MPS Group: 2005 9-Month Results
compliant with new IAS/IFRS accounting standards

Net profit of € 573.7 million (+65.8%) and 12.5% ROE

Major growth of net operating profit (+73%),
whilst the operating cost control effort continued

- **Net banking and insurance income up by +7.6%**
- **Further growth of operating volume**
  - **Assets under management +11.2%**
  - **Consumer-credit market share +30% in first 9 months**
- **Further decrease of key cost items**
  - **Operating costs down by 1.8%**
  - **Cost/income ratio down by some 6% points (to 63.2%)**
- **Impairment losses on loans and financial assets down by over € 100 million**
- **Consolidated net profit of € 573.7 million, growing by +65.8% vs. restated 2005 9-month figure, and ROE of 12.5%**

***

Siena, November 14th 2005. At its meeting today, the Board of Directors of Banca Monte dei Paschi di Siena SpA, chaired by Professor Pier Luigi Fabrizi, approved the quarterly interim report for the Group MPS as at September 30th 2005, prepared in compliance with IAS/IFRS.

Main consolidated results[1]

In a basic scenario that, in the third quarter (3Q05), featured emergence of the first signs of economic acceleration, the **MPS Group** has continued implementation of the strategic projects outlined in its 2003-2006 Business Plan, **further consolidating the development of its operating and revenue base initiated in the second part of 2004.**

From the operating standpoint, we achieved growing results as regards both (a) development of **asset and commercial performance** – with improved standing in the main businesses – and (b) **profit performance**, as demonstrated by the progress achieved in **net operating profit (+73%** vs. the first nine months of 2004 (9M04) – restated including an IAS 32 and 39 estimate) and **net profit (+65.8%)**, which rose to **€ 573.7 million** (mn).

In terms of income, **the Group's total revenues (consisting of total net banking and insurance income) grew by 7.6% YoY in the 9-month period (9M05) driven by:**

- **net interest income**, which grew to **€ 2,205 mn (+4.3% vs. 9M04 restated),** thanks to the commercial segment's contribution (+2.9% fuelled both by buoyant growth of consumer credit and retail mortgages and by tight management of spread). In terms of quarterly performance, the YoY trend in 3Q05 was substantially stable.

- **Net fees and commissions progressed by +10.9% vs. 9M04 restated, rising to €1,282.8 mn.** Here income from conventional banking services and asset management grew by 3.2%, with asset management fees underpinned by growth of assets under management, which accelerated in 3Q05. As regards the quarterly trend thus far, income grew more in 3Q05 than the average reported for the two previous quarters.

[1] Operating and balance-sheet results as at September 30th 2005 are later on compared with those of the same period in 2004 restated in accordance with IAS/IFRS and also including an estimate of the effects of IAS 32 and 39.

- **Net gain from realisation/valuation of financial assets** of **€ 225 mn (**vs. € 252.2 mn in 9M04), which was also positively driven by gains on sale of assets available for sale.

Among the other items forming total income inclusive of finance and insurance, there were also **dividends, similar income and profits/losses of equity investments**, totalling **€ 82 mn.**

Overall, **total consolidated banking and insurance income** amounted to **€ 3,562.3 mn (+7.6% YoY)** with **"primary" banking income** (net interest income and fees & commissions) **growing by +6.6% YoY.**

The 3Q05 trend was particularly significant. Notwithstanding seasonality, 3Q05 was steady compared with the average of the two previous quarters and progressed by over 15% vs. 3Q04 restated.

Net impairment losses on loans amounted to € 365.5 mn (vs. €471.1 mn in 9M04) and benefited from the decrease in flows of impaired loans and of the continuously substantial level of recoveries.

Moving on to analyse the trend of **operating costs (€ 2,249.9 mn),** in 9M05 they confirmed their downward trend (**decreasing by -1.8% YoY**), in the presence of a return to investments in advertising, territorial expansion, and in development of businesses with high growth potential (headed by consumer credit). More specifically, **administrative expenses (€ 2,126.3.5 mn)** were stable (+0.2%) with **personnel costs** decreasing to **€1,379.7 mn (down by -1.4% YoY)** (inclusive of € 43 mn for demanning incentives and € 17 mn relating to stock granting) and **other expense items increasing moderately (to € 746.6 mn).** The trend of these latter items stemmed from the initiatives mentioned above, which were set against the expense-control actions initiated some time ago in the main departments. Lastly, **net write-downs of tangible and intangible assets** amounted to **€ 123.5 mn**, with a tangibly downward trend (**-27% vs. 9M04).**

As a result of the trends highlighted above, **Net Operating Profit** rose to **€ 945.5 mn, growing by +73% vs. the 9M04 restated figure**, confirming the significant improvement in operating results already emerging in the second half of 2004, underpinned by growth in all segments of the MPS Group's business.

