MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

PRESS RELEASE

BANCA MPS: BoD APPROVES RESULTS AS AT 30 SEPTEMBER 2013

Highlights:

- *Net result in the first nine months of 2013 at -EUR 518 mln vs. -EUR 1,577 mln in the first 9 months of 2012*[1]
- *Net Interest Income grows in the quarter (+4.1%)*
- *Fees and commissions in line with 9M2012 (+0,2% Y/Y)*
- *Costs down significantly, -11.4% Y/Y*
- *Core Tier 1 grows to 11.1% (+10 bps on June) with RWAs down by EUR 3.5 bn*

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

- *De-risking of financial portfolio continues, with Financial Assets down 8.7% on Q2 (-3% compared to September 2012)*
- *Deleveraging of poor risk-return positions continues: lending down EUR 2.5 bn from June 2013 (-1.8% Q/Q and -EUR 9.8 bn as compared to September 2012)*
- *Funding remix has started, with reduction in more costly funding sources (bonds down 9.1% Q/Q), substantial stability of current accounts and time deposits, and an increase in asset management (2.8% Q/Q)*

Profit and Loss for the period was affected by the persistently adverse economic environment and expenses related to the Bank's current capital/financial structure; positive contributions were generated by the implementation of Business Plan initiatives and, in the third quarter, capital rebalancing actions:

- *Net Interest income up in the quarter (+4.1%) thanks to the pricing policies implemented by management and the optimisation of consumer and corporate funding; the 9M trend (-33.6% Y/Y, -24.6% like for like*[2]*) was still weighted down by reduced lending, costs associated with New Financial Instruments for approx. EUR 238 mln and more costly funding sources in the first part of the year*
- *Net fees and commissions in line with 9M12 results (+0.2% Y/Y) thanks to increased revenues from asset management, propped up by placements, more than offsetting the downturn in revenues from lending; the aggregate further includes approximately EUR 77 mln in costs for the State guarantee bonds ("Monti Bonds"). The quarterly performance shows a slight*

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[1] P&L figures as at 30/09/2012 were restated -as were the Consolidated financial statements for the year ending 31/12/2012- to take account of changes made in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors). Figures are also reflective of the application of IAS 19 "Employee benefits" to the Interim Report as at 31/03/2013.

[2] For a correct analysis of changes in the aggregate with respect to the previous year, 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: a) recognition of interest on Tremonti Bond interest for the entire amount relating to 2012; b) elimination of the 'fast-track facility fee" and changes in the calculation of interest payable on overdrawn amounts; changes in criteria for consolidation of Banca Popolare di Spoleto following loss of 'significant influence'.

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contraction (-3.1% Q/Q) to be seen in correlation with loan fees, while placement fees showed a substantially stable trend, despite adverse seasonal effects typical of Q3

- *Other income from banking: totalling approximately EUR 129 mln in Q3 (+13.5% on Q2), primarily on the back of trading and insurance results. In the nine-month period, other income from banking totalled EUR 386 mln, down ca. EUR 186 mln as compared to the same period of 2012, which had however been positively affected by the public exchange offer on a number of subordinated securities completed in July (with an impact of EUR 294 mln as compared to 9M2012); net of that component, other income from banking was up by ca. EUR 111 mln on a yearly basis, driven primarily by AXA-MPS and results from trading/disposals*
- *Massive cost-cutting underway, with operating expenses down considerably: -11.4% Y/Y (-1.1% Q/Q), personnel expenses down 10.7% Y/Y and other administrative expenses down 11.1% Y/Y*
- *Cost of credit at 151 bps, substantially stable as compared to June 2013, with loan loss provisions down 6.2% Q/Q; slowdown in NPL and watchlist loan inflows in September*

Liquidity profile, risk coverage and capital levels consolidated:

- *Counterbalancing capacity totalling approximately EUR 20 bn (9.7% of total assets), largely in line with June levels (EUR 21 bn) and growing from EUR 17 bn in September 2012*
- *L/D ratio at 102.5% vs 100.7% in June 2013 and 107.2% in September 2012. The quarterly increase is related to effects from funding remix policies*
- *Net interbank position (funding) largely stable as compared to end of June 2013 and mainly consisting of ECB exposure (three-year LTROs)*
- *Impaired loan and NPL coverage (40.8% and 58.0% respectively) substantially in line with June levels and up significantly from September 2012 (+244 bps on impaired loans and +295 bps on NPLs)*
- *Core Tier 1 grew to 11.1% (+10 bps on June), with Risk-Weighted Assets down by approximately EUR 3,500 mln in Q3*

