

CONSOLIDATED REPORT ON OPERATIONS

Highlights at 31/03/2016

INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

MPS GROUP

INCOME STATEMENT FIGURES (EUR mln)	31/03/2016	31/03/2015 (*)	Chg.
Net interest income	548,3	606,7	-9,6%
Net fee and commission income	456,9	443,0	3,1%
Other Income	180,3	323,3	-44,2%
Total Revenues	1.185,5	1.373,0	-13,7%
Net impairment losses (reversals) on loans and financial assets	(349,2)	(454,2)	-23,1%
Net operating income	191,3	265,5	-27,9%
Net profit (loss) for the period	93,2	143,7	-35,2%
BALANCE SHEET FIGURES AND INDICATORS (EUR mln)	31/03/2016	31/12/2015	Chg.
Total assets	173.646	169.012	2,7%
Loans to customers	113.544	111.366	2,0%
Direct funding	119.508	119.275	0,2%
Indirect funding	104.891	106.172	-1,2%
of which: assets under management	55.222	55.516	-0,5%
of which: assets under custody	49.668	50.656	-1,9%
Group net equity	9.675	9.596	0,8%
PROFITABILITY RATIOS (%)	31/03/2016	31/12/2015	Chg.
Cost/Income ratio	54,4	50,4	4,0
R.O.E.	3,9	5,1	-1,2
Return on Assets (RoA) ratio	0,05	0,23	-0,18
EARNING PER SHARE (EUR)	31/03/2016	31/03/2015 (*) (^)	Chg.
Basic earnings per share	0,032	0,562	-0,530
Diluted earnings per share	0,031	0,379	-0,348
KEY CREDIT QUALITY RATIOS (%)	31/03/2016	31/12/2015	Chg.
Net impaired loans / Loans to Customers	21,2	21,7	-0,5
Coverage Impaired loans	49,0	48,5	0,59
Net doubtful loans / Loans to Customers	9,0	8,7	0,2
Coverage Net doubtful loans	63,3	63,4	-0,17
Net adjustments to loans / End loans (Provisioning)	1,22	1,79	-0,57
CAPITAL RATIOS (%)	31/03/2016	31/12/2015	Chg.
Common Equity Tier 1 (CET1) ratio	11,7	12,0	-0,3
Total Capital ratio	15,2	16,0	-0,7
FINANCIAL LEVERAGE INDEX (5)	31/03/2016	31/12/2015	Chg.
Leverage ratio - Transitional Regime	5,1	5,2	-0,2
LIQUIDITY RATIO (%)	31/03/2016	31/12/2015	Chg.
LCR	151,0	222,0	-71,0
NSFR	94,0	100,8	-6,8
OPERATING STRUCTURE	31/03/2016	31/12/2015	Chg.
Total head count - end of period	25.681	25.731	-50
Number of branches in Italy	2.132	2.133	-1

