



Banca Monte dei Paschi di Siena

Una storia italiana dal 1472

3Q and 9M2011 Results

Siena, 10th November 2011



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

9M2011 Results: Highlights (1/2)



Commercial performance

- ❑ Direct Funding: +4.1% YoY, with Market share *+16bps since Dec 2010
- ❑ Loans: +2.1% YoY, with Market share** up 10bps since Dec 2010
- ❑ Leasing Market Share at 5.4% (+28bps vs Dec 2010)
- ❑ c.41,000 net new customers in 9M, with a 97% retention rate and a decreasing number of claims (-7% in the quarter)
- ❑ 19 SME Centres and 5 Institutional Client Centres opened in the quarter

Asset quality

- ❑ Cost of Credit: 72bps (-2bps since Dec 2010)
- ❑ Loan loss provisions: -3.6% YoY
- ❑ Decreasing watchlist and NLP inflows in the quarter
- ❑ Impaired loans coverage at 40.9% (+20bps in 3Q)

Liquidity and capital position

- ❑ L/D ratio: 0.97 (vs 0.99 as of Dec 2010)
- ❑ Already funded 20% of institutional funding needs and more than 50% of retail funding needs for 2012
- ❑ Tier 1 at 11.1% (Core Tier 1 at 10.5%***)

* Figures net of MPS Capital Services Repos. August is the latest available data

** Figures net of Non Performing Loans. August is the latest available data

*** Including "Fresh 2003" that will be converted within the end of the year.

9M2011 Results: Highlights (2/2)



Increasing profitability

- ❑ 9M Net Profit at €304mln, with Net Operating Income at €774 mln (+2.2% YoY) and revenues up 1.8% YoY
- ❑ In 3Q: Basic Income up 4.2% QoQ, thanks to a strong increase in Net Interest Income (+7% QoQ) and flat Fees (-0.6% QoQ) notwithstanding seasonality

Ongoing revenue diversification

- ❑ Contribution from the Group's product companies:
 - Specialized credit flows*: €12bn in 9M11, +29% YoY
 - MPS L&F: Net Operating Profit +93% YoY; Net profit at €13.5mln (vs €6mln as at September 2010)
 - Consum.it: Net Operating Profit +17% YoY, Net profit at €28.6mln (+37% YoY)
 - Antonveneta: Net Operating Profit +48% YoY
 - Biverbanca: Net Operating Profit: +100% YoY
 - B.U. "Financial Advisory": Net Operating Profit +333%

Continuing cost containment

- ❑ Operating Costs (net of RE deal impact) -2,2% YoY
- ❑ Personnel costs -1.6% YoY; 291 net outflows since Dec 2010
- ❑ Other Admin Expenses (net of RE deal impact) -6.1% YoY
- ❑ Cost/Income 59.7% (vs 61.6% as of Dec 2010)

* Flows disbursed by Consum.it, MPS Capital Services and MPS L&F

P&L Results



9M11 and 3Q11 P&L (mln €)

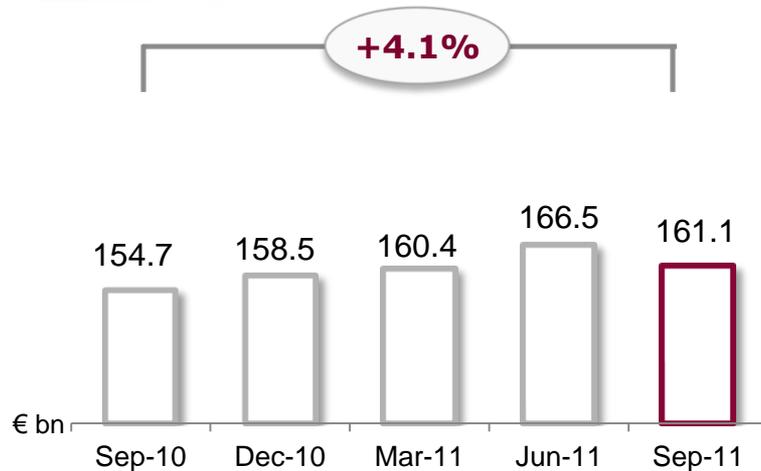
	9M11	9M11/9M10*	3Q11	3Q11/2Q11
Net Interest Income	2,572.1	-4.4%	875.7	+7.0%
Net Fees	1,388.5	-2.4%	456.5	-0.6%
Basic income	3,960.6	-3.7%	1,332.2	+4.2%
Dividends	62.8	+5.3%	15.4	-23.4%
Trading	216.8	n.s.	-5.6	-104.7%
Total Revenues	4,239.1	+1.8%	1,341.1	-5.3%
Operating Costs	-2,529.0	+0.8%	-836.2	-0.2%
Personnel costs	-1,587.8	-1.6%	-526.1	+1.5%
Other admin expenses	-819.7	+6.0%	-269.2	-4.0%
Loan Loss Provisions	-840.5	-3.6%	-271.2	-8.0%
Impairment losses on other assets	-96.0	n.s.	-71.8	n.s.
Net Operating Profit	773.6	+2.2%	162.0	-38.4%
Taxes	-232.6	-27.3%	-45.1	+6.4%
Purchase Price Allocation	-77.0	-7.3%	-20.9	-30.9%
Net income	303.5	-15.0%	42.2	-65.2%

* Excluding contribution from branches sold and from MP Monaco SAM and MPS Venture under disposal

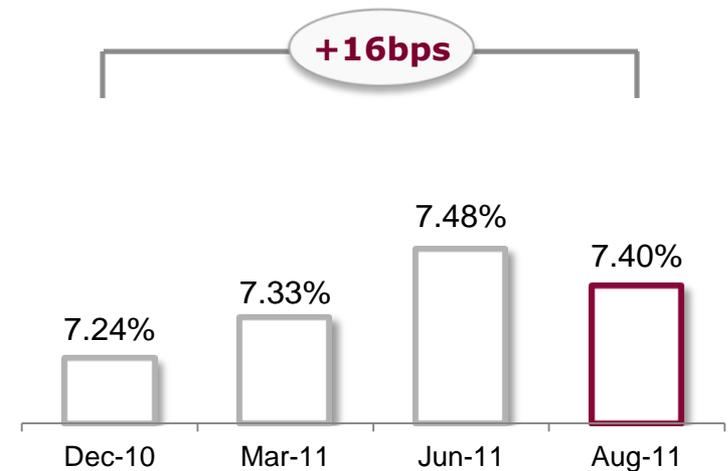
Funding volumes



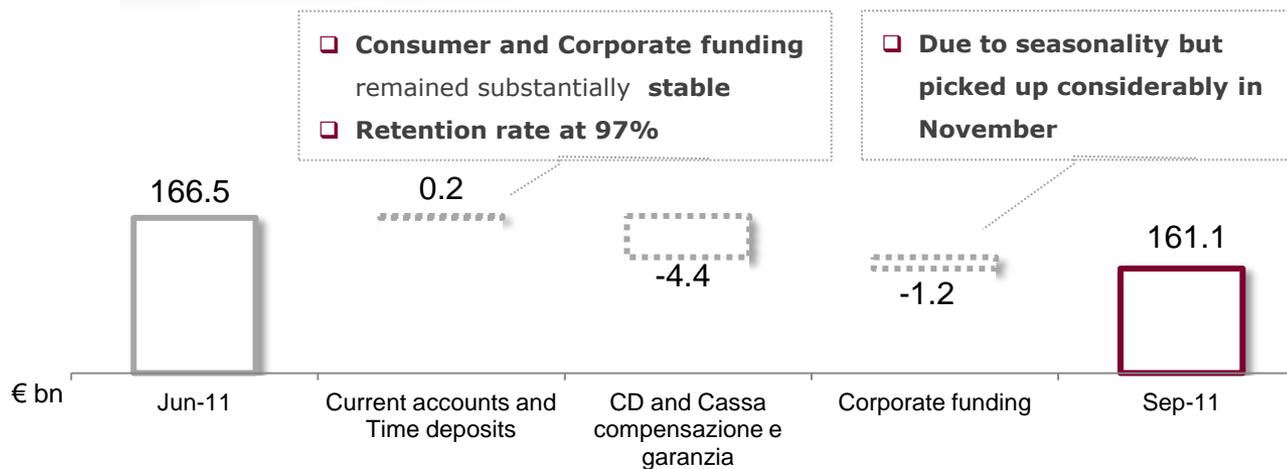
Direct Funding



Direct Funding Market Share*



Direct funding in Q3



Consumer and Corporate funding remained substantially stable
Retention rate at 97%

Due to seasonality but picked up considerably in November

Market funding has been re-mixed by replacing institutional with interbank funding** (at 14.7€bn vs 10€bn June 2011)

* Figures net of MPS Capital Services Repos. August is the latest available data

** "Loans and advances to banks" and "deposits from banks" include loans to/from banks classified as held-for-trading financial assets

The power of MPS franchise



Spread 10Y Btp vs Bund

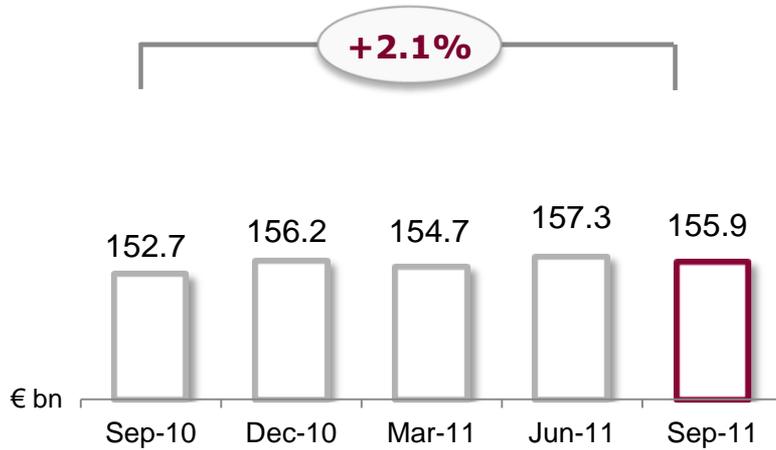


... in a very difficult environment the **funding capacity** of MPS network **has been confirmed**

