MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

PRESS RELEASE

BOARD APPROVES RESULTS AS AT 30 SEPTEMBER 2018:

PRE-PROVISION PROFIT FOR THE FIRST NINE MONTHS AT EUR 803 MILLION (STABLE VS. 2017[1]), COST OF CREDIT AT 55 BPS[2] AND NET PROFIT AT EUR 379 MILLION (EUR 91 MILLION IN 3Q18)

PRO FORMA TRANSITIONAL CET1 AT 12.8%[3] PRO FORMA FULLY-LOADED CET1 AT 11.2%[4]

- **Pre-provision profit for the third quarter at EUR 248 million, largely stable vs. the previous quarter (-1.0% Q/Q) but, net of extraordinary components, significantly improved (c. +30%) from 3Q17[5]:**
    - **the decrease in fees & commissions, impacted by a slowdown in wealth management product placement, was partly offset by the improved results of the securities portfolio and by an essentially stable net interest income (-1.4% Q/Q)**
    - **decreasing operating costs (-3.5% Q/Q and -9.4% Y/Y), as a result of personnel exits and structural cost containment initiatives**
- **Loans to customers[6] are up (+0.5% vs. 30 June 2018), partly thanks to the ongoing increase in new mortgages; the pickup of commercial activity continues, with a strong focus on profitability and on controlling cost of funding**
- **UTPs reduced, through disposals and settlements, by EUR 0.8 billion in the first 9 months of 2018. Disposal of up to EUR 3.3 billion leasing and small-ticket bad loans in progress, and binding offers for EUR 0.4 billion UTP portfolios already received. Considering these reductions, pro forma gross NPE ratio[7] is c. 16% (pro forma net NPE ratio c. 9%)**
- **Improvement of all the main asset quality indicators confirmed:**
    - **cost of credit[8] at 55 basis points**
    - **NPE coverage at 56.4% (bad loans coverage at 68.6%)**
    - **default rate at 1.7% and danger rate at 15.2%**
- **In September, pro forma transitional Common Equity Tier 1[9] is 12.8% (pro forma fully-loaded CET1[10] 11.2%), and pro forma Total Capital ratio[11] is 14.2%**

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[1] 9M17 and 9M18 net of extraordinary components, in 2017 mainly connected with burden-sharing measures.

[2] Annualised cost of credit for the first nine months of 2018.

[3] Pro forma transitional CET1 includes net profit from 2Q18 and 3Q18, not included in the transitional CET1, which is 12.5%.

[4] Pro forma fully-loaded CET1 includes net profit from 2Q18 and 3Q18 and DTA reversals expected until the end of the transitional period. Excluding these elements, fully-loaded CET1 is 10,3%.

[5] 3Q17 and 3Q18 net of extraordinary components, in 2017 mainly connected with burden-sharing measures.

[6] Loans to customers at amortised cost.

[7] Excluding these disposals, gross NPE ratio is 19.4%.

[8] See footnote 2.

[9] See footnote 3.

[10] See footnote 4.

[11] Pro forma Total Capital ratio includes net profit from 2Q18 and 3Q18. Excluding these elements, the Total Capital ratio is 13.9%.

Siena, 9 November 2018 – This morning the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. reviewed and approved the results as at 30 September 2018.

Group profit and loss results at 30 September 2018

At 30 September 2018, the Group's **total revenues** stand at **EUR 2,518 million**, a 21.9% Y/Y decrease, mainly due to a contraction in net profit from trading and financial assets/liabilities measured at amortised cost and at fair value through profit and loss, which in 2017 had benefited from the effects of burden-sharing measures for c. EUR 503 million. In 3Q18 revenues decline by EUR 23 million Q/Q, with the drop in interest margin (-EUR 6 million) and net fees and commissions (-EUR 50 million) and a pickup in net profit from trading and financial assets/liabilities.

Net interest income at 30 September 2018 is **EUR 1,312 million**, down by 4.5% from the same period of the previous year, which included the effects of burden-sharing measures for c. EUR 50 million (c. -1% net of these extraordinary components), mainly due to the negative trend of interest-bearing assets and in particular of commercial loans (decreased average volumes and related yields). This trend is partially countered by the lower negative interests resulting from the decreased cost of commercial funding and the reimbursement of more expensive bonds (amongst which those connected to burden-sharing). The 3Q18 result weakens Q/Q (-1.4%), mainly impacted by the downturn in commercial lending.

Net fees and commissions are **EUR 1,163 million**. The 4.1% Y/Y decrease is mainly due to reduced income from payment services (debit and credit cards), following the sale of the merchant acquiring business on 30 June 2017, and from asset management. Net of the contribution from the merchant acquiring business, net fees and commissions are essentially stable vs. 30/09/2017.

3Q18 is down by 12.3% from the previous quarter, in particular due to reduced proceeds from asset management and loan facilities.

Dividends, similar income and profit (loss) on investments, down from 30 September 2017, amount to **EUR 55 million**, and are mainly from AXA-MPS[12]. In 3Q18 this component is up Q/Q (EUR +4 million), thanks to the increased contribution from AXA-MPS.

Net profit (loss) from trading and financial assets/liabilities measured at amortised cost and at fair value through profit and loss at 30 September 2018 amounts to **EUR 6 million**, down from the EUR 571 million result of the previous year, which included the effects of burden-sharing measures (EUR 503 million). An analysis of the main aggregates shows:

- **net profit from trading for about EUR +10 million**, down from September 2017 but up Q/Q, notwithstanding the effects of the widening BTP-Bund spread;
- **net profit from financial assets and liabilities measured at fair value through profit and loss is negative for EUR 64 million** (at 30 September 2017 the result had been EUR -1 million), ascribable to the negative net results of financial assets and liabilities mandatorily measured at fair value;

[12] *AXA – MPS is consolidated at net equity in the Group's financial accounts.*

- **gains on disposals/repurchases positive for EUR 60 million**, down from the same period of the previous year (EUR -492 million Y/Y), which had been positively impacted by the effects of burden-sharing measures. Down from 2Q18.

The following items also contribute to total revenues:

- **net income from hedging for EUR -1 million**, up Y/Y but down Q/Q;
- **other operating expenses/income negative** for **EUR 16 million**, down vs. the first nine months of 2017 (EUR +1 million) but improving Q/Q.

