PRESS RELEASE

BMPS: BOARD APPROVES PRELIMINARY RESULTS AS AT 31 DECEMBER 2016

- **Pre-provision profit for the year equal to EUR 1,635 million, with net interest income down Y/Y, impacted by the dwindling interest rates and reduced volumes of interest-bearing assets, stable fees and continuing focus on operating costs**
- **Net loss for the year, equal to EUR -3,380 million, includes loan loss provisions for c. EUR -2,592 million due to the revision of methodologies and parameters of the policy for the evaluation of non-performing exposures and non-operating items for EUR -411 million. Moreover, EUR 861 million DTAs on tax losses were not booked and a EUR -276 million partial write-down of DTAs related to previous tax losses was effected**
- **Net non-performing exposures reduced by c. EUR 4 billion from the beginning of 2016, mainly an effect of increased provisioning due to the new credit policy**
- **Coverage of unlikely-to-pay loans at 40.3% (c. +1,110bps Y/Y) and of bad loans at 64.8% (c. +130bps Y/Y)**
- **Direct funding equal to EUR 104.6 billion, down by EUR 14.7 billion from 2015, owing to the decrease in commercial funding. Preliminary data for the month of January sets funding at the same level as the end of 2016, indicating a halt in these outflows**
- **On 25 January 2017 the Bank issued bonds for EUR 7 billion, guaranteed by the Italian State and fully retained by the Bank, to be distributed on the market, or used as collateral for funding operations, in the course of 2017**

Siena, 9 February 2017 – The Board of Directors of Banca Monte dei Paschi di Siena S.p.A. has reviewed and approved the results as at 31 December 2016.

Main consolidated Income Statement results:

- Net interest income at EUR 2,021 million, down 10.5% Y/Y, primarily impacted by the decrease of interest-bearing assets and related returns, only partially offset by the reimbursement of New Financial Instruments (NFIs) and by the reduced cost of funding. Fourth quarter contribution amounts to c. EUR 503 million (+4.0% Q/Q).
- Net fees and commissions at c. EUR 1,839 million, up 1.6% Y/Y, primarily driven by the resurgence of traditional banking fees (particularly payment services and client expense recovery) and of non-commercial components. 4Q16 contributed for c. EUR 437 million, down 5.3% Q/Q, mainly as a result of the decline in placement fees.

- Dividends, similar income and gains (losses) on investments amount to c. EUR 78 million (mainly the contribution of AXA-MPS).
- Net profit (loss) from trading-valuation-repurchase of financial assets/liabilities for 2016 totals c. EUR 415 million, down from the previous year, which had benefited from the restatement of the so-called "Alexandria" transaction (c. EUR +608 million at 31 December 2015).
- Operating expenses at EUR 2,621 million, down 0.3% Y/Y and up 6.3% Q/Q due to the rise in other administrative expenses, adversely affected by the recognition of expenses connected with the unsuccessful capital strengthening transaction.
- Net impairment losses on loans and financial assets amount to EUR 4,501 million, up c. EUR 2,508 million Y/Y on account of non-recurring components (EUR 2,592 million) related to the update of the methodologies and parameters used in the evaluation of loans[1]. Without these components, total impairment losses would have amounted to EUR 1,909 million. Net impairment losses for the fourth quarter 2016 amount to c. EUR 2,482 million (EUR +1,180 million Q/Q) and include c. EUR 1,842 million provisions related to the credit policy review. Coverage of non-performing exposures, equal to 55.6%, is up by 716bps Y/Y (+500bps Q/Q), mainly for loan loss provisions booked in the second half of 2016.
- Non-operating items are negative for EUR -411 million, including, amongst other items:
    - about EUR 142 million for fees on DTAs (*Deferred Tax Assets*), convertible into tax credits both for 2015 (c. EUR 70 million) and 2016 (c. EUR 72 million);
    - about EUR 241 million for provisions for risks and charges connected to SRF, DGS and similar schemes, of which c. EUR 30 million relating to the ordinary contribution to DGS, c. EUR 71 million for the ordinary contribution to the Single Resolution Fund booked in the first quarter of 2016 and c. EUR 140 million contribution to the National Resolution Fund, represented by two additional annual instalments, requested and booked in the fourth quarter of 2016.
- Income taxes amount to approximately EUR -62 million and include a EUR -276 million partial write-down of DTAs related to previous tax losses stemming from the results of the *probability test*. Moreover, also on account of *probability test* results, DTAs for EUR 861 million on tax losses arising from the current economic situation were not recorded.
- Net loss for the period, amounting to EUR -3,380 million, reflects a negative contribution of c. EUR -2,592 million arising from the changes in credit policy and non-operating items for EUR -411 million

Main consolidated Balance Sheet results:

- Loans to customers at EUR 107 billion, reduced by almost EUR 5 billion vs. December 2015, with a decrease in all aggregates with the exception of repurchase agreements with financial counterparts, impacted, from the fourth quarter of 2016, by MPS CS's classification of new

[1] Changes in credit policy reflecting the instructions contained in the "*Draft guidance to banks on non-performing loans*", published by the ECB in September 2016 and internal valuations.

repos in the banking book (repos were previously recorded in the trading book[2], in view of the diverse operational rationale). The fourth quarter of 2016 shows an increase of c. EUR 2 billion.

- Direct funding at EUR 105 billion, down 14.7 billion vs. December 2015, impacted by the c. EUR 28 billion decline in the commercial component resulting from the outflows recorded in the course of the year, largely as an effect of tensions ensuing the negative results of the *stress test* and of the unsuccessful recapitalisation transaction. This drop is partly compensated by the mentioned classification of new repos. The fourth quarter of 2016 is down by c. EUR -0.9 billion, impacted by a c. EUR -10.6 billion decrease of commercial funding, partially offset by the surge in repos with financial counterparts, affected by the new classification. Preliminary data for the month of January sets funding at the same level as the end of 2016, indicating a halt in these outflows.

- Indirect funding at EUR 98.2 billion, down c. EUR 8 billion from December 2015, entirely attributable to the downturn in assets under custody, partly compensated by the growth of assets under management. The aggregate is essentially in line with 30 September 2016.

- Unencumbered counterbalancing capacity at c. EUR 7 billion, down by c. EUR 17 billion from December 2015, due to the tensions on commercial funding recorded during the year. On 25 January 2017, BMPS issued bonds for EUR 7 billion, guaranteed by the Italian State under Law Decree no. 237/2016. These bonds were fully retained by the issuer and are to be distributed on the market, or used as collateral for funding operations, in the course of 2017.

