MPS Presentation

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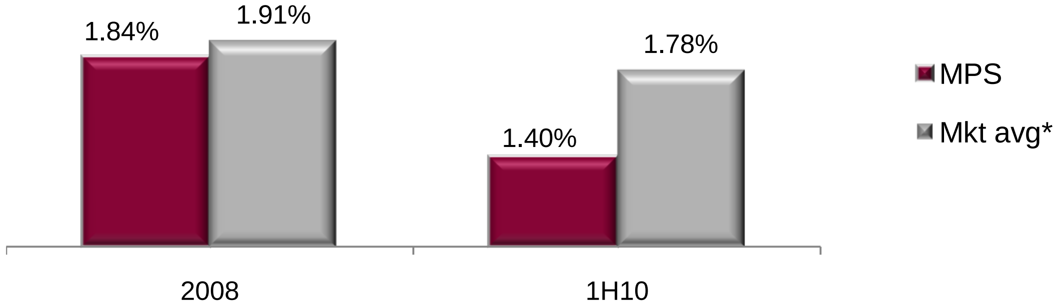
Bank of America Merrill Lynch
Banking & Insurance CEO Conference
London, 28th September 2010

MPS: The results of the ongoing restructuring story started in 2008 (1/2)

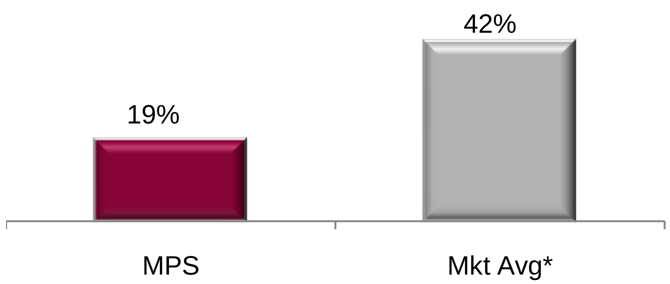
Cost containment

Costs/Assets

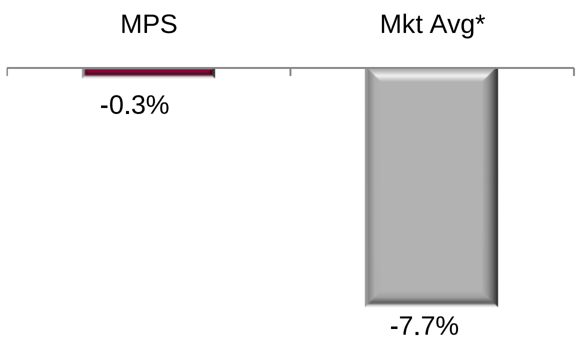


Asset quality under control

Increase of Gross Impaired Loans/Loans (2008-1H10)



Trend of NPL Coverage (2008-1H10)



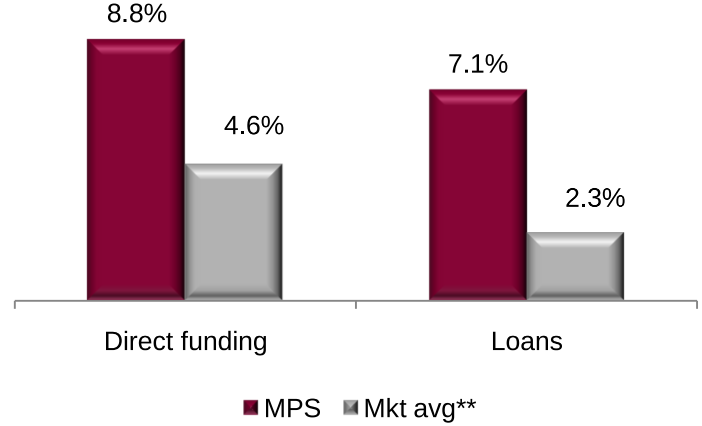
*UCI, ISP, BAPO, UBI, BPM. Sources: Company reports and Citi Research ("The Waiting Game, 20 Giugno 2010), GS Research (Italian Banks, 31 August 2010)

MPS: The results of the ongoing restructuring story started in 2008 (2/2)

Increasing market shares and volumes

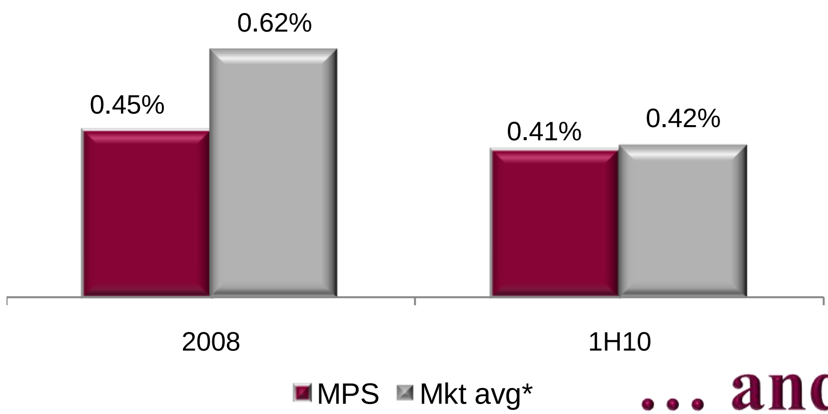
Market shares increase (bps) (2009-1H10)

Volumes increase (1H09-1H10)



Focus on profitability

Net Operating Profit/Assets



... and still a lot to do

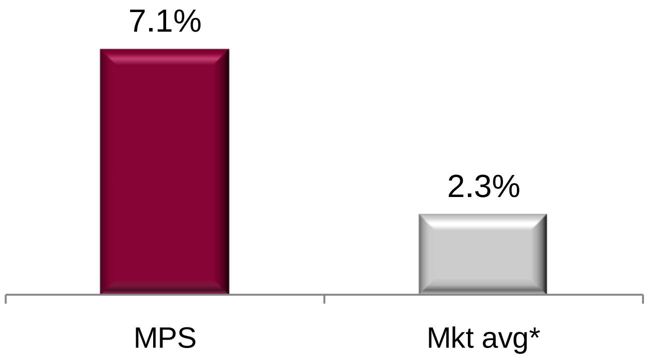
*UCI, ISP, BAPO, UBI, BPM. Sources: Company reports and Citi Research (“The Waiting Game, 20 Giugno 2010), GS Research (Italian Banks, 31 August 2010)

