MONTEPASCHI GROUP

Quarterly Report
as of 31 March 2009

INTERIM REPORT ON OPERATIONS

A SUMMARY OF THE TRENDS AS OF 31 MARCH 2009

In the first quarter of 2009 the MONTEPASCHI Group operated against a backdrop of **global** crisis – which was felt as the most serious since the post-war period - and **focused its sales and marketing policy on the requirements of its customers,** who were also struck by the slowdown of the economic situation and the strong deterioration of the financial markets. Despite the critical situation linked with the market trends and the organization changes under way, **the Group achieved positive results which prove the general growth of asset management and the steady trend of loan management, in addition to the confirmation – and in some cases the development - of the Group competitive position.**

In particular:

- **with reference to asset management**[1], the Group intense commercial business produced **flows of placement in an amount of roughly EUR 6.4 billion,** (which despite the adverse trend of the financial industry) progressed year on year (+69% on a like for like basis), with an improving performance with respect to all quarters of 2008. The overall volume of funding aggregates (abt.EUR 263.9 bn) was indicative of the decline in the prices of financial assets due to the market crisis, which adversely affected indirect funding in the period from 31 March 2008 to 31 March 2009 by more than 7 bn. **Excluding such effect, the aggregate would advance by 2% with respect to restated data as of 31 March 2008**. **The above trend was also influenced by the funding policy adopted by the Group in the last few months for the purpose of exploiting any funding opportunities at marginal rates**. As a result, the Group stopped the renewal of the maturities of bonds with institutional players and did not fully make use of bonded loans with ordinary customers, with respect to the market potential.

- **with reference to loan management**, in Q1 2009, in light of the critical aspects shown by the exogenous scenario, the Montepaschi Group **continued to ensure an appropriate financial support to its customers, and confirmed its proximity to the geographical territory and its requirements**, though keeping its traditional conservative stance in risk assessment. **Corporate loans stood at EUR 144.7 billion** (steady with respect to 31 December 2008), in light of **a modest credit demand mainly due to decreasing loan requirements from our customers**. With reference **to credit quality, as of 31 March 2009 the Montepaschi Group had** a net exposure in terms of impaired loans of about 8.4 bn (with the weight of impaired loans to total customers' loans at about 5.78%), which absorbs, in particular, the growth of "restructured loans".

Against this backdrop, the net operating profit of the Montepaschi Group as of 31 March 2009 came to about EUR 289 million (abt. 297 million as of 31 march 2008 on the basis of restated data[2]) mainly as a result of decreasing operating charges and the positive contribution of finance business y-o-y, in addition to the steady trend of the commercial "core business".

Consolidated net profit for the period before the effects of the Purchase Price Allocation (PPA) came to about EUR 334 million (135 million as of 31 March 2008 on a restated basis), also including

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[1] The flows of placement of 2008 include the production of Biverbanca but not Banca Antonveneta.

[2] For comparative purposes, the data for 2008 have been restated to take account of the costs of loans for the acquisition of Bav (if they had occurred at the beginning of the year) and the elimination of "line by line" data in relation to Intermonte as a result of the disposal in the second half of 2008.

the capital gain in relation to the disposal of the asset management companies (SGR). The ROE was 4.3%.

With reference to the regulatory ratios as of 31 March 2009, TIERI BIS II was estimated at about 5.6% (5.1% as of 31 December 2008) and the estimated BIS II solvency ratio was about 10% (9.3% at the end of 2008). On the front of the risk profile, the trend of Group risks measured as Value-at-Risk (VaR) in Q1 2009 was in line with the levels already recorded in the fourth quarter of 2008 (the deterioration of the international crisis determined a general increase in the volatility of all the main risk factors). With reference to credit risk – if comparing the percentage breakdown of the EAD as of 31 December 2008 with the first quarter of 2009 – high quality exposures slightly declined, with good, fair and poor quality exposures moderately increasing.

These results were achieved during a period of **deep streamlining of the Group distribution Networks** in accordance with the provisions of the 2008-2011 Business Plan, which culminated with the merger by incorporation of Banca Toscana into Banca Monte dei Paschi di Siena late in March, following a similar merger at the end of 2008 involving Banca Antonveneta, with the simultaneous transfer of a business unit consisting of more than 400 branches to the "new" Banca Antonveneta. In addition:

- **The Group was completely redesigned** with the incorporation of companies, the centralization of back office activities and the review of operating processes;
- Ahead of the deadline indicated by the 2008-2011 Business Plan, the Group achieved the **objectives of efficiency and further reduction/remix of its workforce,** with correlated effects in terms of declining costs on a structural basis and a growing front to back ratio.

Finally, in line with the guidelines of the Group Business Plan, the Group continued to dispose of its non-strategic equity investments, in particular by selling 75% of the share capital of Marinella SpA and reorganizing the Group asset management companies (SGR).

EXPLANATORY NOTES

The consolidated quarterly interim report on operations of the Monte dei Paschi Group as of 31 March 2009 is prepared, in accordance with the provisions of art.154 of the Financial Act, in compliance with the IAS/IFRS international accounting principles issued by the International Accounting Standards Board (IASB) validated as of the date of issue by the European Commission and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The international accounting principles have been applied with reference to the "Framework for the preparation and presentation of the financial statements".

In particular, the Group adopted the accounting principles used for preparing the Consolidated Financial Statements as of 31 December 2008, except for the specifications of the following paragraph – "Accounting principles, amendments and interpretations applied during the period". However, the introduction of the new principles, amendments and interpretations did not imply any major effect on the results of the interim report.

Accounting principles, amendments and interpretations applied during the period

On 30 November 2006 the IASB issued the IFRS 8 accounting principle – Operating Segments which shall be enforced effective 1 January 2009 in replacement of IAS 14 – Segment reporting. On the basis of the new accounting principle, the information included in the segment reporting shall be based on the elements used by the Management to make operating decisions. Therefore it requires the identification of the operating segments on the basis of internal reporting which is regularly reviewed by the Management for the purpose of the allocation of the resources to the different segments and for the purpose of performance analyses. The adoption of this principle does not produce any effect from the standpoint of the valuation of balance-sheet items. The principle was validated on 21 November 2007 by the European Commission Regulation 1358/2007.

On 29 March 2007 the IASB issued a reviewed version of IAS 23 - Financial charges which shall be enforced as of 1 January 2009. The opportunity of immediately posting to the P&L statement the financial charges incurred in relation to assets which normally require some time to be made promptly available for use or sale, was removed from the new version of the principle. The principle is applied to future financial charges in relation to capitalized assets as of 1 January 2009. The principle was validated on 10 December 2008 by the European Commission Regulation 1260/2008.

On 6 September 2007 the IASB issued a reviewed version of IAS 1 - Presentation of the financial statements which shall be enforced as of 1 January 2009. The new version of the principle requires that all changes generated by transactions with the shareholders shall be shown in a statement of changes in net equity. All transactions generated with third parties shall be shown in one statement ("Comprehensive income") or in two separate statements (P&L statement and "other comprehensive income"). In any case, the changes generated by transactions with third parties cannot be shown in the statement of changes in net equity. The principle was validated on 17 December 2008 by the European Commission Regulation 1274/2008.

On 17 January 2008 the IASB issued an amendment to IFRS 2 - Terms of expiration and cancellation. According to this, for the purpose of the valuation of stock-based instruments of remuneration, only the terms of service and performance can be considered as terms for the expiration of the plans. The amendment also states that, in case of cancellation of the plan, the same accounting treatment should be applied whether the plan is cancelled by the company or by the counterpart. The amendment was applied effective 1 January 2009. The principle was validated on 16 December 2008 by the European Commission Regulation 1261/2008.

On 14 February 2008 the IASB issued an amendment to IAS 32 - Financial instruments: presentation and IAS 1 – Presentation of the financial statements – Puttable financial instruments and resulting bonds upon settlement. In particular, the principle requires the classification under equity instruments of puttable financial instruments, and of the financial instruments obliging a company to deliver a participating share in its assets to third parties. The amendment was applied effective 1 January 2009. The principle was validated on 21 January 2009 by the European Commission Regulation 53/2009.

On 22 May 2008 the IASB issued an amendment to IFRS 1 - First adoption of the International Financial Reporting Standard and IAS 27 – Consolidated and separate financial statements – Cost of equity investments in subsidiaries, jointly-controlled companies and affiliated companies. In particular, the principle states that, in case of first adoption of the IFRS, it is possible – when preparing the separate financial statements and in addition to already existing criteria – to represent the equity investments in subsidiaries, companies subject to considerable influence and jointly-controlled companies, at a substitute cost (deemed cost) represented by the fair value as of the date of transition of the separate financial statements to IAS/IFRS, or by the book value in accordance with the original accounting principles (e.g.: IT GAAP). This can be chosen on an individual basis.

The amendment also concerns IAS 27 and in particular the management of dividends and equity investments in the separate financial statements. This amendment actually states that the distribution of profits, including pre-acquisition profits, are posted to the P&L statement in the separate financial statements when the right to receive dividend has accrued. Therefore, there is no obligation of posting the distribution of pre-acquisition dividends as a reduction of the equity investment value. A new indicator of impairment for the valuation of the equity investments was introduced in IAS 36 to take account of this case. The amendment was applied effective 1 January 2009. The principle was validated on 23 January 2009 by the European Commission Regulation 69/2009.

On 22 May 2009 the IASB issued a string of amendments to IFRS ("improvements"). Following are the amendments indicated by the IASB as changes implying a change in the presentation, recognition and valuation of balance-sheet items, neglecting the amendments which shall only determine word or editing changes with minimal effects in accounting terms.

- IAS 1 – Presentation of the financial statements (reviewed in 2007): the amendment, to be applied as of 1 January 2009, requires that the assets and liabilities resulting from derivative financial instruments which are not held for trading purposes shall be classified in the balance-sheet under current assets/liabilities.

- IAS 16 – Buildings, plants and equipment: the amendment, to be applied as of 1 January 2009, states that the companies where renting is the core business shall reclassify the assets which are no longer rented and are available for sale in the inventory. Accordingly, the consideration resulting from their sale shall be recognized as income. The amounts paid to build or purchase assets to be rented to others, and the amounts collected after the sale of such assets, represent cash flows resulting from operating assets (and not investment assets) for the purpose of the cash flow statement.

- IAS 19 – Employees' benefits: the amendment, to be applied as of 1 January 2009 to future changes in the benefits occurred after such date, defines costs/income in relation to past work done and states that, in case of reduction of a plan, the effect to be promptly posted to the P&L statement shall only include the reduction of benefits for future periods. The effect resulting from any reductions linked with past periods of work shall be considered as a negative cost in relation to past work done. In addition, the Board reprocessed the definition of short-term and long-term benefits and changed the definition of return on assets declaring that this item shall be posted net of any administrative charges which are not already included in the value of the obligation.

- IAS 20 – Posting and reporting of public subsidies: the amendment, to be applied as of 1 January 2009 with reference to future subsidies, states that the benefits resulting from Government loans granted at an interest rate much lower than the market rate shall be considered as public subsidies and shall comply with the rules of recognition established by IAS 20.

- IAS 23 – Financial charges: the amendment, to be applied as of 1 January 2009, revised the definition of financial charges.

- IAS 28 – Equity investments in affiliated companies: the amendment, to be applied (also only with future reference) as of 1 January 2009, states that, in the case of equity investments valued with the net equity method, any loss of value shall not be allocated to any assets (and in particular any goodwill) contributing to the book value of the investment, but to the value of the affiliated company as a whole. Therefore, in light of the terms for any following value restoration, such restoration shall be recognized fully.

- IAS 28 – Equity investments in affiliated companies, and IAS 31 – Participation in joint ventures: these amendments, to be applied as of 1 January 2009, state that additional information is provided also in relation to the affiliated companies and joint ventures valued at fair value in accordance with IAS 39. IFRS 7 – Financial instruments: additional information and IAS 32 – Financial instruments – balance-sheet exposure have been amended accordingly.

- IAS 29 – Accounting information in hyperinflated economies: the past version of the principle was not indicative of the fact that some assets or liabilities could be valued in the balance-sheet on the basis of the current value instead of historical cost. The amendment introduced to take account of this shall be applied as of 1 January 2009.

- IAS 36 – Loss of value of assets: the amendment, to be applied as of 1 January 2009, provides for the supply of additional information if a company determines the collectable value of the cash generating units by using the method of cash flow updating.

- IAS 38 – Intangible assets: the amendment, to be applied as of 1 January 2009, states that promotional and advertising costs should be posted to the P&L statement. In addition, it states that, if a company incurs charges with future economic benefits and posts no intangible assets, the charges should be posted to the P&L statement when the company is entitled to have access to the assets (in case of purchase of goods) or when the service is rendered, in case of purchase of services. In addition, the principle was amended to allow the companies to adopt the method of produced units to determine the amortization of intangible assets with defined useful life.

- IAS 39 – Financial instruments: recognition and valuation, the amendment, to be applied as of 1 January 2009, explains how to calculate the new rate of actual return of a financial instrument at the end of a fair value hedging transaction. It also states that the prohibition of reclassification under the category of financial instruments with the adjustment of the fair value to the P&L statement shall not be applied to derivative financial instruments which can no longer be qualified as hedging instruments or become hedging instruments. Finally, in order to avoid any conflicts with the new IFRS 8 – Operating segments, it eliminates any references to the designation of a sectorial hedging instrument (former IAS 14).

- IAS 40 – Real estate investments: the amendment, to be applied as of 1 January 2009 to future transactions, provides that real estate investments under way fall within the scope of application of IAS 40 instead of IAS 16. The principle was validated on 23 January 2009 by the European Commission Regulation 70/2009.

On 28 June 2007, IFRIC issued the IFRIC 13 interpretation – Programmes cultivating customer loyalty. The interpretation regulates the accounting treatment of customers' loyalty programmes, which – after the purchase of goods and services of the companies in question - give "credits" or "points" entitling the customers to prizes or free goods or services or discounted prices, in compliance with specific terms. The accounting treatment consists in allocating liabilities as a contra entry to a reduction of income during the period of assignment of the "points". The posting of such income is postponed when the prize is awarded. This also cancels the liabilities. The interpretation, which has been enforced since 1 January 2009, was validated on 16 December 2008 by the European Commission Regulation 1262/2008.

On 30 November 2006, IFRIC issued the IFRIC 12 interpretation – Agreements for licensed services. The interpretation provides the guidelines in relation to the treatment by the licensees of the agreements for licensed services from the public to the private sector. In particular, the infrastructure included in the license agreement shall not be considered by the licensee as buildings, plants and equipment; income and costs in relation to management services shall be posted by the licensee in compliance with IAS 18 and income and costs in relation to building and improvement services shall be posted in compliance with IAS 11.

The interpretation, which has been enforced since 1 January 2008, was validated on 25 March 2009 by the European Commission Regulation 254/2009.

Following are the criteria adopted for preparing this report:

- The consolidated quarterly interim report on operations was prepared in accordance with the "principle of independence of periods" on the basis of which the period of reference is considered as an independent period. In this logic, the interim P&L statement is indicative of the ordinary and extraordinary components for the period on an accrual basis.

- The unit of account is the euro and the amounts are expressed in millions of euro, unless otherwise stated.

- The balance-sheet and the P&L statement are shown on a reclassified basis, as already used in the financial statements as of 31 December 2008.

- The accounting situations considered as the basis of the process of consolidation were prepared by the subsidiaries as of 31 March 2009 and adjusted, if necessary, to the Group accounting principles.

- Infragroup balance-sheet and P&L items were eliminated.

The consolidated quarterly interim report on operations as of 31 March 2009 is not subject to certification by the independent auditors.

Banca Monte dei Paschi di Siena shall issue the abridged consolidated half-year Report as of 30 June 2009 no later than the expected deadline and shall not prepare the consolidated report as of the second quarter of 2009.

Changes in the area of consolidation

The consolidated quarterly interim report on operations includes the balance-sheet and P&L results of the Parent Bank and its direct and indirect subsidiaries.

In particular, the area of consolidation includes all subsidiaries, irrespective of their legal status, the status of ongoing concern or company in liquidation, or whether the investment consists of a merchant banking transaction. The area of consolidation does not include some minor entities which would not be influential in the consolidated financial statements, if consolidated.

Following are the changes which occurred in the area of consolidation with respect to 31 December 2008:

With reference to the Parent Bank:

- In February 2009, the Bank sold the controlling interest of Marinella S.p.A., where the Parent Bank still holds a 25% stake;

- In March 2009, the Bank disposed of its subsidiaries Monte Paschi Asset Management SGR S.p.A. and ABN AMRO Asset Management Italy SGR S.p.A., after concentrating their total share capital in the Parent Bank and purchasing Fabrica S.p.A. (an affiliated company currently held by the subsidiary MPS Investments S.p.A.) from Monte Paschi Asset Management SGR S.p.A.;

With reference to the transactions within the Group:

The Parent Bank:

- Transferred 403 branches belonging to former Banca Antonveneta S.p.A., already merged as of 31 December 2008 into BMPS, to Banca Antonveneta S.p.A.;

- Merged by incorporation Banca Toscana S.p.A. into BMPS on 30 March 2009.

CONSOLIDATED REPORT ON OPERATIONS

Highlights at 31/03/09

■ INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

MPS GROUP	Restated*	Historical data		based on restated data (1)
• INCOME STATEMENT FIGURES (in millions of euros)	**31/03/09**	**31/03/08**	**% chg**	**% chg**
Income from banking activities	1.407,8	1.543,6	-8,8%	-4,7%
Financial and insurance income (loss)	1.483,3	1.524,2	-2,7%	1,7%
Net operating income	289,1	357,1	-19,1%	-2,7%
Net profit (loss) for the period	300,6	171,7	94,5%	n.s.
• BALANCE SHEET FIGURES AND INDICATORS (in millions of euros)	**31/03/09**	**31/03/08**	**% chg**	**% chg**
		Historical data		based on restated data (2)
Direct funding	139.309	110.447	26,1	3,5
Indirect funding	124.554	96.228	29,4	-3,1
of which: assets under management	*44.531*	*46.170*	-3,6	-20,3
of which: assets under custody	*80.023*	*50.058*	59,9	10,2
Customer loans	144.708	107.749	34,3	4,7
Group net equity	15.019	8.644		
• KEY LOAN QUALITY RATIOS (%)	**31/03/09**	**31/12/08**		
Net non-performing loans/Customer loans	2,76	2,49		
Net watchlist loans/Customer loans	1,85	1,77		
• PROFITABILITY RATIOS (%)	**31/03/09**	**31/12/08**		
Cost/Income ratio	60,0	66,1		
R.O.E. (on average equity)	4,3	8,1		
R.O.E. (on year-end equity)	4,3	11,9		
Net adjustments to loans / Year-end investments	0,79	0,73		
• CAPITAL RATIOS (%)	**31/03/09**	**31/12/08**		
Solvency ratio	10	9,3		
Tier 1 ratio	5,6	5,1		
• INFORMATION ON BMPS STOCK	**31/03/09**	**31/12/08**		
Number of ordinary shares outstanding	5.545.952.280	5.545.952.280		
Number of preference shares outstanding	1.131.879.458	1.131.879.458		
Number of savings shares outstanding	18.864.340	18.864.340		
Price per ordinary share:				
average	1,62	1,97		
low	0,77	1,22		
high	2,42	2,98		
• OPERATING STRUCTURE	**31/03/09**	**31/12/08**	**Abs. chg**	
Total head count - year-end	32.823	32.867	-44	
Number of branches in Italy	3.107	3.104	3	
Financial advisor branches	167	167		
Number of branches & rep. offices abroad	39	39		

(1)**P&L statement data at 31/03/08 have been restated to take account of the costs of financing associated with the acquisition of Bav (as if they had been incurred from the beginning of the year) and the elimination of "line by line" data relating to Intermonte as a result of the disposal which occurred in the second half of 2008.**

(2) **Balance sheet data concerning funding and customer loans restated at 31/03/08 were determined by integrating historical data together with Banca Antonveneta's values (direct funding 25.1 bln; AUM 10.1 bln; AUC 23.4 bln; loans to customers 31.4 mld) and removing those pertaining to Banca Monte Parma (direct funding 1 bln; AUM 0.4 bln; AUC 0.8 bln; loans to customers, approximately 1 bln).**

ROE on average shareholders' equity: net income for the period / average between net equity at the end of the previous year (inclusive of net income) and net equity for the current year

R.O.E. on end-of-period equity: net income for the period / net equity at the end of the previous year, purged of any shareholders' income.