At 30 September 2018 **operating expenses** amount to **EUR 1,715 million**, down by 9.4% Y/Y. 3Q18 is down by 3.5% Q/Q (EUR -20 million), mainly due to other administrative expenses. Detailed examination of individual aggregates shows that:

- **administrative expenses** stand at **EUR 1,546 million**, reduced by EUR 154 million from the previous year (-9.1% Y/Y) and by EUR 22 million vs. 2Q18. Within the aggregate:
  - **personnel expenses**, at **EUR 1,098 million**, are down by 7.6% Y/Y (EUR -90 million), mainly due to the headcount reduction achieved with the aid of the 1 May and 1 November 2017 Solidarity Fund manoeuvres. 3Q18 also decreases vs. the previous quarter, essentially for workforce dynamics.
  - **other administrative expenses** amount to **EUR 448 million**, down 12.4% Y/Y due to structural cost-containing initiatives which affected, in particular, real estate, legal expenses linked to credit recovery and ICT (partly following the sale of the merchant acquiring business in June 2017). Expenses booked in 3Q18 are also down Q/Q.
- **Net value adjustments to tangible and intangible assets** at 30 September 2018, amounting to **EUR 169 million**, are down vs. the same period of the previous year, which had been primarily impacted by increased impairment of intangible assets (software licences). Up from the previous quarter (+3.4% Q/Q).

As a result of the dynamics described above, the Group's **pre-provision profit** is **EUR 803 million** (EUR 1,331 million at 30 September 2017), with a positive quarterly contribution of EUR 248 million essentially stable Q/Q. Total profit for the first nine months of 2018 is virtually flat Y/Y, net of extraordinary components, which in 2017 were mainly connected with burden-sharing measures.

At 30 September 2018 the Group reported **net impairment losses on financial assets measured at amortised cost and at fair value through other comprehensive income** for a total of **EUR 368 million**, down by EUR 4.5 billion vs. those recorded for the same period of the previous year, which incorporated provisions booked on the loans subject to securitisation following the review of their realisable value. Up vs. 2Q18.

It should be noted that comparisons with 2017 data are purely indicative, as figures are mismatched following the introduction of the new IFRS9 valuation models for the impairment of all debt instrument assets not measured at FVTPL.

The ratio of annualised loan loss provisions at 30 September 2018 over total customer loans reflects a **provisioning rate of 55 bps**.

The Group's **net operating result** for the first nine months **is positive for c. EUR 435 million**, compared to EUR -3,505 million recorded for the same period of the previous year.

The following also contribute to the **result for the period:**

- **net provisions for risks and charges for EUR -15 million**, negative net effect mainly attributable to provisions for commitments undertaken by the bank for transactions with customers, partly offset by the revaluation of the commitment undertaken to meet the hedging costs of the vehicle as part of the sale of the bad loan portfolio agreed upon on 26 June 2017 with Quaestio, payable by the transferor. At 30 September 2017 the balance was negative for 134 million, impacted by higher provisions for lawsuits and by the mentioned negative evaluation of the commitment undertaken with the vehicle;

- **gains on investments for c. EUR 1 million**, vs. losses for EUR 23 million recorded at 30 September 2017. The result improves Q/Q for the increased value of the stake held in Fondo Etrusco;

- **restructuring costs/one-off charges**, at **EUR -61 million**, mainly include charges related to initiatives aimed at complying with the commitments undertaken with DG Comp, such as the expected loss from the sale of the subsidiary MP Belgio (EUR -61 million) and other project initiatives, somewhat offset by the recoveries recognised by INPS[13] for the completed headcount reduction/solidarity fund manoeuvres (EUR +29 million);

- **risks and charges related to SRF, DGS and similar schemes**, balance of **EUR -124 million**, consisting of the ordinary contribution to the Single Resolution Fund (SRF), booked in 1Q18, the additional contribution to the National Resolution Fund (NRF), booked in 2Q18 and the estimated contribution due to FITD (DGS), booked in 3Q18 (EUR 29 million);

- **DTA fees**, equal to **EUR -53 million**. The amount, determined according to the criteria of Law Decree no. 59/2016, converted into Law no. 119 on 30 June 2016, represents the fees due on 30 September 2018 for DTAs (Deferred Tax Assets) which are convertible into tax credit;

- **gains on disposal of investments** for **EUR 50 million**, essentially ascribable to proceeds from the sale of the credit recovery platform (Juliet), concluded in 2Q18. At 30 September 2017 the aggregate was positive for EUR 534 million, mainly due to gains on the sale of the merchant acquiring business.

Due to the circumstances mentioned above, the Group's **profit before tax from continuing operations** amounts to **EUR +233 million**, up from 30 September 2017, which had recorded a result of EUR -3,571 million.

Taxes on profit (loss) from continuing operations record a gain of **EUR +164 million**. This result is essentially attributable to the partial reassessment, for EUR 163 million, of DTAs related to tax losses, accrued and not recorded in previous years. The item also includes accrued ACE for EUR 31 million.

Considering the net effects of PPA (EUR -18 million), the **Group's consolidated profit at 30 September 2018 amounts to EUR 379 million**, against a loss of EUR 3,001 million reported for the same period of 2017.

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[13] *Istituto Nazionale della Previdenza Sociale, i.e. the Italian National Institute for Social Security*

Group balance sheet aggregates at 30 September 2018

At 30 September 2018 the Group's **total funding** volumes amount to **EUR 193.3 billion** (flat vs. 31 December 2017), down by EUR 2.6 billion vs. 30 June 2018 due to decreased direct funding.

Direct funding, amounting to **EUR 93.9 billion**, records a EUR 3.9 billion decrease vs. the end of December 2017 (mainly on bonds) and a EUR 2.9 billion decrease vs. June 2018, mainly for the decline in current accounts (EUR -1.4 billion) and bonds (EUR -0.8 billion).

The Group's direct funding market share[14] stands at 3.84% (July 2018 update), up by 12bps from the end of 2017.

Indirect funding comes to **EUR 99.4 billion**, up both vs. 31 December 2017 (EUR +3.5 billion), mainly assets under custody, influenced by the movement of a significant corporate account. The comparison with June 2018 shows an increase in indirect funding (EUR +0.3 billion), particularly assets under management.

Assets under management, at **EUR 58.5 billion**, are flat vs. December 2017 and up vs. June 2018, on mutual funds and bancassurance.

The book value of customer loans at 30 September, 30 June and 31 March 2018 was affected by

- the reclassifications carried out following the introduction of IFRS9, which resulted in an overall net reduction of EUR 0.1 billion, stemming from decreases for the reclassifications to other financial assets mandatorily measured at fair value (EUR -1.1 billion), partially offset by increases due to the reclassification to loans of bonds previously recognised in assets held for sale, the former AFS (EUR +1 billion);
- the negative impact of the transition from IAS39 to IFRS9, connected with the new impairment forecasts (higher Expected Credit Losses – ECL) on cash (and signature) exposures, for EUR 1.5 billion, before tax, recognised in equity.

