MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

PRESS RELEASE

BoD APPROVES RESULTS AS AT 31 DECEMBER 2012

Result affected by challenging macroeconomic environment, significant non-recurring items and elements of discontinuity

Faster execution of Business Plan actions with a view to improving operational efficiency

Corrections made to previous financial reporting of structured transactions and personnel expenses

Strong management commitment to 'requalifying the basis' for the future:

- *Sound capital base: Core tier 1 at 11.3%[1] proforma vs average of 9.4% for competitors[2]*
- *High NPL coverage: 57.9% vs competitors' average[2] of 51.3%*
- *Improved liquidity profile: L/D ratio: 105% (vs. 107% in September)*
- *Reduction in financial assets: -11.4% YoY*
- *Reduction in Level 3 financial assets (-40% YoY); best level among Italian leading banks*
- *Audit on finance portfolio completed*
- *Strong cost containment: -3.7% YoY vs. average of -2.7% for competitors[2]*
- *Net profit: -EUR 3.17 bn after total impairment charges on goodwill and intangibles*

First positive results from Business Plan actions:

- *Organisational reconfiguration completed, with rollout of "One Network" project by approval of merger by absorption of Banca Antonveneta and MPS Gestione Crediti Banca with Banca Monte dei Paschi and disposal of Biverbanca*
- *Increasing market share in Bancassurance products (at 8.66%, up 194 bp compared to 31/12/2011)*
- *Closure of 200 branches completed (50% of 2015 Business Plan target delivered)*
- *Over 1,000 early dismissals with an additional 660 agreed upon for completion by July 2013. Activation of an Income Support Fund funded mainly by "one-off" labour cost reductions through "solidarity plan"*
- *New spending review process introduced with an efficiency gain of approx. EUR 130 mln in Other Administrative Expenses expected as at today for 2013*

[1] Inclusive of EUR 2.171 bn in New Financial Instruments issued in February 2013, in addition to EUR 1.9 bn in Tremonti Bonds already included in capital ratios as at 31/12/2012
[2] Average includes Italy's seven major banking groups

Profit affected by exceptionally difficult market circumstances and several non-recurring items.

- *A decline in revenues was registered (-6.2% YoY) owing both to: the fall in net interest income (-18.1% YoY), which was penalised by the abrupt drop in market interest rates and the posting of Tremonti Bond interest in Q4 as well as by changes in criteria for consolidation of Banca Popolare di Spoleto following loss of joint control; and a reduction in net fees and commissions (-7.4% YoY) which were mainly impacted by the cost of the Government guarantee required to gain access to ECB LTROs, as against a slight growth in retail and corporate components*
- *Operating expenses down 3.7% YoY as a result of HR actions aimed at both headcount reduction and labour contract efficiency improvement*
- *Loan loss provisions grew to EUR 2.7 bn with a provisioning rate of 188 bp under a provisioning policy in line with the current economic context.*
- *NPL coverage at 57.9%, up 250 bp as compared to 31/12/2011, as a result of the persisting economic crisis and uncertain future prospects*
- *EUR 311 mln in Restructuring costs/One-off charges (largely recoverable over the next three years through solidarity initiatives already set out in the contract) attributable to early retirement incentive schemes adopted as per Union agreement, dismissal of 106 managers and provisions for closure of around 400 branches as per Business Plan*
- *Net profit: -EUR 3.17 bn after total impairment charges of EUR 1.6 bn, of which EUR 1.5 bn on goodwill and approximately EUR 110 mln on Intangibles*

Group's capital structure and liquidity profile improves

- *The trend in direct funding was affected by the downturn in funding with institutional counterparties while retail and corporate funding remained substantially stable (-1.6% YoY).*
- *Lending was down (-1.6% YoY), with reductions concentrated on mortgage loans (-9% YoY), driven by both the recessive economic cycle and a strong focus placed on liquidity*
- *Counterbalancing capacity, at approx. EUR 16.5 bn (vs. EUR 9.5 bn in December 2011) is on a strong rise.*
- *Tier 1 ratio at 11.9% proforma, Core Tier 1 at 11.3% proforma*[3]

Siena, 28 March 2013 – The Board of Directors of Banca Monte dei Paschi di Siena Spa has today approved the 2012 full year results.

In 2012, the Montepaschi Group operated in an **extraordinarily complex market environment** characterised by a **progressive slowdown in the economic growth** and an exacerbation of the **sovereign debt crisis in the Eurozone** which caused an abrupt increase in credit spreads and restricted access to interbank and institutional markets, triggering at the same time a negative spiral for both stock prices and Italian government bonds. **An abrupt drop was seen in interest rates** (1M Euribor lost about 90 bp during the year and reached its low at around 11 bp) and the yield-to-maturity curve has flattened to a notable extent. Wholesale funding conditions for Italian banks continued to be very difficult for most of the year; consequently, the government-guaranteed LTROs introduced by the ECB in the first quarter of 2012 contributed significantly to maintaining adequate liquidity in the banking system. The unfavourable economic cycle, combined with persisting financial instability and a reduced confidence level of businesses and households led to an exceptional **deterioration in credit quality**: in October, the share of loans to businesses in temporary financial difficulty (watchlist and restructured loans) was almost 8% of total loans in the banking industry.

[3] Inclusive of EUR 2.171 bn in New Financial Instruments issued in February 2013, in addition to EUR 1.9 bn in Tremonti Bonds already included in capital ratios as at 31/12/2012

This scenario has strongly affected the operations of the entire banking industry and has had significant repercussions on the Montepaschi Group's balance sheet and profit and loss performance.

Profit and loss results for FY 2012

In 2012, the Montepaschi Group's **net income from banking and insurance** totalled approx. EUR 4,995 mln, down 6.2% on 2011, with Q4 2012 contributing approx. EUR 778 mln (-44.7% on Q3 2012). In particular:

- **Net interest income** amounted to approx. EUR 2,830 mln, down 18.1% on the previous year, with Q4 contributing approximately EUR 435 mln, down 40% on Q3 2012. The aggregate was affected by some elements of discontinuity occurring in Q4 2012, including:
  - posting of Tremonti Bond interest for the entire amount accrued in 2012 (approx. EUR 171 mln);
  - elimination of the ‘urgent facility fee" and changes in the calculation of interest payable on overdrawn amounts[4];
  - changes in criteria for consolidation of Banca Popolare di Spoleto following loss of joint control.

  Net of these factors, the quarterly variation in the aggregate would be -5%, primarily on the back of the downturn in market rates (average 1-month Euribor in Q4 2012: approx. 11 bp, down by an additional 5 bp as compared to the average rate in Q3 2012), which was partly offset by a positive 'volumes effect' mainly driven by a shift towards short-term, more profitable forms of lending and funding. As compared to 31/12/2011, however, the variation would stand at -11%, likewise attributable to the downturn in market rates (average 2012 1-month Euribor: approx. -86 bp vs. 2011) in addition to a negative "volume effect" mainly resulting from a reduction in interest-bearing assets.

- **Net fees and commissions** stood at approx. EUR 1,633 mln, down 7.4% on the previous year, with Q4 contributing EUR 383 mln (-7.3% on Q3 2012). The downtrend as compared to 2011 was mainly accounted for by institutional funding charges (particularly commissions on the Government guarantee required to gain access to ECB LTROs). A slight growth was instead recorded in net revenues connected with marketing activities driven by asset management components (in particular, an increase was registered in fees on: portfolio management, trading and investment advice; product distribution (particularly insurance); transaction order receipt and transmission), partly offsetting the reduction in net revenues from services, which were particularly affected by the lower demand for loans.

- **Dividends, similar income and gains (losses) on investments** totalling EUR 75.1 mln (vs. EUR 70.8 mln in 2011), with Q4 2012 contributing EUR 18.5 mln, were primarily attributable to gains from investments consolidated at equity, with the AXA-MPS insurance segment contributing approx. EUR 69 mln.

