BANCA MONTE DEI PASCHI DI SIENA

Consolidated interim report as at 30 september 2015

MONTE DEI PASCHI DI SIENA
BANK SINCE 1472

Interim Report on Operations
Monte dei Paschi di Siena Group
As at 30 September 2015

Banca Monte dei Paschi di Siena S.p.a.
Share capital: € 9,001,756,820.70 fully paid in
Siena Companies' Register no. and tax code 00884060526
Member of the Italian Interbank Deposit Protection Fund. Banks Register no. 5274
Monte dei Paschi di Siena Banking Group, registered with the Banking Groups Register

INTRODUCTION

General drafting principles of the document

Pursuant to art. 154-ter paragraphs 5 and 6 of the Consolidated Law on Finance, the Monte dei Paschi di Siena Group Consolidated Interim Report on Operations as at 30 September 2015 was prepared in accordance with the IAS/IFRS international accounting principles issued by the International Accounting Standards Board (IASB) including interpretations by the IFRS Interpretations Committee, as endorsed by the European Commission and effective at the time this interim report was prepared, pursuant to EC Regulation no. 1606 of 19 July 2002.

The international accounting principles were applied following the indications set forth in the "Framework for the preparation and presentation of financial statements" (the Framework).

With reference to the classification, recognition, valuation and derecognition of the various asset, liability and equity entries, as well as the methods for recognising revenue and costs, the accounting principles used for the preparation of this Consolidated Interim Report on Operations are the same as those used for preparation of the Consolidated Financial Statements as at 31 December 2014, to which the reader is referred for more detail, with the exception of the new accounting principles or amendments summarised in the section "Notes to the Interim Report on Operations", the application of which is mandatory as of financial year 2015.

The Consolidated Interim Report on Operations, which was not subject to an audit, consists of the reclassified income statement and balance sheet based on operating criteria and supplemented by notes on operating performance. It has been prepared using the Euro as the reporting currency. Amounts indicated in the schedules and the notes are expressed in millions of Euro, unless otherwise specified. The income statement and balance sheet have been reclassified based on presentation criteria that are more suitable for representing the contents of the items according to consistent operational criteria.

The note on the operating performance provides a snapshot of the activities and results which largely characterised the Group's operations in the first nine months of 2015, both as a whole and in the various business sectors into which consolidated operations are organised.

In particular, the economic and financial indicators, based on accounting data, are those used in the internal systems of performance management and management reporting and are consistent with the most commonly used metrics within the banking industry in order to ensure the comparability of figures presented.

In addition, the document incorporates non-financial company information providing the details on the activities, capital, risks and relations that are significant to the Group's current and future performance. This document highlights the key developments with respect to the contents of the Consolidated Report on Operations accompanying the 2014 Financial Statements, to which the reader is referred for a more complete overview of the topics.

RESULTS IN BRIEF

Summary of Group's Results

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)	30/09/2015	30/09/2014	% 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)	**30/09/2015**	**31/12/2014**	**% chg**
Direct funding	122,717	126,224	-2.8%
Indirect funding	108,087	106,140	1.8%
of which: assets under management	*54,715*	*51,519*	*6.2%*
of which: assets under custody	*53,371*	*54,622*	*-2.3%*
Loans to customers	112,513	119,676	-6.0%
Group net equity	9,850	5,965	65.1%
KEY CREDIT QUALITY RATIOS (%)	**30/09/2015**	**31/12/2014**	**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 (%)	**30/09/2015**	**31/12/2014**	**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 (%)	**30/09/2015**	**31/12/2014**	**Abs. chg**
Total Capital ratio	16.3	13.0	3.3
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	**30/09/2015**	**31/12/2014**	
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	**30/09/2015**	**31/12/2014**	**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

A summary of the trend in key items of the main aggregates of the Group as at 30 September 2015 is provided below:

- **Total Group funding** amounted to around **EUR 231 bn** (-0.7% compared to 31/12/2014), with a shift in volumes to assets under management. In the 3rd quarter, the aggregate recorded a fall in volumes (-1.6%), attributable to the falling trend in Direct Funding, while the indirect component remained stable.
- The Group's **loans to customers** amounted to roughly **EUR 113 bn**, down 4.2% with respect to 30/06/2015 and 6.0% with respect to the end of 2014. The reduction of EUR 4.9 bn in the 3rd quarter is attributable mainly to the early closing of the "Alexandria" transaction. **Coverage of non-performing loans** stood at **48.6%**, a reduction of 13 bps compared to 30/06/2015. Within this aggregate, the coverage of doubtful loans totals 64.0%, down 34 bps compared to the previous quarter. With respect to unlikely to pay positions, coverage at the end of September equals 30.8% (-40 bps compared to 30/06/2015), while that of non-performing past due exposures rose to 23.4% from 22.8% at the end of June 2015 (+58 bps).
- With regard to capital ratios, the **Common Equity Tier 1 Ratio** stood at **12.0%** and the **Total Capital Ratio at 16.3%** as at 30 September 2015.
- In the first nine months of 2015 **Total Group Revenues** amounted to around **EUR 3,384 mln** (+8.4% over the same period in the previous year), with a Q3 2015 contribution of roughly EUR 958 mln, down 17.4% QoQ, affected by the loss deriving from the early closing of the "Alexandria" transaction (approximately EUR -130 mln). **Net interest income** in the first nine months of 2015 stood at around **EUR 1,740 mln**, up 12.1% over the same period in the previous year, impacted, for around EUR 147 mln, by the recalculation of the NFIs' repayment value; net of this component, net interest income would record annual growth of roughly 2.4%. The 3rd quarter contributed around EUR 569 mln, a slight increase over the previous quarter (+1.5%), benefitting from the full settlement of the NFIs in June 2015, and the reduction in interest-bearing liabilities, which contrasts with the fall in volumes and of returns on loans to business customers. **Net fee and commission income**, standing at **EUR 1,358 mln**, was up 5.1% YoY (EUR +65.8 mln) due to the increase in income from asset management supported by placements and continuing operations. In the 3rd quarter, the aggregate contributed around EUR 431 mln, down compared to the previous quarter (-10.9%) due in particular to a fall in income from product placement and income connected to loan activities, due to their seasonal nature. **Net profit (loss) from trading-valuation-repurchase of financial assets/liabilities** in the first nine months of 2015 stood at around **EUR 164 mln**, down over the same period in the previous year (-25.9%), with a negative 3rd quarter contribution of roughly EUR 67 mln (value that includes the loss deriving from the early closing of the "Alexandria" transaction for EUR -130 mln).
- The **operating expenses** of the Group totalled approximately **EUR 1,967 mln** (-2.7% from the same period of the previous year) with an impact on the 3rd quarter of EUR 656 mln, in line with the previous quarter (-0.2%). More specifically:
  - **Personnel expenses**, amounting to approximately **EUR 1,257 mln**, were down 1.8% against the previous year, mainly due to workforce downsizing carried out at the end of 2014 and the start of 2015, which more than offset increased expenses associated with the renewal of the National Collective Labour Agreement. By contrast, the quarterly trend (+2%) felt the effects of the salary trends relating to the CCNL, the restoration, with retroactive effect, of the contribution to the Solidarity Fund payable by sector companies and accounting adjustments to the Provisions for Personnel.
  - **Other administrative expenses**, amounting to around **EUR 554 mln**, were 4% lower than the previous year, due to structural actions to cut expenses which concerned, inter alia, the IT, real estate/security, outsourcing and facility management and office supplies segments. The 3rd quarter of 2015, which contributed EUR 179 mln (-5.3% QoQ), benefitted from one-off positive elements, also partly related to seasonal effects.

- **Net value adjustments to tangible and intangible assets** totalled roughly **EUR 157 mln** at the end of September (-4.8% Y/Y). The 3rd quarter, contributing approximately EUR 54 mln (+1.3% QoQ), is characterised by a slight increase in the intangible assets component.

- In the first nine months of 2015, the Group recorded **net impairment losses on loans** of around **EUR 1,414 mln**, down 42.6% compared to the same period in the previous year, which was impacted by the extraordinary adjustments relating to the exposures subject to the Credit File Review as part of the Asset Quality Review. The 3rd quarter of 2015 contributed roughly EUR 430 mln, marking a drop of 16.7% compared to Q2 2015, which was also impacted by the recalibration of the Probability of Default and Loss Given Default parameters. The ratio of the impairment losses on loans for the first nine months of 2015 over total customer loans reflects a **Provisioning Rate of 168 bps**, compared to 260 bps in the same period in 2014 (168 bps recorded as at 30/06/2015).

- Considering the net effects of the PPA (approximately EUR -30 mln) and the profit of non-controlling interests (EUR -1.3 mln), the **Group's profit in the first nine months of 2015 amounted to around EUR 85 mln**, compared to a loss of roughly EUR 1,150 mln in the same period of 2014. The 3rd quarter provided a negative contribution of approx. EUR 109 mln, affected by the early closing of the "Alexandria" transaction for a net total of EUR 88 mln (profit of EUR 121 mln recorded in the 2nd quarter of 2015).

GROUP PROFILE

Group overview

The Montepaschi Group (hereinafter referred to as the "Group") is the banking hub led by Banca Monte dei Paschi di Siena, which does business primarily in Italy, mainly providing traditional retail & commercial banking services.

The Group is also active through its specialised product companies in business areas such as leasing, factoring, corporate finance and investment banking. The insurance-pension sector is covered by a strategic partnership with AXA while asset management activities are based on the offer of investment products of independent third parties.

The Group combines traditional services offered through the network of branches and specialised centres with an innovative self-service and digital services system enhanced by the skills of the network of financial advisors through Widiba Bank.

Foreign banking operations are focused on supporting the internationalisation processes of corporate clients in all major foreign financial markets.

Back office activities, administrative, accounting and other services (e.g. accounts payable) are outsourced to Fruendo (the joint venture between Bassilichi SpA and Accenture Italia).

COMPANY	ACTIVITIES
MONTE DEI PASCHI DI SIENA BANCA DAL 1472	Banca Monte dei Paschi di Siena and its subsidiaries operate in the different segments of the banking and financial industry, with activities ranging from traditional banking to special purpose loans, assets under management, bancassurance and investment banking. The Bank performs functions of direction, coordination and control over the Group's companies, as part of the more general guidelines set out by the Board of Directors in compliance with the instructions provided by the Bank of Italy in the interest of the Banking Group's stability.
MPS FIDUCIARIA	Monte Paschi Fiduciaria aims to satisfy the needs of individuals and legal entities wishing to have their assets managed with the utmost confidentiality. Monte Paschi Fiduciaria may take on the custody of assets in its capacity as a trustee and act as a protector in trusts.
MPS CAPITAL SERVICES	MPS Capital Services Banca per le Imprese provides customers with solutions to financial and credit issues, focusing its business on medium-long term credit facilities, special-purpose loans, corporate finance, capital markets and structured finance.
MPS LEASING & FACTORING	MPS Leasing & Factoring is the Group bank specialised in developing an offer of integrated leasing and factoring packages for businesses, artisans and professionals.
widiba	Widiba (WIse-DIalog-Banking) is the Group's direct bank that integrates a self-service offer with the competencies of MPS's network of financial advisors.
MPS CONSORZIO OPERATIVO	Consorzio Operativo is the centre for the development and management of ICT and telecommunication systems.
MONTE PASCHI BANQUE BANCA MONTE PASCHI BELGIO	Monte Paschi Banque SA and Banca Monte Paschi Belgio SA are the Group's banks that support commercial trade and investments of Italian companies abroad.

Shareholders

As at 30 September 2015, Banca Monte dei Paschi di Siena's share capital amounted to EUR 9,001,756,820.70, broken down into 2,932,079,864 ordinary shares.

According to the communications received pursuant to the applicable legislation and based on other information available, the entities that, as at 30 September 2015, directly and/or indirectly hold significant shareholdings in the Issuer and which do not fall under the cases of exemption set forth in art. 119-bis of the Issuers' Regulation, are as follows:

BMPS main shareholders as at 30 September 2015

Shareholder	% of Outstanding Ordinary Shares*
Fintech Advisory Inc.	4.50%
Ministry of Economy and Finances	4.02%
AXA S.A.**	3.17%
BTG Pactual Europe LLP ***	3.13%
People's Bank of China	2.00%

*Situation related to the size of the share capital as at 30 September 2015 amounted to Euro 9,001,756,820.70
**Share held directly and 12 through subsidiary companies
*** Share held under discrtionary management of savings

As at 30 September, the Bank's major shareholders, holding more than 2% of the share capital, hold a total of 16.828% of ordinary share capital (compared to 12.27% as at 31 December 2014 and 20.62% as at 30 September 2014).

It should be noted that, on 1 July 2015, in execution of the resolution passed by the Board of Directors on 21 May 2015, 117,997,241 Shares of the Bank, equal to 4.024% of the new share capital, thus increased to EUR 9,001,756,820 as of 3 July 2015, were issued to the Ministry of Economy and Finance (MEF) for interest accrued as at 31 December 2014 pursuant to the regulation relating to "New Financial Instruments" set forth under Decree Law no. 95 of 6 July 2012, as amended.

BMPS share price

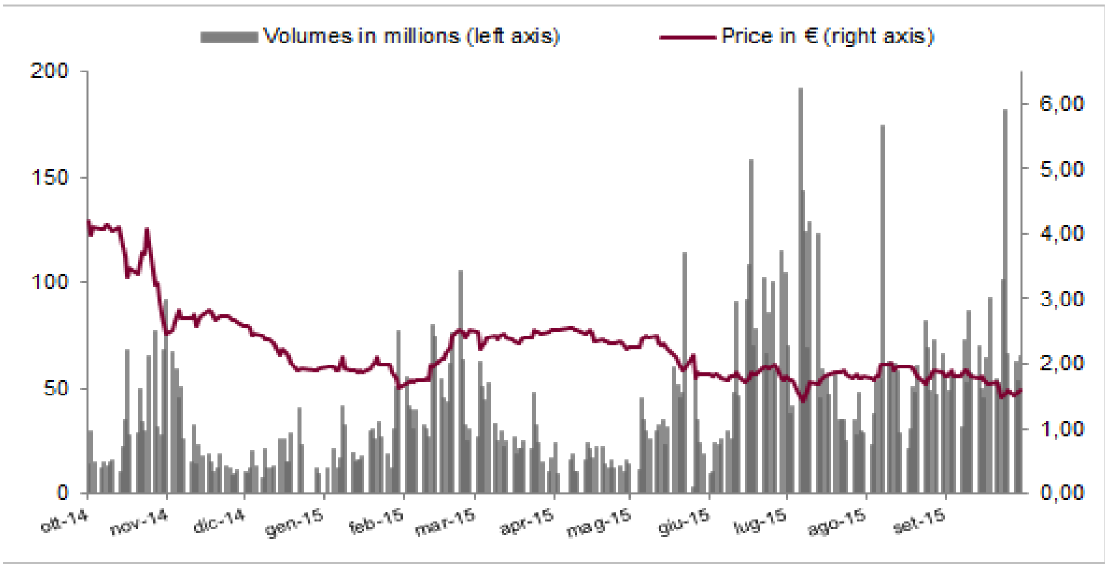
Share price and trends

In the 3rd quarter of 2015, the European share indexes recorded negative performances (Milan -5.2%; Frankfurt -11.7%; Paris -7%; London -7%; Madrid -11.2%), influenced by the following phenomena: Uncertainties relating to the Greek crisis, doubts over a possible slowdown in the Chinese economy, any repercussions of a hike in interest rates by the Fed and, lastly, the collapse in the car industry, as a result of the case involving car manufacturer Volkswagen.
Despite the quarterly trends, from the start of year, the Milan stock market recorded an increase of 12%; the other stock markets recorded the following performances: Paris (+4.3%), Frankfurt (-1.5%), Madrid (-7%) and London (-7.7%); in the same period, the banking sector recorded growth of 19.4% in the FTSE Banks index.

The BMPS share closed the 3rd quarter of 2015 at EUR 1.592, marking a drop of 16.8% from the start of the year.

BMPS SHARE PERFORMANCE

BMPS Share Price (from 09/30/2014 to 09/30/2015)



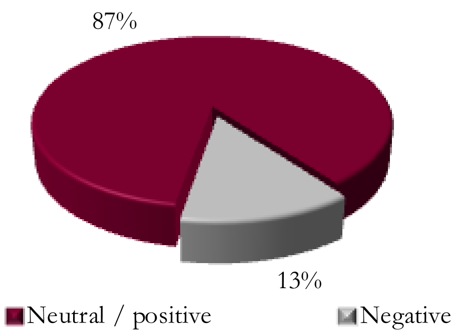
BMPS SHARE PRICE: STATISTICAL SUMMARY (from 12/31/2014 to 09/30/2015)	
Average	2.01
Lowest	1.42
Highest	2.56

The number of BMPS shares traded on a daily basis from January to September averaged 46.6 mln, with a peak of 191.8 mln in July and a low of 3.0 mln in May.

MONTHLY VOLUMES OF SHARES TRADED	
2015 volumes summary (€/mln)	
January	555
February	985
March	651
April	315
May	751
June	1,468
July	1,489
August	1,205
September	1,475

The percentage of analysts with a positive/neutral judgment on the share is 87%, compared to 67% in the same period last year.

BMPS SHARE RATINGS AS AT 30/09/2015



Ratings

The ratings given by the rating agencies as at 30 September 2015 are provided below:

Rating Agencies	Short-term debt	Outlook	Long-term debt	Outlook	Last update
DBRS	R-3	Negative	BB (high)	Negative	29/09/2015
Moody's Investors Service	NP		B3	Negative	22/04/2015
Fitch Ratings	B	-	B-	Stable	19/05/2015

- On 18 February 2015, DBRS lowered the issuer's ratings by one notch, as a result of the publication of the results for 2014. In particular, it placed the long-term rating at "BBB(low)" (previously "BBB") and the short-term rating at "R-2(low)" (previously "R-2(mid)"), keeping them at investment grade level. The outlook remained "on the watchlist for a possible downgrade". That outlook was confirmed on 20 May 2015 following the decision made by the agency with respect to 37 European banks, including the issuer. This decision was justified, also in this case, by recent legislative, regulatory and political developments undertaken following the approval of the Bank Recovery and Resolution Directive.

- On 22 April 2015, following publication of the new rating criteria and the downgrade of the systemic support provided to banks of countries involved in the single mechanism for settling bank crises, Moody's downgraded the long-term rating from 'B1' to 'B3', with negative outlook. The individual rating (Baseline Credit Assessment - BCA) was instead confirmed at "caa2", due to the approval of the share capital increase by the extraordinary shareholders' meeting.

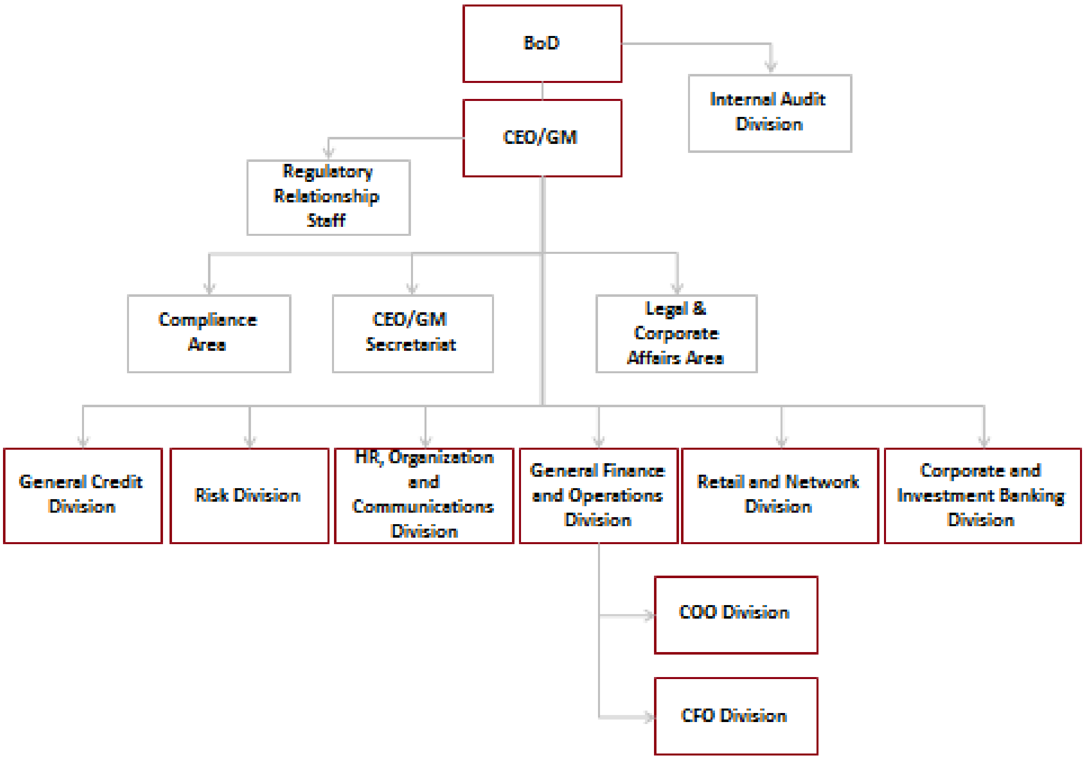
- On 19 May 2015, Fitch raised the individual Viability Rating from "ccc" to "b-", lowered the long-term rating from BBB to B- with a stable outlook and confirmed the short-term rating at "F3". The Bank's ratings were lowered in light of Fitch's review of the rating criteria and in particular the assumptions underlying the public support announced in March 2014. In line with the expectations, Fitch deems that the legislative, regulatory and political initiatives undertaken following the approval of the Bank Recovery and Resolution Directive substantially reduced the probability of receiving systemic support for US, Swiss and European Union banks.

- On 29 September 2015, the rating agency DBRS, following the revision of the systemic support initiated by the agency in May 2015, lowered the long-term rating of the Issuer from "BBB (low)" to "BB (high)" and the short-term rating of the Issuer from "R-2 (low)" to "R-3" , with negative outlook. At the same time DBRS left the Intrinsic Assessment (IA) unchanged at "BB (high)".

Organisational structure

Through its Head Office, Banca Monte dei Paschi di Siena performs functions of direction, coordination and control over the Group's companies, as part of the more general guidelines set out by the Board of Directors and in the interest of the Group's stability.

Organisational chart of the Bank's Head Offices as at 30.09.2015



The main initiatives in the 3rd quarter of 2015, in line with the strategic objectives of the Business Plan were targeted at:

- Increased productivity and efficiency
  - Pilot phase commenced of the project for the development of the new distribution model of the "Hub & Spoke" Sales Network which concerned 2 Regional Areas (Lombardy South - Emilia Romagna, Centre and Sardinia), respectively with 51 and 46 branches. The pilot will be extended to the other Regional Areas over the coming months.
  - Sales Network rationalisation project started at the first 50 branches involving the closure, based on the prior transformation to advanced branches, of 350 branches over the period of the Plan.
  - With reference to the organisational efficiency objectives, actions continued in the quarter to simplify the central and Network processes (as part of specific projects): Paperless, Tempo Cliente and Organisational Transformation).
- Credit quality improvement
  - Initiatives continued to fine-tune the credit chain, with particular reference to Distressed Credit Risk and Debt Collection, prior to the restructuring of the organisational structures started in the final quarter of 2015.

The quarter saw the definition of the organisational restructuring of the departments included in the General Finance and Operations Division, under way since October.

