

MPS Chinese Art Report

MPS
Chinese Art
Report

Art-product

Banca Monte dei Paschi di Siena

Strategic Planning & Investor Relations



2013

Numero 1



**MONTE
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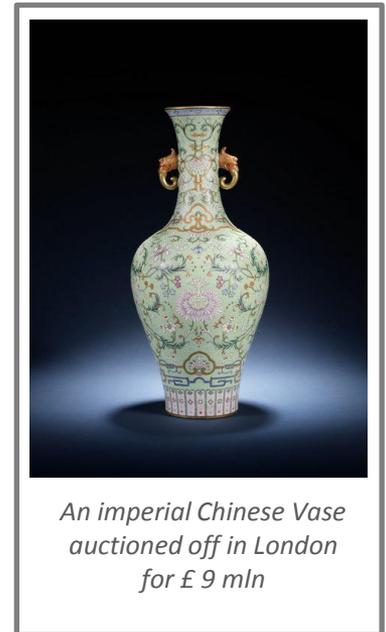
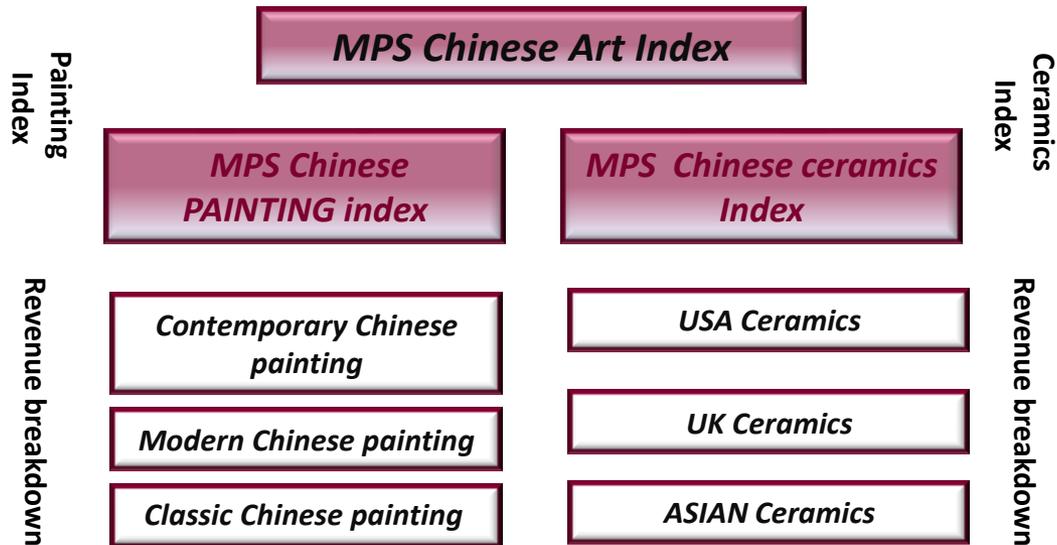


- ❑ *Report objectives and methodological premise*
- ❑ *Analysis of MPS Chinese Art Indices*
- ❑ *2013 Auction highlights*

Report objectives and methodological premise



- ❑ The current study into the Chinese Art market aims to analyse two major artistic genres which characterise the auctions of this fascinating segment, **painting** and **ceramics**.
- ❑ **Painting**: the study looks into three distinct target sectors and summarises major transaction results from recurring* auctions in 3 target sectors according to the historical period of reference:
- ❑ **Ceramics**: as in the case of painting, the study summarises major transaction results from recurring* auctions in the “MPS Chinese ceramics.” In connection with this index, the study explores the geographic distribution of revenues.



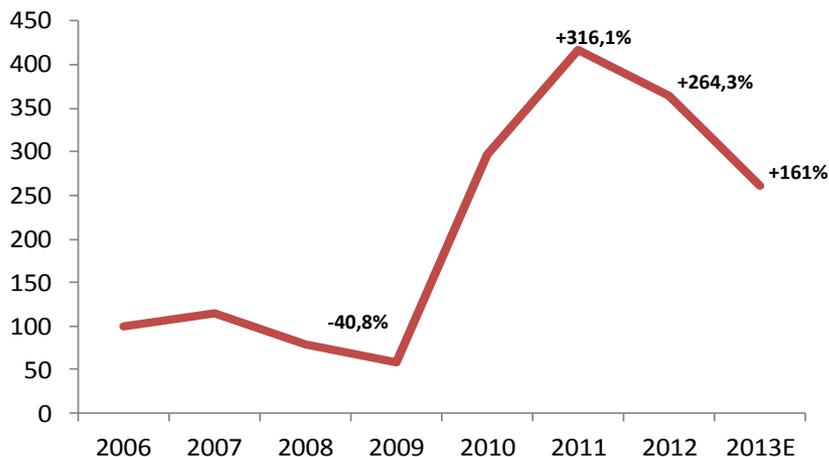
❑ Conclusions reached should not and cannot be taken as absolute since, in some cases, they have been affected by our econometric assumptions and period observations. Trends shown, however, are deemed significant and reflective of existing conditions in the individual segments analysed.

