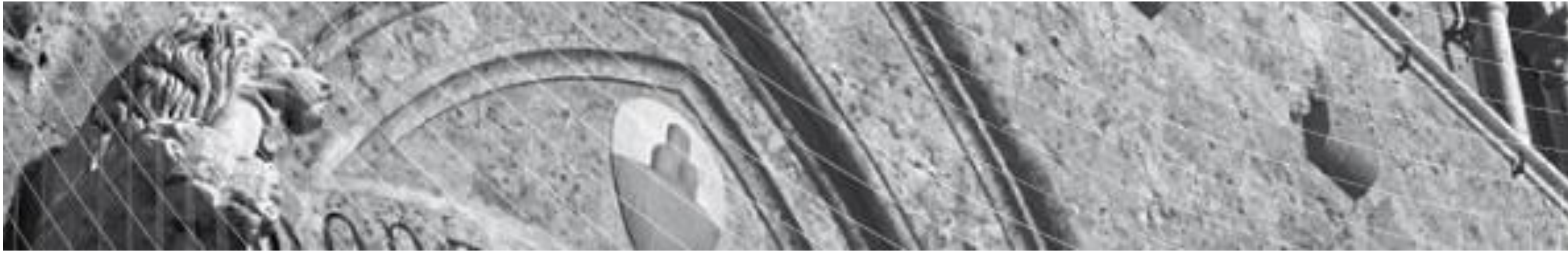


GRUPPOMONTEPASCHI

INTERIM REPORT AS AT 31 MARCH 2013

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

TABLE OF CONTENTS

Introduction

Governing & Control bodies of Banca Monte dei Paschi di Siena

Board of Directors

Alessandro Profumo	Chairman
Pietro Giovanni Corsa	Deputy Chairman
Marco Turchi.	Deputy Chairman
Fabrizio Viola	Chief Executive Officer
Alberto Giovanni Aleotti	Director
Michele Briamonte	Director
Turiddo Campaini	Director
Frédéric Marie de Courtois d'Arcollières.	Director
Paola Demartini	Director
Angelo Dringoli	Director
Lorenzo Gorgoni	Director
Tania Groppi	Director

Board of Statutory Auditors

Paolo Salvadori	Chairman
Paola Serpi	Standing Auditor
Claudio Gasperini Signorini	Standing Auditor
Stefano Andreadis	Alternate Auditor
Gianni Tarozzi	Alternate Auditor

Independent Auditors

Reconta Ernst & Young SpA

Senior Management

Fabrizio Viola	Chief Executive Officer and General Manager

Note to the interim report

General aspects

Pursuant to art. 154 ter paragraphs 5 and 6 of the Consolidated Law on Finance, the Montepaschi Group's consolidated interim report on operations as at 31 March 2013 was prepared in compliance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) including interpretations by the International Financial Reporting Standards Interpretations Committee (IFRS IC), as endorsed by the European Commission and effective at the time the current document was prepared, as provided for by EC Regulation No.1606 of 19 July 2002.

The international and accounting principles have been applied with reference to the "Framework for the preparation and presentation of financial statements" (hereinafter Framework).

The accounting principles used for the preparation of this Consolidated Interim Report are the same as those used for the preparation of the Consolidated Annual Report as at 31 December 2012, except as outlined below.

The new version of IAS 19 "Employee benefits" was applied for the first time in this interim report. The principle was endorsed by the European Commission with Regulation no. 475/2012 of 5 June 2012 and is mandatorily to be applied for annual periods commencing on or after 1 January 2013.

The most significant change introduced by the new version of IAS 19 is the reporting of actuarial gains and losses on defined benefit plans, for which the pre-existing version of the principle provided for three alternative methods of recognition: full recognition through profit or loss, full recognition in other comprehensive income or recognition though profit or loss of the portion exceeding 10% of the greater of the defined benefit obligation or the fair value of plan assets (the "corridor method"). The Montepaschi Group had adopted the "corridor method" in its accounting policies. The new version of the principle, on the other hand, provides for a single accounting method which consists in the full recognition of actuarial gains and losses on defined benefit plans through other comprehensive income.

In accordance with IAS 8, the retrospective application of the new version of IAS 19 resulted in a negative impact on the Group's shareholders' equity as at 31/12/2012 amounting to EUR 55.9 mln net of tax. The financial statements for the previous year have been restated retrospectively to reflect the changes introduced by the new standard. Below are the comparative P&L and balance sheet statements which have been restated to include the impacts from the retrospective application of the new IAS 19.

(EUR mln)

Reclassified balance sheet ASSETS	01/01/12	Restatements	01/01/12 Restated
Cash and cash equivalents	878		878
Receivables:			
a) Loans to customers	146,609		146,609
b) Loans to banks	20,695		20,695
Financial assets held for trading	55,482		55,482
Financial assets held to maturity	0		0
Equity investments	895		895
Property, plant & equipment/Intangible assets	4,365		4,365
of which:			
a) goodwill	2,216		2,216
Other assets	11,869	2.6	11,872
Total Assets	**240,794**	**2.6**	**240,796**

Reclassified balance sheet LIABILITIES	01/01/12	Restatements	01/01/12 Restated
Payables			
a) Deposits from customers and securities issued	146,608		146,608
b) Deposits from banks	47,121		47,121
Financial liabilities held for trading	26,515		26,515
Provisions for specific use			
a) Provisions for staff severance indemnities	266	68.7	335
b) Pensions and other post retirement benefit obligations	193		193
c) Other provisions	1,016		1,016
Other liabilities	8,895	(16.3)	8,879
Group net equity	9,964	(49.8)	9,914
a) Valuation reserves	(3,842)	(52.0)	(3,894)
c) Equity instruments	1,903		1,903
d) Reserves	5,774		5,774
e) Share premium	4,118		4,118
f) Share capital	6,732		6,732
g) Treasury shares (-)	(26)		(26)
h) Net profit (loss) for the year	(4,694)	2.2	(4,692)
Non-controlling interests	217		217
Total Liabilities and Shareholders' Equity	**240,794**	**2.6**	**240,796**

(EUR mln)

Reclassified balance sheet ASSETS	31/03/12	Restatements	31/03/12 Restated
Cash and cash equivalents	676		676
Receivables:			
a) Loans to customers	146,628		146,628
b) Loans to banks	14,877		14,877
Financial assets held for trading	52,341		52,341
Financial assets held to maturity	0		0
Equity investments	940		940
Property, plant & equipment / intangible assets	4,369		4,369
of which:			
a) goodwill	2,216		2,216
Other assets	10,892	3	10,895
Total Assets	**230,723**	**3**	**230,726**

Reclassified balance sheet LIABILITIES	31/03/12	Restatements	31/03/12 Restated
Payables			
a) Deposits from customers and securities issued	137,604		137,604
b) Deposits from banks	45,173		45,173
Financial liabilities held for trading	26,399		26,399
Provisions for specific use			
a) Provisions for staff severance indemnities	265	70	335
b) Pensions and other post retirement benefit obligations	193	(0)	192
c) Other provisions	1,000		1,000
Other liabilities	8,345	(16)	8,329
Group net equity	11,510	(51)	11,459
a) Valuation reserves	(2,387)	(54)	(2,441)
c) Equity instruments	1,903		1,903
d) Reserves	1,080	2	1,083
e) Share premium	3,366		3,366
f) Share capital	7,485		7,485
g) Treasury shares (-)	(25)		(25)
h) Net profit (loss) for the year	88	1	89
			-
Non-controlling interests	234		234
Total Liabilities and Shareholders' Equity	**230,723**	**3**	**230,726**

(EUR mln)

Reclassified balance sheet ASSETS	31/12/12	Restatements	31/12/12 Restated
Cash and cash equivalents	2,433		2,433
Receivables:			
a) Loans to customers	142,015		142,015
b) Loans to banks	11,225		11,225
Financial assets held for trading	49,163		49,163
Financial assets held to maturity			
Equity investments	1,040		1,040
Property, plant & equipment / intangible assets	2,526		2,526
of which:			
a) goodwill	670		670
Other assets	10,480	5	10,485
Total Assets	**218,882**	**5**	**218,887**

Reclassified balance sheet LIABILITIES	31/12/12	Restatements	31/12/12 Restated
Payables			
a) Deposits from customers and securities issued	135,670		135,670
b) Deposits from banks	43,323		43,323
Financial liabilities held for trading	21,517		21,517
Provisions for specific use			
a) Provisions for staff severance indemnities	242	76	317
b) Pensions and other post retirement benefit obligations	40	(0)	39
c) Other provisions	1,401	-	1,401
Other liabilities	10,236	(14)	10,221
Group net equity	6,452	(56)	6,396
a) Valuation reserves	(2,224)	(60)	(2,285)
c) Equity instruments	3		3
d) Reserves	4,128	2	4,131
e) Share premium	255		255
f) Share capital	7,485		7,485
g) Treasury shares (-)	(25)		(25)
h) Net profit (loss) for the year	(3,170)	2	(3,168)
Non-controlling interests	3		3
Total Liabilities and Shareholders' Equity	**218,882**	**5**	**218,887**

(EUR mln)

Reclassified income statement Items	31/03/12 (*)	Restatements	31/03/12 Restated
Net interest income	882.6		882.6
Net fee and commission income	424.3		424.3
Income from banking activities	**1,306.9**		**1,306.9**
Dividends, similar income and gains (losses) on equity investments	10.6		10.6
Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities.	182.0		182.0
Net profit (loss) from hedging	3.2		3.2
Net income from banking and insurance activities	**1,502.7**		**1,502.7**
Net adjustments for impairment of:	(435.8)		(435.8)
a) receivables	(430.3)		(430.3)
b) financial assets	(5.5)		(5.5)
Net income from banking and insurance activities:	**1,066.8**		**1,066.8**
Administrative expenses:	(768.7)	0.7	(768.0)
a) personnel expenses	(505.2)	0.7	(504.5)
b) other administrative expenses	(263.5)		(263.5)
Net adjustments to tangible and intangible assets	(45.4)		(45.4)
Operating expenses	**(814.1)**	**0.7**	**(813.4)**
Net operating income	**252.7**	**0.7**	**253.4**
Net provisions for risks and charges and other operating expenses (income)	(28.3)		(28.3)
Gains (losses) on investments	4.0		4.0
Restructuring charges/one off charges	(1.1)		(1.1)
Gains (losses) on disposal of investments	0.3		0.3
Profit (loss) before tax from continuing operations	**227.5**	**0.7**	**228.3**
Taxes on income from continuing operations	(127.0)	(0.2)	(127.2)
Profit (loss) after tax from continuing operations	**100.5**	**0.5**	**101.1**
Profit (loss) after tax from groups of assets held for sale	4.0		4.0
Profit (loss) for the year - Non-controlling interests	**104.6**	**0.5**	**105.1**
Profit (loss) for the year - Non-controlling interests	(1.7)		(1.7)
Net profit (loss) for the period before PPA , impairment on goodwill, intangibles and writedown of investment in AM Holding	102.8	0.5	103.4
Net effects of Purchase Price Allocation	(14.4)		(14.4)
Impairment on goodwill, intangibles and writedown of investment in AM Holding			
Net profit (loss) for the period	**88.5**	**0.5**	**89.0**

(*) Figures do not include the contribution from Biverbanca (sold on 28/12/2012).

Moreover, on 1 January 2013, the new accounting standard IFRS 13 "Fair value measurement" came into force, establishing a single source of guidance for all fair value measurements so far required by the IFRSs, eliminating existing inconsistencies. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (exit price). The notion introduced by IFRS 13 is that fair value is a market based rather than an entity specific measurement.

The principle was endorsed by the European Commission with Regulation no. 1255/2012 on 11 December 2012 and is mandatorily to be applied for annual periods beginning on or after 1 January 2013. The application of the new principle has had no impact on the P&L and balance sheet of the Group.

Scope of consolidation

The consolidated interim financial statements include the balance sheet and income statement results of the Parent Company and its direct and indirect subsidiaries. In particular, the scope of consolidation, as specifically set out in the IAS/IFRS, includes all subsidiaries, irrespective of their legal status, of business activity pursued in sectors other than the Parent Company's core business, of them being going concerns or wound-up companies, or of whether the equity investment consists in a merchant banking transaction. Similarly, special purpose entities/vehicles (SPEs/SPVs) are included when the requirement of actual control recurs, even if there is no stake in the company.

Minor entities are not included in the scope if their consolidation proves immaterial for the purpose of the consolidated financial statements. For further information on the methods of consolidation, reference should be made to the Notes to the Full-Year 2012 Consolidated Financial Statements, Part A "Accounting Policies".

Changes to the scope of consolidation

The only change to the scope of consolidation in the first quarter of 2013 was the removal of Mantegna Finance s.r.l., whose liquidation was concluded in February.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (PROPORTIONATE CONSOLIDATION) AS AT 31/03/2012

Name of business			Registered Office	Type of relationship (*)	Ownership relationship		Available % votes (**)
					Held by	Shareholding (%)	
A		**Businesses**					
A.0		BANCA MONTE DEI PASCHI DI SIENA S.P.A.	Siena				
		A.1 Fully consolidated					
A.1		MPS CAPITAL SERVICES BANCA PER LE IMPRESE S.p.a.	Florence	1	A.0	99.921	
A.2		MPS GESTIONE CREDITI S.p.a.	Siena	1	A.0	100.000	
	2.1	AIACE REOCO S.r.l.	Siena	1	A.2	100.000	
	2.2	ENEA REOCO S.r.l.	Siena	1	A.2	100.000	
A.3		MPS LEASING E FACTORING BANCA PER I SERVIZI FINANZIARI ALLE IMPRESE S.p.a.	Siena	1	A.0	100.000	
A.4		BANCA ANTONVENETA S.p.a.	Padua	1	A.0	100.000	
A.5		MONTE PASCHI IRELAND LTD	Dublin	1	A.0	100.000	
A.6		MONTE PASCHI FIDUCIARIA S.p.a.	Siena	1	A.0	100.000	
A.7		CONSUM.IT S.p.a.	Florence	1	A.0	100.000	
A.8		MPS TENIMENTI POGGIO BONELLI E CHIGI SARACINI SOCIETA' AGRICOLA S.p.a.	Siena	1	A.0	100.000	
A.9		MPS IMMOBILIARE S.p.a.	Siena	1	A.0	100.000	
A.10		G.IMM ASTOR S.r.l.	Lecce	1	A.0	52.000	
A.11		MPS GROUP OPERATING CONSORTIUM	Siena	1	A.0	99.730	99.910
					A.1	0.060	
					A.2	0.030	
					A.3	0.030	
					A.4	0.030	
					A.7	0.030	
A.12		MAGAZZINI GENERALI FIDUCIARI DI MANTOVA S.p.a.	Mantua	1	A.0	100.000	
A13		BANCA MONTE PASCHI BELGIO S.A.	Brussels	1	A.0	99.900	100.000
					A.4	0.100	
A.14		MPS PREFERRED CAPITAL I LLC	Delaware	1	A.0	100.000	
A.15		MPS PREFERRED CAPITAL II LLC	Delaware	1	A.0	100.000	
A.16		MONTE PASCHI BANQUE S.A.	Paris	1	A.0	100.000	
	16.1	MONTE PASCHI CONSEIL FRANCE SOCIETE PAR ACTIONS SEMPLIFIEE	Paris		A.16	100.000	
	16.2	MONTE PASCHI CONSEIL FRANCE SOCIETE PAR ACTIONS SEMPLIFIEE	Paris		A.16	100.000	
	16.3	IMMOBILIERE VICTOR HUGO S.C.I.	Paris		A.16	100.000	
A.17		MONTEPASCHI LUXEMBOURG S.A.	Luxembourg	1	A.0	99.200	100.000
					A.16	0.800	
A.18		MPS COVERED BOND S.r.l.	Conegliano	1	A.0	90.000	

Name of business			Registered Office	Type of relationship (*)	Ownership relationship		Available % votes (**)
					Held by	Shareholding (%)	
A.19		MPS COVERED BOND 2 S.r.l.	Conegliano	1	A.0	90.000	
A.20		CIRENE FINANCE S.r.l.	Conegliano	1	A.0	60.000	
A.21		ANTONVENETA CAPITAL L.L.C. I	Delaware	1	A.0	100.000	
A.22		ANTONVENETA CAPITAL L.L.C. II	Delaware	1	A.0	100.000	
A.23		ANTONVENETA CAPITAL TRUST I	Delaware	1	A.0	100.000	
A.24		ANTONVENETA CAPITAL TRUST II	Delaware	1	A.0	100.000	
		A.2 Proportionately consolidated companies					
A.25		INTEGRA S.p.a.	Florence	7	A.7	50.000	
		(book value: 50% of notional value)					

(*) Type of relationship:
1 majority of voting rights at ordinary shareholders' meetings
2 dominant influence at ordinary shareholders' meetings
3 agreements with other shareholders
4 other forms of control
5 unified management under art. 26. 1. of Leg. Decree 87/92
6 unified management under art. 26. 2. of Leg. Decree 87/92
7 joint control
(**) Voting rights are disclosed only if different from the percentage of ownership.

