

CONSOLIDATED REPORT ON OPERATIONS

Highlights at 30/09/2015

INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

MPS GROUP			
INCOME STATEMENT FIGURES (EUR mln)	30/09/15	30/09/14	% chg
Income from banking activities	3,098.5	2,845.0	8.9%
Income from banking and insurance activities	3,384.2	3,122.7	8.4%
Net operating income	(0.5)	(1,421.0)	-100.0%
Net profit (loss) for the period	84.7	(1,149.7)	n.s.
BALANCE SHEET FIGURES AND INDICATORS (EUR mln)	30/09/15	31/12/14	% chg
Direct funding	122,717	126,224	-2.8%
Indirect funding	108,087	106,140	1.8%
<i>of which: assets under management</i>	54,715	51,519	6.2%
<i>of which: assets under custody</i>	53,371	54,622	-2.3%
Loans to customers	112,513	119,676	-6.0%
Group net equity	9,850	5,965	65%
KEY CREDIT QUALITY RATIOS (%)	30/09/15	31/12/14	Abs. chg
Net doubtful loans/Loans to Customers	8.4	7.1	1.4
Net Unlikely to pay/Loans to Customers	10.8	9.7	1.1
Net NP past due and overdue exposures/Loans to Customers	2.5	2.6	-0.1
PROFITABILITY RATIOS (%)	30/09/15	31/12/14	Abs. chg
Cost/Income ratio	58.1	65.2	-7.1
Net loan loss provisions / End-of-period loans	1.68	6.54	-4.9
CAPITAL RATIOS (%)	30/09/15	31/12/14	Abs. chg
Total Capital ratio	16.30	13.0	3.30
Common Equity Tier 1 (CET1) ratio	12.0	8.7	3.3
Return on Assets (RoA) ratio	0.04	-2.91	2.96
INFORMATION ON BMPS STOCK	30/09/15	31/12/14	
Number of ordinary shares outstanding	2,932,079,864	5,116,513,875	-2,184,434,011
Price per ordinary share:	From 31/12/14 to 30/09/15	From 31/12/13 to 31/12/14	% chg
average	2.01	1.19	68.2%
low	1.42	0.46	206.7%
high	2.56	2.56	0.0%
OPERATING STRUCTURE	30/09/15	31/12/14	Abs. chg
Total head count - end of period	25,740	25,961	(221)
Number of branches in Italy	2,178	2,186	(8)
Number of specialised centres	265	279	(14)
Financial advisory branches	114	118	(4)
Number of branches & representative offices abroad	41	40	1

MPS GROUP

Reclassified Consolidated Income Statement

Montepaschi Group	30/09/15	30/09/14	Change	
			Abs.	%
Net interest income	1,740.2	1,552.5	187.7	12.1%
Net fee and commission income	1,358.3	1,292.5	65.8	5.1%
Income from banking activities	3,098.5	2,845.0	253.5	8.9%
Dividends, similar income and gains (losses) on investments	95.0	82.1	13.0	15.8%
Net profit (loss) from trading	163.6	220.9	(57.3)	-25.9%
Net profit (loss) from hedging	13.9	(11.1)	25.0	n.s.
Other operating income (expenses)	13.1	(14.3)	27.4	n.s.
Income from banking and insurance activities	3,384.2	3,122.7	261.6	8.4%
Administrative expenses:	(1,810.4)	(1,856.2)	45.8	-2.5%
a) personnel expenses	(1,256.5)	(1,279.2)	22.7	-1.8%
b) other administrative expenses	(553.9)	(577.0)	23.1	-4.0%
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(156.6)	(164.4)	7.9	-4.8%
Operating expenses	(1,967.0)	(2,020.7)	53.6	-2.7%
Pre Provision Profit	1,417.2	1,102.0	315.2	28.6%
Net impairment losses (reversals) on:	(1,417.7)	(2,523.0)	1,105.3	-43.8%
a) loans	(1,413.9)	(2,464.4)	1,050.6	-42.6%
b) financial assets	(3.9)	(58.6)	54.7	-93.4%
Net operating income	(0.5)	(1,421.0)	1,420.5	-100.0%
Net provisions for risks and charges	(59.9)	(119.3)	59.4	-49.8%
Gains (losses) on investments	126.7	161.9	(35.2)	-21.8%
Restructuring costs / One-off costs	(2.8)	(322.0)	319.2	n.s.
Gains (losses) on disposal of investments	1.9	6.8	(5.0)	-72.4%
Profit (loss) before tax from continuing operations	65.3	(1,693.6)	1,758.9	-103.9%
Tax expense (recovery) on income from continuing operations	50.3	568.1	(517.8)	-91.1%
Profit (loss) after tax from continuing operations	115.6	(1,125.5)	1,241.1	-110.3%
Net profit (loss) for the period including non-controlling interests	115.6	(1,125.5)	1,241.1	-110.3%
Net profit (loss) attributable to non-controlling interests	(1.3)	3.8	(5.1)	-134.3%
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	114.3	(1,121.7)	1,236.0	-110.2%
PPA (Purchase Price Allocation)	(29.6)	(28.0)	(1.6)	5.7%
Impairment on goodwill and intangibles	-	-	-	n.s.
Net profit (loss) for the period	84.7	(1,149.7)	1,234.4	n.s.