■ **INCOME STATEMENT RESTATED ACCORDING TO OPERATING CRITERIA** (in millions of euros)

MPS Group	31/03/09	30/03/08	Change Ins.	Change %	% chg based on restated data (**)
Net interest income	**1.013,1**	**1.069,8**	**-56,8**	**-5,3%**	**-0,2%**
Net commissions	394,7	473,8	-79,1	-16,7%	-14,7%
Income from banking activities	**1.407,8**	**1.543,6**	**-135,9**	**-8,8%**	**-4,7%**
Dividends, similar income and profits (losses) from equity investments	21,2	12,7	8,5	67,0%	67,0%
Net result from realisation/valuation of financial assets	47,8	-24,9	72,7	n.s.	n.s.
Net gain (loss) from hedging	6,5	-7,2	13,7	n.s.	n.s.
Financial and insurance income (loss)	**1.483,3**	**1.524,2**	**-40,9**	**-2,7%**	**1,7%**
Net adjustments for impairment of:					
a) loans	-286,6	-216,1	-70,5	32,6%	32,6%
b) financial assets	-17,8	-3,9	-13,9	n.s.	n.s.
Net financial and insurance income (loss)	**1.178,9**	**1.304,2**	**-125,4**	**-9,6%**	**-4,8%**
Administrative expenses:	-851,8	-907,4	55,6	-6,1%	-5,5%
a) personnel expenses	-574,4	-602,0	27,6	-4,6%	-4,1%
b) other administrative expenses	-277,4	-305,5	28,1	-9,2%	-8,3%
Net adjustments to the value of tangible and intangible fixed assets	-38,0	-39,7	1,7	-4,2%	-4,0%
Operating expenses	**-889,8**	**-947,1**	**57,3**	**-6,1%**	**-5,4%**
Net operating income	**289,1**	**357,1**	**-68,0**	**-19,1%**	**-2,7%**
Net provisions for risks and liabilities and Other operating income/costs	-10,7	19,2	-29,9	n.s.	n.s.
Gain (losses) from disposal of investments	1,9		1,9		0,0%
Integration charges	-4,3				
Goodwill impairment		-96,6	96,6	n.s.	n.s.
Gains (losses) from disposal of investments	0,0	7,7	-7,7	n.s.	n.s.
Gain (loss) from current operations before taxes	**276,0**	**287,4**	**-11,5**	**-4,0%**	**21,2%**
Taxes on income for the year from current operations	-135,9	-115,8	-20,1	17,3%	41,0%
Gain (loss) from current operations after taxes	**140,1**	**171,6**	**-31,5**	**-18,4%**	**6,7%**
Gain (loss) on fixed assets due for disposal, net of taxes	193,8	5,4	188,5	n.s.	n.s.
Minority interests in profit (loss) for the year	-0,1	-5,3	5,2	-98,6%	n.s.
Net profit (loss) for the year	**333,9**	**171,7**	**162,2**	**94,5%**	**n.s.**
Minority interests in profit (loss) for the year	-33,3		-33,3	n.s.	n.s.
Net profit (loss) for the year	**300,6**	**171,7**	**128,9**	**75,1%**	**n.s.**

(*) Data as at 31/03/08 is the data published in the Financial Report at 31/12/08 and includes Antonveneta's figures from the beginning of the year. It it is noted that the pro-quota financial effects of the acquisition of Banca Antonveneta have not been considered.

(**) With a view to ensuring a proper tracking of trends, comparative data for 2008 has been re-determined to take acount of the costs of financing associated with the acquisition of Bav (as if they had been incurred from the beginning of the year) and the elimination of "line by line" data relating to Intermonte as a result of the disposal which occurred in the second half of 2008.

Earnings Per Share (in Euros)	31/03/09	31/03/08
Basic	**0,045**	**0,062**
Diluted	**0,044**	**0,059**

QUARTERLY TREND IN INCOME STATEMENT FIGURES RECLASSIFIED ACCORDING TO OPERATING CRITERIA (in millions of euros)

MPS Group	2009	2008				Quarterly Avg.	Quarterly Avg.
	1st quarter	4th quarter	3rd quarter	2nd quarter	1st quarter	2009	2008
Net interest income	**1.013,1**	**1.069,9**	**1.031,0**	**1.097,9**	**1.069,8**	**1.013,1**	**1.067,2**
Net commissions	394,7	397,4	443,5	471,8	473,8	394,7	446,6
Income from banking activities	**1.407,8**	**1.467,4**	**1.474,5**	**1.569,8**	**1.543,6**	**1.407,8**	**1.513,8**
Dividends, similar income and profits (losses) from equity investments	21,2	-39,3	20,2	21,2	12,7	21,2	3,7
Net result from realisation/valuation of financial assets	47,8	-167,5	-1,6	80,6	-24,9	47,8	-28,3
Net gain (loss) from hedging	6,5	3,3	0,0	-0,4	-7,2	6,5	-1,1
Financial and insurance income (loss)	**1.483,3**	**1.264,0**	**1.493,1**	**1.671,2**	**1.524,2**	**1.483,3**	**1.488,1**
Net adjustments for impairment of:	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**
a) loans	-286,6	-424,0	-189,6	-235,5	-216,1	-286,6	-266,3
b) financial assets	-17,8	-3,2	0,3	12,0	-3,9	-17,8	1,3
Net financial and insurance income (loss)	**1.178,9**	**836,8**	**1.303,8**	**1.447,7**	**1.304,2**	**1.178,9**	**1.223,1**
Administrative expenses:	-851,8	-1.018,2	-920,8	-928,7	-907,4	-851,8	-943,8
a) personnel expenses	-574,4	-652,4	-595,4	-599,4	-602,0	-574,4	-612,3
b) other administrative expenses	-277,4	-365,8	-325,4	-329,3	-305,5	-277,4	-331,5
Net adjustments to the value of tangible and intangible fixed assets	-38,0	-36,8	-40,7	-39,5	-39,7	-38,0	-39,1
Operating expenses	**-889,8**	**-1.054,9**	**-961,4**	**-968,2**	**-947,1**	**-889,8**	**-982,9**
Net operating income	**289,1**	**-218,1**	**342,4**	**479,5**	**357,1**	**289,1**	**240,2**
Net provisions for risks and liabilities and Other operating income/costs	-10,7	-153,8	-12,7	-39,4	19,2	-10,7	-46,7
Gain (losses) from disposal of investments	1,9	-0,9	-23,5	200,3		1,9	44,0
Integration charges	-4,3	-162,2	-21,4	-138,3		-4,3	-80,5
Goodwill impairment		-399,6	-4,5	-41,5	-96,6		-135,6
Gains (losses) from disposal of investments	0,00	0,09	0,01	20,16	7,68	0,0	7,0
Gain (loss) from current operations before taxes	**276,0**	**-934,5**	**280,3**	**480,7**	**287,4**	**276,0**	**28,5**
Taxes on income for the year from current operations	-135,9	1.245,8	-126,4	-158,9	-115,8	-135,9	211,2
Gain (loss) from current operations after taxes	**140,1**	**311,2**	**153,9**	**321,8**	**171,6**	**140,1**	**239,6**
Gain (loss) on fixed assets due for disposal, net of taxes	193,8	5,0	-15,6	76,2	5,4	193,8	17,7
Minority interests in profit (loss) for the year	-0,1	1,3	1,4	-7,1	-5,3	-0,1	-2,4
Net profit (loss) for the year before PPA	**333,9**	**317,5**	**139,7**	**390,9**	**171,7**	**333,9**	**255,0**
Net effects of "Purchase Price Allocation"	-33,3	**-35,7**	**-21,0**	**-10,2**	**0,0**	**-33,3**	**-16,7**
Net profit (loss) for the year	**300,6**	**281,9**	**118,7**	**380,8**	**171,7**	**300,6**	**238,3**

(*) The 2008 data is the data published in the Financial Report at 31/12/08. It is noted that this data includes Antonveneta's first five months, whereas the period does not include the financial effects of the acquisition.

MPS GROUP

■ **RECLASSIFIED BALANCE SHEET** (in millions of euros)

ASSETS	**31/03/09**	**31/03/08** (°)
Cash and cash equivalents	860	536
Receivables :		
a) Customer loans	144.708	107.749
b) Due from banks	11.935	11.708
Financial assets held for trading	28.946	30.726
Financial assets held to maturity	0	0
Equity investments	597	817
Underwriting reserves/reinsurers		
Tangible and intangible fixed assets	10.489	3.127
of which:		
a) goodwill	*6.670*	*961*
Other assets	10.086	7.799
Total assets	**207.621**	**162.463**

LIABILITIES	**31/03/09**	**31/03/08** (°)
Payables		
a) Due to customers and securities	139.309	110.447
b) Due to banks	23.395	15.613
Financial liabilities from trading	20.609	18.506
Provisions for specific use		
a) Provisions for employee leaving indemnities	504	366
b) Reserve for retirement benefits	436	417
c) Other reserves	910	488
Other liabilities	7.159	7.723
Underwriting reserves		
Group portion of shareholders' equity	15.019	8.644
a) Valuation reserves	303	433
b) Reimbursable shares		
c) Capital instruments	47	70
d) Reserves	5.857	5.433
e) Share premium account	4.094	547
f) Share capital	4.487	2.032
g) Treasury shares (-)	-70	-61
h) Net profit (loss) for the year	301	190
Minority interests in shareholders' equity	279	259
Total liabilities and shareholders' equity	**207.621**	**162.463**

(°) Historical data published in the Financial Report at 31/12/08. Data at 31/03/08 does not include Banca Antonveneta.

MPS GROUP

■ **RECLASSIFIED BALANCE SHEET - QUARTERLY TREND** (in millions of euros)

ASSETS	**31/03/09**	**31/12/08 (°)**	**30/09/08 (°)**	**30/06/08 (°)**	**31/03/08 (°)**
Cash and cash equivalents	860	1.026	678	807	536
Receivables :					
a) Customer loans	144.708	145.353	144.496	139.909	107.749
b) Due from banks	11.935	17.616	17.331	14.553	11.708
Financial assets held for trading	28.946	26.974	25.067	27.677	30.726
Financial assets held to maturity	0	0	0	0	0
Equity investments	597	583	614	548	817
Underwriting reserves/reinsurers	0	0	0	0	0
Tangible and intangible fixed assets	10.489	10.559	10.621	10.655	3.127
of which:					
a) goodwill	*6.670*	*6.709*	*7.633*	*7.673*	*961*
Other assets	10.086	11.685	11.584	12.381	7.799
Total assets	**207.621**	**213.796**	**210.391**	**206.529**	**162.463**

LIABILITIES	**31/03/09**	**31/12/08 (°)**	**30/09/08 (°)**	**30/06/08 (°)**	**31/03/08 (°)**
Payables					
a) Due to customers and securities (°)	139.309	142.466	142.425	139.000	110.447
b) Due to banks	23.395	27.209	25.609	27.218	15.613
Financial liabilities from trading	20.609	18.967	15.605	13.298	18.506
Provisions for specific use					
a) Provisions for employee leaving indemnities	504	540	553	564	366
b) Reserve for retirement benefits	436	430	445	452	417
c) Other reserves	910	922	843	817	488
Other liabilities	7.159	8.159	10.492	10.702	7.723
Underwriting reserves					
Group portion of shareholders' equity	15.019	14.824	14.185	14.159	8.644
a) Valuation reserves	303	401	206	337	433
b) Reimbursable shares	0	0	0	0	0
c) Capital instruments	47	47	79	79	70
d) Reserves	5.857	4.909	4.824	4.787	5.433
e) Share premium account	4.094	4.094	3.991	3.998	547
f) Share capital	4.487	4.487	4.451	4.451	2.032
g) Treasury shares (-)	-70	-37	-8	-15	-61
h) Net profit (loss) for the year	301	923	641	522	190
Minority interests in shareholders' equity	279	279	236	319	259
Total liabilities and shareholders' equity	**207.621**	**213.796**	**210.391**	**206.529**	**162.463**

(°) Historical data published in the Financial Report at 31/12/08. Data at 31/03/08 does not include Banca Antonveneta.

REPORT ON THE MPS GROUP OPERATIONS

THE OPERATING SCENARIO

THE MACROECONOMIC SCENARIO

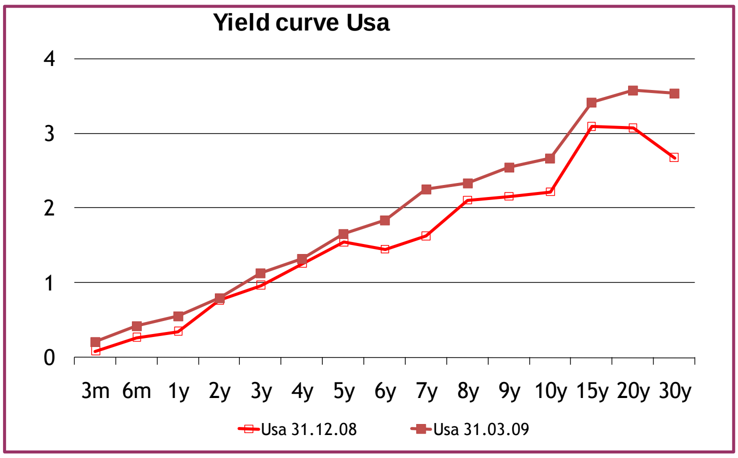
In the first quarter of 2009 the international macroeconomic scenario deteriorated further. The decline of demand and production was considerable and generalized, with few exceptions (i.e. China and India). It was also flanked by huge job losses and decreasing international trade. **The factors which are supposed to spur real economy were activated and/or are present, to different extents and with different modes according to the Geographical Areas and Countries** (i.e. low interest rates, decelerating domestic prices, expansive fiscal policies and Government actions in the banking and financial markets). The major central banks continued to support the financial markets, kept a high level of money supply for the purpose of influencing long-term interest rates and ensuring appropriate flows of corporate loans.

GROWTH RATES IN THE LEADING ECONOMIES			
	2007	2008	2009
World	5,4	3,6	-1,3
Usa	2,0	1,1	-2,8
Eurozone	2,6	0,8	-3,3
Italy	1,5	-1,0	-3,5
Germany	2,6	1,0	-2,6
France	2,1	0,9	-2,2
Japan	2,1	-0,6	-5,8
China	11,4	9,0	7,0
Fonti: FMI, Consensus Banca d'Italia, Nss. Stime			

In the USA, the economy continued to drop at the pace of – 6.1% on an annualized basis, similarly to the last quarter of 2008. The hefty fall of exports and private investments is indicative of the decline of international trade and the uncertain length of the recession. Private consumption rebounded, despite falling net wealth and reduced credit supply. A few recent data might suggest that the decline of the real estate market is slowing down. Unfortunately, the data concerning the labour market are still very negative, with the unemployment rate rising to 8.5%. **The FED confirmed it intends to maintain the reference rate in the range of 0-0.25% for an extended period.** In addition, it is committed to purchasing Treasury bills in the next six months up to a maximum of 300 bn, for the purpose of influencing the terms of retail and corporate loans. The FED intensified its initiatives to consolidate the capitalization of the banks hit by the crisis and cope with their funding difficulties. The curve of benchmark yields rose especially in relation to the maturities from 6 to 10 years (about 40 bp), which is indicative of the expected possible resumption of consumer inflation (currently +1% on an annual basis) in the medium-term and increasing public deficit.

In Japan the recession is very serious, above all as a result of falling productive investments and collapsing exports. The Government introduced a new package of fiscal incentives (incentives to the use of environmental technologies, increasing medical services and infrastructure investments) which will have a huge impact on the already high public debt, close to 200% of the GDP. The

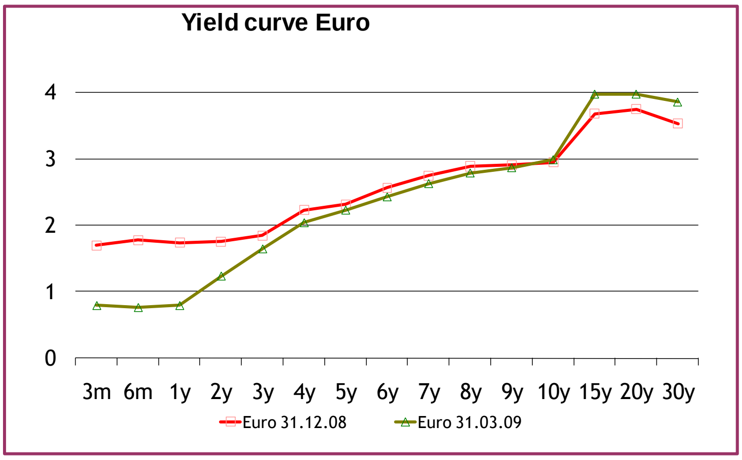
Central Bank purchased corporate securities and increased its commitment to underwriting Treasury bills.



The **Emerging Countries** of eastern Europe, very sensitive to the outflows of foreign capital, were particularly hit by the crisis, with Brazil at a standstill and Russia being affected by the deteriorating terms of trade. **In China falling exports** (-17% on an annual basis in March 2009) was flanked by increasing public investments in infrastructure (which is the core of the strategy to hit the 2009 growth target of +8%), and progressing production (+8% in March).

The drop of the GDP **in the Eurozone** is expected to approximate last quarter's fall (-1.6% on a quarterly basis), mainly due to falling exports and investments. So far, the automatic and discretionary stabilizers only succeeded in limiting **the reduction of private consumption, slowed down by growing unemployment** (the unemployed increased by 2.1 million in comparison with 12 months ago). Industrial production decreased by almost 20% on an annual basis, mostly due to durable goods. Industrial purchase orders continued to drop. The level of confidence remained (in March) at historically low levels, thus reflecting the low level of industrial orders and production expectations, as well as the households' fears of unemployment. The process of **reduction of inflation (+0.6% on an annual basis** in March with respect to the 4% peak recorded in the summer of 2008) was extended to the basic components, and downward pressure imported from outside was stopped.

The reference rate of the European Central Bank fell from 2.25% to 1.5% and was reduced to 1% in two following steps (on 2 April and 6 May), **was reduced to 1%.** The reduction totalled 3.25% with respect to last July. The European Central Bank was reluctant to introduce an interest rate close to 0, but did not exclude the possibility of any additional interest rate cuts, affirming that 1% is not considered as the minimum level which can be reached. It also announced a plan for the purchase of covered bonds (issued in the Area) in the amount of 60 bn, in accordance with the actions already undertaken by the Bank of England and the Fed. The development of the monetary aggregates showed a shift toward more liquid instruments, encouraged by the ECB measures. **The yield curve dropped remarkably (around 100 bp) in the short-term portion**, thus reflecting the expansive measures of the ECB and anticipating at least another measure. The reductions in the intermediate portion (5-10) were limited to about 10 bp. After fluctuating in the range of 4.25-4.9%, interest rates on 10-year BTPs stood at 4.4% at the end of the quarter (in line with 2008). The spread with ten-year German Bunds was around 140 bp again.



In Italy, the economic data at the beginning of the year are indicative of highly declining exports and industrial production, unsteady trends of consumption and the heavy impact of recession on the labour market. **Industrial production decreased by more than 20% (in January and February), with worse-than- average data in relation to export sales** (-25.4% on a nominal basis, with prices increasing by about 2.9%). The decrease mainly concerned the Chemical Industry, the Metallurgical Industry and the Means of Transport, with a steady trend in the Food, Clothing and Pharmaceutical Industries. **In Q1 2009 production fell by 8.5% with respect to the previous period (**more than 20% on an annual basis). **Retail sales dropped by 1.3% on an annual basis** (in January and February), thus confirming that so far the crisis mostly struck the industries which were more oriented to the international markets. **Decreasing employment mainly involved the industry** (-0.8% of employed in Q4 2008) and agriculture, with a steady trend of services. The situation deteriorated as shown by the massive use of the unemployment benefits fund (Cassa Integrazione), which more than doubled in Q1, on an annual basis. **The faint signs suggesting a slowdown of recession** include the resumption of car registrations, the recovery of international industrial orders (+3.5% on a monthly basis in February) and the slowdown of falling exports (exports to non-EU countries decreased by 15% on an annual basis in March, with a revival of sales in China and the OPEC countries).

Stock quotations registered huge losses (MS index on world stock exchanges: -11.9% since the beginning of the year), driven by the falling prices of financial equities. The MIB index of the **Italian Stock Exchange declined by 15.6%,** with bank equities dropping by more than 20%.

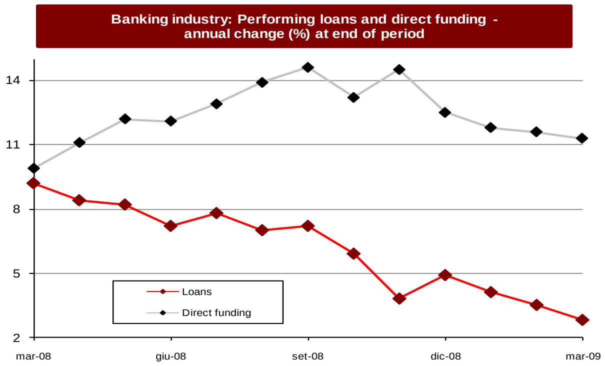
The flows of international capital were mostly oriented to Treasury bills (in particular, US and German bonds) and shelter goods such as gold, with decreasing capital going to the emerging countries and direct investments. **Risk premiums on corporate bonds remained at high levels** (abt. 2000 bp as of 31 March 2009 in relation to euro high yields), slightly lower than the peaks reached early in December 2008.

The Euro depreciated with respect to the US dollar by almost 6% in comparison with December 2008, but appreciated by 2.8% with respect to the Japanese yen.

THE BANKING BUSINESS AND THE MPS GROUP POSITION

Early in 2008 **the spread between funding and lending expanded,** thus reflecting the high demand for guaranteed investment products and the slowdown of retail and corporate loans. The scenario is also characterized by the **reduction of the spread between bank rates,** with a considerable increase in the markup, more than offset by the reduction of the markdown.

