



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



1Q 2010 Results Presentation

1Q 2010 Highlights



Commercial Revamping

Gaining market share*:

- ✓ Direct Funding (net of Bonds): **+89bps**
- ✓ Loans: **+35bps**
- ✓ Mortgages: **+78bps**
- ✓ Bancassurance: **+370bps**

Increasing Volumes:

- ✓ Direct Funding: **+11.3%** YoY
- ✓ Indirect funding: **+9.7%** YoY
- ✓ Loans: **+4.2%** YoY

Revenues

- ✓ Fees: **+6.1%** QoQ
- ✓ Total Revenues: **+4.2%** QoQ

Basic Income/Total Revenues: 97%

Cost Control

- ✓ Operating Costs: **-3.4%** YoY
- ✓ Cost/Income: **60.4%**
vs 64.2% as of Dec09

- ✓ Further Front Office/Back Office Reinforcement: **67%**
vs 63% in 2007

Risk and Capital Management

- ✓ Cost of credit: **81bps**
- ✓ L/D ratio: **0.97**

- ✓ Stable loans coverage
- ✓ Tier1 ratio: **7.5%**

MPS 1Q10 Results



1Q10 Profit & Loss (mln €)

	1Q10	1Q09	1Q10/1Q09	1Q10/4Q09
Net Interest Income	885.8	925.9	-4.3%	-0.4%
Net Fees	493.9	481.9	2.5%	6.1%
Basic income	1,379.7	1,407.8	-2.0%	1.8%
Total Revenues	1,424.2	1,483.3	-4.0%	4.2%
Operating Costs	-859.8	-889.8	-3.4%	-16.5%
Personnel costs	-556.5	-574.4	-3.1%	-9.5%
Other admin expenses	-263.1	-277.4	-5.2%	-28.6%
Loan Loss Provisions	-307.0	-286.6	7.1%	-28.3%
Net Operating Income	256.7	289.1	-11.2%	n.m.
Taxes	-43.4	-135.9	n.m.	n.m.
Gains on asset disposals	-1.3	193.8	n.m.	n.m.
Purchase Price Allocation	-27.7	-33.3	-16.8%	-10.7%
Net income	142.2	300.6	-52.7%	n.m.
Net income Adjusted*	143.6	106.7	+34.5%	n.m.

* Net of Gains from asset disposals

Commercial Revamping and Revenues



✓ **Increasing flows and market shares* in all businesses:**

- ✓ **Direct Funding: +11.3% YoY, with +89bps market share**; Indirect Funding: +€4.5bn in 1Q10**
- ✓ **Loans: +4.2% YoY, with +35bps market share and + €4bn in 1Q10 (Branch Network)**
- ✓ **Wealth Management flows: €7bn (+10% YoY) mainly driven by Bancassurance flows (+77% YoY; +370bps market share)**
- ✓ **Mortgages flow: €4.5bn (+142% YoY) and market share at 10.7% (+78bps)**
- ✓ **Consumer Credit market share +54bps and Leasing market share +113bps**
- ✓ **20,700 net new customers in 1Q10**

✓ **Resilient revenues:**

- ✓ **Basic Income: +1.8% QoQ driven by strong increase in fees (+6.1% QoQ and +2.5% YoY)**
- ✓ **NII stable QoQ**

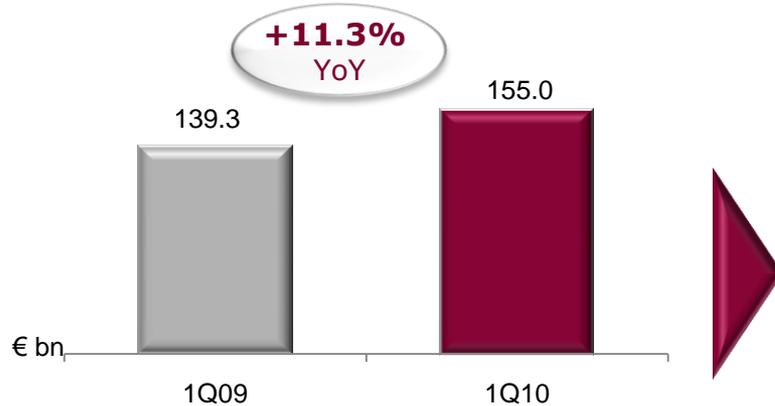
* Since June 2009, after full Group Restructuring

** Market share Direct funding net of bonds

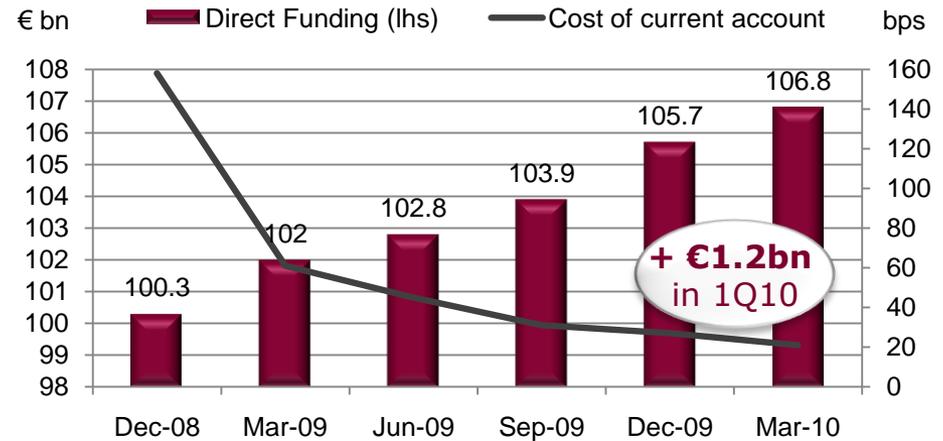
Funding volumes and market shares on the rise



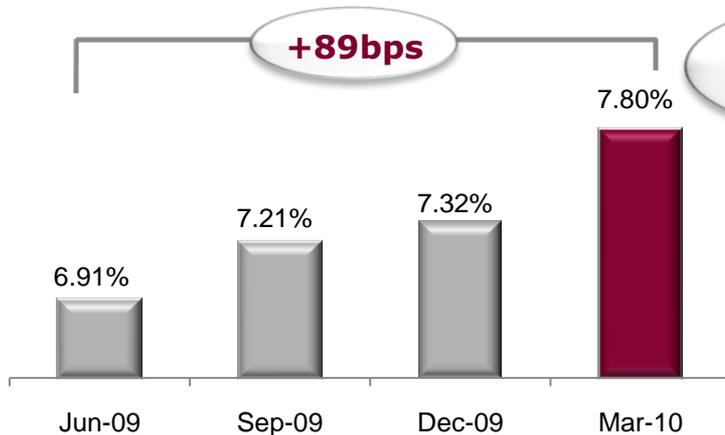
Direct Funding



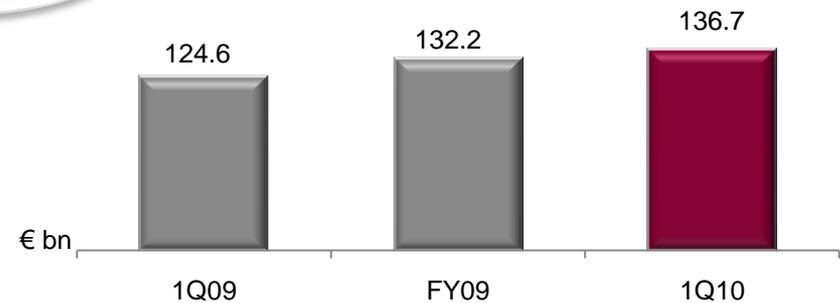
Direct Funding and cost of current accounts (Branch Network)



Direct Funding (net of bonds): market share*



Indirect Funding

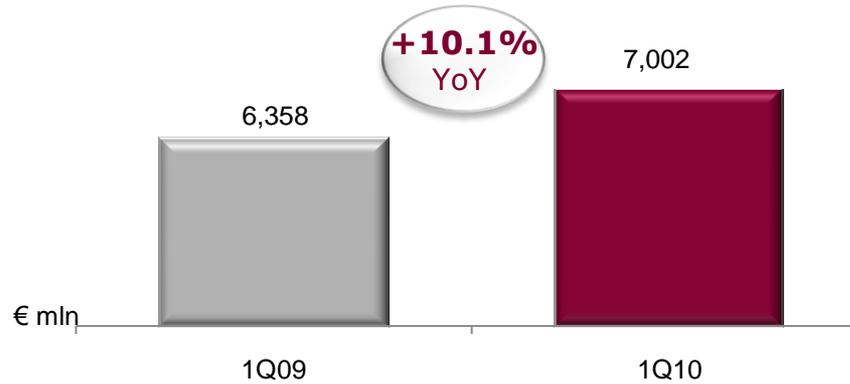


* vs June 2009, after full Group restructuring

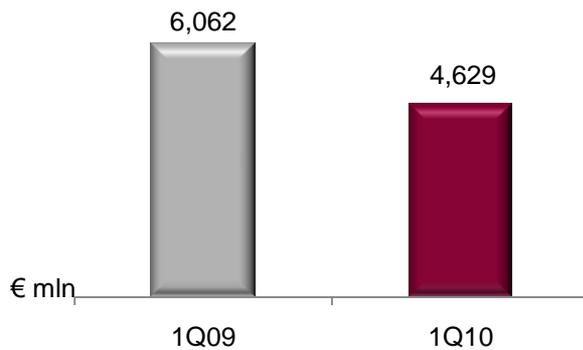
WM flows up driven by Bancassurance



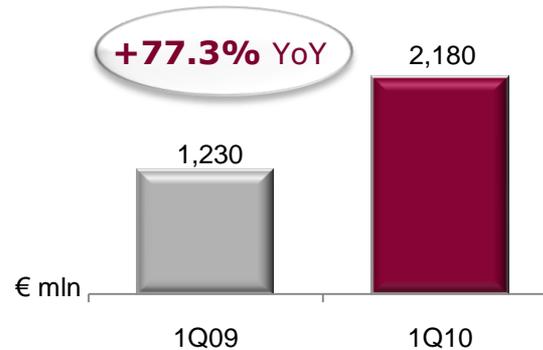
WM (Bonds, Bancassurance and Mutual Funds)