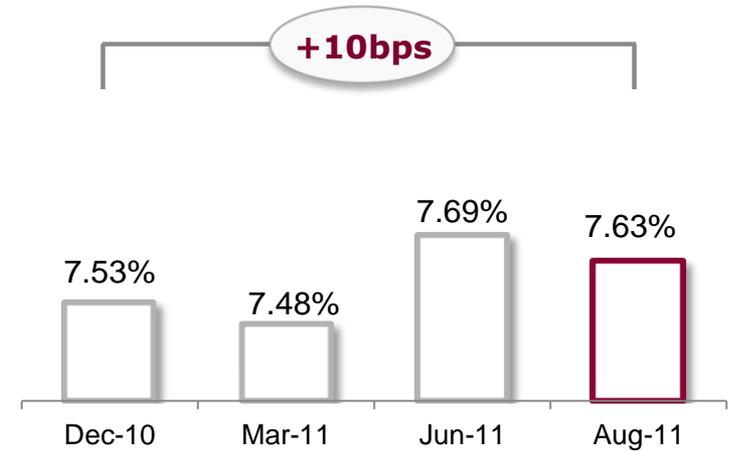
Lending volumes



Total Lending



Total Lending Market Share*



Lending in Q3

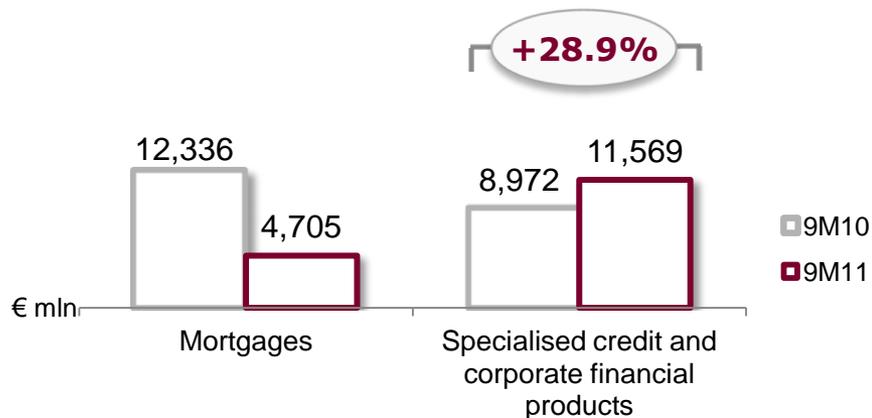


* Figures net of Non Performing Loans. August is the latest available data

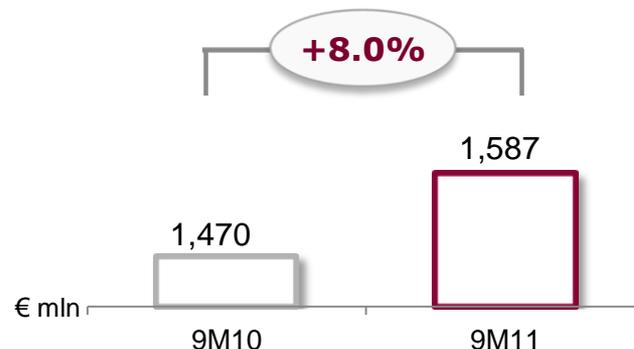
Specialized Product Flows



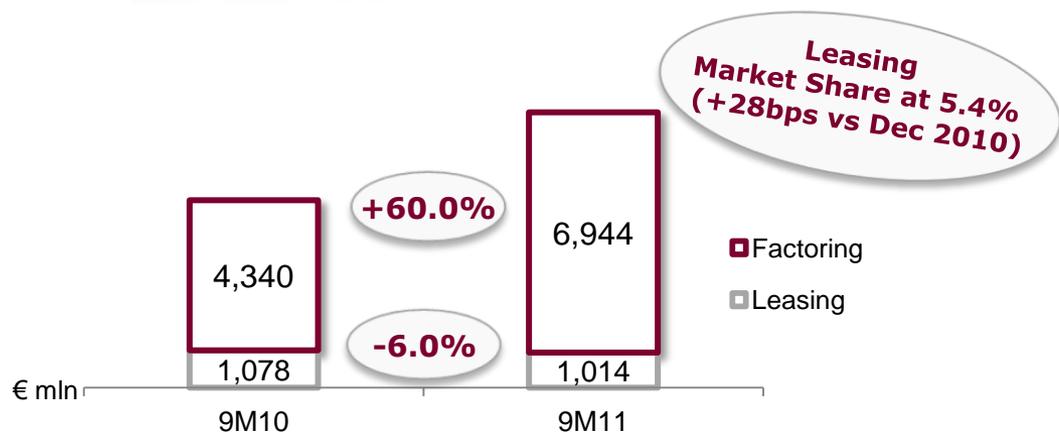
Lending flows



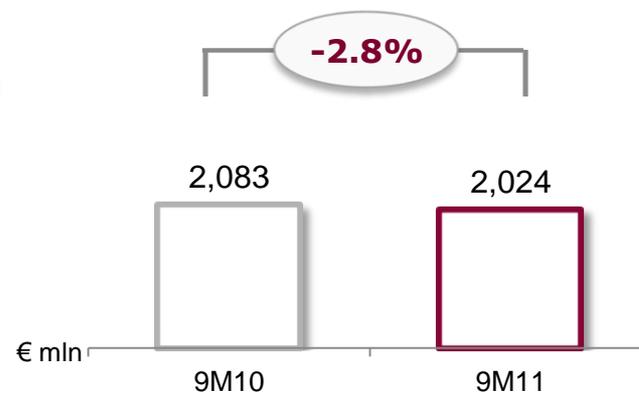
MPS Capital Services: Disbursements



Leasing Flows & Factoring Turnover



Consumer Credit Flows





Development of customer base

- ✓ +41,400 net new customers from December 2010
- ✓ +13,800 new current accounts (vs 7,200 in 2010)

Customer loyalty

- ✓ 96.9% retention rate
- ✓ 60% of customers have been with us for at least 11 years

Customer care

- ✓ Claims: -7% QoQ
- ✓ Activation of 5 Consumer Lab Corner in the quarter

Proximity to customers

- ✓ 19 SME Centres and 5 Institutional Client Centres were opened in the quarter

Paschi Face: improvement actions introduced on operating, sales and credit processes



Main advantages of FACE

- ❑ Gain greater insight into customers
- ❑ Reduce administration time and free up sales time through leaner decision-making processes
- ❑ Streamline decision-making processes
- ❑ Enhance credit risk monitoring
- ❑ Reduce operational risk
- ❑ Maximise sales and distribution capacity

2011 results



Branch

- Roll-out to the Banca MPS (client managers and c. 2,400 branches)
- Coverage of 80 – 85% of total new branch operations
- Sale of insurance products



Internet Banking

- Native enablement of all devices for mobile banking (transactional “Core banking”)
- New generation of Customer Experience applications (iPad, tablets, MPS Apps)



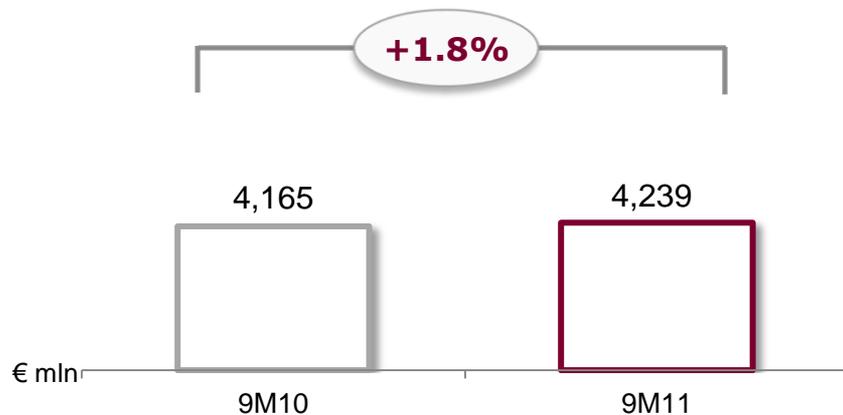
Financial advisory

- Data always online for: updates on operations, decision-making processes and “guaranteed customer response”

An Analysis of Revenues



Total Revenues



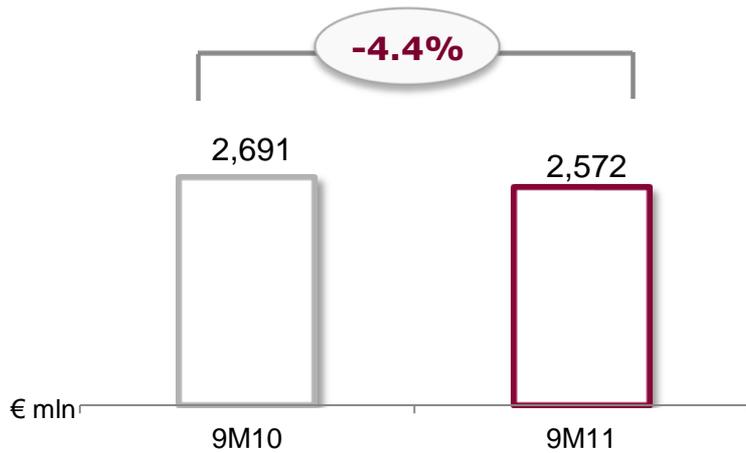
Resilient revenues with a strong contribution from product companies

- **Total Revenues: +1.8% YoY**
- **NII +7.0% QoQ**
- **Positive contribution from product companies**