Reclassified financial assets

(EUR thousands)

Type of financial instrument (1)	Portfolio prior to transfer (2)	Portfolio after transfer (3)	Book value as at 31 03 2013 (4)	Fair value as at 31 03 2013 (5)	Income components in the absence of transfers (before tax)		Income components reported for the period (before tax)	
					Value-relevance (6)	Other (7)	Value-relevance (8)	Other (9)
UCITS:	Trading	Available for sale	73,661	73,661	1,532	444	1,532	184
Debt securities	Trading	Loans and advances to banks	36,084	31,016	3,577	287	(3)	230
Debt securities	Trading	Loans and advances to customers	461,888	376,534	(2,817)	3,378	(432)	3,527
Debt securities	Available for sale	Loans and advances to banks	140,544	142,617	1,068	3,571	(4,418)	512
Debt securities	Available for sale	Loans and advances to customers	1,037,157	696,143	2,754	18,522	(971)	(4,131)
Total			**1,749,334**	**1,319,971**			**- 4.293**	**323**

In addition to illustrating the book values and fair values of financial instruments reclassified in 2008 as at 31/03/2013, the table also reports (columns 6 and 7)P&L results in terms of "value relevance" and "other" (realised profit/loss and interest), which the same financial instruments would have produced for the Group in the quarter had they not been transferred in 2008.
Columns 8 and 9, on the other hand, contain the P&L results in terms of "value relevance" and "other" (realised profit/loss and interest) which the Group actually posted for these instruments as at 31 March 2013.

Group Description

The Montepaschi Group is one of the leading Italian banking institutions with 28,724 employees, approx. 5.6 million customers, assets in the region of EUR 216 bn and significant market shares in all the areas of business in which it operates.

The role of the Parent Company is carried out by Banca Monte dei Paschi di Siena SpA. Founded in 1472 as a public pawnbroking establishment (Monte di Pietà), Banca Monte dei Paschi di Siena is a member of FTSE MIB40 with market capitalisation in the region of EUR 2.1 bn as at 31/3/2013.

The Group's main activity is consumer banking, with a particularly strong retail vocation. The Group is also active through specialised product companies in business areas such as leasing, factoring, consumer loans, corporate finance and investment banking. On the distribution side, the insurance-pension sector is covered by a strategic partnership with AXA while asset management activities consist in the offer of independent third-party investment products to customers.

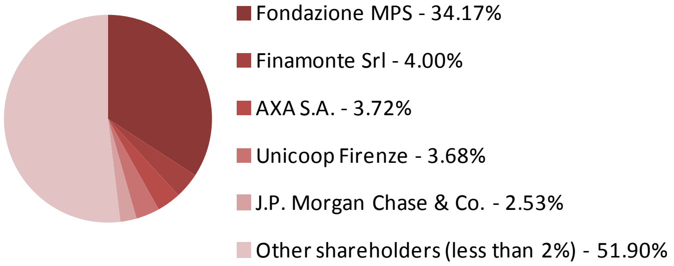
The Group mainly operates in Italy through a network of 2,577 branches, 287 specialised centres and 139 financial advisory offices open to the public.

Foreign banking operations are focused on supporting the internationalisation processes of Italian corporate clients in all major foreign financial markets as well as some emerging countries that have business relations with Italy.

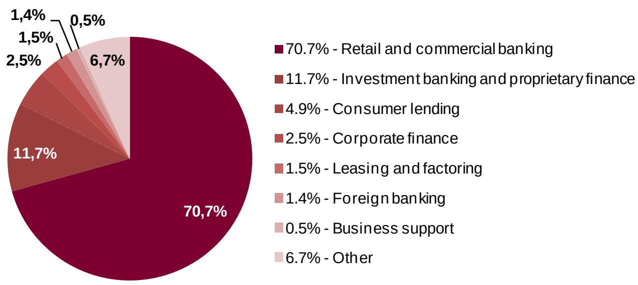
Breakdown as at 31/3/2013	
Employees	28,724
Branches (Italy)	2,577
Customers	approx. 5.6 mln).
Total assets (mln €)	216,227
Shareholders' equity (mln €)	6,271
Income from banking and insurance (mln €)	1,172

With regard to the data on customers, it should be noted that as of the beginning of 2013 it has been decided that more stringent requirements are to be applied to monitor the consistency of the customerbase, excluding analysis of the so-called "active-status customers". The figure as at 31/3/2013 is thus not comparable with the one reported in the Consolidated Annual Report as at 31/12/2012.

Breakdown of Bmps share capital as at 31/3/2013



Breakdown of the Group's Q1 revenues by area of business



The graph does not include cancellation of intragroup entries totalling -508.3 million euros.

Major corporate actions

January

- BoD 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.
- Draft deeds filed for the merger 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

- Completion of the process for the acceptance in full of all applications 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.

9 May

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

Results in brief

In the first quarter of 2013, **Italy's deep recession showed no sign of a let-up or turnaround** and was all the more compounded by the structural weaknesses of an economy that has long been experiencing low growth rates. The global crisis has affected all of the advanced economies and has been particularly strong in Italy: at constant prices, the average GDP for 2012 fell by 6.9% and household disposable income was down 9.5% as compared to 2007. Industrial production is 25% lower than pre-crisis levels. At the same time, the unemployment rate has almost doubled reaching 11.6% in February, with youth unemployment peaking at over 30%. Against a backdrop of increased uncertainty, tensions on financial markets partially eased in close correlation with developments in the sovereign debt crisis: the **10-year Italian BTP-German Bund spread**, increased by a further 30 bps in the first quarter of 2013, after reaching 240 in January 2013 and subsequently rising to 347 bps. **Interest rates settled around their lows** (1-month Euribor: ca. 11 bps) and maturity curves were substantially flat. For Italian banks, **funding difficulties on the wholesale markets**, which appeared to have been mitigated in the last part of 2012, **became critical again as of February 2013**, in coincidence with worsening sovereign debt tensions. Additionally, **the unfavourable economic cycle has translated into a decline in asset quality** across the banking system, with the ratio of loans to businesses transitioning into NPLs nearing the highs recorded during the recession of 1993.

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 “Alexandra”, “Santorini” and “Nota Italia” as well as the investigations into the acquisition of Banca Antonveneta; 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 the use of all possible tools available, enabled the Group to **stabilise lending and funding volumes at 2012-end levels**, **consolidate market shares in the main business segments and stop the downturn in revenues.** At the same time, actions were taken to **optimise the liquidity profile**, while maintaining the unencumbered counterbalancing capacity at high levels, and **retain a sound capital adequacy profile,** measured using capital ratios.

On the profit & loss front, the Group **achieved a significant rise in revenues** compared to the previous quarter, thanks to the **upturn in net fees and commissions** as well as **income from trading**, accompanied by **substantial stability in net interest income** which finally emerged from its long downward trend. Results regarding **containment of operating costs** were also significant, having benefitted from the decisive actions taken to optimise expenditures and the initial effects from the agreements signed with the trade unions at the end of 2012, from which further important benefits are expected in the course of 2013. At the same time, **the cost of credit, although lower than in the last part of 2012, still remained high**, as a result of the ongoing difficult economic situation which represents a factor of risk for the entire banking industry.

In particular:

- **Total funding** volumes for the Group amounted to approximately **EUR 246 bn, down 1.6% on 31/12/2012**, 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%.
- **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 resulting from 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.
- With respect to credit quality, as at 31/3/2013 **doubtful loan coverage was confirmed at 57.9%, in line with 2012-end levels.** Instead, substandard loan **coverage** was down (-100 bps) 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. As a consequence, **non-performing loan coverage** fell 60 bps from the end of the year **to stand at 40.4%**.

- With regard to capital ratios, as at 31/03/2013 the **Tier 1 Ratio was at 11.8%** (9.5% as at 31 December 2012) and the **Total Capital Ratio at 16.3%** (13.7% as at 31 December 2012).
- **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. **Net interest income** amounted to approx.EUR **597 mln**, up 37.4% on the previous quarter and down 32.4% on 31 March 2012. **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 ratio of annualised loan loss provisions over total customer loans is expressive of a **provisioning rate** of 138 bps, as compared to 188 bps in 2012.
- **Operating expenses** for the period amounted to approximately **EUR 746 mln**, down 10.4% on Q4 2012 and 8.3% on the same period of last year, with cost/income falling to 63.6% (65.9% as at 31/12/12). **Net provisions for risks and charges and other operating income/expenses** totalled approximately EUR 6 mln, a considerable improvement on the Q4 2012 amount of - EUR 185 mln.
- The consolidated net profit before Purchase Price Allocation (PPA) posted a loss of EUR 92.3 mln (-1,498.7 mln in Q4 2012 and a profit of EUR 103.4 mln as at 31/03/2012). **Considering the effects of PPA (- EUR 8.5 mln) the loss in the first quarter of 2013 totalled EUR 100.7 mln** (profit of EUR 89 mln in the same period of 2012).

2012-2015 Business Plan: progress status

- **Capital and governance** - Disposal of Biverbanca completed. Merger by absorption of Banca Antonveneta (effected by deed of merger of 23/04/2013) and of Mps Gestione Crediti Banca (nearing completion). Development of new Management Information System initiated.
- **Credit** - Operational functioning of the entire credit supply chain revised. New methodology initiated for allocation and tracking of credit budget. All new flows relating to "Large Corporate" customers centralised.
- **Sales & distribution** - New breakdown of the bank's Regional Areas and Local Market Units implemented. 200 branches closed and closure of a further 160 initiated. New central/network sales & distribution governance model defined. Micro-based logics utilised to direct sales & distribution actions more effectively. New Private Banking Area created and new rules defined for the functioning of the sales & distribution supply chain focused on private customers. New direct marketing business model defined. New internet banking became operational and new on-line trading system and mobile banking applications were released. Service model for corporate customers redesigned. Support for foreign banking operations strengthened. New bancassurance offering developed. New acquiring platform launched (with migration of all retailers) and issuing platform nearing completion. A number of initiatives were pursued with the objective of re-launching asset management and related advisory services, focusing in particular on "high value" customers.
- **Operational excellence** - Organisational models re-defined for Head Office Units, the Network, administrative services and information technology. Paperless processes implemented as planned. Project continued for the outsourcing of administrative, accounting and complementary activities. More efficient mechanisms put in place for the management of costs, internal services and the execution of strategic projects.
- **Human capital** - Scheme to reduce the number of executives and salary levels continued. Around 1,600 supported into retirement with activation of the banking industry's solidarity fund. New talent and performance management model implemented. Second-level contract agreement was defined as were structural and one-off actions for the reduction of labour costs in compliance with Business Plan forecasts (which include the 4-6 day work suspension per year per employee for the period 2013-2015). WBO (Work by Objectives) model defined in order to motivate busines activities in 2013 and development of new operational methods and standards initiated, which will be applied in the coming years.

CONSOLIDATED REPORT ON OPERATIONS

Highlights at 31/03/13

INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

MPS GROUP			
INCOME STATEMENT FIGURES (in EUR mln)	**31/03/13**	**31/03/12 (*)**	**% chg**
Income from banking activities	1,028.3	1,306.9	-21.3%
Income from financial and insurance activities	1,172.3	1,502.7	-22.0%
Net operating income	(67.9)	253.4	-126.8%
Parent company's net profit (loss) for the period	(100.7)	89.0	n.s.
BALANCE SHEET FIGURES AND INDICATORS (in EUR mln)	**31/03/13**	**31/12/12**	**% chg**
Direct funding	135,311	135,670	-0.3%
Indirect funding	110,515	114,176	-3.2%
of which: assets under management	*43,820*	*44,540*	-1.6%
of which: assets under custody	*66,695*	*69,636*	-4.2%
Loans to customers	140,510	142,015	-1.1%
Group net equity	6,271	6,396	-2.0%
KEY CREDIT QUALITY RATIOS (%)	**31/03/13**	**31/12/12**	**Abs. chg**
Net doubtful loans/Loans to Customers	5.4	5.1	0.3
Net substandard loans/Loans to Customers	4.7	4.2	0.5
PROFITABILITY RATIOS (%)	**31/03/13**	**31/12/12**	**Abs. chg**
Cost/Income ratio	63.6	65.9	(2.3)
Net loan loss provisions / End-of-period loans	1.38	1.88	(0.5)
CAPITAL RATIOS (%)	**31/03/13**	**31/12/12**	**Abs. chg**
Solvency ratio	16.3	13.7	2,6
Tier 1 ratio	11.8	9.5	2,3
INFORMATION ON BMPS STOCK	**31/03/13**	**31/12/12**	
Number of ordinary shares outstanding	11,681,539,706	11,681,539,706	
Price per ordinary share:	**from 31/12/11 to 31/03/13**	**from 31/12/11 to 31/12/12**	**% chg**
average	0.24	0.25	-4.0%
low	0.19	0.16	18.8%
high	0.30	0.42	-28.6%
OPERATING STRUCTURE	**31/03/13**	**31/12/12**	**Abs. chg**
Total head count - end of period	28,724	30,265	(1,541)
Number of branches in Italy	2,577	2,671	(94)
Financial advisory branches	139	138	1
Number of branches & representative offices abroad	39	39	-

(*) As was done for the Consolidated Financial Statements as 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".

(**) Data as at 31/12/2012 was restated following 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.

Key economic-financial indicators

Reclassified accounts

P&L and balance sheet reclassification principles

The following accounting statements illustrate balance-sheet and profit-and-loss accounts reclassified on the basis of operating criteria. In particular, with regard to the 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 accounts for the year ending 31/12/2012 - to 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, which had an impact on the following reclassifed 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 benfits", 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 signficant 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 (approx. 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 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 loss 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 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. This had an impact on the following reclassifed balance sheet items: Loans to customers/Deposits from customers, Other Assets/Liabilities, Deposits from banks, Financial liabilities held for trading.

Additionally, figures for 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 classifed 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.

Reported 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".

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

(*) As was done for the Consolidated Financial Statements as 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".