- **Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities** stood at EUR 454 mln vs. EUR 72 mln as at 31/12/2011. A breakdown of the aggregate shows:

[4] Legislative novelties introduced under art. 117-bis of the Consolidated Law on Banking, effective as of 1 July 2012, have led to major changes in interest and fees payable on lines of credit and overdraft current accounts. With regard to the latter, the Group -in compliance with recent provisions- eliminated the 'urgent facility' fee (*commissione di istruttoria urgente*, CIU) and reformulated methods for calculation of interest payable on overdrawn amounts in the fourth quarter of 2012. At the same time, pursuant to the afore-mentioned article, a 'fast-track facility' fee ("*commissione di istruttoria veloce*", CIV) was introduced, commensurate with the costs incurred on average by the Bank for preliminary activities necessary to properly assess the granting of overdraft facilities (this new fee is accounted for under “Other operating income”)

- **Net profit (loss) from trading** posting a positive balance of EUR 118.7 mln (vs. –EUR 103.6 mln as at 31/12/2011), in connection with the opportunities offered by the financial markets in the course of 2012;
- **Profit from disposal/repurchase of loans, available-for-sale financial assets and liabilities** amounting to EUR 218 mln (vs. EUR 171 mln as at 31/12/2011), mainly attributable to the capital gain arising from the public exchange offer closed in July[5];
- **Net profit (loss) on financial assets and liabilities designated at fair value** amounting to EUR 117 mln (vs. EUR 4.7 mln as at 31/12/2011) accounted for by the reduction in value of certain BMPS subordinated securities placed with institutional customers.

Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities in Q4 2012 posted a negative balance of approximately EUR 60 mln, primarily on the back of the so-called Credit Value Adjustment (required by the new prudential regulatory framework of CRD IV and in line with market “best practices”) relating to counterparty risk in fair value measurement of non-collateralised OTC derivatives, to integrate the Group's previously adopted collective write-down.

- **Net income from hedging** totalled EUR 3.1 mln (-EUR 32.2 mln in 2011), with Q4 2012 contributing EUR 1.6 mln.

Net impairment losses (reversals) on loans totalled approx. EUR 2,672 mln (vs. EUR 1,297 mln as at 31/12/2011), with Q4 2012 contributing roughly EUR 1,372 mln. The YoY variation is traceable to both the trendline in gross impaired loans and adjustments to provisioning funds in Q4 2012 for NPLs and watchlist loans. The prolonged impact of the crisis and still-uncertain prospects for recovery have, in fact, led to the application of particularly prudential criteria for the assessment of bad debt recoverability. Consequently, the NPL coverage ratio increased to 57.9% as at 31/12/2012 (+290 bp on 30/09/2012), watchlist loan coverage grew to 21.9% (+160 bp) and the coverage ratio for restructured positions reached 13.8% (+280 bp), which makes the Montepaschi Group among the best in class in the Italian banking industry. The ratio of annualised loan loss provisions over total customer loans is expressive of a provisioning rate of 188 bp, up 98 bp on the 2011 rate.

Net impairment losses (reversals) on financial assets totalled -EUR 222.6 mln (-EUR 93.2 mln in Q4 2012), up on the -EUR 153.4 mln as at 31/12/2011 primarily as a result of write-downs on equity investments (approx. EUR 58 mln), equity/debt securities (approx. EUR 93 mln), UCITS (approx. EUR 59 mln), and other instruments (approx. EUR 13 mln).

As a consequence, **Income from banking and insurance** totalled approx. EUR 2,101 mln (approx. EUR 3,876 mln as at 31/12/2011), with a negative contribution in Q4 2012 of approx. EUR 687 mln (as compared to a positive balance of EUR 931.7 mln in Q3 2012).

Operating expenses totalled approximately EUR 3,296 mln (-3.7% on the previous year). In particular:

- **Personnel expenses**, amounting to approximately EUR 1,989 mln, were down by EUR 143 mln on the previous year (-6.7% YoY). The aggregate was affected by headcount trends as well as by the new Collective Labour Agreement and Second-level Bargaining, with additional benefits expected as at today for 2013;
- **Other administrative expenses** (net of customer expense recovery), totalling approximately EUR 1,108 mln, were up 1.1% on the same period last year, mainly as a result of an increase in the ICT component and "Unified Municipal Tax" (IMU), which were partly offset by a reduction in sponsorship, entertainment, TLC, facility management and procurement expenses;

[5] As part of the public exchange offer, a selection of subordinated securities qualifying as Group regulatory capital (Tier 1, Upper Tier 2, Lower Tier 2) were tendered in exchange for new Euro-denominated fixed-rate senior notes due on 10 July 2015. The nominal value of the new issuance underwritten by subscribers was approx. EUR 790 mln.

- **Net adjustments to PPE and intangible assets** totalled approx. EUR 199 mln (vs. EUR 193 mln as at 31/12/2011, up 3% YoY).

As a result of the above, **Net Operating Income** came to approximately -EUR 1,195 mln (vs. +EUR 455 mln as at 31/12/2011), with Q4 2012 contributing approx. –EUR 1,519 mln (vs. +EUR 110 mln in the previous quarter).

Cost-income stands at 66% (vs. 64.2% in 2011).

Profit (loss) for the year included:

- **Net provisions for risks and charges and other operating income/expenses,** showing a negative balance of -EUR 326 mln (vs. -EUR 346 mln as at 31/12/2011), with Q4 2012 accounting for approx. -EUR 185 mln, up on the previous quarter, when net provisions totalled -EUR 47.1 mln. As at 31/12/2012, the aggregate included:
  - approx. -EUR 274 mln in provisions to the fund for risks and charges (covering primarily legal disputes and other provisions set aside based on particularly prudential criteria;
  - other operating expenses (income), totalling approx. -EUR 52 mln (vs. +EUR 14 mln in Q4 2012), primarily affected by charges in connection with lawsuit settlement and write-downs on improvements of third-party goods and, on the income side, revenues from 'fast-track credit facility' fees (CIV).

- EUR 58.1 mln in **Losses on investments**, particularly including the loss on the investments in Banca Popolare di Spoleto (approx. EUR 39 mln), Sansedoni (approx. EUR 10 mln), MPS Ventures (approx. 5 mln) and other investments (approx. EUR 4 mln).

- Approximately -EUR 311 mln in **Restructuring costs/One-off charges**, in connection with early retirement incentive schemes as per Union agreement (approx. EUR 300 mln), whereby over 1,660 workers will leave employment, earlier than scheduled, by the end of the first half of 2013 (o.w. nearly 1,000 already dismissed in Q1 2013), and provisions for restructuring costs associated with the closure of around 400 branches as set out in the Business Plan (approx. EUR 11 mln).

- **Gains on disposal of investments**, totalling EUR 7.3 mln (vs. EUR 34.6 mln as at 31/12/2011) attributable to the capital gains earned from the sale of one building.

On the back of these components, the **Loss before tax from continuing operations** as at 31/12/2012 totalled approximately EUR 1,883 mln (vs. a profit of approximately EUR 93.9 mln in 2011), with a negative contribution in Q4 of approx. EUR 2,040 mln.

Profit (loss) for the period was also affected by the following items:

- **Taxes on income for the period from continuing operations** was positive by approximately EUR 385 mln (vs. approx. -EUR 223 mln as at 31/12/2011). The aggregate was positively affected by the recognition of approx. EUR 125 mln in tax credit arising from corporate income tax (IRES) deductibility of the regional productivity tax (IRAP) due on the taxable share of personnel expenses for fiscal years prior to 2012.

- **Profit (loss) after tax from discontinued operations** totalled EUR 10.8 mln and essentially included Biverbanca's profit for the period and the capital gain arising from its disposal to Banca Popolare di Asti.

- **Profit (loss) attributable to non-controlling interests**, amounting to EUR 21.6 mln, essentially comprises losses attributable to non-controlling interests.

