



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

 **GRUPPOMPS**

Q1 2007 Results Presentation

***Siena
16th May 2007***

A booming commercial start of the year



Strong acceleration in commercial flows: Loans +14.6% YoY (vs 10.4% market), Direct Funding +12.1% YoY (vs 9.5% market)



Market share up in 3M: +7bps for Loans (+16bps for short-term Loans) (6.34%) and +19bps for Direct Funding (6.66%)



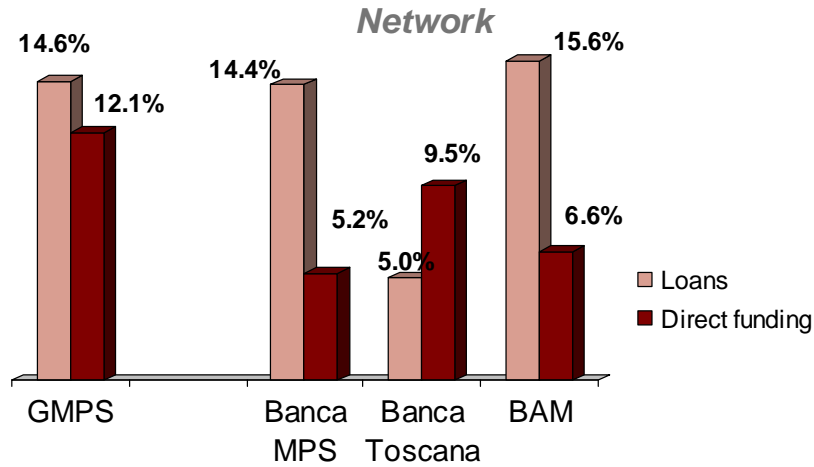
+56.000 new clients at the end of April (+1.4% vs Dec)



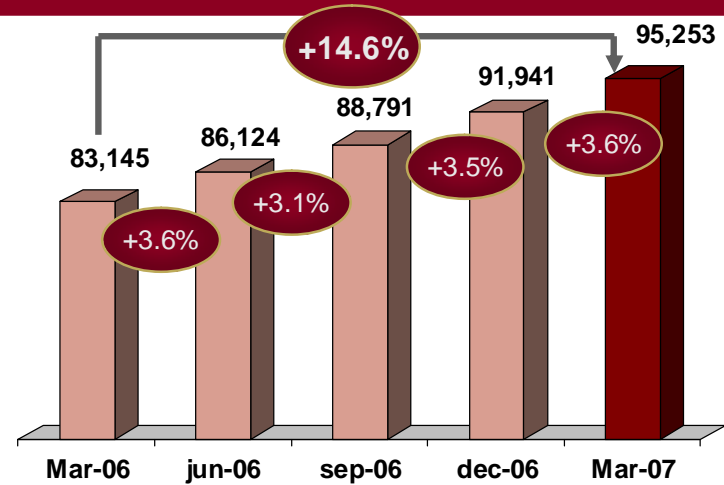
Materializing growth and restructuring

Volumes: the bank is accelerating strongly

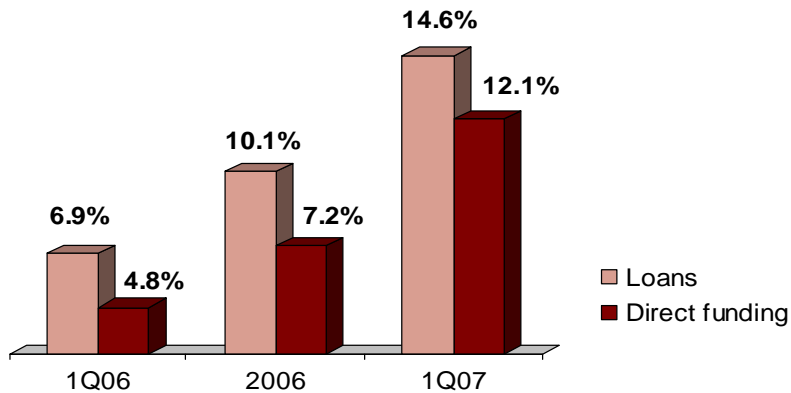
Loans and Direct funding growth of bank divisions: YoY trend



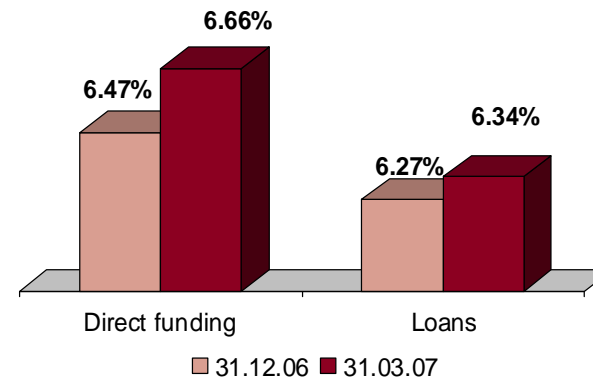
GMPS Loans YoY growth



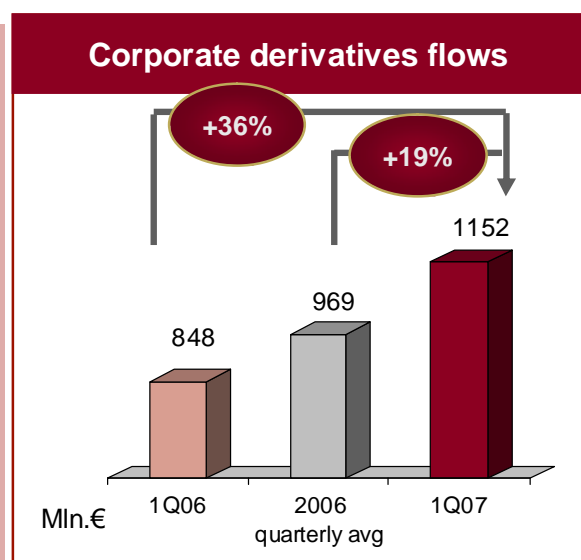
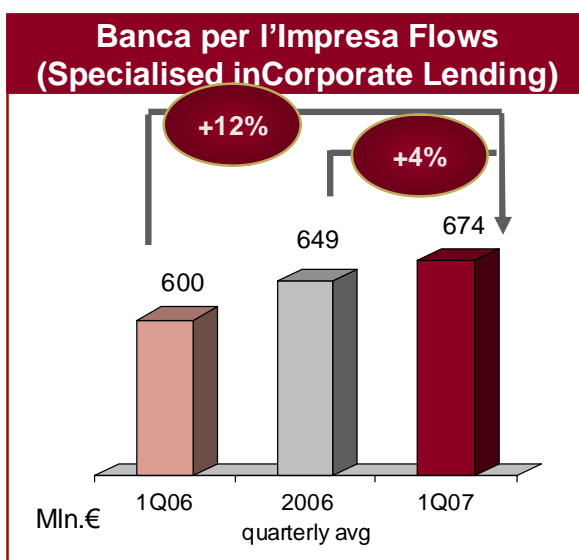
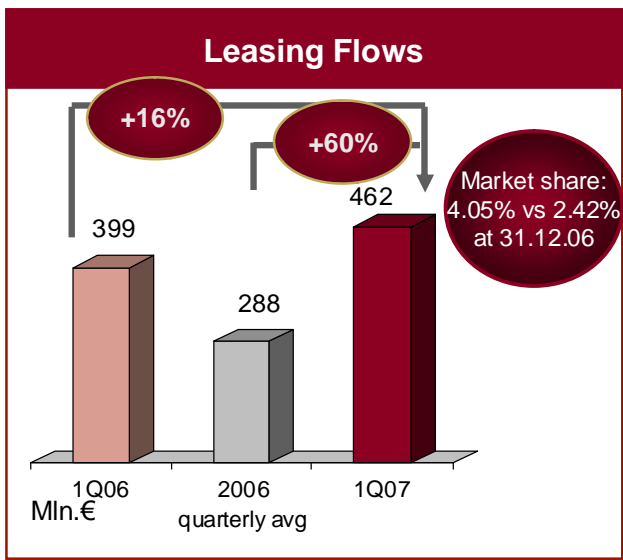
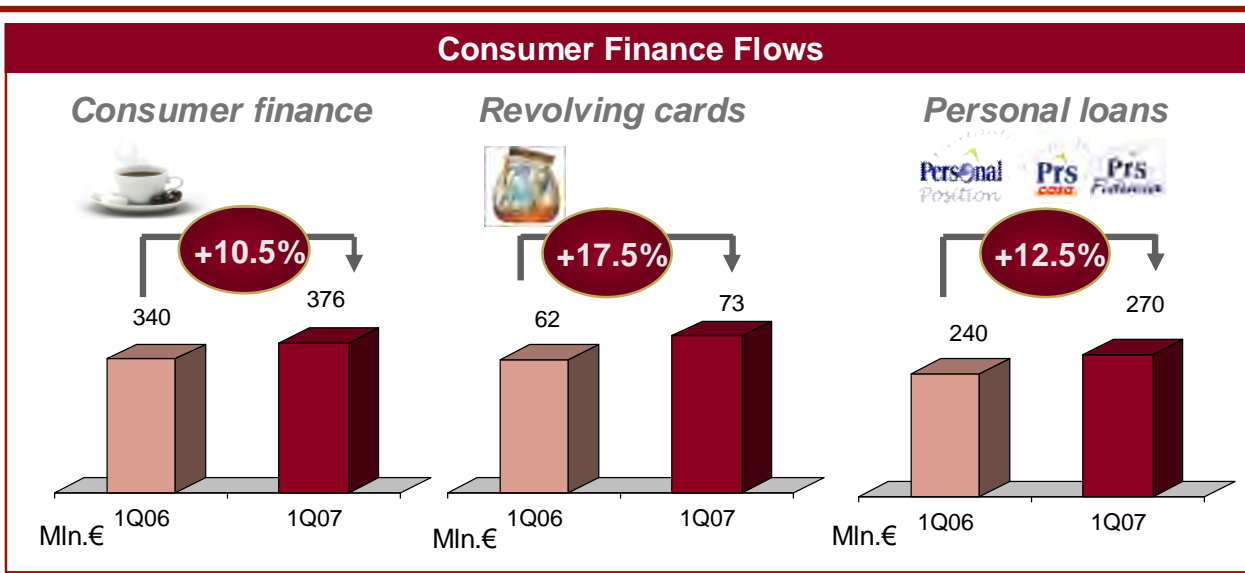
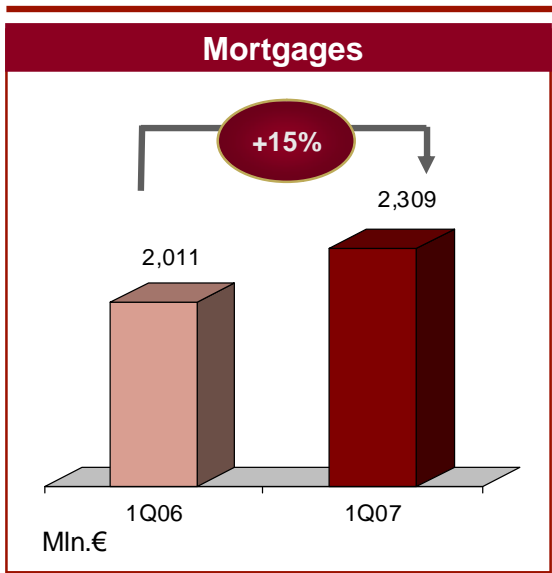
MPS Group Direct funding and Loans: YoY growth



