



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

 **GRUPPOMPS**

*9M 2007 Results*

*Siena  
8<sup>th</sup> November 2007*

# Agenda

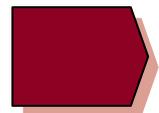
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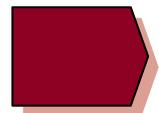
**Organic growth continues**



**Profitability driven by recurring revenues  
and stringent cost control**



**Capital, funding and new initiatives**



**Conclusion: why our equity story still stands**

# 9M07: Organic Growth Continues

## VOLUMES

- ❑ Loans +13% YoY (vs 10.2% market)
- ❑ Direct Funding +17.7% YoY (vs 6.8% market)
- ❑ Loan market share +22bps at 6.43%
- ❑ Direct funding market share +27bps at 6.61%

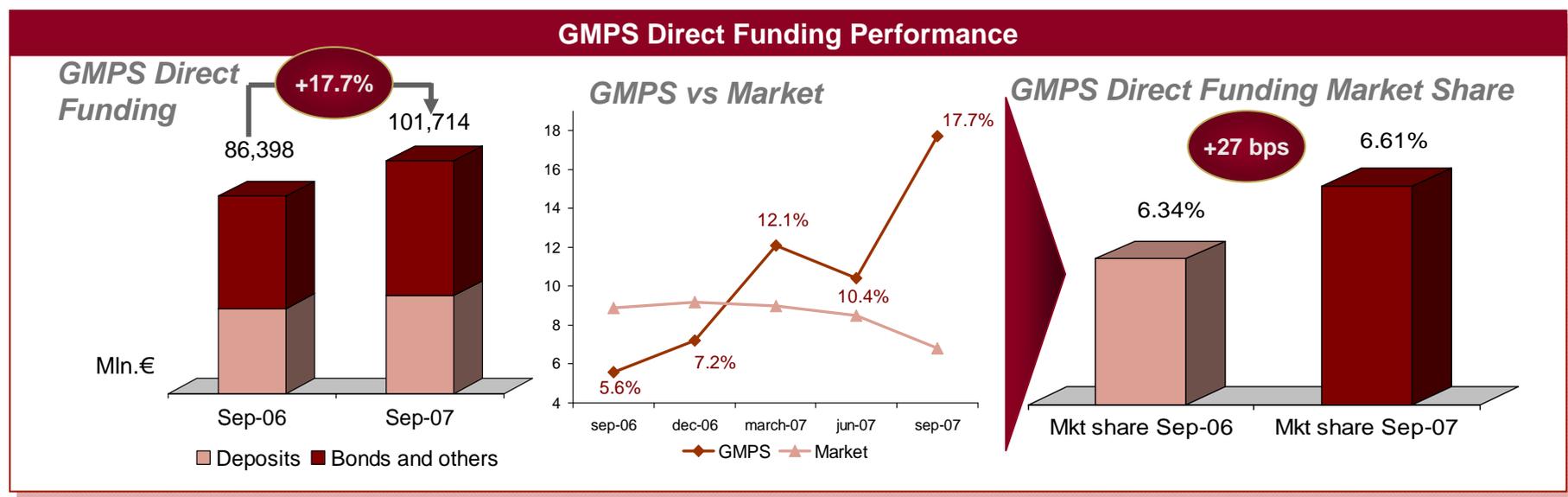
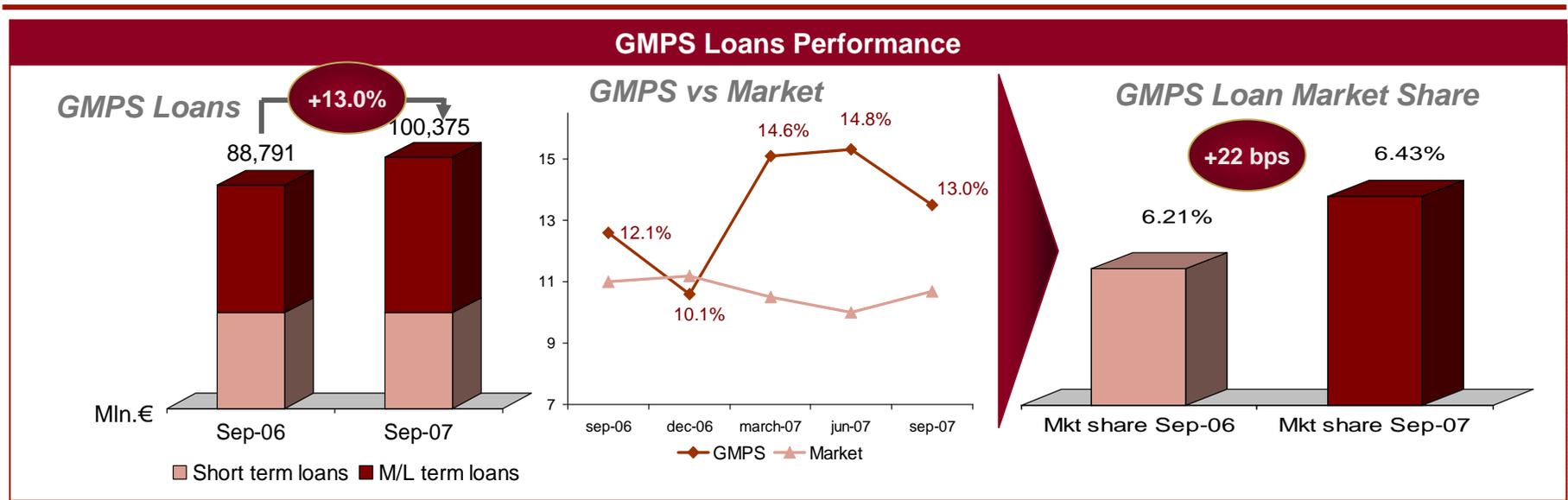
## CLIENTS

+109,000 net new clients (+153% YoY)

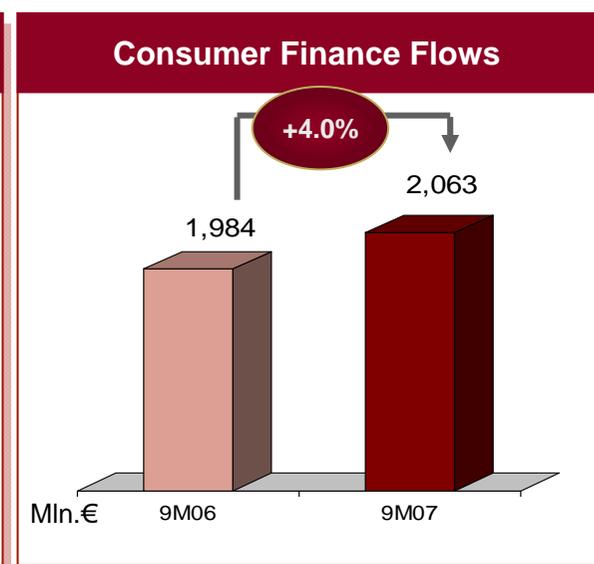
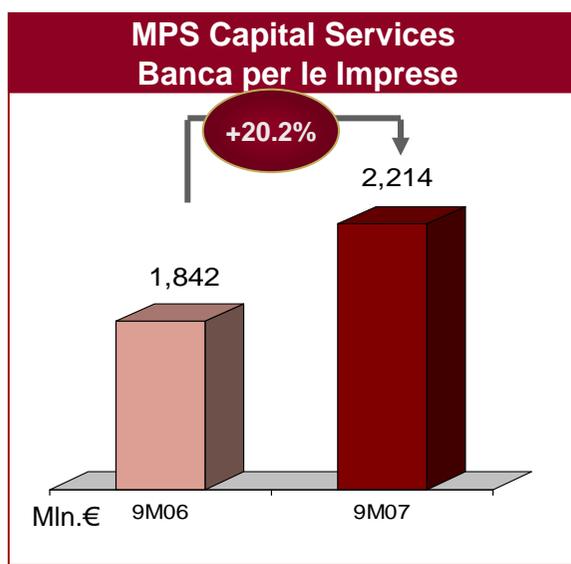
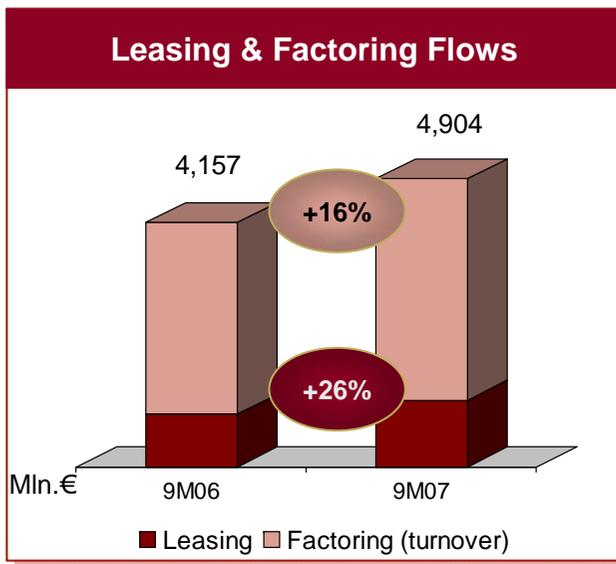
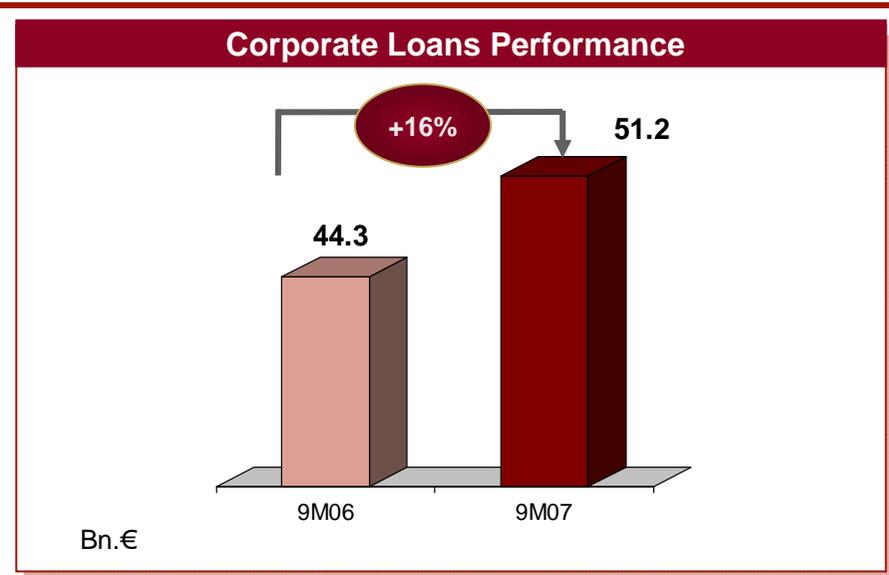
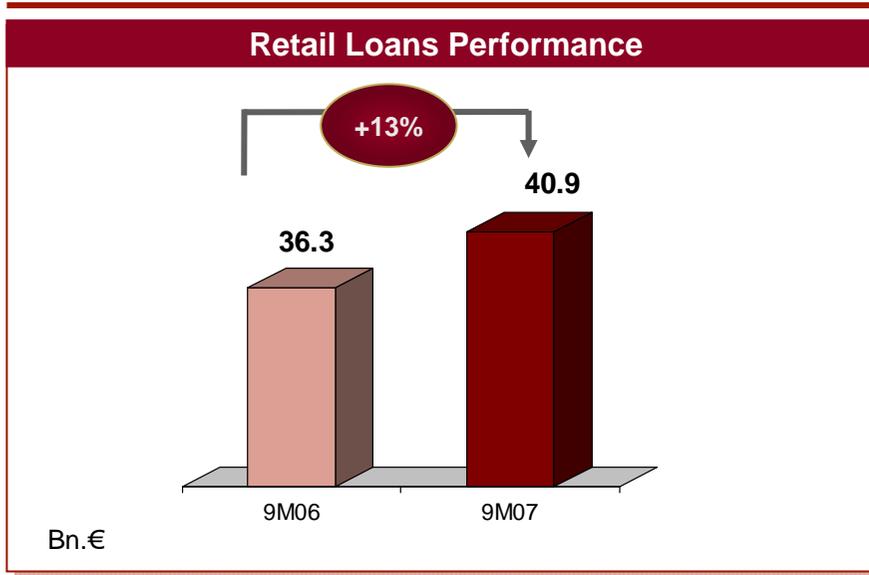
## BRANCHES

- ❑ A “new bank” has been created (+147 branches)
- ❑ 73 branches to be opened in the next two months

