

CONSOLIDATED REPORT ON OPERATIONS

Highlights at 30/06/2016

INCOME STATEMENT AND BALANCE SHEET FIGURES

MPS GROUP

INCOME STATEMENT FIGURES (EUR mln)	30/06/16	30/06/15 (*)	Chg.
Net interest income	1,035.2	1,160.7	-10.8%
Net fee and commission income	940.7	927.1	1.5%
Other Income	368.6	540.4	-31.8%
Total Revenues	2,344.5	2,628.3	-10.8%
Net impairment losses (reversals) on loans and financial assets	(717.2)	(982.4)	-27.0%
Net operating income	348.5	335.2	4.0%
Net profit (loss) for the period	302.0	328.9	-8.2%
EARNING PER SHARE (EUR)	30/06/16	30/06/15 (*)	Chg.
Basic earnings per share	0.103	0.627	-0.524
Diluted earnings per share	0.103	0.591	-0.488
BALANCE SHEET FIGURES AND INDICATORS (EUR mln)	30/06/16	31/12/15	Chg.
Total assets	164,385.5	169,012.0	-2.7%
Loans to customers	107,547.8	111,366.4	-3.4%
Direct funding	112,045.2	119,274.6	-6.1%
Indirect funding	97,708.6	106,171.8	-8.0%
of which: assets under management	55,517.3	55,515.7	0.0%
of which: assets under custody	42,191.4	50,656.1	-16.7%
Group net equity	9,928.7	9,596.5	3.5%
OPERATING STRUCTURE	30/06/16	31/12/15	Chg.
Total head count - end of period	25,697.0	25,731.0	-34
Number of branches in Italy	2,048.0	2,133.0	-85

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ALTERNATIVE PERFORMANCE MEASURES

MPS GROUP

PROFITABILITY RATIOS (%)	30/06/16	31/12/15	Chg.
Cost/Income ratio	54.5	50.4	4.1
R.O.E.	6.2	5.1	1.1
Return on Assets (RoA) ratio	0.37	0.23	0.14
KEY CREDIT QUALITY RATIOS (%)	30/06/16	31/12/15	Chg.
Net non performing loans / Loans to Customers	21.9	21.7	0.2
Cumulated adjustments on non performing loans / Gross non performing loans	48.0	48.5	-0.45
Net doubtful loans / Loans to Customers	9.8	8.7	1.1
Cumulated adjustments on doubtful loans / Gross doubtful loans to customers	61.2	63.4	-2.23
Net adjustments to loans / End loans (Provisioning)	1.3	1.8	-0.5

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REGULATORY MEASURES

MPS GROUP

CAPITAL RATIOS (%)	30/06/16	31/12/15	Chg.
Common Equity Tier 1 (CET1) ratio	12.1	12.0	0.1
Total Capital ratio	15.6	16.0	-0.4
FINANCIAL LEVERAGE INDEX (5)	30/06/16	31/12/15	Chg.
Leverage ratio - Transitional Phase	5.3	5.2	0.1
LIQUIDITY RATIO (%)	30/06/16	31/12/15	Chg.
LCR	170.8	222.0	-51.2
NSFR	98.3	100.8	-2.6

Reclassified Income Statement (Euro mln)				
Montepaschi Group	30/06/16	30/06/15	Change	
		(*)	Abs.	%
Net interest income	1,035.2	1,160.7	(125.5)	-10.8%
Net fee and commission income	940.7	927.1	13.6	1.5%
Income from banking activities	1,975.9	2,087.9	(112.0)	-5.4%
Dividends, similar income and gains (losses) on equity investments	43.2	66.3	(23.2)	-34.9%
Net profit (loss) from trading	317.0	445.2	(128.2)	-28.8%
Net profit (loss) from hedging	(1.3)	16.1	(17.4)	-108.1%
Other operating income (expenses)	9.7	12.7	(3.0)	-23.7%
Total Revenues	2,344.5	2,628.3	(283.8)	-10.8%
Administrative expenses:	(1,176.8)	(1,208.6)	31.8	-2.6%
a) personnel expenses	(821.0)	(833.8)	12.8	-1.5%
b) other administrative expenses	(355.8)	(374.8)	19.0	-5.1%
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(102.0)	(102.1)	0.1	-0.1%
Operating expenses	(1,278.8)	(1,310.7)	32.0	-2.4%
Pre-Provision Profit	1,065.7	1,317.5	(251.8)	-19.1%
Net impairment losses (reversals) on:	(717.2)	(982.4)	265.2	-27.0%
a) loans	(718.3)	(984.0)	265.7	-27.0%
b) financial assets	1.1	1.7	(0.6)	-33.8%
Net operating income	348.5	335.2	13.3	4.0%
Net provisions for risks and charges	23.9	(48.6)	72.5	-149.2%
Gains (losses) on investments	7.7	125.1	(117.4)	-93.8%
Restructuring costs / One-off costs	-	(0.6)	0.6	n.s.
Risks and charges related to the SRF, DGS and similar schemes	(70.8)	-	(70.8)	n.s.
DTA Fees	(108.8)	-	(108.8)	n.s.
Gains (losses) on disposal of investments	-	1.0	(1.0)	-100.0%
Profit (loss) before tax from continuing operations	200.5	412.2	(211.7)	-51.4%
Tax expense (recovery) on income from continuing operations	118.5	(61.0)	179.5	n.s.
Profit (loss) after tax from continuing operations	319.0	351.2	(32.1)	-9.2%
Net profit (loss) for the period including non-controlling interests	319.0	351.2	(32.1)	-9.2%
Net loss (profit) attributable to non-controlling interests	(0.8)	(0.8)	(0.0)	2.3%
Profit (loss) for the period before PPA, impairment on goodwill and intangibles	318.2	350.4	(32.2)	-9.2%
PPA (Purchase Price Allocation)	(16.2)	(21.4)	5.2	-24.4%
Net profit (loss) for the period	302.0	328.9	(26.9)	-8.2%

