



# SPAFID CONNECT

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*Testo del comunicato*

Vedi allegato.

**PRESS RELEASE**

**BOARD APPROVES RESULTS AS AT 31 MARCH 2019:**

**PROFIT AT EUR 28 MILLION,  
INCLUDING NEGATIVE NON-RECURRENT, NON-OPERATING ITEMS  
FOR EUR 92 MILLION, AMONG WHICH  
EUR 61 MILLION CONTRIBUTIONS TO SYSTEMIC FUNDS**

**COMMERCIAL RELAUNCH CONSOLIDATES:  
DIRECT FUNDING +2.4% AND LOANS TO CUSTOMERS +2.9% VS. DECEMBER 2018**

**PRE-PROVISION PROFIT AT EUR 233 MILLION,  
UP VS. PREVIOUS QUARTER (c. +75%),  
DOWN VS. 1Q18 DUE TO ALTERED MACRO ENVIRONMENT**

**SOLID CAPITAL POSITION:**

**TRANSITIONAL CET1 RATIO: 13.3% (+330 BPS VS. SREP 2019<sup>1</sup>)**

**TOTAL CAPITAL RATIO: 14.7% (+120 BPS VS. SREP 2019<sup>2</sup>)**

**GIAMPIERO BERGAMI (CCO) APPOINTED AS DEPUTY GENERAL MANAGER AND  
ANDREA ROVELLINI (CFO) APPOINTED AS VICAR DEPUTY GENERAL MANAGER**

- **Pre-provision profit at EUR 233 million:**
  - net interest income at EUR 409 million, impacted mainly by the decreased average volumes of commercial loans, connected with year-end maturities and with the more selective commercial strategy vs. corporate clients, with a growing trend in the latter part of the quarter
  - net fees and commissions at EUR 359 million, essentially flat Q/Q
  - other income<sup>3</sup> positive for EUR 35 million for the most part connected with MPS Capital Services' positive results
  - operating costs at EUR 569 million, down vs. 4Q18; benefits from the Solidarity Fund exits (650 employees on March 31<sup>st</sup> + 100 employees within 1H19) are expected in Q2
- **The improvement of all the main asset quality indicators continues:**
  - cost of risk at 73 basis points, impacted by the update of the macroeconomic scenario (reduced GDP growth estimates for 2019); net of this component, cost of risk would stand at 57 basis points
  - default rate at 1.3% (2.1% in 2018) and cure rate at 8% (7.5% in 2018)

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<sup>1</sup> CET1 requirement, including the Capital Conservation Buffer.

<sup>2</sup> Overall capital requirement.

<sup>3</sup> Other income includes items: Dividends, similar income and profit/loss on equity investments, Net profit (loss) from trading and financial assets/liabilities measured at amortised cost and at fair value through profit and loss, Net profit (loss) from hedging and Other operating income (expenses).

- **gross NPE ratio decreases from 17.3% in December 2018 to 16.3%: an additional c. 2% decrease is expected at year-end as a result of the UTP reduction plan currently underway and the perfecting of the leasing bad loans disposal**

*Siena, 9 May 2019* – Today the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. reviewed and approved the results as at 31 March 2019.

### **Group profit and loss results at 31 March 2019**

The Group's **total revenues** for 1Q19 stand at **EUR 803 million**, a 8.5% Y/Y decrease, mainly due to a contraction in net fees and commissions, net interest income and net profit from trading and financial assets/liabilities. In 1Q19 revenues grow by EUR 33 million Q/Q, mainly thanks to a pickup in net profit from trading and financial assets/liabilities (EUR +46 million) and in other operating income/expenses (EUR +15 million), against a decrease in interest margin (EUR -22 million) and in net fees and commissions (EUR -2 million).

**Net interest income** for the first quarter of 2019 is **EUR 409 million**, down by 3.0% from the same period of 2018, mainly due to the negative trend of commercial loans, which recorded both a contraction of average volumes and a decrease of related yields. This trend is only partially offset by the lower negative interests resulting from the reduced cost of commercial funding, which saw a drop in average lending volumes and rates. The 1Q19 result also weakens Q/Q (-5.1%), mainly for the lower contribution of commercial loans, in particular in terms of lower volumes. The aggregate was furthermore impacted by the introduction of IFRS16, which led to the recognition of interest expense for EUR 1.2 million in 1Q19.

**Net fees and commissions** for the first quarter of 2019, at **EUR 359 million**, show an 11.7% Y/Y decrease, mainly due to lower income from product placement and credit facilities (the latter partly impacted by the lack of the one-off revenues recorded in 1Q18). The trend is also down Q/Q (-0.4%), principally for the reduced contribution from payment services, which had benefited from year-end adjustments in 4Q18

**Dividends, similar income and profit (loss) on investments** amount to **EUR 16 million** and are mainly from AXA-MPS<sup>4</sup>. This component is down Y/Y (EUR -2.2 million) and Q/Q (EUR -3.6 million).

**Net profit (loss) from trading and financial assets/liabilities measured at amortised cost and at fair value through profit and loss** in 1Q19 amounts to **EUR 27 million**, down from the result recorded for the same period of the previous year (equal to EUR 37 million). An analysis of the main aggregates shows:

- **net profit from trading for EUR +36 million**, up both Y/Y and Q/Q due to the positive trend recorded by subsidiary MPS Capital Services;
- **net profit from financial assets and liabilities measured at fair value through profit and loss negative for EUR 20 million**, down from 1Q18 (EUR -16 million) and in line with the previous quarter (EUR -21 million);

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<sup>4</sup> AXA – MPS is consolidated at net equity in the Group's financial accounts.

- **gains on disposals/repurchases positive for EUR 12 million**, down from the EUR 39 million of 1Q18, which had been affected by greater profits from the sale of securities, but up from 4Q18, which had been impacted by greater losses on the sale of loans and securities.