- Gross non-performing exposures equal to c. EUR 45.8 billion, down by EUR 1.1 billion vs. December 2015 mainly for the partial write-off of interests in arrears on bad loans and for reduced inflows from performing loans compared to the previous year. The aggregate is slightly up (EUR +0.2 billion) from September 2016. The stock of net impaired loans is down by c. EUR 4 billion from December 2015 and by EUR 2.2 billion from September 2016, due to higher provisioning resulting from revised credit policies. More specifically, the coverage of unlikely-to-pay loans was increased to 40.3% (29.2% at 31 December 2015) and that of bad loans was increased to 64.8% (63.4% at 31 December 2015).

- Transitional Common Equity ratio is 8.0% (12% at December 2015), mainly as an effect of the loss for the period, partly offset by the reduced risk-weighted assets.

Results for the period include valuation effects that, in some cases, are determined having regard for the provisions of business plans or for law Decree no. 237/2016. In this respect, any changes made in view of the definition of the Restructuring Plan or any amendments to the Decree introduced by the Italian parliament in the course of its conversion into law, which should arise before the approval of the draft financial statement, will be evaluated and, if material, reflected in the draft FY2016 financial statement scheduled to be approved on 2 March 2017.

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As per Consob's request of 8 November 2016, pursuant to art. 114, paragraph 5, of Legislative Decree no. 58/1998, the following is stated:

[2] Starting in the last quarter of 2016, MPS Capital Services has classified new repurchase agreements in the banking book, since their main purpose is to raise funds to finance Global Market operations. These transactions were previously classified in the trading book, having been set up as part of a wider trading strategy

"On October 24, 2016, the Board of Directors of the parent company approved the 2016-2019 Business Plan, based on the disposal of bad loans and simultaneous market recapitalisation. On 23 December the parent company, after having acknowledged the impossibility of completing the capital strengthening transaction, presented the ECB with a request for extraordinary and temporary financial support for access to the "precautionary recapitalisation" measure. Subsequently, the Bank received from the Italian Ministry of Economy and Finance two letters, which had been drafted by the ECB and addressed to the same Ministry and which, in addition to confirming that the requirements for accessing the "precautionary recapitalisation" measure in accordance with current regulations had been met, highlighted a capital shortfall of EUR 8.8 billion, inclusive of all the components of own funds, as required by current legislation. The completion of "precautionary recapitalisation" is conditional upon the submission of a "Restructuring Plan" by national authorities (Ministry of Economy and Finance) to the European Commission. At the date of this Report, drafting of the "Restructuring Plan" is in progress, maintaining, in continuity with the 2016-2019 Business Plan, the main strategic guidelines focused on reducing the Bank's risk profile."

2016 Group profit and loss results

In 2016, the Group's **Total Revenues** stand at c. **EUR 4,256 million**, a -18.4% Y/Y decrease, due to a contraction in net interest income and profit from trading (in 2015, the latter had benefited from the restatement of the so-called "Alexandria" transaction for about EUR +608 million). Compared to 30 September 2016, 4Q16 total revenues are reduced by -21.9% Q/Q, mainly due to a slowdown in net profit from trading/valuation of financial assets and hedging.

Net interest income for 2016 is approximately **EUR 2,021 million**, down 10.5% Y/Y, as a result of the negative trend of interest-bearing assets and related yields, only partially offset by the reimbursement of NFIs and from the reduced cost of funding. The contribution of the fourth quarter of 2016 is c. EUR 503 million (+4.0% Q/Q).

Net fees and commissions for 2016 are approximately **EUR 1,839 million**, up 1.6% Y/Y, benefiting from the improvement of traditional services (in particular payment services and expense recoveries) and of non-commercial components (among which the reduced cost of the State guarantee on "Monti Bonds"). The contribution of 4Q16 amounts to approximately EUR 437 million, lower than the previous quarter (-5.3%) because of the slowdown in earnings from product placement.

Dividends, similar income and profit (loss) on investments amount to approximately **EUR 78 million**, mainly due to the contribution of AXA-MPS[3], and are down compared both to the same period of last year and to the previous quarter (respectively approx. EUR -22 million and EUR -12 million).

Net profit/loss from trading/valuation/repurchase of financial assets/liabilities in 2016 is approximately **EUR 415 million**, down compared to the same period of last year (c. EUR -623 million), which had benefited from the positive effects of the restatement of the so-called "Alexandria" transaction (c. EUR +608 million at 31 December 2015). An analysis of the main components shows:

[3] AXA-MPS is consolidated at net equity.

- positive **trading results** for about **EUR 180 million**, down from the same period of 2015, which had benefited from the restatement of the so-called “Alexandria” transaction. The 4Q16 contribution is positive but slightly down with respect to the third quarter.
- positive **disposal/repurchase** proceeds for about **EUR 162 million**, lower compared with the levels of the same period of 2015 (-28.5% Y/Y). The 4Q16 contribution is about EUR 4 million, less than the amount booked in the previous quarter.
- positive **results from financial assets and liabilities designated at fair value** for about **EUR 73 million** (c. EUR 50 million as at 31 December 2015), mainly due to the reduced worth of some bonds. In 4Q16 EUR -34 million losses were booked, predominantly related to the adjustment of the price of a subordinated bond to the value currently defined by the burden sharing in the context of the precautionary recapitalisation, partly compensated by earnings on other securities.

The following items contribute to total revenues:

- **net income from hedging** for **EUR -82 million** (positive for approximately EUR 14 million as at 31 December 2015), almost entirely pertaining to 4Q16, negatively impacted by the ineffectiveness of interest-rate risk hedging on a subordinated bond supervening from the 2017 mandatory bond conversion provided for in Law Decree no. 237/2016 as part of the precautionary recapitalisation by the State.
- **other operating expenses/income** are about **EUR -16 million** (about EUR -5 million in 2015) with a 4Q16 contribution of EUR -28 million, negatively impacted by higher charges related to transaction settlements.

In 2016 **operating expenses** are approximately **EUR 2,621 million**, down 0.3% Y/Y. 4Q16 accounts for around EUR 692 million, up 6.3% Q/Q due to the trend of other administrative expenses, impacted by components related to the unsuccessful market recapitalisation. Detailed examination of the single aggregates shows that:

- **Administrative expenses** stand at c. **EUR 2,402 million** (-0.4% Y/Y), of which about EUR 630 million related to the fourth quarter of 2016, up by 5.9% compared to the previous quarter. Within the aggregate:
    - **personnel expenses**, at about **EUR 1,611 million**, are down by 2.6% Y/Y (about EUR -42 million) due to staff exits and to the decrease of the variable component and other positive one-offs booked in 2Q16. 4Q16 contribution is approximately EUR 371 million, down 11.3% from the previous quarter, mainly due to the reversal of the variable component that had been set aside in previous quarters.
    - **other administrative expenses** amount to c. **EUR 791 million**, up 4.1% from 31 December 2015, mainly due to expenses for about EUR 37 million related to the unsuccessful market recapitalisation, which were booked in 4Q16. Excluding this item, the aggregate is down Y/Y.
- **Net value adjustments to tangible and intangible assets** in 2016 are c. **EUR 219** million, slightly above the amount booked in the same period of last year (+1.3%). 4Q16 contribution is higher than that of the previous quarter (+11.6%).