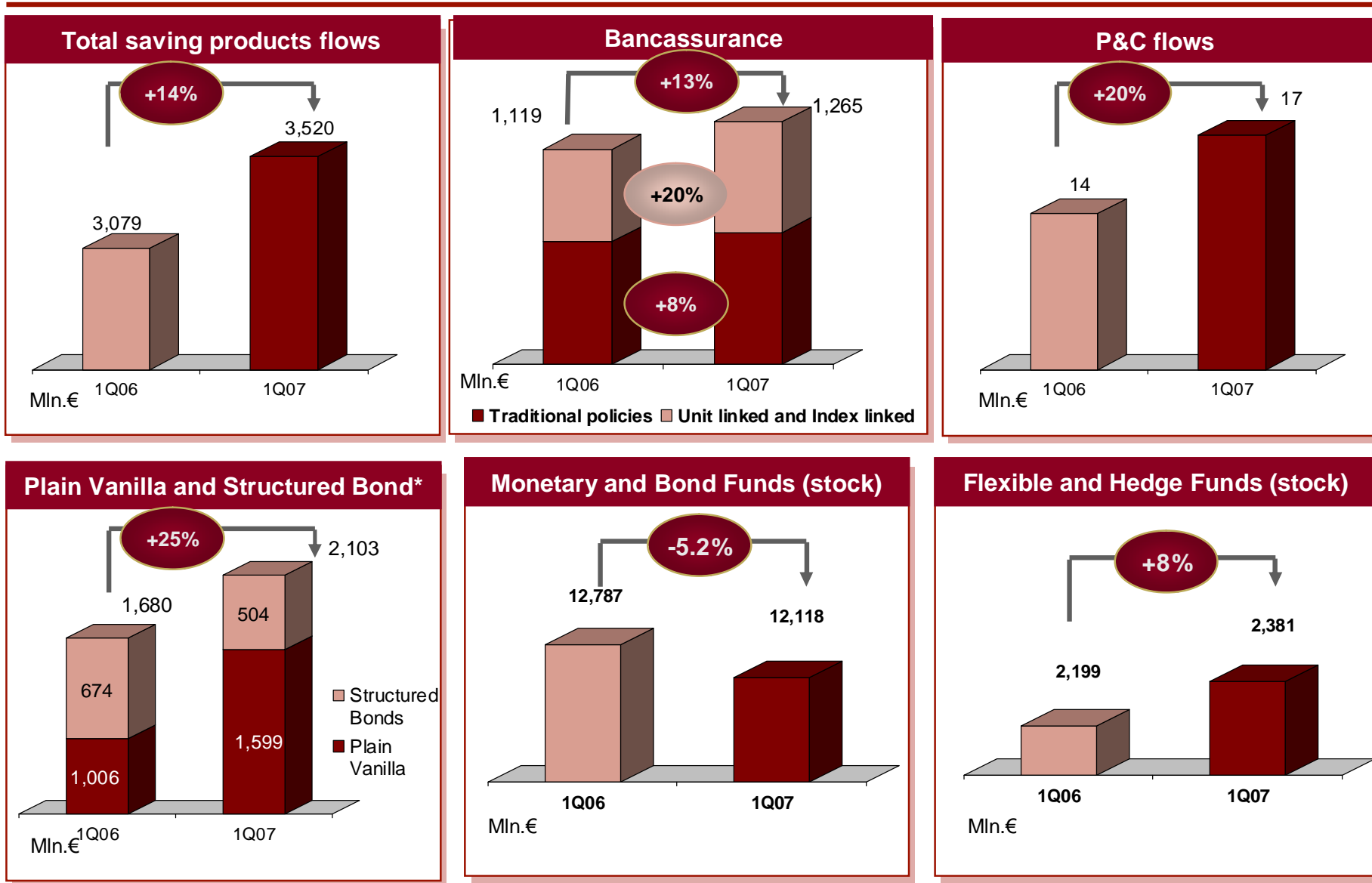
Loans and Direct funding: Market shares



Commercial flows: our new strategy is paying off

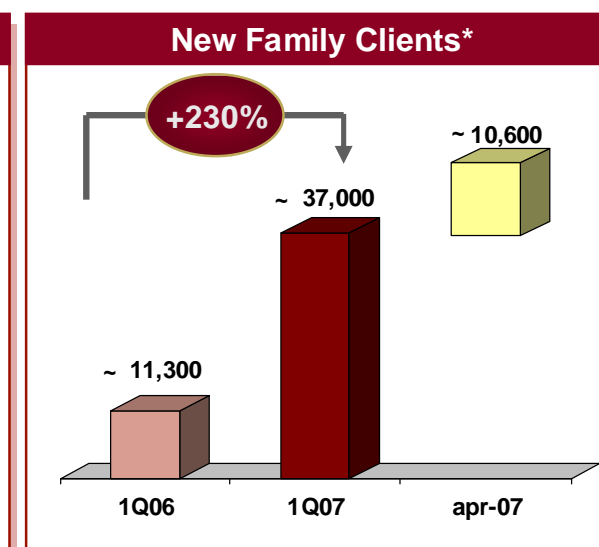
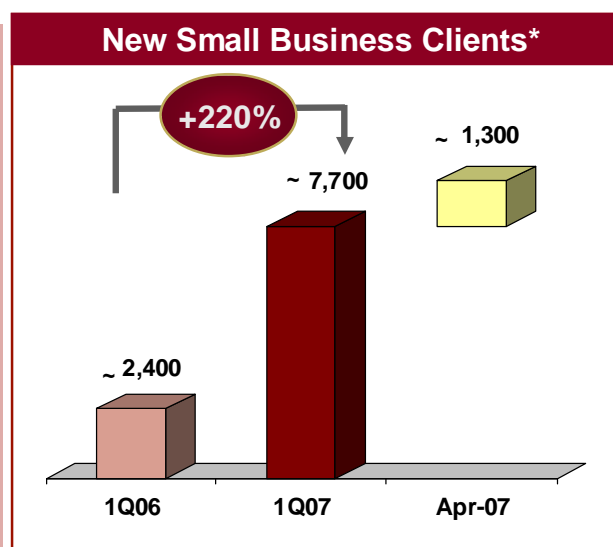
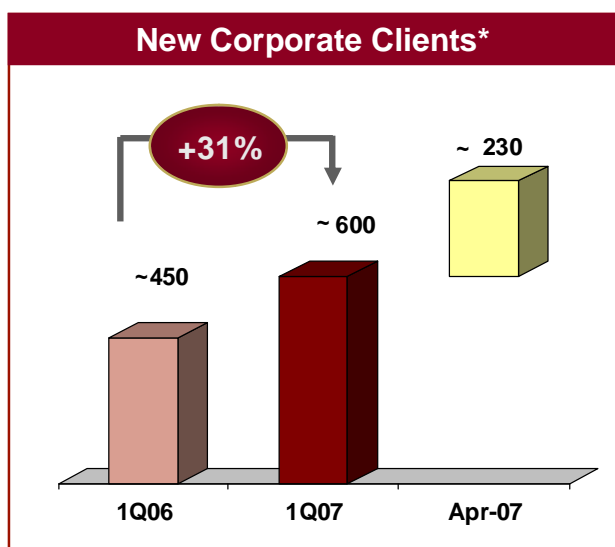
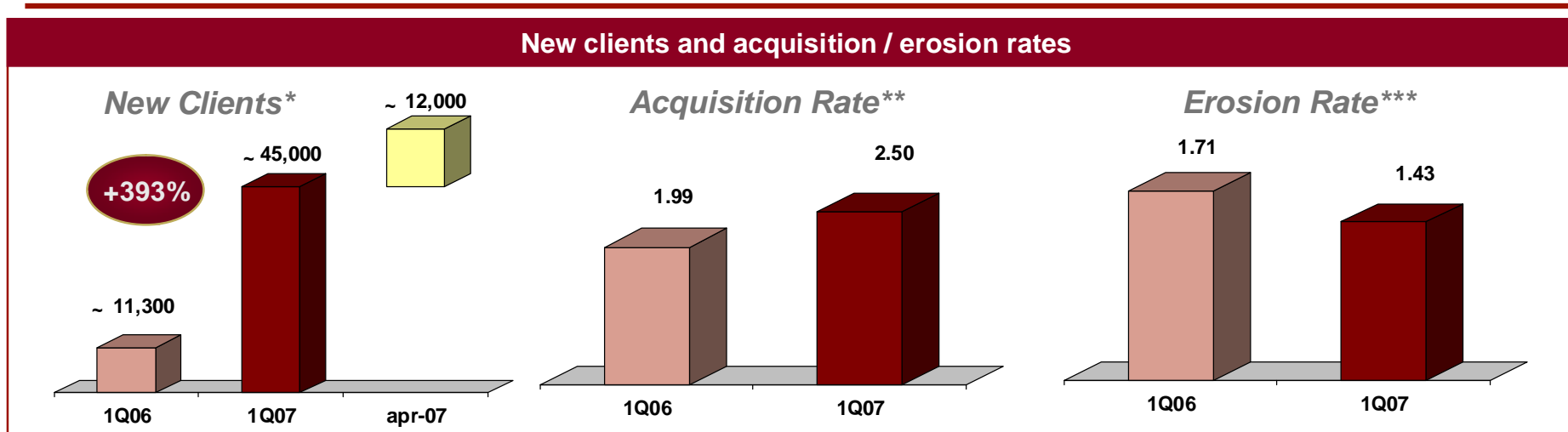


Saving products flows: +14% YoY



*No third party products

Customer base: +1.4% in just 4 months



*Net from lost clients

**Clients acquired in the period/ Total clients at the end of the period

***Clients lost in the period/ Total clients at the beginning of the period

Acceleration of revenue growth combined with strong cost control



Basic Income up 5.9%



Costs down 0.3%



Cost/income down 4.5% at 56.4%



Back Office/Front Office (distribution network) ratio down 10% in 1 year (32% vs 42% at the end of 2005)

Q1 - 07 Results Highlights

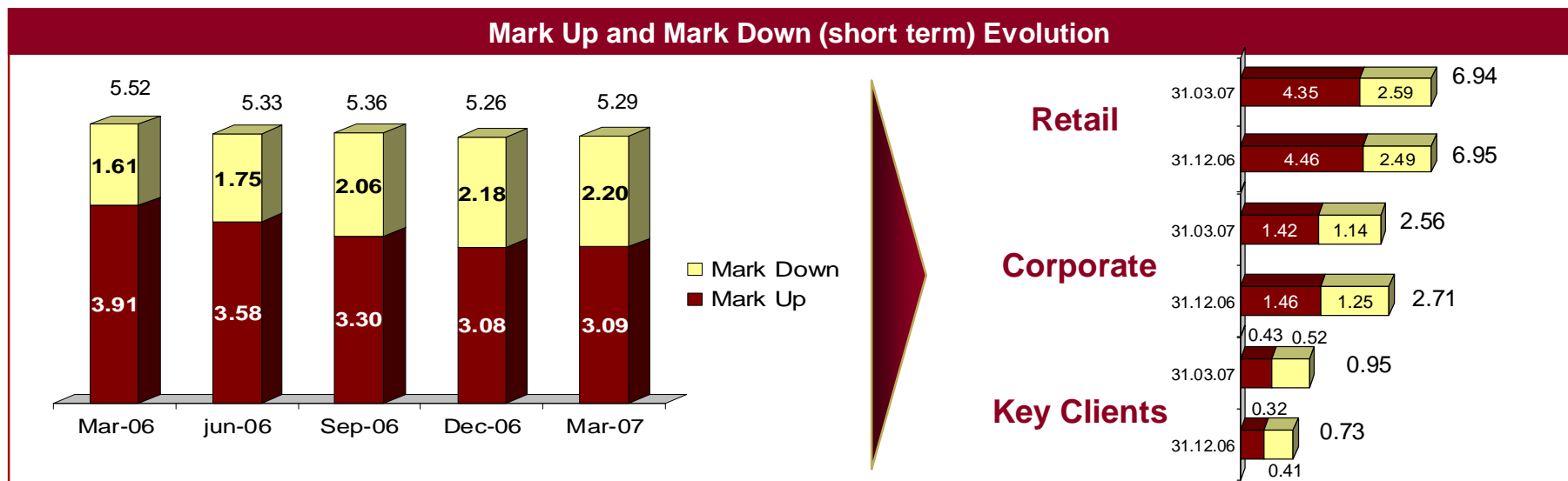
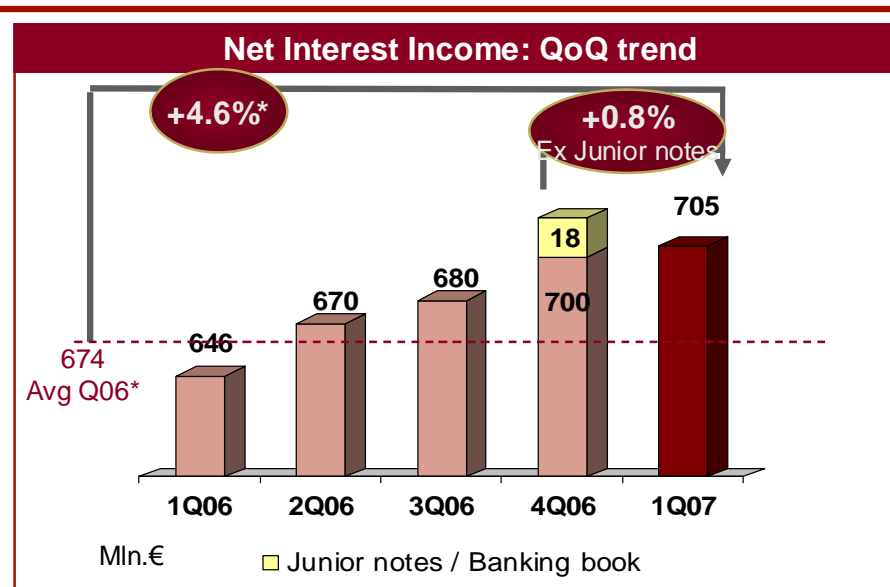
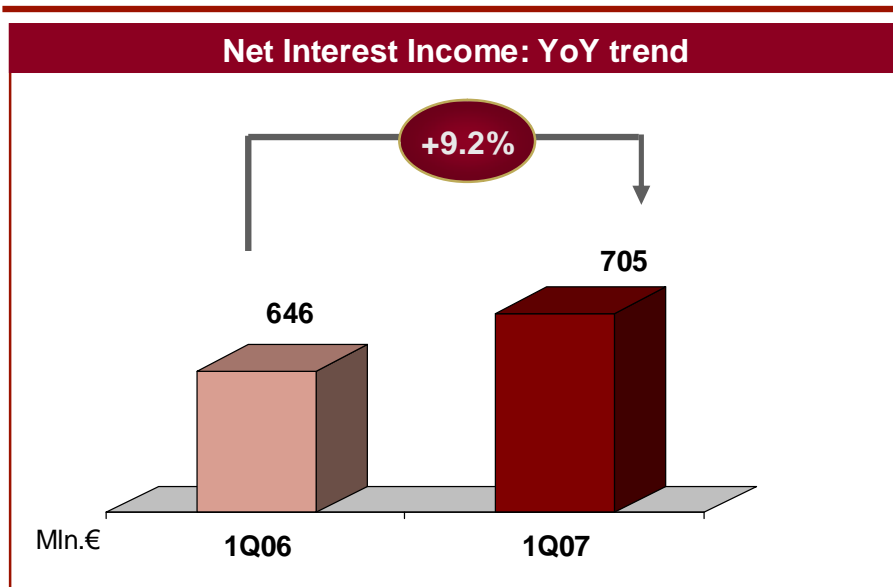
Profit & Loss