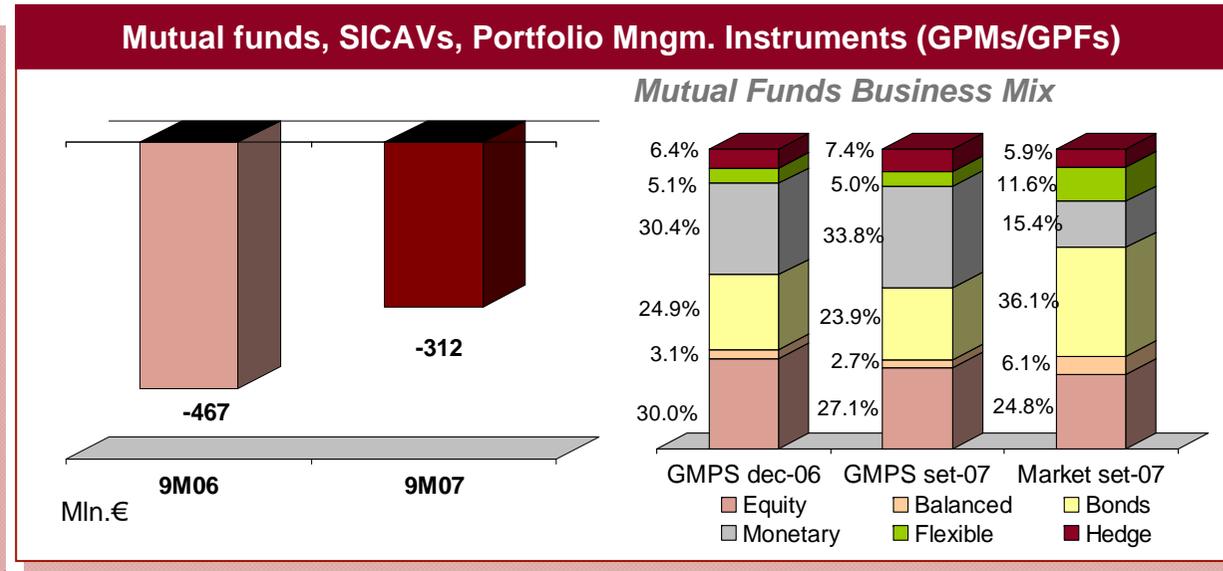
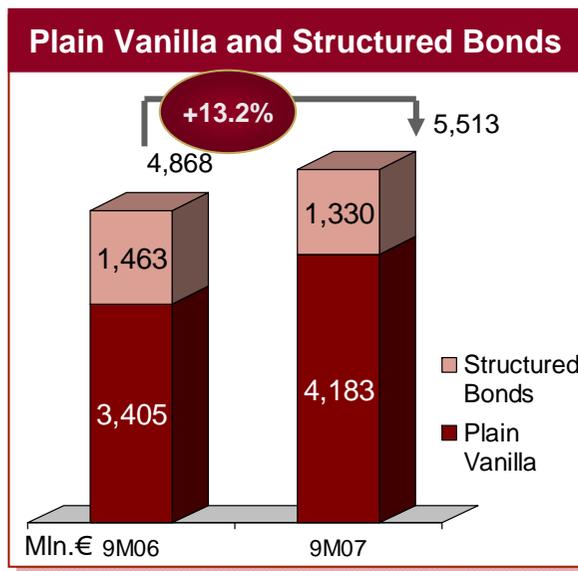
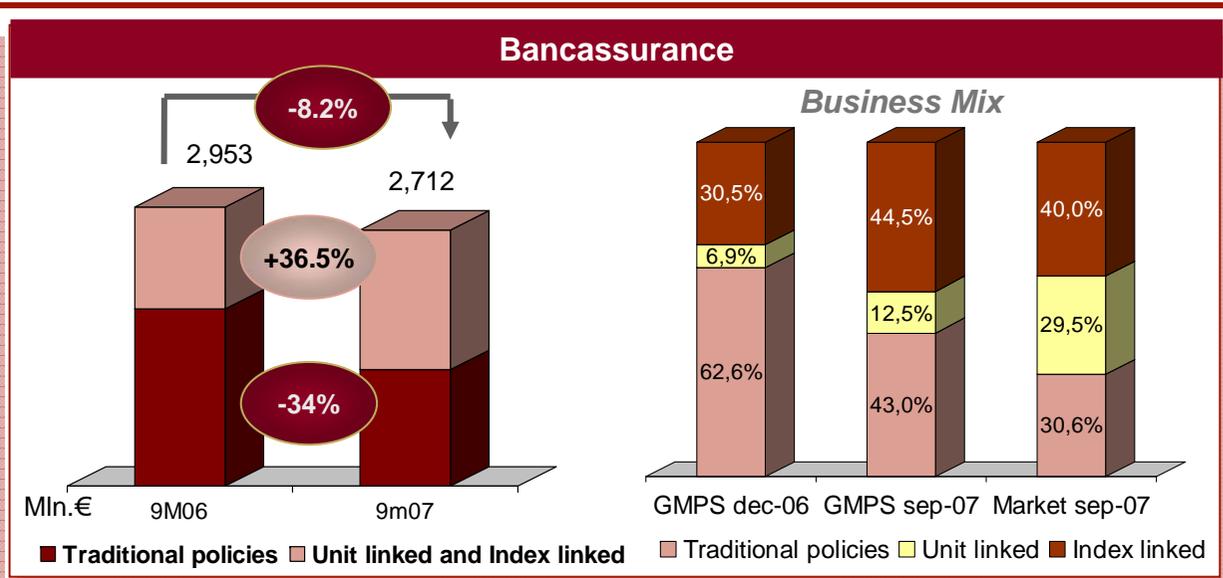
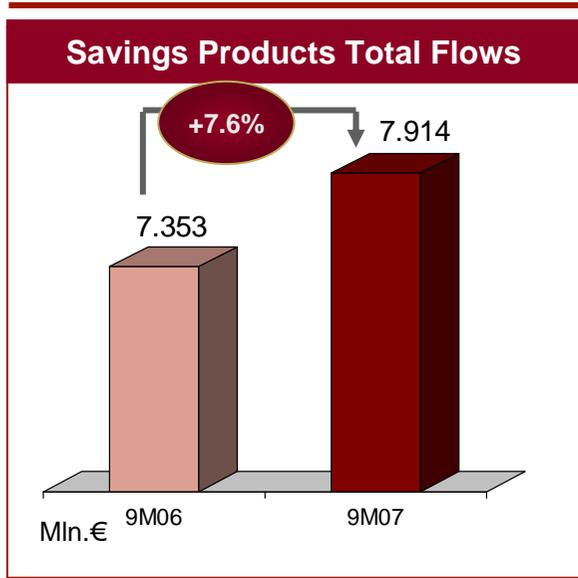
# Loans and Direct Funding Overperformed the Market



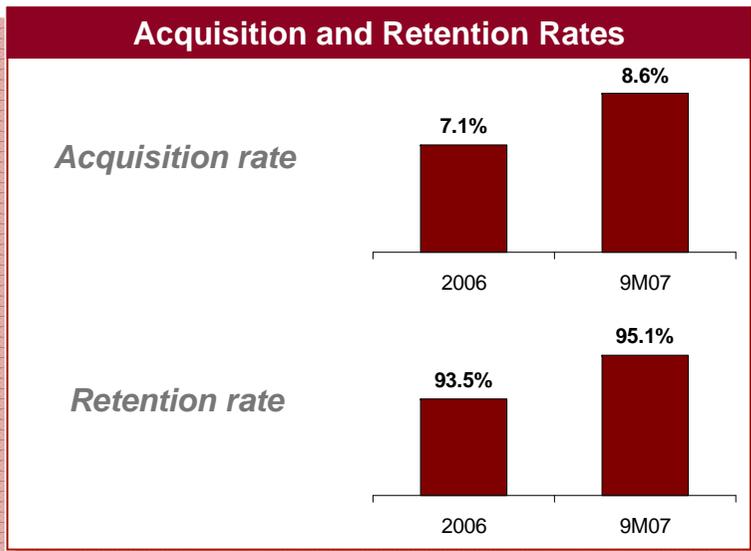
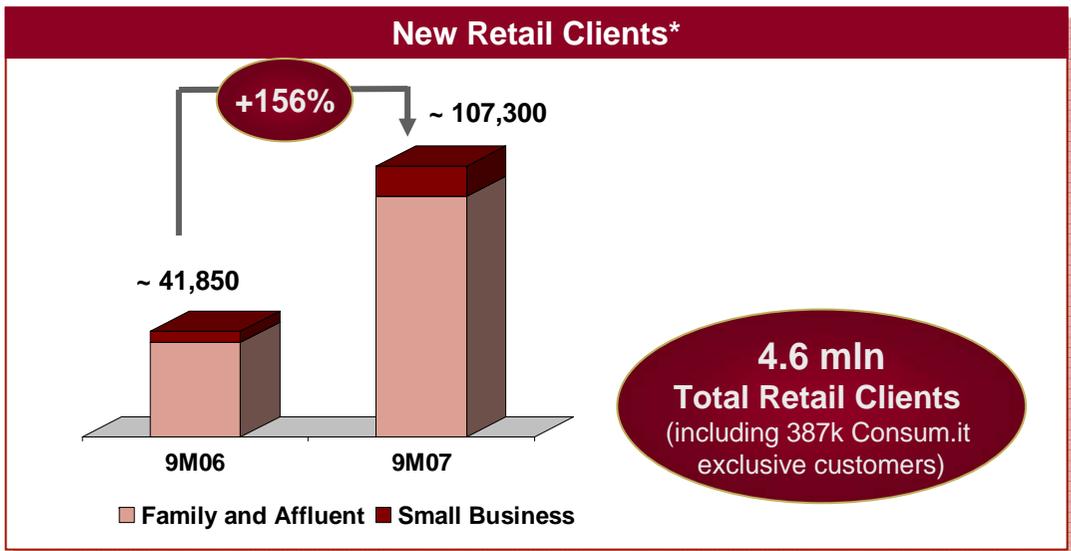
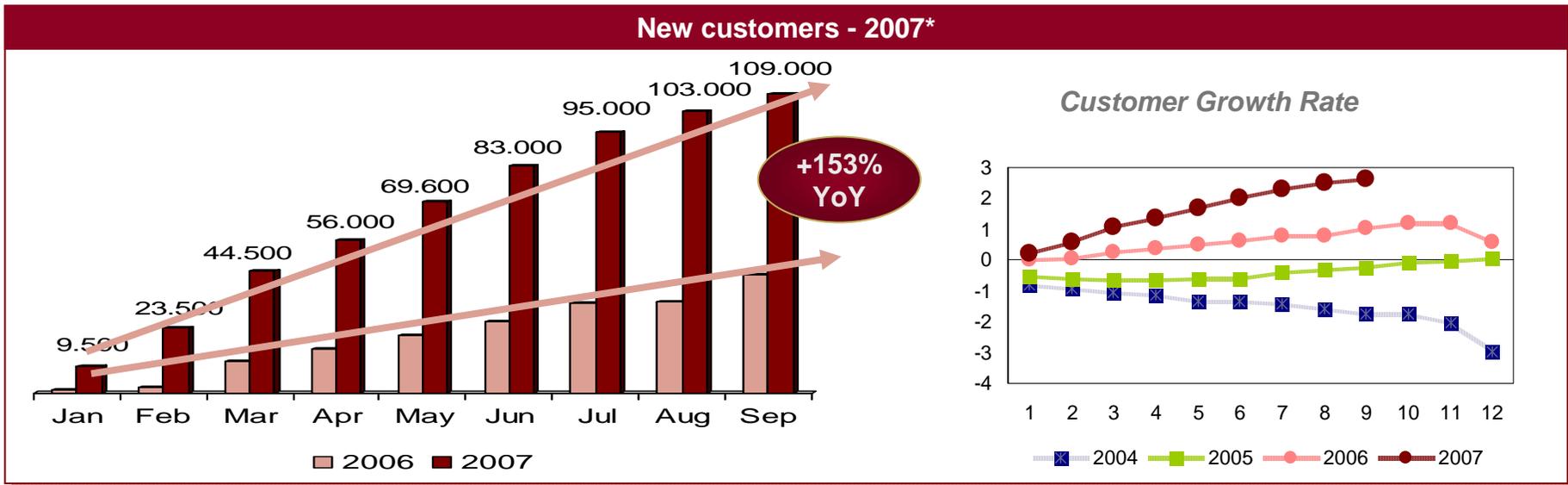
# Commercial Flows: The New Strategy Is Paying Off