The following items also contribute to total revenues:

- **net income from hedging essentially nil**, vs. EUR 1 million in 1Q18 and EUR 0.8 million in 4Q18;
- **other operating expenses/income negative for EUR 8 million**, in line with 1Q18 (EUR -8 million) and up by EUR +15 million vs. the previous quarter, which had been negatively impacted by increased expenses from judgements, settlement agreements and contingent liabilities.

**Operating expenses** for 1Q19 amount to **EUR 569 million**, basically in line with 1Q18<sup>5</sup>. 1Q19 expenses are reduced by 10.4% (EUR -66 million) vs. 4Q18, mainly due to other administrative expenses and net value adjustments to tangible and intangible assets. Detailed examination of individual aggregates shows that:

- **administrative expenses** stand at **EUR 508 million**, reduced by EUR 7 million from the previous year and by EUR 46 million vs. 4Q18. Within the aggregate:
  - **personnel expenses**, at **EUR 369 million**, are essentially in line with 1Q18 and 4Q18, with benefits from the headcount reduction scheme becoming effective from 2Q19.
  - **other administrative expenses**, amounting to **EUR 140 million**, are down by 5.6% vs. 1Q18 and by 26.3% vs. 4Q18. As already observed (see footnote no. 5), this aggregate is affected by the IFRS16 FTA, net of which the trend would have been slightly up vs. 1Q18, whereas the significant decrease vs. 4Q18 would have been confirmed;
- **Net value adjustments to tangible and intangible assets** for 1Q19 amount to **EUR 61 million** and are up by 6.6% vs. the same period of the previous year. Cleared of the effects of IFRS16, the aggregate is down by 17.9%. Down by 24.9% Q/Q, or 42.1% excluding the impact of IFRS16.

As a result of the dynamics described above, the Group's **pre-provision profit** is **EUR 233 million** (EUR 304 million at 31 March 2018), up by EUR 100 million Q/Q.

In 1Q19 the Group reported **net impairment losses on financial assets measured at amortised cost and at fair value through other comprehensive income** for a total of **EUR 164 million**, up by EUR 26 million vs. those recorded for the same period of the previous year but down vs. 4Q18, primarily due to reduced default flows and fewer downward migrations between impaired loan categories (in particular migrations to bad loans). Cost of risk for 1Q19 includes the effects of the downward revision of GDP growth estimates for 2019, incorporated in the forward-looking scenarios envisaged by IFRS 9.

The ratio of annualised loan loss provisions at 31 March 2019 over total customer loans reflects a **provisioning rate of 73 bps**.

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<sup>5</sup> As regards operating costs, it should be noted that comparisons with 2018 amounts are purely indicative, as the data are not homogeneous following the introduction of the new IFRS16 accounting standard, which led to the recognition of EUR 15.2 million fewer other administrative expenses and EUR 14 million more net value adjustments to tangible and intangible assets.

The Group's **net operating result is positive for c. EUR 69 million**, compared to EUR +166 million recorded for the same period of the previous year.

The following also contribute to the **result for the period**:

- **net provisions for risks and charges for EUR -17 million**, mainly attributable to provisions for lawsuits and for commitments undertaken by the bank for the diamond transactions reimbursements. A EUR 53 million positive result had been booked in 1Q18, mainly attributable to the revaluation of the commitment undertaken to meet the hedging costs of the vehicle as part of the sale of the bad loan portfolio;
- **gains on investments for c. EUR 1 million**, chiefly for the modified value of some investments, in particular the stake held in Fondo Etrusco, vs. a loss of EUR 4 million booked in 1Q18 for write-downs on associate Trixia. The 1Q19 result is up Q/Q.
- **restructuring costs/one-off charges, at EUR +2 million**, include above all recoveries recognised by INPS<sup>6</sup> for previous headcount reductions, partly offset by the price adjustment connected with the sale of BMP Belgio S.A.. The fourth quarter of 2018 included EUR 150 million provisions for the headcount reduction scheme;
- **risks and charges related to SRF, DGS and similar schemes**, balance of **EUR -61 million**, consisting of the entire contribution due by the Group to the Single Resolution Fund (SRF) and of the adjustments on the IDPF Voluntary Scheme (for the Carige intervention);
- **DTA fees**, equal to **EUR -18 million**. The amount, determined according to the criteria of Law Decree no. 59/2016, converted into Law no. 119 on 30 June 2016, represents the fees due on 31 March 2019 for DTAs (Deferred Tax Assets) which are convertible into tax credit;
- **gains on disposal of investments for EUR 1 million**, connected to the sale of real estate properties. In 1Q18 the aggregate was positive for EUR 0.3 million.

Due to the circumstances mentioned above, the Group's **loss before tax from continuing operations** amounts to **EUR -23 million**, down from 1Q18, which had recorded a result of EUR +111 million.

**Taxes on profit (loss) from continuing operations** record a gain of **EUR +57 million**, essentially due to the partial reassessment of DTAs related to tax losses, accrued and not recorded in previous years.

Considering the net effects of PPA (EUR -5 million), the **Group's consolidated profit amounts to EUR 28 million**, against a profit of EUR 188 million reported for the same period of 2018.

### **Group balance sheet aggregates at 31 March 2019**

At 31 March 2019 the Group's **total funding** volumes amount to **EUR 192.3 billion**, essentially stable Y/Y and up by EUR 5.4 billion Q/Q, both on indirect and on direct funding.

