



An Italian story since 1472

## 1Q2009 Results Presentation



# 1Q2009 Results Highlights

- ❑ Revenues: +1.7% YoY\*
- ❑ Costs: -5.4%\*
- ❑ Net income: €301 mln
- ❑ Direct funding: +3.5% of which Commercial Network +9.7% YoY
- ❑ Loans: +4.7% YoY
- ❑ WM flows: € 6.4bn (+87% YoY)
- ❑ Shareholders Equity: +c1.3% vs Dec 08; +6.1% vs Jun 08 (+€900mln)

## 1Q09 Profit & Loss (mln €)

	1Q09	1Q08*	1Q09/1Q08*	1Q09/4Q08
Net Interest Income	1,013.1	1,014.6	-0.2%	-5.3%
Net Fees	394.7	462.6	-14.7%	-0.7%
Basic income	1,407.8	1,477.2	-4.7%	-4.1%
Trading	47.8	-24.6	n.m.	n.m.
Dividends and other revenues	27.7	5.5	n.m.	n.m.
Total Revenues	1,483.3	1,458.0	1.7%	17.4%
Operating Costs	889.8	940.9	-5.4%	-15.7%
Personnel costs	574.4	598.7	-4.1%	-12.0%
Other admin expenses	277.4	302.6	-8.3%	-24.2%
Loan Loss Provisions	286.6	216.1	32.6%	-32.4%
Provisions on financial assets	17.8	3.9	n.m.	n.m.
Net Operating Income	289.1	297.2	-2.7%	n.m.
Integration costs	4.3	-	n.m.	n.m.
Taxes	135.9	96.4	41.0%	n.m.
Gains from asset disposals	193.8	9.2	n.m.	n.m.
Purchase Price Allocation	33.3	-	n.m.	-6.8%
Net income	300.6	135.2	n.m.	+6.6%

# Revenues, Volumes and Margins

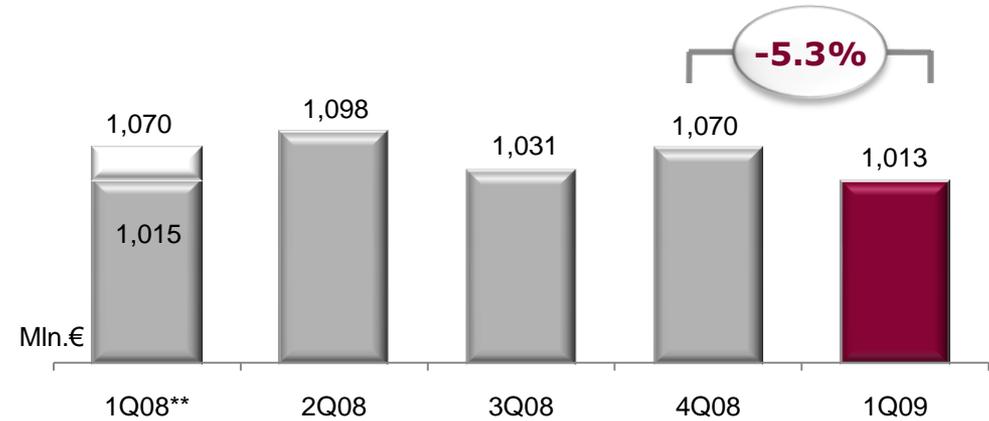
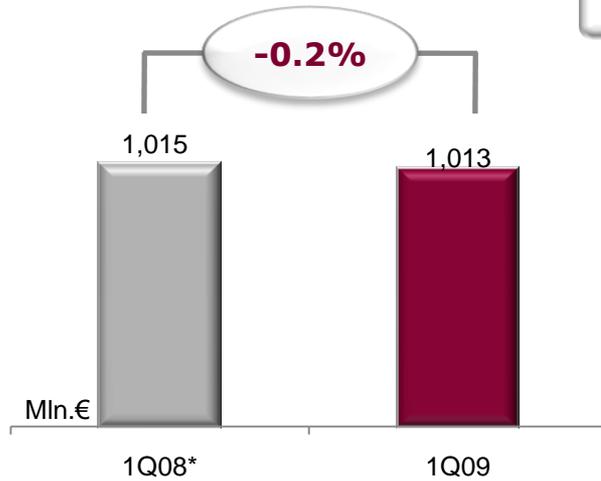
## MPS commercial strength confirmed:

- ❑ Resilient profitability: NII: -0.2% YoY\* and Total Revenues: +1.7% YoY
- ❑ Direct Funding (Commercial Network): +9.7% YoY and Loans: +4.7% YoY
- ❑ WM flows at € 6.4 bn (+87% YoY)

## BAV Results Highlights:

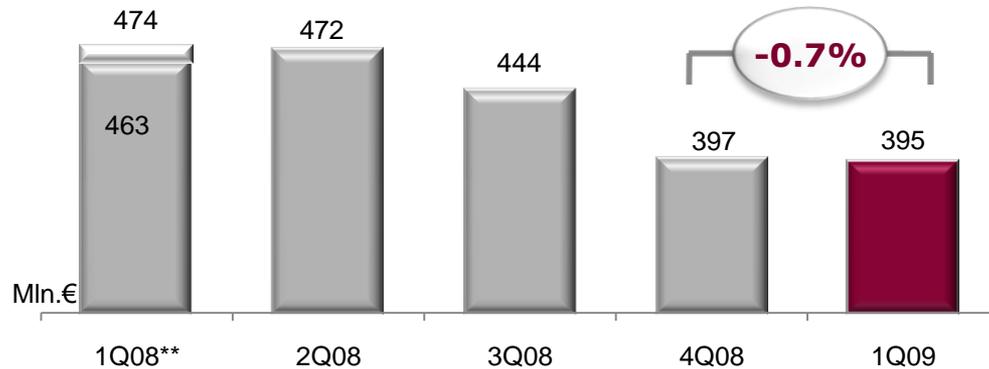
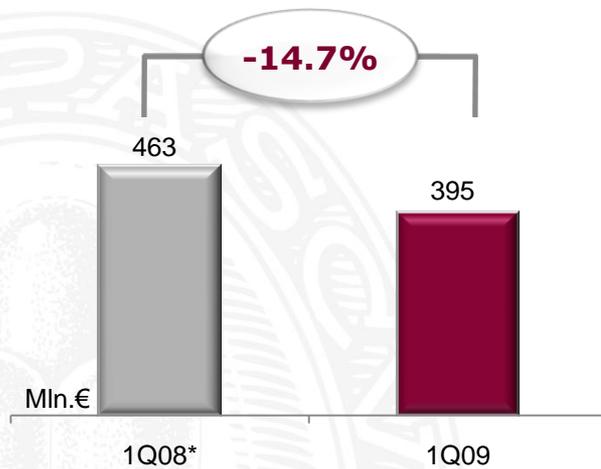
- ❑ Net profit (pre PPA) at € 28 mln, with Total revenues at € 163 mln and C/I at 51%
- ❑ Good commercial flows: Direct funding >+10%YoY and Loans flat YoY

## Net interest income



▣ Effect related to the new perimeter

## Fees



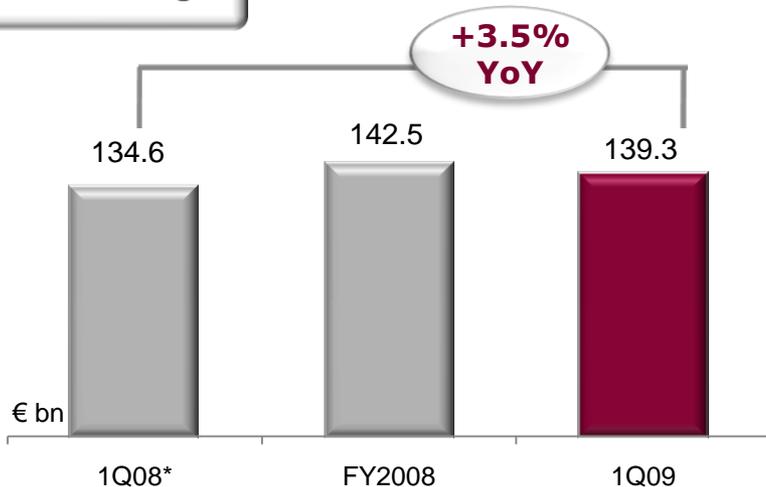
▣ Effect related to the new perimeter

\* Restated according to the new perimeter of Gruppo Montepaschi (MPS AM, Intermonete, cost of funding)

\*\* Reported figures

# Direct Funding Volumes

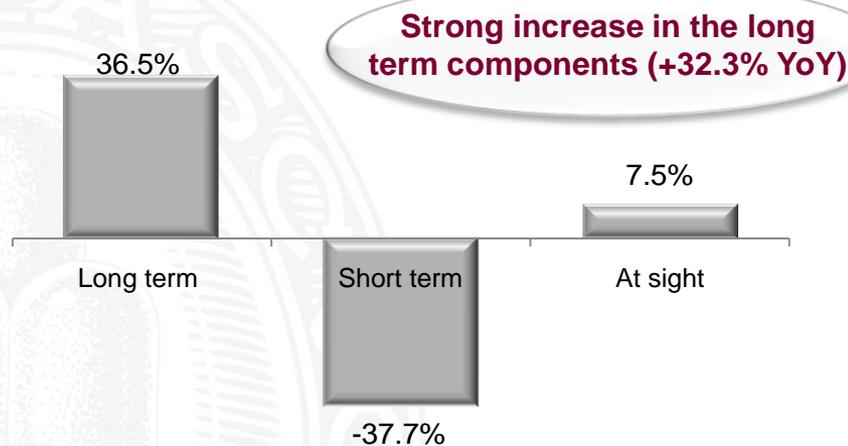
## Direct Funding



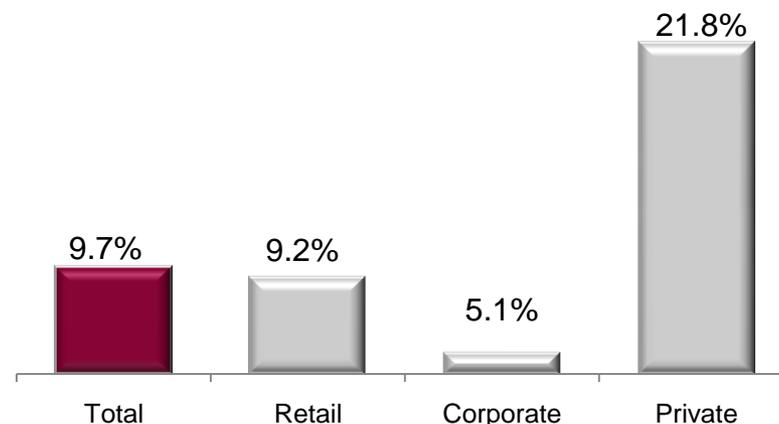
## Direct Funding (Commercial Network)



