

Bit Market Services

Informazione Regolamentata n. 0035-117-2015	Data/Ora Ricezione 23 Settembre 2015 23:03:39	MTA
---	---	-----

Societa' : BANCA MONTE DEI PASCHI DI SIENA

Identificativo : 63417

Informazione
Regolamentata

Nome utilizzatore : PASCHIN02 - Avv. Lombardi

Tipologia : AVVI 16

Data/Ora Ricezione : 23 Settembre 2015 23:03:39

Data/Ora Inizio : 23 Settembre 2015 23:18:40

Diffusione presunta

Oggetto : PRESS RELEASE - BANCA MPS:
SETTLEMENT AGREEMENT WITH
NOMURA ON THE ALEXANDRIA
TRANSACTION

Testo del comunicato

Vedi allegato.

PRESS RELEASE

**BANCA MPS: SETTLEMENT AGREEMENT
WITH NOMURA ON THE ALEXANDRIA TRANSACTION**

- **Closing of the last legacy linked to the previous management, with a significant improvement of capital position and expected NII**
- **+56bps of transitional Basel 3 CET1¹ and +70bps in fully-loaded Basel 3 CET1**
- **Positive impact on Tangible Equity of EUR 257 mln**
- **Transaction termination cost lower by approximately EUR 440 mln**
- **Positive impact on prospective P&L (NII) of approximately EUR 40 mln per year from now on**
- **Negative one-off impact of approximately EUR 88 mln after tax on 2015 P&L**
- **Positive impact in terms of liquidity for approximately EUR 500 mln**

Siena, 23 September 2015 - With reference to the structured finance transaction known as "Alexandria", Banca Monte dei Paschi di Siena (BMPS) and Nomura International PLC (Nomura) have today entered into an agreement governing the terms and conditions for early termination of the transactions entered into in 2009, concerning an investment in Italian BTPs in asset swap due 2034, for an amount of Euro 3bn, funded with a *Long Term Repo* for the same duration.

Fabrizio Viola, CEO of Monte dei Paschi di Siena commented: "I'm satisfied that we have now closed the last legacy linked with the previous management of the bank, an important outcome that strengthens the equity of Banca Monte dei Paschi, improves the expected profitability and normalizes our financial profile. The agreement, that puts any litigation with Nomura to an end, has been made possible thanks to the concrete and cooperative contribution of the current Nomura's management. Moreover this step is important for the future development of the bank and helps our constant effort to improve the overall strength and relaunch of MPS".

As part of termination of the afore-mentioned transactions, the claim for compensation brought by BMPS against Nomura before the Court of Florence in March 2013 in relation to the same transactions, has been settled. The agreement is limited to Nomura's share of liability in the deal, without prejudice to -and under reservation of all rights in connection with- the corporate liability action brought against the former Chairman and General

¹ Internal estimate based on 30/06/2015 figures.

Manager. The settlement agreement shall also be without prejudice to any other claim brought by BMPS against any additional individuals, excluding Nomura employees, that will be eventually liable for the “Alexandria” transaction.

Also the outstanding legal proceedings in London will be extinguished.

In particular, based on agreed pricing methodology, early termination of the deal (BTP, Long Term Repo, Interest Rate Swap and Liquidity Facility), *per se*, would have entailed a cost of approximately EUR 799mln (including EUR 188mln related to the loss of the funding benefit for Nomura due to early termination of the deal). As a result of the settlement agreement, the actual cost charged to BMPS, has been lowered to EUR 359mln. Consequently, BMPS benefit a lower cost of unwinding of approximately EUR 440mln versus the pricing agreed in the transaction.

As part of termination of the afore-mentioned transactions, BMPS will buy at market value a portfolio mainly composed by BTP in asset swap with a medium long term duration of approximately EUR 2.635bn (nominal value). The difference between the carry of the previous portfolio and the new one is positive for about EUR 40mln on a yearly basis from now on.

The one-off P&L impact of the settlement agreement for BMPS is negative by approx. EUR 130mln (approx. EUR 88mln after tax) as indicated in the following table:

		23/09/2015 CLOSING
CASH PAID BY BMPS TO NOMURA	A	-359
Carrying value (=fair value) BTP 2034		4,215
Carrying value (=fair value) interest rate swap		-1,388
Carrying value repo (inclusive of restatement adjustment)		-3,347
Carrying value of derecognized items ("-" = Liability)	B	-520
Carrying amount before tax AFS reserve	C	-291
P&L before tax gain/loss	F=A-B+C	-130

As compared to pro-forma treatment as a *CDS* – calculated as the ones provided in the interim financial reports pursuant to joint document no. 6 jointly by Consob, the Bank of Italy and the Italian Insurance Supervisory Authority (IVASS) of 8 March 2013 – the positive P&L impact of the terminated transaction would be EUR 252mln, considering that the transaction termination value has been determined based upon the mark-to-market value of the various transaction components. The difference versus the discounted amount



of EUR 440mln is represented by EUR 188mln that BMPS has paid to Nomura for the loss of the funding benefit. This component is not included in the pro-forma treatment as a CDS as linked to the specific situation of Nomura.

From a capital standpoint, with respect to figures as at 30.06.2015² the agreement brings about a positive impact of approx. 70 bps on the fully-loaded Basel 3 CET1 and 56 bps in terms of transitional CET1.

In addition to the positive effects on regulatory capital, termination of the transaction generates a positive impact on BMPS's regulatory capital and limits. As regards the first aspect, the set of terminated transactions would stop from having a direct negative impact on the regulatory capital (AFS reserve deduction) lowering the volatility of our future ratios. As regards with the "big risk rule" the closing of the transaction has finished any possible breach of the regulatory ratio in the future.

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

For further information:

Media Relations

Tel: +39.0577.296634

ufficio.stampa@mps.it

Investor Relations

Tel: +39.0577.299350

investor.relations@mps.it

² Internal estimate based on 30/06/2015 figures.

Fine Comunicato n.0035-117

Numero di Pagine: 5