The **consolidated net profit of the Montepaschi Group before Purchase Price Allocation (PPA) and impairment of goodwill, intangibles and write-down on investment in AM Holding,** posts a **loss of EUR 1,465.7 mln (**vs. a **loss of -EUR 337.8 mln as at 31/12/2011)**.

On account of the prolonged macroeconomic downturn and difficult operating environment for the banking industry in general, the **Group's goodwill was tested for impairment** in view of the 2012 full-year accounts, as was done for the 2012 half-year report. The impairment test was conducted on the basis of the Restructuring Plan approved by the BoD in December 2012, which updates the projections included in the Group's Business Plan and disclosed to the financial community in June 2012 with respect to the: changed macroeconomic scenario, finetuning of actions set out in the Business Plan and different amount requested for the new government-backed equity instrument; the Restructuring Plan economic objectives for 2015 are essentially aligned with those set forth in the Business Plan. **The impairment test on the Group's goodwill did not result in any losses other than those posted in the 2012 half-year report**, when goodwill impairment losses were recognised in the consolidated accounts for an aggregate amount of EUR 1,528 mln, of which EUR 1,436 mln allocated to the BMPS Retail banking CGU and EUR 92 mln to the BAV Retail banking CGU.
It is noted that, in 2012, an impairment loss on the full value of the Banca Antonveneta trademark was recognised for a net amount of EUR 15.2 mln. In addition, the investment held in AM Holding (EUR 14.3 mln) was written down, as were software-related intangibles (for a net amount of approximately EUR 97 mln) due to technological obsolescence.

Considering the net effects of PPA (around EUR 50 mln) **and impairment losses discussed above** (totalling EUR 1,654 mln), **the loss for 2012 amounts to approximately EUR 3,170 mln** (vs. a loss of -EUR 4,694.3 mln as at 31/12/2011)[6].

2012 Balance-sheet aggregates for the Group

With respect to **funding** aggregates, the Group's **total volumes** as at 31 December 2012 totalled EUR 250 bn, down 9.3% YoY and 3.2% on 30 September 2012.

The Group's **direct funding** was in the region of EUR 136 bn, down on the previous year (-5.7% YoY), mainly reflecting the reduction in bonds placed with institutional counterparties due to restricted access to the international funding markets. Funding volumes from retail and corporate customers showed a slight decrease (approx. -1.6% YoY, of which -1.4% YoY retail and -2.5% YoY corporate), with a remix of current accounts and time deposits (*Conto Italiano di Deposito*). Trends in the aggregate were affected by two elements of discontinuity with respect to previous quarters: direct funding has been positively recording the value of the Tremonti Bonds as of 31/12/2012 (approx. EUR 1.9 bn, under item "Bonds") classified as debt

[6] For the purpose of determining the profit (loss) for the period and, in general, reporting the “long-term structured repos” in the 2012 Financial Statements, the Board of Directors thoroughly considered the intents underlying the set of contractual agreements relating to these transactions and confirmed the 'open balances' accounting representation by way of an explicit reference made thereto in the resolution passed by the Board to approve the Draft Annual Report for 2012. The transactions were therefore accounted for by considering the individual contractual components separately.

rather than equity instruments[7]; the aggregate was instead weighted down for an amount of approx. -EUR 0.6 bn by the Banca Popolare di Spoleto which was consolidated at equity rather than using the proportional method, following loss of joint control. The Group's market share stood at 6.24%, down 47 bp as compared to the end of 2011.

Indirect funding, totalling EUR 114 bn, was down 13.1% as compared to the end of 2011 and 6.7% as compared to 30/09/2012. More specifically:

- **Assets under Management** closed the year with EUR 44.5 bn in volumes, substantially stable on the previous quarter, though down 1.6% as compared to 31/12/2011, with positive market effects offsetting net outflows for an amount of over EUR 2 bn, in line with trends in the banking system. The Group's market share stood at 4.69% (-15 bp compared to 31/12/2011). A breakdown of the aggregate shows:
    - an insurance component of approx. EUR 22.4 bn (-4.6% compared to end of previous year; -0,2% on Q3 2012), benefitting from insurance premiums collected for an amount of approximately EUR 3.6 bn, driven by Unit-Linked products. Performance in this segment has enabled the Group to increase its market share to 8.66% (+194 bp on 2011);
    - Mutual investment funds and open-end collective investment schemes (Sicavs), amounting to EUR 15.8 bn, were up 0.9% compared to 31/12/2011 on account of market rates, with net funding approximately at -EUR 0.9 bn and Group market share of 4.19% (-52 bp on 2011);
    - Wealth Management, with outflows for an amount of around EUR 0.3 bn during the year, grew 3.4% to EUR 6.3 bn as compared to the end of the previous year, with the Group's market share reaching 4.87% (+160 bp on 2011).

- **Assets under Custody**, amounting to EUR 69.6 bn, registered a fall of 10.3% compared to 30/09/2012 and 19.2% compared to 31/12/2011 owing principally to movements in shares under custody by some of the Group's Key Clients and Institutional customers with impact, however, not being significant.

Loans to customers amounted to EUR 142 bn, down 1.6% on 31/12/2011 and 2.3% on 30/09/2012, owing to the recessive economic cycle, which has led to a lower demand for loans from households and businesses, as well as to the Group's special attention for loan selection. With regard to the forms of lending, this context has led to a significant reduction in mortgage loans (-9% compared to 31/12/2011; -3.1% compared to 30/09/2012), which were partly penalised by a drop in the buying and selling of real estate properties; and current accounts (-5.5% as compared to 31/12/2011; -2.8% from 30/09/2012).

As for **special-purpose loans**, disbursed by the Group through dedicated product companies, in 2012:

- EUR 1.3 bn worth of new loans were granted by MPS Capital Services, down on the previous year (-37.7% YoY), with Q4 2012 contributing approximately EUR 321 mln (+2.6% on Q3 2012).
- Revenues from **leasing contracts** for the year totalled approximately EUR 862 mln (-32.1% YoY), with Q4 2012 contributing approx. EUR 181 mln, down 6.4% on Q3 2012.
- **Factoring turnover** amounted to approximately EUR 8 bn, down 14.7% on the previous year (EUR 1.9 bn contributed to in Q4 2012; +17.2% on Q3 2012).

[7] Reclassification is a consequence of changes in the conditions of interest payable on Tremonti Bonds introduced by the Decree of the Ministry of Economy and Finance on 21 December 2012. The original conditions for interest payable on these instruments provided for interest not to be paid if a loss is posted at the end of the year. By contrast, the afore-mentioned decree introduced the obligation for the Parent Company to pay *pro rata temporis* interest of 9% of nominal value p.a. for the period from 1 January to 31 December 2012, even if a loss is posted for financial year 2012. As a result of this amendment, the Tremonti Bonds were reclassified as liabilities, and not as equity instruments, in the financial statements and interest payable for 2012 was posted to net interest income. From a Capital Adequacy standpoint, Tremonti Bonds continue to be included in Core Tier 1, by reason of their subordination *pari passu* with ordinary shares, in the event of both voluntary liquidation or bankruptcy proceedings and as a going concern.

- In **consumer lending**, disbursements in 2012 totalled EUR 2.4 bn (-7.6% YoY), with Q4 contributing approximately EUR 657 mln, up on the previous quarter (+15.4% QoQ), thanks to the positive performance in personal loans.

As at the end of December 2012, the Group's net exposure to **impaired loans** totalled approximately EUR 17 bn, up by over 30% compared to 31/12/2011, partly in connection with the lowering of Past Due reporting thresholds from 180 to 90 days, accounting for a 12.25% share of total loans to customers (+301 bp YoY).

In Q4, the aggregate remained relatively stable due to the increase in gross impaired loans being substantially offset by a higher provisioning level, making up for both new inflows and adjustments to the provisioning funds. The prolonged impact of the crisis and uncertainties over the prospects for recovery in the demand for loans have in fact been have led to the adoption of particularly prudential criteria for the assessment of bad debt recoverability and, therefore, to an increase in coverage ratios.