(mln €)

	1Q07	1Q07 / 1Q06	1Q07 / 4Q06	1Q07 / avg Q06
Net Interest Income*	705	9.2%	0.8%	4.6%
Net Fees	389	0.3%	2.6%	4.5%
Basic Income*	1,095	5.9%	1.4%	4.6%
Total Revenues	1,213	-0.3%	-11.5%	1.6%
Loan Loss Provisions	107	5.3%	-28.3%	-7.0%
Operating Costs	684	-0.3%	-17.7%	-5.9%
Net Operating Income	418	-3.1%	53.3%	30.6%
Net Income	254	-8.6%	14.0%	11.5%

*4Q06 net of Junior bonds / Banking book

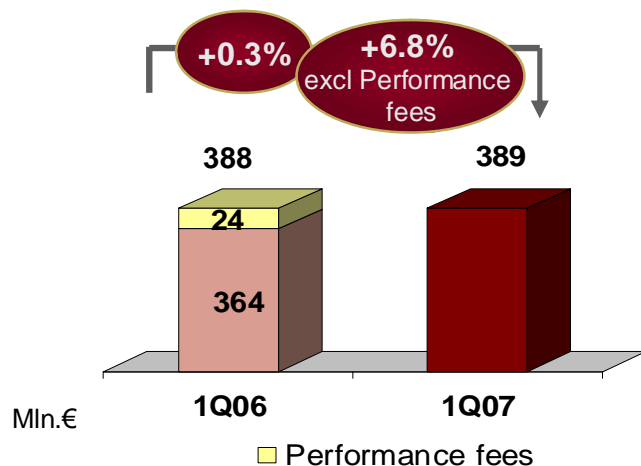
Net Interest Income: embedding significant potential



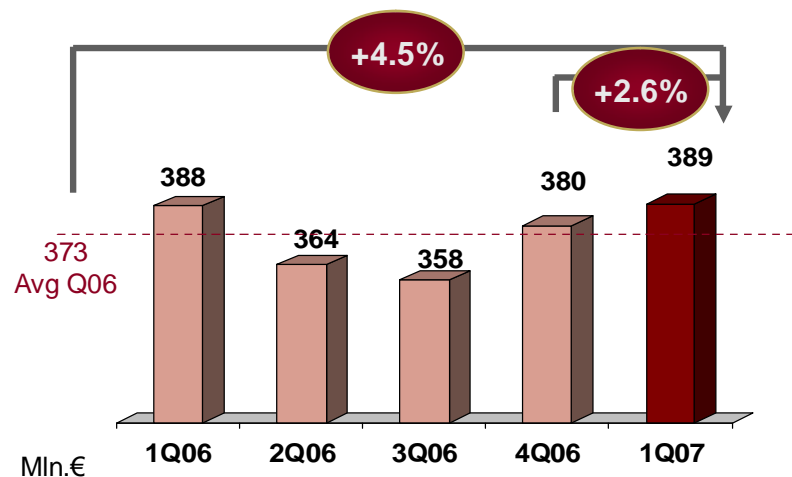
*4Q06 net of Junior bonds / Banking book

Net Fees: corporate fees are starting to accelerate

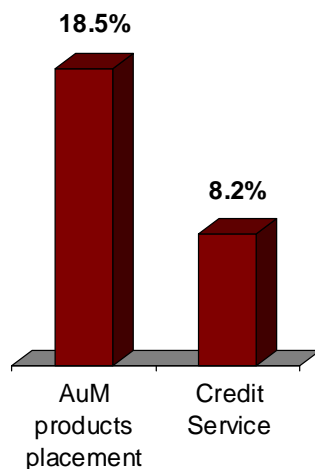
Net Fees: YoY trend



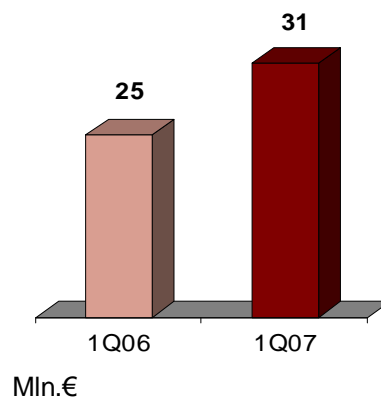
Net Fees: QoQ trend



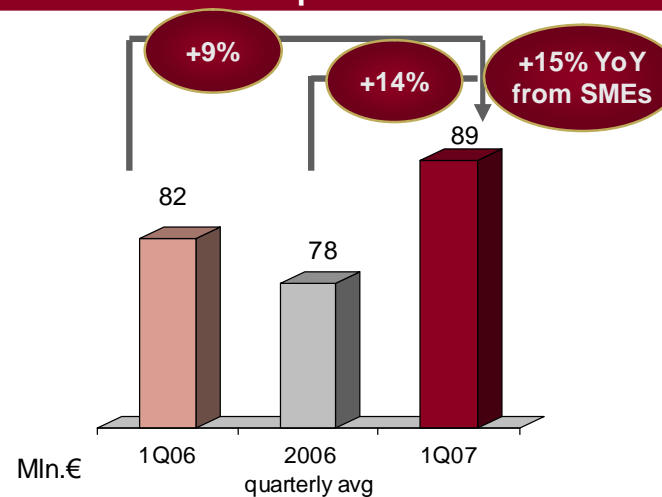
Main fees: YoY increase



Total upfront fees*



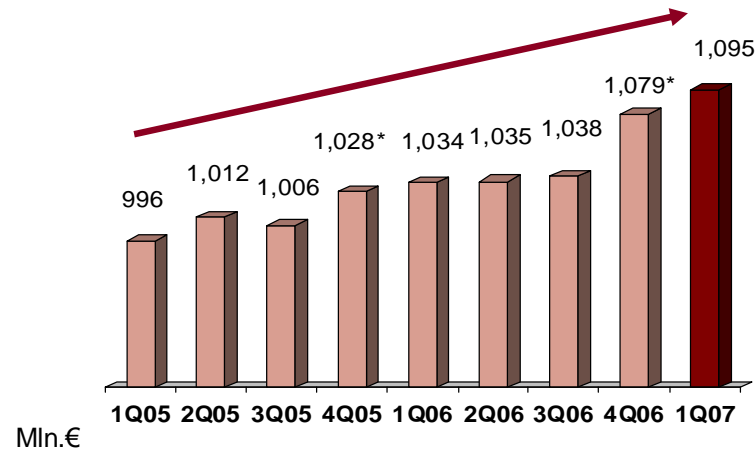
Corporate fees



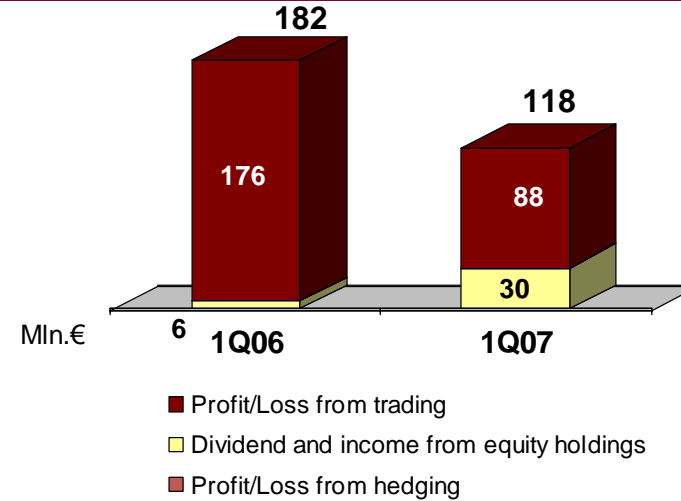
* From placing of index linked products

Total Revenues: the upward trend on recurring revenues goes on

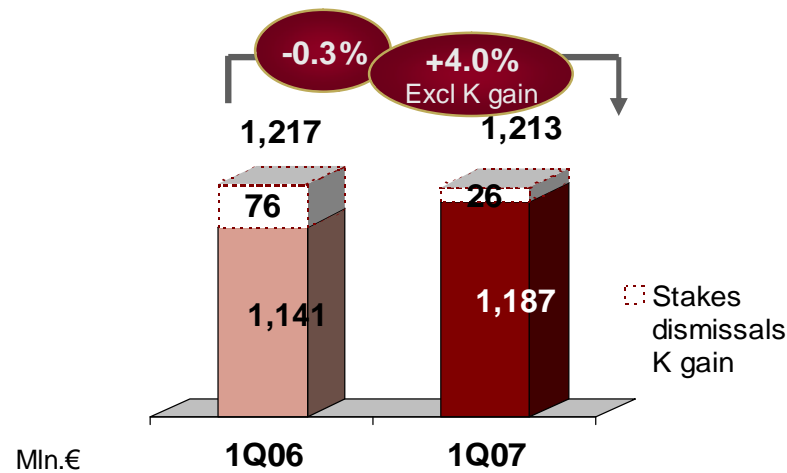
Basic Income evolution



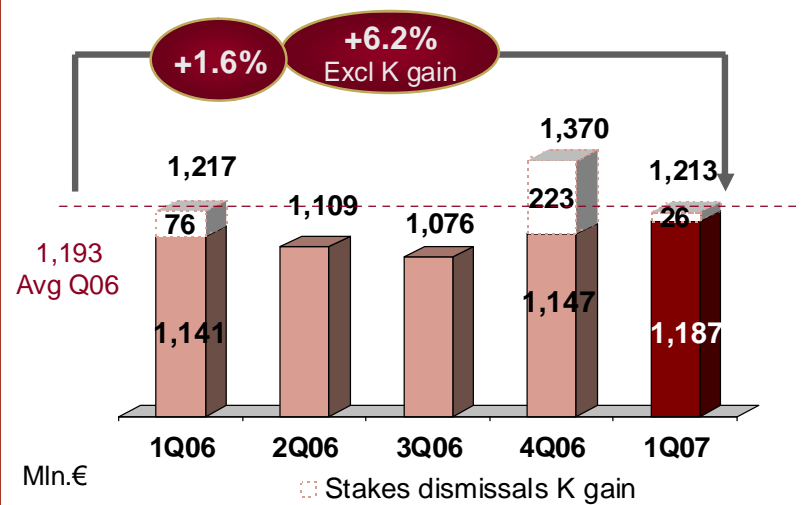
Contribution of non commercial components



