

PRESS RELEASE

‘ALEXANDRIA’, ‘SANTORINI’ AND ‘NOTA ITALIA’ TRANSACTIONS

Siena, 23 January 2013 – In reference to recent press reports concerning transactions ‘Alexandria’, ‘Santorini’ and ‘Nota Italia’, Banca Monte dei Paschi di Siena S.p.A., having consulted Consob (the Italian Securities and Exchange Commission), wishes to supplement the information made available through its press releases of 28 November 2012, 17 January 2013 and 22 January 2013, in the interest of utmost clarity on the current status of the analysis and review in progress.

In particular:

- as at today, the analysis currently under way in relation to certain structured deals carried out in previous financial years and still included in the Bank’s financial assets portfolio exclusively concerns the transactions which were given the name ‘Alexandria’, ‘Santorini’ and ‘Nota Italia’;
- the analysis, initially activated for 'Alexandria' in October 2012 and later extended to include 'Santorini' and 'Nota Italia', is nearing completion and will thus shortly allow the Bank’s Board of Directors -expectedly by mid February- to precisely assess the impact of the transactions and consequently adopt any measures needed, including a retrospective restatement of their accounting representation. Pursuant to existing regulations, the Bank shall not disclose any additional information prior to said Board meeting;
- for prudential purposes and in consideration of possible capital impacts resulting from the analysis currently being completed, the Bank has requested an additional EUR 500 mln in "New Financial Instruments" (also known as 'Monti Bonds') to ensure that adequate prudential coverage for these impacts is provided;
- at the same time, the Bank is assessing the operational profile of the transactions in question. In consideration of their currently negative returns, the Bank may consider renegotiating their *funding* structure, with a view to improving profitability, it being understood that renegotiation will only be pursued if deemed convenient, in the sole interest of both the Bank and its shareholders and with no prejudice to the Bank's juridical and reputational position in relation to past events;
- under all respects, including by virtue of its request for an additional EUR 500 mln in ‘New Financial Instruments’, it is believed that the Bank is capable to absorb the capital impact arising from financial, accounting and/or operational choices made in connection with these deals.

Furthermore, in reference to the ‘Alexandria’ and ‘Santorini’ trades, which are assumed to be connected with losses arising from prior investments, it is specified that these transactions are investments which were made by the Bank in long-term multi-annual Italian government bonds (BTPs), funded by repo agreements whose coupons were asset-swapped for the purpose of hedging interest rate risk. The analysis of these transactions is focusing (i) on the cost of the funding structure for the BTPs purchased by the Bank which, therefore, are not derivatives but repos on Italian government bonds, and (ii) their potential *pricing* in connection with losses arising from prior investments. The Bank also confirms that the investment originally made in ‘Santorini’ was liquidated in 2009, whereas the investment in ‘Alexandria’ was fully repaid to the Bank in December 2012.

‘Nota Italia’ is the only transaction under scrutiny which features different characteristics from the former two, inasmuch as it is not in turn connected with other prior investments made by the Bank and it embedded a derivative whose underlying was Italy's sovereign debt. Unlike ‘Alexandria’ and ‘Santorini’, ‘Nota Italia’ is an investment which the Bank made in 2006 in a structured credit product linked to the Bank’s sale of protection on Italy's sovereign debt. With regard to this transaction, the Bank informs that the investment was recently restructured with the elimination of the derivative component linked to Italy’s sovereign risk and that, following termination of the derivative contract, the remaining part of the initial investment continues to be properly classified under *Loans and Receivables*.

Finally, it is noted that none of the transactions in question appears to have been submitted to the Bank's Board of Directors for approval, inasmuch as all of them fell within the powers of the units in charge of business operations.

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