# Savings Products Flows: +7.6% YoY

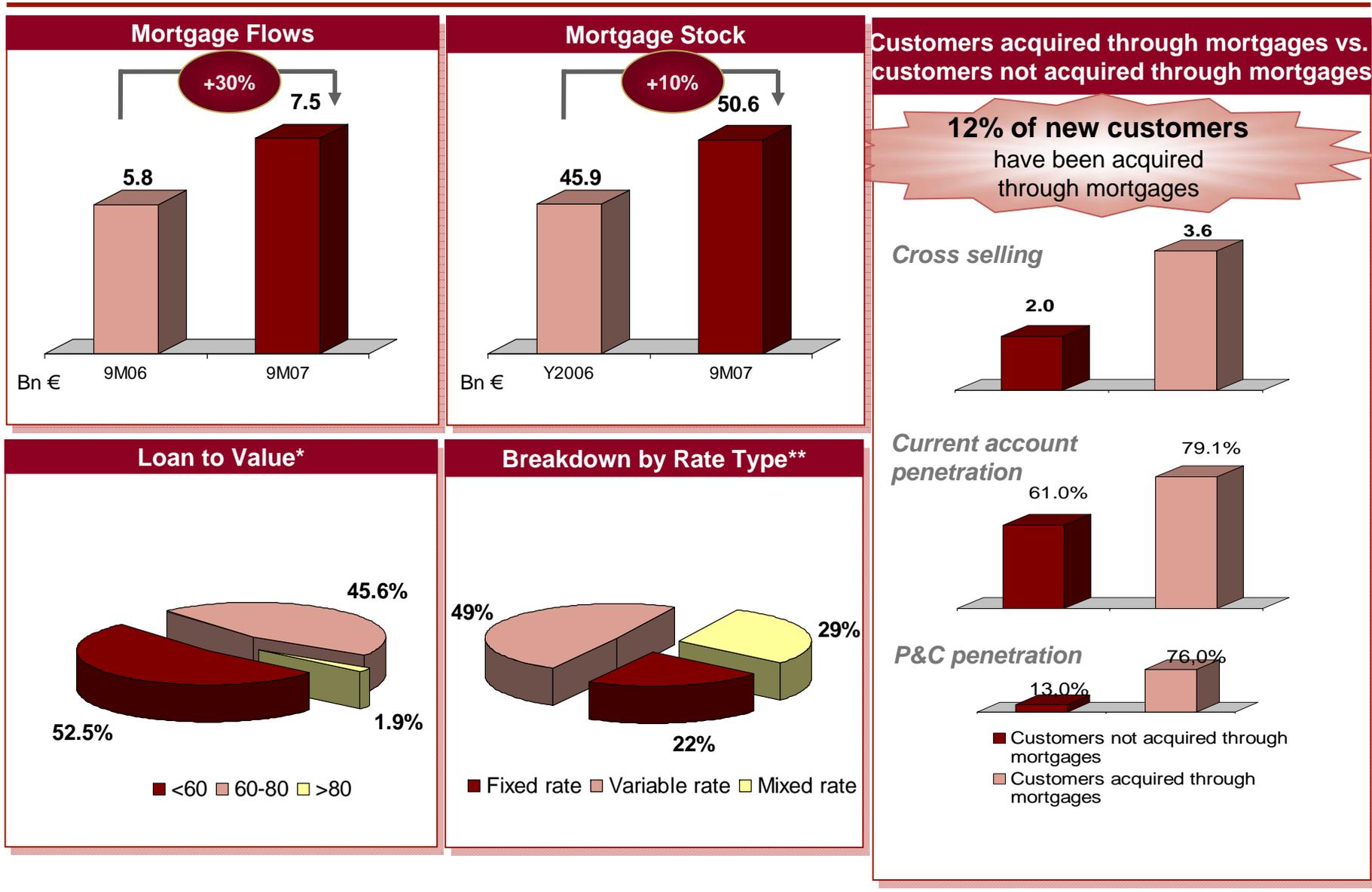


# Customer Base: +109,000 New Clients



\*Net of lost clients and net of Consimit exclusive clients

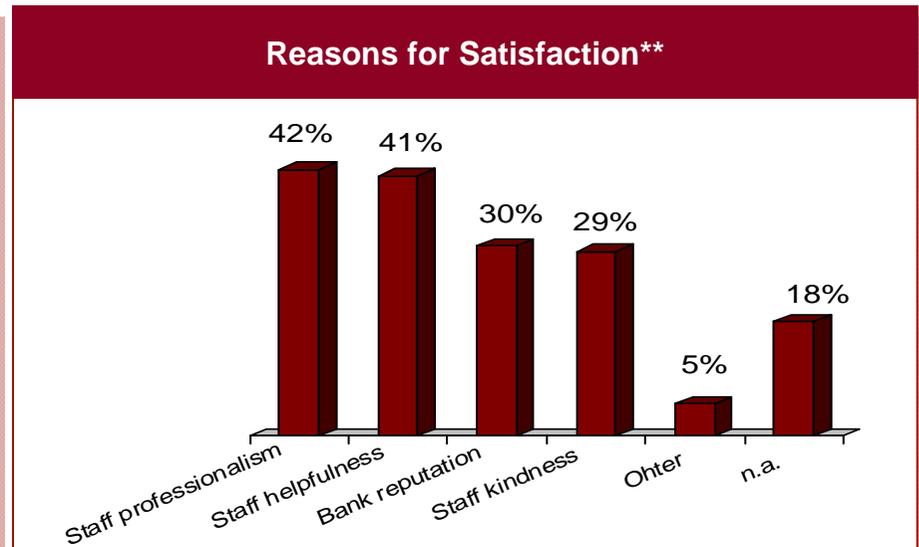
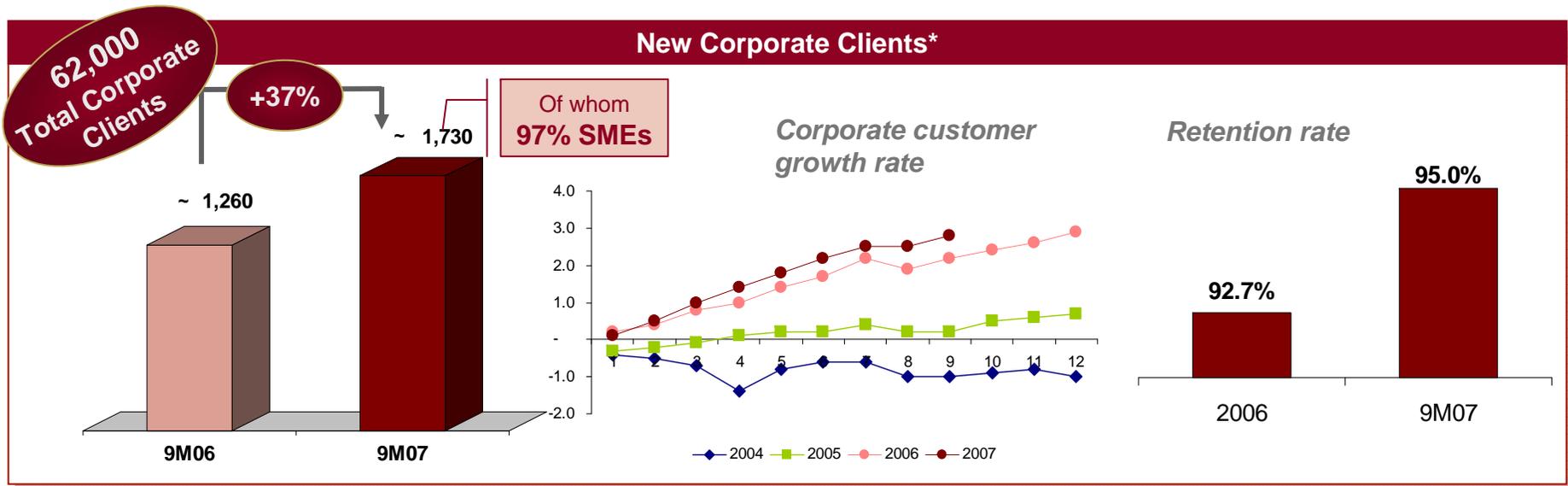
# Retail Clients: Cross-Selling Driven by Mortgages



\* Residual debt/Asset value (30.06.07)

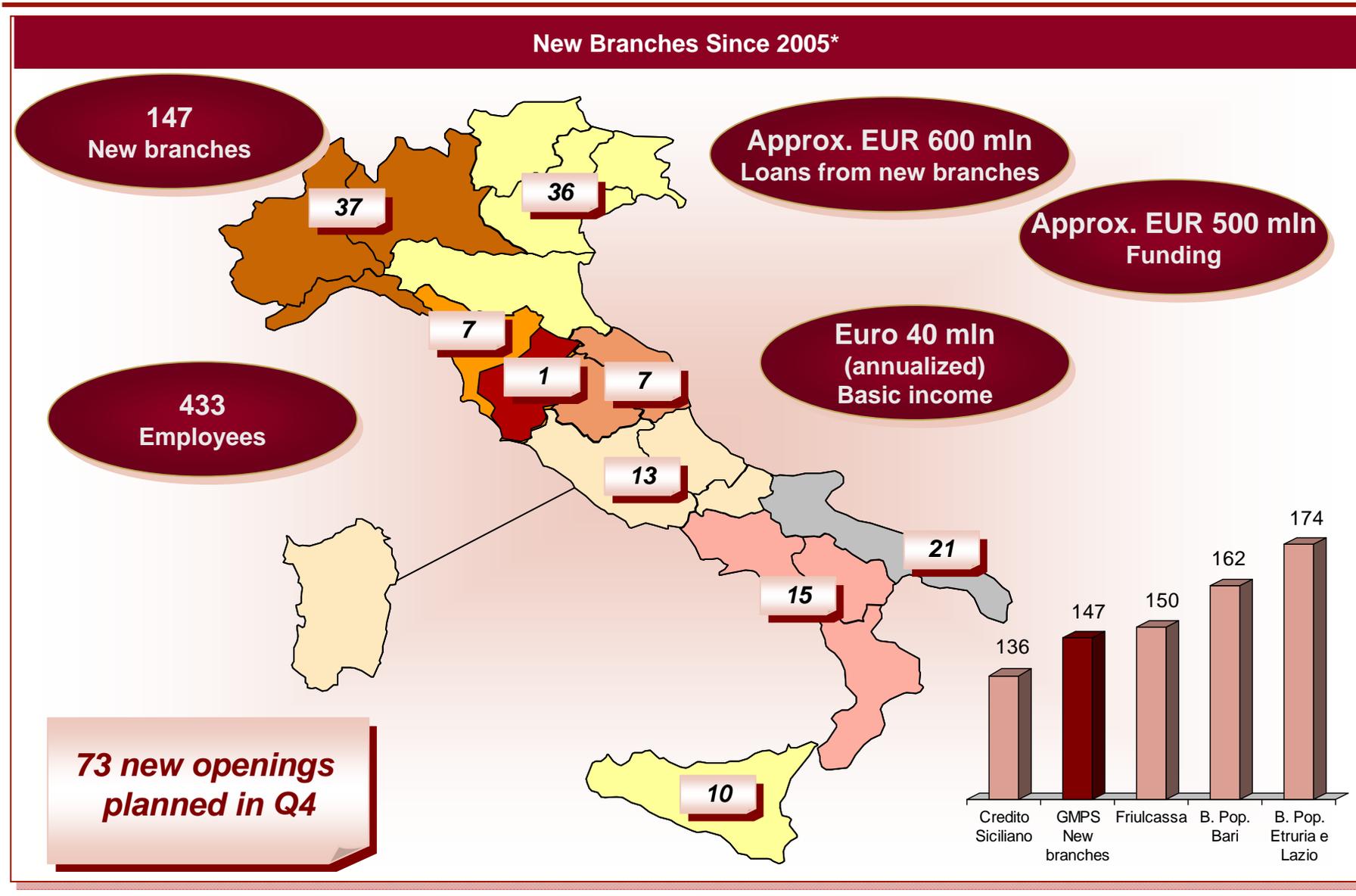
\*\* At 30.06.07

# Corporate clients: Growth Driven by Customer Satisfaction



\*Net of lost clients  
 \*\* Internal CRM Survey

# Branch Openings: A New Bank Built in 2 Years



\* Figures at 30.09.07

# 9M07 Profitability Driven by Recurring Revenues and Stringent Cost Control

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## REVENUES

- ❑ Basic income growth +5.5% vs Q306
- ❑ Q307 recurring revenues at 98.2% of total revenues

## OPERATING COSTS

- ❑ 2005-2009 BP CAGR Target: 1.0% ; Q307 actual: 0.8%
- ❑ 2007 reduction target vs 2006 confirmed
- ❑ First results of personnel initiatives: staff cost down 1.4% YoY
- ❑ Administrative Costs: Cost management initiatives well on track. Further benefits expected from Product Factories JV's, Real Estate management

## ASSET QUALITY

- ❑ Provisions: 45 bps
- ❑ Quality of performing portfolio under control
- ❑ Subprime CDO MtM: EUR 37.5 mln in September 07
- ❑ No exposure to Conduits or SIVs

## 9M07 and Q307 Results - Highlights

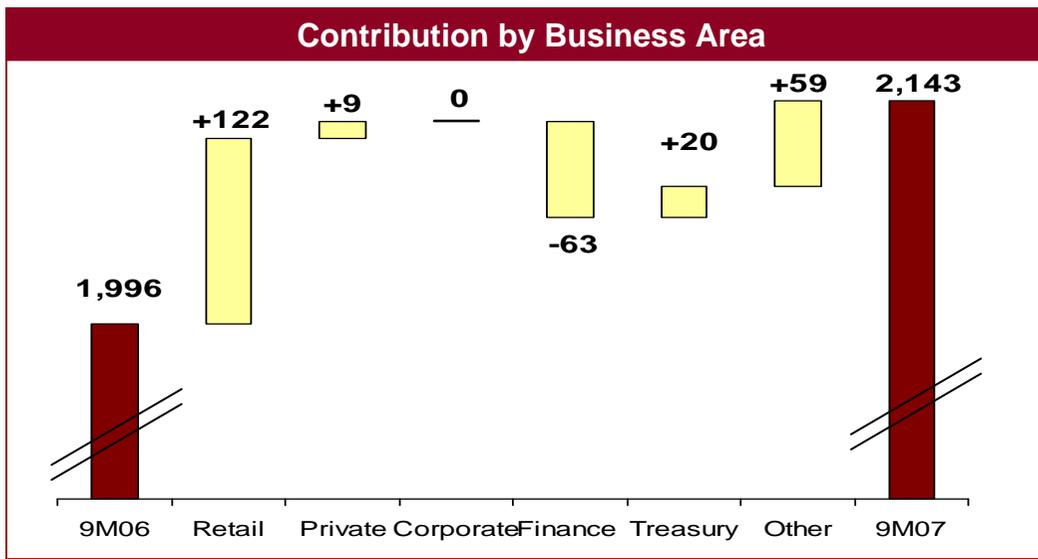
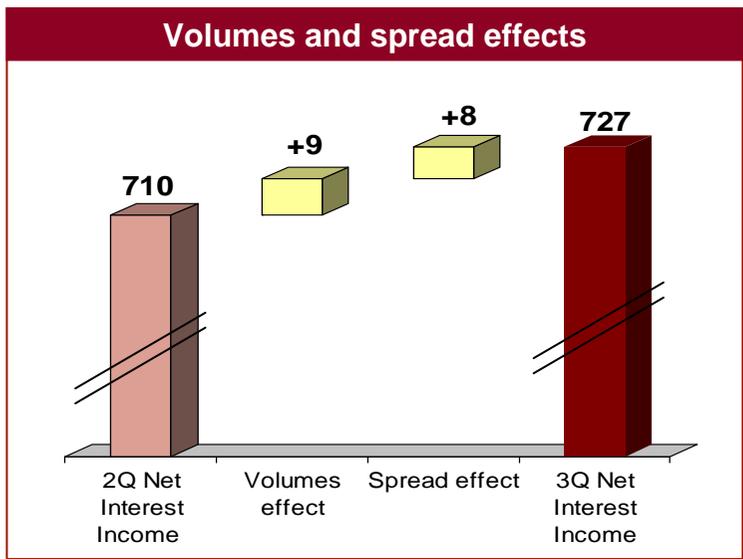
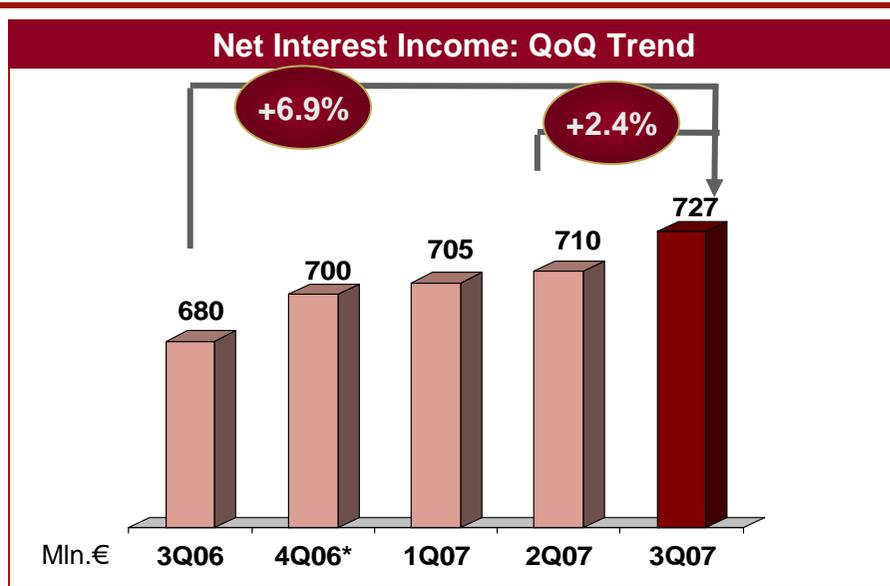
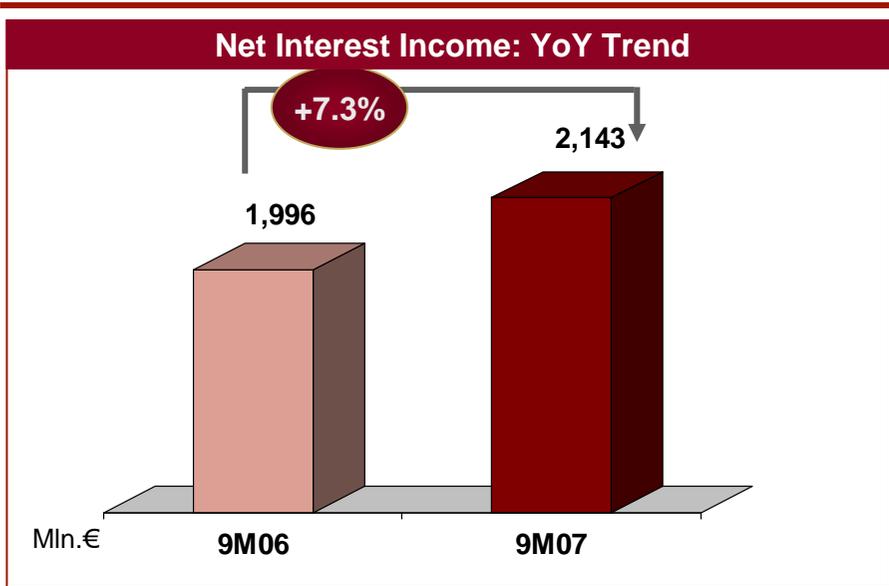
### Profit & Loss