## Direct Funding Breakdown by Maturity (Commercial Network)

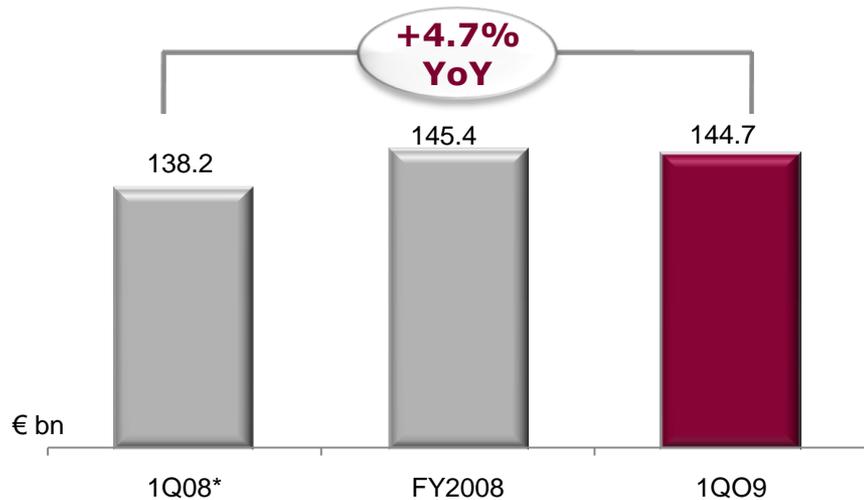


## Direct Funding growth (Commercial Networks)

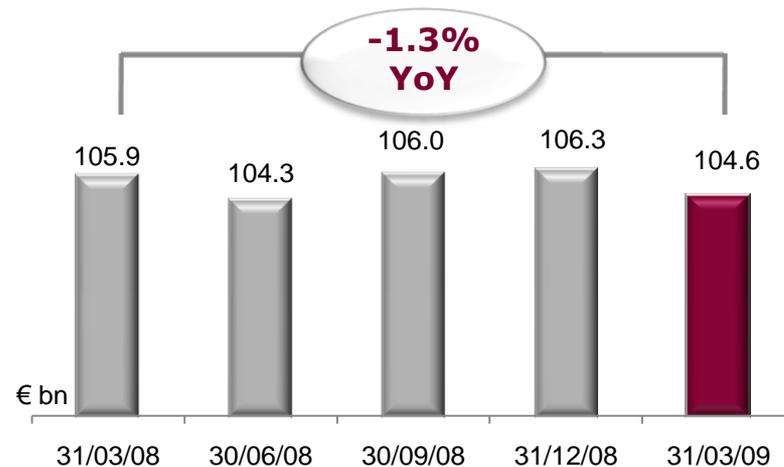


\* Including BAV

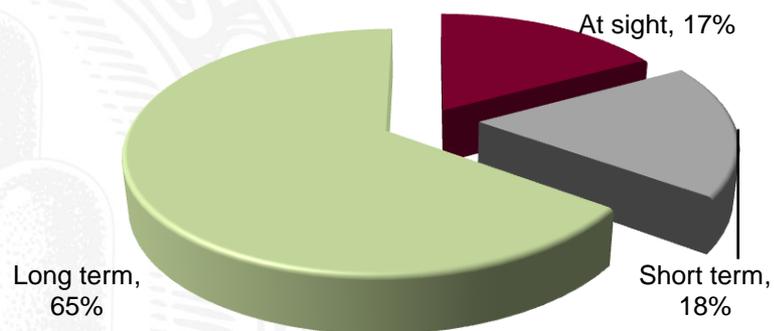
### Total Lending



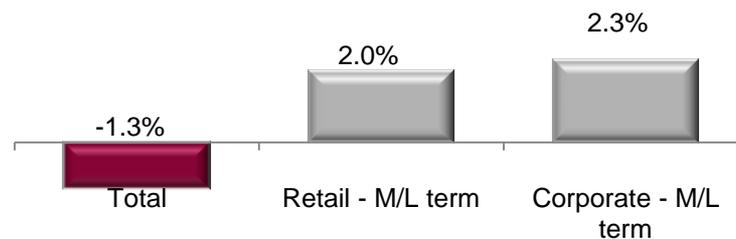
### Lending (Commercial Network)



### Lending Breakdown by Maturity (Commercial Network)

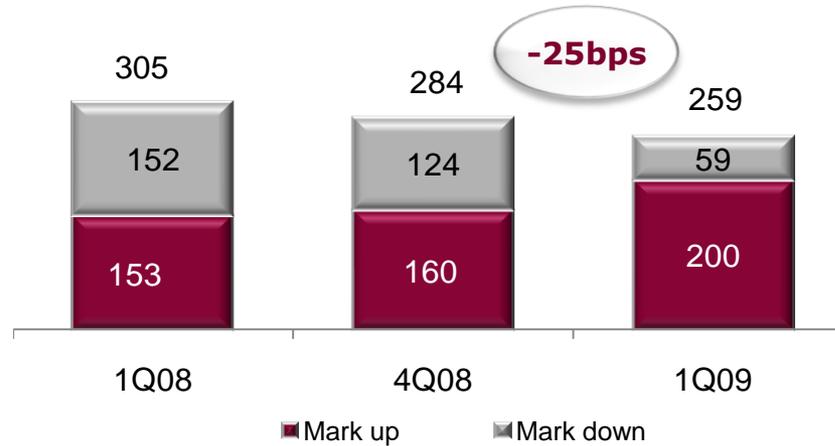


### Lending growth (Commercial Network)

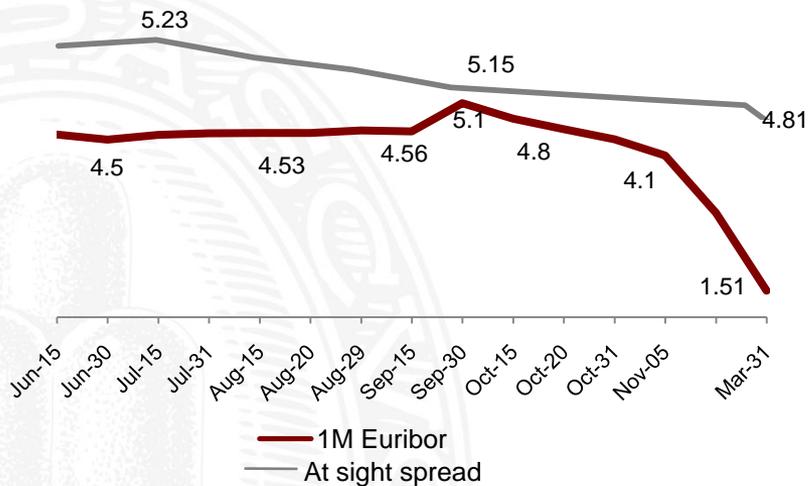


\* Including BAV

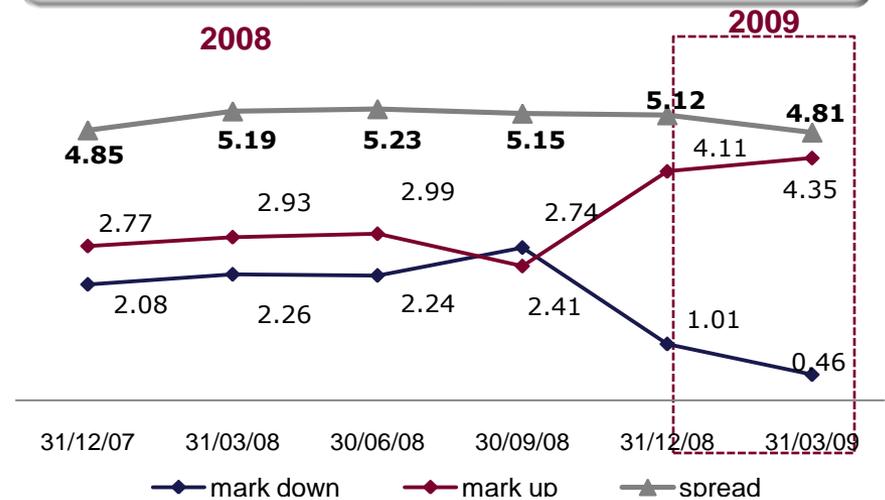
## Total spread (avg) (Commercial Network)



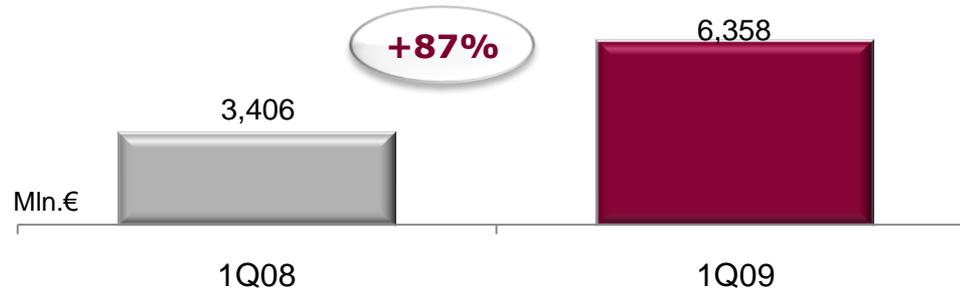
## Short term rates (M Euribor) and MPS at sight spread



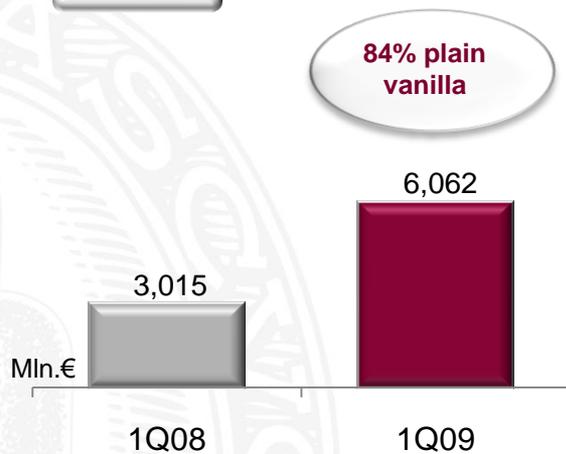
## GMPS Commercial network : at sight Mark up and Mark down