Restructuring Plan under review:

- *Details on the Restructuring Plan will be communicated to the market after approval by the European Commission. In the meantime, implementation of initiatives set out in the 2012-2015 Business Plan continues:*
  - *Launch of "Regata" Project, aimed at making the new micro-founded business governance model operational for Head Office and Network; introduction of new local planning and marketing strategies with rollout of new processes underway*
  - *Kick-off of the On Line Bank project (Widiba), representing one of the pillars for the relaunch and repositioning of the Group's business model; the new Bank will be operational as of 2014*
  - *Redefinition of organisational models of Head Office, Network, administrative services and Information Technology; paperless processes fully operational, with significant cost savings expected*
  - *Ongoing reduction in number of executives (18 in Q3) and executives' salary levels*

Siena, 14 November 2013 – The Board of Directors of Banca Monte dei Paschi di Siena Spa has today reviewed and approved the third quarter results for 2013.

In 2013, the core economies of the Euro Area showed signs of recovery. During the third quarter, the pace of GDP contraction is expected to have slowed to a near negligible rate. Signs point to the probability of a trend reversal by the end of the year, with a pickup in investments expected to play a significant role.

During the third quarter, within a still-volatile market environment, tensions on financial markets eased and the Btp-Bund spread was down to 265 bps at the end of September (-17 bps from end of June) after returning close to 254 bps at the end of August (down almost 53 bps since the beginning of the year). In the banking system, the adverse economic cycle continued to negatively affect the quality of assets and reduce the profitability of intermediaries. The contraction in loans to households and, to a larger extent, businesses has become more evident. The trend reflects both a weak demand and a more selective approach to lending, caused by the deterioration of macroeconomic risk as a consequence of the prolonged recession.

Against this backdrop, Management firmly continued to pursue Business Plan targets, thereby achieving, from a sales and distribution standpoint, **consolidation of market shares** in all key business segments and **stronger risk profiles for the Group**. The unencumbered Counterbalancing Capacity continued to be substantially in line with the high levels registered in June 2013 (around EUR 20 bn), while the **level of capital adequacy further improved** as compared to the end of 2012 as a result of the issuance of New Financial Instruments (NFIs) and reduction in risk-weighted assets (RWAs).

From a P&L standpoint, in the third quarter, the Group saw a **pickup in revenues**, driven by Net Interest Income which benefitted from a lower cost of funding, particularly as a result of optimizations of *pricing* policies put in place by Management. Significant results were obtained in terms of **operating cost containment**, benefitting from firm cutbacks on spending and agreements signed with the unions at the end of 2012. At the same time, the **cost of credit showed a slight improvement on the previous quarter of 2013**, despite the prolonged macroeconomic downturn which, however, is a risk factor for the entire system.

Group profit and loss results for Q3 2013

As at 30 September 2013, the Group's **net income from banking and insurance** totalled approximately **EUR 3,229 mln** (-23.4% on the same period of last year) with Q3 contributing EUR 1,039.4 mln, up 2.2% on the previous quarter. More specifically:

- **Net interest income** amounted to approx. **EUR 1,590 mln**, down 33.6% on the same period of the previous year (-24.6% on a like-for-like basis[3]) mainly weighted down by decreasing market rates (average 1-month Euribor down 28 bps Y/Y), a shift in consumer and corporate funding to more expensive funding sources, an increasing stock of NFIs with

[3] For a correct analysis of changes in the aggregate with respect to the previous year, 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: a) recognition of interest on Tremonti Bonds for the entire amount relating to 2012, b) elimination of the 'urgent facility' fee and revised methods for calculation of interest payable on overdrawn amounts, c) changes in criteria for consolidation of Banca Popolare di Spoleto following loss of "significant influence".

repect to “Tremonti Bonds” and reduced lending. Q3 2013 contributed approximately EUR 507 mln, up 4.1% on Q2 2013, benefitting from managerial actions geared to reducing the cost of funding, particularly corporate and wholesale, only partly compensating for the negative impact from reduced lending.

- **Net fees and commissions** totalled approximately **EUR 1,253 mln**, substantially in line with the same period of last year, due to the offsetting effect from a significant growth in placement fees on wealth management products and a reduction in revenues due to lower lending levels. The contribution of Q3 2013, totalling ca. EUR 404 mln, shows a slight contraction from the previous quarter (-3.1%) traceable to loan fees, while placement fees showed a substantially stable trend, a positive result considering the adverse seasonal effect typical of the quarter.