Human Resources

Headcount changes

The Group employed 25,740 people as at 30 September 2015. A decrease of 221 was recorded with respect to 31/12/2014, while there was a net decrease of 1,518 from the end of the 3rd quarter of the previous year.

From the start of 2015, 124 people have taken up service (120 recruited, of which 13 pursuant to Law 68/99 and 4 reinstatements), 348 terminations (among the most important: 152 accepting the Solidarity Fund and 119 resignations), 3 out-of-group secondments.

Staff taking up positions involved 8 Executives, 29 Middle Managers and 87 Professionals, while the terminations concerned 23 Executives, 191 Middle Managers and 134 Professionals.

Distribution of the workforce in favour of customer interface units stands at 75.4% (figure does not include the international banking division which represents 2.1%) and 22.5% as regards the Head Office units (trend in the aggregate impacted by the organisational manoeuvre which concerned the regional credit chain - quality and debt collection - now reporting directly to the Head Office units.

The percentage of female staff was 47.8% as at 30 September 2015. Other equal opportunity indicators also show improvement. These include: women in managerial positions (approx. 42.8%) and the percentage of female executives (7.1%), while still low, was less than half this amount in 2002.

Personnel management initiatives

The personnel management policies support the reorganisation projects, in line with the business plan objectives, through mobility plans (geographical and professional) with the aim of seizing opportunities for the career development for employees according to the logics of transparency and participation. The operational initiatives were therefore supported by: professional and managerial plans which, based on a managerial renewal approach, guarantee adequate quality-quantity staff coverage levels; training programmes (MPS ACADEMY) to enhance skills, provide managerial career guidance and support requalification processes; engagement and human resource motivation leverage (incentive policies, BMPS welfare system and internal communication plans).

Operational activities in the Sales Network in the quarter were targeted at incentivised voluntary mobility initiatives ("Muoversi in Rete Estate" project) in favour of promoting the regional distribution of staff, also in consideration of seasonal spikes in some areas. In addition, around 50% of those signed up to the initiative belong to head office units, hence combining the objective of bringing General Management staff (including therein the merged company Consum.it) closer to the Sales Network, through an experience-based approach.

July saw the start of the pilot phase of the "Hub & Spoke" Project for the revision of the Sale Network's distribution model and the first phase of the process of rationalisation of the Sales Network, supported by professional/regional mobility plans. In particular, the latter concerned around 160 staff who were re-allocated, enhancing the professional skills acquired and taking account of their expectations.

With reference to the head office units, the quarter saw a change in the composition, in terms of quality and quantity, of General Credit Division personnel (around 500 staff mainly in the "Distressed Credit Risk" area) with the objective of making credit portfolio management more effective.

Human resource development

As part of the 2015 Performance Management process (relating to more than 25,000 staff), the phase of middle year review interviews was launched, based on a performance evaluation; furthermore, particularly in support of the processes for the restructuring of the Sales Network's distribution model, specific development initiatives got under way to disseminate greater awareness of the proficiencies expected in the different roles, in order to promote personnel engagement. In that regard, specific information kits were created per role, with Flipbooks on the Job Profiles of the new roles and the new

"Skills Dictionary" (supplemented with videos on the technical-professional skills required of branch personnel). From this perspective, the IT segment is seeing a continuation of the WorkForce Transformation IT project, targeted at defining a shared managerial model for IT roles. All initiatives are supported by internal communication plans.

Activities are also continuing targeted at the planning and coverage, from a qualitative and quantitative perspective, of the roles with a view to the planning of requirements and the development of professional skills in the company, through the definition of processes for the monitoring of the requirements of the main Network roles.

Training

As part of the MPS ACADEMY 2015 training plan for the Sales Network and the Bank's departments, an average of 21.4 hours of training per head were provided in the first nine months of the year, with the involvement of 90% of personnel, for an overall total of roughly 503,000 hours (figure relating solely to Banca Monte dei Paschi di Siena). The Customer Satisfaction index stood at an average of 5.2 (in a value scale which goes from a minimum of 1 to a maximum of 6).

Below is a summary of the main training initiatives which characterised the 3rd quarter of 2015:

Course	Description of training activity
People	"development of behaviours", in relation to and consistent with the results of Talent & Performance Management, by using the multimedia training tools of the Skill Gym Center.
	induction training for "newly qualified officers"
	specialist (participation and conventions/external courses and subsequent "internal reallocations") training for GM roles (ORGAcademy, Internal Audit, Compliance)
	training activities in "English" with a particular focus for the Finance and Risks Department
Business	"credit", for which classroom-based training has been commenced (differentiated by duration and target) in favour of personnel in the Credit C&Q and Debt Collection and Distressed Credit Risk Area departments
	training of trainers for the circulation of the new Small Business service model (3 days in classroom in Siena for around 40 trainers) who, between October and November, will in turn train the SB Operators on the new segment sales approach for the dissemination of which, a dedicated manual has also been created which brings together (by shaping and structuring them), the best sales practices used in the Network.
	entire "TOP Corporate" segment with the provision of classroom-based training on the effective use of the Corporate Advisory Platform
	training courses (entry level/role consolidation) dedicated respectively to Private, Premium and Value with a particular focus on entry level training in new roles for DTM (local unit office) personnel concerned by the experimentation of the new distribution model ("Banca 2020")
Compliance, Security, Health and Safety	the training initiatives set out in the 2015 Plan continued on Anti-money Laundering (for Network personnel and Head Office specialists), Health and Safety. In addition, as regards the administrative liability of entities pursuant to Legislative Decree 231, training has been completed by 96% of Bank personnel

Corporate welfare

In order to increase the value of the corporate welfare model, which is composed of a mixed offering geared towards the needs of employees, retirees and their family units, in the 3rd quarter of 2015, the "Welfare Commission" was set up, in order to continuously promote dialogue between the parties on social, retirement and welfare matters of collective interest, and hence allow effective participation by the company trade union organisations, on issues which may impact individual and family well-being.

Company projects are also in progress: with particular regard to the "Mamme (e papà) che lavorano al Monte" (Moms (and dads) who work at Monte) initiative, the programme developed in the company's

Equal Opportunities Commission was extended to more than 100 new mothers (for a total of 550 staff from the launch of the initiative). It provides structured training courses in support of employment reintegration, with training initiatives, structured shadowing, on-the-job training and customisable multimedia tools.

Trade union relations

In the 3rd quarter of 2015, the parties continued to dialogue on the repercussions of company restructuring projects for personnel. In particular, with reference to the general Network restructuring project (launched in line with the redesign outlined in the update to the 2015/2018 Business Plan), the contract procedure was started relating to initiatives to rationalise the BMPS branch network (which envisaged the closure of 350 branches over the term of the Plan) which concluded with the agreement, signed by all parties, for the first stage (50 branches).

In addition, based on the provisions of the framework agreement regarding the project for the restructuring of the distribution Network (revision of the Service Models of Institutional customers, Corporate SMEs and Small Business), signed in the first half of the year, meetings were held with the trade union organisations for the start of the second phase of the pilot project.

Finally, the parties established two company commissions: the “Corporate Welfare” Commission, in implementation of the agreement reached in June 2015, to promote dialogue and improve the effectiveness of trade union participation in social, retirement and welfare matters of collective interest, and the Joint Body on “Sales Policies”, based on the agreement relating to the project for the restructuring of the distribution network, with the objective of monitoring the success and proper dissemination of sales guidelines.

Distribution channels

The Group operates with a view to developing and rationalising its distribution network, by combining regional coverage with the strengthening of innovative channels.

Traditional domestic branches are supported by specialist sales centres, which oversee relations and the specific management of particular customer segments (e.g. SMEs, Private individuals, Institutions, etc.) and by 606 Financial Advisors (an increase of 12 over 30/06/2015) that carry out their activities by making use of the offices open to the public that are distributed nationwide (down by 1 compared to 30/06/2015).

The subsidiary MPS Leasing & Factoring SpA has 12 branches, unchanged from 30 June 2015.

MONTEPASCHI GROUP - DISTRIBUTION NETWORK AS AT 30/09/2015

MONTE DEI PASCHI DI SIENA BANCA DAL 1472

Regione	Domestic branches(*)	Inc.	Client Centres(**)						Financial Advisory Offices	Inc.
			SME	Private/ Private Top	Istitutions	Corporate Top	Tot.	Inc.		
Emilia Romagna	153	7,0%	9	7		0	21	7,9%	7	6,1%
Friuli Venezia Giulia	58	2,7%	3	2		0	7	2,6%	3	2,6%
Liguria	30	1,4%	2	1		0	4	1,5%	4	3,5%
Lombardia	301	13,8%	11	12		2	34	12,8%	11	9,6%
Piemonte	47	2,2%	3	2		0	7	2,6%	2	1,8%
Trentino Alto Adige	3	0,1%	0	0		0	0	0,0%	0	0,0%
Valle d'Aosta	4	0,2%	0	0		0	0	0,0%	0	0,0%
Veneto	281	12,9%	16	8		1	34	12,8%	5	4,4%
Northern Italy	**877**	**40,3%**	**44**	**32**	**25**	**3**	**107**	**40,4%**	**32**	**28,1%**
Abruzzo	47	2,2%	3	2		0	7	2,6%	3	2,6%
Lazio	190	8,7%	12	7		1	27	10,2%	14	12,3%
Marche	71	3,3%	4	2		0	8	3,0%	4	3,5%
Molise	13	0,6%	1	0		0	1	0,4%	1	0,9%
Toscana	438	20,1%	19	17		1	50	18,9%	8	7,0%
Umbria	52	2,4%	3	2		1	8	3,0%	4	3,5%
Central Italy	**811**	**37,2%**	**42**	**30**	**22**	**3**	**101**	**38,1%**	**34**	**29,8%**
Basilicata	10	0,5%	0	0		0	1	0,4%	2	1,8%
Calabria	55	2,5%	2	0		0	4	1,5%	3	2,6%
Campania	118	5,4%	8	5		1	19	7,2%	19	16,7%
Puglia	128	5,9%	6	5		0	15	5,7%	16	14,0%
Sardegna	17	0,8%	1	1		0	3	1,1%	2	1,8%
Sicilia	162	7,4%	5	4		1	15	5,7%	6	5,3%
Southern Italy and island	**490**	**22,5%**	**22**	**15**	**17**	**2**	**57**	**21,5%**	**48**	**42,1%**
Total	**2.178**	**100,0%**	**108**	**77**	**64**	**8**	**265**	**100,0%**	**114**	**100,0%**

(*) as reported to the Bank of Italy
(**) of which 23 reports to the Bank of Italy since it is a non-branch-based centre.

The **Italy Network** contains **2,178 branches** registered by the Supervisory Authorities (down 5 compared to 30/06/2015), **265 specialist centres** (a decrease of 8 compared to 30/06/2015), of which 108 dedicated to SME customers, 85 to Private/Family Office and 64 to Institutions. In addition, on 1 April 2015, the SME segment was reviewed based on a varied quantitative and qualitative approach and was partly included in the new Top Corporate segment which currently has 8 dedicated centres. Customers belonging to the Large Corporate segment are managed through dedicated resources distributed across the country.

The Group's **ATM** network comprises a total of **2,959 machines**, of which 2,521 (of which 429 "cash-in" machines) coinciding with traditional branches (2,288 of these are located in premises with an independent entrance also accessible out of branch hours) and 438 installed in public places with high operational potential (93) and in institutions/companies (345). In the 3rd quarter, the total number of ATMs fell by 9 units, and 40 traditional ATMs were replaced with as many "cash-in" machines in self-service areas.

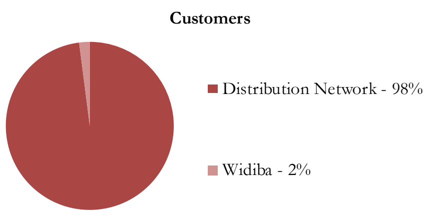
The Group has an international presence with a **Foreign Network**, distributed, geographically speaking, in the main financial and economic markets, as well as in the emerging countries with the highest rates of growth and/or key relations with Italy, currently structured as follows: **4 operational branches** (London, New York, Hong Kong and Shanghai), **10 representative offices** located in various "target areas" (EU, Central-Eastern Europe, North Africa, India and China), **2 banks under foreign law** - MP Belgio (8 branches in Belgium) and MP Banque (19 branches in France).

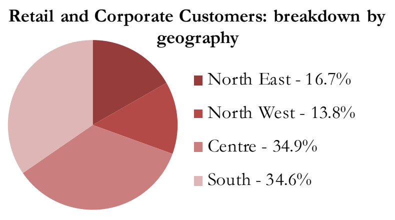
In addition to its presence across the country, Banca MPS offers banking services to customers through electronic channels, through Integrated Multichannel products for Retail and Corporate customers. At the end of September 2015, there were a total of **1,961,731** agreements relating to electronic services, corresponding to 1,026,175 active users (up 38,038 compared to the start of the year). Active customers of Retail Multichannel services numbered 928,320 (relating to 1,781,665 agreements) while Corporate customers totalled 180,066 (for 97,855 agreements).

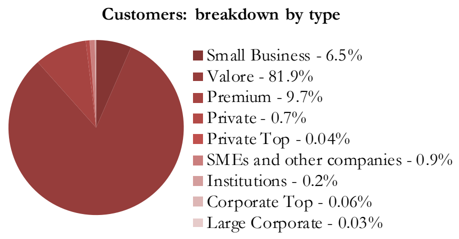
Customer base

As at 30 September 2015, the Group had around 5.3 million customers (stable with respect to 31/12/2014) broken down as follows:

- around 5.2 million managed by the Sales Network of Banca Monte dei Paschi[1] including Consum.it customers;
- roughly 108,000 managed exclusively by Widiba, the Group's new on-line bank, in which the "Financial Advisory" sales channel was merged (on the whole, Widiba manages 132,500 actual customers).







Retention and Acquisition indicators (of 94.7% and 4.1% respectively) were influenced by extraordinary transactions which characterised the Group (e.g. network optimisation projects), however, remaining essentially stable compared to the values recorded as at 30 June 2015.

[1] The figure also includes customers previously managed exclusively by the former subsidiary Consum.it, merged by incorporation in Banca Monte dei Paschi di Siena effective from 1 June 2015.

INTERIM REPORT ON OPERATIONS

Reference context

The 3rd quarter of 2015 saw continued strengthening of the growth in advanced economies, while the slowdown in the Chinese economy had a negative impact on the prices of raw materials and on the activities of emerging countries. The uncertainty of the international macro-economic scenario, intensified by the tapering off of China's high levels of investment and debt of previous years, influenced the Federal Reserve's decision not to raise reference rates in September.

In the Eurozone, the macro-economic conditions were fairly good, thanks to the combined effect of the depreciation of the Euro, a slightly expansionary fiscal approach and improved conditions on the credit market. The global downturn has had a minimal impact on the Eurozone until now, but looking forward, it represents a downside risk for growth and inflation.

The expansionary measures adopted by the Governing Council of the ECB have boosted economic activity and the recovery in credit. The Council is determined to make use of all available tools, including the possibility of varying the size, composition and duration of the public and private bond buying programme, if necessary in order to counteract downside risks and ensure inflation returns to values consistent with the definition of price stability. The fraudulent conduct of German car manufacturer Volkswagen has impacted the trend in the stock markets and the climate of confidence in Germany, spreading fresh uncertainty in European economies.

In the 3rd quarter, Italy saw continued growth in economic activity at rates similar to those recorded in the first half of the year. After years of falling domestic demand, the consolidation of the recovery in private consumption and the gradual kick-starting of investments in productive capital are contributing to the increase in GDP. The propensity of foreign investors to hold Italian Government Bonds remains high, with net purchases by non-residents of around EUR 21 bn between March and July, just under net issues.

The return on the ten-year BTP (long-term government bond), which started to rise again in June, sitting at 2.30%, fell again to the levels already recorded in the 1st quarter, to around 1.72%, with the BTP-10-year Bund spread at 114 basis points at the end of September (down 60 basis points compared to 30/06/15).

The credit market continues to improve, assisted by the cyclical recovery and the measures adopted by the Governing Council of the ECB, with a stabilisation of loans to the non-financial private sector following a prolonged decrease. The trend in credit is shaped by the conditions of businesses in the different sectors, favouring, in particular, those companies that do not present any repayment anomalies. The cost of new loans to companies recorded another slight decrease, even if the spread of individual conditions remains high.

In the same period, the improvement in the macro-economic scenario had a positive impact on the flow of new impaired loans, which fell in the 2nd quarter. Preliminary information relating to July and August indicate that banks' total exposure to debtors classified for the first time as 'doubtful' recorded a decrease over the previous two-month period. The amount of doubtful loans left over from the lengthy crisis remains high: at the end of June, total doubtful loans accounted for 10.3% of total loans in place.

The start of a gradual cut in taxes is consistent with the need to reduce the elevated fiscal pressure which puts the brakes on growth. From this perspective, the initiatives with a more effective direct impact on raising the economy's potential are those which reduce the burden on factors of production.

Significant events in the period

Significant events in the first nine months of the year

G/C = Governance/Corporate
S = Strategy
R = Rating

January

(G/C)	The ECB asked the Bank to cover the capital deficit deriving from the Comprehensive Assessment by implementing the Capital Plan submitted in November which - among the various measures - envisages a share capital increase of EUR 2.5 bn.

February

(G/C)	The results as at 31 December 2014 were approved on 11 February, the SREP was completed with a target CET1 ratio of 10.2% and the share capital increase by up to a maximum EUR 3 bn was approved.
(G/C)	David Manuel Martinez resigned from the Board of Directors of the Bank.

March

(G/C) On 4 March, the Board of Directors resolved:

- to call the Shareholders' Meeting to approve the 2014 Financial Statements, appoint the new Board of Directors and Board of Statutory Auditors, and increase the share capital by up to a maximum EUR 3 bn;
- to co-opt Cristian Whamond to the Board of Directors to replace David Martinez;
- on the number of shares to be allocated to the Ministry of the Economy and Finance as the interest payment on the "Monti Bonds".

(G/C) On 21 March the lists were filed for appointment of the Board of Directors and the Board of Statutory Auditors of the Bank.

April

(G/C) On 2 April the Bank's Board of Directors meeting minutes were filed: decision on the merger by absorption of Consum.it into Banca Monte dei Paschi di Siena S.p.A.

(G/C) On 14 April the ordinary and extraordinary Shareholders' Meeting of the Bank was called: the quorum for the meeting to be held on first call was not reached.

(S) On 15 April, an agreement was reached on the sale to Poste Italiane of the Bank's 10.3% equity investment in Anima Holding.

(G/C) On 16 April, Alessandro Profumo and Fabrizio Viola were re-appointed to the Board of Directors, with Alessandro Profumo as Chairman and Roberto Isolani as Deputy Chairman.

The following were also appointed to the Board of Directors: Fiorella Kostoris, Fiorella Bianchi, Lucia Calvosa, Antonio Turicchi, Stefania Truzzoli, Alessandro Falciai, Stefania Bariatti, Daniele Bonvicini and Maria Elena Cappello. Christian Whamond and Beatrice Derouvroy Bernard were confirmed.

The Ordinary Shareholders' Meeting:

- approved the 2014 Financial Statements and the Remuneration Report;
- appointed the Board of Directors and the Board of Statutory Auditors.

The Extraordinary Shareholders' Meeting:

- approved the share capital decrease due to losses and the non-replenishment of valuation reserves;
- authorised the share capital increase and reverse split operation;
- approved amendments to the Articles of Association.

(G/C) On 20 April, Fabrizio Viola was confirmed as Chief Executive Officer.

May	
(S)	On 8 May, the new 2015-2018 Business Plan was approved.
(G/C)	On 13 May, the European Central Bank approved the Bank's EUR 3 bn share capital increase with rights issue and the resulting repayment of New Financial Instruments for a nominal value of EUR 1.071 bn.
(R)	On 19 May, Fitch lowered the long-term rating (long-term IDR) of the Issuer from "BBB" to "B-", with a stable outlook.
(G/C)	On 21 May, the Board of Directors set the final terms of the share capital increase with rights issue for a maximum of EUR 3 bn, approved by the Shareholders' Meeting on 16 April 2015.
(S)	On 21 May, the guarantee contract relating to the share capital increase with rights issue approved by the Shareholders' Meeting on 16 April 2015 was signed. The AXA Group and the Mutuelles AXA committed to subscribing their respective shares.
June	
(G/C)	On 12 June, the share capital increase offering period ended.
(G/C)	On 15 June, the Bank fully repaid the remaining nominal value of EUR 1.071 bn of New Financial Instruments (in exchange for the payment of consideration of roughly EUR 1.116 bn, pursuant to the New Financial Instruments terms and conditions). With that repayment, which follows the repayment for a nominal value of EUR 3 bn made on 1 July 2014, the Bank completed the return of government aid received in 2013 way ahead of the final deadline of 2017 set forth as part of the commitments made to the Ministry of Economy and Finance and the DG for Competition of the European Commission.
(G/C)	On 19 June, the share capital increase with rights issue was fully subscribed for a total value of EUR 2,993,160,608.10 and no new share was subscribed by the underwriting syndicate.
(S)	On 23 June, a binding agreement was reached for the without recourse sale of a doubtful loans portfolio consisting of consumer loans, personal loans and credit cards originated by Consum.it to Banca IFIS S.p.A. and a securitisation vehicle financed by a company associated with Cerberus Capital Management LP. The portfolio sold consists of nearly 135,000 positions with a gross book value of roughly EUR 1 bn (EUR 1.3 bn including interest on arrears accrued and/or other charges that are transferred along with the principal amount).
(S)	On 25 June, a final agreement was reached for the acquisition by Poste Italiane of the 10.3% equity investment held by the Bank in Anima Holding S.p.A., as all conditions precedent set forth in the preliminary sale agreement were fulfilled. On the date of the sale, Poste will take over all of the Bank's rights and obligations pursuant to the shareholders' agreement regarding the shares of Anima originally signed on 5 March 2014 between MPS and Banca Popolare di Milano.
July	
(G/C)	On 1 July, in execution of the resolution passed by the Board of Directors on 21 May 2015, 117,997,241 ordinary shares, equal to 4% of the share capital, were issued to the Ministry of Economy and Finance for interest accrued as at 31 December 2014, with a simultaneous increase in the share capital by EUR 243,073,800.00. On 3 July the relative certification pursuant to art. 2444 of the Italian Civil Code was filed with the Siena Register of Companies.
(G/C)	On 24 July, Alessandro Profumo resigned from the positions of Chairman and member of the Board of Directors of the Bank, as of 6 August 2015, at the end of the Board of Directors meeting for the approval of the Half-Year Financial Report as at 30 June 2015.

September	
(G/C)	On 14 September, Bernardo Mingrone resigned from Head of the General Finance and Operations Division, effective from 25 September 2015.
(G/C)	On 15 September, the Shareholders' Meeting resolved to supplement the Board of Directors through the appointment of Massimo Tononi as director, and to nominate him as Chairman of the Board of Directors.
(G/C)	With reference to the structured finance transaction called "Alexandria", on 23 September, Banca Monte dei Paschi di Siena and Nomura International PLC signed an agreement which governs the conditions of the early closing of the transactions, implemented in 2009, regarding an investment in BTP via an asset swap expiring in 2034 for a value of EUR 3 bn, financed with a Long-term Repo with the same term. For more details on the transaction, please refer to the Press Release of BMPS dated 23 September 2015, available on the Bank's website.

