Banca Monte dei Paschi di Siena

Una storia italiana dal 1472

9M13 and 3Q13 Results

Siena, 14th November 2013

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

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- ***Key messages***
- *9M13 Results - Balance sheet*
- *9M13 Results - Profit and Loss*
- *Annexes*

Executive Summary (1/2)

1	**Improving Balance sheet structure**	➢ **Acceleration in 3Q13 on De-risking of Financial Assets portfolio and Deleveraging of loan book** ➢ **Optimisation of funding mix** with decrease in expensive funding sources and increase in AUM
2	**Strong execution in cutting costs**	➢ **Costs decreased by 11.4% YoY*** ➢ 400 branches closed (100% of target), two years ahead of schedule ➢ Headcount reduction via 2,700 exits (since Dec-11) (58% of target) already achieved, on track for completion by Y/E with 1,100 additional headcount reductions
3	**Capital improving and risk profile under control**	➢ **Core Tier improved QoQ by 10 bps on RWA optimisation (-4.0% QoQ) to 11.1%** ➢ **NPL coverage at 58%**, up 295 bps vs. Sep-12; **broadly in line** with end of June and among the highest in the Italian banking sector (50.4% as at Sept-13) ➢ **Loan loss provisions decreasing in retail division** while still under pressure on corporate
4	**Group P&L impacted by several Group-specific elements**	➢ **9M13 Group** results: **EUR 518 mln net loss** (EUR 589mln Pre-tax) significantly impacted by cost of NFI (EUR 239 mln) on NII, commissions on Monti Bonds (EUR 77 mln), still high cost of risk (151 bps at EUR 1,540 mln vs. 69 bps avg. 2004-2011). Positive contribution of EUR 63 mln tax benefit in 3Q13

* -11.6% YoY net of EUR 7.5 mln of exceptional charges (mainly for litigation and restatement)

Executive Summary (2/2)

Restructuring Plan:

Waiting for final approval	➢ Awaiting final EC approval of Restructuring Plan submitted on 7th Oct 2013 and now filed
Main Guidelines	➢ **Restored profitability and capital generation**, targeting ~ 9% RoTE and ~ EUR 900m net income in 2017 via, inter alia: ➢ **revenue increase:** (i) funding cost reduction (ii) commercial productivity recovery ➢ **operating cost efficiency**: (i) total headcount reduction 11-17: ~ 8,000 exits (o/w ~ 2,700 already achieved), (ii) other administrative expenses reduction 11-17: ~ EUR 440 mln (o/w ~ EUR 140 mln on track to be achieved by the end of 2013) ➢ **Regulatory capital fully compliant with requirements** (10.0% phased-in CET1 and 9.3% fully loaded CET1 in 2017) ➢ **Liquidity profile strengthened**: loan to deposit ratio* at approx. 90% by 2017, with phase-out of ECB funding ➢ **De-risking** thanks to a prudent provisioning policy and further reduction of financial assets (AFS down to approx. EUR 17 bn** at the end of 2017)

3Q13 results in line with Business Plan and with a significant improvement already achieved within the commercial bank

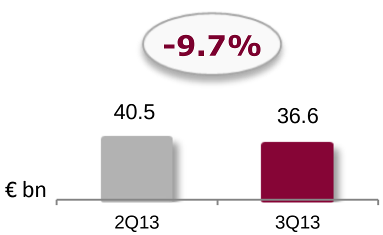
* Customer Loans / Deposits from customers and securities issued
** Nominal Value

1 9M13 and 3Q13 results consistent with our strategy

De-risking and Deleveraging

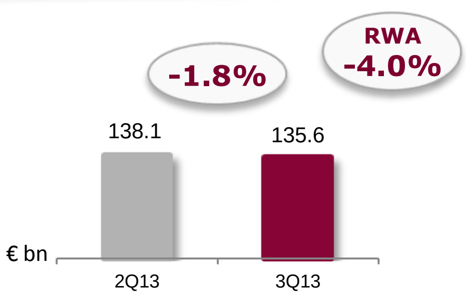
✓ **De-risking** of financial portfolio

Securities and Derivatives Portfolio (QoQ)



✓ **Deleveraging**

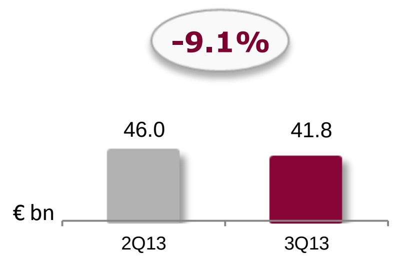
Customer loans (QoQ)



Improving funding mix

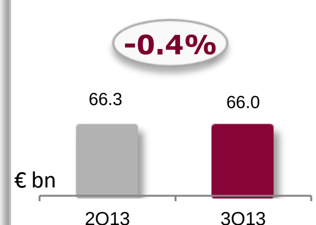
✓ **Decrease** in more costly funding sources

Retail & Wholesale Bonds (QoQ)

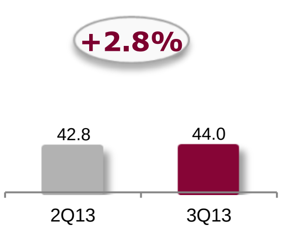


✓ **Stable** customer deposits and **increase** of AUM

Customer Deposits* (QoQ)



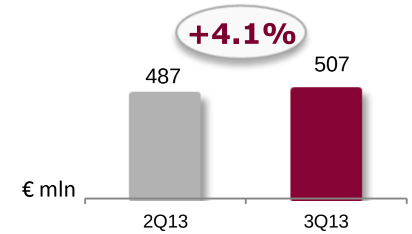
AuM (QoQ)



Positive impact on P&L

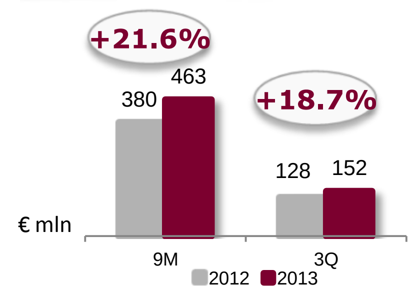
✓ Improvement in **net interest income** thanks to a lower cost of funding

Net Interest Income (QoQ)



✓ YoY **growth** in AuM fees and commissions

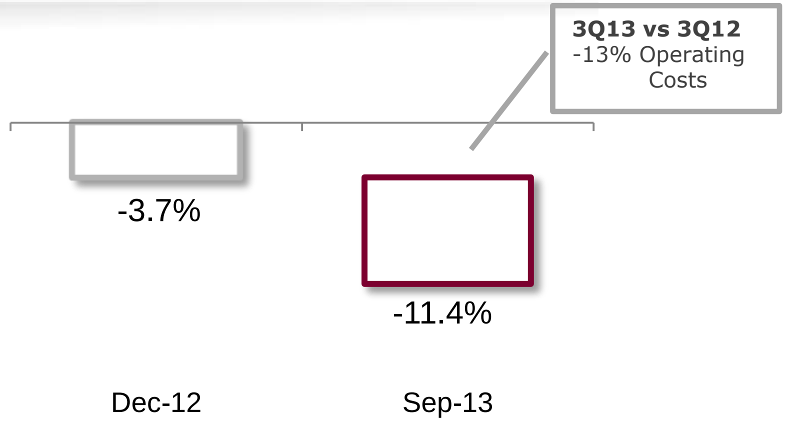
AuM commission



*Current accounts and Time deposits

2 Continued delivery on cost optimisation

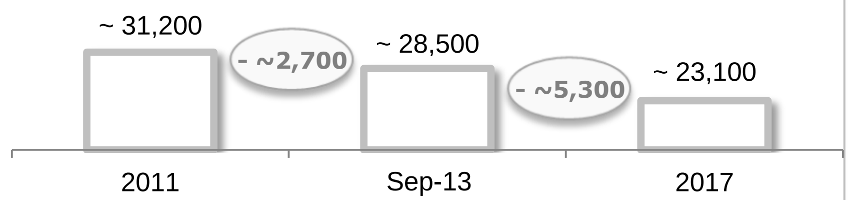
Total Costs (YoY % growth)



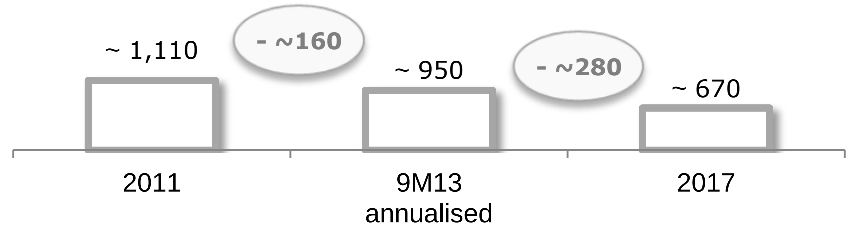
2013-2017 Restructuring Plan Targets

- Headcount reduction of ~ 8,000 by 2017 (~ EUR 500 mln cost reduction)
- ~ EUR 440 mln reduction in other administrative expenses
- Further cost measures will be implemented if business and profitability targets are not achieved

Headcount: trend line

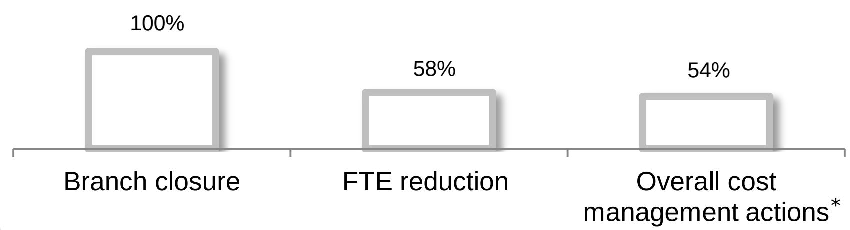


Other admin. expenses: trend line (€ mln)



Track record of delivery

% achieved vs. previous plan target (11-15)

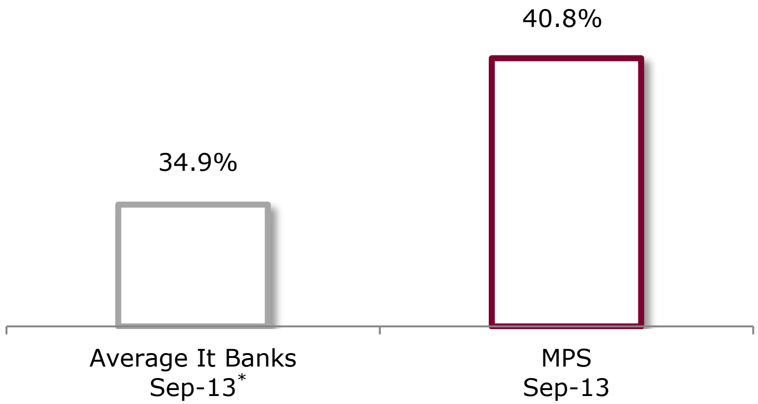


Reduction

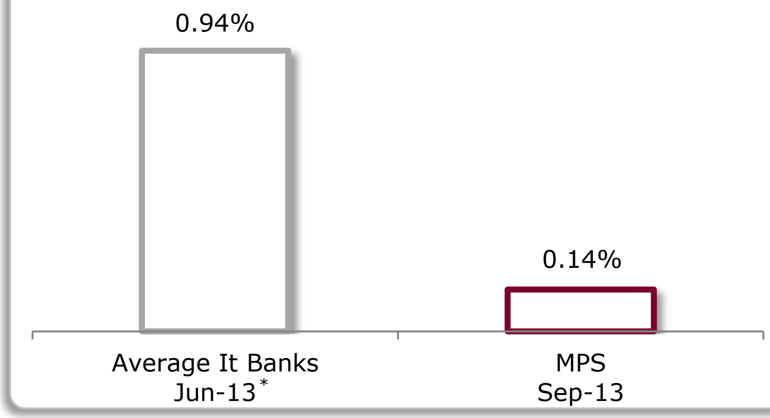
* Excluding Back Office project cost and included benefits expected in 2014-2015 from actions already implemented /already identified and in progress

