

PASCHI AMBIENTE

OUR COMMITMENT TO SOCIAL RESPONSIBILITY



SOCIO-ENVIRONMENTAL REPORT 2002

BANCA MONTE DEI PASCHI DI SIENA



TABLE OF CONTENTS



1	Introduction
2	Message from the Chairman
4	Summary of bank's performance
5	Reporting methodology
6	The bank and its stakeholders
8	Corporate identity
9	Organizational structure
12	Strategies and business plan
14	The bank and its network



17	GOVERNANCE
18	Values
19	Policies and conduct with reference to socio-environmental issues
21	Bank's international commitments to sustainable development
22	Organizational structure and functions
23	Units dedicated to socio-environmental issues
25	Principal management systems
30	Collaboration and dialogue with organizations active in corporate social responsibility



35 PERFORMANCE



37 ENVIRONMENTAL PERFORMANCE

44	Energy
47	Paper
49	Water
50	Waste
51	Transportation
52	Emissions to air



55 ECONOMIC PERFORMANCE

56	Key operating data
58	Summary statement of value added
59	Breakdown of value added



61 SOCIAL PERFORMANCE

62	Interaction with stakeholders
63	Human resources
73	Shareholders
81	Community
87	Collettività
91	Government, government agencies and local authorities
93	Suppliers



95 PRODUCTS AND SERVICES

98	Community support initiatives
99	Important socio-environmental products of other companies of the Mps Group



103 OBJECTIVES ACHIEVED AND FUTURE TARGETS

104	Objectives achieved
107	Future targets



109 ACCREDITATION OF DATA

110	Oscars for financial statements
111	Deloitte opinion
112	Evaluation of the 2001 socio-environmental report

114	Glossary
116	Table of contents by subject

CORPORATE OFFICERS, SENIOR MANAGEMENT AND AUDITORS

THE BOARD OF DIRECTORS*

Chairman

Pier Luigi Fabrizi

Deputy Chairmen

Stefano Bellaveglia

Emilio Gnutti

Directors

Fabio Borghi

Francesco Gaetano Caltagirone

Turiddo Campaini

Massimo Caputi

Francesco Saverio Carpinelli

Giuseppe Catturi

Luca Fiorito

Lorenzo Gorgoni

Andrea Pisaneschi

Carlo Querci

Roberto Rossi

Ivano Sacchetti

Girolamo Strozzi

BOARD OF STATUTORY AUDITORS*

Chairman

Giuseppe Vittimberga

Acting Auditors

Pietro Fabretti

Leonardo Pizzichi

Alternate Auditors

Stefano Mendicino

Marco Turillazzi

SENIOR MANAGEMENT

*Chief Executive Officer ***

Emilio Tonini

Deputy Chief Executive Officer

Pier Giorgio Primavera

Assistant Chief Executive Officers

Pier Luigi Corsi

Antonio Vigni

* Appointed at a shareholders' meeting held on 26 April 2003.

** Since 1 June 2003.

INTRODUCTION

As a supplement to Banca Monte dei Paschi di Siena's Annual Report, the Socio-Environmental Report has become a principal tool for providing the Bank's stakeholders with important information on the Bank's involvement in social and environmental issues. Now in its third edition, this report describes the activity carried out and the results achieved by the Bank with respect to three key aspects of social responsibility: the sound and solid commitment to safeguarding the environment; the statement of profits and losses from operations as viewed from the standpoint of the distribution of value added; and activity with social repercussions as based on the integrated methodology known as the "triple bottom line".

With the Socio-Environmental Report, the Bank aims to develop a dialogue with its various stakeholders (shareholders, employees, customers, suppliers, local authorities, government, associations, and the public at large) in order to reinforce the relationships and to improve interactive communications with the same.

This document also has the purpose of clarifying the Bank's social values and culture, and of highlighting qualitative and quantitative factors which are often not evident from the Bank's Annual Report. It thus strives to illustrate how the Bank's day-to-day activity is guided by fundamental ethical principles consistent with the legitimate expectations of the stakeholders.

The Socio-Environmental Report is subdivided into four principal sections as follows, with the third representing the main focus of the document:

- an explanation of the Bank's commitment and the involvement of the Bank's Top Management with regard to the management of sustainability, with a brief description of the history of the Bank and of the Group, the business plan currently being implemented, and the identity of the principal stakeholders;
- an overview of the governance structure, including: the Bank's principles and policies, the business units dedicated to governance, and the management systems introduced to support social-responsibility actions;
- a direct account of the Bank's environmental, economic and social performance, the products and services supplied, and a summary of the objectives set and achieved in the Socio-Environmental Report 2001 along with the definition of future targets as part of an effort to realize further improvement in the Bank's performance;
- the certification of the data by the professional audit firm, **Deloitte Consulting S.p.A.**, an explanation of the reasons for the presentation of a special award, "Statement of Sustainability for Large Organizations" as part of the "Oscars for Financial Statements and Financial Communications 2002" organized by the Italian Federation for Public Relations, and finally, a summary of the feedback from questionnaires returned by readers evaluating the previous edition of this report.

As in the past, a questionnaire is supplied at the end of the document. Readers are invited to fill out the questionnaire and return it to the Bank, providing any observations or feedback on the report's presentation or content. The comments received will be taken into account in the preparation of future editions.



MESSAGE FROM THE CHAIRMAN

Again in 2002, Banca Monte dei Paschi di Siena and the MPS Group achieved highly significant performance in terms of earnings and financial position. Such results were realized despite a business backdrop marked by limited economic growth and the uncertain and erratic trend of the financial markets.

The emphasis on results did not however cause any reduction in the focus on the customer or in the attention to product and service quality. The Group's commitment to these priorities remained very solid indeed, despite an incident highlighting several critical aspects of the marketing of certain Group products. This claim is borne out by the rigorous, yet open and cooperative, approach taken by the Bank and the Group in tackling the issues presented in the customer complaints related to such products, and in particular, by the round table formed with leading consumer associations.

This scenario serves to confirm the Bank's and Group's traditional vision of the market, with specific reference to the central role of the customer, and more in general, to the fundamental role of social responsibility.

One cannot mention the central role of the customer, however, without also mentioning the Statement of Values, a group of ethical principles adopted by the Bank in 2000 in order to address the Bank's conduct overall. This document expressly makes the orientation to the customer one of the Bank's guiding principles.

The concept of social responsibility is instead incorporated into the Bank's mission statement, where the Bank, in setting the objective to create value for the shareholders in the near term and the long term, also recognizes the need to place its priorities on customer satisfaction, the professional development of individuals, and the interests of all stakeholders. Such priorities are also consistent with the Statement of Values.

The Bank accounts publicly for its actions in this regard through the preparation and publication of the Socio-Environmental Report. The 2002 report represents the third edition.

The initiatives undertaken and the objectives achieved in 2002 are discussed in detail in the report, and serve to confirm the determination and commitment with which the Bank has acted in conformity with its stated values and principles in the area of social responsibility.

Significant examples in this regard include the addition of the BMPS shares to the Dow Jones Sustainability Index World and the FTSE4Good Europe and FTSE4Good Global Indices. These are important recognitions, not only for their significance in an international framework, but also for their positive impact on the image of an institution which has long been attentive to the issues of the environment and sustainable development.

Another significant initiative in the area of environmental protection has been the inauguration of a project to create an environmental management system in the Bank. This is an organizational system aimed at improving the monitoring and management of the aggregate environmental impact of the Bank's activity. It is also a mechanism designed to promote

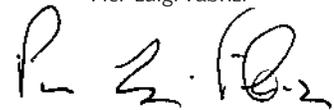
within the Bank a more general awareness toward efforts to safeguard and defend the environment.

A specific objective of this project, as announced in the first edition of the Socio-Environmental Report, was the procurement of ISO 14001 certification over a two-year period. In this regard, it is very satisfying to note that, in February 2003, following internal experimentation, Banca Monte dei Paschi di Siena's environmental management system was awarded such certification. This is another significant result, and is to be added to the ISO 9001 quality certification secured for several key products in direct bank services, residential mortgages, and treasury and cash services.

A final, important example of attention to social responsibility is the creation of a dedicated unit within the Parent Bank's Corporate Center which is charged with coordinating Groupwide compliance with the workers' safety and security regulations.

In conclusion, Banca Monte dei Paschi di Siena and the MPS Group ended 2002 with a very satisfactory performance in the social and environmental area. This performance was in line with a past and a future in which Banca Monte dei Paschi di Siena and the MPS Group have been, and shall continue to be, leaders in devising corporate strategies focused on earnings and financial results, as well as on the development of a full-scale and profound commitment to social responsibility.

Pier Luigi Fabrizi





SUMMARY OF BANK'S PERFORMANCE

ENVIRONMENTAL INDICATORS

	2002	2001
Total energy: consumption per employee (kWh)	6,650	6,347
Electric energy: consumption per employee (kWh)	4,917	4,528
Paper: consumption per employee (kg)	117	127
Paper: consumption of A4 sheets per employee per day (n.)	46	45
Waste: production per employee (kg)	152	168
Emissions of CO ₂ per employee (kg)	3,032	3,217
Business travel by automobile (km per employee)	1,938	2,104
Water: daily consumption per employee (liters)	109	125

ECONOMIC INDICATORS (in € mn)

	2002	2001
		comparative (*)
Total funding	110,427	111,294
Customer loans (***)	36,803	38,070
Shareholders' equity	5,622	5,822
Gross operating profit	1,128	1,460
Pre-tax profit	613,3	959,7
Net profit (**)	599	568
ROE	12,3%	12,7%
Customer portfolio (number) (*)	2,785,458	2,486,721
Electronic banking services (number of accounts)(*)	643,737	349,774
Branches (number in Italy and abroad, including representative offices)(°)	1,092	975

(*) On 23 December 2002, Banca 121 was merged by incorporation into Banca Monte dei Paschi di Siena S.p.A. with the simultaneous divestiture of a unit holding Banca 121's financial advisor network. The figures for 2001 inclusive of the Banca 121 aggregates were restated in order to provide a single basis for comparison of the data between the two years (additional information is disclosed in the attached 2002 financial statements).

(**) The 2001 figure is "operating" net profit, which is €162.5 million less than the amount reported in the notes to the financial statements for Banca Monte dei Paschi di Siena S.p.A.

(***) As of 1 July 2003, the leasing and factoring business units were transferred to the new company, MPS Leasing e Factoring Banca per i Servizi Finanziari alle Imprese. Accordingly, the net assets as of 31 December 2002 do not include the assets of such business units, and a comparison of the data using the same basis for comparison involves a change of -0.3% on an annual basis.

SOCIAL INDICATORS

	2002	2001
Number of employees	15,685	14,133
including:		
• banking employees in Italy and abroad	14,645	13,061
• tax collection employees	1,040	1,072
Days of training	50,402	40,678
Number of accidents in the workplace	52	45
Number of accidents outside of the workplace	88	69
Number of labor disputes promoted by employees	180	120
Number of customer complaints/number of customers (%)	0,14	0,10
Number of treasury and cash services for the account of public entities	1,595	1,460
Dividends distributed (in € mn)	217,9	278,2
Gross aggregate value added (in € mn)	2,540,7	2,945,5
• inclusive of value added distributed to the public at large (in € mn)	145,1	179,8

REPORTING METHODOLOGY

This third edition of the Socio-Environmental Report is based on precise data-collection and data-analysis methods which have been further refined with respect to previous editions. The Bank has not only attempted to satisfy fundamental requirements with regard to the significance, clarity, completeness, reliability and verifiability of the data, but it has also worked at reinforcing the involvement of the stakeholders in the various areas in which the Bank is active.

GUIDELINES AND INPUT FROM THE STAKEHOLDERS

With an emphasis on producing a document that is both complete and comprehensive with respect to the information needed by stakeholders, the Bank employed the major national and international guidelines in the preparation of this report. More specifically, the guidelines for this report include:

- the "Social Responsibility Reporting Model for the Banking Industry" coordinated by the European Institute for the Social Report and the Italian Bankers' Association, and prepared by an interbank work group of which the Bank is part;
- the "Sustainability Reporting Guidelines" contained in the Global Reporting Initiative (GRI) 2002 edition. The content of GRI's specific supplemental document for the financial services sector, "Financial Services Sector Supplements: Social Performance", was also taken into account.

Other guidelines and documents which influenced the content and structure of some sections of this report include: the "CERES Report Financial Services Form", the "EPI-Finance 2000: Environmental Performance Indicators for the Financial Industry" and the "SPI-Finance 2002: Social Performance Indicators for the Financial Sector".

With a focus on developing effective communications and mutually satisfying relationships with the individual categories of stakeholders, the Bank also employed various communications tools to report information and indicators it considered significant to specific categories of stakeholders.

COLLECTION AND ANALYSIS OF THE DATA

The Socio-Environmental Report has become a standard tool for reporting on socio-environmental issues affecting various areas of the Bank. Acknowledging this fact, the Bank put together a Socio-Environmental Report Work Group in early 2003 in order to take a coordinated, systematic and synergetic approach to the preparation of the report. Made up of the managers responsible for

the areas of the Bank having the greatest involvement in socio-environmental issues, the work group proved successful in streamlining the collection of the data, coordinating its analysis, and providing specific contributions to the preparation of the document.

DATA CHARACTERISTICS

The data refer to Banca Monte dei Paschi di Siena, with some references, when necessary, to information relative to the companies of the MPS Group. The information and data on the social and environmental issues were collected and analyzed by the work group mentioned above on the basis of sources and references verified by the areas involved.

The economic data come from the Bank's accounting system and from the annual financial statements certified by the independent auditors. The data are presented with reference to 2002 and, where deemed useful, with reference to prior years in order to highlight certain trends. It is also worth noting that the information on material events is current through 14 June 2003, the date of an extraordinary shareholders' meeting.

Accuracy: Even though the Bank has adopted work methods aimed at increasing the accuracy of the data supplied, there is the possibility of a certain margin of error for some of the environmental data due to the difficulty of measuring or estimating the aggregates. The Bank has nonetheless attempted to minimize this margin by carefully documenting its findings and undertaking various effective initiatives.

Comparability: On 23 December 2002, Banca 121 was merged by incorporation into Banca Monte dei Paschi di Siena S.p.A. with the simultaneous divestiture of a unit holding Banca 121's financial advisor network. The figures for 2001 inclusive of the Banca 121 aggregates were restated in order to provide a single basis for comparison of the data on an annual basis. Instead, the 2001 balance-sheet and profit-and-loss data relative to the Bank's leasing and factoring business transferred to the new company, MPS Leasing e Factoring Banca per i Servizi Finanziari alle Imprese S.p.A., as of 1 July 2002, were not restated in that they were not significant.

COMPLIANCE

Again this year, the Socio-Environmental Report has been audited by an independent third party, the professional audit firm **Deloitte Consulting S.p.A.**, in order to guarantee the quality and the reliability of the information.



THE BANK AND ITS STAKEHOLDERS

With the commitment to sustainable development, to social responsibility and to the principle of highlighting the role of the individual in all relationships, the Bank believes it is essential to interact and to communicate with all of its stakeholders. The stakeholders of the Bank include: employees, the key component of the Bank's identity; shareholders and customers, who have placed their confidence in the Bank and supported its actions and operating strategies; suppliers and free-lance professionals who provide products and services that contribute to the overall improvement of the qualitative standards of the Bank; government institutions and the public at large, who share in the Bank's commitment to social growth.

SHAREHOLDERS

The main shareholder is Monte dei Paschi di Siena Foundation; the remainder of the shareholder base consists of investors in Italy and abroad, a large number of whom are employees of the Bank.

HUMAN RESOURCES

Operating with the conviction that the staff represents a critical element of business success, the Bank again intensified efforts in 2002 to maximize the value of its personnel, activating a compensation system at all levels that rewards pro-active and entrepreneurial behavior and actual results.

THE COMMUNITY

The Bank intends to serve as a cornerstone to community, assisting the public at large in the territory in which it operates. By promoting and sustaining socially responsible initiatives and activity, the Bank aspires to provide the community with opportunities for growth and well-being over the long term.

By focusing its attention on the persons who have an interest in the activity and developments of the business, the Bank intends to create a stable and transparent framework through which all of its actions can be measured. This framework also serves to highlight the Bank's awareness of its responsibility to the community and the consistency with which the Bank applies its fundamental ethical values to its overall business. The commitment of the Bank is addressed to persons who have an interest in its activity and management, and who are also direct beneficiaries of the value which the Bank creates.

CUSTOMERS

The "customer as the priority" has long been a dominant value for the Bank and the MPS Group. The application of this principle is affirmed by the large portfolio of personalized products and services available through an integrated system of traditional and innovative distribution channels.

SUPPLIERS

The Bank strives to develop collaborative supplier relationships that are both mutually beneficial and aimed at generating improvements in the creation of value. Other critical variables in this regard include: the capacity in optimizing costs and resources, and the flexibility and speed in responding to the continuous changes and demands within the marketplace.

GOVERNMENT, LOCAL AUTHORITIES AND OTHER INSTITUTIONS

With its considerable experience in working with the public sector, the Bank has taken on an ever greater role in supplying treasury and cash management services to territorial and local authorities, consortiums and schools. As a result, the Bank has cultivated relationships with public-sector entities which are significant from both an operational and economic perspective.



CORPORATE IDENTITY

Set up in 1472, Banca Monte dei Paschi di Siena is the world's oldest bank, and is today one of the leading banks in Italy. The Bank is the head of a large group of companies which holds the position as one of Italy's top banking groups in terms of market share in various rankings.

Banca Monte dei Paschi di Siena operates directly and through its subsidiaries in various segments of the banking and financial services market. Its range of activity includes traditional lending and deposit-taking, specialized lending, asset management, bancassurance, and investment banking.

As an institution with a strong focus on the retail market (individuals and small- and medium-sized firms), and as such, Banca Monte dei Paschi di Siena is very attentive to anticipating and meeting the needs of the clientele. The Bank offers a wide range of continually updated products; the professionalism and the availability of its more than 14,000 employees serving an extensive branch organization across Italy have helped to make Banca Monte dei Paschi di Siena a "bank of reference" in all of the areas in which it is present. The Bank also ensures a focused international presence, as manifested through a network of six branches, eight representative offices and other companies, which serve the needs of the Bank's retail and corporate clientele.

Accenting innovation and a multiple-channel distribution network, Banca Monte dei Paschi di Siena has developed its Internet site and products such as Paschihome (internet banking), PaschiInRete (WAP and GPRS telephones) and Paschi In Intel (call center) in order to ensure its customers access to bank services from virtually any location.

Banca Monte dei Paschi di Siena has been listed on the screen-based market of the Italian Stock Exchange since June 1999, and since September 1999, it has been included in the Italian Stock Exchange's most significant index, the Mib30.

ORGANIZATIONAL STRUCTURE

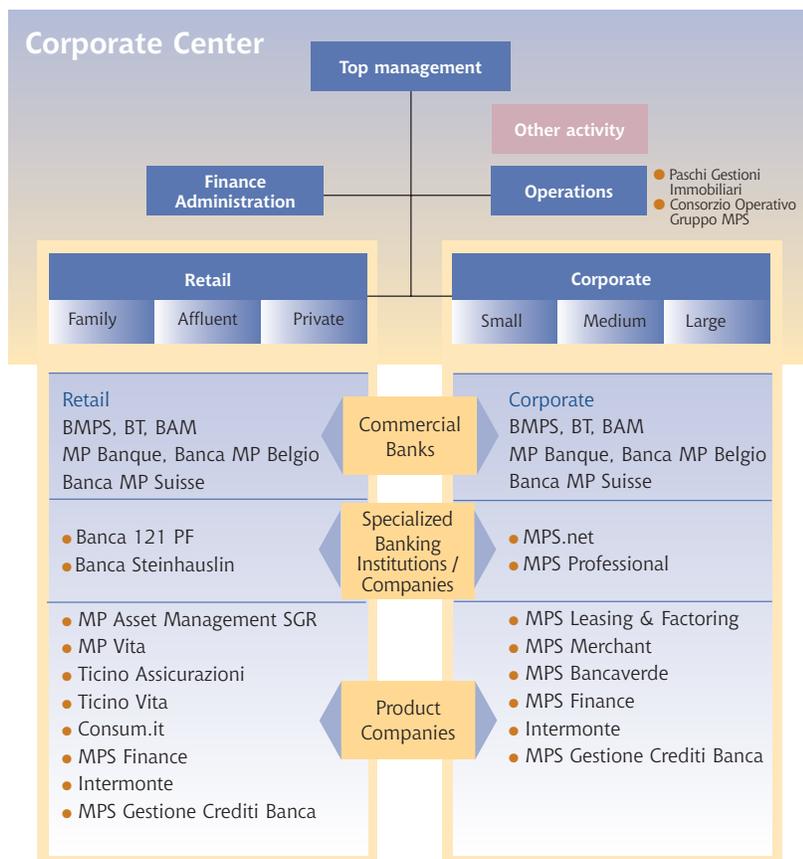
The organizational structure of Banca Monte dei Paschi di Siena is based on the principle of separating the functions of coordinating the activity of the MPS Group from the ordinary banking activity. Consistent with developments in the competitive framework and the implementation of the strategies defined in the 2002-2005 Business Plan, as of 1 August 2001, the Bank adopted an organizational structure consisting of two distinct units: the Corporate Center and the **Commercial Bank Division**.

During 2002, the management, coordination, and control of the Group by the Corporate Center was further defined and consolidated in accordance with the guidelines issued by the Board of Directors. Similarly, the Banca MPS Division intensified its effort to defend market share and develop customer relationships.

During 2002, Banca Monte dei Paschi di Siena transferred certain operations to business units, product companies and service companies within the MPS Group as part of a drive to achieve a suitable level of integration via the realization of economies of scale and of scope. Such changes are consistent with the principle of specialization incorporated into the system

of operational governance, and included the transfer of activity related to specialized credit (MPS Leasing & Factoring), credit recovery activity (MPS Gestione Crediti Banca) and financial advisor services (Banca 121 Promozione Finanziaria).

DIVISIONAL MODEL FOCUSED ON MULTIPLE MARKETS



The companies serving as the MPS Group's "excellence centers" operate as product factories which analyze the markets of reference and supply the network with commercial products and services designed to meet the needs of specific customer segments.



HISTORY

1472

The institution of “Monte di Pietà” by the General Council of the City of Siena for the purpose of granting credit to the needy: 27 February.

1865-1896

Operations within the traditional marketplace, the provinces of Siena and Grosseto.

1883

Participation in the start-up of the National Fund for the Insurance of Accidents in the Workplace (currently known as “I.N.A.I.L.”).

1907

A move beyond the borders of the two traditional provincial areas served, and the opening of a branch in Empoli.

1929

Participation in the creation of Banca Toscana.

1936

Transformation into a public law credit institution.

1983-1989

A move beyond national borders: New York, Singapore, Frankfurt, and London.

1990-1994

Diversification into bancassurance (the first bank in Italy) through MPV Vita, and into mutual investment funds through Ducato Gestioni. Enhancements to the presence in the medium-/long-term lending market through the acquisition of Mediocredito Toscano (currently, MPS Merchant) and Istituto Nazionale per il Credito Agrario (currently, MPS Banca Verde). Acquisition of interests in foreign banks: BMP Belgio, BMP Suisse, and MP Banque in France.

1995-1999

Incorporation of Banca Monte dei Paschi di Siena S.p.A., as the by-product of the transfer of the banking activity of the public-law institute, Monte dei Paschi di Siena, in accordance with the regulatory reform of the banking system, and subsequent listing on the Italian Stock Exchange on 25 June 1999.

1992-2000

Further expansion through the acquisition of interests in several well-established regional banks, including a controlling interest in Banca Agricola Mantovana, in Banca del Salento and in Banca Steinhauslin.

2001-2002

Enhancements to the productive units through MPS Merchant and MPS Banca Verde in the area of specialized credit and financial products for businesses, Consum.it in the area of consumer credit, MPS Finance in investment banking, and MP Asset Management S.G.R. in funds management.

Restructuring of the MPS Group through principal transactions as follows:

- The merger of Banca Agricola Mantovana and Banca Toscana with the simultaneous incorporation of two new companies to take over management of the original brands of the two banks.
- The merger of Banca 121 with the simultaneous incorporation of a new company known as Banca 121 Promozione Finanziaria.
- The sale of the interests held in Cassa di Risparmio di Prato and Cassa di Risparmio di San Miniato.
- The incorporation of MPS Immobiliare S.p.A., a company to house virtually all of the Group’s property assets used in the core business activity.

DEVELOPMENT OF BANCA MPS'S ROLE IN CORPORATE SOCIAL RESPONSIBILITY IN THE PAST FIVE YEARS

1998

- The Bank becomes the first Italian credit institution to sign the "UNEP Statement by Banks on the Environment and Sustainable Development" (UNEP-FI).

1999

- Banca MPS and INCA (currently, MPS Banca Verde) organize a conference on the issue of "Eco-compatible development as an economic- and social-growth opportunity", Siena, 29 October.

2000

- The Board of Directors defines the MPS Group's "Statement of Values".

2001

- Creation of the Environmental Policies Unit within the Corporate Center.
- Publication of the 2000 Social Responsibility Report and of the 2000 Environmental Report.
- MPS Asset Management S.G.R. introduces new investment funds with special ethical criteria: Ducato Civita (currently, Ducato Etico Civita) and Ducato Ambiente (currently, Ducato Etico Globale).
- Establishment of the Advisory Board, an external committee of experts in economics and science.
- Conference on "Finance, sustainable development and corporate responsibility", Siena, 22 November.
- The subsidiary company, Istituto Nazionale di Credito Agrario (INCA), changes its name to MPS Bancaverde S.p.A. and becomes the Group's vehicle for the implementation of policies for sustainable development and the protection of the environment.

2002

- Procurement of quality certification in accordance with the UNI EN ISO 9001 Standards.
- Conference on "Ethical funds: environmental protection and investment profitability", Milan, 24 April.
- The Bank adheres to the nine principles of Global Compact.
- As part of the World Business Council for Sustainable Development, the Bank signs the statement on "Finance and Sustainable Development", presented to the Global Summit on Sustainable Development in Johannesburg.
- The Bank is added to the Dow Jones Global Sustainability Index.
- Publication of the Socio-Environmental Report 2001 which earns a special award, "Statement of Sustainability for Large Organizations" as part of the "Oscars for Financial Statements and Financial Communications"
- The Board of Directors approves the environmental policy document.

2003 (first quarter)

- Conference on "Environmental risk in lending", Rome, 13 January.
- Procurement of environmental certification in accordance with the UNI EN ISO 14001 Standards.
- The Bank is added to the FTSE4Good Global Sustainability Index.



STRATEGIES AND BUSINESS PLAN

The key objectives of the 2002-2005 Business Plan include: **growing the productivity of sales and marketing through the specialization by markets** of the distribution/production units; **reinforcing the management of risks**, with important initiatives planned for procedures covering the disbursement and management of loans; and **improving the efficiency in production**, achievable through the re-engineering of operational processes and the streamlining of operating expenses. During 2002, roughly 30 strategic projects were inaugurated as part of the implementation of various aspects of the Business Plan. In particular, the initiatives designed to generate **commercial productivity gains** are focused on improving the capacity to serve the clientele, and include:

- for the **retail market**, the development of a private-banking platform to guarantee a distinct approach to this segment through the specialization of the service model in the commercial banks and the supply of the Group's best managerial skills to all areas of the Group involved; the launch of the "Carattere" service model for the affluent segment, which includes the placement within the commercial banks of specialized personnel dedicated to financial consulting and retirement planning; the further development of the centralized CRM marketing system for the family segment in order to achieve a significantly more efficient approach to marketing to these customers;
- for the **corporate market**, the inauguration of a new service model for small-and medium-sized firms, with the creation of SME service centers, where dedicated relationship managers will operate with the integrated support of product-company specialists in order to develop business in this fundamental market segment; the launch of a similar management model based on specialized relationship managers for the broad-based small business segment, with the development of a marketing approach and a specific and dedicated range of products to meet the needs of this clientele; the gradual centralization of the management of large corporate customers at a single unit within the Group; the development of specialized services for local and municipal governments and public-sector entities in order to support their ongoing transition into independently managed units in a decentralized government.

Finally, with respect to both the corporate market and the retail market, the Bank defined a **clear set of rules for interaction between the corporate center** (which is the focal point for strategic planning, coordination, support and auditing), **the product companies, and the distribution networks**, in order to improve the efficacy of each entity and to maximize the use of the Group's skills.

Consistent with the guidelines of the existing business plan and the previous plan, important transactions were completed in 2002 in order to **streamline the MPS Group's structure**. Aimed at aligning the actual structure of the Group to the strategies outlined, simplifying the means for governing the Group, and freeing capital for business uses and strategic investments with greater value added, these transactions included: the **merger of Banca 121 into Banca MPS** and the subsequent spin-off of the financial advisor network to the newly created company, Banca 121 Promozione Finanziaria; the sale of the minority interest in Cassa di Risparmio di San Miniato; and the sale of the majority interest in Cassa di Risparmio di Prato.

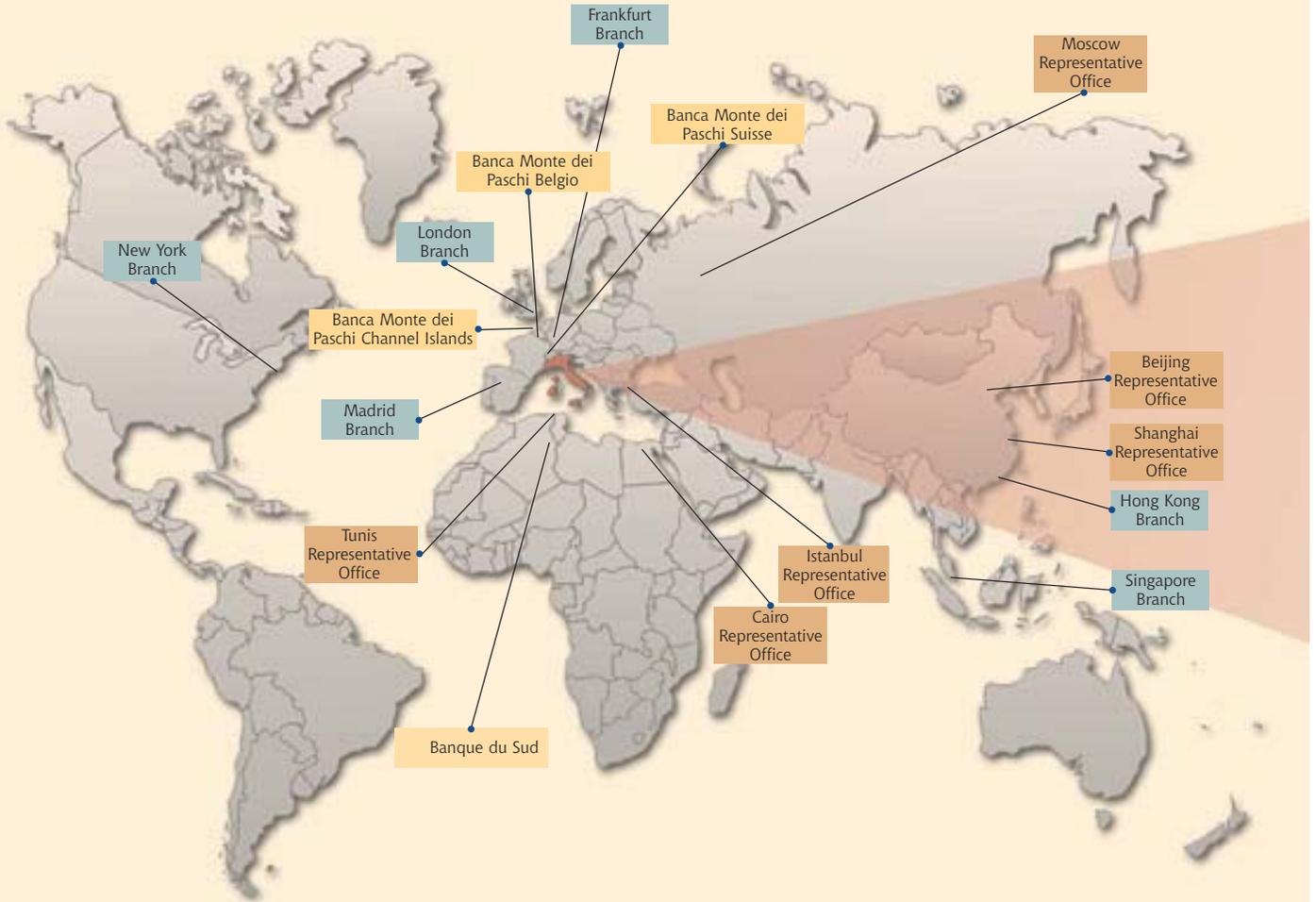
In addition, at the beginning of 2003, the **merger of Banca Agricola Mantovana and Banca Toscana into Banca MPS** was completed with the divestiture and subsequent transfer of the banking assets to two newly incorporated companies which will take over managing the original brands of the two banks.

Significant efforts were also made in 2002 in **developing professional skills**, with the approval and implementation of a training plan which defined a series of broad-based and important initiatives aimed at (i) ensuring the professional skills needed vis-à-vis the levels of responsibility and specialization implied by the Bank's and the MPS Group's strategies, and (ii) enhancing employee involvement and motivation.





