



**MONTE
DEI PASCHI
DI SIENA**
BANCA DAL 1472

 **GRUPPOMPS**

1Q 2008 Results

*Siena
15th May 2008*

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Agenda

- ✓ **Profitability driven by Recurring Revenues and Stringent Cost Control**
- ✓ Ongoing commercial flows growth
- ✓ Banca Antonveneta acquisition: first results and next steps

1Q08 Profitability driven by Recurring Revenues and Stringent Cost Control

Revenues

- ❑ Basic income growth +5.6% vs 1Q07*
- ❑ Non commercial components impacted by one offs:
Negative impact of fair value adjustment and negative trading

Operating Costs

- ❑ 2005-2009 BP CAGR Target: 1.0%; 1Q08 actual: -0.3%*
- ❑ Staff costs** down 0.1% YoY*
- ❑ Administrative Costs down 0.5% YoY*

Asset Quality

- ❑ Provisions: 47 bps
- ❑ Quality of performing portfolio under control
- ❑ Hopa carrying values brought to €0.26
(at book value)

* Including Biverbanca

** Including also the recalculation of the labour contract

1Q08 Results Highlight

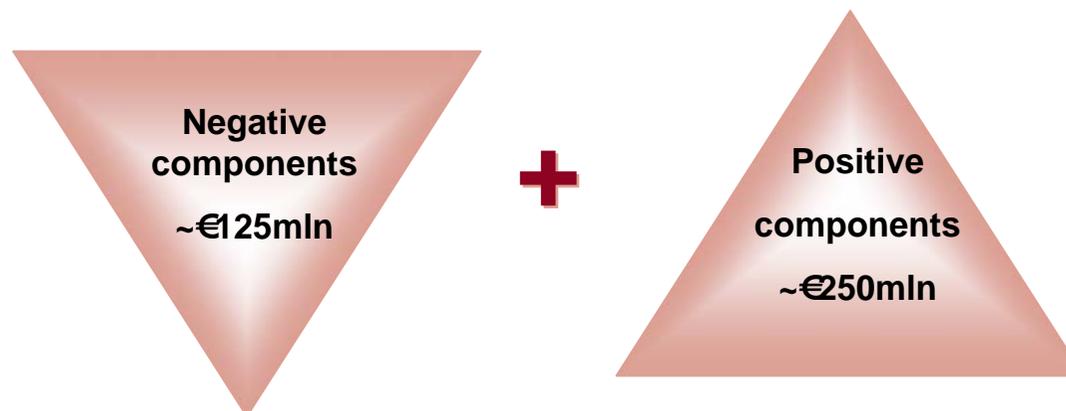
Profit & Loss

(mln €)

	1Q08	1Q07	1Q08/1Q07	1Q08/1Q07 incl Biverbanca
Net Interest Income	810.6	705.4	14.9%	11.2%
Net Fees	382.0	389.4	-1.9%	-4.7%
Basic Income	1,192.6	1,094.8	8.9%	5.6%
Total Revenues	1,167.3	1,242.5	-6.1%	-8.8%
Loan Loss Provisions	127.0	107.2	18.4%	14.4%
Operating Costs	708.7	683.7	3.7%	-0.3%
Net Operating Income	262.2	447.2	-41.4%	-42.2%
Net Income	190.0	253.6	-25.1%	-26.7%
Net Income incl B. Depositaria	375.1	253.6	47.9%	44.6%

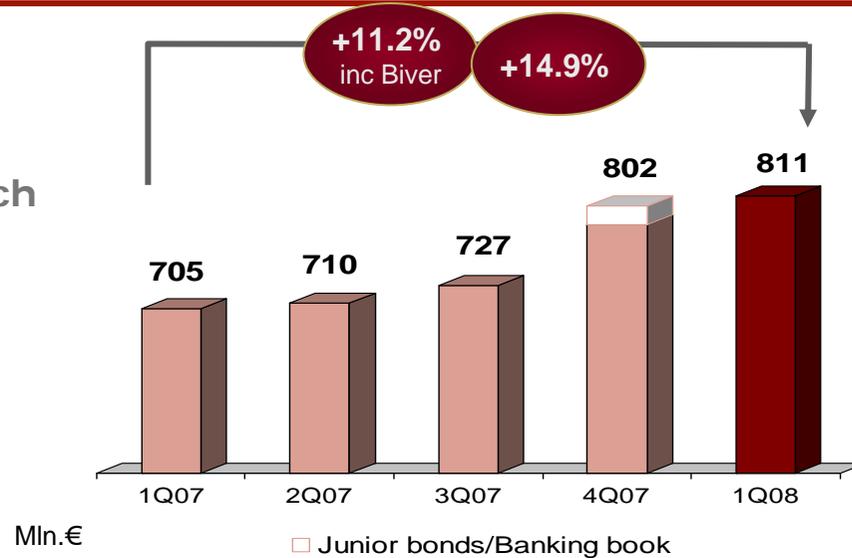
1Q 08 net profits at €375mIn, characterized by non recurring items

	<u>Negative components</u>	<u>Positive components</u>
Net Interest Income	-	-
Net fees	-	-
Dividends and profits from equity investments	€14 mln mtm of bancassurance	-
Trading profits/Hedging operations	€35 mln	-
Total revenues	-	-
Operating costs	-	-
LLP	-	€20mln write backs of legal issue
Write offs financial assets	€69 mln Hopa and other devaluations	-
Extraordinaries gains	€4mln from discontinued operations	€194mln from B. Depositaria and asset disposal
Taxes	-	€33mln from deferred taxes
Net operating income		

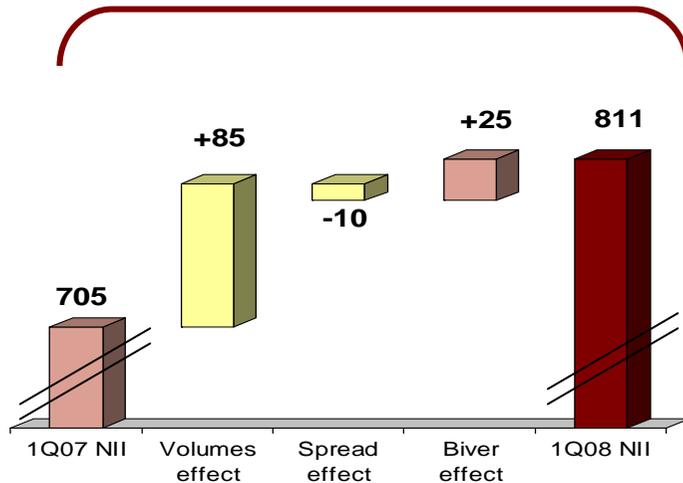


Net Interest Income

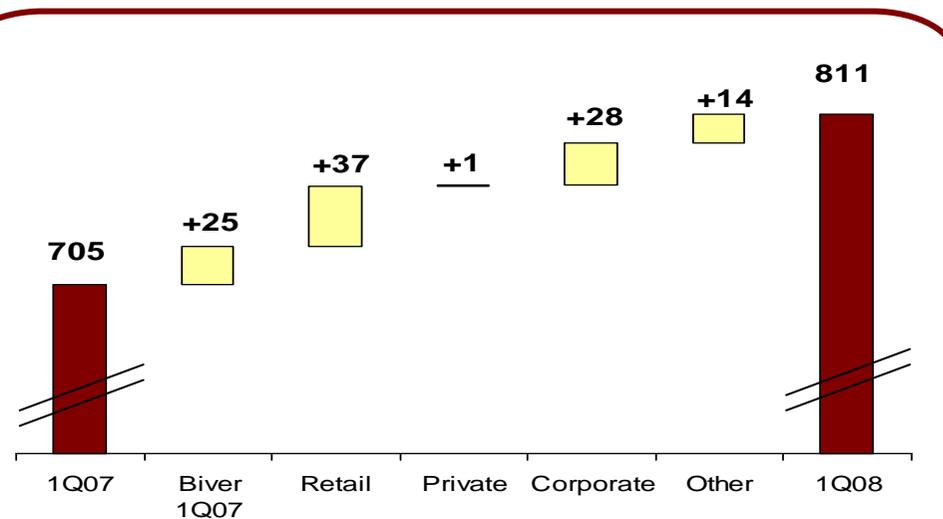
- NII growth +11,2% (inc Biverbanca) driven by:
 - Strong volumes growth, which more than offset a slight decrease in spreads
 - Good contribution from liquidity management, notwithstanding market turmoil