*The forecasts in this report do not take into account all results from recurring auctions after 31 December 2012.

MPS Chinese Art Index: trends in the last seven years

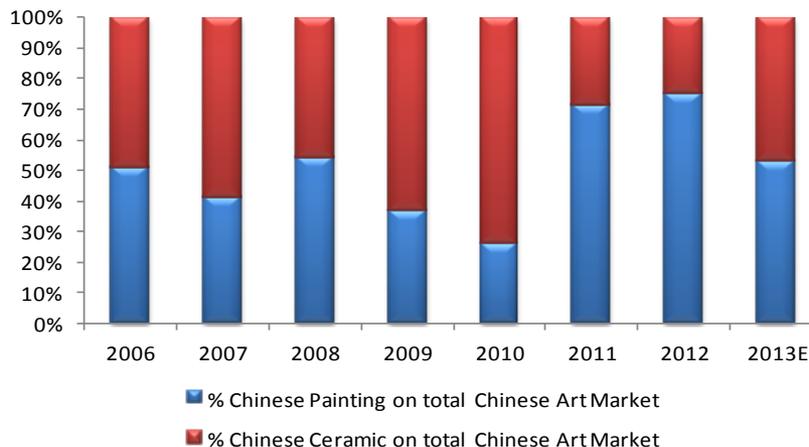


MPS Chinese Art Index



□ An analysis of yearly trends in the sale of Chinese painting and ceramics, hereon referred to as the “MPS Chinese art Index”, reveals extraordinary sector-wide growth since 2006, reaching an all-time record peak (+316.1%) in 2011/2012. Estimates for 2013 suggest a market cooldown but focus remains high on auctions scheduled for the second half of 2013, which may bring positive results to the industry.

Revenues by painting/ceramics market



□ The breakdown of revenues in the MPS Chinese Art Index shows that demand for Chinese Art is more geared towards ceramics. As of 2010, however, a trend reversal has been observed and interest has risen in Painting auctions, which accounted for the 2011 explosion in record revenues largely owing to the flourishing Contemporary and Modern Art market.



The ceramic bowl from the Song fetched a record 27 million



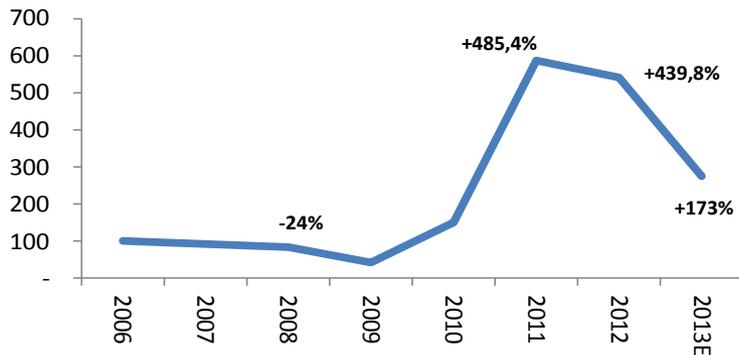
Zhang Daqian (Chang Dai-chien 1899-1983)

* 2013 data is based on estimates.