3 MPS risk profile vs. peers

Higher Coverage ratio on Impaired loans

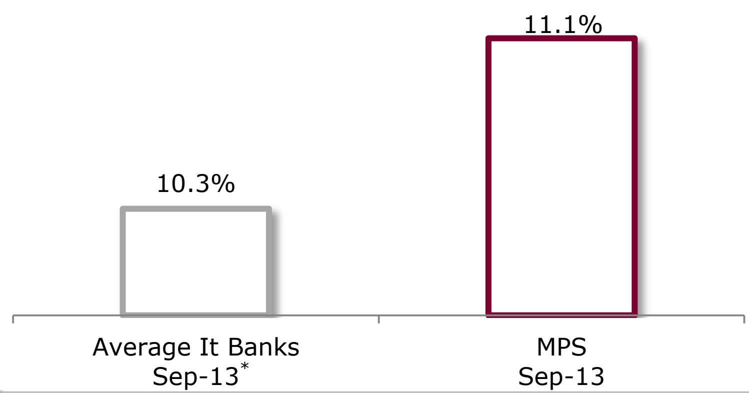


Level 3/Total Assets lower than peers



- ❑ MPS and Italian Banks already adopt the best practice on Asset Quality disclosure
- ❑ EUR 1.4 bn as surplus of expected losses in respect of related write-downs already deducted from total capital (50% from Core Tier 1)
- ❑ Full audit of financial assets and asset quaility completed in 1H13
- ❑ Balance sheet significantly derisked and deleveraged

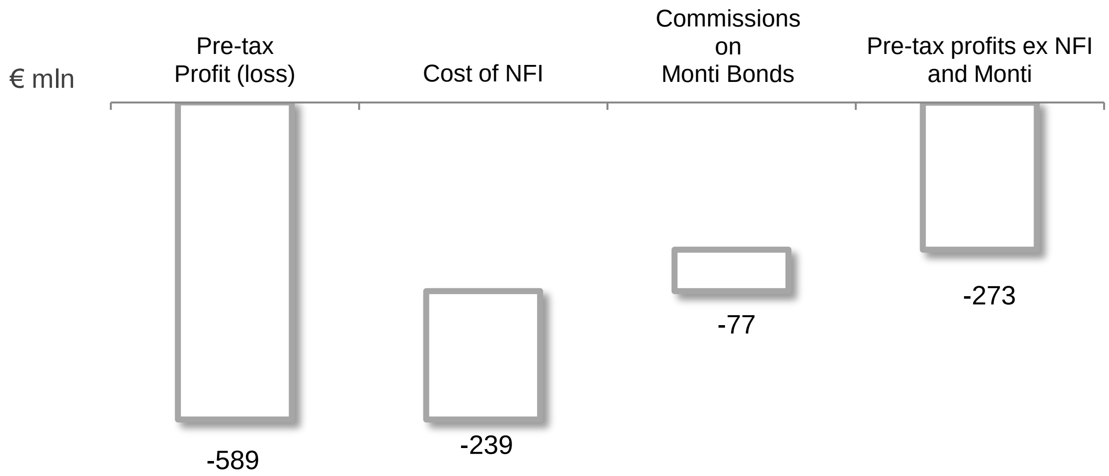
Core Tier 1 higher than peers



•UCI, ISP, BAPO,UBI, BPM, BPER. Source Company Reports, Press Release and Presentations

4 P&L impacted by several Group-specific elements while structural cost cutting offsets revenue reduction

9M13 Core Pre-Tax Profit trend



- 9M13 results impacted by “non core” elements
- Approx 67% of core revenues* decrease covered by structural cost cutting
- Cost of risk: 151 bps 9M13 (annualized) vs avg 69 bps 2004-2011; EUR 1.5 bn vs ca 701 mln implied

* NII (excluding NFI) and commissions on a like-for-like basis

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Assets & Liabilities trend

Total Assets

€/mln	Sep-12*	Jun-13	Sep-13	QoQ%	YoY%
Customer loans	145,329	138,082	135,564	-1.8%	-6.7%
Loans to banks	12,371	12,240	11,439	-6.5%	-7.5%
Financial assets	47,704	50,702	46,267	-8.7%	-3.0%
PPE and intangible assets	2,662	2,465	2,441	-1.0%	-8.3%
Other assets**	16,037	11,429	11,227	-1.8%	-30.0%
Total Assets	**224,102**	**214,918**	**206,937**	**-3.7%**	**-7.7%**

Total Liabilities

€/mln	Sep-12*	Jun-13	Sep-13	QoQ%	YoY%
Deposits from customers and securities issued	135,570	137,078	132,286	-3.5%	-2.4%
Deposits from banks	41,327	41,665	42,301	1.5%	2.4%
Other liabilities***	37,682	29,540	25,836	-12.5%	-31.4%
Group equity	9,294	6,631	6,511	-1.8%	-29.9%
Minority interests	230	3	3	5.6%	-98.7%
Total Liabilities	**224,102**	**214,918**	**206,937**	**-3.7%**	**-7.7%**

- Customer loans down in line with deleveraging plans, with run-off of poor risk-return positions
- Financial assets down, mainly in trading book (in relation to MPS CS trading as primary dealer on Italian govies)
- Funding from customers down due to fall in market repos and bonds; current accounts and deposits remain steady
- Shareholders' equity down driven by new Bankit valuation and increased valuation reserve

*Figures published in 1H13 Interim Report
**Cash and cash equivalents, equity investments, other assets
*** Financial liabilities held for trading, provision for specific use, other liabilities

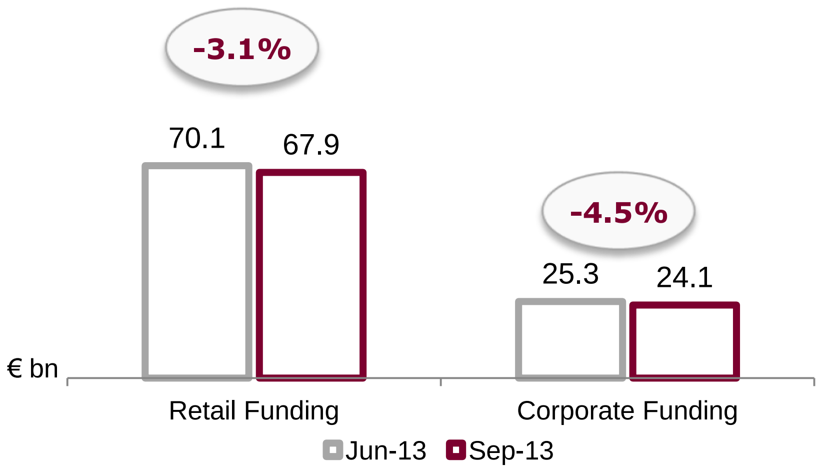
Direct funding optimisation

Direct funding by Source

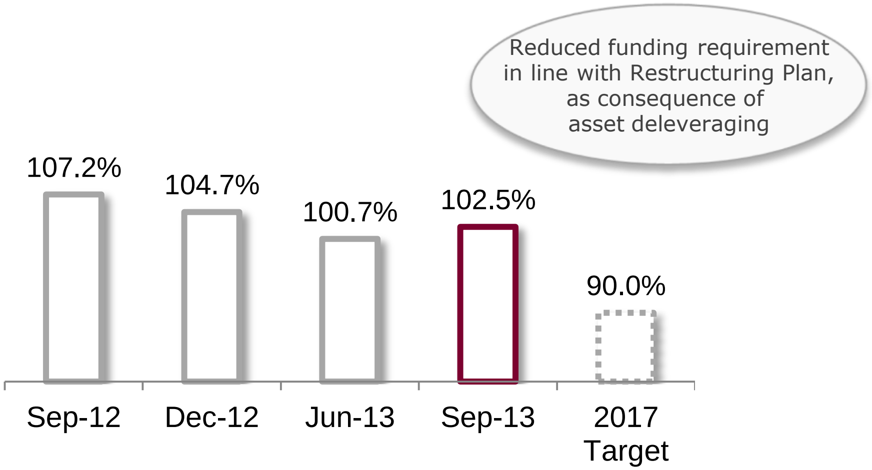
€/mln	Sep-12*	Jun-13	Sep-13	QoQ%	YoY%
Current accounts	57,975	57,536	57,264	-0.5%	-1.2%
Time deposits	4,801	8,766	8,759	-0.1%	82.4%
Repos	10,823	14,868	13,465	-9.4%	24.4%
Bonds	55,829	45,958	41,781	-9.1%	-25.2%
Other types of direct funding**	6,142	9,950	11,017	10.7%	79.4%
Total	**135,570**	**137,078**	**132,286**	**-3.5%**	**-2.4%**

- **Current accounts** and **time deposits** remain stable
- Direct funding down on both the quarter and 9M13 owing to the fall in **bonds** in line with market trend
- QoQ fall for both **Retail funding** (approx. -EUR 2.2 bn with volumes shifting to AuM) and **Corporate funding** (-EUR 1.2 bn due to cost of funding optimisation)

Direct Funding by Segment***



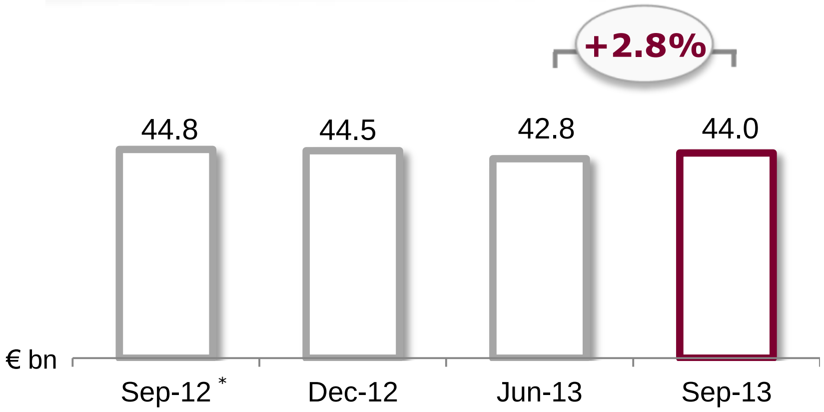
Loan/Deposit ratio****



* Figures were restated by taking account of changes in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors)
**June and September 2013 include NFIs amounting to EUR 4.1 bn
*** Customer accounts and securities - Distribution network
**** Customer Loans / Deposits from customers and securities issued

Focus on AuM: accelerating momentum

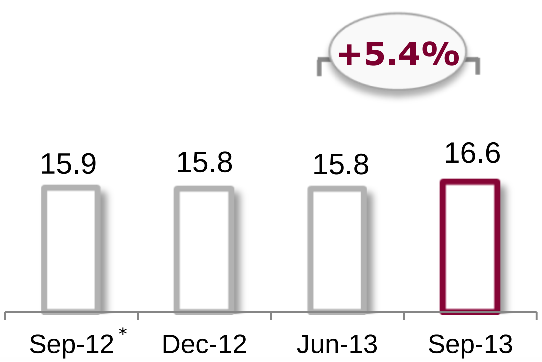
AuM



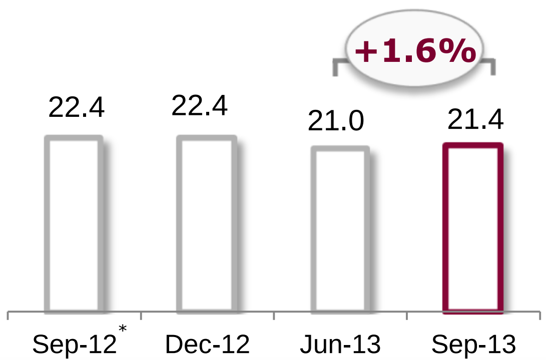
- **Assets under management**: increase due to positive net flows (concentrated in funds and bancassurance) and positive market impact
- For the insurance sector:
  - **Life**: approx. EUR 3.2 bn in gross placements as at Sep-13 (up approx. EUR 0.6 bn on Sep-12); new production is concentrated in the product "Valore Performance" (75% of total gross placements)
  - **Protection**: placements up YoY though affected by negative performance of Consum.it (premiums on bundled products down 27% YoY)