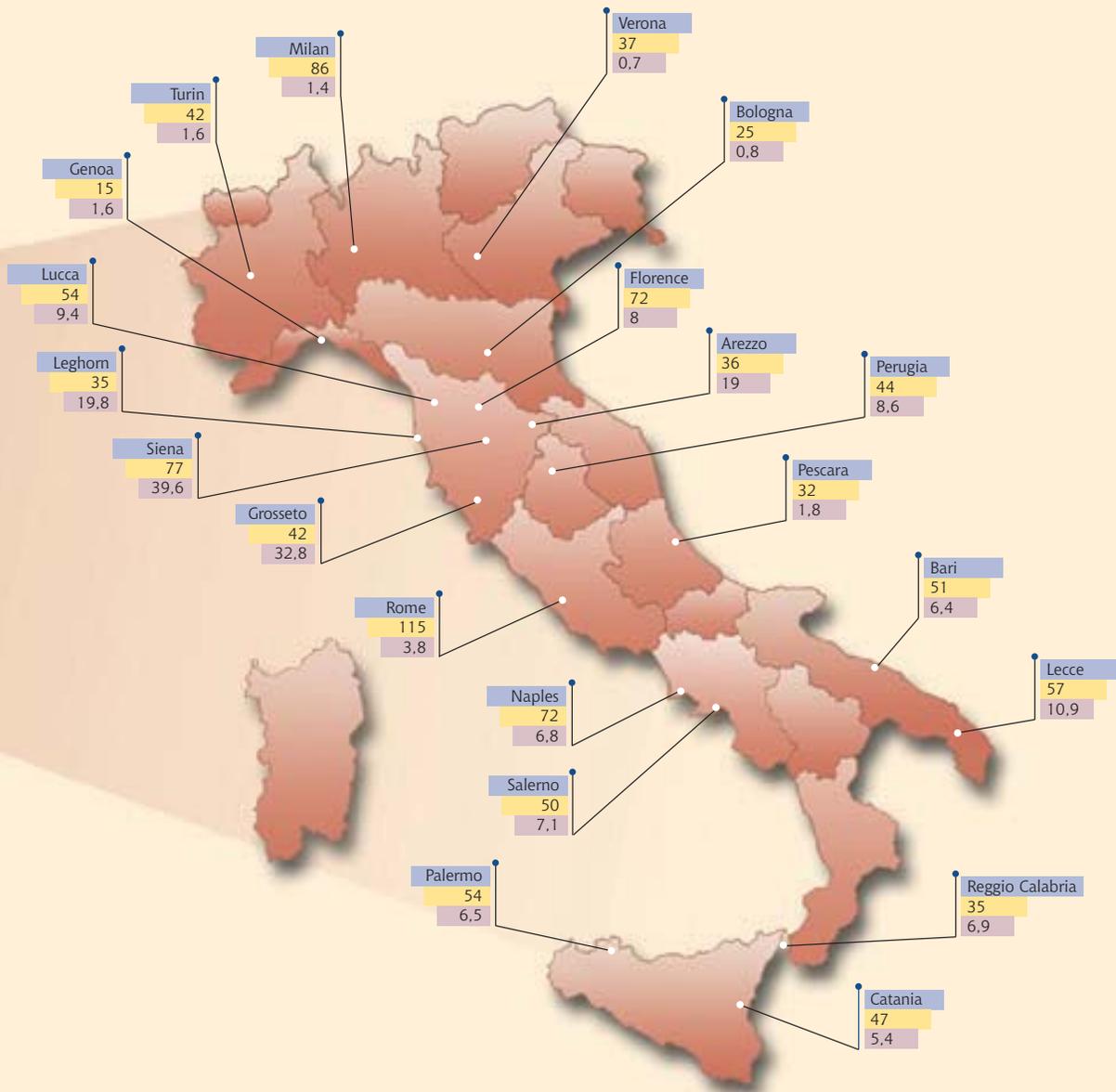
THE BANK AND ITS NETWORK



Legend:

- Foreign Banks
- BMPS Branches
- BMPS Representative Offices

THE ITALIAN NETWORK OF BANCA MONTE DEI PASCHI DI SIENA

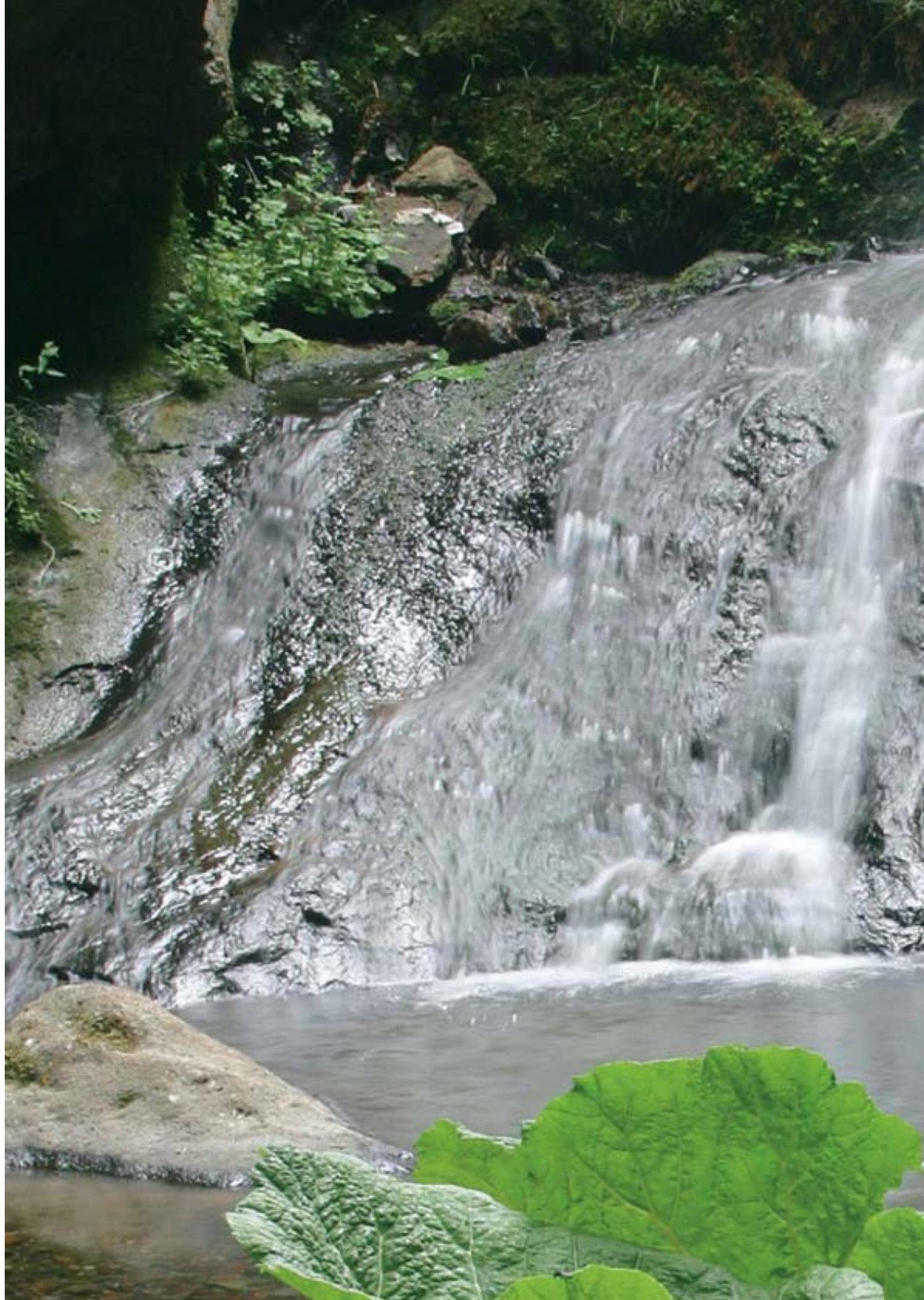


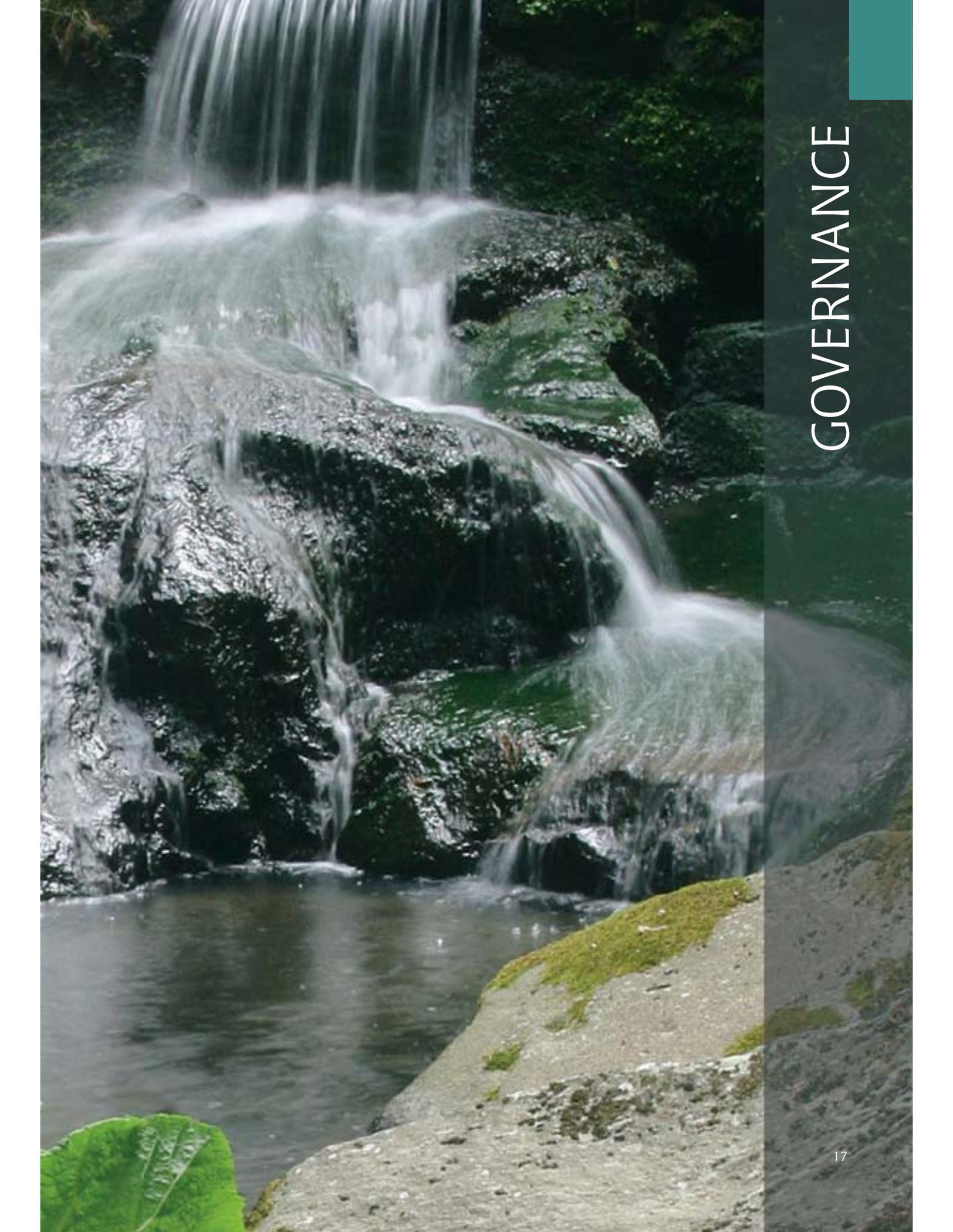
Legend :

■	Parent Company
■	No. Group Branches
■	Market Share by Branch

Situation as of 31 December 2002

Total parent company	21
Total BMPS branches in Italy	1080
Total market share by branches	3.6





GOVERNANCE



VALUES

▶ THE MISSION

The mission of Banca Monte dei Paschi di Siena is to create value for shareholders over the short term and the long term, thereby placing the priority on customer satisfaction, the professional development of the employees, and the interests of all stakeholders.

BMPS seeks to establish itself solidly as a principal force within the ever-changing Italian banking panorama, and as the parent company of one of the top financial services groups in Italy oriented to serving the European market as a whole.

BMPS intends to promote unity within the MPS Group, while simultaneously acknowledging the value of cultural differences between the various components of the Group and ensuring the maintenance of strong local roots in the areas where the Group companies operate.

CONSCIENTIOUSNESS

To ensure conscientious behavior at all times, and namely, the commitment to a constant orientation to service, to integrity and transparency, to correctness in business, to the safeguarding of the environment and to the respect of the individual.

FOCUS ON CHANGE

To cultivate a vision of the future, an openness to innovation and a sense of flexibility in one's own work, while simultaneously enhancing the value of the strengths of tradition.

PASSION FOR PROFESSIONALISM

To act as a model of reference through the development of best practices and a professional image oriented to training and to self-development of key skills, for both the individual and the organization.

CUSTOMER ORIENTATION

To develop listening skills and thus attention to relationships with both internal and external customers, thereby improving the quality of services supplied and the level of customer satisfaction. This means constant attention to the efficiency and efficacy of the production and the distribution of services.

ENTREPRENEURIAL AND PROACTIVE APPROACH

To adopt an entrepreneurial approach at every level of responsibility, anticipating problems, advancing proposals and solutions and assuming accountability appropriate to one's own professional rank.

TEAM SPIRIT AND COOPERATION

To communicate in order to maintain and develop team spirit, thereby promoting cooperation, the sharing of responsibility and the capacity to help others. The objective is to be responsible individuals, so as to facilitate BMPS' success in the respect of its stated ethical values.

POLICIES AND CONDUCT WITH REFERENCE TO SOCIO-ENVIRONMENTAL ISSUES

ENVIRONMENTAL POLICY DOCUMENT

In 2002, the Board of Directors approved a Banca Monte dei Paschi Environmental Policy Document, thereby further affirming the Bank's Statement of Values, which identifies the safeguarding of the environment as one of the fundamental ethical aspects of Group's responsibility.

The document takes its inspiration from principles of sustainable development and of correct environmental management, and sanctions the Bank's commitment to protect the environment, to comply with prevailing regulations on the subject, and to seek continuous improvement.

THE BANCA MONTE DEI PASCHI DI SIENA S.P.A. ENVIRONMENTAL POLICY

The Bank is aware that integrating its economic performance with environmental and social variables involved in the exercise of its business represents a competitive advantage for the creation of value over time.

The MPS Group Statement of Values approved in October 2000 recognizes among the following as a fundamental value: *"Ensuring conscientious behavior at all times, and namely, the commitment to a constant orientation to service, to integrity and transparency, to correctness in business, to the safeguarding of the environment and to the respect of the individual."*

From this perspective, the Bank is committed to:

1. pursuing continuous improvement of its environmental performance, by gradually reducing the environmental impact of its activity, with a specific focus on: intelligent consumption of resources; waste management; and the use of raw materials and support materials, employing eco-compatible products wherever possible;
2. adopting the necessary measures and precautions in order to prevent, eliminate or reduce any form of environmental pollution;
3. managing the activity of its own organization in conformity with national, regional, and local laws and regulations, and regulations contained in agreements signed voluntarily (including the UNEP Statement by financial institutions relative to the banking sector's commitment to sustainable development, and Global Compact, the United Nations' document on human rights, labor standards and environmental protection), constantly overseeing the compliance thereof;
4. ensuring all of the Bank's employees are aware of the environmental policy and of its objectives, and that the staff is made responsible and co-operative for its actions in this regard through adequate training and instruction;
5. ensuring the systematic improvement of the environmental management system and of the Bank's environmental performance through constant monitoring;
6. informing stakeholders and making stakeholders aware of environmental issues with all the tools possible, including through the Paschiambiente Internet portal; and regularly seeking a transparent dialogue with the stakeholders with regard to the results achieved and the activity carried out by the Bank in the environmental field, including through the annual publication of the Socio-Environmental Report;
7. developing lending and investment policies which reward processes and products having a positive environmental and social impact, raising the sensitivity of other firms in the financial services sector toward operating in this manner;
8. making its environmental policy available to stakeholders;
9. orienting all companies of the Group toward operating in a manner consistent with the aforementioned principles.

This policy, a copy of which has been distributed to all employees, constitutes the essential reference in the definition and in the execution of the Bank's activity, and shall be regularly updated through the review of the objectives so as to achieve continuous improvement.

The concrete realization of the principles indicated above shall be achieved through the Bank's introduction of an environmental management system, implemented in compliance with the UNI EN ISO 14001 standards.

Document approved by the Board of Directors on 7 November 2002



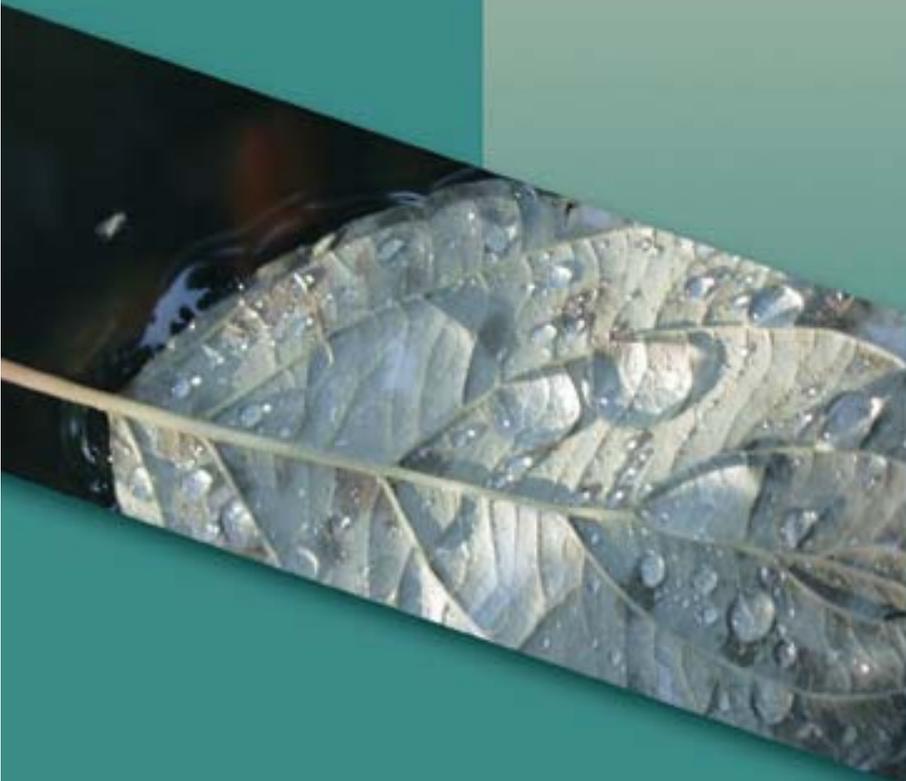
DISENGAGEMENT OF BANCA MPS FROM THE ARMS BUSINESS

For some years, the Bank has pursued a policy of not providing any financial services to the arms industry.

In line with its Statement of Values, the Bank felt it was necessary to take action to remove itself from any possible involvement in financing the production or the sale of arms.

As of August 2000, Banca MPS provided precise instructions to all of its branches to avoid any transactions linked to the production or sale of arms, once the transactions in effect, some of which were related to long-term commitments, had been cleared from their books. The instructions were made with reference to Law n. 185/1990.

As of November 2001, this policy was adopted by all of the other banks of the MPS Group



BANK'S INTERNATIONAL COMMITMENTS TO SUSTAINABLE DEVELOPMENT

WE BELIEVE

that the Bank can provide, together with other economic sectors, an important contribution to sustainable development.

WE ARE COMMITTED

to considering environmental needs in all of our activities across all markets, and to developing a dialogue with all stakeholders.

WE AIM

to embrace the best methods of environmental governance, including efficient use of energy, recycling, and waste reduction, and to develop business relationships with partners, suppliers and companies on the basis of high environmental standards.

WE ENCOURAGE

the development of products and services for safeguarding the environment.

Excerpt from the "UNEP Statement by Banks on the Environment and Sustainable Development", which has been officially endorsed by the Bank.

WE ARE COMMITTED

to the defense of human rights, the fight against poverty and illiteracy, the respect of the rights of workers, the protection of the environment, and the protection of historical and cultural patrimony and to supporting and applying these principles in matters under our influence.

Excerpt from the "Global Compact" Document of the United Nations, July 2000, which has been officially endorsed by the Bank.

WE BELIEVE

that the integration of sustainable development in a firm's activity constitutes a pre-requisite for the success of the firm and the creation of value for shareholders over the long term.

WE ARE COMMITTED

to promoting a pro-active orientation toward sustainable development through the activation of innovative systems within the company and of relationships with all stakeholders.

WE RECOGNIZE

the role and the limits of the financial services sector in supporting sustainable development.

WE ARE COMMITTED

to being transparent and to growing the confidence of the stakeholders, including through regular reporting on the subject of sustainability.

*Excerpt from the "Finance and Sustainable Development" Statement prepared by the **World Business Council for Sustainable Development**, signed by the Bank, and presented to the Global Summit on Sustainable Development in (Johannesburg, 2 September 2002).*

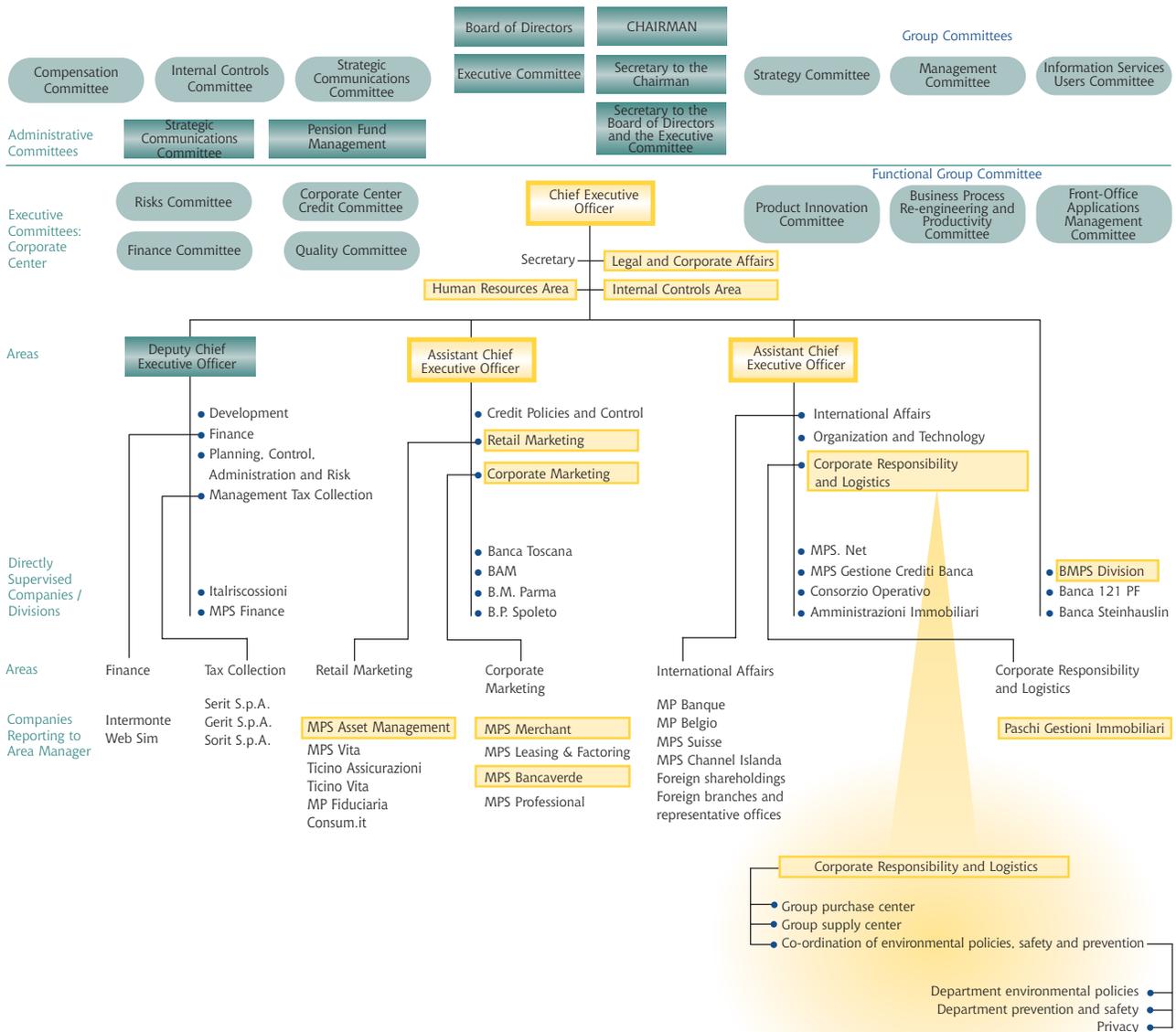


ORGANIZATIONAL STRUCTURE AND FUNCTIONS

All areas of the MPS Group are committed to the governance of the socio-environmental policies spelled out by the Board of Directors and Senior Management. The organization chart below highlights in color the areas of the parent company and the specialized companies having the greatest involvement in socio-environmental issues at an operational level.

PARENT-COMPANY ORGANIZATION CHART

GOVERNANCE COMMITTEES AND RESPONSIBILITIES OF SENIOR MANAGEMENT



UNITS DEDICATED TO SOCIO-ENVIRONMENTAL ISSUES

ENVIRONMENTAL POLICIES UNIT

The Environmental Policies Unit which is part of the Environmental, Safety, Security and Privacy Department of the Corporate Center is responsible for the definition and the management of the Bank's and Group's strategies for sustainable development.

Following are some of the initiatives which the unit is pursuing:

- the implementation of the environmental management system, aimed at optimizing the use of internal resources;
- the promotion of training in the socio-environmental field; this is one of the most crucial mechanisms for internally disseminating and sharing knowledge and expertise about social responsibility;
- the reporting on socio-environmental themes to stakeholders and the external reporting of information regarding social responsibility.

ADVISORY BOARD

Set up in 2001, the Advisory Board is an external committee responsible for providing consultative input to the Bank's Management. Consisting of internationally known scientific and economic experts, the Advisory Board serves as a point of reference in identifying trends in the area of corporate social responsibility, and meets at least once each year.

MEMBERS OF THE ADVISORY BOARD

Jacqueline Aloisi de Larderel

Director of the Division of Technology, Industry and Economics of the United Nations Environment Program (UNEP).

Umberto Colombo

Chairman of the Scientific Committee of the ENI Enrico Mattei Foundation.

Meghnad Desai

Director of the Center for the Study of Global Governance of the London School of Economics, London.

Geoffrey Heal

Economics and Finance Professor, Graduate School of Business of Columbia University, New York.

Michael Kelly

Head of Environmental Management - United Kingdom.

Donato Masciandaro

Ordinary professor of Monetary Economics, Paolo Baffi Center, Bocconi University, Milan.

Ignazio Musu

Ordinary professor of Political Economics - Department of Economic Sciences, University of Venice.

Charles Perrings

Director of the Environmental Economics Department, University of York (UK).

Amartya Sen

1998 Nobel Prize for Economics "for his contribution to the theory of welfare economics". Master, Trinity College, Cambridge.

Robert Solow

1987 Nobel Prize for Economics "for his contribution to the theory of economic growth". Economics Department, M.I.T., Massachusetts.



With the two most recent meetings of the Advisory Board, conferences were held as follows:

“ETHICAL FUNDS - ENVIRONMENTAL PROTECTION AND INVESTMENT PROFITABILITY”

Milan, 24 April 2002.

This round table was organized by Monte Paschi Asset Management S.G.R. for the purpose of evaluating the prospects for the development of ethical funds in Italy and elsewhere in Europe. As indicated by the comments during the conference, the phenomenon of so-called “ethical finance” is becoming more and more important within the scientific community and with respect to financial players, and is also taking hold with investors.

The meeting re-affirmed the concept of sustainable development, according to which the combination of finance, social responsibility, economics and environmental sensitivity is not only an “ethical” imperative, but also a condition necessary for a long-term and balanced growth of modern society. Mutual investment funds are considered to have a primary role in this framework.

According to Professor Amartya Sen, “These funds can help the business of socially responsible firms by supporting the growth of their activity,” even though “the needed elements are not just mutual funds and other investment instruments, but also individual behavior, and laws, including tax laws”.

“ENVIRONMENTAL MANAGEMENT IN CREDIT BUSINESS”

Rome, 13 January 2003.

The management of environmental risk is currently the subject of much interest and attention on the part of the banking system: the manifestation of environmentally damaging events is increasingly a reason for the financial troubles of corporate borrowers, and thus generates obvious reflections about the creditworthiness of such borrowers, or about the probability of their insolvency. The discussion at the conference highlighted the need for implementing the new standards for assessing corporate creditworthiness, inclusive of considerations for “eco-risks”, though such risks may vary from sector to sector. The credit analyst must thus integrate the traditional data collected upon the assessment of creditworthiness with new data relative to the planning, management and control of the activity of the firm which has an environmental impact. Thus, given their number and the central nature of the relationships which they develop with different socio-economic levels of the population, financial institutions cannot but have a leading role among the group of economic agents who are able to influence the start-up of an innovative environmental process aimed at a development that is sustainable and compatible with the safeguarding of the environment.

MPS BANCA VERDE

MPS Banca Verde is the MPS Group’s excellence center in the environmental area and is dedicated to promoting sustainable development and providing support with respect to quality-oriented farming and agricultural-processing operations. As a dedicated product factory, MPS Banca Verde acts as a consultant to customers of the MPS Group; works with the commercial network in identifying opportunities for new business and for developing and solidifying relationships; and is responsible for creating innovative products for the MPS Group in highly specialized niches such as the environmental sector.

Given this profile, MPS Banca Verde serves as a vehicle for the activation of the MPS Group’s policies in support of sustainable development and protection of the environment.

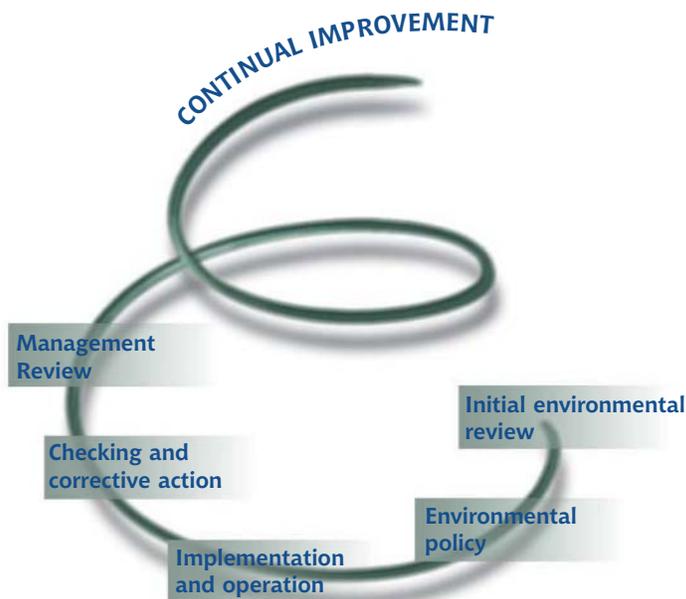
PRINCIPAL MANAGEMENT SYSTEMS

The competitive thrust of the markets and, in general, increasing interaction with the external environment demand a greater capacity of the Bank in recognizing and fully satisfying the needs of a broad array of stakeholders. Such needs have increasingly concerned aspects of social responsibility, such as the protection of the environment; safety and security in the workplace; the quality of the services and of the products supplied; and policies for protecting workers.

With an emphasis on continuous improvement, the Bank has gradually adjusted its organization structure and its management and internal-controls systems in order to integrate socio-environmental issues effectively into business activity, in line with publicly recognized international standards

ENVIRONMENTAL MANAGEMENT SYSTEM

In acknowledging the safeguarding of the environment as one of the principal values of its corporate identity, the Bank is implementing an environmental policy in line with the principles of sustainable development.



In order to make its commitment to the environment more consistent, the Bank undertook a project in 2002 for the design and construction of an environmental management system conforming to the ISO 14001 international standards. The objectives of this project are:

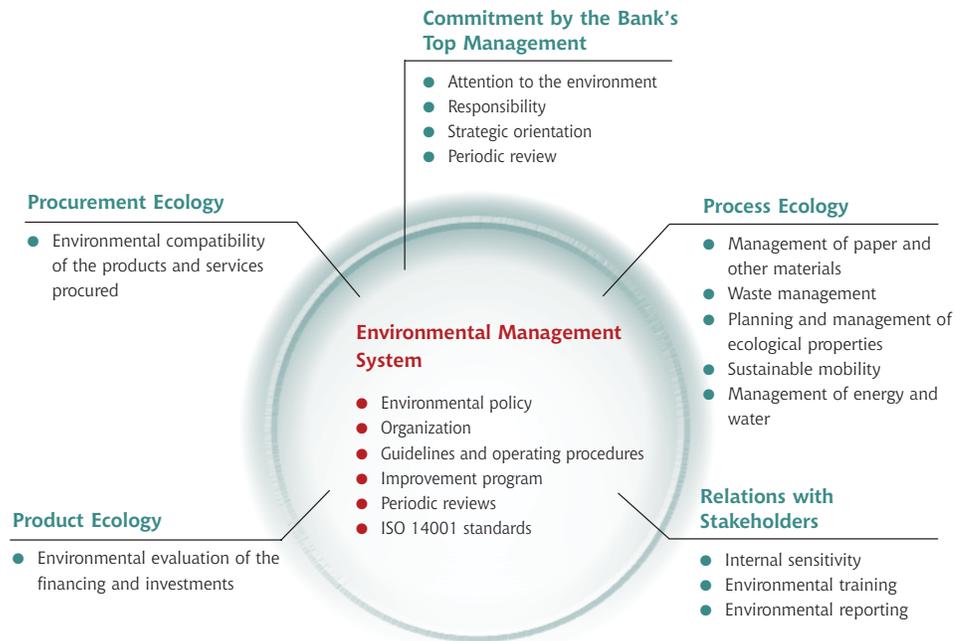
- to ensure the continuous compliance with
- to ensure the continuous compliance with environmental regulations;
- to hold down the consumption of energy, water, paper and other materials;
- to reduce the quantities of waste and other polluting emissions produced;
- to improve the management of environmental risks which directly or indirectly impact the banking activity;
- to increase the scope of, and sensitivity to, the environmental culture within the Bank.

