



First Quarter 2005 Results

Siena, May 13th 2005

Disclaimer

This document has been prepared by Gruppo Monte dei Paschi di Siena solely for information purposes and for use in presentations of the Group's strategies and financials. The information contained herein has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. Neither the company, its advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. The forward-looking information contained herein has been prepared on the basis of a number of assumptions which may prove to be incorrect and, accordingly, actual results may vary.

This document does not constitute an offer or invitation to purchase or subscribe for any shares and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

The information herein may not be reproduced or published in whole or in part, for any purpose, or distributed to any other party. By accepting this document you agree to be bound by the foregoing limitations.

1Q05 Results

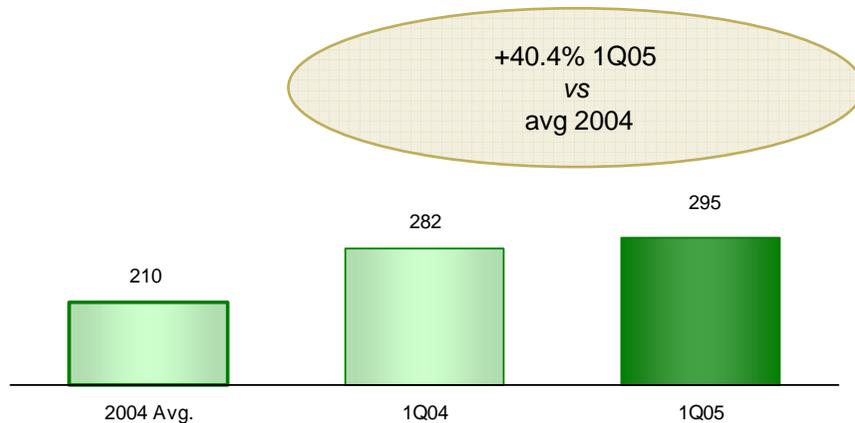
Overview

Analysis of Main Results

Overview

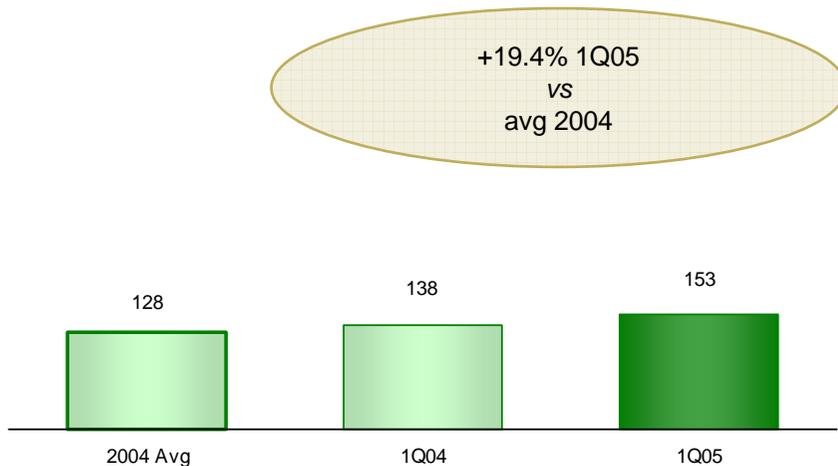
Profitability growth driven by a good result of Operating Profit after Loan Loss Provisions (LLP)

Operating Profit after LLP: +4.6% y/y (+10% on homogeneous basis)



- Increasing commercial flows and market shares in high growth/high value businesses
- Progressive growth of revenues: +3.8% 1Q05 vs 4Q04 despite the new accounting policy of innovative financial products fees
- Stability of Operating Costs
- Reduction of Credit Cost

Net income: +10.9% y/y



- Extraordinary charges at -3 €mln
- Tax rate at ordinary level

Operating Profit after LLP: growth drivers

1Q05 vs 1Q04
% chg.

Progressive growth of revenues

- Commercial Banking : **saving products flows** at 2.6 bln euros (+21% y/y), **retail mortgages** +19.7% y/y, **consumer finance** +38% y/y, **revenues** +2% y/y.
- Other Business Areas: stabilization of Finance Area contribution on ordinary level at 67 €mln (2004 average at 55 €mln). Contribution of other business areas in line with expectations.

Stability of Operating Costs

- Operating costs: - 0.9% y/y and -1.7% excluding the new labour contract increase
- Expected flat operating costs y/y notwithstanding higher investments

Reduction of Credit Cost

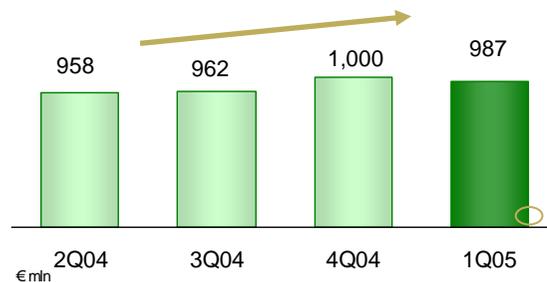
- NPL inflows -13% y/y, substandard loans inflows -37% y/y
- Credit Cost down at 48 bp; 2006 BP target of 61 bp achievable one year in advance.

Operating Profit after LLP: focus on commercial core business⁽¹⁾

Commercial flows

- Bancassurance: +24.4% y/y
- Mortgages: +20.2% y/y
- Consumer credit: +38% y/y

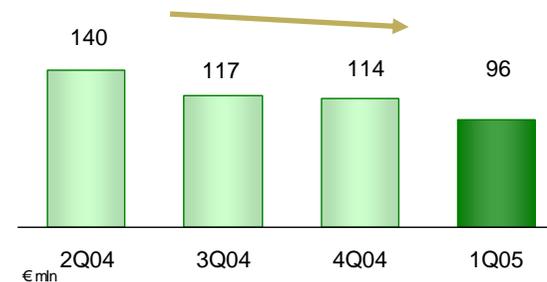
Revenues



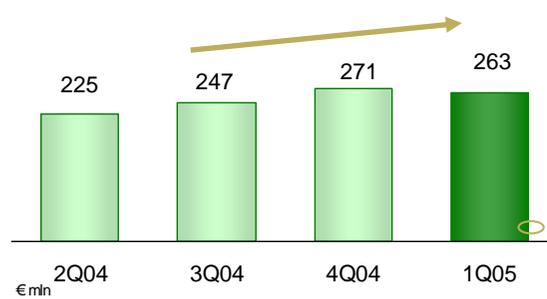
➤ % contribution of up-front fees on total net fees from 12.3% to 6.3%

➤ less working days: impact of 13 €mln on net interest income

LLP



Operating Profit after LLP



276 € mln on homogeneous basis in terms of working days

Highlights 1Q 2005

Profit and loss aggregates				
€mln	Group €mln	1Q05 vs 1Q04 % chg	Commercial Banking €mln	1Q05 vs 1Q04 % chg Restated**
Basic income	976.6	+0.2%		
Total income	1,164.7	-1.9%	987	+2.0%
Operating costs	-770.4	-0.9%	628	+2.0%
Operating profit	394.3	-3.8%	359	+2.1%
Total provisions and extraordinary items	138.0	-17.7%	97	-32.6%
Net income	153.4	+10.9%	159	18.2%

-25 €mln from up-front fees

Balance Sheet Aggregates		
	€mln	Yoy chg. %
AuM	44,440	+2.7%
Funds under administration*	62,795	-1.3%
Direct funding	86,105	+7.8%
Loans	75,541	+8.9%

Key indicators (%)		
	1Q05	1Q04
Cost / Income ratio	66.1	69.3
Provisioning	48 bp	69 bp
ROE (ex. Goodwill amortization)	10.9	9.8
Core Tier 1	6.6	6.3

(*) This aggregates is influenced by the outflows of some important institutional accounts with a marginal profitability