Breakdown

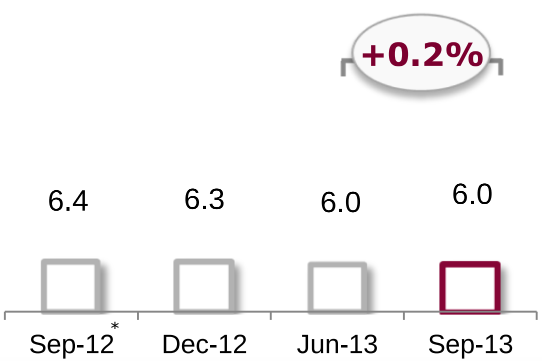
Mutual Funds/Sicav



Life insurance policies



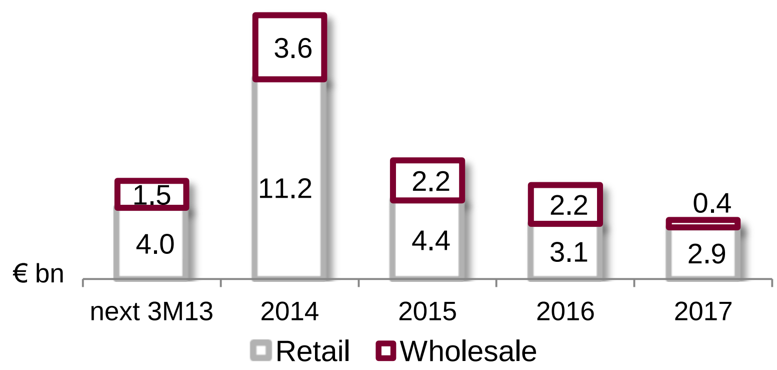
Individual portfolios under mgmt



* Figures were restated by taking account of changes in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors)

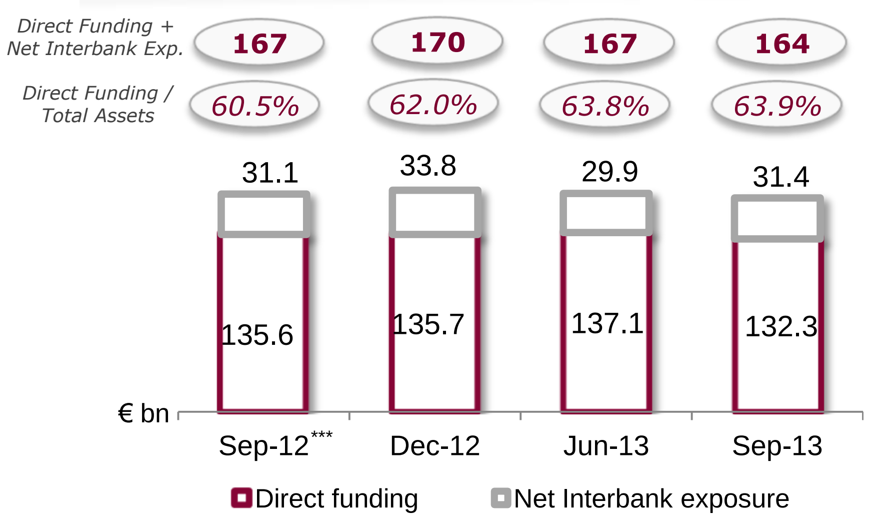
Institutional funding and interbank exposure

Bond Maturities breakdown*

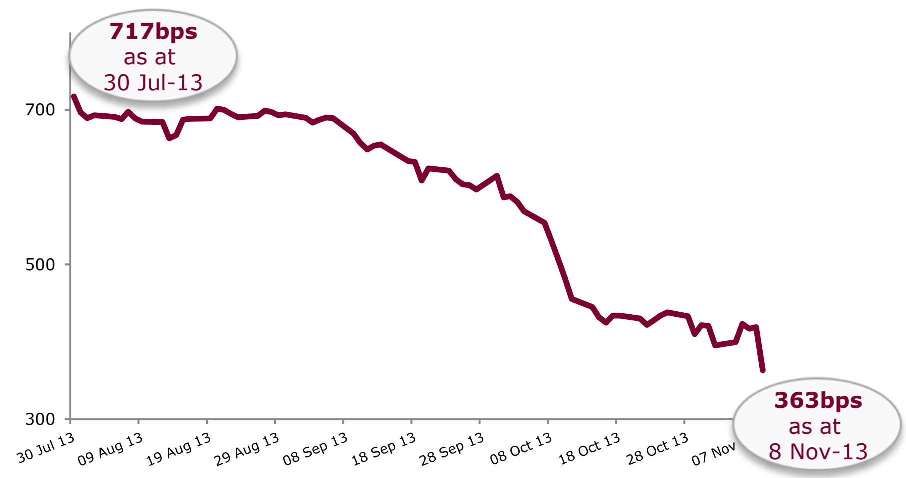


- **Net interbank exposure** almost entirely consisting of ECB exposure made up of two three-year Long Term Refinancing Operations (LTROs) amounting to EUR 29 bn, of which EUR 1 bn repaid in October (new exposure EUR 28 bn)
- **Counterbalancing capacity approx. EUR 20 bn** (9.7% of Total assets) stable vs. June 2013
- Return to the market expected after further normalization of market conditions

Direct Funding and Net Interbank Exposure**



MPS 5Y CDS evolution****



* Figures from operational data management system (Finance Area). Outstanding amount are net of repurchases
**Loans to/deposits from banks include loans to/from banks comprised in HFT financial assets/liabilities
***Figures were restated by taking account of changes in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors)
**** Source: Bloomberg

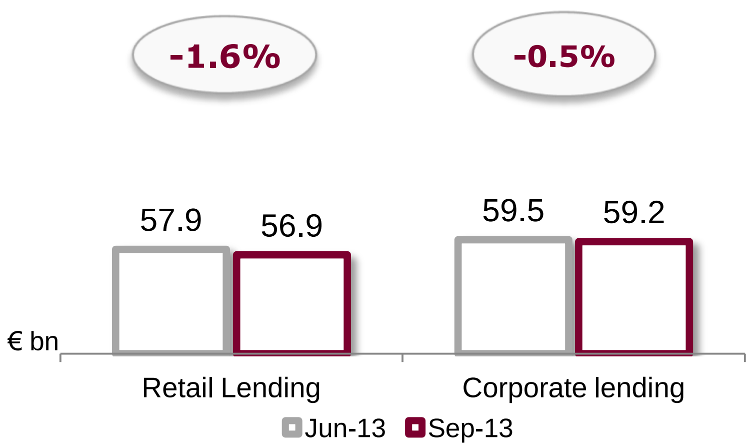
Lending: deleveraging ongoing

Total Lending

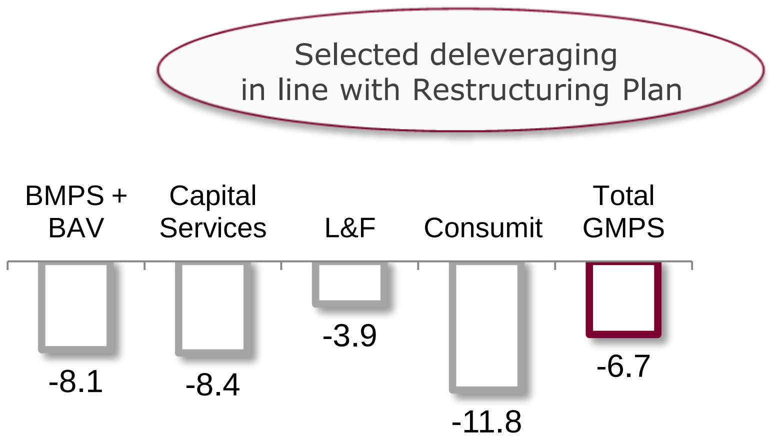
€/mln	Sep-12*	Jun-13	Sep-13	QoQ%	YoY%
Current accounts	13,480	12,028	12,060	0.3%	-10.5%
Mortgages	74,640	69,231	66,735	-3.6%	-10.6%
Other forms of lending	35,215	31,807	31,345	-1.5%	-11.0%
Reverse repurchase agreements	1,815	3,835	3,384	-11.8%	86.4%
Loans represented by securities	2,755	2,142	1,978	-7.7%	-28.2%
Impaired loans	17,424	19,039	20,061	5.4%	15.1%
Total	**145,329**	**138,082**	**135,563**	**-1.8%**	**-6.7%**

- **Loans to customers** down 6.7% YoY and 1.8% QoQ, due to slowing economic cycle and the Group's more selective credit policies
- **Mortgages**: down 3.6% QoQ and 10.6% YoY primarily owing to lower demand for medium/long term credit by households and small businesses
- Market share for loans (net of Repos) at 7.28% (Aug-13), stable vs Dec-12

Interest Bearing** Loans by segment



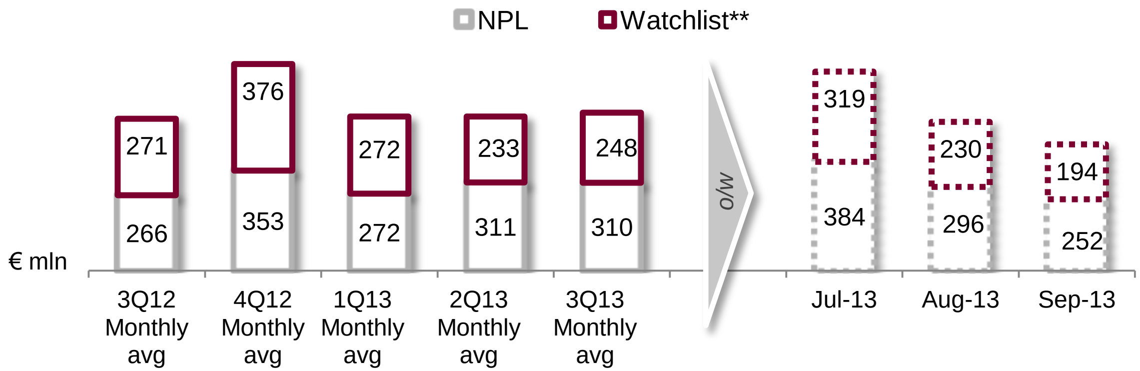
Loans breakdown by segment*** (% YoY)



*Figures were restated by taking account of changes in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors)
**Loans excluding net NPLs. Distribution network
*** Figures from operational data management system (Planning Area)

Asset quality: NPL and watchlist flows

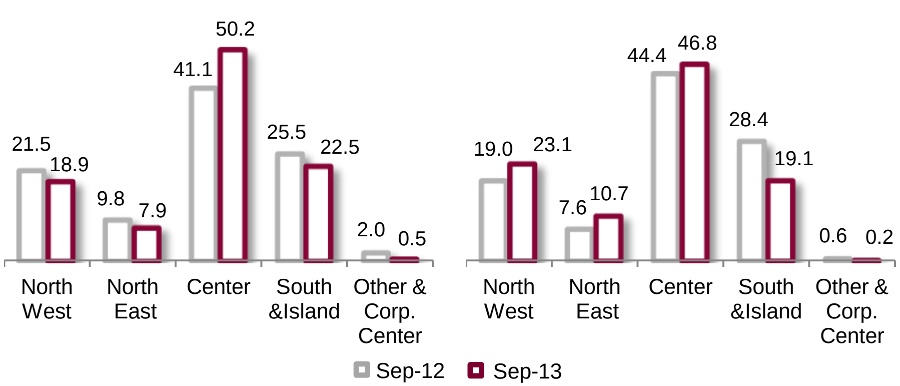
Gross NPL and Watchlist Inflows*



Inflows by Geography*** (%)