Events after the 3rd quarter of 2015

October	
(G/C)	On 1 October, Arturo Betunio was appointed Bank CFO.
(G/C)	On 8 October, the Board of Directors confirmed both the existence of the requirements of professionalism and integrity of Chairman Massimo Tononi and the non-existence of relevant situations pursuant to the legislation governing the prohibition of Interlocking.

Strategy

Banca Monte dei Paschi di Siena Board of Directors approved the 2015-2018 Business Plan on 8 May 2015. This Plan is an update of the previous strategy covering the period 2013 to 2017, and provides greater alignment and consistency with the new reference environment (economic and financial context, Comprehensive Assessment results, new targets set by the sector Supervisory Authority at the end of the Supervisory Review Evaluation Process, Asset Quality Review results and the resulting need to review loan portfolio classification and valuation methods and parameters).

The Plan is broken down along the following development guidelines:

- Increased productivity and efficiency, with growth targets of total income of 4.6% approx. (2014-2018 CAGR) and a 1.5% decrease in operating expenses (2014-2018 CAGR).

  The Plan envisages the structural review of the distribution and business models: optimisation of the Network territorial structure; a new customer service model; multi-channel integration; and the consolidation of digital channels in terms of transactions and relationships, also to support activities in the branches. In this regard, a "Hub & Spoke" network model will be created, with the closure of an additional 350 branches and a further 700 will be restructured. The sales processes will be made more efficient, thereby freeing up time for improved sales activities and better management of customer relations. The Network will be more streamlined, with more flexible sales outlets that can better meet the customers' requirements. In addition, the Plan envisages a greater focus on businesses through a new sales chain dedicated to SMEs of high standing / potential. That chain, launched in the second quarter of 2015, will take advantage of an even higher level of manager specialisation, high value-added products and a more efficient sales process decision-making chain.

  The Plan aims to boost organisational efficiency overall, with actions that will therefore involve Head Office as well as regional coordination units. This will make it possible to identify cost synergies and best govern the planned headcount reduction plan. The operational efficiency targets remain confirmed and projects under way will be further enhanced (e.g. the digitalisation of network business processes; further centralisation of administrative services; the review of the processes of management of expenses, demand and property management; the optimisation of the credit and control chains).

- Credit quality improvement: the goal of decreasing the cost of credit from 654 bps in 2014 to 106 bps in 2018 through a radical review of credit processes. These initiatives are expected to optimise the risk/return profile of the loan portfolio, by implementing rigorous credit policies and selection principles in relation to new loan disbursements. In addition, after the comprehensive assessment, the Bank identified the major actions to be carried out in order to cope with the specific areas of concern pointed out by the Regulatory Authorities.

  In particular, with respect to impaired loans, a review of the organisation models and management processes has started for the purpose of significantly increasing the rates of loan collection and cure (focusing internal units on collections for the most significant positions and outsourcing the management of the small ticket positions; optimising external legal support with remuneration procedures that are also linked to performance; portfolio disposals, etc.).

- Structural rebalance of liquidity: the commitment to rebalance the Bank's liquidity position at the structural level has been confirmed.

- Capital strengthening: in this area, June 2015 saw the conclusion of the Bank's share capital increase of EUR 3 bn set out in the Business Plan. Therefore, the remaining New Instruments were fully reimbursed, completing the repayment of Government aid received in 2013. Capital management and risk-weighted asset optimisation initiatives based on the same assets are continuing, also through the selective reduction of the loan portfolio aimed at increasing quality without decreasing the Bank's support to the local economy.

Analysis of the key economic-financial indicators

Reclassified accounts

Income statement and balance sheet reclassification principles

From the 1st quarter of 2015 the structure of the reclassified consolidated income statement was amended to introduce the concept of "pre-provision profit" in accordance with practices already adopted by the major Italian banking groups and the European supervisory authorities. The new structure of the reclassified income statement with operational criteria differs from that adopted by the Group until 31 December 2014, as follows:

- inclusion among "Total revenues" (formerly "Income from banking and insurance business") of the "Other operating income (expense)" aggregate, until 31 December 2014 included in the item "Net provisions for risks and charges and Other operating income (expense)";
- "Net impairment losses on loans and financial receivables" was moved to operating expenses, thereby introducing the concept of "Gross operating income" as the difference between ordinary revenue and operating expenses;
- "net operating income" is therefore calculated as the difference between gross operating income and net impairment losses on loans and financial receivables.

The comparative figures for the periods reported were re-aggregated on the basis of the new Income Statement format reclassified with operational criteria.

Given the above, the reclassified income statement and balance sheet are provided below in accordance with operational criteria, describing the reclassifications carried out as at 30 September 2015:

<u>Income Statement</u>

a) "**Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities**" in the reclassified income statement 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) from financial assets and liabilities designated at fair value". The item incorporates dividends earned on securities held in the Group's securities and derivatives portfolio (EUR 9.4 mln).

b) "**Dividends, similar income and gains (losses) on investments**" in the reclassified income statement incorporates item 70 "Dividends and similar income" and a portion of item 240 "Gains (losses) on investments" (around EUR 86 mln, 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 held in the securities portfolio, as outlined under the item above, have also been eliminated from the aggregate.

c) The income statement item "**Other operating income/expenses**" excludes the stamp duty and customer expense recoveries restated under "**Other administrative expenses**".

d) The income statement item "**Personnel expenses**" was reduced by EUR 2.8 mln in restructuring costs relating to a number of employment contract terminations. The amount was reclassified under "Restructuring costs/One-off charges".

e) "**Other administrative expenses**" in the reclassified income statement includes the portion of stamp duty and client expense recovery (approx. EUR 269 mln) posted under item 220 "Other operating expenses/income".

f) "**Net impairment losses (reversals) on financial assets and other transactions**" includes items 130b "Financial assets available for sale", 130c "Financial assets held to maturity" and 130d "Other financial transactions".

g) The income statement item "**Restructuring costs/One-off charges**" includes one-off charges of EUR 2.8 mln reclassified out of Personnel Expenses.

h) "**Gains (losses) on investments**" was cleared of components reclassified as "Dividends and similar income and gains (losses) on investments".

i) The effects of Purchase Price Allocation (PPA) posted to this specific account were reclassified out of other items (in particular "**Interest income**" for EUR 23.5 mln and **Depreciation/amortisation** for EUR 20.7 mln, net of a theoretical tax burden of EUR -15 mln which integrates the item).

Balance Sheet

j) "**Tradable financial assets**" on the assets side of the reclassified balance sheet includes item 20 "Financial assets held for trading", item 30 "Financial assets designated at fair value" and item 40 "Financial assets available for sale".

k) "**Other assets**" on the assets side of the reclassified balance sheet 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 available for sale and discontinued operations" and item 160 "Other assets".

l) "**Deposits from customers and debt securities issued**" on the liabilities side of the reclassified balance sheet includes item 20 "Deposits from customers", item 30 "Debt securities issued" and item 50 "Financial liabilities designated at fair value".

m) "**Other liabilities**" on the liabilities side of the reclassified balance sheet 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 available for sale and discontinued operations" and item 100 "Other liabilities".

Income statement

Reclassified Income Statement (EUR mln)				
	30/09/2015	30/09/2014	Change	
Montepaschi Group			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 (re	(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%**
Profit (loss) after tax from groups of assets held for sale and discontinued operations	-	-	-	-
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%
Net profit (loss) for the period	**84.7**	**(1,149.7)**	**1,234.4**	**n.s.**

Earnings per share (EUR)	30/09/2015	30/09/2014	Chg. Abs.	chg. %
Basic	**0.063**	**(12.266)**	12.329	n.s.
Diluted	0.063	(12.266)	12.329	n.s.

Quarterly trend in reclassified incomen statement (EUR mln)

	2015			2014			
Montepaschi Group	3Q	2Q	1Q	4Q	3Q	2Q	1Q
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)**
Profit (loss) after tax from groups of assets held for sale and discontinued operations	-	-	-	-	-	-	-
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)**

Trends in revenues

In the first nine months of 2015 **Total Group Revenues** amounted to around **EUR 3,384 mln** (+8.4% over the same period in the previous year), with a Q3 2015 contribution of roughly EUR 958 mln, down 17.4%, affected by the loss deriving from the closing of the "Alexandria" transaction (approximately EUR -130 mln).

Financial and insurance income (EUR mln)									
						Chg Q/Q		Chg Y/Y	
	30/09/2015	3Q2015	2Q2015	1Q2015	30/09/2014	Abs.	%	Abs.	%
Net interest income	1,740.2	568.5	559.9	611.9	1,552.5	8.6	1.5%	187.7	12.1%
Net fee and commission income	1,358.3	431.2	484.2	443.0	1,292.5	(53.0)	-10.9%	65.8	5.1%
Income from banking activities	**3,098.5**	**999.7**	**1,044.0**	**1,054.9**	**2,845.0**	**(44.4)**	**-4.3%**	**253.5**	**8.9%**
Dividends, similar income and gains (losses) on equity investments	95.0	28.7	42.0	24.3	82.1	(13.3)	-31.8%	13.0	15.8%
Net trading income (loss) / valuation of financial assets	163.6	(67.2)	59.1	171.8	220.9	(126.2)	n.s.	(57.3)	-25.9%
net profit (loss) from hedging	13.9	(4.1)	3.2	14.8	(11.1)	(7.3)	n.s.	25.0	n.s.
Other operating income (expenses)	13.1	0.4	11.3	1.4	(14.3)	(10.9)	-96.4%	27.4	n.s.
Financial and insurance income	**3,384.2**	**957.5**	**1,159.6**	**1,267.2**	**3,122.7**	**(202.1)**	**-17.4%**	**261.6**	**8.4%**

A closer look at the aggregate reveals the following:

- **Net interest income** in the first nine months of 2015 stood at around **EUR 1,740 mln**, up 12.1% over the same period in the previous year, impacted, for around EUR 147 mln, by the recalculation of the NFIs repayment value; net of this component, net interest income would record annual growth of roughly 2.4%. The growth is attributable to the lower average income of said NFIs, the improvement in the average spread, the positive effects partly offset by the fall in average interest-bearing loans and the decrease in the portfolio return, resulting from optimisation initiatives.

  The 3rd quarter contributed around EUR 569 mln, a slight increase over the previous quarter (+1.5%), benefitting from the full settlement of the NFIs in June 2015, and the reduction in interest-bearing liabilities, in contrast to the fall in volumes and of returns on loans to business customers.

- **net fee and commission income**, standing at **EUR 1,358 mln**, was up 5.1% YoY (EUR +65.8 mln) due to the increase in income from asset management supported by placements and continuing operations. In the 3rd quarter, the aggregate contributed around EUR 431 mln, down compared to the previous quarter (-10.9%) due in particular to a fall in income from product placement and income connected to loan activities, due to their seasonal nature.

- **Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities** in the first nine months of 2015 stood at around **EUR 164 mln**, down over the same period in the previous year (-25.9%), with a negative 3rd quarter contribution of roughly EUR 67 mln (value that includes the loss deriving from the closing of the "Alexandria" transaction for EUR -130 mln). The value in the 2nd quarter of 2015 was around EUR 59 mln.

Net trading income (loss) / valuation of financial assets (EUR mln)						Chg Q/Q		Chg Y/Y	
	30/09/2015	3Q2015	2Q2015	1Q2015	30/09/2014	Abs.	%	Abs.	%
Net profit (loss) from trading	160.7	44.4	49.5	66.8	87.5	(5.1)	-10.2%	73.2	83.6%
Gains (losses) on disposal/repurchase of loans, financial assets available for sale and financial liabilities	8.5	(124.1)	10.4	122.2	149.6	(134.5)	n.s.	(141.0)	-94.3%
Net profit (loss) from financial assets and liabilities designated at fair value	(5.6)	12.5	(0.8)	(17.3)	(16.2)	13.4	n.s.	10.6	-65.3%
Net profit (loss) from trading	**163.6**	**(67.2)**	**59.1**	**171.8**	**220.9**	**(126.2)**	**n.s.**	**(57.3)**	**-25.9%**

A closer look at the result reveals that:

- **Net profit (loss) from trading** came to around **EUR 161 mln** (up EUR 73 mln YoY), mainly due to the income of the subsidiary MPS Capital Services, with a Q3 2015 contribution of roughly EUR 44 mln, down 10.2% compared to the previous quarter;
- **Gains/losses on disposal/repurchase of loans, financial assets and liabilities available for sale** totalled approximately **EUR 9 mln**, compared to around EUR 150 mln in the same period in the previous year. The 3rd quarter of 2015 recorded a negative result of EUR 124 mln, given that it absorbed the loss deriving from the closing of the "Alexandria" transaction and was impacted by lower profits than the previous quarter, relating to AFS portfolio optimisation activities;
- **Net profit (loss) from financial assets and liabilities designated at fair value** showed a negative balance of **EUR 5.6 mln** (EUR -16.2 mln recorded as at 30 September 2014), with a positive 3rd quarter contribution of EUR 12.5 mln, attributable primarily to the reduction in the value of some liabilities designated at fair value (owing to the worsening in the credit rating of issuer Banca Monte dei Paschi di Siena).

The following items make up the Total Revenue:

- **Dividends, similar income and gains (losses) on investments:** the result of approx. **EUR 95 mln** (around EUR 82 mln in the first nine months of 2014), includes the contribution from AXA-MPS (consolidated using the equity method). The aggregate dropped by around EUR 13 mln compared to the previous quarter, which had benefitted from dividends from Bankit of roughly EUR 9 mln;
- **Net profit from hedging:** showed a positive balance of approx. **EUR 14 mln** (negative balance of EUR 11 mln as at 30 September 2014) with a negative contribution of around EUR 4 mln in Q3 2015.
- **Other operating income/expenses** showed a positive balance of EUR 13 mln (EUR -14.3 mln in the first nine months of 2014), with a practically zero contribution in the 3rd quarter.

Operating costs: operating expenses

The Group's **operating expenses** totalled approximately **EUR 1,967 mln** in the first nine months of 2015 (-2.7% from the same period of the previous year) with an impact on the 3rd quarter of EUR 656 mln, in line with the previous quarter (-0.2%).

Operating expenses (EUR mln)

	30/09/2015	3Q2015	2Q2015	1Q2015	30/09/2014	Chg Q/Q Abs.	Chg Q/Q %	Chg Y/Y Abs.	Chg Y/Y %
Personnel expenses	1,256.5	422.7	414.4	419.4	1,279.2	8.3	2.0%	(22.7)	-1.8%
Other administrative expenses	553.9	179.1	189.2	185.5	577.0	(10.1)	-5.3%	(23.1)	-4.0%
Administrative expenses	**1,810.4**	**601.8**	**603.7**	**604.9**	**1,856.2**	**(1.8)**	**-0.3%**	**(45.8)**	**-2.5%**
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	156.6	54.4	53.7	48.4	164.4	0.7	1.3%	(7.9)	-4.8%
Operating expenses	**1,967.0**	**656.3**	**657.4**	**653.3**	**2,020.7**	**(1.1)**	**-0.2%**	**(53.6)**	**-2.7%**

More specifically:

- **Administrative expenses** were approx. **EUR 1,810 mln** (-2.5% YoY) of which approx. EUR 602 mln referring to the 3rd quarter of 2015 (-0.3% QoQ). A breakdown of the aggregate shows:
  - **Personnel expenses**, amounting to approximately **EUR 1,257 mln**, were down 1.8% against the previous year, mainly due to workforce downsizing carried out at the end of 2014 and the start of 2015, which more than offset increased expenses associated with the renewal of the National Collective Labour Agreement. The quarterly trend (+2%) felt the effects of the salary trends relating to the CCNL, the restoration, with retroactive effect, of the contribution to the Solidarity Fund payable by sector companies and accounting adjustments to the Provisions for Personnel.
  - **Other administrative expenses**, amounting to around **EUR 554 mln**, were 4% lower than the previous year, due to structural actions to cut expenses which concerned, inter alia, the real estate/security, outsourcing and facility management and office supplies segments. The 3rd quarter of 2015, which contributed EUR 179 mln (-5.3% QoQ), benefitted from one-off positive elements, also partly related to seasonal effects;
- **Net value adjustments to tangible and intangible assets** totalled roughly **EUR 157 mln** at the end of September (-4.8% YoY). The 3rd quarter, contributing approximately EUR 54 mln (+1.3% QoQ), is characterised by a slight increase in the intangible assets component.

Due to the above trends, in the first nine months of 2015, the Group's **Gross operating income** totalled approximately **EUR 1,417 mln**, compared to around EUR 1,102 mln recorded in the same period of 2014. The 3rd quarter contributed EUR 301 mln (-40.0% compared to the 2nd quarter of 2015). The cost/income[2] ratio stood at 58.1% (54.0% as at 30/06/2015).

Cost of credit: net impairment losses (reversals) on loans and financial assets

In the first nine months of 2015, the Group recorded **net impairment losses (reversals) on loans** of around **EUR 1,414 mln**, down 42.6% compared to the same period in the previous year, which was impacted by the extraordinary adjustments relating to the exposures subject to the Credit File Review as part of the Asset Quality Review. The 3rd quarter of 2015 contributed roughly EUR 430 mln, marking a drop of 16.7% compared to Q2 2015, which was also impacted by the recalibration of the Probability of Default and Loss Given Default parameters.

2 The Cost/Income ratio is expressed as the ratio between operating expenses and total revenues. It should be pointed out that, for the quarter ended as at 31/3/2015 the Group adopted a new reclassified Income Statement layout where Total Revenues also include the balance of the item "Other operating expenses/income".

The ratio of the impairment losses on loans for the first nine months of 2015 over total customer loans reflects a **Provisioning Rate of 168 bps**, compared to 260 bps in the same period in 2014 (168 bps recorded as at 30/06/2015).

"**Net impairment losses (reversals) on financial assets and other transactions**" recorded a **negative balance of around EUR 4 mln**, compared to a negative value of roughly EUR -59 mln in the first nine months of 2014, impacted, inter alia, by the write-down of the Istituto per il Credito Sportivo. The 3rd quarter contributed EUR -5.5 mln (EUR -12.3 mln in Q2 2015).

Consequently, the Group's **net operating income** totalled approximately **EUR -0.5 mln** (roughly EUR -1,421 mln in the first nine months of 2014).

Non-operating income, tax and net profit for the period

The result for the period included:

- **Net provisions for risks and charges** of around **EUR -60 mln**, with an incidence of around EUR -11 mln in Q3 2015**.** It should be noted that expenses were recorded in the 3rd quarter, payable mainly by Banca Monte dei Paschi di Siena SpA and, to a lesser extent, Banca Widiba SpA, totalling around EUR -55 mln, deriving from the acknowledgement of community directive 2014/49 "Deposit Guarantee Schemes Directive - DGSD", which establishes the single deposit guarantee scheme, and directive 2014/59 "Bank Recovery and Resolution Directive - BRRD", which establishes the single mechanism for the resolution of banking crises. The provision is based essentially on secured deposits and, in the case of DGSD, for 2015 only a half-year period was considered, consistent with the known guidelines to date. Positive effects of more than EUR 50 mln were also accounted for, as a result of the release of the provisions allocated to cover risks which were eliminated or which materialised to a lesser extent originally envisaged.
- **Gains (losses) on investments** came to approximately **EUR 127 mln**, of which EUR 1.5 mln relating to the 3rd quarter of 2015. For a QoQ comparison, bear in mind that the figure for the 2nd quarter of 2015 included around EUR 120 mln in profits from the transfer of the 10.3% interest held in the investee Anima Holding S.p.A. following the sale to Poste Italiane S.p.A. completed in June 2015.
- **Restructuring costs/One-off charges** of approx. **EUR -2.8 mln** (of which EUR -2.2 mln accounted for in the 3rd quarter of 2015) relating to a number of terminated employment contracts. The balance recognised in the first nine months of 2014 was associated with revised early-retirement incentives put in place following the trade union agreement of 19 December 2012;
- **Gains on disposal of investments** showed a positive balance of **EUR 1.9 mln**, compared to EUR 6.8 mln as at 30/09/2014, attributable to the capital gain from the disposal of administrative and back-office activities to Fruendo. The contribution of the 3rd quarter of 2015, amounting to EUR 0.9 mln, remained essentially at the same levels of the previous quarter.

Profit (loss) before tax from continuing operations (EUR mln)						Chg Q/Q		Chg Y/Y	
	30/09/2015	3Q2015	2Q2015	1Q2015	30/09/2014	Abs.	%	Abs.	%
Net operating income	**(0.5)**	**(134.1)**	**(26.0)**	**159.6**	**(1,421.0)**	**(108.2)**	**n.s.**	**1,420.5**	**n.s.**
Net provisions for risks and charges	(59.9)	(11.4)	(18.8)	(29.8)	(119.3)	7.4	-39.5%	59.4	-49.8%
Gains (losses) from Investments	126.7	1.5	124.9	0.2	161.9	(123.4)	-98.8%	(35.2)	-21.8%
Restructuring charges / One off charges	(2.8)	(2.2)	(0.3)	(0.2)	(322.0)	(1.9)	n.s.	319.2	n.s.
Gains (losses) on disposal of investments	1.9	0.9	0.6	0.4	6.8	0.2	35.4%	(5.0)	-72.4%
Profit (Loss) before tax from continuing operations	**65.3**	**(145.3)**	**80.5**	**130.2**	**(1,693.6)**	**(225.8)**	**n.s.**	**1,758.9**	**n.s.**

As a result of the above trends, in the first nine months of 2015, the Group recorded **profit before tax from continuing operations** of around **EUR 65 mln** against EUR -1,694 mln recorded in the same period of last year.

Tax expense (recovery) on income from continuing operations amounted to a **positive balance of around EUR 50 mln** (EUR 568 mln in the same period of the previous year), impacted primarily by income of EUR 80.7 mln relating to the ACE (Support to Economic Growth pursuant to art. 1 of Decree Law 201/2011) accrued as at 30 September 2015 as well as the effect of the partial tax exemption (95%) of the capital gain realised by the Bank as a result of the sale of the equity investment held in Anima Holding to Poste Italiane under the PEX regime.

Considering the effects of the PPA (approximately EUR -30 mln) and profit of non-controlling interests (EUR -1.3 mln), the **Group's profit in the first nine months of 2015 amounted to around EUR 85 mln**, compared to a loss of roughly EUR 1,150 mln as at 30/09/2014. The 3rd quarter of 2015 provided a negative contribution of approx. EUR 109 mln, affected by the closing of the "Alexandria" transaction for a net total of EUR 88 mln (profit of EUR 121 mln recorded in the 2nd quarter of 2015).

Balance Sheet

Reclassified balance sheet (EUR mln)				
	30/09/2015	31/12/2014	Chg vs 31/12/14	
ASSETS			abs.	%
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%
of which:				
a) goodwill	*8*	*8*	-	
Other assets	10,098	11,019	(921)	-8.4%
Total assets	**170,202**	**183,444**	**(13,242)**	**-7.2%**

	30/09/2015	31/12/2014	Chg vs 31/12/14	
LIABILITIES			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 year	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%**

Reclassified Balance Sheet - Quarterly Trend (EUR mln)

ASSETS	30/09/2015	30/06/2015	31/03/2015	31/12/2014	30/09/2014	30/06/2014	31/03/2014
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
of which:							
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	30/09/2015	30/06/2015	31/03/2015	31/12/2014	30/09/2014	30/06/2014	31/03/2014
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**

Customer funding

Group's **Total funding** amounted to around **EUR 231 bn** as at 30 September 2015 (-0.7% compared to 31/12/2014), with a shift in volumes to assets under management. In the 3rd quarter, the aggregate recorded a fall in volumes (-1.6%), attributable to the decreasing trend in Direct Funding, while the indirect component remained stable.

