MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

PRESS RELEASE

BMPS: BOARD HAS APPROVED RESULTS AS AT 31 MARCH 2018: PROFIT OF EUR 188 MILLION

CLEAR EARLY RESULTS OF RELAUNCH: PICKUP OF COMMERCIAL ACTIVITY AND EFFECTIVE CONTROL OVER COSTS AND ASSET QUALITY

- **Gross operating result at EUR 304 million (double the result of the fourth quarter of 2017)**
- **Key economic indicators improve significantly also vs. 1Q17: net operating result at EUR 166 million (vs. EUR -3 million) and profit before tax at EUR 111 million (vs. EUR -129 million)**
- **Net interest income increases by 1.6% Q/Q for the decreased cost of funding (average interest rates on deposits reduced by 10 basis points in the quarter with equal funding volumes) and fees and commissions up by c. 12%; costs reduced by c. 12%, in part due to the November 2017 headcount reduction**
- **Commercial lending[1] up by EUR 0.9 billion from the end of December 2017 thanks to 20% Q/Q increase in new mortgage lending**
- **NPE reduction continues:**
  - **Securitisation process completed: "investment grade" rating obtained on the entire senior tranche, exceeding restructuring plan expectations. GACS government guarantee on senior notes is expected over the coming weeks**
  - **Deconsolidation of the EUR 24.1 billion bad loan portfolio is confirmed by 30 June 2018**
  - **Sale process of EUR 2.6 – 3.0 billion small ticket and leasing bad loans, expected by the end of 2018, has begun**
  - **Sale of EUR 1.5 billion of unlikely-to-pay loans is currently underway, of which EUR 0.5 billion already sold or for which binding offers have been received by 30 April 2018**
- **Improvement of all the main asset quality indicators:**
  - **Cost of risk at 61 basis points**
  - **NPE coverage at 55.5% and bad loans coverage at 69.3% (net of the securitisation currently being finalised)**
  - **Default rate at 1.5% and cure rate at 5.4%**
- ***Transitional Common Equity Tier 1*: 14.4%, equal to c. EUR 8.9 billion, Total Capital ratio 15.8%**

[1] *Current accounts, mortgages and other forms of lending.*

Siena, 11 May 2018 – Yesterday evening the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. reviewed and approved the results as at 31 March 2018.

Group profit and loss results for the first quarter of 2018

At 31 March 2018, the Group's **total revenues** stand at **EUR 877 million**, a 6.0% Y/Y decrease, due to a contraction in net interest income and in fees and commissions, only partly offset by a growth in net profit from trading and financial assets/liabilities measured at fair value through profit and loss. In 1Q18, revenues grow by EUR 74 million versus the previous quarter, mainly thanks to the pick-up in fees and commissions and to the net profit from trading and financial assets/liabilities measured at fair value through profit and loss.

Net interest income at 31 March 2018 is **EUR 421 million**, down 7.9% Y/Y, mainly due to the negative trend of interest-bearing assets and in particular of commercial loans and securities portfolio (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 (some of which subject to burden-sharing measures). The result of 1Q18 is slightly improved Q/Q, mainly thanks to the positive effects of the reduced cost of funding.

Net fees and commissions are **EUR 407 million**, down 4.6% Y/Y, mainly impacted by fewer commissions from payment services following the sale of the merchant acquiring business on 30 June 2017. The quarterly trend is +11.9%, primarily thanks to the contribution of credit commissions, positively impacted by one-off proceeds for c. EUR 15 million.

Dividends, similar income and profit (loss) on investments, down from 31 March 2017, amount to approximately **EUR 18 million**, mainly for the contribution of AXA-MPS[2].

Net profit (loss) from trading and financial assets/liabilities at 31 March 2018 amounts to **EUR 37 million**, up from the previous year (EUR 25 million) thanks to higher profits from disposals/repurchases of securities. In detail, the aggregate is composed of:

- **net profit from trading for about EUR 14 million**, up both Y/Y and Q/Q;
- **results from financial assets and liabilities measured at fair value negative for EUR 16 million** (at 31 March 2017 the result had been EUR -1 million);
- **disposal/repurchase proceeds for EUR 39 million**, up Y/Y (EUR +27 million) due to greater capital gains from sold or matured securities. Up also from 4Q17.

The following items also contribute to total revenues:

- **net income from hedging for EUR 1 million** (in line with both 1Q17 and 4Q17);
- **other operating expenses/income negative for about EUR 8 million**, vs. EUR +4 million recorded in 1Q17 and EUR -12 million booked in 4Q17.

