

CONSOLIDATED REPORT ON OPERATIONS

Highlights at 12/31/2015

INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

MPS GROUP

INCOME STATEMENT FIGURES (EUR mln)	31/12/15	(*) 31/12/14	Chg.%
Income from banking activities	4,068.5	3,839.8	6.0%
Income from banking and insurance activities	5,215.5	4,150.7	25.7%
Net operating income	593.8	(6,629.7)	-109.0%
Net profit (loss) for the period	388.1	(5,398.7)	n.s.
BALANCE SHEET FIGURES AND INDICATORS (EUR mln)	31/12/15	31/12/14	% chg
Direct funding	119,275	122,870	-2.9%
Indirect funding	106,172	106,140	0.0%
<i>of which: assets under management</i>	55,516	51,519	7.8%
<i>of which: assets under custody</i>	50,656	54,622	-7.3%
Loans to customers	111,366	119,676	-6.9%
Group net equity	9,596	5,769	66.3%
KEY CREDIT QUALITY RATIOS (%)	31/12/15	31/12/14	Abs. chg
Net doubtful loans/Loans to Customers	8.7	7.1	1.7
Net Unlikely to pay/Loans to Customers	11.1	9.7	1.3
Net NP past due and overdue exposures/Loans to Customers	1.9	2.6	-0.7
PROFITABILITY RATIOS (%)	31/12/15	31/12/14	Abs. chg
Cost/Income ratio	50.4	66.4	-16.0
Net loan loss provisions / End-of-period loans	1.79	6.54	-4.8
CAPITAL RATIOS (%)	31/12/15	31/12/14	Abs. chg
Total Capital ratio	15.95	12.81	3.14
Common Equity Tier 1 (CET1) ratio	12.0	8.5	3.6
Return on Assets (RoA) ratio	0.23	-3.00	3.23
INFORMATION ON BMPS STOCK	31/12/15	31/12/14	Abs. chg
Number of ordinary shares outstanding	2,932,079,864	5,116,513,875	-2,184,434,011
Price per ordinary share:	From 31/12/14 to 31/12/15	From 31/12/14 to 31/12/15	% chg
average	1.88	1.19	57.5%
low	1.15	0.46	148.7%
high	2.56	2.56	0.0%
OPERATING STRUCTURE	31/12/15	31/12/14	Abs. chg
Total head count - end of period	25,731	25,961	(230)
Number of branches in Italy	2,133	2,186	(53)
Number of specialised centres	263	279	(16)
Financial advisory branches	112	118	(6)
Number of branches & representative offices abroad	40	40	-

(*) 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".

MPS GROUP				
Reclassified Consolidated Income Statement				
Montepaschi Group	31/12/15	31/12/14	Change	
		(*)	Abs.	%
Net interest income	2,258.6	2,142.0	116.5	5.4%
Net fee and commission income	1,809.9	1,697.7	112.2	6.6%
Income from banking activities	4,068.5	3,839.8	228.7	6.0%
Dividends, similar income and gains (losses) on investments	99.9	120.9	(21.0)	-17.4%
Net profit (loss) from trading	1,037.8	199.6	838.2	n.s.
Net profit (loss) from hedging	14.1	(13.2)	27.3	n.s.
Other operating income (expenses)	(4.7)	3.7	(8.3)	n.s.
Income from banking and insurance activities	5,215.5	4,150.7	1,064.8	25.7%
Administrative expenses:	(2,412.6)	(2,514.4)	101.8	-4.0%
a) personnel expenses	(1,652.8)	(1,709.9)	57.1	-3.3%
b) other administrative expenses	(759.9)	(804.5)	44.7	-5.6%
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to	(216.0)	(240.7)	24.8	-10.3%
Operating expenses	(2,628.6)	(2,755.2)	126.6	-4.6%
Pre Provision Profit	2,587.0	1,395.6	1,191.4	85.4%
Net impairment losses (reversals) on:	(1,993.1)	(8,025.3)	6,032.1	-75.2%
a) loans	(1,991.1)	(7,821.4)	5,830.4	-74.5%
b) financial assets	(2.1)	(203.8)	201.8	-99.0%
Net operating income	593.8	(6,629.7)	7,223.5	-109.0%
Net provisions for risks and charges	(64.0)	(119.0)	54.9	-46.2%
Gains (losses) on investments	119.6	89.9	29.7	33.1%
Restructuring costs / One-off costs	(17.4)	(375.8)	358.4	n.s.
Risk and charge related to SRF and DGS	(195.5)	(57.6)	(137.9)	n.s.
Gains (losses) on disposal of investments	2.9	84.7	(81.8)	-96.6%
Profit (loss) before tax from continuing operations	439.3	(7,007.5)	7,446.8	-106.3%
Tax expense (recovery) on income from continuing operations	(11.4)	2,330.4	(2,341.8)	-100.5%
Profit (loss) after tax from continuing operations	427.9	(4,677.1)	5,104.9	-109.1%
Net profit (loss) for the period including non-controlling interests	-	-	-	-
Net profit (loss) attributable to non-controlling interests	427.9	(4,677.1)	5,104.9	-109.1%
Profit (loss) for the period before PPA, impairment on goodwill and intangibles	(1.8)	4.4	(6.1)	-140.5%
PPA (Purchase Price Allocation)	426.1	(4,672.7)	5,098.8	-109.1%
Impairment on goodwill and intangibles	(38.0)	(38.1)	0.1	-0.2%
Net profit (loss) for the period	388.1	(5,398.7)	5,786.8	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".