** Banks analyzed: UCI, ISP, UBI, BPM, BAPO, BPER, Carige

The good commercial momentum is going on, leading to an increase in market shares

Strong growth of volumes and acquisition of new clients

Loans (YoY)

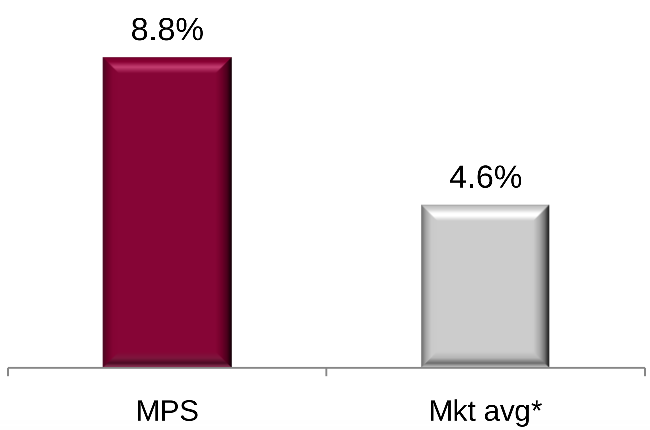


Launching new products

+73% (YoY) Mortgages inflows

MUTUO "MPS PROTEZIONE"
Capped floating rate

Direct funding (YoY)

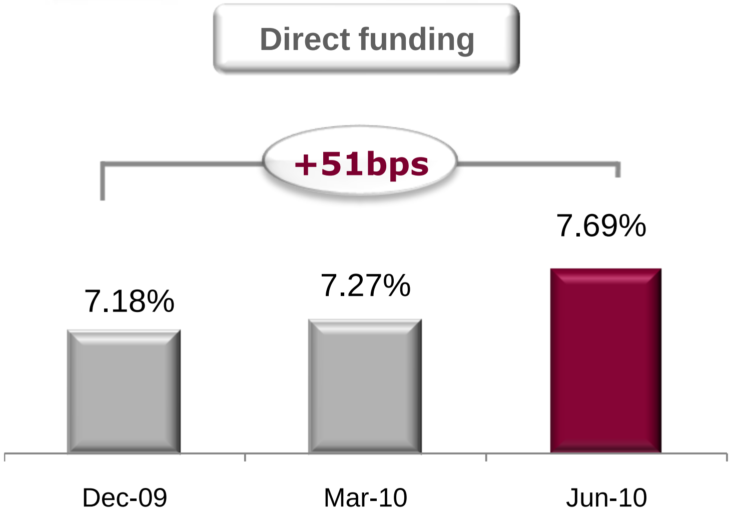


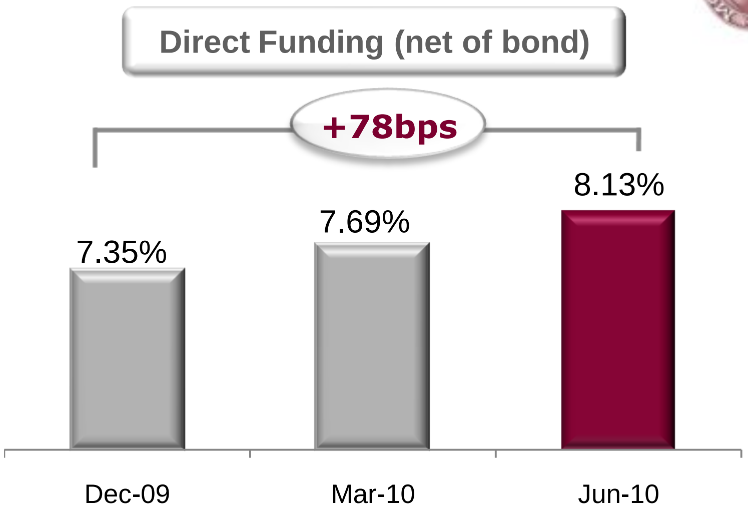
Recent Current Account launched

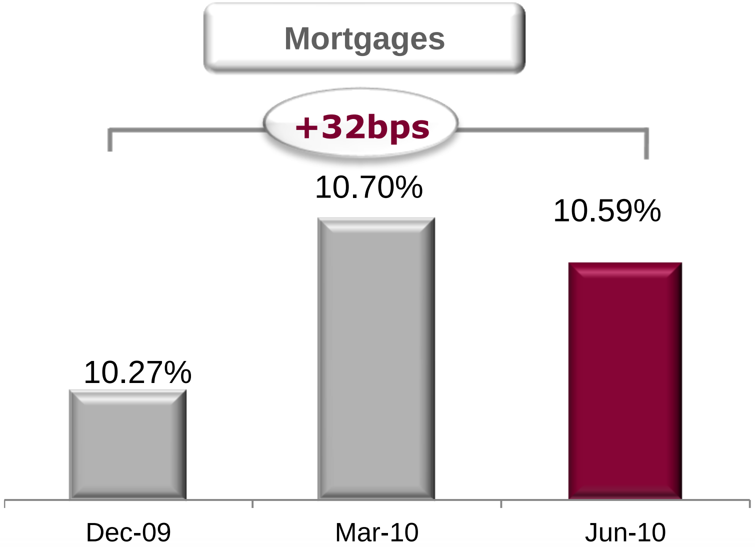
+28,000 new current accounts
+37,000 net new clients