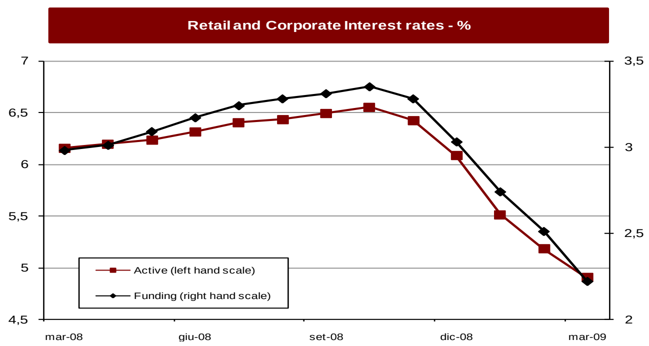
The investors' attitude was still dominated by a strong risk aversion which explains why the investors' preference went to some bank products and Treasury bonds rather than equities and assets management. **Direct bank funding followed a steady trend with respect to last year's average levels**. Annual growth topped 11%, driven by bonds, which confirm annual increases around 20%. The growth of current accounts, which recorded an annual increase of abt. 7%, was considerable and in line with the end of 2008. Savings deposits were at a standstill and repurchase agreements decreased.



Net redemptions of mutual funds decreased (almost 13 bn in Q1 2009 with respect to more than 40 bn in Q4 2008) and mainly concerned bonds, with a virtually nil balance of equity funds. The data coming from the promoters confirm the adverse trend of **Net funding from portfolios under management** with redemptions in the amount of almost 600 million (more than 9 bn last year), entirely attributable to fund portfolios (GPF).

The new production of bancassurance progressed due to the high demand for guaranteed investment products. As a result, the amount of traditional policies executed increased by almost 5 bn in January-February (with respect to 1.7 bn y-o-y). Funding from index linked policies, accounting for only 20% of the total (62% in 2008), decreased sharply.

Bank loans, and in particular the loans with maturities over 1 year, decelerated both with reference to the corporates (from + 15.5% in 2008 to + 5.2%) and the households (the loans for the purchase of residential housing went from +9.7% to -1.1%). The trend of short-term loans increased by 5.4% (+9.3% in 2008). This steadier trend might result from the high liquidity requirements in the management of payments. NPLs recorded an annual decrease of about 10%, remarkably influenced by securitization transactions. However, in comparison with November 2008, NPLs in relation to retail and corporate customers increased by 9%.



Bank interest rates have decreased remarkably since last October, in line with the cuts implemented by the ECB. In Q1 2009 **lending rates dropped by 1.25% in the short-term and by 1.18% with reference to the total of loans**, with an ensuing hefty increase in the short-term markup (i.e. short-term lending rate – deposit interest rate), which rose above 4% as of February. The spread reduction was attributable to the drop of the markdown which is close to zero. **T**he average short-term spread for the quarter was 4.18% (4.66% in 2008).

REGULATORY ISSUES

The initiatives in support of real economy included in **Law 2/2009** provide for the **financial consolidation of Confidi** (through the refinancing of the Guarantee Fund) and the expansion of the operations of **Cassa Depositi e Prestiti** (Bank for Deposits and Loans). In addition, the law cancels the *passivity rule* and amends the rule of neutralization, within the regulations of the public purchase offers. The law also contemplates the reduction of the period of **amortization of goodwill from mergers** (from 18 to 9 years), with the following increase in the deductible portion for the purpose of income tax and IRAP (Regional Tax on Productive Activities). During the debate, the Parliament included an amendment **which abolishes maximum overdraft bank charges on bank current accounts if the account balance has been to the customer's debit** for less than 30 consecutive days or in case of drawings made failing available funds. Any pre-existing A/C agreements shall comply with this principle no later than 150 days from the date of enforcement of the law (29 January 2009). Bank charges to be paid on funds available to A/C holders irrespective of their actual use shall include some terms of application, i.e. (at least) annual reporting, power of withdrawal and express renewal of the clauses.

Law 2/2009 also stated that, in the case of floating rate mortgage loans for the purchase of the first home, executed or re-negotiated by individuals no later than 31 October 2008, **the amount of the instalments should be the lower of the amount calculated by applying a 4% rate** and the amount obtained on the basis of the rate shown in the loan agreement upon execution. Any excess shall be at the charge of the Government as a bank tax credit. In addition, as of 1 January 2009, the banks shall give their customers the opportunity of executing loans to be indexed to the ECB main refinancing rate.

On 25 February 2009 the Government approved the **Ministerial decree enforcing art.12 of Law Decree 185/2008 which introduced the so-called "Tremonti bonds".** The Ministry of Treasury shall be entitled, until the end of 2009, to underwrite financial instruments with no voting rights issued by listed banks, convertible into ordinary shares, callable at any time by the issuer, which can be calculated in the capital for regulatory purposes (Core Tier I). The issuers shall undertake to grant loans to the SMEs and retail customers at specific levels and terms, and shall be committed to ensuring a dividend policy in compliance with an appropriate capitalization. They shall also adopt a code of conduct in relation to the remuneration of the Top Management. The law also sets up specific watch desks in the Prefectures, with the objective of monitoring the use of the funds raised through the bonds.

In March, after an extensive process of consultation, **Consob circulated a communication in relation to the obligations of fairness and transparency during the retail distribution of illiquid financial products** (bank bonds, insurance products, derivatives). The communication urged the intermediaries to provide the customers with information about the right value and costs of the products distributed, and to compare their products with simple and well-known products. In addition, the paper detailed the measures for determining the price of illiquid products based on established and widespread methods, in compliance with the methods adopted for the valuation of the intermediary's proprietary portfolio. Emphasis was placed on the requirement of obtaining in-depth information in relation to the Customers' preferences, with particular regard to the investment time horizon.

In January, **the Basle Committee announced a string of measures oriented to consolidating the regulations** and supervision of the banks operating at an international level. The amendments have the objective of ensuring that the risks associated with trading activities better reflect capital requirements, risk management policies and public disclosure.

THE MPS GROUP DOMESTIC SALES AND MARKETING ACTIVITY AND CUSTOMERS BASE

In Q1 2009, the Montepaschi Group operated against the critical backdrop outlined in the past sections, and focused its commercial policies on the **requirements of the customers,** severely struck by the slowdown of the economic situation and the collapse of the financial markets. In compliance with these guidelines, the Group implemented material initiatives in support of the **entrepreneurial and productive fabric in a logic of bank of reference, as a protection of the investments and the households' levels of consumption, for the purpose of encouraging "beyond the crisis" medium-term confidence.** The initiatives of particular importance include the suspension of outstanding mortgage loan instalments for a period from 6 to 12 months and the launch of MPS Protezione (mortgage loan), the suspension of the instalments of the personal loans disbursed by Consum.it **(**see the section covering "Segment reporting, the sales and marketing policy and research and development"**)** and the updated guidance and information support to the consumers. All of this was flanked by the **deep streamlining of the Group distribution Networks** in accordance with the 2008-2011 Business Plan, which was completed by the merger by incorporation of Banca Toscana into Banca Monte dei Paschi di Siena late in March. This followed a similar transaction occurred late in 2008 in relation to Banca Antonveneta, with the simultaneous transfer of the business unit consisting of more than 400 branches to the "new" Banca Antonveneta. Despite the critical moment associated with the market trends and the current organization changes, as shown in the following pages, **as a whole the results achieved by the Group are positive and show the general growth of assets management and the steady trend of loan management,** in addition to the confirmation of the Group competitive position, and in some cases its growth**.**

1) FUNDS MANAGEMENT [3].

In the first quarter of 2009, funds management recorded hefty **flows of placement in the amount of about 6.4 billion** with a y-o-y progress, despite the negative trends of the financial industry **(about + 69% on a like for like basis). P**erformances improved in comparison with all quarters of 2008. The **vigorous growth of bonds** (about +57% on a like for like basis) and the **steady trend of the insurance products** driven by traditional insurance policies (about + 144% with respect to 31 March 2008 on a comparative basis) are of great importance. Following is a breakdown of the flows of placement of the main products placed by the MONTEPASCHI Group:

■ Product Placements

in millions of Euros			31/03/09	historical data 31/03/08
Mutual funds/SICAVs (*)			-691	-380
Individual portfolios under management			-243	-514
Life-insurance policies	including:		1.230	1.285
		Ordinary (**)	830	342
		Index Linked	282	528
		Unit Linked	119	415
Life-insurance policies	including:		0	0
Bonds	including:		6.062	3.015
		Linear	5.105	2.436
		Structured	957	579
Total			6.358	3.406

(*) Multimanager Mutual funds/SICAVs sold directely to customers not included in other product
(**) The Unit Linked policies include Multiramo policies.

[3] The flows of placement of 2009 include the production of Biverbanca, and Banca Antonveneta. The data of 2008 are attributable to the MONTEPASCHI Group before the acquisition of Banca Antonveneta.

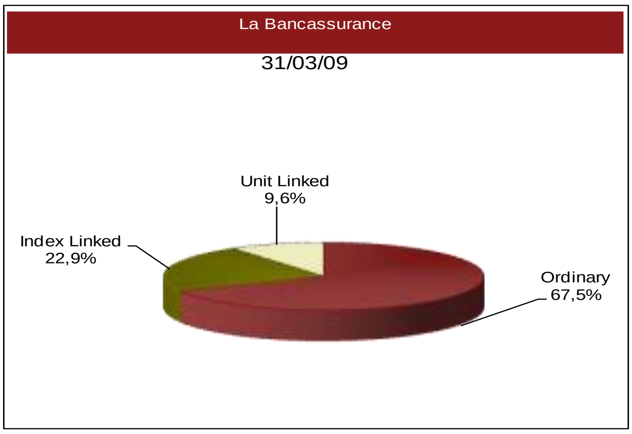
In particular:

- **Redemptions of collective and individual funds under management approximated EUR 934 million**, with an improvement in comparison with Q4 2008, against a very critical backdrop in relation to the performance of the financial markets which still compromises the whole asset management industry. In particular:

- **Redemptions of mutual funds/SICAVs** came to roughly EUR 691 million, with trends shared by all investment lines, except for the Group Hedge Funds/Sicav, which recorded a positive trend;

- **Net redemptions of portfolios under management** totalled about EUR 243 bn, with an improvement with respect to 31 March 2008 (abt. 55% on a comparative basis), mostly attributable to operations with private customers;

- **Life insurance premiums underwritten totalled abt. EUR 1.2 billion (abt.1.3 bn as of 31 March 2008 on a comparative basis), with a market share in relation to the products placed in the period of 7.24%.** In compliance with the above-mentioned guidelines of the commercial policies, the breakdown of premiums shows that the weight of **traditional policies was prevailing (**almost totally absorbing the decrease in other kinds of products), rising to 67.5% (26.5%as of 31 March 2008). The weight of Index Linked policies and Unit Linked policies decreased from 41.10% to 22.9% and from 32.4% to 9.6%, respectively.



- **Bond volumes totalled about EUR 6 bn (3.9 bn as of 31 March 2008 on a comparative basis),** concentrated on **plain products (abt.5.1 bn)**, **with structured products coming to about 1 bn.**

2) LENDING

In Q1 2009, despite the criticalities which gradually emerged, the MONTEPASCHI Group maintained its traditional conservative attitude in risk assessment but continued to ensure an appropriate credit support to its customers, as a token of its proximity to the territory and its requirements. However, the slowdown of the cycle implied a decreasing demand for loans and t**he decline of the flows of loans channelled to the special credit companies (with overall disbursements of about 1 bn), in the area of industrial and consumer loans.** In this framework, the Group maintained and in some cases improved its market shares (e.g. leasing contracts executed rose **from 4.63% in 2008 to 5.23%**).

The **disbursements of mortgage loans** directly granted to the customers by the main Group networks amounted to **about 1.9** bn (2 bn as of 31 March 2008), despite the slowdown of real estate purchases and sales.

■ Specialised credit and corporate financial products

in millions of euros	31/03/09	historical data 31/03/08
MPS Capital Services Banca per le Imprese		
	1.856	2.113
	405	845
MPS Leasing & Factoring		
incl.:	298	462
	1.167	1.831
Consumit		
	644	751

(1) figures also include products issued by the Networks directly

CUSTOMER BASE

As of 31 March 2009, the customers of the Group (mostly Retail customers) numbered about 6,3 million.

CAPITAL AGGREGATES

Commercial operations in terms of funds and loan management and the foreign network operations contributed to the appreciable development of the main capital aggregates, as described hereunder.

1) FUNDING AGGREGATES

The total volume of funding aggregates stood at about 263.9 bn, thus absorbing the declining prices of the financial assets due to the market crisis, which had a negative impact in the period from 31 March 2008 to 31 March 2009 on indirect funding in the amount of about 7 bn. **Excluding this effect, the aggregate would grow by more than 7 bn (or + 2.9%), with a clear remix in the direction of direct funding and funds under administration:**

■ **CUSTOMER FUNDING** (in millions of euros)

	31/03/09	restated (°) 31/03/08	% chg. vs 31/03/08	% weight 31/03/09
Direct customer funding	**139.309**	**134.575**	**3,5%**	***52,8%***
Indirect customer funding	**124.554**	**128.485**	**-3,1%**	***47,2%***
assets under management	*44.531*	*55.845*	-20,3%	*16,9%*
assts under custody	*80.023*	*72.640*	10,2%	*30,3%*
Total customer funding	**263.863**	**263.061**	**0,3%**	***100,0%***

(°) 2008 data w as re-determined by integrating the financial statement data together w ith Banca Antonveneta's values and removing those pertaining to Banca Monte Parma.

Direct funding amounted to roughly EUR 139.3 bn (EUR 142.5 bn as of 31 December 2008), **mainly driven by "Core Customers" deposits (**bonds placed and short-term deposits) which advanced by more than 1.6% (abt.10% y-o-y) during the quarter and offset the planned fall of the volumes of institutional bonds, **within the funding policies adopted by the Group in the last few months for the purpose of making the most of funding opportunities at marginal rates.** As a result, the Group stopped renewing the maturities of bonds with institutional investors and did not fully use bonded loans with ordinary customers, with respect to the market potential. The market share as of 31 March 2009 was about 6.8%.

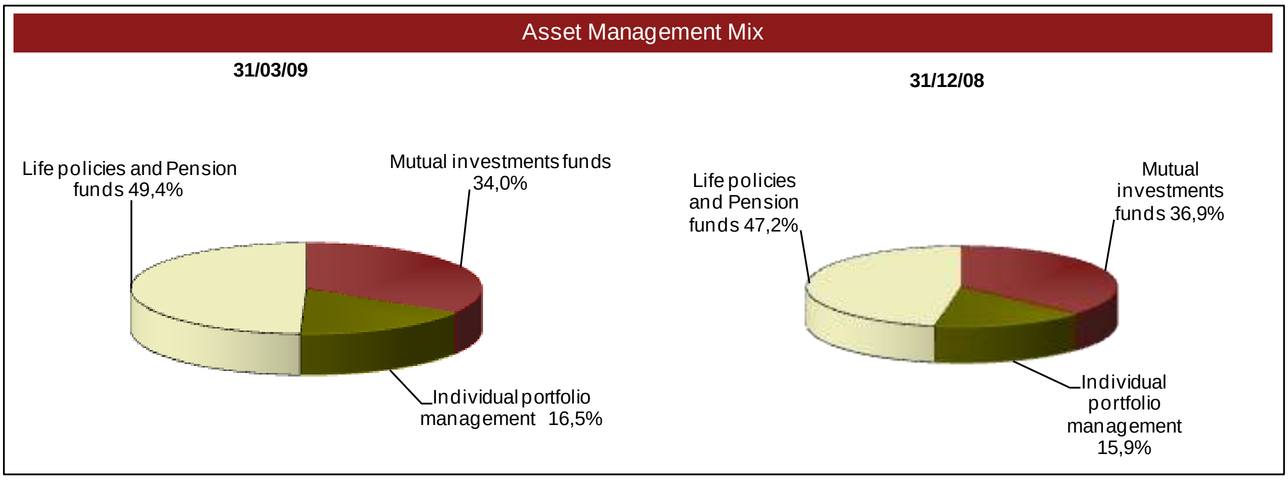
Commercial funding

(in millions of euro)

	31/03/09	% weight 31/03/09	31/03/08
Commercial Banking/ Distribution network	75.257	59,0%	62,6%
Corporate Banking / Capital Markets	44.242	34,7%	31,3%
Private Banking/Wealth Management	7.997	6,3%	6,2%
Total	**127.496**	**100,0%**	**100,0%**

Indirect funding amounted to EUR 125 billion approx.

- **The balance of funds managed (about EUR 45 bn)** was indicative of the negative trends which have characterized the market of funds and portfolio management for some time, due to the customers' preference going to liquid and fixed-income forms of investment. In this framework, investment lines and firms (Group firms or third parties) were chosen on the basis of an approach targeted at selecting the best solutions for the customers in a MIFID logic. The weight of "Investment Funds" within the aggregate accounted for 34% (36.9% as of 31 December 2008).

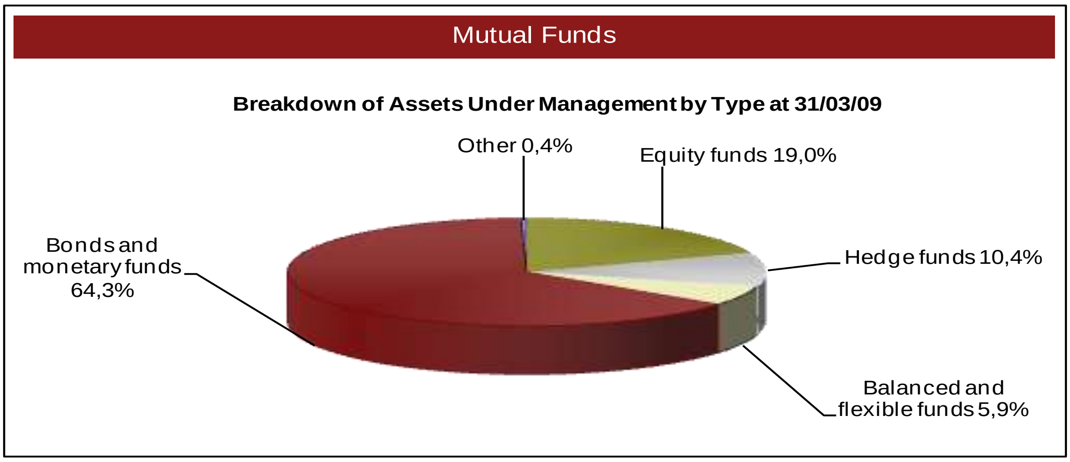


In this case:

- **<u>With reference to life insurance policies</u>, the technical reserves concerning the Group commercial networks reached EUR 22 bn,** with the revival of ordinary policies;

- **<u>The balance of the Group mutual funds/SICAVs</u> amounted to EUR 15.1 bn,** with the market share virtually steady at about 3.88%, in line with 31 December 2008[4].

The chart below illustrates the mix of investment funds by type, which is virtually unchanged with respect to 31 December 2008.



- **The balance of <u>portfolios under management</u> stood at EUR 7.4 bn approx.**

The total balance of **<u>funds under administration</u>** amounted to EUR 80 bn approx.

[4] Share calculated in accordance with the new Assogestioni method, inclusive of the whole of international funds, previously recorded only on a quarterly basis.

2) LENDING AGGREGATES

A) THE MPS GROUP COMMERCIAL OPERATIONS

With reference to **lending operations**, against an operating backdrop characterized by the sharp downward trend of the economic cycle, the Group commercial policies tried to ensure continuity to the supply of an appropriate financial support to the entrepreneurial initiatives and the households' requirements, in addition to the utmost rigour and selectivity in risk assessment, which are typical of the Group. This was done in view of a **limited demand for loans mostly attributable to the minor loan requirements from the customers** (in particular, fixed investments, working capital, residential housing), flanked by an increasing demand for debt rescheduling. As a result, **customers' loans totalled about EUR 144.7 billion (slightly lower than 31 December 2008 but advancing by 4.7% with respect to 31 March 2008 on a restated basis).** The market share of loans stood at about 7.6% as of 31 March 2009. Following is a breakdown of consolidated loans by type:

Customer loans

(in millions of euro)

		% weight	
	31/03/09	31/03/09	31/03/08
Commercial Banking/ Distribution network	55.017	42,3%	42,3%
Corporate Banking / Capital Markets	74.316	57,1%	57,1%
Private Banking/Wealth Management	809	0,6%	0,6%
Total	**130.143**	**100,0%**	**100,0%**

B) CREDIT QUALITY

The Montepaschi Group closed the first quarter of 2009 with net impaired loans amounting to about 8.4 bn (the weight of impaired loans to total customers' loans was about 5.78%), mostly attributable to the growth of "restructured loans".

■ **BREAKDOWN OF CUSTOMER LOANS BY RISK**

Risk category - Net book values *in million EUR*	**31/03/09**	**31/12/08**	**31/03/09**	**31/12/08**
A) Impaired loans	**8.361**	**7.342**	**5,78**	**5,05**
a1) Non-performing loans	3.993	3.613	2,76	2,49
a2) Watchlist loans	2.681	2.578	1,85	1,77
a3) Restructured loans	615	197	0,42	0,14
a4) Past due	1.073	954	0,74	0,66
B) Performing loans	**136.325**	**137.989**	**94,21**	**94,93**
C) Other assets	**21**	**21**	**0,01**	**0,01**
Total customer loans	**144.708**	**145.353**	**100,00**	**100**

The provisions covering estimated impaired loans as of 31 March 2009 accounted for about 41% of the gross overall exposure, mostly influenced by increasing positions classified as restructured loans. The percentage of valuation adjustments **to gross NPLs** – which were already written off by direct provisions of more than 10% of the original exposure of the commercial Banks, and were mainly secured by collaterals in relation to the medium-/long-term component - was 55**.7%.**

Portfolio valuation adjustments to performing loans remained around 0.6% of the aggregate of reference.