NPL

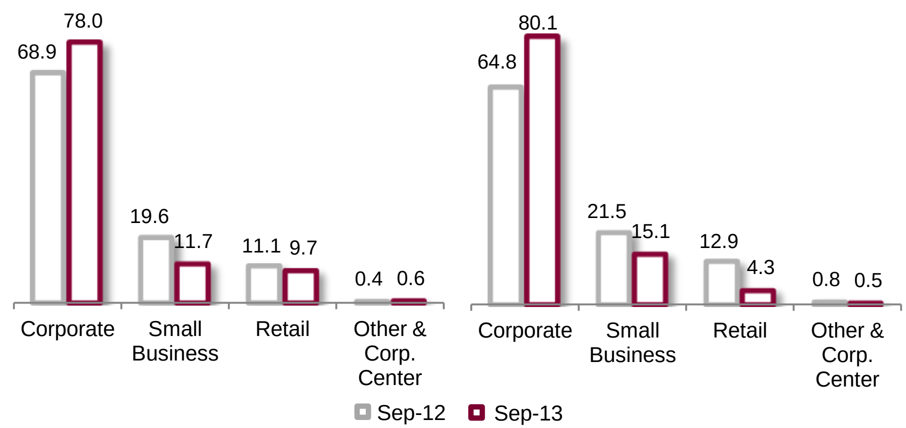
Watchlist**



Inflows by Customer segment*** (%)

NPL

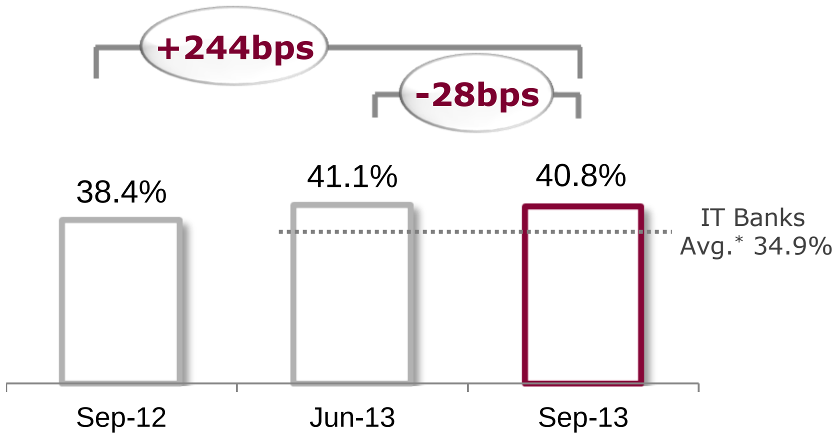
Watchlist**



*Figures from operational data management system (Planning Area)
** Excluding objective watchlist
*** Figures from operational data management system (Credit Department). Small Business: turnover below EUR 5 mln or turnover between EUR 2.5 and 5 mln depending on sector

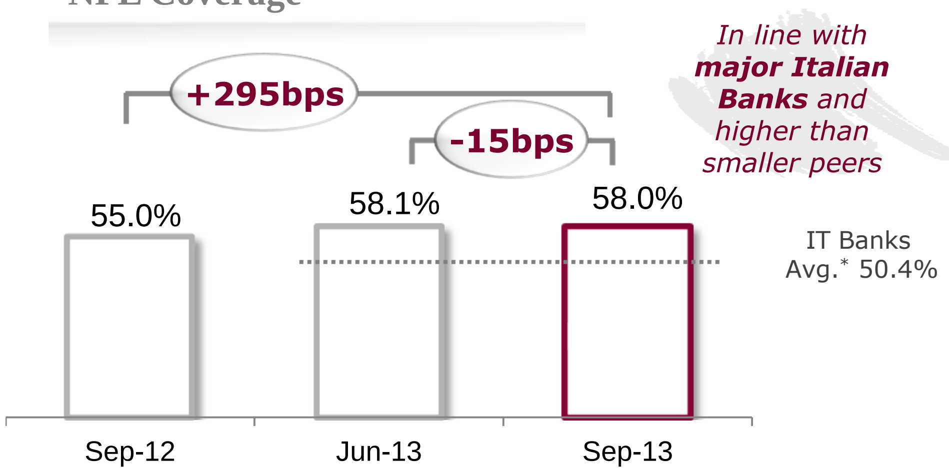
Coverage ratios: trend line

Impaired Loans Coverage

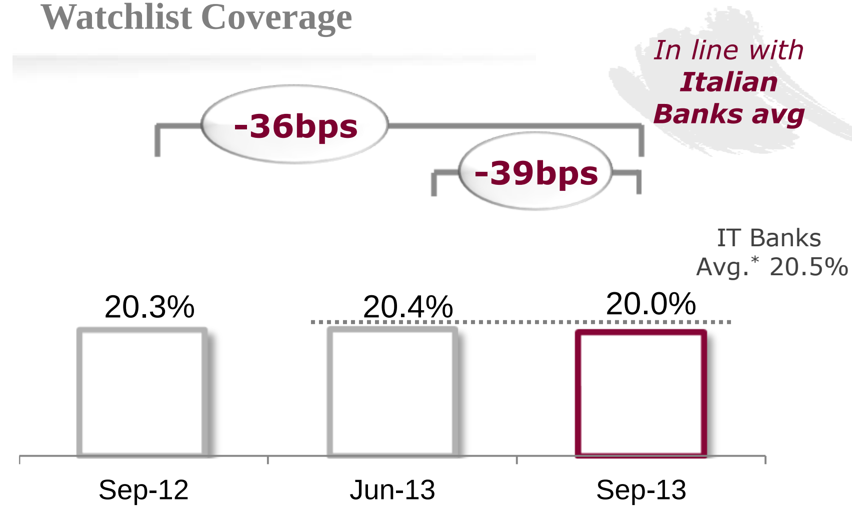


- Impaired loans coverage **broadly in line** with end of June. Specifically:
  - NPL coverage stable
  - Watchlist coverage slightly lower owing to the higher rate of "objective"** watchlists requiring more limited coverage

NPL Coverage



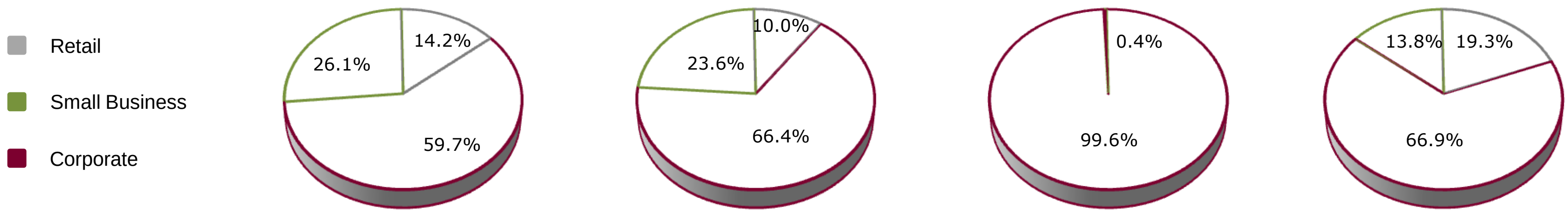
Watchlist Coverage



*UCI, ISP, BAPO,UBI, BPM, BPER. Source 9M2013 Company Reports
** Objective watchlist loans' are exposures for which the following conditions have jointly occurred: past due or over credit limits for more than 270 days with amounts over credit limits exceeding overall exposure amount by no less than 10%

Impaired loans composition

NPL | Watchlist* | Restructured | Past due



Corporate and Small Business breakdown

Real Estate	**24.9%**	**39.1%**	**26.0%**	**42.0%**
Construction	17.5%	22.1%	8.9%	26.2%
RE activities related	7.4%	16.9%	17.1%	15.7%
Industry	**33.3%**	**18.0%**	**37.5%**	**16.3%**
Other**	**41.8%**	**42.9%**	**36.5%**	**41.7%**

- High level of collateralisation also due to the high level of impaired loans from real estate sector
- Recent ECB rate cut and Italian GDP pick-up should support a RE sector and corporate segment recovery in 2014

Figures from operational data management system (Credit Department)
*Including objective watchlist
** Agriculture, Trade, Services and other

Financial Assets

Securities and Derivatives Portfolio*

Market Value (€ mln)	Sep-13	QoQ%
HFT	8,268	-28.0%
AFS	25,617	-2.1%
L&R	2,689	-6.0%
Total Portfolio	**36,573**	**-9.7%**

- Ongoing optimisation activities on both government bonds portfolio (AFS) and Loans & Receivables (L&R):
  - **HFT**: down owing to primary dealer trading by MPS Capital Services
  - **AFS**: down as a result of disposal strategies with delivery of capital gains and simultaneous repurchase of securities with shorter maturities,
  - **L&R**: down driven by natural maturity of certain securities

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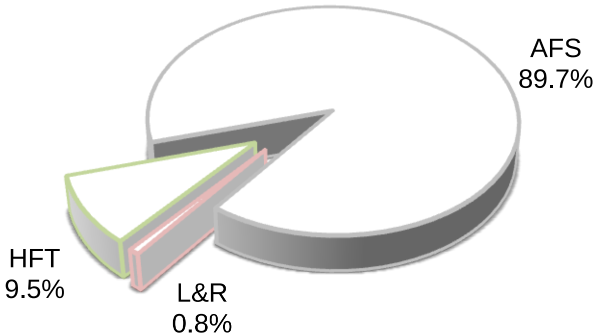
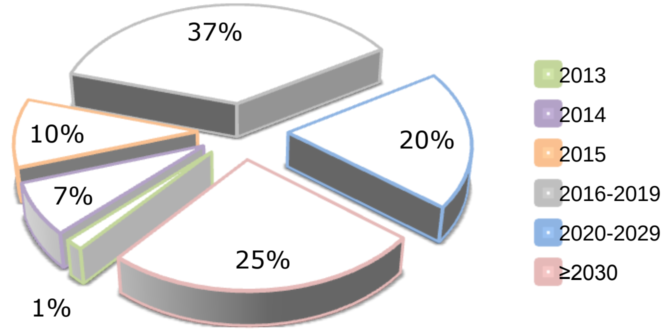
Italian Government Bonds: EUR 26 bn**

Breakdown by IAS category



Breakdown by maturity

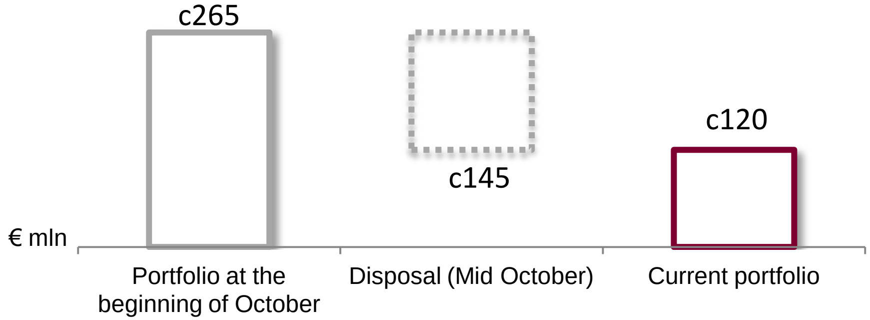


*Portfolio composed by EUR 26bn Italian Government Bonds, EUR 6bn Financial and Corporate Bonds, EUR 1bn ABS and Structured Credit, EUR 1.5bn Equity/Participation/Other, EUR 2bn Derivatives
** Market Value