Volumes and spread effects

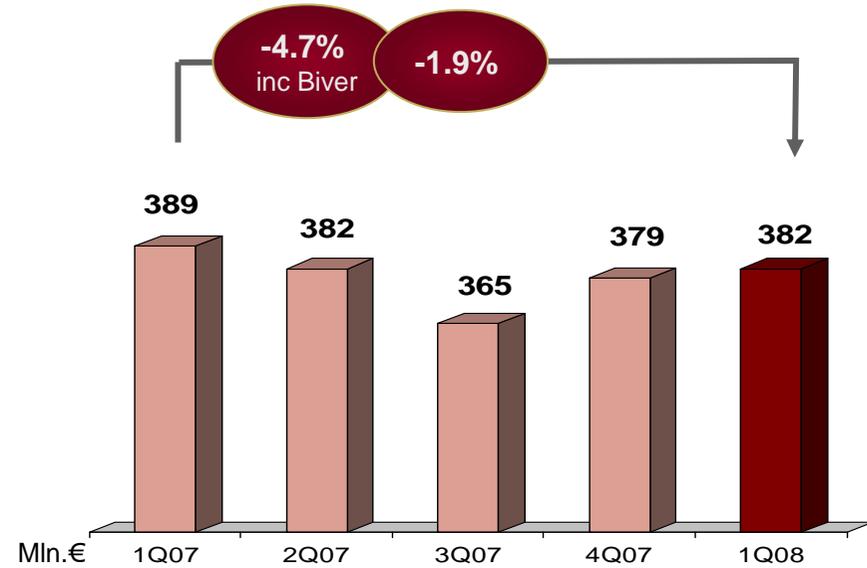


Contribution by Business Area

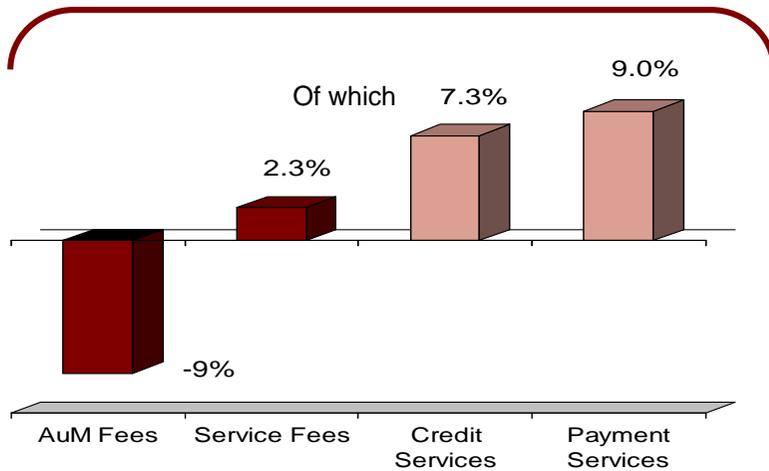


Net fees

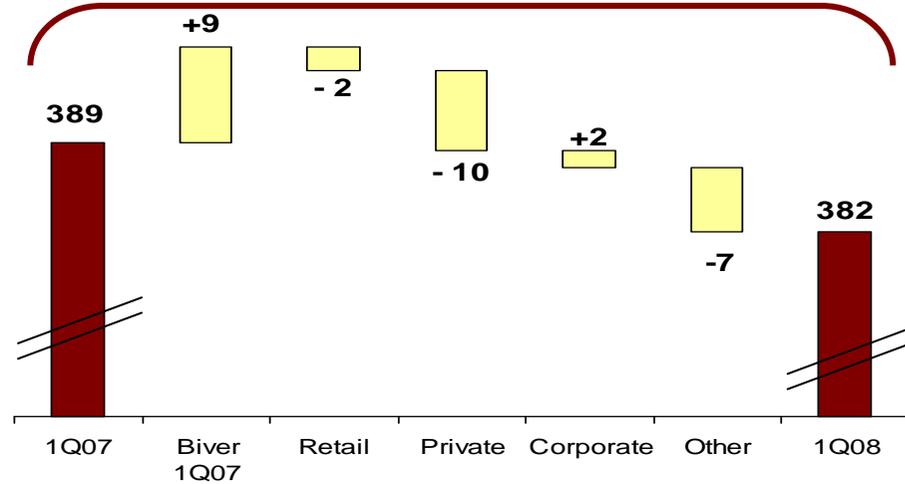
- Traditional fees increased 2.3% driven by payment fees +9% and credit fees +7.3%
- AuM fees suffered from market turmoil



Main Fees (YoY)

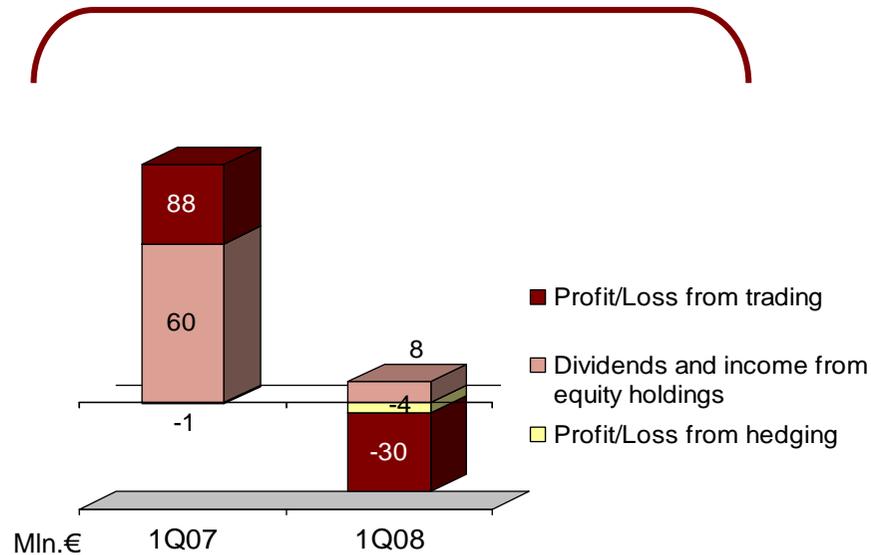


Contribution of Individual Business Areas

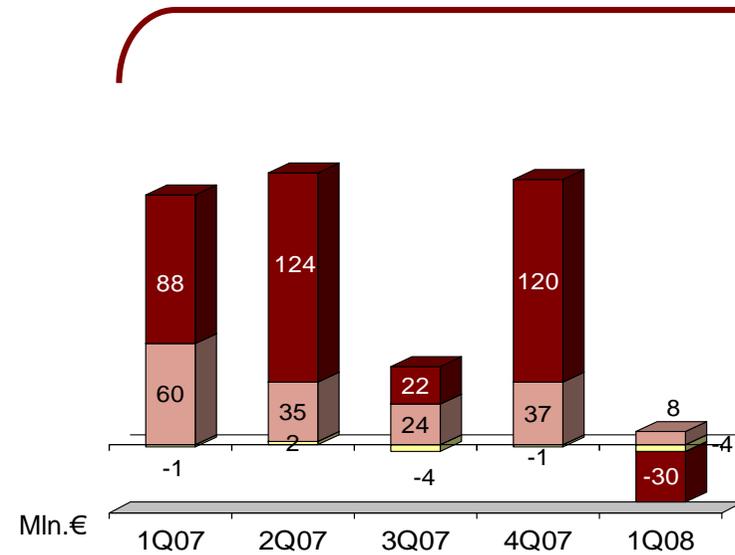


Non-Commercial Component

Non-Commercial Components: YoY Trend

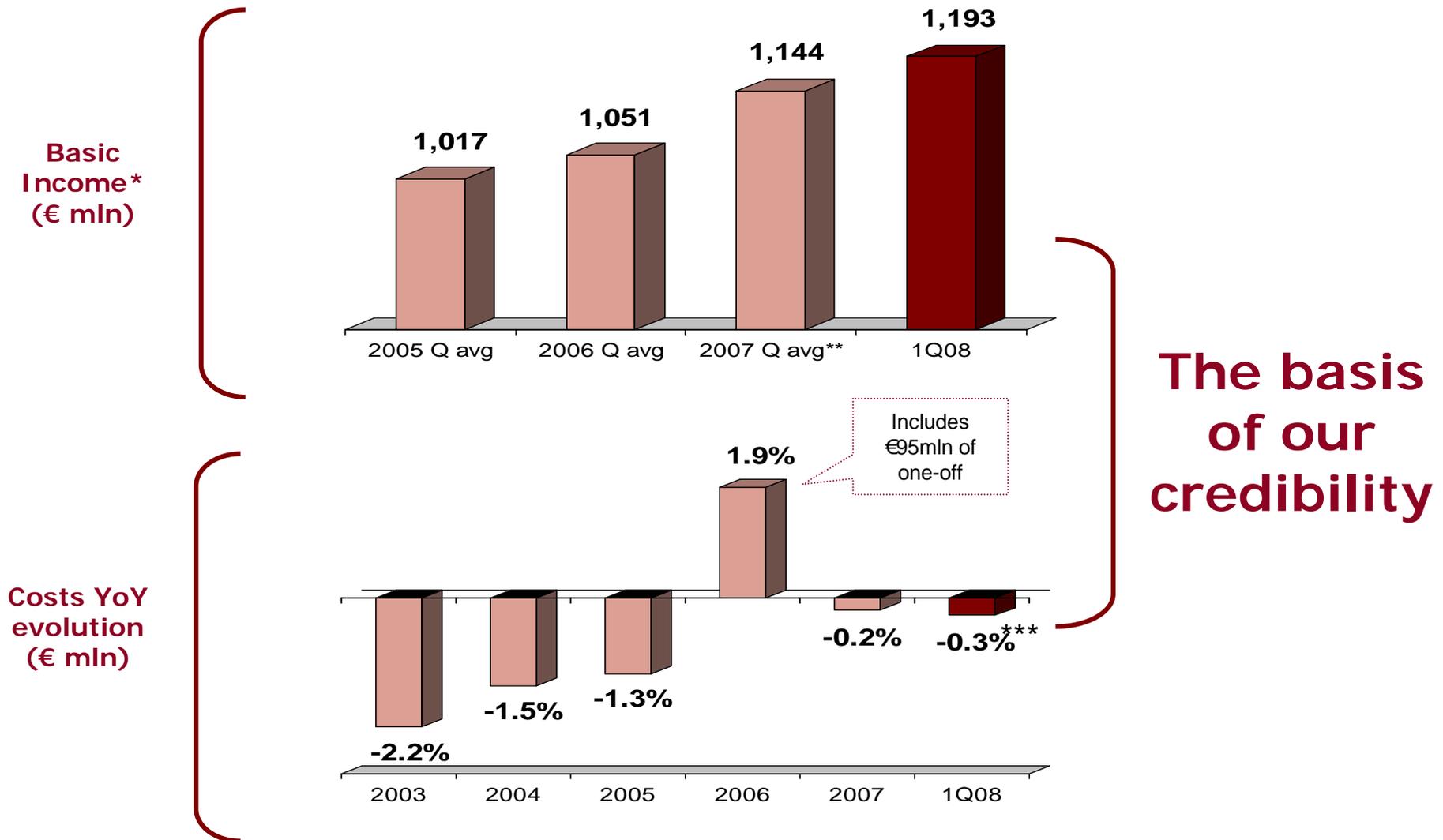


Non-Commercial Components: QoQ Trend



- ❑ Lower than expected contribution from AXA MPS due to the mark-to-market of the underlying portfolio of technical reserves following market turmoil
- ❑ Trading affected by market volatility

Our strategy continues to pay back: focus on recurring revenues and cost containment...