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Quarterly trend in reclassified income statement (Euro mln)

Montepaschi Group	2016		2015			
	2Q	1Q	4Q	3Q (*)	2Q (*)	1Q (*)
Net interest income	486.9	548.3	541.1	556.8	554.0	606.7
Net fee and commission income	483.8	456.9	451.6	431.2	484.2	443.0
Income from banking activities	970.7	1,005.2	992.6	988.0	1,038.2	1,049.7
Dividends, similar income and gains (losses) on investments	23.8	19.3	4.8	28.7	42.0	24.3
Net profit (loss) from trading	151.3	165.7	133.6	459.0	163.5	281.7
Net profit (loss) from hedging	(1.4)	0.1	4.3	(6.3)	0.2	15.9
Other operating income (expenses)	14.6	(4.9)	(17.8)	0.4	11.3	1.4
Total Revenues	1,159.0	1,185.5	1,117.6	1,469.7	1,255.2	1,373.0
Administrative expenses:	(582.0)	(594.7)	(602.2)	(601.8)	(603.7)	(604.9)
a) personnel expenses	(403.4)	(417.6)	(396.2)	(422.7)	(414.4)	(419.4)
b) other administrative expenses	(178.7)	(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	(51.8)	(50.2)	(59.4)	(54.4)	(53.7)	(48.4)
Operating expenses	(633.8)	(645.0)	(661.6)	(656.3)	(657.4)	(653.3)
Pre Provision Profit	525.2	540.5	456.0	813.4	597.8	719.7
Net impairment losses (reversals) on:	(368.0)	(349.2)	(575.4)	(435.3)	(528.1)	(454.2)
a) loans	(372.4)	(345.9)	(577.2)	(429.8)	(515.8)	(468.2)
b) financial assets	4.4	(3.3)	1.8	(5.5)	(12.3)	14.0
Net operating income	157.2	191.3	(119.4)	378.1	69.7	265.5
Net provisions for risks and charges	29.2	(5.3)	(58.7)	43.2	(18.8)	(29.8)
Gains (losses) on investments	0.2	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	0.3	(71.1)	(140.9)	(54.6)	-	-
DTA Fees	(108.8)	-	-	-	-	-
Gains (losses) on disposal of investments	0.0	(0.0)	1.0	0.9	0.6	0.4
Profit (loss) before tax from continuing operations	78.2	122.3	(339.8)	366.9	176.1	236.1
Tax expense (recovery) on income from continuing operations	139.2	(20.7)	152.0	(102.5)	18.1	(79.1)
Profit (loss) after tax from continuing operations	217.5	101.6	(187.7)	264.4	194.2	157.0
Net profit (loss) for the period including non-controlling interests	217.5	101.6	(187.7)	264.4	194.2	157.0
Net loss (profit) attributable to non-controlling interests	(0.3)	(0.5)	(0.5)	(0.5)	(0.3)	(0.5)
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	217.1	101.1	(188.2)	263.9	193.9	156.5
PPA (Purchase Price Allocation)	(8.3)	(7.9)	(8.4)	(8.2)	(8.7)	(12.8)
Net profit (loss) for the period	208.8	93.2	(196.6)	255.7	185.2	143.7

(*) Figures for the first three quarters of 2015 have been restated as a consequence of the variations described in the "Restatement of prior period accounts in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors)" paragraph of the 2015 Annual Report



**MONTE
DEI PASCHI
DI SIENA**
BANCA DAL 1472

Reclassified balance sheet (EUR mln)