- **Dividends, similar income and gains (losses) on investments** totalled approx. **EUR 97 mln** (vs. ca. EUR 56.6 mln as at 30/09/12) with Q3 2013 contributing ca. EUR 31 mln. These results are primarily attributable to gains from equity investments consolidated at equity, with AXA-MPS insurance contributing approx. EUR 81.5 mln (+EUR 30 mln on 30/09/12).

- **Net profit/loss from trading/valuation/repurchase of financial assets/liabilities** as at 30/09/2013 totalled approximately EUR 287 mln, a decline as compared to the same period of 2012 (-44.1%), with Q3 2013 contributing approx. EUR 91 mln (+EUR 15 mln on Q2 2013), and included:

  - **Net profit from trading** stands at EUR 200 mln, up on the same period of last year (+21.8%), with a growing contribution in Q3 2013 (EUR 78 mln) as compared to Q2 2013 (+EUR 20 mln; +33.4%);

  - **Disposal/repurchase of loans, available-for-sale financial assets and liabilities,** totalling approximately EUR 35 mln , vs. ca. EUR 228 mln as at 30/09/12, attributable for an amount of EUR 222 mln to the public exchange offer completed in July 2012; the negative contribution of Q3 2013 (-EUR 16.5 mln) is traceable to the disposal of some loss-generating positions in securities;

  - **Net profit (loss) on financial assets and liabilities designated at fair value** amounting to EUR 51.4 mln, as against +EUR 122 mln as at September 2012, inclusive of approx. EUR 72 mln attributable to the depreciation of an equity instrument tendered in the public exchange offer last year. Q3 2013 showed a positive balance of EUR 28.8 mln (vs. -EUR 10.6 mln in Q2 2013), mainly accounted for by the reduction in value of certain bonds issued and placed with retail and institutional customers (T1 and T2).

- **Net income from hedging:** positive balance of approx. **EUR 2 mln** with Q3 2013 contributing EUR 7 mln.

Net impairment losses (reversals) on loans totalling approx. EUR 1,540 mln, up 18.5% Y/Y, due to trends in impaired loans (Y/Y changes in stock of gross NPLs: +28%) and increasing coverage of NPLs (+3 pp). The contribution of Q3 2013, totalling ca. EUR 511 mln, down on the previous quarter (-6.2%), is primarily to be seen in correlation with a higher share of new impaired loans having a low "degree of severity” (*past due* and restructured loans). Within the Group's unchanged policy of rigorous provisioning, the ratio of annualised loan loss provisions over total loans to customers for the period is expressive of a provisioning rate of 151 bps, in line with levels as at 30/06/2013 and 37 bps lower than the end-2012 rate of 188 bps.

Net impairment losses (reversals) on financial assets showed a **negative balance of roughly EUR 30 mln** (-EUR 130 mln as at 30/09/2012; ca. -EUR 8.3 mln in Q3 2013) mainly due to the depreciation of equity investments and units in UCITS classified in the AFS portfolio.

As a consequence, **income from banking and insurance totalled approx. EUR 1,658 mln** (ca. EUR 2,787 mln as at 30/09/2012; -40.5%), with Q3 2013 contributing approx. EUR 520 mln (+12.9% on the previous quarter).

Operating expenses totalled approximately **EUR 2,181 mln**, down 11.4% on the same period of last year (-1.1% on Q2 2013). In particular:

- **Personnel expenses**, totalling approximately **EUR 1,354 mln**, were down 10.7% on 30/09/12, due to headcount reduction and the positive effects from agreements with the unions signed at the end of 2012 which more than offset increases arising from renewal of the National Collective Labour Agreement (+EUR 17 mln).
- **Other administrative expenses** (net of custom**er expense re**covery), totalling approximately **EUR 716 mln**, were down 11.1% Y/Y and 6.6% Q/Q, thanks to structural cutbacks in spending on communications, sponsorships, facility management and office supplies, business trips, telephones and rental expenses.
- **Net value adjustments to tangible and intangible assets** were in the region of **EUR 110.6 mln, down 20.8% as compared to the same period of last year**, on the back of write-downs of intangibles in 2012.

On the back of these factors, the **Net Operating Income** totalled approximately -EUR 522 mln (vs. +EUR 326.3 mln in September 2012, and -EUR 328.9 mln in 1H 2013).

Cost/income stood at 67.5% (vs. 65.9% as at 31/12/12), owing to a sharper reduction in revenues than in operating expenses.