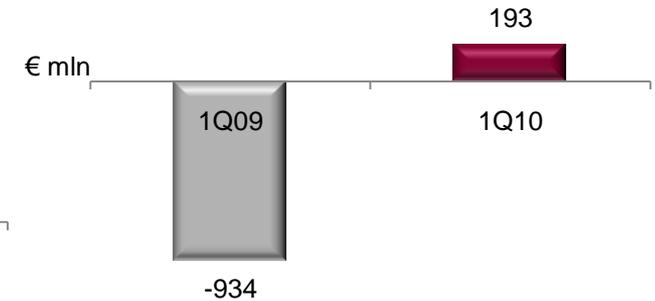
Bonds



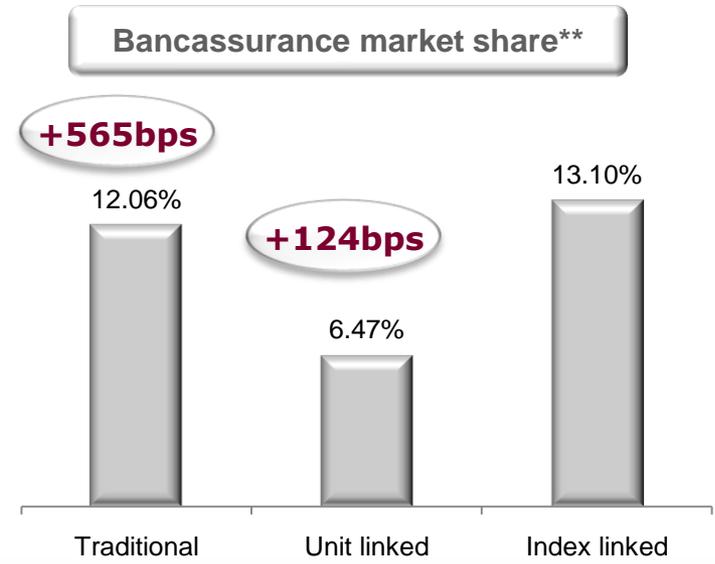
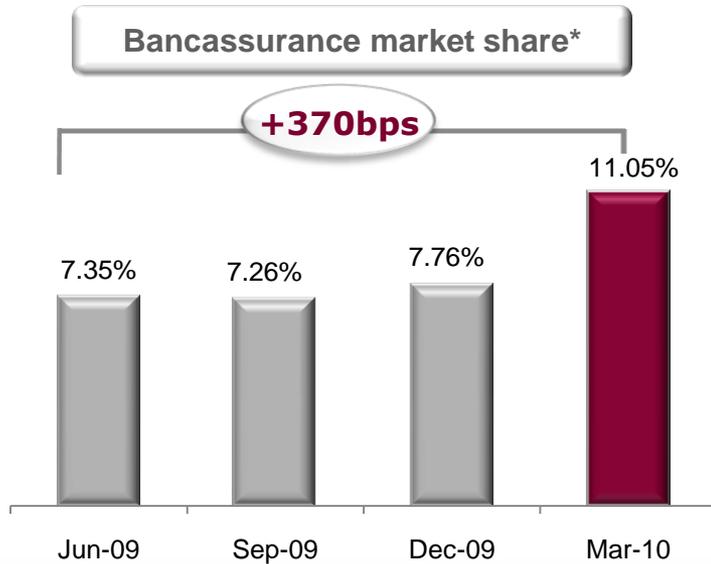
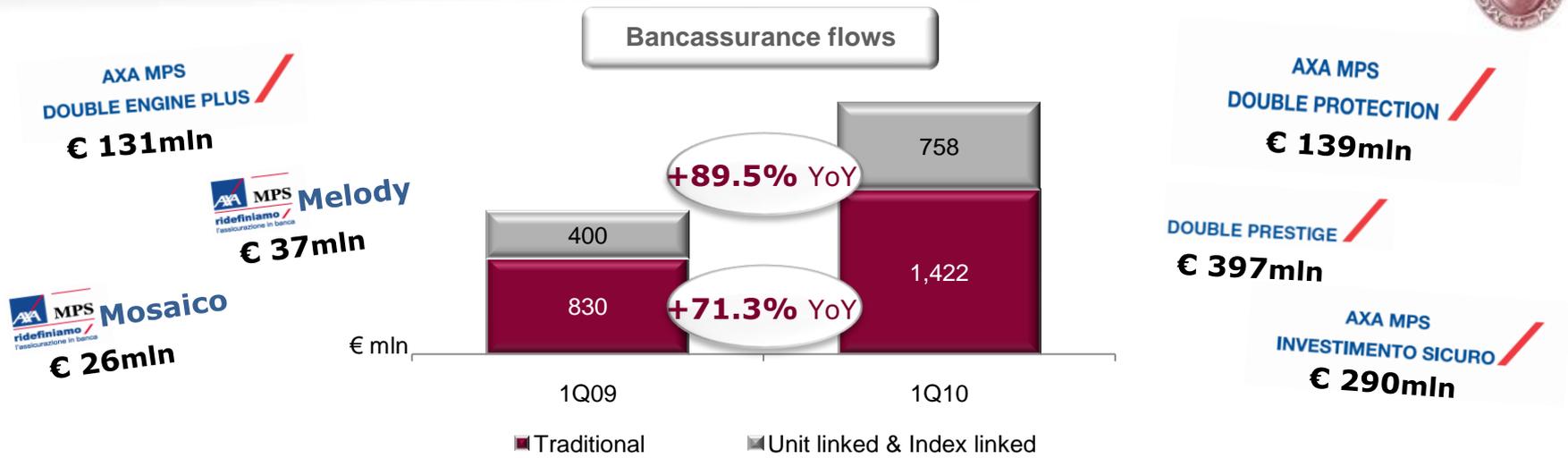
Bancassurance



Mutual Funds



A focus on Bancassurance



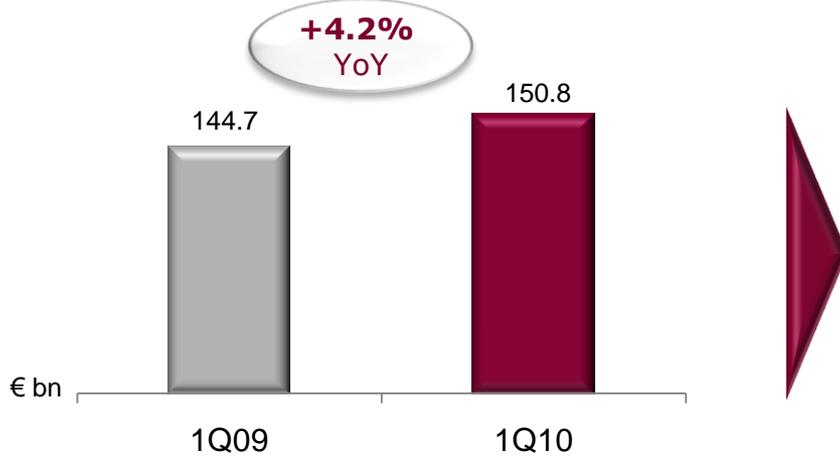
* vs June 2009, after full Group restructuring

** Vs December 2009

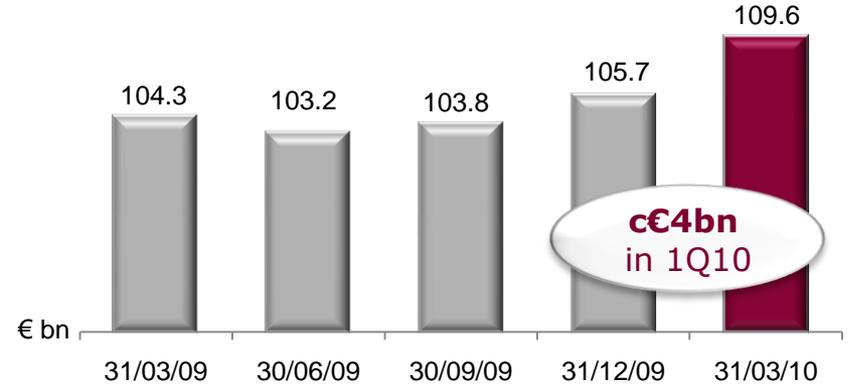
Lending volumes



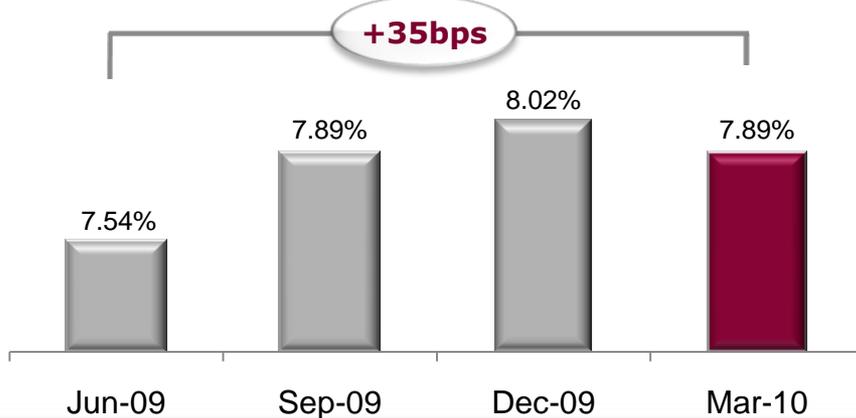
Total Lending



Lending (Branch Network)

