



An Italian story since 1472

9M2009 Results Presentation



Q3 Results:

**First evidence of fully
restructured Group**

Simplification & Innovation

- ❑ Anticipating the market trend of organizational simplification, the reorganization of MPS Group is now complete
- ❑ Business model based on product JVs has already been put in place
- ❑ Enhanced product innovation and new commercial campaign

Sustainable Commercial Strength

- ❑ Strong increase Market shares in Q3: Direct Funding +17 bps, Loans +35bps, Bancassurance +14bps*
- ❑ Increasing customer base: +18,000 new clients in Q3
- ❑ WM flows at €18bn, of which €5.5bn in Q3
- ❑ 9M Basic Income -6.7% YoY, but recovery in Q3 (+0.8% QoQ)

Strong Cost Control

- ❑ Cost containment is going on: -8% YoY
- ❑ Personnel cost: -6.4% YoY, also thanks to 900 exits since the beginning of the year
- ❑ Other Admin expenses: -11.6%

Risk and Capital Management

- ❑ Cost of credit at 95bps (annualized), with an increase in impaired loans coverage
- ❑ Reinforcement of capital ratios: Tier 1 at 6% (+89bps vs Dec 08 and +20bps vs June 09); Tier 1 at 7.6% including T-bond
- ❑ Book value at €15.4bn (+8.5% YoY)

Network

- ✓ BT/BAM/BAV Integration
- ✓ BAV Spin off



1 major HQ in Siena from previous 5 HQs



Product Companies

"...an open architecture and a clear separation between companies and between owners benefit bank shareholders and fund clients alike."

M. Draghi,
Governor of the Bank of Italy
21st May 2008

From...

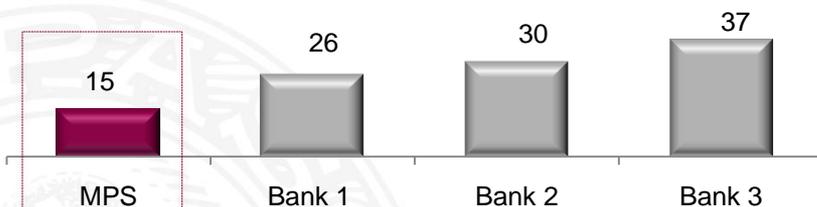
**CAPTIVE
MODEL...**

... to

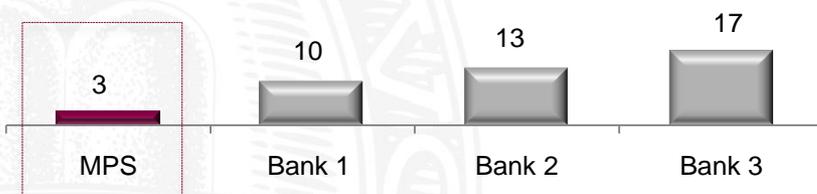
**INDEPENDENT
ASSET MANAGER**

PRIMA sgr

Members of Board of Directors and Statutory Auditors *



Number of Brands *



"Separating Banking and Insurance is the best way forward.
Accelerating the journey. Back to Basics" ING

**JV with
AXA**



Innovation of products and the new commercial campaign...



AXA MPS Campaign: "Pensarci Prima è meglio"



>28,400 policies

MUTUO "MPS PROTEZIONE" Capped floating rate



BEST MORTGAGE 2009
OSSERVATORIO FINANZIARIO

€1.4bn
~11,150 new contracts

WELCOME ENERGY



70 operations:
~€10mln

The new commercial campaign



www.youtube.com/bancamps

... with a strong focus on our customer base:
"Combatti la crisi" initiatives...

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Polizza "Mutuo Sicuro Plus"



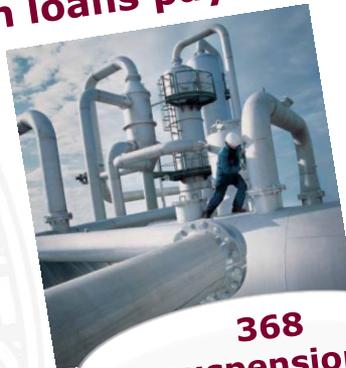
~ 300
policies

**MORTGAGE LOANS
PAYMENT
SUSPENSION**

> 5,560 mortgages suspended

For Families...
... and SMEs

"Time out" moratorium
on loans payment



368
suspensions
~€13.4mln

PROROGATIO
Up to 6 month extension of advances
on receivables from Government
contracts



€ 220,000



MPS commercial strength confirmed:

- ❑ Strong increase in Market shares and in customer base in Q3
- ❑ Direct Funding: +9.4% YoY, +5.5% QoQ
- ❑ WM flows at ~€18bn, of which €5.5bn in Q3
- ❑ Loans: +1.2% YoY of which Mortgage flows above €8.4bn
- ❑ 9M NII -3% YoY, but +0.4% QoQ

BAV commercial relaunch:

- ❑ BAV branches commercial flows on the increase: 3x those of MPS branches
- ❑ Direct funding: double digit growth; loans stable
- ❑ Net profit (pre PPA) at €64mln

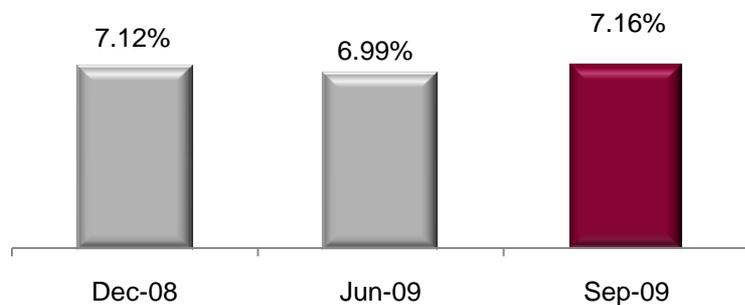


Increasing market shares and customer base

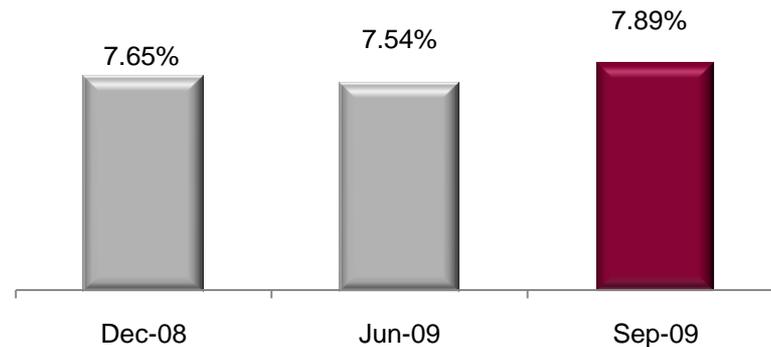
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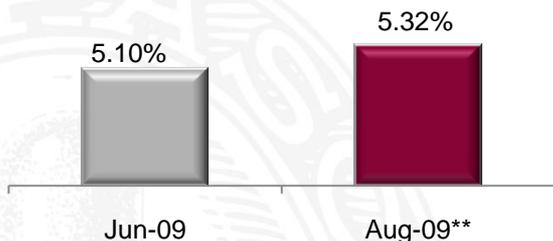
Direct Funding



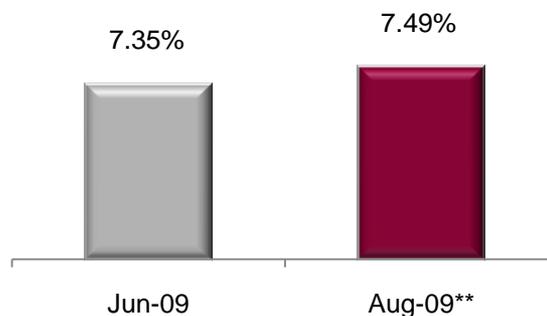
Lending



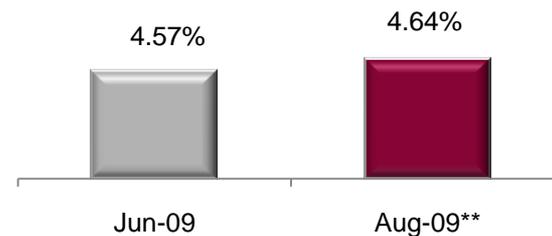
Leasing



Bancassurance*



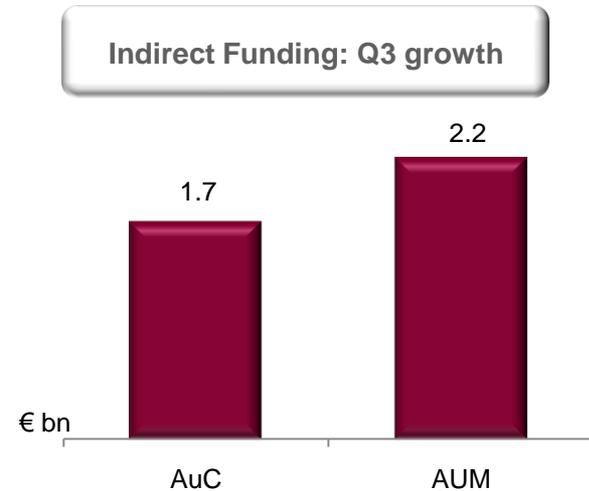
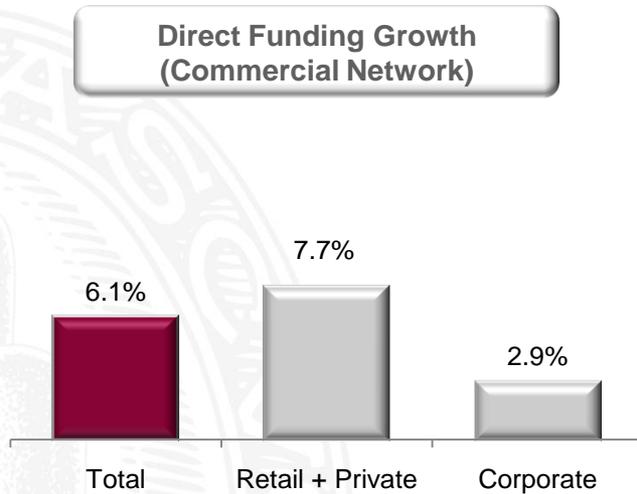
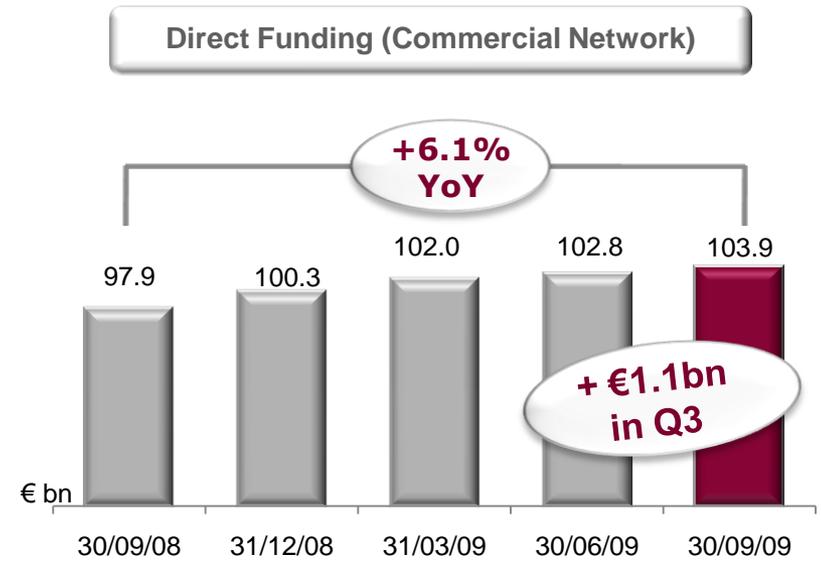
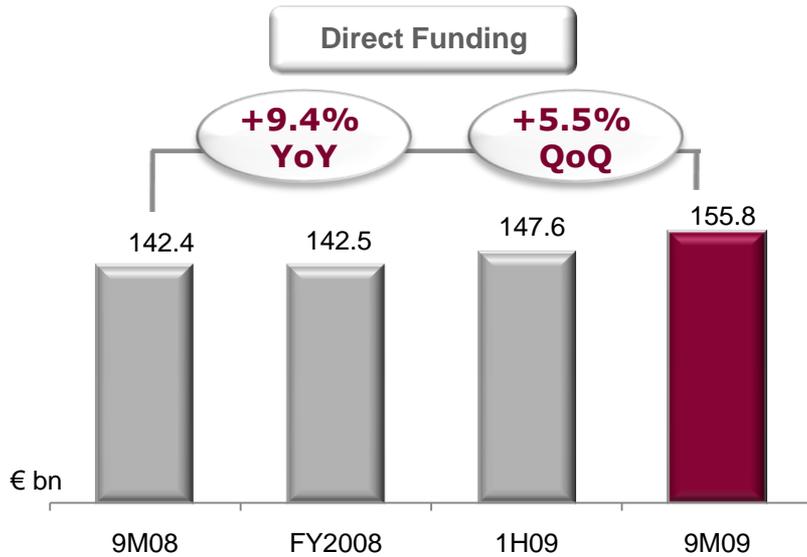
Consumer Credit