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[2] *AXA – MPS is consolidated at net equity.*

At 31 March 2018 **operating expenses** amount to **EUR 573 million**, down by 8.7% Y/Y and by 11.9% Q/Q thanks to the downward trend of personnel costs and other administrative expenses. Detailed examination of the single aggregates shows that:

- **administrative expenses** stand at c. **EUR 516 million** (-9.7% Y/Y), reduced by EUR 64 million vs. 4Q17. Within the aggregate:
  - **personnel expenses**, at **EUR 368 million**, are down by 9.0% Y/Y (EUR -37 million), mainly due to headcount reduction, achieved with the aid of the 1 May and 1 November 2017 solidarity fund manoeuvres. 1Q18 also improves Q/Q, having fully benefitted from the latter manoeuvre;
  - **other administrative expenses** amount to **EUR 148 million**, down 11.2% Y/Y due to structural cost-containing initiatives which affected, in particular, real estate, ICT (partly following the sale of the merchant acquiring business in June 2017) and legal expenses linked to credit recovery. Expenses recorded in 1Q18 are lower than those of the previous quarter, particularly legal expenses linked to credit recovery.
- **net value adjustments to tangible and intangible assets** at 31 March 2018, equal to **EUR 57 million**, are flat vs. 1Q17 in spite of increased impairment of tangible assets (impairment of land and buildings for EUR 6 million, EUR +3 million Y/Y). Down from the previous quarter (-19.7%), which had recorded higher write-downs of tangible assets following the renewal and expansion of the ATM fleet.

As a result of the dynamics described above, **the Group's pre-provision profit** is **EUR 304 million** (EUR 306 million at 31 March 2017), up by EUR 152 million from 4Q17 thanks to a EUR 74 million increase in revenues and a EUR 78 million drop in expenses.

At 31 March 2018 the Group reported **net impairment losses on financial assets measured at amortised cost and at fair value with and impact on total revenues** for a total of **EUR 138 million**, down by EUR 171 million Y/Y and down vs. 4Q17, which had been impacted by the booking of recovery costs related to the long-term servicing agreement, signed with the Cerved/Quaestio JV, for the outsourced management of a part of the MPS Group bad loans (EUR -170 million). It should be noted that comparisons with data from 2017 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 31 March 2018 over total customer loans reflects a **provisioning rate of 61 bps** net of the economic and financial effects of the loan portfolio subject to disposal.

The Group's **net operating result** for 1Q18 **is positive for c. EUR 166 million**, compared to c. EUR -3 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 +53 million**, positive net effect of the release of provisions related to lawsuits and of the revaluation of the commitment undertaken to meet the hedging costs of the vehicle as part of the sale of the loan portfolio agreed upon on 26 June 2017 with Quaestio, payable of the transferor. At 31 March 2017 the balance was negative for 40 million, mainly due to provisions for legal risks;

- **losses on investments for c. EUR -4 million**, for impairments booked on associate Trixia. At 31 March 2017, the aggregate was negative for EUR -4 million, primarily for impairments booked on Trixia and Interporto Toscano;
- **restructuring costs/one-off costs**, at **EUR -17 million**, mainly include the recoveries recognised by INPS[3] for the previous headcount reduction/solidarity fund manoeuvres (EUR +14 million) and charges partly related to project initiatives aimed at complying with the commitments undertaken with DG Comp (for a total net amount of EUR -31 million);
- **risks and charges related to SRF, DGS and similar schemes** amounting to **EUR -69 million**, and consisting of the entire contribution due by the Group to the Single Resolution Fund (SRF), booked in the first quarter;
- **DTA fees**, equal to **EUR -18 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 31 March 2018 for DTAs (Deferred Tax Assets) which are convertible into tax credit;
- **gains on disposal of investments** for **EUR +0.3 million**.

Due to the occurrences mentioned above, the Group's **profit before tax from continuing operations** amounts to **EUR +111 million**, up from 31 March 2017, which had recorded a negative result for EUR -129 million.

Taxes on profit (loss) from continuing operations record a gain of **EUR +83 million**. This result is essentially attributable to the partial reassessment, for EUR 77 million, of DTAs related to tax losses, accrued and not recorded in previous years. The item also includes accrued ACE for EUR 11 million.

Considering the net effects of PPA (EUR -7 million), the **Group's consolidated profit for 1Q18 amounts to EUR 188 million**, against a loss of EUR 169 million reported for the same period of the previous year.

Group balance sheet aggregates for the first quarter of 2018

At 31 March 2018 the Group's **total funding** volumes amount to **EUR 193.2 billion** (-6.4% vs. 31 March 2017), slightly below 31 December 2017 due to reduced indirect funding.