The **Group's securities and derivatives portfolio**, amounting to EUR 38.4 bn as at 31/12/2012, was up by approx. EUR 1 bn as compared to 31/12/2011. In the fourth quarter, the aggregate benefitted from the increase in value of fair-valued securities brought about by the narrowing of Italian spreads (which impacted primarily on the portfolio of Government Bonds classified as AFS) and new investments in short-term positions, offset by the disposal of higher capital-absorption instruments. The HFT component remained substantially in line with the levels of the previous quarter, while the decline in the L&R segment was primarily attributable to securities reaching natural maturity.

The portfolio's exposure is concentrated in Italian government bonds, mainly classified as AFS and, to a lesser degree, as HFT. The approach reflects the policy pursued by the Group in the past years with a view to boosting interest income through investments, both strategic and short-term, within a market framework that continues to be characterised by a steep yield curve.

As at 31/12/2012, the **Group's regulatory capital** amounted to EUR 12,800 mln, with: **Core Tier 1 Ratio** (inclusive of EUR 1.9 bn in Tremonti Bonds) at 8.9% (vs. 8.8% as at 31 December 2011), **Tier 1 ratio** at 9.6% (vs. 10.3% as at 31 December 2011) and **Total Capital Ratio** at 13.8% (vs. 14.9% as at 31 December 2011). Considering the entire amount of New Financial Instruments issued in February 2013, the ratios would be: Core Tier 1 at 11.3% proforma, Tier 1 at 11.9% proforma and Total Capital Ratio at 16.1% proforma[8].

[8] Inclusive of EUR 2.171 bn in New Financial Instruments issued in February 2013, in addition to EUR 1.9 bn in Tremonti Bonds already included in capital ratios as at 31/12/2012

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

Total Retail & Corporate Banking Division

- Revenues: EUR 5,403 mln (+8.3% YoY), with Q4 contributing approximately EUR 1,215 mln (+29% QoQ).
- Direct funding: EUR 96,874 mln, down on previous year (-1.6% YoY).
- Interest-bearing loans to customers: EUR 123,879 mln, down on previous year (-3.9% YoY).

of which:

Retail Banking

- Revenues: EUR 3,321 mln (+5.9% YoY).
- Direct funding: EUR 75,689 mln (-1.4% YoY; +0.3% QoQ).
- Interest-bearing loans to customers: EUR 60,042 mln (-4.3% YoY; -1.1% QoQ).

Corporate Banking

- Revenues: EUR 2,081 mln (+12.4% YoY).
- Direct funding: EUR 21,185 mln (-2.5% YoY; -8.1% QoQ).
- Interest-bearing loans to customers: EUR 63,837 mln (-3.6% YoY; -3.0% QoQ).

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

Banca Antonveneta

- Net Operating Income: EUR 19.5 mln.
- Net profit (loss) for the period affected by impairment of goodwill and intangibles.
- Direct funding: -3.3% YoY and +1.4% QoQ; Loans to customers: +0.3% YoY and -0,5% QoQ.

Consum.it

- Net Operating Income: EUR 16.7 mln.
- Net profit (loss) for the period: EUR 9.7 mln.

MPS Capital Services Banca per le Imprese:

- Net Operating Income: EUR 75.5 mln.
- Net profit (loss) for the period: EUR 1.3 mln.

MPS Leasing & Factoring:

- Net Operating Income: -EUR 28.3 mln.
- Net profit (loss) for the period: -EUR 32.9 mln.

Major events in 2012

April
- New Board of Directors takes office.

May
- Appointment of Fabrizio Viola as Chief Executive Officer.
- Launch of Parent Company's new organisational setup.

June
- New 2012-2015 Business Plan launched.

July
- Termination of shareholders' agreement with the company *Spoleto-Credito e Servizi* concerning the bank's shareholding in *Banca Popolare di Spoleto*.

October
- Board accorded authority to increase share capital for a maximum amount of EUR 1 billion.
- Amendments to the Articles of Association. The amendments concern provisions relating to shareholders' approval of corporate actions, definition of matters delegated to the Board of Directors and, among these, identification of matters that may be delegated to other corporate bodies.

November
- Reorganisation of the Sales & Distribution network.
- Authorisation by the BoD for the issuance of New government-backed Financial Instruments qualifying as Core Tier 1 regulatory capital, for a total maximum amount of EUR 3.9 bn. The amount is inclusive, among other things, of EUR 500 mln to cover the potential capital impact from certain structured transactions carried out in previous years.

December
- Disposal of the 60.42% shareholding in *Cassa di Risparmio di Biella e Vercelli* (BiverBanca) to *Cassa di Risparmio di Asti*.
- Draft agreement with trade unions regarding Business Plan.
- The retrospective restatement of errors in the accounting representation of derivative transactions “Alexandria”, Santorini and “Nota Italia” and mismatches in personnel expenses resulted in the adjustment of previous period accounts, with a negative impact on capital.

Events after the reporting period

January

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

February

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

March

- Completion of the process for the acceptance in full of all applications for admission to the Solidarity Fund, whereby 1,660 employees will leave employment earlier than scheduled.
- BoD initiated liability actions and claims for damages in relation to certain structured transactions carried out in previous years.
- Fitch Ratings affirmed long- and short-term ratings at "BBB/F3" and revised its outlook from "stable" to "negative".

This press release will be available atwww.mps.it

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Pursuant to para. 2, article 154-bis of the Consolidated Law on Finance, the Financial Reporting Officer, Mr. 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 PRINCIPLES

The following accounting statements illustrate balance-sheet and profit & loss accounts reclassified according to international accounting standards. 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 overview of group performance, 2011 and 2012 quarterly results were restated to take account of the:

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

In addition, it is noted that, by reason of the dissolution of *Banca Popolare di Spoleto*'s corporate bodies as provided for by the Ministry of Economy and Finance with the decree issued on 8 February 2013, joint control over the Company ceased to exist and it was therefore consolidated at equity as at 31/12/2012 and no longer using the proportional method. Considering that this element of discontinuity does not cause any significant misinterpretations of the Group's accounts, prior periods were not restated; the effect was indicated in previous pages, when necessary.

Following are the reclassifications made to the consolidated profit and loss account as at 31 December 2012:

a) **“Net profit/loss from trading/valuation/repurchase of financial assets/liabilities"** in the reclassified income statement, includes Item 80 "Net profit (loss) from trading", Item 100 "Gains (losses) on disposal/repurchase of loans, financial assets available for sale or held to maturity and financial liabilities" and Item 110 "Net profit (loss) on financial assets and liabilities designated at fair value". The item incorporates dividends earned on securities held in the Group's securities portfolio (approx. EUR 59.4 mln). Furthermore, losses arising from disposal of loans (approx. EUR 17.9 mln) were eliminated from the aggregate and classified under item **“Net impairment losses (reversals) on loans”.**

b) **“Dividends, similar income and gains (losses) on investments”** in the reclassified income statement incorporates item 70 “Dividends and similar income” and a portion of item 240 “Gains (losses) on investments” (approx. EUR 71.7 mln, corresponding to the share of profit and loss for the period contributed by investments in associates -AXA and Intermonte Sim- consolidated at equity). Dividends earned on securities held in the securities portfolio, as outlined under the item above, have also been eliminated from the aggregate.

c) **“Net impairment losses (reversals) on loans”** in the reclassified income statement was determined by including losses on disposal of Consum.it loans accounted for under item 100a "Gains (losses) on disposal/repurchase of loans" (EUR 17.9 mln) and excluding provisions taken in connection with securities classified in the loan book (EUR 9.1 mln) which were allocated to “Net impairment losses (reversals) on financial assets”. Furthermore, the aggregate excludes charges relating to financial plans (EUR 3.8 mln), which are classified under “Net provisions for risks and charges and other operating income (expenses)”.