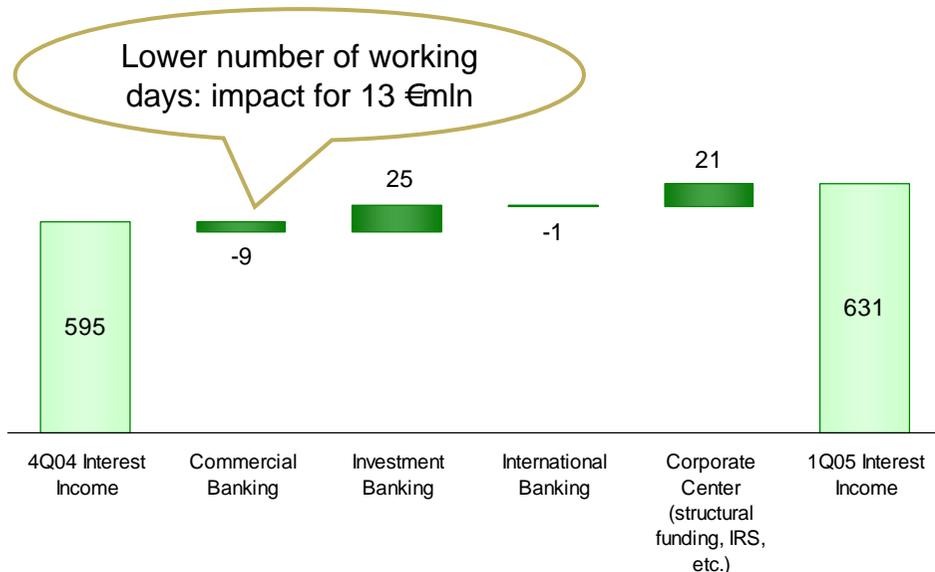
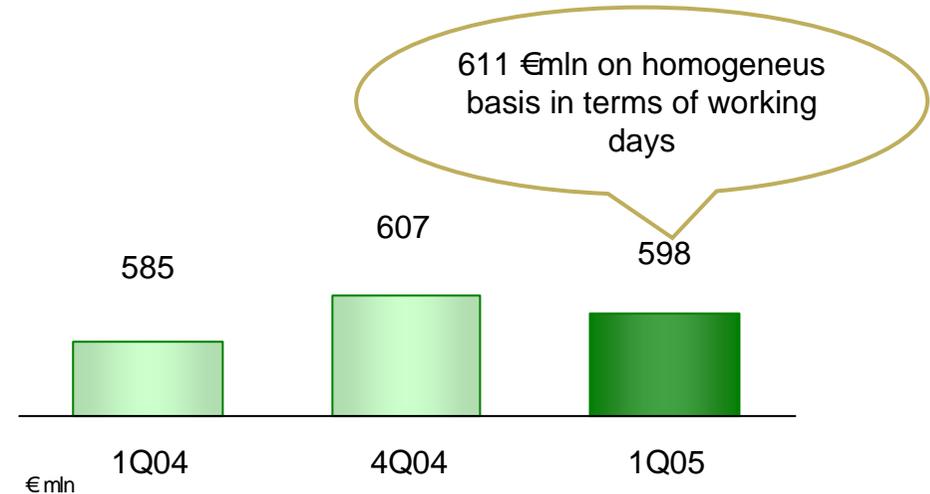
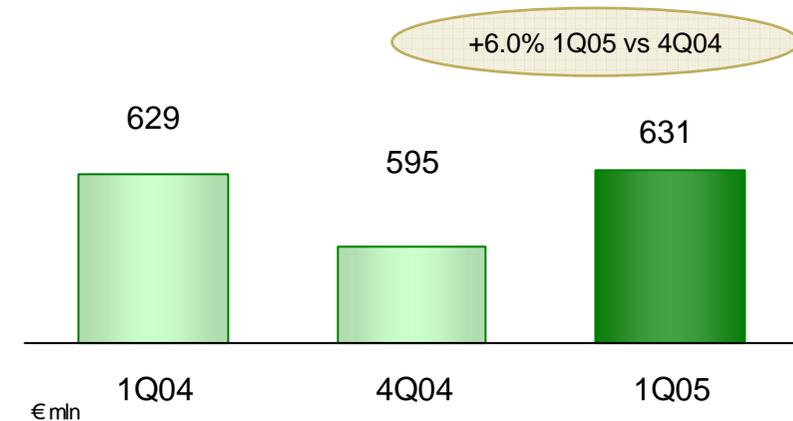
(**) On homogeneous basis, considering the new accounting policy of innovative financial products fees

Analysis of Main Results

Business Growth: Net interest income

Net interest income: +0.3% y/y

Commercial Banking interest income: +2.2% y/y



Commercial banking: +34.3 € mln from volume effect; -43.5 € mln from spread effect

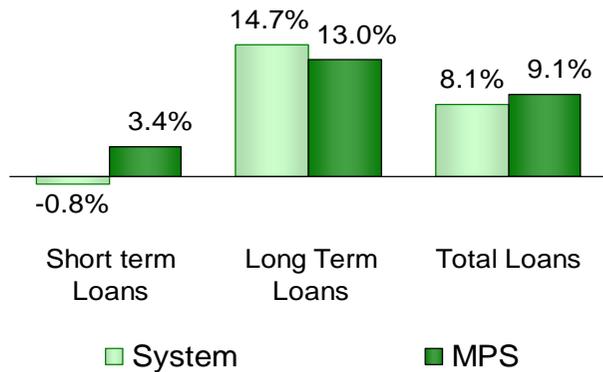
Investment banking: Return to the ordinary contribution of first 2004 quarters

Corporate Center: one off coupon on junior notes (15 mln.€) and recovery of free capital contribution

Business Growth

Customer Loans (at year end): +1.5% mar05 vs dec04

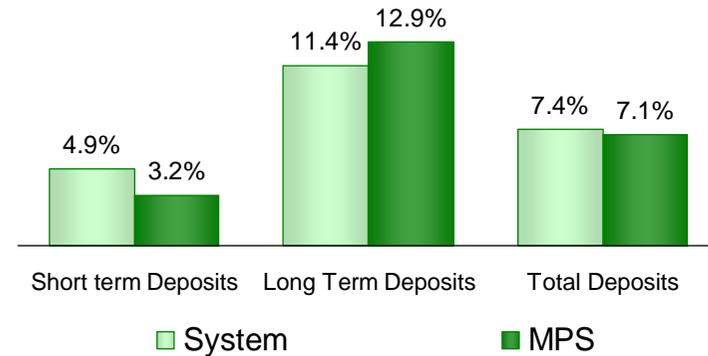
Domestic Customer Loans (at year end): var % 1Q05 vs 1Q04



Customer Loans market share: 6.19% from 6.14% of Mar 04 (6.23% at Dec 04)

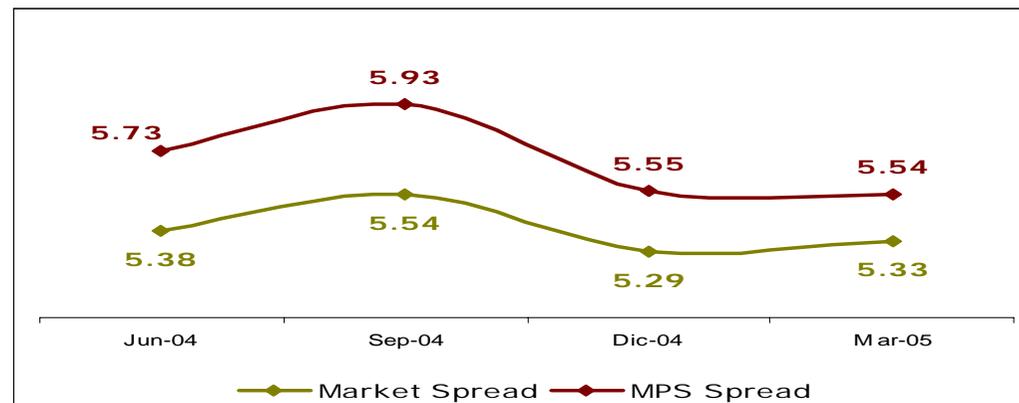
Customer Funds (at year end): -0.3% mar05 vs dec04

Domestic Customer Funds (at year end): var % 1Q05 vs 1Q04



Customer Funds market share: 6.54% from 6.56% of Mar 04 (6.52% at Dec 04)

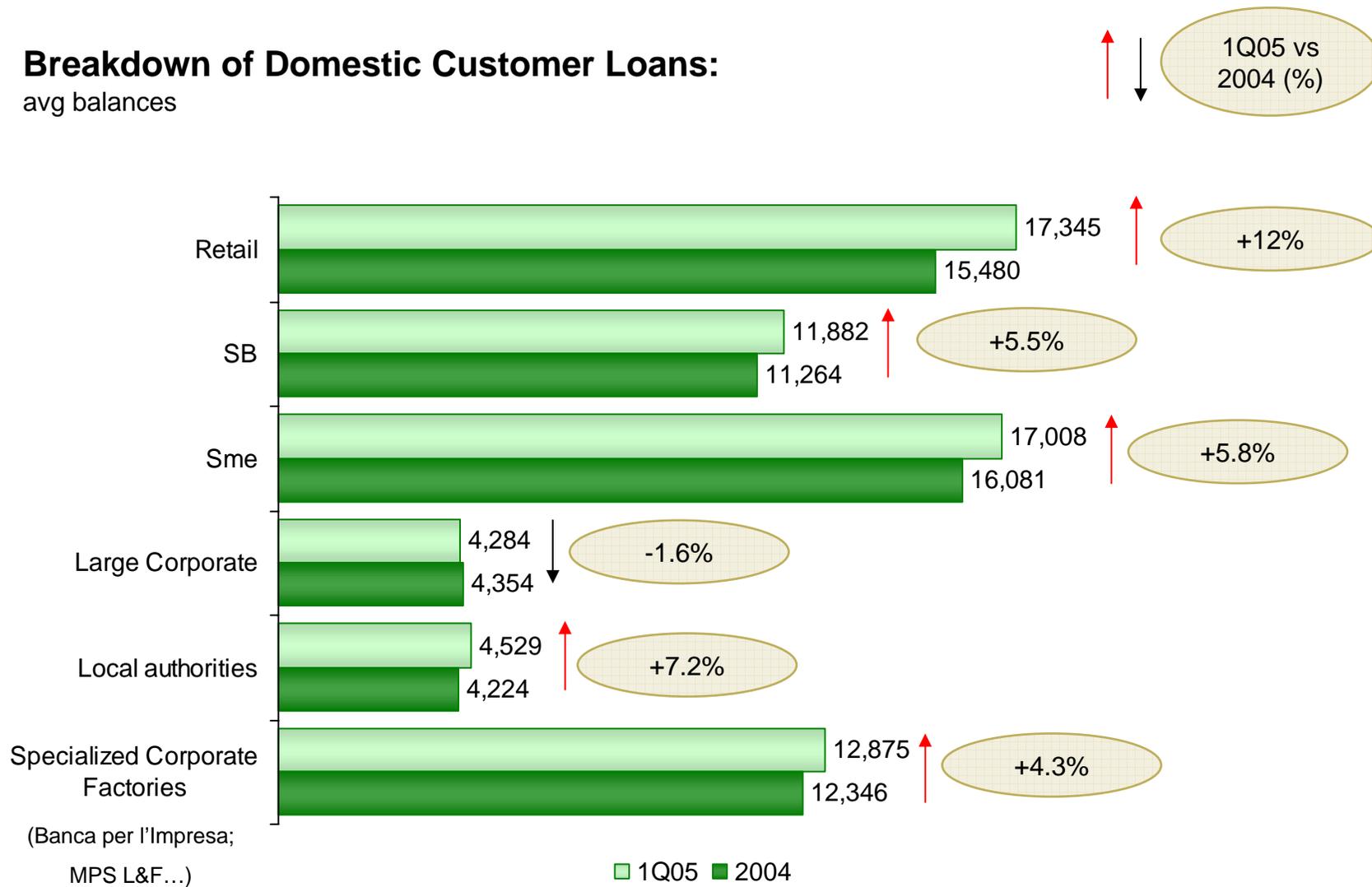
Trend in short term customer spread*



*Mark-up and mark-down are calculated considering interest rate on current accounts