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

- **Net provisions for risks and charges and other operating expenses/income**, totalling approximately -EUR 17.4 mln, with Q3 contributing EUR 32 mln. As at 30 September 2013, the aggregate included:
  - Approximately -EUR 60.2 mln in provisions for risks and charges, covering primarily lawsuits and claw-back actions;
  - Other operating expenses (income), for an amount of +EUR 42.8 mln, accounted for not only by revenues from “fast-track credit facility fees” but also charges in connection with lawsuit settlement and write-downs on improvements of third-party goods.

- **Gains (losses) on investments,** showing a net negative balance of about EUR 31 mln, primarily attributable to decreases in net equity of investments in associates;

- **Restructuring costs/One-off charges,** amounting to ca. EUR 18 mln, associated with revised estimates of early-retirement incentives already put in place following Union agreement of 19 December 2012;

- **Gains (losses) on disposal of investments**, for an amount of -EUR 0.5 mln.

On the back of these components, a **loss before tax from continuing operations** of **approximately EUR 589 mln** was posted as at 30/09/2013 (vs. a gross profit before tax of EUR 159 mln in September 2012 and a loss of EUR 364.4 mln as at 30/06/2013).

Taxes on profit (loss) for the period from continuing operations amounted to approximately + EUR 102 mln (vs. ca. -EUR 132 mln as at 30/09/12 and ca. +EUR 6 mln as at 30/06/2013). The item includes an overall positive impact of EUR 63.5 mln from correction of prior period accounts.

The consolidated net result before Purchase Price Allocation (PPA) posts a loss of EUR 487.6 mln (vs. a profit of EUR 35.4 mln at end of September 2012 and a loss of EUR 358.4 mln as at 30 June 2013). Considering the effects of PPA, the Group's loss for the period totalled EUR 518 mln di euro (-EUR 1,577.4 mln in the first nine months of 2012, -EUR 380 mln at the end of June 2013).

Group balance-sheet aggregates for 3Q 2013

As at 30 September 2013, **total funding** volumes for the Group amounted to approximately **EUR 234 bn**, down 3.2% on end of June 2013, as a combined result of a downturn in direct and indirect funding (-3.5% and -2.9% respectively). As compared to 31 December 2012, total funding witnessed a reduction by 6.5%.

Direct funding for the Group, totalling approximately **EUR 132 bn**, was down 3.5% as compared to 30/06/2013 and 2.5% with respect to end 2012, with market share[4] growing to 6.36% (as at August 2013, latest data available), up 13 bps compared to end 2012. In Q3 2013, the aggregate was primarily affected by the downtrend in **bonds** (-9.1%), largely in line with industry trends, while **current accounts** (-0.5% Q/Q) and **time deposits** (-0.1% Q/Q) remained largely stable on volumes at end H1 2013. A downturn was also recorded in sale & repurchase agreements (-9.4% Q/Q), almost entirely representing a form of guaranteed funding on the wholesale market. The item "Other forms of direct funding" was up and includes approx. EUR 4 bn in New Financial Instruments (NFIs) subscribed by the Ministry of Economy and Finance[5] – as a result of funding with institutional counterparties including the *Cassa Depositi e Prestiti* for specifically funded loan disbursements.

As at 30/09/2013, **indirect funding** for the Group, totalling approximately **EUR 101 bn**, was down 2.9% from 30/06/2013 and over 11.2% on the end of the previous year. More specifically:

[4] The market share is calculated on deposits (excluding those associated with securitisations), repurchase agreements (excluding central counterparties) and bonds (net of buybacks) placed with resident consumer clients as first-instance borrowers.

[5] 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 the New Financial Instruments issued by the Bank for a total of EUR 4.071 bn, of which EUR 1.9 bn allocated to full replacement 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, the NFIs 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 assumptions.

- **Asset management** closed the third quarter with volumes totalling approximately **EUR 44 bn**, up 2.8% on end-June 2013 and down 1.1% as compared to 31/12/2012. A breakdown of the aggregate shows:

  - **An insurance component** of **EUR 21.3 bn** (+1.6% on the previous quarter; -4.5% from 31/12/2012), benefitting from insurance premiums collected in the quarter for an amount of approximately EUR 0.9 bn, driven by Unit Linked products;
  - **Mutual investment funds and open-end collective investment schemes (Sicavs)**, amounting to approximately **EUR 16.6 bn**, up on both 30/06/2013 (+5.4%) and 31/12/12 (+5.1%) with net inflows in Q3 totalling EUR 0.8 bn;
  - **Individual portfolio management** totalling approximately **EUR 6 bn** broadly in line with 30/6/2013 and down on previous year end (-4.6%).