Earnings per share (EUR)	31/03/13	31/03/12
Basic	-0.009	0.001
Diluted	-0.009	0.001

Quarterly trend in reclassified income statement (EUR mln)						
	2013	2012 (*)				
MPS Group	1Q	4Q	3Q	2Q	1Q	31/12/12
Net interest income	597.0	434.5	724.4	788.1	882.6	2,829.6
Net fee and commission income	431.3	382.9	413.1	412.6	424.3	1,632.8
Income from banking activities	**1,028.3**	**817.4**	**1,137.4**	**1,200.7**	**1,306.9**	**4,462.4**
Dividends, similar income and gains (losses) on investments	27.2	18.5	17.5	28.5	10.6	75.1
Net profit (loss) from trading	120.8	(59.2)	255.1	76.5	182.0	454.3
Net profit (loss) from hedging	(4.0)	1.6	(3.6)	1.9	3.2	3.1
Income from banking and insurance activities	**1,172.3**	**778.3**	**1,406.5**	**1,307.5**	**1,502.7**	**4,994.9**
Net impairment losses (reversals) on:	**(494.5)**	**(1,464.8)**	**(474.8)**	**(518.8)**	**(435.8)**	**-2,894.2**
a) loans	(484.2)	(1,371.6)	(461.0)	(408.7)	(430.3)	-2,671.6
b) financial assets	(10.3)	(93.2)	(13.8)	(110.1)	(5.5)	-222.6
Net income from financial and insurance activities	**677.8**	**(686.5)**	**931.7**	**788.7**	**1,066.8**	**2,100.7**
Administrative expenses:	(707.3)	(772.9)	(772.6)	(780.7)	(768.0)	-3,094.2
a) personnel expenses	(469.6)	(470.6)	(485.8)	(525.7)	(504.5)	-1,986.5
b) other administrative expenses	(237.8)	(302.3)	(286.8)	(255.0)	(263.5)	-1,107.7
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	(38.3)	(59.2)	(48.5)	(45.7)	(45.4)	-198.8
Operating expenses	**(745.7)**	**(832.0)**	**(821.1)**	**(826.4)**	**(813.4)**	**-3,293.0**
Net operating income	**(67.9)**	**(1,518.5)**	**110.6**	**(37.7)**	**253.4**	**-1,192.2**
Net provisions for risks and charges and other operating expenses/income	5.8	(184.7)	(47.1)	(66.1)	(28.3)	-326.2
Gains (losses) on investments	1.4	(57.8)	1.5	(5.8)	4.0	-58.1
Restructuring charges / One off charges	-	(278.2)	(11.7)	(20.0)	(1.1)	-311.0
Gains (losses) on disposal of investments	0.2	0.1	6.4	0.6	0.3	7.3
Profit (loss) before tax from continuing operations	**(60.5)**	**(2,039.2)**	**59.7**	**(129.0)**	**228.3**	**-1,880.3**
Tax expense (recovery) on income from continuing operations	(31.7)	516.5	(76.8)	71.7	(127.2)	384.2
Profit (loss) after tax from continuing operations	**(92.2)**	**(1,522.7)**	**(17.0)**	**(57.4)**	**101.1**	**-1,496.0**
Profit (loss) after tax from groups of assets held for sale and discontinued operations	-	(3.0)	3.2	6.6	4.0	10.8
Net profit (loss) for the period including non-controlling interests	**(92.2)**	**(1,525.7)**	**(13.9)**	**(50.7)**	**105.1**	**-1,485.2**
Net profit (loss) attributable to non-controlling interests	(0.0)	27.0	(1.1)	(2.7)	(1.7)	21.6
Profit (loss) for the period before PPA , impairment on goodwill, intangibles and writedown of investment in AM Holding	**(92.3)**	**(1,498.7)**	**(14.9)**	**(53.4)**	**103.4**	**-1,463.7**
PPA (Purchase Price Allocation)	(8.5)	(11.7)	(10.9)	(13.3)	(14.4)	-50.2
Impairment on goodwill, intangibles and writedown of investment in AM Holding	-	(80.0)	-	(1,574.3)	-	-1,654.4
Parent company's net profit (loss) for the period	**(100.7)**	**(1,590.5)**	**(25.8)**	**(1,641.0)**	**89.0**	**-3,168.3**

(*) Figures for the first three quarters of 2012 are those published in the consolidated report on operations 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".

Reclassified balance sheet (EUR mln)

ASSETS	**31/03/13**	**31/12/12** (**)	**31/03/12** (*)	**Chg. Q/Q** abs.	**Chg. Q/Q** %	**Chg. YoY** abs.	**Chg. YoY** %
Cash and cash equivalents	697	2,433	676	(1,736)	(1)	21	3.2%
Receivables :				-	-	-	
a) Loans to customers	140,510	142,015	146,628	(1,505)	(0)	(6,118)	-4.2%
				-	-	-	
b) Loans to banks	13,676	11,225	14,877	2,451	0	(1,201)	-8.1%
Financial assets held for trading	47,732	49,163	52,341	(1,431)	(0)	(4,610)	-8.8%
Financial assets held to maturity	-	-	0.002	-	-	(0.002)	-100.0%
Equity investments	1,029	1,040	940	(11)	(0)	89	9.5%
Property, plant and equipment / Intangible assets	2,496	2,526	4,369	(30)	(0)	(1,873)	-42.9%
of which:				-	-	-	
a) goodwill	*670*	*670*	*2,216*	-	-	*(1,547)*	-69.8%
Other assets	10,088	10,485	10,895	(398)	(0)	(807)	-7.4%
Total assets	**216,227**	**218,887**	**230,726**	**(2,660)**	**(0)**	**(14,499)**	**-6.3%**

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

(*) As was done for the Consolidated Financial Statements as at 31/12/2012, figures were restated to take account of changes made in compliance with both IAS 8 (Accounting policies, changes in accounting estimates and errors) and IAS 19 "Employee benefits".

(**) As was done for the Consolidated Financial Statements as at 31/12/2012, figures were restated to take account of changes made in compliance with IAS 19 "Employee benefits".

Reclassified balance sheet- Quarterly Trend (EUR mln)

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

LIABILITIES	31/03/13	31/12/12 (**)	30/09/12 (*)	30/06/12 (*)	31/03/12 (*)
Payables					
a) Deposits from customers and securities issued	135,311	135,670	135,570	132,673	137,604
b) Deposits from banks	42,677	43,323	41,327	46,995	45,173
Financial liabilities held for trading	20,914	21,517	24,301	30,161	26,399
Provisions for specific use	-	-	-	-	-
a) Provisions for staff severance indemnities	291	317	321	320	335
b) Pensions and other post retirement benefit obligations	40	39	39	40	193
c) Other provisions	1,124	1,401	961	939	1,000
Other liabilities	9,597	10,221	12,061	11,977	8,329
Group net equity	6,271	6,396	9,294	8,840	11,459
a) Valuation reserves	(2,309)	(2,285)	(2,880)	(3,359)	(2,441)
c) Equity instruments carried at equity	3	3	1,903	1,903	1,903
d) Reserves	962	4,131	4,133	4,133	1,083
e) Share premium	255	255	255	255	3,366
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 year	(101)	(3,168)	(1,578)	(1,552)	89
Non-controlling interests	3	3	230	223	234
Total Liabilities and Shareholders' Equity	**216,227**	**218,887**	**224,102**	**232,168**	**230,726**

(*) As was done for the Consolidated Financial Statements as at 31/12/2012, figures were restated to take account of changes made in compliance with both IAS 8 (Accounting policies, changes in accounting estimates and errors) and IAS 19 "Employee benefits".
(**) Values restated to take account of changes made in compliance with IAS 19 "Employee benefits".

Balance Sheet

Direct funding

As at 31/03/2013, **total funding** volumes for the Group amounted to approximately **EUR 246 bn, down 1.6% on 31/12/2012**, 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 by 9.8%.

Background

The ongoing crisis has further decreased the purchasing power of Italians, with their savings rate falling to all-time lows. Investments remain prudent and focus primarily on guaranteed-return products.

Banking customers prefer deposits to current accounts and 75% use multiple channels to access products and services: they have not given up the traditional branch experience, which remains a point of reference for 90% of customers, but increasingly use internet (40%), smartphones and tablets (5%).

Direct funding remains largely stable thanks to the good performance of deposits which have offset the sharp decline in bonds.

New production in life insurance grew 44% as compared to the same period in 2012. An increase was recorded across all categories with the exception of traditional products for corporate customers.

Customer funding (EUR mln)	31/03/13	31/12/12	Restated (*) 31/03/12	Chg % vs 31/12/12	Chg % vs 31/03/12
Direct funding	**135,311**	**135,670**	**134,900**	**-0.3%**	**0.3%**
Indirect funding	**110,515**	**114,176**	**137,551**	**-3.2%**	**-19.7%**
assets under management	*43,820*	*44,540*	*45,693*	*-1.6%*	*-4.1%*
Mutual Funds/Sicav	*15,850*	*15,835*	*16,051*	*0.1%*	*-1.3%*
Individual Portfolio under Management	*6,193*	*6,340*	*6,387*	*-2.3%*	*-3.0%*
Life Insurance Policies	*21,777*	*22,365*	*23,255*	*-2.6%*	*-6.4%*
assets under custody	*66,695*	*69,636*	*91,858*	*-4.2%*	*-27.4%*
Total funding	**245,826**	**249,846**	**272,451**	**-1.6%**	**-9.8%**

(*) As was done for the Consolidated Financial Statements as 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 IAS 8 (Accounting policies, changes in accounting estimates and errors).

More specifically:

- **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** (for further details please refer to the section "Results by operating segment"), volumes showed a slight decrease (-2.2% from 31/12/12, approx - 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 offset by funding from institutional counterparties, which witnessed a growth in repurchase agreements and a fall in bonds on international markets, offset by the issuance of the **New Financial Instruments** (a.k.a. NFIs) subscribed by the Ministry of Economy and Finance at the end of February 2013[1].

[1] On 28 February 2013, Banca Monte dei Paschi di Siena S.p.A. completed the issuance of New Financial Instruments pursuant to article 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 for the full repayment of 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, effective 1 July 2013, for advance payment of interest accrued on Tremonti Bonds up to

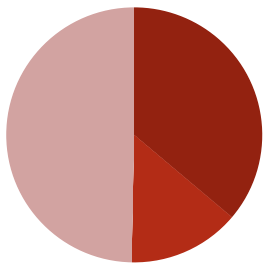
The following table shows a breakdown of major types of direct funding from customers:

Direct funding (EUR mln)							
			Restated (*)	Q/Q change		Y/Y change	
Type of transaction	31/03/13	31/12/12	31/03/12	Abs.	%	Abs.	%
Current accounts	52,892	56,006	58,174	(3,115)	-5.6%	(5,283)	-9.1%
Time deposits	8,324	5,802	3,502	2,522	43.5%	4,822	137.7%
Reverse repurchase agreements	16,482	13,839	7,107	2,643	19.1%	9,375	131.9%
Bonds	48,113	52,115	59,231	(4,002)	-7.7%	(11,118)	-18.8%
Other types of direct funding	9,501	7,908	6,885	1,593	20.1%	2,615	38.0%
Total	**135,311**	**135,670**	**134,900**	**(359)**	**-0.3%**	**411**	**0.3%**

(*) As was done for the Consolidated Financial Statements as 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 IAS 8 (Accounting policies, changes in accounting estimates and errors).
(**) 31/12/12 includes Tremonti Bonds in the amount of EUR 1.9 bn and 31/03/13 includes NFIs in the amount of EUR 4.071 bn.

- As at 31/03/2013, the Group's **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;

Assets Under Management breakdown



    - **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, however, not being significant.

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 a going concern assumption.

Loans to customers

At the end of March 2013, **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 weighted down 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).

Background

Bank lending was essentially at a standstill due to demand factors (decline in real estate sales and return on investments) and supply (tensions in funding and a greater focus on credit risk).

Doubtful loans have continued to rise, reaching EUR 127.6 bn (+18.6% y/y).

The weighted average interest rate on total loans to households and non-financial businesses stood at 3.74% (-0.5 bps since year-end) continuing on its downward trend.

Loans to customers (EUR mln)

Type of transaction	31/03/13	31/12/12	Restated (*) 31/03/12	Q/Q change Abs.	Q/Q change %	Y/Y change Abs.	Y/Y change %
Current accounts	*12,626*	*13,099*	*13,817*	*(473)*	*-3.6%*	*(1,191)*	*-8.6%*
Mortgages	*70,515*	*72,329*	*78,050*	*(1,814)*	*-2.5%*	*(7,536)*	*-9.7%*
Other forms of lending	*34,262*	*34,770*	*33,201*	*(509)*	*-1.5%*	*1,061*	*3.2%*
Repurchase agreements	2,246	2,199	1,191	46	2.1%	1,055	88.6%
Securities lending	2,182	2,221	3,055	(39)	-1.8%	(873)	-28.6%
Non performing loans	18,681	17,397	15,037	1,284	7.4%	3,644	24.2%
Total	**140,510**	**142,015**	**144,351**	**(1,505)**	**-1.1%**	**(3,840)**	**-2.7%**

(*) As was done for the Consolidated Financial Statements as 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 IAS 8 (Accounting policies, changes in accounting estimates and errors).

With regard to special-purpose loans, EUR 121 mln in new loans were granted by MPS Capital Services in the first quarter of 2013, a decline as compared to both Q4 2012 and the same period of last year.

Revenues from Leasing contracts in Q1 2013, totalling approximately EUR 135 mln, were also down on 2012 levels as was Factoring, with a turnover of about EUR 1.6 bn;

A slowdown was registered in new disbursements (approx. EUR 552 mln as at 31/03/13), including Consumer lending through the subsidiary Consum.it.

Special purpose loans and corporate finance (EUR mln)	1Q2013 (*)	4Q2012	3Q2012	2Q2012	1Q2012	Q/Q Abs.	Q/Q %	Y/Y Abs.	Y/Y %
MPS Capital Services (disbursements)	120.6	321.3	313.3	311.7	354.7	-200.7	-62.5%	-234.1	-66.0%
MPS Leasing & Factoring	1,752.2	2,116.8	1,844.6	2,095.1	2,593.9	-364.6	-17.2%	-841.7	-32.5%
incl.: leases negotiated	*135.0*	*180.7*	*193.0*	*205.5*	*282.7*	*-45.6*	*-25.3%*	*-147.7*	*-52.2%*
factoring turnover	*1,617.1*	*1,936.1*	*1,651.6*	*1,889.6*	*2,311.2*	*-319.0*	*-16.5%*	*-694.0*	*-30.0%*
Consumit (disbursements)	552.6	656.6	568.8	604.2	602.3	-104.0	-15.8%	-49.7	-8.3%

(*) Amounts shown are net of operating flows channeled through Biverbanca, whose sale to Cassa di Risparmio di Asti took place on 28/12/12.

Non-performing loans

As at the end of March 2013, the Group's **net exposure to non-performing loans** totalled approx. **EUR 18.7 bln**, an increase of about 7.4% from the end of 2012. A breakdown of the aggregate reveals an increase in Past-due positions (+13.7% as compared to 31/12/12), Substandard loans (+9.7%) and Doubtful loans (+4.9%), whereas a decline was registered in Restructured loans (-1.8%). Therefore, the non-performing 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.

Customer loans by risk

Risk category - Net book values EUR mln	31/03/13	31/12/12	31/03/12 (*)	*weight %* *31/03/13*	*weight %* *31/12/12*	*weight %* *31/03/12*
A) Non performing loans	**18,681**	**17,397**	**15,037**	***13.30***	***12.25***	***10.42***
a1) doubtful loans	7,656	7,299	6,618	***5.45***	*5.14*	*4.58*
a2) Substandard loans	6,539	5,963	4,806	***4.65***	*4.20*	*3.33*
a3) Restructured	1,374	1,399	1,464	***0.98***	*0.98*	*1.01*
a4) Past due	3,112	2,737	2,149	***2.21***	*1.93*	*1.49*
B) Performing loans	**121,829**	**124,618**	**129,314**	***86.70***	***87.75***	***89.58***
Total customer loans	**140,510**	**142,015**	**144,351**	***100.00***	***100.00***	***100.00***

(*) As was done for the Consolidated Financial Statements as 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 IAS 8 (Accounting policies, changes in accounting estimates and errors).

As at 31/03/2013, **doubtful loan coverage was confirmed at 57.9%, in line with 2012-end levels.** Instead, substandard loan **coverage** was down (-100 bps) on the back of greater inflows of collateralised exposures and a higher share of 'objective substandard loans' which, given the better cure rate, require more limited coverage. As a consequence, **non-performing loan coverage** fell 60 bps from the end of the year **to stand at 40.4%**.

Provisioning ratios

	31/03/13	31/12/12	30/09/2012 (**)	30/06/2012 (**)	31/03/2012 Restated (*)
"provisions for NPLs " / "gross NPLs"	40.4%	41.0%	38.4%	39.2%	39.7%
"provisions for substandard loans" / "gross substandard loans"	20.9%	21.9%	20.3%	21.6%	21.6%
"provisions for doubtful loans" / "gross doubtful loans"	57.9%	57.9%	55.0%	55.2%	55.7%

(*) As was done for the Consolidated Financial Statements as 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 IAS 8 (Accounting policies, changes in accounting estimates and errors) as illustrated in the section "Reclassified Accounts".
(**) As was done for the Consolidated Financial Statements as at 31/12/2012, figures were restated to take account of the impact from changes made in compliance with both IAS 8 (Accounting policies, changes in accounting estimates and errors) as illustrated in the section "Reclassified Accounts".

The table below reports the figures for the Group's major companies, within which Banca Mps and Banca Antonveneta show an average provisioning ratio for doubtful loans of around 60%. For an accurate interpretation of the details contained in the table, it should be noted that NPLs under litigation are normally written down by direct transfer to P&L losses, while mid-long term loans are generally supported by collaterals thus requiring more limited provisioning. This is particularly evident in MPS Capital Services, for which doubtful loan coverage stands at lower levels (41%), whose business is mainly characterised by the disbursement of mortgage loans:

Npls and Net Substandard loans by business unit						
Risk category - Net values at 31/03/2013 *EUR mln*	**Group**	**BMPS**	**BAV**	**MPS Capital Services Banca per le Imprese**	**MPS Leasing & Factoring**	**Consum.it**
Net doubtful loans	7,656	4,610	682	1,820	326	147
% of total customer loans	5.45%	3.78%	5.11%	13.20%	4.61%	2.48%
"loan loss provisions" / "gross doubtful loans"	**57.9%**	**60.0%**	**62.7%**	**41.0%**	**60.9%**	**80.7%**
Net sub standard loans	6,539	4,552	449	970	495	72
% of total customer loans	4.65%	3.73%	3.36%	7.03%	6.99%	1.21%
"loan loss provisions" / "gross substandard loans"	**20.9%**	**21.6%**	**20.2%**	**16.4%**	**18.9%**	**40.6%**

With regard to **gross performing loans,** provisions continued to stand at around 0.5%, in line with the previous year.

