

CONSOLIDATED REPORT ON OPERATIONS

Highlights at 06/30/14

INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

MPS GROUP

INCOME STATEMENT FIGURES (in EUR mln)	06/30/2014	06/30/2013	% chg
Income from banking activities	1,843.0	1,933.5	-4.7%
Income from financial and insurance activities	1,952.8	2,190.4	-10.8%
Net operating income	(605.3)	(294.2)	-105.7%
Profit (loss) for the period	(353.0)	(379.4)	6.9%
BALANCE SHEET FIGURES AND INDICATORS (in EUR mln)	06/30/2014	12/31/2013	% chg
Direct funding	130,777	129,836	0.7%
Indirect funding	107,215	103,397	3.7%
<i>of which: assets under management</i>	48,535	45,106	7.6%
<i>of which: assets under custody</i>	58,680	58,292	0.7%
Loans to customer	132,770	130,598	1.7%
Group net equity	11,048	6,147	79.7%
KEY CREDIT QUALITY RATIOS (%)	06/30/2014	12/31/2013	Abs. chg
Net doubtful loans/Loans to Customers	7.2	6.8	0.4
Net substandard loans/Loans to Customers	6.3	5.8	0.5
PROFITABILITY RATIOS (%)	06/30/2014	12/31/2013	Abs. chg
Cost/Income ratio	68.2	71.0	-2.9
Net loan loss provisions / End-of-period loans	1.82	2.11	-0.3
CAPITAL RATIOS (%)	06/30/2014	Dec 13 (BIS 3)	Dec 13 (BIS 2)
Solvency ratio	17.6	15.1	15.2
Common Equity Tier 1 ratio (CET1 ratio)	13.5	10.8	10.6
Return on Asset ratio (RoA)	-0.18	-0.19	0.01
INFORMATION ON BMPS STOCK	06/30/2014 (**)	12/31/2013	
Number of ordinary shares outstanding	5,116,513,875	11,681,539,706	
Price per ordinary share:	from 12/31/13 to 06/30/14	from 12/31/12 to 12/31/13 (***)	% chg
average	1.42	1.35	5.3%
low	1.03	0.97	7.1%
high	2.56	1.87	36.7%
OPERATING STRUCTURE	06/30/2014	12/31/2013	Abs. chg
Total head count - end of period	27,293	28,417	(1,124)
Number of branches in Italy	2,333	2,334	(1)
Number of specialised centres	283	287	(4)
Financial advisory branches	119	125	(6)
Number of branches & representative offices abroad	39	39	-

(\*) The 2013 Balance Sheet and Profit and Loss Statement figures were restated in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors) to reflect changes following the introduction of new accounting policies which came into force on 1 January 2014.

(\*\*) As at 30 June, BMPS's ordinary shares in issue totalled 116,815,397 due to the reverse split of ordinary shares at a ratio of 1 share for every 100 shares held, which took place on 5 May 2014. Following the capital increase, which began on 9 June, concluded on 4 July 2014 and was fully subscribed for approx. EUR 5bn, the number of BMPS shares amounts to 5,116,513,875 with a share capital of EUR 12,484,206,649

(\*\*\*) Values were restated following the Capital Increase which began on the 9 June and ended on 4 July 2014

