MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

PRESS RELEASE

BoD APPROVES RESULTS AS AT 31 MARCH 2013

Good funding and lending performance despite difficult market environment and adverse media climate in February:

- *Direct funding substantially stable: +0.3% Y/Y, -0.3% Q/Q; further improving in April and May*
- *Placement of Bancassurance products on the rise: Life +25% Y/Y, Protection +6% Y/Y, Pension +24% Y/Y*
- *Consolidation of market shares in main business segments*

Significant signs of recovery in core revenues and operating cost reductions:

- *Net interest income on the rise as compared to 4Q 2012, stable on the pro-forma aggregate[1] (-0.5% Q/Q)*
- *Net fees and commissions up significantly (+12.6% Q/Q), driven by an increase in placement of insurance products and positive trends in revenues from services despite difficulties in February*
- *Operating expenses strongly reduced: -10.4% Q/Q and -8.3% Y/Y*
- *Cost of credit still high, although improving from last part of 2012 (138 bps vs. 188 bps in December 2012), on account of the prolonged macroeconomic downturn but remains within the framework of a prudential credit policy which witnessed a substantially stable NPL coverage ratio (57.9%) and a slowdown in NPLs inflows as compared to 4Q 2012*
- *Pre-tax result negative by approx. EUR 60 mln, at substantial breakeven if net of interest paid on New Financial instruments*
- *Net profit: approx. -EUR 100 mln*

Solid capital structure and liquidity profile confirmed:

- *Improvement in net interbank position: - EUR 4.3 bn vs December 2012*
- *Counterbalancing capacity at approx. EUR 18 bn at the beginning of May (vs. EUR 14 bn at the end of March)*
- *Securities portfolio down further on previous quarter (approx. -EUR 400 mln)*
- *Loan/Deposit ratio at 103.8% vs 104.7% in December 2012*
- *Reduction in financial assets: -2.9% on December 2012*
- *Tier 1 ratio: 11.8%; Core Tier 1 ratio: 11.1%*

[1] Elements of discontinuity partly relating to events of prior periods under accrual accounting emerged in the 4th quarter of 2012, including: recognition of interest on Tremonti Bonds for the entire amount relating to 2012,elimination of the 'urgent facility' fee and and revised methods for calculation of interest payable on overdrawn amounts, as well as changes in criteria for consolidation of Banca Popolare di Spoleto following loss of "significant influence".

Strong management commitment to delivery on Business Plan projects:

- *Headcount reduced by 1,541 units (1,554 gross) as compared to December with an additional 225 exits planned and 58% of Plan delivered by June*
- *96 branches closed, in implementation of the network restructuring plan set out in the Business Plan; further 160 closures planned by July and 40 by September with BP target of 400 closures to be achieved two years ahead of schedule*

Siena, 15 May 2013 – The Board of Directors of Banca Monte dei Paschi di Siena Spa reviewed and approved yesterday the 2013 first quarter results.

The first quarter of 2013 was marked by a **prolonged recessive scenario and low growth rates**. In 2012, trends in the global economy were weak, with growth estimates for 2013 revised downwards. However, tensions on financial markets show signs of easing. Yields on sovereign bonds have fallen in countries worst hit by tensions: in the first quarter of 2013, the spread of **10-year Italian BTPs vs. German bonds reached a low** of 240 bps in January 2013 and, after soaring to approximately 347 bps, seems to have stabilised at below 300. **Interest rates have settled around their lows:** 1-month Euribor at approximately 11 bps; credit spreads maintained their high levels.

On top of the complex scenario outlined above, during the first quarter, the Group was faced with the **adverse media climate** surrounding the structured transactions named “Alexandria”, “Santorini” and “Nota Italia” and investigations into the acquisition of Banca Antonveneta, among other things; the Group’s response was firm and determined with the objective of preserving its interests, reputation and customer trust.

The coordinated set of actions planned by the Management and use of all possible tools available, enabled the Group to **stabilise lending and funding volumes at 2012-end levels**, **consolidate market shares in main business segments and stop the downturn in revenues.**

<u>Group profit and loss results for Q1 2013</u>

As at 31 March 2013, the Group's **net income from banking and insurance** was in the region of EUR **1,172 mln**, up 50.6% on 4Q 2012 (+ EUR 394 mln approximately), although down 22% on the same period of last year. More specifically:

- **Net interest income** amounted to approx. EUR 597 mln, up 37.4% on the previous quarter and down 32.4% on 31 March 2012. For a correct interpretation of changes in the aggregate, it is noted that some elements of discontinuity, partly relating to events of prior periods under accrual accounting, emerged in the 4th quarter of 2012, including:
  - recognition of interest on Tremonti Bonds for the entire amount relating to 2012[2];
  - elimination of the 'urgent facility fee" and changes in the calculation of interest payable on overdrawn amounts[3];

[2] The event is a consequence of changes in the conditions of interest payable on Tremonti Bonds introduced by the Decree of the Ministry of Economy and Finance on 21 December 2012. The original conditions for interest payable on these instruments provided that interest would not to be paid if a loss was posted at the end of the year. By contrast, the afore-mentioned decree introduced the obligation for the Parent Company to pay pro-rata interest of 9% of nominal value p.a. for the period from 1 January to 31 December 2012, even if a loss is posted for financial year 2012.

[3] Legislative novelties introduced under art. 117-bis of the Consolidated Law on Banking, effective as of 1 July 2012, have led to major changes in interest and fees payable on lines of credit and overdraft current accounts. With regard to the latter, the Group -in compliance with recent provisions- eliminated the 'urgent facility' fee (*commissione di istruttoria urgente*, CIU) and reformulated methods for calculation of interest payable on overdrawn amounts in the fourth quarter of 2012. At the same time, pursuant to the afore-

- changes in criteria for consolidation of Banca Popolare di Spoleto following loss of 'significant influence'.

