8	298.0	315.8	106.0%
Net impairment losses (reversals) on:	(454.2)	(491.7)	37.5	-7.6%
a) loans	(468.2)	(476.6)	8.3	-1.7%
b) financial assets	14.0	(15.2)	29.1	n.m.
Net operating income	159.6	(193.7)	353.3	n.m.
Net provisions for risks and charges	(29.8)	(54.5)	24.7	-45.3%
Gains (losses) on investments	0.2	41.9	(41.7)	-99.4%
Restructuring costs / One-off costs	(0.2)	(1.1)	0.9	-79.9%
Gains (losses) on disposal of investments	0.4	4.7	(4.3)	-91.8%
Profit (loss) before tax from continuing operations	130.2	(202.7)	332.9	n.m.
Tax expense (recovery) on income from continuing operations	(44.3)	38.4	(82.7)	n.m.
Profit (loss) after tax from continuing operations	85.9	(164.3)	250.1	n.m.
Net profit (loss) for the period including non-controlling interests	85.9	(164.3)	250.1	n.m.
Net profit (loss) attributable to non-controlling interests	(0.5)	(0.5)	(0.0)	0.8%
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	85.4	(164.7)	250.1	n.m.
PPA (Purchase Price Allocation)	(12.8)	(9.4)	(3.4)	36.3%
Impairment on goodwill and intangibles	-	-	-	n.m.
Net profit (loss) for the period	72.6	(174.1)	246.7	n.m.

Quarterly trend in reclassified income statement (Euro mln)					
Montepaschi Group	2015	2014			
	1Q	4Q	3Q	2Q	1Q
Net interest income	611.9	610.9	580.6	526.2	445.8
Net fee and commission income	443.0	405.2	421.5	425.8	445.2
Income from banking activities	1,054.9	1,016.2	1,002.1	952.0	891.0
Dividends, similar income and gains (losses) on investments	24.3	38.8	32.6	23.8	25.7
Net profit (loss) from trading	171.8	41.1	147.3	28.6	45.1
Net profit (loss) from hedging	14.8	(4.7)	2.2	(8.7)	(4.6)
Other operating income (expenses)	1.4	17.9	2.0	(17.7)	1.3
Income from banking and insurance activities	1,267.2	1,109.4	1,186.1	978.0	958.6
Administrative expenses:	(604.9)	(658.2)	(623.8)	(620.4)	(611.9)
a) personnel expenses	(419.4)	(430.7)	(427.9)	(421.9)	(429.3)
b) other administrative expenses	(185.5)	(227.5)	(195.9)	(198.5)	(182.6)
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(48.4)	(76.3)	(65.6)	(50.2)	(48.6)
Operating expenses	(653.3)	(734.5)	(689.5)	(670.7)	(660.5)
Pre Provision Profit	613.8	374.9	496.7	307.3	298.0
Net impairment losses (reversals) on:	(454.2)	(5,502.2)	(1,296.1)	(735.2)	(491.7)
a) loans	(468.2)	(5,357.0)	(1,256.5)	(731.4)	(476.6)
b) financial assets	14.0	(145.2)	(39.6)	(3.8)	(15.2)
Net operating income	159.6	(5,127.3)	(799.4)	(427.9)	(193.7)
Net provisions for risks and charges	(29.8)	(57.2)	(37.3)	(27.5)	(54.5)
Gains (losses) on investments	0.2	(72.0)	(13.4)	133.4	41.9
Restructuring costs / One-off costs	(0.2)	(53.8)	(318.2)	(2.7)	(1.1)
Gains (losses) on disposal of investments	0.4	77.9	1.7	0.4	4.7
Profit (loss) before tax from continuing operations	130.2	(5,232.5)	(1,166.6)	(324.3)	(202.7)
Tax expense (recovery) on income from continuing operations	(44.3)	1,736.8	374.2	155.4	38.4
Profit (loss) after tax from continuing operations	85.9	(3,495.7)	(792.4)	(168.9)	(164.3)
Net profit (loss) for the period including non-controlling interests	85.9	(3,495.7)	(792.4)	(168.9)	(164.3)
Net profit (loss) attributable to non-controlling interests	(0.5)	0.6	4.9	(0.6)	(0.5)
Profit (loss) for the period before PPA, impairment on goodwill and intangibles	85.4	(3,495.2)	(787.5)	(169.5)	(164.7)
PPA (Purchase Price Allocation)	(12.8)	(10.1)	(9.2)	(9.4)	(9.4)
Impairment on goodwill and intangibles	-	(687.9)	-	-	-
Net profit (loss) for the period	72.6	(4,193.2)	(796.7)	(178.9)	(174.1)