As for management of the doubtful loan book, which is assigned to the company specialising in this area, MPS Gestione Crediti Banca, **recoveries** in the first quarter **were in the region of EUR 88 mln** (approx. EUR 150 mln in 4Q12).

The Group's securities and derivatives portfolio

As at 31/03/2013, **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.

Portfolio of treasury securities and derivatives (exact year-end figures in millions of euros)

MONTEPASCHI GROUP Type of portfolio	**31/03/13**	**31/12/12**	**31/03/12** (*)	**Chg. Q/Q**		**Chg. Y/Y**	
				Abs.	**%**	**Abs.**	**%**
Held For Trading (HFT) [1]	9,344	9,568	9,043	(224)	-2.3%	301	3.3%
Available For Sale (AFS) [2]	25,566	25,649	24,254	(83)	-0.3%	1,312	5.4%
Loans & Receivable (L&R) [3]	3,085	3,216	4,753	(131)	-4.1%	(1,668)	-35.1%
Total	**37,995**	**38,433**	**38,050**	**(438)**	**-1.1%**	**(55)**	**-0.1%**

(1) "Financial Assets Held for Trading" excluding "Loans" and net of the value of derivatives recognised under "Financial Liabilities held for Trading"

(2) "Financial Assets Held for Sale" excluding "Loans", including Equity Investments.

(3) Securities classified as "Loans and Receivables" posted to "Loans and advances to Customers" e "Loans and advances to banks".

(*)Figures w ere restated excluding Biverbanca's contribution (sold on 28/12/12) and taking account of changes in compliance w ith IAS 8 (Accounting policies, changes in accounting estimates and errors).

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.

Regarding market risk of the Group's "Regulatory Trading Book", which is operationally monitored using VaR (Value-at-Risk), please refer to the chapter on "Integrated risk and capital management".

Interbank position

As at 31/03/2013, **the Group's net interbank position stood at EUR 29.5 bn in funding, down EUR 4.3 bn on the end of 2012.** The difference is to be related to a rise in loans to banks (approx. +2.5 bn from 31/12/12, owing largely to fulfillment of the compulsory reserve requirement) and the simultaneous reduction in deposits from banks (-1.8 bn), under which the ECB exposure, consisting of two three-year Longer Term Refinancing Operations (LTROs), remained fairly stable as compared to the end of 2012, while Repurchase Agreements registered a slide.

Interbank balances (end-of-period; EUR mln)

	31/03/13	31/12/12	(**) 31/03/12	Q/Q change Abs.	Q/Q change %	Y/Y change Abs.	Y/Y change %
Loans to banks	14,386	11,935	16,101	2,451	20.5%	(1,715)	-10.7%
Deposits from banks	43,876	45,725	46,919	(1,849)	-4.0%	(3,043)	-6.5%
Net position (*)	**(29,490)**	**(33,790)**	**(30,818)**	**4,300**	**-12.7%**	**1,328**	**-4.3%**

(*) Loans to/deposits from banks include loans to/from banks included under Financial assets/liabilities held for trading.

(**) As was done for the Consolidated Financial Statements as at 31/12/2012, figures were restated to take account of the impact from changes made in compliance with both IAS 8 (Accounting policies, changes in accounting estimates and errors) as illustrated in the section "Reclassified Accounts".

At the end of March 2013, the operational liquidity position showed an **unencumbered Counterbalancing Capacity** of approx. **EUR 14 bn,** against EUR 16.5 bn as at 31 December 2012. The reduction is due to a decrease in deposits registered in the first months of 2013 and the widening BTP-Bund spread recorded since the beginning of the year. It should be noted that this deterioration was temporary and was fully recovered in April.

Net equity

As at 31/03/2013, the Group's shareholders' equity and non-controlling interests came to around EUR 6.3 bn, sliding by approximately EUR 125 mln on the the end of 2012. Changes in the figure were affected by losses for the period (- EUR 101 mln) and a slight increase in the negative value of valuation reserves (- EUR 24 mln). As for the individual items under net equity, a decrease was posted to Reserves due to the fact that they were used to cover yearly losses for 2012.

Reclassified Balance Sheet (EUR mln)

ASSETS	31/03/13	31/12/12 (**)	31/03/12 (*)	Chg. Q/Q abs.	Chg. Q/Q %	Chg. YoY abs.	Chg. YoY %
Group net equity	6,271	6,396	11,459	(125)	-2.0%	(5,188)	-45.3%
a) Valuation reserves	(2,309)	(2,285)	(2,441)	(24)	1.0%	133	-5.4%
c) Equity instruments	3	3	1,903	-		(1,900)	-99.8%
d) Reserves	962	4,131	1,083	(3,169)	-76.7%	(120)	-11.1%
e) Share premium	255	255	3,366	-		(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 year	(101)	(3,168)	89	3,068	-96.8%	(190)	n.s.
Non-controlling interests	3	3	234	0	1.8%	(231)	-98.8%
Total Liabilities and Shareholders' Equity	**6,274**	**6,399**	**11,693**	**(125)**	**-2.0%**	**(5,419)**	**-46.3%**

(*) As was done for the Consolidated Financial Statements as at 31/12/2012, figures were restated to take account of changes made in compliance with both IAS 8 (Accounting policies, changes in accounting estimates and errors) and IAS 19 "Employee benefits".
(**) Values restated to take account of changes made in compliance with IAS 19 "Employee benefits".

Capital adequacy

Capital for regulatory purposes and capital ratios

Regulatory Capital was estimated on the basis of calculation metrics introduced by Basel 2 (Advanced Internal Rating Based (IRB) and Advanced Measurement Approach (AMA) methodologies for legal entities and portfolios that are subject to validation). The comparative figures as at 31 December 2012 have been restated and therefore differ from those published in the 2012 Annual Report since, on 7 May 2013, the Supervisory Authority requested the Bank to make a retrospective change to its Tier 1, which reduced it by EUR 76 mln.

Background
Postponement of the entry into force of Basel 3 initially scheduled for 2013: new times and methods are yet to be defined,
EU agreement of December 2012 provides for the centralisation and further strengthening of banking supervision.
Banks continue their process of capital strengthening, both by increasing capital base and through a reduction in risk-weighted assets.

Regulatory capital (EUR mln)

	31/03/13	31/12/2012	Chg. %
	9,845	8,237	19.52%
Tier 1 capital	10,448	8,841	18.18%
Tier 2 capital	4,031	4,446	-9.34%
Items to be deducted	-	564	-100.00%
Total regulatory capital	14,480	12,724	13.80%
Risk Weighted Assets	88,596	92,828	-4.56%
Tier 1 Ratio	11.1%	8.9%	
Tier 1 Ratio	11.8%	9.5%	
Total Capital Ratio	16.3%	13.7%	

As at 31/03/2013, the Group's **Regulatory capital** amounted to **EUR 14,480 mln**, with a Core Tier 1 Ratio (inclusive of the EUR 4,071 mln in New Financial Instruments a.k.a. Monti Bonds) of 11.1% (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 16.3% (13.7% as at 31 December 2012).

In particular, **Tier 1 capital** totalled **EUR 10,448 mln**, up by approx. EUR 1,607 mln on the value at 31/12/2012, primarily due to the issue of New Financial Instruments which, net of Tremonti Bond repayment (EUR 1,900 mln), provided additional capital in the amount of EUR 2,171 mln[2]. The following key factors, on the other hand, contributed to reducing Tier 1 Capital: P&L loss for the period (- EUR 100.7 mln), the increase in deductions from the surplus of expected losses against value adjustments (- EUR 97 mln), higher deductions (- EUR 292 mln) relating to investments in insurance companies (held prior to 20/07/2006) following expiry of the transitional rule which allowed for their overall deduction from total Regulatory Capital (instead of 50% from Tier 1 and 50% from Tier 2) and the introduction, among other negative filters, of an amount to be deducted (- EUR 51 mln) in relation to Deferred Tax Assets from multiple deduction of goodwill, which was required by the Supervisory Authorities as per their communication of 09 May 2013.

[2] On 28 February 2013, the issuance of New Financial Instruments was completed pursuant to article 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. More specifically, the Ministry of Economy and Finance subscribed to the New Financial Instruments issued by the Bank for a total value of EUR 4,071 mln, of which EUR 1,900 mln for the full replacement of Tremonti Bonds previously issued by the Bank in 2009, and EUR 171 mln, effective 1 July 2013, for payment of interest accrued on Tremonti Bonds up to 31 December 2012, taking into account the operating loss for 2012.

Tier 2 capital amounted to **EUR 4,031 mln**, down by approx. EUR 415 mln compared with the end of 2012, as a result of the aforementioned increases in deductions from the surplus of expected losses against value adjstuments and investments in insurance companies.

As already indicated, the **elements to be deducted** from Tier 1 and Tier 2 were zeroed due to the expiry of the transitional rule which allowed for their overall deduction from total Regulatory Capital.

Risk weighted assets (RWAs) totalled approx. **EUR 88.6 bn** as at 31 March 2013, with a decline of approx. EUR 4.2 bn from December 2012; this trend was largely due to the sharp reduction in the Basel 1 Floor[3], from EUR 5.9 bn in December 2012 to EUR 2.8 bn as at 31 March 2013. The reduction in credit and counterparty risk for the amount of EUR 0.9 bn and in market risk for EUR 0.2 bn also contributed to the reduction in RWAs.

3 RWAs calculated under Basel 2 cannot be less than 85% of absorption calculated under Basel 1 rules.

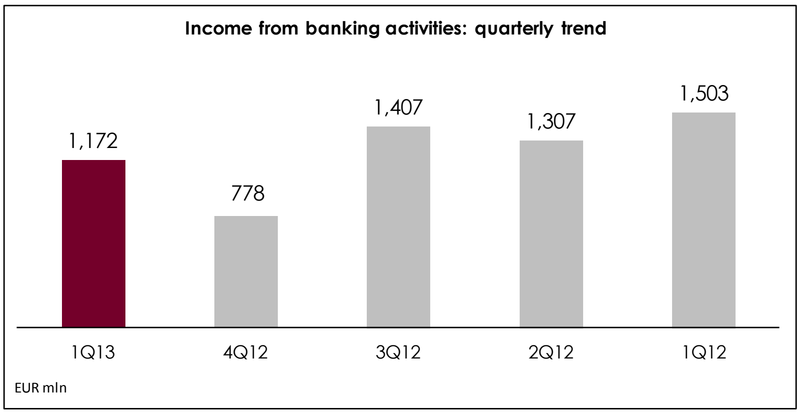
Income statement

Operating income: Net income from banking and insurance

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.

Financial and insurance income (EUR mln)									
		(*)	(*)	(*)	(*)	Chg. QoQ		Chg. YoY	
	1Q13	4Q12	3Q12	2Q12	1Q12	Abs.	%	Abs.	%
Net interest income	597.0	434.5	724.4	788.1	882.6	162.5	37.4%	(285.6)	-32.4%
Net fee and commission income	431.3	382.9	413.1	412.6	424.3	48.4	12.6%	7.0	1.7%
Income from banking activities	**1,028.3**	**817.4**	**1,137.4**	**1,200.7**	**1,306.9**	**210.9**	**25.8%**	**(278.6)**	**-21.3%**
Dividends, similar income and gains (losses) on equity investments	27.2	18.5	17.5	28.5	10.6	8.7	46.8%	16.6	n.s.
Net trading income (loss) / valuation of financial assets	120.8	(59.2)	255.1	76.5	182.0	180.0	n.s.	(61.2)	-33.6%
net profit (loss) from hedging	(4.0)	1.6	(3.6)	1.9	3.2	(5.5)	n.s.	(7.2)	n.s.
Financial and insurance income	**1,172.3**	**778.3**	**1,406.5**	**1,307.5**	**1,502.7**	**394.1**	**50.6%**	**(330.3)**	**-22.0%**

(*) Figures published in the Full-Year Report as at 31/12/2012.



A closer look at the aggregate reveals the following:

- **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[4], elimination of the 'urgent facility' fee and changes in the calculation of interest payable on overdrawn amounts[5], as well as changes in criteria for consolidation of Banca Popolare di Spoleto following loss of "significant influence". If

[4] 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 aforementioned 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 was posted for financial year 2012.

[5] 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 aforementioned article, a 'fast-track facility' fee ("*commissione 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").

the quarters of 2012 were restated to reflect the accrual accounting of factors illustrated above, **net interest income would show substantial stability compared to 4Q12** (-0.5%), primarily on account of the following offsetting effects: two fewer business days (negative impact of approx - EUR13 mln) and higher costs (approx. - EUR 19 mln) in connection with the issue of New Financial Instruments on 28 February 2013[6]; 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 of around -24% would be registered** due to falling benchmark rates (average 1-month Euribor for 1Q 2013, down approximately 55 bps compared to 1Q 2012) 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).

- **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 and financial assets/liabilities available for sale**, 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 approx. EUR 33 mln accounted for by the reduction in value of certain BMPS subordinated securities placed with institutional customers.

Net trading income (loss) / valuation of financial assets (EUR mln)

	1Q13	(*) 4Q12	(*) 3Q12	(*) 2Q12	(*) 1Q12	Chg. QoQ Abs.	Chg. QoQ %	Chg. YoY Abs.	Chg. YoY %
Net profit (loss) from trading	63.5	(45.8)	54.4	(49.9)	160.0	109.3	n.s.	(96.5)	-60.3%
Gains (losses) on disposal/repurchase of loans, financial assets available for sale and financial liabilities	24.0	(9.2)	194.4	14.0	19.1	33.2	n.s.	4.9	25.6%
Net profit (loss) from financial assets and liabilities designated at fair value	33.3	(4.2)	6.3	112.4	2.9	37.5	n.s.	30.4	n.s.
Net profit (loss) from trading	**120.8**	**(59.2)**	**255.1**	**76.5**	**182.0**	**180.0**	**n.s.**	**(61.2)**	**-33.6%**

(*) Figures published in the Full-Year Report as at 31/12/2012.

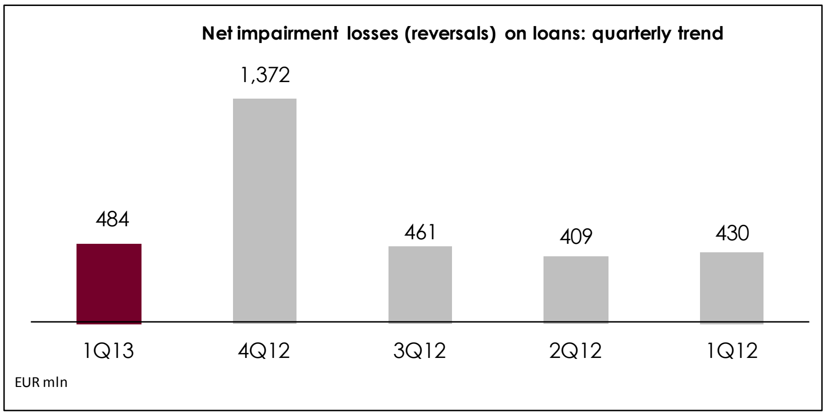
Net income from banking and insurance activities also includes:

- **Dividends, similar income and gains (losses) on investments** totalling EUR **27.2 mln** (18.5 mln in Q412), primarily attributable to the income of investments consolidated at equity with AXA-MPS insurance accounting for approx. EUR 23.2 mln.
- **Net income from hedging, negative by approx. EUR 4 mln** (vs. + EUR 1.6 mln in Q4 2012).

[6] 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 illustrated in the section "Direct funding".

Cost of credit: net impairment losses (reversals) on loans and financial assets

Against revenues from the disbursement of loans, in Q1 2013 the Group posted **approx. EUR 484 mln in net impairment losses on loans**, a fall of EUR 890 mln from the previous quarter. For a correct interpretation of changes in the aggregate, it is noted that 4Q12 was considerably impacted by adjustments to the provisioning funds for a cluster of doubtful and substandard positions as well as by the trendline in gross non-performing loans. As compared to 31/03/2012, net provisions on impairment of loans worsened by approximately 12.5% as a result of the prolonged crisis which has prompted an accelerated growth in non-performing loans. The ratio of annualised loan loss provisions over total customer loans is expressive of a **provisioning rate** of 138 bps, as compared to 188 bps in 2012.