If the quarters of 2012 were restated to reflect the accrual accounting of factors illustrated above, net interest income would show substantial stability compared to the fourth quarter of 2012 (-0.5%), primarily on account of the following offsetting effects: in negative terms, two fewer business days (approx - EUR 13 mln) and higher costs (approx. - EUR 19 mln) in connection with the issue of New Financial Instruments on 28 February 2013[4]; in positive terms, the repricing of on-demand/short-term loans and a shift from market funding to less expensive funding sources. With respect to 31/03/2012, a reduction would be registered due to falling benchmark rates (average 1-month Euribor for 1Q 2013 down approximately 55 bps compared to 1Q 2012; 6-month Euribor down approximately 100 bps) and credit spreads remaining at high levels.

- **Net fees and commissions**, totalling ca. EUR 431 mln, picked up significantly, growing by roughly 12.6% from 4Q 2012 (+ EUR 48 mln approximately) and 1.7% as compared to the same period of last year. The aggregate was positively affected by the significant increase in the placement of insurance products (more than doubled as compared to the previous quarter) and, to a lesser extent, by the favourable trend in revenues from services (in particular those from transaction receipt and transmission, international banking and loan-related services).

- **Dividends, similar income and gains (losses) on investments** totalling approximately EUR 27.2 mln (vs. EUR 18.5 mln in Q4 2012), were primarily attributable to the income of investments consolidated at equity, with AXA-MPS insurance accounting for approx. EUR 23.2 mln.

- **Net profit/loss from trading/valuation/repurchase of financial assets/liabilities** totalled approximately EUR 121 mln (vs. ca. - EUR 59 mln in Q4 2012) and included:
  - **Net profit (loss) from trading** amounting to EUR 63.5 mln (vs. -EUR 45.8 mln in Q4 2012), in connection with the opportunities offered by the financial markets in the first quarter of the year;
  - **Disposal / repurchase of loans, available-for-sale financial assets and liabilities**, totalling approximately EUR 24 mln (vs. - EUR 9.2 mln in Q4 2012), mainly attributable to the capital gain arising from the planned optimisation of the AFS securities portfolio;
  - **Net profit (loss) on financial assets and liabilities designated at fair value** amounting to EUR 33 mln (- EUR 4.2 mln in Q4 2012) accounted for by the reduction in value of certain BMPS subordinated securities placed with institutional customers.

- **Net income from hedging,** negative by approx. EUR 4 mln (vs. + EUR 1.6 mln in Q4 2012).

Net loss provisions on impairment of loans stood at approx. EUR 484 mln, with a significant improvement (+ EUR 890 mln) on the previous quarter. For a correct interpretation of changes in the aggregate, it is noted that the fourth quarter of 2012 was considerably impacted by adjustments to the provisioning funds for a cluster of NPL and watchlist positions as well as by the trendline in gross impaired loans. As compared to 31/03/2012, net provisions on impairment of loans increased by 12.5% as a result of the prolonged crisis which has prompted an accelerated upturn in impaired loans. The ratio of annualised loan loss provisions over total customer loans is expressive of a provisioning rate of 138 bps, as compare to 188 bps in 2012.

Net adjustments for impairment of financial assets stood at EUR 10.3 mln, a significant improvement as compared to the previous quarter (EUR 93 mln in Q4 2012).

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mentioned article, a 'fast-track facility' fee ("c*ommissione di istruttoria veloce*", CIV) was introduced, commensurate with the costs incurred on average by the Bank for preliminary activities necessary to properly assess the granting of overdraft facilities (this new fee is accounted for under "Other operating income").

[4] It is noted that the issue of NFIs led to an increase in the amount of instruments subscribed to by the Italian Treasury from EUR 1.9 bn to EUR 4.071 bn.

As a consequence, **income from banking and insurance** stood at approx. EUR 678 mln as compared to Q4 2012, which was in negative territory by EUR 686.5 mln (-36.5% from 31/03/2012).

Total **Operating expenses** amounted to approximately EUR 746 mln, down 10.4% on Q4 2012 and 8.3% on the same period of last year. In particular:

- **Personnel expenses**, totalling approximately EUR 470 mln, down 2.5% on the previous quarter and down ca. 6.4% as compared to 31 March 2012. Both sets of data were restated on a "like-for-like" basis[5], to reflect headcount changes and agreements with the unions signed at the end of 2012 which are expected to generate benefits in 2013 primarily on account of the early retirement schemes put in place at the end of the quarter;
- **Other administrative expenses** (net of customer expense recovery), totalling approx. EUR 238 mln, down 23.0% from Q4 2012 and 9.0% with respect to 31 March 2012, were restated on "a like for like" basis[5], with reductions concentrated in communications and sponsorships, facility management and office supplies, telephones, business trips;
- **Net value adjustments to tangible and intangible assets** were in the region of EUR 38.3 mln, down over 35% as compared to Q4 2012, benefitting particularly from the write-down of intangibles in 2012.

On the back of these factors, **Net Operating Profit** was negative by approximately EUR 68 mln (vs. appoximately - EUR 1,519 in Q4 2012).

The **cost/income** ratio was 63.6% (vs. 65.9% as at 31/12/2012).

A contribution to **Net profit for the period** also came from:

- **Net provisions for risks and charges and other operating income/expenses**, totalling approximately EUR 6 mln, a considerable improvement on the Q4 2012 amount of - EUR 185 mln. As at 31/03/13, the aggregate included:
  - approximately - EUR 21 mln in provisions to the fund for risks and charges, covering primarily legal disputes and claw-back actions;
  - other operating expenses (income), totalling approx. + EUR 27 mln (vs. + EUR 14 mln in Q4 2012), primarily affected, in negative terms, by charges in connection with lawsuit settlement and write-downs on improvements of third-party goods and, to a positive extent, by revenues from 'fast-track credit facility' fees.