**Direct funding**, amounting to **EUR 92.7 billion**, records a EUR 5.2 billion decrease vs. the end of March 2018 (chiefly on bonds and repos). On the other hand, the aggregate is up by EUR 2.2 billion vs. December 2018, notwithstanding the EUR 2.2 billion decrease in repos with institutional

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<sup>6</sup> Istituto Nazionale della Previdenza Sociale, i.e. the Italian National Institute for Social Security.

counterparts, more than offset by the growth in current accounts and time deposits (EUR +2.1 billion), bonds (EUR +0.9 billion) and other funding.

The Group's direct funding market share<sup>7</sup> stands at 3.72% (January 2019 update), slightly up from the end of 2018.

**Indirect funding** comes to **EUR 99.6 billion**, up both vs. 31 March 2018 (EUR +4.3 billion), mainly on assets under custody, and vs. 31 December 2018 (EUR +3.1 billion), having both assets under management and assets under custody benefitted from a substantial positive market effect.

In detail, **assets under management**, at **EUR 57.6 billion**, are in line with March 2018 and up by EUR 1.8 billion vs. December 2018, mainly on mutual funds and bancassurance.

As at 31 March 2019 Group **customer loans** amount to **EUR 89.4 billion**, overall flat Y/Y, albeit with a growth on asset-backed securities (EUR +6.3 billion, following the booking of the securitisation transaction senior notes and the purchase of government securities in 4Q18) and on mortgages (EUR +1.3 billion), offset by the decrease in impaired loans (EUR -1.3 billion), repos (EUR -3.7 billion), current accounts and other forms of lending (for a total of EUR -2.6 billion). However, the aggregate is up vs. 31 December 2018 on all components except for impaired loans, which decrease by c. 2%.

The Group's market share<sup>8</sup> stands at 5.09% (January 2019 update), up by 5bps from the end of 2018.

Medium/long-term loans record new disbursements/loan contracts for EUR 1.9 billion in 1Q19, down both Q/Q (EUR -0.3 billion) and Y/Y (EUR -0.5 billion).

The Group's **gross non-performing exposures** as at 31 March 2019 amount to **EUR 16.2 billion**, down Y/Y (EUR -26.4 billion, essentially due to the deconsolidation of securitised bad loans effected in 2Q18) and Q/Q (EUR -0.6 billion). In particular, gross bad loan exposures are reduced by EUR 22.8 billion vs. 31 March 2018, mainly for the above-mentioned deconsolidation, and by EUR 0.2 billion vs. 31 December 2018. Unlikely-to-pay exposures also decrease, by EUR 3.3 billion vs. March 2018 and by EUR 0.4 billion vs. December 2018. Past-due exposures are down by EUR 0.3 billion vs. March 2018 and flat vs. 31 December 2018.

As at 31 March 2019 the Group's **net non-performing exposures** are **EUR 7.6 billion**, down Y/Y (EUR -5.7 billion), again essentially as a result of the above-mentioned deconsolidation, and vs. Q/Q (EUR -0.3 billion). Net bad loan exposures are reduced by c. EUR 3.8 billion vs. 31 March 2018 and flat vs. 31 December 2018. Net unlikely-to-pay exposures are also down, by EUR 1.8 billion Y/Y and by EUR 0.3 billion Q/Q. Past-due exposures are down by EUR 0.1 billion vs. 31 March 2018 and virtually unchanged from December 2018.

The quarter shows an improvement in the ratio of net non-performing exposures to net customer loans, from 9.0% in December 2018 to 8.4% in March 2019. Within the aggregate, the incidence of net bad loans and past-due loans in the quarter is essentially stable compared to December 2018,

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<sup>7</sup> Deposits and repurchase agreements (excluding repurchase agreements with central counterparties) with domestic ordinary customers and bonds net of repurchases placed with domestic ordinary customers as first borrowers.

<sup>8</sup> Loans to domestic ordinary customers, including bad loans and net of repurchase agreements with central counterparties.

whereas that of unlikely-to-pay loans decreases (from 5.2% in December 2018 to 4.7% in March 2019).

As at 31 March 2019 **coverage** of non-performing exposures is 53.1%, down vs. 31 March 2018 (68.8%), chiefly for the above deconsolidation of disposed loans, and unchanged vs. December 2018.

At 31 March 2019, the Group's **financial assets designated at fair value** amount to **EUR 20.6 billion**, down by EUR 5.1 billion from 31 March 2018, mainly on financial assets designated at fair value through other comprehensive income, and essentially in line with 31 December 2018, with the growth of the trading component relating to subsidiary MPS Capital Services offset by the decrease of financial assets designated at fair value through other comprehensive income. Financial liabilities held for trading decreased by EUR 1.1 billion Y/Y and by EUR 0.7 billion Q/Q.

At the end of March 2019 the Group's **net interbank position** stands at **EUR 11.1 billion** in funding, increased by EUR 3.0 billion vs. 31 March 2018 due to increased minimum reserves, only partly offset by the growth in funding from banks (repos). The aggregate is down by EUR 1.6 billion Q/Q, mainly following the decrease in minimum reserves.

At 31 March 2019 the operational liquidity position shows an **unencumbered counterbalancing capacity of about EUR 22.7 billion**, up by EUR 1.5 billion Q/Q thanks to increased commercial funding and to the covered bond issue effected in the month of January.

At 31 March 2019 the **Group's shareholders' equity and non-controlling interests** amount to approximately **EUR 9.1 billion**, down vs. 31 March 2018 chiefly due to decreased valuation reserves. Up, however, vs. the end of December 2018 (+1.1%), thanks to the increased reserves and to the result for the quarter.

As for capital ratios, at 31 March 2019 the **common equity tier 1 ratio** is **13.3%** (vs. 13.7% at 2018 year-end) and **total capital ratio** is **14.7%**, compared to 15.2% recorded at the end of December 2018.