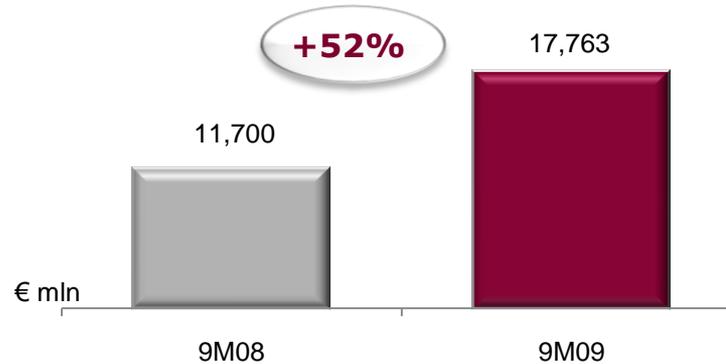
+18,000 new clients in Q3

* Commercial network

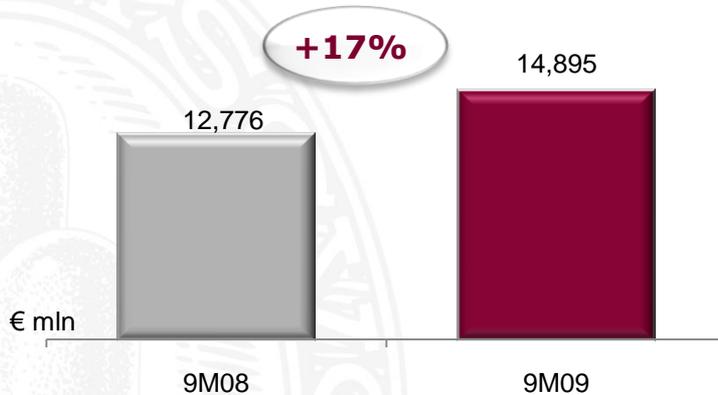
** Last available data



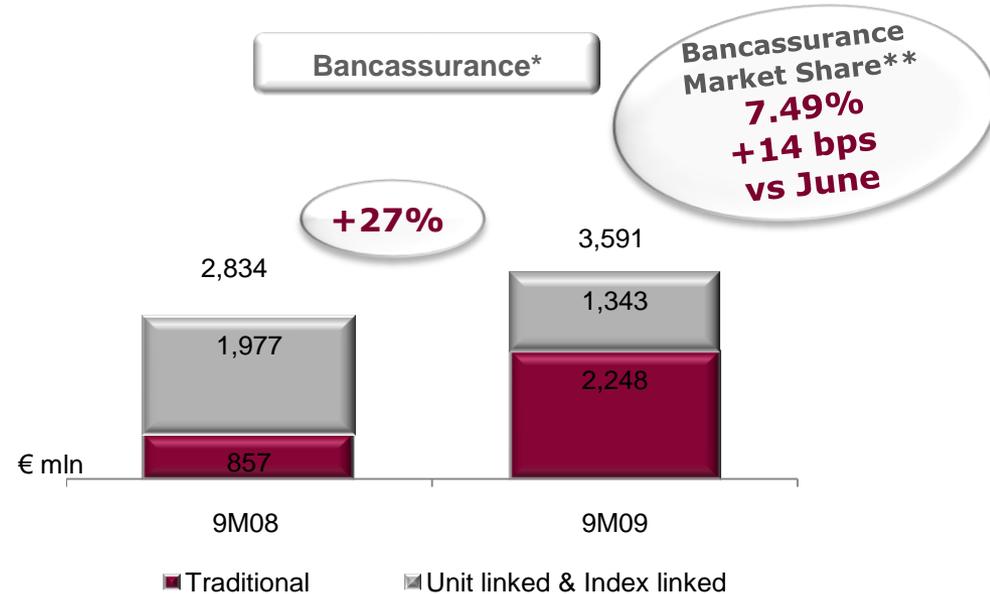
WM Flows (Bonds, Bancassurance and Mutual Funds)



Bonds



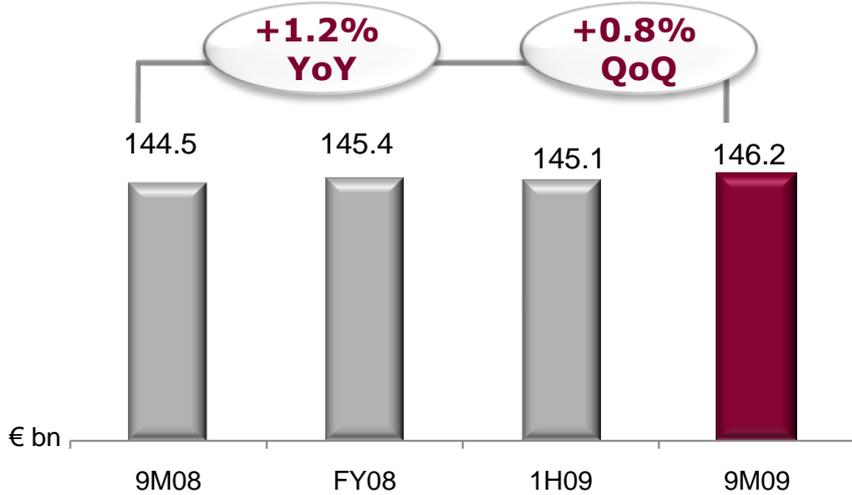
Bancassurance*



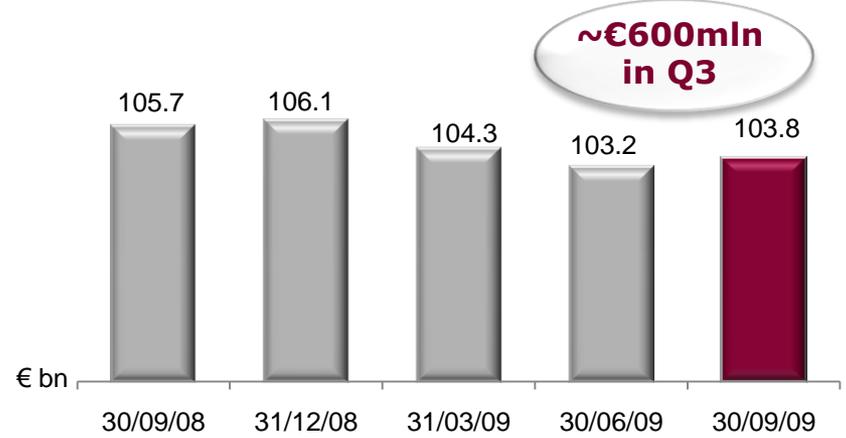
* Commercial network

** August 2009 market share: last available data

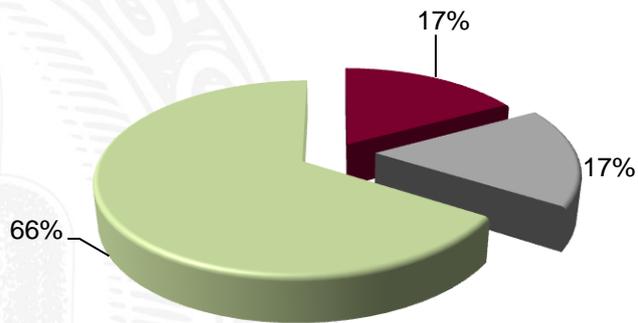
Total Lending



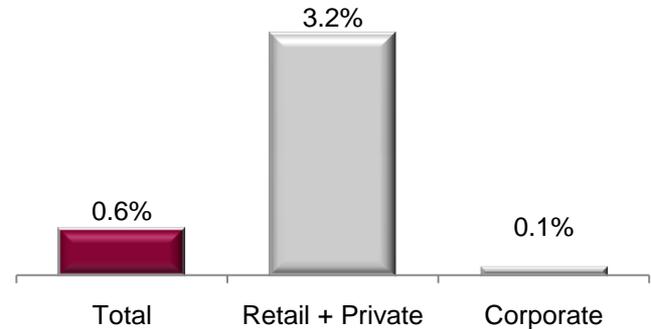
Lending (Commercial Network)



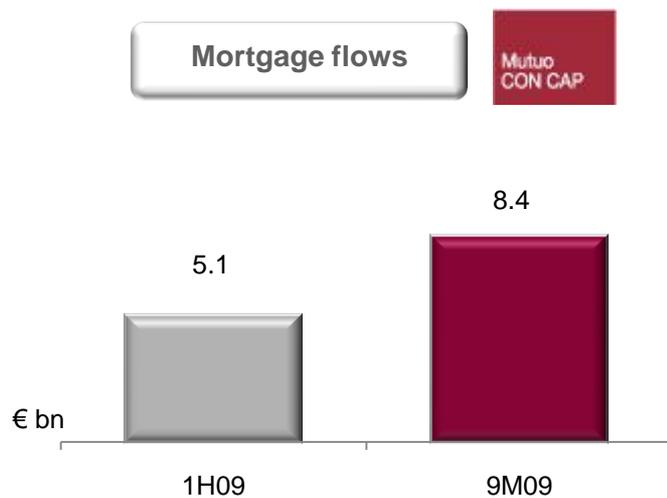
Lending Breakdown by Maturity (Commercial Network)