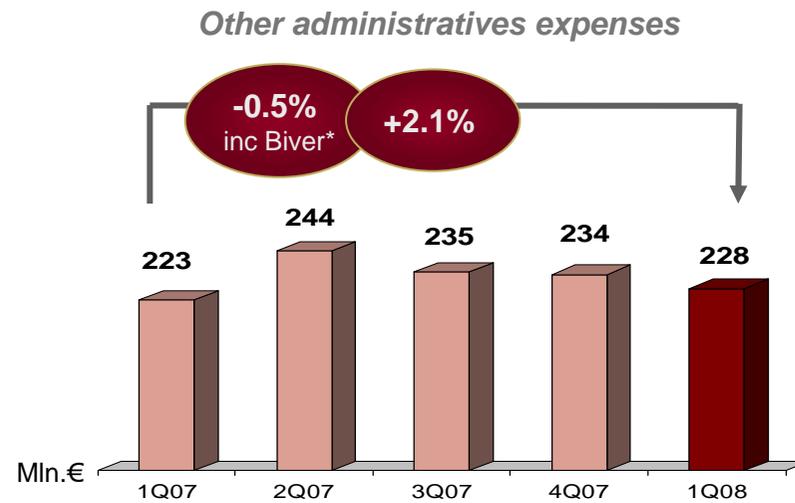
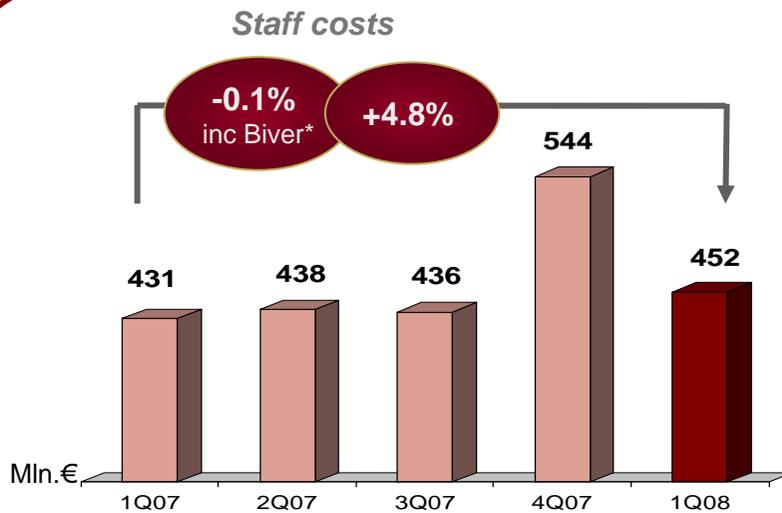
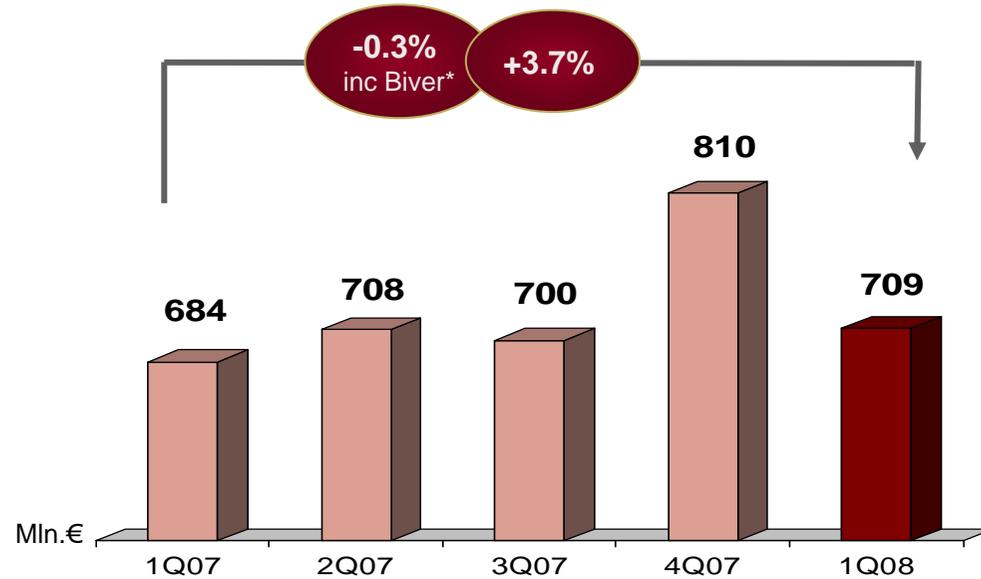
* 4th quarters net of Junior notes / Banking book

** Including Biverbanca in

*** Considering Biverbanca labour contract renewal

Costs: strong containment also in 1Q

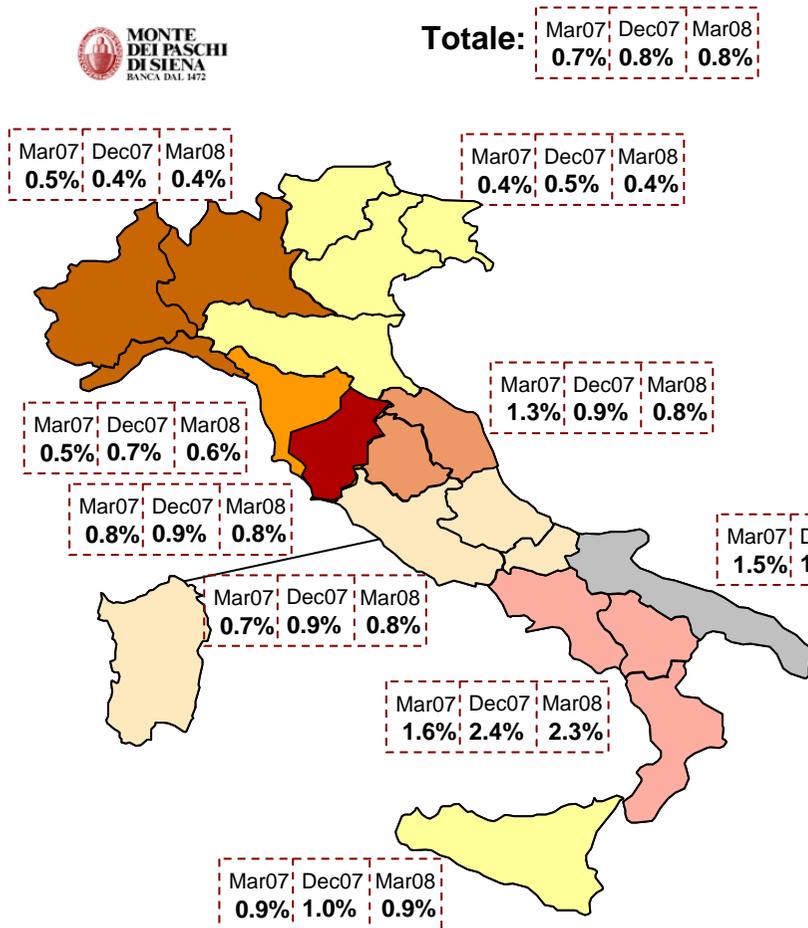
- Staff costs benefited from HR initiatives implemented in 2007
- Administrative costs decreased notwithstanding the opening of more than 100 branches throughout the year



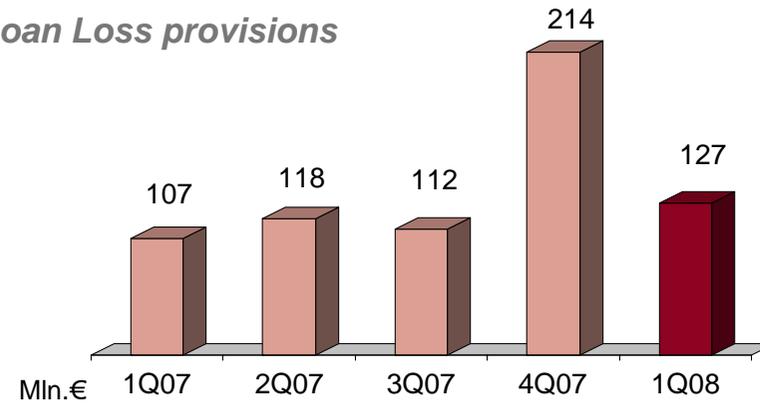
* Including also the recalculation of the labour contract renewal (+€10mIn in 1Q, + €10mIn in 3Q)

Asset Quality Under Control

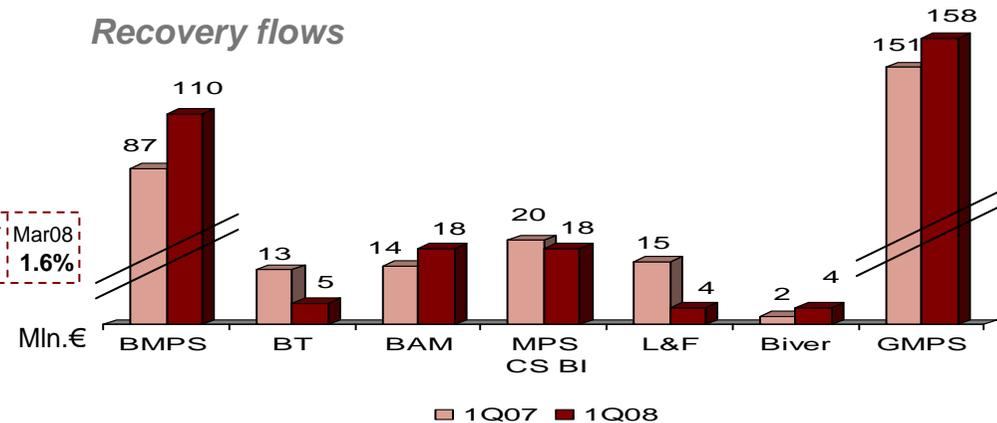
Doubtful loans/Loans per Geographical Area*