(mln €)

	<b>9M07</b>	<i>9M07 / 9M06</i>	<b>Q307</b>	<i>Q307 / Q306</i>
<b>Net Interest Income</b>	<b>2,143</b>	<b>7.3%</b>	<b>727</b>	<b>6.9%</b>
<b>Net Fees</b>	<b>1,136</b>	<b>2.3%</b>	<b>365</b>	<b>1.9%</b>
<b>Basic Income</b>	<b>3,279</b>	<b>5.5%</b>	<b>1,092</b>	<b>5.2%</b>
<b>Total Revenues</b>	<b>3,552</b>	<b>4.4%</b>	<b>1,113</b>	<b>3.4%</b>
<b>Loan Loss Provisions</b>	<b>338</b>	<b>8.5%</b>	<b>112</b>	<b>10.4%</b>
<b>Operating Costs</b>	<b>2,091</b>	<b>0.8%</b>	<b>700</b>	<b>-0.6%</b>
<b>Net Operating Income</b>	<b>1,120</b>	<b>11.0%</b>	<b>295</b>	<b>9.3%</b>
<b>Net Income*</b>	<b>718</b>	<b>4.2%</b>	<b>204</b>	<b>-1.5%</b>

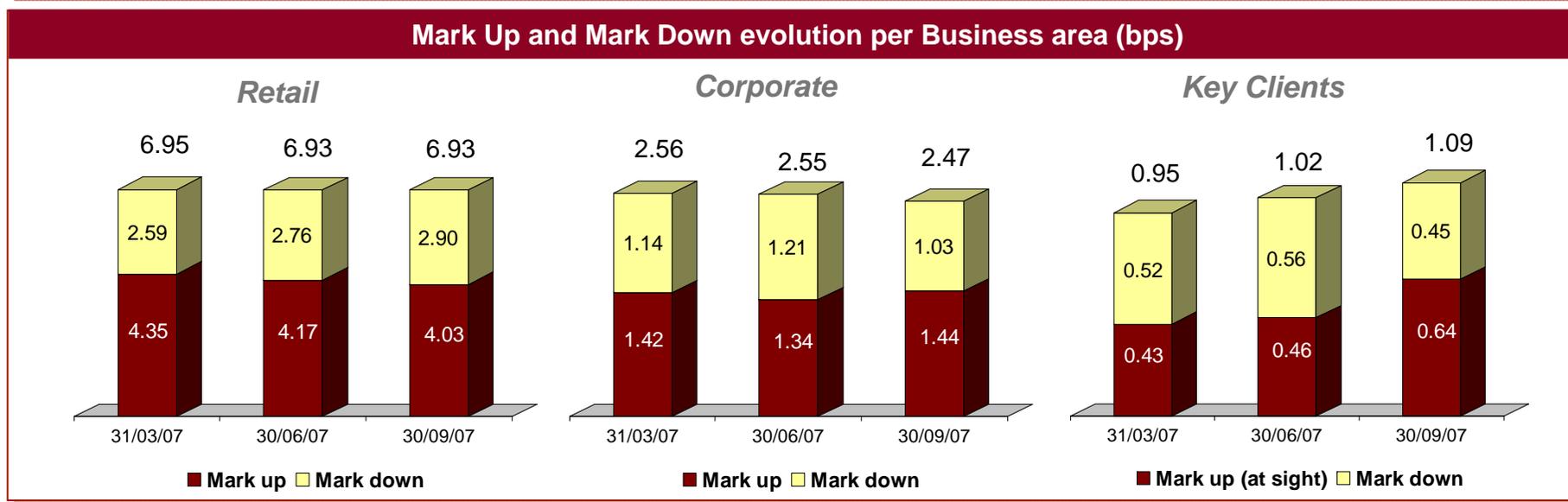
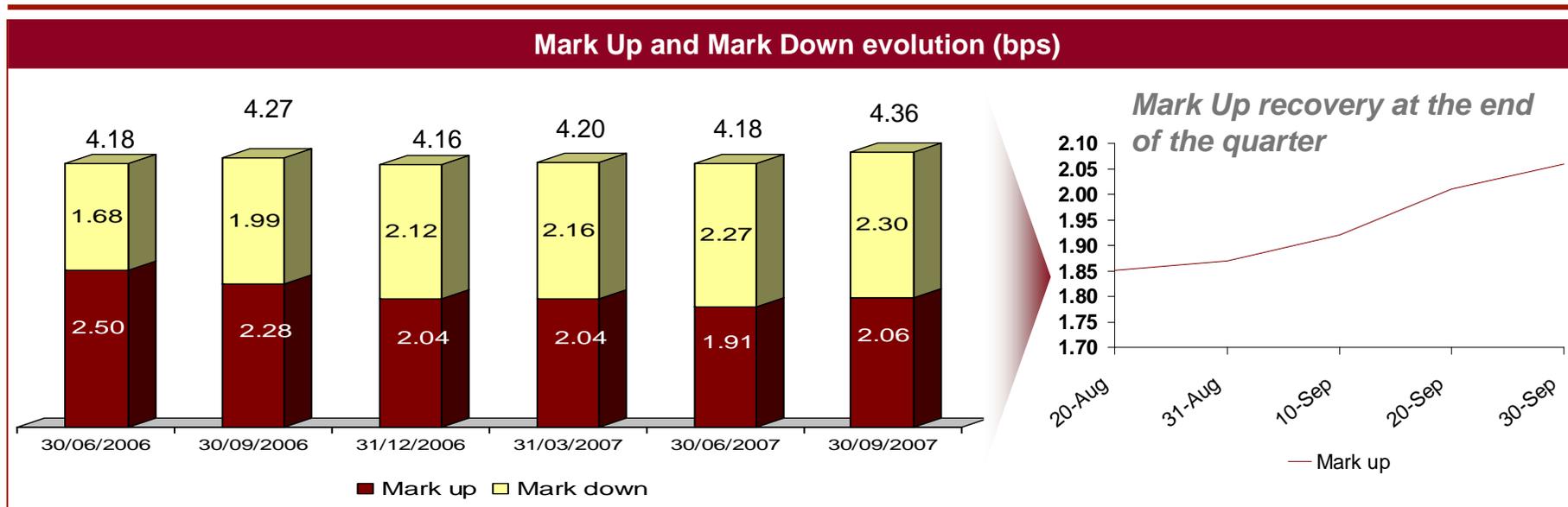
\* 9M Net Income: 10% net of non recurring revenues

# Net Interest Income: A Good Quarterly Recovery, As Promised

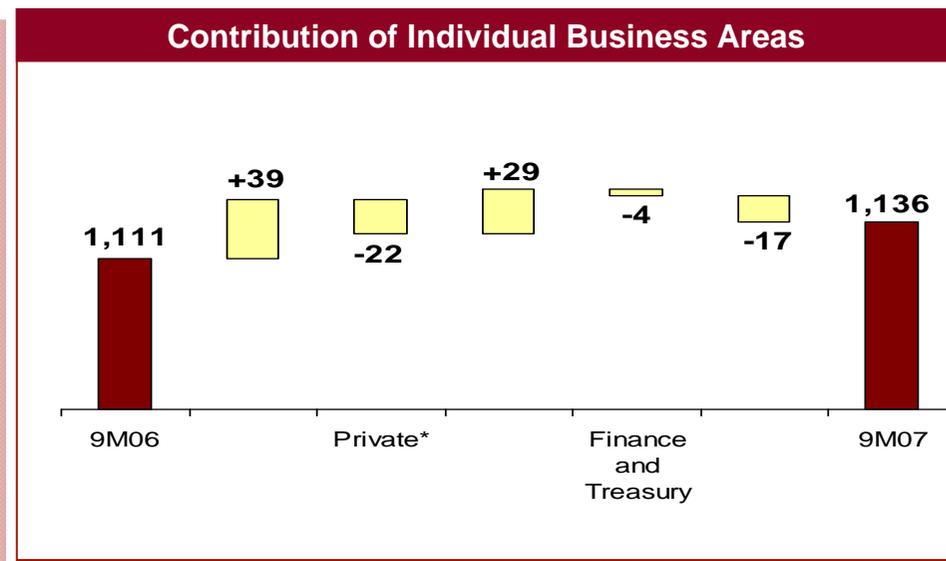
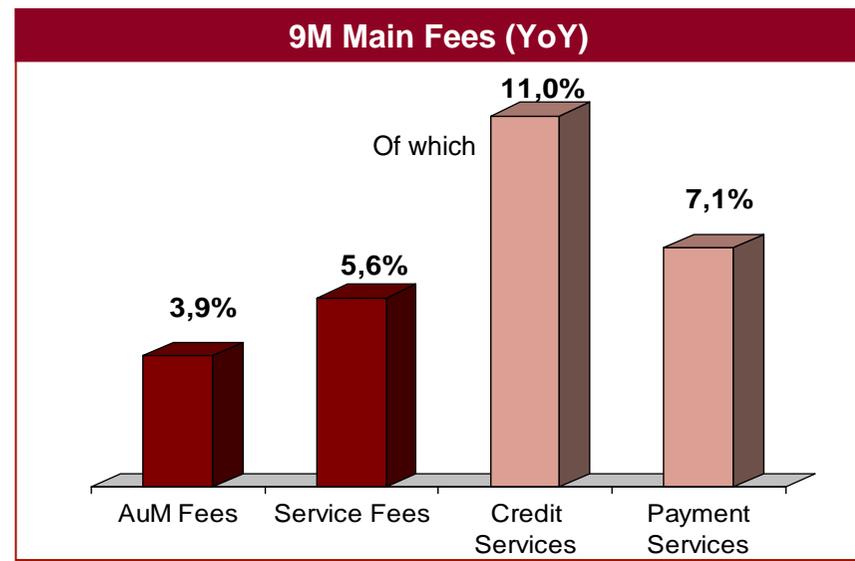
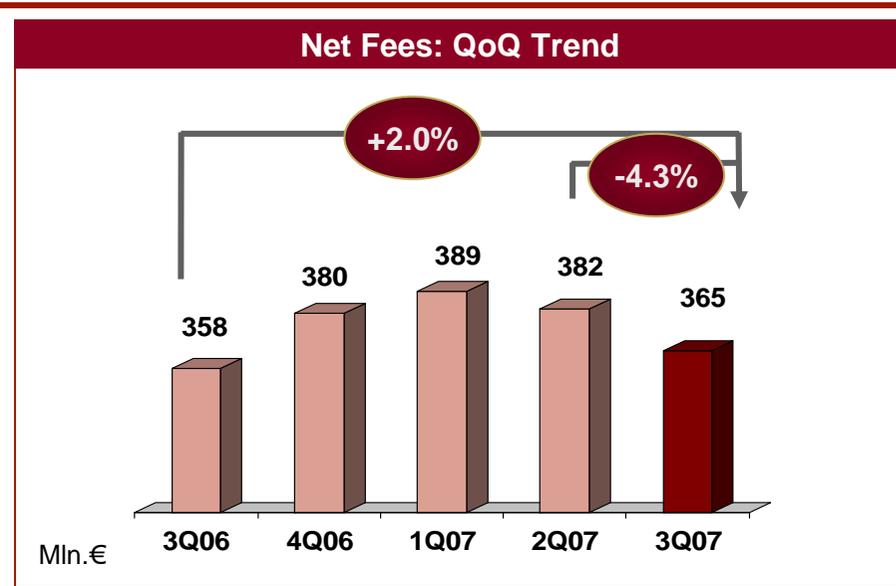
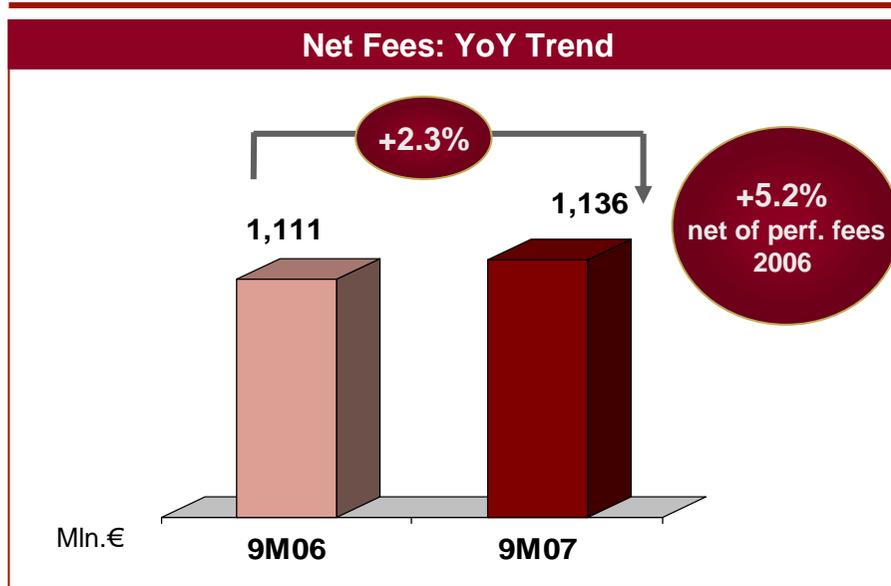


\*4Q06 net of Junior bonds / Banking book (Euro 18 mln)