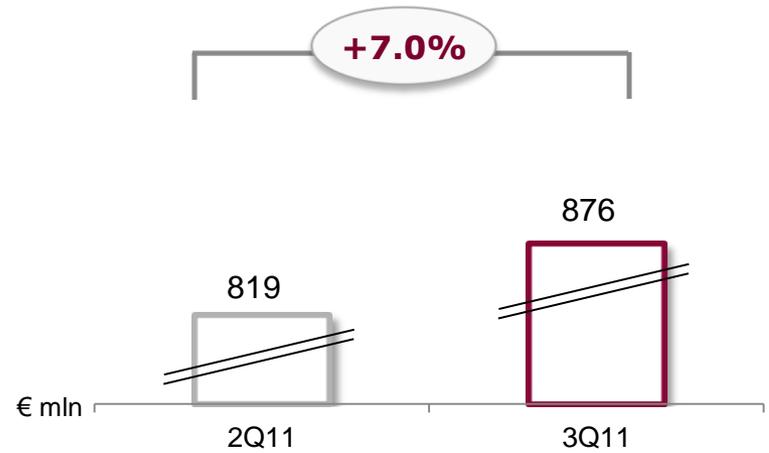
A focus on Net Interest Income



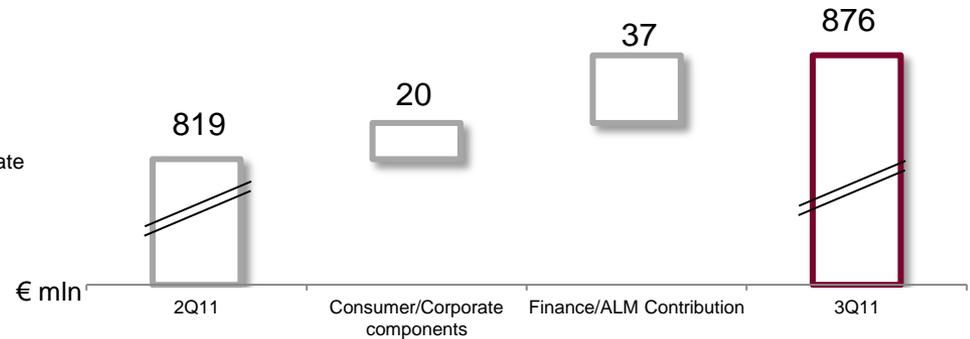
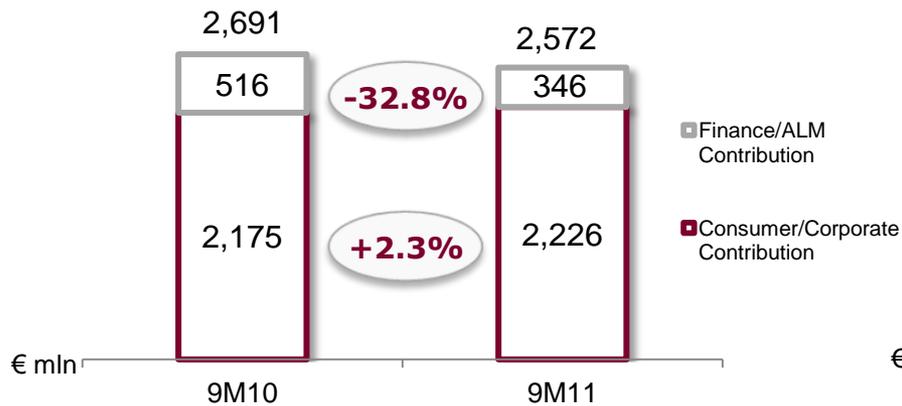
Net Interest Income



9M11 vs 9M10



3Q11 vs 2Q11

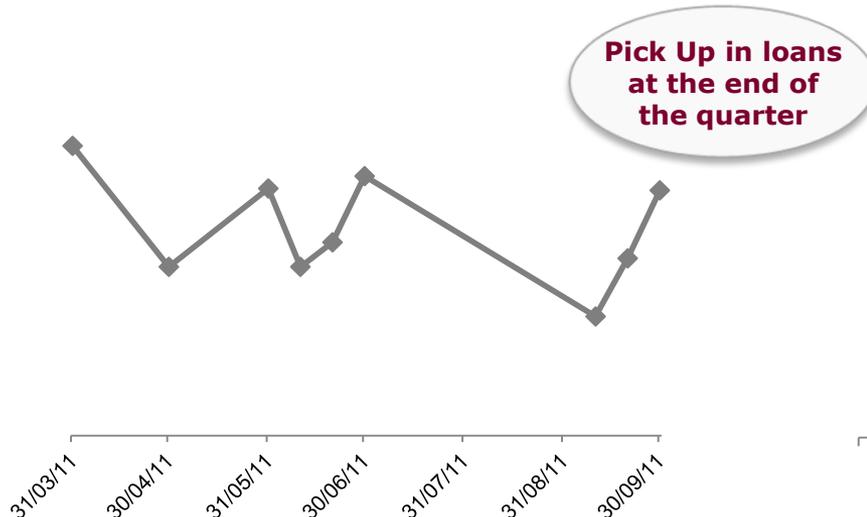


Net Interest Income: a focus on input from Consumer/Corporate and Finance/ALM components

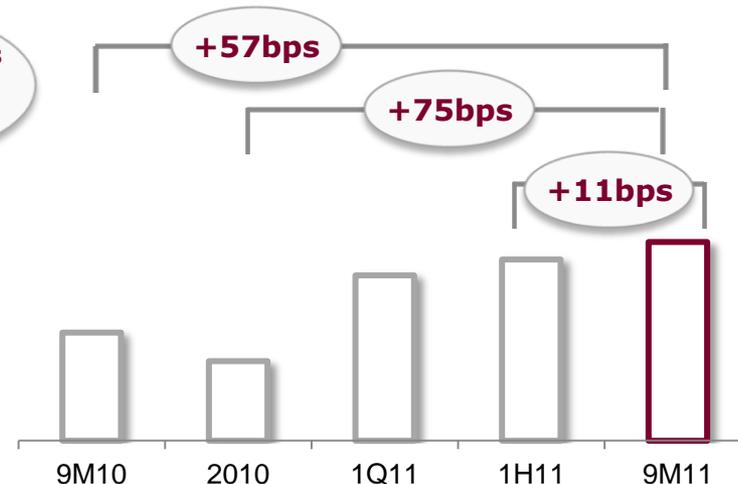


Consumer/Corporate Loans

9M11 Main
Consumer/Corporate
effect



Short Term Spread



Reducing reliance on Repos and Foreign Funding

Shift from Short term to Medium/Long Term Funding

- Market funding has been re-mixed by replacing institutional with interbank funding* (at 14.7€bn vs 10€bn June 2011)



- Short term funding reduction: €2bn vs Dec10, substituted by:
 - Senior Notes €1.75bn
 - Covered Bonds €2.25bn
 - Other M/L term funding €4bn

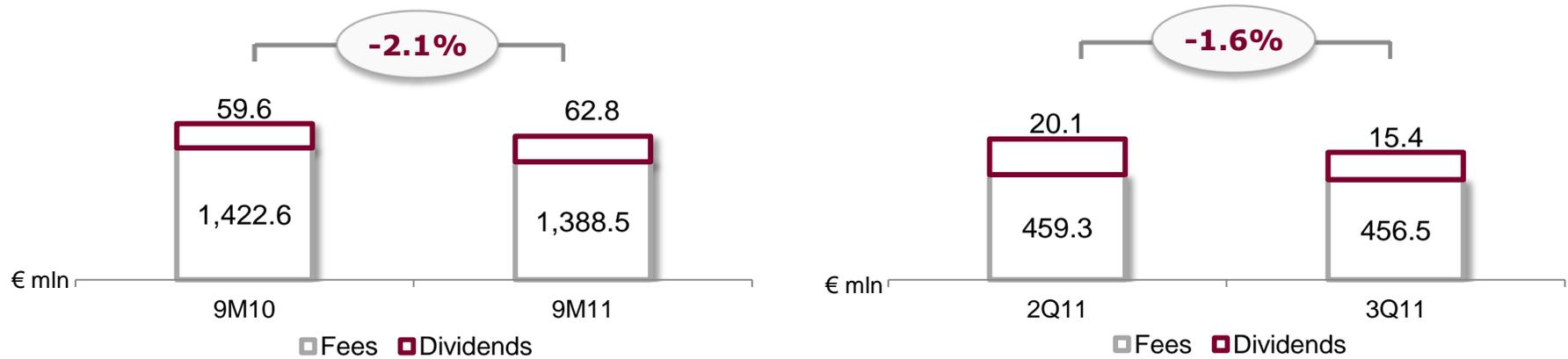
9M11 Main
ALM/Finance
effect

* "Loans and advances to banks" and "deposits from banks" include loans to/from banks classified as held-for-trading financial assets

