MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

PRESS RELEASE

MONTEPASCHI GROUP: 2011 FULL YEAR RESULTS APPROVED

Net income: - EUR 4.69 bln
due to impairment of goodwill and other intangible assets
Tier 1: 11.1% (vs. 8.4% in 2010)

Profit before tax of EUR 150 mln (- 89.9% YoY), weighted down by an exceptionally difficult market environment and several non-recurring items.

- *Revenues were down (-1.2%) owing to the fall in net interest income (-2.4% YoY, up +6.4% in Q4) and net fees and commissions (-6% yoy), only partially offset by income from trading which improved from 2010 (EUR 166 mln vs. EUR -23.1 mln) as a result, among other things, of non-recurring items.*
- *Operating expenses up 2.1% due to higher costs associated with the real estate transaction finalised in 2010.*
- *Loan loss provisions grew to EUR 1.3 bln with a provisioning rate of 89 bps under a provisioning policy in line with the current economic cycle.*
- *Net adjustments for impairment of financial assets at EUR 153 mln, mainly due to writedowns on AFS securities.*
- *Provisions for risks and charges up by approx. EUR 151 mln on 2010 owing to higher provisions for legal disputes, clawback actions and other one-off costs.*
- *Net income: -4.69 bln following total impairment of around EUR 4.51 bln (of which 4.26 bln in goodwill and 222 mln in intangibles)*

Group's capital structure and liquidity profile improves

- *The trend in direct funding was affected by the downturn in funding with institutional counterparties which slid by approx. 37% on 2010 (wholesale CDs and market repos) while retail funding remained substantially stable (+0.3% yoy) with bond placements in the region of EUR 14 bln.*
- *Lending was down (-5.6% YoY), with reductions concentrated in the last quarter (-5.5% on Q3), partially justified by the strong focus on liquidity.*
- *Funding-lending imbalance was narrowed by approx. EUR 6 bln with an increase in mid-long term funding (+11.9% YoY).*
- *Tier I ratio at 11.1% against 8.4% in 2010 due to capital increase and capital management actions. Core Tier 1 at 8.5%, net of Tremonti Bonds.*

Increase in customer base and use of integrated multichannels:

- *Net increase of 50,000 customers with a retention rate of 95.8% (+0.5 p.p YoY) and a positive acquisition rate of 5% (-0.7 p.p. YoY).*
- *Integrated multichannel contracts up 21.8% to 1.1 million.*

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Siena, 29 March 2011 – Yesterday, 28 March, the Board of Directors of Banca Monte dei Paschi di Siena approved the 2011 full-year results.

In 2011, the Montepaschi Group operated in an **extraordinarily difficult market environment** characterised by a **progressive slowdown in economic growth** and an exacerbation of the **sovereign debt crisis in the Eurozone** which, as of the second half of the year, caused an abrupt increase in credit spreads and closure of interbank and institutional markets, triggering at the same time a negative spiral for both stock prices and Italian government bonds. This scenario strongly affected the operations of the entire banking industry and had significant repercussions on the Group's balance sheet and profit and loss performance.

In consideration of market trends and foreseeable future scenarios, **significant value adjustments due to impairment of goodwill were made** by the Montepaschi Group (EUR 4,257 mln), pursuant to IAS 36. This reduction in value, however, only has effects on the accounting items but has no impact on the Bank's cash flow, liquidity, capital ratios, nor clearly does it have any influence on its prospective profitability and reliability.

The impairment test for 2011 was carried out using **2012-2016 economic-financial projections** formulated on the basis of data from 2011 preliminary accounts and 2012 budget on a 5-year forecasting horizon (until 2016). Projections took account of the strategic guidelines set out in the 2011-2015 Business Plan and the new macroeconomic and banking scenario, which has changed considerably with respect to the time when the Business Plan was prepared.

As regards funding and lending, a **shift** was recorded in 2011 through progressive replacement of interbank and institutional funding with funding from the ECB. Retail funding, on the other hand, remained substantially stable. At the same time, interest-bearing assets trended downward -particularly on the back of low demand for loans from households and businesses and more selective credit policies, which resulted in a contraction in loan book volumes- while an increase was registered in the NPL share of total loans.

These funding and lending trends and macroeconomic changes were reflected in the Group's current profit and loss results, with total revenues penalised by the impossibility to immediately transfer the increased cost of funding to yields from interest-bearing assets and by the reduction in lending volumes, at a time when the cost of credit was gradually worsening.

Profit and loss results for FY 2011

In 2011, the Montepaschi group's net income from banking and insurance activities came to approx. EUR 5,507 mln, down 1.2% on 2010. Q4 2011 contributed approximately EUR 1,268 mln (-5.4% on Q3 2011), and was influenced by negative results in trading/valuation/hedging of financial assets, only partly offset by the growth in basic income sustained by the growth in interest income. In particular:

- **Net interest income** came to approx. EUR 3,500 million, down 2.4% on the previous year. Performance was affected by a reduction in loan book volumes due to lower demand for loans from customers and a more selective approach to lending. Net interest income was also impacted by the effects of Italy's higher spread which translated into higher costs of funding only partially transferable to interest-bearing asset yields. Q4 2011 contributed approx. EUR 931 mln, a significant upturn on Q3 2011 (+6.4%) and the highest level recorded in the last eight quarters. The trend, also influenced by one-off items (approx. 25 mln), was largely due to loan book repricing (with an impact of approx.

25 mln) and a shift towards ECB funding, which made it possible to mitigate the increase in the cost of funding.

- **Net fees and commissions** stood at approx. EUR 1,801 mln, down 6.0% on the previous year and 10.4% on Q3. Performance was especially affected by lower placement of financial products and reduced lending activities.

- **Dividends, similar income and gains/losses on equity investments** totalling EUR 72.2 mln (vs. EUR 91.8 mln in 2010), with Q4 2011 contributing EUR 9.4 mln, were primarily attributable to gains from investments consolidated at equity with the largest share coming from insurance (AXA-MPS: approx. EUR 57 mln).