Total Revenues: YoY trend



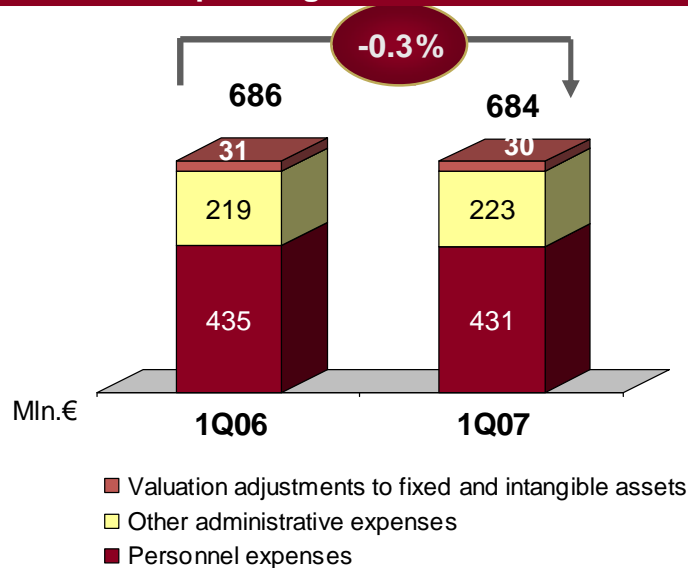
Total Revenues: QoQ trend



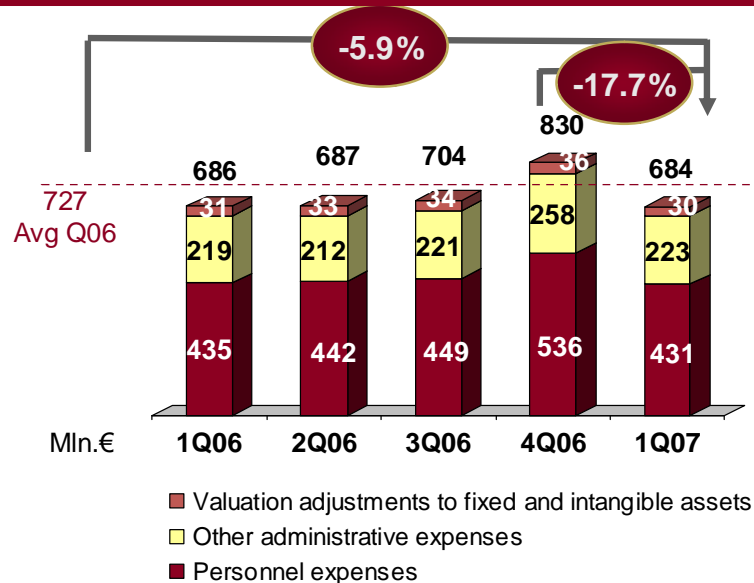
*Net from Junior notes / Banking book

Operating costs: cost/income down 4.5% vs December 2006

Operating Costs: YoY trend

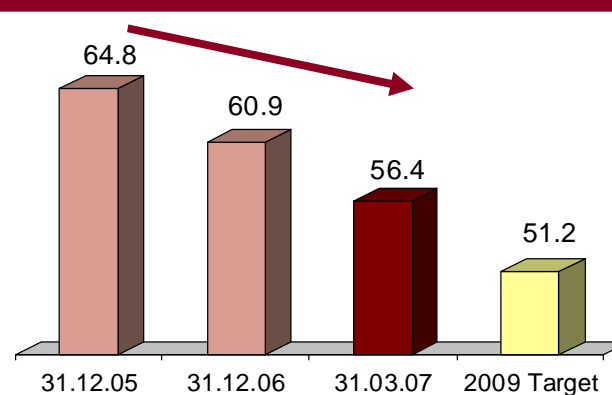


Operating Costs: QoQ trend

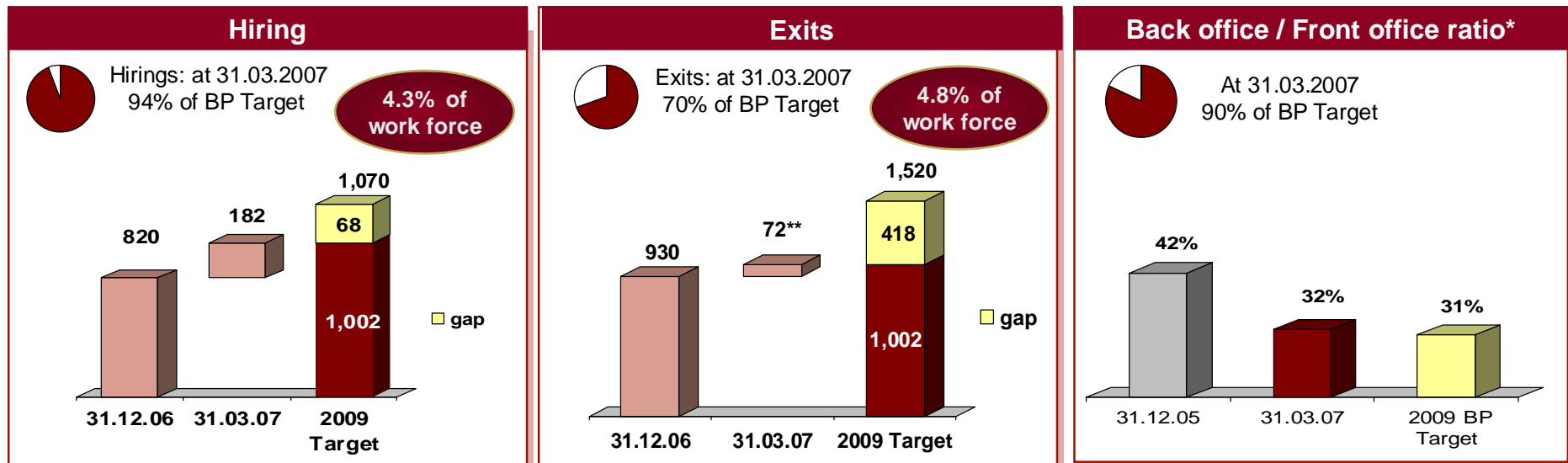


- Personnel expenses down 1% YoY thanks to HR actions
- Personnel expenses include a pro-rata wage increase for contract renewal

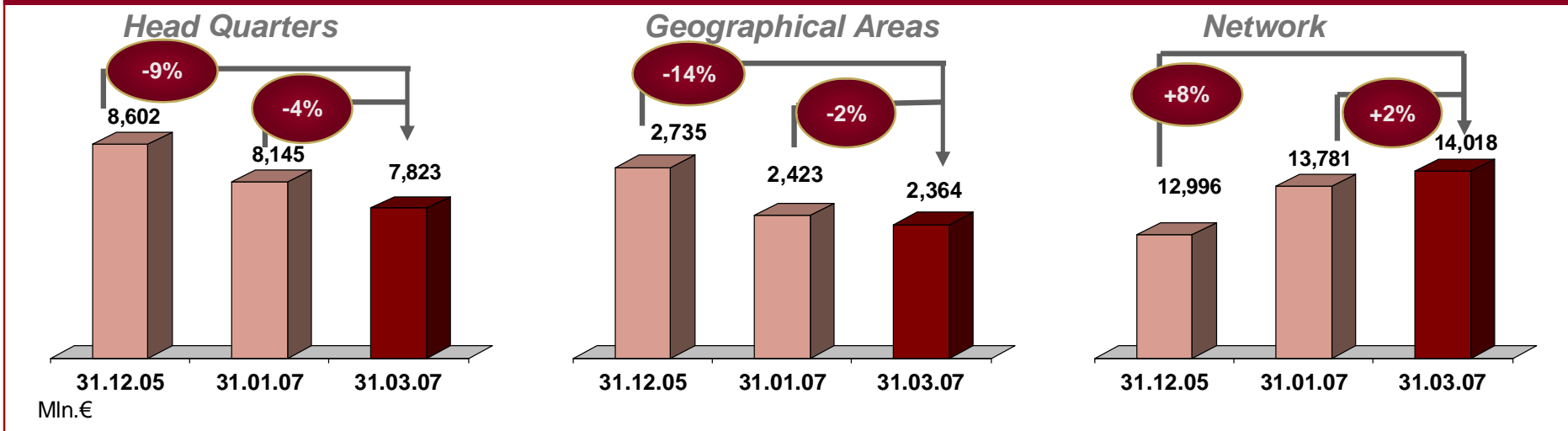
Cost/Income



Human Resources: the restructuring continues at a good pace

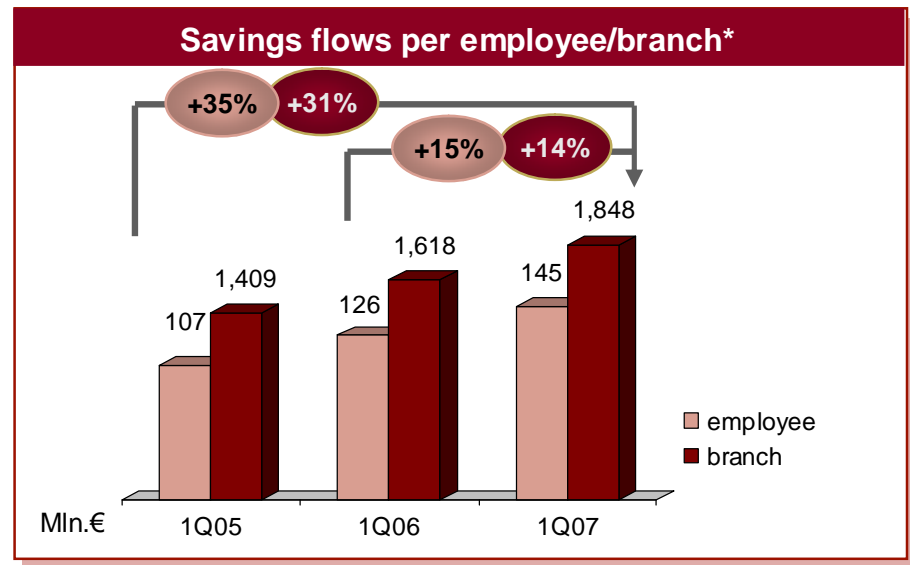
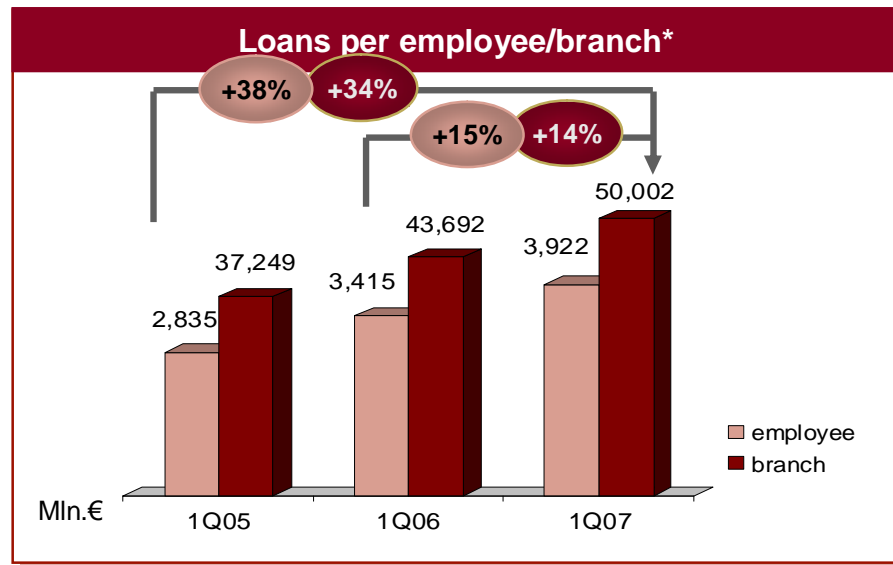
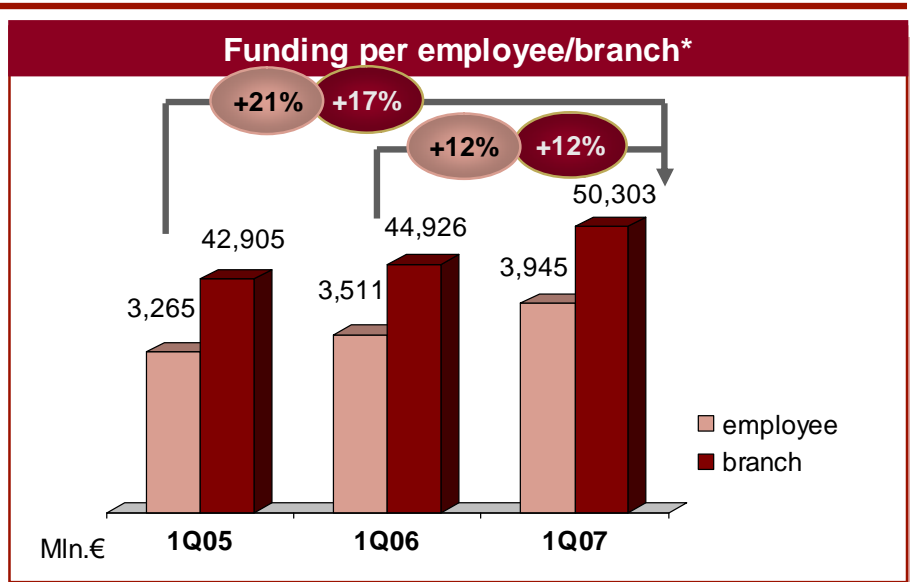
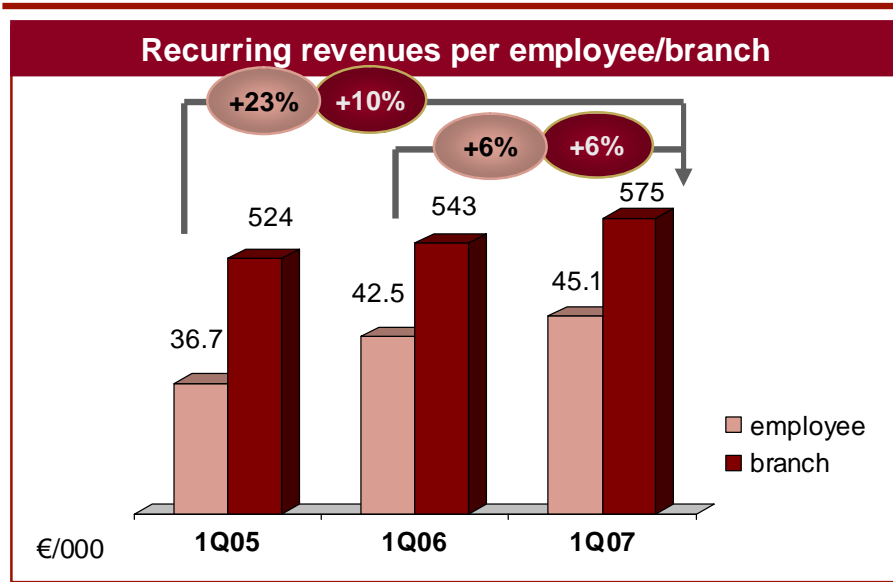


