

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN. THIS COMMUNICATION AND THE INFORMATION CONTAINED HEREIN DOES NOT CONTAIN OR CONSTITUTE AN OFFER OF SECURITIES FOR SALE, OR SOLICITATION OF AN OFFER TO PURCHASE SECURITIES, IN THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN OR ANY OTHER JURISDICTION WHERE SUCH AN OFFER OR SOLICITATION WOULD REQUIRE THE APPROVAL OF LOCAL AUTHORITIES OR OTHERWISE BE UNLAWFUL (THE “OTHER COUNTRIES”).

PRESS RELEASE

Milan, 19 December 2016 - Banca Monte dei Paschi di Siena (the “**Bank**”), in relation to the global offering (both institutional offering and Italian public offering), which will commence on the date hereof, announces that it has entered into an agreement (the “**Agreement**”) with J.P. Morgan Securities plc and Mediobanca - Banca di Credito Finanziario S.p.A. as Joint Global Coordinators and Joint Bookrunners, Banco Santander, S.A., Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International and Merrill Lynch International as Co-Global Coordinators and Joint Bookrunners, and Banco Bilbao Vizcaya Argentaria, S.A., Commerzbank Aktiengesellschaft, Jefferies International Limited and Société Générale (as Joint Bookrunners and together with the Joint Global Coordinators and the Co-Global Coordinators, the “**Joint Bookrunners**”) pursuant to which the Joint Bookrunners have agreed to negotiate in good faith the terms and conditions of a placement agreement which may be entered into at the end of the offering period.

The Agreement provides that any placement agreement will be negotiated and entered into at the end of the offering period only upon the satisfaction, in the judgment of the Joint Bookrunners, of the following conditions: (i) the outcome of the bookbuilding; (ii) any investment by the Italian government in the Bank; (iii) the outcome of the LME; and (iv) the existence of sufficient evidence that the securitization transaction will complete in accordance with its legal documentation.

A transfer agreement in relation to non-performing loans has also been entered into between the companies of the group which the Bank is the parent and the securitisation vehicle, which has been incorporated pursuant to law 130/99. Binding offers have also been received in relation to the granting of the senior bridge loan which the Bank has accepted.

The Bank has further undertaken to underwrite the Senior Mezzanine tranche for an aggregate amount of Euro 1,171 million. The effectiveness of the documentation entered into by the Bank is subject to Quaestio Capital Management SGR S.p.A. (“**Quaestio**”) confirming its own investment of Euro 1,526 million in the Junior Mezzanine Tranche in order to become the holder of such Junior Mezzanine tranche, in addition to the completion of the capital increase and the deconsolidation of the portfolio of non-performing loans.

In relation to the above, it is noted that on 17 December 2016, Quaestio expressed strong reservations in relation to the term sheet for the senior bridge loan which the Bank has already indicated to be acceptable to it.

Following such communication, the Bank has been actively in contact with Quaestio in order to identify possible solutions. In the event such negotiations have a positive outcome, and the relevant documentation is entered into, the Bank will publish a specific supplement in relation to the public offer documentation (including any updates in relation to the Agreement) which will grant withdrawal rights to all participants in such offer and the LME offer.

If it is not possible for the Bank to reach an agreement with Quaestio to resolve the issues that it has raised, the transaction would not be able to be completed in accordance with the terms and conditions of the authorisation of the European Central Bank which provides for the transaction to be completed by 31 December 2016.

* * *

The press release will be available on www.mps.it

This communication and the information contained herein does not contain or constitute an offer of securities for sale, or solicitation of an offer to purchase securities, in the United States, Australia, Canada or Japan or any other jurisdiction where such an offer or solicitation would require the approval of local authorities or otherwise be unlawful (the “**Other Countries**”). Any public offering will be conducted in Italy pursuant to a prospectus, duly authorized by CONSOB in accordance with applicable regulations. Neither this document nor any part of it nor the fact of its distribution may form the basis of, or be relied on in connection with, any contract or investment decision in relation thereto. The securities referred to herein have not been registered and will not be registered in the United States under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or pursuant to the corresponding regulations in force in the Other Countries. The securities may not be offered or sold in the United States unless such securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. BMPS does not intend to register any BMPS new shares, any securities deliverable pursuant to the terms of the Offer or any part of the Capital Increase in the United States. Any Offer to be made by the Offeror pursuant to an Offer Memorandum or the Italian Offer Document will not be made, directly or indirectly in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce or of any facilities of a national securities exchange of the United States. Any Securities will not be able to be tendered in the Offers by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States or by any U.S. person as defined in Regulation S under the Securities Act.

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

This communication has been prepared on the basis that any offer of securities in any Member State of the European Economic Area (“**EEA**”) which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with the exception of the public offer promoted in Italy referred to in the Italian prospectus immediately following approval by the Italian competent authority and publication and notification by the relevant competent authority in accordance with the Prospectus Directive, and for which the Offeror has authorised in writing the use of the prospectus (the “**Authorised Public Offer**”), will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of securities. Accordingly, any person making or intending to make any offer of securities in a Relevant Member State, other than the Authorised Public Offer, may only do so in circumstances in which no obligation arises for BMPS or any of the managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

The expression “**Prospectus Directive**” means Directive 2003/71/EC (this Directive and amendments thereto, including Directive 2010/73/EC, to the extent implemented in the Relevant Member State, together with any implementing measures in any member state).

This document is an advertisement and is not a prospectus for the purposes of the Prospectus Directive. Where required under applicable law and regulation, a prospectus prepared pursuant to the Prospectus Directive will be published as and when required. Investors should not subscribe for any securities referred to in this document except on the basis of information contained in the prospectus.

None of J.P. Morgan Securities plc, Mediobanca – Banca di Credito Finanziario S.p.A., Banco Santander, S.A., Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, Merrill Lynch International, Banco Bilbao Vizcaya Argentaria, S.A, Commerzbank Aktiengesellschaft, Jefferies International Limited and Société Générale or any of their respective directors, officers, employees, advisers or agents accepts any responsibility or liability for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (including any document attached hereto) or any other information relating to BMPS, its subsidiaries or associated companies, or for any loss arising from any use of this announcement or its contents or in connection therewith. They will not regard any other person as their respective clients in relation to the rights issue and will not be responsible to anyone other than BMPS for providing the protections afforded to their respective clients, nor for providing advice in relation to the rights issue, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

Banca Monte dei Paschi di Siena S.p.A.

Media Relations

Tel: +39 0577.296634

ufficio.stampa@mps.it

Investor Relations

Tel: +39 0577.299350

investor.relations@mps.it

Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Merrill Lynch International and Goldman Sachs International are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom. Banco Santander, S.A. regulated by the Bank of Spain and the Spanish Securities Markets Commission and in the UK is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Deutsche Bank AG, London Branch is subject to limited regulation in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority. Mediobanca – Banca di Credito Finanziario S.p.A. is authorised by Banca d’Italia and subject to limited regulation in the UK by the Financial Conduct Authority for the conduct of investment business in UK.

Some of the information in these materials may contain projections or other forward-looking statements regarding future events or the future financial performance of the BMPS and its Group. You can identify forward looking statements by terms such as “expect”, “believe”, “anticipate”, “estimate”, “intend”, “will”, “could”, “may” or “might”, the negative of such terms or other similar expressions. BMPS wishes to caution you that these statements are only predictions and that actual events or results may differ materially. BMPS does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of BMPS, including, among others, general economic conditions, the competitive environment, rapid technological and market change in the industries BMPS operates in, as well as many other risks specifically related to BMPS and its operations.