- **Net profit/loss from trading/valuation of financial assets** stood at EUR 166 mln, up on 31/12/2010 (EUR -23.1 mln). The aggregate includes "Gains (losses) on disposals / repurchases of loans, available-for-sale financial assets and financial liabilities" for an amount of EUR 172 mln (EUR 59.4 mln in 2010), driven by gains on disposal of AFS assets and the positive effects from Banca Monte dei Paschi di Siena's buyback of non-redeemable Floating Rate Equity-linked Subordinated Hybrid notes, as part of the Group's capital increase (approx. 76 mln impact).

- **Net hedging income** was - EUR 32 million (- EUR 0.6 million in 2010), mainly owing to the repurchase of cash flow hedged securities.

Net adjustments for impairment of loans amounted to approx. EUR 1,311 mln (+13.4% YoY), with Q4 contributing around EUR 470 mln (vs. 271 mln in the previous quarter), largely affected by the deteriorating macroeconomic backdrop which made planned optimisation actions less effective (additional adjustments of over EUR 140 mln, an increase compared to the quarterly average). The ratio between adjustments for the year and customer loans at year end shows a provisioning rate of 89 bps, higher than the one registered at the end of 2010. As for the management of the NPL book, which is assigned to the Group company specialising in this area, MPS Gestione Crediti Banca, recoveries totalled EUR 573.3 mln (-9% YoY), of which EUR 184.9 mln in Q4 (+60.3% on Q3 2011).

Net adjustments for impairment of financial assets were -EUR 153 mln (vs. – EUR 38.7 mln in 2010) mainly due to depreciation of impaired listed stock and UCITS classified as AFS. The value includes impairment for an amount of EUR 17.2 mln of the only Greek Government bond held in the portfolio.

As a consequence, **income from banking and insurance** stood at approx. EUR 4,043 mln (approx. 4,377 mln in 2010; -7.6%), with Q4 2011 contributing approx. EUR 741 mln (-25.8% on the previous quarter).

Operating expenses totalled EUR 3,503 mln (+2.1% on the previous year). The amount of operating expenses includes higher charges arising from the sale of part of the Group's real estate properties used in the business which was completed in 2010. Excluding these increases, YoY operating expenses would be down 0.8%. In particular:

- **Personnel expenses**, amounting to EUR 2,195 mln, were down 0.7% on 2010. In 2011, the Group's headcount was reduced by 325;

- **Other administrative expenses** (EUR 1,112 mln) were up on the previous year following the sale of part of the Group’s properties used in the business which was completed in 2010, excluding which the aggregate would have shown a downturn of 5.5% as evidence of the cost synergies obtained from reorganisation and cost management actions.

- **Value adjustments of tangible and intangible fixed assets** stood at approx. EUR 195 mln, up 11.5% on 2010. The aggregate was weighted down by EUR 26 mln in non-recurring adjustments in Q4.

On the back of these factors, **Net Operating Profit** totalled EUR 541 mln (**-** 42.8% YoY).

Cost-income stands at 63.6% (61.6% in 2010).

Net income was also impacted by:

- **Net provisions for risks and charges and other operating income/charges** (EUR 375 mln, of which around 201 mln in Q4 2011), up by approx. EUR 182 mln on 2010 due to higher provisions for legal disputes, clawback actions and claims (around EUR 96 mln) and charges arising from contractual obligations associated with asset disposals (about EUR 63 mln) and contingent liabilities for approx. EUR 30 mln;

- **Losses on equity investments** in the amount of EUR 24 mln with respect to a profit of EUR 551.5 mln in 2010, which was primarily attributable to the capital gain arising from the sale of part of the Group's real estate 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).

- ‘‘**Integration costs / One-off charges**’’ for an amount of -EUR 26 mln (vs. -19.5 mln as at 31/12/2010) in early retirement incentives for employees associated with Banca Monte dei Paschi di Siena's organisational restructuring.

- **Profit/loss from disposal of investments** amounting to EUR 34.6 mln, primarily accounted for by the capital gain arising from the sale of a commercial office building in via dei Normanni, Rome. As at 31/12/2010, this item totalled EUR 182 mln and included the capital gain from disposal of banking business (72 MPS Bank branches).

On the back of these components, **profit (loss) before tax from continuing operations** totalled approx. EUR 150 mln, as compared to roughly EUR 1,489 mln in 2010, which was inclusive of non-recurring income for an amount of EUR 764.4 mln.

Profit (loss) for the year was also affected by:

- **Taxes on income for the period from continuing operations**, - EUR 248 mln (vs. approx. - EUR 393 mln in 2010), which include higher charges following settlement of a tax dispute with the Italian Revenue Agency. The aggregate was positively influenced by the effects of the IRAP (regional productivity tax) rate increase recognised in June and tax deductions pursuant to legislative decree no. 98 of 6/7/2011 on subsidiaries' goodwill;

- **Profit (loss) after tax from assets held for sale and discontinued operations**, EUR 17.7 mln, essentially on account of the capital gain arising from the disposal of MPS Monaco SAM and a stake in MPS Venture SGR.

The consolidated net profit of the Montepaschi Group before Purchase Price Allocation (PPA) and impairment of goodwill, intangibles and AM Holding, posts a loss of EUR 77.4 mln (vs. EUR 1,096.2 mln of profit as at 31/12/2010).

At the end of 2011, impairment testing of goodwill in the balance sheet **called for adjustments in the amount of EUR 4,514 mln**, of which EUR 4,257 mln on goodwill; EUR 222 mln net on intangibles from PPA; EUR 35 mln for writedown of the investment in AM Holding. The reasons justifying the need for a reduction in goodwill lie primarily in the new macroeconomic scenario, which was penalised by the sovereign debt crisis, tensions in the main financial markets and persisting uncertainty about global economic recovery.

Considering the net effects of PPA (around EUR 94 mln) and impairment, net loss for 2011 totalled EUR 4,685 mln (vs. 985.5 mln profit in 2010).