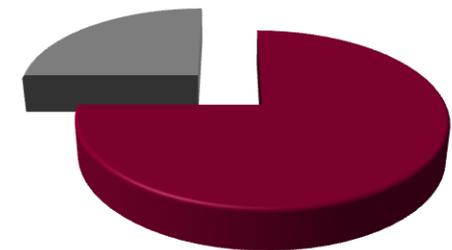


Lending market share*



1Q10 Lending growth

Loans to SMEs and SB, 25%

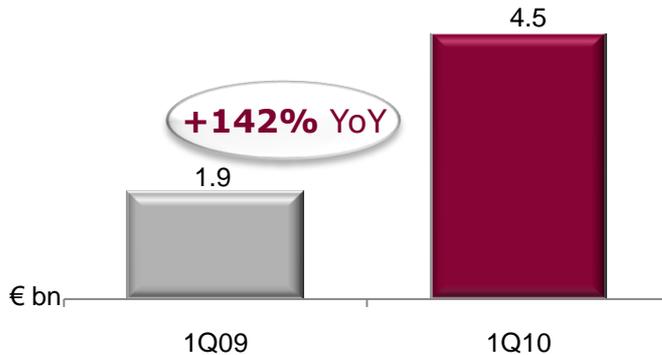


Residential Mortgages, 75%

A focus on Mortgages



Mortgages flow



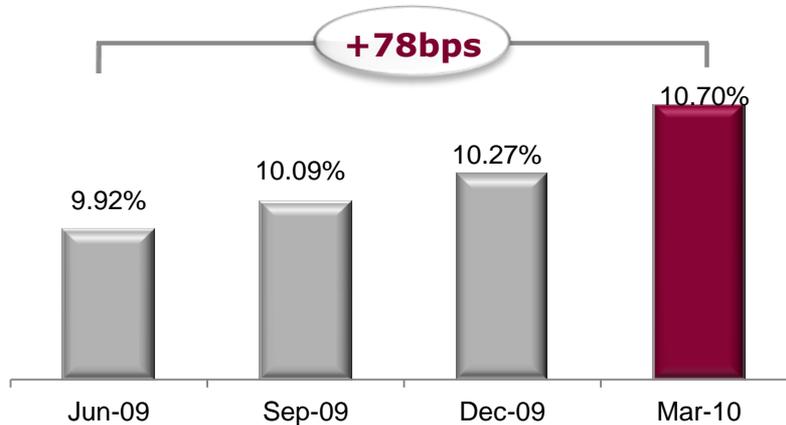
Good quality of new Residential Mortgages

56% with L/V <70%
0.2% with L/V >80%

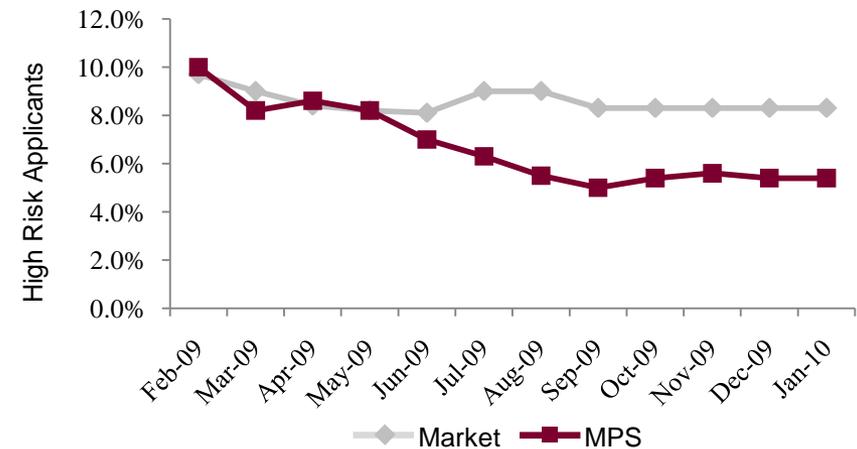
84% with affordability ratio <40%
 (instalment/revenues)

37%
 to **New Customers****

Mortgages market share*



Application Risk Analysis*** (% of High Risk Applicants)



* vs June 2009, after full Group restructuring

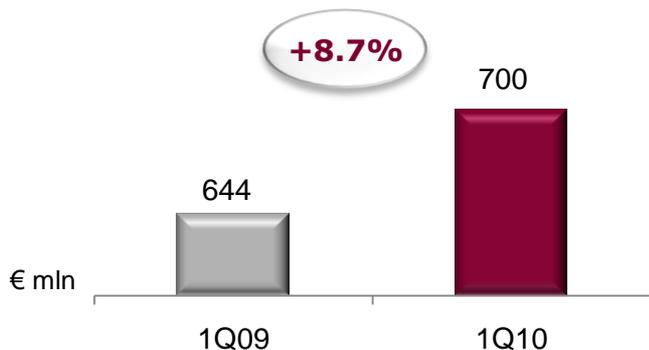
** Referred to March flows

*** Source: CRIF

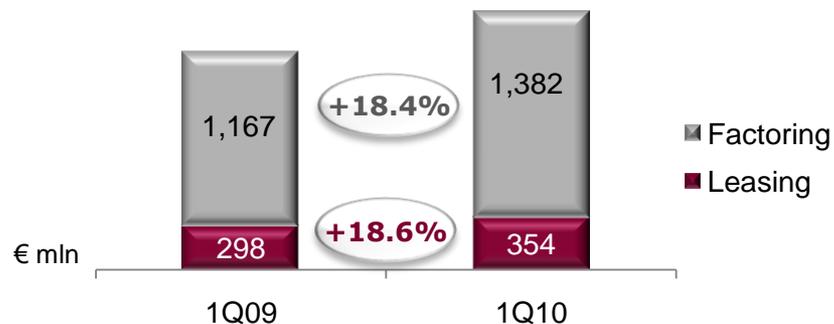
Upturn in other Lending flows and market shares