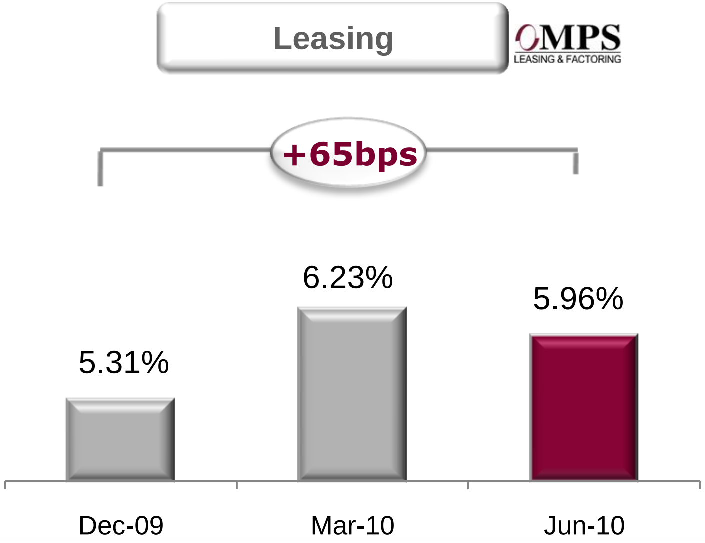
*UCI, ISP, UBI, BPM, BAPO, Carige

Strong increase in market shares in all businesses







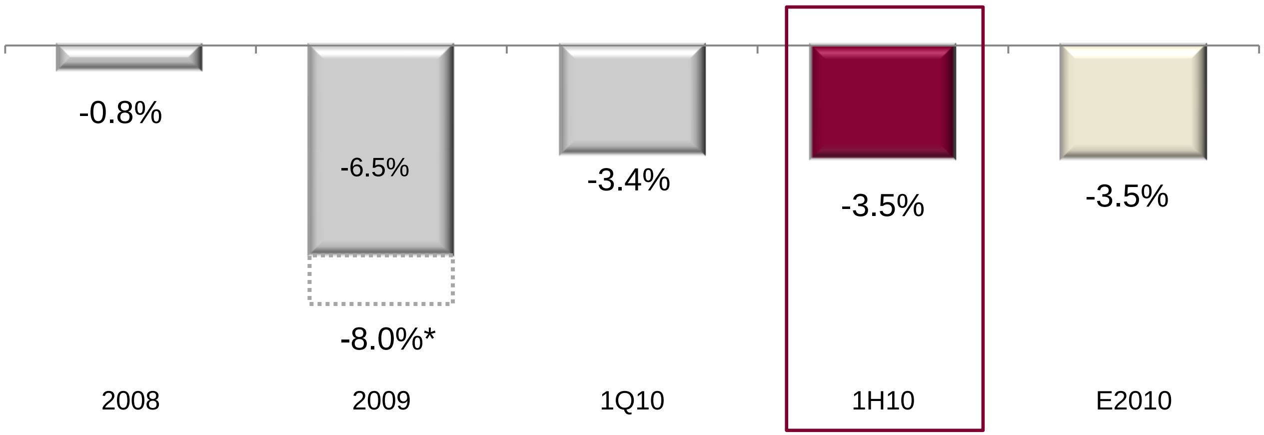


1H Results has confirmed

the track record in cost containment

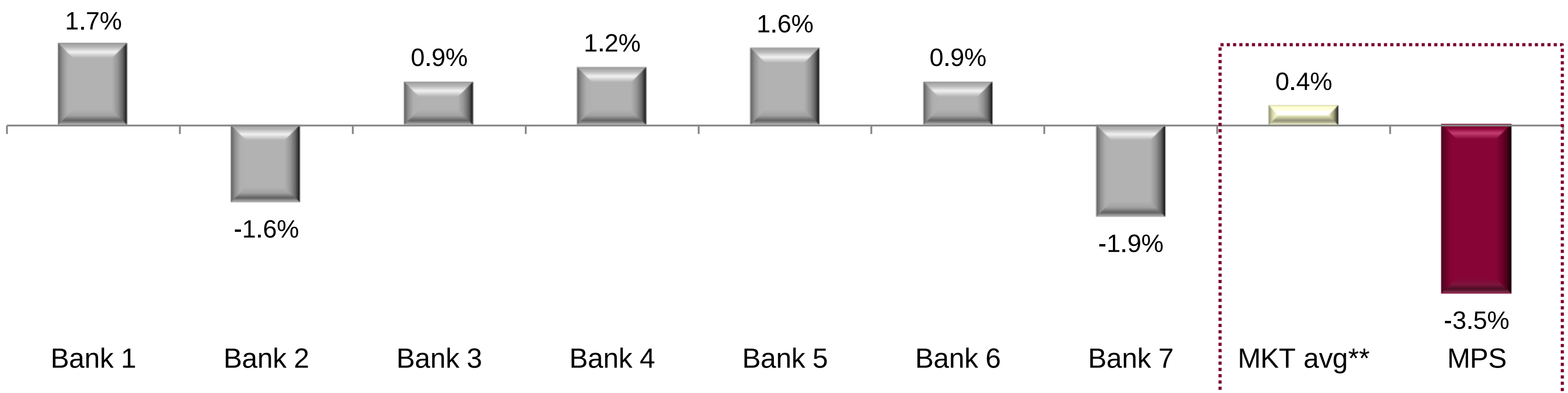
Operating costs: a further containment and better performance vs market

Trends in Total Costs



60.2%
Cost/Income:
(-400bps vs dic09)