■ PROVISIONING RATIOS

	31/03/09	31/12/08	31/12/2007 storico
"provisions for NPLs and watchlist loans" / "gross NPLs + gross watchlist loans"	**41,2%**	**43,0%**	**39,4%**
"provisions for watchlist loans"/"gross watchlist loans"	**21,5%**	**21,6%**	**23,4%**
"provisions for NPLs"/"gross NPLs"	**55,7%**	**56,8%**	**51,6%**

Following is a breakdown of some credit quality indicators for the Group's major business units:

■ BREKDOWN OF NPLs AND WATCHLIST LOANS BY BUSINESS UNIT

Risk category - Net values at 31/03/09 *in million EUR*	Group	BMPS	BAV	MPS Capital Services Banca per le Imprese	MPS Leasing & Factoring	Consum.it	Biverbanca
Non-performing loans	3.993	2.293	504	940	99	71	37
% weight on customer loans	2,76%	1,91%	3,96%	6,98%	1,81%	1,23%	1,64%
"loan loss provisions"/"gross NPLs"	**55,7%**	**58,4%**	**57,0%**	**36,3%**	**72,6%**	**72,6%**	**68,0%**
Watchlist loans	2.680,9	1.580,5	397,9	454,9	128,4	28,2	35,7
% weight on customer loans	1,85%	1,32%	3,12%	3,38%	2,34%	0,49%	1,57%
"loan loss provisions"/"gross watchlist loans"	**21,5%**	**24,9%**	**14,1%**	**9,3%**	**22,2%**	**47,7%**	**27,4%**

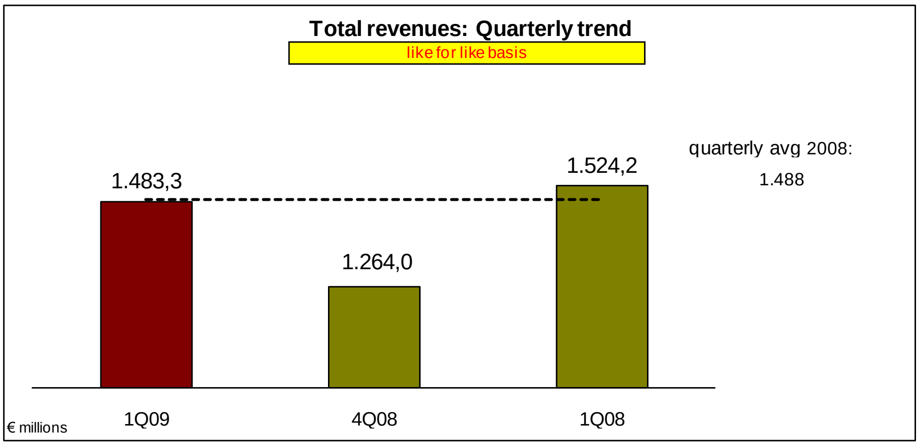
As a result of the satisfactory management of the NPL portfolio mandated to MPS Gestione Crediti Banca, **the MONTEPASCHI Group collected sums due in a total amount of roughly 138 million.**

INCOME AGGREGATES

In Q1 2009 the Net Operating Income of the MONTEPASCHI Group totalled about EUR 289 million (abt. 297 million as of 31 March 2008 on a restated basis[5]), driven by the reduction of operating charges and the positive contribution of finance year on year, in addition to the steady trend of the commercial core business.

1) OPERATING PROFITABILITY

THE DEVELOPMENT OF OPERATING INCOME: THE COMPOSITION OF FINANCIAL AND INSURANCE INCOME



With reference to the development of total income from financial and service business, as of 31 March 2009 **__financial and insurance income__ stood at abt. EUR 1,483 million (+1.7% with respect to 31.03.2008 restated on a comparative basis), progressing by more than 17% with respect to Q4 2008, driven by the improving results of finance and the steady trend of income directly associated with the Commercial Business (slightly advancing in comparison with Q4 2008). The Core Operating Income came to 1,408 million approx. (abt.1,477 million as of 31 march 2008 on a restated basis).**

Following are the trends of the main aggregates developed as follows:

- **__Interest income__ in the amount of abt. EUR 1,013 million was virtually steady y-o-y, on a restated basis for comparative purposes. The commercial components were influenced by the slowdown of loans and the decline of extremely low market rates,** which prevents any additional reduction in the cost of customers' funding. In particular, the Commercial Banking and Private Banking Areas recorded decreasing profitability of direct funding, only partly offset by the greater contribution from Corporate Banking. The margin in relation to the remaining portion of the Banking Book and **Finance** benefits from the positive inclination of the interest rate curve and the related carry strategies on portfolio securities, in addition to refinancing opportunities at low rates.

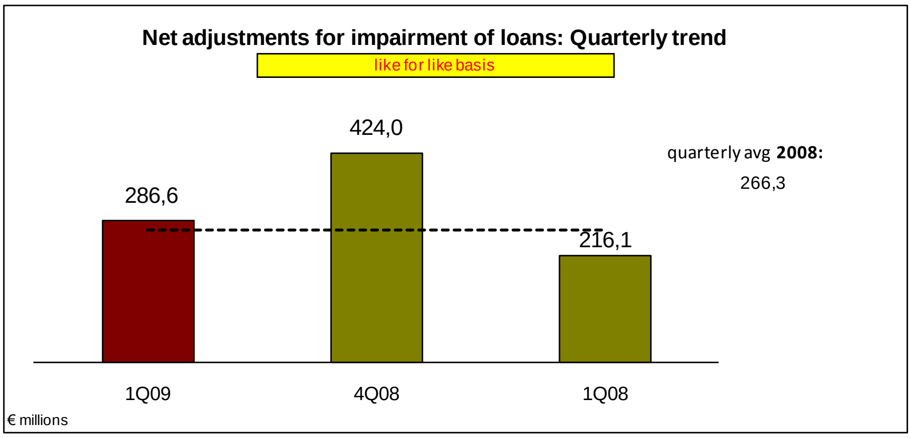
[5] For the purpose of comparativeness, the data of the FY 2008 have been restated taking account of the costs of loans associated with the acquisition of Bav (as if the loans had been executed since the beginning of the year) and the elimination of "line by line" items in relation to Intermonte after the disposal which had occurred in the second half of 2008.

- **Net commissions** (abt. EUR 395 million vs. abt.397 million in Q4 2008 and abt.463 million as of 31 March 2008 on a restated basis) are indicative of the difficulties faced by the Industry in funds management, and the downward trend of the economic cycle which compromised income from loans and transaction-related income;
- **Dividends, similar income and Profits (Losses) from equity investments** amounted to about **EUR 21 million** with a y-o-y improvement attributable to the positive contribution of profits from equity investments (mainly AXA-MPS);
- **Net income from trading/valuation of financial assets** registered a balance of about **EUR 48 million** (-EUR 25 million approx. as of 31.03.2008). In particular, the more relaxed market conditions which emerged at the end of the quarter and attentive trading activities contributed to positive results after two quarters' losses.

■ **Net result from realisation/valutation of financial assets** (in millions of euros)

	31/03/09	31/03/08
Net Profit from trading	16,4	-52,3
Profit/loss from loans, available for sale financial assets and financial liabilities	1,5	2,1
Fair Value financial assets and liabilities	29,9	25,2
Net result from realisation/valuation of financial assets	**47,8**	**-24,9**

THE COST OF CREDIT: NET VALUATION ADJUSTMENTS TO IMPAIRED LOANS AND FINANCIAL ASSETS



With reference to the income resulting from loan disbursements, the Group recorded **net valuation adjustments to impaired loans in the amount of roughly EUR 287 million (abt. EUR 216 million** as of 31 March 2008). Said amount is indicative of a provisioning rate of about 80 bp with a progress in comparison with the end of 2008 (73 bp), mostly attributable to higher default flows recorded as a result of the deterioration of the economic situation and a rigorous policy in terms of prudential provisions.

Net valuation adjustments for impairment of financial assets recorded an **adverse balance of about EUR 18 million,** due to the updated valuation of the AFS securities subject to impairment at the end of 2008.

As a result, **income from financial and insurance business totalled EUR 1,179 million approx. (abt.EUR 1,238 million as of 31 March 2008 restated on a comparative basis).**

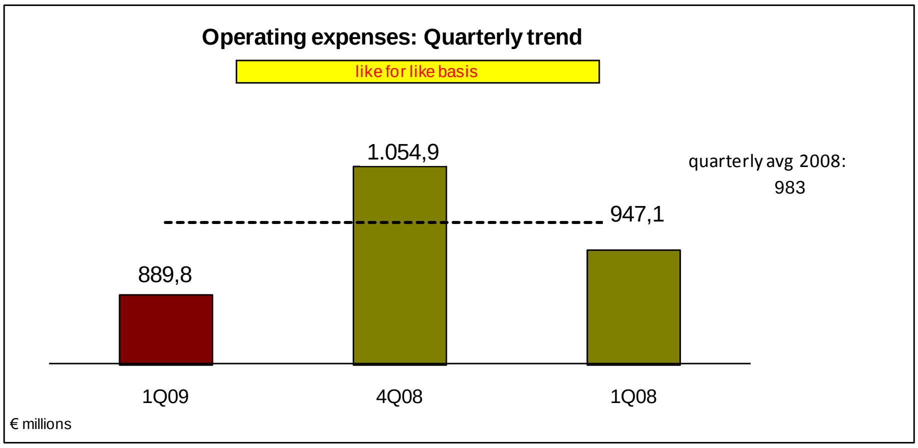
OPERATING EXPENSES: OPERATING CHARGES

In line of continuity with prior years, the MPS Group continued to curtail costs. Although in light of an outstanding plan of technology investments, **operating charges decreased by 5.4%** y-o-y **on a restated comparative basis**.

■ **Operating expenses** (in millions of euros)

	31/03/09	31/03/08	Abs. chg. vs 31/03/08	% chg. vs 31/03/08
Personnel expenses	574,4	602,0	-27,6	-4,6%
Other administrative expenses	277,4	305,5	-28,1	-9,2%
Administrative expenses	**851,8**	**907,4**	**-55,6**	**-6,1%**
Net adjustments to the value of tangible and intangible fixed assets	38,0	39,7	-1,7	-4,2%
Operating expenses	**889,8**	**947,1**	**-57,3**	**-6,1%**

Following is the chart of the quarterly trend of operating charges:



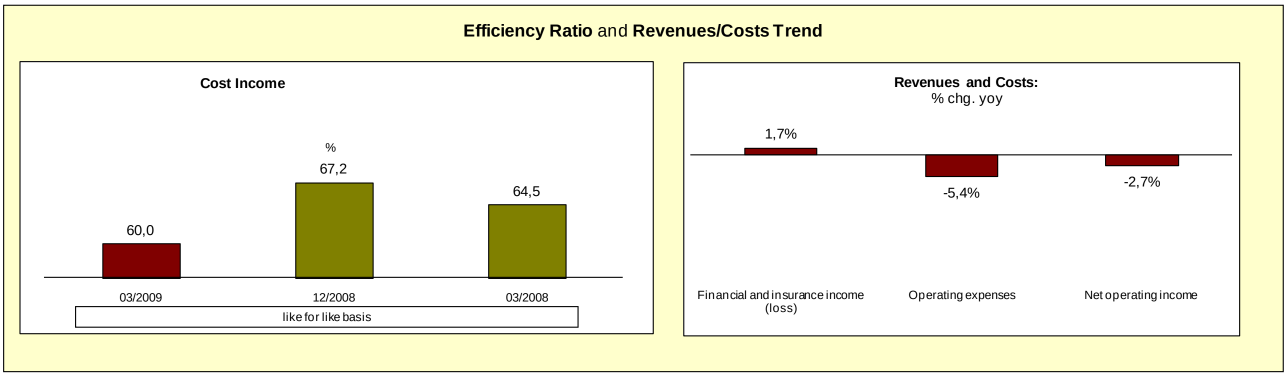
In particular:

A) Administrative expenses declined by 5.5% with respect to 31 March 2008, restated on a comparative basis, as a result of:

- **Personnel expenses** in the amount of EUR 574 million approx. (abt. 598.7 million as of 31 March 2008 on a restated basis, with a 4% decrease);
- **Other administrative expenses (**net of recoveries of stamp duty and expenses from the customers), at EUR 277 million approx., declined by 8% with respect to 31 March 2008 (EUR 303 million, restated on a comparative basis), due to the steady and sharp control of expenses, especially after the reorganization processes, and cost management actions undertaken.

B) **Net valuation adjustments to tangible and intangible assets** amounted to roughly EUR 38 million, with a moderate y-o-y decline.

Accordingly, the Net Operating Income stood at EUR 289 million (abt.EUR 297million as of 31 March 2008 restated on a comparative basis). The cost/income ratio was about 60%, with a 6% improvement with respect to 66% at the end of 2008.



2)EXTRAORDINARY ITEMS, TAXES AND NET PROFIT FOR THE PERIOD

Rounding out the picture of **Net profit for the period** are the following elements:

- **Net provisions for risks and charges and other operating income/charges** recorded an adverse balance of roughly **-**EUR 11 million (abt.19 million as of 31 March 2008 restated on a comparative basis);

Given the effect of the foregoing, profits from current operations before taxes came to EUR 276 million approx. (+21% with respect to 31 March 2008 restated on a comparative basis).

Rounding out the picture of profitability are:

- **Income tax on current operations for the period** in the amount of - **EUR 136 million approx.** (-EUR 96 million as of 31 March 2008 restated on a comparative basis);
- **Profits (losses) from discontinued operations, after taxes** in the amount of EUR 194 million, mostly attributable to the capital gain in relation to the disposal of MPS Asset Management Sgr SpA, ABN AMRO Asset Management and the other Group asset management firms (SGR) to Clessidra.

Therefore, consolidated net profit for the period before the effects of the Purchase Price Allocation (PPA) stood at abt.EUR 334 million (abt.EUR 135 million as of 31 March 2008 restated on a comparative basis). The ROE was 4.3%.

Such results benefit from the positive contribution from the Parent Company (net profit of Banca MPS: EUR 412 million, including infragroup extraordinary dividends), Banca Antonveneta (net profit of about EUR 28 million, excluding the effects of the PPA), Biverbanca (net profit of abt. 3 million) and all the Group Business Units (as outlined hereunder in the section covering Segment Reporting).

SEGMENT REPORTING, SALES AND MARKETING POLICY AND RESEARCH AND DEVELOPMENT

With reference to *Segment Reporting* contemplated by the **IFRS 8 regulations**, the MONTEPASCHI Group adopted the *business approach* and chose, for the purpose of **primary reporting** of income/capital data, **a breakdown of results in accordance with the business sectors committed to carrying out consolidated operations**.

On the basis of said approach, following is a **breakdown of the results achieved as of 31 March 2009** by the business areas of the MONTEPASCHI Group, aggregated in compliance with the current organization structure. To this end, the data in relation to the Business Areas (Commercial Banking/Network Distribution, Private Banking/Wealth Management, Corporate Banking/Capital Markets and Corporate Center) as of 31 March 2008 have been restated on the basis of the criteria adopted as of 31 December 2008 and 31 March 2009, taking account of:

a) the sale of Banca Monte Parma late in October, the disposal of the majority stake held in Intermonte and the asset management companies, with the following elimination of their margins from Commercial Banking, Corporate Banking and Private Banking, respectively, and their simultaneous attribution to the Corporate Center for the purpose of reconciliation of the data shown under "reclassified Group total";
b) the merger by incorporation of Banca Antonveneta into Banca Monte Paschi, with the simultaneous transfer of a business unit consisting of more than 400 branches to the new Banca Antonveneta, and the merger by incorporation of Banca Toscana into Banca Monte dei Paschi di Siena, with the ensuing divisionalization of the Networks reporting to the Retail, Private and Corporate business sectors (effective as of 1 January 2008 in compliance with the reclassified profit and loss statements) and the attribution of the other non-commercial activities to the Corporate Center;
c) MPS Commerciale Leasing SpA is part of Corporate Banking again.

Biver Banca has been assigned to the Corporate Center, since it has not been divisionalized yet.

SEGMENT REPORTING - Primary Business Segments
(in millions of euro)

31/03/09	Commercial Banking/ Distribution network	var % a.p.	Private Banking/ Wealth Management	var % a.p.	Corporate Banking/ Capital Markets	var % a.p.	Corporate Center	var % a.p.	MPS Group Total reclassified	var % a.p.
INCOME AGGREGATES										
Net Financial income (loss)	808,0	-13,2%	44,8	-17,3%	497,0	10,1%	133,5	524,3%	1.483,3	1,7%
Net adjustments for impairment of loans and financial assets	112,2	23,0%	0,9	ns	169,9	57,8%	21,5	3,4%	304,4	38,4%
Operating expenses	555,2	-5,3%	36,4	-2,8%	190,5	-3,1%	107,6	-10,5%	889,8	-5,4%
Net operating income	140,7	-44,6%	7,4	-54,4%	136,6	-6,9%	4,4	-103,6%	289,1	-2,7%
CAPITAL AGGREGATES							0			
Performing loans	55.017	1,2%	809	-1,0%	74.316	1,3%	10.572	58,9%	140.715	4,1%
Due to customers and securities	75.030	11,2%	809	-1,0%	39.498	35,2%	-115.337	18,3%		
Assets under management	28.696	-15,6%	10.765	-13,6%	2.581	-21,5%	2.489	-59,3%	44.531	-20,3%
PROFITABILITY RATIOS (%)										
Cost Income	68,7%		81,4%		38,3%		80,6%		60,0%	
Raroc	20,3%		28,7%		10,4%				5,7%	

As usual, following are the major aspects which characterized the activity of each business area in the first quarter of 2009:

COMMERCIAL BANKING AND NETWORK DISTRIBUTION

Product and service innovation and the sales and marketing policy

In the first quarter of 2009, **Commercial Banking & Distribution Network focused on the support of the purchasing power,** as a result of the economic and financial crisis which struck consumption and determined a greater use of savings by the households. For the purpose of better coping with the emerging social difficulties, the **Montepaschi Group prepared an organic and material aid plan for the households**. The "**Fight the crisis**" programme is hinged on three specific components: (i) "**Mutuo MPS Protezione"** which ensures a ceiling to mortgage loan instalments and the opportunity of benefitting from the favourable reduction of market interest rates; (ii) **"Mutuo Sicuro Plus", an insurance policy designed with AXA MPS,** which covers the non-payment of the instalments up to a maximum of 12 months also in case of job loss.; (iii) **the suspension of the payment of mortgage loan instalments,** as a prompt support, and the (optional) extension of the maturity of the repayment plan. During the quarter, the Group started marketing a floating rate mortgage loan indexed to the ECB rate **("Giovanni Coppie e Famiglie" – "Young Couples and Households")**.

As a result of the **incorporation of Banca Antonveneta**, the Group started streamlining the product catalogue. For the purpose of better integrating the range of products, the Group trained its staff and prepared instruments of operating and information support. In March, the first two current accounts of the Group catalogue (**Conto Condominio** and **Paschi Senza Frontiere**) were released to Banca Antonveneta. The full catalogue will be available as of July. During Q1 2009 the Group also completed the analysis and operations in relation to the **incorporation of Banca Toscana**.

On the front of the new commercial initiatives, the current period – characterized by a strong economic-social uncertainty – suggested to **increase the importance of the role played by damage insurance policies as an effective instrument of protection** both for individuals and corporates. That is why the Group launched **Mutuo Sicuro Plus** (protection policy) and shall continue to **circulate information and train personnel in relation to damage insurance for the rest of the year**. **Biverbanca** is also starting to market the AXA MPS products.

With reference to **"Patti Chiari" (Clear Pacts)**, **the Group finalized the operations resulting from its participation in the top four "Commitments to Quality" of the Italian Bankers' Association** (Comparative Search Engine of package current accounts and ordinary accounts, ISP Synthetic Price Indicator for ordinary current accounts and package accounts).

As far as the **commercial policy in relation to each customer segment** is concerned, the Group started the following initiatives:

- The operations in relation to the **Family segment** were concentrated on starting the "**Fight the crisis**" programme (see above) and circulating the funding products prepared by the Bank. All operations were based on **Palinsesto Family**, an instrument which identifies the best product to be offered at any time through specific CRM analyses. In addition, the Group started implementing the "**Specialists of retail loans"** project, as indicated by the Business Plan.
    - The operations with reference to the **Affluent segment** were based on the development and search for greater integration between the Metodo, Advice and

Prodotti platforms. The **Group intensified its cooperation with Axa** for preparing the initiatives oriented to selling products and sharing initiatives. **In Q1 2009 the Group activated three monthly Metodo initiatives** involving more than 500,000 Affluent customers and about 300,000 registered contacts. In addition, the Group conducted activities for **increasing the use of the Advice platform,** and arranged meetings with the network with the objective of transforming advisory services into the main modus operandi of the Affluent Service Model, fully integrated into commercial operations. The Group prepared 9 innovative "Affluent KPIs" which were distributed to the Geographical Management Areas.

- With reference to the **Small Business segment,** the first quarter of 2009 required the partial redesign of commercial operations **as a result of the integration of Banca Antonveneta and the establishment of Nuova Antonveneta**. The Group contemplated actions of (i) commercial promotion, (ii) support to profitability, (iii) review of the proper pricing in relation to the risk, (iv) portfolio requalification. **New initiatives were promoted with the major Industry and Trade Associations for the purpose of relaunching commercial business** (with particular regard to **Confidi**) and ensuring the customers the use of available public funds.