The **cost/income ratio**, inclusive of depreciation & amortisation, thus decreased to **63.2%** (with improvement of some 6% points vs. 2004 year-end) and, net of extraordinary demanning costs, was 61.9%.

As regards the breakdown by **business segment**, we highlight the growing contribution of the **Commercial Area**, which – benefiting from the **enhanced effectiveness of platforms specialised by customer segment and from a well-conceived relational policy**, delivered, in total, **year-over-year growth of +41% in terms of Net Operating Profit.** More specifically:

- **retail Banking:** total net banking and insurance income amounted to € 1,390 mn (+4.9%). Net operating profit amounted to € 375 mn (+24%)

- **Private Banking:** total net banking and insurance income amounted to € 89 mn (+12.5%). Net operating profit amounted to € 36 mn (+43%)

- **Corporate Banking:** total net banking and insurance income amounted to € 1,465 mn (+1.7%). Net operating profit amounted to € 417 mn (+56%)

- **Investment Banking:** total net banking and insurance income amounted to € 300 mn (+32%). Net operating profit amounted to € 226 mn (+48%).

Pre-tax profit from continuing operations totalled € 929 mn, growing by **+57.7%** vs. 9M04 restated. This figure included net provisions for risks and liabilities and other operating income/expenses resulting in a positive balance of € 13.2 mn.

Completing the income and profit picture there were total taxes of € 341.3 mn (vs. € 233 mn in 2004) with a tax rate of approximately 36.7%. **Net profit for the period after minorities thus amounted to € 573.7 mn, progressing by +65.8% vs. September 30th 2004** restated. **ROE was 12.5% (whilst Return on Average Equity was 11.7%).**

Balance sheet highlights

In 9M05 the MPS Group achieved major growth in all the main asset categories, further increasing its market share in the main businesses. Specifically, **direct funding** (totalling some € 81.8 billion (bn)) grew by +4.9% YoY[2] assuming linear growth, with a **6.5% share of the domestic market (in line with December 2004). Indirect funding totalled € 109.9 bn**. In this latter category **managed assets increased by 11.2% YoY on an annualised basis** as above, thanks to ongoing robust growth of **technical underwriting reserves in the bancassurance and acceleration in 3Q05 of individual and UCITS asset management business.** As regards this, we note flows of **sales of savings products of some € 8.9 bn (+44%%** vs. 9M04. In this respect, major new business was achieved in 3Q05 (€ 3.3 bn), 20% higher than the average in the first two quarters of the year – and also featuring refocusing towards AM products (mutual investment funds and managed discretionary fund and asset accounts).

More specifically, **insurance premiums collected amounted to € 4.1 bn (10.9% market share of the bancassurance/post-office system vs. 10.1% at the beginning of the year); structured/linear bonds totalled € 3.4 bn;** and there was a **net inflow of € 440 mn for discretionary managed accounts and UCITS,** as compared with a net outflow of € 632 mn in 9M04.

Customer loans grew by 7.8% YoY. As regards the domestic segment **(market share of cash loans stable at 2004 year-end share of 6.2%)**, we note an increase in short-term loans (+4.2%) and significant growth of medium-/long-term loans (+12.2%). This result was achieved thanks above all to the issue of **retail mortgages (+12.4% vs. 9M04 and with market share growing to over 7% vs. 6.7% at 2004 year-end)** – and of **consumer credit** products by **Consum.it (+53% vs. 9M04 and with a market share of 4.7% vs. 3.6% at 2004 year-end).**

There was a decrease vs. 9M04 of the **flows of disputed/watchlist loans** (respectively down by **–2%** and **–16%**). These benefited both from the previous year's intensive monitoring of credit quality and from full application of first-time loan models. As regards monitoring of loan risk, the incidence of doubtful outcomes on gross non-performing loans grew to 56.6% vs. 49.2% at the end of the previous year. The incidence of net impaired loans stood at 3.4% of loans (vs. 3.8% as at December 2004) whilst that of non-performing loans was 1.8% (vs. 2.1% as at December 2004).

---

[2] Changes in asset stocks as at September 30th 2005 are calculated vs. figures for the same period in 2004 restated and including an estimate of the effects of application of IAS 32 and 39.

Lastly, as regards **capital ratios[3],** the Tier 1 ratio was 6.5% and the overall solvency ratio 9.9%. The same ratios, calculated according current regulatory supervisory requirements, were 6.9% and 10.2% respectively.