**RECLASSIFIED INCOME STATEMENT** *(in Eur mln)*

MPS GROUP	06/30/2014	06/30/2013	Change	
		(*)	Abs.	%
Net interest income	972.0	1,084.9	(112.9)	-10.4%
Net fee and commission income	871.0	848.6	22.4	2.6%
<b>Income from banking activities</b>	<b>1,843.0</b>	<b>1,933.5</b>	<b>(90.5)</b>	<b>-4.7%</b>
Dividends, similar income and gains (losses) on investments	49.5	65.8	(16.3)	-24.8%
Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities	73.7	196.1	(122.4)	-62.4%
Net profit (loss) from hedging	(13.3)	(5.0)	(8.3)	n.s.
<b>Income from financial and insurance activities</b>	<b>1,952.8</b>	<b>2,190.4</b>	<b>(237.6)</b>	<b>-10.8%</b>
Net impairment losses (reversals) on:	<b>(1,226.9)</b>	<b>(1,051.0)</b>	<b>(175.9)</b>	<b>16.7%</b>
a) loans	(1,208.0)	(1,029.0)	(179.0)	17.4%
b) financial assets	(19.0)	(22.0)	3.1	-14.0%
<b>Net income from financial and insurance activities</b>	<b>725.9</b>	<b>1,139.4</b>	<b>(413.5)</b>	<b>-36.3%</b>
Administrative expenses:	(1,232.4)	(1,358.3)	125.9	-9.3%
a) personnel expenses	(851.3)	(875.5)	24.2	-2.8%
b) other administrative expenses	(381.1)	(482.8)	101.7	-21.1%
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(98.8)	(75.3)	(23.6)	31.3%
<b>Operating expenses</b>	<b>(1,331.2)</b>	<b>(1,433.6)</b>	<b>102.4</b>	<b>-7.1%</b>
<b>Net operating income</b>	<b>(605.3)</b>	<b>(294.2)</b>	<b>(311.1)</b>	<b>-105.7%</b>
Net provisions for risks and charges and other operating expenses/income	(98.3)	20.1	(118.4)	n.m.
Gains (losses) on investments	175.3	(31.6)	206.9	n.m.
Reorganisation costs / one-off charges	(3.8)	(17.6)	13.7	n.m.
Gains (losses) on disposal of investments	5.1	(1.7)	6.8	n.m.
<b>Profit (loss) before tax from continuing operations</b>	<b>(527.0)</b>	<b>(325.0)</b>	<b>(202.0)</b>	<b>-62.2%</b>
Tax expense (recovery) on income from continuing operations	193.9	(6.1)	200.0	n.m.
<b>Profit (loss) after tax from continuing operations</b>	<b>(333.1)</b>	<b>(331.1)</b>	<b>(2.0)</b>	<b>-0.6%</b>
Profit (loss) after tax from groups of assets held for sale and discontinued operations	-	(25.7)	25.7	n.m.
<b>Net profit (loss) for the period including non-controlling interests</b>	<b>(333.1)</b>	<b>(356.8)</b>	<b>23.7</b>	<b>6.6%</b>
Net profit (loss) attributable to non-controlling interests	(1.1)	(1.0)	(0.1)	-6.0%
<b>Profit (loss) for the period before PPA</b>	<b>(334.2)</b>	<b>(357.9)</b>	<b>23.7</b>	<b>6.6%</b>
PPA (Purchase Price Allocation)	(18.8)	(21.5)	2.7	-12.6%
<b>Net profit (loss) for the period</b>	<b>(353.0)</b>	<b>(379.4)</b>	<b>26.4</b>	<b>6.9%</b>

(\*) 2013 figures were restated in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors) to reflect changes following the introduction of new accounting policies which came into force on 1 January 2014



**MONTE  
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**QUARTERLY TREND IN RECLASSIFIED INCOME STATEMENT** (in Eur mln)