MPS GROUP								
Reclassified Consolidated Income Statement - quarterly trend								
	2015				2014			
	4th quarter	3rd quarter	2nd quarter	1st quarter	4th quarter	3rd quarter	2nd quarter	1st quarter
<i>(in EUR mln)</i>								
Net interest income	541.1	556.8	554.0	606.7	605.2	575.2	521.1	440.6
Net fee and commission income	451.6	431.2	484.2	443.0	405.2	421.5	425.8	445.2
Income from banking activities	992.6	988.0	1,038.2	1,049.7	1,010.4	996.7	946.9	885.8
Dividends, similar income and gains (losses) on investments	4.8	28.7	42.0	24.3	38.8	32.6	23.8	25.7
Net profit (loss) from trading	133.6	459.0	163.5	281.7	(33.6)	242.7	(186.6)	177.1
Net profit (loss) from hedging	4.3	(6.3)	0.2	15.9	(3.8)	3.3	(8.6)	(4.1)
Other operating income (expenses)	(17.8)	0.4	11.3	1.4	17.9	2.0	(17.7)	1.3
Income from banking and insurance activities	1,117.6	1,469.7	1,255.2	1,373.0	1,029.8	1,277.3	757.9	1,085.8
Administrative expenses:	(602.2)	(601.8)	(603.7)	(604.9)	(658.2)	(623.8)	(620.4)	(611.9)
a) personnel expenses	(396.2)	(422.7)	(414.4)	(419.4)	(430.7)	(427.9)	(421.9)	(429.3)
b) other administrative expenses	(205.9)	(179.1)	(189.2)	(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	(59.4)	(54.4)	(53.7)	(48.4)	(76.3)	(65.6)	(50.2)	(48.6)
Operating expenses	(661.6)	(656.3)	(657.4)	(653.3)	(734.5)	(689.5)	(670.7)	(660.5)
Pre Provision Profit	456.0	813.4	597.8	719.7	295.3	587.8	87.2	425.3
Net impairment losses (reversals) on:	(575.4)	(435.3)	(528.1)	(454.2)	(5,502.2)	(1,296.1)	(735.2)	(491.7)
a) loans	(577.2)	(429.8)	(515.8)	(468.2)	(5,357.0)	(1,256.5)	(731.4)	(476.6)
b) financial assets	1.8	(5.5)	(12.3)	14.0	(145.2)	(39.6)	(3.8)	(15.2)
Net operating income	(119.4)	378.1	69.7	265.5	(5,206.9)	(708.3)	(648.0)	(66.4)
Net provisions for risks and charges	(58.7)	43.2	(18.8)	(29.8)	0.4	(37.3)	(27.5)	(54.5)
Gains (losses) on investments	(7.1)	1.5	124.9	0.2	(72.0)	(13.4)	133.4	41.9
Restructuring costs / One-off costs	(14.6)	(2.2)	(0.3)	(0.2)	(53.8)	(318.2)	(2.7)	(1.1)
Risk and charge related to SRF and DGS	(140.9)	(54.6)	-	-	(57.6)	-	-	-
Gains (losses) on disposal of investments	1.0	0.9	0.6	0.4	77.9	1.7	0.4	4.7
Profit (loss) before tax from continuing operations	(339.8)	366.9	176.1	236.1	(5,312.1)	(1,075.5)	(544.4)	(75.4)
Tax expense (recovery) on income from continuing operations	152.0	(102.5)	18.1	(79.1)	1,761.8	344.2	227.8	(3.4)
Profit (loss) after tax from continuing operations	(187.7)	264.4	194.2	157.0	(3,550.4)	(731.2)	(316.7)	(78.8)
Net profit (loss) for the period including non-controlling interests	-	-	-	-	-	-	-	-
Net profit (loss) attributable to non-controlling interests	(0.5)	(0.5)	(0.3)	(0.5)	0.6	4.9	(0.6)	(0.5)
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	(188.2)	263.9	193.9	156.5	(3,549.8)	(726.3)	(317.3)	(79.3)
PPA (Purchase Price Allocation)	(8.4)	(8.2)	(8.7)	(12.8)	(10.1)	(9.2)	(9.4)	(9.4)
Impairment on goodwill and intangibles	-	-	-	-	(687.9)	-	-	-
Net profit (loss) for the period	(196.6)	255.7	185.2	143.7	(4,247.8)	(735.5)	(326.7)	(88.6)

(*) 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".

