Banca Monte dei Paschi di Siena

Una storia italiana dal 1472

1H2012 Results

Siena, 28 August 2012

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

Contents

1H2012 Highlights

1H12 Highlights* (1/2)

Operating Results

- **Revenues substantially stable YoY, but down QoQ** due to reduction of **interest rates and negative volume trends** combined with ongoing **correction of** duration **mismatch**
- **Cost of credit impacted by severe GDP downturn**
- Funding erosion down in 2Q12, with lending remaining substantially stable
- Acquisition of new customers continues (+46,000 net new customers in1H12)
- **Decrease in leverage through downsizing of financial asset portfolio** (-5.5% YoY)
- **Significant** (mainly non-cash) **one-offs** below operating profit level due to:
  - **Goodwill write-down from negative impact of medium-term macro expectations and regulations**
  - **Write-down of financial assets**

Capital

- **Core Tier 1 increased** +30bps QoQ and +50bps ytd to 10.8% (8.9% net of T-Bonds) prior to issuance of new Government-sponsored capital securities thanks to strong reduction in RWAs (-8.6% ytd) to EUR 96 bn
- Additional 32 bps in CT1 from actions not yet accounted for (disposal of Biver and buyback of subordinated bonds/hybrids)
- EBA Core Tier 1 target achieved through request for up to EUR 2 bn worth of Government-sponsored capital securities

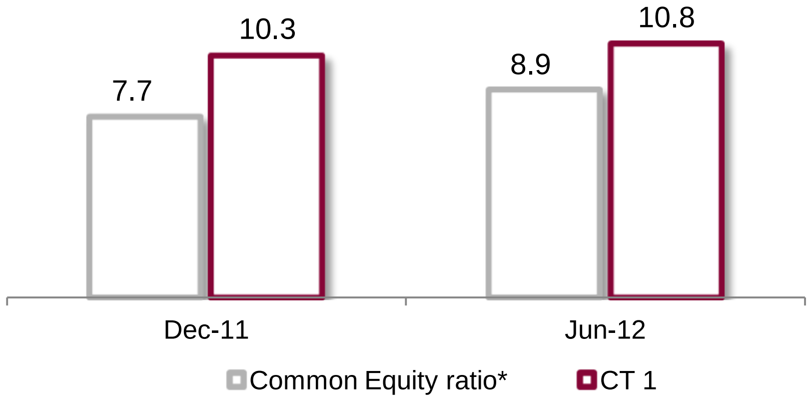
Business Plan update

- **Implementation of 2012-2015 Business Plan underway**, with strong delivery commitment underpinned by 100-day Plan (high-impact short-term commercial initiatives)
- Negotiations with trade unions kicked off on 3 August to share planned measures for personnel cost reduction

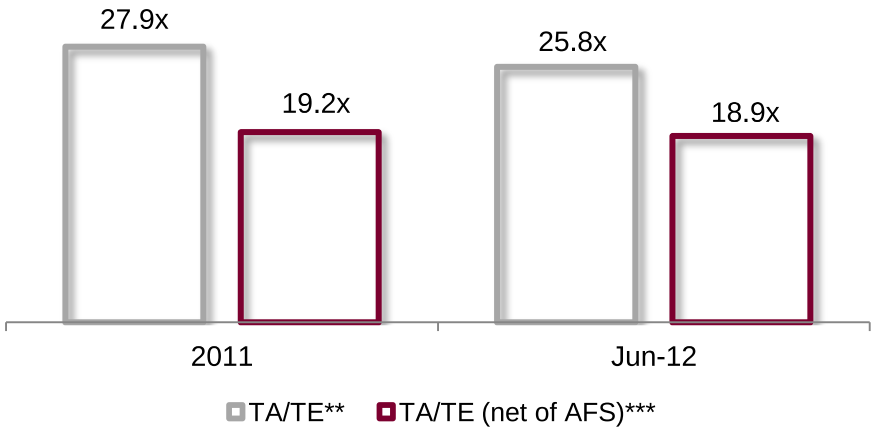
* Figures do not include Biver which was classified among assets held for sale and discontinued operations as at 30/06/12

1H12 Highlights (2/2)

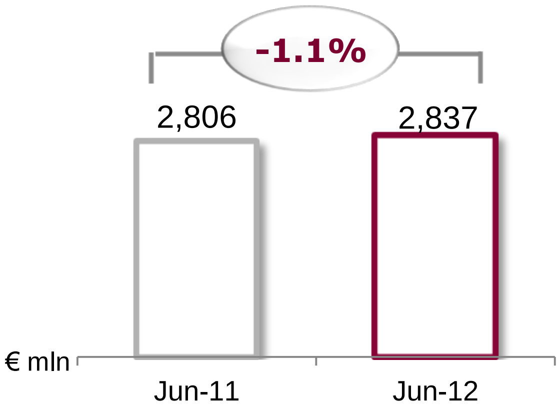
Regulatory Capital Ratios (%)



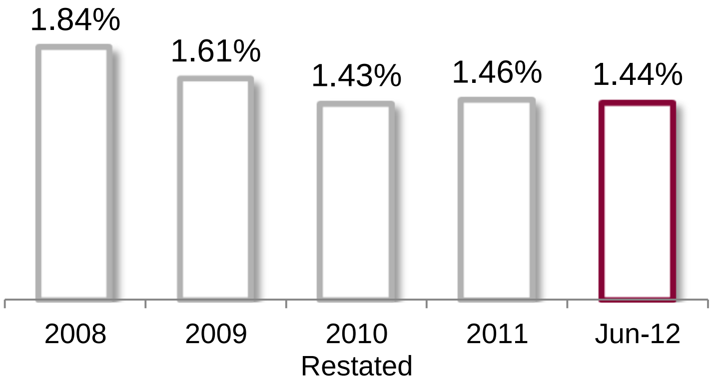
Leverage (TA/TE)



Total Revenue* (YoY)



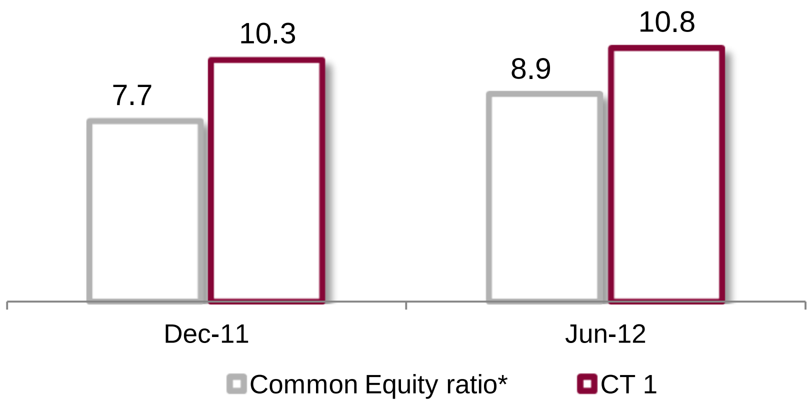
Costs/Assets



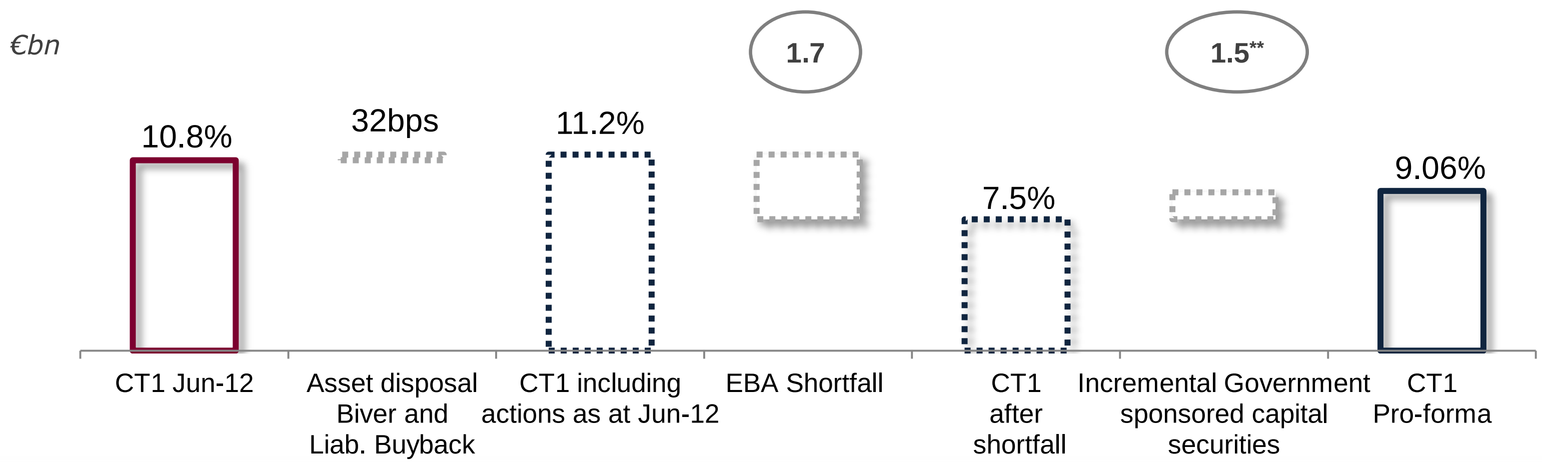
* Excluding Tremonti Bonds (Eur 1.9 bn)
** Total Assets net of goodwill / Total Equity net of goodwill
*** Total Assets net of goodwill / Total Equity net of goodwill and AFS reserve

Focus on Capital

Regulatory Capital Ratios (%)



Work in progress



Main Trends

- CT1 as at June increased to 10.8% (+50 bps vs. December 2011)
- 1H12 CT1 includes only part of the Liability management actions that were completed in July (EUR 37 mln of total EUR 190 mln booked in 1H12) and Biver disposal as per Business Plan

* Excluding Tremonti Bonds (EUR 1.9 bn)

** Current estimates

RWAs and Regulatory Capital Ratios

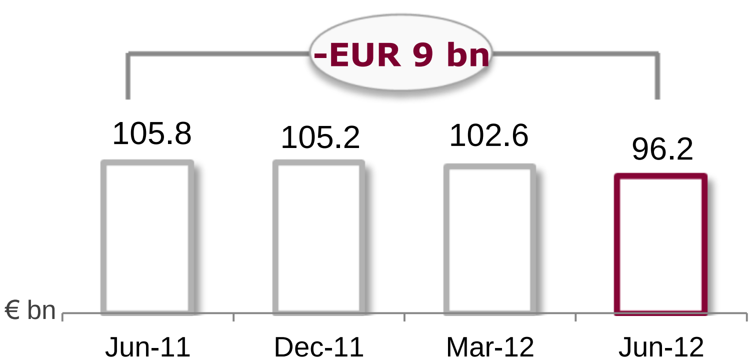
RWA and Regulatory Capital Ratios

€/mln	Dec-11	Mar-12	Jun-12	QoQ%
RWA	105,189	102,594	96,157	-6.3%
Ratios (%)				
Core Tier 1 ratio*	10.3	10.5	10.8	0.30
Tier 1 ratio	11.1	11.3	11.7	0.40
Total Capital ratio	15.7	15.9	16.6	0.70
Prudential requirements (€/mln)				
Credit and counterparty risk	7,139	6,917	6,504	-6.0%
Market risk	547	598	543	-9.2%
Operational risk	696	693	646	-6.8%
Total	**8,382**	**8,208**	**7,693**	**-6.3%**