As at 30 September 2018 Group **customer loans** amount to **EUR 87.5 billion**, up both vs. the end of December 2017, mainly on mortgages and asset-backed securities (following the booking of the securitisation transaction senior notes) and vs. 30 June 2018, particularly on repos with institutional counterparties (EUR +1.1 billion) and mortgages (EUR +0.5 billion), whereas other forms of lending decrease.

The Group's market share[15] stands at 5.25% (July 2018 update), down by 125bps from the end of 2017, chiefly for the Group's decreased stock of bad loans.

Medium/long-term loans record new disbursements/loan contracts for EUR 2.9 billion in 3Q18, up Q/Q (EUR +0.2 billion). Total disbursements/contracts for the first nine months of 2018 grow by EUR +3.7 billion Y/Y.

The Group's **gross non-performing exposures** as at 30 September 2018 amount to **EUR 19.5 billion**, down both from 2017 year-end (EUR -23.4 billion, essentially due to the deconsolidation of securitised bad loans) and from 30 June 2018 (EUR -0.3 billion). Gross bad loan exposures are

[14] Deposits and repurchase agreements (excluding repurchase agreements with central counterparties) with domestic ordinary customers and bonds net of repurchases placed with domestic ordinary customers as first borrowers.

[15] Loans to domestic ordinary customers, including bad loans and net of repurchase agreements with central counterparties.

reduced by EUR 21.4 billion vs. FY17, mainly for the above-mentioned deconsolidation, and increased vs. 30 June 2108 (EUR +0.5 billion). Unlikely-to-pay exposures also decrease, by EUR 1.9 billion vs. December 2017 and by EUR 0.7 billion vs. June 2018, partly affected by disposals carried out in the quarter. Past-due exposures are down by EUR 0.1 billion vs. 2017 year-end and essentially stable vs. 30 June 2018.

As at 30 September 2018 the Group’s **net non-performing exposures are EUR 8.5 billion**, down from the end of December 2017 (EUR -6.3 billion), again essentially as a result of the above-mentioned deconsolidation, and virtually stable vs. 30 June 2018 (EUR -0.2 billion). Net bad loan exposures are reduced by c. EUR 4.5 billion vs. 2017 year-end and slightly increased Q/Q (EUR +0.2 billion), largely due to the above. Net unlikely-to-pay exposures are also down, by EUR 1.7 billion vs. FY17 and by EUR 0.4 billion Q/Q. Past-due exposures are down by EUR 0.1 billion vs. 31 December 2017 and virtually unchanged from June 2018.

The quarter shows an improvement in the ratio of net non-performing exposures to net customer loans, from 9.9% in June 2018 to 9.6% in September 2018. Within the aggregate, in 3Q18 the incidence of past-due loans is essentially stable compared to June 2018, whereas that of unlikely-to-pay loans decreases (from 6.4% in June 2018 to 5.9% in September 2018). The incidence of net bad loans is up (from 3.2% in June 2018 to 3.4% in September 2018).

As at 30 September 2018 **coverage** of non-performing exposures is 56.4%, down compared to 31 December 2017 (65.5%), following the deconsolidation of loans subject to disposal, but up from June 2018 (56.0%).

The book value of financial assets designated at fair value at 30 September and 30 June 2018 was affected by the reclassification, carried out following the introduction of IFRS9, of bonds to financial assets designated at amortised cost, for a total amount of EUR 1.0 billion, and by the booking of loans/securities for a total of EUR 1.2 billion under other financial assets mandatorily measured at fair value.

As at 30 September 2018, the Group’s **financial assets designated at fair value** amount to **EUR 25.4 billion**, up by EUR 1.3 billion from 31 December 2017 and down by EUR 3.8 billion from 30 June 2018, mainly on the trading component relating to the subsidiary MPS Capital Services (decreased in the quarter in particular on Italian government securities, for which the company acts as a primary dealer). Financial liabilities held for trading decreased by EUR 1.5 billion vs. the end of December 2017 and by EUR 0.2 billion Q/Q.

At the end of September 2018 the Group’s **net interbank position** stands at **EUR 12.1 billion** in funding, increased by EUR 1 billion vs. 31 December 2017 and flat Q/Q.

At 30 September 2018 the operational liquidity position shows an **unencumbered counterbalancing capacity of about EUR 18.5 billion**, down by EUR 2.6 billion compared with 31 December 2017, mainly due to the maturity of a tranche of GGBs in 1Q18, and down by EUR 0.9 billion Q/Q.

At 30 September 2018 the **Group’s shareholders’ equity and non-controlling interests** amount to approximately **EUR 9.0 billion**, down by EUR 1.5 billion compared to the end of December 2017, ascribable to the negative impacts of the IFRS9 first-time adoption on item “reserves” and to the negative changes in valuation terms of financial assets measured at fair value through other comprehensive income, partly offset by the result for the period. Stable vs. 30 June 2018, with the decreased valuation reserves essentially offset by the profit for the quarter.

As for capital ratios, at 30 September 2018 the **common equity tier 1 ratio** is **12.5%** and **total capital ratio** is **13.9%**.

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Pursuant to paragraph 2, article 154-bis of the Consolidated Finance Act, the Financial Reporting Officer, Nicola Massimo Clarelli, declares that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.

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This press release will be available on www.gruppomps.it

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Income statement and balance sheet reclassification principles

Reclassified Income statement

It should be noted that, in order to allow continuity in the reporting and reading of progressive results, subsidiary MP Belgio, although currently being sold, is included in individual income statement items.

a) Item "**interest income**" was cleared of the negative contribution (EUR -9 million) referable to the Purchase Price Allocation (PPA), which was reclassified to a specific item, and integrated with the contribution from subsidiary MP Belgio, for EUR +13 million.

b) Item “**net fees and commissions**” was integrated with the contribution from subsidiary MP Belgio, for EUR +2 million.

c) Item “**dividends, similar income and gains (losses) on investments**” incorporates item 70 “Dividends and similar income” and a portion of item 250 “Gains (losses) on investments” (EUR 46 million, corresponding to the share of profit and loss for the period contributed by investments in the associate AXA, consolidated at net equity). The aggregate was also cleared of dividends earned on securities other than equity investments (EUR 1 million), reclassified under item “net profit (loss) from trading/valuation of financial assets/liabilities”.

d) Item “**net profit (loss) from trading/valuation and from financial assets/liabilities measured at fair value through profit and loss**" includes Item 80 "net profit (loss) from trading", Item 100 "gains (losses) on disposal/repurchase of: i) financial assets measured at amortised cost and at fair value through other comprehensive income and ii) financial liabilities" and Item 110 "net profit (loss) on financial assets measured at fair value through profit and loss". The item also incorporates dividends earned on securities other than equity investments (EUR 1 million) and the contribution of subsidiary MP Belgio, for EUR +6 million.

