



**MONTE  
DEI PASCHI  
DI SIENA  
GROUP**

***Quarterly Report as of 31 March 2002***

*prepared pursuant to Consob Resolution n. 11971 of 14 May 1999*

*Siena, 15 May 2002*

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**MPS Group: summary of results (in EUR mn)**

	31/03/02	31/03/01	Chg. %
<b>Total Customer Funds</b>	<b>173.562</b>	<b>163.440</b>	<b>6,2</b>
<b>Values of products placed:</b>			
<i>Mutual Funds (Net Inflows)</i>	247	270	-8,5%
<i>Life Insurance Policies/ Pension Funds</i>	1.294	535	142,1%
<i>Innovative Financial Products</i>	992	1.141	-13,1%
<b>Customer Loans</b>	<b>66.586</b>	<b>60.601</b>	<b>9,9</b>
<b>Number of Customers</b> (actual number at period end)	<b>4.532.700</b>	<b>4.482.500</b> <small>As of 31/12/01</small>	<b>1,1</b>
<b>Virtual Banking</b> (number of "connections")	<b>1.110.72</b>	<b>974.948</b> <small>As of 31/12/01</small>	<b>13,9</b>
<b>Gross Operating Profit</b>	<b>529,7</b>	<b>487,7</b>	<b>8,6</b>
<b>Gross Operating Profit excl. Profits (losses) From financial transactions</b>	<b>458,7</b>	<b>420,3</b>	<b>9,1%</b>
<b>Net Profit</b>	<b>161,7</b>	<b>160,3</b>	<b>0,9</b>
<b>Net Profit adjusted for goodwill</b>	<b>182,3</b>	<b>180,6</b>	<b>0,9</b>
<b>Net profit of past 12 months</b>	<b>619,0</b>	<b>579,0</b>	<b>6,9</b>

**CORPORATE OFFICERS, SENIOR MANAGEMENT AND AUDITORS  
OF Banca Monte dei Paschi di Siena**

## Board of Directors:

Pier Luigi Fabrizi, Chairman (°)  
Mauro Faneschi, Vice Chairman (°)  
Antonio Silvano Andriani, Director (°)  
Stefano Bellaveglia, Director (°)  
Francesco Saverio Carpinelli, Director (°)  
Giuseppe Catturi, Director (°)  
Carlo Querci, Director  
Ivano Sacchetti, Director  
Antonio Sclavi, Director  
Giovanni Semeraro, Director  
Alessandro Vercelli, Director

(°) member of the Executive Committee

## Board of Statutory Auditors:

Giuseppe Vittimberga, Chairman  
Pietro Fabretti, Acting Auditor  
Luciana Granai De Robertis, Acting Auditor  
Angiola Lippi, Substitute Auditor  
Duccio Neri, Substitute Auditor

## Senior Management:

Vincenzo De Bustis, Chief Executive Officer  
Pier Giorgio Primavera, Deputy Chief Executive Officer  
Antonio Vigni, Assistant Chief Executive Officer  
Pier Luigi Corsi, Assistant Chief Executive Officer

## Independent Auditors:

KPMG S.p.A.

## NOTES TO THE FINANCIAL STATEMENTS

The financial statements of the Monte dei Paschi di Siena Group for the three months ending 31 March 2002 have been prepared pursuant to CONSOB Resolution n. 11971 of 14 May 1999.

The reclassified balance sheet and the reclassified profit and loss statement as of 31 March 2002 have been prepared on the basis of the valuation criteria used in the preparation of the financial statements as of the previous year end. Such criteria differ from those used in the preparation of the financial statements for the three months ending 31 March 2001 with respect to the valuation of securities traded on organized markets in Italy and abroad which are part of the trading portfolio. Such securities have been valued at the price marked on the final day of the period, instead of the arithmetic average of the daily prices reported during the month of March.

In addition, quotas held in mutual funds and SICAVs whose value is calculated by the funds management company and which are held in the trading portfolio are valued at market prices. Such treatment is consistent with the valuation of the securities quoted on organized markets.

Finally, the consolidated comparative values of the MPS Group as of 31 March 2001 have been reclassified to provide the same basis for comparison with the values as of 31 March 2002, with the tax credit on eliminated dividends being reversed as a result.

The criteria for the preparation of the consolidated financial statements are summarized as follows:

- The quarterly financial statements have been prepared in accordance with the "criterion of the independence of periods" whereby the period of reference is

considered on a stand-alone basis. As a result, the quarterly profit and loss statement includes ordinary and extraordinary income and expenses accrued to the period.

- The financial statements of the Group companies used in the consolidated statements are those prepared by the Group companies as of 31 March 2002, adjusted where necessary in order to incorporate the Group's accounting principles.
- Adjustments and provisions made by the parent company exclusively for tax purposes have been reversed.
- All transactions between the Group companies have been eliminated.
- In comparison with the financial statements as of 31 December 2001, changes in the area of consolidation mainly include the parent company's acquisition of 100 percent of 121 Financial Services Ltd. from Banca 121 as part of an overall transaction in which Banca 121 sold a business unit to Banca Monte dei Paschi di Siena which also included 30 branch facilities and a quota of Banca 121's securities portfolio.

The financial statements as of 31 March 2002 have not been certified by the independent auditors.

Pursuant to Paragraph 2 of Article 82 of the CONSOB Resolution N. 11971 of 14 May 1999, the Banca Monte dei Paschi di Siena will publish financial statements for the six months ending 30 June 2002 on or before 13 September, and thus it will not prepare any financial statements relative to the second quarter of 2002.

## MPS Group

### Key figures

Mln euro	31/03/02	31/03/01	Chg.%
<b>CONSOLIDATED STATEMENT OF INCOME</b>			
Total income	1.254,5	1.189,0	5,5
Gross operating income	529,7	487,7	8,6
Gross operating income excluding Profit (loss) from financial transactions	458,7	420,3	9,1
Net income	161,7	160,3	0,9
Net income adjusted for goodwill	182,3	180,6	0,9
<b>CONSOLIDATED BALANCE SHEET</b>			
<b>Total customer deposits</b>	<b>173.562</b>	<b>163.440</b>	<b>6,2</b>
<i>Direct deposits - including subordinated securities -</i>	78.485	73.945	6,1
Indirect deposits	95.077	89.495	6,2
<i>of which: assets under management</i>	40.173	40.056	0,3
<i>of which: assets under administration</i>	54.904	49.439	11,1
<b>Customer loans</b>	<b>66.586</b>	<b>60.601</b>	<b>9,9</b>
<b>Shareholders' equity</b>	<b>5.948</b>	<b>5.746</b>	<b>3,5</b>
<b>PROFITABILITY RATIOS (%)</b>			
Banking fees/Total income	34,9	40,8	
Non interest income/Total income	51,8	52,7	
Cost/Income ratio (excluding depreciations)	57,8	59,0	
Cost/Income ratio (including depreciations) (°)	63,8	64,3	
Cost/Income ratio (including depreciations and excl Tax Collection) (°)	61,2	62,4	
R.O.E. adjusted	14,2	14,4	as of 31.12.01
R.O.E. (*)	14,3	14,3	as of 31.12.01
Non interest income/Administrative costs	89,6	89,3	
(°) excluding goodwill			
(*) Shareholders' equity is net of revaluation reserves ex law 342/00			
<b>ASSET QUALITY RATIOS (%)</b>			
	<b>31/03/02</b>	<b>31/12/01</b>	
Net non-performing loans/ Customer loans	1,3	1,2	
Net problem loans(*) / Customer loans	3,2	3,1	
(*) Problem loans include doubtful loans, substandard loans and country risk loans			
<b>CAPITAL ADEQUACY RATIOS (%)</b>			
		<b>31/12/01</b>	
Total capital ratio		8,53	
Tier 1 Ratio		5,77	
<b>BMPS SHARES</b>			
	<b>31/03/02</b>	<b>31/03/01</b>	
Number of common shares	2.598.722.319	2.351.895.107	
Number of savings shares	9.432.170	8.574.700	
Common share's prices during the year:			
- average	2,97		
- low	2,69		
- high	3,40		
<b>OPERATING STRUCTURE</b>			
	<b>31/03/02</b>	<b>31/12/01</b>	<b>Abs. Chg.</b>
Number of employees	28.204	28.079	125
Domestic branches(*)	1.846	1.838	8
Foreign branches and representative offices	43	43	-
Virtual banking connections	1.110.728	974.948	135.780