- **Gains on investments**, totalling approx. EUR 1.4 mln.

- **Gains (losses) on disposal of investments**, for an amount of EUR 0.2 mln.

On the back of these components, the **loss before tax from continuing operations** as at 31/03/2013 totalled approximately EUR 61 mln (vs. a loss of approximately EUR 2,039 mln in Q4 2012 and a profit of EUR 228.3 mln in March 2012).

Taxes on profit (loss) for the period from continuing operations amounted to - EUR 31.7 mln (vs. + EUR 517 mln in Q4 2012).

The consolidated net profit before Purchase Price Allocation (PPA) posted a **loss** of **EUR 92.3 mln** (vs. a loss of - EUR 1,498.7 mln in Q4 2012 and a profit of EUR 103.4 mln in Q1 2012).

[5] Restated by excluding Banca Popolare di Spoleto's deconsolidation effects, which were entirely accounted for in the fourth quarter of 2012, although relating to other quarters under accrual accounting.

Considering the effects of PPA (-EUR 8.5 mln), the **loss** for the **Group** in the **first quarter of 2013 totalled EUR 100.7 mln.**

1Q 2013 balance-sheet aggregates for the Group

As at 31/03/2013, **total funding** volumes for the Group amounted to approximately EUR 246 bn, down 1.6% on December 2012, as a result of the downturn in indirect funding (-3.2%) against a substantially stable trend in direct funding (-0.3%). As compared to 31 March 2012, total funding witnessed a reduction of 9.8%.

Direct funding for the Group, totalling approximately EUR 135 bn, remained substantially stable on 2012-end levels, with a market share which was confirmed to be at around 6.7% (as at February 2013, latest data available). In terms of retail and corporate funding, volumes showed a slight decrease compared to 31/12/2012 (-2.2%, - EUR 2 bn), with a shift from current accounts and bonds to time deposits, which grew significantly (+43.5%) thanks to the product Conto Italiano di Deposito. The trendline in retail and corporate funding was largely compensated by funding from institutional counterparties, which witnessed a growth in repurchase agreements and a fall in bonds on international markets. The issuance of New Financial Instruments (a.k.a. NFIs) subscribed by the Ministry of Economy and Finance at the end of February 2013[6] was reclassified to direct funding, with a net effect of approximately EUR 2 bn as at 31/03/2013 compared to 31/12/2012.

Indirect funding, totalling EUR 111 bn, was down 3.2% as compared to the end of 2012 and 19.7% as compared to 31/03/2012. More specifically:

- **Asset management** closed the quarter with volumes totalling approximately EUR 44 bn, a slight decrease on 31/12/2012 (-1.6%), mainly accounted for by net AM outflows in line with industry trends. A breakdown of the aggregate shows:
    - an insurance component of approx. EUR 22 bn (-2.6% compared to end of previous year; -6,4% compared to 31/03/2012), benefitting from insurance premiums collected for an amount of approximately EUR 1.4 bn, driven by Unit-Linked products;
    - Mutual investment funds and open-end collective investment schemes (Sicavs), amounting to approximately EUR 16 bn, broadly in line with levels as at 31/12/2012 (+0.1%) and down 1.3% on the same period of last year;
    - Individual managed accounts totalled approximately EUR 6 bn (-2.3% from 31/12/2012; -3% from 31/03/2012).
- **Assets under custody**, amounting to approximately EUR 67 bn, declined by 4.2% as compared to 31/12/2012, primarily on account of a remix in the Retail customers' portfolio. The variation as compared to the same period of last year (-27.4% approximately) is primarily due to changes in the assets under custody of Group's key clients, with P&L impact, hower, not being significant.

[6]On 28 February 2013, Banca Monte dei Paschi di Siena S.p.A. completed the issuance of New Financial Instruments provided for by articles 23-sexies of Law Decree no. 95 of 6 July 2012, converted, with amendments, into Law no.135 of 7 August 2012, as subsequently amended (the "New Financial Instruments"). In particular, the Ministry of Economy and Finance subscribed to New Financial Instruments (NFIs) issued by the Bank for a total of EUR 4.071 bn, of which EUR 1.9 bn allocated to the full repayment of the Tremonti Bonds already issued by the Bank in 2009 (and included, as of end December 2012, in "Other forms of direct funding" and EUR 0.171 bn, due on 1 July 2013, for advance payment of interest accrued on Tremonti Bonds up to 31 December 2012, in consideration of the Bank's negative results as at 31 December 2012. From a Capital Adequacy standpoint, although included in Direct Funding, Tremonti Bonds qualify as Core Tier 1, by reason of their subordination pari passu with ordinary shares, in the event of both voluntary liquidation or bankruptcy proceedings and under going concern assumption.

Loans to customers of the Group amounted to approx. EUR 141 bn, down 1.1% on the end of 2012, largely on account of both a lower demand for loans in connection with the recessive economic cycle, which primarily penalised current account and short-term lending, and the more selective credit policies adopted by the Group. Similarly, a downturn was registered in mortgage loans (-2.5% on 31/12/2012), which were partly penalised by a drop in the buying and selling of real estate properties. The Group's market share of total loans was confirmed to be at around 7.2% (as at February 2013, latest data available).

As for **special-purpose loans**, disbursed by the Group through dedicated product companies, in the first quarter of 2013:

- EUR 121 mln in new loans were granted by MPS Capital Services, a decline as compared to both Q4 2012 and the same period of last year;
- Revenues from Leasing contracts totalled approximately EUR 135 mln, similarly down on the levels for 2012, as was Factoring, with a turnover of about EUR 1.6 bn;
- In consumer lending, new disbursements through the subsidiary, Consum.it, totalled approximately EUR 552 mln, a slowdown as compared to the levels for 2012.