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

e) The income statement item “**Personal expenses**” was reduced by approx. EUR 300 mln in restructuring charges referring to costs associated with the facilitated terms and conditions of early-retirement schemes for staff following Union agreement of 19 December 2012. The amount was reclassified under “Restructuring costs/One-off charges”.

f) **“Other administrative expenses”** in the reclassified income statement was deducted of the portion of stamp duty and client expense recovery (approx. EUR 269.7 mln) posted under item 220 “Other operating expenses (income)”.

g) The item **“Net provisions for risks and charges and other operating income (expenses)”** in the reclassified income statement, which incorporates item 190 “Net provisions for risks and charges” and item 220 “Other operating expenses (income)”, includes value adjustments to financial plans described under item c) and stamp duty and client expense recoveries as described under item f) above. The reclassified item was cleared of the amount of restructuring charges provisioned against closure of around 400 branches as per Business Plan (approx. EUR 11 mln), which was posted to “Restructuring costs/One-off charges”.

h) “**Restructuring costs/ One-off charges**” in the reclassified income statement includes: one-off charges for an amount of approximately EUR 300 mln associated with the facilitated terms and conditions of early-retirement schemes for staff following Union agreement which were reclassified out of Personnel expenses (see item e), as well as provisions taken against closure of around 400 branches as per Business Plan (see item g).

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

j) The effects of Purchase Price Allocation (PPA) were reclassified out of other items (in particular **“Interest income”** for approx. EUR 45 mln and **Depreciation/amortisation** for EUR 29.6 mln, net of a theoretical tax burden of approx. - EUR 24.3 mln which integrates the item).

k) “**Impairment of goodwill, intangibles and write-down on investment in AM Holding**” in the reclassified income statement incorporates: groupwide impairment of goodwill (item 260 “Impairment of Goodwill” for an amount of EUR 1,528 mln), impairment of intangibles connected with the Banca Antonveneta trademark (approx. EUR 22.5 mln, gross, included in item 210 “Net value adjustments to intangible assets”; net value: EUR 15.2 mln), software-related intangibles (approx. EUR 145 mln included in “Net value adjustments to intangible assets”; net value: EUR 97 mln), and write-down on investment in AM Holding (roughly EUR 14 mln included in item 240 “Gains/losses on investments”). The fiscal effect of the reduction in the appraisal value of intangibles connected with the Banca Antonveneta trademark (EUR 7.4 mln) and software-related intangibles (EUR 47.8 mln), amounting to EUR 55.2 mln in total, was reclassified into "Taxes on income for the period from continuing operations".

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

Balance sheet items referring to Biverbanca for periods prior to 30 June 2012, were not restated in the balance sheet accounting tables below.

As at 31/12/12, by reason of loss of joint control as described above, Banca Popolare di Spoleto was consolidated at equity, while it was previously consolidated under the proportional method. Considering that this element of discontinuity does not cause any significant misinterpretations of the Group's accounts, prior periods were not restated; the effect was indicated in the previous pages of this document, when necessary.

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

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

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

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

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

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MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

CONSOLIDATED REPORT ON OPERATIONS

Highlights at 12/31/12

■ INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

MPS GROUP			
INCOME STATEMENT FIGURES (in EUR mln)	**12/31/11 (*)**	**12/31/12**	**% chg**
Income from banking activities	5,216.4	4,462.4	-14.5%
Income from financial and insurance activities	5,327.2	4,994.9	-6.2%
Net operating income	455.4	-1,195.1	n.s.
Parent company's net profit (loss) for the year	-4,694.3	-3,170.3	-32.5%
BALANCE SHEET FIGURES AND INDICATORS (in EUR mln)	**12/31/11 (*)**	**12/31/12**	**% chg**
Direct funding	143,927	135,670	-5.7%
Indirect funding	131,458	114,176	-13.1%
of which: assets under management	*45,270*	*44,540*	-1.6%
of which: assets under custody	*86,188*	*69,636*	-19.2%
Loans to customer	144,332	142,015	-1.6%
Group net equity	9,964	6,452	-35.2%
KEY CREDIT QUALITY RATIOS (%)	**(*) 12/31/11**	**12/31/12**	**Abs. chg**
Net doubtful loans/Loans to Customers	4.41	5.14	0.73
Net substandard loans/Loans to Customers	3.05	4.20	1.15
PROFITABILITY RATIOS (%)	**(*) 12/31/11**	**12/31/12**	**Abs. chg**
Cost/Income ratio	64.2	66.0	1.77
Net loan loss provisions / End-of-period loans	0.90	1.88	0.98
CAPITAL RATIOS (%)	**(*) 12/31/11**	**12/31/12**	**Abs. chg**
Solvency ratio	14.9	13.8	-1.1
Tier 1 ratio	10.3	9.6	-0.7
INFORMATION ON BMPS STOCK	**12/31/11**	**12/31/2012**	
Number of ordinary shares outstanding	10,980,795,908	11,681,539,706	
Number of preference shares outstanding	681,879,458		
Number of savings shares outstanding	18,864,340		
Price per ordinary share:	from **12/31/10** to **12/31/11**	from **12/31/11** to **12/31/12**	**% chg**
average	0.56	0.25	-55.4%
low	0.24	0.16	-33.3%
high	0.86	0.42	-51.2%
OPERATING STRUCTURE	**12/31/2011 (*)**	**12/31/2012**	**Abs. chg**
Total head count - end of period	30,424	30,265	-159
Number of branches in Italy	2,793	2,671	-122
Financial advisory branches	143	138	-5
Number of branches & representative offices abroad	41	39	-2

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

MONTE DEI PASCHI DI SIENA
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■ **RECLASSIFIED INCOME STATEMENT (in EUR mln)**

MPS Group	12/31/11 (*)	12/31/12	Change Ins.	Change %
Net interest income	3,453.9	2,829.6	-624.3	-18.1%
Net fee and commission income	1,762.5	1,632.8	-129.7	-7.4%
Income from banking activities	**5,216.4**	**4,462.4**	**-754.0**	**-14.5%**
Dividends, similar income and gains (losses) on investments	70.8	75.1	4.3	6.1%
Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities	72.1	454.3	382.2	n.s.
Net profit (loss) from hedging	-32.2	3.1	35.2	n.s.
Income from financial and insurance activities	**5,327.2**	**4,994.9**	**-332.2**	**-6.2%**
Net impairment losses (reversals) on:	**-1,450.8**	**-2,894.2**	**-1,443.4**	**99.5%**
a) loans	-1,297.5	-2,671.6	-1,374.1	n.s.
b) financial assets	-153.4	-222.6	-69.2	45.1%
Net income from financial and insurance activities	**3,876.4**	**2,100.7**	**-1,775.6**	**-45.8%**
Administrative expenses:	-3,228.0	-3,097.0	130.9	-4.1%
a) personnel expenses	-2,131.9	-1,989.4	142.5	-6.7%
b) other administrative expenses	-1,096.1	-1,107.7	-11.6	1.1%
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	-193.0	-198.8	-5.8	3.0%
Operating expenses	**-3,420.9**	**-3,295.8**	**125.1**	**-3.7%**
Net operating income	**455.4**	**-1,195.1**	**-1,650.5**	**n.s.**
Net provisions for risks and charges and other operating expenses/income	-346.1	-326.2	19.9	-5.8%
Gains (losses) on investments	-24.3	-58.1	-33.9	n.s.
Reorganisation costs / one-off charges	-25.8	-311.0	-285.2	n.s.
Gains (losses) on disposal of investments	34.6	7.3	-27.4	-79.0%
Profit (loss) before tax from continuing operations	**93.9**	**-1,883.1**	**-1,977.0**	**n.s.**
Tax expense (recovery) on income from continuing operations	-223.2	385.0	608.2	n.s.
Profit (loss) after tax from continuing operations	**-129.4**	**-1,498.1**	**-1,368.8**	**n.s.**
Profit (loss) after tax from groups of assets held for sale and discontinued operations	-211.9	10.8	222.7	n.s.
Net profit (loss) for the year including non-controlling interests	**-341.3**	**-1,487.3**	**-1,146.1**	**n.s.**
Net profit (loss) attributable to non-controlling interests	3.5	21.6	18.1	n.s.
Profit (loss) for the year before PPA , impairment on goodwill, intangibles and writedown of investment in AM Holding	**-337.8**	**-1,465.7**	**-1,127.9**	**n.s.**
PPA (Purchase Price Allocation)	-82.6	-50.2	32.4	-39.2%
Impairment on goodwill, intangibles and writedown of investment in AM Holding	-4,273.9	-1,654.4	2,619.6	n.s.
Net profit (loss) for the year	**-4,694.3**	**-3,170.3**	**1,524.0**	**-32.5%**