As a result of the dynamics described above, the Group's **Pre-Provision Profit** is approximately **EUR 1,635 million** (about EUR 2,587 million in 2015) with 4Q16 contributing EUR 147 million, down Q/Q.

In 2016 the Group reported **Net impairment losses on loans, financial assets and other operations** for c. **EUR 4,501 million**, an increase of approximately EUR 2,508 million from the previous year. This increase is due to the revision of the methodology and parameters used for the evaluation of loans which was implemented in the second half of the year (about EUR 2,592 million). In particular, the main revisions to the credit policy, which consider the instructions contained in the "Draft guidance to banks on non-performing loans" published by the ECB on September 2016 and internal valuations, brought about in 3Q16 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 and in 4Q16 the revision of haircuts applied to the appraisals of real estate collateral on impaired loans. In the fourth quarter of 2016 net impairment losses on loans amounts to c. EUR 2,482 million (EUR +1,180 million Q/Q), including c. EUR 1,842 million due to the above revisions to the credit policy.

The ratio of annualised loan loss provisions over total customer loans for the period reflects a **provisioning rate of 419 bps**, down to c. 177 bps excluding the impact of the above-mentioned new credit policy.

As a consequence, the Group's 2016 **net operating result** is **negative for about EUR 2,866 million** (impacted by the revised credit policy), compared to the EUR 594 million positive result recorded in 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 positive balance of **EUR 44 million**, against EUR -64 million booked in 2015. The yearly trend has benefited mainly from lower provisions for litigation, compensation for damages and bankruptcy clawbacks. 4Q16 is positive for about EUR 47 million due to the release of funds allocated for risks that did not occur or occurred to a lesser extent than previously expected.
- **Gains on investments/holdings** for c. **EUR 12 million** (of which EUR 2.5 million referred to the fourth quarter 2016) mainly coming from capital gains on the sale of Fabrica Immobiliare SGR booked in the first quarter of 2016. The result of c. EUR 120 million, booked in 2015, was due to the sale of the stake held in Anima Holding SPA.
- **Restructuring costs/One-off charges**, for about EUR -117 million (entirely recorded in the fourth quarter of 2016) mainly related to provisions for staff exits/fund provided for in the agreement with the trade unions of 23 December 2016.
- **Risks and charges related to SRF, DGS and similar schemes** are approximately **EUR -241 million**, composed for c. EUR -71 million and c. EUR -140 million of the contribution due by the Group to the Single Resolution Fund (SRF) and to the National Resolution Fund (NRF), respectively, and for the remaining part, amounting to c. EUR -30 million, to the ordinary contribution regarding the FITD (DGS, booked in the third quarter of 2016). Regarding the contribution to the NRF, the cited amount encompasses the two additional annuities requested by the Bank of Italy on 28 December 2016, pursuant to article 25 of Law Decree no. 237/2016.

- **DTA fees** equal to approximately **EUR -142 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 accrued for 2015 (about EUR 70 million) and 2016 (around EUR 72 million).
- **Gains on disposal of capital assets** for c. **EUR 33 million** (around EUR 3 million reported in 2015). The capital gain on the December sale of a property in Rome owned by subsidiary COEM is booked in the fourth quarter of 2016.

Due to the events mentioned above, in 2016 the **Group's results from continuing operations before tax** amounts to approximately **EUR -3,277 million** (impacted by the revised credit policy as previous reported), down from 2015 (which included the positive effects of the restatement of the so-called "Alexandria" transaction), with an incidence of EUR -2,539 million on 4Q16.

Taxes on profit (loss) for the period from continuing operations equal about EUR -62 million, including a partial write-down of DTAs related to past tax losses for about EUR -276 million in application of a revised DTA recoverability estimation method (so-called *probability test*).

On account of *probability test* results, DTAs for EUR 861 million on tax losses arising from the current economic situation were not recorded.

Considering the net effects of PPA (c. EUR -31 million) and profit to non-controlling interests (EUR 9 million), the **Group's 2016 consolidated result** amounts to **EUR -3,380 million** (with a negative contribution of c. EUR 2,532 million in the fourth quarter of 2016, impacted by the revised credit policy, as previous reported), against a profit of about EUR 388 million reported in 2015 (with a positive impact of the restatement of the so-called "Alexandria" transaction and the c. EUR 120 million capital gain on the sale to Poste Italiane of the stake held in Anima Holding S.p.A.).

Group balance sheet aggregates for 2016

At 31 December 2016 the Group's **total funding** volumes amount to approximately **EUR 203 billion** (-10.1% vs. 31 December 2015), with a decrease of about EUR 1.2 billion recorded in the fourth quarter and concentrated in direct funding.

Direct funding, which at 31 December 2016 amounts to about **EUR 105 billion**, records a decrease of around EUR -14.7 billion with respect to December 2015. This downward trend is impacted by the commercial funding decrease of about EUR -28 billion caused by the spills recorded during the year, mainly as a result of tensions related to the negative results of the stress tests for the Group and of the unsuccessful market recapitalisation transaction. More specifically, there is a decrease in current accounts, deposits and bonds, partially offset by the increase of repos with financial counterparties (starting in the last quarter of 2016, MPS Capital Services has classified new repurchase agreements in the banking book, since their main purpose is to raise funds to finance Global Market operations. These transactions were previously classified in the trading book, having been set up as part of a wider trading strategy). The fourth quarter registers a decrease of EUR -0.9 billion due to the commercial funding decrease of about EUR -10.6 billion (preliminary data for the month of January sets funding at the same level as the end of 2016, indicating a halt in these outflows), partially offset by the growth in repos with financial counterparties which was affected by the above-mentioned reclassification.

The Group's market share[4] in direct funding is 4.17% (latest available update October 2016), with a decrease of 62 bps from the 2015 year-end.

Indirect funding at the end of December came to approximately **EUR 98.2 billion**, down by EUR 8 billion from 31 December 2015, with a downward trend of **assets under management** (EUR -9.7 billion, impacted by EUR -6.4 billion relating to the merger undergone by an important customer); the aggregate is essentially in line with 30 September 2016.
Wealth management, c. **EUR 57.2 billion**, is up EUR 1.7 billion from the end of 2015, benefiting from the increase in mutual funds. The quarterly trend registers an increase of EUR 0.3 billion.