# End-of-Period Mark-up Recovery, with Expected Benefits in 4Q

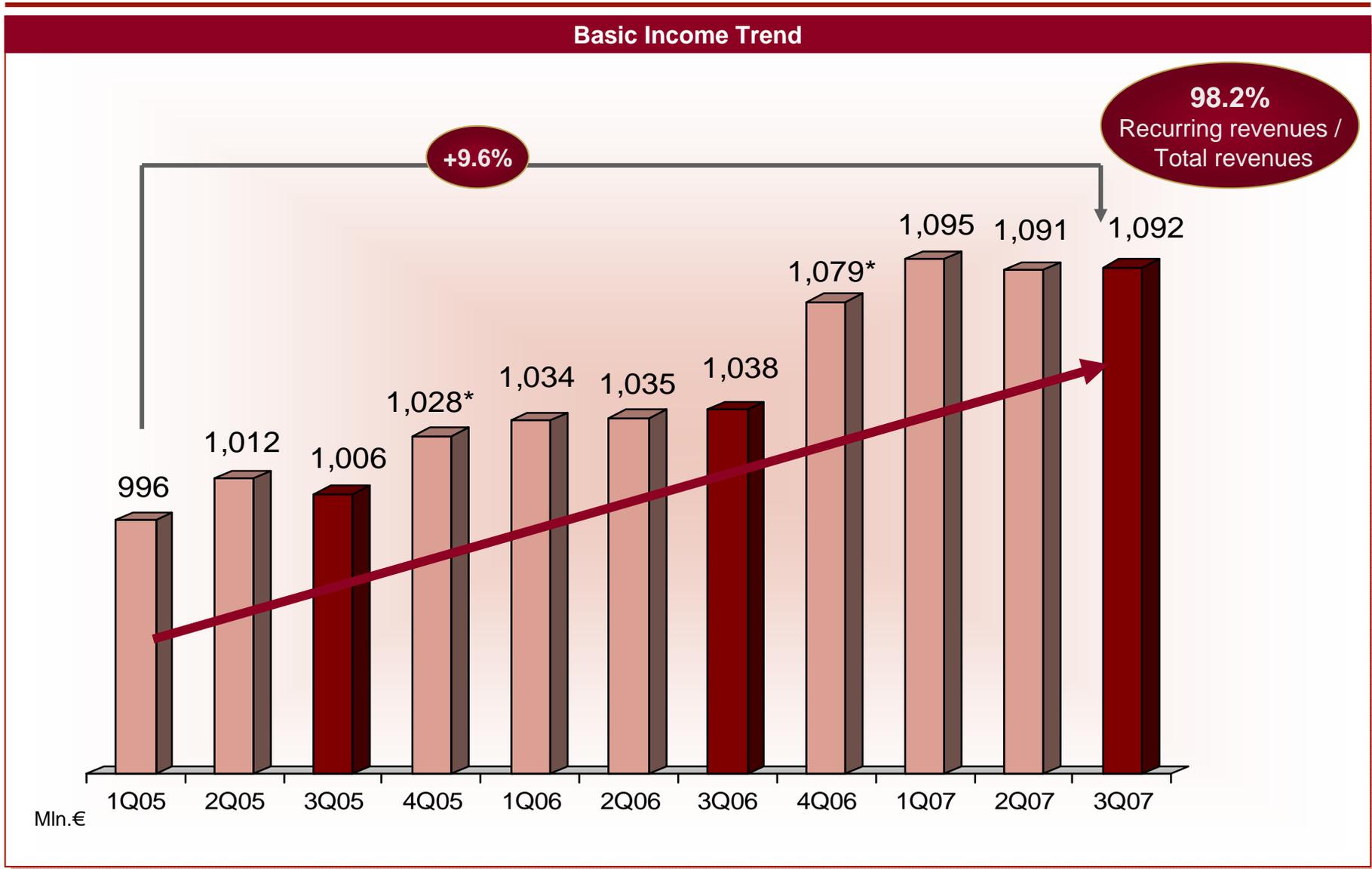


# Net Fees Approx. +2% YoY, but Recurring Fees up 5.2%



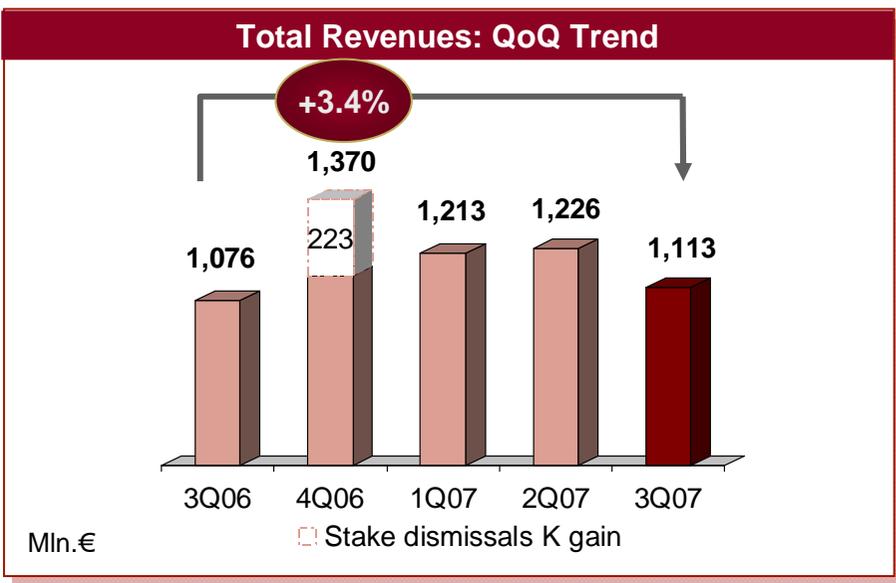
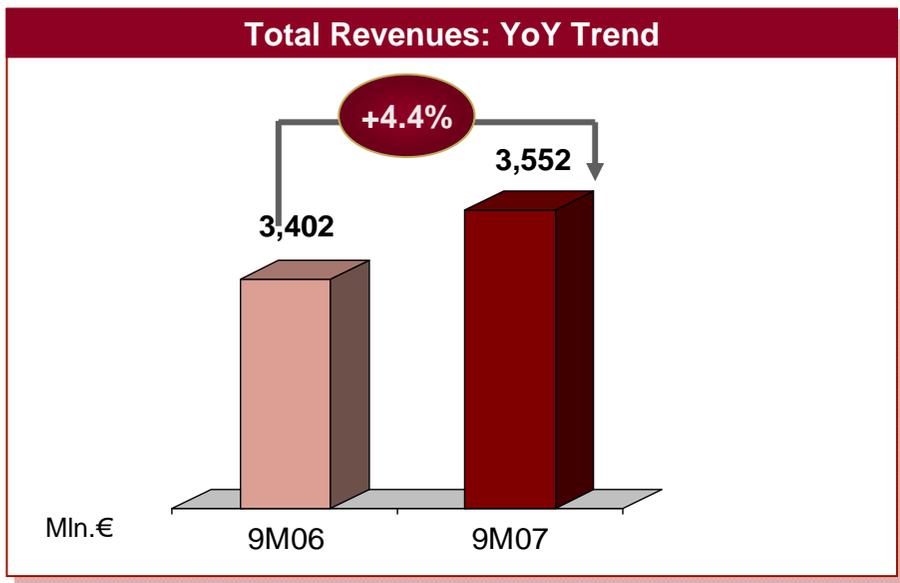
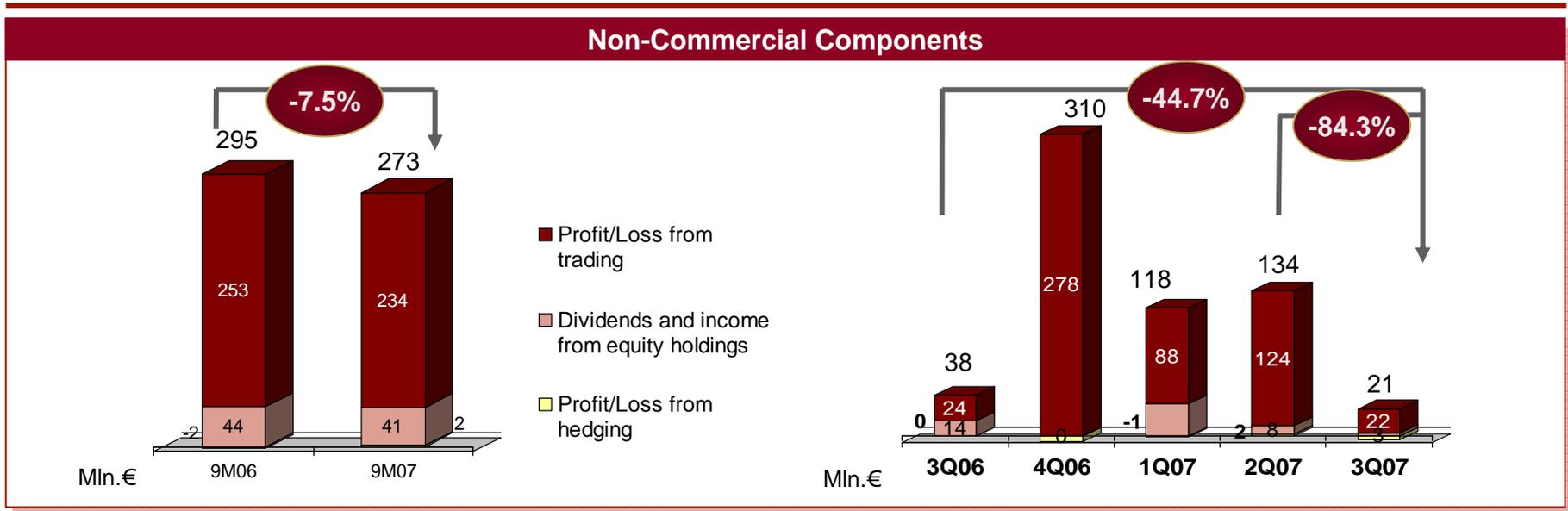
\* The decrease is due to the cancellation of Performance Fees