e) Item “**other operating income (expense)**” includes item 230 “other operating expenses (income)” net of the recovery of stamp duty and customer expenses, which are stated under the reclassified item “other administrative expenses” (EUR 224 million) and the contribution of subsidiary MP Belgio, for EUR +0.6 million.

f) Profit & loss item “**personnel expenses**” was increased by EUR 25 million net (EUR +29 million for INPS recoveries on provisions for the 2017 headcount reduction measures and EUR -4 million for extraordinary expenses connected with the unwinding of foreign branches), for the reclassification of these amounts to item “restructuring costs/one-off charges”. The item also includes the share of costs relating to subsidiary MP Belgio, for EUR 7 million.

g) Item "**other administrative expenses**" includes the balance of financial statements item 190b “other administrative expenses”, reduced by the following cost items:
   - expenses, amounting to EUR 124 million, resulting from EU DGSD and BRRD directives for the resolution of bank crises (posted under the reclassified item “risks and charges associated with SRF, DGS and similar schemes”);
   - DTA fee, convertible into tax credit, for EUR 53 million (posted to the reclassified item “DTA fee”);
   - extraordinary charges for EUR 16 million, related to project initiatives partly aimed at complying with the commitments undertaken with DG Comp (among which the closing of domestic and foreign branches), reclassified to item “restructuring costs/one-off charges”.

The item also incorporates stamp duty and client expense recoveries (EUR 224 million) posted under item 220 "Other operating expenses/income" and the share of costs relating to subsidiary MP Belgio, for EUR 7 million.

h) Item "**net value adjustments to tangible and intangible assets**" was cleared of the negative contribution (EUR -18 million) referable to the Purchase Price Allocation (PPA), which was reclassified to a specific item. It was integrated with the contribution of subsidiary MP Belgio, for EUR -1 million.

i) Item "**net impairment (losses)/reversals on financial assets at amortised cost**" includes items 130a "Financial assets measured at amortised cost" and 140 "modification gains (losses)". The item was integrated with the contribution of subsidiary MP Belgio, for EUR -3 million.

j) Item **"net provisions for risks and charges"** was cleared of extraordinary provisions for costs relating to commitment initiatives for EUR 8 million, re-allocated to the reclassified item "restructuring costs/one-off charges". The item was integrated with the contribution of subsidiary MP Belgio, for EUR -0.4 million.

k) Item "**restructuring costs/one-off charges**" mainly includes charges related to project initiatives, partly aimed at complying with the commitments undertaken with DG Comp (for a total net amount of EUR -90 million, including expected losses from the sale of subsidiary MP Belgio for EUR -61 million) and the mentioned recoveries recognised by INPS for previous headcount reduction/solidarity fund manoeuvres (EUR +29 million).

l) Item "**risks and charges related to the SRF, DGS and similar schemes**" includes the charges deriving from the Community directives DGSD to guarantee deposits and BRRD for the resolution of the banking crises, posted on the financial statements under item 190b "other administrative expenses". As at 30 September 2018, total charges for EUR 124 million were booked, of which EUR 95 million related to the ordinary contribution to the Single Resolution Fund (SRF) and to the additional contribution to the National Resolution Fund (NRF) and EUR 29 million as an estimate of the contribution due to the DGS.

m) 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 190b "Other Administrative Expenses" for EUR 53 million.

n) Item **"profit (loss) on equity investments"** incorporates the balance of item 250 "profits (losses) on equity investments" without the contribution to the income statement of the portion of the profit on the connected equity investments in AXA, consolidated according to the net equity method moved to the reclassified item "Dividends, similar income and gains (losses) on investments" (EUR 46 million).

o) Item "**tax expense (recovery) on income from continuing operations**" was cleared of the theoretical tax component relating to the Purchase Price Allocation (PPA), which was reclassified to a specific item for an amount of EUR 9 million.

p) Item "**profit (loss) from assets held for sale**" was cleared of the effects of the expected loss on the sale of subsidiary MP Belgio (EUR -61 million), reclassified as "restructuring costs/one-off charges".

q) The overall negative effects of the Purchase Price Allocation (PPA) have been reclassified to the specific item, separating them from the economic items concerned (in particular "**interest margin**" for EUR -9 million and "**net adjustments to/recoveries on tangible and intangible**

assets" for EUR -18 million, net of a theoretical tax burden of EUR +9 million which integrates the item).

A conventional and simplified reclassification was carried out, exclusively for income statement figures referring to FY17, on the basis of the new IFRS9 items. In particular, amounts relating to former item 130d "**net impairment losses (reversals) on other financial transactions**" have been reclassified to item 200a "**net provisions for risks and charges: commitments and guarantees issued**".

Reclassified Balance sheet

It should be noted that, in order to allow continuity in the reporting and reading of progressive results, subsidiary MP Belgio, although currently being sold, is included in individual balance sheet items.

a) Item "**cash and cash equivalents**" on the assets side includes the contribution of subsidiary MP Belgio, for EUR 5 million.

b) Item "**financial assets measured at fair value**" includes item 20 "financial assets measured at fair value through profit and loss" and item 30 "financial assets measured at fair value through other comprehensive income". The contribution of subsidiary MP Belgio amounts to EUR 347 million.

c) Item "**loans to banks**" on the assets side was integrated with the contribution of subsidiary MP Belgio, for EUR 29 million.

d) Item "**loans to customers**" on the assets side was integrated with the contribution of subsidiary MP Belgio, for EUR 821 million.

e) Item "**property, plant and equipment / Intangible assets**" was integrated with the contribution of subsidiary MP Belgio, for EUR 7 million.

f) Item "**other assets**" on the assets side incorporates item 50 "hedging derivatives", item 60 "value adjustments to financial assets subject to macro-hedging", item 110 "tax assets", item 120 "Non-current assets held for sale and discontinued operations" (excluding EUR 1,218 million relating to the total assets of subsidiary MP Belgio, net of the intragroup quota) and item 130 "other assets". This item also includes the contribution of subsidiary MP Belgio, for EUR 9 million.

g) Item "**deposits from customers and debt securities issued**" on the liabilities side includes item 10b "financial liabilities measured at amortised cost – deposits from customers", item 10c "financial liabilities measured at amortised cost – outstanding securities" and item 30 "financial liabilities measured at fair value". The contribution of subsidiary MP Belgio amounts to EUR 944 million.

h) Item "**deposits from banks**" on the liabilities side was integrated with the contribution of subsidiary MP Belgio, for EUR 148 million.

i) Item "**financial liabilities held for trading**" on the liabilities side was integrated with the contribution of subsidiary MP Belgio, for EUR 2 million.

j) Item "**provisions for pension and similar obligations**" on the liabilities side was integrated with the contribution of subsidiary MP Belgio for EUR 1 million, as was item "other provisions for risks and charges".

k) Item "**other liabilities**" on the liabilities side incorporates item 40 "hedging derivatives", item 50 "change in value of macro-hedged financial liabilities", item 60 "tax liabilities", item 70 "liabilities associated with groups of assets held for sale" (excluding EUR 1,104 million relating to the total liabilities of subsidiary MP Belgio, net of the intragroup quota) and item 80 "other liabilities" (inclusive of the contribution of subsidiary MP Belgio, for EUR 8 million).

