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PRESS RELEASE

BOARD APPROVES RESULTS AS AT SEPTEMBER 30, 2016

- **Pre-provision profit at EUR 1,488 million, with a net interest income impacted by the decline in interest rates and decreased volumes of interest-bearing loans, only partly offset by reduced funding costs and volumes, net fees up and ongoing contraction of costs**
- **Net result for the first nine months of EUR -849 million, impacted by extraordinary loan loss provisions for EUR 750 million, booked in the third quarter**
- **Loan loss provisions at EUR 2,022 million, including the extraordinary component connected with the revised credit policy[1]. Without this component, provisions would have amounted to EUR 1,272 million, down by 10.1% Y/Y**
- **Net non-performing loans reduced by EUR 1.6 billion from the beginning of the year**
- **Transitional Common Equity Tier 1 at 11.5%**

Milan, 25 October 2016 – The Board of Directors of Banca Monte dei Paschi di Siena S.p.A. reviewed and approved the results as at 30 September 2016.

[1] It refers to the amendment of the methodology for calculating impairment provisioning of unlikely-to-pay loans and the raising of the threshold for the analytical assessment of unlikely-to-pay loans, considering the instructions contained in the "Draft guidance to banks on non-performing loans" published by the ECB last September.

Main consolidated Income Statement results of the first nine months:

- Net interest income at EUR 1,519 million, down 11.6% Y/Y, largely as an effect of declining interest-bearing loans, chiefly commercial loans and securities (falling volumes and decline in related yields), only partly compensated by reduced funding costs and volumes.
- Net fees and commissions at EUR 1,402 million, up 3.2% Y/Y, due to increased revenues from payment services and to the optimisation of non-commercial components of passive commissions, including the reduced cost of the state guarantee on so-called “Monti Bonds”.
- Dividends, similar income and profit (loss) on investments amount to approximately EUR 67 million. Net profit/loss from trading/valuation/repurchase of financial assets/liabilities is approximately EUR 420 million.
- Operating costs equal to EUR 1,929 million, down by 1.9% Y/Y. Personnel expenses amount to about EUR 1,239 million, down by 1.4% Y/Y, due to staff reduction but particularly to one-off components booked in the second quarter. Other administrative expenses, amounting to about EUR 533 million, are down by 3.9% Y/Y, thanks to continuing structural cost containment initiatives and to a reduced legal burden.
- Loan loss provisions at EUR 2,022 million, up 43% Y/Y for non-recurring components (EUR 750 million regarding unlikely to pay) booked in the third quarter and connected to the new credit policy. Without this component, provisions would have amounted to EUR 1,272 million, down by 10.1% Y/Y. Average non-performing exposure coverage, equal to 50.6%, is up by c. 260 bps Q/Q, partly as a result of the non-recurring provisions booked in the quarter. Unlikely to pay coverage increased from 28.9% as at June 2016 to 34.5% as at September 2016.
- Non-operating items negative by EUR 208 million, including the entire 2016 annual contribution to the DGS and the DTA (Deferred Tax Assets) fees calculated on DTAs convertible into tax credit and equal to approximately EUR -124 million, related to 2015 (about EUR 70 million) and to 2016 (estimated at around EUR 72 million per year and booked on a pro-rata basis until 30 September 2016 for about EUR 54 million).

Main consolidated Balance Sheet Results:

- Loans to customers at EUR 105 billion, down by EUR 6.8 billion from December 2015 and by about EUR 2.9 billion vs. 30 June 2016. The quarterly trend is impacted both by a decrease in commercial volumes and by the EUR 1 billion drop in net non-performing exposures.
- Direct funding at EUR 105 billion, down by about EUR 14 billion with respect to December 2015 and by around EUR 6.6 billion from 30 June 2016. The drop registered during the third quarter is due to the commercial funding spill which took place in July and August, during the banking sector financial market turmoil and following the publication of stress test results for the Group.

- Indirect funding amounts to EUR 98.4 billion, down by about EUR 8 billion compared to December 2015 and up by EUR 0.7 billion from June 2016. The quarterly growth is generated by increasing assets under management (EUR +1.4 billion Q/Q) vis à vis the ongoing drop in assets under custody (EUR -0.7 billion Q/Q), as customers shift savings from the latter to the former.
- Unencumbered counterbalancing capacity at c. EUR 14.6 billion at the end of September, vs. EUR 20.9 billion at 30 June 2016.
- Gross non-performing exposures at c. EUR 45.6 billion, down by EUR 1.3 billion compared to December 2015 but up by c. EUR 0.26 billion compared to 30 June 2016. The stock of net non-performing exposures is down by about EUR 1.6 billion from year end, the effect of non-recurring adjustments booked in the quarter.
- Transitional Common Equity Tier 1 at 11.49% (12.11% in June 2016), impacted by the loss for the period, partly compensated by the decrease in risk-weighted assets.

Group profit and loss results for 9M16

For the first nine months of 2016, the Group's **Total Revenues** stand at c. **EUR 3,418 million**, a 16.6% Y/Y decrease, due to a contraction in net interest income and profit from trading, the latter to a level below that of 2015, which had benefited from the restatement of the so-called "Alexandria" transaction (impact of about EUR +609 million at 30 September 2015). Compared to 30 June 2016, 3Q16 total revenues are reduced by 7.4%, mainly due to fewer fees and commissions and to a slowdown in other revenues from banking business.

Net interest income for the first nine months of 2016 is approximately **EUR 1,519 million**, down 11.6% Y/Y, mostly as a result of the negative trend of interest-bearing assets, in particular commercial lending and security portfolio (decreased average volumes and related yields). This decline was partially offset by lower interest expenses resulting from the reduced cost of funding and from the reimbursement of New Financial Instruments (NFIs). The contribution of the third quarter of 2016 is c. EUR 484 million, confirming the same level of the previous quarter (-0.7%).