Direct funding, amounting to **EUR 97.9 billion**, records a EUR 11.5 billion yearly decrease, mainly on repos with institutional counterparties and on bonds (impacted by the effects of burden-sharing measures on subordinated bonds and maturities), only partially offset by the increase in current accounts. Compared with 31 December 2017, the aggregate is roughly stable, the increase in current accounts and repos with institutional counterparts having been offset by a decrease in bonds, affected by the reimbursement of issues maturing in 1Q18 (including a tranche of GGBs).

The Group's direct funding market share[4] stands at 3.71% (January 2018 update), in line with the end of 2017.

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

[4] *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.*

Indirect funding comes to **EUR 95.3 billion**, down Y/Y (EUR -1.6 billion) for the contraction of assets under custody (EUR -2.7 billion), impacted by the movement of a significant corporate position. Assets under management, on the other hand, are up (EUR +1.1 billion). Compared to 31 December 2017, both segments decrease slightly (EUR -0.5 billion).

Assets under management, at **EUR 58.3 billion**, are up from March 2017 and slightly down from December 2017. The Y/Y increase is recorded on all components, with the exception of individual portfolios under management.

As at 31 March 2018 Group **customer loans**[5] amount to **EUR 89.3 billion**, down by EUR 13.1 billion Y/Y but up by EUR 2.9 billion Q/Q. The quarterly trend is due to an increase in repos with institutional counterparties (EUR +3.2 billion).
The Group's market share[6] stands at 6.51% (January 2018 update), stable compared to the end of 2017.

Medium/long-term loans record **new disbursements** for **EUR 2.3 billion** in 1Q18, up EUR 1.0 billion Y/Y.

The Group's **gross non-performing exposures**[7] as at 31 March 2018 amount to **EUR 42.6 billion**, down both Y/Y (EUR -1.5 billion) and Q/Q (EUR -0.3 billion). Regarding the quarterly trend of the various components, bad loans (EUR +0.1 billion) and past-due loans are substantially stable, whereas unlikely-to-pay loans slightly decrease (EUR -0.4 billion). Net of gross impaired loans to be disposed, gross exposure would fall from EUR 42.6 billion to EUR 20 billion.

As at 31 March 2018 the Group's **net non-performing exposures are EUR 13.3 billion**, down EUR 6.9 billion Y/Y, mainly due to net provisions effected in 2017 on loans subject to securitisation stemming from the review of their realisable value, and down EUR 1.5 billion Q/Q. This net exposure includes impaired loans subject to disposal for EUR 4.4 billion, net of which the value would be EUR 8.9 billion. The ratio between net impaired loans and net customer loans significantly improves, from 16.3% in December 2017 to 14.1% in March 2018. Within the aggregate, in 1Q18 the incidence of past-due loans remains stable, whereas the incidence of unlikely-to-pay loans and net bad loans decreases.

As at 31 March 2018 **coverage of non-performing exposures is 68.8%**, up compared to both 31 March 2017 (54.3%) and 31 December 2017 (65.5%).

As at 31 March 2018, the **Group's financial assets designated at fair value** amount to **EUR 25.7 billion**, down 3.2% Y/Y and up 6.1% from December 2017, mainly in the trading component relating to the subsidiary MPS Capital Services (increased 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 0.8 billion vs. the end of March 2017 and by EUR 0.9 billion vs. 31 December 2017.

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[5] *The book value of loans to customers at 31 March 2018 is affected by the reclassifications carried out following the introduction of IFRS9, which determined a total net decrease of EUR 0.1 billion, stemming from a EUR 1.1 billion reduction for reclassifications to other financial assets mandatorily measured at fair value, for the most part offset by a EUR 1 billion increase for the reclassification to loans of bonds previously recognised in assets held for sale.*

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

[7] *Impaired financial assets include all cash exposures, regardless of the accounting portfolio they belong to, with the exception of equity instruments, UCITS, trading assets and hedging derivatives. In addition, the gross value and the adjustment provisions for impaired financial assets are shown net of interest on arrears and related adjustments, respectively. Performing loans to customers are represented by loans measured at amortised cost and exposures held for sale.*

At the end of March 2018 the Group's **net interbank position** stands at **EUR 14.1 billion** in funding, roughly stable vs. 31 March 2017 and increased vs. December 2017, mainly as a result of decreased loans to banks connected with the reduced balance of the compulsory reserve.

The operational liquidity position as at 31 March 2018 shows an **unencumbered counterbalancing capacity of about EUR 19.6 billion**, down by EUR 1.5 billion compared with 31 December 2017, mainly due to the maturity of a tranche of GGBs.