With respect to the Montepaschi Group's Segment Reporting obligations under IFRS 8, highlights include the following:

Consumer Banking

- Net operating income: EUR 396.8 mln (+26.0% YoY)
- 'Active' loans and advances to customers: -3.5% YoY

Corporate Banking

- Net operating income: EUR 437.1 mln (-19.8% YoY)
- 'Active' loans and advances to customers: -9.8% YoY

The results of the Group's main companies, which have already been included in segment reporting (Consumer Banking, Corporate Banking and the Corporate Center) pursuant to the requirements of IFRS 8 are reported below.

Banca Antonveneta

- EUR 175 mln in Net Operating Income
- Net loss for the period: EUR 1,296 mln (profit of EUR 73 mln excluding the effects of goodwill impairment and amortisation of PPA intangibles).

- Direct Funding: -1.7% YoY; Loans and advances to customers: -0.1% YoY

Biverbanca

- Net Operating Income: EUR 35 mln
- Net profit (loss) for the period EUR 18 mln
- Direct Funding: -2.0% YoY; Loans and advances to customers: +5.6 % YoY

Consum.it

- Net Operating Income: EUR 37 mln
- Net profit (loss) for the period EUR 24 mln

MPS Leasing & Factoring

- Net Operating Income: EUR 31 mln
- Net profit (loss) for the period: EUR 10.5 mln

MPS Capital Services Banca per le Imprese:

- Net Operating Income: EUR 100 mln
- Net profit (loss) for the period: approx. EUR 45 mln

2011 balance-sheet aggregates

With respect to funding aggregates, the Group's **total volumes** as at 31 December 2011 totalled EUR 281 bln, down 7.2% YoY and 4.6% on 30 September 2011.

Direct funding, totalling approximately EUR 146 bln, was down 7.2% on 31/12/2010 and 8.7% on 30/09/2011. The trend is primarily attributable to the fall in institutional funding, down approx. EUR 8 bln on 31/12/2010, largely owing to wholesale CDs (- EUR 1.5 bln on 31/12/2010) and market repos (approx. -EUR 3.6 bln YoY), whereas the stock of international bonds remained substantially unchanged with respect to levels as at the end of December 2010 (issuances for an amount of approx. EUR 4.6 bln were launched in the period). In terms of corporate funding, volumes were down by roughly EUR 3 bln in the year, primarily on the back of a reduction in current account deposits from Large Corporate and Institutional customers attributable, among other things, to PA treasury centralisation. Consumer funding, on the other hand, rose slightly and was propped up by over EUR 14 bln worth of bond placements during the year.

Indirect funding, totalling approx. EUR 135 bln, was down 7.2% on 31/12/2010 and up 0.2% on 30/09/2011 on the back of assets under management / custody. More specifically:

- **Assets under Management** exceeded EUR 46 bln in volumes at the end of the year, down 8.2% on 2010 and 2.6% on 30 September 2011 due to negative market effects on both shares and bonds held, as well as net outflows primarily in the area of mutual funds, in line with trends in the banking system. A further breakdown of volumes – according to a Mifid-based approach structurally aimed at selecting the most suitable investment solutions for customers (products, investment lines, Group and Third-party Asset Management Companies) – shows that Life Insurance policies, Funds and Sicavs are the prevailing segment. With regard to the insurance segment, over EUR 3.6 bln in premiums were collected during the year, with Unit-Linked policies accounting for the largest share of total (EUR 1.4 bln), followed by Index Linked and traditional policies (EUR 1.2 bln and 0.9 bln respectively).

- **Assets under Custody** came to approx. EUR 88 bln, down 6.6% on the previous year though picking up on 30/09/2011 (+1.7%).

Group **loans and advances to customers** stood at approx. EUR 147 bln, down 5.6% on 2010 and 5.5% on Q3 2011, owing to the particular selectivity in the disbursement of loans as well as the sluggish economic cycle which especially penalised current accounts and short-term lending. 'Active' loans to consumer and corporate customers, which were also weighted down by a lower demand in loans to households and businesses mainly conditioned by the fall in real estate market sales, showed a more contained decrease (EUR -7 bln on 31/12/10 and approx. EUR -6 bln on 30/9/11) which was concentrated in the latter months of the year.

As for **'special purpose' loans** which are disbursed by the Group through dedicated product companies, new flows in 2011 totalled approx. EUR 6 bln (-2% YoY) with Q4 2011 contributing EUR 1.4 bln (+1.5% on Q3 2011). In relation to **consumer loans** , disbursements in 2011 totalled EUR 2.7 bln, substantially in line with levels in the previous year (-0.8%), with Q4 contributing EUR 675 mln, up almost 10% on Q3. The aggregate includes a growth in card lending (+22.7% YoY), substantial stability for personal loans (-0.3%) while special-purpose loans were down on the previous year (-16.2%). Finally, **factoring turnover** experienced a sharp upsurge on the previous year, coming to approx. EUR 9.1 bln (+38.2%).

The Group's **Securities and Derivatives portfolio** (EUR 38 bln) remained stable compared to 2010 with a rise of approx. EUR 1.1 bln in the AFS accounting category due to strategic investments in Italian government bonds made in the second quarter of 2011, offset by a reduction of approx. EUR 0.9 bln in L&R securities and EUR 0.2 bln in HFT securities.

Tier I stood at 11.1%, stable compared to September and up on December 2010 (when it was 8.4%). Tier 1 was largely affected by the positive impact from the capital increase in July 2011, the increase in share premium reserve, effects from the Group's real estate deal and elimination of the prudential filter relating to goodwill deduction. **Core Tier 1** came to 10.3% (8.5% net of Tremonti Bonds).

The exercise conducted by the EBA in the second half of 2011 on the capital requirements of major European banks (71 lenders were involved) revealed Banca Monte dei Paschi di Siena's need for temporary and provisional capital strengthening in the amount of EUR 3,267 mln. Initiatives aimed at reducing the required capital buffer include the conversion to equity of BMPS shares underlying the convertible bond "FRESH 2003" in December 2011.