Net fees and commissions, totalling approximately **EUR 1,402 million**, up 3.2% Y/Y, benefit from the improvement on a yearly basis of income on payment services and from the optimization of the non-commercial components of fee and commission expense (among which savings on the cost of the State guarantee on "Monti Bonds"). The contribution of 3Q16 amounted to approximately EUR 462 million, lower than the previous quarter (-4.6%) because of the slowdown in placement and credit services proceeds, partly due to the typical summertime seasonal effect. Fees and commissions from services (payment services and expense recoveries) were stable Q/Q.

Dividends, similar income and profit (loss) on investments amount to approximately **EUR 67 million** (against EUR 95 million booked in the first nine months of 2015) and are mainly ascribable to the contribution of AXA-MPS (consolidated at net equity). The aggregate, which in the previous quarter had been boosted by dividends from the stake in Bank of Italy, is essentially stable Q/Q

(EUR 23.3 million for 3Q16 vs EUR 23.9 million of 2Q16) thanks to the growing input from AXA-MPS.

Net profit/loss from trading/valuation/repurchase of financial assets/liabilities in the first nine months of 2016 is approximately **EUR 420 million**, down compared to the same period of last year (c. EUR -484 million), which had benefited from the positive effects of the restatement of the so-called "Alexandria" transaction (c. EUR +605 million at 30 September 2015). An analysis of the main components shows:

- positive **trading results** for about **EUR 155 million**, down from the first nine months of 2015, which had benefited from the restatement of the so-called "Alexandria" transaction. The 3Q16 contribution is slightly down respect to the second quarter.

- positive **FVO results** for about **EUR 107 million** (of which c. EUR 39 million in the third quarter), due to the lower worth of liabilities at fair value (c. EUR -6 million as at 30 September 2015).

- positive **disposal/repurchase** proceeds for about **EUR 157 million**, higher compared with the levels of the same period of 2015 (+12% Y/Y). The quarterly share, equal to c. EUR 29 million, is ascribable to capital gains from the sale of the AFS securities portfolio (c. EUR 25 million, lower than those booked in the previous quarter, which included gains from the sale of the stake in VISA Europe) and profits from the sale of loan portfolios for c. EUR 4 million.

The following items contribute to total revenues:

- **net income from hedging** for **EUR -1.7 million** (positive for approximately EUR 9.8 million as at 30 September 2015).

- **other operating expenses/income**, which are positive by approximately **EUR 11.9 million** (about EUR 13 million in the first nine months of 2015), of which c. EUR 2 million in the third quarter 2016, decreased compared to the previous quarter, which had benefited from the transaction with CartaSi regarding the VISA Europe operation.

For the first nine months of 2016 **operating expenses** are approximately **EUR 1,929 million**, down 1.9% vs. the same period of 2015. The third quarter accounts for around EUR 650 million, up 2.6% Q/Q due to personnel expenses and depreciation/amortisation. Detailed examination of the single aggregates shows that:

Administrative expenses stand at c. **EUR 1,772 million** (-2.1% Y/Y), of which about EUR 595 million related to the third quarter of 2016, up by 2.2% compared to the previous quarter. Within the aggregate:

- **personnel expenses**, at about **EUR 1,239 million**, are down by 1.4% (about EUR -17 million), due to staff reduction but mainly to the positive one-offs in 2Q16. In 3Q16 bookings for c. EUR 418 million were posted, up 3.7% from the previous quarter, which had benefited from the one-off effects mentioned above.

- **other administrative expenses** amount to c. **EUR 533 million**, down by 3.9% from the first nine months of 2015, mainly thanks to structural cutbacks in spending (concerning, in particular, the real estate/security management division) and the lower legal burden. The expenses in the third quarter of 2016 amount to c. EUR 177 million, just below the previous quarter (-1.1%).

Net value adjustments to tangible and intangible assets in the first nine months of 2016 are c. **EUR 157 million**, slightly above the values booked in the same period of last year (+0.4%), with a Y/Y decrease of adjustments to tangible assets and an increase of adjustments to intangible assets. The 3Q16 contribution is higher than the previous quarter (+6.8%) mainly due to increased value adjustments related to the development of IT platforms.

As a result of the dynamics described above, the Group's **Pre-Provision Profit** is approximately **EUR 1,488 million** (about EUR 2,131 million in the first nine months of 2015) with 3Q16 contributing EUR 423 million, down 19,5% Q/Q.

In the first nine months of 2016 the Group reported **Net impairment losses on loans, financial assets and other operations** for c. **EUR 2,019 million**, up 42.4% compared to the same period of the previous year. In the third quarter of 2016 net impairment losses on loans are around EUR 1,302 million (EUR +934 million Q/Q), including c. EUR 750 million due to the amendment of the methodology for calculating impairment provisioning of unlikely-to-pay loans and the raising of the threshold for the analytical assessment of unlikely-to-pay loans, considering the instructions contained in the "Draft guidance to banks on non-performing loans" published by the ECB last September. Excluding these items, net impairment losses for the quarter would stand at c. EUR 552 million, an increase of 49.9% Q/Q (c. EUR +184 million), due both to the slight upsurge of inflows from performing to non-performing loans and to the contraction of outflows towards performing loans (to a degree affected by seasonality), in addition to increased coverage, particularly for unlikely-to-pay exposures.

The ratio of annualised loan loss provisions over total customer loans for the period reflects a **provisioning rate of 258 bps**, down to 162 bps excluding the impact of the new credit policy.

As a consequence, the Group's **net operating result** for the first nine months of 2016 is **negative for about EUR 530 million** (impacted by the revised credit policy), in the face of a EUR 713 million positive result recorded for the same period of 2015, which, however, also included the positive effects of the restatement of the so-called "Alexandria" transaction.

The result for the period is also affected by:

- **Net provisions for risks and charges**, which show a negative balance of **EUR -3.6 million**, against EUR -5.3 million booked in the same period of 2015. This quarterly trend was influenced, on the one hand, by the release, effected in 2Q16, of some funds allocated for risks that did not occur or occurred to a lesser extent than previously expected and by higher provisions for legal risks in 3Q16.
- **Gains on investments/holdings** for c. **EUR 9 million** (of which EUR 1.6 million referred to the third quarter) mainly coming from capital gains on the sale of Fabrica Immobiliare SGR

in the first quarter of 2016. The 3Q15 result of c. EUR 127 million was due to the sale of the stake held in Anima Holding SPA.