As at the end of March 2013, the Group's net exposure to **impaired loans** totalled approx. EUR 18.7 bln, an increase of about 7.4% from the end of 2012. A breakdown of the aggregate as compared to 31/12/2012 reveals an increase in Past-due positions (+13.7%), Watchlist loans (+9.7%) and Non-performing loans (+4.9%), whereas a decline was registered in Restructured loans (-1.8%). Therefore, the impaired loans' share of total customer loans rose to 13.3% from 12.2% at the end of December 2012, as a result of the prolonged economic crisis.
As at 31/03/2013, **impaired loan coverage** was 40.4%, broken down as follows: NPL coverage was confirmed at 57.9%, in line with 2012-end levels; watchlist loan coverage was 20.9%, down on the levels as at the end of last year on the back of greater inflows of collateralised exposures and a higher share of 'objective watchlist loans' which, given the better *cure rate*, require more limited coverage.

The Group's securities and derivatives portfolio, amounting to EUR 38 bn, was down by approx. 1.1% as compared to the end of December 2012. In this area, the AFS component remained broadly stable, since disposals, concentrating on higher-capital absorption instruments, were substantially offset by new short-term investments with a low risk profile. The HFT component showed a 2.3% decline as compared to the previous quarter, while the downturn in the L&R segment was primarily attributable to securities reaching natural maturity.
The portfolio's exposure is concentrated in Italian government bonds, mainly classified as AFS and, to a lesser degree, as HFT. The approach reflects the policy pursued in prior periods by the Group with a view to boosting interest income through investments, both strategic and short-term, within a market framework that continues to be characterised by a steep yield curve.

As at 31/03/2013, the Group's **Regulatory capital** amounted to EUR 14,480 mln; **Risk Weighted Assets** (RWA) totalled approximately EUR 88.6 bn. With regard to capital ratios, the **Core Tier 1 Ratio** (inclusive of EUR 4,071 mln in New Financial Instruments, a.k.a. Monti Bonds) was 11.1% (vs. 8.9% as at 31 December 2012), with **Tier 1** at 11,8% (vs. 9.5% as at 31 December 2012) and **Total Capital Ratio** at 16.3% (13.7% as at 31 December 2012[7]).

[7]Data as at 31/12/2012 was restated after the Bank was requested by the Supervisory Authority on 7 May 2013 to make a retrospective change to Tier 1 capital which reduced it by EUR 76 mln.

In compliance with Segment Reporting requirements under IFRS 8, the highlights for the Retail and Corporate banking divisions of the Montepaschi Group are reported below:

Total Retail & Corporate Banking

- Revenues: EUR 1,479.2 mln (+1.5% Y/Y).
- Direct funding: EUR 91,539 mln, down on previous year (-5.2% Y/Y).
- Interest-bearing loans to customers: EUR 121,423 mln, down on previous year (-6.4% Y/Y).

of which:

Retail Banking

- Revenues: EUR 1,016.6 mln (+18.5% Y/Y).
- Direct funding: EUR 70,279 mln (-5.2% Y/Y).
- Interest-bearing loans to customers: EUR 59,385 mln (-4.4% Y/Y).

Corporate Banking

- Revenues: EUR 462.7 mln (-22.9% Y/Y).
- Direct funding: EUR 21,260 mln (-5.0% Y/Y).
- Interest-bearing loans to customers: EUR 62,038 mln (-8.2% Y/Y).

Reported below are also the results of the Group's major companies, which have already been included in segment reporting (Retail & Corporate Banking Division and the Corporate Centre) pursuant to the requirements of IFRS 8.

Consum.it:

- Net Operating Income: EUR 18.2 mln.
- Net profit (loss) for the period: EUR 9.9 mln.

MPS Capital Services Banca per le Imprese:

- Net Operating Income: EUR 57.7 mln.
- Net profit (loss) for the period: EUR 27.9 mln.

MPS Leasing & Factoring:

- Net Operating Income: EUR 2.8 mln.
- Net profit (loss) for the period: - EUR 0.7 mln.

Major events in Q1 2013

January

- BoD was accorded authority by the Extraordinary shareholders' meeting to increase share capital for up to a maximum of EUR 4.5 bn, at the exclusive service of the bank's option to convert the government-backed New Financial Instruments.
- Plans filed for the merger by absorption of Banca Antonveneta and Mps Gestione Crediti Banca into the Parent company.
- Rating agency 'Dominion Bond Rating Service' (DBRS) initiated coverage on BMPS. Their initial rating was investment grade, with long-term rating at ‘BBB’ with negative outlook and short-term rating at ‘R-2 (mid)’ with stable outlook. This rating was affirmed on 8 February 2013.
- Moody’s placed Banca Monte Paschi di Siena's “Ba2” long-term rating on review for possible downgrade.
- Standard&Poor’s lowered long-term rating to BB from BB+, maintaining a negative outlook.

February

- Issuance of government-backed New Financial Instruments completed for a total of EUR 4,071 million.

March

- Process completed for acceptance in full of all applications by eligible employees for admission to the Solidarity Fund, whereby 1,660 employees will leave employment earlier than scheduled.
- BoD initiated liability actions and claims for damages in relation to certain structured transactions carried out in previous years.
- Fitch Ratings affirmed long- and short-term ratings at "BBB/F3" and revised its outlook from "stable" to "negative".
- Approval of the Report on Corporate Governance and Ownership Structure, prepared in compliance with the guidelines set out in the Corporate Governance code for listed companies issued by the Italian Stock Exchange and published under the section Investors & Research at www.mps.it.

Events after the reporting period

23 April

- Signing of Banca Antonveneta's deed of merger.

29 April

- On 29 April 2013, the Shareholders' Meeting of the Bank approved the Annual Report as at 31.12.2012; the election of Mr. Pietro Giovanni Corsa as Deputy Chairman of the Board of Directors; the new Sharehoders' Meeting regulations; the Remuneration Report (prepared pursuant to art. 123-ter of the Consolidated Law on Finance and published under 'Investors & Research' on the corporate website at www.mps.it).