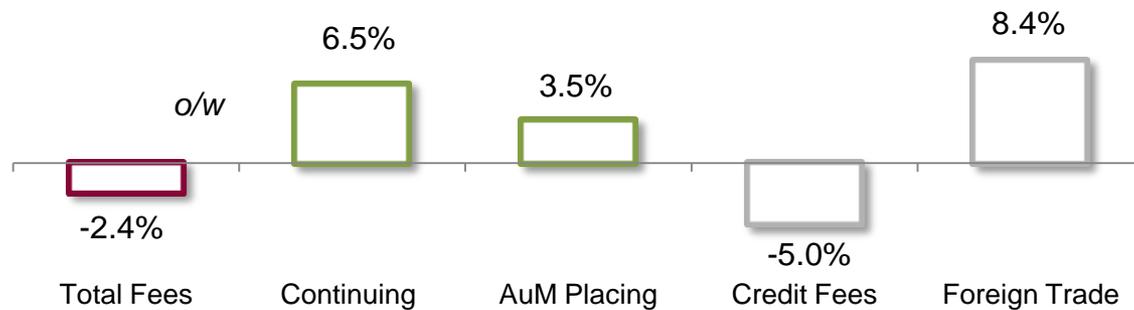
Fees and Dividends



Fees and Dividends



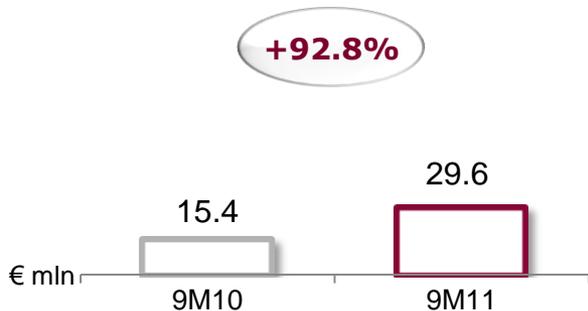
Fees 9M11 vs 9M10



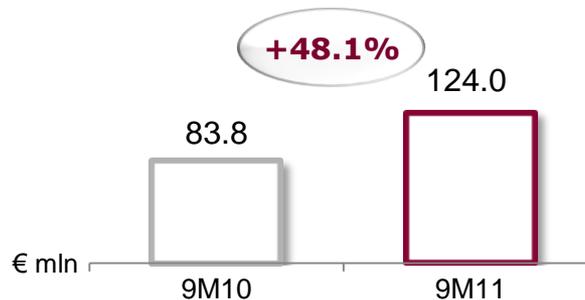
The value of diversification



MPS Leasing & Factoring*



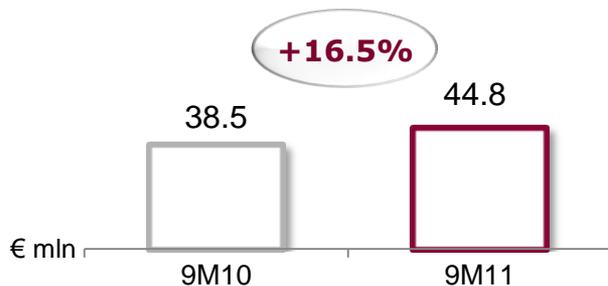
Antonveneta*



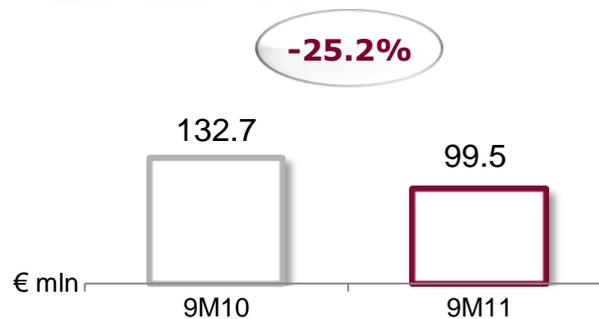
BIVERBANCA
 CASELLA DI MONTEDISON DI BASSO E VERONESE
+100%
 Net Operating Profit



Consum.it* (Consumer Credit)



MPS Capital Services* (CIB Unit)



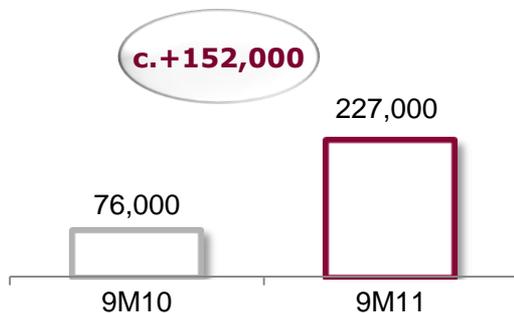
B.U.
 Financial Advisory
+333%
 Net Operating Profit

* Net Operating Profit

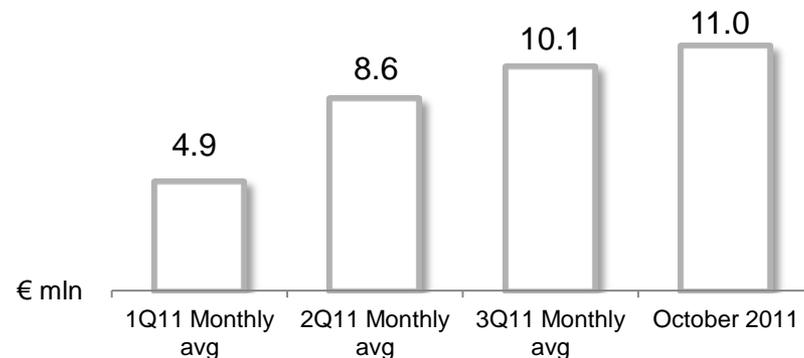
The value of diversification: focus on Bancassurance



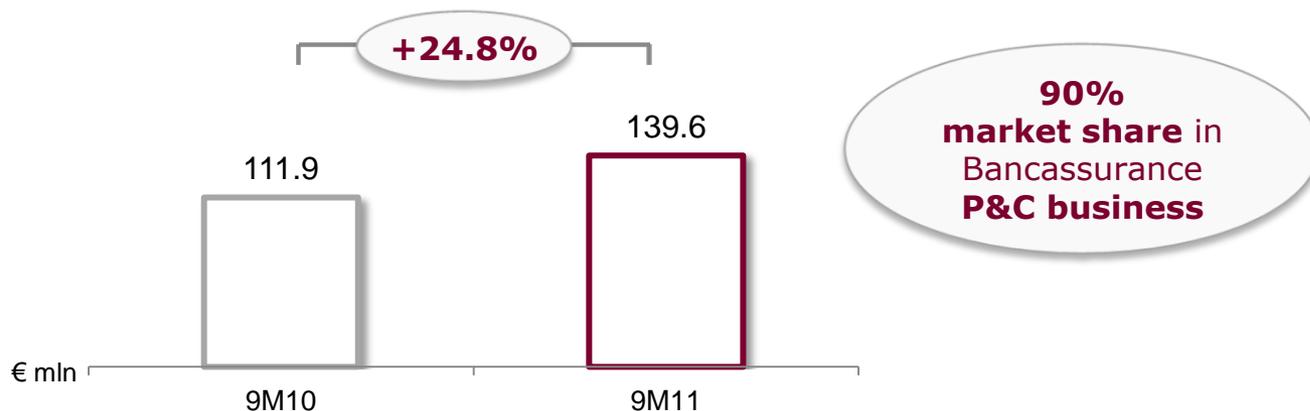
Protection volumes: P&C



Pension product flows



Revenues from Bancassurance*

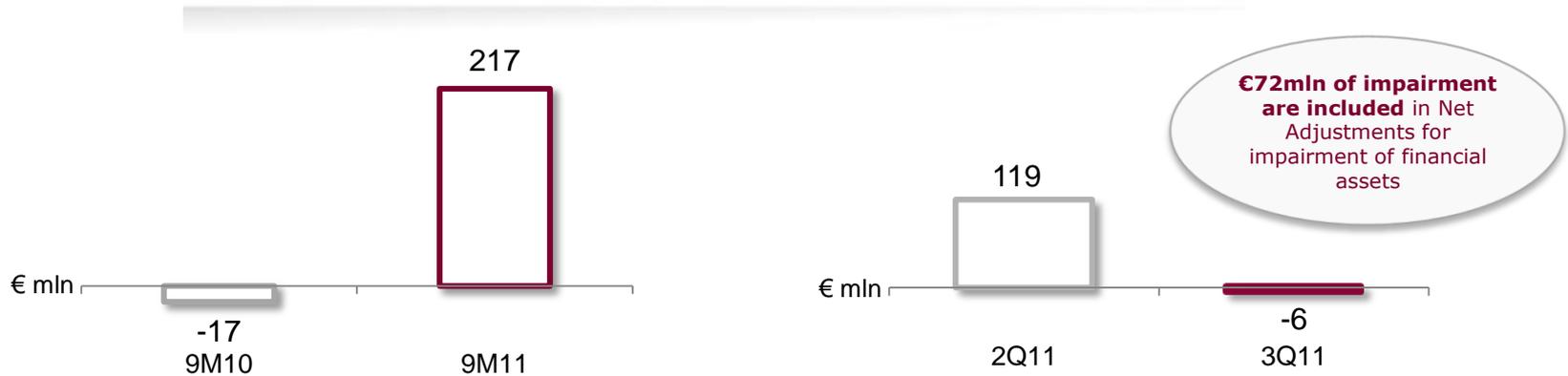


* Fees and Dividends

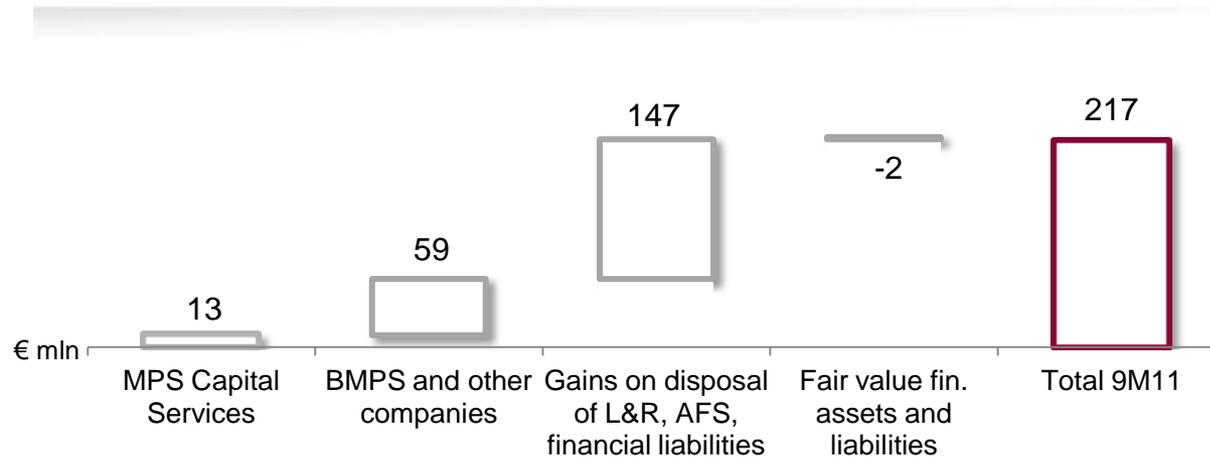
Trading/valuation of financial assets



Trading/valuation of financial assets



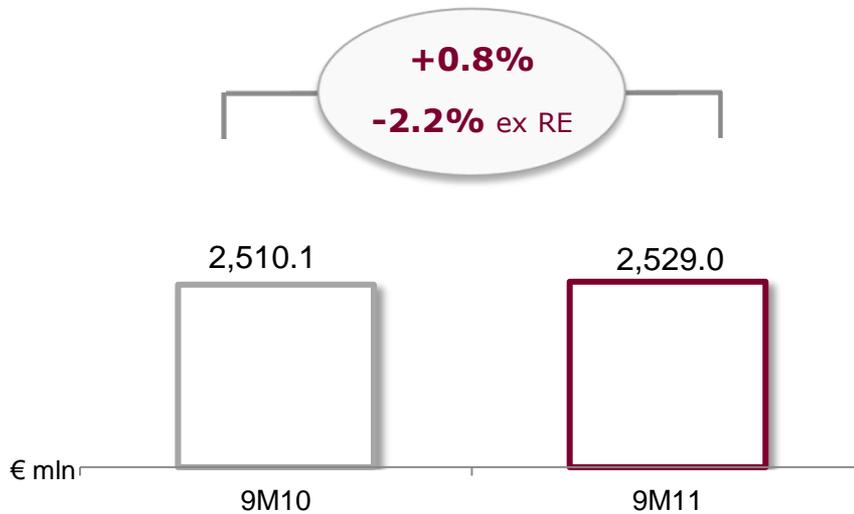
Trading/valuation of financial assets: 9M11 breakdown