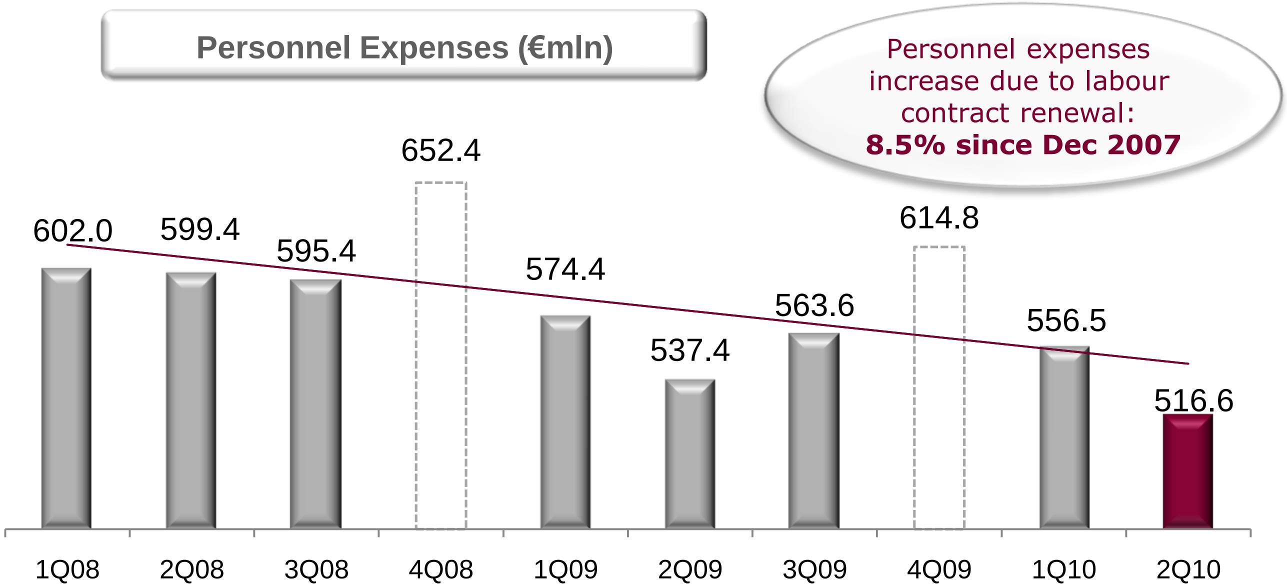
Operating costs



* Net of € 60mln in early retirement one-offs classified as Personnel Expenses

** Banks analyzed: ISP, BAPO, Carige, UCI, BPER, UBI, BPM

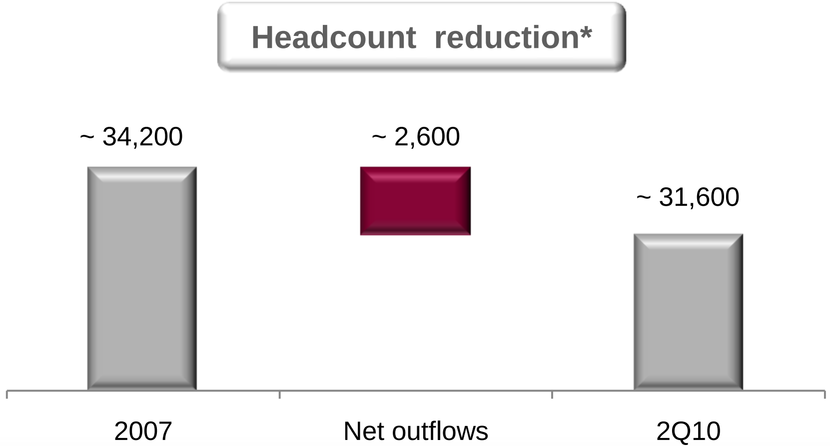
The positive effects of reorganization on costs are evident both on cost of personnel …



1H10 Personel Expenses

-3.5% YoY

-5.75% YoY
Considering the Effect of labour contract renewal



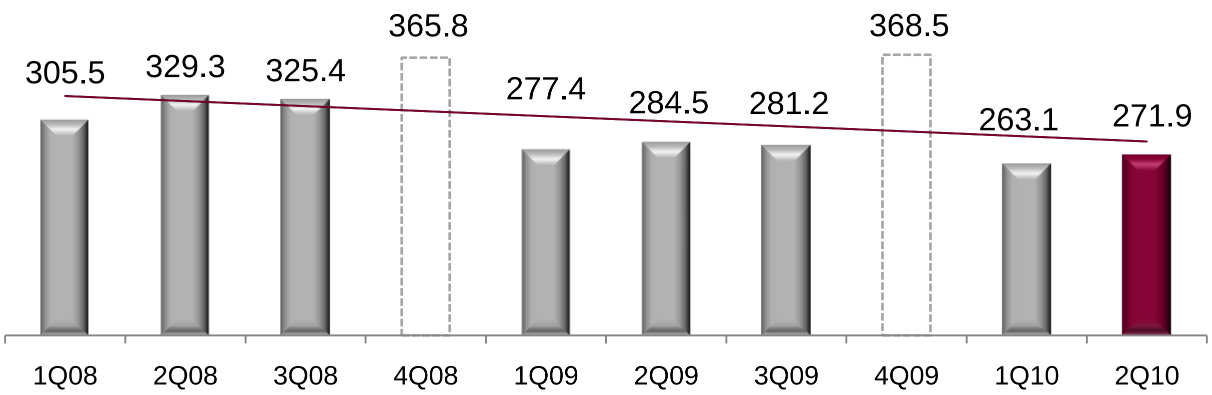
- **67% Front office/Total staff** (+400bps)
- **~ 3,800 gross outflows,** of which **361** in 1H2010**
- **€35,000:** difference between avg cost of outflows and avg cost of new hirings

* FTE. 2007 figures include Antonveneta (9.383) and Biver (696)

** Excluding the exits (391 resources) due to the disposal of branches to Intesa and Carige. In the 1H, 361 young people were hired in the network

… and on Other Administrative Expenses

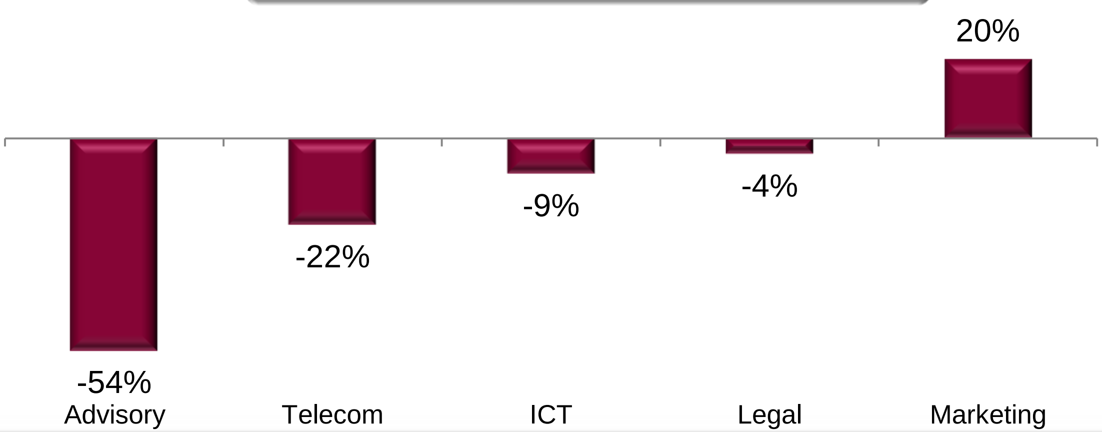
Other Administrative Expenses (€mln)