This press release will be available on the Web site at the address: www.mps.it

For further information, please contact:

Media Relations
Simone Zavatarelli
Tel: +39 02 62001843
Cell: +39 335 8268310
Fax: +39 02 29005262

Investor Relations
Irene Vaccaro
Tel: +39 0577 296477
Fax: +39 0577 294075
Email: Investor.Relations@banca.mps.it

[3] Calculated according to the "prudential filters" indicated by the Basle Committee and the Bank of Italy's draft prudential regulations.

PROFIT & LOSS AND FINANCIAL STATEMENTS RECLASSIFIED WITH MANAGEMENT CRITERIA

We provide Balance Sheet and Profit and Loss accounts at 9/30/05 in comparison with 9/30/04 restated in order to facilitate the analysis of consolidated operations and earnings of all the Group.

The following are the main reclassification interventions applied to Profit and Loss accounts at 30/09/05[1]:

a) "Net Commission" consists of commissions earned (account 40) and commission expense (account n. 50) in addition with expences recovery on passive current accounts (135.2 million Euro at 9/30/05). This items are included in account 230 (Other operating income/expenses).

b) "Dividends, other income and profit from partecipations" consists of "Dividends and other incomes" (account 70) and "Income/Loss from investments (account 250).

c) "Profit (Loss) from trading/valuation of financial assets" consists of "Net Profit from trading" (account 80) , "Profit/Loss from loans, available for sale financial assets, held to maturity investment and other financial assets" (account 100), "fair value financial assets" accounts 110)and "fair value liability assets" (accounts 120), integrated with dividends earned on "structured transactions" (333,4 million euro in 2005).

d) "Other profit and losses from insurance business" includes "Net premiums" (account 160) and "Net income/loss from insurance operations" (account 170).

e) "Valuation adjustments on loans" has been netted of the extraordinary charges for 46.8 mln.€ (of which 40.2 mln.€ relating to financial plans) reclassified into the account "Net provisions for risk and charges and other operating income and charges"

f) "Other administative expenses" has been netted of the recoveries of taxes and stamp duties (110,5 million Euro at 9/30/05) reclassified from "Other operating income/expenses" (account 230)

g) "Other operating income/expenses" (account 230) treated as described in section a) and f), has been incorporated (together with "Provisions for Risk and Charges" - account 200) into the account "Net provisions for risk and charges and other operating income and charges".

[1] 2004 results have been restated according to preliminary and unaudited information under IAS/IFRS standards, including estimates of IAS 32 and 39 effects, as currently set out. Readers are advised to refer to the interim report as at 30 June 2005, which contains the specific accounts approved by the Board of Directors of the Bank.

Furthermore, in relation to the Profit and Loss Statement, in order to allow a suitable comparison, the data of the first half 2004 have been restated, when needed, with an estimate of IAS 32 and 39 effects.

The main reclassification interventions applied to the consolidated balance sheet refer to:

h) “available for sale financial assets” includes “financial assets held for trading” (account 20), “Financial assets at fair value” (account 30), “Financial assets available for sale” (account 40)

i) “Other assets” includes “hedging derivatives” (account 80), “value adjustment on financial assets with generic coverage “ (account 90), “Tax assets” (account 140), “Non current assets held for sale and discontinued operations” (account 150), “Other assets” (account 160);

j) “Due to costumers” includes “Due to costumers” (account 20), “Securities” (account 30) and “Financial Liabilities at fair value”(account 50)

k) “Other liabilities” includes “ Hedging derivatives” (account 60), “value adjustment on financial liabilities (account 70), “Tax liabilities” (account 80), “Liabilities in disposal groups held for sale and discontinued operations” (account 90) and “Other liabilities” (account 100).