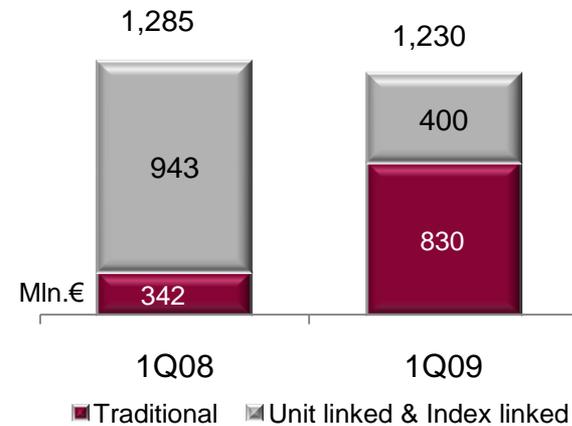
## WM Flows (Bonds, Bancassurance and Mutual Funds)



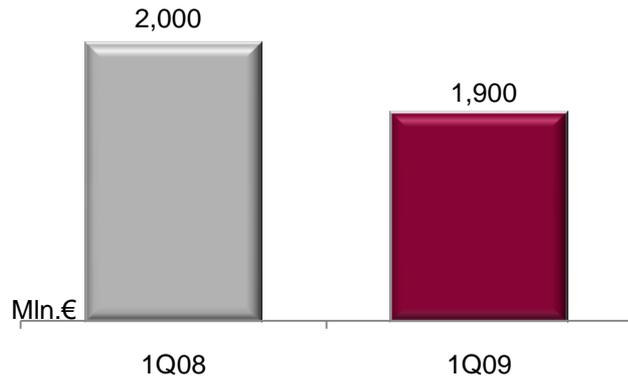
### Bonds



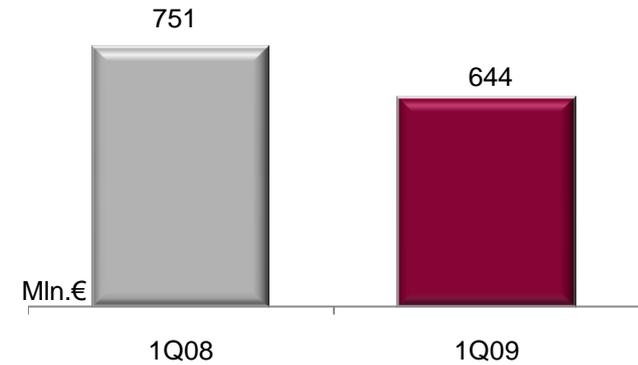
### Bancassurance



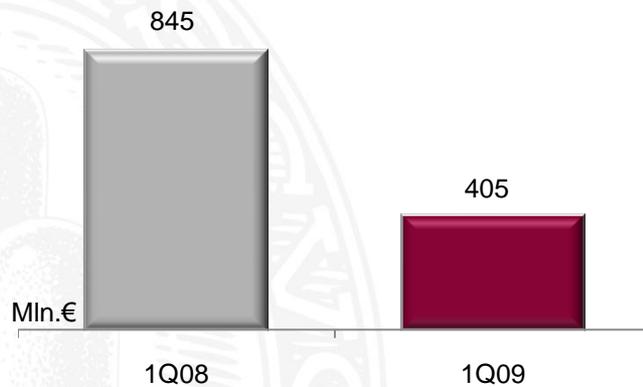
## Mortgages



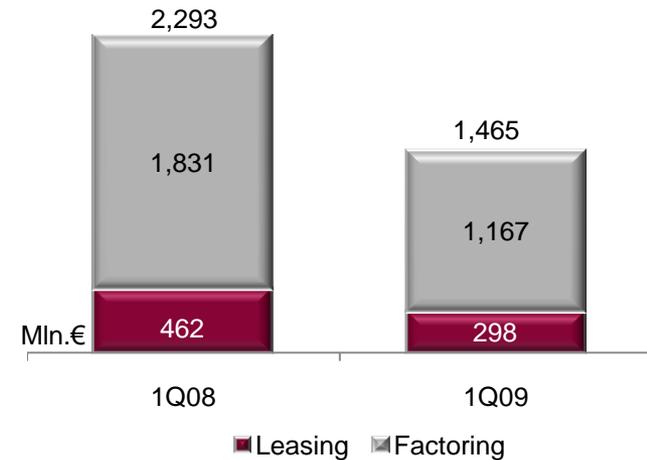
## Consum.it flows



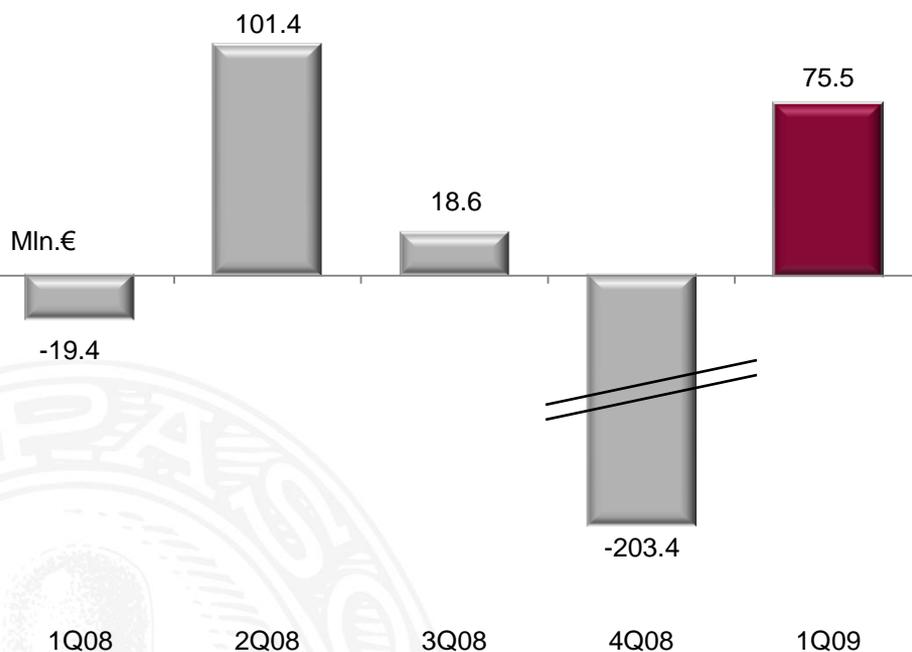
## Capital Services flows



## Leasing & Factoring flows



## Other revenues



### Details of 1Q09 Other revenues

€ mln

Dividends and other income from equity investments

21.2

Net results from trading/valuation of fin. asset

47.8

Net gains from hedging

6.5



## P&L (€ mln)

	1Q09
<b>NII</b>	<b>127.7</b>
<b>Fees</b>	<b>35.5</b>
<b>Total Revenues</b>	<b>163.3</b>
<b>LLP</b>	<b>32.1</b>
<b>Operating Cost</b>	<b>84.1</b>
<b>Net Profit (pre PPA)</b>	<b>27.9</b>

## Key indicators

	1Q09
<b>C/I</b>	<b>51%</b>
<b>Direct funding growth (YoY)</b>	<b>Double digit</b>
<b>Loans growth (YoY)</b>	<b>Flat</b>

## Doubtful loans (31.03.09 vs 31.12.08)

<b>NPL</b>	<b>+6.3%</b>
<b>Past due</b>	<b>-19.6%</b>

## Commercial flows (vs Budget)

<b>Bond</b>	<b>+31%</b>	<b>c €800 mln</b>
<b>Mortgages</b>	<b>+23%</b>	
<b>Consum.it</b>	<b>+5.5%</b>	
<b>Hedging products</b>	<b>+190%</b>	

# Costs

## Cost reduction trend going on:

- ❑ Total operating cost: -5.4% YoY\* and -15.6% QoQ
- ❑ C/I at 60% vs 66% of Dec 08

## Personnel:

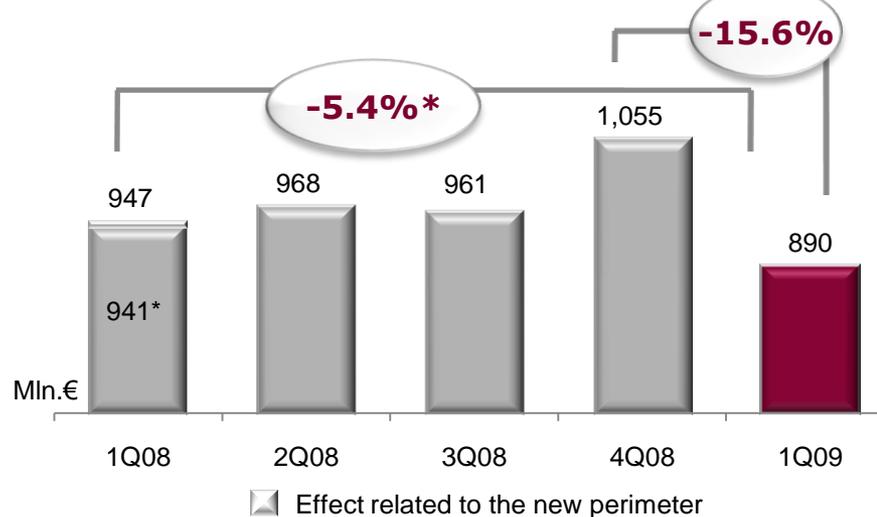
- ❑ BP targets completely achieved: 1,220 net exits since Dec 2007, of which c270 in 1Q09
- ❑ Reinforcement of Front Office: FO/Total Staff at 64%

## Other Admin Expenses:

- ❑ € 63 mln of cost synergies already met vs € 115 mln planned for 2009

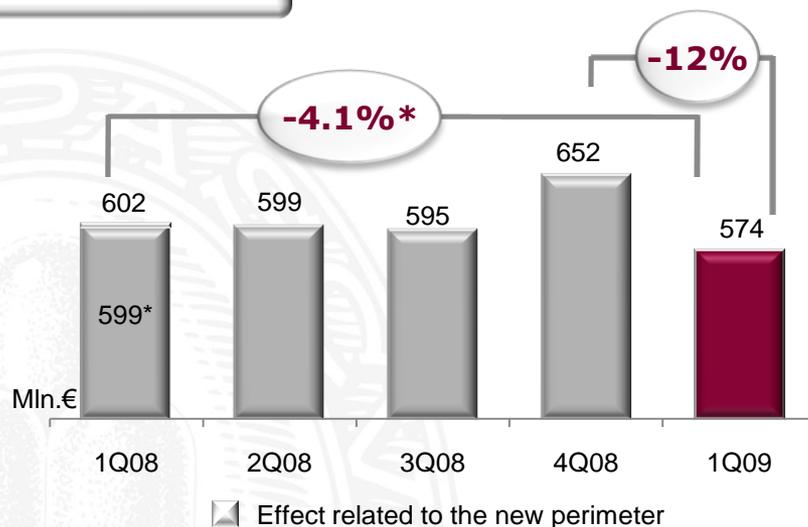
# Strong and sustainable reduction of costs

