GRUPPOMONTEPASCHI

PRESS RELEASE[1]

Montepaschi Group 2010 Full Year results approved

Net profit for the year up 348% to EUR 985.5 mln (vs. EUR 220.1 mln in 2009) .

Net operating income more than doubled (+104.6%), on the back of:

- ✓ increased basic income (+1.6%)
- ✓ strong cost reduction (-5.2%)
- ✓ sharp decline in loan loss provisions (-21.2%)

Consumer loans and overall funding are growing (+4.1 and 6.9% respectively)

- **The Group's competitive positioning improved** in all areas of business in 2010 and business volumes were boosted in Q4:

✓ **Direct Funding**: +3.6% YoY; market share at 7.88% (**+70 bps** on end of 2009)
✓ **Indirect funding:** +10.7% YoY.
✓ **Loan contracts signed in 2010**: +11.1% YoY; market share at 10.58% (**+31 bps** on end of 2009)
✓ **Consumer loans disbursed in 2010**: +4.3% YoY; market share at 5.2% (**+48 bps** on end of 2009)
✓ **Customers**: +72,000 with respect to 2009

- **Net interest income was up** (**+0.4%** on 2009) as were **net fees and commissions** (**+3.8%** on 2009)

- **Operating costs declining for the fourth consecutive year.** In 2010, operating expenses **were down 5.2% on 2009**. The cost/income ratio was down to 61.6% (from 64.7% in 2009) despite major IT investments.

- **The comprehensive reorganisation of the Parent Company's** head office and **distribution network has started. By 2013,** it is expected to bring about **a structural cost reduction of approx. EUR 180 mln,** together with a significant increase in network profitability.

- Evidence supports good quality of assets: **cost of credit at 74 bps (vs. 98 bps as at December 2009)**, with increased **impaired loan coverage (+140 bps on December 2009)**. Performing loan portfolio quality is also improving. **The percentage of collateralised loans** is increasing (68% of total vs. 56% in 2009) as is the share of loans to households.

- **Net operating income has more than doubled** (EUR 945.9 mln; +104.6% on 2009)

- **Net profit for the year was up to EUR 985.5 mln from EUR 220.1 mln in 2009**, including the capital gain of approx. EUR 405 mln arising from the transaction for the disposal of part of the Group's real estate and properties used in the business. A **EUR 167.76 mln dividend pay-out to shareholders is proposed.**

- **The Group's capital position** has improved for the third consecutive year: **Tier I ratio at 8.4% (excluding 40 bps benefit expected from completed real estate deal), Group's net equity at EUR 17.2 bln. Net tangible equity per share roughly up 10% as compared to end of September 2010.**

- **Preliminary estimate of Basel 3 impact as of 01/01/2014 lowered to 30 bps (from previous 70 bps).** The BoD also approved proposed amendments to the method for determination of dividend on -and loss absorption features of- preferred shares for submission to the next shareholders' meeting in compliance with CRD2

[1] 2010 and 2009 figures were restated to take account of the changes brought about to the Group's operating scope subsequent to the Banca Monte dei Paschi di Siena's divestiture of business in 2010 (sale of 72 branches of Banca Monte dei Paschi di Siena) and assets that were classified as held for sale in 2010 (MP Monaco SAM and MPS Venture SpA)..

Siena, 29 March 2011 – Yesterday, 28 March, the Board of Directors of Banca Monte dei Paschi di Siena Spa approved the 2010 full year results. In a persistently difficult market environment, the Montepaschi Group achieved significant growth in its capital base, while still centering its funding and lending strategy on the needs of households and businesses. The initiatives implemented allowed the Group to consolidate its customer base and improve/consolidate its competitive position in all of its main areas of business. The Group was able to guarantee continuity to credit supply, supporting its customers both by taking part in banking system initiatives as well as developing projects independently. This was done by pursuing product innovation as an indispensable tool to tap the potential of the timid recovery underway. As evidence of this, **"core banking" indicators have improved significantly** (72,000 new customers, customer retention at 95.3%, customer acquisition rate at 5.7%, a substantial reduction in the number of claims) as has the Group's competitive position. Internally, the Group's strong focus on the environment, work flows, training, career paths and **corporate wellbeing** has led to a reduction in employee turnover and a significant increase in training hours. Expressed in numbers, the Montepaschi Group closed **2010 positively**, both in economic terms (**net profit of EUR 985.5 mln** - 1,096.2 excluding PPA[2] - as compared to EUR 220 mln in 2009), and in terms of funding and lending performance (**total funding +6.9% YoY, lending +4.1%, mortgage loans +12.7%**). Particularly positive was the trend in **net operating income**, coming to EUR 946 mln, **more than twice as it was** in 2009, as a result of growth in basic income (+1.6% YoY) and significant reduction in both loan loss provisions (-21.2% YoY) and operating expenses (-5.2% YoY). In this connection, the intense work done to curb **operating expenses (down for the fourth consecutive year)** has led to a decrease in the cost/income ratio to 61.6% from 64.7% as at the end of 2009. **Net income in the fourth quarter came to EUR 628.6 mln as compared to EUR -181.3 mln in the same period of 2009.** An improvement was also registered for the third consecutive year in capital ratios (BIS II AIRB floor RWAs: 85%), with Tier 1 up to 8.4% from 7.5% in December 2009.

<u>Profit and loss results for 2010</u>

A **net income from banking and insurance** of EUR 5,571.3 mln (vs. EUR 5,592.7 mln in 2009) was shown in the profit and loss statement. The aggregate includes **a total banking income (basic income)** of EUR 5,503.2 mln, **up 1.6%** from EUR 5,417.7 mln in 2009, with a contribution of approx. EUR 1,390 mln in the fourth quarter (+1.8% on 3Q2010).

Net interest income came to EUR 3,591.7 mln (+0.4% YoY), with Q4 contributing almost EUR 901 mln (+3% on 4Q09 and slightly down on the previous quarter). Q4 did not benefit from portfolio repricing (floating-rate loans in particular), which was effected at the beginning of 2011.