MPS Global Painting Art Index: trends in the last seven years



Chinese Painting Index



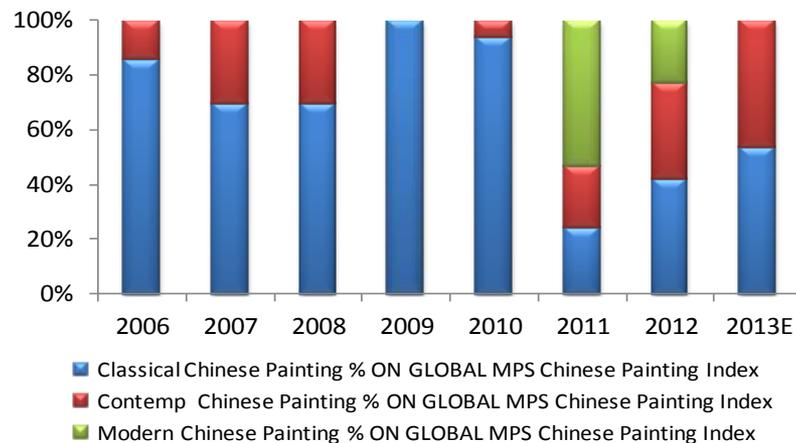
□ The “MPS Chinese painting Index” graph illustrates the explosion of interest in this sector since 2010, reaching an extraordinary peak between 2011 and 2012 when Chinese Painting auctions touched record levels (+485%). Estimates for 2013 suggest a sector-wide slowdown that is to be kept under observation given the dynamic nature of auctions and the surge in Contemporary and Modern art, which has been the real surprise in Chinese Art in recent years.



Zhang Daqian
(Chang Dai-chien, 1899-1983)
fetched \$3.7 mln

□ An analysis of Chinese Painting sales revenues broken down by year in the MPS Chinese Painting Index, reveals that demand remains largely geared towards Classical paintings which, until 2010, accounted for a large majority of total turnover. Since 2011, Modern and Contemporary painting have emerged as the driving force that has propelled the sector towards record revenues.

Breakdown of revenue by year

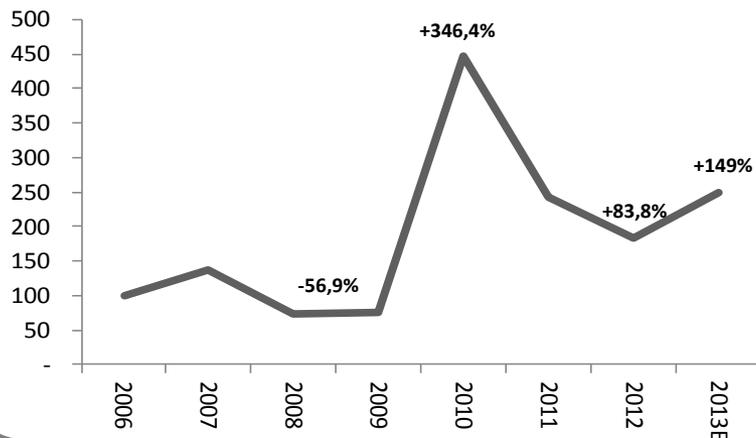


* 2013 data is based on estimates.

MPS Global Ceramic Art Index: trends in the last seven years

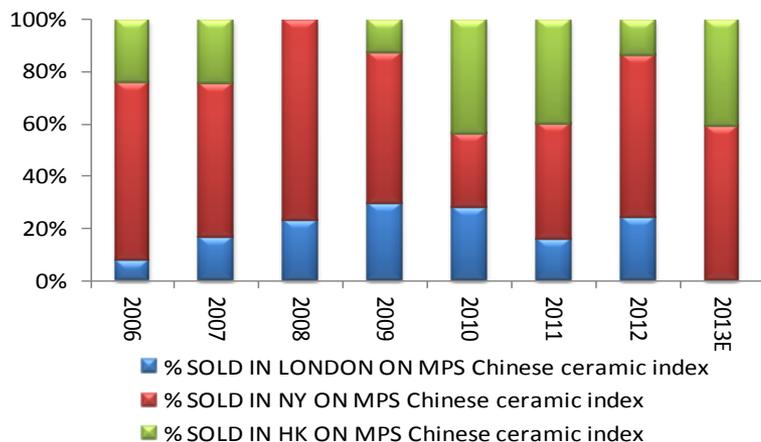


Chinese Ceramic Index



As with the previous segment, the Ceramics market, summarised in the “MPS Chinese Ceramic Index ” also shows a growing trend. Ceramics experienced a significant boom which led to extraordinary results between 2010 and 2011 when Chinese Ceramic auctions achieved unprecedented record sales (+346% from 2006). 2012 was an interesting year; below the record highs but well above pre-peak levels (+83.8% in 2012 as compared to 2006). Estimates for 2013 point to a strong revival of interest in the sector, with good performance in the first half of the year.

Revenues by geography



A breakdown of Ceramic sales by geographical area in the *MPS Chinese Ceramic Index* reveals that demand for Chinese ceramics in the period 2006/2013* is mostly from the New York market. The Hong Kong market, on an upward albeit volatile trend, has established itself as the only major competitor to the U.S. giant. London revenues are not significant.