Reclassified balance sheet (Euro mln)

	31/03/15	31/12/14	Chg vs 31/12/14	
			abs.	%
ASSETS				
Cash and cash equivalents	682	1,007	(324)	-32.2%
Receivables :				
a) Loans to customers	123,139	119,676	3,463	2.9%
b) Loans to banks	7,856	7,723	133	1.7%
Financial assets held for trading	41,236	39,776	1,460	3.7%
Financial assets held to maturity	-	-	-	
Equity investments	947	1,014	(67)	-6.6%
Property, plant and equipment / Intangible assets	3,139	3,229	(90)	-2.8%
<i>of which:</i>				
a) goodwill	8	8	-	
Other assets	10,526	11,019	(493)	-4.5%
Total assets	187,525	183,444	4,082	2.2%

	31/03/15	31/12/14	Chg vs 31/12/14	
			abs.	%
LIABILITIES				
Payables				
a) Deposits from customers and securities issued	131,511	126,224	5,287	4.2%
b) Deposits from banks	22,519	27,648	(5,128)	-18.5%
Financial liabilities held for trading	16,381	13,702	2,680	19.6%
Provisions for specific use				
a) Provisions for staff severance indemnities	268	271	(3)	-1.2%
b) Pensions and other post retirement benefit obligations	52	66	(14)	-20.9%
c) Other provisions	1,104	1,085	19	1.7%
Other liabilities	9,195	8,459	735	8.7%
Group net equity	6,471	5,965	506	8.5%
a) Valuation reserves	(255)	(685)	433	-63.1%
c) Equity instruments carried at equity	3	3	-	
d) Reserves	(5,838)	(496)	(5,342)	n.m.
e) Share premium	2	2	-	
f) Share capital	12,484	12,484	-	
g) Treasury shares (-)	(0)	(0)	-	
h) Net profit (loss) for the year	73	(5,343)	5,416	n.m.
Non-controlling interests	24	24	0	2.0%
Total Liabilities and Shareholders' Equity	187,525	183,444	4,082	2.2%

Reclassified Balance Sheet - Quarterly Trend (Euro mln)

	31/03/15	31/12/14	30/09/14	30/06/14	31/03/14
ASSETS					
Cash and cash equivalents	682	1,007	878	860	823
Receivables :					
a) Loans to customers	123,139	119,676	126,307	132,770	132,677
b) Loans to banks	7,856	7,723	6,884	8,638	10,204
Financial assets held for trading	41,236	39,776	41,856	39,863	43,500
Financial assets held to maturity	-	-	-	-	-
Equity investments	947	1,014	1,001	952	960
Property, plant and equipment / Intangible assets	3,139	3,229	3,934	3,971	4,004
<i>of which:</i>					
a) <i>goodwill</i>	8	8	670	670	670
Other assets	10,526	11,019	9,837	9,474	8,855
Total assets	187,525	183,444	190,697	196,528	201,022
LIABILITIES					
Payables					
a) Deposits from customers and securities issued	131,511	126,224	126,610	130,777	128,859
b) Deposits from banks	22,519	27,648	29,425	31,810	40,991
Financial liabilities held for trading	16,381	13,702	13,144	11,718	14,630
Provisions for specific use					
a) Provisions for staff severance indemnities	268	271	295	285	273
b) Pensions and other post retirement benefit obligations	52	66	59	59	60
c) Other provisions	1,104	1,085	1,024	991	1,020
Other liabilities	9,195	8,459	9,777	9,811	8,905
Group net equity	6,471	5,965	10,340	11,048	6,251
a) Valuation reserves	(253)	(685)	(549)	(634)	(788)
c) Equity instruments carried at equity	3	3	3	3	3
d) Reserves	(5,838)	(496)	(451)	4,548	(274)
e) Share premium	2	2	2	-	-
f) Share capital	12,484	12,484	12,484	7,485	7,485
g) Treasury shares (-)	(0)	(0)	(0)	(0)	(0)
h) Net profit (loss) for the period	73	(5,343)	(1,150)	(353)	(174)
Non-controlling interests	24	24	24	29	34
Total Liabilities and Shareholders' Equity	187,525	183,444	190,697	196,528	201,022