Net impairment losses on financial assets stood at **- EUR 10.3 mln**, a significant improvement as compared to the previous quarter (- EUR 93 mln in Q4 12).

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).

Operating costs: operating expenses

Total operating expenses amounted to approximately **EUR 746 mln** in the first quarter of 2013, down 10.4% on Q4 2012 and 8.3% on the same period of last year.

Operating expenses (EUR mln)	1Q13	(*) 4Q12	(*) 3Q12	(*) 2Q12	(*) 1Q12	Chg. QoQ Abs.	Chg. QoQ %	Chg. YoY Abs.	Chg. YoY %
Personnel expenses	469.6	470.6	485.8	525.7	504.5	(1.0)	-0.2%	(34.9)	-6.9%
Other administrative expenses(*)	237.8	302.3	286.8	255.0	263.5	(64.5)	-21.3%	(25.7)	-9.8%
Administrative expenses	707.3	772.9	772.6	780.7	768.0	**(65.5)**	**-8.5%**	**(60.7)**	**-7.9%**
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	38.3	59.2	48.5	45.7	45.4	(20.8)	-35.2%	(7.1)	-15.6%
Operating expenses	**745.7**	**832.0**	**821.1**	**826.4**	**813.4**	**(86.3)**	**-10.4%**	**(67.7)**	**-8.3%**

(*) As was done for the Consolidated Financial Statements as 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".

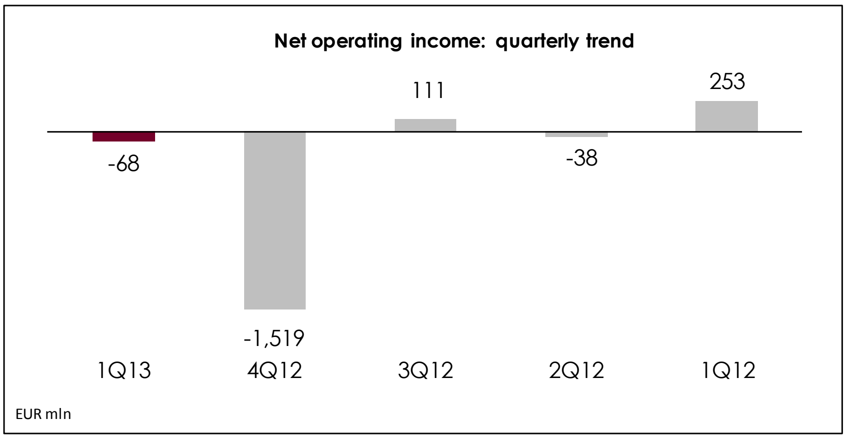
More specifically:

- **Administrative expenses** amounted to approx EUR 707 mln, down 8.5% on the previous quarter (-10.5% on a like-for-like basis which excludes Banca Popolare di Spoleto's deconsolidation effects, entirely accounted for in 4Q12). In particular:
  - **Personnel expenses**, totalling approximately EUR 470 mln, were down 2.5% on the previous quarter and down 6.4% as compared to 31 March 2012. Both sets of data were restated on a

like-for-like basis to reflect headcount changes and agreements with the unions signed at the end of 2012, which are expected to generate additional 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% from Q4 2012 and 9% with respect to 31 March 2012, were restated on a like-for-like basis, 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**, particularly benefitting from the write-down of intangibles in 2012.



On the back of these factors, **Net Operating Profit** was negative by approx. EUR 68 mln (vs. approximately - EUR 1,519 mln in 4Q12) with a cost/income ratio of 63.6% (vs. 65.9% as at 31/12/2012).

Non-operating income, tax and net profit for the year

Profit for the year included:

- **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 31/03/2013, the aggregate included approx. - EUR 21 mln in provisions to the fund for risks and charges, primarily covering legal disputes and claw-back actions; other operating expenses (income), totalling approx. +EUR 27 mln (vs. +EUR 14 mln in Q4 2012), mainly affected, in negative terms, by charges in connection with lawsuit settlement and writedowns on improvements of third-party goods and, to a positive extent, by revenues from "fast-track credit facility" fees (CIV) introduced in the fourth quarter of 2012 (see comments on interest income and related notes).
- **Gains on investments**, totalling approx. EUR 1.4 mln.
- **Gains on disposal of investments**, for an amount of approx. 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).

Profit (loss) before tax from continuing operations (EUR mln)									
		(*)	(*)	(*)	(*)	Chg. QoQ		Chg. YoY	
	1Q13	4Q12	3Q12	2Q12	1Q12	Abs.	%	Abs.	%
Net operating income	**(67.9)**	**(1,518.5)**	**110.6**	**(37.7)**	**253.4**	**1,450.7**	**-95.5%**	**(321.3)**	**n.s.**
Net provisions for risks and charges and other operating expenses/income	5.8	(184.7)	(47.1)	(66.1)	(28.3)	190.5	n.s.	34.1	n.s.
Gains (losses) from Investments	1.4	(57.8)	1.5	(5.8)	4.0	59.2	n.s.	(2.6)	-65.2%
Restructuring charges / One off charges	-	(278.2)	(11.7)	(20.0)	(1.1)	278.2	n.s.	1.1	n.s.
Gains (losses) on disposal of investments	0.2	0.1	6.4	0.6	0.3	0.2	n.s.	(0.0)	-17.5%
Profit (Loss) before tax from continuing operations	**(60.5)**	**(2,039.2)**	**59.7**	**(129.0)**	**228.3**	**1,978.8**	**-97.0%**	**(288.7)**	**n.s.**

(*) 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".

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 (- EUR 1,498.7 mln in Q4 2012 and a profit of EUR 103.4 mln as at 31/03/2012). Considering the effects of PPA (- EUR 8.5 mln), Group loss for the period totalled EUR 100.7 mln.

Results by operating segment

Identification of operating segments

For the purpose of identifying the Operating Segments provided for by IFRS 8, the Group has adopted the so-called "business approach". The consolidated income and balance sheet data are broken down and re-aggregated on the basis of criteria such as business area monitored, operating structure of reference, relevance and strategic importance of the activity carried out, customer clusters served.

The following Operating Segments, reporting to the highest decision-making level, were thus identified: the Retail & Corporate division, made up by the Retail Banking and Corporate Banking segments and the Corporate Centre.

Segment reporting process

With a view to more accurately defining the performance of the various business units in relation to the Group's overall results, rules for calculating the internal cost of funding (Internal Transfer Rates) have been updated as of the start of 2013 in accordance with the most recent regulatory and national guidelines issued internationally.

It should be noted that the comparative data for the Corporate Centre differ from those published in the Interim Report as at 31/03/2012 having been restated to account for methodological changes in the allocation of results from the foreign banks (MPS Banque and MP Belgio), previously posted to the Corporate Segment. In addition, Biverbanca was classified as held for sale at the end of June 2012 and therefore posted to "Profit (loss) after tax from groups of assets held for sale and discontinued operations"[7].

Results in brief

The following table reports the main income statement and balance sheet items that characterised the Operating segments in the first quarter of 2013.

SEGMENT REPORTING										
Primary segment	**Retail banking**		**Corporate banking**		**Total**		**Corporate Center**		**Total MPS Group**	
(EUR mln)	31/03/13	Chg % Y/Y	31/03/13	Chg % Y/Y	31/03/13	Chg % Y/Y	31/03/13	Chg % Y/Y	31/03/13	Chg % Y/Y
PROFIT AND LOSS AGGREGATES										
Income from banking and insurance	1,016.6	18.5%	462.7	-22.9%	1,479.2	1.5%	(306.9)	n.s.	1,172.3	-22.0%
Net impairment losses (reversals) on loans and financial assets	(182.5)	-25.3%	(305.1)	22.7%	-487.7	-1.1%	(6.8)	-111.9%	(494.5)	13.5%
Operating expenses	(545.1)	-11.6%	(153.0)	-10.5%	-698.2	-11.4%	(47.5)	85.7%	(745.7)	-8.3%
Net operating income	288.9	n.s.	4.5	-97.5%	293.4	65.8%	(361.3)	n.s.	(67.9)	-126.8%
BALANCE SHEET AGGREGATES										
Interest-bearing loans to customers	59,385	-4.4%	62,038	-8.2%	121,423	-6.4%	11,432	49.3%	132,855	-3.3%
Deposits from customers and debt securities issued(*)	70,279	-5.2%	21,260	-5.0%	91,539	-5.2%	43,773	14.2%	135,311	0.3%
Indirect funding	65,135	-7.9%	27,110	-34.7%	92,245	-17.8%	18,270	-27.9%	110,515	-19.7%
Assets under management	*40,113*	*-3.8%*	*1,335*	*-15.4%*	41,448	*-4.2%*	*2,372*	*-1.5%*	*43,820*	*-4.1%*
Assets under custody	*25,022*	*-13.7%*	*25,775*	*-35.5%*	50,797	*-26.3%*	*15,898*	*-30.7%*	*66,695*	*-27.4%*

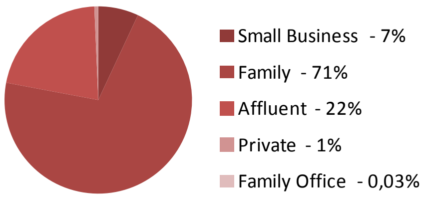
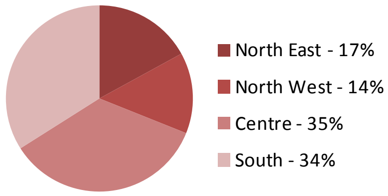
(*)Retail Banking and Corporate Banking data refers to the distribution networks of BMPS and BAV. It is noted that these figures do not include intercompany balances for the legal entities reporting to their respective business segments (typically intragroup funding).

N.B.: Y/Y changes are like-for-like, in that figures for comparison as at 31/03/2012 were restated to exclude the contribution of Biverbanca (sold onl 28/12/12) and include the changes made in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors). 1Q12 values for P&L items "Operating Expenses" and "Net Operating Income" also take into account the application of IAS 19 "Employee benefits".

[7] As of 2013, the Management Report on Retail and Corporate Banking posted approx. EUR 2.5 bn in bonds to assets under custody (instead of to Customer Deposits and Securities). For a correct analysis of the data, this approach has also been applied to the periods of comparisono.

Retail & Corporate Banking Division

Retail banking

Areas of business	Target customers
▪ Funding, lending and provision of financial and non-financial services (including through electronic payment instruments) to Retail customers. ▪ Services and products for high-standing customers in the areas of wealth management, financial planning, consultancy on non-strictly financial services (tax planning, real estate, art & legal) and financial advisory. ▪ Consumer lending (through the subsidiary, Consum.it).	Retail customers amount to around 5.2 mln. **Retail customers: breakdown by type**  **Retail customers: breakdown by geography**  Retail Banking also includes customers managed by Consum.it (approx. 280 thousand customers) and the financial advisory network (approx. 107 thousand customers, partly shared with the Network).

Profit & loss and balance sheet results

As at 31/03/2013 **total funding from Retail banking customers** stood at approx. **EUR 135 bn**, down 3.9% from year-end levels and 6.5% from 31/03/2012. **Direct funding**, which came to approx. **EUR 70 bn**, registered a downturn of 3.8% in the first quarter mainly on current accounts and bonds while a preference was registered for time deposits. A year-on-year comparison, on the other hand, shows an overall fall in volumes by approx. 5.2% (around EUR 4 bn) distributed among the various customer segments.

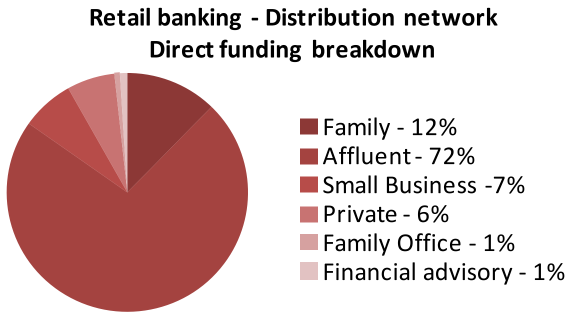
Indirect funding, accounting for approx. **EUR 65 bn,** fell by 3.9% from 31/12/2012 owing to the decline in assets under custody. As compared to 31/03/2012, the aggregate registered a downturn of 7.9% likewise due to the reduction in assets under custody and bancassurance, with Funds and Managed Accounts remaining substantially stable.

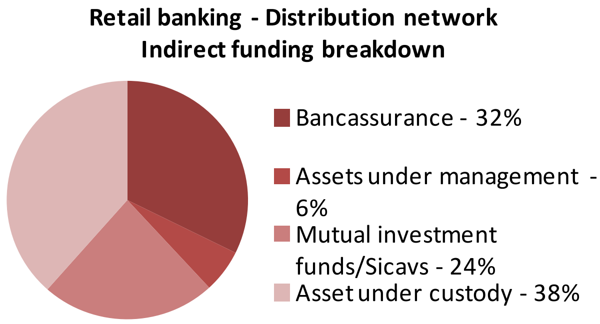
With regard to credit management, **"interest-bearing loans"**, which stood in the region of **EUR 59 bn**, were down from both 31/12/2012 (-1.1%) and from the previous year (-4.4%) primarily on the back of a lower demand for medium/long term credit by households and small businesses, reflective of the continuing difficult economic situation.

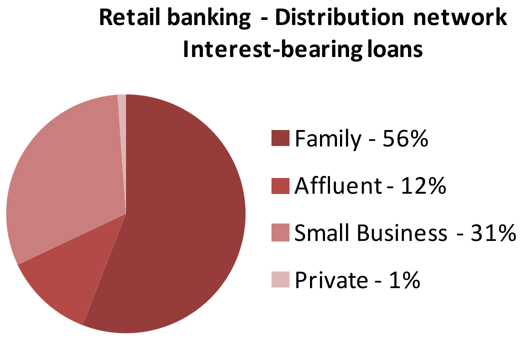
RETAIL BANKING - BALANCE SHEET AGGREGATES

(Eur mln)	31/03/13	31/12/12	31/03/12	Chg % Q/Q	Chg % Y/Y
Deposits from customers and debt securities issued - Distribution Network (*)	**70,279**	**73,073**	**74,171**	**-3.8%**	**-5.2%**
Assets under management	*40,113*	*40,807*	*41,707*	*-1.7%*	*-3.8%*
Assets under custody	*25,022*	*26,997*	*28,991*	*-7.3%*	*-13.7%*
Indirect Funding - Distribution Network	**65,135**	**67,804**	**70,698**	**-3.9%**	**-7.9%**
Total Funding - Distribution Network	**135,414**	**140,877**	**144,869**	**-3.9%**	**-6.5%**
Interest-Bearing Loans to Customers	**59,385**	**60,042**	**62,116**	**-1.1%**	**-4.4%**

(*) Franchise of Banca Monte dei Paschi di Siena and Banca Antonveneta







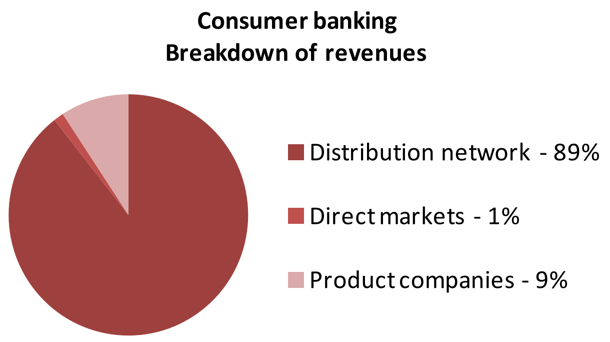
With regard to profit and loss, Retail banking achieved **total revenues** of approx. **EUR 1,017 mln** in the first quarter of 2013, up 18.5% on the same period in 2012. The aggregate registers:

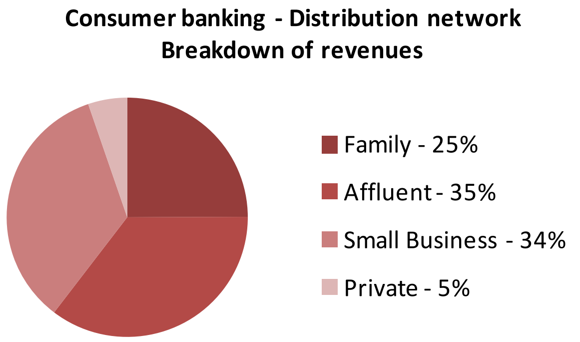
- a rise in net interest income (+32.5%), owing to the innovations cited above (new Internal Transfer Rates) which rewards the stability of retail customers in the area of demand deposits;
- an increase in net fee and commission income (+5%), boosted by the positive trend for income from the placement of wealth management products;
- a reduction in "other revenues".