The first phase of the project consisted of a preliminary environmental analysis through which the environmental aspects of the Bank's activity were examined. A distinction was made between those aspects which are direct or internal and those which are indirect or external. The former are associated with operational processes (process ecology) and thus with all of the activities over which there is direct operational control; the latter refer to products and services (product and procurement ecology) for which it is possible to exert an influence over the customers' and suppliers' environmental responsibility.



BANK'S ENVIRONMENTAL MANAGEMENT SYSTEM

Fundamental Elements



The preliminary environmental analysis thus represented the essential database for the overall design of the environmental management system. Starting from this database, it was possible to identify the principles, organization, guidelines and internal rules for achieving gradual improvement in the Bank's environmental performance.

The principles providing the orientation for the strategies and behavior of the Bank's correct environmental management are summarized in the Environmental Policy (as illustrated in the "Governance" section), which is an actual manifestation of the Bank's commitment to safeguard the environment.

From an organizational perspective, the Bank set up a specific strategic committee (Environmental Management Committee) on 23 January 2003, and charged it with defining the strategies and policies in environmental matters. The effectiveness of these strategies and policies is to be determined through a periodic review.

The guidelines and the internal rules for environmental management are set forth in a manual and in specific operating procedures, the validity of which extends to the so-called "process ecology" and "procurement ecology".

Upon the conclusion of a phase of internal experimental application, the environmental management system secured ISO 14001 certification from RINA S.p.A. in February 2003.

In July 2002, MPS Bancaverde S.p.A. was the first Italian bank to secure ISO 14001 certification and the environmental registration under the EU Regulation 761/01 EMAS.

From the Bank's perspective, the certification obtained is not only a recognition of its commitment to environmental protection, but it is more importantly another incentive to the work of continuously improving the Bank's performance in this field.

In this regard, the Bank has come up with a program of activities which defines various objectives, including extending the field of application of the environmental management system to the management of indirect environmental aspects for the purpose of procuring the EMAS registration.





SAFETY AND SECURITY

For many years, the Bank has maintained a specific unit dedicated to compliance with regulations regarding the safety and the security of workers (essentially, regulations issued during the fifties, the Decree of the President of the Republic n. 547/55 and the Decree of the President of the Republic n. 303/56).

With the enactment of Legislative Decree 626/94, in 1995, the Bank established a special organizational and operational system as required by the law and placed it under the responsibility of the Prevention and Protection Unit. This unit has the necessary skills and resources in order to carry out the functions contemplated by the law for both the Bank and all of the companies of the MPS Group. The Prevention and Protection Unit thus ensures uniformity and congruity in managing these issues, defining the standards of reference, and ensuring a good balance for all prevention and protection activity within the MPS Group companies. The unit, for example, drafts and updates documents evaluating risks, analyzes preventive and protective measures on the basis of technological progress, handles the implementation and monitoring of safety protocols, evaluates the risks of fire and carries out evacuation drills, works and meets periodically with the employees appointed as safety and security representatives, and so forth.

QUALITY MANAGEMENT SYSTEM

The ISO 9000 norms represent an international standard and establish a series of actions which are based on a sequence of processes in which the customer commands the central role. These actions are aimed at the pursuit of continuous improvement, and require the definition of quantitative objectives for measuring the efficacy of the procedures followed and of customer satisfaction.

The Bank was one of the first credit institutions in Italy to have designed, developed and implemented a quality management system, obtaining ISO 9001:2000 certification in February 2002 relative to:

- the processing and disbursement of retail mortgage loans through the branch network
- the planning and rendering of information-reporting services (PaschiHome, PaschiInAzienda, PaschiInRete, PaschiInTel, PaschiInsieme and as of August 2002, PaschiInTesoreria) via telephone, mobile telephone (WAP and GSM technologies) and the Internet;
- the planning and delivery of the treasury and cash service through the branch network (as of November 2002).

The achievement of the certification naturally does not imply that the Bank has accomplished all objectives in quality management, but it does mean a fundamental step toward the improvement of the services and organizational processes. Fulfilling the goals in quality management involves ongoing monitoring of performance indicators, the reporting of anomalies, and the identification and activation of measures for prevention, correction and improvement.

SA 8000

Drawn up by the American entity Social Accountability International (SAI) in 1987, the Social Accountability 8000 (SA 8000) Rules are considered a leading international standard which sets a series of ethical requisites for corporate policies on the protection of workers.

The SA 8000 Rules were defined in recognition of the growing attention of stakeholders toward the ways in which products and services available on the market are produced, and with particular reference to the chain of suppliers and to the conditions in which employees work.

The requisites provided by the SA 8000 Rules stem from principles set forth in some of the most important international conventions on human rights, with regard to:

- employment of minors/children;
- obligatory employment;
- safety and security;
- freedom of association and the right to collective bargaining;
- discrimination;
- disciplinary procedures;
- work schedules;
- compensation.

In fully supporting its objectives, the Bank abides by the SA 8000 Rules, establishing organizational and operational models suitable for guaranteeing internal compliance with the SA 8000 requisites and requiring a similar commitment of suppliers.





COLLABORATION AND DIALOGUE WITH ORGANIZATIONS ACTIVE IN CORPORATE SOCIAL RESPONSIBILITY

The Bank is involved in a series of initiatives aimed at promoting economic development which is respectful of society and of the environment, and in this regard, the Bank has become a participant in the following organizations and programs:



UNITED NATIONS ENVIRONMENT PROGRAM (UNEP)

This institution manages the United Nations' environmental program. Its numerous projects include the Financial Services Initiative, which was launched at the UN Conference on Environment and Development held in Rio de Janeiro in 1992, and which is aimed at favoring the proactive involvement of the financial services industry in questions related to sustainable development.

In February 1998, the Bank became the first Italian credit institution to have signed the UNEP Statement by Banks on the Environment and Sustainable Development (UNEP-FI). In becoming a signatory to the document, the Bank agreed, as did the other signatories, to consider in its business activity the aspects having an impact on the environment.



WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD)

Operating from its head office in Geneva, WBCSD is an international association with its 165 member firms belonging to leading economic sectors and coming from more than 30

nations. The firms are united by their commitment to balanced economic growth which takes into account the needs of environmental protection and social progress. The Bank has participated in the WBCSD as the only Italian representative to sign a statement on "Finance and Sustainable Development" at the conclusion of a specific project entitled "Sustainability in the Financial Sector". The Statement, which was presented on 2 September 2002 at the World Summit on Sustainable Development held in Johannesburg, was also signed by other leading international banks and insurance companies affiliated with WBCSD, including: ABN Amro, Allianz, Deutsche Bank, Gerling Konzern, ING, Rabobank, Sompo Japan, Storebrand ASA, Swiss Re, and UBS.

In recognizing the key role which the financial services industry can play in promoting sustainable economic development, the signatories have



summarized in this document the fundamental principles which define the financial services industry's position with respect to social and environmental issues, and namely:

- environmental efficiency and social responsibility are essential factors for the long-term success of a firm and the creation of value over the long term;
- the traditional economic variables must be effectively integrated with the environmental and social aspects of a firm's activity;
- the sustainability of development must be pursued through a pro-active approach aimed at seeking open and transparent dialogue with all stakeholders.



UN GLOBAL COMPACT

THE PRINCIPLES OF THE GLOBAL COMPACT

Human rights: Businesses should

- support and respect human rights within their sphere of influence;
- make sure they are not complicit in human rights abuses, either directly or indirectly.

Labour standards: Businesses should

- uphold the freedom of association and the effective recognition of the right to collective bargaining;
- make sure they are not involved in force and compulsory labor;
- refrain from employing child labor;
- eliminate discrimination in respect of employment and termination.

Environmental protection: Businesses should

- support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility;
- encourage the development and the diffusion of environmentally friendly technologies

An Action Program promoted by the United Nations, Global Compact was set up in July 2000 with strong personal backing of UN Secretary General Kofi Annan. A principal aim is to encourage businesses to bring their policies and actions in line with nine universally recognized values with regard to human rights, fair labor practices, and protection of the environment.

The firms involved in this program are thus those which stand out for their strong sense of social responsibility and which aspire to sustainable global growth, taking into account the interests and concerns of all of their stakeholders.

With its involvement in Global Compact, the Bank has also committed to disclose annually, through reports such as the Socio Environmental Report, specific initiatives undertaken to support the Global Compact principles.



CSR EUROPE

The Business Network for Corporate Social Responsibility Europe headquartered in Brussels was set up in 1995 by more than 50 multinational companies and is aimed at assisting firms to achieve profitability while also pursuing sustainable development and human progress, making corporate social responsibility one of their principal business practices. The Network operates in close contact with the European Union and collaborates with 15 partner organizations in 12 countries. The partners are charged with promoting corporate social responsibility in their various markets, reaching more than 1,000 companies all over Europe. The activities of the Network are designed to benefit the member companies, mainly for the purpose of facilitating communication and dialogue with their stakeholders through the planning and realization of particular initiatives.



SODALITAS

Set up in 1995 at the initiative of the Association of Industrialists of Lombardy, this organization has the purpose of promoting a modern corporate culture based on concepts such as sustainable development, community citizenship, and the integration of social responsibility toward stakeholders, all of which are considered as essential components of business excellence.

As the Italian partner of CSR Europe, Sodalitas counts on a membership of roughly 50 Italian corporations, some of which are important banks.

CITTADINANZATTIVA (ACTIVE CITIZENSHIP NETWORK)

This civic participation movement operates for the promotion and protection of the rights of citizens in Italy, in other European countries and in other locations of the world.

Since its founding in 1978 under the name of Federation Movement, the organization has directed its efforts to ensuring citizens recognize their rights, duties, powers and responsibilities so as to become an active part of the democratic process alongside the other persons who take part in democratic decision-making. With the pursuit of these objectives, the organization has achieved important results in consumer protection, improvement of the public administration and of public services, training, security, health care, access to legal services, and the promotion of civic awareness.

THE PRINCE OF WALES'S BUSINESS & THE ENVIRONMENTAL PROGRAM

Launched in England in 1994 by the Industry Program of the University of Cambridge, the initiative was extended to Europe in 1997 and to the United States in 2001. The program was created so as to provide a forum for the world's largest companies.

The Bank is a participant at the annual meetings which are held for reviewing and debating various issues relative to sustainable development.



AGENDA 21 LOCALE

Agenda 21 is a global action program inaugurated by the United Nations Conference on the Environment and Development, held in Rio de Janeiro in June 1992. The principal objective of the program is to encourage national and local governments to prepare themselves to face the principal challenges of the twenty-first century (e.g. the fight against poverty, the change in production and consumption models, the conservation and management of natural resources, and the protection of the atmosphere), and to work toward this objective within the framework of sustainable development.

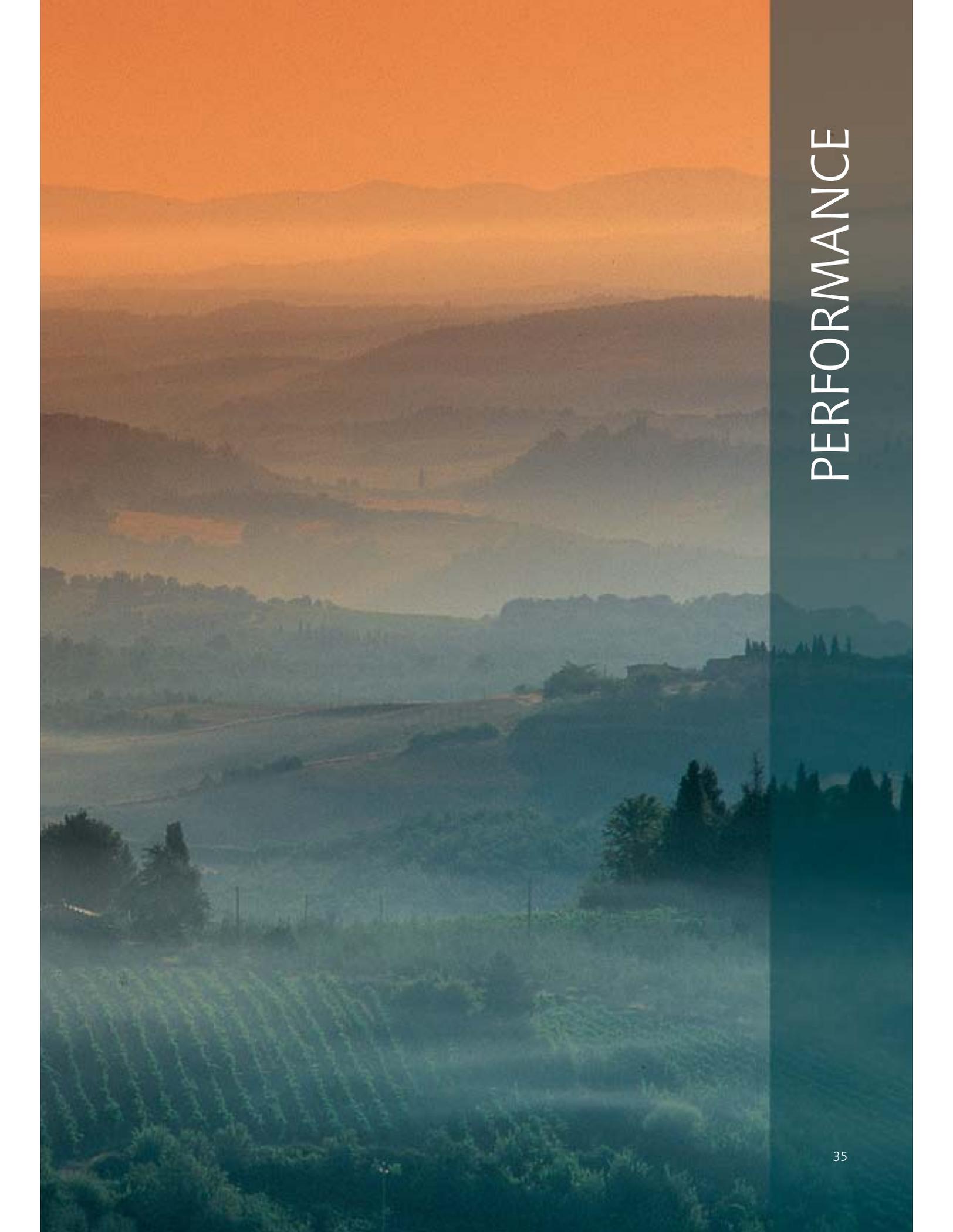
The achievement of these objectives requires involvement of the public at large and a strengthened role of local authorities. This is clearly stated in Paragraph 28 of Agenda 21, which requires public authorities to adopt a local Agenda 21, thereby “opening a dialogue with the local community, with local associations, and with private-sector enterprises.”

Given a strong presence in the economic and social fabric of the territories it serves, the Bank participates in several local forums, including one for the City of Siena, where it is active in a project focused on territorial planning and cultural heritage.

ETHMA (ETHICS & MARKET)

The Bank participates as a partner in the European project known as ETHMA (Ethics & Market) sponsored by the European Commission - Employment and Social Affairs. The project is aimed at furthering the development of social dialogue and socially responsible behavior. In particular, the Bank’s task within this project is to raise the sensitivity of banking customers to ethical investment funds.





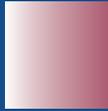
PERFORMANCE



ENVIRONMENTAL PERFORMANCE



ECONOMIC PERFORMANCE



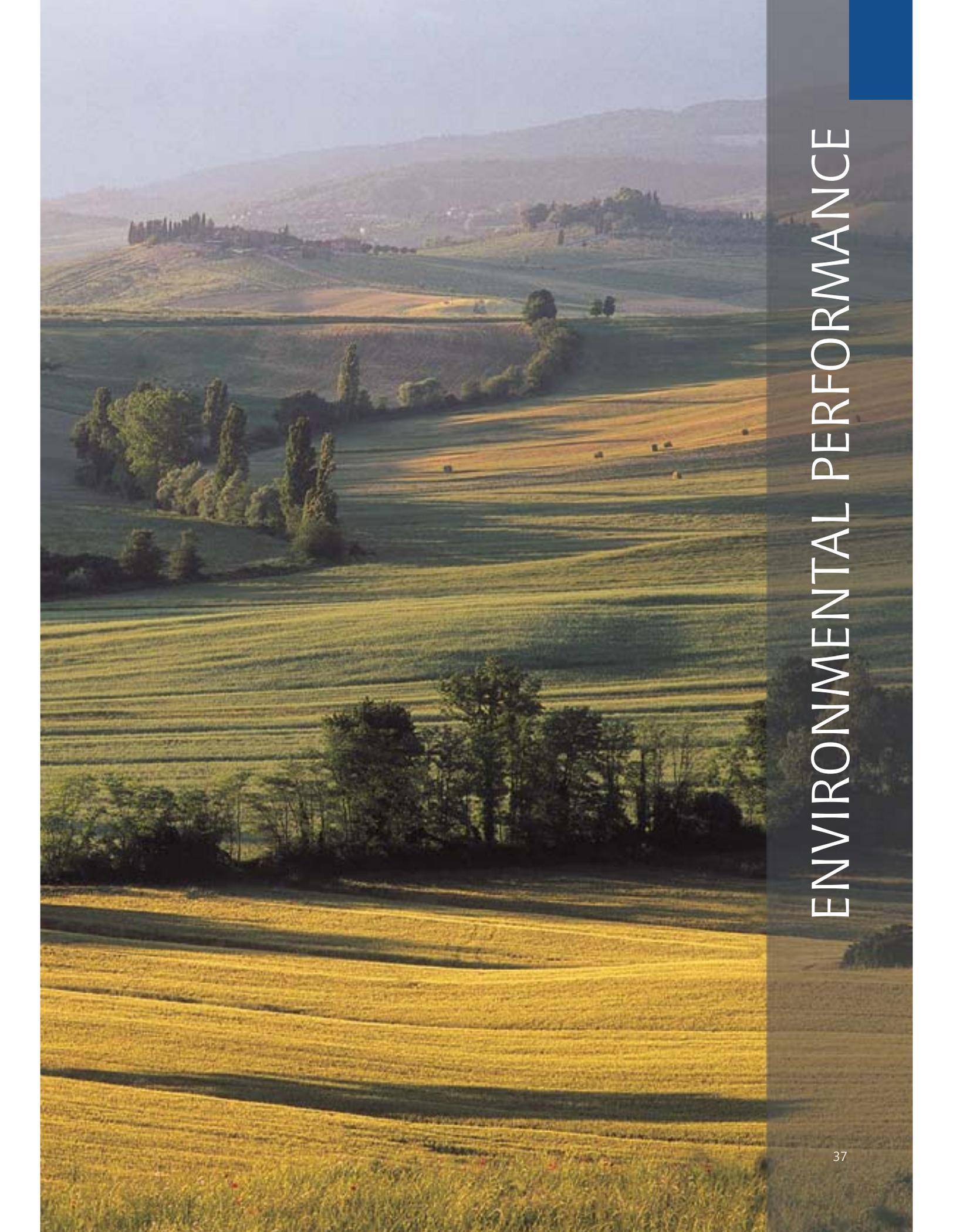
SOCIAL PERFORMANCE



PRODUCTS AND SERVICES



OBJECTIVES ACHIEVED AND FUTURE TARGETS



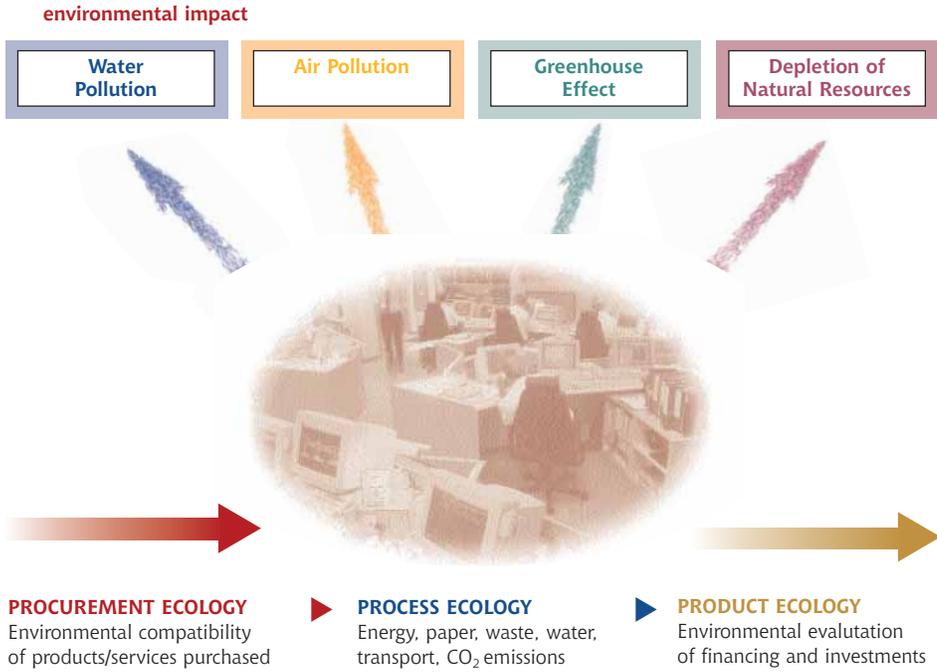
ENVIRONMENTAL PERFORMANCE

During the past ten years, the environment has taken on increasing importance even for the banking industry, and this has made it necessary for credit institutions to implement activity for reporting and analyzing data and information which are complementary to the traditional economic variables and which are used as the basis for monitoring the performance of the institutions in the environmental area. The most significant environmental aspects for a bank may be classified according to the following categories:

- **direct or internal** - the aspects associated with the operating processes (*process ecology*) over which there is direct management control. These include, for example, the consumption of energy, the production of waste, and transportation for business purposes.
- **indirect or external** - the aspects associated with the planning and delivery of products and services to the clientele (*product ecology*) and with the purchasing process (*procurement ecology*), through which it may be possible to exert an influence over customers' and suppliers' responsible conduct in the environmental area.

Inattentive management of these aspects may cause the alteration of the natural environment (*environmental impact*) both at a local level (e.g. the pollution of water and air) and on a global scale (e.g. the greenhouse effect and the depletion of scarcely renewable natural resources).

BANK'S ENVIRONMENTAL ASPECTS AND ENVIRONMENTAL IMPACT



Consistent with the principles of its environmental policy, the Bank carefully manages all environmental aspects of its processes and procedures.

The indirect aspects are primarily analyzed from a qualitative standpoint. Guarantees of environmental compatibility and conformity with the requirements of safety and security regulations are among the conditions provided for the purchase of services and products. The Bank, including through other companies of the Group, also offers its financial support to the realization of investments and other initiatives with specific environmental significance (as illustrated in the section covering "Products and Services").

Instead, as far as the direct aspects are concerned, the management of internal operational services aimed at continuous improvement of the environmental performance is carried out within the framework of an environmental management system, certified in accordance with ISO 14001 standards.

This objective is pursued through (i) the activation of virtuous processes, designed to reduce on a gradual basis the environmental impacts potentially caused by the Bank's operations, and (ii) the adoption of the prevention and protection measures needed to eliminate or to reduce any type of pollution.

For this purpose, and without prejudice to the Bank's ongoing commitment to guarantee conformity with its obligations under environmental protection legislation, the Bank prepares accurate environmental analyses as part of its planning of organizational structures and of any properties to be used in the business.

The performance of internal environmental management is actually evaluated over time through the quantification of specific indicators.

The indicators used are in line with the principles reported in the following documents:

- *"EPI Finance 2000 - Environmental Indicators for the Financial Industry"*, a project developed by a group of financial institutions, and sponsored by UNEP and by WBCSD, for the definition of environmental performance indicators specific to the sector.
- *"VfU Indicators 2003 - Internal Environmental Performance Indicators for the Financial Industry"*, a manual drawn up by a group of financial institutions in partnership with the German association VfU (Association for Environmental Management in Banks, Saving Banks and Insurance Companies) for the specification of the environmental performance indicators proposed by the EPI Finance 2000 project relative to internal operating management.

BIO-BUILDING AT MONTE DEI PASCHI “THE ECOLOGICAL BRANCH”

The Bank put together a package of bio-building criteria in order to design a new branch in the Municipality of Castelnuovo Berardenga in the Province of Siena. The branch will occupy a building previously used in farming.

The project, which is currently in the executive planning phase and awaiting the necessary permits from the building authorities, involves the concrete application of this emerging building philosophy through the search for innovative technical and functional solutions which are capable of guaranteeing a balanced relationship between the natural environment and the constructed environment.

Against this backdrop, a series of planning mechanisms are expected to be adopted with regard to the following aspects of environmental protection:

- **Preservation of the natural setting:** The work on the building will respect the original architectural characteristics, thereby ensuring the maximum compatibility with the urban and environmental peculiarities of the surrounding area;
- **Limitation of energy consumption:** The objective of maximizing energy efficiency in the building is to be pursued through:
 - the design and construction of systems to tap and disseminate natural light, thereby keeping the use of artificial light to a minimum while also respecting the need for visual well-being;
 - the production of electric energy, by capitalizing on renewable resources present in the area;
 - the installation of a new-generation heat pump for internal climate control;
 - the choice of construction, components and materials which minimize heat loss;
- **Use of eco-compatible materials:** All materials needed for building and outfitting the branch will be carefully analyzed from an environmental standpoint, so as to identify the most eco-compatible materials during the entire life cycle;
- **Water conservation:** The branch will be equipped with systems for accumulating rain water to be used for purposes other than drinking;
- **Safety and security of the work environment.** The project provides for the adoption of measures aimed to prevent the build-up of radon gas, the presence of humidity in the walls, the creation of artificial magnetic fields and the release of toxic substances from the building and layout components used (e.g. aldehyde). The internal acoustics will be carefully planned so as to impede the formation of potential sources of noise pollution. The building and furnishings will use colors and tones to reinforce the visual and psychological well-being of the employees.

A tour through the branch using various communications media will be developed to illustrate the ecological features of the building.

In order to ensure the comparison of environmental performance over time and with respect to other financial institutions, the data are expressed in both absolute terms and normalized terms.

The normalization factor used is the number of employees at the end of the year of reference.

	2000	2001	2002
Employees (n.)*	12,857	13,033	13,627

(*)The data are relative to the "actual work force", including the personnel assigned to the tax collection area (as illustrated in the section covering "Human Resources") and the personnel of the former Banca 121; the latter employees, who gradually became part of the Bank's work force during 2002, contributed only in part to determination of the overall environmental data. The data relative to consumption are inclusive of the data for the branches of the former Banca 121, with the clarification that the reporting of the same began on average about three months after their incorporation.

In comparison with the previous edition of the Socio-Environmental Report, the quality of the data reported has improved. Some of the data are still partially estimated, but the data represented by virtue of a higher number of direct reports have considerably increased.

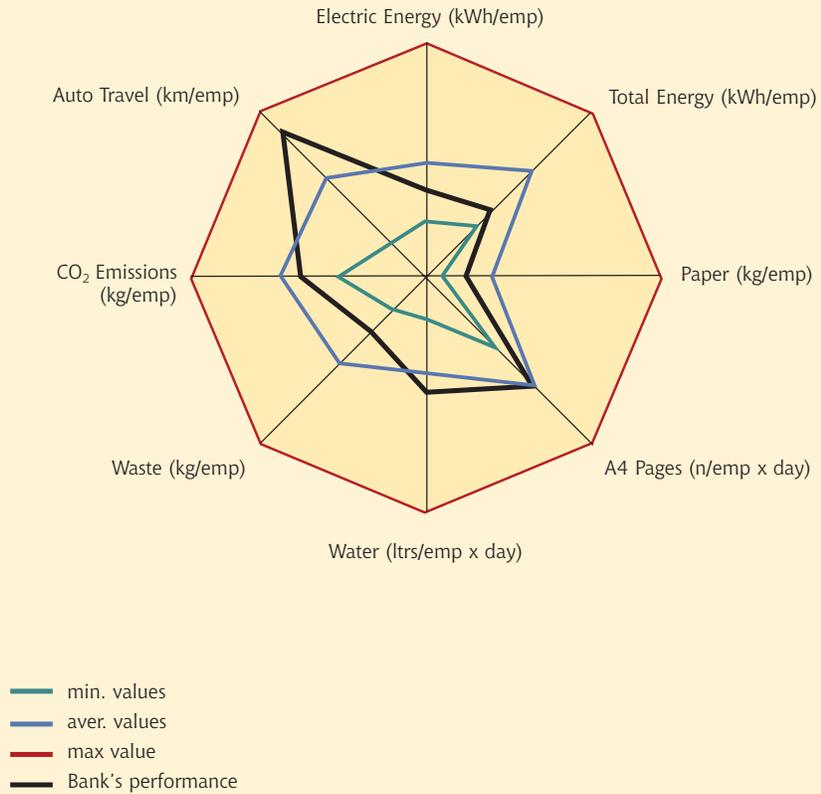


THE INDUSTRY BENCHMARK

The Bank's environmental performance has been compared with that of other financial institutions. In this regard, the Bank took into account the data published in the most recent socio-environmental reports of the following banks and insurance companies: Allianz, Aviva, Barclays, Credit Suisse, Deutsche Bank, Dresdner Bank, KfW Bank, Rabobank, Sarasin, Sompo Japan, Swisse Re, UBS, and UniCredito.

In comparison with the average performance of the banks and insurance companies listed above, the Bank's performance is considered:

- better, in terms of the waste production, CO₂ emissions, the consumption of energy and the total consumption of paper;
- in line with the average values for the consumption of A4 copy paper used for faxing, printing and photocopying;
- just above the average for the consumption of water;
- above average for road transportation which, unlike the situation for the other firms, is a principal means for business travel for the Bank.



Environmental Performance	2002	% Change vs. 2001					
		-15.0	-10.0	-5.0	0.0	5.0	10.0
Total energy per employee (kWh)	6,650					4.8	
Electric energy per employee (kWh)	4,917					8.6	
Paper per employee (kg)	117		-7.9				
A4 pages per employee per day (n.)	46					2.2	
Water consumption per employee per day (liters)	109	-12.8					
Waste production per employee (kg)	152		-9.5				
Auto travel per employee (km)	1,938		-7.9				
CO ₂ emissions per employee (kg)	3,032		-5.7				



ENERGY

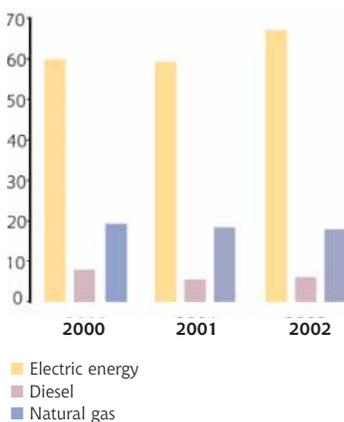
The growing concerns over environmental problems such as the greenhouse effect, atmospheric pollution and the depletion of the scarcely renewable resources have prompted companies to place increasing attention on the management of the energy consumption.

Energy consumption represents one of the environmental aspects most significant for the Bank, which uses large quantities of electric energy for the lighting and temperature control of work environments, and for the operation of information systems. The Bank also uses fossil fuels for heating.

The objectives for the rational use of energy are pursued, where possible, through:

- careful planning of the Bank's operating facilities;
- the purchase of renewable energy from the national energy network, rather than energy produced from traditional fossil fuels;
- the use of electronic processing equipment equipped with the best technologies for saving energy.

Energy Consumption (kWh million)*



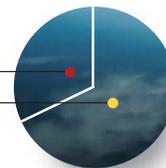
ENERGY CONSUMPTION (kWh)*	2000	2001	2002	% Change 02-01
Total energy	87,063,889	82,724,377	90,619,322	9,5
Electric energy **	60,000,000	59,000,000	67,000,000	13,6
• fossil fuels	48,186,000	46,639,938	45,572,753	2,3
• renewable energy	11,814,000	12,360,062	21,427,247	73,4
Diesel	7,803,000	5,411,043	5,943,767	9,8
Natural gas	19,260,889	18,313,333	17,675,556	-3,5

* The data are calculated starting from the annual expenditures for energy consumption.

** The subdivision of the consumption of electric energy on the basis of the source for the energy's production was done by starting from data of the energy mix used in the ENEL plants (source: ENEL Environmental Report 2001).