1H10 Other Admin. Expenses

-4.8% YoY

1H10 Other Admin. Expenses: main items



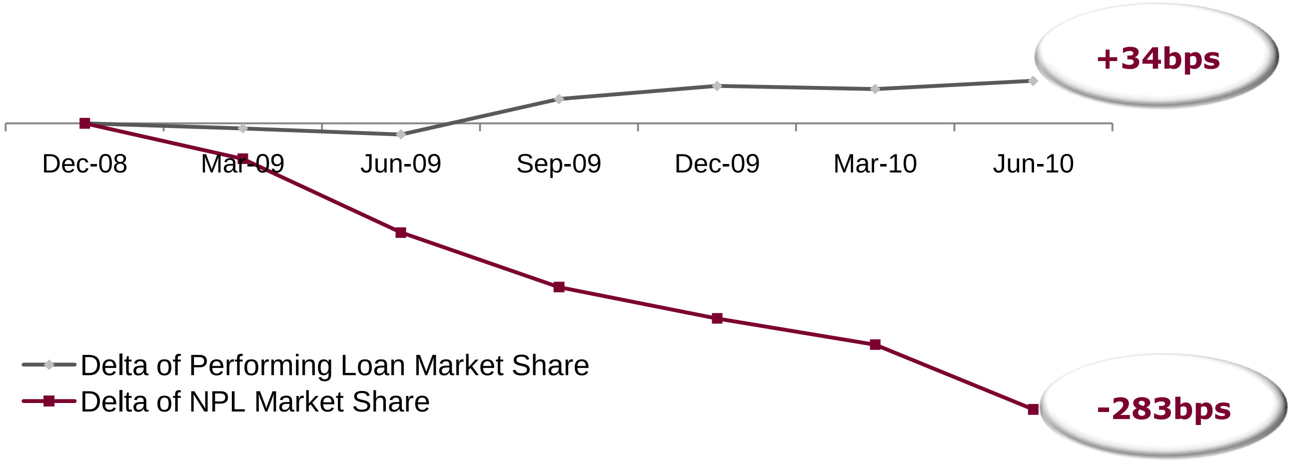
c100 Small Branches closed in August*

* Branches with 3 employees and with limited credit autonomies

Asset quality under control

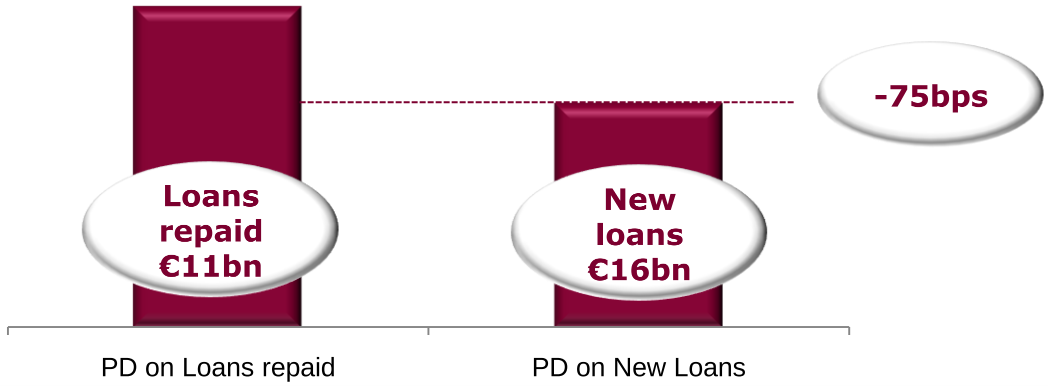
Increased loans with strong attention to credit quality

Market share of Performing and Non Performing Loans



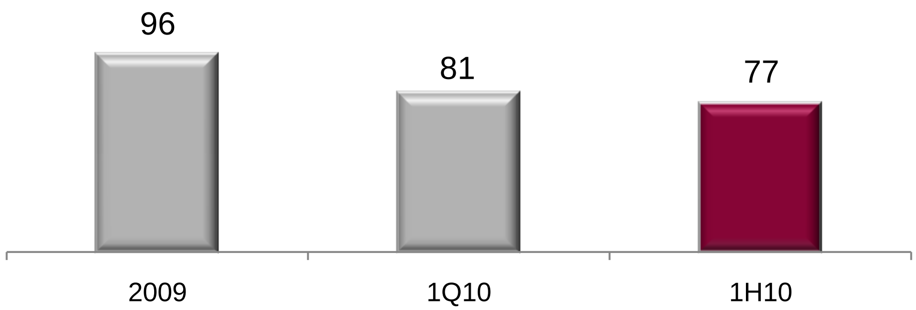
- **PD on performing loan portfolio down 10bps to 2.60% in 2Q**

Average PD on repaid and new loans (1H10)

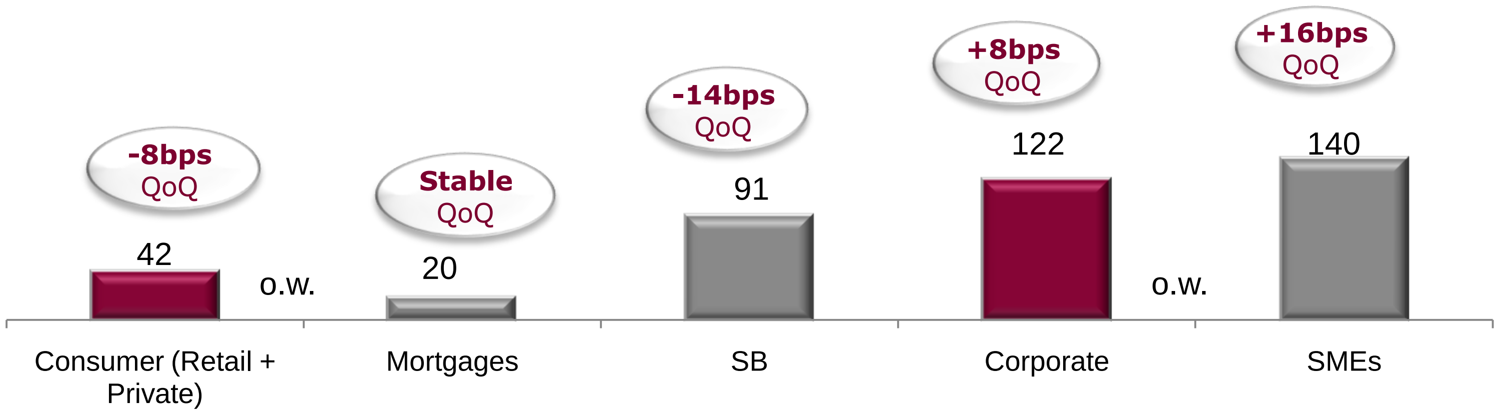


Provisions towards a normalised level

Provisions (bps)