At 31 March 2018 the Group's **shareholders' equity and non-controlling interests** amount to approximately **EUR 9.3 billion**, down by c. EUR 1.1 billion compared to the end of December 2017, ascribable to the impacts of the first-time adoption of IFRS9 partly offset by the result for the period and by the increase in valuation reserves. The increase of about EUR 3.3 billion on 31 March 2017 is due, in addition to the above, also to the effects of the precautionary recapitalisation and of the burden-sharing measures finalised during the second half of 2017.

As for capital ratios, at 31 March 2018 the **Common Equity Tier 1 Ratio** is **14.4%** (vs. 14.8% at the end of 2017) and **Total Capital Ratio** is **15.8%**, vs. 15.0% at the end of December 2017.

In this respect, it is noted that the above ratios are based on a net profit for the period resulting from a calculation which is yet to be authorised by ECB.

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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

The following reclassifications were effected in accordance with the provisions of the Bank of Italy's Circular 262 of 22 December 2005.

a) Item "**Interest income**" was cleared of the negative contribution (EUR -4 million) referable to the Purchase Price Allocation (PPA) which was reclassified to a specific item;

b) 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 18 million, corresponding to the share of profit and loss for the period contributed by investments in the associate AXA, consolidated at equity). The aggregate was also cleared of dividends earned on securities other than equity investments (EUR 0.1 million), reclassified under item "Net profit (loss) from trading/valuation of financial assets/liabilities".

c) 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 0.1 million).

d) 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 73 million).

e) Item "**Personnel expenses**", due to the reclassification of item "restructuring costs/one-off costs", was increased by EUR 14 million, essentially ascribable to INPS recoveries which exceeded provisions for the headcount reduction previously agreed with the unions.

f) 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 69 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 18 million (posted to the reclassified item "DTA fee").
   - Extraordinary charges for EUR 1.5 million, related to project initiatives partly aimed at complying with the commitments undertaken with DG Comp (among which the closing of domestic branches), reclassified to item "restructuring costs/one-off costs".

   The item also incorporates stamp duty and client expense recoveries (EUR 73 million) posted under item 220 "Other operating expenses/income".

g) Item "**Net value adjustments to tangible and intangible assets**" was cleared of the negative contribution (EUR -6 million) referable to the Purchase Price Allocation (PPA), which was reclassified to a specific item.

h) 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)".

i) Item **“Net provisions for risks and charges”** was cleared of extraordinary provisions for EUR 30 million relating to corporate reorganisation initiatives as per commitments undertaken with DG Comp, re-allocated to the reclassified item "restructuring costs/one-off charges"

j) Item “**Restructuring costs/One-off charges**” mainly includes the recoveries recognised by INPS for the previous headcount reduction/solidarity fund manoeuvres (EUR 14 million) and charges partly related to project initiatives aimed at complying with the commitments undertaken with DG Comp (for a total net amount of EUR 31 million).

k) 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 31 March 2018, charges connected with the SRF were booked (EUR 69 million).

l) 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 18 million.

m) Item **“Profit (Losses) on equity investments”** incorporates the balance of item 250 “Profit (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 profit (loss) on equity investments” (EUR 18 million).

n) Item "**Income tax for the period on current 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 3 million.

o) 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 -4 million and “**Net adjustments to/recoveries on tangible and intangible assets**“ for EUR -6 million, net of a theoretical tax burden of EUR +3 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

a) 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”.

b) 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” and item 130 “Other assets”.

c) 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".

d) 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" and item 80 "Other liabilities".

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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CONSOLIDATED REPORT ON OPERATIONS
Highlights at 31/03/2018

INCOME STATEMENT AND BALANCE SHEET FIGURES

MPS GROUP

INCOME STATEMENT FIGURES	31/03/18	31/03/17 *	Chg.
Net interest income	421.5	457.4	-7.9%
Net fee and commission income	406.5	426.3	-4.6%
Other operating income	48.8	49.5	-1.4%
Total Revenues	876.8	933.2	-6.0%
Net impairment losses (reversals) on loans and financial assets	(137.9)	(309.1)	-55.4%
Net operating income	166.1	(3.5)	n.s.
Net profit (loss) for the period	187.6	(169.2)	n.s.
EARNING PER SHARE (EUR)	**31/03/18**	**31/03/17 ***	**Var.**
Basic earnings per share	0.170	(5.770)	n.s.
Diluted earnings per share	0.170	(5.770)	n.s.
BALANCE SHEET FIGURES AND INDICATORS	**31/03/18**	**31/12/17 ***	**Var.**
Total assets	136,771.8	139,154.2	-1.7%
Loans to customers	89,320.4	86,456.3	3.3%
Direct funding	97,856.8	97,801.8	0.1%
Indirect funding	95,329.2	95,845.7	-0.5%
of which: assets under management	58,309.7	58,599.4	-0.5%
of which: assets under custody	37,019.5	37,246.3	-0.6%
Group net equity	9,298.3	10,429.1	-10.8%
OPERATING STRUCTURE	**31/03/18**	**31/12/17 ***	**Var.**
Total head count - end of period	23,423	23,463	-40
Number of branches in Italy	1,597	1,745	-148