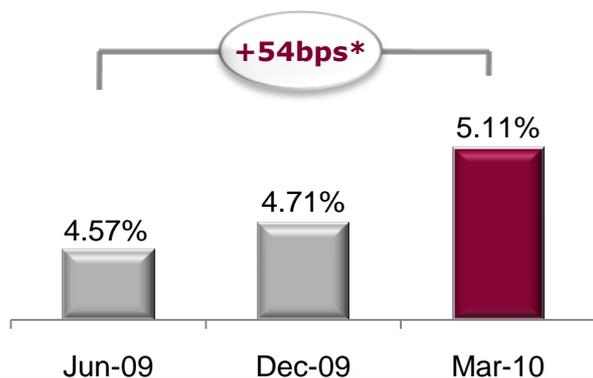
Consum.it flows



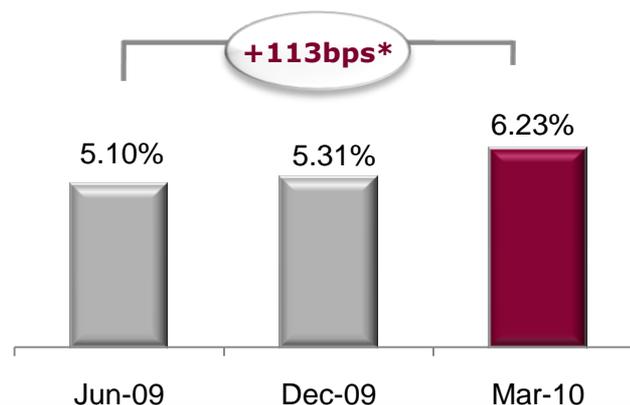
Leasing & Factoring flows



Consumer credit market share



Leasing market share

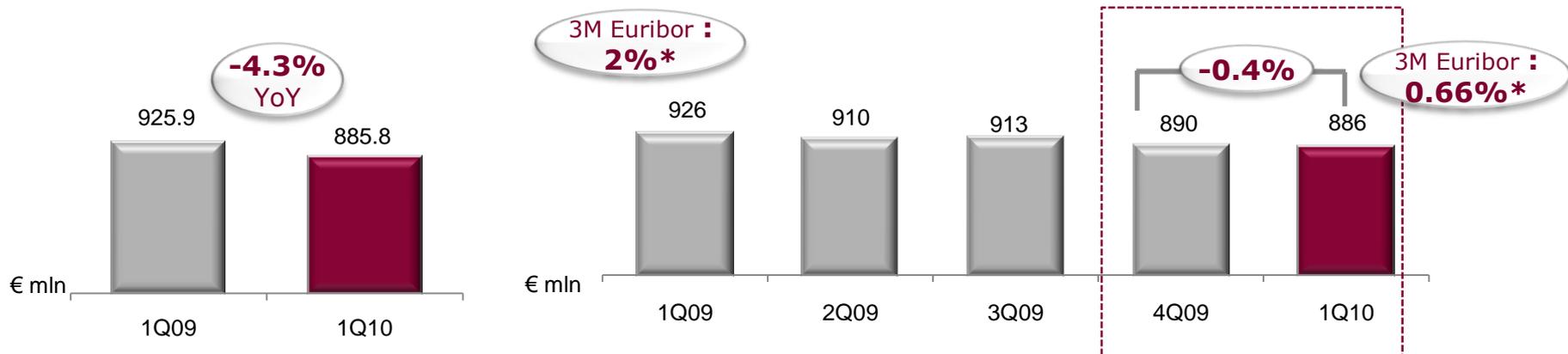


* vs June 2009, after full Group restructuring

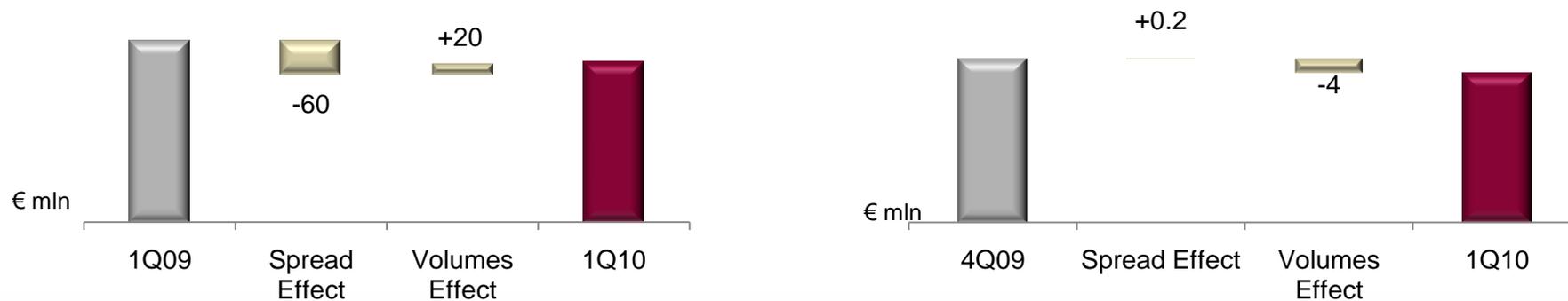
A focus on Net interest income



Net interest income



Net Interest Income: Impact from Spread and Volumes

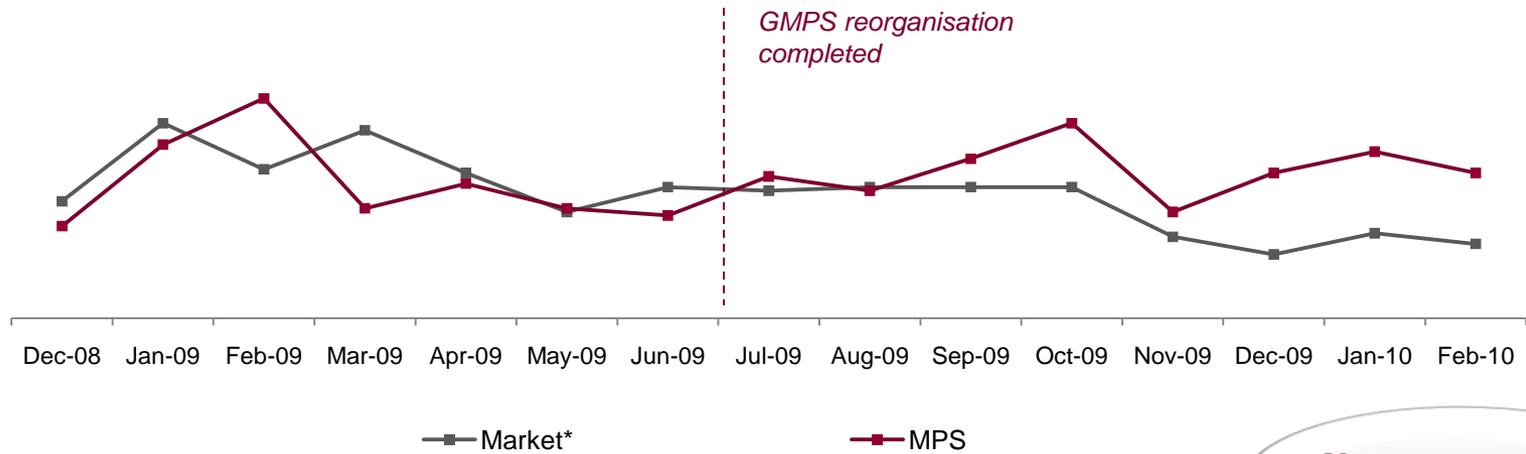


* Quarterly average

A focus on Mark up and Mark down

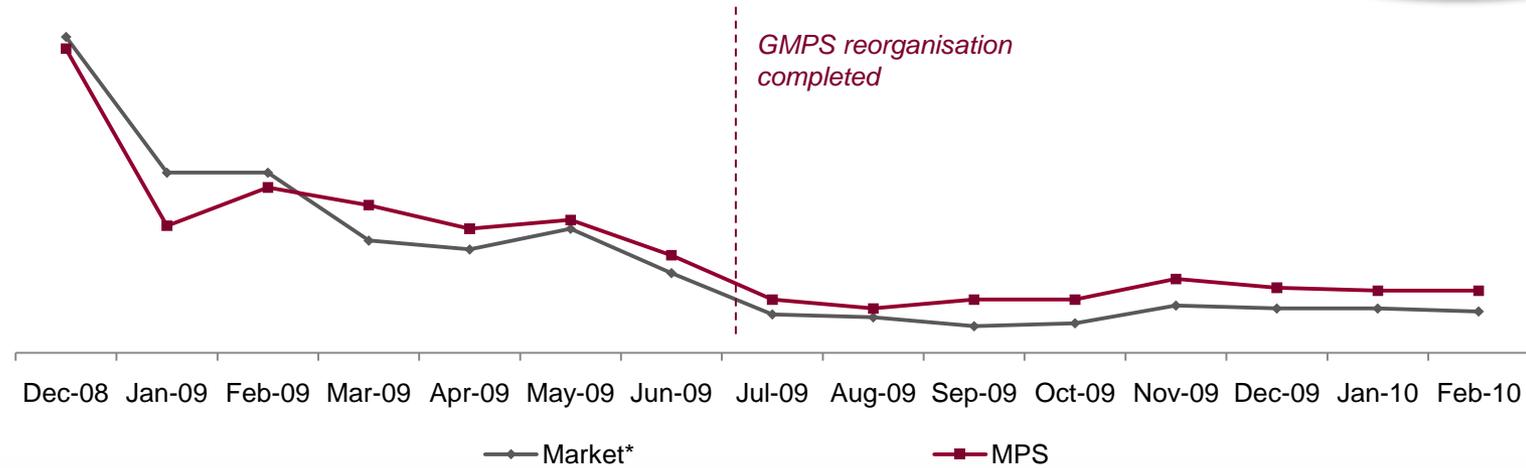


Mark up



Not competing on pricing

Mark down

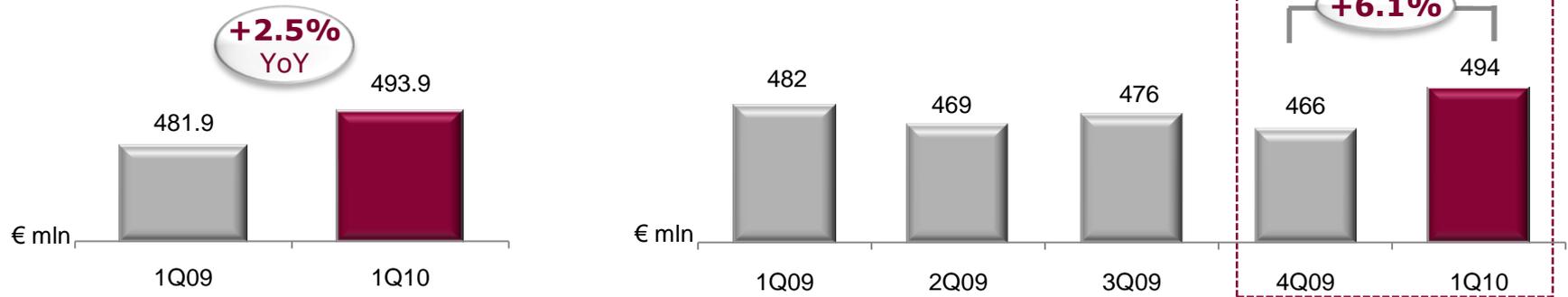


* "Matrice" Bank of Italy

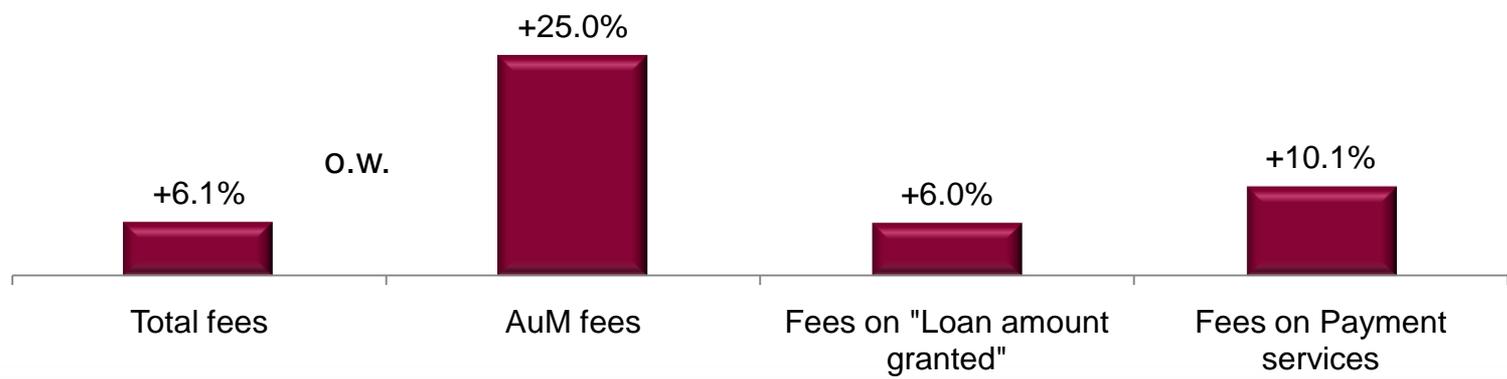
Fees: a steady pick up in 1Q



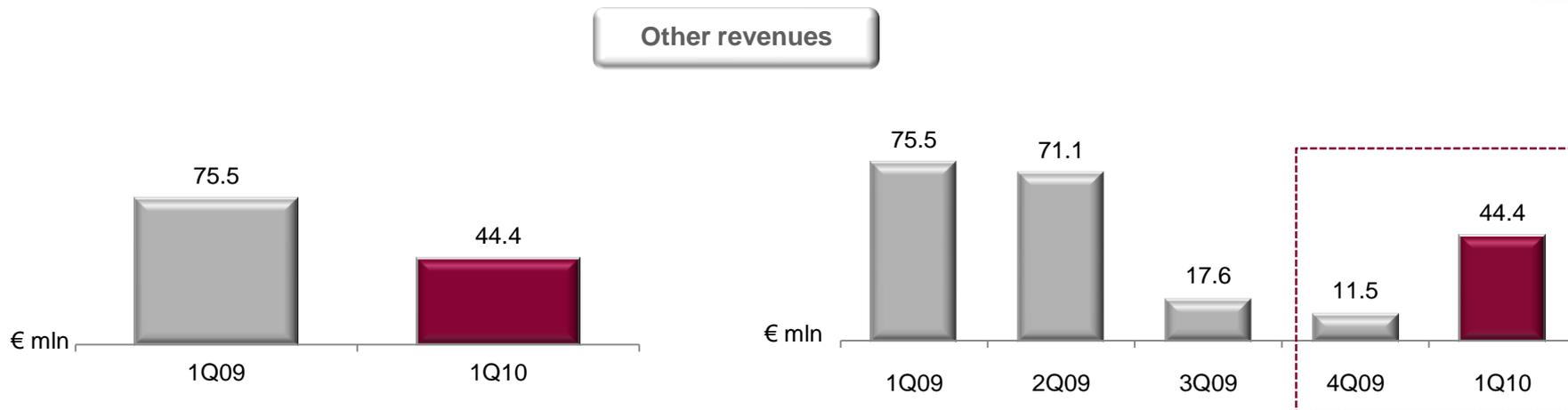
Fees



Quarterly trend: Breakdown



Other Revenues



1Q10 Other revenues: details (€mln)

Dividends and other income from equity investments	17.9
Net results from trading/valuation of fin. assets	19.8
Hedging	6.7