Business Growth

Breakdown of Domestic Customer Loans: avg balances



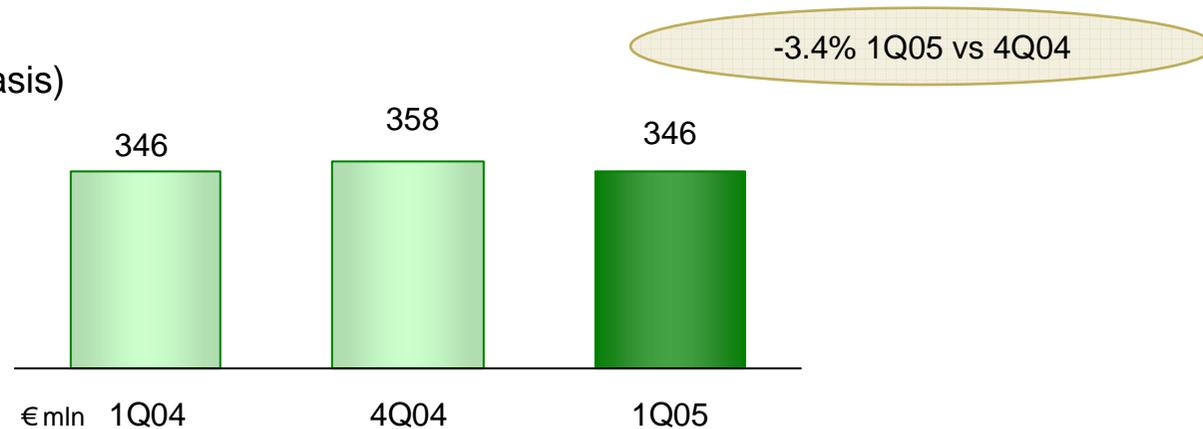
Total Domestic Commercial Loans : 68,520 €mln (+5.5% q/q)

Total Non Domestic Commercial Loans: 1,722 €mln (-9.1% q/q)

Business Growth: Net Fees

Net Fees: +0.1% y/y

(+4.3% y/y on homogeneous basis)



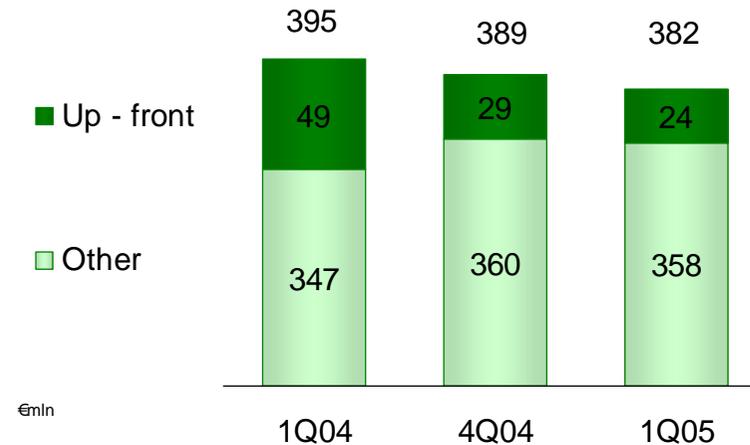
Analysis* 1Q05 vs 1Q04

- > **traditional banking fees**: +7.2% y/y
- > **AuM**: -1.0% y/y (performance fees at 15 €mln)
- > **innovative financial products**: -77% y/y (impacted by the accounting of up-front fees according to IAS)

Analysis* 1Q05 vs 4Q04

- > **innovative financial products**: -47.5% y/y (switch from up-front to continuing)
- > **AuM**: +2.8%y/y (higher performance fees)

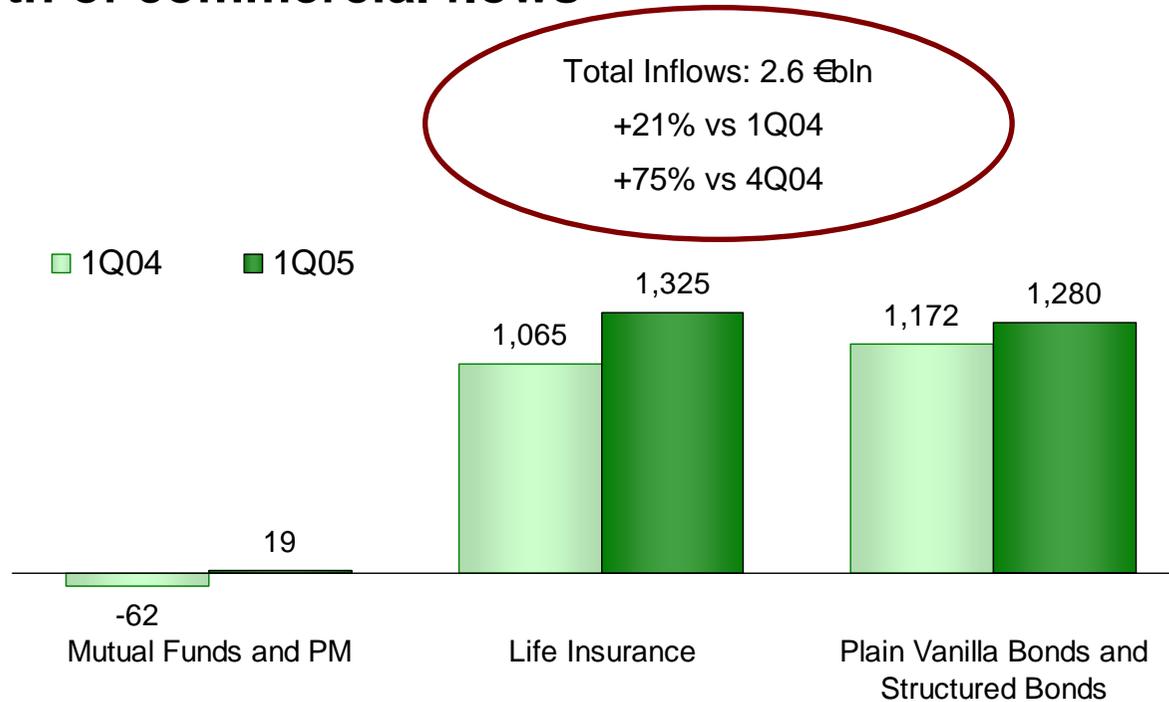
Lower contribution of total (IFP + AuM) up – front fees *



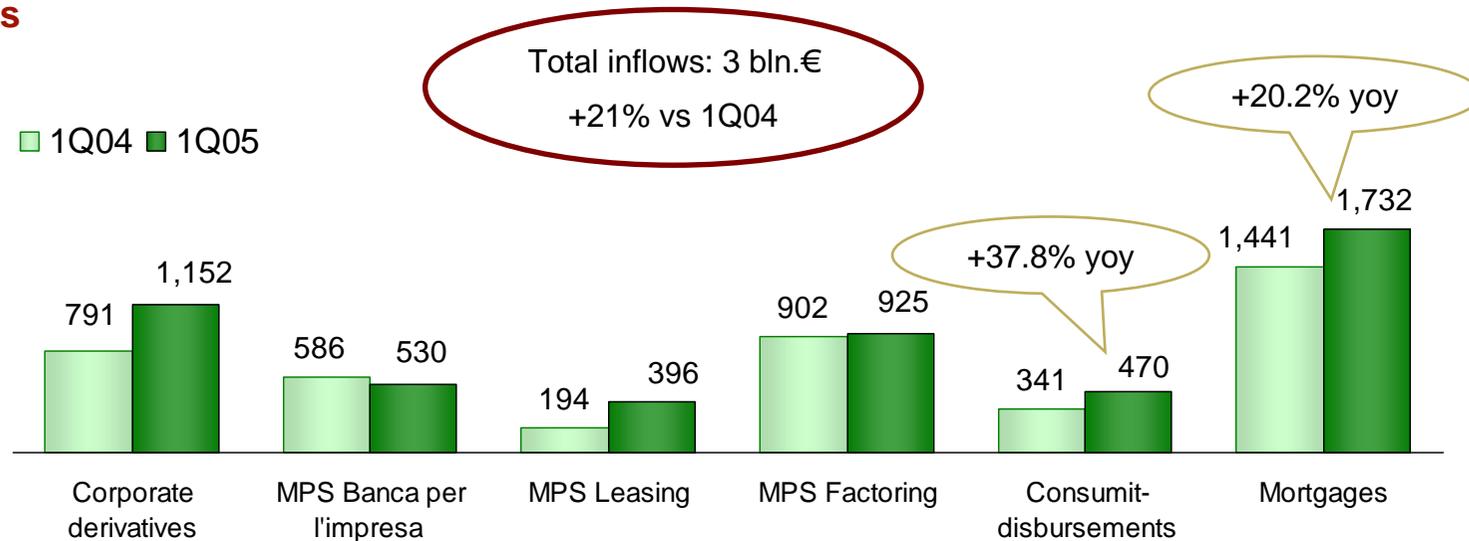
	1Q04	4Q04	1Q05
% up-front	12.3%	7.5%	6.3%

Strong growth of commercial flows

Saving Products



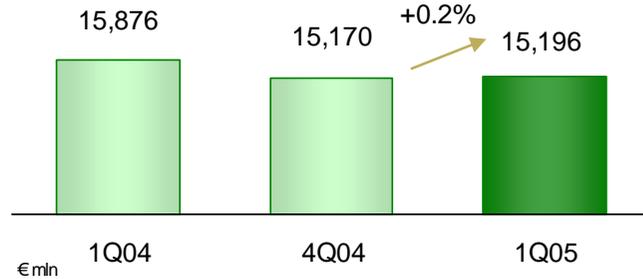
Lending Products



Growth of AuM from year end

Market share: 6%
(5.9% at December 2004)