As for cost components, there was a reduction in both net impairment losses (reversals) on loans and financial assets (-25.3%) and in operating expenses (-11.6%).

As a result of the above components, in the first quarter of 2013 the Retail banking division posted a **Net Operating Income of approx. EUR 289 mln (vs. a loss of 3.6 mln in 1Q12)**, with a **cost-income ratio of 53.6%.**

RETAIL BANKING - PROFIT AND LOSS AGGREGATES			
(Eur mln)	**31/03/13**	**31/03/12**	**Chg % Y/Y**
Net interest income	*638.8*	*482.3*	*32.5%*
Net fee and commission income	*338.0*	*321.8*	*5.0%*
Other income	*39.8*	*53.6*	*-25.8%*
INCOME FROM BANKING AND INSURANCE	**1,016.6**	**857.7**	**18.5%**
Net impairment losses (reversals) on loans and financial assets	*(182.5)*	*(244.4)*	*-25.3%*
Operating expenses	*(545.1)*	*(616.8)*	*-11.6%*
NET OPERATING INCOME	**288.9**	***(3.6)***	**n.s.**





PERFORMANCE OF COMPANIES REPORTING TO THE RETAIL BANKING DIVISION			
(EUR mln)	**31/03/13**	**31/03/12**	**Chg % Y/Y**
CONSUM.IT (net profit for the period)	9.9	(15.3)	n.s.
MPS FIDUCIARIA (net profit for the period)	0.2	0.3	-34.9%

Main initiatives

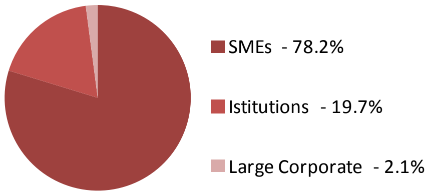
Activities in the quarter focused on the implementation of the 2012-2015 Business Plan and on further initiatives, including:

- marketing of the "Conto Italiano" range, whose quality has also been recognised by the Milano Finanza Innovation Awards and Premio Cerchio D'Oro AIFIN for the "Conto Italiano per Noi" (modular account with dynamic pricing that clients can customise on the basis of their actual operating needs);
- continuation of measures to support families experiencing financial difficulties, especially with the suspension of mortgage repayments;
- promotional campaign "1 di Noi 2013", aimed at expanding the customerbase through the development of referral activities open to all employees of the Group.

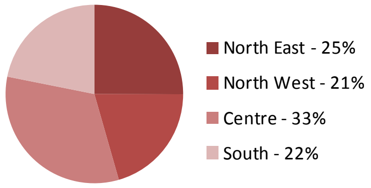
Corporate Banking

Areas of business	Target customers
▪ Lending and offer of financial products and services to businesses, including through strategic partnerships with trade associations and Confidi credit guarantee consortia. ▪ Offer of integrated leasing and factoring packages for businesses, artisans and professionals (through the subsidiary MPS Leasing & Factoring). ▪ Corporate finance – medium-long term credit facilities, corporate finance, capital markets and structured finance). ▪ Products and services issued by the bank's foreign branches to support business expansion and investments by Italian companies abroad.	Corporate Banking customers amount to approximately 70 thousand.

Corporate Customers: breakdown by type



Corporate customers: breakdown by geography



Profit & loss and balance sheet results

As at 31/03/2012, volumes of **total funding with Corporate banking customers** amounted to approx. **EUR 48 bn**, down 0.9% on 31/12/2012 and 24.3% on the same period in the previous year. **Direct funding**, which came to approx. **EUR 21 bn**, grew 3.5% from the end of 2012 as a result of the intense campaign for funding in the manufacturing industry. Compared to 31/03/2012, volumes dipped 5% affected by the decline in deposits from institutional customers, linked to the reduction in liquidity owing in particualar to PA treasury centralisation processes.

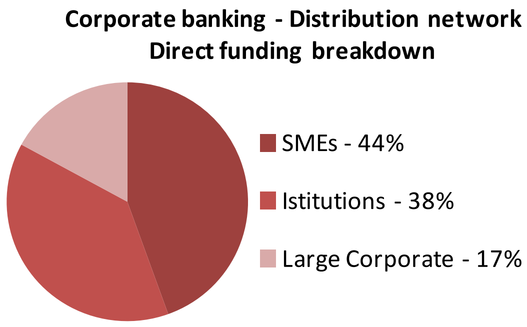
Indirect funding, consisting largely in assets under custody, stood at approx. **EUR 27 bn** at the end of the period (-4.1% from 31/12/2012; -34.7% as compared to 31/03/2012, having been affected to a considerable extent by the changes in deposits from certain Large Corporate accounts, whose contribution to earnings is, however, almost insignificant.

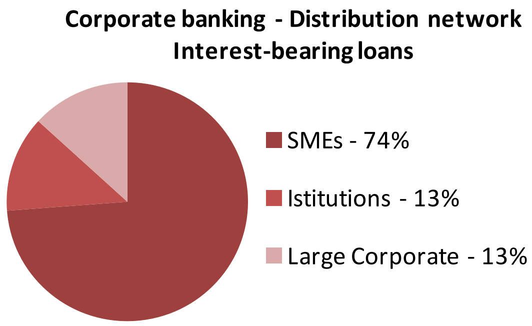
With regard to lending, at the end of March 2013, **interest-bearing loans** stood at EUR 62 bn, down from both 31/12/2012 (-2.8%) and 31/3/2012 (-8.2%), in line with industry trends which refelect the low demand for credit.

CORPORATE BANKING - BALANCE SHEET AGGREGATES

(EUR mln)	31/03/13	31/12/12	31/03/12	Chg % Q/Q	Chg % Y/Y
Deposits form customers and debt securities issued - Distribution Network(*)	**21,260**	**20,534**	**22,383**	**3.5%**	**-5.0%**
Assets under management	*1,335*	*1,347*	*1,578*	*-0.9%*	*-15.4%*
Assets under custody	*25,775*	*26,917*	*39,941*	*-4.2%*	*-35.5%*
Indirect Funding - Distribution Network	**27,110**	**28,264**	**41,520**	**-4.1%**	**-34.7%**
Total Funding - Distribution Network	**48,370**	**48,799**	**63,903**	**-0.9%**	**-24.3%**
Interest-Bearing Loans to Customers	**62,038**	**63,837**	**67,588**	**-2.8%**	**-8.2%**

(*) Franchise of Banca Monte dei Paschi di Siena and Banca Antonveneta

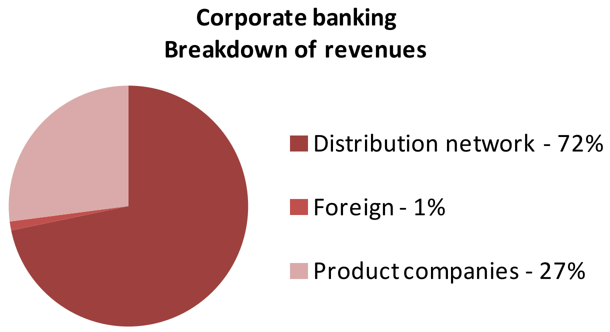


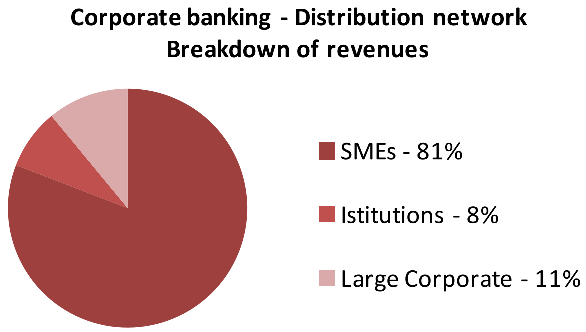


With reference to profit and loss aggregates, in the first quarter of 2013 **total revenues** for the Corporate Banking division came to approx. **EUR 463 mln** (-22.9% y/y) with net interest income falling 17.9% as a result of both the afore-mentioned innovations in the Internal Transfer Rates and the contraction in business volumes. Net fee and commission income shrunk 3.1%, largely reflecting the gradual slowdown in lending transactions. A downward trend was also registered for other revenues (-60.9%) which was primarily affected by the various market conditions impacting the trading income result of MPS Capital Services (EUR 36.6 mln as at 31/03/2013 against EUR 107 mln in the same period of last year).

Net operating income totalled approx. **EUR 4.5 mln** reflecting the higher net impairment losses on loans and financial assets compared to the previous year (+22.7%) and a reduction in operating costs (-10.5%). **The Corporate Banking cost-income ratio stands at 33.1%.**

CORPORATE BANKING - PROFIT AND LOSS AGGREGATES			
(EUR mln)	**31/03/13**	**31/03/12**	**Chg % Y/Y**
Net interest income	*288.4*	*351.3*	*-17.9%*
Net fee and commission income	*129.1*	*133.2*	*-3.1%*
Other income	*45.2*	*115.7*	*-60.9%*
INCOME FROM BANKING AND INSURANCE	**462.7**	**600.2**	**-22.9%**
Net impairment losses (reversals) on loans and financial assets	*(305.1)*	*(248.7)*	*22.7%*
Operating expenses	*(153.0)*	*(171.0)*	*-10.5%*
NET OPERATING INCOME	**4.5**	**180.5**	**-97.5%**





PERFORMANCE OF COMPANIES (net profit/loss for the period)			
(EUR mln)	**31/03/13**	**31/03/12**	**Chg % Y/Y**
MPS Capital Services (net profit for the period)	27.9	60.7	-54.1%
MPS Leasing & Factoring (net profit for the period)	(0.7)	(1.3)	-44.7%

Main initiatives

Activities in the quarter focused on the implementation of the 2012-2015 Business Plan and on further initiatives, including:

- Maintenance of credit support to the manufacturing industries, also through the Cassa Depositi e Presiti (Deposits and Loans Fund) for medium/long term loans to SMEs;
- development of new short-term unsecured financial products aimed at broadening the spectrum of operations with the corporate customer segment and tapping into, for example, financial inflows linked to sales activities and/or business and non-business related debt collection.

The Corporate centre

Reporting scope

The segment includes the cancellation of intragroup entries as well as the results of the following activities:

- Banks governed by foreign law (MP Banque and MPS Belgio).
- Head office units (including governance and support functions, proprietary finance, the equity investments centre of divisionalised entities, which include in particular ALM, Treasury and Capital Management);
- Business service and support units, particularly with regard to the development and management of information systems (Group Operating Consortium), collection of doubtful loans (MPS Gestione Crediti Banca) and value creation from the Group's real estate (MPS Immobiliare).
- Companies consolidated at equity and companies held for sale.
- Operating units which, on an individual basis, are below the benchmarks required for primary reporting.

Equity investments

Transactions carried out by the Parent Company:

New equity investments

No transactions.

Capital raising/reinstatement transactions and increases in equity investments

Acquisition of further shares in Prima Holding 2 SpA following exercise of the call option provided for in the co-investment agreement in relation to exiting managers (shareholding increased from 27.83% to 28.34%.

Disposal of equity investments

- Disposal of investments in Mantegna Finance Srl (100%) and Eurochianti Scrl (4.37%) following conclusion of the liquidation procedure.
- Disposal of 0.76% investment in United Bank of Africa Plc (UBA). It should be noted that in January, following a one-off transaction approved at the end of 2012 for the demerger of UBA, the following investments traded on the Lagos (Nigeria) stock exchange were allocated to the bank (retaining the original share of 0.76%): United Bank of Africa Plc, Africa Prudential Registars Plc, UBA Capital Plc. The investments have therefore been disposed of.

Transactions by other companies of the Group

MPS Capital Services sold its investment in RE.GE.IM. Realizzioni e Gestioni Immobili di Qualità SpA (40% of share capital).

Integrated risk and capital management

Risk governance and management models

Risk governance system

The Risk Management Division, established in 2012 and made to report directly to the Chief Executive Officer, has the task of ensuring the overall functioning of the risk management system; it supervises capital adequacy assessments and the definition of risk appetite; it defines strategic guidelines for loan portfolios; it ensures reporting flows to the Group's Top Management and Governance bodies.

Within the Risk Management Division, the Risk Management Area in particular is responsible for: overseeing and monitoring overall risk for the Group, designing and implementing the operational and regulatory systems for the measurement of both proprietary risk and risk on customers, assessing compliance with and adequacy of mitigation measures; governing the development of internal and regulatory measurement models and systems in order to determine requirements of working economic capital and regulatory capital, on the basis of regulatory options available.

For further information on the subject, please see the Consolidated Report on Operations and Part E of the Notes to the Consolidated Annual Report as at 31/12/2012, which can be found under 'Investors & Research' at www.mps.it.

Risk management models

During the quarter, activities continued for the development and fine-tuning of internal models in accordance with the guidelines approved for 2013.

An analysis of the Group's Economic Capital

The Overall Economic Capital is intended as the minimum amount of capital resources required to cover economic losses resulting from unforeseen events generated by the simultaneous exposure to different types of risk.

Key risks for the Group

Credit risk (including concentration risk); counterparty risk; issuer risk; market risk (price, rate and foreign exchange) of the Trading Book; rate risk of the Banking Book (Asset & Liability Management - ALM); liquidity risk; equity investment risk; UCITS risk (alternative funds); operational risk; business risk; real estate risk; reputational risk.

Risk inherent in investment products/services for the Group's customers are also monitored, with a view to protecting the customer and preventing any potential reputational repercussions.

Risk assessment model

The Risk Management Area regularly quantifies the Economic Capital for each type of risk, mainly on the basis of internally-developed models for each risk factor, as briefly described below. In order to quantify the overall Economic Capital, all types of risk mentioned above come into play with the exception of liquidity and reputational risk which, instead, are mitigated through organisational policies and processes.

The Montepaschi Group's total Economic Capital is calculated with a 99.93% confidence interval and a yearly holding period using an integrated and diversified approach. The risk integration model is based on the multivariate "t-student copula" approach.

The table below illustrates the salient features of the individual internal models adopted by risk type, with the final column showing their processing within a logic of risk integration for the purpose of calculating Economic Capital.

Risk measurement models - key features

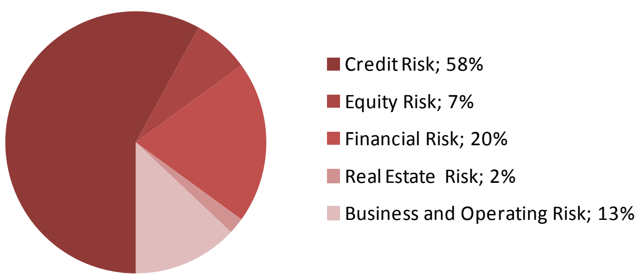
Type of risks	Measure	Model	Risk factors	Correlation	Economic Capital Treatment
Performing loans	1Y VaR, 99.93%	Credit VaR Internal model	PD and LGD differentiated by type of counterparty, CCF differentiated by product	Correlation based on multivariate analysis between internal default macroeconomic variables	t-Student Copula
Equity investments	3M VaR, 99%	Montecarlo VaR	Volatility in stock prices and comparable indices	Correlations between Stock prices Correlation between proxy indices	1Y, 99.93%, t-Student Copula
Market (Banking Book)	1Y, shift 25bp sensitivity	Maturity Gap	Bucketing on parallel and twist shift nodes of Interest rates		1Y, 99.93%, t-Student Copula
Market (Trading Book)	1day VaR 99%	VaR hystorical simulation – full Revaluation	All market risk factors(IR, EQ, FX, CS,…)	Implicit in the full revaluation historical simulation	1Y, 99.93%, t-Student Copula
Operational	1Y VaR, 99.9%	LDA integrated with external data, in addition to qualitative self assessment	Frequency and *severity* by *event type*	Perfect correlation for conservative reasons	99.93%, t-Student Copula
Business	1Y EaR 99%	Parametric EaR	Volatility of costs and revenues	Correlation between costs and revenues	99.93%, t-Student Copula
Real Estate	1Y VaR, 99%	Parametric VaR	Volatility of real estate indices	Correlation between proxy indices	99.93%, t-Student Copula

Other measurable risk factors of significance (e.g. Issuer Risk, UCITS risk) are included in the Economic Capital, on an add-on, non-diversified basis. Their quantification for Economic Capital purposes is carried out on the basis of methodologies borrowed from the regulatory supervisory approaches

Value of Economic Capital

As at 31/03/2013, the Group's Economic Capital was broken down as follows: credit risk 58% (including counterparty and issuer risk), equity investments risk 7%, operational and business risks 13% and real estate risk 2%. The working capital against financial risks (mainly consisting in the typical risks of the Trading Book and ALM Banking Book) amounts to approx. 20% of the overall Economic Capital.