Commercial
Revamping and
Revenues

Cost Control

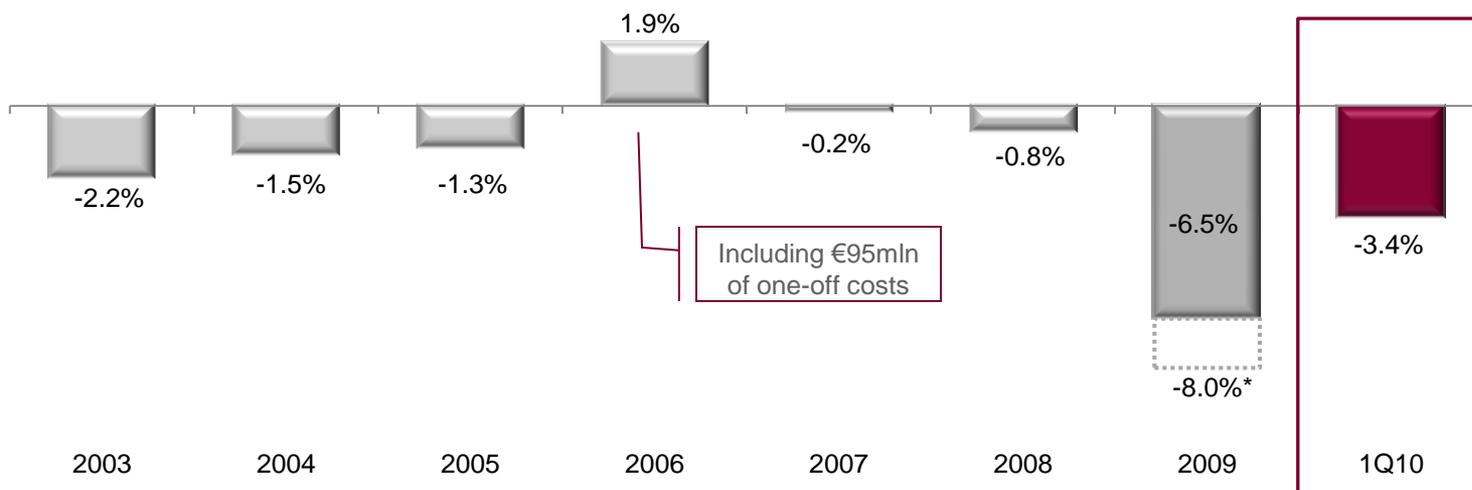
Risk and Capital
Management

- ✓ **Ongoing structural cost base reduction:**
 - ✓ Operating costs: -3.4% YoY, -16.5% QoQ
 - ✓ C/I at 60.4% vs 64.2% as of Dec 2009
 - ✓ Front Office Reinforcement: Front Office/Total Staff at 67% vs 63% in 2007

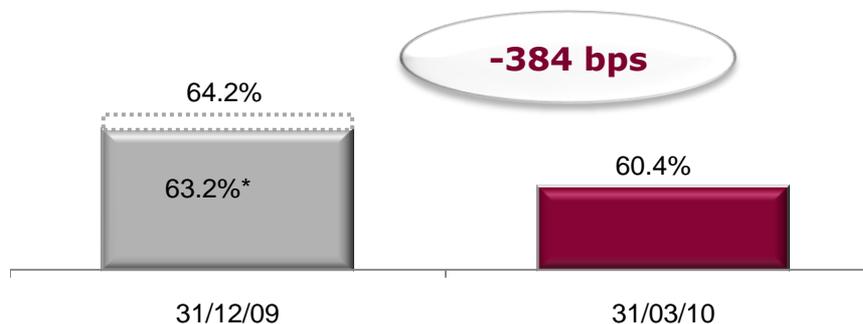
Cost cutting: track record confirmed



Trend of Total Costs



Cost/Income

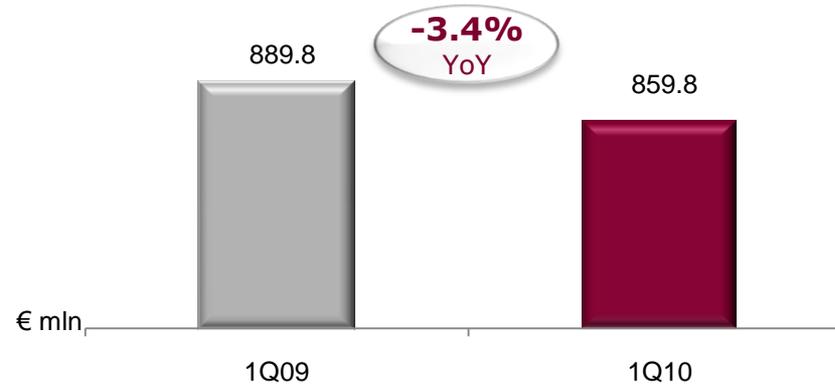


* Net of € 60m in early retirement one-offs classified as Personnel Expenses

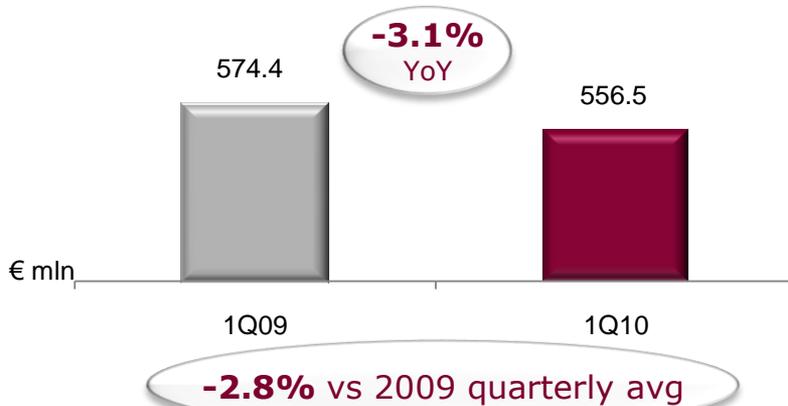
Strong and sustainable cost reduction



Operating Costs



Personnel Costs



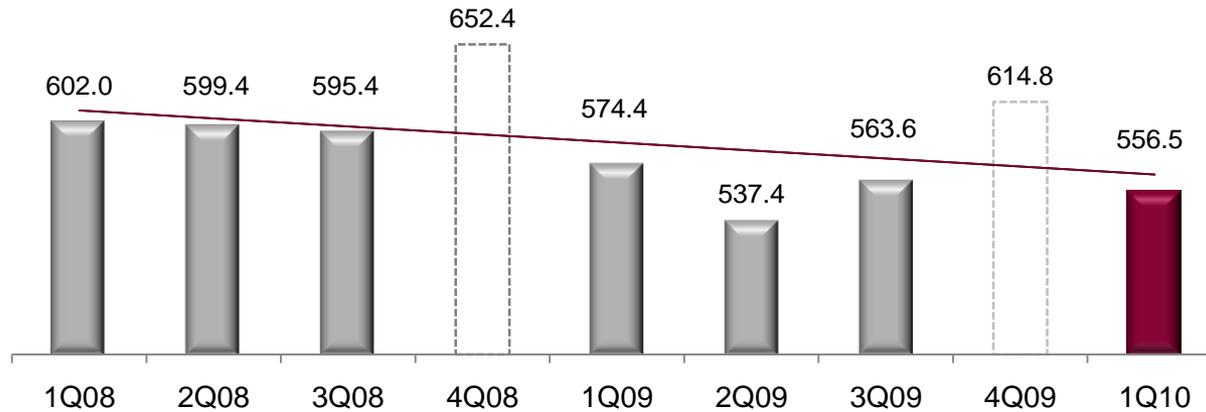
Other Administrative Costs



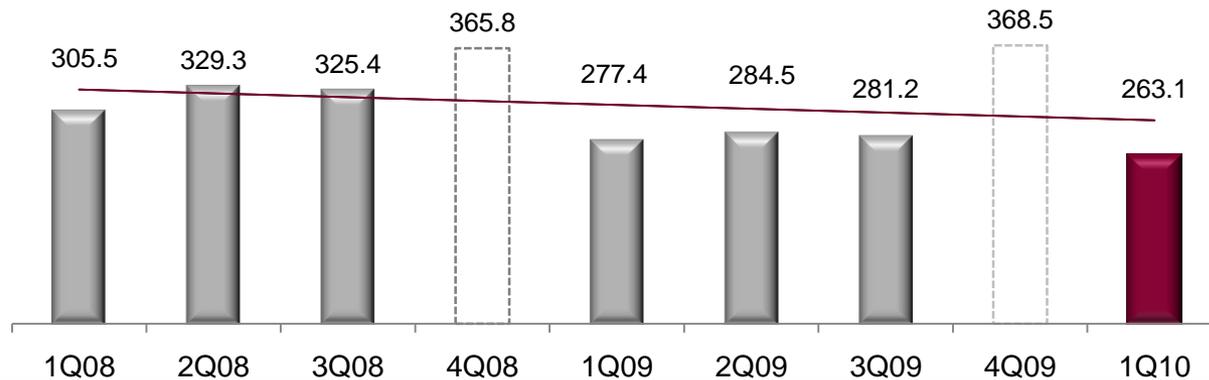
The positive effects of reorganization on costs



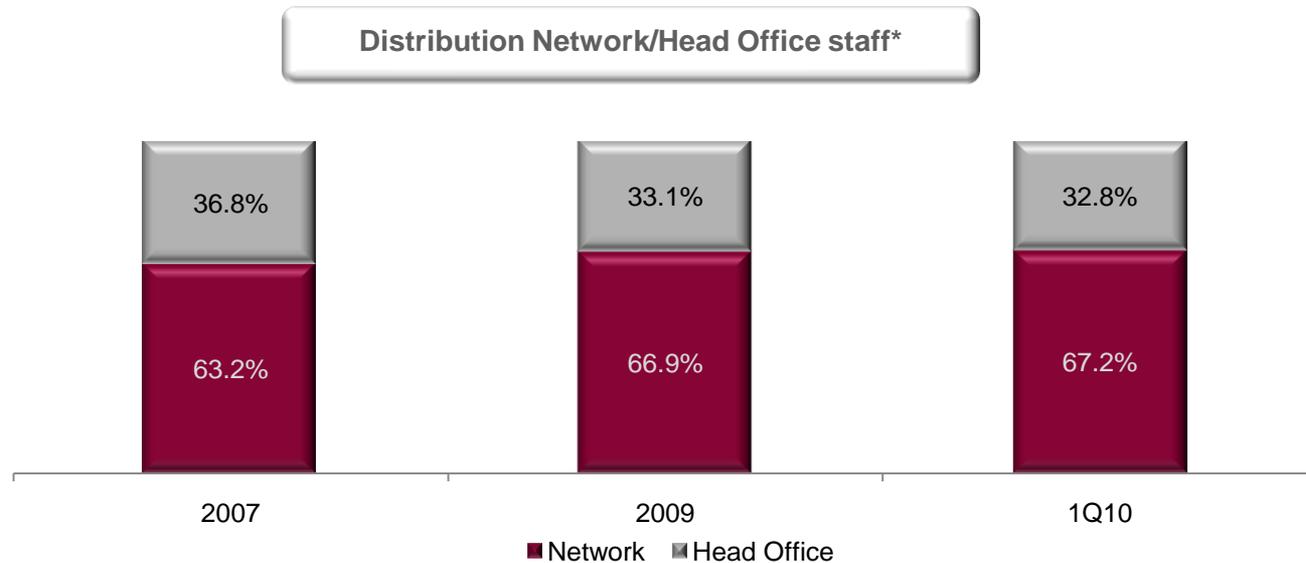
Personnel Costs (€mln)