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Finally, the Board of Directors, held today, has appointed two deputy general managers. Giampiero Bergami who continues to be Chief Commercial Officer and Andrea Rovellini who, in addition the position of Chief Financial Officer, takes on the role of Vicar Deputy General Manager of the Bank

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

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*This press release will be available on [www.gruppomps.it](http://www.gruppomps.it)*

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## Income statement and balance sheet reclassification principles

### Reclassified Income statement

It should be noted that, in order to allow continuity in the reporting and reading of progressive results, subsidiary BMP Belgio S.A., although currently being sold, is included in individual income statement items.

- Item “**interest income**” was cleared of the negative contribution (EUR -2 million) referable to the Purchase Price Allocation (PPA), which was reclassified to a specific item, and integrated with the contribution from subsidiary BMP Belgio S.A., for EUR +2 million.
- Item “**net fees and commissions**” was integrated with the contribution from subsidiary BMP Belgio S.A., for EUR +0.4 million.
- Item “**dividends, similar income and gains (losses) on investments**” incorporates item 70 “Dividends and similar income” and the share of profit and loss for the period contributed by investments in the associate AXA, consolidated at net equity, equal to EUR 16 million, included under item 250 “Gains (losses) on investments”. The aggregate was furthermore cleared of dividends earned on securities other than equity investments (EUR 0.3 million), reclassified under item “net profit (loss) from trading/valuation of financial assets/liabilities measured at fair value through profit and loss”.
- Item “**net profit (loss) from trading/valuation and from financial assets/liabilities measured at fair value through profit and loss**” includes item 80 “net profit (loss) from trading”, item 100 “gains (losses) on disposal/repurchase of: i) financial assets measured at amortised cost, ii) financial liabilities measured at fair value through other comprehensive income and iii) financial liabilities” and item 110 “net profit (loss) on financial assets measured at fair value through profit and loss”. The item also incorporates dividends earned on securities other than equity investments (EUR 0.3 million) and the contribution of subsidiary BMP Belgio S.A., for EUR -2 million, whereas it was cleared of the adjustments on the IDPF Voluntary Scheme (Carige intervention) for c. EUR 6 million, reclassified to item “risks and charges related to the SRF, DGS and similar schemes”.
- Item “**other operating income (expense)**” includes item 230 “other operating expenses (income)” net of stamp duty and other expenses recovered from customers, which are stated under the reclassified item “other administrative expenses” (EUR 63 million), and net of other expense recoveries, which are reclassified under item “net value adjustments to tangible assets” (EUR 4 million). The item was integrated with the contribution of subsidiary BMP Belgio S.A., for EUR +0.1 million.
- Item “**personnel expenses**” includes the balance of financial statement item 190a “personnel expenses”, decreased by EUR 5 million for INPS recoveries on provisions for previous headcount reduction measures, reclassified under item “restructuring costs/one-off charges”. The item also includes the share of costs relating to subsidiary BMP Belgio S.A., for EUR 2.5 million.
- Item “**other administrative expenses**” includes the balance of financial statement item 190b “other administrative expenses”, reduced by the following cost items:
  - expenses, amounting to EUR 55 million, resulting from EU Deposit Guarantee Schemes – heretofore DGSD – and Bank Recovery and Resolution Directive – heretofore BRRD –

directives for the resolution of bank crises, posted under the reclassified item “risks and charges associated with SRF, DGS and similar schemes”;

- fee on DTAs convertible into tax credits, for EUR 18 million, posted under the reclassified “DTA fee” item;
- extraordinary charges for EUR 1 million, related to project initiatives partly aimed at complying with the commitments undertaken with DG Comp (among which the closing of domestic and foreign branches), reclassified to item “restructuring costs/one-off charges”.

The item also incorporates stamp duty and other expenses recovered from clients (EUR 63 million) posted under item 230 “Other operating expenses/income” and the share of costs relating to subsidiary BMP Belgio S.A., for EUR 3 million.

- Item “**net value adjustments to tangible and intangible assets**” includes amounts from items 210 “Net adjustments to/recoveries on property, plant and equipment” and 220 “Net adjustments to/recoveries on intangible assets”, and was cleared of the negative contribution (EUR -6 million) referable to the Purchase Price Allocation (PPA), which was reclassified to a specific item, whereas it includes expense recoveries (EUR 4 million) posted under item 230 “Other operating expenses/income” in the financial statements. It was furthermore integrated with the contribution of subsidiary BMP Belgio S.A., for EUR 0.5 million.
- Item “**net impairment (losses)/reversals on financial assets at amortised cost**” includes items 130a “Financial assets measured at amortised cost” and 140 “modification gains (losses)”. The item was integrated with the contribution of subsidiary BMP Belgio S.A., for EUR -2.5 million.
- Item “**Net impairment losses on financial assets measured at fair value through other comprehensive income**” includes items 130b “Net impairment (losses)/reversals on financial assets measured at fair value through other comprehensive income” and was integrated with the contribution of subsidiary BMP Belgio S.A., for EUR 0.1 million.
- Item “**net provisions for risks and charges**” includes the balance of item 200 “net provisions for risks and charges” and was integrated with the contribution of subsidiary MP Belgio, for EUR 0.2 million.
- Item “**profit (loss) on equity investments**” incorporates the balance of item 250 “profits (losses) on equity investments” without the contribution to the income statement of the portion of the profit on the connected equity investments in AXA, consolidated at net equity, equal to EUR 16 million, posted under reclassified item “Dividends, similar income and gains (losses) on investments”.
- Item “**restructuring costs/one-off charges**” mainly includes recoveries recognised by INPS for previous headcount reduction/solidarity fund manoeuvres, equal to EUR 5 million, booked under item 190a “personnel expenses” in the annual report, charges related to project initiatives, partly aimed at complying with the commitments undertaken with DG Comp, equal to EUR 1 million, booked under item 190b “other administrative expenses” in the annual report, and the price adjustment relating to the sale of subsidiary BMP Belgio S.A., equal to EUR 2 million, posted under item 320 “Profit (loss) after tax from assets held for sale and discontinued operations” in the annual report.
- Item “**risks and charges related to the SRF, DGS and similar schemes**” includes the charges deriving from the Community directives DGSD and BRRD, equal to EUR 55 million, posted in the annual report under item 190b “other administrative expenses”, in addition to the adjustments on the IDPF Voluntary Scheme (Carige intervention) for c. EUR 6 million, posted under item 110

“net profit (loss) from trading/valuation and from financial assets/liabilities measured at fair value through profit and loss” in the annual report.