CONSOLIDATED REPORT ON OPERATIONS
Highlights at 31/03/2018

ALTERNATIVE PERFORMANCE MEASURES

MPS GROUP

PROFITABILITY RATIOS (%)	31/03/18	31/12/17 *	Chg.
Cost/Income ratio	65.3	63.2	2.1
R.O.E.	7.6	-41.6	49.2
Return on Assets (RoA) ratio	0.5	-2.5	3.0
ROTE (Return on tangible equity)	7.6	-41.6	49.2

* *The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS 9. Therefore, FY17 values, determined in accordance with IAS 39, are not fully comparable.*

Credit quality ratios including the share of loan portfolio classified under assets held for sale (in both non-performing loans and loans to customers):

KEY CREDIT QUALITY RATIOS (%)	31/03/18	31/12/17 *	Chg.
Net non-performing loans / Loans to Customers	14.1	16.3	-2.2
Coverage non-performing loans	68.8	65.5	3.3
Net doubtful loans / Loans to Customers	7.4	8.3	-0.9
Loans to Customers measured at amortized cost - Stage 2/Performing exposures measured at amortized cost	20.5	n.d.	
Coverage doubtful loans	77.6	75.7	1.9
Net impairment losses on loans measured at amortized cost/ Loans to Customers measured at amortized cost (Provisioning)	0.6	5.8	-5.2
Texas Ratio	111.1	112.2	-1.1

Credit quality ratios not including the share of loan portfolio classified under assets held for sale:

KEY CREDIT QUALITY RATIOS (%)	31/03/18	31/12/17 *	Chg.
Net non-performing loans / Loans to Customers	9.9	12.0	-2.1
Coverage non-performing loans	55.5	48.5	7.0
Net doubtful loans / Loans to Customers	3.0	3.6	-0.6
Loans to Customers measured at amortized cost - Stage 2/Performing exposures measured at amortized cost	20.5	n.d.	
Coverage doubtful loans	69.3	62.5	6.8
Net impairment losses on loans measured at amortized cost/ Loans to Customers measured at amortized cost (Provisioning)	0.6	1.7	-1.1
Texas Ratio	99.4	101.0	-1.6

REGULATORY MEASURES			
MPS GROUP			
CAPITAL RATIOS (%)	31/03/2018	31/12/17 *	Chg.
Common Equity Tier 1 (CET1) ratio	14.4	14.8	-0.4
Total Capital ratio	15.8	15.0	0.8
FINANCIAL LEVERAGE INDEX (5)	31/03/2018	31/12/17 *	Chg.
Leverage ratio - Transitional Phase	5.7	6.0	-0.3
LIQUIDITY RATIO (%)	31/03/2018	31/12/17 *	Chg.
LCR	195.7	199.5	-3.8
NSFR	106.0	110.0	-4.0
Unencumbered counterbalancing capacity (EUR bn)	19.6	21.1	-1.5

* *The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS 9. Therefore, FY17 values, determined in accordance with IAS 39, are not fully comparable.*