GRUPPO MONTEPASCHI	2014		2013 (*)			
	2nd quarter	1st quarter	4th quarter	3rd quarter	2nd quarter	1st quarter
Net interest income	526.2	445.8	564.0	507.3	487.2	597.7
Net fee and commission income	425.8	445.2	404.8	404.2	417.3	431.3
<b>Income from banking activities</b>	<b>952.0</b>	<b>891.0</b>	<b>968.8</b>	<b>911.5</b>	<b>904.4</b>	<b>1,029.0</b>
Dividends, similar income and gains (losses) on investments	23.8	25.7	32.9	31.1	38.6	27.2
Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities	28.6	45.1	(271.6)	89.6	76.5	119.5
Net profit (loss) from hedging	(8.7)	(4.6)	5.0	7.0	(0.9)	(4.0)
<b>Income from financial and insurance activities</b>	<b>995.6</b>	<b>957.2</b>	<b>735.2</b>	<b>1,039.1</b>	<b>1,018.7</b>	<b>1,171.8</b>
Net impairment losses (reversals) on:	<b>(735.2)</b>	<b>(491.7)</b>	<b>(1,252.8)</b>	<b>(519.3)</b>	<b>(556.5)</b>	<b>(494.5)</b>
a) loans	(731.4)	(476.6)	(1,209.7)	(511.0)	(544.8)	(484.2)
b) financial assets	(3.8)	(15.2)	(43.1)	(8.3)	(11.7)	(10.3)
<b>Net income from financial and insurance activities</b>	<b>260.4</b>	<b>465.5</b>	<b>(517.6)</b>	<b>519.8</b>	<b>462.1</b>	<b>677.3</b>
Administrative expenses:	(620.4)	(611.9)	(640.9)	(658.8)	(668.7)	(689.7)
a) personnel expenses	(421.9)	(429.3)	(414.3)	(429.0)	(422.6)	(452.9)
b) other administrative expenses	(198.5)	(182.6)	(226.6)	(229.8)	(246.1)	(236.8)
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(50.2)	(48.6)	(45.4)	(38.0)	(36.0)	(39.3)
<b>Operating expenses</b>	<b>(670.7)</b>	<b>(660.5)</b>	<b>(686.3)</b>	<b>(696.9)</b>	<b>(704.7)</b>	<b>(728.9)</b>
<b>Net operating income</b>	<b>(410.2)</b>	<b>(195.0)</b>	<b>(1,204.0)</b>	<b>(177.1)</b>	<b>(242.5)</b>	<b>(51.7)</b>
Net provisions for risks and charges and other operating expenses/income	(45.2)	(53.2)	(223.0)	(29.2)	11.5	8.5
Gains (losses) on investments	133.4	41.9	(25.9)	(0.5)	(32.6)	1.0
Reorganisation costs / one-off charges	(2.7)	(1.1)	(6.7)	(0.2)	(17.6)	-
Gains (losses) on disposal of investments	0.4	4.7	1.9	1.2	(1.9)	0.2
<b>Profit (loss) before tax from continuing operations</b>	<b>(324.3)</b>	<b>(202.7)</b>	<b>(1,457.7)</b>	<b>(205.7)</b>	<b>(283.1)</b>	<b>(41.9)</b>
Tax expense (recovery) on income from continuing operations	155.4	38.4	563.5	89.8	31.3	(37.4)
<b>Profit (loss) after tax from continuing operations</b>	<b>(168.9)</b>	<b>(164.3)</b>	<b>(894.2)</b>	<b>(116.0)</b>	<b>(251.8)</b>	<b>(79.3)</b>
Profit (loss) after tax from groups of assets held for sale and discontinued operations	-	-	(12.6)	(12.9)	(12.9)	(12.9)
<b>Net profit (loss) for the period including non-controlling interests</b>	<b>(168.9)</b>	<b>(164.3)</b>	<b>(906.8)</b>	<b>(128.8)</b>	<b>(264.6)</b>	<b>(92.2)</b>
Net profit (loss) attributable to non-controlling interests	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
<b>Profit (loss) for the period before PPA</b>	<b>(169.5)</b>	<b>(164.7)</b>	<b>(907.3)</b>	<b>(129.3)</b>	<b>(265.2)</b>	<b>(92.7)</b>
PPA (Purchase Price Allocation)	(9.4)	(9.4)	(9.1)	(9.2)	(13.0)	(8.5)
<b>Net profit (loss) for the period</b>	<b>(178.9)</b>	<b>(174.1)</b>	<b>(916.3)</b>	<b>(138.6)</b>	<b>(278.2)</b>	<b>(101.2)</b>

(\*) 2013 figures were restated in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors) to reflect changes following the introduction of new accounting policies which came into force on 1 January 2014