At 31 December 2016, Group **customer loans** amount to approximately **EUR 107 billion**, down by circa EUR 5 billion compared to 2015 year-end with a decrease on all the aggregates except for repos with financial counterparties (starting in the last quarter of 2016, MPS Capital Services has classified new repurchase agreements in the banking book, since their main purpose is to raise funds to finance Global Market operations. These transactions were previously classified in the trading book, having been set up as part of a wider trading strategy). Net non-performing loan exposures decrease significantly (c. EUR 4 billion). The fourth quarter of 2016 shows a EUR 2 billion growth in customers loans, influenced by the above-mentioned repo reclassification.

The Group's loan market share[5] stands at 6.79% (latest available update October 2016), down 6 bps compared to the end of 2015.

The aggregate is sustained by about EUR 7.5 billion (-2.3% Y/Y) of new medium-long term lending to both households and companies, of which about EUR 1.7 billion in 4Q16, in line with the previous quarter.

Group **gross non-performing loan exposure** as at 31 December 2016 equals **EUR 45.8 billion** (ca. 34.5% of total gross loans) , down by about EUR -1.1 billion from 2015 year-end. The annual trend mainly benefited from the partial write-off of interests in arrears on bad loans for c. EUR 1.4 billion and the decrease of inflows from performing loans compared to 2015 year-end. More specifically, there is an increase in bad loans and a decrease in unlikely-to-pay and past-due loans. The aggregate in the quarter registers a slight increase (EUR +0.2 billion).

At 31 December 2016 the Group's **net non-performing loan exposure** is approximately **EUR 20.3 billion** (ca. 19.0% of total net loans), down by c. EUR 4 billion since the beginning of the year. 4Q16 shows a significant decrease (EUR -2.2 billion vs. 30 September 2016), due to greater provisions arising from the credit policy review.

As at 31 December 2016, **coverage of non-performing exposures** is 55.6%, up by about 716 bps compared to the 2015 year-end (+500 bps Q/Q), mainly an effect of the new credit policy[6], booked in 2H16. All non-performing loan exposure coverages are up Y/Y and Q/Q, excluding coverage of past-due and overdue exposures, which decreases on an annual base whilst increasing on a quarterly base.

[4] Deposits and repurchase agreements (excluding repurchase agreements with central counterparties) with customers resident in Italy, and bonds net of repurchases placed with Italian customers as first borrower.

[5] Loans to resident customers, including bad loans and net of repurchase agreements with central counterparties.

[6] In particular, amendments to credit policies, which have incorporated the indications contained in the "Draft guidance to banks on non - performing loans", published by the ECB in September 2016 and internal valuations, brought about in 3Q16 the amendment of the methodology for calculating impairment provisioning of unlikely-to-pay loans and the raising of the threshold for their analytical assessment and in 4Q16 the revision of haircuts applied to the appraisals of real estate collateral on impaired loans.

As at 31 December 2016, the Group's **financial assets** amount to approximately **EUR 26 billion**, down EUR 9 billion vs. December 2015, mainly due to repos (starting in the last quarter of 2016, MPS Capital Services has classified new repurchase agreements in the banking book, since their main purpose is to raise funds to finance Global Market operations. These transactions were previously classified in the trading book, having been set up as part of a wider trading strategy). Likewise, financial liabilities held for trading decreased by about EUR -11 billion Y/Y, mostly due to the above-mentioned repo reclassification.

At the end of December 2016 the Group's **net interbank position** stands at **EUR -23 billion** in funding, with an increase of c. EUR 13 billion vs. 31 December 2015, driven by the increased exposure with the ECB.

The liquidity position as at 31 December 2016 shows an **unencumbered counterbalancing capacity** of about **EUR 7 billion**, down by about EUR -17 billion vs. 31 December 2015, due to the tensions on commercial funding recorded during the year. In this regard, on 25 January 2017 BMPS issued bonds for EUR 7 billion, guaranteed by the Italian State under Law Decree no. 237/2016. These bonds, assisted by a State guarantee under Law Decree no. 237/2016, were fully retained by the issuer and are to be distributed on the market, or used as collateral for funding operations, in the course of 2017.

The Group's **shareholders' equity and non-controlling interests** as at 31 December 2016 amount to approximately EUR 6.3 billion, down by c. EUR 3.3 billion from 2015 year-end and by c. EUR 2.5 billion from 30 September 2016. The trend is mainly due to the losses of the period.

CET1 amounts to c. EUR 5,255 million, a c. EUR -3,248 million decrease from 31 December 2015, mainly as a consequence of the loss for the period.
Tier1 is about EUR 5,255 million and decreases by about EUR -3,846 million Y/Y.
Tier2 amounts to c. EUR 1,462 million and decreases by about EUR -734 million compared to 31 December 2015, largely impacted by the regulatory amortisation of subordinated bonds provided for by Basel 3.
Total Capital amounts to EUR 6,718 million and decreases by EUR -4,580 million Y/Y.
Risk-weighted assets are about EUR 65,510 million, down c. EUR -5,319 million Y/Y, mainly as an effect of reduced credit and counterpart risk, due to the decrease of the performing loan portfolio.

Common Equity Tier1 is equal to 8.0% and below the SREP 10.75% threshold set for 31 December 2016.

The net loss of euro 4,128 million of Banca Monte Paschi S.p.A. is relevant pursuant to art 2446 of the Italian Civil Code.

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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 at www.mps.it

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Any forward-looking statements in this document are subject to a number of risks and uncertainties. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. The Group's ability to achieve its projected objectives or results is dependent on many factors which are outside Group's control. Actual results may differ materially from those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions. Moreover, such forward-looking information contained herein has been prepared on the basis of a number of assumptions which may prove to be incorrect and, accordingly, actual results may vary. All forward-looking statements included herein are based on information available to the Company as of the date hereof. The Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

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Reclassified accounts

The tables below show the income statement and the balance sheet, reclassified according to managerial criteria.

Please note that these statements are based on accounting information that is currently being audited. The draft individual and consolidated financial statements at 31 December 2016 is scheduled to be submitted for approval by the Board of Directors on 2 March 2017.

Income statement and balance sheet reclassification principles

With respect to the approach used in the 2015 Financial Report and confirmed in the previous Interim Financial Reports, the reclassified income statement was modified, with the introduction of the new item “DTA Fee”. This item shows the fee on DTAs (Deferred Tax Assets) which are convertible into tax credits, as per art. 11 of Law Decree no. 59 of 3 May 2016 converted into Law no. 119 of 30 June 2016. The offsetting entry is Income Statement item 180b, “Other administrative expenses”.