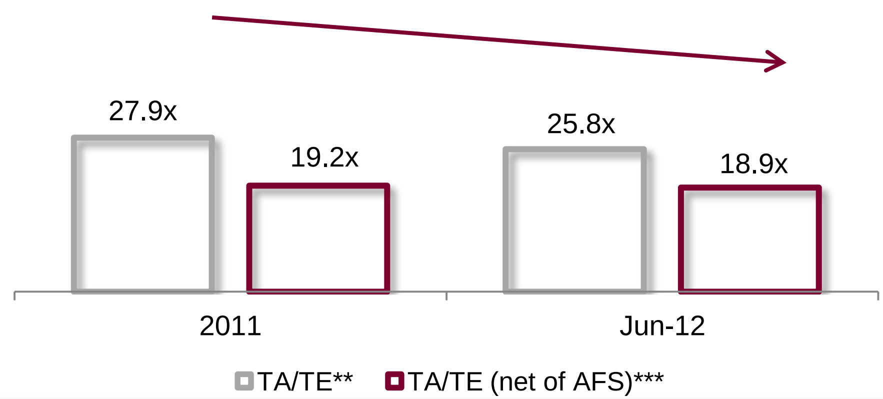
Main Trends

- RWA reduction is primarily attributable to:
  - AIRB and AMA models roll-out to subsidiaries
  - Loan optimisation and selection actions for Large Corporate customers
  - RWA allocation to lower-risk and/or better collateralised assets
- Improvement of leverage ratio thanks to downsizing of financial assets portfolio

RWA over time



Leverage (TA/TE)



* Including Tremonti Bonds (Eur 1.9 bn)
** Total Assets net of goodwill / Total Equity net of goodwill
*** Total Assets net of goodwill / Total Equity net of goodwill and AFS reserve

Issuance of government-sponsored capitalisation instruments

- **Issuance of** EUR 3.4 bn worth of **new Government-sponsored capital securities** for EBA purposes in 2012, of which EUR 1.9 bn for repayment of currently outstanding Bonds and EUR 1.5* bn to cover shortfall as at 30 June 2012, currently expected by year end at the latest

- Measures for the capital strengthening of banks were published in the Italian **Official Gazette no. 189 of 14/08/2012**

- **No details in addition to those included in the Official Gazette** on the economics of the Government sponsored capital securities (coupon, step-up etc.) are available yet

- **Subscription to** the Government sponsored capital securities **is conditional on European Commission approval** confirming that the Law Decree is compatible with the UE regulatory framework

* Current estimates

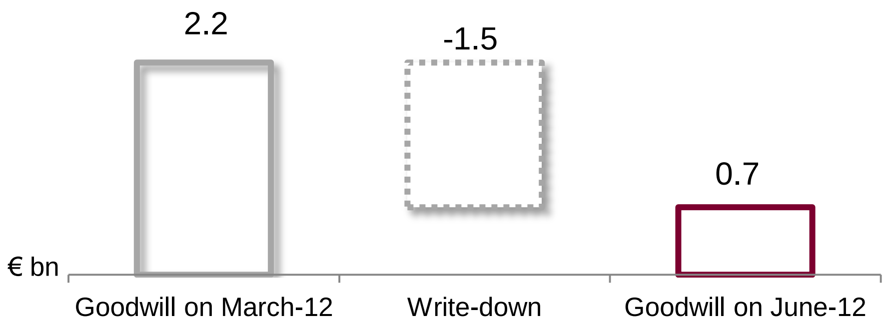
Impairment test

- Total Goodwill **write-downs** of EUR 1,528 mln as at 30 June 2012

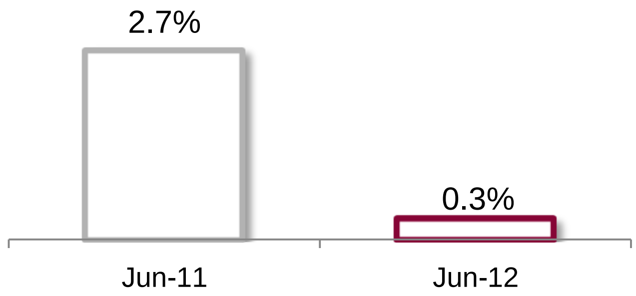
- Goodwill write-down primarily due to the adverse macro-economic scenario which continues to be penalised by the sovereign debt crisis, tensions on the major financial markets and persisting uncertainties over global economic recovery

- Additional write downs of EUR 46 mln on other intangibles

Goodwill



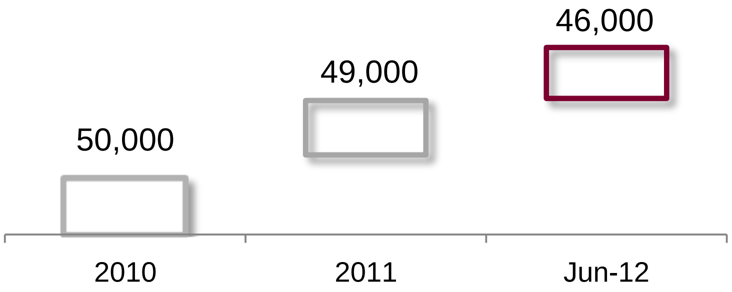
Goodwill /Total Assets



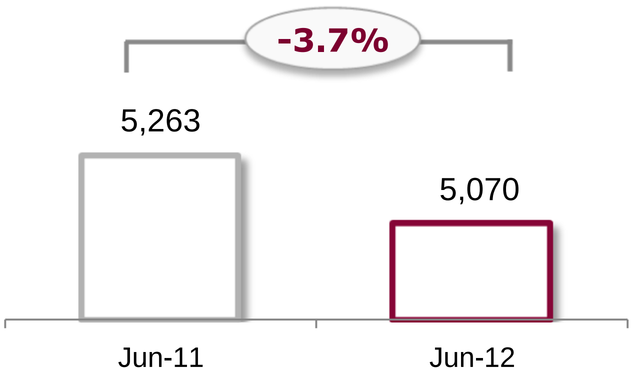
Customer base

Consolidating our customer base in a very challenging environment

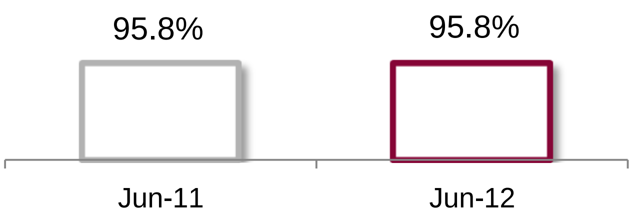
Net new customers (ex Biver)



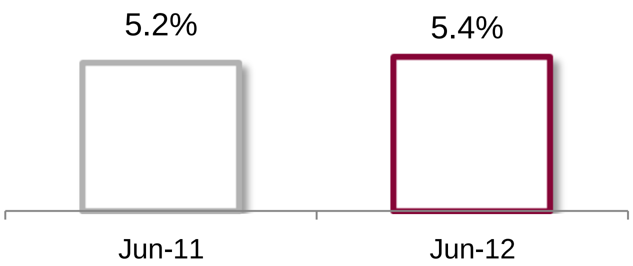
Number of claims



Retention Rate* (ex Biver)



Acquisition Rate* (ex Biver)



* Annualised

Balance sheet

Assets & Liabilities

Total Assets

€/mln	Jun-11*	Mar-12*	Jun-12	QoQ%	YoY%
Customer loans	156,394	146,627	144,461	-1.5%	-7.6%
Loans to banks	10,793	14,877	17,130	15.1%	58.7%
Financial assets	54,295	52,341	51,565	-1.5%	-5.0%
Tangible and intangible fixed assets	8,936	4,369	2,685	-38.5%	-70.0%
Other assets**	11,115	12,463	16,268	30.5%	46.4%
Total assets	**241,533**	**230,676**	**232,109**	**0.6%**	**-3.9%**

Main Trends

- The Group's Customer loans stood at EUR 144.5 bn, substantially in line with 1Q12, but down 7.6% YoY
- Decrease in Financial Assets (EUR 3 bn YoY) in line with Business Plan target

Total Liabilities

€/mln	Jun-11*	Mar-12*	Jun-12	QoQ%	YoY%
Deposits from customers and securities issued	165,612	137,325	132,399	-3.6%	-20.1%
Deposits from banks	23,219	44,848	46,673	4.1%	101.0%
Other liabilities***	35,458	35,992	43,184	20.0%	21.8%
Group equity	16,979	12,277	9,630	-21.6%	-43.3%
Non-controlling interest	265	234	223	-4.8%	-15.9%
Total Liabilities	**241,533**	**230,676**	**232,109**	**0.6%**	**-3.9%**

Main Trends

- Downturn in funding**** vs 1H11 is mainly due to market counterparties. The remainder is attributable to lower funding from corporate clients (PA Treasury centralisation)

* Note: Figures include Biver
** Cash and cash equivalents, equity investments, other assets;
*** Financial liabilities held for trading, provision for specific use, other liabilities
**** Deposits from customers and securities issued

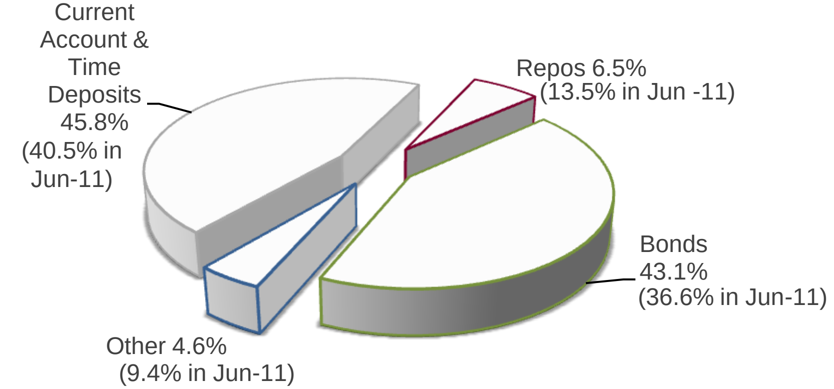
Direct funding

Direct funding by Source

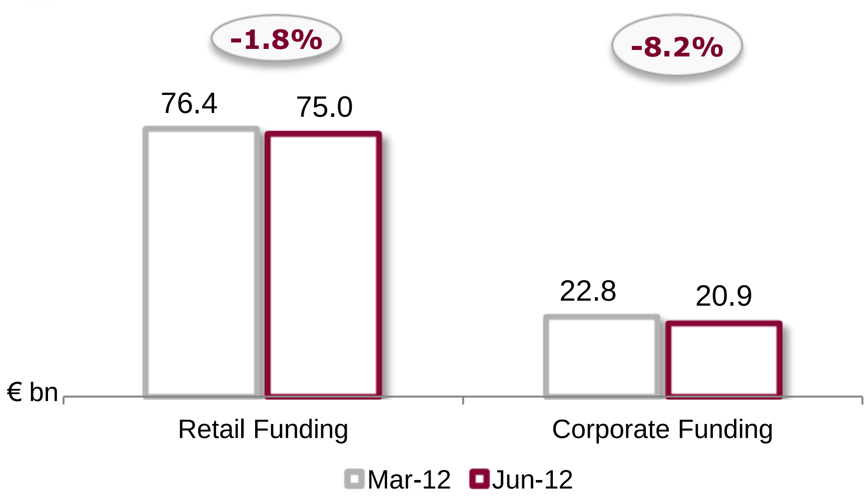
€/mn	Jun-11* ex Biver	Mar-12* ex Biver	Jun-12	QoQ%	YoY%
Current accounts & Time deposits	66,037	61,677	60,672	-1.6%	-8.1%
Repos	22,006	6,828	8,604	26.0%	-60.9%
Bonds	59,621	59,231	57,096	-3.6%	-4.2%
Other types of direct funding	15,234	6,885	6,027	-12.5%	-60.4%
Total	**162,898**	**134,621**	**132,399**	**-1.7%**	**-18.7%**

of which:

Direct Funding by Source



Direct Funding by Segment**



Main Trends

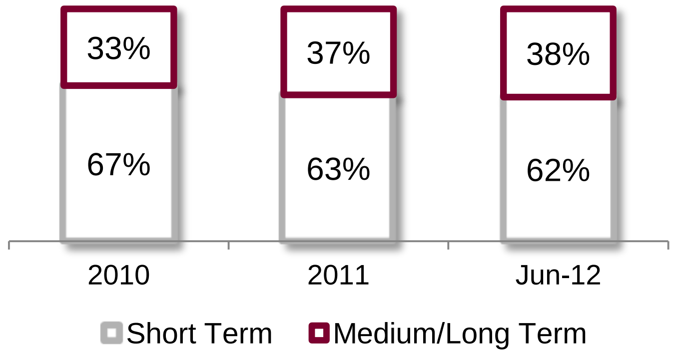
- Direct funding down 1.7% on 1Q12, on the back of lower contribution from retail and corporate customers (ca. EUR 3 bn), only partly offset by repos and other funding with institutional counterparties (approx. + EUR 1 bn)