MPS Group: KEY DATA AND RATIO ANALYSIS

mln.€

MPS Group	09/30/2005	09/30/2004 (1)
• Profit and Loss Aggregates (mln.€)		
Total Income	3,562.3	3,311.7
Net Operating Profit	945.5	546.4
Net income	573.7	346.1
• Balance Sheet Aggregates (mln.€)	**09/30/2005**	**09/30/2004**
Direct Funding (2)	81,787	77,946
Indirect Funding	109,906	103,678
including: Funds under management	*48,351*	*43,485*
including: Funds under administration	*61,555*	*60,194*
Customer Loans and advances	79,237	73,531
Consolidated shareholders' equity	6,637	7,064
• Credit Quality Indicators (%) (estimated data)	**09/30/2005**	**12/31/2004**
Net non-performing loans / Customer loans and advances (%)	1.8	2.1
Watchlist credits / Customer loans and advances (%)	1.4	1.6
• Profitability Ratios (%)	**09/30/2005**	**12/31/2004 (°)**
Cost/Income ratio	63.2	69.3
Restated Cost/Income ratio (3)	61.9	nd.
R.O.E. (on average net equity)	11.7	8.2
R.O.E. (on net equity as of end of period)	12.5	8.6
(°) Figures published at 12/31/04		
• Solvency Ratios (%) (°)	**09/30/2005**	**12/31/2004**
Total capital ratio %	10.18	9.95
Tier 1 Ratio %	6.91	6.74
(°) In accordance with the actual Regulatory Rules, excluding IAS effects		
• Share Data	**09/30/2005**	**12/31/2004**
Number of shares outstanding	2,448,491,901	2,448,491,901
Number of preferred shares outstanding	565,939,729	565,939,729
Number of savings shares outstanding	9,432,170	9,432,170
Ordinary share price during the year:		
- average	2.87	2.49
- low	2.43	2.30
- high	3.71	2.74
• Operating Structure	**09/30/2005**	**12/31/2004**
Number of total employees (end of period)	26,695	26,844
Number of branches in Italy	1,850	1,824
Number of foreign branches and foreign representative offices	30	30

(1) Balance Sheet and Profit and Loss accounts at 9/30/2005 in comparison with 9/30/2004 are restated in order to facilitate the analysis of consolidated operations and earnings of the Group and include an estimate of IAS 32/39 impact on financial instruments.

(2) Figures at 1/1/05 and at 9/30/05 of Balance Sheet don't include funding related to Index linked, included as usual in" Funds under management".

(3) Restated Cost-income is calculated excluding early retirement extraordinary costs at 09/30/05 (43 mln. euro) and at 09/30/04 (46 mln. euro).

(4) Number of employees at 12/31/04 has been changed respect to the number published in 2004 Balance Sheet in consideration of the new IAS perimeter.

RECLASSIFIED CONSOLIDATED BALANCE SHEET (in euro mln)

MPS GROUP	09/30/2005	Ias/IFRS balances at	12/31/2004	09/30/2004
ASSETS		**01/01/2005**	(excluding IAS 32, 39 and IFRS 4)	(excluding IAS 32, 39 and IFRS 4)
Cash and liquidit Assets	415	618	618	423
Loans :				
Loans to customers	79,237	76,649	74,819	71,666
Loans to Banks	9,373	7,218	11,462	11,392
Available for sale financial assets	47,339	37,305	29,591	28,414
Held to maturity investments	4,298	4,102	0	0
Investment in associates, subsidiaries and joint ventures	607	593	2,391	2,326
Technical reserves reassured with third parties	9	10	10	10
Tangible and intangible assets :	3,226	3,319	3,311	3,352
Of which: Goodwill	*740*	*770*	*770*	*756*
Other assets	5,889	6,612	20,556	17,925
Total Assets	**150,392**	**136,426**	**142,758**	**135,507**

	09/30/2005	Ias/IFRS balances at	12/31/2004	09/30/2004
LIABILITIES AND SHAREHOLDERS' EQUITY		**01/01/2005**	(excluding IAS 32, 39 and IFRS 4)	(esclusi IAS 32,39 e IFRS 4)
Debts:				
Due to customers (°)	88,484	89,103	82,770	78,724
Due to Banks	16,751	10,239	15,266	14,580
Financial Liabilities Held for trading	19,140	13,178	0	0
Reserves for specific use :				
Staff severance indemnity reserve	402	405	405	400
Pension funds	441	411	411	456
Other funds	760	671	645	709
Other Liabilities	6,160	6,161	19,780	17,874
Technical reserves	11,580	9,836	16,195	15,662
Shareholders' equity :	6,637	6,388	7,250	7,064
Valuation reserves	888	841	461	465
Shares with withdrawal rights	0	0	0	0
Capital instruments	46	46	0	0
Reserves	3,163	3,439	3,731	3,762
Additional paid-in-capital	523	523	523	523
Share Capital	1,935	1,935	1,935	1,935
(-) Own shares	-491	-396	0	0
Profit (Loss) for the period	574	0	599	379
Minority interests	36	35	35	37
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**150,392**	**136,426**	**142,758**	**135,506**

(°) Figure at 1/1/05 and at 9/30/05 includes Index Linked Premiums (6,697 mln.€ as at 9/30/05)