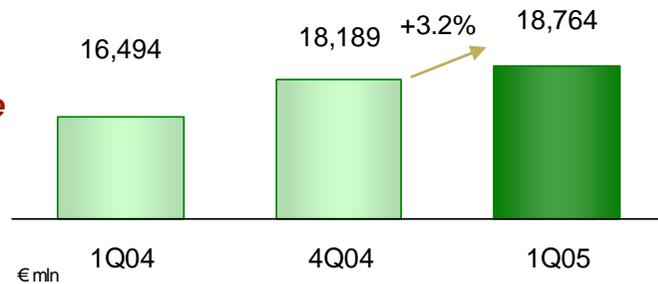
Mutual Funds



Market share of stock*: 3,9% (in line with December 2004)

Funds performance: 0.29%

Life insurance

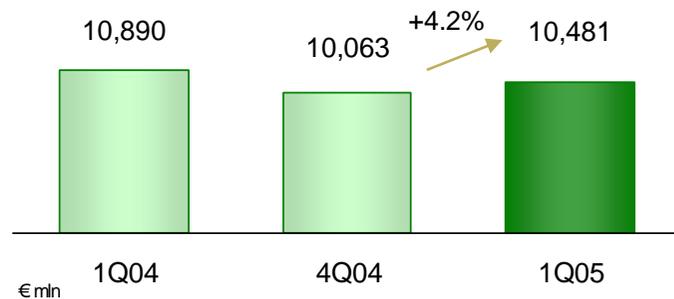


Market share of flows: 10% (in line with 2004)

Embedded Value of new production estimated at 30 €mln (110 €mln at December 2004)

Recurring premiums: 45.7 €mln vs 43 €mln in 1Q04

GPM



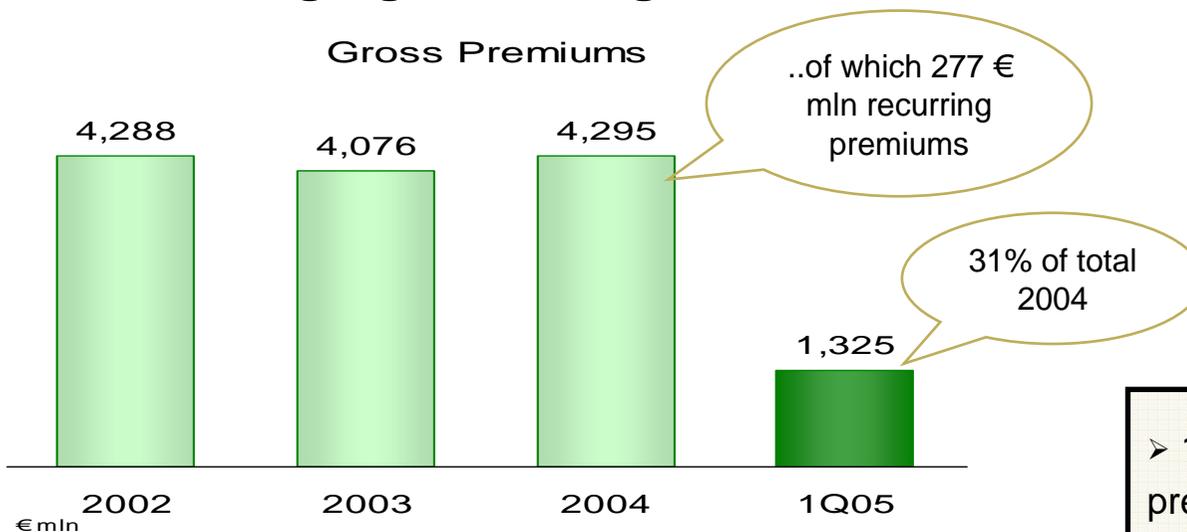
Market share of stock: 6.9% (6.78% at December 2004)

AuM: 44,440 €mln (+2.7% yoy) of which:

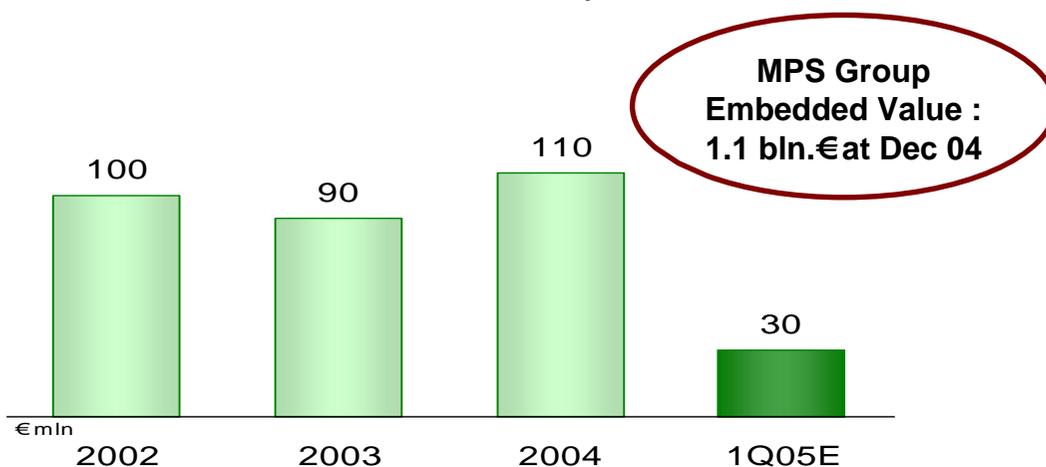
- Mutual Funds -4.3% y/y
- Life insurance +13.8% y/y
- GPM -3.8% y/y

(*) From January 2005, following the new Assogestioni criteria, data include all funds of funds and also non domestic funds of italian brokers subscribed by not italian resident people. For MPS Group, that has not funds of funds and has not collocated share of non domestic funds to non italian resident people, this has caused a reduction of market share.

Focus on high growth/ high value businesses: bancassurance



Embedded Value of new production

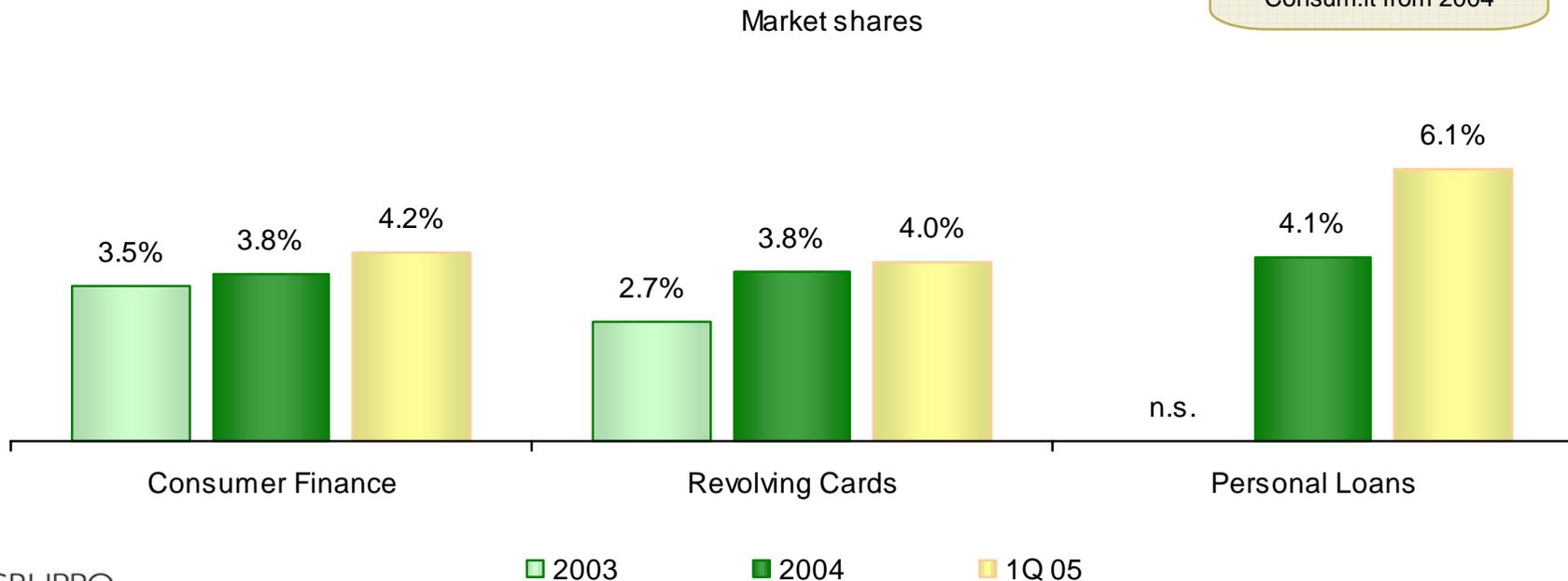
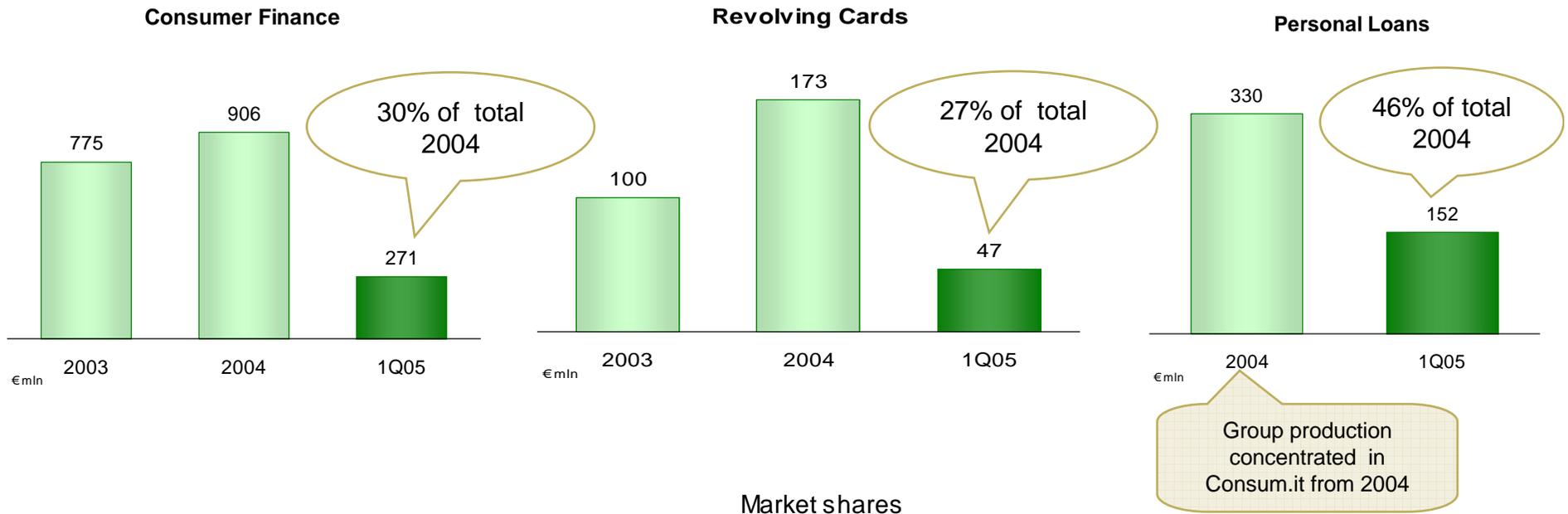