- Item “**DTA fees**” contains costs relating to the fees on DTAs which are convertible into tax credits, provided for by art. 11 of Law Decree no. 59 of 3 May 2016 converted into Law no. 119 of 30 June 2016, booked in item 190b “Other Administrative Expenses” for EUR 18 million.
- Item “**tax expense (recovery) on income from continuing operations**” includes the balance of item 300 “tax (expense)/recovery on income from continuing operations” and was cleared of the theoretical tax component relating to the Purchase Price Allocation (PPA), which was reclassified to a specific item for an amount of EUR 3 million.
- Item “**profit (loss) after tax from assets held for sale and discontinued operations**” was cleared of the subsidiary’s loss for the period (EUR -2 million), which was reclassified under individual income statement items, and of the effects of the price adjustment relating to the sale of subsidiary BMP Belgio S.A., equal to EUR 2 million, reclassified as “restructuring costs/one-off charges”.
- The overall negative effects of the Purchase Price Allocation (PPA) have been reclassified to the specific item, separating them from the economic items concerned (in particular “**interest margin**” for EUR -2 million and “**net adjustments to/recoveries on tangible and intangible assets**” for EUR -6 million, net of a theoretical tax burden of EUR +3 million which integrates the item).

### **Reclassified Balance sheet**

It should be noted that, in order to allow continuity in the reporting and reading of progressive results, subsidiary BMP Belgio S.A., although currently being sold, is included in individual balance sheet items.

- Item “**cash and cash equivalents**” on the assets side includes the contribution of subsidiary BMP Belgio S.A., for EUR 5 million.
- Item “**financial assets measured at fair value**” includes item 20 “financial assets measured at fair value through profit and loss”, item 30 “financial assets measured at fair value through other comprehensive income” and the contribution of subsidiary BMP Belgio S.A., which amounts to EUR 346 million.
- Item “**loans to banks**” on the assets side was integrated with the contribution of subsidiary BMP Belgio S.A., for EUR 187 million.
- Item “**loans to customers**” on the assets side was integrated with the contribution of subsidiary BMP Belgio S.A., for EUR 655 million.
- Item “**property, plant and equipment/intangible assets**” was integrated with the contribution of subsidiary BMP Belgio S.A., for EUR 10 million.
- Item “**other assets**” on the assets side incorporates item 50 “hedging derivatives”, item 60 “value adjustments to financial assets subject to macro-hedging”, item 110 “tax assets”, item 120 “Non-current assets held for sale and discontinued operations” (excluding EUR 1,208 million relating to the total assets of subsidiary BMP Belgio S.A., net of the intragroup quota) and item 130 “other assets”. This item also includes the contribution of subsidiary BMP Belgio S.A., for EUR 5 million.

- Item “**deposits from customers and debt securities issued**” on the liabilities side includes item 10b “financial liabilities measured at amortised cost – deposits from customers”, item 10c “financial liabilities measured at amortised cost – outstanding securities” and item 30 “financial liabilities measured at fair value”. The contribution of subsidiary BMP Belgio S.A. amounts to EUR 936 million.
- Item “**deposits from banks**” on the liabilities side was integrated with the contribution of subsidiary BMP Belgio S.A., for EUR 148 million.
- Item “**financial liabilities held for trading**” on the liabilities side was integrated with the contribution of subsidiary BMP Belgio S.A., for EUR 2 million.
- Item “**provisions for pension and similar obligations**” on the liabilities side was integrated with the contribution of subsidiary BMP Belgio S.A. for EUR 0.4 million, as was item “**other provisions for risks and charges**” was integrated with the contribution of subsidiary BMP Belgio S.A. for EUR 1.3 million.
- Item “**other liabilities**” on the liabilities side incorporates item 40 “hedging derivatives”, item 50 “change in value of macro-hedged financial liabilities”, item 60 “tax liabilities”, item 70 “liabilities associated with groups of assets held for sale” (excluding EUR 1,096 million relating to the total liabilities of subsidiary BMP Belgio S.A., net of the intragroup quota) and item 80 “other liabilities” (inclusive of the contribution of subsidiary BMP Belgio S.A., for EUR 8 million).

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**INCOME STATEMENT AND BALANCE SHEET FIGURES**
**MPS GROUP**

<b>INCOME STATEMENT FIGURES</b>	<b>31 03 2019</b>	<b>31 03 2018*</b>	<b>Chg.</b>
Net interest income	408.9	421.5	-3.0%
Net fee and commission income	358.8	406.5	-11.7%
Other operating income	34.8	48.8	-28.8%
<b>Total Revenues</b>	<b>802.5</b>	<b>876.8</b>	<b>-8.5%</b>
Net impairment losses (reversals) on financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income	(164.3)	(137.9)	19.1%
Net operating income	69.1	166.1	-58.4%
Net profit (loss) for the period	27.9	187.6	-85.1%
<b>EARNING PER SHARE (EUR)</b>	<b>31 03 2019</b>	<b>31 03 2018*</b>	<b>Var.</b>
Basic earnings per share	0.025	0.170	-85.1%
Diluted earnings per share	0.025	0.170	-85.1%
<b>BALANCE SHEET FIGURES AND INDICATORS</b>	<b>31 03 2019</b>	<b>31 12 2018*</b>	<b>Var.</b>
Total assets	132,122.3	130,481.0	1.3%
Loans to customers	89,375.7	86,855.5	2.9%
Direct funding	92,686.1	90,471.7	2.4%
Indirect funding	99,638.0	96,488.6	3.3%
of which: assets under management	57,642.3	55,887.7	3.1%
of which: assets under custody	41,995.7	40,600.8	3.4%
Group net equity	9,088.6	8,992.0	1.1%
<b>OPERATING STRUCTURE</b>	<b>31 03 2019</b>	<b>31 12 2018*</b>	<b>Var.</b>
Total head count - end of period	22,506	23,129	-623
Number of branches in Italy	1,529	1,529	n.m.