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Reclassified Consolidated Income Statement				
	31/03/18	31 03 2017*	Change	
Montepaschi Group			Abs.	%
Net interest income	421.5	457.4	(35.9)	-7.9%
Net fee and commission income	406.5	426.3	(19.8)	-4.6%
Income from banking activities	**828.0**	**883.7**	**(55.7)**	**-6.3%**
Dividends, similar income and gains (losses) on equity investments	18.1	20.5	(2.4)	-11.7%
Net profit (loss) from trading and financial assets/liabilities at fair value through profit or loss	37.4	24.5	12.8	52.3%
Net profit (loss) from hedging	1.1	0.2	0.9	n.s.
Other operating income (expenses)	(7.8)	4.3	(12.0)	n.s.
Total Revenues	**876.8**	**933.2**	**(56.4)**	**-6.0%**
Administrative expenses:	(515.7)	(570.9)	55.2	-9.7%
a) personnel expenses	(367.8)	(404.4)	36.6	-9.0%
b) other administrative expenses	(147.9)	(166.5)	18.6	-11.2%
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(57.1)	(56.6)	(0.4)	0.8%
Operating expenses	**(572.8)**	**(627.5)**	**54.8**	**-8.7%**
Pre Provision Profit	**304.0**	**305.6**	**(1.7)**	**-0.5%**
Net impairment losses (reversals) on:	**(137.9)**	**(309.1)**	**171.2**	**-55.4%**
a) financial assets measured at amortized cost	(137.1)	(308.2)	171.1	-55.5%
b) Financial assets measured at fair value through other comprehensive income	*(0.8)*	*(0.9)*	0.1	-11.1%
Net operating income	**166.1**	**(3.5)**	**169.5**	**n.s.**
Net provisions for risks and charges	52.6	(39.6)	92.2	n.s.
*of which related to guarantees and other commitments given***	*44.9*	*6.0*	*38.9*	*n.s.*
Gains (losses) on investments	(4.0)	(4.0)	(0.0)	0.8%
Restructuring costs / One-off costs	(17.0)	-	(17.0)	
Risks and charges related to the SRF, DGS and similar schemes	(69.0)	(63.4)	(5.6)	8.9%
DTA Fee	(17.7)	(18.0)	0.2	-1.3%
Gains (losses) on disposal of investments	0.3	(0.3)	0.6	n.s.
Profit (loss) before tax from continuing operations	**111.3**	**(128.6)**	**239.8**	**n.s.**
Tax expense (recovery) on income from continuing operations	83.3	(33.5)	116.9	n.s.
Profit (loss) after tax from continuing operations	**194.6**	**(162.1)**	**356.7**	**n.s.**
Net profit (loss) for the period including non-controlling interests	**194.6**	**(162.1)**	**356.7**	**n.s.**
Net profit (loss) attributable to non-controlling interests	-	-	-	n.s.
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	**194.6**	**(162.1)**	**356.7**	**n.s.**
PPA (Purchase Price Allocation)	(7.0)	(7.1)	0.1	-1.5%
Net profit (loss) for the period	**187.6**	**(169.2)**	**356.8**	**n.s.**

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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"*

Quarterly trend in reclassified consolidated income statement

	2018	2017			
Montepaschi Group	**1°Q 2018**	**4°Q 2017***	**3°Q 2017***	**2°Q 2017***	**1°Q 2017***
Net interest income	421.5	414.6	470.4	445.9	457.4
Net fee and commission income	406.5	363.3	355.7	431.2	426.3
Income from banking activities	**828.0**	**777.9**	**826.1**	**877.1**	**883.7**
Dividends, similar income and gains (losses) on equity investments	18.1	32.3	22.4	25.7	20.5
Net profit (loss) from trading and financial assets/liabilities at fair value through profit or loss	37.4	3.4	528.5	18.3	24.5
Net profit (loss) from hedging	1.1	0.8	(2.7)	(2.0)	0.2
Other operating income (expenses)	(7.8)	(12.0)	(3.9)	0.3	4.3
Total Revenues	**876.8**	**802.4**	**1,370.5**	**919.5**	**933.2**
Administrative expenses:	(515.7)	(579.4)	(561.1)	(568.2)	(570.9)
a) personnel expenses	(367.8)	(387.1)	(388.8)	(395.1)	(404.4)
b) other administrative expenses	(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	(57.1)	(71.1)	(64.7)	(70.9)	(56.6)
Operating expenses	**(572.8)**	**(650.5)**	**(625.8)**	**(639.1)**	**(627.5)**
Pre Provision Profit	**304.0**	**151.9**	**744.7**	**280.4**	**305.6**
Net impairment losses (reversals) on:	**(137.9)**	**(581.6)**	**(204.7)**	**(4,321.4)**	**(309.1)**
a) financial assets measured at amortized cost	(137.1)	(551.7)	*(175.0)*	*(4,288.8)*	*(308.2)*
b) Financial assets measured at fair value through other comprehensive income	(0.8)	(29.9)	*(29.7)*	*(32.6)*	*(0.9)*
Net operating income	**166.1**	**(429.7)**	**540.0**	**(4,041.0)**	**(3.5)**
Net provisions for risks and charges	52.6	(142.1)	(27.6)	(66.8)	(39.6)
*of which related to guarantees and other commitments given***	*44.9*	*24.0*	*(19.8)*	*(53.4)*	*6.0*
Gains (losses) on investments	(4.0)	8.9	(19.1)	0.2	(4.0)
Restructuring costs / One-off costs	(17.0)	(34.5)	(278.0)	(17.7)	-
Risks and charges related to the SRF, DGS and similar schemes	(69.0)	2.3	(31.2)	0.4	(63.4)
DTA Fee	(17.7)	(17.7)	(17.7)	(17.5)	(18.0)
Gains (losses) on disposal of investments	0.3	(2.3)	1.8	532.0	(0.3)
Profit (loss) before tax from continuing operations	**111.3**	**(615.2)**	**168.2**	**(3,610.6)**	**(128.6)**
Tax expense (recovery) on income from continuing operations	83.3	119.7	79.9	543.5	(33.5)
Profit (loss) after tax from continuing operations	**194.6**	**(495.5)**	**248.1**	**(3,067.1)**	**(162.1)**
Net profit (loss) for the period including non-controlling interests	**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)	-
Profit (loss) for the period before PPA , impairment on goodwill and intangibles	**194.6**	**(495.6)**	**248.0**	**(3,067.0)**	**(162.1)**
PPA (Purchase Price Allocation)	(7.0)	(6.0)	(6.1)	(6.4)	(7.1)
Net profit (loss) for the period	**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"*