Background

Direct Funding continued to shrink in the first eight months of the year (more than 5.5% less compared to the same period in 2014), sitting at around EUR 2,020 bn in August. Deposits rose (up 0.4% between July and August), amounting to around EUR 1,401 bn, marking an increase of 0.3% over the end of 2014. The sharp drop in bond funding continued, falling to EUR 619 bn in August from EUR 709 bn in December 2014.

The reduction in interest rates on deposits denominated in Euro of non-financial companies and households did not abate, with the rate on balances hitting a low of 0.56% in August. Following the phase of stabilisation between March and June, the rate on bank bonds started to drop again, albeit at less marked rates than in the past (3.03% in August).

In the first 8 months of 2015, the asset management sector confirmed the positive trend, registering total net funding of more than EUR 111 bn, compared to almost EUR 90 bn in the corresponding period in 2014.

Customer Funding (EUR mln)						
	30/09/2015	30/06/2015	31/12/2014	30/09/2014	Chg % vs %	Chg 31/12 %
Direct funding	**122,717**	**126,238**	**126,224**	**126,610**	**-2.8%**	**-2.8%**
Indirect funding	**108,087**	**108,286**	**106,140**	**107,958**	**-0.2%**	**1.8%**
assets under management	*54,715*	*54,969*	*51,519*	*50,390*	*-0.5%*	*6.2%*
Mutual Funds/Sicav	*24,833*	*25,033*	*21,994*	*21,354*	*-0.8%*	*12.9%*
Individual Portfolio under Management	*6,330*	*6,305*	*6,228*	*6,340*	*0.4%*	*1.7%*
Insurance Products	*23,551*	*23,631*	*23,297*	*22,696*	*-0.3%*	*1.1%*
assets under custody	*53,371*	*53,317*	*54,622*	*57,568*	*0.1%*	*-2.3%*
Total funding	**230,804**	**234,524**	**232,365**	**234,568**	**-1.6%**	**-0.7%**

More specifically:

- **Direct Funding**, amounting to around **EUR 123 bn**, was down 2.8% over the 1st half, registering a decrease in **Repurchase Agreements** (down EUR 4.5 bn; -25.9%), mainly relating to the closure of the "Alexandria" transaction (which had an impact of roughly more than EUR -3 bn) and **Bonds** (down EUR 0.6 bn; -1.8%) as a result of the maturities accrued. By contrast, consumer and corporate funding was up, with a further recovery in **Current Accounts** (+0.5%) and growth in **Time deposits** (+5.6%). "Other forms of Direct Funding" also recorded growth (+6.4%).

  When compared with 31 December 2014, Direct Funding recorded a drop of 2.8%. The net decrease in repurchase agreements (down around EUR 8 bn) and bonds (down EUR 0.8 bn) was partially cushioned by the growth in Time deposits (up EUR 3.1 bn) and Current accounts (up EUR 2.5 bn).

  The Group's market share[3] , standing at 4.78% (figure updated in July 2015) recorded growth from the start of the year (+29 bps).

[3] Deposits and repurchase agreements (excluding repurchase agreements with central counterparties) from resident consumer clients and bonds net of repurchases and NFIs placed with resident consumer clients as first-instance borrowers, Source - Research & Investor Relations Area.

The following table shows a breakdown of major types of direct funding from customers:

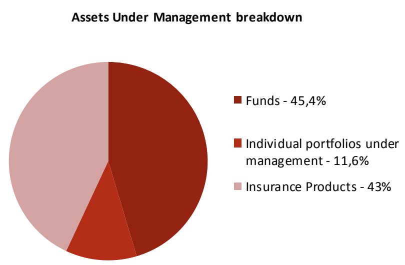
Direct funding (EUR mln)								
					Change Q/Q		Change 31.12	
Type of transaction	30/09/2015	30/06/2015	31/12/2014	30/09/2014	Abs.	%	Abs.	%
Current accounts	55,889	55,585	53,373	57,014	303	0.5%	2,516	4.7%
Time deposits	13,863	13,122	10,800	10,900	741	5.6%	3,063	28.4%
Reverse repurchase agreements	13,012	17,561	21,158	13,551	(4,549)	-25.9%	(8,146)	-38.5%
Bonds	30,623	31,200	31,406	34,818	(577)	-1.8%	(783)	-2.5%
Other types of direct funding (**)	9,330	8,769	9,487	10,327	562	6.4%	(157)	-1.7%
Total	**122,717**	**126,238**	**126,224**	**126,610**	**(3,520)**	**-2.8%**	**(3,507)**	**-2.8%**

- At the end of the 3rd quarter of 2015, year the Group's **indirect funding** volumes amounted to around **EUR 108 bn**, essentially in line with the balance recorded as at 30 June 2015 (-0.2% QoQ; +1.8% growth on 31/12/2014).

Indirect Funding (EUR mln)						
					Chg % vs	Chg 31/12
	30/09/2015	30/06/2015	31/12/2014	30/09/2014	%	%
Assets under management	*54,715*	*54,969*	*51,519*	*50,390*	*-0.5%*	*6.2%*
Mutual Funds/Sicav	*24,833*	*25,033*	*21,994*	*21,354*	*-0.8%*	*12.9%*
Individual Portfolio under Management	*6,330*	*6,305*	*6,228*	*6,340*	*0.4%*	*1.7%*
Insurance Products	*23,551*	*23,631*	*23,297*	*22,696*	*-0.3%*	*1.1%*
Assets under custody	*53,371*	*53,317*	*54,622*	*57,568*	*0.1%*	*-2.3%*
Total funding	**108,087**	**108,286**	**106,140**	**107,958**	**-0.2%**	**1.8%**

More specifically:

- **Assets under management** closed the 3rd quarter with volumes of around **EUR 55 bn**, at basically the same levels as at the end of June (-0.5%) but up 6.2% compared to the end of 2014. A breakdown of the aggregate shows:
  - ✓ **Mutual Investment Funds and UCITS**, amounting to approx. **EUR 25 bn**, a slight decrease of 0.8% over the quarter (+12.9% over 31/12/2014), due to the net inflows in the period of approx. EUR 0.6 bn, more than offset by a negative market effect;
  - ✓ **Wealth management** of more than **EUR 6 bn**, stable over June 2015 (+0.4%; increase of 1.7% in volumes compared to 31/12/2014);
  - ✓ The **insurance component**, amounting to around **EUR 24 bn**, was confirmed at the June levels (-0.3%; +1.1% over 31/12/2014), also impacted, in this case, by a negative market effect. In the 3rd quarter, insurance premiums collected totalled around EUR 1.1 bn, supported in particular by Unit Linked products, down compared to the results achieved in the previous quarter, reflecting the seasonal effect.



- **Assets under custody**, totalling roughly **EUR 53 bn**, were essentially unchanged with respect to 30/06/2015 (-2.3% over 31/12/2014).

Loans to customers

As at 30 September 2015, the Group's **loans to customers** amounted to roughly **EUR 113 bn**, down 4.2% with respect to 30/06/2015 and 6.0% with respect to the end of 2014.

The comparison with 31/12/2014 shows a decrease in volumes of roughly EUR 7.2 bn (-6.0%), also impacted by the closure of the "Alexandria" transaction. In particular, Other loans fell 18.6% YoY, Repurchase agreements by 15.3%, Current Accounts by 8.5% and Mortgages by 3.4%, while non-performing loans rose by 5.4% (which also rose QoQ).

The reduction in the aggregate in the 3rd quarter of EUR 4.9 bn is attributable mainly to the closure of the "Alexandria" transaction, with impacts on the totals Other loans and Repurchase agreements which fell by a total of EUR 4 bn. The Mortgages segment also recorded a drop, of EUR 1 bn compared to 30/06/2015.

Background

The loan market continued to gradually improve, favoured by the cyclical recovery and the measures adopted by the Eurosystem. New disbursements of loans to non-financial companies grew by more than 17% on a trend basis in the first eight months of 2015; during the same period, flows of loans provided for the purchase of property recorded a greater recovery, and flows of new consumer credit transactions also increased. The amounts of loans to households and businesses stood at EUR 1,409 bn in August, compared to EUR 1,405 bn at the end of 2014; during the same period, loans to resident businesses fell from EUR 808 bn to around EUR 801 bn (by contrast, growth in loans to manufacturing firms strengthened) while those to households rose by almost EUR 11 bn.

The cost of loans to non-financial companies continues to fall slightly, thanks to the ECB's expansionary policies: in August, the rate on new transactions (non-current account) fell below 2%, close to the all-time lows. As regards the various sectors, the credit supply conditions remain less favourable in the construction sector. The rate on new loans for the purchase of homes started to rise slightly again in July (2.75%) and in August (2.81%). The rate on new consumer credit transactions rose slightly to around 7% from last May.

The amount of doubtful loans inherited from the long crisis remains high, while the improvement in the macro-economic scenario had a positive impact on the flow of new doubtful loans, down in both the first and second quarters. Despite this, in August 2015, gross doubtful loans touched EUR 200 bn, around EUR 15 bn higher than the figure at the end of 2014, with a total doubtful loans/total loans ratio remaining above 10% in August.

The Group's market share, calculated net of repurchase agreements with institutional counterparties, stood at 7.03% (last available update from July 2015), basically stable compared to December 2014 and in line with the March 2015 figure.

Loans to customers (EUR mln)

Type of transaction	30/09/2015	30/06/2015	31/12/2014	30/09/2014	Change Q/Q		Change 31.12	
					Abs.	%	Abs.	%
Current accounts	8,004	8,179	8,745	10,041	(174)	-2.1%	(741)	-8.5%
Mortgages	53,472	54,511	55,328	58,541	(1,039)	-1.9%	(1,856)	-3.4%
Other forms of lending	22,191	25,461	27,276	27,930	(3,270)	-12.8%	(5,085)	-18.6%
Repurchase agreements	3,508	4,649	4,142	4,113	(1,141)	-24.5%	(634)	-15.3%
Securities lending	951	938	1,042	1,366	13	1.4%	(91)	-8.7%
Non performing loans	24,387	23,699	23,143	24,315	688	2.9%	1,244	5.4%
Total	**112,513**	**117,436**	**119,676**	**126,307**	**(4,923)**	**-4.2%**	**(7,163)**	**-6.0%**

The aggregate was sustained during the first nine months of the year by new disbursements in the medium-long term segment, up by more than 100% YoY (EUR +3 bn), which regarded households (EUR +0.7 bn) as well as businesses (EUR +2.3 bn). This trend made it possible to slow down the decline in lending to households and businesses, but it was not enough to replace maturing stocks (values that also include the planned run-off on the merged company Consum.it).

Non-performing loans

The new concept of non-performing loans adopted by the Bank of Italy in the 7th Update to Circular 272 of 20 January 2015 (Accounting Matrix) became applicable from the 1st quarter of 2015, following implementation of the new definitions for Non-performing Exposures (NPE) introduced by the implementing technical standards relating to the consolidated and harmonised regulatory statistical reports, defined by the European Banking Authority and approved by the European Commission on 9 January 2015. Consequently, the non-performing loans were broken down into the categories doubtful loans, unlikely to pay and non-performing past due exposures, with repeal of the concepts of substandard and restructured exposures, which are included in the aggregate of unlikely to pay, with the exception of objective substandard loans, which are categorised as non-performing past due.

As at 30 September 2015, the Group recorded a **net exposure**, **in terms of non-performing loans**, of around **EUR 24.4 bn**, up 5.4% over 31/12/2014. Within this aggregate, doubtful loans rose by 4.7% in the quarter, unlikely to pay by 0.8% and non-performing past due exposures by 6.1%.

Loans to customers												
Risk category - Net book values	30/09/2015	30/06/2015	31/12/2014	30/09/2014	Inc. %	weight %	weight %	weight %	Change Q/Q		Change 31.12	
(EUR mln)					30/09/2015	30/06/2015	31/12/2014	30/09/2014	Ass.	%	Ass.	%
A) Non performing loans	**24,387**	**23,699**	**23,143**	**24,315**	**22**	**20.2**	**19.3**	**19.3**	**688**	**2.9%**	**1,244**	**5.4%**
a1) Doubtful loans	9,473	9,048	8,445	9,754	8	7.7	7.1	7.7	425	4.7%	1,028	12.2%
a2) Unlikely to pay	12,139	12,037	11,644	7,792	11	10.2	9.7	6.2	102	0.8%	495	4.2%
a3) Net past due and overdue exposures	2,774	2,614	3,053	6,770	2	2.2	2.6	5.4	160	6.1%	-279	-9.1%
B) Performing loans	**88,126**	**93,737**	**96,533**	**101,991**	**78**	**79.8**	**80.7**	**80.7**	**-5,611**	**-6.0%**	**-8,407**	**-8.7%**
Total customer loans	**112,513**	**117,436**	**119,676**	**126,307**	**100**	**100.0**	**100.0**	**100.0**	**-4,924**	**-4.2%**	**-7,164**	**-6.0%**

During the first nine months of 2015, the Supervisory Authority conducted a review of the Group's credit exposures relating to the Residential Real Estate (EUR 29.8 bn), Institutional (EUR 1.7 bn), Project Finance (EUR 1.8 bn) and Shipping (EUR 1.3 bn) portfolios, totalling approx. 23% of loans to customers and 8% of their non-performing total. These portfolios were excluded from the previous review conducted in 2014.

The Interim Report on Operations as at 30 September 2015 essentially acknowledged the effects of the Credit File Review, amounting to around EUR 41 mln. As regards statistical projections of the CFR and collective provisioning, whose total amount was around EUR 150 mln, it should be noted that additional adjustments of roughly EUR 67 mln were made to said portfolio as at 30 September. Attention should also be drawn to the fact that the projections, owing to their nature, cannot be directly considered as accurate assessments of the need for further adjustments in the financial statements.

As at 30 September 2015, **coverage of non-performing loans** stood at **48.6%,** a reduction of 13 bps compared to 30/06/2015. Within this aggregate, the coverage of doubtful loans totals 64.0%, down 34 bps compared to the previous quarter. With respect to unlikely to pay positions, coverage at the end of September equals 30.8% (-40 bps compared to 30/06/2015), while that of non-performing past due exposures rose to 23.4% from 22.8% at the end of June 2015 (+58 bps).

Coverage ratios						
					Var. Q/Q	Var. 31.12
	30/09/2015	30/06/2015	31/12/2014	30/09/2014	Ass.	Ass.
Provisions for Impaired Loans / Gross Impaired Loans	48.6%	48.8%	48.9%	41.8%	-0.13%	-0.31%
Provisions for NPLs / gross NPLs	64.0%	64.3%	65.3%	58.8%	-0.34%	-1.31%
Provisions for Unlikely To Pay Loans / Gross Unlikely To Pay Loans	30.8%	31.2%	32.3%	27.5%	-0.40%	-1.47%
Provisions for Past Due Positions / Gross Past Due Positions	23.4%	22.8%	19.6%	7.6%	0.58%	3.83%

The following table provides details for the main Group companies. The subsidiary MPS Capital Services presented lower coverage than the Bank as it is specialised in forms of medium/long-term loans directly secured by collateral.

Npls and Net Substandard loans by business unit				
Risk category - Net values at 30/09/2015 (EUR mln)	Group	BMPS	MPS Capital Services	MPS Leasing & Factoring
Net doubtful loans	9,473	6,688	2,215	521
% of total customer loans	8.4%	7.0%	21.0%	9.8%
"loan loss provisions" / "gross doubtful loans"	**64.0%**	**66.9%**	**51.5%**	**62.8%**
Unlikely to pay	12,139	9,054	2,487	581
% of total customer loans	10.8%	9.4%	23.6%	10.9%
"Unlikely to pay" / "gross substandard loans"	**30.8%**	**31.3%**	**25.5%**	**40.7%**
Provisions for Past Due Positions	2,774	2,415	178	154
% of total customer loans	2.5%	2.5%	1.7%	2.9%
"Provisions for Past Due Positions" / "gross substandard loans"	**23.4%**	**23.7%**	**16.8%**	**28.4%**

In relation to **performing loans**, coverage stood at 0.8%, stable at the levels recorded at the end of the 1st half.

The Group's securities and derivatives portfolio

As at 30 September 2015, the **Group's securities and derivative portfolio** stood at around **EUR 32 bn**, an increase of around EUR 0.8 bn compared to 30/06/2015. In the 3rd quarter, the Held-For-Trading portfolio rose by roughly EUR 1 bn thanks, in particular, to the activities of the subsidiary MPS Capital Services. By contrast, the Available-For-Sale portfolio (down EUR 0.1 bn) was essentially stable. Within this component, the portfolio for the closing of the "Alexandria" transaction recorded a reduction of around EUR 4.2 bn and a portfolio was acquired from Nomura composed mainly of BTPs via an asset swap with medium/long-term financial term for a total of around EUR 3.4 bn. The portfolio of bonds recorded under receivables (L&R) fell by EUR 0.1 bn.

Portfolio of treasury securities and derivatives (exact year-end figures in EUR mln)								
MONTEPASCHI GROUP	**30/09/2015**	**30/06/2015**	**31/12/2014**	**30/09/2014**	**Chg Q/Q**		**Chg 31.12**	
Type of portfolio					**Abs.**	**%**	**Abs.**	**%**
Held For Trading (HFT) [1]	9,738	8,748	8,244	8,960	990	11.3%	1,494	18.1%
Available For Sale (AFS) [2]	19,878	19,980	22,848	22,999	(102)	-0.5%	(2,970)	-13.0%
Loans & Receivable (L&R) [3]	1,971	2,073	2,191	2,430	(102)	-4.9%	(219)	-10.0%
Total	**31,588**	**30,801**	**33,283**	**34,389**	**787**	**2.6%**	**(1,695)**	**-5.1%**

(1) "Financial assets held for trading" excluding "Loans" and net of the value of derivatives posted to "Financial liabilities held for trading". The aggregate is not net of uncovered short positions classified under "Financial liabilities held for trading".

(2) "Financial assets held for sale" excluding "Loans" including equity investments.

(3) Securities classified under "Loans & Receivables" posted to "Loans to customers" and "Loans to banks".

As regards the handling of market risks in the Group's "Regulatory Trading Book", which is monitored using the Value at Risk (VaR), refer to the section "Integrated Risk and Capital Management".

Exposure to sovereign debt risk

Below is a breakdown of the Group's exposure to sovereign debt risk in government bonds, loans and credit derivatives as at 30 September 2015. The exposures are broken down by accounting categories. For securities classified as "Loans and Receivables (L&R)" and for loans, the book value (amortised cost) is also reported.

(in millions of eur)

COUNTRY	DEBT SECURITIES					LOANS	CREDIT DERIVATIVES
	Financial assets held for trading		Financial assets available for sale		L&R	L&R	Financial assets HFT
	Nominal	Fair value= book value	Nominal	Fair value= book value	Book value	Book value	Nominal
Argentine	7.42	5.55	-	-	-	-	-
Austria	0.06	0.08	-	-	-	-	-
Belgium	(11.98)	(12.38)	55.75	60.39	-	-	-
Bosnia	0.01	0.01	-	-	-	-	-
Brazil	0.16	0.19	-	-	-	-	-
China	-	-	28.79	28.79	-	-	(4.35)
France	(9.05)	(9.43)	3.50	4.22	-	-	24.00
Germany	(100.79)	(107.70)	-	-	-	-	-
Greece	0.05	0.03	-	-	-	-	-
Ireland	0.00	0.00	-	-	-	-	-
Italy	3,344.65	3,398.18	16,417.16	18,864.33	146.23	865.41	1,538.27
Lituania	-	-	9.00	10.31	-	-	-
Holland	(11.97)	(12.47)	-	-	-	-	-
Polony	3.48	3.96	10.00	10.74	-	-	-
Portugal	-	-	15.00	15.50	-	-	3.00
United Kingdom	0.04	0.05	-	-	-	-	-
Romania	3.09	3.37	-	-	-	-	-
Russia	0.09	0.17	-	-	-	-	-
Spain	1.43	1.54	40.00	46.36	-	-	(15.20)
U.S.A.	0.09	0.12	-	-	-	-	-
Turkey	0.63	0.67	10.00	10.45	-	-	-
Hungary	1.51	1.69	-	-	-	-	-
Venezuele	(0.00)	(0.00)	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-
Totale 30 09 2015	**3,228.92**	**3,273.63**	**16,589.20**	**19,051.08**	**146.23**	**865.41**	**1,545.72**
Totale 31 12 2014	**1,820.42**	**1,862.08**	**18,992.86**	**22,100.36**	**465.58**	**3,252.10**	**690.03**

Details on the Group's exposure is presented taking into consideration that, according to instructions from the European Securities and Markets Authority (ESMA), "sovereign debt" is defined as bonds issued by central and local Governments and by government Entities, as well as loans disbursed to aforementioned entities.

Details of Italian AFS reserves and credit derivatives (in EUR/mln) are provided below:

(milion of Euro)

AFS securities: Italy	30 09 2015	31 12 2014
Book value	18,864.1	21,805.1
AFS reserve (after tax)	(11.2)	(564.1)
of which: hedging effect (after tax)	(336.2)	(2,301.8)

(milion of Euro)

Credit derivatives - Italy	30 09 2015	31 12 2014
Purchase of protection	-	-
Nominal	(1,995.3)	(3,791.3)
Positive fair value	112.2	285.6
Negative fair value	-	0.1
Sale of protection	-	-
Nominal	3,534.6	4,292.4
Positive fair value	-	0.2
Negative fair value	154.7	357.4

Interbank position

As at 30 September 2015, the Group's net interbank position stood at around EUR 11.4 bn in funding, an improvement of EUR 8.6 bn over the end of 2014 and down around EUR 0.9 bn in the quarter.

Interbank balances (end-of-period; EUR mln)

					Change Q/Q		Change 31.12	
	30/09/2015	30/06/2015	31/12/2014	30/09/2014	Abs.	%	Abs.	%
Loans to banks	6,432	8,327	7,723	6,884	(1,895)	-22.8%	(1,291)	-16.7%
Deposits from banks	17,805	18,831	27,648	29,425	(1,026)	-5.4%	(9,843)	-35.6%
Net position	**(11,373)**	**(10,504)**	**(19,925)**	**(22,540)**	**(869)**	**8.3%**	**8,552**	**-42.9%**

As at 30 September 2015 the operational liquidity position showed an **unencumbered Counterbalancing Capacity of approx. EUR 24 bn**, up by approximately EUR 4 bn compared to the end of June 2015 (up EUR 8 bn compared to 31/12/2014).

Shareholders' equity

As at 30 September 2015, the **Group's shareholders' equity and non-controlling interests** totalled around **EUR 9.9 bn** (up EUR 3.9 bn compared to 31/12/14), marking quarterly growth of around EUR 0.5 bn, attributable to the valuation reserve, also impacted by the early closing of the "Alexandria" transaction.