Events after 31 December 2011

In its extraordinary session on 1 February 2012, the Shareholders' Meeting approved allocating part of the "Share Premium Reserve" to equity for a sum equal to the premium on 295,236,070 ordinary BMPS shares underlying the F.R.E.S.H notes issued by The Bank of New York in April 2008 for an amount of EUR 752,261,506.36. During the same session, the Shareholders' Meeting also approved the at par conversion of 18,864,340 savings shares into ordinary shares for an amount of EUR 12,639,107.80. The conversion of F.R.E.S.H. 2008 and F.R.E.S.H 2003 notes has the beneficial effect of reducing the EUR 3.2 bln capital buffer originally required by EBA by about EUR 1 bln.

Banca Monte dei Paschi di Siena will also continue to: extend its AIRB - Advanced Internal Rating Based models for the measurement and management of credit risk, with a consequent reduction in risk-weighted assets whose weighting coefficients ought to reflect the specific nature of Banca MPS's typical retail business; implement initiatives aimed at the disposal of part of its real estate not used in the business; and enhance the value of its product factories, also through joint ventures with major industry players. Rationalisation of the distribution network will be further pursued.

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

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

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RECLASSIFIED ACCOUNTS

MPS GROUP RECLASSIFICATION PRINCIPLES

The following accounting statements illustrate balance-sheet and profit-and-loss accounts reclassified on the basis of operating criteria. The figures for 2010 comparison are those published in the consolidated Annual Report as at 31 December 2010 (for further details, see "Annexes: Montepaschi Group – Reconciliation of reclassified accounts and accounting tables"). In some instances, figures were adjusted following Bank of Italy's guidance on recognition of securities lending transactions secured with collaterals other than cash, fully owned by the lender.

Following are the reclassifications made to the consolidated profit and loss account as at 31 December 2011:

a) The reclassified account "**Net interest Income**" was integrated with EUR 29.7 mln to sterilise the effects of settlement of a tax dispute with the Italian Revenue Agency from the 'interest expense' component. The integration was reclassified into "Taxes on income for the period from continuing operations".

b) **"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, financial assets available for sale or held to maturity and financial liabilities) and Account 110 (Net profit/loss on financial assets and liabilities designated at fair value). The account incorporates dividends earned on securities held in the Group's securities and derivatives portfolio (approx. EUR 99 mln).

c) **"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 65 mln, corresponding to the contribution to profit and loss for the period that is 'guaranteed' by the portion of profit arising from investments in associates, valued at equity). Dividends earned on securities in the securities and derivatives portfolio, as outlined under item a) above, have also been eliminated from the aggregate;

d) **"Net adjustments for impairment of loans"** in the reclassified income statement was determined by excluding the loss provision taken in connection with the Greek government bond (approx. EUR 17 mln) which was allocated to "Net adjustments for impairment of financial assets". Furthermore, the aggregate excludes charges relating to financial plans (EUR 3 mln), which are more properly classified under "Net provisions for risks and charges and other operating income/expenses". Additionally, EUR 22 mln in 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;

e) "**Net adjustments for impairment of financial assets**" includes the items under Account 130b "Available-for-sale financial assets", 130c "Held-to-maturity financial assets " and 130d "Other financial transactions" as well as the loss provision taken in connection with the Greek government bond (approx. EUR 17 mln) referred to under the above item;

f) The income statement account "**Personal expenses**" was reduced by EUR 26 mln, referring to costs associated with the facilitated terms and conditions of early-retirement schemes for staff in view of the organisational restructuring of Banca Monte dei Paschi di Siena. The amount was reclassified under "Integration costs/One-off charges".

g) **"Other administrative expenses"** in the reclassified income statement was deducted of the portion of stamp duty and client expense recovery (approx. EUR 286 million) posted under Account 220 "Other operating income/expenses".

h) The account **"Net provisions for risks and charges and other operating income/charges"** in the reclassified income statement, which incorporates Account 190 "Net provisions for risks and charges" and Account 220 "Other operating charges/income", includes value adjustments to financial plans described under item d) and stamp duty and client expense recoveries as described under item g) above. Sanctions connected with the settlement of a tax dispute with the Italian Revenue Agency, in the amount of EUR 93 mln, were classified out of this restated aggregate into "Taxes on income for the period from continuing operations".

i) The account “**Integration costs/One-off Charges**” includes “One-off charges” of EUR 26 mln associated with the facilitated terms and conditions of early-retirement schemes for staff in view of the organisational restructuring of Banca Monte dei Paschi di Siena and other non-recurring components. This value was reclassified out of Personnel expenses (see item f).

j) **“Gains (losses) on equity investments”** was cleared of components reclassified as “Dividends and similar income" (see item c);

k) The effects of *Purchase Price Allocation* (PPA) were reclassified out of other accounts (in particular “**Interest income**” for approx. EUR 54 mln and **depreciation/amortisation** for approx. EUR 82 mln, net of a theoretical tax burden of approx. - EUR 42 mln which integrates the account).

l) “**Impairment of Goodwill, PPA intangibles and writedown of the investment in AM Holding**” in the reclassified income statement incorporates groupwide impairment of goodwill (account 260 “Impairment of Goodwill” for an amount of EUR 4.3 bln), amortisation of intangibles from PPA (approx. EUR 328 mln, gross, included in account 210 “net value adjustments to intangible assets”), writedown of the investment in AM Holding (roughly EUR 35 mln under account 240 “Gains/losses on equity investments”). The fiscal effect of the amortisation of intangibles from PPA (approx. EUR 106 mln) was reclassified into "Taxes on income for the period from continuing operations".