Number of employees moved from back office to front office



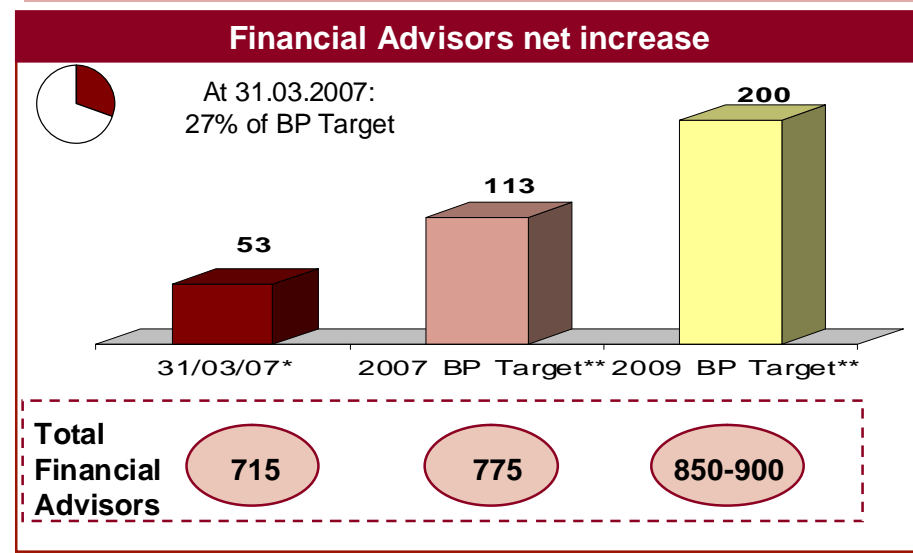
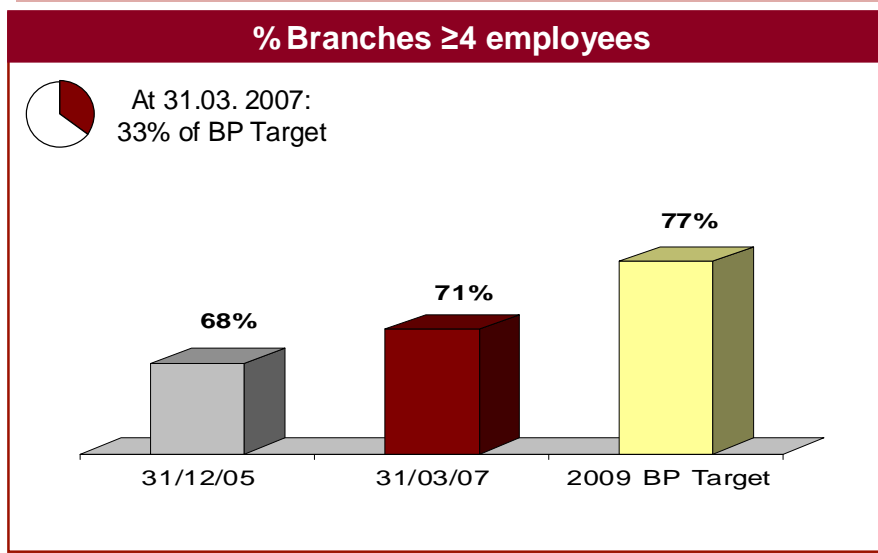
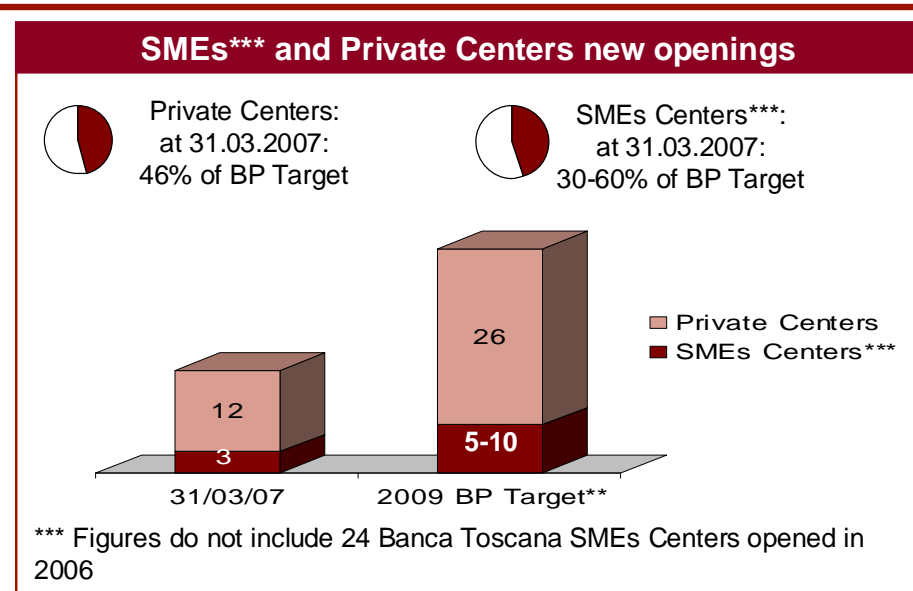
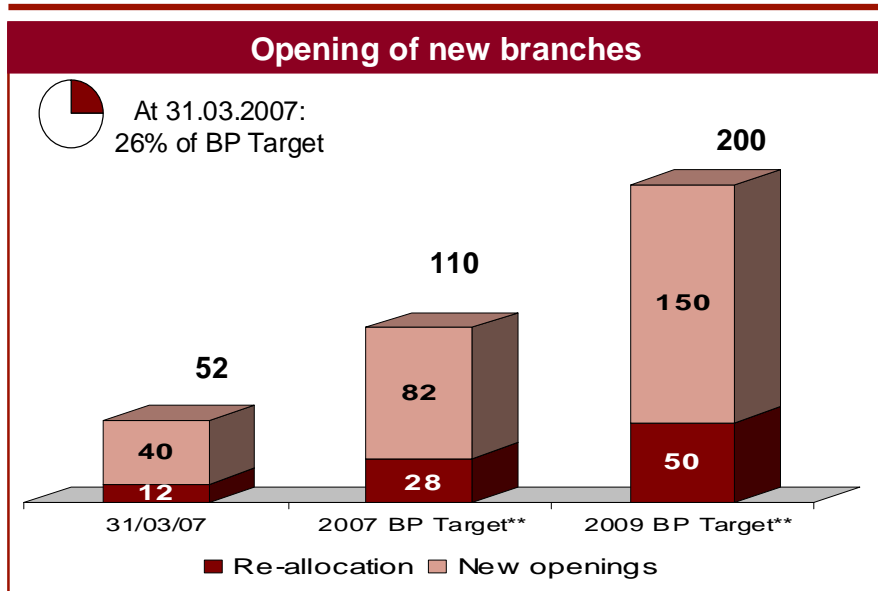
* Counted as Headquarters and Main Branches Staff / Network staff
 ** 242 including the deconsolidation of MP Vita

Increasing efficiency per employee and branch



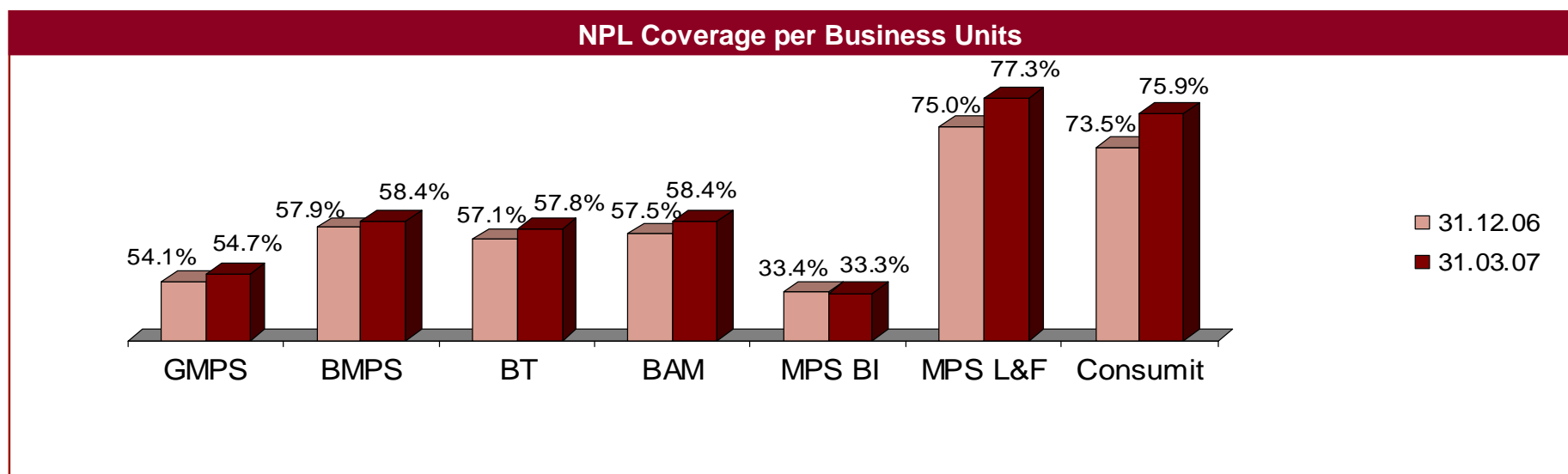
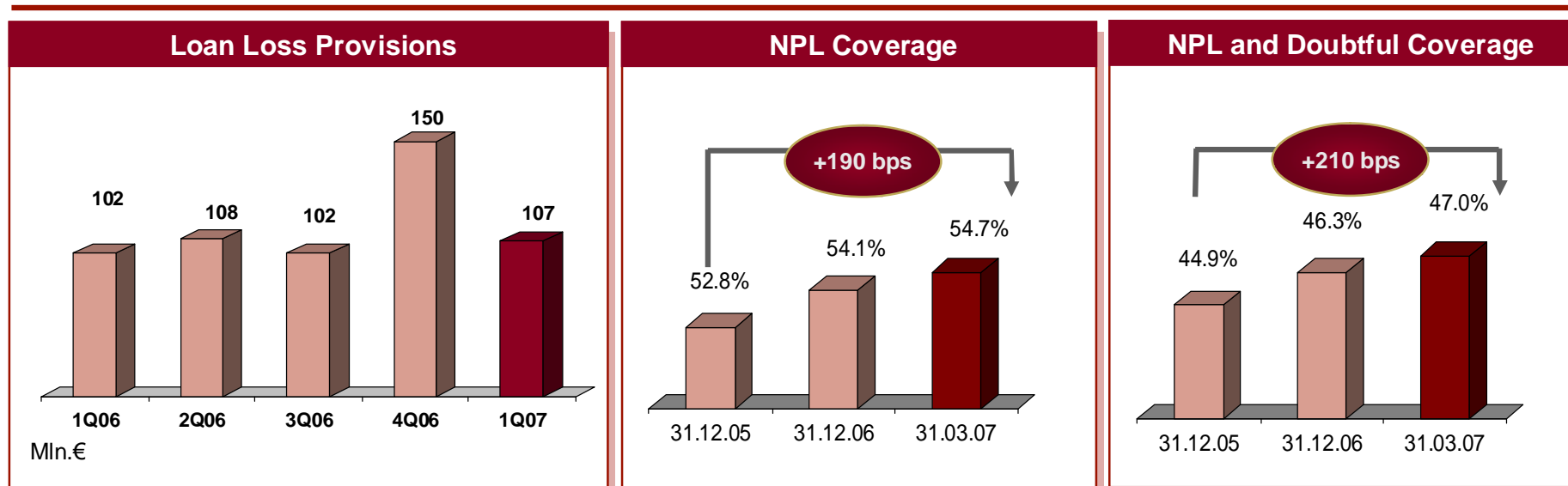
* 1Q05 excl Tax Collection