A conventional and simplified reclassification was carried out, exclusively for balance sheet figures referring to FY17, on the basis of the new IFRS9 items. In particular, guarantees and commitments previously booked in item "**other liabilities**" have been reclassified to item 100a "**provisions for risks and charges: commitments and guarantees issued**".

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MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

CONSOLIDATED REPORT ON OPERATIONS
Highlights at 30/09/2018

INCOME STATEMENT AND BALANCE SHEET FIGURES

MPS GROUP

INCOME STATEMENT FIGURES	30/09/18	30/09/17*	Chg.
Net interest income	1,312.0	1,373.7	-4.5%
Net fee and commission income	1,162.9	1,213.2	-4.1%
Other operating income	43.5	636.3	-93.2%
Total Revenues	2,518.4	3,223.2	-21.9%
Net impairment losses (reversals) on financial assets mesured at amortised cost and finanaicl assets measured at fair value through other comprehensive income	(368.1)	(4,835.2)	-92.4%
Net operating income	435.0	(3,504.5)	n.s.
Net profit (loss) for the period	379.3	(3,000.7)	n.s.
EARNING PER SHARE (EUR)	**30/09/18**	**30/09/17***	**Var.**
Basic earnings per share	0.344	(11.136)	n.s.
Diluted earnings per share	0.344	(11.136)	n.s.
BALANCE SHEET FIGURES AND INDICATORS	**30/09/18**	**31/12/17 ***	**Var.**
Total assets	132,185.0	139,154.2	-5.0%
Loans to customers	87,464.9	86,456.3	1.2%
Direct funding	93,906.0	97,801.8	-4.0%
Indirect funding	99,352.3	95,845.7	3.7%
of which: assets under management	58,454.5	58,599.4	-0.2%
of which: assets under custody	40,897.8	37,246.3	9.8%
Group net equity	8,968.9	10,429.1	-14.0%
OPERATING STRUCTURE	**30/09/18**	**31/12/17 ***	**Var.**
Total head count - end of period	23,189	23,463	-274
Number of branches in Italy	1,597	1,745	-148

* *The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS9. Therefore, 2017 values, determined in accordance with IAS39, are not fully comparable.*

CONSOLIDATED REPORT ON OPERATIONS
Highlights at 30/09/2018

ALTERNATIVE PERFORMANCE MEASURES

MPS GROUP

PROFITABILITY RATIOS (%)	30/09/18	31/12/17 *	Chg.
Cost/Income ratio	68.1	63.2	4.9
R.O.E. (on average equity)	5.2	-41.6	46.8
Return on Assets (RoA) ratio	0.4	-2.5	2.90
ROTE (Return on tangible equity)	5.2	-41.6	46.8

* *The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS9. Therefore, 2017 values, determined in accordance with IAS39, are not fully comparable.*

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KEY CREDIT QUALITY RATIOS (%)	30/09/18	31/12/17 *	Chg.
Net non-performing loans / Loans to Customers	9.6	16.3	-6.7
Gross NPL ratio	19.4	35.8	-16.4
Coverage non-performing loans	56.4	65.5	-9.1
Bad loans / Loans to Customers	3.4	8.3	-4.9
Loans to Customers measured at amortised cost - Stage 2/Performing exposures measured at amortised cost	20.2	n.d.	
Coverage bad loans	68.6	75.7	-7.1
Net impairment losses on loans measured at amortised cost/ Loans to Customers measured at amortised cost (Provisioning)	0.5	5.8	-5.3
Texas Ratio	98.9	112.2	-13.3

* *The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS9. Therefore, FY17 values, determined in accordance with IAS39, are not fully comparable.*

At 31/12/2017, credit quality ratios include (both under non-performing exposures and under loans to customers) the portion of portfolio allocated to assets held for sale and mainly relating to the sale, through securitisation, of a set of exposures classified as bad loans, the derecognition of which was completed on 22 June 2018.

CONSOLIDATED REPORT ON OPERATIONS
Highlights at 30/09/2018

REGULATORY MEASURES

MPS GROUP

CAPITAL RATIOS (%)	30/09/18	31/12/17 *	Chg.
Common Equity Tier 1 (CET1) ratio	12.5	14.8	-2.3
Total Capital ratio	13.9	15.0	-1.1
FINANCIAL LEVERAGE INDEX (5)	**30/09/18**	**31/12/17 ***	**Chg.**
Leverage ratio - Transitional Phase	5.5	6.0	-0.5
LIQUIDITY RATIO (%)	**30/09/18**	**31/12/17 ***	**Chg.**
LCR	185.9	199.5	-13.6
NSFR	110.6	110.0	0.6
Encumbered asset ratio	35.0	33.5	1.5
Loan to deposit ratio	93.1	88.4	4.7
Counterbalancing capacity (EUR bn)	18.5	21.1	-2.6

* *The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS9. Therefore, FY17 values, determined in accordance with IAS39, are not fully comparable.*