Reclassified Balance Sheet (EUR mln)

	30/09/2015	30/06/2015	31/12/2014	30/09/2014	Chg vs 30/06/2015		Chg vs 31/12/2014	
ASSETS					Abs.	%	Abs.	%
Group net equity	9,850	9,373	5,965	10,340	476	5.1%	3,884	65.1%
a) Valuation reserves	(85)	(668)	(685)	(549)	584	-87.3%	601	-87.6%
c) Equity instruments carried at equity	-	-	3	3	-		(3)	-100.0%
d) Reserves	841	1,085	(496)	(451)	(244)	-22.5%	1,338	n.s.
e) Share premium	6	4	2	2	2	59.9%	4	n.s.
f) Share capital	9,002	8,759	12,484	12,484	243	2.8%	(3,482)	-27.9%
g) Treasury shares (-)	(0)	-	(0)	(0)	(0)		0	-100.0%
h) Net profit (loss) for the period	85	194	(5,343)	(1,150)	(109)	-56.3%	5,428	-101.6%
Non-controlling interests	26	24	24	24	1	5.1%	2	8.1%
Total Liabilities and Shareholders' Equity	**9,875**	**9,397**	**5,989**	**10,364**	**478**	**5.1%**	**3,886**	**64.9%**

Capital adequacy

Regulatory capital and requirements

On 10 February 2015 the ECB informed the Bank of the results of the Supervisory Review and Evaluation Process (SREP), based on which the Group was asked, with effect from completion of the share capital increase submitted to the extraordinary Shareholders' Meeting for approval, to reach and maintain in the long term a minimum limit, based on transitional measures, in the Common Equity Tier 1 Ratio of 10.2% and a Total Capital Ratio of 10.9%, compared to the regulatory limits now in force of 7.0% and 10.5%, respectively.

As at 30 September 2015 the Group's level of capital was as indicated in the following table:

Capital Adequacy (EUR million)	30/09/2015	30/06/2015	31/12/2014	*Abs. Change vs 30/06/15*	*% Change vs 30/06/15*
Common Equity Tier 1	**8,863**	**8,287**	**6,608**	**576**	***6.9%***
Tier 1	9,462	8,844	6,608	617	*7.0%*
Tier 2	2,611	2,799	3,293	-188	*-6.7%*
Total Capital	**12,073**	**11,643**	**9,900**	**430**	***3.7%***
Risk Weighted Assets	**73,976**	**75,386**	**76,220**	**-1,411**	***-1.9%***
Common Equity Tier 1 Ratio	**12.0%**	**11.0%**	**8.7%**	**1.0%**	
Tier 1 Ratio	12.8%	11.7%	8.7%	1.1%	
Total Capital Ratio	16.3%	15.4%	13.0%	0.9%	

With respect to 30 June 2015, the increase in the CET1 ratio (up EUR 576 mln) and Tier1 ratio (up EUR 617 mln) is attributable, on the positive side, mainly to:

- increase in share capital dedicated to MEF in respect of the payment of the coupon on New Financial Instruments, accrued in 2014;
- closing of the Alexandria transaction with the counterparty Nomura, including the benefit of the elimination of the deduction of the associated negative AFS reserve.

The loss recorded in the quarter, net of the one generated by the closing of the Alexandria transaction, had a particularly negative impact.

The excess of the expected loss with respect to the write-downs on loans is not significant.

By contrast, the Tier2 ratio (EUR -188 mln) decreased mainly due to the effect of the regulatory amortisation of subordinated securities as envisaged in Basel 3.

RWAs recorded a total decrease of around EUR 1,400 mln, due mainly to the contraction in credit and counterparty risk, due to both the evolution of the performing portfolio and the closing of the Alexandria transaction.

In light of the above, as at 30 September 2015, the capital ratios are therefore up compared to 30 June 2015 (the CET1 ratio rose by around 100 basis points on a transitional basis) and have surpassed the minimum thresholds required by the Supervisory Authority as part of the SREP.

In relation to large exposures, it should be noted that the Group, as at 30 September 2015, did not exceed any of the regulatory limits (25% of capital). With particular reference to the counterparty Nomura, the return within the regulatory limits is mainly due to the early closing of the "Alexandria" transaction.

Results by operating segment

Identification of operating segments

For the purpose of identifying the Operating Segments provided for by IFRS 8, the Group has adopted the so-called business approach. The consolidated income statement and balance sheet data are broken down in relation to the Group's organisational structure. The values are then re-aggregated based on the business area monitored.

In the 3rd quarter of 2015, the Group's organisational structure underwent some changes which, inter alia, involved a different hierarchical allocation of some of the main subsidiaries. In particular:

- Banca Widiba SpA, which includes the financial advisory business, was required to report to the Retail and Network Division;
- the foreign banks, MP Banque and MP Belgio, which previously reported directly to the Chief Executive Officer, were merged in the Corporate & Investment Banking Department.

Based on the aforesaid organisational changes, the breakdown of the Group's Operating Segments as at 30 September 2015 is therefore the following:

- **Retail Banking**, which includes the sales activities of the Retail, Private, SME and Institutional customers, as well as the results of the subsidiaries Banca Widiba SpA and MPS Fiduciaria;
- **Corporate Banking**, which includes the sales activities of Top Corporate customers, Large Groups, Foreign Branches, of the subsidiaries MPS Capital Services, MPS Leasing & Factoring and of the foreign banks MP Belgio and MP Banque;
- **Corporate Centre**, which in addition to cancellations of intragroup entries, incorporates the results of the following business centres:
  - service operations supporting the Group's business, dedicated in particular to the management and development of IT systems (MPS Group Operating Consortium);
  - companies consolidated at equity and held for sale;
  - operating units, such as proprietary finance, ALM, Treasury and Capital Management which, individually, fall below the disclosure requirements for primary reporting.

Lastly, please note that the merger of Consum.it SpA (the Group's consumer lending company) into Banca Monte dei Paschi di Siena SpA became effective on 1 June 2015. The transaction became effective for accounting and tax purposes as of 1 January 2015. That company's results were included in the "Retail Banking" Operating Segment until 31 March 2015.

In consideration of the aforesaid changes, the comparative data relating to 2014 were restated to ensure the data can be compared on a homogeneous basis.

Results in brief

From the 1st quarter of 2015 the profit and loss of the Group's operating segments are illustrated using the same reclassified income statement layout used for the consolidated figures.

The new format envisages inclusion in the aggregate "Total revenue" of the balance of the item "Other operating income/expense", previously recognised under Net operating income; the latter is calculated as the difference between Gross operating income and Net impairment losses on loans and financial assets.

The following table reports the main income statement and balance sheet items that characterised the Group's Operating Segments as at 30 September 2015.

SEGMENT REPORTING	Business Segments				Corporate Center		Total MPS Group	
Primary segment	Retail banking		Corporate banking					
(EUR mln)	30/09/2015	Chg % Y/Y	30/09/2015	Chg % Y/Y	30/09/2015	Chg % Y/Y	30/09/2015	Chg % Y/Y
PROFIT AND LOSS AGGREGATES								
INCOME FROM BANKING AND INSURANCE	3.446,1	-1,5%	610,4	-0,1%	(672,3)	-32,0%	3.384,2	8,4%
Operating expenses	(1.784,3)	-1,5%	(200,6)	-2,3%	17,9	n.s.	(1.967,0)	-2,7%
PRE PROVISION PROFIT	1.661,8	-1,6%	409,8	1,0%	(654,4)	-34,1%	1.417,2	28,6%
Net impairment losses (reversals) on loans and financial assets	(1.154,4)	-36,6%	(234,1)	-65,3%	(29,2)	2,5%	(1.417,7)	-43,8%
NET OPERATING INCOME	507,4	n.s.	175,7	n.s.	(683,6)	-33,0%	(0,5)	n.s.
BALANCE SHEET AGGREGATES								
Interest-bearing loans to customers	75.526	-6,6%	23.482	-8,3%	4.032	-60,0%	103.040	-11,6%
Deposits from customers and debt securities issued(*)	76.663	-3,3%	14.412	-7,4%	31.642	-0,3%	122.717	-3,1%
Indirect funding	74.446	1,7%	17.502	-16,6%	16.138	17,4%	108.087	0,1%
Assets under management	*50.981*	*8,9%*	*799*	*-12,7%*	*2.935*	*10,9%*	54.715	*8,6%*
Assets under custody	*23.465*	*-11,1%*	*16.703*	*-16,7%*	*13.203*	*18,9%*	53.371	*-7,3%*

(*) Data on Retail Banking includes the figures of BMPS's Sales & Distribution Network and Banca Widiba SpA. The Corporate Banking figure includes the figures of BMPS's Sales & Distribution Network as well as those of the Banks under foreign law (MP Banque and MPS Belgio).

Sales & Distribution segments

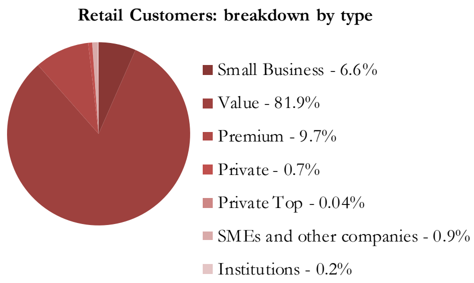
Retail Banking

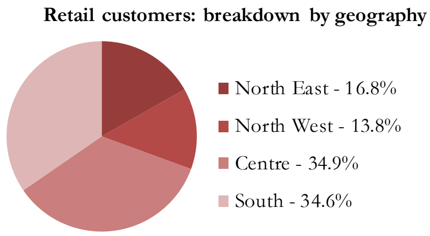
Areas of business

- Funding, lending, the provision of insurance products, financial and non-financial services to Retail customers.
- Electronic payment services (issuing and acquiring).
- Services and products for high-standing customers in the areas of wealth management, financial planning, consultancy on non-strictly financial services (tax planning, real estate, art & legal advisory), fiduciary and trust services (through the subsidiary, MPS Fiduciaria).

Target customers

Retail customers numbered around 5.2 million, of which around 108,000 managed exclusively by Banca Widiba SpA.





Income statement and balance sheet results

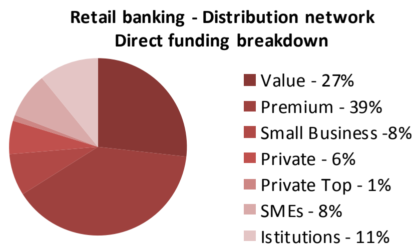
As at 30 September 2015, **Total funding** from Retail Banking stood at around **EUR 151 bn**, with an increase in volumes of around EUR 4.2 bn compared to the end of 2014 (+2.9%), essentially unchanged compared to 30 June 2015. More specifically:

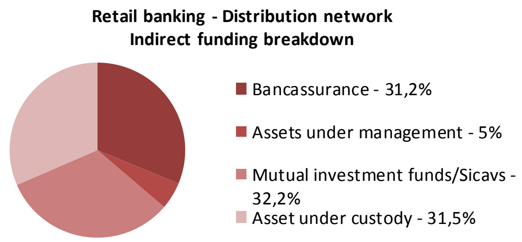
- **Direct Funding**, which accounts for around **EUR 77 bn**, increased by EUR 0.6 bn during the quarter (+5.6% compared to 31/12/2014; +0.8% compared to 30/06/2015), especially in the Corporate market (EUR +1.0 bn), in particular forms of demand deposits (EUR +0.3 bn) and short-term deposits (EUR +0.8 bn);

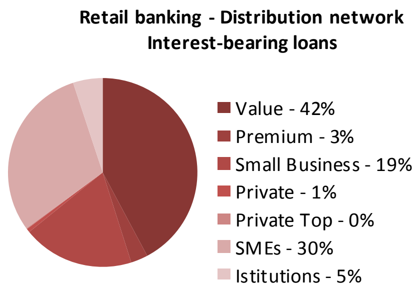
- **Indirect Funding**, totalling roughly **EUR 74 bn**, was in line with the levels at the end of December (+0.2%; up EUR 161 mln) but with different trends; Assets under Management were up EUR 2.9 bn and Assets under Custody down EUR 2.8 bn. The total decreased by EUR 0.6 bn (-0.8%) over 30/06/2015.

Interest-bearing loans stood at **EUR 76 bn**, down around EUR 3.3 bn on 31/12/2014 (-4.2% since the end of the previous year; -1.2% QoQ), attributable not only to the planned run-off of Consum.it but the difficult process of replacing exposures falling due with new medium/long-term loans (the latter are up YoY).

RETAIL BANKING - BALANCE SHEET AGGREGATES								
(EUR mln)	30/09/2015	30/06/2015	31/12/2014	30/09/2014	Chg Abs Q/Q	Chg % Q/Q	Chg Abs 31/12	Chg % 31/12
Deposits from customers and debt securities issued	**76,663**	**76,069**	**72,623**	**79,316**	**594**	**0.8%**	**4,040**	**5.6%**
Assets under management	*50,981*	*51,465*	*48,062*	*46,829*	*-484*	*-0.9%*	*2,919*	*6.1%*
Assets under custody	*23,465*	*23,572*	*26,223*	*26,403*	*-108*	*-0.5%*	*-2,758*	*-10.5%*
Indirect Funding	**74,446**	**75,037**	**74,285**	**73,233**	**-591**	**-0.8%**	**161**	**0.2%**
Total Funding	**151,110**	**151,107**	**146,908**	**152,548**	**3**	**0.0%**	**4,202**	**2.9%**
Interest-Bearing Loans to Customers	**75,526**	**76,449**	**78,822**	**80,860**	**-922**	**-1.2%**	**-3,296**	**-4.2%**





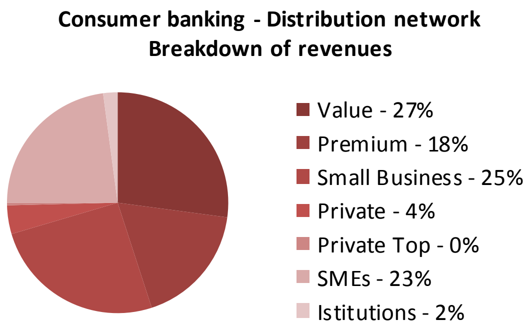


With regard to profit and loss, in the first nine months of 2015 Retail Banking achieved **revenues** of approx. **EUR 3,446 mln**, down 1.5% with respect to the same period last year. The aggregate includes:

- the reduction in net interest income (-7.2% YoY), attributable primarily to the fall in loan volumes, also affected by the planned run-off of Consum.it;
- the increase in Net fee and commission income (+6.2%), boosted by positive trends in revenues from assets under management;
- growth in "Other revenue from banking and insurance business" (+10.2%) and "Other operating income/expenses" which came at EUR 6 mln (negative by around EUR 12 mln at 30/09/14).

Considering the impact of Operating expenses, which fell by 1.5% YoY, at the end of September Retail Banking achieved **Gross operating income** of approx. **EUR 1,662 mln**, a slight decrease over the levels in the same period of 2014. **Net operating income** totalled approx. **EUR 507 mln** (loss of around EUR 131 mln in the first nine months of 2014) affected by the lower net impairment losses on loans and financial assets compared to the same period of 2014 (-36.6%). The **cost-income** ratio of the Operating Segment is **51.8%** (same as at 30/09/2014).

RETAIL BANKING - PROFIT AND LOSS AGGREGATES			
(EUR mln)	30/09/2015	30/09/2014	Chg % Y/Y
Net interest income	*2,024.3*	*2,180.8*	*-7.2%*
Net fee and commission income	*1,365.5*	*1,286.4*	*6.2%*
Other income	*49.8*	*45.2*	*10.2%*
Other operating expenses/income	*6.4*	*(12.0)*	*n.s.*
INCOME FROM BANKING AND INSURANCE	**3,446.1**	**3,500.3**	**-1.5%**
Operating expenses	*(1,784.3)*	*(1,811.7)*	*-1.5%*
PRE PROVISION PROFIT	**1,661.8**	**1,688.6**	**-1.6%**
Net impairment losses (reversals) on loans and financial assets	(1,154.4)	(1,819.8)	-36.6%
NET OPERATING INCOME	**507.4**	**(131.2)**	**n.s.**



PERFORMANCE OF COMPANIES (net profit/loss for the period)			
(EUR mln)	30/09/2015	30/09/2014	Chg % Y/Y
Banca WIDIBA SpA	(9.2)	-	n.s.
MPS Fiduciaria	0.3	0.1	n.s.

The main product/service sales and innovation initiatives

The main sales initiatives that characterised the different retail customer segments are summarised below:

Market	Main sales initiatives developed in the market
Value	**Incontriamoci**: initiative targeted at specific clusters of current account holders for the bilateral renegotiation of current account charges with pricing that is more consistent with the service offered. The initiative kicked off in the first half and continued throughout October, supported by dedicated promotional leverage (unlimited transactions included, discounts on Silver & Gold Advice, discounts on debit/credit/prepaid cards, Prestito Compass Tuttofare Extra, c/a overdraft covering up to 3 salaries, exemption of Securities Portfolio expenses)
	"**Uno di noi 5.0bis**": initiative targeted at new customers and Bank customers without a current account (for at least 6 months) for the opening of an ordinary current account for consumers. The initiative is active from 9 July to 31 December 2015
	RC Auto (Motor TPL): initiative dedicated to the development of the "motor" segment; in particular, a customer target was issued incorporating owners of sole proprietorships without a policy for the proposal of the Garanzia Autocarri e Autocaravan (Lorry and Motor Caravan Guarantee)
Small Business	**Growth in the customer base**, with campaigns aimed at new current account holders which also provide the possibility of granting a 12-month credit line under pre-accepted conditions
	Increase in new POS terminals, with a marketing campaign targeting Prospect customers and existing customers without POS terminals
	Attention on issues related to Protection, with the launch in the quarter of the marketing of AXA-MPS 'Guidare Protetti' guarantees dedicated to lorries; the 'Limitarate' Range of derivatives dedicated to Small Businesses was also launched
Premium	**Increase in penetration of Silver and Gold Advice additional services** through promotions regarding the services of the Advice platform in order to increase the use of Advanced Advisory services and enhance the reporting of the performances achieved by the portfolios. Programme of synergic discounts between Silver&Gold Advice services and "core" products for Premium customers in order to increase the value of "qualified" cross-selling.
	Monitoring of issues linked to Protection and Pensions, with a special focus on savings for children and grandchildren through the AXA MPS Futuro Dedicato solution, including retired employees with specific targets
	In-depth development of customer advisory service, both in synergy with MPS Fiduciaria by proposing meetings with specialists for the generational handover, protection connected with professional responsibility, tax optimisation; and through the promotion of the new "Green Call" rapid succession service for the handling of succession cases in order to make administrative transfers quicker and develop relations with heirs by continuing their relationship with the Bank
Private Banking Top Private	Consolidation of the methods of sales planning with the objective of improving acquisition, retention and cross-selling; favouring **cross-market interactions** through the continuation of the "Community Private-SME" initiative and release of the new "Community Family Office-Top Corporate" initiative
	Continuation of the specific project relating to **"Voluntary Disclosure"** (Law 186/2014), with the goal of offering qualified instruments and support for relations with customers who express the need for asset re-planning as a result of the repatriation of capital based on the amnesty in place

	Further **extension of the range of asset management products** with the launch of the Obiettivo Valore Line within the Private Investment range
SMEs/Institutions	Launch, on 17 September, of the **"Made in Veneto"** initiative, aimed at bringing companies located abroad back within the Veneto borders, by supporting their development, production and employment through an agreement between Antonveneta-Mps and Confindustria Padua, Confindustria Vicenza and Unindustria Treviso which makes provision for the allocation of a credit facility of EUR 400 mln, which can be disbursed with variable methods and terms under highly advantageous conditions for interested companies in the provinces. The member companies of Confindustria in the provinces of Padua, Treviso and Vicenza can take advantage, until December 2015, of six subsidised loans designed to effectively meet a wide range of specific requirements of all companies (increase in working capital; support for investments to be made or in progress; company management requirements; company recapitalisation; start-up phase; development of female entrepreneurs)

Advertising and marketing initiatives

The 3rd quarter saw a continuation of the development of promotional and marketing initiatives geared towards the acquisition of new relations and/or the transfer of new volumes; in particular, the following should be noted:

- "**Un Monte di Valore**" ("A Mountain of Value"), targeted at attracting new deposits in exchange for benefits in the form of expense reimbursement, commissions and stamp duties;
- "**Il Monte-Premi**" ("The Mountain of Rewards"), targeted at acquiring new volumes through the recognition of non-banking benefits (Amazon, Decathlon and MediaWorld gift cards) of varying unit values depending on the specific transactions entered into by customers;
- "**Un Monte di Desideri**" ("A mountain of desires", opportunities reserved for current account holders to purchase basic commodities at the Bank's branches; the initiative was launched with a "pilot" programme in the Antonveneta regional area in July.

Assets under management

Within the segment, changes were made to the catalogue, by expanding and substantially improving the overall quality of the offer, such as the insertion of the JP Morgan Sicav in the product range dedicated to Retail customers, already in the catalogue of Private customers and the placement of new funds with placement window.

As regards the Bancassurance segment, the offer was enhanced with a new family of Unit Linked products characterised by flexible investment management.

Loans

- The **commercial partnership project with Compass** continues: at the end of September, more than EUR 550 mln was disbursed and important campaigns were launched, targeted by customer cluster.
- The pilot phase continued with partner Pitagora for activities in the Salary-backed Loan segment which, from the end of May until the end of September, recorded a flow of disbursements of EUR 11.8 mln.
- August saw the launch of the mortgage "Cassa Depositi e Prestiti Plafond casa 2015" also for mortgage transfer transactions, with the objective of financing both purchases and renovation works for increasing the energy efficiency of residential properties.

E-money, Payments and Collections

The following main releases and activities were carried out in the period:

- **acquiring product development**: MyBank service released (additional functionalities at virtual POS terminals for managing e-commerce payments) and installation of VAS services at POS terminals (electronic lunch vouchers, phone top-ups, etc.)
- **issuing product development:** continuation of plan for migration of CartaSi credit cards to the Banca Monte dei Paschi's new Issuing platform (concerning around 600 thousand cards with completion expected by November 2016) and completion of integration of the Consum.it cards.

Banca WIDIBA SpA

In the first nine months of the year, the bank's model became fully operational: with the completion of the financial advisory integration, the sales offering has been enriched with the consulting component and the bank presents itself on the market complete with all its components.

The bank's completed model is not only able to appeal to all customer targets, but can also achieve important synergies between the "self" channel and financial advisory services, as always the underlying strategy of the new bank.

In fact, the advisory services are channelled through the platform, not only their product and service components, but also through an innovative tool allowing the user to choose from among 600 Widiba advisors based on the skills that best match the user's needs and make a direct contact request for a financial check-up on their investments.

The commercial offering of the bank, which, since its formation, has been developed primarily with respect to the banking, payments and deposit account product/service components, has been significantly enhanced, along with the introduction of consulting, with the investment component consisting of a broader product range, open architecture and a rich series of innovative information and decision-making support instruments. This package stands out from those of competitors due to the innovative commercial solutions offered to customers in terms of banking experience and the high degree of personalisation.

In 2015, Banca Widiba followed up the process of market communication already commenced in the last quarter of 2014 with the launch of the brand and start of sales activities, strengthening the brand and consolidating the leadership position within the market as a social bank.

The bank reached around 132,500 customers (of which 108,000 exclusively), growth compared to 30 June 2015 and characterised by total funding volumes of roughly EUR 6.5 bn.

MPS Fiduciaria

The insertion of the fiduciary offer in the Group's marketing processes continues. Confirmation of its effectiveness allows a plan to be shared with the bank's distribution network targeted at visits to selected customers, primarily in the Corporate and Private market, with the goal of: bringing the Group's best customers closer, enhancing the effectiveness of the services traditionally offered by the bank, raising the level of operator knowledge and awareness of the relationship and making the benefits of the fiduciary offer tangible, in terms of the unique ability to meet widespread needs.

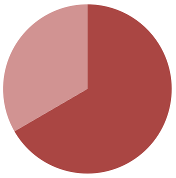
The company continues to commit to Voluntary Disclosure, and is also involved in significant training and branding initiatives, with conventions organised in collaboration with SDA Bocconi.