Other Administrative Expenses (€mln)

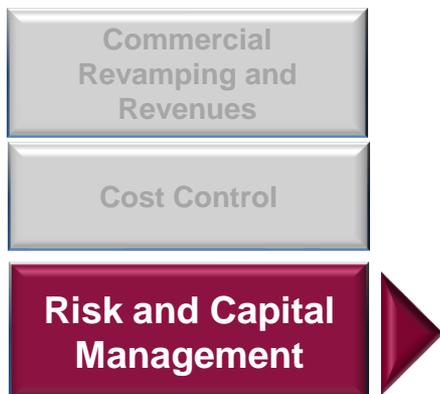


Front Office reinforcement



- ❑ **Over 1,400 Head Office resources re-qualified to Network roles**
- ❑ **Approx. 600 Career Paths** re-oriented to Network responsibility roles
- ❑ Over **600 BMPS network resources** (including 180 branch managers) **deployed in BAV branches** to accelerate business integration

Risk and Capital Management



✓ **Asset quality under control:**

- **Cost of credit: 81bps**
- **Stable loans coverage**
- **NPL market share: -213bps since Dec 08, -26bps since Dec 2009**
- **NPL flows: -2.1% QoQ**
- **Monthly flows of Watchlist loans in 1Q : -46% vs 4Q09**
- **Collections: +17% YoY**

✓ **Monitoring of capital and liquidity position:**

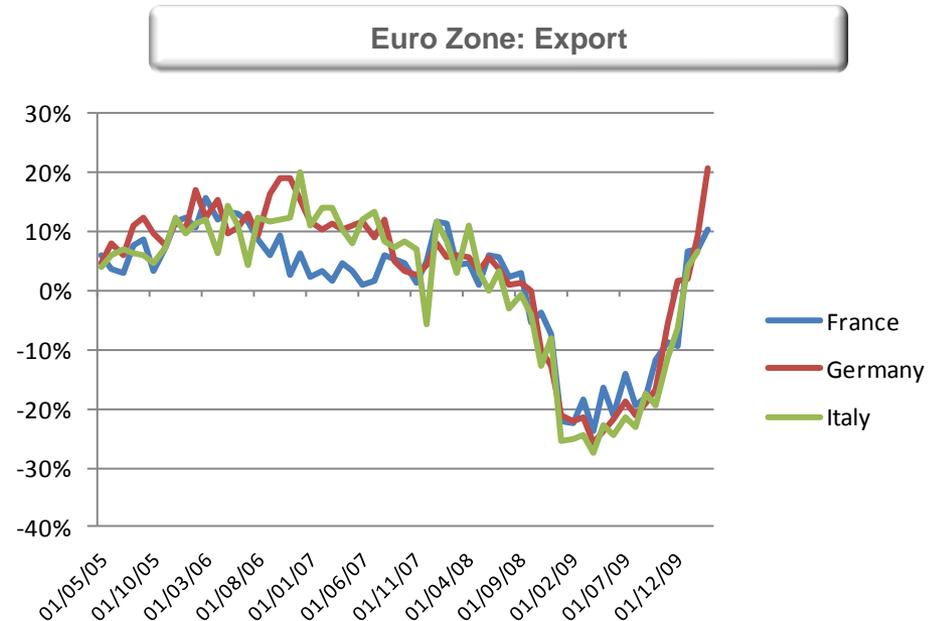
- **Loan/Deposit ratio at 0.97, down on Dec 09**
- **Tier 1 Ratio at 7.5%; Total Capital Ratio at 11.8%**

Positive signs from the macro-scenario

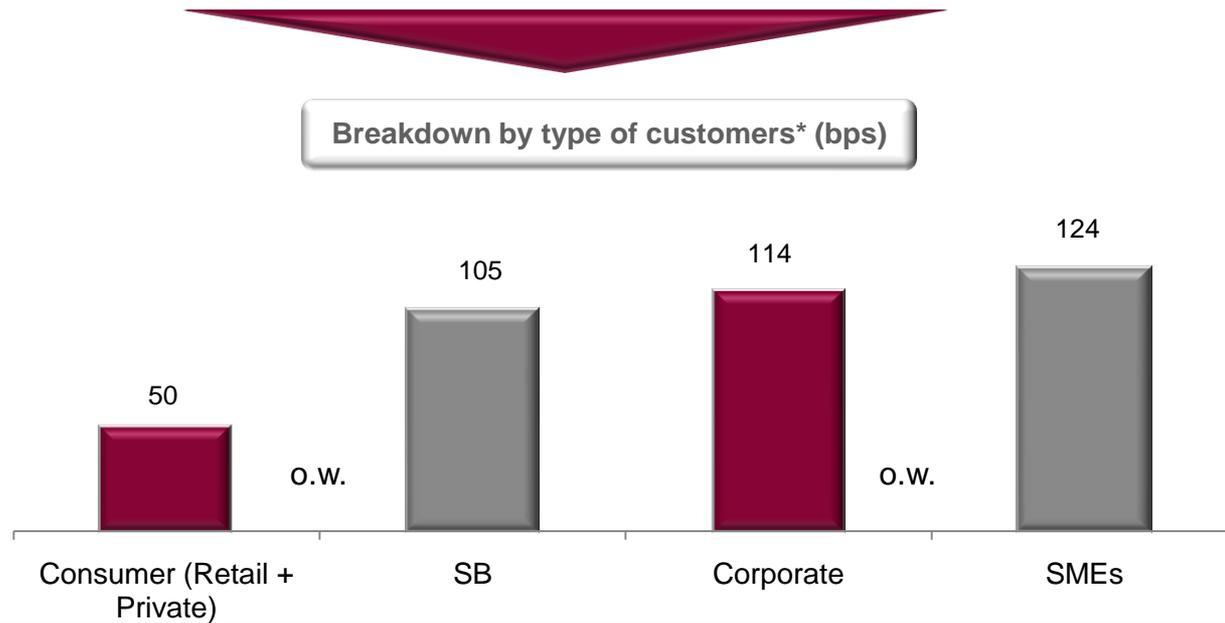
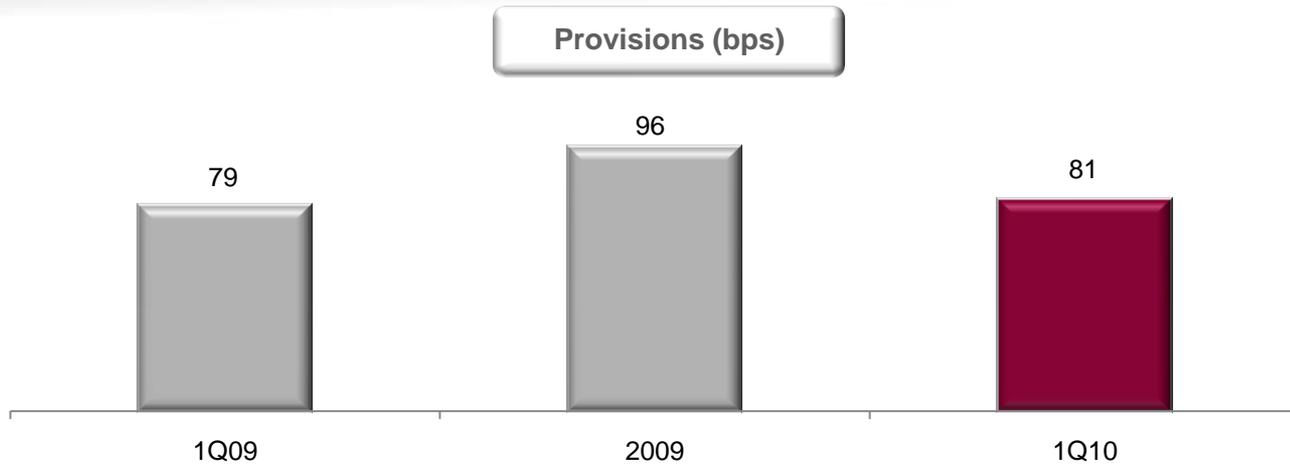


Strong 1Q recovery in industrial production supports forecast of a good GDP performance in the first part of the year

This forecast is further corroborated by a pickup in Italian exports which are showing a positive trend, in line with that of the leading Eurozone economies