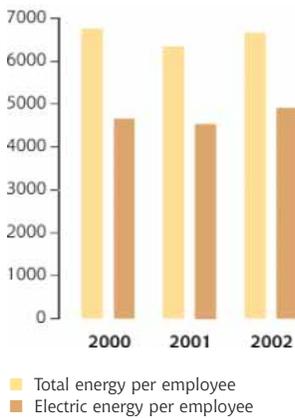
Electric Energy Consumption (2002)
energy sources

Renewable energy 32%
Fossil flues 68%



Environmental performance indicators	2000	2001	2002	% Change 02-01
Total energy per employee (kWh)	6,772	6,347	6,650	4,8
Electric energy per employee (kWh)	4,667	4,528	4,917	8,6

Performance Indicators (kWh)



The total consumption of energy in 2002 was 90,619,322 kWh.

The consumption of electric energy, which exceeds the consumption of gas and diesel, was roughly 13 percent higher year on year, partly due to the incorporation of the Banca 121 offices, and to the adjustments made in relation to the change of a considerable number of supply contracts.

By contrast, a considerable increase was realized in the quota of electric energy coming from renewable sources; in 2002, such energy accounted for 32 percent of total energy consumed.

With the deregulation of the energy market, it is possible for companies to source their supply of energy from the producer capable of offering the most attractive contractual conditions. On the other hand, the growing availability and supply of energy from renewable sources in the national energy network has made this type of energy more competitive.

The Bank has capitalized on this situation by making an important decision to tap the hydroelectric energy market through participation in the Hydroenergy Consortium, and the purchase from the same of significant amounts of energy, equivalent as of 31 December 2002 to around 18 million kWh, to be used in some of the Bank's units.

The Bank's commitment in terms of energy has been developed even further with the completion of the first phase of a detailed plan to adjust lighting systems to the energy standards of the European Union's Green Light Program.



GREEN LIGHT PROGRAM



In November 2001, the Bank became a participant in Green Light, a program promoted by the European Commission aimed at reducing CO₂ emissions through the improvement of lighting systems by public- and private-sector organizations operating in the services sector.

During the five years in which the program is in effect, the Bank is committed to introducing more efficient lighting technologies in some 300 branches whose total surface space amounts to around 100,000 square meters. The initiative is focused on achieving considerable energy savings while also improving the quality of lighting in work environments.

In 2002, the lighting of 30 facilities was adjusted to the Green Light standards for a total of 14,500 square meters, with the priority going to buildings which are the oldest and/or which are equipped with low-efficiency energy systems.

Against investment outlays recoverable over 4-5 years, it is estimated the program will yield annual savings of around 140,000 kWh of electric energy, equivalent to a reduction of 30 percent in comparison with the original situation.

In consideration of the commitment expressed in the first year of participation in the program and the results achieved to date, the Bank received the "Green Light Partner 2003" award from the European Commission in May 2003.

PAPER

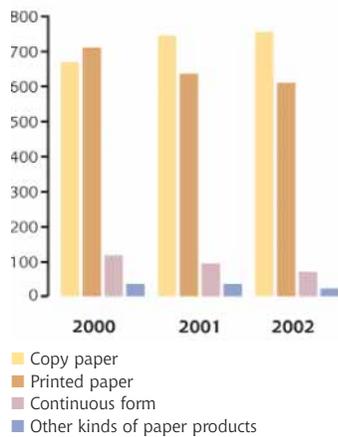
The paper production process incorporates various environmental issues: the cutting of trees, the consumption of huge quantities of water and energy, the use of dangerous chemical substances (e.g. chlorine), and the production of waste and of emissions polluting air and water.

For the Bank, the paper is the quantitatively most significant material consumed.

In 2002, a total of 1,474 tons of paper products were used.

Paper consumption (t) *	2000	2001	2002	% Change 02-01
Total paper	1,544	1,524	1,474	-3,2
Copy paper used for faxing, photocopying and printing	670	747	759	1,6
Pre-printed paper (letterhead, customer forms, checks, envelopes, etc.)	713	639	614	-4,1
Continuous forms (bancomat receipts, bank statements, earnings statements, internal regulations, etc.)	121	98	74	-23,7
Other kinds of paper products	40	40	27	-32,5

Paper Consumption (t)



Environmental performance indicators	2000	2001	2002	% Change 02-01
Paper per employee (kg)	132	127	117	-7,9
A4 pages per employee per day (n.) **	41	45	46	2,2

* The data do not include paper consumed by the tax collection area. The number of employees used as the basis for the calculation of the environmental performance indicators are: 11,720 (2000), 11,961 (2001), and 12,587 (2002).

** An average number of 250 business days per annum was considered for the calculation of this indicator.

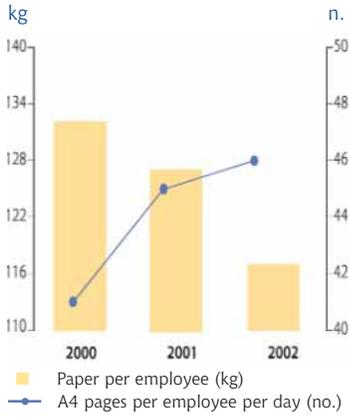
During 2002, an increase was recorded in the consumption of copy paper used for faxing, photocopying and printing; such paper accounts for about 51% of the total paper consumed.

Still, in comparison with 2001, the total consumption of paper was down by 3.2 percent, and this was due to (i) the customers' increasing use of electronic banking services and (ii) enhancements made to internal instruments for electronically managing information.

From a qualitative perspective, it is noted that the copying paper purchased is obtained from production processes using wood primarily coming from sustainable wood forests, and that they do not use whitening agents with elementary chlorine as a base.

In addition, in purchasing paper treated with chemicals used for the reproduction of multiple copies of contracts and other documents for customers, the Bank requires the supplier to guarantee the non-toxic nature of any substances that could be released into the environment during the paper's use.

Performance Indicators



Aside from the types of paper to which the data reported above refer, the Bank also consumes paper in relation to its purchase of newspapers, books and magazines.

Ecological paper is used for the printing of the Bank's financial statements and of this Socio-Environmental Report.



WATER

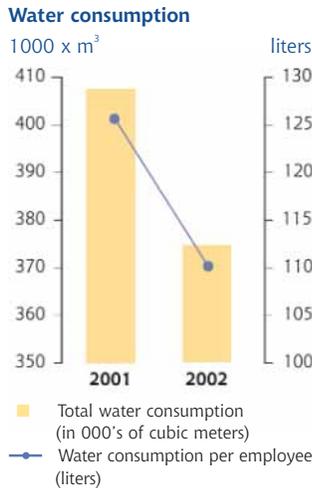
The global consumption of water has risen about six times over the past century as a result of the rapid growth of the world's population and of the industrial and farming activity. The availability and the quality of water have consequently diminished to the point that water is now considered one of the planet's most precious resources.

The Bank uses water in its facilities mainly for hygienic purposes, for air conditioning in work environments, and as a cooling agent for heating systems.

Resulting waste water has limited polluting potential as it is similar to reflux water coming from domestic use and, as such, is mostly drained into public sewage systems.

Water consumption (m3) *	2001	2002	% Change 02-01
Total water	407,145	373,038	-8,4

* The data have been obtained from the projection of actual consumption figures coming from a sample of operating units relative to a certain percentage of total employees: 10 percent in 2001 and 20 percent in 2002.



Environmental performance indicators	2001	2002	% Change 02-01
Water consumption per employee per day (liters) **	125	109	-12,8

** An average number of 250 business days per annum was considered for the calculation of this indicator.

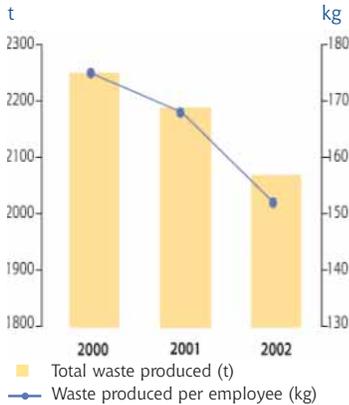
In 2002, the Bank consumed 373,038 cubic meters of water, most of which was sourced from water supply networks.

The daily per-capita consumption was an average of 109 liters, with a decrease of almost 13 percent year on year. This change is at least partially attributable to a more representative sample of users who directly reported data on their consumption of water.

Even though the efficient operation of the water systems is a condition sought as of the time when Bank facilities are planned, there still appear to be margins for improvement in the management of water.

WASTE

Production of Special Waste (t)



The principal types of waste produced by the Bank are “paper and paperboard” and “packaging materials”.

Paper and paperboard mainly originate from the periodic cleaning of files and from the elimination of documents containing confidential information. Such waste materials are delivered to paper processing plants for recycling and use as a raw material.

Paper waste represents the biggest part of the solid urban waste produced in the offices; such waste is sent by the cleaning companies to local waste management companies. Systems for separately disposing of paper have been tested in several of the Bank’s facilities so as to reduce the quantities present in the total solid urban waste produced.

Packaging materials, consisting of containers used in the transport of goods regularly purchased by the Bank, may be made of paper, paperboard, plastic, wood or metal, and are normally sent to recovery and recycling centers.

Other special waste typically produced by the Bank are toner and ink cartridges for fax and photocopy machines and printers and equipment that is out of use or replaced. Wherever possible, this waste is also sent to recovery and recycling centers.

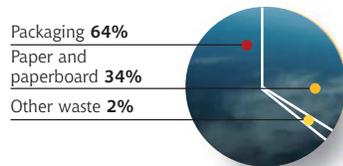
Instead, the Bank generates only negligible quantities of special waste that is hazardous (mainly batteries and fluorescent lamps), and most of this is turned over to maintenance companies.

In 2002, the Bank produced about 2,069 tons of special waste, or around 152 kilograms per employee.

Production of special waste (t)*	2000	2001	2002	% Change 2001-2002
Total waste	2,250	2,188	2,069	-5,4
Waste per employee (kg)	175	168	152	-9,5

* The values for the years of 2000 and 2001 are different from those reported in the Socio-Environmental Report 2001, by virtue of the use of a more precise method of estimation. The data have been obtained from the projection of actual consumption figures coming from a sample of operating units accounting for roughly 42 percent of total employees.

Production of Special Waste (2002)



In comparison with the prior years, the quantities of waste produced declined in 2002. Part of this decrease is attributable to increased outsourcing of warehousing services and services for printing customer correspondence; this change contributed to the significant reduction in the production of paper and paperboard waste, whose quantity declined from 1,285,950 tons in 2001 to 708,066 tons in 2002.

TRANSPORTATION

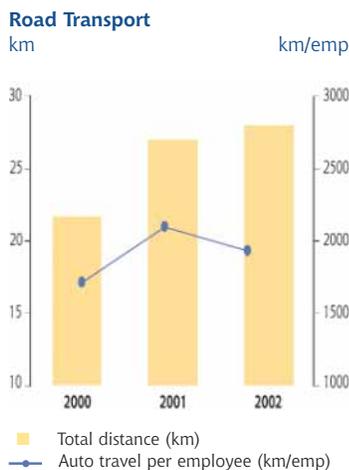
Transportation is one of the principal causes of major environmental problems, especially due to (i) the exploitation of scarcely renewable natural resources, linked to the use of fuel coming from the refining of oil, and (ii) the emission into the atmosphere of substances, such as carbon dioxide (CO₂) which pollute the environment and are hazardous to the health of human beings. Carbon dioxide is the principal chemical responsible for the greenhouse effect and the consequent climatic changes for the planet as a whole.

Considering the Bank's business is carried out in the national market through a network of facilities distributed over the national territory, the automobile is the main means of transport for the Bank's personnel (both for travelling to and from work and for use on the job).

Road travel (km)	2000	2001	2002	% Change 2001-2002
Total distance traveled	21,759,983	27,081,805	28,004,214	3.4
With employee cars	18,380,688	24,018,516	24,384,901	1.5
With company cars	3,379,295	3,063,289	3,619,313	18.2

Environmental performance indicators *	2000	2001	2002	% Change 2001-2002
Auto travel per employee (km)	1,719	2,104	1,938	-7.9

* The environmental performance indicators have been calculated with reference to the personnel employed in banking activity in Italy. In preceding years, such indicators were calculated with reference to the actual work force: the values for the years of 2000 and 2001 are thus different from those reported in the Socio-Environmental Report 2001.



In 2002, the total distance traveled in the car for business travel was 28,004,214 kilometers.

The Bank's strategy is aimed at limiting employee use of automobiles for business travel, promoting the use of public transport whenever possible. In addition, with all of the MPS Group's principal offices now equipped with videoconferencing equipment, it is possible to increase the number of meetings held via videoconference, thereby avoiding the unprofitable movement of human resources. Roughly 80 videoconferences were held in 2002, in comparison with 27 in the prior year.

During 2002, the process of renewing the Bank's fleet of 320 autos continued, with the total elimination of non-catalytic models and their replacement with vehicles conforming to the EURO3 ecological standards.

EMISSIONS TO AIR

Considering the nature of the Bank's activity, the emissions to air generated by the individual operations are very limited both in quantity and in terms of their detrimental impact on the environment and human health.

Even though air pollution in local communities is considered negligible, when taking into account the magnitude of the Bank's activity as a whole, the Bank produces significant quantities of carbon dioxide (CO₂), the main substance responsible for global warming.

This phenomenon and the climate changes caused by anthropic activity represent today one of the most serious environmental issues facing the world. The control of the emissions of greenhouse gases and, in particular, CO₂, is the action needed to tackle the problem by governments, the international community and the industrial world, with the specific objectives therefor being outlined in the Kyoto Protocol.

Against this backdrop, it is conceivable that individual firms will be called upon in the future to quantify, and to report on, their emissions of the gases responsible for the global warming.

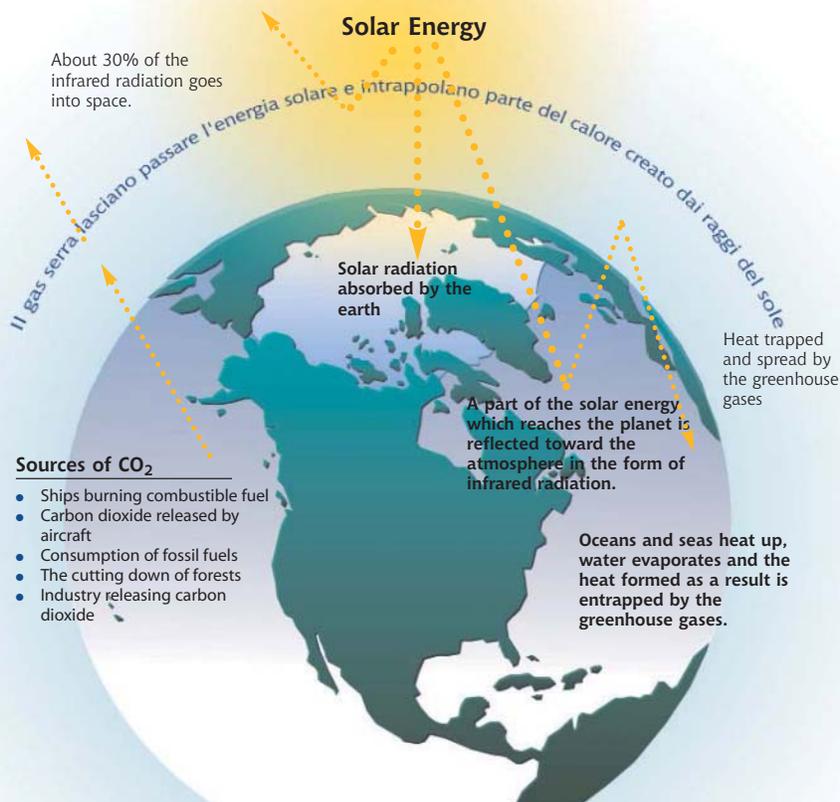
In expectation thereof, the Bank has already started to calculate the annual emissions of CO₂ directly produced by its activity. Such emissions are principally associated with the use of electric energy and of other energy sources for heating the Bank's operating facilities and for business travel.



GREENHOUSE EFFECT

Calculation Method

The conversion factors reported in the ENEL Environmental Report 2001 (1 kWh = 0,534-0,536 kg of CO₂) were used for the calculation of the CO₂ emissions associated with the consumption of electric energy. The computation of emissions from the consumption of energy for heating and for road transport was made with reference to the methodology and conversion factors set forth in: "The GHG Indicator: UNEP Guidelines for Calculating GreenHouse Gas Emissions for Businesses and Non-Commercial Organizations" 2000 edition (1 liter of diesel = 2.68 kg of CO₂ ; 1 ton of natural gas = 2.93 tons of CO₂ ; 1 km of travel with a gasoline-powered auto = 0.185 kg of CO₂ ; 1 km of travel with a diesel-powered auto = 0.156 kg of CO₂).



CO ₂ emissions (t)	2000	2001	2002	% Change 2001-2002
Total emissions	42,587	41,923	41,319	-1.4
• From electric energy *	32,160	31,506	30,785	-2.3
• From heating	6,612	5,727	5,730	0.1
• diesel	2,170	1,505	1,654	9.9
• natural gas	4,442	4,222	4,076	-3.5
• From road transport **	3,814	4,690	4,804	2.4
• gasoline-powered autos	2,678	2,970	2,776	-6.5
• diesel-powered autos	1,136	1,720	2,028	17.9

Environmental performance indicators	2000	2001	2002	% Change 2001-2002
CO ₂ emissions per employee (kg)	3,312	3,217	3,032	-5.7

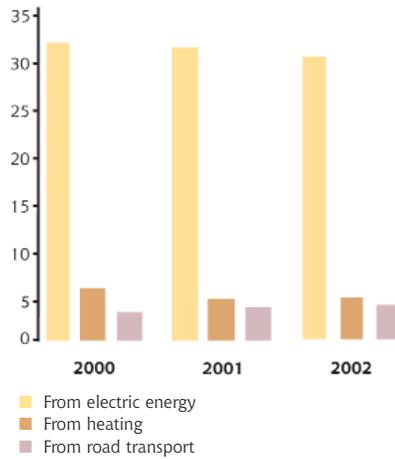
* The values for the years of 2000 and 2001 are different from those reported in the Socio-Environmental Report 2001 by virtue of the availability of more precise conversion factors.

** The data refer to the use of autos for business travel, whether owned by the Bank or by employees.

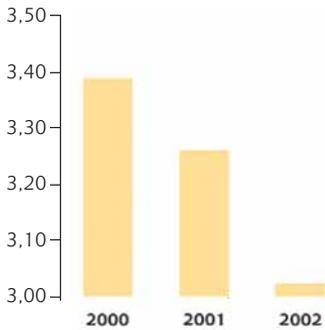
In 2002, the aggregate CO₂ emissions came to 41,319 tons.

The figure represents a slight, 1.4-percent decrease year on year that was mainly due to the improvement of the environmental quality of the electric energy used mainly as a result of the direct purchase of a significant quantity of hydroelectric energy.

CO₂ Emissions (in 000's of tons)



CO₂ emissions per employee (kg)

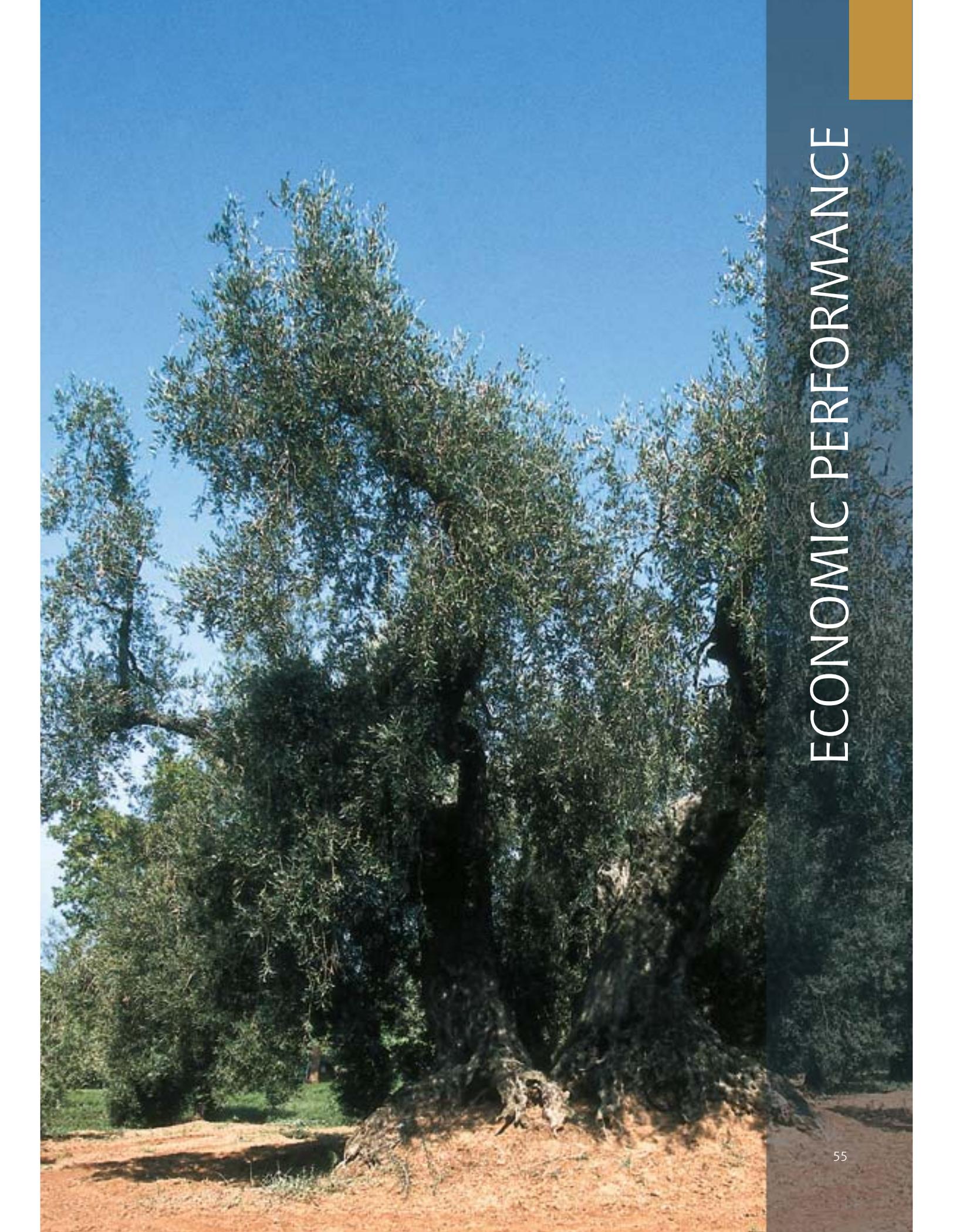


CO₂ SINKS

The Kyoto Protocol measures for controlling the greenhouse effect call for the use of “sinks”, including green areas (and specifically, trees) which, thanks to chlorophyllous photosynthesis, are able to fix the atmospheric carbon dioxide by producing biomass and thereby contributing to offsetting at least part of the CO₂ emissions produced by human activity.

The MPS Group’s real estate portfolio includes some 270 hectares of land developed as forests. Such areas are able to absorb roughly 1,370 tons of carbon dioxide on an annual basis.

In this regard, a project is currently under way to evaluate the territorial requalification of an area of 400 hectares situated in Val di Magra, between Liguria and Tuscany. Most of this land is owned by Marinella S.p.A., a company directly controlled by Banca Monte dei Paschi di Siena. The project has the overall aim of enhancing the image of the location, from the standpoint of both tourism and the environment, and will be carried out in harmony with the natural surroundings and with a particular focus on conserving and extending the existing wooded areas.



ECONOMIC PERFORMANCE

KEY OPERATING DATA

RECLASSIFIED PROFIT AND LOSS STATEMENT

(in EUR mn)	31/12/02	31/12/01 comparative (*)
Interest margin	1,295.1	1,257.0
Profits (losses) from financial transactions	42.7	108.9
Net income from services	1,065.1	1,203.7
Dividends and tax credit	463.3	560.2
Services margin	1,571.1	1,872.8
Total banking income	2,866.2	3,129.8
• personnel expenses	-975.0	-925.8
• other expenses	-762.7	-743.5
Total administrative expenses	-1,737.7	-1,669.4
Gross operating profit	1,128.5	1,460.4
Profit from ordinary operations	412.4	980.8
Profit before taxes	613.3	959.7
Net profit (**)	599.5	568.0

RECLASSIFIED BALANCE SHEET

ASSETS		
Cash and cash on deposit with central banks and post offices	523	451
Customer loans and advances (***)	36,803	38,070
Due from banks	20,744	16,136
Trading account securities	7,753	6,729
Investment securities	2,613	2,405
Equity investments	5,439	5,361
Fixed and intangible assets	1,493	1,403
including: goodwill	362	34
Own shares or quotas	2	4
Other assets	13,231	10,363
Total assets	88,600	80,923
LIABILITIES AND SHAREHOLDERS EQUITY		
Customer deposits and other borrowed funds backed by		
Negotiable instruments	50,251	50,245
Due to banks	17,079	11,586
Reserves for specific use	1,103	1,279
Other liabilities	11,161	8,833
Reserve for credit risks	183	155
Subordinated liabilities	3,200	3,002
Shareholders' equity	5,622	5,822
Total liabilities and shareholders' equity	88,600	80,923

(*) On 23 December 2002, Banca 121 was merged by incorporation into Banca Monte dei Paschi di Siena S.p.A. with the simultaneous divestiture of a unit holding Banca 121's financial advisor network. The figures for 2001 inclusive of the Banca 121 aggregates were restated in order to provide a single basis for comparison of the data between the two years (additional information is disclosed in the attached 2002 financial statements for Banca Monte dei Paschi di Siena S.p.A.).

(**) The 2001 figure is "operating" net profit, which is €162.5 million less than the amount reported in the notes to the financial statements for Banca Monte dei Paschi di Siena S.p.A.

(***) As of 1 July 2002, the leasing and factoring business units were transferred to the new company, MPS Leasing e Factoring Banca per i Servizi Finanziari alle Imprese. Accordingly, the net assets as of 31 December 2002 do not include the assets of such business units, and a comparison of the data using the same basis for comparison involves a change of -0.3% on an annual basis.

BALANCE-SHEET, OPERATIONAL AND STRUCTURAL INDICATORS

(in EUR mn)	31/12/02	31/12/2001 comparative (*)
Total funding	110,427	111,294
Customer loans and advances (**)	36,803	38,070
Shareholders' equity	5,622	5,822
Gross operating profit	1,128	1,460
Profit from ordinary operations	412	981
Net profit	599	568
ROE	12,3%	12,7%
Number of customers (***)	2,785,458	2,486,721
Electronic banking services (number of accounts)(***)	643,737	349,774
Branches (Italy and abroad, including representative offices) (***)	1,092	975

(*) On 23 December 2002, Banca 121 was merged by incorporation into Banca Monte dei Paschi di Siena S.p.A. with the simultaneous divestiture of a unit holding Banca 121's financial advisor network. The figures for 2001 inclusive of the Banca 121 aggregates were restated in order to provide a single basis for comparison of the data between the two years (additional information is disclosed in the attached 2002 financial statements for Banca Monte dei Paschi di Siena S.p.A.).

(**) As of 1 July 2003, the leasing and factoring business units were transferred to the new company, MPS Leasing e Factoring Banca per i Servizi Finanziari alle Imprese. Accordingly, the net assets as of 31 December 2002 do not include the assets of such business units, and a comparison of the data using the same basis for comparison involves a change of -0.3% on an annual basis.

(***) On 23 December 2002, Banca 121 was incorporated into Banca Monte dei Paschi di Siena S.p.A. The year-on-year growth thus also reflects the effects of this transaction.



SUMMARY STATEMENT OF VALUE ADDED

BANCA MPS

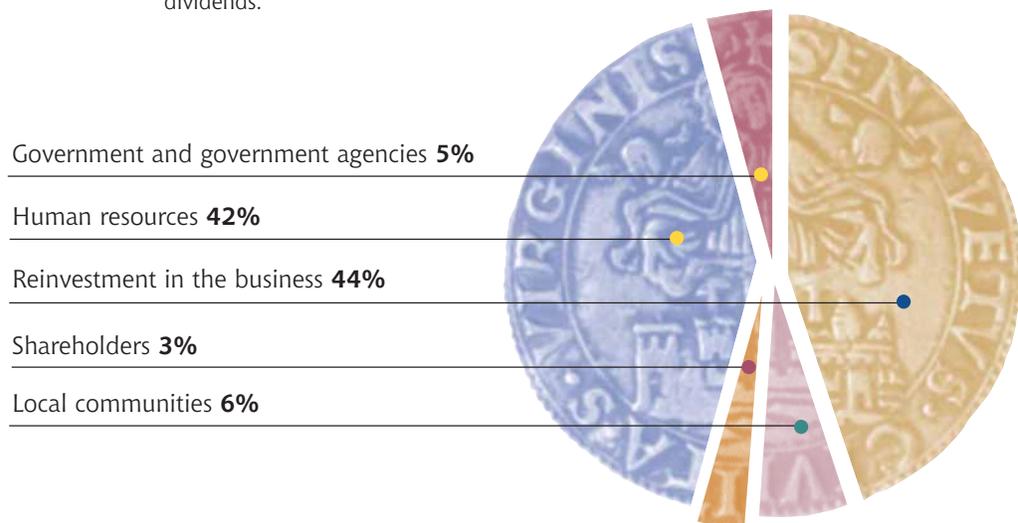
SUMMARY STATEMENT OF VALUE ADDED	
2002	
(in EUR mn)	
According to the Italian civil code*	
REVENUES	
Interest income, commissions earned and other revenues	5,206.1
TOTAL GROSS PRODUCTION	5,206.1
CONSUMPTION	
Interest expense, commissions expense and other expenses	2,038.9
Other administrative expenses	658.6
Valuation adjustments / recoveries and other provisions	346.1
TOTAL CONSUMPTION	3,043.6
VALUE ADDED FROM ORDINARY OPERATIONS	2,162.5
Extraordinary items	378.2
AGGREGATE GROSS VALUE ADDED	2,540.7
Depreciation and amortization	837.2
AGGREGATE NET VALUE ADDED	1,703.5
Cost of labor	1,071.1
• direct	870.4
• indirect	200.7
Donations and disbursements	2.1
Indirect taxes and taxes on shareholders' equity	102.0
PROFIT BEFORE TAXES	528.3
Change in reserve for general banking risks	85.0
Income taxes	13.8
NET PROFIT	599.5
AGGREGATE GROSS VALUE ADDED distributed to:	
SHAREHOLDERS	74.9
Dividends to shareholders (except the MPS Foundation)	74.9
HUMAN RESOURCES	1,071.1
Cost of labor	870.4
• direct	870.4
• indirect	200.7
LOCAL COMMUNITIES	145.1
Donations and disbursements	2.1
Dividends to the MPS Foundation for social affairs	143.0
GOVERNMENT AND GOVERNMENT AGENCIES	115.8
Indirect taxes and taxes on shareholders' equity	102.0
Income taxes	13.8
REINVESTMENT IN THE BUSINESS	1,133.8
Provisions / adjustments to cover non-current assets	837.2
Reserves and retained earnings	296.6
AGGREGATE GROSS VALUE ADDED	2,540.7

(*) The comparative data for 2001 are not included in that they are not considered significant due to the merger of Banca 121 by incorporation into Banca Monte dei Paschi di Siena S.p.A. taking place on 23 December 2002 and the simultaneous divestiture of a unit holding Banca 121's financial advisor network. In addition, the 2001 earnings incorporate the double-counting of dividends of subsidiary companies.

BREAKDOWN OF THE VALUE ADDED

As shown by the breakdown of the distribution of value added (in EUR mn):

- 44 percent was allocated to reinvestment and thus, to the Bank's future business. The quota consists of provisions and valuation adjustments regarding non-current assets (€ 837,185) and reserves and retained earnings (€ 296,666).
- 42 percent went to human resources, under the form of direct labor costs (€ 870,413) and indirect labor costs (€ 200,682).
- 6 percent was distributed to local communities through donations and disbursements (€ 2,136) and earnings distributed to the Monte dei Paschi Foundation (€ 142,972), whose mission is to carry out social work in favor of the community at large.
- il 5% è conferito al Sistema Stato sotto forma di imposte e tasse indirette e patrimoniali (€101.999) e di imposte sul reddito di esercizio (€ 13,775);
- 5 percent went to government and government agencies under the form of indirect taxes and taxes on shareholders' equity (€ 101,999) and income taxes (€ 13,775).
- 3 percent was disbursed to shareholders (excluding the Foundation) under the form of dividends.