■ **Reclassified Consolidated Profit and Loss Statement (euro mln.)**

MPS Group	09/30/2005	09/30/2004 restated with IAS 32/39 (*)	Change Abs.	Change %
Net Interest Income	**2,205.2**	**2,113.7**	**91.4**	**4.3%**
Net Commissions	1,282.8	1,157.2	125.6	10.9%
Basic Income	**3,487.9**	**3,270.9**	**217.1**	**6.6%**
Dividends & income from partecipations valued on equity method	82.0	81.4	0.6	0.8%
Profits/Losses from trading	225.0	252.2	-27.2	-10.8%
Profits / Losses from hedging	-12.2	0.0	-12.2	ns.
Other profits / losses from insurance business	-220.4	-292.7	-72.4	-24.7%
Total Income	**3,562.3**	**3,311.7**	**250.6**	**7.6%**
Valuation adjustments :				
a) loans	-365.5	-471.1	-105.6	-22.4%
b) financial assets	-1.5	-3.4	ns.	ns.
Gross operating income	**3,195.4**	**2,837.3**	**358.1**	**12.6%**
Administratives expenses	-2,126.3	-2,121.6	4.8	0.2%
a) personnel expenses	-1,379.7	-1,398.8	-19.1	-1.4%
b) other administrative expenses	-746.6	-722.8	23.8	3.3%
Valuation adjustment to fixed and intangible assets	-123.5	-169.3	-45.7	-27.0%
Operating Costs	**-2,249.9**	**-2,290.9**	**-41.0**	**-1.8%**
Net operating profit	**945.5**	**546.4**	**399.1**	**73.0%**
Net provisions for risk and charges and other non operating income (expenses)	13.2	20.1	-6.9	ns.
Fair value results on tangible and intangible assets	0.0	0.0	0.0	ns.
Net impairment losses on other assets	-29.0	0.0	29.0	ns.
Realised gains / losses on sales of assets	-0.59	22.5	-21.9	ns.
Income (loss) before taxes from continuing operations	**929.0**	**589.0**	**340.0**	**57.7%**
Taxes on income of continuing operations	-341.3	-233.0	108.3	46.5%
Income / loss after tax from continuing operations	**587.8**	**356.0**	**231.7**	**65.1%**
Income (loss) after tax from discontinuing operations	0.0	0.0		
Minority interests	-14.0	-9.9	4.1	41.0%
Net Income	**573.7**	**346.1**	**227.7**	**65.8%**

(*) restated including an estimate of IAS 32/39 impact on financial instruments

■ **Reclassified Consolidated Profit and Loss Statement Third Quarter 2005**

MPS Group	06/30/2005	Third Quarter 2005	09/30/2005
Net Interest Income	**1,469.0**	**736.1**	**2,205.2**
Net Commissions	847.7	435.1	1,282.8
Basic Income	**2,316.7**	**1,171.2**	**3,487.9**
Dividends & income from partecipations valued on equity method	61.0	21.0	82.0
Profits/Losses from trading	195.7	29.2	225.0
Profits / Losses from hedging	-8.5	-3.7	-12.2
Other profits / losses from insurance business	-184.7	-35.6	-220.4
Total Income	**2,380.3**	**1,182.1**	**3,562.3**
Valuation adjustments :			
a) loans	-242.0	-123.5	-365.5
b) financial assets	2.2	-3.7	-1.5
Gross operating income	**2,140.5**	**1,054.9**	**3,195.4**
Administratives expenses	-1,406.5	-719.8	-2,126.3
a) personnel expenses	-916.4	-463.3	-1,379.7
b) other administrative expenses	-490.1	-256.5	-746.6
Valuation adjustment to fixed and intangible assets	-81.8	-41.8	-123.5
Operating Costs	**-1,488.3**	**-761.6**	**-2,249.9**
Net operating profit	**652.1**	**293.3**	**945.5**
Net provisions for risk and charges and other non operating income (expenses)	8.0	5.2	13.2
Fair value results on tangible and intangible assets	0.0	0.0	0.0
Net impairment losses on other assets	-29.0	0.0	-29.0
Realised gains / losses on sales of assets	-0.03	-0.6	-0.59
Income (loss) before taxes from continuing operations	**631.1**	**298.0**	**929.0**
Taxes on income of continuing operations	-249.0	-92.3	-341.3
Income / loss after tax from continuing operations	**382.1**	**205.7**	**587.8**
Income (loss) after tax from discontinuing operations	-0.2	0.2	0.0
Minority interests	-9.5	-4.5	-14.0
Net Income	**372.4**	**201.3**	**573.7**