## Operating Costs

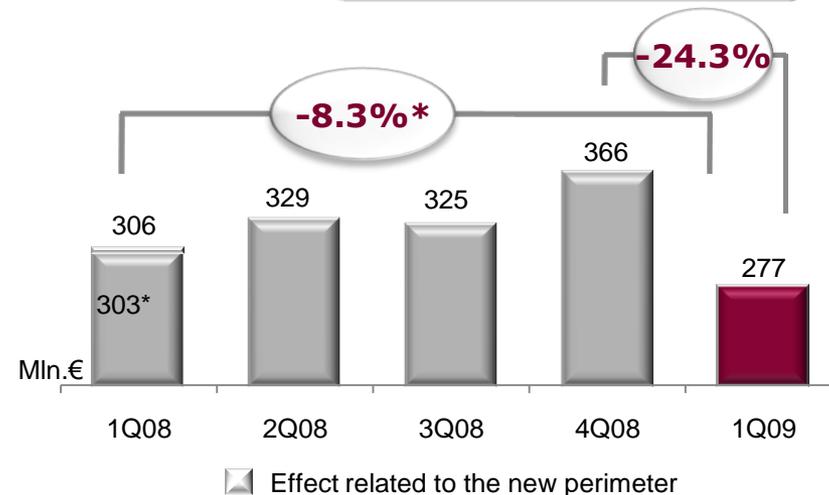


**C/I 60% vs  
66% Dec 08**

## Personnel Costs

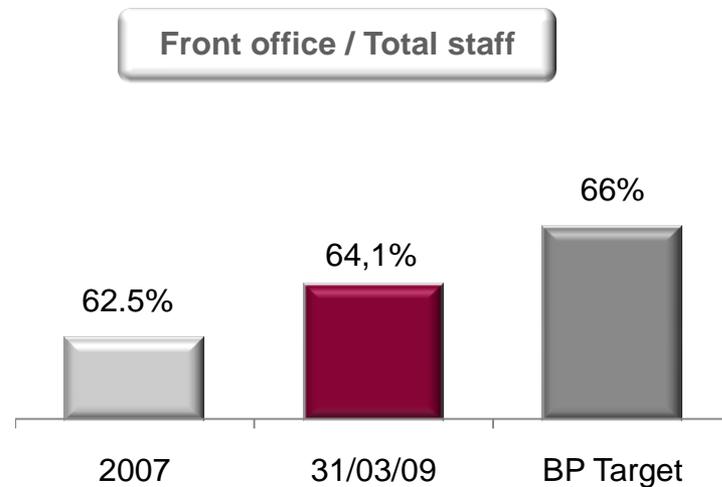
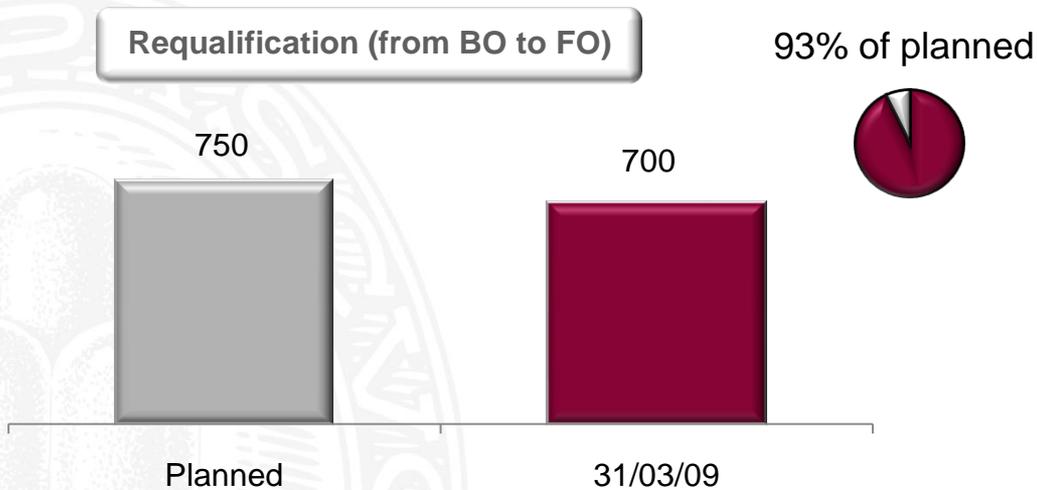
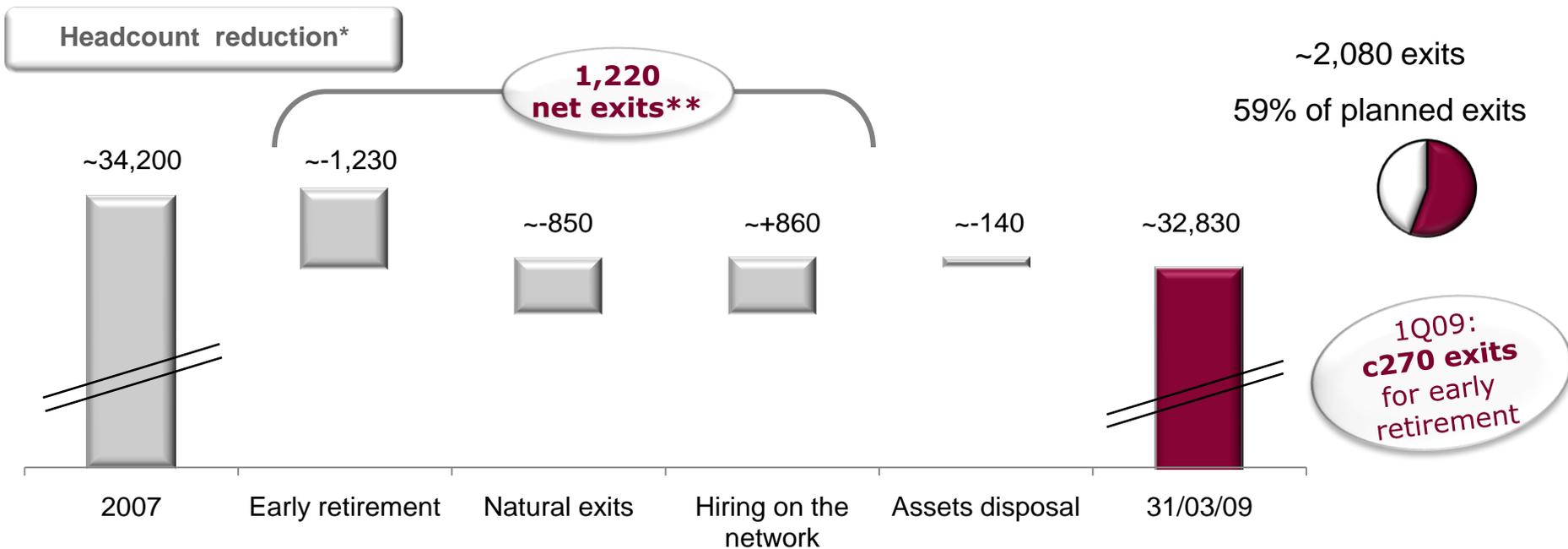


## Other Administrative Costs



\* 1Q08 restated according to the new perimeter of Gruppo Montepaschi (MPS AM, Intermonte, cost of funding). With the reported figures the changes are: operating costs -6%, personnel costs -4.7%, other administrative costs -9.5%.

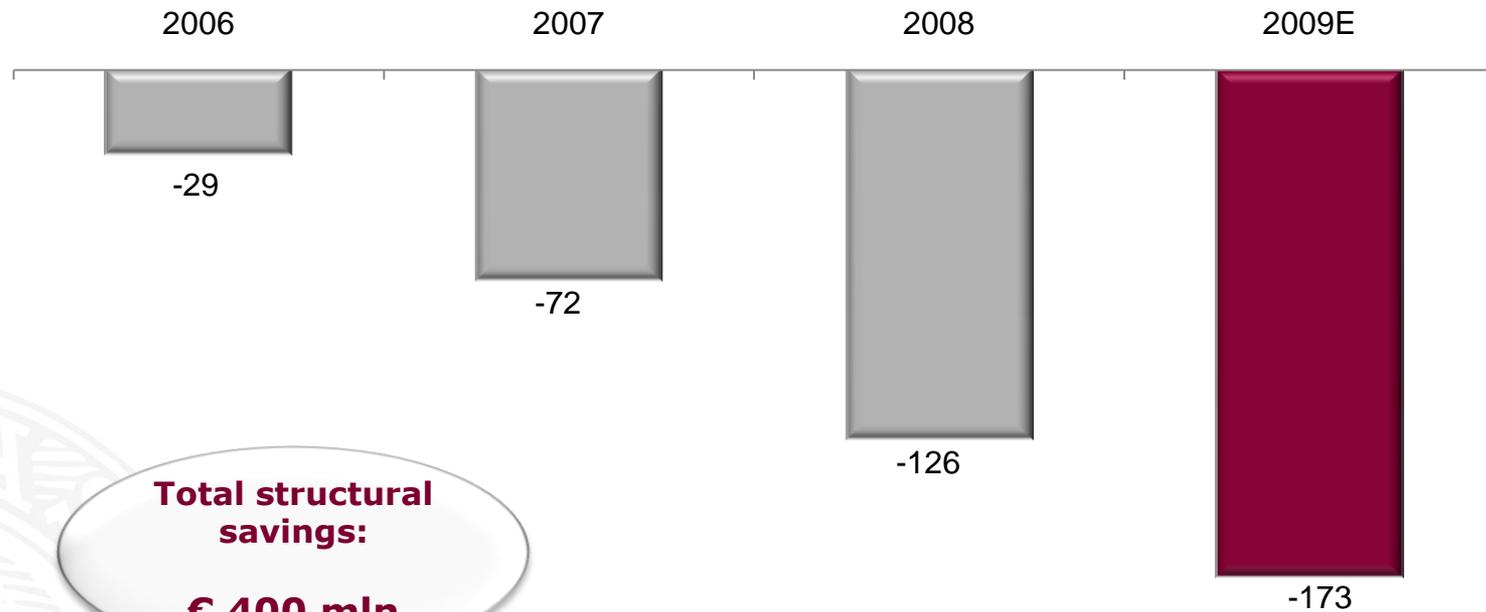
# Headcount reduction ahead of schedule



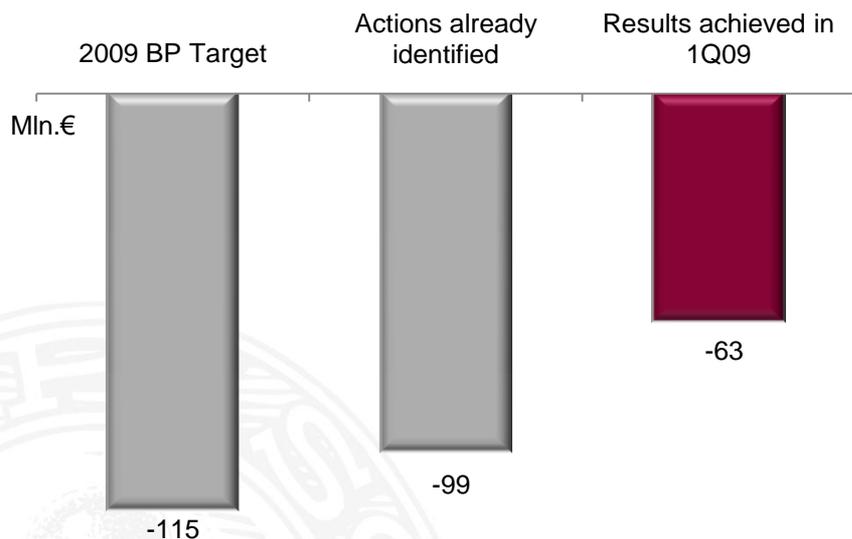
\* FTE. 2007 figures include Antonveneta (9383) and Biver (696)