- **Risks and charges related to SRF, DGS and similar schemes** came to c. **EUR -102 million**, made up for c. EUR -72 million by the entire annual contribution of the Group to the SRF (calculated by the Consolidated Resolution Committee for the year 2016, already booked in the first quarter of the year) and for the remaining part, amounting to c. EUR -30 million, to the quota regarding the deposit guarantee scheme, booked in the third quarter;
- **DTA fees** equal to approximately **EUR -124 million**. The amount, determined according to the criteria of Law Decree no. 59/2016, converted into Law no. 119 on June 30, 2016, represents the fees on DTAs (Deferred Tax Assets) convertible into tax credit for 2015 (about EUR 70 million) and for 2016 (estimated at around EUR 72 million per year and booked on a pro-rata basis until 30 September 2016 for about EUR 54 million).
- **Gains on disposal of capital assets** for c. **EUR 13 million** (around EUR 2 million reported in the first nine months of 2015) coming from capital gains on the July sale of a property owned by Banca Monte dei Paschi di Siena in Milan.

Due to the events mentioned above, the first nine months of 2016 saw the **Group's Profit (loss) from continuing operations before tax** amount to approximately **EUR -738 million** (impacted by the revised credit policy), down from 2015 (which included positive effects of the restatement of the so-called "Alexandria" transaction for c. EUR 714 million), with an incidence of EUR 939 million on 3Q16.

Taxes on profit (loss) for the period from continuing operations equal about EUR -85 million as the parent company, in addition to not booking DTAs for EUR 236.7 million on the quarter's tax loss, also operated a partial write-down of DTAs related to past tax losses for EUR 256.1 million, in application of a revised DTA recoverability estimation method (so-called probability test).

Considering the net effects of PPA (c. EUR -24 million) and including net profit to non-controlling interests (EUR -1.4 million), the **Group's consolidated result** relative to the first nine months of 2016 amounts to **EUR -849 million** (with a negative contribution of c. EUR 1.151 million in the third quarter of 2016, impacted by the revised credit policy), against a profit of about EUR 585 million reported for the same period of 2015 (of which about EUR 500 million relative to the restatement of the so-called "Alexandria" transaction and about EUR 120 million relative to the capital gain on the sale to Poste Italiane of the stake held in Anima Holding SpA).

Group balance sheet aggregates for 9M16

At 30 September 2016 the Group's **total funding** volumes amount to approximately **EUR 204 billion** (-9.6% vs. 31 December 2015), with a decrease of about EUR 6 billion recorded in the third quarter and concentrated in direct funding.

Direct funding, which at 30 September 2016 amounted to about **EUR 105 billion** (EUR -13.8 billion vs. 2015 year-end), records a decrease of around EUR 6.6 billion in the third quarter of

2016, mostly in current accounts and bonds, whereas repos are up. This quarterly downward trend is due to the commercial funding spill which took place in July and August, during the financial market turmoil in the banking sector and following the publication of the stress test results for the Group.

Indirect funding at the end of September came to approximately **EUR 98.4 billion**, up by EUR 0.7 billion from 30 June 2016, with an upward trend of assets under management (EUR +1.4 billion Q/Q), in favour of which assets under custody continue to drop (EUR -0.7 billion Q/Q), as customers shift savings from the latter to the former. A comparison with 31 December 2015 shows an overall contraction of volumes by circa EUR 8 billion, with a growth (by over EUR 1 billion) of assets under management but a considerable decrease of assets under administration(c. EUR -7 billion), also impacted by a merger which affected the portfolio of an important customer with no impact on P&L.

Wealth management, c. **EUR 57 billion**, is up both from June 2016 (partly for having benefited from a recovery of the market effect) and from the end of 2015. The quarterly increase in volumes is concentrated in mutual funds, whereas insurance products are substantially stable.

At 30 September 2016, Group **customer loans** amount to approximately **EUR 105 billion**, down by circa EUR 6.8 billion compared to 2015 year-end and by EUR 2.9 billion vs 30 June 2016. The aggregate's contraction in Q3 is concentrated on mortgages (where maturities were not fully replaced by new loans) and current accounts. Non-performing loans are down (EUR -1 billion Q/Q), the combined effect of ordinary activities (which brought a contraction of volumes for the fourth consecutive quarter) and non-recurring impairments on loan losses brought about by the new credit policy (c. EUR 750 million) regarding the amendment of the methodology for calculating impairment provisioning of unlikely-to-pay loans and the raising of the threshold for the analytical assessment of unlikely-to-pay loans, considering the instructions contained in the "Draft guidance to banks on non-performing loans" published by the ECB last September.

The aggregate is sustained over the first nine months of 2016 by about EUR 5.8 billion (+1% Y/Y) of new medium-long term lending to both households and companies, of which about EUR 1.7 billion in 3Q16, down from the previous quarter.

Group **gross non-performing loan exposure** at 30 September 2016 equals **EUR 45.6 billion**, a slight increase (EUR +0.26 billion) from the end of June 2016, due to an increase of inflows from performing and a contraction of outflows towards performing loans, whereas NPEs flows are down by 60% Y/Y.

At 30 September 2016 the Group's **net non-performing loan exposure** is approximately **EUR 22.5 billion**, down by c. EUR 1.6 billion since the beginning of the year (EUR -1 billion Q/Q). Within the aggregate, in 3Q16 the incidence of net bad loans increases (from 9.8% in June 2016 to 10.4% at 30 September 2016), while that of unlikely to pay loans decreases sensibly (-100 bps), on account of the non-recurring impairments on loan losses booked at 30 September 2016.