(\*) including branches of MPS Merchant and Banca Verde

## MPS Group

### Reclassified Consolidated Balance Sheet (mln euro)

Assets	31/03/02	31/03/01	Chg.		31/12/01
			Abs	%	
Cash on hand and deposits with central bank and post office	675	384	291	75,8	708
Loans and advances:					
a) to customers	66.586	60.601	5.985	9,9	64.944
b) to banks	14.204	19.552	-5.349	-27,4	14.089
Dealing securities	12.957	11.855	1.101	9,3	11.467
Fixed assets					
a) investment securities	4.304	4.892	-587	-12,0	4.336
b) holdings	2.759	2.386	373	15,6	2.719
c) tangible and intangible	2.633	2.427	206	8,5	2.616
Goodwill and differences from equity method	840	825	15	1,9	857
Own shares	15	17	-2	-14,1	19
Other assets	15.188	9.857	5.331	54,1	15.199
<b>Total Assets</b>	<b>120.159</b>	<b>112.796</b>	<b>7.364</b>	<b>6,5</b>	<b>116.954</b>
Liabilities	31/03/02	31/03/01	Chg.		31/12/01
			Abs	%	
Deposits					
a) due to customers and securities issued	75.426	71.790	3.637	5,1	75.900
b) due to banks	18.658	20.504	-1.846	-9,0	15.142
Specific reserves for:					
a) pensions and similar obligations	459	459	0	0,1	446
b) termination indemnities	439	430	9	2,2	437
c) risks and charges	575	531	44	8,4	590
d) taxation	988	1.196	-208	-17,4	855
Other liabilities	13.312	8.861	4.450	50,2	13.447
Reserve for loan losses	322	296	26	8,9	317
Subordinated liabilities	3.059	2.155	904	41,9	3.060
Minority interests	973	829	145	17,5	973
Shareholder's equity:					
a) share capital	1.356	1.219	137	11	1.356
b) share premium	523	523	0	0,0	523
c) reserve for general banking risks	456	451	6	1,2	456
d) negative consolidation differences	22	22	-0	-0,2	22
e) reserves	3.429	3.357	72	2,1	2.812
f) net income for the period	162	174	-12	-7,1	617
<b>Total liabilities</b>	<b>120.159</b>	<b>112.796</b>	<b>7.364</b>	<b>6,5</b>	<b>116.954</b>

## MPS Group

### Reclassified consolidated income statement

	31/03/02	31/03/01	Chg.		Quarterly avg. 2001	31/12/01
		rebased	abs.	%		
<b>Net Interest Income</b>	<b>605,3</b>	<b>562,9</b>	<b>42,4</b>	<b>7,5</b>	<b>572,6</b>	<b>2.291</b>
Profit (loss) from financial transactions	71,1	67,5	3,6	5,3	58,1	232
Net commissions and other operating income	557,5	570,0	-12,5	-2,2	570,8	2.283
Dividends and tax credit on dividends	11,0	3,8	7,2	188,7	62,9	252
Profit (loss) on investments valued with the net equity method(*)	9,7	-15,2	24,9	ns.	13,8	55
<b>Non Interest Income</b>	<b>649,2</b>	<b>626,1</b>	<b>23,2</b>	<b>3,7</b>	<b>705,6</b>	<b>2.822</b>
<b>Total Income</b>	<b>1.254,5</b>	<b>1.189,0</b>	<b>65,6</b>	<b>5,5</b>	<b>1.278,2</b>	<b>5.113</b>
<b>Total income excluding Profit (loss) from financial transactions</b>	<b>1.183,5</b>	<b>1.121,5</b>	<b>62,0</b>	<b>5,5</b>	<b>1.220,1</b>	<b>4.880</b>
Operating costs						
- personnel expenses	-448,5	-434,8	-13,7	3,1	-441,3	-1.765
- other administrative expenses	-276,3	-266,4	-9,9	3,7	-285,9	-1.143
<b>Total operating costs</b>	<b>-724,8</b>	<b>-701,2</b>	<b>-23,6</b>	<b>3,4</b>	<b>-727,1</b>	<b>-2.909</b>
<b>Gross Operating Income</b>	<b>529,7</b>	<b>487,7</b>	<b>42,0</b>	<b>8,6</b>	<b>551,0</b>	<b>2.204</b>
<b>Gross Operating Income excluding Profit (loss) from financial transactions</b>	<b>458,7</b>	<b>420,3</b>	<b>38,4</b>	<b>9,1</b>	<b>492,9</b>	<b>1.972</b>
Adjustments to the value of tangible and intangible fixed assets (*)	-96,8	-83,8	-12,9	15,4	-94,1	-377
Provisions for risks and charges	-1,4	-6,1	4,8	-77,6	-18,9	-76
Provisions for credit risks and net write downs of loans	-70,4	-54,3	-16,1	29,5	-96,0	-384
Net adjustments to the value of financial fixed assets	-8,7	-3,5	-5,2	ns.	-5,4	-22
<b>Net Operating Income</b>	<b>352,5</b>	<b>340,0</b>	<b>12,5</b>	<b>3,7</b>	<b>336,6</b>	<b>1.346</b>
Net extraordinary income	10,6	32,8	-22,2	-67,7	-4,1	-17
Change in reserve for general banking risks	0,0	0,0	0,0	ns.	-1,4	-6
Income taxes	-169,7	-177,1	7,4	-4,2	-152,7	-611
<b>Total Net Income</b>	<b>193,4</b>	<b>195,6</b>	<b>-2,2</b>	<b>-1,1</b>	<b>178,4</b>	<b>713</b>
Minorities	-31,7	-35,3	3,6	-10,2	-24,0	-96
<b>Net income</b>	<b>161,7</b>	<b>160,3</b>	<b>1,4</b>	<b>0,9</b>	<b>154,4</b>	<b>617</b>

(\*) The data relative to the first quarter of 2001 have been rebased to reflect the acquisition of 100% of the MPV Group, as if it were to have occurred as of 1 January 2001.



