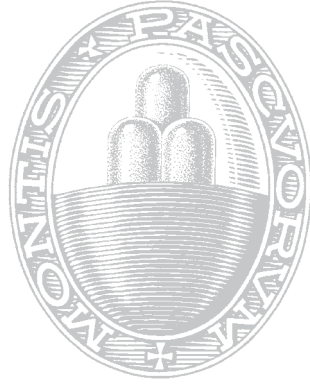


Pillar 3 Disclosure

Update as at
31 March 2011



**MONTE
DEI PASCHI
DI SIENA**
BANCA DAL 1472



Pillar 3 Disclosure

Update as at
31 March 2011

**Banca Monte dei Paschi di Siena SpA**

Company Head office in Siena, Piazza Salimbeni 3, www.mps.it

Share Capital: € 4.502.410.157,20 - Reserves € 10.900.082.823,55 as at 12 May 2011

Registered with the Companies Register of Siena – registration number, tax code and VAT number: 00884060526

Parent Company of the Monte dei Paschi di Siena Banking Group - code Bank and code group 1030.6

Included in the National Register of Banks No. 5274

Member of the Italian Interbank Deposit Protection Fund and of the National Guarantee Fund



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Introduction

The existing Prudential supervisory framework, commonly referred to as “Basel 2”, was developed by the Basel Committee and transposed into European Union Directives 2006/48 and 2006/49.

The Basel 2 framework is based around three mutually underpinning concepts (so called “Pillars”).

More specifically, Pillar 3 was designed on the notion that Market Discipline can be harnessed to reinforce capital regulation to promote stability and soundness in banks and financial systems.

The purpose of Pillar 3 therefore is to complement the operation of minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2) by developing a set of disclosure recommendations and requirements which will allow market participants to assess key, fully comprehensive and reliable information on capital adequacy, risk exposures and risk identification assessment and management processes.

In Italy, Pillar 3 disclosure is pursuant to Paragraph IV, Chapter 1 of Bank of Italy Circular 263 of 27.12.2006 (“New Regulations for the Prudential Supervision

of Banks”, hereafter “Circular”).

Under the Circular, banks that are authorised to use internal methodologies in their assessment of capital requirements for credit or operational risk – as is the case with the Montepaschi Group – are also required to disclose certain information at least on a quarterly basis, albeit with different criteria and methodologies.

The information provided is both qualitative and quantitative and is presented in fourteen synoptic tables as defined in Appendix A, Paragraph IV, Chapter 1 of the aforementioned Circular.

In compliance with this requirement, the current publication provides the update as at 31 March 2011 of quantitative data contained in Tables 3 and 4 with regard, respectively, to the Breakdown of Regulatory Capital and Capital Adequacy.

For other information not contained in this document, please refer to the already-published annual report as at 31 December 2010.

Information has been updated according to the templates and criteria adopted for previous reports. Considering the time mismatch between publication



requirements for Pillar 3 Public Disclosure and the corresponding consolidated Supervisory report, some of the values contained herein may still be subject to further modification.

The disclosures is prepared at consolidated level by the parent Company. Unless otherwise indicated, all the amounts in this report are stated in TEUR (Thousand Euros).

The Montepaschi Group regularly publishes its Pillar 3 disclosure on its website at:

www.mps.it/Investor+Relations.



Table 3 - Regulatory capital structure

Quantitative disclosure

Table 3.1 - Breakdown of Regulatory Capital

	mar-11	dec-10
Total Tier 1 positive items	18.102.212	17.962.240
Total Tier 1 negative items	7.502.278	7.959.141
Total items to be deducted	862.090	860.698
Tier 1 capital (Tier 1)	9.737.844	9.142.401
Total Tier 2 positive items	6.401.294	6.404.315
Total Tier 2 negative items	93.140	87.779
Total items to be deducted	862.090	860.698
Tier 2 capital (Tier 2)	5.446.064	5.455.838
Items to be deducted from Tier 1 and Tier 2 capital	477.136	454.700
Regulatory Capital	14.706.772	14.143.539
Tier 3 capital (Tier 3)	-	-
Regulatory Capital inclusive of Tier 3 Capital	14.706.772	14.143.539

Under the measures set forth by the Bank of Italy on 18 May 2010 regarding prudential filters for regulatory capital, the Group opted for the symmetrical treatment of revaluation reserves relating to debt securities issued by the Central Governments of EU countries held in the "Available for Sale" portfolio. Consequently, with regard to these securities, the impact of variations in AFS reserves upon regulatory capital as of 1 January 2010, amounting to approximately Euro 697 mln, has been completed sterilized.



Table 3.1.1 - Breakdown of Tier 1 and Tier 2 Capital

	mar-11	dec-10
Share capital	3,782.294	3,782.216
Share premium	4,002.671	4,002.908
Reserves	6,379.915	5,964.635
Innovative capital instruments and Non-innovative capital instruments with final expire	650.000	650.000
Non innovative capital instruments	470.596	470.596
Capital instruments subject to transition requirements (grandfathering)	770.998	770.998
Profit for the period	142.260	413.764
Prudential filters: increases in Tier 1 capital	1,903.478	1,907.123
Total Tier 1 positive items	18,102.212	17,962.240
Treasury shares	23.332	24.613
Goodwill	6,620.492	6,607.843
Other intangible assets	858.454	864.524
Loss for the period	-	-
Other negative items	-	-
Prudential filters: decreases in Tier 1 capital	-	462.161
Total Tier 1 negative items	7,502.278	7,959.141
Shareholdings in credit and financial institutions with a share of $\geq 20\%$ of the equity of the investee	88.299	100.438
Shareholdings in credit and financial institutions with a share of $> 10\%$ but $< 20\%$ of the equity of the investee	33.053	19.956
Shareholdings in credit and financial institutions with a share of $\leq 10\%$ of the equity of the investee	-	-
Shareholdings in insurance companies	49.896	49.461
Surplus of expected losses in respect of related write-downs	690.842	690.842
Total items to be deducted	862.090	860.698
Total Tier 1 capital	9,737.844	9,142.401