A Rare Pair Of Blue And White 'Bajixiang' Moonflasks
Qianlong Seal Marks And Period fetched \$3.8 mln

* 2013 data is based on estimates.

Auctions in the first months of 2013 Pag. 1/3



This section of the report focuses on some of the major events in the auction world.

Since the XVII century, the trade of exotic items has always aroused enormous interest and fascination in Europe, especially when it comes to artifacts from the Far East.

Today, market interest is clearly directed at Chinese art in all its forms, from objects to furniture to jade, horn and ivory carvings. A new phenomenon has developed over the last few years, which has led to significant growth in this market sector, especially in the artifacts' country of origin.

Driven by the wish to repatriate its cultural heritage, China, for example, has particularly focused on antiques from its country, creating a new catchment area for this genre.

A tangible sign of this was seen at this year's New York Asia Week (15-23 March). Dealer participants increased to 43, up by 25%, and there was the added attraction of 5 auction houses and events in 17 museums and institutions:

from the jewels of the Ming dynasty to contemporary painting. A sign of an interest which is not only growing but also stabilising. The world's two leading auction houses celebrated Asian art with a week of exhibitions, conferences and prestigious auctions. At Christie's the *Spring Art Asian week* totalled \$80.4 million with a top lot of \$ 9.08 million for a seventeenth century *huanghuali* table. A true world record for a lot in this category. Such a high sum is part of a trend which began back in 2010 when, during the autumn session of the China Guardian auction, 61 pieces of *huanghuali* antique furniture fetched a total of 261 millions yuan, reflecting the evident interest of buyers in this type of object.



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Auctions in the first months of 2013 Pag. 2/2



Chinese Art at *Sotheby's* fetched a total of \$43.3 million. Among the sale of "*Fine Chinese Ceramics and Works of Art*" a Ding bowl of rare beauty and value, dating back to the *Song* dynasty which reigned in China between 960 and 1279, was purchased by the merchant Giuseppe Eskenazy for \$ 2.23 million. The history of this original artifact is very unusual: it was purchased for 3 dollars in 2007 by a chinoiserie enthusiast who, having polished and restored it, immediately understood the rarity of the object, later confirmed by the experts called to give an appraisal. The only other model having the same shape and decoration is kept at the British Museum in London.



During New York Asia Week, *Sotheby's* achieved another record sale; \$ 3.4 million for a wonderful grey-green jade seal from the Qing dynasty, representing two dragons and created in 1571 on the occasion of Emperor Qianlong's 70th birthday. The market's huge interest in Chinese Art was reaffirmed at the auctions held by Christie's and Sotheby's in Hong Kong on 27 May, during which the top lots came close to or even exceeded 10 million dollars. Sotheby's in particular, following the enormous success of the 2011 auction, presented 25 paintings from the Mei yun Tang collection by the painter Zang Daqian, known throughout the Far East as China's Picasso. The epithet is certainly fitting: the two painters share interesting similarities.

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Practically contemporaries, they were able to reinterpret traditional art and amaze the observer through a new language that was inspired by the past but at the same time took its distance. The two painters met in 1956 on the occasion of a monographic exhibition dedicated to the Chinese artist at the *Musée d'Art Moderne* in Paris. *Kao Ling-mei* and his wife *Jan Yu-bor* may be considered Zang Daqian's most passionate enthusiasts. The couple became friends of the painter who saw in Kao (one of China's few professional photographers in the 30s) an intellectual affinity oriented towards the search for new forms of artistic expression. Their bond is demonstrated in the Mey Yun Tang collection which covers around 50 years of Zang Daqian's artistic creations. The collection grew over the years with the purchase of new works or gifts which the painter himself presented to the Ling-mei family.

Examples include painting manuals for Kao's children or paintings specifically executed as birthday gifts, a wish for a prosperous coming year or as a simple expression of gratitude. The top lot from the Mey Yun Tang collection was the 1955 hanging scroll Daoist Goddess Playing Panpipe which fetched \$9.5 million with 58 bids in ten minutes. The work is inspired by Chinese folk legends. The goddess, straddling a phoenix and holding a panpipe, floats amid rosy clouds. Her robes flow around her as though they were a continuation of the bird's wings. The technique employed in the painting, from the choice of colours to the brushwork, is inspired by the cave art from Dunhuang of the Tang Dynasty period.

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