- 1 out of 4 new policies with recurring premiums
- 55% of new production originated by new customers
- Ordinary at 964 €mln (+31.2% y/y)
- Index Linked at 290 €mln (+7.8% y/y)
- Unit Linked at 71 €mln (+16.4% y/y)

(*) Embedded value is calculated as the sum of adjusted shareholders' equity, the present value, on the basis of statistical probabilities, of earnings expected from policies outstanding, and the cost of maintenance for coverage of the solvency margin; the calculations and the assumptions underlying the same have been verified by a leading independent audit firm.

In particular at December 2004 MPV Group Embedded Value was 810 €mln, Commercial networks Embedded Value was estimated at 198 €mln, Quadrifoglio Vita Embedded Value was 100 €mln.

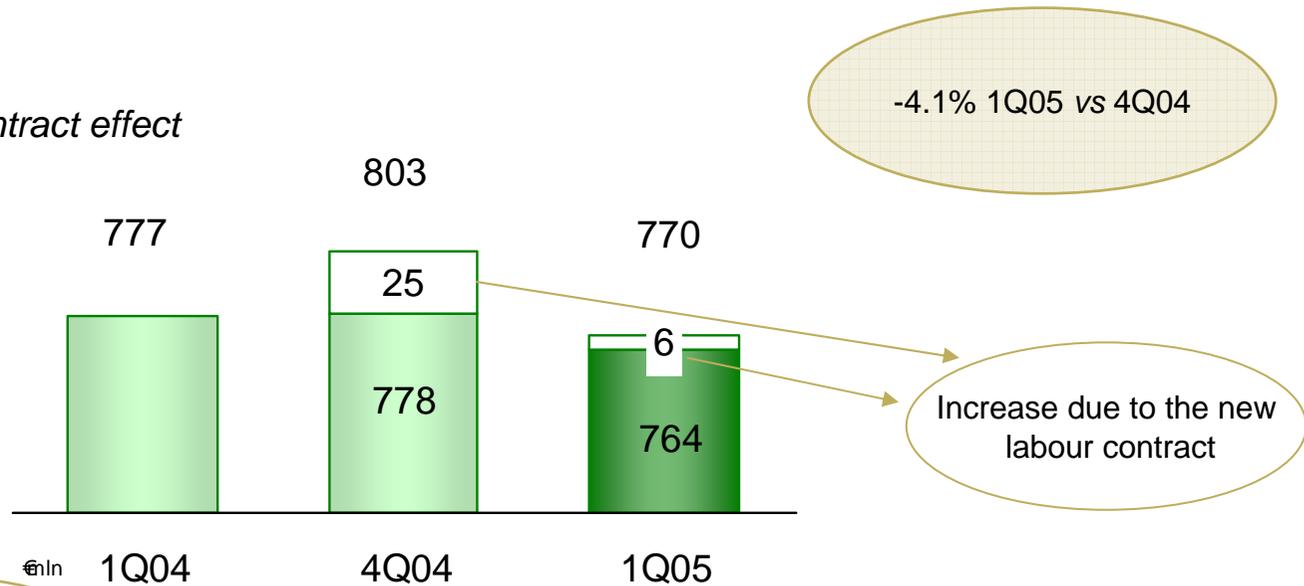
Focus on high growth/ high value businesses: consumer finance



Stable operating costs despite higher investments

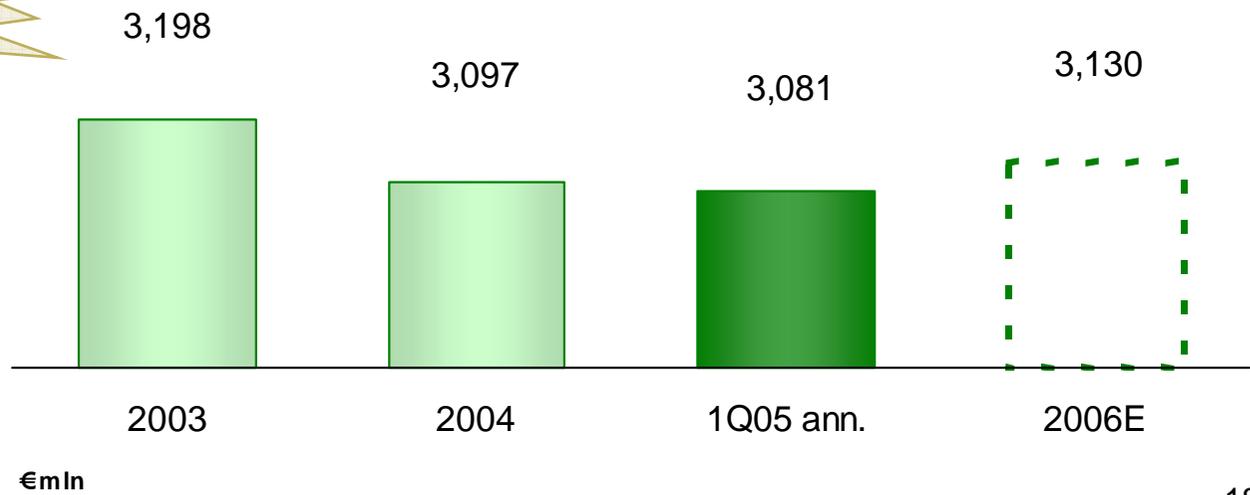
Operating costs: -0.9 y/y

-1.7% excluding new labour contract effect



774 €mIn 2004 avg

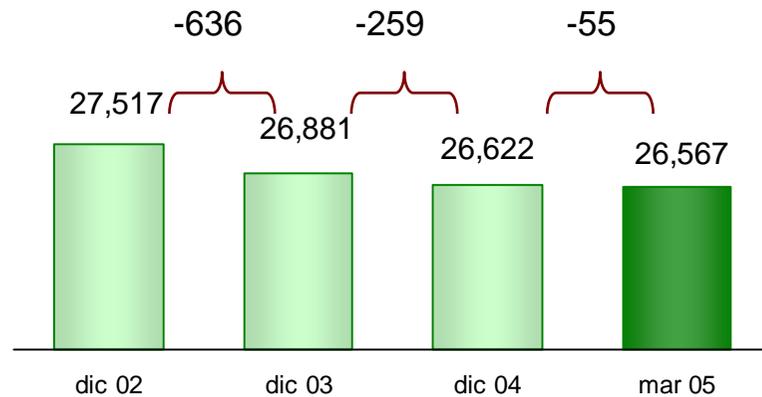
Below targeted levels through 2006



Stable operating costs despite higher investments

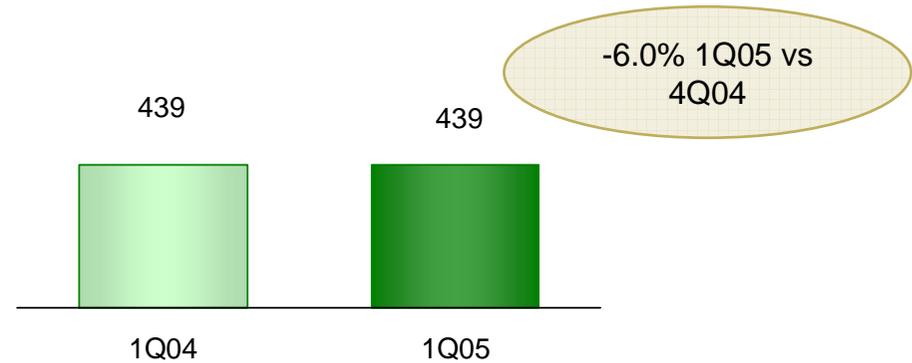
Employees (end of period) : -950 units from Dec 02