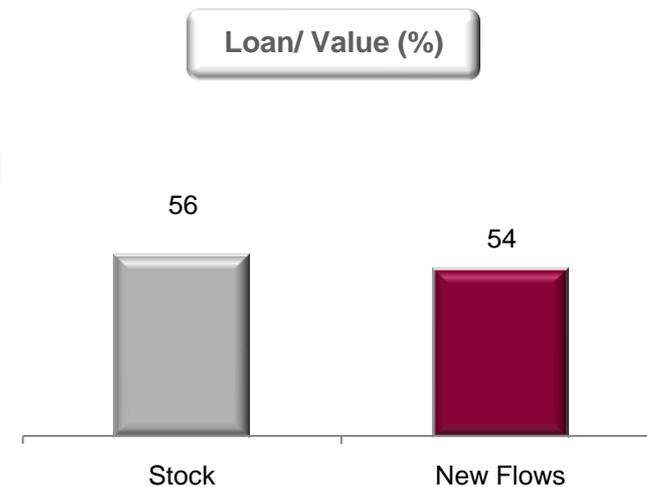
M/L term lending growth (Commercial Network)



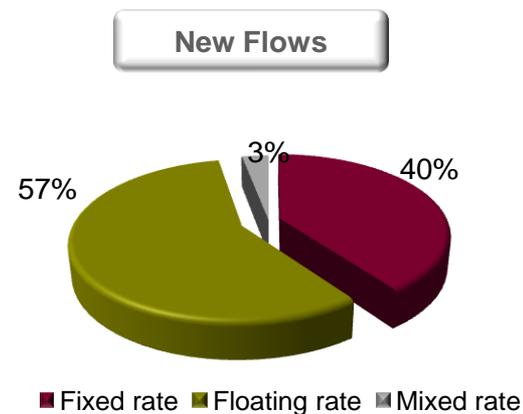
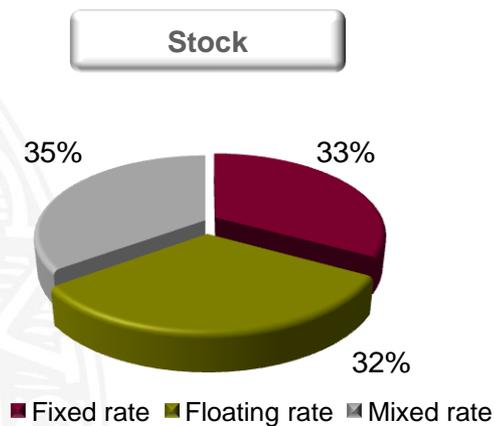
Good Mortgage flows, also thanks to “MPS Protezione”



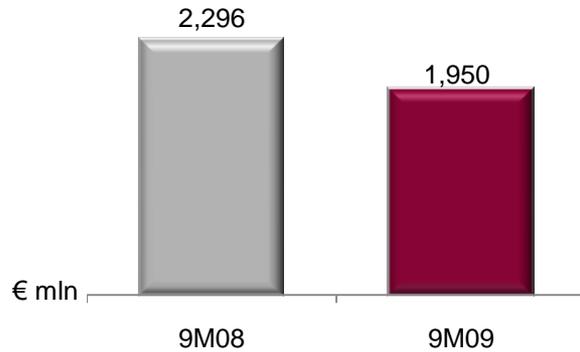
Residential
Mortgages Stock
€33bn



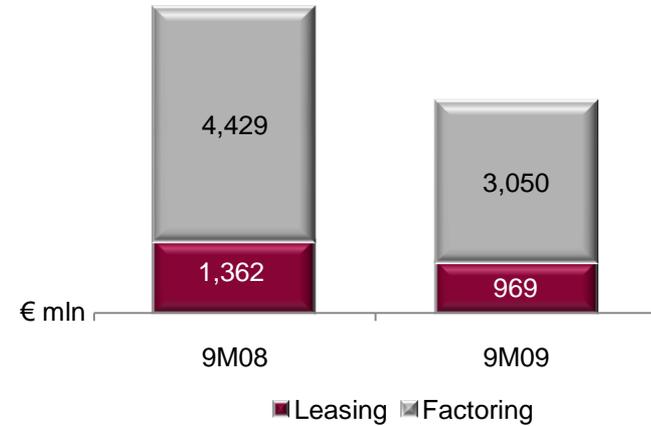
Residential Mortgages: Breakdown by type of rate



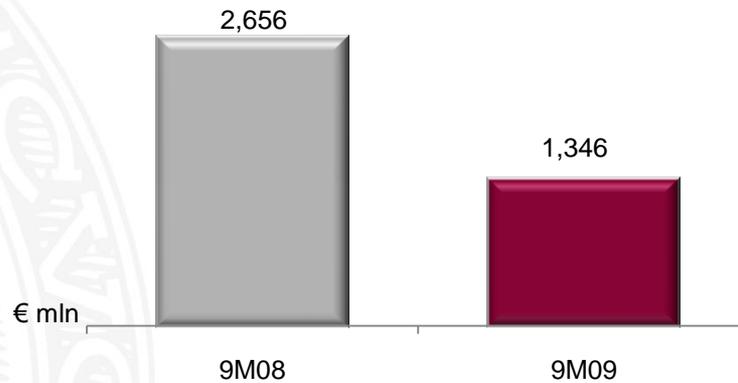
Consum.it flows 



Leasing & Factoring flows 

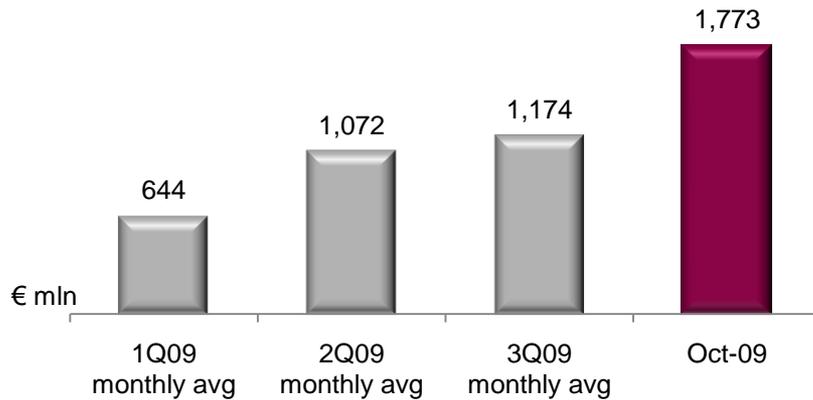


Capital Services flows 

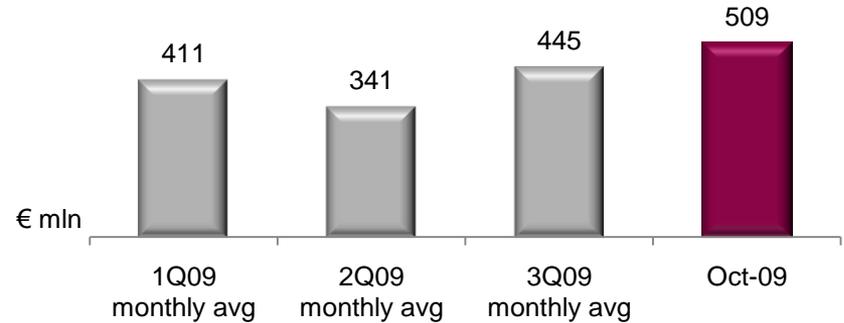


Good commercial pick up in October

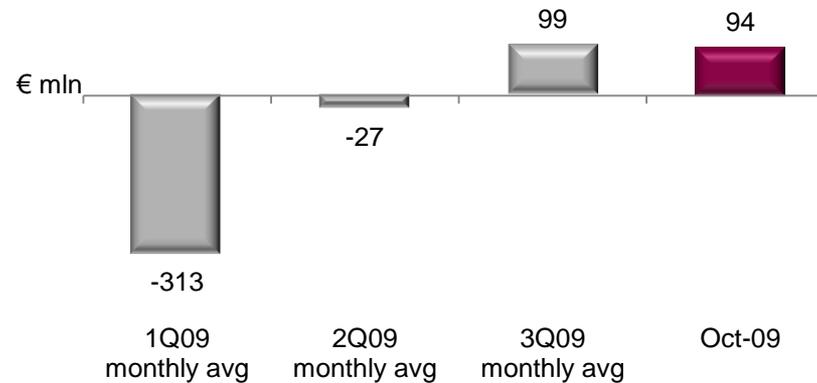
Mortgages*



Bancassurance*

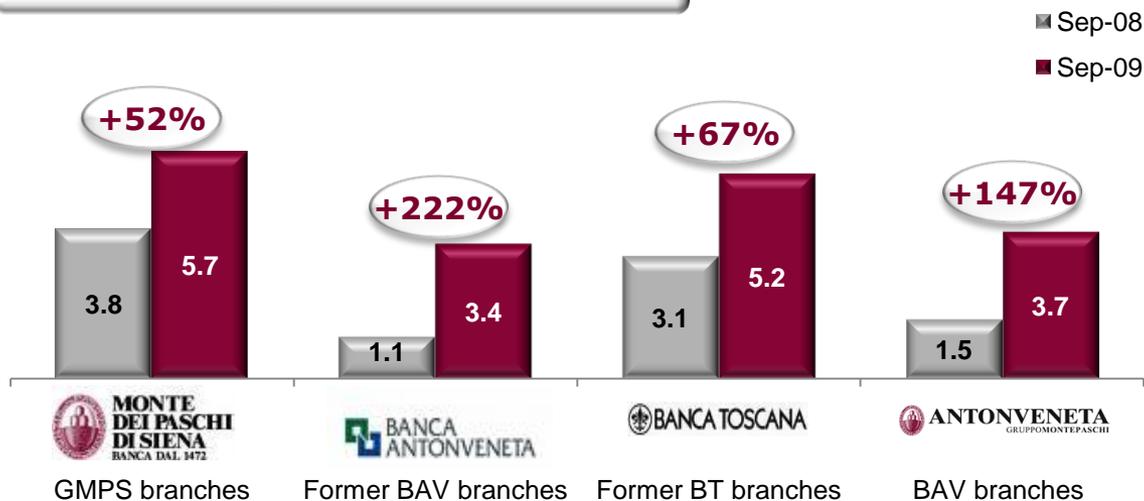


Mutual funds



Bridging branches' productivity gap

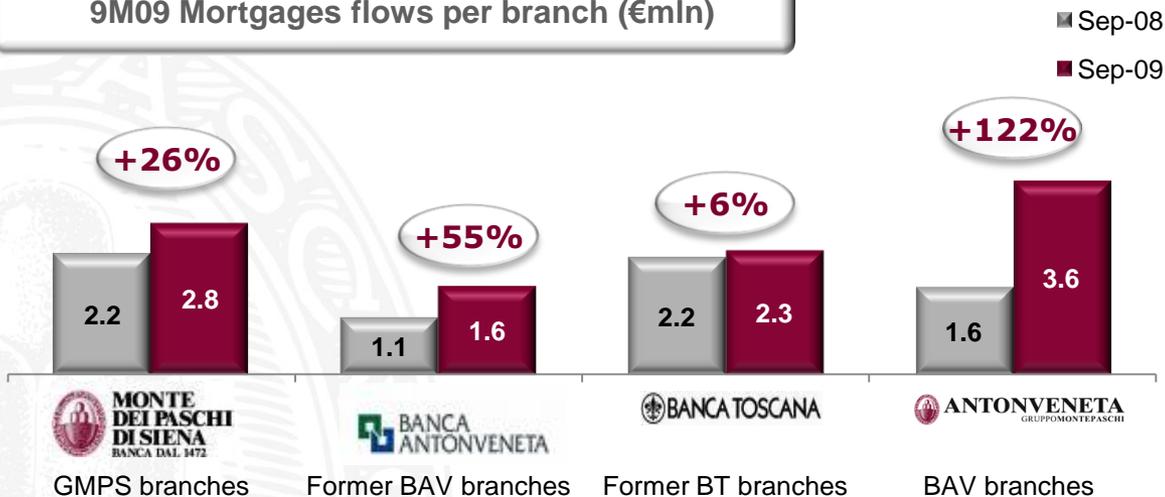
9M09 WM flows per branch (€mln)