## MPS Group

## Reclassified consolidated income statement: quarterly trend data

	1 Q 02	2001 rebased				Quarterly
		4Q	3Q	2Q	1Q	avg. 2001
<b>Net Interest Income</b>	<b>605,3</b>	<b>603,1</b>	<b>577,5</b>	<b>547,0</b>	<b>562,9</b>	<b>572,6</b>
Profit (loss) from financial transactions	71,1	118,1	-61,7	108,7	67,5	58,1
Net commissions and other operating income	557,5	598,9	516,5	597,7	570,0	570,8
Dividends and tax credit on dividends	11,0	136,6	-2,7	113,9	3,8	62,9
Profit (loss) on inv. valued with the net equity method(*)	9,7	78,9	-22,2	13,5	-15,2	13,8
<b>Non Interest Income</b>	<b>649,2</b>	<b>932,5</b>	<b>429,8</b>	<b>833,8</b>	<b>626,1</b>	<b>705,6</b>
<b>Total Income</b>	<b>1.254,5</b>	<b>1.535,6</b>	<b>1.007,3</b>	<b>1.380,8</b>	<b>1.189,0</b>	<b>1.278,2</b>
<b>Total income excluding Profit (loss) from financial transactions</b>	<b>1.183,5</b>	<b>1.417,5</b>	<b>1.069,1</b>	<b>1.272,2</b>	<b>1.121,5</b>	<b>1.220,1</b>
Operating costs						
- personnel expenses	-448,5	-448,5	-434,5	-447,3	-434,8	-441,3
- other administrative expenses	-276,3	-332,7	-265,5	-278,9	-266,4	-285,9
<b>Total operating costs</b>	<b>-724,8</b>	<b>-781,1</b>	<b>-700,0</b>	<b>-726,2</b>	<b>-701,2</b>	<b>-727,1</b>
<b>Gross Operating Income</b>	<b>529,7</b>	<b>754,5</b>	<b>307,3</b>	<b>654,6</b>	<b>487,7</b>	<b>551,0</b>
<b>Gross Operating Income excluding Profit (loss) from financial transactions</b>	<b>458,7</b>	<b>636,3</b>	<b>369,1</b>	<b>546,0</b>	<b>420,3</b>	<b>492,9</b>
Adjustments to the value of tangible and intangible fixed assets (*)	-96,8	-110,9	-91,1	-90,8	-83,8	-94,1
Provisions for risks and charges	-1,4	-26,3	26,1	-69,3	-6,1	-18,9
Provisions for credit risks and net write downs of loans	-70,4	-150,3	-78,2	-101,1	-54,3	-96,0
Net adjustments to the value of financial fixed assets	-8,7	-12,4	-4,0	-1,7	-3,5	-5,4
<b>Net Operating Income</b>	<b>352,5</b>	<b>454,6</b>	<b>160,2</b>	<b>391,7</b>	<b>340,0</b>	<b>336,6</b>
Net extraordinary income	10,6	-21,2	-40,9	12,7	32,8	-4,1
Change in reserve for general banking risks	0,0	-5,6	0,0	0,0	0,0	-1,4
Income taxes	-169,7	-182,4	-59,4	-191,9	-177,1	-152,7
<b>Total Net Income</b>	<b>193,4</b>	<b>245,4</b>	<b>59,9</b>	<b>212,5</b>	<b>195,6</b>	<b>178,4</b>
Minorities	-31,7	-17,1	-19,2	-24,5	-35,3	-24,0
<b>Net income</b>	<b>161,7</b>	<b>228,3</b>	<b>40,7</b>	<b>188,0</b>	<b>160,3</b>	<b>154,4</b>

(\*) The data relative to the first quarter of 2001 have been rebased to reflect the acquisition of 100% of the MPV Group, as if it were to have occurred as of 1 January 2001.

## Group Structure

COMPANY NAME		REGISTERED OFFICE	INVESTMENT RELATIONSHIP	% Held	CARRYING VALUE
			Investor		
<b>A.1 Consolidated companies</b> (companies consolidated on a line-by-line basis)					
A.0	BANCA MONTE DEI PASCHI DI SIENA S.p.A.	Siena			xxx
A.1	AMMINISTRAZIONI IMMOBILIARI S.p.A.	Siena	A.0	100.000	xxx
A.2	BANCA MONTE PASCHI BELGIO S.A.	Brussels	A.0	64.473	xxx
			A.4	35.527	
A.3	BANCA MONTE PASCHI SUISSE S.A.	Geneva	A.0	99.997	xxx
A.4	BANCA TOSCANA S.p.A.	Florence	A.0	57.278	xxx
			A.18	4.979	
A.5	CARIPRATO CASSA RISPARMIO PRATO S.p.A.	Prato	A.0	79.000	xxx
A.6	MERCHANT LEASING & FACTORING S.p.A.	Prato	A.4	37.500	xxx
			A.5	25.000	
			A.18.2	37.500	
A.7	G.E.R.I.T. S.p.A.	L'Aquila	A.0	95.572	xxx
			A.18	4.407	
A.8	MPS BANCA VERDE S.p.A.	Florence	A.0	65.500	xxx
			A.4	29.230	
			A.5	3.770	
A.9	M.P.S. COMMERCIAL PAPER	New York	A.0	100.000	xxx
A.10	MPS MERCHANT BANCA PER LE PICCOLE E MEDIE IMPRESE S.p.A.	Florence	A.0	86.973	xxx
			A.4	11.677	
A.11	MONTE PASCHI BANQUE S.A.	Paris	A.0	70.175	xxx
			A.4	29.825	
11.1	MONTE PASCHI CONSEIL FRANCE	Paris	A.11	99.840	
11.2	MONTE PASCHI INVEST FRANCE S.A.	Paris	A.11	99.973	
11.3	M.P. ASSURANCE S.A.	Paris	A.11	99.600	
11.4	S.N.C. IMMOBILIARE POINCARE	Paris	A.11	100.000	
11.5	IMMOBILIARE VICTOR HUGO	Paris	A.11	100.000	
A.12	MONTE PASCHI FIDUCIARIA S.p.A.	Siena	A.0	86.000	xxx
			A.4	14.000	
A.13	MPS FINANCE BANCA MOBILIARE S.p.A.	Siena	A.0	100.000	xxx
A.14	MONTE PASCHI SERIT S.p.A.	Palermo	A.0	100.000	xxx
A.15	SAPED S.p.A.	Siena	A.0	47.400	xxx
			A.4	20.000	
			A.5	12.600	
A.16	CONSUM.IT S.p.A.	Florence	A.0	70.000	xxx
			A.4	30.000	
A.17	BANCA MONTE PASCHI (CHANNEL ISLANDS) LTD	Guernsey C.	A.0	100.000	
17.1	CITY NOMINESS LTD	Guernsey C.	A.17	100.000	
17.2	BMPS CORPORATE SERVICES	Guernsey C.	A.17	100.000	
17.3	BMPS NOMINESS (CI) LTD	Guernsey C.	A.17	100.000	
17.4	BMPS TRUSTEES (CI) LTD	Guernsey C.	A.17	100.000	
17.5	SAINTS TRUSTEES LTD	Guernsey C.	A.17	100.000	
A.18	GROUP BANCA AGRICOLA MANTOVANA	Mantua	A.0	52.311	xxx
18.1	BANCA AGRICOLA MANTOVANA S.p.A.	Mantua	A.0	52.311	
18.2	FINANZIARIA BANCA AGRICOLA MANTOVANA S.p.A.	Mantua	A.18	100.000	
18.3	BANCA AGRICOLA MANTOVANA RISCOSSIONI S.p.A.	Mantua	A.18	100.000	
18.4	PADANA RISCOSSIONI S.p.A.	Mantua	A.18	54.538	
18.5	PADANA IMMOBILIARE S.p.A.	Mantua	A.18	100.000	
18.6	MANTOVANA IRELAND LTD.	Dublin	A.18	100.000	
18.7	MANTOVANA MANAGEMENT LTD.	Dublin	A.18.6	100.000	
18.8	G.I. PROFIDI SIM S.p.A.	Rome	A.18	100.000	
A.19	CONSORZIO OPERATIVO GROUP MPS	Siena	A.0	62.628	xxx
			A.4	26.639	xxx
			A.5	0.074	
			A.8	0.037	
			A.21	0.037	
			A.10	0.037	
			A.18	10.439	
			A.13	0.037	
A.20	MONTE PASCHI ASSET MANAGEMENT SGR S.p.A.	Milan	A.0	79.980	xxx