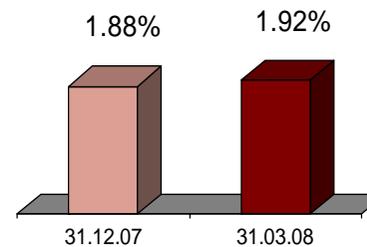
Loan Loss provisions



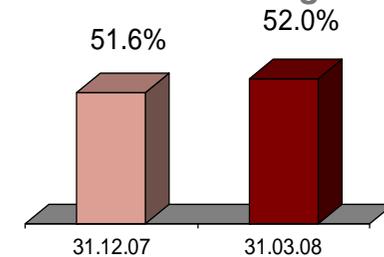
Recovery flows



NPL ratio



NPL coverage**



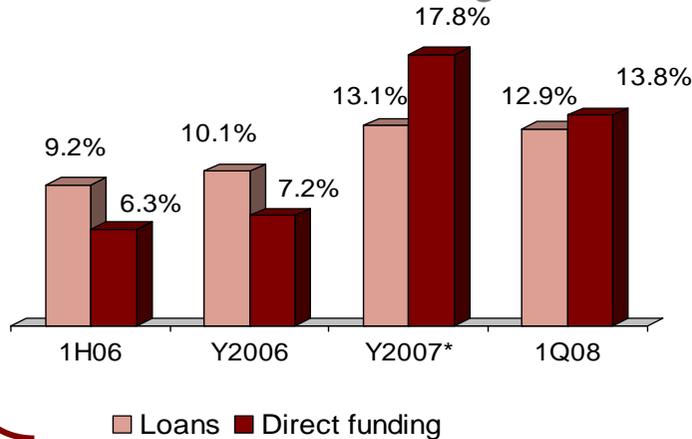
*Figures refer to Banca MPS

**Includes the effect of a securitization made at the end of 2007

Liquidity Position in line with our plan

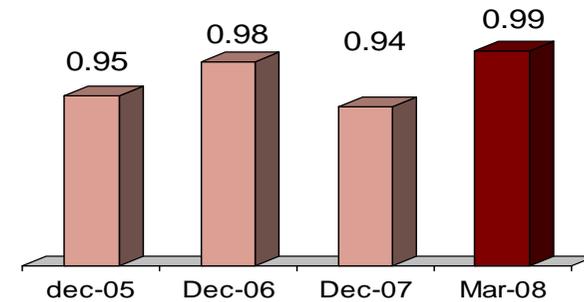
Loans and Direct funding YoY evolution

Loans and Direct funding evolution



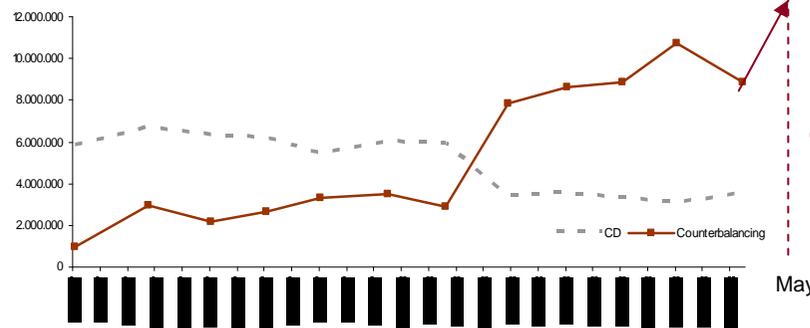
Loan / Deposit ratio

Loan / Deposit ratio



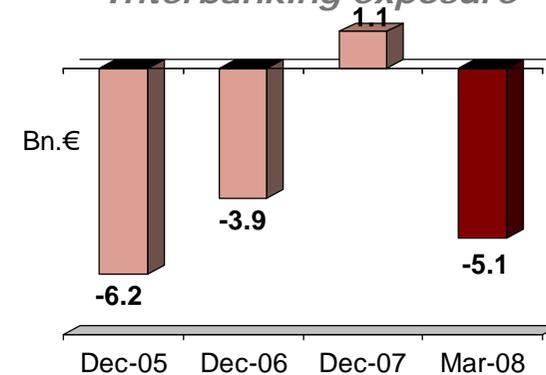
Counterbalancing capacity**

CD Programme and Counterbalancing Capacity (€/000)



Inter-banking exposure

Interbanking exposure



Decrease of interbanking exposure mainly due to new credit lines for NTV and reduction of CD exposure

* 2007 figures exclude Biverbanca

** Counterbalancing capacity is the total amount of the assets immediately disposable in order to face liquidity needs

Agenda

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- ✓ **Ongoing commercial flows growth**
- ✓ Banca Antonveneta acquisition: first results and next steps

Ongoing commercial flows growth

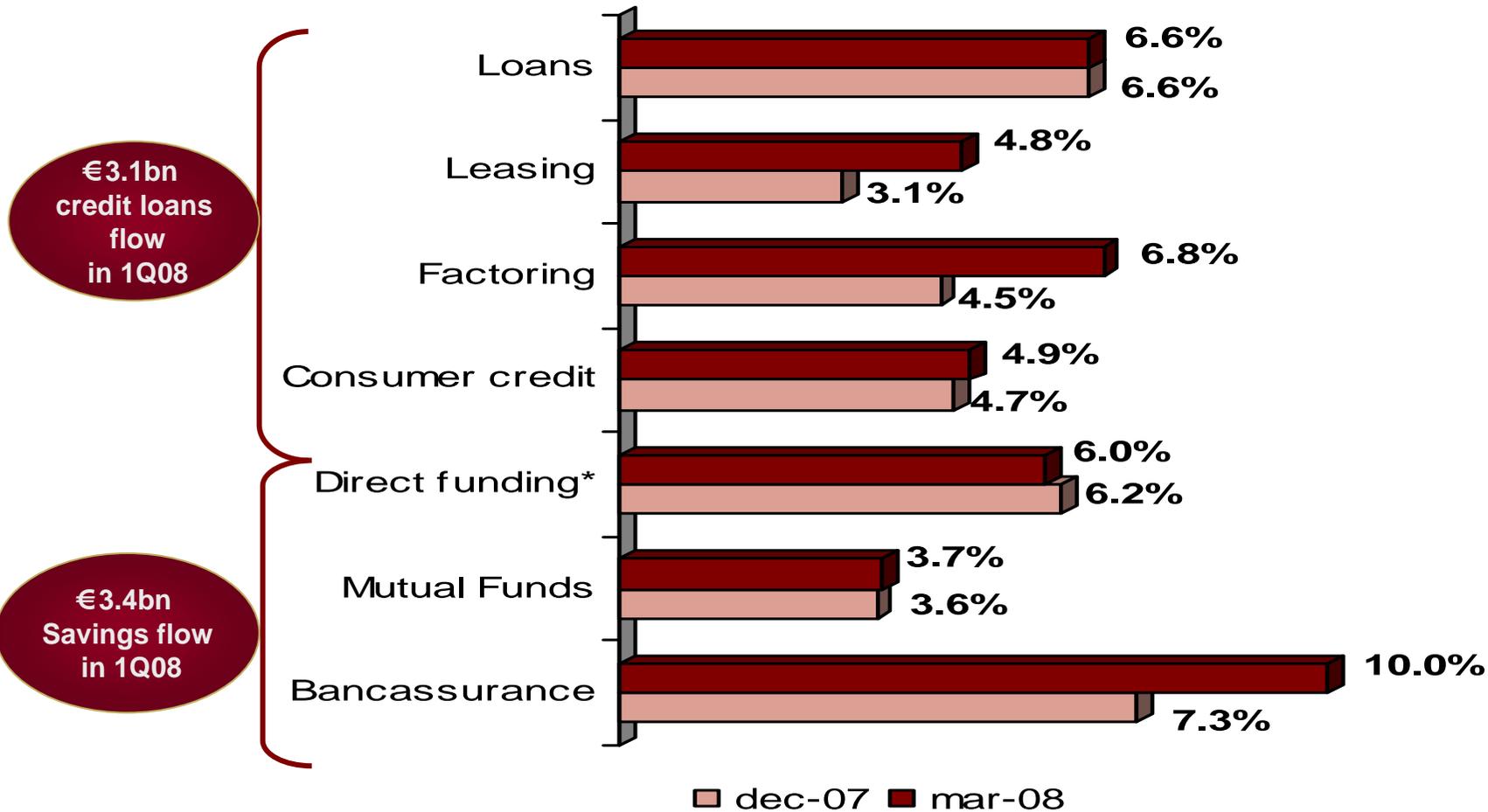
Volumes

- ❑ Loans +12.9% YoY
 - Retail loans +15.9%, Corporate loans +9.3%
- ❑ Direct Funding +13.8% YoY (vs 6.8% market)
 - Retail deposits +14.4%, Corporate deposits +23%
- ❑ WM products: € 3.4bn gross flows, €0.8bn net flows