Network re-organization in 2007: a year of significant expansion

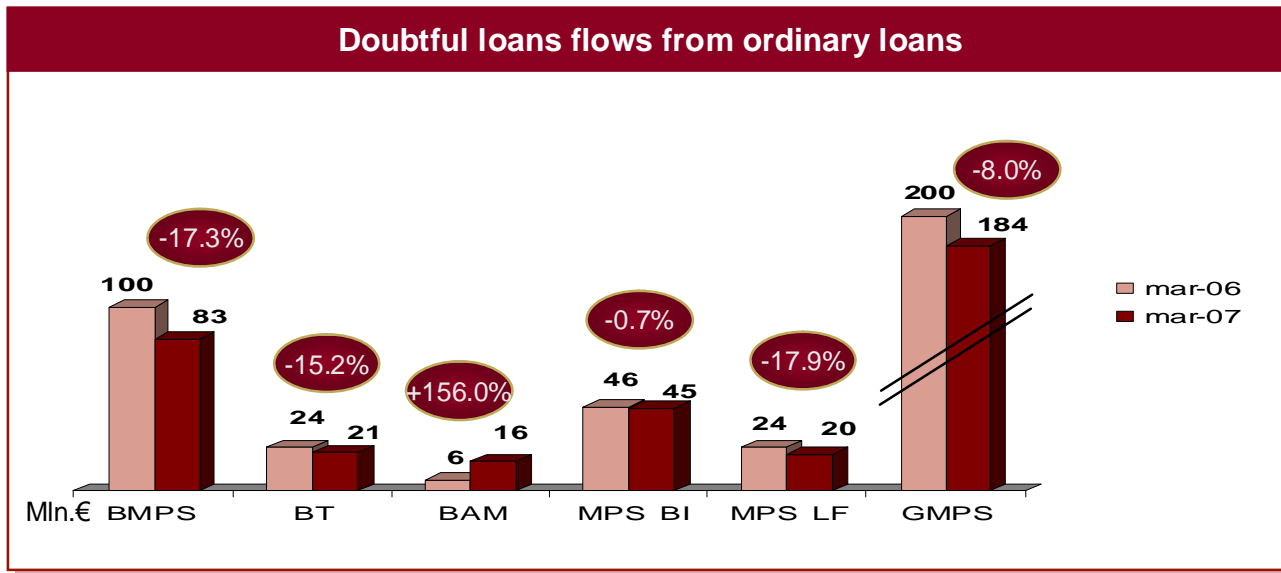
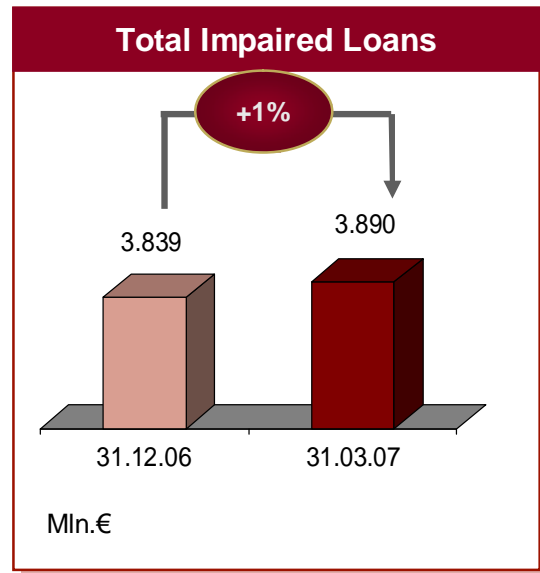
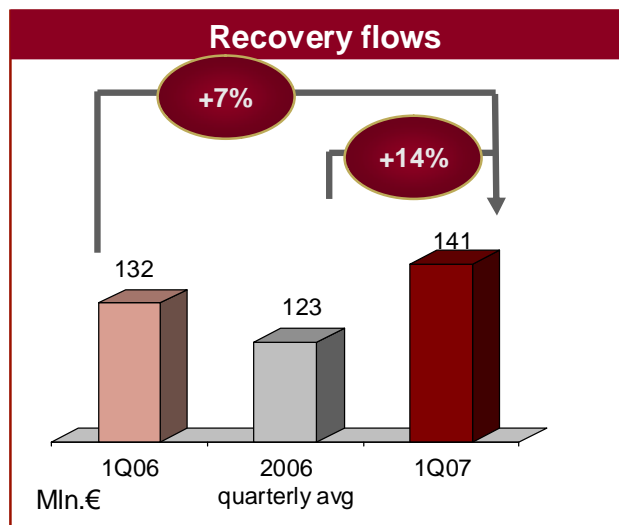
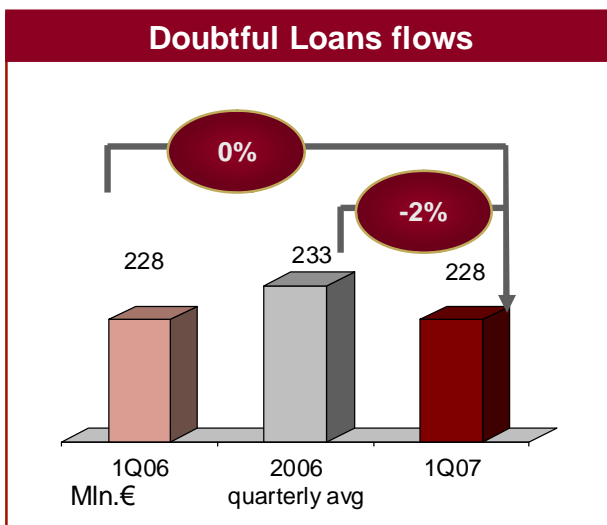
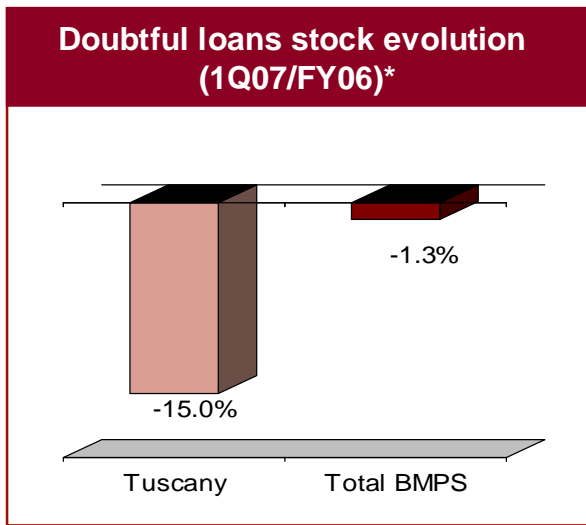


* Coming from 143 newly hired and 85 exits
** Cumulative target

Loan loss provisions and coverage

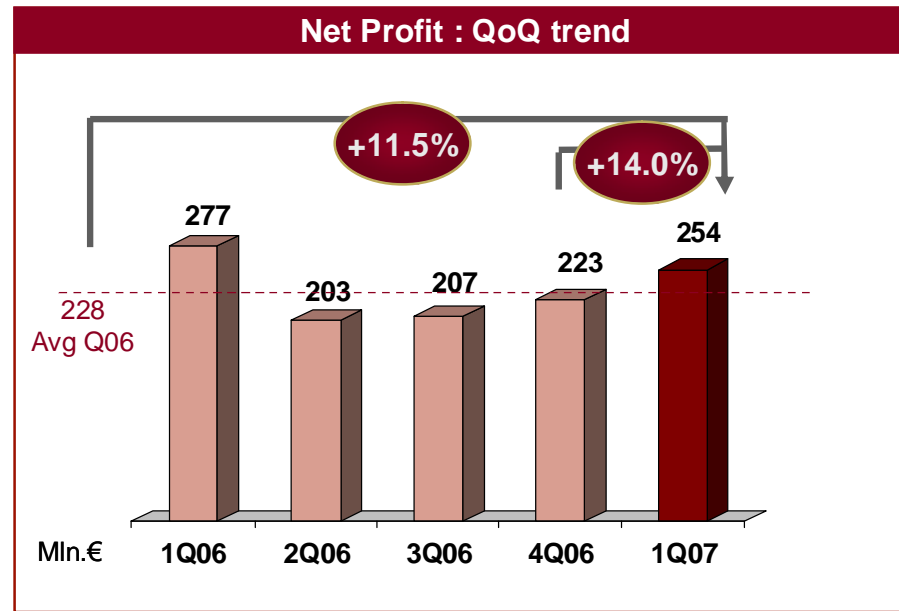
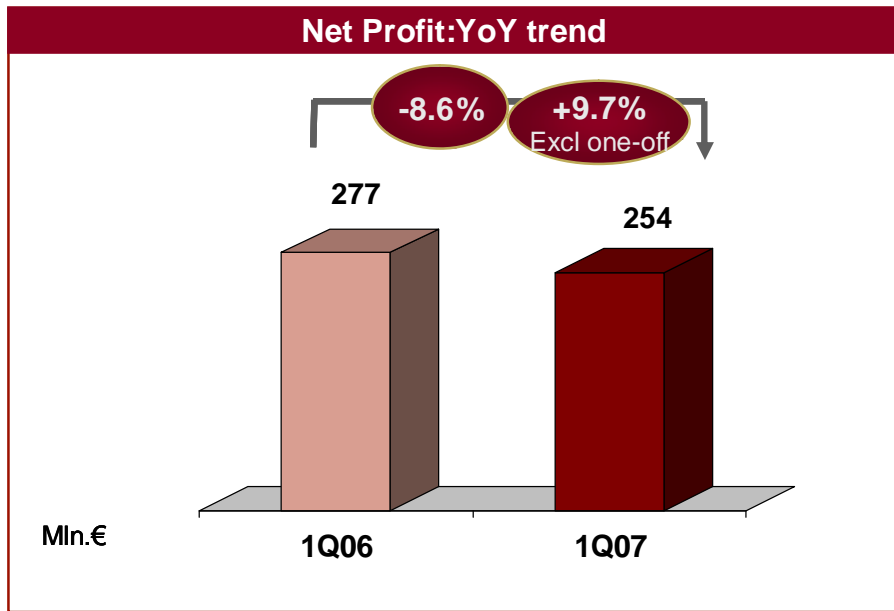


Analysis of doubtful loans flows



* Data referred to Banca MPS

Net Profit: good increase ex one-off components



- ❑ Despite a penalising tax rate (above 40%), net profit excl one-off increased by 9.7% YoY
- ❑ Non recurring components amounted at Euro 26 mln in 1Q07 due to Finsoe dismissal (vs Euro 76 mln in 1Q06 due to FIAT and BNL dismissals)

ALM: a rewarding strategy



Moody's upgrade and Standard & Poor's outlook revised up

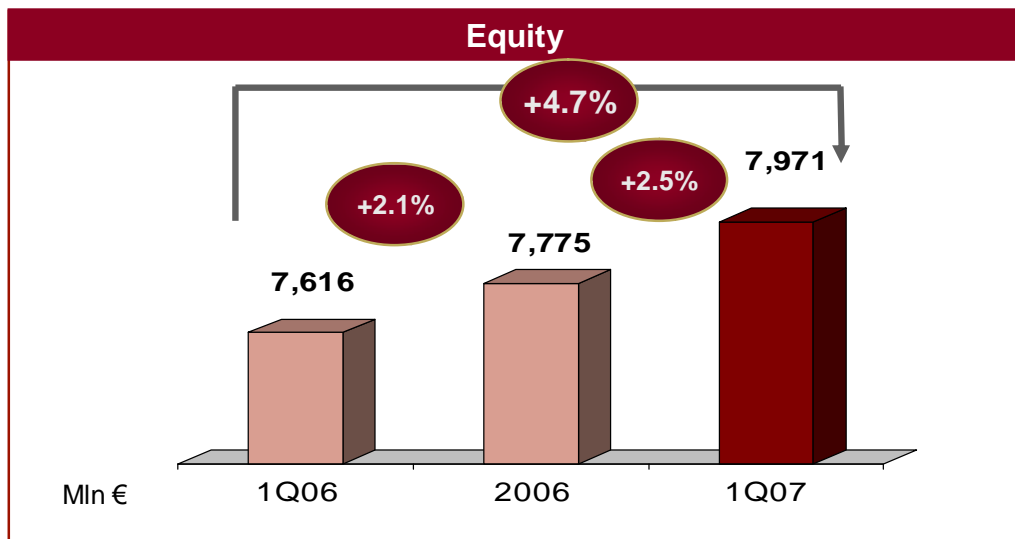


Reduction in cost of funding: recent issuing of 7Y Senior Floating Rate Notes at 14 bps spread



Loans/Deposits Ratio <1

ALM/ACPM: the virtuous circle continues



S&P's and Moody's upgrade

- ❑ **Standard & Poor's** revised its outlooks to positive from stable (16th January 2007)
- ❑ **Moody's** assigned the following ratings to Banca MPS (16th April 2007):
 - ❑ Local/Foreign currency long-term bank deposits: Aa3 (previous A1)
 - ❑ Local currency short-term bank deposits: Prime-1
 - ❑ Bank Financial Strength Rating: C+ (previous B-)