-1,254 units including training employees

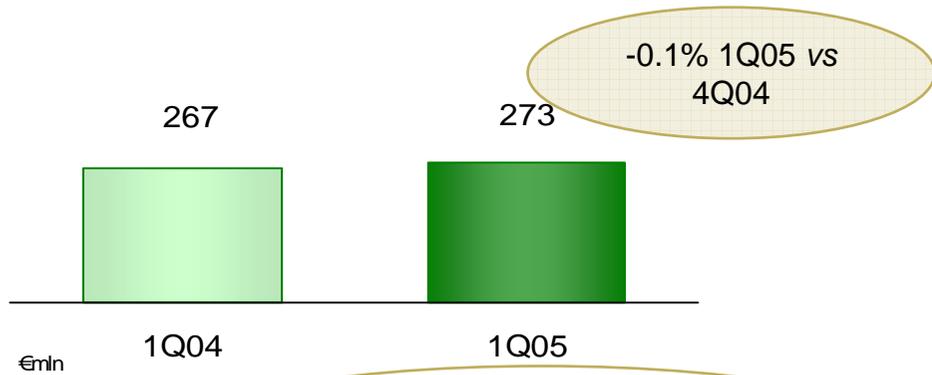


Restructuring costs in 1Q05: 23 €mln.
Expected 22 €mln more in 2005

Staff costs: -0.1% y/y
-1.5% y/y on homogenous basis

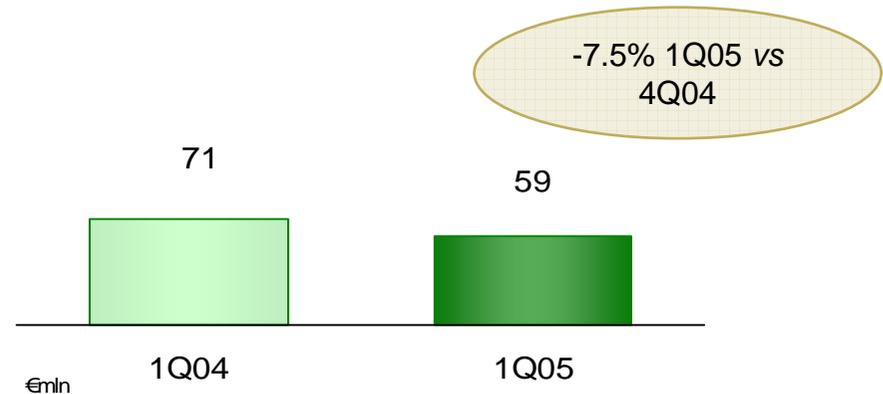


Other administrative costs: +2.0% y/y



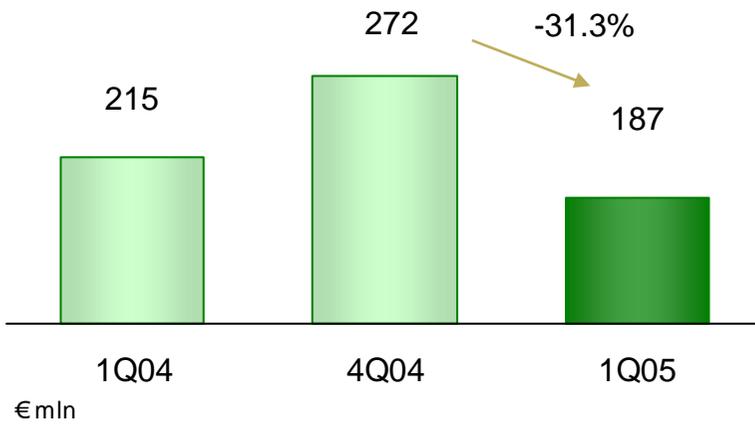
Trend due to the increase in taxes and stamp duties (3.7 mln.€), advertising campaign and opening of new branches

Valuation adjustments: -16.5% y/y

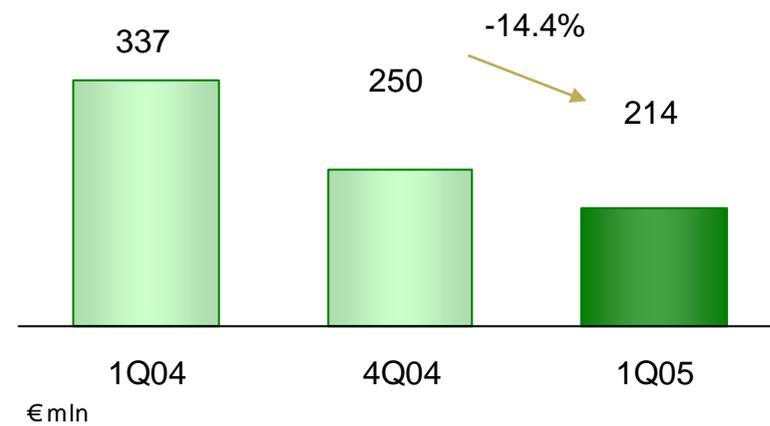


Credit Risk: decreasing inflows and increasing recoveries

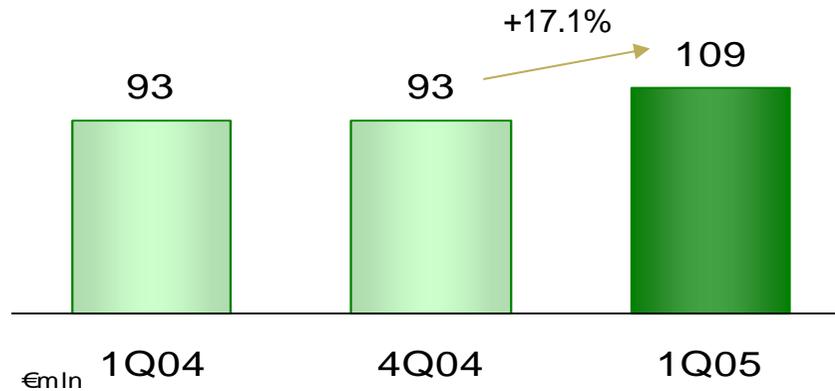
NPL inflows: -13% y/y



Substandard Loans inflows: -37% y/y

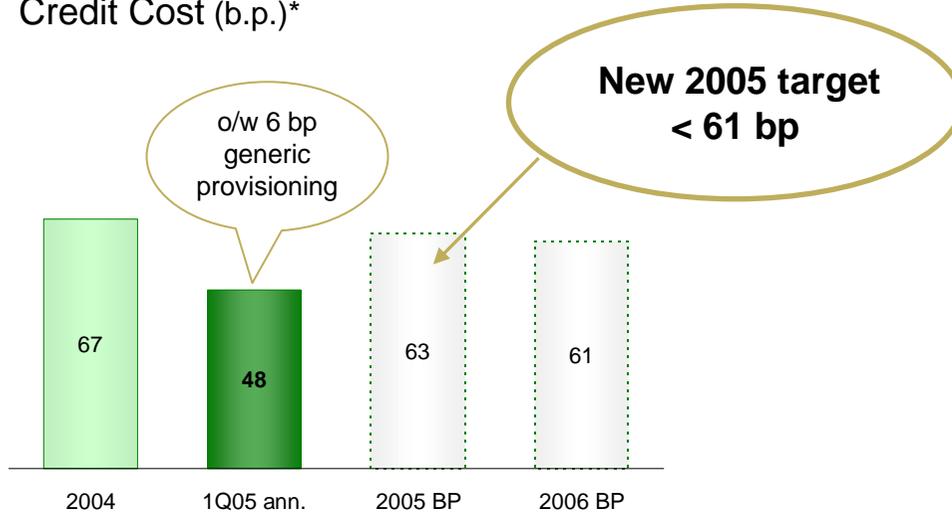


Recoveries: +17.4% y/y



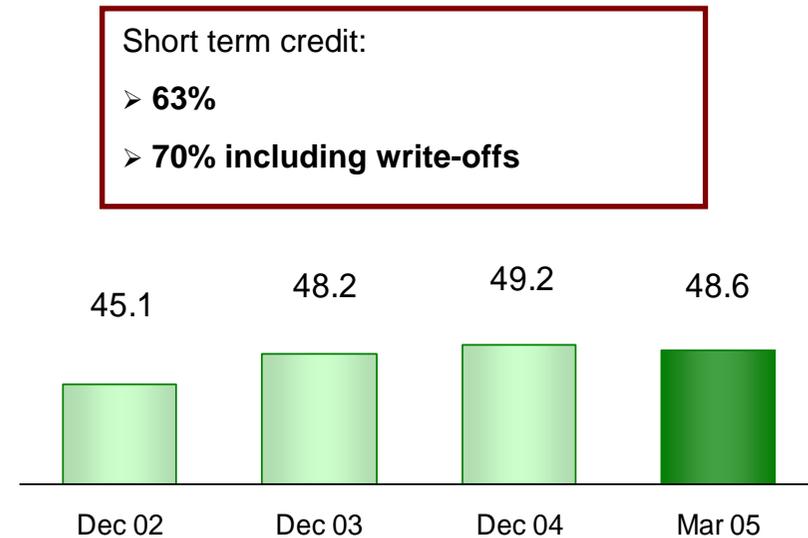
Reduction of credit cost

Credit Cost (b.p.)*

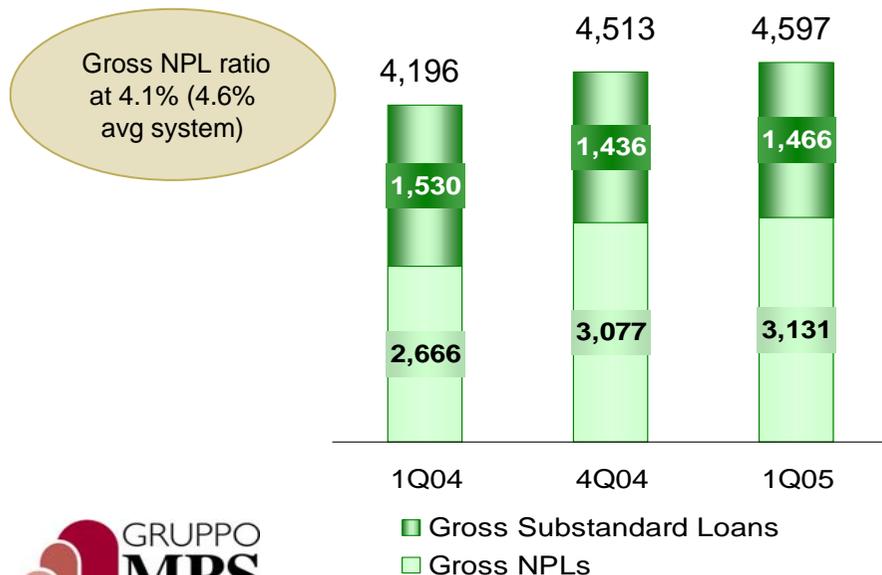


* Excluding 5 bp due to the NPL's securitization loss amortised in 5 years (2001-2005).