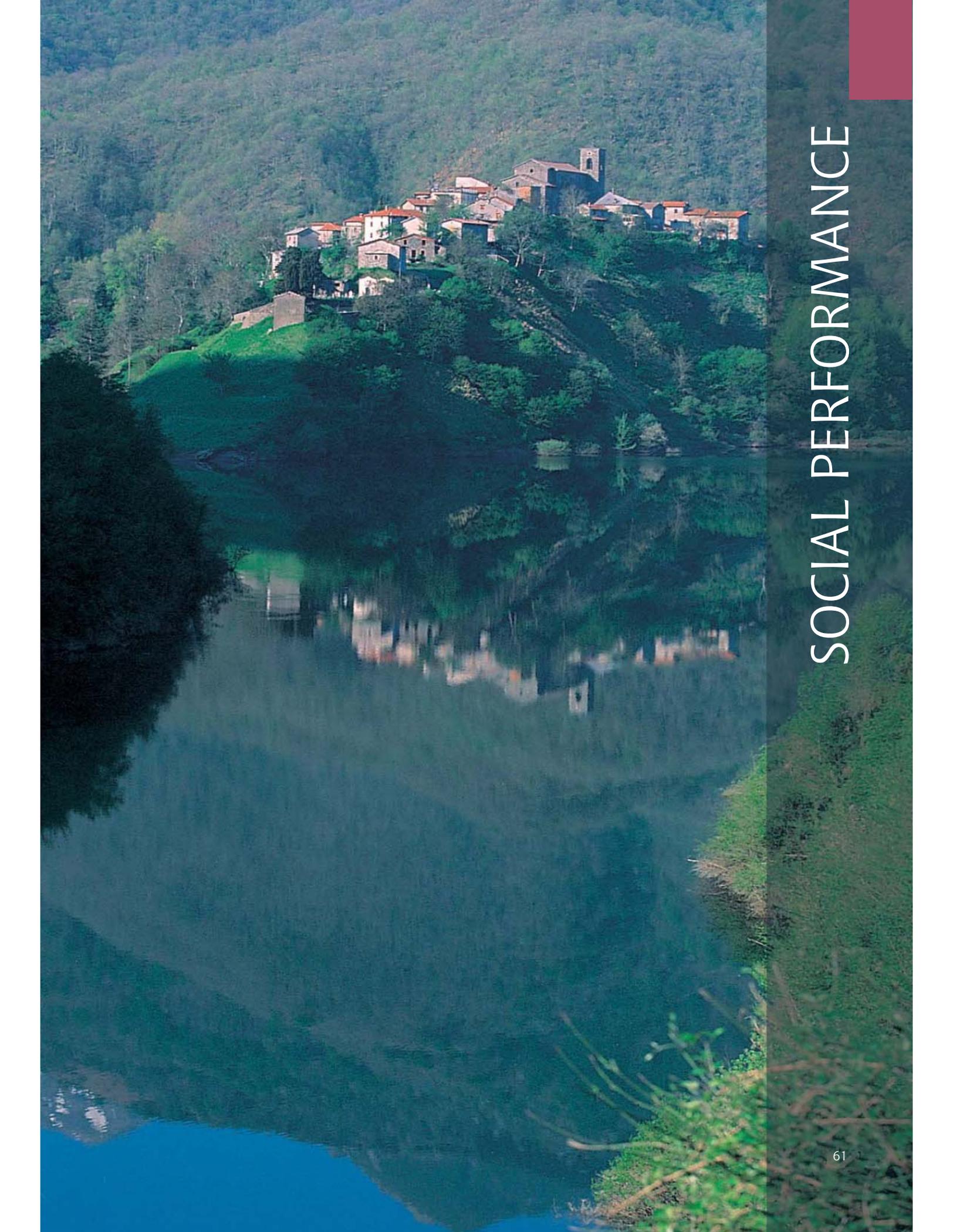
It is useful to note that the distribution percentages in 2002 were also influenced by:

- in the case of the government, the reduction of the tax burden on extraordinary savings related to the actions taken to streamline the holdings of equity investments;
- in the case of reinvestment in the business, the prudent policy for provisions, valuation adjustments and writedowns.



SOCIAL PERFORMANCE

- HUMAN RESOURCES
- CUSTOMERS
- SHAREHOLDERS
- LOCAL COMMUNITIES
- GOVERNMENT, LOCAL AUTHORITIES AND OTHER INSTITUTIONS
- SUPPLIERS



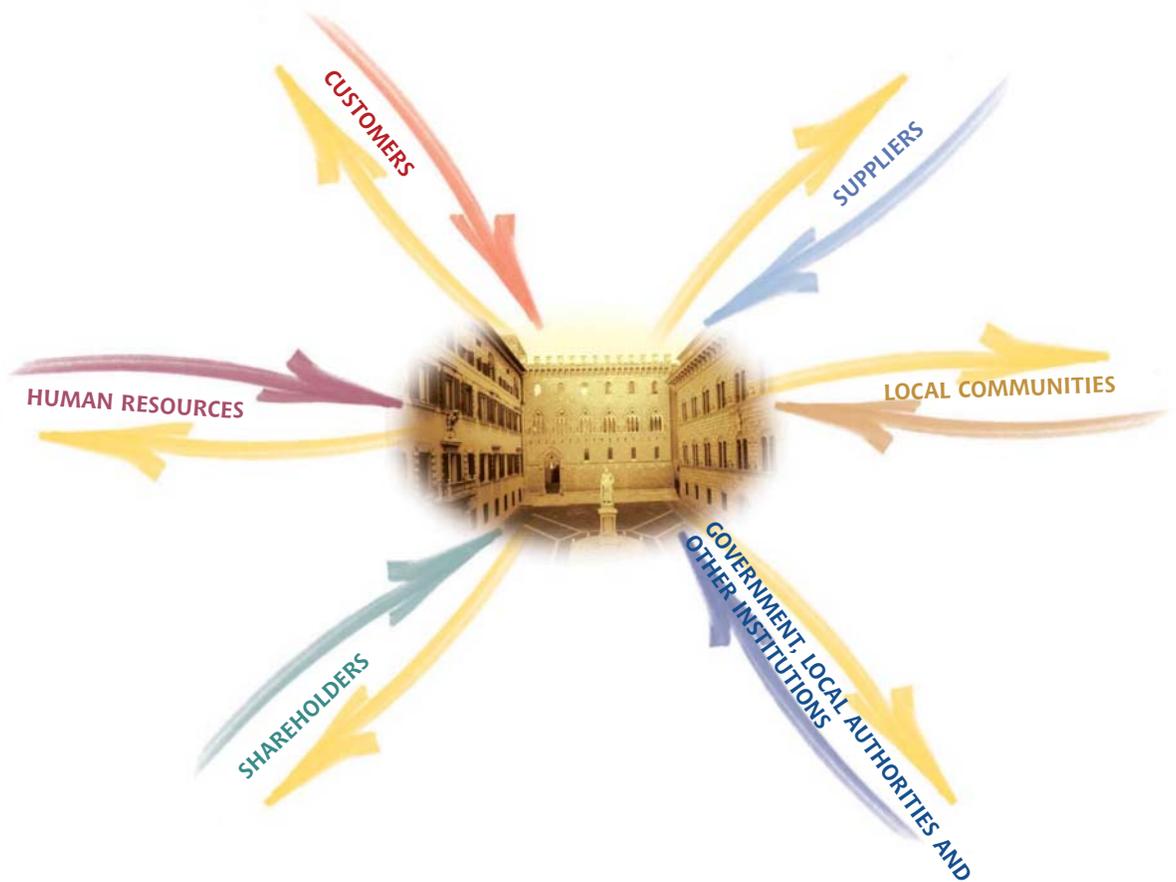
SOCIAL PERFORMANCE

INTERACTION WITH STAKEHOLDERS

This section of the report reviews the flows of resources and services between the Bank and the following groups of stakeholders:

- human resources;
- customers;
- shareholders;
- local communities;
- government, local authorities and other institutions;
- suppliers.

The reporting criteria are mainly based on the guidelines for the Social Responsibility Reporting Model for Banks prepared by the Italian Banking Association, and on the recommendations of the SPI-Finance 2002 Project, Social Performance Indicators for the Financial Industry, a project put together by a group of financial institutions from various markets worldwide which developed social indicators specific to the financial sector.





HUMAN RESOURCES

While the success of a business still relies on traditional factors such as product and process technology, the status of the markets (protected or regulated), the access to financial resources, and economies of scale, there are other elements nowadays which increasingly make a difference in a firm's competitive position. Such elements include corporate culture and organizational capacity, both of which are determined by the manner in which human resources are managed.

It is for this reason that human resources constitute the most important source of competitive advantage for firms today.

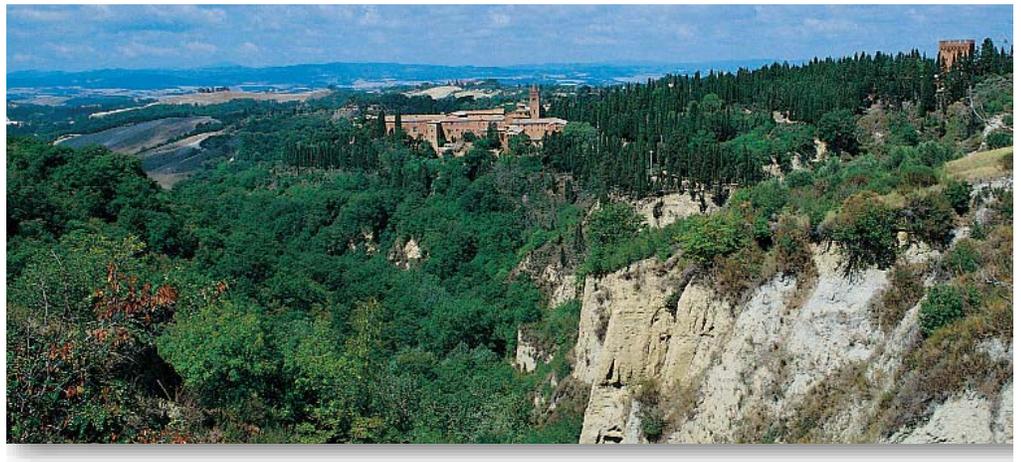
Adopting this perspective, the Bank has embraced a managerial approach emphasizing high levels of employee involvement, attention to the level of staff satisfaction and to the quality of internal communications, and the corporate climate and culture.

When considering the complexity of the circumstances which come into play in managing human resources, the inability to substitute staff in the business, and the growing importance of the contribution of experience, professionalism, creativity and geniality, the human factor translates into a critical resource and a primary factor in the Bank's business development.

WORK FORCE (AS OF 31 DECEMBER 2002)

Banking services in Italy (*)	14,453
Tax collection service	1,040
Total employees in Italy	15,493
Employees abroad	192
Total work force	15,685

(*) including part-time cleaning staff and excluding employees called for national service.



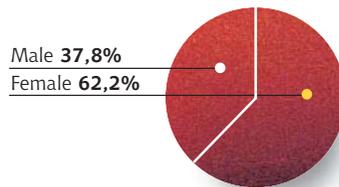
Excluding Bank personnel on assignment with other MPS Group companies and including personnel from other MPS Group companies on assignment with the Bank, the actual work force of the banking services in Italy was 12,587 employees as of 31 December 2002. The figure reflects an increase of 515 year on year which was mainly due to:

- the addition of 1,076 employees of the former Banca 121;
- the assignment of 387 employees to other Group companies in line with the creation of specialized companies (M.P.S. Gestione Crediti Banca; M.P.S. Leasing & Factoring), and with the concentration of various operations in the MPS Group Operating Consortium;
- net staff reduction (difference between the number of terminations and number of new hires) of 174.

During the year, a total of 108 employees (including 22 executives) left the Bank as a result of natural turnover and early retirement. This reduction was offset by the recruitment and hiring of talented young people (mostly university graduates having strong scholastic credentials), and professionals in specialized roles for the Corporate Center.

With the objective of avoiding any lengthy description and in line with the approach adopted for the Bank's Annual Report, the analysis and the information hereunder have been put together exclusively with reference to the personnel in banking services in Italy and thus do not take into account the tax collection service (whose staff accounts for about 6.7 percent of the total work force) or the personnel employed by the foreign network.

Breakdown of personnel by gender



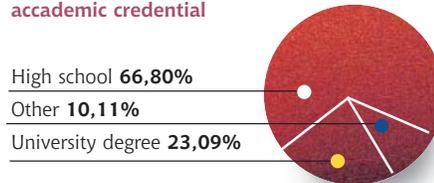
Breakdown of personnel by age



BREAKDOWN OF STAFF BY ACADEMIC BACKGROUND

Academy credential	Executives		Middle Managers		Professional Areas Employees		(Other)		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
University degree	145	8	829	164	1,048	1,142	1	0	3,337
High school	180	0	2,115	309	3,700	3,328	19	3	9,654
Other	0	0	43	47	548	359	364	101	1,462
	325	8	2,987	520	5,296	4,829	384	104	14,453

Breakdown of personnel by academic credential

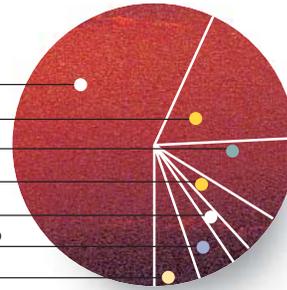




SOCIAL PERFORMANCE

Breakdown of the university graduates by type of degree

Economics and banking	56,76%
Law	17,38%
Political science	9,80%
Literature, languages, philosophy	4,31%
Engineering	2,34%
Information technology, statistics, mathematics	4,23%
Other fields of study	5,18%



The data relative to the composition of the work force highlight the following:

- the significant percentage of employees holding university degrees, and in particular, for the executive category;
- the relatively young age of the employees (47 percent under age 40) and a relatively limited average length of service (32 percent of the employees with less than 10 years of service, and 65 percent with less than 20 years) and a large percentage of women (38 percent).

AVERAGE ANNUAL PRE-TAX SALARIES

The development of bonus compensation plans has been focused on the introduction of performance evaluations and value-based incentives for all staff members. Compensation thus consists of a fixed amount and a variable amount which is linked to performance.

Category	AVERAGE ANNUAL GROSS SALARY IN 2002 (€)
Executives	115,465
Middle Managers	55,611
Other personnel	33,995

Gross annual compensation includes monthly salary and wages, the payment of a thirteenth month of wages pursuant to labor contracts in effect and a contractual bonus; the figures exclude any per diem allowances, expense reimbursements and productivity premiums.

INCENTIVE SYSTEMS

The ratio of variable compensation to total compensation edged up further in 2002. In line with the Bank's policies to develop the value of the human resources to the fullest extent, variable compensation is used as a mechanism to boost motivation and involvement in objectives in relation to: the positions covered within the organization; professional skills; and qualitative and quantitative results obtained.

A stock-granting plan is among the incentives adopted, and in 2002, this plan entailed the issue of 12,684,767 ordinary shares of Banca MPS to employees (including the tax collection personnel).



Finally, the “Management by Objectives” (MBO) project was further developed in 2002. This project, which involves all professionals of the Bank, consists of setting specific quantitative and qualitative objects for the individual and balancing such targets with those regarding the MPS Group’s results, as planned through a value-based management system.

PROTECTED CATEGORIES

The table hereunder shows the employees who belong to protected categories pursuant to the law; the numbers are taken from the total work force.

Category	EMPLOYEES
Handicapped	596
War orphans / widows	281
Refugees	32
Total	909

OPERATIONAL STRATEGIES

The emphasis in professional development has gone to increasing both specialization and accountability. The management of staffing is thus focused on enhancing skills and performance, in line with the effort to develop the value of the human resources to the fullest extent. The priority objective is to ensure effective coverage of the needs for new professional skills, including through retraining administrative employees to take on sales and marketing responsibilities.

In terms of tools for the governance of operations, the Bank is implementing two important projects relative to:

- a new model for managing and developing the personnel (assessment of skills, professional growth plans, career paths, substitution plans, compensation policies, and bonus compensation); and,
- the development of a new information system, which will cover the administrative areas involved.

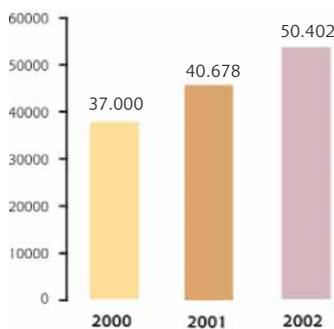




Finally, another two initiatives are worth noting:

- the construction of management-by-objectives (MBO) model for senior managers of the MPS Group; this model outlines specific objectives that are highly correlated with the implementation of the business plan and based on: the concept of maximizing the integration between units; performance evaluation; and the relationships with the compensation system;
- the start-up of a process aimed at the creation of a “statement of intangibles” to be realized through developing systems for monitoring and developing intellectual capital (knowledge, capacities, values, motivation, team spirit, know-how, innovation, communications).

Total training days



THE INTEGRATED TRAINING SYSTEM

Training activity is closely linked to the strategies mapped out in the business plan in that it: (i) supports the implementation of the projects involved in the operational and commercial reorganization; and (ii) serves as a tool to promote and to cultivate the MPS Group’s culture.

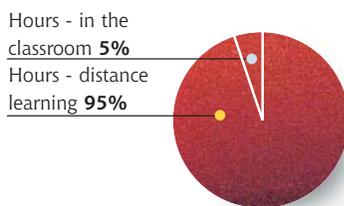
In order to understand the magnitude of the Bank’s commitment to training, it is sufficient to highlight just a few figures: in 2002, a total of 50,402 days were dedicated to the training of the Bank’s staff, with the average number of training hours per employee per annum rising from 25 to 35.

As a key initiative in this area, the **2002-2005 Training Plan** defines a series of broad-based and important initiatives aimed at (i) ensuring the Bank will have professional skills in line with the needed levels, and (ii) enhancing employee involvement and motivation with respect to the business plan’s objectives to transform and renew various structural, organizational and commercial aspects of the MPS Group.

In essence, the Training Plan is:

- focused on immediately providing an effective response to training and communications needs related to the implementation of the strategic projects, and
- creating an integrated training system for the MPS Group over the short/medium term. The design and activation of an e-learning system and the creation of a network of instructors for the MPS Group represent fundamental steps toward the construction of the integrated system.

Breakdown of hours in the classroom and hours dedicated to distance learning



Created in the close collaboration of the Knowledge Management & Training Department and MPS.net and with significant involvement of the MPS Group Operating Consortium, the **e-learning project** merits comment for the highly innovative approach taken in its design and construction.

Approved at the end of 2002 by the various areas responsible, the project proposes the creation of a network to connect all of the companies of the MPS Group into a sophisticated educational and knowledge-management system which will be flanked by other elements such as: an Internet site dedicated to training issues; the governance of lecture halls; the administration of the training; virtual communities; a group of online tutors; and a documentation center. This will ensure qualitative and quantitative expansion of distance learning, which in 2002 involved some 20,902 hours of staff time.

TALENTS PROJECT

Over the years, Banca MPS has steadily developed actions to highlight the value of its personnel. This policy, which has gradually been extended to the other companies of the Group, is marked by several elements which are generally an expression of the Bank's specific identity within the Italian banking industry:

- a "sense of belonging",
- a principles-based corporate culture;
- staff involvement in setting strategies and objectives,
- an broad-based incentive program based on accountability and economic rewards,
- professional development programs

In formal recognition of the Bank's efforts in this regard, the Bank launched the "Talents Project" in 2002. With this project, young university graduates with high academic standing are selected through internal screening and are then profiled so as to develop a special professional and training experience for each of them.

The projects listed below are among the principal training initiatives :

- **The Path-to-Change Project.** This project aims to enhance the understanding and involvement of all employees with respect to the strategies in the business plan, and the organizational and commercial transformation in process. The project is also designed to ensure employees have a clear understanding of the fundamental aspects of the Bank, such as the Statement of Values. As of the end of 2002, a course outlining the project had been given to more than 17,000 employees of the Group, with the participants generally very satisfied with the training.
- **"Accenting the value of the individual"** is a project aimed at building an even stronger internal communications capacity and supporting the new corporate culture and an orientation to professional development of the human resources. This project is addressed to all operational managers, who play a pivotal role in the governance of internal organizational processes.

INTERNAL COMMUNICATIONS

Filo Diretto, an in-house publication distributed to all employees of the MPS Group, is the main vehicle for the Bank's communications to employees. With the activation on the internal electronic mail system, the Bank also publishes "Montepaschi News", a newsletter prepared and sent out entirely in an electronic format.

CORPORATE CONTRIBUTIONS IN FAVOR OF EMPLOYEES

All employees are participants in a Bank-sponsored pension fund; the Bank sets aside an annual provision to the fund amounting to approximately two percent of employee salaries and wages. The provision for 2002 came to €10,907,000.

In addition, the Bank covers other types of services and contributions as detailed below:

TYPE OF CONTRIBUTION	AMOUNT (in €)
Recreational and cultural activities	403,609
Benefits to student children of employees	495,917
Service bonuses ^(a)	2,104,197
Accident policies ^(b)	2,512,318
Insurance policies ^(c)	6,553,004
TOTAL	12,069,045

a) One-off average monthly payment before taxes for employees who have reached their 25th year of service.

b) Employee accidents in the workplace and outside of the workplace.

c) For medical visits, testing and hospital expenses (with coverage to retirees included).

Employee Credit Facilities

In 2002, the Bank made some € 109,008,000 of credit facilities available to employees, including:

- 511 first-home mortgages with subsidized interest rate for an aggregate amount of € 57,300,000;
- Loans: 2,690 loans totaling € 49,323,000 to fund specific needs of employees' families; 118 credit facilities in the aggregate amount of € 2,385,000 for the funding of the purchase and restructuring of real property.



Mutual Assistance Association for the Personnel of Monte dei Paschi di Siena

This initiative provides moral and material support to employees and their families through the granting of subsidies, loans and other types of assistance. In 2002, the Bank made contributions to the fund in the amount of € 332,290.

BANK-SPONSORED LEISURE-TIME ACTIVITY

The Bank encourages employee involvement in recreation associations (“CRAL”) set up for promoting the wholesome leisure-time activity, for implementing social services for educational purposes, and for pursuing activity in the arts, sports and tourism. As of the end of 2002, some 53 CRAL associations were active in Italy, with a total of 9,855 members (8,176 employees and 1,679 retirees). The contributions made by the Bank to the CRAL associations in 2001 came to € 250,846.

UNION RELATIONS

In line with its historical posture in the area of union relations, the Bank entered into important negotiations with union organizations in 2002 in order to examine how the activation of the 2002-2005 Business Plan would impact the Bank’s personnel. These negotiations culminated with the perfection of specific agreements in relation to various organizational and commercial projects.

Particularly important was the definition, on 21 November 2002, of a “summary protocol” on the guidelines for industrial relations, i.e. a document containing the description of the means for developing relationships between the Bank and union organizations, as approved by both parties. This document provides a standard framework of reference for addressing operational issues which arise in the implementation of strategic projects and have significant repercussions on the management of human resources.

The situation set forth above is in line with the changes introduced with new collective bargaining contracts, which acknowledge that the modernization of union relations is highly significant for the future development of a banking system that has increasingly undergone permanent organizational revisions along with the transformation of the





markets. In this regard, the new framework of the labor accords is directed toward achieving greater synchronization between the objectives of the banks and the expectations of the workers, without prejudice to the distinction of roles and to the respect of the rights of both the banks and the unions.

In line with the objectives of safeguarding the workplace, the Bank and the union organizations agreed on the criteria for activating the “corporate observatory”, an initiative aimed at monitoring the means through which the personnel within all of the various operating units interact. The observatory will also have the scope of proposing types of communications and reporting between all levels of employees. Finally, the observatory will be charged with promoting better relationships in the work environment, with an accent on the individual personality, and with generally maintaining a high quality-of-life standard within the Bank.

EMPLOYEE DISPUTES

As of 31 December 2002, there were 180 claims involving 228 employees pending before the Provincial Labour Administration (40) and the Labour Court (140). These claims are mostly related to compensation.

MANAGEMENT OF EMPLOYEE SAFETY AND SECURITY

The Bank’s “Safety and Security System” operates in relation to the distribution of the various productive units across the national territory, and is managed by an organizational structure that consists of individuals whose authority is provided by law and correlated with their respective responsibility and position within the Bank. The organizational structure includes: the employer (in the person of the Bank’s Chief Executive Officer), the employer’s representative, the manager and the employees of the Prevention and Protection Unit, employees appointed as safety and security representatives, executives of the Bank, managers, employees appointed to handle emergencies, and employees assigned to the units dedicated to the environment and security.

Employees acting as safety and security representatives are appointed pursuant to the law, and play an important role in the Bank’s safety and security system. The Bank was one of the first credit institutions in Italy to make these appointments, having formally agreed on the matter with the union organizations back in March 1997. The agreement resulted in the definition of certain aspects of the mandate, including: the number of representatives and the territorial distribution thereof (at Banca MPS, the number of representatives was originally 21 and rose to 25 in early 2003); the rules for the election, the Bank’s responsibility in covering expenses sustained for the exercise of the role; the compensation involved and the instruments for carrying out the mandate; the training provided; and the responsibilities and the rights associated with the mandate as formalized through special internal rules.

In complying with the regulations on the safety and security of the workers and in guaranteeing their application, the Prevention and Protection Unit effects certain compliance checks. This involves identifying risk factors present in various Bank facilities



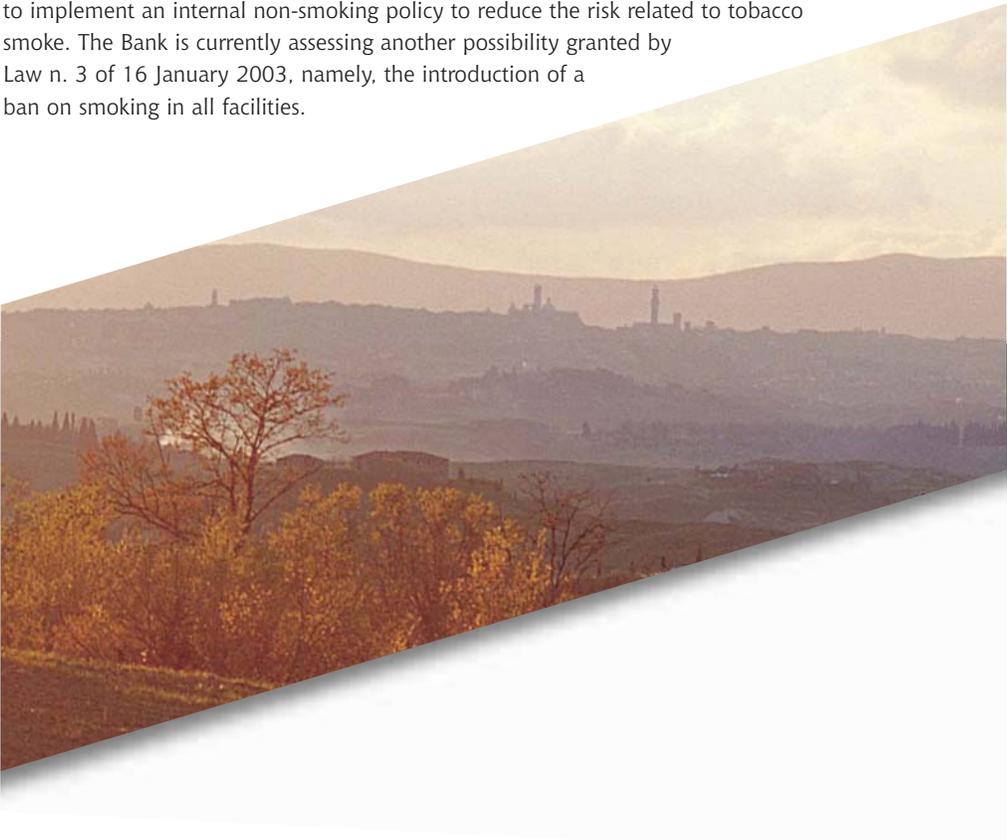
and the measures needed to ensure a safe and secure work environment, and the preparation, with the input of the Chief Executive Officer and the physician in charge, of a risk assessment report that is regularly updated with any significant change in the productive process.

During 2002, efforts got under way for the design and realization of a health-care unit within the MPS Group. The services to employees will be provided on a regional business by various physicians in charge who will be operating within the framework of a general agreement signed by the Bank's Corporate Center with the University of Siena. The MPS Group health-care unit will utilize a team of physicians coordinated by the university; working within their special fields, these doctors are charged with providing preventive health care to all of the companies of the MPS Group. The unit is coordinated by a physician whose professional and academic background are suited for scientific and technical consultation needed.

The preventive health care service within the Bank is almost exclusively addressed to employees using video screens in performing their jobs, with particular attention, however, to identifying workers who are "video-terminal operators". A survey of a significant sample of workers sub-divided by standard categories was conducted with reference to the Bank's Italian network, and allowed for focusing more closely on identifying such persons and on planning the regular scheduling of their medical exams and the systematic checking of their work stations. At present, about 2,000 video-terminal operators have been identified within Banca MPS (roughly 4,000 for the entire MPS Group).



As part of its effort to improve the overall quality of the work environment, the Bank opted to implement an internal non-smoking policy to reduce the risk related to tobacco smoke. The Bank is currently assessing another possibility granted by Law n. 3 of 16 January 2003, namely, the introduction of a ban on smoking in all facilities.





Ionized radiation associated with the decay of radon is a new risk factor currently being assessed. The personnel assigned to the Prevention and Protection Unit and employees appointed as safety and security representatives have already received some instruction on the topic, and the Bank is now identifying the work environments to be monitored for the possible presence of the gas. The measurement of the exposure is to be completed in 2003.

For the near future, the Bank is concentrating on the objective of designing and implementing a system for managing safety and security in the workplace. This system will efficiently govern the organization of safety and security in the Bank (regulations, communications, and measures), through the structuring of the Prevention and Protection Unit in modules and programs of activity. This will mean the adoption of standard, streamlined procedures through planning instruments, and models used for analysis, reporting and coding. The final aim is the certification of the system (OHSAS) including with respect to the MPS Group as a whole.

As shown by the table below, the Bank has witnessed a leveling off of the number of accidents occurring on Bank premises in the past three years; most of these accidents are considered mild, with average recovery time of 3-5 days. Instead, accidents outside of the Bank have risen mostly due to car collisions occurring while employees are on business travel or while employees are travelling between their homes and offices.

ACCIDENT STATISTICS FOR THE 2000-2002 THREE-YEAR PERIOD

	2002	2001	2000
Number employees	14,453	12,869	12,661
Total number of accidents in the workplace	52	45	49
Total number of accidents involving employees outside of the workplace	88	69	53
Total accidents	140	114	102
Percentage of accidents in the workplace (*)	3,60‰	3,50‰	3,87‰
Percentage of accidents involving employees outside of the workplace (*)	6,09‰	5,36‰	4,19‰
Percentage of total accidents (*)	9,67‰	8,86‰	8,06‰

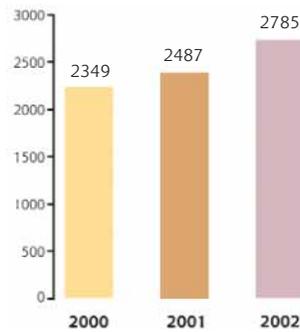
(*) percentage with respect to the number of the employees

CUSTOMERS

The central role of the customer represents the principal premise of the Bank's business, and the main factor driving the production of personalized products and services that can be delivered through an integrated system of traditional and innovative distribution channels.

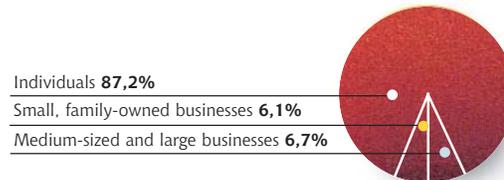
TREND OF CUSTOMER PORTFOLIO

Number of customers (in 000's)



As of the end of 2001, the Bank had a customer portfolio incorporating 2,785,458 relationships. This figure represented an increase of roughly 300,000 customers compared with the end of 2001, with the change partly due to the reclassification of the customer base within the MPS Group.

The graph below shows the composition of the portfolio:



(*) The aggregate does not include: public entities, insurance companies, financial institutions, banks and MPS subsidiaries/affiliates.

FUNDING

As of 31 December 2002, aggregate customer funding amounted to EUR 110,427,000,000; the figure reflects a slight 0.8-percent decrease year on year mainly resulting the contraction of indirect funding caused by the negative performance of the stock markets.

AGGREGATE CUSTOMER FUNDING (IN EUR MN)*

	31/12/02	% Change Y/Y
Direct customer funding	53,451	0.4
Customer deposits	32,697	5.3
Other borrowed funds backed by negotiable instruments	17,554	-8.5
Subordinated bonds	3,200	6.6
Indirect customer funding	56,976	-1.8
Funds under management	24,185	-5.0
Funds under administration	32,791	0.7
Total	110,427	-0.8

(*) In 2002, the Banca Monte dei Paschi di Siena S.p.A. was involved in a series of restructuring transactions, the most important of which were: the transfer, as of 1 July 2002, of its leasing and factoring business to MPS Leasing & Factoring - Banca per i Servizi Finanziari alle Imprese S.p.A.; the incorporation of the network of 74 bank branches of the former Banca 121 and the simultaneous divestiture of the financial advisor network of Banca 121 to the newly incorporated "Banca 121 Promozione Finanziaria S.p.A.". The data relative to 2001 have accordingly been reclassified to allow for the same basis of comparison.

DIRECT FUNDING

As of the end of 2002, direct funding totaled EUR 53,451,000,000, rising by a slight 0.4 percent year on year.

Highlighting the Bank's retail orientation, the distribution of traditional funding by sector of activity shows that retail customers and family-owned businesses accounted for some 66.3 percent of the current accounts, savings deposits and certificates of deposits held by the Italian branches. These two segments are thus considered highly significant within the framework of the policies to develop new products and services.