- **Assets under custody**, amounting to EUR 57 bn (-6.9% on 30/06/2013 and -17.7% on previous year end) owing principally to movements in shares under custody by some of the Group's Key Clients and other institutional customers with impact, however, not being significant.

Loans to customers amounted to approx. **EUR 136 bn**, down 1.8% on the previous quarter and 4.5% on end 2012. This result should be seen in correlation with both the decline in demand for loans as a consequence of the recessive economic cycle, which has particularly penalised current accounts and mortgage loans, and particularly selective credit-granting policies adopted by the Group. As at August 2013 (latest data available), the Group's market share of total loans was 7.28% (+1 bps on the end of last year, due to increasing repos with institutional clients).

As for **special-purpose loans,** in the third quarter of 2013:

- EUR 524 mln worth of new loans were granted by MPS Capital Services, down 46.5% on the previous year, with Q3 contributing approximately EUR 139 mln.
- Inflows from leasing contracts totalled approximately EUR 439 mln as at 30 September 2013 (-35.5% Y/Y), with Q3 contributing ca. EUR 148 mln, down 4.8% on Q2 2013. Factoring turnover totalled approximately EUR 4.7 bn, down 20.5% on the previous year (EUR 1.5 bn contributed to in Q3 2013; -7.8% Q/Q).
- In consumer lending, disbursements totalled approximately EUR 1,277 mln as at 30/09/2013 (-28.1% Y/Y), with Q3 contributing approximately EUR 302 mln, down 28.7% as compared to the previous quarter, owing to the downturn in personal and special purpose loans.

As at the end of September 2013, the Group's net exposure to **impaired loans** totalled approx. **EUR 20 bn**. All aggregate components registered an increase as compared to 30/06/2013: NPLs (+5.1%), watchlist loans (+5.2%), past due exposures (+3.6%) and restructured loans (+11.7%).

As at 30 September 2013, **coverage of impaired loans stood at 40.8%**, down from 41.1% in June, remaining substantially in line with previous quarters. In particular, NPL coverage stood at 58% in line with levels as at 30/06/2013 while the slight Q/Q decrease in watchlist loan coverage reflects a higher share of 'objective watchlist loans' which, by reason of a better cure rate, require more limited coverage.

The Group's securities and derivatives portfolio, amounting to approximately EUR 37 bn, was down by approx. EUR 3.7 bn as compared to 30/06/2013 when it had exceeded standards levels due to temporary purchase of government bonds for the HFT portfolio of the subsidiary MPS

Capital Services in its capacity as primary dealer in government securities. Portfolio optimisation activities continued on both government bonds (AFS) and Loans and Receivables (L&R).

With regard to AFS securities, disposal strategies were put in place to generate capital gains and, at the same time, repurchase seurities with a shorter maturity; as for L&R, the slight decrease is primarily in connection with some positions in securities classified as L&R coming to natural maturity. These actions were put in place as part of an asset management approach geared to reducing financial assets and related risks through disposal of assets that are illiquid and non-marketable under ECB eligibility criteria and whose marginal borrowing cost is higher than the expected return in terms of coupon or dividend payment.

As at 30/09/2013, the Group's net equity and non controlling interests totalled EUR 6.5 bn, down EUR 120 mln on the first half of 2013 but up EUR 115 mln from the end of 2012. Changes in the quarter are primarily attributable to the loss for the period (-EUR 138 mln) in the presence, however, of a substantial stability in valuation reserves (+EUR 18 mln di euro). The latter were affected by the fair value change in the stake held in the Bank of Italy with a net negative impact on equity of EUR 228 mln more than offset by the improvement in other reserves -particularly as a result of a lower spread on Italian sovereign credit – for an amount of approximately EUR 246 mln.

As at September 2013, the Group's **Regulatory capital** amounted to approximately EUR 13,955 mln; **Risk Weighted Assets** (RWA) totalled approximately EUR 84,290 mln, down 4% on June. With regard to capital ratios, **Core Tier 1** (inclusive of EUR 4,071 mln in New Financial Instruments) stood at 11.1% (+10 bps on June; vs. 8.9% as at 31 December 2012); **Tier 1** at 11.8% (vs. 9.5% as at 31 December 2012) and **Total Capital Ratio** at 16.6% (vs. 13.7% as at 31 December 2012).