* Data was restated to exclude Biver and therefore differs from accounts published in the Interim report as at 31/03/2012

** Customer accounts and securities - Distribution network

Focus on the network's placing power

Funding breakdown

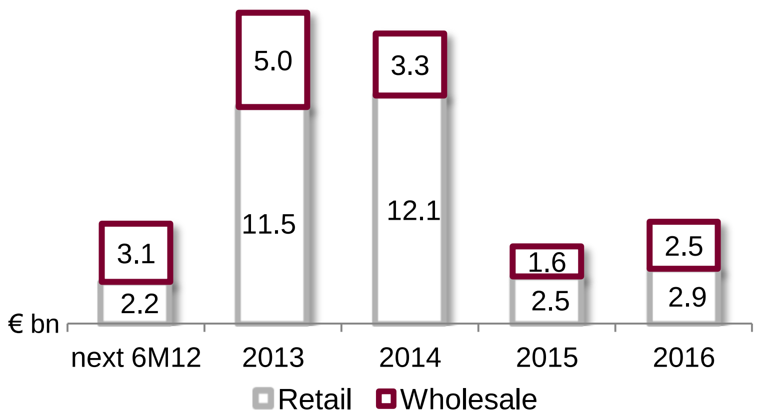


Main Trends

- Extension of our funding maturities continued in 2Q12
- For 2012, 73% of retail funding needs already met
- Actively monitoring the market for potential windows of opportunities on the institutional side

Placing power: Bonds issued

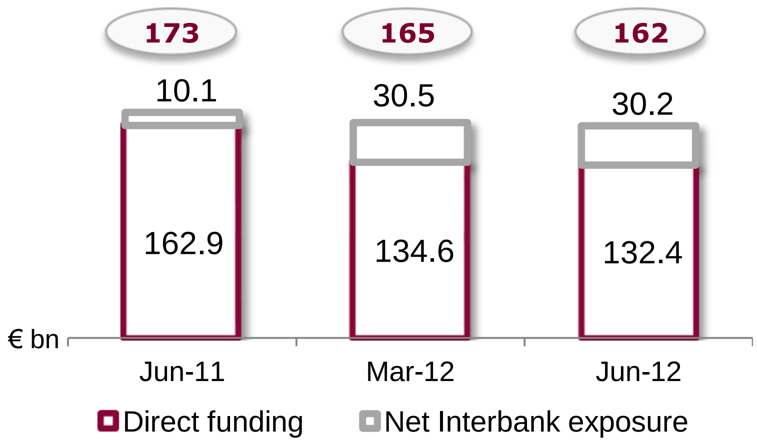
Bond Maturities breakdown*



* Outstanding amount are net of repurchases

Institutional funding and Interbank Exposure

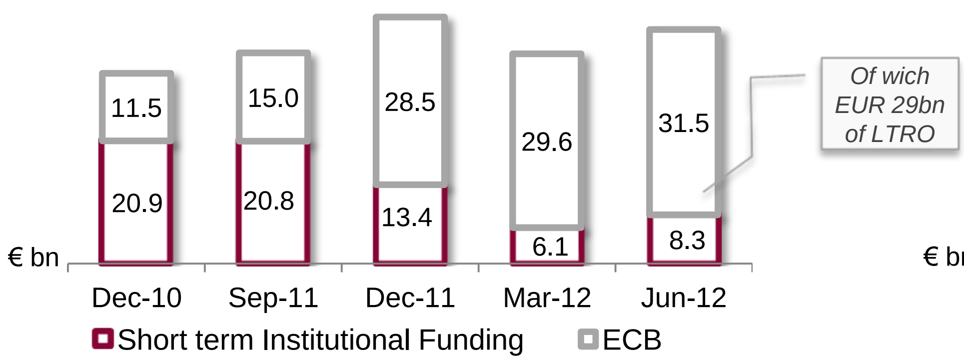
Direct Funding* and Net Interbank Exposure**



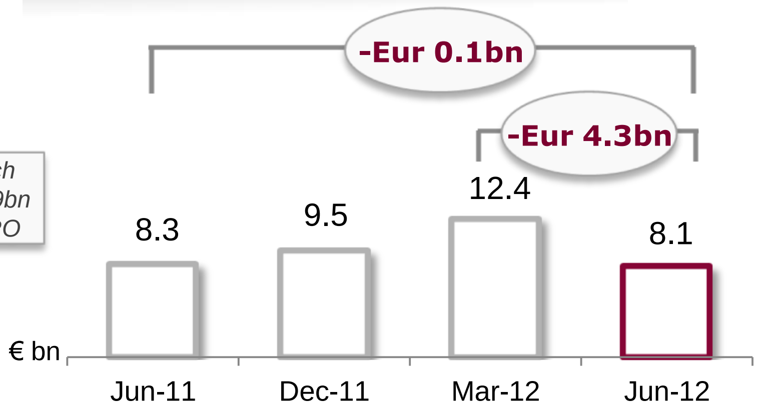
Main Trends

- Institutional funding component increased (+ EUR 2 bn vs Mar 2012)
- Unencumbered counterbalancing capacity** reduced (EUR 8.1 bn in June 2012, vs EUR 12.4 bn as at March 2012) mainly due to the widening of Italian credit spreads and higher cash deposits in ECB
- Unencumbered counterbalancing capacity recovered significantly in July and August, through autocovered programme (EUR 11.7 bn as at 22 August, 2012)

Institutional Funding vs ECB Net Exposure



Unencumbered counterbalancing capacity***



* Data was restated to exclude Biver and therefore differs from accounts published in the Interim report as at 31/03/2012

** Loans and advances to banks" (including Repos) and "deposits from banks" (including Repos)

*** Counterbalancing capacity is the total amount of assets immediately available for use to meet liquidity needs. The counterbalancing capacity does not include the deposit facility with the ECB, which amounted to EUR 2 bn at the end of June, with respect to EUR 0.45 bn at the end March. As at 22 August the facility amounted to EUR1.1 bn

Indirect funding

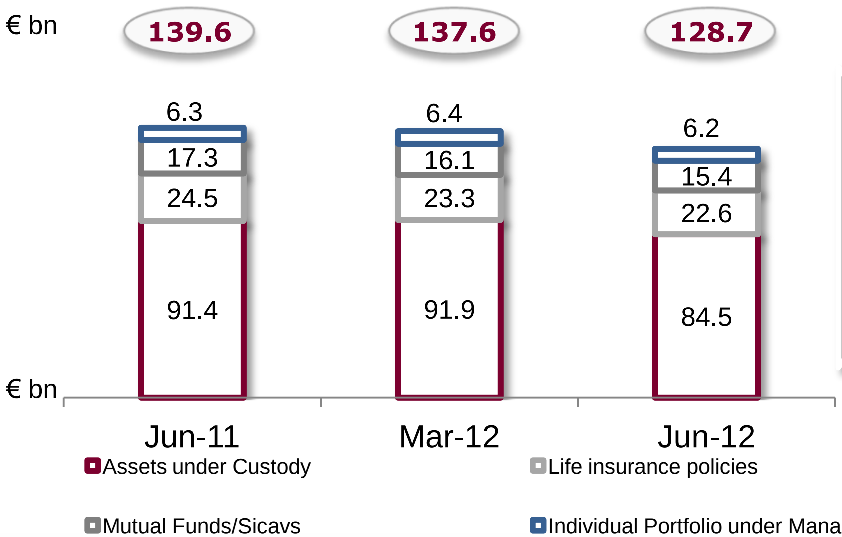
Indirect funding

€/mln	Jun-11* ex Biver	Mar-12* ex Biver	Jun-12	QoQ%	YoY%
Assets under management	48,187	45,693	44,286	-3.1%	-8.1%
Assets under custody	91,443	91,858	84,452	-8.1%	-7.6%
Total	**139,630**	**137,551**	**128,738**	**-6.4%**	**-7.8%**

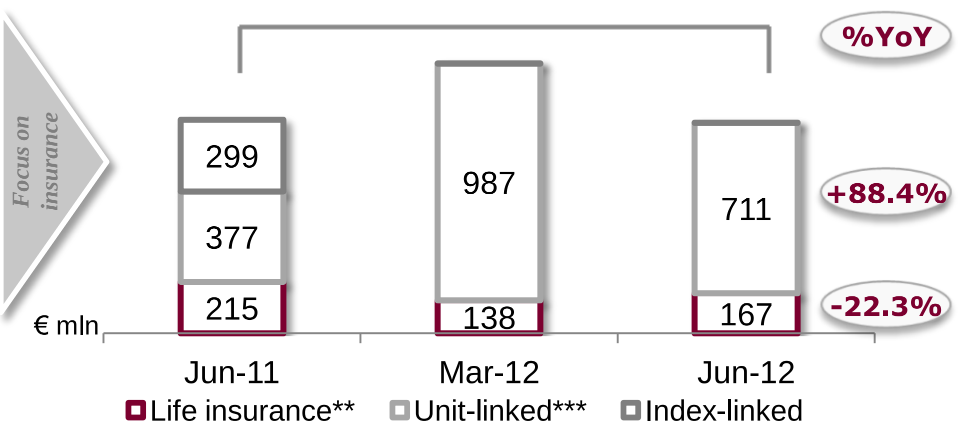
Main Trends

- Indirect funding was down 6.4% on 1Q12, as a result of the slowdown in both AUM and AUC:
  - Assets under management down 3.1% on 1Q12 due to both net divestments in this segment (approx. EUR 700 mln) and negative market impact (approx. EUR 700 mln)
  - Assets under custody down 8.1% on 1Q12, primarily driven by movements in deposits from Large Corporate customers and institutional clients, compounded by negative market impact

Indirect funding breakdown



Annual Insurance premiums breakdown



* Data was restated to exclude Biver and therefore differ from accounts published in the Interim report as at 31/03/2012
** Including pension products
*** Including multi-line insurance products

Lending

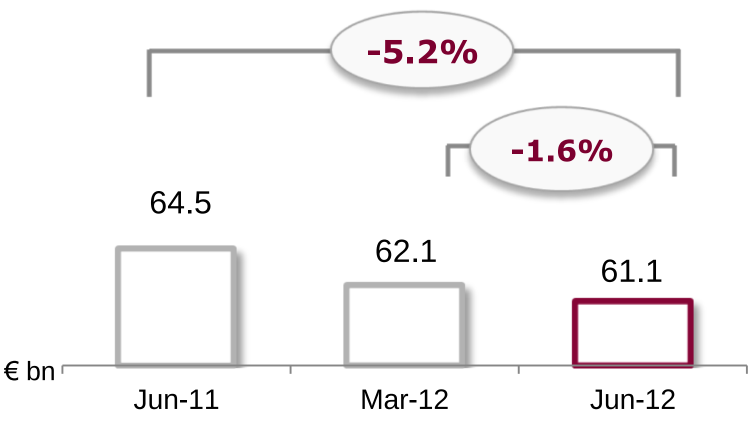
Total Lending*

€/mn	Jun-11* ex Biver	Mar-12* ex Biver	Jun-12	QoQ%	YoY%
Current accounts	18,511	16,982	16,940	-0.2%	-8.5%
Mortgages	87,759	85,822	85,179	-0.7%	-2.9%
Other forms of lending	41,683	37,298	38,817	4.1%	-6.9%
Repos	2,284	1,191	508	-57.4%	-77.8%
Loans represented by securities	3,750	3,057	3,018	-1.3%	-19.5%
Total	**153,987**	**144,349**	**144,461**	**0.1%**	**-6.2%**