At 30 September 2016 **coverage of non-performing exposures** is 50.6%, up by about 260 bps compared to the second quarter of 2016, an effect of non-recurring impairments on loan losses, mainly connected with the new credit policy, booked in 3Q16, as previously reported. Examining individual NPE aggregates, the third quarter records a substantial stability of bad loan coverage (61.4% at the end of September 2016), whereas unlikely-to-pay coverage is particularly increased (from 28.9% in June to 34.5% at the end of September), confirming the effects of the non-recurring impairments mentioned above. Coverage of past-due and overdue exposures stands at 22.8%, vs. 21.6% at the end of June.

At end of September 2016, the Group's **financial assets** amount to approximately **EUR 36 billion**, unchanged from June 2016. Financial liabilities held for trading decreased by about EUR 2 billion in the third quarter of 2016.

At the end of September 2016 the Group's **net interbank position** stands at **EUR 18 billion** in funding, with an increase of c. EUR 6 billion vs. 30 June 2016, ascribed to the increased exposure on TLTRO2.

The liquidity position as at 30 September 2016 shows an **unencumbered counterbalancing capacity** of about **EUR 14.6 billion**, vs. EUR 20.9 billion at the end of June 2016, due to the tensions on commercial funding recorded in July and August.

The **Group's shareholders' equity and non-controlling interests** as at 30 September 2016 amount to approximately **EUR 8,772 million**, down by c. EUR 851 million from 2015 year-end and by c. EUR 1,183 million from 30 June 2016. Quarterly trend is due to the loss for the quarter and to the revaluation of reserves.

Compared to 31 December 2015, CET1 decreases (c. EUR -654 million), mainly as a consequence of the loss for the period.
Tier1 decreases by about EUR -1,035 million.
Tier2 decreases (about EUR -501 million), largely impacted by the regulatory amortisation of subordinated bonds provided for by Basel 3.
Total Capital decreases overall by EUR -1,536 million.
Risk-weighted assets are down (c. EUR -2,537 million), mainly as an effect of reduced credit and counterpart risk, due to the evolution of the performing loan portfolio.

In light of the above, capital ratios on a transitional basis at 30 September 2016 are therefore decreased compared to 31 December 2015, albeit remaining above the minimum threshold required by the Supervisory Authority under SREP.

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Reclassified accounts

Income statement and balance sheet reclassification principles

In the reclassified income statement and balance sheet the comparative figures for 2015 have been restated (and therefore differ from those published in the interim report as of September 30, 2015) in order to ensure an adequate disclosure regarding the criteria of representation of the impact related to the Alexandria transaction. More details will be available in section "Adjustment of prior year amounts and changes in estimates in accordance with IAS 8 (Accounting Policies, Changes in accounting Estimates and Errors)" in the Notes to the consolidated financial statements 2015.

<u>Reclassified Income Statement</u>

a) Item “Net profit (loss) from trading-valuation-repurchase of financial assets/liabilities" includes Item 80 "Net profit (loss) from trading", Item 100 "Gains (losses) on disposal/repurchase of loans, financial assets available for sale or held to maturity and financial liabilities" and Item 110 "Net profit (loss) on financial assets and liabilities designated at fair value". This item incorporates dividends earned on securities other than investments (approximately EUR 3.6 million)

b) Item of the reclassified income statement “Dividends, similar income and gains (losses) on investments” incorporates item 70 “Dividends and similar income” and a portion of item 240 “Gains (losses) on investments” (approximately EUR 57 million, corresponding to the share of profit and loss for the period contributed by investments in the associate AXA, consolidated at equity). Dividends earned on securities (other than investments) held in the securities portfolio, as outlined under the item above, have also been eliminated from the aggregate.

c) Income statement item “Other operating income (expense)” incorporates balance sheet item 220 “Other operating expenses/income”, excluding stamp duty and customer expense recoveries, restated under “Other administrative expenses”.

d) Item "Other administrative expenses" includes balance sheet item 180b "Other administrative expenses" minus the following cost components:

   i. charges, about EUR 102 million, arising from BRRD for the resolution of banking crises, reclassified under "Risks and charges related to SRF, DGS and similar schemes ".

   ii. fees on DTAs which are convertible into tax credits, for approximately EUR 124 million (booked in “Impairment on goodwill” item)

   The item incorporates stamp duty and client expense recoveries (EUR 281 million) accounted in the balance sheet under item 220 "Other operating expenses / income".

e) Item "Net impairment losses on financial assets and other operations" includes the balance sheet items 130b "Financial assets available for sale" and 130d "Other financial transactions"

f) Item "Risks and charges related to the SRF, DGS and similar schemes" includes the charges arising from EU directives DGSD for deposit guarantee and BRRD for the resolution of banking crises, accounted in the balance sheet item 180b “Other administrative expenses”. As at 30 September 2016 SRF charges (approx. EUR 72 mln) and DGS charges (approx. EUR 30 mln) have been booked.

g) Item “DTA fees” contains costs relating to the fees on DTAs which are convertible into tax credits, provided for by art. 11 of Law Decree no. 59 of 3 may 2016 converted into law no. 119 of 30 June 2016, booked in item 180b “Other Administrative Expenses”.

h) Item "Profit (loss) from equity investments" incorporates the balance sheet item 240 “Gains (losses) on investments” reduced by the contribution to the income statement corresponding to the share of profit and loss for the period contributed by investments in the associate AXA, consolidated at equity and accounted in the reclassified item "Dividends and similar income and gains (losses) on investments."

i) The negative effects of Purchase Price Allocation (PPA) were reclassified to the specific item after separating them from the financial items concerned (in particular "net interest income" of approximately EUR 14.7 million and depreciation/amortization of approximately EUR 20.7 million, net of a theoretical tax burden of approximately EUR -11.7 million which is included in the related item).