MPS GROUP
Reclassified Consolidated Income Statement - quarterly trend

	2014						
	3rd quarter	2nd quarter	1st quarter	4th quarter	3rd quarter	2nd quarter	1st quarter
<i>(in EUR mln)</i>							
Net interest income	568.5	559.9	611.9	610.9	580.6	526.2	445.8
Net fee and commission income	431.2	484.2	443.0	405.2	421.5	425.8	445.2
Income from banking activities	999.7	1,044.0	1,054.9	1,016.2	1,002.1	952.0	891.0
Dividends, similar income and gains (losses) on investments	28.7	42.0	24.3	38.8	32.6	23.8	25.7
Net profit (loss) from trading	(67.2)	59.1	171.8	41.1	147.3	28.6	45.1
Net profit (loss) from hedging	(4.1)	3.2	14.8	(4.7)	2.2	(8.7)	(4.6)
Other operating income (expenses)	0.4	11.3	1.4	17.9	2.0	(17.7)	1.3
Income from banking and insurance activities	957.5	1,159.6	1,267.2	1,109.4	1,186.1	978.0	958.6
Administrative expenses:	(601.8)	(603.7)	(604.9)	(658.2)	(623.8)	(620.4)	(611.9)
a) personnel expenses	(422.7)	(414.4)	(419.4)	(430.7)	(427.9)	(421.9)	(429.3)
b) other administrative expenses	(179.1)	(189.2)	(185.5)	(227.5)	(195.9)	(198.5)	(182.6)
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(54.4)	(53.7)	(48.4)	(76.3)	(65.6)	(50.2)	(48.6)
Operating expenses	(656.3)	(657.4)	(653.3)	(734.5)	(689.5)	(670.7)	(660.5)
Pre Provision Profit	301.2	502.2	613.8	374.9	496.7	307.3	298.0
Net impairment losses (reversals) on:	(435.3)	(528.1)	(454.2)	(5,502.2)	(1,296.1)	(735.2)	(491.7)
a) loans	(429.8)	(515.8)	(468.2)	(5,357.0)	(1,256.5)	(731.4)	(476.6)
b) financial assets	(5.5)	(12.3)	14.0	(145.2)	(39.6)	(3.8)	(15.2)
Net operating income	(134.1)	(26.0)	159.6	(5,127.3)	(799.4)	(427.9)	(193.7)
Net provisions for risks and charges	(11.4)	(18.8)	(29.8)	(57.2)	(37.3)	(27.5)	(54.5)
Gains (losses) on investments	1.5	124.9	0.2	(72.0)	(13.4)	133.4	41.9
Restructuring costs / One-off costs	(2.2)	(0.3)	(0.2)	(53.8)	(318.2)	(2.7)	(1.1)
Gains (losses) on disposal of investments	0.9	0.6	0.4	77.9	1.7	0.4	4.7
Profit (loss) before tax from continuing operations	(145.3)	80.5	130.2	(5,232.5)	(1,166.6)	(324.3)	(202.7)
Tax expense (recovery) on income from continuing operations	45.1	49.5	(44.3)	1,736.8	374.2	155.4	38.4
Profit (loss) after tax from continuing operations	(100.2)	130.0	85.9	(3,495.7)	(792.4)	(168.9)	(164.3)
Net profit (loss) for the period including non-controlling interests	(100.2)	130.0	85.9	(3,495.7)	(792.4)	(168.9)	(164.3)
Net profit (loss) attributable to non-controlling interests	(0.5)	(0.3)	(0.5)	0.6	4.9	(0.6)	(0.5)
Profit (loss) for the period before PPA, impairment on goodwill and intangibles	(100.8)	129.6	85.4	(3,495.2)	(787.5)	(169.5)	(164.7)
PPA (Purchase Price Allocation)	(8.2)	(8.7)	(12.8)	(10.1)	(9.2)	(9.4)	(9.4)
Impairment on goodwill and intangibles	-	-	-	(687.9)	-	-	-
Net profit (loss) for the period	(109.0)	121.0	72.6	(4,193.2)	(796.7)	(178.9)	(174.1)