BREAKDOWN OF FUNDING BY SECTOR OF ACTIVITY (in EUR mn)

Sectors	31/12/02	% Change vs. 2001
Governments and financial institutions	4,261	16.9
Non-financial businesses	4,797	0.2
Family-owned businesses	1,702	0.2
Retail customers (*)	16,125	10.3
Total	26,885	8.7

(*) Includes deposits of private social institutions and deposits which are not part of the other categories

As shown by the geographical distribution of deposits, the Bank continues to enjoy strong market penetration in the central regions of Italy.

GEOGRAPHIC BREAKDOWN OF FUNDING (in EUR mn)

Areas	31/12/02	% Change Y/Y
Northern Italy	5,301	30.6
Central Italy	12,776	3.7
Southern Italy, Sardinia & Sicily	8,808	4.7
Total	26,885	8.7



LOANS

Outstanding loans totaled EUR 36,803,000,000 at the end of 2002.

The data in the table below provide a summary of the distribution of loans between various sectors of activity:

BREAKDOWN OF LOANS BY SECTOR OF ACTIVITY (in EUR mn)		
Sector	31/12 /02	% Change Y/Y
Governments and financial institutions	7,484	5.6
Loans for production purposes	18,702	3.4
• Non-financial companies	16,370	4.0
• Family-owned businesses	2,331	-1.0
• artisans	477	-0.9
• other	1,855	-1.0
Retails loans	6,525	-4.0
Total	32,711	2.5

The distribution of loans to support production activity is indicated below:

LOANS FOR PRODUCTION PURPOSES (in EUR mn)	
Area of economic activity	31/12 /02
Agriculture	753
Industry	6,061
Building and public works	2,540
Commercial services, recoveries and repairs	3,368
Other services	5,980
Total	18,702

The table hereunder provides a geographic breakdown of loans, and indicates stability in the percentage of the loans relative to the individual areas, and the predominant role of central Italy, the Bank's traditional market.

GEOGRAPHIC BREAKDOWN OF LOANS (in EUR mn)		
Areas	31/12/02	% Change Y/Y
Northern Italy	9,804	8.6
Central Italy	14,366	-0.2
Southern Italy, Sardinia & Sicily	8,540	0.5
Total	32,711	2.5



COMMERCIAL PLATFORMS

Commercial platforms dedicated to the retail and corporate markets were developed in 2002 as part of the implementation of the service models defined in the business plan and in line with the process of renewing the sales and marketing policies. These platforms provide for the offer of specialized products and services for customer segments as follows:

- Family, Affluent and Private in the retail market;
- Small Business, SMEs, Large Corporate, Entities and Financial Institutions in the corporate market.

The platforms contemplate the use of personnel who are especially trained to satisfy the needs of the segments they serve. The interaction with highly specialized personnel is just one of the initiatives put into effect in order to achieve a high level of customer satisfaction.

CALL CENTER

The Siena-based call center operated by Banca Monte dei Paschi di Siena S.p.A. for some years is considered a strategic tool for improving customer service. The activity carried out by the call center is summarized in the following table:

	31/12 /01	31/12 /02
Ordinary activity		
Incoming telephone calls	880,044	1,021,896
Outgoing telephone calls	1,516,235	1,517,952
Customer assistance and information		
Incoming telephone calls	246,103	435,617
Electronic mail messages handled	18,477	30,909
Number of operators	162	157



CUSTOMER SATISFACTION AND ISO 9001 CERTIFICATION



The European Year of People with Disabilities

FACILITATING THE NEEDS OF THE HANDICAPPED

The Bank has attempted in various ways to meet the needs of the handicapped, providing disabled customers with the same access to products and services as enjoyed by all other clients.

In this regard, the Bank has started up and completed various initiatives, which are aimed at getting rid of any obstacles faced by the handicapped in accessing banking and financial services. This effort has been carried out by considering the various difficulties connected with the individual situations and the type of services offered.

First, the Bank has removed or eliminated about 80 percent of the **architectonic barriers** in around 80 percent of the branches.

In 1999, the Bank began the installation of **self-service terminals** (ATMs) for the visually impaired, equipping the terminals with voice command systems and Braille keyboards. In addition, an ATM for the hearing impaired was set up at the Bank's main branch in Milan with the use of sophisticated instrumentation.

The Bank also participates in an Italian Banking Association work group that is addressing the issue of the accessibility of the permanently or temporarily disabled to **home-banking services**, with the aim of improving the potential for independently managing these types of transactions. This effort is also designed to help individuals having little experience with this type of service.

Finally, with the recent conclusion of MPS.net's "Online Municipalities" project, the Bank designed an e-government initiatives to be marketed to local communities through which individuals can pay local taxes through the Internet.



ELECTRONIC BANKING SERVICES

In the first quarter of 2002, the Bank flanked the work on ISO certification with a program to secure certification of the activity carried out through the Internet site (www.mps.it) and the WAP site, and was awarded EBTrust Qualification by the company, DNV.

As of 31 December 2002, the number of contracts signed by customers covering electronic banking services had almost tripled with respect to the prior year, and included:

	31/12 /2002
Internet Banking	306,837
Phone Banking	261,690
Mobile Banking	33,590
TOTAL	602,117

In catering to the corporate clientele, the Bank rolled out an Internet corporate banking service and an Internet CB service for cash management and treasury applications, with the MPS Group thereby becoming the leading Italian Bank in such services. Both products were awarded UNI EN ISO 9001 certification by DNV.

MANAGEMENT OF PERSONAL DATA

Considering the numerous risks which the development of information technology has tended to present in an increasingly unpredictable and diverse manner, the Bank has tackled the overall issue of security in the processing of personnel data by designing and building needed defenses based on a structured methodology.

In this regard, the MPS Group Operating Consortium (the entity supplying and managing the information system and administrative services which are used by the Bank and by all of the other MPS Group companies participating in the consortium) has established a special unit which is charged with carefully analyzing and developing suitable security measures to protect the information system from all of the risks contemplated by the privacy laws in Italy. By adopting appropriate and effective security measures, the Bank has been able to combat the flow of "spam" which was rapidly on the rise in the final months of 2002. Such measures have also been successful in protecting the Bank's system from numerous virus attacks.





The availability of effective security logic facilitated the signing of an important agreement with the Siena University Hospital whereby hospital patients can use any branch of the Bank (without any geographic limitations) in order to prepay for health services. The importance of the initiative from a security standpoint is even more evident when considering the fact that the personal data of the users (including sensitive data) are communicated to the Bank. In light of this situation and the need for the correct ordering of technical-related aspects, the Bank had to develop a set of rules with which the processing personnel must comply during the processing.

In order to help the employees perform their jobs with greater awareness and responsibility, the Bank has prepared a "Manual for the Processing of Personal Data". In providing a copy of this manual to each employee, the Bank has supplied a reference source that is fairly easily to consult, and has simultaneously attempted to increase the sensitivity of the processing personnel with respect to their jobs and to promote a better understanding of the subject matter on the part of all employees. As one of the most evident results of this initiative, the number of requests made under Article 13 of Law 675 of 1996 continues to remain at low levels (17 for the entire year of 2002).

VIDEO SURVEILLANCE AND CONTROL OF ACCESS TO BANK FACILITIES

The Bank has long focused on crime-prevention measures, using various active and passive defense systems as well as special instruments and precautions to serve as disincentives to criminal activity and to protect customers, staff and facilities.

As one of the most effective means for combating crime, video surveillance systems are some of the most widely used devices for controlling entry to banking facilities. The Bank has adopted special rules for the activation of video surveillance so as to ensure compliance with Italian privacy law (Law n. 675 of 1996) when it comes to installing the cameras and using these systems to control access to banking facilities and the photographic images generated by them. Developed in conformity with the directives of the regulatory authorities of 29 November 2000 regarding the protection of personal data, these rules require the systems be activated only in the midst of specific circumstances. In this manner, the images are handled properly from a legal perspective and without any damage to the fundamental right to confidentiality.

The internal rules, which have been acknowledged by the other companies of the MPS Group, define the means for recording, processing, and using the images, and the proper application thereof is checked and verified by the area having responsibility for the same.

RISK OF MONEY LAUNDERING

During 2002, the activity aimed at identifying and controlling money-laundering risk was completed not only by Banca Monte dei Paschi, but also by all of the MPS Group companies.

In addition, the MPS Group Operating Consortium (the entity managing the information system for all of the main companies of the MPS Group) acquired a new program for managing the single information files provided by Law 197 of 1991, the activation of which is to occur in 2003 after the completion of the necessary testing.

COMPLAINTS

The Bank is actively committed to taking note of customer suggestions in order to improve its services. This perspective not only reflects the customer-oriented focus that has long represented the fundamental premise of the Bank's business, but it is also a part of the Bank's active compliance with the rules issued by the regulatory authorities regarding the recognition and reporting of customer complaints. In this regard, the attentive evaluation of any customer criticism can be useful in optimizing public relations, including with respect to enhancing the value of the image of the Bank and of all of the MPS Group companies. At 3,936, the number of complaints received in 2002 was above the 2,604 recorded in 2001, but the increase was in line with a trend seen across the banking system.

MYWAY AND 4YOU PRODUCTS

The decrease of stock prices in relation to the timing of the placement of the "MyWay" and "4You" products prompted the presentation of a certain number of customer complaints in the early months of 2003. Such complaints accounted for a modest percentage (roughly 2.0 percent) of the total number of contracts in effect for these products.

As affirmed by the Bank, the products in question are bona fide products from a financial perspective, and from a legal perspective, are in compliance with prevailing laws. In any event, the Bank indicated it would promptly examine the complaints on a case-by-case basis in order to ascertain and, if necessary, to settle, any critical aspects linked to the marketing of the products.

The MPS Group appointed a special **task force** in order to improve the management of all aspects of the issue (economic, legal, risk- and communications-related aspects). The task force is made up of representatives from all of the departments involved, and is working with special teams inside of each bank. The task force has taken the following actions:

- It has provided communications and support to the networks, supplying specific and structured instructions about the issue;
- It has entered into discussions with consumer associations in order to seek an amicable resolution to the claims about the products in question;
- It has handled communications with external parties, including through the creation of a specific Internet site which supplies information about the characteristics of the products and responses to the questions most frequently posed by investors.

In early 2003, the MPS Group signed certain **protocols of understanding** with **consumer associations** in order to address the examination of the complaints in a conciliatory manner.

The agreements represent an important example of how consumer associations and the business world can work together in order to cater to investor needs for information and to resolve disputes.

Various meetings with consumer associations have already been held. These meetings have resulted in the examination of actual cases and the proposal of possible solutions where there appeared to be foundation to the claims.

With much of the criticism aimed at the innovative finance area, the Bank has introduced an indicator for increasing the awareness of the risk on innovative finance products at the time they are sold, and for improving the information supplied to the customer.

The indicator is an easily recognizable colored symbol (green, yellow or red), which allows for immediately evidencing the level of risk on the product.

The significance of each color is as follows:

- **green:** "capital and minimum yield guaranteed at maturity";
- **yellow:** "only capital guaranteed at maturity";
- **red:** "no guarantee of the return of capital".

It is noted that this "system" was implemented in advance of a similar system promoted by the Italian Banking Association currently going into effect (the affixing of a "blue stamp" on products without risk for the investor).

Finally, it is noted that the Bank's customers were only marginally affected by bonds issued by the Argentine government.

SHAREHOLDERS

As of 31 December 2002, the Monte dei Paschi di Siena Foundation owned 65.51 percent of the shares of the Bank; the remaining ordinary capital as of the same date was owned by a broad base of shareholders in Italy and abroad, a large number of whom are employees of the Bank.

At an extraordinary meeting of the shareholders held on 14 June 2003, a shareholder resolution was passed which modifies Articles 6, 31 and 33 of the Bank's by-laws. As a result, a total of 565,939,729 ordinary shares with a par value of € 0.64 held by the Foundation were converted into a like number of preferred shares; the new preferred shares participate in earnings and in the reimbursement of capital, but have no voting rights at the ordinary shareholders' meetings. The Foundation's ownership of the ordinary shares of the Bank thus decreased to 49 percent, and as a result, the breakdown of the fully paid and subscribed share capital of € 1,935,272,832 is as follows.

BREAKDOWN OF SHARE CAPITAL

following the shareholders' meeting of 14 June 2003

Ordinary shares	2,448,491,901
Savings shares	9,432,170
Preferred shares	565,939,729
Total shares	3,023,863,800
Par value	0.64
Number of shareholders	roughly 130,000

MONTE DEI PASCHI DI SIENA FOUNDATION

The Monte dei Paschi di Siena Foundation is a private-sector entity with full operational and statutory autonomy. The Foundation's activity is inspired by the concepts and principles of quality, support, solidarity and sustainability; the principal objective of the Foundation is to back the development of the territory it serves, with involvement in initiatives in Italy and abroad.

In 2003, the Bank paid the Foundation dividends in the amount of € 142,972,000 in relation to profits earned in 2002.

SHAREHOLDER RELATIONS

Since the date of its initial public offering, the Bank has aimed to establish a balanced relationship with shareholders and, in particular, with the institutional investors. As part of this objective, two special units were set up to handle shareholder communications:

- Investor Relations: which is part of Planning, Control and Cost Management;
- Corporate Secretary's Office: which is part of the General Services Secretary.

In addressing the issue of rules for the shareholders' meetings, the Board of Directors decided first of all to adopt rules allowing for a certain amount of flexibility. By taking this

INVESTOR RELATIONS

Throughout 2002, the Investor Relations Unit was involved in various programs to respond to the growing demand for information from the investment community, and to make the Bank's strategic and earnings profile more transparent. The main initiatives undertaken during the year regarded:

- the organization of a road show to introduce the new business plan which was presented by the Bank's senior management in major European cities;
- speaking engagements by senior managers at several important European banking conferences; with their involvement in these conferences and in the meetings arranged by the Bank's head office, the Bank's executives were able to meet with over 150 financial analysts and asset managers during the year.

approach, the Board reasoned that if any changes were to be needed as a result of the initial application of the rules, the changes could be made promptly. Therefore, considering that:

- Article 12, Paragraph 3 of the Bank's by-laws states that "the shareholder meetings shall be chaired by the Chairman of the Board of Directors or, in the event of his absence or inability to preside over the meeting, by the person who substitutes the Chairman pursuant to Paragraph 2 of Article 23 of the by-laws. In the event of the absence of the Chairman and of the Vice Chairman, or of the Vice Chairmen, or of the inability of the same to preside over the meeting, the shareholders' meeting is to be chaired by a director designated by the persons attending the meeting";
- pursuant to Paragraph 4 of Article 12 of the by-laws "the Chairman of the shareholders' meeting shall be responsible for ascertaining the regular constitution of the meeting and the right of the persons attending to vote and to participate in the meeting, and shall be vested with the powers for directing the meeting, guiding the discussion, establishing the means for the voting on individual issues - which shall, in any event, take place by open vote - and announcing the results of the voting";

The Board of Directors approved rules for the shareholders' meetings which are based on a format drawn up by various banking industry associations and the Italian Banking Association. The Board furthermore authorized that these rules be formally approved by the Chairman as one of the Chairman's ex-ante acts of establishing the manner in which he shall exercise the powers of management and control vested with him pursuant to the Bank's by-laws, and thus that such format for the rules be interpreted as an act of the Chairman in relation to the rules of conduct to which he shall adhere for the exercise of his duties upon the occasion of a shareholders' meeting.

The Board of Directors furthermore resolved that such rules for the shareholders' meetings, as approved by the Chairman, shall in any case be disclosed to the public through the filing of a copy thereof, at the time of a shareholders' meeting, at the Bank's registered office along with the other documentation made available to shareholders in advance of the shareholders' meeting pursuant to Article 130 of Legislative Decree n. 58/1998, and through special information in the notice of the shareholders' meeting.

Finally, in order to facilitate the dissemination of information at the time of a shareholders' meeting, the documentation made available to shareholders in advance of the shareholders' meeting is now published on the Bank's Internet site.

CORPORATE GOVERNANCE

All members of the Bank's Board of Directors are to be considered as "non-executive directors" since the position of managing director, though contemplated by the Bank's by-laws, has not been filled and there are no directors with managerial responsibilities within the Bank. In light of the provisions of the Self-Discipline Code for Quoted Companies (the "Code"), the Board of Directors, at a meeting held on 6 March 2003, confirmed that the current directors of the Bank are to be considered "independent" inasmuch as the same (as also communicated by each of them) do not maintain - either directly or indirectly - any significant economic relationships with the Bank or with its subsidiaries, or any investment



SOCIAL PERFORMANCE

relationships of a magnitude which would allow them to exercise control or significant influence over the Bank.

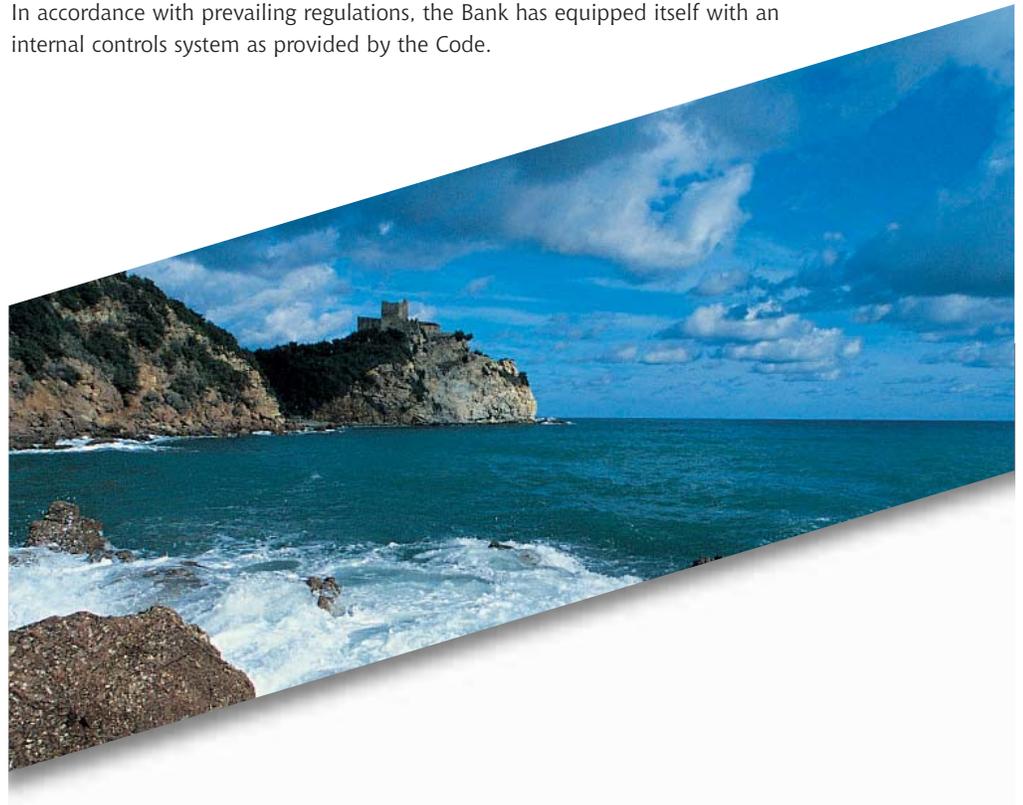
The Bank's by-laws do not stipulate any list voting or other specific procedures for the presentation of candidates for the position of director.

Considering that shareholders are entitled to propose candidates for the appointment to the Board of Directors pursuant to the Code, the Board of Directors has resolved: (i) not to set up a "committee for proposed nominations" for the appointment of directors; and (ii) to provide that shareholders, in advance of a shareholders' meeting held for the appointment of the Board of Directors, be requested (including through a specific indication in the notice of the shareholders' meeting) to deposit with the Bank's head office at least ten days prior to the meeting (a) the names of the proposed candidates for the position of director and (b) extensive information on the personal and professional attributes of the candidates, taking into account that the Code recommends an adequate number of non-executive directors who are "independent" pursuant to Article 3 of the Code, and with the notice, in any event, that the filing of the names and of the information is not obligatory.

The compensation to the directors is based on a shareholder resolution passed on 20 April 2000, and consists of three components: annual compensation, meeting attendance fees, and daily allowances. The current compensation scheme does not provide for any form of variable compensation linked to the Bank's earnings and/or the achievement of specific objectives, nor is there any form of stock option plan available to directors.

The Board of Directors has appointed a **compensation committee** which proposes remuneration for directors with special responsibilities and for senior managers, and an **internal controls committee** established for the purpose of evaluating the adequacy of the internal controls system.

In accordance with prevailing regulations, the Bank has equipped itself with an internal controls system as provided by the Code.





The internal controls area of the Corporate Center has accordingly been designed and organized on the basis of the MPS Group's structure, so as to ensure the total controls system changes in response to new directives from the regulatory authorities. This area does not have reporting relationships with any manager of an operational area, but instead reports directly to the Chief Executive Officer.

EXECUTIVE COMMITTEE

In accordance with the Bank's by-laws, the Board of Directors may nominate a minimum of five directors and a maximum of nine directors (the latter of which was increased from seven pursuant to a shareholder resolution passed on 28 February 2003) to an executive committee. The members of the executive committee include the Chairman and Vice Chairman as well as other directors chosen annually in the first meeting of the Board of Directors following the annual meeting of the shareholders for the approval of the financial statements.

Transactions with related parties

In accordance with the provisions of the Code and on the basis of the directives set forth in a CONSOB resolution, the Bank recently adopted a code of conduct for transactions with related parties and the internal regulations applicable to the same. In general, the concept of "related parties" is based on the following criteria:

- a) Group correlation, which regards relationships of control, interconnecting relationships and relationships of significant influence which directly affect the Bank and the MPS Group;
- b) Direct correlation, which involves corporate officers (directors and statutory auditors), the Chief Executive Officer, and managers vested with powers conferred by the Board of Directors (Deputy Chief Executive Officer, Assistant Chief Executive Officer, the manager of the bank division, the managers of the areas of the Corporate Center and of bank division business units who have independent authority for credit approval);
- c) Indirect correlation, which involves the family members of the physical persons who are considered "related parties".





Management of sensitive information

On 13 June 2001, the Bank introduced internal rules in relation to “the management of sensitive information and the adoption of procedures for the internal management and public disclosure of documents and information regarding the publicly traded company”. The internal rules dictate the standards of conduct in relation to sensitive information, including information that could affect the Bank’s stock price. Notwithstanding the introduction of the internal rules, the Bank has maintained operational procedures for the management of any information that could affect the stock price, and these procedures have been in place since the date of the initial quotation of the shares. On the basis of these procedures, the Chairman, upon his own initiative or upon the recommendation of senior management, including through the general secretary’s office, reviews and evaluates situations which might warrant communication to the market (whether obligatory or voluntary).

In relation to specific regulations issued by Borsa Italiana S.p.A. for internal dealing, the Bank, acting on a resolution of the Board of Directors of 19 December 2002, adopted a code of conduct for internal dealing. The provisions of the code are aimed at ensuring transparency in all transactions involving the shares or other listed financial instruments of the Bank or of its subsidiaries, and the financial instruments connected to the same (including unlisted instruments), executed by “material persons”, and namely, (i) those persons who, by virtue of their professional positions, have the capacity to affect the decision-making process of the Bank and the MPS Group, and thus to influence the strategies pursued by the same, and (ii) those persons who have considerable knowledge of the Bank’s and the MPS Group’s strategies, such as to facilitate their decisions to invest in the referenced financial instruments. The entire text of the code of conduct for internal dealing has been published on the Bank’s Internet site.

DEBT RATINGS

The principal rating remain unchanged with respect to those as of the end of 2001:

	Short-Term Debt Rating as of 31/12 /01	Medium-/Long-Term Debt Rating as of 31/12/02
Moody’s Investor Service	P-1	A-1
Standard & Poor’s	A-1	A
Fitch IBCA Ltd.	F-1	A+



FTSE4Good Index Series

SUSTAINABILITY INDICES

In September 2002, the Bank was added to the Dow Jones Sustainability Index World, a global sustainability index promoted by Dow Jones and SAM (Sustainability Asset Management). In March 2003, the Bank was added to the FTSE4Good sustainability indices (FTSE4Good Europe Index and FTSE4Good Global Index) launched by The Financial Times and London Stock Exchange.

Such indices include socially responsible companies which stand out for their high standards of conduct with regard to social and environmental sustainability.

The assessment to determine whether or not a company has the requisites to qualify for



the indices is carried out by specific agencies which analyze various aspects of the companies considered. Such agencies, which operate at an international level, gather the information needed from numerous sources and use that information as a basis for an opinion vis-à-vis pre-established criteria used for assigning a rating.

The rating activity is linked to another function of the sustainability indices. These indices actually represent an instrument for orienting the market toward socially responsible investment, by highlighting the companies that meet specific standards of conduct through which various types of ethical investments can be made.

It is important to accentuate that socially responsible investment does not mean making sacrifices from a financial standpoint. Empirical evidence on risks and returns shows a positive correlation over the medium/long term between socio-environmental performance and financial performance. This correlation is due to a decrease of operating risks within firms putting a greater emphasis on ethical behavior.





COMMUNITY

The support of the local community and the promotion of culture have long been part of the Bank's corporate identity.

SPONSORSHIPS

SPONSORSHIPS AND DONATIONS IN 2002

(in EUR 000's)

Sector	Amount
Cultural (artistic)	4,355
Cultural (musical)	1,951
Economic	922
Scientific	673
Social and Ecological	1,181
Sporting	9,515
Miscellaneous	207
Other donations (non-cultural)	2,386
Total	21,190

Cultural activity

In 2002, the Bank acted as a financial sponsor of more than **1,300 initiatives of a cultural and scientific nature**.

The principal programs funded included those supporting the **Accademia Musicale Chigiana**, the **Teatro del Maggio Musicale Fiorentino**, the **Teatro Regio di Parma for the Verdi Festival 2002**, and the International Center of Art and Culture at the Tè Palace in Mantua (for the organization of the **exhibition "La Celeste Galleria del Gonzaga"**).

Other initiatives in which the Bank was directly involved include:

- the **"The Art and Culture of Siena" exhibition in Japan**, with works coming from the collections of the Bank and the Accademia Musicale Chigiana Foundation;
- the exposition of **two of the Bank's sculptures by the respective artists, Tino da Camaino and Francesco di Valdambrino**, at a Bank-sponsored stand at the Siena Antiques Show;
- the mounting of an **exhibition** dedicated to the works of **Marco Pino a Napoli** and another entitled **"Duccio alle origini della pittura senese"** regarding the works of Buoninsegna, both of which were to be inaugurated in 2003;
- the **Biccherne senesi** exhibition which enjoyed much success at an international level.

Sports

The Bank's traditional commitment to supporting **amateur sports** was again affirmed in 2002, with funds disbursed for various events.

The Bank has put its logo behind the **Mens Sana Basket Team of Siena** and the **Siena Football Association**, with both teams closing out the year with impressive results

"Biccherne senesi - Art & Financa and the dawn of Modern Economics "

The exhibition of the precious paintings on wood which served as the covers of the accounting records of the City of Siena from the 14th to the 16th century proved a great success with the public and critics. The show was staged at the Italian president's residence in Rome, in Washington, Brussels, Frankfurt (at the Central European Bank's Headquarters) and Siena.

Publications

The principal initiatives in 2002 on the publishing front include:

- the publication at year end of a volume entitled **“Civil Architecture in Tuscany: The Age of Enlightenment to the Twentieth Century”**;
- completion of a CD-rom on the **Chigi Saracini Palazzo** with a virtual tour of the apartments, details on the art collection, and a section dedicated to music;
- the printing of the new volume dedicated to the **BMPS historical seat**;
- the publication of the volume, **“Raffaello e la Loggia di Amore e Psiche alla Farnesina”**;
- a photo biographical publication on the Sienese writer, **Federico Tozzi**, as part of the initiatives promoted by the City of Siena.

As to **economic publications**, the Bank and Banca Toscana continued to collaborate on the production of **“Economic Studies and Notes”**. Another publication **“Economic Notes”**, in English, is distributed under an agreement with the publishing company, Blackwell of Oxford, England; this publication sponsored a conference in Verona dedicated to **“Managing Credit and Market Risk: New Techniques for New Sources of Risk”**, a summary of which is now being prepared for publication.

Meetings and trade events

As part of the development of its program of business seminars and conferences, the MPS Group entered into an **important agreement with the Italian Manufacturers’ Federation (“Confindustria”)**. This agreement helped to publicize the various initiatives which the Bank is undertaking to meet the needs of the corporate market.

Various events dominated the calendar in terms of their importance and visibility at a national level: the Parma Conference, Conferences for Young Business People held in Santa Margherita Ligure and Capri, and seminars on corporate consulting and corporate finance. Finally, the MPS Group served as the main sponsor of the Prato International Forum for Small and Medium-Sized Enterprise, a mainstream event which is attended by business leaders, economists, politicians and bankers from Italy and abroad, and which deals with issues and themes relevant to SMEs.

ART COLLECTION

The Bank’s art collection dates back hundreds of years, with the first work, *Madonna della Misericordia*, completed by Benvenuto di Giovanni del Guasta in 1481. By commissioning or purchasing the works of various artists over the years, the Bank has built a splendid and significant collection, with many of the paintings executed by artists of the Sienese school between the fourteenth to the nineteenth centuries. The collection was further enhanced in 2002 with the acquisition of sculptures by Tino da Camaino and Francesco di Valdambriano. Many of the works from the Bank’s collection are on display at the Palazzo Salimbeni, the building which has long served as the Bank’s head office.

The newest work, which was commissioned for the opening of a new management center in Siena, was painted by Valerio Adami, and is entitled the *“Allegory of Monte dei Paschi”*. Also worth noting are the holdings of the *Fondazione Accademia Musicale Chigiana*, a collection acquired by Bank in 1959.



Valerio Adami
Allegory of Monte dei Paschi

The panel is an emblematic sketch of the activity of Monte dei Paschi di Siena. On the left, a telamon raises a large stone with the Monte logo while the blue façade bears the inscription *“Monte banishes usury from Siena”*. An antique coin and a euro coin in the center are representative of the Bank’s financial activity.



HUMANITARIAN PROJECTS

In 2002, the Bank and the MPS Group again renewed their commitment to supporting humanitarian projects, sponsoring initiatives such as the Pavarotti & Friends' concert in favor of children in Angola, and a vaccination program carried out in collaboration with UNICEF.

RELATIONSHIPS WITH UNIVERSITIES, RESEARCH INSTITUTES AND OTHER ACADEMIC INSTITUTIONS

With companies placing increasing emphasis on getting the most value out of intangible assets in an effort to become more competitive, the Bank has moved to intensify its relationships with the academic world with the aim of facilitating two objectives:

- allowing university graduates to access the business world through professional experience that enhances their knowledge and their CVs;
- granting businesses the opportunity to utilize highly motivated young people in transferring theory into practice.

Although developed in the past, the relationships with academic institutions were further intensified in 2002 in light of the organizational and cultural changes occurring both inside of the MPS Group and in the university world. During the year, some 121 candidates were proposed for apprenticeships with Banca Monte dei Paschi (compared with only seven in the preceding year), and 30 candidates were selected for actual assignments.

With the other companies of the MPS Group offering apprenticeship programs, albeit on a more limited basis, the Knowledge Management and Training Department of the Corporate Center is defining the criteria, systems and methods in order to centralize this effort within the MPS Group.

As part of its relationship with the University of Siena, the Bank contributed € 135,635 toward the planning and production of various conferences and meetings. The Bank's collaboration with other academic institutions includes contributions in favor of:

The Bank is among the principal sponsors of the "School of Environmental Communications" of Rispescia (GR) organized by the Legambiente (environmental league) and by the magazine, "La Nuova Ecologia" ("New Ecology") with the support of the European Commission and the Ministry of the Environment.



- the University Center of Arezzo, which was set up with funding from the Bank and from the principal public-and private-sector entities in the City and Province of Arezzo;
- the University Center of Grosseto. The funding in each case amounted to € 37,701.



Following is a summary of the master's degree programs financed by Banca Monte dei Paschi di Siena S.p.A.

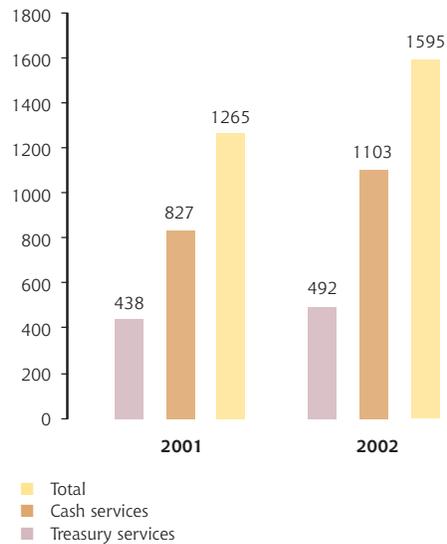
POST-GRADUATE STUDY PROGRAMS		
Master	Description	Bank's Contribution in 2002
Master in Economics and Banking (MEBS) University of Siena	This program, the first to be sponsored by the Bank, celebrated its fifth anniversary with the start of the 2002-2003 academic year. The annual program is available to university graduates with high academic standing who are interested in advanced studies in economics and banking. The curriculum also provides for an internship in research with a university or financial institution in Italy or abroad.	The total contribution was € 211,747.
Master in Management of Financial Institutions and New Information Technologies University of Siena	The program is aimed at satisfying the growing demand within the financial services industry for individuals trained in both technology and business economics.	The contribution, paid through the MPS Group's Operating Consortium, amounted to € 193,671.
Master in Digital Economics & e-business University of Siena	The program aims to train highly qualified professionals who are able to meet the needs of the digital economy.	The Bank has awarded scholarships and underwrites operating expenses. The aggregate contribution was € 175,600.
Master in Economics and Environmental Management (MEMA) Bocconi University of Milan	The program has been set up for the training of qualified professionals who will be capable of working in various areas of environmental management.	A scholarship of € 8,000 to cover tuition and fees.
Master in Environmental Management and Control Sant'Anna School, Pisa	The one-year advanced study program is designed to develop professionals who will be involved in strategies, actions and assessment across the entire spectrum of environmental management.	The Bank's contribution amounted to € 7,437.
Master of Laws University College of London Magister Juris University of Oxford	Underwritten by the Bank and the law schools at the Universities of Siena, Oxford and London, this is an exchange program for graduates and students of the participating universities that has been in place since 1998.	Total funding of € 65,590 to cover tuition and housing for the students.
FINNAM	Set up by BMPS in 1999-2000 and designed to train individuals as experts in innovative finance for the environment, the program is actually offered by the Scientific and Technological Park of Salerno and the Internal Areas of Campania S.p.A.	The contribution amounted to € 28,633.