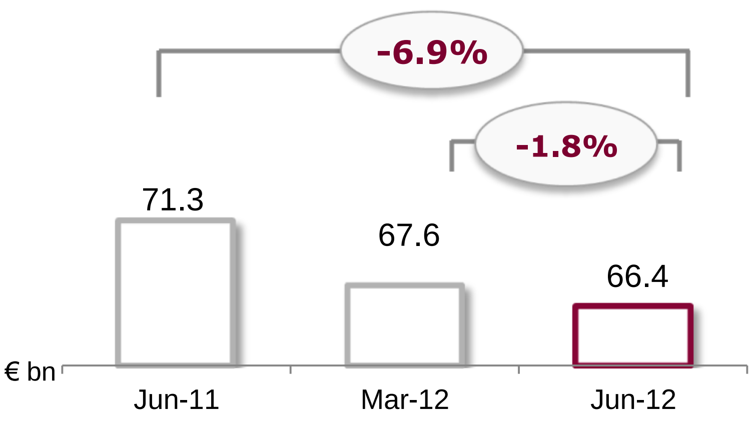
Main Trends

- In 2Q12, Loans to customers were substantially in line with 1Q2012 levels
- The aggregate was affected by both a decline in demand for loans as a consequence of the sluggish economic cycle (mainly current accounts and short-term lending) and a more selective lending policy

Retail Banking Interest Bearing** Loans



Corporate Banking Interest Bearing** Loans



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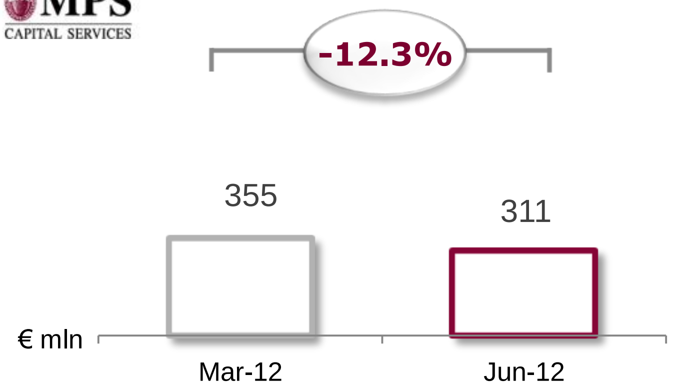
**Loans excluding net NPLs

Specialised lending product flows: deleveraging underway

- Reduction in flows and deleveraging consistent with Business Plan targets

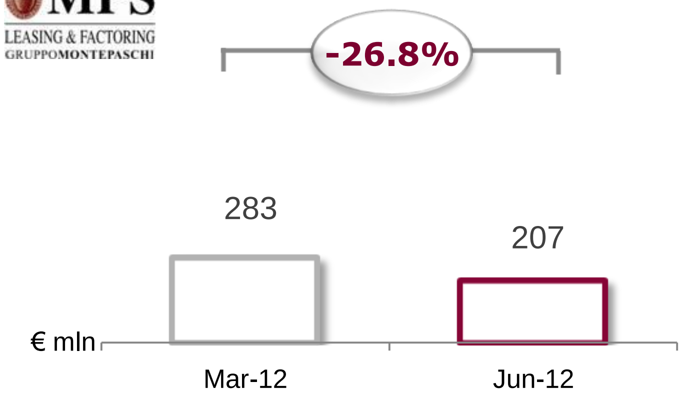
MPS Capital Services

MPS CAPITAL SERVICES



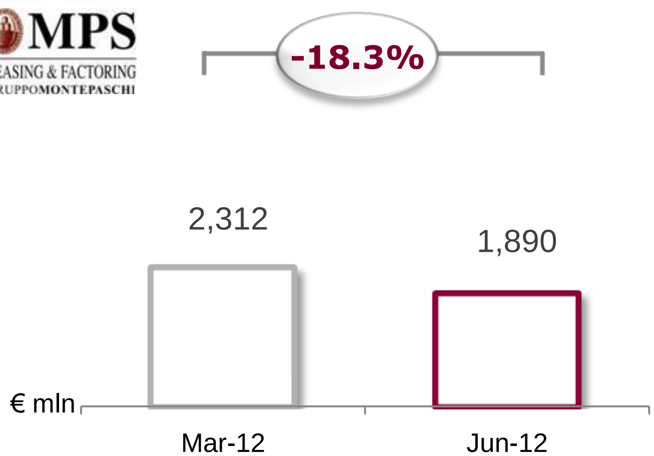
Leasing

MPS LEASING & FACTORING GRUPPOMONTEPASCHI



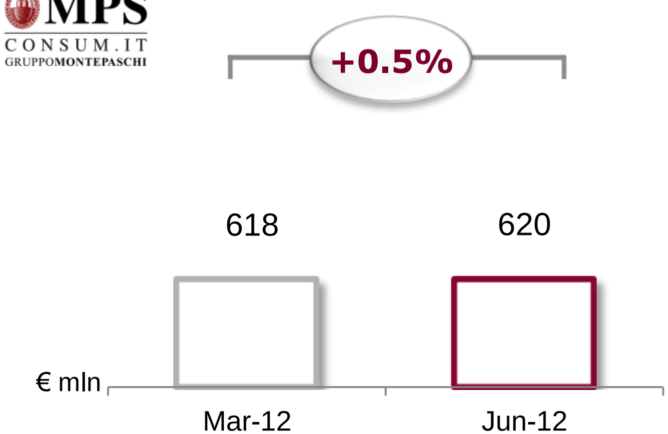
Factoring

MPS LEASING & FACTORING GRUPPOMONTEPASCHI



Consumer Credit Flows

MPS CONSUM.IT GRUPPOMONTEPASCHI

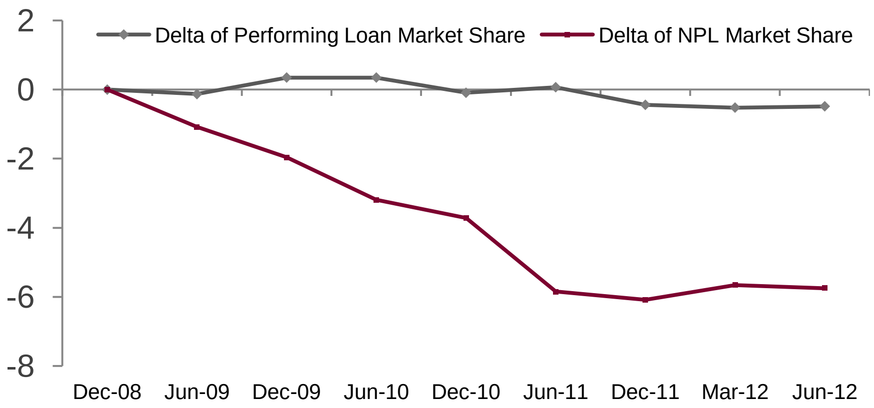


Asset quality and Risk profile

Low Risk Concentration	❑ High-granularity loan book ▪ top 10 customers account for 2.7% of total loans as at June 2012 vs. 3.6% in June 2011 ▪ strong geographical diversification
High granularity exposure to RE Market	❑ Top 20 RE clients account for approx EUR 3 bn (13.8% of RE exposure)
Low exposure to Structured Credit	❑ Structured credit products accounts for 0.8% of total assets ❑ 97% Investment Grade

Asset quality

Mkt share (Delta %) of Performing and Non-Performing Loans



Impaired Loans

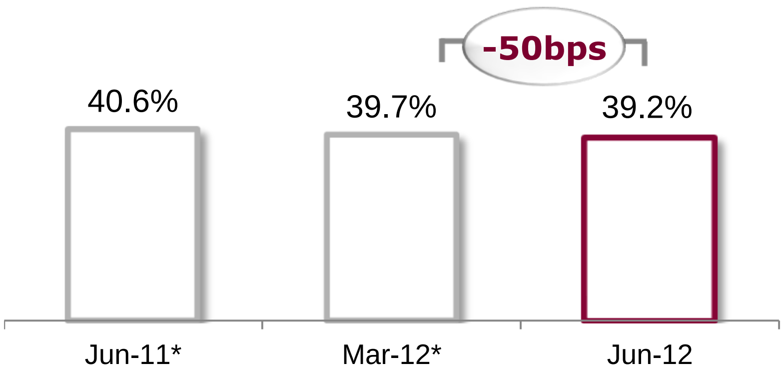
(€ mln)	Gross	Net
NPL vs Mar. 12	**15,601** +4.5%	**6,991** +5.6%
Watchlist vs Mar. 12	**6,372** +3.9%	**4,993** +3.9%
Restructured vs Mar. 12	**1,749** +8.7%	**1,575** +7.6%
Past Due vs Mar. 12	**2,610** +14.3%	**2,457** +14.3%

Main Trends

- NPL market share up by 10 bps compared to June 2011 but down by 575 bps from 2008
- As at the end of June 2012, the Group's net exposure to impaired loans totalled EUR 16 bn, with a ratio to total Customer Loans of 11.1%
- In 2Q12, volumes increased by EUR 979 mln, of which NPLs (+ EUR 373 mln) and past due (+ EUR 307 mln)

Asset quality: Coverage

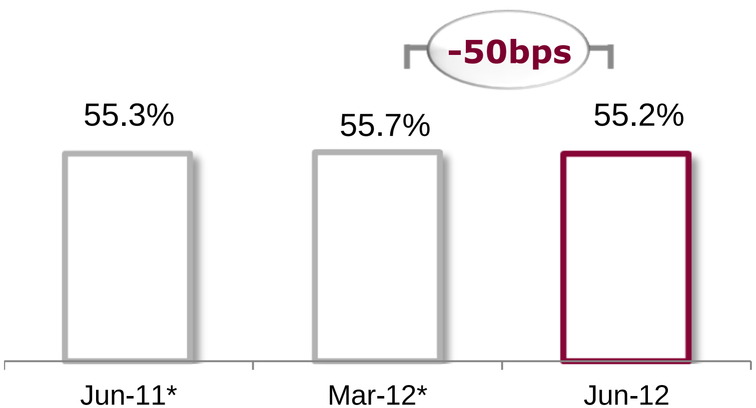
Impaired Loans Coverage



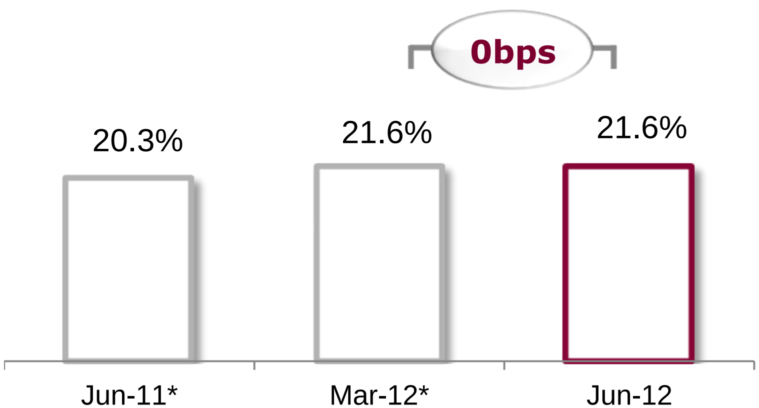
Main Trends

- As at June 2012, coverage of impaired loans stood at 39.2%, (-50 bps on March 2012 due to a slight decrease in coverage of NPLs)
- The 50 bps decrease in NPLs coverage is driven by proportionally greater inflows of collateralised exposures (both loans to households and exposures in the corporate segment)

NPL Coverage



Watchlist Coverage



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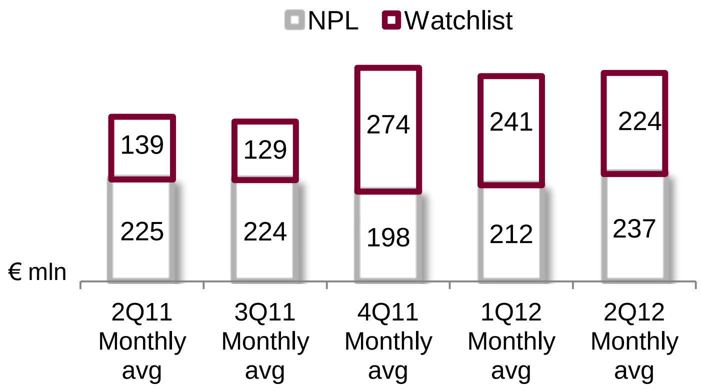
Asset quality: NPL/Watchlist trend