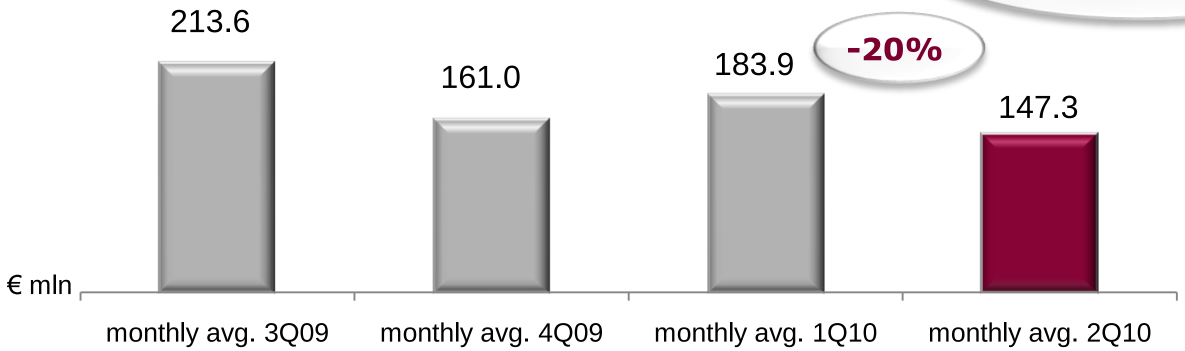
Breakdown by type of customers* (bps)



* Provisions calculated on loans disbursed at Branch Network level

Decreasing NPLs inflows and increasing collections

NPLs: monthly inflows



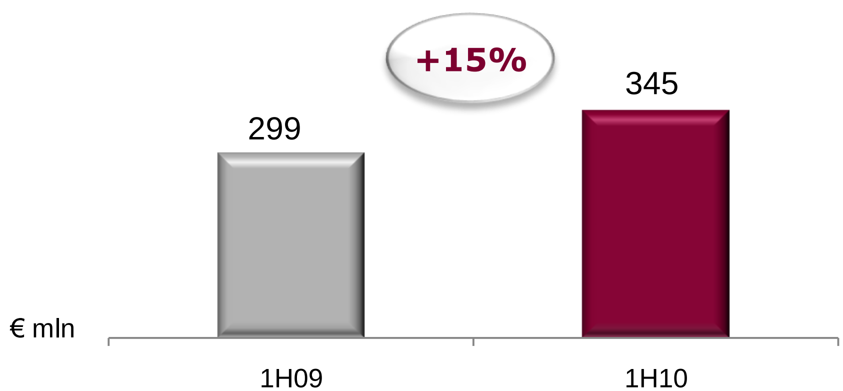
Impaired loan generation ratio* at 1.01%: -30bps vs March

1H10 NPL flows -6.3% YoY

- **NPL inflows from performing loan portfolio: -7.7%**
- **NPL inflows from other doubtful loans: -5.2%**

MPS GESTIONE CREDITI BANCA

Collections



STANDARD & POOR'S

S&P's assigns ABOVE AVERAGE ranking to MPS Gestione Crediti

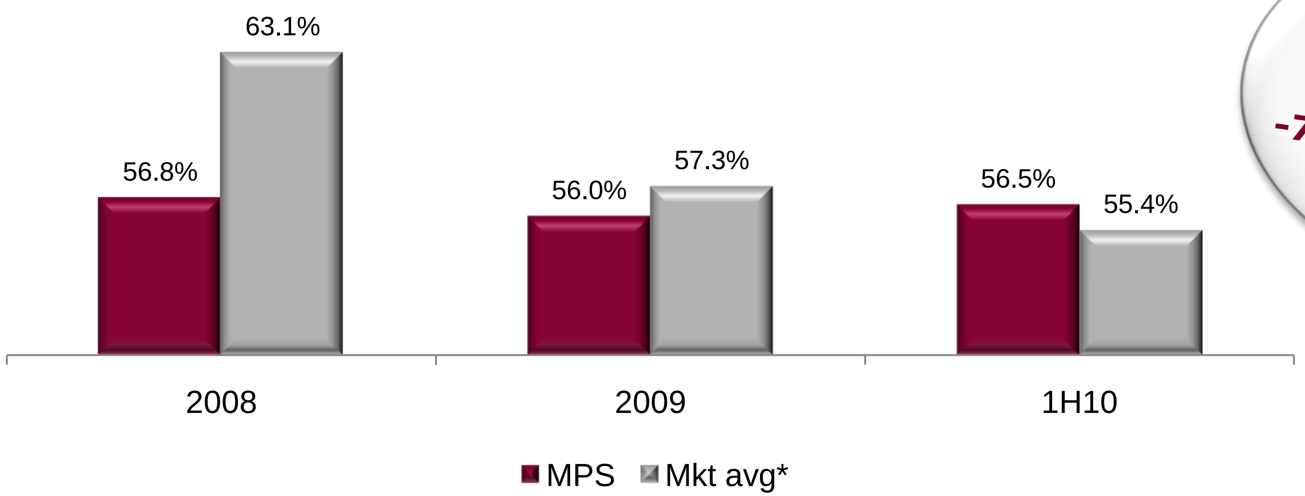
FitchRatings

Fitch upgrades MPSGCB's Italian Residential and Commercial Mortgage Special Servicer ratings to 'RSS2'/ 'CSS2'