GOVERNMENT, LOCAL AUTHORITIES AND OTHER GOVERNMENTAL INSTITUTIONS

The Bank has considerable experience in working with the government, and has expanded its role in providing treasury and cash services to territorial and local entities, their consortiums and schools. Against this backdrop, the Bank has been able to establish and develop significant, mutually rewarding relationships.

Treasury and cashies services



TREASURY SERVICES

The Bank views public entities as principal customers whose needs must be carefully interpreted, regardless of the magnitude of the economic activity in relation thereto. Substantiating the efforts made to augment the quality of the service to these customers, the “PASCHI IN TESORERIA” and the “TESORERIA E CASSA”, products are marketed by both Banca Monte dei Paschi di Siena and the other banks of the MPS Group, were awarded UNI EN ISO 9001: 2000 certification in 2002.

Efforts in 2002 were also dedicated to consolidating the commitment to government entities already doing business with the Bank, and to expanding the customer portfolio through supporting the innovative actions of entities no longer subject to the “Single Treasury” regulations.

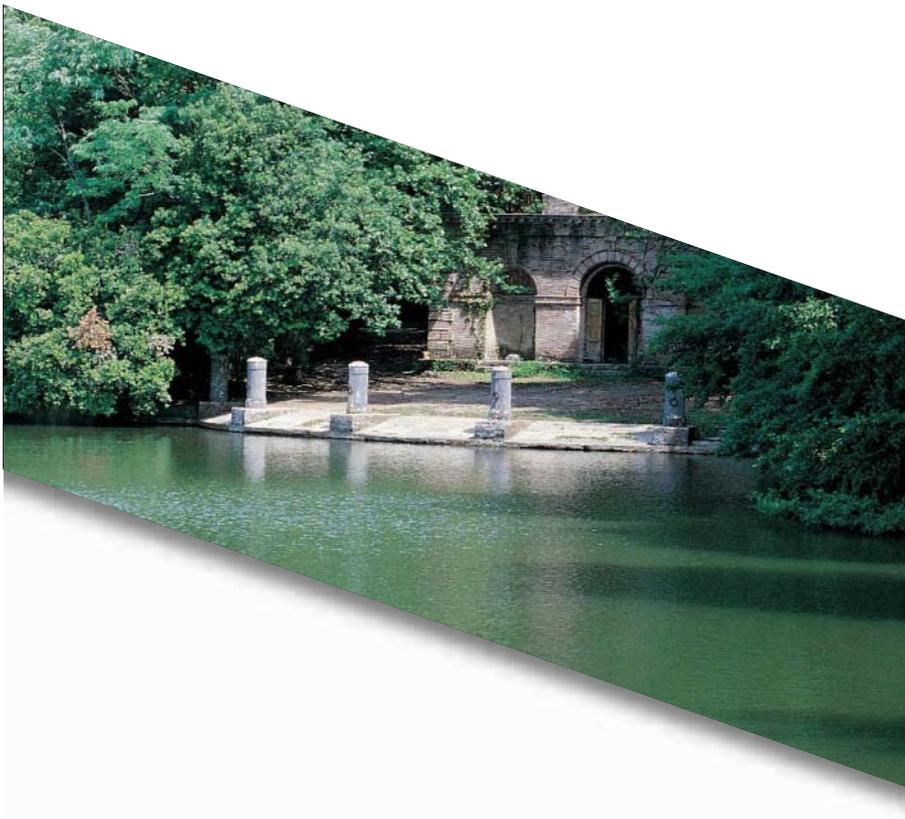
The Bank thus secured mandates for managing treasury or cash services for 64 new customers, including those for the Italian Prime Minister, the University of Catania and the Polytechnical School of Bari, and the ICI-collection for 17 municipalities. Taking the new business into account, the Bank was managing 492 treasury services and 1,103 cash services as of the end of 2002.

TAX COLLECTION SERVICE

Very active in tax collection for more than 75 years, the Bank has increasingly expanded its role in this business and is today one of the largest tax collection agents nationwide. The Bank directly manages revenue collection for five provinces (Rome, Siena, Grosseto, Leghorn and Latina), with 1,040 employees dedicated to this activity as of the end of 2002. The other MPS Group companies handling tax collection in other areas across the nation include:

- Montepaschi Serit S.p.A., for nine provinces in the Region of Sicily;
- GERIT S.p.A., for the province of L'Aquila;
- Padana Riscossioni S.p.A., for the province of Piacenza;
- SORIT S.p.A., for the province of Perugia.

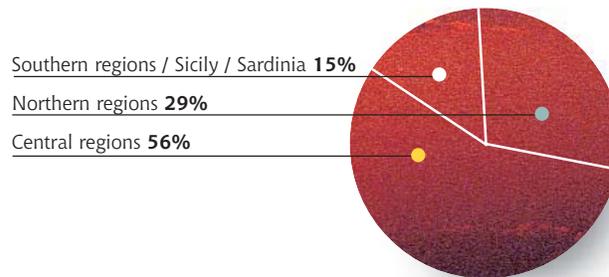
Roughly three years ago, the MPS Group set up an Internet site (www.paschiriscossione.it) through which taxpayers in the provinces of Grosseto, Latina, Leghorn, Rome, Siena and L'Aquila (tax collection services handled by a single information system) can pay both the taxes billed through advices sent out by the tax collection service for the account of creditor entities, and the municipal tax on real property ("ICI").



SUPPLIERS

In working with suppliers, Banca Monte dei Paschi di Siena places the accent on collaboration and namely, the search for mutually beneficial conditions, joint growth, and the pursuit of shared objectives.

Geographical breakdown of supplier locations



Aware of the role played by its suppliers in the value-creation process, the Bank encourages suppliers to adopt its own values, in particular with reference to transparency, integrity in business, the safeguarding of the environment, and the respect of the individual.

The Bank developed a list of approved suppliers in the late nineties, and today this list is extensively used in the purchasing process. In 2002, similar procedures were adopted at a Group level. The suppliers are selected according to a basket of well defined parameters (technical reliability, solvency, visibility on the market, level of assistance, quality-price ratio and so forth). The parameters are then periodically checked with a view toward improving its performance.

The MPS Group's suppliers list is an indispensable tool for the implementation of a procurement program for the Bank and the Group, and the continuous maintenance and updating of the same by a specialized unit in the purchasing area will allow for inaugurating various initiatives to raise supplier sensitivity to issues important to the MPS Group.

The suppliers included on the list are selected for their quality and efficiency, and for their commitment to the environment and safety. Given these selection criteria, the businesses which become suppliers to the Bank are necessarily leaders in their respective markets.

The Bank's suppliers are mostly service companies (electric energy, transportation, etc.), and companies providing technology (software, rentals, etc.), furnishings and equipment.

In 2002, the suppliers providing the Bank with goods and services in excess of € 50,000 numbered 879, with total billings therefor amounting to € 537,792,000.



From the start of 2002 to the date of the publication of this report, the MPS Group has embarked on other initiatives to flank the list of approved suppliers

- the application of the standards for the environmental management system to procedures for requisitioning and purchasing goods and services;
- agreements with the suppliers of electronics for the dismantling of obsolete products as provided by the law;
- definition of selection criteria (possession of ecological marks, reduced content of heavy metal and hazardous materials, possibility to substitute individual components in systems and equipment, etc.) for suppliers of personal computers and eco-compatible printers;
- assessment of suppliers in conformity with the commitments assumed in observing the ISO 9001 and SA 8000 rules.

DISPUTES

During 2002, there were no disputes either in process or pending with regard to the most important positions with suppliers. During the year, there was a limited number of positions to be settled which were mainly associated with the technical testing of the goods and services supplied.



PRODUCTS AND SERVICES



The Bank recognizes that its social responsibility extends to its counterparties in business, and that it is thus important to equip itself with tools that can positively impact the behavior of other economic agents. This section of the report deals with several credit products and services which are designed to exert this type of influence. Some of these products and services are provided by companies of the MPS Group.

LOANS GUARANTEED BY THE EUROPEAN INVESTMENT FUND

The Bank is the European Investment Fund's financial intermediary for several projects, and on the basis of a special agreement, is the manager of a guarantee facility made available by the Fund which helps to supply credit to companies intending to effect new investments for the purpose of producing environmental benefits.

The facility made available by Banca MPS has been fully used and the resources set aside for the same were allocated in advance of the schedule provided by the agreement. Accordingly, the Bank has helped to channel all of these funds to projects with a strong, positive impact on the environment.

LOANS TO SMALL- AND MEDIUM-SIZED ENTERPRISE UNDER AN AGREEMENT WITH INAIL

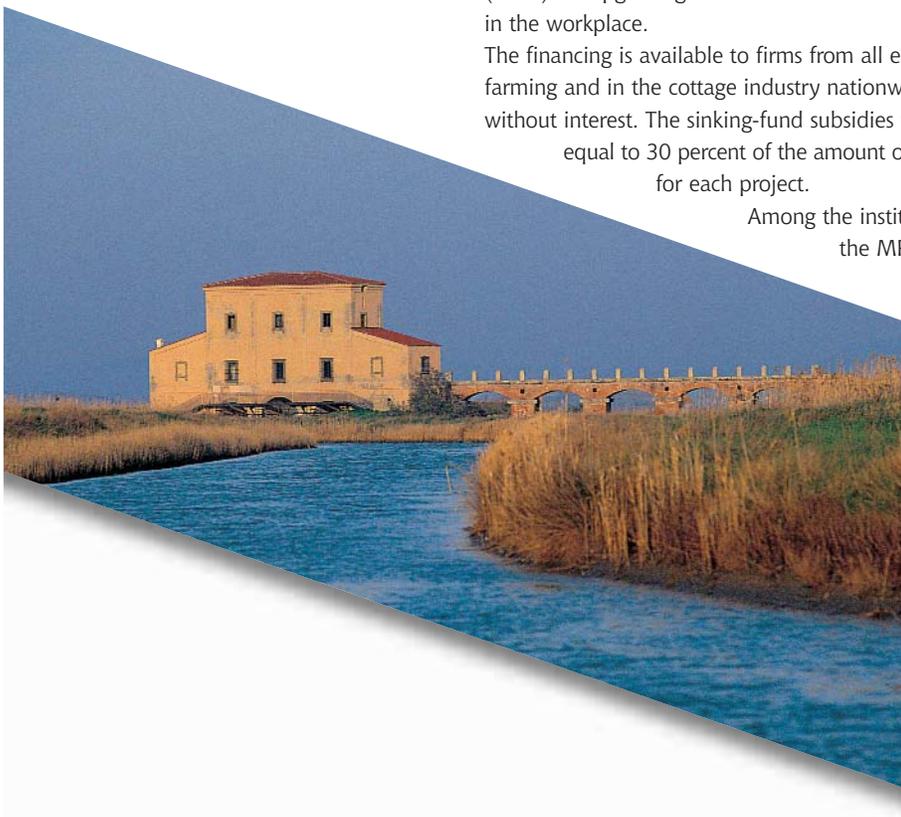
During 2002, Banca Monte dei Paschi di Siena and other banks of the MPS Group were selected as part of a program sponsored by National Insurance Institute for Industrial Accidents ("INAIL") to provide financial support to small-and medium-sized enterprises (SMEs) for upgrading their facilities in order to comply with regulations on safety and hygiene in the workplace.

The financing is available to firms from all economic sectors, including businesses operating in farming and in the cottage industry nationwide. All expenditures are 100-percent financed, without interest. The sinking-fund subsidies will be assigned to specific projects in an amount equal to 30 percent of the amount of the financing, up to a maximum of € 46,481.12 for each project.

Among the institutions chosen for participation in the program, the MPS Group ranked as first in terms of the number of applications processed (about 40 percent of the total).

IRELATIONSHIPS WITH BUSINESSES OWNED AND OPERATED BY WOMEN

The law has proposed rebalancing the differential existing between the involvement of men and women in entrepreneurial activity, and the respective rate of employment and unemployment, as part of an overall strategy incorporating the conviction that women are a fundamental resource for the economic and social development of a more equitable and united nation.





During 2002, an agreement for the development of businesses owned and operated by women was signed by the banks of the MPS Group and a foundation to which more than a thousand women managers and business owners belong. With this initiative, the MPS Group aspires to become a meaningful support for the development of new entrepreneurial coming from women.

By virtue of agreements signed as the concessionaire bank for the Ministry of Productive Activity and with the Regions of Campania and Sicily, **MPS Merchant** received some 1,466 applications for financing in 2002, and thus accounted for about 20 percent of all applications submitted to the concessionaire banks for the funding of businesses owned and operated by women.

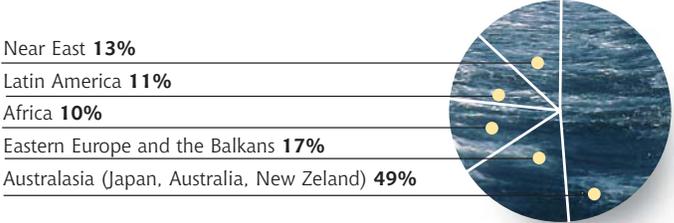
EMERGING MARKETS

Through its international banking activity, the MPS Group ranks as a leading institution in working with national, EU, international and supranational entities supporting Italian investments abroad. With an international division dedicated to technical consulting and financial advisory service, the Bank holds a position as an authoritative intermediary between Italian firms investing abroad and the entities which support those firms with special financing and other facilities. The Bank's intervention in this area is carried out in conformity with precise criteria relative to the social-environmental impact of the financed activity.

In line with this orientation, the Bank signed an agreement with Confservizi International covering consulting and assistance services to be supplied to firms in relation to investment projects abroad primarily in areas related to socio-environmental development, and in particular, in Eastern Europe, of the Maghreb and China.

Among the more significant transactions in this regard is aid package finalized for Tunisia, with credits amounting to € 63,524,198 to be used for upgrading productive facilities in the private and public sectors.

Breakdown of loans to emerging markets as of 31-12-2002





COMMUNITY SUPPORT INITIATIVES

The Bank has activated a series of initiatives to service several of society's weakest classes which are often at a disadvantage in tapping credit due to their inability to supply secured or unsecured guarantees.

SOLIDARITY MICRO-CREDITS

On the basis of an agreement signed with Siena-based volunteer organization Misericordia e Istituzioni Riunite di Siena, the Bank has unveiled a program to make available "solidarity micro credits" to needy individuals. Using a specific fund set up with a € 200,000 contribution of the Monte dei Paschi di Siena Foundation, the Misericordia guarantees a quota of the loans, which are for individual amounts of up to € 7,500.

The initiative follows a similar community program, "Prestiti Anti Fallimenti Immobiliari" to provide funding to needy families who are awaiting the completion of the construction of their residence by a builder or cooperative, and who have encountered difficulties in taking possession of their property or with the completion of the works. In some such situations, the buyers have been forced to make additional payments (or actually enter into a legal auction) in order to finalize the transactions. The program, which also went into effect through an agreement signed with the Misericordia, covers loans for up to € 100,000 which can be repaid over up to 20 years.

The working relationship between the Misericordia and the Bank dates back to 1996, with the signing of a first agreement aimed at preventing usury practices. Under the 1996 accord, the Bank disburses loans to individuals, families and small businesses who are unable to secure ordinary bank credit, even though the respective financial standing of the borrowers would justify their taking on new financial commitments. In this case, too, the loans are partially guaranteed by the Misericordia guarantee fund set up with an initial donation equivalent to € 250,000 paid by the MPS Foundation. The balance of this fund was later increased through payments from the state under Law n. 108 of 7 March 1996, and through donations from other banks. In 2002, the amount of financing granted by the Bank amounted to € 747,377.

All persons seeking loans under these community programs must apply through one of 19 centers situated in the main offices of the Misericordia di Toscana which have been up to assist in the completion of the loan applications.



IMPORTANT SOCIO-ENVIRONMENTAL PRODUCTS OF OTHER COMPANIES OF THE MPS GROUP

ETHICAL AND ENVIRONMENTAL FUNDS

During 2002, Monte Paschi Asset Management S.G.R. S.p.A. executed an important strategic-cooperation agreement with SAM – Sustainable Asset Management, one of the most reputable and prestigious firms on an international scale as far as socially responsible investments are concerned.

This agreement is aimed at the design and production of co-branded products and services managed in accordance with sustainability principles. In other words, these products will pair the traditional investment considerations based exclusively on earnings and financial criteria with considerations of a socio-environmental nature.

Executed with the backing of institutional investors (banking foundations, banks, insurance companies, pension funds, humanitarian and religious institutions, etc.), the agreement with SAM will allow Monte Paschi Asset Management S.G.R. to enlarge its portfolio of socially responsible investments.

The joint venture with SAM flanks other initiatives undertaken in 2001 which led to Monte Paschi Asset Management's initial involvement in this type of investment via the launch of two mutual funds. While the original names of the funds, Ducato Ambiente and Ducato Civita, were later changed to Ducato Etico Globale and Ducato Etico Civita, respectively, their technical and operational aspects have remained unchanged.

The first of the two funds invests in equities in all major markets around the world, selecting companies which stand out for their commitment to corporate responsibility; the second is a flexible fund investing in financial instruments issued by nations, entities or companies whose activity does not conflict with human rights or the environment.





FINANCING AND ADVISORY SERVICES FOR AGRO-ENVIRONMENTAL INITIATIVES

MPS BANCA VERDE

The Bank's product/service portfolio also includes highly specialized products and services, including advisory services and financial products developed by MPS Banca Verde, the MPS Group's specialist in the environmental sector, to promote sustainable economic development and to support quality-oriented farming and agricultural-processing operations.

In supporting its particularly significant commitment to the development of the system of environmental certification in accordance with ISO 14000 and EMAS standards, **MPS Banca Verde** has come up with special credit products such as Certihabitat and Ecoturismo, and an advisory service known as Certiambiente.

The more significant initiatives backed by MPS Banca Verde include projects to produce electric energy from renewable sources (wind, in particular). The Bank has financed, either on a stand-alone basis or through syndicates, the building of wind farms in Sardinia, Basilicata, Abruzzo, Calabria, Tuscany and Emilia Romagna for investment topping € 250 million.

Other projects to produce electric energy from renewable sources include support to an initiative for the recovery of water from waterfalls (Mini Hydro), which was completed in Piedmont at a cost of roughly € 12 million, and other heating systems, the most important of which has also been realized in Piedmont.

In the area of waste treatment, the MPS Banca Verde has become involved in the projects for the production of compost and in heat-maximization systems realized in Tuscany, with a commitment of € 15 million.

On the consulting front, MPS Banca Verde completed an important study on wind energy for the Region of Tuscany, thereby evidencing the technical and economic opportunities for local authorities to participate in, or to promote, production initiatives in their areas.

MPS Banca Verde has also signed several agreements to assist various leading wine producers with their environmental and quality certification.

In order to support the rapid growth of environmental projects, MPS Banca Verde activated a special € 50 million credit line with the European Investment Bank.

Finally, the bank came up with a system for scoring the environmental performance of firms applying for loans. With this system, it is possible to measure the degree of compliance with environmental regulations and the extent of the loan applicant's pro-active commitment to the environment, and in the event of low environmental risk, to reflect the same in terms of pricing on the credit.



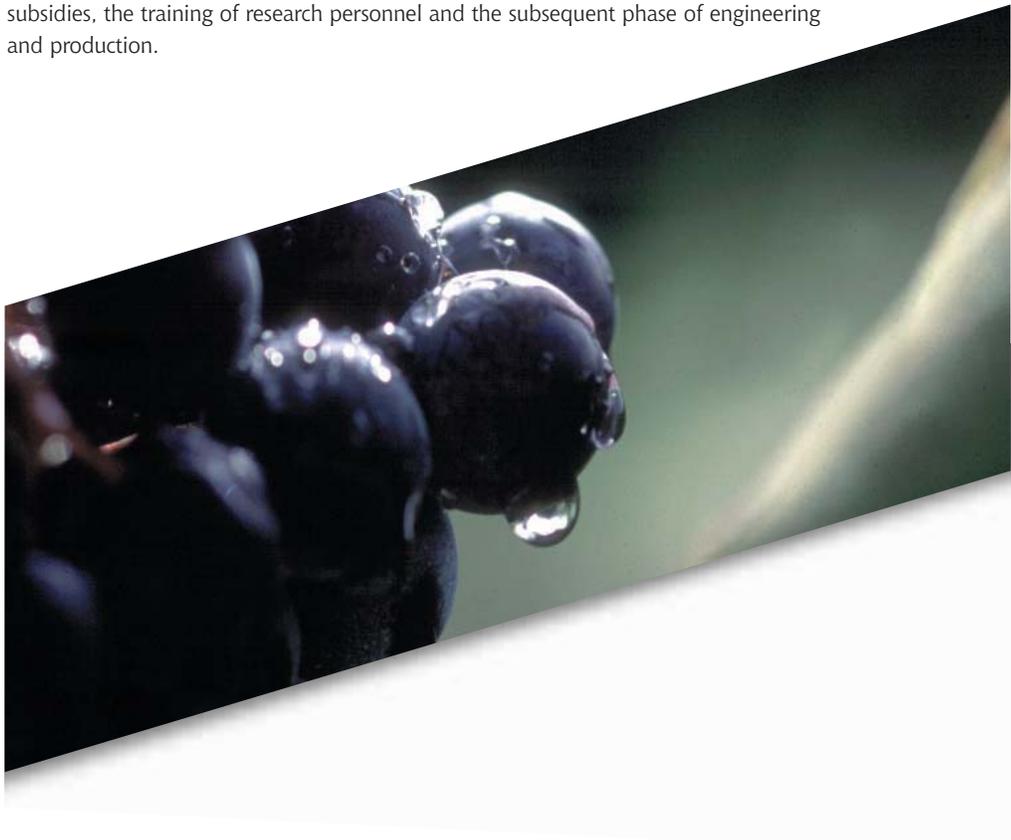
MANAGEMENT OF PUBLIC WORKS TO SUPPORT INDUSTRIAL RESEARCH AND COMPETITIVE DEVELOPMENT BY FIRMS

During 2002, **MPS Merchant** analyzed 29 research projects involving total costs of € 144,000,000. These were projects submitted to the Ministry of Education, Universities and Research in application of funding under the Applied Research Fund set up by Legislative Decree 297 of 1999. Formal decrees incorporating subsidies of more than € 41 million were issued in relation to nine of these projects.

Assessment continued with respect to another 18 projects involving over € 37 million of investment that were presented under Law 46 of 1982 and Law 104 of 1997; formal decrees incorporating subsidies of € 5.5 million were issued in relation to nine of these projects. The activity regarded the analysis of industrial research and competitive development projects promoted by firms operating in all major sectors of the economy. In particular, the projects submitted were relative to the pharmaceutical industry, the medical and health care field, biotechnology, the environment, value enhancement to Italy's artistic, cultural and environmental heritage, and the most innovative sectors such as nanotechnologies, laser technologies and optoelectronics.

During the same period, a total of 293 projects on technological innovation programs were submitted to the Ministry of Productive Activity to qualify for funding from the Technological Innovation Fund. Investment on these projects topped EUR 530 million. Notices for admission to the funding were sent to some 207 applicants.

The projects address competitive development programs in the manufacturing sector. The accent is on product and process innovation which is pursued through the study, design and production of prototypes and pilot plants, and in the case of those submitted for integrated subsidies, the training of research personnel and the subsequent phase of engineering and production.





PROJECT FINANCING

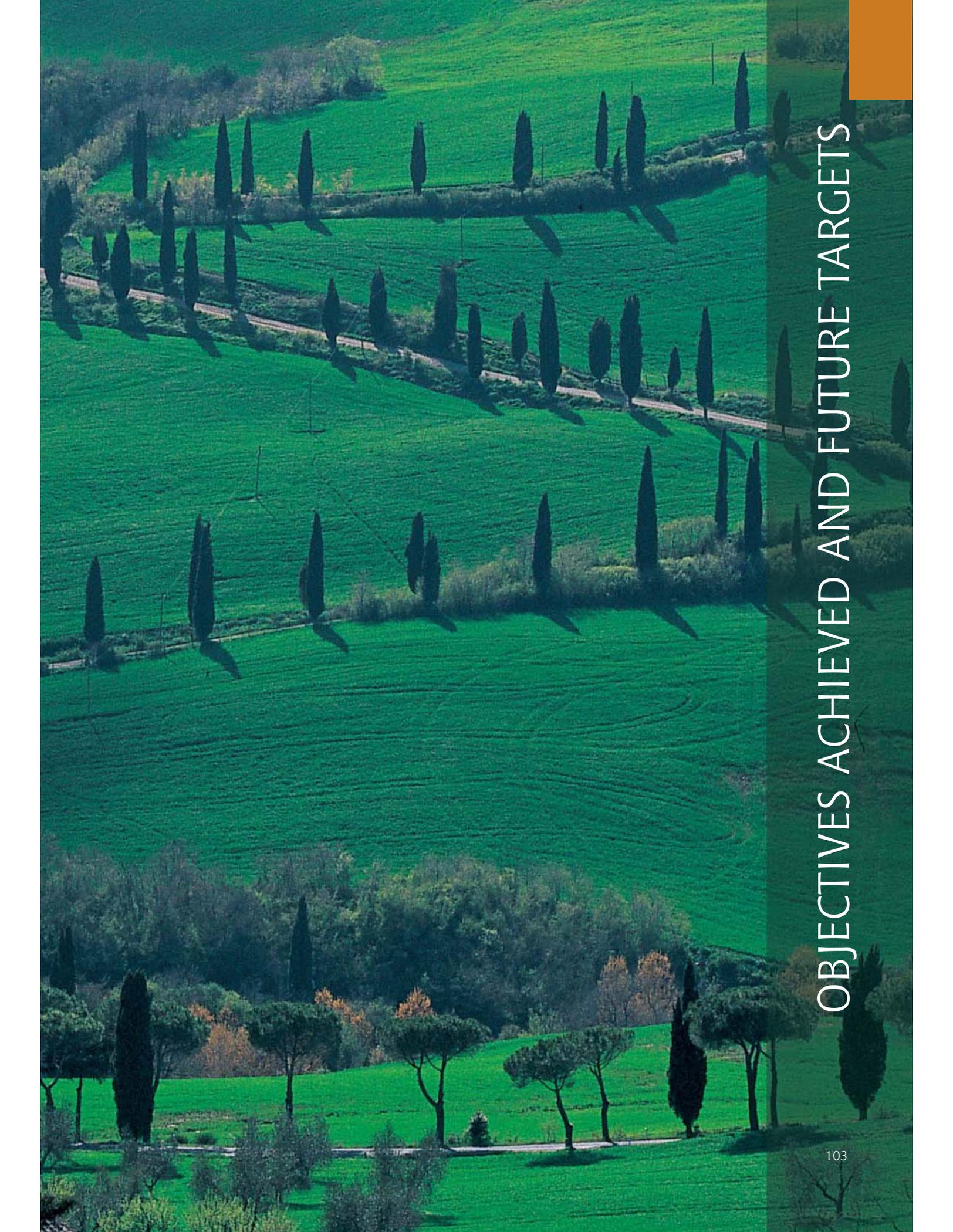
Active in medium-term lending to fund the design and production of infrastructures, MPS Merchant has provided financial support to numerous companies operating in the electric energy, gas, alternative energy and waste treatment sectors. The financing granted in 2002 to back development projects totaled € 40 million, and included the funding of the following initiatives:

Alternative energy

- An energy plant powered by fuel derived from waste in the Province of Pavia
- Production of electric energy from biomass in Fusina, Province of Venice
- An energy plant powered by waste decay in Tufino, Province of Naples

Environment

- Liquid waste purification plant in the Province of Ascoli Piceno
- Platform for treating and dismantling solid urban waste in Manduria, Province of Taranto
- Volumetric recovery and securing of waste discharged at a facility in the Municipality of Latina



OBJECTIVES ACHIEVED AND FUTURE TARGETS



OBJECTIVES ACHIEVED

ENVIRONMENTAL OBJECTIVES



Status versus objective:

☆☆ = in the process of realization

☆☆☆ = achieved

STATED OBJECTIVES	ACTIONS TAKEN AND RESULTS	Status versus Objective
<p>Greater internal and external sensitivity to environmental issues.</p>	<p>A training initiative, "The Path-to-Change Project", was carried out with respect to all employees, and covered both social and environmental issues.</p> <p>As part of the development of the environmental management system, a training program was inaugurated which contemplates basic instruction for all personnel and specific instruction for the staff most closely involved in the environmental management system.</p> <p>The Bank contributed to two master degree programs specializing in environmental studies, offering scholarships and apprenticeships with the Bank or with other companies of the MPS Group.</p>	<p>☆☆☆</p>
<p>Improvement of the management of the environmental aspects within the Bank, as provided by ISO 14001 standards</p>	<p>Completion of the environmental management system and procurement of ISO 14001 certification.</p>	<p>☆☆☆</p>
<p>Reduction of energy consumption</p>	<p>In 2002, savings on electric energy consumption were achieved as a result of changes in lighting realized as part of the EU-backed Green Light Program. Measures are being implemented to hold down total energy consumption which rose in 2002 partly due to the opening and/or acquisition of new branches.</p>	<p>☆☆</p>

ECONOMIC OBJECTIVES



Status versus objective:

☆☆ = in the process of realization

☆☆☆ = achieved

STATED OBJECTIVES	ACTIONS TAKEN AND RESULTS	Status versus Objective
Improvement of the earnings results	Despite a particularly difficult industry backdrop, the Bank posted solid results, benefiting especially from the strength of the interest margin and the contribution of core earnings from services.	☆☆☆
Internal growth	Increase in line with the plan for expansion in 2002. Intensification of the use of electronic banking channels.	☆☆☆
External growth	No new acquisitions were made during the year.	☆☆
Increase of volumes of direct and indirect funding and of loans	Positive trend of direct funding. Staying power of indirect funding. Maintenance of loans outstanding. Development of (i) private-banking platform for full-scale management of customer assets and (ii) specialized service models for businesses.	☆☆



OBJECTIVES SOCIAL



Status versus objective:

☆☆ = in the process of realization

☆☆☆ = achieved

STATED OBJECTIVES	ACTIONS TAKEN AND RESULTS	Status versus Objective
<p>Involvement of stakeholders social-responsibility strategies</p>	<p>A questionnaire was prepared for the purpose of evaluating the Socio-Environmental Report and was distributed to more than 600 stakeholders from various categories. In addition, representatives of the Bank participated in major national and international conferences held to examine and debate the theme of corporate social responsibility.</p>	<p>☆☆</p>
<p>Professional development of human resources</p>	<p>Activities were carried out and focused-training initiatives were launched in order to strengthen internal communications and to support the new corporate culture, with the emphasis going to the professional development of human resources. The MBO "Management by Objectives" project was implemented. The Bank has embarked on the process of developing a "statement of intangibles".</p>	<p>☆☆☆</p>
<p>Classification of the Bank (among companies having a high commitment to social responsibility) in leading sustainability indices, such as Dow Jones Sustainability Index and FTSE4Good.</p>	<ul style="list-style-type: none"> ● September 2002: the Bank is added to the Dow Jones Sustainability Index World; ● March 2003: the Bank is added to the FTSE4Good Index. 	<p>☆☆☆</p>
<p>Reinforcement of the Bank's commitment to micro-lending activity and in supplying financial products designed to meet the needs of families and SMEs.</p>	<p>Development of agreements with the Arciconfraternita della Misericordia di Siena, a volunteer organization, relative to the disbursement of "solidarity micro-credits" and loans to support residential construction for needy families.</p>	<p>☆☆☆</p>

FUTURE TARGETS

The path toward continuous improvement of the Bank's environmental, social and economic performance is based on the future targets reported hereunder:

ENVIRONMENTAL OBJECTIVES

- Greater internal and external sensitivity to environmental issues.
- Improvement of the system of gathering and processing environmental data.
- Evaluation of the indirect environmental aspects to complete the initial environmental analysis relative to EMAS Registration
- Reduction of CO₂ emissions.
- Improvement of the separation of waste for recycling purposes.
- Increase in the quota of the eco-compatible products used.