Focus on de-risking of Finance Portfolio and Bank of Italy stake

Finance Portfolio De-risking

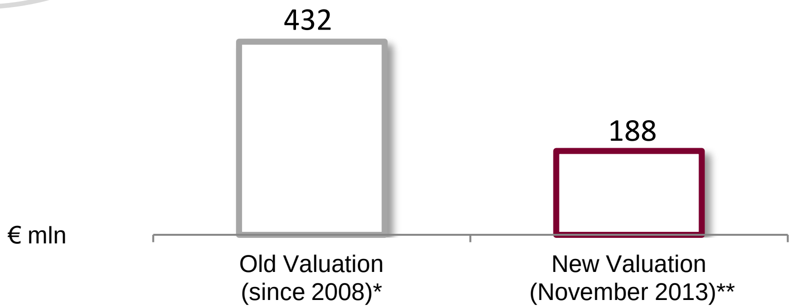
Private Equity Funds Portfolio



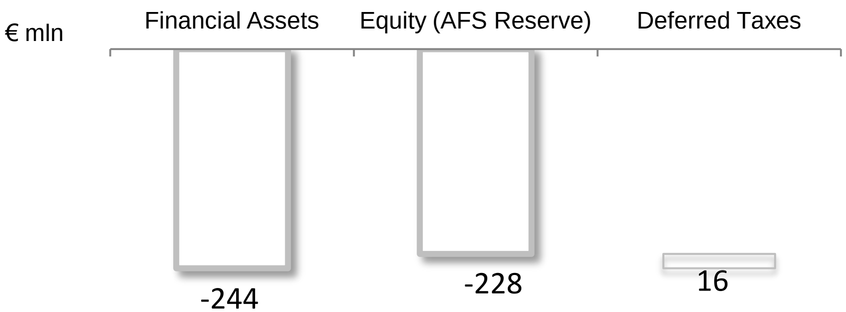
- Financial Asset Portfolio optimisation, in line with Restructuring Plan guidelines, with sharp reduction in low risk-return positions not consistent with the profile of Commercial Bank, and non-marketable under ECB criteria
- Over the past 10 months, Hedge Fund and Equity Portfolios reduced by around EUR 180 mln (-56%)

Bank of Italy stake

Bank of Italy stake (2.5%)



Impact on Balance Sheet

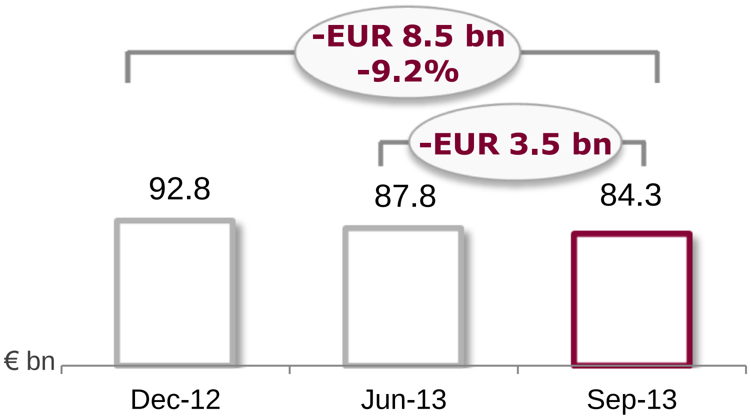


No impact on Core Tier 1

Figures from operational data management system (Finance Area)
* Valuation based on 31.12.2007 Book Value of Bank of Italy (EUR 17 bn)
** Bankit sets the bank's value within a range between EUR 5 bn and EUR 7.5 bn. MPS carried out the vaulation based on a value of EUR 7.5 bn

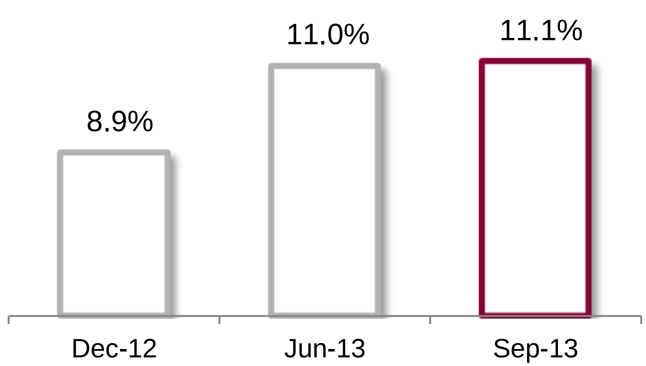
RWAs, Capital Ratios and AFS reserve

RWAs over time

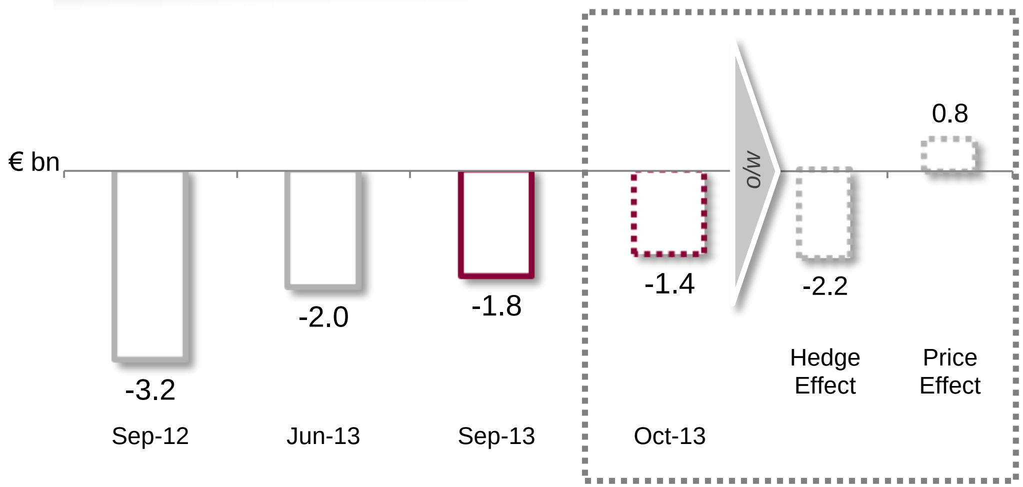


- **Core Tier 1 *ratio***, including EUR 4.1 bn of New Financial Instruments, at 11.1% (8.9% as at 31 Dec-12)
- Ongoing **optimisation of RWAs** (EUR 8.5 bn as at Dec-12) mainly driven by a significant reduction in credit and counterparty risk (-EUR 6.2 bn RWA as at Dec-12)
- **AFS reserve** at Sep-13 was –EUR 1.8 bn (compared to -EUR 3.2 bn at time of EBA stress test on Sep-11)

Core Tier 1 ratio over time



EBA AFS Reserve* over time



* Figures from operational data management system (Risk management Area)

Contents

- *Key messages*
- *9M13 Results - Balance sheet*
- ***9M13 Results - Profit and Loss***
- *Annexes*

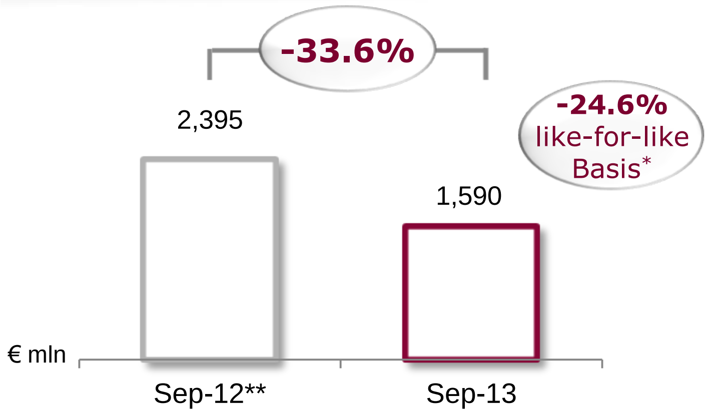
P&L: 9M13

MPS Group	09/30/12 (*)	09/30/13	Change Ins.	Change %
Net interest income	2,395.1	1,590.1	(805.0)	-33.6%
Net fee and commission income	1,249.9	1,252.8	2.9	0.2%
Income from banking activities	**3,645.0**	**2,842.9**	**(802.1)**	**-22.0%**
Dividends, similar income and gains (losses) on investments	56.6	96.9	40.3	71.2%
Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities	513.5	286.8	(226.7)	-44.1%
Net profit (loss) from hedging	1.5	2.1	0.6	42.9%
Income from financial and insurance activities	**4,216.7**	**3,228.8**	**(987.9)**	**-23.4%**
Net impairment losses (reversals) on:	**(1,429.4)**	**(1,570.5)**	**(141.0)**	**9.9%**
a) loans	(1,300.0)	(1,540.1)	(240.1)	18.5%
b) financial assets	(129.5)	(30.4)	99.1	-76.5%
Net income from financial and insurance activities	**2,787.2**	**1,658.3**	**(1,128.9)**	**-40.5%**
Administrative expenses:	(2,321.3)	(2,070.2)	251.1	-10.8%
a) personnel expenses	(1,515.9)	(1,354.4)	161.5	-10.7%
b) other administrative expenses	(805.4)	(715.7)	89.6	-11.1%
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(139.6)	(110.6)	29.0	-20.8%
Operating expenses	**(2,460.9)**	**(2,180.7)**	**280.2**	**-11.4%**
Net operating income	**326.3**	**(522.4)**	**(848.7)**	**n.m.**
Net provisions for risks and charges and other operating expenses/income	(141.1)	(17.4)	123.8	-87.7%
Gains (losses) on investments	(0.3)	(30.9)	(30.6)	n.m.
Reorganisation costs / one-off charges	(32.7)	(17.8)	15.0	n.m.
Gains (losses) on disposal of investments	7.2	(0.5)	(7.7)	-106.6%
Profit (loss) before tax from continuing operations	**159.3**	**(589.0)**	**(748.3)**	**n.m.**
Tax expense (recovery) on income from continuing operations	(132.3)	101.6	233.8	n.m.
Profit (loss) after tax from continuing operations	**27.0**	**(487.4)**	**(514.5)**	**n.m.**
Profit (loss) after tax from groups of assets held for sale and discontinued operations	13.8	-	(13.8)	n.m.
Net profit (loss) for the period including non-controlling interests	**40.9**	**(487.4)**	**(528.3)**	**n.m.**
Net profit (loss) attributable to non-controlling interests	(5.4)	(0.1)	5.3	n.m.
Profit (loss) for the period before PPA , impairment on goodwill, intangibles and writedown of investment in AM Holding	**35.4**	**(487.6)**	**(523.0)**	**n.m.**
PPA (Purchase Price Allocation)	(38.5)	(30.8)	7.7	-20.1%
Impairment on goodwill, intangibles and writedown of investment in AM Holding	(1,574.3)	-	1,574.3	n.m.
Net profit (loss) for the period	**(1,577.4)**	**(518.3)**	**1,059.1**	**-67.1%**

* Figures as at 30.09.2012 were restated by taking account of changes made in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors) as was done for the Consolidated Financial statements as at 31.12.2012, and with IAS 19 "Employee benefits" as was done for the Interim Report as at 31.03.2013