  Shareholders further resolved to take liability action, as proposed by the BoD and brought before the Court of Florence, against former Chairman of the Board of Directors, Giuseppe Mussari, and former General Manager, Antonio Vigni, for all damages sustained and to be sustained by the Bank in relation to the transaction entered into with Nomura Int. Plc and against former General Manager, Antonio Vigni, for all damages sustained and to be sustained by the Bank in relation to the transaction entered into with Deutsche Bank AG.

09 May

- Moody's downgraded Banca Monte dei Paschi's long-term rating to 'B2' from 'Ba2', with negative outlook.

This press release will be available atwww.mps.it

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

RECLASSIFIED ACCOUNTS

MPS GROUP RECLASSIFICATION PRINCIPLES

P&L AND BALANCE SHEET RECLASSIFICATION PRINCIPLES

The following accounting statements illustrate balance-sheet and profit & loss accounts reclassified according to operating criteria. In particular, with regard to the income statement of the two periods under comparison, in addition to the usual aggregations and reclassifications of accounts, for the purpose of providing a clearer picture of group performance, the first three quarters of 2012 were restated -as were the financial statements for the year ending 31/12/2012- to take account of the following factors:

- Restatement of prior period accounts in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors) with retrospective correction of errors in the accounting representation:
  - of transactions “Alexandria”, “Santorini” and “Nota Italia”, which impacted the following reclassified items: Net interest income; Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities;
  - as a result of audits conducted on accounting mismatches between operating and administrative-accounting results relating to the administrative management of personnel, which had an impact on the following reclassified items: Personnel expenses, Net provisions for risks and charges and Other operating income (expense).
- Allocation of Biverbanca's contribution to ‘Profit (loss) from assets held for sale and discontinued operations’ as of 30/06/2012; accordingly, periods prior to this date were restated. The Company was sold to Cassa di Risparmio di Asti on 28/12/2012.
- Restatement of prior period accounts in compliance with IAS 19 "Employee benefits".

Additionally, figures of all quarters of 2012 were restated exclusively under IAS 19 "Employee benefits", with effects on the reclassified P&L item "Personnel expenses".

By decree of 8 February 2013, the Ministry of Economy and Finance determined the dissolution of Banca Popolare di Spoleto's management and control bodies, with significant influence over the company thus ceasing to exist; as at 31/03/2013, the investment was classified as Available For Sale. Considering that this element of discontinuity does not cause any significant misinterpretations of the Group's data, prior periods were not restated; the effect was indicated in the notes to the Financial Statements, when necessary.

Following are the reclassifications made to the consolidated profit and loss account as at 31 March 2013:

a) **“Net profit/loss from trading/valuation/repurchase of financial assets/liabilities”** in the reclassified income statement, includes Item 80 "Net profit (loss) from trading", Item 100 "Gains (losses) on disposal/repurchase of loans, financial assets available for sale or held to maturity and financial liabilities" and Item 110 "Net profit (loss) on financial assets and liabilities designated at fair value". The item incorporates dividends earned on securities held in the Group's securities and derivatives portfolio (EUR 6.7 mln).

b) **“Dividends, similar income and gains (losses) on investments”** in the reclassified income statement incorporates item 70 “Dividends and similar income” and a portion of item 240 “Gains (losses) on investments” (approx. EUR 26.9 mln, corresponding to the share of profit and loss for the period contributed by investments in associates AXA, Intermonte Sim and Asset Management Holding, consolidated at equity). Dividends earned on securities held in the securities and derivatives portfolio, as outlined under the item above, have also been eliminated from the aggregate.

c) **“Net impairment losses (reversals) on loans”** in the reclassified income statement was determined by excluding provisions taken in connection with securities classified in the loan book (EUR 3.9 mln) which were allocated to “Net impairment losses (reversals) on financial assets”.

d) “**Net impairment losses (reversals) on financial assets**” includes items 130b “Financial assets available for sale”, 130c “Financial assets held to maturity” and 130d ”Other financial transactions” as well as the loss provision taken in connection with securities classified in the loan book referred to under the item above.

e) “**Other administrative expenses**” in the reclassified income statement was deducted of the portion of stamp duty and client expense recovery (approx. EUR 66.1 million) posted under item 220 “Other operating expenses (income)”.

f) The item **“Net provisions for risks and charges and other operating income (expenses)”** in the reclassified income statement, which incorporates item 190 “Net provisions for risks and charges” and item 220 “Other operating expenses (income)”, includes stamp duty and client expense recoveries as described under item e) above.

g) **“Gains (losses) on investments”** was cleared of components reclassified as “Dividends and similar income" (see item b).

h) The effects of Purchase Price Allocation (PPA) posted to this specific account were reclassified out of other items (in particular “**Interest income**” for an amount of EUR 8.3 mln and **Depreciation/amortisation** for an amount of EUR 4.3 mln, net of a theoretical tax burden of - EUR 4.2 mln which integrates the item).

With regard to the reclassified **Balance sheet,** as was done for the annual report as at 31/12/2012, data for prior periods take account of the effects from the retrospective correction of errors in the Parent Company's accounting representation of transactions “Alexandria”, Santorini and “Nota Italia”, as well as of errors revealed by audits conducted by the Parent Company on accounting mismatches between operating and administrative-accounting results relating to the administrative management of personnel. The above had an impact on the following reclassified items: Loans to customers/Deposits from customers, Other Assets/Liabilities; Deposits from banks, Financial liabilities held for trading.

Additionally, figures of all quarters of 2012 were restated exclusively under IAS 19 "Employee benefits", with effects on the following reclassified balance-sheet aggregates: Other assets/Other liabilities, Provision for staff severance pay, Pension funds, Group net equity.