				A.4	6.333	
				A.5	1.267	
				A.18	8.505	
				A.23	3.915	
	20.1	MPS ALTERNATIVE INVESTMENT SGR S.p.A.	Milan	A.20	100.000	
A.21		BANCA C. STEINHAUSLIN & C. S.p.A.	Florence	A.0	100.000	
A.22		INTERMONTE SECURITIES SIM S.p.A.	Milan	A.0	35.000	xxx
				A.13	35.000	
	22.1	WEB SIM S.p.A.	Milan	A.22	84.000	
A.23		GROUP BANCA 121	Lecce	A.0	93.978	xxx
	23.1	BANCA 121 S.p.A.	Lecce	A.0	93.978	
	23.2	BA.SA. SERVIZI S.p.A.	Lecce	A.23	99.979	
	23.3	G.IMM. ASTOR S.p.A.	Lecce	A.23	52.000	
	23.4	POOL FACTOR S.p.A.	Bari	A.23	80.000	
	23.5	4 SALE ITALIA S.p.A.	Siena	A.23	78.000	
	23.6	I.AM S.p.A.	Siena	A.23	99.500	
				B.9	0.500	
A.24		121 FINANCIAL SERVICES LTD.	Dublin	A.0	100.000	xxx
A.25		ITALRISCOSSIONI S.p.A.	Rome	A.0	100.000	xxx
A.26		PASCHI GESTIONI IMMOBILIARI S.p.A.	Siena	A.0	40.000	xxx
				A.1	60.000	
A.27		MPS PREFERRED CAPITAL I LLC	Delaware	A.0	100.000	
A.28		MONTEPASCHI LUXEMBOURG S.p.A.	Luxemburg	A.0	99.200	
				A.11	0.800	
		<b>A.2 Consolidated companies</b>				
		(companies consolidated on a proportional basis)				
A.29		BANCA POPOLARE DI SPOLETO S.p.A. (carrying value at 20% of nominal value)	Spoletto	A.0	20.000	xxx
A.30		BANCA MONTE PARMA S.p.A. (carrying value at 41% of nominal value)	Parma	A.0	41.000	xxx
	30.1	S.E.I.T S.p.A. (carrying value at 40.205% of nominal value)	Parma	A.30	40.205	xxx
A.31		CASSA DI RISPARMIO SAN MINIATO S.p.A. (carrying value at 25% of nominal value)	San Miniato	A.0	25.000	xxx
		<b>B. Companies valued with the net equity method</b>				
		(detail of account 80 a)				
B.1		MONTE PASCHI VITA S.p.A.	Rome	A.0	100.000	209,575
B.2		TICINO - COMP.ITAL. ASS.NI S.p.A.	Rome	A.0	100.000	35,395
B.3		TICINO VITA S.p.A.	Rome	A.4	40.000	68,651
				B.1	60.000	
B.4		GROW LIFE LTD.	Ireland	A.0	40.000	14,531
				B.1	60.000	
B.5		MAGAZZINI GENERALI FIDUCIARI MANTOVA S.p.A.	Mantua	A.19	100.000	4,133
B.6		SAN PAOLO ACQUE S.r.l.	Lecce	A.23	100.000	262
B.7		DIPRAS S.p.A.	Rome	A.0	100.000	1,029
B.8		E-IDEA S.p.A.	Rome	A.0	70.000	836
				A.4	30.000	
B.9		MPS NET S.p.A.	Siena	A.0	99.000	29,796
				A.10	1.000	
		<b>Total</b>				364,208
		<b>C. Other companies valued with the net equity method</b>				
		(detail of account 70 a)				
C.1		CONSORZIO AEROPORTO SIENA S.p.A.	Siena	A.0	20.000	826
				A.4	20.000	
C.2		FIDI TOSCANA S.p.A.	Florence	A.0	13.390	13,440
				A.4	10.359	
				A.10	4.127	
				A.8	0.999	
				A.5	0.918	
C.3		I.B.A. VIENNA	Vienna	A.0	35.007	4,022
C.4		S.ES.IT PUGLIA S.p.A.	Bari	A.0	35.000	859
C.5		SO.RI.T. S.p.A.	Foligno	A.0	46.664	446
C.6		LINEAR COMPAGNIA ASS. S.p.A.	Bologna	A.18	20.000	2,575
C.7		QUADRIFOGLIO DISTRIBUZIONE S.r.l.	Mantua	A.18	100.000	-

C.8	QUADRIFOGLIO VITA S.p.A.	Bologna	A.18	50.000	15,061
C.9	UNION CAPITAL SIM S.p.A. (in liquidation)	Milan	A.18	36.000	94
	<b>Total</b>				<b>37,323</b>

## INFORMATION ON THE OPERATIONS OF THE MPS GROUP

### □ *Fundamental trends*

The uncertainty prevailing in the final months of 2001 continued to wield its effects in the first quarter of 2002, and in some aspects, accentuated the critical situation which developed in the previous year.