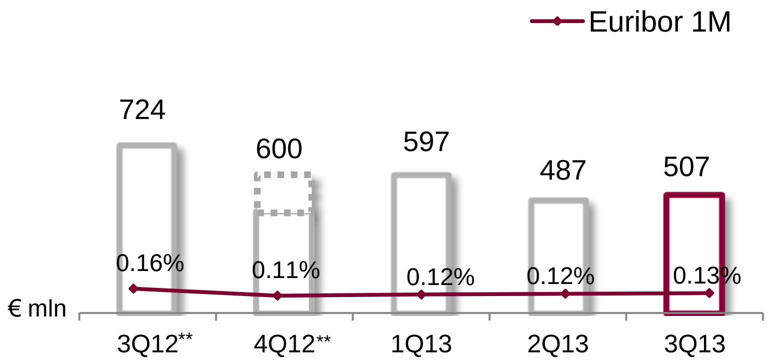
Net Interest Income: a quarterly pick up

Net Interest Income (YoY)

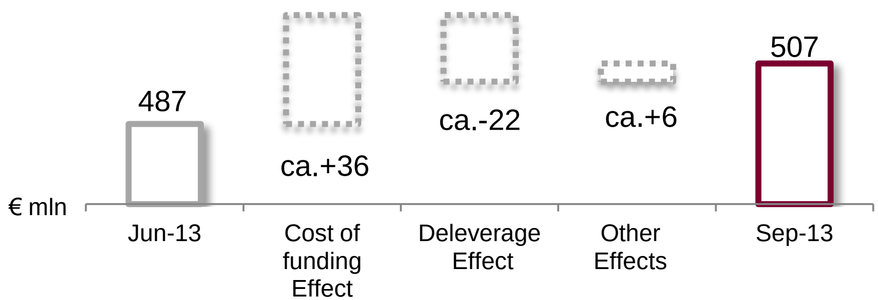


- ❑ Up by approx. EUR 20 mln QoQ due to :
  - **Cost of funding effect**: mainly for pricing containment and remix in consumer & corporate funding
  - **Deleverage effect**: reduction of average loans both for the Network and product companies and other effects, including reduction in securities portfolio

Net Interest Income (QoQ)



3Q13 NII Analysis

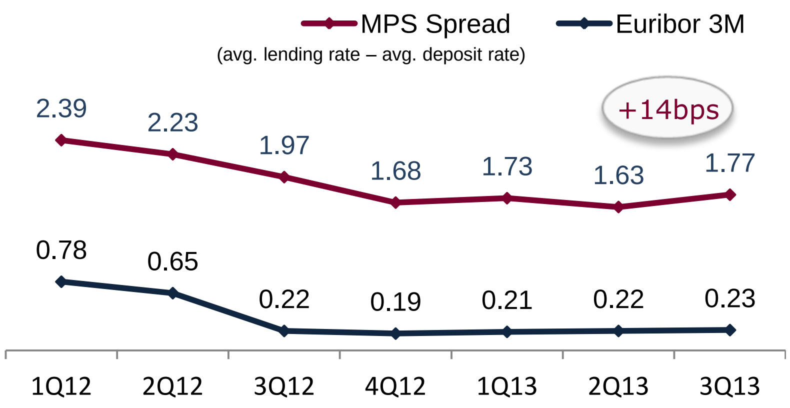


* Some elements of discontinuity, partly relating to events of prior periods under accrual accounting, emerged in 4Q12, including: recognition of interest on Tremonti Bonds for the entire amount relating to 2012, the elimination of the 'urgent facility fee' and changes in the calculation of interest payable on overdrawn amounts and changes in criteria for consolidation of Banca Popolare di Spoleto following loss of 'significant influence"

**Figures were restated by taking account of changes made in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors) as was done for the Consolidated Financial statements as at 31.12.2012, and with IAS 19 "Employee benefits" as was done for the Interim Report as at 31.03.2013

…supported by a lower funding cost

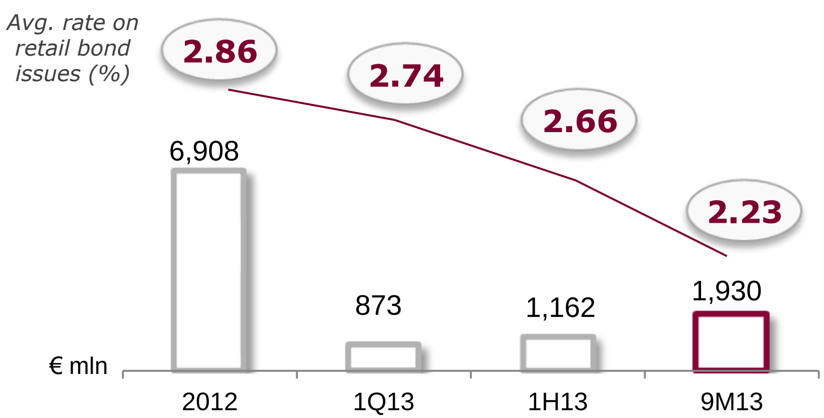
MPS Spread* trend (%)



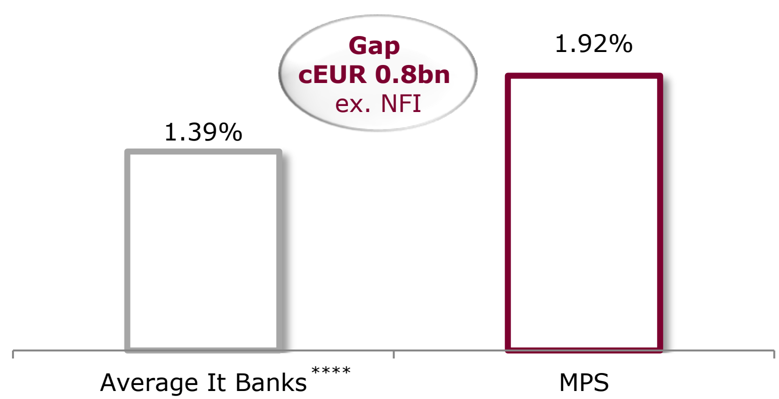
- Gap with peers begins to narrow
- In 3Q13, market spread up approx. 14 bps owing to:
  - reduction of 11 bps in funding rate payable both for Consumer (approx. -9 bps) and, above all, Corporate (-32 bps)
  - rise of approx. 3 bps in lending rate receivable (+2 bps on Consumer; +5 bps on Corporate)

of which

Retail Bond** *(cumulative)*



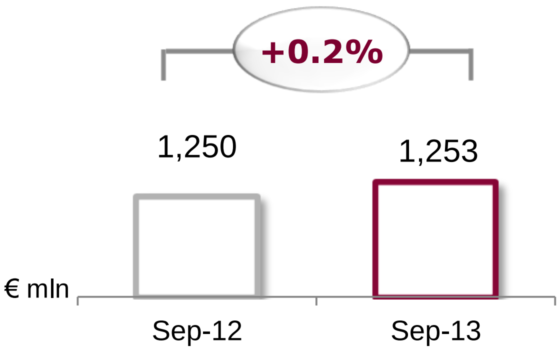
Total Cost of Funding/Volumes***



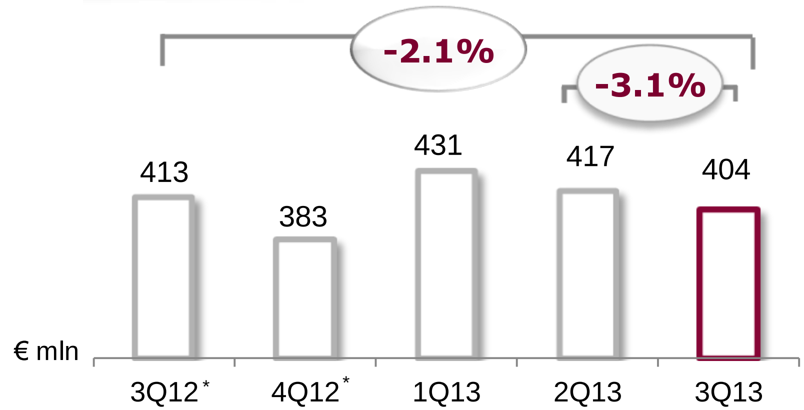
* Figures from operational data management system (Planning Area)
** Figures from operational data management system (Finance Area)
***Interest expenses (1H13 figures annualised; for MPS: € 4,008 mln) / Total liabilities excluding shareholders' equity (For MPS: € 208,286 mln) Source: 1H13 report.
***UCI, UBI, BPM and BPER. No public data available for ISP and BAPO

Fee and Commission Income

Fees YoY



Fees QoQ



Fees breakdown

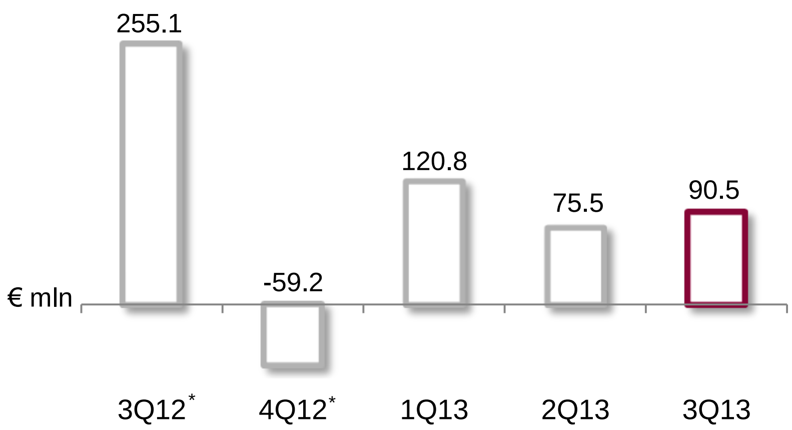
€/mln	3Q12**	2Q13	3Q13	QoQ%	YoY%
AuM fees, o/w	**128**	**154**	**152**	**-1.4%**	**18.9%**
AuM Placing	*53*	*81*	*78*	*-3.7%*	*47.5%*
Continuing	*59*	*58*	*59*	*-2.0%*	*-0.5%*
Bond Placement	*16*	*16*	*16*	*-1.7%*	*-3.3%*
Traditional Banking fees, o/w	**345**	**324**	**316**	**-2.5%**	**-8.3%**
Credit facilities	*174*	*160*	*155*	*-2.8%*	*-11.0%*
ForeignTrade	*19*	*19*	*19*	*0.3%*	*-2.6%*
Payment services and client expense recovery	*151*	*146*	*142*	*-2.5%*	*-6.0%*
Other	**-60**	**-62**	**-64**	**4.6%**	**7.2%**
Total Net Fees	**413**	**417**	**404**	**-3.1%**	**-2.2%**

- **Net fee and commission income** largely stable YoY due to the offsetting effect from a significant rise in placement commissions on asset management products (+18.9% YoY) and a decline in revenues from lending activities (-11.0% YoY)

* Figures are those published in the Consolidated Report as at 31 Dec-12
** Figures are those published in the 3Q12 GMPS Presentation Results