Reclassified Income statement

a) Item "**Interest income**" was spun off of the economic values of the Purchase Price Allocation (PPA) and returned in a specific item, amounting to approximately EUR 19 million;

b) Item “**Net profit (loss) from trading/valuation 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 million)

c) Item “**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 68 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.

d) 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”.

e) The item of the income statement “**Personnel expenses**” has been reduced by restructuring charges amounting to EUR 117 million, related to the provisions for staff exits/fund provided for in the agreement with the trade unions of 23 December 2016. The amount was reclassified under “Restructuring costs/One-off charges”.

f) Item "**Other administrative expenses**" includes balance sheet item 180b "Other administrative expenses" minus the following cost components:
   - charges, about EUR 241 million, arising from BRRD and DGSD for the resolution of banking crises, reclassified under "Risks and charges related to SRF, DGS and similar schemes ";

- fees on DTAs which are convertible into tax credits, for approximately EUR 142 million (booked in “DTA fees” item).

The item incorporates stamp duty and client expense recoveries (EUR 344 million) accounted in the balance sheet under item 220 "Other operating expenses / income".

g) Item "**Net value adjustments to tangible and intangible assets**" was spun off of the economic values of the Purchase Price Allocation (PPA) and returned in a specific item, amounting to about EUR 28 million;

h) 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".

i) The item of the income statement "**Restructuring costs / One-off costs**" includes charges, amounting to about EUR 117 million, related to the provisions for staff exits/fund provided for in the agreement with the trade unions of 23 December 2016, unbundled from "Personnel expenses."

j) 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 31 December 2016 SRF and NRF charges (respectively EUR 71 million and EUR 140 million) and DGS charges (approx. EUR 30 mln) have been booked.

k) 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”.

l) 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."

m) Item "**taxes**" was spun off of the theoretical tax component relating to the Purchase Price Allocation (PPA) and returned in a specific item, amounting to about EUR 15 million;

n) 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 19 million and **amortization** of approximately EUR 28 million, net of a theoretical tax burden of approximately EUR -15 million which is included in the related item).

<u>Reclassified Balance sheet</u>

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

p) 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".

q) 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".

r) 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".

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

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

CONSOLIDATED REPORT ON OPERATIONS
Highlights at 31/12/2016

INCOME STATEMENT AND BALANCE SHEET FIGURES

MPS GROUP

INCOME STATEMENT FIGURES	31/12/16	31/12/15	Chg.
Net interest income	2,021.3	2,258.6	-10.5%
Net fee and commission income	1,839.4	1,809.9	1.6%
Other operating income	395.0	1,147.1	-65.6%
Total Revenues	4,255.7	5,215.5	-18.4%
Net impairment losses (reversals) on loans and financial assets	(4,500.8)	(1,993.1)	n.s.
Net operating income	(2,865.7)	593.8	n.s.
Net profit (loss) for the period	(3,380.2)	388.1	n.s.
EARNING PER SHARE (EUR)	**31/12/16**	**31/12/15**	**Chg.**
Basic earnings per share	(115.291)	0.223	n.s.
Diluted earnings per share	(115.291)	0.220	n.s.
BALANCE SHEET FIGURES AND INDICATORS	**31/12/16**	**31/12/15**	**Chg.**
Total assets	153,132.0	169,012.0	-9.4%
Loans to customers	106,692.8	111,366.4	-4.2%
Direct funding	104,599.9	119,274.7	-12.3%
Indirect funding	98,151.8	106,171.8	-7.6%
of which: assets under management	57,180.9	55,515.7	3.0%
of which: assets under custody	40,971.0	50,656.1	-19.1%
Group net equity	6,286.3	9,596.4	-34.5%
OPERATING STRUCTURE	**31/12/16**	**31/12/15**	**Chg.**
Total head count - end of period	25,566	25,731	-165
Number of branches in Italy	2,032	2,133	-101

CONSOLIDATED REPORT ON OPERATIONS
Highlights at 31/12/2016

ALTERNATIVE PERFORMANCE MEASURES

MPS GROUP

PROFITABILITY RATIOS (%)	31/12/16	31/12/15	Chg.
Cost/Income ratio	61.6	50.4	11.2
R.O.E.	-42.6	5.1	-47.6
Return on Assets (RoA) ratio	-2.2	0.2	-2.4
ROTE (Return on tangible equity)	-42.6	5.1	-47.7
KEY CREDIT QUALITY RATIOS (%)	**31/12/16**	**31/12/15**	**Chg.**
Net non-performing loans / Loans to Customers	19.0	21.7	-2.6
Coverage non-performing loans	55.6	48.5	7.2
Net doubtful loans / Loans to Customers	9.7	8.7	1.0
Coverage doubtful loans	64.8	63.4	1.3
Net impairment losses on loans / Loans to Customers (Provisioning)	4.2	1.8	2.4
Texas Ratio	145.6	146.8	-1.1

CONSOLIDATED REPORT ON OPERATIONS
Highlights at 31/12/2016

REGULATORY MEASURES

MPS GROUP

CAPITAL RATIOS (%)	31/12/16	31/12/15	Chg.
Common Equity Tier 1 (CET1) ratio	8.0	12.0	-4.0
Total Capital ratio	10.3	16.0	-5.7
FINANCIAL LEVERAGE INDEX (5)	**31/12/16**	**31/12/15**	**Chg.**
Leverage ratio - Transitional Phase	3.1	5.2	-2.1
LIQUIDITY RATIO (%)	**31/12/16**	**31/12/15**	**Chg.**
LCR	107.7	222.0	
NSFR		100.8	