Diversified Economic Capital
Montepaschi Group - 31/03/2013



Credit risk

The risk that a debtor may default on his obligations, either at maturity or subsequently. Credit risk is associated with an unexpected change in the creditworthiness of a borrower - towards whom there is an exposure – which generates a corresponding unexpected change in the value of the credit position.

Risk assessment model

Credit risk is analysed using the internally developed **Credit Portfolio Model**, the main features of which are as follows:

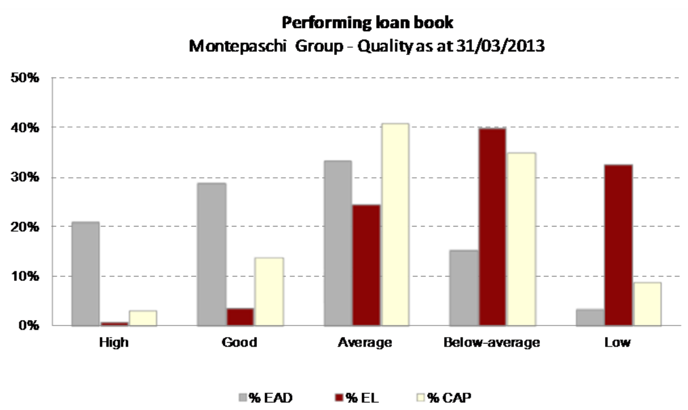
- Type of model: Credit Value-at-Risk (VaR), similar to the Merton model, inclusive of intra-risk correlation based on Montecarlo simulations, where the counterparty's Credit Worthiness Index incorporates both a systemic and a specific risk component.
- Confidence level: 99.93%
- Holding period: 1 year.
- Legal entities included in scope: BMPS, BAV, MPS Capital Services, MPS L&F and Consum.it.
- Portfolios included in scope: Governments, institutions, regulated intermediaries, NBFIs, Corporate and Retail.
- Main input used: Probability of Default (PD), Loss Given Default (LGD), internal operational Exposure at Default (EAD) and amount of collaterals in support of individual credit facilities.
- Main output produced: Expected Loss and Economic Capital (diversified and non-diversified; stressed and unstressed).

For regulatory purposes, the Group uses the AIRB (Advanced Internal Rating Based) approach, as validated by the Bank of Italy with the following main features:

- Legal entities included in scope: BMPS, BAV, MPS Capital Services, MPS L&F.
- Validated portfolios: Corporate and Retail.
- Validated parameters: PD, LGD.

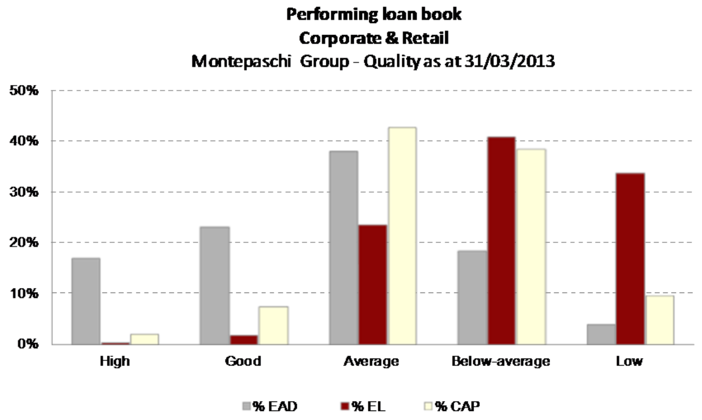
For the remaining entities/exposures, the Group uses the **standardised approach**.
The Portfolio management model displays the change in credit risk over time based on various combinations of the variables under analysis, by legal entity, customer type, geographical area, business area, rating class and continental areas.

Credit quality breakdown



Notes

- Approximately 49% of risk exposure is to high and good quality customers.
- Financial asset positions are excluded.
- The chart includes exposure to banks, government agencies and non-regulated financial and banking institutions, which are not included in the AIRB approaches. A credit standing score is assigned to these counterparties, using official ratings, if available, or internally-determined values.

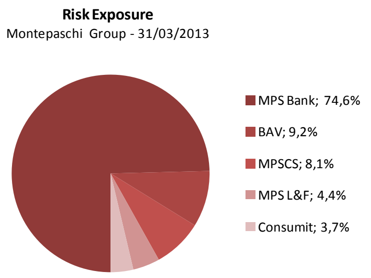


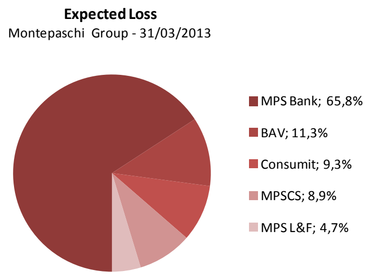
Notes

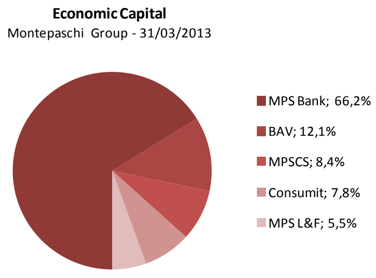
- High or good quality exposures account for 40% of total exposures.
- Corporate and Retail portfolios are largely validated by Supervisory authorities for the use of internal PD and LGD models.

Risk exposure

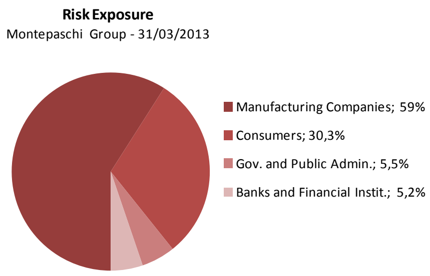
Breakdown by company

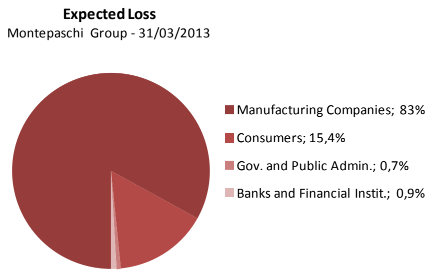


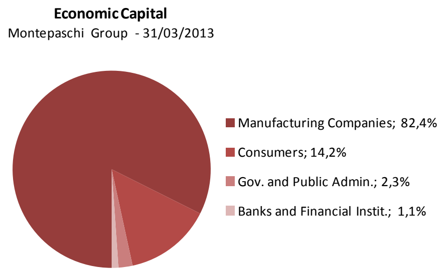




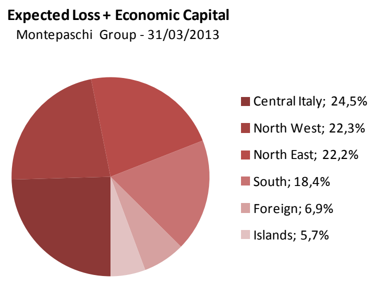
Breakdown by customer type

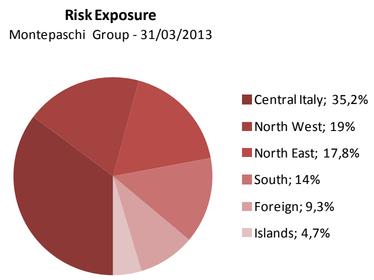




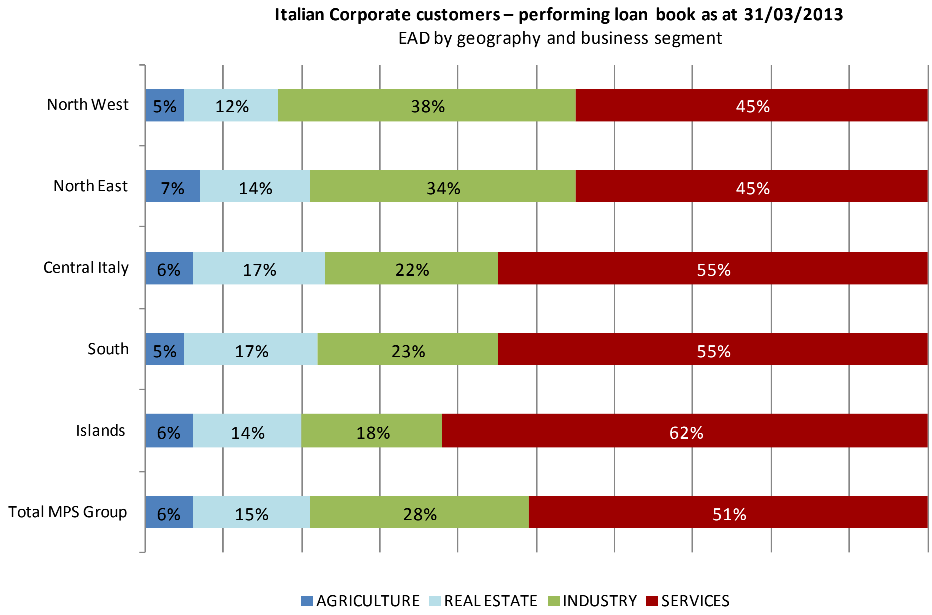


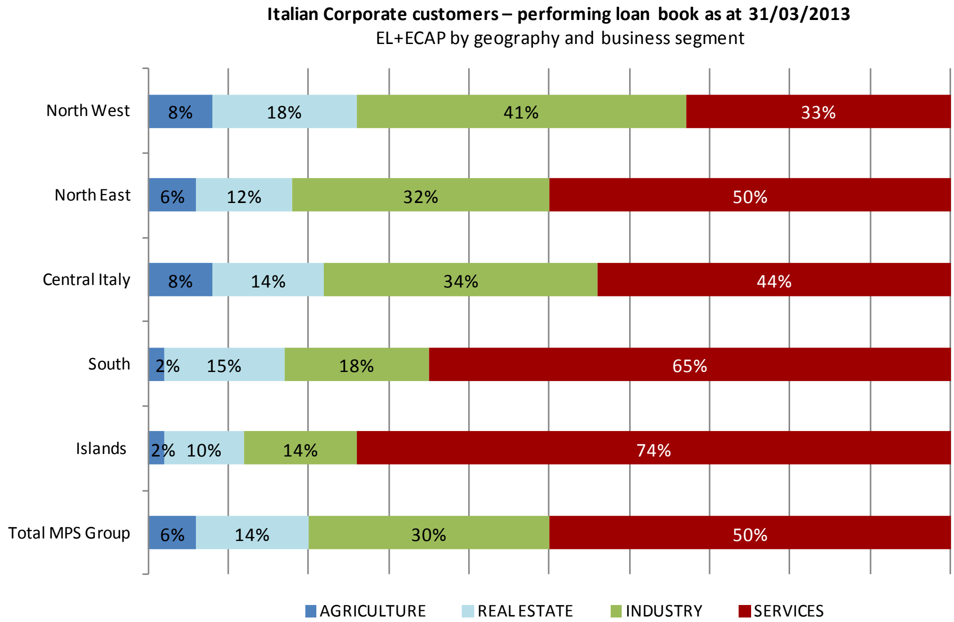
Breakdown by geography





A focus on Corporate customers





Market risk

Market risk is the risk of value loss on a financial instrument or a portfolio of financial instruments, resulting from an unfavourable and unexpected change in market risk factors (interest rates; foreign exchange; share prices, indices, baskets; credit spreads; volatility).

Risk assessment model

Market risks in the Trading Book are analysed using a **model developed internally** for operational purposes, the main features of which are as follows:

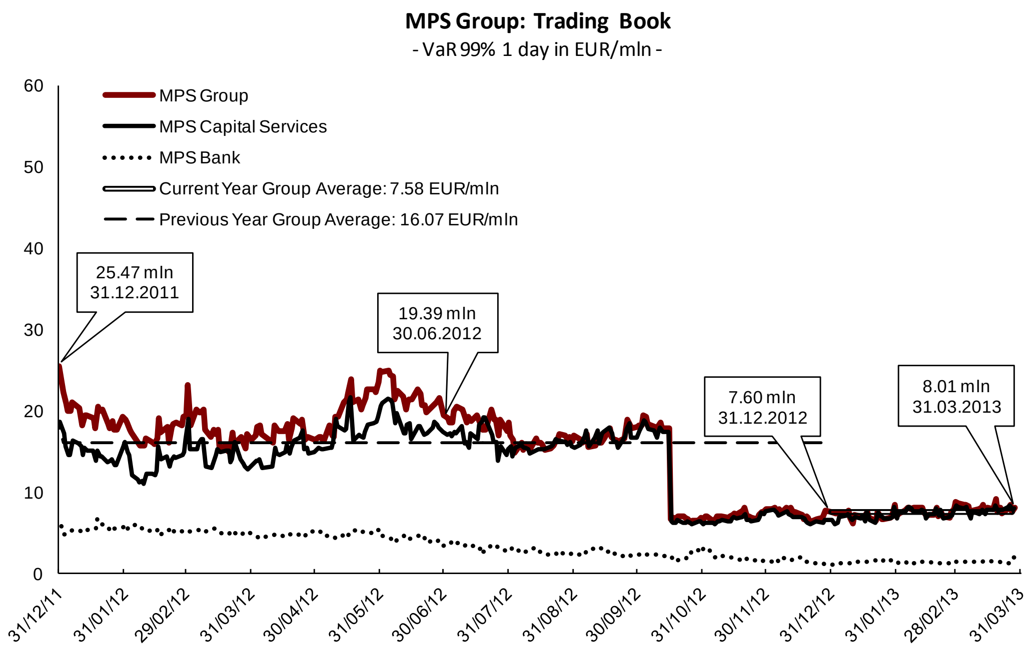
- Type of model: Value-at-Risk (VaR) Historical Simulation with full revaluation of all basic positions.

- Confidence level: 99%
- Holding period: 1 working day.
- Lookback period: 500 days, with daily scrolling.
- Scope: BMPS, MPS Capital Services, MPIreland.
- Risk metrics: diversified VaR, conditional/marginal VaR for individual risk factors, Mark-to-Market and Sensitivity Analysis, Stress Test & Scenario Analysis, theoretical and actual Backtesting.

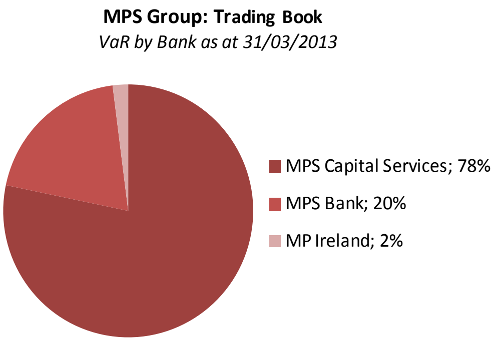
For regulatory purposes, the Group uses the standardised approach.

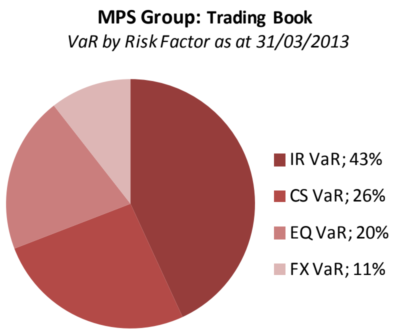
Risk exposure

In the first three months of 2013, **market risks in the Group's Trading Book** showed an overall stable trend in VaR as compared to the end of December 2012, standing at EUR 8.01 mln as at 31/03/2013. In absolute terms, VaR is affected by the IR segment of the subsidiary MPSCS for activities relating to the structuring and hedging of policies and, increasingly at the end of the quarter, for trading activities especially in long futures. These, together with operations in the EQ sector (options and futures on market index), had a limited impact on the volatility of risk measures in the quarter.



VaR breakdown





MPS Capital Services accounts for 78% of overall risk, Banca MPS accounts for 20%. MP Ireland accounts for the remaining share.

43% of the Group's portfolio is allocated to interest rate risk factors (IR VaR), 26% is absorbed by Credit Spread risk factors (CS VaR), 20% is absorbed by equity risk factors (EQ VaR) and the remaining 11% by foreign exchange risk factors (FX VaR).

VaR trendline

During the first quarter of 2013, the Group's VaR ranged between a low of EUR 6.12 mln recorded on 10 January 2013 and a high of EUR 9.18 mln on 19 March 2013. The Group's average VaR as at 31/03/2013 was EUR 7.58 mln.