Balance sheet items referring to Biverbanca for periods prior to 30 June 2012, were not restated in the balance sheet accounting tables. Conversely, in order to obtain like-for-like comparisons, figures and respective notes set out in the tables of Section “The Group's profit & loss and balance sheet results" were restated to take account, among other aspects, of Biverbanca's disposal.

As previously described, Banca Popolare di Spoleto was classified as Available for Sale as at 31/03/2013. Considering that this element of discontinuity does not cause any significant misinterpretations of the Group's operating data, prior periods were not restated; the effect was indicated in the notes to the Financial Statements, when necessary.

Listed below are the major reclassifications made to the consolidated **Balance Sheet:**

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

j) **“Other assets”** on the assets side of the reclassified balance-sheet incorporates item 80 "Hedging derivatives", item 90 "Changes in value of macro-hedged financial assets", item 140 "Tax assets", item 150 "Non-current assets held for sale and discontinued operations" and item 160 "Other assets".

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

l) “**Other liabilities**” on the liabilities side of the reclassified balance-sheet incorporates item 60 “Hedging derivatives”, item 70 “Changes in value of macro-hedged financial liabilities", item 80 “Tax liabilities”, item 90 “Liabilities associated with assets held for sale and discontinued operations” and item 100 “Other liabilities”.

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CONSOLIDATED REPORT ON OPERATIONS

Highlights at 03/31/13

■ INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

MPS GROUP			
INCOME STATEMENT FIGURES (in EUR mln)	**03/31/12** (*)	**03/31/13**	**% chg**
Income from banking activities	1,306.9	1,028.3	-21.3%
Income from financial and insurance activities	1,502.7	1,172.3	-22.0%
Net operating income	253.4	-67.9	-126.8%
Parent company's net profit (loss) for the period	89.0	-100.7	n.s.
BALANCE SHEET FIGURES AND INDICATORS (in EUR mln)	**12/31/12**	**03/31/13**	**% chg**
Direct funding	135,670	135,311	-0.3%
Indirect funding	114,176	110,515	-3.2%
of which: assets under management	*44,540*	*43,820*	-1.6%
of which: assets under custody	*69,636*	*66,695*	-4.2%
Loans to customer	142,015	140,510	-1.1%
Group net equity	6,396	6,271	-2.0%
KEY CREDIT QUALITY RATIOS (%)	**12/31/12**	**03/31/13**	**Abs. chg**
Net doubtful loans/Loans to Customers	5.1	5.4	0.3
Net substandard loans/Loans to Customers	4.2	4.7	0.5
PROFITABILITY RATIOS (%)	**12/31/12**	**03/31/13**	**Abs. chg**
Cost/Income ratio (**)	65.9	63.6	-2.32
Net loan loss provisions / End-of-period loans	1.88	1.38	-0.50
CAPITAL RATIOS (%) (***)	**12/31/12**	**03/31/13**	**Abs. chg**
Solvency ratio	13.7	16.3	2,6
Tier 1 ratio	9.5	11.8	2,3
INFORMATION ON BMPS STOCK	**12/31/12**	**03/31/13**	
Number of ordinary shares outstanding	11,681,539,706	11,681,539,706	
Price per ordinary share:	from **12/31/11** to **12/31/12**	from **12/31/12** to **03/31/13**	**% chg**
average	0.25	0.24	-4.0%
low	0.16	0.19	18.8%
high	0.42	0.30	-28.6%
OPERATING STRUCTURE	**31/12/2012**	**03/31/13**	**Abs. chg**
Total head count - end of period	30,265	28,724	-1,541
Number of branches in Italy	2,671	2,577	-94
Financial advisory branches	138	139	1
Number of branches & representative offices abroad	39	39	

(*) As was done for the Consolidated Financial statement sas at 31.12.2012, figures were restated by excluding the contribution from Biverbanca (which was sold on 28/12/12) and taking account of changes made in compliance with both IAS 8 (Accounting policies, changes in accounting estimates and errors) and IAS 19 "Employee benefits".

(**) Figures as at 31/12/2012 were restated as a result of the application of IAS 19 "Employee benefits".

(***) Data as at 31/12/2012 was restated after the Bank was requested by the Supervisory Authority on 7 May 2013 to make a retrospective change to Tier 1 capital which reduced it by EUR 76 mln.

■ **RECLASSIFIED INCOME STATEMENT (in EUR mln)**

MPS Group	03/31/12 (*)	03/31/13	Change Ins.	Change %
Net interest income	882.6	597.0	(285.6)	-32.4%
Net fee and commission income	424.3	431.3	7.0	1.7%
Income from banking activities	**1,306.9**	**1,028.3**	**(278.6)**	**-21.3%**
Dividends, similar income and gains (losses) on investments	10.6	27.2	16.6	n.m.
Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities	182.0	120.8	(61.2)	-33.6%
Net profit (loss) from hedging	3.2	(4.0)	(7.2)	n.m.
Income from financial and insurance activities	**1,502.7**	**1,172.3**	**(330.3)**	**-22.0%**
Net impairment losses (reversals) on:	**(435.8)**	**(494.5)**	**(58.7)**	**13.5%**
a) loans	(430.3)	(484.2)	(53.9)	12.5%
b) financial assets	(5.5)	(10.3)	(4.8)	86.8%
Net income from financial and insurance activities	**1,066.8**	**677.8**	**(389.0)**	**-36.5%**
Administrative expenses:	(768.0)	(707.3)	60.7	-7.9%
a) personnel expenses	(504.5)	(469.6)	34.9	-6.9%
b) other administrative expenses	(263.5)	(237.8)	25.7	-9.8%
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(45.4)	(38.3)	7.1	-15.6%
Operating expenses	**(813.4)**	**(745.7)**	**67.7**	**-8.3%**
Net operating income	**253.4**	**(67.9)**	**(321.3)**	**-126.8%**
Net provisions for risks and charges and other operating expenses/income	(28.3)	5.8	34.1	-120.4%
Gains (losses) on investments	4.0	1.4	(2.6)	-65.2%
Reorganisation costs / one-off charges	(1.1)	-	1.1	n.m.
Gains (losses) on disposal of investments	0.3	0.2	(0.0)	-17.5%
Profit (loss) before tax from continuing operations	**228.3**	**(60.5)**	**(288.7)**	**-126.5%**
Tax expense (recovery) on income from continuing operations	(127.2)	(31.7)	95.5	-75.0%
Profit (loss) after tax from continuing operations	**101.1**	**(92.2)**	**(193.3)**	**n.m.**
Profit (loss) after tax from groups of assets held for sale and discontinued operations	4.0	-	(4.0)	-100.0%
Net profit (loss) for the period including non-controlling interests	**105.1**	**(92.2)**	**(197.3)**	**n.m.**
Net profit (loss) attributable to non-controlling interests	(1.7)	(0.0)	1.7	-97.6%
Profit (loss) for the period before PPA , impairment on goodwill, intangibles and writedown of investment in AM Holding	**103.4**	**(92.3)**	**(195.6)**	**n.m.**
PPA (Purchase Price Allocation)	(14.4)	(8.5)	5.9	-41.0%
Impairment on goodwill, intangibles and writedown of investment in AM Holding	-	-	-	n.m.
Net profit (loss) for the period	**89.0**	**(100.7)**	**(189.7)**	**n.m.**