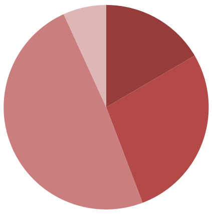
Corporate Banking

Areas of business

- Lending and offering financial products and services to businesses, including through strategic partnerships with trade associations and Confidi credit guarantee consortia, with Guarantee Institutions (including public) and Institutional Entities, through which the Bank acquires funding at favourable terms.
- Offer of integrated leasing and factoring packages for businesses, artisans and professionals (through the subsidiary MPS Leasing & Factoring).
- Corporate finance - medium-long term credit facilities, corporate finance, capital markets and structured finance also through the subsidiary MPS Capital Services.
- Products and services issued by the Bank's foreign branches to support business expansion and investments by Italian companies abroad.

Corporate Banking customers amount to approximately 4,200.





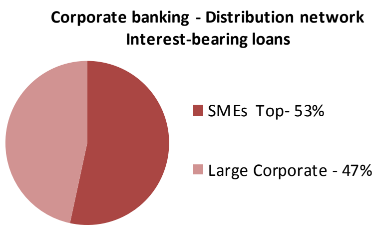
Income statement and balance sheet results

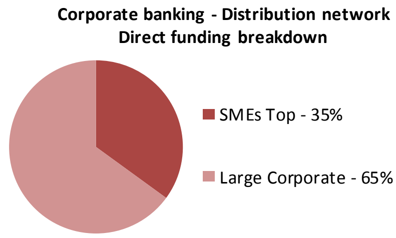
As at 30 September 2015, **total funding** from Corporate Banking stood at **EUR 31.9 bn**, stable compared to 31 December 2014 (-0.2%) but a decrease from the end of June 2015 (-1.6%). The **direct** component, which amounted to around **EUR 14 bn**, up by EUR 0.6 bn compared to 30 June 2015 (+4.5%).

Indirect funding, consisting largely of assets under custody, stood at approx. **EUR 18 bn** as at 30/09/15 (-3.6% from 31/12/2014; -6.0% as compared to 30/06/2015), which was largely affected by changes in the positions of some of the Group's Key Clients.

With regard to lending, as at 30 September 2015, Corporate banking **interest-bearing loans** stood at approx. **EUR 23 bn** (-4.9% on 31/12/2014; -1.6% on 30/06/2015), mainly concentrated in medium-long term loans.

CORPORATE BANKING - BALANCE SHEET AGGREGATES								
(EUR mln)	30/09/2015	30/06/2015	31/12/2014	30/09/2014	Chg Abs Q/Q	Chg % Q/Q	Chg Abs 31/12	Chg % 31/12
Deposits from customers and debt securities issued	**14,412**	**13,789**	**13,827**	**15,557**	**623**	**4.5%**	**585**	**4.2%**
Assets under management	*799*	*777*	*859*	*915*	*22*	*2.8%*	*-61*	*-7.1%*
Assets under custody	*16,703*	*17,852*	*17,290*	*20,060*	*-1,148*	*-6.4%*	*-586*	*-3.4%*
Indirect Funding	**17,502**	**18,629**	**18,149**	**20,975**	**-1,127**	**-6.0%**	**-647**	**-3.6%**
Total Funding	**31,914**	**32,418**	**31,976**	**36,532**	**-504**	**-1.6%**	**-62**	**-0.2%**
Interest-Bearing Loans to Customers	**23,482**	**23,860**	**24,683**	**25,621**	**-379**	**-1.6%**	**-1,201**	**-4.9%**





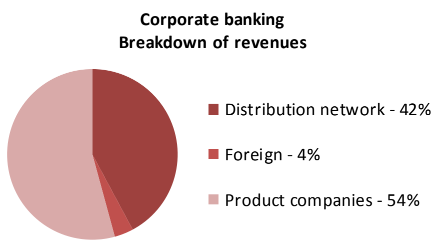
From a P&L standpoint, in the first nine months of 2015, the Corporate Banking generated **Revenues** of around **EUR 610 mln** (in line with the same period of 2014); within this component:

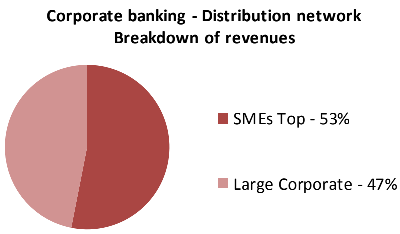
- Net interest income rose by approx. EUR 3 mln compared to Q3 2014 (+1.0%), attributable to the sharp fall in the cost of funding, partly offset by the reduction in volumes and falling average rates on loans;
- Net fee and commission income was around EUR 13 mln lower than the previous year (-8.5% YoY), affected by the net decrease in loans;
- Other Revenue from banking and insurance business was cup slightly YoY (+1.4%), in relation to MPS Capital Services activities;
- Other Operating income/expense was negative by EUR 1.9 mln compared to the amount of EUR -7.3 mln in the first nine months of 2014.

Net operating income was approx. EUR 176 mln, compared to EUR -269 mln recorded as at 30 September 2014, affected by both the annual decrease in impairment losses on loans and financial assets (-65.3%) and the decrease in operating expenses (-2.3% YoY).

The Corporate Banking **cost-income ratio** stands at **32.9%** (33.6% at 30/09/2014).

CORPORATE BANKING - PROFIT AND LOSS AGGREGATES			
(EUR mln)	**30/09/2015**	**30/09/2014**	**Chg % Y/Y**
Net interest income	*339.6*	*336.2*	*1.0%*
Net fee and commission income	*125.0*	*136.7*	*-8.5%*
Other income	*147.7*	*145.6*	*1.4%*
Other operating expenses/income	*(1.9)*	*(7.3)*	*-74.3%*
INCOME FROM BANKING AND INSURANCE	**610.4**	**611.2**	**-0.1%**
Operating expenses	*(200.6)*	*(205.4)*	*-2.3%*
PRE PROVISION PROFIT	**409.8**	**405.8**	**1.0%**
Net impairment losses (reversals) on loans and financial assets	(234.1)	(674.8)	-65.3%
NET OPERATING INCOME	**175.7**	**(269.0)**	**n.s.**





PERFORMANCE OF COMPANIES (net profit/loss for the period)			
(EUR mln)	**30/09/2015**	**30/09/2014**	**Chg % Y/Y**
MPS Capital Services	54.7	(55.7)	n.s.
MPS Leasing & Factoring	(28.4)	(53.7)	-47.1%

Main Corporate and Investment Banking initiatives

Corporate Market

- Launch of a new support model regarding Subsidised Financing for the Large Groups, Top Corporate, SME and Small Business markets, in partnership with an external company specialised in the sector.
- As a result of the clear interest of the "Corporate" line Network, a project is underway to extend the parameters which may be covered for an increasingly larger range of loans.
- Introduction of Commercial Covenants to incentivise the channelling of selected commercial flows.
- Agreement with Monte Paschi Banque to market the Paschi Easy Collect service in order to help customers manage collections from foreign counterparties.
- Release of the Corporate Advisory Platform, in collaboration with an external company, designed to strengthen the sales processes and growth of business customers.
- 'Nuova Sabatini' - start of activities to extend forms of funding.
- Activities commenced through ABI (Italian Banking Association) to put in place a new form of funding as part of the ISMEA (Italian Institute for Services to the Agricultural and Food Markets) Loan Fund.
- "TRANCHED COVER": Sviluppo Campania, Sardafidi, Emilia Romagna operations defined and start of ramp-up period.

Foreign market

Main sales initiatives for SME and Top Corporate customers:

- meetings with customers to promote the operations of the 4 foreign branches;
- in relation to the "Voucher for internationalisation" project, contacts were arranged with the companies authorised by MISE (Ministry of Economic Development) to carry out "temporary export manager" activities for the beneficiary companies of grants.

MPS Capital Services (MPSCS)

Corporate finance

Project Financing - the main activities were carried out in the infrastructure, renewable energies and utilities sectors. In particular, advising and structuring activities continued on the mandates acquired previously which, owing to their complexity, require long implementation times. During the quarter, refinancing transactions were completed, with role of MLA and Agent Bank, for a ground-based photovoltaic plant and for the construction of a wind farm.

Real Estate - a refinancing transaction was completed for the enormous assets of the Banco Popolare Group located in the major Italian cities held by a closed-end real estate fund.

Structured & Shipping Finance - activities focused on the infrastructures and utilities sectors.

Syndication - the syndication of an operation was launched for a redevelopment project in the tourism/hotel sector and a mandate acquired for financing targeted at the opening of a robotic equipment manufacturing centre.

Acquisition Financing - confirming its competitive positioning in acquisition/leveraged financing in the Mid Corporate segment, MPSCS continued origination activities and the structuring of acquisition transactions.

Investment banking

In the bond market, MPSCS held the role of Arranger and placement agent of two issues for leading client companies which allowed MPSCS to consolidate its position as the leading market operator in “mini/mid bonds”.

Subsidised financing

Current operations continued relating to services for the main business incentives, based on the obligations assumed upon entering into the agreements with the Ministry of Economic Development and the Ministry of Education, Universities and Research: Sustainable Growth Fund, Technological Innovation Fund, Law 488/92 and Regional Pacts, Research Subsidy Fund, SME Guarantee Fund.

MPS Leasing & Factoring

- Project “Miglioramento della performance operativa” (improvement of operating performance) targeted at optimising both the relationship with the BMPS Network and operations.
- “Leasing” - customer sales initiatives with RIDs (direct debits) registered at another bank.
- Launch of the “Crescifactoring” campaign at the end of the year to increase company assignments.
- First agreement signed with Fincantieri regarding Supply Chain Financing which will make it possible to use more than 1,000 supplier companies, specialist credit instruments thanks to the factoring and traditional products of the bank.

The Corporate Centre

The Corporate Centre includes the results of the activities carried out by:

- head office units, particular governance and support functions, proprietary finance, the 'asset centre' of divisionalised entities, which comprises in particular: asset and liability management, treasury and capital management;
- business service and support units, particularly with regard to the development and management of information systems of the Consorzio Operativo di Gruppo (Group Operational Consortium).

The Corporate Centre also includes the results of the companies consolidated at equity and the companies held for sale and the results of operating units which, on an individual basis, are below the benchmarks required for primary reporting, as well as cancellations of intragroup entries.

Integrated risk and capital management

Risk governance systems

The Risk Division, which reports directly to the CEO, includes a risk management department, an anti-money laundering department and an internal approval department. This Division therefore has the following tasks:

- to guarantee the overall functioning of the risk management system;
- to verify capital adequacy as part of the ICAAP process and the Risk Appetite Framework (RAF), as well as ensure that significant transactions are consistent with the RAF;
- to define strategic policies for the loan portfolio;
- to perform the anti-money laundering duties envisaged by Law;
- to perform the function of internal validation of risk models;
- to ensures the necessary reporting flows to the Group's Top Management and Governance bodies.

Specifically, within the Risk Division:

- the Risk Management Area defines the integrated methods of risk measurement/analysis and ensures they are constantly monitored. It develops the internal risk models used for regulatory management purposes and monitors compliance with the operational limits established by the Board of Directors;
- the Validation, Monitoring and Risk Reporting Area verifies the continuous reliability of the results of the risk measurement system and the maintenance of their consistency with regulatory instructions. It validates the models, including those not used for regulatory purposes. This Area also prepares the mandatory disclosures and management reporting on risks.

For more information on this topic, refer to the Consolidated Half-Year Report as at 30 June 2015, available in the Investors & Research section on the site www.mps.it.

Management models

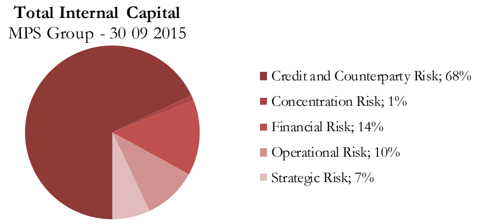
In the third quarter of 2015, activities continued for the methodological and application adjustments required by "Basel 3" legislation and activities targeted at the improvement of internal management models.

An analysis of the Group's Internal Capital

Description - The Overall Internal Capital (or Overall Absorbed Capital) is the minimum amount of capital resources required to cover economic losses resulting from unforeseen events caused by the simultaneous exposure to different types of risk.

Evaluation models - The Risk Management Area regularly quantifies the Group's Internal Capital for each type of risk and periodically reports these to the Risk Management Committee and to the Governing Bodies as part of the reporting flows prepared by the Risk Division.

In 2015, some significant changes were introduced to the methods of estimating Internal Capital. The main one consists of the move from a Pillar 2 approach to one known in the literature as "Pillar 1 Plus". In essence, the Pillar 1 requirements for Credit and Counterparty Risk and for Operational Risk, which already include the requirements relating to Issuer Risk on the Banking Portfolio (BP), Investment Risk and Real Estate Risk, are increased by the requirements from internal models relating to Market Risks, Banking Book Interest Rate Risk, Concentration Risk and Strategic Risk. Overall Internal Capital is calculated without considering the inter-risk diversification, by directly adding together the contributions of the individual risks. This approach tends to incorporate the indications in the SREP (Supervisory Review and Evaluation Process) Guidelines document published by the EBA in December 2014.



Information on risks

CREDIT RISK

Credit risk - the risk that the borrower cannot meet contractual obligations, neither at maturity nor subsequently. Credit risk is associated with an unexpected change in the creditworthiness of a lending counterparty, with whom the Bank has an exposure, which generates a corresponding unexpected change in the value of the credit position.

Risk assessment model

The MPS Group analyses credit risk using the metrics set forth by the Pillar 1 method.

The Group is currently authorised to use advanced internal rating-based systems and slotting criteria to determine the capital requirements in respect of credit risk based on the following perimeter;

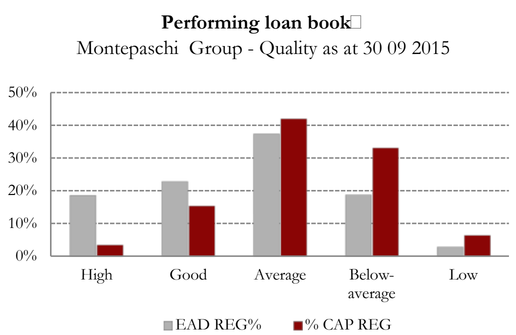
- Legal entities validated: BMPS, MPS Capital Services, and MPS L&F;
- Portfolios validated: Corporate and Retail;
- Parameters validated: PD, LGD, Slotting Criteria.
- For the remaining entities/exposures, the Group adopts the **standardised methodology**.

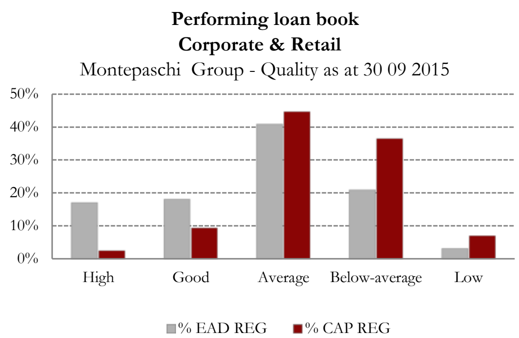
The Montepaschi Group also uses the same metrics for the following internal operating and management purposes:

- measurement of internal capital for credit risk;
- calculation of risk-adjusted performance and measurement of value creation;
- risk-adjusted pricing processes;
- credit direction processes;
- in all credit processes (disbursement, review, management and follow-up).

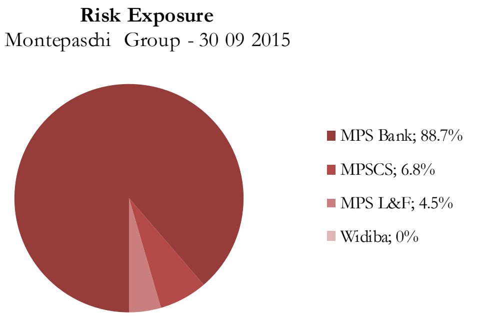
Risk exposure (EAD REG) and Regulatory Capital (CAP REG)

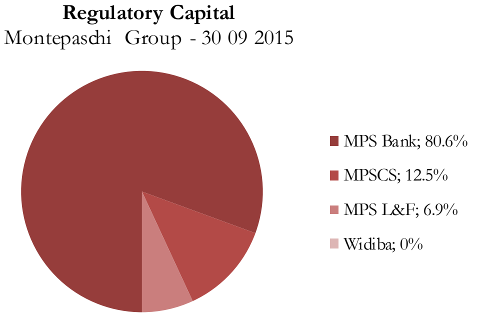
Distribution by credit quality



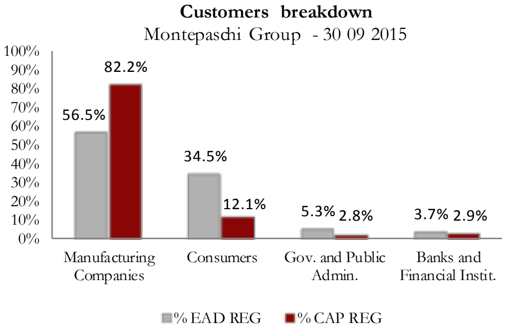


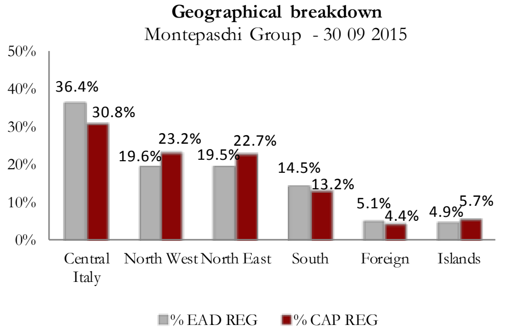
Distribution by legal entity



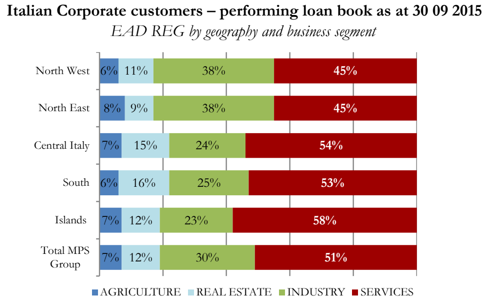


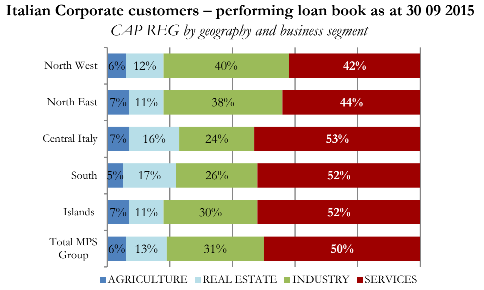
Distribution by customer type and geographic area





Distribution by geographic area and business segment (Corporate Italy customers only)





MARKET RISK

Market risk - is the risk of a loss in value of a financial instrument or of a portfolio of financial instruments, caused by an unfavourable and unexpected change in the relevant market parameters (risk factors) such as interest rates and inflation curves, exchange rates, share prices and indexes, commodity prices, credit spreads and volatility.

Risk assessment model

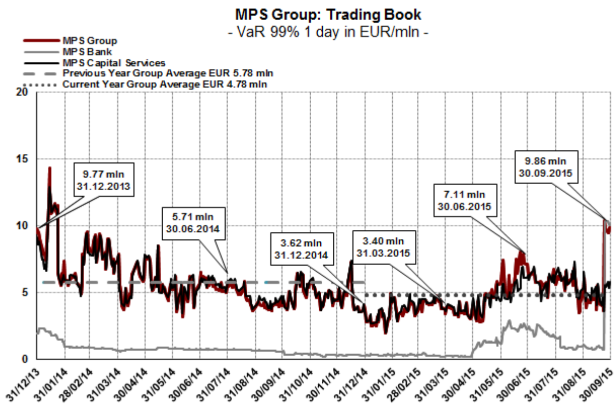
Market risk inherent in the Regulatory Trading Book is analysed by using the **internally developed management model**, which has the following key characteristics:

- Model type: Historical Simulation Value-at-Risk (VaR) with full revaluation of all basic positions;
- Confidence level: 99%;
- Holding period: 1 working day;
- Historical series: window of 500 days with daily scrolling;
- Perimeter: BMPS and MPS Capital Services;
- Risk measures: Diversified VaR, Conditional/Marginal VaR on individual risk factors, Mark-to-Market and Sensitivity Analysis, Stress Test & Scenario Analysis, and Theoretical and Actual Backtesting.

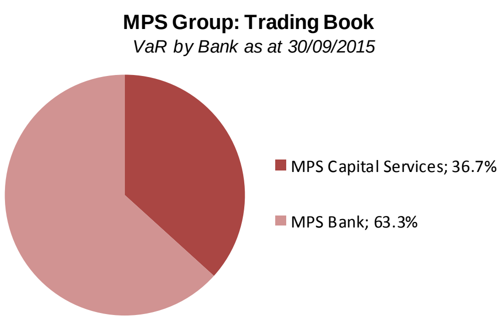
For Supervisory purposes, the Group uses the **standard methodology**.

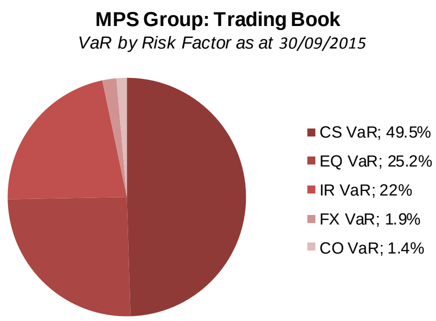
Risk exposure

The market risk in the Group's Regulatory Trading Book, measured as VaR, showed an increase at the end of the third quarter, amounting to EUR 9.86 mln as at 30 September 2015. The increase in the VaR on the Bank's portfolio is attributable to the transactions resulting from the early closing of the strategic "Alexandria" transaction at the end of September. The closing involved the acquisition, from the counterparty Nomura, of a portfolio composed primarily of BTPs via an asset swap with medium/long financial term, totalling around EUR 2.64 bn. A part of the portfolio was classified as Held for Trading, consequently causing an increase in the Group's VaR.



VaR breakdown





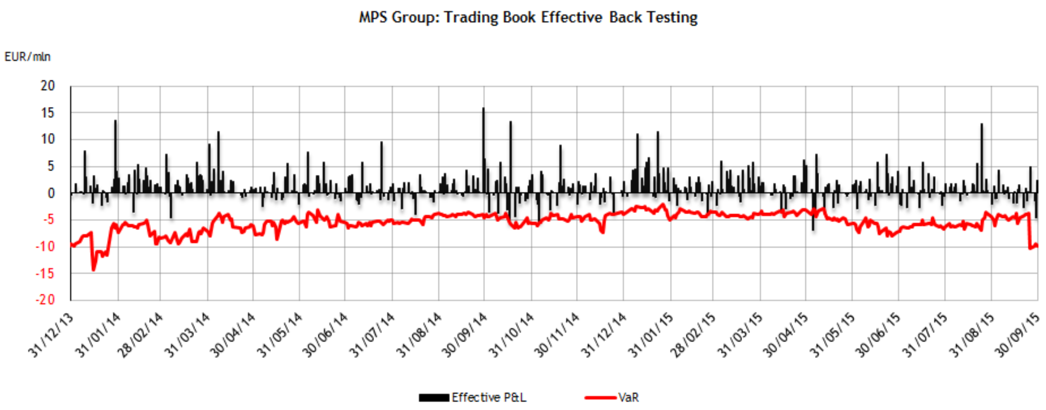
VaR trendline

MPS Group: Trading Book
VaR 99% 1 day in EUR/mln

	VaR	Date
End of Period	9.86	30/09/2015
Min	1.94	23/01/2015
Max	10.36	24/09/2015
Average	4.78	

VaR model backtesting

The chart below shows the Actual Backtesting results of the internal Market Risks model in relation to the Group's Regulatory Trading Book for 2014 and for the first nine months of 2015:



The backtesting shows no "exceptions" in the third quarter of 2015.