Following are the major reclassifications made to the consolidated **Balance Sheet:**

m) **“Tradable Financial assets”** on the assets side of the reclassified balance-sheet includes Account 20 "*Held-for-Trading financial assets"*, Account 30 "*Financial assets designated at fair value"* and Account 40 "*Available-for-sale financial assets"*;

n) **“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 held for sale and discontinued operations*" and Account 160 "*Other assets*";

o) **“Deposits from customers and securities”** on the liabilities side of the reclassified balance-sheet includes Account 20 "Deposits from customers", Account 30 "*Debt securities* in issue" and Account 50 "*Financial liabilities designated at fair value"*;

p) “**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 assets held for sale and discontinued operations” and Account 100 “Other liabilities”.

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CONSOLIDATED REPORT ON OPERATIONS

Highlights at 31/12/2011

■ INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

MPS GROUP			
• INCOME STATEMENT FIGURES (in EUR mln)	**31/12/2011**	**31/12/2010**	**% chg**
Income from banking activities	5,301.2	5,503.2	-3.7%
Income from financial and insurance activities	5,507.2	5,571.3	-1.2%
Net operating income	540.7	945.9	-42.8%
Profit (loss) for the period before PPA, impairment of goodwill, intangibles and writedown of investment in AM Holding	-77.4	1,096.2	-107.1%
Net profit (loss) for the year	-4,685.3	985.5	n.s.
• BALANCE SHEET FIGURES AND INDICATORS (in EUR mln)	**31/12/2011**	**31/12/2010**	**% chg**
Direct funding	146,324	157,593	-7.2%
Indirect funding	134,550	144,919	-7.2%
of which: assets under management	*46,426*	*50,547*	-8.2%
of which: assets under custody	*88,124*	*94,372*	-6.6%
Customer loans	146,608	155,329	-5.6%
Group net equity	10,765	17,156	-37.3%
• KEY LOAN QUALITY RATIOS (%)	**31/12/2011**	**31/12/2010**	
Net non-performing loans/Customer loans	4.39	3.51	
Net watchlist loans/Customer loans	3.04	2.57	
• PROFITABILITY RATIOS (%)	**31/12/2011**	**31/12/2010**	
Cost/Income ratio	63.6	61.6	
R.O.E. (on average equity) (1)	-33.56	5.74	
R.O.E. (on end-of-period equity)(2)	-27.58	5.74	
Net adjustments to loans / End-of-period investments	0.89	0.74	
• CAPITAL RATIOS (%)	**31/12/2011**	**31/12/2010**	
Solvency ratio	15.7	12.9	
Tier 1 ratio	11.1	8.4	
• INFORMATION ON BMPS STOCK	**30/09/2011**	**31/12/2010**	
Number of ordinary shares outstanding	10,980,795,908	5,569,271,362	
Number of preference shares outstanding	681,879,458	1,131,879,458	
Number of savings shares outstanding	18,864,340	18,864,340	
Price per ordinary share:	from **31/12/10** to **31/12/11**	from **31/12/09** to **31/12/10**	
average	0.56	1.02	
low	0.24	0.82	
high	0.86	1.33	
• OPERATING STRUCTURE	**31/12/2011**	**31/12/2010**	**Abs. chg**
Total head count - end of period	31,170	31,495	-325
Number of branches in Italy	2,915	2,918	-3
Financial advisory branches	143	151	-8
Number of branches & representative offices abroad	41	41	

(1) R.O.E. on average net 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.

(2) R.O.E. on end-of-period equity: net equity for the period / net equity at the end of the previous year (inclusive of valuation reserves) purged of shareholder's payout.

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■ RECLASSIFIED INCOME STATEMENT (in EUR mln)

MPS Group	31/12/2011	31/12/2010 (*)	Change Ins.	Change %
Net interest income	3,500.2	3,587.9	-87.7	-2.4%
Net commissions	1,801.0	1,915.3	-114.3	-6.0%
Income from banking activities	**5,301.2**	**5,503.2**	**-202.0**	**-3.7%**
Dividends, similar income and gains (losses) on equity investments	72.2	91.8	-19.6	-21.4%
Net profit (loss) from trading/valuation of financial assets	165.8	-23.1	188.9	n.s.
Net profit (loss) from hedging	-32.0	-0.6	-31.4	n.s.
Income from financial and insurance activities	**5,507.2**	**5,571.3**	**-64.1**	**-1.2%**
Net adjustments for impairment of:	**-1,464.0**	**-1,194.3**	**-269.7**	22.6%
a) loans	-1,310.8	-1,155.6	-155.3	13.4%
b) financial assets	-153.1	-38.7	-114.5	n.s.
Net income from financial and insurance activities	**4,043.2**	**4,377.0**	**-333.9**	**-7.6%**
Administrative expenses:	-3,307.0	-3,255.9	-51.1	1.6%
a) personnel expenses	-2,194.9	-2,211.2	16.4	-0.7%
b) other administrative expenses	-1,112.2	-1,044.7	-67.5	6.5%
Net adjustments to tangible and intangible fixed assets	-195.4	-175.2	-20.2	11.5%
Operating expenses	**-3,502.5**	**-3,431.1**	**-71.3**	**2.1%**
Net operating income	**540.7**	**945.9**	**-405.2**	**-42.8%**
Net provisions for risks and charges and other operating income/expenses	-375.1	-193.2	-181.8	94.1%
Profit (loss) on equity investments	-24.3	551.5	-575.8	n.s.
Integration costs / one-off charges	-25.8	-19.5	-6.3	32.2%
P&L figures for branches sold		21.8	-21.8	-100.0%
Goodwill impairment	-0.4		-0.4	
Gains (losses) from disposal of investments	34.6	182.4	-147.8	-81.0%
Profit (loss) before tax from continuing operations	**149.8**	**1,488.9**	**-1,339.1**	**-89.9%**
Taxes on income from continuing operations	-248.3	-392.9	144.5	-36.8%
Profit (loss) after tax from continuing operations	**-98.5**	**1,096.0**	**-1,194.5**	**n.s.**
Profit (loss) after tax from disposal groups held for sale	17.7	1.7	16.0	n.s.
Net profit (loss) for the period including minority interests	**-80.9**	**1,097.6**	**-1,178.5**	**-107.4%**
Net profit (loss) attributable to minority interests	3.5	-1.5	5.0	n.s.
Profit (loss) for the period before PPA , impairment of goodwill, intangibles and writedown of investment in AM Holding	**-77.4**	**1,096.2**	**-1,173.5**	**-107.1%**
PPA (Purchase Price Allocation)	-93.9	-110.7	16.8	-15.2%
Impairment of goodwill, intangibles and writedown of investment in AM Holding	-4,514.0		-4,514.0	n.s.
Net profit (loss) for the year	**-4,685.3**	**985.5**	**-5,670.8**	**n.s.**

(*) Figures restated, where necessary, following clarifications provided by Bank of Italy regarding recognition of securities lending with collateral other than cash fully owned by the lender.