Reclassified Consolidated Income Statement				
	30/09/18	30 09 2017*	Change	
MONTEPASCHI GROUP			Abs.	%
Net interest income	1,312.0	1,373.7	(61.7)	-4.5%
Net fee and commission income	1,162.9	1,213.2	(50.3)	-4.1%
Income from banking activities	**2,474.9**	**2,586.9**	**(112.0)**	**-4.3%**
Dividends, similar income and gains (losses) on equity investments	55.0	68.7	(13.7)	-19.9%
Net profit (loss) from trading and financial assets/liabilities measured at amortised cost and maesured at fair value through profit and loss	5.8	571.4	(565.6)	-99.0%
Net profit (loss) from hedging	(1.0)	(4.5)	3.5	-77.8%
Other operating income (expenses)	(16.3)	0.7	(17.0)	n.s.
Total Revenues	**2,518.4**	**3,223.2**	**(704.7)**	**-21.9%**
Administrative expenses:	(1,546.3)	(1,700.2)	153.9	-9.1%
a) personnel expenses	(1,098.0)	(1,188.3)	90.3	-7.6%
b) other administrative expenses	(448.3)	(511.9)	63.7	-12.4%
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(169.1)	(192.3)	23.2	-12.1%
Operating expenses	**(1,715.4)**	**(1,892.5)**	**177.2**	**-9.4%**
Pre Provision Profit	**803.1**	**1,330.7**	**(527.6)**	**-39.6%**
Net impairment losses (reversals) on:	**(368.1)**	**(4,835.2)**	**4,467.1**	**-92.4%**
a) financial assets measured at amortised cost	(361.1)	(4,772.0)	4,410.9	-92.4%
b) Financial assets measured at fair value through other comprehensive income	*(7.0)*	*(63.2)*	56.2	-88.9%
Net operating income	**435.0**	**(3,504.5)**	**3,939.5**	**n.s.**
Net provisions for risks and charges	(15.3)	(134.0)	118.7	-88.6%
*of which commitments and guarantees issued***	*37.2*	*(67.2)*	*104.4*	*n.s.*
Gains (losses) on investments	1.0	(22.9)	23.9	n.s.
Restructuring costs / One-off costs	(61.1)	(295.7)	234.6	-79.3%
Risks and charges related to the SRF, DGS and similar schemes	(123.5)	(94.2)	(29.3)	31.1%
DTA Fee	(53.1)	(53.2)	0.1	-0.1%
Gains (losses) on disposal of investments	50.1	533.5	(483.4)	-90.6%
Profit (loss) before tax from continuing operations	**233.0**	**(3,571.0)**	**3,804.0**	**n.s.**
Tax expense (recovery) on income from continuing operations	164.5	589.9	(425.5)	-72.1%
Net profit (loss) for the period including non-controlling interests	**397.5**	**(2,981.1)**	**3,378.6**	**n.s.**
Net profit (loss) attributable to non-controlling interests	0.1	-	0.1	n.s.
Profit (loss) for the period before PPA	**397.4**	**(2,981.1)**	**3,378.5**	**n.s.**
PPA (Purchase Price Allocation)	(18.1)	(19.6)	1.5	-7.7%
Net profit (loss) for the period	**379.3**	**(3,000.7)**	**3,380.0**	**n.s.**

* *The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS9. Therefore, FY17 values, determined in accordance with IAS39, are not fully comparable.*

*** Item "Net provisions for risks and charges" includes, for comparative figures, what was previously included in item "Net impairment (losses)/reversals: other operations".*

Quarterly trend in reclassified consolidated income statement							
	2018			2017			
Montepaschi Group	3°Q 2018	2°Q 2018	1°Q 2018	4°Q 2017*	3°Q 2017*	2°Q 2017*	1°Q 2017*
Net interest income	442.1	448.5	421.5	414.6	470.4	445.9	457.4
Net fee and commission income	353.4	403.0	406.5	363.3	355.7	431.2	426.3
Income from banking activities	**795.5**	**851.5**	**828.0**	**777.9**	**826.1**	**877.1**	**883.7**
Dividends, similar income and gains (losses) on equity investments	20.7	16.2	18.1	32.3	22.4	25.7	20.5
Net profit (loss) from trading and financial assets/liabilities measured at amortised cost and maesured at fair value through profit and loss	(2.0)	(29.5)	37.4	3.4	528.5	18.3	24.5
Net profit (loss) from hedging	(1.2)	(0.9)	1.1	0.8	(2.7)	(2.0)	0.2
Other operating income (expenses)	(3.4)	(5.1)	(7.8)	(12.0)	(3.9)	0.3	4.3
Total Revenues	**809.5**	**832.2**	**876.8**	**802.4**	**1,370.5**	**919.5**	**933.2**
Administrative expenses:	(504.2)	(526.4)	(515.7)	(579.4)	(561.1)	(568.2)	(570.9)
a) personnel expenses	(364.0)	(366.2)	(367.8)	(387.1)	(388.8)	(395.1)	(404.4)
b) other administrative expenses	(140.2)	(160.1)	(147.9)	(192.3)	(172.3)	(173.1)	(166.5)
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(56.9)	(55.1)	(57.1)	(71.1)	(64.7)	(70.9)	(56.6)
Operating expenses	**(561.1)**	**(581.4)**	**(572.8)**	**(650.5)**	**(625.8)**	**(639.1)**	**(627.5)**
Pre Provision Profit	**248.3**	**250.8**	**304.0**	**151.9**	**744.7**	**280.4**	**305.6**
Net impairment losses (reversals) on:	**(121.4)**	**(108.8)**	**(137.9)**	**(581.6)**	**(204.7)**	**(4,321.4)**	**(309.1)**
a) financial assets measured at amortised cost	*(115.9)*	*(108.1)*	*(137.1)*	*(551.7)*	*(175.0)*	*(4,288.8)*	*(308.2)*
b) Financial assets measured at fair value through other comprehensive income	*(5.5)*	*(0.7)*	*(0.8)*	*(29.9)*	*(29.7)*	*(32.6)*	*(0.9)*
Net operating income	**126.9**	**142.0**	**166.1**	**(429.7)**	**540.0**	**(4,041.0)**	**(3.5)**
Net provisions for risks and charges	(16.6)	(51.3)	52.6	(142.1)	(27.6)	(66.8)	(39.6)
*of which commitments and guarantees issued***	*(9.5)*	*1.8*	*44.9*	*24.0*	*(19.8)*	*(53.4)*	*6.0*
Gains (losses) on investments	5.0	0.0	(4.0)	8.9	(19.1)	0.2	(4.0)
Restructuring costs / One-off costs	(27.8)	(16.3)	(17.0)	(34.5)	(278.0)	(17.7)	-
Risks and charges related to the SRF, DGS and similar schemes	(28.6)	(25.9)	(69.0)	2.3	(31.2)	0.4	(63.4)
DTA Fee	(17.7)	(17.7)	(17.7)	(17.7)	(17.7)	(17.5)	(18.0)
Gains (losses) on disposal of investments	0.2	49.6	0.3	(2.3)	1.8	532.0	(0.3)
Profit (loss) before tax from continuing operations	**41.4**	**80.4**	**111.3**	**(615.2)**	**168.2**	**(3,610.6)**	**(128.6)**
Tax expense (recovery) on income from continuing operations	55.0	26.1	83.3	119.7	79.9	543.5	(33.5)
Net profit (loss) for the period including non-controlling interests	**96.4**	**106.5**	**194.6**	**(495.5)**	**248.1**	**(3,067.1)**	**(162.1)**
Net profit (loss) attributable to non-controlling interests	0.1	-	-	(0.1)	0.1	(0.1)	-
Profit (loss) for the period before PPA	**96.3**	**106.5**	**194.6**	**(495.6)**	**248.0**	**(3,067.0)**	**(162.1)**
PPA (Purchase Price Allocation)	(5.5)	(5.6)	(7.0)	(6.0)	(6.1)	(6.4)	(7.1)
Net profit (loss) for the period	**90.8**	**100.9**	**187.6**	**(501.6)**	**241.9**	**(3,073.4)**	**(169.2)**