MPS GROUP

Reclassified Consolidated Balance Sheet

	30/09/15	31/12/14	Chg vs 31/12/14	
			abs.	%
ASSETS				
Cash and cash equivalents	812	1,007	(194)	-19.3%
Receivables :				
a) Loans to customers	112,513	119,676	(7,163)	-6.0%
b) Loans to banks	6,432	7,723	(1,291)	-16.7%
Financial assets held for trading	36,297	39,776	(3,480)	-8.7%
Financial assets held to maturity	-	-	-	
Equity investments	960	1,014	(54)	-5.4%
Property, plant and equipment / Intangible assets	3,090	3,229	(139)	-4.3%
<i>of which:</i>				
a) goodwill	8	8	-	
Other assets	10,098	11,019	(921)	-8.4%
Total assets	170,202	183,444	(13,242)	-7.2%
LIABILITIES				
	30/09/15	31/12/14	Chg vs 31/12/14	
			abs.	%
Payables				
a) Deposits from customers and securities issued	122,717	126,224	(3,507)	-2.8%
b) Deposits from banks	17,805	27,648	(9,843)	-35.6%
Financial liabilities held for trading	11,476	13,702	(2,226)	-16.2%
Provisions for specific use				
a) Provisions for staff severance indemnities	245	271	(26)	-9.7%
b) Pensions and other post retirement benefit obligations	51	66	(15)	-23.3%
c) Other provisions	1,087	1,085	2	0.2%
Other liabilities	6,947	8,459	(1,513)	-17.9%
Group net equity	9,850	5,965	3,884	65.1%
a) Valuation reserves	(85)	(685)	601	-87.6%
c) Equity instruments carried at equity	-	3	(3)	-100.0%
d) Reserves	841	(496)	1,338	n.s.
e) Share premium	6	2	4	
f) Share capital	9,002	12,484	(3,482)	-27.9%
g) Treasury shares (-)	(0)	(0)	0	-100.0%
h) Net profit (loss) for the period	85	(5,343)	5,428	-101.6%
Non-controlling interests	26	24	2	8.1%
Total Liabilities and Shareholders' Equity	170,202	183,444	(13,242)	-7.2%

MPS GROUP
Reclassified Consolidated Balance Sheet - quarterly trend

	30/09/15	30/06/15	31/03/15	31/12/14	30/09/14	30/06/14	31/03/14
ASSETS (in EUR mln)							
Cash and cash equivalents	812	822	682	1,007	878	860	823
Receivables :							
a) Loans to customers	112,513	117,436	123,139	119,676	126,307	132,770	132,677
b) Loans to banks	6,432	8,327	7,856	7,723	6,884	8,638	10,204
Financial assets held for trading	36,297	36,335	41,236	39,776	41,856	39,863	43,500
Financial assets held to maturity	-	-	-	-	-	-	-
Equity investments	960	908	947	1,014	1,001	952	960
Property, plant and equipment / Intangible assets	3,090	3,122	3,139	3,229	3,934	3,971	4,004
<i>of which:</i>							
a) goodwill	8	8	8	8	670	670	670
Other assets	10,098	10,754	10,526	11,019	9,837	9,474	8,855
Total assets	170,202	177,705	187,525	183,444	190,697	196,528	201,022
LIABILITIES (in EUR mln)							
Payables							
a) Deposits from customers and securities issued	122,717	126,238	131,511	126,224	126,610	130,777	128,859
b) Deposits from banks	17,805	18,831	22,519	27,648	29,425	31,810	40,991
Financial liabilities held for trading	11,476	13,415	16,381	13,702	13,144	11,718	14,630
Provisions for specific use							
a) Provisions for staff severance indemnities	245	246	268	271	295	285	273
b) Pensions and other post retirement benefit obligations	51	50	52	66	59	59	60
c) Other provisions	1,087	1,106	1,104	1,085	1,024	991	1,020
Other liabilities	6,947	8,421	9,195	8,459	9,777	9,811	8,905
Group net equity	9,850	9,373	6,471	5,965	10,340	11,048	6,251
a) Valuation reserves	(85)	(668)	(253)	(685)	(549)	(634)	(788)
c) Equity instruments carried at equity	-	-	3	3	3	3	3
d) Reserves	841	1,085	(5,838)	(496)	(451)	4,548	(274)
e) Share premium	6	4	2	2	2	-	-
f) Share capital	9,002	8,759	12,484	12,484	12,484	7,485	7,485
g) Treasury shares (-)	(0)	-	(0)	(0)	(0)	(0)	(0)
h) Net profit (loss) for the period	85	194	73	(5,343)	(1,150)	(353)	(174)
Non-controlling interests	26	24	24	24	24	29	34
Total Liabilities and Shareholders' Equity	170,202	177,705	187,525	183,444	190,697	196,528	201,022