Operating costs



Operating costs



Continuing cost containment

- **Operating Costs: -2.2% YoY (excluding RE impact), -0.2% QoQ**
- **C/I at 59.7%** vs 61.6% Dec 10
- **Personnel Costs: -1.6% YoY**
- **Front Office/Total Staff at c70%** (vs 68% as of Dec 2010)
- **Other Admin Expenses: +6.0% YoY (-6.1% excluding RE impact)**

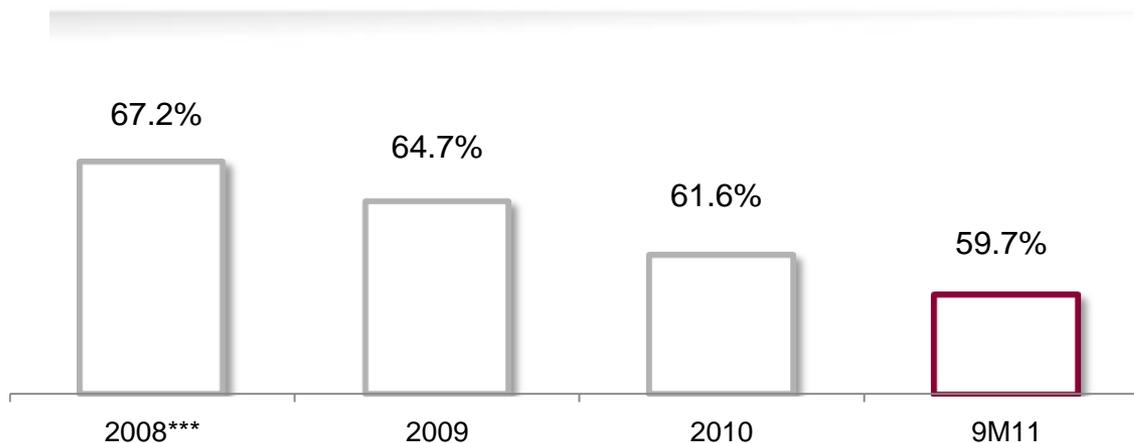
Efficiency improvement continues



Trend of GMPS Total Costs



Cost/Income



* Net of € 60mn in early retirement one-off classified as personnel costs

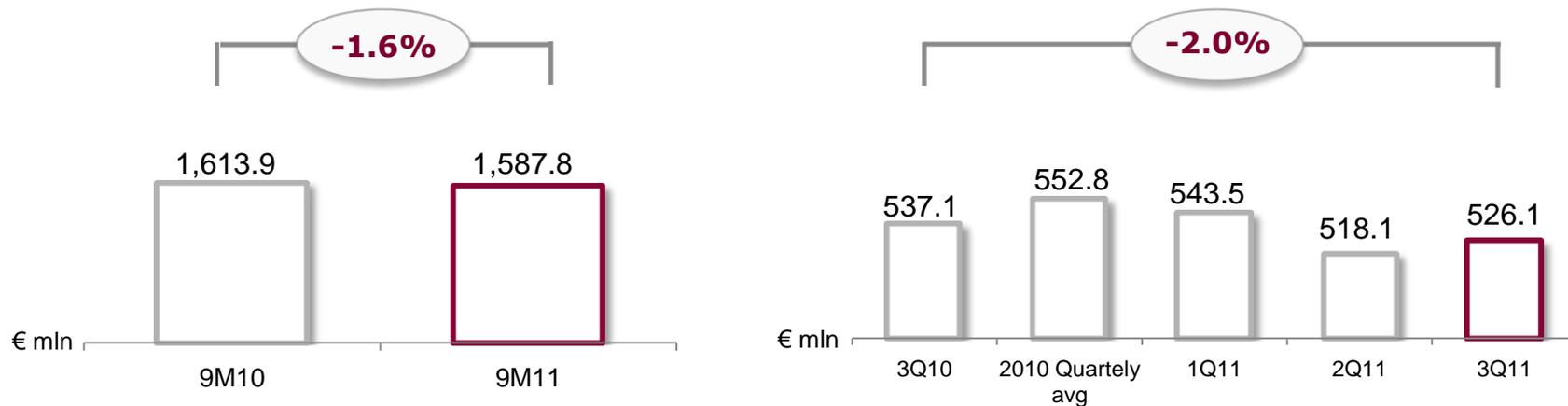
** Net of RE deal impact

*** Pro Forma

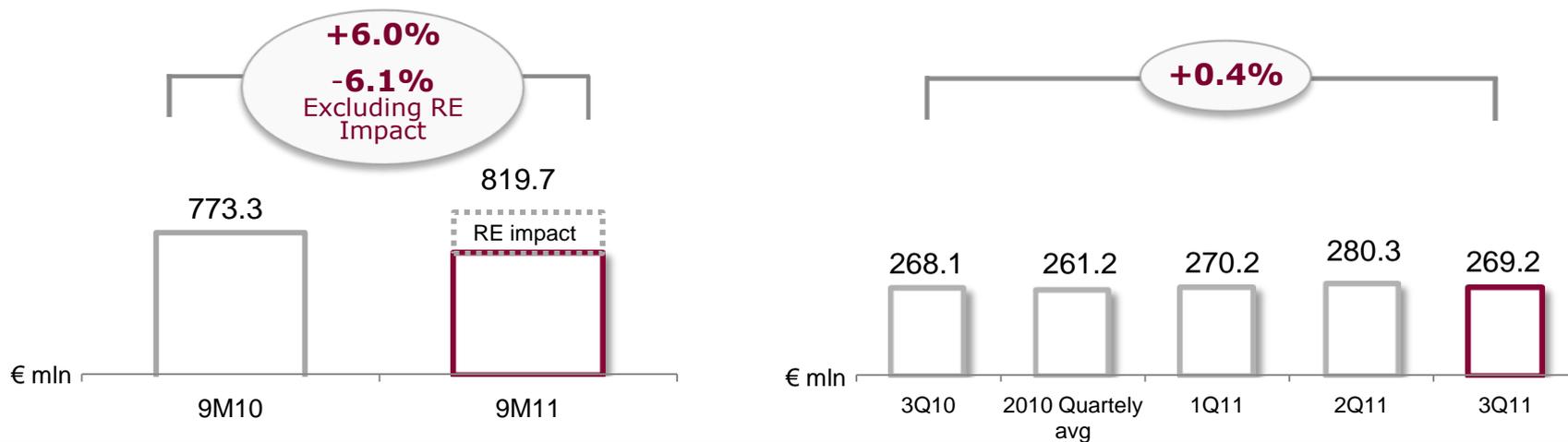
Personnel Expenses and Other Admin Expenses



Personnel Expenses



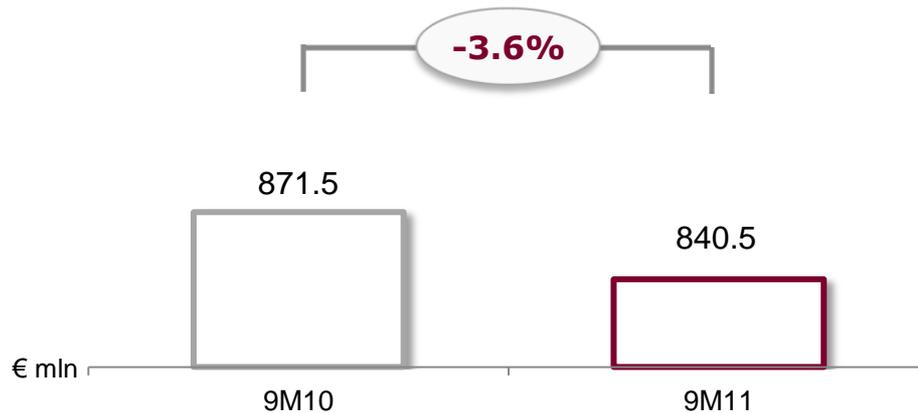
Other Administrative Expenses



* Gross outflows: c420 resources.