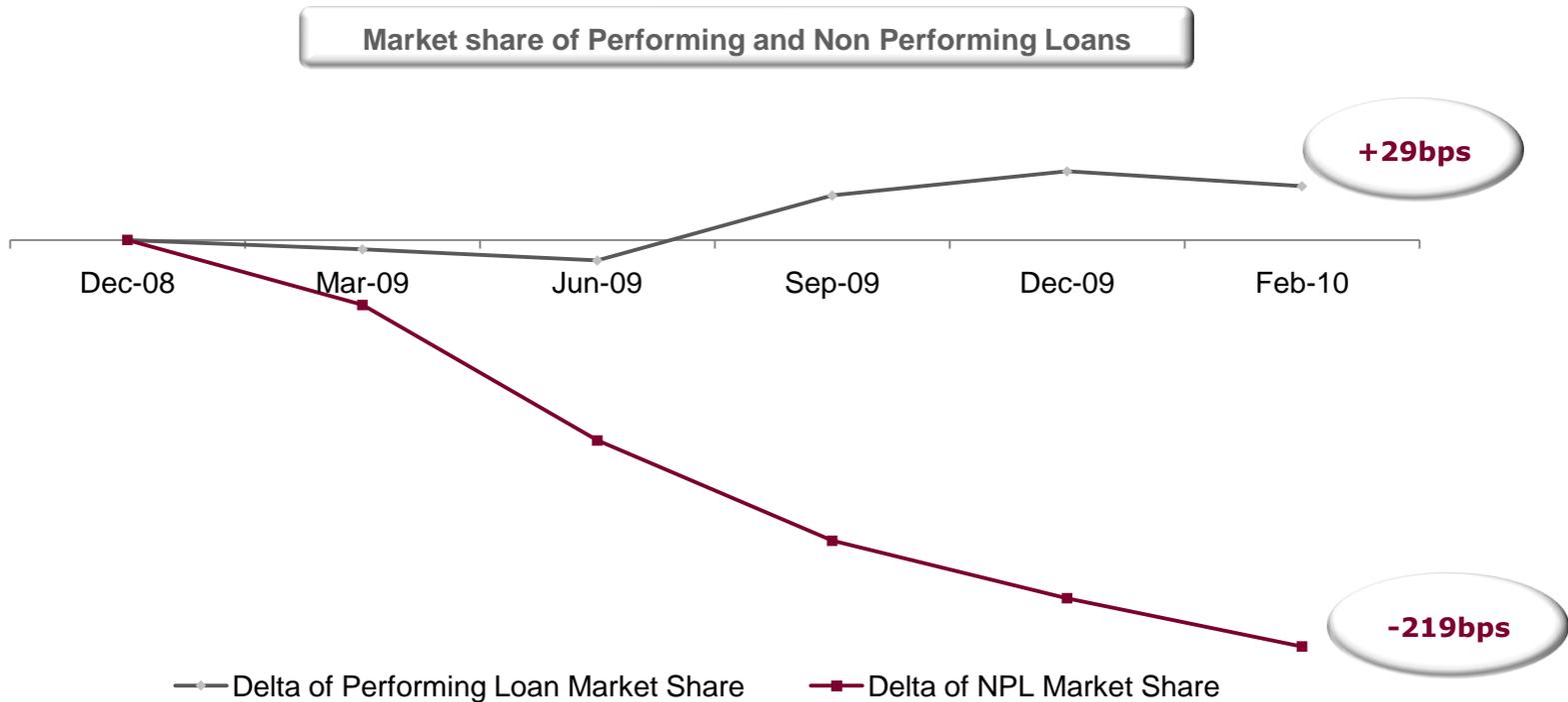


Provisioning affected by market turmoil



* Provisions calculated on Branch Network loans

Improved quality of performing loan portfolio

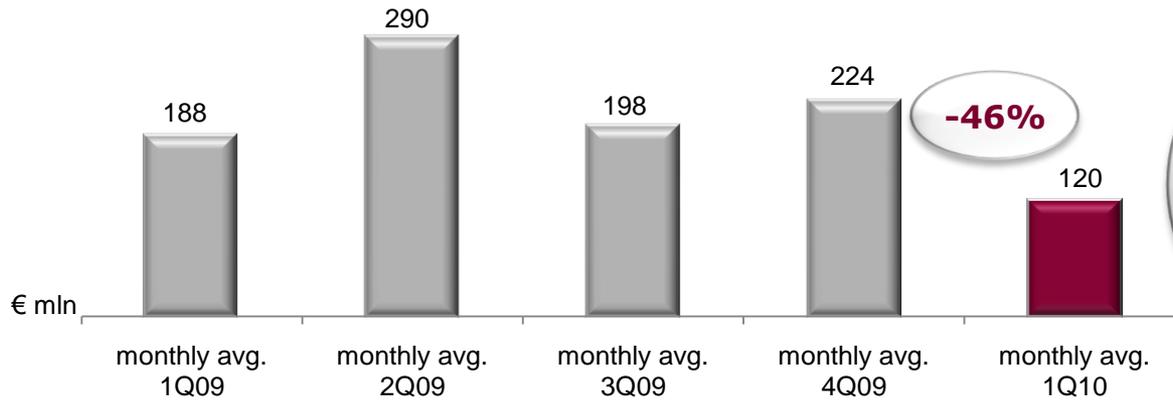


- ❑ Evidence of improved loan portfolio: 219bps reduction in NPL market share, to be considered in parallel with the 29bps market share increase in performing loans
- ❑ NPLs/Total Loans ratio is associated with a lower level of NPL disposals (MPS only sold EUR 640 mln worth of NPLs in 2007)

A focus on flows of Watchlist loans*



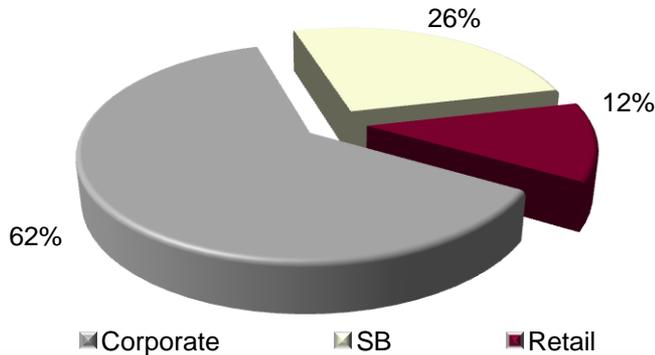
Watchlist loans: monthly flows**



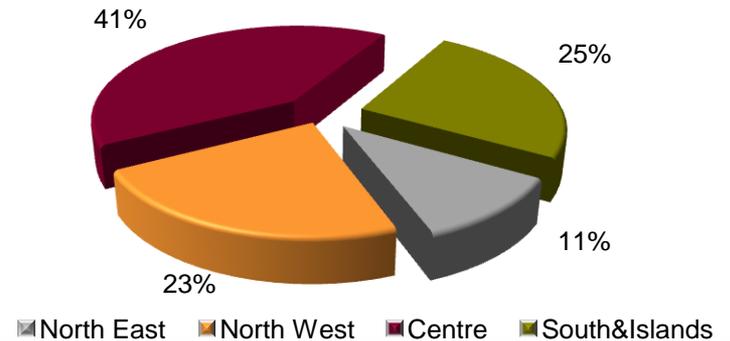
Watchlist flows QoQ:

- MONTE DEI PASCHI DI SIENA BANCA DAL 1472 : -31%
- ANTONVENETA GRUPPO MONTEPASCHI : -75%

Flows of Watchlist loans: breakdown by type of customer



Flows of Watchlist loans: breakdown by geographical areas



* Watchlist and "under special administration"

** Excluding MPS Capital Services and Biver

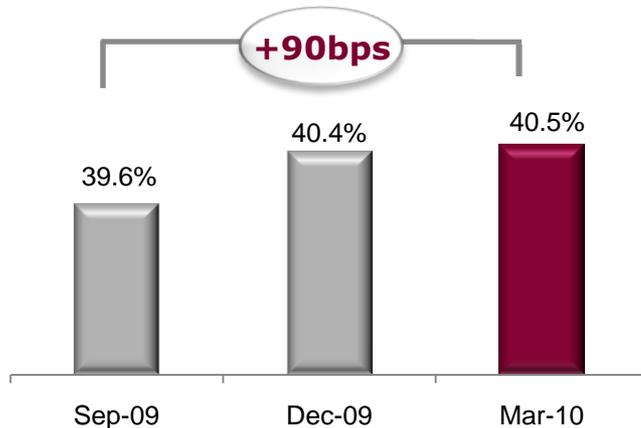
Limited increase in impaired loans and good coverage level



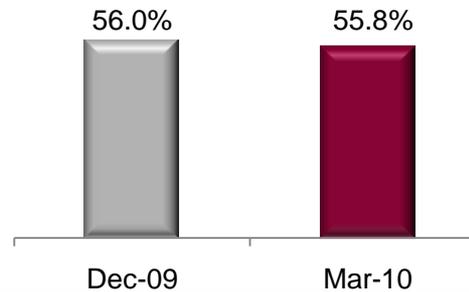
NPL, Watchlist, Restructured and Past Due Loan stocks (€ mln)

	Gross	Net
NPL	11,098	4,908
Change vs Dec 09	+4.9%	+5.5%
Watchlist	4,952	4,004
Change vs Dec 09	+5.9%	+6.5%
Restructured	820	793
Change vs Dec 09	+12.9%	+13.1%
Past Due	946	892
Change vs Dec 09	-19.5%	-19.5%