In compliance with Segment Reporting requirements under IFRS 8, the highlights for the Retail and Corporate banking division of the Montepaschi Group are reported below[6]:

Total Retail & Corporate Division

- Revenues: EUR 4,378.4 mln (+4.1% Y/Y)
- Direct funding: EUR 92,029 mln (-3.5% Y/Y)
- Interest-bearing loans to customers: EUR 116,123 mln (-8.3% Y/Y)

of which:

Retail Banking

- Revenues: EUR 3,013.9 mln (+18.5% Y/Y)
- Direct funding: EUR 67,885 mln (-6.7% Y/Y)

[6] For the purpose of identifying the Operating Segments provided for by IFRS 8, the Group has adopted the business approach. Consolidated profit/loss and balance sheet data is broken down and re-aggregated based on criteria including: business area and operating unit of reference, relevance and strategic importance of operations involved, cluster of clients served. This has enabled the identification of the following Operating Segments, into which reporting for the highest decision-making levels is organised: the Retail/Corporate Division, divided into Retail Banking, Corporate Banking and the Corporate Center

- Interest-bearing loans to customers: EUR 56,935 mln (-6.3% Y/Y)

Corporate Banking

- Revenues: EUR 1,364.5 mln (-17.8% Y/Y)
- Direct funding: EUR 24,144 mln (+6.7% Y/Y)
- Interest-bearing loans to customers: EUR 59,188 mln (-10.1% Y/Y)

Events after the reporting period

7 October	• BoD approved the 2013-2017 Restructuring Plan. The Plan was updated from its first version of June following discussions with the Ministry of Economy and Finance to which it was delivered and mailed, with cover letter signed by the Chairman. • Resignation for personal reasons of Prof. Tania Groppi from the office of Board Director.
15 October	• Resignation for personal reasons of Director Turiddo Campaini.
18 October	• Ratings agency DBRS placed the Bank's long- and short-term Debt and Deposit Ratings of 'BBB' and 'R-2 (mid)' under review.

This press release will be available at www.mps.it

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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 press release corresponds to the underlying documentary evidence and accounting records.

RECLASSIFIED ACCOUNTS

MPS GROUP RECLASSIFICATION PRINCIPLES

The following accounting statements illustrate balance-sheet and profit & loss accounts reclassified on the basis of operating criteria.

Following are the reclassifications made to the consolidated profit and loss account as at 30 September 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 portfolio (approx. EUR 10.9 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 92 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 portfolio, as outlined under the item above, have also been eliminated from the aggregate.

c) “**Net impairment losses (reversals) of financial assets**” includes the item 130b “Financial assets available for sale”, 130c “Financial assets held to maturity” and 130d ”Other financial transactions”.

d) The income statement item “**Personnel expenses**” was reduced by approx. EUR 18 mln in restructuring charges referring to revised estimates of early-retirement incentives already put in place following Union agreement of 19 December 2012. The amount was reclassified under “Restructuring costs/One-off charges”.

e) “**Other administrative expenses**” in the reclassified income statement was deducted of the portion of stamp duty and client expense recovery (approx. EUR 225 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)”, excludes stamp duty and client expense recoveries as described under item e) above (“Other administrative expenses”).

g) The income statement item “**Restructuring costs/One-off charges**” includes one-off charges for approx. EUR 18 mln associated with revised estimates of early-retirement incentives already put in place following Union agreement of 19 December 2012 and reclassified out of Personnel expenses (see item d).

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

i) The effects of **Purchase Price Allocation (PPA)** posted to this specific account were reclassified out of other items (in particular “Interest income” for approx. EUR 25.2 mln and Depreciation/amortisation for approx. EUR 20.7 mln, net of a theoretical tax burden of approx. -EUR 15.1 mln which integrates the item).

With regard to the **Income Statement**, comparative data for 2012 take account of the following aspects:

- 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. The above had an impact on the following reclassified items: Personnel expenses, Net provisions for risks and charges and other operating income (expense).

▪ Restatement of prior period accounts in compliance with IAS 19 "Employee benefits".

▪ Figures of all quarters of 2012 were restated in compliance with IAS 19 "Employee benefits" only, 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 accounts, 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:**

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

k) **“Other assets”** on the assets side of the reclassified balance-sheet incorporates item 80 "Hedging derivatives", item 90 "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";

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

m) “**Other liabilities**” on the liabilities side of the reclassified balance-sheet incorporates item 60 “Hedging derivatives”, item 70 “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”.

With regard to the reclassified Balance sheet, comparative figures for 2012 are those published in the Report on Operations as at 30/06/2013 and 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.

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

As previously noted, 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 accounts, prior periods were not restated; the effect was indicated in the notes to the Financial Statements, when necessary.