MPS Group: Trading Book
VaR 99% 1 day in EUR/mln

	VaR	Date
End of Period	8.01	31/03/2013
Min	6.12	10/01/2013
Max	9.18	19/03/2013
Average	7.58	

Operational risk

Operational risk is the risk of incurring losses due to inadequacy or failure of processes, human resources or internal systems, or as a result of external events, including legal risk.

Risk assessment model

The Group has adopted an **advanced internal operational risk management system** for operating purposes, the main features of which are reported below:

- Type of model: Advanced Measurement Approach (AMA) used in combination with BIA (Basic Indicator Approach). LDA/Scenario used in combination with a Loss Distribution Approach (LDA) on internal and external time series and Scenario Analyses (Management assessment of context and control factors as well as of main operational vulnerabilities).
- Confidence level: 99.93% for working economic capital.
- Holding period: 1 year.
- Scope: all Group companies.
- Risk metrics: operating losses, economic capital, capital absorption.

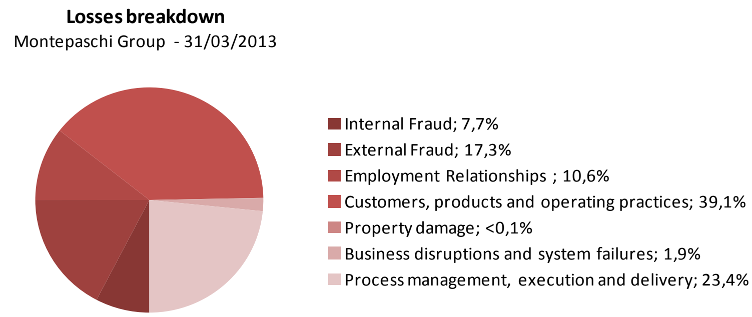
For regulatory purposes, the Group uses the same methodology as described above and validated by the Bank of Italy, the only difference being that the holding period is 99.90% as per Supervisory instructions.

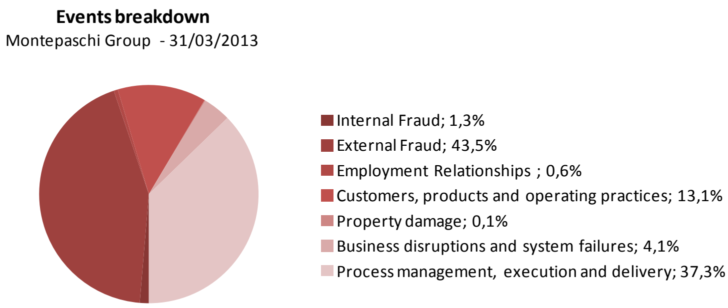
The approach defines the standards, methods and instruments that make it possible to measure risk exposure and the effects of mitigation by business area.

Risk exposure

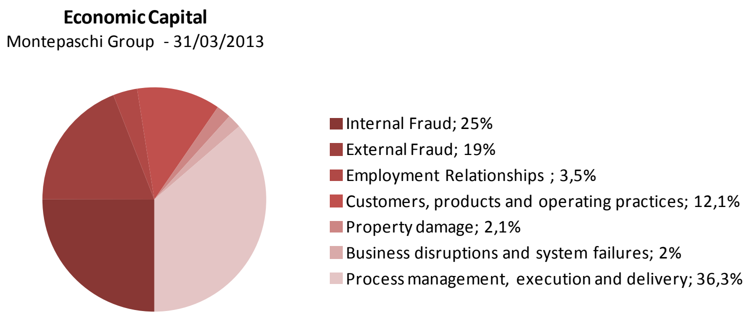
With respect to the end of 2012, a reduction was registered in the number of operational risk events and the overall amount of loss remained stable. The events with the greatest impact on the profit and loss statement are attributable to "non-fulfilment of professional obligations with customers" (39.1%) and "process management, execution and delivery" (23.4%).[8]

Breakdown of events and losses by type of risk





With regard to "non-fulfillment of professional obligations with customers", risk events are primarily associated with disputes (legal actions, claims) on the application of compound interest, the selling of old financial plans (For you and My way) and the selling of bonds issued by later defaulting companies/countries (Argentina, Parmalat, etc.). It follows that a large part of the operational risk events have a date of occurrence prior to 2005, but still have accounting effects on recent financial periods.



The AMA-share of the Economic Capital totalled EUR 748.1 mln; an additional EUR 31.4 mln from the standardised approach should be added to the amount, for a total of approx. EUR 779.5 mln. As at 31/03/2013, the overall Economic Capital was in line with previous quarter levels.

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8 The breakdown of losses recognised in the period differs from the breakdown of the economic capital in that the latter is calculated using a 5-year time series and the incidence of the unexpected loss component prevails.

Equity investment risk

Equity investment risk is the risk of incurring losses on equity instruments not included in the trading book, as a consequence of possible unfavourable changes in share prices.

Risk assessment model

- Type of model: Montecarlo approach to Value-at-Risk (VaR).
- Confidence level: 99%
- Holding period: 1 quarter.
- Scope: all investments held by Montepaschi Group companies in external companies.

For an estimate of yield volatility, the model uses time series of market yields for listed companies and time series of sector-based indices for unlisted ones.

The Group uses the standardised approach to calculate the capital requirement for exposures to equity instruments.

Risk exposure

At the end of the first quarter of 2013 the VaR for equity investments (calculated as indicated above) accounted for 23% of the portfolio fair value.

Interest rate risk - Banking Book

It is intended as the risk of negative changes in net interest income (and, therefore, in short-term expected profit) and/or in the economic value of net equity caused by the impact of fluctuations in the interest curves in the event of mismatches in the maturities and repricing times of assets and liabilities. In general, the scope of measurement includes all financial transactions that are not comprised within the trading book for supervisory purposes. Therefore, the analysis also includes bonds receivable held for investment purposes (e.g. Italian government bonds), classified as AFS or L&R in accounting terms.

Risk assessment model

- Type of model: Internal model based on the Economic Value Approach.
- Risk metrics: Interest Rate Sensitivity, Stress Test.
- Behavioural models: prepayment risk treatment and demand deposit modelling.
- Scope: BMPS, BAV, MPS Capital Services, MPS L&F, Consum.it, MP Belgio and MP Ireland.

Risk exposure

The sensitivity of the Montepaschi Group, as at the end of March 2013, was indicative of exposure to rate hike risk. The amount of the economic value at risk in the event of a +100 bp parallel shift of the rate curve stood at - EUR 944.71 mln (EUR 1,026.01 mln for a shift of -100bps), stable as compared to the end of 2012. However, if benchmarked against Regulatory Capital, these values are below the level considered as the attention threshold by the Bank of Italy.

Liquidity Risk

Liquidity risk is intended as the risk that the Bank becomes unable to meet its payment obligations due to either the inability to obtain adequate funding or [necessity] to obtain funds at a higher-than-market price (funding liquidity risk) or the inability to sell its financial assets without incurring capital losses due to poor market liquidity (market liquidity risk).

Risk assessment model

The Liquidity Risk Framework adopted by the Group is a liquidity risk governance and management system which, in accordance with the provisions of the Supervisory Authority, pursues the following objectives:

- ensure the solvency of the Group and all its subsidiaries, both in business as usual as well as in crisis conditions;
- optimise the cost of funding in relation to current and future market conditions;
- adopt and maintain risk mitigation instruments.

The overall liquidity profile is monitored by quantifying the mismatches of cash flows coming due, by maturity date.

BMPS share information

Share price and performance

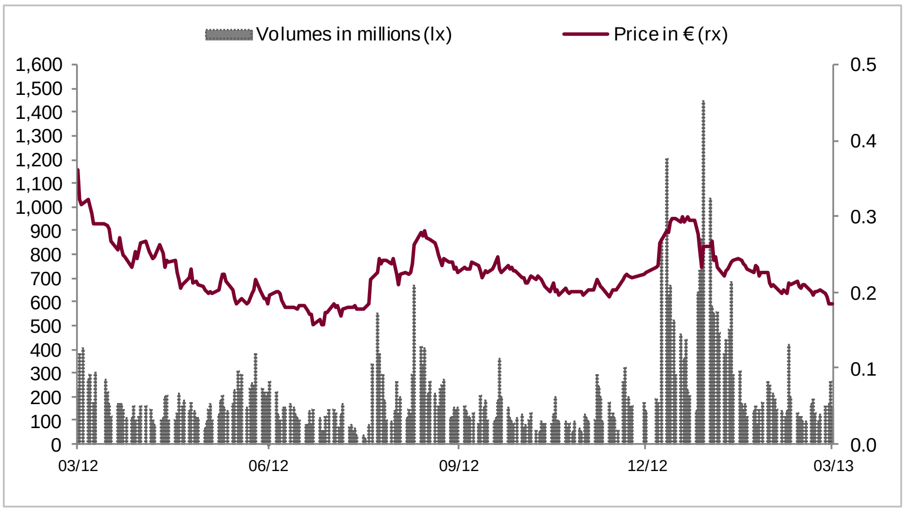
In the first weeks of 2013, financial markets in the Eurozone continued on the slight upward trend which began in the summer of 2012; however, in the latter part of the quarter, fresh tensions were registered on European stock exchanges and in sovereign debt markets due to renewed uncertainties surrounding Eurozone growth, following the outcome of the Italian general elections and, above all, the Cypriot crisis which highlighted the difficulties in coordination between European and domestic authorities.

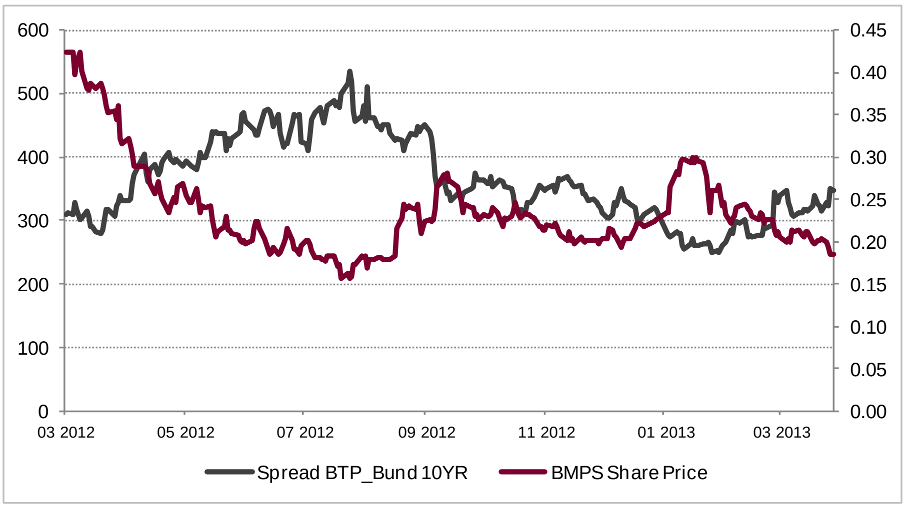
In Italy, the 10Y BTP-Bund spread continued to decline slowly in the first two months of 2013 (approx 30 bps). However, at the end of February, following the uncertain outcome of the Italian general election, it returned to being quite volatile reaching a high of 348 bps on 01/03/13 to then drop to 328 bps on 29/03/13.

In the first three months of the year, major stock market indices revealed a more modest performance with respect to the same period of the previous year (DAX +2.4%, CAC +2.5%, FTSE MIB -5.7% and IBEX -3.0%). Performance for the banking sector was also trending down (DJ EURO STOXX BANKS -8.8% and FTSE IT BANKS -11.6%).

Within this framework, BMPS stock closed the first quarter of the year at EUR 0.185, down 18.0% from the end of 2012.

BMPS SHARE PRICE (FROM 31/03/2012 TO 31/03/2013)





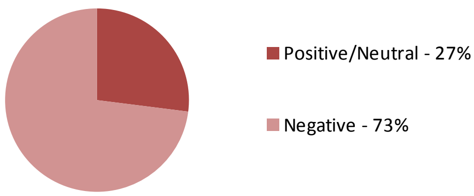
STATISTICAL SUMMARY (from 31/03/2012 to 31/03/2013)	
Average	0.24
Lowest	0.19
Highest	0.30

In Q1 the number of BMPS shares traded on a daily basis averaged approx. 335.2 million with a peak of 1,449.2 million in January and a low of 88.8 million in February.

MONTHLY VOLUMES OF SHARES TRADED 2013 volumes summary (€mln))	
January	12,797
February	5,305
March	3,176

Ratings

Following are the credit ratings assigned as at 31 March 2013:



- 18/01/2013 - DBRS initiated ratings 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
- 30/01/2013 - Moody's placed the bank's long-term rating on review for possible downgrade;
- 31/01/2013 - Standard & Poor's lowered BMPS ratings. More specifically, it reduced the long-term rating from "BB+" to "BB". Outlook remained on CreditWatch negative. The short-term rating was affirmed at "B".
- 18/03/2013 - Following Italy's downgrade on 8 March, Fitch Ratings revised the Outlook downwards from "stable" to "negative". The long and short-term ratings were affirmed at 'BBB'/'F3'.

BMPS ratings	Short term debt	Long term debt
Moody's Investors Service	NP	Ba2
Standard & Poor's	B	BB+
Fitch Ratings	F-3	BBB
DBRS	R-2 (mid)	BBB

Investor relations

The Investor Relations team continued to oversee relations with the financial community. Since the start of the year, the Group's Top Management has met with approximately 50 institutional investors.

Related-party transactions

Under the Civil Code, industry law and the contract of employment, the directors and employees of the Bank must always behave in such a manner as to avoid any harm to the company arising from conflicts of interest.

In particular, with regard to Related-party transactions, the Bank operates in compliance with specific regulations, as amended by Consob resolution no. 17221 of 12 March 2010, through the application of the "Procedure for related-party transactions" published under the section Investors & Research of the Corporate website at www.mps.it, which was reviewed in 2012.

In this regard, by resolution of the bank's BoD of 26 June 2012, approval was given to the "Deliberative Procedures governing transactions with Associated Parties" and, at the same time, the decision was made to review the "Procedures governing transactions with Related Parties"; both translate the contents of the Directive into practice and illustrate the organisational choices and solutions identified by the Group for alignment with existing regulations.

The Procedures were published on the Bank's website and are available in full-text version at the following links:

http://www.mps.it/Investor+Relations/Corporate+Governance/Procedura+in+materia+di+operazioni+con+parti+correlate.htm

http://www.mps.it/Investor+Relations/Corporate+Governance/Procedure+in+materia+di+operazioni+con+soggetti+collegati.htm

Information is provided below regarding certain Related-party transactions effected by the Montepaschi banking group in the first quarter of 2013, which deserve specific mention.

The transactions were approved by the Bank's BoD and were conducted on the basis of assessments of mutual economic benefit.

- The Bank's BoD of 24/01/2013 approved SANSEDONI SIENA SPA's request for a 12-month suspension on payment of principal (for a total amount of EUR 12 mln) on two existing mortgage loan agreements amounting to EUR 120 mln and the consequent extension of their final maturity from 28/05/2020 to 28/05/2021; the request was made by the Company under the Agreement "New measures for credit to SMEs", signed by the Italian Banking Association (ABI) on 28 February 2012. The transaction in question falls within the scope of Consob Regulation no. 11971/2010, in that the Company is subject to the significant influence of the Bank; it is an ordinary transaction of minor significance.
- The Bank's BoD of 24/01/2013 approved SVILUPPO ED INTERVENTI IMMOBILIARI SRL's request for a 12-month suspension on payment of principal for a construction/renovation mortgage loan, originally for an amount of EUR 40 mln (outstanding debt EUR 32.8 mln) with the consequent extension of maturity from 23/12/2013 to 23/12/2014; the request was made by the Company under the Agreement "New measures for credit to SMEs", signed by the Italian Banking Association (ABI) on 28 February 2012. The transaction in question falls within the scope of Consob Regulation no. 11971/2010, in that the Company is controlled by Sansedoni Spa which, in turn, is subject to the significant influence of the Bank; it is an ordinary transaction of minor significance.
- The Bank's BoD of 28/03/2013 authorised ordinary renewal, with reduced lines of existing credit, for a total of EUR 207 mln in favour of INTERMONTE SIM SPA; the transaction in question falls under the regulatory scope of Related-party transactions and Bank of Italy Circular no. 263/06 - update no. 9 - on Risk assets and conflicts of interest in relation to Related Parties, in that the Company is subject to the significant influence of the Bank.

Declaration of the Financial Reporting Officer

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 Quarterly Report as at 31 March 2013 corresponds to the underlying documentary evidence and accounting records.

Bernardo Mingrone
The Financial Reporting Officer