*N.B.: Total headcount refers to the effective workforce and therefore does not include resources posted outside the Group's perimeter*

*\* The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS16, therefore 2018 figures are not fully comparable.*

**ALTERNATIVE PERFORMANCE MEASURES**
**MPS GROUP**

<b>PROFITABILITY RATIOS (%)</b>	<b>31 03 2019</b>	<b>31 12 2018*</b>	<b>Chg.</b>
Cost/Income ratio	70.9	71.5	-0.6
R.O.E.	1.2	2.9	-1.7
Return on Assets (RoA) ratio	0.1	0.2	-0.1
ROTE (Return on tangible equity)	1.2	2.9	-1.7

*\* The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS16, therefore 2018 figures are not fully comparable.*

KEY CREDIT QUALITY RATIOS (%)	31 03 2019	31 12 2018*	Chg.
Net non-performing loans / Loans to Customers	8.4	9.0	-0.6
Gross NPL ratio	16.3	17.3	-1.0
Growth rate of gross NPL	-3.6	-60.8	57.2
Coverage non-performing loans	53.1	53.1	n.m.
Bad loans / Loans to Customers	3.6	3.7	-0.1
Loans to Customers measured at amortised cost - Stage 2/Performing exposures measured at amortised cost	15.2	15.9	-0.7
Coverage bad loans	61.4	62.4	-1.0
Net impairment losses on loans measured at amortised cost/ Loans to Customers measured at amortised cost (Provisioning)	0.7	0.7	n.m.
Texas Ratio	92.7	95.0	-2.3

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REGULATORY MEASURES			
MPS GROUP			
CAPITAL RATIOS (%)	31 03 2019	31 12 2018*	Chg.
Common Equity Tier 1 (CET1) ratio	13.3	13.7	-0.4
Total Capital ratio	14.7	15.2	-0.5
FINANCIAL LEVERAGE INDEX (5)	31 03 2019	31 12 2018*	Chg.
Leverage ratio - Transitional Phase	5.6	5.5	0.1
LIQUIDITY RATIO (%)	31 03 2019	31 12 2018*	Chg.
LCR	240.7	231.7	9.0
NSFR	111.0	112.3	-1.3
Encumbered asset ratio	35.1	35.5	-0.4
Loan to deposit ratio	96.4	96.0	0.4
Counterbalancing capacity	22.7	21.2	1.5

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<b>Reclassified Consolidated Income Statement</b>				
	<b>31 03 2019</b>	<b>31 03 2018*</b>	<b>Change</b>	
<b>MONTEPASCHI GROUP</b>			<b>Abs.</b>	<b>%</b>
Net interest income	408.9	421.5	(12.5)	-3.0%
Net fee and commission income	358.8	406.5	(47.7)	-11.7%
<b>Income from banking activities</b>	<b>767.7</b>	<b>828.0</b>	<b>(60.2)</b>	<b>-7.3%</b>
Dividends, similar income and gains (losses) on equity investments	15.9	18.1	(2.2)	-11.9%
Net profit (loss) from trading and financial assets/liabilities measured at amortised cost and measured at fair value through profit and loss	27.1	37.4	(10.2)	-27.4%
Net profit (loss) from hedging	-	1.1	(1.1)	-100.0%
Other operating income (expenses)	(8.3)	(7.8)	(0.6)	7.2%
<b>Total Revenues</b>	<b>802.5</b>	<b>876.8</b>	<b>(74.3)</b>	<b>-8.5%</b>
Administrative expenses:	(508.2)	(515.7)	7.4	-1.4%
a) personnel expenses	(368.6)	(367.8)	(0.8)	0.2%
b) other administrative expenses	(139.7)	(147.9)	8.2	-5.6%
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(60.9)	(57.1)	(3.8)	6.6%
<b>Operating expenses</b>	<b>(569.1)</b>	<b>(572.8)</b>	<b>3.7</b>	<b>-0.6%</b>
<b>Pre Provision Profit</b>	<b>233.4</b>	<b>304.0</b>	<b>(70.6)</b>	<b>-23.2%</b>
Net impairment losses (reversals) on:	<b>(164.3)</b>	<b>(137.9)</b>	<b>(26.4)</b>	<b>19.1%</b>
a) financial assets measured at amortised cost	(164.2)	(137.1)	(27.1)	19.8%
b) Financial assets measured at fair value through other comprehensive income	(0.1)	(0.8)	0.7	-87.5%
<b>Net operating income</b>	<b>69.1</b>	<b>166.1</b>	<b>(97.0)</b>	<b>-58.4%</b>
Net provisions for risks and charges	(17.3)	52.6	(69.9)	n.m.
<i>of which commitments and guarantees issued</i>	<i>21.8</i>	<i>44.9</i>	<i>(23.1)</i>	<i>-51.4%</i>
Gains (losses) on investments	0.9	(4.0)	4.9	n.m.
Restructuring costs / One-off costs	2.2	(17.0)	19.2	n.m.
Risks and charges related to the SRF, DGS and similar schemes	(60.9)	(69.0)	8.2	-11.8%
DTA Fee	(17.9)	(17.7)	(0.1)	0.8%
Gains (losses) on disposal of investments	0.6	0.3	0.3	100.0%
<b>Profit (loss) before tax from continuing operations</b>	<b>(23.3)</b>	<b>111.3</b>	<b>(134.5)</b>	<b>n.m.</b>
Tax expense (recovery) on income from continuing operations	56.7	83.3	(26.5)	-31.9%
<b>Net profit (loss) for the period including non-controlling interests</b>	<b>33.5</b>	<b>194.6</b>	<b>(161.1)</b>	<b>-82.8%</b>
Net profit (loss) attributable to non-controlling interests	0.2	-	0.2	n.m.
<b>Profit (loss) for the period before PPA</b>	<b>33.3</b>	<b>194.6</b>	<b>(161.3)</b>	<b>-82.9%</b>
PPA (Purchase Price Allocation)	(5.4)	(7.0)	1.6	-22.7%
<b>Net profit (loss) for the period</b>	<b>27.9</b>	<b>187.6</b>	<b>(159.7)</b>	<b>-85.1%</b>