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

QUARTERLY TREND IN RECLASSIFIED INCOME STATEMENT (in EUR mln)

MPS Group	2011 (*) 4th quarter	2011 (*) 3rd quarter	2011 (*) 2nd quarter	2011 (*) 1st quarter	2010 (*) 4th quarter	2010 (*) 3rd quarter	2010 (*) 2nd quarter	2010 (*) 1st quarter
Net interest income	930.9	874.7	817.8	876.8	899.9	905.6	911.7	870.7
Net commissions	409.7	457.4	460.2	473.7	489.9	460.1	483.9	481.4
Income from banking activities	**1,340.6**	**1,332.2**	**1,278.0**	**1,350.4**	**1,389.8**	**1,365.7**	**1,395.6**	**1,352.1**
Dividends, similar income and gains (losses) on equity investments	9.4	15.4	20.1	27.4	32.2	29.5	15.7	14.4
Net result from realisation/valuation of financial assets	-51.0	-5.6	118.5	103.9	-5.7	16.3	-53.4	19.7
Net profit (loss) from hedging	-30.9	-0.8	-1.1	0.9	-10.1	-3.5	6.3	6.7
Income from financial and insurance activities	**1,268.1**	**1,341.1**	**1,415.4**	**1,482.6**	**1,406.2**	**1,408.0**	**1,364.2**	**1,392.9**
Net adjustments for impairment of:	**-527.4**	**-342.9**	**-314.9**	**-278.7**	**-296.1**	**-289.1**	**-301.3**	**-307.7**
a) loans	-470.3	-271.2	-294.8	-274.6	-284.1	-281.5	-283.0	-307.0
b) financial assets	-57.1	-71.8	-20.1	-4.1	-12.0	-7.6	-18.3	-0.7
Net income from financial and insurance activities	**740.6**	**998.2**	**1,100.5**	**1,203.9**	**1,110.1**	**1,118.9**	**1,062.9**	**1,085.2**
Administrative expenses:	-899.6	-795.3	-798.4	-813.7	-868.7	-805.2	-775.9	-806.1
a) personnel expenses	-607.1	-526.1	-518.1	-543.5	-597.4	-537.1	-518.7	-558.1
b) other administrative expenses	-292.4	-269.2	-280.3	-270.2	-271.4	-268.1	-257.2	-247.9
Net adjustments to tangible and intangible fixed assets	-73.9	-40.8	-39.2	-41.5	-52.3	-40.8	-42.1	-40.0
Operating expenses	**-973.5**	**-836.2**	**-837.6**	**-855.2**	**-921.1**	**-846.0**	**-817.9**	**-846.1**
Net operating income	**-232.8**	**162.0**	**262.9**	**348.7**	**189.0**	**272.9**	**245.0**	**239.1**
Net provisions for risks and charges and other operating income/expenses	-200.7	-66.1	-69.7	-38.6	-26.7	-32.8	-92.2	-41.5
Profit (loss) on equity investments	-9.5	-7.8	-7.1	0.1	578.8	-7.8	-19.3	-0.2
Integration costs / one-off charges	-10.1	-15.7			-10.7	-6.1	-2.7	
P&L figures for branches sold							9.2	12.6
Goodwill impairment	-0.4							
Gains (losses) from disposal of investments	0.3	33.9	0.3	0.1	0.5	-2.3	184.2	0.0
Profit (loss) before tax from continuing operations	**-453.2**	**106.3**	**186.4**	**310.3**	**730.8**	**223.9**	**324.1**	**210.1**
Taxes on income from current operations	-15.8	-45.1	-42.4	-145.0	-73.1	-100.8	-176.8	-42.3
Profit (loss) after tax from continuing operations	**-469.0**	**61.2**	**144.0**	**165.3**	**657.7**	**123.1**	**147.3**	**167.9**
Profit (loss) after tax from disposal groups held for sale	3.9	2.9	8.1	2.8	-0.2	-0.5	-0.3	2.6
Net profit (loss) for the period including minority interests	**-465.1**	**64.1**	**152.0**	**168.1**	**657.6**	**122.6**	**147.0**	**170.5**
Net profit (loss) attributable to minority interests	7.2	-1.0	-0.8	-1.9	-1.3	-1.1	1.4	-0.5
Profit (loss) for the period before PPA , impairment of goodwill, intangibles and writedown of investment in AM Holding	**-457.9**	**63.1**	**151.3**	**166.1**	**656.2**	**121.5**	**148.5**	**169.9**
PPA (Purchase Price Allocation)	-16.9	-20.9	-30.2	-25.8	-27.6	-25.8	-29.6	-27.7
Impairment of goodwill, intangibles and writedown of investment in AM Holding	-4,514.0							
Net profit (loss) for the year	**-4,988.8**	**42.2**	**121.1**	**140.3**	**628.6**	**95.8**	**118.9**	**142.2**

(*) Figures restated, where necessary, following clarifications provided by Bank of Italy regarding recognition of securities lending with collateral other than cash fully owned by the lender. Since the impact of these lending transactions was of low significance until October 2011, adjustments to the quarters were made by a linear estimate of the 2010 effect.