Former branches



9M09 Mortgages flows per branch (€mln)

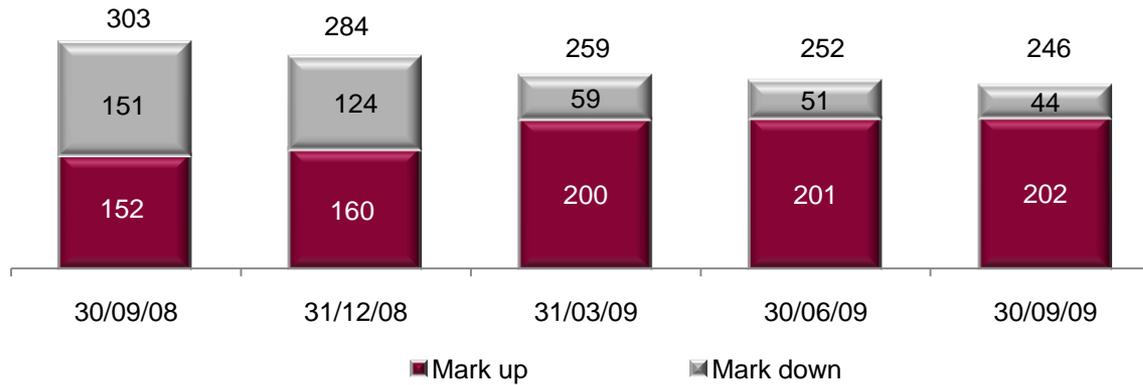


ANTONVENETA branches

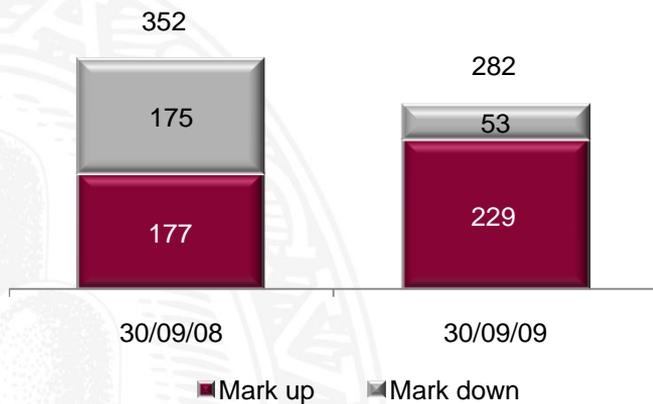


% YoY evolution

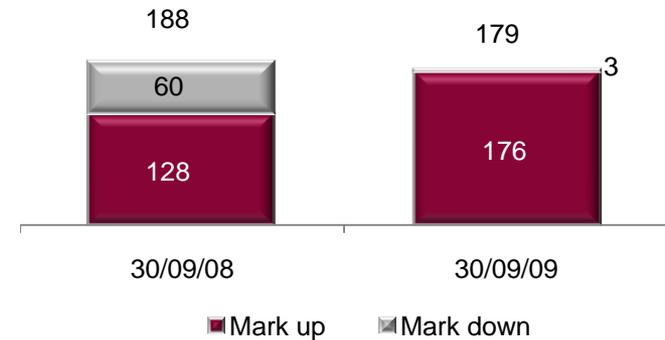
Total spread (avg) (Commercial Network) (bps)



Retail and Private spread YoY evolution (bps)

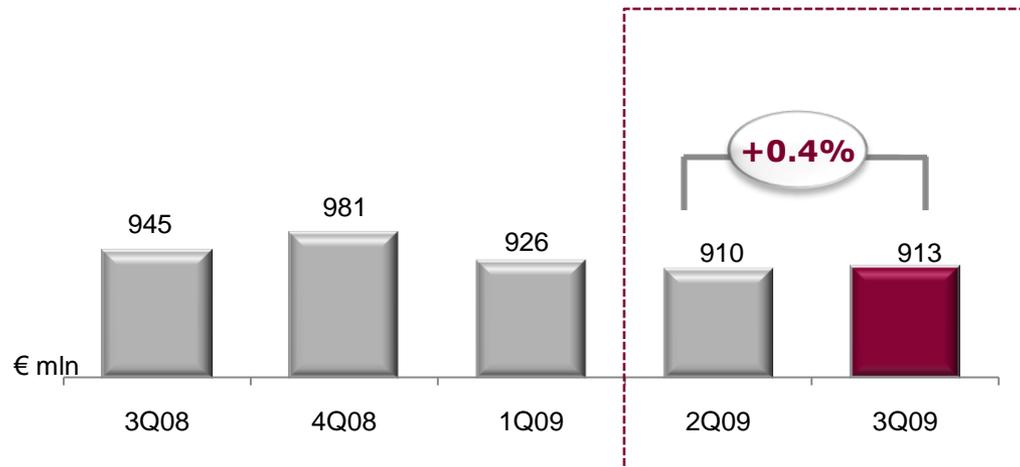
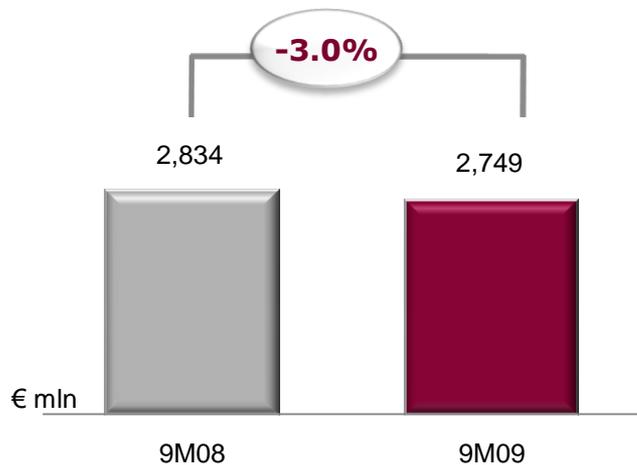


Corporate spread YoY evolution (bps)

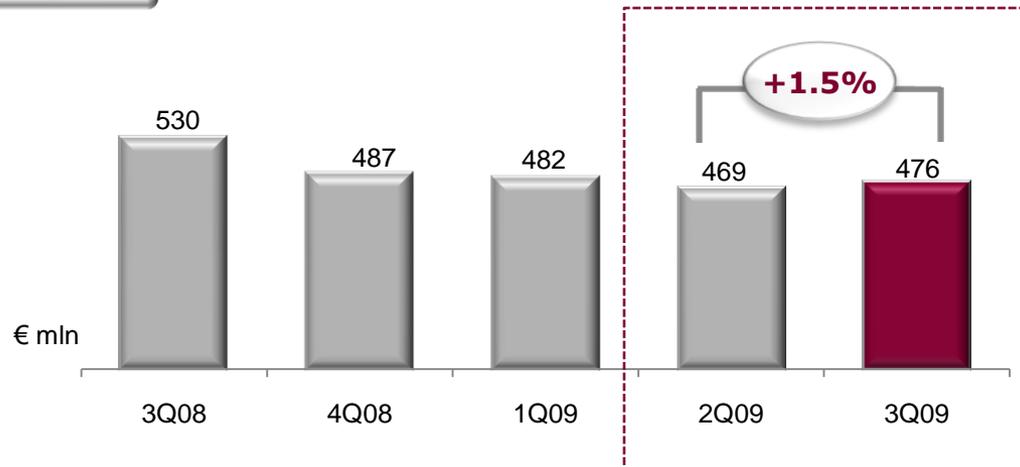
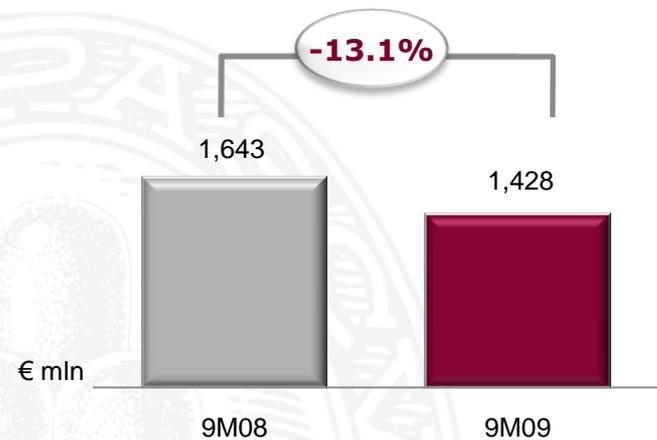


Net Interest Income and Fees analysis

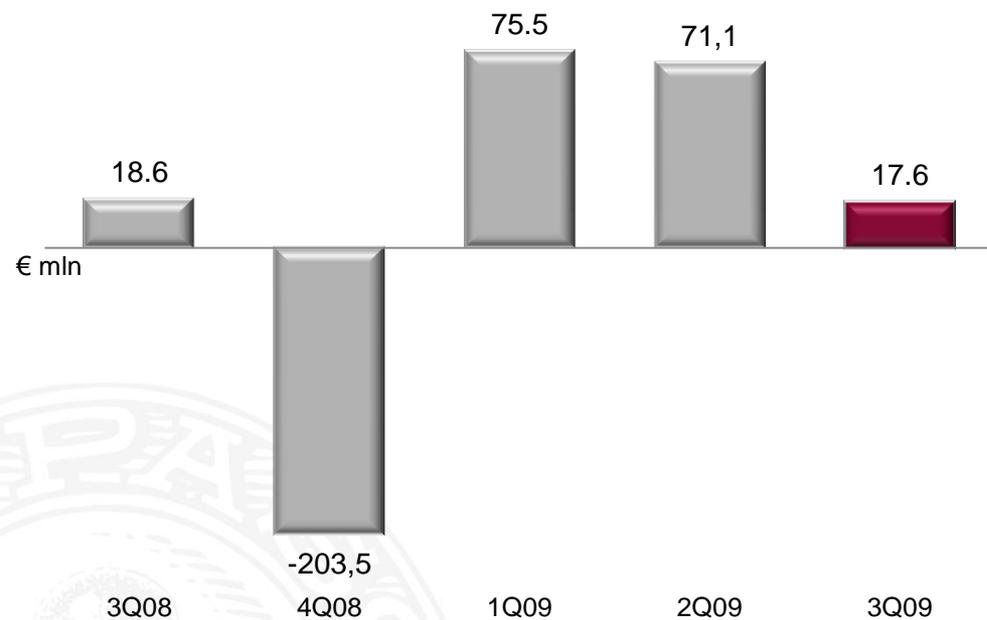
Net interest income*



Fees*



Other revenues



9M09 Other revenues: details (€ mln)