Clients & New branches

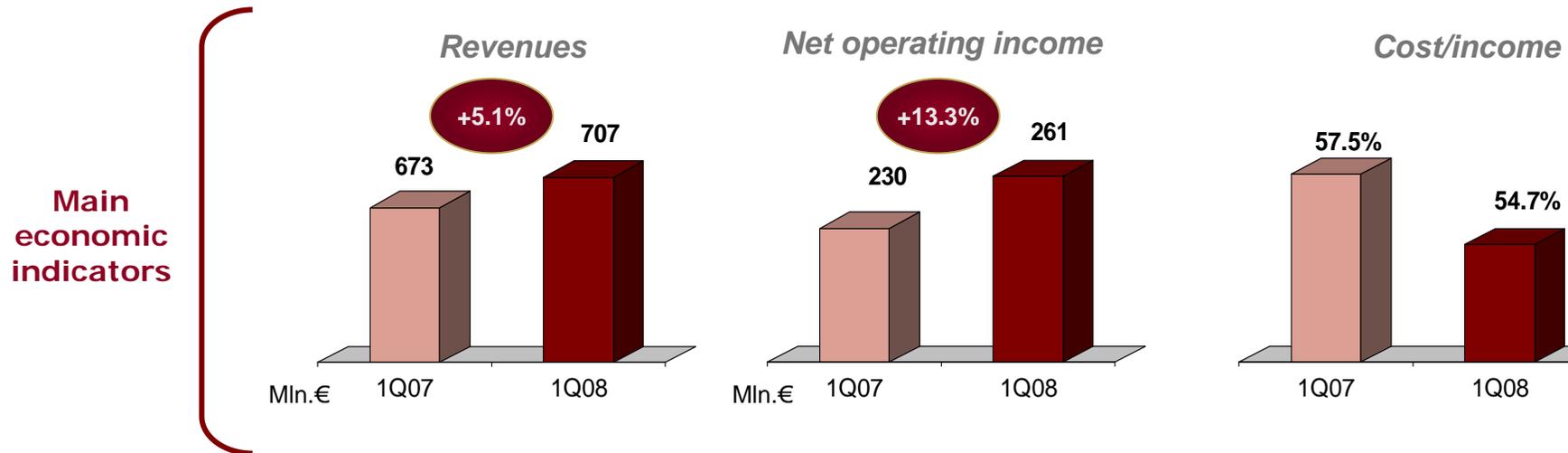
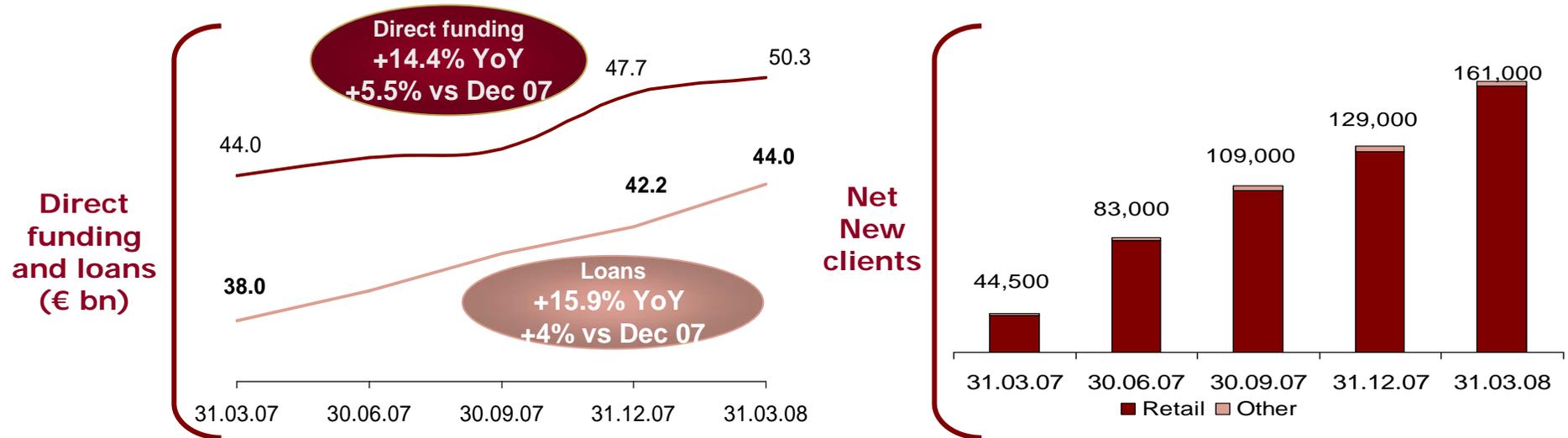
- ❑ +161,000 net new clients since Jan 2007
- ❑ Consum.it customers: ~750,000 (+6% vs 1Q07)
- ❑ Further 9 branches opened in 1Q and ~20 branches to be opened within the summer

A general increase in market shares



* Decrease due to significant flows of bonds issued by main competitors in the period and a reduction of a large corporate position

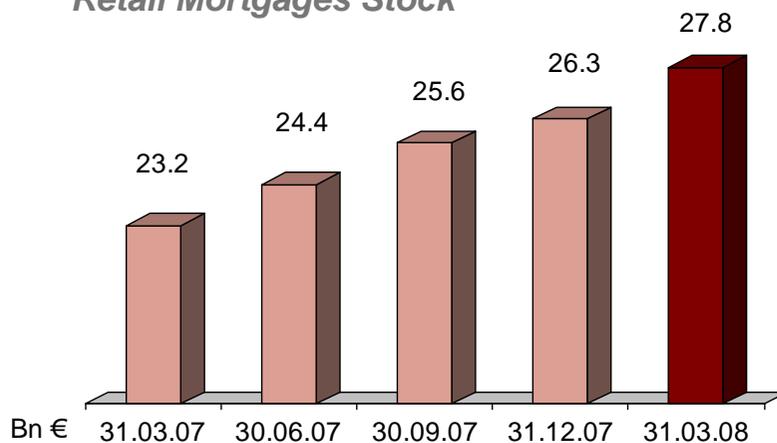
Focus on: Retail



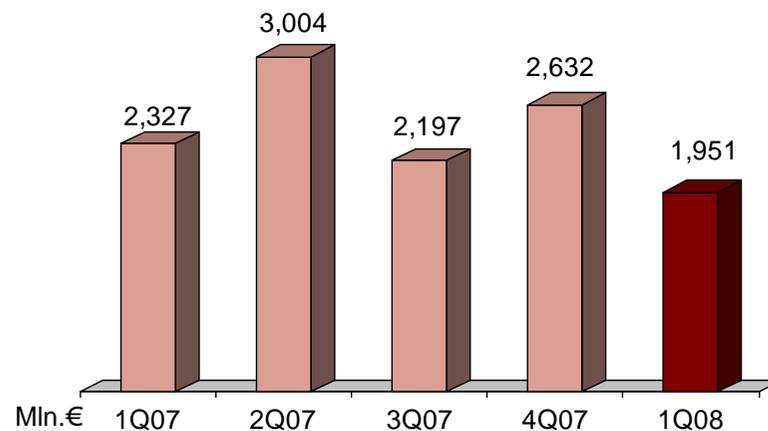
Mortgages and Consumer Credit

Mortgages

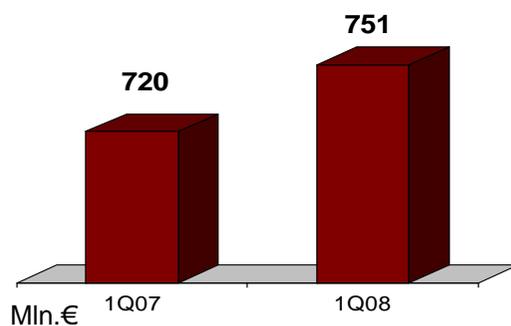
Retail Mortgages Stock*



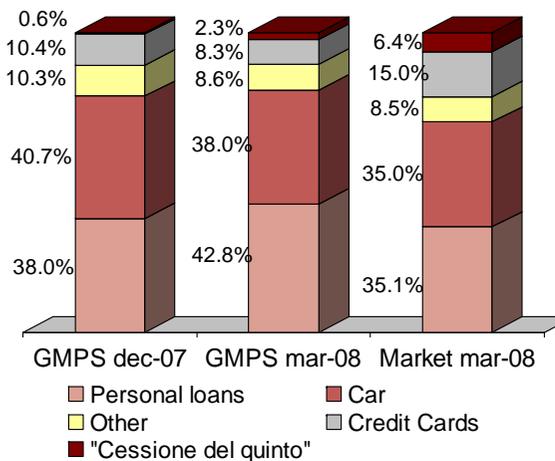
Mortgages quarterly flows



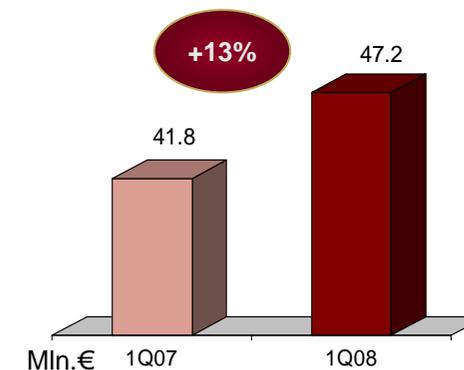
Flows



Business Mix

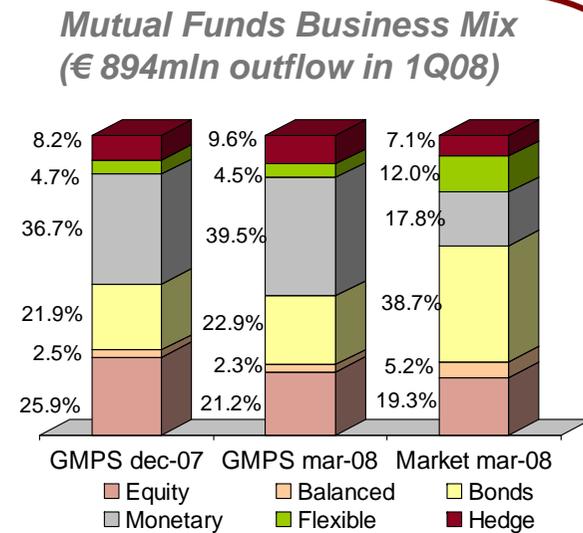
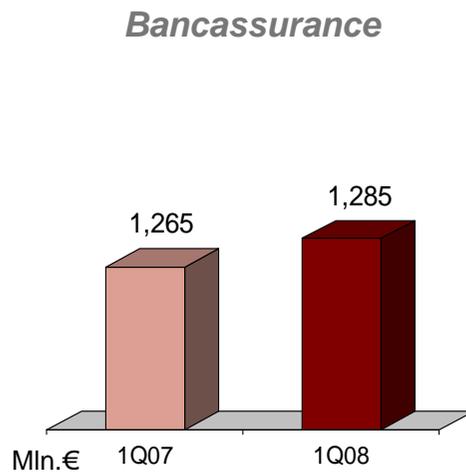
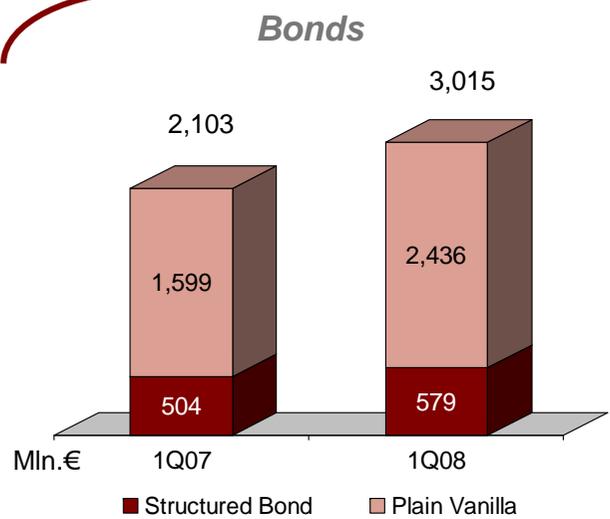
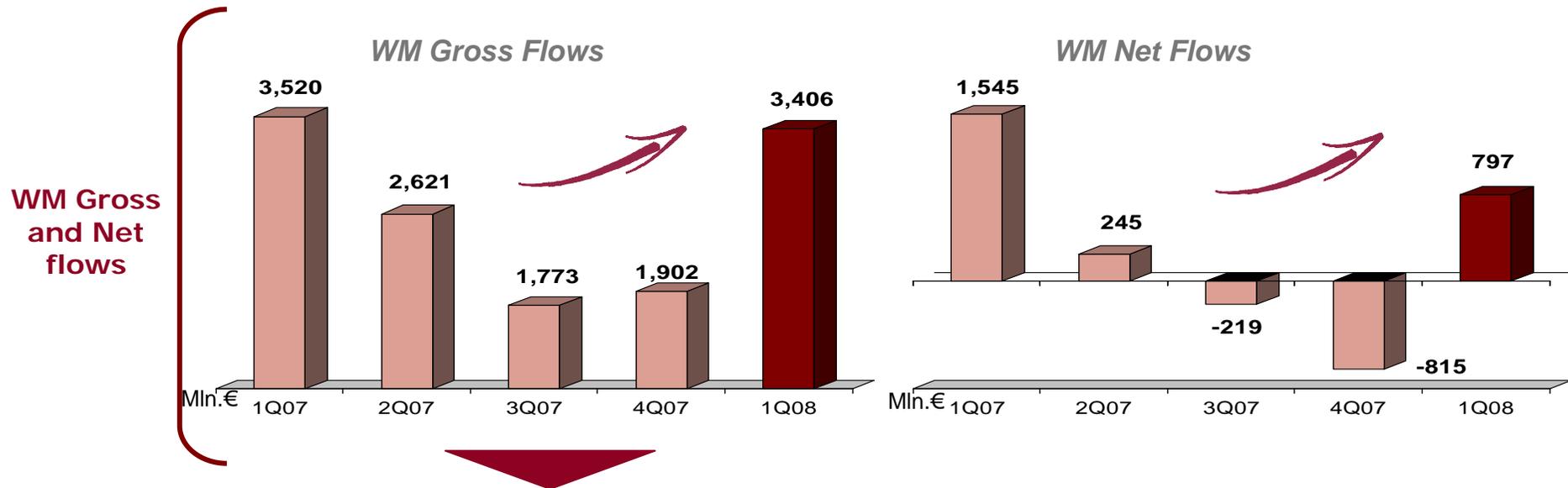