* NPL and Watchlist loan flows over total loans as of March. Figures are referred to the commercial network. Operating data

Stable NPL coverage and moderate increase of impaired loans stock

NPL Coverage: 2008-1H10

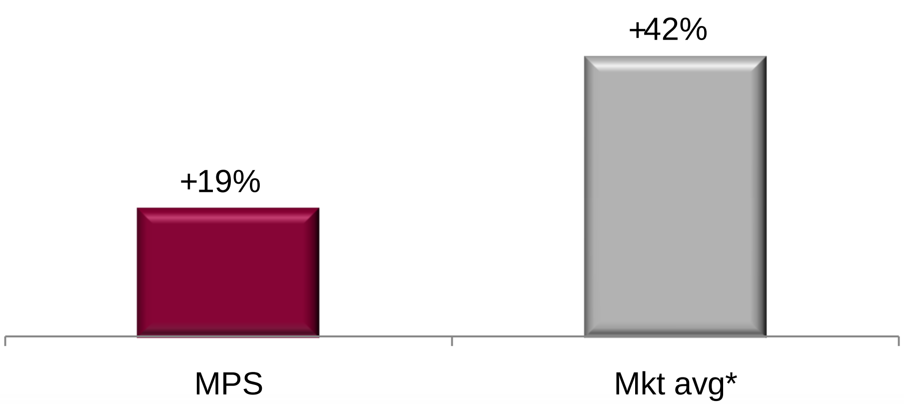


NPL coverage 2008-1H08:

-30 bps MPS

-770 bps avg competitors

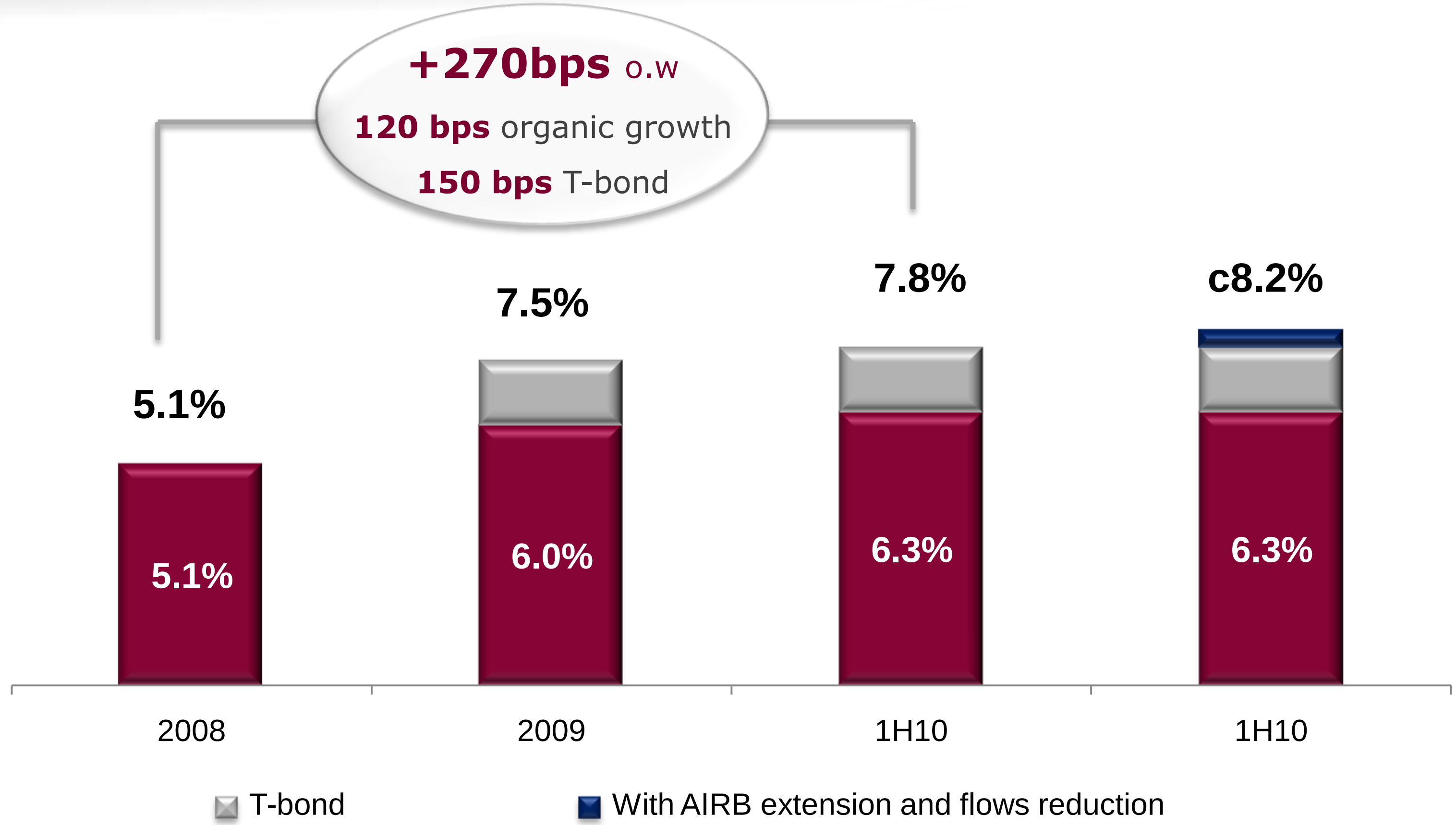
Gross Impaired Loans/ Loans (2008-1H10)



* Mkt avg: UCI, ISP, BAPO, UBI, BPM

Capital strengthening

Capital position being strengthened



Authorization obtained from Supervisory Authorities to extend AIRB models to all Antonveneta and former Antonveneta branches (merged into the Parent Company) and lower floor from 90% to 85% effective for supervisory reporting as of 30/09/2010 (c 40bps)

Conclusions and guidance

The positive commercial performance shown in the first six months leads us to look confidently to the second part of the year. In particular:

- **Q2 NII is considered as a structural basis for the remaining part of the year**
- **Excellent results achieved in cost containment (exceeding year-start forecasts) make it possible for the previously issued -2% guidance on costs for FY10 to be superseded (now expected to be at least -3.5%)**
- **With respect to the cost of credit, NPL flows showed a better than budgeted trend.**