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

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QUARTERLY TREND IN RECLASSIFIED INCOME STATEMENT (in EUR mln)

MPS Group	2011 (*)				2012			
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter (*)	2nd quarter (**)	3rd quarter (**)	4th quarter
Net interest income	865.4	808.9	861.4	918.3	882.6	788.1	724.4	434.5
Net fee and commission income	463.3	448.8	450.0	400.3	424.3	412.6	413.1	382.9
Income from banking activities	**1,328.6**	**1,257.7**	**1,311.4**	**1,318.6**	**1,306.9**	**1,200.7**	**1,137.4**	**817.4**
Dividends, similar income and gains (losses) on investments	27.4	18.7	15.4	9.4	10.6	28.5	17.5	18.5
Net profit (loss) from trading/valuation/repurchase of financial assets/liabilities	140.3	101.4	-109.8	-59.8	182.0	76.5	255.1	-59.2
Net profit (loss) from hedging	0.8	-1.1	-0.9	-30.9	3.2	1.9	-3.6	1.6
Income from financial and insurance activities	**1,497.1**	**1,376.8**	**1,216.1**	**1,237.3**	**1,502.7**	**1,307.5**	**1,406.5**	**778.3**
Net impairment losses (reversals) on:	**-276.9**	**-311.8**	**-340.7**	**-521.4**	**-435.8**	**-518.8**	**-474.8**	**-1,464.8**
a) loans	-272.5	-291.7	-268.9	-464.3	-430.3	-408.7	-461.0	-1,371.6
b) financial assets	-4.4	-20.1	-71.8	-57.1	-5.5	-110.1	-13.8	-93.2
Net income from financial and insurance activities	**1,220.2**	**1,065.0**	**875.4**	**715.9**	**1,066.8**	**788.7**	**931.7**	**-686.5**
Administrative expenses:	-792.6	-777.4	-786.3	-871.7	-768.7	-781.5	-773.3	-773.6
a) personnel expenses	-526.4	-502.0	-520.1	-583.3	-505.2	-526.4	-486.5	-471.3
b) other administrative expenses	-266.2	-275.3	-266.2	-288.4	-263.5	-255.0	-286.8	-302.3
Net losses/reversal on impairment on property, plant and equipment / Net adjustments to (recoveries on) intangible assets	-40.9	-38.6	-40.2	-73.3	-45.4	-45.7	-48.5	-59.2
Operating expenses	**-833.5**	**-815.9**	**-826.5**	**-945.0**	**-814.1**	**-827.1**	**-821.8**	**-832.7**
Net operating income	**386.7**	**249.1**	**48.8**	**-229.1**	**252.7**	**-38.4**	**109.9**	**-1,519.2**
Net provisions for risks and charges and other operating expenses/income	-37.7	-70.1	-65.6	-172.8	-28.3	-66.1	-47.1	-184.7
Gains (losses) on investments	0.1	-7.1	-7.8	-9.5	4.0	-5.8	1.5	-57.8
Reorganisation costs / one-off charges			-15.7	-10.1	-1.1	-20.0	-11.7	-278.2
Gains (losses) on disposal of investments	0.1	0.3	33.9	0.3	0.3	0.6	6.4	0.1
Profit (loss) before tax from continuing operations	**349.2**	**172.2**	**-6.4**	**-421.1**	**227.5**	**-129.7**	**59.0**	**-2,039.9**
Tax expense (recovery) on income from continuing operations	-151.5	-38.0	-22.2	-11.4	-127.0	71.9	-76.6	516.7
Profit (loss) after tax from continuing operations	**197.7**	**134.2**	**-28.6**	**-432.6**	**100.5**	**-57.9**	**-17.5**	**-1,523.2**
Profit (loss) after tax from groups of assets held for sale and discontinued operations	6.7	11.0	6.0	-235.5	4.0	6.6	3.2	-3.0
Net profit (loss) for the year including non-controlling interests	**204.3**	**145.2**	**-22.7**	**-668.1**	**104.6**	**-51.2**	**-14.4**	**-1,526.3**
Net profit (loss) attributable to non-controlling interests	-1.9	-0.8	-1.0	7.2	-1.7	-2.7	-1.1	27.0
Profit (loss) for the year before PPA , impairment on goodwill, intangibles and writedown of investment in AM Holding	**202.4**	**144.4**	**-23.7**	**-660.9**	**102.8**	**-53.9**	**-15.4**	**-1,499.2**
PPA (Purchase Price Allocation)	-23.2	-26.5	-18.8	-14.2	-14.4	-13.3	-10.9	-11.7
Impairment on goodwill, intangibles and writedown of investment in AM Holding				-4,273.9		-1,574.3		-80.0
Net profit (loss) for the year	**179.2**	**118.0**	**-42.4**	**-4,949.1**	**88.5**	**-1,641.5**	**-26.3**	**-1,591.0**

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

(**) Figures were restated by taking account of changes in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors)

MONTE DEI PASCHI DI SIENA
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RECLASSIFIED BALANCE SHEET (in EUR mln)

ASSETS	12/31/11 (*)	12/31/12	Chg. YoY abs.	Chg. YoY %
Cash and cash equivalents	878	2,433	1,555	n.s.
Receivables :				
a) Loans to customers	146,609	142,015	-4,594	-3.1%
b) Loans to banks	20,695	11,225	-9,470	-45.8%
Financial assets held for trading	55,482	49,163	-6,319	-11.4%
Financial assets held to maturity	0.002		0.0	-100.0%
Equity investments	895	1,040	145	16.3%
Property, plant and equipment / Intangible assets	4,365	2,526	-1,839	-42.1%
of which:				
a) goodwill	*2,216*	*670*	*-1,547*	-69.8%
Other assets	11,869	10,480	-1,389	-11.7%
Total assets	**240,794**	**218,882**	**-21,912**	**-9.1%**

LIABILITIES	12/31/11 (*)	12/31/12	Chg. YoY abs.	Chg. YoY %
Payables				
a) Deposits from customers and securities issued	146,608	135,670	-10,938	-7.5%
b) Deposits from banks	47,121	43,323	-3,798	-8.1%
Financial liabilities held for trading	26,515	21,517	-4,998	-18.8%
Provisions for specific use				
a) Provisions for staff severance indemnities	266	242	-24	-9.1%
b) Pensions and other post retirement benefit obligations	193	40	-153	-79.4%
c) Other provisions	1,016	1,401	385	37.9%
Other liabilities	8,895	10,236	1,341	15.1%
Group net equity	9,964	6,452	-3,512	-35.2%
a) Valuation reserves	-3,842	-2,224	1,618	-42.1%
c) Equity instruments	1,903	3	-1,900	-99.8%
d) Reserves	5,774	4,128	-1,645	-28.5%
e) Share premium	4,118	255	-3,863	-93.8%
f) Share capital	6,732	7,485	752	11.2%
g) Treasury shares (-)	-26	-25	2	-7.3%
h) Net profit (loss) for the period	-4,694	-3,170	1,524	-32.5%
Non-controlling interests	217	3	-214	-98.7%
Total Liabilities and Shareholders' Equity	**240,794**	**218,882**	**-21,912**	**-9.1%**

(*) Figures w ere restated by taking account of changes in compliance w ith IAS 8 (Accounting policies, changes in accounting estimates and errors)