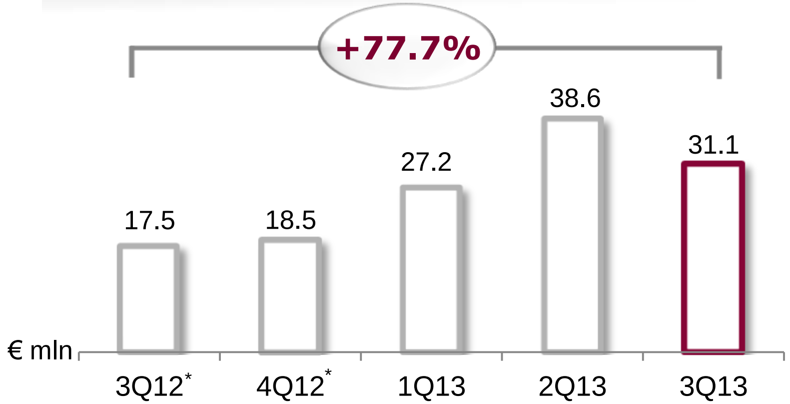
Dividends and trading

Trading/valuation of financial assets QoQ

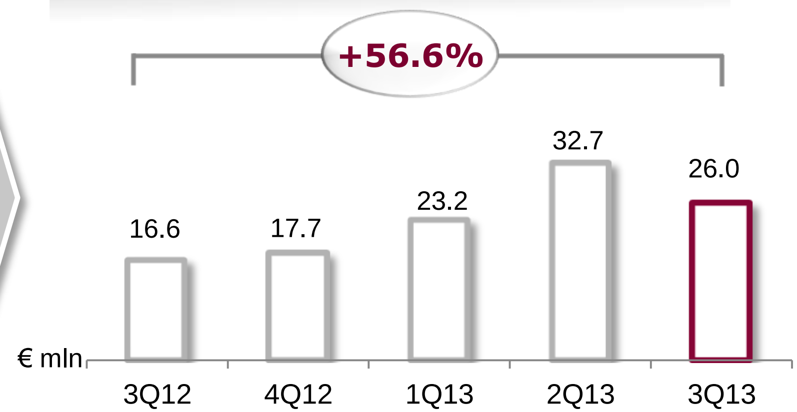


- **Net profit (loss) from trading / valuation / repurchase of financial assets/liabilities** totalled approximately EUR 287 mln at the end of Sep-13, down by over EUR 200 mln vs. Sep-12 when results had benefitted from the public exchange offer carried out in July (with impact of approx. EUR 294 mln on Sep-12)
- **Dividends, similar income and gains (losses) on investments** up significantly thanks to contribution of AXA-MPS (QoQ decrease due to seasonality effect, in line with 2012 trend)

Dividends /Profit (loss) from investments QoQ



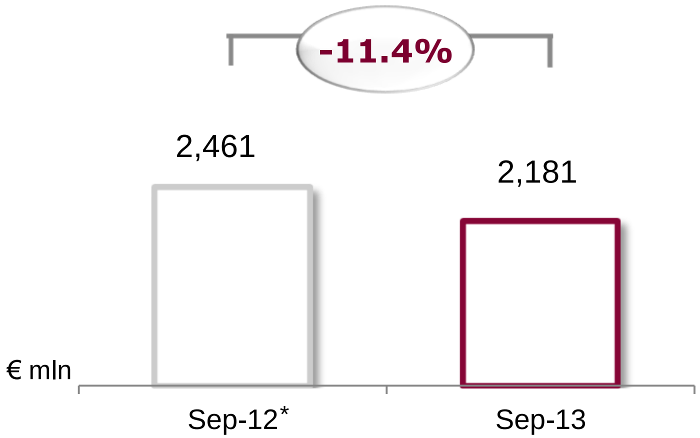
Bancassurance Contribution



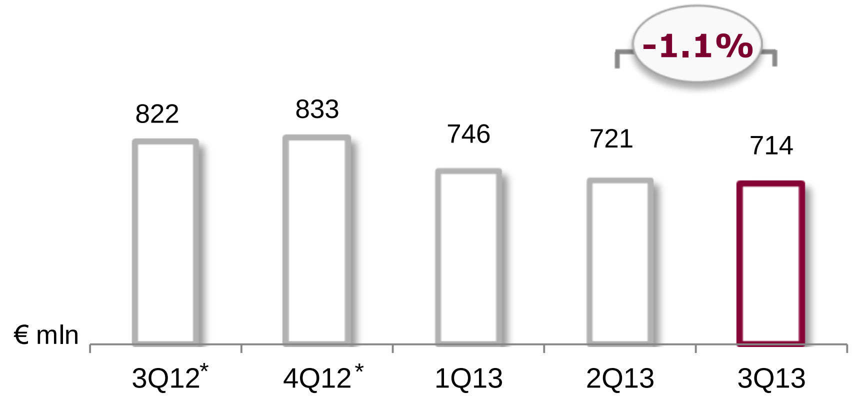
* Figures were restated by taking account of changes made in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors) as was done for the Consolidated Financial statements as at 31.12.2012, and with IAS 19 "Employee benefits" as was done for the Interim Report as at 31.03.2013

Operating Costs (1/2)

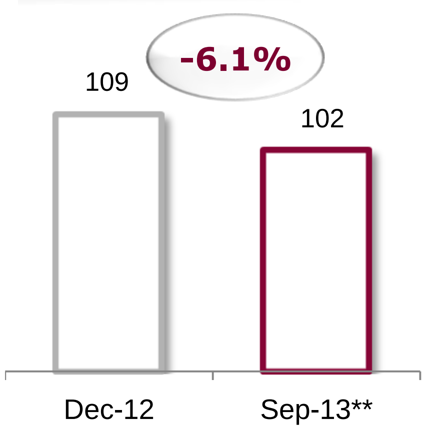
Operating Costs



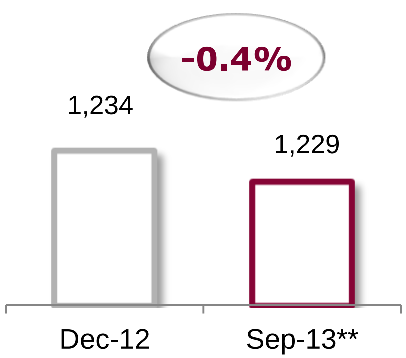
Operating Costs QoQ



Operating costs per headcount (€/000)



Operating costs per branch (€/000)

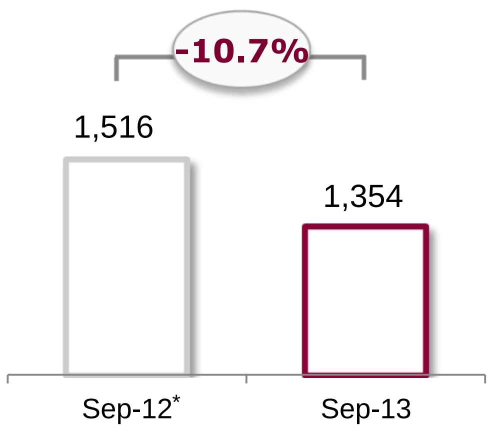


- **Cost rationalisation ongoing**, -11.4% YoY:
  - **Personnel expenses:** -10.7% YoY, thanks to headcount reduction
  - **Other administrative expenses:** -11.1% YoY thanks to structural actions on cost containment
- Operating costs include approx. EUR 7.5 mln of non recurring costs (mainly for litigation and restatement)

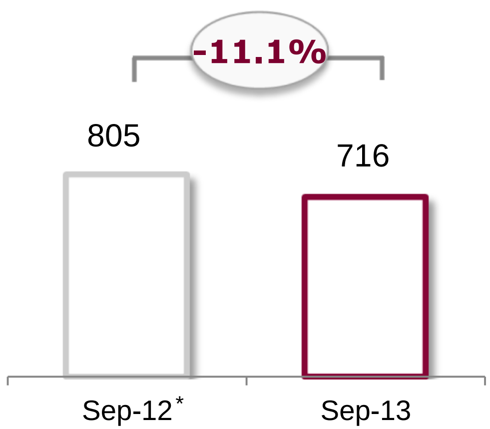
*Figures were restated by taking account of changes made in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors) as was done for the Consolidated Financial statements as at 31.12.2012, and with IAS 19 "Employee benefits" as was done for the Interim Report as at 31.03.2013
** Annualized costs

Operating Costs (2/2)

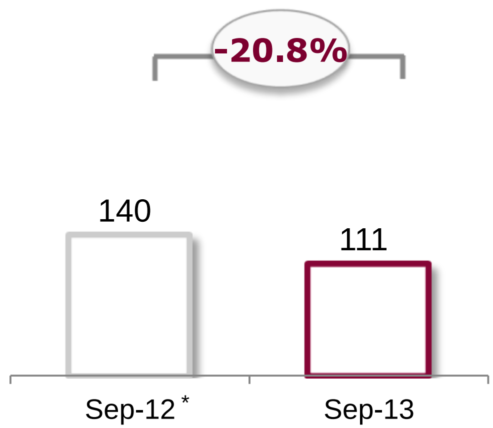
Personnel expenses (€/mln)



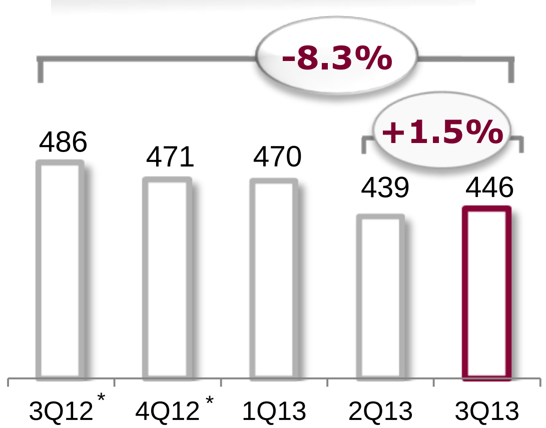
Admin expenses (€/mln)



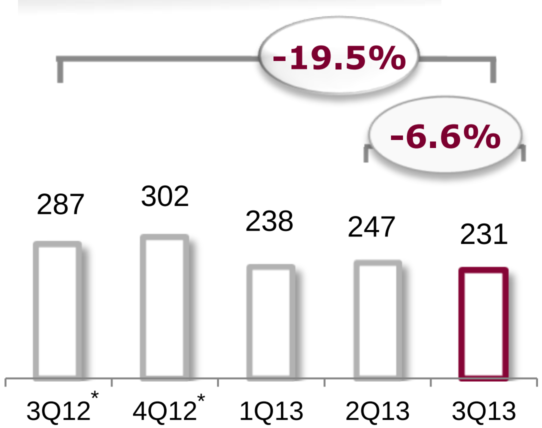
Amortization and Depreciation (€/mln)



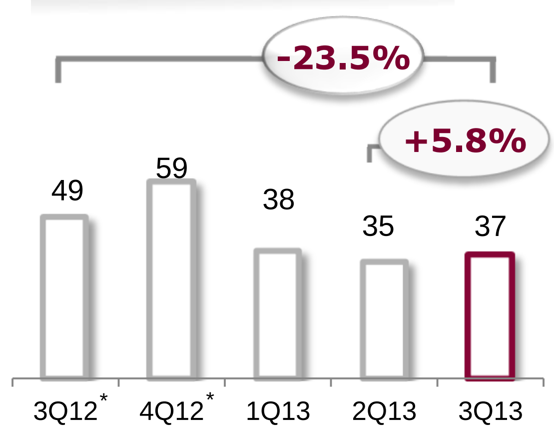
Personnel expenses QoQ (€/mln)



Admin expenses QoQ (€/mln)



Amortization and D.QoQ (€/mln)