# Improving Our Profitable Growth Track Record: Core and Recurring Revenues Account for approx. 99% of Total Rev.

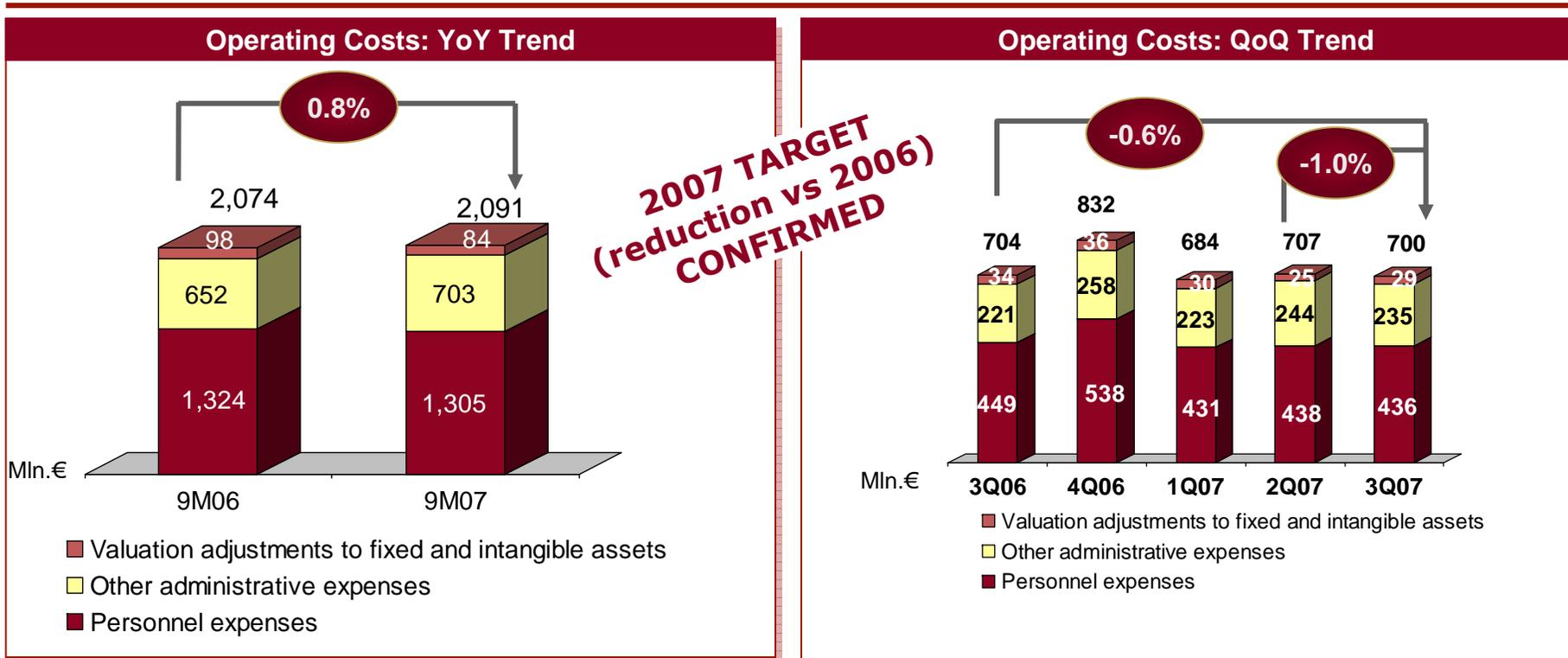


\*Net of Junior notes / Banking book

# Non-Commercial Components and Revenues

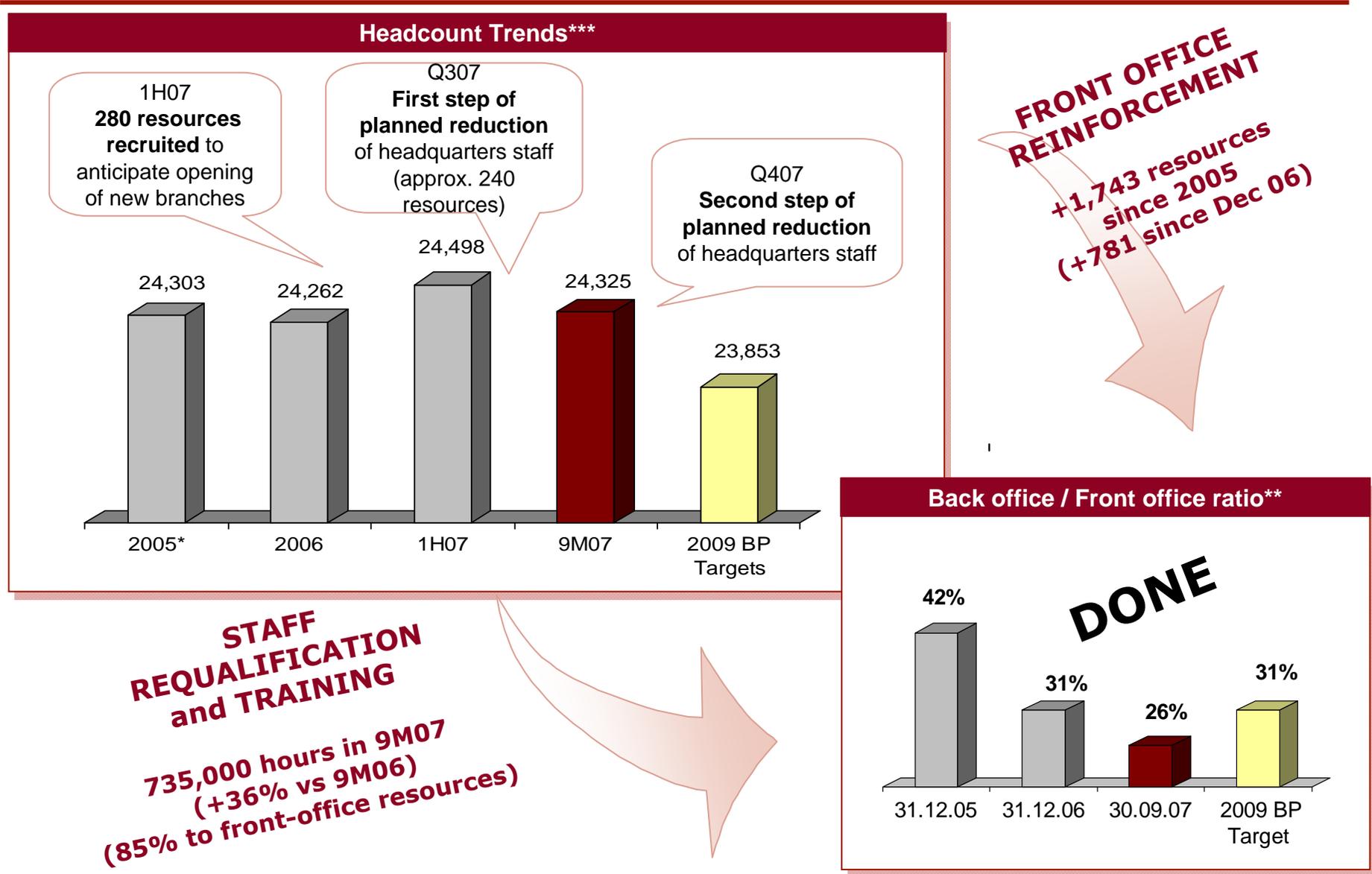


# Operating Costs: Trends and Target Confirmed



- ❑ Cost trends better than 2005-2009 BP CAGR% target of +1%
- ❑ 2007 incorporates strong investments in marketing, branch openings, Mifid and BP projects, with structural cost savings actions already in place

# Staff Reduction: on Track with Business Plan Target

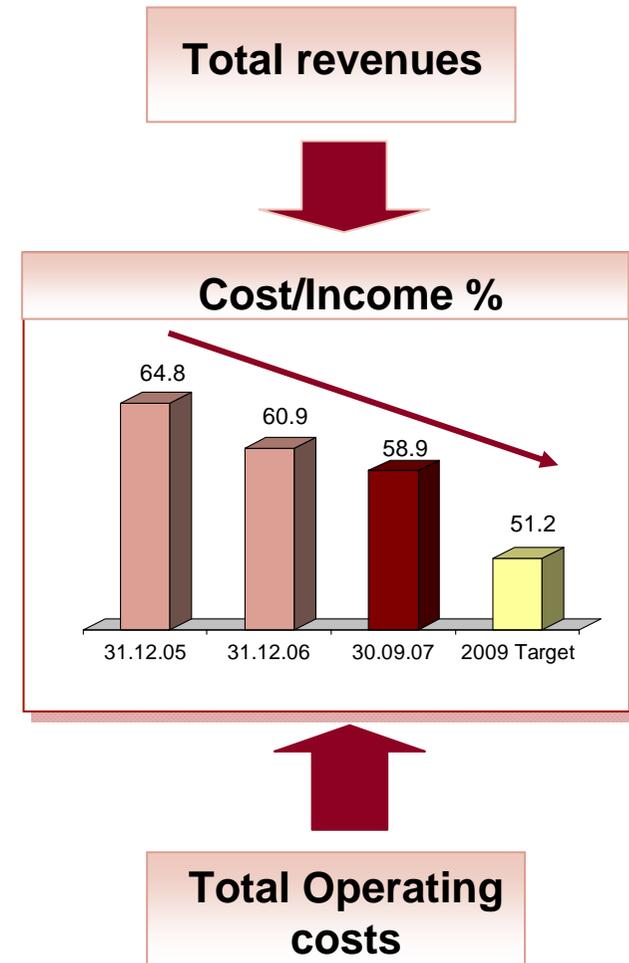
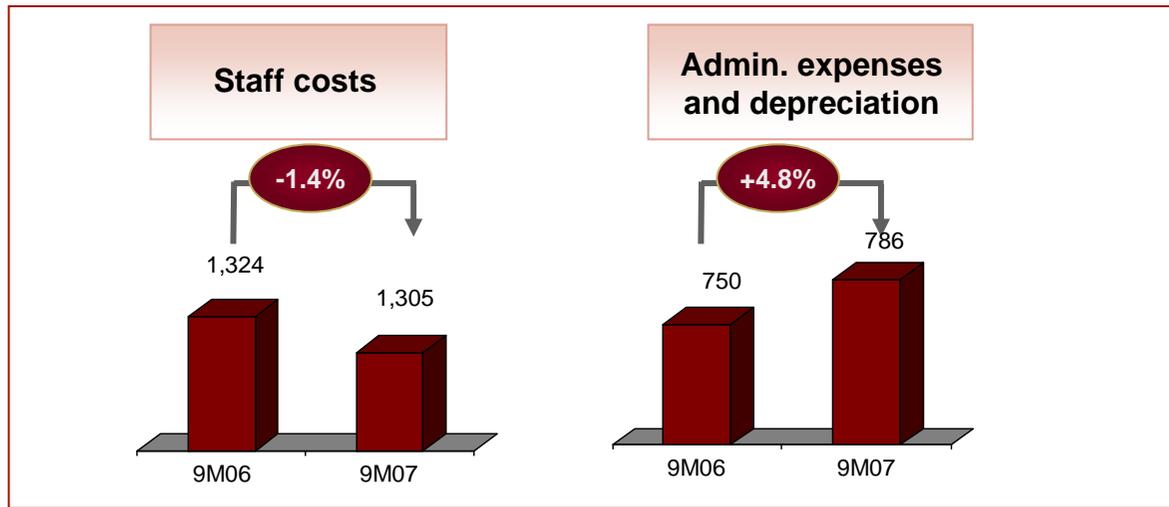
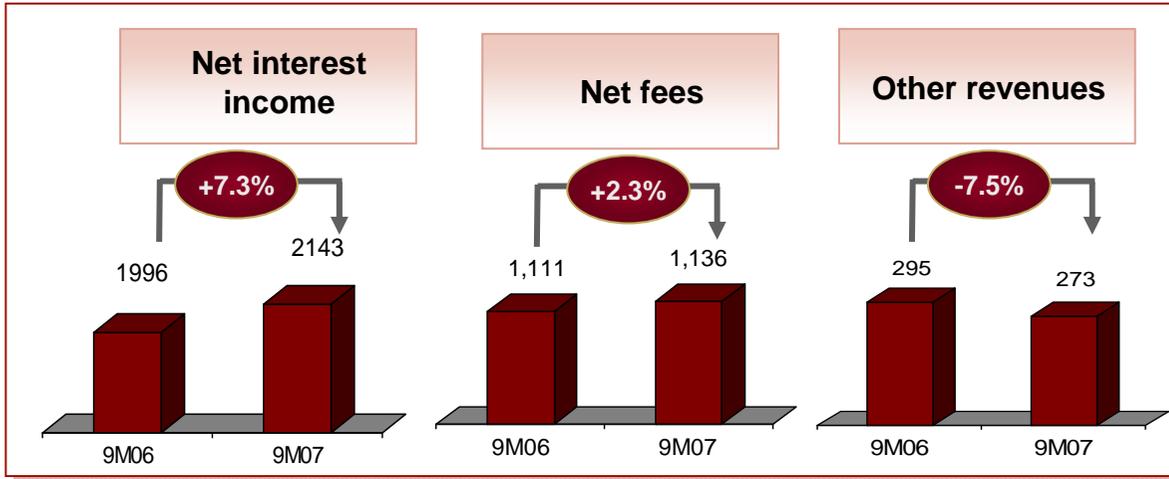


\* Net of Tax Collection Department (2,167 employees)

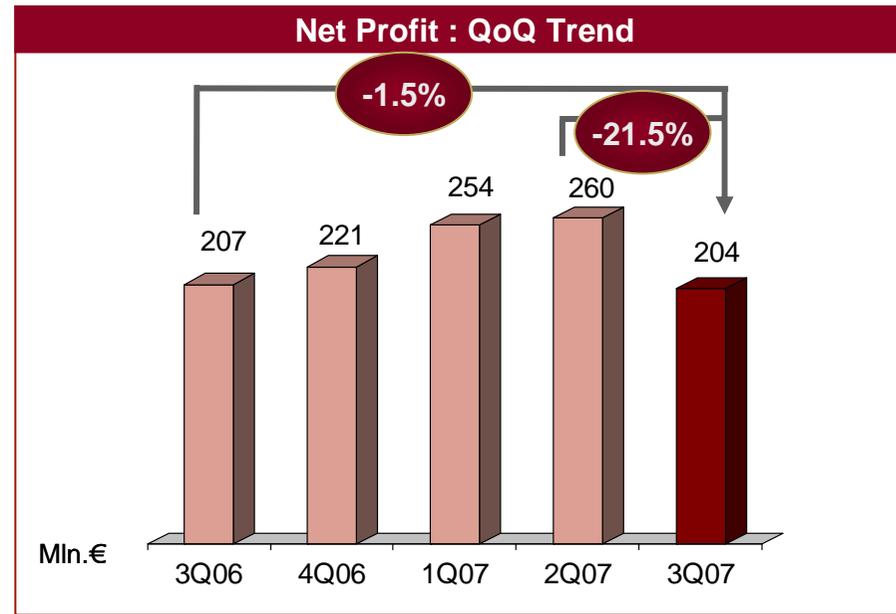
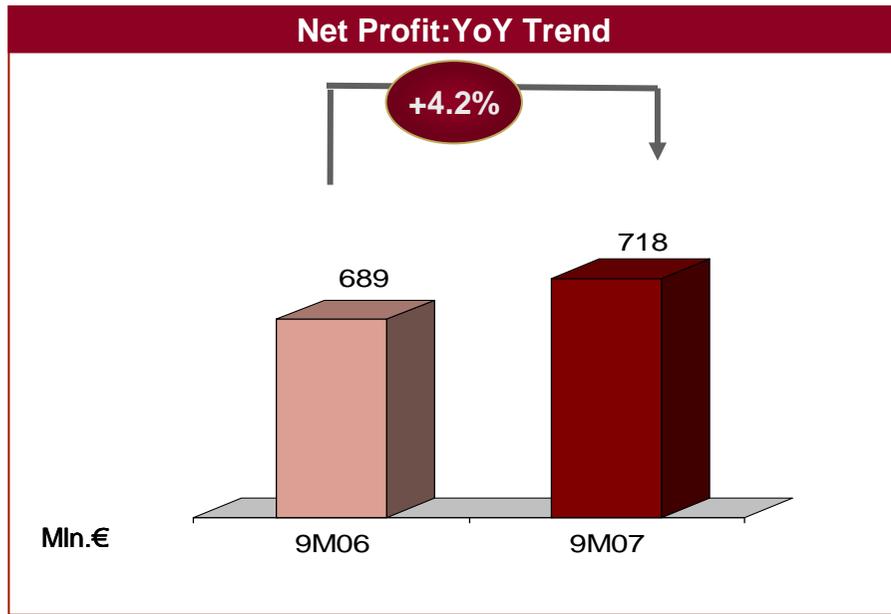
\*\* Counted as Headquarters and Main Branches Staff/Network Staff

\*\*\* Figures do not include staff allocated to companies outside the Group perimeter

# Cost/Income Ratio Analysis



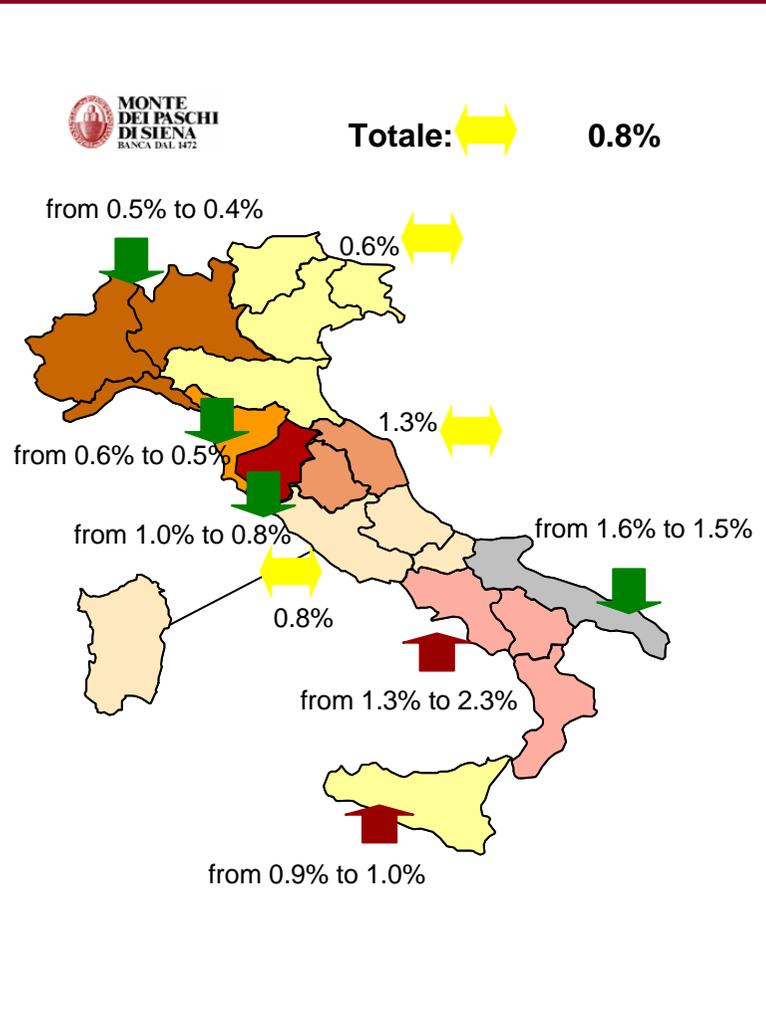
# Net Profit Growth: Focus on Recurring Revenues