Net fees and commissions (EUR 1,911.5 mln) were **up 3.8% on 2009 and 6.5% on Q310**. A closer look at the aggregate components reveals a growth on 2009 in: placement/continuing fees on AUM and funding products, fees on foreign currency transactions and payment services.

Net profit/loss from trading/valuation of financial assets stood at EUR -23.1 mln (vs. 66.1 mln as at 31/12/2009), with Q4 contributing -EUR 5.7 mln. More in detail, trading posted a full-year result of -EUR 52.1 mln (+17.6 mln as at 31/12/2009), of which -23.1 mln in Q4 2010, driven primarily by the sovereign debt crisis which became more severe in the last part of the year. Positive results were posted instead by the disposal of loans and available-for-sale financial assets/liabilities which came to EUR 59.4 mln as at the end of 2010 (vs 70.4 mln as at 31/12/2009), having benefitted from disposal of capital-gain generating AFS and L&R securities in particular. A negative result was recorded for “net profit (loss) on financial assets/liabilities designated at fair value” (-30.4 mln, vs -21.9 mln as at 31/12/2009).

A contribution to net income from banking and insurance also came from:

2 Purchase Price Allocation: fair value measurement of main potential assets and liabilities purchased.

- **dividends, similar income and gains/losses on equity investments** totalling approx. EUR 91.8 mln (vs EUR 110.3 mln as at 31/12/2009), with the fourth quarter contributing EUR 32.2 mln (+9.2 % on previous quarter), primarily attributable to gains from equity investments consolidated at equity. The largest share was from insurance (AXA-MPS: approx. EUR 52 mln, Antonveneta Vita: approx. EUR 10 mln) and asset management (ca. EUR 18 mln).
- **Net income from hedging** came to approx. -EUR 0.6 mln (-1.5 million as at 31/12/2009).

As a whole, **consolidated income from banking and insurance** came to EUR 5,571.3 mln, with the fourth quarter contributing approximately EUR 1,406.2 mln, substantially stable as compared to the **previous quarter.**

Highlights on the costs of credit and financial assets include the following:

"Net value adjustments due to impairment of loans" stood at EUR 1,155.6 mln (-21.2% as compared to 1,466.0 mln in 2009). Within the Group's unchanged policy of prudential provisioning, this figure is expressive of a provisioning rate of 74 bps (down by 24 bps on 2009 and 2 bps on Q3 2010).

"**Net value adjustments due to impairment of financial assets**" were negative by approx. EUR 38.7 mln mainly on account of depreciation of impaired listed equity securities classified as AFS.

As a consequence, **income from banking and insurance** stood at approx. EUR 4,377 mln (approx. 4,083 mln as at 31/12/2009; +7.2%) with Q4 2010 contributing approx. EUR 1,110 mln (-0.8% QoQ).

Total **operating expenses** were down 5.2% on the same period of last year, thus confirming the importance attached to -and results obtained in- the structural containment of costs by the Montepaschi Group. In particular:

- **"Personnel expenses**", EUR 2,211.2 mln, decreased by 3.8% YoY on account of the structural effects of the headcount reduction and rearrangement processes put underway as of mid 2008;

- "**Other administrative expenses**" (EUR 1,044.7 mln) was down 9.8% YoY as a result of cost synergies obtained from reorganization processes and cost management actions;

- "**Value adjustments on tangible and intangible assets**" stood at approx. EUR 175.2 mln up 8% as compared to 2009 mainly as a result of the ICT investments made in the last three years.

Net interest income came to **EUR 945.9 mln** (+104.6% YoY), with Q4 contributing EUR 189 mln. The cost/income ratio stood at 61.6% (vs. 64.7% at the end of 2009).

A contribution to net income also came from:

"Net provisions for risks and charges and other operating income/expenses" improving by 12% YoY and 18.4% on Q3 2010 to approximately -EUR 193 mln. The account incorporates approx. -EUR 61 mln in provisions to the fund for risks and charges (covering primarily legal disputes and claw-back actions) and roughly -EUR 132 mln worth of net operating expenses (consisting primarily in legal actions, improvement on third-party assets and operating losses on a non-performing position of a subsidiary);

EUR 552 mln in gains/losses on equity investments primarily attributable to the capital gain arising from the transaction for the enhancement of part of the Group's real estate and properties used in the business (EUR 405.5 mln) and from the Group's disposal to AM Holding of its shareholding in Prima Sgr after closing of the agreement (EUR 176.9 mln). The aggregate was also negatively impacted by the depreciation of Antonveneta Vita SpA. (-EUR 18 mln);

Profit/loss from disposal of investments for an amount of EUR 182 mln, of which EUR 166 mln (net of derecognised goodwill) attributable to the capital gain arising from divestiture of business (72 branches of Banca Monte dei Paschi di Siena sold to the CARIGE and Intesa-SanPaolo groups).

"one-off charges" for an amount of EUR 19.5 mln associated primarily with one-off transactions.

Profit/loss from disposal of branches was positive by EUR 21.8 mln and includes the profit and loss data relevant to the 72 branches of Banca Monte dei Paschi di Siena sold in the course of 2010;

Against this background, **profit (loss) from continuing operations before tax** stood at approx. **EUR 1,488.9 mln** (vs EUR 267 mln in the same period of 2009), with Q4 contributing approx. EUR 731 mln (vs EUR 224 mln in Q3).

Finally, to complete the section on revenues, income taxes for the year amounted to approx. EUR 393 mln.

The Montepaschi Group's **net profit** for the period before Purchase Price Allocation (PPA) stood at EUR **1,096.2 mln**. The net accounting profit totalled **EUR 985.5 mln**.