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** *Item "Net provisions for risks and charges" includes, for comparative figures, what was previously included in item "Net impairment (losses)/reversals: other operations".*

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Reclassified Balance Sheet

ASSETS	30 09 2018	31 12 2017*	Chg abs.	Chg %
Cash and cash equivalents	714.1	4,092.3	(3,378.2)	-82.6%
Financial assets measured at amortised cost :				
a) Loans to customers	87,464.9	86,456.3	1,008.6	1.2%
b) Loans to banks	8,724.2	9,966.2	(1,242.0)	-12.5%
Financial assets measured at fair value	25,430.0	24,168.4	1,261.6	5.2%
Equity investments	905.1	1,034.6	(129.5)	-12.5%
Property, plant and equipment / Intangible assets	2,746.9	2,854.2	(107.3)	-3.8%
of which:				
a) goodwill	*7.9*	*7.9*	-	
Other assets	6,199.8	10,582.2	(4,382.4)	-41.4%
Total assets	**132,185.0**	**139,154.2**	**(6,969.2)**	**-5.0%**

LIABILITIES	30 09 2018	31 12 2017*	Chg abs.	Chg %
Payables				
a) Deposits from customers and securities issued	93,906.0	97,801.8	(3,895.8)	-4.0%
b) Deposits from banks	20,838.9	21,084.9	(246.0)	-1.2%
Financial liabilities held for trading	3,000.6	4,476.9	(1,476.3)	-33.0%
Provisions for specific use	-	-	-	
a) Provisions for staff severance indemnities	194.6	199.5	(4.9)	-2.5%
b) Provisione related to guarantees and other commitments given	219.2	226.4	(7.2)	-3.2%
c) Pensions and other post retirement benefit obligations	40.5	50.1	(9.6)	-19.2%
d) Other provisions	1,067.4	1,088.4	(21.0)	-1.9%
Other liabilities	3,946.7	3,794.8	151.9	4.0%
Group net equity	8,968.9	10,429.1	(1,460.2)	-14.0%
a) Valuation reserves	(305.0)	51.7	(356.7)	n.s.
c) Equity instruments carried at equity	-	-	-	
d) Reserves	(1,120.3)	3,864.8	(4,985.1)	n.s.
e) Share premium	-	-	-	-
f) Share capital	10,328.6	10,328.6	-	-
g) Treasury shares (-)	(313.7)	(313.7)	-	-
h) Net profit (loss) for the period	379.3	(3,502.3)	3,881.6	n.s.
Non-controlling interests	2.2	2.3	(0.1)	-4.3%
Total Liabilities and Shareholders' Equity	**132,185.0**	**139,154.2**	**(6,969.2)**	**-5.0%**

* *The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS9. Therefore, FY17 values, determined in accordance with IAS39, are not fully comparable.*

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Reclassified Balance Sheet - Quarterly Trend							
ASSETS	**30/09/18**	**30/06/18**	**31/03/18**	**31 12 2017***	**30 09 2017***	**30 06 2017***	**31 03 2017***
Cash and cash equivalents	714.1	721.2	896.9	4,092.3	821.9	843.1	879.1
Financial assets measured at amortised cost :							
a) Loans to customers	87,464.9	87,010.1	89,320.4	86,456.3	91,041.1	89,713.1	102,406.9
b) Loans to banks	8,724.2	8,636.3	6,374.5	9,966.2	12,897.0	13,116.4	8,451.4
Financial assets measured at fair value	25,430.0	29,257.2	25,652.3	24,168.4	25,403.0	24,089.8	26,511.8
Equity investments	905.1	896.8	1,075.8	1,034.6	1,001.2	1,023.6	1,013.0
Property, plant and equipment / Intangible assets	2,746.9	2,789.9	2,831.2	2,854.2	2,833.7	2,844.7	2,894.2
of which:							
a) goodwill	*7.9*	*7.9*	*7.9*	*7.9*	*7.9*	*7.9*	*7.9*
Other assets	6,199.8	6,411.4	10,620.6	*10,582.2*	11,101.2	11,958.8	6,648.2
Total assets	**132,185.0**	**135,722.8**	**136,771.8**	**139,154.2**	**145,099.1**	**143,589.5**	**148,804.6**

LIABILITIES	**30/09/18**	**30/06/18**	**31/03/18**	**31 12 2017***	**30 09 2017***	**30 06 2017***	**31 03 2017***
Payables							
a) Deposits from customers and securities issued	93,906.0	96,833.9	97,856.8	97,801.8	102,968.4	106,543.9	109,390.0
b) Deposits from banks	20,838.9	20,794.8	20,483.1	21,084.9	21,566.1	22,802.8	22,837.5
Financial liabilities held for trading	3,000.6	3,173.6	3,625.4	4,476.9	4,201.1	4,449.9	4,412.4
Provisions for specific use							
a) Provisions for staff severance indemnities	194.6	196.3	197.3	199.5	234.7	233.7	252.5
b) Provisione related to guarantees and other commitments given	219.2	209.7	223.4	226.4	249.3	230.6	177.2
c) Pensions and other post retirement benefit obligations	40.5	43.8	49.4	50.1	45.9	47.3	52.5
d) Other provisions	1,067.4	1,112.5	1,086.6	1,088.4	959.8	958.8	954.2
Other liabilities	3,946.7	4,361.5	3,949.2	3,794.8	3,927.1	5,272.6	4,684.0
Group net equity	8,968.9	8,994.5	9,298.3	10,429.1	10,944.5	3,047.7	6,041.9
a) Valuation reserves	(305.0)	(194.0)	196.7	51.7	60.5	102.0	7.4
c) Equity instruments carried at equity	-	-	-	-	-	-	-
d) Reserves	(1,120.3)	(1,114.9)	(1,100.8)	3,864.8	(1,494.4)	(1,177.4)	(1,162.0)
e) Share premium	-	-	-	-	-	-	-
f) Share capital	10,328.6	10,328.6	10,328.6	10,328.6	15,692.8	7,365.7	7,365.7
g) Treasury shares (-)	(313.7)	(313.7)	(313.7)	(313.7)	(313.7)	-	-
h) Net profit (loss) for the period	379.3	288.5	187.5	(3,502.3)	(3,000.7)	(3,242.6)	(169.2)
Non-controlling interests	2.2	2.2	2.3	2.3	2.2	2.2	2.4
Total Liabilities and Shareholders' Equity	**132,185.0**	**135,722.8**	**136,771.8**	**139,154.2**	**145,099.1**	**143,589.5**	**148,804.6**

* *The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS9. Therefore, FY17 values, determined in accordance with IAS39, are not fully comparable.*