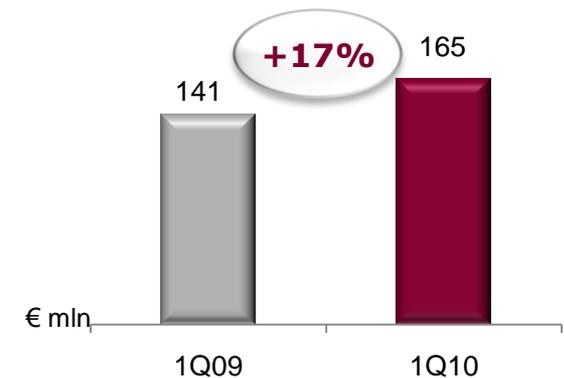
Impaired loans coverage



NPLs coverage



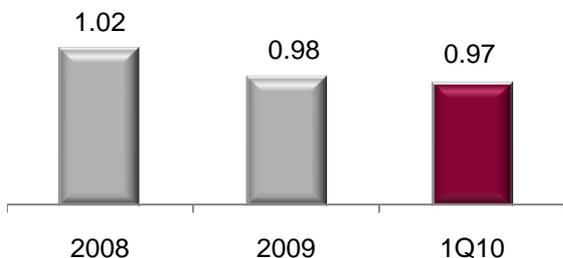
Collections



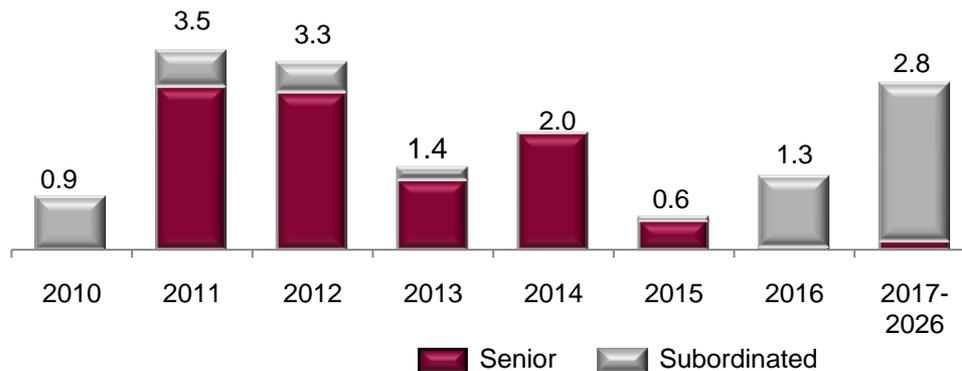
Liquidity position under control



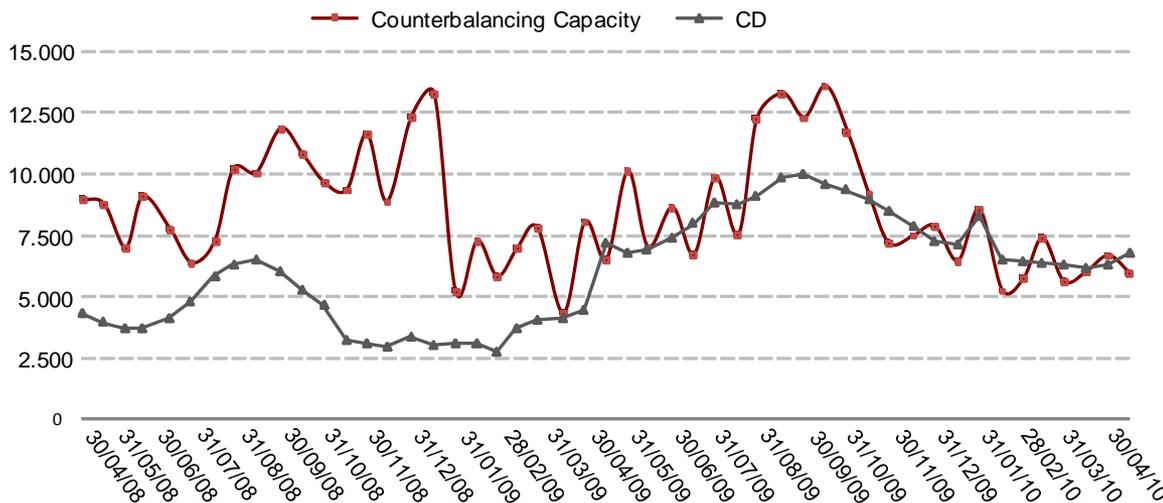
Loan/Deposit ratio



Maturity of Bonds from 2010 (€ bn)*



CD Programme and Counterbalancing Capacity** (€ mln)



- L/D ratio improving at 0.97 vs 0.98 in Dec 09
- Institutional bonds expiring in 2010: €0.9bn

* Institutional bonds

** The Counterbalancing capacity is the total amount of assets immediately available for use in order to face liquidity needs

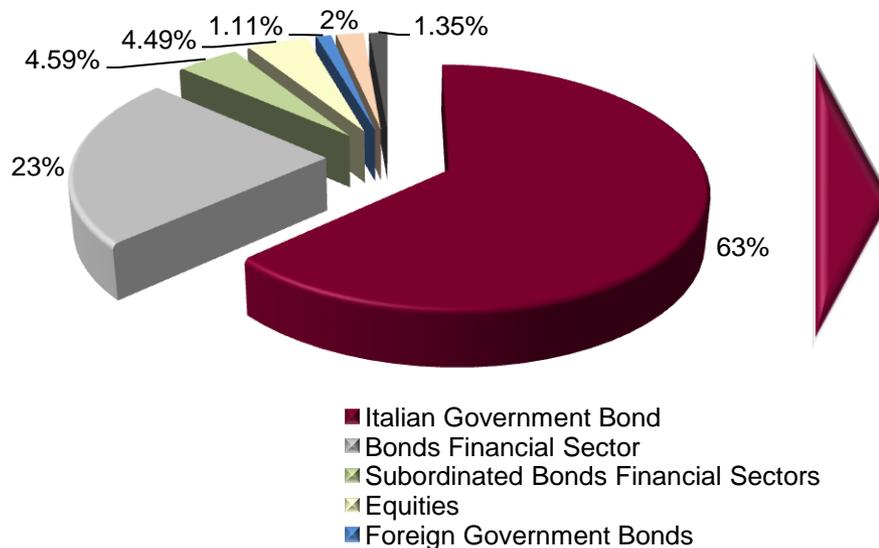
A focus on Securities and Derivatives



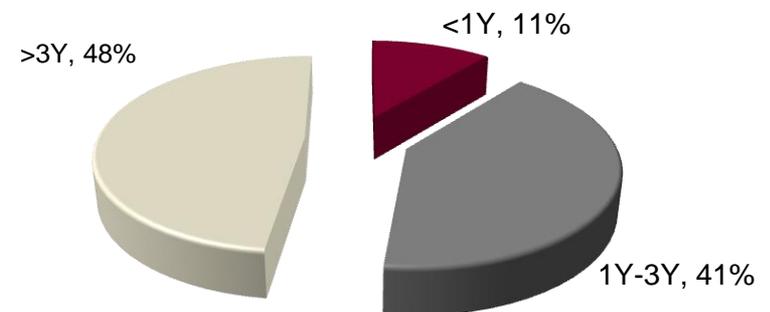
The Securities and Derivatives Portfolio*

Market Value (€ mln)	31 March 2010
HFT	13.521
AFS	12.107
L&R	3.462
Total Portfolio	29.090

Portfolio of Banca MPS and MPS Capital Services



Italy Govies: Breakdown by Maturity

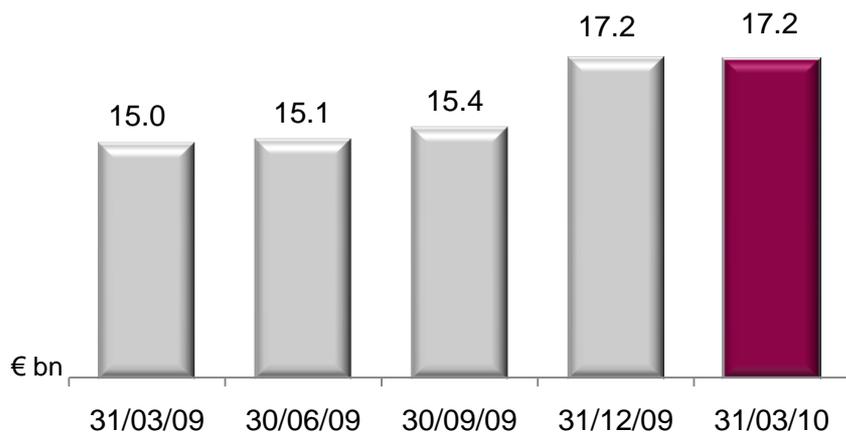


* Excluding Repurchase agreements and MM of Banca MPS and MPS Capital Services

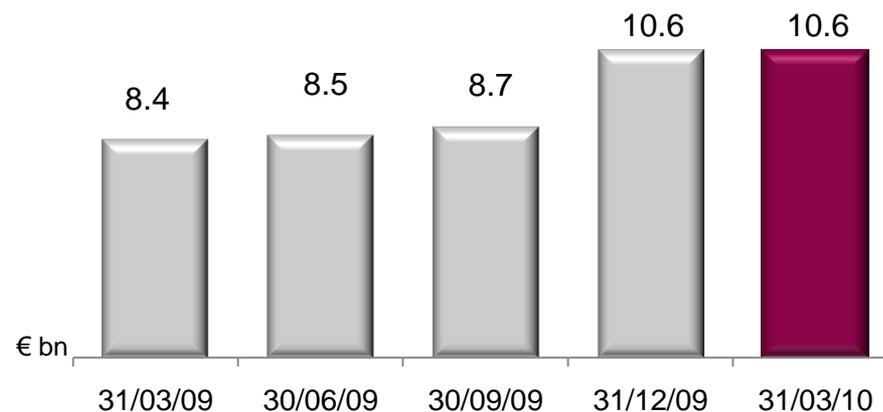
Monitoring capital position



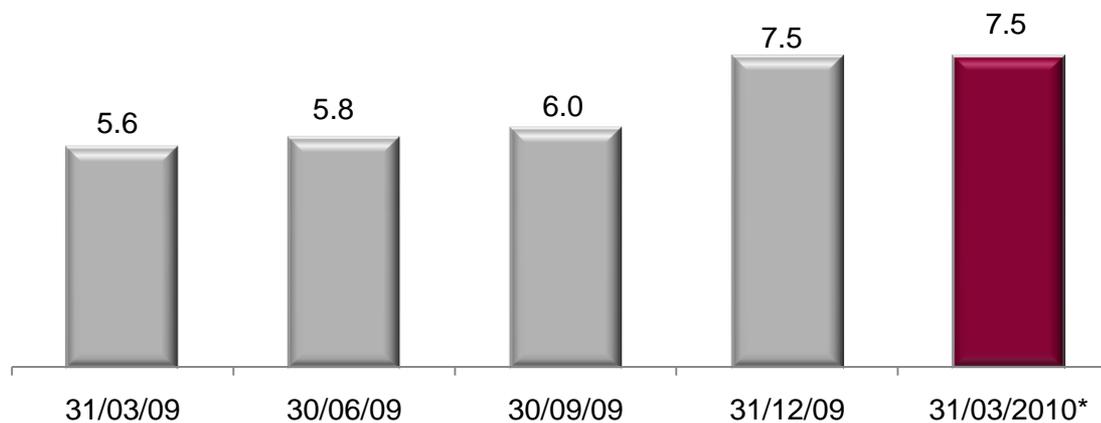
Book value



Book Value net of Goodwill



Tier 1 ratio (%)



**Total capital:
11.8%**



Conclusions

- ❑ **Competitive positioning and cost rationalization continue to improve in all business areas**
- ❑ **Credit quality is being enhanced**
- ❑ **Our capital strengthening plan is continuing, with some of the initiatives announced under current review by Supervisory Authorities**



**Thank you for your
attention**

Q&A



GRUPPOMONTEPASCHI

Pianificazione Strategica, Research & Investor Relations

Piazza Salimbeni, 3
53100 Siena

Tel: +39 0577-296477

Investor Relations Team:

Alessandro Santoni (Head)

Elisabetta Pozzi

Simone Maggi

Email: Investor.Relations@banca.mps.it

Declaration

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

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