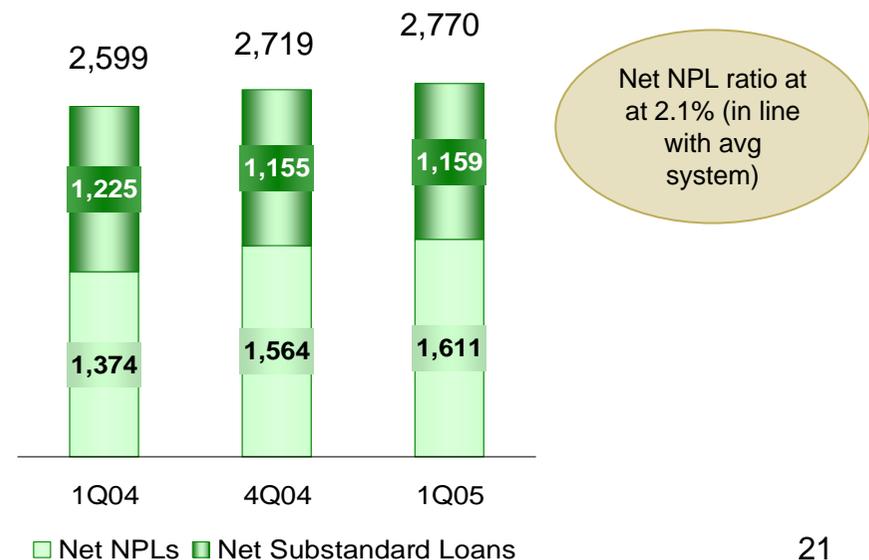
NPL Coverage Ratio (%)



Gross NPLs and Substandard Loans (€m): +1.9% q/q



Net NPLs and Substandard Loans (€m): +1.9% q/q



Breakdown of revenues by Business Area: Retail

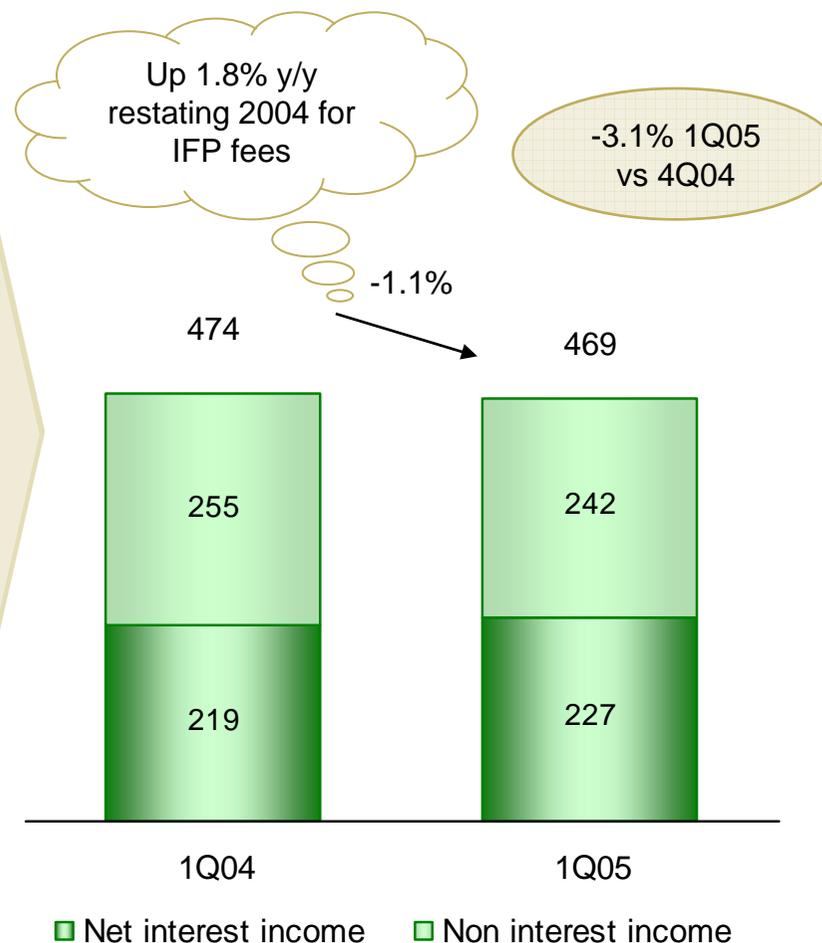
Highlights

- New inflows of saving products at 1,897 €mln
- New mortgages at around 931 €mln (+19.7% y/y); Consumer finance at 470 €mln (+38% y/y)
- Cost/income (including amortization and Corporate Center costs) : 70.4% (71.2% in 2004)

Residential mortgages market share: 6.8% (6.7% at december 2004)

Consumer finance market share: 4.7% (3.8% at december 2004)

Revenues (€m)

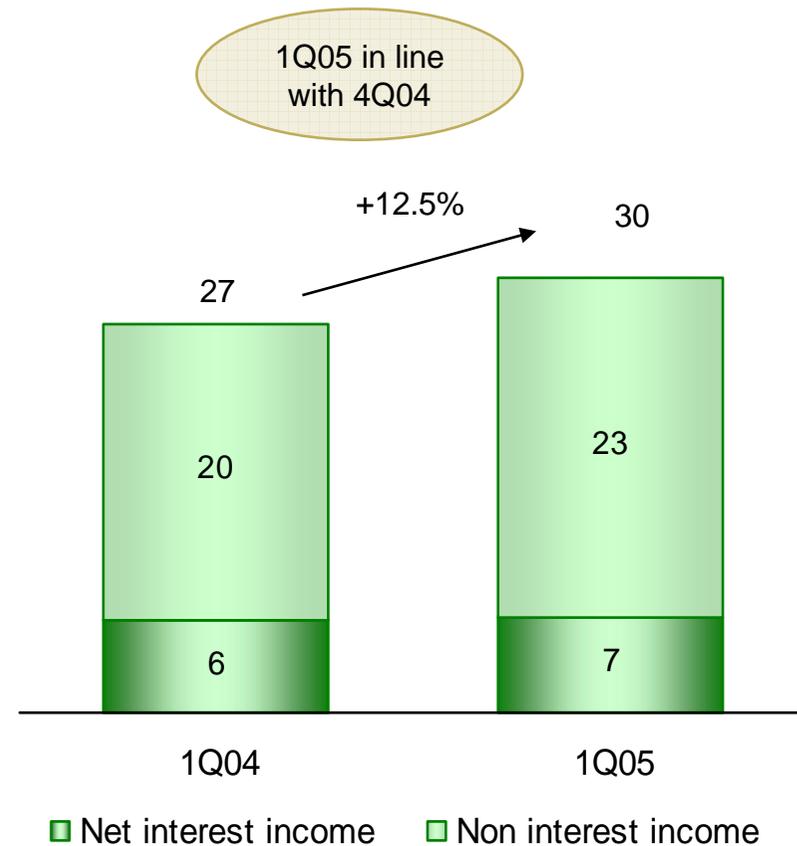


Breakdown of revenues by Business Area: Private

Highlights

- New inflows at 181 €mln
- Cost/income (including amortization and Corporate Center costs) : 62.8% (71.3% in 2004)

Revenues (€m)

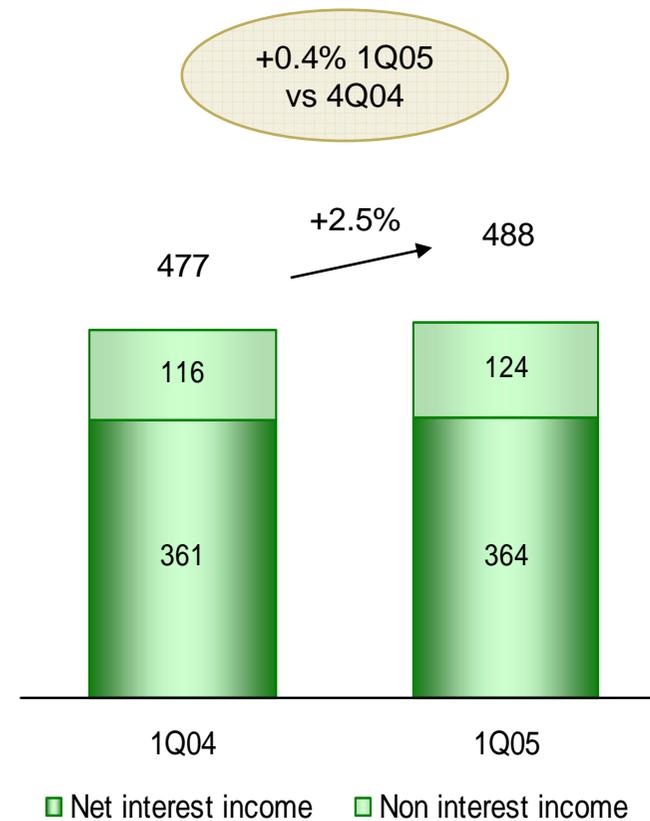


Breakdown of revenues by Business Area: Corporate

Highlights

- Corporate Derivatives flows at 1,152 € mln (+46% y/y)
- M/I term lending flows: 1,851 €mln (+10% y/y)
- Cost/Income (including amortisation and Corporate Center costs): 57.2% (56.2% in 2004)

Revenues (€m)

