MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

PRESS RELEASE

BANCA MONTE DEI PASCHI ANNOUNCES RESULTS OF CAPITAL EXERCISE CONDUCTED BY EBA

Siena, 8th December 2011. With regard to the indications from the European Banking Authority (EBA), Banca Monte dei Paschi di Siena notes, subject to any reservation, the announcements made today by the European and national supervisory bodies regarding the capital exercise, which provide evidence to the results presented in the attachments to this press release.

The capital exercise proposed by the EBA and agreed by the European Council on 26 October 2011 requires banks to strengthen their capital positions by building up a temporary capital buffer against sovereign debt exposures to reflect current market conditions. In addition, it requires them to establish a buffer such that the Core Tier 1 capital ratio reaches a level of 9% by the end of June 2012. The amount of any final capital shortfall identified is based on September 2011 figures. The amount of the sovereign capital buffer will not be revised.

71 banks across Europe, including Banca Monte dei Paschi di Siena, were subject to the capital exercise whose objective is to create an exceptional and temporary capital buffer to address current market concerns over sovereign risk and other credit risks related to the current difficult economic cycle. This buffer is not intended to cover losses in sovereigns but to provide a reassurance to markets about banks' ability to withstand a range of shocks and still maintain adequate capital.

The methodology underlying the capital exercise was outlined by the EBA prior to its announcement to ensure consistency across all banks in the EU banking system involved in the exercise. The above statement pertains exclusively to the scope of EBA's responsibilities.

The capital exercise conducted by EBA, in close cooperation with the competent national authority, has shown the following results: Banca Monte dei Paschi di Siena, on the basis of such exercise, would indicate a capital shortfall of €3,267 million.

Based on this data, the EBA request is centred upon the following:

• Banca Monte dei Paschi di Siena, just like the other banks which have shown a need for capital strengthening on the basis of the above exercise, must submit a plan to the Bank of Italy by January 20, 2011 outlining the achievement of a Core Tier 1 target ratio of 9% by the end of June 2012;

• the plan shall be discussed with the national competent authorities, in consultation with the relevant college of supervisors and the EBA.

Banca Monte dei Paschi points out that the decision to hypothesize a Core Tier 1 capital ratio of 9% by June 2012 does not appear appropriate for banking institutions that carry out lending activities almost exclusively in favour of households, SMEs and corporate customers, whose financial risks are essentially associated with exposure to Italian government bonds. The requirement entailed and risks entailing significant negative implications for the Italian economy particularly in lending, as well as distorsions in the competitive environment at both European and Italian level. For these reasons, Banca Monte dei Paschi di Siena would wish that the current indications from EBA be reviewed as soon as possible, through the setting of a different level of Core Tier 1 capital to be required for domestic banks with a retail focus.

Without prejudice to the above reservations, Banca Monte dei Paschi di Siena will undertake its best effort to reach the 9% Core Tier 1 ratio by the end of June 2012, through an action plan that will be submitted to the national Supervisory Authority by January 20, 2012.

Against these premises, Banca Monte dei Paschi di Siena has already started undertaking initiatives aimed at reducing the buffer, both in light of the F.R.E.S.H 2008 share premium reserve qualifying for capital inclusion and the F.R.E.S.H 2003 conversion expected by 31/12/2011.

Banca Monte dei Paschi di Siena will also continue to work on: the extension of Advanced Internal Rating Based (AIRB) models for the measurement and management of credit risk, with a consequent reduction in RWAs, whose risk weighting coefficients should be reflective of the specific nature of the typically ‘commercial’ banking activities carried out by Banca MPS; the implementation of initiatives for the disposal of part of real estate properties not used in the business; the value enhancement of product companies, partly through Joint Ventures with leading industry players; and value creation from other assets, some of which are recognised for accounting purposes but not under prudential standards.

While noting the results of the exercise conducted by EBA, it should be stressed that the exceptional and temporary capital buffer identified for Banca Monte dei Paschi di Siena has the Italian sovereign debt risk exposure as its determining factor, whose value has been strongly volatile over the last few months. Such volatility shall, however, be of no prejudice to Italy’s financial strength .

This press release will be available at www.mps.it

Relazioni con i Media

Tel. 0577.296634
ufficio.stampa@banca.mps.it

Investor Relations

Tel: 0577.293038
investor.relations@banca.mps.it