OPERATING RESULTS

On the front of commercial results, in Q1 2009 **direct funding** progressed by 10.5% in terms of average balances **y**-o-y. The growth was particularly satisfactory in relation to medium- and long-term funding, with good results in relation to the sight component. **Indirect funding** was still adversely affected by the critical market situation and the strong, extended collapse of the markets, which compromised funds under administration and asset management products. **Loan volumes** advanced with respect to 31 March 2008 (+2.4% in terms of average balance), driven by medium-/long-term loans, but influenced by the decelerating demand for loans.

Total income (EUR 808 million) dropped by 13.2% y-o-y, due to the higher cost of funding resulting from decreasing interest rates and lower commissions from asset management. The Net Operating Income stood at about EUR 141 million with a y-o-y decrease of 44.6%, also in view of growing loan adjustments. The cost/income ratio for Commercial Banking & Network Distribution was 68.7% (65% in December 2008).

Commercial Banking / Distribution network

(in milioni di euro)	31/03/09	% chg yoy
INCOME AGGREGATES		
Net interest income	529,4	-13,4%
Net commissions	270,9	-13,9%
Financial income (loss)	7,8	50,2%
Net Financial income (loss)	**808,0**	**-13,2%**
Net adjustments for impairment of loans and financial assets	112,2	23,0%
Operating expenses	555,2	-5,3%
Net operating income	**140,7**	**-44,6%**
CAPITAL AGGREGATES		
Performing loans	55.017,5	1,2%
Due to customers and securities	75.257,3	11,2%
Assets under management	28.695,6	-15,6%

The banks and product companies contributing to the Commercial Banking & Network Distribution Area include:

- **Consum.it** posted a net profit for the period of EUR 8.7 million (EUR 5.1 million as of 31 March 2008), though in light of the increasing cost of credit associated with the critical economic situation;
- **Banca Popolare di Spoleto** (equity investment consolidated with the proportional method: 25.93%) contributed to consolidated profits with EUR 2.25 million (2.14 million as of 31 March 2008).

PRIVATE BANKING & WEALTH MANAGEMENT

In Q1 2009, the activity of Private Banking & Wealth Management was oriented to **reorganizing the Group Asset Management Companies through a partnership with Clessidra Sgr**, with the objective of developing an independent asset management firm which might obtain a leading position in the Italian market. As a result of this partnership, the Group intends to consistently comply with the new regulations in terms of conflicts of interest and the requirements of renewal coming from the market. **Simultaneously to the sale of the controlling interest in the Group asset management companies** (Monte Paschi Asset Management and Abn Amro Asset Management), the Group completed the process of concentration on the Parent Bank of the portfolio management operations on an individual basis **with the integration of the business unit of AAA**.

The Group continued to **develop the model of financial advisory services to the customers** through the extension of the use of the **MPS Advice Platform** and the gradual introduction of the **new specialists** in all Geographical Areas, in support of the network commercial operations (Advice Specialists and Product Specialists). More than 20,000 proposals of advanced advisory services were submitted with a satisfactory growth trend.

Against the current market scenario, the supply of investment products was concentrated on **low-risk simple solutions** (step-up bonds, plain bonds, mixed rate bonds, traditional life insurance policies) in compliance with the prevailing conservative logic and the customers' low risk appetite.

On the front of **product innovation**, the **range of portfolios under management** was upgraded with new lines investing only in securities and the optional choice of a favourable taxation for the customers. The supply of **Funds and SICAVs** was expanded with the **placement of the Funds and SICAVs of Fortis** by all Group entities in a logic of continuous enhancement of the product range.

As regards the insurance business, developed by the joint venture with Axa, the Group reviewed the **Accumulator** range and introduced **Investimento Flessibile** (a Branch V recurrent premium investment) targeted at the Small Business and Corporate market.

The commercial policies in relation to **the Private Banking** segment were focused on improving the level of **advisory services** to the customers, also in relation to non financial issues, with a remarkable increase in tax, real estate and art advice which contributed to consolidating the customers' confidence.

As regards the **communication processes for 2009,** the Group re-designed the structure **of the "Private Days", with information and training meetings, and events targeted at the customers being held on the same day.** Partner investment firms for the analysis of the market trends and key entrepreneurs and managers are expected to participate in these events arranged for the customers. The first two Private Days were held **in Milan and Salerno,** with the following events planned to be held in **Modena, Treviso, Turin, Rome and**

Catania.

OPERATING RESULTS

Private Banking and Wealth Management coped with the critical market situation and the increasing customers' preference going to liquidity, and oriented commercial placements to asset management products and bonds. As a result, as of 31 March 2009 **direct funding** stood at about 8.2 million (+22.2% in terms of average volumes with respect to 31 March 2008). I**ndirect funding** dropped by 10.9% year on year, due to the remix of the portfolios and declining stock quotations which considerably depreciated the value of assets under administration and management on behalf of the customers.

Total income of Private Banking & Wealth Management came to abt. EUR 44.8 million, falling by 17.3% y-o-y. Decreasing interest rates contributed to reduce interest income (-34% y-o-y), whereas the effects of the market crisis compromised continuing commissions from asset management and brokerage commissions. The Net Operating Income stood at about EUR 7.4 million with a y-o-y decrease of more than 54%. The cost/income ratio was 81.4% (77.4% as of December 2008).

Private Banking / Wealth Management

(in milioni di euro)	31/03/09	% chg yoy
INCOME AGGREGATES		
Net interest income	13,2	-34,0%
Net commissions	22,1	-31,5%
Financial income (loss)	9,6	n.s.
Net Financial income (loss)	**44,8**	**-17,3%**
Net adjustments for impairment of loans and financial assets	0,9	n.s.
Operating expenses	36,4	-2,8%
Net operating income	**7,4**	**-54,4%**
CAPITAL AGGREGATES		
Performing loans	808,8	-1,0%
Due to customers and securities	7.996,9	20,2%
Assets under management	10.764,7	-13,6%

The companies contributing to Private Banking & Wealth Management include:

- **MPS Banca Personale** posted a net profit for the period of EUR 3 million (including the capital gain from the disposal of an equity investment).
- **Monte Paschi Monaco S.A.M.,** a newly established Monaco-law company, resulting from the acquisition – early in October 2007 – of the business of the Monaco branch of Monte Paschi Banque (a subsidiary specialized in the management of Private customers) posted a pre-tax profit of about EUR 0.7 million.

CORPORATE BANKING

THE SALES AND MARKETING POLICY AND PRODUCT/SERVICE INNOVATION

The **financial crisis** suggested a string of initiatives to the Industry and Trade Associations, the Regions and Provinces which set up joint working teams for the launch of **measures in support of the economy in general and, more specifically, the SMEs**. The Group participated in the **Memorandum of Understanding with the Region of Tuscany**, through participation in the "Economic emergency" programme which involved Fidi Toscana as the provider of first demand guarantees in relation to two types of loans for the purpose of recapitalization and liquidity.

In addition, a **package containing some financial solutions for the SMEs** shall be release by the end of the next quarter for the purpose of countering the adverse financial trends generated by the current macroeconomic crisis. Such package contemplates, at specific terms, the opportunity for the SMEs to have access to a **new kind of finance** and/or measures oriented to encouraging the **renegotiation of medium-/long-term loans**.

With reference to the **agreements/deals** for the SME segment, and within **Progetto Distretti** – a project targeted at establishing qualified partnerships between the Bank and the Districts - the Group executed an agreement with **Assonave**, one of the major **industry associations of the Italian naval engineering industry**. The agreement involves **MPS Capital Services for the provision of the services associated with Diagnostica, which will ensure the development of a strong interaction with the companies belonging to the naval engineering district. The agreement has the objective of increasing market penetration, improving reliability and encouraging the alignment of the performances of the member companies through the "district champions" project, which selects the best performer for the purpose of replicating virtuous behaviour.**

The Group's fruitful relations with **Coldiretti Nazionale** contributed to the execution of a framework agreement with **"CreditAgri**", which represents the world of the reference **Confidi of the Italian Farmers' National Federation (Coldiretti)**. The agreement provides for the close co-operation of the parties for the purpose of defining the **processes which give easy access to credit to commercial farms, for a better use of Confidi guarantees and the design of agriculture-dedicated products and services**.

As regards the **Local Authorities segment**, during Q1 2009 the Group started commercial initiatives oriented to the sub-segment of the former "local utilities" companies, for the purpose of increasing operations with such counterparts through the supply of **internet banking services (Inc@assiPiù**) which give a competitive differential to our Group. The Group continued to provide **post sale services to the derivative positions of the Local Authorities** by producing customized reports and organizing meetings with the Financial Officers of the Authorities with the objective of providing assistance and advisory services in relation to the products.

On the front of **product innovation**, the Group released a new specific product **("time deposit")** which represents a short-term flexible (in terms of maturity) form of investment of **corporate liquidity** and is indexed to money market rates. The insurance products for corporate customers incorporated the new **Axa-Mps Investimento Flessibile (formerly, Propensione)** in Branch V insurance policies, all of them with a minimum guaranteed return of 1.75%.

INTERNATIONAL OPERATIONS

The support to the **companies operating with foreign countries** was consolidated with the launch of "**Sinergie per l'Export**". The project – to be managed in partnership with the Industry and Trade Associations, the Chambers of Commerce and Local Export Agencies – identifies the main markets of interest for a specific cluster of companies and provides customized International Trade Finance solutions to ensure a better export commercial penetration of the countries identified. These cooperation agreements and the above-mentioned objectives aim at increasing the Group media exposure in the activities which represent very sensitive issues for the Local Authorities.

During Q1 2009, the Group executed **cooperation agreements** with the following foreign banks:

- **Santander**: this agreement has the objective of providing **assistance to the customers of the Montepaschi Group operating in South America**. It is an operating alliance of strategic value which ensures the support of our Group to the companies expanding in one of the most interesting areas from the viewpoint of business, with the assistance of Banco Santander, a leader in the Latin American market with a widespread presence in 8 major countries of the area.
- **Raiffeisen Zentralbank Oesterreich AG (RZB):** this agreement was executed to **improve the Bank's presence in the eastern European markets and the Confederation of Independent States,** in a logic of support of our corporate customers in their process of internationalization. This is the third largest bank in Austria and also plays the role of central bank for the Austrian cooperative banks.
- **Banca Transilvania:** In a logic of **consolidation of operational relations with Romania**, the Group expanded its cooperation with Banca Transilvania, where the Montepaschi Group has established an Italian desk to give assistance to the customers in the Romanian market, and promote access to the banking services provided by the partner bank.

In compliance with the objectives of development of the Group operational capacity and service to the companies in emerging areas, in Q1 2009 **the Correspondent Banking activity** focused on the following aspects:

- **Increasing the efficiency of the management of relations with foreign correspondents,** within the European payment system, by entering into several pricing agreements of commercial wire transfers;
- **Expansion of interbank relations with a focus on the counterparts operating in geographical areas with a high growth potential,** in a logic of trade finance business origination;
- **Increasing inbound workflows which can be originated from abroad,** with specific actions in areas of particular commercial interest in agreement with the network units.

CORPORATE FINANCE

Against a very critical market backdrop due to the financial crisis, the Group corporate finance business, carried out **by MPS Capital Services Banca per le Imprese,** included many initiatives in various segments of operations by suggesting state-of-the-art solutions which can integrate traditional lending.

More in detail, in Q1 2009 the hub-and-spoke presence of the Group in the market was extended to all sectors (water, energy, gas and waste), with specific reference to the growth of operations in the field of **energy from renewable sources**. The Group executed a loan transaction in the field of biomass energy for the implementation of a power plant fuelled by marc resulting from alcohol distillation, with an installed power capacity of about 11 MWe, located in Latium. With reference to photovoltaic energy, the Group secured, or is securing, some mandates in relation to a few photovoltaic plants, mainly in the regions of Apulia and Sicily, with a capacity of about 35 MWe.

During the first quarter of the financial year, the Group **syndication business** contributed to the participation of 5 bank counterparts in 5 portfolio transactions, where MPSCS played the role of Arranger, in a total amount of EUR 221 million. 8 transactions are being syndicated by the Group as the Arranger in an additional amount of EUR 398.5 million. MPSCS was strongly committed to granting **subsidized loans**, and in particular inquiring and managing the operations where it normally plays the role of "covenanted entity" with the Ministry for Economic Development, the Ministry of Education, University and Scientific Research and Cassa Depositi e Prestiti S.p.A. (disbursement of "488" loans prior and post the reform, FIT and FAR operations, promotion with the customers of "Industria 2015", the new domestic industrial planning etc.).

OPERATING RESULTS

The **Corporate Banking & Capital Market Area** achieved positive results with respect to **direct funding** (+7.6% y-o-y in terms of average volumes), driven by medium-/long-term funding and demand items. **Indirect funding** considerably advanced by 46.7% year on year. **Loan management** showed a positive trend (+4.8% in terms of average volumes) attributable to medium-/long-term loans which offset the decline of other kinds of loans.

Total income for Corporate Banking & Capital Market (about 497 million) advanced in comparison with the results as of 31 March 2008 (+10.2%), driven – unlike the other markets - by the positive contribution of interest income. Loan adjustments, in line with the general trends, deteriorated. The Net Operating Income came to EUR 136.6 million, with a y-o-y decline. The cost/income ratio for the Area was 38.3% (about 47% as of December 2008).

Corporate Banking / Capital Markets

(in milioni di euro)	31/03/09	% chg yoy
INCOME AGGREGATES		
Net interest income	370,9	18,1%
Net commissions	90,8	-5,5%
Financial income (loss)	35,3	-13,9%
Net Financial income (loss)	**497,0**	**10,1%**
Net adjustments for impairment of loans and financial assets	169,9	57,8%
Operating expenses	190,5	-3,1%
Net operating income	**136,6**	**-6,9%**
CAPITAL AGGREGATES		
Performing loans	74.316,4	1,3%
Due to customers and securities	44.242,0	30,9%
Assets under management	2.580,9	-21,5%

The companies included in the Corporate Banking Area, which were mostly affected by the increasing cost of credit associated with the deterioration of the economic situation, incorporate:

- **MPS Capital Services Banca per le Imprese** posted a net profit as of 31 March 2009 of about EUR 16 million (abt. 31 million as of 31 March 2008);

- **MPS Leasing & Factoring – Banca per i Servizi Finanziari alle imprese** broke even in the first quarter of 2009 (about 5 million as of 31 March 2008).

With reference to the foreign banks:

- **Monte Paschi Banque** posted a net profit of about EUR 1 million (more than 20 million as of 31 March 2008, including a capital gain of about 18 million resulting from the sale of a building);
- **Monte Paschi Belgio** posted a net profit of about EUR 1.5 million (about 0.9 million as of 31 March 2008).

C) CORPORATE CENTER

The **Corporate Center** is an aggregation of **(a)** operating units which are individually below the benchmarks required for primary reporting, **(b)** the Group H.O units (i.e. governance and support, proprietary finance, equity investments management and capital segments of divisionalized entities where ALM, treasury and capital management activities are particularly important), and **(c)** the service Units supporting Group units (with particular regard to the management of the collection of doubtful loans, real estate management and the development and management of IT systems, all of them reporting to the Capital, Cost and Investment Governance Area). The Corporate Center also incorporates profits/losses from Biverbanca, pending the adjustment of this Bank's service models to the Group models, and profits/losses from the companies consolidated with the net equity method and discontinued operations, in addition to eliminations resulting from infragroup items.

Following are the companies included in the Corporate Center:

- **BIVERBANCA** posted a net profit of EUR 4.1 million.

- **SERVICE COMPANIES AND OTHER MINOR COMPANIES**

- Mps Immobiliare posted a net profit of EUR 9.2 million.
- Mps Gestione Crediti Banca posted a net profit of EUR 0.9 million.

THE FINANCE BUSINESS

The finance business of Banca MPS is currently split into two areas of responsibility, (i) proprietary finance, directly reporting to the CEO and (ii) service finance (Treasury and Capital Management) which reports to the CFO. This is flanked by the operations mainly associated with the commercial business of Mps Capital Services.

PROPRIETARY FINANCE

The first quarter of 2009 was characterized by declining stock quotations in the first two months, with a marked recovery at mid-March (as a result, at the end of Q1, the Stoxx 50 index which had been falling since the beginning of the year rose to about -15%), attributable to major events such as the start of the TALF (Term-Asset-Backed Securities Loan Facility) programme by the Fed, the announcement of the Geithner plan for the purchase of toxic securities and the approval by the FASB of amendments to the accounting regulations. During the quarter, long-term interest rates continued to decrease in the Eurozone, with the ten-year swap at 3.4% with respect to 3.75% in January 2009. The decline was much sharper in relation to short-term maturities, positively influenced by the expected additional cuts of interest rates by the ECB, which confirmed these expectations increasing the refi rate to 1.00% early in May (with respect to 2.5% at the beginning of the year).

As a result, **as of 31 March 2009 the Group trading assets stood at EUR 23,630 bn (21,798 bn as of 31 December 2008).** F**inancial liabilities for trading purposes increased by roughly EUR 1,642 bn since January 2009,** simultaneously to the growth of financial assets. **Both increases are attributable to the operations of MPS Capital Services due to the increase in the portfolio**

of Treasury bills (financed by funding repos) and the appreciation of receivable and payable interest rate derivative exposures.

■ **FINANCIAL ASSETS FOR TRADING PURPOSES** (end-of-period, in EUR million)

	Parent Company	MPS GROUP			
	31/03/09	31/03/09	31/12/08	abs. Chg	
				yoy	%
FINANCIAL ASSETS FOR TRADING PURPOSES	**9.367**	**23.630**	**21.798**	**1.832**	**8,4%**

■ **FINANCIAL LIABILITIES FOR TRADING PURPOSES** (end-of-period, in EUR million)

	Parent Company	MPS GROUP			
	31/03/09	31/03/09	31/12/08	abs. Chg	
				yoy	%
FINANCIAL LIABILITIES FOR TRADING PURPOSES	**5.236**	**20.609**	**18.967**	**1.642**	**8,7%**

The portfolio of financial assets available for sale totalled abt. EUR 5,133 bn (+0.1 bn with respect to December 2008).

■ **FINANCIAL ASSETS AVAILABLE FOR SALE** (end-of-period, in EUR million)

	Parent Company	MPS GROUP			
	31/03/09	31/03/09	31/12/08	abs. Chg	
				yoy	%
Financial assets available for sale	**5.912**	**5.133**	**4.996**	**137**	**2,7%**

TREASURY

The economic crisis, which hit hard in 2008, continued in the first quarter of 2009. Despite the slowdown of interbank exchanges due to the alarms associated with credit risk and counterpart risk, the Treasury and Capital Management Area ensured the MPS Group appropriate liquidity levels as a result of an attentive management of the commercial flows of the Group Bank Networks and the accurate management of related interest rate risk. With reference to liquidity settlement, specific emphasis was placed on the optimization of the management of financial flows due to the critical market situation. An analysis of interbank positions (see following table) shows that the **consolidated net borrowing interbank position came to roughly EUR 11.5 bn as of 31 March 2009, with an increase of 1.9 bn with respect to December 2008,** attributable to funding policies targeted at making the most of funding opportunities at very moderate rates as an alternative to more onerous bond funding with institutional counterparts.

■ **INTERBANK BALANCES** (end-of-period; in EUR million)

	Parent Company 31/03/09	MPS GROUP 31/03/09	31/12/08	abs. Chg yoy	%
Amounts due from banks	19.310	11.935	17.616	-5.681	-32,2%
Amounts due to banks	22.406	23.395	27.208	-3.813	-14,0%
Net borrowing position	**-3.096**	**(11.461)**	**(9.592)**	**(1.868)**	**19,5%**

In view of the above, as of 31 March 2009 the short-term and structural liquidity positions were appropriate and with large available funds.

ALM

Domestic bond funding operations, in support of the Group's sales and marketing policies in relation to retail, corporate and private customers, included 35 new issues in a total amount of EUR 4.3 bn (Parent Bank only), with structured bonds accounting for 19.3% and plain vanilla bonds accounting for the remaining portion. International operations, mainly targeted at "non resident" qualified institutional investors, were still affected by the extremely adverse market cycle, characterized by larger spreads and a strong volatility in the secondary and CDS markets. The issues placed in the market, which are part of the Debt Issuance Programme, total about EUR 720 million, including a Lower Tier II subordinated issue in the amount of EUR 500 million.

OPERATING RESULTS

The Finance Area of the Parent Bank (inclusive of the results of Proprietary Finance and Treasury) contributed with EUR 40.6 million to total income, with a clear y-o-y improvement. This trend is due to the positive results of the portfolio of the Finance Area and the trading component of Treasury. The Net Operating Income, inclusive of costs, stood at EUR 34.1 million (-EUR 57.5 million as of 31 March 2008).

Parent Company - property finance and treasury

(in milioni di euro)	31/03/09	% chg yoy
INCOME AGGREGATES		
Net interest income	37,4	n.s.
Net commissions		
Financial income (loss)	3,3	n.s.
Net Financial income (loss)	**40,6**	**n.s.**
Net adjustments for impairment of loans and financial assets		
Operating expenses	6,5	-7,1%
Net operating income	**34,1**	**n.s.**

THE MANAGEMENT OF THE GROUP EQUITY INVESTMENTS

In line with the guidelines of the Group Business Plan, the Group continued to dispose of its non strategic equity investments. In particular, it sold 75% of the share capital of Marinella SpA and reorganized the Group asset management firms with the disposal of the whole capital of ABN Amro Asset Management Italy SGR SpA (AAA) and Monte Paschi Asset Management SGR SpA (MPAM), as detailed hereunder.