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

Montepaschi Group

■ RECLASSIFIED BALANCE SHEET (in EUR mln)

ASSETS	31/12/2011	31/12/2010 (*)	Chg. YoY abs.	Chg. YoY %
Cash and cash equivalents	878	2,411	-1,533	-63.6%
Receivables :				
a) Loans and advances to customers	146,608	155,329	-8,721	-5.6%
b) Loans and advances to banks	20,695	8,810	11,886	134.9%
Financial assets held for trading	55,482	52,664	2,818	5.4%
Financial assets held to maturity	0	0	0	-24.4%
Equity investments	895	908	-13	-1.4%
Tangible and intangible fixed assets	4,365	8,959	-4,593	-51.3%
of which:				
a) goodwill	*2,216*	*6,474*	*-4,257*	-65.8%
Other assets	11,779	10,081	1,697	16.8%
Total assets	**240,702**	**239,162**	**1,540**	**0.6%**

LIABILITIES	31/12/2011	31/12/2010 (*)	Chg. YoY abs.	Chg. YoY %
Payables				
a) Due to customers and securities	146,324	157,593	-11,269	-7.2%
b) Deposits from banks	46,793	27,419	19,374	70.7%
Financial liabilities held for trading	26,329	27,075	-745	-2.8%
Provisions for specific use				
a) Provisions for staff severance indemnities	266	287	-22	-7.5%
b) Pensions and other post retirement benefit obliga	193	436	-243	-55.8%
c) Other provisions	1,056	882	173	19.6%
Other liabilities	8,760	8,043	716	8.9%
Group net equity	10,765	17,156	-6,392	-37.3%
a) Valuation reserves	-3,854	-146	-3,708	n.s.
c) Equity instruments	1,903	1,949	-46	-2.4%
d) Reserves	6,577	5,900	677	11.5%
e) Share premium	4,118	3,990	128	3.2%
f) Share capital	6,732	4,502	2,230	49.5%
g) Treasury shares (-)	-26	-25	-2	7.5%
h) Net profit (loss) for the year	-4,685	985	-5,671	n.s.
Minority interests	217	270	-52	-19.4%
Total Liabilities and Shareholders' Equity	**240,702**	**239,162**	**1,540**	**0.6%**

(*) Figures restated, where necessary, following clarifications provided by Bank of Italy regarding recognition of securities lending with collateral other than cash fully owned by the lender.

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

Montepaschi Group

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

ASSETS	31/12/2011	30/09/2011 (*)	30/06/2011 (*)	31/03/2011 (*)	31/12/2010 (*)	30/09/2010	30/06/2010	31/03/2010
Cash and cash equivalents	878	760	979	850	2,411	724	853	781
Receivables:								
a) Loans and advances to customers	146,608	155,061	156,394	153,633	155,329	152,704	152,850	148,457
b) Loans and advances to banks	20,695	16,294	10,793	10,420	8,810	12,606	13,662	10,474
Financial assets held for trading	55,482	59,464	54,295	45,307	52,664	54,691	58,752	47,855
Financial assets held to maturity	0	0	0	0	0	0	0	0
Equity investments	895	873	916	926	908	774	732	759
Tangible and intangible fixed assets	4,365	8,949	8,936	8,943	8,959	10,179	10,201	10,374
of which:								
a) goodwill	*2,216*	*6,474*	*6,474*	*6,474*	*6,474*	*6,474*	*6,474*	*6,619*
Other assets	11,779	10,410	9,220	9,385	10,081	10,845	10,518	11,601
Total assets	**240,702**	**251,811**	**241,533**	**229,464**	**239,162**	**242,522**	**247,567**	**230,301**

LIABILITIES	31/12/2011	30/09/2011 (*)	30/06/2011 (*)	31/03/2011 (*)	31/12/2010 (*)	30/09/2010	30/06/2010	31/03/2010
Payables								
a) Customer accounts and securities	146,324	160,237	165,612	159,330	157,593	154,673	157,980	152,670
b) Deposits from banks	46,793	32,553	23,219	22,360	27,419	29,626	28,593	25,628
Financial liabilities held for trading	26,329	30,854	25,507	20,515	27,075	29,474	33,210	23,188
Provisions for specific use								
a) Provisions for staff severance indemnities	266	268	287	288	287	293	298	304
b) Pensions and other post retirement benefit obligations	193	196	199	202	436	449	450	459
c) Other provisions	1,056	942	898	888	882	964	962	920
Other liabilities	8,760	9,994	8,567	8,110	8,043	10,377	9,459	9,684
Group Companies	10,765	16,527	16,979	17,497	17,156	16,397	16,345	17,167
a) Valuation reserves	-3,854	-2,809	-193	53	-146	-287	-219	580
c) Equity instruments	1,903	1,933	1,933	1,949	1,949	1,949	1,949	1,949
d) Reserves	6,577	6,558	6,558	6,887	5,900	5,904	5,903	5,986
e) Share premium	4,118	3,917	3,938	3,989	3,990	3,990	3,996	4,048
f) Share capital	6,732	6,654	4,502	4,502	4,502	4,502	4,502	4,502
g) Treasury shares (-)	-26	-30	-21	-23	-25	-18	-49	-40
h) Net profit (loss) for the year	-4,685	304	261	140	985	357	261	142
Minority interests	217	240	265	273	270	267	270	282
Total Liabilities and Shareholders' Equity	**240,702**	**251,811**	**241,533**	**229,464**	**239,162**	**242,522**	**247,567**	**230,301**

(*) Figures restated, where necessary, following clarifications provided by Bank of Italy regarding recognition of securities lending with collateral other than cash fully owned by the lender.