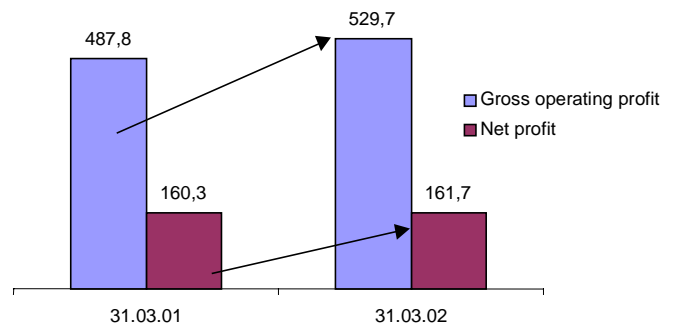
The trend of the economy remained sluggish and concerns about the intensity and timing of the economic recovery made for a particularly difficult scenario within which banks had to operate. Though closing the quarter substantially in line with the levels at the opening of the year, the equity markets were highly volatile and experienced broad-based declines in trading volumes. With growing expectations of less accommodating monetary policy, long-term interest rates rose significantly, though part of the increase was reversed during the month of April.

Despite this difficult operating scenario, the MPS Group posted positive results for the period and gains with respect to the first quarter of the prior year (when commission income figured as a significant component of earnings). This performance was achieved by pursuing the same direction taken in 2001, including with respect to various important initiatives of a strategic and organizational nature. Highlights for the first quarter of 2002 include:

- significant growth of the interest margin, and in particular, interest earned through traditional deposit-taking and lending activity; this growth was mostly the result of accurate pricing of loan and deposit products;
- an impressive volume of product placements, with the marketing policy concentrated on instruments with a high embedded value designed to consolidate customer relationships and respond to market demand in a proactive manner;
- solid performance of the "linear" components of the service margin (fees from base services, payment systems, etc.);

- ongoing selective lending policy, as part of an effort to improve credit quality;
- the growth of the customer portfolio and the continuing development of virtual banking channels (Internet and mobile telephone banking, telephone banking, and television banking), as part of the drive to develop an integrated multiple-channel distribution network; as of the end of the period, the number of virtual banking "connections" rose to over 1.11 million.

The profitability improvement is evident in terms of both consolidated gross operating profit and net profit. The former rose by 8.6 percent year on year to EUR 529.7 million, while the latter totalled EUR 161.7 million, and was 4.8 percent higher than the quarterly average for 2001 (EUR 154.4 million).



### □ *Analysis of financial position and earnings*

#### □ **Balance sheet aggregates**

In accordance with the fundamental plans for 2002, the Group focused its marketing policy in the first quarter on consolidating customer relationships through enhancements to the product/service portfolio.

Building on the fundamental achievements of 2001, the marketing thrust in terms of the retail clientele went to insurance products with a low risk content and a high embedded value. In the corporate segment, efforts were made to integrate the supply of

traditional specialized lending services with innovative solutions for the management of financial risks and working capital. With the new organizational structure of the Group and the creation of the Corporate Center, it was possible to formulate a marketing approach with a greater and more attentive focus on small- and medium-sized businesses which have long represented the core clientele for the Group. These actions are all part of a specific plan designed to ensure careful selection of business opportunities, while also achieving better monitoring of credit risks.

In the retail segment, the flows into savings products were very strong and surpassed the levels registered in the first quarter of 2001 (which was a particularly impressive period in terms of commercial activity). Following is a breakdown of the volumes:

EUR 247 million of net new investment in mutual funds and SICAVs, with a roughly 8.4 percent share of net new investment at an industry level.

EUR 1.294 million of flows into life policies/pension funds (around EUR 1,390 million as of the end of April), most of which went into traditional products which were again the main customer preference. The MPS Group's share of flows into the "bancassurance and postal savings accounts" aggregate came to 15.3 percent for the period versus 11.5 percent for the entire year of 2001. In the bancassurance segment only, the MPS Group's market share was over 17 percent.

Product Placement Volumes for the Group (in EUR mn)	Total as of 31/03/2001	Total as of 31/03/2002
<b>Mutual funds/SICAVs</b>	<b>270</b>	<b>247</b>
<b>Life policies and pension funds including:</b>	<b>535</b>	<b>1,294</b>
<i>ordinary life policies</i>	209	959
<i>index-linked policies</i>	169	168
<i>unit-linked policies</i>	149	154
<i>pension funds</i>	7	13
<b>Innovative financial products</b>	<b>1,141</b>	<b>803</b>

EUR 803 million of innovative financial products for retail customers

(with the total rising to more than EUR 1,100 million as of the end of April).

Rounding out the picture, discretionary accounts experienced a limited decrease with respect to the prior year.

In the corporate segment, the Group witnessed the continuation of the positive trend of new production volumes in specialized lending (industrial credit, agricultural credit, loans for environmental protection, and consumer credit). In addition, the Group achieved good results in the placement of new products dedicated to the management of financial risks and of innovative investment products, launched at the beginning of the year.

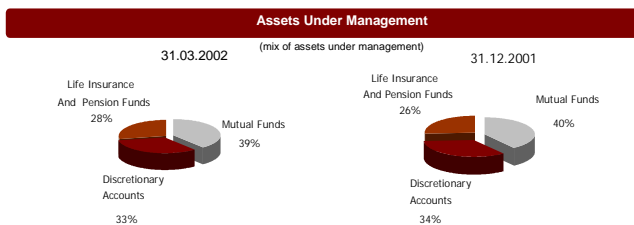
Product Placement Volumes for the Group	Total as of 31/03/2001	Total as of 31/03/2002
(in EUR mn)		
<b>MPS Finance</b>		
Corporate products		826
<b>MPS Merchant</b>		
Applications	990	1,554
Lending volumes	274	301
<b>MPS Banca Verde</b>		
Applications	177	363
Lending volumes	90	82
<b>Merchant Leasing &amp; Factoring</b>		
New leases	165	174
Factoring turnover	257	308
<b>Consum.it</b>		
Lending volumes	104	154

Remaining a critical target within the Group's strategies, total customer funding advanced by 6.2 percent year on year, with the incremental flow over the balance at the prior year end amounting to around EUR 323 million. This result testifies to the effectiveness of the network in maintaining and building relationships with the clientele. New funds flows resulting from recent Italian legislation designed to provide tax relief on repatriated capital amounted to EUR 759 million as of 10 May 2002, with Banca Steinhauslin accounting for roughly 30 percent of the amount. The performance of the components of aggregate funding is outlined as follows:

Direct funding was 6.1 percent higher year on year; sight deposits accounted for the bulk of the growth, thereby reflecting a customer preference for highly liquid,

low-risk instruments for investing their funds. The Group's share of the domestic funding market remained stable at 7 percent.

Indirect funding was up by 6.2 percent year on year, (+3.3 percent the year on year growth as at 31 December 2001). The growth was driven by net new inflows which offset the significant decline in the stock of existing funding caused by the trend of securities prices; this decline affected both funds under management (EUR 40,173 million) and equities held in custody. (The "performance effect" is an estimated decrease of 15 percent year on year). Funds under administration expanded overall by roughly 11.1 percent.