Following are the main changes which involved the Group equity investments in the period under exam:

1. Acquisition of new equity investments

Tethys SpA: as a result of the participation in the reorganization plan of the HOPA Group, the Bank purchased a 16.66% investment by subscribing to a reserved capital increase of about EUR 5 million;

Lauro Quarantatre SpA: as a result of the reorganization of its asset management firms, the Group entered into a partnership with the Clessidra Group. The Bank purchased a 30.9% interest, with a total investment of EUR 65.9 million, in the capital of the holding company (where Clessidra holds the majority) which purchased the whole share capital of AAA and MPAM from BMPS;

Lauro Quarantacinque SpA: said reorganization of the asset management firms also implied the purchase by the Bank of a 33% interest, with a total investment of EUR 4.2 million, in the capital of Lauro Quarantacinque, which in turn holds 6.1% of Lauro Quarantatre SpA.

Participation in capital increase/reinstatement and equity investment increases

No transactions are to reported.

2. Disposal/Sales of equity investments

In Q1 2009, Banca MPS:

- sold the majority (75%) of the share capital of Marinella SpA – Sarzana (SP);
- sold the whole share capital of ABN Amro Asset Management Italy SGR SpA;
- sold the whole share capital of Monte Paschi Asset Management SGR SpA.

At the Group level:

- MPS Capital Services (i) sold the interest held in Volorosso SpA (or 16.6% of the share capital); (ii) purchased a 21.66% equity investment in the share capital of Moncada Solar Equipment Srl;

- MPS Investments (i) purchased the 45% stake held by MPAM in the share capital of Fabrica Immobiliare SGR SpA; (ii) purchased the 15% stake held by MPAM in the share capital of Total Return SGR SpA; (iii) sold the investment held in Finaosta SpA (0.56% of the share capital); (iv) sold 2.85% of the capital of e-MID SIM SpA.

In addition:

- As of 1 January 2009, the transfer from Banca Monte dei Paschi di Siena SpA to Banca Antonveneta SpA (Nuova Banca Antonveneta SpA) of the banking business unit consisting of 403 branches, 9 SME Centres, 4 Private Centers, 6 Local Authorities Centres and 3

Geographical Areas in relation to the north-eastern area, mostly resulting from the merger of Banca Antonveneta SpA into BMPS, and 9 equity investments;

- The merger by incorporation of Banca Toscana SpA into Banca Monte dei Paschi di Siena Spa, effective as of 30 March 2009.

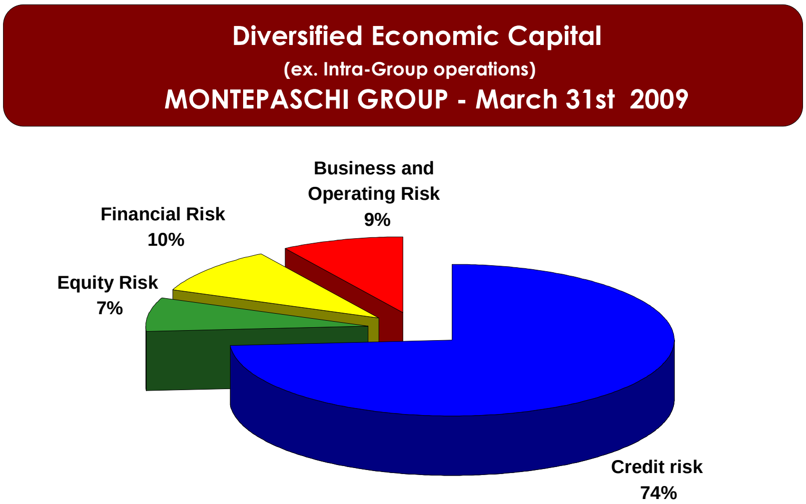
INTEGRATED RISK AND CAPITAL MANAGEMENT

THE PROCESS OF RISK MEASUREMENT AND CONTROL

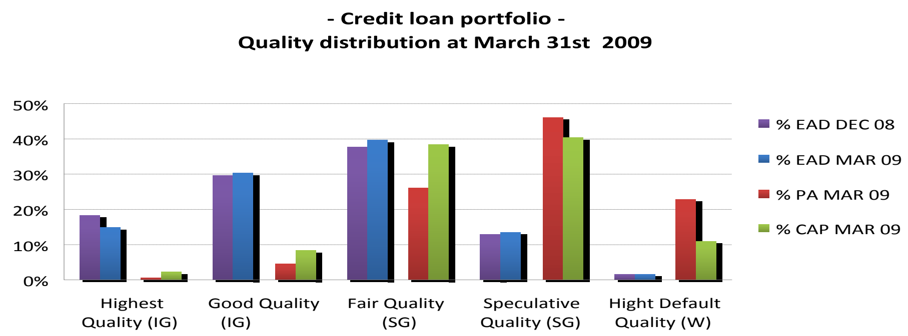
The process of risk measurement and control within the Group is outlined in the section bearing the same title of the Consolidated Report on Operations and in Part E of the Consolidated Notes as of 31 December 2008. Following are the main points resulting from the analysis of the MPS Group Economic Capital and Risks as of 31 March 2009.

The analysis of the Economic Capital

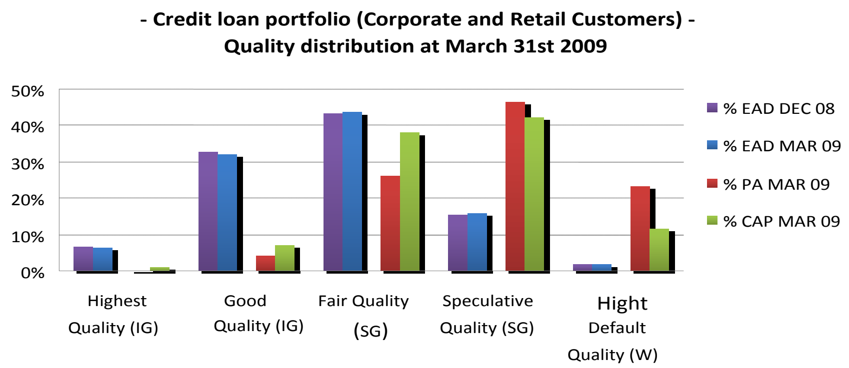
As of 31 March 2009, the Economic Capital of the Montepaschi Group was attributable to credit risk (74%) (including counterpart, issuer and concentration risks), equity investment risk (abt.7%), business and operational risks (9%). The capital for operating purposes with respect to financial risks (mostly consisting of the typical risks of the trading portfolio and the ALM Banking Book) is roughly 10% of the overall Economic Capital.



he Montepaschi Group loan portfolio out 45% of risk exposures are disbursed also includes the exposures to banks, Government Authorities, and non-regulated financial and bank institutions. Within the portfolio model, these counterparts are assigned a credit standing valuation by using the official ratings (if existing) or appropriate internally determined values, although a specific programme of implementation of internal ratings for the purpose of validation with the Regulatory Authorities is not contemplated in the short term. The chart also includes the percentage of EAD as of 31 December 2008 which, in comparison with the percentage as of 31 March 2009, shows a modest decrease in high quality exposures and a moderate increase in good, fair and poor quality exposures.

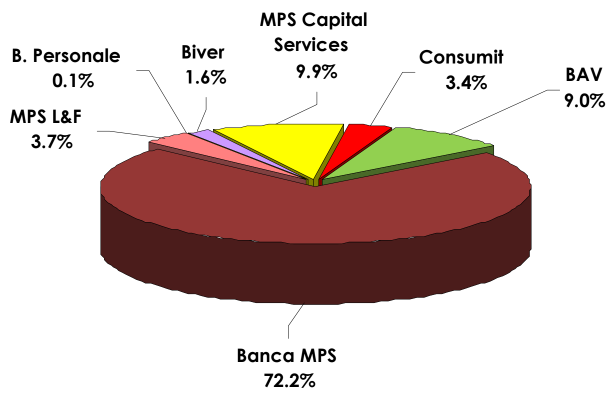


The following graph shows the breakdown of credit quality with respect to the Corporate and Retail portfolios validated by the Regulatory Authority for Basle 2 purposes (internal rating models). The weight of exposures with high and good quality as of 31 March 2009 was 39% of overall exposures. The graph also includes the percentage of EAD as of 31 December 2008 which, in comparison with the percentage as of 31 March 2009, shows a modest decrease in good quality exposures and a moderate increase in fair quality exposures.



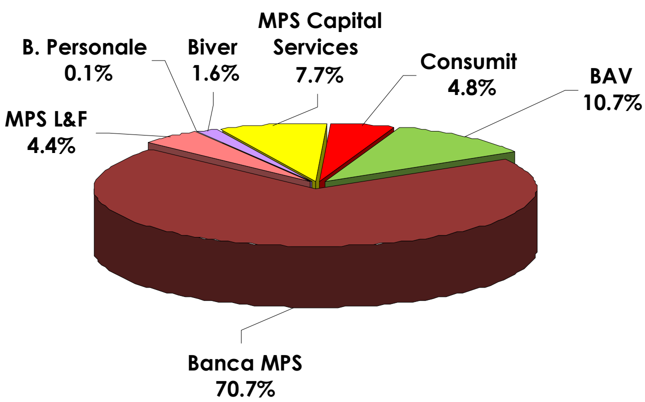
The following graphs show the marginal contribution, in terms of Risk Exposure, Expected Loss and Economic Capital, of each Bank of the Montepaschi Group. In terms of exposures, the three commercial banks (Banca MPS, Banca Antonveneta, Biver Banca) account for about 83% of the total. As of 31 March 2009, Banca Toscana merged by incorporation into Banca MPS.

Risk Exposure
(ex. Intra-Group operations)
MONTEPASCHI GROUP - March 31st 2009



With reference to risk measurements, expected loss is mostly attributable to the Parent Bank (70.7%), followed by Banca Antonveneta (10.7%) and MPS Capital Services (7.7%). The total amount of economic capital with respect to credit risk is mostly absorbed by the Parent Bank (69.2%) .

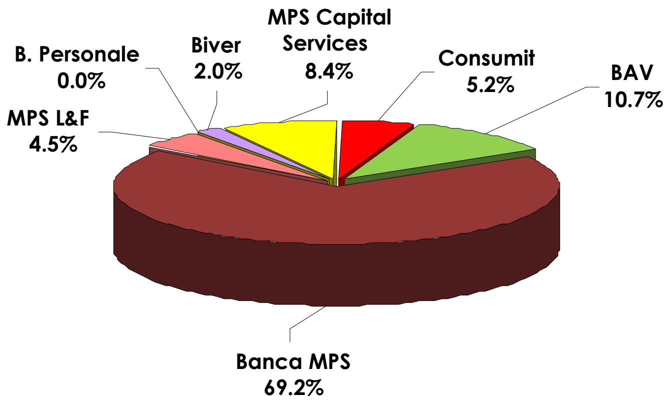
Expected Loss
(ex. Intra-Group operations)
MONTEPASCHI GROUP - March 31st 2009



Economic Capital

(ex. Intra-Group operations)

MONTEPASCHI GROUP - March 31th 2009

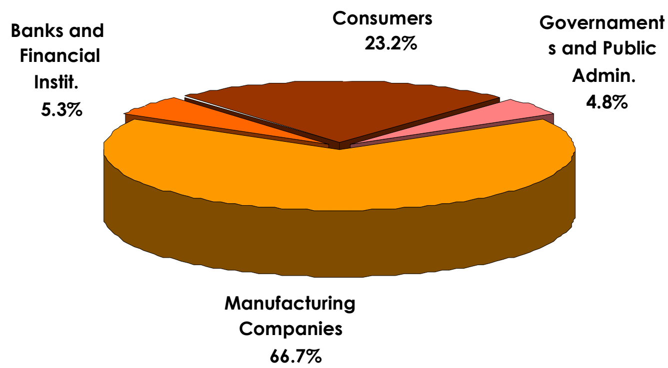


The breakdown by customer macro-segment as of 31 March 2009 shows that the Montepaschi Group risk exposures were mainly attributable to "Corporates" and "Retail" (66.7% of total disbursements and 23.2%, respectively). Exposures to Government and Local Authorities (at 4.8%) and "Banks and Financial Companies" (at 5.3%) were marginal.

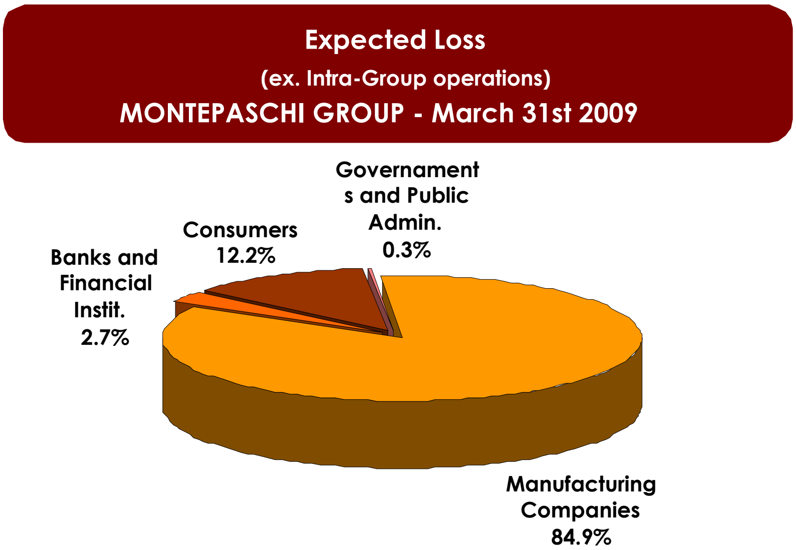
Risk Exposure

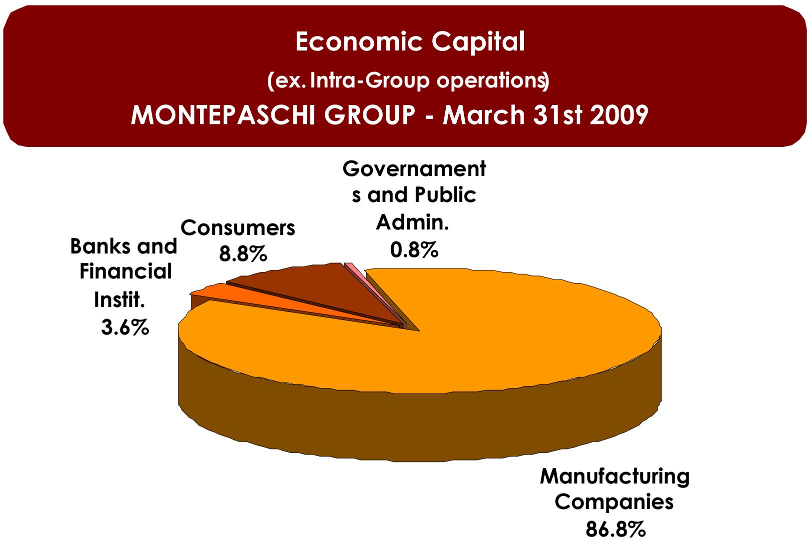
(ex. Intra-Group operations)

MONTEPASCHI GROUP - March 31st 2009



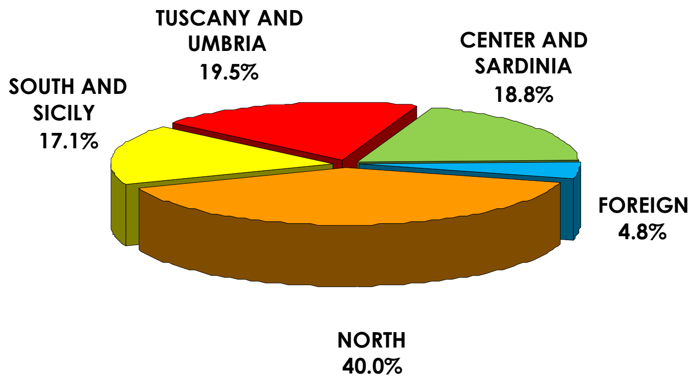
More than 84% of the Expected Loss and Economic Capital are attributable to the "Corporate" segment.





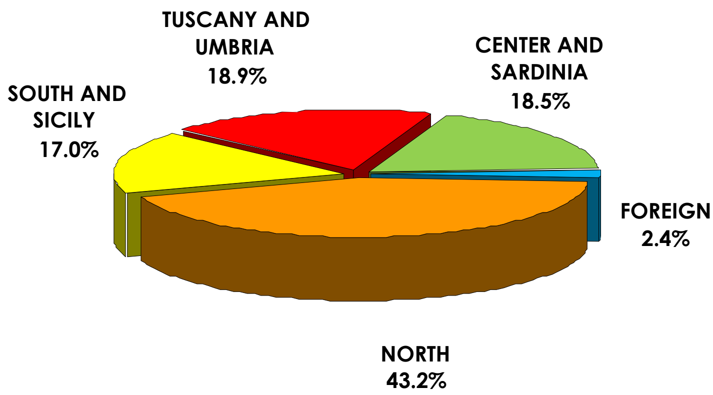
The geographical breakdown of the Group customers indicates that risk exposures are mainly concentrated on northern Italy (40%), followed by Tuscany and Umbria (19.5%), central Italy and Sardinia (18.8%), southern Italy and Sicily (17.1%). The international risk exposure is 4.8%.

Risk Exposure
(ex. Intra-Group operations)
MONTEPASCHI GROUP - March 31th 2009



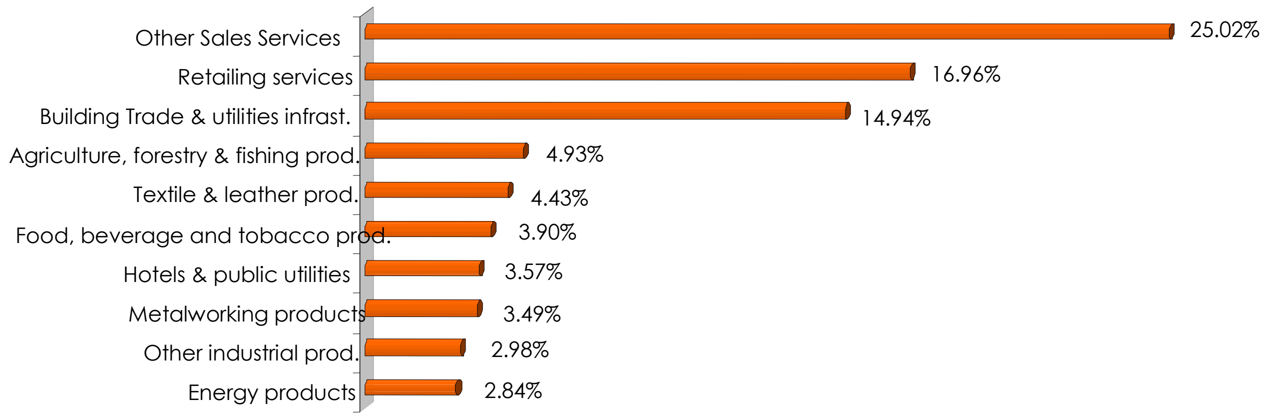
Loans in northern Italy (43.2%) gave the highest contribution to overall risk measurements (Expected Loss + Economic Capital), followed by Tuscany and Umbria (18.9%), central Italy and Sardinia (18.5%), southern Italy and Sicily (17%). The contribution of foreign customers to risk measurements is marginal (2.4%).

Risk measurement%
(Expected Loss + Economic Capital)
MONTEPASCHI GROUP - March 31st 2009



An analysis of the exposures of the top 10 business sectors - which account for abt. 82% of total loans - in accordance with the classification of the Bank of Italy shows that “other services in relation to sales” absorb 25.02% of total risk measurements, followed by “Trade services (16.96%), “Building and Public Works” (14.94%). All these sectors account for about 57% of total risk measurements. “Farming, forestry and fishing”, “Textile products, leather and footwear”, “Foodstuffs, beverages and tobacco products” account for 13.26% of the total Expected Loss and Economic Capital.

% Risk measures (Expected Loss + Economic Capital)
March 31th 2009



EQUITY INVESTMENT PORTFOLIO RISKS

As of 31 March 2009, the VaR of the equity investment portfolio (calculated at 99% with a holding period of 1 quarter) was about 25% of its fair value, with a high concentration in terms of risk on the top 10 equity investments.

THE GROUP MARKET RISKS

INTEREST RATE RISKS INHERENT IN THE BANKING PORTFOLIO

Additional information in relation to the methods adopted is provided in the section bearing the same title of the Report on Operations as of 31 December 2008.

As of 31 March 2009, the Montepaschi Group sensitivity showed a risk exposure profile subject to an increase in interest rates. However, the extent of the economic value at risk fully complies with the amount of Tier I and the Capital for Regulatory Purposes, well below the level considered as the critical threshold (estimated at 20% with a 200 bp interest rate shock) by the New Accord on Capital (Basle 2).