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IFRS9 Reclassifications – restatement of comparative data

Reclassified Consolidated Balance Sheet				
ASSETS	**31 12 2017**	**Reclassifications**	**31 12 2017 ***	**ASSETS**
Cash and cash equivalents	4,092.3		4,092.3	Cash and cash equivalents
Receivables :				Financial assets measured at amortised cost
a) Loans to customers	86,456.3		86,456.3	a) Loans to customers
b) Loans to banks	9,966.2		9,966.2	b) Loans to banks
Marketable assets	24,168.4		24,168.4	Financial assets measured at fair value
Equity investments	1,034.6		1,034.6	Equity investments
Property, plant and equipment / Intangible assets	2,854.2		2,854.2	Property, plant and equipment / Intangible assets
of which:				*of which:*
a) goodwill	*7.9*		*7.9*	*a) goodwill*
Other assets	10,582.2		10,582.2	Other assets
Total assets	**139,154.2**		**139,154.2**	**Total assets**

LIABILITIES	**31 12 2017**	**Reclassifications**	**31 12 2017***	**LIABILITIES**
Payables				Payables
a) Deposits from customers and securities issued	97,801.8		97,801.8	a) Deposits from customers and securities issued
b) Deposits from banks	21,084.9		21,084.9	b) Deposits from banks
Financial liabilities held for trading	4,476.9		4,476.9	Financial liabilities held for trading
Provisions for specific use				Provisions for specific use
a) Provisions for staff severance indemnities	199.5		199.5	a) Provisions for staff severance indemnities
b) Provisions for commitments and guarantees issued	-	226.4	226.4	b) Provisions for commitments and guarantees issued
c) Pensions and other post retirement benefit obligations	50.1		50.1	c) Pensions and other post retirement benefit obligations
d) Other provisions	1,088.4		1,088.4	d) Other provisions
Other liabilities	4,021.2	(226.4)	3,794.8	Other liabilities
Group net equity	10,429.1		10,429.1	Group net equity
a) Valuation reserves	51.7		51.7	a) Valuation reserves
c) Equity instruments carried at equity	-		-	c) Equity instruments carried at equity
d) Reserves	3,864.8		3,864.8	d) Reserves
e) Share premium	-		-	e) Share premium
f) Share capital	10,328.6		10,328.6	f) Share capital
g) Treasury shares (-)	(313.7)		(313.7)	g) Treasury shares (-)
h) Net profit (loss) for the year	(3,502.3)		(3,502.3)	h) Net profit (loss) for the year
Non-controlling interests	2.3		2.3	Non-controlling interests
Total Liabilities and Shareholders' Equity	**139,154.2**		**139,154.2**	**Total Liabilities and Shareholders' Equity**

** Comparative 2017 figures for balance-sheet items that were reclassified under the new IFRS 9 items*

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Reclassified Consolidated Income Statement

MONTEPASCHI GROUP	30 09 2017	Reclassifications	30 09 2017*	MONTEPASCHI GROUP
Net interest income	1,373.7	-	1,373.7	Net interest income
Net fee and commission income	1,213.2	-	1,213.2	Net fee and commission income
Income from banking activities	**2,586.9**	**-**	**2,586.9**	**Income from banking activities**
Dividends, similar income and gains (losses) on equity investments	68.7	-	68.7	Dividends, similar income and gains (losses) on equity investments
Net profit (loss) from trading and financial assets/liabilities	571.4	-	571.4	Net profit (loss) from trading and financial assets/liabilities measured at fair value through profit and loss
Net profit (loss) from hedging	(4.5)	-	(4.5)	Net profit (loss) from hedging
Other operating income (expenses)	0.7	-	0.7	Other operating income (expenses)
Total Revenues	**3,223.2**	**-**	**3,223.2**	**Total Revenues**
Administrative expenses:	(1,700.2)	-	(1,700.2)	Administrative expenses:
a) personnel expenses	*(1,188.3)*	-	*(1,188.3)*	*a) personnel expenses*
b) other administrative expenses	*(511.9)*	-	*(511.9)*	*b) other administrative expenses*
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on)	(192.3)	-	(192.3)	Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on)
Operating expenses	**(1,892.5)**	**-**	**(1,892.5)**	**Operating expenses**
Pre Provision Profit	**1,330.7**	**-**	**1,330.7**	**Pre Provision Profit**
Net impairment losses (reversals) on:	**(4,902.4)**	**67.2**	**(4,835.2)**	Net impairment losses (reversals) on:
a) loans	*(4,772.0)*	-	*(4,772.0)*	*a) financial assets measured at amortised cost*
b) financial assets	*(130.4)*	*67.2*	*(63.2)*	*b) financial assets measured at fair value through other comprehensive income*
Net operating income	**(3,571.7)**	**67.2**	**(3,504.5)**	**Net operating income**
Net provisions for risks and charges	(66.8)	(67.2)	(134.0)	Net provisions for risks and charges
of which commitments and guarantees issued	-	*(67.2)*	*(67.2)*	*of which commitments and guarantees issued*
Gains (losses) on investments	(22.9)	-	(22.9)	Gains (losses) on investments
Restructuring costs / One-off costs	(295.7)	-	(295.7)	Restructuring costs / One-off costs
Risks and charges related to the SRF, DGS and similar schemes	(94.2)	-	(94.2)	Risks and charges related to the SRF, DGS and similar schemes
DTA Fee	(53.2)	-	(53.2)	DTA Fee
Gains (losses) on disposal of investments	533.5	-	533.5	Gains (losses) on disposal of investments
Profit (loss) before tax from continuing operations	**(3,571.0)**	**-**	**(3,571.0)**	**Profit (loss) before tax from continuing operations**
Tax expense (recovery) on income from continuing operations	589.9	-	589.9	Tax expense (recovery) on income from continuing operations
Profit (loss) after tax from continuing operations	**(2,981.1)**	**-**	**(2,981.1)**	**Profit (loss) after tax from continuing operations**
Net profit (loss) for the period including non-controlling interests	**(2,981.1)**	**-**	**(2,981.1)**	**Net profit (loss) for the period including non-controlling interests**
Net profit (loss) attributable to non-controlling interests	-	-	-	Net profit (loss) attributable to non-controlling interests
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	**(2,981.1)**	**-**	**(2,981.1)**	**Profit (loss) for the period before PPA , impairment on goodwill and intangibles**
PPA (Purchase Price Allocation)	(19.6)	-	(19.6)	PPA (Purchase Price Allocation)
Net profit (loss) for the period	**(3,000.7)**	**-**	**(3,000.7)**	**Net profit (loss) for the period**

** Comparative 2017 figures for income statement items that were reclassified under the new IFRS 9 items*

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