MONTE DEI PASCHI DI SIENA
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■ **RECLASSIFIED BALANCE SHEET- Quarterly Trend (in EUR mln)**

ASSETS	03/31/2011 (*)	06/30/2011 (*)	09/30/2011 (*)	12/31/2011 (*)	03/31/2012 (*)	06/30/2012 (*)	30/09/2012 (*)	12/31/2012
Cash and cash equivalents	850	979	760	878	676	678	750	2,433
Receivables :								
a) Loans to customers	153,634	156,396	155,062	146,609	146,628	144,462	145,329	142,015
b) Loans to banks	10,420	10,793	16,294	20,695	14,877	17,130	12,371	11,225
Financial assets held for trading	45,307	54,295	59,464	55,482	52,341	51,565	47,704	49,163
Financial assets held to maturity	0	0	0	0	0	0	0	
Equity investments	926	916	873	895	940	931	972	1,040
Property, plant and equipment / Intangible assets	8,943	8,936	8,949	4,365	4,369	2,685	2,662	2,526
of which:								
a) goodwill	*6,474*	*6,474*	*6,474*	*2,216*	*2,216*	*670*	*670*	*670*
Other assets	9,420	9,256	10,465	11,869	10,892	14,713	14,312	10,480
Total assets	**229,500**	**241,570**	**251,868**	**240,794**	**230,723**	**232,164**	**224,098**	**218,882**

LIABILITIES	03/31/2011 (*)	06/30/2011 (*)	09/30/2011 (*)	12/31/2011 (*)	03/31/2012 (*)	06/30/2012 (*)	30/09/2012 (*)	12/31/2012
Payables								
a) Deposits from customers and securities issued	159,622	165,902	160,524	146,608	137,604	132,673	135,570	135,670
b) Deposits from banks	22,703	23,557	32,886	47,121	45,173	46,995	41,327	43,323
Financial liabilities held for trading	20,570	25,578	31,031	26,515	26,399	30,161	24,301	21,517
Provisions for specific use								
a) Provisions for staff severance indemnities	288	287	268	266	265	248	247	242
b) Pensions and other post retirement benefit obligations	202	199	196	193	193	40	39	40
c) Other provisions	848	858	902	1,016	1,000	939	961	1,401
Other liabilities	8,249	8,701	10,134	8,895	8,345	11,993	12,077	10,236
Group net equity	16,745	16,223	15,686	9,964	11,510	8,893	9,347	6,452
a) Valuation reserves	65	-181	-2,797	-3,842	-2,387	-3,304	-2,822	-2,224
c) Equity instruments	1,949	1,933	1,933	1,903	1,903	1,903	1,903	3
d) Reserves	6,083	5,755	5,754	5,774	1,080	4,131	4,131	4,128
e) Share premium	3,989	3,938	3,917	4,118	3,366	255	255	255
f) Share capital	4,502	4,502	6,654	6,732	7,485	7,485	7,485	7,485
g) Treasury shares (-)	-23	-21	-30	-26	-25	-25	-25	-25
h) Net profit (loss) for the period	179	297	255	-4,694	88	-1,553	-1,579	-3,170
Non-controlling interests	273	265	240	217	234	223	230	3
Total Liabilities and Shareholders' Equity	**229,500**	**241,570**	**251,868**	**240,794**	**230,723**	**232,164**	**224,098**	**218,882**

(*) Figures were restated by taking account of changes in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors)

CONSOLIDATED FINANCIAL STATEMENTS

(in EUR/000)

	Assets	12/31/2012	12/31/2011*
10	Cash and cash equivalents	2,432,880	877,784
20	Financial assets held-for-trading	23,514,204	32,539,184
30	Financial assets designated at fair value	-	38,231
40	Financial assets available-for-sale	25,648,741	22,904,656
50	Financial assets held-to-maturity	-	2
60	Loans and advances to banks	11,224,989	20,695,447
70	Loans and advances to customers	142,015,161	146,609,097
80	Hedging derivatives	551,093	363,351
90	Change in value of macro-hedged financial assets (+/-)	119,157	76,310
100	Equity investments carried at equity	1,040,102	894,642
120	Property, plant and equipment	1,334,479	1,384,965
130	Intangible assets	1,191,502	2,980,416
	of which: goodwill	669,701	*2,216,339*
140	Tax assets	6,122,598	7,316,045
	a) current	*912,438*	*550,694*
	b) deferred	*5,210,160*	*6,765,351*
	o/w L.214/2011	*2,796,915*	*3,631,060*
150	Non-current assets and groups of assets held for sale and discontinued operations	12,461	2,158
160	Other assets	3,674,803	4,111,589
	Total Assets	**218,882,170**	**240,793,876**

With respect to published accounts, prior period balances are reflective of changes in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors).

MONTE DEI PASCHI DI SIENA
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CONSOLIDATED FINANCIAL STATEMENTS

(in EUR/000)

	Liabilities and Shareholders' Equity	12/31/2012	12/31/2011*
10	Due to banks	43,322,956	47,120,764
20	Due to customers	81,302,685	84,294,736
30	Debt securities issued	39,939,624	39,814,649
40	Financial liabilities held-for-trading	21,516,900	26,514,882
50	Financial liabilities designated at fair value	14,427,858	22,498,694
60	Hedging derivatives	5,574,798	4,359,400
80	Tax liabilities	180,506	319,108
	a) current	*131,348*	*218,244*
	b) deferred	*49,158*	*100,864*
90	Liabilities associated w ith non current assets held for sale and discontinued operations	-	-
100	Other liabilities	4,480,350	4,216,613
110	Provision for employee severance pay	241,633	265,905
120	Provisions for risks and charges:	1,440,250	1,208,268
	a) post employment benefits	*39,658*	*192,596*
	b) other provisions	*1,400,592*	*1,015,672*
140	Valutation reserves	(2,224,461)	(3,842,291)
160	Equity instruments carried at equity	3,002	1,903,002
170	Reserves	4,128,474	5,773,627
180	Share premium	255,100	4,117,870
190	Share capital	7,484,508	6,732,247
200	Treasury shares (-)	(24,532)	(26,461)
210	Non controlling interests (+/-)	2,856	217,202
220	Profit (loss) for the year (+/-)	(3,170,335)	(4,694,339)
	Total Liabilities and Shareholders' Equity	**218,882,170**	**240,793,876**

With respect to published accounts, prior period balances are reflective of changes in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors).

MONTE DEI PASCHI DI SIENA
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CONSOLIDATED FINANCIAL STATEMENTS

(in EUR/000)

	Income Statement	12/31/2012	12/31/2011*
10	Interest income and similar revenues	6,711,013	7,232,756
20	Interest expense and similar charges	(3,926,388)	(3,856,360)
30	**Net interest income**	**2,784,625**	**3,376,396**
40	Fee and commission income	2,051,568	2,076,599
50	Fee and commission expense	(418,750)	(314,126)
60	**Net fees and commissions**	**1,632,818**	**1,762,473**
70	Dividends and similar income	62,858	105,697
80	Net profit (loss) from trading	59,315	(202,940)
90	Net profit (loss) from hedging	3,054	(32,167)
100	Gains/losses on disposal/repurchase of:	200,357	148,809
	a) loans	*(33,661)*	*11,410*
	b) financial assets available for sale	*62,394*	*71,097*
	d) financial liabilities	*171,624*	*66,302*
110	Net profit (loss) from financial assets and liabilities designated at fair	117,336	4,720
120	**Net interest and other banking income**	**4,860,363**	**5,162,988**
130	Net losses/reversal on impairment on	(2,880,069)	(1,431,987)
	a) loans	*(2,666,548)*	*(1,295,790)*
	b) financial assets available for sale	*(207,740)*	*(121,719)*
	d) other financial transactions	*(5,781)*	*(14,478)*
140	**Net income from banking activities**	**1,980,294**	**3,731,001**
180	Administrative expenses:	(3,667,058)	(3,533,098)
	a) personnel expenses	*(2,289,636)*	*(2,157,668)*
	b) other administrative expenses	*(1,377,422)*	*(1,375,430)*
190	Net provisions for risks and charges	(284,924)	(246,919)
200	Net losses/reversal on impairment onproperty, plant and equipment	(75,916)	(81,730)
210	Net losses/reversal on impairment on intangible assets	(319,698)	(486,294)
220	Other operating expenses/income	221,579	90,218
230	**Operating expenses**	**(4,126,017)**	**(4,257,823)**
240	Gains (losses) on equity investments carried at equity	(799)	5,184
260	Impairment of goodwill	(1,528,000)	(4,034,832)
270	Gains (losses) on disposal of investments	7,265	34,633
280	**Profit (loss) before tax from continuing operations**	**(3,667,257)**	**(4,521,837)**
290	Taxes on income from continuing operations	464,533	35,927
300	**Profit (loss) after tax from continuing operations**	**(3,202,724)**	**(4,485,910)**
310	Profit (loss) after tax from groups of assets held for sale	10,807	(211,895)
320	**Profit (loss) for the period**	**(3,191,917)**	**(4,697,805)**
330	Profit (loss) for the period attributable to non controlling interests	(21,584)	(3,465)
340	**Parent company's net profit (loss) for the period**	**(3,170,333)**	**(4,694,340)**