(*) As was done for the Consolidated Financial statement sas at 31.12.2012, figures were restated by excluding the contribution from Biverbanca (which was sold on 28/12/12) and taking account of changes made in compliance with both IAS 8 (Accounting policies, changes in accounting estimates and errors) and IAS 19 "Employee benefits".

QUARTERLY TREND IN RECLASSIFIED INCOME STATEMENT (in EUR mln)

MPS Group	2012 (*) 1st quarter	2nd quarter	3rd quarter	4th quarter	2013 1st quarter
Net interest income	882.6	788.1	724.4	434.5	597.0
Net fee and commission income	424.3	412.6	413.1	382.9	431.3
Income from banking activities	**1,306.9**	**1,200.7**	**1,137.4**	**817.4**	**1,028.3**
Dividends, similar income and gains (losses) on investments	10.6	28.5	17.5	18.5	27.2
Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities	182.0	76.5	255.1	(59.2)	120.8
Net profit (loss) from hedging	3.2	1.9	(3.6)	1.6	(4.0)
Income from financial and insurance activities	**1,502.7**	**1,307.5**	**1,406.5**	**778.3**	**1,172.3**
Net impairment losses (reversals) on:	**(435.8)**	**(518.8)**	**(474.8)**	**(1,464.8)**	**(494.5)**
a) loans	(430.3)	(408.7)	(461.0)	(1,371.6)	(484.2)
b) financial assets	(5.5)	(110.1)	(13.8)	(93.2)	(10.3)
Net income from financial and insurance activities	**1,066.8**	**788.7**	**931.7**	**(686.5)**	**677.8**
Administrative expenses:	(768.0)	(780.7)	(772.6)	(772.9)	(707.3)
a) personnel expenses	(504.5)	(525.7)	(485.8)	(470.6)	(469.6)
b) other administrative expenses	(263.5)	(255.0)	(286.8)	(302.3)	(237.8)
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)
Operating expenses	**(813.4)**	**(826.4)**	**(821.1)**	**(832.0)**	**(745.7)**
Net operating income	**253.4**	**(37.7)**	**110.6**	**(1,518.5)**	**(67.9)**
Net provisions for risks and charges and other operating expenses/income	(28.3)	(66.1)	(47.1)	(184.7)	5.8
Gains (losses) on investments	4.0	(5.8)	1.5	(57.8)	1.4
Reorganisation costs / one-off charges	(1.1)	(20.0)	(11.7)	(278.2)	-
Gains (losses) on disposal of investments	0.3	0.6	6.4	0.1	0.2
Profit (loss) before tax from continuing operations	**228.3**	**(129.0)**	**59.7**	**(2,039.2)**	**(60.5)**
Tax expense (recovery) on income from continuing operations	(127.2)	71.7	(76.8)	516.5	(31.7)
Profit (loss) after tax from continuing operations	**101.1**	**(57.4)**	**(17.0)**	**(1,522.7)**	**(92.2)**
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**	**(50.7)**	**(13.9)**	**(1,525.7)**	**(92.2)**
Net profit (loss) attributable to non-controlling interests	(1.7)	(2.7)	(1.1)	27.0	(0.0)
Profit (loss) for the period before PPA , impairment on goodwill, intangibles and writedown of investment in AM Holding	**103.4**	**(53.4)**	**(14.9)**	**(1,498.7)**	**(92.3)**
PPA (Purchase Price Allocation)	(14.4)	(13.3)	(10.9)	(11.7)	(8.5)
Impairment on goodwill, intangibles and writedown of investment in AM Holding	-	(1,574.3)	-	(80.0)	-
Net profit (loss) for the period	**89.0**	**(1,641.0)**	**(25.8)**	**(1,590.5)**	**(100.7)**

(*) Figures for the first three quarters of 2012 are those published in the Consolidated Financial Statements as at 31/12/2012. Data for the fourth quarter of 2012 was restated by considering changes made in compliance with IAS 19 "Employee benefits".