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CONSOLIDATED REPORT ON OPERATIONS

Highlights at 09/30/13

■ INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

MPS GROUP			
INCOME STATEMENT FIGURES (in EUR mln)	**09/30/12** (*)	**09/30/13**	**% chg**
Income from banking activities	3,645.0	2,842.9	-22.0%
Income from financial and insurance activities	4,216.7	3,228.8	-23.4%
Net operating income	326.3	-522.4	n.m.
Parent company's net profit (loss) for the period	-1,577.4	-518.3	-67.1%
BALANCE SHEET FIGURES AND INDICATORS (in EUR mln)	**12/31/12**	**09/30/13**	**% chg**
Direct funding	135,670	132,286	-2.5%
Indirect funding	114,176	101,378	-11.2%
of which: assets under management	*44,540*	*44,038*	-1.1%
of which: assets under custody	*69,636*	*57,340*	-17.7%
Loans to customer	142,015	135,564	-4.5%
Group net equity	6,396	6,511	1.8%
KEY CREDIT QUALITY RATIOS (%)	**12/31/12**	**09/30/13**	**Abs. chg**
Net doubtful loans/Loans to Customers	5.1	6.2	1.1
Net substandard loans/Loans to Customers	4.2	5.3	1.1
PROFITABILITY RATIOS (%)	**12/31/12**	**09/30/13**	**Abs. chg**
Cost/Income ratio (**)	65.9	67.5	1.62
Net loan loss provisions / End-of-period loans	1.88	1.51	-0.37
CAPITAL RATIOS (%) (***)	**12/31/12**	**09/30/13**	**Abs. chg**
Solvency ratio	13.7	16.6	2.9
Tier 1 ratio	9.5	11.8	2.3
INFORMATION ON BMPS STOCK	**12/31/12**	**09/30/13**	
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 **09/30/13**	**% chg**
average	0.25	0.22	-12.0%
low	0.16	0.17	6.3%
high	0.42	0.30	-28.6%
OPERATING STRUCTURE	**31/12/12**	**09/30/13**	**Abs. chg**
Total head count - end of period (****)	30,303	28,470	-1,833
Number of branches in Italy	2,671	2,366	-305
Financial advisory branches	138	128	-10
Number of branches & representative offices abroad	39	39	

(*) As was done for the Consolidated Financial Statements as at 31/12/2012, figures as at 30/09/2012 were res tated to take account of changes made in compliance with IAS 8 (Accounting policies, changing in accounting estimates and errors). Figures also take account of the application of IAS 19 "Employee benefits" in the Interim Report on Operations as at 31/03/2013.

(**) The figure as at 31/12/2012 is the one published in the Interim Report on Operations as at 31/03/2013 which takes into account the application of IAS 19 Employee benefits.

(***) Figures as at 31/12/2012, already published in the Interim Report on Operations as at 31/03/2013 and takes account of the retrospective change to Tier 1 (reduction by EUR 76 mln) required by the Supervisory Authority on 7 May 2013.

(****) 2012 figures have been restated following extension of the operational monitoring scope to the companies MPS Tenimenti and Magazzini Generali Fiduciari di Mantova.

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

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%**

(*) As was done for the Consolidated Financial Statements as at 31/12/2012, figures as at 30/09/2012 were restated to take account of changes made in compliance with IAS 8 (Accounting policies, changingin accounting estimates and errors). Figures also take account of the application of IAS 19 "Employee benefits" in the Interim Report on Operations as at 31/03/2013.

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QUARTERLY TREND IN RECLASSIFIED INCOME STATEMENT (in EUR mln)

MPS Group	2012 (*)				2013		
	1st quarter	2nd quarter	3rd quarter	4th quarter	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)**

(*) As was done for the Consolidated Financial Statements as at 31/12/2012, figures as at 30/09/2012 were restated to take account of changes made in compliance with IAS 8 (Accounting policies, changingin accounting estimates and errors). Figures also take account of the application of IAS 19 "Employee benefits" in the Interim Report on Operations as at 31/03/2013.

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RECLASSIFIED BALANCE SHEET (in EUR mln)

ASSETS	12/31/12 (*)	09/30/13	Chg. vs 12/31/12 abs.	Chg. vs 12/31/12 %
Cash and cash equivalents	2,433	785	(1,648)	-67.7%
Receivables :				
a) Loans to customers	142,015	135,564	(6,451)	-4.5%
b) Loans to banks	11,225	11,439	214	1.9%
Financial assets held for trading	49,163	46,267	(2,896)	-5.9%
Financial assets held to maturity	-	-	-	n.m.
Equity investments	1,040	994	(46)	-4.4%
Property, plant and equipment / Intangible assets	2,526	2,441	(85)	-3.4%
of which:				
a) goodwill	*670*	*670*	*(0)*	*0.0%*
Other assets	10,485	9,448	(1,037)	-9.9%
Total assets	**218,887**	**206,937**	**(11,950)**	**-5.5%**