Dividends and other income from equity investments	86.2
Net results from trading/valuation of fin. assets	87.6
Hedging	-9.6

P&L (€ mln)

	9M09
NII	329,3
Fees and other revenues	131,0
Total Revenues	460,3
LLP	93,7
Operating Costs	248,0
Net Profit (pre PPA)	64,0

Asset quality indicators (30.09.09 vs 30.06.09)

Gross NPL	+7.1%
Gross Watchlist	-3.1%
PD stable over the period	

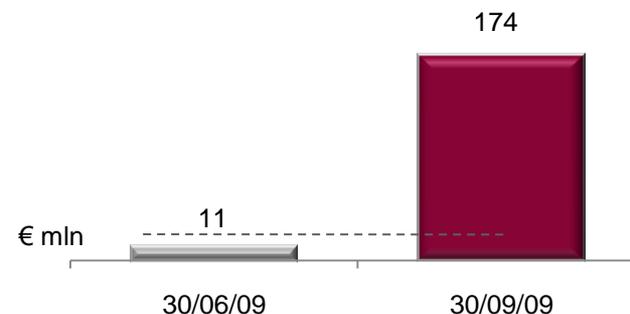
Commercial flows (€/mln)

Bonds	+1,600
Mortgages	+1,500
Hedging products	+600
Bancassurance New production	+174

Key performance indicators

	9M09
C/I	54%
Direct funding growth (YoY)	Double digit
Loans growth (YoY)	Stable
Terms loans (YoY)	+4.5%

Bancassurance flows





Cost reduction trend still on:

- ❑ Total operating costs: -8% YoY, with a C/I at 60.7% (-540bps vs Dec 08)
- ❑ Guidance for 2009 cost cutting is confirmed: -4/-5%

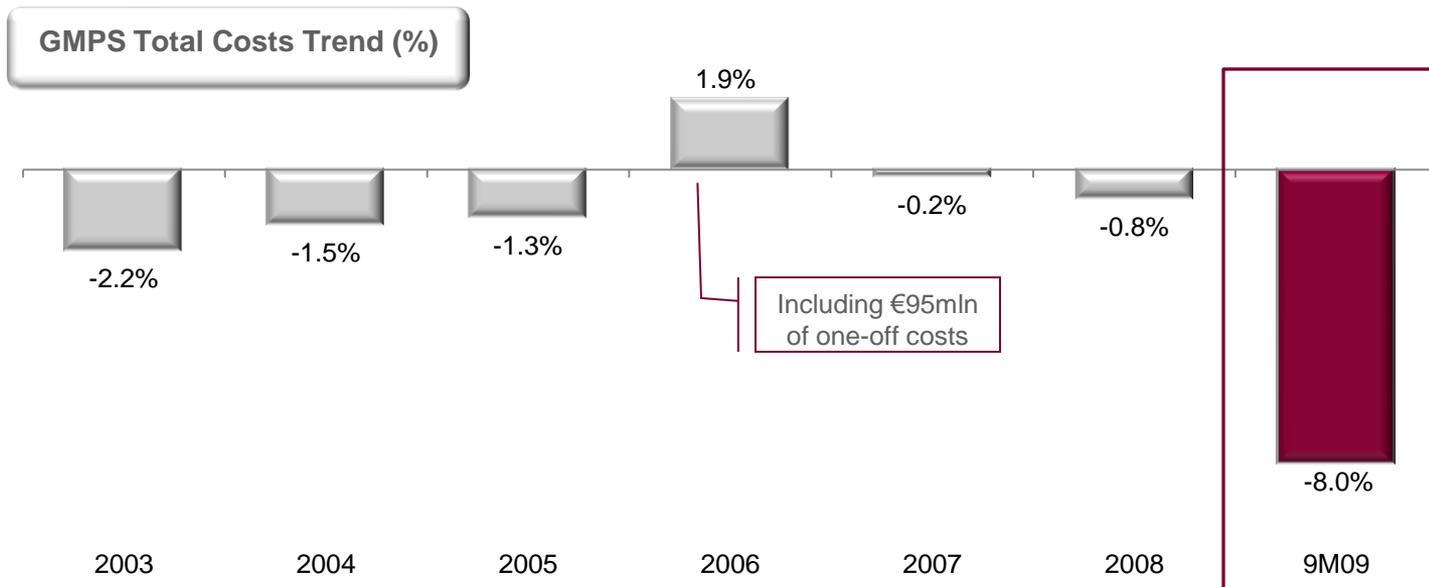
Personnel and Other Admin. Expenses:

- ❑ Personnel costs: -6.4% YoY
- ❑ Net exits ~1,670 since Dec 2007; expected net exits above 2,000 by the end of the year
- ❑ Other Admin Expenses: -11.6% YoY, with cost synergies amounting to €99mln (c90% of the 2009 BP target), mainly thanks to ICT cost reduction

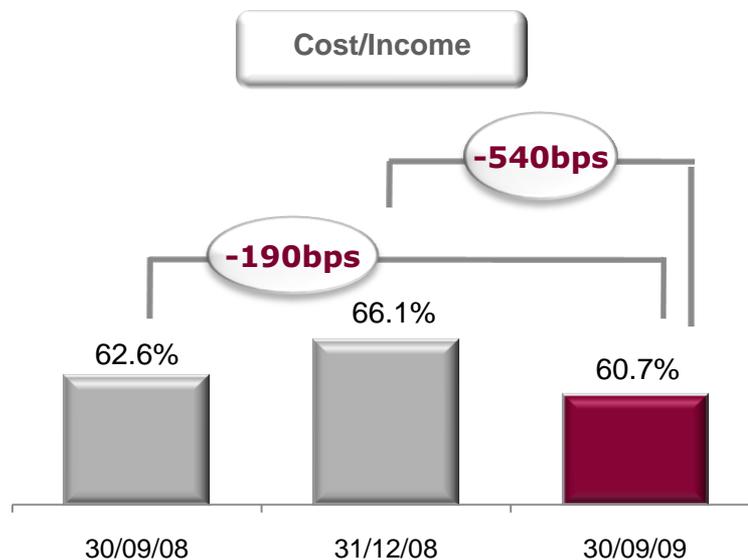
Integration costs:

- ❑ €32mln in 9M09

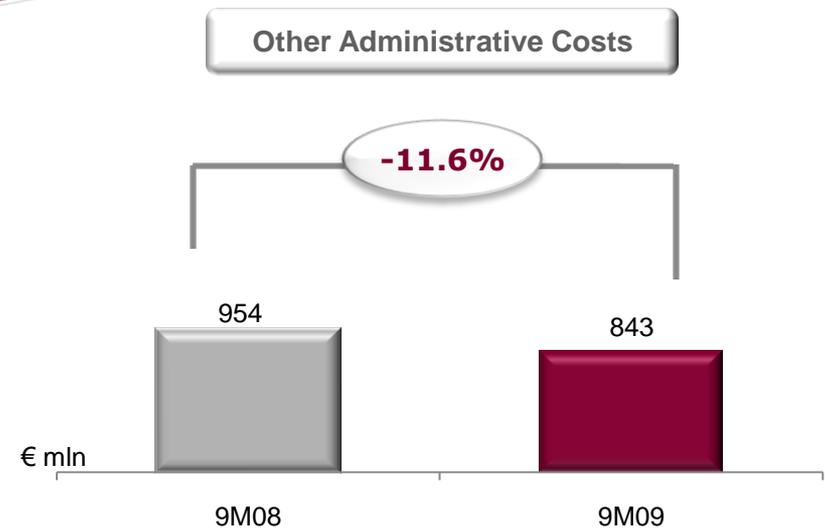
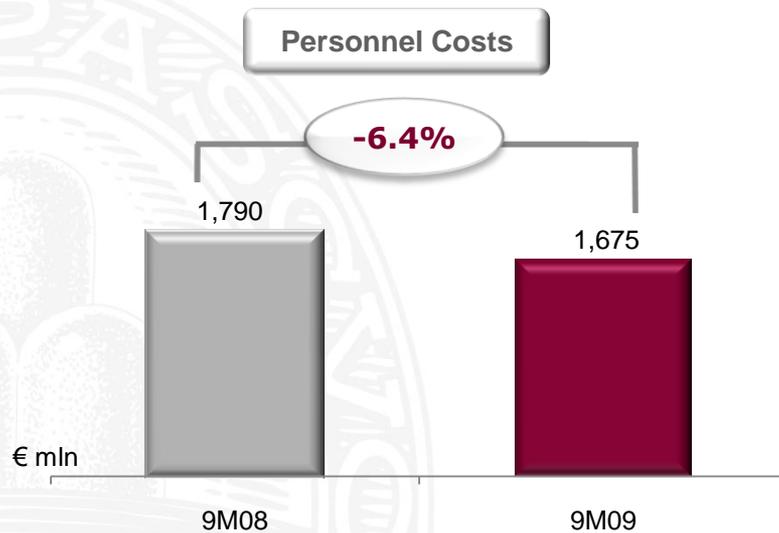
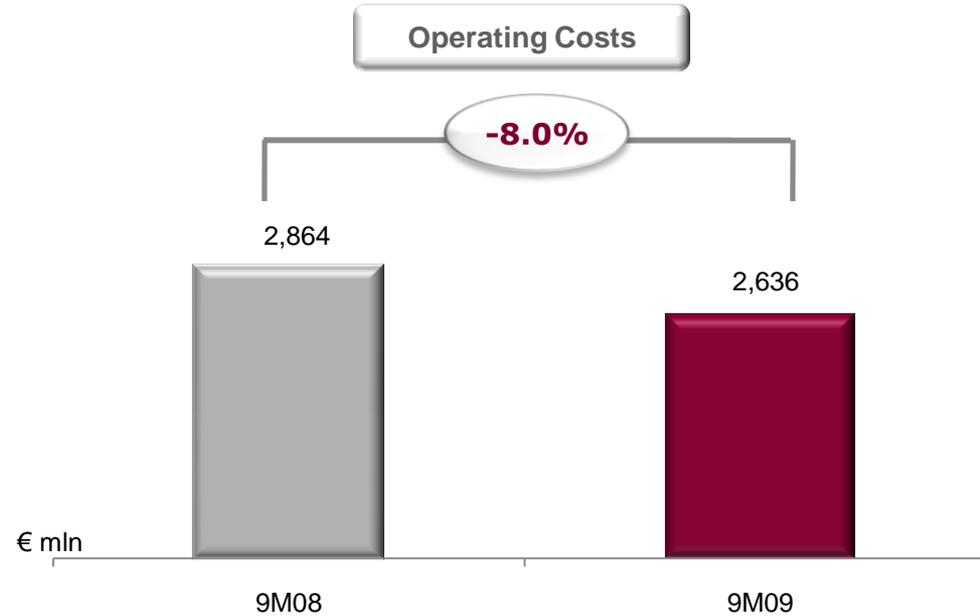
A confirmed track record in cost cutting