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Reclassified Income Statement (Euro mln)				
Montepaschi Group	31/03/2016	31/03/2015	Change	
		(*)	Abs.	%
Net interest income	548,3	606,7	(58,5)	-9,6%
Net fee and commission income	456,9	443,0	13,9	3,1%
Income from banking activities	1.005,2	1.049,7	(44,5)	-4,2%
Dividends, similar income and gains (losses) on investments	19,3	24,3	(5,0)	-20,5%
Net profit (loss) from trading	165,7	281,7	(115,9)	-41,2%
Net profit (loss) from hedging	0,1	15,9	(15,8)	-99,1%
Other operating income (expenses)	(4,9)	1,4	(6,3)	n.s.
Total Revenues	1.185,5	1.373,0	(187,5)	-13,7%
Administrative expenses:	(594,7)	(604,9)	10,2	-1,7%
a) personnel expenses	(417,6)	(419,4)	1,7	-0,4%
b) other administrative expenses	(177,1)	(185,5)	8,4	-4,5%
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(50,2)	(48,4)	(1,8)	3,8%
Operating expenses	(645,0)	(653,3)	8,3	-1,3%
Pre Provision Profit	540,5	719,7	(179,2)	-24,9%
Net impairment losses (reversals) on:	(349,2)	(454,2)	105,0	-23,1%
a) loans	(345,9)	(468,2)	122,3	-26,1%
b) financial assets	(3,3)	14,0	(17,3)	-123,8%
Net operating income	191,3	265,5	(74,2)	-27,9%
Net provisions for risks and charges	(5,3)	(29,8)	24,5	-82,0%
Gains (losses) on investments	7,5	0,2	7,2	n.s.
Restructuring costs / One-off costs	-	(0,2)	0,2	n.s.
Risks and charges related to the SRF, DGS and similar schemes	(71,1)	-	(71,1)	n.s.
Gains (losses) on disposal of investments	(0,0)	0,4	(0,4)	-107,9%
Profit (loss) before tax from continuing operations	122,3	236,1	(113,8)	-48,2%
Tax expense (recovery) on income from continuing operations	(20,7)	(79,1)	58,4	-73,8%
Profit (loss) after tax from continuing operations	101,6	157,0	(55,4)	-35,3%
Net profit (loss) for the period including non-controlling interests	101,6	157,0	(55,4)	-35,3%
Net loss (profit) attributable to non-controlling interests	(0,5)	(0,5)	0,0	-2,9%
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	101,1	156,5	(55,4)	-35,4%
PPA (Purchase Price Allocation)	(7,9)	(12,8)	4,8	-37,9%
Net profit (loss) for the period	93,2	143,7	(50,6)	-35,2%

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Quarterly trend in reclassified income statement (Euro mln)

Montepaschi Group	2016	2015			
	1Q	4Q	3Q	2Q	1Q
Net interest income	548,3	541,1	556,8	554,0	606,7
Net fee and commission income	456,9	451,6	431,2	484,2	443,0
Income from banking activities	1.005,2	992,6	988,0	1.038,2	1.049,7
Dividends, similar income and gains (losses) on investments	19,3	4,8	28,7	42,0	24,3
Net profit (loss) from trading	165,7	133,6	459,0	163,5	281,7
Net profit (loss) from hedging	0,1	4,3	(6,3)	0,2	15,9
Other operating income (expenses)	(4,9)	(17,8)	0,4	11,3	1,4
Total Revenues	1.185,5	1.117,6	1.469,7	1.255,2	1.373,0
Administrative expenses:	(594,7)	(602,2)	(601,8)	(603,7)	(604,9)
a) personnel expenses	(417,6)	(396,2)	(422,7)	(414,4)	(419,4)
b) other administrative expenses	(177,1)	(205,9)	(179,1)	(189,2)	(185,5)
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(50,2)	(59,4)	(54,4)	(53,7)	(48,4)
Operating expenses	(645,0)	(661,6)	(656,3)	(657,4)	(653,3)
Pre Provision Profit	540,5	456,0	813,4	597,8	719,7
Net impairment losses (reversals) on:	(349,2)	(575,4)	(435,3)	(528,1)	(454,2)
a) loans	(345,9)	(577,2)	(429,8)	(515,8)	(468,2)
b) financial assets	(3,3)	1,8	(5,5)	(12,3)	14,0
Net operating income	191,3	(119,4)	378,1	69,7	265,5
Net provisions for risks and charges	(5,3)	(58,7)	43,2	(18,8)	(29,8)
Gains (losses) on investments	7,5	(7,1)	1,5	124,9	0,2
Restructuring costs / One-off costs	-	(14,6)	(2,2)	(0,3)	(0,2)
Risks and charges related to the SRF, DGS and similar schemes	(71,1)	(140,9)	(54,6)	-	-
Gains (losses) on disposal of investments	(0,0)	1,0	0,9	0,6	0,4
Profit (loss) before tax from continuing operations	122,3	(339,8)	366,9	176,1	236,1
Tax expense (recovery) on income from continuing operations	(20,7)	152,0	(102,5)	18,1	(79,1)
Profit (loss) after tax from continuing operations	101,6	(187,7)	264,4	194,2	157,0
Net profit (loss) for the period including non-controlling interests	101,6	(187,7)	264,4	194,2	157,0
Net loss (profit) attributable to non-controlling interests	(0,5)	(0,5)	(0,5)	(0,3)	(0,5)
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	101,1	(188,2)	263,9	193,9	156,5
PPA (Purchase Price Allocation)	(7,9)	(8,4)	(8,2)	(8,7)	(12,8)
Net profit (loss) for the period	93,2	(196,6)	255,7	185,2	143,7