OPERATIONAL RISK

Operational risk - risk of incurring losses deriving from the inadequacy or the failure of procedures, human resources, and internal systems, or from external events, including legal risk.

Risk assessment model

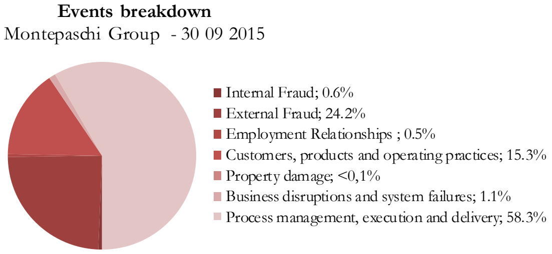
The Group has an **advanced internal system** for operational risk management, which has the following key characteristics:

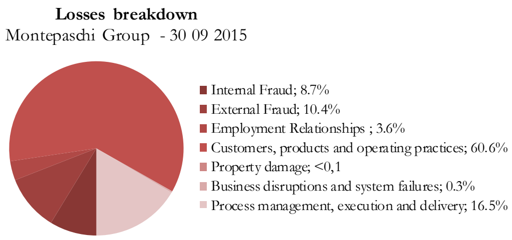
- Model type: Advanced Measurement Approach (AMA) used along with AMA/BIA (Basic Indicator Approach). Mixed LDA Approach / Scenario with Loss Distribution Approach (LDA) on internal and external historical series and Scenario Analyses (management evaluations of contextual and control factors and on the main operational criticalities);
- Confidence level: 99.90%;
- Holding period: 1 year;
- Perimeter: all Group companies;
- Risk measures: operating losses and capital absorption.

The approach defines the standards, methods and instruments that make it possible to measure risk exposure and the effects of mitigation by business area.

Risk exposure

Distribution of number of events and operating losses by risk class

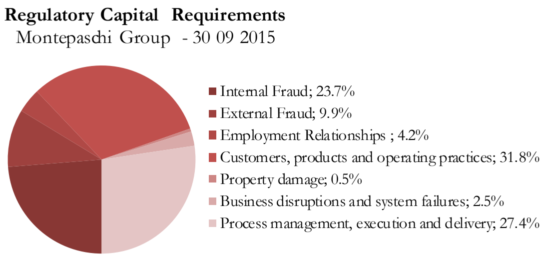




As at 30 September 2015, both the number of operational risk events and the total amount involved showed a decrease compared to the same period of 2014 and the previous quarter.

The types of event with the greatest impact on the income statement remain attributable to non-fulfilment of professional obligations with customers (under "Customers, products and operating practices": 60.6% of the total) and refer mainly to disputes over the application of compound interest.

Distribution of AMA component of the Regulatory Requirements per risk class



As at 30 September 2015, the Regulatory Requirements were essentially stable with respect to the previous quarter.

Equity investment portfolio risk

Equity investment portfolio risk - risk of incurring losses on equity instruments not included in the trading book, following possible unfavourable changes in securities prices.

Risk assessment model

- Model type: Value-at-Risk (VaR), Montecarlo approach;
- Confidence level: 99%;
- Holding period: 1 quarter;
- Perimeter: all equity investments held by Montepaschi Group companies in external companies.

To estimate volatility in returns, the model is based on historical market series for listed companies and historical series of sector indices for unlisted companies.

To calculate capital requirements against exposures to equity instruments, the Group uses the standardised methodology.

Risk exposure

The Group's equity investment portfolio includes approximately 191 equity investments in companies outside the Group, i.e., companies that are not consolidated either fully or proportionally. Approximately 91% of its value is concentrated in 10 investments, while the unit value of the remaining investments is rather limited (approximately 159 equity investments, valued at less than EUR 1 mln and accounting for around 2% of the overall portfolio).

The VaR of the Group's equity investment portfolio (99% and a holding period of 1 quarter) amounted to approximately 20% of the portfolio Fair Value at the end of the third quarter, with risk concentrated in the 5 most significant investments.

INTEREST RATE RISK REGARDING BANKING BOOK

Interest rate risk regarding the banking book - risk of negative changes in the net interest income (and, therefore, on the forecasted profit in the short term) and/or the economic value of shareholders' equity caused by movements in interest rate curves due to mismatches in maturities and in re-pricing times of assets and liabilities. In general, all financial transactions that are not part of the Regulatory Trading Book are included in the reporting scope. Hence, for purposes of this analysis, bond receivables held for investment purposes (e.g., portfolio of Italian government securities), classified as either AFS or L&R are included.

Risk assessment model

- Model type: internal model based on the Economic Value approach;
- Risk metrics: Interest Rate Sensitivity, Margin sensitivity, Stress Test;
- Behavioural models: handling of prepayment risk and modelling of demand items;
- Perimeter: BMPS, MPS Capital Services, MPS L&F, MP Belgio.

Risk exposure

The sensitivity of the Group, at the end of September 2015, was indicative of exposure to rate hike risk. The amount of economic value at risk in the event of a +100 bp parallel shift of the rate curve came to EUR -265.98 mln at the end of September 2015 (vs. EUR 393.85 mln for a shift of -100bp). However, if benchmarked against Capital, these values are below the level considered as the attention threshold by the Bank of Italy.

LIQUIDITY RISK

Liquidity risk - the inability of the Bank to meet its payment commitments due to the inability to either access the necessary funds or to access them at costs higher than market rates (funding liquidity risk), or the inability to liquidate its assets without incurring capital losses due to scarce liquidity in the reference market (market liquidity risk).

Risk assessment model

The Liquidity Risk Framework adopted by the Group is a risk governance and management system that, in accordance with the provisions of the Supervisory Authority, aims to:

- Ensure the solvency of the Group and all of its subsidiaries, in both normal business conditions as well as in a crisis;
- Optimise the cost of funding in relation to current and future market conditions;
- Adopt and maintain risk mitigation tools.

The overall liquidity profile is monitored on the basis of the quantification of imbalances, by liquidation date, of cash flows falling due, including the adoption of specific behavioural models (for example, on demand items and customer obligations). In addition, the Liquidity Risk Framework consists of a dedicated Stress Test Framework, focused on short-term liquidity, in order to quantify the liquidity reserves necessary to manage a series of adverse events. The type of choices in calibrating the scenarios, in terms of severity and time buckets, allows the periodic calculation of the internal limits system (calibration stress test) as well as the calculation of the time-to-survival measure, which is also subject to a dedicated limits system (management stress test).

FINANCIAL RISKS OF INVESTMENT SERVICES

Financial Risks of Investment Services - The financial risks regarding investment services, for the Group, are a direct and indirect result of the risks incurred by customers in relation to the performance of services and investment activities. Consequently, governance of these risks is aimed at protecting customers and, simultaneously, preventing any potential negative impacts on the Group in terms of operational and reputational risk.

Risk assessment model

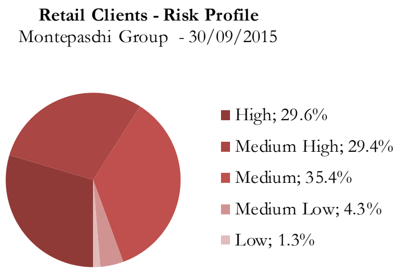
- The monitoring of risks inherent in investment services focuses on the overall set of operational and management processes as well as measurement and monitoring tools/methods used to ensure overall consistency between customers' risk profiles and the risk of investment products and portfolios offered to, or held by, customers.
  The investment products (of the Group and of third parties), whether or not included in the overall offering to the Group's customers, are mapped for risk on the basis of quantitative measurements of market and credit risk factors; liquidity and complexity assessments are also conducted on these products. Product mapping is one of the guiding criteria for carrying out investment adequacy checks as part of the consulting service offered.
  For the sake of simplicity, investment product risk mapping, performed with reference to individual risk macro-factors, is grouped under specific risk categories.

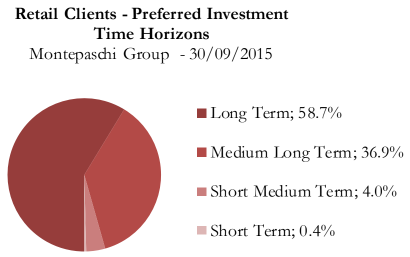
- The strategic choice of Banca MPS is to systematically combine the placement of financial products with advisory so as to ensure the highest level of protection for the investor and, at the same time, enhance the role played by relationship managers. The advisory service is offered on the basis of two different methods:
  - "Basic" transactional advisory is aimed at verifying the suitability of the individual investments recommended in relation to the risk of the customer's investment portfolio as a whole, by adopting a multi-variable control approach to the individual risk factors.
  - "Advanced" advisory is instead aimed at verifying the suitability of the overall set of transactions, advising on them based on their impact on a suggested investment portfolio of the customer in order to obtain optimum asset allocation and maximised prospective returns over a certain time horizon, given the customer's risk profile.

- Perimeter: wealth risk management activities cover the entire distribution perimeter of the network of Banca MPS branches, the investment services operated by Banca Widiba and by MPS Capital Services.

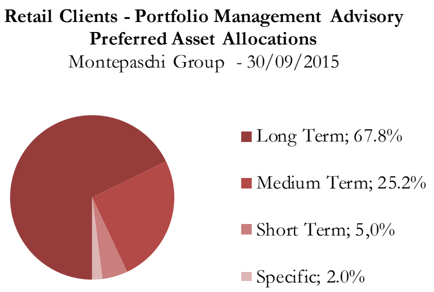
Risk exposure

At the end of September 2015, 35.4% of the Group customers in the "Consumer/Retail" macro-segment, namely retail customers which represent almost the entire customer base of the Group, and which hold investment products, declared a "moderate" risk investment objective and mainly medium to long-term investment horizons. The investment objective emerged from the responses provided to the MiFID profiling questionnaire, as a part of the more general risk profile which also includes information on the customer's knowledge, experience and time horizon.

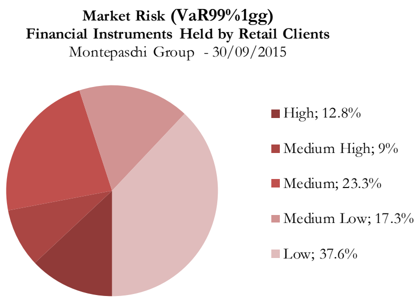




At the end of September 2015, the portfolios held by Consumer/Retail customers on the basis of formalised "advanced" advisory proposals to obtain optimum asset allocation, were mainly distributed into the recommended medium and especially long-term Asset Allocation macro-classes. This testifies to the interest of customers who turn to this type of advisory service for stable and long-lasting investments.



In line with the market trends and consequent impacts on macro risk factors, the investment products held by "Consumer/Retail" customers showed, at the end of September, a distribution concentrated on average for market risk on medium-low levels of 1 day VaR 99%.



On 29 September, rating agency DBRS lowered the MPS Group's rating by one notch, bringing the long-term rating from "BBB (low)" to "BB (high)", and lowered the short-term rating from "R-2 (low)" to "R-3", both with negative outlook. This decision did not have a significant impact on the Group's credit risk and on the investments made by customers. Consequently, for the third quarter, the credit risk (issuer risk) showed a distribution predominantly on the lowest and medium-high classes, due mainly to the presence, in the customers' dossiers, of domestic Government and Eurozone securities and financial and corporate issues.

Customers have regularly been informed of changes in the risk of financial instruments held, so as to ensure timely disclosure transparency and facilitate possible decisions aimed at rebalancing the risk profile of their investments.

Prospects and outlook on operations

In Italy, economic activity started to grow again at the start of 2015 and the Group now operates in an improved macro-economic scenario. The most recent economic signals point to continued growth, following years of falling domestic demand, with a recovery in private consumption, a gradual kick-starting of investments in productive capital, an increase in employment at significant rates which also benefitted from the recent measures adopted by the Government regarding the contribution reduction and the reform of the job market. However, criticalities and uncertainties remain, which shape the ability to forecast operations and the determination of the Group's development prospects. The credit market, albeit favoured by the improvement in the macro-economic scenario and the measures adopted by the Governing Council of the ECB, still presents a high volume of impaired loans and doubtful loans inherited from the long crisis.

As already outlined in the report as at 30 June 2015, in the first few months of the year, the Bank updated the Group's multi-year projections, extended to 2018, confirming the recovery of consolidated profitability through an increase in revenues and the gradual decline in the cost of credit, and the consolidation of the capital and liquidity position. At the end of 2018, in fact, the ROE is expected to be around 7%, with a CET1 Ratio of approx. 11.7%. In consideration of this situation, no elements were identified that could lead to going concern uncertainty.

With regard to the dispute brought by some of the Fruendo employees, out of the 70 legal actions pending, the number of urgent pronouncements made in the Bank's favour to date is 11, one first instance judgment in favour by the Court of Rome and one judgment against by the Court of Siena. The Bank has already filed an appeal against the latter. Pending a broader and more definitive framework, given the various pronouncements and cases still pending, the most appropriate solutions will be assessed in agreement with Fruendo and in line with the Business Plan objectives. To date, and while the current situation remains unchanged, no economic impact on the Bank can be forecast.

The process of acknowledgement of Directive 2014/49 (the Deposit Guarantee Schemes Directive - DGSD), which establishes a single format for deposit guarantees, and Directive 2014/59 (the Bank Recovery and Resolution Directive - BRRD), which establishes a single mechanism for settling bank crises, are being completed. In full continuity with the existing national legal systems, the DGSD aims to build a harmonised network of guarantee deposit systems. The most innovative profile regards the new funding mechanism based mainly on ex-ante contributions. The BRRD has not yet been implemented in Italy. In this regard, on 2 July 2015, the Parliament approved the European delegated regulation containing the delegation to the government for its acknowledgement. Based on the information currently available, the forecast economic impact for 2015 is around EUR 55 mln for both provisions, already accounted for in full as at 30 September 2015. The allocation is based essentially on secured deposits and, in the case of the DGSD, for 2015 only a half-year period was considered, consistent with the known guidelines to date. The result is, given the same contribution base, estimated expenses for 2016 and subsequent years of around EUR 70 mln. It should also be noted that the actual amounts that will be requested from the Group for 2015 could differ, also significantly, from the above estimate, based on more up-to-date data concerning the amounts of the secured deposits and other items that affect the contribution base, as well as the correction that will be made to take account of the risk relating to the different obligated banks. The amount to be charged to the income statement for the year could also change considerably, based on different interpretations of the accounting methods of the events in question.

With reference to the structured finance transaction called "Alexandria", on 23 September, Banca Monte dei Paschi di Siena (BMPS) and Nomura International PLC (Nomura) signed an agreement which governs the conditions of the early closing of the transactions, implemented in 2009, regarding an investment in BTP via an asset swap expiring in 2034 for a value of EUR 3 bn, financed with a Long-term Repo with the same term.

As regards the accounting of the Alexandria transaction, it should be noted that in-depth examinations are being conducted by Consob, also in light of the closure measure of the preliminary investigations issued in accordance with art. 415-bis of the Code of Criminal Procedure by the Public Prosecutor at the Court of Milan. To this end, it should be noted that, until the early closing of the transaction on 23 September 2015, the “Alexandria” transaction was presented in “open balances” in the financial statements; furthermore, pro-forma statements have outlined the effects of the accounting representation in the case in which the Bank has qualified the transaction, from an accounting standpoint, as a synthetic derivative. In this regard, it should be pointed out that Consob, as part of the aforementioned in-depth examinations, sent a communication on 12 October 2015 for the start of proceedings aimed at assessing, pursuant to art. 154-ter of T.U.F. (Consolidated Law on Finance), any profiles of non-compliance of the financial statements as at 31 December 2014 and of the Half year Report as at 30 June 2015 with the international accounting standards. The bank will shortly present its observations in this regard.

NOTES TO THE INTERIM REPORT ON OPERATIONS

General part

The year 2015 should see the first-time application of a collection of amendments made to IFRS as part of the **project "Improvements to international accounting standards, 2011-2013 cycle"**, published by the IASB on 12 December 2013 and relating to four areas, briefly outlined below:

a) **IFRS 1 "First-time adoption of IFRS"**. The amendment clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. The entity is required to apply the same version of the IFRS throughout the periods covered by the first IFRS financial statements.
b) **IFRS 3 "Business combinations"**. The amendment clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
c) **IFRS 13 "Fair value measurement"**. The amendment clarifies that the scope of the portfolio exception defined in paragraph 48 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 or IFRS 9 regardless of whether they meet the definition of financial assets or liabilities as defined in IAS 32.
d) **IAS 40 "Investment property"**. The amendment clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 and investment property as defined in IAS 40 requires the separate application of both standards independently of each other.

The document was endorsed by the European Commission with Regulation 1361/2014 on 18 December 2014.

In addition, the year 2015 should see the first-time application of the interpretation **IFRIC 21 - "Levies",** published by the IASB in May 2013, which applies to all levies except those outflows of resources that are within the scope of other standards and fines and penalties that are imposed for breaches of the legislation.

The interpretation, endorsed by the European Commission on 13 June 2014 by means of Regulation no. 634/2014, deals with accounting for a liability to pay a levy if the liability is subject to IAS 37 as well as accounting for a liability to pay a levy the amount and timing of which are uncertain.

In particular, IFRIC 21 clarifies that:

- an entity recognises a liability for a levy when the event triggering payment, as identified by the legislation, takes place;
- a liability to pay a levy is recognised progressively only if the obligating event occurs over a period of time;
- if an obligation to pay a levy is triggered when a minimum threshold is reached, no liability is recognised before such minimum threshold is reached.

The application of the abovementioned new accounting rules didn't produce any significant impacts on this Consolidated Interim Report on Operations.

Lastly, it should be noted that, with respect to the 2014 financial statements, the new concept of impaired assets adopted by the Bank of Italy in the 7th update of 20 January 2015 of Circular no. 272 "Accounting Matrix" applies, following the acknowledgement of the new definitions of non-performing exposures (NPE) and forborne exposures introduced by the implementing technical standards relating to the harmonised, consolidated supervisory statistical reporting defined by the European Banking Authority, approved by the European Commission on 9 January 2015 (hereinafter ITS).

Impaired financial assets are broken down into the following categories: default, unlikely to pay and overdue and/or past due non-performing exposures; this set of categories corresponds to the non-performing exposures aggregate pursuant to ITS. The category of exposures subject to concessions (forborne exposures) was also introduced, which applies across the board to the three aforementioned categories into which impaired financial assets are subdivided. The notions of substandard and restructured exposures are repealed. The following fall under the scope of the new categories of impaired financial assets: cash assets (loans and debt securities) and "off-balance sheet" assets (guarantees issued, irrevocable and revocable commitments to disburse funds), other than financial instruments allocated to the accounting portfolio "financial assets held for trading" and derivative contracts.

Scope and methods of consolidation

The Consolidated Interim Report on Operations includes the balance sheet and income statement data of the Bank and its direct and indirect subsidiaries.

In particular, the scope of consolidation, as specifically set out in the IAS/IFRS, includes all subsidiaries, irrespective of their legal status, of business activity pursued in sectors other than the Bank's core business, of their being going concerns or wound-up companies, or of whether the equity investment consists of a merchant banking transaction.

The scope of consolidation includes all types of entities, regardless of nature, for which the new concept of control introduced by IFRS applies. Structured entities are also consolidated, when the requirement of actual control is met, even if there is no stake in the entity.

For further information on the methods of consolidation, reference should be made to the Notes to the Full-Year 2014 Consolidated Financial Statements, Part A "Accounting Policies".

The table detailing "Equity investments in subsidiaries" is presented below, specifying that the following changes to the scope of consolidation occurred during the period:

- the company Consum.it S.p.A. left the scope of consolidation, following the merger by incorporation into the Bank, with no impact on the consolidated balance sheet and income statement;
- the companies Siena Consumer 2015 S.r.l. and Siena PMI 2015 S.r.l. were included in the scope of consolidation.

Equity Investments in subsidiaries

	Name	Headquarters	Registered Office	Type of relationship (*)	Ownershp Relationship		Available votes % (**)
					Held by	Shareholding %	
A	**Companies**						
A.0	BANCA MONTE DEI PASCHI DI SIENA S.p.A.	Siena	Siena				
	A.1 Companies consolidated on a line-by-line basis						
A.1	MPS CAPITAL SERVICES BANCA PER LE IMPRESE S.p.a.	Florence	Florence	1	A.0	99,921	-
A.2	MPS LEASING E FACTORING BANCA PER I SERVIZI FINANZIARI ALLE IMPRESE S.p.a.	Siena	Siena	1	A.0	100,000	-
A.3	MONTE PASCHI FIDUCIARIA S.p.a.	Siena	Siena	1	A.0	100,000	-
A.4	WISE DIALOG BANK S.p.a. - WIDIBA	Milan	Milan	1	A.0	100,000	-
A.5	MPS TENIMENTI POGGIO BONELLI E CHIGI SARACINI SOCIETA' AGRICOLA S.p.a.	Castelnuovo Berardenga (SI)	Castelnuovo Berardenga (SI)	1	A.0	100,000	-
A.6	G.IMM ASTOR S.r.l.	Lecce	Lecce	1	A.0	52,000	-
A.7	AIACE REOCO S.r.l.	Siena	Siena	1	A.0	100,000	-
A.8	ENEA REOCO S.r.l.	Siena	Siena	1	A.0	100,000	-
A.9	CONSORZIO OPERATIVO GRUPPO MONTEPASCHI	Siena	Siena	1	A.0	99,790	-
		-	-	-	A.1	0,060	-
		-	-	-	A.2	0,030	-
		-	-	-	A.4	0,030	-
						99,910	
A.10	PERIMETRO GESTIONI PROPRIETA' IMMOBILIARI S.c.p.a.	Siena	Siena	1	A.0	98,914	98,716
		-	-	-	A.1	0,120	0,142
		-	-	-	A.2	0,049	0,057
		-	-	-	A.3	0,012	0,014
		-	-	-	A.9	0,905	1,072
A.11	MAGAZZINI GENERALI FIDUCIARI DI MANTOVA S.p.a.	Mantua	Mantua	1	A.0	100,000	-
A.12	CO.E.M. COSTRUZIONI ECOLOGICHE MODERNE S.p.a.	Rome	Rome	4	A.0	40,197	-
A.13	BANCA MONTE PASCHI BELGIO S.A.	Bruxelles	Bruxelles	1	A.0	99,900	-
		-	-	-	A.1	0,100	-
						100,000	
A.14	MPS PREFERRED CAPITAL I LLC	New York	Delaware	1	A.0	100,000	-
A.15	MPS PREFERRED CAPITAL II LLC	New York	Delaware	1	A.0	100,000	-
A.16	MPS CAPITAL TRUST I	New York	Delaware	4	-	-	-
A.17	MPS CAPITAL TRUST II	New York	Delaware	4	-	-	-
A.18	MONTE PASCHI BANQUE S.A.	Paris	Paris	1	A.0	100,000	-
18.1	MONTE PASCHI CONSEIL FRANCE SOCIETE PAR ACTIONS	Paris	Paris	-	A.18	100,000	-
18.2	IMMOBILIERE VICTOR HUGO S.C.I.	Paris	Paris	-	A.18	100,000	-
A.19	MONTEPASCHI LUXEMBOURG S.A.	Luxembourg	Luxembourg	1	A.0	99,200	-
		-	-	-	A.18	0,800	-
						100,000	
A.20	ANTONVENETA CAPITAL L.L.C. I	New York	Delaware	1	A.0	100,000	-
A.21	ANTONVENETA CAPITAL L.L.C. II	New York	Delaware	1	A.0	100,000	-
A.22	ANTONVENETA CAPITAL TRUST I	New York	Delaware	1	A.0	100,000	-
A.23	ANTONVENETA CAPITAL TRUST II	New York	Delaware	1	A.0	100,000	-
A.24	MPS COVERED BOND S.r.l.	Conegliano	Conegliano	1	A.0	90,000	-
A.25	MPS COVERED BOND 2 S.r.l.	Conegliano	Conegliano	1	A.0	90,000	-
A.26	CIRENE FINANCE S.r.l.	Conegliano	Conegliano	1	A.0	60,000	-
A.27	MANTEGNA FINANCE II S.r.l. (in liquidazione)	Conegliano	Conegliano	1	A.0	100,000	-
A.28	CONSUM.IT SECURITISATION S.r.l.	Conegliano	Conegliano	1	A.0	100,000	-
A.29	SIENA MORTGAGES 07-5 S.p.a.	Conegliano	Conegliano	4	A.0	7,000	-
A.30	SIENA MORTGAGES 09-6 S.r.l.	Conegliano	Conegliano	4	A.0	7,000	-
A.31	SIENA MORTGAGES 10-7 S.r.l.	Conegliano	Conegliano	4	A.0	7,000	-
A.32	SIENA SME 11-1 S.r.l.	Conegliano	Conegliano	1	A.0	100,000	-
A.33	SIENA LEASE 11-1 S.r.l.	Conegliano	Conegliano	1	A.0	100,000	-
A.34	SIENA CONSUMER S.r.l.	Conegliano	Conegliano	4	A.0	10,000	-
A.35	SIENA CONSUMER 2015 S.r.l.	Conegliano	Conegliano	4	A.0	10,000	-
A.36	SIENA PMI 2015 S.r.l.	Milan	Milan	4	A.0	10,000	-
A.37	CASAFORTE S.r.l.	Rome	Rome	4	A.0	-	-
A.38	PATAGONIA FINANCE S.A.	Luxembourg	Luxembourg	4	A.0	-	-

(*) Type of relationship:
1. = majority of voting rights at ordinary shareholders' meetings
2. = dominant influence at ordinary shareholders' meetings
3. = agreements with other shareholders
4. = other forms of control
5. = unified management under art. 26.1. of Leg. Decree 87/92
6. = unified management under art. 26.2. of Leg. Decree 87/92

(**) Votes available in the ordinary shareholders' meeting, distinguishing between actual and potential

Evolution of equity investments subject to significant influence

The Group continued to rationalise its equity investment portfolio. The most significant transactions carried out by the Bank in the first nine months of the year are reported below.