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

CONSOLIDATED BALANCE SHEET

(in units of EUR)

		31/12/2011	31/12/2010
10	Cash and cash equivalents	877,783,821	2,411,030,871
20	Financial assets held-for-trading	32,539,183,984	30,615,440,371
30	Financial assets designated at fair value	38,230,929	247,143,224
40	Financial assets available-for-sale	22,904,656,193	21,801,514,587
50	Financial assets held-to-maturity	2,377	3,145
60	Loans and advances to banks	20,695,446,791	8,809,711,975
70	Loans and advances to customers	146,607,895,611	155,329,325,316
80	Hedging derivatives	363,351,009	313,412,270
90	Change in value of macro-hedged financial assets (+/-)	76,309,634	17,655,459
100	Equity investments carried at equity	894,641,601	907,528,633
120	Property, plant and equipment	1,384,965,354	1,407,077,388
130	Intangible assets	2,980,416,086	7,551,613,476
	of which: goodwill	2,216,339,302	*6,473,778,893*
140	Tax assets	7,223,340,311	4,783,787,667
	a) current	*550,693,719*	*669,908,700*
	b) deferred	*6,672,646,592*	*4,113,878,967*
150	Non-current assets and groups of assets held for sale and discontinued operations	2,158,250	161,772,082
160	Other assets	4,113,588,637	4,804,736,576
	Total Assets	**240,701,970,588**	**239,161,753,040**

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

CONSOLIDATED BALANCE SHEET

(in units of EUR)

	Liabilities and Shareholders' Equity	31/12/2011	31/12/2010
10	Due to banks	46,792,932,275	27,419,008,488
20	Due to customers	84,010,670,749	96,876,568,895
30	Debt securities issued	39,814,649,166	35,246,717,364
40	Financial liabilities held-for-trading	26,329,375,892	27,074,740,142
50	Financial liabilities designated at fair value	22,498,694,008	25,469,490,484
60	Hedging derivatives	4,359,399,684	1,736,529,777
80	Tax liabilities	283,460,658	233,879,224
	a) current	*182,596,323*	*128,725,497*
	b) deferred	*100,864,335*	*105,153,727*
90	Liabilities associated with non current assets held for sale and discontinued operations	-	213,399,701
100	Other liabilities	4,116,878,800	5,859,531,209
110	Provision for employee severance pay	265,905,362	287,475,591
120	Provisions for risks and charges:	1,248,267,144	1,318,361,942
	a) post employment benefits	*192,595,571*	*435,918,857*
	b) other provisions	*1,055,671,573*	*882,443,085*
140	Valutation reserves	(3,854,000,697)	(146,164,752)
160	Equity instruments carried at equity	1,903,002,406	1,949,365,486
170	Reserves	6,577,151,062	5,900,424,511
180	Share premium	4,117,870,216	3,989,501,914
190	Share capital	6,732,246,665	4,502,410,157
200	Treasury shares (-)	(26,460,508)	(24,612,663)
210	Non controlling interests (+/-)	217,201,808	269,628,250
220	Profit (loss) for the year (+/-)	(4,685,274,102)	985,497,320
	Total Liabilities and Shareholders' Equity	**240,701,970,588**	**239,161,753,040**

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

CONSOLIDATED BALANCE SHEET

(in units of EUR)

		31/12/2011	31/12/2010
10	Interest income and similar revenues	7,343,019,566	6,466,633,429
20	Interest expense and similar charges	(3,926,578,892)	(2,929,745,752)
30	**Net interest income**	**3,416,440,674**	**3,536,887,677**
40	Fee and commission income	2,116,794,680	2,174,911,077
50	Fee and commission expense	(315,749,431)	(241,964,677)
60	**Net fees and commissions**	**1,801,045,249**	**1,932,946,400**
70	Dividends and similar income	107,043,443	278,053,664
80	Net profit (loss) from trading	(108,654,251)	(322,116,994)
90	Net profit (loss) from hedging	(32,004,148)	(608,432)
100	Gains/losses on disposal/repurchase of:	149,471,143	23,169,576
	a) loans	*11,591,164*	*(19,617,709)*
	b) financial assets available for sale	*71,577,854*	*63,124,584*
	d) financial liabilities	*66,302,125*	*(20,337,299)*
110	Net profit (loss) from financial assets and liabilities designated at fair value	3,446,826	(30,379,893)
120	**Net interest and other banking income**	**5,336,788,936**	**5,417,951,998**
130	Net losses/reversal on impairment on	(1,445,569,749)	(1,166,615,062)
	a) loans	*(1,309,188,083)*	*(1,125,508,512)*
	b) financial assets available for sale	*(121,718,922)*	*(30,481,195)*
	d) other financial transactions	*(14,662,744)*	*(10,625,355)*
140	**Net income from banking activities**	**3,891,219,187**	**4,251,336,936**
180	Administrative expenses:	(3,618,888,279)	(3,626,177,798)
	a) personnel expenses	*(2,220,662,728)*	*(2,224,738,245)*
	b) other administrative expenses	*(1,398,225,551)*	*(1,401,439,553)*
190	Net provisions for risks and charges	(247,633,995)	(61,390,382)
200	Net losses/reversal on impairment onproperty, plant and equipment	(84,683,036)	(101,586,182)
210	Net losses/reversal on impairment on intangible assets	(520,844,750)	(155,968,128)
220	Other operating expenses/income	68,686,369	203,234,456
230	**Operating expenses**	**(4,403,363,691)**	**(3,741,888,034)**
240	Gains (losses) on equity investments carried at equity	5,184,077	635,337,890
270	Gains (losses) on disposal of investments	34,633,845	182,394,197
280	**Profit (loss) before tax from continuing operations**	**(4,729,766,173)**	**1,327,180,989**
290	Taxes on income from continuing operations	23,352,705	(341,849,903)
300	**Profit (loss) after tax from continuing operations**	**(4,706,413,468)**	**985,331,086**
310	Profit (loss) after tax from groups of assets held for sale	17,674,737	1,651,705
320	**Profit (loss) for the period**	**(4,688,738,731)**	**986,982,791**
330	Profit (loss) for the period attributable to non controlling interests	-3,464,629	1,485,471
340	**Parent company's net profit (loss) for the period**	**(4,685,274,102)**	**985,497,320**