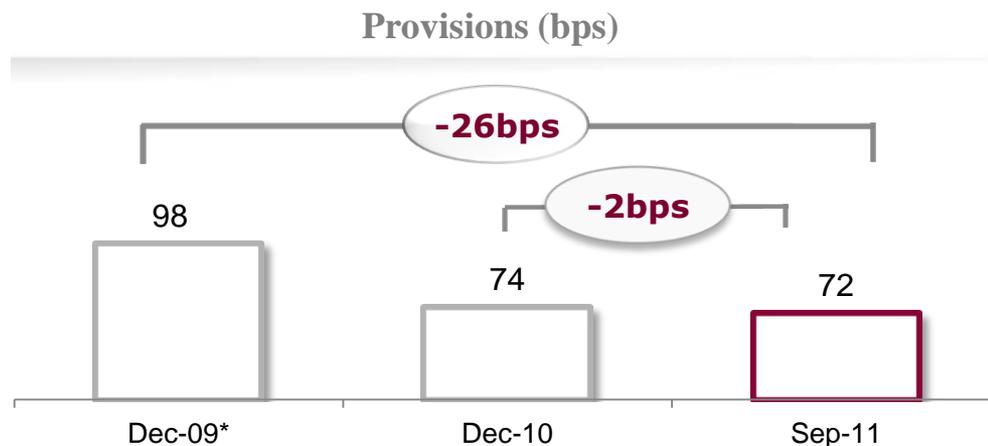
Loan loss provisions



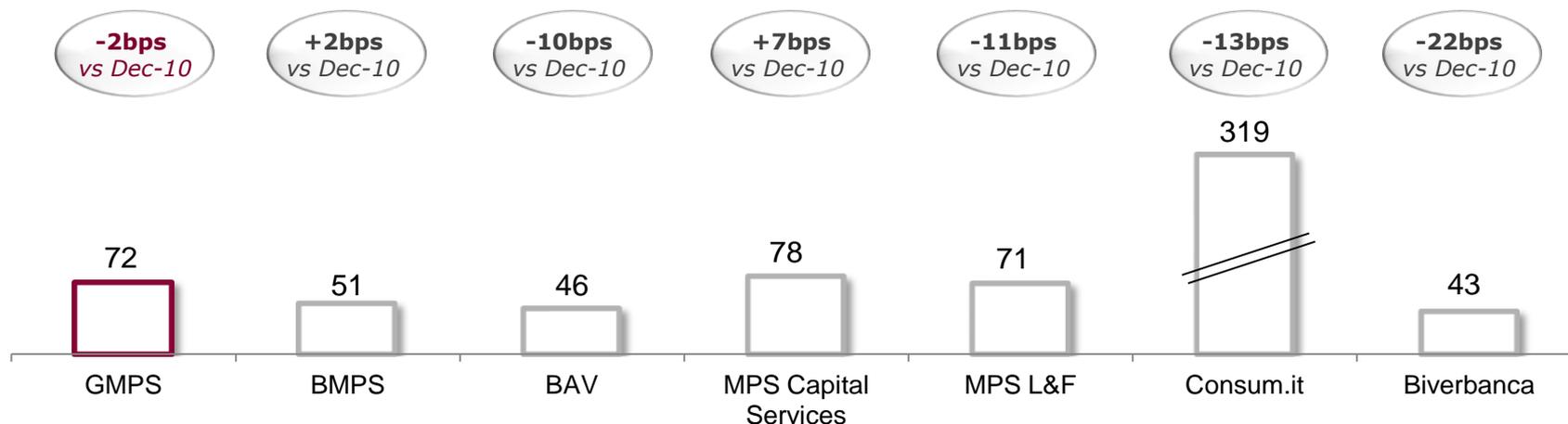
Asset quality in control:

- **Cost of credit at 72bps** (vs74bps as at Dec 2010)
- **Loan loss provisions: -3.6% YoY**
- **NPLs market share: c-590bps** since Dec 08
- **NPL inflows -2.2% QoQ** and **Watchlist inflows -5% QoQ**

Provisions back on track



Breakdown by Business Units (bps)

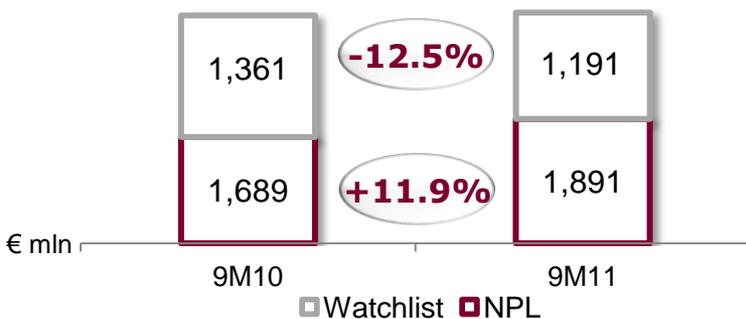


* Restated figures, excluding input from branches sold to Intesa and Carige. Historical data: 96bps.

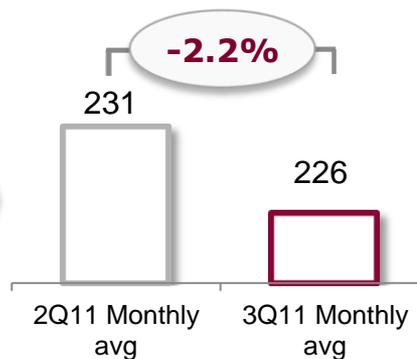
Trend in NPL and Watchlist inflows



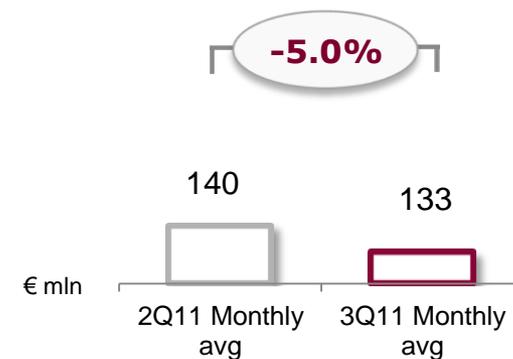
NPL and Watchlist Inflows



NPL Inflows



Watchlist Inflows



MPS Net Watchlist & NPL flows (€ mln)

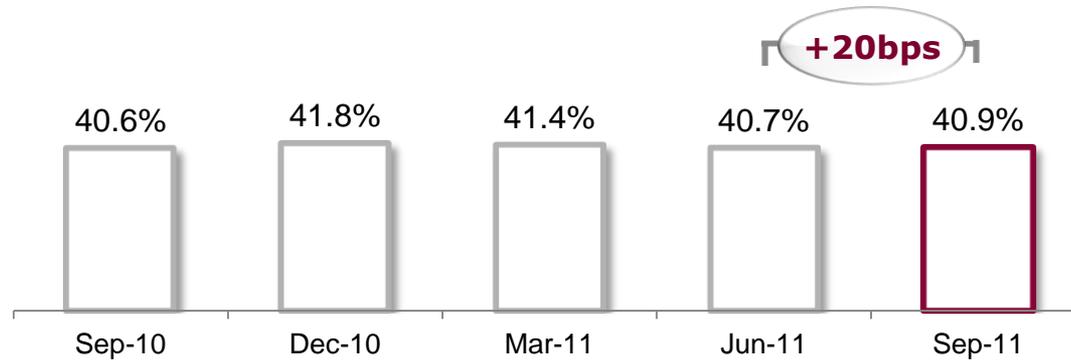
	1Q Monthly Avg	2Q Monthly Avg	3Q Monthly Avg	
North West	10.2	28.4	22.3	↓
North East	15.3	11.0	7.4	↓
Center	27.9	26.3	28.8	↑
Tuscany	26.4	16.1	60.4	↑
South	30.0	32.8	18.7	↓