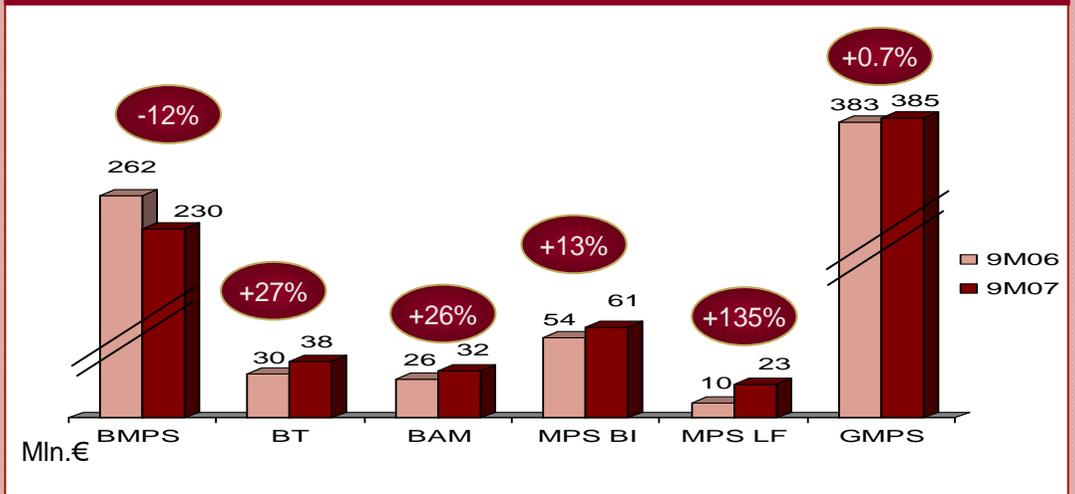
- ❑ Focus on our objective: to continue generating recurring profit in the long term
- ❑ Net profits up 10% net of one-off items

# Asset Quality Under Control Notwithstanding Recent Turmoil

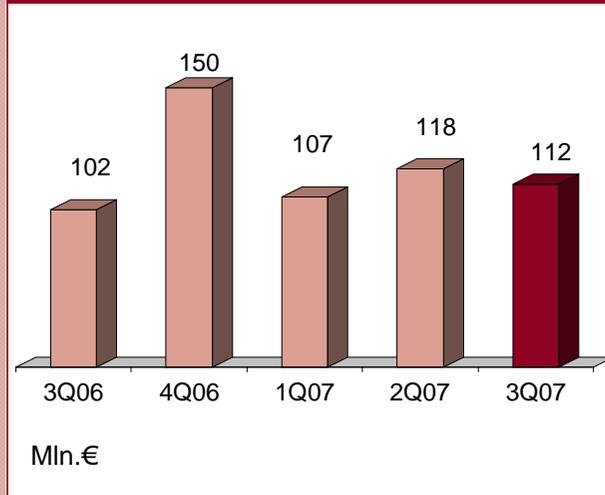
**Doubtful loans/Loans per Geographical Area (January 2007 – September 2007)\***



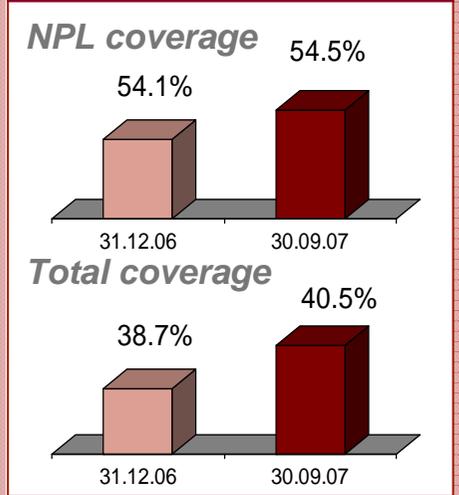
**Recovery Flows**



**Loan Loss Provisions**

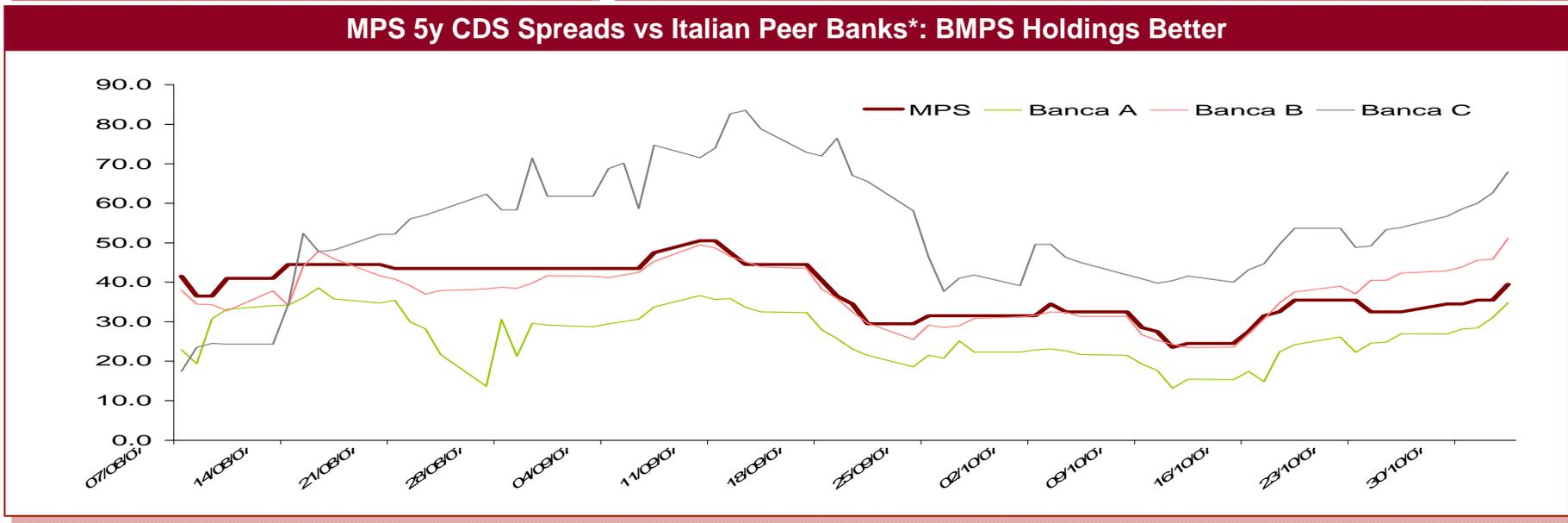
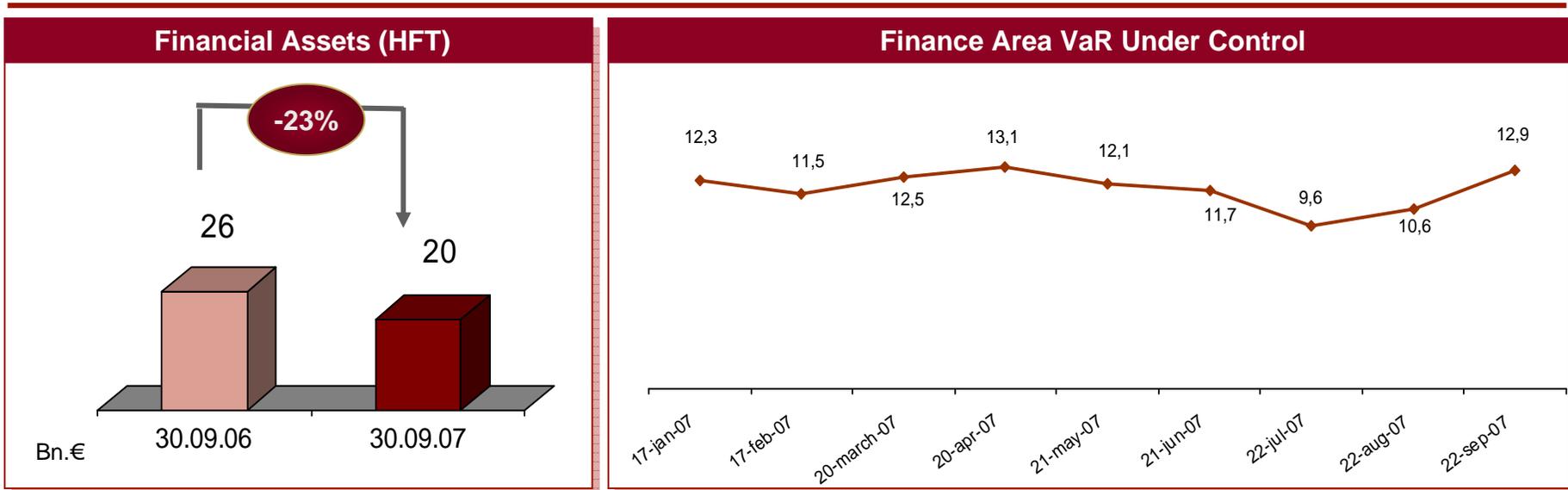


**Coverage**



\*Figures refer to Banca MPS

# Risk Profile Under Control - Acknowledged by Market



\*Unicredit, Intesa and BP Verona

# 9M07: Capital, Funding and New Initiatives

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## CAPITAL

- ❑ Tier 1 at approx. 7%\*
- ❑ Many capital management opportunities in 2008 will unlock further value

## FUNDING

- ❑ Good funding flexibility with L/D<1
- ❑ Recent issuing of EUR1.5 bn successful, with spread lower than peers
- ❑ No particular wholesale funding needs in 2008

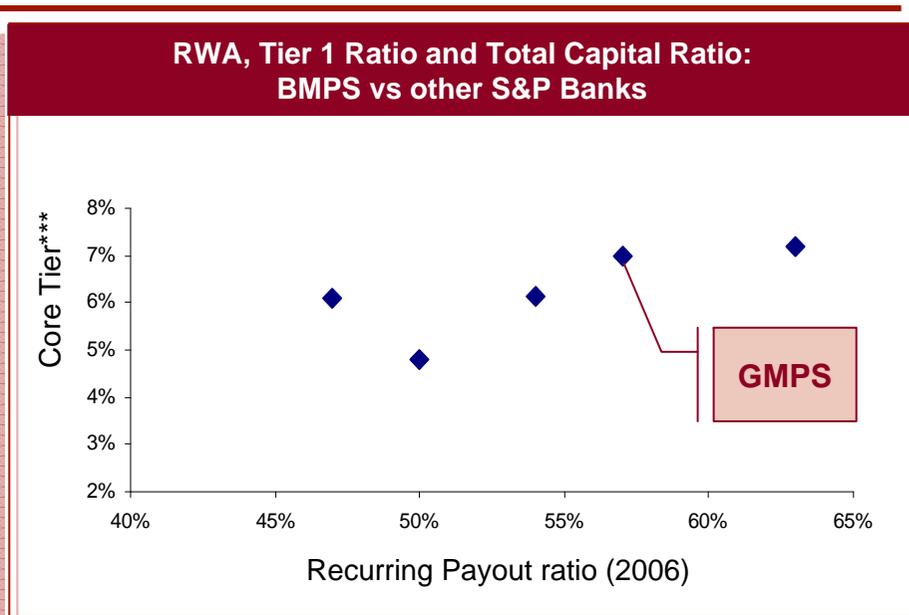
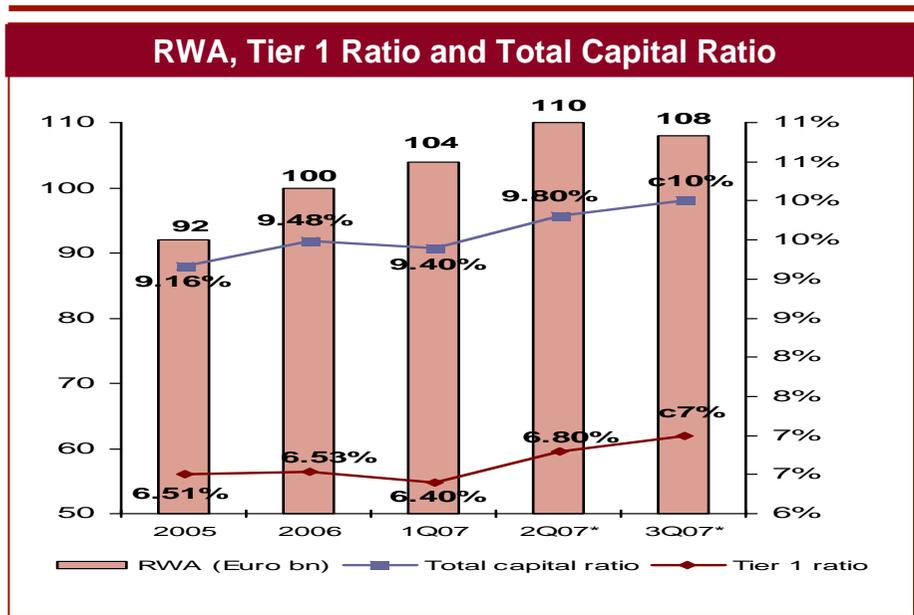
## INITIATIVES

- ❑ JV on Bancassurance launched with great success
- ❑ JV on AUM shortlist to be finalized in December
- ❑ JV on NPL shortlist to be finalized in December

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\* Includes the effect of MP Vita deconsolidation

# Capital Management: A Number of Growth Opportunities



**Capital Management Opportunities**

<p><b><u>Capital optimization</u></b></p> <ul style="list-style-type: none"> <li>❑ Equity stake portfolio (Total Fair Value EUR 1.2 bn in 2008)</li> <li>❑ RWA optimization</li> </ul>	<p><b><u>Capital gains</u></b></p> <ul style="list-style-type: none"> <li>❑ Real estate (Book Value EUR 1.8 bn in 2008)</li> <li>❑ Gross capital gain inflows** (Q407)</li> </ul>	<p><b><u>Further opportunities</u></b></p> <ul style="list-style-type: none"> <li>❑ Basel II (starting in 2H08)</li> </ul>
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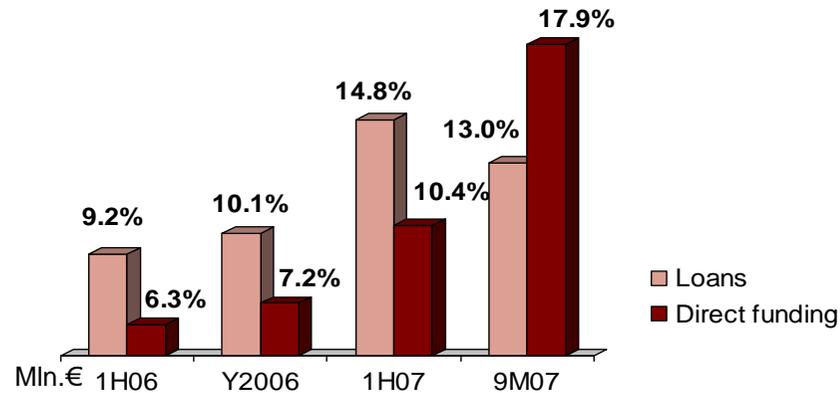
\* Includes the effect of MP Vita deconsolidation