\*\* Pre asset disposal; 1,360 net exits post asset disposals (SGR, Intermonte, AAA SGR)

## Structural savings in staff costs (€ mln)

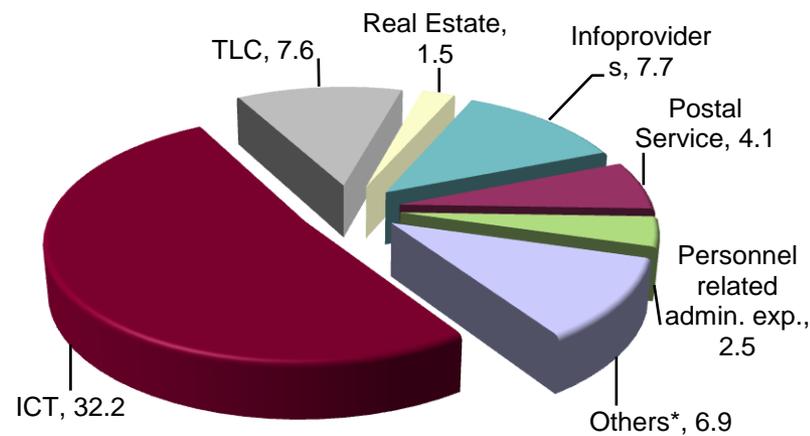


2009 Other Admin expenses: results achieved and actions identified vs 2009 BP Target



55%  
of 2009  
BP Target

Savings Breakdown



\* Includes: logistic, legal, cadastral surveys, security, insurance.

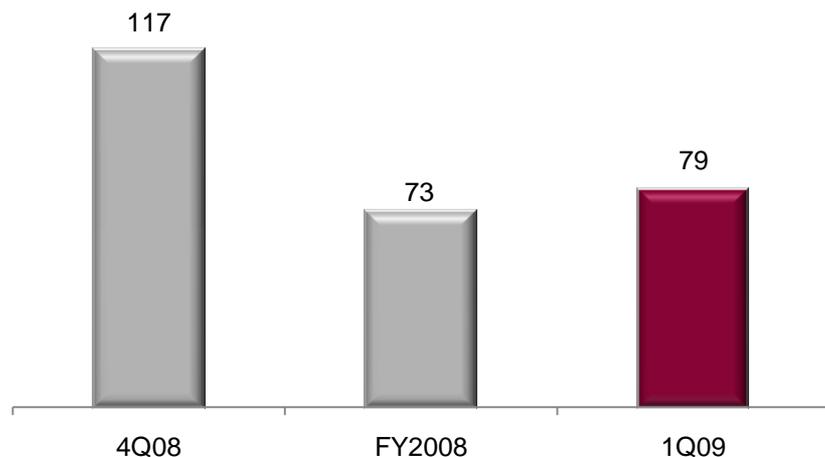
# Asset quality

## Cost of Credit:

- ❑ **LLP at 79bps vs 117 bps in 4Q08**
- ❑ **Impaired Loan flows (monthly avg): € 164 mln vs € 240 mln in 4Q08 and € 101 mln in 3Q08**

# Provisions affected by market turmoil

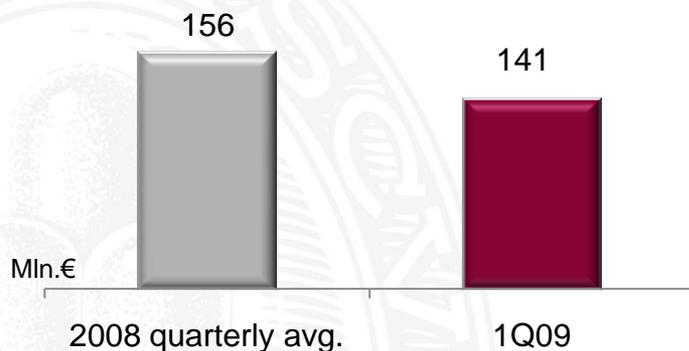
Provisions (bps)



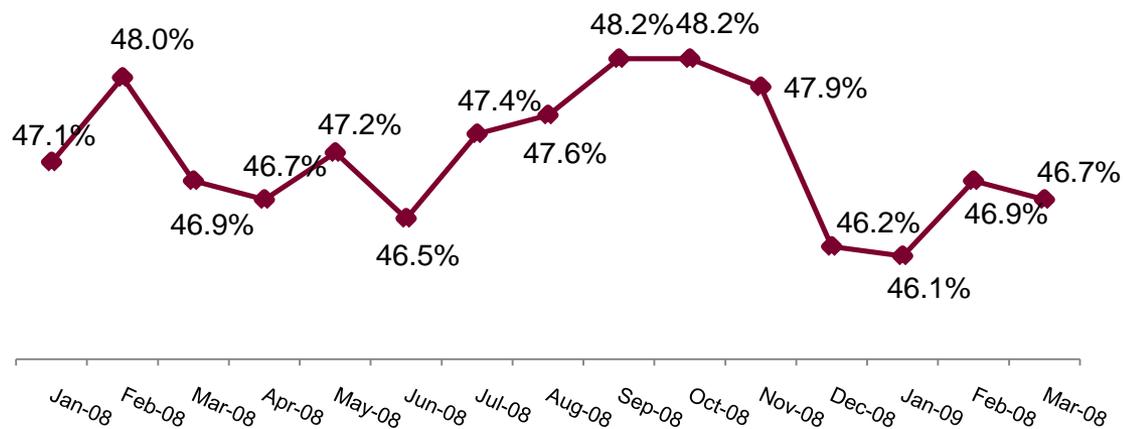
NPL and Watchlist stocks (€ mln)

	Gross	Net
<b>NPL</b>	<b>9,017</b>	<b>3,993</b>
Change vs Dec 08	+7.7%	+10.5%
<b>Watchlist</b>	<b>3,414</b>	<b>2,681</b>
Change vs Dec 08	+3.8%	+4.0%

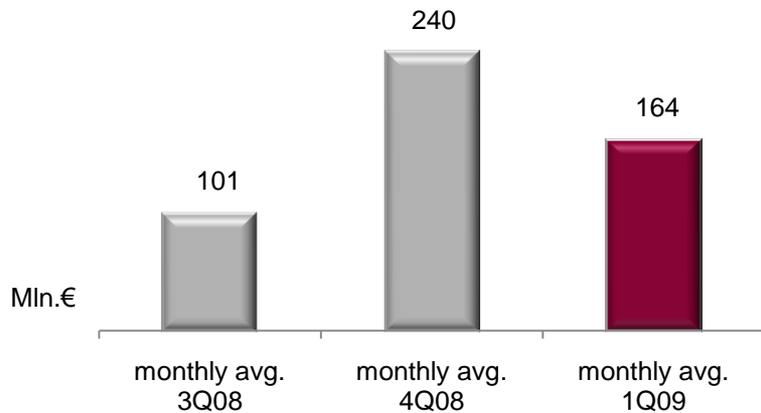
Recovery Flows



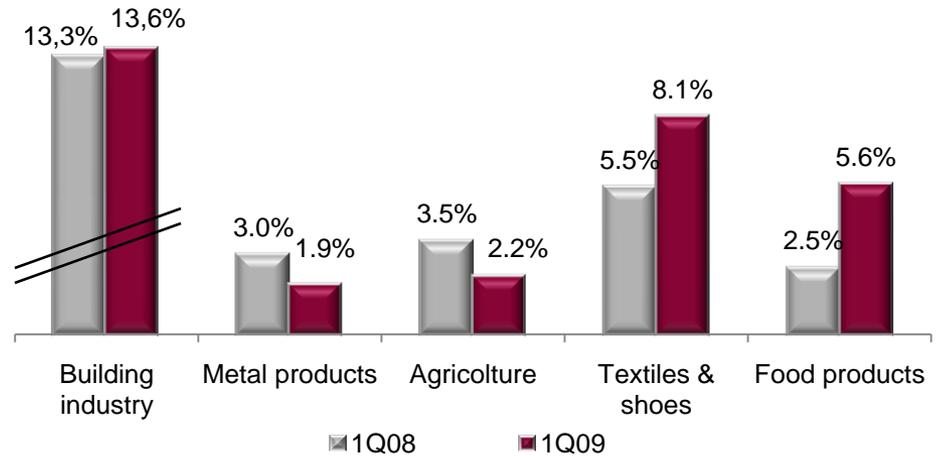
Drawn/Undrawn ratio



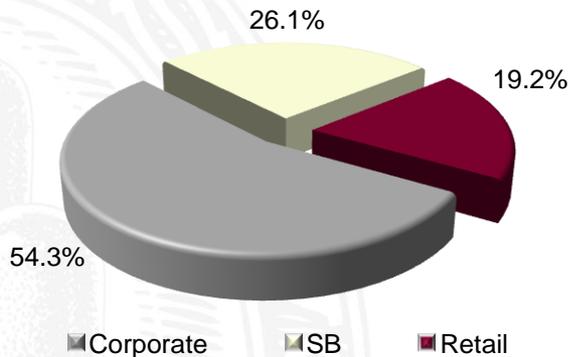
Doubtful monthly flows\*\*



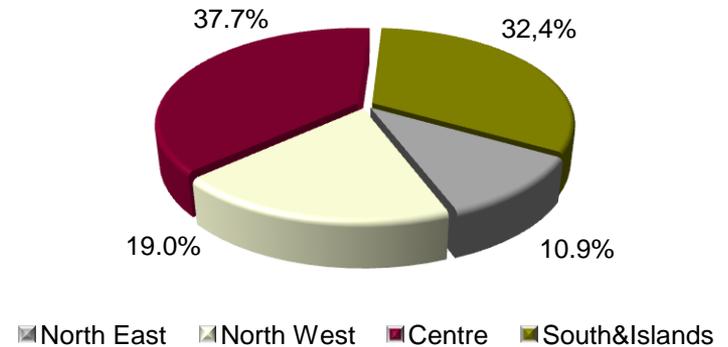
Doubtful flows: breakdown by economic activity