Acquisitions

- A 3.496% interest in the share capital of Alitalia Compagnia Aerea Italiana S.p.A. was acquired through the conversion of loans as part of the restructuring agreement.
- A 10% equity investment in Siena Consumer 2015 S.r.l., a securitisation vehicle, was acquired.
- The share capital increase of the subsidiary Montepaschi Luxembourg S.A. was subscribed for EUR 3.0 mln.
- The process of recapitalisation of the subsidiaries MPS Capital Services S.p.A. and MPS Leasing & Factoring S.p.A. was launched. The Bank also participated in the incorporation of Siena PMI 2015 S.r.l., with a share of 10% and full control was acquired of the equity investment in the vehicle Siena SME 11 S.r.l..

Disposals

- The disposal of the 10.32% stake held in Anima Holding S.p.A.;
- Other disposals of equity investments: Alerion S.p.A. (6.358% of the share capital); Società Cooperativa Bilanciai Campogalliano (5.88% of the share capital); Patto Territoriale Polis del Sud Est Barese S.r.l. a s.c. (6.29% of the share capital); Latteria Sociale Mantova S.c.a. (11.85% of the share capital); Servizi Cimiteriali di Cesano Boscone S.r.l. (3.91% of the share capital); Sviluppo Italia Calabria Business Innovation Centre S.c.p.A. (0.42% of the share capital); Cantine Riunite & Civ Società Cooperativa Agricola (5.346% of the share capital); S.A.T. - Società Autostrada Tirrenica p.a. (14.989% of the share capital); Terre d'Oltrepò Società Cooperativa Agricola per azioni (6.891% of the share capital).

On 27 March 2015, the restructuring of the Sorgenia Group launched in the last quarter of 2014 was closed. Due to the implementation of the restructuring agreement resolved by the Board of Directors of BMPS at the meeting on 25 October 2014, the Bank holds a stake of 16.67% in Nuova Sorgenia Holding SpA.

Also note that the investments held in Prima Holding 2 SpA (28.34%), Centro per la Promozione e lo Sviluppo del Territorio ed Agenzia Locale per la formazione (2.5%) and Mantova Expo S.r.l. (6.62%) are no longer included in the portfolio following the conclusion of the respective liquidation procedures.

Finally, it should also be noted that the equity investment held in Bid It Spa (7.572%) was no longer included in the portfolio in the 3rd quarter of 2015 as a result of the closing of the bankruptcy procedure and that an "Associazione in Partecipazione" (profit-sharing) agreement was signed with the film production company Lotus Production Srl, for a total contribution, payable by BMPS, of EUR 2 mln (of which EUR 1 mln already disbursed), in the form of financial support for the creation of feature films pursuant to "tax credit" legislation.

Reclassification of financial instruments

Type of financial instrument (1)	Portfolio prior to transfer (2)	Portfolio after transfer (3)	Book value at 30 09 2015 (4)	Fair value at 30 09 2015 (5)	Income components in the absence of transfers (before tax)		Income components reported for the period (before tax)	
					Value-relevance (6)	Other (7)	Value-relevance (8)	Other (9)
Debt Securities	Trading	Available for sale	-	-	-	-	-	-
UCITS	Trading	Available for sale	1,013	1,013	74	-	74	-
Debt Securities	Trading	Loans to banks	42,099	39,298	(970)	984	6	737
Debt Securities	Trading	Loans to customers	142,187	135,280	2,766	3,342	343	2,407
Debt Securities	Available for sale	Loans to banks	667,673	527,615	19,928	30,753	497	30,982
Debt Securities	Available for sale	Loans to customers	185,923	174,337	(9,862)	3,830	(92)	3,593
	Total		**1,038,895**	**877,543**	**11,936**	**38,909**	**827**	**37,719**

In addition to illustrating the book values and fair values of financial instruments reclassified in 2008 as at 30 September 2015, the table also reports (columns 6 and 7) financial results in terms of "value relevance" and "other" (realised profit/loss and interest), which the same financial instruments would have produced for the Group in the quarter had they not been transferred in 2008.
Columns 8 and 9, on the other hand, contain the income statement results in terms of "value relevance" and "other" (profit/loss and interest from disposal) which the Group actually posted for these instruments as at 30 September 2015.

DECLARATION OF THE FINANCIAL REPORTING OFFICER

Pursuant to para. 2, article 154-bis of the Consolidated Law on Finance, the Financial Reporting Officer, Mr. Arturo Betunio, declares that the accounting information contained in this Interim Report on Operations as at 30 September 2015 corresponds to the underlying documentary evidence and accounting records.

Siena, 6 November 2015

The Financial Reporting Officer
Signed by

Arturo Betunio

ANNEXES

Pro-forma statements for the accounting treatment of major long-term structured repos as synthetic derivatives

Foreword

Below are the pro-forma balance sheet, income statement and statement of comprehensive income (the "Pro-forma statements") as at 30 September 2015 and 31 December 2014, which report the estimated accounting effects had the Bank classified the "long-term structured repos" (the "Transactions") as synthetic derivatives.

As at the date of this consolidated interim report on operations there are no longer any of these transactions in place.

On 23 September 2015, the Bank and Nomura signed a settlement agreement for the closing of the "Alexandria" transaction, regarding an investment in BTPs via an asset swap maturing in 2034, for a value of EUR 3 bn, financed with a long-term repo with the same term. For more details please refer to the press release of 23 September 2015 available on the Bank's website.

The tables below summarise the balance sheet and income statement impacts that would result from a potential recognition of the "Alexandria" transaction as a credit default swap until the date of closing of the transaction.

The pro-forma statements have been prepared on the basis of the annual financial statements for the year ending 31 December 2014 and the consolidated interim reports on operations as at 30 September 2015 and 30 September 2014, by applying estimated pro-forma adjustments to the representation of transactions, should they qualify as synthetic derivatives, as required by the Bank of Italy/Consob/IVASS document no. 6 of 8 March 2013 - Bank of Italy/Consob/IVASS Coordination forum on the application of IAS/IFRS - Accounting treatment of "long-term structured repos" (the "Document").

The Document provides that, in the case of Transactions for significant amounts, preparers of financial statements should carefully consider the need for an adequate description, including the preparation of pro-forma statements, of the effects on financial statements that would arise from a reclassification of Transactions as synthetic derivatives, after tax, as compared with previous year accounts.

The pro-forma statements are presented using the balance sheet as at 31 December 2014 and as at 30 September 2015 and income statement and statement of comprehensive income as at 30 September 2015 and 30 September 2014.

Pro-forma figures were determined by making appropriate pro-forma adjustments to the historical values in the 2014 financial statements and to the consolidated interim reports on operations as at 30 September 2015 and 30 September 2014, in order to retroactively reflect the effects of recognising the Transactions as synthetic derivatives, as well as the estimated balance-sheet and income statement impacts arising therefrom.

Reported in the pro-forma statements below are:

- in the first column ("31 12 2014" and "30 09 2015"): balance sheet as at 31 December 2014 and as at 30 September 2015, income statement and statement of comprehensive income as at 30 September 2014 and 30 September 2015;
- in the second column ("pro-forma adjustments of LTR classified as CDS"): pro-forma adjustments estimated to be made to the accounts, had the Bank classified the Transactions as synthetic derivatives;
- in the third and final column ("31 12 2014 pro-forma" and "30 09 2015 pro-forma"): estimated pro-forma balance sheet as at 31 December 2014 and as at 30 September 2015 pro-forma income statement and statement of comprehensive income as at 30 September 2014 and 30 September 2015.

In light of the above, for an accurate interpretation of the information underlying the pro-forma figures, the following aspects should be considered:

- the accounting representations are based on assumptions; therefore, pro-forma figures do not necessarily coincide with those that would have ensued, had the Transactions (and related income statement and balance sheet effects) in fact been entered into as at the dates considered for preparation of the pro-forma accounts;
- pro-forma data was prepared in such a way as to only represent an estimate of the identifiable and objectively measurable effects of the Transactions.

In the pro-forma accounting treatment as a synthetic derivative, the purchase of securities and its financing through a long term repo agreement are represented as a Credit Default Swap (sale of protection on the risk of the Italian government, i.e. issuer of the bonds).

In the event of issuer default, the Bank would incur a loss equal to the difference between the amounts to be returned to the repo counterparty and the value of the defaulted securities to be delivered to the Bank by the counterparty. Against this risk, the Bank earns a variable premium consisting of the difference between the coupons of bonds held and the interest rate paid on the repo entered into to finance the transaction.

For the purpose of pro-forma accounting, the Transactions were thus assessed in a similar way to Credit Default Swaps, using the same market parameters.

In particular, accounting treatment as a synthetic derivative determines the following pro-forma adjustments and reclassifications:

- balance sheet:
  - recognition of the CDS at Fair Value under “Financial assets held for trading”(if the fair value is positive) or “Financial liabilities held for trading” (if the fair value is negative) instead of:
    - securities classified as “Financial assets available for sale” and corresponding valuation reserves, gross of the hedge accounting component;
    - “Deposits from banks” and “Deposits from customers” which represent the liabilities associated with the long term repos;
  - reclassification of interest rate swaps from “Hedging derivatives” to “Financial liabilities held for trading” (for IRSs designated as hedging instruments as at the date of this consolidated interim report on operations);
  - ensuing tax effects.
- income statement:
  - elimination from “Interest income and similar revenues” and “Interest expense and similar charges” respectively of: interest income from government bonds classified as “Assets available for sale” and interest expense on long term repos classified as “Deposits from banks” and “Deposits from customers”, both posted by using the effective interest rate method;
  - elimination from “Interest income and similar revenues” and “Interest expense and similar charges” of amounts accrued on interest rate swaps designated as hedging instruments;
  - elimination from “Net profit (loss) from hedging” of: fair value changes attributable to the interest rate risk of hedged government bonds, accounted for against the valuation reserve of assets available for sale; and fair value changes in the interest rate swaps, net of any accrued income, designated as hedging instruments;
  - recognition under “Net profit (loss) from trading” of: cash flows (coupons and floating spreads) paid on government bonds and long term repos and fair value changes in IRSs designated as hedging instruments and CDSs;
  - ensuing tax effects;
- statement of comprehensive income:
  - recognition of changes in “Financial assets available for sale” following adjustment to valuation reserves.

In brief, an estimate of transactions treated as synthetic derivatives produces significantly different impacts on the income statement by reason of changes in the fair value of Credit Default Swaps and reclassification of Interest Rate Swaps to trading.

It should be noted that, due to the different accounting classification of individual items, the Transactions' accounting treatment as CDSs entails a modification to the scope of the two regulatory portfolios (trading book and banking book), with resulting differences, essentially of an offsetting nature, in the VAR of the individual portfolios. As a result, this different representation does not generate any differential impacts on the Group's overall VaR.

As regards the Alexandria/Nomura transaction, the only transaction of its kind in place until 22 September 2015, it should be pointed out that the pro-forma impact on profit for the period of around EUR 505 mln includes EUR 252 mln relating to closing of the transaction.

Pro-forma consolidated balance sheet

	Assets	31 12 2014	Pro-forma adjustments of LTR classified as CDS	31 12 2014* pro-forma	30 09 2015	Pro-forma adjustments of LTR classified as CDS	30 09 2015 pro-forma
10	Cash and cash equivalents	1.006.586	-	1.006.586	812.183	-	812.183
20	Financial assets held for trading	16.928.788	634.300	17.563.088	16.418.644	-	16.418.644
40	Financial assets available for sale	22.847.582	(4.071.545)	18.776.037	19.877.913	-	19.877.913
60	Loans to banks	7.722.753	-	7.722.753	6.432.208	-	6.432.208
70	Loans to customers	119.676.132	-	119.676.132	112.513.211	-	112.513.211
80	Hedging deviratives	612.957	-	612.957	512.089	-	512.089
90	Change in value of macro-hedged financial assets (+/-)	178.613	-	178.613	130.924	-	130.924
100	Equity investments	1.013.899	-	1.013.899	959.569	-	959.569
120	Property, plant and equipment	2.787.083	-	2.787.083	2.673.365	-	2.673.365
130	Intangible assets	441.693	-	441.693	416.678	-	416.678
	of wich: goodwill	7.900	-	7.900	7.900	-	7.900
140	Tax assets	7.562.419	(13.333)	7.549.086	6.451.954	-	6.451.954
150	Non-current assets and groups of assets held for sale and discontinued operations	21.805	-	21.805	69.744	-	69.744
160	Other assets	2.643.513	-	2.643.513	2.933.777	-	2.933.777
	Total Assets	**183.443.823**	**(3.450.578)**	**179.993.245**	**170.202.259**	**-**	**170.202.259**

	Liabilities and Shareholders' Equity	31 12 2014	Pro-forma adjustment of LTR classified as CDS	31 12 2014* pro-forma	30 09 2015	Pro-forma adjustment of LTR classified as CDS	30 09 2015 pro-forma
10	Deposits from banks	27.647.671	-	27.647.671	17.804.915	-	17.804.915
20	Deposits from customers	93.144.981	(3.353.599)	89.791.382	91.836.170	-	91.836.170
30	Debt securities issued	30.455.439	-	30.455.439	28.655.052	-	28.655.052
40	Financial liabilities held for trading	13.701.789	1.604.999	15.306.788	11.475.760	-	11.475.760
50	Financial liabilities designated at fair value	2.623.620	-	2.623.620	2.226.077	-	2.226.077
60	Hedging derivatives	4.112.108	(1.604.999)	2.507.109	1.602.142	-	1.602.142
80	Tax liabilities	163.510	(15.138)	148.372	73.780	-	73.780
100	Other liabilities	4.183.569	-	4.183.569	5.270.674	-	5.270.674
110	Provision for employee severance pay	271.434	-	271.434	245.183	-	245.183
120	Provisions for risks and charges	1.151.049	-	1.151.049	1.137.449	-	1.137.449
140	Valuation reserves	(685.460)	423.122	(262.338)	(84.719)	-	(84.719)
160	Equity instruments carried at equity	3.002	-	3.002	-	-	-
170	Reserves	(496.120)	(450.358)	(946.478)	841.490	(504.963)	336.527
180	Share premium	2.291	-	2.291	6.325	-	6.325
190	Share Capital	12.484.207	-	12.484.207	9.001.757	-	9.001.757
210	Non-controlling interests (+/-)	23.625	-	23.625	25.547	-	25.547
220	Profit (loss) (+/-)	(5.342.892)	(54.605)	(5.397.497)	84.657	504.963	589.620
	Total liabilities and Shareholders' Equity	**183.443.823**	**(3.450.578)**	**179.993.245**	**170.202.259**	**-**	**170.202.259**

Pro-forma consolidated income statement

	Items	30 09 2014	Pro-forma adjustment of LTR classified as CDS	30 09 2014 pro-forma	30 09 2015	Pro-forma adjustment of LTR classified as CDS	30 09 2015 pro-forma
10	Interest income and similar revenues	4.013.784	(112.206)	3.901.578	3.236.728	(113.685)	3.123.043
20	Interest expense and similar charges	(2.482.360)	96.538	(2.385.822)	(1.520.043)	90.984	(1.429.059)
30	**Net interest income**	**1.531.424**	**(15.668)**	**1.515.756**	**1.716.685**	**(22.701)**	**1.693.984**
40	Fee and commission income	1.573.675	-	1.573.675	1.627.992	-	1.627.992
50	Fee and commission expense	(281.189)	-	(281.189)	(269.656)	-	(269.656)
60	**Net fee and commission income**	**1.292.486**	**-**	**1.292.486**	**1.358.336**	**-**	**1.358.336**
70	Dividends and similar income	35.783	-	35.783	18.362	-	18.362
80	Net profit (loss) from trading	68.050	12.230	80.280	151.313	608.603	759.916
90	Net profit (loss) from hedging	(11.097)	1.722	(9.375)	13.926	(4.116)	9.810
100	Gains/losses on disposal/repurchase	149.556	-	149.556	8.539	131.977	140.516
120	**Net interest and other banking income**	**3.050.034**	**(1.716)**	**3.048.318**	**3.261.550**	**713.763**	**3.975.313**
130	Net impairment losses (reversals)	(2.523.032)	-	(2.523.032)	(1.417.722)	-	(1.417.722)
-	*a) loans*	(2.464.448)	-	(2.464.448)	(1.413.863)	-	(1.413.863)
-	*b) financial assets available for sale*	(52.355)	-	(52.355)	(6.144)	-	(6.144)
-	*d) other financial transactions*	(6.229)	-	(6.229)	2.285	-	2.285
140	**Net income from banking activities**	**527.002**	**(1.716)**	**525.286**	**1.843.828**	**713.763**	**2.557.591**
180	Adiministrative expenses	(2.413.035)	-	(2.413.035)	(2.082.061)	-	(2.082.061)
-	*a) personnel expenses*	(1.592.034)	-	(1.592.034)	(1.259.335)	-	(1.259.335)
-	*b) other administrative expenses*	(821.001)	-	(821.001)	(822.726)	-	(822.726)
190	Net provisions for risks and charges	(119.327)	-	(119.327)	(59.944)	-	(59.944)
200	Net adjustments to (recoveries on) property, plant and equipment	(100.921)	-	(100.921)	(90.074)	-	(90.074)
210	Net adjustments to (recoveries on) intangible assets	(84.222)	-	(84.222)	(87.195)	-	(87.195)
220	Other operating expenses/income	220.567	-	220.567	281.910	-	281.910
230	**Operating expenses**	**(2.496.938)**	**-**	**(2.496.938)**	**(2.037.364)**	**-**	**(2.037.364)**
240	Gains (losses) on investments	227.684	-	227.684	212.727	-	212.727
260	Impairment on goodwill	-	-	-	-	-	-
270	Gains (losses) on disposal of investments	6.840	-	6.840	1.887	-	1.887
280	**Profit (loss) before tax from continuing operations**	**(1.735.412)**	**(1.716)**	**(1.737.128)**	**21.078**	**713.763**	**734.841**
290	Tax expense (recovery) on income from continuing operations	581.869	564	582.433	64.884	(208.800)	(143.916)
300	**Profit (loss) after tax from continuing operations**	**(1.153.543)**	**(1.152)**	**(1.154.695)**	**85.962**	**504.963**	**590.925**
310	Profit (loss) after tax from groups of assets held for sale and discontinued operations	-	-	-	-	-	-
320	**Profit (loss)**	**(1.153.543)**	**(1.152)**	**(1.154.695)**	**85.962**	**504.963**	**590.925**
330	Profit (loss) for the period attributable to non-controlling interests	(3.806)	-	(3.806)	1.305	-	1.305
340	**Parent company's net profit (loss)**	**(1.149.737)**	**(1.152)**	**(1.150.889)**	**84.657**	**504.963**	**589.620**

Pro-forma consolidated statement of comprehensive income

	Items	30 09 2014	Pro-forma adjustment of LTR classified as CDS	30 09 2014 pro-forma	30 09 2015	Pro-forma adjustment of LTR classified as CDS	30 09 2015 pro-forma
10	Profi (loss)	(1.153.543)	(1.152)	(1.154.695)	85.962	504.963	590.925
	Other comprehensive income after tax not recycled to profit and loss	**(21.598)**	**-**	**(21.598)**	**15.722**	**-**	**15.722**
40	Actuarial gains (losses) on defined benefit plans	(21.500)	-	(21.500)	15.639	-	15.639
60	Share of valuation reserves of equity-accounted investments	(98)	-	(98)	83	-	83
	Other comprehensive income after tax recycled to profit and loss	**528.279**	**(70.685)**	**457.594**	**630.570**	**(423.122)**	**207.448**
80	Exchange differences	4.525	-	4.525	5.424	-	5.424
90	Cash flow hedges	(7.922)	-	(7.922)	30.621	-	30.621
100	Financial assetes available for sale	407.083	(70.685)	336.398	547.476	(423.122)	124.354
110	Non-current assets held for sale	(28.786)	-	(28.786)	(1.764)	-	(1.764)
120	Share of valuation reserves of equity-accounted investments	153.379	-	153.379	48.813	-	48.813
130	**Total other comprehensive icome after tax**	**506.681**	**(70.685)**	**435.996**	**646.292**	**(423.122)**	**223.170**
140	**Total comprehensive income (Item 10+130)**	**(646.862)**	**(71.837)**	**(718.699)**	**732.254**	**81.841**	**814.095**
150	Consolidated comprehensive income attributable to non-controlling interests	(3.786)	-	(3.786)	1.306	-	1.306
160	**Consolidated comprehensive income attributable to Parent Company**	**(643.076)**	**(71.837)**	**(714.913)**	**730.948**	**81.841**	**812.789**