**RECLASSIFIED BALANCE SHEET** (in Eur mln)

Assets	06/30/2014	12/31/2013	Chg. vs 12/31/2013	
		(*)	Abs.	%
Cash and cash equivalents	860	877	(17)	-2.0%
Receivables :				
a) Loans to customers	132,770	130,598	2,173	1.7%
b) Loans to banks	8,638	10,485	(1,847)	-17.6%
Financial assets held for trading	39,863	42,919	(3,056)	-7.1%
Financial assets held to maturity	-	-	-	-
Equity investments	952	970	(19)	-1.9%
Property, plant and equipment / Intangible assets	3,971	4,046	(75)	-1.9%
<i>of which:</i>				
a) goodwill	670	670	-	-
Other assets	9,474	8,566	909	10.6%
<b>Total assets</b>	<b>196,528</b>	<b>198,461</b>	<b>(1,933)</b>	<b>-1.0%</b>
Liabilities	06/30/2014	12/31/2013	Chg. vs 12/31/2013	
		(*)	Abs.	%
Payables				
a) Deposits from customers and securities issued	130,777	129,836	941	0.7%
b) Deposits from banks	31,810	37,279	(5,469)	-14.7%
Financial liabilities held for trading	11,718	16,410	(4,691)	-28.6%
Provisions for specific use				
a) Provisions for staff severance indemnities	285	261	23	8.9%
b) Pensions and other post retirement benefit obligations	59	61	(2)	-3.2%
c) Other provisions	991	1,066	(75)	-7.0%
Other liabilities	9,811	7,367	2,443	33.2%
Group net equity	11,048	6,147	4,901	79.7%
a) Valuation reserves	(634)	(1,056)	422	-39.9%
c) Equity instruments	3	3	-	-
d) Reserves	4,548	1,175	3,373	n.m.
e) Share premium	-	-	-	-
f) Share capital	7,485	7,485	-	-
g) Treasury shares (-)	(0)	(25)	25	-100.0%
h) Net profit (loss) for the year	(353)	(1,434)	1,081	-75.4%
Non-controlling interests	29	33	(4)	-12.4%
<b>Total Liabilities and Shareholders' Equity</b>	<b>196,528</b>	<b>198,461</b>	<b>(1,933)</b>	<b>-1.0%</b>

(\*) 2013 figures were restated in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors) to reflect changes following the introduction of new accounting policies which came into force on 1 January 2014



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**RECLASSIFIED BALANCE SHEET-Quarterly Trend (in Eur mln)**

	06/30/2014	03/31/2014	12/31/2013	09/30/2013	06/30/2013	03/31/2013
<b>Assets</b>			(*)	(**)	(**)	(**)
Cash and cash equivalents	860	823	877	785	684	697
Receivables :						
a) Loans to customers	132,770	132,677	130,598	135,564	138,082	140,510
b) Loans to banks	8,638	10,204	10,485	11,439	12,240	13,676
Financial assets held for trading	39,863	43,500	42,919	45,777	49,655	46,389
Financial assets held to maturity	-	-	-	-	-	-
Equity investments	952	960	970	994	971	1,029
Property, plant and equipment / Intangible assets	3,971	4,004	4,046	2,441	2,465	2,496
<i>of which:</i>						
a) goodwill	670	670	670	670	670	670
Other assets	9,474	8,855	8,566	9,447	9,774	10,086
<b>Total assets</b>	<b>196,528</b>	<b>201,022</b>	<b>198,461</b>	<b>206,446</b>	<b>213,870</b>	<b>214,883</b>
<b>Liabilities</b>			(*)	(**)	(**)	(**)
Payables						
a) Deposits from customers and securities issued	130,777	128,859	129,836	132,286	137,078	135,311
b) Deposits from banks	31,810	40,991	37,279	42,377	41,741	42,753
Financial liabilities held for trading	11,718	14,630	16,410	14,909	18,630	19,571
Provisions for specific use						
a) Provisions for staff severance indemnities	285	273	261	282	269	291
b) Pensions and other post retirement benefit obligations	59	60	61	47	48	40
c) Other provisions	991	1,020	1,066	1,185	1,207	1,124
Other liabilities	9,811	8,905	7,367	8,922	8,339	9,595
Group net equity	11,048	6,251	6,147	6,435	6,555	6,195
a) Valuation reserves	(634)	(788)	(1,056)	(1,697)	(1,714)	(2,309)
c) Equity instruments	3	3	3	3	3	3
d) Reserves	4,548	(274)	1,175	1,187	1,187	886
e) Share premium	-	-	-	-	-	255
f) Share capital	7,485	7,485	7,485	7,485	7,485	7,485
g) Treasury shares (-)	(0)	(0)	(25)	(25)	(25)	(25)
h) Net profit (loss) for the year	(353)	(174)	(1,434)	(518)	(380)	(101)
Non-controlling interests	29	34	33	3	3	3
<b>Total Liabilities and Shareholders' Equity</b>	<b>196,528</b>	<b>201,022</b>	<b>198,461</b>	<b>206,446</b>	<b>213,870</b>	<b>214,883</b>