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**MONTE
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Reclassified balance sheet (EUR mln)

	31/03/2016	31/12/2015	Chg	
			abs.	%
ASSETS				
Cash and cash equivalents	913	1.189	(275)	-23,2%
Receivables :				
a) Loans to customers	113.544	111.366	2.178	2,0%
b) Loans to banks	6.856	8.242	(1.386)	-16,8%
Financial assets held for trading	40.000	35.209	4.791	13,6%
Financial assets held to maturity	-	-	-	
Equity investments	934	908	26	2,9%
Property, plant and equipment / Intangible assets	3.112	3.142	(29)	-0,9%
Other assets	8.285	8.956	(671)	-7,5%
Total assets	173.646	169.012	4.634	2,7%
LIABILITIES				
Payables				
a) Deposits from customers and securities issued	119.508	119.275	233	0,2%
b) Deposits from banks	17.525	17.493	32	0,2%
Financial liabilities held for trading	20.051	15.922	4.129	25,9%
Provisions for specific use				
a) Provisions for staff severance indemnities	248	246	2	0,6%
b) Pensions and other post retirement benefit obligations	51	49	2	4,1%
c) Other provisions	1.050	1.068	(18)	-1,6%
Other liabilities	5.512	5.337	175	3,3%
Group net equity	9.675	9.596	79	0,8%
a) Valuation reserves	(37)	(22)	(15)	67,4%
c) Equity instruments carried at equity	-	-	-	
d) Reserves	611	222	388	n.s.
e) Share premium	6	6	(0)	
f) Share capital	9.002	9.002	-	
g) Treasury shares (-)	-	-	-	
h) Net profit (loss) for the year	93	388	(295)	-76,0%
Non-controlling interests	26	26	(1)	-2,1%
Total Liabilities and Shareholders' Equity	173.646	169.012	4.634	2,7%

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**MONTE
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Reclassified Balance Sheet - Quarterly Trend (EUR mln)

	31/03/2016	31/12/2015	30/09/2015 (*)	30/06/2015 (*)	31/03/2015 (*)
ASSETS					
Cash and cash equivalents	913	1.189	812	822	682
Receivables :					
a) Loans to customers	113.544	111.366	112.513	117.436	123.139
b) Loans to banks	6.856	8.242	6.432	8.327	7.856
Financial assets held for trading	40.000	35.209	36.297	32.990	37.633
Financial assets held to maturity	-	-	-	-	-
Equity investments	934	908	960	908	947
Property, plant and equipment / Intangible assets	3.112	3.142	3.090	3.122	3.139
<i>of which:</i>					
a) goodwill	8	8	8	8	8
Other assets	8.285	8.956	10.022	10.596	10.453
Total assets	173.646	169.012	170.126	174.201	183.850
LIABILITIES					
Payables					
a) Deposits from customers and securities issued	119.508	119.275	122.717	122.891	128.161
b) Deposits from banks	17.525	17.493	17.805	18.831	22.519
Financial liabilities held for trading	20.051	15.922	11.476	14.534	18.268
Provisions for specific use					
a) Provisions for staff severance indemnities	248	246	245	246	268
b) Pensions and other post retirement benefit obligations	51	49	51	50	52
c) Other provisions	1.050	1.068	1.087	1.106	1.104
Other liabilities	5.512	5.337	6.990	7.285	7.291
Group net equity	9.675	9.596	9.730	9.234	6.162
a) Valuation reserves	(37)	(22)	(85)	(324)	(14)
c) Equity instruments carried at equity	-	-	-	-	3
d) Reserves	611	222	222	466	(6.458)
e) Share premium	6	6	6	4	2
f) Share capital	9.002	9.002	9.002	8.759	12.484
g) Treasury shares (-)	-	-	-	-	0
h) Net profit (loss) for the year	93	388	585	329	144
Non-controlling interests	26	26	26	24	24
Total Liabilities and Shareholders' Equity	173.646	169.012	170.126	174.201	183.850

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