MONTE DEI PASCHI DI SIENA
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Reclassified Consolidated Balance Sheet				
ASSETS	**31/03/18**	**31 12 2017***	**Chg**	
			abs.	**%**
Cash and cash equivalents	896.9	4,092.3	(3,195.4)	-78.1%
Financial assets measured at amortized cost :				
a) Loans to customers	89,320.4	86,456.3	2,864.1	3.3%
b) Loans to banks	6,374.5	9,966.2	(3,591.7)	-36.0%
Marketable assets	25,652.3	24,168.4	1,483.9	6.1%
Equity investments	1,075.8	1,034.6	41.2	4.0%
Property, plant and equipment / Intangible assets	2,831.2	2,854.2	(23.0)	-0.8%
of which:				
a) goodwill	*7.9*	*7.9*	-	
Other assets	10,620.6	10,582.2	38.4	0.4%
Total assets	**136,771.8**	**139,154.2**	**(2,382.4)**	**-1.7%**

LIABILITIES	**31/03/18**	**31 12 2017***	**Chg**	
			abs.	**%**
Payables				
a) Deposits from customers and securities issued	97,856.8	97,801.8	55.0	0.1%
b) Deposits from banks	20,483.1	21,084.9	(601.8)	-2.9%
Financial liabilities held for trading	3,625.4	4,476.9	(851.5)	-19.0%
Provisions for specific use	-	-	-	
a) Provisions for staff severance indemnities	197.3	199.5	(2.2)	-1.1%
b) Provisione related to guarantees and other commitments given	223.4	226.4	(3.0)	-1.3%
c) Pensions and other post retirement benefit	49.4	50.1	(0.7)	-1.4%
d) Other provisions	1,086.6	1,088.4	(1.8)	-0.2%
Other liabilities	3,949.2	3,794.8	154.4	4.1%
	-	-	-	
Group net equity	9,298.3	10,429.1	(1,130.8)	-10.8%
a) Valuation reserves	196.7	51.7	145.0	n.s.
c) Equity instruments carried at equity	-	-	-	
d) Reserves	(1,100.8)	3,864.8	(4,965.6)	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	187.5	(3,502.3)	3,689.8	n.s.
Non-controlling interests	2.3	2.3	-	
Total Liabilities and Shareholders' Equity	**136,771.8**	**139,154.2**	**(2,382.4)**	**-1.7%**

* *The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS 9. Therefore, FY17 values, determined in accordance with IAS 39, are not fully comparable.*

MONTE DEI PASCHI DI SIENA
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Reclassified Consolidated Balance Sheet - Quarterly Trend					
ASSETS	**31/03/18**	**31 12 2017***	**30 09 2017***	**30 06 2017***	**31 03 2017***
Cash and cash equivalents	896.9	4,092.3	821.9	843.1	879.1
Financial assets measured at amortized cost :					
a) Loans to customers	89,320.4	86,456.3	91,041.1	89,713.1	102,406.9
b) Loans to banks	6,374.5	9,966.2	12,897.0	13,116.4	8,451.4
Marketable assets	25,652.3	24,168.4	25,403.0	24,089.8	26,511.8
Equity investments	1,075.8	1,034.6	1,001.2	1,023.6	1,013.0
Property, plant and equipment / Intangible assets	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*
Other assets	10,620.6	*10,582.2*	11,101.2	11,958.8	6,648.2
Total assets	**136,771.8**	**139,154.2**	**145,099.1**	**143,589.5**	**148,804.6**