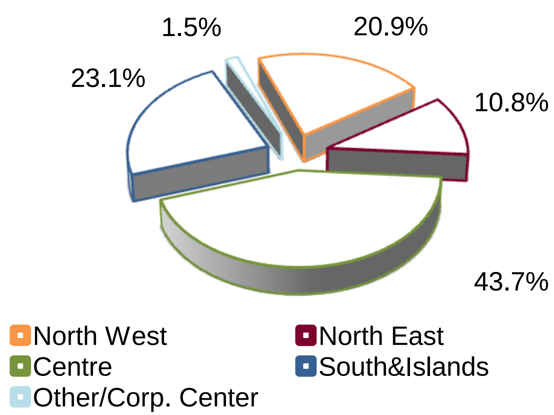
Gross NPL and Watchlist Inflows



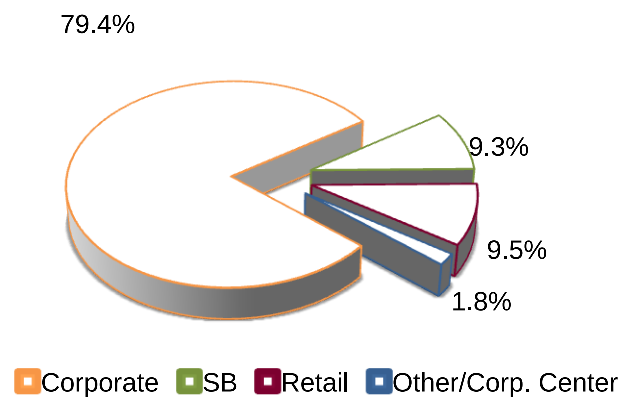
Main Trends

- NPL inflows up 12% QoQ in 2Q12
- Conversely, watchlist loan inflows down 7.1% QoQ
- Construction, agriculture and retail contributed the highest flows of NPLs in the quarter

NPL Inflows by Geography

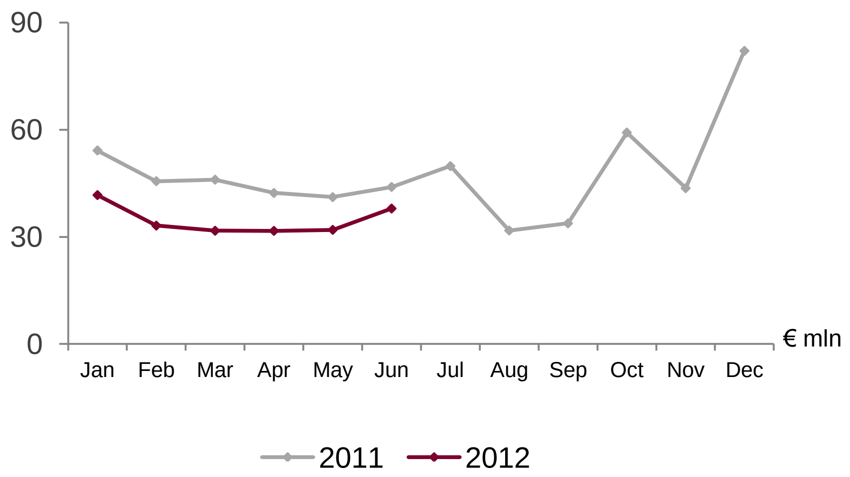


NPL Inflows by Customer segment



Asset quality: Recovery flows

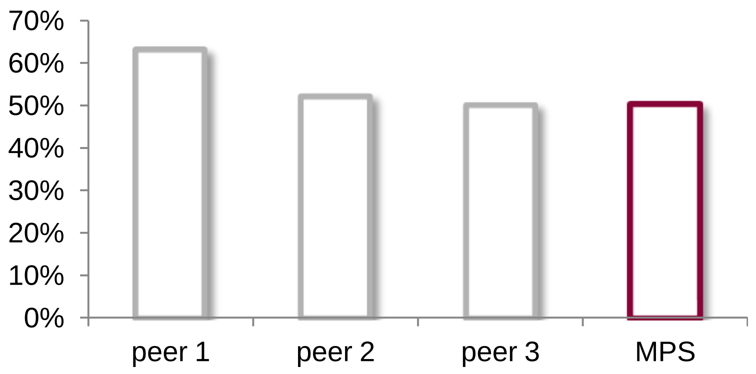
Monthly Recovery - Inflows



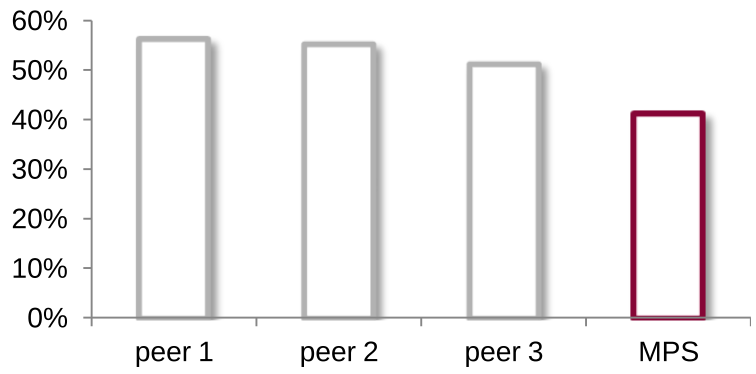
Main Trends

- Increase in recovery flows compared to 1Q12
- In Residential and Commercial Real Estate (CRE) mortgages, BMPS's Loan to Value as at December 2011 (latest data available) was lower than that of main competitors due to the higher value of collaterals pledged

Residential Mortgage LTVs*: top 4 Italian banks



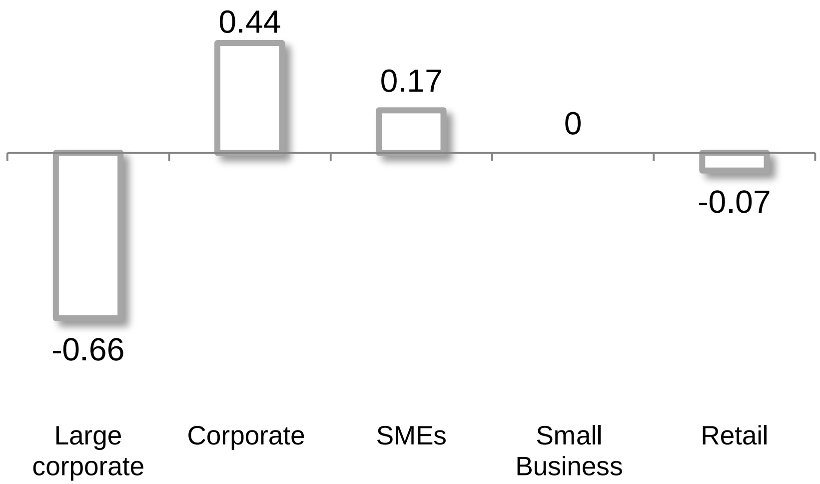
Average CRE Mortgage LTV*: top 4 Italian banks



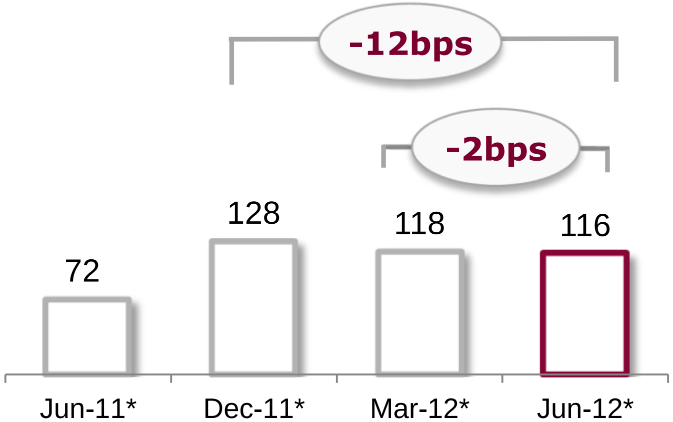
* LTV ratio: value of a loan as a percentage of the total value of real property. Source: EBA, 2011 (UCI, ISP, UBI)

PD and Provisioning

PD on performing loans (Δ bps Jun-12 vs Mar-12)



Provisions (bps)



Main Trends

- Probability of default down on 2Q12 (2.14% vs. 2.16% of Mar-12) due to loan book remix with a shift towards lower-risk counterparties and migration of risk positions from performing to non-performing loan book
- The 116 bps provisioning rate is higher than the 2011 full-year rate of 89 bps but lower than the 128 bps rate in 4Q2011 and 118 bps rate in 1Q2012, and remains consistent with the Group's unchanged policy of conservative provisioning

* Annualised

Financial Assets

Securities and Derivatives Portfolio

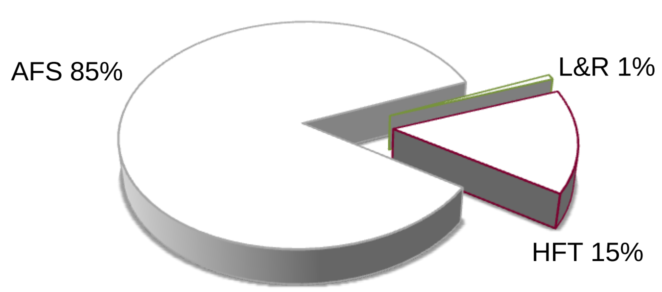
Market Value (€ mln)	Jun-12	QoQ%
HFT	9,740	+7.7%
AFS	22,293	-8.1%
L&R	4,299	-9.5%
Total Portfolio	**36,333**	**-4.5%**

Main Trends

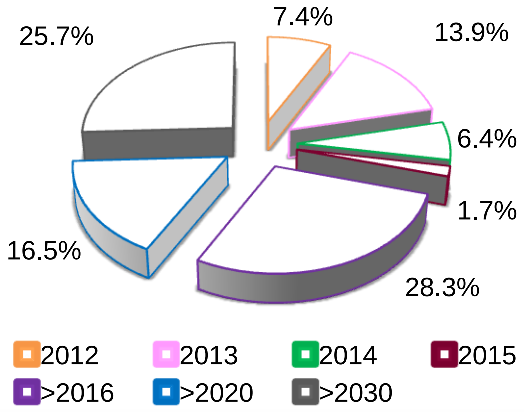
- Financial Assets portfolio: EUR 36 bn down by 4.5% vs March 12 mainly due to the reduction in the AFS component

Italian Government Bonds: EUR 25 bn*

Breakdown by IAS category



Breakdown by maturity



* Nominal Value

Profit and Loss

P&L: 1H2012*

€ mln

MPS Group	Jun-11 (*)	Jun-12	Change Ins.	Change %
Net interest income	1,658.5	1653.7	-4.8	-0.3%
Net commissions	912.1	836.9	-75.2	-8.2%
Income from banking activities	**2,570.6**	**2,490.6**	**-80.0**	**-3.1%**
Dividends, similar income and gains (losses) on equity investments	46.1	39.1	-7.0	-15.2%
Net profit (loss) from trading/valuation of financial assets	221.4	271.8	50.4	22.8%
Net profit (loss) from hedging	-0.3	5.1	5.4	n.m.
Income from financial and insurance activities	**2,837.8**	**2,806.5**	**-31.2**	**-1.1%**
Net adjustments for impairment of:	**-588.7**	**-954.6**	**-366.0**	**62.2%**
a) loans	-564.2	-839.0	-274.8	48.7%
b) financial assets	-24.5	-115.6	-91.2	n.m.
Net income from financial and insurance activities	**2,249.1**	**1,851.9**	**-397.2**	**-17.7%**
Administrative expenses:	-1,579.1	-1,578.3	0.8	0.0%
a) personnel expenses	-1,037.5	-1,059.7	-22.2	2.1%
b) other administrative expenses	-541.5	-518,6	23.0	-4.2%
Net adjustments to tangible and intangible fixed assets	-79.4	-91.1	-11.7	14.7%
Operating expenses	**-1,658.5**	**-1,669.4**	**-10.9**	**0.7%**
Net operating income	**590.6**	**182.5**	**-408.1**	**-69.1%**
Net provisions for risks and charges and other operating income/expenses	-107.8	-128.0	-20.2	18.8%
Profit (loss) on equity investments	-7.0	-1.8	5.2	-74.0%
Integration costs / one-off charges		-21.1	-21.1	n.m.
Gains (losses) from disposal of investments	0.4	0.8	0.4	93.4%
Profit (loss) before tax from continuing operations	**476.3**	**32.5**	**-443.8**	**-93.2%**
Taxes on income from continuing operations	-180.2	-53.9	126.3	-70.1%
Profit (loss) after tax from continuing operations	**296.0**	**-21.5**	**-317.5**	**n.m.**
Profit (loss) after tax from disposal groups held for sale	17.7	10.7	-7.0	-39.6%
Net profit (loss) for the period including minority interests	**313.7**	**-10.8**	**-324.5**	**-103.4%**
Net profit (loss) attributable to minority interests	-2.7	-4.4	-1.7	63.4%
Profit (loss) for the period before PPA	**311.0**	**-15.2**	**-326.2**	**-104.9%**
PPA (Purchase Price Allocation)	-49.7	-27.6	22.0	-44.3%
Impairment of Goodwill, Intangibles and Equity Stakes		-1,574.3	-1,574.3	n.m.
Net profit (loss) for the period	**261.4**	**-1,617.1**	**-1,878.5**	n.m.