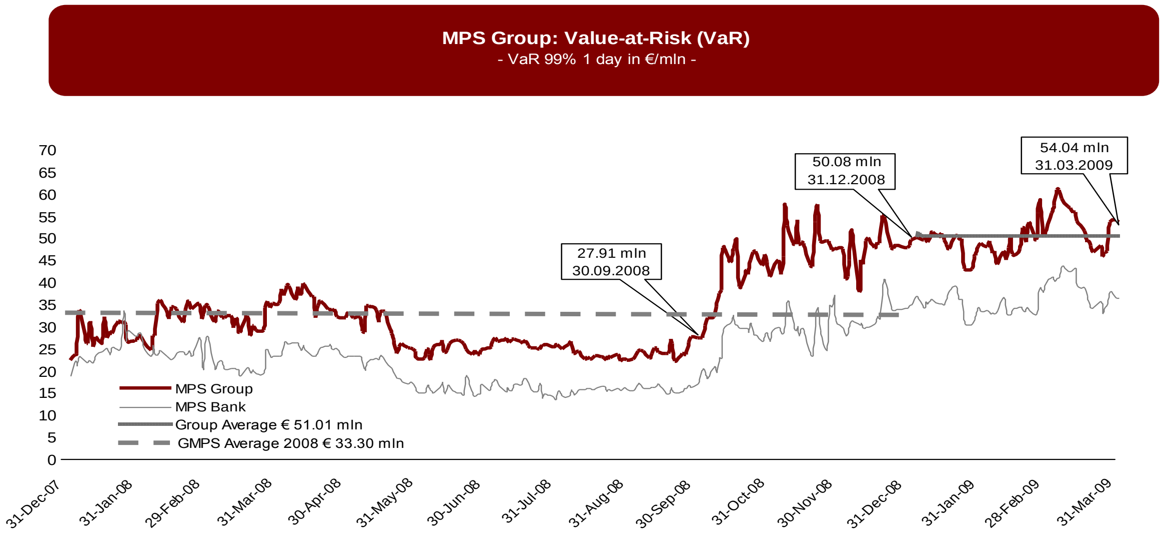
• MPS Group	31/03/09	
Risk indicators for shift of 100 basis point	**+100 bp**	**-100 bp**
Economic Value at risk / Tier 1 capital	9,28%	11,20%
Economic value at risk / Capital computed for regulatory purposes	4,57%	5,52%

LIQUIDITY RISK

Additional information in relation to the methods adopted is provided in the section bearing the same title of the Report on Operations as of 31 December 2008.

MARKET RISKS INHERENT IN THE TRADING PORTFOLIO

The trend of the Group risks measured as Value-at-Risk (VaR) during Q1 2009 is in line with the levels recorded in Q4 2008. The exacerbating international crisis determined a general increase in the volatility of all major risk factors.



The Group average correlated VaR in Q1 2009 came to EUR 51.01 million.

In Q1 2009, the Group VaR fluctuated in a range going from a low of EUR 43.48 million recorded on 26 January to a maximum of EUR 61.45 million on 4 March. The year-end amount was EUR 54.04 million.

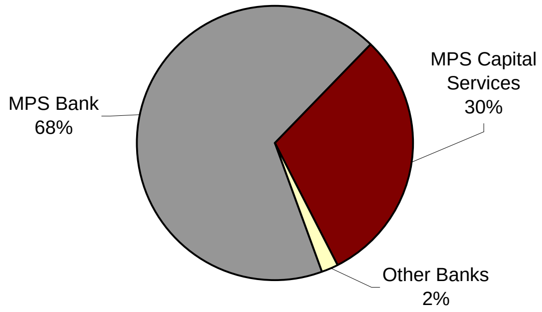
MPS Group
VaR 99% 1 day in €/mln

	VaR	Date
End of Period	54.04	31/03/2009
Min	43.48	26/01/2009
Max	61.45	04/03/2009
Average	51.01	

The Parent Bank still represents the main source of market risks, with a weight on the VaR of about 68% at the end of the quarter. MPS Capital Services contributed with about 30%, with the remaining 2% being absorbed by the other banks.

MPS Group VaR

VaR Breakdown per Bank: 31.03.2009



The breakdown by risk factor as of 31 March 2009 of the Group VaR showed that about 38% was allocated to equity risk factors (EQ VaR), 34% was allocated to Credit Spread risk factors (CS VaR), 17% was absorbed by interest rate risk factors (IR VaR) and the remaining 11% by foreign exchange risk factors (FX VaR).

After 31 March 2009 the Group VaR dropped by about 25% with respect to end-of-quarter data, due to the reduced riskiness of the Parent Bank portfolio and the overall increasing benefit of diversification at the Group level.

The trend of the VaR of the Parent Bank was in line with the Group trend, as already shown by the above graph.

The average VaR of Banca MPS in Q1 2009 came to EUR 36.56 million, with a progress with respect to 2008 (EUR 22.89 million). During the year, the Parent Bank VaR fluctuated in a range going from a low of EUR 31.29 million recorded on 23 January to a maximum of EUR 44.18 million on 6 March. The year-end amount was EUR 36.95 million.

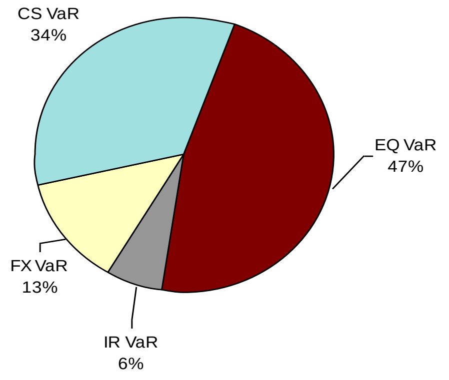
MPS Bank
VaR 99% 1 day in €/mln

	VaR	Date
End of Period	36.95	31/03/2009
Min	31.29	23/01/2009
Max	44.18	06/03/2009
Average	36.65	

The VaR breakdown by risk factor as of 31 March 2009 showed that about 47% of the Parent Bank portfolio was allocated to equity risk factors (EQ VaR), 34% was allocated to Credit Spread risk factors (CS VaR), 13% was absorbed by foreign exchange risk factors (FX VaR) and the remaining 6% by interest rate risk factors (IR VaR).

MPS Bank VaR

VaR Breakdown per Risk Factor: 31.03.2009



OPERATIONAL RISKS

Additional information in relation to the methods adopted is provided in the section bearing the same title of the Report on Operations as of 31 December 2008.

The innovations of Q 1 2009 incorporate the start of an important project for the review of the Group corporate insurance programme, with the objective of standardizing and simplifying the contracts and coverage "inherited" after the recent corporate mergers and acquisitions. The review was based on a logic of reduction of the total cost of risk, with an attentive control of the ratios of coverage, expected and unexpected losses, cost of capital and premiums.

FINANCIAL RISKS INHERENT IN THE INVESTMENT SERVICES (WEALTH RISK MANAGEMENT)

Additional information in relation to the description of the terms of identification, monitoring and management of these risks is provided in the section bearing the same title of the Report on Operations as of 31 December 2008.

COMPLIANCE RISKS

Compliance risk is the risk of incurring legal or administrative penalties, considerable financial losses or reputational damage resulting from the breach of mandatory rules or self-regulation. Appropriate risk monitoring is a prerequisite for a business conduct firmly hinged on the principles of sound and conservative management which should characterize the banking business.

In addition, the mitigation of the factors originating compliance risk with respect to the customers valuably contributes to consolidate the brand value and existing contractual relations, thus avoiding any claims for damage or cancellation.

For the purpose of monitoring said risk, the Bank steadily monitors the regulatory framework of reference and the processes inherent in the corporate business (i.e. organization, contractual controls etc.) and tries to avoid, whenever applicable, any breaches of the regulations for regulatory purposes and the internal procedures in compliance thereof.

The functional model adopted has the objective of ensuring the governance of compliance risk, through (i) the control of the structural changes, as the whole of activities oriented to defining the amendments/implementations required for adjusting the corporate system to the development of the external regulations, (ii) the steady control, in terms of ordinary maintenance of the validation of the regulations and internal contracts (advisory service, communications and training to the bank units for the application of the rules to current operations), (iii) the control of compliance risk, in accordance with all the activities of review of compliance of the current organization with the regulatory requirements, and reporting to the Top Management.

The following specific processes were set and responsibilities assigned to specific corporate units: Governance of the Group process, Application of management policies and Relations with the Corporate Bodies, Operational Management, Implementation of Changes, Measurement.

CAPITAL FOR REGULATORY PURPOSES AND CAPITAL RATIOS

At the end of the first quarter of 2009, the estimated capital for regulatory purposes of the MONTEPASCHI Group, in line of continuity with the implementations of the past quarter, and therefore based on the new metrics of calculation introduced by Basle 2 (IRB and AMA advanced methods for the portfolios and legal entities subject to validation) amounted to EUR 12,282 million (with an increase of EUR 286 million with respect to 31.03.2008), mostly attributable to the portion of capitalized profits. The estimated RWA fell by 3.99% , taking account of the application of a 90% floor.

Capital for Regulatory Purposes - Estimate -
Amounts in millions of Euro

	31/03/09	*31/12/08*	*Var. %*
Tier I (core) capital	7.100	6.798	4,44%
Tier II (supplementary) capital	5.528	5.525	0,04%
Deductions	346	327	5,68%
Capital for Regulatory Purposes	12.282	11.996	2,38%

The **consolidated Tier 1 capital ratio was about 5.6%, with the total capital ratio at about 10**%.

THE OPERATING STRUCTURE

The chapter covering the development of operations by business area outlined the Group **research and development initiatives**. This section of the report on operations provides information on the development of the operational structure, with particular regard to **distribution channels, payment systems and human resources**.

DISTRIBUTION CHANNELS

In Q1 2009, the MPS Group continued its activity geared toward **developing and streamlining its distribution channels,** focusing both on the growth of the traditional network and the **consolidation of innovative channels (i.e. Internet Banking, phone Banking, ATMs) and their integration with the branch network**, with the strategic objective of increasingly expanding the use of direct channels and making access to these channels more simple and effective. That is why the Group widely circulated "multichannel credentials**",** namely one mode of access to all direct channels of the MPS Group.

With reference to the **traditional channels**, the **domestic branches** increased to **3,107**. In Q 1 2009, 623 branches and one Private Centre of Banca Antonveneta started operating as units of Banca Monte dei Paschi di Siena and the network of Banca Toscana (449 branches) was integrated.

MPS GROUP DISTRIBUTION NETWORK

Channel	31.03.09	31.12.08
Domestic branches (w hith BAV)*	3.107	3.107
Financial Advisor Offices	167	167
Total domestic sales outlets	3.271	3.271
Foreign branches	39	39
SME Business Centres	119	119
Institutions Business Centres	37	37
Private Business Centres	74	73

* The specialized units of MPS Capital Services are not included

The Group distribution network incorporates **specialized (SMEs, Local Authorities and Private) Centers** which, due to their "proximity" to these specific customer segments, enable the Group to rapidly make the most important decisions for the customers' operations.

THE BRANCHES OF THE MONTE DEI PASCHI DI SIENA GROUP AT 31.03.2009

Banca MPS	2.599
Banca Antonveneta	403
Biverbanca	105
MPS GROUP - TOTAL	**3.107**

On the front of **innovative channels,** the Group pursued the process of transformation of the branch from a traditional channel to an **advanced centre of relations with the customers.** Today the use of innovative channels is increasingly widespread among the MPS Group customers.

In Q1 2009, the **range of "Infinita" products (bank products directly sold to the customers on the Internet**) was completed with the release of "**deposito online"** (a deposit account which meets the requirements of online customers), "**contoonline"** (a current account at favourable terms) and "**PCTonline"** (repos), marketed as of December 2008.

The Group multichannel supply is increasingly successful. **As of 28 February 2009, the multichannel Retail Customers of the Montepaschi Group** (inclusive of the Private segment) **numbered 1,150,000** (+58,000 customers with respect to December 2008), including 601,117 Internet Banking customers, 174,560 Internet Corporate Banking customers and 373,867 Integrated Multichannel Customers (with one mode of access to the Internet, phone Banking and Mobile Banking channels).

The multichannel Corporate Customers (inclusive of Key Clients) increased by 3,179 with respect to December 2008, topping 39,000 customers, including 33,994 Internet Corporate Banking Customers.

The first quarter of 2009 closed positively for the Group Contact Center, **with a number of Phone Banking contacts (phone calls and e-mails) which is comparable to last year's**. The Center maintained the planned levels with no repercussions due to the impact of the integrations of Banca Antonveneta and Banca Toscana, in compliance with the agreed levels of service and KPI. The Group continued to fully implement the technological platform with the automation of the services of mobile phone charging and Stock index query. The query services in relation to securities in custody are being automated. The Group is still committed to supporting integrated multichannels, all products of the Infinita range and the integration of the Group banks.

The Group ATMs totalled 3,870 as of 31 March 2009.

THE FOREIGN DIRECT NETWORK

There are no significant changes with respect to the Report on Operations as of 31 December 2008.

PAYMENT AND COLLECTION SYSTEMS

The services in relation to payment systems are based on the **enhancement of functionality and the improvement of quality,** in a logic of retail and corporate customers' satisfaction.

With specific reference to the **SEPA** (**Single Euro Payment**), the Group started carefully analysing the **Payment Service Directive (PSD), the new directive on collections and payments which shall be adopted by the member states of the European Union no later than November 2009**. The Group also continued to develop SEPA products with the planning of the "European transfer" (**SEPA Credit Transfer**) in different channels, in addition to the products already available in the branches, and the start of the analyses on European collections (**SEPA Direct Debit**).

For the purpose of expanding the number and kind of payments (for customers and non-customers), the Group released several new functions (ranging from the **payment of TV licence fees to donations and fund raising,** e.g. "La Fabbrica del Sorriso") to the ATM channel. The Group also extended the functions for the **payment of the car tax disc and Postemobile telephone charging**.

During the quarter, the Group installed **3,159 new POS** terminals totalling **130,768** terminals as of 31 March 2009. The overall decrease in the number of POS terminals in comparison with December 2008 is due to the continuous elimination of inactive terminals which are not recoverable from the commercial standpoint, and the current economic crisis which obliged many shopkeepers to streamline their equipment of instruments of acceptance, by removing less used instruments. The **migration to the microcircuit** continued, with about 70% of terminals now compliant with the new safety regulations.

The major events occurred in the first quarter of 2009 included the **start of the process of marketing in the whole network of the new MONDO CARD PLUS, with chip technology and OLI (On Line to Issuer) authorization mode.** As a result, the issuing Bank can authorize payments and withdrawals, both in Italy and abroad, after checking the amount of the funds available in the current account and conducting standard checks on the soundness of the card and the card holder. The card meets the Sepa requirements through the international circuit associated with Bancomat/Pagobancomat. The supply of **Consum.it** charge credit cards was further developed, with the release of **Carta unica dipendenti** and the start of the issue of Carta Unica also in the Visa circuit.

HUMAN RESOURCES AND ORGANIZATION DEVELOPMENT

In the first quarter of 2009, the management and organization of human resources were oriented to:

- Completing **the Group redesign**, through corporate mergers, the centralization of back office activities and the review of the operating processes;
- Achieving – ahead of the deadlines contemplated by 2008-2011 Business Plan – **the objectives of efficiency and further reduction/remix of staffing**, with correlated effects in terms of declining structural costs and growth of the front to back ratio;
- Building and rapidly implementing the **new management model**, with the univocal responsibility of the Parent Bank in relation to all operating **personnel** and the development of infrastructure-Network relations;
- **Standardizing the Networks from the cultural viewpoint after the integration**, especially through the exchange of resources covering roles of responsibility, the activation of service models and appropriate training for their proper application;
- **Consolidating professional quality,** with priority given to front end roles through accurate reviews of the skills, the mapping of individual skills, targeted training and implementation of development plans for the purpose of filling organization positions as planned, and management turnover.

STAFFING

As of 31 March 2009, the MPS **Group** had a total of **32,823 employees** in terms of actual workforce[6], with a **decrease in staffing of 1,365 with respect to 31.12.2007** (*base line* of the 2008-11 Business Plan).

MPS GROUP PERSONNEL

	31/12/07(*)	**31/12/08**	**31/03/09**
Workforce	34.188	32.867	32.823
On the payroll	34.246	32.951	32.882

(*) Baseline: 2008-11 Business Plan. Workforce includes **Biverbanca** (**696 employees**) and **Banca Antonveneta** (**9,383 employees**).

[6] Personnel seconded to companies outside the Group and part-time cleaning staff (1st Area) are deducted from employees on the payroll.

In particular:

- **outflows of personnel** included **2,087** retirements (accounting for about 60% of the total amount planned for the four years from 2008 to 2011), including **1,233** high seniority resources participating in **the Early Retirement Plan and Solidarity Fund.** Outflows for the period from 1 January 2009 to 31 March 2009 came to 276;
- introduction of **new personnel (865 employees**), almost totally in the Network (158 resources in Q1 2009);
- **professional reconversion, from the Head Office to the Network, of 700 resources**, (above all Banca Antonveneta), with operational and training experiences at an individual level.
- **Outflows of 143 resources** due to **asset disposals** (due to ABN AMRO Asset Management SGR, AXA SIM joining the Group and Intermonte SIM, Montepaschi Asset Management SGR and minor companies[7] leaving the Group).

The front office to total staff ratio was 64% with respect to 62% as of 31 December 2007, and a 67% target expected at the end of the Business Plan.

The table below shows the distribution of the MPS Group's actual workforce by operational location.

MPS GROUP WORKFORCE BY ORGANIZATIONAL UNIT

ORGANIZATIONAL UNIT	31/12/2007(1)	% OF TOTAL	31/12/08	% OF TOTAL	31/03/09	% OF TOTAL
Network & Call Center	**21.365**	**62%**	**21.088**	**64%**	**21.039**	**64%**
Head Office	**12.823**	**38%**	**11.779**	**36%**	**11.784**	**36%**
- H.O. Italian Banks	*8.155*	*24%*	*6.675*	*20%*	*6.588*	*20%*
- Product Companies	*1.460*	*4%*	*1.223*	*4%*	*1.260*	*4%*
- Service Companies	*2.470*	*7%*	*3.143*	*10%*	*3.197*	*10%*
- Other Activities(2)	*738*	*2%*	*738*	*2%*	*739*	*2%*
TOTAL	**34.188**	**100%**	**32.867**	**100%**	**32.823**	**100%**

(1) Baseline: 2008-11 Business Plan. Workforce includes **Biverbanca** (**696 employees**) and **Banca Antonveneta** (**9, employees**) .
(2) Foreign branches and representative offices and other activities.

The table below show the distribution of the MPS Group's workforce by job category.

BREAKDOWN OF STAFF BY JOB CATEGORY

CATEGORY	ACTUAL NUMBER	% OF TOTAL WORKFORCE
Executives	594	2%
Managers	11.169	34%
Other Professional Areas	21.060	64%
TOTAL	**32.823**	**100%**

[7] 52 resources of ABN AMRO Asset Management SGR joined the Group during the quarter.

OPERATIONAL STRATEGIES

THE DEVELOPMENT OF HUMAN RESOURCES

Following are the most significant initiatives carried out in Q1 2009, within the above-mentioned strategic framework:

- the 3rd **professional paths**[8], which use **PaschiRisorse** as a key tool for **planning and monitoring** the distinctive skills of each role and checking the employee suitability for the profile set. At the Group level, **professional paths** involved about 6**00 employees**;

- the implementation of a **self-development desk** within the project of **enhancement of human resources,** for the purpose of increasing the awareness of individual vocation, consolidating the skills, orienting professional growth and creating an organic channel to feed the future Group Management;

- The **mapping of managerial qualities** of Executives and Managers holding positions of high responsibility in the network and the Head Office, in order to support operating strategies and develop **continuity plans**.

TRAINING

During the first quarter of the year, the Group processed the **Annual Training Plan** which contemplates all training initiatives planned for the year in terms of guidelines, objectives, timing, contents, target personnel, kind of training (e.g.: classes, online courses, structured on-the-job training), financeability and organization sustainability (expected man days).

In particular, from the viewpoint of contents/target employees, the Plan is based on four pillars:

- Training in relation to the **service models for the personnel of former Banca Antonveneta**;
- **Individual training by role** (beginning and development stages);
- **Insurance-welfare training,** with a focus on the "damage-life" area in co-operation with Axa-Mps and in compliance with Isvap regulations;
- **Specific training** (new credit policies, pricing, safety and security, compliance).

Training activities, to be developed during the year, shall begin on the basis of such priorities.

INDUSTRIAL RELATIONS

Industrial relations were characterized by continuous negotiations with the Unions for the implementation of the projects of centralization contemplated by the Business Plan, with specific reference to the merger by **incorporation of Banca Toscana** into Banca Monte dei Paschi di Siena, achieved through the expected objectives of efficiency and the enhancement of professional skills for the requirements of the Network and the Parent Bank.

[8] "**Vertical**" paths regulate upgrading to target positions up to the 2nd level of Managers. "**Horizontal**" paths encourage skill integration in relation to same-level positions.

Pursuant to art.19 of the ruling National Labour Contract, the **reorganization of ABN AMRO Asset Management SGR** was jointly examined in relation to the repercussions on the personnel and the related agreement was finalized and executed.