Table 3.1.1 - Breakdown of Tier 1 and Tier 2 Capital (continued)

	mar-11	dec-10
Valuation reserve	245.001	239.827
Innovative capital instruments and Non-innovative capital instruments with final expire not eligible for inclusion in Tier 1 capital	-	-
Non-innovative capital instruments not eligible for inclusion in Tier 1 capital	-	-
Hybrid capital instruments	3.185.707	3.191.454
Subordinated liabilities	2.970.586	2.973.034
Other positive items	-	-
Total Tier 2 positive items	6.401.294	6.404.315
Other negative items	5.134	2.730
Prudential filters: deductions from Tier 2 capital	88.006	85.049
Total Tier 2 negative items	93.140	87.779
Shareholdings in credit and financial institutions with a share of $\geq 20\%$ of the equity of the investee	88.299	100.438
Shareholdings in credit and financial institutions with a share of $> 10\%$ but $< 20\%$ of the equity of the investee	33.053	19.956
Shareholdings in insurance companies	49.896	49.461
Surplus of expected losses in respect of related write-downs value adjustments	690.842	690.842
Total items to be deducted	862.090	860.698
Total Tier 2 capital	5.446.064	5.455.838
Items to be deducted from Tier 1 and Tier 2 capital	477.136	454.700
Regulatory Capital	14.706.772	14.143.539
Tier 3 Capital	-	-
Regulatory Capital inclusive of Tier 3	14.706.772	14.143.539



Table 4 - Capital Adequacy

Quantitative disclosure

Table 4.1 - Capital requirements and capital ratios

	mar-11	dec-10
Credit Risk		
Standardised approach	4.560.533	4.481.841
Advanced Internal Rating Based approach	3.785.851	3.982.477
Total	8.346.384	8.464.318
Market Risk		
Standardised approach	551.139	504.848
Internal models approach	-	-
Concentration risk	-	-
Total	551.139	504.848
Operational Risk		
Foundation approach	52.016	52.016
Standardised approach	-	-
Advanced Measurement approaches	617.490	641.001
Total	669.506	693.017
Adjustment to capital requirements for intra-group transactions	-1.015.085	-923.127
Regulatory Capital Floor	-	-
Other requirements	-	-
Aggregate Capital Requirements	8.551.944	8.739.056
Risk-weighted assets	106.899.300	109.238.200
Tier 1 Ratio	9,1%	8,4%
Total Capital Ratio	13,8%	12,9%



Table 4.2 - Capital requirements for Credit Risk

Standardised Approach	mar-11	dec-10
Exposures to central governments and central banks	3.411	1.555
Exposures to regional governments and local authorities	52.717	51.866
Exposures to non-commercial and public sector entities	77.299	72.564
Exposures to multilateral development banks	2	1
Exposures to international organisations	-	-
Exposures to supervised institutions	317.091	318.871
Exposures to corporates	2.324.144	2.293.335
Retail exposures	494.265	486.975
Exposures secured by real estate property	299.039	280.052
Past due exposures	177.827	155.621
High-risk exposures	104.042	101.398
Exposures in the form of covered bonds	2.407	562
Short term exposure to corporates	-	-
Exposures to Undertakings for Collective Investments in Transferable Securities (UCITS)	106.065	93.355
Other exposures	560.304	585.297
Securitization exposures	41.921	40.390
Total Standardised Approach	4.560.533	4.481.841
Advanced Internal Rating Based Approach		
Corporate exposures	2.617.407	2.795.957
Retail exposures	1.166.672	1.185.065
↳ Secured by real estate property	622.345	640.693
↳ Qualifying revolving retail exposures	426	484
↳ Other exposures	543.901	543.888
Other assets	1.772	1.455
Total Advanced Internal Rating Based Approach	3.785.851	3.982.477
Total Credit Risk	8.346.384	8.464.318

**Table 4.3 - Capital requirements for Market Risk**

Standardised Approach	mar-11	dec-10
General market risk	268.911	238.863
Specific risk	184.954	167.430
Position risk of Undertaking for Collective investments in Transferable Securities (UCITS)	38.076	43.238
Options	10.949	7.493
Foreign exchange risk	48.249	47.824
Commodities risk	-	-
Total Standardised Approach	551.139	504.848
Internal models		
Total Internal models	-	-
Concentration risk	-	-
Total Market Risk	551.139	504.848

Table 4.4 - Capital requirements for Operational Risk

Breakdown of Operational Risk by:	mar-11	dec-10
Foundation approach	52.016	52.016
Standardised approach	-	-
Advanced approaches	617.490	641.001
Total Operational Risk	669.506	693.017



Declaration of the Financial Reporting Officer

Pursuant to para. 2, article 154-bis of the Consolidated Law on Finance, the Financial Reporting Officer, Mr. Daniele Bigi, declares that the accounting information contained in this document corresponds to the underlying documentary evidence and accounting records.

Siena, 12 May 2011

Daniele Bigi

Financial Reporting Officer



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