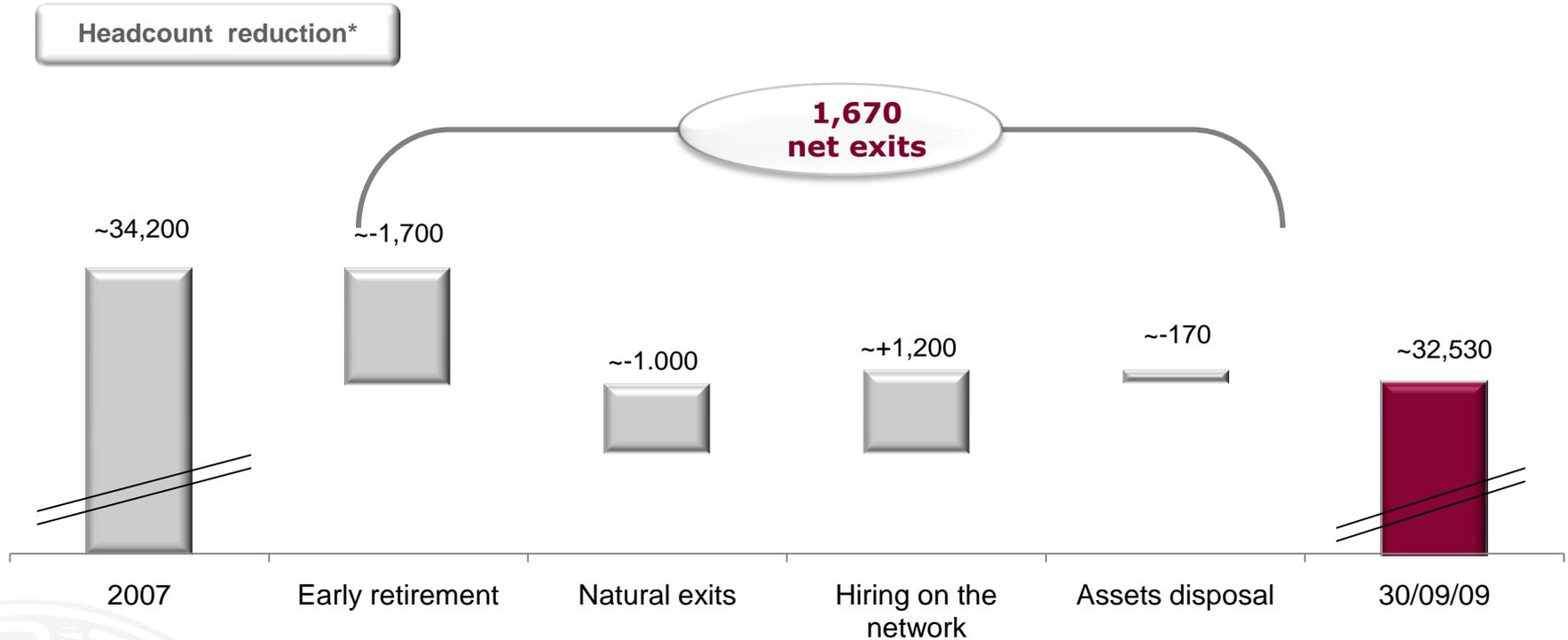
**Guidance for 2009YE confirmed :
-4/-5% YoY**



Strong and sustainable cost reduction



Human Resources rationalization is going on ...

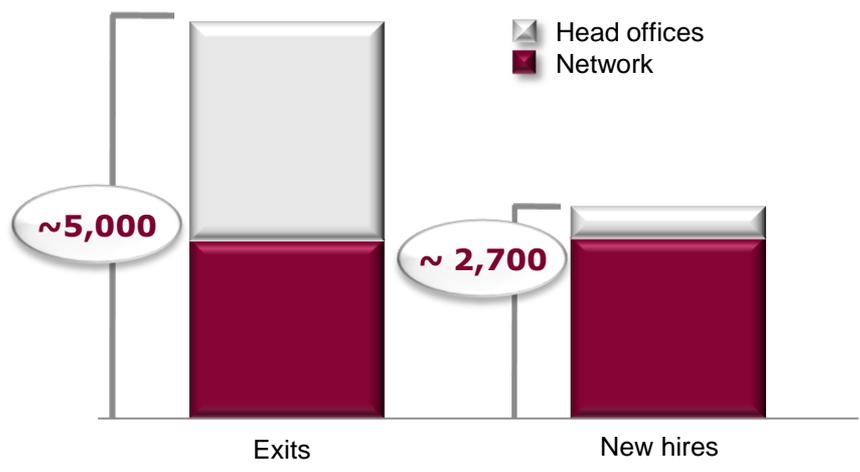


77% of 08-11 BP gross exits completed

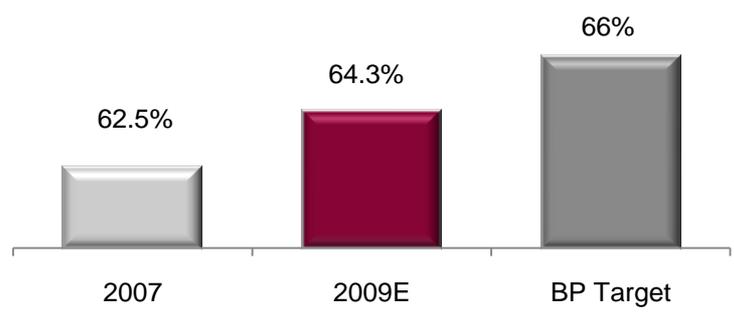
* FTE. 2007 figures include Antonveneta (9383) and Biver (696)

... together with a better allocation

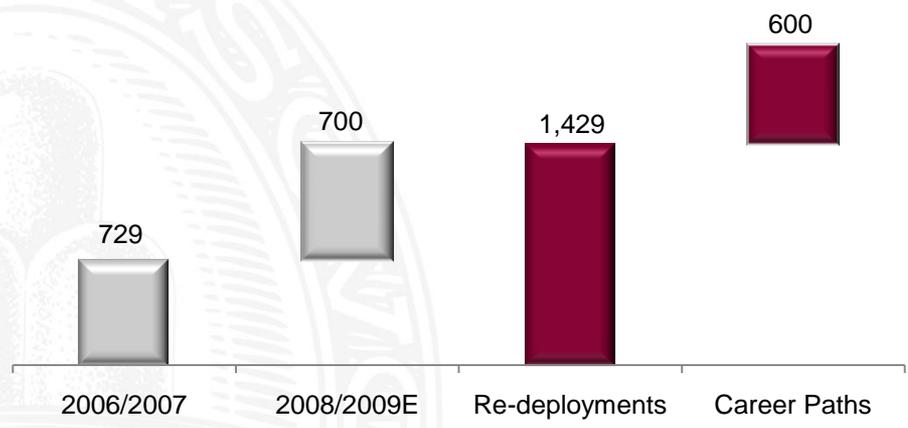
2006/2009E four-year period



Front Office/ Total resources



Re-deployments (from Head Offices to the Network) and Career Paths (to roles of responsibility in the Network)

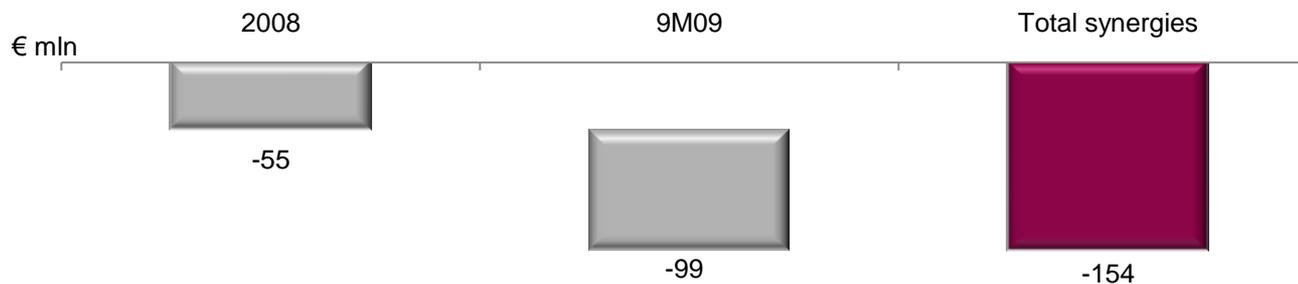


Network integration

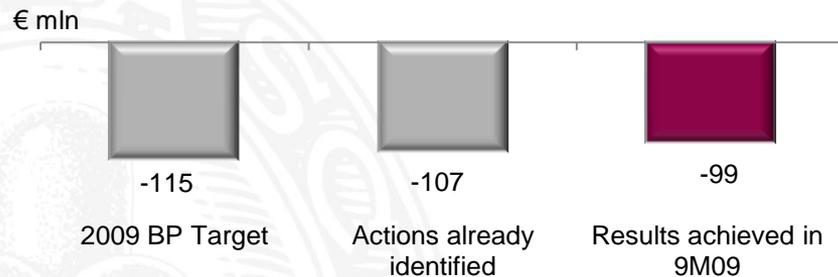
- ❑ **600 BMPS resources in BAV (of which 180 Branch Managers), as a driver of operational and cultural consistency**
- ❑ **~454,000 training hours, ~14 training days per employee**

Other Administrative Expenses: synergies

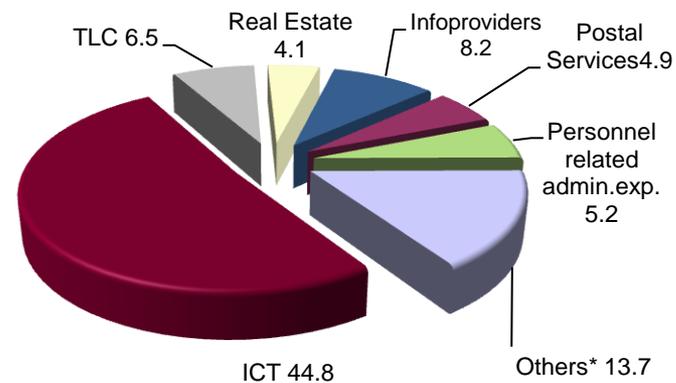
Other Admin. Expenses: synergies achieved (€ mln)



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



Savings Breakdown (%)