Doubtful flows: breakdown by type of customer



Doubtful flows: breakdown by geographical areas



\* Watchlist and "Partite in amministrazione speciale"

\*\* Ex MPS Capital Services and Biver

# Liquidity and Capital

## Liquidity position under control:

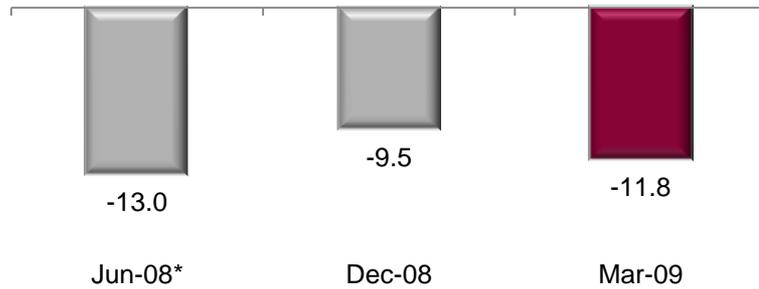
- ❑ Counterbalancing capacity at € 7.5 bn (as of mid April)
- ❑ € 2.9 bn wholesale maturity in 2009, of which € 1 bn financed with the recent senior non-guaranteed issue

## Tangible Book Value

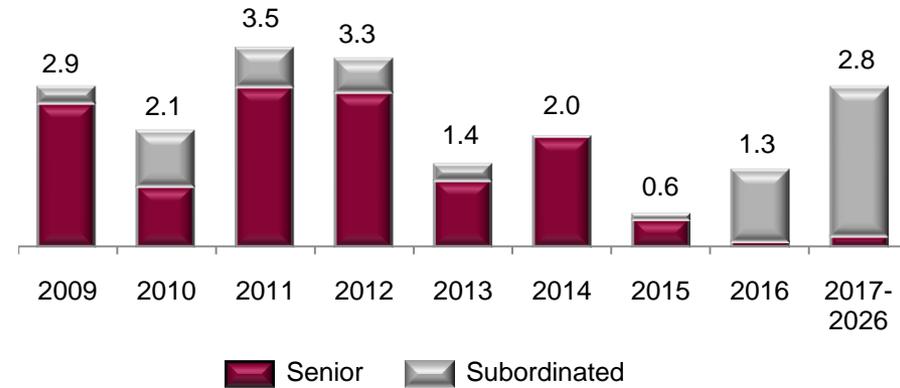
- ❑ Tangible Book value, pre T-Bonds, increased 1.3% QoQ and 6.1% vs June 2008
- ❑ Tangible Book value (net of goodwill) at € 8.4 bn (€ 1.3 per share) with c3% increase vs Dec 2008 and 28% vs June 2008

# Liquidity Position Under Control

Interbanking Exposure (€ bn)



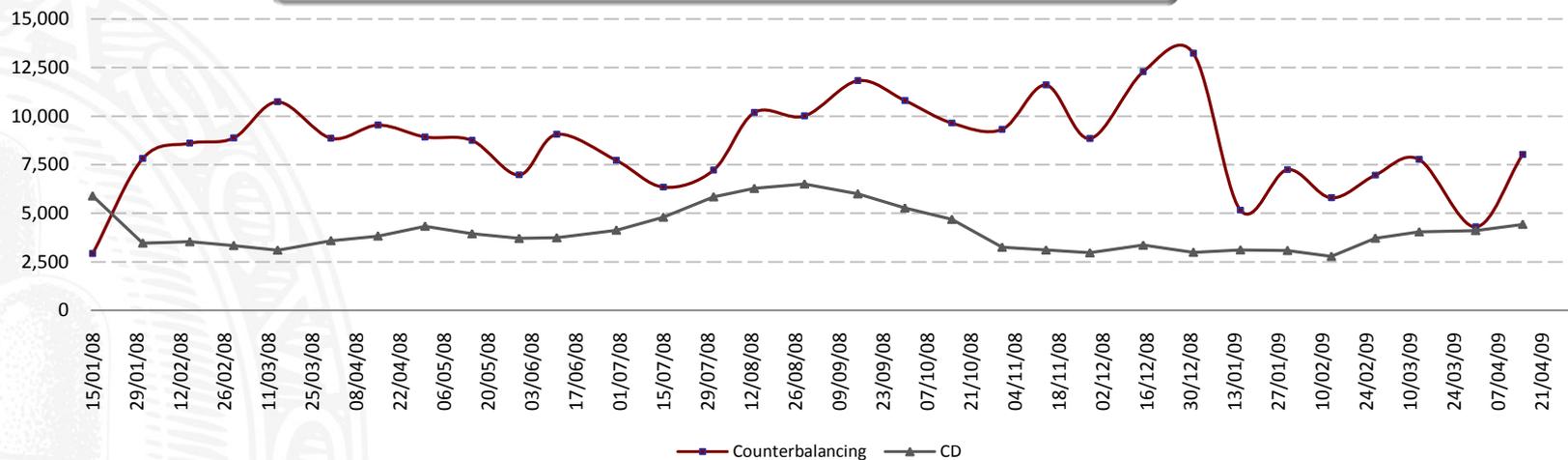
Bond Maturity (€ bn)



□ Funding policy aimed at taking advantage of low rate funding opportunities (ECB operations) instead of more expensive wholesale funding

□ € 2.9 bn wholesale maturity in 2009 (most in 2H), of which € 1 bn financed with the recent senior non-guaranteed issue

CD Programme and Counterbalancing Capacity\*\* (€ mln)

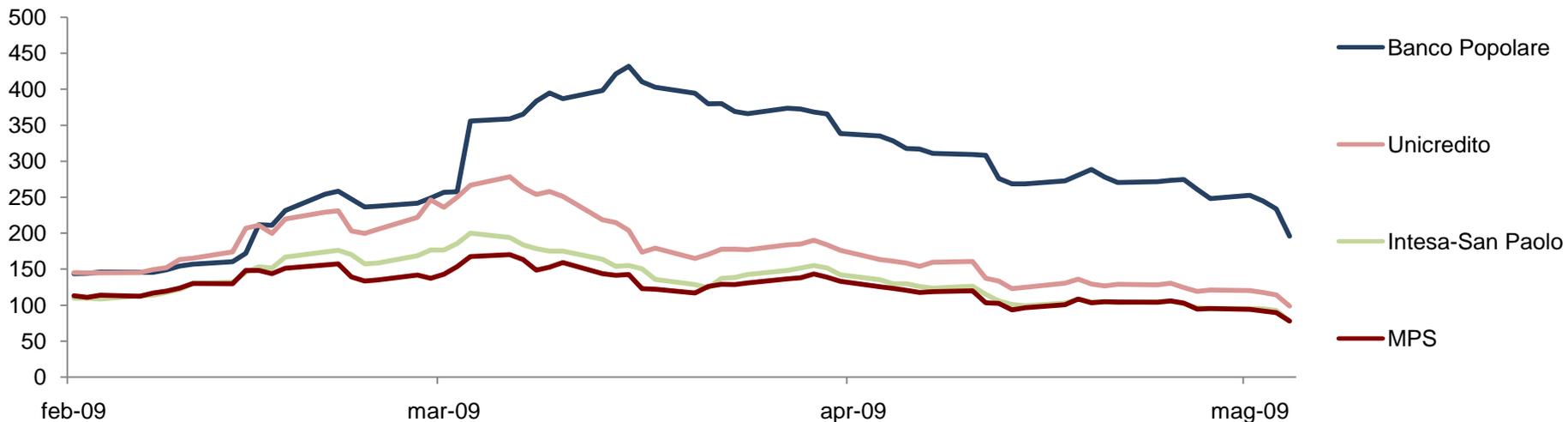


\* Exposure affected by BAV acquisition

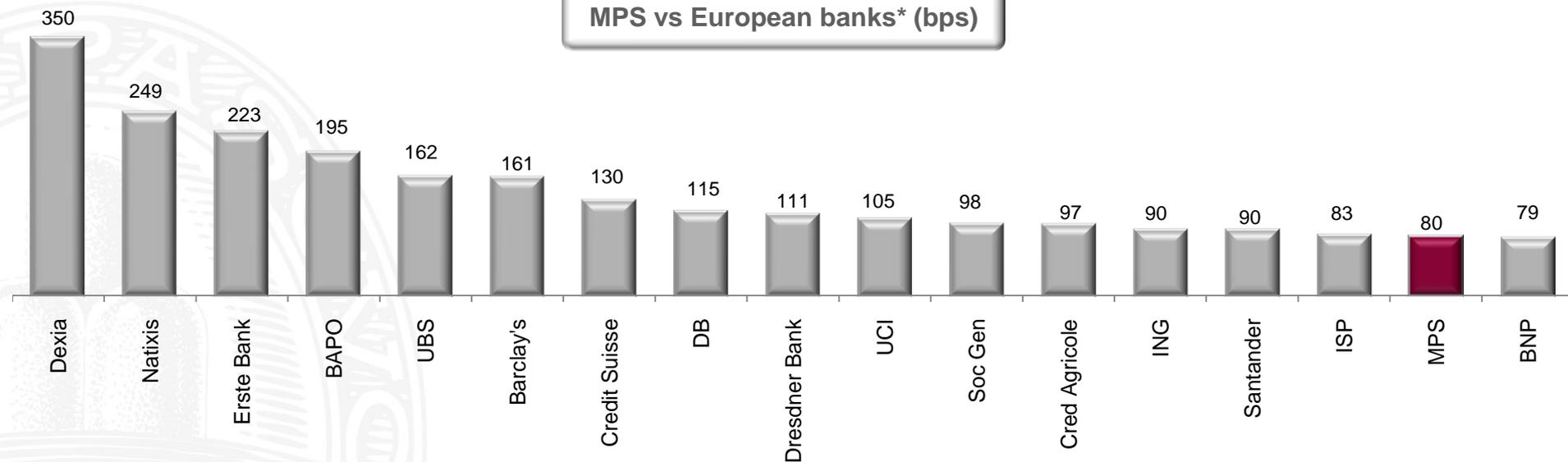
\*\* The Counterbalancing capacity is the total amount of assets immediately disposable in order to face liquidity needs