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Quarterly trend in reclassified consolidated income statement					
Montepaschi Group	2019	2018			
	1°Q 2019	4°Q 2018	3°Q 2018	2°Q 2018	1°Q 2018
Net interest income	408.9	430.8	442.1	448.5	421.5
Net fee and commission income	358.8	360.4	353.4	403.0	406.5
<b>Income from banking activities</b>	<b>767.7</b>	<b>791.2</b>	<b>795.5</b>	<b>851.5</b>	<b>828.0</b>
Dividends, similar income and gains (losses) on equity investments	15.9	19.5	20.7	16.2	18.1
Net profit (loss) from trading and financial assets/liabilities measured at amortised cost and measured at fair value through profit and loss	27.1	(18.8)	(2.0)	(29.5)	37.4
Net profit (loss) from hedging	-	0.8	(1.2)	(0.9)	1.1
Other operating income (expenses)	(8.3)	(23.6)	(3.4)	(5.1)	(7.8)
<b>Total Revenues</b>	<b>802.5</b>	<b>769.1</b>	<b>809.5</b>	<b>832.2</b>	<b>876.8</b>
Administrative expenses:	(508.2)	(554.4)	(504.2)	(526.4)	(515.7)
a) personnel expenses	(368.6)	(364.9)	(364.0)	(366.3)	(367.8)
b) other administrative expenses	(139.7)	(189.5)	(140.2)	(160.1)	(147.9)
Net adjustments to (recoveries on) property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(60.9)	(81.0)	(56.9)	(55.1)	(57.1)
<b>Operating expenses</b>	<b>(569.1)</b>	<b>(635.4)</b>	<b>(561.1)</b>	<b>(581.4)</b>	<b>(572.8)</b>
<b>Pre Provision Profit</b>	<b>233.4</b>	<b>133.7</b>	<b>248.4</b>	<b>250.7</b>	<b>304.0</b>
Net impairment losses (reversals) on:	<b>(164.3)</b>	<b>(256.5)</b>	<b>(121.4)</b>	<b>(108.8)</b>	<b>(137.9)</b>
a) financial assets measured at amortised cost	(164.2)	(267.0)	(115.9)	(108.1)	(137.1)
b) Financial assets measured at fair value through other comprehensive income	(0.1)	10.5	(5.5)	(0.7)	(0.8)
<b>Net operating income</b>	<b>69.1</b>	<b>(122.8)</b>	<b>127.0</b>	<b>141.9</b>	<b>166.1</b>
Net provisions for risks and charges	(17.3)	(53.7)	(16.6)	(51.3)	52.6
of which commitments and guarantees issued	21.8	(22.3)	(9.5)	1.8	44.9
Gains (losses) on investments	0.9	0.3	5.0	0.0	(4.0)
Restructuring costs / One-off costs	2.2	(140.6)	(27.8)	(16.3)	(17.0)
Risks and charges related to the SRF, DGS and similar schemes	(60.9)	(7.6)	(28.6)	(25.9)	(69.0)
DTA Fee	(17.9)	(17.7)	(17.8)	(17.7)	(17.7)
Gains (losses) on disposal of investments	0.6	(0.1)	0.2	49.6	0.3
<b>Profit (loss) before tax from continuing operations</b>	<b>(23.3)</b>	<b>(342.2)</b>	<b>41.4</b>	<b>80.4</b>	<b>111.3</b>
Tax expense (recovery) on income from continuing operations	56.7	245.7	55.0	26.2	83.3
<b>Net profit (loss) for the period including non-controlling interests</b>	<b>33.5</b>	<b>(96.6)</b>	<b>96.4</b>	<b>106.6</b>	<b>194.6</b>
Net profit (loss) attributable to non-controlling interests	0.2	-	0.1	-	-
<b>Profit (loss) for the period before PPA</b>	<b>33.3</b>	<b>(96.6)</b>	<b>96.3</b>	<b>106.6</b>	<b>194.6</b>
PPA (Purchase Price Allocation)	(5.4)	(4.1)	(5.5)	(5.7)	(7.0)
<b>Net profit (loss) for the period</b>	<b>27.9</b>	<b>(100.7)</b>	<b>90.8</b>	<b>100.9</b>	<b>187.6</b>