Reclassified Balance Sheet

j) Item “Tradable Financial assets” includes item 20 "Financial assets held for trading" and item 40 "Financial assets available for sale".

k) Item "Other assets” incorporates item 80 "Hedging derivatives", item 90 "Change in value of macro-hedged financial assets", item 140 "Tax assets", item 150 "Non-current assets and groups of assets held for sale and discontinued operations" and item 160 "Other assets";

l) Item "Due to customers and debt securities issued” on the liabilities side includes item 20 "Deposits from customers", item 30 "Debt securities issued" and item 50 "Financial liabilities designated at fair value";

m) Item “Other liabilities” on the liabilities side incorporates item 60 “Hedging derivatives”, item 70 “Change in value of macro-hedged financial liabilities", item 80 “Tax liabilities”, item 90 “Liabilities associated with non-current assets held for sale and discontinued operations” and item 100 “Other liabilities”.

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

CONSOLIDATED REPORT ON OPERATIONS
Highlights at 30/09/2016

INCOME STATEMENT AND BALANCE SHEET FIGURES

MPS GROUP

INCOME STATEMENT FIGURES	30/09/16	30/09/15 (*)	Chg.
Net interest income	1.518,7	1.717,5	-11,6%
Net fee and commission income	1.402,4	1.358,3	3,2%
Other operating income	496,4	1.022,1	-51,4%
Total Revenues	3.417,5	4.098,0	-16,6%
Net impairment losses (reversals) on loans and financial assets	(2.018,8)	(1.417,7)	42,4%
Net operating income	(530,4)	713,3	n.s.
Net profit (loss) for the period	(848,7)	584,7	n.s.
EARNING PER SHARE (EUR)	**30/09/16**	**30/09/15 (*)**	**Chg.**
Basic earnings per share	-0,289	0,438	-0,727
Diluted earnings per share	-0,289	0,438	-0,727
BALANCE SHEET FIGURES AND INDICATORS	**30/09/16**	**31/12/15**	**Chg.**
Total assets	160.129,1	169.012,0	-5,3%
Loans to customers	104.612,4	111.366,4	-6,1%
Direct funding	105.461,4	119.274,6	-11,6%
Indirect funding	98.440,6	106.171,8	-7,3%
of which: assets under management	56.890,5	55.515,7	2,5%
of which: assets under custody	41.550,1	50.656,1	-18,0%
Group net equity	8.745,6	9.596,6	-8,9%
OPERATING STRUCTURE	**30/09/16**	**31/12/15**	**Chg.**
Total head count - end of period	25.641	25.731	-90
Number of branches in Italy	2.043	2.133	-90

(*) Figures restated considering the changes made in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) as outlined in the chapter "Trend analysis of the key financial parameters."

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ALTERNATIVE PERFORMANCE MEASURES

MPS GROUP

PROFITABILITY RATIOS (%)	30/09/16	31/12/15	Chg.
Cost/Income ratio	56.45	50.40	6.1
R.O.E.	-12.34	5.05	-17.4
Return on Assets (RoA) ratio	-0.71	0.23	-0.94
ROTE (Return on tangible equity)	-12.35	5.06	-17.4
KEY CREDIT QUALITY RATIOS (%)	**30/09/16**	**31/12/15**	**Chg.**
Net non-performing loans / Loans to Customers	21.5	21.7	-0.2
Coverage non-performing loans	50.6	48.5	2.16
Net doubtful loans / Loans to Customers	10.4	8.7	1.7
Coverage doubtful loans	61.4	63.4	-2.07
Net impairment losses on loans / Loans to Customers (Provisioning)	2.58	1.79	0.79
Texas Ratio	144.77	146.76	-1.99

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REGULATORY MEASURES

MPS GROUP

CAPITAL RATIOS (%)	30/09/16	31/12/15	Chg.
Common Equity Tier 1 (CET1) ratio	11.5	12.0	-0.5
Total Capital ratio	14.3	16.0	-1.7
FINANCIAL LEVERAGE INDEX (5)	**30/09/16**	**31/12/15**	**Chg.**
Leverage ratio - Transitional Phase	4.4	5.2	-0.8
LIQUIDITY RATIO (%)	**30/09/16**	**31/12/15**	**Chg.**
LCR	153.2	222.0	-68.8
NSFR	95.3	100.8	-5.5

Reclassified Consolidated Income Statement

Montepaschi Group	30/09/16	30/09/15 (*)	Change Abs.	Change %
Net interest income	1.518,7	1.717,5	(198,8)	-11,6%
Net fee and commission income	1.402,4	1.358,3	44,1	3,2%
Income from banking activities	**2.921,1**	**3.075,8**	**(154,7)**	**-5,0%**
Dividends, similar income and gains (losses) on equity investments	66,5	95,1	(28,6)	-30,1%
Net profit (loss) from trading/ valuation of financial assets	419,7	904,2	(484,5)	-53,6%
Net profit (loss) from hedging	(1,7)	9,8	(11,5)	-117,3%
Other operating income (expenses)	11,9	13,1	(1,2)	-9,1%
Total Revenues	**3.417,5**	**4.098,0**	**(680,5)**	**-16,6%**
Administrative expenses:	(1.771,9)	(1.810,4)	38,5	-2,1%
a) personnel expenses	(1.239,4)	(1.256,5)	17,1	-1,4%
b) other administrative expenses	(532,5)	(553,9)	21,4	-3,9%
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(157,2)	(156,6)	(0,6)	0,4%
Operating expenses	**(1.929,1)**	**(1.967,0)**	**37,9**	**-1,9%**
Pre Provision Profit	**1.488,4**	**2.131,0**	**(642,6)**	**-30,2%**
Net impairment losses (reversals) on:	**(2.018,8)**	**(1.417,7)**	**(601,1)**	**42,4%**
a) loans	(2.021,6)	(1.413,9)	(607,7)	43,0%
b) financial assets	2,8	(3,8)	6,6	n.s.
Net operating income	**(530,4)**	**713,3**	**(1.243,7)**	**n.s.**
Net provisions for risks and charges	(3,6)	(5,3)	1,7	-32,1%
Gains (losses) on investments	9,3	126,6	(117,3)	-92,7%
Restructuring costs / One-off costs	-	(2,8)	2,8	n.s.
Risks and charges related to the SRF, DGS and similar schemes	(102,0)	(54,6)	(47,4)	86,8%
DTA Fee	(124,3)	-	(124,3)	n.s.
Gains (losses) on disposal of investments	12,8	1,9	10,9	n.s.
Profit (loss) before tax from continuing operations	**(738,2)**	**779,1**	**(1.517,3)**	**n.s.**
Tax expense (recovery) on income from continuing operations	(85,4)	(163,5)	78,1	-47,8%
Profit (loss) after tax from continuing operations	**(823,6)**	**615,6**	**(1.439,2)**	**n.s.**
Net profit (loss) for the period including non-controlling interests	**(823,6)**	**615,6**	**(1.439,2)**	**n.s.**
Net profit (loss) attributable to non-controlling interests	1,4	1,3	0,1	7,7%
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	**(825,0)**	**614,3**	**(1.439,3)**	**n.s.**
PPA (Purchase Price Allocation)	(23,7)	(29,6)	5,9	-19,9%
Net profit (loss) for the period	**(848,7)**	**584,7**	**(1.433,4)**	**n.s.**