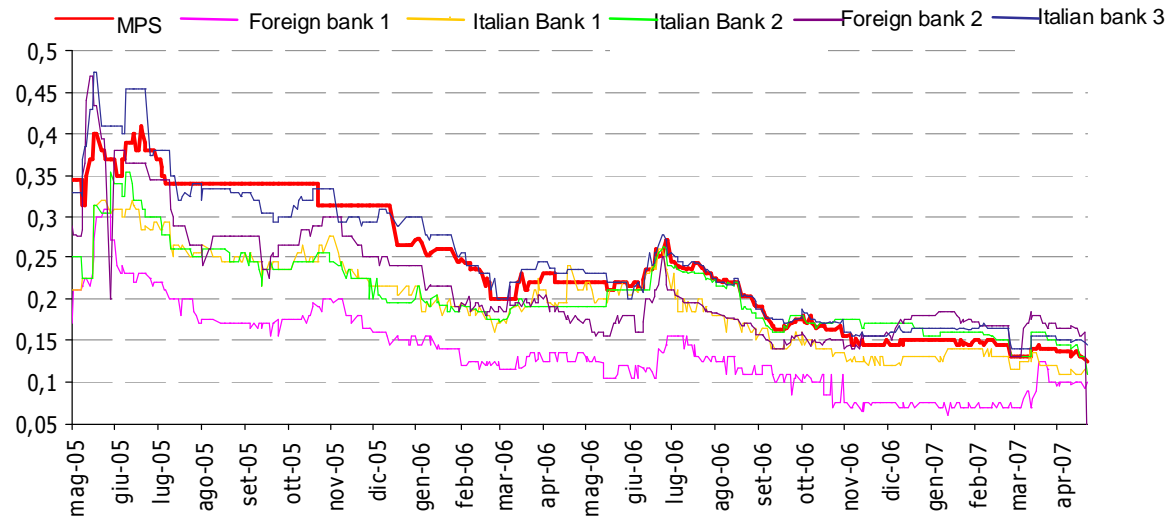
Hedging our Large Corporate portfolio

- ❑ We started a new Active Credit Portfolio Management (ACPM) function dedicated to the optimization of the credit exposure in terms of risk/return profile of the portfolio
- ❑ The ACPM's team has already hedged about the 12.50% of the total amount of the Large Corporate Portfolio while leaving the return profile of previous exposures unchanged
- ❑ This action allowed MPS to increase Tier 1 ratio of 4.1 bps and Total Solvency ratio of 5.80 bps

Funding cost decreasing thanks to recent ALM strategy

CDS spread trend on Lower Tier 2

CDS spread on lower Tier 2, 5y



□ The CDS spread trend of our subordinated, has been improving overtime both on absolute terms and with comparison to our main peers

□ CDS spreads on our LT2 5y duration subordinated is in line now with our peers

Gap versus major peers

	MPS	Foreign bank 1	Italian Bank 1	Italian Bank 2	Foreign bank 2	Italian bank 3
Rating S&P's	A	AA-	AA-	A+	AA-	A
Rating Moody's	AA3	AA1	AA2	AA2	AA3	A1
22/04/07	0,13	0,09	0,12	0,13	0,16	0,15
22/01/07	0,15	0,08	0,14	0,16	0,18	0,16
24/10/06	0,16	0,11	0,14	0,17	0,15	0,17
26/07/06	0,23	0,13	0,19	0,23	0,19	0,23
27/04/06	0,22	0,14	0,21	0,19	0,18	0,24
27/01/06	0,26	0,15	0,22	0,20	0,24	0,30
01/11/05	0,32	0,20	0,28	0,26	0,30	0,34
03/08/05	0,34	0,18	0,27	0,25	0,27	0,32

Product companies: the recovery continues



Relentless growth of consumer finance flows (total flows +12% YoY)

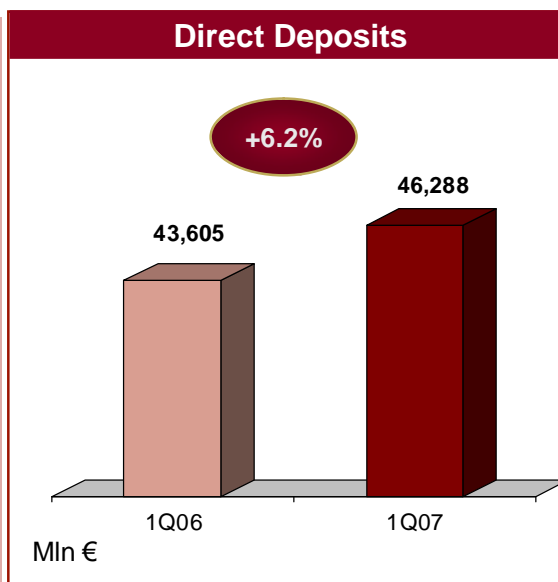
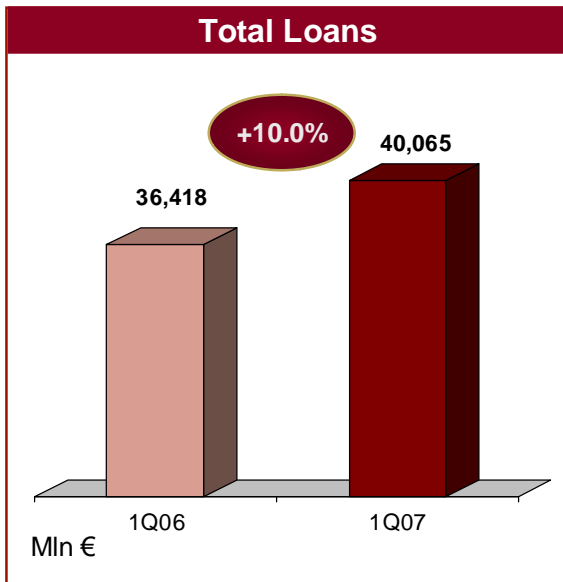
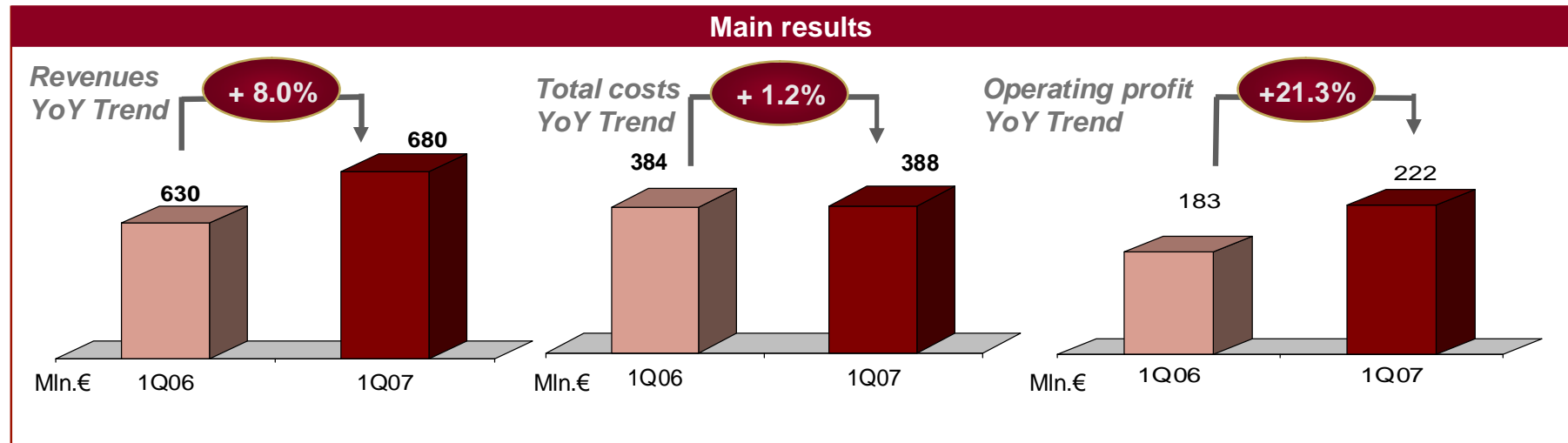


Banca Personale best player among FAs Networks for AuM flows



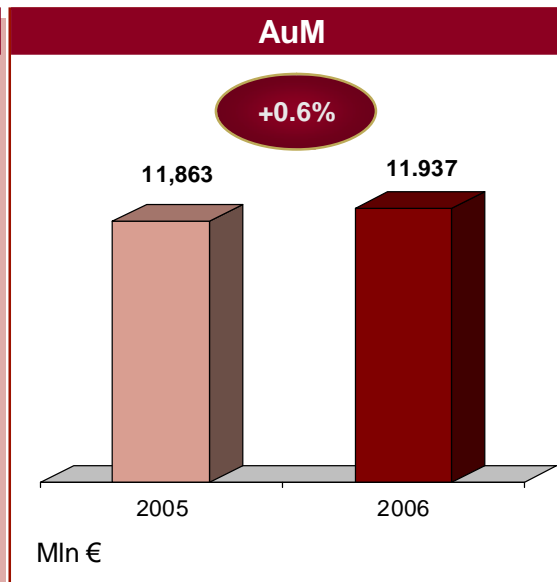
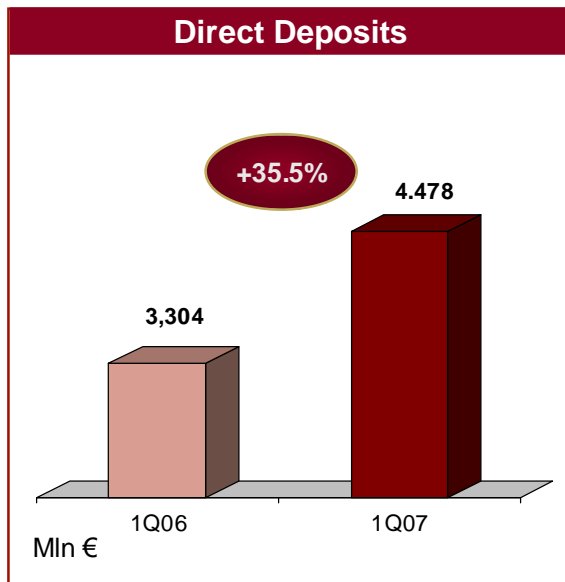
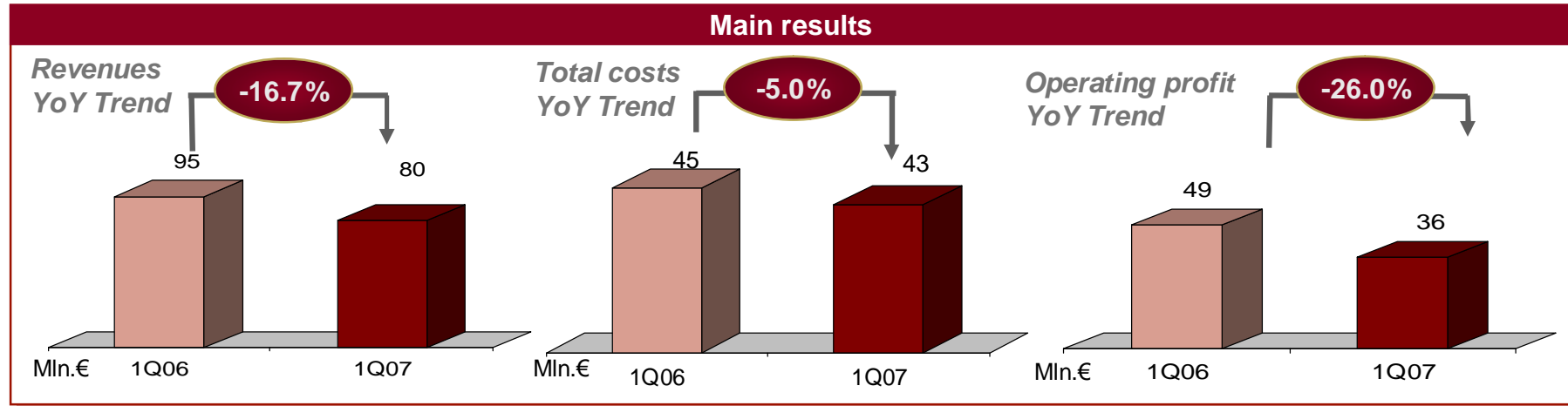
Leasing market share up 163bps in 3M (4.05%)