\*\* MP Vita Euro 753 mln + Borsa Italiana Euro 150 mln

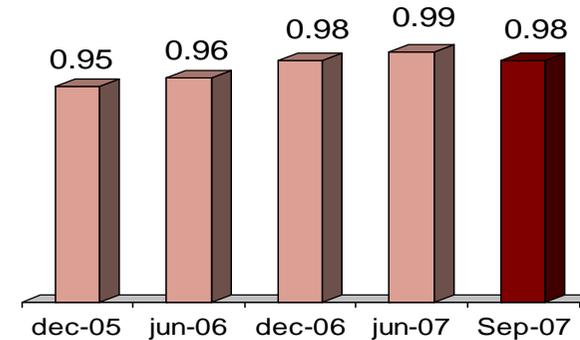
\*\*\* Data of competing banks at 30.06.07

# Liquidity Position Greatly Improved

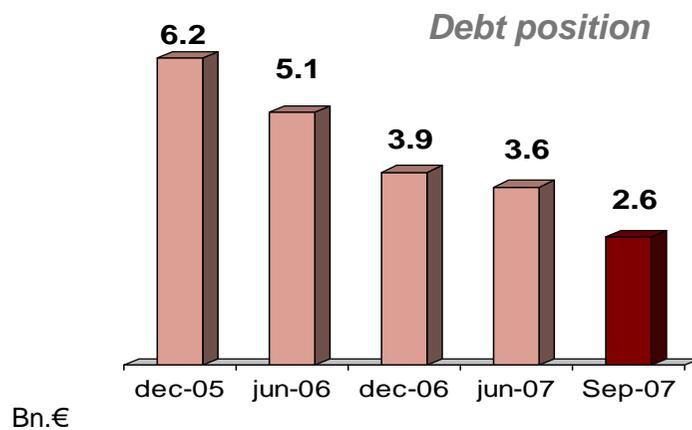
## GMPS Loan and Direct Funding YoY Growth



## Loan/Deposit Ratio



## Interbanking Exposure



- ❑ Good fund-raising capacity of BMPS network
- ❑ As for interbanking exposure, sound funding mix decisions made in the past have placed us in a favourable position
- ❑ L/D ratio  $\leq 1$  also in 9M07
- ❑ CD program renewal completed smoothly

# Good Liquidity Position Strengthened by a Successful Funding Policy in Q3

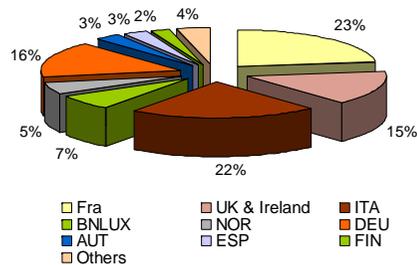
## Banca MPS Senior Fixed Rate Notes

### Key terms

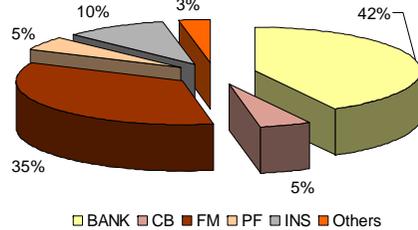
<b>Amount</b>	Euro 1,500 mln
<b>Launch date</b>	16 October 2007
<b>Maturity</b>	October 2012
<b>Coupon</b>	5.000%
<b>Spread</b>	m/s <b>48 bps</b>
<b>Rating</b>	Aa3 (Moody's)/A (S&P)/A+ (Fitch)

**Best in class  
48 bps vs 60 bps**  
(avg spread of recent comparable issues\*)

### Geographic Distribution

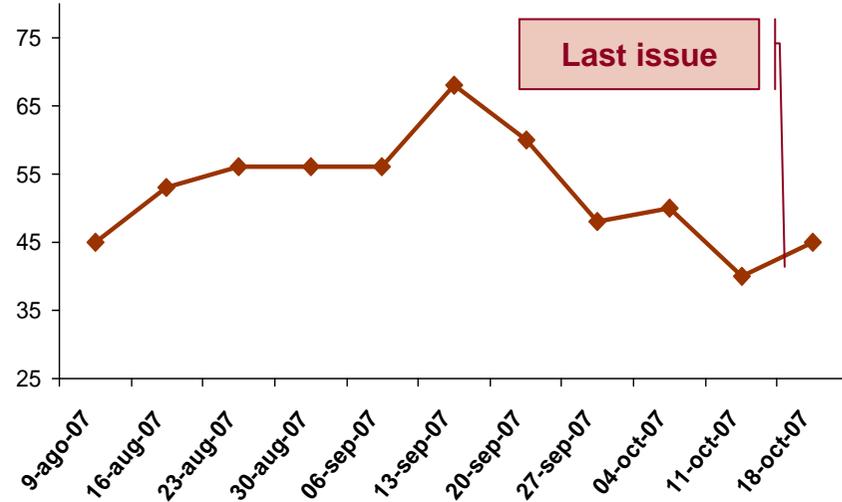


### Investor Distribution

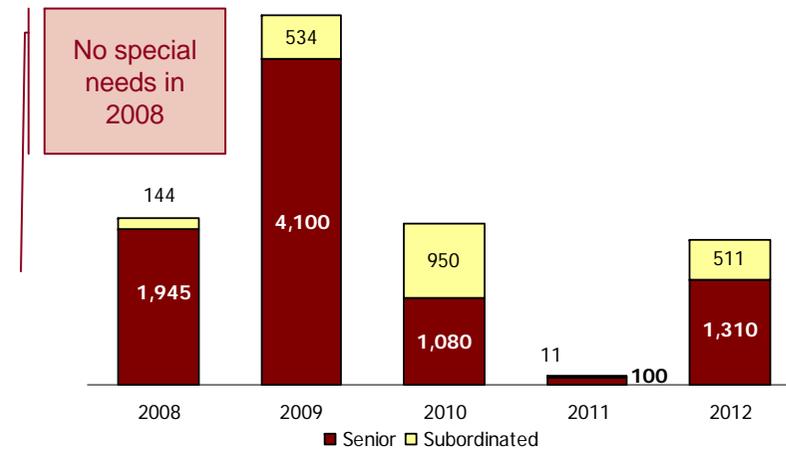


- Following recent market unrests MPS issued a 5Y Senior bond, thereby reducing the short-term component of its funding mix
- Issue was extremely successful, with demand twice the supply

## MPS 5Y LT2- CDS Spread Performance (bps)



## Debt Maturity Profile (€ mln)



\* Mediobanca 5y senior issue of Euro 1 bn (Mid swap + 55 bps) and B. Pop. Vicenza 5y senior issue of Euro 500 mln (Mid swap + 65 bps)

# Planned JVs are Well on Track

MPVita + AXA	SGR JV	NPL JV
<div data-bbox="389 443 472 550"> </div> <div data-bbox="533 469 584 517"> </div> <div data-bbox="627 443 822 525"> </div> <ul style="list-style-type: none"> <li>❑ Worldwide leader in financial protection</li> <li>❑ Strong expertise in life &amp; savings, P&amp;C and asset management</li> <li>❑ Leading Italian banking group, with strong customer franchise</li> <li>❑ Successful bancassurer</li> </ul> <p style="text-align: center;"><b>“To build a leader in life and non-life bancassurance and pensions in Italy through a unique, exclusive and global long-term partnership”</b></p> <ul style="list-style-type: none"> <li>❑ <b>18<sup>th</sup> September: AXA JV takeoff and launch of Accumulator</b></li> <li>❑ <b>21<sup>st</sup> October: long-term partnership agreement finalized</b></li> </ul>	<div data-bbox="994 421 1518 842"> </div> <ul style="list-style-type: none"> <li>❑ New, independent excellence organization specializing in alternative, actively managed products, with a mandate to manage BMPS proprietary trading volumes.</li> <li>❑ Preservation of a Captive platform (in Ireland) with a focus on quantitatively managed, low tracking-error products.</li> </ul> <ul style="list-style-type: none"> <li>❑ <b>60 bidders</b></li> <li>❑ <b>Shortlist by year end</b></li> </ul>	<ul style="list-style-type: none"> <li>❑ <b>JV in the recovery business, with a view to a possible, partial portfolio deconsolidation</b></li> <li>❑ <b>14 bidders (advisor: Rothschild)</b></li> <li>❑ <b>A shortlist of 4 international leading players (dataroom in progress)</b></li> <li>❑ <b>Expected closure in 2007 or beginning 2008</b></li> </ul>

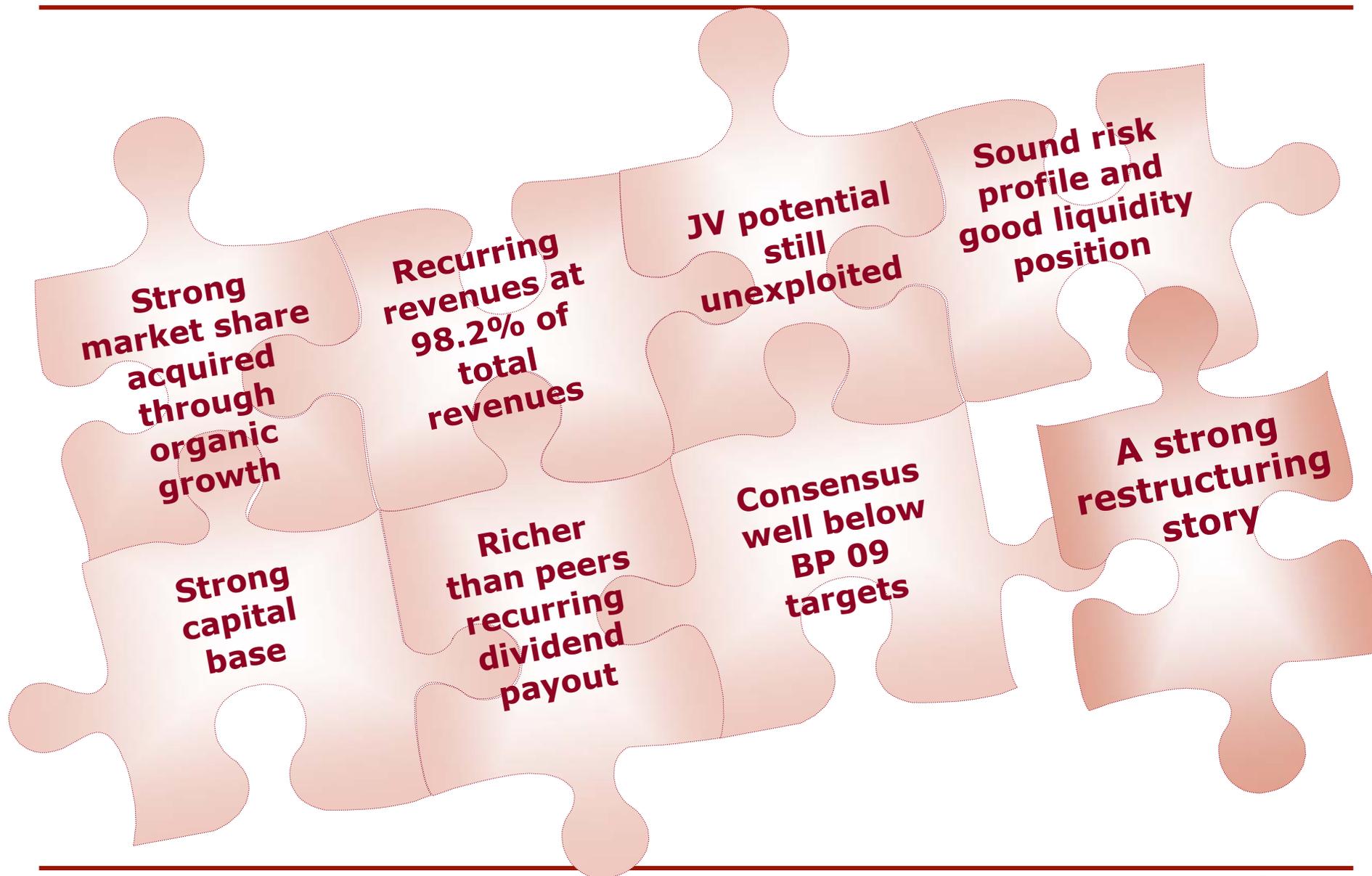
# Our view on future environment



**We are well positioned to continue in our growth path, also in a "normalized" environment**

# Conclusion: Why Our Equity Story Still Stands

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# Appendix

# KPIs by Segment

	Retail	Corporate	Private
<b>Revenues</b>	<p>1,918 <b>+ 8.5%</b> 2,081</p> <p>9M06 9M07</p>	<p>991 <b>+ 5.4%</b> 1,044</p> <p>9M06 9M07</p>	<p>242 <b>-4.2%</b> 232</p> <p>9M06 9M07</p>
<b>Costs</b>	<p>1,184 <b>+ 2.1%</b> 1,209</p> <p>9M06 9M07</p>	<p>470 <b>-0.6%</b> 467</p> <p>9M06 9M07</p>	<p>133 <b>-5,1%</b> 126</p> <p>9M06 9M07</p>
<b>Net operating profit</b>	<p>529 <b>+ 25.5%</b> 664</p> <p>9M06 9M07</p>	<p>394 <b>+ 11.2%</b> 438</p> <p>9M06 9M07</p>	<p>108 <b>-4.0%</b> 104</p> <p>9M06 9M07</p>
<b>Allocated capital (as of 9M07)</b>	<p>26%</p>	<p>42%</p>	<p>7%</p>
<b>RAROC</b>	<p>27.8% 27.6%</p> <p>2006 9M07</p>	<p>11.8% 15.1%</p> <p>2006 9M07</p>	<p>30.0% 23.9%</p> <p>2006 9M07</p>

# Contacts

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## 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.**

# Disclaimer

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