# One of the lowest european risk profile: CDS (5YSenior)...

MPS vs Italian banks\* (bps)

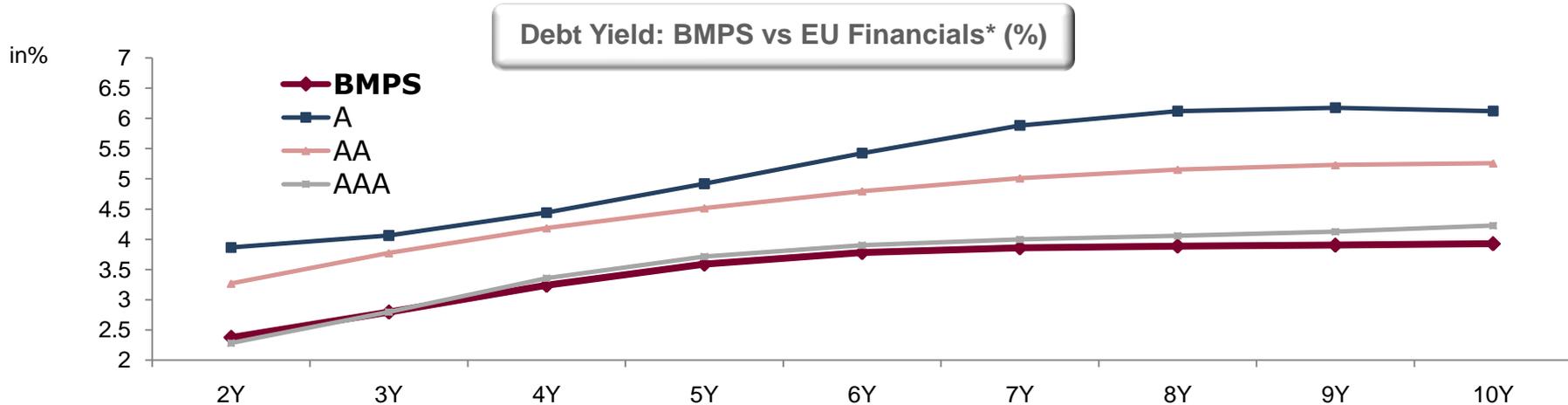


MPS vs European banks\* (bps)

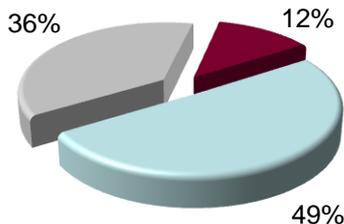
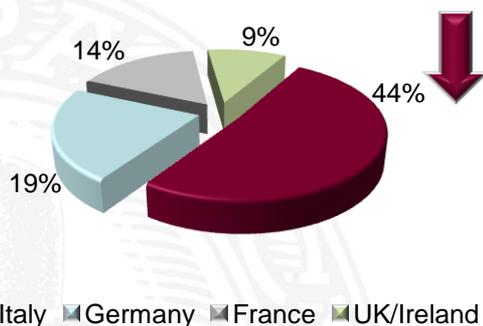


\* Price at 05/08/09

# ...also in the fixed income mkt as showed by our last senior non –guaranted transaction



Launch Date	Amount Senior Transaction	Maturity	Coupon	Spread	Issue Price
04/23/09	€1 bn	04/30/2014	4,75%	m/s +205 bps	99.522%



Fund Manager  
 Banks  
 Insurance/Pension Fund

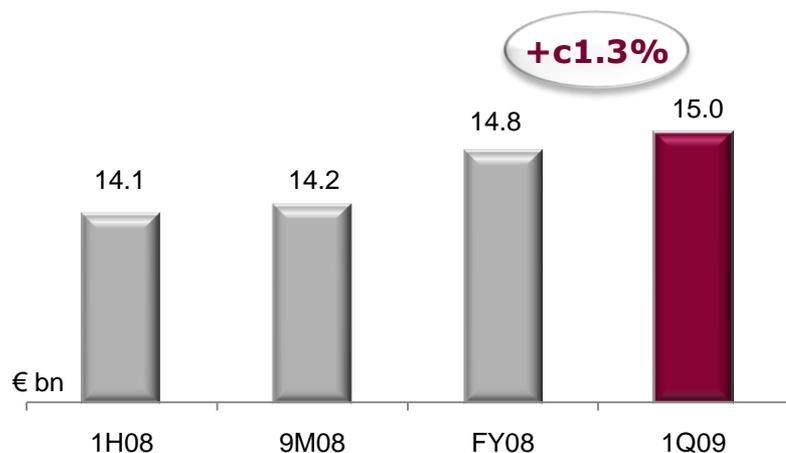
***In line with best rated (AA- AAA) competitors***

Source: Thomson Reuters

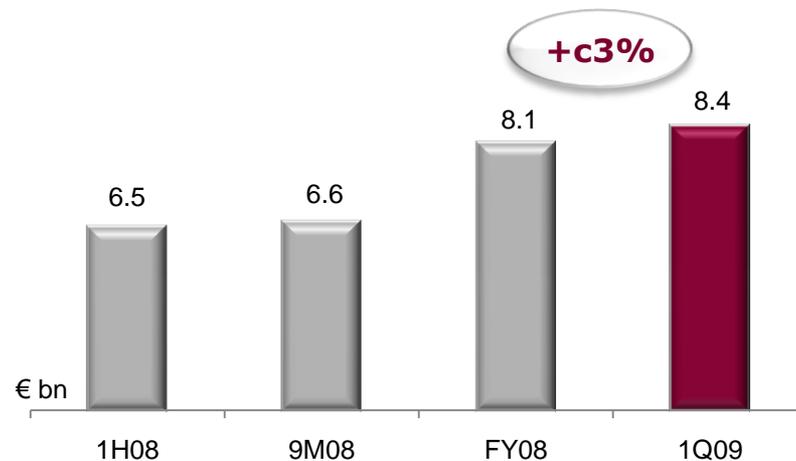
\* The graph above highlights the difference between return curves by BMPS compared to return curves for the European financial industry broken down by rating classes: A, AA, AAA. The curves show the return of underlying bonds and therefore it is possible to monitor their trends with respect to trends in loans. BMPS return curve is built according to the following conditions: 1) Bonds must have at least 100 millions of amount outstanding and maturity longer than 1 year, they have to be plain vanilla excluding Sovereign Government Bonds. 2) The return is calculated using the least square method. 3) The financial industry return curves are based on the latest most traded bonds, selected according to specific criteria (ratings) and their realtime prices according to RTFI (Reuters Trading for FI).

# Monitored capital position

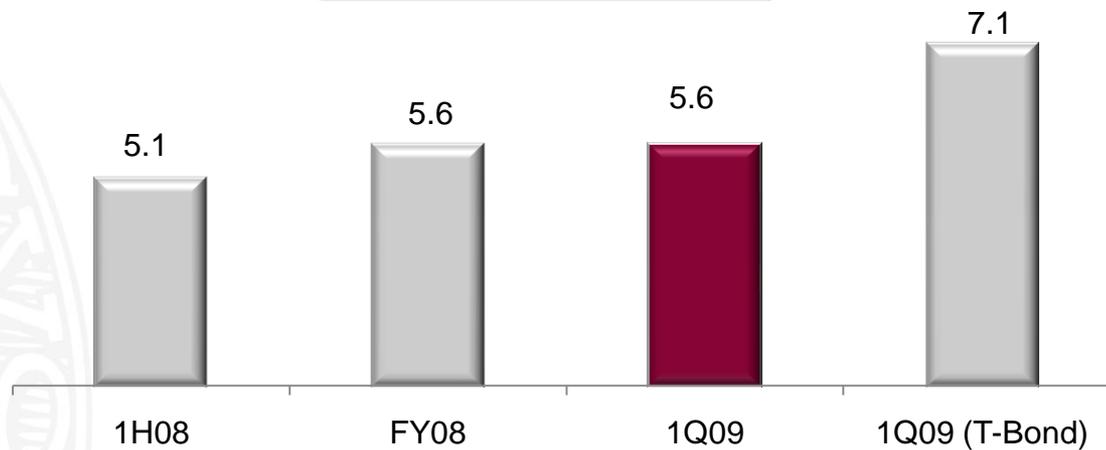
### Book value



### Book Value net of Goodwill



### Tier 1 ratio (%) evolution



# Other initiatives and recent developments

## Retail:

- ❑ Good pick up of commercial flows in April

## AuM:

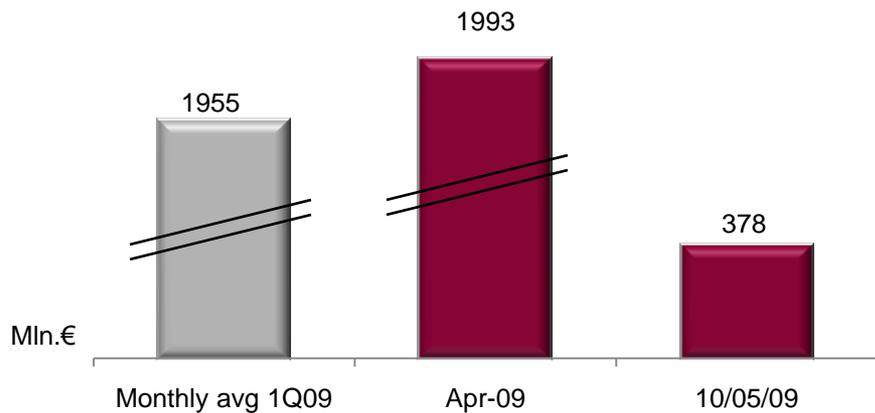
- ❑ JV with Clessidra finalized

## Corporate:

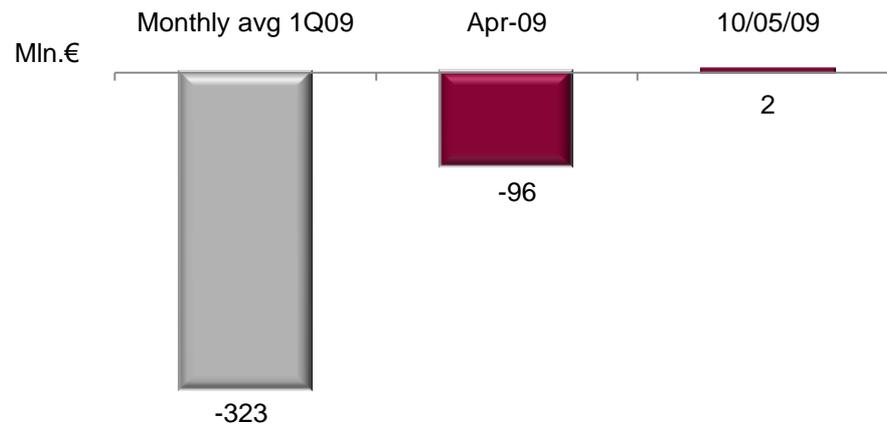
- ❑ Good results and important agreements with foreign partners