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

Reclassified Consolidated Income Statement				
	31/12/16	31/12/15	Change	
Montepaschi Group			Abs.	%
Net interest income	2,021.3	2,258.6	(237.3)	-10.5%
Net fee and commission income	1,839.4	1,809.9	29.5	1.6%
Income from banking activities	**3,860.7**	**4,068.5**	**(207.8)**	**-5.1%**
Dividends, similar income and gains (losses) on equity investments	77.8	99.9	(22.1)	-22.1%
Net profit (loss) from trading/ valuation of financial assets	414.9	1,037.8	(622.9)	-60.0%
Net profit (loss) from hedging	(82.0)	14.1	(96.1)	n.s.
Other operating income (expenses)	(15.7)	(4.7)	(11.0)	n.s.
Total Revenues	**4,255.7**	**5,215.5**	**(959.8)**	**-18.4%**
Administrative expenses:	(2,401.8)	(2,412.6)	10.8	-0.4%
a) personnel expenses	(1,610.5)	(1,652.8)	42.2	-2.6%
b) other administrative expenses	(791.3)	(759.9)	(31.4)	4.1%
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(218.8)	(216.0)	(2.8)	1.3%
Operating expenses	**(2,620.6)**	**(2,628.6)**	**7.9**	**-0.3%**
Pre Provision Profit	**1,635.1**	**2,587.0**	**(951.9)**	**-36.8%**
Net impairment losses (reversals) on:	**(4,500.8)**	**(1,993.1)**	**(2,507.7)**	**n.s.**
a) loans	(4,467.0)	(1,991.1)	(2,475.9)	n.s.
b) financial assets	(33.8)	(2.1)	(31.7)	n.s.
Net operating income	**(2,865.7)**	**593.8**	**(3,459.6)**	**n.s.**
Net provisions for risks and charges	43.7	(64.0)	107.7	n.s.
Gains (losses) on investments	11.8	119.6	(107.8)	-90.1%
Restructuring costs / One-off costs	(117.0)	(17.4)	(99.5)	n.s.
Risks and charges related to the SRF, DGS and similar schemes	(241.1)	(195.5)	(45.6)	23.3%
DTA Fee	(142.1)	-	(142.1)	n.s.
Gains (losses) on disposal of investments	33.2	2.9	30.3	n.s.
Profit (loss) before tax from continuing operations	**(3,277.3)**	**439.3**	**(3,716.6)**	**n.s.**
Tax expense (recovery) on income from continuing operations	(62.1)	(11.4)	(50.6)	n.s.
Profit (loss) after tax from continuing operations	**(3,339.4)**	**427.9**	**(3,767.2)**	**n.s.**
Net profit (loss) for the period including non-controlling interests	**(3,339.4)**	**427.9**	**(3,767.2)**	**n.s.**
Net profit (loss) attributable to non-controlling interests	9.5	1.8	7.7	n.s.
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	**(3,348.8)**	**426.1**	**(3,774.9)**	**n.s.**
PPA (Purchase Price Allocation)	(31.4)	(38.0)	6.6	-17.3%
Net profit (loss) for the period	**(3,380.2)**	**388.1**	**(3,768.3)**	**n.s.**

Quarterly trend in reclassified consolidated income statement

Montepaschi Group	2016				2015			
	4°Q 2016	3°Q 2016	2°Q 2016	1°Q 2016	4°Q 2015	3°Q 2015 (*)	2°Q 2015 (*)	1°Q 2015 (*)
Net interest income	502.6	483.5	486.9	548.3	541.0	556.8	553.9	606.8
Net fee and commission income	437.0	461.7	483.8	456.9	451.6	431.1	484.2	443.0
Income from banking activities	**939.6**	**945.2**	**970.7**	**1,005.2**	**992.6**	**987.9**	**1,038.1**	**1,049.8**
Dividends, similar income and gains (losses) on equity investments	11.3	23.3	23.9	19.3	4.8	28.7	42.1	24.3
Net profit (loss) from trading/ valuation of financial assets	(4.8)	102.7	151.3	165.7	133.6	458.9	163.6	281.7
Net profit (loss) from hedging	(80.3)	(0.4)	(1.4)	0.1	4.3	(6.3)	0.2	15.9
Other operating income (expenses)	(27.6)	2.2	14.7	(5.0)	(17.8)	0.5	11.3	1.3
Total Revenues	**838.2**	**1,073.0**	**1,159.1**	**1,185.4**	**1,117.6**	**1,469.6**	**1,255.3**	**1,373.0**
Administrative expenses:	(629.9)	(595.1)	(582.1)	(594.7)	(602.2)	(601.7)	(603.7)	(604.9)
a) personnel expenses	(371.1)	(418.4)	(403.4)	(417.6)	(396.3)	(422.7)	(414.5)	(419.4)
b) other administrative expenses	(258.8)	(176.7)	(178.7)	(177.1)	(206.0)	(179.1)	(189.3)	(185.5)
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(61.6)	(55.2)	(51.7)	(50.3)	(59.3)	(54.5)	(53.7)	(48.4)
Operating expenses	**(691.5)**	**(650.3)**	**(633.8)**	**(645.0)**	**(661.6)**	**(656.2)**	**(657.4)**	**(653.3)**
Pre Provision Profit	**146.7**	**422.7**	**525.4**	**540.3**	**456.0**	**813.4**	**597.9**	**719.7**
Net impairment losses (reversals) on:	**(2,482.0)**	**(1,301.6)**	**(368.0)**	**(349.2)**	**(575.4)**	**(435.3)**	**(528.2)**	**(454.2)**
a) loans	(2,445.4)	(1,303.3)	(372.4)	(345.9)	(577.2)	(429.9)	(515.8)	(468.2)
b) financial assets	(36.6)	1.7	4.4	(3.3)	1.7	(5.4)	(12.4)	14.0
Net operating income	**(2,335.3)**	**(878.9)**	**157.4**	**191.1**	**(119.5)**	**378.1**	**69.7**	**265.5**
Net provisions for risks and charges	47.3	(27.5)	29.2	(5.3)	(58.7)	43.3	(18.8)	(29.8)
Gains (losses) on investments	2.5	1.6	0.2	7.5	(7.1)	1.5	124.9	0.2
Restructuring costs / One-off costs	(117.0)	-	-	-	(14.6)	(2.2)	(0.3)	(0.2)
Risks and charges related to the SRF, DGS and similar schemes	(139.1)	(31.2)	0.3	(71.1)	(140.9)	(54.6)	-	-
DTA Fee	(17.8)	(15.5)	(108.8)	-	-	-	-	-
Gains (losses) on disposal of investments	20.4	12.8	-	-	1.0	0.9	0.6	0.4
Profit (loss) before tax from continuing operations	**(2,539.1)**	**(938.7)**	**78.3**	**122.2**	**(339.8)**	**367.0**	**176.0**	**236.1**
Tax expense (recovery) on income from continuing operations	23.3	(203.9)	139.2	(20.7)	152.1	(102.5)	18.1	(79.1)
Profit (loss) after tax from continuing operations	**(2,515.8)**	**(1,142.6)**	**217.5**	**101.5**	**(187.8)**	**264.5**	**194.2**	**157.0**
Net profit (loss) for the period including non-controlling interests	**(2,515.8)**	**(1,142.6)**	**217.5**	**101.5**	**(187.8)**	**264.5**	**194.2**	**157.0**
Net profit (loss) attributable to non-controlling interests	(8.1)	0.6	0.3	0.5	(0.5)	0.5	0.3	0.5
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	**(2,523.8)**	**(1,143.2)**	**217.2**	**101.0**	**(188.2)**	**264.0**	**193.9**	**156.5**
PPA (Purchase Price Allocation)	(7.7)	(7.5)	(8.3)	(7.9)	(8.4)	(8.2)	(8.7)	(12.8)
Net profit (loss) for the period	**(2,531.5)**	**(1,150.7)**	**208.9**	**93.1**	**(196.6)**	**255.8**	**185.2**	**143.7**

(*) The figures of the first three quarters of 2015 have been restated, as in the 2015 Annual Report, considering the changes made in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), as outlined in the Annual Report section "Restatement of previous period accounts in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors)", to which reference is made for further details.