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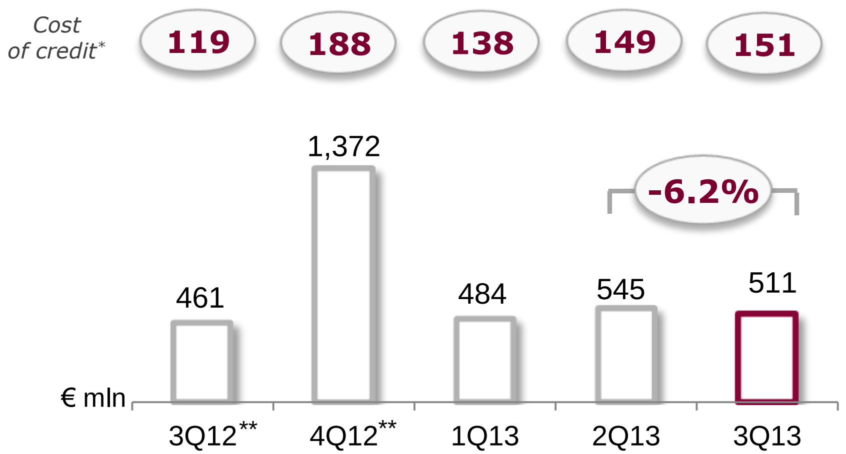
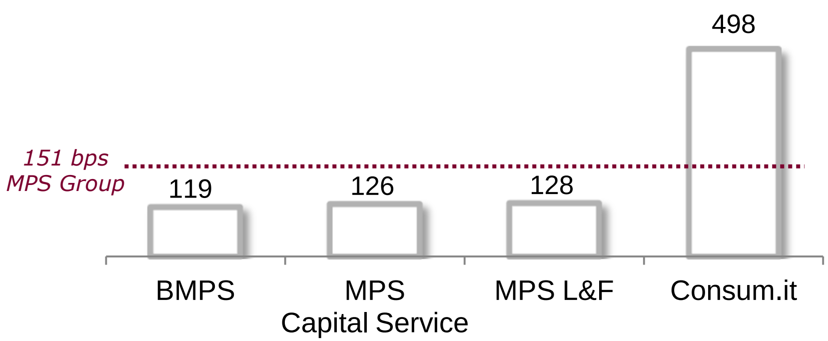
Provisioning

Net loan loss provisions and Cost of Credit (bps)

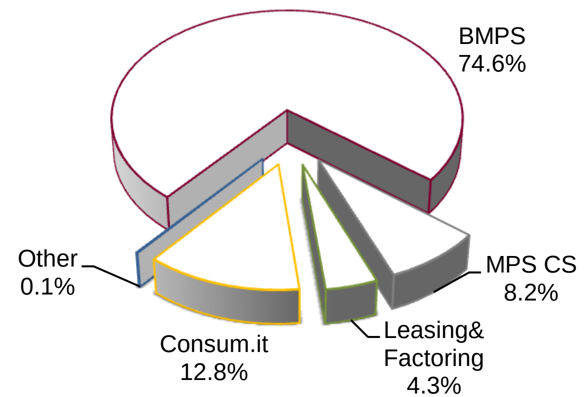


- **Net loan loss provisions** +18.5% YoY due to trends in impaired loans. In 3Q13 loan loss provisions dropped 6.2% owing to a higher share of new impaired loans having a low "degree of severity" (past due and restructured)
- **Provisioning rate** at 151 bps, in line with Jun-13 levels and down 37 bps from the end of 2012

Cost of Credit by business unit (bps)



9M Provisions (EUR 1.5bn) breakdown by Business units



* Net loan loss provisions / End-of-period loans
**Figures were restated by taking account of changes in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors)

Conclusion

- Bank's capital/financial rebalancing process consolidated in Q3, with consequent positive impacts on P&L

- Meanwhile, rollout of Business Plan initiatives continues

- Additional information on the Restructuring Plan will be disclosed once EC approval has been received

Thank you for your attention

Q&A

Annexes

P&L: Quarterly figures

MPS Group	2012 (*) 1st quarter	2nd quarter	3rd quarter	4th quarter	2013 1st quarter	2nd quarter	3rd quarter
Net interest income	882.6	788.5	724.0	434.5	597.0	486.5	506.6
Net fee and commission income	424.3	412.6	413.1	382.9	431.3	417.3	404.2
Income from banking activities	**1,306.9**	**1,201.0**	**1,137.1**	**817.4**	**1,028.3**	**903.7**	**910.8**
Dividends, similar income and gains (losses) on investments	10.6	28.5	17.5	18.5	27.2	38.6	31.1
Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities	182.0	76.5	255.1	(59.2)	120.8	75.5	90.5
Net profit (loss) from hedging	3.2	1.9	(3.6)	1.6	(4.0)	(0.9)	7.0
Income from financial and insurance activities	**1,502.7**	**1,307.8**	**1,406.2**	**778.3**	**1,172.3**	**1,017.0**	**1,039.4**
Net impairment losses (reversals) on:	**(435.8)**	**(518.8)**	**(474.8)**	**(1,464.8)**	**(494.5)**	**(556.6)**	**(519.4)**
a) loans	(430.3)	(408.7)	(461.0)	(1,371.6)	(484.2)	(544.8)	(511.0)
b) financial assets	(5.5)	(110.1)	(13.8)	(93.2)	(10.3)	(11.7)	(8.3)
Net income from financial and insurance activities	**1,066.8**	**789.0**	**931.4**	**(686.5)**	**677.8**	**460.4**	**520.0**
Administrative expenses:	(768.0)	(780.7)	(772.6)	(772.9)	(707.3)	(686.3)	(676.5)
a) personnel expenses	(504.5)	(525.7)	(485.8)	(470.6)	(469.6)	(439.2)	(445.7)
b) other administrative expenses	(263.5)	(255.0)	(286.8)	(302.3)	(237.8)	(247.1)	(230.9)
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(45.4)	(45.7)	(48.5)	(59.2)	(38.3)	(35.1)	(37.1)
Operating expenses	**(813.4)**	**(826.4)**	**(821.1)**	**(832.1)**	**(745.7)**	**(721.4)**	**(713.6)**
Net operating income	**253.4**	**(37.4)**	**110.3**	**(1,518.5)**	**(67.9)**	**(261.0)**	**(193.6)**
Net provisions for risks and charges and other operating expenses/income	(28.3)	(66.0)	(46.8)	(185.1)	5.8	8.8	(31.9)
Gains (losses) on investments	4.0	(5.8)	1.5	(57.8)	1.4	(32.2)	(0.1)
Reorganisation costs / one-off charges	(1.1)	(20.0)	(11.7)	(278.2)	-	(17.6)	(0.2)
Gains (losses) on disposal of investments	0.3	0.6	6.4	0.1	0.2	(1.9)	1.2
Profit (loss) before tax from continuing operations	**228.3**	**(128.7)**	**59.7**	**(2,039.6)**	**(60.5)**	**(303.9)**	**(224.6)**
Tax expense (recovery) on income from continuing operations	(127.2)	71.8	(76.9)	516.5	(31.7)	37.7	95.6
Profit (loss) after tax from continuing operations	**101.1**	**(56.9)**	**(17.1)**	**(1,523.1)**	**(92.2)**	**(266.2)**	**(129.1)**
Profit (loss) after tax from groups of assets held for sale and discontinued operations	4.0	6.6	3.2	(3.0)	-	-	-
Net profit (loss) for the period including non-controlling interests	**105.1**	**(50.2)**	**(14.0)**	**(1,526.1)**	**(92.2)**	**(266.2)**	**(129.1)**
Net profit (loss) attributable to non-controlling interests	(1.7)	(2.7)	(1.1)	27.0	(0.0)	(0.0)	(0.0)
Profit (loss) for the period before PPA , impairment on goodwill, intangibles and writedown of investment in AM Holding	**103.4**	**(52.9)**	**(15.0)**	**(1,499.1)**	**(92.3)**	**(266.2)**	**(129.1)**
PPA (Purchase Price Allocation)	(14.4)	(13.3)	(10.9)	(11.7)	(8.5)	(13.0)	(9.2)
Impairment on goodwill, intangibles and writedown of investment in AM Holding	-	(1,574.3)	-	(80.0)	-	-	-
Net profit (loss) for the period	**89.0**	**(1,640.5)**	**(25.9)**	**(1,590.8)**	**(100.7)**	**(279.3)**	**(138.3)**

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Creation of new Sales & Marketing model

PROGETTO REGATA

Objective: Substantially **increase** Retail **sales productivity,** contributing significantly to **growth of revenues**

- **Strengthening and optimisation** of **marketing** leverage (targeting, initiatives, monitoring...)
  - **Budget** with branch-level targets based on customer portfolio characteristics and trends
  - **Market-driven initiatives** with clear value proposition for customer, targeting approach and double-digit hit rates
  - **Monitoring of sales activities** with funnel of initiatives for each production unit and quality indicators on sales actions.
  - **"Business" model to develop promotions and use of direct channels** to support sales & distribution network
  - Strengthened and optimised **marketing supports**
  - **Embedded workflow platforms** to support fee & income processes (planning, advisory and sales)

- **Structuring of management processes** and sales & marketing execution
  - **Engineered and standard processes**: business plan transmission sequence, shadow training in branches, constant monitoring of performance trends, coded sales behaviours and regulated application
  - **Qualified/up-to-date skills and experience and technical know-how**: high-level, specialised roles, widespread managerial skills, executive-figures with new approaches/advanced platforms
  - **Motivational and incentive systems,** not just economic, but be merit-based

Figures from operational data management system (Retail Area)

The new online bank project is moving forward at full speed

widiba

New Bank presented to the market

- **Wise Dialog Internet Banking**: brand selected through crowdsourcing with a public contest and 1.800+ contributions
- **Presentation event** with 500 qualified participants
- Strong impact on **social and traditional media**: 80+ national press releases, 1.5M impressions just in one day, 94% positive social sentiment

Rollout machine already delivering

- New **vehicle** activated
- Key executives with **digital and social banking skills** onboarded
- **Unequaled value proposition created** with an innovative approach that breaks with the past
  Digital platform and processes being designed and tested

Expectations rising

- **Early disclosure** to raise awareness and engage stakeholders
- **Customer "waiting list"** growing
- **"Say and play"**: liquid feedback and social engagement platform designed

Being Launched Now

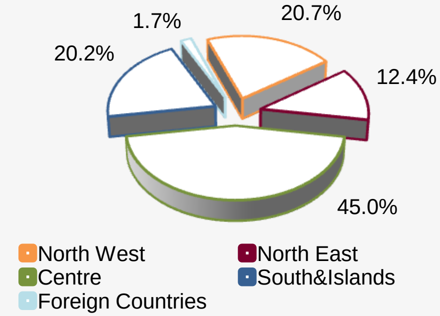
Figures from operational data management system (Bank on line Area)

Asset quality overview

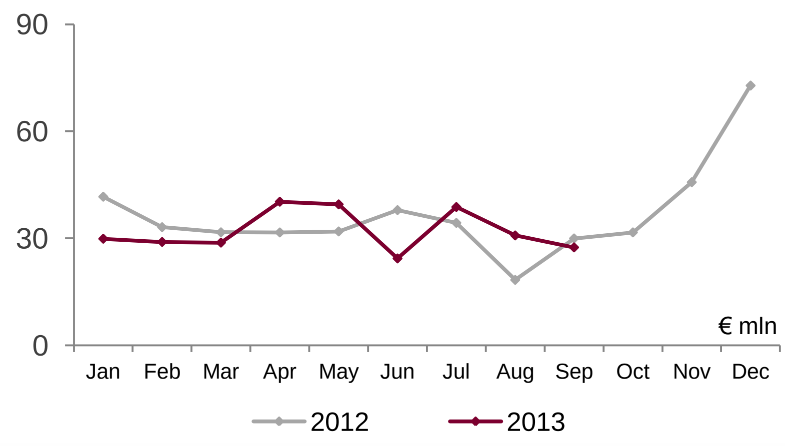
Impaired Loans

(€ mln)	Gross	Net
NPL *vs. Jun-13*	**19,980** +4.7%	**8,393** +5.1%
Watchlist *vs. Jun-13*	**9,032** +4.7%	**7,229** +5.2%
Restructured *vs. Jun-13*	**1,715** +9.6%	**1,476** +11.6%
Past Due *vs. Jun-13*	**3,172** +3.9%	**2,963** +3.6%

- High-granularity of loan book with a strong geographical diversification



Monthly Recovery - Inflows



Figures from operational data management system (Planning Area and Credit Department).

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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. Arturo Betunio, declares that the accounting information contained in this document corresponds to the underlying documentary evidence and accounting records.

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