With respect to the Montepaschi Group’s Segment Reporting obligations under IFRS 8, important results were achieved both in Consumer Banking (net operating income up 113.8% YoY) and Corporate Banking (net operating income up 31.4% YoY), with positive trends for all major product companies confirming the ongoing diversification of the Group's sources of revenue. In particular:

Consumer (Retail and Private) Banking

- Net operating income: EUR 355.2 mln (+113.8% YoY)
- Active loans and advances to customers: +12.5% YoY

Corporate Banking

- Net operating income: EUR 617.1 mln (+31.4% YoY)
- Active loans and advances to customers: +4.7% YoY

Banca Antonveneta

- Net operating income: EUR 139,7 mln (+3% YoY)
- Direct funding +6,2% YoY**;** Loans to customers: +7,7% YoY

MPS Consum.it:

- Revenues: EUR 311.3 mln (+10% YoY)
- Net profit: EUR 23.1 mln (EUR 6.1 mln in 2009)

MPS Gestioni Crediti Banca:

- Revenues: EUR 53.4 mln (+8.9% YoY)
- Net profit: EUR 12.9 mln (+21.6% YoY)

MPS Leasing & Factoring and MPS Commerciale Leasing:

- Revenues: EUR 120.5 mln (+5.7% YoY)
- Net profit: EUR 6.9 mln (vs EUR 1.6 mln in 2009)

Biverbanca

- Basic income: EUR 109.3 mln (-9.8% YoY)
- Net profit: EUR 15.2 mln (-23.5% YoY)

MPS Capital Services Banca per le Imprese:

- Revenues: EUR 329.4 mln (+8.2% YoY)
- Net profit: EUR 82.4 mln (vs. approx. EUR 50 mln in 2009)

2010 balance-sheet aggregates

With respect to funding aggregates, the Group's total funding volumes as at 31 December 2010 stood at approximately EUR 303 bln, up 6.9% YoY on a restated operating basis and 3.4% on 30/09/2010, with positive trends in both direct and indirect funding.

Direct funding came to approx. EUR 158 bln, up about EUR 3.6% as compared to 31/12/2009 on a restated operating basis and 2.5% on 30 September 2010, with the Group's market share rising to 7.88%, up 70 bps YoY (+26 bps as compared to 30/09/2010). The trend recorded for the aggregate is mainly a result of the funding input from institutional clients (approx. +8.8% on 2009), short to medium term issuances (including EUR 2.2 bln worth of covered bonds), short-term market funding and funds from consumer or corporate clients (+1.2% on 2009), who were also targeted with new bond placements for an amount of approx. EUR 14 bln.

More specifically, intense activity in **asset management** resulted into approx. EUR 19 bln worth of placements. Results in the bancassurance segment were particularly significant: EUR 5.2 bln worth of premiums were collected (+8.9% YoY), with traditional and unit-linked policies accounting for the largest share of the total (EUR 3.1 and 1.3 bln respectively).

The Group's "loans and advances to customers" amounted to EUR 156 bln as at the end of 2010 , up 4.1% YoY on a restated operating basis (+2.3% on 30/09/2010), with market share coming to 7.84%. The percentage of collateralised loans is growing significantly (collateralised loans make up 68% of total loans as compared to 56% in 2009). The lending trend in 2010 benefitted from **new mortgage loans negotiated** for an amount of approx. EUR 15.8 bln, up 11.1% as compared to the same period in 2009. As for ‘special purpose’ loans, which are disbursed by the Group through dedicated product companies, new flows in 2010 totalled EUR 12.8 bln (+25% YoY with the fourth quarter of 2010 contributing EUR 3.8 bln (+35.2% on 3Q10). Small business and corporate loans, which came to approx. EUR 10 bln (vs EUR 7.6 bln in 2009), registered a step-up in disbursements by both MPS Capital Services (+18% YoY; +56.7% on Q3) and MPS Leasing & Factoring (+36.9 YoY; +43.3% on Q3), the latter attributable primarily to Factoring. With regard to consumer loans, total disbursements by Consumit came to approx. EUR 2.7 bln in 2010 (+4.3% YoY), of which EUR 638 mln in Q4 2010 (-0.6% on Q3 2010), reflective of a falling trend for special-purpose loans and a pick-up in personal loans on a yearly basis.

As at 31 December 2010 the Montepaschi Group's net exposure to impaired loans totalled EUR 11,381 mln (up by EUR 1,160 mln YoY on a restated operating basis), **showing a reversal of trends in Q4 2010 when the aggregate was down 1.7% on 30/09/2010,** which brought impaired loans back to account for 7.28% of total customer loans (from 7.58% as at September). Watchlist loans were down 3.5% on previous quarter as were past-due positions (-33%), whereas NPLs and restructured loans were up 3.7 and 5.4% respectively.

Impaired loan coverage (41.8%) was up 140 bps on December 2009 and 120 bps on September 2010. With respect to gross NPLs, coverage stood at 56%, while portfolio value adjustments on gross performing loans came to 0.56%, substantially in line with levels as at 31/12/2009. Risk concentration has been reduced, as well: the top 10 borrowers at group level made up 3.5% of total lending in 2010 as compared to 4.3% in 2009.

Internal capital generation in Q4 was robust. **Group net equity as at the end of 2010 came to EUR 17,156 mln** (approx. EUR +760 mln on September 2010) with a total net worth (net of intangible assets and Tremonti Bond), up by approximately 10% as compared to the end of September 2010.

Under the last indications by the Basel Committee, new capital deductions and prudential filters expected to be gradually phased in between 2013 and 2018, may have an impact of 30 bps (instead of 70 bps, as originally expected) as of 01/01/2014, in light of Italy's recent decree on deferred taxes.

In addition, the Board of Directors resolved that an overall amount of EUR 167.76 mln be allocated in the form of dividend to be paid out as follows:
- EUR 0.0245 for each ordinary share;
- EUR 0.0335 for each saving share;
- EUR 0.0335 for each preferred share;

Coupon detachment will take place on 23 May 2011, with value date on 26 May 2011.