Appendix

1H and 2Q10 Results

1H and 2Q10 P&L (mln €)

	2Q10	2Q10/1Q10	2Q10/2Q09	1H10	1H10/1H09
Net Interest Income	924.8	+4.4%	+1.7%	1,810.6	-1.4%
Net Fees	492.7	-0.2%	+5.0%	986.6	+3.7%
Basic income	1,417.5	+2.7%	+2.8%	2,797.2	+0.4%
Total Revenues	1,386.1	-2.7%	-4.4%	2,810.2	-4.2%
Operating Costs	-830.6	-3.4%	-3.6%	-1,690.4	-3.5%
Personnel costs	-516.6	-7.2%	-3.9%	-1,073.1	-3.5%
Other admin expenses	-271.9	+3.3%	-4.4%	-535.0	-4.8%
Loan Loss Provisions	-283.0	-7.8%	-29.3%	-590.0	-14.1%
Net Operating Income	254.1	-1.0%	+38.5%	510.8	+8.1%
Taxes	-177.1	n.m.	n.m.	-220.4	+13.7%
Gains on Asset Disposal	184.2	n.m.	n.m.	184.2	n.m.
Purchase Price Allocation	-29.6	n.m.	n.m.	-57.2	-17.7%
Net income	118.9	-16.4%	n.m.	261.2	-21.4%

A focus on Securities and Derivatives (1/2)

The Securities and Derivatives Portfolio*

Market Value (€ mln)	30 June 2010
HFT	16,229
AFS	15,437
L&R	3,159
Total Portfolio	**34,824**

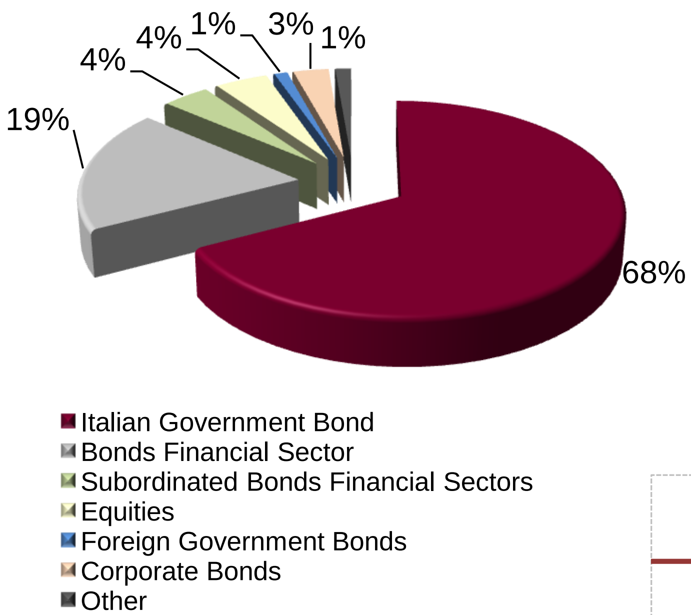
+ €10.7 bn
NII-boosting portfolio expansion (vs Dec 09) of which:

- **+ €8.4 bn on HFT portfolio: Italian government bonds with upcoming maturity (80% within 2011)**
- **+ €2.5 bn on AFS portfolio: Long Term maturity Italian government bonds. This includes mainly Italian long-term government bonds (BTPs in particular) which, while being exposed to counteparty risk (mainly "Italy's country risk"), are hedged from adverse interest rate fluctuations through a dedicated hedge accounting policy.**
- **Slight L&R portfolio contraction**

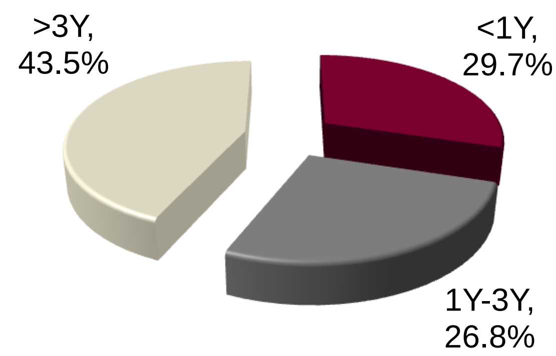
* Banca MPS and MPS Capital Services portfolio, excluding repurchase agreements and Money Market

A focus on Securities and Derivatives (2/2)

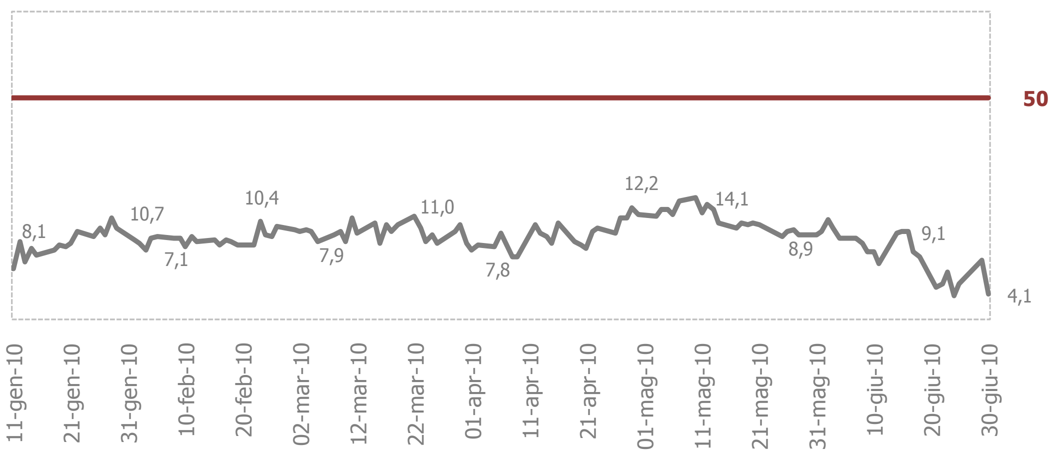
Portfolio Breakdown*



Italy Govies: Breakdown by Maturity



VAR Evolution trading book



* Banca MPS and MPS Capital Services portfolio, excluding repurchase agreements and Money Market

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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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