# Retail Banking: good commercial pick up in April

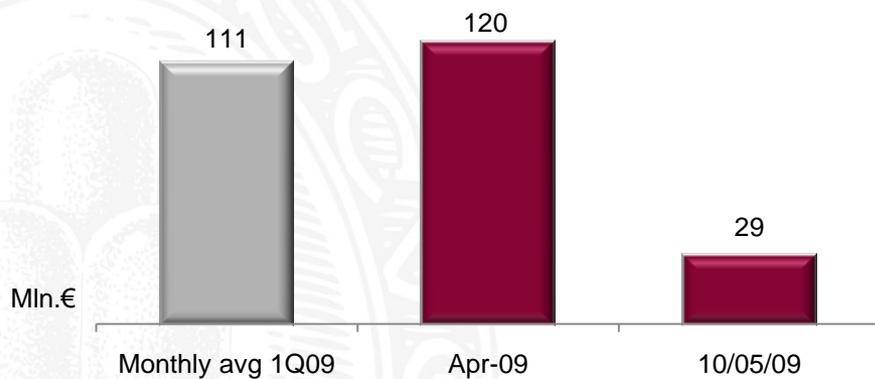
## Bond (gross flows)



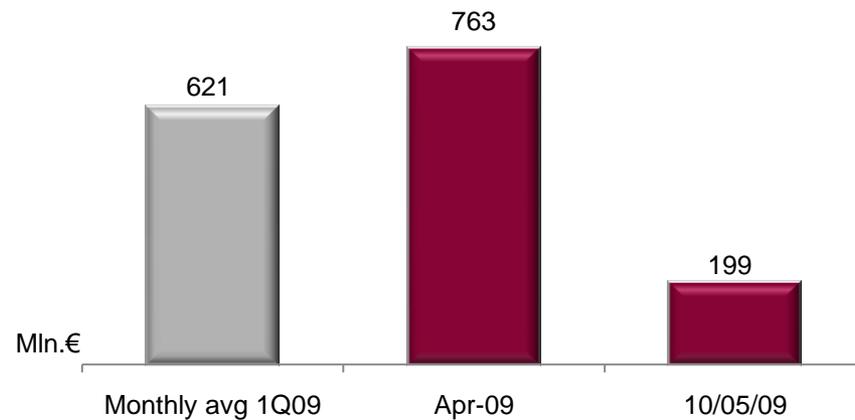
## Mutual funds



## Consum.it (Personal loans)



## Mortgages



# Strong support to our customer base: “Combatti la crisi” initiatives

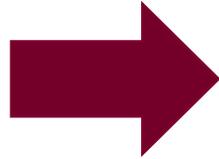
An Italian story since 1472  
1Q09 Results Presentation



The Programme Targets both new and old customers and includes the following actions

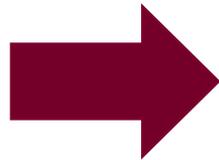


**Mortgage payment holiday**



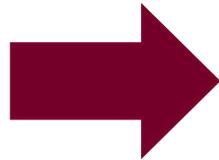
- Private mortgage holders experiencing difficulties are granted a **freeze on their repayments from 6 to a maximum of 12 consecutive months**. This involves temporary freezing mortgage repayments as well as **rescheduling repayment plans**

**CPI Insurance Policy “Mutuo Sicuro Plus”**



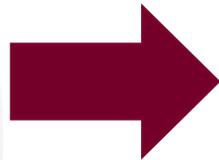
- This policy - jointly developed with AXA MPS – offers various guarantees including payment of a maximum of 12 monthly installments if mortgage holders lose their jobs.

**MPS Protection**



- This is a **variable rate mortgage** based on the Euribor index **with a capped rate**. Customers benefit from much lower initial payments than fixed rate mortgages while being guaranteed that their repayments will not exceed a pre-set amount should mortgage rates go up.

**Personal Loan Repayment Holiday**

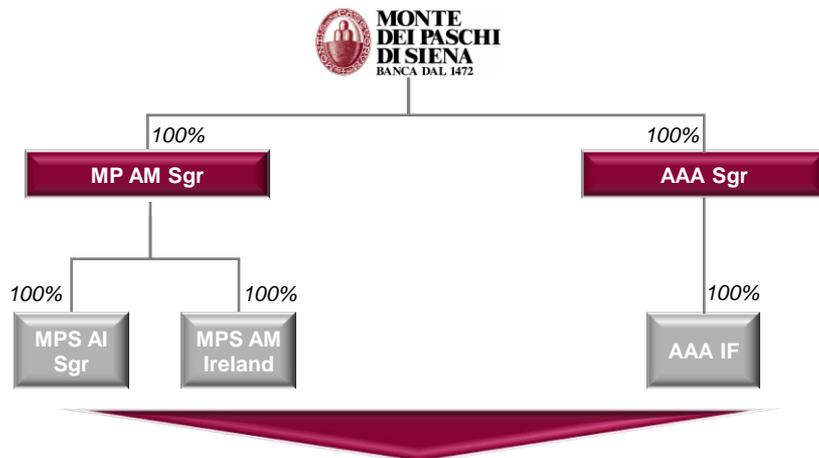


- Customers with personal loans are offered a **freeze on their repayments for up to 6 months**.

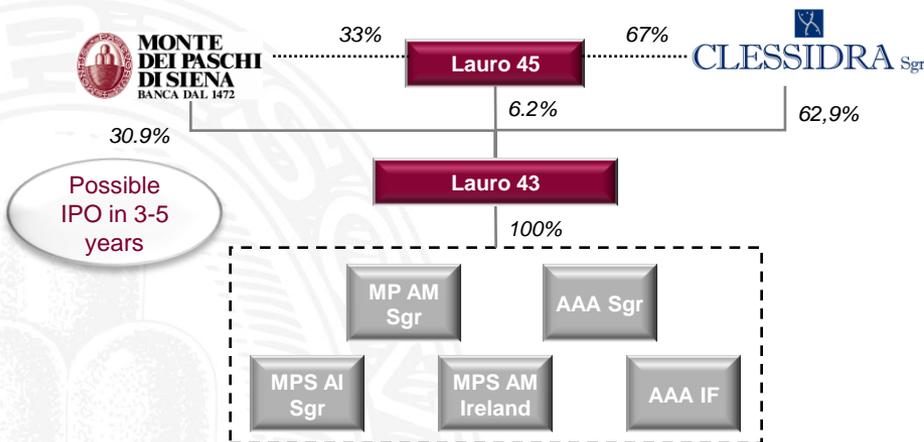
## Transaction structure

## Rationale

### From a captive model...



### ... to an independent asset manager



- ❑ Position NewCo as the leading independent asset management player in the Italian market anticipating and exploiting opportunities deriving from market discontinuity and the increasing polarisation of the market (actively managed vs. passively managed investment products)
- ❑ Strengthen/optimize the management of both traditional and alternative investment products
- ❑ Implement an open architecture strategy by strengthening and enhancing the product range while maintaining in-house first-class capabilities
- ❑ Avoid potential conflicts of interests between production and distribution, in line with MiFID regulation and indications of Bank of Italy
- ❑ NewCo as preferred asset management partner for the MPS Group without any constraint to MPS Group distribution network
- ❑ Possibility to attract and retain the best professionals in the market, also thanks to mechanisms allowing the investment of the top management in the equity of NewCo

The presentation of the deal will take place in **Milan** the **20<sup>th</sup> May**

## Key figures of Corporate Banking / Capital Market

<b>Net Interest Income</b>	<b>+18%</b>
<b>Total Revenues</b>	<b>+10%</b>
<b>Operating Costs</b>	<b>-3%</b>

## Initiatives with foreign partners

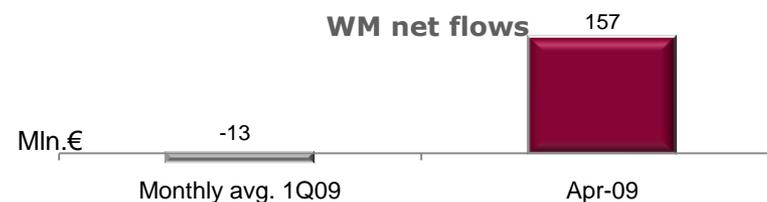
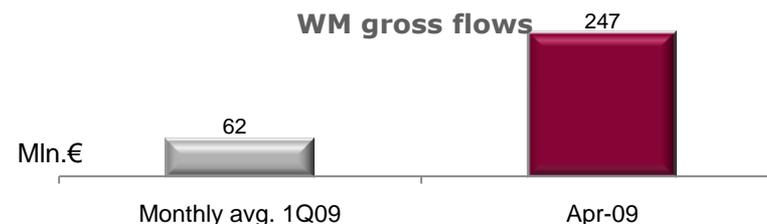
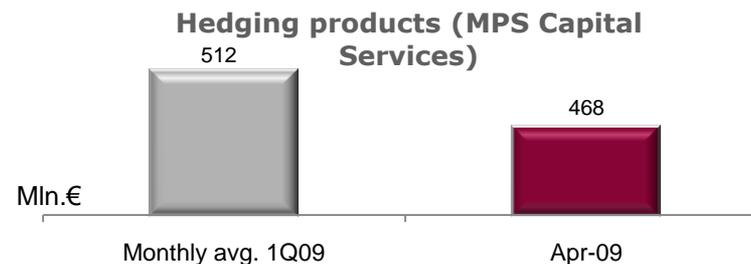


**Partnership in South America**



**Partnership in Eastern Europe and CSI**

## Commercial flows



# Guidelines for 2009

- ❑ Difficult macro environment faced through product diversification reinforced by our JVs
- ❑ Ahead of plan in cost synergies and cost cutting
- ❑ Bank Capital generation was good and constant in the last 4 quarters

**We are confident that our network has the capacity to sail through the crisis successfully**

**Thank you for your  
attention**

**Q&A**



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### Declaration

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

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