* Figures do not include Biver which was classified among assets held for sale and discontinued operations as at 30/06/12

P&L: Quarterly trendline*

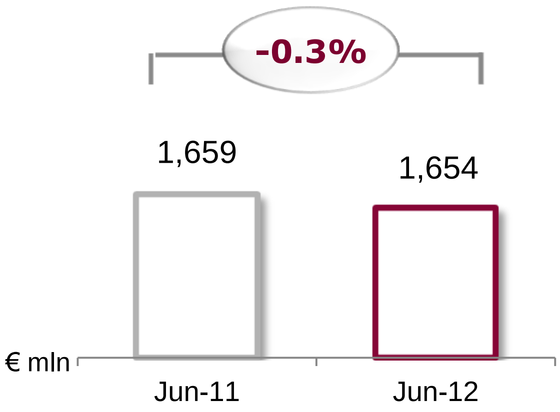
€ mln

MPS Group	2011 2nd quarter	2011 3rd quarter	2011 4th quarter	2012 1st quarter	2012 2nd quarter
Net interest income	801.0	853.5	910.4	874.1	779.6
Net commissions	448.8	450.0	400.3	424.3	412.6
Income from banking activities	**1,249.8**	**1,303.5**	**1,310.8**	**1,298.4**	**1,192.2**
Dividends, similar income and gains (losses) on equity investments	18.7	15.4	9.4	10.6	28.5
Net profit (loss) from trading/valuation of financial assets	117.8	-4.1	-51.5	160.8	111.1
Net profit (loss) from hedging	-1.1	-0.9	-30.9	3.2	1.9
Income from financial and insurance activities	**1,385.3**	**1,313.9**	**1,237.7**	**1,473.0**	**1,333.6**
Net adjustments for impairment of:	**-311.8**	**-340.7**	**-521.4**	**-435.8**	**-518.8**
a) loans	-291.7	-268.9	-464.3	-430.3	-408.7
b) financial assets	-20.1	-71.8	-57.1	-5.5	-110.1
Net income from financial and insurance activities	**1,073.5**	**973.2**	**716.3**	**1,037.1**	**814.8**
Administrative expenses:	-781.9	-779.9	-885.1	-782.8	-795.5
a) personnel expenses	-506.6	-513.8	-596.7	-519.2	-540.5
b) other administrative expenses	-275.3	-266.2	-288.4	-263.5	-255.0
Net adjustments to tangible and intangible fixed assets	-38.6	-40.2	-73.3	-45.4	-45.7
Operating expenses	**-820.5**	**-820.1**	**-958.4**	**-828.2**	**-841.2**
Net operating income	**253.0**	**153.0**	**-242.1**	**208.9**	**-26.4**
Net provisions for risks and charges and other operating income/expenses	-70.1	-65.6	-200.1	-28.3	-99.6
Profit (loss) on equity investments	-7.1	-7.8	-9.5	4.0	-5.8
Integration costs / one-off charges		-15.7	-10.1	-1.1	-20.0
Gains (losses) from disposal of investments	0.3	33.9	0.3	0.3	0.6
Profit (loss) before tax from continuing operations	**176.2**	**97.8**	**-461.4**	**183.8**	**-151.3**
Taxes on income from continuing operations	-38.9	-41.8	-10.9	-117.2	63.3
Profit (loss) after tax from continuing operations	**137.3**	**56.0**	**-472.3**	**66.5**	**-88.0**
Profit (loss) after tax from disposal groups held for sale	11.0	6.0	-235.5	4.0	6.6
Net profit (loss) for the period including minority interests	**148.3**	**61.9**	**-707.9**	**70.6**	**-81.3**
Net profit (loss) attributable to minority interests	-0.8	-1.0	7.2	-1.7	-2.7
Net profit (loss) for the period before PPA, Impairment of Goodwill, Intangibles and writedown of investment in AM Holding	**147.5**	**60.9**	**-700.7**	**68.8**	**-84.0**
PPA (Purchase Price Allocation)	-26.5	-18.8	-14.2	-14.4	-13.3
Impairment of Goodwill, Intangibles and writedown of investment in AM Holding			-4,273.9		-1574.3
Net profit (loss) for the period	**121.1**	**42.2**	**-4,988.8**	**54.5**	**-1,671.6**

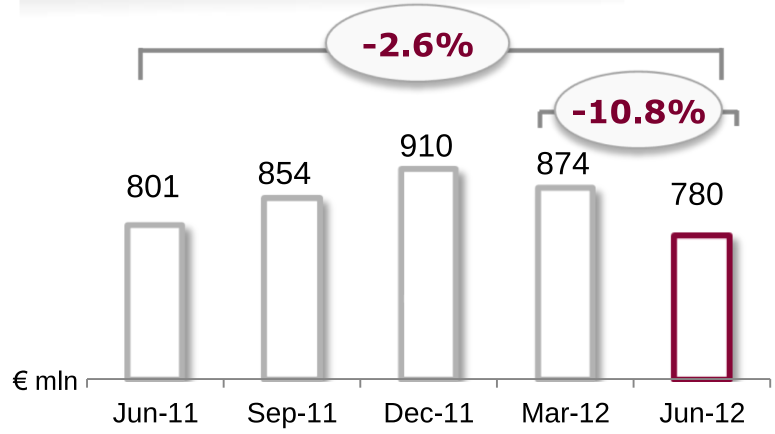
* Figures do not include Biver which was classified among assets held for sale and discontinued operations as at 30/06/12

Focus on Net Interest Income

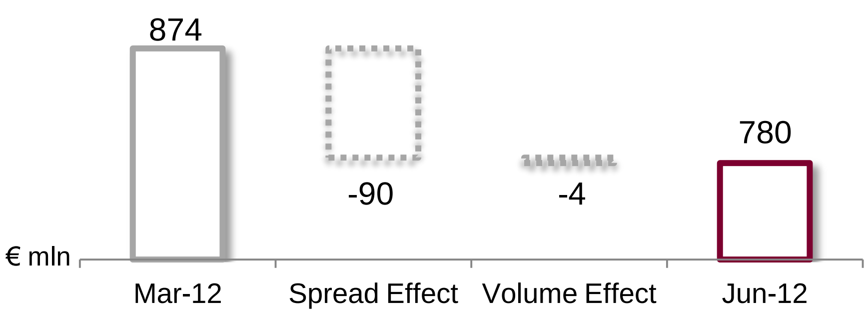
Net Interest Income* (YoY)



Net Interest Income* (QoQ)



2Q12 NII Analysis



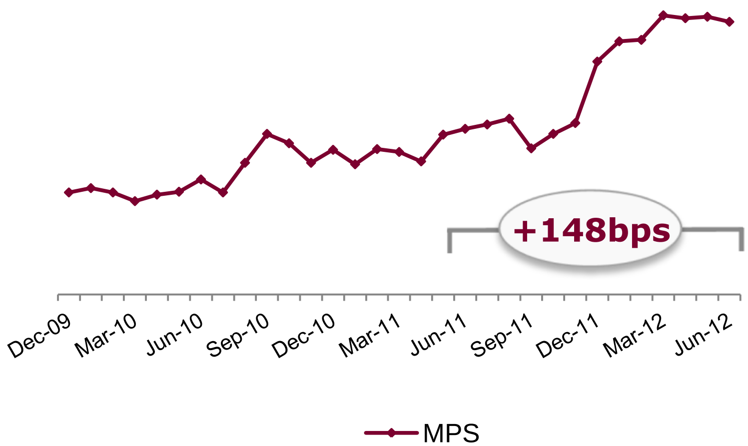
Main Trends

- NII totals approx. EUR 1,654 mln, substantially in line with previous year levels (-0.3% YoY)
- 2Q12 contributed EUR 780 mln, a 10.8% reduction on 1Q2012
- Quarterly trends are the combined effect of the drop in market rates, strong increase in credit spreads and slowdown in the demand for loans

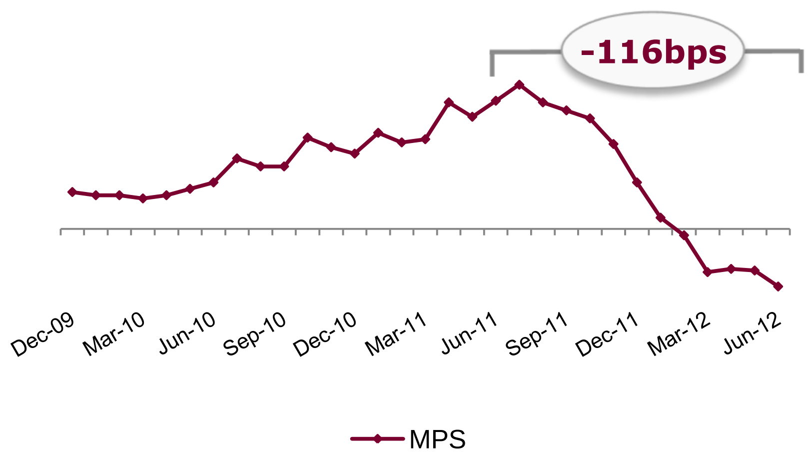
* Data was restated to exclude Biver and therefore differs from accounts published in the Interim report as at 31/03/2012

Commercial Mark up and Mark down

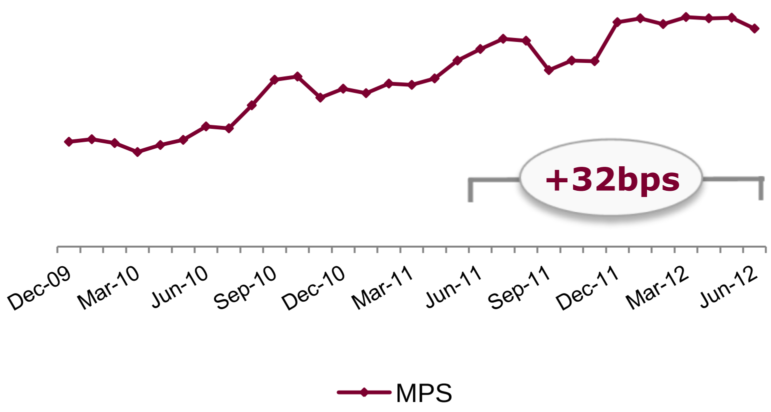
Short Term Mark up*



Short Term Mark down*



Short Term Spread



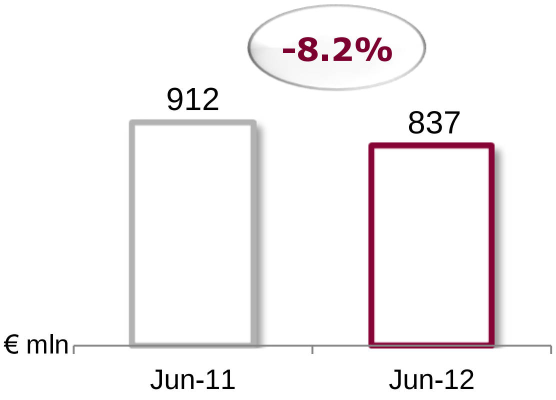
Main Trends

- Euribor reduction (from average 0.64% in 1Q12 to 0.39% in 2Q) put pressure on mark down
- Short-term spread up 32 bps on Jun-11, but down by 3 bps vs Mar-12