The Group's lending activity continued to expand in early 2002, with a preference going toward the medium- and long-term components of the portfolio as part of the Group's strategy to represent the "bank of choice" for households and small businesses. These results benefited from a strong integration between the distribution networks and the product companies for the purpose of elevating the quality and specialization of the service. It also puts the accent on containment of risk and capital absorption.

As of 31 March 2002, customer loans amounted to EUR 66,586 million. The balance reflects an increase of 9.9 percent over the comparable figure as of 31 March 2001, which incorporated the early reduction of certain short-term credits that were renewed in the second quarter; net of these credits, the year-on-year increase in outstandings would be around 6 percent. The MPS Group's share of the domestic market for loans rose to 6.4 percent versus 6.3 percent at the end of 2001.

## Doubtful loans

In the first quarter of 2002, doubtful credits edged slightly higher in comparison with the balance on record at the end of 2001. To some extent, this change is indicative of the effects of the slowdown of the economic cycle. At any rate, asset quality remained at an excellent level; the ratio of doubtful loans to total loans stood at 3.2 percent at the end of the period and compares with 3.1 percent at 31 December 2001. At the same time, the ratio of non-performing loans to total loans was equal to 1.3 percent, remaining substantially in line with the values as of the end of the year. The Group's ratio of gross non-performing loans to total loans of 2.3 percent stands above the banking industry average of 4.7 percent in February (the most recent figure available).

## Securities portfolio

As of 31 March 2002, the Group held securities portfolio with a value of EUR 17,261 million, for an increase of EUR 1,458 million over the comparable figure as of the end of 2001.

Owned Securities (in EUR mn)	31/03/2002	31/12/2001
Securities held including:	17,261	15,803
Investment securities	4,304	4,336
Trading securities	12,957	11,467

## Profit and loss aggregates

Rising by 7.5 percent or EUR 42.4 million to EUR 605.3 million, the interest margin headlines the development of the profitability profile. The increase in net interest income is the by-product of higher average volumes of loans and deposits and a major emphasis on pricing. The short term spread rose another 20 basis points in the first quarter of 2002.

Net income from services stood at EUR 557.5 million for the period, descending by 2.2 percent year on year. The variation is the result of the following:

virtual stability of funds management commissions, which significantly benefited from the placement of insurance products;

a decrease in revenues from administered funds and innovative finance which reflects the ongoing uncertainty overshadowing the financial markets. Accordingly, fees from brokerage activities decreased with respect to the already limited values for the second and third quarters of 2001. The year-on-year comparison is also affected by fewer placements of innovative products with retail customers in comparison with the exceptional trend in the first quarter of 2001;

a strong trend of other operating income, led by the more stable fee components (fees on loans, commissions on basic services and payment systems, etc.); this aggregate benefited from both the enlargement of the operational base and the repricing for the full range of products and services.

Financial transactions yielded profits of EUR 71.1 million which were 5.3 percent higher year on year. The Group's service margin thus climbed to EUR 649.2 million, surpassing the comparable prior-year figure by EUR 23.2 million or 3.7 percent.

Incorporating the various elements indicated above, total banking income rose to EUR 1,254.5 million, growing by EUR 65.6 million or 5.5 percent year on year.

In comparison with the first quarter of 2001, administrative expenses rose by a total of 3.4 percent; the "other expenses" component includes the benefits of cost-containment measures implemented at the Corporate Center.

Personnel expenses rose by 3.1 percent. The increase is mainly the result of growth of the work force in 2001, with the newly recruited employees mostly allocated to the distribution networks as part of the Group's overall expansion in Italy and efforts to strengthen the service models in support of the specialization by customer segment.

Given the effects of the developments outlined above, the gross operating profit amounted to EUR 529.7 million, rising by EUR 42 million or 8.6 percent year on year.

The cost/income ratio excluding depreciation and amortization declined to 57.8 percent from 59 percent for the first quarter of 2001.

The net profit for the period totalled EUR 161.7 million, advancing by 0.9 percent year on year and rising by 4.7 percent over the EUR 154.4 million quarterly average for 2001. The net profit of the past 12 months thus came to EUR 619 million for a 6.9 percent increase year on year.

ROE adjusted to exclude the amortization of goodwill amounted to 14.2 percent on an annual basis and compares with 14.4 percent for the year ending 31 December 2001.

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Following are comments on the earnings performance of the principal companies of the MPS Group (banks and product companies).

<b>Commercial Banks (in EUR mn)</b>	<b>31/03/02</b>	<b>Change</b>	<b>% Change</b>
<b>Banca MPS</b>			
Operating profit	359.3	40.9	12.8
Net profit	169.8	7.5	4.6
<b>Banca Toscana</b>			
Operating profit	87.0	16.4	23.3
Net profit	35.1	9.6	37.9
<b>Banca Agricola Mantovana</b>			
Operating profit	72.0	8.7	13.8
Net profit	32.2	-2.7	-7.6
<b>Cassa di Risparmio di Prato</b>			
Operating profit	6.9	7.6	-10.2
Net profit	2.6	-0.05	-1.7

Banca MPS achieved significant growth of total income (+8 percent year on year), which incorporates a strong expansion of the interest margin (+9.3 percent). As a result of such dynamics, operating profit at EUR 359.3 million, growing by 12.8 percent, while net profit advanced by 4.6 percent to EUR 169.8 million.

Banca Toscana results were also higher, with the net profit of EUR 35.1 million representing a gain of 37.9 percent year on year.

Banca Agricola Mantovana's net profit amounted to EUR 32.2 million, which was down by 7.6 percent year on year. The statistical comparison in this case is negatively influenced by the effects of a



capital gain realized in the first quarter of 2001 on the sale of Banca Steinhauslin to the parent company: net of the capital gain, the bank's earnings rose by around 56 percent.

The earnings at Cassa di Risparmio di Prato were slightly down in comparison with the prior year.

The specialized platforms (Banca121 and Banca Steinhauslin) faced a particularly unfavourable market in early 2002, but proceeded with the organizational and strategic repositioning defined in the MPS Group's business plan and thus achieved good results in terms of the growth of customer funding.

Turning to the retail product companies, MPS Asset Management SGR confirmed its strong profitability profile and performed in line with 2001 despite a tough market. The Group's brokerage unit, Intermonte Securities SIM, felt the effects of the uncertainty dominating the markets with trading volumes decreasing significantly.

MPS Finance generated strong results, with a net profit amounting to EUR 29.3 million.

The bancassurance companies realized significant improvements over the first quarter of 2001, partly in relation to the significant volumes of products placed.

Bancassurance (in EUR mn)	MPS Vita		Ticino Vita		Grow Life	
	31/03/02	Chg	31/03/02	Chg	31/03/02	Chg
Technical reserves	6,768	1,869	1,759	528.3	1,791	-1,023
Premiums earned	662	503.4	191	147.8	182	-68
Net profit	1.2	18.3	0.1	9.7	5.5	-0.4

The operating initiatives in the retail area included ongoing efforts to develop the strategies indicated in the business plan. Projects started up or in the final stages of planning during the period were thus addressed to: the base segment (completion of the roll-out of methodologies and instruments as part of the integrated CRM campaigns); the affluent segment (development of PFP and relative support instruments); and the private segment (final definition of the distribution model and design of the platform).