(\*) 2013 figures were restated in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors) to reflect changes following the introduction of new accounting policies which came into force on 1 January 2014

(\*\*) Quarterly values for the previous year have been restated to reflect the changes resulting from reclassification of the Financial Instruments, "Fresh 2008", amounting to EUR 76 mln, from Equity Instruments to Deposits from banks and the retrospective application of the amendment to IAS 32 "Offsetting Financial Assets and Liabilities" in compliance with the provisions of IAS 8 (Accounting policies, changes in estimates and Principi contabili, changes in accounting estimates and errors)



SEGMENT REPORTING	Business Segments								
	Retail banking			Corporate banking			Financial Advisory and Digital banking		
	06/30/14	06/30/13	YoY	06/30/14	06/30/13	YoY	06/30/14	06/30/13	YoY
(in eur mln)									
<b>RECLASSIFIED INCOME STATEMENT</b>									
Net interest income	1,126.1	1,264.4	-10.9%	553.9	555.2	-0.2%	9.8	8.8	12.0%
Net fee and commission income	716.9	674.5	6.3%	231.9	259.2	-10.5%	7.4	4.9	52.7%
Other income	20.0	76.9	-74.0%	119.1	109.8	8.5%	(0.0)	2.0	-101.5%
<b>Income from financial and insurance activities</b>	<b>1,863.0</b>	<b>2,015.8</b>	<b>-7.6%</b>	<b>904.8</b>	<b>924.2</b>	<b>-2.1%</b>	<b>17.2</b>	<b>15.6</b>	<b>10.1%</b>
Net impairment losses (reversals) on loans and financial assets	(396.1)	(358.5)	10.5%	(841.0)	(727.4)	15.6%	(0.1)	(0.0)	n.s.
Operating expenses	(1,012.2)	(1,073.8)	-5.7%	(291.6)	(307.3)	-5.1%	(6.5)	(7.0)	-7.4%
<b>Net operating income</b>	<b>454.7</b>	<b>583.5</b>	<b>-22.1%</b>	<b>(227.7)</b>	<b>(110.5)</b>	<b>-106.1%</b>	<b>10.6</b>	<b>8.6</b>	<b>23.6%</b>
<b>RECLASSIFIED BALANCE SHEET</b>									
Interest-bearing loans to customers	52,881	57,718	-8.4%	54,711	59,504	-8.1%	123	158	-22.5%
Deposits from customers and securities issued (*)	65,256	70,560	-7.5%	26,195	25,404	3.1%	664	687	-3.4%
Indirect funding	62,904	56,961	10.4%	25,141	22,228	13.1%	5,262	5,554	-5.3%
<i>Assets under Management</i>	<i>39,641</i>	<i>34,234</i>	<i>15.8%</i>	<i>1,294</i>	<i>1,334</i>	<i>-3.0%</i>	<i>4,698</i>	<i>4,902</i>	<i>-4.2%</i>
<i>Assets under Custody</i>	<i>23,264</i>	<i>22,727</i>	<i>2.4%</i>	<i>23,847</i>	<i>20,894</i>	<i>14.1%</i>	<i>563</i>	<i>652</i>	<i>-13.6%</i>

(\*) Data refers to the distribution network alone. These figures don't include intercompany balance for the legal entities reporting to their respective business segments (typically intragroup funding)

(N.B.) 2013 figures were restated in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors) to reflect changes following the introduction of new accounting policies which came into force on 1 January 2014