Reclassified Consolidated Balance Sheet

ASSETS	31/12/16	31/12/15	Chg abs.	Chg %
Cash and cash equivalents	1,084.5	1,188.8	(104.3)	-8.8%
Receivables :				
a) Loans to customers	106,692.8	111,366.4	(4,673.6)	-4.2%
b) Loans to banks	8,936.2	8,242.1	694.1	8.4%
Marketable assets	25,929.3	35,208.6	(9,279.3)	-26.4%
Financial assets held to maturity	-	-	-	
Equity investments	1,031.7	908.4	123.3	13.6%
Property, plant and equipment / Intangible assets	2,942.9	3,141.8	(198.9)	-6.3%
of which:				
a) goodwill	*7.9*	*7.9*	-	
Other assets	6,514.6	8,956.0	(2,441.4)	-27.3%
Total assets	**153,132.0**	**169,012.0**	**(15,880.0)**	**-9.4%**

LIABILITIES	31/12/16	31/12/15	Chg abs.	Chg %
Payables				
a) Deposits from customers and securities issued	104,599.9	119,274.7	(14,674.8)	-12.3%
b) Deposits from banks	31,468.0	17,493.1	13,974.9	79.9%
Financial liabilities held for trading	4,971.8	15,921.7	(10,949.9)	-68.8%
Provisions for specific use				
a) Provisions for staff severance indemnities	252.9	246.2	6.7	2.7%
b) Pensions and other post retirement benefit obligations	53.6	49.4	4.2	8.6%
c) Other provisions	1,055.2	1,067.5	(12.3)	-1.2%
Other liabilities	4,409.7	5,336.7	(927.0)	-17.4%
Group net equity	6,286.3	9,596.4	(3,310.2)	-34.5%
a) Valuation reserves	47.3	(21.8)	69.1	n.s.
c) Equity instruments carried at equity	-	-	-	
d) Reserves	2,253.5	222.1	2,031.4	n.s.
e) Share premium	-	6.3	(6.3)	
f) Share capital	7,365.7	9,001.8	(1,636.1)	-18.2%
g) Treasury shares (-)	-	-	-	
h) Net profit (loss) for the year	(3,380.2)	388.1	(3,768.3)	n.s.
Non-controlling interests	34.6	26.3	8.3	31.8%
Total Liabilities and Shareholders' Equity	**153,132.0**	**169,012.0**	**(15,880.0)**	**-9.4%**

Reclassified Consolidated Balance Sheet - Quarterly Trend

ASSETS	31/12/16	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	1,084.5	941.4	794.6	913.4	1,188.8	812.2	822.0	682.3
Receivables :	-							
a) Loans to customers	106,692.8	104,612.4	107,547.8	113,544.3	111,366.4	112,513.2	117,436.3	123,139.0
b) Loans to banks	8,936.2	7,669.4	7,953.1	6,856.1	8,242.1	6,432.2	8,327.2	7,855.7
Marketable assets	25,929.3	35,748.3	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	1,031.7	910.7	948.0	934.3	908.4	959.6	907.7	947.0
Property, plant and equipment / Intangible assets	2,942.9	3,016.9	3,059.8	3,112.4	3,141.8	3,090.1	3,122.4	3,139.0
of which:	-							
a) goodwill	*7.9*	*7.9*	*7.9*	*7.9*	*7.9*	*7.9*	*7.9*	*7.9*
Other assets	6,514.6	7,230.0	8,059.6	8,285.2	8,956.0	10,022.4	10,596.4	10,453.1
Total assets	**153,132.0**	**160,129.1**	**164,385.5**	**173,645.6**	**169,012.0**	**170,126.2**	**174,201.5**	**183,849.6**

LIABILITIES	31/12/16	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	104,599.9	105,461.4	112,045.2	119,507.9	119,274.7	122,717.4	122,890.5	128,160.9
b) Deposits from banks	31,468.0	25,282.4	19,465.8	17,524.7	17,493.1	17,804.9	18,830.9	22,519.3
Financial liabilities held for trading	4,971.8	13,802.7	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	252.9	251.3	249.9	247.7	246.2	245.2	246.4	268.2
b) Pensions and other post retirement benefit obligations	53.6	51.2	52.3	51.4	49.4	50.5	50.3	52.1
c) Other provisions	1,055.2	1,018.8	1,012.5	1,050.0	1,067.5	1,086.9	1,106.1	1,103.7
Other liabilities	4,409.7 -	5,489.2	5,750.4	5,511.9	5,336.7	6,989.6	7,285.0	7,291.0
Group net equity	6,286.3	8,745.6	9,928.7	9,675.3	9,596.4	9,730.4	9,234.2	6,161.8
a) Valuation reserves	47.3	(24.7)	7.7	(36.5)	(21.8)	(84.7)	(323.6)	(13.9)
c) Equity instruments carried at equity	-	-	-	-	-	-	-	3.0
d) Reserves	2,253.5	617.2	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	7,365.7	9,001.8	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	(3,380.2) -	(848.7)	302.0	93.2	388.1	584.7	329.0	143.8
Non-controlling interests	34.6	26.5	26.0	25.7	26.3	25.5	24.3	24.1
Total Liabilities and Shareholders' Equity	**153,132.0**	**160,129.1**	**164,385.5**	**173,645.6**	**169,012.0**	**170,126.2**	**174,201.5**	**183,849.6**

(*) The figures of the first three quarters of 2015 have been restated, as in the 2015 Annual Report, considering the changes made in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), as outlined in the Annual Report section "Restatement of previous period accounts in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors)", to which reference is made for further details.