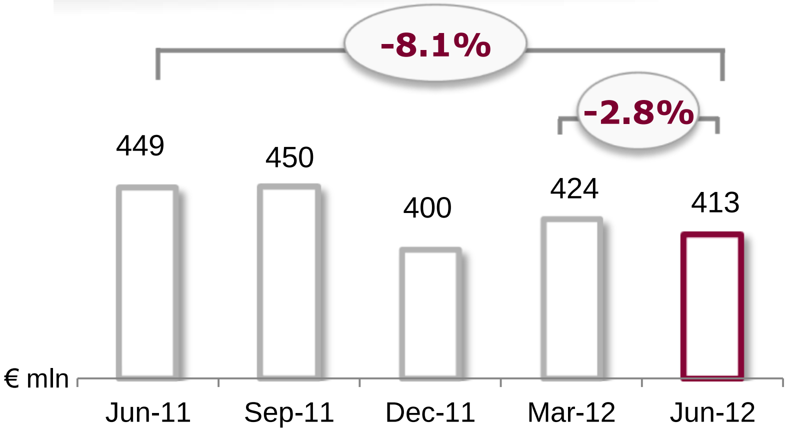
* MPS and Bank of Italy data

Fee and Commission Income

Fees* YoY



Fees* QoQ



Fees breakdown

€/mn	Jun-11 ex Biver	Mar-12 ex Biver	Jun-12	QoQ%	YoY%
AuM dees, o/w	**118**	**130**	**124**	**-4.9%**	**4.8%**
AuM Placing	*37*	*55*	*49*	*-12.2%*	*31.5%*
Continuing	*67*	*57*	*60*	*5.2%*	*-10.9%*
Bond Placement	*14*	*18*	*15*	*-14.2%*	*10.0%*
Traditional Banking dees, o/w	**347**	**349**	**352**	**0.8%**	**1.4%**
Credit dacilities	*178*	*181*	*181*	*0.0%*	*1.8%*
ForeignTrade	*20*	*19*	*19*	*-3.7%*	*-7.2%*
Payment services and client expense recovery	*149*	*148*	*152*	*2.5%*	*2.1%*
Other**	**-17**	**-55**	**-63**	**15.2%**	**n.m.**
Total Net Fees	**449**	**424**	**413**	**-2.8%**	**-8.1%**

Main Trends

- Net fees and commissions, totalling approx. EUR 837 mln, were down 8.2% YoY primarily on the back of institutional funding charges (particularly commissions on government-backed "Monti bonds", approx. EUR 50mln)
- 2Q12 contributed approx. EUR 413 mln, slightly less than the previous quarter (-2.8%) mainly as a result of the reduction in fees from indirect funding volumes

* Data was restated to exclude Biver and therefore differs from accounts published in the Interim report as at 31/03/2012

* * Includes Monti Bond guarantee fees for an amount of EUR 50 mln in 1H2012

Dividends and trading

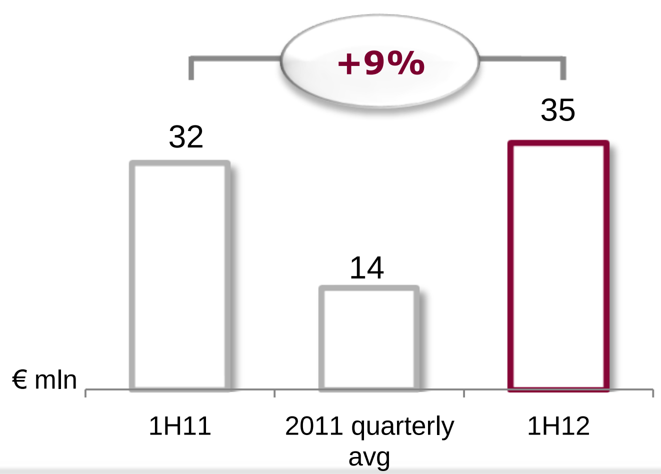
Other Revenues

€/mn	2Q11 *ex Biver*	1Q12 *ex Biver*	2Q12	QoQ%	YoY%
Dividends, similar income and gains (losses) on equity investments	19	11	29	n.m	52.0%
Net trading income (loss) / valuation of financial assets	118	161	111	-30.9%	-5.7%
Net hedging income (loss)	-1	3	2	-42.3%	n.m
Total	**135**	**175**	**141**	**-19.0%**	**4.4%**

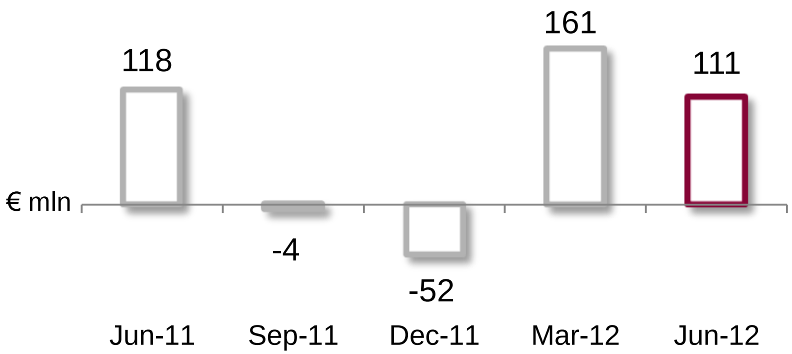
Main Trends

- Dividends and gains on investments: EUR 28.5 mln in 2Q12
- Bancassurance contribution: EUR 35 mln in 1H12
- Trading income: includes EUR 108 mln from revaluation of Tier1 securities subject to Buyback, of which:
  - EUR 37 mln realized and included in EUR 227 mln gross capital gain;
  - EUR 71 mln unrealized MtM effect on remaining P.E.O.* amount

Bancassurance



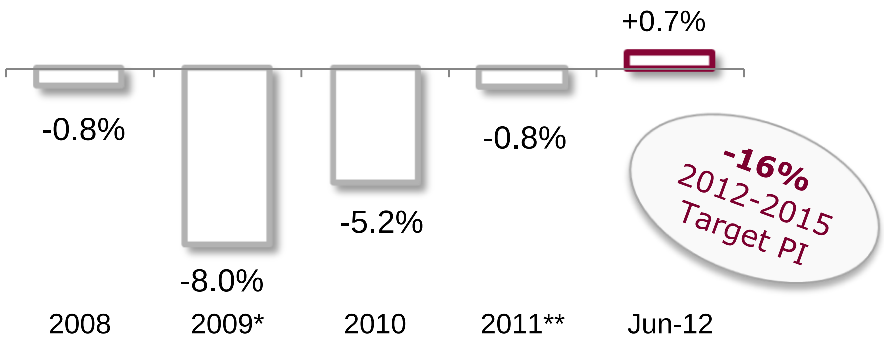
Trading/valuation of financial assets QoQ



* Public Exchange Offer

Operating Costs

Total Costs (YoY % growth)

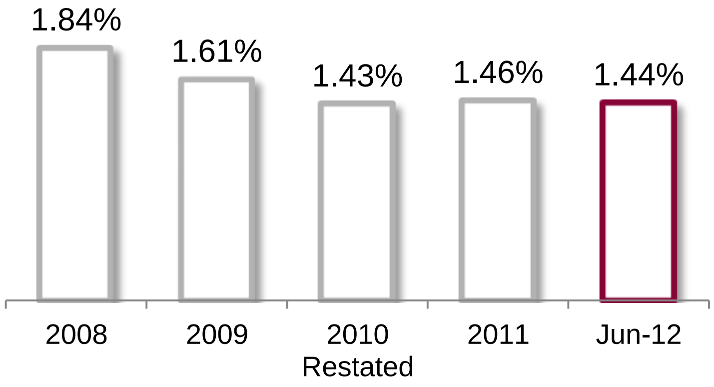


Main Trends

- Operating costs up by 0.7% in 1H12 despite unfavourable regulatory framework
- Cost/income ratio down to 59.5%, a significant improvement on December 2011
- Overall Cost/Assets trend continues to improve in line with strong ongoing focus on cost discipline

Cost/Income

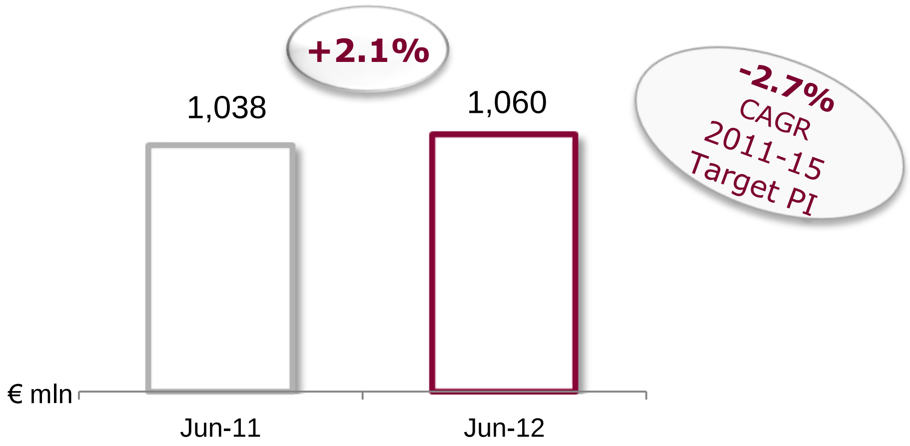
Costs/Assets



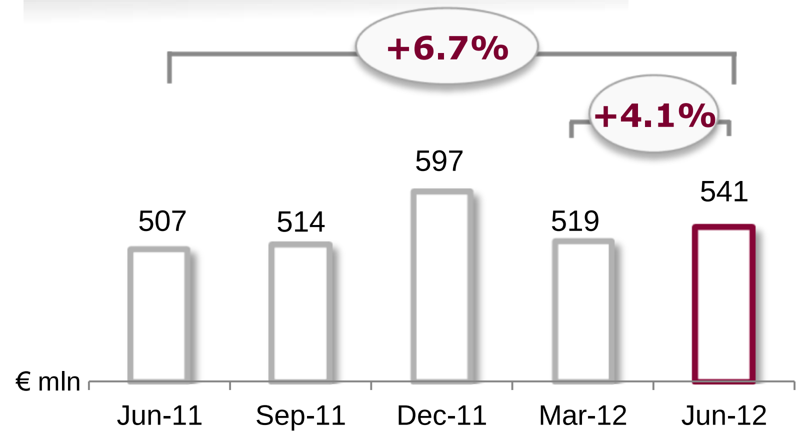
* Net of EUR 60 mln in early retirement one-off classified as personnel costs
** Net of RE deal impact