This press release will be available on our corporate website at www.mps.it

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

RECLASSIFIED ACCOUNTS

MPS GROUP RECLASSIFICATION CRITERIA

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 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, 2009 quarterly results, 2010 first two quarterly results and year-end results for 2010 were restated to take account of the changes brought about to the operating scope subsequent to the **divestiture of business** which took place in 2010 (disposal of 72 Banca Monte dei Paschi di Siena branches, 22 of which were sold to the Carige Group on 30/5/2010 and 50 to the Intesa Sanpaolo Group on 14/06/10). Restated values were obtained by reclassifying the historical data with the profit and loss figures relating to the branches sold, grouping them together under one account. The same logic was applied to the expected **disposal of controlling interests in MP Monaco SAM and MPS Venture SpA** (classified as held for sale in 2010) which resulted in the reclassification of these entities' profit and loss contributions to all quarters of 2009 and 2010 into one reclassified account "Gains (losses) after tax from groups of assets held for sale" (for further details, see "*Annexes: Montepaschi Group – Reconciliation of reclassified accounts and accounting tables*.

Following are the major changes as at **31 December 2010**:

a) **"Net profit/loss from trading/valuation of financial assets"** in the reclassified income statement, includes the items under Account 80 (Net profit/loss from trading), Account 100 (Gains (losses) on disposals/repurchases of loans, available-for-sale or held-to-maturity financial assets and financial liabilities) and Account 110 (Net profit/loss on financial assets and liabilities designated at fair value). The account incorporates values relating to dividends on some securities transactions, inasmuch as they are closely connected with the trading component (approx. EUR 270 mln as at 31/12/2010). Furthermore, the aggregate was stripped of losses arising from disposal of loans (approx. EUR 36 mln), which were reclassified out of Account 100 "Gains (losses) on disposal of loans";

b) **"Dividends, similar income and gains (losses) on equity investments"** in the reclassified income statement incorporates account 70 "Dividends and similar income" and a portion of account 240 "Gains (losses) on equity investments" (approx. EUR 84 million as at 31/12/2010) corresponding to the contribution to profit and loss for the period that is 'guaranteed' by the portion of profit arising from equity investments related thereto (valued at equity). Dividends from some trading transactions, as outlined under item a) above, have been eliminated from the aggregate;

c) **"Net value adjustments due to impairment of loans"** in the reclassified income statement was determined by excluding charges relating to financial plans (approx. EUR 6 mln), which are more properly classified under "Net provisions for risks and charges and other operating income/expenses". Additionally, 36 mln worth of losses arising from disposal of loans were reclassified out of Account 100 a) "Gains/losses on disposal of loans" into this account in a logic of recovery, managing them in a similar way to loan value adjustments;

d) The portion of stamp duty and client expense recovery (approx. EUR 329 million) posted under Account 220 "*Other operating income/expenses"* was detracted from **"Other administrative expenses"** in the reclassified income statement. The aggregate was also stripped of approx. 19.5 mln reclassified into "**Integration costs/One-off charges**" which were incurred within the framework of the re-organization process set out in the 2008-2011 Business Plan;

e) The account **"Net provisions for risks and charges and other operating income/expenses"** in the reclassified income statement incorporates Account 190 "Net provisions for risks and charges" and Account 220 "Other operating income/expenses". It also includes value adjustments to financial plans for an amount of EUR 6 mln described under item c) above and excludes stamp duty and client expense recovery as described under item d) above;

f) "**Integration costs/one-off charges**" in the reclassified income statement includes the one-off charges associated with the organizational rearrangement process, once reclassified out of **"Other administrative expenses"** (EUR 19.5 mln)**;**

g) Profit and loss figures relating to the divestiture of business occurring in 2010 (i.e. disposal of 72 Banca Monte dei Paschi di Siena branches, of which 22 to the CARIGE Group and 50 to the Intesa-SanPaolo Group) were reclassified into one single account "**Profit and loss results of branches sold**" out of previous accounts (**Interest Income**: approx. EUR 26 mln, **Net fees and commissions**: approx. EUR 18 mln; **Net profit/loss from trading/valuation of financial assets**: EUR 0.1 mln; **Administrative expenses:** approx. EUR 22 mln).

h) **"Gains (losses) on equity investments"** was stripped of items reclassified as "Dividends and similar income" (see item b);

i) The effects of *Purchase Price Allocation* (PPA) were reclassified out of other accounts (in particular "***Interest income"*** for approx. EUR 76 mln and **depreciation/amortization** for approx. EUR 82 mln (with a related theoretical tax burden of approx. EUR 51 mln which integrates the account) into one single account named "**Net effects of Purchase Price Allocation**".

With regard to balance-sheet aggregates, for the purpose of providing a clearer picture of performance trends, in addition to the usual reclassifications carried out on the consolidated **balance sheet**, **"Loans and advances to customers"** and "**Customer accounts and securities "** were also restated to take account of the divestiture of business (72 Banca Monte dei Paschi di Siena branches sold) and reflect the effects of divestitures occurring at the end of 2010 (MP Monaco SAM and MPS Venture SpA). More specifically, "**Loans and advances to customers"** and "**Customer accounts and securities"** of branches sold and of operations under IFRS 5 were respectively included under **"Other assets**" and "**Other liabilities"** in relation to all periods in 2009 and the first three quarters of 2010. Reclassification details are as follows:

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

k) **"Other assets"** on the assets side of the reclassified balance-sheet incorporates Account 80 "*Hedging derivatives*", Account 90 "*Changes in value of macro-hedged financial assets*", Account 140 "*Tax assets*", Account 150 "*Non-current assets and groups of assets held for sale*" and Account 160 "*Other assets*";

l) **"Customer accounts and securities"** on the liabilities side of the reclassified balance-sheet includes Account 20 "Customer accounts", Account 30 "*Debt securities* in issue" and Account 50 "*Financial liabilities designated at fair value"*;

m) "**Other liabilities**" on the liabilities side of the reclassified balance-sheet incorporates Account 60 "Hedging derivatives", Account 70 "Changes in value of macro-hedged financial liabilities", Account 80 "Tax liabilities", Account 90 "Liabilities included in disposal groups held for sale" and Account 100 "Other liabilities".