Commercial Banking & Distribution Network



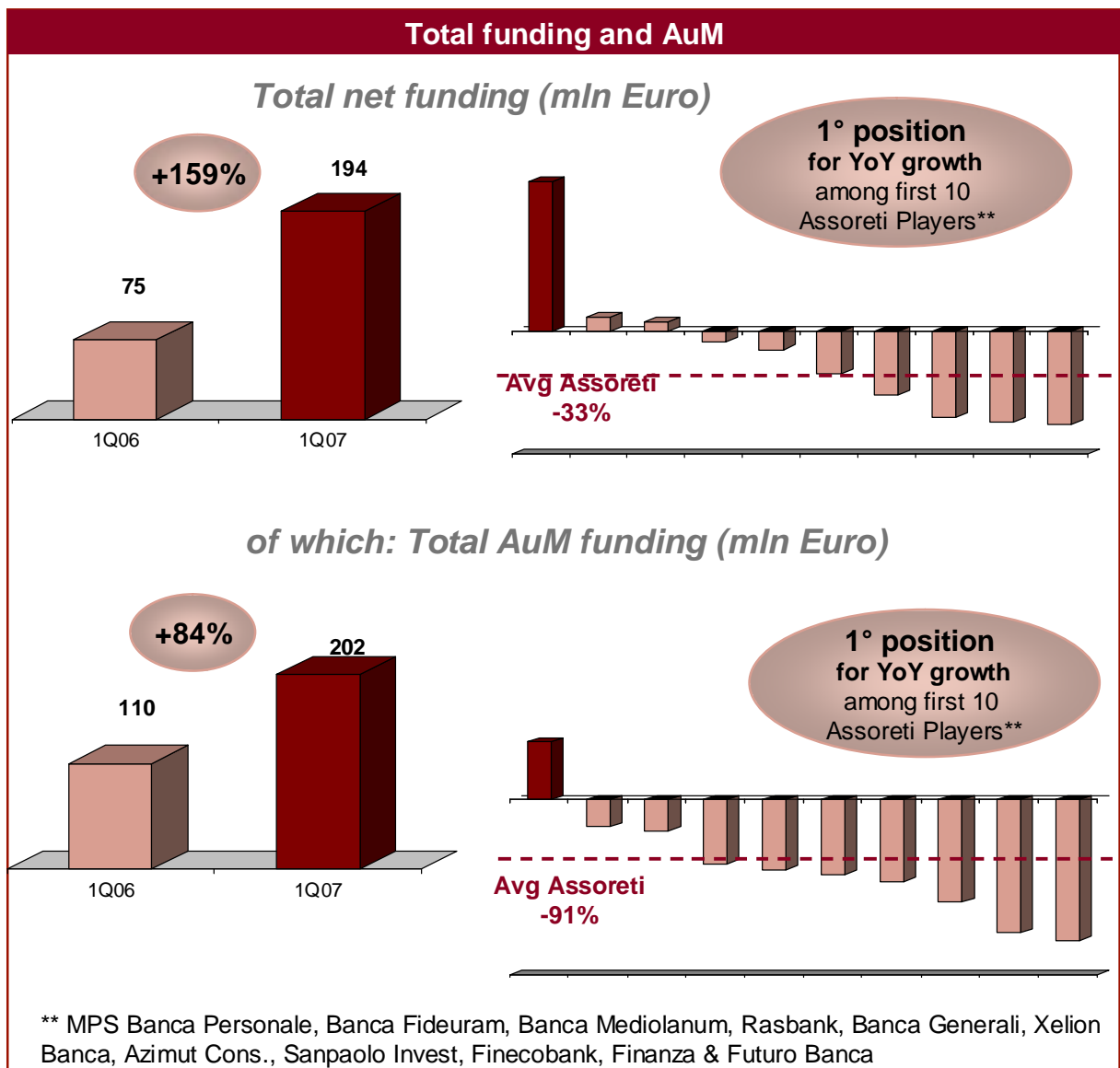
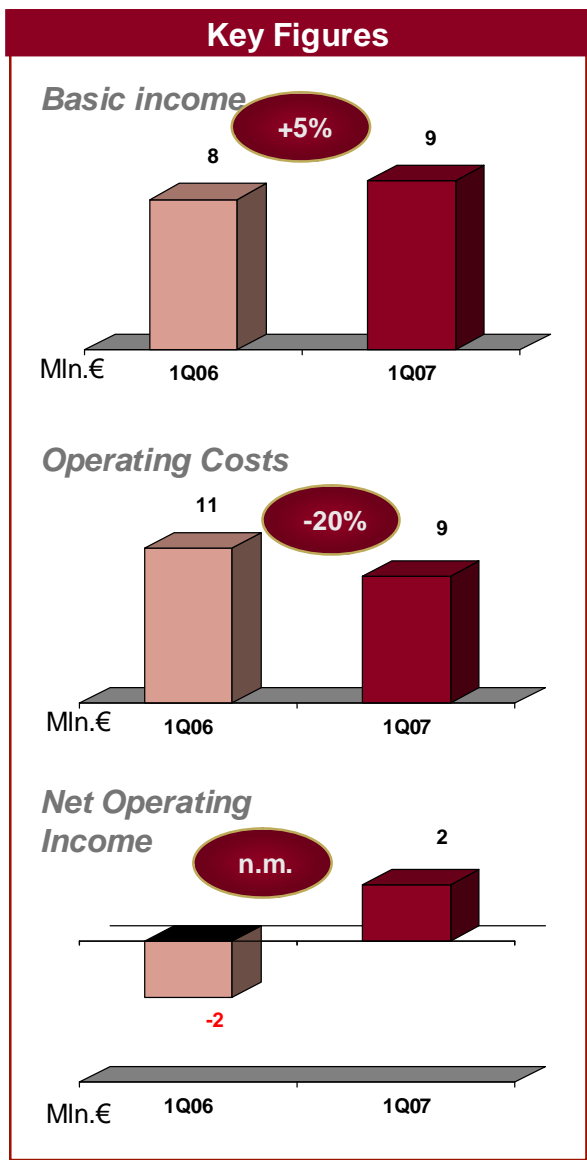
- ❑ NII up +9.8% YoY combined with a volume growth of 10%
- ❑ Net inflow of saving products increased by 65.1% YoY (Euro 1.1 bn)
- ❑ Placing of P&C products increased by 209% at Euro 28 mln in 1Q07

Private Banking & Wealth Management



- ❑ Revenues (excl performance fees) increased by 11% YoY
- ❑ Net inflow of saving products increased by 20.2% YoY (Euro 430 mln)
- ❑ Total deposits increased by 6.4% YoY at Euro 21.8 bn

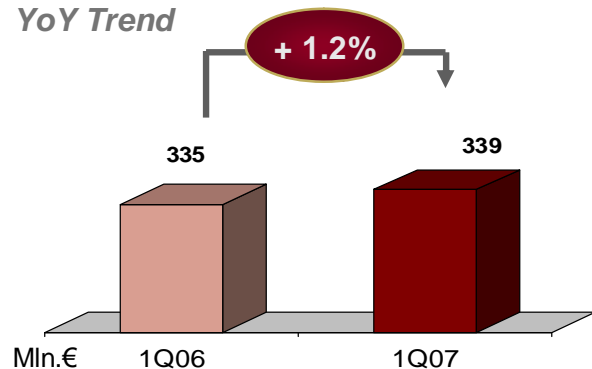
FA Network (MPS Banca Personale): among best performers



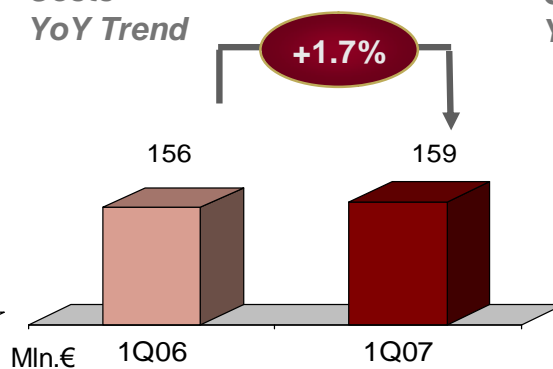
Corporate Banking & Capital Markets

Main results

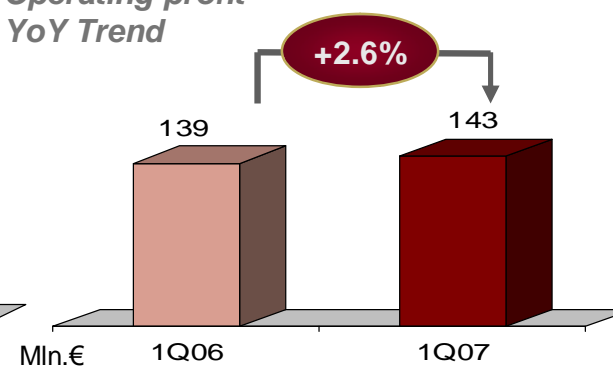
Revenues
YoY Trend



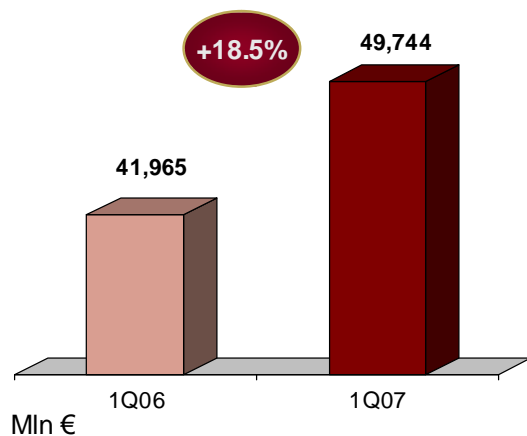
Costs
YoY Trend



Operating profit
YoY Trend



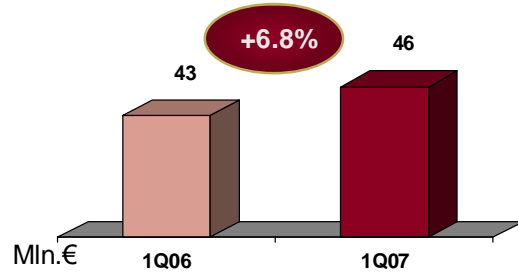
Total Loans



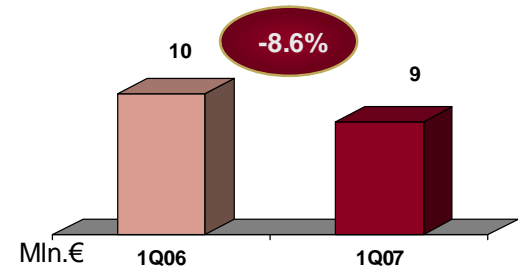
- ❑ Service fees increased by 9.9% YoY (Euro 67.1 mln), of which Credit Fees +18.1% (Euro 36.4 mln)
- ❑ Cost / income down at 46.7% (vs 49.4% in December 2006)
- ❑ Short terms loans increased by 21.4% YoY

Key Figures B. Impresa

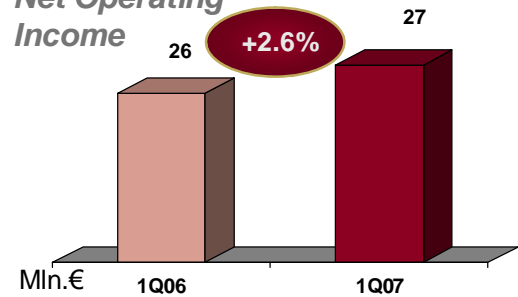
Basic Income



Operating Costs

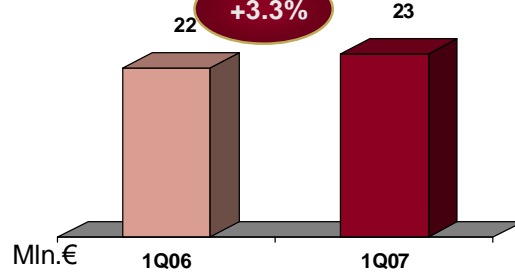


Net Operating Income

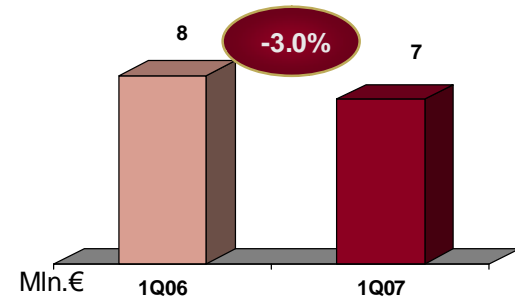


Key Figures L&F

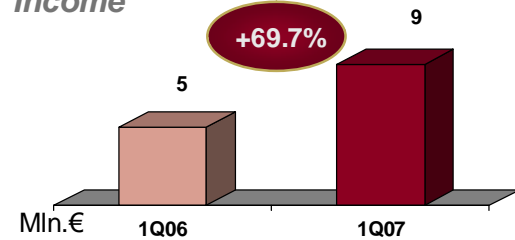
Revenues



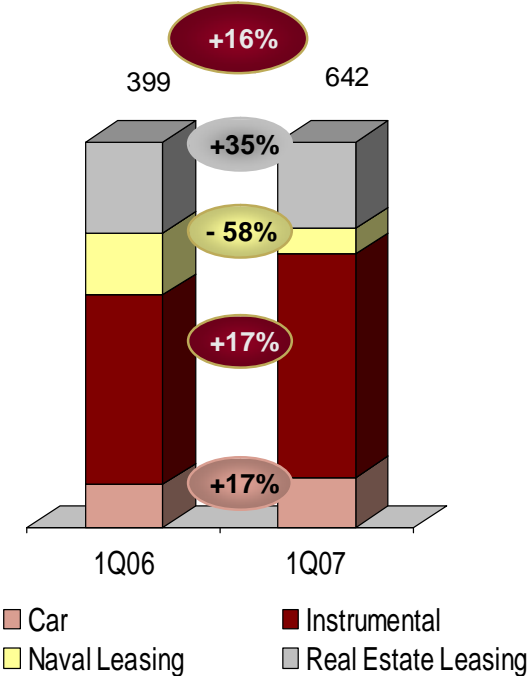
Operating Costs



Net Operating Income



Commercial Flows L&F



Mln.€

Conclusions



We confirm the Business Plan core revenues growth targets (6.5%)



We confirm the target to reduce costs in 2007 vs 2006



We are very confident on the sustainability of current trends

Contacts

Contacts



Investor Relations

Piazza Salimbeni, 3

53100 Siena

Tel:+39 0577-296477

Investor Relations Team:

Alessandro Santoni (Head)

Simone Maggi

Guido Poli

Elisabetta Pozzi

Email: Investor.Relations@banca.mps.it

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