Personnel Expenses

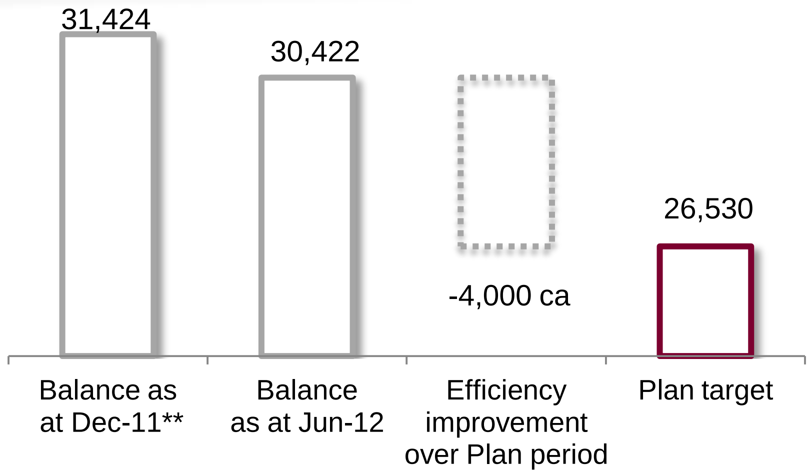
Personnel expenses* YoY



Personnel expenses* QoQ



Headcount trend vs. Business Plan



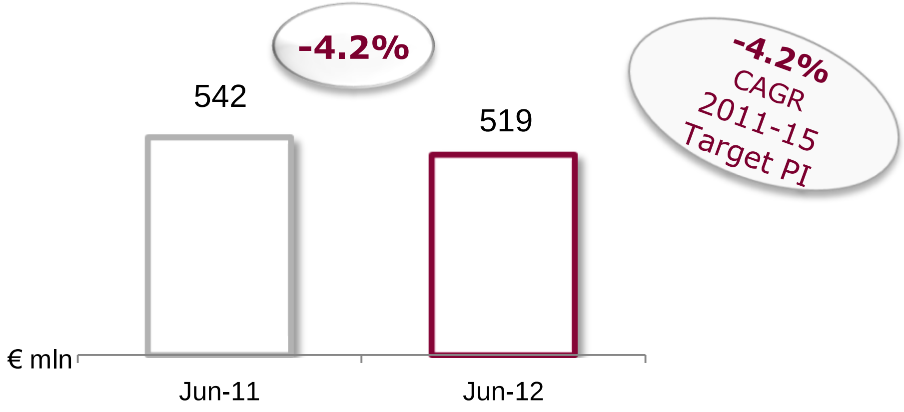
Main Trends

- Cost management actions will start to generate gains as of 2013
- The Business Plan aims for a -2.7% CAGR in 2015

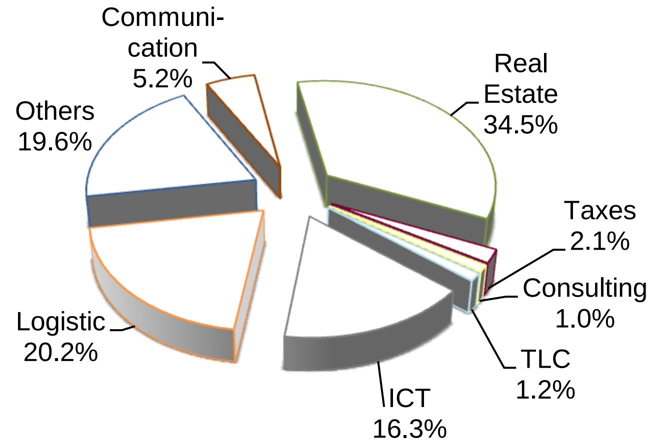
* Data was restated to exclude Biver and therefore differs from accounts published in the Interim report as at 31/03/2012
** Figures include Biver

Administrative Expenses and Net Adjustments

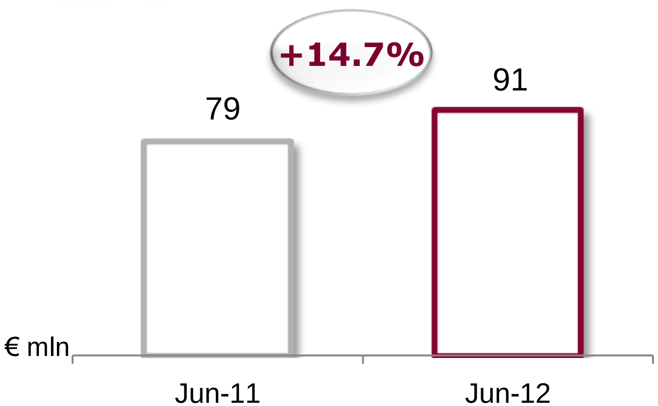
Administrative expenses* YoY



Administrative expenses: breakdown



Net adjustments* to fixed assets



Main Trends

- Other administrative expenses down 4.2% YoY as a result of cost management actions aimed at achieving the business plan goals
- Net adjustments to fixed assets up 14.7% YoY

* Data was restated to exclude Biver and therefore differs from accounts published in the Interim report as at 31/03/2012

Other P&L components

Net provisions

- *Net provisions for risks and charges and other operating expenses* (income), totaling approx. -EUR 128 mln, comprise:
    - approx. EUR 61 mln of provisions for risks and charges, of which roughly EUR 43 mln in 2Q2012 primarily arising from legal disputes/claw-back actions and appropriations for contractual charges
    - approx. EUR 66,6 mln of other operating expenses, up on the previous quarter (approx. EUR 57 mln), mainly on the back of windfall losses. In particular, activities aimed at reconciling mismatches between management accounts and accounting data relating to HR costs led to the recognition of EUR 39.7 mln, net of the release of EUR 51.4 mln of previously recognized provisions for risks and charges. (EUR 91.1 mln in total, excluding release of the previously recognized provisions)

Integration costs

- *Integration costs/One-off charges*: amounting to approx. EUR 21 mln in non-recurring items connected with personnel actions set out in the Business Plan

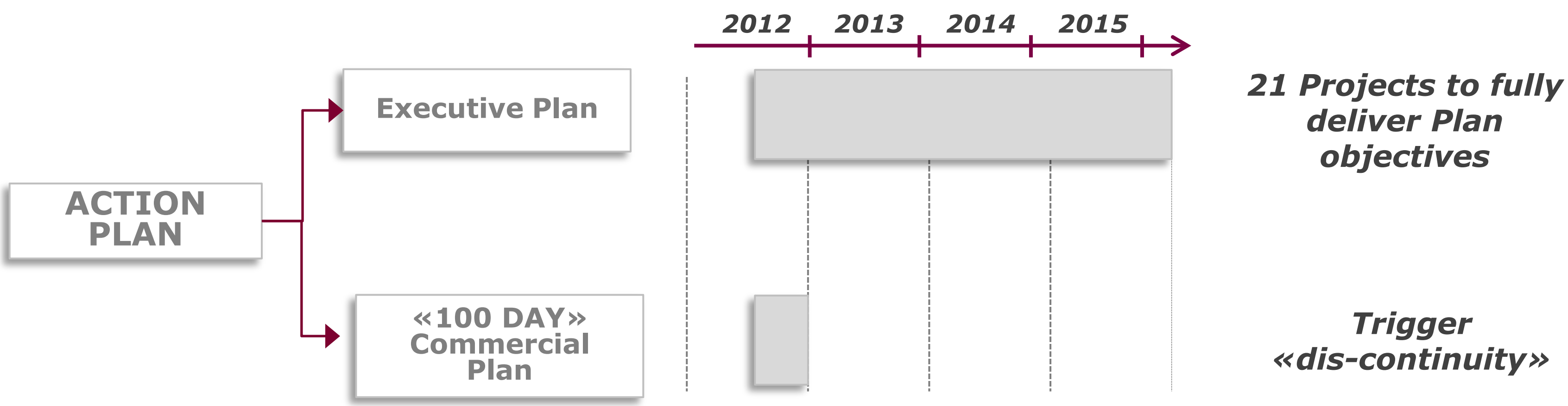
Tax expense (income)

- *Tax expense (income):* recognition of non-recurring items for an amount of EUR 114 mln in tax credit from refund of regional productivity tax (Irap) on prior fiscal years

Business Plan progress update

2012-2015 Business Plan Progress Update (1/2)

- Business Plan progress is being monitored to ensure full «execution» of both short-term commercial objectives in the «100-day Plan» and longer-term Projects underlying the 2012-2015 Business Plan



- 21 Projects fully staffed, comprising 64 operational actions with clear monthly KPI's and quarterly financial objectives

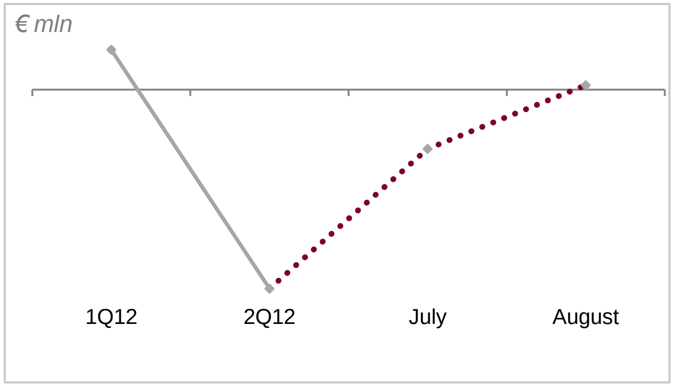
Kick-off of 15 projects effective immediately

Actions planned

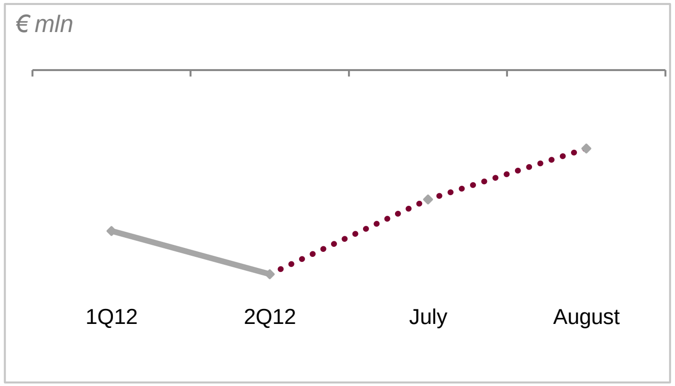
	Capital	Liquidity	Profitability *Productivity*	Profitability *Asset Quality*	Profitability *Operational efficiency*
# actions:	6	1	29	8	20

Business Plan execution: 100 days Plan track record (2/2)

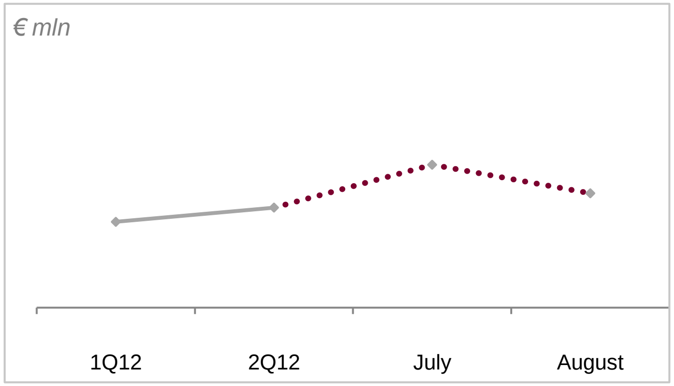
Direct Funding flows



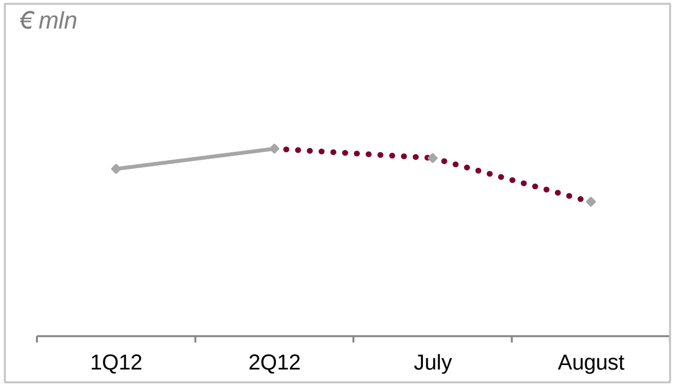
Lending flows



Bancassurance flows *(Monthly average)*



NPL flows *(Monthly average)*



Thank you
for your attention

Q&A

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Declaration of the Financial Reporting Officer

Pursuant to para. 2, article 154-bis of the Consolidated Law on Finance, the Financial Reporting Officer, Mr. Daniele Bigi, declares that the accounting information contained in this document corresponds to the underlying documentary evidence and accounting records.

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