MPS GROUP

Reclassified Consolidated Balance Sheet

<i>(in EUR mln)</i>	31/12/15	31/12/14 (*)	Chg vs 31/12/14	
ASSETS			abs.	%
Cash and cash equivalents	1,189	1,007	182	18.1%
Receivables :				
a) Loans to customers	111,366	119,676	(8,310)	-6.9%
b) Loans to banks	8,242	7,723	519	6.7%
Financial assets held for trading	35,209	36,339	(1,131)	-3.1%
Financial assets held to maturity	-	-	-	
Equity investments	908	1,014	(106)	-10.4%
Property, plant and equipment / Intangible assets	3,142	3,229	(87)	-2.7%
<i>of which:</i>				
a) goodwill	8	8	-	
Other assets	8,956	10,930	(1,974)	-18.1%
Total assets	169,012	179,918	(10,906)	-6.1%
<i>(in EUR mln)</i>	31/12/15	31/12/14 (*)	Chg vs 31/12/14	
LIABILITIES			abs.	%
Payables				
a) Deposits from customers and securities issued	119,275	122,870	(3,596)	-2.9%
b) Deposits from banks	17,493	27,648	(10,155)	-36.7%
Financial liabilities held for trading	15,922	15,307	615	4.0%
Provisions for specific use				
a) Provisions for staff severance indemnities	246	271	(25)	-9.3%
b) Pensions and other post retirement benefit obligations	49	66	(17)	-25.1%
c) Other provisions	1,068	1,085	(18)	-1.6%
Other liabilities	5,337	6,878	(1,541)	-22.4%
Group net equity	9,596	5,769	3,828	66.3%
a) Valuation reserves	(22)	(262)	241	-91.7%
c) Equity instruments carried at equity	-	3	(3)	-100.0%
d) Reserves	222	(1,060)	1,282	-121.0%
e) Share premium	6	2	4	
f) Share capital	9,002	12,484	(3,482)	-27.9%
g) Treasury shares (-)	-	(0)	0	-100.0%
h) Net profit (loss) for the period	388	(5,399)	5,787	-107.2%
Non-controlling interests	26	24	3	11.1%
Total Liabilities and Shareholders' Equity	169,012	179,918	(10,906)	-6.1%

(*) 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".

MPS GROUP

Reclassified Consolidated Balance Sheet - quarterly trend

<i>(in EUR mln)</i>	31/12/15	30/09/15 (*)	30/06/15 (*)	31/03/15 (*)	31/12/14 (*)	30/09/14 (*)	30/06/14 (*)	31/03/14 (*)
ASSETS								
Cash and cash equivalents	1,189	812	822	682	1,007	878	860	823
Receivables :								
a) Loans to customers	111,366	112,513	117,436	123,139	119,676	126,307	132,770	132,677
b) Loans to banks	8,242	6,432	8,327	7,856	7,723	6,884	8,638	10,204
Financial assets held for trading	35,209	36,297	32,990	37,633	36,339	38,371	36,292	40,128
Financial assets held to maturity	-	-	-	-	-	-	-	-
Equity investments	908	960	908	947	1,014	1,001	952	960
Property, plant and equipment / Intangible assets	3,142	3,090	3,122	3,139	3,229	3,934	3,971	4,004
<i>of which:</i>								
a) goodwill	8	8	8	8	8	670	670	670
Other assets	8,956	10,022	10,596	10,453	10,930	9,727	9,392	8,707
Total assets	169,012	170,126	174,201	183,850	179,918	187,101	192,875	197,503
<i>(in EUR mln)</i>		30/09/15	30/06/15	31/03/15	31/12/14	30/09/14	30/06/14	31/03/14
LIABILITIES								
Payables								
a) Deposits from customers and securities issued	119,275	122,717	122,891	128,161	122,870	123,252	127,416	125,495
b) Deposits from banks	17,493	17,805	18,831	22,519	27,648	29,425	31,810	40,991
Financial liabilities held for trading	15,922	11,476	14,534	18,268	15,307	14,413	12,836	15,526
Provisions for specific use								
a) Provisions for staff severance indemnities	246	245	246	268	271	295	285	273
b) Pensions and other post retirement benefit obligations	49	51	50	52	66	59	59	60
c) Other provisions	1,068	1,087	1,106	1,104	1,085	1,024	991	1,020
Other liabilities	5,337	6,990	7,285	7,291	6,878	8,494	8,680	7,998
Group net equity	9,596	9,730	9,234	6,162	5,769	10,116	10,769	6,107
a) Valuation reserves	(22)	(85)	(324)	(14)	(262)	(209)	(288)	(454)
c) Equity instruments carried at equity	-	-	-	3	3	3	3	3
d) Reserves	222	222	466	(6,458)	(1,060)	(1,014)	3,984	(838)
e) Share premium	6	6	4	2	2	2	-	-
f) Share capital	9,002	9,002	8,759	12,484	12,484	12,484	7,485	7,485
g) Treasury shares (-)	-	(0)	-	(0)	(0)	(0)	(0)	(0)
h) Net profit (loss) for the period	388	585	329	144	(5,399)	(1,151)	(415)	(89)
Non-controlling interests	26	26	24	24	24	24	29	34
Total Liabilities and Shareholders' Equity	169,012	170,126	174,201	183,850	179,918	187,101	192,875	197,503

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