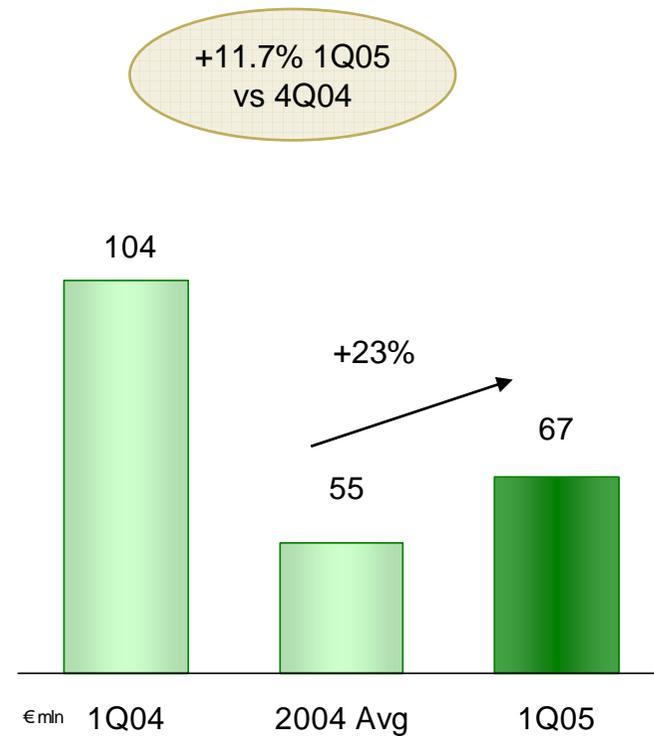


Breakdown of revenues by Business Area: Finance

Highlights

- Market recovery and return to “ordinary” trend
- Cost/Income (including amortisation and Corporate Center costs): 32.3% (41.7% in 2004)

Revenues (€m)



IAS Project

Approval of FTA in June and disclosure to the market

First IAS accounting with interim results

Operational trends for 2Q05

- Commercial retail/private flows still high
- Slight increase for short term loans to SME's and SB
Still high growth for m/l loans
- Stability / Slight increase of NPL/Watchlist inflows
- Pressure on Pricing

Annexes

MPS Group : Reclassified P&L Statement

MPS Group

Reclassified profit and loss statement
(EUR mn)

	3/31/2005	3/31/2004 (*)	chg		2004 Avg	12/31/2004
			Abs	%		
Net Interest Income	630.7	628.8	1.9	0.3	606.6	2,426.4
Net commissions	345.9	345.6	0.3	0.1	335.2	1,341.0
Basic Income	976.6	974.4	2.2	0.2	941.8	3,767.3
Dividends	15.4	10.7	4.7	44.3	21.1	84.4
Earnings of companies valued with net equity method	31.1	20.0	11.2	55.8	19.6	78.3
Profit (loss) from financial transactions	20.3	76.0	-55.7	-73.3	14.4	57.5
Other operating income	121.3	106.5	14.8	13.9	120.5	481.9
Non Interest Income	534.0	558.7	-24.6	-4.4	510.8	2,043.2
Total Banking Income	1,164.7	1,187.5	-22.8	-1.9	1,117.4	4,469.6
Administrative expenses						
- personnel expenses	-438.5	-439.1	-0.5	-0.1	-439.7	-1,758.7
- other administrative expenses	-272.7	-267.4	5.3	2.0	-265.5	-1,061.9
<i>o/w indirect taxes</i>	44.8	41.1	3.7	9.0	42.5	170.1
Total administrative expenses	-711.2	-706.5	4.7	0.7	-705.1	-2,820.5
Gross Operating Profit	453.5	481.0	-27.5	-5.7	412.3	1,649.0
Valuation adjustments to fixed and intangible assets	-59.2	-70.9	-11.7	-16.5	-69.1	-276.2
Net Operating Profit	394.3	410.1	-15.8	-3.8	343.2	1,372.8
Valuation adjustments to loans net of recoveries	-99.7	-119.3	-19.7	-16.5	-126.6	-506.5
Provision to loan loss reserve	0.0	-9.0	-9.0	-99.8	-6.7	-26.9
Income from Banking Activity	294.6	281.8	12.9	4.6	209.8	839.4
Goodwill amortization	-22.0	-23.8	-1.8	-7.4	-23.8	-95.3
Provisions for risks and charges	-10.4	-22.4	-11.9	-53.3	-16.5	-65.9
Writedowns to non-current financial assets	-2.8	-1.3	1.4	ns.	-4.2	-16.9
Profit (losses) from ordinary operations	259.4	234.3	25.1	10.7	165.3	661.3
Extraordinary income (charges)	-3.1	8.2	-11.3	-137.5	20.6	82.3
Change in reserve for general banking risks	0.0	0.0	0.0	ns.	-0.3	-1.1
Income taxes	-100.7	-102.9	-2.3	-2.2	-53.9	-215.6
Profit for the period before minority interests	155.7	139.5	16.1	11.5	131.7	526.9
Minority interests	-2.3	-1.3	1.0	77.3	-3.3	-13.2
Net profit	153.4	138.3	15.1	10.9	128.4	513.7

(*) The 1Q04 has been restated after the merger between MPS Merchant and Banca Verde because of a different count of past-due interests, now included in the net interest income figures.

MPS Group: quarterly P&L Statement

MPS Group
Quarterly profit and loss statement

(in EUR mn)

	Year 2005	Year 2004 (*)			
	1Q05	4Q04	3Q04	2Q04	1Q04
Net Interest Income	630.7	595.0	604.2	598.3	628.8
Net commissions	345.9	358.2	310.5	326.7	345.6
Basic Income	976.6	953.3	914.7	925.0	974.4
Dividends	15.4	18.6	16.1	39.1	10.7
Earnings of companies valued with net equity method	31.1	8.3	17.3	32.7	20.0
Profit (loss) from financial transactions	20.3	10.7	-28.8	-0.4	76.0
Other operating income	121.3	131.5	127.6	116.4	106.5
Non Interest Income	534.0	527.5	442.6	514.4	558.7
Total Banking Income	1,164.7	1,122.5	1,046.8	1,112.8	1,187.5
Administrative expenses					
- personnel expenses	-438.5	-466.3	-424.1	-429.2	-439.1
- other administrative expenses	-272.7	-272.8	-265.4	-256.2	-267.4
Total administrative expenses	-711.2	-739.1	-689.5	-685.4	-706.5
Gross Operating Profit	453.5	383.3	357.3	427.4	481.0
Valuation adjustments to fixed and intangible assets	-59.2	-63.9	-69.2	-72.2	-70.9
Net Operating Profit	394.3	319.4	288.1	355.2	410.1
Valuation adjustments to loans net of recoveries	-99.7	-122.8	-107.8	-156.5	-119.3
Provision to loan loss reserve	0.0	-5.3	0.5	-13.1	-9.0
Income from Banking Activity	294.6	191.2	180.7	185.6	281.8
Goodwill amortization	-22.0	-23.9	-23.8	-23.8	-23.8
Provisions for risks and charges	-10.4	-54.3	-3.9	14.7	-22.4
Writedowns to non-current financial assets	-2.8	-16.2	5.3	-4.7	-1.3
Profit (losses) from ordinary operations	259.4	96.8	158.3	171.9	234.3
Extraordinary income (charges)	-3.1	133.1	-4.6	-54.3	8.2
Change in reserve for general banking risks	0.0	-1.1	0.1	-0.1	0.0
Income taxes	-100.7	-35.7	-56.9	-20.1	-102.9
Profit for the period before minority interests	155.7	193.1	96.9	97.4	139.5
Minority interests	-2.3	-4.4	-2.0	-5.5	-1.3
Net profit	153.4	188.6	94.9	91.9	138.3

(*) The 2004 quarters have been restated after the merger between MPS Merchant and Banca Verde because of a different count of past-due interests, now included in the net interest income figures.

Results by business area

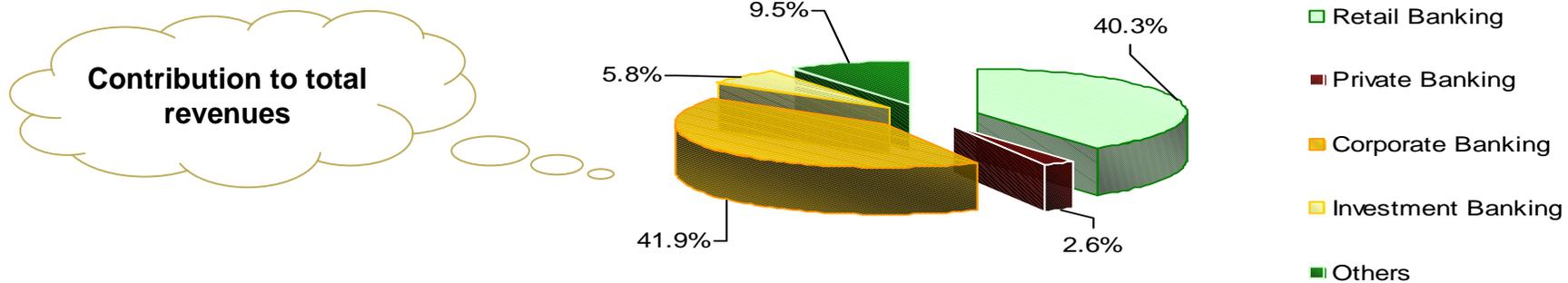
€m	Retail Banking	
	1Q05	Yoy chg. %
Ricavi	469	-1.1%
Costi operativi	330	-0.1%
Risultato gestione	139	-2.8%
Cost/Income (1)	70.4%	

€m	Private Banking	
	1Q05	Yoy chg. %
Ricavi	30	+12.5%
Costi operativi	19	-4.6%
Risultato gestione	11	-9.0%
Cost/Income (1)	62.8%	

€m	Corporate Banking	
	1Q05	Yoy chg. %
Ricavi	488	+2.3%
Costi operativi	279	+5.1%
Risultato gestione	209	-0.7%
Cost/Income (1)	57.2%	

€m	Investment Banking	
	1Q05	Yoy chg. %
Ricavi	67	-35.6%
Costi operativi	22	1.1%
Risultato gestione	46	-43.2%
Cost/Income (1)	32.3%	

(1) Including depreciation



Regional franchise



Geographical distribution:

- North: 28.5%
- Center: 50.5%
- South and Islands: 21.0%

Branch market share*:

- Over 7%
- Over 4%
- < 4%

*Data as of Dec 2004