Across the various segments, efforts continued to optimize the retail production-distribution chain. This project aims at defining operating processes which govern the entities involved, procedures, roles and responsibilities.

In terms of the corporate product companies, positive results were registered by MPS Merchant (+83.5 percent rise in net profit year on year) and Consum.it. Instead, the results at Banca Verde reflect the ongoing process of restructuring.

Specific initiatives in the corporate area during the quarter included the creation of dedicated work groups for the realization of the corporate platform, and the start-up of MPS Professional, the new channel dedicated to professionals who service small- and medium-sized businesses. Operations were also inaugurated at MPS Leasing e Factoring, the new company which will act as the hub of the Group's leasing and factoring activity.

#### □ **Risk management**

After having dipped to historically low levels, the interest curve by maturity reflected some expectations of tighter monetary policy in the first quarter of 2002. The activity of controlling risk relative to the banking books for the Group and Banca MPS was thus concentrated on monitoring the shifts in the curve, and the ongoing tracking of developments with regard to the international economy.

The monitoring effected by the areas responsible in the Corporate Center did not suggest the need for changes in existing macro coverage since the initiatives undertaken in 2001 were successful in neutralizing interest-rate risk and in substantially balancing transactions in terms of the management of mismatched positions. Management analyzed simulations aimed at valuing all possible synergies achievable at the Group level (natural hedging of positions of the Group companies) which would be instrumental to overall concentration of the treasury activity within the Corporate Center.

The overall interest-rate risk on the **Group's banking book** in relation to commercial transactions and inclusive of the investment securities portfolio was therefore neutral as of 31 March 2002, and the Group was virtually immunized against the effects of a parallel shift of interest rates, regardless of the direction.

In terms of the **Group's trading portfolio**, efforts got under way in the first quarter to shift the management of the relative market risks from the commercial banks to a centralized system. The aggregate risks on trading securities grew only marginally during the period in relation to the end of 2001. When measured in terms of its sensitivity to a 25-basis-point shift in interest rates and on the basis of the individual historic volatilities for equities, the trading securities portfolio as of 31 March 2002 incorporated market risk of roughly EUR 29 million (0.44 percent of consolidated BIS capital). The correlated value-at-risk (VaR) of the trading portfolio, obtained with an historical simulation using a confidence level of 99 percent and a holding period of one day, was around EUR 16 million at a Group level. The corresponding non-correlated risk was around EUR 19 million; the diversification within the Group is mainly attributable to the correlation of the VaR of BMPS and of MPS Finance Banca Mobiliare.

The management of **credit risk** in the first quarter included the start of a process to extend the credit portfolio model from BMPS to all banks of the Group. This model has been developed in order to secure a consolidated measurement of the VaR on the loan portfolio. At the same time, activity continued on product re-engineering with the aim of improving the instruments supporting the loan disbursement process.

#### □ **Key operating initiatives**

Given the significant changes occurring in the economy and financial markets, the Group set out to adapt its operating strategies to the new realities of the marketplace, and this led to the development of a new business plan (the 2002-2005 Business Plan) which was approved by the Bank's Board of Directors on 10 January 2002.

#### **New 2002/2005 business plan**

With the implementation of the new business plan, the MPS Group aims to achieve an ROE in excess of 20 percent by 2004, with a corresponding decrease in the cost/income ratio to close to 50 percent. The achievement of the objectives is based on programmed initiatives which involve operating policies, the organizational structure and human resources.

From an organizational perspective, the business model's orientation to the market is to be reinforced through transforming the Group from an integrated entity with multiple areas of specialization to an entity based on divisions within the Corporate Center and the commercial banks which are specialized units in serving retail and corporate customers.

The initiatives with regard to human resources include the start-up of a resources management plan that incorporates integrated planning and governance of (i) processes designed to get the most value out of existing resources and (ii) the qualitative/quantitative dynamics linked to strategic projects. The fundamental objectives consist of: cultivating professional skills (with significant specialization along the chain of value); the retraining of resources made available through organizational restructuring (reinforcing the sales and marketing areas and ensuring the coverage of new qualified functions); and improvements in productivity (effective downsizing of the operating structures and the composition thereof, with primary reference to the ratio of front-office to back-office staff).

A new training plan is also to be implemented which includes broad-based, general initiatives as well as innovative instruments and advanced technologies (knowledge management and e-learning). This plan will focus on: "training through communications" (the MPS Group Statement of Values, and the business plan); activity related to the commercial and organization transformation; and the realization of the "professional families" (front-line marketing specialists, governance roles, etc.) and "professional communities" (top management, talented young professionals, tutors, etc.) Particularly

significant among the planned initiatives is the creation of the "Accademia del Risparmio e della Previdenza".

The definition of a Management-by-Objectives (MBO) model is an ongoing project involving senior management, and will be used for identifying a set of specific objectives correlated to the business plans, evaluation parameters and a related incentive plan.

Finally, a key project has been inaugurated in the area of operating governance. Known as Paschi Risorse, the project involves a new model for managing and developing the Group's human resources (skills assessment, professional growth plans, career pathing, substitution tables, compensation policy and a bonus system).

### **Business plans for the banks of the Group**

The commercial banks of the Group are currently implementing the Group's new business plan. In addition, a specific business plan has been drawn up and approved for Banca 121 and is aimed at reinforcing the unit's role in guiding and developing business with "new affluent clients" in the area of personal financial services.

### **New initiatives in sales and marketing**

The MPS Group has moved ahead with programs designed to reinforce its competitive position. The initiatives are aimed at specific markets and customer segments which offer the greatest potential for creating value. The principal initiatives are summarized below:

the start-up of the "OTC Derivative Project" which responds to the need to enhance the supply of derivatives products with respect to specific customer segments (mainly, small- and medium-sized businesses). The project has the dual objective of satisfying:

- the need for covering interest-rate and exchange-rate risks, particularly for corporate clients;
- investment and/or trading needs, particularly for private and retail clients.

the development within MPS Finance of a technical unit dedicated to securities lending and borrowing; this market is already significantly developed at an international level and is of significant interest for the MPS Group, which aims to become one of the top players in the national market where the competition is currently limited to only a few intermediaries;

the start of the organized trading system known as De@IDone Trading, managed by MPS Finance which, after an initial period of testing with several internal users of the Group, will be extended to other Group companies and thereafter, to non-captive users;

Banca MPS's participation, along with other leading bank groups, as a promoter of the Consorzio Identrus, an initiative set up with the objective of creating a global infrastructure to build confidence and security with regard to the emerging world of e-commerce on open networks;

the conclusion of the testing of MPS Net's "Digital Factories" at the premises of several clients, and the initial placement of the product through the Banca MPS and Banca Toscana networks. This is the first of a series of non-banking services to be marketed to corporate clients;

on the product innovation front,

- the launch of the Internet banking Office.net. by Banca Toscana, which flanks a similar product, PaschilnAzienda, promoted by Banca MPS;
- the Bank of Italy's authorization for the marketing by MPS Alternative Investments of multi-strategy and multi-manager hedge funds;
- in bancassurance, the creation of a new guaranteed-capital, unit-linked policy from Grow Life which was on the market at the end of April;
- in payment systems, the marketing of EuroPrima, a prepaid card issued in

bearer form which is processed and managed on a centralized basis for the account of the commercial banking divisions of the Group;

- the launch of a new revolving credit card known as M'honey Card through the BMPS network.