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CONSOLIDATED REPORT ON OPERATIONS

Highlights at 12/31/2010

■ INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

Montepaschi Group			
• INCOME STATEMENT FIGURES (in EUR mln)	**12/31/2010** (1)	**12/31/2009** (1) (2)	**% chg**
Income from banking activities	5,503.2	5,417.7	1.6%
Financial and insurance income (loss)	5,571.3	5,592.7	-0.4%
Net operating income	945.9	462.2	104.6%
Net profit (loss) of the year	985.5	220.1	n.m.
• BALANCE SHEET FIGURES AND INDICATORS (in EUR mln)	**12/31/2010**	**12/31/2009** (1) (2)	**% chg**
Direct funding	158,486	152,917	3.6%
Indirect funding	144,919	130,878	10.7%
of which: assets under management	*50,547*	*47,941*	5.4%
of which: assets under custody	*94,372*	*82,937*	13.8%
Customer loans	156,238	150,073	4.1%
Group net equity	17,156	17,175	-0.1%
• KEY LOAN QUALITY RATIOS (%)	**12/31/2010**	(1) (2) **12/31/2009**	
Net non-performing loans/Customer loans	3.51	3.10	
Net watchlist loans/Customer loans	2.57	2.50	
• PROFITABILITY RATIOS (%)	**12/31/2010**	(1) (2) **12/31/2009**	
Cost/Income ratio	61.6	64.7	
R.O.E. (on average equity)	5.74	1.46	
R.O.E. (on year-end equity)	5.74	1.49	
Net adjustments to loans / Year-end investments	0.74	0.98	
• CAPITAL RATIOS (%)	**12/31/2010**	**12/31/2009**	
Solvency ratio	12.9	11.9	
Tier 1 ratio	8.4	7.5	
Number of ordinary shares outstanding	5,569,271,362	5,569,271,362	
Number of preference shares outstanding	1,131,879,458	1,131,879,458	
Number of savings shares outstanding	18,864,340	18,864,340	
Price per ordinary share:	from **12/31/09** to **12/31/10**	from the **12/31/08** to the **12/31/09**	
average	1.02	1.24	
low	0.82	0.77	
high	1.33	1.62	
• OPERATING STRUCTURE	**12/31/2010**	**12/31/2009** (1)	**Abs. chg**
Total head count - year-end	31,495	31,599	-104
Number of branches in Italy	2,918	3,016	-98
Financial advisory branches	151	163	-12
Number of branches & representative offices abroad	41	41	

(1) Figures were restated to take account of changes brought about to the Group's operating scope subsequent to the disposal of Banca Monte dei Paschi di Siena branches in 2010 (sale of 72 branches of Banca Monte dei Paschi di Siena).
(2) Figures were also stripped of data concerning assets classified as divestitures in 2010 (MP Monaco SAM and MPS Venture SpA - see. paragraph "MPS Group reclassification criteria").

(3) R.O.E. on average equity: net income for the period/average between net equity at the end of the previous year (inclusive of net income and valuation reserves) and net equity for the current year.

(4) R.O.E. on year-end equity= net income for the period/ net equity at the end of the previous year, purged of shareholder's pay out.

■ **INCOME STATEMENT RESTATED ACCORDING TO OPERATING CRITERIA** (in millions of euros)

Montepaschi Group	12/31/2010 Proforma (1)	12/31/2009 Proforma (1) (2)	Change Ins.	Change %
Net interest income	3,591.7	3,576.7	15.0	0.4%
Net commissions	1,911.5	1,841.0	70.5	3.8%
Income from banking activities	**5,503.2**	**5,417.7**	**85.5**	**1.6%**
Dividends, similar income and gains (losses) on equity investments	91.8	110.3	-18.5	-16.8%
Net result from realisation/valuation of financial assets	-23.1	66.1	-89.2	-134.9%
Net gain (loss) from hedging	-0.6	-1.5	0.9	-58.5%
Financial and insurance income (loss)	**5,571.3**	**5,592.7**	**-21.4**	**-0.4%**
Net adjustments for impairment of:	**-1,194.3**	**-1,510.2**	**315.9**	**-20.9%**
a) loans	-1,155.6	-1,466.0	310.4	-21.2%
b) financial assets	-38.7	-44.1	5.5	-12.4%
Net financial and insurance income (loss)	**4,377.0**	**4,082.6**	**294.5**	**7.2%**
Administrative expenses:	-3,255.9	-3,458.1	202.2	-5.8%
a) personnel expenses	-2,211.2	-2,299.7	88.4	-3.8%
b) other administrative expenses	-1,044.7	-1,158.4	113.7	-9.8%
Net adjustments to the value of tangible and intangible fixed assets	-175.2	-162.2	-13.0	8.0%
Operating expenses	**-3,431.1**	**-3,620.3**	**189.2**	**-5.2%**
Net operating income	**945.9**	**462.2**	**483.7**	**104.6%**
Net provisions for risks and liabilities and other operating income/costs	-193.2	-219.7	26.5	-12.0%
Income (loss) on equity investments	551.5	-2.7	554.1	n.m.
Integration costs / one-off charges	-19.5	-86.8	67.3	-77.5%
P&L figures on branches sold	21.8	71.8	-50.0	-69.6%
Gains (losses) from disposal of investments	182.4	42.3	140.1	n.m.
Gain (loss) from current operations before taxes	**1,488.9**	**267.1**	**1,221.7**	**n.m.**
Taxes on income from current operations	-392.9	-100.3	-292.5	n.m.
Gain (loss) from current operations after taxes	**1,096.0**	**166.8**	**929.2**	**n.m.**
Gain (loss) on fixed assets due for disposal, net of taxes	1.7	192.0	-190.4	-99.1%
Net profit (loss) of the year including minority interests	**1,097.6**	**358.8**	**738.8**	**n.m.**
Minority interests in profit (loss) for the year	-1.5	-4.5	3.0	-67.0%
Net profit (loss) pre PPA	**1,096.2**	**354.3**	**741.8**	**n.m.**
PPA (Purchase Price Allocation)	-110.7	-134.2	23.5	-17.5%
Net profit (loss) of the year	**985.5**	**220.1**	**765.4**	**n.m.**

(1) Figures were restated to take account of changes brought about to the Group's operating scope subsequent to the disposal of Banca Monte dei Paschi di Siena branches in 2010 (sale of 72 branches of Banca Monte dei Paschi di Siena).
(2) Profit and loss data in relation to assets classified as divestitures in 2010 (MP Monaco SAM and MPS Venture SpA see. paragraph "MPS Group reclassification criteria") were excluded on a "line-by-line" basis and reclassified into " Gain (loss) on fixed assets due for disposal, net of taxes".