(*) Figures restated considering the changes made in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) as outlined in the chapter "Trend analysis of the key financial parameters."

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Quarterly trend in reclassified consolidated income statement						
	2016			2015		
Montepaschi Group	3°Q 2016	2°Q 2016	1°Q 2016	3°Q 2015 (*)	2°Q 2015 (*)	1°Q 2015 (*)
Net interest income	483.5	486.9	548.3	556.8	553.9	606.8
Net fee and commission income	461.7	483.8	456.9	431.1	484.2	443.0
Income from banking activities	**945.2**	**970.7**	**1,005.2**	**987.9**	**1,038.1**	**1,049.8**
Dividends, similar income and gains (losses) on equity investments	23.3	23.9	19.3	28.7	42.1	24.3
Net profit (loss) from trading/ valuation of financial assets	102.7	151.3	165.7	458.9	163.6	281.7
Net profit (loss) from hedging	(0.4)	(1.4)	0.1	(6.3)	0.2	15.9
Other operating income (expenses)	2.2	14.7	(5.0)	0.5	11.3	1.3
Total Revenues	**1,073.0**	**1,159.1**	**1,185.4**	**1,469.6**	**1,255.3**	**1,373.0**
Administrative expenses:	(595.1)	(582.1)	(594.7)	(601.7)	(603.7)	(604.9)
a) personnel expenses	(418.4)	(403.4)	(417.6)	(422.7)	(414.5)	(419.4)
b) other administrative expenses	(176.7)	(178.7)	(177.1)	(179.1)	(189.3)	(185.5)
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(55.2)	(51.7)	(50.3)	(54.5)	(53.7)	(48.4)
Operating expenses	**(650.3)**	**(633.8)**	**(645.0)**	**(656.2)**	**(657.4)**	**(653.3)**
Pre Provision Profit	**422.7**	**525.4**	**540.3**	**813.4**	**597.9**	**719.7**
Net impairment losses (reversals) on:	**(1,301.6)**	**(368.0)**	**(349.2)**	**(435.3)**	**(528.2)**	**(454.2)**
a) loans	(1,303.3)	(372.4)	(345.9)	(429.9)	(515.8)	(468.2)
b) financial assets	1.7	4.4	(3.3)	(5.4)	(12.4)	14.0
Net operating income	**(878.9)**	**157.4**	**191.1**	**378.1**	**69.7**	**265.5**
Net provisions for risks and charges	(27.5)	29.2	(5.3)	43.3	(18.8)	(29.8)
Gains (losses) on investments	1.6	0.2	7.5	1.5	124.9	0.2
Restructuring costs / One-off costs	-	-	-	(2.2)	(0.3)	(0.2)
Risks and charges related to the SRF, DGS and similar schemes	(31.2)	0.3	(71.1)	(54.6)	-	-
DTA Fee	(15.5)	(108.8)	-	-	-	-
Gains (losses) on disposal of investments	12.8	-	-	0.9	0.6	0.4
Profit (loss) before tax from continuing operations	**(938.7)**	**78.3**	**122.2**	**367.0**	**176.0**	**236.1**
Tax expense (recovery) on income from continuing operations	(203.9)	139.2	(20.7)	(102.5)	18.1	(79.1)
Profit (loss) after tax from continuing operations	**(1,142.6)**	**217.5**	**101.5**	**264.5**	**194.2**	**157.0**
Net profit (loss) for the period including non-controlling interests	**(1,142.6)**	**217.5**	**101.5**	**264.5**	**194.2**	**157.0**
Net profit (loss) attributable to non-controlling interests	0.6	0.3	0.5	0.5	0.3	0.5
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	**(1,143.2)**	**217.2**	**101.0**	**264.0**	**193.9**	**156.5**
PPA (Purchase Price Allocation)	(7.5)	(8.3)	(7.9)	(8.2)	(8.7)	(12.8)
Net profit (loss) for the period	**(1,150.7)**	**208.9**	**93.1**	**255.8**	**185.2**	**143.7**

(*) Figures restated considering the changes made in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) as outlined in the chapter "Trend analysis of the key financial parameters."