Basic Income Consumit



*Refers to commercial network

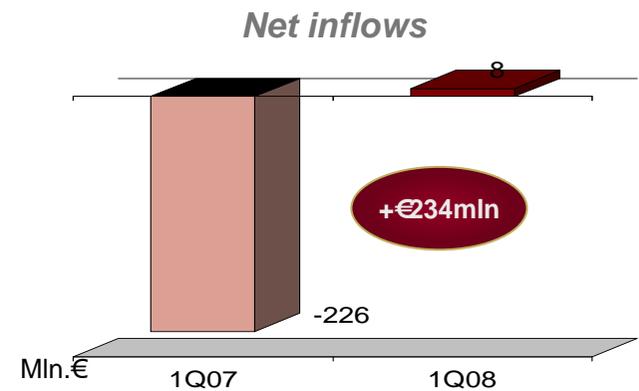
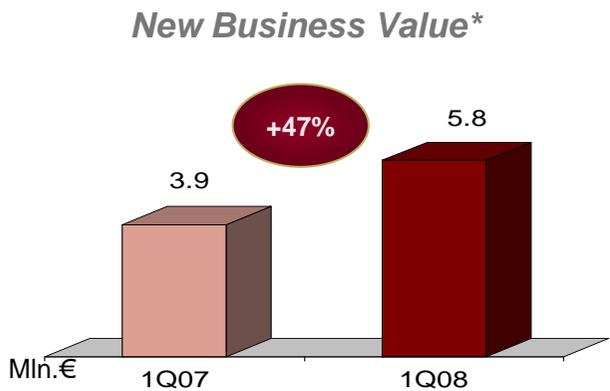
Wealth Management flows



AXA MPS: The implementation of the action plan is on track

The strategy: First goals

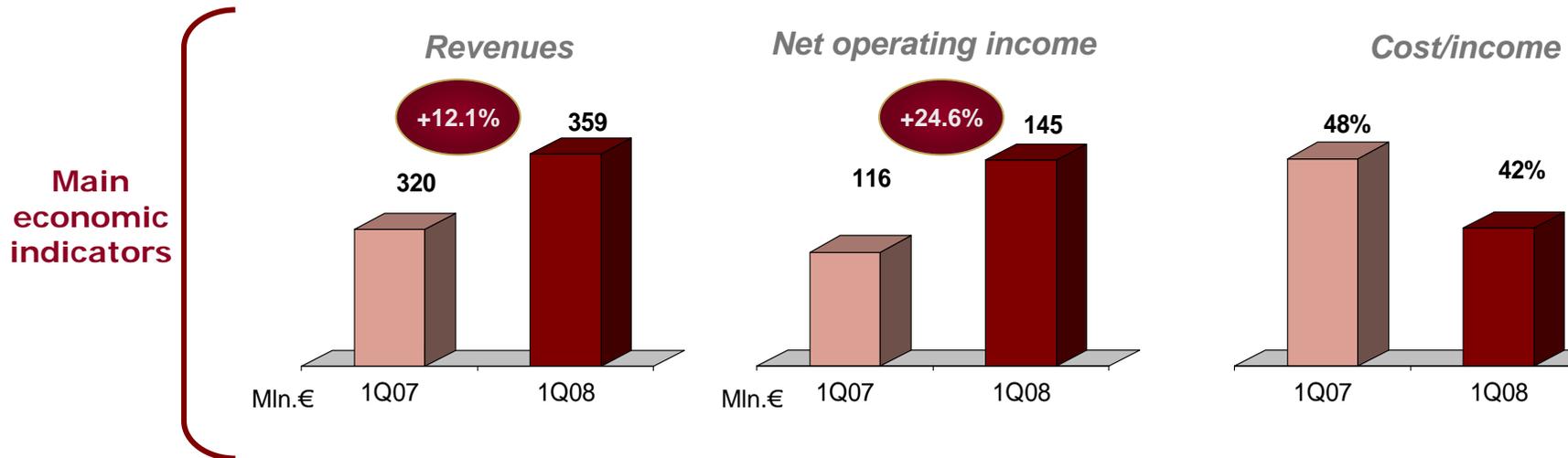
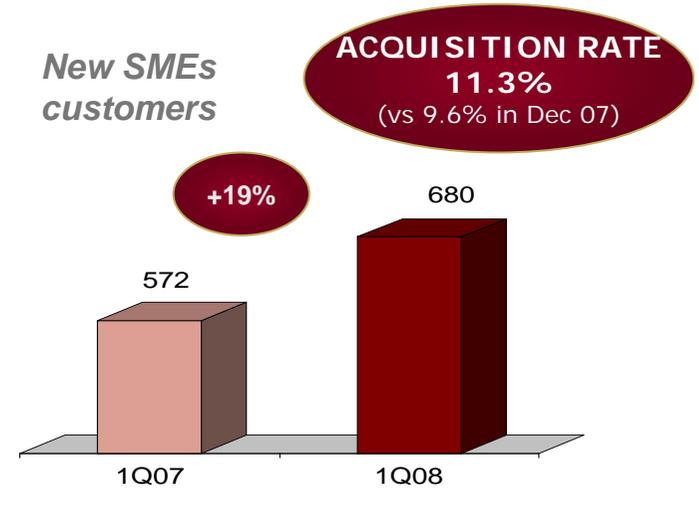
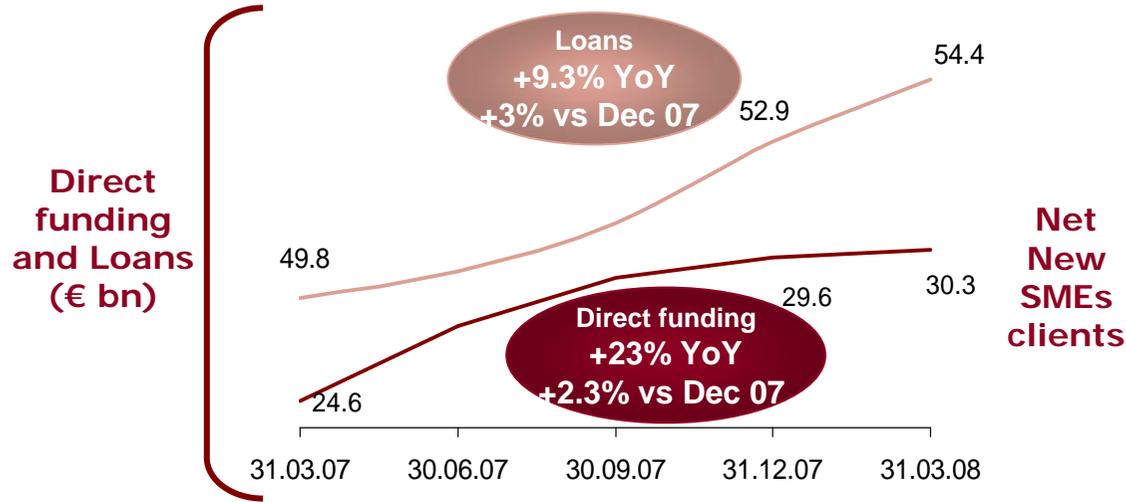
	4Q07	1Q08	2Q08
Company growth	◆ New organization New skills contributing to a better company P&C system development	
Successful product launches	◆ Accumulator® (first variable annuity product) Launched in September 2007 - APE (as of Q1 2008): € 22.0 M	◆ Double Engine (first multi-line product), with recurring or single premiums Launched in December 2007 - APE (as of Q1 2008): € 18.1 M	◆ Direct marketing initiative: credit protection insurance ◆ Double Prestige (for Private Clients) Launched in March 2008 ◆ Vita Sicura and Patrimonio Sicuro (Family Clients)
New strategy to support distribution	 Strengthening of the team dedicated to support MPS network and organized by service model Working group to study the implementation of a semi-direct model



The result

* Group share. New Business Value (NBV) is the present value of the new policies issued during the period (discounted back)
pag. 20