LIABILITIES	**31/03/18**	**31 12 2017***	**30 09 2017***	**30 06 2017***	**31 03 2017***
Payables					
a) Deposits from customers and securities issued	97,856.8	97,801.8	102,968.4	106,543.9	109,390.0
b) Deposits from banks	20,483.1	21,084.9	21,566.1	22,802.8	22,837.5
Financial liabilities held for trading	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	197.3	199.5	234.7	233.7	252.5
b) Provisione related to guarantees and other commitments given	223.4	226.4	249.3	230.6	177.2
c) Pensions and other post retirement benefit obligations	49.4	50.1	45.9	47.3	52.5
d) Other provisions	1,086.6	1,088.4	959.8	958.8	954.2
Other liabilities	3,949.2	3,794.8	3,927.1	5,272.6	4,684.0
Group net equity	9,298.3	10,429.1	10,944.5	3,047.7	6,041.9
a) Valuation reserves	196.7	51.7	60.5	102.0	7.4
c) Equity instruments carried at equity	-	-	-	-	-
d) Reserves	(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	15,692.8	7,365.7	7,365.7
g) Treasury shares (-)	(313.7)	(313.7)	(313.7)	-	-
h) Net profit (loss) for the period	187.5	(3,502.3)	(3,000.7)	(3,242.6)	(169.2)
Non-controlling interests	2.3	2.3	2.2	2.2	2.4
Total Liabilities and Shareholders' Equity	**136,771.8**	**139,154.2**	**145,099.1**	**143,589.5**	**148,804.6**

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IFRS 9 Reclassifications – restatement of comparative data

Reclassified Consolidated Balance Sheet				
ASSETS	**31 03 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 03 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
		226.4	226.4	b) Provisions for commitments and guarantees issued
b) Pensions and other post retirement benefit	50.1		50.1	c) Pensions and other post retirement benefit obligations
c) 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**

MONTE DEI PASCHI DI SIENA
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Reclassified Consolidated Income Statement

MONTEPASCHI GROUP	31 03 2017	Reclassifications	31 03 2017	MONTEPASCHI GROUP
Net interest income	457.4		457.4	Net interest income
Net fee and commission income	426.3		426.3	Net fee and commission income
Income from banking activities	**883.7**		**883.7**	**Income from banking activities**
Dividends, similar income and gains (losses) on equity investments	20.5		20.5	Dividends, similar income and gains (losses) on equity investments
Net profit (loss) from trading and financial assets/liabilities	24.5		24.5	Net profit (loss) from trading and financial assets/liabilities measured at fair value through profit and loss
Net profit (loss) from hedging	0.2		0.2	Net profit (loss) from hedging
Other operating income (expenses)	4.3		4.3	Other operating income (expenses)
Total Revenues	**933.2**		**933.2**	**Total Revenues**
Administrative expenses:	(570.9)		(570.9)	Administrative expenses:
a) personnel expenses	(404.4)		(404.4)	a) personnel expenses
b) other administrative expenses	(166.5)		(166.5)	b) other administrative expenses
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(56.6)		(56.6)	Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets
Operating expenses	**(627.5)**		**(627.5)**	**Operating expenses**
Pre Provision Profit	**305.6**		**305.6**	**Pre Provision Profit**
Net impairment losses (reversals) on:	**(303.1)**	**(6.0)**	**(309.1)**	Net impairment losses (reversals) on:
a) loans	(308.2)		(308.2)	*a) financial assets measured at amortised cost*
b) financial assets	*5.1*	*(6.0)*	*(0.9)*	*b) financial assets measured at fair value through other comprehensive income*
Net operating income	**2.5**	**(6.0)**	**(3.5)**	**Net operating income**
Net provisions for risks and charges	(45.6)	6.0	(39.6)	Net provisions for risks and charges
	-	*6.0*	*6.0*	*of which commitments and guarantees issued***
Gains (losses) on investments	(4.0)		(4.0)	Gains (losses) on investments
Restructuring costs / One-off costs	-		-	Restructuring costs / One-off costs
Risks and charges related to the SRF, DGS and similar schemes	(63.4)		(63.4)	Risks and charges related to the SRF, DGS and similar schemes
DTA Fee	(18.0)		(18.0)	DTA Fee
Gains (losses) on disposal of investments	(0.3)		(0.3)	Gains (losses) on disposal of investments
Profit (loss) before tax from continuing operations	**(128.6)**		**(128.6)**	**Profit (loss) before tax from continuing operations**
Tax expense (recovery) on income from continuing operations	(33.5)		(33.5)	Tax expense (recovery) on income from continuing operations
Profit (loss) after tax from continuing operations	**(162.1)**		**(162.1)**	**Profit (loss) after tax from continuing operations**
Net profit (loss) for the period including non-controlling interests	**(162.1)**		**(162.1)**	**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	**(162.1)**		**(162.1)**	**Profit (loss) for the period before PPA , impairment on goodwill and intangibles**
PPA (Purchase Price Allocation)	(7.1)		(7.1)	PPA (Purchase Price Allocation)
Net profit (loss) for the period	**(169.2)**		**(169.2)**	**Net profit (loss) for the period**

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