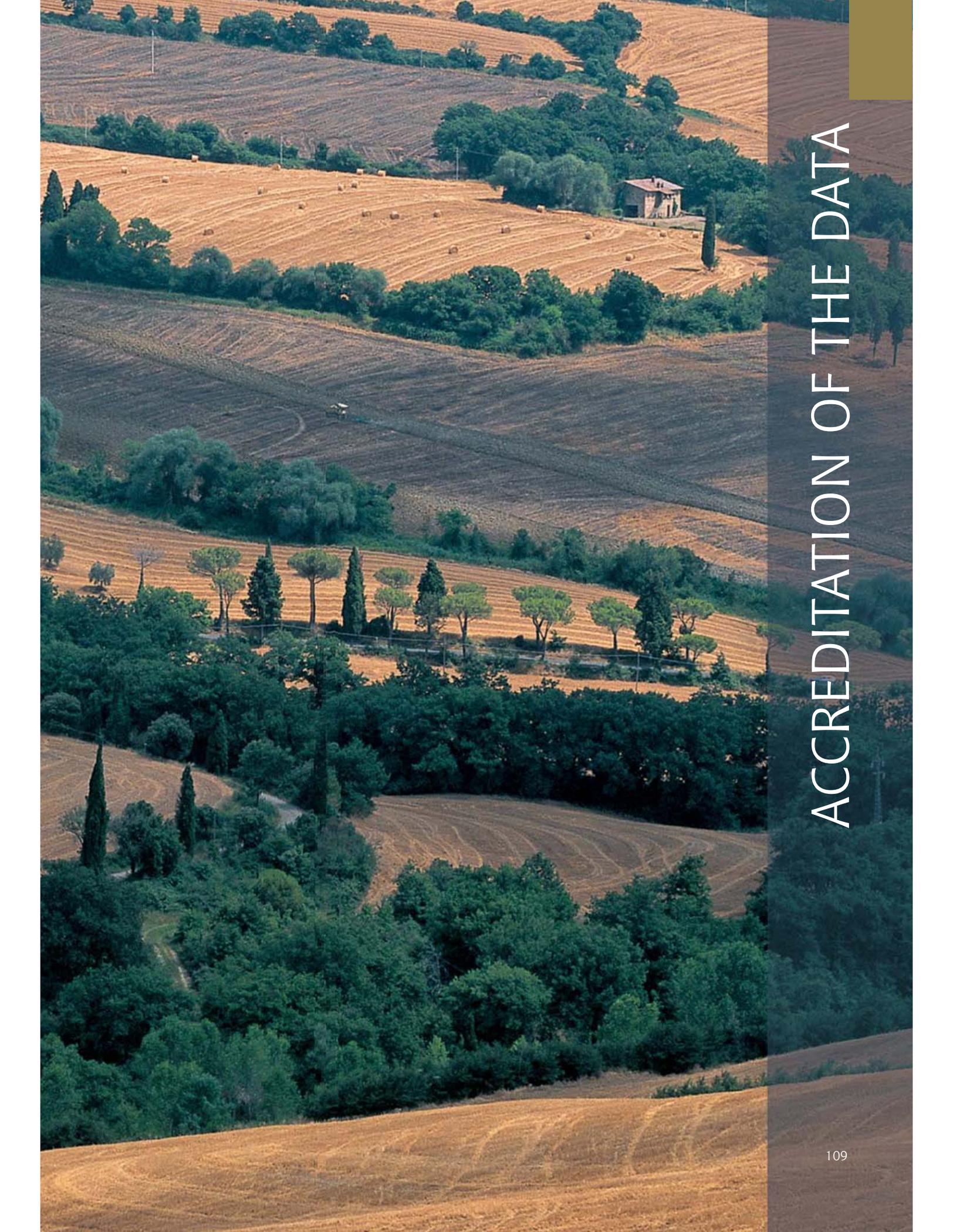
ECONOMIC OBJECTIVES

- Improvement of earnings results.
- Internal growth.
- External growth.
- Increase in volumes.

SOCIAL OBJECTIVES

- Greater involvement of stakeholders in the Bank's social-responsibility strategies.
- Professional development of human resources in relation to social responsibility.
- Development of projects in partnership with other persons so as to augment social responsibility and to increase the sensitivity of the clientele toward socially responsible financial products.
- Improvement of access to banking services for the disabled.





ACCREDITATION OF THE DATA

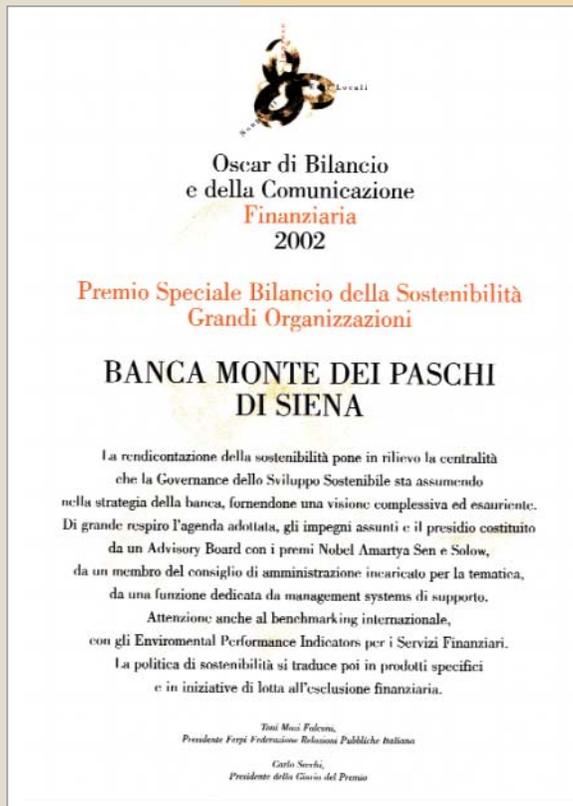
OSCARS FOR FINANCIAL STATEMENTS

▶ **T**he Oscars for Financial Statements and Financial Communications, a national award instituted in 1954, is an initiative of the Italian Public Relations Federation. The 2002 competition was organized by the Financial Statements Bureau in collaboration with Italian Banking Association, National Association of Insurance Companies (ANIA), Assolombarda, Borsa Italiana S.p.A., Poste Italiane S.p.A., the National Council of Accountants, and Il Sole-24 ORE.

The jury for the “Oscars for Financial Statements and Financial Communications 2002” awarded **Banca Monte dei Paschi di Siena S.p.A. the special “Statement of Sustainability for Large Organizations” award**, based on the following:

“Sustainability reporting is something to highlight the important role that the governance of sustainable development is taking on in the bank’s strategy, with the bank providing an aggregate and comprehensive vision thereof. There is great significance to the agenda adopted, the commitments undertaken, and the oversight by: an advisory board with

Nobel prize winners Amartya Sen and Robert Solow; a member of the Board of Directors; a dedicated department; and a supporting management system. The bank has also focused on international benchmarking, providing environmental performance indicators for financial services. The sustainability policy translates into specific products and challenging initiatives even outside of the financial sphere”.





PURPOSE OF THE ENGAGEMENT

In order to reinforce its commitment to the transparency, diligence and professionalism of its reporting on sustainability-related issues, the Bank commissioned Deloitte Consulting S.p.A. to audit the information and the data contained in the Socio-Environmental Report 2002.

This audit regards the reliability, completeness and comprehensiveness of the data as well as the respect of the best national and international practices with regard to social and environmental reporting.

The purpose of the engagement is to secure an evaluation on the Socio-Environmental Report 2002 and the release of a professional opinion by a qualified, independent party.

Given the experience of Deloitte Consulting S.p.A. in social and environmental reporting, the opinion expressed and the work carried out during the audit contribute to identifying possible margins for improvement of the Bank's Socio-Environmental Report.

INTRODUCTION

This Socio-Environmental Report 2002 of Banca Monte dei Paschi di Siena (BMPS), the third edition, represents an important measure of commitment, activity and results achieved by BMPS in the areas of sustainable development. The Socio-Environmental Report (hereinafter, the "Report") has been approved by the Board of Directors of BMPS, which is responsible for its content.

OBJECTIVES

Our involvement for the purpose of expressing an independent opinion has been in relation to:

- the respect of the best national and international practices and the best guidelines for the industry;
- the reliability of the procedures used by BMPS for procuring data, at the corporate level, from the individual business units and departments;
- the accuracy of the data and the comprehensiveness of the information contained in the Report.

PROCEDURES

We completed our work by carrying out the procedures described hereunder, the scope of which was agreed upon with senior management of BMPS.

Our approach was based on the best international practices and on international audit principles and standards.

In particular:

- We analyzed the Report and verified that the preparation process was that described in the "Reporting Methodology". We verified that both the structure and content, as affirmed, were based on the best international practices emerging in relation to reporting within the financial services industry, and that the indications contained in the "Social Responsibility Reporting Model for Banks" and in the "Sustainability Reporting Guidelines" of the Global Reporting Initiative were applied as stated.
- We interviewed personnel at the BMPS head office and employees in various business units, and we analyzed samples of the documentation and the information prepared for the Report which were made available to us.
- We analyzed the procedures applied at the corporate level for the procurement of the environmental and social data relative to 2002 on the basis of the indications given in the

section entitled "Reporting Methodology"

We verified that the data procured in this manner were appropriately reflected in the Report.

- We analyzed the document, comparing the information contained in it with the support documentation which was supplied. In particular, we verified that the data contained in the Socio-Environmental Report 2002 corresponded with the data contained in the BMPS 2002 Annual Report.

The work completed does not constitute a complete audit of the accounts conducted in accordance with generally accepted audit principles; this has implications for the scope of our opinion, which should be interpreted only in relation to the procedures actually effected.

CONCLUSIONS

On the basis of the work carried out, we have determined that BMPS, in the preparation of the Socio-Environmental Report 2002, took into account the best international practices emerging relative to reporting within the financial services industry, and that the indications contained in the "Social Responsibility Reporting Model for Banks" and in the "Sustainability Reporting Guidelines" of the Global Reporting Initiative were applied as declared in the section entitled "**Principles relative to the Reporting Methodology**".

We have determined that the suitability of the procedures used by BMPS for collecting, processing and archiving the data, as specified in the section entitled "Reporting Methodology", and that the quantitative values collected and reported in accordance with these procedures are appropriate.

We have determined that the data and the information contained in the Report are consistent with the documentation supplied to us and with the BMPS 2002 Annual Report.

Andrea Ruggeri
Partner, Assurance
and Advisory

Florence, 10 September 2003
DELOITTE

EVALUATION OF THE 2001 SOCIO-ENVIRONMENTAL REPORT

The Bank wishes to focus greater attention on the dynamics of its internal activity through broadening the range of instruments for securing suggestions, comments and other feedback from the public. In this manner, the Bank is better positioned (i) to ascertain the extent of the public's approval of its activity, and (ii) to address any expectations indicated.

To this end, an evaluation form was provided with the Socio-Environmental Report 2001 in order to allow interested persons to interact with the Bank and to express their opinion.

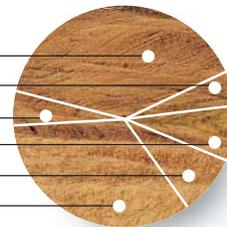
The questionnaire was sent to more than **600** recipients, who were selected through sampling procedures and was accompanied by a letter requesting its completion and return. The distribution was effected through various channels, including manual delivery, via Internet and via post.

The stakeholders involved included the following:

- **Employees** (a sample representative of the territory served by the Bank and of job positions and responsibilities within the Bank);
- **Shareholders** (from large to small investors);
- **Customers** (randomly selected, by considering the various categories, and limited to persons who had provided their consent to the processing of their personal data);
- **Suppliers** (based on a range of different sized companies and geographic areas of origin);
- **Local communities** (including non-government organizations, non-profit organizations, unions, members of the economic, social and academic world nationwide, other banking institutions);
- **Government and other institutions** (with a preference going to those institutions for which the Bank performs treasury and cash services).

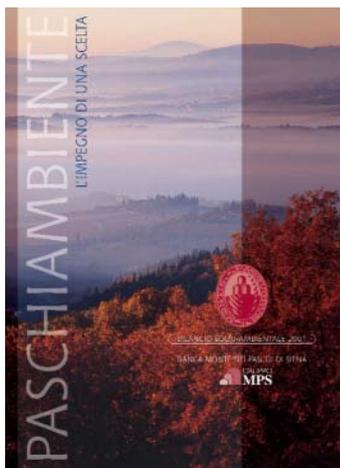
Breakdown by category of answers (%)

Customers	41%
Suppliers	5%
Shareholders	5%
Local communities	7%
Government and other institutions	9%
Employees	34%



The means for delivering questionnaires and collecting them upon completion were such as to guarantee absolute anonymity of the respondents - an indispensable condition to allow for the maximum freedom of expression and reliability of the opinions given and considerations made.

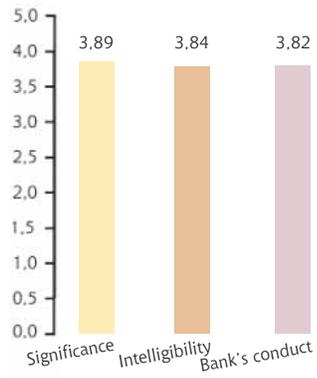
The questionnaires returned with responses were representative of all of the categories of stakeholders indicated above, with the most numerous quantities received from customers and employees.





ACCREDITATION OF THE DATA

Expressed opinions (average value)



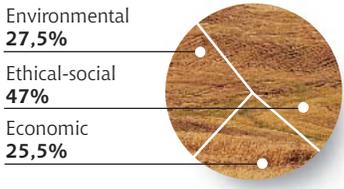
STRUCTURE AND RESULTS

The structure of the questionnaire attached to the Socio-Environmental Report 2001 was identical to that of the questionnaire supplied for the preceding year, and consisted of a section covering the reader's opinion about the quality and the transparency of the report, the issues of greatest interest, and the credibility of the information reported. A section thereafter was dedicated to comments and suggestions by the reader, and was followed by a final part requesting the recipient to indicate the category of stakeholders to which he belonged.

All of the parameters were ranked rather high, with the average response above 3.8 for a point system ranging from "1" to "5". The processing of the results also showed rather standard opinions, and thus indicate the perceived quality of the publication is high overall.

Considering the various aspects of the report, the ethical-social issues were by far those of greatest interests to the readers.

Issues of greatest interest (%)

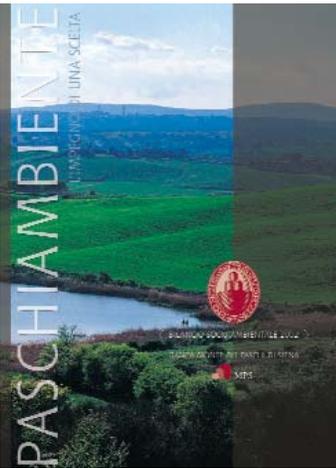


OPPORTUNITIES FOR IMPROVEMENT

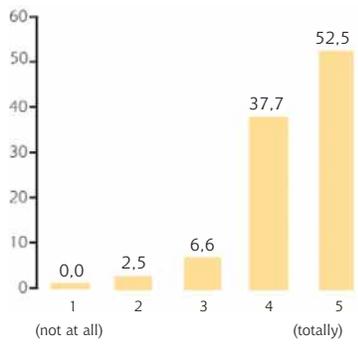
Over 30 percent of the questionnaires returned contained comments and suggestions. Aside from clearly indicating the readers' willingness to participate in the survey, this information will prove useful to the Bank in defining of future strategies.

The most recurring suggestions regarded requests for:

- the use of simpler terminology;;
- the expansion of the distribution of the document;
- intensification of stakeholder involvement;;
- the monitoring of indirect environmental aspects arising from the Bank's activity.



Credibility



QUESTIONNAIRE ON THE 2002 REPORT

Again this year, the Bank has provided a questionnaire with this report, and hopes for an even greater number of responses so as to secure information considered indispensable in improving social and environmental communications.

GLOSSARY

ABI

Italian Banking Association.

Asset Management

activity of managing financial and non-financial investments.

Carbon dioxide (CO₂)

a natural gas present in the atmosphere which is formed by the respiration and decomposition of animals and plants, by volcanic activity and by the combustion of organic material (natural gas, oil, wood, paper, etc.).

Corporate Center

a unit of the Bank which is charged with managing, coordinating and controlling the general strategies of the MPS Group as defined by the Board of Directors of the Bank.

Corporate governance

a term indicating the corporate structure and rules for governing a company, and addressing such issues as voting rights, rank and so forth. Clear governance rules guarantee greater transparency of the company and representation that is more democratic.

Corporate social responsibility

voluntary integration of social and ecological concerns into the commercial operations of a company and into the company's relationships with its stakeholders

Corporate

Corporate activity is activity inherent to the management of relationships with companies.

CSR Europe

network bringing together more than 50 European companies whose main objective is to support companies in achieving profitability while also ensuring sustainable development and human progress and placing social responsibility at the center of business strategies.

Customer Relationship Management (CRM)

a group of strategies for managing relationships with the clientele.

Customer satisfaction

a parameter used for measuring the worth of a specific service offered to the public in relative terms.

Direct Bank

term used for identifying the traditional banking services supplied through innovative channels such as PaschiHome (Internet banking) and PaschiIntel (telephone banking).

EMAS (Eco Management and Audit Scheme)

A scheme set up pursuant to the European Community Regulations No. 761 of 2001. Such Regulations set out the rules for the voluntary adoption of environmental management systems (similar to the ISO 14001 standard) and for the preparation of the Environmental Statement.

Environmental impact

any change of the environment, whether positive or negative, which is the result of the activity, products or services of a firm.

Environmental Management System (EMS)

Part of the management system which embraces the organization structure, the activity of planning, the responsibilities, practices, procedures, processes and resource for processing, making operative, verifying and correcting environmental policy.

Front line

offices or employees dealing directly with the public.

Global Compact

a voluntary organization set up by the United Nations in July 2000. The organization is based on principles embracing human rights, fair labor practices, and protection of the environment.

GRI (Global Reporting Initiative)

The Global Reporting Initiative is an international long-term commitment involving the objective to develop and to disseminate guidelines which may be adopted on a voluntary basis for

the realization of reports on economic, environmental and social aspects of a company's activity.

Hazardous/non-hazardous waste

Pursuant to Italian Legislative Decree n. 22 of 1997, waste is any substance or matter which the holder has broken down or intends or is obliged to break down. Hazardous waste materials have, by definition, at least one of 14 dangerous characteristics as defined in relation to risks for humans and the environment by laws and regulations of the European Union.

IBS

European Institute for European Institute for Social Responsibility Reporting.

Internet Banking

a service for carrying out banking transactions (buying/selling of securities, transfers of funds, etc.) and for accessing information relative to current accounts and securities portfolios, including through a personal computer; the service allows for securing information online in relation to the trend of principal markets or individual securities.

Merchant bank

a financial services firm aimed at developing the activity of buying and restructuring other companies, whether in a specific national market or on an international basis, in order to favor earnings and business development as well as financial solidity.

MPSafe

a monitoring system within the Bank ensuring the reporting of data pursuant to Law 626 of 1994 regarding the adequacy of security, micro-climatic conditions, and systems/equipment maintenance in the workplace, and of training and other aspects of the environmental management system.

Private banking

services for the management of the financial needs of high net worth individuals.

Retail

a broadly based banking activity directed toward servicing individual customers and small firms.

ROA (Return on Assets):

ratio of the profitability of the capital invested in a company's assets, regardless of the source of financing. The ratio is calculated as the multiple of operating profit (i.e. profit before financial charges and taxes) to total assets.

ROE (Return on Equity)

profitability indicator which is the ratio between net profit and shareholders' equity.

Share

one of the units of share capital.

Stakeholders

all categories of persons who may influence, be influenced by, or have an interest in, the activity of a firm or bank, including employees, shareholders, customers, the local community, the national community and the government, suppliers, and future generations.

Stock granting

program whereby shares are assigned gratuitously to employees.

Sustainable development

development which satisfies current needs without jeopardizing the possibilities of future generations to satisfy their needs.

Triple Bottom Line

an integrated approach taken within the framework of sustainable development, which jointly considers economic, financial, social and environmental aspects.

Turnover

term indicating rate at which staff changes within a firm.

UNEP (United Nations Environment Program)

a United Nations program aimed at promoting sustainable development on the part of businesses and individuals.

UNI EN ISO 14001 Standards

Italian regulations relative to "Requisites and Guide for the Use of Environmental Management Systems", published in November 1996. Such regulations are the Italian-language acknowledgement of the European regulations EN ISO 14001, which, in turn, acknowledge fully the international ISO 14001 standards of 1996.

Value added

From the perspective of social responsibility reporting, value added reflects the socially significant results achieved by a firm in terms of the wealth it produces and distributes.

Video-terminal operator

a worker who uses a video terminal on a regular basis for at least 20 hours per week, net of breaks.

WBCSD (World Business Council of Sustainable Development)

an international organization dedicated to cultivating and promoting the concepts of sustainable development, eco-efficiency, innovation and social responsibility among firms, governments and government agencies.

LIST OF DOCUMENT CONTENTS BY SUBJECT

- Advisory board, 23, 24
Agenda 21 locale, 33
Accidents, 4, 68, 72, 96
Arms, 20
Art collection, 88
- Balance sheet, 56, 57
Bank's participation in CSR, 11
Business plan, 9, 12
- CO₂ emissions, 4, 42, 43, 46, 52 - 54, 107
Code of conduct, 84, 85
Community, 4, 6, 59, 62, 87, 112
Community support initiatives, 98
Compensation, 65
Complaints, 4, 80
Corporate governance, 82, 114
Corporate identity, 8
CSR Europe, 31, 114
Cultural activity, 87
Customer funding, 4, 57, 73, 74, 105
Customer satisfaction, 18, 77, 114
Customers, 4, 7, 18, 57, 62, 73, 105, 112
- Deloitte Opinion, 111
Disputes, 70, 94
- Ecological branch, 40
Economic indicators, 4
Economic performance, 55 - 59
Energy, 4, 38, 42 - 46, 53, 102, 104
Environmental indicators, 4, 44 - 54
Environmental management system, 19, 25 - 27, 104, 115
Environmental performance, 37 - 54
Environmental policies department, 23
Environmental policy, 19, 25, 26, 39
Ethical and environmental funds, 26, 99
ETHMA project, 33
Evaluation of the report, 112
- Future targets, 107
- Government local authorities other institutions, 7, 58, 62, 91, 112
Green Light Program, 46, 104
Guidelines, 5, 26, 27, 111
- Handicapped, 66, 77, 107
History, 10
Human resources, 6, 58, 59, 62 - 72, 106, 107
Humanitarian projects, 89
- Incentive systems, 65
ISO 14001 standard, 19, 25 - 27, 104, 115
ISO 9001 standard, 28, 77, 78, 91, 94
- Loans, 4, 75, 105
Meetings and trade events, 88
Mission, 18
Mortgages, 28, 68, 77
MPS Banca Verde, 24, 27, 100
MPS Foundation, 6, 58, 59, 81, 98
- Network, 14, 15
- Objectives achieved, 104 - 106
Organizational structure, 9, 22
- Paper, 4, 38, 42, 43, 47, 50
Post - graduate study programs, 90, 104
Prince of Wales's Business & Environmental, 32
Privacy, 78, 79
Profit and loss statement, 56
Program, 23, 27, 30, 31, 32, 46, 68, 78, 88, 89, 90, 93, 96, 98, 104, 115
Project financing, 102
Protected categories, 66
Publications, 88
- Quality management system, 28
- Ratings, 85, 86
Relationships with universities, 89
Reporting methodology, 5
- SA 8000 rules, 28, 94
Safety and security, 28, 29, 70
Shareholders, 6, 18, 21, 58, 59, 62, 81, 112
Social indicators, 4, 62
Social performance, 61 - 94
Sodalitas, 32
Solidarity micro-credits, 98, 106
Sports, 87
Stakeholders, 5, 6, 18, 19, 62, 106, 107, 112, 115
Suppliers, 7, 29, 62, 93, 112,
Sustainability indices, 85, 106
- Tax collection, 4, 92
Training, 4, 13, 18, 67, 68, 104
Transportation, 38, 42, 51 - 52
Treasury and cash service, 4, 7, 28, 77, 91
- UN Global Compact, 21, 31, 114
UNEP, 21, 30, 115
Union relations, 69, 70
- Value added, 4, 58, 59, 115
Values, 18
- Waste, 4, 38, 42, 43, 47, 50, 102, 107, 115
Water, 4, 38, 42, 43, 49, 53,
WBCSD, 21, 30, 115

MONTE DEI PASCHI DI SIENA

BANKS		FINANCE COMPANIES		ASSET / COMPANIES AND SERVICES
<p>BANCA MONTE DEI PASCHI DI SIENA S.p.A.</p> <p>BANCA TOSCANA S.p.A.</p> <p>BANCA AGRICOLA MANTOVANA S.p.A.</p> <p>BANCA 121- PROMOZIONE FINANZIARIA S.p.A.</p> <p>BANCA STEINHAUSLIN & C. S.p.A.</p> <p>CARIPRATO CASSA DI RISPARMIO DI PRATO S.p.A.</p> <p>MPS FINANCE BANCA MOBILIARE S.p.A.</p> <p>MPS MERCHANT S.p.A.</p> <p>MPS LEASING & FACTORING S.p.A.</p> <p>MPS BANCA VERDE S.p.A.</p> <p>MPS GESTIONE CREDITI BANCA S.p.A.</p>		<p>BANCA MONTE PASCHI (Suisse) S.A.</p> <p>BANCA MONTE DEI PASCHI (C.I.) Ltd (Guernsey)</p> <p>BANCA MONTE PASCHI BELGIO S.A. (Belgium)</p> <p>MONTE PASCHI BANQUE S.A. (France)</p> <p>CONSUM.IT S.p.A.</p> <p>AGRISVILUPPO S.p.A.</p> <p>ULISSE S.p.A.</p> <p>ULISSE 2 S.p.A.</p> <p>121 FINANCIAL SERVICES Ltd (Ireland)</p> <p>MANTOVANA IRELAND Ltd (Ireland)</p> <p>MONTE PASCHI LUXEMBOURG S.A. (Luxembourg)</p> <p>MPS PREFERRED CAPITAL I LLC, WILMINGTON (Delaware - USA)</p> <p>M.P.S. U.S. COMMERCIAL PAPER CORPORATION (USA)</p>		<p>MONTE PASCHI ASSET MANAGEMENT SGR S.p.A.</p> <p>MPS VENTURE S.p.A.</p> <p>INTERMONTE SECURITIES S.p.A.</p> <p>MPS ALTERNATIVE INVESTMENT (Milan)</p> <p>G.I. PROFIDIP S.p.A.</p> <p>WEBSIM S.p.A.</p>
ITALY		ABROAD		ITALY

OTHER AFFILIATED AND ASSOCIATED COMPANIES NOT BELONGING TO THE GROUP

BANKS		FINANCE COMPANIES	INSURANCE COMPANIES	
<p>BANCA MONTE PARMA S.p.A.</p> <p>BANCA POPOLARE DI SPOLETO S.p.A.</p> <p>BANCA ADVANTAGE DI INVESTIMENTI & GESTIONI (BAIG) S.p.A.</p> <p>ISTITUTO PER IL CREDITO SPORTIVO</p>		<p>I.B.A. INTERNAZIONALE BANK FÜR AUSSENHANDEL A.G. (AUSTRIA)</p> <p>BANQUE DU SUD S.A. (Tunisia)</p> <p>FINSOE S.p.A.</p> <p>FIDI TOSCANA S.p.A.</p>	<p>MONTEPASCHI VITA S.p.A.</p> <p>TICINO - COMPAGNIA ITALIANA DI ASSICURAZIONE E RIASSICURAZIONE S.p.A.</p> <p>TICINO VITA S.p.A.</p> <p>QUADRIFOGLIO VITA S.p.A.</p> <p>LINEAR ASSICURAZIONE S.p.A.</p> <p>DIPRAS S.p.A.</p>	
ITALY		ITALY	ITALY	

MANAGEMENT SERVICES SECURITIES FIRMS		SERVICE COMPANIES			TAX COLLECTION	
				IMMOBILIERE POINCARÉ S.N.C. (France)		
				IMMOBILIERE VICTOR HUGO S.C.I. (France)		
MANAGEMENT		CONSORZIO OPERATIVO GRUPPO MPS		MONTE PASCHI CONSEIL S.A. (France)		ITALRISCOSSIONI S.p.A.
SGR		MONTE PASCHI FIDUCIARIA S.p.A.		BMPS CORPORATE SERVICES (C.I.) Ltd (Guernsey)		BAM RISCOSSIONI S.p.A.
M S.p.A.		AMMINISTRAZIONI IMMOBILIARI S.p.A.		BMPS NOMINEES (C.I.) Ltd (Guernsey)		GERIT S.p.A.
INVESTIVE SGR S.p.A.		PASCHI GESTIONI IMMOBILIARI S.p.A.		BMPS TRUSTEES (C.I.) Ltd (Guernsey)		SO.R.I.T. S.p.A.
M S.p.A.	MPS ASSET MANAGEMENT IRELAND Ltd (Ireland)	PADANA IMMOBILIARE S.p.A.	G.IMM.ASTOR S.p.A.	CITY NOMINEES (C.I.) Ltd (Guernsey)		MONTE PASCHI SE.R.I.T. S.p.A.
	MONTE PASCHI INVEST S.A. (France)	BA.SA. SERVIZI S.p.A.	MAGAZZINI GENERALI FIDUCIARI DI MANTOVA S.p.A.	SAINTS TRUSTEES Ltd (Guernsey)		PADANA RISCOSSIONI S.p.A.
ABROAD		ITALY			ITALY	

BELONGING TO THE BANKING GROUP		OTHER SHAREHOLDINGS		LEGEND	
			MPS.net S.p.A.		PARENT COMPANY
			E-Idea S.p.A.		SUBSIDIARIES
			MPS PROFESSIONAL S.p.A.		AFFILIATED COMPANIES
			BANCA NAZIONALE DEL LAVORO S.p.A.		OTHER SHAREHOLDINGS
GROW LIFE Ltd (Ireland)					
MONTE PASCHI ASSURANCES (FRANCE) S.A.	S.E.S.I.T. PUGLIA S.p.A.				
ABROAD	ITALY	ITALY			

This document has been prepared with the contribution of the following:

Luciano Pivetta	<i>Manager, Environmental, Safety, Security and Privacy Policies Department</i>
Fabio Leonini	<i>Manager, Environmental Policies Department</i>
Michela Marrucci, Francesco Mereu	<i>Environmental Policies Unit</i>
Elisa Cardini, Elisa Maio, Claudio Mattolini	<i>Apprentices</i>
Luciano Fiordoni	<i>International Affairs Department</i>
Luca Miniero	<i>Corporate Banking Department</i>
Giuseppe Rossi, Simone Pagnini	<i>Area Marketing Retail</i>
Mario Betti	<i>Retail Banking Department</i>
Giuseppe Iosco, Giuseppe Casula, Giancarlo Cioni,	<i>Internal Controls Department</i>
Mario Marzucchi, Luigi Bruscoli, Fernando Sinatora,	
Samuele Trombini	
Paolo Giannini, Fabio Bizzarri, Giuliano Tarquini	<i>Corporate Responsibility and Logistics Area</i>
Giovanni Pagliai, Saverio Gori Savellini	<i>Legal and Corporate Affairs Area</i>
Giorgio Romi, Francesca Andrei, Francesca D'Ercole, Maria	<i>Organization and Technology Area</i>
Guariso, Grazia Scali, Irene Vaccaro, Annamaria Sorrentino	
Libero Crociani	<i>Planning, Control, Admin. and Risk Mgmt Area</i>
Alfredo Lapiello	<i>Credit Policies and Control Area</i>
Rossano Raspollini, Paola Teodori, Renzo Pecciarini	<i>Tax Collection Area</i>
Stefano Cianferotti	<i>Development Area</i>
Massimo Collini	<i>Executive, Bank Division - Corporate Banking</i>
Pietro Tinacci	<i>Executive, Bank Division - Credit Disbursements and Controls</i>

This is a translation of the Italian original and has been prepared solely for the convenience of the reader. The Italian version prevails. For additional information on the Socio-Environmental Report 2002, which is also available in the Italian language, readers may consult the Internet site "www.paschiambiente.it" or contact:

Environmental, Safety, Security and Privacy
Policies Department Corporate Center
Banca Monte dei Paschi di Siena S.p.A.
☎: (+39) 0577 294316 - 299657/6/4
Fax: (+39) 0577 296367
e-mail: environment@banca.mps.it

Contacts:
Luciano Pivetta
Fabio Leonini
Michela Marrucci
Francesco Mereu

This report is printed on certified ecological paper.



Graphics: Maruska Pradelli Rossi
Photos: Bruno Bruchi
Printing: AL.SA.BA. Grafiche, Siena



Registered office: BANCA MONTE DEI PASCHI DI SIENA S.p.A., Piazza Salimbeni, 3, Siena - www.mps.it
Share capital: € 1,935,272,832 - Reserves: € 4,328,487,422.53
Fiscal identification no., value-added tax no., and no. on the Register of Businesses of Siena: 00884060526
Monte dei Paschi di Siena Banking Group - Bank code: 1030.6 - Group code: 1030.6
Member of the Interbank Fund for the Protection of Deposits