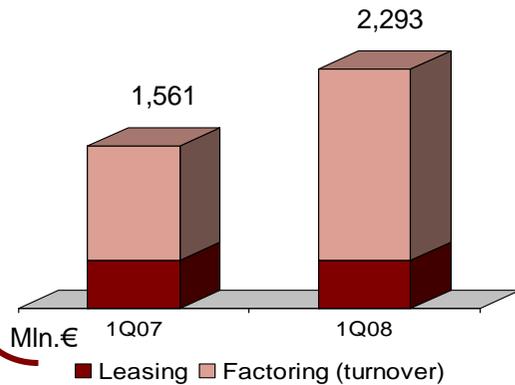
Focus on: Corporate



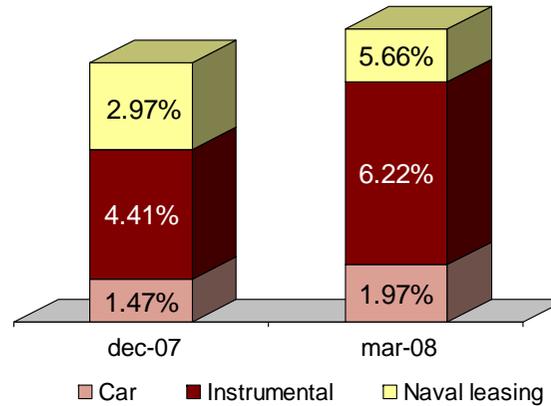
MPS L&F and MPS Capital Services



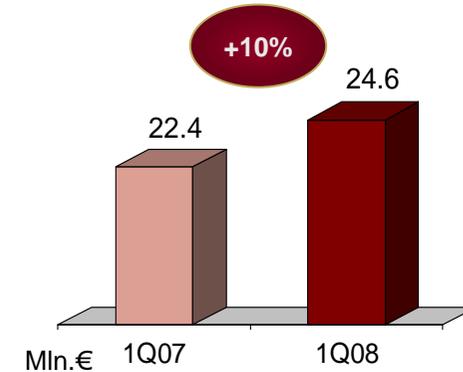
Leasing and Factoring (turnover) Flow



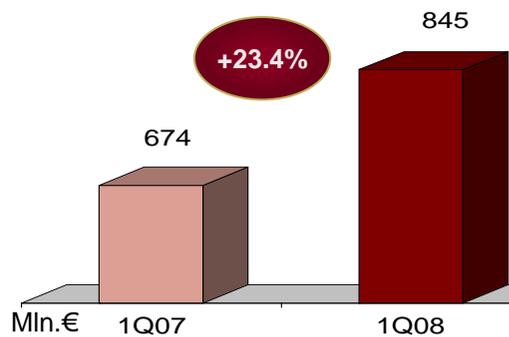
Leasing Business Mix Market share



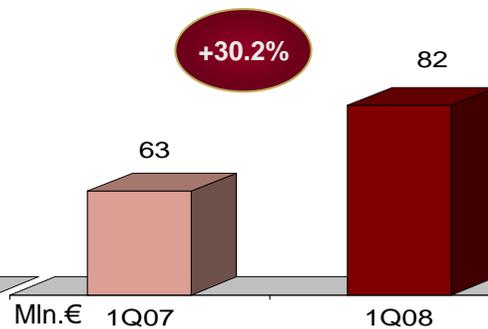
Basic Income MPS L&F



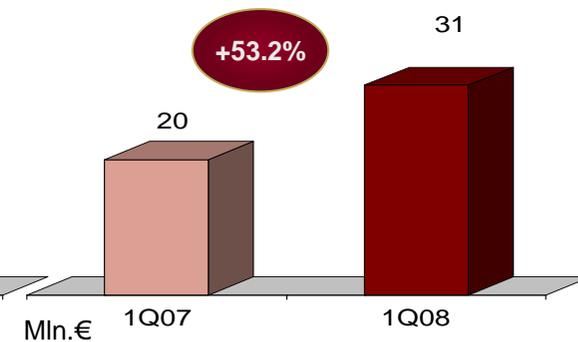
Credit Flows



Revenues



Net income



Agenda

- ✓ Profitability still driven by Recurring Revenues and Stringent Cost Control
- ✓ Ongoing commercial flows growth
- ✓ **Banca Antonveneta acquisition: first results and next steps**

Banca Antonveneta acquisition

Fund raising and Asset disposal

- ❑ Raising of Convertible (€1bn) and UT2 (€2bn) completed
- ❑ Capital increase still in progress, completion expected at the end of May
- ❑ Disposal of Banca M. Parma, Finsoe, AuM SGR, core and non core real estate in good progress
- ❑ All other disposals planned negotiations ongoing

IT integration

- ❑ IT integration of Banca Antonveneta into BMPS IT: efforts being made to complete it ahead of schedule

Banca Antonveneta

- ❑ Good recovery of commercial momentum in the last four months. Deposit inflows: € 2bn (+11% vs Nov 07), loans inflows: € 1.3bn (+5% vs Nov 07)
- ❑ First results of HR initiatives and requalification from BO to FO
- ❑ In 1H08 MPS Capital Service to open in Padua and Rome in June

Financing Overview

Financing Timetable

Funding Source	Amount (€bn)	Timing (launch)	Status	Cost
2008 Tier 1	0.95	8 April	✓	3M Euribor +425bps
Rights issue	approx. 5.00	28 April (launch)	On-going	n.a.
Tier 2*	2.00	14 April	✓	6M Euribor +250bps
Asset Disposal Bridge Loan Facility	up to 1.95	Documentation in place	On-going	1M Euribor +10bps

Key Dates

- May 12th** End of rights trading period
- May 19th** End of subscription period / value date of payment
- Shares trade ex-dividend
- App. 21st May** Delivery of new shares
- May 22nd** Dividend payment

* Upper Tier 2, retail offering.

Asset disposal timetable

<u>Asset</u>	<u>Book Value</u> <u>(€ mln)*</u>		<u>Status</u>	<u>Exp closing</u>
Non core real estate assets	306	Marinella	Meetings with bidders	1H08
		Fontanafredda	Currently waiting for binding offers from bidders	1H08
		V. Immobiliare	Exclusive negotiations in progress	1H08
		Via Normanni	Competitive bid in progress	1H08
Finsoe	293		-	1H08
Banca M. Parma	90		Exclusive negotiations in progress	1H08
MPS AM Sgr.	106		Currently waiting for binding offers from bidders	1H08
MPS Immobiliare	1,527		Preliminary contacts with possible partners started	3Q08
125 Branches	-		Disposal procedure being started following official request from Antitrust authorities	3Q08
NPL	-		Exclusive negotiations in progress	3Q08

* Figures at 1Q08.

IT integration: the first integration pillar



Activities implemented

- Organisation integration
- Migration of IT system
- Human resources

Task Force

1,400 resources
(including dedicated contact center of 100 resources)

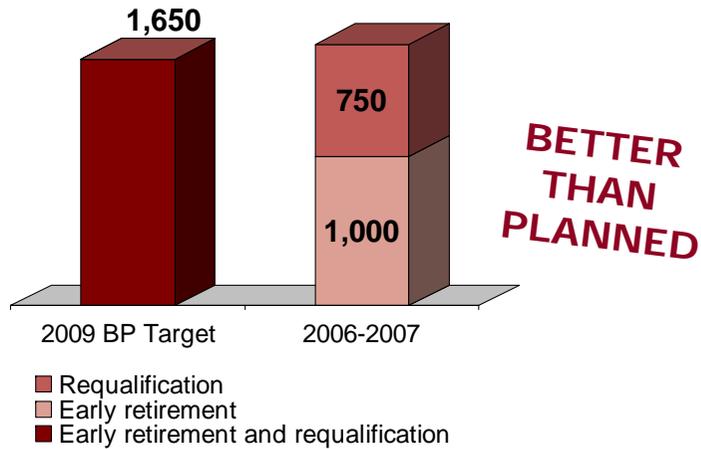
Expected Results

- Front-end and back-office system consistency
- Trading policy integration
- Cost and revenue synergies

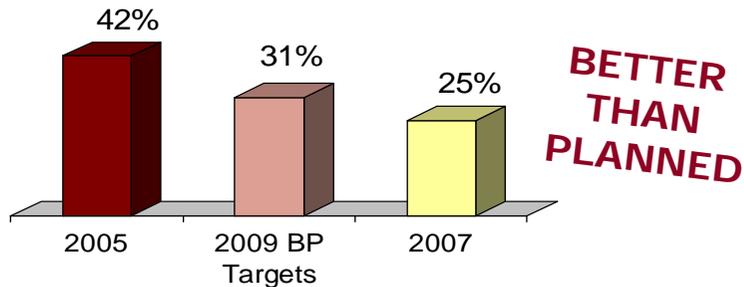
First results of HR manoeuvres

What we did.....