	30/06/16	31/12/15	Chg	
			abs.	%
ASSETS				
Cash and cash equivalents	794.60	1,188.80	(394.2)	-33.2%
Receivables :				
a) Loans to customers	107,547.80	111,366.40	(3,818.6)	-3.4%
b) Loans to banks	7,953.10	8,242.10	(289.0)	-3.5%
Marketable assets	36,022.60	35,208.60	814.0	2.3%
Financial assets held to maturity			-	
Equity investments	948.00	908.40	39.6	4.4%
Property, plant and equipment / Intangible assets	3,059.80	3,141.80	(82.0)	-2.6%
<i>of which:</i>				
a) goodwill	7.90	7.90	-	
Other assets	8,059.60	8,955.90	(896.3)	-10.0%
Total assets	164,385.50	169,012.00	(4,626.5)	-2.7%
LIABILITIES				
	30/06/16	31/12/15	abs.	%
Payables				
a) Deposits from customers and securities issued	112,045.2	119,274.6	(7,229.4)	-6.1%
b) Deposits from banks	19,465.8	17,493.1	1,972.7	11.3%
Financial liabilities held for trading	15,854.7	15,921.7	(67.0)	-0.4%
Provisions for specific use				
a) Provisions for staff severance indemnities	249.9	246.2	3.7	1.5%
b) Pensions and other post retirement benefit obligations	52.3	49.4	2.9	5.9%
c) Other provisions	1,012.5	1,067.5	(55.0)	-5.2%
Other liabilities	5,750.4	5,336.7	413.7	7.8%
Group net equity	9,928.7	9,596.5	332.2	3.5%
a) Valuation reserves	7.7	(21.8)	29.5	n.s.
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	302.0	388.1	(86.1)	-22.2%
Non-controlling interests	26.0	26.3	(0.3)	-1.1%
Total Liabilities and Shareholders' Equity	164,385.5	169,012.0	(4,626.5)	-2.7%

Reclassified Balance Sheet - Quarterly Trend (EUR mln)

	30/06/16	31/03/16	31/12/15	30/09/15 (*)	30/06/15 (*)	31/03/15 (*)
ASSETS						
Cash and cash equivalents	794.6	913.4	1,188.8	812.2	822.0	682.3
Receivables :						
a) Loans to customers	107,547.8	113,544.3	111,366.4	112,513.2	117,436.3	123,139.0
b) Loans to banks	7,953.1	6,856.1	8,242.1	6,432.2	8,327.2	7,855.7
Financial assets held for trading	36,022.6	39,999.9	35,208.6	36,296.6	32,989.6	37,633.5
Financial assets held to maturity	-	-	-	-	-	-
Equity investments	948.0	934.3	908.4	959.6	907.7	947.0
Property, plant and equipment / Intangible assets	3,059.8	3,112.5	3,141.8	3,090.0	3,122.4	3,139.0
<i>of which:</i>						
a) <i>goodwill</i>	7.9	7.9	7.9	7.9	7.9	7.9
Other assets	8,059.6	8,285.0	8,956.0	10,022.3	10,596.3	10,453.1
Total assets	164,385.5	173,645.5	169,012.0	170,126.1	174,201.4	183,849.5
LIABILITIES						
Payables						
a) Deposits from customers and securities issued	112,045.2	119,507.9	119,274.7	122,717.3	122,890.6	128,160.9
b) Deposits from banks	19,465.8	17,524.7	17,493.1	17,804.9	18,830.9	22,519.3
Financial liabilities held for trading	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	249.9	247.7	246.2	245.2	246.4	268.2
b) Pensions and other post retirement benefit obligations	52.3	51.4	49.4	50.5	50.3	52.1
c) Other provisions	1,012.5	1,050.0	1,067.5	1,086.9	1,106.1	1,103.7
Other liabilities	5,750.4	5,511.9	5,336.7	6,989.7	7,285.1	7,291.1
Group net equity	9,928.7	9,675.2	9,596.4	9,730.3	9,234.0	6,161.7
a) Valuation reserves	7.7	(36.5)	(21.8)	(84.7)	(323.6)	(13.9)
c) Equity instruments carried at equity	-	-	-	-	-	3.0
d) Reserves	617.2	610.5	222.1	222.3	466.0	(6,457.6)
e) Share premium	-	6.3	6.3	6.3	4.0	2.3
f) Share capital	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	302.0	93.2	388.1	584.6	328.9	143.7
Non-controlling interests	26.0	25.7	26.3	25.5	24.3	24.1
Total Liabilities and Shareholders' Equity	164,385.5	173,645.5	169,012.0	170,126.1	174,201.4	183,849.5

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