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Following is a summary of certain material events occurring during the quarter:

MPS Net purchased a 5-percent interest in Dada, a high-tech Internet company; the investment, which was made with a view toward the development of industrial synergies, involved a total outlay of around EUR 10 million.

Banca MPS acquired 6.51 percent of MPS Merchant from the Italian Ministry of Economy and Finance; with the purchase of this quota, the parent company's ownership in the subsidiary climbs to 86.97 percent, while the Group's ownership stands at 98.65 percent.

The Board of Directors of BMPS approved a share capital increase of EUR 85,878, and the issue of 165,150 shares with a par value of EUR 0.52 to be assigned to employees of the MPS Group companies as part of the stock granting plan approved by the shareholders on 20 December 2001 and a shareholder resolution as of the same date authorizing the Board to implement the plan.

In March 2002, an equity swap expired with regard to 22,265,520 ordinary shares of Banca Agricola Mantovana (19 percent of the share capital); the swap was placed into effect by Banca MPS in 1999 at the time of the public tender offer for BAM. Arrangements were made to extend the equity swap transaction for another three years at essentially the same conditions, with leading financial institutions as the counterparties (the extension incorporates a put option to the buyer with a maturity of March 2005 and an exercise price of EUR 18.076).

With further reference to the tender offer for Banca Agricola Mantovana, in March 2002, a put option expired which had been granted to BAM shareholders continuing to hold 50 percent of their shares; this option entitled the holders to sell such shares to BMPS at a unit price of ITL 25,000 (EUR 12.91), and involved a maximum of 11,277,485 shares.

Finally, in affirming the importance placed on service quality within the MPS Group (Banca MPS was one of the first banks in Italy to have realized a quality management system in line with the ISO 9001/2000 international standard), Banca MPS obtained certification in late February of the processes for planning and disbursing mortgages loans to retail customers of the branch networks, and for planning and implementing banking services available through the telephone, mobile telephones (WAP and GSM technology) and the Internet (PaschiHome, PaschiInAzienda, PaschiInrete, Paschi In Tel, Paschinsieme).

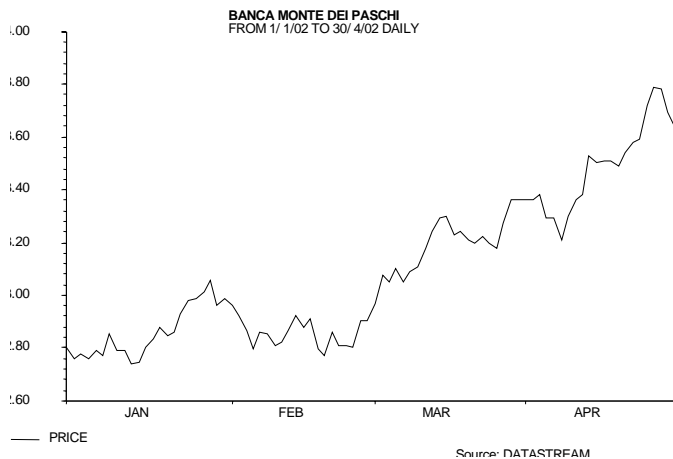
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## □ **BMPS share performance**

### **Prices and capitalization**

The BMPS share performance was impressive in the first quarter of 2002, with the closing price of EUR 3.37 representing a 19-percent gain over the quotation at the end of 2001. The performance for the quarter was well above the 9.5-percent increase registered in the Italian banking industry index, and the 3.1-percent gain posted by the MIB 30 Index.

The Bank's share price continued to ascend after the end of the quarter, and after hitting a high of EUR 3.88 on 26 April, ended the month at EUR 3.63, for 29 percent increase over the price at the end of 2001.



In terms of capitalization, the market value of BMPS at the end of March was EUR 8.7 billion (EUR 9.4 billion at the end of April). The value as of 31 March accounted for roughly 1.4 percent of the capitalization of the Italian stock market.

As of 31 March 2002, the capital of BMPS was made up of 2,598,722,319 ordinary shares and 9,432,170 savings shares.

### **Significant Shareholders**

(pursuant to the definition contained in Article 120 of Law Decree N. 58 of 1998)

MPS Foundation	65.74%
Fondiarria Group	2.01%

Source: Banca MPS, CONSOB - data current as of May 2002

### **Volumes**

Average daily trading volumes in the BMPS shares rose to 7.3 million in the first quarter of 2002 from 5 million for the entire year of 2001.

### **Summary of Volumes of BMPS Shares Traded in the First Quarter of 2002**

(in mn)

January	178
February	99
March	191

### **Main market multiples**

As of the end of the first quarter of 2002, the BMPS shares were trading at 12 times the earnings forecast for 2002, and at roughly 1.5 times the book value per share as of the end of 2001 (source of estimates: I/B/E/S).

At an ordinary meeting of the shareholders held on 27 April 2002, the shareholders passed a resolution authorizing the distribution of a dividend of EUR 0.1033 per ordinary share and EUR 0.1137 per savings share<sup>1</sup>; the dividends account for 43.6 percent of the Group's net earnings in 2001. The dividend yield per ordinary share calculated on the basis of the share price as of the end of first quarter is 3.1 percent.

<sup>1</sup> Ex-dividend date of 20 May 2002 and payment on 23 May 2002.

□ **Outlook**

Despite the significant uncertainty reigning over the markets, there are signs of possible favourable developments in the second quarter. The Group's operations for this period will be directed to the ongoing implementation of the initiatives outlined in the 2002 – 2005 business plan.

Against this backdrop, the priorities will go to:

accelerating activity to improve efficiency in operations; the definition and implementation of initiatives aimed at reducing non-IT expenditures and other initiatives designed to result in centralized management of ICT expenditures, with the rapid achievement of previously outlined economies;

the product placement plans designed to ensure elevated flows of new funding, with the Group's operations remaining highly flexible so as to capitalize quickly on opportunities linked to market dynamics and the investment needs of the customers;

careful management of interest rates, as part of a view toward achieving a growing risk-return correlation at the level of individual positions and accurate selection of credit risk;

an increase in the contribution of "structural" sources of income in services to retail and corporate customers to be achieved through enriching the contents and qualitative level of such services.

Incorporating the expectations at the beginning of the year for the direction of the financial markets and economy, and considering such factors as the first-quarter results, the current trend of business, and the implementation of various projects and plans, the MPS Group is expected to perform substantially in line with the

objectives set out at the time of the preparation of the 2002 budget.

Siena, 15 May 2002

The Board of Directors