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Reclassified Consolidated Balance Sheet				
ASSETS	**30/09/16**	**31/12/15**	**Chg**	
			abs.	**%**
Cash and cash equivalents	941.4	1,188.8	(247.4)	-20.8%
Receivables :				
a) Loans to customers	104,612.4	111,366.4	(6,754.0)	-6.1%
b) Loans to banks	7,669.4	8,242.1	(572.7)	-6.9%
Marketable assets	35,748.3	35,208.6	539.7	1.5%
Financial assets held to maturity	-	-	-	
Equity investments	910.7	908.4	2.3	0.3%
Property, plant and equipment / Intangible assets	3,016.9	3,141.8	(124.9)	-4.0%
of which:				
a) goodwill	*7.9*	*7.9*	-	
Other assets	7,230.0	8,955.9	(1,725.9)	-19.3%
Total assets	**160,129.1**	**169,012.0**	**(8,882.9)**	**-5.3%**

LIABILITIES	**30/09/16**	**31/12/15**	**Chg**	
			abs.	**%**
Payables				
a) Deposits from customers and securities issued	105,461.4	119,274.6	(13,813.2)	-11.6%
b) Deposits from banks	25,282.4	17,493.1	7,789.3	44.5%
Financial liabilities held for trading	13,802.7	15,921.7	(2,119.0)	-13.3%
Provisions for specific use				
a) Provisions for staff severance indemnities	251.3	246.2	5.1	2.1%
b) Pensions and other post retirement benefit obligations	51.2	49.4	1.8	3.6%
c) Other provisions	1,018.8	1,067.5	(48.7)	-4.6%
Other liabilities	5,489.2	5,336.6	152.6	2.9%
Group net equity	8,745.6	9,596.6	(851.0)	-8.9%
a) Valuation reserves	(24.7)	(21.8)	(2.9)	13.3%
c) Equity instruments carried at equity	-	-	-	
d) Reserves	617.2	222.1	395.1	n.s.
e) Share premium	-	6.3	(6.3)	
f) Share capital	9,001.8	9,001.8	-	
g) Treasury shares (-)	-	-	-	
h) Net profit (loss) for the year	(848.7)	388.2	(1,236.9)	n.s.
Non-controlling interests	26.5	26.3	0.2	0.8%
Total Liabilities and Shareholders' Equity	**160,129.1**	**169,012.0**	**(8,882.9)**	**-5.3%**

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Reclassified Consolidated Balance Sheet - Quarterly Trend							
ASSETS	30/09/16	30/06/16	31/03/16	31/12/15	30/09/15 (*)	30/06/15 (*)	31/03/15 (*)
Cash and cash equivalents	941	794.6	913.4	1,188.8	812.2	822.0	682.3
Receivables :							
a) Loans to customers	104,612	107,547.8	113,544.3	111,366.4	112,513.2	117,436.3	123,139.0
b) Loans to banks	7,669	7,953.1	6,856.1	8,242.1	6,432.2	8,327.2	7,855.7
Marketable assets	35,748	36,022.6	39,999.9	35,208.6	36,296.5	32,989.5	37,633.5
Financial assets held to maturity	-	-	-	-	-	-	-
Equity investments	911	948.0	934.3	908.4	959.6	907.7	947.0
Property, plant and equipment / Intangible assets	3,017	3,059.8	3,112.4	3,141.8	3,090.1	3,122.4	3,139.0
of which:							
a) goodwill	*8*	*7.9*	*7.9*	*7.9*	*7.9*	*7.9*	*7.9*
Other assets	7,230	8,059.6	8,285.2	8,955.9	10,022.4	10,596.4	10,453.1
Total assets	**160,129**	**164,385.5**	**173,645.6**	**169,012.0**	**170,126.2**	**174,201.5**	**183,849.6**

LIABILITIES	30/09/16	30/06/16	31/03/16	31/12/15	30/09/15 (*)	30/06/15 (*)	31/03/15 (*)
Payables							
a) Deposits from customers and securities issued	105,461	112,045.2	119,507.9	119,274.6	122,717.4	122,890.5	128,160.9
b) Deposits from banks	25,282	19,465.8	17,524.7	17,493.1	17,804.9	18,830.9	22,519.3
Financial liabilities held for trading	13,803	15,854.7	20,051.0	15,921.7	11,475.8	14,533.8	18,268.5
Provisions for specific use							
a) Provisions for staff severance indemnities	251	249.9	247.7	246.2	245.2	246.4	268.2
b) Pensions and other post retirement benefit obligations	51	52.3	51.4	49.4	50.5	50.3	52.1
c) Other provisions	1,019	1,012.5	1,050.0	1,067.5	1,086.9	1,106.1	1,103.7
Other liabilities	5,489	5,750.4	5,511.9	5,336.6	6,989.6	7,285.0	7,291.0
Group net equity	8,746	9,928.7	9,675.3	9,596.6	9,730.4	9,234.2	6,161.8
a) Valuation reserves	(25)	7.7	(36.5)	(21.8)	(84.7)	(323.6)	(13.9)
c) Equity instruments carried at equity	-	-	-	-	-	-	3.0
d) Reserves	617	617.2	610.5	222.1	222.3	466.1	(6,457.6)
e) Share premium	-	-	6.3	6.3	6.3	4.0	2.3
f) Share capital	9,002	9,001.8	9,001.8	9,001.8	9,001.8	8,758.7	12,484.2
g) Treasury shares (-)	-	-	-	-	-	-	-
h) Net profit (loss) for the year	(849)	302.0	93.2	388.2	584.7	329.0	143.8
Non-controlling interests	27	26.0	25.7	26.3	25.5	24.3	24.1
Total Liabilities and Shareholders' Equity	**160,129**	**164,385.5**	**173,645.6**	**169,012.0**	**170,126.2**	**174,201.5**	**183,849.6**

(*) Figures restated considering the changes made in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) as outlined in the chapter "Trend analysis of the key financial parameters."

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Pro-forma statements for the accounting treatment of “Alexandria” deal as long term repo, in continuity with previous reports

Pro-forma consolidated balance sheet

	Assets	30 09 2016	31 12 2015	pro-forma adjustments for classification "Alexandria transaction" as LTR	31 12 2015 Pro-forma
10	Cash and cash equivalents	941.4	1,188.8	-	1,188.8
20	Financial assets held for trading	18,746.3	18,017.4	-	18,017.4
40	Financial assets available for sale	17,002.0	17,191.2	-	17,191.2
60	Loans to banks	7,669.4	8,242.1	-	8,242.1
70	Loans to customers	104,612.4	111,366.4	-	111,366.4
80	Hedging deviratives	528.2	556.4	-	556.4
90	Change in value of macro-hedged financial assets (+/-)	216.4	139.6	-	139.6
100	Equity investments	910.7	908.4	-	908.4
120	Property, plant and equipment	2,657.0	2,741.7	-	2,741.7
130	Intangible assets	359.9	400.1	-	400.1
	of wich: goodwill	*7.9*	*7.9*	-	*7.9*
140	Tax assets	4,236.0	5,542.5	76.2	5,618.7
150	Non-current assets and groups of assets held for sale and discontinued operations	19.6	29.3	-	29.3
160	Other assets	2,229.8	2,688.1	-	2,688.1
	Total Assets	160,129.1	169,012.0	76.2	169,088.2