Early retirement and requalification



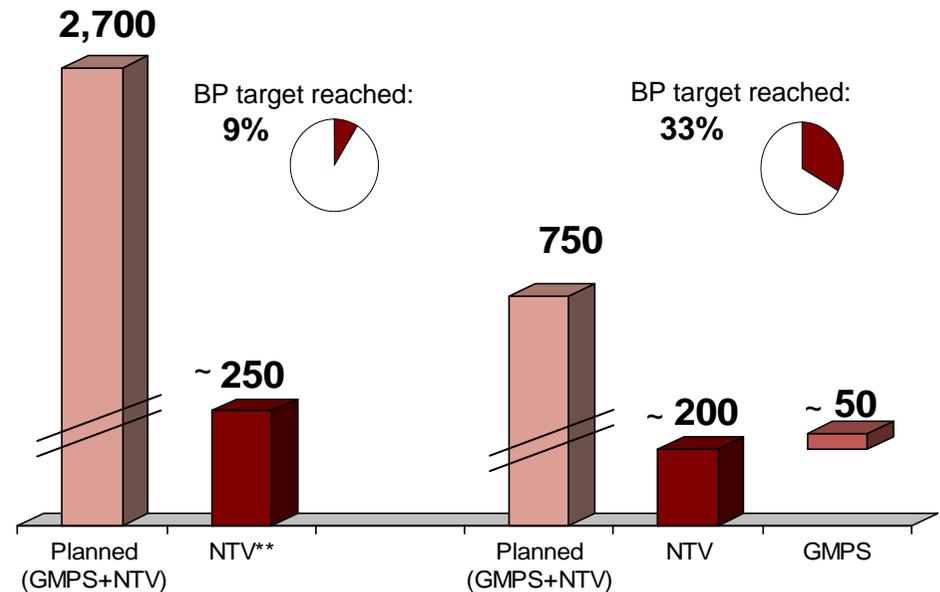
Back office/Front office Ratio*



* HQ Staff and Geographical Areas / Network Staff

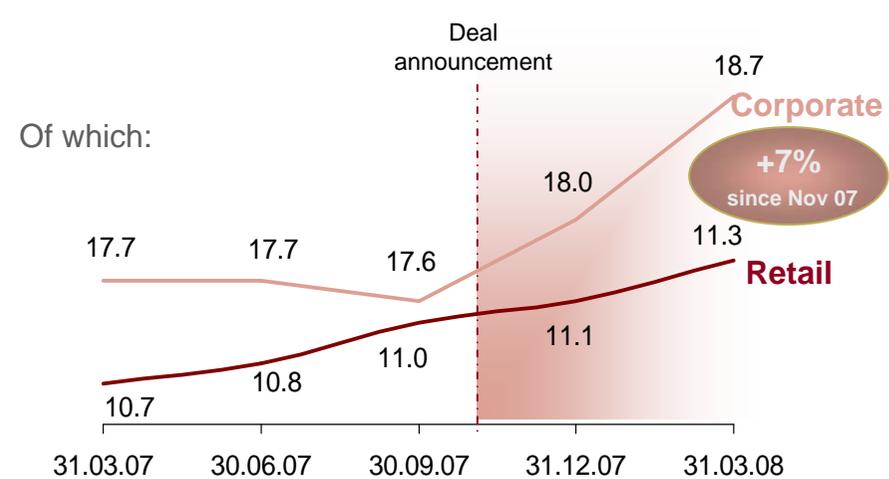
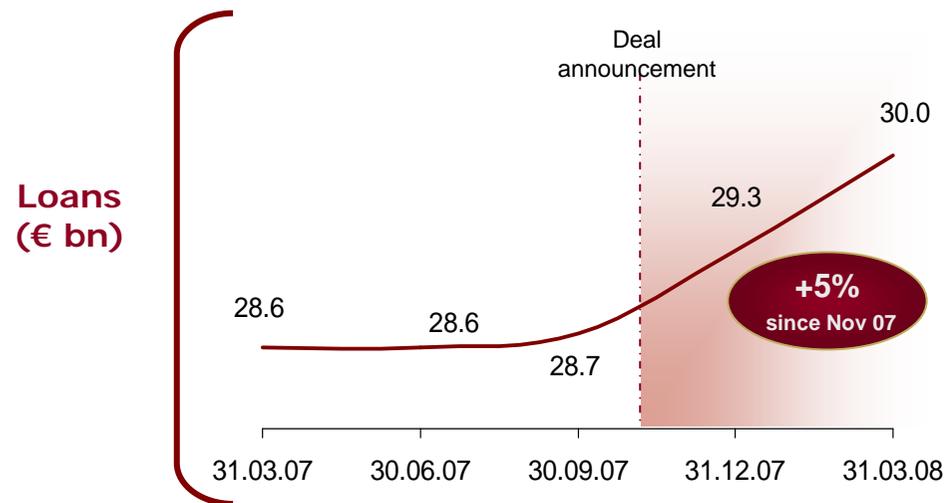
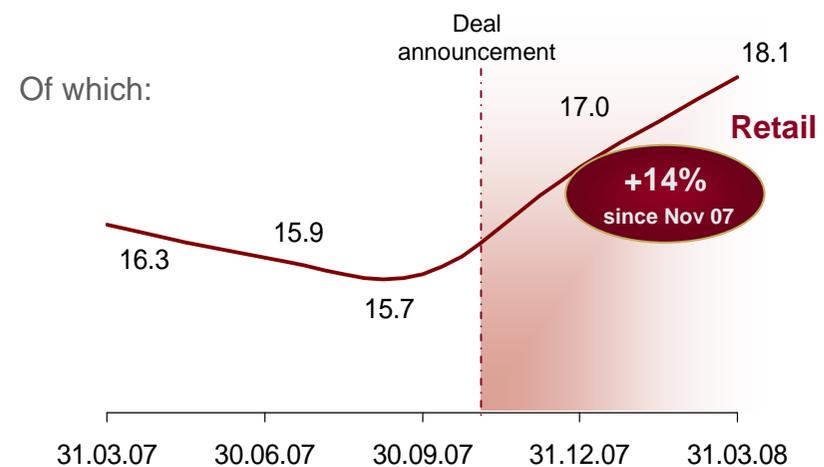
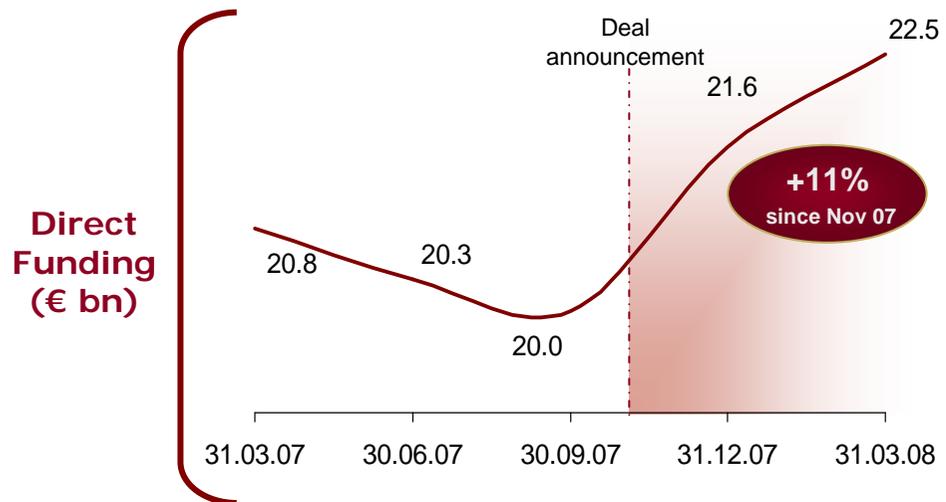
... and what we are doing

Incentivated Leaving



** People who joined the early retirement scheme will leave the Group before year end: GMPS will launch an early retirement scheme in Q208

Antonveneta commercial network. Commercial momentum is back



MPS Capital Services: opening soon in Padua and Rome



Crash programme in Triveneto

Goal

More focus and intensified commercial efforts to target business organizations in North-East Italy, starting right after the acquisition of NTV

To Be Achieved by..

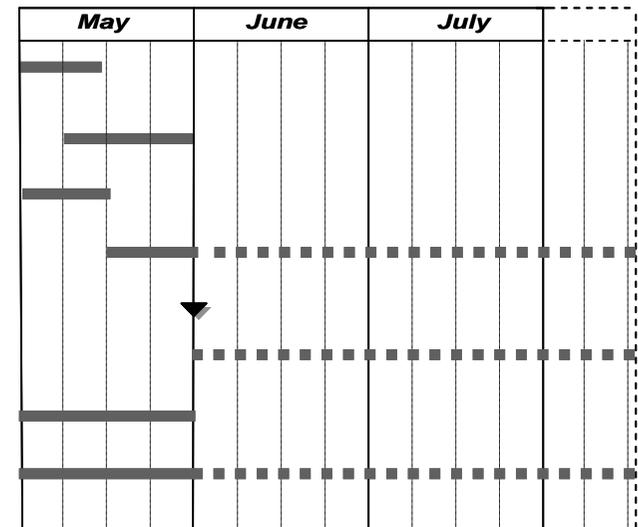
- ❑ Developing and operating a commercial structure that can support the sales of specialty products by Corporate Banking FAs in North-East Italy
- ❑ Contacting the 200-300 medium-large companies located in North-East Italy in order to develop business relationships with them quickly

Geographical presence



Timetable

	Action
Revamping the Group's commercial presence in the area	<ul style="list-style-type: none"> • Identification of target clients (Key Clients and 200 top SMEs) and targeted visiting schedules • Application of Parent Company's service model
Setting up a MPS CS/BAV Corporate B. task force	<ul style="list-style-type: none"> • Recruitment of FAs from network and Corporate Center staff and among MPS CS specialists • Establishment up of a staffed team made up of MPS CS salespeople and specialists. • Start of commercial activities in the area. • Involvement of MPS CS top management (CEO, GM's Office, Sales Manager's Office)
Developing all necessary drivers	<ul style="list-style-type: none"> • Negotiations to develop result-sharing methods and incentives. • Implementation of planning and control systems to monitor crash program progress.



Conclusion and outlook



Recurring revenues ongoing momentum make us confident on target posted



Commercial Momentum is picking up

Ready for Integration

Cost reductions will continue in the followings quarters

We keep strong attention on asset quality in a more difficult macro environment

Annexes

GMPS + Biverbanca P&L

Profit & Loss

(mln €)

	1Q07	2Q07	3Q08	4Q07	1Q08
Net Interest Income	729.0	732.7	751.5	826.7	810.6
Net Fees	400.8	392.5	374.5	388.8	382.0
Basic Income	1,129.8	1,125.2	1,126.1	1,215.5	1,192.6
Total Revenues	1,279.8	1,289.8	1,166.6	1,372.0	1,167.3
Loan Loss Provisions	111.0	124.4	115.5	222.1	127.0
Operating Costs	711.0	725.3	728.6	808.1	708.7
<i>Personnel expenses</i>	<i>451.8</i>	<i>449.3</i>	<i>458.6</i>	<i>536.9</i>	<i>451.5</i>
<i>Other adm. expenses</i>	<i>229.2</i>	<i>250.3</i>	<i>240.5</i>	<i>239.2</i>	<i>228.1</i>
<i>Depreciations</i>	<i>30.0</i>	<i>25.7</i>	<i>29.5</i>	<i>31.9</i>	<i>29.0</i>
Net Operating Income	453.5	447.3	317.4	306.5	262.2
Net Income	259.3	266.4	208.7	720.5	375.1

Recalculated considering Biverbanca results and the 2007 labour contract renewal (+€10mln in 1Q, + €10mln in 3Q and -€20mln in 4Q)

Contacts

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Declaration

In accordance with section 2, Article 154-bis of the Consolidated Law on Finance (TUF), the Financial Reporting Manager Daniele Pirondini, declares that the accounting information contained in this press release corresponds to documentary records, ledgers and accounting entries.