Pro-forma statements for the accounting treatment of the so-called “Alexandria” deal

Pro-forma consolidated income statement

	Assets	31 12 2016	31 12 2015	pro-forma adjustments for classification "Alexandria transaction" as LTR	31 12 2015 pro-forma
10	Cash and cash equivalents	1,084,510	1,188,761	-	1,188,761
20	Financial assets held for trading	9,266,150	18,017,359	-	18,017,359
40	Financial assets available for sale	16,663,117	17,191,196	-	17,191,196
60	Loans to banks	8,936,239	8,242,056	-	8,242,056
70	Loans to customers	106,692,758	111,366,383	-	111,366,383
80	Hedging deviratives	327,349	556,425	-	556,425
90	Change in value of macro-hedged financial assets (+/-)	113,300	139,582	-	139,582
100	Equity investments	1,031,678	908,365	-	908,365
120	Property, plant and equipment	2,597,434	2,741,723	-	2,741,723
130	Intangible assets	345,513	400,103	-	400,103
	of wich: goodwill	*7,900*	*7,900*	-	*7,900*
140	Tax assets	4,101,634	5,542,518	76,162	5,618,680
150	Non-current assets and groups of assets held for sale and discontinued operations	60,684	29,267	-	29,267
160	Other assets	1,911,590	2,688,239	-	2,688,239
	Total Assets	153,131,956	169,011,977	76,162	169,088,139

Pro-forma consolidated statement of comprehensive income

	Liabilities and Shareholders' Equity	31 12 2016	31 12 2015	pro-forma adjustments for classification "Alexandria transaction" as LTR	31 12 2015 pro-forma
10	Deposits from banks	31,467,968	17,493,110	-	17,493,110
20	Deposits from customers	80,702,762	87,806,329	-	87,806,329
30	Debt securities issued	22,347,465	29,394,436	-	29,394,436
40	Financial liabilities held for trading	4,971,802	15,921,727	-	15,921,727
50	Financial liabilities designated at fair value	1,549,555	2,073,915	-	2,073,915
60	Hedging derivatives	1,018,291	1,205,267	-	1,205,267
80	Tax liabilities	70,834	91,456	(43,079)	48,377
90	Liabilities associated with non-current assets held for sale and discontinued operations	10,402	-	-	-
100	Other liabilities	3,310,408	4,039,948	-	4,039,948
110	Provision for employee severance pay	252,858	246,170	-	246,170
120	Provisions for risks and charges	1,108,754	1,116,913	-	1,116,913
140	Valuation reserves	47,251	(21,817)	-	(21,817)
160	Equity instruments carried at equity	-	-	-	-
170	Reserves	2,253,601	222,086	619,234	841,320
180	Share premium	-	6,325	-	6,325
190	Share Capital	7,365,674	9,001,757	-	9,001,757
200	Treasury shares (-)	-	-	-	-
210	Non-controlling interests (+/-)	34,574	26,259	-	26,259
220	Profit (loss) (+/-)	(3,380,243)	388,096	(499,993)	(111,897)
	Total liabilities and Shareholders' Equity	153,131,956	169,011,977	76,162	169,088,139

Pro-forma consolidated balance sheet

	Items	31 12 2016	31 12 2015	pro-forma adjustments for classification "Alexandria transaction" as LTR	31 12 2015 pro-forma
10	Interest income and similar revenues	3,317,233	4,087,480	113,685	4,201,165
20	Interest expense and similar charges	(1,315,216)	(1,858,013)	(90,983)	(1,948,996)
30	Net interest income	2,002,017	2,229,467	22,702	2,252,169
40	Fee and commission income	2,132,321	2,153,837	-	2,153,837
50	Fee and commission expense	(292,965)	(343,940)	-	(343,940)
60	Net fee and commission income	1,839,356	1,809,897	-	1,809,897
70	Dividends and similar income	13,506	18,638	-	18,638
80	Net profit (loss) from trading	177,045	752,048	(608,602)	143,446
90	Net profit (loss) from hedging	(81,952)	14,099	4,116	18,215
100	Gains/losses on disposal/repurchase	161,500	225,834	-	225,834
110	Net profit (loss) from financial assets and liabilities designated at fair value	72,990	50,276	(131,977)	(81,701)
120	Net interest and other banking income	4,184,462	5,100,259	(713,761)	4,386,498
130	Net impairment losses (reversals)	(4,500,843)	(1,993,140)	-	(1,993,140)
140	Net income from banking activities	(316,381)	3,107,119	(713,761)	2,393,358
180	Adiministrative expenses	(3,246,263)	(2,975,333)	-	(2,975,333)
190	Net provisions for risks and charges	43,728	(64,038)	-	(64,038)
200	Net adjustments to (recoveries on) property, plant and equipment	(111,822)	(126,942)	-	(126,942)
210	Net adjustments to (recoveries on) intangible assets	(134,630)	(116,631)	-	(116,631)
220	Other operating expenses/income	328,539	345,121	-	345,121
230	Operating expenses	(3,120,448)	(2,937,823)	-	(2,937,823)
240	Gains (losses) on investments	79,453	210,440	-	210,440
260	Impairment on goodwill	-	-	-	-
270	Gains (losses) on disposal of investments	33,195	2,855	-	2,855
280	Profit (loss) before tax from continuing operations	(3,324,181)	382,591	(713,761)	(331,170)
290	Tax expense (recovery) on income from continuing operations	(46,608)	7,277	213,768	221,045
300	Profit (loss) after tax from continuing operations	(3,370,789)	389,868	(499,993)	(110,125)
310	Profit (loss) after tax from groups of assets held for sale and discontinued operations	-	-	-	-
320	Profit (loss)	(3,370,789)	389,868	(499,993)	(110,125)
330	Profit (loss) for the period attributable to non - controlling interests	9,454	1,772	-	1,772
340	Parent company's net profit (loss)	(3,380,243)	388,096	(499,993)	(111,897)

Pro-forma consolidated statement of comprehensive income

	Items	31 12 2015	31 12 2015	pro-forma adjustments for classification "Alexandria transaction" as LTR	31 12 2015 pro-forma
10	Profi (loss)	(3,370,789)	389,868	(499,993)	(110,125)
	Other comprehensive income after tax not recycled to profit and loss	(8,868)	16,758	-	16,758
40	Actuarial gains (losses) on defined benefit plans	(8,234)	16,681	-	16,681
50	Non-current assets held for sale	(83)	-	-	-
60	Share of valuation reserves of equity-accounted investments	(551)	77	-	77
	Other comprehensive income after tax recycled to profit and loss	77,943	269,308	423,123	692,431
80	Exchange differences	1,364	5,649	-	5,649
90	Cash flow hedges	110,202	44,263	-	44,263
100	Financial assetes available for sale	(137,075)	202,511	423,123	625,634
110	Non-current assets held for sale	(4,107)	17,877	-	17,877
120	Share of valuation reserves of equity-accounted investments	107,559	(992)	-	(992)
130	Total other comprehensive icome after tax	69,075	286,066	423,123	709,189
140	Total comprehensive income (Item 10+130)	(3,301,714)	675,934	(76,870)	599,064
150	Consolidated comprehensive income attributable to non-controlling interests	9,461	1,767	-	1,767
160	Consolidated comprehensive income attributable to Parent Company	(3,311,175)	674,167	(76,870)	597,297