Tuscany:
 19.8 €mln in
 October 2011

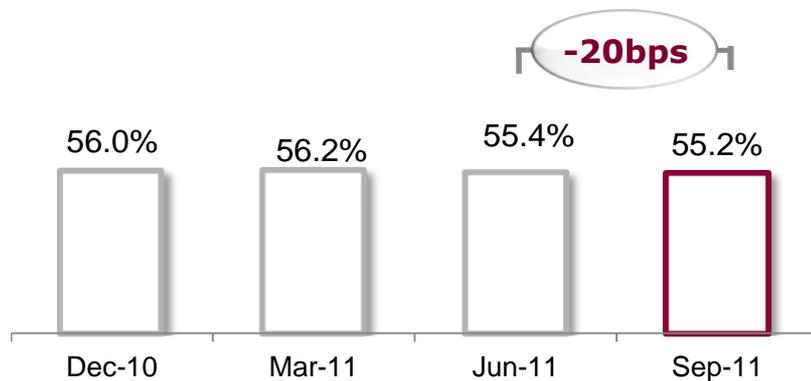
Coverage



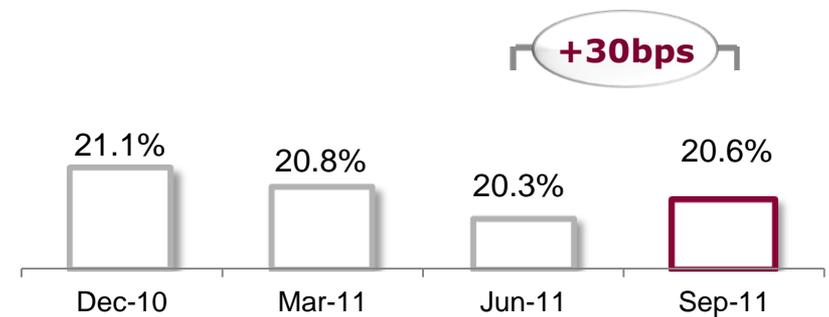
Impaired Loans Coverage



NPL coverage



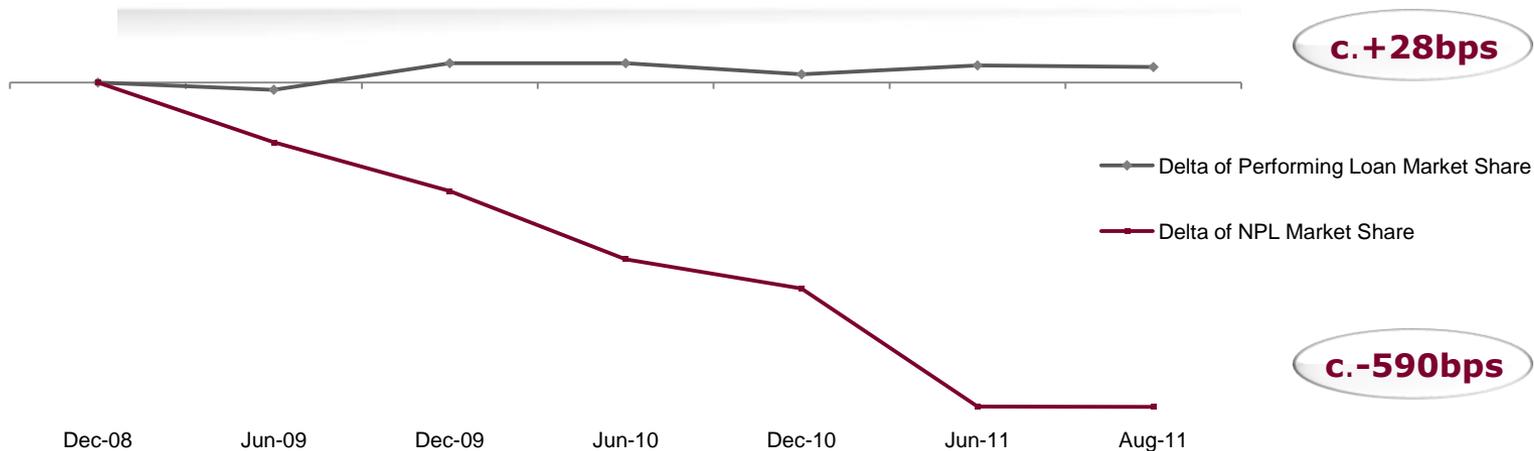
Watchlist coverage



Impaired Loans



Market share of Performing and Non Performing Loans *



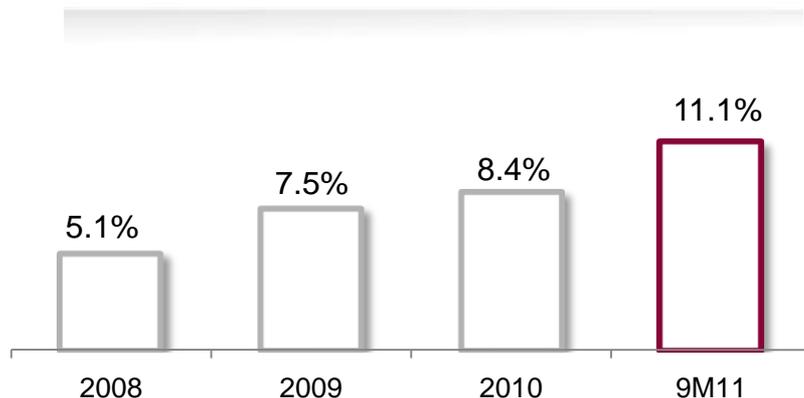
Impaired loans

(€ mln)	Gross	Net
NPL vs June 11	14,180 +4.4%	6,348 +4.8%
Watchlist vs June 11	5,375 +2.8%	4,269 +2.4%
Restructured vs June 11	1,592 -3.1%	1,443 -1.9%
Past Due vs June 11	1,249 +1.3%	1,171 +1.1%

* Source: Bank of Italy matrix



Tier1 Evolution



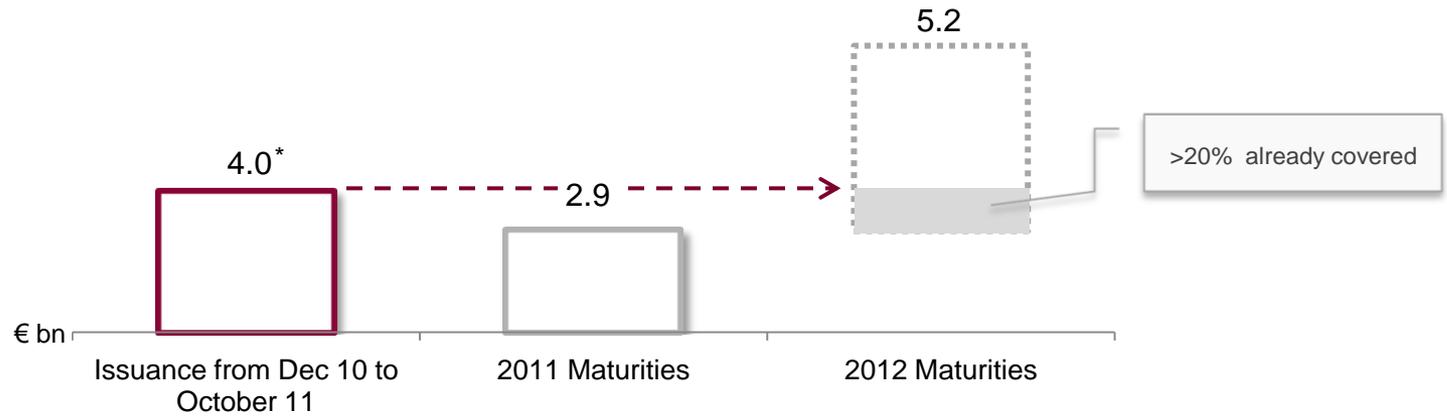
Monitoring of capital and liquidity position:

- **Loan/Deposit ratio down to 0.97 vs 0.99 in Dec 2010**
- **Unencumbered Counterbalancing capacity at €5.4bn (September 2011)**
- **Tier 1 Ratio at c11.1%, including RE Deal, capital increase, Fresh 2003 buy back**
- **For 2012, >50% Retail needs and >20% Institutional funding needs already met**

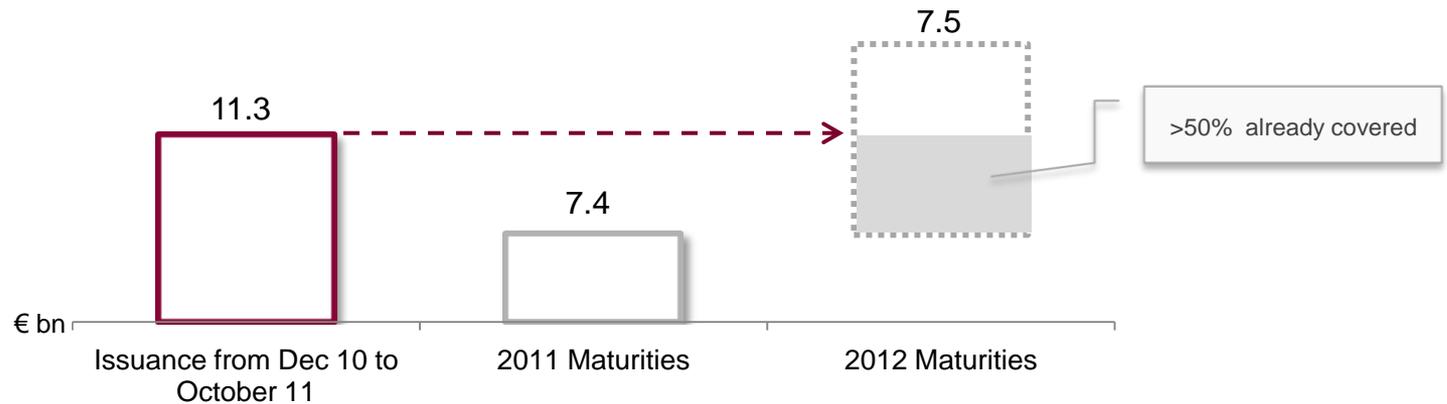
A focus on BMPS funding



Wholesale Issuance and Maturities in 2011 and in 2012



Retail Issuance and Maturities in 2011 and in 2012

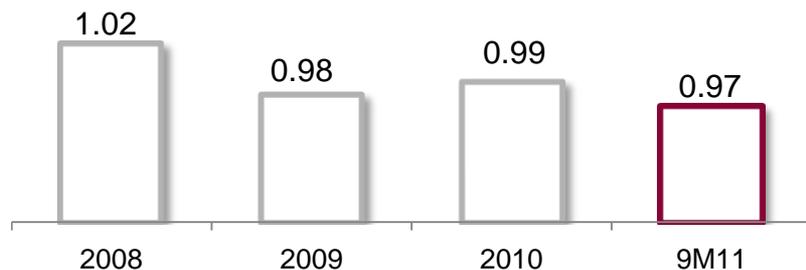


* 4.6 €bn including private placement

Liquidity position



Loan/Deposit ratio



Unencumbered
Counterbalancing capacity at
€5.4bn (September 2011)

Maturity of Institutional Bonds from 2011 (€bln)

	Senior Notes	Subordinated Notes	Covered Bonds	Total
2011	0.3	-	-	0.3
2012	4.6	0.5	-	5.2
2013	3.6	0.9	1.3	5.7
2014	2.1	-	-	2.1
2015	0.5	0.1	1.0	1.6
2016	-	1.2	1.3	2.5

100% Completed

>20% Completed

Financial assets



GMPS Securities and Derivatives Portfolio

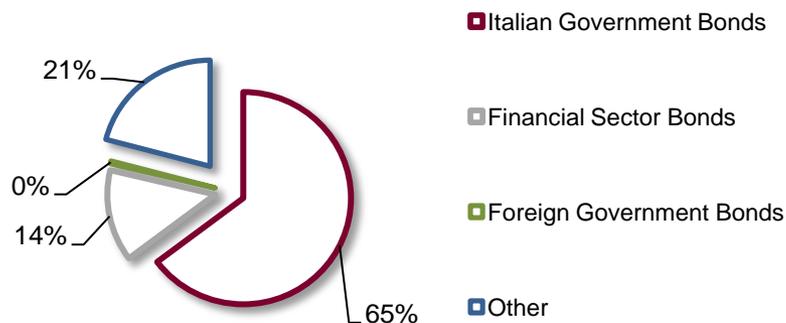
<i>Market Value (€ mln)</i>	30 Sept 2011
HFT	10,723
AFS	23,980
L&R	3,824
Total Portfolio	38,526

**Bond Portfolio €38.5bn:
stable since June 2011**

Italian Govies: €25bn

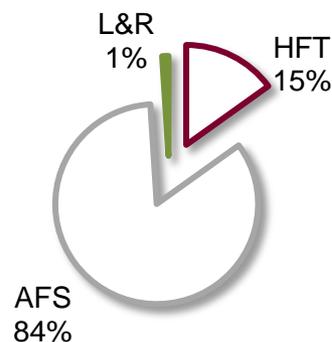
**Exposure to Italian
Sovereign
unchanged vs June**

Portfolio Breakdown by type of issuer

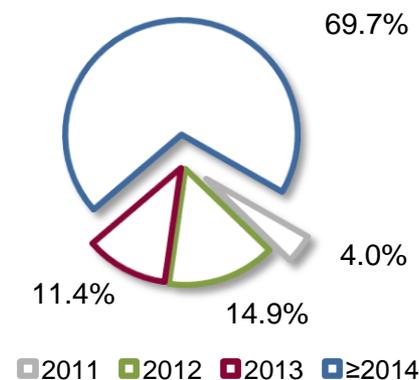


Italian Government Bonds

Breakdown by IAS category

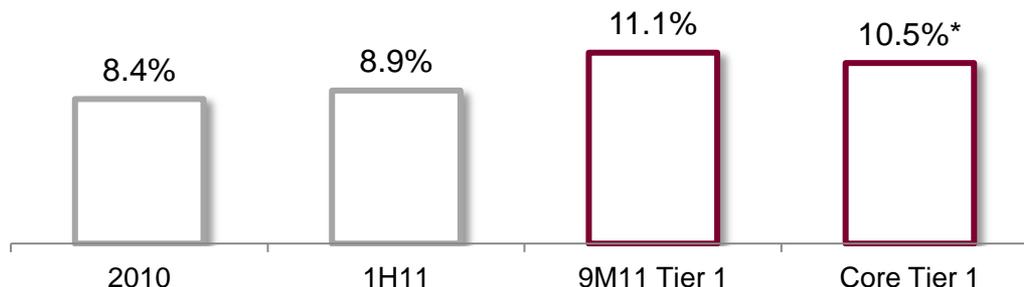


Breakdown by maturity





Tier 1 over time



Confident to meet EBA requirements of 9% Core Tier 1 by conversion of Fresh 2003 and inclusion of Fresh 2008 notes in the core capital and:

- ❑ Further RWA optimization (70% of loan portfolio in advanced model has resulted in 120bps still now; confident to extend the model to the remained part of the portfolio)
- ❑ Earning retention
- ❑ Potential asset disposals of non core assets (€500mln of non instrumental RE)
- ❑ Potential JVs in core business (e.g. Consumit: reduction of €6bn RWA (>50bps Core Tier 1) just from deconsolidation)

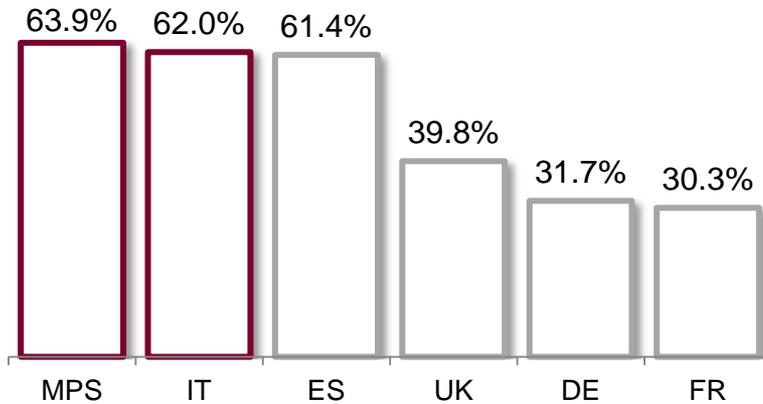
The amount of the capital buffer determined by the EBA exercise is preliminary and indicative,

* Including "Fresh 2003" that will be converted within the end of the year.

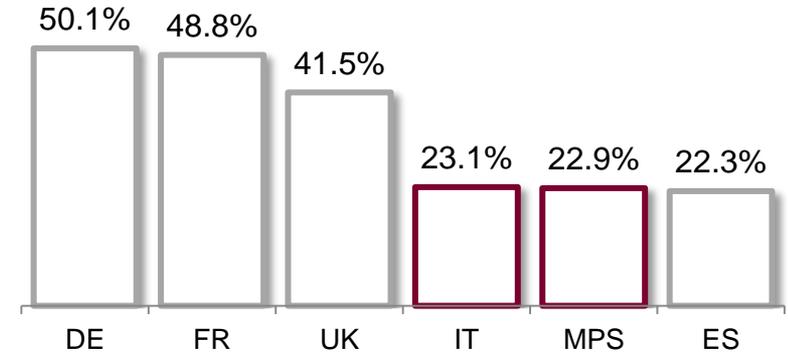
Sound risk profile of MPS and Italian Banks



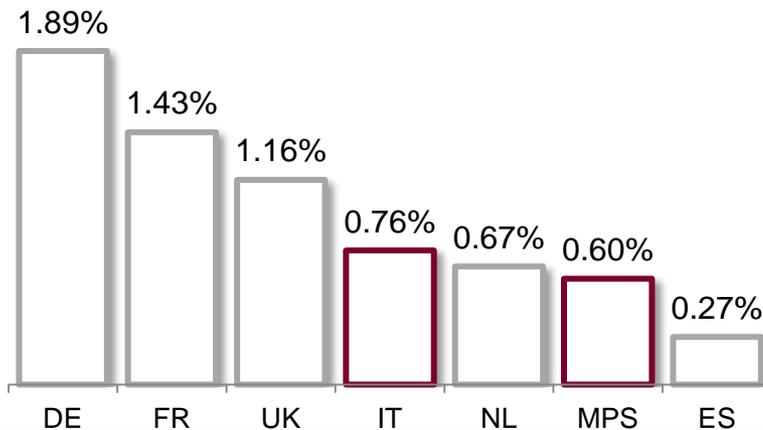
Loans/Assets (2010)



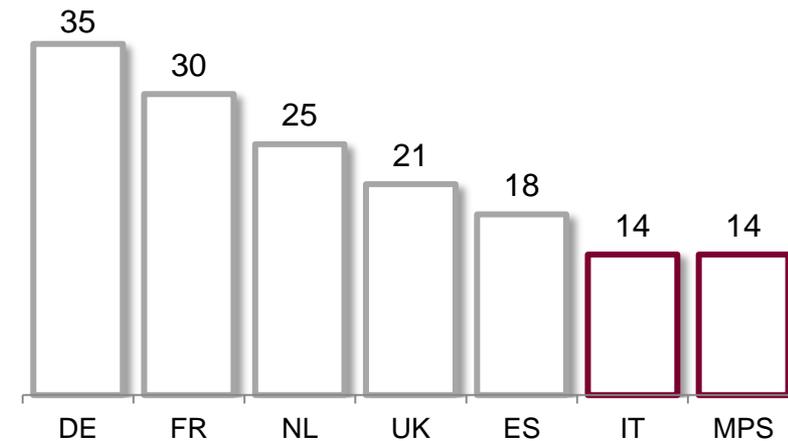
Financial Assets/Assets (2010)



Level 3 financial instruments/Assets (2010)



Leverage: Asset/Equity (2010)





Conclusions

- ❑ **Profit-generation capacity maintained and resilience confirmed despite a very challenging environment**
- ❑ **Further cost containment actions put in place to offset high market volatility and uncertainty**
- ❑ **Management is actively implementing all actions to meet EBA requirements.**



**Thank you for your
attention**

Q&A

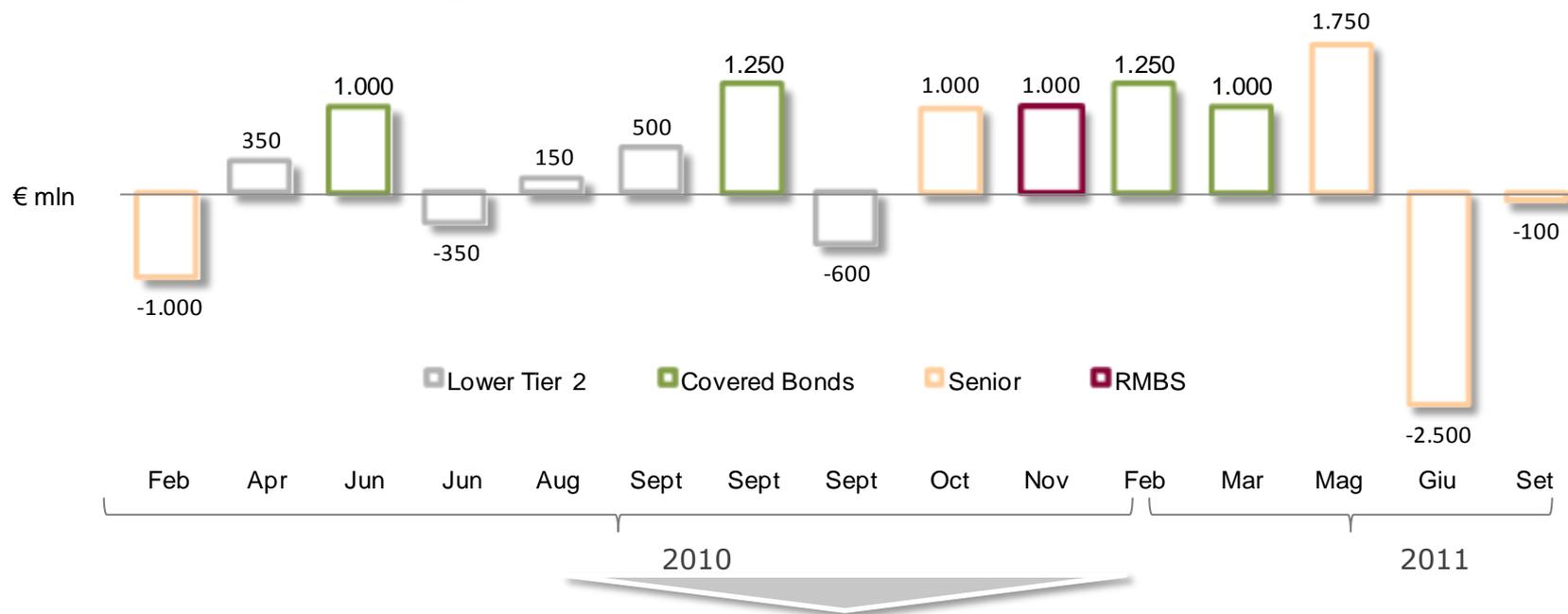


Annexes

A focus on BMPS institutional funding



Issuance and Maturities of Senior and Subordinated Notes in 2010 and in 2011



	LT2	CB	LT2	CB	Senior	CB	CB	Senior
Issue date	Apr-Aug 2010	Jun 2010	Sept 2010	Sept 2010	Oct 2010	Feb 2011	Mar 2011	May 2011
Maturity	21/04/20	30/06/15	09/09/20	23/09/13	19/10/12	15/09/16	03/02/18	11/11/13
Amount (mln)	€ 350 + €150	€ 1,000	€ 500	€ 1,250	€ 1,000	€ 1,250	€ 1,000	€ 1,750
Re-offer Spread	m/s + 180 bps	m/s + 105bps	m/s+ 320 bps	ms + 105bps	3m€ + 135bps	ms+ 180bps	ms+ 185bps	ms+ 163bps



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Declaration of the Financial Reporting Officer

Pursuant to para. 2, article 154-bis of the Consolidated Law on Finance, the Financial Reporting Officer, Mr. Daniele Bigi, declares that the accounting information contained in this document corresponds to the underlying documentary evidence and accounting records.

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