With respect to published accounts, prior period balances are reflective of changes in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors).

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

CONSOLIDATED FINANCIAL STATEMENTS

Description of changes respect to published accounts in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors).

(in EUR/000)

	Assets	12/31/2011	Change	12/31/2011 new
10	Cash and cash equivalents	877,784	-	877,784
20	Financial assets held-for-trading	32,539,184	-	32,539,184
30	Financial assets designated at fair value	38,231	-	38,231
40	Financial assets available-for-sale	22,904,656	-	22,904,656
50	Financial assets held-to-maturity	2	-	2
60	Loans and advances to banks	20,695,447	-	20,695,447
70	Loans and advances to customers	146,607,896	1,201	146,609,097
80	Hedging derivatives	363,351	-	363,351
90	Change in value of macro-hedged financial assets (+/-)	76,310	-	76,310
100	Equity investments carried at equity	894,642	-	894,642
120	Property, plant and equipment	1,384,965	-	1,384,965
130	Intangible assets	2,980,416	-	2,980,416
	of which: goodwill	2,216,339	-	*2,216,339*
140	Tax assets	7,223,340	92,704	7,316,044
	a) current	*550,693*	-	*550,693*
	b) deferred	*6,672,647*	*92,704*	*6,765,351*
	o/w L.214/2011	*3,631,060*	-	*3,631,060*
150	Non-current assets and groups of assets held for sale and discontinued operations	2,158	-	2,158
160	Other assets	4,113,589	(2,000)	4,111,589
	Total Assets	**240,701,971**	**91,905**	**240,793,876**

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

CONSOLIDATED FINANCIAL STATEMENTS

Description of changes respect to published accounts in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors).

(in EUR/000)

	Liabilities and Shareholders' Equity	12/31/2011	Change	12/31/2011 new
10	Due to banks	46,792,932	327,832	47,120,764
20	Due to customers	84,010,671	284,065	84,294,736
30	Debt securities issued	39,814,649	-	39,814,649
40	Financial liabilities held-for-trading	26,329,376	185,506	26,514,882
50	Financial liabilities designated at fair value	22,498,694	-	22,498,694
60	Hedging derivatives	4,359,400	-	4,359,400
80	Tax liabilities	283,460	35,648	319,108
	a) current	*182,596*	*35,648*	*218,244*
	b) deferred	*100,864*	-	*100,864*
90	Liabilities associated with non current assets held for sale and discontinued operations	-	-	-
100	Other liabilities	4,116,879	99,734	4,216,613
110	Provision for employee severance pay	265,905	-	265,905
120	Provisions for risks and charges:	1,248,268	(40,000)	1,208,268
	a) post employment benefits	*192,596*	-	*192,596*
	b) other provisions	*1,055,672*	*(40,000)*	*1,015,672*
140	Valutation reserves	(3,854,001)	11,709	(3,842,292)
160	Equity instruments carried at equity	1,903,002	-	1,903,002
170	Reserves	6,577,151	(803,524)	5,773,627
180	Share premium	4,117,870	-	4,117,870
190	Share capital	6,732,247	-	6,732,247
200	Treasury shares (-)	(26,460)	-	(26,460)
210	Non controlling interests (+/-)	217,202	-	217,202
220	Profit (loss) for the year (+/-)	(4,685,274)	(9,065)	(4,694,339)
	Total Liabilities and Shareholders' Equity	**240,701,971**	**91,905**	**240,793,876**

CONSOLIDATED FINANCIAL STATEMENTS

Description of changes respect to published accounts in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors).

(in EUR/000)

		12/31/2011	Change	12/31/2011 new
10	Interest income and similar revenues	7,232,090	666	7,232,756
20	Interest expense and similar charges	(3,887,227)	30,868	(3,856,359)
30	**Net interest income**	**3,344,863**	**31,534**	**3,376,397**
40	Fee and commission income	2,076,599	-	2,076,599
50	Fee and commission expense	(314,126)	-	(314,126)
60	**Net fees and commissions**	**1,762,473**	**-**	**1,762,473**
70	Dividends and similar income	105,697	-	105,697
80	Net profit (loss) from trading	(109,234)	(93,706)	(202,940)
90	Net profit (loss) from hedging	(32,167)	-	(32,167)
100	Gains/losses on disposal/repurchase of:	148,808	-	148,808
	a) loans	*11,410*	-	*11,410*
	b) financial assets available for sale	*71,096*	-	*71,096*
	d) financial liabilities	*66,302*	-	*66,302*
110	Net profit (loss) from financial assets and liabilities designated at fair value	4,720	-	4,720
120	**Net interest and other banking income**	**5,225,160**	**(62,172)**	**5,162,988**
130	Net losses/reversal on impairment on	(1,431,987)	-	(1,431,987)
	a) loans	*(1,295,790)*	-	*(1,295,790)*
	b) financial assets available for sale	*(121,719)*	-	*(121,719)*
	d) other financial transactions	*(14,478)*	-	*(14,478)*
140	**Net income from banking activities**	**3,793,173**	**(62,172)**	**3,731,001**
180	Administrative expenses:	(3,549,183)	16,086	(3,533,097)
	a) personnel expenses	*(2,173,754)*	*16,086*	*(2,157,668)*
	b) other administrative expenses	*(1,375,429)*	-	*(1,375,429)*
190	Net provisions for risks and charges	(246,919)	-	(246,919)
200	Net losses/reversal on impairment onproperty, plant and equipment	(81,730)	-	(81,730)
210	Net losses/reversal on impairment on intangible assets	(486,294)	-	(486,294)
220	Other operating expenses/income	62,918	27,300	90,218
230	**Operating expenses**	**(4,301,208)**	**43,386**	**(4,257,822)**
240	Gains (losses) on equity investments carried at equity	5,184	-	5,184
260	Impairment of goodw ill	(4,034,832)	-	(4,034,832)
270	Gains (losses) on disposal of investments	34,633	-	34,633
280	**Profit (loss) before tax from continuing operations**	**(4,503,050)**	**(18,786)**	**(4,521,836)**
290	Taxes on income from continuing operations	26,206	9,721	35,927
300	**Profit (loss) after tax from continuing operations**	**(4,476,844)**	**(9,065)**	**(4,485,909)**
310	Profit (loss) after tax from groups of assets held for sale	(211,895)	-	(211,895)
320	**Profit (loss) for the period**	**(4,688,739)**	**(9,065)**	**(4,697,804)**
330	Profit (loss) for the period attributable to non controlling interests	(3,465)	-	(3,465)
340	**Parent company's net profit (loss) for the period**	**(4,685,274)**	**(9,065)**	**(4,694,339)**