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<b>Reclassified Balance Sheet</b>				
<b>ASSETS</b>	<b>31 03 2019</b>	<b>31 12 2018*</b>	<b>Chg</b>	
			<b>abs.</b>	<b>%</b>
Cash and cash equivalents	609.1	950.6	(341.5)	-35.9%
Financial assets measured at amortised cost :				
a) Loans to customers	89,375.7	86,855.5	2,520.2	2.9%
b) Loans to banks	11,097.1	12,504.2	(1,407.1)	-11.3%
Financial assets measured at fair value	20,568.7	20,296.2	272.5	1.3%
Equity investments	901.7	922.8	(21.1)	-2.3%
Property, plant and equipment / Intangible assets	2,977.7	2,727.3	250.4	9.2%
<i>of which:</i>				
a) goodwill	7.9	7.9	-	
Other assets	6,592.3	6,224.4	367.9	5.9%
<b>Total assets</b>	<b>132,122.3</b>	<b>130,481.0</b>	<b>1,641.3</b>	<b>1.3%</b>
<b>LIABILITIES</b>	<b>31 03 2019</b>	<b>31 12 2018*</b>	<b>Chg</b>	
			<b>abs.</b>	<b>%</b>
Payables				
a) Deposits from customers and securities issued	92,686.1	90,471.7	2,214.4	2.4%
b) Deposits from banks	22,170.2	21,986.3	183.9	0.8%
Financial liabilities held for trading	2,502.1	3,175.7	(673.6)	-21.2%
Provisions for specific use				
a) Provisions for staff severance indemnities	182.1	192.1	(10.0)	-5.2%
b) Provisione related to guarantees and other commitments given	220.6	242.4	(21.8)	-9.0%
c) Pensions and other post retirement benefit obligations	37.2	37.9	(0.7)	-1.8%
d) Other provisions	1,073.7	1,199.9	(126.2)	-10.5%
Other liabilities	4,159.3	4,180.8	(21.5)	-0.5%
Group net equity	9,088.6	8,992.0	96.6	1.1%
a) Valuation reserves	(123.7)	(176.7)	53.0	-30.0%
c) Equity instruments carried at equity	-	-	-	
d) Reserves	(830.5)	(1,124.8)	294.3	-26.2%
e) Share premium	-	-	-	
f) Share capital	10,328.6	10,328.6	-	
g) Treasury shares (-)	(313.7)	(313.7)	-	
h) Net profit (loss) for the period	27.9	278.6	(250.7)	-90.0%
Non-controlling interests	2.4	2.2	0.2	9.1%
<b>Total Liabilities and Shareholders' Equity</b>	<b>132,122.3</b>	<b>130,481.0</b>	<b>1,641.3</b>	<b>1.3%</b>

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<b>Reclassified Balance Sheet - Quarterly Trend</b>					
<b>ASSETS</b>	<b>31 03 19</b>	<b>31 12 18*</b>	<b>30 09 18*</b>	<b>30 06 18*</b>	<b>31 03 18*</b>
Cash and cash equivalents	609.1	950.6	714.1	721.2	896.9
Financial assets measured at amortised cost :					
a) Loans to customers	89,375.7	86,855.5	87,464.9	87,010.1	89,320.4
b) Loans to banks	11,097.1	12,504.2	8,724.2	8,636.3	6,374.5
Financial assets measured at fair value	20,568.7	20,296.2	25,430.0	29,257.2	25,652.3
Equity investments	901.7	922.8	905.1	896.8	1,075.8
Property, plant and equipment / Intangible assets	2,977.7	2,727.3	2,746.9	2,789.9	2,831.2
<i>of which:</i>					
a) <i>goodwill</i>	7.9	7.9	7.9	7.9	7.9
Other assets	6,592.3	6,224.4	6,199.8	6,411.4	10,620.6
<b>Total assets</b>	<b>132,122.3</b>	<b>130,481.0</b>	<b>132,185.0</b>	<b>135,722.8</b>	<b>136,771.8</b>
<b>LIABILITIES</b>	<b>31 03 19</b>	<b>31 12 18*</b>	<b>30 09 18*</b>	<b>30 06 18*</b>	<b>31 03 18*</b>
Payables					
a) Deposits from customers and securities issued	92,686.1	90,471.7	93,906.0	96,833.9	97,856.8
b) Deposits from banks	22,170.2	21,986.3	20,838.9	20,794.8	20,483.1
Financial liabilities held for trading	2,502.1	3,175.7	3,000.6	3,173.6	3,625.4
Provisions for specific use					
a) Provisions for staff severance indemnities	182.1	192.1	194.6	196.3	197.3
b) Provisione related to guarantees and other commitments given	220.6	242.4	219.2	209.7	223.4
c) Pensions and other post retirement benefit obligations	37.2	37.9	40.5	43.8	49.4
d) Other provisions	1,073.7	1,199.9	1,067.4	1,112.5	1,086.6
Other liabilities	4,159.3	4,180.8	3,946.7	4,361.5	3,949.2
Group net equity	9,088.6	8,992.0	8,968.9	8,994.5	9,298.3
a) Valuation reserves	(123.7)	(176.7)	(305.0)	(194.0)	196.7
c) Equity instruments carried at equity	-	-	-	-	-
d) Reserves	(830.5)	(1,124.8)	(1,120.3)	(1,114.9)	(1,100.8)
e) Share premium	-	-	-	-	-
f) Share capital	10,328.6	10,328.6	10,328.6	10,328.6	10,328.6
g) Treasury shares (-)	(313.7)	(313.7)	(313.7)	(313.7)	(313.7)
h) Net profit (loss) for the period	27.9	278.6	379.3	288.5	187.5
Non-controlling interests	2.4	2.2	2.2	2.2	2.3
<b>Total Liabilities and Shareholders' Equity</b>	<b>132,122.3</b>	<b>130,481.0</b>	<b>132,185.0</b>	<b>135,722.8</b>	<b>136,771.8</b>

\* The Group has elected not to restate comparative data on a consistent basis in the year of initial application of IFRS16, therefore 2018 figures are not fully comparable.

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