LIABILITIES	12/31/12 (*)	09/30/13	Chg. vs 12/31/12 abs.	Chg. vs 12/31/12 %
Payables				
a) Deposits from customers and securities issued	135,670	132,286	(3,384)	-2.5%
b) Deposits from banks	43,323	42,301	(1,022)	-2.4%
Financial liabilities held for trading	21,517	15,399	(6,118)	-28.4%
Provisions for specific use				
a) Provisions for staff severance indemnities	317	282	(36)	-11.3%
b) Pensions and other post retirement benefit obligations	48	47	(1)	-1.6%
c) Other provisions	1,401	1,185	(215)	-15.4%
Other liabilities	10,213	8,923	(1,289)	-12.6%
Group net equity	6,396	6,511	115	1.8%
a) Valuation reserves	(2,285)	(1,697)	588	-25.7%
c) Equity instruments	3	3	-	
d) Reserves	4,131	1,263	(2,868)	-69.4%
e) Share premium	255	-	(255)	n.m.
f) Share capital	7,485	7,485	-	
g) Treasury shares (-)	(25)	(25)	-	
h) Net profit (loss) for the period	(3,168)	(518)	2,650	-83.6%
Non-controlling interests	3	3	0	5.3%
Total Liabilities and Shareholders' Equity	**218,887**	**206,937**	**(11,950)**	**-5.5%**

(*) 2012 figures are those published in the Report on Operations as at 30/06/2013.

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

ASSETS	03/31/2012 (*)	06/30/2012 (*)	09/30/2012 (*)	12/31/2012 (*)	03/31/2013	06/30/2013	09/30/2013
Cash and cash equivalents	676	678	750	2,433	697	684	785
Receivables :							
a) Loans to customers	146,628	144,462	145,329	142,015	140,510	138,082	135,564
b) Loans to banks	14,877	17,130	12,371	11,225	13,676	12,240	11,439
Financial assets held for trading	52,341	51,565	47,704	49,163	47,732	50,702	46,267
Financial assets held to maturity	0	0	0				
Equity investments	940	931	972	1,040	1,029	971	994
Property, plant and equipment / Intangible assets	4,369	2,685	2,662	2,526	2,496	2,465	2,441
of which:							
a) goodwill	*2,216*	*670*	*670*	*670*	*670*	*670*	*670*
Other assets	10,895	14,717	14,316	10,485	10,088	9,775	9,448
Total assets	**230,726**	**232,168**	**224,102**	**218,887**	**216,227**	**214,918**	**206,937**

LIABILITIES	03/31/2012 (*)	06/30/2012 (*)	09/30/2012 (*)	12/31/2012 (*)	03/31/2013	06/30/2013	09/30/2013
Payables							
a) Deposits from customers and securities issued	137,604	132,673	135,570	135,670	135,311	137,078	132,286
b) Deposits from banks	45,173	46,995	41,327	43,323	42,677	41,665	42,301
Financial liabilities held for trading	26,399	30,161	24,301	21,517	20,914	19,677	15,399
Provisions for specific use							
a) Provisions for staff severance indemnities	335	320	321	317	291	269	282
b) Pensions and other post retirement benefit obligations	193	40	39	48	40	48	47
c) Other provisions	1,000	939	961	1,401	1,124	1,207	1,185
Other liabilities	8,329	11,977	12,061	10,213	9,597	8,340	8,923
Group net equity	11,459	8,840	9,294	6,396	6,271	6,631	6,511
a) Valuation reserves	(2,441)	(3,359)	(2,880)	(2,285)	(2,309)	(1,714)	(1,697)
c) Equity instruments	1,903	1,903	1,903	3	3	3	3
d) Reserves	1,083	4,133	4,133	4,131	962	1,263	1,263
e) Share premium	3,366	255	255	255	255	-	-
f) Share capital	7,485	7,485	7,485	7,485	7,485	7,485	7,485
g) Treasury shares (-)	(25)	(25)	(25)	(25)	(25)	(25)	(25)
h) Net profit (loss) for the period	89	(1,552)	(1,578)	(3,168)	(101)	(380)	(518)
Non-controlling interests	234	223	230	3	3	3	3
Total Liabilities and Shareholders' Equity	**230,726**	**232,168**	**224,102**	**218,887**	**216,227**	**214,918**	**206,937**