QUARTERLY TREND IN RECLASSIFIED INCOME STATEMENT (in millions of euros)

	2010 (1)				**2009** (1)			
Montepaschi Group	**4th quarter**	**3rd quarter**	**2nd quarter**	**1st quarter**	**4th quarter**	**3rd quarter**	**2nd quarter**	**1st quarter**
Net interest income	900.8	906.5	912.7	871.7	874.3	899.3	893.6	909.4
Net commissions	489.0	459.1	482.9	480.5	452.8	464.1	456.1	468.0
Income from banking activities	**1,389.8**	**1,365.7**	**1,395.6**	**1,352.1**	**1,327.1**	**1,363.4**	**1,349.8**	**1,377.4**
Dividends, similar income and gains (losses) on equity investments	32.2	29.5	15.7	14.4	24.1	19.6	45.4	21.2
Net result from realisation/valuation of financial assets	-5.7	16.3	-53.4	19.7	-20.9	8.2	31.3	47.5
Net gain (loss) from hedging	-10.1	-3.5	6.3	6.7	8.1	-10.3	-5.8	6.5
Financial and insurance income (loss)	**1,406.2**	**1,408.0**	**1,364.2**	**1,392.9**	**1,338.5**	**1,380.9**	**1,420.7**	**1,452.6**
Net adjustments for impairment of:	**-296.1**	**-289.1**	**-301.3**	**-307.7**	**-440.4**	**-360.0**	**-405.3**	**-304.4**
a) loans	-284.1	-281.5	-283.0	-307.0	-428.3	-351.0	-400.1	-286.6
b) financial assets	-12.0	-7.6	-18.3	-0.7	-12.2	-9.0	-5.2	-17.8
Net financial and insurance income (loss)	**1,110.1**	**1,118.9**	**1,062.9**	**1,085.2**	**898.0**	**1,020.9**	**1,015.4**	**1,148.2**
Administrative expenses:	-868.7	-805.2	-775.9	-806.1	-972.2	-834.0	-810.9	-840.9
a) personnel expenses	-597.4	-537.1	-518.7	-558.1	-611.4	-567.8	-541.7	-578.7
b) other administrative expenses	-271.4	-268.1	-257.2	-247.9	-360.8	-266.2	-269.2	-262.2
Net adjustments to the value of tangible and intangible fixed assets	-52.3	-40.8	-42.1	-40.0	-45.6	-39.6	-39.3	-37.8
Operating expenses	**-921.1**	**-846.0**	**-817.9**	**-846.1**	**-1,017.8**	**-873.6**	**-850.2**	**-878.7**
Net operating income	**189.0**	**272.9**	**245.0**	**239.1**	**-119.8**	**147.3**	**165.3**	**269.5**
Net provisions for risks and liabilities and other operating income/costs	-26.7	-32.8	-92.2	-41.5	-154.0	-30.8	-24.1	-10.8
Income (loss) on equity investments	578.8	-7.8	-19.3	-0.2	0.3	0.1	-5.0	1.9
Integration costs / one-off charges	-10.7	-6.1	-2.7		-54.8		-27.6	-4.3
P&L figures on branches sold			9.2	12.6	16.5	15.8	18.8	20.6
Gains (losses) from disposal of investments	0.5	-2.3	184.2	0.0	-4.6	46.8	0.0	0.0
Gain (loss) from current operations before taxes	**730.8**	**223.9**	**324.1**	**210.1**	**-316.3**	**179.2**	**127.3**	**277.0**
Taxes on income from current operations	-73.1	-100.8	-176.8	-42.3	167.2	-74.4	-57.7	-135.5
Gain (loss) from current operations after taxes	**657.7**	**123.1**	**147.3**	**167.9**	**-149.1**	**104.8**	**69.6**	**141.5**
Gain (loss) on fixed assets due for disposal, net of taxes	-0.2	-0.5	-0.3	2.6	-0.3	-0.9	0.7	192.5
Net profit (loss) of the year including minority interests	**657.6**	**122.6**	**147.0**	**170.5**	**-149.4**	**104.0**	**70.3**	**333.9**
Minority interests in profit (loss) for the year	-1.3	-1.1	1.4	-0.5	-0.9	-1.0	-2.5	-0.1
Net profit (loss) pre PPA	**656.2**	**121.5**	**148.5**	**169.9**	**-150.3**	**103.0**	**67.8**	**333.9**
PPA (Purchase Price Allocation)	-27.6	-25.8	-29.6	-27.7	-31.0	-33.6	-36.3	-33.3
Net profit (loss) of the year	**628.6**	**95.8**	**118.9**	**142.2**	**-181.3**	**69.3**	**31.5**	**300.6**

(1) All quarters of 2009 and the first two quarters of 2010 to take account of changes brought about to the Group's operating scope subsequent to the disposal of Banca Monte dei Paschi di Siena branches in 2010 (sale of 72 branches of Banca Monte dei Paschi di Siena). In addition, all quarters of 2009 and 2010 were recalculated by excluding on a "line-by-line" basis the contribution from MP Monaco SAM and MPS Venture SpA, which were classified as divestitures in 2010 (see. paragraph "MPS Group reclassification criteria), and reclassified into " Gain (loss) on fixed assets due for disposal, net of taxes".

