PRESS RELEASE

Siena, 26 December 2016 – Banca Monte dei Paschi di Siena S.p.A. (the "**Bank**") informs that – after having acknowledged the impossibility of completing the EUR 5 billion capital strengthening transaction (the "**Transaction**"), which had been communicated to the market on 25 October and approved on 23 November by the European Central Bank (the "**ECB**") and, for the part falling within its authority, by the Bank of Italy – on 23 December the Bank presented the ECB with a request for extraordinary and temporary financial support for access to the "precautionary recapitalisation" measure. On the same day, the Bank submitted to the Bank of Italy and the Italian Ministry of Economy and Finance a petition for admission to the state guarantee provided for in Article 7 of Law Decree no. 237, approved by the Council of Ministers of 23 December 2016, thereby obtaining the opportunity to issue additional State-guaranteed liabilities.

Subsequently, the Bank received from the Italian Ministry of Economy and Finance two letters, which had been drafted by the ECB and addressed to the same Ministry and which, in addition to confirming that the requirements for accessing the "precautionary recapitalisation" measure in accordance with current regulations had been met, highlighted the following:

(i) as regards consolidated data, the Bank is still solvent, respecting the minimum capital requirements set forth in Article 92 of EU Regulation no. 575/2013. Pillar 2 capital requirements have also been satisfied;

(ii) the 2016 stress test results recorded a fully-loaded CET1 shortfall – only in the adverse scenario – of 2.18% at 2018 year-end, to be applied to an 8% threshold. According to ECB, this shortfall translates into a capital requirement of EUR 8.8 billion, inclusive of all Own Funds components required by current legislation;

(iii) the liquidity position of the Bank has deteriorated rapidly between 30 November 2016 and 21 December 2016, as evidenced by the significant decline in counterbalancing capacity (from EUR 14.6 billion to EUR 8.1 billion) and net liquidity at 1 month (from EUR 12.1 billion, equal to 7.6% of total assets, to EUR 7.7 billion, equal to 4.78% of total assets).

The Bank promptly initiated discussions with the competent Authorities, in order to understand the method of calculation adopted by the ECB and trigger the precautionary recapitalisation measure summarised above.

This press release will be available on the Bank's website www.mps.it

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