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■ **RECLASSIFIED BALANCE SHEET (in EUR mln)**

ASSETS	03/31/12 (*)	12/31/12 (**)	03/31/13	Chg. QoQ abs.	Chg. QoQ %	Chg. YoY abs.	Chg. YoY %
Cash and cash equivalents	676	2,433	697	(1,736)	-71.4%	21	3.2%
Receivables :				-		-	
a) Loans to customers	146,628	142,015	140,510	(1,505)	-1.1%	(6,118)	-4.2%
b) Loans to banks	14,877	11,225	13,676	2,451	21.8%	(1,201)	-8.1%
Financial assets held for trading	52,341	49,163	47,732	(1,431)	-2.9%	(4,610)	-8.8%
Financial assets held to maturity	0.002	-	-	-	-	(0.002)	-100.0%
Equity investments	940	1,040	1,029	(11)	-1.0%	89	9.5%
Property, plant and equipment / Intangible assets	4,369	2,526	2,496	(30)	-1.2%	(1,873)	-42.9%
of which:				-		-	
a) goodwill	*2,216*	*670*	*670*	-		*(1,547)*	-69.8%
Other assets	10,895	10,485	10,088	(398)	-3.8%	(807)	-7.4%
Total assets	**230,726**	**218,887**	**216,227**	**(2,660)**	**-1.2%**	**(14,499)**	**-6.3%**

LIABILITIES	03/31/12 (*)	12/31/12 (**)	03/31/13	Chg. QoQ abs.	Chg. QoQ %	Chg. YoY abs.	Chg. YoY %
Payables							
a) Deposits from customers and securities issued	137,604	135,670	135,311	(359)	-0.3%	(2,293)	-1.7%
b) Deposits from banks	45,173	43,323	42,677	(646)	-1.5%	(2,495)	-5.5%
Financial liabilities held for trading	26,399	21,517	20,914	(603)	-2.8%	(5,485)	-20.8%
Provisions for specific use				-		-	
a) Provisions for staff severance indemnities	335	317	291	(27)	-8.4%	(44)	-13.2%
b) Pensions and other post retirement benefit obligations	193	39	40	0	0.5%	(153)	-79.4%
c) Other provisions	1,000	1,401	1,124	(277)	-19.8%	123	12.3%
Other liabilities	8,329	10,221	9,597	(625)	-6.1%	1,268	15.2%
Group net equity	11,459	6,396	6,271	(125)	-2.0%	(5,188)	-45.3%
a) Valuation reserves	(2,441)	(2,285)	(2,309)	(24)	1.0%	133	-5.4%
c) Equity instruments	1,903	3	3	-		(1,900)	-99.8%
d) Reserves	1,083	4,131	962	(3,169)	-76.7%	(120)	-11.1%
e) Share premium	3,366	255	255	-		(3,111)	-92.4%
f) Share capital	7,485	7,485	7,485	-		-	
g) Treasury shares (-)	(25)	(25)	(25)	-		0	-0.6%
h) Net profit (loss) for the period	89	(3,168)	(101)	3,068	-96.8%	(190)	n.m.
Non-controlling interests	234	3	3	0	1.8%	(231)	-98.8%
Total Liabilities and Shareholders' Equity	**230,726**	**218,887**	**216,227**	**(2,660)**	**-1.2%**	**(14,499)**	**-6.3%**

(*) Figures restated by taking account of changes made in compliance with both IAS 8 (Accounting policies, changes in accounting estimates and errors) and IAS 19 "Employee benefits".

(**)Figures restated by taking account of changes made in compliance with IAS 19 "Employee benefits".

■ **RECLASSIFIED BALANCE SHEET- Quarterly Trend (in EUR mln)**

ASSETS	**03/31/2012** (*)	**06/30/2012** (*)	**30/09/2012** (*)	**12/31/2012** (**)	**03/31/2013**
Cash and cash equivalents	676	678	750	2,433	697
Receivables :					
a) Loans to customers	146,628	144,462	145,329	142,015	140,510
b) Loans to banks	14,877	17,130	12,371	11,225	13,676
Financial assets held for trading	52,341	51,565	47,704	49,163	47,732
Financial assets held to maturity	0.002	0.002	0.002		
Equity investments	940	931	972	1,040	1,029
Property, plant and equipment / Intangible assets	4,369	2,685	2,662	2,526	2,496
of which:					
a) goodwill	*2,216*	*670*	*670*	*670*	*670*
Other assets	10,895	14,717	14,316	10,485	10,088
Total assets	**230,726**	**232,168**	**224,102**	**218,887**	**216,227**

LIABILITIES	**03/31/2012** (*)	**06/30/2012** (*)	**30/09/2012** (*)	**12/31/2012** (**)	**03/31/2013**
Payables					
a) Deposits from customers and securities issued	137,604	132,673	135,570	135,670	135,311
b) Deposits from banks	45,173	46,995	41,327	43,323	42,677
Financial liabilities held for trading	26,399	30,161	24,301	21,517	20,914
Provisions for specific use					
a) Provisions for staff severance indemnities	335	320	321	317	291
b) Pensions and other post retirement benefit obligations	193	40	39	39	40
c) Other provisions	1,000	939	961	1,401	1,124
Other liabilities	8,329	11,977	12,061	10,221	9,597
Group net equity	11,459	8,840	9,294	6,396	6,271
a) Valuation reserves	(2,441)	(3,359)	(2,880)	(2,285)	(2,309)
c) Equity instruments	1,903	1,903	1,903	3	3
d) Reserves	1,083	4,133	4,133	4,131	962
e) Share premium	3,366	255	255	255	255
f) Share capital	7,485	7,485	7,485	7,485	7,485
g) Treasury shares (-)	(25)	(25)	(25)	(25)	(25)
h) Net profit (loss) for the period	89	(1,552)	(1,578)	(3,168)	(101)
Non-controlling interests	234	223	230	3	3
Total Liabilities and Shareholders' Equity	**230,726**	**232,168**	**224,102**	**218,887**	**216,227**

(*) Figures restated by taking account of changes made in compliance with both IAS 8 (Accounting policies, changes in accounting estimates and errors) and IAS 19 "Employee benefits".

(**) Figures restated by taking account of changes made in compliance with IAS 19 "Employee benefits".