Montepaschi Group

■ **RECLASSIFIED BALANCE SHEET** (in millions of euros)

ASSETS	12/31/2010	12/31/2009 (*)	YoY change abs.	YoY change %
Cash and cash equivalents	2,411	1,296	1,115	86.1%
Receivables:				
a) Loans and advances to customers	156,238	150,073	6,164	4.1%
b) Loans and advances to banks	9,710	10,328	-618	-6.0%
Financial assets held for trading	55,973	38,676	17,297	44.7%
Financial assets held to maturity	0	0	0	1.0%
Equity investments	908	742	165	22.3%
Tangible and intangible fixed assets	8,959	10,395	-1,436	-13.8%
of which:				
a) goodwill	*6,474*	*6,619*	*-146*	-2.2%
Other assets	10,081	13,305	-3,224	-24.2%
Total assets	**244,279**	**224,815**	**19,464**	**8.7%**

LIABILITIES	12/31/2010	12/31/2009 (*)	YoY change abs.	YoY change %
Payables				
a) Customer accounts and securities	158,486	152,917	5,568	3.6%
b) Deposits from banks	28,334	22,758	5,577	24.5%
Financial liabilities held for trading	30,383	19,481	10,902	56.0%
Provisions for specific use				
a) Provisions for staff severance indemnities	287	304	-17	-5.6%
b) Pensions and other post retirement benefit	436	458	-22	-4.8%
c) Other provisions	882	911	-29	-3.1%
Other liabilities	8,043	10,529	-2,485	-23.6%
Group Companies	17,156	17,175	-18	-0.1%
a) Valuation reserves	-146	721	-867	n.m.
b) Redeemable shares				
c) Equity instruments	1,949	1,949		
d) Reserves	5,900	5,766	134	2.3%
e) Share premium	3,990	4,048	-59	-1.5%
f) Share capital	4,502	4,502		
g) Treasury shares (-)	-25	-32	7	-23.3%
h) Net profit (loss) for the year	985	220	765	n.m.
Minority interests	270	281	-12	-4.1%
Total Liabilities and Shareholders' Equity	**244,279**	**224,815**	**19,464**	**8.7%**

(*) Loans and advances to customers" and "Customer accounts and securities" exclude volumes attributable to the divestiture of business occurring in 2010 (sale of 72 branches of Banca Monte dei Paschi di Siena) and assets classified as divestitures in 2010 (MP Monaco SAM and MPS Venture SpA). These amounts wererespectively reclassifed to "Other Assets" and "Other Liabilities" (see. paragraph "MPS Group reclassification criteria")

Montepaschi Group

■ **RECLASSIFIED BALANCE SHEET- Quarterly Trend** (in millions of euros)

ASSETS	12/31/2010	09/30/2010 (*)	06/30/2010 (*)	03/31/2010 (*)	12/31/2009 (*)	09/30/2009 (*)	06/30/2009 (*)	03/31/2009 (*)
Cash and cash equivalents	2,411	724	853	781	1,296	682	798	860
Receivables:								
a) Loans and advances to customers	156,238	152,704	152,850	148,457	150,073	143,866	142,775	142,374
b) Loans and advances to banks	9,710	12,606	13,662	10,474	10,328	13,401	13,017	11,935
Financial assets held for trading	55,973	54,691	58,752	47,855	38,676	38,749	32,707	28,946
Financial assets held to maturity	0	0	0	0	0	0	0	0
Equity investments	908	774	732	759	742	725	721	597
Tangible and intangible fixed assets	8,959	10,179	10,201	10,374	10,395	10,428	10,468	10,489
of which:								
a) goodwill	*6,474*	*6,474*	*6,474*	*6,619*	*6,619*	*6,648*	*6,670*	*6,670*
Other assets	10,081	10,845	10,518	11,601	13,305	11,210	11,577	12,419
Total assets	**244,279**	**242,522**	**247,567**	**230,301**	**224,815**	**219,061**	**212,062**	**207,621**

LIABILITIES	12/31/2010	09/30/2010 (*)	06/30/2010 (*)	03/31/2010 (*)	12/31/2009 (*)	09/30/2009 (*)	06/30/2009 (*)	03/31/2009 (*)
Payables								
a) Customer accounts and securities	158,486	154,673	157,980	152,670	152,917	153,218	145,048	136,748
b) Deposits from banks	28,334	29,626	28,593	25,628	22,758	19,294	21,826	23,395
Financial liabilities held for trading	30,383	29,474	33,210	23,188	19,481	20,674	18,710	20,609
Provisions for specific use								
a) Provisions for staff severance indemnities	287	293	298	304	304	340	347	504
b) Pensions and other post retirement benefit obligations	436	449	450	459	458	456	441	436
c) Other provisions	882	964	962	920	911	888	886	910
Other liabilities	8,043	10,377	9,459	9,684	10,529	8,522	9,407	9,720
Group Companies	17,156	16,397	16,345	17,167	17,175	15,391	15,124	15,019
a) Valuation reserves	-146	-287	-219	580	721	646	513	303
b) Redeemable shares								
c) Equity instruments	1,949	1,949	1,949	1,949	1,949	52	47	47
d) Reserves	5,900	5,904	5,903	5,986	5,766	5,789	5,768	5,857
e) Share premium	3,990	3,990	3,996	4,048	4,048	4,041	4,035	4,094
f) Share capital	4,502	4,502	4,502	4,502	4,502	4,487	4,487	4,487
g) Treasury shares (-)	-25	-18	-49	-40	-32	-25	-57	-70
h) Net profit (loss) for the year	985	357	261	142	220	401	332	301
Minority interests	270	267	270	282	281	280	273	279
Total Liabilities and Shareholders' Equity	**244,279**	**242,522**	**247,567**	**230,301**	**224,815**	**219,061**	**212,062**	**207,621**

(*)Loans and advances to customers" and "Customer accounts and securities" exclude volumes attributable to the divestiture of business occurring in 2010 (sale of 72 branches of Banca Monte dei Paschi di Siena) and assets classified as divestitures in 2010 (MP Monaco SAM and MPS Venture SpA). These amounts wererespectively reclassifed to "Other Assets" and "Other Liabilities" (see. paragraph "MPS Group reclassification criteria")

TABLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

(in euros)

	Assets	12/31/2010	12/31/2009
10	Cash and cash on deposit	2,411,030,871	1,295,586,779
20	Financial assets held for trading	33,924,199,884	23,506,522,746
30	Financial assets at fair value	247,143,224	260,418,460
40	Financial assets available for sale	21,801,514,587	14,909,189,684
50	Financial assets held to maturity	3,145	3,113
60	Due from banks	9,709,879,900	10,327,520,615
70	Loans to costumers	156,237,581,051	152,413,440,750
80	Hedging derivatives	313,412,270	198,702,637
90	Value adjustment on financial assets w ith generic coverage (+/-)	17,655,459	32,039,046
100	Equity investment	907,528,633	742,170,498
120	Fixed Assets	1,407,077,388	2,733,043,104
130	Intangible assets	7,551,613,476	7,661,629,206
	og which: goodwill	*6,473,778,893*	6,619,478,893
140	Tax assets	4,783,787,667	4,377,044,696
	a) current	*669,908,700*	619,296,168
	b) anticipated	*4,113,878,967*	3,757,748,528
150	Non current assets (or disposal groups) held for sale and discontinued operations	161,772,082	129,165,143
160	Other	4,804,736,576	6,228,501,692
	Total assets	**244,278,936,213**	**224,814,978,169**

TABLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

(in euros)

	Liabilities and Shareholders'equity	12/31/2010	12/31/2009
10	Due to banks	28,334,436,031	22,757,742,753
20	Due to costumers	97,769,565,012	91,132,820,120
30	Securities	35,246,717,364	42,559,083,505
40	Financial liabilities held for trading	30,383,499,655	19,481,338,417
50	Financial liabilities at fair value	25,469,490,484	21,699,056,443
60	Hedging derivatives	1,736,529,777	931,554,179
80	Tax Liabilities	233,879,224	341,425,636
	a) current	*128,725,497*	230,259,485
	b) postponed	*105,153,727*	111,166,151
90	Liabilities in disposal groups held for sale	213,399,701	-
100	Other	5,859,531,209	6,782,237,039
110	Staff severance indemnity reserve	287,475,591	304,496,882
120	Reserve for risks and other charges	1,318,361,942	1,369,213,566
	a) pension fund and similar obligations	*435,918,857*	458,133,053
	b) other provisions	*882,443,085*	911,080,513
140	Revaluation reserves	(146,164,752)	720,587,188
160	Capital instruments	1,949,365,486	1,949,365,486
170	Reserves	5,900,424,511	5,766,022,280
180	Paid-in Capital	3,989,501,914	4,048,328,020
190	Share capital	4,502,410,157	4,502,410,157
200	Own shares (-)	(24,612,663)	(32,079,360)
210	Minority interests (+/-)	269,628,250	281,261,541
220	Profit (loss) for the year	985,497,320	220,114,317
	Total liabilities and Shareholders'equity	**244,278,936,213**	**224,814,978,169**

TABLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

(in euros)

	Profit & Loss	12/31/2010	12/31/2009
10	Interest and similar income	6,471,674,024	7,097,531,213
20	Interest and similar expense	(2,930,980,906)	(3,422,747,419)
30	**Net Interest Income**	**3,540,693,118**	**3,674,783,794**
40	Commissions earned	2,169,870,482	1,934,747,004
50	Commission expense	(240,729,523)	(239,483,499)
60	**Net Commissions**	**1,929,140,959**	**1,695,263,505**
70	Dividends and other income	278,053,664	322,053,618
80	Net Profit from trading	(322,116,994)	(322,102,761)
90	Net Profit from hedging	(608,432)	(1,464,978)
100	Profit / Loss	23,169,576	66,229,366
	a) loans	(19,617,709)	*9,885,876*
	b) available for sale financial assets	*63,124,584*	*68,087,208*
	c) financial liabilities	*(20,337,299)*	*(11,743,718)*
110	Fair Value financial assets and liabilities	(30,379,893)	(21,870,456)
120	**Total Income**	**5,417,951,998**	**5,412,892,088**
130	Net value adjustments on:	(1,166,615,062)	(1,496,858,383)
	a) loans	*(1,125,508,512)*	*(1,452,709,813)*
	b) available for sale financial assets	*(30,481,195)*	*(31,184,498)*
	d) other financial assets	*(10,625,355)*	*(12,964,072)*
140	**Net Income from financial operation**	**4,251,336,936**	**3,916,033,705**
180	Administrative expenses	(3,626,177,798)	(3,881,334,184)
	a) personnel expenses	*(2,224,738,245)*	*(2,385,927,048)*
	b) other administrative expenses	*(1,401,439,553)*	*(1,495,407,136)*
190	Provisions for risks and charges	(61,390,382)	(98,948,147)
200	Valuation adjustments to fixed assets	(101,586,182)	(105,646,070)
210	Valuation adjustments to intangible assets	(155,968,128)	(136,963,255)
220	Other operating income/expenses	203,234,456	211,956,137
230	**Operating costs**	**(3,741,888,034)**	**(4,010,935,519)**
240	Income (loss) from investments	635,337,890	96,073,309
260	Value adjustments of goodw ill	-	-
270	Income (loss) from disposal of investments	182,394,197	42,262,769
280	**Income (loss) before taxes from continuing operations**	**1,327,180,989**	**43,434,264**
290	Income taxes	(341,849,903)	(30,508,796)
300	**Income (loss) after taxes from continuing operations**	**985,331,086**	**12,925,468**
310	Income (loss) from disposal of non continuing operations net of taxes	1,651,705	211,689,217
320	**Profit (loss) for the period prior to minority interests**	**986,982,791**	**224,614,685**
330	Profit (loss) prior to minority interests	1,485,471	4,500,368
340	**Profit (loss) for the period**	**985,497,320**	**220,114,317**