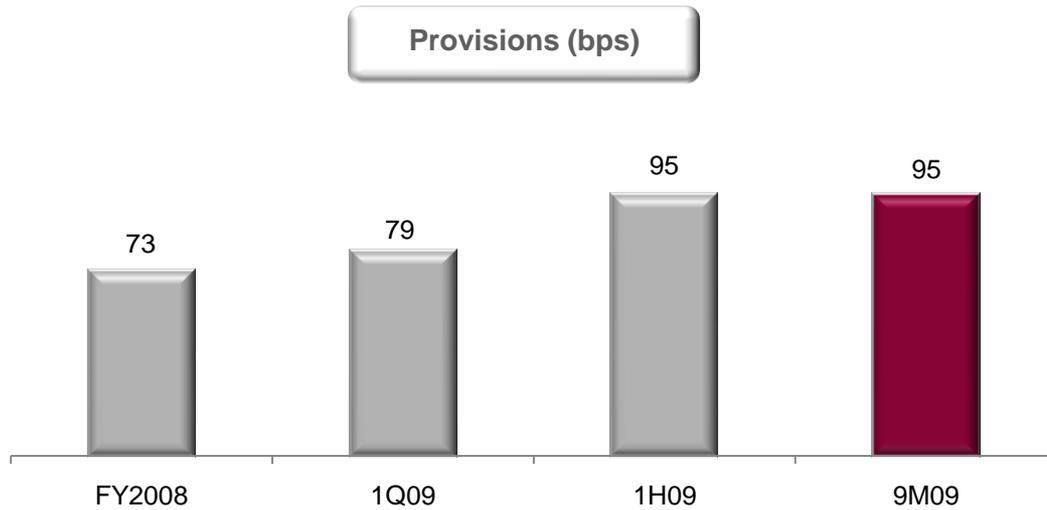
* Includes: logistics, legal expenses, land registry surveys, safety & security, insurance



Cost of Credit and NPL flows:

- ❑ Cost of credit at 95bps: guidance for 2009 confirmed at 105/110bps
- ❑ Impaired loans (NLPs and Watchlist) stock stable vs 1H09, with coverage decreased by 90bps vs June 2009
- ❑ NPL flows decreased in Q3 vs Q2: -7.4%

Provisioning affected by market turmoil

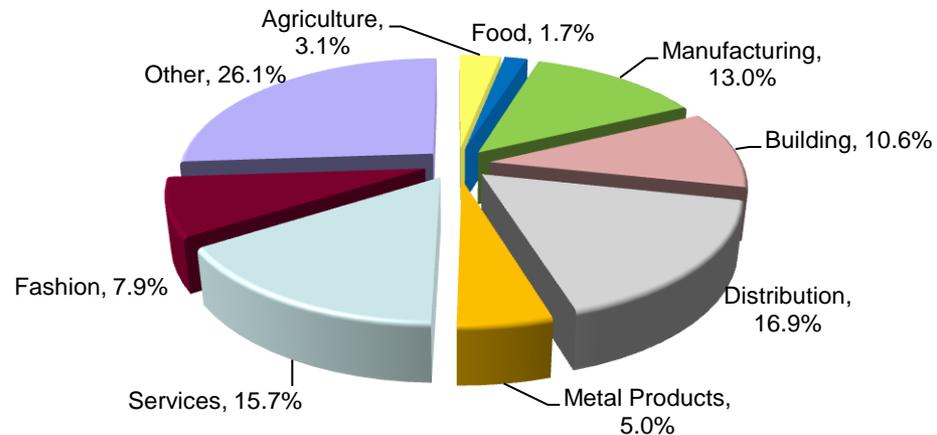


Guidance for 2009YE confirmed: 105/110bps

Breakdown by type of customers* (bps)



Breakdown by economic sector**



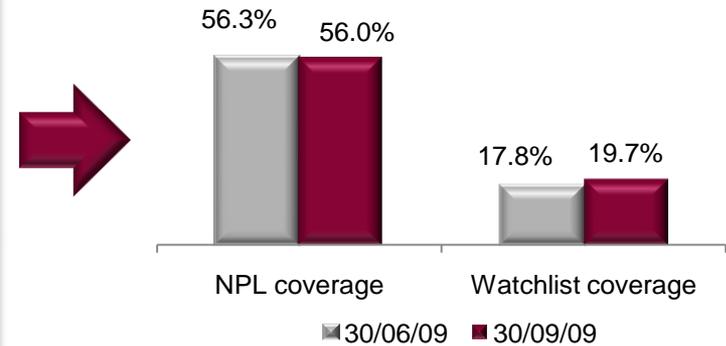
* Provisions calculated on Commercial Network loans
** Figures estimated on the basis of NPL flows

NPL and watchlist stocks and recovery flows

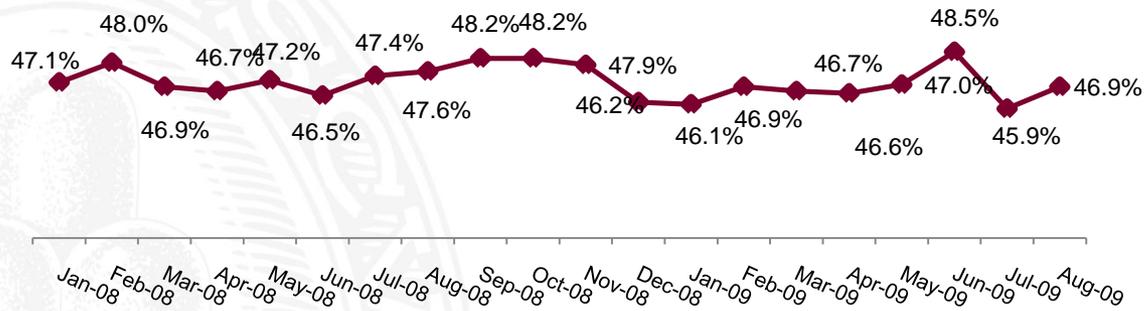
NPL, Watchlist and Restructuring stocks (€ mln)

	Gross	Net
NPLs	10,078	4,438
Change vs June 09	+7.3%	+8.1%
Watchlist	4,271	3,430
Change vs June 09	-5.7%	-7.9%
Restructured	702	678
Change vs June 09	0%	0%

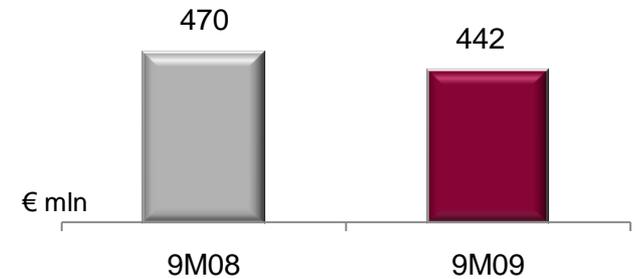
NPL & Watchlist Coverage

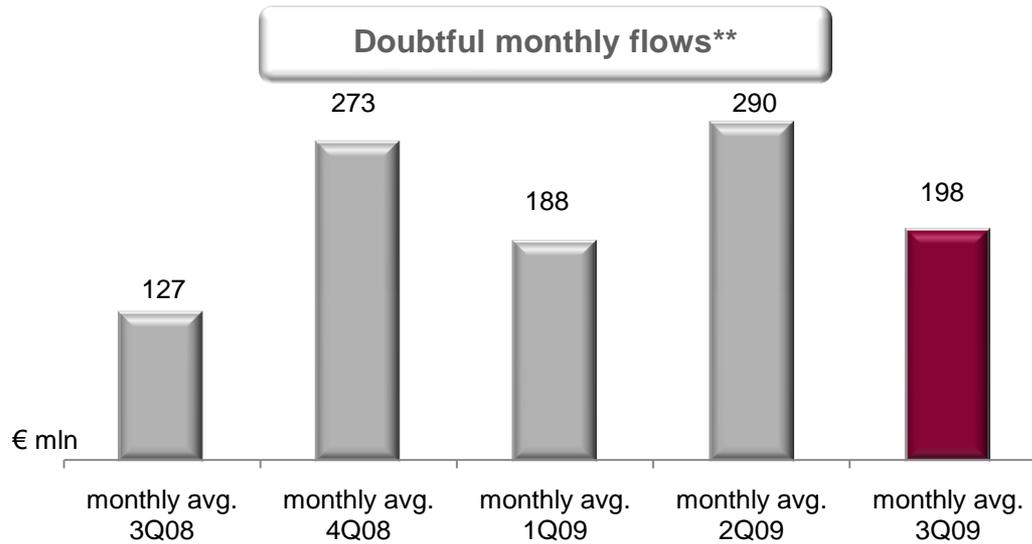


Drawn/Undrawn ratio

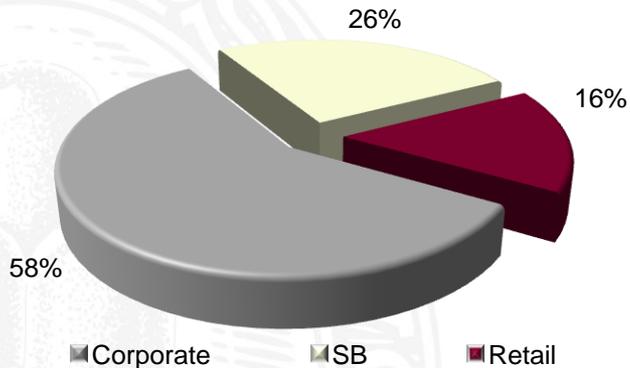


Recovery Flows

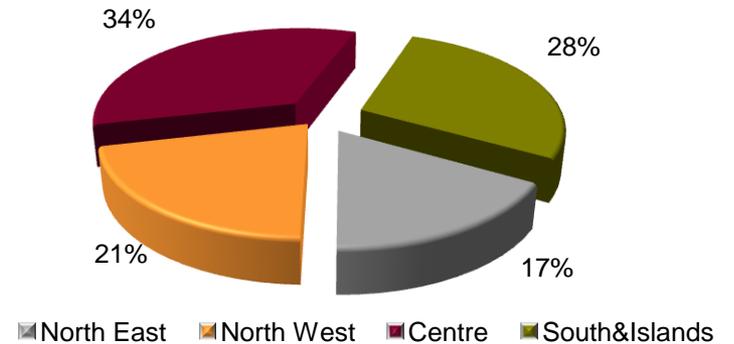




Doubtful flows: breakdown by type of customer



Doubtful flows: breakdown by geographical areas



* Watchlist and "under special administration"

** ex MPS Capital Services and Biver



Liquidity under control:

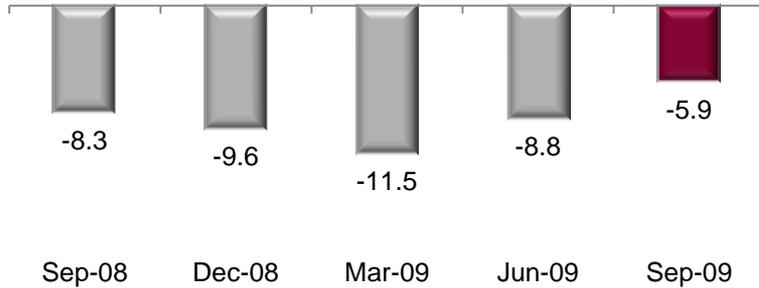
- ❑ Counterbalancing capacity at €12.5bn (as of end October)
- ❑ Interbanking exposure reduced to €5.9bn (vs €11.5bn in March)

Capital position:

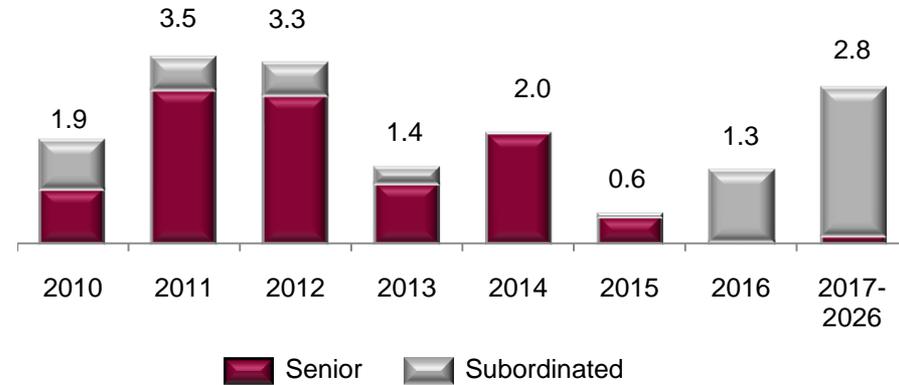
- ❑ Tier 1 at 6%: +89bps vs Dec 08 and +20bps vs June 09
- ❑ Tier 1 at 7.6% including T-Bonds
- ❑ Book value at €15.4bn (+8.5% YoY)

Liquidity Under Control

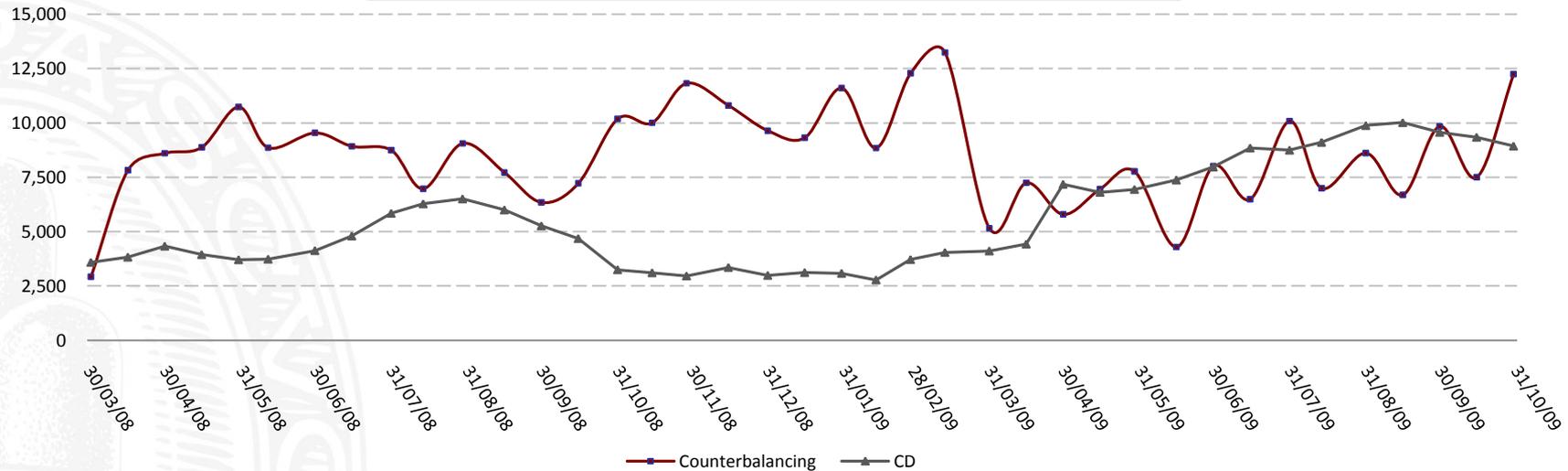
Interbanking Exposure (€ bn)



Bond Maturity from 2010 (€ bn)



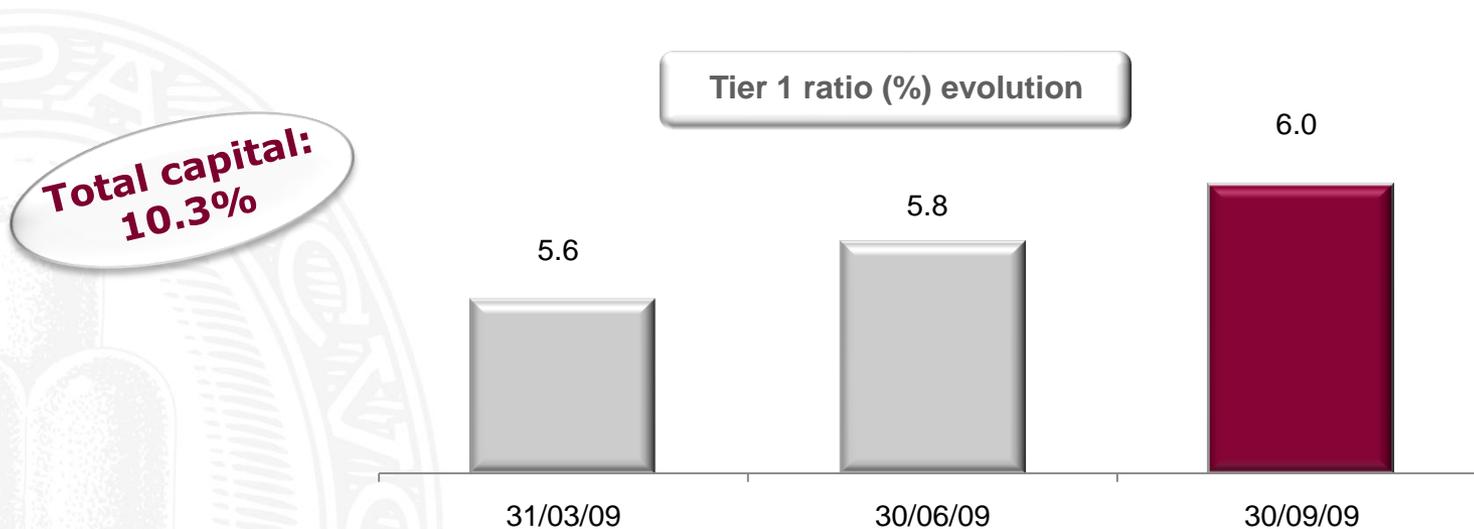
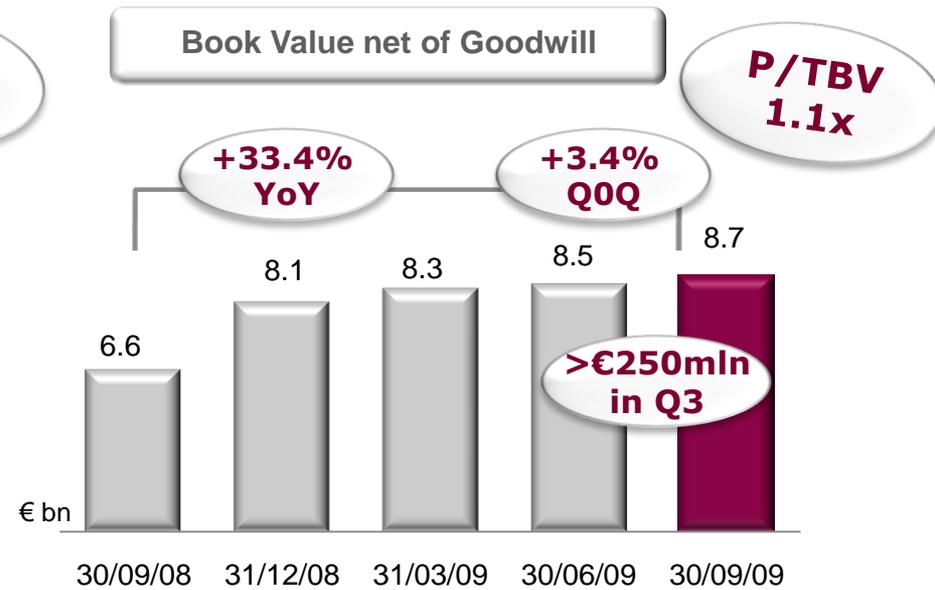
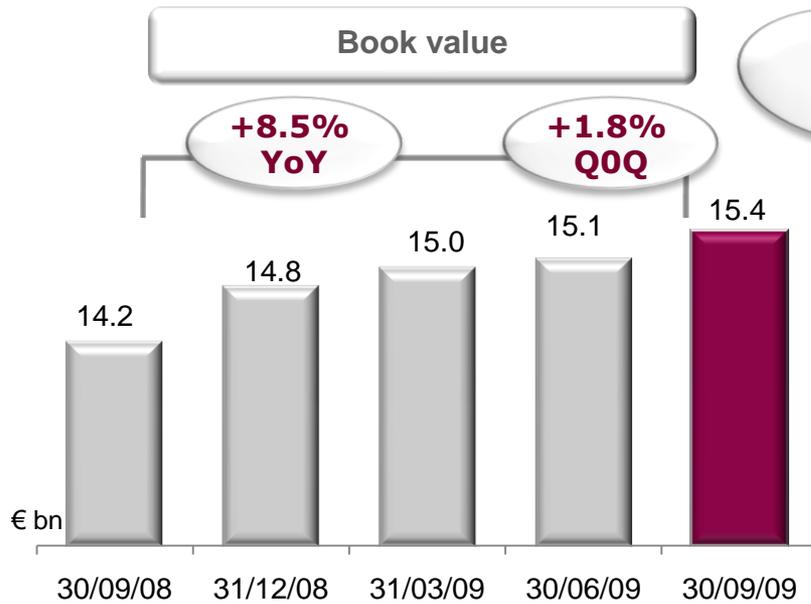
CD Programme and Counterbalancing Capacity** (€ mln)



* Exposure affected by BAV acquisition

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

Monitoring capital position



Guidelines

- ❑ **FY09 NII guidance confirmed: better than -5%**
- ❑ **Good improvement in commercial performance in October**
- ❑ **Cost cutting guidance confirmed: -4/-5%**
- ❑ **FY09 LLP expected in a range of 105-110bps**

**Thank you for your
attention**

Q&A



3Q09 and 9M09 Results

An Italian story since 1472
9M09 Results Presentation



3Q09 and 9M09 P&L (€mln)	9M09	9M09/9M08	3Q09	3Q09/2Q09
Net Interest Income	2748.7	-3.0%	913.3	0.4%
Net Fees	1427.6	-13.1%	476.4	1.5%
Basic income	4176.3	-6.7%	1389.7	0.8%
Trading	87.6	87.1%	8.3	-73.6%
Dividends and other revenues	76.6	64.7%	9.3	-76.6%
Total Revenues	4340.5	-5.0%	1407.3	-2.9%
Operating Costs	2635.6	-8.0%	884.6	2.7%
Personnel costs	1675.4	-6.4%	563.6	4.9%
Other admin expenses	843.1	-11.6%	281.2	-1.1%
Loan Loss Provisions	1037.7	61.8%	351.0	-12.3%
Provisions on financial assets	32.0	n.m.	9.0	73.2%
Net Operating Income	635.2	-40.9%	162.7	-11.3%
Integration costs	31.9	-80.0%		n.m.
Taxes	268.6	-26.8%	74.7	28.7%
Gains from asset disposals	195.3	n.m.	(0.3)	n.m.
Purchase Price Allocation	103.2	n.m.	33.6	-7.3%
Net income	401.4	n.m.	69.3	n.m.

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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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