	Liabilities and Shareholders' Equity	30 09 2016	31 12 2015	pro-forma adjustments for classification "Alexandria transaction" as LTR	31 12 2015 Pro-forma
10	Deposits from banks	25,282.4	17,493.1	-	17,493.1
20	Deposits from customers	79,065.2	87,806.3	-	87,806.3
30	Debt securities issued	24,820.9	29,394.4	-	29,394.4
40	Financial liabilities held for trading	13,802.7	15,921.7	-	15,921.7
50	Financial liabilities designated at fair value	1,575.3	2,073.9	-	2,073.9
60	Hedging derivatives	1,219.6	1,205.3	-	1,205.3
80	Tax liabilities	116.3	91.4	(43.0)	48.4
100	Other liabilities	4,153.3	4,039.9	-	4,039.9
110	Provision for employee severance pay	251.3	246.2	-	246.2
120	Provisions for risks and charges	1,070.0	1,116.9	-	1,116.9
140	Valuation reserves	(24.7)	(21.8)	-	(21.8)
170	Reserves	617.2	222.1	619.2	841.3
180	Share premium	-	6.3	-	6.3
190	Share Capital	9,001.8	9,001.8	-	9,001.8
210	Non-controlling interests (+/-)	26.5	26.3	-	26.3
220	Profit (loss) (+/-)	(848.7)	388.2	(500.0)	(111.8)
	Total liabilities and Shareholders' Equity	160,129.1	169,012.0	76.2	169,088.2

Pro-forma consolidated income statement

	Items	30 09 2016	30 09 2015	pro-forma adjustments for classification "Alexandria transaction" as LTR	30 09 2015 Pro-forma
10	Interest income and similar revenues	2,547.1	3,123.0	113.7	3,236.7
20	Interest expense and similar charges	(1,043.1)	(1,429.0)	(91.0)	(1,520.0)
30	Net interest income	1,504.0	1,694.0	22.7	1,716.7
40	Fee and commission income	1,623.4	1,628.0	-	1,628.0
50	Fee and commission expense	(221.0)	(269.7)	-	(269.7)
60	Net fee and commission income	1,402.4	1,358.3	-	1,358.3
70	Dividends and similar income	13.2	18.4	-	18.4
80	Net profit (loss) from trading	151.6	759.9	(608.6)	151.3
90	Net profit (loss) from hedging	(1.7)	9.8	4.1	13.9
100	Gains/losses on disposal/repurchase	157.3	140.5	(132.0)	8.5
110	Net profit (loss) from financial assets and liabilities designated at fair value	107.2	(5.6)	-	(5.6)
120	Net interest and other banking income	3,334.0	3,975.3	(713.8)	3,261.5
130	Net impairment losses (reversals)	(2,018.8)	(1,417.7)	-	(1,417.7)
140	Net income from banking activities	1,315.2	2,557.6	(713.8)	1,843.8
180	Adiministrative expenses	(2,279.0)	(2,082.0)	-	(2,082.0)
190	Net provisions for risks and charges	(3.6)	(59.9)	-	(59.9)
200	Net adjustments to (recoveries on) property, plant and equipment	(81.2)	(90.1)	-	(90.1)
210	Net adjustments to (recoveries on) intangible assets	(96.7)	(87.2)	-	(87.2)
220	Other operating expenses/income	292.7	281.9	-	281.9
230	Operating expenses	(2,167.8)	(2,037.3)	-	(2,037.3)
240	Gains (losses) on investments	66.2	212.7	-	212.7
270	Gains (losses) on disposal of investments	12.8	1.9	-	1.9
280	Profit (loss) before tax from continuing operations	(773.6)	734.9	(713.8)	21.1
290	Tax expense (recovery) on income from continuing operations	(73.7)	(148.9)	213.8	64.9
300	Profit (loss) after tax from continuing operations	(847.3)	586.0	(500.0)	86.0
320	Profit (loss)	(847.3)	586.0	(500.0)	86.0
330	Profit (loss) for the period attributable to non - controlling interests	1.4	1.3	-	1.3
340	Parent company's net profit (loss)	(848.7)	584.7	(500.0)	84.7

Pro-forma consolidated statement of comprehensive income

	Items	30 09 2016	30 09 2015	pro-forma adjustments for classification "Alexandria transaction" as LTR	30 09 2015 Pro-forma
10	Profi (loss)	(847.3)	586.0	(500.0)	86.0
	Other comprehensive income after tax not recycled to profit and loss	(5.3)	15.7	-	15.7
40	Actuarial gains (losses) on defined benefit plans	(5.1)	15.6	-	15.6
60	Share of valuation reserves of equity-accounted investments	(0.2)	0.1	-	0.1
	Other comprehensive income after tax recycled to profit and loss	2.5	207.4	423.2	630.6
80	Exchange differences	(1.9)	5.4	-	5.4
90	Cash flow hedges	35.6	30.6	-	30.6
100	Financial assetes available for sale	(10.8)	124.4	423.2	547.6
110	Non-current assets held for sale	(19.6)	(1.8)	-	(1.8)
120	Share of valuation reserves of equity-accounted investments	(0.8)	48.8	-	48.8
130	Total other comprehensive icome after tax	(2.8)	223.1	423.2	646.3
140	Total comprehensive income (Item 10+130)	(850.1)	809.1	(76.8)	732.3
150	Consolidated comprehensive income attributable to non-controlling interests	1.4	1.3	-	1.3
160	Consolidated comprehensive income attributable to Parent Company	(851.5)	807.8	(76.8)	731.0