ORGANIZATION DEVELOPMENT

The main projects followed up during Q1 by the organization development unit incorporated:

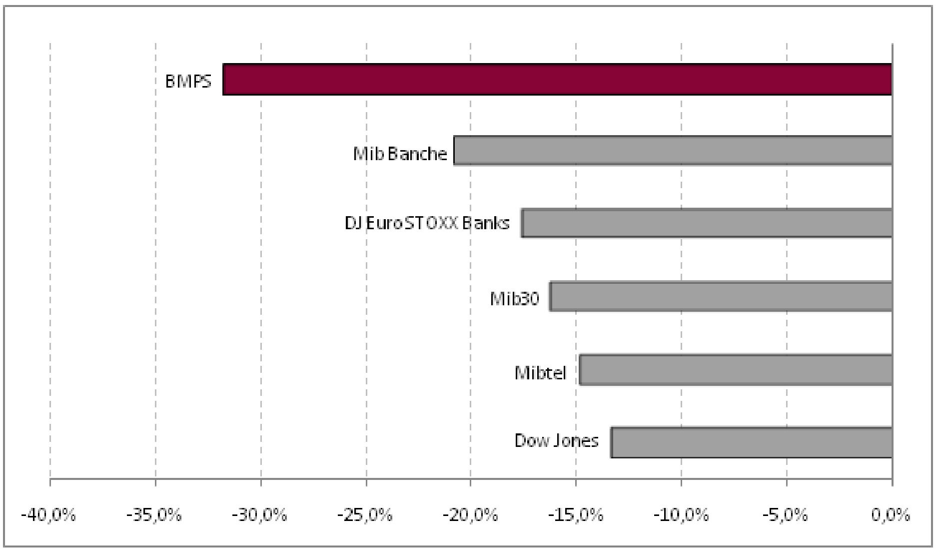
- the finalization of the **new Group organization model** (structure, responsibilities and size) and the issue of the **rules in relation to unit interaction** (regulations and guidelines for the exercise of responsibilities in corporate processes);
- **analysis, guidance and coordination** in support of the incorporation of **Banca Toscana and ABN AMRO Asset Management SGR,** of the implementation of the **other projects of the Business Plan.**

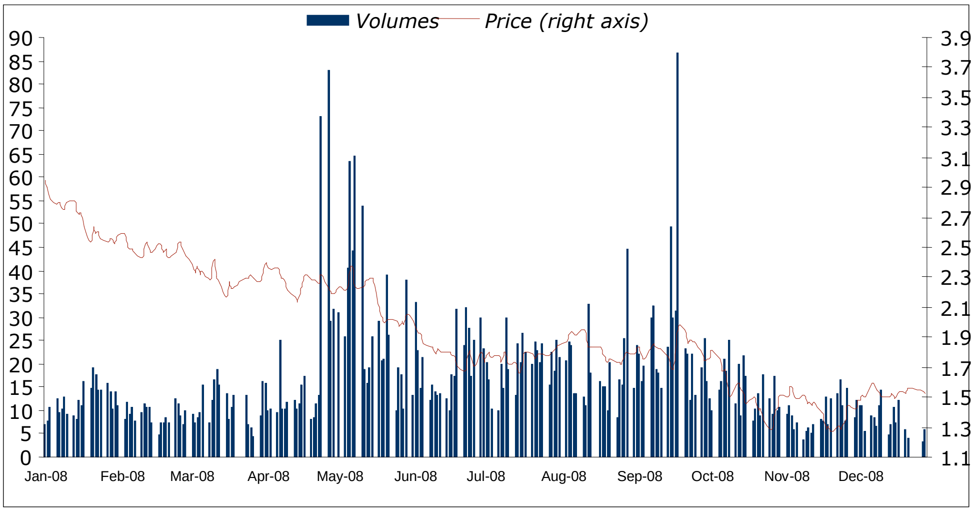
THE TREND OF BMPS SHARES, SHAREHOLDERS' BASE AND DEBT RATINGS

- **PRICES**

The first quarter of 2009 was characterized by massive sales in all stock markets, and the hefty decline of the major international stock market indices (Dow Jones – 13.3%, S&P 500 -11.7%, Mibtel – 14.8%, Mib30 -16.2%), and financial equities (MibBanche -20.7%, DJ Euro Stoxx Banks -17.5%). Against such a critical backdrop, BMPS shares closed the quarter at EUR 1.042 (-31.7% with respect to January 2009), although outperforming the Italian and the European banking industries in 2008 (about 8% and 14%, respectively). From the beginning of February 2009 to end of March 2009 BMPS outperformed the Mib Banche index by about 5%.

CHANGES IN THE FIRST QUARTER OF 2009 (MAJOR STOCK INDICES)





BMPS SHARE PRICE STATISTICAL SUMMARY (from 31/03/08 to 31/03/09)

(in Euro)	
Average	1,62
Low	0,77
High	2,42

CAPITALIZATION AND SHAREHOLDERS' BASE

As of 31 March 2009, the market value of BMPS computed on the basis of 6,677,831,738 (ordinary and preferred) outstanding shares was approximately EUR 7 billion.

SUMMARY OF REFERENCE PRICES AND CAPITALIZATION

	31.12.08	31.03.09
Price (euro)	1,53	1,04
No. ordinary shares	5.545.952.280	5.545.952.280
No. preferred shares	1.131.879.458	1.131.879.458
No. saving shares	18.864.340	18.864.340
Capitalization (ord + pref.) (euro mln)	10.217	6.945

With reference to the Bank's shareholders' base, on the basis of the reporting to the Italian Securities Commission (CONSOB) and BMPS in compliance with art.120 of Legislative Decree no.58/98, the major shareholders were: the MPS Foundation (the majority shareholder, holding 45.88% of the ordinary share capital); JP Morgan Chase (5.56% **); Caltagirone Francesco Gaetano (4.72%); Unicoop Firenze (3.34%); Axa S.A.

MAIN SHAREHOLDERS in compliance with art. 120 of Legislative Decree No. 58/98	
Fondazione MPS	45,88%
JP Morgan Chase*	5,56%
Caltagirone Francesco Gaetano	4,72%
Axa S.A.	4,58%
Unicoop Firenze – Società cooperativa	3,34%

- **After the capital increase through the issue on payment, with a premium, of no. 295,236,070 ordinary shares in a total amount of EUR 950,069,673.26. The capital increase, excluding the option right, was reserved for subscription to a company of the JP Morgan Chase Group which used the new shares to cover the convertible loan (Fresh), the issue of which was announced by JP Morgan on 8 April 2008. JP Morgan Chase & Co indirectly holds the bare property of this investment through JP Morgan Securities Ltd and JP Morgan Whitefriars. The beneficial interest is in favour of BMPS. The beneficial owner's voting right on these shares is pending as long as the beneficial interest is in favour of BMPS.**

VOLUMES

The number of BMPS shares traded on a daily basis averaged around 15.3 million in 2009, with a peak of 36.4 million in March and a low of 2.7 million in January.

- **MONTHLY VOLUMES OF SHARES TRADED**

SUMMARY OF 2009 VOLUMES

	(in millions of Euro)
January	212
February	390
March	360

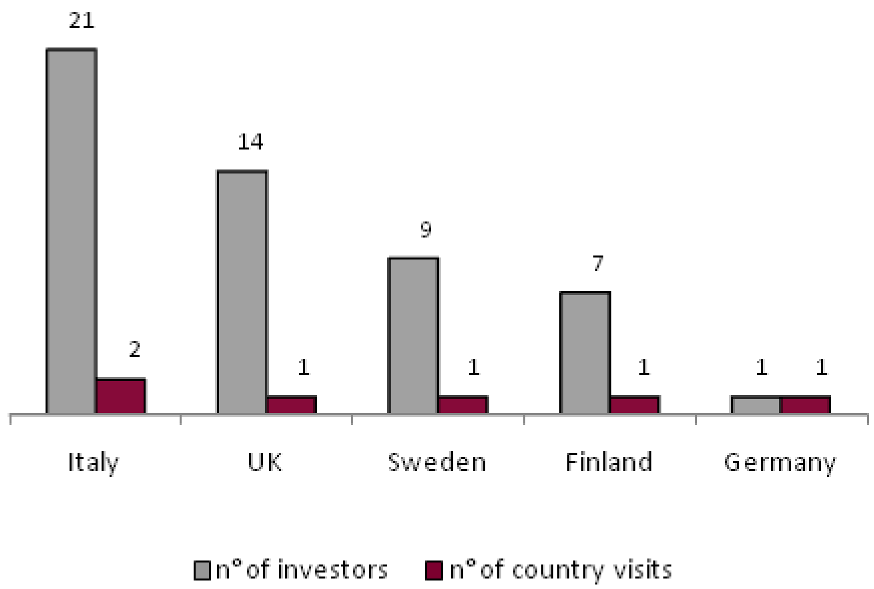
DEBT RATINGS

Following are the debt ratings as of 31 March 2009, which are unchanged with respect to the end of 2008:

Rating Agencies	Short term rating 31/03/2009	Long term rating 31/03/2009
Moody's Investors Service	P - 1	Aa3
Standard & Poor's	A - 1	A
Fitch Ratings	F - 1	A

INVESTOR RELATIONS IN THE FIRST QUARTER OF 2009

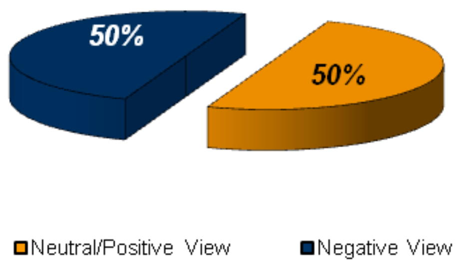
In Q1 2009, the Investor Relations Unit interacted proactively with the financial community, in line of continuity with 2008. The Unit arranged meetings with about 50 investors (including the investors met more than once) in 5 different countries. Following is the breakdown by geographical area:



BMPS SHARES

RECOMMENDATIONS

50% of the analysts covering BMPS shares as of 31 March 2009 maintained a neutral/positive outlook, 50% had a negative stance.



MATERIAL EVENTS SUBSEQUENT TO 31 MARCH 2009

No major events occurred after the closing as of 31 March 2009.

FUTURE OUTLOOK

In a scenario characterized by the exceptional slowdown of the economic situation and the lasting and strong market crisis, we are unable to make accurate projections for the future, due to increasing uncertainty and overall risks. In this framework, the MONTEPASCHI Group shall be committed to making the most of the last 18 months' strategies (i.e. streamlining of the distribution line, joint venture in the insurance and asset management businesses, disposal of non strategic assets) and further focusing on the commercial core business and the initiatives for improving the efficiency of cost structures, with the objective of developing in accordance with the provisions of the 2008-2011 Business Plan.

Consolidation Area

Equity investments in solely and jointly controlled companies (proportionally consolidated)

31 03 2009

		NAME	MAIN OFFICE	TYPE REL. (*)	Ownership relationship held by	Ownership relationship holding %	Voting rights % (**)
		Companies included in consolidation					
		A.1 Companies totally consolidated					
A.0		BANCA MONTE DEI PASCHI DI SIENA S.p.A.	Siena				
A.1		MPS CAPITAL SERVICES BANCA PER LE IMPRESE S.p.a.	Florence	1	A.0	99,918	99,919
					A.40	0,001	
	1.1	MPS VENTURE SGR S.p.a.	Florence	1	A.1	70,000	70,000
A.2		MPS BANCA PERSONALE S.p.a.	Lecce	1	A.0	100,000	100,000
A.3		MPS GESTIONE CREDITI S.p.a.	Siena	1	A.0	100,000	100,000
A.4		MPS LEASING E FACTORING S.p.a.	Siena	1	A.0	100,000	100,000
	4.1	MPS COMMERCIALE LEASING S.p.a.	Siena	1	A.4	100,000	100,000
A.5		BANCA ANTONVENETA S.p.a.	Padova	1	A.0	100,000	100,000
A.6		BIVERBANCA CASSA RISP. BIELLA E VERCELLI S.p.a.	Biella	1	A.0	59,000	59,000
A.7		MONTE PASCHI IRELAND LTD	Dublin	1	A.0	100,0	100,0

						00	00
A.8		MONTE PASCHI FIDUCIARIA S.p.a.	Siena	1	A.0	100,000	100,000
A.9		MPS INVESTMENTS S.p.a.	Milan	1	A.0	100,000	100,000
A.10		MPS SIM S.p.a.	Milan	1	A.0	100,000	100,000
A.11		CONSUM.IT S.p.a.	Siena	1	A.0	100,000	100,000
	11.1	INTEGRA S.p.a.	Florence	1	A.11	50,000	50,000
A.12		MPS TENIMENTI FONTANAFREDDA E CHIGI SARACINI S.p.a.	Siena	1	A.0	100,000	100,000
	12.1	AGRICOLA POGGIO BONELLI	Siena	1	A.12	100,000	100,000
A.13		MPS IMMOBILIARE S.p.a.	Siena	1	A.0	100,000	100,000
A.14		G.IMM.ASTOR Srl	Lecce	1	A.0	52,000	52,000
A.15		PASCHI GESTIONI IMMOBILIARI S.p.a.	Siena	1	A.0	100,000	100,000
A.16		CONSORZIO OPERATIVO GRUPPO MPS	Siena	1	A.0	99,820	100,000
					A.1	0,060	
					A.2	0,030	
					A.3	0,030	
					A.4	0,030	
					A.5	0,030	
A.17		AGRISVILUPPO S.p.a.	Mantova	1	A.0	98,224	99,068
					A.9	0,844	
A.18		MAGAZZINI GENERALI FIDUCIARI DI MANTOVA	Mantova	1	A.0	100,000	100,000
A.19		BANCA MONTE		1			

		PASCHI BELGIO S.A.	Bruxelles		A.0	100,000	100,000
A.20		MPS PREFERRED CAPITAL I LLC	Delaware	1	A.0	100,000	100,000
A.21		MPS PREFERRED CAPITAL I LLC	Delaware	1	A.0	100,000	100,000
A.22		MONTE PASCHI BANQUE S.A.	Paris	1	A.0	100,000	100,000
	22.1	MONTE PASCHI CONSEILL FRANCE	Paris		A.22	100,000	100,000
	22.2	MONTE PASCHI INVEST FRANCE S.A.	Paris		A.22	100,000	100,000
	22.3	M.P. ASSURANCE S.A.	Paris		A.22	99,400	99,400
	22.4	IMMOBILIARE VICTOR HUGO	Paris		A.22	100,000	100,000
	22.5	MONTE PASCHI MONACO S.A.M.	Montecarlo		A.22	99,997	99,997
A.23		MONTEPASCHI LUXEMBOURG LTD	Bruxelles	1	A.0	99,200	100,000
					A.22	0,800	
A.24		SANTORINI INVESTMENT LTD	Edimburgh	1	A.0	100,000	100,000
A.25		ULISSE S.p.a.	Milan	1	A.0	100,000	100,000
A.26		ULISSE 2 S.p.a.	Milan	1	A.0	60,000	60,000
A.27		SIENA MORTGAGES 00-01 S.p.a.	Milan	1	A.0	100,000	100,000
A.28		CIRENE FINANCE S.r.l.	Conegliano	1	A.0	60,000	60,000
A.29		ANTENORE FINANCE S.p.a.	Padova	1	A.0	98,000	98,000
A.30		ANTONVENETA CAPITAL LLC I	Delaware	1	A.0	100,000	100,000
A.31		ANTONVENETA CAPITAL LLC II	Delawar	1	A.0	100,0	100,0

			e			00	00
A.32		ANTONVENETA CAPITAL TRUST I	Delaware	1	A.0	100,000	100,000
A.33		ANTONVENETA CAPITAL TRUST II	Delaware	1	A.0	100,000	100,000
A.34		ANTONVENETA IMMOBILIARE S.p.a.	Padova	1	A.0	100,000	100,000
A.35		GIOTTO FINANCE S.p.a.	Padova	1	A.0	98,000	98,000
A.36		GIOTTO FINANCE S.p.a.	Padova	1	A.0	98,000	98,000
A.37		LA CITTADELLA S.p.a.	Padova	1	A.0	100,000	100,000
A.38		SALVEMINI S.r.l.	Padova	1	A.0	100,000	100,000
A.39		THEANO FINANCE S.p.a.	Padova	1	A.0	98,000	98,000
		A.2 Companies proportionally consolidated					
A.40		BANCA POPOLARE DI SPOLETO S.p.a. (valori di bilancio al 25,930% del valore nominale)	Spoleto	1	A.0	25,930	25,930

(*) Type of relationship:
1 majority of voting rights in the ordinary shareholders' meeting (*)
2 dominant influence in the ordinary shareholders' meeting
3 agreements with other partners
4 other types of control
5 Single Direction as per art. 26, par.1, Legisl.Decree 87/92
6 Single Direction as per art. 26, par.2, Legisl.Decree 87/92
7 joint control
(**) Votes available in the Ordinary Shareholders' Meeting (actual and potential votes)

Equity investments in jointly controlled companies (valued at equity) and companies under significant influence: information on shareholders' equity

Name	Main Office	Type of relationship	Ownership relationship		Voting rights %	Consolidated carrying value (thousands of Euros)	
			held by	holding %		31 03 2009	31 12 2008
Axa Mps Assicurazioni Vita S.p.a.	Rome	8	MPS Investments S.p.a.	50,000	50,000	232.566	231.452
Axa Mps Financial Limited	Dublin	8	Axa Mps Assicurazioni Vita	100,000	100,000	72.036	68.508
Quadrifoglio Vita S.p.a.	Bologna	8	Axa Mps Assicurazioni Vita	100,000	100,000	31.571	33.589
Axa Mps Assicurazioni Danni S.p.a.	Rome	8	MPS Investments S.p.a.	50,000	50,000	28.574	27.797
Beta Prima S.r.l	Siena	8	MPS Investments S.p.a.	34,069	34,069	242	242
BioFund S.p.a.	Siena	8	MPS Investments S.p.a.	16,000	16,000	775	775
Cestud S.p.a. - Centro Studi per lo Sviluppo e l'Innovazione	Rome	8	MPS Investments S.p.a.	46,281	46,281	-	-
Fabrica Immobiliare SGR S.p.a.	Rome	8	MPS Investments S.p.a.	45,000	45,000	3.483	3.402
Intermonte SIM S.p.a.	Milan	8	MPS Investments S.p.a.	20,000	20,000	11.214	10.579
J.P.P. Euro Securities	Delaware	8	Intermonte SIM S.p.a.	100,000	100,000	387	370
NewColle S.r.l.	Colle V.Elsa (SI)	8	MPS Investments S.p.a.	49,002	49,002	2.387	2.387
S.I.T. - Finanz.di Sviluppo per l'Innovaz. Tecnologica S.p.a.	Rome	8	MPS Investments S.p.a.	20,000	20,000	169	169
Società Incremento Chianciano Terme S.p.a.	Chianciano T. (SI)	8	MPS Investments S.p.a.	49,500	49,500	2.481	2.481
Aeroporto di Siena S.p.a.	Siena	8	Banca Monte dei Paschi di Siena	21,380	21,380	1.810	1.810
Crossing Europe GEIE	Siena	8	Banca Monte dei Paschi di Siena	9,000	30,500	35	35
			MPS Investments S.p.a.	18,000			
			Banca Monte Paschi Belgio	3,500			
Fidi Toscana S.p.a.	Florence	8	Banca Monte dei Paschi di Siena	23,998	29,178	29.620	29.620
			MPS Investments S.p.a.	5,180			
Microcredito di Solidarietà	Siena	8	Banca Monte dei Paschi di Siena	40,000	40,000	569	569
SI Holding S.p.a.(1)	Milan	8	Banca Monte dei Paschi di Siena	24,470	24,470	-	-

Società Italiana di Monitoraggio	Rome	8	Banca Monte dei Paschi di Siena	12,889	12,889	90	112
Uno a Erre S.p.a.	Arezzo	8	Banca Monte dei Paschi di Siena	19,584	19,584	1.597	1.597
Le Robinie S.r.l.	Reggio Emilia	8	Banca Monte dei Paschi di Siena	20,000	20,000	801	446
Lauro Quarantatre S.p.a.	Rome	8	Banca Monte dei Paschi di Siena	30,990	30,990	-	-
Lauro Quarantacinque S.p.a.	Rome	8	Banca Monte dei Paschi di Siena	33,000	33,000	-	-
Marinella S.p.a.	Marinella di Sarzana	8	Banca Monte dei Paschi di Siena	25,000	25,000	10.157	-
Antonveneta Vita S.p.a.	Triest	8	Banca Monte dei Paschi di Siena	50,000	50,000	111.674	111.674
Antonveneta Assicurazioni S.p.a.	Triest	8	Banca Monte dei Paschi di Siena	50,000	50,000	6.985	7.273
Padova 2000 Iniziative Immobiliari S.p.a.	Padova	8	Banca Monte dei Paschi di Siena	45,010	45,010	-	-
Costruzioni Ecologiche Moderne S.p.a.	Rome	8	Banca Monte dei Paschi di Siena	40,197	40,197	28.729	28.729
Interporto Toscano Amerigo Vespucci S.p.a.	Livorno	8	MPS Capital Services S.p.a.	36,303	36,303	10.662	10.433
Newco S.p.a.	Naples	8	MPS Capital Services S.p.a.	20,000	20,000	1.983	1.985
S.I.C.I.-Sviluppo Imprese Centro Italia SGR S.p.a.	Florence	8	MPS Capital Services S.p.a.	29,000	29,000	2.472	2.374
Agricola Merse S.r.l.	Milan	8	MPS Capital Services S.p.a.	20,000	20,000	4.265	4.620
Total						**597.334**	**583.028**

STATEMENT OF THE OFFICER IN CHARGE

The Corporate Officer in charge of preparing corporate accounting documents, Marco Morelli, declares, in compliance with paragraph 2 article 154 bis of the "Financial Brokerage Act", that the accounting information included in this Report on Operations as of 31 March 2009 matches the records, books and accounts.

The Corporate Officer in charge of preparing corporate accounting documents

Marco Morelli